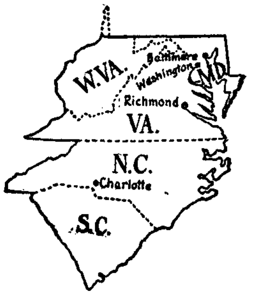
MONTHLY REVIEW

of Financial and Business Conditions

FIFTH FEDERAL



RESERVE DISTRICT

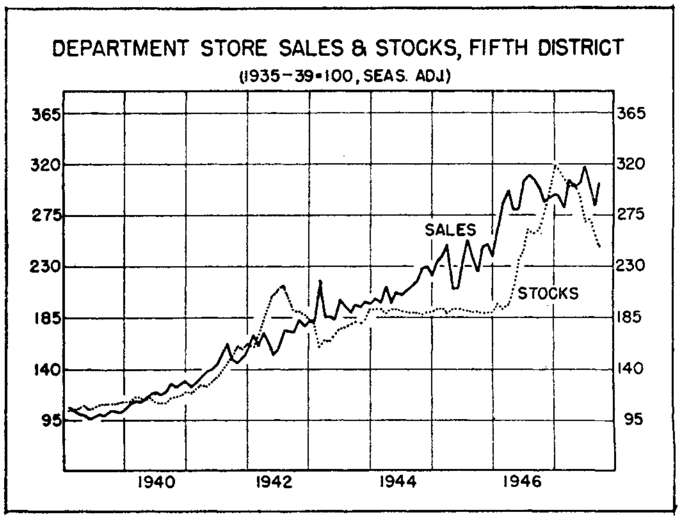
Federal Reserve Bank of Richmond, Richmond 13, Va. *October 31, 1947*

Business Conditions

BUSINESS activity in the Fifth Federal Reserve District showed moderate to substantial improvement in September when compared with August on a seasonally adjusted basis. Those seasonally adjusted indicators showing the greatest improvement include wholesale trade lines, which had shown the greatest sales declines down to August, and sales of retail furniture stores. Department store sales made somewhat more than a seasonal recovery but have not established a pattern that as yet indicates a rising trend will prevail in the remaining months of the year. Department store stocks at the end of the month fell to the lowest seasonally adjusted level since May 1946. Building permits rose 2 per cent from the previous month after seasonal correction, to establish the third highest month of record since 1921. Building contracts seasonally adjusted, however, declined in September by 6 per cent from the August level. Cigarette production rose 2 per cent after seasonal correction but remained somewhat below the levels early in the year. The seasonally adjusted index of cotton consumption rose 3 per cent from August to September, due mainly to a gain in North Carolina mill usage. The August manufacturing employment index rose slightly from July and indications are that a further small rise has occurred in September. Business failures, seasonally adjusted, rose 48 per cent over the August level, and while the September index was below the July peak it was five times higher than September 1946.

Trade

Department store seasonally adjusted sales in the Fifth District during September rose 7 per cent above the August figure, to a level 2 per cent higher than in September 1946. Trade reports indicate that a part of this gain was due to sales of seasonal merchandise normally coming in October and November, which shift was occasioned by the early cold spell in the last two weeks of September. If the departmental figures for September show this shift to be of much importance, October sales will probably fail to increase by seasonal proportions, particularly since summer weather has been in evidence most of the month. It is still too early to get a clear notion of the degree of strength in consumers' outlays for department store merchandise, but when the November sales are in hand a much better understanding of the consumers' ability or willingness to purchase will be possible.



As may be noted from the accompanying chart, department stores permitted their stocks of goods to fall substantially from the peak level at the beginning of the year to the end of September. In the spring, stores were generally of the opinion that their stocks were too high for the then going rate of sales, and, too, there was considerable apprehension that the sales rate might itself deteriorate in the last half of of the current year.

Since sales have maintained an irregular sidewise movement, department stores have found it necessary to repurchase from manufacturers and jobbers an amount of goods not only adequate to maintain the more or less flat level of sales after seasonal consideration, but to rebuild inventories to a level compatible with such a level of sales. Store buying policy, however, is still a cautious one, and it should not be expected that a continuous broad expansion in inventory accumulation would ensue unless the sales trend gives unmistakable evidence of continuing an indefinite expansion, which thus far has not been the case.

Retail furniture store sales, seasonally adjusted, gained 34 per cent from August to September, to regain most of the losses experienced from the peak month of June. Improvement in the rate of completion of new residential structures has been one of the strong supports to the retail furniture market. A somewhat better rate of factory shipments of quality furniture has also added strength to the sales level.

Wholesale seasonally adjusted sales of dry goods, drugs, groceries, and industrial supplies established all-time high records in September, in the Fifth Federal Reserve District. Other lines of wholesale trade also rose from August to September, except hardware and electrical goods. This generally rising level of wholesale sales is a reflection of a reversal of retailers' previous purchasing policies of reducing inventories. Such wholesale sales as were witnessed in September are likely to carry over into October before the retail customers have rebuilt their stocks to take care of the post-summer revived trade level.

Wholesalers' new orders placed with manufacturers, together with those made directly by large retailers, have given the textile and apparel industries of the District what appears, at the present time, to be a shot-in-the arm. Evidences from appropriate departmental figures, both in the District and the nation, indicate that the unit sales of many of the types of textiles and apparels manufactured in the Fifth District are smaller in quantity than in the early part of the year or in the latter part of last year. It would seem reasonable, therefore, to assume that, unless retail sales show a definite expansionary trend after seasonal correction, the recent rise in the physical volume of production of these goods would be short-lived, strength in their wholesale prices to the contrary notwithstanding.

Cotton Consumption

In view of the very substantial forward sales of numerous important constructions of cotton gray goods as early as July, it is surprising that cotton consumption in the Fifth District mills made no better showing in September, when the seasonally adjusted index rose only 3 per cent from the year's low level of July and August, to a level 8 per cent below that of September 1946. The widespread extension of vacations in July and August explains the low levels of consumption in those months, but why September consumption has continued to lag still remains to be clarified. It hardly seems possible that the shifting of looms to finer goods that occurred between spring and fall could account for the difference in consumption in the first five months of the year and in September.

Construction

Our seasonally adjusted index of building permits in 29 cities of the District has risen substantially since the year's low point of March. The September index at 300 per cent of the 1935-39 average was 2 per cent higher than that of August and 42 per cent above that of September 1946, and within 1 per cent of the recent peak level of March 1946. Construction contracts awarded, which dollar-wise are many times larger than permits, have also risen somewhat on a seasonally adjusted basis since July, but are still well below the peak of May 1946.

Residential construction on the site has made substantially better progress thus far in 1947 than was shown in 1946, and a large number of projects under construction remain to be completed. The very urgent housing needs have been filled in most areas of the District as is evidenced by the States' Labor Market Reports. Early this spring, when employment levels were expanding generally throughout the District, numerous area reports of labor conditions highlighted the fact that inadequate housing facilities were then a definite impediment to employment expansion. This factor in the latest Labor Market Reports is mentioned in only one city of the District.

There has been a considerable number of small industrial expansions and additions, mainly in the textile and apparel industries, in recent months, but on the whole very few large projects have been started in the manufacturing field. Railroads, public utilities and public works, however, have been going ahead on their expansion or modernization programs, and some of these have run into sizable figures.

Unemployment levels, the District over, were reduced in September due in part to seasonal employment expansion in tobacco and food processing industries, and to a reduction in the labor force occasioned by a resumption of schooling by temporary employees.

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

	Sept. 1947	Aug. 1947	July 1947	Sept. 1946	% Change Sept. 1947 from Aug. 47	Sept. 46
Bank Debits	321	308	285	303	+ 4	+ 6
Bituminous Coal Production*	159	162	124	160	— 2	— 1
Building Contracts Awarded	286	306	249	261	— 7	+ 10
Building Permits Issued	300	294	280	211	+ 2	+ 42
Cigarette Production	237	233r	243	230	+ 2	+ 3
Cotton Consumption	141	137	137	153	+ 3	— 8
Department Store Sales	303	282	301	298	+ 7	+ 2
Department Store Stocks	247	260r	272	262	— 5	— 6
Electric Power Production	......	249	235	222	......	......
Employment—Mfg. Industries*	......	132	130	133	......	......
Furniture Orders	......	283	235	185	......	......
Furniture Shipments	......	207	219	210	......	......
Furniture Unfilled Orders	......	594	491	438	......	......
Furniture Sales—Retail	293	219	224	267	+ 34	+ 10
Gasoline Consumption	......	......	182	153	......	......
Life Insurance Sales	250	230	252	265	+ 9	— 6
Wholesale Trade:						
Automotive Supplies**	315	255	295	286	+ 24	+ 10
Drugs	286	269	264	282	+ 6	+ 1
Dry Goods	287	238	197	221	+ 21	+ 30
Electrical Goods**	73	74	87	54	— 1	+ 35
Groceries	289	271	287	267	+ 7	+ 8
Hardware	153	163	146	116	— 6	+ 32
Industrial Supplies**	357	311	287	275	+ 15	+ 30
Paper and Its Products**	181	166	172	181	+ 9	0
Tobacco and Its Products**	104	98	110	111	+ 6	— 6
Business Failures	37	25	45	7	+ 48	+429

*Not seasonally adjusted
**1938-41=100

Report of the Municipal Bond Market*

The issues of new long-term bonds and notes offered to the investment market during the first half of this year were marked not only by an amount that exceeded that of the comparable period in 1946 but by a significant change in the composition of the financing. Both features were accounted for by an unprecedented growth in the offerings of state and local governments. Whereas long-term issues of bonds and notes by corporations declined from a little over $2 billion for the first six months of 1946 to $1.9 billion for the comparable period of this year, issues by states and municipalities expanded from $584 million to $1.3 billion, an increase of 130 per cent.

Included in the latter increase were over a half billion dollars of veteran bonus issues, but even though these are excluded, the total of ordinary-purpose financing would be in excess of the 1946 half-year volume. This reflects the activation of many post-war programs designed by states and municipalities to provide for war-deferred maintenance, improvements, and expansions. It would appear also that many municipalities have found it impossible to delay any longer construction programs that have been held up as a consequence of high costs.

