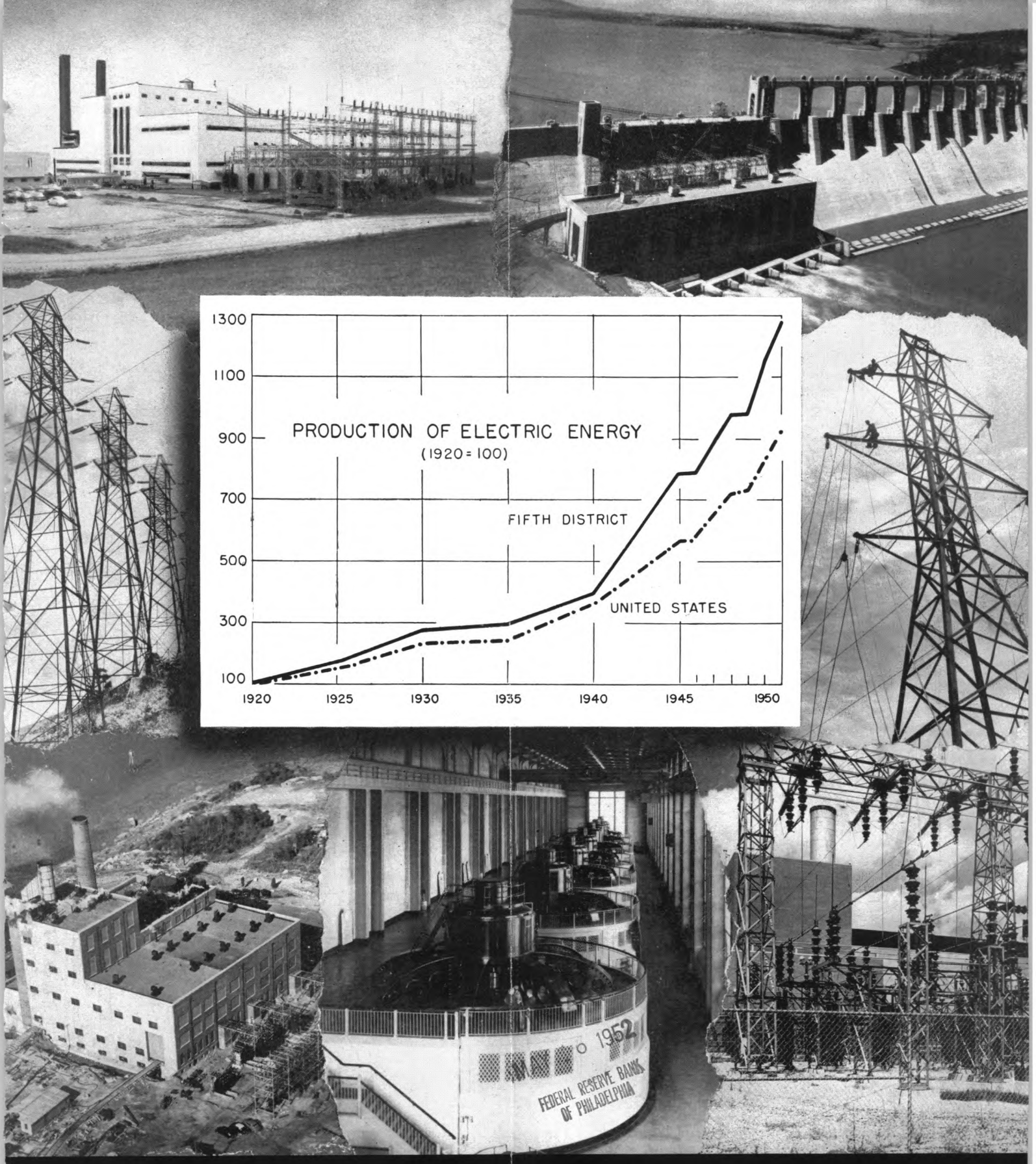
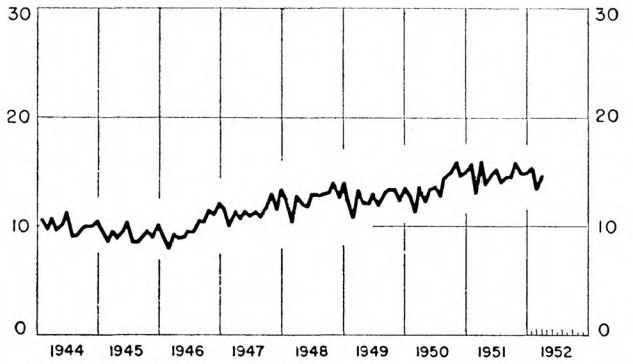


Monthly Review

FEDERAL RESERVE BANK OF RICHMOND — May 1952

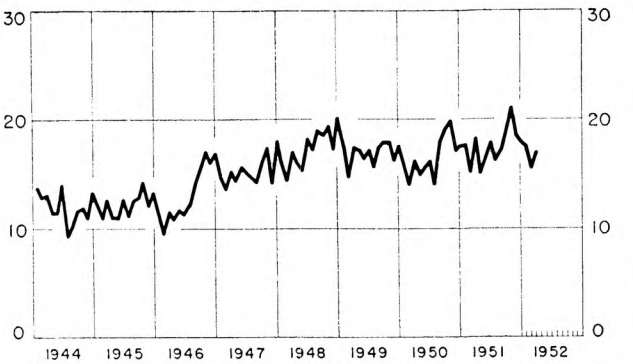
DEPOSIT TURNOVER
(ANNUAL RATE)

FIFTH DISTRICT



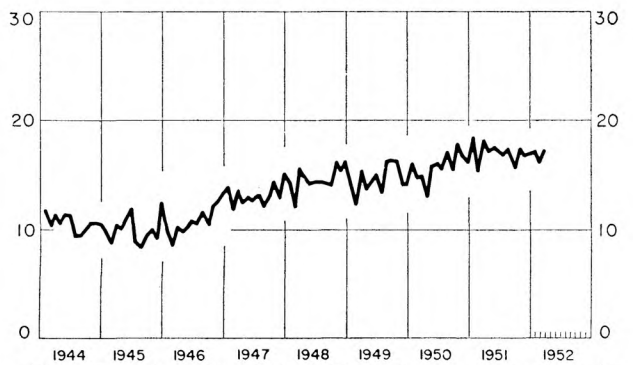
With bank deposits at an all-time high seasonal level at the end of March and in a rising trend, it is interesting to observe what has happened to their rate of turnover. As the chart shows, the general level of turnover is higher than it has been at any time since 1942. The current rate of turnover for March at 14.5 times on an annual basis is 6% below the peak of 1951, but 8% higher than in February.

