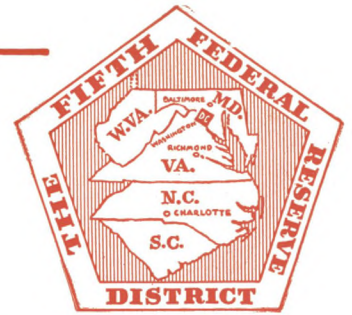
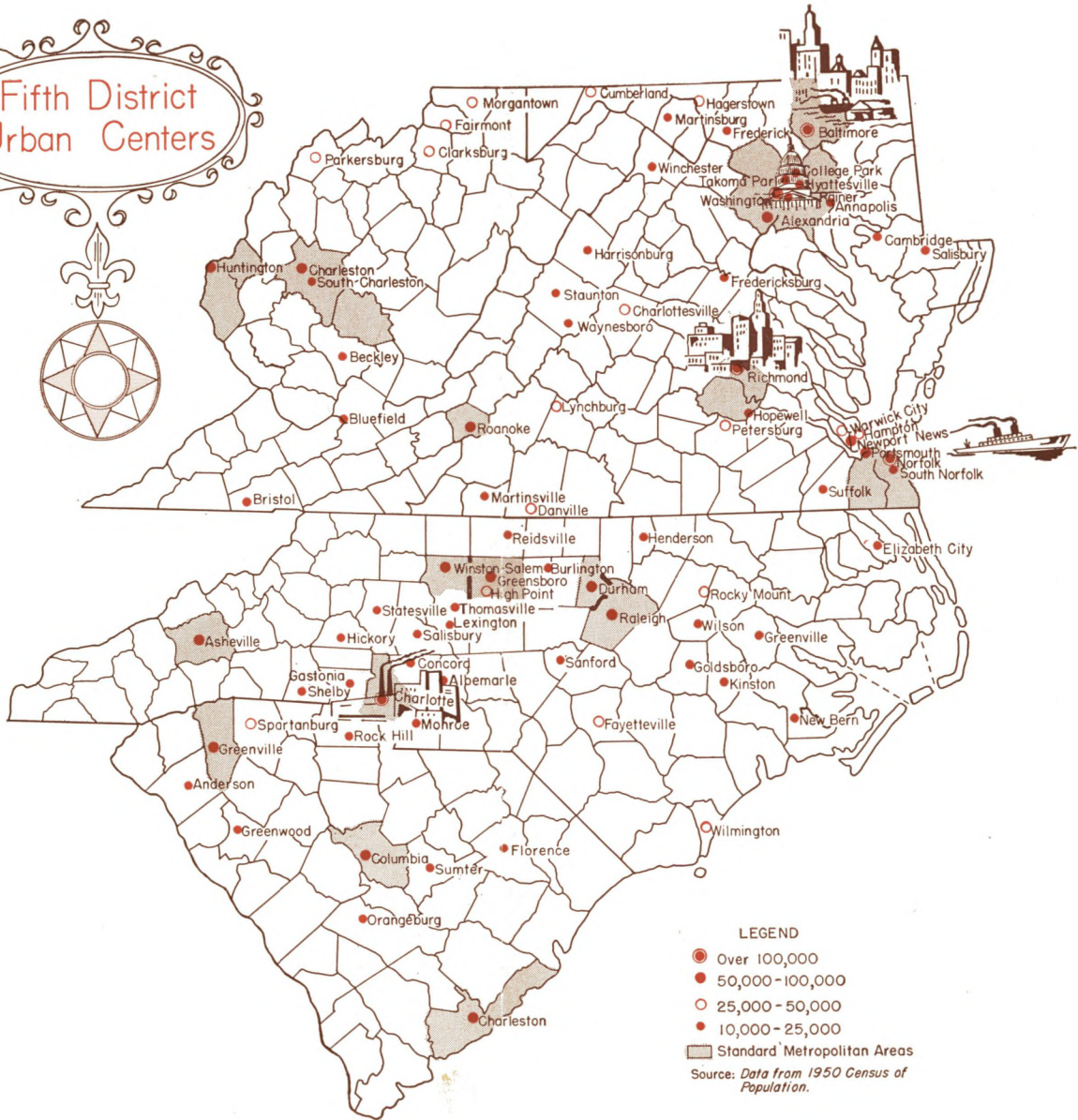


Monthly Review



July 1954



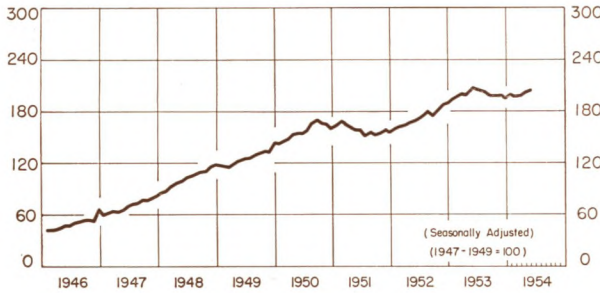
The population has not only grown at a rapid rate since 1940, but it has shifted about in an unprecedented fashion. As described in the article on page 3, the greatest growth in Fifth District states has occurred in urban areas, particularly in the suburbs of large cities. It is a new era for the suburbs.

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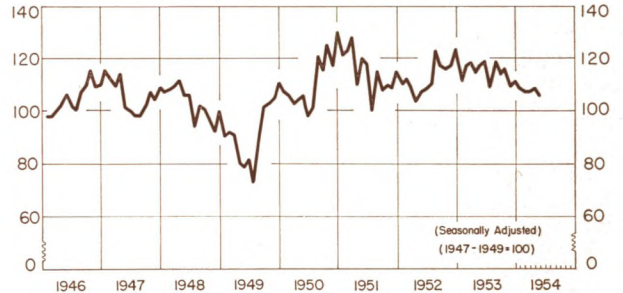
FIFTH DISTRICT TRENDS

INSTALMENT RECEIVABLES - DEPARTMENT STORES



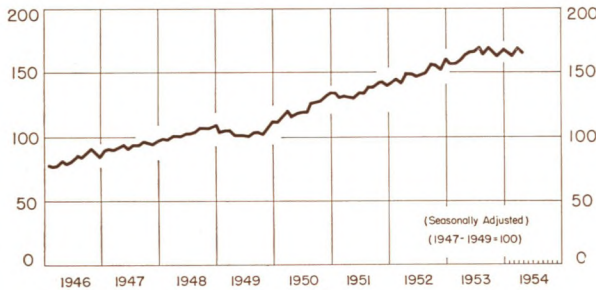
Although instalment sales in department stores of this District during May dropped 7%, adjusted receivables on instalment accounts remained at the same level in May as in April. Both instalment sales at department stores and receivables were 1% lower than a year ago.

COTTON CONSUMPTION



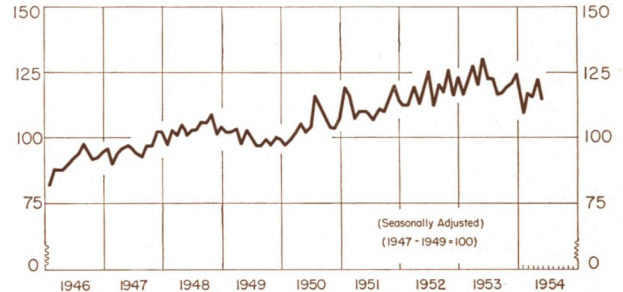
Consumption of cotton in the mills of the Fifth District resumed a downward trend during May, dropping 3% on a seasonally adjusted basis from April to a level 10% below May 1953. In the first five months of the year consumption of cotton in District mills was down 7% from a year ago.