State and Municipal Bond Offerings—Fifth District

There are presented in the following table statistics on the bond offerings of states and municipalities in the Fifth District for the first six months of this year. Excluding the $9,625,000 issue by Maryland for general and post-war construction, it will be seen that on a dollar basis improvements and extensions to water, sewer, and sanitary systems were, for the District as a whole, the most important purposes for which debt was incurred. School building and improvements ranked next, accounting for about 15 per cent of the total funds borrowed, and repairs and construction of streets, roads, and bridges required bond issues amounting to 12 per cent of the total issued in the District.

STATE AND MUNICIPAL BOND OFFERINGS
January 1-June 30, 1947

	Maryland		Virginia		W. Virginia		N. Carolina		S. Carolina		Fifth District	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
General and post-war construction	9,625,000*	65.1	....	......	....	......	....	......	....	......	9,625,000	34.3
Water, sewer and sanitary systems	1,822,500	12.3	1,225,000	53.8	726,000	26.2	2,188,500	34.8	820,000	43.2	6,782,000	24.2
School building and improvement	2,000,000	13.5	1,050,000	46.2	....	......	812,500	12.9	218,000	11.5	4,080,500	14.6
Street, road, and bridge building and improvement	....	......	....	......	2,000,000*	72.3	1,150,000	18.3	200,000	10.5	3,350,000	12.0
Electric light system	100,000	0.7	....	......	....	......	1,491,000	23.7	....	......	1,591,000	5.7
Miscellaneous												
Metropolitan district issue	1,000,000	6.8	....	......	....	......	....	......	....	......	1,000,000	3.6
Public buildings	....	......	....	......	....	......	20,000	0.3	500,000	26.4	520,000	1.8
Refunding and improvement	40,000	0.3	....	......	42,000	1.5	270,000	4.3	129,000	6.8	481,000	1.7
Parks & playgrounds	200,000	1.3	....	......	....	......	225,000	3.6	....	......	425,000	1.5
Fire alarm & station	....	......	....	......	....	......	73,000	1.2	....	......	73,000	0.3
General obligations	....	......	....	......	....	......	20,000	0.3	30,000	1.6	50,000	0.2
Cemetery	....	......	....	......	....	......	40,000	0.6	....	......	40,000	0.1
Total	14,787,500	100.0	2,275,000	100.0	2,768,000	100.0	6,290,000	100.0	1,897,000	100.0	28,017.500	100.0

*State issues.

Source: Weekly listings in *The Commercial and Financial Chronicle.*

The foregoing percentage breakdown is only approximately correct inasmuch as the specific purposes of such issues as Metropolitan District (Baltimore County), refunding and improvement, and general obligations were not disclosed in the general announcements of the bond offerings.

It will be noticed that none of the states of the District issued bonds to finance veterans' aid and bonuses.† The General Assembly of Maryland adjourned on March 31 without taking any action on a bonus bill amounting to $100 million. Unless a special session of the Assembly is called, the proposal will remain dormant until at least January 1949 when the Assembly next reconvenes.

Of the total $28,017,500 of bonds issued by states and municipalities of the Fifth District during the first six months of this year there were only two state issues; these, however, accounted for 41 per cent of the total. Maryland offered for sale $9,625,000 of certificates of indebtedness covering 15 year loans for post-war construction, and West Virginia issued $2,000,000 of bonds to finance road construction.

Including both state and municipal issues, Maryland accounted for 53 per cent of the District total, North Carolina 22 per cent, West Virginia 10 per cent, Virginia 8 per cent, and South Carolina 7 per cent. If we exclude state issues, it will be found that local governmental units in North Carolina offered a larger number and a greater dollar amount of bond issues than did the municipalities of any other state of the District. Comparable figures of local government borrowing from January 1 to June 30, 1947 are shown in the following table.

	No. of Issues	Amount
North Carolina	39	$ 6,290,000
Maryland	9	5,162,500
Virginia	7	2,275,000
South Carolina	12	1,897,000
West Virginia	2	768,000
	69	$16,392,500

*This report is intended to supplement the survey of the municipal bond market that appeared in the April 1947 issue of the Monthly Review by presenting data for the Fifth District on state and municipal bond offerings during the first six months of 1947, proposed issues, and commercial bank holdings of municipals. In tracing the progress or deterioration of important factors affecting or resulting from the experience of the market during the first half of this year, some duplication of remarks and reference is unavoidable.

†Except for a small ($2,500,000) loan fund provided for veterans by North Carolina, no veterans' aid or bonus payments were granted by the states of the Fifth District following the first World War. A bonus bill enacted in Maryland in that period was invalidated by the Court on grounds of being unconstitutional.

Although Maryland municipalities floated only 9 bond issues as compared with 39 in North Carolina, the face value of the former was only 18 per cent less than that of the latter, $5,162,500 as compared with $6,290,000 in North Carolina. Whereas only one of the 39 offerings in North Carolina amounted to $1,000,000, three of the nine Maryland municipal issues were in the $1,000,000-and-over class. In none of the other three states did individual municipal issues amount to as much as $1,000,000.

It is interesting to note that although the volume of state and municipal financing for the country as a whole for the first six months of this year increased 133 per cent over that for the preceding six-month period, the Fifth District experienced a decline of 52 per cent. To some extent, this reduction was not as unusual as the comparison might seem to indicate. The total amount of District bond financing in the last half of 1946 was swollen by a number of large individual issues. For example, in Maryland there were a city issue for $23 million, a sanitary district issue of $1 million, and two county floatations amounting to almost $3 million. West Virginia had two county issues of $975 thousand and $1 million, respectively, and a state issue of $2 million of road bonds. South Carolina, with a total amount of bond financing in the first six months of 1947 of less than $2 million, had in the preceding six-month period two county issues totaling $6 million and a state highway bond issue of $6 million. Of the five states in the Fifth District, North Carolina was the only one in which municipal financing increased, rising from about $4.5 million in the last half of 1946 to about $6.3 million for the first six months of this year.

Proposed State and Municipal Bond Issues—Fifth District

It was stated in the preceding article[1] that ". . . the prospect of a large volume of new issues, continues to be the dominant conditioning factor of the (municipal) market." Without minimizing the demand side of the picture, it appears that the quoted statement is still a valid one. Although there was, as we have seen, a record amount of new security issues offered by states and municipalities during the first six months of this year, all indications support the view that that volume is not likely to be an abnormal one over the next few years. That is, it is expected that there will be a heavy and fairly protracted flow of new financing by states and municipalities from the huge reservoir of needed improvements and extensions dammed up during the war years—not to mention the approvals and proposals for veterans' aid and bonuses—that will need to be bond financed.

The latest compilation by "The Bond Buyer" of its inventory of proposed state and municipal bond issues summarized in the table is indicative of the large potential supply. It will be seen by a comparison of the following table with the one in the April 1947 issue of the *Monthly Review,* that the rate of expansion of local government issues throughout the country fell off during the first half of this year. This reflects in part the tremendous volume of sales during the period. State and State Agency figures for the United States, however, registered very marked increases despite sales of about $600,000,000 of state veterans' aid bonds.

INVENTORY OF PROPOSED STATE AND MUNICIPAL BOND ISSUES

(Amounts in thousands)

	Total		State & State Agencies		Municipal	
	7-1-47	11-15-46	7-1-47	11-15-46	7-1-47	11-15-46
United States	$6,113,682	$4,576,915	$2,687,780	$1,520,577	$3,425,902	$3,056,337
Fifth District	257,883	104,472	67,000	21,625	190,883	82,847
Maryland	129,507	47,163	2,000	6,625	127,507	40,538
Virginia	15,625	6,485	....	....	15,625	6,485
West Virginia	54,386	2,271	50,000	....	4,386	2,271
North Carolina	49,393	41,181	15,000	15,000	34,393	26,181
South Carolina	8,972	7,372	....	....	8,972	7,372

Source: The Bond Buyer.

Although proposed bond issues by local governmental units in the United States expanded only 12 per cent in the period covered in the foregoing table, similar proposals in the Fifth District increased 130 per cent. Against the increase of 77 per cent in intended issues by states and their agencies, the Fifth District experienced a growth of 210 per cent. The net results show an increase of 34 per cent in total state and municipal bond proposals for the country as a whole and an expansion of 147 per cent in the Fifth District.

The increase in the District inventory is particularly impressive in view of the very large amounts of bond offerings and sales during the fiscal year ended June 30, 1947. As of November 11, 1946 the inventory of proposed state and municipal bonds in the Fifth District was equal to about 2.3 per cent of the total for the entire country. As a consequence of the increases noted, the District's share of the nation-wide total had expanded to 4.2 per cent by July 1, 1947.

It will be noticed in the preceding table that the growth of the inventory of proposed issues in the Fifth District is due mainly to the increases registered in Maryland and West Virginia. In the former state, a decline in proposed state issues was more than offset by an increase of almost $87,000,000 in the local government area which boosted the total for the state as of July 1st 175 per cent over the earlier figure. Inasmuch as the $100 million Maryland bonus bill has not progressed beyond the "idea" stage, it is not included in the preceding table. Percentagewise, the increase in the District total was due largely to the growth of the inventory figure for West Virginia from $2,271,000 on November 1, 1946 to $54,386,000 on July 1, 1947. This, in turn, was due to the appearance of $50,000,000 of proposed issues by the state. The inventory for the District con-

[1]See reference at beginning of article.

tinued to show no proposed state issues by Virginia and South Carolina. During July, however, the South Carolina State Highway Commission approved a $5 million bond issue (offered during August), with another $3 million to be requested subsequently if needed, to finance highway construction throughout the state.

Other Aspects of the Prospective Supply

According to a survey made earlier this year by the International City Managers' Association, almost twice as many cities in the United States will finance capital projects out of current revenues this yeear as during 1946. Out of a total of 677 cities with populations over 10,000, 459 will finance major improvements partly or wholly with current revenues. Despite this tendency for cities to take advantage of the present situation of favorable revenues to pay as they go, the preceding section on proposed issues leaves little doubt that the municipal bond market will continue to be geared over the next few years to a high volume of new money issues.

This appears to be particularly true of prospective issues in the Fifth District. It has been noted that as of July 1, 1947 the estimated inventory of proposed bond issues of states and municipalities in this District amounted to about $258 million. Based on sales during the year July 1, 1946 to June 30, 1947, this represents about a three-year coverage. Taken in conjunction with proposals and plans that have not progressed beyond the idea stage or which are waiting authorization—such as the $100 million bonus bill in Maryland and the additional $3 million highway bonds that may be authorized in South Carolina—it is apparent that District municipal bond dealers are faced with a radically changed market from that which prevailed through the war period.

