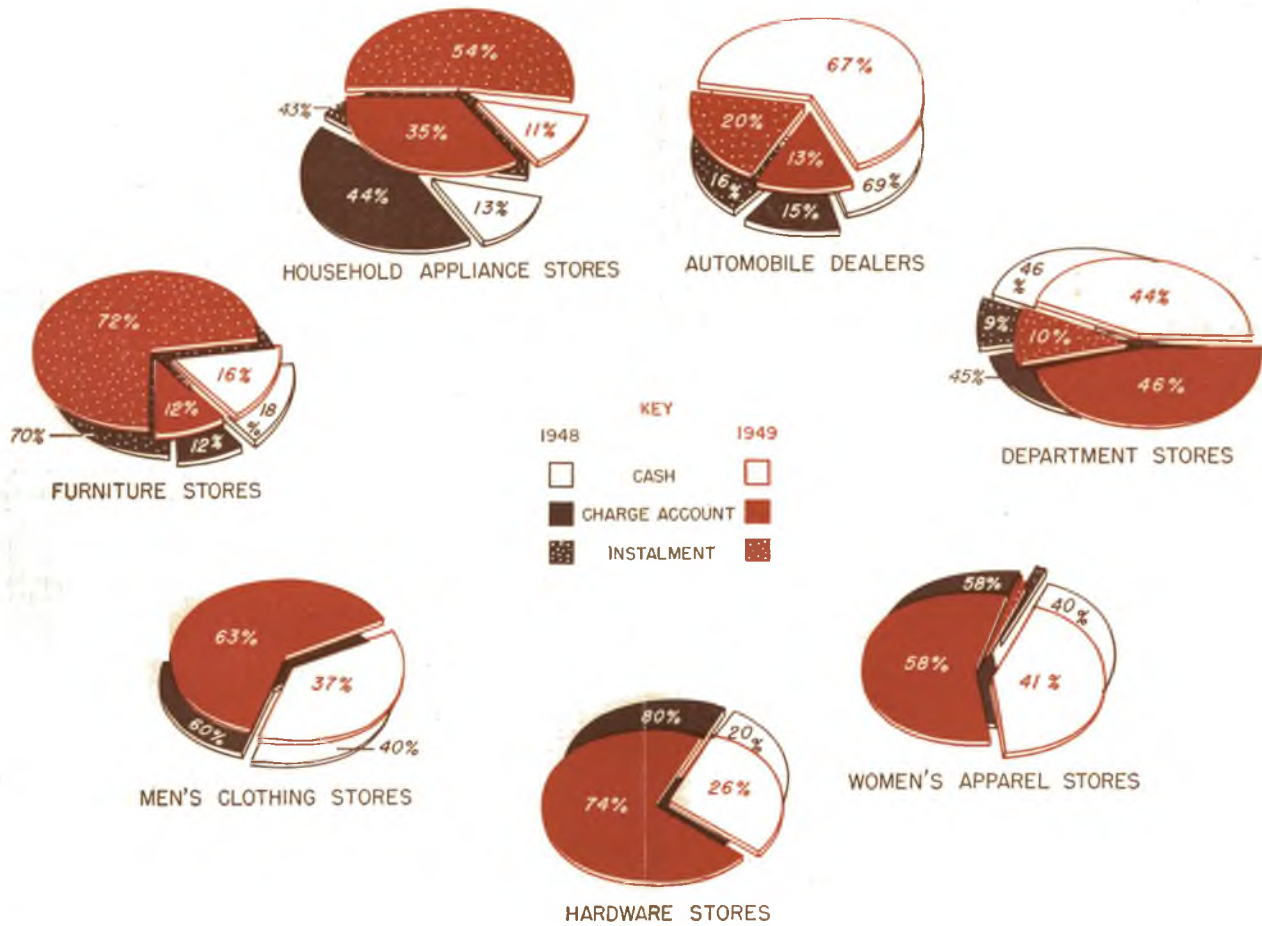


Monthly Review



MAY 1950

LARGER CREDIT SALES SUSTAIN TRADE



1948 vs. 1949

Consumers in 1949 turned increasingly to the use of credit, as the charts above indicate. The Federal Reserve Bank of Richmond has recently surveyed sales of more than 200 stores in the Fifth District with a 1949 sales volume of \$453 million. The results of the survey are discussed in the article on page 3.

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Business Conditions and Outlook

Basically, the business economy of the Fifth Federal Reserve District has remained strong for some months, though some weaknesses became apparent in late March and early April. Chief elements of strength continued to be the further expansion in construction activity, improvement in new capital placement, and the favorable consumer response to durable goods purchases at the retail level, particularly in automobiles. Here sales of new and used cars are at peak levels for this season of the year, and prices of used cars are firm.

On the adverse side, easing in prices of cotton and rayon goods and cotton yarns, and a moderate downward adjustment in production schedules of both rayon and cotton gray-goods producers and cotton yarn spinners are noted. Easter sales at the department stores were disappointing, mainly because of the early Easter date and unfavorable climatic conditions, and bituminous coal demand for stock-piling has not appeared in anticipated volume.

Reports from various sections of the District indicate that GI insurance dividends are being both

saved and expended in all conceivable fashions, as well as used for the liquidation of debt. The bank credit situation is easy, and loans have continued a fairly steady expansion up to the present time. Even commercial loans this spring have risen contrary to seasonal tendencies, and are approximately at their peak established at the end of 1948.

The situation in rayon and cotton textiles, under price pressure for some weeks, gave some indication of stabilizing in late April. Distribution of finished cotton and rayon products at the retail level through March has not given producers a favorable impression of their market prospects. Better prospects for sales of these goods seem likely in the next two months, and this may be the chief reason for more stability in the price and production situation at the present time. Manufacturers are playing it as "close to the chest" as retailers, and the fact that they are willing to adjust supplies to demand strengthens the feeling that a better situation is ahead over the next two months. It is difficult to