ELECTRIC POWER PRODUCTION



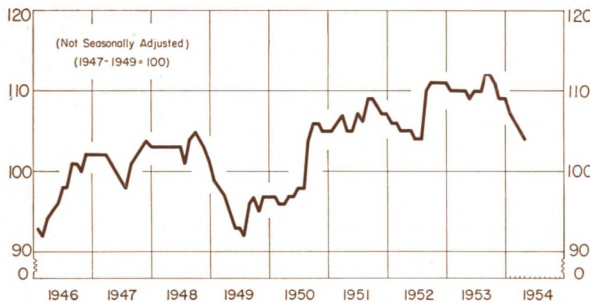
Electric power output in April declined 2% after seasonal correction from March, but continued 1% ahead of April 1953. In the first four months of 1954 electric power output was 3% ahead of similar months of 1953. This is a substantial slow down in the rate of rise experienced in this index for some time.

DEPARTMENT STORE SALES



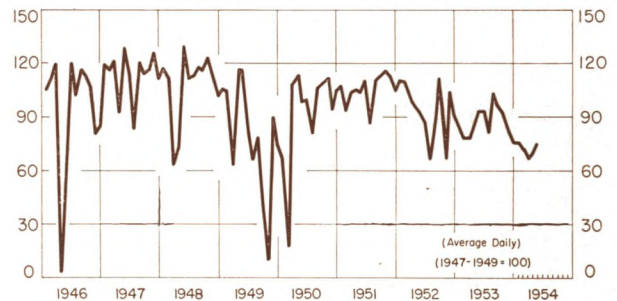
Department store sales of the Fifth District in May declined 7% from April after seasonal correction, and the May level was 12% under May 1953. It should be noted that May 1953 was the highest month of that year and very close to the all-time high record established in the Fifth District.

MANUFACTURING EMPLOYMENT



Employment in manufacturing industries of the Fifth District was down 1% between March and April, with April 5% lower than April 1953 and the first four months down 4% from the same months of 1953. Three District states for May show employment in manufacturing industries 0.8% smaller than in April and 5.3% smaller than in May 1953.

BITUMINOUS COAL PRODUCTION



Average daily bituminous coal output in the District rose 9% from April to May but was 18% smaller than in May 1953. Relative to a year ago average daily output in May was down 18% in West Virginia, down 14% in Virginia, and down 42% in Maryland. In the first five months of the year average daily output in the District was down 15% from a year ago.

The Fifth District Goes to Town—An Urban-Suburban Trend

“WHERE are they coming from!” This oft-repeated query continues to be used by almost everyone who views another new suburban housing development. If the particular Suburbia is in a southern state, a likely answer is that some of the new residents came from rural areas.

Urban population in the South increased 36% from 1940 to 1950 (dates of the last two decennial censuses). Despite a higher birth rate, the rural population just managed to hold its own—the gain was 0.2%. In contrast, the rest of the country gained 15.2% in urban areas and 14.5% in rural areas.

In common with the rest of the South, the relatively rapid rate of urbanization in the Fifth District is of fairly recent origin. Only since 1940 has the growth of population in urban areas of the District been so marked as to recall the much earlier history of towns and cities in the more industrialized sections of the country. As a consequence of this growth, and as shown in the table on this page, there have been some sizeable changes in the proportions of the population of District states living in urban areas.

As a whole, the District is on the verge of abandoning its historical position as a rural region. According to the last census, 53% of the population of the Fifth District resided in rural places. If the 1940-50 trend continues, the next Census of Population may disclose the District as being predominately urban—a position which the nation reached back in 1920.

The aggregate District picture of population distribution is heavily weighted by the District of Columbia and the preponderant urban count in Maryland. The Old Line State, due to the dominant influence of Baltimore, has long had most of its people living at urban addresses. Although West Virginia, North Carolina, and South Carolina still have predominately rural populations, the superiority is not nearly as pronounced as it was in 1940. Also, a significant point is that around one-half the rural population in North and South Carolina and about two-thirds of the rural population in West Virginia are rural nonfarm—living outside of urban areas but not on farms. Virginia is approaching, if it has not already reached, an even split in the distribution of its population between urban and rural.

It should be noted that part (all in Maryland) of the increases in proportions of total population accounted for by urban population shown in the following table is due to the adoption of a new definition of urban population in the last census. Prior to this, many large and closely built-up unincorporated places were excluded from the urban category. Such exclusions would have been particularly misleading in the 1950 census since a significant part of the population growth after 1940

was due to the rapid expansion of unincorporated suburban areas.

Rapid Satellite Growth

A noteworthy feature of the population surge in the Fifth District has been its relatively heavy concentration in the seventeen standard metropolitan areas, particularly in the suburbs of large cities. A standard metropolitan area (hereinafter referred to as SMA) is a county or group of counties containing at least one city of 50,000 or more. Contiguous counties are included if they are essentially metropolitan in character and socially and economically integrated with the central city. Over two-fifths of the total population of the District resides in SMA's.

As shown in the next table, the rate of total population gain in each state from 1940 to 1950 was far surpassed by the aggregate percentage increases in the SMA's. The latter exceeded also the rate of growth of urban population in each state except West Virginia. The most pronounced difference was in Virginia where,

Size of Place	1950			1940		
	No.	Total	% of State Total	No.	Total	% of State Total
Maryland						
Over 100,000	1	949,708	40.5	1	859,100	47.2
50-100,000	—	—	—	—	—	—
25-50,000	2	73,939	3.2	2	71,974	4.0
10-25,000	8	101,489	4.3	6	81,088	4.5
Other urban	39	490,766	20.9*	15	68,189	3.8**
			69.0			59.3
Dist. of Columbia						
Over 100,000	1	802,178	100.0	1	663,091	100.0
Virginia						
Over 100,000	2	443,823	13.4	2	337,374	12.6
50-100,000	3	233,747	7.0	3	177,072	6.6
25-50,000	5	186,174	5.6	5	178,511	6.7
10-25,000	12	164,465	5.0	6	76,321	2.9
Other urban	56	531,906	16.0*	37	175,397	6.6**
			47.0			35.3
West Virginia						
Over 100,000	—	—	—	—	—	—
50-100,000	3	218,745	10.9	3	207,849	10.9
25-50,000	4	116,569	5.8	2	60,682	3.2
10-25,000	7	122,795	6.1	7	112,861	5.9
Other urban	50	236,378	11.7*	33	152,900	8.0**
			34.6			28.1
North Carolina						
Over 100,000	1	134,042	3.3	1	100,899	2.8
50-100,000	5	352,190	8.7	4	250,639	7.0
25-50,000	5	175,876	4.3	4	144,367	4.0
10-25,000	20	318,782	7.8	17	244,439	6.8
Other urban	77	397,211	9.6*	50	233,831	6.5**
			33.7			27.3
South Carolina						
Over 100,000	—	—	—	—	—	—
50-100,000	3	215,249	10.2	2	133,671	7.0
25-50,000	1	36,795	1.7	2	66,983	3.5
10-25,000	7	127,106	6.0	6	89,902	4.7
Other urban	73	398,771	18.9*	40	175,555	9.2**
			36.7			24.5

* Includes incorporated and unincorporated places of 2,500 to 10,000 population and the densely settled urban fringe around cities of 50,000 or more.
** Includes incorporated places of 2,500 to 10,000 population.
Source: U. S. Census of Population, 1940 and 1950.
Note: See text for reference to new urban definition used in 1950.

compared with the total population gain of 24%, SMA's expanded 66%. Within the SMA's, a still greater percentage growth of 92% was recorded in the aggregate by the ring areas—the part outside central cities. (Here, as in Maryland, the population of the Virginia and Maryland components of the Washington SMA has been included in the SMA counts of the states.)

