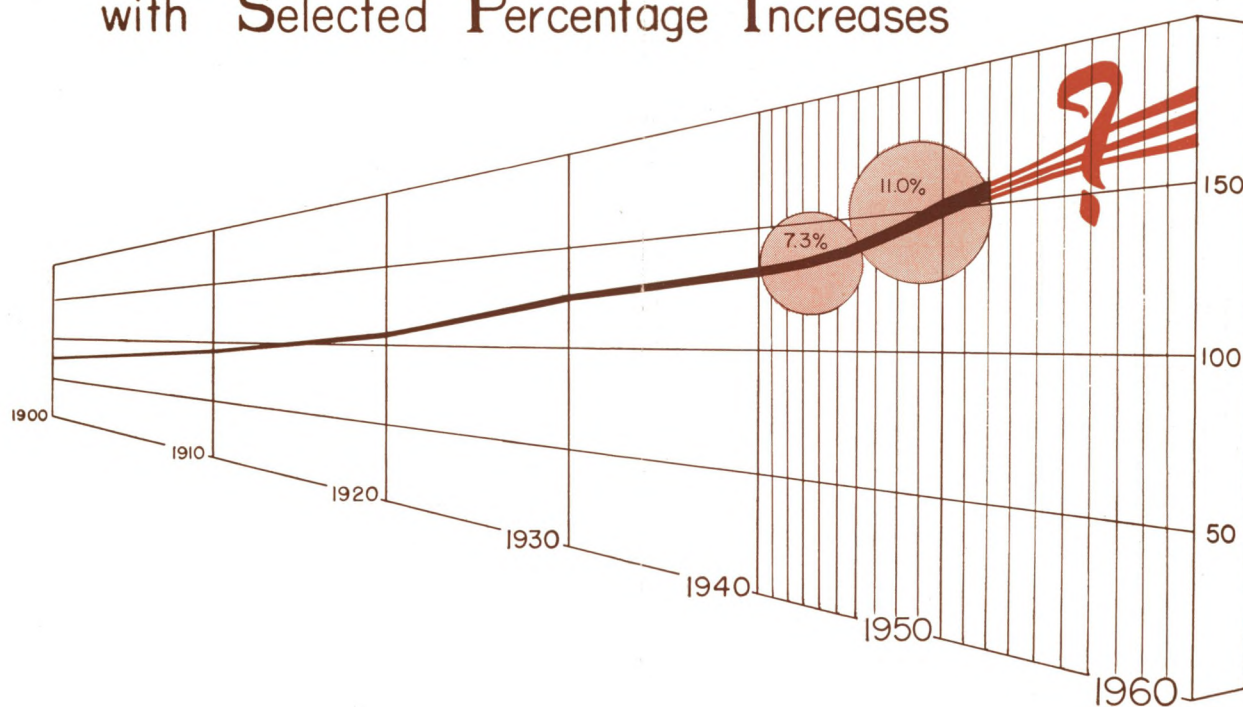


June 1953

## United States Population, 1900-1960, with Selected Percentage Increases



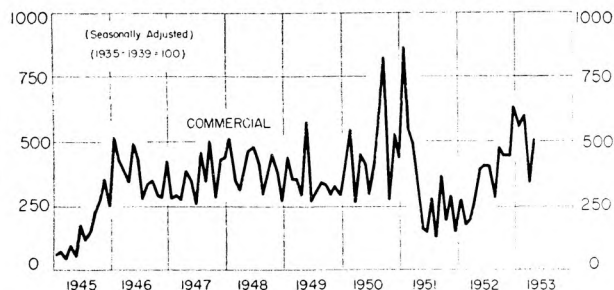
*Although population growth is but one of the major factors affecting long-term economic trends, it is a highly significant one. The article on page 3 points up areas of potential demand if the high rate of population increase continues. The cover chart depicts the population trend since 1900—and three projections to 1960.*

### Also In This Issue - - -

Fifth District Trend Charts.....	Page 2
Trends in Fifth District	
Deposit Ownership.....	Page 6
April Call Report.....	Page 8
Business Conditions and Prospects.....	Page 9
Fifth District Statistical Data.....	Page 11

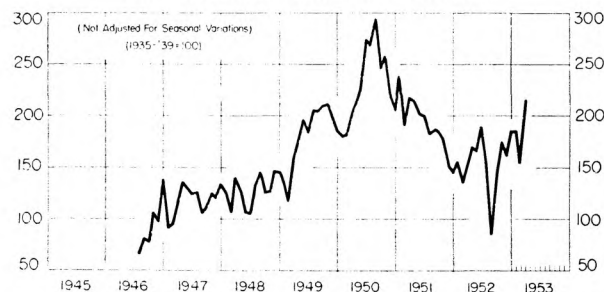
## FIFTH DISTRICT TRENDS

CONSTRUCTION CONTRACT AWARDS



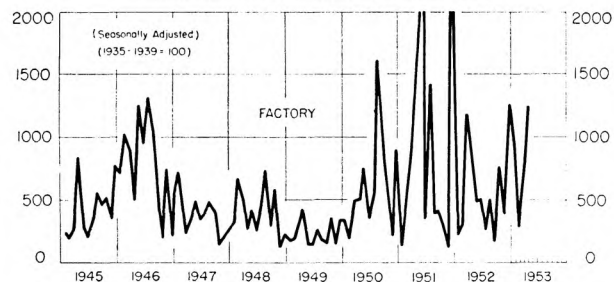
Commercial construction contract awards in April revived 49% from the adjusted March level and were back to approximately the adjusted levels established in February. Commercial construction awards in April were 83% ahead of a year ago. In the first four months of 1953 this type of award was up 118% above a year ago.

NEW PASSENGER CAR REGISTRATIONS



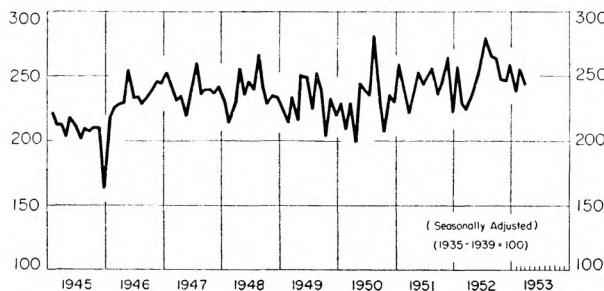
Registrations of new passenger cars in the Fifth District during March were up 39% from the previous month and 40% ahead of a year ago. Registrations in three District states for April were 35% higher than a year ago which was about in line with the increase in registrations nationally. Used car stocks are heavy but sales are likewise running well ahead of last year.

