

MONTHLY REVIEW

of Financial and Business Conditions



RESERVE
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

July 31, 1945

CROSS currents in the District's business indicators are still in evidence. Elements representing distribution likewise show opposing trends. Department store sales seasonally adjusted were 12 per cent higher than in May and 13 per cent ahead of June last year. Wholesale trade in four lines, on the other hand, declined 4 per cent in the month and was down a similar amount over June 1944. Furniture sales at retail, which had taken a notable upsurge in the late months of 1944 and early 1945, declined 8 per cent from April to May, but in the latter month the sales were fractionally higher than in May, 1944.

Daily average cotton consumption in the District declined 1 per cent from May to June and was 3 per cent smaller than a year ago. Indications are that the months of July and August will show cotton consumption at its lowest level and that some moderate improvement might be expected in the remainder of the year.

Bituminous coal output in June was 4 per cent greater than in May, but continued to run 5 per cent lower than a year ago. Workers are still declining in the District's mines, and the average age of the miners has risen from around 30 years to more than 45 years. It is obvious that the production trend in coal will be slowly downward until such time as more and younger workers can be recruited for this service.

Employment levels in the District's manufacturing industries continued downward through May, that month being 6.5 per cent lower than a year ago. The overall level of employment in the District so far as figures are

available shows a tendency towards stabilization.

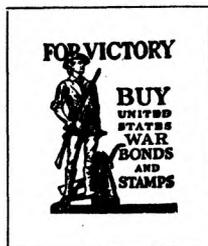
Sales of life insurance, representing an important outlet for the people's savings, remained in June at the May level after seasonal adjustment, but were 17 per cent higher than in June, 1944.

Cotton acreage in the Fifth District is 13 per cent smaller this year than last year, compared with a decline of 10 per cent for the nation. The acreage planted to cotton has been reduced 50 per cent or more in those counties where tobacco production is important. In addition to shifting cotton acreage into tobacco this year, a considerable amount has also been shifted to the production of peanuts. Although the unofficial report of conditions on July 1 is higher in this District than in the rest of the country, many farmers experienced numerous difficulties in getting a stand and a smaller crop is in prospect. Reports are current that many fields had to be replanted as many as three times. Boll weevil activity has been reported greater than in recent years, and weather conditions around

the middle of July have no doubt intensified the danger of damage.

The acreage of flue-cured tobacco in the 5th District is indicated to be 4.4 per cent higher this year than last year, but the yield per acre as of July 1 is indicated to be 4.3 per cent lower than a year ago, with the result that a flue-cured crop of about the same size as last year is now expected. In the Border Belt the crop is about the same size as a year

Continued on page 12



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100 Seasonally Adjusted

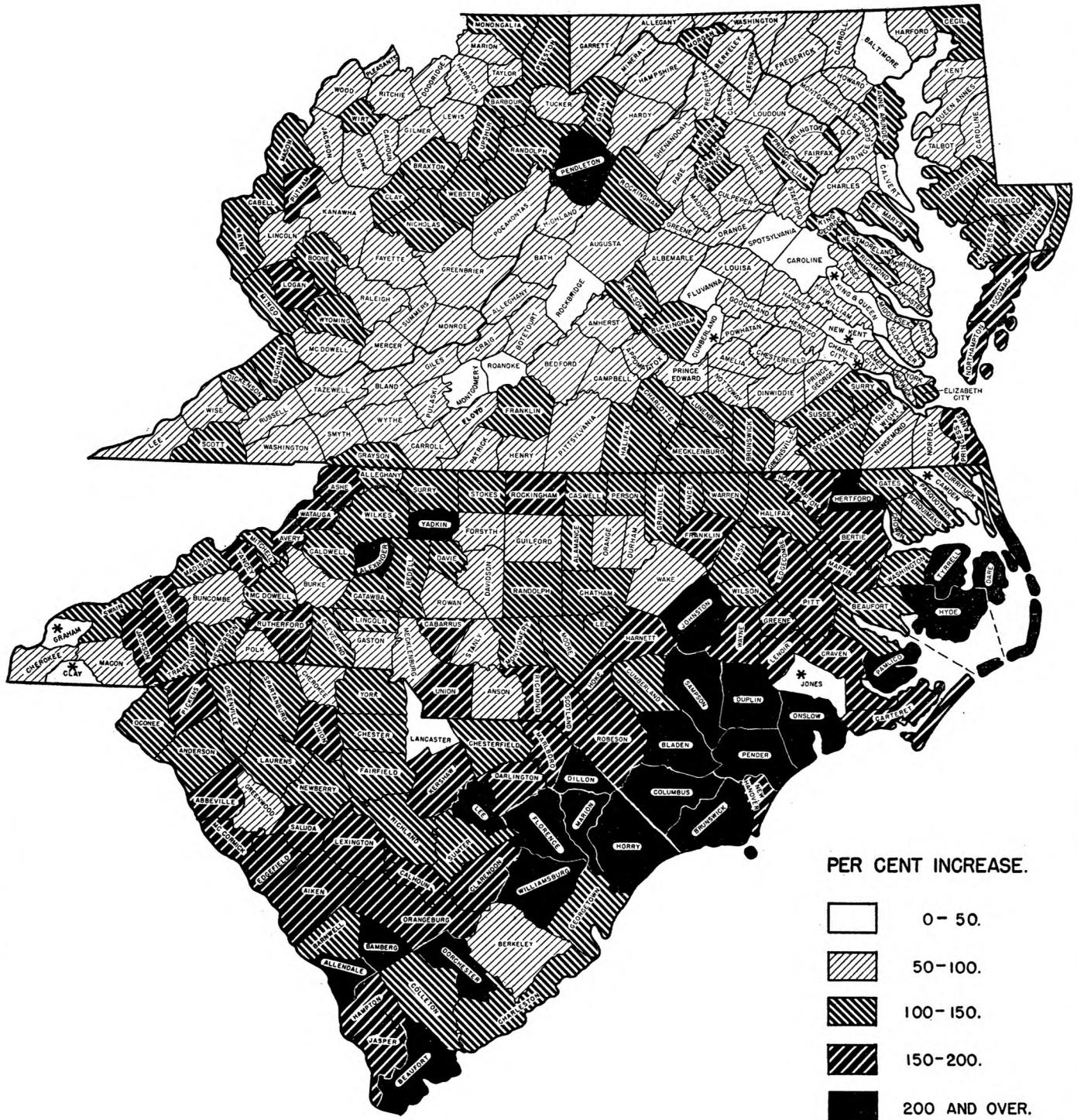
	June 1945	May 1945	April 1945	June 1944	% Change	
					June 1945 from May '45	June '44
Bank Debits	257	225	210	233	+ 14	+ 10
Bituminous Coal Production*	142	137	139	149	+ 4	- 5
Building Contracts Awarded	102	94	169	96	+ 9	+ 6
Building Permits Issued	60	49	74	52	+ 22	+ 15
Cigarette Production	174	155	146	153	+ 12	+ 14
Cotton Consumption*	139	141	140	143	- 1	- 3
Department Store Sales	235	210 _r	210	208 _r	+ 12	+ 13
Department Store Stocks	208	191	178	186	+ 9	+ 12
Life Insurance Sales	156	156	154	133	0	+ 17
Wholesale Trade—Four Lines	173	180	176	180	- 4	- 4
Retail Furniture Sales	170	139	151	144	+ 22	+ 18

* Not seasonally adjusted.

