MONTHLY REVIEW

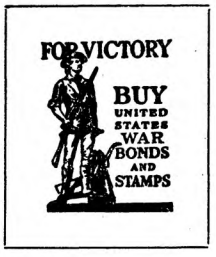
of Financial and Business Conditions

FIFTH FEDERAL RESERVE DISTRICT

Federal Reserve Bank, Richmond 13, Va. *August 31, 1945*

CANCELLATION of war contracts and the winding up of war production is progressing rapidly. When the war business is eliminated in the Fifth District, it would appear that somewhere around 300,000 workers will have been displaced, which would leave the number still employed some 14 percent higher than in 1939, if none of the 300,000 were to find new employment.

There are, however, a considerable number of industrial developments and expansions already programmed for various areas in the District and together these will give considerable employment during the construction period. Gasoline stations have already begun to reopen and other service industries, as well as farms, can absorb many workers. The cotton textile industry which should be expanding output for a considerable period of time could use possibly 75,000 workers now and still more if a 40 hour week were resumed. The bituminous coal industry in the District is short from 25 to 30 thousand miners from its normal labor complement, and the many diversified industries of the District will be straining to market much needed products. Despite the early termination of war contracts, the employment outlook in the Fifth District is favorable.



The farm income outlook, largely because of a decrease in production, indicates a somewhat lower level in the last half of 1945 than in the same period of 1944. Lower income from cotton in the Carolinas will probably not be offset by a moderate increase in tobacco incomes. In the first five months of 1945 farm income was 14 percent higher than in similar months of 1944 and this will in part offset expected declines in the last half year. Prices of some agricultural products may ease somewhat during the next twelve months, but in the main there is little cause for concern regarding a general price decline in this period.

The Fifth District adjusted index of department store sales after slumping notably in April and May established a new high level in July, 8 percent higher than in June and 19 percent above July 1944. Employment terminations in Baltimore, Washington, Norfolk and Charleston, South Carolina may have some adverse effect on department store sales for several months in the near future, but the effect of unemployment may very well be partially or wholly offset by the stored up purchasing power, if stores can obtain heretofore unpurchaseable merchandise which will be in demand. Department store sales may also feel the effect of price reductions in the next several months, if store policy deems it necessary to close out substitute and inferior quality merchandise.

Average daily cotton consumption in the District in July, as a result of summer vacations and shut-downs for plant repair and other purposes, declined 15 percent from June, and was 7 percent smaller than a year ago. July is likely to mark the low point in cotton consumption for a period of several years.

Bituminous coal output on an average daily basis declined 4 percent from June to July and in the latter month was 6 percent smaller than in July, 1944. Not much relief in the labor supply should be anticipated for the remainder

Continued on page 10

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39 = 100 **Seasonally Adjusted**

	July 1945	June 1945	May 1945	July 1944	% Change July 1945 from June '45	% Change July 1945 from July '45
Bank Debits	221	257	225	210	—14	+ 5
Bituminous Coal Production*	136	142	137	144	— 4	— 6
Building Contracts Awarded	180	102	94	102	+76	+76
Building Permits Issued	86	60	49	39	+43	+121
Cigarette Production	165	174	155	159	— 5	+ 4
Cotton Consumption*	118	139	141	127	—15	— 7
Department Store Sales	252	235	210	212	+ 7	+19
Department Store Stocks	218	208	191	190	+ 5	+15
Wholesale Trade—Four Lines	177	173	180	170	+ 2	+ 4
Retail Furniture Sales	162	170	139	132	— 5	+23

* Not seasonally adjusted.

The Seafood Industries of the Chesapeake Bay*

In the United States, the seafood industry is perhaps the least developed of the four major extractive industries (the others being mining, forestry, and agriculture). Much of this underemphasis probably results from the large land area of this country in relation to its coastline, and from the fact that population pressure is not great enough (as it is in, say, Japan or Great Britain) to force great dependence on the sea for protein foods. As a result of these two circumstances, the per capita consumption of seafoods in this country is much lower than in many other parts of the world, and the population of many inland sections consume very little seafood.[1]

In spite of the relative lack of emphasis laid on seafoods as an article of national diet, the coastal waters of this country are extremely rich in both variety and quantity of marine life, and the taking of these forms contributes greatly to the economic well-being of many sections of the population.[2] The Chesapeake Bay is one of the richest productive areas of the Atlantic coast. The waters of the Bay have been famous for many years as a source of shellfish (primarily oysters and crabs) and have long supported large commercial fishery operations of several kinds. In 1940, the Bay states of Maryland and Virginia produced seafoods valued (to the fishermen) at almost $7½ million, although an unknown part was actually taken in Atlantic waters rather than in the Bay, itself.

Summary of Chesapeake Bay Fisheries

The fishery operations (fish and shellfish) carried out in an area as large as the Chesapeake Bay are so diverse and employ such a variety of methods that it is difficult to summarize them, but it is possible to present some of the more important economic characteristics of the industry. Table 1 indicates the volume of employment in respect to fishing and the secondary level of seafood handling and processing. It will be noted that employment is almost evenly divided between fishermen and secondary occupations for the Bay total, although fishermen tend to predominate slightly in Virginia and secondary workers in Maryland.

TABLE 1:
EMPLOYMENT IN FISHERIES AND RELATED INDUSTRIES, CHESAPEAKE BAY STATES, 1940

Employment Classes	The Bay	Maryland	Virginia	Per Cent of Bay Total
Total—All Classes	27,623	12,206	15,417	100.0
Fishermen—Total	14,269	5,981	8,288	51.7
On vessels	2,147	688	1,459	7.8
Other [1]—regular	7,087	3,002	4,085	25.7
Other [1]—casual	5,035	2,291	2,744	18.3
Transporting	1,023	269	754	3.7
Wholesale & Manufacture—Total	12,331	5,956	6,375	44.6
Proprietors	508	245	263	1.8
Salaried workers	378	204	174	1.4
Wage earners [2]	11,445	5,507	5,938	41.4

[1] Fishermen on shore or from boats. "Regular" indicates primary occupation; "casual" indicates part-time.

[2] Average number of wage earners for the fishing season.

Source: U. S. Fish and Wildlife Service.

In Table 2, values are shown for the more important types of fish and shellfish taken in the Bay states. Unfortunately, it is not possible to distinguish between the value of the catch *within* the Bay and that of the catch in ocean waters. The geography of Maryland and Virginia appears to be such that most of the catch of the most important species is taken in the Bay or its tributaries. As of 1940, oysters and crabs were the most important seafoods produced in this area, accounting for more than half the income of Bay fishermen and more than four-fifths the income of Maryland fishermen. In Virginia, the croaker and menhaden[3] are almost as important as the crab. It should not be thought that the present proportionate distribution of the catch (either by volume or by value) indicates the relative concentration of the several species in these waters. On the contrary, the marine forms of the Bay appear to be undergoing constant alteration in proportionate abundance. This apparently results from both changes in the marine environment and relative rates of depletion through fishing, but biologists have not yet agreed as to the proper allocation of responsibility, nor the final conservational measures to be instituted. An example will illustrate one result of these changes: according to older fishermen on the Bay, croakers were rarely caught (either in nets or on lines) prior to the last fifteen or twenty years—now they are one of the most abundant and ubiquitous commercial species of the Bay.

In addition to the direct income to fishermen from the sale of their catch, the seafood industry provides a living to the many persons employed in wholesale and manufacturing processes. Wages and salaries paid these persons during the 1940 season totaled over $3½ million. The total value of products of this industry (edible and non-edible, all forms) in that same year was $11 million. This product is widely distributed throughout the United States. In 1936, a survey by the Fish and Wildlife Service found fresh and frozen seafoods from the Bay states figuring to a fairly important degree in the retail trade of cities

* This article reports on a reconnaissance survey of the upper Chesapeake Bay in which several key men in the seafood industry were interviewed at more than one fishing port. Materials for this paper have been provided by watermen, fish houses, packing plants, and Government officials charged with the regulation of the industry. Some over-all statistics have been taken from the reports of the United States Fish and Wildlife Service, Department of the Interior.

