

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

January 31, 1947

### Business Conditions

**E**MPLOYMENT levels in the manufacturing industries of the Fifth District have been rising for more than a year. In November 1946, employment in these industries had regained the level prevailing at the war's end in July 1945, or a recovery of about 43 per cent of the loss between the peak in the fall of 1943 and the post-war low point in October 1945. November 1946 employment levels in the District's manufacturing industries were 25 per cent higher than the monthly average of the last pre-war year 1939.

Employment in non-manufacturing industries other than agriculture has held relatively stable for the past year and a half at a level likewise 25 per cent above the 1939 average. Employment in the Executive Service of the Federal Government in the District of Columbia area has been trending downward since March 1943, October 1946 being 22 per cent below March 1943, but 82 per cent higher than the monthly average of 1939. Employment at shipyards of the District will probably continue to decline, while that in the aircraft industry has made a notable

comeback from its post-war low. Construction workers are in demand and lack of them is now the chief impediment to expansion in construction.

Production volumes, which were retarded somewhat during November and December because of the coal strike and transportation difficulties, are again rising and will probably continue upward, at least through the first half of the year.

#### COAL

The December seasonally adjusted index of bituminous coal, though 10 per cent higher than in November, was 10 per cent below December 1945. The January index, however, will probably be near the record high level and remain at effective capacity levels through the first half year provided workers remain on the job. Further inroads on the long run demands of the industry are being effected frequently, the latest of these being the large order of Diesel electric locomotives by the Pennsylvania Railroad. Such undermining factors will take considerable time, however, to affect adversely the present levels of coal

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED

	Dec. 1946	Nov. 1946	Oct. 1946	Dec. 1945	% Change Dec. 1946 from	
					Nov. 46	Dec. 45
Bank Debits .....	281	287	278	248	- 2	+ 13
Bituminous Coal Production*.....	119	108r	143	132	+ 10	- 10
Building Contracts Awarded.....	264	296	260r	144	- 11	+ 83
Building Permits Issued.....	195	200	192	209	- 2	- 7
Cigarette Production .....	209	228	250	147	- 8	+ 42
Cotton Consumption .....	140	152	161	120	- 8	+ 17
Department Store Sales.....	293r	290	286r	244r	+ 1	+ 20
Department Store Stocks.....	319	298	274r	192r	+ 7	+ 66
Electric Power Production.....		215	235	193		
Furniture Sales—Retail .....	261	266r	266	199	- 2	+ 31
Life Insurance Sales.....	209	229	263	149r	- 9	+ 40
<b>Wholesale Trade:</b>						
Automotive Supplies** .....	272	293	304	266	- 7	+ 2
Drugs .....	252	268	284	250	- 6	+ 1
Dry Goods .....	193	216	230	174	- 11	+ 11
Electrical Goods** .....	70	60	58	44	+ 17	+ 59
Groceries .....	274	272	285	214	+ 1	+ 28
Hardware .....	119	112	114	85	+ 6	+ 40
Industrial Supplies** .....	268	269	286	151	0	+ 77
Paper and Its Products**.....	178	169	174	108	+ 5	+ 65
Tobacco and Its Products**.....	125	111	124	100	+ 13	+ 25

\*Not seasonally adjusted

\*\*1938-41=100

production, for a rising level of industrial production, plus demand for export, could require an expansion in coal production for several years despite the added competition of Diesel locomotives.

### TEXTILES

Cotton consumption is still rising, despite the indicated decline of 8 per cent in our seasonally adjusted index from November to December. This decline was caused by the readoption by numerous mills of a shut-down between Christmas and New Year's, which will necessitate a re-computation of the December seasonal index. The December cotton consumption level was 17 per cent higher than a year ago, and the prospects are that the first half of 1947 will witness a continuation of the rising trend evident throughout 1946. The industry's production is mainly sold up through the first half of the year, with some sales made for third quarter delivery. Such production as is yet unbooked is snapped up as soon as it is offered. Spot prices of many items are bringing substantial premiums over forward contract prices, but it is probable that these premiums will largely disappear by mid-year, particularly if it is possible to raise production at the same rate as was shown through 1946. Export demand for cotton goods was larger than normal in 1946, and with the elimination of export allocations this demand promises to be still larger in 1947. Important industrial utilization of cotton goods in 1946, according to trade sources, was less than in 1939 because of production difficulties. These demands seem likely to be much larger in 1947. Meanwhile, no indications have yet appeared that domestic consumer demand, as represented by actual transactions, has weakened, despite the many comments from retailers that consumers were balking at prices of cotton goods. The key to the level of cotton textile production beyond the second quarter of the year will probably be found in the retail trade figures.

The hosiery industry has not yet caught up with the demand, and retailers' stocks are several months away from attaining a full line. Yarn supplies will continue to act as an impediment to expanding output. Nylon yarns will not be available in sufficient quantity to meet requirements. Retailers will not want to stock rayons heavily, while rayon yarn producers would prefer to allocate yarns now going to the hosiery mills to more permanent consumption outlets. Hosiery production in the first half of 1947 will probably exceed that of a year ago but it is not likely to be as large as if yarn supplies were freely available.

### FURNITURE

The furniture industry has arrived at a transition point. Buyers at Chicago, New York and High Point furniture showings have abandoned wartime practices of buying whatever they could get, despite the fact that much badly needed merchandise is still in short supply. Buyers are definitely demanding quality furniture of the medium and better grades and are willing to wait until they can get it. Types of furniture still in short supply include bedroom and dining room furnishings and such living room pieces as secretaries and breakfront desks. Manufacturers of these products are still allocating supplies, and demands are reported to be very large. Upholstered furniture, dinette sets and all types of juvenile furnishings, lamps, porcelain-topped tables, plastic articles and novelties are available in large quantities, with buyers showing not too much interest. Many new concerns, mainly engaged in

production of upholstered pieces and specialties requiring little machinery, which were organized with profitable ceiling prices during price control, are closing shop, and their workers are returning to the larger furniture factories. Furniture prices at wholesale are from 10 to 25 per cent higher than a year ago and 50 per cent higher than in 1942. Lamps, however, are in good supply and are priced about 30 per cent below OPA levels. These price rises have not acted as a retardent on Fifth Federal Reserve District retail furniture sales, which were more than 50 per cent higher in 1946 than in 1945, with no indications of a let-down in recent months.

### CONSTRUCTION

Comments have been forthcoming from various sources, to the effect that high building costs had and would continue to retard industrial construction and also adversely affect residential building volumes. This view is not shared by some builders in this District, who see an uninterrupted expansion in both residential and industrial building in 1947. It is true, of course, that important industrial projects contemplated more than a year ago are just now or will soon reach the contract stage. These projects have been delayed, but it appears that the delays were due mainly to lack of materials and to the added costs of marking-time on the job rather than to the level of materials prices and wage rates. In spite of these considerations, a substantial volume of building was placed under contract during 1946, and the 1947 outlook is even better because materials are becoming more plentiful. Although, according to the Bureau of Labor Statistics index, the prices of building materials have been rising sharply since the end of price control, local sources say many lumber items other than flooring have recently turned downward. Building costs due to the delays of marking-time while waiting for materials are expected to be largely eliminated during 1947, and this factor will offset a substantial part of the rise in prices of materials that has taken place since November.

The eleven months' record of construction placed under contract in the Fifth District in 1946 compared with 1945 shows that, of a gain of \$518 million in this period, residential buildings accounted for 66 per cent; non-residential buildings, 22 per cent; and public works and utilities, 12 per cent. Of the gain in residential building of \$341 million, one- and two-family houses accounted for 89 per cent. It is obvious that rent ceilings have had a retarding effect on rental housing.