Continued on page 7

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

	Mar. 1950	Feb. 1950	Jan. 1950	Mar. 1949	% Chg. Latest Month Prev. Mo.	Year Ago
Automobile Registration*		182	181	163	+ 1	+ 56
New Commercial Car Registrations*		147	147	179	0	0
Bank Debits	338	337	346	333	0	+ 2
Bituminous Coal Production	160	24r	95r	93	+ 67	+ 72
Building Contracts Awarded, Total	562	477	432	263	+ 18	+ 114
Commercial Construction Contracts	258	540	451	346	- 52	- 25
Manufacturing Construction Contracts	492	199	329	286	+ 147	+ 72
Public Works and Utilities	440	240	626	219	+ 83	+ 101
Residential Construction Contracts	704	660r	465r	230	+ 7	+ 206
Apartments and Hotels	1239	652	354	278	+ 90	+ 346
One and Two Family Houses	713	636	527	263	+ 12	+ 171
Building Permits Issued	442	349	753	222	+ 27	+ 99
Business Failures—No.	89	63	76	101	+ 41	- 12
Cigarette Production	233	207r	229	234	+ 13	0
Cotton Consumption	144	149	149r	128	- 3	+ 13
Cotton Spindle Hours	142	148	150	128	- 4	+ 11
Department Store Sales†	287	299	300	295	- 4	- 3
Department Store Stocks†	323	307	291	305	+ 5	+ 6
Electric Power Production		301	289	277	+ 4	+ 11
Employment—Mfg. Industries*		125	125r	127	0	- 3
Furniture Mfrs.: Orders†		285	321	241	- 11	+ 40
Furniture Mfrs.: Shipments†		263	243	218	+ 8	+ 22
Furniture Mfrs.: Unfilled Orders†		749	800	402	- 6	+ 71
Furniture—Retail:††						
Net Sales	184	206	191	166	- 11	+ 11
Cash	215	251	208	225	- 14	- 4
Credit	151	185	184	138	- 18	+ 9
Receivables	139	138	137	108	+ 1	+ 29
Collections	177	184	181	173	- 4	+ 2
Inventories	175	156	144	155	+ 12	+ 13
Gasoline Consumption			221	205	+ 1	+ 13
Household Appliance Store Sales*	90	88	89	85	+ 2	+ 6
Life Insurance Sales	278	258	238	256	+ 8	+ 9
Wholesale Trade:						
Automobile Supplies**	575	474	511	283	+ 21	+ 103
Drugs	278	256	248	256	+ 9	+ 9
Dry Goods	198	157	118	151	+ 26	+ 31
Electrical Goods**	57	55	51	71	+ 4	- 20
Groceries	249	229	226	247	+ 9	+ 1
Hardware	126	123	129	133	+ 2	- 5
Industrial Supplies**	238	210	279	279	+ 13	- 15
Paper and Its Products**	148	182	167	134	- 19	+ 10
Tobacco and Its Products**	56	64	66	84	- 13	- 33

*Not seasonally adjusted

**1938-41=100

†Revised Series—back figures available on request

‡1941=100

Credit Sales Bolstered Retail Trade in 1949

Fifth District retail trade in 1949 was aided by continuation of relatively high and steady personal income and by somewhat lower prices. It was also characterized by an expanding use of credit in most lines as graphically shown on the cover of this issue (page 1).

Overall consumer demand remained firm and sales declined by a mere 2% from the high dollar volume of the previous year. Retail buyers last year turned increasingly to the use of credit, instalment credit expanded both absolutely and relatively and open credit increased relatively. Accounts receivable generally increased while collections slowed down, though this slowdown was not at an alarming rate. Selling of instalment paper was not widely practised in the District by any group of retail stores except automobile firms.

The above are the major findings of the Retail Credit Survey recently conducted by the Federal Reserve Bank of Richmond. More than 200 stores, with aggregate sales of \$453 million, participated in the survey. While reporting samples are small and distribution on a geographical basis is not thorough, respondent firms in the lines covered are probably representative. Furthermore, the changes in the sales from 1948 to 1949 do not vary greatly from national trends shown by the Department of Commerce. The Department's figures show that national retail sales in 1949 were about 1½% below the preceding year. Perhaps significantly, this was the first year since pre-war 1938 in which retail sales failed to advance over the previous year.

Total sales of participating stores in 1949, as noted previously, were 2% below those of the previous year. Since lower prices prevailed in 1949, it is apparent that the physical volume of trade was at or even above the 1948 level. If sales are considered by type of transaction, the role of credit in sustaining the volume of sales in 1949 is clearly shown. While cash sales declined 5% from 1948, charge accounts declined 3% and installment sales rose 8%.

Changes in total sales varied considerably among retail lines surveyed in the District. Automobile dealers were the only line of trade to record a sales gain over 1948. Here the 25% rise was stimulated by an expanding flow of automobiles for which backlog demand continued unsatisfied. Sales in the other lines showed decreases in dollar volume ranging from 2% for women's apparel stores to 23% for hardware stores.

Hardware stores found it increasingly difficult to maintain dollar sales in 1949 as prices decreased and lower-priced lines increased in availability. Although the high level of residential construction in 1949 contributed to high activity in the furniture line, a poor first quarter was responsible for a 5% decline in sales for the year. Household appliance stores experienced a 16% drop in sales due mainly to a realignment to more

tenable levels in sales of such things as refrigerators, stoves, washing machines and radios following the extraordinarily large sales in 1948. Television sales showed a marked expansion during the year.

Department stores had a good year in 1949 with sales only 3% below 1948. Although there was aggressive merchandising, stores found declining demand in the important women's apparel departments (possibly because of lack of innovations in styles) and in major household appliances.

In general, less cash went into retailers' tills at the time of purchase in 1949 than in 1948, though automobile dealers were again the exception. In this line, however, "cash" sales often indicate merely that the customer obtained credit from some other source, such as a commercial bank, instead of financing the sale through the dealer. Even so, as a percentage of total sales, cash sales of automobile dealers decreased as they did in every other line except hardware and women's apparel.

The steady advance of credit buying at reporting stores effected an increase of 7% in accounts receivable at the end of the year. Gains were registered by all lines except hardware, ranging from an increase of 3% for men's clothing to 30% for household appliance stores. As in other recent years, most of the increase in each line occurred in the instalment credit segment. Automobile dealers and household appliance stores showed particularly large increases in instalment receivables and these are illustrative of the now clearly observable emphasis on "hard" goods.

Collections information was not included in the 1949 survey, but the generally higher ratios of receivables to sales indicate that collections were slower in 1949 than in 1948. This was especially evident in the instalment ratios which were greater in 1949 than in 1948 in each type of store except automobile dealers. At the end of 1949, instalment receivables of three lines were greater than fifty per cent of instalment sales made during the year, while at the end of 1948, only one line showed instalment receivables as great as one-half of instalment sales made during that year. This is probably accounted for in part by the lengthening of some credit terms and the laxness of some individuals in meeting obligations.

Retailers followed a definitely cautious inventory policy in 1949. Forward coverage of requirements was reduced all along the line and even lumber yards, where demand continued at peak levels, followed the inventory reducing trend. As a result, many concerns are probably operating on inventories too low for the best sales performance. The 1949 survey shows an overall drop in inventories, for the first time since the war, with hardware stores the only exception to the trend. The biggest drop came in household appliance stores

FEDERAL RESERVE BANK OF RICHMOND

where stocks were 17% below the preceding year. The drop in sales reflecting the filling of the most urgent consumer deferred demands would call for lower inventory policy in these stores.

Stock turnover ratios for 1949 indicate that in general inventories were turned over three to five times per year. (See Table III). At the extremes were the automobile dealers, whose average turnover period in 1949 was less than one month, and the household appliance stores, whose average turnover was only two and one-half times during the year. Most retail lines showed a slightly slower rate of inventory turnover in 1949 than in 1948, though in no case revealed by the study was the drop substantial.

Scarcity of data for individual cities in the Fifth District preclude a discussion of trends in retail credit in the cities except in general terms. For the most part

the cities displayed the same tendencies that prevailed in the District as a whole—slight declines in total sales and open account sales, increases in instalment sales, and increases in accounts receivable.

Trends in department stores in 1949 for nine cities showed that sales declined in seven and increased in two. Changes in dollar volume ranged from a 5% gain in Charleston, South Carolina, to an 11% drop in Greenville, South Carolina. Data for the three largest cities in the District show department store sales up 1% in Washington, down 6% in Baltimore and 4% in Richmond. By the end of the year, these stores' accounts receivable were increasing at a greater rate than sales—illustrative are increases of 10% in Washington, 8% in Richmond, and 1% in Baltimore. The movement away from cash toward credit sales was evidenced in all District cities.

