



## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

APRIL 30, 1948

### Business Conditions

**B**USINESS volumes rose more than seasonally from February to March in the Fifth Federal Reserve District, but this rise restored business to earlier established levels and was, in the main, caused by the incidence of clement weather and the early Easter date. The coal strike, which began on the 15th of March, reduced employment in the mines by about 125,000 and caused railroad, steel mill and port layoffs in the District in the neighborhood of 20,000 before work in the mines had again been resumed. There were no indications of a further broadening of work stoppages or production cut-backs resulting from shortages of coal, but there would have been had the strike lasted two weeks longer.

#### Employment Improves

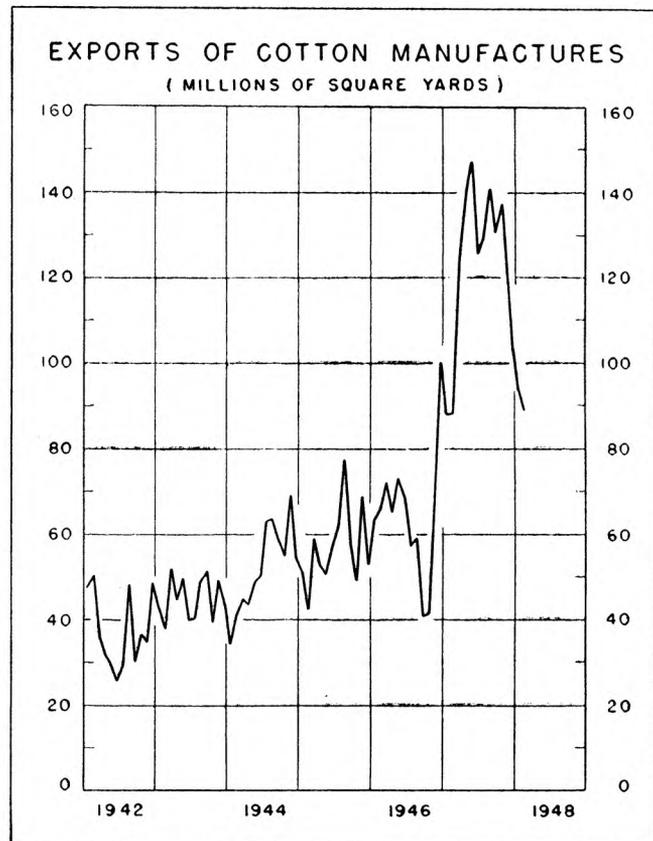
Employment levels in the District in March were slightly higher than in January or February, but it was too wet in the woods for a full resumption of logging operations and some small reduction in force occurred at shipyards.

If Congress accepts the President's proposal on new merchant shipbuilding for the year beginning July 1, which would raise the outlay to \$100 million from a present budget figure of \$30 million, there will probably be considerable increase in employment levels at both Newport News and Baltimore yards.

The cotton textile, apparel, knitting and rayon industries either maintained or slightly expanded employment and production levels in March over February. The cancellations of orders for furniture which were of some concern during February did not have any sustained effect on the industry for its employment in March continued to rise.

#### Construction Higher

Although climatic conditions have retarded on-site operation during much of the first quarter, permits issued and contracts awarded have risen to a level that assures an expanding work force in the industry through the Summer if the workers can be found. Permits, which had declined sharply in value from January to February, rose 16 percent from February to March to a level 90 percent ahead of a year ago. One and two family houses, which accounted for 44 percent of the contract awards in the first two months of 1947, were responsible for only 26 percent of total awards in the first 2 months of 1948. In many areas of the District reports indicate that sales



of one family houses are much more difficult to make, and that newly completed houses often stand idle for a considerable period before a sale is consummated. This seems to be having an adverse effect on the construction of this type of dwelling, particularly in Maryland, West Virginia and North Carolina. District-wise the multiple structure dwelling is in a rising trend while the one and two family house is in a declining trend. A pickup in the contracts awarded for buildings of manufacturers and in non-residential construction (other than commercial and educational buildings) has been the strong factor in the District's construction picture thus far this year.

#### Cotton Mill Activity At Peak

Cotton consumption in the Fifth District, seasonally adjusted, rose one percent from February to March with the latter month showing a gain of 1 percent over March 1947. Spindle hours operated in the District's mills which gives a truer picture of the industry output at the

**FEDERAL RESERVE BANK OF RICHMOND**

present time, however, were 19 percent higher in March than a year ago. The first quarter of 1948 has probably shown the maximum amount of shifting that will take place for some time in the number of looms operated on the light constructions such as prints and some sheetings. These are in relatively greater supply than some of the heavier constructions such as drills, twills, chambrays and denims. There are already indications that some looms are being shifted to these heavier constructions and this should cause a relatively better showing in cotton consumption in the rest of the year than in spindle hours operated.

The cotton goods and yarn mills in the second week of April experienced another fairly large wave of forward covering by consuming industries which has pretty well sold-up the goods output of the third quarter, and sold-up the sales yarn production into August. The trade is anticipating considerable business, perhaps too much, from the combined effects of the stepped-up defense program and the export market. Following a period of several months when little selling for export was done, export inquiries again, even without consummated sales, seem welcome. The chart on the front page shows a sub-

stantial drop in the exports of cotton goods through February, and when the figures are available for March, April and probably May they will probably show a continuation of the same trend. In fact the benefits of European Recovery Administration funds to the cotton textile industry will be mainly through the dollars supplied to countries outside the 16 nations.

Domestic purchases of cotton goods during April were for the account of converters and cutters, and some expansion occurred in industrial goods. Retail stores for the most part are over-inventoried and may not be purchasing as much as they sell for the next 60 days. If retail sales hold up over this period retailers will be back in the market for full coverage around mid-year ; if not, there will probably be a very quiet spell in mill sales over this period.