[1] Estimated per capita annual consumption of seafood products in certain countries of the world (as reported by the Fish and Wildlife Service) are: Chile, 13 pounds; England, 35; Norway, 44; Sweden, 52; and Japan, 55. In contrast, the estimated U. S. consumption for the period 1930-1940 varied from a low of 11.2 pounds per person per year to a high of 15.9. Since the beginning of the current war, U. S. civilian consumption has fallen to a new low of less than 10 pounds.

[2] In 1940, the Fish and Wildlife Service estimated that the taking of all forms of seafoods gave employment to at least 125,000 persons in the United States (including Alaska) and provided them with a gross income of about $99 million, or approximately $800 apiece. This makes no mention of other incomes which many of these persons gained by guiding sport-fishing parties, further processing their catch, etc. Approximately the same number of persons were employed on the land in handling and processing marine products.

[3] Although menhaden can be used as a food fish, their major use is in the preparation of fishmeal (for feeds and fertilizers) and oil.

TABLE 2:

VALUE OF CATCH, BY MAJOR SPECIES; CHESAPEAKE BAY STATES, 1949

Species	Value ($1,000)			Per Cent of Total		
	The Bay	Maryland	Virginia	The Bay	Maryland	Virginia
Total	7,456	2,599	4,858	100.0	100.0	100.0
Oysters	3,217	1,644	1,573	43.1	63.3	32.4
Crabs	1,148	509	638	15.4	19.6	13.1
Croaker	615	55	560	8.2	2.1	11.5
Menhaden	549	a	548	7.4	0.0	11.3
Clams	370	17	352	5.0	0.7	7.2
Shad	356	39	317	4.8	1.5	6.5
Squeteagues [1] ..	272	34	238	3.6	1.3	4.9
Striped Bass [2] .	174	110	64	2.3	4.2	1.3
Alewives	163	52	111	2.2	2.0	2.3
Flounder	92	29	63	1.2	1.1	1.3
All other	501	108	393	6.7	4.2	8.1

[1] "Sea-trout" or weakfish.

[2] Rock.

a Less than $500.

Source: U. S. Fish and Wildlife Service.

as far west as Nebraska, as far north as Massachusetts, and as far south as Georgia. In all probability, the canned, smoked, and salted products of the Bay are national in their distribution.

In the hope of gaining a more intimate insight into the conditions affecting it in the upper Bay, interviews were arranged with members of different parts of the industry. The rest of this article will be devoted to some points brought out in these conversations. Local conditions in three ports will be stated briefly with the more general topics of discussion treated separately.

Port A

At this Western Shore port, the fishing industry comprises a small group of local fishermen (less than one hundred) and a medium-sized wholesale house. The house has grown from small beginnings over the past twenty or thirty years into one which buys widely and sells most of its products in nearby large cities. It does not depend on the catches of local fishermen for its entire supply, but tends to follow fishing operations throughout the Bay and along the Atlantic shore from Hatteras to Cape Cod, approximately. Although finfish of various kinds make up an important part of its stock-in-trade, this house has done a very large business in live crabs and oysters (both in the shell and shucked). The operator was quite pessimistic about prospects for these last two products, feeling that natural and economic forces have combined to endanger the future abundance of both species. Soft crabs constitute an important source of income in many parts of the Maryland Bay[4] and are particularly sensitive to environmental factors. In recent periods, a heavy flow of fresh water from its tributaries has tended to lower the salinity of Bay waters, especially in the main crab grounds (the sheltered inlets), and brought on the wholesale death of much of the soft crab population. With respect to oysters, this operator felt that silting and overfishing had depleted many of the most productive bars to the point that he never again expected to receive a supply comparable to that of the past.

[4] Because of the migrations of crabs at different phases of their life-cycle, crabs tend to summer in Maryland waters, where they perform most of their moults, and to winter (particularly the fertile females) in Virginia waters. Thus, soft (newly moulted) crabs are scarce in Virginia. Although details of the crab's biology cannot be treated in this limited space, it should be noted in passing that herein lies the basis of most of the controversy in this part of the industry. The natural behavior of the crab is an important source of discord in the Bay area.

Port B

This Eastern Shore community depends on fishing to a higher degree, in all probability, than does the average Bay community. Of its approximately 1,000 inhabitants, about 200 are watermen and an equal number are employed in the two large fish plants. The informant felt that probably 90 per cent of the area's normal labor force was employed in one part or the other of the seafood industry. Although most of the local catch is sold to the local houses, the fishermen often take their catches to other markets, and the houses often buy from outside watermen. It was estimated that the taking and processing of seafoods contributed at least $1.5 million annually to the community's income, with watermen receiving individual gross income of from two to twelve thousand dollars a year in recent times. Most of the watermen in this area spend almost the entire year fishing or in related water-bourn activities (transportation or guiding sport-fishing parties), rather than depending partly on farming and logging, as is the practice in many communities. The fishing capital, normally valued at from $500 to $5,000 per person, is shifted from one use to another. In the course of a year, the same man may be oysterman, crabber, and net fisherman, may possibly use his boat (or boats) for the transportation of locally produced seafoods or agricultural products to retail markets, and for the guiding of parties.

Port C

This is one of the largest fishing markets on the Eastern Shore. Here, in addition to the usual wholesale fish houses, there are also several canning and processing establishments for which fishery products constitute an important part of the raw material. It was not possible to find any one person who had very comprehensive knowledge of all the activity of the area, but one of the larger wholesalers was interviewed. According to this informant, there are approximately 250 fishermen in the immediate vicinity of this port, and the number of persons engaged in handling and processing the fish is from 125 to 150 per cent the number of fishermen. This would imply the total employment of from three to four hundred persons (probably excluding proprietors and clerical personnel in the fish houses) in the industry. The capital investment in boats (excluding gear) was estimated to run from $2,500 to $8,000 per fisherman, and the gross income from two to five thousand a year. This source estimated the *net* income of fishermen, under present wartime conditions, to run as high as $75 per week during the fishing seasons. Variations in the fishing seasons of the different species make any comparison of gross and net income difficult.

The Marketing of Seafood Products

The watermen in the Bay conduct their activities in many different ways, depending on the type of operation and on the size of their enterprise. The larger trawlers and other vessels may stay out several days. If pursuing a particularly perishable species, they may carry ice and prepare their catch for preservation at short intervals during the trip. On the other hand, the smaller boats make no provision for overnight operations, and return to

their home ports daily. The many small oystermen and crabbers dispose of their catch daily for two reasons: first, they use such small boats that they can easily fill them in one day; and second, the perishability of the product is such as to preclude a longer period between removal from the water and sale. They sell either to "buy-boats" or directly to the houses.

Except in times of unusual abundance or scarcity the prices paid for the raw seafoods are relatively rigid and are usually set by the houses. Because it gives them somewhat more bargaining power, the majority of the watermen prefer to sell to the houses and may "shop around" in search of the best prices as long as the relative perishability of their commodity allows. The buy-boats, on the other hand, go to the fishermen while they work; and boats from competing houses may or may not arrive on the grounds at the same time. In times of relatively slack demand the houses set their prices, and the buy-boats[5] do not deviate from these prices all day. In times of relatively heavy demand, the buy-boats may be told to get a specified amount of different types of fish, regardless of the price which must be paid. Whenever this occurs and boats representing more than one house arrive on the grounds at the same time, a fairly spirited and informal auction may develop, with fishermen rowing from boat to boat, haggling over prices, and disposing of their catch at the highest bid. Although similar interhouse competition may develop at the wharf, it should not be thought that fishermen normally occupy a strong bargaining position. The raw catch is highly perishable, and fishermen are almost completely dependent on fish houses in a relatively small area for an outlet. Even though they may shop around a large part of the Bay, for example, the watermen cannot by-pass the houses and reach the inland markets; and the expense of carrying the catch from place to place may soon offset any possible increase in prices.