#### FIFTH DISTRICT CONSTRUCTION CONTRACTS AWARDED\*

	Eleven Months		Increase	
	(Thousand dollars)		Amount	Per Cent
	1945	1946		
Commercial buildings	32,414	80,645	48,231	149
Manufacturing buildings	68,680	142,979	74,299	108
Educational buildings	18,133	22,353	4,220	23
Other non-residential buildings	60,746	49,391	— 11,355	— 19
Total non-residential buildings	179,973	295,368	115,395	64
Apartments and hotels	19,233	57,268	38,038	198
One- and two-family houses	36,655	341,195	304,540	831
Other shelter buildings	4,653	2,746	— 1,907	— 42
Total residential	60,541	401,204	340,663	574
Public works and utilities	115,064	176,980	61,916	54
Total	355,578	873,552	517,974	146

\*Source: F. W. Dodge Corporation.

Continued on page 9

## Vegetable Canning

Some manufacturing industries are geographically located because of proximity to markets and some are located because of nearness to raw materials, but when an industry can be located with respect to nearness to both materials and markets, advantages are obtained over industries not similarly situated. Chief among these advantages to a community is the broadening of employment outlets which result in a greater level of income by producing the raw materials, by manufacture, and by wholesale distribution of those materials. Industries which are located for the purpose of being near their markets instead of their sources of raw materials pay income into their area only once, or perhaps twice if a wholesale distribution center arises, whereas industries located close to both markets and raw materials also pay into the community the income for the raw materials. Although ranking in lesser importance among the activities contributing income directly to the people of the Fifth Federal Reserve District, the canning of vegetables has that multiple effect on income production of providing a demand for raw materials, of paying wages and salaries in the manufacturing process, and of making employment opportunities possible in wholesale distribution.

The commercial canning of vegetables in the United States maintained essentially the same rate of growth as the output of all manufactured food products, and the same rate of growth as all manufactured products from the turn of the century through 1929. Since 1929, however, the commercial production of canned vegetables has continued upward at much the same trend as was established from 1899 to 1929, while the trend of all manufactured food products has been at a much slower rate.

These conclusions are drawn from data given in the National Bureau of Economic Research publication, *The Output of Manufacturing Industries 1899-1937*, with the data for canned fruit and vegetable output reworked to exclude fruits and fruit and vegetable juices. This index of canned vegetable production was selected to show the national trend of the canning industry which most nearly corresponds to the canning industry of the Fifth Federal Reserve District. Chained to the index of canned vegetable output, processed from the records made available in *The Output of Manufacturing Industries 1899-1937*, are data from 1935 to 1946 obtained from the Department of Commerce, *Canned Fruits and Vegetables Production and*

*Wholesale Distribution, October 1946*. These data from the Department of Commerce are unweighted totals and may measure the trend in a slightly different manner from that shown in the data prior to 1937. They are included to give an approximate idea of the industry's position over the past 9 years. On the chart below these figures are shown by a broken line. The output of all manufactured food products has been brought forward from 1937 by the Federal Reserve Board's index of manufactured food products which had shown essentially the same biennial changes from 1929 to 1937 as the National Bureau's index.

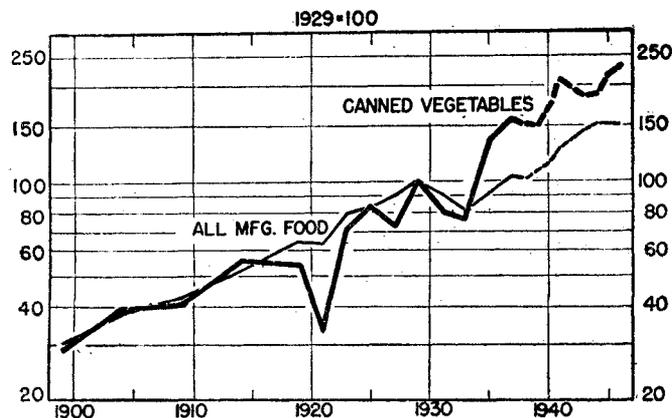
It is interesting to note that the growth in the production of canned vegetables even no later than 1937 had been at a much more rapid rate than the population of the United States. The index of canned vegetable production increased 440 per cent between 1899 and 1937 while the population rose 72 per cent in the same period. The growth in civilian consumption of canned vegetables from 1935 to 1946 has been at the same rate of growth as production had shown from 1899 to 1937, whereas the production of canned vegetables from 1937 forward has risen at a much faster rate. This is probably due to production requirements for lend-lease, foreign relief, and military purposes. The 1946 output of canned vegetables was 18 per cent above the trend line based on the growth from 1899 to 1937. The growth in the output of canned vegetables at a rate substantially greater than the population has been a requirement made necessary by the constant shift in the population from a rural to an urban status, and an industrial encroachment on the amount of home-processing in the preparation of meals.

It might even be said that the shift in population from rural to urban status had been made possible without impairment in nutritional standards by the development of the sanitary tin can and the resulting growth in the production of canned vegetables. Supplying our cities the year around with fresh vegetables would have been, and would still be, a difficult task and prohibitive in cost to secure enough quantity from the areas where vegetables could be produced the year around. The tin can, however, has made it possible to store a supply of vegetables which could be grown in areas where climate and labor supply permitted large scale production, marketing at the proper time, and at prices within the reach of the majority of consumers.

There is much to be said, moreover, about the superior quality of many canned vegetables as compared with the fresh product. Such important vegetables as corn and peas can be harvested and canned at just the right stage of growth, whereas these products when marketed fresh must be staggered over a period beyond the stage of optimum development and as a consequence the quality is lowered. Tomatoes for canning can be harvested with a longer period of ripening on the vine, then when sold fresh. Asparagus, unless harvested and consumed immediately at exactly the right stage of growth, toughens and becomes inferior to the canned product that is marketed and packed at the proper stage of growth.

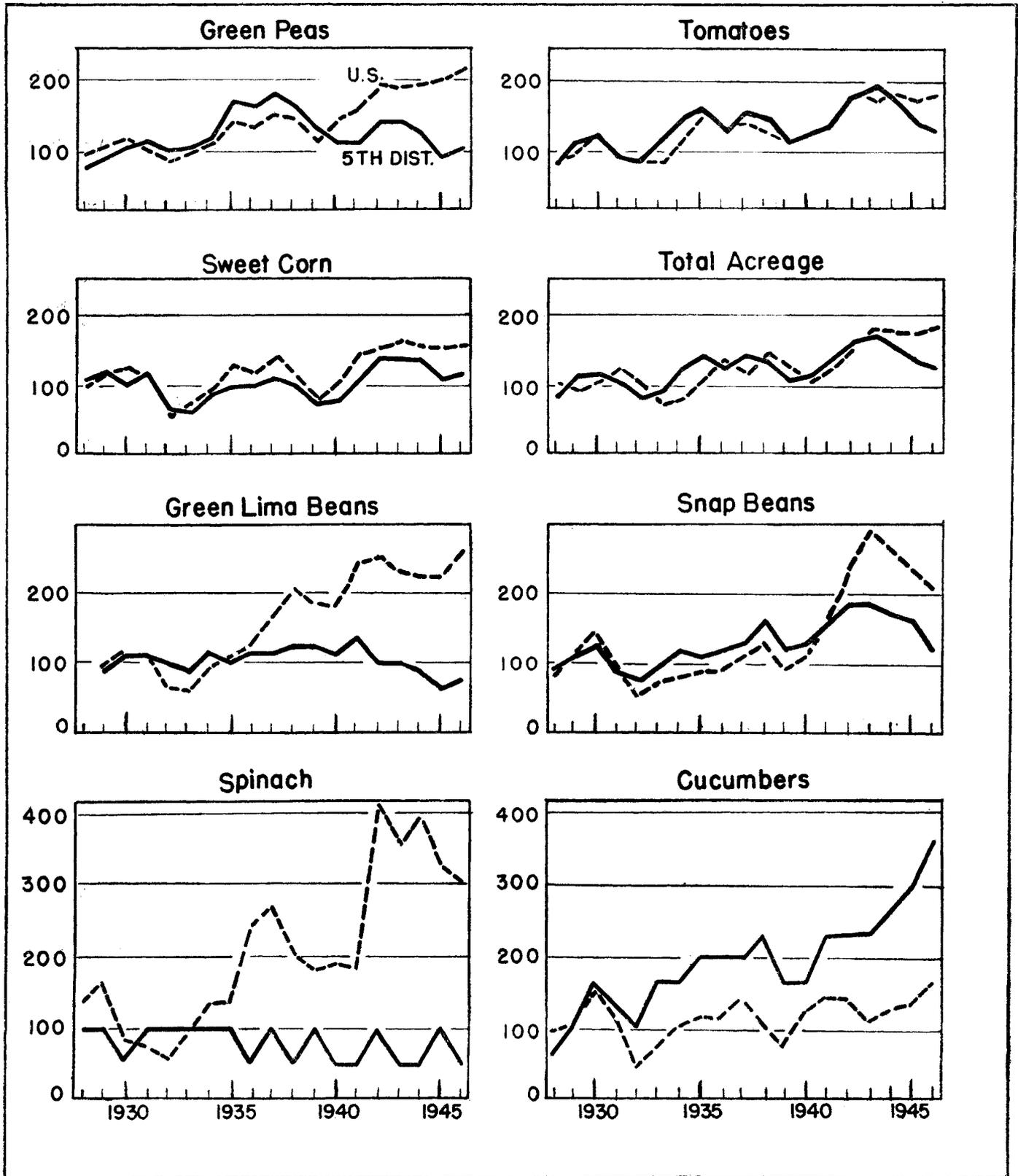
The non-seasonal vegetables have also made it easier for many housewives to maintain the household and at the same time engage in business. A plate of soup, beans, kraut, hominy or what not in canned form can be utilized in the preparation of a meal within a short period, whereas