Dealers' Inventories

One aspect of the new market that warrants particular attention at the present time is the condition of municipal dealers' inventories. During July unsold balances of new issues throughout the country piled up to a record peak of $130 million. Although they had receded to about $117 million by August 1, and even at the peak figure were not abnormally large in comparison with the record-breaking amount of new issues processed by the market during the first six months, unsold inventory loads constitute a factor that will bear watching. This is especially important in view of the fact that the volume of new financing that will continue to reach the market will apparently be large for an extended period. To date, the volume of new flotations has lagged well behind the volume of authorizations, but sooner or later the latter will materialize in actual offerings.

The Importance of Timing

Another important aspect of the problem of marketing the issues is the orderliness with which the offerings will be made.

One of the reasons cited for the failure of Cleveland to receive any bids at its formal offering of $22 million of transit bonds on July 29 was the proximity of the offering to the $105 million Chicago Transit Authority issue scheduled for sale on August 5. Although the investment bankers shied away from the minimum price terms stipulated for the Cleveland issue, it is likely that the main difficulty was its unfortunate timing with respect to another and larger issue of transit revenue bonds. Revenue bonds in general, and transit issues in particular, were described as "just not popular at the moment."

From the outset of the post-war period, discussion of the municipal bond market has been colored by the fear of a flood of new issues. Should there be an attempt to market a substantial amount of prospective issues within a few months or even a year, the term "flood" might indeed be an applicable one. If on the other hand, offerings continue to be properly spaced to minimize competition among state and municipal units and to be arranged to avoid glutting the market with identical-purpose issues, the flow can be controlled to permit its absorption with a minimum of market disturbance.

Run-off of Outstanding Bonds

Closely allied with the preceding factor in a consideration of the market's capacity to digest the prospective large state and municipal bond issues is the rate at which outstanding bonds mature and are retired. During the war and as a consequence of reasons that are well known, state and local debt was substantially reduced. At the outset of the war there was outstanding a total gross debt of state and local governmeents amounting to $20 billion; by the end of the war this debt had contracted to about $16.4 billion. The strength of the factor of maturing debt was displayed also during 1946 when despite the resumption of large-scale borrowing, the amount of debt retirement was sufficiently great to offset the new bond issues and result in a further reduction of the outstanding state and local debt.

With outstanding bonds currently maturing and being retired at the rate of about $1.2 billion annually, it is apparent that this factor constitutes a strong offset to the flow of new issues.

The Demand for Municipals

The history of the market during the first six months of this year reflects the satisfactory conditions of demand that existed; the market absorbed a greater volume of new money issues during that period than in the entire twelve months of 1946. Also indicative of strong investor demand was the keen competition among investment bankers in bidding for many of the new issues. For example, only .0037 per cent separated the net interest costs of the two highest bids for the $300,000 school bonds of Caldwell County, North Carolina offered February 25. The net interest cost to Shelby, North Carolina, resulting from the successful bid for its offering on April 22 of $125,000 park bonds was 1.6490 per cent; the next highest bid submitted would have entailed a cost of 1.6498 per cent. Net interest costs of the two highest bids for the $400,000 public improvement bond issue of Thomasville, North Carolina, April 8, were 1.917 per cent and 1.930 per cent. Similarly, close bids were submitted for the $1,000,000 Metropolitan District bonds of Baltimore County, Maryland, dated April 1, and for the $9,625,000 construction loan certificates offered by the State of Maryland on June 23. For the more recent offering on July 14 by Charlotte, North Carolina, of $1,500,000 public improvement bonds, net interest costs of the two highest bids were 1.6435 and 1.6447 per cent.

In this connection it might be interesting to note the increase in interest costs as cited in the April article. There it was pointed out that a Baltimore issue in November 1945 with a maturity of 19 years involved a net interest cost to the city of .942 per cent and that a 20-year bond issue by Richmond in December 1945 was floated at a net interest cost of .887 per cent.

Although the issues cited in the two periods are not strictly comparable, it might be noted that one of the lowest net interest costs realized by a local governmental unit in Maryland during the first half of this year on a long-term issue was 1.57 per cent. This was the cost to Prince Georges County on a $2 million 20-year school bond issue. In Virginia it appears from available reports that the lowest net interest cost on a long-term issue of municipal bonds was 1.285 per cent as realized by Henrico County on its offering of $750,000 of 20-year school bonds dated April 1, 1947.

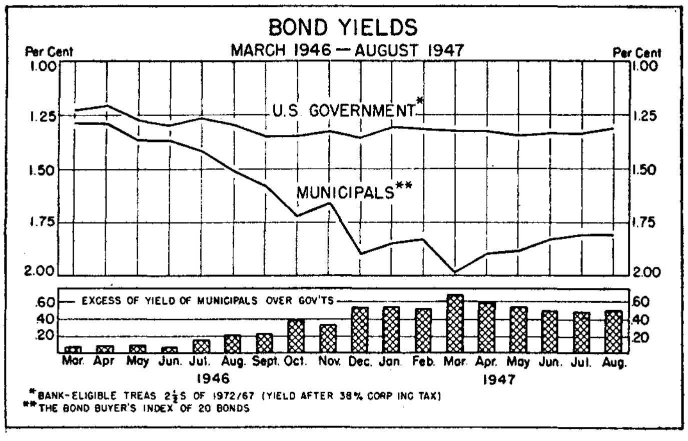
Similarly, whereas in November 1945, Kinston, North Carolina, was able to float $90,000 of 10-year public improvement bonds at a net interest cost of .994 per cent, one of the lowest net interest costs on a 10-year issue by a North Carolina local government to date this year was 1.38 per cent on the June 1 issue of $14,000 of street improvement bonds by Washington.

Comparative Bond Yields

The obverse aspect of the foregoing is the higher yields realized by purchasers of municipal bonds over the course of this year as compared with 1946. From an all-time low of 1.29 per cent registered during March 1946 by "The Bond Buyer's" index of 20 municipal bonds, the average yield rose persistently over the following twelve months to a post-war high of 1.99 per cent during the first week of March this year. Since then municipal prices have risen somewhat and, as shown on the accompanying chart, the average yield had declined to 1.81 per cent by August 7.

Some authorities subscribe to the theory that a ceiling on municipal price rises is set by that limit beyond which commercial banks cease large-scale buying since commercial banks furnish so large a part of the demand. This view however, emphasizes but one aspect of demand, ignoring the demand of individuals, and conceals the effect of the supply of municipals and the competing supply of other opportunities for investment. The salability of municipal bonds to the largest segment of the market turns primarily on a comparison of yields on municipals, which are tax exempt, with yields on Federal Government issues of similar maturiities, which are taxable, after allowance for income taxes.

It will be seen on the following chart that in the year following March 1946 the spread between the average yield on municipals and the after-tax yield on the indicated U. S. Treasury bond rose from 6 to 66 points. As a consequence of the decline in the municipal yield since March of this year, the spread had narrowed somewhat to 49 points as of August 7.



Thus, in March 1946 an individual investor with a taxable income of $50,000 would have had to realize about 4.5 per cent from an investment in a taxable bond to have equalled the then prevailing average yield on municipals. A year later he would have had to obtain a return of about 6.9 per cent on an investment in a taxable security to have matched the average yield on municipals shown in the preceding chart. The comparable figure as of August 7, 1947 was about 6.3 per cent.

Similarly, to a bank in the taxable income bracket of $25,000 to $50,000, the yield of 1.29 per cent on a municipal bond purchased in March 1946 would have been equivalent to a yield of about 2.7 per cent on a fully taxable bond. On March 6, 1947 when the average yield on municipals was 1.99 per cent, the same bank would have had to secure a yield of about 4.2 per cent from a taxable bond in order to have realized an equivalent return. At that time the bank-eligible 2½'s of 1972/67 issued by the U. S. Treasury were quoted at a price to yield 2.14 to call date. As shown in the chart, the average yield on municipals turned downward from the high of 1.99 per cent in March of this year and by August 7 had declined to 1.81 per cent. To have provided the hypothetical bank with an equivalent return, an investment in taxable bonds would have had to yield about 3.85 per cent. On that date the taxable yield on the U. S. Government bonds mentioned was 2.13 per cent.

It should be pointed out, however, that broad or established trends in yield differentials are reflections of all factors of demand and supply. As such, they are more a result than a cause of investment.

Prospective Demand—Individuals

In general, there is a causal relationship between the demand for tax exemption and the level of income taxes. Accordingly, the demand for tax-exempt securities should continue strong in the foreseeable future. The nature of the demand will be determined in part by comparative tax-free yields to different groups of investors—corporations, including banks, and individuals. Assuming, as is frequently done, that the demand from individuals and estates is relatively constant, deriving mainly from the need of replacements, the dominant demand for municipals will arise from commercial banks if prices are such as to produce yields competitive with other bank-eligible investments.

The assumption that the demand for municipals by individuals will be conditioned principally by the replacement of maturing bonds should be qualified by a consideration of the nature of the decline in holdings of this group since 1940. Although the total state and local debt outstanding declined 21.5 per cent (by $4.3 billion) from 1940 to 1946, the holdings of individuals (including unincorporated businesses and personal trust accounts) fell off only 15.8 per cent. Thus, despite the absolute reduction in such holdings during the 6-year period, individuals held a larger proportion of the total as of June 30, 1946 (44 per cent) than they did in 1940 (41 per cent).

In considering the ability of the market to absorb the large prospective supply of municipals, it has been often pointed out that an expansion of $4.3 billion is possible before the volume outstanding in 1940 will be exceeded. The implication is that the war-time reduction in the volume of outstanding municipal bonds provides a margin of expansion that can occur before the large prospective supply becomes a severe marketing problem. The acceptance of this inference, however, is subject to a consideration of the changes in the composition of all debt since 1940.

The increase noted in the distributive share attributable to individuals supports to some extent the contention that the prospective demand from this source may not be restricted to the need for replacing matured holdings. In 1937 individuals owned 46 per cent of the total outstanding municipal bonds, but a steady contraction took place over the next five years and by 1942 individual accounts held only 39 per cent of the total then outstanding. Since then the percentage holding increased until by June 30, 1946 it was 44. Thus, over the past four years the acquisition of municipals by individuals has included a substantial amount over and above replacement needs. The assumption, therefore, that the high taxes on individual incomes has caused the demand for tax-exempts by individuals to have been largely satisfied and that their interest in the market now is confined to their needs for replacing maturing issues may not be a valid one. An increasing participation in the municipal market is also indicated when it is remembered that even with the reductions provided for in the income tax bill vetoed by the President on June 16, 1947, an individual with an income of $100,000 would have to secure 5.74 per cent from a taxable security to better a 2 per cent return on a tax-exempt.

