MONTHLY REVIEW

of Financial and Business Conditions

FIFTH FEDERAL  RESERVE DISTRICT

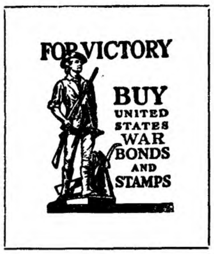
Federal Reserve Bank, Richmond 13, Va. *September 30, 1945*

THE initial effects of the transition from war to peace have considerably altered the status of the Fifth District economy, but no major adverse consequences have so far been felt. It is true that some 70 thousand workers in war industries had been laid off by the turn of September, but the impact of these has so far been localized. In about half of the cities where sizable numbers of workers have been laid off there are as many, or more, job openings as the number of lay-offs. The job openings, however, are mainly in lower wage industries, such as trade, service, textiles and tobacco, or in specialized fields such as mining and transportation.

The skills of those laid off in most instances do not coincide with the job openings. It may be expected, therefore, that considerable local unemployment and a demand for labor may exist side by side in the same area for some little time. It is also evident that some of those whose jobs were terminated have either found new jobs or migrated elsewhere, because the increase in claims for unemployment compensation have not been commensurate with the numbers laid off. These first lay-offs are probably in the neighborhood of about one-fourth of those whose employment is likely to be terminated between September 1 and the year end, and it is still too early to gain an impression of the effect these will have on the over-all business levels of the District, or the local impact, in these months.

The basic structure of the Fifth District economy is geared for a considerable expansion; few reconversion problems are present, and the prospective demand for most of the products grown or manufactured here substantiates the expansion probability. Many new plants and extensions are projected for the area, and employment levels are likely to be appreciably higher than in pre-war years. The labor supply that can be hired for the jobs available, however, is not in evidence, and this factor is likely to act as a drag on production expansion.

The August seasonally adjusted index of department store sales declined 7 per cent from July, but was still 9 per cent above a year ago. This decline from July to August may be due to the two-day holiday taken by most retail stores. Employment cut-backs which were largest in Baltimore, Md., caused the Maryland department store sales seasonally adjusted index to decline more from July to August than in other States of the District, though sales indexes for West Virginia and South Carolina in this period declined more than the District average.



A considerable expansion in construction activity has been in evidence in the past several months in the District, as is shown by the July index of construction contracts awarded of 180 per cent of the 1935-39 average compared with a level around 80 per cent of the same average at the war-time low level in the early months of the year. Although a large part of this construction was either residential or industrial expansion, some war facilities work was included. Construction controls will be eliminated on October 15, and a considerable further expansion in this activity is projected.

The tobacco companies in the District are still working 48 hours a week, and new workers are being sought. It seems unlikely that the output of tobacco products, and particularly of cigarettes, will be affected by the declining level of income in the nation.

Cotton textiles are in short supply, both at home and abroad. The production of these goods will probably expand notably as soon as enough labor can be recruited to man the machines.

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39 = 100 — Seasonally Adjusted

	Aug. 1945	July 1945	June 1945	Aug. 1944	% Change Aug. 1945 from July '45	% Change Aug. 1945 from Aug. '44
Bank Debits	231	221	257	212	+ 5	+ 9
Bituminous Coal Production*	136	136	142	151r	0	— 10
Building Permits Issued	92	86	60	43	+ 7	+114
Cigarette Production	205	165	174	116	+24	+ 23
Cotton Consumption*	124	118	139	145	+ 5	— 14
Department Store Sales	235	252	235	215	— 7	+ 9
Department Store Stocks	198	212	211	189	— 7	+ 5
Wholesale Trade—Four Lines	170	177	173	168	— 4	+ 1
Retail Furniture Sales	127	161r	170	116	—21	+ 9

* Not seasonally adjusted.
** Complete revision—Figures available on request.

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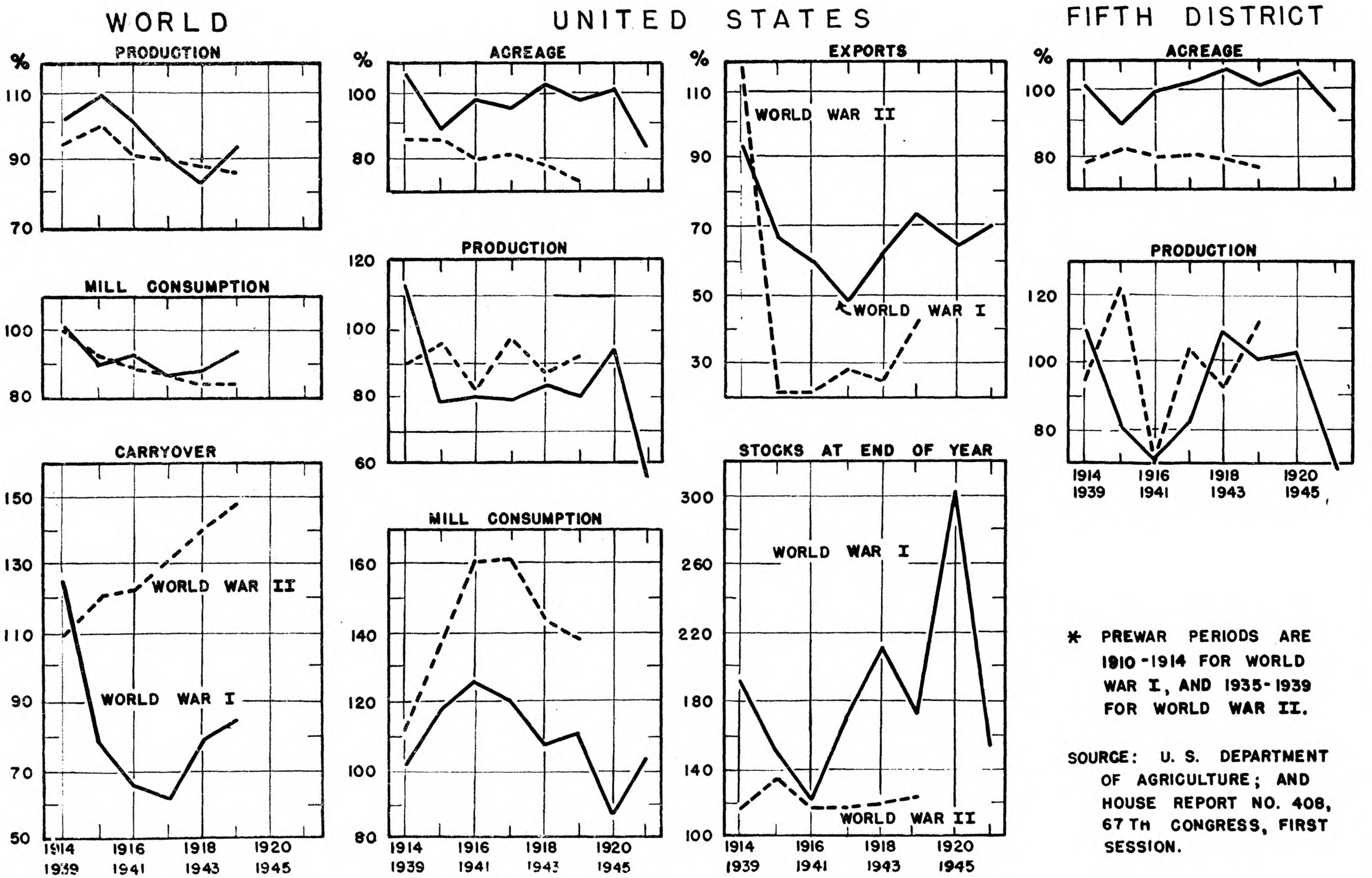
CHART I: SOME COTTON SUPPLY FACTORS IN TWO WORLD WARS
(PREWAR AVERAGE*= 100)



