MONTHLY REVIEW

FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA JUNE 30, 1948

Business Conditions

IN a national setting, generally appraised in an optomistic vein, business activity in the Fifth Federal Reserve District presents some notable contrasts. Out of twenty available business indicators for May seven show improvement over April on a seasonally adjusted basis, twelve were lower and one was unchanged. Furthermore industrial operations have worsened in several lines, notably in cotton textiles, hosiery, and work clothing. Trade levels seasonally adjusted are generally lower in May than in April with opposing trends shown in such wholesale lines as automotive and industrial supplies, and electrical goods. Smaller amounts of new insurance were written in May than in April and time deposits of member banks continued to fall for the third consecutive month. Farm income during the first four months of the year was 7 per cent smaller than in those months last year. Coal production in May was up sharply from April, but still failed to equal the output of May 1947, which was due mainly to car shortages. Building construction remains the strongest factor in the District's economy despite a drop of 18 per cent in permits from April to May after seasonal adjustment.

Trade

Department store sales nationally established an all time high seasonally adjusted figure in May at 308 per cent of the 1935-39 average. The high point in the Fifth District was in December 1947 at 322 per cent of the 1935-39 average. While the national index was rising from 303 in April to 308 in May the Fifth District index was falling from 321 in April to 313 in May, a drop of 2 per cent. Department store stocks in the District declined 3 per cent meanwhile and since dollar stocks are more than three times as large as sales this drop may be evidence of a cautious merchandising policy and an attempt to adjust inventories downward. It has been learned from selected stores that much the same policy is still in evidence at mid-year.

It is probably correct to say that the gain in income payment in the Fifth District has been less rapid in 1947 and thus far in 1948 than for the country as a whole. It must also be noted that the level of department store sales in the Fifth District in May at 313 per cent of the 1935-39 average was still higher than the national figure at 308 per cent of the same base period. Perhaps these are indications that the trade level of the country is catching up with the District and that the District is no longer rising as rapidly as the national total.

Figures for department stores thus far available by the departments do not show many significant declines in dollar sales. There are, however, an increasing number of departments in which sales trends, again in dollars, have been flat for a year or more. Even those departments which have contributed most to the total store increases over the past year or more are experiencing a leveling off.

Furniture store sales in May dropped 2 per cent from the April level on a seasonally adjusted basis, but remained 4 per cent higher than a year ago. Seasonally adjusted sales in the 5 months ended May 1948 were 6 per cent lower than in the last quarter of 1947. In the department stores which report departmentally, furniture sales have been in a flat trend since the spring of 1946. These stores normally handle a somewhat higher quality of furniture than most of the furniture stores reporting in our larger sample. It would seem that the trends shown by these two sets of figures would indicate that the lower priced furniture sales continued to expand through 1947 and have since slid off whereas demand for better grade furniture has held up comparatively well.

Textiles

Cotton consumption and spindle hours run by the mills of the Fifth District declined 5 and 4 per cent respectively on seasonally adjusted basis from April to May. This has been the result of a run-off of order backlogs, and a cautious purchasing policy on the part of both converters and cutters, which in turn is an outgrowth of similar caution exercised by wholesalers and retailers; by the loss in exports; and by the elimination of demand for inventory building.

There has been very little new business written by the mills since the turn of April and the price structure has considerably weakened. Here in the latter part of June there are just a few indications that goods and yarn prices will level off and that some forward contracting may not be far removed. However, with retailers committing for only a part of their fall requirements it would seem that mill activity would be slow in resuming after the vacation period which is concentrated largely in the first two weeks of July. If the mills do reduce operations this summer to conform with their orders booked, and do not produce for inventory, it is probable that some strength may again be seen in cotton textile prices this winter. Demand at the retail level will probably hold steady in the Fall months particularly when the lower price of goods finds its reflection in finished prodncts. Lower cotton prices seem probable this fall and winter as the situation now appears and this important element of cost may act as an offset to possible strength in goods and yarn prices under conditions as indicated.

Construction

Although building permits in the Fifth District in May on a seasonally adjusted basis declined 18 per cent in value from April they were still 30 per cent higher than in May 1947 and 177 per cent above the 1935-39 average. Construction contract awards, which have shown a flattening-off tendency this year, were 230 per cent higher in May than the 1935-39 average and 24 per cent above May last year. The construction volume is the strongest factor in the Fifth District economy at the present time and constitutes the major share of the new capital formation of the District.

Home loans in the Fifth District insured by the Vetereans Administration turned up slightly in May after many months of showing steady declines. This was before the Congress had passed a bill providing some access by lenders to a secondary mortgage market in the RFC. This provision together with FHA insurance under Title II makes it possible that sale of individual homes can be effected without too much difficulty. Financing of rental projects, however, will require private funds, but since the tension in the money market evident in the early part of the year has relaxed, private funds for rental developments may sustain the volume of operations.

Conclusion

On an overall basis the business situation in the Fifth Federal Reserve District can best be characterized as easier. Trade levels have not been as good as in the nation as a whole. Seasonally adjusted department store sales in May held or rose moderately above April levels in Virginia and the Carolinas but declined in Maryland, District of Columbia and West Virginia. Employment levels in manufacturing industries, aside from seasonal industries, have shown only minor recessions on an overall basis, while construction employment has continued to rise.

The employment level in some manufacturing industries has not given a good indication of factory opera-

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

	May 1948	Apr. 1948	Mar. 1948	May 1947	% Change May 1948 from Apr. 48	% Change May 1948 from May 47
Automobile Registration*	......	129	140	131	......	......
Bank Debits	326	313	320	290	+ 4	+ 12
Bituminous Coal Production*	182	102	91	188	+ 78	— 3
Building Contracts Awarded	366	324r	326	264	+ 13	+ 39
Apartments and Hotels	......	872	173	215	......	......
Commercial Construction Contracts	......	382	304	342	......	......
Manufacturing Construction Contracts	......	268	498	478	......	......
One and Two Family Houses	......	321	378	206	......	......
Public Works and Utilities	......	266	316	460	......	......
Residential Construction Contracts	314	421	290	215	— 25	+ 46
Building Permits Issued	277	336	274	213	— 18	+ 30
Business Failures—No.	31	40	51	14	— 23	+121
Cigarette Production	226p	271r	248	216	— 17	+ 5
Cotton Consumption	148	156	153	139	— 5	+ 6
Department Store Sales	314	321	317	301r	— 2	+ 4
Department Store Stocks	337	340	340	292	— 1	+ 15
Electric Power Production	......	256	265	235	......	......
Employment—Mfg. Industries*	......	135	136	132	......	......
Furniture Orders	......	313	320	235	......	......
Furniture Shipments	......	311	307	268	......	......
Furniture Unfilled Orders	......	1211	1001	913	......	......
Furniture Sales—Retail	265p	270r	265	256	— 2	+ 4
Gasoline Consumption	......	......	179	173	......	......
Life Insurance Sales	252	261	246	238	— 3	+ 6
Wholesale Trade:						
Automotive Supplies**	408	339	341	296	+ 20	+ 38
Drugs	253	269	265	244	— 6	+ 4
Dry Goods	172	171	184	154	+ 1	+ 12
Electrical Goods**	89	83	83	90	+ 7	— 1
Groceries	262	262	247	266	0	— 2
Hardware	138	142	140	126	— 3	+ 10
Industrial Supplies**	387	358	317	341	+ 8	+ 13
Paper and Its Products**	153	167	155	191	— 8	— 20
Tobacco and Its Products**	92	99	87	109	— 7	— 16

*Not seasonally adjusted
**1938-41=100

Retail Credit Survey

In 1947 disposable personal income of the American people amounted to $175.3 billion, a gain of $16.9 billion over 1946. Personal consumption expenditures amounted to $164.4 billion, a gain of $20.7 billion over 1946. This larger gain in personal consumption expenditures than in disposable income caused a reduction of $3.9 billion in computed personal savings during 1947.