**Retail Trade**

Information from a sample of department and mail order stores indicates that the stores will follow a policy of covering about half of their fall requirements where commitments are necessary during the next two or three months. If these stores happen to be a good cross sec-

(Continued on Page 9)

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

	Mar. 1948	Feb. 1948	Jan. 1948	Mar. 1947	% Change	
					Mar. 1948 from Feb. 48	from Mar. 47
Automobile Registration*	320	107	126	116	.....	.....
Bank Debits.....	320	313	302	293	+ 2	+ 9
Bituminous Coal Production*	91	159	166	166	- 43	- 45
Building Contracts Awarded.....	327	335r	324	272	- 2	+ 20
Apartments and Hotels.....	.....	681	260	435	.....	.....
Commercial Construction Contracts.....	.....	350	503	271	.....	.....
Manufacturing Construction Contracts.....	.....	664	311	229	.....	.....
One and Two Family Houses.....	.....	347	402	373	.....	.....
Public Works and Utilities.....	.....	225	401	308	.....	.....
Residential Construction Contracts.....	291	446	358r	331	- 35	- 12
Building Permits Issued.....	274	236	375	144	+ 16	+ 90
Business Failures—No.....	61	28	11	19	+118	+221
Cigarette Production.....	257	228r	219	251	+ 13	+ 2
Cotton Consumption.....	153	151	150	152	+ 1	+ 1
Department Store Sales.....	317	306	286	307	+ 4	+ 3
Department Store Stocks.....	334	339	335	300	- 1	+ 11
Electric Power Production.....	.....	252	257	238	.....	.....
Employment—Mfg. Industries*	.....	135	135	134	.....	.....
Furniture Orders.....	.....	415	485	255	.....	.....
Furniture Shipments.....	.....	348	405	419	.....	.....
Furniture Unfilled Orders.....	.....	912	875	979	.....	.....
Furniture Sales—Retail.....	263	244r	259r	279	+ 8	- 6
Life Insurance Sales.....	246	231	276	239	+ 6	+ 3
Wholesale Trade:.....	.....	.....	.....	.....	.....	.....
Automotive Supplies**.....	341	286	317	345	+ 19	- 1
Drugs.....	265	259	276	260	+ 2	+ 2
Dry Goods.....	184	159	171	163	+ 16	+ 13
Electrical Goods**.....	83	88	105	65	- 6	+ 28
Groceries.....	247	246	263	277	0	- 11
Hardware.....	140	123	140	114	+ 14	+ 23
Industrial Supplies**.....	317	265	330	271	+ 20	+ 17
Paper and Its Products**.....	155	160	170	164	- 3	- 5
Tobacco and Its Products**.....	87	96	100	108	- 9	- 19

\* Not seasonally adjusted.

\*\* 1938-41=100.

## Ownership of Demand Deposits of Individuals, Partnerships, and Corporations, January 30, 1948

Relatively minor changes occurred in the distribution of the ownership of demand deposits of individuals, partnerships, and corporations held by Fifth District banks on January 30, 1948, as compared with the preceding survey date, February 26, 1947. All ownership groups, with the exception of trust funds and nonprofit associations, showed increases during the period; the larger gains, however, were shown by the business groups. Nonfinancial businesses increased their deposits by 4.6 per cent, the gains being fairly evenly distributed among the component groups of this category. Financial businesses, heavily influenced by the 87.8 per cent gain in deposits of insurance companies, showed a group increase of 25.3 per cent. Personal deposits showed a small gain, but failed, for the first time since the institution of the surveys of ownership, to keep pace with the gain in total deposits on a year-to-year basis.

**CHANGES IN OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS**  
Fifth Federal Reserve District  
(Estimates in millions of dollars)

Type of holder	Amt. outstanding Jan. 30, '48	Percent of total Jan. 30, '48	Increase or decrease (—) from February 26, 1947	
			Dollar amt.	Per cent
<b>Total business</b>	<b>2,389</b>	<b>52.6</b>	<b>166</b>	<b>7.5</b>
<b>Nonfinancial business</b>	<b>2,003</b>	<b>41.1</b>	<b>88</b>	<b>4.6</b>
Manufacturing and mining	607	13.4	25	4.4
Public utilities	242	5.3	11	4.7
Trade	890	19.6	37	4.4
Other nonfinancial	265	5.8	14	5.7
<b>Financial business</b>	<b>386</b>	<b>8.5</b>	<b>78</b>	<b>25.3</b>
Insurance companies	156	3.4	73	87.8
Other financial	230	5.1	5	2.4
Trust funds	70	1.5	— 14	—16.9
Nonprofit associations	249	5.5	— 22	— 8.0
Personal	1,828	40.3	23	1.3
Foreign	3	.1	3	...
<b>Total</b>	<b>4,510</b>	<b>100.0</b>	<b>157</b>	<b>3.6</b>

Note: Owing to rounding, details may not add to totals.

The growth in business deposits came almost entirely from the increases in large corporate balances. \$166 million net increase was the result of a gain of \$180 million in corporate balances and a decline of \$14 million in deposits of unincorporated businesses; of the corporate gain, \$164 million came in deposits of \$25,000 or more, which deposits accounted for 73 per cent of total business deposits as of the survey date. Deposits of unincorporated businesses showed declines in all deposit-size groups, and declines or but small gains in nearly all classifications by type of business.

This development is of particular significance in view of the higher rate of increase in deposits of unincorporated businesses that occurred during the war years.

The view was held at that time that the larger corporate

balances, while increasing, were doing so in pace with the financial requirements of the owners, and that the deposits of smaller, unincorporated businesses were being allowed to accumulate without especial regard to the needs of the concerns. Postwar capital outlays, increases in operating costs, and increased inventory and receivables requirements have placed strains upon the liquid resources of business firms, resulting in increased balances in the case of the larger concerns and declining balances for the smaller. The changes that have recently occurred in deposit holdings may be interpreted as substantiating evidence of the tightening current position of many of these businesses, a fact that has been noted in many specific cases.

Manufacturing and mining concerns increased their deposits during the eleven-month period by 4.4 per cent, the increase being entirely concentrated in the larger deposits. This increase, while in keeping with the increase in total deposits of nonfinancial businesses, exceeded the increase shown for total demand deposits of individuals, partnerships, and corporations for the District. It probably may be attributed to the higher liquidity requirements of these firms, but to some extent was influenced, as were all business deposits, by accumulations in anticipation of February payments of withheld taxes.

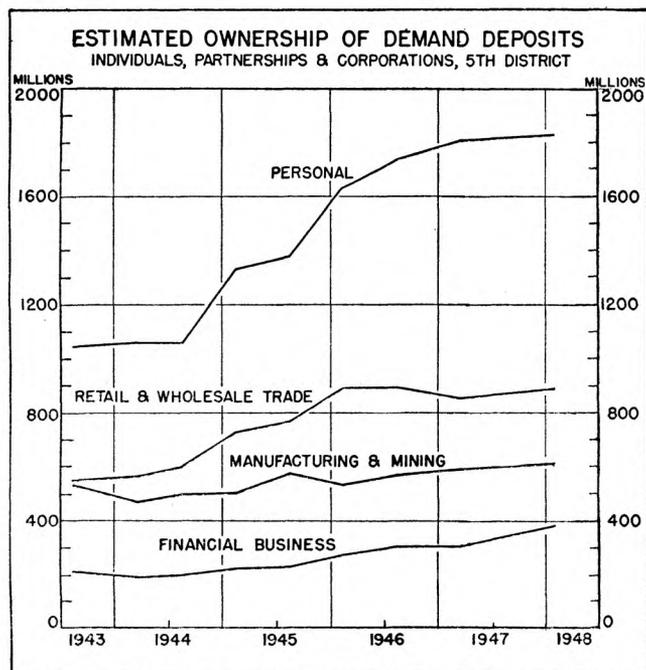
The somewhat greater percentage increase (4.7 per cent) in deposits of public utility and transportation firms was similarly concentrated in deposits having large balances. Of the total, 81 per cent are in accounts of \$25,000 or more belonging to corporate depositors. Here again, increased operating expenses have been reflected in greater needs for liquid balances, and in addition, wellnigh all such firms are engaged in substantial programs of expansion of facilities, with attendant needs for means of payment.