Commercial Banks

The primary factor determining the demand for municipals from commercial banks will be, as stated in a preceding section, the yield to be derived from these securities as compared with taxable securities. As shown in the following table, commercial banks have been the only investors which have increased their holdings of state and municipal bonds since 1940, when the total amount outstanding began to contract. In fact, the upward trend in holdings by banks dates back to 1937; for all the categories shown in the following table only commercial banks held a greater amount of municipals on June 30, 1946 than was owned in 1937.

DISTRIBUTION OF OWNERSHIP
STATE AND MUNICIPAL BONDS
(Billions of dollars)

	1946[1]	1945	1944	1943	1942	1941	1940
Individuals[2]	$6.9	$7.0	$7.1	$7.5	$7.6	$7.9	$8.2
Commercial banks	4.1	3.8	3.5	3.5	3.6	3.7	3.6
U. S., State & local govts.	2.9	3.4	4.0	4.4	4.6	4.6	4.3
Insurance companies	1.0	1.2	1.6	1.7	2.2	2.2	2.2
Corporations & assocs.	0.8	0.9	1.0	1.1	1.1	1.1	1.2
Mutual savings banks	0.1	0.1	0.2	0.2	0.4	0.5	0.6
Total[3]	15.7	16.4	17.3	18.5	19.5	20.0	20.0

[1]All years as of June 30.
[2]Including unincorporated businesses and personal trust accounts.
[3]Sum of details does not necessarily equal totals due to rounding.
Source: Annual Report of Secretary of the Treasury, June 30, 1946.

As a result of increased purchases, commercial banks on June 30, 1946 owned 26.1 per cent of the total outstanding as compared with 18 per cent in 1940. Currently, there appears no reason for believing that the trend of increased bank purchases of municipals will come to an early halt; on the contrary, assuming satisfactory price conditions, there is some support for the contention that commercial banks will continue to increase their holdings of this type of security. During the war as banks invested heavily in the war effort by increasing their holdings of U. S. Government obligations over fourfold, the percentage which bank-held municipals were of total investments of banks fell off from 15 at the end of 1940 to 4 by December 31, 1945. As a consequence of both an absolute increase in holdings of municipals and of the decrease in holdings of U. S. Government securities effected by the debt retirement program of the Treasury during 1946, the percentage rose slightly to 5 at the end of the year.

As indicated in the table on page 6 of the April *Monthly Review,* a similar shift has occurred in the Fifth District Fifth District member bank holdings of municipals declined from 10 per cent of total investments in 1940 to 2.2 per cent on December 31, 1945, and then rose to 2.9 per cent by the end of 1946. This apparent reversal of the wartime decline was further substantiated by the June 30, 1947 statement of Fifth District member bank investments. During the first six months of this year, total investments were reduced further to $2,977 million on June 30 while holdings of state and local government obligations rose to $100 million, thus raising the percentage relationship further, to 3.4 per cent as of the close of the first half of this year.

The upward trend of the ratio of municipal holdings of commercial banks to total investments toward the pre-war relationship does not, of course, necessarily indicate an increase in absolute holdings. However, it is pertinent in this connection to recall what was said in the April *Monthly Review* concerning the shortening, through run-offs and the passage of time, of maturies of U. S. Government bond holdings and the reduction that is occurring in the total outstanding amount of bank-eligible U. S. Governments due or callable beyond five years. As of May 31, 1947, the latest date for which this information is available, the U. S. Treasury survey of the ownership of U. S. Government securities showed that commercial banks held about 53 per cent of the outstanding marketable obligations less bank restricteds and 37 per cent of the total marketable securities. Of the amount held by commercial banks ($63,500,000,000, including stock savings banks), 66 per cent were due or callable within 5 years.

Furthermore, although commercial banks held about $20 billion of bank-eligible Governments on December 31, 1946 which were due or callable beyond 5 years, the amount of available issues in this category will decline sharply as existing issues approach their due or callable dates. For example, on the basis of debt outstanding, by January 1, 1948 there will be a total of only $15,391,000,000 due or callable beyond 5 years, of which about $9.5-10.0 billion are held by commercial banks. Thus, over the course of 1947 a reduction of about 50 per cent will have been effected in commercial bank holdings of bank-eligible Treasury bonds due or callable beyond 5 years.

The implication of the foregoing is that the shortening of maturities in the portfolio of Treasury bonds, even though a reduction in interest receipts is not involved, may result in a greater demand in the municipal market on the part of commercial banks. It is pertinent in this connection to point out that according to the terms of issues now outstanding, the limited volume of outstanding Government obligations eligible for purchase by commercial banks will not become larger until 1952.

Other Investors

The table in the preceding section showing the distribution of ownership of state and municipal bonds reveals that the greatest percentage reductions from 1940 to 1946 occurred in the holdings of mutual savings banks (83 per cent) and insurance companies (54 per cent). Inasmuch as the tax-exemption feature of municipals is but of minor importance to these institutional investors, it appears that the long period of rising prices on these securities has resulted in relatively large disposals of such holdings by savings banks and insurance companies during the war. Similarly, the relatively low yields on municipals discouraged new investment in such securities by these investors; life insurance companies, for example, purchased only $16 million of state and local obligations in 1945. Although $28

(Continued on page 14)

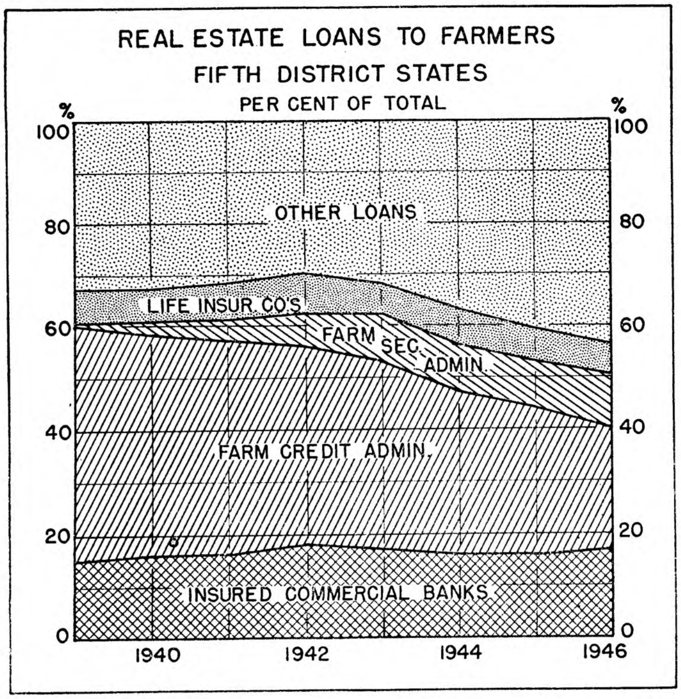
Agricultural Lending By Insured Banks in the Fifth Federal Reserve District

2. REAL ESTATE LOANS

This is the second part of a study based upon a survey of the agricultural loans of Fifth District insured banks conducted by the Federal Reserve Bank of Richmond and the Federal Deposit Insurance Corporation. The first part, dealing with non-real estate loans, appeared in the *Monthly Review* of September 30, 1947.

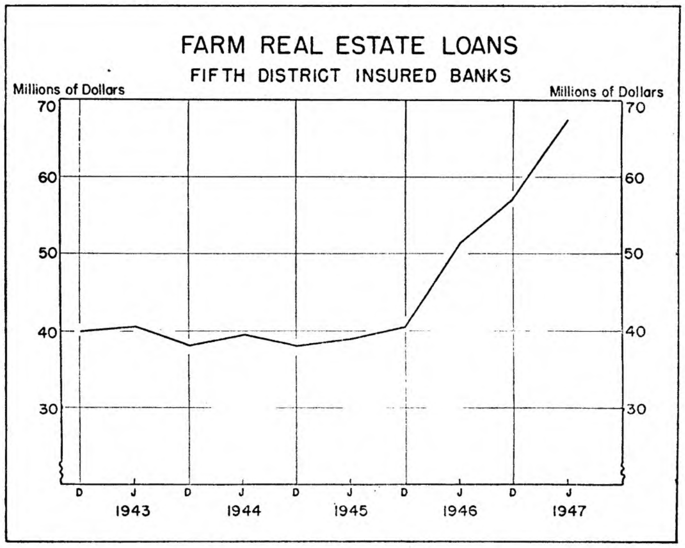
Commercial banks have played a relatively minor role in the supplying of farm mortgage credit, a field that until recent years has been served principally by a group of lenders consisting of individuals, endowment funds, and insurance companies. The lack of inherent short-term liquidity of farm mortgage paper has served to hold bank portfolios to low proportions, and banking laws have re-inforced the reluctance of bankers to lend large amounts of funds on a long-term basis against the security of real estate.

The organization of the Federal Land Banks in 1916 brought the Federal Government into the mortgage market as a supplier of long term credit to farmers. The proportion of the total outstandings held by the Land Banks and the more recently established Federal Farm Mortgage Corporation became of substantial importance in the 1930's as other lenders decreased their portfolios, but has been of decreasing importance in the years since 1940.



Within the Fifth District states commercial banks have been of greater importance than in the national picture. On January 1, 1946, the insured commercial banks of the District states held 17 per cent of the total as compared with 10 per cent for the country as a whole. The preceding chart shows the position of these banks relative to other lenders for the years 1939-1946.

After 1942, farm mortgage loans of insured banks showed some decline in line with the general decline that occurred in total farm indebtedness. As may be seen from the following chart, this decline was reversed in 1945 and spectacular increases have been made in 1946 and 1947.



Banks Lending on Farm Real Estate

Bank lending against farm land is primarily a business of the smaller banks located in the smaller population centers. In mid-1947, 94 per cent of the farm real estate loans of Fifth District insured banks were outstanding at banks having total deposits of $10 million or less; these loans amounted to 84 per cent of the total dollar amount. On the basis of the population of the center in which the lending bank was located, 80 per cent of the total number of loans, amounting to 66 per cent of the dollar total, were held by banks in centers having a population of less than 5,000 persons. Table I below shows the details of the distribution by size of bank and size of city or town.