* PREWAR PERIODS ARE 1910-1914 FOR WORLD WAR I, AND 1935-1939 FOR WORLD WAR II.

SOURCE: U. S. DEPARTMENT OF AGRICULTURE; AND HOUSE REPORT NO. 408, 67TH CONGRESS, FIRST SESSION.

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Cotton In Two World Wars

PART I: PRODUCTION AND CONSUMPTION*

In order to assess the effects of two major wars upon the cotton producers of this region, it will be necessary to provide a rather extensive background against which the direct effects of war may be examined. Much of the present article will be devoted to this background: first, the general conditions surrounding the cotton economy before and during each war; second, the effects of the wars on the world cotton situation; and third, the effects of the wars on the situation within the United States. Only then will it become possible to understand what has occurred within the three cotton-producing states of the Fifth District.

General Background

The world conditions prior to the outbreaks of the two World Wars were entirely different and modified war impacts on the several segments of the economy. During the 1900's and 1910's the entire world economy was expanding. Technical innovations came at an accelerating pace, relatively free international trade prevailed, and profits from extensive colonial holdings poured into all the major nations. Great Britain and other textile-producing countries rode the crest of this prosperity in part through the intensive production and widespread marketing of cotton cloth. As the raw material for a multitude of finished goods, cotton was without peer in the fibre world; rayon and other competing synthetics were hardly out of the laboratory, and paper had barely begun to compete with fibres as bagging or as a cloth substitute in common articles such as towels and napkins. United States cotton farmers were then supplying over 60 per cent of the world's raw cotton, and the Southeast was still the world's leading cotton region.

A major consequence of World War I was a series of economic maladjustments which contributed to world depression during the last half of the interwar period. Out of this depression came the seeds of the next war. Military and economic "prepardness" races which began at that time led to the setting up of gradually growing barriers to international trade and to the breakdown of the world economy into a group of relatively isolated communities, each preoccupied with its own internal affairs. In such an international environment export crops such as cotton fared badly. Their vulnerability often was increased by the competition of substitute materials. The substitutes which made the greatest inroads into cotton outlets were paper and the synthetic fibres.

In the United States, the Government attempted to offset the loss of income by cotton farmers through the Agricultural Adjustment Administration, beginning in the early 1930's. The AAA controlled crops through acreage allocation, cooperated with other agencies in taking surplus cotton off the market, and tried to support the price of cotton at a level related to "parity" with pre-World-War-I prices. Since this program raised domestic cotton prices above the world price and made cotton more expensive relative to competing raw materials, its net result was to weaken still further the competitive position of United States cotton, and to promote the further growth of surplus cotton stocks in this country. Over this same period, cotton production in the Southwest became increasingly mechanized. This did not occur in the Southeast because of the hilly terrain, the prevalence of small farms, and the lack of adequate producer capital. Thus, the outbreak of World War II found United States cotton losing out in international competition, and Southeastern cotton (including that of the Fifth District) losing out in domestic competition.

The World Situation

Although cotton and other fibres are essential materials of war, this fact was not reflected in world cotton production during either war (see Chart 1). Both production and mill consumption tended to decline during the periods of hostilities, as manpower and other productive resources were shifted to more important uses. In general, military needs were filled by diversion from civilian use rather than by an expansion of total production. During World War I raw cotton production decreased distinctly more than did mill consumption, which led to a pronounced war-time shrinkage of year-end stocks.[1] This phenomenon was not apparent during World War II; on the contrary, stocks of raw cotton *increased* by better than one-fourth between crop years 1939-40 and 1944-45. As of August 1, 1945, world cotton carryover was estimated to be about 27 million bales, approximately equal in amount to the 1944-45 world crop.