The nearly doubled population in the satellite areas of SMA's in Virginia was chiefly due to the tremendous growth in the Arlington-Fairfax-Alexandria-Falls Church area and in the ring area of the Norfolk-Portsmouth SMA. The dramatic growth of these two areas accounted for 40% of the total increase in population of Virginia from 1940 to 1950. The Richmond SMA growth was also greater in the ring area than in the central city but was much more moderate than in the preceding two cases and accounted for only 4% of Virginia's total growth. The ring area of the Roanoke SMA had a decline in population, but this was a consequence of annexation by the central city.

Although Virginia's population is split about evenly between rural and urban, large cities dominate the population story. SMA's account for 40-45% of the total population, and almost one-fourth of the state's residents live in the six largest cities.

Big-city dominance is practically the whole population story in Maryland. Almost 85% of the total population increase in the state from 1940 to 1950 occurred in the Baltimore SMA and in the Maryland part of the Washington SMA. At the last census, 41% of Maryland's residents lived in Baltimore City and 72% in SMA's. The table on this page shows that the rural population of Maryland has grown at a much faster rate than has the urban population. The apparent contradiction between this point and the first part of this paragraph is explained partially by the fact that population increases from 1940 to 1950 are based on the 1940 urban definition. Many unincorporated areas outside large cities, where growth was heavy, were formerly classified as rural but are now in the urban category. The rest of the answer is that most of the rural growth in Maryland was in nonfarm population in rural areas of the Baltimore and Washington SMA's.

This growth occurred because of the integration of these areas with the central cities. Both cities, Washington and Baltimore, grew at a much slower rate from 1940 to 1950 than did their satellite areas.

Mainly Countryside

West Virginia, North Carolina, and South Carolina are predominately rural. About two-thirds of their population is so classified and there is but one city with over 100,000 in the three states. In each state there is a relatively low proportion (about 11%) of total population living in cities of 50,000 or more. However, there is a pronounced rural-to-urban trend and in North and South Carolina the proportion of rural population is declining at a faster-than-average pace.

North Carolina has the largest number of SMA's in the District, but the proportion of its population living in such areas is smaller than is the case in any of the other four states. At the last census, only 22% of North Carolina's population resided in its six SMA's, a far smaller share than the 72% in Maryland and the 41% in Virginia. As in a number of other southern states, only a small part of the population of the SMA's of North Carolina is located in the urban fringe areas. This is a contributing factor to the tripartite division of the state's population in which urban, rural farm, and rural nonfarm each account for one-third of the total.

Despite the considerable measure of industrialization that has occurred in North and South Carolina, they are not becoming states of large cities. So far, industry is not being centralized in a few large cities. Rather, the numerous new manufacturing plants are located up and down the Piedmont with lots of elbow-room around them and dot the spacious countryside of the eastern and western parts of the states. In a sense, "countryside" is a capsue description of the distribution of the population and industry of the Carolinas. Physically located on the outskirts of towns and cities and drawing much of their employment from the rural nonfarm population of the suburbs and from even more distant countryside, new industry in these states is not fostering the squalid and sordid town life of earlier industrializations elsewhere—a sociological fact of considerable significance.

PERCENTAGE INCREASE IN POPULATION, 1940-1950
BY RURAL AND URBAN PLACES AND SIZE OF PLACES IN 1940

	Total	Rural	Urban	Standard Metro. Areas	2,500-5,000	5,000-10,000	10,000-25,000	25,000-50,000	50,000-100,000	Over 100,000
Maryland _____	28.6	44.2	18.0	35.0	41.7	30.1	19.5	2.7	*	10.5
District of Columbia _____	21.0	*	21.0	**	*	*	*	*	*	21.0
Virginia _____	23.9	14.4	41.4	66.0	40.2	23.9	33.0	24.4	73.6	31.6
West Virginia _____	5.4	- 0.2	19.9	10.2	16.1	7.1	26.6	1.7	5.2	*
North Carolina _____	13.7	8.7	27.1	30.4	29.5	15.8	27.0	23.6	14.3	32.8
South Carolina _____	11.4	5.2	30.7	31.2	26.4	13.6	29.0	41.8	17.5	*
SOUTH _____	13.3	0.2	35.9	35.6	30.0	31.0	36.0	34.7	33.6	25.0

* No places in this size group.

** Omitted since area outside central city has been included here with states in which located.

Source: U. S. Census of Population, 1940 and 1950.

Note: See text for reference to new urban definition used in 1950 Census. For purpose of comparison with 1940, figures for 1950 are presented in this table on the basis of the old urban definition.

Farm-Mortgage Debt at Record Levels

THE trend in farm-mortgage debt continued upward in 1953, both in the Fifth District as well as nationally. A 9% increase occurred during the year, slightly less than in each of the previous three years. This brought the District's total to an estimated \$432 million on January 1, 1954—an all-time peak. This figure compares with \$374 million on January 1, 1928, the previous record high until last year, and with \$233 million at the beginning of 1945, when the District's farm-mortgage debt was at its lowest point since 1919.

Farm debt is, of course, not limited to loans secured by mortgages on farm real estate. No state data are available on the total farm debt, but the short-term farm debt owed on January 1 to the principal institutional lenders was less than 40% as large as the total farm-mortgage debt.

South Carolina Still Below 1922 High

Total farm-mortgage debt outstanding on January 1, 1954, stood at record-breaking heights in all states of the District except South Carolina. There the \$62 million debt, highest since January 1930, was 40% under the \$104 million outstanding at the beginning of 1922. In the remaining District states, previous mortgage-debt records were broken during 1952 (1951 in the case of West Virginia). But the debt, which continued to scale further heights during 1953, reached the \$75 million mark in Maryland by January 1 of this year—14% above the earlier record set back in 1921. In Virginia the \$107 million outstanding was 16% higher than the 1929 high; in West Virginia the \$33 million total was some 19% more than in 1929; while North Carolina's total of \$156 million was 27% larger than the 1928 record.

Indications are that farm-mortgage debt in the District is continuing its upward trend in 1954. In fact, in the two Farm Credit Districts (Baltimore and Columbia) which include this five-state area, the number of farm mortgages recorded during the first quarter of this year was some 6% larger than in the comparable period of 1953, and the dollar volume of recordings was up 3%. The average size of mortgages recorded was about 3% smaller than for the same period last year.