Also finding reflection in the personal consumption expenditure figure in 1947 was a gain of $3.2 billion in consumer instalment credit of which $1.8 billion represented a direct sales-increasing factor in the form of instalment sale and charge account credit, and $1.4 billion represented other consumer credit which may have in part affected retail sales directly or indirectly by augmenting income of the borrower or the recipient of the borrowed funds. In addition to reduced savings by some people and larger use of credit by others, there was also the addition of $5.1 billion of purchasing power for some in the cashing of savings bonds and for still others in the expenditure of an unknown portion of their other liquid asset balances. The visible figures alone add to a total of $12.2 billion or more than half of the increase in consumer purchases.

Credit was an important factor in augmenting the $20.7 billion increase in 1947 over 1946 of consumer purchases, and the impact appears to be more effective on the $17.1 billion gain in durable and non-durable commodities rather than in services. It might be contended that had no increase in consumer credit been made during 1947 sales of goods and services would have gained $20.7 billion anyway by the alternative use of liquid assets. This contention cannot be completely rejected, but it would seem reasonable to suppose that there may have been many consumers who did not have liquid assets or were not willing to part with their liquid assets, but who nevertheless were able to purchase goods and services on credit.

Although receivables are expanding and collections are slowing down, there is nothing thus far in the retail credit situation that is of itself a cause for alarm. In fact the use of credit in retail trade is considerably less important than in prewar years. This of course does not deny that credit had an important part in expanding retail trade in 1947.

Retail Credit Survey Data

The 1947 annual Retail Credit Survey conducted by the Federal Reserve Bank of Richmond is based on data collected from 274 credit-granting stores in the Fifth Federal Reserve District. The survey covered nine lines of trade which constitute the bulk of credit transactions—automobile dealers, automobile tire and accessory, department, furniture, hardware, household appliance, jewelry, men's clothing, and women's apparel stores. Coverage in none of the nine lines of retail trade surveyed is extensive enough to be entirely representative, and data for hardware and jewelry are particularly inadequate. With cognizance that the reporting samples are small and that wide distribution throughout the District has not been achieved, trends exhibited in the shifts from cash to credit by respondent firms in the lines covered in the Fifth District are probably representative. Furthermore, the changes in sales from 1946 to 1947 in each line of trade are not greatly at variance with national trends shown by the Department of Commerce.

Sales Move Upward in 1947

Sales moved higher in 1947 compared with 1946 for six of the nine lines of retail trade reporting in the Fifth Federal Reserve District Credit Survey. Automobile dealers and household appliance stores, with sales up 72 per cent and 57 per cent respectively, showed the greatest gains and reflected the increasing availability of automobiles and household appliances. The removal of certain hardware items from the scarcity list contributed to a 19 per cent increase in hardware sales during the year. Reflection of price increases were shown in gains of 14 per cent, 7 per cent, and 4 per cent in furniture, men's clothing and department store sales respectively. Automobile tire and accessory dealers were generally able to meet the backlog of demands during 1946 and this fact contributed to an 11 per cent decline in sales in 1947. Despite the appearance of new styles in women's clothes, women's apparel shops recorded a drop of 3 per cent in sales. The smallest fluctuation in the nine lines surveyed was shown in jewelry which was down 2 per cent in sales from 1946.

Cash Sales

With the exception of automobiles, household appliances, and hardware, cash sales in 1947 declined in all lines from those of 1946. While automobile dealers showed a 75 per cent increase in cash sales, in many instances "cash" represented a loan obtained from some other source through which the consumer preferred to finance his purchase rather than through the dealer. Cash sales of automobile dealers accounted for 75 per cent of total sales in 1947 compared with 74 per cent in 1946. This was the only one of the nine groups in which cash sales did not show a markedly lower percentage of total sales in 1947 than in 1946. Increased supplies of household appliances and the availability of well-known brands helped to push cash sales of these items 44 per cent above 1946. Automobile tire and accessory stores showed a decline of 34 per cent in cash sales while losses in cash sales in other lines were not quite so marked as women's apparel declined 15 per cent, jewelry dropped 13 per cent, and furniture fell 12 per cent.

Increase in Credit Sales

The sharp increase in credit sales in 1947 was a reflection of several factors. During the year, goods with a high unit value which consumers ordinarily purchase on credit became increasingly available; dealers encouraged customers to purchase on credit; and towards the latter part of the year credit control restrictions were removed. As wartime savings dwindled, as mustering-out payments to veterans were fewer, and as the cost-of-living continued to increase in 1947, consumers were less able to make cash payments in business transactions in 1947 than in 1946.

Credit sales increased in each line of trade covered in the survey and a marked shift to instalment buying was noted. Instalment components constituted a larger percentage of credit sales in 1947 than in 1946 in all lines except men's clothing and women's apparel which remained unchanged. Customarily instalment sales of men's clothing and women's apparel stores represent a very small percentage of total sales in these two lines.

While charge account sales of automobile dealers increased 45 per cent from 1946 to 1947, instalment sales jumped 119 per cent, and as charge account sales declined from 20 per cent to 17 per cent of total sales, instalment sales rose from 6 per cent of total sales in 1946 to 8 per cent of total sales in 1947. In the household appliance group, charge account sales increased 51 per cent; instalment sales gained 72 per cent. In the same group charge account sales comprised 51 per cent of total sales in 1946 and 49 per cent in 1947, while instalment sales constituted 33 per cent in 1946 and 37 per cent in 1947.

Gains of 11 per cent in charge account sales and 25 per cent in instalment sales were recorded by furniture stores in 1947 over 1946. Charge account sales were equal to 10 per cent of total furniture sales in both 1946 and 1947, but instalment sales rose from 63 per cent of total sales in 1946 to 69 per cent in 1947. The increasing use of credit by department store customers was apparent in 1947 as charge account sales were up 11 per cent and instalment sales climbed 31 per cent from 1946. Charge account sales comprised 47 per cent and instalment sales 7 per cent of total sales of department stores in 1947 as compared to 43 per cent and 6 per cent respectively in 1946.

Although charge account sales declined 14 per cent in automobile tire and accessory stores in 1947 compared with 1946, instalment sales spiraled upwards for a gain of 81 per cent. In 1947 charge account sales accounted for 48 per cent and instalment sales for 24 per cent of total sales of automobile tire and accessory dealers as compared to 50 per cent and 12 per cent respectively in the previous year. Further trends in credit sales are shown in Table I.

TABLE I

RETAIL SALES BY TYPE OF STORE, FIFTH FEDERAL RESERVE DISTRICT, 1946 & 1947

Type of credit-granting store	Number of Stores	Percentage Change 1946 to 1947: Total Sales	Cash Sales	Account Sales	Instalment Sales	Percent of Total Sales: Cash Sales 1946	Cash Sales 1947	Charge Account Sales 1946	Charge Account Sales 1947	Instalment Sales 1946	Instalment Sales 1947
Automobile	15	+72	+75	+45	+119	74	75	20	17	6	8
Household Appliance	68	+57	+44	+51	+ 72	16	14	51	49	33	37
Hardware	7	+19	+ 2	+36	+ 59	52	44	48	55	0	1
Furniture	68	+14	—12	+11	+ 25	27	21	10	10	63	69
Department	29	+ 4	— 6	+11	+ 31	51	46	43	47	6	7
Men's Clothing	15	+ 7	— 7	+26	0	56	49	44	51	0	0
Jewelry	6	— 2	—13	+23	+ 9	60	53	17	21	23	26
Women's Apparel	15	— 3	—15	+ 8	+ 2	49	43	50	56	1	1
Automobile Tire & Accessory	51	—11	—34	—14	+ 81	38	28	50	48	12	24

Source: Compiled by Federal Reserve Bank of Richmond from reports of stores cooperating in the Retail Credit Survey.