During the interwar period world cotton production increased with relatively few interruptions from 16 million bales in 1921 to 39 million bales in 1937 and fell off to approximately 29 million bales in the two subsequent years. Although mill consumption likewise increased, the unconsumed portion of each year's supply tended to rise. World carryover at the end of 1938 was about 22 million bales, over three times the 1923-25 average. In 1924-25, year-end stocks were about 3½ months' supply at current mill consumption rates; by 1938-39 they had risen to about 10½ months' supply, and there was little difference in annual mill consumption rates in the two years. Furthermore, this was a period of considerable geographic shift in the production of raw cotton (see Chart 2). During the period 1919-39, the three major producing countries (the United States, India, and China) produced a gradually shrinking proportion of the growing world total

* This is the first of two articles examining some of the effects of war upon the cotton economy, with especial emphasis on that of the Fifth Federal Reserve District; the second, dealing with prices and incomes, will appear in a subsequent issue of the MONTHLY REVIEW. The lack of comparable statistics over so long a period will prevent the treatment in these two articles of all phases of the cotton problem, but sufficient data are available to allow comparisons on the most important economic points.

[1] It is extremely difficult to be sure of the statistical relationships which existed during the period 1910-19. No series has been found for this period which is strictly comparable with U. S. Department of Agriculture estimates of world cotton production and consumption since 1920. The reader is therefore cautioned that error of unknown size and/or direction probably has been introduced into these comparisons by this fact. The statistical basis for World War I world comparisons was taken from THE AGRICULTURAL CRISIS AND ITS CAUSES, Part I (House of Representatives Report No. 408, 67th Congress, 1st Session; Washington: 1921), Table G-21, p. 108.

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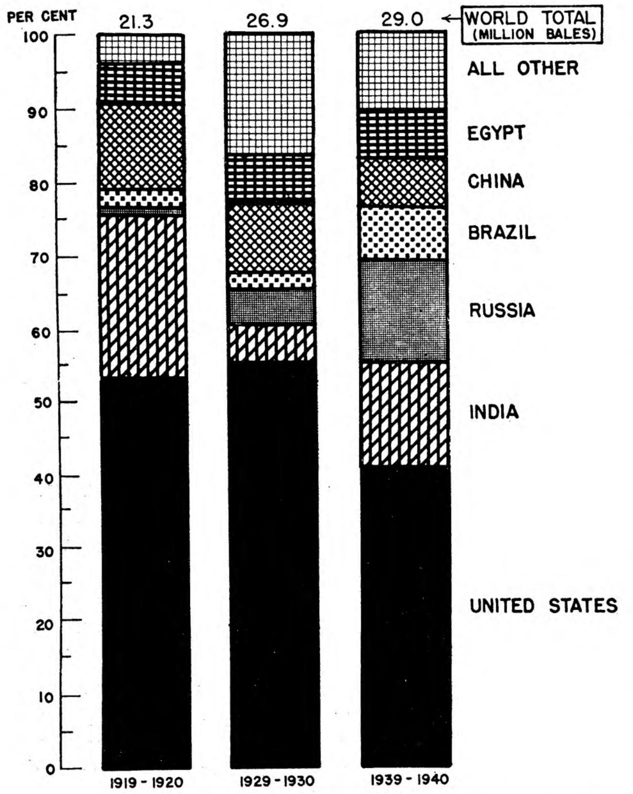
CHART 2
GEOGRAPHICAL DISTRIBUTION OF WORLD COTTON PRODUCTION IN THE INTERWAR PERIOD



SOURCE: BUREAU OF AGRICULTURAL ECONOMICS. FEDERAL RESERVE BANK OF RICHMOND.

crop, while such previously unimportant countries as Russia and Brazil rose to prominence as producing areas. Although many of the countries expanding production during this period did so to reduce their domestic dependence on outside sources, South American expansions, especially, took place with an eye to world trade.

The United States Situation

For the United States, unlike the world total, it is possible to obtain consistent statistics on the behavior of cotton supply factors since 1910. For this reason the wartime behavior of several indicators (see Chart 1) can be supplemented by a comparison of their prewar relationships. These are shown in Table 1, and should be utilized in conjunction with the chart.

TABLE 1

UNITED STATES COTTON: SELECTED SUPPLY INDICATORS AVERAGES FOR 1910-14 AND 1935-39

Item	Unit	Five-year Average (1,000 Units) 1910-14	1935-39	1935-39 as per cent of 1910-14
Acreage Harvested	Acre	33,960	27,788	82
Production	Bale[1]	14,259	13,149	92
Domestic Mill Consumption	Bale[2]	5,407	6,799	126
Exports	"	8,848	5,300	60
Stocks at end of year	"	2,037	8,919	452

[1] Standard bale of 500 pounds gross weight (478 pounds net).
[2] Running square bales with round bales counted as half-bales.
Source: Bureau of Agricultural Economics.

Before and during World War I, United States cotton acreages ran well above the corresponding periods of World War II. Wartime shortages of labor and materials were never as acute during the earlier war as during the later one. Also, a much more favorable price situation existed in the period 1910-14 than in 1935-39, and cotton farmers had a greater incentive to produce. Nevertheless, improvements in cultural methods and yields during the interwar period offset acreage reductions to the extent that the World War II crop was only slightly smaller than that of World War I, in spite of the much smaller acreage harvested. In direct contrast with the productive situation, prewar and wartime mill consumption were very much higher in World War II. If the level of our cotton exports had continued at its earlier height, the excessive stocks of the 1930's and 1940's probably never would have developed. Although stocks during the second World War averaged from three to four times those of the first, it was during the earlier period that wartime stocks increased most rapidly. Undoubtedly, AAA control is mostly responsible for the present relative stability of cotton stocks. As of August 1, 1945, United States stocks including Government owned stocks of domestically grown cotton were estimated to be approximately 11 million bales, or more than one year's supply at the highest known rate of domestic mill consumption.