Further evidence that farm-mortgage debt is still increasing is revealed by recently released data. As of

April 15, the dollar volume of farm-mortgage loans held by Fifth District member banks was 6% above the similar date in 1953.

Reasons for Borrowing

Among the significant features in the increase in farm-mortgage debt during the past year were the further rise in the proportion of farm transfers which involved credit and the fact that credit represented a larger proportion of the selling price. Immediately after World War II, only 44% of all farms which changed hands involved the extension of credit. By the year ending March 1953 credit-financed transfers had increased to 68% of the total, and the corresponding percentage this past year was 71% of all transfers. This increase in the proportion of credit-financed sales was especially important in this District.

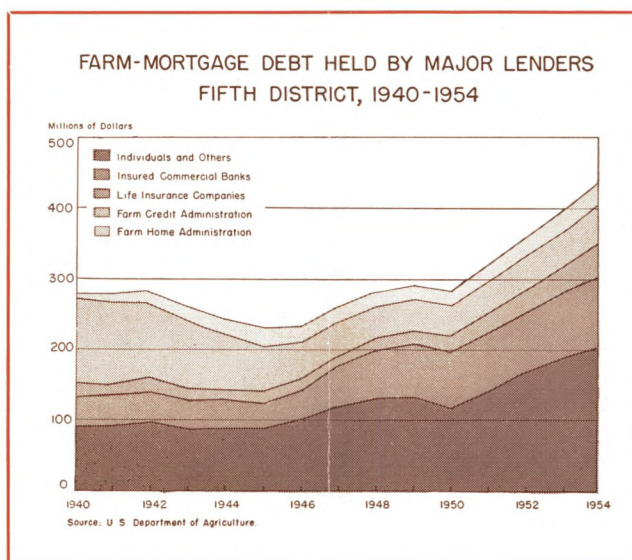
Financing the purchase of farm real estate is but one of the reasons for obtaining farm-mortgage loans. Other reasons which were important last year included the refinancing of existing farm

mortgages, the conversion of short-term, non-real-estate debt into long-term mortgages, and the financing of repairs and improvements to land and buildings. While not necessarily reflected in a larger volume of borrowings during the past year, it appears likely that principal repayments during 1953 were below those of a year earlier.

Banks Chief Institutional Lender

All principal lender groups increased their holdings of farm-mortgage debt during 1953, both in the District and in the nation. Changes during the year in the distribution of farm-mortgage holdings were not large, however, and on the whole continued the trend of the past few years.

Looking at the District as a whole, one finds that during the last several years there have been some marked shifts in the relative importance of the principal classes of lenders. Since 1947 insured commercial banks have been the chief institutional lender in the mortgage-credit field. In fact, the share of outstanding mortgage debt held by the insured commercial banks increased from 15% of the total in 1940 to 29% in 1950. Since then their relative importance



has declined, and they now hold 23% of the total.

There has been a definite uptrend in the proportion of debt held by the individual and miscellaneous lender group, their share having increased from 33% in 1940 to 47% today. Taken together, insured commercial banks and individual and miscellaneous lenders have supplied more than 70% of all farm-mortgage credit since 1948.

Among the farm-mortgage lenders the biggest change has been in the share of the total debt held by the Farm Credit Administration. For this group the trend has been downward, falling from 43% in 1940 to 13% in 1954. The Farmers Home Administration now holds 7% of the total farm-mortgage debt compared with 2% in 1940, though its share reached as high as 10% back in 1945. The least change of all has occurred in the proportion of debt held by life insurance companies, the share held by this group of lenders now being 10% of the total.

Since 1940 there have also been marked changes in the distribution of farm-mortgage holdings throughout the states of the District. Insured commercial banks have gained in importance as lenders in all states and now supply more than 30% of all farm-mortgage credit extended in Virginia and West Virginia. The biggest relative gain of banks as mortgage lenders occurred in the Carolinas, however. In each of the states insured commercial banks played even larger roles in the mortgage-credit field during 1949 and 1950.

State-by-state examination of the data also reveal the sharp increase in the relative importance of the individual and miscellaneous lender group and the very noticeable decline in the share held by the Farm Credit Administration. The Farmers Home Administration has gained in importance in all states, though it was relatively more important in 1945 and 1946 than now. At the present time this agency holds 10% or more of total farm-mortgage loans in only two states of the District—South Carolina and West Virginia.

For life insurance companies, the only important gain has been in Virginia. Here this lender group now holds 15% of all outstanding farm-mortgage debt as against 5% in 1940.

Nationally, the shifts in the distribution of outstanding farm-mortgage debt have been similar to those in the District. The principal institutional lenders since 1949, however, have been the life insurance com-

panies rather than the insured commercial banks.

Debt-to-Value Ratio Low

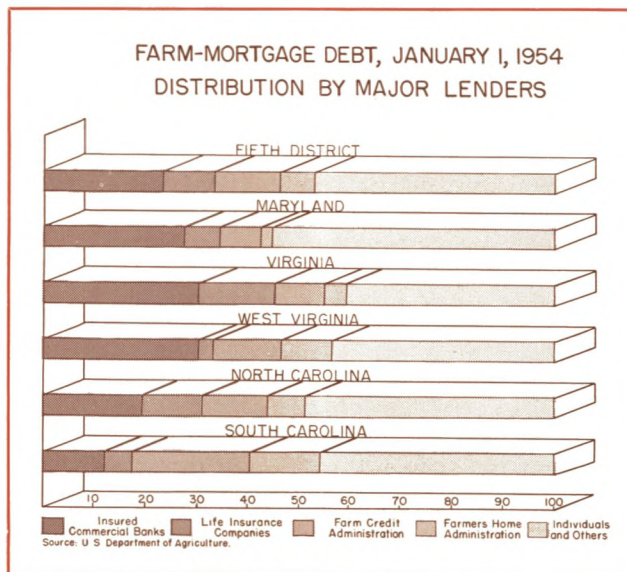
Despite the fact that farm-mortgage debt in the District hit an all-time high at the beginning of 1954 and has been rising nationally for eight successive years, the total debt compared with the value of all farm real estate is still relatively low. Total District mortgage debt on January 1 was 7% of the total value of farm real estate, compared with around 13% in 1928 (the year when the debt figure previously peaked). On the national scene the debt ratio is not quite as favorable as for the District, though the debt-to-value ratio January 1 was about 9% contrasted with 1923 when the total mortgage debt equaled 20% of the value of all farm real estate.

These over-all debt-to-value ratios reflect an unusually favorable mortgage-debt condition for agriculture as a whole. Much the same would be true if the total farm debt (mortgage and nonmortgage) were compared with the value of farm real estate or total farm assets.

Even so, both lender and borrower realize that debt is a very personal sort of

thing. Every dollar of the debt is owed by the operator of some farm in the District to some particular bank or other lending agency, insurance company, merchant, or individual. The ability of the particular farmers who owe the debt to meet their payments is, therefore, of prime concern and this focuses attention more on their production efficiency and income-producing ability than on the market value of their farm assets.