### MANUFACTURED FOOD PRODUCTION



# CANNING CROP ACREAGES

1928-1932=100



the preparation of these dishes otherwise would require much time. Thus, the canning industry has reduced the amount of home processing required in the preparation of meals, and made it more convenient for busy wives to maintain a household.

The canning industry, being highly seasonal because of the seasonality in the growing of its raw material, has made some headway in reducing the overhead cost of having a plant shut down from six to nine months of the year. The development of non-seasonal canning of vegetables which may be stored for a somewhat longer period of time or placed in temporary process and canned in the months in between perishable crops has made this progress possible. Prominent among the non-seasonal vegetables are dry beans, soups, sauerkraut, sweet potatoes, and a variety of tomato derivatives. These products have not only lowered canners' overhead costs, but have contributed to the reduction of variable costs by maintaining the nucleus of a trained labor force the year around with a resulting higher level of productivity.

Cities are still getting the bulk of the population increase and this trend will no doubt continue, thus placing increased demands on canned vegetable production. But even the rural population in many areas have specialized in farm operations to a point where those on the land no longer grow much of their own food, but buy it in the can the same as city dwellers. Other rural farm operators grow vegetable supplies in season but supplement these in off-seasons with canned vegetables. The decentralization of industry, furthermore, is not likely to be accompanied by an increase in home grown foods. The people working in industries located outside of cities will not feel like spending their leisure hours at an occupation that requires much effort for so little return, when canned food can be purchased easily. The victory gardens of the war period will remain a wholesome recreation for some people, but in the main these gardens will cease to be operated because other recreational activities with much less effort are more desirable to the rank and file of people, particularly with gasoline available in unlimited quantities.

The frozen food industry has made marked strides in recent years. The question therefore arises as to whether this type of food processing will encroach on the markets held by the canned products. This question involves the possibilities of cost reduction in the frozen vegetable products, both in the production and distribution stages, such that comparable foods may compete on a price basis at the retail level. Thus far the competition either with fresh vegetables or canned vegetables has been unimportant. Out of a total per capita civilian consumption of 315 pounds of vegetables in 1946, fresh vegetables accounted for 269 pounds or 85 per cent, canned vegetables accounted for 44 pounds or 14 per cent and frozen vegetables accounted for 2 pounds or 1 per cent. Changes in the civilian per capita consumption between the average of the years 1935-39 and 1946, however, show that frozen vegetables rose 354 per cent and canned vegetables rose 42 per cent, while fresh vegetables rose only 15 per cent.

These figures would seem to indicate that frozen vegetables would not be produced in sufficient volume to give much competition in the vegetable market, fresh or canned, in the next several years, but that such competition as obtains will more likely be with products not obtainable in

cans than with canned products. The foregoing discussion of the canned food industry is designed to give perspective to the field in which the canning industry of the Fifth District operates.

#### CANNING IN THE FIFTH DISTRICT

The number of establishments engaged in canning fruits and vegetables in the United States has tended to vary with prosperity and depression, but since 1921, when Census figures include only those establishments with products valued at more than \$5,000, there has been an upward trend in the total. The number of establishments in the Fifth District, on the other hand, has shown a fairly consistent downward trend. This downward trend, it must be noted, is due to reductions in the number of establishments in Maryland and Virginia, where, thus far, the greater part of the industry has been located. In the Carolinas there has been a noticeable tendency for an expansion in the number of establishments, but as yet these are relatively unimportant when compared with the total for Maryland and Virginia.

It is necessary to point out, perhaps, that the canning industry (excluding seafood products) of the Fifth District is located principally in Maryland where, as the accompanying table shows, 3.45 per cent of the national value added by manufacture was contributed in 1939. Virginia contributed 0.72 per cent while the other states of the District show rather insignificant proportions. (West Virginia figures were not reported separately in 1939 in order to prevent disclosing the operations of individual establishments.) In 1937 West Virginia accounted for .29 per cent of the United States total for the industry. The table shows also that the canning industry contributed 2.35 per cent of the value added by manufacture of all manufacturing industries in Maryland, whereas this industry contributed only 1.16 per cent of the value added in all manufacturing industries of the United States. In Virginia the canning industry in 1939 accounted for 0.54 per cent of the value added in all manufacturing industries, while in the Carolinas this industry's contribution was relatively unimportant.

#### CANNING AND PRESERVING OF FRUITS AND VEGETABLES—1939

	Value added by manufacture (\$'000)	Percent of value added canning & preserving in U.S.	Canning industry percentage of value added all mfg. industries
Maryland	\$ 9,342	3.45	2.35
Virginia	2,055	.72	.54
North Carolina	896	.14	.07
South Carolina	105	.04	.06
Total	\$ 12,498	4.35	.82
United States	287,418	100.00	1.16

From the standpoint of labor, the canning and preserving industry (excluding seafoods) employed an average of 10,861 workers in the Fifth District throughout the Census year 1939. Of this number 7,588 were in Maryland, 2,454 in Virginia, 287 in West Virginia, 345 in North Carolina, and 184 in South Carolina. The peak employment in 1939, however, was from two to nearly four times higher than the year's average. In Maryland the 1939 peak employment came in August with 21,562, which was 2.8 times the year's average. Virginia's peak of 7,585 occurred in September and was 3.1 times the year's average. The West Virginia peak of 995 appeared in September and was 3.4 times the year's average. The North Carolina

peak was reached in June, and, at 695, was 2.0 times the yearly average, while South Carolina's employment peak of 734 in July was 3.9 times the yearly average.

Even with the reduction in the number of establishments engaged in canning fruits and vegetables in Maryland and Virginia, there has been a dollar increase in the value added by manufactures and a marked increase in the value added per establishment. This signifies that the larger units have remained in business and that capital expansions or higher percentages of capacity operations occurred. Even so, the canning industry in these two states combined has not grown as rapidly as the industry in the United States as a whole in recent years. In the Census years from 1919 to 1939 the canning industry in Maryland and Virginia was able to maintain its position in the national total, but in more recent years quantitative figures on the number of cases canned show that these states have fallen behind the growth in national output.

Perhaps it should be noted at this point that the statistics available on vegetable canning are not fully reported for the District. They are mainly for Maryland, and in some instances Maryland and Delaware figures are combined. Available data for Virginia include tomatoes only, and these figures are combined with those of West Virginia. Such data as are available in the states of the District are combined, and expressed as a percentage of the national total of like products. From the table covering the two 5-year periods, 1936-1940 and 1941-1945 it will be seen that the Fifth District's proportion of the national total improved in several minor products, improved slightly in tomatoes, and fell behind in green beans, corn, peas, spinach and in the total of the 9 vegetables.