GROWTH OF BANK DEPOSITS

ALL BANKS- FIFTH DISTRICT

DEC. 1941- DEC. 1944



PER CENT INCREASE.

	0-50.
	50-100.
	100-150.
	150-200.
	200 AND OVER.
*	NO DATA AVAILABLE.

FEDERAL RESERVE BANK OF RICHMOND.

Growth In Bank Deposits

Deposits of all insured banks in the United States on December 30, 1944, amounted to \$125,752 million, an amount 124 per cent higher than at the approximate beginning of the war, December 31, 1939. This great growth in bank deposits can be attributed to the war, and particularly to the manner in which it was decided to finance the war.

Among the possible methods of financing the war the following were outstanding:

1. Raising the funds needed from the people of the nation, through taxation or borrowing, or both. No rise in deposits would have resulted under this method.
2. Raising as large a proportion of the funds needed from the people through taxation as seemed possible without disorganizing the social structure; borrowing as large a part from the people as possible on a voluntary basis; and securing the remainder of the funds needed by borrowing from banks. Under this method bank deposits rise in the amount that banks are called upon to purchase government securities.
3. Drafting the people and the resources of the nation for all production, and allocating the non-military product on a pro rata basis. Under this method no rise would occur in bank deposits.

The second method was adopted, and with it has come the great growth in bank deposits. These deposits arose as a result of banks purchasing government bonds and creating an equal deposit credit for the U. S. Treasury. When the Treasury disbursed the funds for materiel or services, the funds either went toward augmenting other deposits or toward adding to the store of money in circulation.

Although there are a number of ways in which it is possible to reduce these deposits by minor proportions, it is not probable that they will be reduced, other than temporarily, until the public debt is in process of being reduced. Such a reduction is not a nearby prospect; in fact, the public debt is likely to continue to rise for some time after the war is over, and the banks will probably purchase some part of the additional volume of government securities. Bank deposits, therefore, are not likely to fall or even to stabilize for some time to come.

WAYS DEPOSIT EXPANSION CAN OCCUR

There are four ways in which bank deposits are expanded. These are: By an inflow of gold; by an expansion of Federal Reserve purchases of assets from non-bank holders; by a return of currency from circulation; and by an expansion of commercial bank credit. Unless commercial banks have excess reserves, it is necessary to have an expansion in the combined volume of gold stock and Federal Reserve credit to supply banks with the necessary reserves to make their deposit expansion possible.

In the first three years of the war the increase in the gold stock added \$5 billion directly to deposits and permitted a commercial bank deposit expansion in accordance with reserve requirements. In this period there was little

need for an expansion in Federal Reserve credit and no continued expansion occurred before the middle of 1942. The gold stock, however, approximated its peak level in the Summer of 1941 and stayed around that level through the Summer of 1943 after which it turned downward and since that time more than \$2½ billion has been exported or earmarked.

By the middle of 1942 the excess reserves created by the gold inflow had been reduced substantially. In order to provide for expanding circulation of money and for reserves of commercial banks that they might buy government securities and, incidentally, raise their deposits, it was necessary to expand Federal Reserve credit. Around the middle of 1941 Federal Reserve credit was lower than it had been at any time since the Spring of 1933. Some small advance had occurred from the middle of 1941 to the middle of 1942, but thereafter extension of Federal Reserve credit moved upward in a constant trend, having expanded from about \$2¼ billion at the middle of 1941 to more than \$22 billion at the present time.

In addition to deposit expansion by the foregoing methods, any given district may increase its deposits by drawing funds from other districts. In a period when the nation's total deposits are in a rapidly rising trend inter-district shifts of funds are reflected in larger and smaller percentage deposit increases than are shown by the nation's total deposits. Deposits of insured banks in the Fifth District have mainly exceeded the growth shown for the nation.

REGIONAL INCIDENCE OF DEPOSIT EXPANSION

Inter-district shifts in deposits have come about during the war period primarily as a result of the realignment of the nation's production structure from what it was before the war started. This realignment has been mostly in the nature of a change in the regional location of the products demanded in the expedition of war and the relative changes in their prices.

In the Fifth Federal Reserve District, in particular, some of the factors which have caused bank deposits to rise faster than in the country as a whole have been (1) a larger expenditure, relative to the District's value of production before the war, by government for ships, planes, military establishments and supplies, than for the nation as a whole; (2) expansion in the production of those goods which could still be sold to civilians of other districts, such as cotton, tobacco, cotton textiles, coal, peanuts, vegetables and fruits; (3) the greater rise in prices of farm products than of industrial products; (4) the greater relative proportion of the expenditures of military personnel; and (5) the inability of the people of this District to purchase, in proportion to income, the goods produced in other regions, owing to restrictions on output.

In ordinary times, when the products of any area are in better demand than the demand for all products in the nation, prices of this area's products will be firm to strong, and capital expansion is encouraged. There will be a tendency for such an area to develop a favorable balance

of trade with other areas, and expanding business is likely to generate a rise in deposits resulting from loan expansion, and after the living standards of the area have been upgraded somewhat, deposits are likely to rise further as a consequence of the favorable balance of trade. The prospects are that the Fifth Federal Reserve District will follow this pattern for a short time after the war.

If the regional economic structure of the nation should revert to its prewar relationship, it could be argued that those areas which had gained more than the average increase in the nation's deposits would stand to lose the excess. Under such a condition, the Fifth District would stand to lose \$873 million of the \$6,708 million deposits reported by the F.D.I.C. for all insured banks in the District on December 30, 1944.

There has been, however, a considerable change in the District's economic structure as a result of the war, and a reversion to the relative position it held in the nation in pre-war years is not a nearby post-war prospect. Indeed, there is some basis for the opinion that this District is likely to have a favorable balance of trade with other Districts and consequently an inflow of funds at least through the industrial reconversion period. Thus, if the nation's deposits are rising through this period it is likely that the deposits of banks in the Fifth District will rise at a faster rate; if the nation's deposits have stabilized, it is likely that Fifth District banks will draw funds from other Districts.

