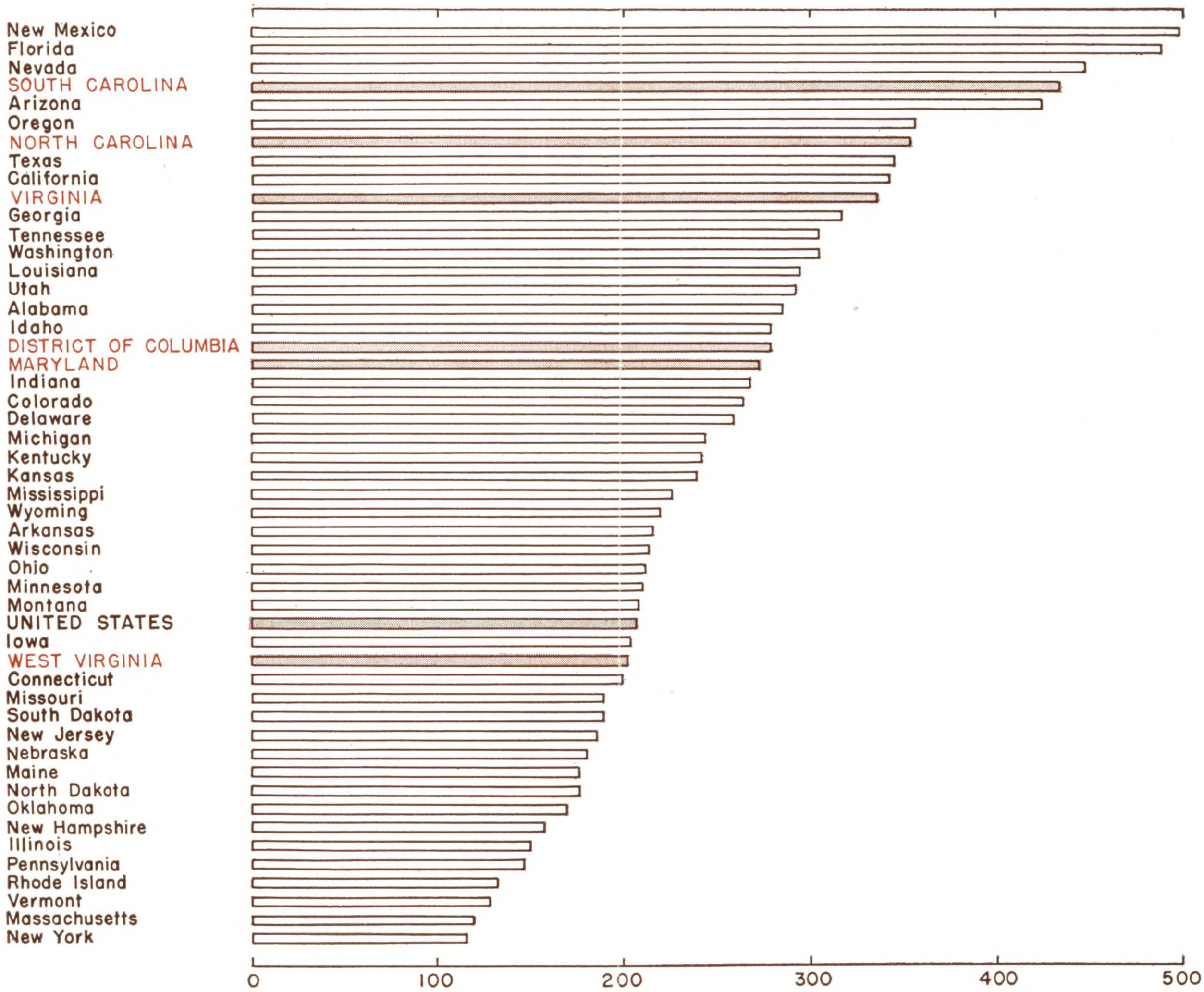
FEDERAL RESERVE BANK OF RICHMOND

Monthly Review

THE FIFTH FEDERAL RESERVE DISTRICT

October 1953

% INCREASE-PER CAPITA INCOME-1929-1952

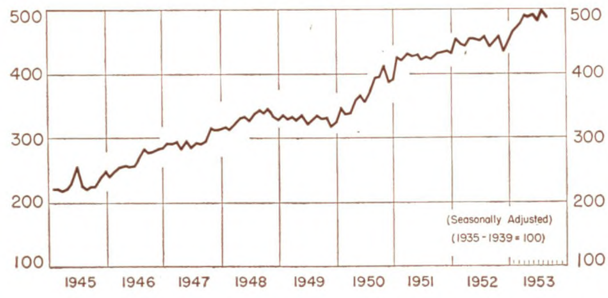


Per capita income in the Fifth District is still below the national average, with the District of Columbia ranking 3rd, Maryland 12th, Virginia 35th, West Virginia 39th, South Carolina 45th, and North Carolina 46th. But as the chart shows, changes within a generation have brought marked improvement. More recent changes are described in the article beginning on page 3.

Also In This Issue - - -

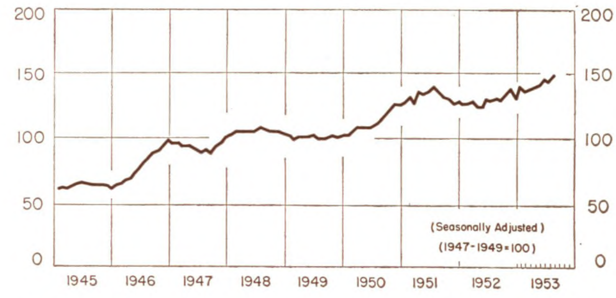
FIFTH DISTRICT TRENDS

BANK DEBITS



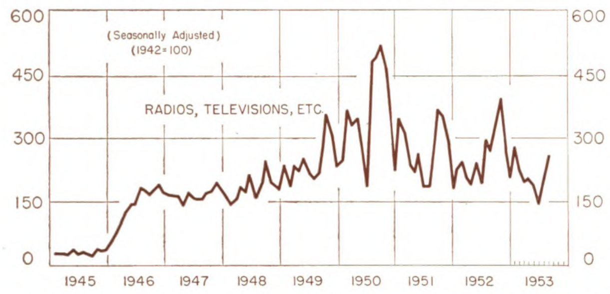
The bank debits index, after hitting a new high on an adjusted basis in July, dropped 3% during August. The August level, however, is still 10% ahead of a year ago. The annual rate of demand deposit turnover in the District in August was 19.2 times, compared with 20.2 times in July and 17.6 times in August 1952.