Table I

FARM REAL ESTATE LOANS BY BANK SIZE AND POPULATION OF CENTER IN WHICH BANK IS LOCATED

Fifth District Insured Banks

Estimated—Mid-1947

Size of city (1940 census)	Amount in thousands)				Number of loans			
		Bank size				Bank size		
	All banks	Total deposits over $10 million	Total deposits from $2-$10 million	Total deposits less than $2 million	All banks	Total deposits over $10 million	Total deposits from $2-$10 million	Total deposits less than $2 million
Under 500	4,278	......	677	3,602	2,432	......	248	2,184
500 - 999	9,067	....	4,540	4,527	3,424	....	1,578	1,846
1,000 - 2,499	9,405	......	6,655	2,751	4,424	....	2,618	1,807
2,500 - 4,999	6,362	....	4,782	1,580	2,490	....	2,054	437
5,000 - 14,999	6,040	985	5,055	....	1,512	130	1,381	....
15,000 - 49,999	7,629	4,827	2,530	272	1,294	600	631	62
50,000 and over	1,417	1,057	360	....	334	196	138	....
Total	44,198	6,869	24,599	12,730	15,910	927	8,648	6,335

Note: Detailed figures may not add to totals because of rounding.

Borrowers

Operators of general farms were the principal group of borrowers against farm real estate in the Fifth District, their loans amounting to 49 per cent of the total number and 46 per cent of the dollar amount. Tobacco farmers had the largest number of loans of the other groups shown in table II, although operators of dairy farms were indebted for the largest amount.

Table II

FARM REAL ESTATE LOANS BY TYPE OF FARM

Fifth District Insured Banks

Estimated—Mid-1947

Type of farm	Amount (in thousands	Amount % of total	Number of loans Number	Number of loans % of total
General	20,171	45.6	7,873	49.5
Dairy	5,891	13.3	1,120	7.0
Poultry and eggs	707	1.6	247	1.5
Livestock	3,044	6.9	1,131	7.1
Fruit	766	1.7	152	1.0
Truck	1,661	3.8	621	3.9
Cotton	2,005	4.5	534	3.4
Tobacco	4,372	9.9	2,073	13.0
Field crops	1,873	4.2	632	4.0
Other	346	.8	117	.7
Part-time	3,289	7.5	1,366	8.6
Not known	73	.2	44	.3
Total	44,198	100.0	15,910	100.0

Size of Loans

The average farm real estate loan outstanding—obtained by dividing the dollar amount of outstandings by the number of loans—was in the amount of $2,778. The typical loan outstanding, however, was for a smaller amount; 62 per cent of the total number of loans had owing on them amounts of less than $2,500, while but 4 per cent had amounts of $10,000 or more still to be paid.

On the basis of the original amount of the loan made under the lien being employed, the picture was somewhat different. As may be seen from table III, some 53 per cent of the total number were for original amounts of less than $2,500, while there was a substantial concentration in the $2,500-$4,999 group.

Table III

FARM REAL ESTATE LOANS BY ORIGINAL SIZE

Fifth District Insured Banks

Estimated—Mid-1947

Size of loan	Amount currently outstanding $ thousands	Amount currently outstanding % of total	Number	Number % of total
Less than $500	318	0.7	1,176	7.4
$500-$999	1,254	2.8	2,328	14.6
$1,000-$1,499	1,705	3.9	1,907	12.0
$1,500-$2,499	4,423	10.0	3,067	19.3
$2,500-$4,999	11,415	25.8	4,100	25.8
$5,000-$9,999	12,975	29.4	2,412	15.2
$10,000-$24,999	10,229	23.2	851	5.3
$25,000-$49,999	1,470	3.3	63	0.4
$50,000 and over	407	.9	7	*
Total	44,198	100.0	15,910	100.0

*Less than 0.5 per cent.

Note: Detailed figures may not add to totals because of rounding.

Purpose

Bank loans outstanding against farm real estate were made principally for the purpose of purchasing land, 60 per cent of the number and 64 per cent of the dollar amount being for this purpose. Of these loans, the majority were secured by the land purchased, the remainder being secured by one tract of land to provide funds for the purchase of another tract. Construction or maintenance of buildings was cited as the major purpose of 13 per cent of farm real estate loans amounting to 17 per cent of the dollar total, while other purposes—which may be assumed to have been principally production and living expenses—accounted for 21 per cent of loans which amounted to 16 per cent of the total.

The major purpose of loans was closely related to the type of farm on which the loan was made, as may be seen from table IV. Loans against general farms were largely for the purchase of land, either that mortgaged or additional properties, although a substantial portion went into the construction and maintainance of buildings. Yet larger proportions of the borrowings against dairy, poultry, cotton, and "other" field crop farms went toward land, while roughly but two-fifths of loans against orchards and truck farms were for this purpose. Construction and maintenance of buildings were of importance in loans against truck, tobacco, and poultry farms. Production loans, to the extent that they were represented in the "other" purpose classification, showed their principal importance in loans against orchards, livestock and tobacco farms.

Table IV

FARM REAL ESTATE LOANS BY MAJOR PURPOSE AND TYPE OF FARM

Fifth District Insured Banks

Estimated—Mid-1947

Type of farm	Amount (in thousands)						Number of loans					
		Purpose						Purpose				
	All purposes	To buy land mort-gaged	To buy other land	To build or repair bldgs.	Other	Not known	All purposes	To buy land mort-gaged	To buy other land	To build or repair bldgs.	Other	Not known
General	20,171	11,170	1,878	4,067	2,378	679	7,873	4,380	880	860	1,321	433
Dairy	5,891	4,147	312	562	858	12	1,120	733	107	125	144	11
Livestock	3,044	850	581	189	1,306	118	1,131	291	302	66	388	86
Truck (except potatoes)	1,661	482	195	642	184	159	621	223	55	163	112	68
Cotton	2,005	982	787	113	93	30	534	283	88	63	61	38
Tobacco	4,372	1,544	443	1,006	1,110	269	2,073	459	198	423	861	132
Field crops	1,873	1,342	169	32	307	23	632	362	65	28	58	19
Other	1,819	919	103	218	479	99	516	269	18	93	89	40
Part-time	3,289	1,979	324	585	315	86	1,366	493	310	299	173	90
Not known	73	62	....	....	....	11	44	37	....	....	....	7
Total	44,198	23,477	4,792	7,414	7,030	1,485	15,910	7,529	2,024	2,127	3,306	924

Note: Detailed figures may not add to totals because of rounding.

Maturities

Although credit extended against the security of real estate is generally considered as being for long-term use, 69 per cent of the farm real estate loans were for periods of 1 year or less; these loans represented 55 per cent of the dollar total. There are two explanations for this seeming inconsistency: the extent to which real estate is employed as security for what are essentially agricultural production loans—reflected in the "other" purpose category—and the practice of many banks of setting up real estate loans on a short-term basis with the understanding that upon the payment of interest charges and possibly a curtailment, extensions will be made. Added to these factors is the probably small factor of short-term financing of farm real estate purchased with the intention of resale.

Maturities of more than 1 year were fairly evenly distributed from 1 to 5 years with a smaller proportion lying between 5 and 10 years. Maturities of more than 10 years amounted to but 6 per cent of the total dollar outstandings. It was reported that 4 per cent of outstanding loans, amounting to 5 per cent of the dollar volume, were past due.

Loans of small original dollar amounts were, generally speaking, for shorter periods of time than were the larger loans. Ninety per cent of the dollar volume of loans of less than $1,000 were to mature within 1 year of the date made, while at the other extreme 27 per cent of the loans of original amounts of from $5,000 to $9,999 were for periods of more than 5 years. Table V presents the maturity distribution by size of loan.

Table V

FARM REAL ESTATE LOANS BY MATURITY AND ORIGINAL SIZE OF LOAN

Fifth District Insured Banks

Estimated—Mid-1947

Maturity of loan	Amount (in thousands)					Number of loans				
		Original size of loan					Original size of loan			
	All sizes	Less than $1,000	$1,000-2,499	$2,500-4,999	$5,000 and over	All sizes	Less than $1,000	$1,000-2,499	$2,500-4,999	$5,000 and over
Demand	5,340	205	1,101	2,243	1,790	2,500	449	939	803	310
6 months or less	12,956	844	2,370	3,405	6,337	5,941	1,940	1,980	1,302	720
6-12 months	5,903	361	1,001	1,520	3,021	2,548	779	781	524	464
1-2 years	1,793	39	123	185	1,446	474	107	124	79	164
2-3 years	3,971	24	303	694	2,950	914	38	238	255	383
3-5 years	2,870	19	536	591	1,724	914	39	395	214	267
5-10 years	6,456	12	394	1,639	4,411	1,417	27	274	546	571
10-15 years	1,803	6	76	581	1,142	372	9	44	191	129
15-20 years	821	....	17	150	654	162	....	12	51	99
Over 20 years	64	....	....	....	64	7	....	....	....	7
Past due	2,221	62	207	406	1,546	661	117	189	134	221
Total	44,198	1,572	6,128	11,415	25,081	15,910	3,504	4,974	4,100	3,333

Note: Detailed figures may not add to totals because of rounding.

As might be expected, the proposed use of the loan funds influenced the maturity to a considerable extent. Of funds lent to purchase the land mortgaged, 42 per cent were repayable within one year while 31 per cent would not be completely repaid for more than five years. Loans for the purchase of additional land were of a much shorter maturity, however, some 67 per cent of the dollar amount being due within 1 year while only 12 per cent were to run for more than 5 years. Loans for buildings and other uses were similarly of a predominantly short-term nature, maturities within 1 year being 76 per cent and 67 per cent respectively.