RICHMOND, VIRGINIA



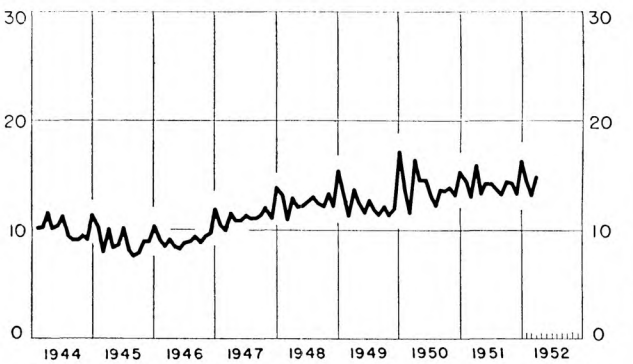
The rate of growth in bank deposits has been somewhat less in Richmond than in the District as a whole, but because of a drop in March last year, the year to year change shows 8% compared with 8.6% for the District. Richmond's deposit turnover rate in March of 17 times was up 10% from February, but 6.5% under March last year. March turnover last year had risen fairly sharply to compensate for the drop in deposits.

BALTIMORE, MARYLAND



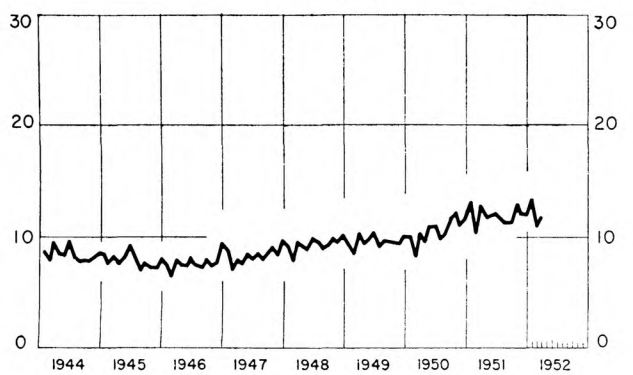
The trend of bank deposits in Baltimore has been upward for the past two years with deposits at the end of March up 2% from February and 3.6% over March a year ago. The rate of turnover of these deposits in Baltimore, however, has flattened off since early in 1951. Turnover in March at an annual rate of 17.3 times compares with 16.2 in February and 18.3 in March 1951.

NORFOLK, VIRGINIA



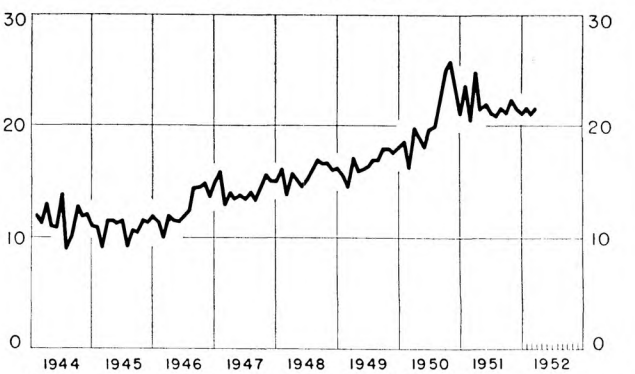
Except for cities in the tobacco marketing areas and in Columbia, South Carolina, bank deposits in the Hampton Roads area have risen more rapidly than any other area in the District. In Norfolk deposits in March were 19% higher than a year ago; at Portsmouth they were up 18%; and in Newport News, 26%. Deposit turnover in Norfolk in March at 14.9 times was 7% under a year ago.

WASHINGTON, D. C.



Bank deposits in the District of Columbia increased 8% in March over a year ago and the trend is still upward. The annual rate of deposit turnover of 11.6 times in March was considerably below the rate of 14.5 for the District. March turnover in Washington, D. C. was 6% higher than in February and 8.5% under a year ago.

CHARLOTTE, NORTH CAROLINA



The bank deposit rise in Charlotte, North Carolina has been considerably better than the District average. In March the gain over a year ago amounted to 12% compared with 8.6% for the District. The annual rate of deposit turnover in Charlotte of 21.5 times in March, however, is 13% under a year ago. Turnover in Charlotte has about doubled since the end of the war.

The Power Behind the Growth of the Fifth District Economy

ELECTRICITY has become such an integral part of everyday living and working that it is almost a trite observation to point out how utterly dependent the nation has become upon it. Its meteoric development makes it difficult to realize that this indispensable ingredient of the modern economy was known only as a curiosity less than 75 years ago. Today, however, the country could neither live in peace nor wage war without this invisible essential force.

In its rapid rise to a paramount position in the American economy, the electric power industry has both fostered and been fostered by ever-growing groups of electrical equipment industries. One group, for example, comprises heavy equipment for electrical generating, transmission, and distribution; another includes appliances and equipment for industrial uses; a third group consists of electrical equipment for various forms of transportation and communication; and another large and rapidly expanding group is that of electrical appliances for the home. In each case the availability of abundant cheap power has led to new uses in every direction, which in turn have provided a continually increasing demand for electrical energy.

The still-growing dependence of industry, commerce, the home, and more recently, agriculture on electrical energy supports the contention that this may well be called the "electrical age." These brief notes on the industry that has brought this about are in answer to interest expressed by bankers and businessmen of the Fifth District. Emphasis is on developments within this five-state area, and because of space limitations consideration of power generated by public authorities is restricted to the inclusion of production and capacity data in the aggregates discussed.

High-Powered Progress

The very substantial growth of electric power facilities and production in the Fifth District during the last few decades reflects clearly the whole story of the industrial progress of this region. It is a summary also of the postwar housing boom, the increased use of electrical household appliances, and the greater requirements of commercial and other users of electric energy. In short, electric power statistics are a good indicator of the increased levels of business activity in the District as well as an index of an industry growth that is astounding even in times when record-high performances are commonplace.

Credit for the cover photos are acknowledged as follows: top left, Virginia Electric and Power Co., top right and center right, Appalachian Electric Power Co., center left, Duke Power Co.; bottom, left to right, South Carolina Electric and Gas Co., The Susquehana Electric Co.; Monongahela Power Co.

It is to be expected that gains recorded by as relatively young an industry as electric power—measured from the small bases of its formative years—would be impressive. However, even if comparisons are limited to fairly recent years, they disclose very rapid growth trends. Going back only three decades, for example, it is found that the production of electric energy by private and public utilities in the United States increased from 39 billion kilowatt-hours in 1920 to 370 billion in 1951—over a ninefold increase. Even this phenomenal rate of growth was overshadowed by the performance of utilities in the Fifth District. Here private and public power producers saw their output rise from 3 billion to 37 billion kilowatt-hours—over a twelvefold increase. Adding the amount of power generated by non-utility companies for their own use to the 37 billion kilowatt-hours produced by utilities gives a total output of 47 billion kilowatt-hours for the Fifth District in 1951—10.8% of all the electric energy generated in the nation.

In line with the prevalent expectation at the end of the war that the postwar period would be characterized by a substantial downturn in business activity, it was thought that the demand for electrical energy would diminish. This appeared to be a reasonable expectation also because so much of the demand from 1940 to 1945 had been for war purposes. To the contrary, however, the demand continued to build up, and power production went on to still new record outputs. There were, of course, small areas here and there that had particularly difficult reconversion problems which resulted in curtailment of local demand, but in the aggregate power output continued almost month by month to reach record levels. In just the six years since the end of World War II private and public utilities in the United States have had to increase their production of electric energy 66%. Utilities in the Fifth District expanded their output at practically the same rate, showing a 64% gain, and consequently were able in 1951 to account for about the same proportion of the national total, 10.1%, as had been reached during the war.

