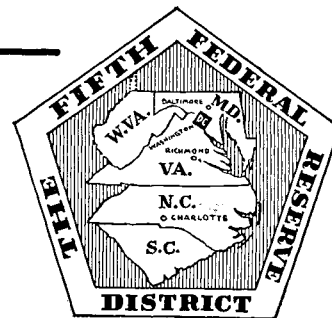


# Monthly Review



NOVEMBER 1949

## The Business Situation

THE business situation in the Fifth Federal Reserve District in September continued the upward movement in evidence during August. Retail trade levels advanced after seasonal correction and wholesale trade lines showed both gains and losses. Of particular import at this time is continuance of the up trend in building permits and construction contract awards. Another strong factor has been the retail sales of automobiles which for the latest date available in August were maintained at the July peak. The major industry of the District, cotton textiles, rose notably from August to September on a seasonally adjusted basis to a level 1 per cent higher than a year ago. This is a remarkable recovery and there are indications that it will continue through the remainder of 1949 and even through the first quarter of 1950.

Employment levels turned upward in all states of the District in an impressive manner and in only two states could this be in part ascribed to seasonal tendencies. Since most of the area's industries had been operating on short work-weeks, the general resumption of a 40-hour week has created a considerably larger output than the increased employment levels indicate. Although higher operations have been witnessed in lumber and furniture manufacturing in this District, total durable goods employment has not yet entered the rising phase. Hence, there has been an overall flattening out following the declining trend of the past twelve months. Increases taking place in furniture and lumber seem likely to offset the continued declines in other durable goods lines and in shipbuilding in particular which has continued for more than a year in a downward trend.

Principal blot on the business picture in this District is the coal and steel strikes and their radiated effects which in the main have been confined to railroad employment. The magnitude of the strike situation nationally, including as it does basic coal and steel, is such that it would seem reasonable to expect insistence on an early settlement in order to prevent disruption of the economy. If a settlement is achieved shortly, it is not difficult to envisage a rather substantial rise in the total volume of business in the Fifth District during the remainder of the year running into the first quarter of 1950.

Construction activity in the Fifth District is continuing at very high levels. In September contract awards for all types of construction rose 36 per cent from August after correction for normal seasonal tendencies. Relative to a year ago contract awards were up 82 per cent. The chief basis for the high level activity in September continued to be essentially residential, but a sharp expansion in public works and utilities was also in evidence. This latter gain was due to awards for a large hospital in Montgomery County, Maryland, and for piers in Anne Arundel County in the same state.

Apartments and hotels, running 214 per cent above a year ago in September, are furnishing the major part of the residential construction increase. Financial arrangements for construction of apartments are quite favorable, and it is not difficult to anticipate maintenance of the currently high level. Construction of one- and two-family houses, which had shown moderate recovery since spring (on a seasonally adjusted basis) rose sharply in September to a level 23 per cent above September last year. Totals from January through September, however, are running about 12 per cent under a year ago. GI guaranteed mortgages for home loans are again rising in an impressive fashion in all states of this District except West Virginia and North Carolina.

One of the most interesting aspects of Fifth District economy has been the performance of both department and furniture stores. Department store sales in September rose 1 per cent on a seasonally adjusted basis from August and thus continued the rising trend which has been in evidence since March. Meanwhile, furniture store sales similarly adjusted rose 3 per cent from August to September and thus maintained a sales level within 10 per cent of the 1948 peak. Although department store sales in September were running 7 per cent under a year earlier, the diminution has been largely accounted for by price declines and the physical volume of sales is approximately equal to a year ago. It is interesting to note that, whereas the seasonally adjusted

### ALSO IN THIS ISSUE:

<i>Manufacturing Production Workers in the Fifth Federal Reserve District</i> .....	Page 3
<i>The Balance of Payment of the Fifth Federal Reserve District, II</i> .....	Page 6
<i>Statistical Data</i> .....	Page 10
<i>National Summary of Business Conditions</i> .....	Page 12



rise in furniture store sales from March up to the present time had been accounted for mainly by a rise in credit sales, the August to September gain in cash sales was impressive.

Recovery in the textile industries and their satellites has been substantial and has contributed the largest part of the recovery in this District. Cotton consumption on a seasonally adjusted basis rose 10 per cent from August to September to a level 1 per cent over September a year ago. Cotton spindle hours rose 6 per cent from August to September at which point they were 4 per

cent under September 1948. The cotton mills have a sufficient amount of business booked to continue an expanding level of operations throughout the remainder of this year, and many firms have booked selected constructions well into the first quarter of 1950. Prices of goods have exhibited stability over the past thirty days while yarns have shown some further increases.

Improvement in converters' purchases of rayon yarn has given a substantial recovery to the rayon yarn producers. In September total shipments of rayon yarn were 13 per cent above August and 9 per cent above those of September 1948 which practically brings this industry "out of the woods" of course subject to the degree of competition arising from devaluation; already, due to cheaper sterling, imported rayon in this country is being bought from 5 to 6 per cent below the domestic market.

#### CONCLUSION

Except for the strike situation which has borne quite heavily on the economies of West Virginia and Maryland in October, the general trend is toward further recovery. Settlement in the not-too-distant future would increase confidence of a continuation of the recovery momentum. The strong spots in the Fifth District at the present time, and for several months past, have been the strength in retail trade; the high level of construction; and the marked recovery in the textile industry.

#### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY 1935-1949=100—SEASONALLY ADJUSTED

	Sept. 1949	Aug. 1949	July 1949	Sept. 1948	% Change — Prev. Mo.	Latest Month Year Ago
Automobile Registration <sup>1</sup> .....	357	350	316	370	+ 2	— 4
Bank Debits .....	50	113r	97	167	— 56	— 70
Bituminous Coal Production.....	618	453	343	340	+ 36	+ 82
Building Contracts Awarded, Total.....	325	336	294	377	— 3	— 14
Commercial Construction Contracts.....	158	179	259	291	— 12	— 46
Manufacturing Construction Contracts.....	582	198r	344	299	+ 184	+ 88
Public Works and Utilities.....	757	660	349	411	+ 15	+ 84
Residential Construction Contracts.....	1552	1474	417	495	+ 5	+ 214
Apartments and Hotels.....	452	313	299	368	+ 44	+ 23
One and Two Family Houses.....	423	387	396	292	+ 9	+ 45
Building Permits Issues.....	114	60	112	55	+ 90	+ 107
Business Failures—No. ....	241	250	208	241	— 4	0
Cigarette Production.....	142	129	102	141	+ 10	+ 1
Cotton Consumption.....	137	129	100	143	+ 6	+ 4
Cotton Spindle Hours.....	306	304	326	333	+ 1	— 8
Department Store Sales <sup>2</sup> .....	295	295	302	318	0	— 7
Department Store Stocks <sup>2</sup> .....	271	252	252	270	+ 8	— 1
Electric Power Production.....	123	119	136	136	+ 3	— 10
Employment—Mfg. Industries <sup>1</sup> .....	383	398	370	370	— 4	+ 5
Furniture Mfrs.: Orders <sup>3</sup> .....	239	183	304	304	+ 31	— 15
Furniture Mfrs.: Shipments <sup>3</sup> .....	495	389	747	747	+ 27	— 35
Furniture Mfrs.: Unfilled Orders <sup>3</sup> .....						
Furniture—Retail: <sup>3 4</sup>						
Net Sales.....	199	193	208	213	+ 3	— 7
Cash.....	242	233	236	291	+ 4	— 17
Credit.....	183	168	181	191	+ 9	— 4
Receivables.....	118	116	113	107	+ 2	+ 10
Collections.....	164	167	160	174	— 2	— 6
Inventories.....	132	134	126	146	— 2	— 10
Household Appliance Store Sales.....	103p	106p	96p	114	— 3	— 10
Life Insurance Sales.....	250	247	239	257	+ 1	— 3
Wholesale Trade:						
Automotive Supplies <sup>2</sup> .....	398	363	371	397	+ 10	0
Drug.....	248	263	264	284	— 6	— 13
Dry Goods.....	157	156	104	231	+ 1	— 32
Electrical Goods <sup>2</sup> .....	52	57	68	91	— 9	— 43
Groceries.....	266	252	260	277	+ 6	— 4
Hardware.....	161	169	125	219	— 5	— 26
Industrial Supplies <sup>2</sup> .....	291	216	219	398	+ 35	— 27
Paper and Its Products <sup>2</sup> .....	149	120	116	168	+ 24	— 11
Tobacco and Its Products <sup>2</sup> .....	68	68	78	93	0	— 27

<sup>1</sup> Not seasonally Adjusted.