Trends in Receivables

As a result of the increase in credit sales in 1947, accounts receivable carried by dealers showed gains in each of the nine lines of trade under review. Increases ranged from 19 per cent in women's apparel to 112 per cent in household appliances. With the exception of automobiles, total accounts receivable increased at a faster pace than credit sales; for example, while total credit sales of automobile tire and accessory retailers increased 4 per cent during 1947, accounts receivable carried by these dealers were 62 per cent greater at the end of 1947 than at the end of the previous year. As total credit sales of furniture dealers rose 23 per cent in 1947, end-of-year receivables were 52 per cent higher than in 1946.

Ratios of receivables to sales increased in most lines for both instalment and charge account sales. This trend was indicative of less prompt payment of accounts by customers and the extension of more liberal credit terms by retailers. Details are shown in Table II.

TABLE II
ACCOUNTS RECEIVABLE BY TYPE OF RETAIL STORE
FIFTH FEDERAL RESERVE DISTRICT, 1946 AND 1947
(Accounts receivable figures are based on end-of-year data; sales, on annual totals)

Type of Credit-granting stores*	Accounts receivable percentage change 1946 to 1947: Total	Charge Account	Instalment	Charge Account receivables as % of charge account sales: 1946	1947	Instalment receivables as % of instalment sales: 1946	1947
Automobile	+ 27	+ 3	+ 87	14	10	23	19
Household appliance	+112	+ 53	+173	7	8	24	27
Hardware	+ 48	+ 47	+ 52	11	13	99	94
Furniture	+ 52	+ 39	+ 53	27	32	37	44
Department	+ 27	+ 23	+ 46	23	26	37	41
Men's Clothing	+ 39	+ 39	......	22	24	....	....
Jewelry	+ 30	+ 10	+ 45	39	35	37	49
Women's Apparel	+ 19	+ 20	+ 1	23	26	70	70
Automobile Tire & Accessory	+ 62	+ 7	+200	11	14	19	31

*Type of store arranged in order of percentage change in total sales by type of transaction, 1946 to 1947, as reported in Table I.

Although retailers sold more instalment paper to banks and finance companies in 1947 than in 1946, the larger sales of instalment paper did not keep pace with instalment sales. The small amount of instalment paper sold indicated most retailers were in a good financial condition and were in a position to bolster sales by promoting credit transactions without sacrificing a portion of their profits by selling instalment paper. Automobile dealers who sold instalment paper sold it in an amount equal to 79 per cent of instalment sales in 1947 and equal to 71 per cent of instalment sales in 1946. The sale of instalment paper was of importance in only one other line, household appliances. Among dealers in this group who sold instalment paper, the percentage of instalment paper sold to instalment sales remained unchanged from 1946 to 1947, the figure being 87 per cent for both years.

Consistent with the tightening of consumer finances was the increase in bad debt losses noted in all lines except women's apparel and jewelry where respective declines of 34 per cent and 20 per cent were registered. Of the seven lines that showed larger bad debt losses in 1947 than in 1946, the range was from 16 per cent in automobiles to 118 per cent in automobile tires and accessories. However, in two of these lines, automobiles and household appliances, bad debt losses did not increase at a rate as great as the rate of interest in credit sales. In a comparison of bad debt losses to total credit sales it was found that bad debt losses amounted to slightly more than one per cent of total credit sales of jewelry stores, approached one per cent of total credit sales of furniture stores, and were less than one-half of one per cent of total credit sales of other types of retail stores.

Expansion of Inventories

Stocks of merchandise at the end of 1947 showed gains over the previous year and reflected the expansion of inventories by retailers as scarce goods became available. Increased inventories in many cases represented an expansion of stocks to a more normal ratio to sales. Inventories of all lines showed increases except women's apparel and department stores where declines of 7 per cent and 1 per cent respectively were registered. While automobile tire and accessory sales dropped 11 per cent, inventories rose 44 per cent indicating that the pent-up demands for such items as automobile tires were satisfied in a relatively short time after the end of the war. An increase of 31 per cent in inventories of men's clothing indicated that veterans had replenished their wardrobes and were buying at a slower pace and that stores were able to acquire a larger selection of goods. Other lines which reflected increased inventories were hardware, household appliances, and automobiles with rises of 41 per cent, 23 per cent and 22 per cent respectively.

Inventory Turnover

Basing inventory turnover on the ratio of total annual sales to the end-of-year inventories at retail, the inventory turnover ratio in 1947 was greater in five of the nine lines surveyed than in 1946 and this was an important consideration in store's ability to take a smaller mark-up in their merchandise. Hardware, men's clothing, jewelry and automobile tire and accessory stores reported that stocks moved with less rapidity than in the previous year, but this was mainly due to the greater availability of these goods. The general average of stock turnover ratio ranged from three to six times per year. However, extremes were present with automobiles on one end of the scale showing a turnover of over twelve times a year and jewelry on the other end of the scale showing a turnover of 2.3 times a year. Other inventory turnover ratios are shown in Table III.

TABLE III

SALES AND INVENTORIES BY TYPE OF RETAIL STORE FIFTH FEDERAL RESERVE DISTRICT, 1946 AND 1947

Type of Credit Granting Store	Number of Stores	Percentage Change 1946 to 1947: Total Sales	Percentage Change 1946 to 1947: End-of-year Inventories	Inventory Turnover Ratio: 1946	Inventory Turnover Ratio: 1947
Automobile	19	+65	+22	9.1	12.2
Household Appliance	10	+41	+23	4.7	5.3
Hardware	12	+18	+41	3.0	2.5
Furniture	77	+10	+ 2	3.2	3.4
Department	32	+ 4	— 1	4.8	5.0
Men's Clothing	17	+ 8	+31	6.1	5.0
Jewelry	7	— 1	+11	2.6	2.3
Women's Apparel	17	— 3	— 7	6.2	6.4
Automobile Tire & Accessory	51	—11	+44	5.0	3.1

Data on Individual Cities

Paucity of data for various cities in the Fifth District precludes a discussion of trends in retail credit in the cities except in general terms. For the most part the cities displayed the same tendencies that prevailed in the District as a whole—declines in cash sales; increases in credit sales, both charge account and instalment; and increases in accounts receivable, both charge account and instalment.

Automobile sales in Baltimore in 1947 increased 117 per cent over 1946 with a 25 per cent increase in charge account sales and a 204 per cent increase in instalment sales. These increases were somewhat larger than the increase in the District as a whole and were probably caused in part by better deliveries by manufacturers to Baltimore dealers than to dealers in other cities in the District. Contrary to the pattern of the District as a whole, accounts receivable of Baltimore automobile dealers declined 18 per cent from 1946 to 1947. It appears that Baltimore automobile retailers sold a greater percentage of instalment paper acquired than did retailers in other cities in the District.

Furniture sales in the cities of the District followed the same general pattern as the District as a whole. Cash sales reversed their upward trend of the past several years and accounted for a smaller proportion of sales volume. Total sales ranged from an increase of 10 per cent in Charleston, South Carolina, to an increase of 23 per cent in Charleston, West Virginia. Charge account furniture sales ranged from an increase of 13 per cent in Richmond to an increase of 32 per cent in Charlotte, while instalment sales in the same line ranged from an increase of 13 per cent in Charleston, South Carolina to an increase of 35 per cent in Charlotte.

Trends in department store sales in 1947 for the three cities covered—Washington, Baltimore, and Richmond—are very similar. Total sales increased 4 per cent in Washington, 3 per cent in Baltimore, and 6 per cent in Richmond. The movement away from cash toward credit sales was evidenced in all three cities. Sharp rises in instalment sales of department stores are recorded as this kind of credit rose 34 per cent in Washington, 22 per cent in Baltimore, and 55 per cent in Richmond. By the end of the year, accounts receivable were increasing at a greater rate than sales as evidenced by increases in accounts receivable of 28 per cent in Washington, 16 per cent in Baltimore, and 48 per cent in Richmond.

Data on retail sales and accounts receivable for various cities in the Fifth Federal Reserve District are shown in Table IV.