Postwar expansion of power generated by Fifth District industries for their own purposes amounted to 21%, lagging behind the national increase of 34%. This was a consequence of a protracted period during 1950-51 of unusually light precipitation over a large part of the Fifth District that forced a substantial curtailment of power production by hydro-electric stations of industrial companies. The District user-owned total of 9,611,000,000 kilowatt-hours in 1951 was 15.5% of the total generated by all industries in the country, slightly under the 17.1% reached by the end of World War II.

It should be pointed out that the proportion of the national total of energy produced in the Fifth District, 10.8% in 1951, exceeds the figure that might be ex-

GENERATION OF ELECTRIC POWER IN FIFTH DISTRICT IN 1951
(Millions of Kilowatt Hours)

	By Utilities			By Industry			Total		
	Hydro	Fuels	Total	Hydro	Fuels	Total	Hydro	Fuels	Total
Maryland	1,456	3,833	5,289	5	1,433	1,438	1,461	5,266	6,727
District of Columbia	4	1,703	1,707	.....	34	34	4	1,737	1,741
Virginia	616	6,818	7,434	89	2,033	2,122	705	8,851	9,556
West Virginia	455	8,813	9,268	548	2,321	2,869	1,003	11,134	12,137
North Carolina	2,342	7,563	9,905	1,228	918	2,146	3,570	8,481	12,051
South Carolina	1,479	2,207	3,686	74	928	1,002	1,553	3,135	4,688
Fifth District	6,352	30,937	37,289	1,944	7,667	9,611	8,296	38,604	46,900
Hydro & Fuel Production as % of Totals	17.0	83.0	100.0	20.2	79.8	100.0	17.7	82.3	100.0
Fifth District of United States	6.4	11.4	10.1	42.3	13.3	15.5	7.9	11.8	10.8

Source: Federal Power Commission, *Electric Power Statistics*, Washington 25, D. C.

pected on the basis of a number of other economic comparisons. For example, it is larger than the District's proportion of the nation's population, production workers, manufacturing enterprises, value added by manufacturing, or outlays for new industrial plant and equipment. As pointed out elsewhere, not all the power generated within the District is transmitted to the looms and lathes of District industries or is servicing residential, commercial and other users in this area. Substantial amounts are "exported" from the District over such high-voltage lines as those shown in the cover photographs.

Greater Capacity Requirements

The requisite factor for the sharp gains in production of electrical energy has been a steady increase in generating capacity. During the thirties there was a lag in the earlier rate at which the installed capacity of utility companies had approximately doubled every six years. With the tremendous urgent demand for power imposed by World War II there was a sharp upturn in construction of utility plants which continued unabated after the cessation of hostilities. The latest data available show that in the five years ended with 1950, the generating capacity of private and public utilities in the United States expanded some 37%. Similar growth in the Fifth District amounted to only 27% as a consequence of the failure of hydro installations to expand. District utility steam plants, however, increased their capacity by 42%—almost matching the nation's growth of 45% in such generating equipment.

The self-generating capacity of industrial plants, on the other hand, in the Fifth District expanded faster than did this total for the nation in the period 1946-50. However, the differential was not sufficient to offset the slower District rate of expansion of capacity by utilities, and the net result was that total installed capacity, of private and public utilities and of industrially owned power plants, fell from 11.1% of the national total in 146 to 10.4% at the end of 1950. This relative decline should not obscure the fact that the 8,619,000 kilowatt capacity of Fifth District power plants in 1950 was almost one-fourth greater than the 1946 figure.

Record Production Reflects Business Conditions

Sales of electric energy by Fifth District utilities to residential users have been growing rapidly and steadily in the postwar years. This reflects not only the high level of residential construction, but also the rapid growth of the home appliance industries during this period. Sales to residential users in 1951 were 2¼ times the 1946 level. The rate of growth of the residential use of electricity has been almost constant at about 17% each year since 1946. With residential building in 1952 expected to fall only slightly short of the 1951 level, it is reasonable to expect that this rate of growth will continue through the coming year.

Fifth District public utilities sold 69% more electric energy to industrial and commercial establishments in 1951 than in 1946, reflecting the high levels of business activity of the postwar period. Sales of electrical energy for commercial and industrial uses followed the pattern of business behavior very closely in the postwar years. Such sales dipped in the reconversion year 1946 and again in the recession year 1949. All other years saw sales at a high level matching business activity.

Sales by Fifth District utilities in 1951 to municipalities, railways, and rural users ("other sales"), although 29% above 1946, have grown at a slower rate than sales to residential, commercial, and industrial users. In 1946 other sales took over one-third of the total energy produced, while in 1951 they accounted for 28% of the total.

80% of District's Energy Produced by Fuels

The generation of electric power by fuels (i.e., with steam or internal combustion engines) in the Fifth District has been growing at a much more rapid rate than generation by water power. In 1946 hydro generation by utilities accounted for over one-third of their total

USERS OF ELECTRIC ENERGY IN THE FIFTH DISTRICT
SALES BY CLASS A & B PUBLIC UTILITIES
(Millions of kilowatt hours)

Year	Residential	Commercial & Industrial	Other	Total
1946	2,319	11,227	7,443	20,989
1947	2,690	13,110	7,901	23,701
1948	3,243	14,527	6,793	24,563
1949	3,789	13,816	8,694	26,299
1950	4,459	16,142	9,330	29,931
1951	5,232	18,969	9,592	33,793
Percentage increase 1946 to 1951	+125.7	+69.0	+28.9	+61.0

Source: 1946 through 1950—Federal Power Commission, *Statistics of Electric Utilities in the United States.* 1951—Class A and B utilities in the Fifth District.

whereas by 1951 hydro generation had declined to less than one-fifth. Not only has hydro generation by utilities fallen relative to other methods of power production but the actual number of kilowatt-hours produced in this manner has also declined, 1951 production being 15% below 1946. Fifth District production of electric energy by fuels, on the other hand, has been increasing steadily; production by utility companies in 1951 being 102% above 1946. This trend is also reflected in generating capacity. Plant and equipment of Fifth District utilities for the generation of electricity by fuels in 1951 was 68% above 1946. Capacity for water generation, however, was less than 2% above 1946.

Industry producers, as in the case of the public utilities, generate the major share of their power requirements by fuels. In the Fifth District, such producers generated 10% less electrical energy with water power in 1951 than in 1946 while over the same period they generated 32% more with fuels. Fuel production accounted for 80% of total energy production by Fifth District industries in 1951. In the nation as a whole, owner-users generated 93% of their requirements with fuels.