<sup>2</sup> 1938-41=100.

<sup>3</sup> Revised Series—back figures available on request.

<sup>4</sup> 1941=100.

## *Manufacturing Production Workers in the Fifth Federal Reserve District*

The rate of industrial expansion in the Fifth District, in the years 1939 to 1948, was slower than it was for the country as a whole—when measured by employment of production workers in manufacturing enterprises.

This is a cardinal fact brought out by recent releases of the 1947 Census of Manufactures and is of considerable significance for a District formerly heavily weighted on the agricultural side, but having made very considerable strides in industrial development for at least two decades.

What is the statistical picture of change brought about by the momentous war years? What factors are responsible for these changes? And what are the prospects? These are potent and provocative questions for bankers and industrialists in the Fifth District, and the answers which interested parties give them may be assumed to have considerable bearing on future additions to, and better diversification of, industry in the States of this District.

Back in 1939, an average of 750,700 production workers were employed in the manufacturing industries of this District. By the beginning of 1948, the total was 1,024,000, an increase of 36.5%. By contrast, the number of such workers in the United States rose from 7,808,000 to 11,918,000, an increase of 52.6%. As a consequence of this lag, the District's proportion of the nation's manufacturing production workers declined from 9.6% in the former year to 8.6% in the latter.

For the most part, this decline in the District's relative position was due to the pattern of creation of war manufacturing facilities. Expansion of manufacturing plant and equipment in the District apparently followed the pattern of the South in general which was different from that of the rest of the country in that industries which had sounder reconversion possibilities for post-war purposes accounted for a relatively small part of the wartime industrial expansion program in the South.

As a consequence of the pre-war lack of industries suitable for immediate conversion to the production of war materials, manufacturing employment in the Fifth District increased only 45% from August 1939 to August 1943 as compared with a national increase of 75%. Maryland was the only state in the District to exceed the national average, experiencing an increase of almost 100%. The reverse situation prevailed from 1943 to 1947—every state in the District, with the exception of Maryland, retained a larger percentage of its war-time increase in manufacturing employment than did the nation. The net result for the entire period was the lag of the District indicated in the preceding paragraphs. This is one of the important adjustments that

will have to be made if, in pursuing the objective of a better balanced economy, job opportunities within the District are to be provided for displaced agricultural workers.

### **The District's Ranking Industries**

The order of importance of manufacturing industries as employers of production workers shown in Table II is practically the same as in 1939. The two leading industries, textile-mill products and lumber and products, accounted for one-half of such employment in 1939; but in 1947 they employed only 43% of the District's production workers, and chemicals and allied products had to be included to account for 50% of the total. This shift was due to a decline in the relative importance of the District's leading industry, textile-mill products. From 1939 to 1948 the number of production workers in this industry increased only 15%, by far the lowest rate of growth among all industry groups shown in the table. As a consequence, textiles employed only 35% of the District's production workers in 1947, as compared with 42% in 1939.

This proportion, however, far exceeded that of the second ranking industry, lumber and products, which accounted for 8.2% of total production workers in 1947 and 7.5% in 1939. Apparel and related products was the only industry ranked after textiles to suffer a decline in its relative position. Before the war this industry employed 5.3% of the District's workers, but because of smaller-than-average increase in employment, its post-war proportion dropped to 4.9%. Some improvement in industrial diversification is reflected in the fact that it required six industries to account for two-thirds of the District's total manufacturing production workers in 1947 as against five in 1939.

### **Significant Increases Since 1939**

Although the largest increases in workers were realized by those industries employing the smallest numbers of production workers in the District, Table II shows that several industries of major importance achieved gains relatively greater than the national increases for the industries concerned. Included here are tobacco, textiles, lumber, paper, and food products. The effect of these gains on the relative position of those industries in the national economy is shown in Table III.

Although there was a decline in the dominant position of the textile industry within the District from 1939 to 1948, there was a slight strengthening of the relative importance of this leading industry of the District in the national economy. Whereas enterprises

located in this District employed 29% of the nation's textile production workers in 1939, in 1947 they accounted for 31%.

The greatest gain in this respect, however, occurred in tobacco manufacturing. From the already important position of employing 31% of the country's production workers in this industry in 1939, the District's proportion rose to 43% in 1947. This shift reflected the steady rise in per capita consumption of cigarettes and the fact that the greatest concentration of cigarette manufacturers in the nation is found in North Carolina and Virginia.

### Distribution Between Durable and Nondurable Industries

Between 1939 and 1948 the number of manufacturing workers producing durable goods in the District increased 56%, raising the proportion of total production workers so engaged from one-fourth in 1939 to one-third in 1947. In the United States, however, the increase in durable-goods workers amounted to 81% with the result that in 1947, 55% of all production workers in manufacturing were employed by durable-goods industries, as compared with 47% in the earlier year.

Although five of the ten leading manufacturing industries in the Fifth District are in the durable-goods category, they accounted for only about one-fourth of the total production workers in 1947. This was almost equivalent to the proportion in the United States for the same industries, but the nation had another one-fourth of its workers employed in the heavy industries, primary metals and machinery—compared with the District's one-twentieth. To put it another way, the District accounted for one-third of the nation's employment of manufacturing workers in the textile and tobacco industries in 1947 but for only one-fiftieth of its workers in the heavy industries of machinery and fabricated metals.

On the wage side, it is interesting to note that average weekly earnings during 1947 amounted to \$36.67 in tobacco manufacturing plants, \$40.94 in textiles, \$51.40 in electrical machinery, and \$55.89 in machinery other than electrical, and to contemplate the augmented purchasing power if employment in this District had been greater in relatively high wage-paying heavy industries.

Although some improvement was achieved between 1939 and 1948 in the diversification of employment in manufacturing in this District, more industries with high values added by manufacturing are needed to work up the raw materials and semi-finished goods produced in the District and nearby areas.

### Notes on Individual States

*Maryland:* Against a national growth in manufacturing production workers of 52.6% from 1939 to

1948, Maryland's increase of 33.9% caused its proportion of the nation's total to fall from 1.80% to 1.58%. An expansion of 82% in workers in transportation equipment plants boosted this industry from third place among Maryland's manufacturing industries in 1939 to first place in 1947. Foods continued to be the second ranking industry, and apparel, which had employed the greatest number of workers in 1939, had slipped to third place by 1948. Table I shows that so far as the division between durable and nondurable goods industries is concerned, Maryland has the most evenly balanced pattern of employment in the District.

TABLE I  
Percentage Distribution of Production Workers Among Durable and Nondurable Goods Industries

	Md.	D.C.	Va.	W.Va.	N.C.	S.C.	5th.	U.S.
1947								
Durable .....	44.9	9.7	34.9	72.0	19.7	16.4	31.6	55.2
Nondurable .....	55.1	90.3	65.1	28.0	80.3	83.6	69.4	44.8
1939								
Durable .....	34.9	12.2	33.4	71.9	16.4	13.9	27.4	47.2
Nondurable .....	65.1	87.8	66.6	28.1	83.6	86.1	72.6	52.8

N. B. Excludes "Other" industries.

Source: Computed from 1947 Census of Manufactures.

*Virginia:* The increase of 44.4% in production workers employed in Virginia's manufacturing plants from 1939 to 1948 was the second highest gain in the Fifth District; even so, it ranked 34th among the states. During the period the pattern of manufacturing employment remained unchanged: The four leading employers of production workers in 1947 were, as in 1939, textiles, chemicals, lumber, and food products. The tobacco industry, which ranks 5th in employment and third in value added by manufacture in the state, showed the largest percentage increase in workers and raised Virginia's share of the nation's tobacco workers from 11% in 1939 to 15% in 1947.

*West Virginia:* Production workers in the manufacturing plants of West Virginia are highly concentrated in durable-goods industries. Stone, clay, and glass products account for one-fourth of the State's manufacturing employment, and another one-fourth is provided by the primary and fabricated metal industries. Electrical machinery manufacturing experienced the outstanding growth in employment in West Virginia—an increase of 600% that raised this industry's proportion of the State's manufacturing workers from 0.81% in 1939 to 3.85% in 1947.

