



FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

DECEMBER 31, 1948

Business Conditions

CURTAILMENT of activity was the general tendency in the Fifth Federal Reserve District during November. This applied on balance to production and the several channels of distribution. Unemployment became more noticeable, but in no locality of the District has it assumed important magnitudes. Savings continued to decline as reflected in lower new life insurance sales, in continued net cashing of savings bonds, and in time deposits of the weekly reporting member banks. Employment weaknesses were most noticeable in machinery industries of Maryland, in transportation equipment in both Maryland and Virginia, in the stone, clay, and glass industries of North Carolina, in textile and knitting mill products in Virginia and North Carolina, in woolen and worsted mills of North Carolina, and in the apparel industries of North Carolina. Employment in apparel industries in Virginia and Maryland continued to rise. Other industries showing an upward trend in employment include iron and steel in Maryland and Virginia, food products, and printing and publishing. Farm income in the first ten months of the year has run ahead of the same months last year by 5.6 per cent with Virginia showing a gain of 12.6 per cent, North Carolina a gain of 7.8, and Maryland a gain of 3.9 per cent. West Virginia and South Carolina showed declines of 1.9 per cent and 3.0 per cent respectively.

Cotton Textiles

Production in the cotton textile industry declined after seasonal adjustment from October to November. Consumption of cotton by mills of this District fell 6 per cent in this period while spindle hours declined 2 per cent, consumption standing 12 per cent below a year ago and spindle hours, 10 per cent below.

These changes indicate a greater curtailment in heavy yarns than in the lighter ones. The adjusted index of cotton consumption in the Fifth District was at the lowest level since December 1940, and the index of spindle hours run is back near the level of late 1945.

There has been some business done in the cotton goods markets of late, but it does not appear sufficient to maintain the level of operations that prevailed in November. Prices on most constructions have shown a marked degree of stability, and, with production cut-back in the neighborhood of 10 per cent and costs remaining high, there is good reason to believe price sta-

bility will continue for some time. It will probably prove difficult, however, to maintain the current level of domestic demand on the present price level.

Exports of cotton goods picked up notably in October, but this source of demand cannot be counted on to give a fillip to production. Exports in 1948 will run about 40 per cent under 1947, but will remain high by prewar comparison, higher than we can hope to maintain when dollars abroad are not readily obtainable.

Lumber

New orders for southern pine have been running below shipments, which in turn have been running below production for eight or nine weeks. Recent rains, however, have slowed the rate of production, but this will hardly be enough to assure a balance in demand and supply. Retail yards are very cautious in their purchases, since they have high priced inventories considerably larger than a year ago. Prices of the best grades of lumber seem to be firmly held, but most other grades have weakened considerably. The demand outlook for lumber in the coming year seems likely to be at a good level if the construction outlook, as optimistically indicated by the Department of Commerce or less favorably indicated by the F. W. Dodge Corporation, proves to be well estimated. The demand for lumber, however, will not be as large as the 1948 level of production, unless, for example, ECA authorizations should take up the slack.

Furniture

Furniture manufacturing had much of the wind taken out of its sails this year, and after a more or less continuous let-down since early in the year, the October shipments picked up 14 per cent after seasonal adjustment to a level 9 per cent ahead of a year ago. Although new orders likewise improved from September to October, they were 10 per cent below last year. The level of employment in the furniture industry in both Virginia and North Carolina rose moderately in the same month. Retail sales of furniture stores in this District rose 2 per cent after seasonal adjustment but failed by 9 per cent to equal the level of a year ago. This is a fairly strong performance in the face of weakening trade levels generally, but it must be noted that this improvement in the sales level was for the most part at clearance prices.

Bituminous Coal

The six-day week, except for the captive mines, has been dropped in all but a few cases, and most strip operations in both northern and southern West Virginia have been closed down for from 30 to 60 days. The drop resulting in wages will be greater than the loss of the sixth day, for that day has been paid at time and a half.

Stocks of coal are at their highest level since prewar and rumors are current that a long miners' holiday may be called soon. If a reduction in output in this manner were to occur, it would take some time before it would have much effect on industry shut-downs. There have been some price reductions in the industry, but in the main the price structure is firmly held.

Production of bituminous coal in the Fifth District in November was 8 per cent below the October level on a seasonally adjusted basis and was 4 per cent below that of November 1947. This is a somewhat better performance than nationally, which is due in part to the fact that the loss of exports through the Hampton Roads ports has been much less than elsewhere.

Industrial Notes

The Newport News Shipbuilding and Drydock Company was the low bidder on a new \$69 million passenger

liner. This may be sufficient to halt the downward trend in shipyard employment in Virginia.

Sales of the Glenn L. Martin Company in the third quarter of this year amounted to \$15.2 million compared with \$6.8 million a year ago.

Industrial Rayon Company has procured 1200 acres of land at the site of the wartime Point Pleasant Ordnance Works on which it will build a new continuous process rayon plant.

A new fiber on which the duPont Company has been working for a number of years has been named "Orlon". It has been produced on a pilot plant basis at Waynesboro, Virginia, but a new plant will be constructed to produce the fiber on a commercial basis at Camden, South Carolina. The fiber is said to excel any other where outdoor use is designed.

The Chesapeake and Potomac Telephone Company of Virginia has expended \$50 million on new plant facilities since the end of the war and will spend an additional \$45 million in the next few years to meet the demand for telephone service.

Trade Trends

The seasonally adjusted index of department store sales of the Fifth Federal Reserve District fell 7 per

Continued on page 9

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

	Nov. 1948	Oct. 1948	Sept. 1948	Nov. 1947	% Change Nov. 1948 from	
					Oct. 48	Nov. 47
Automobile Registration*	.....	127	125	121	.....	.....
Bank Debits.....	337	345	370	318	- 2	+ 6
Bituminous Coal Production*	160	173r	166r	167	- 8	- 4
Building Contracts Awarded.....	284	348	340	331	- 18	- 14
Apartments and Hotels.....	.....	372	495	706	.....	.....
Commercial Construction Contracts.....	.....	447	377	426	.....	.....
Manufacturing Construction Contracts.....	.....	565	291	196	.....	.....
One and Two Family Houses.....	.....	325	368	343	.....	.....
Public Works and Utilities.....	.....	210	299	313	.....	.....
Residential Construction Contracts.....	392	345	411	405	+ 14	- 3
Building Permits Issued.....	277	372	292	280	- 26	- 1
Business Failures — No.....	46	40	55	52	+ 15	- 12
Cigarette Production.....	235	241r	241r	229	- 2	+ 3
Cotton Consumption.....	127	135	141	145	- 6	- 12
Department Store Sales.....	306	330	338	311	- 7	- 2
Department Store Stocks.....	338	311	297	310	+ 9	+ 9
Electric Power Production.....	.....	277	270	234	.....	.....
Employment — Mfg. Industries*	.....	135	136	136	.....	.....
Furniture Orders.....	.....	292	226	234	.....	.....
Furniture Shipments.....	.....	248	217	267	.....	.....
Furniture Unfilled Orders.....	.....	741	603	1010	.....	.....
Furniture Sales—Retail.....	274	268	307	302	+ 2	- 9
Gasoline Consumption.....	.....	.....	197	162	.....	.....
Life Insurance Sales.....	241	249	257	246	- 3	- 2
Wholesale Trade:						
Automotive Supplies**.....	382	336	397	308	+ 14	+ 24
Drugs.....	262	266	284	268	- 2	- 2
Dry Goods.....	181	202	231	227	- 10	- 20
Electrical Goods**.....	95	107	91	92	- 11	+ 3
Groceries.....	251	252	277	264	0	- 5
Hardware.....	159	168	219	126	- 5	+ 26
Industrial Supplies**.....	510	526	398	398	- 3	+ 28
Paper and Its Products**.....	154	160	168	196	- 4	- 21
Tobacco and Its Products**.....	91	89	93	105	+ 2	- 13
Cotton Spindle Hours.....	132	135	143	146	- 2	- 10