West Virginia and North Carolina Lead the District

West Virginia and North Carolina together produced over half of all the electric energy generated in the Fifth District in 1951, each producing about one-fourth of the District total. Virginia followed in third place with one-fifth of the total.

North Carolina alone accounted for 43% of the District's 1951 hydro production of electric energy. West Virginia led in the generation of electric energy by fuels with 29% of the District total.

Owner-users in the Fifth District produced one-fifth of all the power generated in the region in 1951. Those in West Virginia took 30% of total owner-user production and relied on fuel-generation for over four-fifths of their self-supply. Industry producers in North Carolina, on the other hand, covered over half of their needs with hydro-electricity and accounted for almost two-thirds of hydro-production by owner-users in the region. Industry producers in Maryland, Virginia, and South Carolina rely almost entirely on fuel production, meeting well over 90% of their needs in this manner.

North Carolina led the District with 27% of the total energy produced by utility companies. Less than one-fourth of their 1951 production came from water power, presenting a sharp contrast with industry producers who relied on hydro generation for 60% of their output.

Fifth District utility companies accounted for 10% of all the electric energy produced in 1951 by utilities in the United States. They produced 80% of all the electricity generated in the Fifth District.

Continued Rapid Expansion Planned

The Defense Production Administration is sponsoring a program calling for a total national capacity of 107,000,000 kilowatts by the end of 1954. The program is based on the recommendations of a power advisory committee composed of representatives of the industry, and calls for a national expansion in capacity of about 9,000,000 kilowatts in 1952, 11,000,000 in 1953, and 12,000,000 in 1954.

Data supplied by sixteen of the twenty-four Class A and B public utilities in this District reveal that new generating equipment in process of construction or to be put under construction this year will provide the region with an estimated 2,142,000 kilowatts of additional capacity. Since the cost of constructing generating capacity today is at the rate of approximately $200 per kilowatt, the 2 million kilowatts of new capacity already contracted for by these utility companies will give a sizeable stimulus to the region's economy. Since it takes from three to four years to complete a generating plant, the investment stimulus provided by this industry's present plans alone will thus reach well into 1955.

—R. P. L., E. M. D.

Retail Credit Trends During 1951

A MODERATE shift in consumer buying from durable to nondurable goods coupled with a decline in the relative importance of instalment sales in 1951 characterized operations of the nine lines of trade reporting in the Retail Credit Survey recently conducted by the Federal Reserve Bank of Richmond. Retailers of automobiles, furniture and household appliances reported declines in sales while retailers of primarily soft goods reported gains in sales. However, among the different lines of trade, changes in sales moved in a very narrow range, the extremes being a 10% gain and a 7% decline.

Over-all consumer demand remained high and sales exceeded by 2% the record dollar volume of the previous year. Cash sales in postwar years had shown a declining proportion of total sales, but in 1951 dollar volume of cash sales rose and held at the same percentage of total sales as in 1950. The growth in charge account business both absolutely and relatively offset the moderate decline in instalment sales. Over-all accounts receivable increased slightly but the gain was due to a rise in charge account components of credit receivables as instalment receivables receded from the previous year's level.

More than 800 stores with 1951 sales totaling approximately $750 million reported in the Fifth District survey, which covered credit-granting retail stores only. It is interesting to note that changes in sales of reporting stores from 1950 to 1951 do not vary greatly from national trends shown by the Department of Commerce. The Department's figures show that national retail sales in 1951 were 5% above the preceding year.

While the dollar volume of reporting stores advanced in 1951, the physical volume of goods was below the 1951 level. The Department of Commerce reported that although the rate of increase in prices of goods sold at retail stores in the United States slowed after the beginning of 1951, the average was up about 9% over the preceding year.

Sales Trends in Selected Lines

Sales in 1951 advanced over those in 1950 in six of the nine types of stores, while automobile dealers, furniture stores and household appliance stores registered declines. (See Table I.) For automobile dealers it was the first decline since World War II. Some of the decline in consumer spending at the three types of stores showing sales declines was a reaction to an earlier overbought condition. Apparently consumer expenditures at these three types of stores were also restrained to some degree by the credit controls under Regulation W. These three types of retailers more typically extend credit subject to Regulation W than do other types of retailers. Although consumer credit restrictions were eased after the middle of 1951, the Department of Commerce reported that no marked effect in the stimulation of sales of consumer durables resulted.

Women's apparel stores with a 10% gain in sales over 1950 made the best showing of any of the retail lines surveyed. Department stores also had a good year with 1951 sales rising 6% above 1950. Other types of stores included in the survey—men's clothing, jewelry, automobile tire and accessory, and hardware—reported sales gains ranging from 3% to 5%.

In general retailers rang up more cash sales in 1951 than in 1950, though automobile dealers were an exception. Even furniture stores which experienced a 4% decline in total sales recorded a 2% gain in cash sales. As a percentage of total sales, cash sales were of greater importance or remained stable in all lines except women's apparel stores, jewelry stores and automobile dealers. Among these three lines, automobile dealers

Table I

RETAIL SALES BY TYPE OF STORE, FIFTH DISTRICT, 1950 and 1951

Type of Credit-Granting Store	Percentage Change, 1950 to 1951					Per Cent of Total Sales					
	Number of Stores	Total Sales	Cash Sales	Charge Account Sales	Instalment Sales	Cash Sales		Charge Account Sales		Instalment Sales	
						1950	1951	1950	1951	1950	1951
Women's Apparel	30	+10	+ 9	+ 9	+24	43	42	52	52	5	6
Department	189	+ 6	+ 6	+ 7	+ 3	40	40	47	48	13	12
Hardware	51	+ 5	+ 4	+ 7	— 3	46	46	48	49	6	5
Automobile Tire and Accessory	89	+ 4	+10	+11	— 5	42	45	17	17	41	38
Men's Clothing	35	+ 3	+ 1	+ 3	+17	38	38	59	59	3	3
Jewelry	31	+ 3	+ 3	+ 4	+ 2	38	37	14	15	48	48
Furniture	113	— 4	+ 2	—18	— 1	15	16	20	17	65	67
Automobile	130	— 7	—10	+ 3	— 6	48	46	12	13	40	41
Household Appliance	113	— 8	*	— 4	—11	16	18	18	19	66	63

*Less than one-half of 1 per cent.

reported the largest decline in the importance of cash sales, but the drop was not substantial—only 2%.

Charge Account Sales and Receivables

That customers made extensive use of charge accounts in 1951 is shown by the over-all increase of 6% in this type of sales at credit-granting stores. More than one-half of all sales made at women's apparel and men's clothing stores and almost one-half of all sales made at department and hardware stores were charge account. All types of retailers except furniture stores and household appliance stores reported gains in charge account sales. At the same time the relative importance of charge account sales increased or remained stable in all trade lines except furniture.

Charge accounts receivable on December 31, 1951, in the nine trades ranged from 5% below a year earlier to 12% above. The largest increase was shown by department stores which also showed one of the largest increases in charge account sales. Despite a gain of 7% in charge sales, hardware stores showed the greatest drop (5%) in charge accounts receivable.