Table I
RETAIL SALES BY TYPE OF STORE, FIFTH DISTRICT, 1948 and 1949

Type of Credit-Granting Store	Percentage Change, 1948 to 1949					Per Cent of Total Sales					
	Number of Stores	Total Sales	Cash Sales	Account Sales	Instalment Sales	Cash Sales		Charge Account Sales		Instalment Sales	
						1948	1949	1948	1949	1948	1949
Automobile	13	+25	+20	+ 8	+60	69	67	15	13	16	20
Women's Apparel	11	- 2	- 1	- 3	-22	40	41	58	58	2	1
Department	57	- 3	- 6	- 2	+ 8	46	44	45	46	9	10
Furniture	56	- 5	-17	- 8	- 2	18	16	12	12	70	72
Men's Clothing	16	- 9	-16	- 5	-12	40	37	60	63	*	*
Household Appliance	44	-16	-31	-23	+ 6	13	11	44	35	43	54
Hardware	5	-23	0	-29	**	20	26	80	74	**	**

*Less than .5 per cent.

**No instalment sales reported.

Table II
RETAIL ACCOUNTS RECEIVABLE, FIFTH DISTRICT, 1948 and 1949

(Accounts receivable figures are based on end-of-year data; sales on annual totals)

Type of Credit-Granting Store	Accts. Receivable Percentage Chg. 1948 to 1949			Charge Acct. Receivables as % of Charge Acct. Sales		Instalment Receivables as % of Instalment Sales	
	Total	Charge Acct.	Instalment	1948	1949	1948	1949
Automobile	+18	-12	+38	10	8	14	13
Women's Apparel	+ 6	+ 6	+ 5	28	30	36	49
Department	+ 6	+ 2	+20	26	27	51	58
Furniture	+ 7	+ 3	+ 8	31	38	47	57
Men's Clothing	+ 3	+ 3	*	25	28	....	....
Household Appliance	+30	+11	+34	8	13	43	57
Hardware	-10	-10	*	14	18	....	....

*No instalment sales reported.

Table III
RETAIL SALES AND INVENTORIES, FIFTH DISTRICT, 1948 and 1949

Type of Credit-Granting Store	Number of Stores	Percentage Change 1948 to 1949		Inventory Turnover Ratio	
		Total Sales	End-of-Year Inventories	1948	1949
Automobile	11	+24	0	10.2	12.6
Women's Apparel	11	- 2	0	5.8	5.6
Department	37	- 3	0	5.1	5.0
Furniture	47	- 5	- 1	3.5	3.4
Men's Clothing	13	- 8	- 6	4.2	4.2
Household Appliance	32	-18	-17	2.5	2.5
Hardware	4	-21	+17	4.0	2.7

Farmers' Planting Intentions for 1950

Farmers in 1950 plan full production of major crops, though some significant adjustments are in prospect. Downward adjustments are expected for most crops under acreage allotment or marketing quotas, thus reducing price-support outlays. Most farmers will try to compensate for reductions in supported crops by planting more of others. Shifts from relatively high-priced crops to lower-priced ones will tend further to reduce farm income.

Another year of full agricultural production is in prospect for 1950 if the weather is favorable. Farmers expect to maintain total crop acreage near last year's high level. With the exception of flue-cured and sun-cured tobacco, plantings of major crops under acreage allotments will be reduced, but acreages of other crops will increase.

Decreases are expected nationally in planted acreages of wheat, corn, cotton, peanuts, Irish potatoes, and both Burley and fire-cured tobacco. All of these crops receive price support and are under acreage allotments which provide for substantial reductions from the 1949 acreage.

Farmers, however, intend to expand production of uncontrolled crops, and increases are expected in acreages planted to oats, barley, hay, soybeans, cowpeas, and sorghums.

Expected plantings seem to assure ample supplies of food, feed, and fiber for another year. Feed supplies may not be as large as in 1949 but should be adequate to continue the current trend toward increased livestock and meat production. Reduced plantings of major crops under price support should improve the supply position of these crops and reduce price support outlays in the next fiscal year. In fact, it is probable that the peak in annual price-support outlays under present legislation is past.

Corn and Feed Crops

Planted acreage of corn for 1950 is estimated at 82.8 million acres (smallest since 1894, and 6% less than in 1949). The chief reason for the decline is that acreage allotments will be in effect in the commercial corn area for the first time since 1942 and were set about 20% under the 1949 planted acreage.

In the Fifth District only 43 counties have acreage allotments, and total acreage planted to corn may be

about the same as last year. A 4% increase in South Carolina, where allotments are not in effect, will offset small decreases in Virginia, West Virginia, and Maryland. North Carolina's 1950 corn acreage will be the same as in 1949.

The reduction in corn acreage will be partially offset by increased plantings of other feed crops such as oats, barley, soybeans, cowpeas, and sorghums, and by harvesting more hay. With-

in the Fifth District there probably will be increases of 4% in oats, 7% in barley and soybeans, and 5% in sorghums. Total acreage of hay harvested this year may show a small decrease. The North Carolina Department of Agriculture says this is explained by a smaller wheat acreage, which reduces the lespedeza hay crop, and by the reduction in peanut acreage which results in less peanut hay.

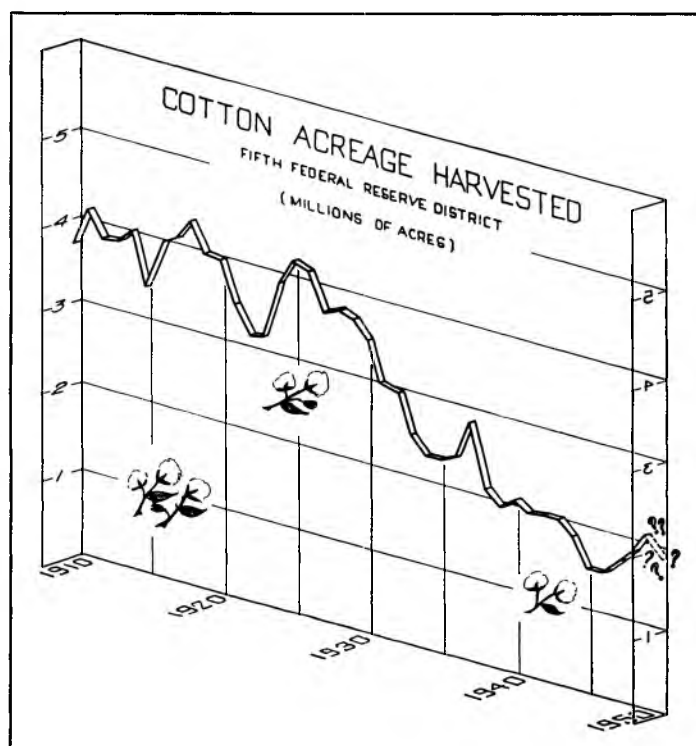
If yields do not decline, 1950 feed production in the Fifth District should be equal to or above 1949. Nationally, the Department of Agriculture says that total production of the

four principal feed grains—corn, oats, barley, and grain sorghums—will be about 10% less than in 1949 if yields equal the 1944-1948 average. Total feed supplies, however, will be larger than average in relation to the number of livestock to be fed.