* Not seasonally adjusted

** 1938-41=100

Cash Farm Income* in the Fifth District

Assuming that the world remains at peace and that farm price readjustments and increased costs of production continue, it seems likely that the "turn of the tide for agriculture has passed". The highest point in farmers' real income came in 1946, in net dollar income in 1947, and in prices received for farm products in January 1948. Farm prices are now down about 12 per cent from the January peak, and it is probable that net farm income in 1948 will be less than in 1947 with a still further decline in prospect for 1949.

Gross farm income has leveled off this year. The outlook is for a continued strong demand for farm products, both at home and abroad, and for somewhat larger supplies of many important commodities. Consequently, the general level of farm prices in 1949 is likely to be only moderately below the average for 1948. In the absence of a general business recession, gross farm income in 1949 will probably be within 5 to 10 per cent of the 1948 figure. Price prospects in 1949 for some commodities such as broilers, hogs, and potatoes appear more unfavorable.

Farm costs in 1948 have been the highest on record. Farm wage rates are up 8 per cent in the District, and the present level is expected to continue in 1949. Farmers have paid more for farm machinery, motor fuel, seeds, and fertilizers in 1948 than ever before, and all current indications are for still higher prices on most cost items in 1949. The cost of obtaining land has also increased substantially. Rents are up, and farm real estate values in the District have more than doubled their 1935-1939 average in all states except West Virginia. Continuing high levels of farm income will tend to keep land values at their present level and may cause even further increases.

1948 Cash Income Continues to Increase

A little more than 60 per cent of total farm income in the District is received by the end of September, while the proportion for the same period in the nation is two-thirds. In the United States around 71 per cent of all livestock income and somewhat better than 60 per cent of the income from crops is received during the first nine months. The District receives around 70 per cent of its livestock income and about 56 per cent of its income from crops during this period. Compared to the same period in 1947 cash receipts from farm marketings in January-September 1948 are up, both in the United States and in the District. While cash receipts in the nation have risen 5 per cent above those received last year, those in the District have increased 10 per cent.

Income from livestock and livestock products, both nationally and in the District, have increased 10 per cent

over the January-September 1947 period. This fact can be attributed in large part to the record prices of meat and meat animals in the summer of 1948.

The crop income picture in 1948 presents a reversed situation. While the over-all crop income in the District has been rising more than 10 per cent above the level reached in January-September 1947, cash receipts from crops for the nation as a whole dropped 2 per cent.

Farm Income Up in 1947

During 1947 total cash receipts from farm marketings in the District rose to \$1,851 million, an increase of 6 per cent over the \$1,751 million received in 1946. Of special significance is the fact that income from livestock and livestock products was up 12 per cent from that in 1946 while crop income during the same period rose only 3 per cent.

TABLE I
1947 CASH INCOME FROM FARM MARKETINGS
FIFTH DISTRICT, BY STATES

STATE or AREA	1946 1,000 Dollars	1947	Change from 1946 Per Cent
TOTAL FARM MARKETINGS			
Fifth District	1,751,330	1,850,575	5.7
Maryland	209,089	235,235	12.5
Virginia	369,541	410,370	11.0
West Virginia	109,102	117,334	7.5
North Carolina	745,428	762,350	2.3
South Carolina	318,170	325,286	2.2
ALL CROPS			
Fifth District	1,180,527	1,211,112	2.6
Maryland	77,876	90,789	16.6
Virginia	187,825	202,945	8.1
West Virginia	30,463	28,518	— 6.4
North Carolina	625,535	627,062	0.2
South Carolina	258,828	261,798	1.1
ALL LIVESTOCK AND PRODUCTS			
Fifth District	570,803	639,463	12.0
Maryland	131,213	144,446	10.1
Virginia	181,716	207,425	14.1
West Virginia	78,639	88,816	12.9
North Carolina	119,893	135,288	12.8
South Carolina	59,342	63,488	7.0

Source: USDA, BAE, The Farm Income Situation, June-July, 1948.

More important, perhaps, than the changes in the relative importance of the various farm income sources are the causes for the apparent shift in farm income. All states in the District showed increased receipts from livestock farming in 1947. The increases ranged from 7 per cent in South Carolina to 14 per cent in Virginia. It is of special import that the increases in livestock income were realized from hogs, dairy products, cattle and calves, and poultry, in that order. Much of the increase in receipts from these sources can, of course, be attributed to higher prices and expanding consumer demand as well as to some increase in production. Though total income from poultry (chickens, broilers, turkeys, and eggs) increased by only 5 per cent, receipts from eggs jumped 18 per cent above the 1946 figure. Likewise, with 1947 income from all dairy products up 17 per cent over the previous year, the District's cash income from milk sold to plants and dealers at wholesale rose 21 per cent.

*Throughout this article the term income will be used to denote "cash receipts from farm marketings".

The relatively small increase in cash income from crops in 1947 can be ascribed to several causes. The first and most important, perhaps, is the marked decline in income from tobacco, truck crops, and fruit. Total tobacco income in the District declined 6 per cent and was felt particularly in income from the flue-cured types. Largely because of the reduction in the buying programs of the United Kingdom (chief importer of flue-cured tobaccos) and other foreign countries, tobacco prices were low in 1947—lowest since 1943 for the flue-cured types.

Income from truck crops was also 6 per cent lower in 1947 than the year previous. Though income from truck crops increased 13 per cent in Virginia, most District states suffered sizeable reductions. This was particularly evident in South Carolina which had a decline of 24 per cent. The declines in the District can be attributed in part to increased production which has caused prices for fresh market truck crops to fluctuate around a lower level since 1943.

Fruit producing areas in the District felt the greatest reduction in cash receipts during 1947 with a total decline of 38 per cent. This reduction was more marked in the apple growing sections which, because of weather conditions, had cuts in total production of 55 per cent.