Collections information was not included in the 1951 survey, but the ratios of charge accounts receivable to charge account sales indicate that collections were slower in 1951 in only three lines—department, furniture, and household appliance stores. The average repayment period for charge accounts of furniture stores rose from slightly more than 70 days in 1950 to more than 90 days in 1951. The collection period for department stores averaged more than three months in both 1950 and 1951. Women's apparel, men's clothing, and jewelry stores also collected their open accounts slowly averaging about 90 days or longer in both years. Automobile dealers as a group adhered more closely to a 60-day definition of charge accounts than any other group in the survey.

Instalment Sales and Receivables

Instalment sales of all reporting stores in 1951 declined 3% from 1950. The largest declines occurred in those lines of trade in which instalment sales are of greatest relative importance, jewelry stores being an exception with a sales rise of 2%. Women's apparel stores and men's clothing stores showed sharp increases in instalment sales; however, such sales accounted for only a small part of their total business.

As usual, instalment sales represented a greater percentage of total sales at durable goods than at nondurable goods stores. The types of credit-granting stores which extended instalment credit most frequently included furniture, household appliance, jewelry, automobile, and automobile tire and accessory. Reporting furniture stores sold a greater proportion (two-thirds) of their goods on an instalment basis in 1951 than did any other line. Household appliance store instalment sales accounted for almost two-thirds of total sales. Jewelry stores transacted almost one-half of their business on an instalment basis. In the case of automobile dealers, instalment sales comprised about two-fifths of total sales. A similar proportion of instalment business was reported by automobile tire and accessory stores.

Household appliance stores, which showed the largest decline in instalment sales of any line covered, reported an even greater decline in instalment receivables. Similarly at other retail outlets reporting declines in instalment sales—automobile dealers, automobile tire and accessory stores, and hardware stores—there was a more than proportionate decline in year-end receivables. Percentage increases in instalment accounts receivable at department stores, women's apparel stores and men's clothing stores were accompanied by even larger percentage increases in instalment sales.

Instalment Paper Sold

Sellers of hard goods financed a large proportion of their instalment sales through banks, finance companies and others in both 1950 and 1951. Selling of instalment paper was practiced more widely by automobile firms than any other group of retail establishments in the District. Automobile dealers sold paper equivalent to 46% of their instalment sales volume last year compared with 45% in 1950. These dealers themselves held receivables at the end of 1951 representing only 3% of their total instalment sales. (Down payments and trade-in allowances included in instalment sales accounted for 49% of the instalment sales volume of automobile dealers in both 1950 and 1951.)

Instalment paper sold by household appliance stores in 1951 amounted to 48% of their instalment sales, an increase of 4 percentage points from the preceding year. Although two-thirds of furniture store sales were on instalment, these stores carried the bulk of instalment paper originated, with their receivables on December 31 equal to more than one-half of total instalment sales. Automobile tire and accessory stores reported an increase of 13% in the sale of instalment paper to financing institutions in 1951. The proportion of paper sold by such stores represented more than one-fourth of their instalment sales volume. The negligible amount of paper sold by other retailers indicated they found it relatively profitable to do their own instalment financing.

Inventories

Inventories at the end of last year were higher in dollar volume than for the same period in 1950 at four types of stores. Despite the fact that production of new cars drifted downward from the spring of 1951, the dollar volume of inventories held by District automobile dealers at the year's end was 12% higher than one year earlier. Hardware, department and household appliance stores also showed increases in stocks. The greatest reduction in stocks—22%—occurred at women's apparel stores. The only other type of trade to show a

Continued on page 11

Business Conditions and Prospects

THE improvement noted in the business level during February failed to carry through in March. In fact March business activity receded to the January level. Department store trade during the month strengthened but furniture store trade weakened and sales of wholesalers showed mixed trends. Defense industries continued to impart considerable strength to the economy of the District, but this has been more than offset by weakness in the soft goods industries and in demand for bituminous coal.

Anticipated revival in the cotton textile industry is still deferred. As of late April, operations in this industry appear to be below those of March, with the tendency of many plants to curtail further.

Loans of all member banks on March 26 rose .8%, when ordinarily there is a seasonal decline from the month before. Time deposits continued upward moderately during the month, net cashing of Series E bonds was $1 million higher than in February, but less than half the amount of March 1951.

Latest data on farm income show a small gain over a year earlier, while total employment is fairly steady with gains in construction and defense connected industries offsetting weakness in the principal industries of the District.

Cotton Textiles

March operations in the District's cotton mills were slightly below those of February, with seasonally adjusted consumption down 3% and spindle hours off 1%. April figures may show a further drop, but the time is approaching when improvement is indicated. Although the figures are not available on the inventory position of the converters and cutters, informed sources of the trade believe these to be worked down to very low levels. The "rush" notation placed on many current orders at the mill level would seem to bear out this contention, and the irregular rising trend of sales of cotton goods items in department stores attests the strength of retail demand.

The export market for finished cotton goods and semi-manufactures has given a good account of itself, with February figures above a year ago by 25% and 56% respectively. This is in spite of the fact that cotton textile output in many foreign countries has been declining similarly to that in United States.

The quoted price structure for cotton goods and yarns has held quite firmly, but it is the impression that nearby orders can be effected below these levels. At the current price level, the industry as a whole would do well to break even and such a situation cannot long exist. It has already continued long enough to be a cause of considerable concern.

Bituminous Coal

Bituminous coal output in this District in March dropped 15% below February (seasonally adjusted) to a level 5% below a year ago. This was, in part, due to the drop in output at the captive mines in preparation for a pending steel strike in the last week of March and partly due to a continued decline in exports. Coal exports have dropped sharply from earlier months with the total through Fifth District ports amounting to 2.2 million tons between March 8 and April 5. This brings the year's total through April 5 to 10,300,000 tons, which compares with six million tons a year ago. Domestic consumption for the United States in February was 4% under a year ago.

Employment levels in the industry in this District have held steady for months, but many mines are operating around three days a week. Stocks of coal in consumers' hands rose a million tons from January to February to 76 million tons, continuing the high stockpile policy.

Defense Industries

Defense industries in the Fifth District are mainly shipyards and aircraft factories and to a lesser extent, the machinery industries and defense construction. While total manufacturing operations in the District as indicated by the employment level have been moderately receding since fall, the defense industries have continued a sharp expansion. Employment at shipyards and aircraft factories combined is 40% higher than a year ago and 82% above June 1950, and the level is still rising. Latest figures available show employment in the private shipyards in the South Atlantic area, which are for the most part in the Fifth District, of 18,800, a gain of 58% over a year ago and 138% over June 1950. In the Navy yards in the same area, employment in January was 24,400, a gain of 25% over a year ago and 64% over June 1950.

On March 18, the House Armed Services Committee approved a bill authorizing construction and reconversion of 554 Navy ships at a cost of $1,145 million. Either private or naval shipyards in this area undoubtedly will share in this construction.