While the total deposits of insured commercial banks in the United States were rising 124 per cent from December, 1939, to December, 1944, similar deposits of banks located in the Fifth District were rising 158 per cent. From 1939 to 1940 deposits of this District failed to maintain the pace set by the nation as tobacco prices declined and textile activity receded. From the end of 1940 to the end of 1941 when the chief impact of war expenditure occurred, the District's deposits ran well ahead of the nation's growth. From 1941 to 1942 Fifth District deposits showed the same increase as those in the nation, which was due mainly to a relatively heavier proportion of the war expenditures in other Districts than was the case a year earlier. Since the end of 1942, deposits in the District have risen more rapidly than in the nation. In this period since 1942 restraints on the production of durable goods restricted the outflow of funds from this District for purchase of these products and, at the same time, drew funds to this District for the purchase of consumers' goods.

TOTAL DEPOSITS OF INSURED COMMERCIAL BANKS

December	(million dollars)		District Percent of U. S.
	United States	Fifth District*	
1939	56,076	2,602	4.64
1940	63,470	2,903	4.58
1941	69,421	3,445	4.96
1942	87,819	4,360	4.96
1943	104,116	5,236	5.03
1944	125,752	6,708	5.33

* Includes all of West Virginia.

Using the deposits of all member banks as a criterion, the Fifth Federal Reserve District was in fourth place among the twelve Federal Reserve Districts in the percentage increases shown in total deposits from December, 1939, to December, 1944. During the year 1944 this District was in second place. In the entire war period

through 1944, as well as in the latter year, the Boston, New York, and Philadelphia Federal Reserve Districts have shown deposit increases smaller than the national total; the Cleveland District has about maintained pace with the nation; and the remainder of the Districts have had a deposit growth larger than that of the nation. These better than national gains are largely accounted for by shifts in the nation's production structure from what existed before the war. Primarily, these shifts were due to a disproportionate location of war expenditures relative to the total value of goods and services produced prior to the war, and to the fact that most types of farm income had risen more than industrial income.

DEPOSIT CHANGES BY TYPES

The growth of deposits of the insured commercial banks of the District has been marked by the contrasting changes that have occurred in types of deposits. The gain in total deposits from December, 1939, to December, 1944, amounted to \$4,106 million, of which deposits of individuals, partnerships and corporations accounted for \$2,685 million, or 65.4 per cent. Although deposits of the Federal government on December 30, 1944, accounted for but 15.8 per cent of total deposits on that date, the percentage change in these deposits from December 31, 1939, exceeded by far any of the percentage changes in other types of deposits.

Banks carried a substantially smaller percentage of their deposits with other banks at the end of 1944 than at the end of 1939, but these inter-bank deposits nevertheless rose 59 per cent in this period. States and political subdivisions in this period show about half the percentage rise shown by total deposits, but deposits of these units increased 83 per cent in the period.

Deposits of individuals, partnerships and corporations rose 138 per cent from December, 1939, to December, 1944, with demand deposits recording a gain of 196 per cent and time deposits 58 per cent. During the year 1944, however, time deposits of individuals, partnerships and corporations of the insured banks in the District increased 23 per cent, compared with an increase of 18 per cent for demand deposits. The change in the outstanding amount of certified and officers' checks from 1939 to 1944 was the same percentage shown by deposits of individuals, partnerships and corporations in that period.

DEPOSITS OF INSURED COMMERCIAL BANKS

Deposits of:	Dec. 31, 1939		Dec. 31, 1944		Percent Increase 1939-1944
	\$Million	% of Total	\$Million	% of Total	
Individuals, partnerships and corporations	1,951.5	75.0	4,637.6	69.1	137.6
Demand	1,127.0	43.3	3,335.1	49.7	195.9
Time	824.5	31.7	1,301.6	19.4	57.9
U. S. Government	56.7	2.2	1,060.3	15.8	1,770.0
State & political subdivisions	176.5	6.8	322.5	4.8	82.7
Interbank deposits	385.4	14.8	612.3	9.1	58.9
Certified and officers' checks, etc.	32.2	1.2	76.5	1.2	137.6
TOTAL DEPOSITS	2,602.3	100.0	6,708.3	100.0	157.8
Demand	1,738.8	66.8	5,368.6	80.0	208.8
Time	863.5	33.2	1,339.7	20.0	55.1

DEPOSIT INCREASES BY COUNTIES

The heavy impact of war expenditures relative to the value of goods and services produced in the Fifth Federal Reserve District came in the early stages of the war, when

construction of military and naval establishments, shipyards, powder mills and other ordnance plants added materially to the District's economy. From 1939 through 1941 the largest deposit increases in the District were in those places where sizable military or war production establishments had been newly erected. Deposit increases of some individual banks in these areas were so large, percentage-wise, in the early period of the war that they are still among the banks showing the largest increases over the entire war period, despite the fact that their deposits have not increased proportionately in the latter stages of the war.

Owing to the large amount of deposits held by branch banks in North Carolina, we have been unable to secure bank deposits by counties earlier than for December 31, 1941. These deposits, obtained by the Treasury for War Loan quota purposes, are only those of individuals, partnerships and corporations. From December, 1941, to December, 1944, deposits of individuals, partnerships and corporations of all insured banks in the Fifth District rose 80 per cent, compared with a rise of total deposits of 95 per cent. From the end of 1941 through 1944 the rise in deposits of individuals, partnerships and corporations accounted for 76.7 per cent of the total rise in these deposits from December, 1939, to December, 1944. Therefore, the accompanying map, showing deposit increases by counties, covers on the average over three-fourths of the war-time rise of deposits of individuals, partnerships and corporations, but this has varied by States.

North Carolina has shown the largest rise in deposits of individuals, partnerships and corporations in the entire war period from December, 1939, to December, 1944, of any of the District' States, but South Carolina has shown the greatest rise from December, 1941, to December, 1944. On the bottom of the scale West Virginia has shown the smallest rise in these deposits of any of the District's States, from December, 1939, to December, 1944, while the District of Columbia has shown the smallest rise from December, 1941, to December, 1944.

Deposits of individuals, partnerships and corporations of the insured commercial banks of the District (including all of West Virginia) are shown below, for the end of 1944, with percentage changes from December, 1939, and December, 1944, together with the proportion of the overall change (1939-1944) which occurred between December, 1941, and December, 1944.