Since the United States is the world's greatest producer of raw cotton, it was only natural that Southern cotton farmers felt the impact of interwar developments to a disproportionate extent. Some idea of the changing domestic cotton situation between the two wars may be gained from Table 2. During this period (1921-39), worldwide economic dislocations directly resulting from World War I affected both the domestic economies of most nations and their activities in world trade. These developments were not felt to the same degree in the United States as in the rest of the world during the 1920's, but their impact (in the debacle of 1929) was not weakened by delay.

TABLE 2

APPROXIMATE SUPPLY AND DISAPPEARANCE OF UNITED STATES COTTON 1921-39, ALTERNATE YEARS

Year beginning August 1	Total Supply[1] (1,000 Bales[2])	Per Cent of Supply[3] Disappearance Mill consumption	Exports	Year-end Stocks
1921	15,009	37.4	41.2	21.0
1923	12,459	43.0	45.4	11.5
1925	17,684	34.9	45.5	19,3
1927	16,619	39.3	45.4	14.6
1929	16,847	34.4	39.7	25.7
1931	23,140	20.5	37.6	41.4
1933	20,793	26.7	36.2	36.8
1935	17,632	35.3	33.9	30.3
1937	22,799	24.6	24.6	50.2
1939	24,374	31.4	25.3	43.0

[1] Current production plus stocks at end of previous year.
[2] Running square bales, with rounds counted as half-bales.
[3] These items do not necessarily add to 100 per cent because of small discrepancies of reporting and the non-inclusion of certain minor items.
Source: Bureau of Agricultural Economics.

The first decade following World War I saw little alteration of the supply-demand situation affecting United States cotton. On the other hand, during the 1930's, production did not shrink as rapidly as did demand, especially export demand. Being one-crop specialists, cotton farmers were unable to shift to other enterprises sufficiently to

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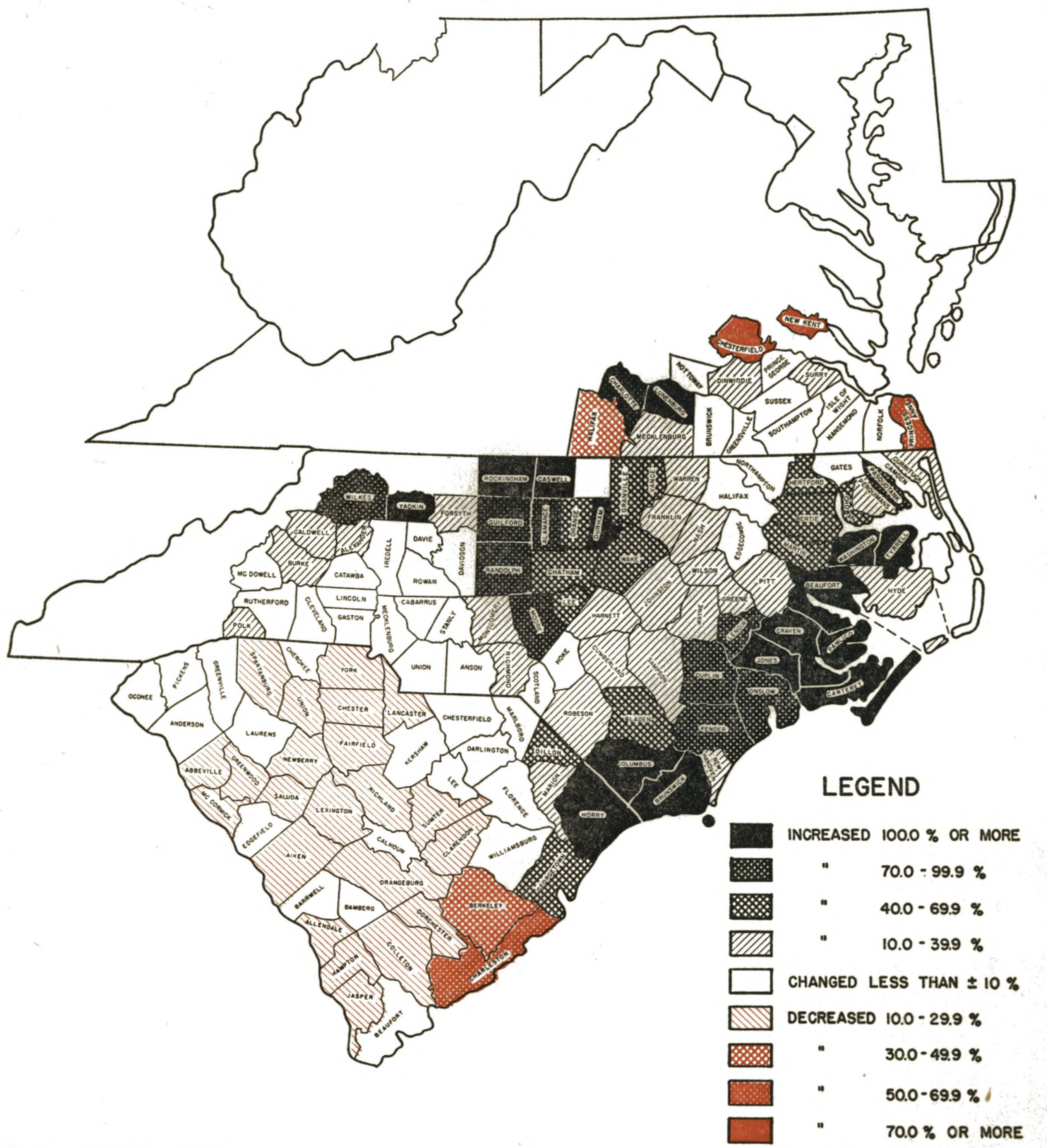
PERCENTAGE CHANGE IN COTTON ACREAGE HARVESTED, 1939 - 1943

FIFTH FEDERAL RESERVE DISTRICT, BY COUNTIES



SOURCE: BUREAU OF AGRICULTURAL ECONOMICS.