Frequently, farmers are committed to a number of different creditors, with scheduled payments bearing little if any relationship to the seasonal pattern of farm income. Thus, in years when income is short, the task of satisfying the various creditors is frequently difficult if not impossible. Situations such as this give rise to this question, "How much of his total debt should a farmer attempt to carry as short- or intermediate-term debt and how much as farm-mortgage debt?" As noted earlier, indications in recent months point to the fact that significant amounts of non-real-estate debt have been converted into new farm-mortgage loans. This continues a long trend which has proved advantageous to both borrower and lender.



Demand Deposit Ownership in the Fifth District

DEMAND deposits of individuals and business firms represent over three-fourths of the stock of immediately available spending power at their disposal. It is estimated that over 80% of all spending is done by checks drawn against demand deposit accounts. The amount of money being spent determines the level of income received in the nation and the level of employment that prevails. Since the stock of money available has an important influence on the amount of spending that takes place, and since demand deposits are such an important segment of ready purchasing power, periodic surveys are made to provide the basis for a better understanding of our monetary structure. The surveys also provide bankers with data making possible more detailed analysis of the deposit structure of their own institutions.

The accompanying tables and charts present the details of demand deposit ownership in this District as revealed by the survey taken as of January 31, 1954.

The results make possible a comparison of the behavior of the different classes of owners under a given set of economic conditions. For example, in November 1948 a decline began in industrial production which continued through July 1949. In August 1953 a somewhat similar decline started which ran through March 1954. How did the various classes of depositors react to these declines? The percentage changes from the January date immediately preceding each of the declines is plotted for the principal classes of owners in the chart on this page.

From January 1948 to January 1949, the period in which the first business decline began, total deposits of individuals and business firms at commercial banks in the Fifth District declined by 3.1%. The decline in the total deposit figure from January 1953 to January 1954 was much less marked (actually only 0.7%) although the decline in industrial production began three

months earlier in the period and had fallen by twice as much at the end of the period.

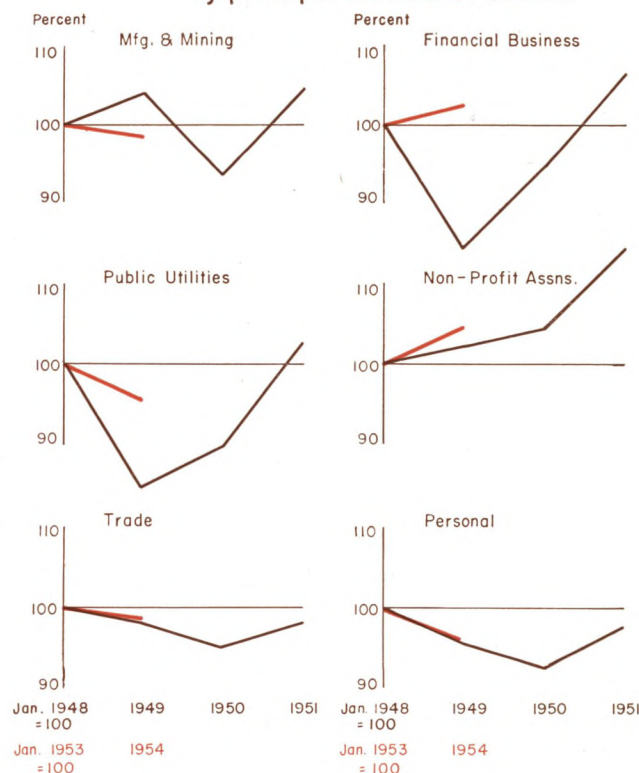
Depositors can reduce the level of demand deposits outstanding by:

1. Repayment of loans
2. Purchase of bank-held assets (generally mortgages or government and corporate securities)
3. Transfer of demand balances to time accounts
4. Conversion of demand balances into currency
5. Payments to the U. S. Treasury
6. In the case of a single Reserve District transfer of funds out of the District

Of these factors, the second was primarily the cause of the differing rates of demand deposit decline in the two periods. Both in this District and in the nation as a whole, commercial banks reduced their holdings of Government securities by considerably more in the 1948-49 period than in the 1953-54 period.

The amount of demand deposits held by a single category of owner can be reduced, not only by any of the six factors listed above, but also by payments made to other categories of owners. Changes within a particular category, therefore, cannot be as readily explained as changes in the over-all level of deposits.

Behavior of demand deposits at Fifth District commercial banks by principal classes of owners



OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS All Fifth District Commercial Banks

Type of Holder	Amount Outstanding		% Change From Year Ago	% of Total Jan. '54
	Jan. '54	Jan. '53r		
Total business	2,839	2,894	- 0.04	53.9
Nonfinancial business	2,391	2,404	- 0.5	44.6
Mfg. and mining	716	726	- 1.5	13.3
Public utilities	274	286	- 4.3	5.1
Trade	995	1,006	- 1.1	18.6
Other nonfinancial	407	386	+ 5.6	7.6
Financial business	502	490	+ 2.3	9.4
Nonprofit associations	346	330	+ 4.6	6.4
Personal	1,989	2,066	- 3.7	37.1
Farmers	427	438	- 2.3	8.0
Others	1,562	1,629	- 4.1	29.1
All other	135	110	+22.5	2.5
Total	5,363	5,401	- 0.7	100.0

r Revised.

Note: May not add to totals because of rounding.

Examination of the chart showing deposit trends by principal classes of owners over the two periods of business decline reveals that demand balances of wholesale and retail traders, of public utilities, and the personal accounts of individuals were reduced over each of the

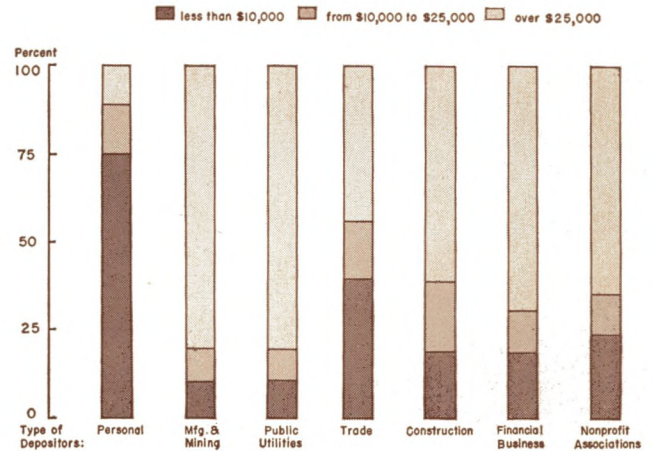
Nonprofit associations continued increasing their demand balances through both these moderate business downturns although their rate of increase was less than in more prosperous years. The sources of funds of these institutions are, of course, affected by the general

**DEMAND DEPOSIT OWNERSHIP—FIFTH DISTRICT
BY SIZE OF COMMERCIAL BANKS
PERCENTAGE HELD BY PRINCIPAL CLASSES
OF OWNERS**
January 30, 1954

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	33.0	47.4	61.5
Nonfinancial business	29.1	41.1	49.2
Mfg. and mining	5.5	11.8	15.5
Public utilities	2.1	3.1	7.0
Trade	15.9	19.1	18.5
Construction	2.2	2.5	3.1
Other nonfinancial	3.4	4.6	5.1
Financial business	4.0	6.3	12.4
Nonprofit associations	4.3	4.0	8.6
Personal	61.7	47.4	26.1
All other	1.0	1.1	3.8
Total	100.0	100.0	100.0