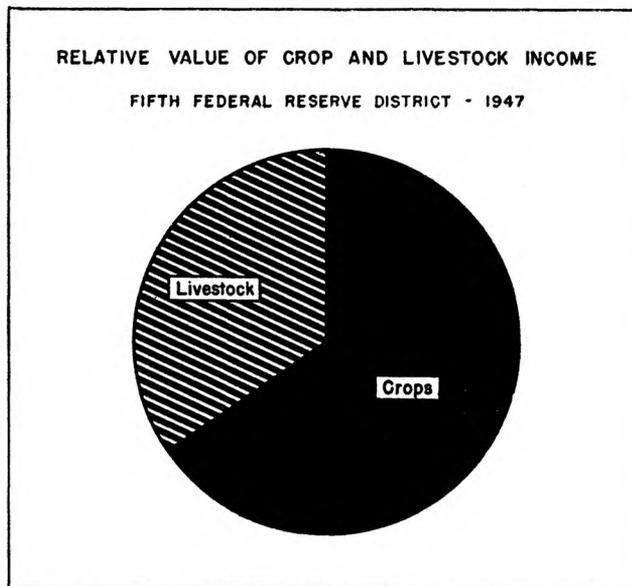
Those crops which realized the more important increases in cash income during 1947 were cotton and corn. Total cotton income was up 19 per cent over 1946. This increase can be ascribed to high prices, for though the cotton acreage harvested in 1947 was substantially above the year before, lint yield per harvested acre was down 12 per cent. The 63 per cent increase in receipts from corn is due mainly to increased production as a result of higher yields. As a proportion of total cash receipts from all crops, income from corn rose from 2.6 per cent in 1946 to 4.1 per cent in 1947. Peanuts, wheat, forest products, and potatoes also showed increases in cash receipts from farm marketings in 1947.

During 1947 Government payments to farmers in the District totaled only \$22,806,000, a decline of 32 per cent from the 1946 total of \$33,355,000. This cut was due primarily to the discontinuance of Government subsidies, especially the subsidy to dairy farmers which, in 1946, comprised 44 per cent of all Government payments to farmers in the District. Government payments in 1948 are expected to average about 12 per cent less than in 1947 and, because of smaller conservation payments, the prospect is for a still further decline in 1949.

Relative Importance of Various Farm Income Sources

Income from livestock and livestock products formed a larger percentage of total farm income in 1947 and, for the District as a whole, income from livestock sources averaged 35 per cent of total cash income from marketings as compared to 33 per cent in 1946. Greatest relative increases were realized in income from dairy products and hogs, while slight advances were also noted in the income from cattle and calves, sheep and lambs, and

eggs. Eliminating the income from eggs, poultry income declined relative to total farm income.



With the exception of Maryland, income from livestock and livestock products in all District states followed closely the pattern set by the District. While Maryland's livestock income declined in its relative position—the decline being felt chiefly in income from poultry—all other states showed increased incomes from hogs and dairy products, and increases especially in the relative importance of income from milk sold to plants and dealers at wholesale.

In 1947 cash receipts from crops in the District were 65 per cent of the total as compared to 67 per cent in 1946. Income from fruit and tobacco showed greatest declines. As a proportion of all farm income, cash receipts from fruit declined from 5 per cent in 1946 to 3 per cent in 1947. Tobacco income in the District represented 34 per cent of all farm income in 1946 and fell to 30 per cent during 1947. There were also minor declines in the relative importance of cash income from truck crops and sweet potatoes. During the same period, however, all other crops in the District showed relative increases in their proportions of total cash receipts from marketings. Though Maryland wheat and corn in 1947 increased their relative positions in the total income picture, the most decided increase in Maryland was represented by income from tobacco. Noticeable declines in the relative position of tobacco income occurred in all other District states except West Virginia.

Farm Wage Rates and Farm Real Estate Values

The upward trend in farm wage rates which has accompanied the rise in cash receipts from marketings during the past several years continued in 1947 and is holding true in 1948. Fifth District farm wage rates in 1947 showed increases from 6 to 10 per cent over 1946 and ranged from 257 to 339 per cent of the 1935-39

average. These farm wage rate increases in the District were highest in Maryland and lowest in West Virginia. By the end of 1947 farm wage rates had risen 10 per cent over their 1946 peak in Maryland, 8 per cent in Virginia, 7 per cent in the Carolinas, and 6 per cent in West Virginia.

TABLE II
INDEX NUMBERS OF FARM WAGE RATES*, 1935-1947
(1935-39=100)

Year	Md.	Va.	W. Va.	N. C.	S. C.
1935-39	100	100	100	100	100
1940	109	109	103	105	109
1941	130	127	118	120	125
1942	162	157	147	153	158
1943	198	188	178	202	202
1944	226	218	201	238	246
1945	256	246	226	270	274
1946	283	294	242	311	318
1947	311	318	257	332	339

* Wage rates are weighted averages of monthly and daily rates, with and without board.

Source: USDA, Bureau of Agricultural Economics.

The above comparisons represent composite wage rates per month—a weighted average of all rates. A study of farm wage rates per month without board revealed a continued increase in 1948. On October 1, 1948, monthly wages of farm labor in the District averaged \$88.20 as compared with \$81.90 at the same time last year, an increase of 8 per cent. In West Virginia wages for farm labor have jumped 10 per cent and in North Carolina, 11 per cent. Farm wage rates in South Carolina are up 8 per cent over last year, while those in Virginia and Maryland have risen 5 and 6 per cent respectively.

Although wages for farm labor in 1948 are up 8 per cent over 1947 and the number of hired workers in the area is well above a year ago, the higher wage levels are expected to continue through 1949. The present hired labor situation is affected by the military draft and the need for adequate help in picking the much larger cotton crop. Assuming that the above conditions remain and that industry continues to compete for labor, it is probable that 1949 farm wage rates will average about the same as in 1948 except in limited areas.

TABLE III
INDEX NUMBERS OF FARM REAL ESTATE*
VALUE PER ACRE, 1935-1948
(1935-39=100)

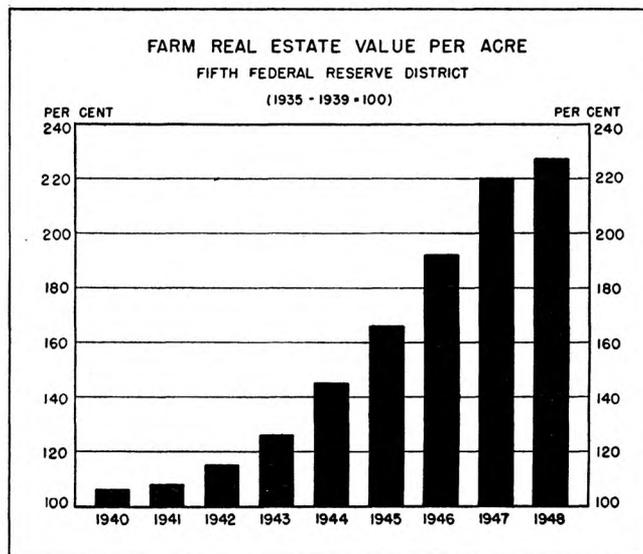
Year	Md.	Va.	W. Va.	N. C.	S. C.	Dist.
1935-39	100	100	100	100	100	100
1940	103	106	104	108	108	106
1941	108	108	108	106	115	108
1942	114	111	110	117	124	115
1943	128	128	120	125	136	126
1944	140	137	127	151	165	145
1945	152	161	129	175	196	168
1946	170	188	147	209	209	192
1947	202	211	167	242	237	220
1948	207	212	180	253	252	228

*All farm land with improvements as of March 1.