#### CANNED VEGETABLE PRODUCTION

	District percentage of U. S.		Percent increase from 1936-40 to 1941-45	
	1936-40	1941-45	5th Dist.	U. S.
Green beans	25.6	21.0	81	120
Wax beans	3.3	6.0	59	38
Fresh lima beans	11.3	15.2	49	12
Beets	1.8	2.8	298	150
Carrots	1.9	2.8	373	224
Corn	11.5	8.6	18	58
Peas	6.8	4.7	10	59
Spinach	11.6	7.0	9	82
Tomatoes	30.7	31.2	16	14
Total 9 vegetables	16.9	13.7	27	56

#### CANNING CROP ACREAGES

The vegetable canning industry operates on the basis of contract acreage in the several crops it wishes to pack. The planted acreage for processing, therefore, is the best indicator of canners' pack intentions. It is a better indication of the relative regional trends than the pack itself, for the canner agrees to accept all of the commodity produced on the contracted acreage. Notable variations in the yield per acre above or below average, and abandonment of acreage, therefore, govern the size of the pack which may turn out to be larger or smaller than the canner had anticipated. Planted acreages, however, are not readily obtainable; therefore, harvested acreage must be used in its place to show the relative position of the various products in the District relative to national totals. The only difference between planted and harvested acreage will be in acreage abandonment which ordinarily is not large.

Aggregate acreages of canning crops have been in a rising trend both in the United States and in the Fifth District. Canning acreages in Maryland have not grown as rapidly as those in the United States, while those in

Virginia and North Carolina have grown much more rapidly. South Carolina and West Virginia acreages have been quite erratic but without upward or downward trend, as the accompanying table shows:

#### ACREAGES, ALL CANNING CROPS (THOUS.)

	Md.	Va.	W. Va.	N. Carolina	S. Carolina	U.S.
1928	89.4	16.4	.3	..	1.6	989
1929	116.7	24.1	1.0	.5	1.1	1,181
1930	114.3	28.9	1.3	.5	2.8	1,375
1931	107.4	24.7	.9	1.2	2.2	1,117
1932	79.2	25.0	1.2	1.3	2.3	775
1933	90.9	29.5	1.4	1.6	1.5	894
1934	121.2	35.2	1.2	3.0	1.9	1,153
1935	133.3	43.1	2.5	4.7	2.1	1,454
1936	123.2	34.4	1.3	4.1	1.6	1,365
1937	136.8	44.4	1.1	6.8	1.3	1,562
1938	128.5	42.7	.8	6.2	3.3	1,394
1939	103.3	34.9	1.2	5.0	1.0	1,139
1940	104.5	37.9	1.2	6.5	1.9	1,377
1941	127.6	43.9	.6	8.5	2.6	1,641
1942	152.7	53.7	.8	9.2	5.9	1,968
1943	153.2	53.8	1.2	10.0	7.7	1,926
1944	144.7	54.7	1.0	13.0	10.1	1,938
1945	116.1	48.2	n.a.	12.7	9.0	1,905
1946	115.1	41.9	n.a.	12.7	9.4	2,012

n.a.—not available

The various crop acreages are given only for those states which the U.S.D.A. regards as being of considerable importance in the production of the given crop. In the Fifth District these are confined to Maryland and Virginia. Both states are reported for all individual products named except corn, which is for Maryland only.

Maryland's harvested acreages of sweet corn for canning have shown no pronounced upward trend since 1928, while at the same time the national acreage has shown a rising trend; in fact, between 1928 and 1937, Maryland sweet corn acreage for canning showed an absolute decrease, but has since risen more in line with the national total. The acreages of green peas for canning in Maryland and Virginia rose much faster from 1928 to 1937 than the U. S. acreage. Since 1937, however, the national acreage of peas has continued to show an upward trend, whereas Maryland and Virginia acreages have shown a substantial drop. Canning acreages of green lima beans in Maryland and Virginia rose in a rather sharp upward trend through 1941 while national acreages of this crop skyrocketed. Since 1941 Maryland and Virginia acreages of green lima beans have fallen about a fourth while the national acreages have continued to rise. Canning tomato acreages in Maryland and Virginia rose faster than the national rate up to 1937, but have since just about maintained the national pace.

Figures of both canning acreage and the number of cases of vegetables canned show the reported Fifth District states to have fallen somewhat behind the national trend in the past decade in the major canned products, but in view of the substantial upward trend of the industry this is not a material loss. In fact, the vegetable growing areas of this District are located in areas where employment in war production jobs were plentiful, and it may be that the lack of farm labor may have caused the slower pace in the District than in the nation. The slower pace in the District has resulted primarily from a reduction in peas since 1937, and in green lima beans since 1941. Since the greater portion of the peas and corn in Maryland are grown in the same county, there is some evidence that there had been a shift from corn acreage to pea acreage between 1933 and 1937, and a shift back to corn during the war years. Thus, the failure of the District's canning crop production to maintain the pace set by the national

figures may be a temporary situation which will adjust itself when the farm labor supply permits.

In the foregoing discussion considerable emphasis has been placed on the fact that the canning of vegetables had shown a remarkably constant percentage rate of growth up to the recent war period, and that this rate of growth had exceeded the production of all manufactured foods. Present levels of canned vegetable production are somewhat above the prewar rate of growth. These production levels can be sustained if the export market continues to take increasing quantities of these products, and if the level of employment holds. It is probable however, that, because sustained exports are not probable, the output of canned

vegetables will come down somewhat nearer the prewar rate of growth within the next two or three years. A level of output somewhat above the prewar rate of growth, however, would seem to be a possibility under conditions of full employment. While the industry's output is subject to marked cyclical movements there is every reason to believe that it will continue to grow not only because of an increase in population, but also because of growth in per capita output. The evidence shown points to a failure of the District to maintain its proportion of the industry's total since 1937 but this has been due mainly to corn and peas, and there is some reason to believe that this may have been a temporary phenomena due to shortages of manpower.

## Banking

During the four weeks ended January 15 total loans and investments of weekly reporting member banks of the Fifth Federal Reserve District continued their downward trend, falling from \$1,922 million to \$1,897 million. Loans increased \$8 million to \$473 million. Commercial, industrial, and agricultural loans increased from \$242 million to \$248 million and real estate loans rose \$4 million to \$80 million. Loans to brokers and dealers for purchasing or carrying securities increased from \$5 million to \$8 million, having shown an end-of-the-year peak of \$13 million; loans to others than brokers and dealers for the same purpose declined from \$45 million to \$43 million. Other loans rose from \$96 million to \$99 million.

Holdings of United States Government obligations decreased substantially during the closing weeks of 1946, reaching a low point of \$1,310 million on December 31, and then staged a partial recovery during the first two weeks of the new year. Treasury bills were heavily liquidated and then more than restored to their former level in January, while certificates of indebtedness, showing the same liquidation process, had not fully recovered their position. Note and bond holdings fell off slightly and likewise made a partial recovery.

**HOLDINGS OF U. S. GOVERNMENT OBLIGATIONS  
WEEKLY REPORTING MEMBER BANKS—5th DISTRICT**  
(Millions of dollars)

DATE	Bills	C. of I.	Notes	Bonds	Total
December 18	11	218	106	1,037	1,372
25	9	196	104	1,035	1,344
31	6	183	88	1,033	1,310
January 8	25	187	92	1,033	1,337
15	21	194	91	1,034	1,340

Reserves of Fifth District member banks showed a decline of \$6 million during the four weeks ended January 15. The week preceding Christmas saw a loss of \$53 million through Treasury operations, which was more than offset by an inflow of funds on commercial and financial transactions. That week also saw the last net outflow of currency during 1946, \$6 million of reserve funds being absorbed in this fashion. The succeeding two weeks brought inflows of funds through Treasury transactions amounting to \$112 million as well as a return flow of currency of \$27 million. In spite of these gains of reserves, decreases in Federal Reserve credit extended locally and outflows through commercial and financial transactions brought the net increase in reserves to \$3 million. The week ended January 15 saw an outflow of funds from the

District of \$26 million which was only partially offset by an increase in Federal Reserve credit and a further return of currency.