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

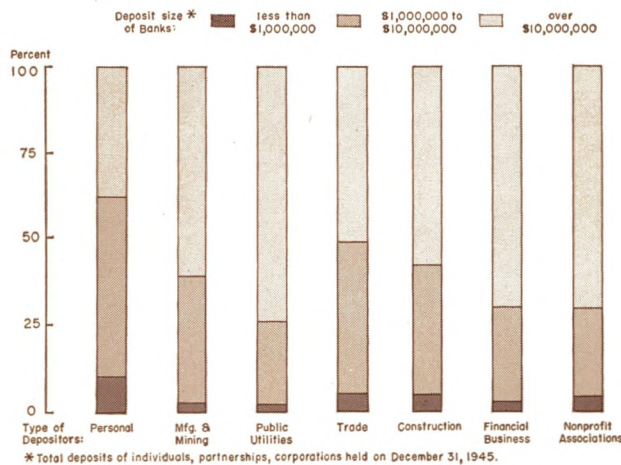
Percent of demand deposits held by principal classes of depositors in accounts of



years in which the downturn first appeared. From January 1949 to January 1950, the period in which the 1948-49 downturn was halted, personal and trade accounts experienced a further drop and did not recover to their

state of business but their fortunes are not as directly related to business activity as are firms which are more closely tied to the market, and it is to be expected that the proportion of assets which they decide to maintain in the form of cash balances will be more stable than that of enterprises more directly affected by turns of the market.

How depositors have distributed their demand accounts among small, medium, and large banks.



**DEMAND DEPOSIT OWNERSHIP—FIFTH DISTRICT
BY SIZE OF DEPOSIT ACCOUNT
PERCENTAGE HELD BY PRINCIPAL CLASSES
OF OWNERS**
January 30, 1954

Type of Holder	Size of Demand Deposit Accounts		
	Less than \$10,000	\$10,000- \$25,000	\$25,000 and over
Total business	31.0	56.5	75.7
Nonfinancial business	27.1	46.8	61.1
Mfg. and mining	3.3	9.0	24.6
Public utilities	1.4	2.9	9.5
Trade	17.2	23.8	18.3
Construction	1.2	4.1	4.0
Other nonfinancial	4.0	7.1	4.9
Financial business	3.9	9.7	14.6
Nonprofit associations	3.6	5.6	9.5
Personal	65.1	37.0	9.6
All other	0.3	0.9	5.2
Total	100.0	100.0	100.0

previous level until mid-1951. Public utilities, however, increased their demand accounts over 1949-50 and by January 1951 had surpassed the amount held on January 1948. In the case of manufacturing and mining firms, their accounts were pulled down in the 1953-54 period but did not show any marked decline in the earlier recession until its waning phase.

Similar comparisons of demand deposit behavior, permitting additional insight into current economic developments as well as providing bankers with a further basis for self-analysis, can be made by reference to the survey figures published for the District in the *Monthly Review* of this bank and for the nation as a whole in the *Federal Reserve Bulletin*.

Business Conditions and Prospects

SOME sporadic improvement was shown during May in certain sectors of the Fifth District's economy. One area showed notable improvement in automobile registrations; bituminous coal output was up; and the level of construction activity appears to have set a new high record, thus continuing to be one of the major strengthening factors in the economy.

On the other hand, operations in District manufacturing were, on balance, below April of this year and below May a year ago. Cash receipts from farm marketings, which for the first four months ran 4.6% under a year ago, showed a loss during April of 7.4% even though farm prices of some District states showed a smaller loss in May over a year ago.

A look at the financial sector reveals a relatively satisfactory picture. Total deposits (all Fifth District member banks), for instance, were on May 26, 2.8% higher than a year ago; deposit turnover in May, though smaller than in April, was higher than a year ago; and there has been no curtailment in over-all member bank lending—on May 26 total loans were the same as a month earlier, and 2.4% higher than a year ago. Real estate and consumer loans have been inching upward since February.

In the manufacturing industries, food, paper, and chemicals seemed to be holding their own reasonably well, and it may be that the cigarette industry has seen its decline of a good many months halted. Hosiery production continues close to the year ago level, though profits continue very thin. Government purchases from prime contractors in this District were more than four times larger for the first quarter of 1954 than in the first quarter of 1953. This compares with a decline of nearly one-third for the nation as a whole.

Business failures (adjusted) during May showed a sizeable drop from April, and new incorporations in the District have shown a sharp rise thus far this year. Department stores, hurt by an unusually cool first half of May, showed adjusted sales down 7% from April and 12% under a year ago. Shipments of television sets to Fifth District distributors were 9% larger in April but 14% smaller for the first four months than in the same period of 1953.

Insured Unemployment

Insured unemployment in the Fifth District in the week of June 5 amounted to 201,900, a gain of 4.4% over the week of May 8 and sharply higher than in the comparable week of last year. The rise in insured unemployment in the District between May 8 and June 5 was due solely to an increase of 76% in the state of Virginia. Maryland and the District of Columbia showed no change in this period, while declines were

recorded in West Virginia, North Carolina, and South Carolina. The rise during the month in Virginia was due to the beginning of a new benefit year, but a new benefit year also began last year at this time. Insured unemployment in Maryland on June 5 was 204% higher than a year ago; in the District of Columbia it was 127% higher; in Virginia 119% higher; in West Virginia 213% higher; in North Carolina 113% higher; and in South Carolina 99% higher. These figures, of course, do not reflect the school graduates who are entering the labor market and have never had employment experience. The figures understate unemployment since some of those qualified have exhausted their benefits.

Manufacturing Activity

Man-hour figures, available for all states of the District for April, show a decline of 9.4% for the District as a whole in April from a year ago. Man-hours in durable goods industries in this period are down 11.8% and in nondurable goods industries 8.2%. Man-hour figures may overstate the manufacturing production dip since efficiency in production gained in the period under review. April man-hours in all manufacturing industries in Maryland were down 10.6% from a year ago, down 8.1% in Virginia, down 12.0% in West Virginia, down 9.1% in North Carolina, and down 8.6% in South Carolina.

Operations in manufacturing industries declined slightly further during May in the Carolinas. Here man-hours were 1.3% under April and 9.9% under a year ago. In these two states rather substantial declines have occurred in lumber and timber products industries, furniture and fixtures, textile mill products, and a somewhat smaller decline in apparel and related industries.

Man-hours in lumber and timber products industries in the Carolinas during May were 16% smaller than a year ago. Furniture and fixtures industries showed a decline of 16.7%, textile mill products industries a drop of 12.4%, with yarn and thread mills down 18.8%, and broad woven fabrics mills down 13%. Knitting mills show a May man-hour decline of 5.4% from last year, but the full-fashioned hosiery industry showed a gain of 1.2%, while the seamless hosiery industry showed a loss of 3.0%. Apparel industry showed a man-hour decline from May 1953 to May 1954 of 7.4%—North Carolina's was rather substantial and South Carolina's rather small.