DEPARTMENT STORE STOCKS



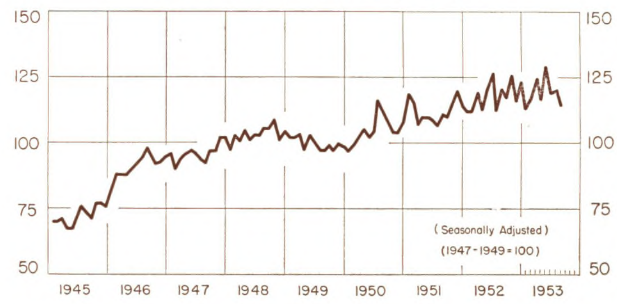
Department store stocks in August, adjusted for seasonal variation, rose 2% over July to an all-time high record which was 13% higher than in August 1952. The current level of stocks is high in relation to sales.

DEPARTMENT STORE SALES



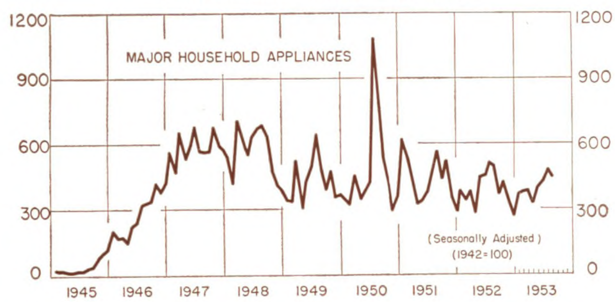
Sales of television, radio, musical instruments, records, etc. in department stores in August were 27% higher than in July and 2% higher than a year ago. The large August gain over July resulted in a drop in inventories of 7% during the month, but these inventories were still 12% ahead of a year ago.

DEPARTMENT STORE SALES



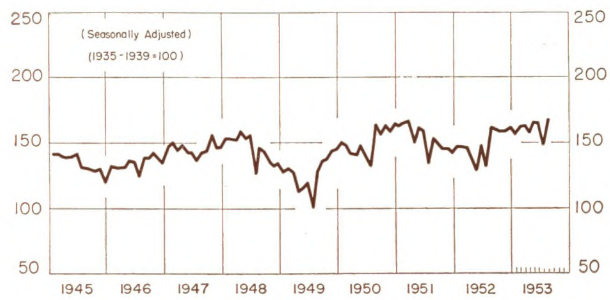
Department store sales in August, adjusted, dropped 5% from July to a level 5% below August 1952. The August figure was the lowest of the year with the exception of January. Poor showings were made in men's apparel and women's accessories.

DEPARTMENT STORE SALES



Sales of major household appliances in department stores of this District in August dropped 7% on an adjusted basis from July and 10% below August 1952. Store stocks of appliances dropped 7% during the month, after seasonal correction, and were 7% below a year ago.

ACTIVE COTTON SPINDLE HOURS



Cotton spindle hours operated, seasonally adjusted, in August reached the same postwar peak that was established in March 1951. Spindle hour operations rose 12% from the vacation month of July and were 3% ahead of August 1952.

Income Payments in the Fifth District

THE best measure of the progress of regional economies in the United States is afforded by the income payments series computed by the Department of Commerce annually. These figures are broken down according to major sources of income and are presented for each of the 48 states and the District of Columbia.

It is interesting to note that the income payments of the Fifth District and the United States have paralleled each other very closely in the postwar period. In some years the District ran 1 or 2% behind the national growth and in others a similar amount ahead. But over the entire postwar period, 1945-1952, gains in income payments in the Fifth District and nation have been almost identical. Over this period the Fifth District has shown an increase in total income payments of 49.6% and the United States has shown a gain of 49.4%. This does not mean that the Fifth District is a good cross section of the United States and should represent the national figure as a consequence.

Between 1951 and 1952 income payments in the Fifth District and in the nation each rose 5%. There were some important divergencies, however, between District and nation. Manufacturing payrolls in this period rose 7% in the District and 8% in the nation. Agricultural income payments in the District dropped 9% compared with a 5% drop in the nation. The greater fall in the District was primarily due to reductions in the size of the cotton crop and the price of cotton. Income payments from trade and service industries in the District rose 6% in 1952 over 1951 whereas United States payments rose 4%.

Government income payments in the Fifth District which are much more important than in the nation as a whole failed to keep pace with the national increase between 1951 and 1952. Fifth District payments rose 7% compared with 9% for the nation as a whole. Only two Fifth District states showed gains in Government payments larger than the national increase, and one of these was due to payment of a soldiers' bonus. Construction payrolls in the Fifth District rose nearly three times as much as in the United States due mainly to an inordinately large gain in South Carolina as a result of an atomic energy project. Mining payrolls in the Fifth District dropped 8% between 1951 and 1952; in the nation they rose 2%. This variation was due to the relatively poor operating conditions in the bituminous coal industry which were not experienced by other types of mining.

The postwar changes in income payments show the Fifth District running behind the nation in manufacturing payrolls and agricultural income payments, but ahead of the nation in trade and service income and in Government income payments. Between 1946 and 1952 manufacturing payrolls in the Fifth District rose 69.7%; in the nation they rose 71.8%. Agricultural income payments in the Fifth District declined 2.2% in this period; in the nation they rose 2.1%. Trade and service income payments rose 49.7% in the District and 43.8% in the nation. Government income payments in the District increased 42.7%, compared with 39.7% for the nation. It is interesting to note that the District's largest gains in trade and service incomes came in the states of lowest per capita income. It is also interesting to note that the gain in Government income payments in each state of the Fifth District exceeded the gain in the national average with the exception of the District of Columbia and North Carolina.

Per capita income in the Fifth District of $1,321 in 1952 was 4% larger than in 1951, the same gain as shown in the United States. The District's per capita income in 1952 was 81% of the national average, compared with 80% in 1951, 78% in 1940, and 65% in 1929. Only Maryland and the District of Columbia had per capita incomes higher than the national average in any period of record. Although the District's per capita income is still 19% under the national average, there has been marked progress made in the past generation.

TOTAL INCOME PAYMENTS TO INDIVIDUALS

(Millions of dollars)