TABLE IV

PERCENTAGE CHANGE, 1946 TO 1947, IN SALES AND ACCOUNTS RECEIVABLE BY TYPE OF RETAIL STORE IN SELECTED CITIES—FIFTH FEDERAL RESERVE DISTRICT

(Sales of Credit-Granting Stores are Based on Annual Totals; Accounts Receivable, on end-of-year Data)

Type of Store and Locality	Sales: Total	Sales: Cash	Sales: Charge Acc't	Sales: Instalment	Accounts Receivable: Total	Accounts Receivable: Chg. Acc't	Accounts Receivable: Instalment
Automobile (Dist.)	+ 72	+ 75	+ 45	+119	+ 27	+ 3	+ 87
Baltimore	+117	+133	+ 25	+204	— 18	—18	— 14
Furniture (District)	+ 14	— 12	+ 11	+ 25	+ 52	+39	+ 53
Baltimore	+ 16	— 9	+ 15	+ 30	+152	....	+152
Richmond, Va.	+ 20	0	+ 13	+ 32	+ 64	+34	+ 82
Charlotte, N. C.	+ 21	— 19	+ 32	+ 35	......	....	......
Charleston, W. Va.	+ 23	— 42	......	+ 17	......	....	......
Charleston, S. C.	+ 10	— 12	+ 18	+ 13	......	....	......
Department (Dist.)	+ 4	— 6	+ 11	+ 36	+ 27	+23	+ 46
Washington, D. C.	+ 4	— 6	+ 11	+ 34	+ 28	+20	+ 52
Baltimore, Md.	+ 3	— 8	+ 11	+ 22	+ 16	+14	+ 30
Richmond, Va.	+ 6	— 3	+ 15	+ 55	+ 48	+47	+ 69
Men's Clothing (District)	+ 7	— 7	+ 26	0	+ 39	+39	......
Richmond, Va.	+ 9	— 6	+ 23	......	+ 39	+39	.....
Automobile Tire & Accessory (Dist.)	— 11	— 34	— 14	+ 81	+ 62	+10	+ 45
Richmond, Va.	— 7	— 28	— 11	+ 59	+ 63	+14	+151

Business Conditions

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tions, for working time has been reduced in some plants; manufacturing, sales yarn, work clothing, furniture, and hosiery. Furthermore the situation confronting these same industries would point to lower production or an accumulation of inventories at the producer level.

ECA funds have improved the foreign demand for cotton and tobacco, somewhat, but few other reflections of this money can as yet be found in this District. Construction is in large volume and will fully occupy available workers through the summer. New contract awards appear to be leveling off, but this will have no retarding effect on the volume of construction expenditures over the next several months. Car shortages are showing up in the coal fields, and the moving of another large wheat crop will make fewer cars available for hauling lumber.

In contrast to the generally easier tendency in production and trade indicators of the District are continued rises in the trends of bank debits and electric power production. The debits series are no doubt influenced considerably by the activity of the real estate market. In the latter series the effects of full employment may be reflecting a relative gain in consumption by domestic users.

The Continued Expansion of Bank Loans

The past few months have seen four main developments which have been designed to influence banks to decrease their expansion of loans or have had that effect incidental to other objectives. It is of interest to re-examine these developments and to examine the subsequent course of bank loans both as to the changes in total loans and as to the types of loans in which the changes have occurred.

Statement of the bank supervisory authorities. On November 24, 1947, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Executive Committee of the National Association of Supervisors of State Banks issued a joint statement discussing the current boom conditions and the contribution that a further growth of bank credit would make to the already excessive demand, resulting in still higher prices. Banks were warned to exercise extreme caution in their lending policies, in particular to "curtail all loans either to individuals or businesses for speculation in real estate, commodities, or securities," to "guard against the over-extension of consumer credit," and not to relax the terms of instalment financing. "As far as possible," the statement said, "extension of bank credit under existing conditions should be confined to financing that will help production rather than merely increase consumer demand."

Lowering of support levels for United States Government obligations. Action by the Federal Open Market Committee on December 24, 1947, in lowering the prices at which obligations of the United States Government would be supported served in some measure as a deterrent to the liquidation of holdings of long-term Governments by banks in order to make loans. Banks holding long-term securities were faced with the necessity of recognizing declines in market values in the event of sale; since securities might be carried at values above the market level—with provision for amortization—some holdings were in effect frozen by this action. In these particular cases, definite limits were thus placed upon the volume of loans that might be held.

The American Bankers Association program of self-restraint. In the early months of 1948 the message of this program was carried to virtually every banker of the country. The main points of the program as stated by ABA President Joseph Dodge, were as follows:

"1. That in the months immediately ahead, commodity and inventory loans which are designed to withhold essential goods from the normal market channels in anticipation of price rises should not be made.

2. That mortgage loans for non-essential building or for construction which can be postponed until building supplies and labor are in greater abundance should be discouraged at the present time.

3. That banks should give priority to loans to those borrowers who can turn out the supplies and services needed at home and abroad now, in order that the machinery for the production of essential goods may be kept functioning at maximum levels.

4. That there should be a greatly intensified drive to sell Treasury Savings Bonds to the public and to promote other forms of savings, such as savings accounts in banks, as a means of absorbing some of the surplus money in the spending stream which would otherwise continue to compete for the goods and services in short supply."

Treasury cash surplus. During the first quarter of 1948 (and the week ended April 7, 1948) the United States Treasury realized a cash surplus of $6.7 billion from current fiscal and nonmarketable security operations; this sum was available for the retirement of marketable debt and $4.9 billion was so used. Of this $3.9 billion was used to retire obligations held by the Federal Reserve banks, while another $300 million was used to increase Treasury deposits with the Reserve banks, the equivalent of the retirement of System-held debt insofar as the banking system was concerned. This drain of reserves, although offset in part by a return flow of currency from circulation, an increase in the gold stock, and a decline in reserve requirements, placed banks under pressure for reserves throughout the three-month period. Under such conditions it was to be expected that there would be some reluctance to expand loans since to do so would place additional strains upon reserves and, generally speaking, require the liquidation of other assets.

Increase in Loans, United States

The estimated total loans of all banks increased from $43.0 to $43.9 billion from December 31, 1947, to April 28, 1948, a gain of 2.0 per cent. This compares with an increase of 7.6 per cent during the first six months of 1947, when total loans rose from $35.6 billion to $38.4 billion. Making allowance for the difference in the two time periods (four months as compared with six), it is still evident that the rate of increase thus far in 1948 has not been so great as that of 1947.

TABLE I
BANK LOANS
(Amounts in millions of dollars)

Class of Bank	April 28, 1948	Chg. from Dec. 31, '47 Amount	Chg. from Dec. 31, '47 Per cent	Per cent chg. Dec. 31, '46 to Apr. 30, '47
All banks	43,860e	+861	+2.0	n.a.
Commercial banks	38,760e	+705	+1.9	n.a.
Member banks	33,018	+390	+1.2	+ 4.5
Weekly reporting member banks	23,160	—169	—0.7	+ 2.3
Non-weekly reporting member banks	9,858	+559	+6.0	+10.2

e Partly estimated
n.a. Not available

The expansion of the loans of commercial banks during the four-month period was estimated to be at a somewhat lower rate than that for all banks, indicating a higher rate for mutual savings banks. Similarly, since the loans of member banks did not increase by as large a percentage as did those of all commercial banks (1.2 as compared with 1.9), it appears that the loans of nonmember commercial banks increased by relatively greater amounts than did the loans of members.

The rate of increase of the member banks was considerably below that of last year, 1.2 per cent as compared with 4.5 per cent for the corresponding period of 1947. The weekly reporting member banks—consisting principally of the larger member banks and holding 70 per cent of total member bank loans on April 28—showed an actual decline in total loans from the year end to April 28, 1948, as compared with an increase of 2.3 per cent during the comparable period of last year. The remaining member banks showed a substantial increase—6 per cent—which, however, was still less than last year's increase of 10.2 per cent.

Figures by classification of loans are available only for the weekly reporting member banks, all other members reporting only the aggregate amount of loans outstanding. Table II below shows the changes that occurred in the principal loan categories of the reporting banks, together with the percentage change for the corresponding period of 1947.