The small net change in deposits of trade concerns concealed substantial changes that occurred in the holdings of the various subgroups of the broad category. Deposits of incorporated trade concerns increased by 12 per cent during the eleven months, showing gains in every deposit-size group; the increase in corporate balances of \$25,000 or more equaled 18 per cent of the total held on February 26, 1947, and was substantially in excess of the net increase of all trade concern deposits. The unincorporated concerns showed a 4.7 per cent decline in balances, reflecting decreases in all size groups, although the greater percentage decreases were in the larger deposit-size groups.

This group of deposits, probably more than any other, illustrates the pressure that is being placed upon the current position of all businesses and particularly the smaller concerns. With no substantial increase in

the physical volume of trade, vendors are forced to maintain a larger proportion of current assets in inventory and receivables, the former because of higher price levels and the latter because of the tendency towards a slowing of accounts. At the same time, current costs of operation have continued to increase, placing a greater demand upon the concerns' holdings of funds.

The heterogeneous nature of the category "other nonfinancial businesses" allows of little generalization as to the changes that have occurred. It may be noted, however, that this group of holders—including construction contractors, amusement places, hotels, laundries, garages, repair shops, and professional people—showed the largest percentage increase of the four non-financial business groups.



Data on deposits of financial businesses were heavily weighted by the 88 per cent increase in the deposits of insurance companies, as of course were the figures for total business and total deposits. This increase was largely the result of the decision of a number of these companies to shift to a more liquid position in anticipation of opportunities for increased returns on investments. The liquidation of obligations of the United States Government, following the Christmas eve decline in prices of these securities, placed funds in hand in excess of opportunities for desired placement. It is to be expected that much of the increase in deposits was of a temporary nature.

Deposits of other financial businesses increased by 2.4 per cent, resulting entirely from an increase in corporate balances in excess of \$10,000. Deposits of all sizes belonging to unincorporated concerns showed declines.

The 17 per cent decline in deposits belonging to trust accounts handled by the banks may be ascribed primarily to the assumption of a more fully invested position for these accounts, and possibly to the changed date relative to tax payments as compared with the previous year. The smaller percentage decline in deposits of nonprofit organizations may be attributed to two possible causes: the higher expenses of the preceding year have served to weaken their cash position and the funds accumulated during the war years have been used to some extent to make capital expansions.

Personal deposits showed the smallest year-to-year dollar increase recorded since the start of the ownership surveys in 1943, and for the first time failed to show a year-to-year increase as a percentage of total demand deposits of individuals, partnerships, and corporations. As may be noted from the chart, the leveling-off is in sharp contrast to the large gains recorded from mid-1944 to mid-1946. The reasons for the small gain and relative decline are as multitudinous as the groups of people included in the ownership category, but some generalizations may be made.

Farmers, who were the owners of 21 per cent of all personal deposits at the end of the period, managed to increase their share during the eleven months, showing a gain of 4.3 per cent as compared with the 1.3 per cent increase in total personal deposits. This came about in spite of a leveling-off of cash farm income, increased operating expenses, and increased outlays for capital equipment.

Non-farm holders showed an insignificant increase. Probably this may be partly attributed to the greater proximity to the Christmas holiday season and to the January 15 tax payment date as compared with the previous year. It would appear, however, that there are yet stronger underlying causes. It is a well-recognized fact that the continued price increases of the past year led to dissaving by many persons having fixed incomes or incomes which failed to increase as rapidly as did the prices of goods and services customarily purchased; also, of course, liquid savings were used to acquire previously scarce durable goods. It may well be assumed that much of this dissaving took the form of drawing down bank balances, and that this drain served to offset increases in balances belonging to persons who were continuing to save in this form. The leveling-off of the growth of time deposits would serve to confirm this view.

The table following gives the complete ownership record for the nine surveys that have been conducted. Discussions of past inter-survey changes have appeared in issues of the *Monthly Review* following each survey; a discussion of statistical methods and coverage may be found in the *Monthly Review* of June 30, 1946, pages 5 and 6.

**ESTIMATED  
OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS  
PARTNERSHIPS, AND CORPORATIONS**

Fifth District

	July 1943	Feb. 1944	July 1944	Jan. 1945	July 1945	Jan. 1946	July 1946	Feb. 1947	Jan. 1948
	(Millions of dollars)*								
<b>Total business</b> .....	1,670	1,610	1,675	1,889	2,022	2,133	2,236	2,223	2,389
<b>Nonfinancial business:</b> .....	1,460	1,420	1,474	1,665	1,794	1,863	1,930	1,916	2,003
Manufacturing and mining .....	520	470	495	504	574	529	568	581	607
Public utilities, transportation, and communications .....	220	200	194	228	241	228	226	231	242
Retail and wholesale trade.....	540	560	596	725	764	888	889	853	890
All other nonfinancial business.....	180	190	190	207	215	218	247	251	265
<b>Financial business:</b> .....	210	190	201	224	228	270	306	307	386
Insurance companies .....	70	60	64	75	64	72	76	83	156
All other financial business.....	140	130	137	149	164	197	230	224	230
Trust funds of banks.....	40	40	47	57	52	69	68	85	70
Nonprofit associations .....	110	120	128	166	159	192	204	271	249
Personal .....	1,040	1,060	1,064	1,332	1,377	1,633	1,735	1,805	1,828
Foreign .....	10	10	.....	.....	1	2	5	.....	3
<b>Total</b> .....	2,870	2,840	2,915	3,443	3,611	4,028	4,247	4,383	4,540
	(Percentage of total)								
<b>Total business</b> .....	58.2	56.7	57.5	54.9	56.0	53.0	52.6	50.7	52.6
<b>Nonfinancial business:</b> .....	50.9	50.0	50.6	48.4	49.7	46.3	45.4	43.7	44.1
Manufacturing and mining .....	18.1	16.6	17.0	14.6	15.9	13.1	13.4	13.3	13.4
Public utilities, transportation, and communications .....	7.7	7.0	6.7	6.6	6.7	5.7	5.3	5.3	5.3
Retail and wholesale trade.....	18.8	19.7	20.4	21.1	21.2	22.0	20.9	19.4	19.6
All other nonfinancial business.....	6.3	6.7	6.5	6.0	6.0	5.4	5.8	5.7	5.8
<b>Financial business:</b> .....	7.3	6.7	6.9	6.5	6.3	6.7	7.2	7.0	8.5
Insurance companies .....	2.4	2.1	2.2	2.2	1.8	1.8	1.8	1.9	3.4
All other financial business.....	4.9	4.6	4.7	4.3	4.5	4.9	5.4	5.1	5.1
Trust funds of banks.....	1.4	1.4	1.6	1.7	1.4	1.7	1.6	1.9	1.5
Nonprofit associations .....	3.8	4.2	4.4	4.8	4.4	4.8	4.8	6.2	5.5
Personal .....	36.2	37.3	36.5	38.7	38.1	40.5	40.9	41.2	40.3
Foreign .....	.4	.4	.....	.....	.....	.1	.1	.....	.1
<b>Total</b> .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: Owing to rounding, details may not add to totals.