CONSTRUCTION CONTRACT AWARDS



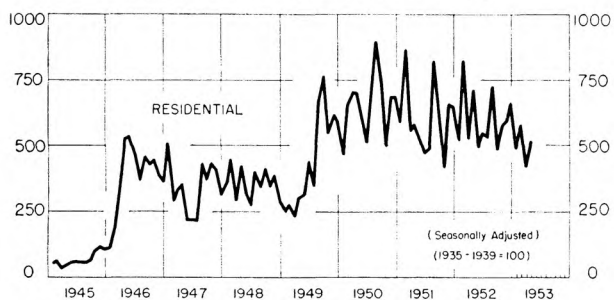
Contracts awarded for factories in this District during April were 78% higher than in March (on an adjusted basis) and 43% ahead of a year ago. April awards were nearly as large as the recent peak in December. In the first four months of 1953 awards for factory construction were up 23% from a year ago.

CIGARETTE PRODUCTION



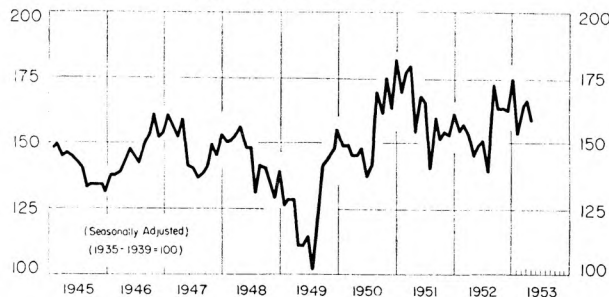
Cigarette output in April (adjusted) dropped 8% from the previous month and 4% below last year. This was mainly due to the aftermath of the rise in price of the previous month. In the first four months of 1953 cigarette output was 2% ahead of a year ago.

CONSTRUCTION CONTRACT AWARDS



April awards for residential construction were 21% higher than March (adjusted) but failed by 29% to equal the level of April 1952. Although the April awards for apartments and hotels (adjusted) rose 96%, they were still 60% under last year. One- and two-family houses rose 7% (adjusted) from March to April but the April figure was 6% under last year.

COTTON CONSUMPTION



The in-between-season month of April in the textile industry witnessed a reduction of 4% in adjusted cotton consumption from March, but the April level was 10% ahead of a year ago. In the first four months of 1953 cotton consumption was 5% higher than a year earlier. In this same period cotton spindles were operated at a rate 11% higher than a year ago.



## Economic Strength in Prospective Population Growth

THERE may be some question as to how much longer the business boom will continue, but it appears reasonably certain that the population boom is in stride and on its way to another record-breaking performance this decade. It began in the early years of World War II, declined some in the mid-Forties, accelerated to a postwar record rate of growth in 1947, and has surprised the experts by continuing to grow at a rate just under the postwar peak. On the first lap of its record-breaking performance, the population boom added almost 20 million persons to the nation's consumers in the past decade. This was the largest absolute gain in our history. It is estimated on the basis of a number of different projections that this mark may be exceeded this decade with a growth of 23 million.

While the gains in such items as industrial production, employment, and income have been in the headlines, the growth in population has been receiving relatively scant attention. Yet, it has been an underlying force as well as a reflection of the postwar boom. Two significant points should be noted. First, the impact of the unprecedented growth in population from 1940 to 1950 has by no means been exhausted. Its effects in promoting shifts and growth in consumption and investment will be felt for years to come with undiminished strength. The development of the economy in growing up to its greatly expanded population is far from completed, and since a further large gain in population is due this decade, the economy is going to have to move ahead at a high rate just to hold its own. Continued improvement in the standard of living will require an accelerated rate of expansion in production and investment.

In brief, the population changes of the past and present decades provide the potential for further long-term growth in our economy on a par with, and perhaps in excess of, the "abnormally" high levels of recent years.

### Twice the Gain of the Thirties

A brief look at the unexpectedly large growth of population in this country from 1940 to 1950 helps explain why fast-expanding productive capacity found it difficult to satisfy postwar demand for goods and services. The population of the country in 1940 was 132 million, and it was estimated that by 1950 it would be up

to almost 141 million. By 1947 it was apparent that this projection would fall short of the mark, and a revised estimate was made of 145 million. Even this short-run projection failed in approximating the actual count, erring on the low side by 6.7 million.

The increase of almost 20 million persons in the decade of the Forties was the largest on record and more than double the depression-stunted gain from 1930 to 1940. Significantly, over half this increase was

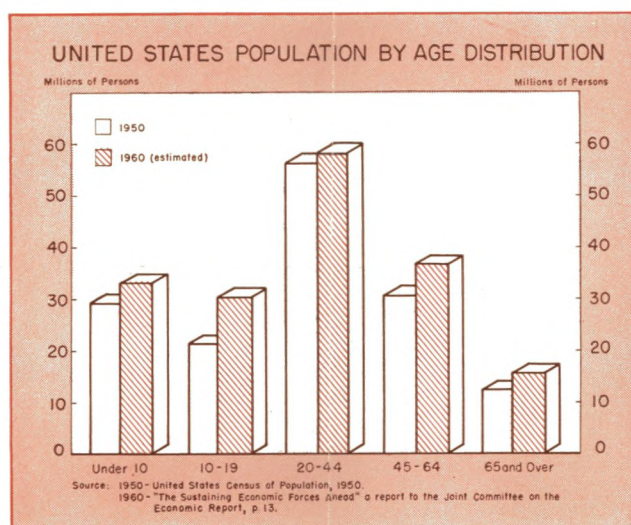
packed into the last four years of the decade when the birth rate jumped by more than 25% to reach the highest level attained since the early Twenties. The upsurge peaked in 1947 with a rate of 26.6 births per thousand population, compared with a rate of only 18.4 in 1934 and 1936. Although the rate has declined since, the 1947 total of 3.8 million births was exceeded slightly in 1951 and again in 1952. Data are available only for the first three months of this year, but the long-expected drop in births has still not ma-

terialized. In the first quarter the number of births was 3% higher than a year ago and the birth rate was up 2.5%. A decline, however, is still anticipated, and the projected population curves shown on the cover chart are based on the assumption that the birth rate will decline from 1952 to 1960.

Based largely on the failure of the rate of population growth to decline in the last few years as anticipated and on indications that the low and medium projections of the Bureau of the Census shown on the cover chart assume unrealistic drops in the birth rate, a report prepared for the Joint Committee on the Economic Report, *The Sustaining Economic Forces Ahead*, estimates that by 1960 the nation's population will be in the neighborhood of 175 million. The gain for the decade would be over 23 million as compared with the increase of 20 million from 1940 to 1950. Additional food, clothing, shelter, transportation, and classrooms will have to be provided for this increment, along with, if the past is any indication, a higher standard of living for the population in general.