### FACTORS AFFECTING MEMBER BANK RESERVES, FIFTH DISTRICT

	Changes for 4 weeks ended January 15, 1947 (Millions of dollars)
Reserve Bank credit extended locally	—56
Commercial and financial transactions	—39
Treasury transactions	+56
Currency transactions	+34
Other factors	—1
Net change in reserve balances	—6

Average daily deposits of Fifth District member banks declined from the last half of November to the last half of December, and showed a decline relative to total deposits of all member banks in the United States. Maryland, Virginia, and the District of Columbia showed losses relative to the United States while West Virginia and North and South Carolina maintained their relative positions although losing in dollar amounts.

### AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS

	Last half of November		Last half of December	
	\$ millions	% of U. S.	\$ millions	% of U. S.
Maryland	1,037	.97	1,017	.96
Reserve city banks	662	.62	649	.61
Country banks	375	.35	368	.35
District of Columbia	937	.88	921	.87
Reserve city banks	916	.86	900	.85
Country banks	21	.02	21	.02
Virginia	1,345	1.26	1,303	1.24
Reserve city banks	316	.30	293	.28
Country banks	1,029	.96	1,010	.96
West Virginia	669	.53	554	.53
North Carolina	855	.80	842	.80
Reserve city banks	364	.34	362	.34
Country banks	491	.46	480	.46
South Carolina	436	.41	429	.41
Fifth District	5,179	4.85	5,067	4.80

\*Excluding interbank demand deposits.

Details may not add to totals due to rounding.

### EARNING ASSETS OF FIFTH DISTRICT MEMBER BANKS— 1946

Total earning assets of the member banks of the Fifth Federal Reserve District decreased from \$4,627 million to \$4,353 million during 1946 as shown by the year-end call reports of 1945 and 1946. This decrease was occasioned by the contraction of earning assets of reserve city banks, whose holdings of United States Government

obligations fell off by \$434 million; while other securities and loans increased, the net effect was a \$238 million decrease in the total. Country banks, on the other hand, although showing a decrease in holdings of Governments, increased their loans sufficiently to show an increase of \$63 million in total earning assets.

During this same period, demand deposits of individuals, partnerships, and corporations increased from \$2,952 million to \$3,272 million, the percentage increases being 10.3 and 11.3 for reserve city and country banks respectively.

**SELECTED CALL REPORT ITEMS FOR MEMBER BANKS  
FIFTH DISTRICT**

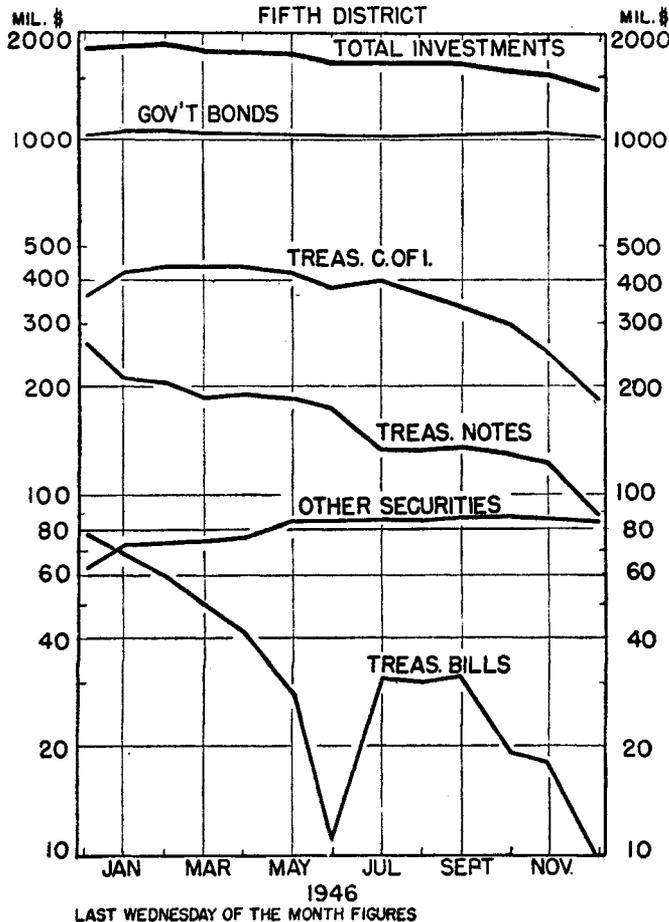
(Millions of Dollars)

	December 31, 1946		Total	Change of Total From Dec. 31, '45
	Reserve City	Country		
<b>TOTAL LOANS AND INVESTMENTS</b>	1,969	2,384	4,353	-274
U. S. Government Obligations	1,368	1,605	2,973	-586
Obligations of States and political subdivisions	16	77	93	+ 10
Other bonds, notes, and deb.	66	62	128	+ 42
Corporate stocks	4	5	9	+ *
Loans and discounts	515	684	1,149	+259
<b>DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS</b>	1,541	1,731	3,272	+320

\*Less than \$500 thousand.

Details may not add to totals due to rounding.

**INVESTMENTS OF WEEKLY REPORTING MEMBER BANKS  
FIFTH DISTRICT**

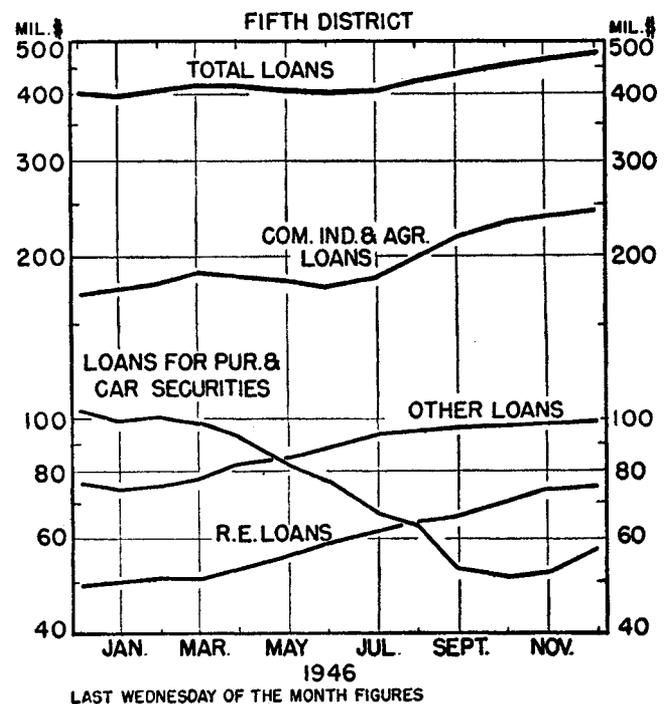


Complete figures are not yet available as to the distribution of assets as among the various maturities of United States Government obligations and as among the various types of loans. The weekly reporting member bank series does however provide information as to the changes that have occurred.

The substantial decline in holdings of Government obligations has been restricted in the case of the weekly reporting member banks to the short maturities. As may be seen in the chart below, holdings of bonds (including guaranteed obligations) have been remarkably stable throughout the year, the net change from the last Wednesday of 1945 (December 26) to the end of 1946 (December 31) having been a loss of \$10 million or less than 1 per cent. Notes held have decreased steadily throughout the year, falling to one-third of their level of the end of 1945. The effects of the three redemptions during 1946 are discernible in the changes of the months in which they took place, March, July, and December. Certificates of indebtedness have been subject to two-fold pressure as the result of the program of redemptions from war loan accounts. War loan calls have caused some enforced liquidations to acquire the funds with which to meet the calls, while subsequent redemptions have eliminated a portion of the certificates available to banks. The results are clearly shown; from a high of \$440 million in mid-March, holdings fell to \$183 million as of the end of the year. Treasury bill holdings, always of minor importance in this District, have fallen to a small fraction of their former level.