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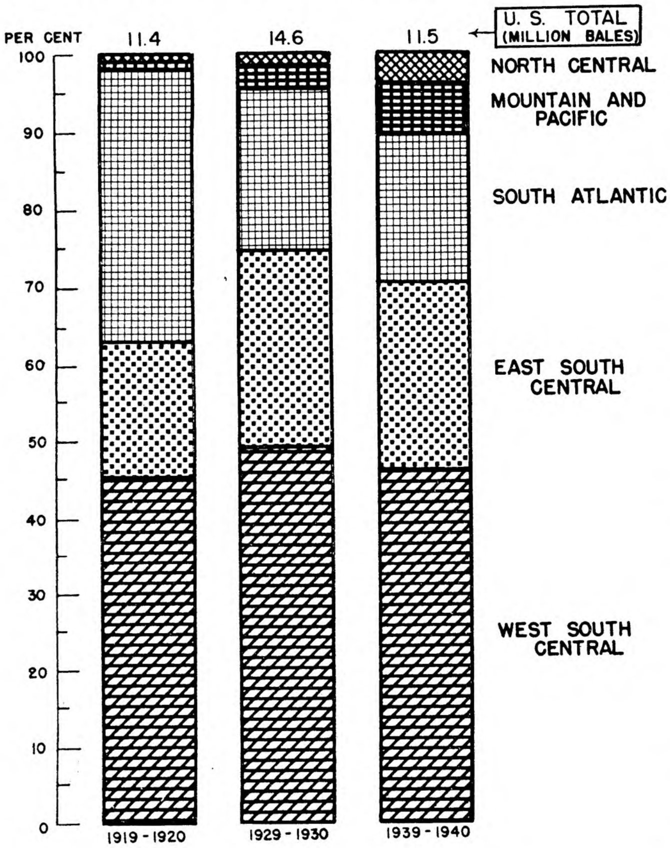
reduce mounting year-end stocks. As a result, these stocks continued to rise until, by 1937, they comprised about half the supply-in-sight. The support of domestic cotton prices at levels well above world prices prevented any resumption of cotton exports at a volume commensurate with gradual world economic recovery. Continued growth of stocks and the consequent lowering of market prices tended to intensify interregional competition between producers. Chart 3 indicates the resulting geographical shifts in cotton production. These took the form of a general movement from the rugged Southeast to the more level Southwest and Southcentral regions in which economies of large-scale production and mechanization could be realized. In all probability, had not the AAA cotton acreage allotment program been operated on a strongly historical basis this shift would have been even *more* pronounced.

CHART 3

GEOGRAPHIC DISTRIBUTION OF UNITED STATES COTTON PRODUCTION IN THE INTERWAR PERIOD



SOURCE: BUREAU OF THE CENSUS. FEDERAL RESERVE BANK OF RICHMOND.

Cotton Production in the Fifth District

With relatively few temporary interruptions, the trends of Fifth District cotton production have been downward since 1910. Two of these interruptions came as results of war. Chart 1 shows the wartime behavior of cotton acreage and production, and suggests that most of the wartime increases in District production probably resulted from variations in yield and not in acreage. Although acreage as well as production behaved somewhat similarly in the two wars, their prewar levels were quite dissimilar. In the period 1910-14 Fifth District farmers cultivated an annual average of 4.3 million acres and produced an average of 2.3 million standard bales of cotton; in 1935-39 comparable averages were 2.5 million acres and 1.4 million bales, approximately 60 per cent of the pre-World-War-I figures. There was a slight upward shift in yield during the intervening years. For reasons already mentioned, Fifth District cotton acreages were greater in terms of prewar averages during the first war.

Since much of the District is a marginal area of cotton production, its behavior would be expected to differ in intensity and/or direction from that of the whole country, especially in wartime. Table 3 demonstrates this.

TABLE 3

RELATIVE CHANGES IN COTTON PRODUCTION, UNITED STATES AND FIFTH DISTRICT 1914-44 BY SELECTED PERIODS.

Area	Production in 1914 (1,000 bales[1])	Percentage Chg. in Production from: 1914 to 1921	1921 to 1939	1939 to 1944	Production in 1944[2] (1,000 bales[1])
United States	16,135	—50.8	+48.7	+ 3.5	12,228
Fifth District	2,490	—37.9	—13.3	+ 17.4	1,574
Virginia	25	—36.0	—18.7	+123.1	29
North Carolina .	931	—16.6	—41.1	+ 53.2	700
South Carolina .	1,534	—50.8	+15.4	— 3.0	845

[1] Bales of 500 pounds gross weight.

[2] Preliminary.

Source: Bureau of Agricultural Economics.

During World War I South Carolina, the most important cotton-producing state of the District, followed the same over-all change as did the United States. The other two states (in which "in-and-out" producers took more advantage of temporarily higher prices) showed much less tendency to decrease production. In the interwar period the relationship changed. Increased production for the entire country was accompanied by a slighter increase in South Carolina and by pronounced shifts *away* from cotton in Virginia and North Carolina. World War II brought about little change in either national or South Carolina production, but the other two states *increased* their production by relatively large proportions. There is every reason to expect falling Fifth District production (probably in all three states) in the fairly near future.

Although the interwar period was a period of great change, particularly with respect to the United States' position in the world markets, it is probable that these developments merely altered the pace of the District's decline as a cotton supply region. Even if there had been no change in the national situation, this District would have lost out to other regions in the competition for markets. The loss of export outlets intensified domestic competition and would have resulted in a more rapid disintegration of the District's cotton economy had not the AAA program tended to stabilize geographical patterns of production. As it was, the District contained only 8 per cent of national cotton acreage in 1939, in contrast to its 14 per cent share in 1921.