DEPOSITS OF INDIVIDUALS, PARTNERSHIPS AND CORPORATIONS (Insured Commercial Banks)

Deposits Dec. 1944	Percentage Increase From:		Percent of 1939-1944 Increase Made from 1941-1944
	Dec. 1939	Dec. 1941	
\$Million			
District of Columbia	692.7	114.9	57.1
Maryland	998.9	114.1	64.6
Virginia	1,102.2	123.7	73.1
West Virginia	521.4	112.2	77.5
North Carolina	943.7	227.4	115.8
South Carolina	377.7	222.5	132.6
Total	4,636.6	137.6	79.8
United States	87,511.9	110.0	69.3

The table above shows that the greatest rise in deposits of individuals, partnerships and corporations in the District occurred in the Carolinas, and the accompanying map shows that county-wise the best and second-best increases were in the cash crop areas, where tobacco, cotton and

truck crops are grown. Most of the industrial areas of the District show the least or next to the least increases in deposits, and among these counties, where the smallest or next to the smallest deposit increases are shown, are included Baltimore, Norfolk, Newport News, and Charleston, South Carolina. Of the counties containing large cities and areas where important war production plants are located, only New Hanover County, North Carolina, and Charleston County South Carolina, have shown a rise of more than 100 per cent in deposits of individuals, partnerships, and corporations from December, 1941, to December, 1944. The deposit increases of twelve of these counties, including independent cities, from December, 1941, to December, 1944, follow:

**DEPOSIT INCREASES IN LARGE CITY OR INDUSTRIAL AREAS
December, 1941, to December, 1944**

STATE	COUNTY	CHIEF CITY	Increase Percent
Maryland:	Baltimore	Baltimore	48
	Allegeny	Cumberland	52
	Washington	Hagerstown	60
Virginia:	Henrico	Richmond	50
	Montgomery	Radford	49
	Norfolk	Norfolk-Portsmouth	92
	Warwick	Newport News	95
	Kanawha	Charleston	64
West Virginia:	Mecklenburg	Charlotte	59
North Carolina:	New Hanover	Wilmington	158
South Carolina:	Charleston	Charleston	110
Dist. of Columbia		Washington	57
Fifth District			80
United States			69

Of course, the deposit increases shown in the areas above are not to be disparaged; nevertheless, they are low by comparison with well over half of the counties in the District. Some partial explanation for these industrial or large city areas' showing some of the least gains in deposits may be the large proportion of business deposits. These depositors are relatively heavier investors in government bonds than are individuals in the cash crop area. Business deposits must also be spent for the materials of production which, in part, cause a flow of funds to other Districts. Commodities purchasable by the farmers in the cash crop areas have not been proportionate to the increase in their incomes, and the tendency toward greater cash savings by them has resulted.

In this period from December, 1941, to December, 1944, the largest number of counties in Maryland, Virginia, and West Virginia, showed increases in deposits of individuals, partnerships and corporations of 50 to 99 per cent. The District of Columbia also fell in this classification. The largest number of counties in North Carolina showed increases of 100 to 149 per cent; while South Carolina's modal distribution of counties was equally divided in the 100 to 149 per cent and 150 to 199 per cent classes.

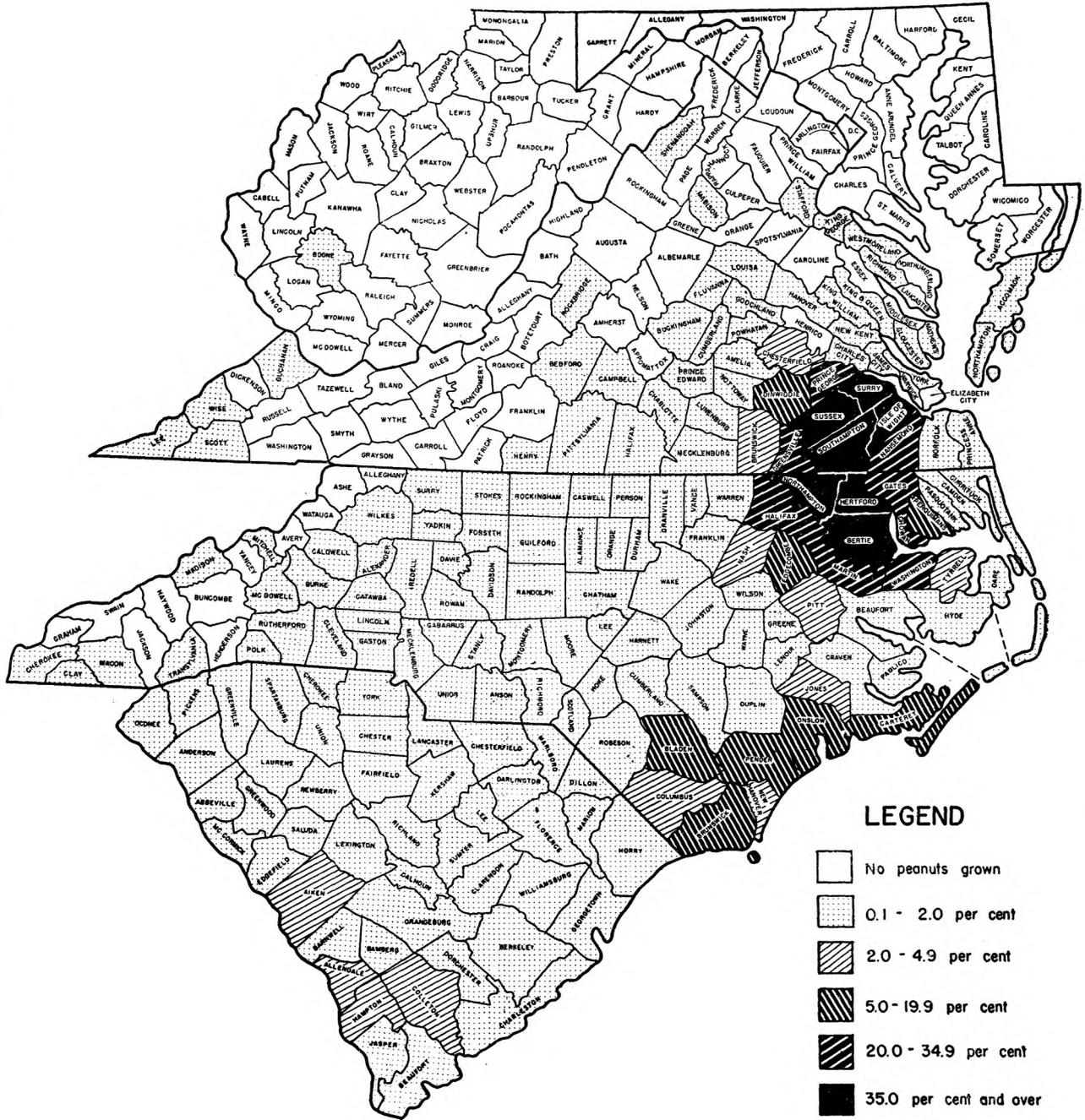
The number of counties showing deposit increases in the selected class intervals is shown in the accompanying table, by states:

**NUMBER OF COUNTIES SHOWING INCREASES IN DEPOSITS OF
INDIVIDUALS, PARTNERSHIPS AND CORPORATIONS
From December, 1941, to December, 1944**

Percent Increase	Mary- land	Dist. of Columbia	Virginia	West Virginia	North Carolina	South Carolina	District
0- 49	2	..	6	..	..	1	9
50- 99	14	1	61	28	16	3	123
100-149	7	..	25	18	38	16	105
150-199	..	..	3	2	27	16	48
200 and over	..	..	..	1	15	10	26
No data	..	..	4	..	4	..	8
Total	23	1	100	49	100	46	319

PERCENTAGE OF CROPLAND HARVESTED DEVOTED TO PEANUTS

FIFTH FEDERAL RESERVE DISTRICT, BY COUNTIES: 1939



LEGEND

- No peanuts grown
- 0.1 - 2.0 per cent
- 2.0 - 4.9 per cent
- 5.0 - 19.9 per cent
- 20.0 - 34.9 per cent
- 35.0 per cent and over

SOURCE: U.S. CENSUS OF AGRICULTURE, 1940.