Shrunken portfolios of Governments have been partially balanced by increased loan portfolios. Total loans of weekly reporting member banks increased during 1946 from \$400 million to \$475 million, the principal increases occurring in commercial, industrial, and agricultural loans and in real estate loans, while loans for the purchase or carrying of securities declined substantially. The chart below gives the year's record of the various classes of loans.

**LOANS OF WEEKLY REPORTING MEMBER BANKS  
FIFTH DISTRICT**



It may be noted that the end of 1945 found reporting banks with a large volume of loans for purchasing or carrying securities; these had risen substantially during the Victory Loan drive and represented in large measure loans for the purchase of the issues of that drive which were to be repaid out of income during the succeeding six months. As may be seen, they were reduced during 1946, reaching a low of \$51 million during late October from their high of \$104 million at the beginning of the year.

This decline was more than offset, however, by increases in other types of loans. Commercial, industrial, and agricultural loans continued their upward trend which had commenced immediately following V-J Day and with the exception of a slight early summer break, showed consistent gains throughout the year. Real estate loans had for four years fluctuated narrowly about a mean of \$50 million, but with the increased construction of 1946, they started upward in the spring and by the year-end had increased by more than 50 per cent. Other loans, includ-

ing loans to banks and consumer loans, increased substantially during the year although at a lower rate than did the above two classes.

The implications of these changes in the composition of earning assets should not be overlooked. Commercial banks traditionally engage in the business of extending short-term credit to accommodate the needs of business and agriculture and an increase in these loans is indicative of the continued need for such credit extension and of the willingness of the banks to assume the risks involved. The increased volume of consumer loans being made represents the formal entrance into a new field of activity for many banks, one in which banks appear to intend to obtain a substantial share of the business available. Real estate loans have been of varying importance in the past, but on the basis of their recent growth and the expected level of construction in the near future, they may be expected to be of considerable importance to banks for some time to come.

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Continued from page 2

### TRADE

Trade levels in the District were rising on a seasonally adjusted basis through the greater part of 1946 and were well above the year's average in December. Department store sales in December rose 1 per cent over November and were 20 per cent higher than in December 1945. Department store inventories in the aggregate, at the beginning of December, were increased to a level that brought the inventory sales ratio up to the level that had prevailed in the years 1935-1940 for the first time since the end of 1941. Inventories, however, are still spotty

and it will be some time yet before a full line of products will be achieved. In most lines of wholesale trade, which mirror the demands of small retailers, the year-end outlook was still impressive, with indexes in the main still in a rising trend. Wholesale sales of dry goods dropped 11 per cent from November to December, but this index is somewhat erratic in its behavior and cannot yet be considered as having turned downward. Wholesale sales of automotive supplies declined 7 per cent from November to December and in the latter month were only 1 per cent ahead of a year ago. December 1945, however, was an abnormally high month for these sales.

## FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	January 15	Chg. in Amt. from	
	1947	12-11-46	1-16-46
Total Gold Reserves.....	\$1,063,211	-143,110	+ 84,367
Other Reserves .....	27,613	+ 5,943	+ 3,134
Total Reserves .....	1,090,824	-137,167	+ 87,501
Bills Discounted .....	9,839	- 12,420	+ 4,930
Industrial Advances .....	0	0	46
Gov. Securities, Total.....	1,413,453	+ 84,792	- 47,585
Bonds .....	46,492	+ 1,290	- 12,858
Notes .....	21,926	- 31,778	- 69,566
Certificates .....	455,457	+ 9,668	- 79,186
Bills .....	889,578	+105,612	+114,025
Total Bills & Securities.....	1,423,292	+ 72,372	- 42,701
Uncollected Items .....	221,769	+ 13,705	+ 57,319
Other Assets .....	47,285	+ 11,501	+ 4,042
Total Assets .....	2,783,170	- 39,589	+106,161
Fed. Res. Notes in Cir.....	\$1,752,834	- 34,121	+ 39,638
Deposits, Total .....	813,478	- 8,309	+ 19,878
Members' Reserves .....	738,572	-14,626	+ 1,153
U. S. Treas. Gen. Acct.....	36,831	+ 4,186	+ 21,158
Foreign .....	34,133	+ 9,332	- 3,272
Other Deposits .....	3,942	+ 1,171	+ 839
Def. Availability Items.....	182,046	+ 2,377	+ 40,743
Other Liabilities .....	720	- 5	+ 334
Capital Accounts .....	34,092	+ 469	+ 5,568
Total Liabilities .....	2,783,170	- 39,589	+106,161

## 41 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	January 15	Chg. in Amt. from	
	1947	12-11-46	1-16-46
Total Loans .....	\$ 478,132	+ 14,722	+ 83,876
Bus. & Agril. Loans.....	248,334	+ 6,724	+ 78,081
Real Estate Loans.....	80,003	+ 4,306	+ 29,786
All Other Loans.....	149,795	+ 3,692	- 23,991
Total Security Holdings.....	1,424,207	- 87,117	-406,540
U. S. Treasury Bills .....	21,056	+ 4,148	- 52,534
U. S. Treasury Certificates .....	193,725	-48,214	-228,763
U. S. Treasury Notes .....	91,234	-32,327	-122,139
U. S. Gov. Bonds .....	1,030,584	-13,086	- 19,116
Obligations Gov. Guaranteed.....	3,185	+ 3,098	+ 3,033
Other Bonds, Stocks & Sec.....	84,423	- 736	+ 12,979
Cash Items in Process of Col.....	157,791	- 874	+ 32,885
Due from Banks.....	148,189*	+ 12,653	- 34,450
Currency & Coin.....	41,204	- 3,656	+ 2,814
Reserve with F. R. Bank.....	351,496	-11,899	- 5,713
Other Assets .....	72,702	- 2,209	- 2,139
Total Assets .....	2,673,721	- 86,246	-829,267
Total Demand Deposits.....	\$2,039,512	- 83,417	-374,195
Deposits of Individuals .....	1,434,316	-18,038	+102,918
Deposits of U. S. Gov.....	61,539	-68,122	-444,392
Deposits of State & Local Gov.....	113,877	+ 23,678	+ 26,194
Deposits of Banks .....	396,638*	-21,845	- 63,447
Certified & Officers' Checks.....	33,142	+ 910	+ 4,532
Total Time Deposits.....	393,129	+ 3,378	+ 34,234
Deposits of Individuals.....	375,927	+ 613	+ 30,755
Other Time Deposits.....	17,202	+ 3,991	+ 3,479
Liabilities for Borrowed Money...	500	- 810	- 1,000
All Other Liabilities.....	92,634	+ 4,995	- 2,980
Capital Accounts .....	147,946	- 392	+ 14,674
Total Liabilities .....	2,673,721	- 86,246	-829,267

\*Net figures, reciprocal balances being eliminated.

## COMMERCIAL FAILURES

MONTHS	Number Failures		Total Liabilities	
	District	U. S.	District	U. S.
December 1946 .....	2	141	\$ 175,000	\$17,105,000
November 1946 .....	4	104	41,000	12,511,000
December 1945 .....	3	42	101,000	1,824,000
12 Months 1946.....	26	1,130	\$ 579,000	\$70,349,000
12 Months 1945.....	21	810	1,638,000	30,395,000