Table VI

FARM REAL ESTATE LOANS BY MATURITY AND MAJOR PURPOSE

Fifth District Insured Banks

Estimated—Mid-1947

Maturity of loan	Amount (in thousands)						Number of loans					
		Purpose						Purpose				
	All purposes	To buy land mortgaged	To buy other land	To build or repair bldgs.	Other	Not known	All purposes	To buy land mortgaged	To buy other land	To build or repair bldgs.	Other	Not known
Demand	5,340	2,621	424	1,208	901	186	2,500	1,225	270	332	522	151
6 months or less	12,956	4,652	1,758	3,708	2,390	448	5,941	2,404	928	852	1,310	447
6-12 months	5,903	2,582	1,044	729	1,398	149	2,548	835	383	380	853	97
1-2 years	1,793	662	445	169	457	60	474	217	78	87	72	20
2-3 years	3,971	2,812	67	470	443	179	914	558	37	155	105	58
3-5 years	2,870	2,110	177	322	197	64	914	561	83	136	110	25
5-10 years	6,456	4,998	436	339	467	216	1,417	1,032	120	65	164	36
10-15 years	1,803	1,388	87	105	223	....	372	306	7	29	30	....
15-20 years	821	779	42	....	....	....	162	158	4	....	....	....
Over 20 years	64	64	....	....	....	....	7	7	....	....	....	....
Past due	2,221	809	313	364	552	184	661	226	114	92	139	89
Total	44,198	23,477	4,792	7,414	7,030	1,485	15,910	7,529	2,024	2,127	3,306	924

Note: Detailed figures may not add to totals because of rounding.

Repayment Methods

Seventy-one per cent of the farm real estate loans reported upon were single-payment loans; these loans represented 58 per cent of the total dollar amount outstanding, indicating that they were, generally speaking, the smaller loans. On the basis of maturity, they were predominantly short-term loans, principally of 1 year or less. Loans made to run for more than 3 years were repayable on an instalment basis in the vast majority of cases, representing the strengthening movement toward amortization of these long-term real estate loans. Table VII presents a detailed picture of this relationship.

Table VII

FARM REAL ESTATE LOANS BY REPAYMENT METHOD AND MATURITY

Fifth District Insured Banks

Estimated—Mid-1947

Maturity of loan	Amount (in thousands)				Number of loans			
		Repayment method				Repayment method		
	All methods	One payment	Instalments	Not given	All methods	One payment	Instalments	Not given
Demand	5,340	3,972	1,345	23	2,500	2,098	398	4
6 months or less	12,956	8,273	4,415	268	5,941	4,850	797	294
6-12 months	5,903	5,394	509	....	2,548	2,384	164	....
1-2 years	1,793	1,526	267	....	474	390	84	....
2-3 years	3,971	3,340	632	....	914	660	254	....
3-5 years	2,870	1,065	1,805	....	914	219	695	....
5-10 years	6,456	502	5,954	....	1,417	614	1,253	....
10-15 years	1,803	232	1,571	....	372	59	313	....
15-20 years	821	79	742	....	162	34	128	....
Over 20 years	64	....	64	....	7	....	7	....
Past due	2,221	1,146	1,055	19	661	378	249	34
Total	44,198	25,529	18,359	310	15,910	11,236	4,342	332

Note: Detailed figures may not add to totals because of rounding.

The operations of the borrower, as reflected in the type of farm utilized as security, were also of significance in determining the repayment terms. Loans based upon livestock, cotton, and tobacco farms were largely single-payment loans, while loans against dairy and truck farms and farms producing field crops other than cotton and tobacco showed a stronger tendency toward instalment repayment.

Table VIII

FARM REAL ESTATE LOANS BY REPAYMENT METHOD AND TYPE OF FARM

Fifth District Insured Banks

Estimated—Mid-1947

Type of farm	Amount (in thousands)				Number of loans			
		Repayment method				Repayment method		
	All methods	One payment	In-stalments	Not given	All methods	One payment	In-stalments	Not given
General	20,171	12,306	7,729	136	7,873	6,110	1,644	119
Dairy	5,891	2,852	3,039	....	1,120	653	467	....
Poultry and eggs	707	255	452	....	247	98	149	....
Livestock	3,044	2,205	805	34	1,131	935	162	34
Fruit	766	418	349	....	152	85	67	....
Truck (except potatoes)	1,661	682	971	7	621	382	234	5
Cotton	2,005	1,214	792	....	534	171	363	....
Tobacco	4,372	3,277	1,072	23	2,073	1,726	342	5
Field crops	1,873	482	1,391	....	632	265	367	....
Other	346	102	244	....	117	43	74	....
Part-time	3,289	1,712	1,466	110	1,366	744	452	170
Not known	73	22	51	....	44	23	21	....
Total	44,198	25,529	18,359	310	15,910	11,236	4,342	332

Note: Detailed figures may not add to totals because of rounding.

Interest Rates

While more than one-half of the total number of farm real estate loans were made at 6 per cent, 5 per cent was the typical rate from the standpoint of the dollar amounts involved. Sixty-seven per cent of the total dollar volume outstanding were made at 5 per cent or less.

As may be gathered from this, the higher-rate loans were in general the smaller loans, and the data presented in table IX bear out this conclusion. Of the loans amounting to less than $500, 79 per cent bore interest charges of 6 per cent or more, while charges at this rate were made for but 14 per cent of the loans of $10,000 or more.

Table IX

FARM REAL ESTATE LOANS BY INTEREST RATE CHARGED AND ORIGINAL SIZE OF LOAN

Fifth District Insured Banks

Estimated—Mid-1947

Original size of loan	Amount (in thousands)								Number of loans							
		Interest rate								Interest rate						
	All loans	Under 4.0	4.0	4.5	5.0	5.5	6.0	7.0	All loans	Under 4.0	4.0	4.5	5.0	5.5	6.0	7.0
Less than $500	318	......	11	5	51	....	246	5	1,176	......	34	17	195		917	13
$500 - $999	1,254	......	75	13	282	....	817	67	2,328	......	158	16	470	....	1,574	109
$1,000 - $1,499	1,705	......	48	11	374	....	1,229	43	1,907	......	41	9	409	....	1,391	57
$1,500 - $2,499	4,423	......	264	115	1,374	58	2,606	6	3,067	......	176	77	936	37	1,829	13
$2,500 - $4,999	11,415	......	2,391	519	3,640	....	4,788	77	4,100	......	722	173	1,319	....	1,857	28
$5,000 - $9,999	12,975	141	3,268	958	5,365		3,174	70	2,412	25	556	165	992	....	659	16
$10,000 - $24,999	10,229	166	5,275	970	2,671	....	1,147	....	851	17	385	84	246	....	119	....
$25,000 - $49,999	1,470	......	867	......	405	....	199	....	63	......	36	......	19	....	7	....
$50,000 and over	407	185	222	......	......	....	......	....	7	4	4	......	......	....	......	....
Total	44,198	492	12,422	2,590	14,162	58	14,205	269	15,910	46	2,112	541	4,586	37	8,353	235

Note: Detailed figures may not add to totals because of rounding.

Closely related to the original size of the loan was the size of the property employed as security for the loan, and a relationship may be noted between this factor and the interest rate charged. Fifty-six per cent of the dollar outstandings secured by farms of less than 30 acres bore interest at the rate of 6 per cent; this proportion decreased steadily as the size of the farm increased, reaching 19 per cent in the case of loans secured by farms of 260 acres or more.

Table X
FARM REAL ESTATE LOANS BY INTEREST RATE CHARGED AND SIZE OF FARM
Fifth District Insured Banks
Estimated—Mid-1947

Size of property mortgaged	Amount (in thousands)								Number of loans							
		Interest rate								Interest rate						
	All loans	Under 4.0	4.0	4.5	5.0	5.5	6.0	7.0	All loans	Under 4.0	4.0	4.5	5.0	5.5	6.0	7.0
Under 10 acres	701	....	58	......	138	....	505	....	519	.....	45	......	114	....	359	....
10 - 29 acres	3,259	....	563	178	822		1,696	....	2,187	......	200	58	430	....	1,499	....
30 - 69 acres	8,244	......	1,918	411	2,457	....	3,424	34	4,394	......	534	102	1,119	....	2,583	57
70 - 139 acres	10,707	......	2,005	499	3,728	58	4,363	55	4,254	......	450	140	1,287	37	2,263	78
140 - 259 acres	10,262	23	2,609	711	4,169	....	2,641	110	2,867	5	369	134	1,062	....	1,212	85
260 - 499 acres	5,807	383	1,394	742	1,948	..	1,270	70	1,083	26	173	98	444	....	327	16
500 acres and over	2,494	86	1,184	50	881	....	293	....	362	16	113	9	123	....	101	....
Unclassified	2,724	......	2,692	......	20	....	12	....	244	.....	228	......	7	....	9	....
Total	44,198	492	12,422	2,590	14,162	58	14,205	269	15,910	46	2,112	541	4,586	37	8,353	235

Note: Detailed figures may not add to totals because of rounding.

The maturity of the loan was reflected in the rate of interest charged. Forty-five per cent of the dollar outstandings with maturities of 1 year or less carried interest charges at the rate of 6 per cent or more; this percentage tended to decrease as the maturity increased until but a small fraction of the loans with maturities of more than 5 years bore interest in excess of 5 per cent.

Table XI
FARM REAL ESTATE LOANS BY INTEREST RATE CHARGED AND MATURITY
Fifth District Insured Banks
Estimated—Mid-1947

Maturity of loan	Amount (in thousands)								Number of loans							
		Interest rate								Interest rate						
	All loans	Under 4.0	4.0	4.5	5.0	5.5	6.0	7.0	All loans	Under 4.0	4.0	4.5	5.0	5.5	6.0	7.0
Demand	5,340	......	1,130	172	1,351	....	2,687	....	2,500	......	232	40	441	....	1,787	....
6 months or less	12,956	......	3,866	229	4,248	....	4,613	....	5,941	......	530	71	1,848	....	3,492	....
6-12 months	5,903	86	603	135	1,516	....	3,426	137	2,548	16	148	60	557	....	1,642	125
1-2 years	1,793	......	474	......	372	....	936	11	474	......	61	......	122	....	275	16
2-3 years	3,971	58	313	167	2,973	....	460	....	914	13	64	27	583	....	227	....
3-5 years	2,870	185	879	416	637	34	642	77	914	4	218	70	207	20	367	28
5-10 years	6,456	108	2,781	901	1,861	....	804	....	1,417	4	466	167	437	....	343	....
10-15 years	1,803	......	1,165	232	75	....	331	....	372	......	227	50	34	....	61	....
15-20 years	821	......	679	51	91	....	......	....	162	......	120	4	38	....	......	....
Over 20 years	64	......	64	......	......	....	......	....	7	......	7	......	......	....	......	....
Past due	2,221	55	467	288	1,037	24	306	44	661	9	39	52	317	17	159	66
Total	44,198	492	12,422	2,590	14,162	58	14,205	269	15,910	46	2,112	541	4,586	37	8,353	235

Note: Detailed figures may not add to totals because of rounding.