TABLE II

LOANS OF WEEKLY REPORTING MEMBER BANKS UNITED STATES

(Amounts in millions of dollars)

Class of Loan	April 28, 1948	Change from Dec. 31, 1947: Amount	Change from Dec. 31, 1947: Per cent	Per cent change Dec. 31, '46 to Apr. 30, '47
Commercial, industrial, and agricultural	14,159	—499	—3.4	+ 6.1
For purchasing and carrying securities	1,658	— 16	—1.0	—30.9
Real estate	3,669	+209	+6.0	+13.7
Other	3,774	+237	+6.7	+ 8.8
Total	23,160	—169	—0.7	+ 2.3

It may be noted that the relatively small increase of the total loans of weekly reporting member banks in the first four months of 1947 was the result of the offsetting of a large decrease in loans for purchasing and carrying securities against substantial increases in the other three categories of loans. The changes of this year were smaller and assume greater significance when viewed against the comparable changes of last year.

The decline in commercial, industrial, and agricultural loans represented a direct reversal of the performance of 1947. The decline in loans for purchasing and carrying securities was of far smaller magnitude both relatively and in dollars than it was in the earlier period. Real estate loans and "other loans"—the latter including consumer credit loans—increased by substantial percentages, although in neither case so rapidly as in the four-month period of 1947.

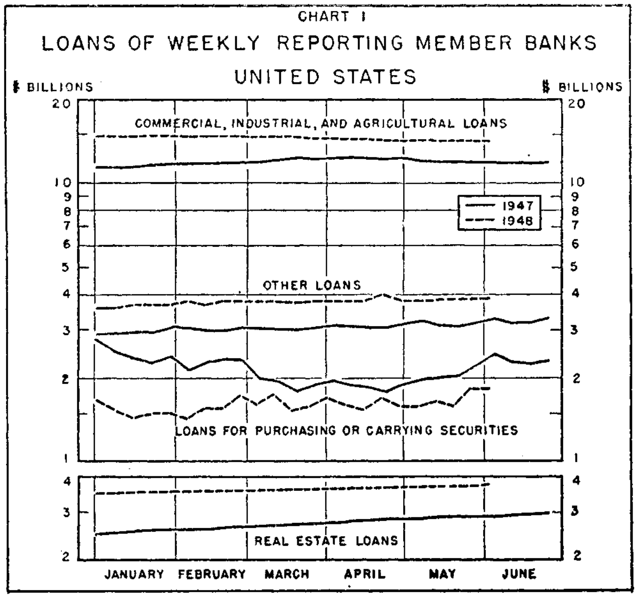
As has been seen, the weekly reporting member banks are not representative of all banks; yet some general conclusions may be drawn from their figures. In particular, it appears that further expansion of real estate loans has contributed heavily to the increase of total loans that has occurred this year. The lower rate of increase as compared with last year has come in the face of an increased dollar value of private construction—$3.7 billion in January-April, 1948, as compared with $2.6 billion for the same period of 1947—and reflects three factors in the mortgage situation for banks: smaller loans relative to appraised property values, a decreased turnover of old properties, and an increasing reluctance by banks to make real estate loans due to the disappearance of the secondary markets for guaranteed mortgages.

Other series than the weekly reports of member banks confirm the importance of consumer credit in contributing to the expansion of bank loans. Commercial bank outstandings of consumer instalment paper are estimated to have increased by 13.6 per cent between December and the end of April. Availability of durable consumer goods—at advanced prices—and the determination on the part of banks to establish and maintain their position in this field have both contributed to the increase.

The position of business and agricultural loans in the picture is not as clear as that of the two types of loans mentioned above. Agricultural loans occupy a minor place in the aggregate of commercial, industrial, and agricultural loans of the weekly reporting banks; among the non-reporting banks, however, they are of greater importance. Banks of this District report that the demand for agricultural advances this year exceeds that of previous years, due in most cases to increased costs of production. It is likely that the increased volume of loans to farmers contributed more than seasonally to the increase in outstandings of the non-reporting banks, and was probably a slight sustaining factor in the total of commercial, industrial, and agricultural loans of the reporting banks.

The decline of business and agricultural loans in the reporting banks was widespread through the country, the banks of only three Federal Reserve districts—Richmond, Minneapolis, and San Francisco—showing an increase. It is believel that some part of the decline reflected the use of alternative methods of financing by corporate borrowers, *viz.,* security issues and loans from insurance companies. To the extent that this supposition is correct, it is probable that the smaller banks did not show a corresponding decline but rather increased further. Smaller businesses do not have access to these alternative sources of funds, and it is probable that their demand for funds increased during the period under consideration. This demand may account for much of the greater growth record of the non-reporting member banks and the non-member banks as compared with the weekly reporting banks.

The following chart gives the changes in the components of the loans of weekly reporting United States member banks for the first half of 1947 and through June 9, 1948. The grouping in the chart facilitates a comparison between the percentage change in each category of loans for the two years. Since the latter part of April commercial, industrial, and agricultural loans have remained approximately the same, while during the same weeks of the previous year they declined slightly. "Other loans," which include loans to banks and personal loans, continued their upward trend during May. The erratic



jump during the third week in April was caused by the doubling of loans to banks for the one week. Loans for the purpose of purchasing and carrying securities evidenced an upward turn in May which carried them above the December 31, 1947 amount. The same movement was experienced by this group of loans during May, 1947. Real estate loans continued in the upward trend which began in January of 1946. At the end of April, 1948, total loans showed a less than one per cent decline during the four-month period, but by the beginning of June the percentage change from the December 31, 1947 figure had become a positive amount.

Loans of Fifth District Member Banks

Loans of Fifth District member banks showed an increase during the first four months of 1948 that was more than three times the rate of increase for members of the country as a whole, 4.0 per cent as compared with 1.2 per cent. As in the national figures, the rate of expansion was greater among the generally smaller nonweekly reporting banks; contrary to the national trend, however, the loans of the weekly reporting banks showed an appreciable increase, 2.2 per cent as compared with the 0.7 per cent decline for the country.

TABLE III
BANK LOANS, FIFTH DISTRICT MEMBER BANKS
(Amount in millions of dollars)

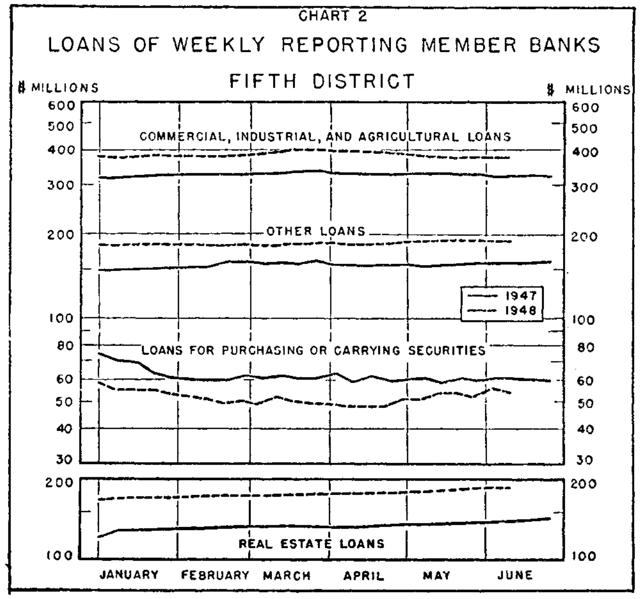
Class of bank	May 26 1948	Chg. from Dec. 31, '47 Amount	Per cent	Per cent chg. Dec. 31, '46 to May 28, '47
Member banks	1,491	+69	+4.9	+ 7.3
Weekly reporting member banks	821	+18	+2.2	+ 3.4
Non-weekly reporting member banks	670	+51	+8.3	+12.5

As compared with the increases for the first five months of 1947, the gains of the Fifth District banks were smaller. The increase of the loans of the nonweekly reporting banks bore about the same relation to last year's increase as was indicated in the national figures. The gain for the weekly reporting banks, however, approached that of last year.