FEDERAL RESERVE BANK OF RICHMOND

ASSETS AND LIABILITIES—MEMBER BANKS, FIFTH FEDERAL RESERVE DISTRICT

(Amounts in thousands of dollars)

	1947 Dec. 31	1947 June 30	1946 Dec. 31
<b>ASSETS</b>			
Loans and investments.....	4,349,321	4,240,670	4,352,613
Loans (including overdrafts).....	1,436,336	1,263,342	1,149,106
United States Government direct obligations.....	2,662,920	2,732,310	2,972,371
Obligations guaranteed by United States Government.....	512	537	488
Obligations of States and political subdivisions.....	108,865	100,297	92,452
Other bonds, notes and debentures.....	131,247	134,715	128,946
Corporate stocks (including Federal Reserve Bank stock).....	9,441	9,469	9,250
Reserves, cash, and bank balances.....	1,623,323	1,391,244	1,493,796
Reserve with Federal Reserve Bank.....	789,370	708,965	733,924
Cash in vault.....	127,010	103,272	125,931
Demand balances with banks in United States (except private banks and American branches of foreign banks).....	406,469	347,707	368,064
Other balances with banks in United States.....	2,689	2,991	1,762
Balances with banks in foreign countries.....	72	83	191
Cash items in process of collection.....	297,713	228,226	263,924
Bank premises owned and furniture and fixtures.....	46,274	45,522	44,896
Other real estate owned.....	870	685	760
Investments and other assets indirectly representing bank premises or other real estate.....	2,637	2,673	2,693
Customers' liability on acceptances.....	722	1,146	986
Other assets.....	15,350	14,638	13,787
<b>Total assets</b> .....	<b>6,038,497</b>	<b>5,696,597</b>	<b>5,909,531</b>
<b>LIABILITIES</b>			
Demand Deposits.....	4,342,505	4,000,850	4,262,543
Individuals, partnerships, and corporations.....	3,383,716	3,196,542	3,271,716
U. S. Government: War Loan and Series E bond accounts.....		34,804	125,117
Other.....	73,133	20,834	21,972
States and political subdivisions.....	318,396	302,610	273,305
Banks in United States.....	480,273	375,928	469,060
Banks in foreign countries.....	5,175	4,041	7,353
Certified and officers' checks, cash letters of credit and travelers' checks, etc. ....	81,812	66,091	94,020
Time Deposits.....	1,304,320	1,313,603	1,282,101
Individuals, partnerships, and corporations.....	1,265,685	1,275,520	1,245,481
United States Government.....	12,912	13,687	13,360
Postal Savings.....	192	192	348
States and political subdivisions.....	20,295	18,685	17,020
Banks in the United States.....	5,236	5,519	5,892
<b>Total deposits</b> .....	<b>5,646,825</b>	<b>5,314,453</b>	<b>5,544,644</b>
Bills payable, rediscounts, and other liabilities for borrowed money.....	3,455	3,230	1,631
Acceptances outstanding.....	722	1,137	986
Other liabilities.....	25,656	25,125	24,027
<b>Total liabilities</b> .....	<b>5,676,658</b>	<b>5,343,945</b>	<b>5,571,288</b>
<b>CAPITAL ACCOUNTS</b>			
Capital.....	115,702	115,090	113,476
Surplus.....	162,775	156,376	150,687
Undivided profits.....	58,619	58,002	51,854
Other capital accounts.....	24,743	23,184	22,226
<b>Total capital accounts</b> .....	<b>361,839</b>	<b>352,652</b>	<b>338,243</b>
<b>Total liabilities and capital accounts</b> .....	<b>6,038,497</b>	<b>5,696,597</b>	<b>5,909,531</b>
Number of banks.....	475	476	475

## Changes In Condition Report Items of Fifth District\* Member Banks, 1947

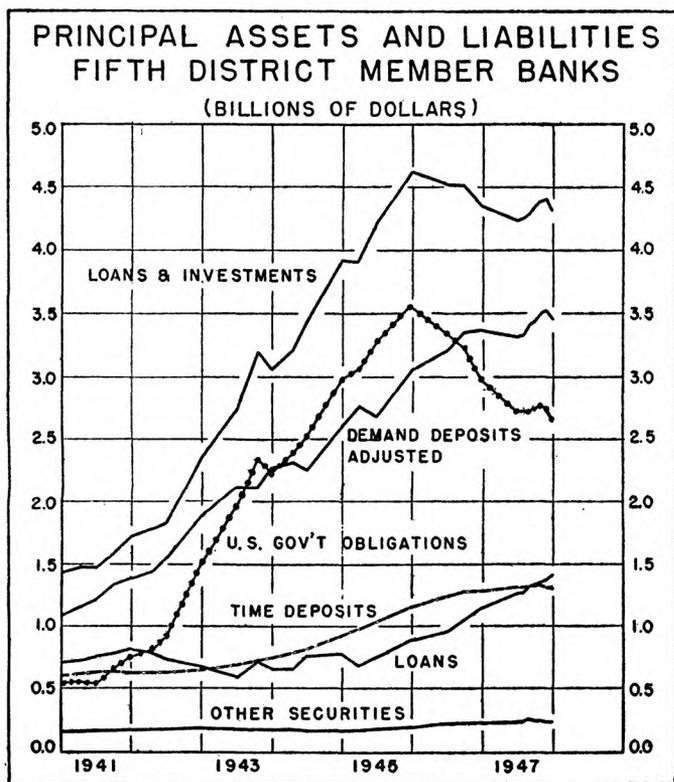
The downward movement of total loans and investments of Fifth District member banks was reversed during the second half of 1947 and the total amount as of December 31, 1947 approximately equalled the total of December 31, 1946. Loans showed an increase of 25 per cent over last December's figures, while U. S. Governments continued their decline by decreasing 10 per cent during the year. Total deposits experienced an increase during the second half of 1947, as did demand deposits adjusted—total demand deposits less those due to banks and the U. S. Government and less cash items in process of collection—but United States Government deposits continued to shrink, declining by 50 per cent from the December 31, 1946, figure. Capital accounts continued their upward trend but at a very gradual rate, the year's increase being 7 per cent.

was an increase of \$100 million over the total of a year ago. These loans have shown a decided seasonal variation in their upward trend since mid-1945, as can be seen in the accompanying chart, with an accelerated increase occurring in the second half of each year.