FEDERAL RESERVE BANK, OF RICHMOND.

War and the Peanut Industry in the Fifth Federal Reserve District

The peanut industry has been enjoying a period of great prosperity since the outbreak of the current war, and peanut growers in the Fifth District (primarily located in southeastern Virginia and in northeastern North Carolina) have benefited considerably thereby. Peanut income in the three states of the District which grow the crop (Virginia, North Carolina, and South Carolina) rose from \$15.8 million in 1939 to \$44.4 million in 1943, then fell slightly to \$40.9 million last year.

Peanut acreage in the Fifth District aggregated 481,000 acres in 1944, compared with an average of 398,000 acres in the decade 1933-1942, but this represented a decline of 39,000 acres from the 1943 peak figure. Yield per acre increased more rapidly than did acreage, resulting in a 30 per cent gain in production in 1944 over the 1933-1942 average, compared with a 21 per cent gain in acreage in the same period. Trends in acreage and yield in the Fifth District are compared with those in the other peanut-producing areas of the United States in Charts 1 and 2.

LOCATION OF PEANUT AREAS

There are three major peanut-producing areas in the United States:

- (1) the Virginia-Carolina area, consisting of Virginia, North Carolina, and Tennessee;
- (2) the Southeast area, made up of South Carolina, Georgia, Florida, Alabama, and Mississippi; and
- (3) the Southwest area, including Arkansas, Louisiana, Oklahoma, and Texas.

Commercial peanut production in Virginia and North Carolina, the two major peanut-producing states in the Fifth Federal Reserve District, is confined to relatively small areas in these states, as can be seen in the accompanying map. There are only nine counties in Virginia which grew as much as one thousand acres of peanuts in 1939, eight of which produced 97 per cent of the total output of the state. In North Carolina, peanut production is concentrated in about eleven counties in the northeastern section of the state and in two in the southeastern region. These grew about 88 per cent of the total North Carolina crop in 1939.

The concentration of peanut-production is not marked in South Carolina or in the states outside of the Fifth District. South Carolina's production is thinly spread throughout the state rather than being localized in any one or two areas within it. However, even in those Virginia and North Carolina counties in which its production is greatest, the peanut competes with six other field crops as a source of income: corn, cotton, hay, white potatoes, soybeans, and tobacco.

GOVERNMENT AIDS

When the need for increased supplies of crops and live-stock became evident, the Government took steps to make the production of the vital commodities more attractive to the growers. Goals were set toward which the farmer was encouraged to aim through subsidies, support prices, and other Government payments.

CHART 1. PEANUT ACREAGE
Picked and Threshed

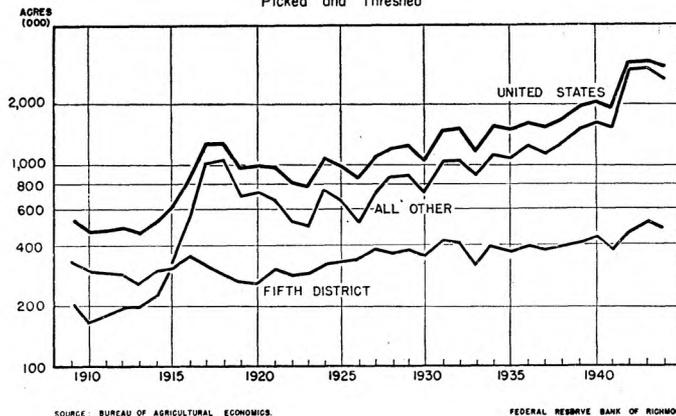
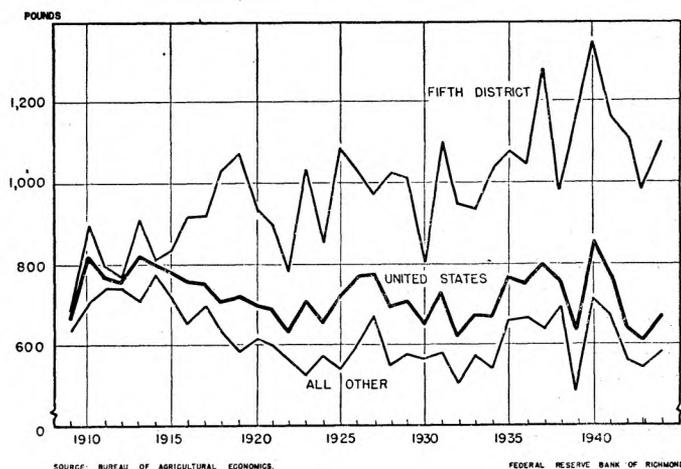


CHART 2. PEANUTS: YIELD PER ACRE



In addition to the use of peanuts as a food product, with the loss of foreign sources of oil (the Philippine Islands, the Netherlands Indies, Japan, China, British India, etc.) the Government advocated the growth of peanuts for oil. As early as 1942, support prices for peanuts for oil were established by the Department of Agriculture at 85 per cent of parity. No. 1 White Spanish Type peanuts were purchased by the Department at \$82 a ton, delivered at the approved local agency. The purchase price for No. 1 Runners was \$78 a ton and for Class A Virginias, \$70 a ton. However, in order to qualify for these payments, at least 80 per cent of the land already allotted for regular planting of peanuts had to be planted to peanuts for oil.

An additional incentive in the form of cheaper seed was offered to farmers who would grow peanuts for oil. These seed peanuts, quoted in the open market in February, 1942, at \$120 a ton, were sold to qualifying farmers for \$103 a ton. Payment could be made on delivery, by I.O.U., or by subsequent delivery of nuts out of the 1942 crop.

The normal price relationship has been further affected by the appointment of the Commodity Credit Corporation as the sole purchaser of all peanuts produced since 1943.

Farmers were paid \$140 a ton for Virginia and Spanish type peanuts, and Runner peanut producers were paid \$130 a ton for their 1943 crops. Support prices were increased in 1944 and are to be maintained at the same level for the 1945 crop. Thus, the current prices are \$160 per ton for Virginia and Spanish varieties and \$140 per ton for the Runner type. This price of Virginia and Spanish types on a per pound basis (8 cents per pound) compares with the all-time high of 9.6 cents per pound for the 1919 crop and with the prewar 1939 price of 3.4 cents per pound.