Source: Dun &amp; Bradstreet

## DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

	December	% Chg.	12 Mos.	% Chg.
	1946	from Dec. 1945	1946	from 12 Mos. '45
District of Columbia				
Washington .....	\$ 749,740	+18	\$ 7,470,187	+11
Maryland				
Baltimore .....	937,926	- 6	9,938,058	+ 3
Cumberland .....	22,485	+26	231,992	+29
Frederick .....	17,891	+42	181,478	+22
Hagerstown .....	25,600	+33	271,059	+29
North Carolina				
Asheville .....	47,486	+16	474,612	+32
Charlotte .....	216,244	+16	2,157,692	+28
Durham .....	94,501	+39	1,267,212	+26
Greensboro .....	61,521	-10	652,364	+27
Kinston .....	17,241	+63	200,138	+33
Raleigh .....	94,414	+30	924,732	+29
Wilmington .....	32,408	-16	392,063	- 9
Wilson .....	20,717	+46	260,367	+26
Winston-Salem .....	114,954	+30	1,199,696	+34
South Carolina				
Charleston .....	61,862	+34	605,114	+20
Columbia .....	86,726	+35	876,902	+32
Greenville .....	67,100	+36	708,108	+37
Spartanburg .....	40,341	+20	418,545	+37
Virginia				
Charlottesville .....	24,414	- 5	264,850	+ 5
Danville .....	31,399	- 7	334,825	+18
Lynchburg .....	37,409	+34	368,284	+33
Newport News .....	29,793	+14	293,751	+ 4
Norfolk .....	171,957	+13	1,673,614	+12
Portsmouth .....	19,566	+ 6	208,383	+ 1
Richmond .....	449,323	+12	4,733,254	+13
Roanoke .....	80,117	+28	786,459	+40
West Virginia				
Bluefield .....	36,621	+20	360,015	+19
Charleston .....	141,537	+ 2	1,295,174	+17
Clarksburg .....	30,657	+20	282,402	+25
Huntington .....	55,114	+31	519,644	+14
Parkersburg .....	25,808	+12	259,047	+ 9
District Totals .....	\$8,842,872	+12	\$39,610,026	+14

## COTTON CONSUMPTION AND ON HAND—BALES

	December	December	Aug. 1 to Dec. 31	
	1946	1945	1946	1945
Fifth District States:				
Cotton consumed .....	360,158	307,556	2,014,003	1,743,307
Cotton Growing States:				
Cotton consumed .....	672,031	572,337	3,728,921	3,181,914
Cotton on hand Dec. 31 in				
consuming establishments	1,897,161	2,079,972		
storage and compresses	5,920,546	10,396,679		
United States:				
Cotton consumed .....	774,177	651,931	4,256,827	3,593,812
Cotton on hand Dec. 31 in				
consuming establishments	2,226,832	2,378,863		
storage and compresses	5,985,625	10,513,749		
Spindles active, U. S.....	21,688,028	20,649,411		

## COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	N. Carolina	S. Carolina	Virginia	District
December 1946 .....	186,531	156,110	17,517	360,158
November 1946 .....	224,841	170,722	19,605	415,168
December 1945 .....	158,566	136,578	12,412	307,556
12 Months 1946.....	2,541,116	1,923,224	211,807	4,676,147
12 Months 1945.....	2,410,084	1,854,044	209,284	4,473,412

## PRICES OF UNFINISHED COTTON TEXTILES

	Dec. 1946	Nov. 1946	Dec. 1945
Average, 17 constructions.....	79.66	71.25	44.78
Printcloths, average (6).....	96.72	78.57	47.84
Sheetings, average (3).....	70.64	64.93	40.85
Twill (1) .....	75.61	74.70	47.61
Drills, average (4).....	65.90	62.54	40.80
Sateen (1) .....	97.61	97.24	58.82
Ducks, average (2).....	62.54	61.52	41.08

Note: The above prices are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustments for salable waste.

**BUILDING PERMIT FIGURES**

	Dec. Valuation Figures		Annual Valuation Figures	
	1946	1945	1946	1945
<b>Maryland</b>				
Baltimore .....	\$ 1,905,585	\$ 1,427,575	\$ 50,121,905	\$ 12,848,746
Cumberland .....	58,575	5,945	610,893	213,840
Frederick .....	32,525	2,700	509,694	239,666
Hagerstown .....	40,880	34,455	1,700,264	384,419
Salisbury .....	66,193	128,795	1,486,157	605,220
<b>Virginia</b>				
Danville .....	210,175	44,675	2,055,418	780,170
Lynchburg .....	52,080	72,830	2,339,442	750,795
Norfolk .....	190,400	421,350	4,904,365	4,181,075
Petersburg .....	16,600	0	740,257	132,285
Portsmouth .....	10,462	97,660	1,520,521	1,143,971
Richmond .....	1,648,653	737,454	16,555,355	7,530,445
Roanoke .....	504,893	156,306	5,532,382	1,214,753
<b>West Virginia</b>				
Charleston .....	158,483	356,285	3,324,018	1,753,963
Clarksburg .....	47,245	8,933	1,315,873	164,032
Huntington .....	113,025	100,925	3,289,114	2,303,624
<b>North Carolina</b>				
Asheville .....	277,171	501,020	1,630,379	1,321,394
Charlotte .....	470,610	1,002,921	9,302,240	4,136,264
Durham .....	200,450	734,450	4,355,090	2,030,473
Greensboro .....	745,315	2,158,325	3,635,625	3,458,502
High Point .....	164,945	36,317	2,332,648	826,241
Raleigh .....	153,300	776,450	3,201,931	2,504,717
Rocky Mount .....	119,850	13,650	1,669,775	325,525
Salisbury .....	23,700	18,800	1,256,369	326,686
Winston-Salem .....	193,466	144,225	2,959,850	1,499,851
<b>South Carolina</b>				
Charleston .....	66,307	220,410	1,546,541	1,497,500
Columbia .....	415,490	149,871	2,509,993	1,248,330
Greenville .....	37,850	154,950	1,309,495	504,320
Spartanburg .....	28,535	67,500	1,448,554	555,807
<b>District of Columbia</b>				
Washington .....	2,385,339	1,497,155	40,016,093	20,694,253
District Totals .....	\$10,338,107	\$11,071,932	\$173,230,271	\$75,176,931

**RETAIL FURNITURE SALES**

Percentage Changes in Dec. and 12 Mos. 1946 Compared with December 1945 and 12 Mos. 1945

STATES	December 1945	12 Mos. 1945
Maryland (5)* .....	+34	+45
Dist. of Columbia (5)* .....	+7	+43
Virginia (20)* .....	+52	+58
West Virginia (6)* .....	+11	+54
North Carolina (15)* .....	+39	+48
South Carolina (14)* .....	+24	+46
Fifth District (65)* .....	+30	+48
<b>Individual Cities</b>		
Baltimore, Md. (5)* .....	+34	+45
Washington, D. C. (5)* .....	+7	+43
Lynchburg, Va. (3)* .....	+62	+86
Richmond, Va. (6)* .....	+51	+58
Charleston, W. Va. (3)* .....	-14	+44
Charlotte, N. C. (4)* .....	+64	+62
Columbia, S. C. (4)* .....	+25	+62

\*Number of reporting stores

**AUCTION TOBACCO MARKETING**

STATES	Producers' Tobacco Sales, Lbs.		Price per Hundred	
	Dec. 1946	Dec. 1945	1946	1945
No. Carolina (Burley) .....	5,534,674	5,921,011	\$40.71	\$44.44
Virginia (Fire-cured) .....	2,471,020	2,990,594	31.53	28.81
(Burley) .....	6,374,076	7,453,092	39.74	46.58
(Sun-cured) .....	435,306	553,120	28.42	27.74
Virginia, Total .....	9,280,402	10,996,806	37.03	40.80
District Total, December .....	14,815,076	16,917,817	38.40	42.07
N. C. season to 12-31 .....	835,891,709	755,423,474	50.87	44.12
Va. season to 12-31 .....	133,387,595	134,088,966	57.05	44.38
S. C. entire season .....	150,954,510	124,191,116	48.75	43.94
District, season to 12-31 .....	1,120,233,814	1,013,703,556	50.13	44.13

**TOBACCO MANUFACTURING**

	December 1946	% Chg. from Dec. 1945	12 Mos. 1946	% Chg. from 12 Mos. '45
	Smoking & Chewing tobacco (Thousands of lbs.) .....	14,366	+15	212,110
Cigarettes (Thousands) .....	22,694,813	+41	321,474,036	+20
Cigars (Thousands) .....	465,769	+28	5,836,346	+18
Snuff (Thousands of lbs.) .....	3,270	+10	39,665	-9

**CONSTRUCTION CONTRACTS AWARDED**

STATES	Nov. 1946	% Chg. from Nov. 1945	11 Mos. '46	% Chg. from 11 Mos. '45
Maryland .....	\$22,476,000	+263	\$280,961,000	+198
Dist. of Columbia .....	2,325,000	-17	57,326,000	+49
Virginia .....	8,656,000	-9	175,795,000	+69
West Virginia .....	2,698,000	-46	66,286,000	+154
North Carolina .....	10,160,000	+8	170,166,000	+147
South Carolina .....	16,467,000	+479	111,588,000	+504
Fifth District .....	\$62,782,000	+68	\$862,122,000	+146

Source: F. W. Dodge Corp.