Survey of Bank Loans to Farmers; Statistical Methods Employed

As stated in the introductory note to part 1 of this article, which appeared in the *Monthly Review* for September 30, 1947, the estimates used in the article are based upon a survey of loans outstanding at a group of banks in the Fifth District. The survey was conducted in two parts, this Bank requesting information from a group of member banks and the Federal Deposit Insurance Corporation obtaining through its examiners similar information from a group of insured non-member banks.

The member banks included in the sample were selected on a stratified random basis so as to insure representation of all areas of the District and of all bank-size groups. The non-member banks were selected by the FDIC from among those that were examined during the period June 2 to July 18. Information from the member bank group was obtained as of June 20 while that from the non-member banks was as of the date of the examination.

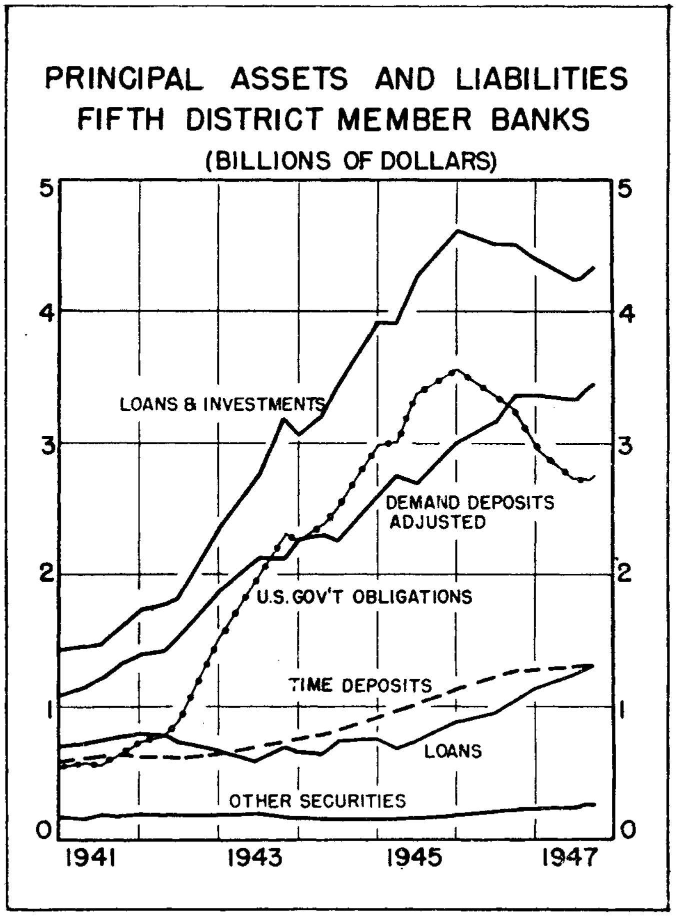
A sample study was made of the non-real estate farm loans of the participating banks, complete information being obtained covering every fifth such loan in the bank's portfolio on the date of the survey. Similar information was obtained on every farm real estate loan held.

This sample information was then blown up so as to represent the farm loans of all insured banks in the Fifth Federal Reserve District, thus providing the estimates presented herewith. As with all sampling processes, some errors exist in the final results. It is believed, however, that they are sufficiently small so as not to vitiate the results as presented.

AVERAGE DAILY TOTAL DEPOSITS* OF MEMBER BANKS

	Last half of Aug.		Last half of Sept.	
	$ thousands	% of U.S.	$ thousands	% of U.S.
Maryland	1,008,648	.96	1,018,824	.96
Reserve city banks	640,685	.61	645,041	.61
Country banks	367,963	.35	373,783	.35
District of Columbia	910,188	.87	909,888	.86
Reserve city banks	888,662	.85	888,259	.84
Country banks	21,526	.02	21,629	.02
Virginia	1,276,845	1.22	1,310,080	1.23
Reserve city banks	297,944	.28	309,473	.29
Country banks	978,901	.94	1,000,607	.94
West Virginia	548,768	.52	565,406	.53
North Carolina	805,429	.77	832,361	.78
Reserve city banks	367,957	.35	376,355	.35
Country banks	437,472	.42	456,006	.43
South Carolina	411,730	.39	433,490	.41
Fifth District	4,961,608	4.75	5,070,049	4.77
United States (millions)	104,547	100.0	106,286	100.0

*Excluding interbank demand deposits.



Report of the Municipal Bond Market

(Continued from page 7)

million worth were purchased in 1946, total holdings of life insurance companies continued to decline during the year. Acquisitions during the first five months of this year totaled $29 million, and the declining trend of holdings has been reversed, the total investment in municipals of life insurance companies rising steadily each month from $593 million at the end of 1946 to $622 million on May 31, 1947.

The more pessimistic appraisers of the municipal bond market hold that prices must recede sufficiently that yields on municipals attract heavy buying on the part of insurance companies, savings banks, and public welfare funds. Although the situation of these investors has been characterized by a plentitude of funds available for investment and a relative paucity of suitable securities, their participation in the municipal market, even though yields should become more favorable to them, is likely to be restricted by the larger supply of mortgages than at present that will be made available by building construction for investment by savings banks and insurance companies.

Since this article was written, two important developments have taken place. A record-breaking volume of bond approvals for state and local purposes was voted throughout the country on November 4, and secondly, the marked decline in bond prices since early October has witnessed the rise of municipal bond yields to the highest levels (as measured by the Dow-Jones Index) since the spring of 1943. These developments will be analyzed in a subsequent article.

FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	October 15 1947	Chg. in Amt. From 9-17-47	10-16-46
Total Gold Reserves	$1,240,212	+337,202	+196,927
Other Reserves	13,929	+ 831	— 4,330
Total Reserves	1,254,141	+338,033	+192,597
Bills Discounted	5,851	— 180	— 6,082
Industrial Advances	20	— 10	+ 20
Gov. Securities, Total	1,304,990	—272,872	—165,047
Bonds	46,789	+ 2,909	+ 3
Notes	32,879	+ 3,960	— 9,869
Certificates	469,343	+ 41,000	+ 5,140
Bills	755,979	—320,741	—160,321
Total Bills & Securities	1,310,861	—273,062	—171,109
Uncollected Items	298,267	— 14,675	+ 57,520
Other Assets	17,203	+ 1,868	— 11,179
Total Assets	2,880,472	+ 52,164	+ 67,829
Fed. Res. Notes in Cir.	$1,732,804	+ 13,744	— 31,251
Deposits, Total	845,522	+ 36,186	+ 42,452
Members' Reserves	761,055	— 7,941	+ 18,906
U. S. Treas. Gen. Acc.	68,464	+ 50,277	+ 34,481
Foreign	12,951	— 5,914	— 10,918
Other Deposits	3,052	— 236	— 17
Def. Availability Items	265,038	+ 1,887	+ 52,994
Other Liabilities	942	— 209	+ 371
Capital Accounts	36,166	+ 556	+ 3,263
Total Liabilities	2,880,472	+ 52,164	+ 67,829

CONDITION OF REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	October 15 1947	Chg. in Amt. From 9-17-47	10-16-46
Total Loans	$ 759,416	+ 23,545	+130,756
Bus. & Agri.	358,176	+ 12,219	+ 65,227
Real Estate Loans	160,505	+ 5,360	+ 51,325
All Other Loans	240,735	+ 5,966	+ 14,204
Total Security Holdings	1,864,431	+ 12,022	—248,222
U. S. Treasury Bills	40,846	+ 10,069	+ 8,309
U. S. Treasury Certificates	206,415	— 8,256	—187,221
U. S. Treasury Notes	102,506	— 3,167	— 61,897
U. S. Gov. Bonds	1,390,758	+ 13,661	— 19,378
Other Bonds, Stocks & Sec.	123,906	— 285	+ 11,965
Cash Items in Process of Col.	262,929	+ 34,749	+ 40,860
Due from Banks	* 206,133	+ 19,215	+ 14,838
Currency & Coin	64,372	— 801	+ 6,783
Reserve with F. R. Bank	507,304	+ 2,211	+ 23,813
Other Assets	51,647	+ 694	+ 7,954
Total Assets	3,716,232	+ 91,635	— 23,218
Total Demand Deposits	$2,869,000	+ 88,720	— 43,791
Deposits of Individuals	2,109,179	+ 53,358	+ 92,546
Deposits of U. S. Gov.	59,703	+ 11,726	—160,583
Deposits of State & Local Gov.	177,229	— 9,016	+ 32,583
Deposits of Banks	* 474,032	+ 30,190	— 18,563
Certified & Officers' Checks	48,857	+ 2,462	+ 10,226
Total Time Deposits	619,171	+ 679	+ 10,400
Deposits of Individuals	599,249	+ 953	+ 5,817
Other Time Deposits	19,922	— 274	+ 4,583
Liabilities for Borrowed Money	2,200	+ 1,200	0
All Other Liabilities	17,057	+ 515	— 249
Capital Accounts	208,804	+ 521	+ 10,422
Total Liabilities	3,716,232	+ 91,635	— 23,218

*Net figures, reciprocal balances being eliminated.

DEPOSITS IN MUTUAL SAVINGS BANKS

8 Baltimore Banks

	Sept. 30, 1947	Aug. 31, 1947	Sept. 30, 1946
Total Deposits	$389,479,711	$387,111,504	$375,476,030

COMMERCIAL FAILURES

MONTHS	Number Failures District	U.S.	Total Liabilities District	U.S.
September 1947	15	292	$ 305,000	$ 10,034,000
August 1947	11	287	165,000	14,903,000
September 1946	3	96	94,000	4,877,000
9 Months 1947	86	2,510	3,991,000	157,882,000
9 Months 1946	18	762	348,000	34,332,000

Source: Dun & Bradstreet.

