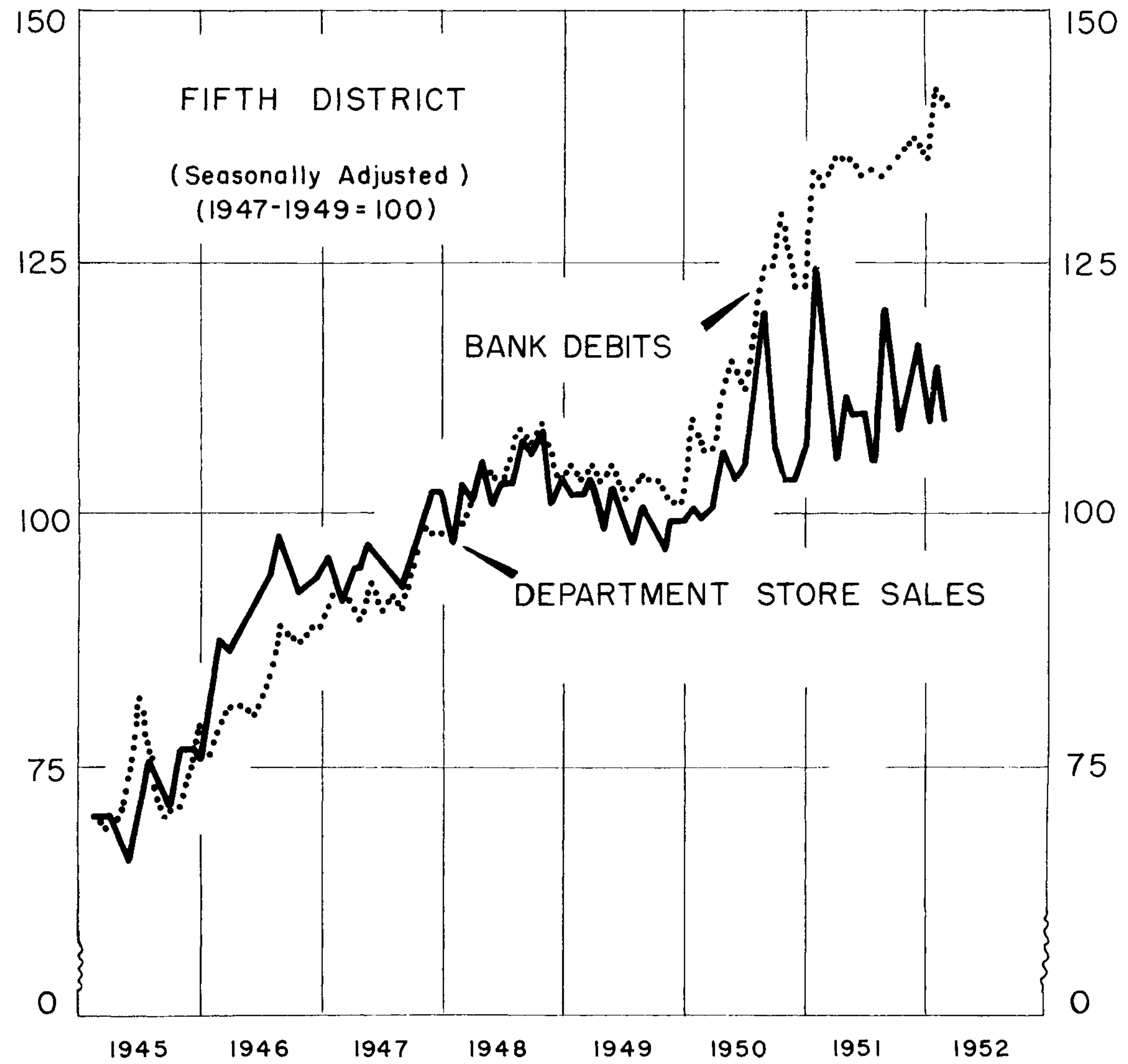
FEDERAL RESERVE BANK OF RICHMOND

Monthly Review

April 1952

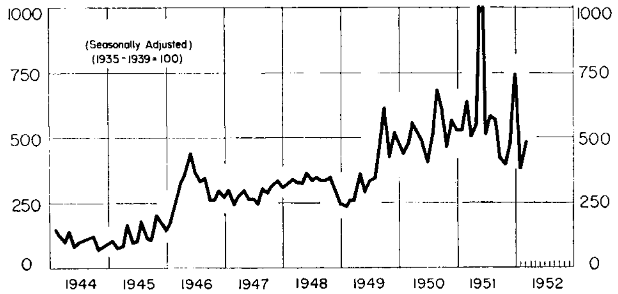


Important in the economic outlook is the rate of spending. Two indicators of expenditures in the Fifth District are shown in the above chart. No attempt is made to project these into the future, but attention should be called to the upward trends in evidence in both. These indicators are discussed in "Business Conditions and Prospects," beginning on page 3.

Also In This Issue - - -

Fifth District Trends

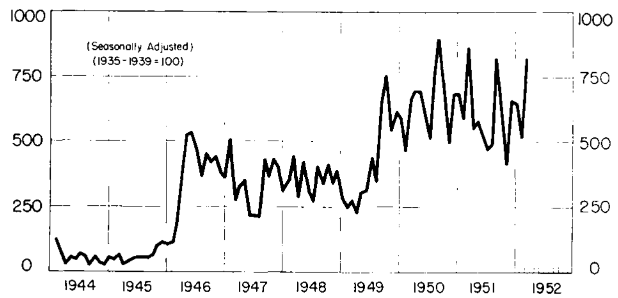
TOTAL BUILDING CONTRACT AWARDS



An outlook for a more plentiful supply of building materials, together with progress in the defense effort, has had a favorable effect on the construction situation in the Fifth District during February. Although total awards were 25% under a year ago, February showed a better than seasonal rise of 27% over January. All types of building showed higher awards on an adjusted basis in February than in January with the exception of commercial buildings and public works and utilities.

◆ ◆ ◆

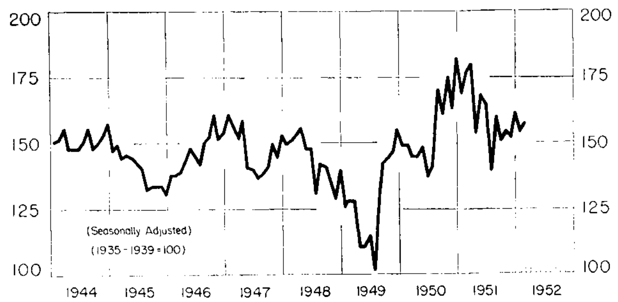
BUILDING CONTRACT AWARDS-RESIDENTIAL



Total residential construction contract awards in February rose 61% above January on an adjusted basis to within 5% of the level a year ago. Outstanding in this gain was a rise of 185% from January to February in awards for apartments and hotels which was occasioned mainly by two large awards near Camp Bragg, North Carolina. One- and two-family houses in February rose from January 13% more than seasonal but was 18% under a year ago.