Cotton

The Fairchild Survey estimated early in April, before the full effect of new legislation liberalizing allotments was known, that farmers will plant 21.1 million acres of cotton—23% less than was planted in 1949. In the three cotton states of the Fifth District, a 1950 planted acreage of 1,885,000 acres, 12% less than in 1949, is indicated. Percentage decreases include: Virginia, 9%; North Carolina, 8%; and South Carolina, 14%.

Substantial compliance with the 21.0 million acreage allotment originally established for 1950 is indicated.



FEDERAL RESERVE BANK OF RICHMOND

PROSPECTIVE PLANTINGS OF SPECIFIED CROPS IN 1950 COMPARED WITH THOSE IN 1949
FIFTH DISTRICT BY STATES

Crop	Fifth District 1950		Maryland 1950		Virginia 1950	
	Indicated 1950	as % of 1949	Indicated 1950	as % of 1949	Indicated 1950	as % of 1949
	1000 Acres	Per Cent	1000 Acres	Per Cent	1000 Acres	Per Cent
Tobacco*						
Flue-cured (Type 11)	339.0	102			94.0	101
(Type 12)	307.0	101				
(Type 13)	190.0	101				
Total (Types 11-13)	836.0	101			94.0	101
Va. Fire-cured						
(Type 21)	9.5	90			9.5	90
Burley (Type 31)	25.5	94			12.8	98
Maryland (Type 32)	52.0	104	52.0	104		
Va. Sun-cured						
(Type 37)	3.9	108			3.9	108
Total Tobacco	926.9	101	52.0	104	120.2	100
Cotton	1,885	88			30	91
Corn, All	5,512	100	470	97	1,128	98
Oats**	1,612	104	57	105	196	102
Barley**	278	107	94	110	97	104
Hay, All*	4,290	99	465	102	1,325	98
Peanuts***	407	98			142	100
Soybeans***	712	107	72	110	163	111
Cowpeas***	221	100	3	150	15	83
Sorghums	92	105			11	92
Irish Potatoes**	161.6	99	12.6	91	54	100
Sweet Potatoes	154	116	9	100	27	112
Wheat**	1,474	87	351	91	446	88
Total (13 Crops)	17,725.5	98	1,585.6	99	3,754.2	98

Crop	West Virginia 1950		North Carolina 1950		South Carolina 1950	
	Indicated 1950	as % of 1949	Indicated 1950	as % of 1949	Indicated 1950	as % of 1949
	1000 Acres	Per Cent	1000 Acres	Per Cent	1000 Acres	Per Cent
Tobacco*						
Flue-cured (Type 11)			245.0	102		
(Type 12)			307.0	101		
(Type 13)			78.0	101	112.0	101
Total (Types 11-13)			630.0	101	112.0	101
Va. Fire-cured						
(Type 21)						
Burley (Type 31)	3.2	97	9.5	88		
Maryland (Type 32)						
Va. Sun-cured						
(Type 37)						
Total Tobacco	3.2	97	639.5	101	112.0	101
Cotton			760	92	1,105	86
Corn, All	254	94	2,192	100	1,468	104
Oats**	73	88	500	101	786	109
Barley**	17	121	42	100	28	104
Hay, All*	815	100	1,181	98	504	100
Peanuts***			243	98	22	85
Soybeans***	16	100	391	103	70	123
Cowpeas***			53	93	150	104
Sorghums	2	100	49	109	30	103
Irish Potatoes**	18	90	61	100	16	107
Sweet Potatoes			58	112	60	125
Wheat**	82	88	435	85	160	79
Total (13 Crops)	1,280.2	97	6,604.5	98	4,511.0	99

*Acreage harvested.

**Includes acreage planted in preceding fall.

***Grown alone for all purposes.

Sources: USDA, BAE, **Crop Production** (Washington, December 1949 and March 1950); Cotton data from the Fairchild Survey published in **The Daily News Record**, April 6, 1950.

Under recent legislation, however, many farmers will receive larger allotments, and thus total acreage raised to 22.0 million or above.

If cotton yields approximate 265 pounds per planted acre, the 1945-1949 average, 21.1 million acres would produce 11.6 million standard bales and 22.3 million

acres, the prospective allotment, a crop of 12.3 million bales. A substantial reduction from the 1949 production of 16.0 million bales is in prospect, although carryover on August 1, 1950, is likely, the Department of Agriculture estimates, to be around 7.5 million bales as compared to 5.3 million bales a year before.

Tobacco

Prospective plantings indicate a small increase in total tobacco planted in this District. A decrease of 10% is expected for Type 21, Virginia fire-cured, and of 6% for Burley. These are types for which 1950 marketing quotas were reduced. Small increases are in prospect for flue-cured and other types. The increase in flue-cured acreage is probably due to a 1% increase in allotments for new producers and to more growers planting their full allotments to offset price declines for other farm products.

Peanuts

A decline of 12% from the 1949 acreage is indicated in peanuts planted for all purposes. In the Fifth District the decline will probably be about 2%. Virginia peanut acreage will be the same as in 1949, but decreases of 15% in South Carolina and 2% in North Carolina are expected.

Marketing quotas appear to be the principal factor

determining 1950 peanut plantings. Peanut quotas were reduced this year for North Carolina and South Carolina, but new legislation increases the quota for South Carolina and permits any farmer to exceed his quota if the excess peanuts are marketed for oil. As a result, total peanuts planted will probably be somewhat higher than now estimated.

Irish Potatoes

A decline of 3% in total U. S. potato acreage is expected this year. Within this District acreage reductions are indicated for Maryland and West Virginia. South Carolina farmers expect to plant more, and in Virginia and North Carolina acreage will be about the same.

Direct price support for potatoes is extended only to commercial growers, defined as those who plant 3.0 acres or more, and for these growers acreage allotments for 1950 were reduced 7%. Of the 1,861,800 acres to be planted to potatoes this year, less than two-thirds will be eligible for direct price support. Most commercial growers are expected to plant within their acreage allotments, and the potato acreage eligible for price support will be less than in 1949. If potato yields do not increase this year, net outlays for potato price support should show a significant decline.

Business Conditions and Outlook

Continued from page 2

believe that retail demand for soft goods will continue the down trend while durables continue to rise. It seems more likely that the soft goods industries would begin to show an expansion and that the current trends have been largely price and inventory adjustments.

Strength was evident in March in all segments of the construction industry with the exception of commercial buildings. Noteworthy is the marked rise in contract awards for factory buildings. The March figure is considerably below the extraordinarily large figures for 1946 and the high figures of 1947 and 1948, but it was better than any month in 1949.

Seasonally adjusted awards for one and two family houses in March were at a new high, while those of apartments and hotels again approached stratospheric heights. Some of these residential awards apparently were occasioned by the expiration of certain FHA powers. These powers have been reactivated in such manner as to create substantial inducement to home construction. FHA interest rates have been reduced from 4-1/2% to 4-1/4%, and the Federal National Mortgage Association has been given additional lending authorization of \$250 million. This latter figure is small and could be exhausted in a short time. It is not difficult to believe that further funds will be made available to FNMA if needed. The lower interest rate, however, brings the market closer to the GI level of 4%, and it is possible that GI mortgages may be in demand without material assistance from FNMA.