DEBITS TO INDIVIDUAL ACCOUNTS

(000 Omitted)

	Sept. 1947	% Chg. from Sept. 1946	9 Mos. 1947	% Chg. from 9 Mos. '46
District of Columbia				
Washington	$ 669,784	+ 6	$ 5,761,709	+ 5
Maryland				
Baltimore	889,014	+15	7,810,490	+ 7
Cumberland	22,220	+16	185,675	+10
Frederick	19,490	+29	157,032	+20
Hagerstown	25,140	+ 6	218,195	+11
North Carolina				
Asheville	47,979	+14	396,833	+16
Charlotte	209,697	+ 5	1,775,817	+16
Durham	147,415	+10	913,207	+ 5
Greensboro	60,957	+20	554,020	+18
Kinston	29,907	— 8	126,577	+ 1
Raleigh	102,695	+47	857,989	+32
Wilmington	34,322	+ 3	301,515	+ 3
Wilson	39,284	— 2	153,772	+ 7
Winston-Salem	121,646	+15	1,007,182	+22
South Carolina				
Charleston	52,114	— 1	447,432	+ 2
Columbia	82,611	+14	728,009	+16
Greenville	72,056	+12	610,360	+23
Spartanburg	43,912	+20	356,868	+22
Virginia				
Charlottesville	22,814	+ 7	184,935	— 6
Danville	30,849	— 1	226,000	+14
Lynchburg	35,782	+16	303,650	+16
Newport News	30,136	+18	265,251	+26
Norfolk	169,676	+26	1,423,900	+18
Portsmouth	18,149	+12	162,943	+ 8
Richmond	466,846	+ 2	3,605,161	+ 9
Roanoke	79,307	+19	655,941	+18
West Virginia				
Bluefield	37,747	+17	309,415	+22
Charleston	123,926	+ 6	1,050,874	+14
Clarksburg	29,538	+27	243,126	+21
Huntington	50,019	+14	424,284	+14
Parkersburg	25,299	+ 9	220,076	+18
District Totals	$ 3,790,331	+10	$31,438,238	+11

COTTON CONSUMPTION AND ON HAND—BALES

	September 1947	September 1946	Aug. 1 to Sept. 30 1947	1946
Fifth District States:				
Cotton consumed	376,427	395,058	735,674	805,516
Cotton Growing States:				
Cotton consumed	638,821	720,454	1,267,054	1,472,797
Cotton on hand Sept. 30 in				
consuming establishments	930,579	1,589,992		
storage and compresses	2,532,709	4,235,426		
United States:				
Cotton consumed	727,448	819,058	1,438,049	1,675,310
Cotton on hand Sept. 30 in				
consuming establishments	1,137,516	1,959,310		
storage and compresses	2,583,306	4,331,089		
Spindles active, U. S.	21,410,000	21,643,000		

COTTON CONSUMPTION—FIFTH DISTRICT

(In Bales)

MONTHS	N. Carolina	S. Carolina	Va.	Md.	Dist.
September 1947	199,068	158,113	17,161	2,085	376,427
August 1947	183,097	156,479	17,596	2,075	359,247
September 1946	212,327	161,237	17,518	3,976	395,058
9 Months 1947	1,871,098	1,499,689	163,327	24,519	3,558,633
9 Months 1946	1,884,790	1,416,009	155,905	31,629	3,488,333

Source: Dept. of Commerce.

PRICES OF UNFINISHED COTTON TEXTILES, IN CENTS

	Sept. 1947	Aug. 1947	Sept. 1946
Average, 17 constructions	89.13	88.00	63.53
Printcloths, average (6)	122.06	119.07	67.74
Sheetings, average (3)	74.83	74.82	57.50
Twill (1)	79.86	79.86	64.04
Drills, average (4)	63.96	63.65	59.02
Sateen (1)	97.61	97.61	82.84
Ducks, average (2)	62.54	62.54	59.07

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

BUILDING PERMIT FIGURES

	Total Valuation Sept. 1947	Sept. 1946
Maryland		
Baltimore	$ 6,088,340	$ 7,457,800
Cumberland	298,650	66,755
Frederick	53,625	35,220
Hagerstown	115,210	68,800
Salisbury	161,198	155,842
Virginia		
Danville	178,430	97,943
Lynchburg	224,480	199,564
Norfolk	1,378,060	255,960
Petersburg	416,800	114,900
Portsmouth	113,315	61,390
Richmond	1,083,586	1,042,966
Roanoke	2,023,852	163,825
West Virginia		
Charleston	840,310	291,403
Clarksburg	91,738	34,925
Huntington	433,725	299,535
North Carolina		
Asheville	195,132	160,483
Charlotte	856,460	739,923
Durham	456,740	106,600
Greensboro	981,522	295,745
High Point	328,958	113,598
Raleigh	263,355	225,520
Rocky Mount	144,100	70,050
Salisbury	87,850	30,144
Winston-Salem	781,359	210,262
South Carolina		
Charleston	120,925	82,756
Columbia	218,010	71,080
Greenville	166,980	82,250
Spartanburg	110,330	182,810
District of Columbia		
Washington	4,228,768	3,074,438
District Totals	$ 22,441,808	$ 15,792,487
9 Months	$163,828,841	$137,921,271

RAYON YARN DATA

	Sept. 1947	Aug. 1947	Sept. 1946
Rayon Yarn Shipments, Lbs.	60,100,000	62,600,000	53,900,000
Staple Fiber Shipments, Lbs.	20,400,000	18,600,000	14,000,000
Rayon Yarn Stocks, Lbs.	8,000,000	7,800,000	8,900,000
Staple Fiber Stocks, Lbs.	6,400,000	6,400,000	2,600,000

Source: Rayon Organon.

TOBACCO MANUFACTURING

	Sept. 1947	% Chg. from Sept. 1946	9 Mos. 1947	% Chg. from 9 Mos. '46
Smoking & Chewing tobacco (Thousands of lbs.)	20,726	+12	149,157	—4
Cigarettes (Thousands)	29,263,914	+ 9	250,595,154	+5
Cigars (Thousands)	483,288	+ 6	4,094,763	—3
Snuff (Thousands of lbs.)	3,980	+28	29,615	+1

AUCTION TOBACCO MARKETING

STATES	Producers' Tobacco Sales, Lbs. Sept. 1947	Sept. 1946	Price per cwt. 1947	1946
South Carolina	71,677,459	57,214,834	$39.87	$42.39
North Carolina	315,106,187	240,920,176	41.48	49.96
Virginia	11,213,044	14,515,933	44.11	48.27
District Total	397,996,690	312,650,943	$41.26	$48.50
Season through	505,464,595	551,200,601	42.17	50.92

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	Sept. 1947	Sept. 1946	% Chg.	9 Mos. 1947	9 Mos. 1946	% Chg.
West Virginia	14,407	13,955	+ 3	126,693	104,918	+21
Virginia	1,830	1,570	+17	14,703	12,525	+17
Maryland	145	156	— 7	1,527	1,541	— 1
Fifth District	16,382	15,681	+ 4	142,923	118,984	+20
United States	52,350	51,922	+ 1	454,152	391,844	+16
% in District	31.3	30.2		31.5	30.4	

CONSTRUCTION CONTRACTS AWARDED

STATES	Aug. 1947	% Chg. from Aug. 1946	8 Mos. '47	% Chg. from 8 Mos. '46
Maryland	$30,703,000	+39	$177,501,000	—16
Dist. of Columbia	6,060,000	+26	51,064,000	+ 8
Virginia	16,961,000	—18	132,407,000	— 9
West Virginia	3,084,000	—44	52,647,000	+ 1
No. Carolina	11,115,000	—43	103,848,000	—21
So. Carolina	5,549,000	—49	42,716,000	—52
Fifth District	$73,472,000	—12	$560,183,000	—17

Source: F. W. Dodge Corp.

DEPARTMENT STORE TRADE

	Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Sept. 1947 sales, compared with sales in Sept. 1946:	— 3	+ 4	+10	+ 2	+ 6
Percentage chg. in 9 months' sales 1947, compared with 9 mos. in 1946:	+ 7	+ 2	+ 2	+ 1	+ 3
Percentage chg. in stocks on Sept. 30, '47, compared with Sept. 30, '46:	—12	— 4	— 7	— 2	— 6
Percentage chg. in outstanding orders Sept. 30, '47 from Sept. 30, '46:	—42	—30	—18	— 7	—27
Percentage chg. in receivables Sept. 30, '47 from those on Sept. 30, '46:	+31	+17	+17	+18	+19
Percentage of current receivables as of Sept. 1, '47 collected in Sept.:	34	50	47	52	45
Percentage of instalment receivables as of Sept. 1, '47 collected in Sept.:	27	29	27	33	28

	Maryland	Dist.of Col.	Virginia	W. Virginia	N. Carolina	S. Carolina
Percentage chg. in Sept. 1947 sales from Sept. 1946 sales, by states:	+ 4	+10	+ 0	+13	+ 7	+ 3
Percentage change in 9 months' sales 1947 from 9 months' 1946 sales:	+ 2	+ 2	+ 5	+ 5	+ 5	+ 2

WHOLESALE TRADE 183 FIRMS

LINES	Net Sales Sept. 1947 compared with Sept. 1946	Aug. 1947	Stock Sept. 30, 1947 compared with Sept. 30 1946	Aug. 31 1947	Ratio Sept. collections to acc'ts outstand'g Sept. 1
Auto supplies (3)*	+ 9	+22	....	....	....
Drugs & sundries (11)*	+13	+18	+ 7	+ 3	122
Dry goods (7)*	+19	+20	+47	—13	71
Electrical goods (4)*	+35	+ 3	+64	+ 1	96
Groceries (58)*	+17	+10	+42	+ 5	168
Hardware (11)*	+25	+ 5	+68	+ 2	101
Industrial supplies (4)*	+26	+ 7	+74	+ 8	100
Paper & products (5)*	+ 5	+ 7	....	....	102
Tobacco & products (10)*	+ 5	+ 8	+24	+12	176
Miscellaneous (70)*	+16	+10	+66	+ 2	85
District Avg. (183)*	+17	+11	+52	0	104

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

RETAIL FURNITURE SALES

STATES	Percentage Changes in Sept. and 9 Mos. 1947 Compared with Sept. 1946	Compared with 9 Mos. 1946
Maryland (5)*	— 6	+ 9
District of Columbia (6)*	+11	— 3
Virginia (20)*	+19	+12
West Virginia (9)*	+41	+ 5
North Carolina (16)*	+13	+18
South Carolina (10)*	+15	+16
Fifth District (66)*	+ 9	+ 8
Individual Cities		
Baltimore, Md., (5)*	— 6	+ 9
Washington, D. C., (6)*	+11	— 3
Lynchburg, Va., (3)*	+54	+18
Richmond, Va., (6)*	+11	+12
Charleston, W. Va. (3)*	+47	— 8
Charlotte, N. C., (4)*	+16	+16
Columbia, S. C. (3)*	— 3	+ 1

*Number of reporting stores.