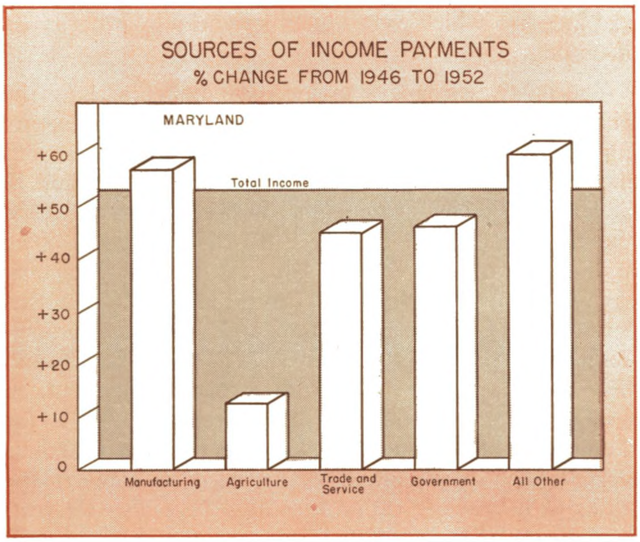
	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952
Maryland	1,516	2,033	2,449	2,577	2,539	2,723	2,851	3,065	3,070	3,420	3,867	4,109
District of Columbia	1,040	1,260	1,456	1,518	1,617	1,727	1,743	1,825	1,891	2,093	2,305	2,420
Virginia	1,484	2,133	2,457	2,646	2,679	2,834	2,980	3,247	3,230	3,551	4,073	4,322
West Virginia	905	1,094	1,253	1,381	1,497	1,642	1,890	2,094	1,943	2,115	2,340	2,404
North Carolina	1,436	1,872	2,270	2,536	2,651	3,012	3,223	3,446	3,361	3,859	4,290	4,383
South Carolina	703	956	1,153	1,291	1,319	1,420	1,508	1,681	1,586	1,763	2,128	2,341
Total	7,084	9,348	11,038	11,949	12,302	13,358	14,195	15,358	15,081	16,801	19,003	19,979

Source: "Survey of Current Business," U. S. Department of Commerce, Office of Business Economics, August 1953.

Maryland

Increased manufacturing payrolls and larger Government payments to individuals increased Marylanders' 1952 income receipts by 6% over 1951, to give the state 1.61% of the national total compared with 1.59% in 1951, 1.61% in 1940, and 1.34% in 1929.

Manufacturing employment averaged 259,200 in 1952 as compared with 254,400 in 1951. Employment in the transportation equipment industry (including aircraft) increased from 39,800 to 48,300, more than offsetting the steel industry decline of nearly 4,000 to 31,200 as a result of the midyear strike. Totaling the ups and downs, Marylanders increased their income from manufacturing employment by 9%, compared with a gain of 8% for the United States.



Trade and service income was again the largest component, making up 26.1% of the total. While this included a gain of 5% in dollar amount over 1951, it still showed a further decline in the relative importance of this type of income. This is consistent with the stable employment in trade establishments in recent years.

Government payrolls (which do not include Marylanders working in Washington) increased by 9% to constitute 19.6% of the total.

Maryland farmers received somewhat less than in 1951, but this decline had little effect upon the total because of the small role of agricultural income payments in the total—3% in 1952.

Per capita income payments in 1952 of $1,761 were 3% higher than in 1951. These payments were 107% of the national average in 1952, 108% in 1951, 123% in 1940, and 103% in 1929.

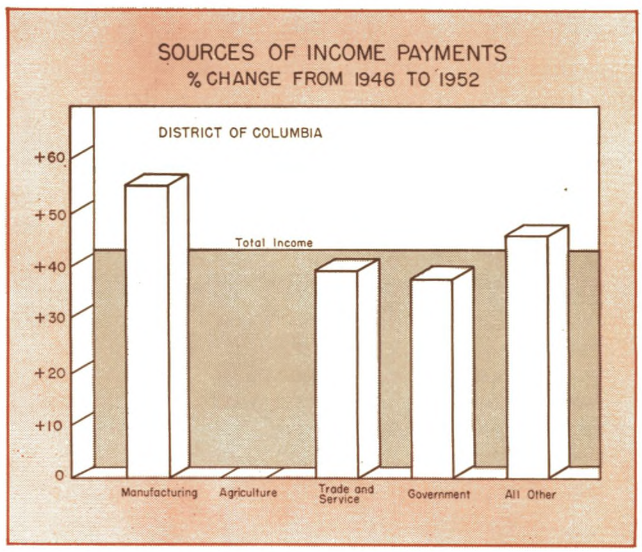
District of Columbia

Income payments in the District of Columbia rose 5% between 1951 and 1952 which was the same gain as shown in the Fifth Federal Reserve District and the nation.

The $2,420 million of income payments paid out in the District of Columbia accounted for 0.95% of the total income payments in the United States, the same as in 1951. Throughout the 1920's and 1930's the District of Columbia had shown a generally rising contribution to the national total, reaching an all-time high of 1.19% in 1940.

The 5% gain in income payments in the District of Columbia during 1952 went mainly to residents of Maryland and Virginia working in Washington. The increase in per capita income payments of the District of Columbia proper amounted to only 1%. This compares with an increase of 4% for the Fifth District and 4% for the United States. Per capita incomes of the residents of the District of Columbia were 30% higher than the national average in 1952, 34% higher in 1951, and 89% higher in 1940.

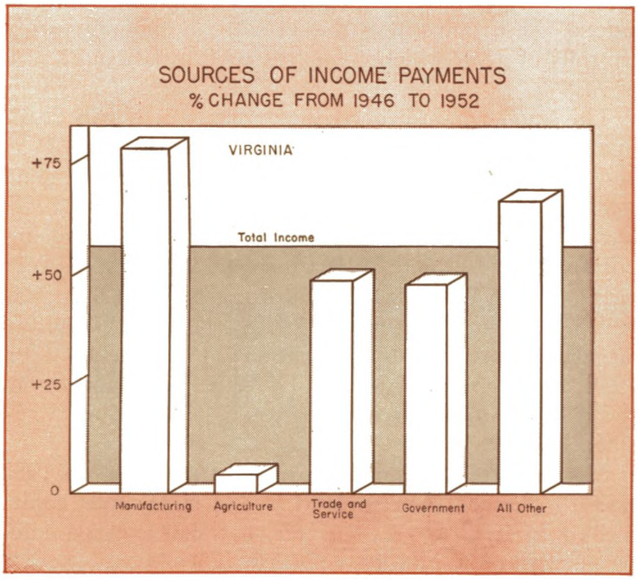
The important sources of income in the District of Columbia are the Federal Government and the trade and services industries of the area. In 1952 the Federal Government contributed 48.4% of total income payments paid out and trade and service industries contributed an additional 27.2%. Between 1951 and 1952 income payments contributed by both Government and trade and service industries rose 6%. Manufacturing industries in the District which accounted for only 3% of total income payments in 1952 showed an increase of 7% from 1951. These increases were moderately offset by a drop of 5% in construction payrolls.



Virginia

Income payments in Virginia of $4,322 million were 6% above 1951 and 52.5% above 1946. Income from all major sources, except agriculture and mining, rose.

Government contributed $1,137 million in 1952, a gain of 7% over 1951 and was the largest source of income. Service industries contributed $1,016 million, gains of 7% over 1951 and 49% over 1946. Manufacturing payrolls in 1952 totaled $748 million, gains of 9% over 1951 and 79% over 1946. Manufacturing accounted for 17.3% of Virginia's total income payments in 1952, but its importance has been rising. Agriculture's $341 million of income payments—off 4% from 1951—was 7.9% of the state's total.