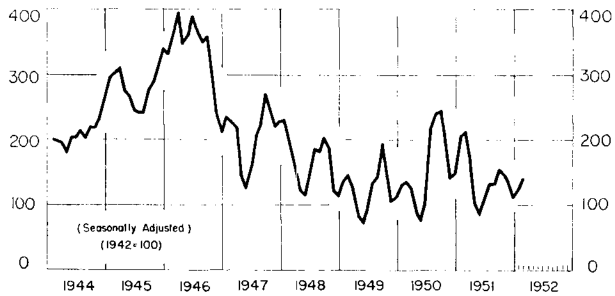
◆ ◆ ◆

COTTON CONSUMPTION



Cotton consumption in the District in February, adjusted, was 2% higher than in January, but 11% under February 1951. This rate of output is still too large to bring price stability to the market for cotton goods and yarns. Trade indications point to a reduction in operations during March and perhaps early April which should have a favorable effect on prices and be followed by some revival in operations.

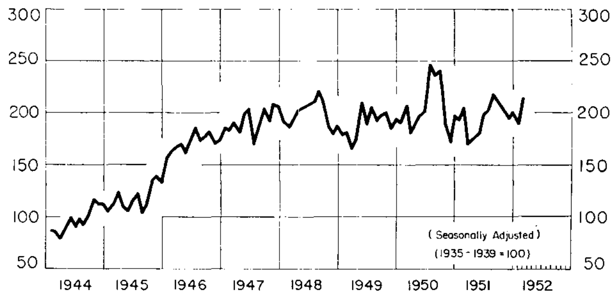
DEPARTMENT STORE OUTSTANDING ORDERS



Despite a moderate drop in seasonally adjusted sales in department stores from January to February, the combined influences of a drop in stocks and the approach of the spring season caused a rise in outstanding orders of department stores of 20% above seasonal. February orders, however, were 31% under those of February 1951, but it should be remembered that last year a consumer buying spree was in process.

◆ ◆ ◆

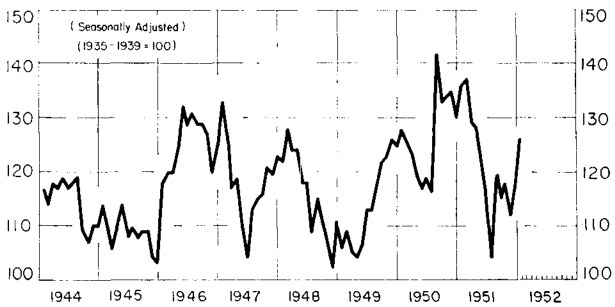
RETAIL FURNITURE STORE SALES



Despite reduced construction of new residences, furniture store sales continue to run at near peak levels. In February these sales on an adjusted basis were 13% ahead of January and 4% ahead of a year ago. It is interesting to note that relative to a year ago cash sales are up 16%, while credit sales are down 1%. Store inventories, adjusted, although 2% above January, were nevertheless 16% under a year ago.

◆ ◆ ◆

HOSIERY PRODUCTION - UNITED STATES



Latest available figures show January production of hosiery in the United States up 8% from December on a seasonally adjusted basis and within 7% of a year ago. This level of output has been too high to permit a profitable price level, and unless demand improves considerably, a cutback in output can be expected. Improvement, however, is likely during March and early April to accommodate the Easter selling season.

Business Conditions and Prospects

CONTRARY to the general impression during the month of February, business indicators for the Fifth District on balance showed revival during that month. The gains came mainly in production and construction, while trade levels showed mixed trends. This was a reversal of the trends that have been in evidence for quite a number of months. It is clear, however, that the rise in production of textiles and bituminous coal was not well grounded since demand was not sufficient to justify the level of output witnessed during that month. Trade indications point to reduction in output during March of considerable proportions in the textile lines and of lesser proportions in bituminous coal.

Business loans of the weekly reporting banks which had fallen seasonally from the end of December through February regained practically all of the drop during March. A sharp rise in trade loans and the continued increase in loans to manufacturing and mining concerns have been primarily responsible. Both demand and time deposits have held close to January levels, but a decline occurred in the rate of turnover between January and February in most cities of the District as a result of a drop in debits.

Net redemptions of Series E Savings Bonds in the District were somewhat larger in February than in January but considerably below the levels of last summer. Sales of Series F and G Bonds, not too attractive to current investors, continued to run substantially below a year ago. During the first two months of the year these series were off 60% compared with the gain of sales in the Series E. Bonds of 4%.

Construction contract awards were below a year ago but revived notably during February with the chief gains occurring in factory and residential construction.

The employment situation has decreased moderately, but insured unemployment is smaller in Maryland, South Carolina, Virginia and West Virginia than in January. Other states show about the same level of unemployment in February as in January.

In general, it might be said that the current business situation in the District on balance is in a temporarily weakening position and cutbacks in production are expected during March and, perhaps, April, but these cutbacks in turn will build a stronger base for the District's industries and should be followed in reasonably short order by a healthy revival.

Trade

Even though the defense outlays have not come up to anticipations, they are still expected to rise notably from their present level. Aside from this force in the economy the trade outlook at the present time is the one factor which will determine whether production and employment will rise further or hold at their present levels. Trade expenditures have been running at a lesser proportion of consumer disposable income in the last seven or eight months than has been characteristic over a long period of history. The current situation is somewhat unnatural and is induced partly by the excessive expenditures on durable goods in the eight months following the outbreak of the Korean War.

A similar situation was experienced early in World War II, and a period of about eight months was then witnessed when the total trade level failed to rise in response to rising income. It is therefore a fair guess that a closer relationship between trade and income will be witnessed from here on than during the past eight months. With the rise in income, which is anticipated, at least a commensurate rise in trade should be witnessed.

Department store sales in this District, seasonally adjusted, dropped 4% from January to February and back to the level in December, 1951. February sales were 6% under the very high level of February 1951, but the February drop does not necessarily indicate that a reversal of the upward trend has taken place. Much of the February drop is again due to the major household appliances and other hard goods items with soft goods continuing to give a good account of themselves. It is interesting to note that department store inventories in February, seasonally corrected, dropped 5% from January to a level 3% below February 1951, while outstanding orders on an adjusted basis rose 20% from January to February. Although outstanding orders for February were 31% under a year ago they have been in a rising trend since last spring.

Although January sales of automobiles and trucks ran considerably under a year ago, there was a rise of 8 and 2% respectively from December. A better than seasonal rise in these sales should be expected in the next month but available supplies do not permit more than a seasonal rise beyond May.

Furniture store sales, adjusted, in February rose 13% above January and to within 1% of the peak month of 1951. Despite this good level of sales, the furniture manufacturing business was far from exuberant. Prices of wooden household furniture have fallen moderately from the levels maintained in the last half of 1951. The over-all trade level in this District appears to be about holding its own at the present time pending a fuller resumption of industrial operations.