In addition, the Government has paid to primary distributors, wholesalers, and retailers a subsidy of 4.5 cents a pound on peanut butter that is sold in two-pound and smaller containers. No subsidy is paid on peanut butter that is sold for the use of the military services and of the candy trade and other commercial consumers.

NATURE OF THE WARTIME DEMAND

The normal demand-supply relationship existing for peanuts has been much affected, not only by the appointment of the Commodity Credit Corporation as the sole purchaser of peanuts, but by the huge purchases made by the Government for the use of the military services. It is estimated that about 30 per cent of the total production of edible peanuts is being used by the armed forces. Approximately 39 per cent of the entire peanut crop is being crushed for oil. In addition, civilian demand for peanuts is mounting, due to their use as a substitute for other scarce foods.

Quite recently, the Army curtailed purchases of salted peanuts and peanut candies, due largely to difficulties of transportation. However, the demand by the armed forces for peanut butter has been increasing, and the Army has been attempting to have those peanuts which are not to be used for salted peanuts and peanut candy transferred to peanut butter manufacturers. The Quartermaster Corps has indicated that next year it is highly probable that even more peanut butter will be needed by the Army and Navy than has been bought for the current season.

Civilian demand for peanut butter has also increased. This has been caused both by the scarcity of butter and other spreads, and by the gradual recognition of the general public of the highly nutritive value of peanut butter. Further evidence of the increased activity of peanut butter manufacturers is afforded by the latest available Peanut Stocks and Processing Report (May 18, 1945) of the Bureau of Agricultural Economics. Of the 57 million pounds of raw shelled peanuts for which utilization data are available for April, 1945, 46.4 per cent went into the manufacture of peanut butter. This percentage is 2.7 per cent above the proportion reported for March, 1945, and 3.6 per cent above the figure for April, 1944.

Civilian demand for peanuts as nuts has also increased. The need for substitutes as more foods were rationed caused the public to substitute peanuts for other nuts in candies, cookies, cakes, and even salads. Salted peanuts and peanut confections replaced candy bars and ice cream as these commodities became more difficult to obtain. Civilian purchases have thus been stimulated to a great degree both by the increased purchasing power and by the relative unavailability of other products.

POSTWAR OUTLOOK

Peanut farmers, processors, and distributors are cognizant of the fact that the current situation in the peanut industry is abnormal and is likely to be of a temporary nature. They realize that the current ready market for their product is due not only to wartime demands and to an extraordinary expansion in purchasing power, but also to the shortage or complete lack of competing products.

What will the situation be when the war ends? Will the peanut resume its prewar position of comparative unimportance? Will it have any place in the competitive market for oils? Will its markets be expanded through the discovery of new outlets? These are some of the problems with which the peanut industry, from farmer to distributor, is confronted.

Since the industry is aware of these conditions, a conscious effort is being made to acquaint the public not only with the value of the peanut as a source of food—peanuts are an excellent source of the scarce niacin and thiamin, as well as of protein and fat—but also with the wide variety of uses of its derivatives.

The chief use of peanut oil is normally in the manufacture of vegetable shortenings and vegetable cooking fats, as well as in oleomargarine and in salad-oil blends. In its refined form it is widely used for salad and cooking purposes. It is considered excellent for the deep-fat frying of such foods as potato chips, doughnuts, croquettes, and oysters, because it can take so much heat before it begins to smoke and scorch that the food can cook thoroughly and yet brown satisfactorily on the outside. Peanut oil is also often used in the preparation of canned sardines.

In the postwar period, there will be room for improvement in the process of peanut-oil extraction. At present, cottonseed crushing mills are being used for this purpose, instead of specially-equipped plants.

Peanut flour is another product which has postwar possibilities. During World War I, it was used in conjunction with wheat flour for baking bread and was found very satisfactory for this purpose. It is currently being produced in very limited quantities and is now being used mainly in bakeries and for the manufacture of confections. Its introduction to the housewife should provide another outlet of some importance for peanuts.

Peanut hay, properly cured, is considered an excellent feed for dairy cows, horses, and mules. Peanut cake, the solid residue from the crushing of peanuts for oil in the hydraulic press, is sold primarily to manufacturers of stock feeds, although formerly it was sometimes used as a fertilizer. Although it is considered more valuable than cottonseed meal for both of these purposes, Southern farmers have recognized this fact only recently.

In addition to these uses of the peanut, there are several industrial products which may bear expansion and wider introduction to the general public. Among them are the following: synthetic fibres, peanut-hull lining for metal bottle caps, and glues and other adhesives that equal or surpass animal glues. Non-edible uses for peanut oil include its use in soap (as a substitute for olive oil), sunburn lotion and other cosmetics, in textile lubricants, and in shaving-creams.

Thus the stimulation of civilian consumption and the introduction of new uses may go far toward the maintenance of high postwar incomes throughout the industry.

FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	July 18 1945	Change in Amt. from 6-13-45	7-12-44
Total Gold Reserves	\$ 825,116	-147,697	-253,969
Other Reserves	12,379	- 2,181	- 4,240
Total Reserves	837,495	-149,878	-258,209
Bills Discounted	3,116	- 7,709	+ 1,741
Industrial Advances	85	- 8	- 103
Gov. Securities, Total	1,422,891	+156,581	+662,047
Bonds	69,902	- 1,825	- 26,306
Notes	105,857	- 854	+ 27,884
Certificates	379,524	+ 22,968	+156,524
Bills	867,608	+185,792	+503,945
Total Bills and Securities	1,426,092	+148,864	+663,685
Uncollected Items	133,716	- 20,205	+ 4,806
Other Assets	13,515	- 1,200	- 5,176
Total Assets	\$2,410,818	- 22,419	+405,106
Fed. Res. Notes in Cir.	\$1,555,810	+ 26,270	+321,996
Deposits, Total	718,698	- 27,015	+ 78,009
Members' Reserves	631,174	- 44,221	+ 83,548
U. S. Treas. Gen. Acct.	33,965	+ 19,737	+ 3,181
Foreign	47,871	- 1,891	- 10,455
Other Deposits	5,688	- 640	+ 1,735
Def. Availability Items	110,751	- 22,086	+ 305
Other Liabilities	463	- 180	+ 193
Capital Accounts	25,096	+ 592	+ 4,603
Total Liabilities	\$2,410,818	- 22,419	+405,106