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Within the Fifth District, internal shifts in cotton production have accompanied World War II.[2] Some idea of the extent and direction of these shifts may be gained from the accompanying map. It is evident that the counties which have remained relatively constant or have suffered moderate decreases in acreage are those which are situated in the most intensive cotton belt of this District. In the fringe areas where cotton is an "in-and-out" crop, depending on its relative profitability, most counties have shown disproportionately large gains in acreage. This accounts for the sizeable increases in production recorded during the war in Virginia and North Carolina (mentioned in connection with Table 3.)[3]

Summary and Conclusions

It appears unlikely that the *direct* impact of the war which has just ended will have much effect on the future status of cotton producers in the United States. After World War I the most important factors determining the economic position of cotton were the *general* economic consequences of the war and the peace. The direct impact of war has been felt by cotton producers as a reduction of means of production (labor and fertilizers, particularly) which has forced some decrease in total crop. At the same time, inevitable fallings-off of exports and possibly of total mill consumption have more than offset the decrease in production and have led to a distinct rise in stocks carried over from year to year. If postwar international trade relationships are such as to allow relatively free movements of cotton, these increased stocks can easily be reduced to more normal proportions. But when, as during the interwar period, international trade barriers and artificially supported domestic prices make the export of raw cotton impossible, stocks cannot help rising to disturbing heights. In the United States during the 1930's this increase in stocks continued in spite of the AAA program of crop control.

The postwar prospects of a small region, such as the Fifth District, are further dependent on its relative costs of producing cotton. The increased demands of wartime temporarily halted or even reversed the long-run shift of production from the older cotton belts to the newer and more efficient Southwestern producing area. Still, there is no evidence to indicate that the trend of the postwar future will differ markedly from that of the interwar period. More complete mechanization of cotton cultivation and harvesting in the near future will merely accelerate the shift, for the terrain and farm organization of the Southeast are not adaptable to large-scale mechanized production. Thus, the major effect of the war on cotton production in the Fifth District appears to be the delay, only, of an inevitable loss of competitive position by District producers.

[2] No analysis on a county basis may be made for World War I because of the lack of material for the exact war period. County data are available for years since 1928 on an annual basis, however, and allow the examination of shifts in production during the recent war.

[3] A better understanding of the relative intensity of cotton production in the counties of this Distict may be gained by comparing this map with the one on page 2 of the MONTHLY REVIEW for July 31, 1944, or with a similar map on page 15 of ECONOMIC IMPACT OF THE WAR UPON AGRICULTURE IN THE FIFTH FEDERAL RESERVE DISTRICT by Ida J. White (Federal Reserve Bank of Richmond: January, 1945).

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 '44
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
Electric Power Production	232	240	228	214	— 3	+ 8
Employment—Mfg. Industries*	128	131	132	139	— 2	— 8
Furniture Orders	98	232	150	87	—58	+ 13
Furniture Shipments	141	220	190	123	—36	+ 15
Furniture Unfilled Orders	363	577	664	345	—37	+ 5
Retail Furniture Sales	161r	170	139	132	— 5	+ 22
Life Insurance Sales	170	156	156	137	+ 9	+ 24
Wholesale Trade—Four Lines	177	173	180	170	+ 2	+ 4
Wholesale Trade—Drugs	232	218	214	225	+ 6	+ 3
Wholesale Trade—Dry Goods	223	211	177	165	+ 6	+ 35
Wholesale Trade—Groceries	182	179	193	177	+ 2	+ 3
Wholesale Trade—Hardware	85	87	84	100	— 2	— 15

* Not seasonally adjusted.

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(All Figures in Thousands)

ITEMS	Sept. 12 1945	Change in Amt. from 8-15-45	Change in Amt. from 9-13-44
Total Gold Reserves	$ 878,566	+27,051	—245,744
Other Reserves	13,470	+ 556	+ 273
Total Reserves	892,036	+27,607	—245,471
Bills Discounted	12,242	— 4,285	+ 9,587
Industrial Advances	75	— 6	— 93
Gov. Securities, Total	1,496,514	+50,110	+701,518
Bonds	61,421	— 8,483	— 22,073
Notes	114,193	+ 7,516	+ 43,262
Certificates	423,654	+39,119	+198,247
Bills	897,246	+11,958	+482,082
Total Bills & Securities	1,508,831	+45,819	+711,012
Uncollected Items	164,445	+20,339	+ 681
Other Assets	13,227	+ 44	— 489
Total Assets	$2,578,539	+93,809	+465,733
Fed. Res. Notes in Cir.	$1,650,415	+53,890	+329,610
Deposits, Total	764,776	+26,497	+138,785
Members' Reserves	689,227	+25,356	+130,846
U. S. Treas. Gen. Acct.	22,214	— 3,520	+ 14,184
Foreign	44,752	+ 616	— 10,386
Other Deposits	8,583	+ 4,045	+ 4,141
Def. Availability Items	136,738	+12,940	— 7,797
Other Liabilities	600	+ 71	+ 228
Capital Accounts	26,010	+ 411	+ 4,907
Total Liabilities	$2,578,539	+93,809	+465,733

41 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	September 12 1945	Change in Amt. from 8-15-45	Change in Amt. from 9-13-44
Total Loans	$ 318,133	— 2,622	+ 19,559
Bus. & Agri. Loans	133,012	+ 5,249	+ 11,336
Real Estate Loans	50,267	+ 2,101	— 567
All Other Loans	134,854	— 9,972	+ 8,790
Total Security Holdings	1,751,791	— 22,825	+254,358
U. S. Treasury Bills	84,344	+ 3,094	— 22,599
U. S. Treasury Certificates	328,839	— 7,691	+ 8,897
U. S. Treasury Notes	291,070	— 8,122	+ 36,775
U. S. Gov. Bonds	985,117	— 6,071	+240,013
Obligations Gov. Guaranteed	130	0	— 15,801
Other Bonds, Stocks & Sec.	62,291	— 4,035	+ 7,073
Cash Items in Process of Col.	116,634	+ 18,242	+ 488
Due from Banks	151,312	— 11,489	— 14,812
Currency & Coin	38,779	+ 485	+ 1,752
Reserve with F. R. Bank	346,381	+ 14,852	+ 56,634
Other Assets	72,963	+ 2,932	+ 6,233
Total Assets	$2,795,993	— 425	+325,212
Total Demand Deposits	$2,222,789	+ 5,842	+225,343
Deposits of Individuals	1,313,897	+ 77,382	+152,407
Deposits of U. S. Gov.	358,894	—103,343	+ 11,904
Deposits of State & Local Gov.	77,333	+ 815	— 1,445
Deposits of Banks	446,674	+ 27,809	+ 53,983
Certified & Officers' Checks	25,991	+ 3,179	+ 8,494
Total Time Deposits	345,989	+ 6,457	+ 65,466
Deposits of Individuals	332,705	+ 6,794	+ 65,888
Other Time Deposits	13,284	— 337	— 422
Liabilities for Borrowed Money	5,000	— 11,800	+ 5,000
All Other Liabilities	96,451	— 871	+ 18,414
Capital Accounts	125,764	— 53	+ 9,989
Total Liabilities	$2,795,993	— 425	+324,212