*North Carolina:* Textiles accounted for over one-half (57%) of North Carolina's manufacturing production workers in 1947, and though the dominance of this industry in the State's employment pattern is not as marked as in 1939 (67% were then employed), it accounted for 18% of the production workers in the nation's textile plants as compared with 17% in 1939. The tobacco industry fared even better—as compared with an increase of 57% in Virginia's tobacco plants from 1939 to 1948, North Carolina had a growth of

75% ; and this increased its proportion of the country's tobacco manufacturing employment from 19% in 1939 to 28% in 1947. The apparel industry also realized a better-than-average increase in workers and contributed to a better diversification of manufacturing in the State by increasing its share of employment from 2.4% to 4.5%.

*South Carolina:* As in North Carolina and Virginia, the textile industry in South Carolina experienced a decline from 1939 to 1948 in the percentage it employed of the State's manufacturing workers—from 75% to 68%. However, its share of the nation's work-

ers in this industry rose from 8.8% to 10.4%. Paper and allied products realized one of the substantial improvements over the past decade. In 1939 this industry employed 1.9% of the State's manufacturing workers and 0.89% of the national total in the industry, but as a consequence of a more than doubled production force, it employed 2.8% of the State's manufacturing workers and 1.3% of the national total in 1947. As shown in Table I, only 16% of the workers in South Carolina's manufacturing plants are engaged in producing durable goods. With the exception of the District of Columbia, this is the lowest percentage in the District.

TABLE II  
MANUFACTURING PRODUCTION WORKERS, 1947 NUMBER, (AVERAGE FOR YEAR IN THOUSANDS) AND PERCENTAGE INCREASE SINCE 1939

	Maryland		D. C.		Virginia		West Virginia		N. Carolina		S. Carolina		5th District		U.S.	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Textile Mill Products .....	5.4	—10.0	.....	.....	31.3	11.8	3.6	9.1	200.9	10.9	119.3	26.0	360.5	15.1	6.1	.....
Lumber & Products .....	3.9	34.5	.....	.....	22.4	51.4	7.6	26.7	29.7	52.3	20.7	58.0	84.3	49.7	41.6	.....
Chemicals & Allied Products .....	14.3	18.2	0.1	0.0	27.9	70.1	14.7	69.0	7.5	21.0	3.1	19.2	67.6	46.6	69.2	.....
Food & Kindred Products .....	25.8	28.3	3.2	14.3	16.4	65.7	4.4	37.5	11.6	84.1	5.6	75.0	67.0	47.3	36.9	.....
Apparel & Related Products .....	21.3	— 9.4	.....	.....	14.2	43.4	.....	.....	15.6	140.0	.....	.....	51.1	28.1	29.3	.....
Stone, Clay & Glass .....	6.0	36.4	0.3	—40.0	4.2	20.0	27.6	50.0	5.1	59.4	3.0	57.9	46.2	44.8	52.1	.....
Tobacco Manufactures .....	0.2	0.0	.....	.....	15.5	56.6	.....	.....	29.4	75.0	.....	.....	45.1	67.7	18.2	.....
Furniture & Fixtures .....	2.3	15.0	.....	.....	12.8	47.1	0.8	166.7	25.9	40.8	2.3	35.3	44.1	41.8	49.7	.....
Transportation Equipment .....	27.5	82.1	.....	.....	14.7	50.0	.....	.....	1.1	57.1	.....	.....	43.3	69.1	80.7	.....
Fabricated Metals .....	14.7	54.7	0.4	33.3	4.8	108.7	9.4	44.6	2.3	283.3	0.3	200.0	31.9	65.3	82.3	.....
Paper & Allied Products .....	4.8	37.1	0.6	20.0	9.7	54.0	1.4	0.0	6.4	93.9	5.0	108.3	27.9	60.3	44.1	.....
Primary Metal Industries .....	2	.....	.....	.....	3.5	75.0	19.4	20.5	.....	.....	.....	.....	22.9	26.5	50.3	.....
Printing & Publishing .....	6.6	24.5	4.5	45.2	3.7	32.1	1.7	30.8	3.4	47.8	1.1	37.5	21.0	34.6	35.2	.....
Machinery (Except Electric) .....	8.1	138.2	.....	.....	1.4	75.0	2.6	116.7	3.3	135.7	.....	.....	15.4	126.5	132.1	.....
Electrical Machinery .....	6.1	205.0	0.1	.....	.....	.....	4.2	600.0	.....	.....	.....	.....	10.4	300.0	157.7	.....
Rubber Products .....	4.8	166.7	.....	.....	.....	.....	0.1	.....	.....	.....	.....	.....	4.9	172.2	77.7	.....
Petroleum & Coal Products .....	2.0	33.3	.....	.....	0.3	0.0	2.1	61.5	.....	.....	.....	.....	4.4	41.9	57.4	.....
Instruments .....	0.7	133.3	0.1	0.0	.....	.....	0.1	.....	.....	.....	.....	.....	0.9	125.0	114.1	.....
Other <sup>1</sup> .....	34.1	24.9	0.7	75.0	8.2	20.6	9.3	50.0	7.8	169.0	15.4	161.0	75.5	52.5	31.1	.....
Total .....	188.6	33.9	10.1	31.2	190.8	44.4	109.0	46.5	350.0	30.0	175.9	39.2	1,024.4	36.5	52.6	.....

<sup>1</sup> Comprised of concerns which cannot be classified because of possible disclosure of individual firm operations.

<sup>2</sup> Reported under "Other".

Source: Census of Manufactures: 1947, Bureau of the Census, Department of Commerce, Series MC-D5 and Series MC 100-1.

TABLE III  
MANUFACTURING PRODUCTION WORKERS IN FIFTH DISTRICT STATES, BY INDUSTRIES  
AS PER CENT OF EACH U. S. INDUSTRY—1939 AND 1947

	Maryland		D. C.		Virginia		West Virginia		N. Carolina		S. Carolina		5th District	
	'47	'39	'47	'39	'47	'39	'47	'39	'47	'39	'47	'39	'47	'39
Tobacco Mfgs. ....	0.19	0.23	.....	.....	14.90	11.25	.....	.....	28.27	19.09	.....	.....	43.37	30.57
Textile Mill Products.....	0.47	0.56	.....	.....	2.73	2.59	0.31	0.31	17.52	16.75	10.40	8.76	31.43	28.96
Furniture & Fixtures .....	0.81	1.06	.....	.....	4.52	4.60	0.28	0.16	9.15	9.74	0.81	0.90	15.58	16.46
Chemicals & Products .....	3.06	4.38	0.02	0.04	5.97	5.94	3.15	3.15	1.61	2.25	0.66	0.94	14.48	16.70
Lumber & Products .....	0.65	0.69	.....	.....	3.74	3.50	1.27	1.42	4.96	4.61	3.46	3.10	14.07	13.31
Stone, Clay & Glass .....	1.48	1.65	0.07	0.19	1.03	1.31	6.80	6.89	1.26	1.20	0.74	0.71	11.38	11.95
Paper & Allied Prod.....	1.23	1.30	0.15	0.19	2.49	2.33	0.36	0.52	1.65	1.22	1.29	0.89	7.17	6.44
Food & Kindred Prod.....	2.35	2.51	0.29	0.35	1.49	1.23	0.40	0.40	1.06	0.79	0.51	0.40	6.10	5.67
Apparel & Related Prod.....	2.19	3.12	.....	.....	1.46	1.31	.....	.....	1.60	0.86	.....	.....	5.25	5.30
Printing & Publishing.....	1.51	1.64	1.03	0.96	0.84	0.86	0.39	0.40	0.78	0.71	0.25	0.25	4.79	4.81
Transportation Equip. ....	2.79	2.77	.....	.....	1.49	1.80	.....	.....	0.11	0.13	.....	.....	4.40	4.70
Fabricated Metals .....	1.79	2.11	0.05	0.07	0.58	0.51	1.14	1.44	0.28	0.13	0.04	0.02	3.88	4.28
Petroleum & Coal Prod.....	1.18	1.39	.....	.....	0.18	0.28	1.24	1.20	.....	.....	.....	.....	2.59	2.87
Rubber Products .....	2.23	1.49	.....	.....	.....	.....	0.05	.....	.....	.....	.....	.....	2.28	1.49
Primary Metal Indus's... <sup>2</sup>	.....	.....	.....	.....	0.35	0.30	1.92	2.40	.....	.....	.....	.....	2.27	2.69
Electrical Machinery .....	0.95	0.81	0.02	.....	.....	.....	0.66	0.24	.....	.....	.....	.....	1.63	1.05
Machinery (Except Elec.) .....	0.65	0.63	.....	.....	0.11	0.15	0.21	0.22	0.27	0.26	.....	.....	1.24	1.27
Instruments .....	0.38	0.35	0.05	0.12	.....	.....	0.05	.....	.....	.....	.....	.....	0.49	0.47
Other <sup>1</sup> .....	4.57	4.80	0.09	0.07	1.10	1.20	1.25	1.09	1.05	0.51	2.06	1.04	10.12	8.70
Total .....	1.58	1.80	0.08	0.10	1.60	1.69	0.91	0.95	2.94	3.45	1.48	1.62	8.60	9.61

<sup>1</sup> See note to Table II.