The resumption of bituminous coal production following the strike has been short-lived at capacity levels. Coal prices were increased at the termination of the strike, but demand has failed to equal output and weakness has again occurred in the price structure. It is apparent that rebuilding of coal stocks is not as urgent at the present time as was previously anticipated. Many mines are operating on short work weeks, and marginal producers are shutting down.

Department store sales declined 4% on a seasonally adjusted basis from February to March, but were 3% under level of March 1949. The poor Easter season together with the extraordinary seasonal correction made in March for the early Easter date account for this drop. April will likely show improvement.

Furniture store sales declined sharply from February to March after seasonal correction, but were 11% higher than a year ago. Explanation of the decline is difficult though it may be part of the aftermath of the strike situation. The general impression is that the furniture trade is facing a very good season, and furniture manufacturers are still operating at capacity levels.

The automobile sales picture continues strong with sales of both new and used cars at peak levels for this season of the year. Used car prices are firm. Contrary to some impressions, expansion in sales of cars is not a result of credit competition. Credit terms, in the main, are being held at a one-third down and twenty-four months to pay, though there are exceptions.

Ownership of Demand Deposits---January 31, 1950

Demand deposits of individuals, partnerships, and corporations held by all banks in the Fifth Federal Reserve District amounted to more than \$4.3 billion on January 31, 1950, or 5.3% of the national total. This represents a decrease of \$69 million, or 1.6%, in total demand deposits during the 12-month period. The most striking difference in the composition of these deposits was an increase of 12.1% in deposits of financial business, which contrasts sharply with a decrease of 15.4% in this group as shown by the previous survey.

Distribution of the ownership of these deposits appears to be about the same as for a year earlier, although there has been a slight increase in the relative importance of *business* deposits and a corresponding slight decrease in the proportion of *personal* deposits. The proportion of total demand deposits held by Fifth District banks currently 5.3% of the national total is slightly below the January 1948 level of 5.5%, but shows an increase over 1944, when the Fifth District banks held 5.0% of the nation's demand deposits.

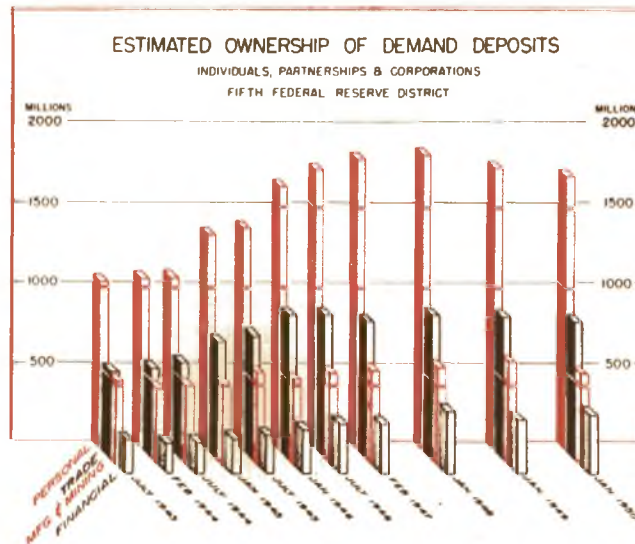
These are the major trends revealed by a recent survey of the ownership of demand deposits which was made by the Federal Reserve Bank of Richmond—a survey which included approximately 50% of all banks in the Fifth District. The analysis is therefore based on a broad sample, and it is felt that the results are reasonably accurate and comparable with the data of earlier periods.

A major factor accounting for the \$69 million decrease in total demand deposits was in personal deposits, accounting for 39% of total deposits, which declined by \$56 million. Total business deposits (composed of nonfinancial and financial businesses), accounting for almost 53% of total deposits, declined by \$12 million. A loss of \$14 million in corporate deposits, which represent 72% of total business deposits, and a gain of \$2 million in deposits of unincorporated firms account for the net loss of \$12 million. Trust funds decreased \$4 million during the year, the loss appearing in deposit accounts of \$25,000 or more. There was a

slight increase in deposits of nonprofit associations during the period.

The largest decline in deposits of nonfinancial business concerns occurred in manufacturing and mining, which decreased by 9.6% during the year. This is in contrast to last year's survey which showed a gain of 4.0% over the previous year. Wholesale and retail trade also declined from January 31, 1949 by 3.2%. The other categories under nonfinancial business, public utilities and other nonfinancial (including service establishments, contractors, amusement companies, and business accounts of professional people) show increases from January 31, 1949 to January 31, 1950, in contrast to losses for the previous year.

As previously observed, deposits of financial business expanded by \$39 million, or 12.1%, during the year. Included under financial business are insurance companies, which show an increase of 15.3%, and other financial (investment trusts, security brokers and dealers, real estate businesses, finance and credit concerns, building and loan associations, insurance agencies, and the like) which rose 10.9% from January 31, 1949 to January 31, 1950. The expansion



CHANGES IN OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS

Fifth Federal Reserve District
(Estimates in millions of dollars)

Type of holder	Amt. outstanding Jan. 31, '50	Per cent of total Jan. 31, '50	Change from January 31, 1949	
			Dollar amt.	Per cent
Total business	2,290	52.9	-12	- 0.5
Nonfinancial business	1,924	44.5	-51	- 2.6
Mfg. and mining	570	13.2	-61	- 9.6
Public utilities	217	5.0	+13	+ 6.2
Trade	848	19.6	-29	- 3.2
Other nonfinancial	289	6.7	+26	+ 9.8
Financial business	366	8.4	+39	+12.1
Insurance companies	106	2.4	+14	+15.3
Other financial	260	6.0	+25	+10.9
Trust funds	82	1.9	- 4	- 4.7
Nonprofit associations	260	6.0	+ 6	+ 2.4
Personal	1,697	39.2	-56	- 3.2
Farmers	337	7.8	-34	- 9.3
Others	1,360	31.4	-22	- 1.6
Foreign	0	0	- 3	---
Total	4,329	100.0	-69	- 1.6