From all qualitative evidence, the retail demand for seafoods is relatively inelastic with respect to changes in the price. In other words, as of a given day, it is highly improbable that consumers will take a much greater-than-normal amount of any seafood because of a moderate fall in its price. Under these circumstances, the fish houses, operating through relatively well-established trade channels to their terminal markets, are not able to respond to rapid increases in supply by downward price adjustments which will clear the market. In order to protect themselves, their suppliers, and their regular customers from the effects of oversupply, the fish houses divert surplus seafoods into the canning and curing houses or into very distant fresh markets.[6] Plants which manufacture seafood products, primarily canners, freezers, salters, and curers, are not as tightly bound to their supply. In times of oversupply they can lay aside stocks which will carry them through subsequent periods of undersupply. To the degree that these processors can handle surplus fresh seafoods, they add a needed degree of stability to the first market, protecting the fishermen from the vagaries of nature.[7]

Although they may be present, no indications of regular patterns of finance were discovered. During normal and very prosperous times, the watermen are almost entirely self-financed. In times of very low prices and consequent poor incomes, they often borrow current capital from individuals, seldom from banks. The boats themselves are seldom purchased with bank-credit.[8] The houses may furnish the current capital needs of buy-boats, but they seldom advance credit to fishermen. The houses themselves are usually self-financed through the ploughing back of profits in good times, or through "silent partners." When they go to the banks they establish lines of credit and operate on an open account (which usually specifies that the total debt outstanding at any time shall not exceed a stated figure, and that the entire debt must be paid up during the current season). Since the turnover in fresh products is quite rapid, this financing by the house suffices to finance the entire seafood trade, for the house extends the usual business terms to its customers. Much the same is true of the processors, although some of them may resort to field-warehousing in times of abnormal oversupply.

Problems of the Industry

Like every other industry in the country, the seafood industry has felt the impact of war-born circumstances to a considerable degree. However, it appears quite safe to say that the war has not overshadowed the normal problems of peacetime, for which no solution has yet emerged. The primary effects of the war have been shortages. Boats and vessels have been taken over by the Government; many types of gear and supplies have been very tightly restricted; and labor has been short, particularly in the house (skilled fishermen have been largely exempted from the draft). At the same time the demand for protein foods has raised prices greatly and enhanced the incomes of all active fishermen. As a result, the values of boats and gear have inflated to levels far above any experienced in the recent past. Wholesale and manufacturing houses have been hardest hit, in all probability. Although their costs have gone up and their means of handling the seafoods have been reduced, they may be forced to operate under reduced margins.[9] The proprietors interviewed did not consider their lot untenable, however, and expressed the feeling that economies of final sale (since large amounts of their products go to the procurement agencies) assured them fair incomes. At times during the war the packers have had difficulty in getting

[5] In some instances the buy-boats are independent operators who attempt to profit from "economic laziness" on the part of many fishermen (to whom the convenience of disposal will offset the possibility of a better price at the house). But, according to the consensus of those interviewed, from 90 to 95 per cent of the buy-boats are furnished their capital by a particular house and buy only for that house.

[6] In doing this, the house may suffer some loss over sale in fresh markets of adjacent cities, through either higher freight charges or lower unit prices. Nevertheless, the reputation of "taking care" of their regular connections and the resulting loyalty of suppliers and clients is well worth the sacrifice and pays in the long-run.

[7] But is should be pointed out that the members of the industry are human, and therefore inconsistent. Although they welcome the dampening effects of processors' stocks in periods of oversupply, they resent them in periods of scarcity.

[8] As one informant phrased it, "The banks dislike security that isn't tied down in one spot." He went on to say that many watermen who owned homes or small farms (and probably the majority in his community did) borrow from the banks to finance the purchase of boats, gear, etc., or to acquire current capital. In this case, the usual security was their real estate.

[9] All processed seafood products are affected by OPA price regulations. However, in the Chesapeake Bay region, the prices of fresh seafoods are not regulated. This has allowed all branches of the fresh trade to make good profits and has raised prices to fishermen considerably. Since these latter influence the supply of processed seafoods (which are in great demand by the Services) OPA has allowed prices in the processed trade to rise enough to insure satisfactory returns and high production.

cans and other supplies, ice and freezing facilities, and in transporting their goods to market. Skilled labor (crab-pickers, oyster-shuckers, etc.) has been very short.

The normal peacetime problems of the industry revolve around the maintenance of a qualitatively and quantitatively uniform supply. These problems are far-reaching in all their ramifications, involving as they do Governmental conservation policies, the regulation of the industry, and the mutual relations between the various segments of the industry. This whole subject is complicated by the fact that, although the Bay is one body of water over which the marine forms are irregularly distributed and constantly on the move, legal jurisdiction is divided between the two states of Maryland and Virginia. As the result of purely natural forces, the fisheries interests of the two states have often clashed over the types of regulations which should be applied in order to conserve the resources of the Bay, and a regrettable lack of uniformity has developed between the fishery laws of the two states. In all probability, the fisheries of *both* states, individually, have suffered more than they have benefited from this situation. At the present, this problem is being attacked from several angles, the most promising of which are a series of interstate conferences and agencies which have attempted to gain complete impartiality.[10] So far, the opposition of minority groups in both states has blocked bilateral action on the many points concerning which there is general agreement, but progress undoubtedly has been made toward the ultimate solution of these problems. It is noteworthy that almost every one interviewed on this point used words which were practically identical: "human selfishness" was thought to be the big problem of the industry.

Conclusions

Although relatively unimportant to the two states, in the aggregate, the seafood industries of Maryland and Virginia are of utmost importance to the populations in the immediate vicinity of the Bay. By far the majority of the watermen have relatively large amounts of capital invested in their boats and gear, spend the bulk of each year at their work, and derive respectable incomes from the sale of their catch. On shore there has grown up a well-established industry which processes and distributes the products of the fisheries and gives employment to about the same number of persons as do the fisheries, themselves.

Prices paid for seafood products, from water to the final consumer, appear to vary inversely with the supply, since the demand is relatively constant and moderate changes in retail prices appear to have little effect on the amounts purchased. The fishermen, being in a relatively poor bargaining position, feel the greatest impact of supply on prices. In times of undersupply their incomes are much higher than normal, while in times of oversupply they receive very low incomes. The presence of a sizeable canning and preserving industry has done much to dampen the violence of these price fluctuations by assuring a carryover from times of abundance to times of scarcity. It is possible that improvement and expansion in this phase of the industry will go far toward creating a degree of security which is now lacking. However, the major problem of the industry will not be solved until conflicting legal jurisdiction within Bay waters are replaced by uniformity of law and regulation. The present status of biological understanding and interstate agreement is sufficient to act as the basis of better controls by both states, but much remains to be learned about the marine life of the Bay before any final solution can be found.

At present, the financing of the industry does not appear to be as regular in methods as might prove worth while. Although commercial banks probably provide much of the outside capital of the industry, this credit generally is extended on non-fishery security under terms which probably are not ideally suited to the needs of fishermen. It might be possible to work out means of directly financing the watermen, in particular, under circumstances which would prove beneficial to all parties. Certainly, within the area of greatest dependence on the fishery and seafood industries, local experimentation might be very worth while.

[10] The most important official interstate attempts which have been made are those under the Maryland-Virginia Compact of 1785 (primarily concerned with the water boundaries of the two states, but now being used as a precedent for more general cooperative efforts) and the Chesapeake Bay Panel of the Atlantic States Marine Fisheries Commission. To these should be added the recent creation of the Chesapeake Bay Fisheries Commission, an independent (unofficial) agency financed by the General Education Board, which is surveying the conditions within the Bay and its adjacent counties. This survey is intended to produce impartial recommendations which will be made to the legislatures of both states.

The Seventh War Loan

The Seventh War Loan sales in the Fifth Federal Reserve District established a new high war loan record of $1,501,534,000. This amount was 20.5 per cent larger than the District's sales in the Sixth War Loan. Although the rise in the District's sales from the Sixth to the Seventh War Loan was substantial, it was not as large a percentage as was shown in the United States as a whole, and the District's percentage of the national total was again reduced. The District's largest percentage contribution to the nation's war loan sales was made in the Fifth Loan, when 5.88 per cent was sold. In the sixth loan the Fifth District accounted for 5.76 per cent of the United States total sales, and in the seventh loan 5.71 per cent. The reduction in the Fifth District's percentage of United States sales in the Seventh War Loan, as compared with the Sixth War Loan, was due to the failure of the District's sales to individuals, partnerships and personal trust accounts to maintain the pace set by those sales in the nation. Sales to corporations and other investors in the Fifth District in the Seventh War Loan were the largest percentage of the United States total of such sales in any of the war loans, as the accompanying table shows:

WAR LOAN SALES TO NON-BANK INVESTORS
FIFTH DISTRICT

	Total Sales		Individuals, etc.		Corporat'ns & Other	
	($ mil.)	% of U.S.	($ mil.)	% of U.S.	($ mil.)	% of U.S.
Second	597	4.43	212	6.44	385	3.78
Third	972	5.13	355	6.60	617	4.55
Fourth	881	5.27	364	6.86	517	4.53
Fifth	1,214	5.88	516	8.12	698	4.89
Sixth	1,246	5.76	481	8.18	765	4.86
Seventh	1,502	5.71	592	6.82	910	5.16

Use of Bank Loans

Bank credit extended by Fifth District weekly reporting banks for purchasing or carrying government securities to customers other than brokers and dealers was considerably smaller in the Seventh War Loan than in the sixth or fifth loans. In contract with this performance, similar loans extended by all weekly reporting member banks in the United States during the Seventh War Loan were substantially higher than during the sixth, and the largest of any war loan to date.