Food and kindred products industries show a slight gain in man-hours during May over last year (0.7%); the gain was in North Carolina and the decline in South Carolina. Interestingly, the cigarette industry in North Carolina showed a rise in man-hours of 7.7% in May over last year and a rise of 3.5% from April. The pa-

per industry showed man-hours in the Carolinas down slightly (1.9%) in May from last year while the chemical industries in these states showed a rise of 6.8% due to a large gain in South Carolina.

The above figures might be interpreted to mean that curtailment in manufacturing activities had not yet bottomed in May, but mill men in the various textile and apparel industries are anticipating an improved situation during the second half. Actually in a few types of cotton goods forward contracting has been extended into the first quarter of 1955. Lumbermen are hopeful that their business will improve, and if the west coast lumber strike continues, this will undoubtedly happen. Naturally they are somewhat perturbed that the high level of construction had not created improvement in their business up to May.

Retail Trade

May was an unseasonal month in the Fifth District and consequently took its toll on seasonal merchandise. Department store sales over-all in the District on a seasonally adjusted basis dropped 7% in May from April to a level 12% below May 1953. Particularly hard hit were men's and boys' clothing which showed a drop of 20%, and women's and misses' apparel was down 12% from a year ago. Sales in home furnishings departments in May were 2% under a year ago with furniture and bedding down 8%, floor coverings up 5%, and radios, phonographs, and televisions up 40%. Installment sales in department stores dropped 7% after seasonal correction from April to May but were only 1% smaller than in May 1953. Open book credit sales adjusted dropped 15% during the month and were 10% under a year ago. Receivables were down 1% from a year ago, and collections were 4% higher. Store inventories were 1% higher on an adjusted basis in May than April but 4% smaller than a year ago. Outstanding orders adjusted dropped 18% between April and May to a level 31% below a year ago, a clear indication that store policy continues on the conservative side.

Sales in furniture stores, up 12%, showed better than seasonal improvement in May as compared with April. Relative to a year ago, however, sales were 7% smaller. This is an improvement in the level, however, because year-to-year sales for earlier months of the year have been running considerably larger percentages below last year. There was an 8% rise in furniture store inventories between April and May after seasonal adjustment, but the May level was still 4% smaller than a year ago which leaves inventories in substantial balance with the sales level.

Strength in television sales and bargain prices in many types of household appliances were instrumental in raising the sales of household appliances in department stores in May 13% higher than a year ago. A good sales level of television sets at the retail level

caused manufacturers' shipments to distributors in this District to rise 9.4% above a year ago with gains shown in all states except Virginia and West Virginia.

All states of the Fifth District in April show new passenger car registrations 3% higher than a year ago, but 7% lower than the first four months of the year. During April Maryland showed a gain of 2% in new passenger car registrations and Virginia showed a gain of 15%. Other states showed declines ranging from 4% to 27%. In the first four months of the year only Virginia showed an increase in registrations over a year ago. The District of Columbia in May showed an increase in new passenger car registrations over last year of 36%.

Cotton Consumption

Average daily seasonally adjusted consumption of cotton in the mills of the Fifth District in May was 3% smaller than in April and 10% smaller than in May 1953. Fifth District mills, particularly in Virginia and South Carolina, can say that their business is quite good, that is, by comparison with other sections. Cotton consumption by District mills in the four weeks from May 2 to May 29 was down 10.6% from similar weeks of 1953. In the remainder of the South consumption in this period was down 15.9% and in the rest of the United States, excluding the Fifth District and other southern mills, it was down 25.6%. The U. S. total was down 13.7%.

In Fifth District states, consumption in Virginia during the May 2-29 period was down 2.4% from a similar period last year. In North Carolina the decline was 17.0%, and in South Carolina it was 3.7%. North Carolina's greater dependence on sales yarn spinners and industrial products no doubt accounts for the greater loss in consumption in the period under review.

Agriculture

In the first four months of 1954 cash farm income of the District was 4.6% smaller than a year ago—crop income was down 16.2%, while livestock and products income was up 1.3%. Farm prices in the states of the District were lower than a year ago, ranging from a fraction to 8% down, but these changes were less than the average reduction during the first five months of the year. The Spring pig crop in the District is indicated to be 7% larger than a year earlier though moderately below the past ten-year average. Fall farrowings are indicated to be 6% larger than last Fall but substantially below the ten-year average. Spring farrowings are larger than had been indicated last December.

Growing conditions are still considered favorable despite a considerable spottiness in the moisture situation.

FIFTH DISTRICT STATISTICAL DATA

FIFTH DISTRICT INDEXES
Seasonally Adjusted: 1947-1949=100

	% Chg.—				
	May 1954	Apr. 1954	May 1953	Latest Mo. Prev. Mo.	Yr. Ago
New passenger car registration*		149	156	+ 7	- 3
Bank debits	154	155	153	- 1	+ 1
Bituminous coal production*	76	68	93	+12	-18
Construction contracts	193	150	182	+29	+ 6
Business failures—number	180	262	114	-31	+58
Cigarette production	100	93	98	+ 8	+ 2
Cotton spindle hours	108	108	119	0	- 9
Department store sales	114	122	130	- 7	-12
Electric power production		165	165	- 2	+ 1
Manufacturing employment*		104	109	- 1	- 5
Furniture store sales	109	97	117	+12	- 7
Life insurance sales	164	161	157	+ 2	+ 4

* Not seasonally adjusted.

Back figures available on request.

BUILDING PERMIT FIGURES

	May 1954	May 1953	5 Months 1954	5 Months 1953
Maryland				
Baltimore	\$ 4,400,960	\$ 4,257,600	\$ 23,727,835	\$ 28,924,460
Cumberland	54,025	103,500	223,925	291,400
Frederick	65,075	108,225	471,767	1,037,522
Hagerstown	57,025	196,050	926,604	1,219,313
Salisbury	43,368	144,025	914,206	549,951
Virginia				
Danville	234,246	181,207	996,593	1,947,236
Hopewell	143,252	239,155	672,329	1,392,292
Lynchburg	404,890	1,169,914	2,451,597	2,350,830
Newport News	177,481	152,061	1,421,047	893,548
Norfolk	571,364	1,083,858	6,275,148	8,395,418
Petersburg	173,300	265,000	853,400	971,900
Portsmouth	153,854	673,413	3,762,534	1,635,578
Richmond	4,774,854	1,128,065	12,388,760	6,426,433
Roanoke	705,157	2,159,337	5,206,624	5,940,093
Staunton	129,470	607,085	564,640	1,083,520
West Virginia				
Charleston	716,266	639,312	3,412,115	3,274,530
Clarksburg	108,343	102,122	1,316,510	1,274,015
Huntington	438,251	375,414	1,932,275	2,055,988
North Carolina				
Asheville	270,425	227,796	1,677,464	1,254,249
Charlotte	1,821,183	2,106,470	8,125,573	14,208,980
Durham	914,121	660,837	2,394,650	3,136,269
Greensboro	641,256	1,128,655	4,868,676	5,574,638
High Point	925,322	780,951	2,017,264	2,574,434
Raleigh	946,766	1,018,400	5,668,592	15,369,070
Rocky Mount	263,482	389,656	1,438,989	2,519,413
Wilson	115,445	170,443	785,297	737,814
Winston-Salem	149,800	156,725	1,023,550	1,072,290
South Carolina				
Charleston	131,348	1,392,825	892,643	3,240,804
Columbia	1,416,832	2,140,149	4,780,086	4,377,666
Greenville	279,175	500,117	3,044,820	2,743,317
Spartanburg	69,016	61,530	1,426,442	387,673
Dist. of Columbia				
Washington	5,870,004	9,183,028	26,406,832	29,396,147
District Totals	\$28,126,336	\$34,072,269	\$137,969,629	\$159,668,267