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

	July 1943	Feb. 1944	July 1944	Jan. 1945	July 1945	Jan. 1946	July 1946	Feb. 1947	Jan. 1948	Jan. 1949	Jan. 1950
(Millions of dollars)											
Total business	1,670	1,610	1,675	1,889	2,022	2,133	2,236	2,223	2,389	2,302	2,290
Nonfinancial business	1,460	1,420	1,474	1,665	1,794	1,863	1,930	1,916	2,003	1,976	1,924
Manufacturing and mining..	520	470	495	504	574	529	568	581	607	631	570
Public utilities, transporta- tion and communications..	220	200	194	228	241	228	226	231	242	205	217
Retail and wholesale trade..	540	560	596	725	764	888	889	853	890	876	848
All other nonfinancial bus..	180	190	190	207	215	218	247	251	265	263	289
Financial business	210	190	201	224	228	270	306	307	386	326	366
Insurance companies	70	60	64	75	64	72	76	83	156	92	106
All other financial business	140	130	137	149	164	197	230	224	230	234	259
Trusts funds of banks.....	40	40	47	57	52	69	68	85	70	86	82
Nonprofit associations	110	120	128	166	159	192	204	271	249	254	260
Personal	1,040	1,060	1,064	1,332	1,377	1,633	1,735	1,805	1,828	1,753	1,697
Farmers			166	250	244	352	330	376	393	371	337
Others			898	1,082	1,133	1,281	1,405	1,429	1,435	1,382	1,360
Foreign	10	10			1	2	5		3	3	
Total	2,870	2,840	2,915	3,443	3,611	4,028	4,247	4,383	4,540	4,398	4,329
(Percentage of total)											
Total business	58.2	56.7	57.5	54.9	56.0	53.0	52.6	50.7	52.6	52.3	52.9
Nonfinancial business	50.9	50.0	50.6	48.4	49.7	46.3	45.4	43.7	44.1	44.9	44.5
Manufacturing and mining	18.1	16.6	17.0	14.6	15.9	13.1	13.4	13.3	13.4	14.3	13.2
Public utilities, transporta- tion and communications..	7.7	7.0	6.7	6.6	6.7	5.7	5.3	5.3	5.3	4.7	5.0
Retail and wholesale trade	18.8	19.7	20.4	21.1	21.2	22.0	20.9	19.4	19.6	19.9	19.6
All other nonfinancial bus..	6.3	6.7	6.5	6.0	6.0	5.4	5.8	5.7	5.8	6.0	6.7
Financial business	7.3	6.7	6.9	6.5	6.3	6.7	7.2	7.0	8.5	7.4	8.4
Insurance companies	2.4	2.1	2.2	2.2	1.8	1.8	1.8	1.9	3.4	2.1	2.4
All other financial business	4.9	4.6	4.7	4.3	4.5	4.9	5.4	5.1	5.1	5.3	6.0
Trusts funds of banks.....	1.4	1.4	1.6	1.7	1.4	1.7	1.6	1.9	1.5	1.9	1.9
Nonprofit associations	3.8	4.2	4.4	4.8	4.4	4.8	4.8	6.2	5.5	5.8	6.0
Personal	36.2	37.3	36.5	38.7	38.1	40.5	40.9	41.2	40.3	39.9	39.2
Farmers			5.7	7.3	6.7	8.7	7.8	8.6	8.7	8.4	7.8
Others			30.8	31.4	31.4	31.8	33.1	32.6	31.6	31.4	31.4
Foreign .....	.4	.4				.1	.1		.1	.1	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

here occurred in the large-size deposit accounts, that is, those over \$10,000. Declines occurred in the group of deposit accounts under \$10,000 in all categories.

Personal demand deposits continued the down trend evident in the January 31, 1949 survey. Prior to that survey, personal deposits in this district had grown from about \$1 billion in 1943 to \$1.8 billion in January 1948, according to the surveys then conducted. The greater portion of the loss in personal deposits during 1949 occurred in the accounts of farmers, who held about 20% of all personal deposits as of January 31, 1950. This is accounted for by the decline in prices re-

ceived by farmers in this district in 1949 and the consequent decline of farm income. Reduced yields from the cotton and peanut crops in 1949 also had an adverse effect on the incomes of farmers in the Fifth District. In this district, cash receipts from farm marketings in 1949 were 11% below receipts in 1948.

The decline in demand deposits of nonfarm individuals reflects in part the fact that more and more people were drawing upon their demand deposit balances to purchase consumer goods and newly constructed residences. It also reflects a shift of balances from checking accounts into other forms of liquid assets, such as time deposits (which show an appreciable

FEDERAL RESERVE BANK OF RICHMOND

increase in this district in the 12-month period ending January 31, 1950) and building and loan shares.

Significantly, when total demand deposits of individuals, partnerships, and corporations in the Fifth District for the latest survey period are classified into groups according to size of accounts, the bulk of the losses in all classifications (except manufacturing and mining and trust funds) occurred in the small ac-

counts (less than \$10,000), while the bulk of increases occurred in the large deposit accounts (\$25,000 and over).

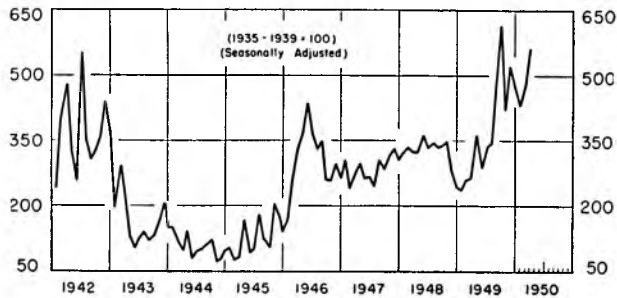
For those who wish to study or observe historically the changing deposit ownership pattern, there is on the preceding page a tabulation giving the ownership record for the Fifth District through the eleven surveys that have been conducted.

DEBITS TO INDIVIDUAL ACCOUNTS					BUILDING PERMIT FIGURES				
(000 omitted)					March 1950	March 1949	3 Mos. 1950	3 Mos. 1949	
Dist. of Columbia	March 1950	March 1949	3 Months 1950	3 Months 1949					
Washington	\$ 833,621	\$ 796,199	\$ 2,316,516	\$ 2,187,021	Maryland				
Maryland					Baltimore	\$10,334,580	\$ 4,480,430	\$ 27,342,330	\$ 8,325,245
Baltimore	1,009,039	1,013,928	2,905,200	2,787,755	Cumberland	76,900	34,125	233,145	97,890
Cumberland	21,762	21,780	63,172	59,966	Frederick	860,725	27,765	945,150	95,315
Frederick	17,433	18,181	49,097	50,162	Hagerstown	193,818	45,340	393,590	202,035
Hagerstown	27,660	28,176	77,572	78,204	Salisbury	129,515	65,363	279,740	569,651
North Carolina					Virginia				
Asheville	48,161	47,706	141,085	140,599	Danville	428,620	425,117	704,718	652,179
Charlotte	276,325	237,767	782,062	685,611	Lynchburg	364,206	243,366	984,470	746,351
Durham	75,919	89,698	225,835	255,480	Norfolk	1,318,775	1,187,796	3,991,210	2,069,036
Greensboro	86,661	76,388	233,775	220,995	Petersburg	287,211	214,550	1,331,882	380,926
Kinston	12,295	13,675	38,349	40,955	Portsmouth	217,480	134,088	748,349	360,483
Raleigh	167,050	153,349	413,256	370,114	Richmond	2,966,090	1,077,842	5,867,301	3,471,983
Wilmington	35,527	32,381	96,349	92,690	Roanoke	2,076,677	1,155,735	6,123,945	1,919,677
Wilson	13,296	14,141	42,750	42,031	West Virginia				
Winston-Salem	143,617	133,661	399,919	357,020	Charleston	728,197	684,749	6,227,196	2,201,898
South Carolina					Clarksburg	89,945	71,860	358,781	246,445
Charleston	62,170	61,234	180,427	176,384	Huntington	525,316	294,433	1,205,443	672,400
Columbia	106,323	106,829	299,571	283,723	North Carolina				
Greenville	90,471	84,571	253,638	239,945	Asheville	853,046	278,311	1,274,417	496,768
Spartanburg	50,061	47,381	145,287	139,195	Charlotte	2,876,550	1,464,061	6,133,903	4,523,811
Virginia					Durham	684,668	407,428	7,203,760	1,649,482
Charlottesville	22,530	22,122	67,617	66,392	Greensboro	1,094,835	275,208	2,701,028	1,116,743
Danville	24,281	22,955	72,712	70,736	High Point	250,925	186,947	690,946	446,620
Lynchburg	40,755	37,437	113,363	108,456	Raleigh	2,593,346	1,464,646	3,824,636	1,977,861
Newport News	29,472	36,595	80,468	97,461	Rocky Mount	406,430	135,440	1,039,098	312,957
Norfolk	236,501	184,521	622,315	524,993	Salisbury	488,660	67,420	1,239,433	186,165
Portsmouth	20,374	19,378	59,614	56,746	Winston-Salem	831,170	571,366	2,517,058	1,177,027
Richmond	492,165	497,992	1,400,666	1,411,771	South Carolina				
Roanoke	99,051	94,921	270,229	265,440	Charleston	198,671	203,941	618,965	1,101,911
West Virginia					Columbia	1,369,158	313,918	3,685,043	1,705,608
Bluefield	35,874	55,972	107,722	142,984	Greenville	735,600	334,800	1,792,693	1,687,150
Charleston	117,676	143,774	353,895	414,981	Spartanburg	158,142	92,337	340,856	445,927
Clarksburg	27,750	29,971	82,429	88,758	Dist. of Columbia				
Huntington	54,967	55,892	161,656	177,634	Washington	6,223,929	3,320,003	15,261,837	9,646,458
Parkersburg	25,531	26,666	71,709	77,420	District Totals.....	\$39,363,185	\$19,258,385	\$105,060,923	\$ 48,486,002
District Totals.....	\$ 4,304,318	\$ 4,205,241	\$12,128,255	\$11,711,622					