### Second Highest Regional Gain

An important factor to business in the growth of population is the geographical shifts that occur, creat-





ing new market patterns and opportunities for new and expanded industries and distributive facilities. The eight states of the South Atlantic Division, including the five Fifth District states, recorded the second largest regional gain in population from 1940 to 1950, 18.8% as compared with 14.5% for the nation. Maryland and Virginia were among the ten states having the greatest percentage increases, the former seventh in the nation with a growth of 28.6% and the latter tenth with a gain of 23.9%.

The projected population growth will be marked by continued population shifts toward the Far West and the Southeast. However, there is some question that the District's growth will be as large relative to the nation's as it was during the past decade when expansion of Federal Government activity had such a marked impact on the population growth of Maryland and Virginia. Nevertheless, the Bureau of the Census expects the District of Columbia, Maryland, and Virginia to realize higher percentage gains than the average for the country. It expects also that these gains will more than offset the smaller-than-average growths in West Virginia, North Carolina, and South Carolina, with a net addition to the District's population of around 2 million this decade. Such a growth would be the equivalent of the 1950 total population of the three largest cities in the District—Baltimore, Washington, D. C., and Richmond.

#### **The Three R's in Jails, Service Stations, and Chicken Houses**

One of the aspects of recent and prospective population growth that indicates continuing needs for capital outlays of boom-like proportions in certain fields the rest of this decade is shifts in age groups. As shown on the accompanying chart, the estimated increase in total population between 1950 and 1960 will occur unevenly among various age groups. In the two groups, under 10 years and 10 to 19 years, the increase is expected to be around 12.5 million. This additional potential school load will confront local education boards already struggling with the problem of inadequate school facilities and the wherewithal with which to expand them. The problem has been accentuated by its relatively sudden emergence. Due to the declining number of births during the early Thirties, the effects of the depression, and military drafts and job opportunities of the war years, there was a net decline in enrollment in elementary and secondary schools over the last two decades. With the opening of the current decade the situation was sharply reversed, and school enrollment began to increase at the rate of a million a year. The war babies had begun entering school, but unfortunately facilities were inadequate for the increased load. In fact, the school plant in most states was inferior to what it had been prior to the war. This was a consequence of the lack of maintenance and addition during the war and

the inability to make much progress, relatively, after the war because of the shortages of labor and materials.

The point does not need to be labored. Everyone is familiar with the overcrowding, double shifts, and conversion of such facilities as jails, poultry houses, school buses, garages, and churches into classrooms. The first progress report of a survey of school facilities conducted by the Office of Education of the Federal Security Agency reveals that 6% of the reporting states' school children attend classes in quarters not designed for such use, 7% are housed in buildings over 50 years old, 20% are in buildings rated unsafe because of fire risk, and 21% attended classes in buildings with antiquated or no indoor sanitary facilities.

Despite the unprecedented volume of funds expended on school construction in the last few years, only meager inroads have been made on accumulated needs. Based on data from the survey mentioned in the preceding paragraph and from the Department of Commerce, school construction contracts awarded in 1952 were only 19% of estimated needs in 1952 in Maryland, 12% in West Virginia, and 7% in North Carolina. Data are not at hand for the other states of this District, but it has been indicated that similarly low ratios hold also in Virginia and South Carolina.

Referring to 1952 needs only, the survey makes the following national estimates: new construction \$9.4 billion, remodeling and rehabilitation \$535 million, site acquisition \$498 million, and new buses \$165 million. Taking into account the increase in enrollment expected between 1952 and 1960, it has been estimated (*The Sustaining Economic Forces Ahead*) that additional new construction amounting to \$6 billion will be needed, and that replacement in the same period will require outlays of \$4 billion. All told, estimated current and prospective school needs call for total outlays of almost \$21 billion by 1960. On an annual basis this would be \$2.3 billion—which if actually expended would be a strong offset to any likely downturn in, say, residential construction.

#### **From Abnormal to Normal?**

Residential construction deserves particular attention in a survey of prospective economic activity because it has been singled out to an increasing extent lately as one of the props of the boom that may soon decline in strength. It is pointed out that the annual growth in number of households and families, a key to housing demand, has been declining since 1951 and that the indicated trend through most of this decade is downward. Hence, it is argued, the abnormal demand for housing in the postwar period will soon be in the limbo of past glories of a boom.

After the close of World War II, new households were formed at a very high and rising rate. The growth reached a peak in 1948 when the net increase topped

1.5 million, but since then the rate of household formation has dropped over 40%, being estimated at 900,000 for the year ended April 1952. The primary reason for the decline stems from the low birth rates of the Thirties which are now being reflected in reduced numbers of persons of marriageable age. Toward the end of this decade the number of persons reaching marriageable age will begin to increase, and in the late Sixties the country is likely to experience the greatest increase in its history. This should give rise to a housing boom that may make the number of residential starts in recent years suffer in comparison.

In the meantime, however, it is not at all certain that housing construction will decline sharply. To begin with, the estimated increase of some 23 million persons this decade will have to be housed. A reasonable estimate of new residential units called for by this growth can be based on recent experience regarding the size of households. In addition, prospective housing activity will be influenced by the number of replacements, expenditures on maintenance, and rehabilitation of substandard units. Taking all these factors into account, the Housing and Home Finance Agency has estimated that close to 1.5 million nonfarm units will be needed each year of this decade. A more recent estimate (see *The Sustaining Economic Forces Ahead*) sets annual housing needs in the eight years to 1960 at 1.2 million.

These are estimates of needs, not effective demand. Nevertheless, they are indicative of the possibility that the "abnormal" housing activity of the past four years, resulting in average annual starts of almost 1.2 million units, could become a normal level of activity the rest of this decade.

### \$2.5 Billion vs \$866 Million

Another area in which the prospective increase in population is going to accentuate an already tremendous backlog of needs is hospital facilities. Despite expenditures on hospital construction averaging \$803 million annually in the three years, 1949-51, almost two and one-half times the average in the preceding three-year period, it has been estimated that at the opening of 1952 the backlog of needed hospital construction amounted to \$14 billion. Although this is an estimate, based on data submitted by each state as required by the Hospital Survey and Construction Act, it is indicative of the general level of current needs.

About \$1.9 billion of this backlog represents the cost of providing veterans' hospitals and hence a Federal Government obligation if and when undertaken. The Joint Committee report previously cited estimates that in order to clean up most of the remaining backlog by 1960 at "about as fast a rate as appears feasible while keeping up with increasing population and offsetting continuing obsolescence," about \$2.5 billion of new construction would be required annually from 1954 to 1960. This is in striking contrast to the \$866 million of hospi-

tal construction estimated to have been put in place in 1952.