* Net figures, reciprocal balances being eliminated.

DEPOSITS IN MUTUAL SAVINGS BANKS

8 Baltimore Banks

	August 31, 1945	July 31, 1945	August 31, 1944
Total Deposits	$328,820,966	$323,972,657	$282,429,254

COTTON CONSUMPTION—FIFTH DISTRICT

In Bales

MONTHS	N. Carolina	S. Carolina	Virginia	District
August 1945	191,647	153,129	16,040	360,816
July 1945	180,687	133,618	16,525	330,830
August 1944	225,995	176,375	19,133	421,503
8 Months 1945	1,670,053	1,272,212	148,234	3,090,499
8 Months 1944	1,755,506	1,341,871	151,882	3,249,259

DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

	August 1945	% Change from August 1944	8 Months 1945	% Change from 8 mos. 1944
Dist. of Columbia				
Washington	$ 501,449	+ 9	$ 4,419,666	+14
Maryland				
Baltimore	721,086	— 2	6,374,384	+ 4
Cumberland	14,141	+ 8	116,710	+12
Frederick	12,977	+ 10	97,670	+ 2
Hagerstown	16,707	+ 6	136,794	+ 1
North Carolina				
Asheville	27,479	+ 12	223,812	+18
Charlotte	137,866	+ 16	1,097,557	+11
Durham	119,268	+ 30	568,699	+ 9
Greensboro	36,906	+ 16	325,274	+19
Kinston	16,457	+ 52	69,077	+24
Raleigh	49,583	0	458,483	+ 4
Wilmington	37,390	— 3	289,950	— 3
Wilson	20,352	+122	89,498	+31
Winston-Salem	77,923	+ 19	532,679	+ 6
South Carolina				
Charleston	39,479	+ 10	333,082	+ 6
Columbia	50,012	+ 11	426,090	+ 8
Greenville	38,880	+ 18	324,199	+11
Spartanburg	26,690	+ 13	190,054	+12
Virginia				
Charlottesville	20,577	+ 24	162,738	+37
Danville	20,585	+ 23	139,196	+22
Lynchburg	19,997	+ 4	176,945	+ 6
Newport News	20,402	— 4	189,350	— 8
Norfolk	107,606	— 6	970,980	+ 1
Portsmouth	16,090	+ 4	134,865	+ 6
Richmond	357,934	+ 9	2,668,828	+ 5
Roanoke	43,434	+ 11	356,973	+10
West Virginia				
Bluefield	23,499	0	195,546	+ 5
Charleston	82,613	+ 8	707,431	+ 7
Clarksburg	18,284	+ 22	138,325	+15
Huntington	36,925	+ 11	306,042	+26
Parkersburg	18,305	+ 9	155,061	+21
District Totals	$2,730,896	+ 7	$22,375,958	+ 8

COMMERCIAL FAILURES

PERIODS	Number of Failures District	Number of Failures U. S.	Total Liabilities District	Total Liabilities U. S.
August 1945	1	56	$ 125,000	$ 1,166,000
July 1945	2	72	9,000	3,659,000
August 1944	1	77	57,000	1,054,000
8 Months 1945	15	582	$1,509,000	$22,531,000
8 Months 1944	12	905	652,000	18,964,000

Source: Dun & Bradstreet.

COTTON CONSUMPTION AND ON HAND—BALES

	August 1945	August 1944	Year ended August 31 1945	Year ended August 31 1944
Fifth District States:				
Cotton consumed	360,816	421,503	5,093,435	5,351,677
Cotton Growing States:				
Cotton consumed	652,060	742,430	8,461,799	8,739,217
Cotton on hand Aug. 31 in				
consuming establishments	1,538,125	1,439,415		
storage and compresses	7,743,676	7,809,585		
United States:				
Cotton consumed	739,811	841,540	9,575,829	9,943,370
Cotton on hand Aug. 31 in				
consuming establishments	1,833,487	1,709,924		
Storage and compresses	7,839,009	7,970,446		
Spindles active, U. S.	22,170,180	22,240,676		

RAYON YARN DATA

	August 1945	July 1945	August 1944
Rayon Yarn Shipments, Lbs.	49,000,000	48,600,000	44,800,000
Staple Fiber Shipments, Lbs.	13,800,000	13,700,000	14,400,000
Rayon Yarn Stocks, Lbs.	6,200,000	6,100,000	9,300,000
Staple Fiber Stocks, Lbs.	3,800,000	3,800,000	3,200,000

Source: Rayon Organon.