Textiles

Contrary to expectations, cotton consumption on a seasonally adjusted basis rose 2% from January to February but was 11% under the high level a year ago. Operations of the cotton spindles were at the same adjusted level as in January and were 11% under a year

Continued on page 10

Prospects For Flue-Cured Tobacco Exports

The British Crisis, Question Marks on Foreign Aid and Competition are Significant Factors in the Outlook

The Fifth District grows between 80% and 90% of U. S. flue-cured tobacco, and all but a negligible amount of the leaf exported is shipped through the Fifth District ports of Newport News, Norfolk, Baltimore, Wilmington, and Charleston. Furthermore, it is the District's largest cash crop, with an average annual value of well over $500 million since World War II.

It is not surprising, therefore, that growers, handlers, and exporters in the heart of the flue-cured growing country are interested observers of world trends in tobacco production and consumption and important current developments which will play a part in shaping the export trade of the future.

In viewing the outlook for flue-cured tobacco at the present time, several facts stand out sharply. Cigarettes containing flue-cured tobacco are in greater demand throughout the world today than ever before. There are strong forces encouraging expanded production of flue-cured tobacco in other countries, but there also are strong forces discouraging expansion. A great effort is made each year by importing countries to obtain as much as possible of their required leaf imports from non-dollar sources with the inevitable result that the U. S. has become the residual supplier of flue-cured tobacco.

It is heartening to American flue-cured tobacco interests, however, that world import demand has so greatly exceeded tobacco available for export by the rest of the world that the U. S. has enjoyed sizeable exports despite foreign efforts both to reduce consumption by increased taxation and to expand production wherever possible. This is true even though in the short run exchange control restrictions result in sharp changes in import demand from any given crop.

In 1951 flue-cured exports totaled 433 million pounds or 33% above the prewar (1934-38) average. The United Kingdom, which took about 64% of the U. S. exports before World War II, accounted for 220 million pounds, or 57%, of the exports in 1951. In this latter year, a sizeable portion was used to increase stocks.

Despite recent unfavorable exchange developments in some foreign countries, U. S. exports of tobacco are continuing at very high levels. Last year, exports of flue-cured tobacco totaled 433 million pounds compared with 383 million pounds in 1950 and a previous high of 546 million pounds exported in 1946.

Regardless of trends in export demand for flue-cured tobacco, or what the export figures for 1952 turn out to be, it is noteworthy that growers are less dependent on exports than they were before the war, due primarily to the sharp increase in domestic use of flue-cured tobacco during the past decade. Americans are smoking about twice the number of cigarettes consumed in 1939. So, the export market today accounts for a much smaller per cent of total disappearance (domestic consumption plus exports); for example, in some years during the decade of the 1920's, exports accounted for over 65% of total disappearance compared with less than 40% in 1951.

Postwar Export Market Developments

Both World War II and subsequent events affected the character of the export market for U. S. flue-cured tobacco in terms of country of destination. The major changes include: (1) the elimination of exports to China, which before the war was the second largest purchaser of United States flue-cured tobacco, (2) the decline in the relative importance of our tobacco exports to Britain, which, however, remains by far the most important single outlet for this type, and (3) the increased importance, both absolutely and relatively, of our tobacco exports to other European nations, such as Belgium, the Netherlands, Denmark, Germany, Ireland, Norway, and Sweden.

These developments are clearly illustrated in Table 1, showing the U. S. exports of flue-cured tobacco by principal countries of destination. China, which before the war accounted for approximately 11% of our total flue-cured exports, no longer receives exports of flue-cured tobacco from this country. On the other hand, the continental European countries are of increasing importance to American tobacco growers. The principal continental countries accounted for less than 10% of total U. S. exports of flue-cured tobacco during the period 1934-38 while, in 1951, they accounted for almost one-third of them. It is often suggested that the large increase in European cigarette smoking (especially American-type blends) is, in part, due to the presence of U. S. soldiers in Europe during and since the last war. Also it should be noted that Western Germany accounted for a large proportion of these continental imports and, until 1950, much of the U. S. leaf imported by Western Germany was financed with funds provided by Congress.

Great Britain is the key country with respect to the market for U. S. exports of flue-cured leaf tobacco. As seen in the accompanying table, Britain accounted for 64% of U. S. flue-cured tobacco exports in the prewar period. However, in the postwar period, there have been the following sharp declines: in 1949, Britain took 43% of U. S. exports of flue-cured leaf; in 1950, 34%. In 1951, the British share rose to 57% of our flue-cured exports, but this was chiefly rebuilding heavy previous depletion of stocks.

The principal reason for the absolute and relative declines in British purchases of flue-cured tobacco has, of course, been the recurrent pressure on the gold and dollar reserves. From time to time, the low level of British reserves of gold and dollars has forced import restrictions on less essential dollar purchases from the U. S. At the same time, Britain has traditionally encouraged production of flue-cured tobacco in the Commonwealth countries and last year purchased 37% of its leaf imports from these countries as compared with 24% before the war.

Table 1
United States Exports of Flue-Cured Tobacco By Principal Countries of Destination[1]
(Million pounds declared weight)

	Average 1934-38		1949		1950		1951	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
TOTAL ALL COUNTRIES	324.9	100.0	379.9	100.0	382.6[2]	100.0	432.7	100.0
United Kingdom	207.0	63.7	163.8	43.1	130.5	34.1	219.7	57.4
France	1.3	0.4	1.1	0.3	3.3	0.9	1.9	0.5
Belgium	3.8	1.2	11.1	2.9	19.2	5.0	21.6	5.6
Netherlands	7.4	2.3	24.6	6.5	23.4	6.1	16.4	4.3
Germany	4.1	1.3	58.1	15.3	64.4	16.8	38.0	9.9
Portugal	0.7	0.2	3.8	1.0	1.8	0.5	1.4	0.4
Denmark	2.2	0.7	8.1	2.1	10.6	2.8	6.4	1.7
Ireland	6.2	1.9	24.5	6.4	17.1	4.5	16.9	4.4
Switzerland	0.1	0.0	3.1	0.8	5.5	1.4	4.6	1.2
Norway	1.9	0.6	4.4	1.2	3.6	0.9	3.8	1.0
Sweden	2.7	0.8	1.6	0.4	6.3	1.6	11.9	3.1
China	36.6	11.3	1.3	0.3	0.1	0.0	0.0	0.0
Australia	17.5	5.4	19.3	5.1	17.6	4.6	20.1	5.3
India and Pakistan	2.6	0.8	7.2	1.9	5.5	1.4	6.1	1.6
New Zealand	2.3	0.7	5.7	1.5	6.2	1.6	6.6	1.7
Total Above Countries	296.4	91.2	337.7	88.9	315.1	82.4	375.5	98.1

[1]**Tobacco Situation**, BAE, USDA, TS-59, February, 1952, p. 11.
[2]Unusually large quantity went to the Philippines, 25 million pounds.

As noted particularly in Western Germany, the occupation and American foreign aid programs have been sustaining factors in the postwar market for flue-cured tobacco exports. From 1948 through 1951, the U. S. gave dollar aid to the European countries under the Marshall Plan. From April, 1948 through November, 1951, about $443 million or 46% of all leaf exports from the U. S. was financed with these ECA dollars. Both in Britain and Western Germany, as well as the other continental European countries, this aid program has been an important factor.