<sup>2</sup> Reported under "Other".

Source: Computed from Census of Manufacturers, 1947, Op. cit.

## *The Balance of Payments of the Fifth Federal Reserve District--II*

### International Commodity Trade Account

The British financial crisis, foreign aid appropriation, and the reenactment of the reciprocal trade agreements program have all focused attention on this District's stake in international trade, and bankers and businessmen are viewing these developments with an increased consciousness of the effect of foreign commerce on business conditions in their specific area. This analysis concerns itself with the *international* commodity trade pattern of the Fifth District and it is hoped in a subsequent article to examine the *interregional* commodity trade account of the Fifth District with the rest of the United States and to correlate these commodity movements with the money flows previously examined.

#### Fifth District International Commodity Trade Account

Customs data do not indicate the state of origin or destination of commodity out-shipments and in-shipments to and from foreign countries so that it is not possible to determine quantitatively the amounts of foreign shipments passing through Fifth District customs actually consumed or produced in the Fifth Federal Reserve District. Estimates of foreign exports originating in the southern area have been based on the assumption that this area's share in total U. S. exports of any given commodity is roughly equivalent to its share of total U. S. production of that commodity. There is, however, an alternative method of approaching more directly the international commodity trade account of a given Reserve district by adjusting movements of commodities through Fifth District customs so as to take account of corresponding movements to and from other parts of the United States by rail and water. Foreign exports are adjusted by subtracting domestic in-shipments by rail and water from the foreign exports through Fifth District customs to obtain a direct estimate of what the District exports to foreign countries out of its own production. Similarly, imports from foreign countries are adjusted by subtracting domestic shipments from this District to the rest of the United States by rail and water in order to obtain a direct estimate of what the District imports from foreign countries for its own consumption.

In spite of the deficiencies in methodology in constructing quantity movements of commodities in foreign trade for this District and the problem of valuing these data, it is still thought possible to use this method to estimate directly the international commodity trade balance of this District for selected years. Preliminary estimates for 1940 and 1946 based on these methods

(Table I) show that the Fifth District had a deficit balance of commodity trade with foreign countries in 1940 and a surplus balance in 1946.

TABLE I  
BALANCE OF INTERNATIONAL COMMODITY TRADE ACCOUNT  
FIFTH FEDERAL RESERVE DISTRICT, 1940 AND 1946

(In millions of dollars)		
	1940	1946
Exports .....	144.3	520.5
Imports .....	234.7	464.2
Balance .....	-90.4	+56.3

Source: Compiled by the Federal Reserve Bank of Richmond from statistics of the Interstate Commerce Commission, the U. S. Army Engineers, the U. S. Bureau of Labor Statistics, the U. S. Department of Agriculture, and the U. S. Department of the Interior.

The commodity composition of the Fifth District's trade with foreign countries is shown in Chart I covering the years 1929, 1932, 1940, and 1946. In the chart it is apparent that about two-thirds of the District's exports to foreign countries consist of leaf tobacco, iron and steel and products, bituminous coal, and manufactured tobacco.

Although the data for the four years may not be strictly comparable, it is felt that some general observations regarding the nature of and changes in the pattern of trade between the Fifth District and foreign countries can be made. In Chart I it may be noted that:

(1) In value terms, the District's exports totaled \$520.5 million in 1946, almost four times the prewar level of exports.

(2) Leaf tobacco has been the principal export item in each of the years shown; but there was a considerable drop in its importance in the year 1940, probably reflecting the withdrawal of the United Kingdom from the tobacco market in the preceding year.

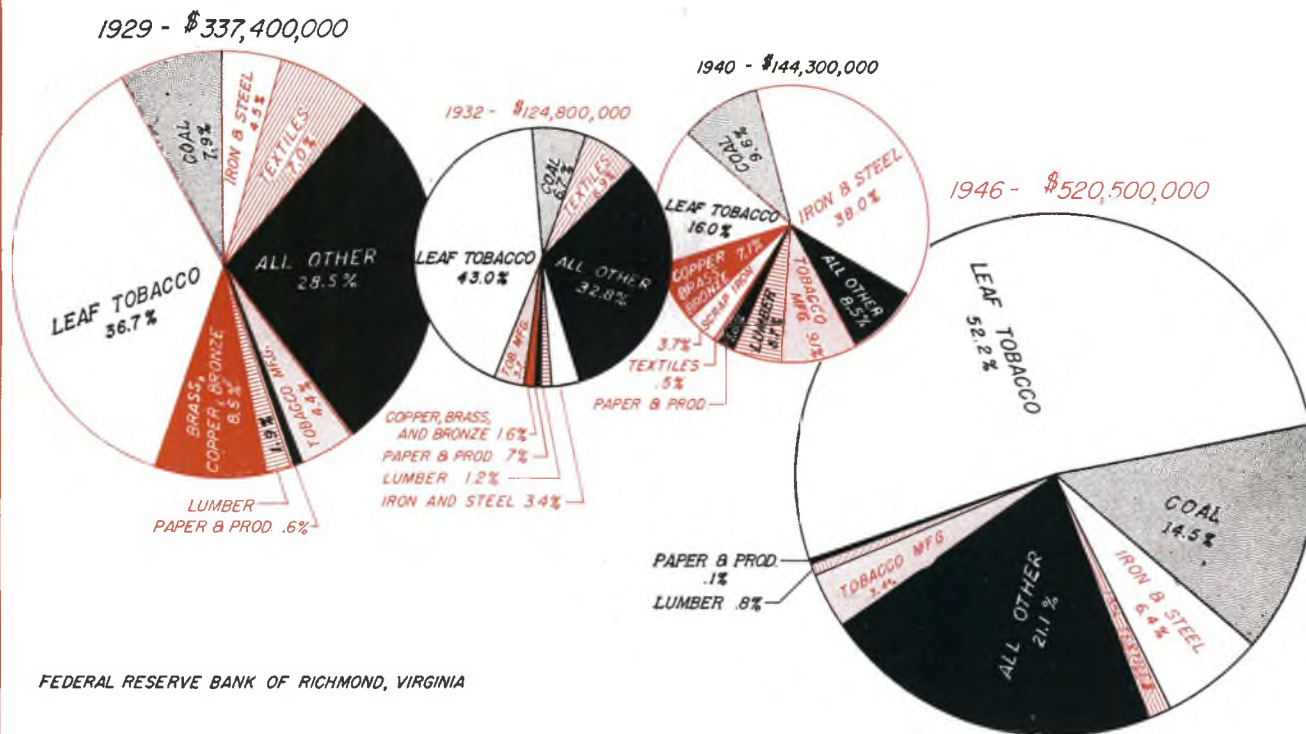
(3) The value of exports of iron and steel and products increased markedly during this period, reflecting the acquisition and development of Bethlehem Sparrows Point, Maryland, and accounted for over one-third of the District's exports in the year 1940. The decline between 1940 and 1946 might possibly be attributed to the unprecedented domestic demand coupled with the stringent controls of the United States on the export of iron and steel.

(4) Bituminous coal, which in prewar years accounted for 8 to 9 per cent of the District's exports, shows a substantial increase in the year 1946. This increase may be attributed to the abnormal European demands for coal for recovery purposes.