The increases in loans by weekly reporting banks to customers other than brokers and dealers for purchasing or carrying government securities during the past four war loans are shown below, for the United States and for the Fifth District:

CHANGE IN LOANS TO "OTHERS" FOR PURCHASING OR CARRYING GOVERNMENT SECURITIES
by Weekly Reporting Member Banks

War Loan	Period	United States	Fifth District	District % of U. S.
Fourth	1/12 - 2/16	+ 605	+10*	1.65
Fifth	6/ 7 - 7/ 5	+1,303	+89	6.83
Sixth	11/15 - 12/20	+1,186	+56**	4.72
Seventh	5/30 - 7/ 4	+1,784	+29	1.63

* January 12 - February 9
** November 15 - December 13.

The table above shows that only in the Fifth War Loan was the credit extended for government security purchases in excess of the District's proportion of the Nation's war loan sales. In each of the other war loans enumerated the people of the Fifth District did not use as large a proportion of bank loans in purchasing war loan securities as was the case in the country as a whole.

It is apparent on analysis that the chief reason for the reduction in the Fifth District's percentage of United States war loan sales in the sixth and seventh drives was due to a smaller usage of bank loans. If the amounts of bank loans extended during war loan drives for purchasing or carrying government securities, as shown in the table above, were deducted from war loan sales in the District and in the nation, it will be seen that the District's contribution to the nation's war loan sales would show a steadily rising percentage in each successive drive except from the fifth to the sixth, when the percentage held constant.

WAR LOAN SALES MINUS BANK LOANS* EXTENDED BY WEEKLY REPORTING MEMBER BANKS

	United States	Fifth District	Dist. % of U. S.
Fourth	16,125	871	5.40
Fifth	19,336	1,125	5.82
Sixth	20,435	1,190	5.82
Seventh	24,529	1,473	6.01

* Loans to customers other than brokers and dealers for purchasing or carrying securities.

Types of Securities Sold

The outstanding development of the Seventh War Loan was the large increase in the attractiveness of the 2½% Treasury Bonds of 1967-72. This was no doubt due to the strong demand by insurance companies and large investors which had held similar issues at an attractive premium. These 2½s are not available for commercial bank investment until June 15, 1962, and, consequently, the strong bank demand for government securities could have had little or no effect on their increased purchase in the Seventh War Loan Drive, as compared with any of the preceding war loan drives. The fact that the 2½s have held at a premium and the widespread feeling that they might be withdrawn from future war loans were sufficient inducements to cause the large sales in this District. In the seventh drive this issue totaled $270,597,000, as compared with $65,014,000 in the sixth drive and with the previous high record of $133,289,000 in the third drive.

The 2¼% Treasury Bonds of 1959-62 were likewise in strong demand in this District in the Seventh War Loan drive. These bonds are not available for bank investment prior to June 15, 1952, or seven years away. Bank support for these bonds, therefore, could have had little or no effect on their sales. While some of the easing in the prices of these bonds since the close of the drive may indicate sales by speculative holders, it is probable that the great bulk of the sales of 2¼s was for legitimate investment. Whatever amounts of the 2¼% and 2½% bonds bought for speculative turnover, they can have no direct influence in raising bank deposits. The sales of 2¼s in the District in the Seventh War Loan drive, of $404,577,000, were 123 per cent larger than sales of a similar issue in the Fourth War Loan drive, and were within $17.8 million of the sale of 2s in the Sixth War Loan drive. Sales of the 2¼s in the seventh drive ac-

counted for 7.97 per cent of all sales of this issue in the nation, as compared with 4.55 per cent of the 2¼s of the fourth drive.

The 1½% bonds of the seventh drive had no comparable issues in previous drives, but these bonds were in a little better demand in this District than the 1¼% notes offered in the sixth drive, although not in quite as good demand as similar notes in the fifth drive. The sales of 1½% bonds in the Fifth District, however, were a larger percentage of the United States total than were the 1¼% notes in either the sixth or fifth drives, despite the fact that the use of bank loans for purchasing or carrying government securities in the District was reduced during the Seventh War Loan, as compared with the sixth, whereas such loans in the same period in the United States rose substantially. The 1½% bonds are eligible for bank purchase, and such speculative purchases as were made for resale to banks were apparently done largely on a cash basis in this District.

The sales of $260.1 million of ⅞% certificates of indebtedness in the Fifth District, during the Seventh War Loan drive, were smaller than in the Sixth or Fifth War Loan drives. This was due to reduction in sales to individuals, savings banks, and State and local governments not offset by increased sales to insurance companies and to corporations and other investors. The reduction in sales of certificates to individuals has accompanied the reduction in the use of bank loans for purchasing or carrying securities in each of the past two War Loans. The reduction in sales of certificates to State and local governments was due mainly to one State government's decision to hold the certificates purchased in previous war loans, rather than to sell and subscribe to new certificates. In the Fifth War Loan, when the use of bank loans for purchasing or carrying government securities was at its highest level in this District, the sales of ⅞% certificates accounted for 7.09 per cent of the United States total sales of these securities, compared with 6.33 per cent in the Sixth War Loan and with 5.44 per cent in the Seventh War Loan.

Fifth District sales of non-marketable securities in the Seventh War Loan come to $438.6 million, and were the largest of any war loan to date by a considerable margin. Series E War Savings Bonds established a new high record. Series F and G War Savings Bonds were $12 million higher than in the Sixth War Loan, and the second highest war loan sales to date. Sales of Savings Notes, Series C, continued the downward trend in evidence since the Third War Loan.

The sale of Series E War Savings Bonds in the Fifth District during the Third through the Sixth War Loans had shown a steadily rising percentage of the United States total, but in the Seventh War Loan the District's percentage was lowered. The District's percentage of the Nation's sales of Series F and G War Savings Bonds has been mainly downward through the Seventh War Loan drive, and the District's percentage of the Nation's sales of Savings Notes, Series C, has declined steadily since the Third War Loan.

The accompanying table shows the Fifth District sales of government securities, by type, in the Seven War Loan drives, together with percentages of the United States totals:

WAR LOAN SALES OF GOVERNMENT SECURITIES TO NON-BANK INVESTORS
Fifth District
(million dollars)

	Cert. ⅞%	Notes* 1¼%	Bonds** 2%	Bonds 2½%	Tax & Svgs. Notes	Savings Bonds E	Savings Bonds F & G	Total
First	59.4		40.1	70.2	60.7	46.1	20.2	296.7
Second	150.1		112.9	108.9	83.3	96.0	44.8	596.7***
Third	197.8		289.8	133.3	137.5	160.1	53.9	972.4
Fourth	256.5		181.1	45.2	122.5	213.3	62.4	881.0
Fifth	338.0	141.0	279.2	69.7	124.6	208.4	52.6	1,213.5
Sixth	278.9	113.5	422.4	65.0	113.2	208.4	45.1	1,246.4
Seventh	260.1	127.7	404.6	270.6	104.3	277.1	57.2	1,501.5
(Per Cent of United States Total)								
First	3.57		4.00	2.47	4.57	7.18	6.94	4.34
Second	4.84		4.01	2.89	5.04	6.52	6.72	4.43
Third	4.80		5.51	3.53	5.54	6.48	6.49	5.13
Fourth	5.09		5.44	2.36	5.49	6.69	6.09	5.27
Fifth	7.09	7.24	5.34	3.08	4.84	6.87	6.43	5.88
Sixth	6.33	7.32	6.09	2.40	4.66	7.27	6.28	5.76
Seventh	5.44	7.56	7.97	3.82	3.85	6.97	5.77	5.71

* Seventh 1½% bonds.
** First 1¼%; Fourth 2¼%; Seventh 2½%.
*** Includes unallocated amount of $690,000.