The same report provides data showing that as of January 1, 1952, the additional hospital facilities needed in the Fifth District would require outlays of almost \$1.5 billion. In contrast, the total amount of bond offerings in the Fifth District in 1952 for all types of capital projects was only \$422 million. And note that the \$1.5 billion figure makes no allowance for replacement or growth of population in the years immediately ahead.

### Needs Not Effective Demand

Space permitting, other areas of activity could be examined to assess the potential growth latent in current needs and stemming from the impact of prospective growth in population. Public utilities, highways, business plant and equipment, new industries, suburban retail outlets are all influenced to a considerable extent by growth and geographical shifts in population. If the flow of investment in recent years should be measured against the accumulated needs and the demand arising from all these sources, the postwar boom would not appear as abnormally high as is indicated by historical comparisons.

The feasibility of the needs spoken of should be considered in terms of effective demand—willingness and financial ability. Obviously, the latter could fall far short of effectuating the potential growth indicated by current needs and prospective increases in markets. Nevertheless, if the economy is to go forward—or even hold its own—business and government must shape their current and future operations and plans for capital projects to fit the new sociological and economic pattern that emerged from World War II. There is little justification now for economic myopia; the pessimism of the Thirties regarding opportunities for growth has been dissipated by the dynamic nature of the growth in population and the peremptory drive of the population for an ever-better standard of living. An increase of 20 million in the population during the Forties—more than double the gain in the preceding 10 years—and an expected further increase of 23 million this decade sets an economic stage on which opportunity and growth should have featured roles.

Recommended reading on this subject: *The Sustaining Forces Ahead*, prepared by the staff of the Joint Committee on the Economic Report, 1952; U. S. Department of Commerce, *Markets After the Defense Expansion*, 1952; G. Colm, *The American Economy in 1960*, National Planning Association, 1952; Joseph S. Davis, *Our Changed Population Outlook and Its Significance*, American Economic Review, June 1952.

## Trends in Fifth District Deposit Ownership

INDIVIDUALS and business firms had \$300,000,000 more money in demand deposits with commercial banks in the Fifth Federal Reserve District on January 31, 1953 than a year earlier. They had \$1,373,000,000 more than in January 1946, their total "cash in the bank" on the current date amounting to \$5,401,000,000.

Wholesale and retail traders, manufacturing and mining firms, and other nonfinancial businesses held 45% of this near-record total on the banks' books at the end of January. This group of depositors have maintained about this same percentage of the total throughout the postwar years.

Financial business concerns have achieved a significant increase over the postwar period in their share of total demand deposits of individuals, partnerships, and corporations at commercial banks in this District. Financial businesses, including insurance, investment, finance, and real estate companies, increased their deposits from \$270,000,000 in January 1946 to \$487,000,000 in January of this year—from 6.7% of the total to 9.0%. Personal accounts of individuals, on the other hand, although increasing by \$433,000,000 over the seven-year period, declined from 40.5% of the total to 38.3%.

The principal characteristics of demand deposit ownership in this District are presented in the accompanying tables. These figures are based on estimates which are derived from a sample of commercial banks in the District which participate in the annual survey of the

ownership of demand deposits of individuals and business firms. These periodic surveys, in addition to providing further insight into our economic structure and significant changes in it, also provide a means whereby individual banks may make comparisons of their own deposit structures with the average for banks of similar size in the District.

All categories of individual and business demand deposits increased in this District from January 1952 to January 1953 with one exception—foreign demand deposits, a relatively insignificant category in the District, declined by 15% to \$12,000,000. The increase in the District came primarily from the extension of loans by commercial banks here. Member banks, which hold over 70% of total loans and investments in the District, expanded their loans outstanding by \$229,000,000 from January 1952 to January 1953. Additional expansion in demand deposits resulted from loans extended by nonmember banks, from transfers of funds from other districts, and from U. S. Treasury expenditures here of funds realized from the sale of Government securities to banks.

This widespread increase in deposit balances carried with commercial banks reflected the need for greater "cash" holdings than formerly to transact the increased level of business and personal economic activity. More active use (more rapid turnover) of deposit balances and of currency is another means of providing funds for increased activity and this reduces the need for the

### OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS

All Fifth District Commercial Banks

(In millions of dollars)

Type of Holder	Amount Outstanding		Change From Year Ago		Per Cent of Totals		
	Jan. '53	Jan. '52	Dollar	Per Cent	Jan. '53	Jan. '52	Jan. '46
Total business .....	2,894	2,715	+179	+ 6.6	53.6	53.2	53.0
Nonfinancial business .....	2,407	2,266	+141	+ 6.2	44.6	44.4	46.3
Mfg. and mining .....	726	693	+ 33	+ 4.8	13.5	13.6	13.1
Public utilities .....	286	259	+ 27	+10.4	5.3	5.1	5.7
Trade .....	1,006	967	+ 39	+ 4.1	18.6	18.9	22.0
Other nonfinancial .....	389	347	+ 42	+12.0	7.2	6.8	5.4
Financial business .....	487	449	+ 38	+ 8.4	9.0	8.8	6.7
Insurance companies .....	138	127	+ 11	+ 8.4	2.5	2.5	1.8
Other financial .....	349	322	+ 27	+ 8.5	6.5	6.3	4.9
Personal .....	2,066	1,978	+ 88	+ 4.5	38.3	38.8	40.5
Farmers .....	438	427	+ 11	+ 2.6	8.1	8.4	8.7
Others .....	1,629	1,551	+ 78	+ 5.0	30.2	30.4	31.4
Trust funds .....	98	82	+ 16	+20.1	1.8	1.6	1.7
Nonprofit associations .....	330	312	+ 18	+ 5.8	6.1	6.1	4.8
Foreign .....	12	14	- 2	-14.7	.2	.3	.1
Total .....	5,401	5,101	+300	+ 5.9	100.0	100.0	100.0



creation of new money to facilitate increased business activity. Historically, however, increased economic activity has been accompanied by increases both in the supply of money and in the rate at which existing money is being used. Two of the many factors which bring this about are the institutional forms of credit extension and the customs and habits of society in the making of payments.