Virginia's per capita income in 1952 of $1,322 was 4% higher than in 1951, the same gain as shown in the Fifth District and the United States. Virginia's per capita income payments in 1952 were 81% of those in the United States compared with 80% in 1951, 78% in 1940, and 62% in 1929. Although these payments are still nearly 20% below the national average, the trend is upward.

Virginia contributed 1.69% of the total national income payments in 1952, 1.68% in 1951, and a peak percentage of 1.81% in 1942.

Developments thus far in 1953 point to some reduction in Government payrolls, a further reduction in agriculture, and a small reduction in construction. These may very well be more than offset by gains in manufacturing, trade and service and other incomes.

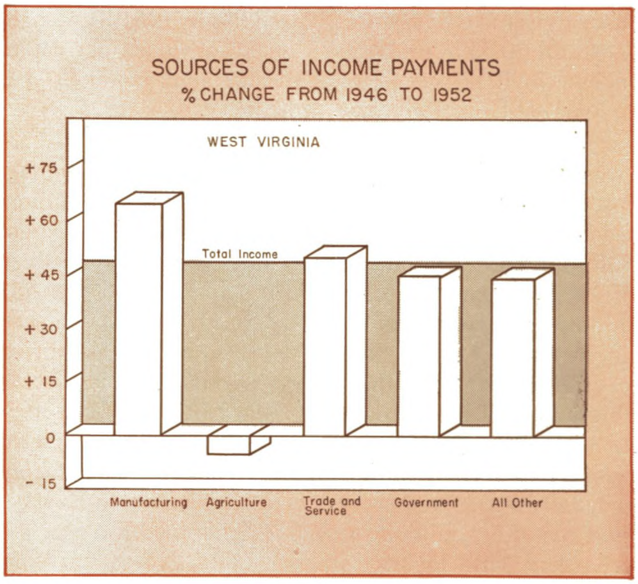
West Virginia

Total income payments in West Virginia in 1952 amounted to $2,404 million, a gain of 3% over 1951, and a gain of 46% over 1946. Per capita income payments rose more than total income payments because of a loss of population. In 1951 and 1952 per capita payments were 75% of the national average. In 1940 they were 69% of the national average and 68% in 1929.

Four major sources contributed 76.2% of the state's income in 1952. These were: Government, 16.2%; manufacturing, 20.6%; trade and service industries, 20.8%; mining industry, 18.6%. Agriculture contributed 3.7% and construction payrolls, 2.8%.

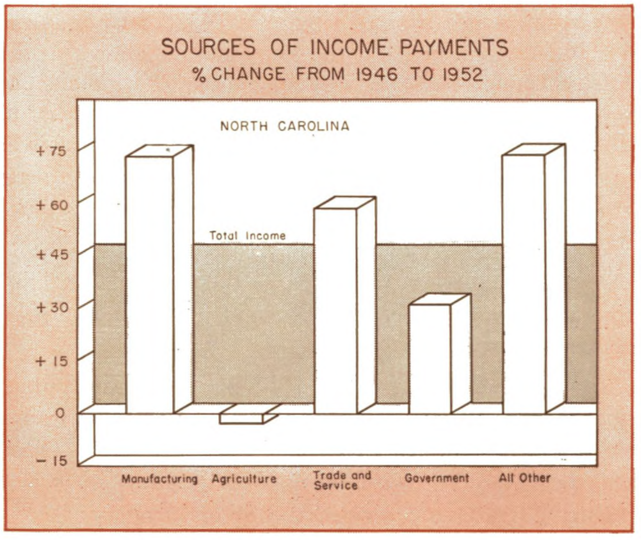
Trade and service industries contributed a half billion dollars of income payments in 1952, a gain of 2% over 1951 and 50.6% over 1946. Manufacturing payrolls were $495 million in 1952, a gain of 5% over 1951 and 66% over 1946. Mining payrolls were $447 million in 1952, a drop of 10% from 1951. Government accounted for $390 million of the total income payments in 1952, an increase of 26% over 1951 and 45% over 1946. The large gain over 1951 was due to the payment of a soldiers' bonus. A drop from 1951 of 8% in agricultural income payments was largely offset by an increase of 11% in construction payrolls.

West Virginia accounted for 0.94% of the national income payments in 1952, 0.96% in 1951, 1.00% in 1940, and 0.96% in 1929. The state's highest contribution to the national total was in 1934 at 1.11%. Since that time there has been a gradual tendency downward.



North Carolina

Income payments in the state of North Carolina in 1952 totaled $4,383 million, a gain of $93 million or 2% over 1951, and a gain of $1,071 million or 45.5% over 1946. Gains in income from 1951 to 1952 of $64 million in trade and service industries and of $6 million in Government were more than offset by a reduction of $71 million in farm income. Manufacturing payrolls rose $67 million, while all other income rose $25 million.



Between 1946 and 1952 total income payments in North Carolina rose $1,071 million of which manufacturing accounted for $477 million, trade and service industries $372 million, and Government $169 million. Income from agriculture decreased $18 million and income from all other sources rose $71 million. Largest among these gains was the growth in manufacturing payrolls of 73% which compares with a national figure of 71.8%.

The smaller gain in income payments in North Carolina than in either Fifth District or nation between 1951 and 1952 caused the state's contribution to the national total to fall from 1.77% in 1951 to 1.71% in 1952. Despite this drop North Carolina is a much more important contributor to the national total than in former years. In 1940 its proportion of the national total was 1.49% and in 1929 it was 1.17%. North Carolina's largest contribution to the national total was in both 1950 and 1951 at 1.77%. The state's proportion of the national total has been between 1.70% and 1.77% since 1946.

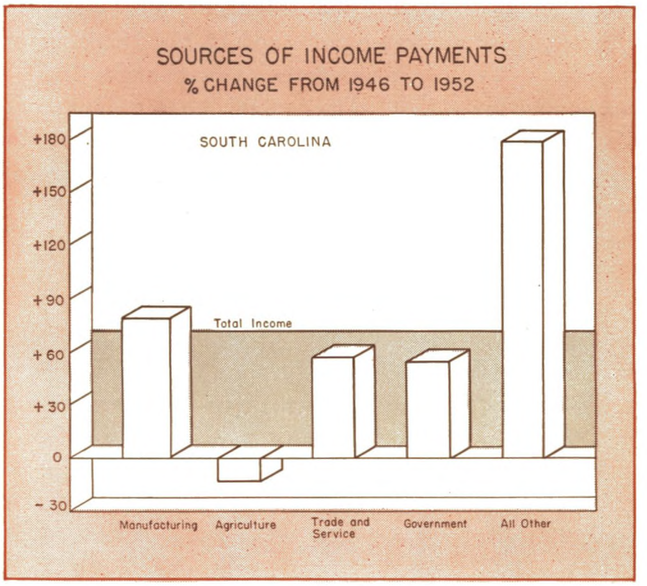
North Carolina's per capita income of $1,049 in 1952 was 1% higher than in 1951. The state's per capita income in 1952 was 64% of the national average compared with 65% in 1951 and 45% in 1929.