Machinery industries of the District, owing to the defense program, are still expanding their employment levels. The rate of expansion is not quite as rapid as it had been earlier, but it is still rising at the rate of 10% per annum. February employment in machinery industries of the District is 38% higher than in June 1950, with an upward trend still in evidence.

Defense has been primarily responsible for a very substantial rise in construction employment in the Carolinas and Virginia. These states are largely responsible for the rise in the District. Employment in contract construction in February totaled 269,000, a gain of 23% over a year ago and 50% over February 1950. In the states of Virginia, North and South Carolina, employ-

ment and contract construction in February of 181,600 was 41% ahead of a year ago and 78% ahead of February 1950.

Defense has also added substantially to Government employment. In February, both state and local governments in this District employed 785,300 workers. This was 51,000 or 7% larger than a year ago and 116,200 or 16% higher than in June 1950.

Trade

March department store sales (seasonally adjusted) recovered the loss shown between January and February by rising 5% above February to a level 9% ahead of a year ago. Store inventories (adjusted) were at the same level as in February and 2% ahead of a year ago. Sales of women's coats and suits did well in March and exceeded the figure a year ago despite the influence of Easter in last year's figures. Store commitments, however, were smaller than in the previous month, with March outstanding orders down 3% from February and 19% below a year ago.

The up-trend in furniture store sales during February did not carry over into March. March sales (adjusted) declined 13% from February but were still 18% ahead of a year ago. Accounts receivable in furniture stores in March were at the same level as in February and the same as a year ago. Collections in March were somewhat poorer than in February (down 6%) and 2% below a year ago. Inventories (adjusted) advanced 1% but were 14% smaller than last year.

Passenger automobile sales in February dropped 13% from January and were 29% below a year ago. Commercial car sales in February were down 16% from January and 20% under a year ago. Household appliance store sales in March declined 8% from February and were 20% below a year ago.

Banking

Business loans of the weekly reporting banks in this District have been holding up well since normally at this season of the year a reduction is expected. A rather sharp up-turn in the past two months has been witnessed in trade loans, presumably anticipating Easter trade. Loans on defense contracts have been steady most of the year, and the same has been true of defense supporting activities, though in the week of April 16, loans for defense supporting activities have turned upward. Loans to textile and apparel concerns, which had a substantial rise from late November to late February, have since turned down moderately. Loans to metals and metal products concerns have shown a sharp rise in the past month. The over-all stability in business loans may be due in part to the need for replenishing working capital after heavy tax payments on March 15.

Real estate loans are still maintaining the up-trend in evidence since last fall, and a gradual upward trend is still in evidence in "other" loans, which are mainly to consumers.

Demand deposits (excluding interbank) of all member banks in the District on March 26 were nearly 1% higher than the month earlier and nearly 8% above a year ago. Time deposits rose slightly during March to a level 6% above a year ago.

Interestingly, member bank holdings of other securities rose 1.3% during March to a level 28% ahead of a year ago. Although these holdings on March 26 amounted to only $411 million, the gains are impressive.

Although the bank debits index for this District in March remained close to the February level, there were some fairly notable changes within the District. A sharp drop occurred in South Carolina and smaller declines in D. C., West Virginia and North Carolina. Maryland showed a small rise, and Virginia a substantial rise to a new high level. Deposit turn-over in March was somewhat higher than in February but still below that of January or a year ago.

Agriculture

The farming season is progressing satisfactorily. Indicated crop acreages are moderately below last year, and over-all production, given a normal growing season, should, therefore, be somewhat below last year. Livestock marketings may well run ahead of last year. The price situation is less favorable than for some months. —B. P. C.

RETAIL FURNITURE SALES

STATES	Percentage comparison of sales in periods named with sales in same periods in 1951: Mar. 1952	3 Mos. 1952
Maryland (7)	+ 3	+ 6
Dist. of Col. (7)	— 5	— 7
Virginia (18)	— 4	+ 1
West Virginia (10)	+ 31	+ 19
North Carolina (15)	+ 6	+ 1
South Carolina (6)	— 14	— 9
District (63)	+ 1	0
INDIVIDUAL CITIES		
Baltimore, Md. (7)	+ 3	+ 6
Washington, D. C. (7)	— 5	— 7
Richmond, Va. (6)	— 2	+ 6
Charleston, W. Va. (3)	+ 44	+ 18

Number of reporting firms in parentheses.

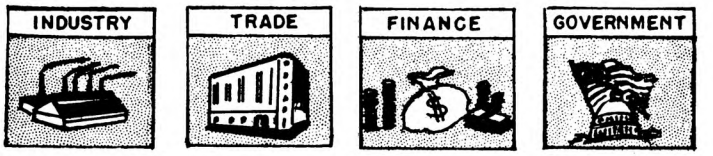
WHOLESALE TRADE

LINES	Sales in March 1952 compared with Mar. 1951	Sales in March 1952 compared with Feb. 1952	Stocks on March 31, 1952 compared with Mar. 31, 1951	Stocks on March 31, 1952 compared with Feb. 29, 1952
Auto supplies (8)	—32	+21	+ 9	0
Electrical goods (6)	— 4	+ 2	+ 14	+ 7
Hardware (12)	—16	+ 1	+ 27	+ 2
Industrial supplies (6)	+11	+ 1	+ 28	— 3
Drugs & sundries (12)	+ 8	+ 5	0	+ 2
Dry goods (16)	—19	— 2	— 17	+ 5
Groceries (50)	+ 3	+ 2	+ 5	0
Paper & products (6)	—24	— 1	----	----
Tobacco products (12)	+ 6	+ 3	+ 4	+ 7
Miscellaneous (92)	—17	— 3	— 4	0
District Total (220)	—10	0	+ 2	+ 2

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

FIFTH DISTRICT NEWSBRIEFS

CURRENT DEVELOPMENTS IN —



A $9 MILLION addition to the *Halethorpe, Md.* plant of Kaiser Aluminum & Chemical Corp. will be started during May. Equipment for the new facilities will require additional outlays of approximately the same amount. The one-story, 310,000 sq. ft. building is part of the "heavy press" program of the Air Force designed to speed up aircraft production. The Halethorpe plant, already the largest aluminum extrusion plant in the country, will have its annual capacity increased to 56 million pounds when the additional facilities are ready for operations by mid-1953.

The Ford Motor Co. recently announced the purchase of a site in *Charlotte* for the erection of a service parts depot and district sales office building. The new facilities, to cost over $1 million, will serve both North and South Carolina.

Approximately $500,000 is being invested by the Hoover Hosiery Co. in the building and equipping of an addition to its plant in Concord, N. C. About 300 persons are now employed, and this number will be doubled when the added space is in use. Two more textile plant additions in North Carolina are at the Madison Throwing Co. in Madison and the Gem Plant of the Liberty Hosiery Mills at Gibsonville. The former, to cost $250,000 including machinery, will provide 20,000 additional square feet for the plant operation of throwing nylon yarns for hosiery and tricot and will increase capacity about 63%. This addition and the one at the Gem Plant, which will cost $25,000, are scheduled for completion early this summer.