DEMAND DEPOSIT OWNERSHIP—FIFTH DISTRICT BY SIZE OF COMMERCIAL BANKS PERCENTAGE HELD BY PRINCIPAL CLASSES OF OWNERS January 31, 1953			
Type of Holder	Deposit Size of Banks*		
	Less than \$1,000,000	\$1,000,000- \$10,000,000	\$10,000,000 and over
Total business .....	32.2	47.0	61.4
Nonfinancial business .....	28.8	41.0	49.8
Mfg. and mining .....	5.3	12.5	15.2
Public utilities .....	1.7	3.2	7.3
Trade .....	15.9	18.9	18.8
Other nonfinancial .....	5.9	6.4	8.0
Financial business .....	3.4	6.0	12.1
Insurance companies .....	1.3	0.9	4.0
Other financial .....	2.1	5.1	8.1
Trust funds .....	0.4	0.8	2.8
Nonprofit associations .....	3.5	3.8	8.3
Personal .....	63.9	48.4	27.1
Foreign .....	—	—	0.4
Total .....	100.0	100.0	100.0

\* Total deposits of individuals, partnerships, and corporations held on December 31, 1945.

Commercial banks are the traditional lenders of money, and because of the organization of our banking system the extension of new loans generally results in the creation of new deposit money. In addition, some new money is called for because the timing of salary, wage, rental, and many other types of payments follow long-established patterns—weekly, semimonthly, monthly, etc. The timing of so many payments acts as a drag on the increasing use (velocity of turnover) of money, and new money is needed to permit a higher level of expenditures for the economy.

#### Increase in Deposit Balances Widespread

Financial businesses held \$38,000,000 more on deposit at Fifth District commercial banks on January 31, 1953 than on that date a year ago. This increase in their bank balances raised their proportion of the total of District demand deposits of all individuals, partnerships, and corporations slightly to 9%, continuing a trend which has been experienced throughout the postwar years, not only in this District but in other parts of the country as well. The relatively more rapid growth in deposits of financial concerns reflects both sides of the ever-expanding consumer credit and individuals' liquid savings picture. Increased activity of sales finance and personal loan companies is accompanied by larger cash working balances, on the one hand, while the continuing high level of personal savings in the form of life insurance payments and the purchase of savings and loan shares leads to increased bank balances held by these types of businesses.

Business firms, not including financial types of business, held \$2,407,000,000 on deposit with Fifth District commercial banks at the end of January this year, \$141,000,000 more than in January a year ago. Certain service-type industries such as theatres and other places of amusement, hotels, garages, and laundries (which are classified in the survey as "All Other Nonfinancial Businesses") accounted for the largest dollar and percentage increase over the year in the nonfinancial business category. These firms held \$42,000,000 more on deposit with District banks this year than last, an increase of 12% to \$389,000,000. Public utility, transportation, and communications firms also showed a large increase from a year ago. On the 1953 date, their demand deposit balances totaled \$286,000,000, 10½% more than in January 1952.

Nearly three-fourths of the demand deposits of all types of business firms are owned by incorporated concerns. Among the nonfinancial businesses, incorporated firms held 71% of the total on January 31, 1953, and in the financial business category they held 78% of the total. In each case the increase in deposit balances over the year was greater in the corporate forms of business than in the noncorporate forms. Demand deposits of financial noncorporate firms declined by nearly 6% over the year, while incorporated financial businesses increased their balances by over 11%.

DEMAND DEPOSIT OWNERSHIP—FIFTH DISTRICT BY SIZE OF DEPOSIT ACCOUNT PERCENTAGE HELD BY PRINCIPAL CLASSES OF OWNERS January 31, 1953			
Type of Holder	Size of Demand Deposit Accounts		
	Less than \$10,000	\$10,000- \$25,000	\$25,000 and over
Total business .....	30.7	55.6	76.1
Nonfinancial business .....	26.9	46.4	61.9
Mfg. and mining .....	3.2	9.1	25.1
Public utilities .....	1.3	2.7	10.1
Trade .....	17.3	24.0	18.3
Other nonfinancial .....	5.0	10.6	8.4
Financial business .....	3.8	9.2	14.2
Insurance .....	0.4	1.8	4.9
Other financial .....	3.4	7.4	9.3
Trust funds .....	0.1	0.3	4.0
Nonprofit associations .....	3.4	5.3	9.1
Personal .....	65.8	38.7	10.3
Foreign .....	—	0.1	0.5
Total .....	100.0	100.0	100.0

Individuals had considerably more money in their personal accounts at District commercial banks on the survey date in 1953 than a year ago, an increase of \$88,000,000 raising their total balances to \$2,066,000,000. The percentage increase over the year, however, was less than the average for all types of accounts so that personal deposits represented a smaller percentage of the total in 1953 than in 1952. These accounts have experienced a moderate decline in relative importance since 1947 when they came to 41.2% of total demand deposits of individuals and business firms. This year they made up 38.3% of the total.

## April Call Report

**D**EPOSITORS liquidated their demand accounts carried with Fifth District member banks at a faster clip over the first four months of this year than in any of the other post World War II years, after having raised their balances to the highest level ever attained on December 31, 1952.\* The combined statements of condition provided by all the District's member banks as of April 20, 1953 reveal that withdrawals, occurring in all the principal categories of demand deposits, totaled \$432 million since the first of the year. Individuals and business firms reduced their demand balances with member banks here by \$271 million in this period, while bankers cut their accounts at other banks by \$111 million.

The summary balance sheet presented on this page reveals how the District's bankers met their customers' demands for funds. Approximately \$39 million of the funds drawn out of demand accounts was redeposited in time deposits at the District's member banks. About \$390 million represented a loss of cash or of balances carried with other banks as shown by a reduction of \$222 million in the balances held in these accounts and of \$167 million in U. S. Government securities. Balances that the District's member banks have on deposit at other banks were reduced by \$92 million from the first of the year to April 20. Of this loss, \$17 million represented

represents a loss of reserve funds to other parts of the country.

Member banks had to dispose of nearly \$170 million of U. S. Government securities over the period in order to meet the needs of their depositors. Reduction of \$123 million in Treasury Bills held provided most of the funds realized from this source. The banks also reduced their holdings of all other classes of Federal securities except nonmarketable bonds.

SUMMARY BALANCE SHEET FIFTH DISTRICT MEMBER BANKS December 31, 1952 and April 20, 1953 (millions of dollars)			
	Dec. 31, 1952	Apr. 20, 1953	Change 12/31/52 to 4/20/53
<b>ASSETS:</b>			
Reserves, cash and bank balances .....	1,915.3	1,693.0	-222.3
Loans and discounts (incl. overdrafts and less reserves for losses) .....	2,273.3	2,339.4	+ 66.1
U. S. Government securities .....	2,633.7	2,466.6	-167.1
Other securities .....	426.8	429.2	+ 2.4
All other assets .....	89.1	90.5	+ 1.4
<b>Total assets .....</b>	<b>7,338.3</b>	<b>7,018.7</b>	<b>-319.6</b>
<b>LIABILITIES:</b>			
Demand deposits .....	5,323.6	4,891.2	-432.4
Time deposits .....	1,472.9	1,511.4	+ 38.5
Borrowings .....	5.1	72.5	+ 67.4
Other liabilities .....	60.8	55.5	- 5.3
Capital accounts .....	475.9	488.1	+ 12.2
<b>Total liabilities .....</b>	<b>7,338.3</b>	<b>7,018.7</b>	<b>-319.6</b>

Note: May not add to totals because of rounding.

a reduction in reserve balances held with the Federal Reserve Bank of Richmond. Additional reserve funds were realized from borrowings from the Reserve Bank, so that the total of reserve funds lost in the period amounted to approximately \$84 million. Since all the factors within the District which affect member bank reserves operated to increase them over this period, this

\*The article on page 6 discusses the increase over 1952 by principal classes of owners.