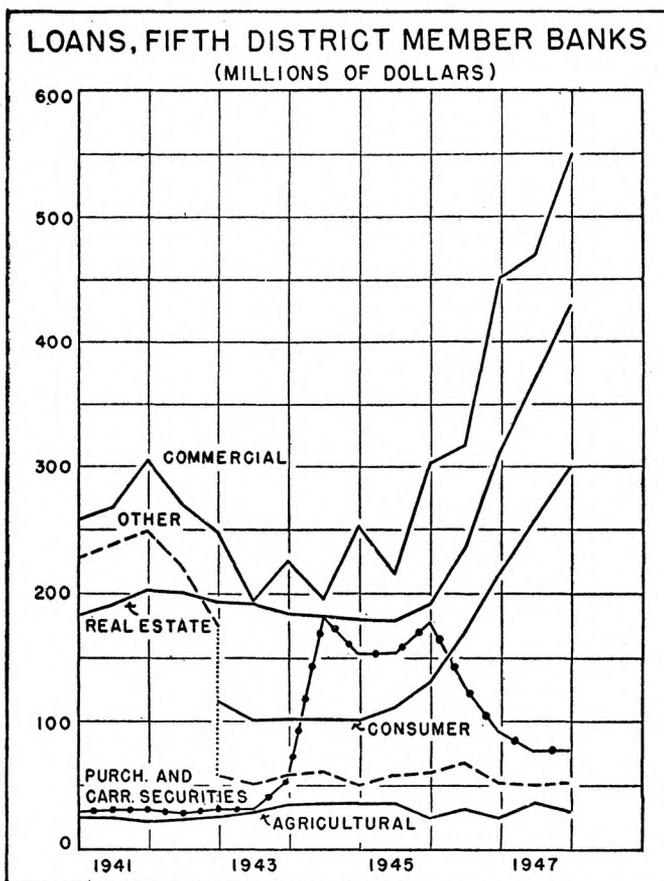
Real estate loans increased 37 per cent over last year's figures bringing the aggregate amount to \$480 million, an absolute increase of \$116 million. The breakdown of real estate loans shows that loans on residential property increased 41 per cent; on other properties 31 per cent; and on farm land 28 per cent.

The growth of consumer loans was the most spectacular increase of all loans during the past year—an increase of \$83 million or 39 per cent. The growth of consumer loans commenced in early 1945 at a gradual rate, which has since increased to provide substantial semi-annual increments. Retail automobile instalment loans expanded 97 per cent during 1947, while other retail, repair and modernization instalment loans increased 87 per cent. Gains occurred during the past six months in all other categories of bank-extended consumer credit.

Loans for purchasing and carrying securities showed a further decline from the high level reached in 1944 and



Loans maintained their upward trend which began in mid-1945, as total loans increased to \$1,436 million from \$1,263 million on June 30, 1947, and from \$1,149 million on December 31, 1946. The gains were once again concentrated in the three major categories of loans, i. e., commercial and industrial loans, real estate loans, and consumer loans. On December 31, 1947, these comprised 89 per cent of all loans in the member banks' portfolios in the Fifth Federal Reserve District. Commercial and industrial loans reached a peak of \$550 million, which



\*The Fifth Federal Reserve District includes Maryland, District of Columbia, Virginia, West Virginia (except the six northern counties), North Carolina, and South Carolina.

**FEDERAL RESERVE BANK OF RICHMOND**

1945; however, for the past six months the downward trend leveled off to a large extent. Total loans to farmers were up 19 per cent over last year's amount. All other loans showed a decrease from December 31, 1946, figures but an increase over the mid-year amount, both changes being of little importance.

Holdings of United States Government obligations by Fifth District member banks continued the steady decline which began after December 31, 1945, when the peak of \$3,559 million was reached. The total amount of holdings now stands at \$2,663 million. The major decline again occurred in Treasury certificates of indebtedness and Treasury notes. The former declined \$221 million or 42 per cent and the latter \$37 million or 15 per cent during the year 1947.

Portfolios of all other types of securities increased from their levels of a year ago and holdings of municipal and state issues increased from the June level. Obligations guaranteed by United States Government, other bonds, notes and debentures, and corporate stocks decreased in amount slightly from the June figures.

Cash assets, after declining during the first six months of the year, recovered during the second half and ended the year substantially above the December 31, 1946, amount. The increase in balances with other banks contributed to the expansion during the year and it may be noted that the corresponding liability item—due to other banks—decreased for member banks of the District taken collectively.

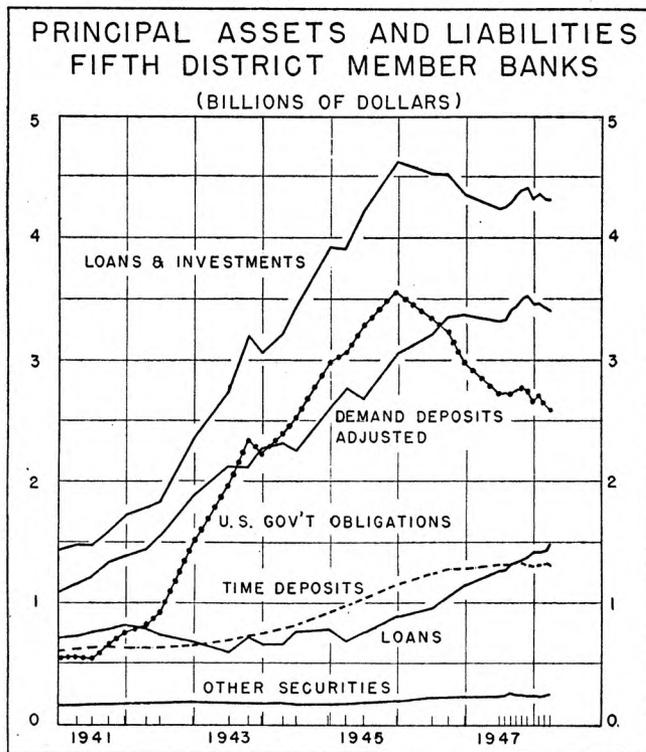
Total deposit liabilities increased 2 per cent over the past year. In both demand and time deposits, the deposits of United States Government and postal savings deposits declined, but other categories showed increases. Demand deposits of individuals, partnerships, and corporations increased \$112 million over the December 31, 1946, figure and those of state and political subdivisions \$45 million. The growth in time deposits that commenced in 1942 is still continuing.

Total capital accounts increased from \$353 million on June 30 to \$362 million on December 31, a gain of 2.6 per cent. The major part of this growth in capital accounts arose from accumulated surplus.