Other additions to the textile industry in North Carolina include a $25,000 improvement at the Catawba Finishing Co. in *Newton,* a two-story brick addition to the Cross Cotton Mills plant at *Marion,* and the construction of a plant at *Wendell* by General Sportswear Co., Inc., of New York. This factory, the cost of which has not been published, will make children's dungarees and will employ approximately 150 persons.

Reports on utilities disclose that the Clinton-Newberry Natural Gas Authority plan a $3 million distribution system and transmission main at Newberry, S. C. Also in South Carolina, the Piedmont Telephone Cooperative, Inc., is spending over $300,000 for rural lines in the Laurens area, and the St. Matthews Telephone Co. will improve and extend service in Calhoun and Orangeburg Counties with an REA loan of $182,000. The North Star Telephone Co. will expand and improve its facilities in North Carolina at a cost of $750,000. Included is enlargement of facilities in High Point, Thomasville, Randleman, and surrounding rural areas.

High Point, N. C., reports the addition of a number of new enterprises to its industrial structure. Sylvania Electric Products has invested $1,250,000 in the purchase of a building and the installation of machinery for the manufacture of television cabinets. About 250 persons will be employed in the plant. Other newcomers are the Fox Paper Co., makers of special blankets, pads, and wrappings for furniture and allied trades, the Wool Novelty Co., Inc., which will dye and package looper clips and make hand looms, and a branch plant of Rockwell Manufacturing Co. of Pittsburgh, producer of machine tools, valves, meters, and computing mechanisms.

NPA Approvals

The total value of investment in plant expansions in the Fifth District for which metal has been allocated by the National Production Authority for the April-June quarter amounts to over $237 million. In Maryland, which received the largest share of the District total, 78% of the new plant investment is accounted for by additional facilities at the *Sparrows Point* plant of Bethlehem Steel. The major portion of the West Virginia total, second largest in the District, is allocated to the chemical industry.

NPA also approved the construction of two large textile plants in South Carolina. The Delaware Falls Co. will build a weaving mill for worsteds, woolens, and Dacron fiber in Kingstree at a cost of over $1 million. The Greenwood Mills will erect a new mill at Greenwood at a cost of almost $7 million. This new plant, the Durst Mill, will employ about 1,250 persons and will add around $3 million to the annual payroll of the community It will be a complete mill with spinning, carding, and weaving depart-

ments, permitting the manufacture of a variety of types of cloth. Approval was secured by the Draper Corp. for the construction of a plant in Spartanburg to make textile machinery repair parts. This plant will cost over $1.7 million.

Five retail outlets in the *Washington, D. C.* metropolitan area representing a total investment of over $5 million have obtained NPA approval. This includes four suburban shopping centers and a new $2.7 million Sears, Roebuck & Co. store.

Housing and Hospital Projects

During the past month many Housing Authorities throughout the Fifth District reported the letting of contracts for various housing projects totaling $75 million. The largest single project is located in *White Oaks, Md.* where 1,100 single-family dwellings for personnel of the Naval Ordnance Laboratory are being erected at a cost of $16,500,000. The second largest building development will be a group of ten 12-story buildings located .on sites near the *Baltimore* business district They will be the first elevator-type apartments for low-income families to be constructed in this area and will involve outlays in excess of $13 million.

The Public Housing Authority postponed the sale of $167 million of new Housing Authority bonds that had been scheduled to be offered on April 15. Of this amount, slightly over 10% was to have sold in this District—these issues are: *Hagerstown, Md.,* $2,943,000; *Roanoke, Va.,* $6,841,000; *Charlotte, N. C.,* $6,007,000; and *New Bern, N. C.,* $1,111,000. The postponement was decided upon because legislation now before Congress casts a "technical shadow" on the availability of funds to pay the Federal Government's annual contribution for the housing units that would be covered by the bonds. The PHA explained that Government contributions are pledged as security on the obligations.

Contracts recently let for hospital construction in the Fifth District include a $5.5 million, 15-story addition to the Johns Hopkins Hospital in Baltimore. The Johns Hopkins University received also NPA approval for critical materials for the construction of a $1.8 million research laboratory. This laboratory will engage in work on guided missiles for the Navy Bureau of Ordnance.

Other hospital projects recently reported are the addition of a pathology building to the Walter Reed Hospital in *Washington, D. C.,* at an outlay of around $5 million, a new hospital costing $1.3 million at *Phillipi, W. Va.* and a $450,000 addition to the *Charleston, W. Va.* Memorial Hospital.

Retail Credit Survey---1951 Fifth Federal Reserve District

Continued from page 7

substantial reduction in stocks was automobile tire and accessory stores.

Inventory turnover rates varied considerably among retail lines surveyed. (See Table III.) At the extremes were the automobile dealers whose rate of turnover in 1951 was 9.5 times a year, and the jewelry stores whose rate of turnover was 1.6 times a year. Women's apparel stores showed the most substantial acceleration in inventory turnover rate and rose from 3.9 times a year in 1950 to 5.4 times in 1951. Automobile tire and accessory stores also showed more rapid stock turnover in 1951 at approximately six times a year compared with 5.1 times in 1950. The only retail lines to show a slower rate of inventory turnover in 1951 than in 1950 were household appliance stores, hardware stores, and automobile dealers, and only in the case of the latter was the drop substantial.

—F. D. S.

Table II

RETAIL ACCOUNTS RECEIVABLE, FIFTH DISTRICT, 1950 and 1951

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

Type of Credit-Granting Store	Accts. Receivable Percentage Change 1950 to 1951			Charge Acct. Receivables as % of Charge Acct. Sales		Instalment Receivables as % of Instalment Sales	
	Total	Charge Acct.	Instalment	1950	1951	1950	1951
Women's Apparel	+ 9	+ 7	+20	24	24	47	46
Department	+ 8	+12	+ 2	28	29	59	58
Men's Clothing	+ 3	+ 2	+13	28	27	46	44
Jewelry	+ 3	+ 4	+ 3	41	41	67	68
Furniture	+ 1	— 4	+ 1	20	25	56	58
Automobile	— 3	+ 7	—14	12	12	3	3
Hardware	— 6	— 5	—12	21	19	23	22
Household Appliance	—14	+ 4	—16	13	14	36	35
Automobile Tire and Accessory	—16	— 2	—17	16	14	51	44

Table III

RETAIL SALES AND INVENTORIES, FIFTH DISTRICT, 1950 and 1951

Type of Credit-Granting Store	Number of Stores	Percentage Change 1950 to 1951		Inventory Turnover Ratio	
		Total Sales	End-of-Year Inventories	1950	1951
Women's Apparel	33	+ 9	—22	3.9	5.4
Department	180	+ 6	+ 3	4.2	4.3
Automobile Tire and Accessory	97	+ 5	—11	5.1	6.0
Hardware	61	+ 4	+ 8	2.9	2.8
Men's Clothing	36	+ 3	— 4	2.9	3.2
Jewelry	31	+ 3	+ 1	1.6	1.6
Furniture	109	— 5	— 3	2.8	2.8
Automobile	143	— 7	+12	11.4	9.5
Household Appliance	112	— 7	+ 1	3.5	3.2