### EARNING ASSETS FIFTH DISTRICT MEMBER BANKS (millions of dollars)

	Dec. 31, 1952	Apr. 20, 1953	Change 12/31/52 to 4/20/53
Loans and Discounts (Gross)	2,299.1	2,365.6	+ 66.5
Commercial and industrial loans .....	827.7	830.1	+ 2.4
Loans to farmers .....	54.6	65.4	+ 10.8
Loans to brokers and dealers in securities .....	13.4	15.9	+ 2.5
Other loans for purchasing and carrying securities .....	102.5	103.9	+ 1.4
Real estate loans:			
On farm land .....	47.3	49.0	+ 1.7
On residential property .....	416.2	414.9	- 1.3
On other properties .....	152.7	157.0	+ 4.3
Installment loans to individuals:			
Retail automobile paper .....	150.9	164.3	+ 13.4
Other retail paper .....	61.2	72.7	+ 11.5
Repair and modernization loans .....	35.9	37.1	+ 1.2
Cash loans .....	93.2	97.3	+ 4.1
Single payment loans .....	277.5	283.5	+ 6.0
Loans to banks .....	5.4	10.9	+ 5.5
All other loans .....	60.6	63.6	+ 3.0
U. S. Government Direct Obligations .....	2,631.9	2,464.9	-167.0
Treasury bills .....	353.1	230.6	-122.5
Treasury Certificates of Indebtedness .....	235.9	200.4	- 35.5
Treasury notes .....	472.9	465.9	- 7.0
Nonmarketable bonds .....	141.9	143.4	+ 1.5
Other bonds maturing within 5 years of call report date .....	829.0	826.2	- 2.8
Other bonds maturing in over 5 years .....	599.0	598.3	- 0.7
Other Securities .....	428.7	431.0	+ 2.3

Although total assets of all member banks in the District were reduced by \$320 million, bankers here met customers' demands for loans in a larger total amount than in the comparable period last year. The increase in total loans outstanding of \$66 million was spread over nearly all categories of borrowers. Real estate loans on residential property was the only category showing net repayments. Installment loans to individuals accounted for nearly half the total loan increase; and about one-half of these installment loans went for the purchase of automobiles.

The sale of Government securities and the increase in loans altered somewhat the asset structure of District member banks. Loans and discounts, which accounted for 43% of total earning assets at the beginning of the year were raised to 45%, while Government securities dropped from 49% to 47% of the total.



## *Business Conditions and Prospects*

**F**ACTORS primarily responsible for the high level of activity in the Fifth District continued to show strength during April. The construction industry—one of the strong props in the District as well as in the national economy—continued to be very active in April, though largely in the nonresidential sector.

Durable consumer goods sales, particularly in the passenger automobile field in March ran 40% ahead of a year ago and two states showed April gains of 19% and 46%. Although furniture store sales (adjusted) receded somewhat from the previous month, they were still moderately ahead of last year. Department store sales dropped moderately below April of last year but this was due to the shift of Easter. March and April combined were well above last year.

Machinery and transportation industries continued to operate near peak levels. Seasonal letdowns have been noted in textile and apparel lines, but the slackening so far is nothing more than seasonal. Bituminous coal output in the District appears to be holding its own at a level 19% under a year ago as the effects of last year's exports and the mild Winter fade into the background.

Although employment is still at peak levels in the transportation equipment and machinery industries, the stimulative effects of defense expenditures in the District have been substantially reduced from a year ago. Defense contracts awarded to Fifth District firms in the first quarter 1953 were 33% under the same quarter a year ago. Federal defense budget cutbacks, which appear likely, may well have moderately adverse effects on both construction and shipbuilding in this District.

In the financial sector, District member bank loans continued their uptrend though the April gain was only 1%. The weekly reporting banks, however, showed business and real estate loans leveling off near their all-time peak while consumer loans continued their sharp rise. Time deposits of all member banks rose 0.6% during April while demand deposits, excluding interbank, declined 3.7%. Borrowings from the Federal Reserve Bank continued heavy, and at the end of April were 85% above a month earlier and 156% ahead of last year.

### **Construction**

Construction contract awards in April rose 32% above March (after seasonal correction) to a level 5% ahead of a year ago. Sharp changes occurred between March and April in all sectors except one- and two-family houses. Relative to a year ago, however, all the nonresidential sectors showed gains, with commercial structure awards up 83%, factory awards up 43%, and public works and utilities awards up 72%. The substantial gain in public works and utilities was due to the awarding of two large contracts for dam construction near Roanoke Rapids, N. C.

Although awards for apartments and hotels nearly doubled from March to April, they were still 60% under April last year. Awards for one- and two-family houses rose 7% more than seasonal from March to April but were 6% under a year ago.

In the first four months of 1953 nonresidential construction awards in the District were up 30%, with commercial up 113%, factory up 27%, education off 8%, and other nonresidential up 48%. In this same period residential construction awards were down 22.5%, with apartments and hotels down 52%, one- and two-family houses down 9% and other residential down 65%. Awards for public works and utilities in the four months were up 39% from last year and total construction contract awards were up 5%.

Due to the economy drive, the Air Force has recently eliminated \$146 million from its planned construction program. Among the projects dropped are the Raleigh-Durham Municipal Airport on which \$19 million had been scheduled for expenditure; the Seymour-Johnson Field at Goldsboro, N. C., \$9.7 million; Myrtle Beach, S. C. airport, \$9.2 million. The Army and Navy are reworking their construction programs and it may be that some of their Fifth District projects will likewise be eliminated.

### **Textiles**

April is usually an in-between-season month in the cotton textile industry, and this year was no exception. Cotton consumption dropped 4% more than seasonal from March but continued 10% higher than in April 1952. Weakness in contract prices around the middle of April turned into strength by the end of the month when a substantial amount of forward coverage was effected. Prices early in May had more than recovered previous losses. The industry is fairly well sold up on its third quarter production of goods but sales yarn backlogs have declined moderately. Yarn prices, however, have shown no weakness as a result, and with the industry in general facing a fairly optimistic outlook for the third quarter, the chances are yarn spinners will do fairly well in this period. Current strength in the industry can be attributed mainly to its attaining high style apparel preference over synthetic products—a situation the synthetics could not be expected to take sitting down. In fact they are organizing to regain their previous position and the intensified competition will be interesting to say the least.