South Carolina

Income payments in South Carolina in 1952 of $2,341 million were $213 million, or 10% higher than in 1951, and $921 million or 65% higher than in 1946. Better than average gains were caused largely by expanded payrolls in construction on the atomic energy project.

South Carolina's contribution to the national income payments are still the lowest in the District but the fastest riser: 0.92% in 1952, 0.88% in 1951, 0.72% in 1940, and 0.53% in 1929. South Carolina's per capita income in 1952 was 67% of the national average, 63% in 1951, 50% in 1940, and 37% in 1929.

Of the $213 million increase in income payments between 1951 and 1952, construction payrolls accounted for $158 million, manufacturing payrolls $17 million, trade and service industries $29 million, Government $35 million. Agricultural income payments declined $57 million and all other sources of income rose $31 million. Between 1946 and 1952 South Carolina showed an increase of $251 million or 80% in manufacturing payrolls which was the largest percentage increase in this source of income in any of the Fifth District states. In the same period income payments from Governments rose $163 million or 55%. Gains in income contributed by the trade and service industries in this period rose $175 million or 58%. This increase was exceeded in Fifth District states only by North Carolina. Agricultural income payments in 1952 were $39 million lower than in 1946, or 13%, the largest percentage drop shown in any of the District's states. Manufacturing activities in South Carolina are assuming a greater role in the contribution to the state's income payments while agriculture is waning.



Government Securities—Important Asset for District Bankers

Commercial banks hold 38% of Uncle Sam's marketable Public Debt. At the end of World War II, they held 44% of a much larger amount of marketable securities outstanding. Over this period, the amount of marketable Government securities held by commercial banks has been reduced by $32 billion—more than one-third. Nevertheless, Government securities now comprise 42% of total earning assets of the commercial banks of the country—an extremely important segment of the total.

Of even more importance is the relationship between the purchase of Government securities by banks on the one hand, and the level of the nation's money supply and the amount of spending that takes place in the economy, on the other. When commercial banks purchase newly issued Government securities, their deposit credit is made available to the Treasury. The Treasury, in turn, makes it available to private individuals and business firms by spending it for the goods and services needed to maintain both the national defense and the civilian services. Similarly, when commercial banks purchase Government securities from private holders, bank deposit credit is made available to them to meet their expenditure needs. This may be highlighted by a look at the unusual expansion during World War II. Government securities held by all commercial banks expanded by $75 billion from December 30, 1939 to December 31, 1945. Demand deposits (excluding interbank) increased by $73 billion over the same period. During this period, loans and other investments exerted only a very small influence on deposit expansion and actually increased by only $9 billion.

Loans and Discounts Replacing Governments

When war needs gave way to the impatient demands of well-heeled consumers, the nation's bankers were called upon to supply the credit needed by industrial and other business firms to produce the goods and services which have given the American consumer the world's highest standard of living. Since the end of 1945, commercial bankers have increased their loans to individuals and business firms one and a half times. Loans now make up almost half (48%) of all the earning assets of commercial banks, whereas in December 1945 they accounted for only a fifth (21%).

In order to meet the credit demands of private citizens, bankers have had to convert other earning assets into loanable funds. Government securities have provided the principal source of such funds. In December 1945 such securities comprised almost three-fourths (73%) of total earning assets of commercial banks. By June of this year, they had been reduced to little more than two-fifths (42%).

Who purchased the Government securities the commercial banks divested themselves of since December 1945? Not mutual savings banks and insurance companies—through July of this year they too had reduced their holdings of Governments. The Federal Reserve Banks in July 1953 held about the same amount they had eight years ago. Corporations hold fewer Governments now and individuals hold about the same over-all amount, an increase in their holdings of savings bonds being just about offset by a reduction in other types of securities held. The answer lies in a $5 billion increase in holdings of Government securities by state and local governments, a $21 billion increase in holdings by U. S. Government agencies and trust funds, and a reduction in the Public Debt of about $6 billion.

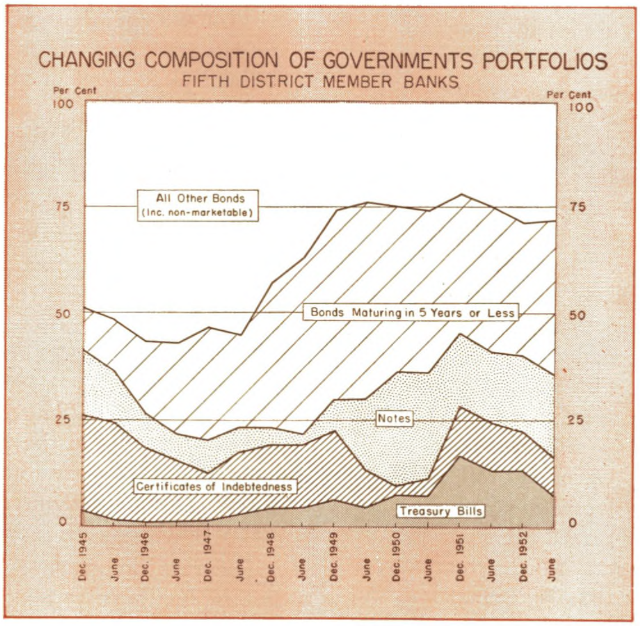
District Bankers Follow the National Pattern

Member bankers in the Fifth District have reduced the amount of Government securities in their portfolios by $1 billion since December 1945. In spite of this almost one-third reduction in holdings of Governments, the income they received from these assets in the first half of this year, when estimated on an annual basis, was $5 million greater than the amount earned on Governments in the last year of the war when this type of security made up 77% of all earning assets. Earnings on Governments in the first half of 1953, however, accounted for only one-fourth of total earnings. In 1945 income from this source made up nearly half of the year's total.

The rate of return banks have earned on "Governments" has been gradually increasing since the end of World War II. District bankers' earnings on Governments in 1946 equaled 1.50% of the average amount held. The rate increased gradually to 1.70% in 1951, to 1.83% in 1952, and 2.02% in the first half of 1953. The rise was more gradual prior to 1951 because of Federal Reserve support of the Government securities market originally undertaken to support the Treasury's war financing and continued to avoid financial disturbances during the conversion period from war to peace.

Federal Reserve support of the Government securities market from 1946 to 1951 did not peg interest rates as rigidly as many are prone to believe and throughout the period there was a gradual increase. The Federal Reserve altered its support conditions on several occasions—for example, in July 1947 it discontinued its fixed buying rate of ⅜% on Treasury bills and in December 1947 it lowered its support prices on bank eligible and restricted Treasury bonds. During the period, the Treasury on several occasions, in recognition of changing market conditions, refinanced maturing issues at higher rates. The certificate rate, for example, was raised from ⅞% on a twelve months maturity prior to July 1947 to 1⅛% by August 1948. Thus, underlying economic forces were exerting great influence toward higher interest rates throughout the period.