WHOLESALE TRADE

LINES	Sales in May 1954 compared with		Stocks on May 31, 1954 compared with	
	May 1953	Apr. 1954	May 31, 1953	Apr. 30, 1954
Auto supplies (7)	+14	+ 8	+10	+ 4
Electrical goods (5)	-23	0	-15	- 6
Hardware (7)	-24	-16	- 3	- 3
Industrial supplies (9)	- 6	+20	- 4	- 2
Drugs and sundries (12)	+ 3	-10	- 2	+ 2
Dry goods (11)	-16	-12	- 8	- 4
Groceries (41)	- 1	-11	+ 9	- 3
Paper and its products (5)	+ 5	- 2	-----	-----
Tobacco products (10)	-10	+ 1	-33	-10
Miscellaneous (91)	-12	- 9	+ 2	+10
District totals (198)	- 9	- 8	- 1	+ 3

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, May '54 vs May '53	-10	- 8	- 8	-13	-11	
Sales, 5 Mos. ending May 31, '54 vs 5 Mos. ending May 31, '53	- 4	- 2	- 2	- 8	- 5	
Stocks, May 31, '54 vs '53	+ 1	- 5	- 2	- 3	- 3	
Outstanding orders May 31, '54 vs '53	-29	-35	-29	-21	-30	
Open account receivables May 1, collected in May '54	30.0	46.3	42.7	36.2	40.0	
Instalment receivables May 1 collected in May '54	10.4	14.1	12.8	15.7	13.3	
	Md.	D.C.	Va.	W.Va.	N.C.	S.C.
Sales, May '54 vs May '53	- 9	- 8	-12	- 9	-12	-14

FURNITURE SALES*
(Based on Dollar Value)

STATES	Percentage change with corresponding period a year ago	
	May 1954	5 Mos. 1954
Maryland	- 8	- 3
Dist. of Columbia	- 9	- 9
Virginia	+ 3	- 6
West Virginia	-21	-19
North Carolina	-17	-16
South Carolina	-17	- 4
District	- 9	- 9
INDIVIDUAL CITIES		
Baltimore, Md.	- 8	- 3
Washington, D. C.	- 9	- 9
Richmond, Va.	+12	- 7
Charleston, W. Va.	- 4	- 9

* Data from furniture departments of department stores as well as furniture stores.

FIFTH DISTRICT BANKING STATISTICS

DEBITS TO DEMAND DEPOSIT ACCOUNTS*

(000 omitted)

Dist. of Columbia	May	May	5 Months	5 Months
	1954	1953	1954	1953
Washington	\$1,075,463	\$1,091,523	\$ 5,716,091	\$ 5,220,166
Maryland				
Baltimore	1,485,993	1,348,082	7,101,035	6,878,702
Cumberland	23,182	23,570	111,007	124,954
Frederick	22,054	22,317	111,404	114,831
Hagerstown	33,241	36,936	175,574	184,092
North Carolina				
Asheville	58,389	57,033	296,132	299,204
Charlotte	338,146	353,306	1,736,899	1,801,976
Durham	89,966	93,005	425,461	433,074
Greensboro	115,909	118,097	579,472	588,831
High Point**	41,849	NA	209,050	NA
Kinston	18,770	18,952	99,809	99,321
Raleigh	170,222	168,317	907,354	967,094
Wilmington	44,077	44,047	224,930	223,732
Wilson	16,082	15,227	87,836	82,588
Winston-Salem	136,091	137,208	726,718	716,073
South Carolina				
Charleston	73,982	79,048	361,722	401,116
Columbia	158,192	159,004	835,571	791,785
Greenville	105,543	109,380	534,737	559,607
Spartanburg	58,698	63,240	308,971	323,948
Virginia				
Charlottesville	31,927	28,026	153,726	129,055
Danville	30,699	32,632	170,043	184,067
Lynchburg	46,490	46,764	238,730	239,570
Newport News	44,126	46,420	229,719	241,816
Norfolk	239,466	248,200	1,260,425	1,268,661
Portsmouth	29,885	30,225	155,863	152,485
Richmond	554,763	560,829	2,905,232	2,980,181
Roanoke	114,548	119,417	570,034	596,822
West Virginia				
Bluefield	34,047	41,951	193,025	217,829
Charleston	168,410	169,152	863,774	827,264
Clarksburg	26,326	30,923	155,642	169,440
Huntington	67,241	68,756	343,226	354,558
Parkersburg	29,533	29,315	149,117	146,605
District Totals	\$5,441,461	\$5,390,902	\$27,729,279	\$27,319,447

* Interbank and U. S. Government accounts excluded.
 ** Not included in District totals.
 NA Not Available.

50 REPORTING MEMBER BANKS

(000 omitted)

Items	Change in amount from		
	June 16, 1954	May 12, 1954	June 17, 1953
Total Loans	\$1,390,614**	- 6,846	+ 19,511
Bus. & Agric.	614,537	- 13,610	- 5,297
Real Estate Loans	270,998	+ 2,015	+ 9,946
All Other Loans	522,665	+ 4,762	+ 16,211
Total Security Holdings	1,766,044	+ 35,405	+ 90,205
U. S. Treasury Bills	95,906	- 27,674	- 22,428
U. S. Treasury Certificates	143,300	- 10,004	+ 9,810
U. S. Treasury Notes	305,989	+ 81,199	+ 14,899
U. S. Treasury Bonds	981,336	- 9,969	+ 77,260
Other Bonds, Stocks & Secur.	239,513	+ 1,853	+ 10,664
Cash Items in Process of Col.	313,735	+ 19,371	+ 20,046
Due From Banks	215,867*	+ 22,844	+ 14,505
Currency and Coin	75,249	- 3,233	- 1,372
Reserve with F. R. Banks	545,077	+ 23,663	- 41,476
Other Assets	63,961	- 569	+ 7,927
Total Assets	4,370,547	+ 90,635	+109,346
Total Demand Deposits	3,297,488	+ 77,475	+ 53,520
Deposits of Individuals	2,488,886	+ 57,717	+ 26,373
Deposits of U. S. Government	82,866	+ 16,065	+ 4,331
Deposits of State & Local Gov.	201,599	- 699	+ 6,874
Deposits of Banks	462,135*	- 3,508	+ 27,777
Certified & Officers' Checks	62,002	+ 7,900	- 11,835
Total Time Deposits	724,409	+ 12,666	+ 48,636
Deposits of Individuals	637,611	+ 2,069	+ 40,802
Other Time Deposits	86,798	+ 10,597	+ 7,834
Liabilities for Borrowed Money	9,900	+ 2,500	- 19,350
All Other Liabilities	46,836	- 2,747	+ 6,181
Capital Accounts	291,914	+ 741	+ 20,359
Total Liabilities	\$4,370,547	+ 90,635	+109,346

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