**CLASSIFICATION OF LOANS AND UNITED STATES GOVERNMENT DIRECT OBLIGATIONS  
MEMBER BANKS—FIFTH FEDERAL RESERVE DISTRICT**

(In thousands of dollars)

	1947 Dec. 31	1947 June 30	1946 Dec. 31
Loans .....	1,436,336	1,263,342	1,149,106
Commercial and industrial loans, including open-market paper.....	550,266	469,840	450,617
Loans to farmers directly guaranteed by the Commodity Credit Corporation .....	879	216	726
Other loans to farmers.....	28,788	36,184	24,157
Loans to brokers and dealers in securities.....	8,735	8,203	17,009
Other loans for purchasing or carrying securities.....	68,364	69,345	75,860
Real-estate loans: On farm land.....	38,268	36,194	29,948
On residential property .....	281,568	240,385	199,251
On other properties .....	108,514	94,341	82,938
Loans to banks.....	3,312	3,574	2,299
Other loans to individuals:			
Retail automobile instalment paper.....	41,779	32,859	21,238
Other retail instalment paper.....	11,374	9,124	6,134
Repair and modernization instalment loans.....	15,759	11,194	8,346
Instalment cash loans.....	47,016	42,684	31,118
Single-payment loans .....	183,160	162,465	148,806
All other loans (including overdrafts).....	48,554	46,734	50,659
United States Government direct obligations.....	2,662,920	2,732,310	2,972,371
Treasury Bills .....	35,782	30,313	31,408
Treasury certificates of indebtedness.....	299,768	391,945	520,969
Treasury notes .....	200,413	174,302	237,079
United States savings bonds.....	91,247	46,404	48,172
Other bonds maturing in 5 years or less.....	718,427	579,827	507,045
Other bonds maturing in 5 to 10 years.....	1,002,887	1,203,279	1,318,581
Other bonds maturing in 10 to 20 years.....	219,446	195,417	190,939
Bonds maturing after 20 years.....	102,950	110,823	118,178



AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS

	Last half of Feb.		Last half of Mar.	
	\$ thousands	% of U. S.	\$ thousands	% of U. S.
Maryland	996,460	.93	996,366	.94
Reserve city banks	634,773	.59	630,916	.60
Country banks	361,687	.34	365,450	.34
District of Columbia	919,675	.86	917,534	.87
Reserve city banks	897,955	.84	895,905	.85
Country banks	21,720	.02	21,629	.02
Virginia	1,279,645	1.20	1,266,977	1.20
Reserve city banks	296,044	.28	288,737	.27
Country banks	983,601	.92	978,240	.93
West Virginia	584,882	.55	590,631	.56
North Carolina	825,581	.77	833,509	.79
Reserve city banks	377,790	.35	393,017	.37
Country banks	447,791	.42	440,492	.42
South Carolina	436,998	.41	432,335	.41
Fifth District	5,043,241	4.71	5,037,352	4.76
United States (millions)	106,992	100.0	105,774	100.0

\*Excluding interbank demand deposits.

**Business Conditions**

(Continued from page 2)

tion of the country's retail outlets, there will not be much upward pressure exerted on commodity prices over the next three or four months as a result of this policy.

Department store sales in the Fifth District after seasonal correction rose 4 percent from February to March and indications thus far in April indicate April will hold at about the same level as in March after seasonal adjustment. Relative to March 1947, department store sales in March 1948 were 3 percent higher. This rise in sales compares with a rise of around 7 percent in the clothing, housefurnishing and miscellaneous items of the consumers price index in Baltimore and Richmond. Major

household appliances are no longer showing the sales gains recorded over the past two years, and if these sales flatten out as figures thus far indicate it will be more difficult for total store sales to continue showing gains over last year's level.

Stores in the District are still over-inventoried and even with the relatively good level of sales in March, inventories at the end of the month declined only 1 percent from the end of February level on a seasonally adjusted basis. End of March inventories were 11 percent above the level of a year ago.

Sales of most wholesale lines rose more than seasonally in March, but failed in all cases to reach peak levels previously established. In fact most wholesale lines give the impression that the trend has flattened out.

# FEDERAL RESERVE BANK OF RICHMOND

## FEDERAL RESERVE BANK OF RICHMOND (All Figures in Thousands)

ITEMS	April 14, 1948	Chg. in Amt. From	
		3-17-48	4-16-47
Total Gold Reserves.....	\$1,084,601	- 3,975	+ 76,154
Other Reserves .....	20,177	- 1,163	+ 4,694
Total Reserves .....	1,104,778	- 5,138	- 80,748
Bills Discounted .....	12,714	- 7,495	+ 7,466
Industrial Advances .....	46	+ 17	+ 46
Gov. Securities, Total .....	1,387,415	+ 14,315	- 97,164
Bonds .....	378,953	+ 12,493	+ 332,576
Notes .....	125,118	+ 9,901	+ 103,462
Certificates .....	282,038	+ 3,446	- 72,521
Bills .....	551,306	- 11,525	- 460,681
Total Bills & Securities.....	1,350,175	+ 6,837	- 89,652
Uncollected Items .....	259,143	- 28,946	+ 4,812
Other Assets .....	27,636	+ 83	+ 9,752
Total Assets .....	2,741,732	- 27,164	+ 5,660
Fed. Res. Notes in Cir.....	1,627,662	- 23,736	- 55,397
Deposits, Total .....	824,148	- 8,413	+ 26,877
Members' Reserves .....	721,873	- 27,567	- 8,843
U. S. Treas. Gen. Acct. ....	75,056	+ 22,194	+ 32,428
Foreign .....	20,222	+ 2,651	+ 1,267
Other Deposits .....	6,997	- 389	+ 2,025
Def. Availability Items.....	250,512	+ 3,847	+ 30,708
Other Liabilities .....	991	+ 227	+ 372
Capital Accounts .....	38,419	+ 911	+ 3,100
Total Liabilities .....	2,741,732	- 27,164	+ 5,660