TABLE IV
LOANS OF WEEKLY REPORTING MEMBER BANKS
Fifth District
(millions of dollars)

Class of Loan	May 26 1948	Chg. from Dec. 31, '47 Amount	Per Cent	Per cent chg. Dec. 31, '46 to May 28, '47
Commercial, industrial, and agricultural	387	— 1	— 0.3	+ 3.1
For purchasing and carrying securities	53	— 6	—10.2	—18.7
Real estate	188	+17	+ 9.9	+14.8
Other	193	+ 8	+ 4.3	+ 6.7
Total	821	+18	+ 2.2	+ 3.4

A study of the breakdown of the loans of the Fifth District weekly reporting member banks indicated that loans for purchasing and carrying of securities were the only category of loans which registered a decided decline during the five-month period ended May 26, 1948. This was also the case in the previous year, when the decline was 7 percentage points greater. Commercial, industrial and agricultural loans dropped slightly below the December 31, 1947 amount. Real estate loans showed a percentage increase of 10 per cent, which was less than during the corresponding period in 1947.



It is interesting to note that during this period total loans reached their peak during the third week in March; since then they have been declining, the latest data being for June 9. This was influenced by the fact that commercial, industrial and agricultural loans followed the same pattern and they comprise 50 per cent of total loans. Real estate and "other loans" showed a steady advance during the whole of the five months' period.

There are 51 weekly reporting member banks in the Fifth District, which, although they amount to only 11 per cent of all the member banks, represent the largest banks in the District. On May 26, 1948 these weekly reporting banks had 55 per cent of the total loans of District member banks.

Loan Increases by States and by Size of Bank

The member banks of West Virginia registered a larger percentage increase in their total loans for the five-month period ended May 26, 1948 than did the member banks of any other state in the Fifth District. This was an increase of 9.6 per cent which was followed by the District of Columbia with an increase of 8.7 per cent. The remaining states were below the District average of 4.9 per cent, the lowest being South Carolina with an increase of only 1.9 per cent.

TABLE VI

LOANS OF MEMBER BANKS OF THE FIFTH DISTRICT

(thousands of dollars)

	May 26, 1948	Chg. since Dec. 31, 1947	
		Amount	Per cent
Maryland	249,734	+10,656	+4.5
District of Columbia	241,249	+19,251	+8.7
Virginia	482,242	+17,473	+3.8
West Virginia	140,652	+12,350	+9.6
North Carolina	278,958	+ 7,802	+2.9
South Carolina	98,634	+ 1,836	+1.9
Fifth District	1,491,469	+69,368	+4.9

In a further investigation as to what group of banks evidenced the largest increase in their total loans, a breakdown was made as to size groups among the member banks of the Fifth District. It was found that during the four-month period ended April 28, 1948, the smaller banks, i.e., those with deposits under $10 million dollars, registered the greater percentage increase in loans made. Of the 335 in the smaller category 90, or 27 per cent, registered percentage gains of 16 per cent or over.

It is the group of larger banks which have tended to reduce their loans in response to the previously cited restrictive factors. Member banks in the Fifth District which have deposits of $100 million or more, account for 4.8 per cent of the number of member banks and hold 30 per cent of total loans outstanding; these banks accounted for 7 per cent of the net increase in loans during this period.

The following tables give a detailed analysis of the increases and decreases of total loans by member banks divided into size groups.

TABLE VII

NUMBER OF MEMBER BANKS SHOWING INDICATED PERCENTAGE INCREASES IN TOTAL LOANS, DECEMBER 31, 1947 TO APRIL 28, 1948

Size of bank (total deposits, $million)	Total No. of banks having increases	Percentage increase 0-4	4-8	8-12	12-16	Over 16
Under 2	115	22	23	25	12	33
2 - 5	149	25	34	28	26	36
5 - 10	71	12	20	10	8	21
10 - 25	46	14	13	11	1	7
25 - 50	14	6	3	2	2	1
50 - 100	7	1	2	3	....	1
Over 100	4	....	3	1	....	....
Total	406	80	98	80	49	99

TABLE VIII

NUMBER OF MEMBER BANKS SHOWING INDICATED PERCENTAGE DECREASES IN TOTAL LOANS, DECEMBER 31, 1947 TO APRIL 28, 1948

Size of bank (total deposits, $million)	Total No. of banks having decreases	Percentage decrease 0-4	4-8	8-12	12-16	Over 16
Under 2	8	6	2	....	....	....
2 - 5	20	14	4	2	....	....
5 - 10	7	2	3	1	1	....
10 - 25	17	10	1	4	1	1
25 - 50	4	3	1	....	....	....
50 - 100	7	4	3	....	....	....
Over 100	6	3	2	....	1	....
Total	69	42	16	7	3	1

Conclusion

At the end of the first five months of 1948, total loans in the member banks of the United States and of the Fifth District increased, but by a smaller percentage than they did during the corresponding period of the previous year. In the Fifth District real estate loans showed a greater percentage increase than any other type of loan, but in the United States "other loans" exceeded real estate loans by .7 of a percentage point. Although commercial, industrial and agricultural loans decreased slightly in the past month they are still associated with an increasing upward trend in both the United States and the Fifth District. In both classifications the smaller, non-reporting member banks, registered the greater increases in loans during this period, while non-member banks exceeded member banks. In the states of the Fifth District, West Virginia and the District of Columbia had loan increases above the average.

AVERAGE DAILY TOTAL DEPOSITS* OF MEMBER BANKS

	Last half of Apr.		Last half of May	
	$ thousands	% of U.S.	$ thousands	% of U.S.
Maryland	989,275	.93	987,463	.93
Reserve city banks	628,437	.59	627,227	.59
Country banks	360,838	.34	360236	.34
District of Columbia	897,779	.85	896,966	.84
Reserve city banks	876,636	.83	875,353	.82
Country banks	21,143	.02	21,613	.02
Virginia	1,259,215	1.19	1,270,193	1.20
Reserve city banks	295,379	.28	304,327	.29
Country banks	963,836	.91	965,866	.91
West Virginia	584,559	.55	581,564	.55
North Carolina	824,426	.78	816,310	.77
Reserve city banks	387,843	.37	381,024	.36
Country banks	436,583	.41	435,286	.41
South Carolina	428,600	.40	427,944	.40
Fifth District	4,983,854	4.70	4,980,440	4.69
United States (millions)	105,965	100.0	106,223	100.0

*Excluding interbank demand deposits.

ASSETS AND LIABILITIES—MEMBER BANKS, FIFTH FEDERAL RESERVE DISTRICT

(Amounts in thousands of dollars)

	1948 April 12	1947 Dec. 31	1946 Dec. 31
ASSETS			
Loans and investments	4,323,288	4,349,321	4,352,613
Loans (including overdrafts)	1,492,024	1,436,336	1,149,106
United States Government direct obligations	2,574,514	2,662,920	2,972,371
Obligations guaranteed by United States Government		512	488
Obligations of States and political subdivisions	115,033	108,865	92,452
Other bonds, notes and debentures	131,943	131,247	128,946
Corporate stocks (including Federal Reserve Bank stock)	9,774	9,441	9,250
Reserves, cash, and bank balances	1,475,608	1,623,323	1,493,796
Reserve with Federal Reserve Bank	727,050	789,370	733,924
Cash in vault	120,119	127,010	125,931
Demand balances with banks in United States (except private banks and American branches of foreign banks)	358,722	406,469	368,064
Other balances with banks in United States	1,266	2,689	1,762
Balances with banks in foreign countries	62	72	191
Cash items in process of collection	268,389	297,713	263,924
Bank premises owned and furniture and fixtures	47,273	46,274	44,896
Other real estate owned	1,218	870	760
Investments and other assets indirectly representing bank premises or other real estate	2,619	2,637	2,693
Customers' liability on acceptances	476	722	986
Other assets	16,744	15,350	13,787
Total assets	5,867,226	6,038,497	5,909,531
LIABILITIES			
Demand Deposits	4,150,462	4,342,505	4,262,543
Individuals, partnerships, and corporations	3,210,318	3,383,716	3,271,716
U. S. Government: War Loan and Series E bond accounts	112,671	73,133	125,117
Other			21,972
States and political subdivisions	360,907	318,396	273,305
Banks in United States	384,624	480,273	469,060
Banks in foreign countries	4,154	5,175	7,353
Certified and officers' checks, cash letters of credit and travelers' checks, etc	77,788	81,812	94,020
Time Deposits	1,306,455	1,304,320	1,282,101
Individuals, partnerships, and corporations	1,269,272	1,265,685	1,245,481
United States Government	14960	12,912	13,360
Postal Savings	192	192	348
States and political subdivisions	20,362	20,295	17,020
Banks in the United States	1,669	5,236	5,892
Total deposits	5,456,917	5,646,825	5,544,644
Bills payable, rediscounts, and other liabilities for borrowed money	12,082	3,455	1,631
Acceptances outstanding	476	722	986
Other liabilities	25,077	25,656	24,027
Total liabilities	5,494,552	5,676,658	5,571,288
CAPITAL ACCOUNTS			
Capital	117,027	115,702	113,476
Surplus	164,223	162,775	150,687
Undivided profits	66,105	58,619	51,854
Other capital accounts	25,319	24,743	22,226
Total capital accounts	372,674	361,839	338,243
Total liabilities and capital accounts	5,867,226	6,038,497	5,909,531
Number of banks	477	475	475

FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	June 16 1948	Change in Amt. From 5-12-48	6-18-47
Total Gold Reserves	$1,012,002	— 52,034	+ 93,859
Other Reserves	15,323	— 2,837	+ 2,667
Total Reserves	1,027,325	— 54,871	+ 96,517
Bills Discounted	16,300	+ 3,677	+ 7,172
Industrial Advances	59	+ 10	+ 59
Gov. Securities, Total	1,347,538	+ 26,027	— 72,801
Bonds	401,145	— 6,783	+356,305
Notes	125,654	— 1,429	+102,888
Certificates	285,559	+ 15,020	— 90,615
Bills	535,180	+ 19,219	—441,379
Total Bills & Securities	1,363,897	+ 29,714	— 65,570
Uncollected Items	288,016	+ 50,263	+ 12,148
Other Assets	23,810	— 1,260	+ 8,079
Total Assets	2,703,048	+ 23,846	+ 51,174
Federal Reserve Notes in Cir.	1,608,413	— 5,906	— 45,901
Deposits, Total	802,757	— 21,114	+ 73,510
Members' Reserves	732,006	+ 7,981	+ 20,047
U. S. Treas. Gen. Acct.	52,357	— 27,930	+ 51,840
Foreign	16,498	— 392	+ 1,773
Other Deposits	1,896	— 773	— 150
Def. Availability Items	252,851	+ 49,543	+ 20,441
Other Liabilities	909	+ 12	+ 147
Capital Accounts	38,118	+ 1,311	+ 2,977
Total Liabilities	2,703,048	+ 23,846	+ 51,174

51 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	June 16 1948	Change in Amt. From 5-12-48	6-18-47
Total Loans	$ 818,994	— 1,157	+125,188
Bus. & Agri.	381,412	— 7,569	+ 52,881
Real Estate Loans	188,971	+ 4,482	+ 45,006
All Other Loans	248,611	— 1,930	+ 27,301
Total Security Holdings	1,734,734	+ 22,981	— 96,029
U. S. Treasury Bills	87,828	+ 33,435	+ 71,184
U. S. Treasury Certificates	213,947	+ 32,113	— 33,220
U. S. Treasury Notes	72,242	— 3,313	— 8,804
U. S. Gov. Bonds	1,235,300	— 40,795	—127,764
Other Bonds, Stocks & Sec.	125,417	+ 1,541	+ 2,575
Cash Items in Process of Col.	238,138	— 1,043	+ 48,920
Due from Banks	163,318	— 2,136	— 4,839
Currency & Coin	63,507	— 4,422	+ 857
Reserve with F. R. Bank	487,442	+ 7,432	+ 11,896
Other Assets	55,884	— 1,570	+ 5,364
Total Assets	3,562,017	+ 20,085	+ 91,797
Total Demand Deposits	2,723,876	+ 25,046	+ 96,852
Deposits of Individuals	2,058,716	+ 61,425	+ 50,237
Deposits of U. S. Gov.	47,935	— 23,912	+ 20,623
Deposits of State & Local Gov.	199,270	— 15,538	+ 12,597
Deposits of Banks	373,357	+ 7,066	+ 23,316
Certified Officers' Checks	44,598	— 3,995	— 9,921
Total Time Deposits	601,577	— 2,941	— 14,842
Deposits of Individuals	584,303	— 2,852	— 12,289
Other Time Deposits	17,274	— 89	— 2,553
Liabilities for Borrowed Money	* 700	— 1,300	— 4,060
All Other Liabilities	18,908	— 2,850	+ 3,251
Capital Accounts	216,956	+ 2,130	+ 10,596
Total Liabilities	3,562,017	+ 20,085	+ 91,797

* Net Figures, reciprocal balances being eliminated.

CONSTRUCTION CONTRACTS AWARDED

STATES	April 1948	% Chg. from April 1947	4 Mos. '48	% Chg. from 4 Mos. '47
Maryland	$35,314,000	+92	$108,195,000	+39
Dist. of Columbia	3,891,000	—55	32,249,000	+11
Virginia	14,705,000	—37	60,871,000	—18
West Virginia	13,489,000	+88	42,163,000	+69
North Carolina	18,704,000	+ 2	49,624,000	— 1
South Carolina	9,143,000	+35	30,246,000	+57
Fifth District	$95,246,000	+12	$322,348,000	+18

Source: F. W. Dodge Corporation.

COMMERCIAL FAILURES

MONTHS	Number of Failures District	U. S.	Total Liabilities District	U. S.
May 1948	16	426	$1,080,000	$13,814,000
April 1948	17	404	294,000	15,296,000
May 1947	7	378	291,000	17,326,000
5 Months 1948	82	2,080	2,192,000	85,175,000
5 Months 1947	35	1,349	1,897,000	76,826,000

Source: Dun & Bradstreet.

DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

	May 1948	% Change from May 1947	5 Mos. 1948	% Change from 5 Mos. '47
District of Columbia				
Washington	$ 690,280	+ 3	$ 3,546,925	+12
Maryland				
Baltimore	930,290	+ 6	4,732,549	+ 9
Cumberland	20,275	— 2	98,893	— 2
Frederick	18,264	+10	90,321	+ 5
Hagerstown	26,193	+ 3	129,895	+ 7
North Carolina				
Asheville	54,348	+28	242,926	+11
Charlotte	217,520	+13	1,123,972	+14
Durham	97,842	+ 4	456,127	+ 1
Greensboro	70,584	+ 8	366,057	+19
Kinston	10,627	— 2	56,951	— 6
Raleigh	99,729	— 1	501,230	+ 4
Wilmington	34,531	— 9	167,918	0
Wilson	13,565	— 5	67,712	— 5
Winston-Salem	110,963	+14	588,019	+ 6
South Carolina				
Charleston	54,784	+12	266,859	+10
Columbia	89,121	+10	452,577	+10
Greenville	77,771	+19	391,560	+17
Spartanburg	45,210	+12	237,169	+19
Virginia				
Charlottesville	20,715	+ 5	106,443	+ 5
Danville	23,166	+ 6	125,715	— 2
Lynchburg	36,340	+11	187,325	+13
Newport News	30,444	— 2	153,310	+ 7
Norfolk	184,811	+17	873,784	+14
Portsmouth	19,296	+ 7	97,500	+ 8
Richmond	429,746	+ 9	2,150,446	+10
Roanoke	84,339	+13	411,129	+15
West Virginia				
Bluefield	37,737	+ 7	197,879	+19
Charleston	128,848	+ 3	639,645	+11
Clarksburg	30,063	+10	152,734	+17
Huntington	53,881	+12	277,155	+18
Parkersburg	26,608	+12	128,379	+ 8
District Totals	$3,767,991	+ 7	$19,019,104	+10

COTTON CONSUMPTION AND ON HAND—BALES

	May 1948	May 1947	Aug. 1 to May 31 1948	1947
Fifth District States:				
Cotton consumed	401,351	397,272	4,018,576	4,195,134
United States:				
Cotton consumed	693,917	707,701	6,980,853	7,549,137
Cotton on hand May 31 in				
consuming establishments	1,645,875	1,606,995		
storage and compresses	2,169,290	1,784,951		
Cotton Growing States:				
Cotton consumed	785,443	807,135	7,917,696	8,617,619
Cotton on hand May 31 in				
consuming establishments	2,006,617	1,926,659		
storage and compresses	2,232,274	1,842,566		
Spindles active, U. S.	21,723,000	21,631,000		

Source: Department of Commerce.