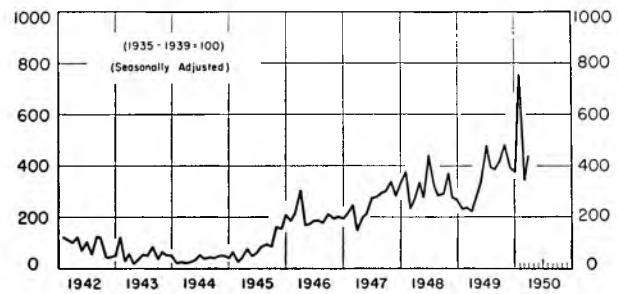
FIFTH DISTRICT TRENDS

CONSTRUCTION CONTRACTS AWARDED



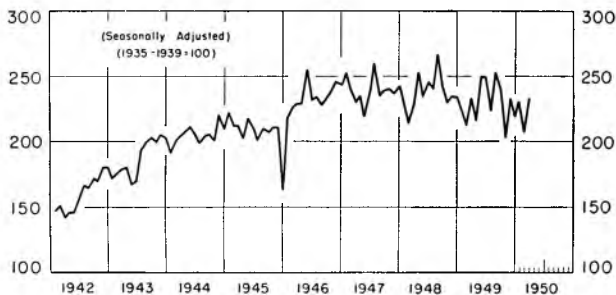
Better than seasonal rises occurred in all classes of building contracts with the exception of commercial. Total awards in March ran 114% over a year ago, with residential up 206% and public works up 201%. Apartments and hotels recorded the greatest gain in residential, but one and two-family houses still account for the bulk of the dollar contracts.

BUILDING PERMITS



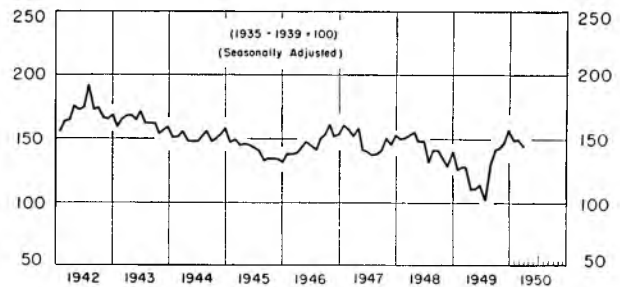
The maintenance of an unusually heavy volume of building permits in such cities as Baltimore, Richmond, Roanoke, Charlotte, Raleigh, Columbia, and Washington is primarily responsible for the March 1950 level being double that of a year ago. However, all cities except Charleston, S. C., showed year to year gains.

CIGARETTE PRODUCTION



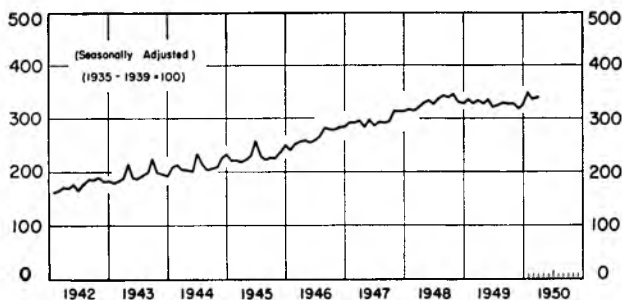
Cigarette production in the District during March rose 13% from February to a level even with March 1949. The employment trend in this industry has been about steady in North Carolina but slightly downward in Virginia in the first quarter of 1950. Reynolds Tobacco's Annual Report indicates domestic sales running ahead of a year ago, with exports down.

COTTON CONSUMPTION



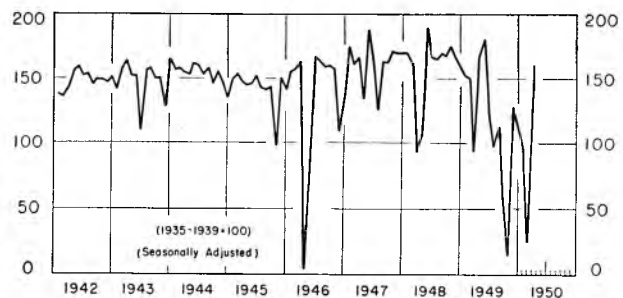
March cotton consumption dropped 3% from February on a seasonally adjusted basis, but was 13% ahead of a year ago. This drop is probably a reflection of a change in seasonal pattern to conform more closely to that obtained in prewar years.

BANK DEBITS



Bank debits, which reflect the overall level of payments in the District's economy, remained at the same level in March as in February. March debits, however, were 2% ahead of March a year ago, which is some indication that the basic economy of the District is remaining strong.

BITUMINOUS COAL PRODUCTION



Output of coal in March rebounded sharply from the strike-ridden month of February to a level not far below the best figures of the past two or three years. Some further improvement occurred in the early weeks of April, but has since turned down owing to an insufficient demand for stock-piling.



FEDERAL RESERVE BANK OF RICHMOND

WHOLESALE TRADE

LINES	Sales in March 1950 compared with		Stocks on March 31, 1950 compared with	
	Mar. 1949	Feb. 1950	Mar. 31 1949	Feb. 28 1950
Auto supplies (7)	+ 4	+22	- 1	0
Electrical goods (4)	+ 8	+24	.....	+16
Hardware (12)	+ 3	+16	+ 5	+16
Industrial supplies (3)	- 4	+23	.....	.....
Drugs & sundries (14)	+23	+18	- 1	0
Dry goods (10)	+10	+32	+ 2	+ 1
Groceries (58)	+ 2	+21	0	0
Paper & products (6)	-13	- 6	.....	.....
Tobacco & products (7)	- 6	+ 7	- 3	- 4
Miscellaneous (87)	+ 7	+13	-10	0
District Totals (208)	+ 6	+16	- 3	+ 3

Source: Department of Commerce.
Number of reporting firms in parentheses.