(5) The decline in exports of copper, brass, and bronze (bar, sheet, and pipe) from 9 per cent of



## PRINCIPAL EXPORTS FROM THE FIFTH DISTRICT TO FOREIGN COUNTRIES



the District's exports in 1929 to zero exports in 1946, reflects the fact that the United States has become a net importer of copper.

(6) The sharp drop in the value of our exports of lumber and timber products from prewar levels may again be attributed to the domestic demand factors.

(7) There was an interesting shift in the exports of cotton textile mill products, which between 1929 and 1940 declined to minor importance. In spite of the abnormally high foreign demand for textiles in the postwar period, the Fifth District's foreign exports of textiles apparently did not increase proportionately to those for the country as a whole; and in 1946 textiles still constituted a negligible proportion of the District's foreign exports. It is certain that more textile mill products were exported out of the District's production than indicated in these 1940 and 1946 figures. The method used to determine exports does not take into account, as mentioned above, exports shipped from ports other than Fifth District ports. This error is seen clearly in the case of textile mill products which are shipped to freight forwarders in

New York where facilities and ships are equipped to handle these products.

(8) Raw cotton does not appear as an important export of the Fifth District which illustrates the defect in method cited above. Although some raw cotton is exported from Fifth District ports, it is customarily shipped to the port of New Orleans for export and consequently is treated as a domestic export from the Fifth District to the rest of the United States rather than as a foreign export.

Leading foreign imports of the District in terms of commodity groups in 1940 and 1946, in approximate order of importance, are shown in Table II.

**TABLE II**  
**LEADING FOREIGN IMPORTS OF FIFTH DISTRICT, 1940 and 1946**  
(Dollar amounts in millions)

Import of:	1940		1946	
	Value	Per Cent of total	Value	Per Cent of total
Food and kindred products, manufactured .....	\$ 58.9	25.1	\$ 47.4	10.2
Products of mines .....	40.5	17.3	20.0	4.3
Products of agriculture .....	37.6	16.0	60.8	13.1
Crude rubber .....	26.2	11.1	14.3	3.1
Petroleum and products .....	6.3	2.7	48.6	10.5
Paper and products .....	3.7	1.6	6.2	.1
Animals and products .....	2.9	1.2	5.1	1.1
Other products .....	58.6	25.0	255.8	57.6
Total imports .....	\$234.7	100.0	\$464.2	100.0

# Long Run Trends in Foreign Trade—Fifth District

That the South's stake in international trade has been declining is shown in a report submitted to Congress by the Joint Committee on the Economic Report (mid-year 1949) which examines the impact of Federal policies on the economy of the South. According to this report, the South supplied about 30 per cent of the United States total exports in the 1925-29 period but only about 14 per cent in the 1945-46 period. Further the report stated: (a) "This (decrease) represents a continuing trend during the whole period," and (b) "The dollar value of those exports in relation to the value of agricultural production, income payments, and factory production in the South has declined sharply while in the remainder of the country that ratio has risen."

And Dr. B. U. Ratchford (in the April, 1948 issue of *The Southern Economic Journal*) states that foreign exports are now equal to about 9 or 10 per cent of all economic production in the South as against perhaps 20 to 25 per cent in the 1926-29 period. He concludes, "During the past 20 years exports have declined greatly in their importance to the southern economy. They have declined by more than a half and probably by almost two-thirds in their relative importance."

Data compiled directly on the exports of Fifth District industries to foreign countries seem to support these conclusions with regard to the general trend of foreign exports. District exports declined from about 7 per cent of the District's income payments in 1929 to less than 3 per cent of its income payments in the year 1940. And, despite the abnormally high national level of exports in the postwar year 1946, exports to foreign countries still accounted for only 4 per cent of the District's total income payments. This declining trend in importance is even more noticeable in the ratio of value of Fifth District agricultural exports to cash receipts from farm marketings, which dropped from 20 per cent in 1929 to 6 per cent in 1946.

**TABLE III**  
**RELATIVE IMPORTANCE OF EXPORTS OF THE**  
**FIFTH FEDERAL RESERVE DISTRICT TO FOREIGN COUNTRIES**  
(Amounts in millions of Dollars)

	1929	1932	1940	1946
Total exports, Fifth District ..	337.4	124.8	144.3	520.5
Total income payments, Fifth District .....	4,928.0	3,245.0	5,690.0	13,345.0
Exports as per cent of income payments .....	6.8	3.8	2.5	3.9
Agricultural exports, Fifth District .....	135.5	64.5	23.2	105.2
Cash receipts from farm marketings, Fifth District ..	691.4	290.7	540.9	1,751.3
Agricultural exports as per cent of cash receipts from farm marketings .....	19.6	22.2	4.3	6.0

Source: J. Dewey Daane, *The Fifth Federal Reserve District, A Study in Regional Economics*, 1948.

In spite of the apparently diminishing importance of foreign trade to the Fifth District, exports still represent a substantial part of the value of production in certain of the District's key industries such as leaf to-

bacco, iron and steel and products, and lumber and timber products. In 1940 foreign exports accounted for 15 to 20 per cent of the total value of products of these important Fifth District industries.

**TABLE IV**  
**FIFTH DISTRICT EXPORTS TO FOREIGN COUNTRIES AS PER**  
**CENT OF FIFTH DISTRICT VALUE OF PRODUCT, 1940**  
(Amounts in millions of dollars)

	Value of product Fifth District	Foreign exports Fifth District	Exports as per cent of value of product
Total manufactured products ....	4,356.7	83.1	1.9
Tobacco manufactures .....	897.3	13.1	1.5
Textile manufactures a .....	374.1	.8	.2
Lumber and timber products b ..	43.7	8.3	19.0
Paper and allied products .....	133.0	2.6	1.5
Iron and steel and products....	361.8	54.8	15.1
Leaf tobacco .....	146.3	24.7	16.9
Bituminous coal .....	218.7	13.8	6.3

a Cotton textiles.

b Products of sawmills and veneer mills; box, crate and cooperage materials.

Source: J. Dewey Daane, *The Fifth Federal Reserve District, A Study in Regional Economics*, 1948.

Although the District's exports of manufactured products rose from a value of \$83.1 million in 1940 to \$153.0 million in 1946, these exports still accounted for only 2 per cent of the District's total value of manufactured products in both years.

Comparison of the District's exports with the total of U. S. exports of selected commodities in the years 1929, 1932, 1940, and 1946 further indicates its diminishing stake in the foreign trade of the United States. Table V shows that the District's overall share in U. S. exports is below prewar; though it consistently remains the chief supplier of leaf tobacco, tobacco manufactures, and bituminous coal for the export trade in these cardinal commodities.

**TABLE V**  
**EXPORTS OF THE FIFTH FEDERAL RESERVE DISTRICT AS PER**  
**CENT OF UNITED STATES EXPORTS TO FOREIGN COUNTRIES**

Exports of:	1929	1932	1940	1946
Iron and steel products .....	14.6	29.0	14.8	7.5
Tobacco leaf .....	84.6	82.6	52.4	77.3
Bituminous coal .....	25.2	18.9	22.7	31.6
Tobacco manufactures .....	76.4	66.7	97.8	28.3
Textile mill products .....	21.1	23.8	1.3	2.2
Paper and allied products .....	5.4	5.2	2.6	.5
Lumber and timber products..	6.8	6.8	13.5	4.7
Copper, brass, and bronze .....	15.8	9.4	6.6	.....
Scrap iron and steel .....	.....	.....	11.2	.....
All other products .....	2.2	3.0	.4	1.4
Total exports .....	6.5	7.9	3.7	5.6

As to the District's share in ECA exports to date, data are not currently available to permit an analysis of ECA exports from Fifth District production. *Commodity Supplier* gives some indication of the direct shipments from this District to ECA countries and from these data it appears that the District's principal ECA exports are following the traditional pattern: leaf tobacco, lumber, chemicals, bituminous coal, machinery, and equipment, and some raw cotton.

Although the immediate outlook for this District's foreign trade is not too clear, it is certain that the main long-term factor will be the world's supply of dollars. With the possible exception of tobacco, the Fifth Dis-



trict produces no goods which cannot be procured from other than "dollar" sources of supply. The District thus has an interest in bringing about an expansion in world trade and the removal of restrictions on trade, since, in the last analysis, the world's dollar supply will be strictly limited to the dollars that foreign countries earn in sales to the United States and by dollars which are invested abroad. The Fifth District can hardly dispose of agricultural surpluses indefinitely via loans or gifts and ultimately American exports will be restricted to the dollars which foreign countries acquire through sales of goods and services here.