Sales Classified by Buyer

The principal changes in the amounts of securities sold in the Seventh War Loan, compared with the sixth, were a notable increase in the percentage of all sales made to insurance companies, and about the same reduction in those to corporations and other non-banking investors. Fractional increases from the Sixth War Loan were recorded in the percentages of all Seventh War Loan securities, taken by individuals and savings banks, but these were largely offset by lower percentages taken by dealers and brokers and State and local governments.

WAR LOAN SALES BY TYPE OF INVESTOR
Fifth District
(million dollars)

	2nd	3rd	4th	5th	6th	7th
Individuals, etc.	212.4	354.7	363.7	516.2	480.7	592.0
Savings banks	41.7	74.1	46.6	45.0	68.3	87.2
Insurance companies	60.3	70.5	53.5	64.8	84.2	147.6
Dealers and brokers	*	24.3	18.4	15.2	4.7	2.9
Federal agencies, etc.	4.0	6.6	6.5	19.7	.1	1.2
State and local govts.	57.6	77.0	67.2	123.2	143.5	163.6
Bldg. & Savings & Loan	*	*	*	*	46.1	55.3
Corporations and other	220.8	365.2	325.1	429.4	418.8	451.7
Total	596.8	972.4	881.0	1,213.5	1,246.4	1,501.5
(per cent of total)						
Individuals, etc	35.6	36.5	41.3	42.5	38.6	39.4
Savings banks	7.0	7.6	5.3	3.7	5.5	5.8
Insurance companies	10.1	7.3	6.1	5.3	6.7	9.8
Dealers and brokers	*	2.5	2.1	1.3	.4	.2
Federal agencies, etc.	.7	.7	.7	1.6	. . .	.1
State and local govts.	9.6	7.9	7.6	10.2	11.5	10.9
Bldg. & Savings & Loan	*	*	*	*	3.7	3.7
Corporations and other	37.0	37.5	36.9	35.4	33.6	30.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

* Included with corporations and other.

Sales to individuals in the Seventh War Loan accounted for 39.4 per cent of the District's war loan sales. Although this was a higher percentage than the 38.6 per cent in the Sixth War Loan, it was only a fraction above the average of the Second to Seventh War Loans, inclusive. Sales to corporations and other investors, including building and savings and loan associations for comparability, however, were a considerably lower percentage of total sales in the Seventh War Loan than in either the Sixth or the average of the Second to the Seventh, inclusive. The percentage of the District's Seventh War Loan sales, taken by corporations and other investors, including building and loan

and savings and loan companies, was 33.8. A comparable percentage in the Sixth War Loan was 37.3, and the average from the Second through the Seventh loans was 36.3 per cent.

Contributions of the States

Seventh War Loan sales in the Fifth District increased $255 million over sales in the Sixth War Loan. Of this increase Maryland, the District of Columbia, and North Carolina accounted for more than 88 per cent. West Virginia was the only State in which total Seventh War Loan sales did not exceed those in the sixth. All other States established new high records in the seventh loan. The District of Columbia accounted for the largest part of the Fifth District's increase in war loan sales from the sixth to the seventh. With the exception of the Savings Notes, Series C, all types of security sales in the District of Columbia increased in the seventh drive, compared with the sixth.

It is interesting to note that the District of Columbia was the only one of the Fifth District major political subdivisions to show an increase in sales of 7/8% certificates from the sixth to the seventh loans, and that the only increase of note in this period in the loans made for purchasing or carrying government securities by the Fifth District weekly reporting member banks occurred in the District of Columbia.

The increase in sales of 2½% bonds in the Fifth District from the Sixth to the Seventh War Loans amounted to $205.6 million, and accounted for 80 per cent of the total war loan increase. Maryland accounted for 30 per cent of the aggregate increase, North Carolina for 24 per cent; Virginia and the District of Columbia each accounted for 19 per cent, while the remaining 8 per cent was contributed by West Virginia and South Carolina.

Series E War Savings Bonds, which accounted for the second largest part of the increase in war loan sales in the seventh drive, compared with the sixth, of $68.7 million, was more than two-thirds accounted for by Virginia, the District of Columbia, and Maryland. Virginia accounted for 31 per cent of the $68.7 million increase; District of Columbia 20 per cent; Maryland 17 per cent; North Carolina 14 per cent; West Virginia 11 per cent; and South Carolina 7 per cent.

All of the District's States showed increased sales of Series F and G War Savings bonds in the Seventh War Loan as compared with the sixth. The increase aggregated $12.0 million, of which Maryland accounted for 45 per cent; North Carolina 22 per cent; and the District of Columbia 18 per cent.

The remaining securities of the Seventh drive, the 2¼s, 1½s, and Series C Savings Notes, which are compared with the 2s; 1¼% notes and Series C Savings Notes of the sixth drive were sold in smaller amounts in the Seventh War Loan than in the sixth, in all States except the District of Columbia. Sales of 1½% bonds in North Carolina, in the seventh drive, exceeded sales of the 1¼% notes of the sixth drive by $15.6 million, but lower sales of certificates and 2¼s more than offset the gain. Sales of certificates, 1½% bonds, and Series C Notes increased in South Carolina, but these gains were more than offset by a decline in the 2¼s compared with the 2s. Virginia's Seventh War Loan sales showed losses from the sixth in all issues except the 2½s, Series E and G bonds. The reduction in the sales of Series C Notes was substantially the same total amount as the reduction for the entire Fifth District, the gains in some of the other States having been largely offset by losses in the remaining States.

The accompanying table shows the changes in sales in the Seventh War Loan, compared with the sixth, for those issues in which all of the States show increases and the net change in the remainder of the issues.

INCREASES IN SALES OF SECURITIES FROM THE SIXTH TO THE SEVENTH WAR LOANS
(thousand dollars)

	2½s	Series E	Series F & G	Other Securities	Net Increase Amount	%
Maryland	60,767	11,847	5,408	— 590	77,432	18.6
District of Columbia	39,763	13,637	2,145	36,702	92,247	65.3
Virginia	38,455	21,582	1,066	—33,372	27,731	11.2
West Virginia	15,033	7,529	136	—27,585	— 4,887	— 4.3
North Carolina	48,982	9,237	2,603	— 4,748	56,074	22.6
South Carolina	2,583	4,881	685	— 1,627	6,522	8.2
District	205,583	68,713	12,043	—31,220	255,119	20.5

The record of the war loan sales by States is shown in the following table. The first loan, or the Victory Fund drive, is not included because Series E War Savings Bonds were not included in that drive.

WAR LOAN SALES TO NON-BANK INVESTORS
Fifth District
(million dollars)

	Md.	D. C.	Va.	W. Va.	N. C.	S. C.	District
Second	189.7	78.9	120.5	54.8	109.9	43.0	596.8
Third	330.7	102.8	193.8	84.5	182.5	78.1	972.4
Fourth	280.2	110.0	184.9	68.2	172.0	65.7	881.0
Fifth	421.8	152.1	220.3	100.7	235.3	83.3	1,213.5
Sixth	416.7	141.1	247.9	112.8	248.4	79.5	1,246.4
Seventh	494.1	233.4	275.7	107.9	304.4	86.0	1,501.5

Quota Accomplishments

The war loan record of the Fifth Federal Reserve District in the last four drives has exceeded the goals set up by the Treasury by a larger percentage than for the United States as a whole, except in two instances. These two exceptions were the Series E War Savings Bond sales relative to quotas in the Fourth War Loan drive and the over-all individual sales relative to quota in the Seventh War Loan drive.

The District's Seventh War Loan quota of individuals, partnerships and personal trust accounts was increased 48 per cent from what it was in the Sixth War Loan, whereas this quota in the United States was increased but 40 per cent. If the Fifth District quota had been increased the same as for the United States, sales relative to quota in the District would have been a slightly higher percentage than was shown for the nation.