In March 1951, the restraining influence of Federal Reserve "support" of the Government securities market was removed and interest rates have since been permitted to rise and fall in freer response to market forces. Since then, interest on all types of securities shifted irregularly upward to June of this year. The rate on new issues of Treasury bills, which reflects quickly changing attitudes in the market place, rose from 1.422% in March 1951 to 2.231% in June of this year. Nine to twelve month issues rose from 1.79% to 2.46%.



The rise in rates was not uninterrupted over the period. Although the trend was upward, there were many scattered periods of downward adjustments. For example, the rate on the nine to twelve month issues declined fairly steadily from 1.89% in April 1951 to 1.70% in August of the same year; the rate on new issues of Treasury bills fell in both January and February of 1953. And there were many other temporary downward movements which were subsequently offset by the upward trend.

Since last June, nearly all rates have declined. Additional reserve funds made available to the commercial banks, in part by Federal Reserve purchases of Treasury bills and in part by lowered reserve requirements in early July, contributed toward easing moderately the tightness in the supply of funds which had developed over earlier months. Growing caution as to business prospects over the coming months has probably tended to ease demand for funds.

Short-terms Have Replaced the Longer Maturities

The increase in bank loans extended to individuals and business firms, which has been almost continuous since the Japanese surrender, has been accompanied not only by a decline in total amount of Government securities held by banks but also by important changes in the types of securities being held. In December 1945, almost half of all Governments held by District member banks had maturities beyond five years. Today, long-term securities make up just over one-fourth of the total.

The switch to shorter maturities may be explained in large measure by three developments which characterize the period: (1) No long-term bonds were issued by the Treasury from the end of 1945 through February 1952. When the bonds which were held at that time matured, they could not be replaced with new long-term issues. (2) The expansion of loans during the period increased the necessity of revising the Governments portfolio to preserve adequate liquidity. (3) The need for seeking liquidity in the shorter-term securities was enhanced by declining prices in long-term issues which meant that these long-terms could no longer be sold on short notice without loss.

The sharp decline in holdings of long-term bonds from June 1948 through December 1949, in dollar amount held as well as in their percentage of total Governments, was due almost entirely to the first of these developments. In that period, $10.8 billion of bonds either matured or were called. Of this amount, $1.3 billion were retired for cash and the remainder were exchanged for shorter-term securities, $4.2 billion for notes and $5.3 billion for certificates of indebtedness.

The sudden increase in notes as a percentage of total Governments during 1950 was due almost entirely to Treasury action. Throughout that year the Treasury, except for the weekly bill offerings, issued notes only. Member banks in the District increased their note holdings during 1950 by over $250 million.

Sellers and Buyers Both Influence the Pattern of Holdings

Each bank naturally operates in its own best interest in determining the types of securities it wishes to hold. The desire to earn as great an income as possible is always tempered by the necessity of maintaining adequate liquidity and safety for its depositors. Having made the decision to maintain a portfolio with certain liquidity characteristics, the bank is restricted by the availability of securities having these characteristics. The issuers of securities, in order to find enough buyers at the most attractive price possible, generally exert every effort to tailor their offerings to the market—to meet the needs of portfolio managers. The Treasury, especially over the past two and a half years, has made increasing efforts to offer securities which, in its analysis, will meet the needs of institutional and other investors. Thus, the interaction of the sellers of securities, on the one hand, and the buyers, on the other, determines the general patterns of security holdings.

Business Conditions and Prospects

August was an enervating month in the Fifth Federal Reserve District and produced some signs that the business pace, by contrast with the weather, had become distinctly less torrid—particularly at the trade level. Although the cotton textile industry returned to its June level after seasonal correction, there were indications in late August and early September of reduced activity.

Employment levels in manufacturing industries held up quite well through August, but the seasonal expansion in food product industries was less than normal, due mainly to short canning supplies. Latest information available shows employment by the Federal Government still on a downward trend and reductions have occurred in several privately operated defense industries.

Construction activity which showed a sharp rise in July dropped again in August. Three labor market areas of the District showed improved labor conditions during the Summer and no section of the District is now classed as a "scarce" labor area.

Bank debits adjusted dropped 3% from their July peak but stood 12% above a year ago. Business failures were less numerous than in July, but still nearly doubled those of a year ago. Cigarette firms which had increased employment in connection with the introduction of king-size brands last year have laid off workers as inventories have built up. Gasoline consumption in the District in July, the latest month available, showed, surprisingly, a decline of 1% after seasonal correction. This may have been due to record high temperatures which could also have been responsible for a 4% decline in adjusted life insurance sales from July to August.

Trade

The August trade level was generally slower after seasonal correction than in July though some wholesale lines showed better than seasonal expansion.

Department store sales, adjusted, dropped 5% from July to August and August was 5% under that month last year. Men's and women's clothing and major household appliances were prominent in the decline. Department store stocks continued to rise and established a new high level in August after seasonal correction. Outstanding in the inventory rise were women's accessories, men's clothing, domestic floor coverings, radios, phonographs, televisions, and records. In the aggregate, department store stocks are now out of line with the growth that has taken place in sales this year. Unless an unusually good Fall and Christmas season occurs, it would not be surprising to see inventories undergo reductions as a matter of policy.

Passenger automobile sales in July in this District rose 8% from June which was contrary to the national trend. July registrations were 49% ahead of a year ago and for the first seven months they were up 27%. Two of the District's states showed registrations for August 17% and 18% below July, but still substantially ahead of the poor August of last year.

Furniture store sales held up better in August than other lines of trade. August sales were only fractionally under those of July, on an adjusted basis, and 6% under the all-time peak of August 1952. Cash sales in August relative to a year ago were up 4% while credit sales were down 8%. Furniture store inventories in August, adjusted, dropped 4% but were still 4% higher than in August 1952.

Wholesale trade showed mixed tendencies with dry goods lines, hardware firms, and paper concerns showing substantial recovery from July to August and with industrial supplies showing a moderate rise. Other lines of wholesale trade showed losses ranging from 4% to 26%.

Employment

Latest figures on employment for the District (July) showed manufacturing totals at the same level as in June and 6% ahead of July 1952. August figures are available in a limited number of labor market areas, and these show considerable stability but many interesting developments.

In the Alexandria-Arlington, Virginia area, for example, personnel reductions in construction and Government were largely responsible for employment dropping below the June level. Practically all contractors in this area complained of slack business. Residential builders are very cautious and have their payrolls geared to the sale of houses which are at present moving slowly. In the Harrisonburg, Va. area, retarded crop growth kept many of the canneries from opening. In the Staunton-Waynesboro, Va. area, Westinghouse Electric Corporation will build a multimillion dollar plant at Varona which will employ 500 persons when completed about June 1954.