Thus another important factor in the long-term export outlook beyond the end of ECA in 1952 is the extension of the Reciprocal Trade Agreement Act. Since 1934 the United States has been reducing its tariff and trade restrictions for which it obtained concessions from other countries on specific commodities. In 1947, the United States together with 22 nations completed negotiations at Geneva for reciprocal reductions in trade restrictions, and in 1949 has concluded negotiations with 12 additional nations at Annecy, France.

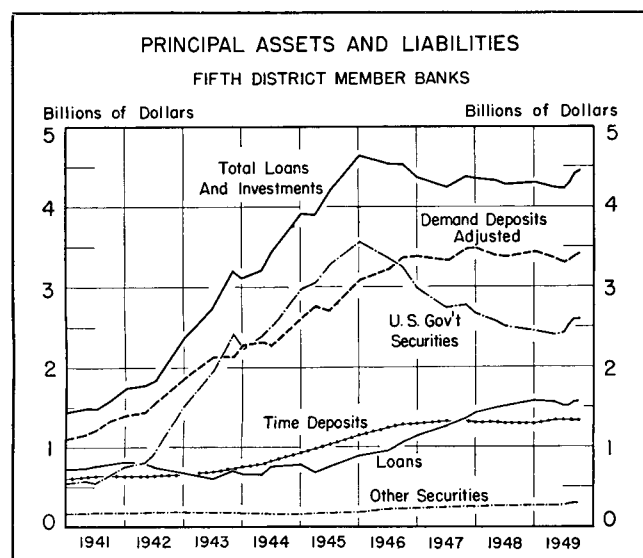
The Geneva concessions received on Fifth District exports can be briefly summed up. Canada, New Zealand and Australia agreed to a favorable lowering of rates on imports of tobacco and tobacco manufactures. Norway, Cuba, and the Benelux nations bound tobacco imports against further increases in duty. The United Kingdom agreed to a reduction of one-third the Empire preference rate "to take effect when the present abnormally high duties on leaf tobacco are reduced."

Raw cotton was bound on the free list by almost every nation. Tariff reductions on textile mill manufactures were affected by the United Kingdom, Canada, New Zealand, the Union of South Africa, Cuba, Brazil, and Chile.

Brazil and Canada granted slight reduction on the import of bituminous coal, and the United Kingdom granted a reduction of 50 per cent on coniferous timber. Other British Commonwealth nations such as Australia, the Union of South Africa and India reduced tariff rates on lumber and lumber products and paper.

However, the outlook for this District's export trade is primarily a question of the future exports of leaf tobacco. In spite of cuts in British imports and the across-the-board currency devaluations, the short-run outlook for tobacco exports remains favorable. As to the long-run outlook, while from time to time there is some indication of increased efforts to develop other sources of supply, there is little question that American tobacco will retain its preferred position in the world markets.

In conclusion, then, the preceding analysis of the District's international commodity trade account indicates its continuing importance to the Fifth District. The District has a positive interest in freer and larger international trade, particularly with respect to those commodities such as tobacco of which the District remains the primary supplier in world markets. Both directly in terms of its own export industries and indirectly in terms of the national economy, the District is concerned with the possible emergence of a new international trade pattern. It is therefore trite but true to state that wider international trade is desirable for the Fifth District as well as for the rest of the country. Businessmen and bankers in this District should recognize the importance of the international economic developments to this area but at the same time should be cognizant of the fact that our foreign trade is of declining importance to the Fifth District in terms of total income and is no longer the determining factor in this District's economic welfare.



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

	\$ thousands	% of U.S.	\$ thousands	% of U.S.
	Last Half of Aug.		Last Half of Aug.	
Maryland	1,031,782	.96	1,027,948	.96
Reserve city banks	645,807	.60	652,141	.60
Country banks	385,978	.36	385,807	.36
District of Columbia	899,665	.84	890,011	.82
Reserve city banks	876,047	.82	866,400	.80
Country banks	23,618	.02	23,611	.02
Virginia	1,294,326	1.21	1,329,066	1.23
Reserve city banks	307,031	.29	319,061	.30
Country banks	987,295	.92	1,010,005	.93
West Virginia	597,795	.56	601,360	.55
North Carolina	772,656	.72	791,687	.73
Reserve city banks	356,773	.33	359,764	.33
Country banks	415,883	.39	431,923	.40
South Carolina	410,373	.38	413,778	.38
Fifth District	5,006,468	4.68	5,063,850	4.67
U. S. (millions)	106,947	100.0	108,372	100.0

\*Excluding interbank demand deposits.

# FEDERAL RESERVE BANK OF RICHMOND

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

ITEMS	Oct. 12 1949	Change in 9-14-49	Amt. from 10-13-48
Total Gold Reserves .....	\$1,170,718	+ 7,111	+ 81,161
Other Reserves .....	15,283	— 3,784	— 956
Total Reserves .....	1,186,001	+ 3,327	+ 80,205
Bills Discounted .....	6,513	— 24	— 23,759
Industrial Advances .....	96	+ 74	+ 46
Gov. Securities, Total .....	1,141,334	+ 33,941	—372,051
Bonds .....	483,930	— 15,215	—148,362
Notes .....	19,137	0	— 40,098
Certificates .....	370,795	+ 11,285	— 32,538
Bills .....	267,472	+ 37,871	—151,053
Total Bills and Securities .....	1,147,943	+ 33,990	—395,764
Uncollected Items .....	221,519	— 63,285	— 33,070
Other Assets .....	20,786	— 1,914	— 10,977
Total Assets .....	\$2,576,249	— 27,882	—359,606
Federal Reserve Notes in Cir....	\$1,582,034	+ 7,722	—112,742
Deposits, Total .....	744,282	+ 24,570	—198,748
Members' Total .....	674,598	+ 11,948	—165,199
U. S. Treas. Gen. Acct.....	38,082	+ 5,434	— 42,303
Foreign .....	26,916	+ 6,503	+ 9,403
Other Deposits .....	4,686	+ 685	+ 649
Def. Availability Items .....	203,312	— 61,192	— 53,185
Other Liabilities .....	643	+ 103	— 259
Capital Accounts .....	45,978	+ 915	+ 5,328
Total Liabilities .....	\$2,576,249	— 27,882	—359,606

## 51 REPORTING MEMBER BANKS 5th DISTRICT (All Figures in Thousands)

ITEMS	Oct. 12 1949	Change in 9-14-49	Amt. from 10-13-48
Total Loans .....	\$ 848,894**	+ 16,492	— 24,177
Bus. and Agric. Loans .....	389,812	+ 14,587	— 24,929
Real Estate Loans .....	200,684	— 2,359	+ 250
All Other Loans .....	267,446	+ 4,381	+ 3,824
Total Security Holdings .....	1,823,717	— 20,385	+152,952
U. S. Treasury Bills .....	123,839	— 36,736	+ 62,947
U. S. Treasury Certificates....	265,736	+ 31,117	+ 58,948
U. S. Treasury Notes .....	42,780	— 251	— 23,350
U. S. Government Bonds .....	1,246,949	— 12,799	+ 40,661
Other Bonds, Stocks & Secur.	144,413	— 1,716	+ 13,746
Cash Items in Process of Col....	254,056	+ 8,546	— 27,437
Due from Banks .....	185,158*	+ 2,484	— 4,689
Currency and Coin .....	65,820	— 3,307	— 5,822
Reserve with F. R. Bank .....	451,116	+ 17,806	— 92,851
Other Assets .....	49,785	— 1,998	+ 3,080
Total Assets .....	\$3,678,546	+ 19,638	+ 1,056
Total Demand Deposits .....	\$2,813,942	+ 18,350	— 10,853
Deposits of Individuals .....	2,099,250	— 18,830	— 12,049
Deposits of U. S. Government ..	74,378	+ 14,476	+ 14,657
Deposits of State & Local Gov.	153,202	+ 22,597	+ 30,662
Deposits of Banks .....	440,106*	— 5,350	+ 5,538
Certified and Officers' Checks	47,006	+ 5,457	+ 11,663
Total Time Deposits .....	617,261	+ 2,954	+ 15,629
Deposits of Individuals .....	568,964	+ 1,708	— 11,705
Other Time Deposits .....	48,297	+ 1,246	+ 27,334
Liabilities for Borrowed Money ..	0	0	0
All Other Liabilities .....	19,110	— 4,043	+ 1,944
Capital Accounts .....	228,233	+ 2,377	+ 10,686
Total Liabilities .....	\$3,678,546	+ 19,638	+ 1,056

\* Net Figures, reciprocal balances being eliminated.  
\*\* Less Losses for bad debts.