In April the statistical picture in synthetics showed shipments of rayon and acetate yarns 29% higher than a year ago, with filament yarns up 36% and staple and tow up 12%. In the first four months of 1953 filament yarns were 31% ahead of similar months of 1952, while staple and tow shipments were down 9%.

Apparel manufacture in this District was at an all-time high level in March and continued during April ahead of a year ago but seasonal factors were responsible for some letdown in April.

The hosiery industry is at its period of seasonal recession though production is continuing well ahead of a year ago. Some indication of future price weakness in full-fashioned has appeared lately but it is not believed that this will become general.

### Trade

Maintenance of current levels of business activity both in the District and the nation obviously depends on continuing demand for goods by the consuming public—and this composite demand is reflected in the level of retail trade. The durables segment of retail trade is currently at an inordinately high level, high both in historical perspective and in relation to consumer income. A substantial portion of these durable consumer goods sales are dependent upon consumer credit. Money is tight at the present time and it is an interesting question as to whether consumer credit will be available—and at an attractive price—to maintain the sales level which durable goods have recently attained.

Thus far, District automobile sales have shown a sub-

stantial revival from last year, and though still well under the August 1950 peak, they are only exceeded by eight individual months of 1950. Indications are that the automobile sales rise has continued in May and will carry through June.

District furniture store sales (adjusted) dropped 6% from March to April but were a modest 1% ahead of April 1952. This is a good performance in view of a drop of 22% in residential construction contracts during the first four months of the year. Furniture store inventories were down 1% (adjusted) from March and were 7% higher than a year ago. Accounts receivable were up 17% from last year.

Average daily department store sales (adjusted) in the District were down 6% from March but remained 4% ahead of a year ago. Dollar sales in April, without correction for Easter or working days, were down 1.8% from last year but the combined March-April sales were up 3.2%. Department store inventories (adjusted) rose 4% from March to April and were 11% ahead of a year ago. Disregarding the individual month's changes, the general trend of inventories is about in line with that of sales and no particular concern should be felt over inventories, providing the sales level continues on its upward trek.

## FIFTH DISTRICT BANKING STATISTICS

### DEBITS TO DEMAND DEPOSIT ACCOUNTS\*

	(000 omitted)			
	April 1953	April 1952	4 Months 1953	4 Months 1952
<b>Dist. of Columbia</b>				
Washington .....	\$1,034,086	\$1,050,843	\$ 4,128,643	\$ 4,350,101
<b>Maryland</b>				
Baltimore .....	1,395,668	1,281,970	5,530,620	4,971,069
Cumberland .....	25,484	26,893	101,384	98,847
Frederick .....	23,373	22,491	92,514	87,803
Hagerstown .....	38,958	34,686	147,156	137,480
<b>North Carolina</b>				
Asheville .....	58,649	57,095	242,171	240,718
Charlotte .....	354,563	322,943	1,448,670	1,365,741
Durham .....	82,884	75,049	340,069	318,020
Greensboro .....	124,218	103,899	470,734	420,181
Kinston .....	18,666	17,671	80,369	74,966
Raleigh .....	180,762	191,204	798,777	709,157
Wilmington .....	45,673	43,184	179,685	173,923
Wilson .....	15,044	16,504	67,361	71,281
Winston-Salem .....	138,746	121,063	578,865	513,973
<b>South Carolina</b>				
Charleston .....	78,394	75,499	322,068	297,889
Columbia .....	166,545	148,320	632,781	566,639
Greenville .....	111,555	101,542	450,227	414,658
Spartanburg .....	62,366	66,077	260,708	270,565
<b>Virginia</b>				
Charlottesville .....	28,058	24,008	101,029	96,968
Danville .....	36,997	30,620	151,435	131,969
Lynchburg .....	48,840	42,003	192,806	174,126
Newport News .....	48,486	43,569	195,396	183,566
Norfolk .....	262,640	234,622	1,020,461	951,340
Portsmouth .....	32,191	26,041	122,260	105,826
Richmond .....	612,290	554,683	2,419,352	2,220,594
Roanoke .....	120,123	111,026	477,405	450,633
<b>West Virginia</b>				
Bluefield .....	42,574	44,495	175,878	203,878
Charleston .....	164,329	151,154	658,112	639,854
Clarksburg .....	32,784	31,385	138,517	147,130
Huntington .....	69,957	68,873	285,802	286,135
Parkersburg .....	30,702	29,485	117,290	117,565
<b>District Totals .....</b>	<b>\$5,485,605</b>	<b>\$5,148,897</b>	<b>\$21,928,545</b>	<b>\$20,787,100</b>

\* Interbank and U. S. Government accounts excluded.

### 50 REPORTING MEMBER BANKS

	(000 omitted)		
	May 13, 1953	April 15, 1953	Change in Amount From May 14, 1952
<b>Items</b>			
Total Loans .....	\$1,398,530**	+ 4,547	+201,561
Bus. & Agric. ....	646,811	+ 3,150	+ 76,909
Real Estate Loans .....	259,272	+ 312	+ 13,589
All Other Loans .....	508,668	+ 1,040	+111,555
Total Security Holdings .....	1,684,711	- 57,284	-140,535
U. S. Treasury Bills .....	110,679	- 58,680	-153,867
U. S. Treasury Certificates .....	119,569	- 3,646	- 50,435
U. S. Treasury Notes .....	285,410	+ 3,215	- 1,071
U. S. Treasury Bonds .....	941,271	+ 3,228	+ 64,699
Other Bonds, Stocks & Secur. ....	227,782	- 1,401	+ 139
Cash Items in Process of Col. ....	312,562	- 16,984	+ 18,322
Due From Banks .....	173,071*	- 8,676	- 331
Currency and Coin .....	81,955	+ 4,531	+ 3,251
Reserve with F. R. Banks .....	562,650	+ 9,084	+ 8,260
Other Assets .....	58,872	+ 2,771	+ 3,762
<b>Total Assets .....</b>	<b>4,272,351</b>	<b>- 62,011</b>	<b>+ 94,290</b>
Total Demand Deposits .....	3,226,500	-100,677	+ 21,945
Deposits of Individuals .....	2,440,701	- 2,550	+ 55,873
Deposits of U. S. Government .....	81,826	- 62,603	- 25,861
Deposits of State & Local Gov. ....	191,308	- 9,588	- 104
Deposits of Banks .....	450,062*	- 11,446	+ 7,431
Certified & Officers' Checks .....	62,603	- 14,490	- 532
Total Time Deposits .....	675,340	+ 2,936	+ 25,004
Deposits of Individuals .....	595,961	+ 2,670	+ 25,073
Other Time Deposits .....	79,379	+ 266	- 69
Liabilities for Borrowed Money .....	56,700	+ 33,500	+ 25,900
All Other Liabilities .....	43,244	+ 146	+ 8,962
Capital Accounts .....	270,567	+ 2,084	+ 12,479
<b>Total Liabilities .....</b>	<b>\$4,272,351</b>	<b>- 62,011</b>	<b>+ 94,290</b>

\* Net figures, reciprocal balances being eliminated.