Source: Computed from data of the Bureau of Agricultural Economics.

As indicated in Table III, farm real estate values have also been influenced by the inflationary forces which have arisen largely from high farm product prices and

record levels of cash farm income. From March 1947 to March 1948, the average value per acre of farm real estate in the District increased 3 per cent. Virginia and Maryland land values showed increases of about 1 and 2 per cent respectively, while increases in the remaining Fifth District states ranged from 4 to 8 per cent.



Measured from the 1935-39 average, farm land values for all District states (excluding West Virginia) have now more than doubled. For the year ended March 1, 1948, West Virginia land values had risen 80 per cent. Other states in the District showed increases over the prewar base ranging from 107 per cent in Maryland to a high of 153 per cent in North Carolina. It is significant that areas in which land values have risen most are those affected by industrial and urban developments. This is evidenced particularly by the fact that farm land values in Maryland, Virginia, and North Carolina now average high above their respective peaks reached in 1920. An even greater contributing factor to the high current farm land values in North Carolina stems from the favorable returns from tobacco.

Farm-Debt Situation

The farm-mortgage debt outstanding in the District on January 1, 1948, totaled \$289 million—9 per cent above 1947 and 22 per cent above the \$237 million outstanding in 1946. These facts hold special meaning when one recalls that the peak in real income to farmers was reached in 1946. For many farmers rent and interest are the largest single items of expense. However, production costs in the form of farm wages, prices of farm machinery, motor fuel, fertilizers, and field seeds are the highest on record this year, and all present indications point to higher prices on most cost items in 1949. Feed prices which have declined since early spring and are now below those of last year are an exception.

TABLE IV
FARM-MORTGAGE DEBT OUTSTANDING*
FIFTH DISTRICT BY STATES, 1947-1948
TOTAL AMOUNT OUTSTANDING

STATE OF AREA	1947 1,000 Dollars	1948	Change from 1947 Per Cent
Fifth District	264,746	288,658	9.0
Maryland	43,883	48,781	11.2
District of Columbia	**	**	00
Virginia	72,256	78,123	8.1
West Virginia	20,229	21,601	6.8
North Carolina	87,836	95,041	8.2
South Carolina	40,542	45,112	11.3

*As of January 1.

**Included with Maryland data.

Source: USDA, BAE, *Farm Mortgage Debt*, November 1947 and May 1948.

With net farm income in 1948 likely to be down 10 per cent from that in 1947 and with prospects for even lower net income in 1949, it is possible for many farmers to be caught again in a "squeeze" between a shrinking net income and high fixed land costs. There is still real opportunity for those who manage their farming enterprises skillfully, but those farmers who would be tempted to make further investments on credit at the current level of prices should consider whether they are incurring fixed charges that will prove burdensome in the event of lower prices.

Cash Income Outlook for Cotton, Peanuts, Tobacco, Truck Crops, and Livestock

The present position of cotton is less favorable than in the past several years. Prices have declined from above parity to about the loan level. Domestic demand for cotton textiles has weakened. The carry-over of cotton is larger than last year and is expected to be even larger in 1949. This latter fact stems from the record production estimated for the 1948 crop. Indications in the District point to a total cotton crop of 1.6 million bales, a 42 per cent increase over that of last year—due mainly to record yields of lint which are expected to average 377-480 pounds per acre in Fifth District states.

The Secretary of Agriculture has announced that marketing quotas will not be in effect for the 1949 cotton crop. However, should farmers substantially increase their cotton acreage next year and should yields be favorable, the 1949 crop would be of such proportions that marketing quotas for the 1950 crop would be almost certain.

A record 1948 peanut crop is estimated with production in the District up 11 per cent over that of a year ago, and the surplus of peanuts over edible uses is again expected to be large in 1948-1949. Because of the relatively abundant supplies of competing commodities (candies, jams, and jellies), the commercial use of peanuts in edible form has declined materially since the war. Termination of the war also brought an end to the increased wartime needs for peanut oil here at home, and though foreign countries have imported large quantities of peanuts for crushing since the war, this market for peanut oil will diminish as supplies of fats, oils, and oilseeds throughout the world continue to recover.

Because of the world food shortage, allotments and quotas for the 1948 peanut crop were suspended. But the demand for peanuts both in the edible trade and for crushing purposes has been diminishing. The general level of prices for fats and oils is likely to be lower within the year. Also the support price of peanuts at 90 per cent of parity confines most of the normal commercial demand for peanuts to the edible trade. In view of these conditions, peanut marketing quotas will be resumed in 1949.

Under the Agricultural Act of 1948, the 1949 peanut crop will again be supported at 90 per cent of parity. Price supports will be limited to producers in compliance with marketing quotas announced by the Secretary of Agriculture on November 30, 1948. The national marketing quota for peanuts in 1949 is set at 850,000 tons, and the corresponding acreage allotment is 2,611,367 acres, 22 per cent below the 3,340,000 acres picked and threshed in 1948. (Virginia's acreage allotment will not be affected by this reduction because, under present legislation, the 1949 state allotment is fixed at the 1941 allotment, the same as allocated in 1948.)

Reduction in the buying programs of the United Kingdom brought low tobacco prices in 1947, a cut in the 1948 marketing quotas, and a resulting 24 per cent reduction in 1948 flue-cured acreage in the District. As a result indications are that the District's 1948 flue-cured crop will be 18 per cent smaller than in 1947. However, more than two-thirds of the flue-cured crop was marketed at prices approximately 20 per cent higher than last year.

Assuming the continuation of a high level of consumer income in 1949, the demand for cigarettes is expected to remain high, resulting in a strong demand for flue-cured, Burley, and Maryland tobacco. Export demand for tobacco leaf is expected to be stronger in 1949 than in 1948. The strength of the export market, however, is dependent in large manner upon the operations of the Economic Cooperation Administration and the extent of economic recovery in Western Europe. With a stronger demand for tobacco expected next year, a national 1949 flue-cured quota has been announced increasing acreage allotments 5 per cent.

The livestock picture for 1949 appears favorable. Record production of corn and other feed crops and lower feed prices should encourage increased livestock production during 1949. Indications point to a larger spring pig crop, a probable increase in milk production, and, as a result of higher rates of grain feeding, more top quality grades of beef. The need for rebuilding cattle herds will limit a full response to the increased feed supplies in 1948-1949; therefore, compared with 1948, it is likely that the 1949 meat supply will consist of more pork and less beef.