Federal shipyard workers at Norfolk declined moderately from July to August, and a scheduled lay-off of 800 to 900 workers began in September. Substantial lay-offs in construction reduced employment at Radford, Va. about 1,400 in the past four months; 1,100 from defense construction as arsenal contracts were completed. Employment at the arsenal reached a peak of 9,300 workers in August; in September a cutback was ordered and lay-offs of some 1,000 production workers is in progress. Government payrolls were pared down by 1,800 and construction dropped 900 over a year ago at Charleston, S. C. Latest figures on Federal Government employment in the Washington, D. C. metropolitan area are for June when 234,029 people were employed. This was a drop of 566 from May and 18,555 below June 1952.

Textiles

Cotton spindle hours reached a new postwar peak in August and were 3% ahead of a year ago. Developments in the market in early September indicated some backaway from August levels. This was particularly true of yarn spinners whose backlogs dropped considerably while plants here and there cut working time and some shut down. Backlogs in broadwoven goods are in somewhat better shape, but here too they are declining. There have been a few price reductions, but nothing of consequence; unless new business is written soon, however, further price reductions are possible. The market took the increase in estimated cotton supply calmly but the forecast has been a factor in withholding buyers' decisions to enter the market at this time; and this situation may create a moderately lower level of operations in the months ahead.

August rayon shipments dropped 2% from July to a level 8% below August 1952. In the first eight months of the year, shipments were 10% ahead of last year. The July-August downtrend was due wholly to a drop in filament yarn, particularly in high tenacity rayon and acetate yarns. Total staple and tow shipments during the month were up 7% from July, which was due to a gain of 25% in shipments of acetate staple.

Latest monthly figures on employment in apparel industries in this District still show gains continuing over a year ago. Growth in employment in these industries has been marked in the Carolinas and Virginia.

The hosiery industry was gladdened by its July performance which ran 6% ahead of a year ago. Seasonal expansion in employment in the hosiery industry has taken place during August, but new business in both seamless and full-fashioned has fallen substantially below expectations. The industry is hopeful that belated purchasing will bring a good Fall season.

Banking

Loans of all member banks in the Fifth District rose 0.9% from July 29 to August 26 and were 9.7% ahead of a year ago. Total deposits during August rose 1.1% to stand 1.7% above August a year ago. Time deposits rose 0.8% during August and were 6% ahead of a year ago. Demand deposits, excluding interbank, were up 0.7% during the month and 0.8% during the year. Deposits of banks rose 6.3% during August but were 2.4% under last year's level. Member bank borrowings have become more normal—during August they declined 18% to a level 28% under a year ago.

FIFTH DISTRICT BANKING STATISTICS

DEBITS TO DEMAND DEPOSIT ACCOUNTS*

(000 omitted)

	August 1953	August 1952	8 Months 1953	8 Months 1952
Dist. of Columbia				
Washington	$1,100,770	$ 938,343	$ 8,616,916	$ 8,355,962
Maryland				
Baltimore	1,377,278	1,159,742	11,343,431	10,094,646
Cumberland	22,816	22,580	203,463	202,551
Frederick	21,988	22,463	186,480	177,553
Hagerstown	35,730	35,035	300,575	277,737
North Carolina				
Asheville	61,210	57,400	490,593	474,098
Charlotte	350,809	323,194	2,894,049	2,694,759
Durham	136,025	145,052	774,052	754,741
Greensboro	114,755	101,611	952,624	835,344
High Point	44,846**	NA	NA	NA
Kinston	32,591	30,052	176,963	163,361
Raleigh	160,518	177,448	1,494,016	1,367,768
Wilmington	48,602	43,846	372,793	354,416
Wilson	32,538	24,758	151,717	145,522
Winston-Salem	161,363	137,547	1,183,495	1,078,117
South Carolina				
Charleston	74,034	85,748	631,173	635,470
Columbia	155,485	133,413	1,274,891	1,120,502
Greenville	110,181	102,085	897,872	835,125
Spartanburg	66,186	67,298	515,912	529,901
Virginia				
Charlottesville	29,615	23,723	220,316	195,011
Danville	37,415	31,689	292,855	251,801
Lynchburg	47,574	40,864	387,081	348,652
Newport News	44,946	53,782	385,970	377,777
Norfolk	243,628	223,720	2,043,231	1,914,640
Portsmouth	28,386	24,492	244,868	214,065
Richmond	606,840	552,629	4,835,401	4,495,935
Roanoke	120,807	106,853	967,827	892,571
West Virginia				
Bluefield	45,206	41,022	350,165	383,537
Charleston	168,423	151,003	1,351,510	1,269,520
Clarksburg	31,546	31,394	269,200	276,508
Huntington	68,408	67,990	565,135	558,926
Parkersburg	30,803	28,464	240,332	235,034
District Totals	$5,566,476	$4,985,240	$44,614,906	$41,511,550

* Interbank and U. S. Government accounts excluded.

** Not included in District totals.

NA Not Available.

50 REPORTING MEMBER BANKS

(000 omitted)

Items	Sept. 16, 1953	Change in Amount From Aug. 19, 1953	Change in Amount From Sept. 17, 1952
Total Loans	$1,403,319**	+ 6,478	+121,083
Bus. & Agric.	632,509	+ 7,732	+ 41,977
Real Estate Loans	264,006	+ 1,588	+ 9,701
All Other Loans	523,156	— 2,798	+ 69,870
Total Security Holdings	1,822,000	+ 13,460	— 42,585
U. S. Treasury Bills	163,829	+ 25,371	— 77,176
U. S. Treasury Certificates	272,765	+ 32,186	+ 97,407
U. S. Treasury Notes	333,187	+ 61,431	+ 67,492
U. S. Treasury Bonds	823,961	—104,665	—113,737
Other Bonds, Stocks & Secur.	228,258	— 863	— 16,571
Cash Items in Process of Col.	345,134	+ 74,540	+ 30,976
Due From Banks	193,537*	+ 16,058	— 9,779
Currency and Coin	77,667	+ 2,801	— 892
Reserve with F. R. Banks	549,851	+ 31,109	— 19,202
Other Assets	58,168	— 20	+ 3,794
Total Assets	4,449,676	+144,426	+ 83,395
Total Demand Deposits	3,409,572	+169,416	+ 36,971
Deposits of Individuals	2,492,585	+110,786	+ 22,876
Deposits of U. S. Government	152,230	— 24,212	+ 4,965
Deposits of State & Local Gov.	167,085	— 20,067	— 3,871
Deposits of Banks	530,990*	+ 90,172	+ 7,752
Certified & Officers' Checks	66,682	+ 12,737	+ 5,249
Total Time Deposits	679,105	— 944	+ 19,272
Deposits of Individuals	600,274	— 1,417	+ 20,935
Other Time Deposits	78,831	+ 473	— 1,663
Liabilities for Borrowed Money	39,800	— 26,400	+ 4,000
All Other Liabilities	43,113	— 193	+ 7,620
Capital Accounts	278,086	+ 2,547	+ 15,532
Total Liabilities	$4,449,676	+144,426	+ 83,395

* Net figures, reciprocal balances being eliminated.