41 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	July 18 1945	Change in Amt. from 6-13-45	7-12-44
Total Loans	\$ 312,250	+ 15,820	- 36,784
Bus. and Agri. Loans	118,751	- 3,202	+ 5,569
Real Estate Loans	46,308	- 393	+ 4,457
All Other Loans	147,191	+ 19,415	- 37,896
Total Security Holdings	1,792,685	+181,360	+312,957
U. S. Treasury Bills	102,893	+ 34,448	- 12,216
U. S. Treasury Certificates	367,615	+ 64,338	+ 50,082
U. S. Treasury Notes	287,939	+ 10,876	+ 34,114
U. S. Gov. Bonds	974,174	+ 75,784	+252,874
Obligations Gov. Guaranteed	130	- 5,176	- 16,146
Other Bonds, Stocks and Sec.	59,934	+ 1,090	+ 4,249
Cash Items in Process of Col.	95,515	- 12,160	- 2,456
Due from Banks	174,509*	+ 8,382	- 18,658
Currency and Coin	37,566	- 382	+ 230
Reserve with F. R. Bank	315,708	- 39,761	+ 24,598
Other Assets	71,310	- 1,211	+ 8,870
Total Assets	\$2,799,543	+152,048	+288,757
Total Demand Deposits	\$2,233,139	+157,042	+176,096
Deposits of Individuals	1,203,662	- 95,588	+147,982
Deposits of U. S. Gov.	523,531	+320,210	- 17,397
Deposits of State & Loc. Gov.	76,838	- 42,544	+ 2,701
Deposits of Banks	407,746	- 22,655	+ 43,051
Certified and Officers' Checks	21,362	- 2,381	- 241
Total Time Deposits	331,526	+ 7,055	+ 64,044
Deposits of Individuals	317,904	+ 7,087	+ 64,020
Other Time Deposits	13,622	- 32	+ 24
Liabilities for Borrowed Money	5,716	- 2,884	+ 5,716
All Other Liabilities	103,788	- 9,698	+ 32,534
Capital Accounts	125,374	+ 533	+ 10,367
Total Liabilities	\$2,799,543	+152,048	+288,757

* Net figures, reciprocal balances being eliminated.

DEPOSITS IN MUTUAL SAVINGS BANKS

8 Baltimore Banks

	June 30, 1945	May 31, 1945	June 30, 1944
Total Deposits	\$319,362,160	\$315,361,527	\$275,742,108

COTTON CONSUMPTION—FIFTH DISTRICT

In Bales

MONTHS	No. Carolina	So. Carolina	Virginia	District
June 1945	209,945	160,507	17,756	388,208
May 1945	223,532	166,012	19,888	409,432
June 1944	218,589	164,128	17,690	400,407
6 Months 1945	1,297,719	985,465	115,669	2,420,077
6 Months 1944	1,338,607	1,018,813	116,282	2,473,702

DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

	June 1945	% chg. from June 1944	6 Mos. 1945	% chg. from 6 Mos. 1944
Dist. of Columbia				
Washington	\$ 674,413	+23	\$ 3,349,571	+14
Maryland				
Baltimore	1,044,453	+15	4,896,417	+ 6
Cumberland	17,811	+17	86,830	+13
Frederick	13,512	0	73,177	+ 2
Hagerstown	19,521	+ 8	103,000	- 1
North Carolina				
Asheville	32,817	+17	167,732	+20
Charlotte	161,800	- 8	832,175	+10
Durham	78,528	+ 7	379,660	+ 6
Greensboro	55,019	+34	249,433	+18
Kinston	7,589	+14	45,953	+19
Raleigh	84,799	+ 9	351,440	+ 3
Wilmington	39,091	- 4	219,671	- 2
Wilson	10,890	-31	69,910	+16
Winston-Salem	77,042	+16	391,692	+ 6
South Carolina				
Charleston	44,604	+ 3	255,749	+ 6
Columbia	58,777	+19	322,537	+11
Greenville	41,709	+ 5	245,963	+10
Spartanburg	24,278	+ 4	139,572	+11
Virginia				
Charlottesville	24,098	+51	121,743	+41
Danville	21,050	+28	102,497	+24
Lynchburg	25,808	+ 7	133,693	+ 5
Newport News	30,810	+10	146,847	-10
Norfolk	145,676	+ 8	746,876	+ 2
Portsmouth	18,990	+11	102,409	+ 8
Richmond	376,603	- 3	1,993,294	+ 4
Roanoke	53,005	+ 9	270,617	+10
West Virginia				
Bluefield	27,693	+ 4	149,402	+ 7
Charleston	110,463	+12	534,449	+ 7
Clarksburg	19,622	+20	102,130	+14
Huntington	41,945	+31	230,528	+30
Parkersburg	23,464	+36	118,053	+24
District Totals	\$3,405,880	+12	\$16,923,020	+ 8

COMMERCIAL FAILURES

PERIODS	Number of Failures District	U. S.	Total Liabilities District	U. S.
June 1945	2	61	\$ 104,000	\$ 3,198,000
May 1945	1	72	12,000	2,208,000
June 1944	2	110	12,000	1,854,000
6 Months 1945	12	454	\$1,375,000	\$17,706,000
6 Months 1944	10	737	330,000	14,351,000

Source: Dun & Bradstreet.

COTTON CONSUMPTION AND ON HAND—BALES

	June 1945	June 1944	Aug. 1 to June 30 1945	1944
Fifth District States:				
Cotton consumed	388,208	400,407	4,401,789	4,576,120
Cotton Growing States:				
Cotton consumed	693,502	706,133	7,861,767	8,094,639
Cotton on hand June 30 in				
Consuming establishments	1,725,273	1,682,978		
Storage and compresses..	9,082,406	8,672,061		
United States:				
Cotton consumed	786,063	805,823	8,902,742	9,219,968
Cotton on hand June 30 in				
Consuming establishments	2,045,952	1,986,576		
Storage and compresses..	9,195,258	8,852,745		
Spindles Active, U. S.	22,188,330	22,379,602		

RAYON YARN DATA

	June 1945	May 1945	June 1944
Rayon Yarn Shipments, Lbs.	50,900,000	52,900,000	44,000,000
Staple Fiber Shipments, Lbs.	13,800,000	14,300,000	14,300,000
Rayon Yarn Stocks, Lbs.	6,000,000	6,200,000	8,800,000
Staple Fiber Stocks, Lbs.	2,700,000	3,000,000	2,600,000

Source: Rayon Organon.