## 41 REPORTING MEMBER BANKS—5th District (All Figures in Thousands)

ITEMS	April 14, 1948	Chg. in Amt. From	
		3-17-48	4-16-47
Total Loans .....	\$ 823,544	- 4,041	+ 134,180
Bus. & Agri. ....	405,729	- 4,847	+ 71,912
Real Estate Loans .....	180,296	+ 2,777	+ 44,434
All Other Loans .....	237,519	- 1,971	+ 17,834
Total Security Holdings.....	1,710,126	- 49,230	- 172,274
U. S. Treasury Bills .....	49,849	- 5,193	+ 19,210
U. S. Treasury Certificates ..	170,058	- 6,908	- 92,548
U. S. Treasury Notes .....	81,887	- 14,529	- 14,837
U. S. Govt. Bonds .....	1,282,391	- 23,444	- 87,714
Other Bonds, Stocks & Sec. ....	125,941	+ 844	+ 3,615
Cash Items in Process of Col. ....	252,866	+ 30,712	+ 53,396
Due from Banks .....	164,974*	+ 3,989	+ 5,600
Currency & Coin.....	65,282	+ 3,079	+ 5,134
Reserve with F. R. Bank.....	479,337	- 15,894	- 3,122
Other Assets .....	53,803	- 859	+ 4,912
Total Assets .....	3,549,932	- 40,222	+ 27,826
Total Demand Deposits.....	\$2,710,922	- 29,784	+ 25,574
Deposits of Individuals .....	2,001,903	- 25,823	+ 25,696
Deposits of U. S. Gov. ....	67,906	+ 5,771	- 24,134
Deposits of State & Local Gov. ....	228,327	+ 25,515	+ 47,075
Deposits of Banks .....	373,084*	- 17,555	- 15,557
Certified & Officers' Checks.....	39,702	- 17,682	- 7,506
Total Time Deposits.....	605,099	- 1,282	- 10,225
Deposits of Individuals.....	587,237	- 418	+ 9,944
Other Time Deposits.....	17,862	- 864	- 981
Liabilities for Borrowed Money.....	3,000	- 9,400	+ 1,369
All Other Liabilities.....	16,821	- 433	- 2,862
Capital Accounts .....	214,090	+ 677	+ 14,670
Total Liabilities .....	3,549,932	- 40,222	+ 27,826

\*Net Figures, reciprocal balances being eliminated.

## CONSTRUCTION CONTRACTS AWARDED

STATES	Feb. 1948	% Chg. from Feb. 1947	2 Mos. '48	
			2 Mos. '48	% Chg. from 2 Mos. '47
Maryland .....	\$19,488,000	+ 124	\$ 38,241,000	+ 28
Dist. of Columbia.....	10,483,000	+ 117	14,431,000	+ 3
Virginia .....	14,908,000	- 8	28,635,000	- 8
West Virginia .....	8,499,000	+ 47	24,961,000	+ 180
North Carolina .....	8,644,000	- 8	17,717,000	- 23
South Carolina .....	6,378,000	+ 51	14,437,000	+ 81
Fifth District .....	\$68,400,000	+ 39	\$138,472,000	+ 21

Source: F. W. Dodge Corp.

## COMMERCIAL FAILURES

MONTHS	Number of Failures		Total Liabilities	
	Dist.	U.S.	Dist.	U. S.
March 1948 .....	29	477	\$ 559,000	\$17,481,000
February 1948 .....	14	417	170,000	25,619,000
March 1947 .....	9	254	697,000	15,251,000
3 Months 1948.....	49	1,250	\$ 818,000	\$56,065,000
3 Months 1947.....	21	694	1,248,000	43,420,000

Source: Dun & Bradstreet

## DEBITS TO INDIVIDUAL ACCOUNTS

	(000 omitted)			
	March 1948	% Chg. from Mar. 1947	3 Mos. 1948	% Chg. from 3 Mos. '47
District of Columbia				
Washington .....	\$ 757,351	+ 20	\$ 2,123,848	+ 13
Maryland				
Baltimore .....	1,041,476	+ 17	2,831,130	+ 8
Cumberland .....	20,043	- 2	58,258	- 1
Frederick .....	18,804	0	52,297	+ 2
Hagerstown .....	27,119	+ 10	77,053	+ 8
North Carolina				
Asheville .....	48,848	+ 5	141,640	+ 6
Charlotte .....	234,451	+ 12	678,705	+ 12
Durham .....	91,562	+ 5	261,778	- 5
Greensboro .....	77,589	+ 23	221,291	+ 20
Kinston .....	12,074	+ 17	35,071	- 13
Raleigh .....	111,485	- 2	284,316	- 3
Wilmington .....	34,058	- 2	99,439	+ 1
Wilson .....	12,969	- 5	40,219	- 9
Winston-Salem .....	129,375	+ 12	353,613	+ 1
South Carolina				
Charleston .....	56,041	+ 11	160,690	+ 9
Columbia .....	92,436	- 4	271,741	+ 9
Greenville .....	81,039	+ 12	234,818	+ 14
Spartanburg .....	49,132	+ 10	143,258	+ 19
Virginia				
Charlottesville .....	20,919	+ 2	64,460	+ 5
Danville .....	25,355	+ 8	78,626	- 7
Lynchburg .....	38,718	+ 10	113,375	+ 13
Newport News .....	33,762	+ 13	95,924	+ 13
Norfolk .....	181,586	+ 11	519,439	+ 14
Portsmouth .....	19,641	+ 4	58,280	+ 7
Richmond .....	460,480	+ 14	1,276,588	+ 8
Roanoke .....	85,615	+ 12	243,690	+ 15
West Virginia				
Bluefield .....	44,162	+ 29	126,450	+ 26
Charleston .....	137,494	+ 10	392,874	+ 14
Clarksburg .....	35,276	+ 31	92,939	+ 22
Huntington .....	61,047	+ 31	171,356	+ 24
Parkersburg .....	27,673	+ 18	75,239	+ 6
District Totals .....	\$ 4,065,580	+ 14	\$11,379,405	+ 9

## COTTON CONSUMPTION AND ON HAND—BALES

	March 1948	March 1947	Aug. 1 to Mar. 31 1948	1947
Fifth District States:				
Cotton Consumed .....	441,146	422,369	3,196,796	3,367,679
Cotton Growing States:				
Cotton consumed .....	774,577	767,341	5,555,507	6,069,037
Cotton on hand March 31 in				
consuming establishments..	1,894,671	1,895,897		
storage and compresses....	3,606,929	3,280,521		
United States:				
Cotton Consumed .....	878,714	875,306	6,301,316	6,928,094
Cotton on hand March 31 in				
consuming establishments..	2,286,114	2,234,321		
storage and compresses....	3,676,735	3,339,213		
Spindles active, U. S. ....	21,708,000	21,959,000		

Source: Department of Commerce

## COTTON CONSUMPTION—FIFTH DISTRICT

	(In Bales)			
	N. Carolina	S. Carolina	Virginia	District
March 1948 .....	239,732	181,265	20,149	441,146
February 1948 .....	209,721	159,782	17,753	387,256
March 1947 .....	227,207	176,195	18,967	422,369
3 Months 1948.....	681,121	517,366	56,340	1,254,827
3 Months 1947.....	693,039	532,870	57,608	1,283,517

Source: Department of Commerce.