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BUILDING PERMIT FIGURES
Fifth Federal Reserve District
August 1945

	Total Valuation August 1945	Total Valuation August 1944
Maryland		
Baltimore	$ 1,538,855	$ 308,292
Cumberland	11,800	2,113
Frederick	29,475	3,850
Hagerstown	38,130	6,590
Salisbury	27,874	13,378
Virginia		
Danville	38,639	11,738
Lynchburg	68,268	10,945
Norfolk	476,505	120,665
Petersburg	31,500	1,000
Portsmouth	47,918	224,765
Richmond	444,070	127,582
Roanoke	43,289	20,615
West Virginia		
Charleston	156,662	41,085
Clarksburg	13,350	11,373
Huntington	571,835	18,335
North Carolina		
Asheville	185,306	14,610
Charlotte	469,019	75,651
Durham	143,195	227,489
Greensboro	97,215	66,233
High Point	117,850	26 270
Raleigh	82,208	10,550
Rocky Mount	6,400	1,150
Salisbury	55,959	775
Winston-Salem	101,091	171,672
South Carolina		
Charleston	185,185	18,086
Columbia	86,953	23,785
Greenville	43,850	14,450
Spartanburg	89,540	17,940
District of Columbia		
Washington	1,586,189	1,562,504
District Totals	$ 6,788,130	$ 3,153,491
8 Months	$37,727,948	$19,500,140

WHOLESALE TRADE, 243 FIRMS

LINES	Net Sales August 1945 compared with August 1944	Net Sales August 1945 compared with July 1945	Stock August 31, 1945 compared with Aug. 31 1944	Stock August 31, 1945 compared with July 30 1945	Ratio Aug. collections to acct's outstand'g Aug. 1
Auto Supplies (13)*	+ 9	+12	+23	— 1	114
Drugs & Sundries (12)*	+ 2	+ 1	+ 2	+ 2	123
Dry Goods (5)*	—21	+ 2	—26	+ 1	95
Electrical Goods (8)*	+ 8	+ 6	+25	— 1	104
Groceries (77)*	+ 1	+10	—24	— 1	170
Hardware (13)*	— 9	—12	—11	— 3	108
Industrial Supplies (7)*	— 7	+14	— 0	—11	120
Paper & Products (8)*	+ 5	+12	+ 1	+11	107
Tobacco & Products (12)*	+ 1	+ 9	—12	+10	161
Miscellaneous (88)*	—10	— 5	—30	+ 3	108
District Average (243)*	— 4	+ 2	—14	+ 0	121

Source: Department of Commerce
* Number of reporting firms.

AUCTION TOBACCO MARKETING

STATES	Producers' Tobacco Sales, Lbs. August 1945	Producers' Tobacco Sales, Lbs. August 1944	Price per hundred 1945	Price per hundred 1944
South Carolina	91,273,002	55,025,456	$44.58	$43.46
North Carolina	161,867,402	54,795,044	44.16	43.70
Total	253,140,404	109,820,500	$44.32	$43.58

RETAIL FURNITURE SALES

Percentage Changes in August and 8 Mos. 1945

STATES	Compared with August 1944	Compared with 8 Months 1944
Maryland (5)*	+ 5	+13
District of Columbia (6)*	+ 1	+ 1
Virginia (21)*	+ 2	+11
West Virginia (10)*	+ 1	+13
North Carolina (17)*	+ 4	+17
South Carolina (14)*	—13	+ 1
Fifth District (73)*	+ 1	+10
Individual Cities		
Baltimore, Md. (5)*	+ 5	+13
Washington, D. C. (6)*	+ 1	+ 1
Richmond, Va. (7)*	+ 7	+15
Charleston, W. Va. (3)*	— 1	+18
Charlotte, N. C. (4)*	— 2	+ 8
Columbia, S. C. (4)*	— 6	— 1

* Number of reporting stores

DEPARTMENT STORE TRADE

	Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Aug. 1945 sales, compared with sales in Aug. 1944:	+13	+ 7	+ 8	+14	+ 9
Percentage change in 8 mos. sales 1945, compared with 8 mos. in 1944:	+15	+11	+10	+16	+12
Percentage chg. in stocks on Aug. 31, 1945, compared with Aug. 31, 1944:	+ 2	+ 5	+ 9	— 2	+ 5
Percentage chg. in outstanding orders Aug. 31, 1945 from Aug. 31, 1944:	+31	+14	+23	+31	+12
Percentage chg. in rec'v'bles Aug. 31, 1945 from those on Aug. 31, 1944:	+16	+13	+ 7	+10	+10
Percentage of current receivables as of August 1 collected in August:	57	58	54	57	56
Percentage of instalment receivables as of Aug. 1 collected in August:	38	30	27	36	29

	Maryland	Dist. of Col.	Virginia	W. Va.	No. Caro.	So. Caro.
Percentage chg. in Aug. 1945 sales from Aug. 1944 sales, by States:	+ 7	+ 8	+ 7	+13	+17	+ 7
Percentage change in 8 mos. sales from 8 mos. sales 1944:	+11	+10	+12	+19	+14	+10

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	August 1945	August 1944	% Change	8 Mos. 1945	8 Mos. 1944	% Chg.
West Virginia	12,823	14,990	—14	104,895	111,934	— 6
Virginia	1,355	1,738	—22	12,154	13,579	—10
Maryland	151	180	—16	1,213	1,386	—12
Fifth District	14,329	16,908	—15	118,262	126,899	— 7
United States	47,800	54,177	—12	392,815	421,114	— 9
% in District	30.0	31.2		30.1	30.1	

CONSTRUCTION CONTRACTS AWARDED

STATES	July 1945	% chg. from July 1944	7 Mos. '45	% chg. from 7 Mos. '44
Maryland	$16,813,000	+ 56	$ 58,428,000	+12
Dist. of Columbia	4,995,000	+ 81	23,638,000	+42
Virginia	12,567,000	+ 54	71,610,000	— 2
West Virginia	2,608,000	+132	12,211,000	— 8
North Carolina	7,362,000	+197	34,449,000	+11
South Carolina	2,270,000	+ 95	10,252,000	—34
Fifth District	$46,615,000	+ 76	$210,588,000	+ 4

Source: F. W. Dodge Corporation

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