With little change in the total available supply of meat until late 1949, prices of livestock and livestock products will primarily reflect changes in demand. Should demand by consumers continue strong, prices may hold near 1948 levels most of the year. Conversely, meat

TABLE V
Acreage, Yield, and Production of Essential Crops
Fifth District by States, 1947-1948

STATE or AREA	Acreage Harvested			Yield Per Acre			Production		
	1947	Preliminary 1948	Change from 1947	1947	Preliminary 1948	Change from 1947	1947	Preliminary 1948	Change from 1947
	Acres		Per Cent	Pounds		Per Cent	1000 Pounds*		Per Cent
COTTON									
Fifth District.....	1,720,000	1,872,000	8.8	326	426	30.7	1,121	1,594	42.2
Maryland.....									
Virginia.....	23,000	24,000	4.3	369	480	30.1	18	24	33.3
West Virginia.....									
North Carolina.....	647,000	718,000	11.0	335	454	35.5	452	680	50.4
South Carolina.....	1,050,000	1,130,000	7.6	297	377	26.9	651	890	36.7
PEANUTS									
Fifth District.....	489,000	488,000	- 0.2	1,067	1,187	11.2	521,970	579,125	10.9
Maryland.....									
Virginia.....	162,000	155,000	- 4.3	1,220	1,300	6.6	197,640	201,500	2.0
West Virginia.....									
North Carolina.....	301,000	307,000	2.0	1,030	1,175	14.1	310,030	360,725	16.4
South Carolina.....	26,000	26,000	0.0	550	650	18.2	14,300	16,900	18.2
TOBACCO (ALL TYPES)									
Fifth District.....	1,119,700	870,800	-22.2	1,124	1,198	6.6	1,259,188	1,043,383	-17.1
Maryland.....	48,000	47,000	- 2.1	800	725	- 9.4	38,400	34,075	-11.3
Virginia.....	139,300	113,100	-18.8	1,111	1,237	11.3	154,752	139,960	- 9.6
West Virginia.....	2,800	2,700	- 3.6	1,200	1,225	2.1	3,360	3,308	- 1.5
North Carolina.....	792,600	607,000	-23.4	1,145	1,219	6.5	907,181	739,790	-18.4
South Carolina.....	137,000	101,000	-26.3	1,135	1,250	10.1	155,495	126,250	-18.8

*The unit for cotton is in bales (500 pound gross weight bales).

Source: USDA, BAE, Cotton Production, December 1948, and Crop Production, July and November 1948.

animal prices could decline moderately in 1949, but would still be higher than any year except 1948.

The situation for truck crops appears somewhat less favorable. Partly because of increased production, prices for fresh market truck crops have fluctuated around a lower level since the wartime peak of 1943. Truck crop production in the District continued upward in 1948, particularly the production of snap beans and spinach. Preliminary estimates also indicate increased plantings of late fall cabbage. Indications for 1949 are for still larger acreages in kale and strawberries but for fewer acres of asparagus.

With increased production, prices of fresh market truck crops in 1949 will probably average a little lower than those received in 1948 even though domestic demand is expected to continue strong. Net incomes of truck crop growers will probably be lower because of increased production costs.

Summary Highlights

Assuming peace, continued farm price readjustments, and continuing costs of production, it seems that the

"turn of the tide for agriculture has passed". The peak in *net income* to farmers came in 1947, and it is likely that net farm income in 1948 will be down 10 per cent from 1947 with a still further decline in prospect for 1949. *Gross farm income* has leveled off somewhat in 1948 and should be within 5 or 10 per cent of the 1948 figure next year. With a strong demand expected, both at home and abroad, and with indications for somewhat larger supplies of many important commodities, the general level of *farm prices* in 1949 should hold moderately below the 1948 average. *Farm costs* in 1948 have been the highest on record. Wages for farm labor were up 8 per cent in the District, and the current level is expected to continue in 1949. Farm land values in all states except West Virginia have more than doubled their 1935-39 average. Prices of farm machinery, motor fuel, seeds, and fertilizers also cost more than ever during 1948, and all present indications are for still higher prices on most cost items in 1949.

Business Conditions

Continued from page 2

cent from October to November to a level 2 per cent below that of a year ago. The 7 per cent drop in a month, though substantial, has not yet been enough to give an indication of a reversal of upward trend which was reaffirmed this summer. December sales, as indicated by the weekly reporting stores for three weeks, are somewhat mixed, with some stores showing gains over a year ago and others, losses. It is becoming more difficult to sell merchandise and a larger portion of it is moving at clearance prices even before Christmas. What this seems to mean is that, if December volume of sales is maintained at last year's level, notable price reductions will have to be forthcoming at the manufacturers level if trade is to be sustained beyond December.

Department store inventories in this District rose 9 per cent after seasonal correction from October to November and were 9 per cent higher than a year ago. Store purchases appear to have been geared to about a 5 per cent gain over last year in November and December sales. If cancellations have not been made, it is not likely that December sales will be sufficient to prevent another rise of note in inventories at the end of that month. This will mean some large January clearances and a corresponding dearth of orders for manufacturers.

Sales at the wholesale level in most lines weakened in November on a seasonally adjusted basis. Seven of the nine lines for which data are available declined from 2 to 11 per cent from October. All the hard goods lines, however, were still ahead of last year while all of the soft goods lines were below those of last year.

Bank Loans

Commercial, industrial, and agricultural loans of weekly reporting member banks in the Fifth District rose seasonally this fall to a level moderately above the spring peak. These loans have failed to reach the spring peak in Richmond, Baltimore, and Charlotte. Expansion has been marked more or less continuously since the summer of 1947 in Washington, Roanoke, Lynchburg, Charleston, W. Va., and Huntington, W. Va., but this last city has shown a downward trend since August.

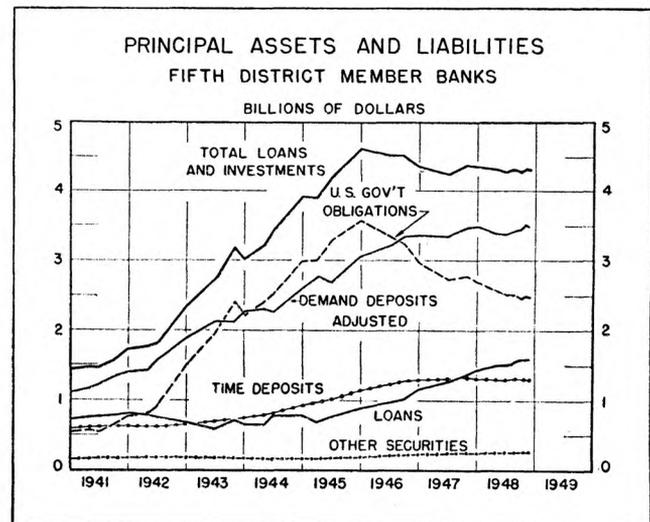
Real estate loans of the weekly reporting banks have continued to grow at a steady rate from the beginning of the new series in July, 1947, through November of this year. In Richmond, Norfolk, Charlotte, Huntington, and South Carolina reporting banks, these loans have either flattened off or shown some decline. Expansion has been marked in Winston-Salem, which includes all branches of Wachovia, Lynchburg, and Washington, while a slower rate of expansion has been noted in Baltimore, Roanoke, and Charleston, W. Va.

The "all other" loan caption, which includes largely consumer loans, has eased off a little since September for all weekly reporting banks in the District after having risen steadily through July and having jumped up rather abruptly in August and September prior to re-introduction of Regulation W. Expansion in these loans was still in evidence in Roanoke and Charleston, W. Va., but in other cities the trend appears to be flat or moderately downward.