\*\* Less losses for bad debts.



# FIFTH DISTRICT STATISTICAL DATA

## SELECTED INDEXES

Avg. Daily 1935-39=100—Seasonally Adjusted

	Apr. 1953	Mar. 1953	Apr. 1952	Prev. Mo.	% Chg.— Latest Mo.
Automobile Registration*	—	215	169	+39	+40
Bank Debits	486	490	455	-1	+7
Bituminous Coal Production	112	111	139	+1	-19
Construction Contracts	533	405	506r	+32	+5
Business Failures—No.	47	40	66	+18	-29
Cigarette Production	224	243	233	-8	-4
Cotton Spindle Hours	158	163	139	-3	+14
Department Store Sales**	115	122	111	-6	+4
Electric Power Production	—	404	380	0	+11
Manufacturing Employment*	—	158	151	+1	+5
Retail Furniture: Net Sales	183	194	181	-6	+1
Life Insurance Sales	388	394	343	-2	+18

\* Not seasonally adjusted.

\*\* 1947-1949=100. Back figures available on request.

## WHOLESALE TRADE

LINES	Sales in April 1953 Compared with Apr. 1952	Stocks on April 30, 1953 compared with Apr. 30, 1952
Auto supplies (8)	+15	-4
Electrical goods (4)	+13	+9
Hardware (13)	-2	+4
Industrial supplies (9)	+15	-6
Drugs and sundries (12)	+4	+3
Dry goods (14)	-4	+1
Groceries (48)	+1	+2
Paper and products (5)	+3	—
Tobacco products (10)	+6	+27
Miscellaneous (93)	+4	+23
District Totals (216)	+3	+11

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

## DEPARTMENT STORE OPERATIONS

(Figures show percentage changes)

	Metropolitan Areas	Other Cities	Dist. Totals
	Rich. Balt. Wash.		
Sales, Apr. '53 vs Apr. '52	-4.0 -7.6 -1.4	-0.5	-1.8
Sales, 4 Mos. ending Apr. 30, '53 vs 4 Mos. ending Apr. '52	+1.4 +1.0 +0.2	+4.9	+2.9
Stocks, Apr. 30, '53 vs '52	+14.5 +7.8 +9.1	+9.9	+9.5
Outstanding Orders Apr. 30, '53 vs '52	-5.7 +16.7 +0.6	+8.7	+4.9
Open account receivables Apr. 1 collected in Apr. '53	31.7 48.1 44.0	33.3	41.7
Instalment receivables Apr. 1 collected in Apr. '53	11.8 13.5 14.0	15.4	13.6
	Md. D.C. Va. W.Va. N.C. S.C.		
Sales, Apr. '53 vs Apr. '52	-7.7 -1.4 -2.2 -2.6	+3.1	+6.4

## BUILDING PERMIT FIGURES

	April 1953	April 1952	4 Months 1953	4 Months 1952
<b>Maryland</b>				
Baltimore	\$ 8,737,535	\$ 3,901,135	\$ 24,666,860	\$ 18,663,765
Cumberland	57,075	30,550	187,900	93,650
Frederick	133,840	97,406	929,297	1,054,763
Hagerstown	107,000	147,207	1,023,263	507,798
Salisbury	193,802	111,937	405,926	393,661
<b>Virginia</b>				
Danville	243,453	1,677,614	1,766,029	2,459,634
Lynchburg	327,015	127,725	1,180,916	712,251
Newport News	173,853	178,858	741,487	4,918,448
Norfolk	1,329,054	1,683,144	7,311,560	5,784,174
Petersburg	354,500	113,875	706,900	622,709
Portsmouth	191,955	230,135	962,165	4,892,907
Richmond	1,176,795	1,736,929	5,298,368	6,413,890
Roanoke	1,159,256	709,017	3,780,756	3,565,802
Staunton	98,110	83,010	476,435	523,835
<b>West Virginia</b>				
Charleston	652,774	651,459	2,635,218	2,058,666
Clarksburg	133,307	102,585	1,171,893	317,705
Huntington	472,500	497,278	1,680,574	1,367,965
<b>North Carolina</b>				
Asheville	481,239	238,548	1,026,453	1,236,886
Charlotte	2,912,957	1,916,393	12,102,510	8,719,087
Durham	395,662	432,647	2,475,432	3,343,671
Greensboro	1,085,653	518,229	4,445,983	2,474,633
High Point	499,675	284,610	1,793,483	990,665
Raleigh	11,332,625	883,086	14,350,670	6,516,633
Rocky Mount	320,982	420,648	2,129,757	1,300,180
Salisbury	117,290	730,060	567,371	923,037
Winston-Salem	1,013,160	886,229	2,842,132	3,592,431
<b>South Carolina</b>				
Charleston	1,013,867	109,269	1,847,979	476,035
Columbia	771,090	459,335	2,237,517	2,365,316
Greenville	777,250	2,344,833	2,243,200	4,053,160
Spartanburg	82,455	183,345	326,143	610,769
<b>Dist. of Columbia</b>				
Washington	4,862,967	5,531,434	20,213,119	16,767,912
<b>District Totals</b>	<b>\$41,208,696</b>	<b>\$27,069,430</b>	<b>\$123,527,296</b>	<b>\$107,722,128</b>

## RETAIL FURNITURE SALES

Percentage comparison of sales in periods named with sales in same periods in 1952

STATES	April 1953	4 Mos. 1953
Maryland (6)	+25	+10
Dist. of Col. (7)	-6	-10
Virginia (17)	+2	+2
West Virginia (10)	+3	+3
North Carolina (14)	+2	+3
South Carolina (6)	+3	+6
District (60)	+3	-1
<b>INDIVIDUAL CITIES</b>		
Baltimore, Md. (6)	+25	+10
Washington, D. C. (7)	-6	-10
Richmond, Va. (6)	+4	0
Charleston, W. Va. (3)	-13	+20

Number of reporting firms in parentheses.