As of January 1, 1952, the ECA was succeeded by the Mutual Security Administration, with emphasis in the new program shifted from reconstruction to rearmament. On March 7, the President asked Congress for $7.9 billion for foreign aid, of which $1.8 billion is scheduled for other than military assistance to Europe.

The Outlook for Flue-Cured Tobacco Exports

The export demand for flue-cured tobacco from the 1952 crop will certainly be highly sensitive to international political and economic developments. It would be extremely hazardous at this time to forecast exports for the current year since expenditures on armament will undoubtedly claim priority and, in part, reduce the dollars which Europeans can spend on American leaf. However, tobacco occupies a unique position in the economies of the European countries, is considered important to civilian morale, and is an important source of revenue for governments. This explains one objective of U. S. foreign aid, namely that rearmament should entail as little reduction in the living standards of the recipients as possible.

The hazards of forecasting exports are obvious, but certain factors may be briefly summarized. First, a key factor in the immediate future is Britain's current gold and dollar crisis (the third since World War II), and like the others, involving counter measures in the form of increased controls affecting imports. Immediately following the outbreak of the Korean war, Britain's gold and dollar reserves (as the banker for the entire Sterling Area, Britain holds the gold and dollar reserves for 40 countries and colonies) were increased by foreign buying of raw materials from the Sterling Area countries. In more recent months, such buying fell off, the terms of trade turned adverse, and the Sterling Area countries, as well as Great Britain, began to lose gold and dollars. Indeed, if the depletion of reserves had continued at the rate it was going in the last half of 1951, the gold and dollar reserves of Britain and the Sterling Area would have been exhausted in less than a year.

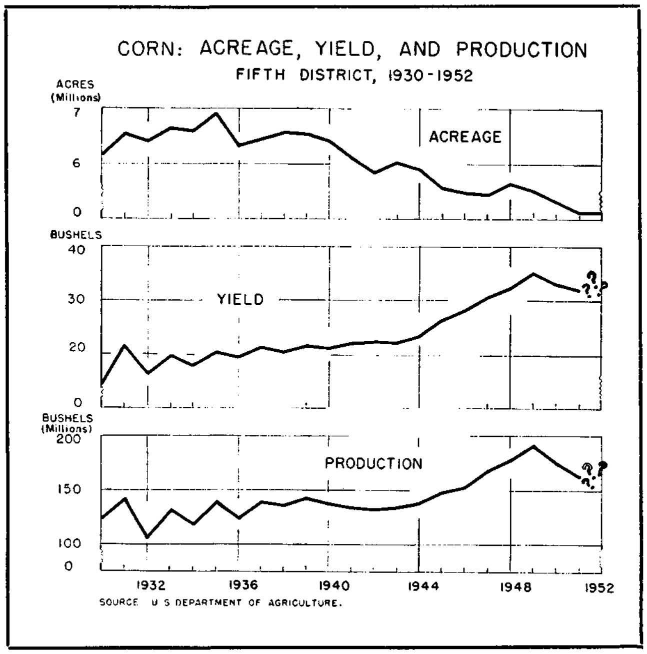
Will Farmers Plant Larger Acreages in 1952?

Fifth District farmers intend to plant slightly larger acreages of tobacco and wheat in 1952 and smaller acreages of most other crops than in 1951. For the country as a whole, slight increases are indicated for tobacco, oats, hay, soybeans and sweet potatoes, but declines are indicated for cotton, peanuts, sorghum and barley. No change is indicated for corn, wheat, or Irish potatoes. If such acreages materialize, weather conditions are average, and if yields equal last year's, 1952 will go down in history as a year of good crop production, though not the year of record production that the United States Department of Agriculture had planned when it set 1952 goals some 6% above 1951's figures.

On the whole, farmers throughout the nation are showing a reluctance to reduce their acreage in hay and pasture which seems to reflect an appreciation of the fact that much of the land now devoted to such uses should be kept under grass cover. More importantly, however, is the obvious shift to less intensive types of farming.

During the year preceding the intentions report (of March 19) the index of prices received by farmers dropped 8%, while the index of prices paid rose 4%. Net effect of these divergent trends was that farm prices declined from the post-Korean high of 113% of parity in February 1951 to 100% of parity in February of this year. Farm wage rates are currently about 11% higher than a year ago, and fewer workers are available even though farmers are paying these higher wages.

These major factors of price and cost appear to be reflected in the 1952 acreage plans. Farming is, of course, a highly competitive line of production, and actual acreages planted to various crops are the composite result of literally millions of decisions by individual farmers. Should enough individual farmers, however, think that other farmers are planting less of some crops than had previously been assumed and conclude that this is therefore a good year to expand their own production, in the fond hope of "making a killing," the ultimate acreage of various crops could be considerably different from the figures in the accompanying table.



Corn—Goal Up, Indicated Acreage Down

Average goals were established by the USDA as a means of indicating the changes in cropping patterns believed desirable in 1952. They called for an approximate 6% increase in total agricultural production. In general, the emphasis in this year's production goals was on obtaining increased output of the feed grains—especially corn, with a hoped-for acreage expansion goal of 6%, both in the Fifth District and nationally. According to the Prospective Plantings Survey conducted each March by the Bureau of Agricultural Economics, however, Fifth District farmers are actually planning to reduce corn acreage by 1% in 1952. For the country as a whole, an increase of less than 0.1 of one per cent is indicated.

Fortunately, corn yields have been improving in Fifth District states. The accompanying chart shows that the trend in corn acreage has been downward but that yields have so increased that the trend in production has been upward. It is entirely possible, therefore, that Fifth District corn production will even increase moderately despite the 1% reduction in indicated acreage. It is unlikely, however, that corn production will reach the objective foreseen in the 1952 production goals unless weather conditions are unusually favorable and actual acreage exceeds that presently indicated.

Farmers Plan Less Cotton

There is no official indication of the acreage farmers plan to devote to cotton since the prospective plantings report is prevented by law from including cotton. According to the *Daily News Record*, however, farmers are planning to reduce cotton acreage by 7%, both in this District and in the entire United States. The acreage goal for cotton, on the other hand, called for 10% more acreage than in 1951 for the Fifth District and no change for the country as a whole. It would appear that the farm labor situation has been an important consideration in farmers' plans for 1952 cotton acreage.