AVERAGE DAILY TOTAL DEPOSITS* OF MEMBER BANKS

	Last Half of Oct.		Last Half of Nov.	
	\$ thousands	% of U.S.	\$ thousands	% of U.S.
Maryland	1,024,171	.94	1,010,590	.93
Reserve city banks	655,413	.60	647,130	.60
Country banks	368,758	.34	363,460	.33
District of Columbia	874,586	.81	880,133	.81
Reserve city banks	852,926	.79	858,495	.79
Country banks	21,660	.02	21,638	.02
Virginia	1,326,959	1.22	1,320,930	1.22
Reserve city banks	310,713	.28	303,307	.28
Country banks	1,016,246	.94	1,017,623	.94
West Virginia	617,864	.57	623,695	.57
North Carolina	854,880	.79	846,947	.78
Reserve city banks	379,967	.35	376,716	.35
Country banks	474,913	.44	470,231	.43
South Carolina	442,700	.41	439,858	.41
Fifth District	5,141,160	4.74	5,122,153	4.72
U. S. (millions)	108,410	100.0	108,522	100.0

*Excluding interbank demand deposits.



FEDERAL RESERVE BANK OF RICHMOND

FEDERAL RESERVE BANK OF RICHMOND
(All Figures in Thousands)

ITEMS	Dec. 15, 1948	Chg. in Amt. From	
		11-17-48	12-17-47
Total Gold Reserves.....	\$1,061,940	- 17,505	+ 53,187
Other Reserves	16,712	- 520	+ 1,500
Total Reserves	1,078,652	- 18,025	+ 51,687
Bills Discounted	11,094	- 2,620	+ 4,549
Industrial Advances	39	+ 1	+ 5
Govt. Securities, Total.....	1,493,282	+ 4,131	+ 118,633
Bonds	721,687	- 2,848	+ 619,787
Notes	52,861	+ 1,023	- 54,695
Certificates	385,710	- 6,151	- 114,389
Bills	333,024	+ 12,107	- 332,020
Total Bills & Securities.....	1,504,415	+ 1,512	+ 123,237
Uncollected Items	295,714	- 18,262	- 56,423
Other Assets	33,983	- 2,855	+ 11,747
Total Assets	\$2,912,764	- 37,630	+ 26,874
Federal Reserve Notes in Cir.....	\$1,668,463	- 8,783	- 89,528
Deposits, Total	948,686	- 8,668	+ 129,337
Members' Reserves	854,023	+ 14,733	+ 95,618
U. S. Treas. Gen. Acct.....	67,186	- 26,041	+ 28,906
Foreign	25,147	+ 2,484	+ 5,111
Other Deposits	2,330	+ 156	+ 202
Def. Availability Items.....	253,153	- 21,917	- 18,382
Other Liabilities	674	+ 67	- 636
Capital Accounts	41,788	+ 1,671	+ 5,583
Total Liabilities	\$2,912,764	- 37,630	+ 26,874

51 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

	Dec. 15, 1948	Chg. in Amt. From	
		11-17-48	12-17-47
Total Loans	\$ 872,464**	- 2,043	+ 75,929
Bus. & Agri.....	413,863	- 680	+ 24,395
Real Estate Loans.....	203,894	+ 637	+ 35,853
All Other Loans.....	260,152	- 2,338	+ 21,126
Total Security Holdings.....	1,628,869	- 33,445	- 165,504
U. S. Treasury Bills	60,057	- 12,648	+ 39,092
U. S. Treasury Certificates	199,115	- 4,257	+ 36,363
U. S. Treasury Notes	54,635	- 6,504	- 53,839
U. S. Govt. Bonds	1,188,627	- 7,497	- 194,312
Other Bonds, Stocks & Sec.....	126,435	- 2,539	+ 7,192
Cash Items in Process of Col.....	252,838	- 4,858	+ 7,633
Due from Banks	178,019*	+ 16,566	- 8,252
Currency & coin.....	69,945	+ 2,922	+ 517
Reserve with F. R. Banks.....	558,048	+ 16,723	+ 51,805
Other Assets	49,044	- 447	- 2,883
Total Assets	3,609,227	- 4,582	- 40,750
Total Demand Deposits.....	\$2,791,081	+ 7,961	- 23,080
Deposits of Individuals	2,112,199	+ 51,756	+ 8,123
Deposits of U. S. Govt.....	44,095	- 15,209	+ 15,235
Deposits of State & Local Govt.	178,820	+ 7,213	- 881
Deposits of Banks	406,103*	- 32,142	- 43,059
Certified & Officer's Checks.....	49,864	- 3,657	- 2,998
Total Time Deposits.....	579,004	- 15,478	- 24,893
Deposits of Individuals.....	558,394	- 15,423	- 25,695
Other Time Deposits.....	20,610	- 55	+ 802
Liabilities for Borrowed Money.....	500	- 700	- 1,700
All Other Liabilities.....	17,561	+ 1,208	- 1,085
Capital Accounts	221,091	+ 2,427	+ 10,008
Total Liabilities	3,609,227	- 4,582	- 40,750

*Net Figures, reciprocal balances being eliminated.

**Less losses for bad debts.

CONSTRUCTION CONTRACTS AWARDED

STATES	Oct. 1948	% Chg. from Oct. 1947	10 Mos. 1948	% Chg. from 10 Mos. '47
Dist. of Columbia.....	4,874,000	+ 4	62,417,000	+ 3
Virginia	16,103,000	+ 26	174,130,000	+ 7
West Virginia	6,871,000	+ 194	84,201,000	+ 42
North Carolina	17,536,000	+ 20	163,598,000	+ 24
South Carolina	8,134,000	+ 61	77,023,000	+ 47
Fifth District	\$79,420,000	+ 10	\$348,576,000	+ 21

Source: F. W. Dodge Corp.

COMMERCIAL FAILURES

MONTHS	Number of Failures		Total Liabilities	
	Dist.	U.S.	District	U.S.
November 1948.....	15	460	\$ 412,000	\$ 24,416,000
October 1948.....	19	461	\$ 435,000	101,060,000
November 1947.....	17	313	392,000	16,345,000
11 Months 1948.....	178	4,721	\$4,365,000	\$355,479,000
11 Months 1947.....	8	3,159	4,474,000	195,549,000