SELECTED FIFTH DISTRICT BUSINESS INDEXES

AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED

	Mar. 1952	Feb. 1952	Jan. 1952	Mar. 1951	% Change—Latest Month Prev. Mo.	Year Ago
Automobile Registration[1]	.....	136	156	217	— 13	— 29
Bank Debits	445	446	453	432	0	+ 3
Bituminous Coal Production	137	161	163	144	— 15	— 5
Construction Contracts Awarded	489	484	381	502	+ 1	— 3
Business Failures—No.	44	36	39	70	+ 22	— 37
Cigarette Production	.....	229	257	220	— 11	— 5
Cotton Spindle Hours	146	147	147	166	— 1	— 12
Department Store Sales*	114	109	114	105	+ 5	+ 9
Electric Power Production	.....	372	358	337	+ 4	+ 10
Employment—Mfg. Industries[1]	.....	152	153	153	— 1	0
Life Insurance Sales	338	335	323	290	+ 1	+ 17

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

BUILDING PERMIT FIGURES

	March 1952	March 1951	3 Months 1952	3 Months 1951
Maryland				
Baltimore	$ 4,384,700	$ 5,813,055	$14,762,630	$ 22,293,325
Cumberland	32,900	104,150	63,100	246,560
Frederick	453,650	148,300	957,357	486,525
Hagerstown	167,936	262,395	360,591	362,170
Salisbury	72,762	89,142	281,724	367,604
Virginia				
Danville	252,834	222,177	782,020	464,025
Lynchburg	288,312	586,166	584,526	1,245,124
Newport News	181,012	94,154	4,739,590	545,353
Norfolk	1,248,270	787,310	4,101,030	6,516,781
Petersburg	171,305	84,706	508,924	528,063
Portsmouth	260,762	2,465,205	4,612,772	3,110,600
Richmond	2,097,714	1,523,667	4,676,961	4,808,887
Roanoke	789,277	1,052,209	2,856,785	5,826,799
West Virginia				
Charleston	926,734	424,053	1,407,207	1,245,291
Clarksburg	68,700	90,230	215,120	258,295
Huntington	395,836	534,795	870,687	1,625,635
North Carolina				
Asheville	600,243	158,386	998,338	2,478,678
Charlotte	1,594,895	1,320,663	6,802,694	7,771,671
Durham	2,071,779	514,145	2,911,024	1,537,774
Greensboro	551,030	773,042	1,956,404	2,431,069
High Point	199,985	225,080	706,055	935,474
Raleigh	1,618,420	2,342,794	5,633,547	3,773,225
Rocky Mount	263,135	535,473	879,532	1,024,787
Salisbury	50,027	203,820	192,077	446,735
Winston-Salem	1,095,866	591,615	2,706,202	3,440,477
South Carolina				
Charleston	99,339	102,034	366,766	431,412
Columbia	788,786	495,000	1,905,981	3,256,785
Greenville	413,150	592,900	1,708,327	2,331,609
Spartanburg	147,110	112,790	427,424	293,110
Dist. of Columbia				
Washington	3,344,418	4,942,200	11,236,478	20,150,279
District Totals	$24,630,887	$27,191,656	$80,211,873	$100,143,122

DEPARTMENT STORE OPERATIONS

(Figures show percentage changes)

	Rich.	Balt.	Wash.	Other Cities	District Total
Sales, Mar. '52 vs. Mar. '51	— 4.1	— 7.3	—10.5	— 7.3	— 7.9
Sales, 3 Mos. '52 vs. 3 Mos. '51	— 6.0	— 6.1	— 8.3	— 5.5	— 6.6
Stocks, Mar. 31, '52 vs. '51	—20.8	— 8.1	— 2.8	— 5.6	— 7.0
Outstanding orders, Mar. 31, '52 vs. '51	—20.5	—23.4	—19.3	—11.4	—19.9
Current receivables Mar. 1 collected in Mar. 1952	27.6	46.4	43.0	36.6	39.4
Instalment receivables Mar. 1 collected in Mar. 1952	14.3	13.9	18.0	18.9	16.1

	Md.	D.C.	Va.	W.Va.	N.C.	S.C.
Sales, Mar. '52 vs. '51	—7.5	—10.5	—4.8	—1.4	—8.0	—13.5
Sales, 3 Mos. '52 vs. '51	—6.3	— 8.3	—4.9	—2.4	—7.4	— 7.8

DEBITS TO INDIVIDUAL ACOUNTS

(000 omitted)

	March 1952	March 1951	3 Months 1952	3 Months 1951
Dist. of Columbia				
Washington	$ 1,112,221	$ 1,129,079	$ 3,415,375	$ 3,184,196
Maryland				
Baltimore	1,284,555	1,314,835	3,730,837	3,675,766
Cumberland	24,576	23,709	74,761	74,032
Frederick	22,634	21,537	66,879	58,825
Hagerstown	36,865	34,541	104,710	95,920
North Carolina				
Asheville	61,279	63,694	188,518	180,102
Charlotte	355,687	365,725	1,057,058	1,044,528
Durham	103,394	91,987	308,956	294,631
Greensboro	109,328	108,086	323,355	306,886
Kinston	19,063	16,621	58,117	49,630
Raleigh	193,322	206,977	531,071	493,326
Wilmington	43,032	44,066	134,188	124,219
Wilson	17,370	21,224	56,373	60,815
Winston-Salem	176,262	184,930	502,453	499,978
South Carolina				
Charleston	76,364	72,367	229,374	221,569
Columbia	145,498	139,717	427,316	375,203
Greenville	103,757	118,613	313,363	344,996
Spartanburg	66,341	72,062	206,824	208,911
Virginia				
Charlottesville	28,807	27,156	82,463	79,200
Danville	32,978	37,117	106,005	105,538
Lynchburg	46,328	53,446	137,037	143,353
Newport News	50,549	45,696	144,524	122,114
Norfolk	254,714	230,737	726,688	635,139
Portsmouth	29,412	26,871	84,634	75,355
Richmond	581,207	573,854	1,695,380	1,636,424
Roanoke	122,427	122,400	349,462	335,143
West Virginia				
Bluefield	53,287	49,944	161,035	146,585
Charleston	162,150	160,601	515,049	462,387
Clarksburg	33,294	35,403	119,733	105,840
Huntington	78,047	73,298	223,034	203,608
Parkersburg	31,752	32,793	91,187	89,635
District Totals	$ 5,456,500	$ 5,499,086	$16,165,759	$ 15,433,854

ADDITION TO PAR LIST

The Bank of Annandale, Annandale, Virginia, a newly chartered nonmember bank located in the territory served by the Richmond Head Office, has agreed to remit at par, effective April 7, for checks drawn on it when received from the Federal Reserve Bank. The combined A.B.A. transit number-routing symbol of the bank is $\frac{68\text{-}739.}{514}$