**RAYON YARN DATA**

	Dec. 1946	Nov. 1946	Dec. 1945
Rayon Yarn Shipments, Lbs. ....	55,900,000	58,000,000	50,700,000
Staple Fiber Shipments, Lbs. ...	12,900,000	13,000,000	14,500,000
Rayon Yarn Stocks, Lbs. ....	6,000,000	9,700,000	7,300,000
Staple Fiber Stocks, Lbs. ....	1,600,000	2,500,000	3,100,000

Source: Rayon Organon

**WHOLESALE TRADE—202 FIRMS**

LINES	Net Sales compared with		Stock compared with		Ratio Dec. collections to acc'ts outstanding Dec. 1
	Dec. 1945	Nov. 1946	Dec. 31, 1945	Nov. 30, 1946	
Auto Supplies (5)* .....	-51	-9	...	...	142
Drugs & Sundries (12)* .....	+6	-7	+8	-1	116
Dry Goods (6)* .....	+75	-38	+84	-9	85
Electrical Goods (5)* .....	+120	+12	+55	+9	103
Groceries (71)* .....	+26	-10	+46	+9	162
Hardware (16)* .....	+57	-13	+33	+21	112
Industrial Supplies (5)* .....	+59	-15	+77	+14	96
Paper & Products (8)* .....	+46	-12	+16	+18	124
Tobacco & Products (8)* .....	+15	+4	+39	+5	141
Miscellaneous (66)* .....	+53	0	+37	+23	105
Dist. Avg. (202)* .....	+33	-8	+38	+11	116

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

**DEPARTMENT STORE TRADE**

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Dec. 1946 sales, compared with sales in Dec. 1945:				
+29	+21	+10	+23	+19
Percentage change in 12 mos. sales 1946, compared with 12 mos. in 1945:				
+27	+22	+17	+24	+21
Percentage chg. in stocks on Dec. 31, 1946, compared with Dec. 31, 1945:				
+114	+50	+53	+58	+60
Percentage chg. in outstanding orders Dec. 31, 1946, from Dec. 31, '45:				
-17	-32	-44	-12	-34
Percentage chg. in receivables Dec. 31, 1946, from those on Dec. 31, '45:				
+53	+47	+46	+45	+47
Percentage of current receivables as of Dec. 1 collected in December:				
48	46	49	53	48
Percentage of instalment receivables as of Dec. 1 collected in December:				
28	33	27	39	30

Maryland	Dist. of Col.	Virginia	W. Virginia	N. Carolina	S. Carolina
Percentage change in Dec. 1946 sales from Dec. 1945 sales by States:					
+21	+10	+26	+24	+27	+15
Percentage change in 12 mos. sales 1946 from 12 mos. sales 1945:					
+22	+17	+24	+27	+29	+15

**DEPOSITS IN MUTUAL SAVINGS BANKS**

	Dec. 31, 1946	Nov. 30, 1946	Dec. 31, 1945
Total Deposits .....	\$379,018,153	\$376,973,124	\$343,795,646

**SOFT COAL PRODUCTION IN THOUSAND OF TONS**

REGIONS	Dec. 1946	Dec. 1945	% Chg.	12 Mos. 1946	12 Mos. 1945	% Chg.
West Virginia .....	10,844	12,037	-10	139,410	152,200	-8
Virginia .....	1,221	1,310	-7	16,562	18,105	-9
Maryland .....	190	152	+25	2,032	1,765	+15
Fifth Dist. ....	12,255	13,499	-9	158,004	172,070	-8
United States .....	42,320	46,955	-10	532,000	577,617	-8
% in Dist. ....	29.0	28.7		29.7	29.8	

**SUMMARY OF NATIONAL BUSINESS CONDITIONS**

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

Industrial output declined slightly in December owing mainly to a temporary reduction in coal supplies and to holiday influences. Value of retail trade was maintained close to record levels. Wholesale prices of industrial products have advanced somewhat further in recent weeks; prices of some basic commodities, however, like butter, hides, and silver, have shown further marked declines.

*Industrial production*

The Board's seasonally adjusted index of industrial production was 179 per cent of the 1935-39 average in December as compared with 182 in November.

Output of durable goods decreased somewhat, reflecting chiefly a decline in production of iron and steel owing to the bituminous coal work stoppage. In the early part of January steel operations were raised to the peak rates prevailing in the middle of November. Activity in machinery and transportation equipment industries showed little change in December. Production of nonferrous metal products increased somewhat further. Activity in the furniture industry reached a new record level for the postwar period.

Output in industries manufacturing nondurable goods declined to 168 per cent of the 1935-39 level, from 172 in November, owing in part to curtailed operations during the Christmas week. Production of textile products decreased about 7 per cent. Meat packing activity declined from the sharply advanced level reached in November, while output of most other manufactured foods showed a small increase. Newsprint consumption increased, and production of most chemical and rubber products remained at advanced levels.

Output of minerals in December was at the November rate. Owing to the termination of the two-and-a-half week work stoppage in the bituminous coal industry on December 9 and the high rate of output in subsequent weeks, coal production was 9 per cent larger in December than in November. Production of crude petroleum decreased slightly.

*Employment*

Nonagricultural employment in December remained at the November level, after allowances for seasonal increases in trade and Government postoffices and the usual decline in construction employment. Unemployment increased by about 200,000 persons.

*Construction*

Value of most types of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined further in December, reflecting mainly seasonal influences. Residential awards and awards for public works and utilities, however, were more than double the amounts in December 1945. Value of other contracts was substantially smaller than in December 1945, but for the year 1946 exceeded all previous years except 1942.

*Distribution*

Department store sales in December showed the usual sharp increase and the Board's adjusted index was 272 per cent of the 1935-39 average. Total sales in the fourth-quarter holiday shopping season were 23 per cent larger than in the same period in 1945 and for the year 1946 sales were 27 per cent greater than in 1945. Sales in the first three weeks of January showed about the usual seasonal decline. Department store stocks showed a much smaller decline than usual in December and, according to preliminary figures, were 70 per cent larger than at the end of 1945. Outstanding orders for merchandise continued to decline and were about 30 per cent smaller than on December 31, 1945.

Loadings of railroad revenue freight in December and the first three weeks of January exceeded the volume shipped during the corresponding period in 1945-46 by about 10 per cent. Loadings of grain products were the greatest on record for the month of December owing to large shipments for export.

*Commodity prices*

The general level of wholesale commodity prices advanced slightly further from the middle of December to the latter part of January reflecting increases in prices of industrial products, offset in part by decreases in prices of most livestock and poultry products, grains, cotton, and canned fruits and vegetables.

Among industrial products, prices of building materials and metal products generally showed the largest increases in the early part of January. Silver prices, however, declined considerably and a leading manufacturer of lower-priced automobiles reduced prices slightly.

Retail food stores declined somewhat further from earlier peak levels and clearance sales before and after the Christmas holiday resulted in substantial price reductions for various types of merchandise. Retail prices of most standard types of goods, however, were maintained or increased further in this period.

*Bank credit*

Real estate and consumer loans at banks in leading cities continued to increase during December and the first half of January. Commercial and industrial loans, following the rapid expansion of the summer and fall months, increased only slightly further. Substantial reductions in holdings of Government securities reflected largely the 3.3 billion dollar Treasury note retirement of mid-December.

Deposits at member banks increased in the early part of December but declined in the latter half of the month as a result of income tax and other payments. Member bank reserve balances showed similar fluctuation with little net change for the period as a whole. Reserve funds which became available to banks through a post-holiday decline in currency in circulation and through increases in monetary gold stock were about offset by reductions in Government security holdings and an increase in Treasury deposits at the Reserve Banks.