Three of the States of the Fifth District failed to meet their Series E bond quotas in the Seventh War Loan. But the over-quota sales of Virginia and South Carolina brought the total Fifth District sales up to the quota level. These three States were Maryland, West Virginia, and North Carolina. This was the first time since Series E Bond quotas were established that West Virginia and North Carolina have failed to meet their quotas, while Maryland, despite a progressively lower percentage of the District's Series E Bond quota, has failed in each of the past four drives to make its quota. Virginia's Series E

Bond quota was raised 66 per cent in the seventh drive, compared with the sixth, while the Fifth District's quota was raised 57 per cent in this period. Yet Virginia exceeded its quota in the seventh drive by 17 per cent, to lead the District's States in the Series E Bond accomplishment.

In general, the Fifth District has exceeded its several types of quotas in the past four war loans by larger percentages than for the nation, but the District's outstanding performance has been in the degree to which its sales to corporations and other investors has exceeded quotas in comparison with the national performance. No Fifth District State has failed in the past four drives to show a higher percentage of sales to corporations and other investors relative to quotas than that shown by the United States as a whole.

PERCENTAGE OF WAR LOAN QUOTAS ACHIEVED

	All Investors			Individuals, etc.			Series E Bonds			Corp. & Other		
	5th	6th	7th	5th	6th	7th	5th	6th	7th	5th	6th	7th
Md. ..	185	198	214	196	133	104	83	94	84	176	265	409
D. C. .	142	150	207	93	117	122	110	116	101	207	182	344
Va. ..	140	182	185	113	143	129	117	137	117	170	222	310
W. Va.	195	209	168	143	175	103	104	111	93	267	254	386
N. C.	159	205	230	116	155	132	100	124	96	199	256	441
S. C.	144	162	162	112	138	121	119	132	104	178	188	258
Dist.	163	188	201	136	142	118	103	118	100	191	236	373

Rank of the District States

Four of the States of the Fifth District lowered their rank among the States of the nation in the percentage of achievement of the all-investor quota, while one State and the District of Columbia improved theirs in the Seventh War Loan, compared with the sixth. Maryland still maintains a high position among the States, but placing sixth in the seventh drive was two ranks lower than in the sixth loan. The District of Columbia, which placed 27th in the sixth drive, raised that rank to 10th in the seventh drive. Virginia was in ninth place in the sixth drive, but tied with Minnesota for 21st place in the seventh drive. West Virginia held the first and second positions, respectively, in the fifth and sixth drives, but tied with California for 35th position in the seventh drive. South Carolina, which placed thirteenth among the States of the nation in the fifth drive, and sixteenth in the sixth drive, fell to forty-first place in the seventh drive. These reduced ranks of the four Fifth District States, as was indicated earlier in this paper, are probably an indication that some States outside the Fifth District had done better than these States, partly as a result of the greater use of bank credit.

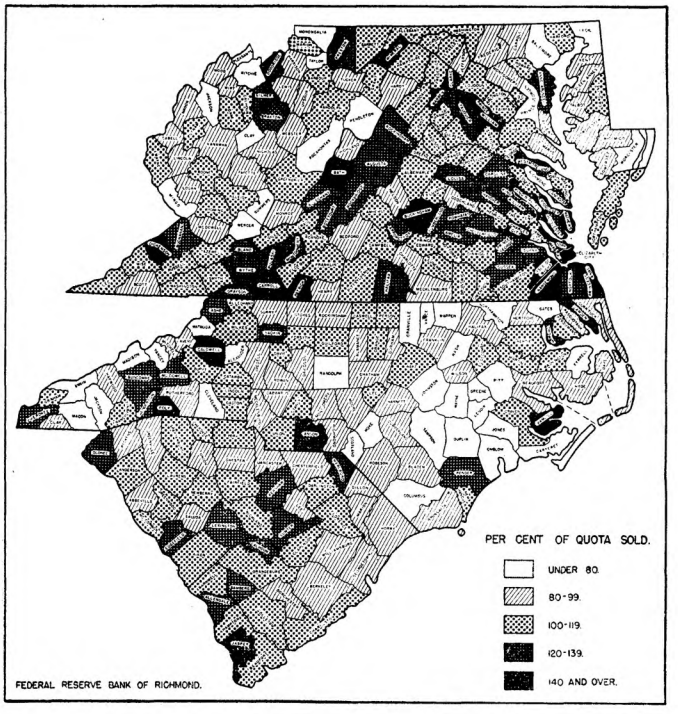
Aside from Virginia, the States of the Fifth District have not ranked high in the percentage of Series E Bond quota attainment. Three of the States, namely Virginia, District of Columbia, and South Carolina, however, were in the top half of the States of the nation in the past three war loan drives.

The ranks of the District's States, excepting the District of Columbia, fell appreciably from the sixth drive to the seventh in the percentage of quota attainment of individuals, partnerships and personal trust accounts, and in the percentage of quota attainment of corporations and other investors, all of the District's States except one ranked high in the top half of the nation's States.

RANK AMONG THE STATES IN QUOTA ACHIEVEMENT

	All Investors			Individuals, etc.			Series E Bonds			Corp.& Other		
	5th	6th	7th	5th	6th	7th	5th	6th	7th	5th	6th	7th
Md.	3	4	6	2	13	45	49	49	48	11	3	5
D. C.	14	27	10	40	21	20	17	25	23	3	26	15
Va.	17	9	21	22	9	12	12	5	5	14	11	21
W. Va.	1	2	35	9	1	46	28	34	37	1	7	7
N. C.	9	3	2	21	2	9	37	14	35	5	6	2
S. C.	13	16	41	23	10	23	8	12	17	10	21	38

SERIES "E" BOND SALES - SEVENTH WAR LOAN
FIFTH DISTRICT BY COUNTIES



The maps accompanying this article show the percentage of quotas within selected class ranges for total sales and for Series E Bond sales for each county of the District with independent cities included in the counties where located.

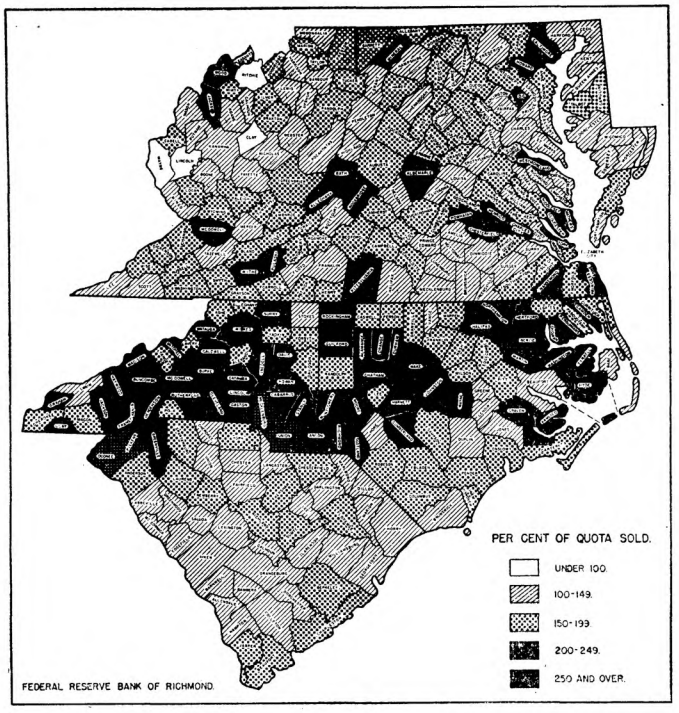
There were 131 of the 319 counties in the District and the District of Columbia which failed to make their Series E Bond quotas in the Seventh War Loan. They were located as follows: Maryland 15; Virginia 9; West Virginia 29; North Carolina 62; and South Carolina 16. There were 45 counties whose Series E Bond sales were less than 80 per cent of quota; 86 counties ranging from 80-99 per cent; 112 counties ranging from 100-119 per cent; 55 counties ranging from 120-139 per cent; and 19 counties over 140 per cent.

Only 4 counties in the District failed to make their Seventh War Loan all-investor quota; 108 counties had total sales ranging from 100-149 per cent of quota; 121

counties ranged from 150-199 per cent; 57 counties ranged from 200-249 per cent; and 27 counties had total sales more than 250 per cent of quota.

The map shows that the best percentages of quota of Series E Bonds had the greatest concentration in Tidewater and Shenandoah Valley areas of Virginia, and that the best percentages of quota of total sales had the largest concentration in the industrial areas of North Carolina.