Source: Dun & Bradstreet

DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

	Nov. 1948	% Chg. from Nov. 1947	11 Mos. 1948	% Chg. from 11 Mos. '47
Washington	\$ 746,760	+ 13	\$ 7,972,068	+ 12
Maryland				
Baltimore	1,054,096	+ 17	10,753,853	+ 11
Cumberland	21,532	+ 7	234,162	+ 2
Frederick	18,599	- 14	207,232	+ 5
Hagerstown	25,582	+ 7	290,247	+ 8
North Carolina				
Asheville	49,196	+ 10	551,561	+ 12
Charlotte	244,479	+ 12	2,601,280	+ 17
Durham	105,668	- 27	1,277,387	+ 3
Greensboro	80,626	+ 20	819,443	+ 18
Kinston	15,394	- 30	195,902	+ 5
Raleigh	114,202	+ 3	1,247,621	+ 14
Wilmington	32,451	0	381,656	+ 4
Wilson	27,216	- 22	261,113	+ 2
Winston-Salem	136,666	+ 8	1,394,045	+ 9
South Carolina				
Charleston	59,643	+ 25	630,672	+ 15
Columbia	101,554	+ 22	1,014,594	+ 12
Greenville	80,893	+ 13	867,908	+ 14
Spartanburg	51,453	+ 3	518,815	+ 13
Virginia				
Charlottesville	22,930	+ 10	239,955	+ 5
Danville	37,450	- 17	351,456	+ 8
Lynchburg	37,194	- 4	410,211	+ 7
Newport News	31,787	+ 8	346,931	+ 6
Norfolk	176,265	+ 7	1,970,923	+ 11
Portsmouth	20,917	+ 6	217,925	+ 8
Richmond	481,048	+ 20	5,233,927	+ 16
Roanoke	94,754	+ 21	940,690	+ 15
West Virginia				
Bluefield	47,268	+ 15	482,844	+ 22
Charleston	146,174	+ 8	1,471,290	+ 12
Clarksburg	32,195	+ 7	351,055	+ 15
Huntington	61,994	+ 23	640,844	+ 20
Parkersburg	26,522	+ 2	293,723	+ 7
District Totals	\$ 4,182,508	+ 11	\$44,171,433	+ 12

COTTON CONSUMPTION AND ON HAND—BALES

	Nov. 1948	Nov. 1947	Aug. 1 to Nov. 30	
			1948	1947
Fifth District States:				
Cotton consumed	351,854	381,469	1,451,792	1,527,859
Cotton Growing States:				
Cotton consumed	616,692	672,686	2,539,877	2,669,986
Cotton on hand Nov. 30 in consuming establishments..	1,440,724	1,599,797		
storage & compresses	8,383,373	5,308,704		
United States:				
Cotton consumed	685,166	759,866	2,848,924	3,029,912
Cotton on hand Nov. 30 in consuming establishments..	1,653,888	1,848,480		
storage & compresses.....	5,434,988	5,363,345		
Spindles active, U. S.....	21,231,000	21,438,000		

Source: Department of Commerce

COTTON CONSUMPTION—FIFTH DISTRICT

(In Bales)

	N. Carolina	S. Carolina	Virginia	District
October 1948.....	186,346	153,126	16,090	355,562
November 1947.....	205,780	157,827	17,862	381,469
11 Months 1948.....	2,282,072	1,780,081	187,324	4,249,477
11 Months 1947.....	2,301,258	1,836,117	197,288	4,334,663

Source: Department of Commerce

PRICES OF UNFINISHED COTTON TEXTILES

	Nov. 1948	Oct. 1948	Nov. 1947
Printcloths, average (6).....	72.26	73.32	130.55
Sheetings, average (3).....	58.63	59.65	75.73
Twill (1)	68.63	76.88	110.20
Drills, average (4).....	58.96	61.86	69.74
Sateen (1)	94.87	95.64	128.15
Duck, average (2)	60.30	60.30	61.91

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

Source: Department of Agriculture.

DEPOSITS IN MUTUAL SAVINGS BANKS

8 Baltimore Banks

	Nov. 30, 1948	Oct. 31, 1948	Nov. 30, 1947
Total Deposits	\$390,149,888	\$393,025,958	\$388,799,340

BUILDING PERMIT FIGURES

	Total Valuation	
	Nov. 1948	Nov. 1947
Maryland		
Baltimore	\$ 4,298,340	\$ 4,728,880
Cumberland	42,525	65,725
Frederick	37,600	64,775
Hagerstown	40,178	24,185
Salisbury	85,077	87,930
Virginia		
Danville	201,243	79,234
Lynchburg	88,961	218,347
Norfolk	552,845	779,670
Petersburg	79,720	209,315
Portsmouth	586,540	64,735
Richmond	1,117,384	1,070,112
Roanoke	330,351	373,751
West Virginia		
Charleston	519,433	374,094
Clarksburg	73,940	55,168
Huntington	252,853	302,705
North Carolina		
Asheville	112,034	135,356
Charlotte	889,740	1,558,470
Durham	210,999	928,554
Greensboro	371,690	405,485
High Point	246,178	169,535
Raleigh	417,600	511,400
Rocky Mount	48,550	394,850
Salisbury	82,850	124,600
Winston-Salem	359,284	366,794
South Carolina		
Charleston	202,865	110,082
Columbia	581,550	392,025
Greenville	1,115,700	208,200
Spartanburg	64,020	93,080
Dist. of Columbia		
Washington	4,371,409	3,742,892
District Totals	\$ 17,376,459	\$ 17,549,949
11 Months	\$257,419,519	\$203,298,740

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	Nov.		% Chg.	11 Mos.		% Chg.
	1948	1947		1948	1947	
West Virginia	14,426	14,460	0	152,054	158,485	- 4
Virginia	1,470	1,775	-17	17,712	17,867	- 1
Maryland	78	152	-49	1,392	1,828	-24
Fifth District	15,974	16,387	- 3	171,158	178,180	- 4
United States	48,485	52,689	- 8	534,406	565,881	- 6
% in District	32.9	31.1		32.0	31.5	

TOBACCO MANUFACTURING

	Nov.		% Chg. from Nov. 1947	11 Mos.		% Chg. from 11 Mos. '47
	1948	Nov. 1947		1948	11 Mos. '47	
Smoking & Chewing tobacco (Thousands of lbs.)	16,330		+ 8	186,626		0
Cigarettes (Thousands)	29,259,469		+ 7	324,054,977		+ 4
Cigars (Thousands)	553,755		+12	5,328,602		+ 3
Snuff (Thousands of lbs.)	3,198		+ 7	37,961		+ 3

Source: Treasury Department

AUCTION TOBACCO MARKETING

	Producers' tobacco sales, lbs.		Price per cwt.	
	Nov. 1948	Nov. 1947	1948	1947
No. Carolina (Flue-cured)	57,088,044	148,910,985	\$43.25	\$41.60
No. Carolina (Burley)	1,956,640	0	50.14	0
Virginia (Flue-cured)	27,307,032	48,550,701	43.19	37.79
Virginia (Fire-cured)	1,359,610	0	31.36	0
Virginia (Burley)	1,080,986	0	48.85	0
Virginia (Sun-cured)	50,122	0	24.95	0
District Total, November	88,842,434	197,461,686	43.26	40.66
So. Carolina entire season	110,496,131	133,593,928	50.30	41.79
No. Carolina season to 11-30	725,821,005	837,023,022	50.43	42.73
Va. season to 11-30	128,418,862	117,594,668	49.90	40.05
District, season to 11-30	964,735,993	1,088,211,618	50.35	42.32

RAYON YARN SHIPMENTS AND STOCKS

	Nov. 1948	Oct. 1948	Nov. 1947
Rayon yarn shipments, lbs.	71,400,000	71,800,000	62,500,000
Staple fiber shipments, lbs.	21,500,000	21,900,000	21,400,000
Rayon yarn stocks, lbs.	10,100,000	10,100,000	8,200,000
Staple fiber stocks, lbs.	4,900,000	4,700,000	5,500,000