** Less losses for bad debts.

FIFTH DISTRICT STATISTICAL DATA

SELECTED INDEXES

Avg. Daily 1935-39=100—Seasonally Adjusted

	Aug. 1953	Jul. 1953	Aug. 1952	% Chg.— Latest Mo. Prev. Mo.	% Chg.— Latest Mo. Yr. Ago.
Automobile Registration*	208	229	85	— 9	+145
Bank Debits	486	500	441	— 3	+ 10
Bituminous Coal Production	139	142	116	— 2	+ 20
Construction Contracts	634	575r	599	+10	+ 6
Business Failures—No.	94	128	49	—27	+ 92
Cigarette Production	253	245	265	+ 3	— 5
Cotton Spindle Hours	167	149	162	+12	+ 3
Department Store Sales**	114	120	120r	— 5	— 5
Electric Power Production	......	433	378	+ 3	+ 14
Manufacturing Employment*	......	158	158	0	+ 6
Retail Furniture: Net Sales	232	233	247	0	— 6
Life Insurance Sales	397	415	337	— 4	+ 18

* Not seasonally adjusted.
** 1947-1949=100. Series Revised.
Back figures available on request.

WHOLESALE TRADE

LINES	Sales in August 1953 compared with Aug. 1952	Sales in August 1953 compared with July 1953	Stocks on August 31, 1953 compared with Aug. 31, 1952	Stocks on August 31, 1953 compared with Jul. 31, 1953
Auto supplies (8)	—17	—20	+ 1	+ 3
Electrical goods (5)	+10	—21	+ 8	— 4
Hardware (16)	— 6	— 5	+16	+ 1
Industrial supplies (9)	+20	+10	+ 6	— 1
Drugs and sundries (11)	+ 8	— 4	+ 8	+ 1
Dry goods (15)	— 2	+46	+ 5	— 3
Groceries (43)	— 1	—13	+ 2	+ 2
Paper and products (4)	+23	+11	......	......
Tobacco products (10)	— 3	— 9	+22	+ 4
Miscellaneous (84)	— 5	— 9	+14	— 3
District Totals (205)	— 2	— 5	+10	— 1

Number of reporting firms in parentheses.
Source: Bureau of the Census, Department of Commerce.

DEPARTMENT STORE OPERATIONS

(Figures show percentage changes)

	Rich.	Balt.	Wash.	Other Cities	Dist. Totals
Sales, Aug. '53 vs Aug. '52	— 4.3	— 7.4	— 9.1	— 3.4	— 4.6
Sales, 8 Mos. ending Aug. 31, '53 vs 8 Mos. ending Aug. 31, '52	+ 0.7	— 0.4	— 2.0	+ 2.5	+ 1.4
Stocks, Aug. 31, '53 vs '52	+ 6.7	+10.6	+10.4	+ 8.8	+ 9.6
Outstanding orders Aug. 31, '53 vs '52	—18.0	— 8.5	—11.7	—10.0	—11.6
Open account receivables Aug. 1 collected in Aug. '53	30.4	43.2	40.5	36.7	38.6
Instalment receivables Aug. 1 collected in Aug. '53	11.6	13.7	12.8	16.1	13.3

	Md.	D.C.	Va.	W.Va.	N.C.	S.C.
Sales, Aug. '53 vs Aug. '52	—7.9	—9.1	—5.9	+3.2	—3.0	+8.9

BUILDING PERMIT FIGURES

	August 1953	August 1952	8 Months 1953	8 Months 1952
Maryland				
Baltimore	$ 3,401,770	$ 2,308,625	$ 56,386,590	$ 38,588,935
Cumberland	36,125	3,480	440,290	187,781
Frederick	63,125	288,500	1,910,267	1,919,473
Hagerstown	237,314	154,670	1,891,952	1,058,058
Salisbury	54,600	99,197	848,892	923,216
Virginia				
Danville	247,179	214,240	2,850,919	3,888,809
Hopewell	997,517	136,109	2,868,584	1,207,220
Lynchburg	230,860	174,225	3,162,878	1,734,642
Newport News	101,482	143,108	1,560,427	6,176,627
Norfolk	1,914,615	933,605	12,037,026	13,183,395
Petersburg	135,250	123,365	1,371,050	1,292,098
Portsmouth	178,190	237,020	5,984,531	6,091,605
Richmond	1,510,768	1,748,736	13,076,043	12,569,762
Roanoke	2,471,135	512,288	12,250,423	6,952,765
Staunton	100,210	148,300	1,498,697	1,010,930
West Virginia				
Charleston	508,904	887,120	9,987,413	10,236,258
Clarksburg	250,605	193,935	1,933,586	846,992
Huntington	1,294,958	359,120	4,435,289	3,109,081
North Carolina				
Asheville	228,455	242,852	1,999,232	2,149,208
Charlotte	3,710,955	1,319,556	25,299,079	14,110,931
Durham	608,221	2,401,855	4,545,144	7,607,558
Greensboro	516,081	469,370	7,452,688	6,388,093
High Point	311,606	403,465	3,701,007	2,429,310
Raleigh	882,977	1,120,195	17,785,252	11,690,174
Rocky Mount	177,439	182,823	3,217,480	2,126,788
Salisbury	81,518	424,035	1,586,324	1,658,650
Wilson	240,600	67,700	1,520,731	1,735,250
Winston-Salem	374,920	2,400,204	5,505,402	8,688,554
South Carolina				
Charleston	95,233	187,569	3,850,608	1,407,696
Columbia	716,554	523,433	6,271,770	6,900,342
Greenville	317,250	812,609	4,195,542	6,429,927
Spartanburg	134,588	74,259	706,262	1,631,261
Dist. of Columbia				
Washington	9,998,329	4,268,552	56,364,066	34,404,125
District Totals	$32,129,333	$23,564,120	$278,494,544	$220,335,514

RETAIL FURNITURE SALES

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

STATES	August 1953	8 Mos. 1953
Maryland (6)	— 3	+ 4
Dist. of Col. (6)	— 3	— 8
Virginia (17)	—15	— 3
West Virginia (10)	+16	+ 3
North Carolina (14)	— 7	— 3
South Carolina (6)	—20	— 4
District (59)	— 5	— 3
INDIVIDUAL CITIES		
Baltimore, Md. (6)	— 3	+ 4
Washington, D. C. (6)	— 3	— 8
Richmond, Va. (6)	—21	— 5
Charleston, W. Va. (3)	— 2	+ 3

Number of reporting firms in parentheses.

FEDERAL RESERVE BANK OF RICHMOND
FIFTH DISTRICT