Tobacco Acreage Up Slightly

Total tobacco acreage in Fifth District states will be up about 1% if farmers' plans materialize. Practically

PROSPECTIVE PLANTINGS OF SPECIFIED CROPS, 1952 VERSUS 1951

Crop	Fifth District		Maryland		Virginia	
	Indicated 1952	1952 as % of 1951	Indicated 1952	1952 as % of 1951	Indicated 1952	1952 as % of 1951
Tobacco*	1000 Acres	Per Cent	1000 Acres	Per Cent	1000 Acres	Per Cent
Flue-cured	986.0	101			110.0	101
Va. Fire-cured	9.9	100			9.9	100
Burley	30.3	104	......	......	14.7	105
Maryland	51.0	98	51.0	98	......	......
Va. Sun-cured	3.9	112	......	......	3.9	112
Total Tobacco	1,081.1	101	51.0	98	138.5	102
Cotton	1,655	93	......	......	20	95
Corn, All	5,138	99	469	103	973	100
Oats†	1,534	98	62	102	175	97
Barley†	239	97	76	95	81	90
Hay, All*	4,277	99	450	100	1,389	100
Peanuts‡	362	88	......	......	130	87
Soybeans‡	876	100	98	103	216	98
Sorghums	80	99	......	......	8	73
Irish Potatoes†	118.7	97	6.7	82	34	92
Sweet Potatoes	88	98	5	100	17	100
Wheat†	1,372	103	280	99	379	99
Total (12 Crops)	16,820.8	99	1,497.7	101	3,560.5	99
Crop	West Virginia		North Carolina		South Carolina	
	Indicated 1952	1952 as % of 1951	Indicated 1952	1952 as % of 1951	Indicated 1952	1952 as % of 1951
Tobacco*	1000 Acres	Per Cent	1000 Acres	Per Cent	1000 Acres	Per Cent
Flue-cured	......	......	742.0	101	134.0	102
Burley	3.1	100	12.5	103	......	......
Total Tobacco	3.1	100	754.5	101	134.0	102
Cotton	......	......	660	94	975	93
Corn, All	221	99	2,218	101	1,257	95
Oats†	70	103	531	98	696	97
Barley†	12	92	47	115	23	105
Hay, All*	818	100	1,178	97	442	97
Peanuts‡	......	......	216	88	16	89
Soybeans‡	10	91	417	95	135	118
Sorghums	......	......	55	110	17	85
Irish Potatoes†	15	100	49	100	14	108
Sweet Potatoes	......	......	42	105	24	86
Wheat†	70	96	427	103	216	120
Total (12 Crops)	1,219.1	100	6,594.5	99	3,949.0	97

*Acreage harvested. †Includes acreage planted in preceding fall. ‡Grown alone for all purposes.
Sources: USDA, BAE, **Crop Production** (Washington, December 1951 and March 1952); Cotton data from the Fairchild Survey published in **Daily News Record**, March 6, 1952.

all of the indicated acreage increase is in flue-cured tobacco, but slight increases are shown for Burley and Virginia sun-cured. Tobacco has the highest labor requirements of any field crop grown in this area. The fact that flue-cured acreage is expanding when labor supplies are shrinking reflects the basically strong position it occupies as a source of farm income. Farmers evidently have a sufficient financial incentive to utilize all of their tobacco allotments even though in many cases this means sacrificing a well-balanced farm organization.

Greatest Reduction in Peanuts

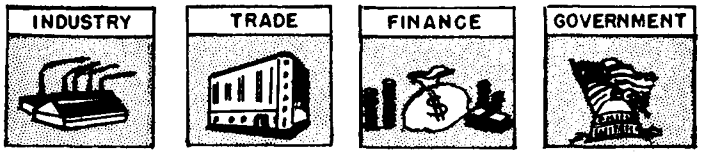
Farmers in this District plan their largest acreage reduction in peanuts. Presumably, the dominant factor in this reduction was the sharp cut made in 1952 acreage allotments. Last season acreage allotments totaled 401,000 acres. Allotments for 1952 total about 329,000 acres, and as of March 1, farmers were planning to plant 362,000 acres—10% more than their allotment.

Under the new law of March 28, most farmers are likely to be prevented from planting in excess of their allotted acreages. Growers in 1952 will not be permitted to market excess peanuts at oil prices as they were allowed to do in 1950 and 1951. In addition, growers who exceed their 1952 allotments must pay a marketing penalty equal to half the 1952 support rate on the percentage of the crop in excess. Such growers will also be denied price support on their entire peanut crop.

Peanut allotments for 1952—at 329,000 acres—are 20% less than actual acreage planted by Fifth District farmers last year. —H. G. P.

FIFTH DISTRICT NEWSBRIEFS

CURRENT DEVELOPMENTS IN —



Despite the protracted slump in textile lines, expansions and new installations continue to be reported by the District's textile and synthetic fiber industries. The Julius Kayser Co. has announced that it will build a modern full-fashioned hosiery and dyeing plant at *Liberty, S. C.* at a cost of more than $1 million. This unit, expected to be completed this summer, will do hosiery finishing and dyeing for all other Kayser branches in this section. The Liberty plant is the fifth Kayser plant located in the Palmetto State in the past two years.

The Duplan Corp., a $30 million textile concern, is reported to be moving its operation center and general plant offices to *Charlotte* from Hazleton, Pa., where it has been located for the past half century. The company plans to erect a large building in Charlotte which it hopes will be ready for occupancy by 1953. The new headquarters will control the operations of the nine weaving and throwing plants in the United States and act in an advisory capacity to the company's two plants in Canada.

A new denim factory is being constructed in Whiteville, N. C. by the Whiteville Merchants Association, Inc., at a cost of $44,000. Two other additions to the textile industry of North Carolina have been reported—Stone-cutter Mills Corp. is entering the field of spun yarns by adding a new department to its mills at Spindale for carding and spinning of synthetic staple. Output is expected to be 20,000-25,000 pounds of spun yarn weekly. Standard Hosiery Mills, Inc., is spending over $50,000 to expand its main full-fashioned plant at Alamance. The addition is nearly ready for installation of new long-section machinery.

Still other information received of textile company expansions are of capital projects not beyond the blueprint stage and about which no details are available as to completion dates, costs, capacity, or labor force. Burlington Mills has a $7 million weaving plant on the drawing board for *Sanford, N. C.;* Botany Mills plans a big wool and synthetic-wool blends mill near *Aberdeen, N. C.;* A. A. Carrigan intends to build a hosiery mill at *Bethel, N. C.;* and Deering, Milliken & Co. have scheduled a new mill at *Greenville, S. C.*

The beginning of construction work on Union Carbide and Carbon Corporation's $30 million synthetic fiber plant at Spray, N. C. has been delayed pending receipt of an NPA Certificate of Necessity. The company does not intend to proceed with construction until this approval is obtained. Operations in the planned plant will produce 20 million pounds of dynel staple fiber annually—one of the newest miracle fibers in the acrylonitrile category. This output will about quadruple the present volume of the company. Part of the $30 million which Union Carbide will spend on dynel operations will go for facilities at Institute, W. Va. and South Charleston, W. Va. to produce vinyl chloride and acrilonitrile raw materials for the projected plant at Spray.

Steel Facilities Expanding

The largest plant expansion outlays to be announced recently in the fifth District is the $40 million scheduled for expenditure this year by Bethlehem Steel at the *Sparrows Point* mills. This outlay will be over and above the $45 million program started a year ago. The new additions and replacements will raise ingot production at Sparrows Point to 6 million tons annually by the end of 1953. Officials of the company have indicated their intention of making the Maryland plant, already the largest employer in the Old Line State, the largest steel mill in the world.