Source: Rayon Organon

WHOLESALE TRADE, 181 FIRMS

LINES	Net Sales Nov. 1948 Compared with		Stock Nov. 30, 1948 Compared with	
	Nov. 1947	Oct. 1948	Nov. 30 1947	Oct. 31 1948
	Auto supplies (5)*	+21	+10	0	+13
Electrical goods (7)*	+11	- 9	+33	+ 1
Hardware (9)*	+15	-11	+42	+21
Industrial supplies (4)*	+18	- 3	+11	- 8
Drugs & sundries (10)*	+ 8	- 1	- 1	0
Dry goods (12)*	-17	-18	+23	- 7
Groceries (59)*	+ 3	- 1	- 1	- 2
Paper & products (4)*	-12	-12	....	....
Tobacco & products (6)*	+13	+ 1	+31	+ 6
Miscellaneous (65)*	+ 8	- 4	+24	+ 2
District Average (181)*	+ 5	- 6	+21	+ 4

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	
	Nov. 1948	11 Mos. 1948
Maryland (5)*	0	+12
Dist. of Columbia (6)*	+ 9	+ 5
Virginia (18)*	- 9	- 3
West Virginia (8)*	-24	+ 3
North Carolina (13)*	-16	+ 1
South Carolina (9)*	-15	+ 3
District (59)*	- 5	+ 5
Individual Cities		
Baltimore, Md., (5)*	0	+12
Washington, D. C., (6)*	+ 9	+ 5
Richmond, Va., (6)*	+ 2	- 1
Lynchburg, Va., (3)*	-19	- 2
Charleston, W. Va., (3)*	-27	- 8
Charlotte, N. C., (3)*	-30	- 8

*Number of reporting firms.

DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Percentage chg. in Nov. 1948 sales compared with sales in Nov. 1947:				
-2	0	0	- 1	0
Percentage chg. in 11 months sales 1948 compared with 11 mos. in 1947:				
+ 8	+ 3	+ 5	+ 9	+ 6
Percentage chg. in stocks on Nov. 30, 1948 compared with Nov. 30, 1947:				
- 2	+10	+13	+11	+ 9
Percentage chg. in outstanding orders Nov. 30, '48 from Nov. 30, '47:				
-40	-31	-46	-38	-40
Percentage chg. in receivables Nov. 30, '48 from those on Nov. 30, '47:				
+18	+15	+21	+13	+18
Percentage of current receivables as of Nov. 1, '48 collected in Nov.:				
35	51	48	51	47
Percentage of instalment receivables as of Nov. 30, '48 collected in Nov.:				
16	24	23	24	22
Maryland Dist. of Col. Virginia W. Va. N. Carolina S. Carolina				
Percentage chg. in Nov. 1948 sales from Nov. 1947 sales, by States:				
+ 1	0	- 3	- 1	+ 5
Percentage chg. in 11 months 1948 sales from 11 months 1947 sales:				
+ 3	+ 5	+ 8	+14	+ 8

NATIONAL SUMMARY OF BUSINESS CONDITIONS

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

Industrial activity was maintained in November at about the high October rate. Department store sales were 5 per cent below last year's level but in the early part of December sales increased more than a year ago. Commodity prices showed further moderate decreases in November and the first half of December.

Industrial Production

Output at factories and mines showed little change in November, and the Board's seasonally adjusted index of industrial production was 194 per cent of the 1935-39 average as compared with 195 in October and 192 in November 1947.

Activity in the automobile, machinery, and nonferrous metals industries showed small reductions in November, but output of most other durable goods was maintained at the level of the preceding month. The number of new automobiles assembled declined about 4 per cent in November, but rose again in the early part of December to a new postwar peak rate. Output for the year has been about 5,275,000 passenger cars and trucks, the largest annual total since 1929. Copper smelting was curtailed sharply in November as a result of a labor dispute affecting mine output. Steel production, on the other hand, showed a slight further gain, averaging 100.4 per cent of capacity in November as compared with 100 in October.

Production of nondurable goods declined slightly in November, reflecting in large part further curtailments in output of textile and leather products. Cotton consumption decreased 5 per cent and was 18 per cent smaller than in November 1947. Newsprint consumption was reduced somewhat from the peak rate reached in October. Activity at paper and paperboard mills continued at record levels, and output of most other nondurable goods was maintained at about the October rate.

Minerals production increased somewhat in November, reflecting a slight further gain in crude petroleum output and an unusually large volume of iron ore production for this season. Coal output was maintained in November at the October rate but declined about 5 per cent in the first half of December.

Employment

Employment in nonagricultural establishments showed a small decline in mid-November from the record level in October. The decline, which was unusual for this season, reflected mainly some further curtailment of employment in industries manufacturing nondurable goods. Trade employment continued to increase seasonally, although the gain was the smallest for November since 1942. Employment in most other lines showed little change.

Construction

Value of contracts awarded for most types of private and public construction declined more than seasonally in November, according to reports of the F. W. Dodge Corporation. The number of new housing units started decreased further in November to 65,000 as compared with 72,000 in October and 80,000 a year ago.

Distribution

Value of department store trade in November showed less than the usual seasonal rise and the average daily rate of sales was 5 per cent smaller than a year ago. The Board's adjusted sales index was 287 per cent of the 1935-39 average as compared with the advanced level of about 310 which prevailed from April to October. Sales recovered to year-ago levels during the first half of December, however, and it is estimated that total dollar sales for the holiday shopping period will be near last year's record volume. Sales of appliances and various other durable goods except new automobiles have been below the exceptionally high levels prevailing at the end of last year.

Railroad carloadings of most classes of merchandise showed more than the usual seasonal decline in November and early December and total shipments were about 9 per cent below the same period a year ago. Loadings of coal were about 15 per cent below a year ago. Shipments of manufactured goods were down about 5 per cent, owing to a further diversion of freight to other forms of transportation and a reduction in the physical volume of goods shipped for export. This reduction was augmented in November by a maritime dispute.

Commodity Prices

Wholesale prices and consumers' prices declined about 1 per cent from mid-October to mid-November, reflecting chiefly decreases in livestock and foods. In the first three weeks of December prices of foods continued to decline, various industrial materials weakened further, and prices of some appliances and textile, petroleum, and soap products were reduced. Additional advances were reported in prices of metals.

Bank Credit

Federal Reserve System holdings of Government securities were further reduced in the first three weeks of December, reflecting sales of Treasury bills, certificates, and bonds. These securities were purchased primarily by commercial banks, which had an abundant supply of funds as a result of a seasonal increase in the volume of checks in clearing and a further gold inflow. Absorption of bank reserves by the pre-Christmas outflow of currency was somewhat smaller than usual.

Loans and investments at banks in leading cities showed little change in November, but increased somewhat in the first half of December. Loans to businesses showed a much smaller growth than in the same period last year. Loans to brokers and dealers for purchasing Government securities rose sharply in November while bank holdings of Treasury bills declined. Deposits declined slightly at all commercial banks in November, but increased sharply at banks in leading cities during the first half of December.

Security Markets

Prices of U. S. Government bonds and high-grade corporate and municipal bonds rose slightly during the first three weeks of December. Common stock prices were steady with a moderate volume of trading.