## COTTON CONSUMPTION IN BALES—FIFTH DISTRICT

	No. Carolina	So. Carolina	Virginia	District
September 1949 .....	198,475	163,994	14,359	376,828
August 1949 .....	182,396	153,391	14,549	350,336
September 1948 .....	199,273	158,514	15,328	373,115
9 Months 1949 .....	1,532,356	1,285,776	106,617	2,924,749
9 Months 1948 .....	1,911,975	1,474,551	155,808	3,542,334

Source: Department of Commerce.

## DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

	September 1949	September 1948	9 Months 1949	9 Months 1948
<b>Dist. of Columbia</b>				
Washington .....	\$ 735,780	\$ 716,813	\$ 6,665,380	\$ 6,473,648
<b>Maryland</b>				
Baltimore .....	979,734	965,795	8,515,244	8,584,167
Cumberland .....	20,352	22,402	185,033	191,637
Frederick .....	18,112	20,812	154,292	169,122
Hagerstown .....	26,045	27,061	234,878	237,921
<b>North Carolina</b>				
Asheville .....	49,039	52,636	408,460	450,578
Charlotte .....	255,805	251,934	2,076,105	2,105,222
Durham .....	154,222	186,755	883,755	1,000,968
Greensboro .....	71,770	75,098	632,851	659,209
Kinston .....	46,004	40,982	159,908	145,427
Raleigh .....	122,275	137,014	1,098,717	1,014,656
Wilmington .....	32,299	36,607	284,040	315,241
Wilson .....	61,203	57,327	185,867	175,793
Winston-Salem .....	147,209	143,553	1,145,709	1,106,996
<b>South Carolina</b>				
Charleston .....	56,926	61,581	517,007	508,657
Columbia .....	102,461	94,963	872,920	815,425
Greenville .....	80,358	78,763	684,900	701,562
Spartanburg .....	47,895	48,499	389,115	416,031
<b>Virginia</b>				
Charlottesville .....	21,889	22,278	192,538	194,058
Danville .....	39,044	49,647	215,238	247,735
Lynchburg .....	37,651	37,284	313,567	335,773
Newport News .....	29,056	30,819	276,128	282,732
Norfolk .....	184,476	178,853	1,554,259	1,604,489
Portsmouth .....	20,253	21,529	176,304	177,502
Richmond .....	547,232	534,286	4,336,719	4,201,060
Roanoke .....	94,947	95,220	801,558	752,188
<b>West Virginia</b>				
Bluefield .....	35,488	50,665	381,957	385,699
Charleston .....	117,480	147,200	1,163,035	1,180,877
Clarksburg .....	27,438	32,733	255,072	285,923
Huntington .....	50,658	61,662	494,435	516,007
Parkersburg .....	23,617	28,251	224,412	239,595
<b>District Totals</b> .....	\$4,236,718	\$4,309,022	\$35,479,403	\$35,475,898

## COTTON CONSUMPTION AND ON HAND—BALES

	Sept. 1949	Sept. 1948	Aug. 1 to 1949	Sept. 30 1948
<b>Fifth District States:</b>				
Cotton consumed .....	376,828	373,115	727,164	744,129
<b>Cotton Growing States:</b>				
Cotton consumed .....	643,923	655,541	1,245,190	1,300,992
Cotton on hand Sept. 30 in consuming establishm'ts ..	638,518	1,042,513		
storage & compresses .....	6,122,344	4,078,298		
<b>United States:</b>				
Cotton consumed .....	709,958	738,794	1,374,091	1,467,657
Cotton on hand Sept. 30 in consuming establishm'ts ..	744,602	1,281,890		
storage & compresses .....	6,136,997	4,147,278		
Spindles active, U. S. ....	19,975,000	21,305,000		

Source: Department of Commerce.

## CONSTRUCTION CONTRACTS AWARDED

STATES	September 1949	% chg. from Sept. 1948	9 Mos. 1949	% chg. from 9 Mos. '48
Maryland .....	\$ 64,246,000	+ 75	\$251,038,000	— 4
Dist. of Columbia .....	12,194,000	+ 426	99,207,000	+ 72
Virginia .....	43,128,000	+ 217	203,423,000	+ 29
West Virginia .....	5,266,000	— 49	45,596,000	— 41
North Carolina .....	16,774,000	+ 33	130,281,000	— 11
South Carolina .....	8,536,000	+ 21	72,724,000	+ 6
<b>Fifth District</b> ....	\$150,144,000	+ 82	\$802,269,000	+ 4

Source: F. W. Dodge Corp.

## DEPOSITS IN MUTUAL SAVINGS BANKS

8 Baltimore Banks

	Sept. 30, 1949	Aug. 31, 1949	Sept. 30, 1948
Total Deposits .....	\$394,133,916	\$392,986,362	\$392,926,257

## BUILDING PERMIT FIGURES

	September 1949	September 1948	9 Months 1949	9 Months 1948
<b>Maryland</b>				
Baltimore	\$ 6,512,970	\$ 4,371,240	\$ 38,875,385	\$ 44,574,050
Cumberland	108,125	136,800	450,565	664,435
Frederick	81,525	108,540	727,442	1,252,315
Hagerstown	91,380	281,375	1,767,635	1,128,989
Salisbury	73,520	196,296	1,157,061	2,012,904
<b>Virginia</b>				
Danville	154,053	124,114	1,968,690	4,065,723
Lynchburg	269,780	482,256	3,559,238	2,777,820
Norfolk	1,288,445	641,590	9,156,811	12,526,195
Petersburg	182,347	124,323	1,234,037	978,897
Portsmouth	96,575	145,720	1,210,697	1,308,922
Richmond	1,325,506	4,170,542	13,801,421	17,230,851
Roanoke	1,624,703	303,253	9,400,648	5,650,824
<b>West Virginia</b>				
Charleston	621,843	902,945	8,723,132	8,455,335
Clarksburg	151,150	81,175	943,045	1,377,738
Huntington	498,725	507,505	4,481,523	6,883,188
<b>North Carolina</b>				
Asheville	1,108,268	382,396	2,994,669	2,340,363
Charlotte	2,019,142	1,457,707	16,842,207	15,210,563
Durham	309,995	579,330	5,991,370	8,119,933
Greensboro	1,543,385	559,484	8,791,497	8,074,546
High Point	949,164	266,320	2,929,521	3,661,565
Raleigh	2,029,760	461,030	7,599,085	7,989,067
Rocky Mount	227,665	78,500	1,249,533	1,405,125
Salisbury	385,349	69,095	1,257,886	943,545
Winston-Salem	618,733	505,480	6,478,530	4,841,631
<b>South Carolina</b>				
Charleston	502,357	607,125	3,488,978	2,836,100
Columbia	714,405	310,520	5,141,423	5,294,268
Greenville	420,800	299,400	7,696,910	5,087,400
Spartanburg	241,370	147,144	3,053,938	1,819,465
<b>Dist. of Columbia</b>				
Washington	7,551,969	3,586,137	59,189,848	37,408,156
District Totals	\$31,703,009	\$21,887,342	\$230,162,725	\$215,919,913

## RETAIL FURNITURE SALES

Percentage comparison of sales in  
periods named with sales in same  
periods in 1948

STATES	Sept. 1949	9 Mos. 1949
Maryland (5)*	+12	-2
Dist. of Columbia (6)*	-4	+10
Virginia (18)*	-7	-8
West Virginia (7)*	-24	-13
North Carolina (12)*	-18	-13
South Carolina (10)*	-27	-13
District (58)*	-4	-3
<b>INDIVIDUAL CITIES</b>		
Baltimore, Md. (5)*	+12	-2
Washington, D. C. (6)*	-4	+10
Richmond, Va. (6)*	-10	-2
Lynchburg, Va. (3)*	-18	-8
Charleston, W. Va. (3)*	-28	-15
Charlotte, N. C. (3)*	-28	-24
Columbia, S. C. (3)*	-1	-11

\* Number of reporting firms.