Adding to the importance of *Baltimore* as a steel center, A. M. Castle & Co., one of the largest independent steel distributors in the world, has selected this city for the location of the company's first eastern warehouse. The new facilities, including local offices, have been completed on a 68,000 sq. ft. site and are now in full operation.

Transportation—Air, Sea, and Land

The Fairchild Engine and Airplane Company's $6.9 million plant construction at *Hagerstown, Md.,* was reported to be one of the biggest contracts for heavy construction in the nation during the week ended February 21, accounting for more than 15% of the industrial total. Most of the outlays will go for enlarging the production space for the plant adjoining Municipal Airport. Preliminary work on the project is well under way. The expansion will enlarge production space of the plant to one-half million square feet.

Construction has begun on a new airport outside of Charlottesville, Va., and is scheduled for completion early in 1953. The city and Albemarle County will share equally with the Federal Government the airport's cost of $800,000. Charlottesville is broadening its industrial base by the decision of Specialties, Inc., a New York firm, to establish a plant there for the manufacture of aircraft instruments. The company plans ultimately to employ some 400 persons and add about $1.8 million to the annual payroll of the community.

Newport News Shipbuilding & Dry Dock Co. has announced plans for a four-story addition to its engineering and administration building. The structure will cost nearly $1.4 million and will take about 15 months to complete. Farther down the coast, the North Carolina State Ports Authority has embarked upon a $5 million port improvement program at *Wilmington*. New docks have already been completed, but work is still in process on modern warehouses and other port facilities. A similar project, costing $2 million, is nearing completion at *Morehead City*.

The Ford Motor Co. has recently moved its district sales office and parts depot into a new million-dollar building near *Richmond*. The former location in Norfolk will be converted to assembly facilities. The Richmond unit is a 543 x 242 ft. structure with special truck docks and railroad siding.

The Union Truck Terminal in *Charleston, W. Va.,* is rebuilding its truck freight terminal at a cost of about $750,000.

Of special interest to the District is the announcement by Standard Fruit and Steamship Co., the nation's second largest producer, importer, and distributor of bananas and coconuts and operators of a fleet of freight and passenger vessels, that it has selected Charleston, S. C., as its third port of entry in the United States. Its other terminals are in New York and New Orleans.

In the Hampton Roads area, the Norfolk & Western RR. will build a $300,000 pier shop and storage building at its Lambert's Point terminal in *Norfolk*. These facilities are part of the over-all classification yard project, but their cost was not included in the original estimated cost of $1,350,000.

Power for Atomic Energy Plant

Groundbreaking ceremonies for the construction of the $45 million steam generating plant of the South Carolina Electric & Gas Co. were held on February 28 at *Beech Island, S. C.* The new 300,000 k.w. installation, the eighth generating station in the company's system, will be one of the largest steam generating plants in the Southeast. The first two generating units totaling 150,000 k.w. capacity are scheduled to be completed and on line by the second half of 1953. The company has contracted to supply 30,000 k.w. of power from the new plant to help operate the Atomic Energy Commission's Savannah River project. The station will also serve the rapidly expanding industrial and residential needs of the area.

Another utility expansion of considerable size is the 1952 construction program, involving outlays of $28 million, recently announced by Consolidated Gas Electric Light & Power Co. of Baltimore. Included are the expenditures that will be made this year in starting construction of the Herbert A. Wagner plant on the west shore of the Patapsco River.

Other public utility programs include a $570,000 improvement and expansion project of the Chesapeake and Potomac Telephone Co. throughout Maryland; the erection of a $100,000 dial central office by The Home Telephone Co. in *New Haven, W. Va.;* and a $2 million pumping station and 6,000 acre gas storage field in *Upshur County, W. Va.,* by the Union Fuel Gas Co.

Aiding the Defense Effort

The explosives plant previously announced by E. I. du Pont de Nemours & Co. is now under construction at *Martinsburg, W. Va.* The 50-building plant will spread over some 400 acres of a 1,200-acre tract along the Potomac River. The Armed Forces are responsible for three projects currently under way in Virginia. Improvement and expansion of facilities at the Naval Amphibious Base at *Little Creek* will cost over a million dollars; additions to the aviation gas distribution system at the *Craney Island* depot will cost about $1.7 million; and almost $3.5 million will be expended on housing facilities at *Fort Eustis*.

Another note of interest in the housing field is the near completion of a $15 million apartment house in *Washington, D. C.* This is reported to be the largest apartment house in the world under one roof. It is located in the Rock Creek Park district of the nation's capital.

Business Conditions and Prospects

Continued from page 3

ago. This rate of production apparently is still too high to induce consuming industries to purchase more liberally, but announced curtailment of activity in many mills would point to a reduction in both cotton consumption and spindle operations during March. This has already had a salutary effect in the trades and a considerable amount of second quarter coverage of important constructions have been effected late in March.

Rayon yarn deliveries which had shown considerable pickup in January over December dropped in February back to the December level and stocks in producers' hands showed a further moderate increase. Rayon price cuts of acetate filament and staple yarns have been announced, but these have had little favorable effect on deliveries thus far. Several rayon producers have either cut operations or have announced a cutback effective in April. The filament yarn divisions of the Viscose Company will be shut down for several weeks in April. This should have a favorable effect on the market and will probably cause some reduction in producers' stocks.

The apparel industries in the District have shown variable tendencies with some operating full time and others cutting back output. In the main, these industries are running considerably below a year ago and the current market conditions have given no indications of much improvement. It would not take much improvement in demand, however, to create a tight situation in apparel lines.

The hosiery industry is operating at a considerably better level than in the summer and fall of 1951. Price structure, however, continues at a low and unprofitable level and manufacturers are gearing their operations to current market conditions. If improvement comes in the full-fashioned end for Easter delivery, activity may run at a high pitch for a short time. Government orders have been an important consideration in holding up operations in the seamless branch and it is understood that several of the large chain stores have made substantial fall commitments.

Bituminous Coal

Bituminous coal in the District during February rose 9% after seasonal correction above January, a level 23% ahead of a year ago. The February adjusted figure was exceeded only once in 1951. The export movement through Fifth District ports has slowed down from what it was in December and January but from January 1 to March 8 exports through Hampton Roads, Baltimore and Charleston ports totaled 8.1 million tons compared with 3.8 million tons a year ago. Domestic consumption of coal in January totaled 44 million tons, a drop of 4½% from a year ago. Gains were shown in public utilities and the steel industry and in other industrial consumption while retail deliveries dropped 9% below January a year ago.

While exports may drop for several months, it is probable that European requirements will call for an expansion of exports later on in the year. Domestic consumption should also show a moderate improvement from current levels when seasonal factors are taken into account.