## PRICES OF UNFINISHED COTTON TEXTILES

	March 1948	February 1948	March 1947
Average, 17 constructions .....	87.11	90.90	88.19
Printcloths, average (6) .....	110.00	120.72	114.40
Sheetings, average (3) .....	77.86	79.63	79.45
Twill (1) .....	79.86	79.86	79.86
Drills, average (4) .....	70.83	69.55	67.97
Sateen (1) .....	97.61	97.61	97.61
Ducks, average (2) .....	63.25	63.22	62.54

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

## DEPOSITS IN MUTUAL SAVINGS BANK

	8 Baltimore Banks		
	Mar. 31, 1948	Feb. 29, 1948	Mar. 31, 1947
Total Deposits .....	\$392,783,344	\$391,579,209	\$385,209,962

**BUILDING PERMIT FIGURES**

	Total Valuation	
	March 1948	March 1947
<b>Maryland</b>		
Baltimore .....	\$ 2,897,080	\$ 2,602,855
Cumberland .....	40,350	59,595
Frederick .....	61,650	55,850
Hagerstown .....	66,410	239,100
Salisbury .....	733,556	147,045
<b>Virginia</b>		
Danville .....	143,065	283,287
Lynchburg .....	225,570	230,142
Norfolk .....	713,870	413,815
Petersburg .....	131,239	91,100
Portsmouth .....	169,615	50,013
Richmond .....	2,315,118	601,193
Roanoke .....	456,729	275,417
<b>West Virginia</b>		
Charleston .....	1,709,991	837,543
Clarksburg .....	428,982	54,615
Huntington .....	530,965	244,610
<b>North Carolina</b>		
Asheville .....	229,521	202,101
Charlotte .....	1,694,441	708,221
Durham .....	2,866,915	314,675
Greensboro .....	543,045	386,080
High Point .....	620,041	135,625
Raleigh .....	510,620	164,600
Rocky Mount .....	277,200	74,450
Salisbury .....	78,970	57,865
Winston-Salem .....	904,451	395,060
<b>South Carolina</b>		
Charleston .....	303,338	83,725
Columbia .....	1,039,318	222,515
Greenville .....	320,900	92,356
Spartanburg .....	161,258	104,433
<b>District of Columbia</b>		
Washington .....	3,543,728	3,823,021
<b>District Totals</b> .....	\$23,722,936	\$12,450,906
<b>3 Months</b> .....	\$60,780,789	\$41,447,934

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

REGIONS	March 1948	March 1947	% Chg.	3 Mos. 1948	3 Mos. 1947	% Chg.
	West Virginia .....	8,476	14,948	-43	37,353	44,440
Virginia .....	1,042	1,710	-39	4,364	5,042	-13
Maryland .....	108	177	-39	375	616	-39
5th Dist. ....	9,626	16,835	-43	42,092	50,098	-16
United States....	34,016	55,455	-39	138,186	165,957	-17
% in Dist. ....	28	30		30	30	

**TOBACCO MANUFACTURING**

	March 1948	% Chg. from Mar. 1947	3 Mos. 1948	% Chg. from 3 Mos. '47
	Smoking & Chewing tobacco (Thousands of lbs.).....	16,774	+ 6	47,067
Cigarettes (Thousands) .....	29,154,293	+11	79,731,847	+ 2
Cigars (Thousands) .....	470,099	+10	1,391,638	+ 1
Snuff (Thousands of lbs.).....	3,558	+15	10,813	+15

**RAYON YARN SHIPMENTS AND STOCKS**

	March 1948	February 1948	March 1947
Rayon yarn shipments, lbs.....	67,900,000	62,200,000	62,700,000
Staple fiber shipments, lbs.....	22,900,000	20,400,000	15,500,000
Rayon yarn stocks, lbs.....	8,800,000	8,800,000	6,800,000
Staple fiber stocks, lbs.....	5,400,000	5,300,000	2,500,000

Source: Rayon Organon

**WHOLESALE TRADE—198 FIRMS**

LINES	Net Sales compared with		Stocks compared with		Ratio March collections to acc'ts outstanding Mar. 1
	Mar. 1947	Feb. 1948	Mar. 31 1947	Feb. 29 1948	
Auto Supplies (5)*.....	+ 2	+20	+10	+2	73
Electrical Goods (6)*.....	+38	+13	+60	+9	102
Hardware (8)* .....	+23	+30	+55	-2	88
Industrial Supplies (3)*.....	+11	+30	....	....	....
Drugs & Sundries (11)*.....	+ 5	+11	+ 4	0	121
Dry Goods (13)*.....	+ 8	+17	+29	+8	75
Groceries (58)* .....	0	+11	+13	-2	172
Paper & Products (6)*.....	+12	+13	....	....	103
Tobacco & Products (7)*.....	+ 9	+12	- 4	+4	129
Miscellaneous (76)* .....	+14	+17	+46	0	99
District Average (198)*.....	+11	+16	+31	+2	104

Source: Department of Commerce

\*Number of reporting firms

**RETAIL FURNITURE SALES**

STATES	Percentage Changes in Mar. and 3 Mos. '48 Compared with	
	March 1947	3 Mos. 1947
Maryland (5)* .....	+12	+10
Dist. of Columbia (6)*.....	-17	- 3
Virginia (20)* .....	- 6	- 3
West Virginia (10)* .....	+ 9	- 1
North Carolina (15)*.....	- 3	- 6
South Carolina (8)*.....	+17	+ 9
District (64)*.....	0	+ 1
<b>Individual Cities</b>		
Baltimore, Md., (5)*.....	+12	+10
Washington, D. C., (6)*.....	-17	- 3
Richmond, Va., (6)*.....	- 8	-10
Charleston, W. Va., (3)*.....	-13	- 8
Charlotte, N. C., (4)*.....	- 9	-15

\*Number of reporting stores

**DEPARTMENT STORE TRADE**

	Richmond	Baltimore	Washington	Other Cities	District
Percentage chg. in March 1948 sales, compared with sales in March '47:	+13	+ 3	+ 3	+13	+ 8
Percentage chg. in 3 mos. sales 1948, compared with 3 mos. in 1947:	+ 8	+ 3	+ 5	+ 7	+ 7
Percentage chg. in stocks on Mar. 31, 1948, compared with Mar. 31, '47:	- 8	+14	+ 2	+14	+ 5
Percentage chg. in outstanding orders Mar. 31, 1948 from Mar. 31, 1947:	-36	-28	-15	+ 8	-23
Percentage chg. in receivables Mar. 31, '48 from those on Mar. 31, '47:	+47	+23	+23	+27	+27
Percentage of current receivables as of Mar. 1, 1948 collected in March:	33	50	48	50	45
Percentage of instalment receivables as of Mar. 1, 1948, collected in Mar.:	19	26	22	29	23

	Maryland	Dist. of Col.	Virginia	W. Virginia	No. Carolina	So. Carolina
Percentage chg. in March 1948 sales from March 1947 sales, by states:	+ 4	+ 3	+14	+27	+12	+16
Percentage chg. in 3 months 1948 sales from 3 months 1947 sales:	+ 3	+ 5	+ 9	+18	+ 6	+10