RETAIL FURNITURE SALES

STATES	Percentage comparison of sales in periods named with sales in same periods in 1949	
	March 1950	3 Mos. 1950
Maryland (7)	+ 7	+12
Dist. of Col. (7)	+ 2	+ 6
Virginia (19)	- 2	+ 3
West Virginia (10)	+ 8	+10
North Carolina (11)	+16	+ 5
South Carolina (9)	+10	+17
District (63)	+ 5	+ 8

INDIVIDUAL CITIES

Baltimore, Md. (7)	+ 7	+12
Washington, D. C. (7)	+ 2	+ 6
Richmond, Va. (6)	-19	- 2
Lynchburg, Va. (3)	+26	+15
Charleston, W. Va. (3)	+ 5	- 9
Charlotte, N. C. (3)	+17	+20
Columbia, S. C. (3)	+28	+18

Number of reporting stores in parentheses.

DEPARTMENT STORE OPERATIONS
(All figures show percentage change)

	Rich.	Balt.	Wash.	Other Cities	Dist. Total	
Sales, Mar. '50 vs. Mar. '49	+ 1	- 2	- 3	+ 9	+ 1	
Sales, 3 mos. '50 vs. 3 mos. '49	0	- 5	- 2	+ 2	- 1	
Stocks, Mar. 31, '50 vs. '49	+ 2	- 7	+ 4	- 3	- 1	
Orders outstanding, Mar. '31, '50 vs. '49	-12	- 9	+ 8	+14	- 1	
Current receivables Mar. 1 collected in Mar. '50	33	51	50	44	45	
Instalment receivables Mar. 1 collected in Mar. '50	14	18	19	19	18	
	Md.	D.C.	Va.	W.Va.	N.C.	S.C.
Sales, Mar. '50 vs. Mar. '49	-2	-3	+9	+3	+6	+5
Sales, 3 Mos. '50 vs. 3 Mos. '49	-5	-2	+2	0	+2	-1

COTTON CONSUMPTION AND ON HAND—BALES

	March 1950	March 1949	Aug. 1 to 1950	Mar. 31 1949
Fifth District States:				
Cotton consumed	461,669	368,962	3,104,636	2,837,041
Cotton Growing States:				
Cotton consumed	810,526	648,799	5,416,858	4,973,508
Cotton on hand Mar. 31 in consuming establishments	1,634,736	1,335,415	.....	.....
storage & compresses	8,266,373	6,650,877	.....	.....
United States:				
Cotton consumed	898,229	721,378	5,977,391	5,561,349
Cotton on hand Mar. 31 in consuming establishments	1,881,498	1,560,787	.....	.....
storage & compresses	8,302,175	6,682,706	.....	.....
Spindles active, U. S., Mar. 31	20,340,000	20,427,000	.....	.....

Source: Department of Commerce.

FEDERAL RESERVE BANK OF RICHMOND
(All Figures in Thousands)

ITEMS	April 12 1950	Chg. in 3-15-50	Amt. From 4-13-49
Total Gold Reserves	\$1,133,584	+ 48,741	+ 65,592
Other Reserves	15,355	- 3,124	- 1,533
Total Reserves	1,148,939	+ 45,617	+ 64,059
Bills Discounted	4,291	- 95	- 7,291
Industrial Loans	114	+ 2	+ 54
Gov. Securities, Total	1,134,289	- 15,127	-247,041
Bills	257,608	+ 8,641	- 73,388
Certificates	373,988	- 9,969	- 68,135
Notes	93,937	+ 4,832	+ 69,247
Bonds	408,756	- 18,631	-174,770
Total Loans & Securities	1,138,694	- 15,220	-254,278
Uncollected Items	237,926	- 13,618	+ 44,634
Other Assets	21,560	- 689	- 13,555
Total Assets	\$2,547,119	+ 16,090	-159,180
Federal Reserve Notes in Cir.	\$1,525,403	- 2,478	- 39,428
Deposits, Total	754,453	+ 27,804	-159,432
Members' Reserves	658,895	- 19,127	-163,453
U. S. Treas. Gen. Account	46,869	+ 46,343	- 9,173
Foreign	44,420	+ 740	+ 14,755
Other Deposits	4,269	- 152	- 1,561
Def. Availability Items	218,138	- 10,632	+ 36,592
Other Liabilities	705	+ 105	- 101
Capital Accounts	48,420	+ 1,291	+ 3,189
Total Liabilities	\$2,547,119	+ 16,090	-159,180

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

ITEMS	April 12 1950	Chg. in 3-15-50	Amt. From 4-13-49
Total Loans	\$ 929,329**	+ 28,842	+ 93,405
Business & Agric.	419,241	+ 9,144	+ 15,675
Real Estate Loans	220,450	+ 1,495	+ 27,021
All Other Loans	300,910	+ 18,242	+ 43,860
Total Security Holdings	1,784,224	- 41,191	+153,922
U. S. Treasury Bills	98,171	- 18,755	+ 39,187
U. S. Treasury Certificates	179,553	- 30,107	+ 3,078
U. S. Treasury Notes	244,989	+ 16,767	+202,314
U. S. Treasury Bonds	1,114,650	- 5,041	-103,983
Other Bonds, Stocks & Sec.	146,861	- 4,055	+ 13,326
Cash Items in Process of Col.	236,177	- 5,100	+ 4,533
Due from Banks	162,645*	- 12,307	- 9,957
Currency & Coin	66,982	+ 5,407	+ 1,443
Reserve with F. R. Bank	440,411	- 11,727	- 88,675
Other Assets	50,442	- 721	+ 2,705
Total Assets	\$3,670,210	- 36,797	+147,376
Total Demand Deposits	\$2,795,874	- 39,491	+125,605
Deposits of Individuals	2,078,123	- 1,976	+ 53,384
Deposits of U. S. Govt.	103,945	- 9,775	+ 26,530
Deposits of State & Local Govt.	175,157	- 3,298	+ 15,940
Deposits of Banks	394,181*	- 20,297	+ 25,917
Certified & Officers' Checks	44,468	- 4,145	+ 3,834
Total Time Deposits	620,097	+ 4,685	+ 12,531
Deposits of Individuals	572,305	+ 3,310	- 7,817
Other Time Deposits	47,792	+ 1,375	+ 20,348
Liabilities for Borrowed Money	0	- 5,000	- 3,150
All Other Liabilities	22,125	+ 2,011	+ 2,637
Capital Accounts	232,114	+ 998	+ 9,753
Total Liabilities	\$3,670,210	- 36,797	+147,376

*Net figures, reciprocal balances being eliminated.

**Less losses for bad debts.

PRICES OF UNFINISHED COTTON TEXTILES

	Mar. 1950	Feb. 1950	Mar. 1949
Average, 17 constructions	68.74	69.63	63.70
Printcloths, average (6)	76.84	79.51	68.93
Sheetings, average (3)	61.79	62.42	57.56
Twill (1)	76.38	74.23	63.35
Drills, average (4)	59.83	59.45	56.32
Sateen (1)	87.99	89.90	87.22
Ducks, average (2)	59.27	58.77	60.41

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.