Construction

A substantial revival took place in contracts awarded for construction during February with the District total up 27% on a seasonally adjusted basis from January. Total awards, however, were 25% under a year ago. In fact, all types of construction were under a year ago with the exception of apartments and hotels, which rose 1%. From January to February commercial building awards were down 38% on an adjusted basis. Public works and utilities were down 16%. All other types of construction show gains ranging from 4 to 185%. Total residential awards were up 61% with apartments and hotels up 185% and one- and two-family houses up 13%. Two large developments around Camp Bragg, North Carolina are chiefly responsible for the large gain in apartments and hotels. Certificates of necessity were issued for construction valued at $22,700,000 between February 16 and February 29, the largest of which included $5 million for the Western Maryland Railroad; $1,400,000, Rheem Manufacturing Company in Baltimore; $1,800,000, Morton Withers Chemical Company in Greensboro, North Carolina; $9,500,000, South Carolina Electric and Gas Company.

Industrial expansions during February included a $2½ million plant of M. Lowenstein and Sons at Anderson, South Carolina; $40 to $45 million expansion of Bethlehem Steel Company at Sparrows Point, Maryland; an engineering building of $1,400,000, Newport News Shipbuilding and Drydock Company at Newport News, Virginia; a $30,000,000 Dynel Staple Fiber Plant of Union Carbide and Carbon Company at Spray, North Carolina, and a $30,000,000 expenditure for equipment of the Glenn L. Martin Company's No. 2 Plant at Middle River, Maryland. The materials situation is considerably freer than was thought likely to be the case, and as a consequence, the level of construction will apparently be considerably better than originally indicated.

Farmers' planting intentions show probable acreages below goals in most crops and below plantings a year ago. Tobacco acreage, however, is indicated to be 1% higher than last year. Prices received by farmers during February were moderately lower than in January in all Fifth District states. The climatic factors in the early season have been favorable to farm operations and progress is about normal.

—B. P. C.

Prospects for Flue-Cured Tobacco Exports

Continued from page 4

To call a halt to this drain, the new Chancellor of the Exchequer, Richard A. Butler, set up new restrictions on imports in November, 1951, in January, 1952, and again in March, 1952, and specifically stated that imports of American leaf would have to be cut by $61 million or about one-fourth below 1951.

British tobacco stocks since the war have been considerably lower than they ever were before the war. In 1951 it was intended to build up stocks, and this is the principal reason that British imports of U. S. flue-cured tobacco in 1951 were 68% higher than in 1950. Assuming stable prices for flue-cured leaf, the new British economic program could mean that between 125-130 million pounds of U. S. leaf will be imported in 1952, roughly equal to 1950's imports.

Other factors in the immediate outlook include the competition of other countries and the final determination of the U. S. foreign aid program. Despite outside competition, the U. S. is still the world's leading producer of flue-cured tobacco, though other countries, encouraged by high prices and government guarantees, have increased their postwar production to compete for U. S. markets and, specifically, the British market. Southern Rhodesia has quadrupled its flue-cured crop since before the war (average 1936-40); Canada and India have more than doubled their production. In 1951, Britain imported 50 million pounds from Rhodesia, almost 22 million pounds from Canada, and 40 million pounds from India. The imports which total 112 million pounds compare with only 50 million pounds from the same three countries in the prewar years (average 1935-39). Due to restrictions on dollar imports, it may be expected that British buyers will continue to make every effort to buy from Commonwealth countries. On balance then, British purchases of our flue-cured tobacco will also depend on how much is forthcoming from the Commonwealth countries.

The longer-run outlook for flue-cured tobacco exports depends on the world trends in consumption and production with the key country, Britain, and the key question: Can Britain solve her dollar problem? The outlook also depends on how much other countries can increase their production. There are indications of a slow-down in the production rate in Southern Rhodesia which is increasingly concerned over the displacement of food crops by tobacco. There is no question as to the strength of world demand for flue-cured tobacco in view of its peculiar position as an "essential" commodity. However, the problem of "dollar availability" remains the crucial one for most nations. —M. B. T.

DEBITS TO INDIVIDUAL ACOUNTS
(000 omitted)

	February 1952	February 1951	2 Months 1952	2 Months 1951
Dist. of Columbia				
Washington	$ 1,044,976	$ 923,839	$ 2,303,154	$ 2,055,117
Maryland				
Baltimore	1,178,552	1,079,345	2,446,282	2,360,931
Cumberland	23,166	21,980	50,185	50,323
Frederick	21,760	18,115	44,245	37,288
Hagerstown	31,304	28,269	67,845	61,379
North Carolina				
Asheville	58,244	52,604	127,239	116,408
Charlotte	340,650	313,818	701,371	678,803
Durham	95,968	94,202	205,562	202,644
Greensboro	101,253	92,099	214,027	198,800
Kinston	17,535	14,764	39,054	33,009
Raleigh	163,313	136,815	337,749	286,349
Wilmington	43,027	37,316	91,156	80,153
Wilson	17,251	15,983	39,003	39,591
Winston-Salem	155,318	144,966	326,191	315,048
South Carolina				
Charleston	67,589	68,798	153,010	149,202
Columbia	137,237	114,130	281,818	235,486
Greenville	100,437	104,517	209,606	226,383
Spartanburg	66,041	60,656	140,483	136,849
Virginia				
Charlottesville	25,887	24,621	53,656	52,044
Danville	33,789	33,409	73,027	68,421
Lynchburg	42,834	44,511	90,709	89,907
Newport News	45,708	38,210	93,975	76,418
Norfolk	226,737	193,202	471,974	404,402
Portsmouth	26,739	22,814	55,222	48,484
Richmond	524,875	489,678	1,114,173	1,062,570
Roanoke	109,448	99,196	227,035	212,743
West Virgiina				
Bluefield	54,348	45,486	107,748	96,641
Charleston	148,438	134,552	352,899	301,786
Clarksburg	35,710	31,803	86,439	70,437
Huntington	65,620	58,151	144,987	130,310
Parkersburg	28,207	25,910	59,435	56,842
District Totals	$ 5,031,961	$ 4,563,759	$10,709,259	$ 9,934,768

50 REPORTING MEMBER BANKS—5TH DISTRICT
(000 omitted)

ITEMS	March 12, 1952	Change in Amount from Feb. 13, 1952	Change in Amount from March 14, 1951
Total Loans	$1,193,092**	+ 15,808	+ 21,130
Business and Agricultural	582,919	+ 11,011	+ 39
Real Estate Loans	243,051	+ 1,792	— 452
All Other Loans	382,707	+ 3,148	+ 22,984
Total Security Holdings	1,847,555	— 18,306	+239,935
U. S. Treasury Bills	274,974	— 18,575	+168,334
U. S. Treasury Certificates	175,510	— 9,320	+175,510
U. S. Treasury Notes	285,859	— 2,528	— 93,613
U. S. Treasury Bonds	884,285	+ 4,608	— 63,652
Other Bonds, Stocks & Secur.	226,927	+ 7,509	+ 53,356
Cash Items in Process of Col.	274,859	— 999	— 17,790
Due from Banks	171,540*	— 31,857	— 19,995
Currency and Coin	75,721	— 3,863	+ 4,120
Reserve with F. R. Banks	566,501	+ 35,160	+ 51,895
Other Assets	58,683	+ 1,846	+ 1,804
Total Assets	$4,187,951	— 2,211	+281,099
Total Demand Deposits	3,222,649	— 16,186	+194,201
Deposits of Individuals	2,455,030	+ 24,700	+158,119
Deposits of U. S. Govt.	66,787	— 13,931	— 16,290
Deposits of State & Loc. Gov.	178,288	— 7,285	+ 1,679
Deposits of Banks	465,033*	— 22,365	+ 45,088
Certified & Officers' Checks	57,511	+ 2,695	+ 5,605
Total Time Deposits	639,643	+ 1,622	+ 34,088
Deposits of Individuals	561,547	— 23	+ 11,211
Other Time Deposits	78,096	+ 1,645	+ 22,877
Liabilities for Borrowed Money	32,150	+ 8,550	+ 30,700
All Other Liabilities	38,060	+ 2,698	+ 10,467
Capital Accounts	255,449	+ 1,105	+ 11,643
Total Liabilities	$4,187,951	— 2,211	+281,099

*Net figures, reciprocal balances being eliminated.
**Less losses for bad debts.