BUILDING PERMIT FIGURES
Fifth Federal Reserve District
June 1945

	Total Valuation	
	June 1945	June 1944
Maryland		
Baltimore	\$ 758,220	\$ 768,558
Cumberland	35,850	14,325
Frederick	2,895	6,035
Hagerstown	91,507	41,450
Salisbury	69,888	20,274
Virginia		
Danville	105,330	5,994
Lynchburg	54,968	7,844
Norfolk	233,905	237,440
Petersburg	35,650	500
Portsmouth	30,750	62,105
Richmond	683,748	538,799
Roanoke	119,938	25,511
West Virginia		
Charleston	87,433	65,274
Clarksburg	4,215	3,841
Huntington	61,308	14,330
North Carolina		
Asheville	27,262	15,248
Charlotte	393,717	95,704
Durham	101,025	4,880
Greensboro	115,475	15,245
High Point	100,366	41,189
Raleigh	140,225	45,825
Rocky Mount	25,775	64,350
Salisbury	32,573	2,032
Winston-Salem	75,029	136,096
South Carolina		
Charleston	98,932	58,352
Columbia	81,920	13,455
Greenville	48,933	250
Spartanburg	53,920	11,458
District of Columbia		
Washington	1,263,983	1,959,034
District Totals	\$ 4,934,740	\$ 4,275,398
6 Months	\$24,654,031	\$13,511,560

WHOLESALE TRADE, 242 FIRMS

LINES	Net Sales June 1945 compared with		Stock June 30, 1945 compared with		Ratio June collections to accounts outstanding June 1
	June 1944	May 1945	June 30 1944	May 31 1945	
	1944	1945	1944	1945	
Auto Supplies (12)*	+27	+ 5	+25	+ 1	110
Drugs & Sundries (14)*	- 1	- 4	+ 2	- 2	118
Dry Goods (7)*	- 3	+ 3	-31	+ 1	96
Electrical Goods (8)*	+52	+ 8	+18	+ 1	101
Groceries (82)*	- 8	- 7	-18	- 8	156
Hardware (12)*	+ 5	- 8	- 5	+ 5	93
Industrial Supplies (5)*	+ 4	+ 2	+ 1	+ 5	102
Paper & Products (8)*	- 7	- 6	-30	+ 4	97
Tobacco & Products (10)*	-15	- 6	-22	+ 1	166
Miscellaneous (84)*	- 3	- 3	-26	- 3	106
District Average (242)*	- 2	- 3	-15	- 2	114

Source: Department of Commerce.

* Number of reporting firms.

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	June 1945	June 1944	% Change	6 Mos. 1945	6 Mos. 1944	% Change
West Virginia ...	13,584	14,153	- 4	79,609	83,711	- 5
Virginia	1,545	1,662	- 7	9,419	10,314	- 9
Maryland	158	175	-10	905	1,043	-13
Fifth District ..	15,287	15,990	- 4	89,933	95,068	- 5
United States ..	51,590	52,712	- 2	297,555	317,951	- 6
% in District ..	29.6	30.3		30.2	29.9	

RETAIL FURNITURE SALES

STATES	Percentage Changes in June and 6 Mos. 1945 Compared with	
	June 1944	6 Mos. 1944
Maryland (5)*	+21	+13
District of Columbia (6)*	- 8	- 1
Virginia (23)*	+11	+12
West Virginia (7)*	+22	+11
North Carolina (20)*	+14	+19
South Carolina (14)*	- 5	+ 6
Fifth District (75)*	+ 9	+10
INDIVIDUAL CITIES		
Baltimore, Md. (5)*	+21	+13
Washington, D. C. (6)*	- 8	- 1
Lynchburg, Va. (3)*	+28	+20
Richmond, Va. (7)*	+17	+15
Charleston, W. Va. (3)*	+49	+18
Charlotte, N. C. (5)*	+10	+12
Columbia, S. C. (4)*	-12	+ 3

* Number of reporting stores.

DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in June 1945 sales, compared with sales in June '44:				
+26	+17	+11	+24	+16
Percentage change in 6 mos. sales 1945, compared with 6 mos. in 1944:				
+14	+11	+10	+16	+11
Perctg. change in stocks on June 30, '45, compared with June 30, '44:				
+10	+15	+10	+ 3	+11
Perctg. change in outstanding orders June 30, '45 from June 30, '44:				
+16	+27	+20	+16	+21
Perctg. change in receivables June 30, '45 from those on June 30, '44:				
+18	+12	+ 2	+12	+ 9
Percentage of current receivables as of June 1 collected in June:				
54	56	55	56	55
Percentage of instalment receivables as of June 1 collected in June:				
26	30	25	29	27

Maryland	Dist. of Col.	Virginia	W. Va.	No. Caro.	So. Caro.
Percentage change in June 1945 sales from June 1944 sales, by States:					
+16	+11	+20	+27	+18	+ 7
Percentage change in 6 months sales 1945 from 6 months sales 1944:					
+11	+10	+13	+19	+14	+ 9

CONSTRUCTION CONTRACTS AWARDED

STATES	May 1945	% chg. from May 1944	5 Mos. 1945	% chg. from 5 Mos. 1944
Maryland	\$ 4,579,000	+50	\$ 34,230,000	+ 0
Dist. of Columbia ..	3,102,000	+61	16,182,000	+40
Virginia	8,034,000	-21	52,419,000	- 6
West Virginia	1,996,000	-12	7,303,000	-14
North Carolina	5,818,000	+76	17,822,000	-29
South Carolina	1,688,000	+81	6,216,000	-49
Fifth District ...	\$25,217,000	+17	\$134,172,000	- 9

Source: F. W. Dodge Corporation.

TOBACCO MANUFACTURING

	June 1945	% Change from June 1944	6 Mos. 1945	% Change from 6 Mos. '44
Smoking and chewing tobacco (Thousands of lbs.)	23,145	+17	136,418	+21
Cigarettes (Thousands)	24,310,812	+15	118,110,304	0
Cigars (Thousands)	403,023	+ 5	2,390,722	+ 3
Snuff (Thousands of lbs.) ..	3,121	-14	22,786	+ 4

period included the major portion of the Seventh War Loan drive. This amount corresponds closely to increases for comparable periods of the two previous drives. During the Seventh Loan banks added substantially to their holdings of bills, certificates, and notes, and they have also continued to increase their holdings of bonds.

Loans for purchasing and carrying Government securities extended to customers other than brokers and dealers by weekly reporting banks increased 1.6 billions during the four weeks ended June 27, in contrast to 1.1 billions during the comparable period of the Sixth drive, and 1.3 billions in the Fifth. Loans to brokers and dealers for purchasing or carrying Government securities started increasing somewhat earlier and expanded more than in preceding drives. Both categories of these loans at their peaks were above

high points reached in previous drives. Declines in these loans began in July.

Excess reserves expanded more and reached a higher level than in any drive since the Third War Loan drive in September 1943. Owing to the great success of the Seventh Loan in obtaining subscriptions from nonbank investors, the shift of funds from deposits subject to reserve requirements to reserve-exempt United States Government deposits and the consequent decline in required reserves were larger than usual. Member banks used a part of the funds thus made available to pay off borrowings at Reserve Banks, which had risen to a high level of over 900 million dollars in June. Reserve Bank holdings of Treasury bills showed less decline during and following the Seventh Loan than at the time of the previous drive. Holdings of certificates and notes continued to increase.

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Continued from page 1 .

ago, and that of the Eastern Carolina Belt 2.4 per cent higher, with the Old Belt showing a reduction of nearly 17 per cent. Other types of tobacco are indicated to be in

smaller supply this year than a year ago, with the exception of the Burley crop in North Carolina which is now placed at 9 per cent ahead of a year ago.