TOTAL SALES- SEVENTH WAR LOAN
FIFTH DISTRICT BY COUNTIES



Continued from page 1

of this year. The miners have in the main stayed on their jobs better in the past few years than have workers in many other important industries. A considerable number of the miners presently employed are over age. The patriotic appeal to continue working 6 days a week has dissipated and it should be expected that coal production would continue in its moderate downward trend.

Building permits, though still at a relatively low level, increased 43 percent from June to July on a seasonally adjusted basis. July permits in the District were 121 percent higher than a year ago. Residential buildings are in great demand in many areas of the District, and except in those areas where war housing temporarily met the needs, it is likely that such building will go ahead as rapidly as materials and men can be made available for the task.

Loans made by the weekly reporting member banks to customers other than brokers and dealers for purchasing or carrying government securities rose $29 million from May 30 to July 4 this year during the Seventh War Loan. As of August 14 these loans had declined only 4 million, which would seem to indicate that this loan expansion had been largely made to investors who intend to pay off the loans out of income.

Commercial, industrial and agricultural loans of the weekly reporting banks of this District have risen $8 million since their low point on July 4 and are the highest for this time of year since 1942.

Holdings of government securities of these banks reached a high point of $1,734 millions in the 3rd week following the close of the Seventh War Loan. Holdings of government securities were at the year's low point on May 2, from which date holdings expanded $208 million to the peak on August 1. Government security holdings totaled $1,708 million on August 14, which was $26 million below the August 1 peak, but $246 million higher than on August 16, 1944. In this same period, holdings of government bonds increased $248 million.

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	% Change June 1945 from 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	210r	210	208r	+ 12	+ 13
Department Store Stocks	208	191	178	186	+ 9	+ 12
Electric Power Production	240	228	217	219	+ 5	+ 10
Employment—Mfg. Industries*	131	132	134	140	— 1	— 6
Furniture Orders	232	150	248	287	+ 55	— 19
Furniture Shipments	220	190	168	193	+ 16	+ 14
Furniture Unfilled Orders	577	664	839	561	— 13	+ 3
Retail Furniture Sales	170	139	151	144	+ 22	+ 18
Life Insurance Sales	156	156	154	133	0	+ 17
Wholesale Trade—Four Lines	173	180	176	180	— 4	— 4
Wholesale Trade—Drugs	218	214	227	225	+ 2	— 3
Wholesale Trade—Dry Goods	211	177	176	160	+ 19	+ 32
Wholesale Trade—Groceries	179	193	185	191	— 7	— 6
Wholesale Trade—Hardware	87	84	96	100	+ 4	— 13

* Not seasonally adjusted.

FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	August 15 1945	Change in Amt. from 7-18-45	Change in Amt. from 8-16-44
Total Gold Reserves	$ 851,515	+26,399	—203,427
Other Reserves	12,914	+ 535	— 1,366
Total Reserves	864,429	+26,934	—204,793
Bills Discounted	16,527	+13,411	+ 14,268
Industrial Advances	81	— 4	— 93
Gov. Securities, Total	1,466,404	+23,513	+660,844
Bonds	69,904	+ 2	— 15,396
Notes	106,677	+ 820	+ 33,585
Certificates	384,535	+ 5,011	+161,671
Bills	885,288	+17,680	+480,984
Total Bills and Securities	1,463,012	+36,920	+675,019
Uncollected Items	144,106	+10,390	+ 16,259
Other Assets	13,183	— 332	— 1,432
Total Assets	$2,484,730	+73,912	+485,053
Fed Res. Notes in Cir.	$1,596,525	+40,715	+331,775
Deposits, Total	738,279	+19,581	+132,589
Members' Reserves	663,871	+32,697	+138,797
U. S. Treas. Gen Acct.	25,734	— 8,231	+ 5,018
Foreign	44,136	— 3,735	— 12,131
Other Deposits	4,538	— 1,150	+ 905
Def. Availability Items	123,798	+13,047	+ 15,833
Other Liabilities	529	+ 66	+ 132
Capital Accounts	25,599	+ 503	+ 4,724
Total Liabilities	$2,484,730	+73,912	+485,053

41 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	August 15 1945	Change in Amt. from 7-18-45	Change in Amt. from 8-16-44
Total Loans	$ 320,755	+ 8,505	+ 3,991
Bus. and Agri. Loans	127,763	+ 9,012	+ 11,861
Real Estate Loans	48,166	+ 1,858	— 2,715
All Other Loans	144,826	— 2,365	— 5,155
Total Security Holdings	1,774,616	—18,069	+257,144
U. S. Treasury Bills	81,250	—21,643	— 33,909
U. S. Treasury Certificates	336,530	—31,085	+ 3,157
U. S. Treasury Notes	299,192	+11,253	+ 44,198
U. S. Gov. Bonds	991,188	+17,014	+248,485
Obligations Gov. Guaranteed	130	0	— 16,163
Other Bonds, Stocks and Sec.	66,326	+ 6,392	+ 11,376
Cash Items in Process of Col.	98,392	+ 2,877	+ 7,753
Due from Banks	162,801	—11,708	— 9,328
Currency and Coin	38,294	+ 728	+ 4,329
Reserve with F. R. Bank	331,529	+15,821	+ 58,798
Other Assets	70,031	— 1,279	+ 6,097
Total Assets	$2,796,418	— 3,125	+328,784
Total Demand Deposits	$2,216,947	—16,192	+213,730
Deposits of Individuals	1,236,515	+32,853	+153,034
Deposits of U. S. Gov.	462,237	—61,294	+ 1,651
Deposits of State & Local Gov.	76,518	— 320	— 8,417
Deposits of Banks	418,865	+11,119	+ 60,144
Certified & Officers' Checks	22,812	+ 1,450	+ 7,318
Total Time Deposits	339,532	+ 8,006	+ 65,148
Deposits of Individuals	325,911	+ 8,007	+ 65,232
Other Time Deposits	13,621	— 1	— 84
Liabilities for Borrowed Money	16,800	+11,084	+ 16,800
All Other Liabilities	97,322	— 6,466	+ 22,549
Capital Accounts	125,817	+ 443	+ 10,557
Total Liabilities	$2,796,418	— 3,125	+328,784

* Net figures, reciprocal balances being eliminated.

DEPOSITS IN MUTUAL SAVINGS BANKS

8 Baltimore Banks

	July 31, 1945	June 30, 1945	July 31, 1944
Total Deposits	$323,972,657	$319,362,160	$278,658,754

COTTON CONSUMPTION—FIFTH DISTRICT

In Bales

MONTHS	No. Carolina	So. Carolina	Virginia	District
July 1945	180,687	133,618	16,525	330,830
June 1945	209,945	160,507	17,756	388,208
July 1944	190,904	146,683	16,467	354,054
7 Months 1945	1,478,406	1,119,083	132,194	2,729,683
7 Months 1944	1,529,511	1,165,496	132,749	2,827,756

DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

	July 1945	% chg. from July 1944	7 Months 1945	% chg. from 7 Mos. 1944
Dist. of Columbia				
Washington	$ 568,646	+17	$ 3,918,217	+14
Maryland				
Baltimore	756,881	— 1	5,653,298	+ 5
Cumberland	15,739	+11	102,569	+13
Frederick	11,516	— 7	84,693	+ 1
Hagerstown	17,087	+ 8	120,087	0
North Carolina				
Asheville	28,601	+15	196,333	+19
Charlotte	127,516	+12	959,691	+10
Durham	69,771	— 5	449,431	+ 4
Greensboro	38,935	+27	288,368	+20
Kinston	6,667	+ 6	52,620	+17
Raleigh	57,460	+11	408,900	+ 4
Wilmington	32,889	— 7	252,560	— 3
Wilson	9,326	+26	69,146	+17
Winston-Salem	63,064	— 7	454,756	+ 4
South Carolina				
Charleston	37,854	+ 2	293,603	+ 6
Columbia	53,541	— 9	376,078	+ 7
Greenville	39,356	+ 9	285,319	+10
Spartanburg	23,792	+14	163,364	+11
Virginia				
Charlottesville	20,418	+28	142,161	+39
Danville	16,114	+14	118,611	+22
Lynchburg	23,255	+13	156,948	+ 6
Newport News	22,101	— 7	168,948	— 8
Norfolk	116,498	+ 1	863,374	+ 1
Portsmouth	16,366	0	118,775	+ 6
Richmond	317,600	+ 8	2,310,894	+ 5
Roanoke	42,922	+ 8	313,539	+10
West Virginia				
Bluefield	22,645	— 3	172,047	+ 6
Charleston	90,369	+ 2	624,818	+ 7
Clarksburg	17,911	+12	120,041	+14
Huntington	38,589	+18	269,117	+29
Parkersburg	18,703	+15	136,756	+23
District Totals	$2,722,042	+ 6	$19,645,062	+ 9

COMMERCIAL FAILURES

PERIODS	Number of Failures District	Number of Failures U. S.	Total Liabilities District	Total Liabilities U. S.
July 1945	2	72	$ 9,000	$ 3,659,000
June 1945	2	61	104,000	3,198,000
July 1944	1	91	365,000	3,559,000
7 Months 1945	14	526	$1,384,000	$21,365,000
7 Months 1944	11	828	695,000	17,910,000

Source: Dun & Bradstreet.