SELECTED FIFTH DISTRICT BUSINESS INDEXES

AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED

	Feb. 1952	Jan. 1952	Dec. 1951	Feb. 1951	% Change—Latest Month Prev. Mo	Year Ago
Automobile Registration[1]	......	156	145	191	+ 8	— 34
Bank Debits	446	453	431	423	— 2	+ 5
Bituminous Coal Production	161	163	154	131	— 1	+ 23
Construction Contracts Awarded	484	381	740	641	+ 27	— 25
Business Failures—No.	36	39	42	51	— 8	— 29
Cigarette Production	......	257	221	240	+ 16	1
Cotton Spindle Hours	147	147	143	165	0	11
Department Store Sales*	109	114	109	116	— 4	— 6
Electric Power Production		358	355	339	+ 1	+ 6
Employment—Mfg. Industries[1]	......	153	155	152	— 1	+ 1
Life Insurance Sales	335	323	338	283	+ 4	+ 18

[1]Not seasonally adjusted.
*1947-1949=100. Back figures available on request.

BUILDING PERMIT FIGURES

	February 1952	February 1951	2 Months 1952	2 Months 1951
Maryland				
Baltimore	$ 7,065,375	$ 5,473,815	$10,377,930	$16,480,270
Cumberland	19,250	45,650	30,200	142,410
Frederick	146,925	77,000	503,707	338,225
Hagerstown	86,485	15,550	192,655	99,775
Salisbury	145,668	75,937	208,962	278,462
Virginia				
Danville	286,444	131,113	529,186	241,848
Lynchburg	153,420	186,375	296,214	658,958
Newport News	4,341,954	67,331	4,558,578	360,199
Norfolk	1,364,375	4,014,761	2,852,760	5,729,471
Petersburg	194,315	112,405	337,619	443,357
Portsmouth	260,150	342,890	4,352,010	645,395
Richmond	1,450,762	1,483,741	2,579,247	3,285,220
Roanoke	1,429,804	1,905,866	2,067,508	4,774,590
West Virgiina				
Charleston	306,123	312,892	480,473	821,238
Clarksburg	62,535	39,165	146,420	168,065
Huntington	349,380	305,840	474,851	1,090,840
North Carolina				
Asheville	255,433	146,895	398,095	2,320,292
Charlotte	1,354,722	4,252,141	5,207,799	6,451,008
Durham	439,168	329,337	839,245	1,023,629
Greensboro	579,920	594,667	1,405,374	1,658,027
High Point	248,810	258,085	506,070	710,394
Raleigh	1,775,300	299,850	4,015,127	1,430,431
Rocky Mount	290,076	143,264	616,397	489,314
Salisbury	56,450	36,875	142,050	242,915
Winston-Salem	1,079,293	2,211,167	1,610,336	2,848,862
South Carolina				
Charleston	133,829	129,684	267,427	329,378
Columbia	474,185	607,160	1,117,195	2,761,785
Greenville	538,690	941,252	1,295,177	1,738,709
Spartanburg	154,825	78,515	280,314	180,320
Dist. of Columbia				
Washington	4,398,000	8,559,788	7,892,060	15,208,079
District Totals	$29,441,666	$33,179,011	$55,580,986	$72,951,466

◆ ◆ ◆

WHOLESALE TRADE

LINES	Sales in Feb. 1952 compared with Feb. 1951	Jan. 1952	Stocks on Feb. 29, 1952 compared with Feb. 28, 1951	Jan. 31, 1952
Auto supplies (8)	—38	—15	+ 4	+ 2
Electrical goods (4)	— 2	— 3	......	....
Hardware (16)	—12	— 6	+ 13	+ 1
Industrial supplies (6)	+10	+15	+ 23	+ 1
Drugs & sundries (12)	+15	— 9	+ 6	0
Dry goods (15)	—17	+14	— 19	+ 6
Groceries (47)	+ 5	—15	+ 9	+ 1
Paper & products (6)	— 7	— 9	......	...
Tobacco & products (9)	+11	— 6	+ 3	0
Miscellaneous (85)	— 7	+11	0	0
District Totals (208)	— 4	— 1	+ 2	+ 1

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

RETAIL FURNITURE SALES

STATES	Percentage comparison of sales in periods named with sales in same periods in 1951 Feb. 1952	2 Mos. 1952
Maryland (7)	+ 24	+ 8
Dist. of Col. (7)	— 4	— 7
Virginia (18)	+ 11	+ 4
West Virginia (10)	+ 13	+ 12
North Carolina (16)	+ 12	+ 6
South Carolina (5)	— 7	— 15
District (63)	+ 7	0
INDIVIDUAL CITIES		
Baltimore, Md. (7)	+ 24	+ 8
Washington, D. C. (7)	— 4	— 7
Richmond, Va. (6)	+ 17	+ 10
Charleston, W. Va. (3)	+ 3	+ 2

Number of reporting firms in parentheses.

◆ ◆ ◆

DEPARTMENT STORE OPERATIONS

(Figures show percentage changes)

	Rich.	Balt.	Wash.	Other Cities	District Total
Sales, Feb. '52 vs. Feb. '51	– 5.7	– 2.4	– 4.5	– 2.2	– 2.3
Sales, 2 mos. '52 vs. 2 mos. '51	– 7.2	– 5.4	– 7.1	– 3.9	– 5.6
Stocks, Feb. 29, '52 vs. '51	—13.0	– 4.9	+ 5.1	– 6.7	– 3.0
Outstanding orders, February 29, '52 vs. '51	—34.8	—35.2	—34.4	—19.0	—33.2
Current receivables Feb. 1 collected in Feb. 1952	26.4	43.5	37.1	36.3	36.2
Instalment receivables Feb. 1 collected in Feb. 1952	14.3	13.9	16.0	18.2	15.2

	Md.	D.C.	Va.	W.Va.	N.C.	S.C.
Sales, Feb. '52 vs. '51	+2.0	—4.5	—1.9	+1.1	—5.4	—5.8
Sales, 2 Mos. '52 vs. '51	—5.5	—7.1	—4.0	—3.2	—6.6	—4.1