COTTON CONSUMPTION—FIFTH DISTRICT

(In Bales)

MONTHS	N. Carolina	S. Carolina	Virginia	District
May 1948	218,882	163,542	18,927	401,351
April 1948	226,307	175,225	18,897	420,429
May 1947	206,891	171,914	18,467	397,272
5 Months 1948	1,126,310	856,133	94,164	2,076,607
5 Months 1947	1,128,228	886,850	95,894	2,110,972

Source: Department of Commerce.

PRICES OF UNFINISHED COTTON TEXTILES

	May 1948	April 1948	May 1947
Average, 17 constructions	80.54	83.42	83.54
Printcloths, average (6)	96.15	102.71	104.71
Sheetings, average (3)	69.27	72.08	76.79
Twill (1)	79.86	79.86	79.86
Drills, average (4)	70.12	70.42	64.76
Sateen (1)	97.61	97,61	97,61
Ducks, average (2)	63.27	63.27	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 BANKS

8 Baltimore Banks

	May 31, 1948	Apr. 30, 1948	May 31, 1947
Total Deposits	$392,812,787	$393,221,652	$385,215,236

BUILDING PERMIT FIGURES

	Total Valuation May 1948	May 1947
Maryland		
Baltimore	$ 4,433,130	$ 2,661,595
Cumberland	124,040	83,475
Frederick	53,750	27,750
Hagerstown	223,035	382,950
Salisbury	150,492	84,313
Virginia		
Danville	1,437,354	584,250
Lynchburg	219,235	424,498
Norfolk	1,271,640	1,699,980
Petersburg	55,000	114,100
Portsmouth	135,912	107,200
Richmond	834,757	1,547,201
Roanoke	396,016	264,821
West Virginia		
Charleston	451,804	349,348
Clarksburg	321,855	47,200
Huntington	592,244	443,813
North Carolina		
Asheville	301,910	324,873
Charlotte	2,695,013	750,200
Durham	429,625	739,558
Greensboro	1,111,025	260,775
High Point	344,623	360,974
Raleigh	393,545	438,900
Rocky Mount	252,800	356,600
Salisbury	111,875	148,370
Winston-Salem	504,759	431,887
South Carolina		
Charleston	147,272	288,318
Columbia	389,895	506,121
Greenville	1,391,800	114,950
Spartanburg	156,597	102,057
District of Columbia		
Washington	3,527,321	3,599,383
District Totals	$ 22,458,324	$ 17,245,466
5 Months	$113,502,173	$ 76,540,669

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	May 1948	May 1947	% Chg.	5 Mos. 1948	5 Mos. 1947	% Chg.
West Virginia	15,301	16,711	— 8	62,284	73,507	—15
Virginia	2,035	1,866	+ 9	7,572	7,897	— 4
Maryland	164	167	— 2	695	915	—24
Fifth Dist	17,500	18,744	— 7	70,551	82,319	—14
United States	56,590	56,464	0	230,525	263,646	—13
% in District	30.9	33.2		30.6	31.2	

TOBACCO MANUFACTURING

	May 1948	% Change from May 1947	5 Mos. 1948	% Change from 5 Mos. '47
Smoking & Chewing tobacco (Thousands of lbs.)	15,680	+24	80,697	+ 7
Cigarettes (Thousands)	28,497,561	+14	140,315,576	+ 5
Cigars (Thousands)	444,491	— 6	2,285,633	+ 1
Snuff (Thousands of lbs.)	3,344	— 4	18,028	+10

RAYON YARN SHIPMENTS AND STOCKS

	May 1948	April 1948	May 1947
Rayon yarn shipments, lbs.	69,900,000	67,900,000	60,400,000
Staple fiber shipments, lbs.	23,700,000	22,900,000	17,900,000
Rayon yarn stocks, lbs.	8,700,000	8,700,000	8,400,000
Staple fiber stocks, lbs.	3,700,000	3,800,000	3,800,000

Source: Rayon Organon.

WHOLESALE TRADE, 202 FIRMS

LINES	Net Sales May 1948 compared with May 1947	Apr. 1948	Stocks May 31, 1948 compared with May 31 1947	Apr 30 1948	Ratio May collections to acc'ts outstand'g May 1
Auto supplies (7)*	+22	+ 2	+ 8	0	71
Electrical goods (7)*	+10	— 5	+69	+ 5	94
Hardware (11)*	+ 7	—10	+28	—11	90
Industrial supplies (3)*	+ 3	+ 7	....	....	......
Drugs & sundries (11)*	+ 4	—10	+ 4	0	116
Dry goods (15)*	— 3	0	+18	+ 1	67
Groceries (64)*	+ 3	— 1	+12	— 5	160
Paper & products (5)*	— 6	— 8	....	....	104
Tobacco & products (8)*	— 1	— 6	— 3	— 3	137
Miscellaneous (71)*	— 7	— 6	+38	0	90
District Average(202)*	0	— 5	+25	— 2	99

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

REPORT ON RETAIL FURNITURE SALES

STATES	Percentage comparison of sales in periods named with sales in same periods in 1947: May 1948	5 Mos. 1948
Maryland (4)*	+20	+10
Dist. of Columbia (6)*	— 2	+ 2
Virginia (18)*	— 6	— 3
West Virginia (6)*	+ 6	+ 4
North Carolina (15)*	— 4	— 4
South Carolina (9)*	+ 4	+ 3
District (58)*	0	+ 7
Individual Cities		
Baltimore, Md., (4)*	+20	+10
Washington, D. C., (6)*	— 2	+ 2
Richmond, Va., (6)*	0	— 7
Lynchburg, Va., (3)*	+ 5	+ 6
Charleston, W. Va., (3)*	—13	— 4
Charlotte, N. C., (4)*	+ 3	— 9
Columbia, S. C., (3)*	—16	+ 1

*Number of reporting firms.

DEPARTMENT STORE TRADE

	Richmond	Baltimore	Washington	Other Cities	District
Percentage chg. in May 1948 sales, compared with sales in May 1947:	+ 5	— 5	— 6	+ 3	— 1
Percentage chg. in 5 mos. sales 1948, compared with 5 mos. in 1947:	+ 5	+ 1	+ 3	+ 6	+ 4
Percentage changes in stocks on May 31, '48, compared with May 31, '47:	— 5	+16	+ 7	+16	+ 9
Percentage chg. in outstanding orders May 31, '48 from May 31, '47:	—25	—15	— 3	+ 9	—11
Percentage chg. in receivables May 31, '48, from those on May 31, '47:	+38	+18	+17	+21	+21
Percentage of current receivables as of May 1, 1948, collected in May:	31	48	48	51	44
Percentage of instalment receivables as of May 1, 1948, collected in May:	16	23	22	27	22

	Maryland	Dist. of Col.	Virginia	W. Virginia	N. Carolina	S. Carolina
Percentage change in May 1948 sales from May 1947 sales, by states:	— 5	— 6	+ 5	+13	+ 4	0
Percentage change in 5 months 1948 sales from 5 months 1947 sales:	+ 1	+ 3	+ 7	+13	+ 5	+ 5