COTTON CONSUMPTION AND ON HAND—BALES

	July 1945	July 1944	Aug. 1 to July 31 1945	Aug. 1 to July 31 1944
Fifth District States:				
Cotton consumed	330,930	354,954	4,732,619	4,930,174
Cotton Growing States:				
Cotton consumed	600,032	644,578	8,461,799	8,739,217
Cotton on hand July 31 in consuming establishments	1,649,360	1,578,075		
storage and compresses	8,270,454	8,113,045		
United States:				
Cotton consumed	673,087	723,492	9,575,529	9,943,370
Cotton on hand July 31 in consuming establishments	1,962,602	1,873,537		
storage and compresses	8,372,539	8,285,432		
Spindles Active, U. S.	22,030,280	22,291,072		

RAYON YARN DATA

	July 1945	June 1945	July 1944
Rayon Yarn Shipments, Lbs.	47,900,000	50,600,000	41,300,000
Staple Fiber Shipments, Lbs.	13,600,000	13,400,000	13,600,000
Rayon Yarn Stocks, Lbs.	6,000,000	6,000,000	8,800,000
Staple Fiber Stocks, Lbs.	3,700,000	3,000,000	3,000,000

Source: Rayon Organon.

BUILDING PERMIT FIGURES
Fifth Federal Reserve District
July 1945

	Total Valuation July 1945	July 1944
Maryland		
Baltimore	$ 536,070	$ 636,782
Cumberland	27,490	16,973
Frederick	14,800	5,250
Hagerstown	16,490	6,380
Salisbury	51,923	25,861
Virginia		
Danville	$ 64,655	$ 20,029
Lynchburg	64,314	26,275
Norfolk	1,054,030	73,280
Petersburg	25,800	3,475
Portsmouth	61,610	16,447
Richmond	336,917	180,662
Roanoke	144,589	26,459
West Virginia		
Charleston	$ 102,666	$ 43,892
Clarksburg	12,622	2,255
Huntington	232,676	9,885
North Carolina		
Asheville	$ 46,056	$ 5,876
Charlotte	257,317	143,600
Durham	99,739	24,858
Greensboro	170,515	8,805
High Point	35,371	35,015
Raleigh	253,180	14,050
Rocky Mount	8,000	950
Salisbury	37,275	7,580
Winston-Salem	182,461	236,501
South Carolina		
Charleston	$ 40,631	$ 29,814
Columbia	68,300	18,745
Greenville	35,780	5,975
Spartanburg	33,135	72,395
District of Columbia		
Washington	$ 2,271,375	$ 1,137,020
District Totals	$ 6,285,787	$ 2,835,089
7 Months	$30,939,818	$16,346,649

WHOLESALE TRADE, 236 FIRMS

LINES	Net Sales July 1945 compared with July 1944	Net Sales July 1945 compared with June 1944	Stock July 31, 1945 compared with July 31 1944	Stock July 31, 1945 compared with June 30 1945	Ratio July collections to accounts outstand'g July 1
Auto Supplies (12)*	+30	— 7	+16	— 2	116
Drugs & Sundries (12)*	+ 8	+ 5	+ 7	— 1	122
Dry Goods (6)*	+ 5	0	—33	— 4	95
Electrical Goods (11)*	+ 8	— 7	+19	+ 2	98
Groceries (81)*	+ 1	— 1	—21	— 8	158
Hardware (13)*	+ 1	— 7	— 4	— 1	100
Industrial Supplies (5)*	— 3	— 5	— 1	0	101
Paper & Products (7)*	+ 5	—10	....	....	99
Tobacco & Products (12)*	+ 1	— 1	+ 3	+12	163
Miscellaneous (77)*	— 5	— 7	—19	— 5	118
District Average (236)*	+ 2	— 3	—10	— 2	121

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

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	July 1945	July 1944	% Change	7 Mos. 1945	7 Mos. 1944	% Change
West Virginia	12,463	13,233	— 6	92,072	96,944	— 5
Virginia	1,380	1,527	—10	10,799	11,841	— 9
Maryland	157	163	— 4	1,062	1,206	—12
Fifth District	14,000	14,923	— 6	103,933	109,991	— 6
United States	47,460	48,986	— 3	345,015	366,937	— 6
% in District	29.5	30.5		30.1	30.0	

RETAIL FURNITURE SALES

STATES	Percentage Changes in July and 7 Mos. 1945 Compared with July 1944	Compared with 7 Mos. 1944
Maryland (5)*	+30	+15
District of Columbia (5)*	+19	— 2
Virginia (23)*	+14	+13
West Virginia (10)*	+29	+15
North Carolina (20)*	+11	+18
South Carolina (14)*	—11	+ 4
Fifth District (77)*	+17	+11
INDIVIDUAL CITIES		
Baltimore, Md. (5)*	+30	+15
Washington, D. C. (5)*	+19	— 2
Lynchburg, Va. (3)*	+17	+19
Richmond, Va. (7)*	+21	+16
Charleston, W. Va. (3)*	+44	+22
Charlotte, N. C. (5)*	+ 8	+12
Columbia, S. C. (4)*	—15	0

* Number of reporting stores.

DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in July 1945 sales, compared with sales in July 1944:				
+23	+16	+16	+21	+17
Percentage change in 7 mos. sales 1945, compared with 7 mos. in 1944:				
+15	+11	+11	+17	+12
Pctg. change in stocks on July 31, 1945, compared with July 31, 1944:				
+10	+ 18	+12	+ 4	+13
Pctg. change in outstanding orders July 31, 1945 from July 31, 1944:				
+16	+19	+14	+ 4	+16
Pctg. change in receivables July 31, 1945 from those on July 31, 1944:				
+22	+17	+ 3	+12	+11
Percentage of current receivables as of July 1 collected in July:				
52	57	53	55	54
Percentage of instalment receivables as of July 1 collected in July:				
29	28	25	29	27

Maryland	Dist. of Col.	Virginia	W. Va.	No. Caro.	So. Caro.
Percentage change in July 1945 sales from July 1944 sales, by States:					
+17	+16	+15	+24	+16	+13
Percentage change in 7 months' sales 1945 from 7 months' sales 1944:					
+11	+11	+13	+20	+14	+10

CONSTRUCTION CONTRACTS AWARDED

	June 1945	% chg. from June 1944	6 Mos. 1945	% chg. from 6 Mos. 1944
Maryland	$ 7,385,000	+ 5	$ 41,615,000	+ 1
Dist. of Columbia	2,461,000	+ 3	18,643,000	+34
Virginia	6,624,000	— 27	59,043,000	— 9
West Virginia	2,260,000	— 41	9,566,000	—21
North Carolina	9,265,000	+168	27,087,000	— 6
South Carolina	1,766,000	— 14	7,982,000	—45
Fifth District	$29,761,000	+ 7	$163,936,000	— 6

Source: F. W. Dodge Corporation.

TOBACCO MANUFACTURING

	July 1945	% Change from July 1944	7 Mos. 1945	% Change from 7 Mos.' 44
Smoking and chewing tobacco (Thousands of lbs.)	21,291	+13	157,709	+20
Cigarettes (Thousands)	21,814,734	+ 8	139,925,038	+ 1
Cigars (Thousands)	350,756	0	2,741,478	+ 3
Snuff (Thousands of lbs.)	3,191	+25	25,977	+ 7