## WHOLESALE TRADE, 187 FIRMS

LINES	Sales in Sept. 1949 compared with Sept. 1948	Stocks on Sept. 30, 1949 compared with Sept. 30, 1948
Auto supplies (7)*	-31 +4	+5
Electrical goods (4)*	-42 -10	+1
Hardware (12)*	-18 +3	0
Industrial supplies (3)*	0 +20	0
Drugs & sundries (13)*	-2 +1	-1
Dry goods (11)*	-19 +5	-22
Groceries (52)*	-6 +4	-6
Paper & products (4)*	-12 +18	+5
Tobacco & products (8)*	-10 -1	+1
Miscellaneous (73)*	-14 +11	-7
District Totals (187)*	-14 0	-5

Source: Department of Commerce.

\* Number of reporting firms.

## SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	Sept. 1949	Sept. 1948	% Change	9 Mos. 1949	9 Mos. 1948	% Change
West Virginia	4,465	15,400	-71	100,246	123,257	-19
Virginia	675	1,560	-57	11,080	15,104	-27
Maryland	24	123	-80	485	1,289	-62
Fifth District	5,164	17,083	-70	111,811	139,650	-20
United States	19,380	52,158	-63	339,053	440,825	-23
% in District	26.6	32.8		33.0	31.7	

Source: Bureau of Mines.

## RAYON YARN SHIPMENTS AND STOCKS

	Sept. 1949	Aug. 1949	Sept. 1948
Rayon yarn shipments	76,100,000	69,200,000	68,300,000
Staple fiber shipments	24,100,000	19,400,000	21,300,000
Rayon yarn stocks	31,300,000	41,900,000	10,600,000
Staple fiber stocks	7,800,000	12,800,000	4,800,000

Source: Rayon Organon.

## AUCTION TOBACCO MARKETING

STATES	Producers' tobacco sales, lbs. Sept. 1949	Sept. 1948	Price per cwt. 1949	1948
South Carolina	21,923,670	30,845,822	\$46.76	\$44.43
North Carolina	311,162,888	296,600,774	49.34	49.56
Virginia	26,296,235	36,398,056	47.47	54.43
Fifth District	359,382,793	363,844,652	\$49.05	\$49.61

## TOBACCO MANUFACTURING

	Sept. 1949	% Change from Sept. 1948	9 Mos. 1949	% Change from 9 Mos. '48
Smoking & Chewing Tobacco (Thousands of lbs.)	19,006	-2	147,119	-2
Cigarettes (Thousands)	31,731,082	+6	268,526,968	+2
Cigars (Thousands)	532,446	-2	4,153,073	-2
Snuff (Thousands of lbs.)	3,668	-1	30,231	-3

Source: Treasury Department.

## COMMERCIAL FAILURES

MONTHS	Number of Failures District	U. S.	Total Liabilities District	U. S.
September 1949	46	732	\$ 844,000	\$ 20,598,000
August 1949	27	810	734,000	31,175,000
September 1948	22	398	511,000	20,703,000
9 Months 1949	315	6,842	8,130,000	306,212,000
9 Months 1948	144	3,800	3,518,000	153,359,000

Source: Dun & Bradstreet.

## DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in September 1949 sales compared with Sept. 1948:				
— 7	— 8	— 5	— 8	— 7
Percentage change in 9 mos. sales 1949 compared with 9 mos. in 1948:				
— 4	— 6	+ 2	— 5	— 3
Perctge. change in stocks on Sept. 30, 1949 compared with Sept. 30, '48:				
— 4	— 5	— 3	— 9	— 5
Perctge. change in outstanding orders Sept. 30, 1949 from Sept. 30, '48:				
— 6	—12	— 3	—14	— 7
Perctge. ch'ges in receivables Sept. 30, 1949 from those on Sept. 30, '48:				
+ 6	0	+13	— 6	+ 6
Percentage of current receivables as of Sept. 1, 1949 collected in Sept.:				
31	47	47	44	43
Percent of instalment receivables as of Sept. 1, 1949 collected in Sept.:				
15	23	19	19	20

Maryland	Dist. of Col.	Virginia	West Va.	No. Caro.	So. Caro.
Percentage change in Sept. 1949 sales from Sept. 1948 sales, by States:					
— 8	— 5	— 7	— 6	—11	—10
Percentage change in 9 months 1949 from 9 months 1948 sales:					
— 6	+ 2	— 4	— 2	— 8	— 3

## **NATIONAL SUMMARY OF BUSINESS CONDITIONS**

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

Industrial production and employment increased somewhat further in September but, as a result of industrial disputes, were curtailed sharply in October. Department store sales were below seasonal expectations from mid-September to the third week of October. Wholesale commodity price movements were mixed, with only a small decline in the average level. Construction activity continued at high levels. Stock prices advanced moderately and bond prices held firm.

### **Industrial production**

Production of manufactures advanced further in September while output of minerals declined 8 per cent. The Board's seasonally adjusted total index was 172 per cent of the 1935-39 average as compared with 170 in August. The index is expected to decline about 20 points in October largely as a result of the steel strike.

Activity in durable goods industries rose about 2 per cent in September, reflecting mainly increases in output of consumers' durable goods and of metal building materials and equipment. Activity in the machinery industries rose 4 per cent in September, after declining steadily over the preceding 8 months with a total reduction of 22 per cent in that period. With work stoppages at most plants, steel production was curtailed to 9 per cent of capacity beginning October 1, compared with 83 per cent in September.

Output of nondurable goods rose about 3 per cent further in September and was at the highest rate since February. Most of the gain represented continued very large increases at textile and paper mills, in part reflecting seasonal influences. Cotton consumption expanded 14 per cent and September deliveries of rayon to textile mills advanced to a new record rate. Paperboard output increased 10 per cent and was also at a new peak rate. Petroleum refinery activity increased somewhat further. Output of most other nondurable goods was maintained in large volume.

Minerals output has declined sharply since the middle of September mainly as a result of work stoppages at most coal mines. Output of iron ore declined more than seasonally in September and in October has dropped sharply as a result of the steel labor dispute. Crude petroleum production, on the other hand, has advanced in September and early October.

### **Construction**

Total value of construction contracts awarded increased substantially in September reflecting largely a further sharp expansion in residential contracts to a new record rate. Awards for public construction declined seasonally, following a marked drop in August, but the value of public work done has been maintained at a high level reflecting the large volume of awards earlier this year.

### **Employment**

Employment in nonagricultural establishments in-

creased somewhat more than seasonally from mid-August to mid-September, but subsequently declined as a result of work stoppages.

### **Distribution**

Department store sales did not show the usual seasonal increase from the middle of September to the third week of October. Value of sales during the second half of September was 8 per cent smaller than in the corresponding period a year ago and during the first three weeks of October sales were 13 per cent below a year ago. Department store sales had averaged about 6 per cent lower than last year during the first eight months.

Shipments of railroad revenue freight in the first half of September continued at a level about 20 per cent below the same period a year ago. Since the middle of September, however, freight carloadings have dropped sharply, mainly as a result of curtailed shipments of coal, iron ore, and steel products, and in the week ending October 22 were 36 per cent smaller than in the corresponding week of 1948.

### **Commodity Prices**

The general level of wholesale commodity prices decreased somewhat from mid-September to the third week of October. Prices of hogs and pork showed marked seasonal declines and reductions also occurred in some other farm products and foods. Cattle prices, however, advanced and coffee prices rose sharply. Imported materials generally were lower in the third week of October than in mid-September before many foreign currencies were devalued, while prices of some domestic industrial products such as cotton goods and tires were higher.

### **Bank credit**

Business loans at banks in leading cities expanded in September and the first three weeks of October in response to a seasonal rise in credit demand. Loans to consumers and real estate owners and holdings of U. S. Government and corporate and municipal securities also increased.

Treasury deposits at Reserve Banks, which were large at the end of September, were down in the first three weeks of October, supplying banks with a substantial volume of reserve funds. Federal Reserve holdings of Government securities and member bank borrowings at Reserve Banks declined somewhat and member bank excess reserves increased moderately.

### **Security markets**

Common stock prices increased somewhat in the first three weeks of October to a new high for the year. Prices of Government securities and high-grade corporate bonds showed little change. The volume of new corporate security issues was small in September and October.