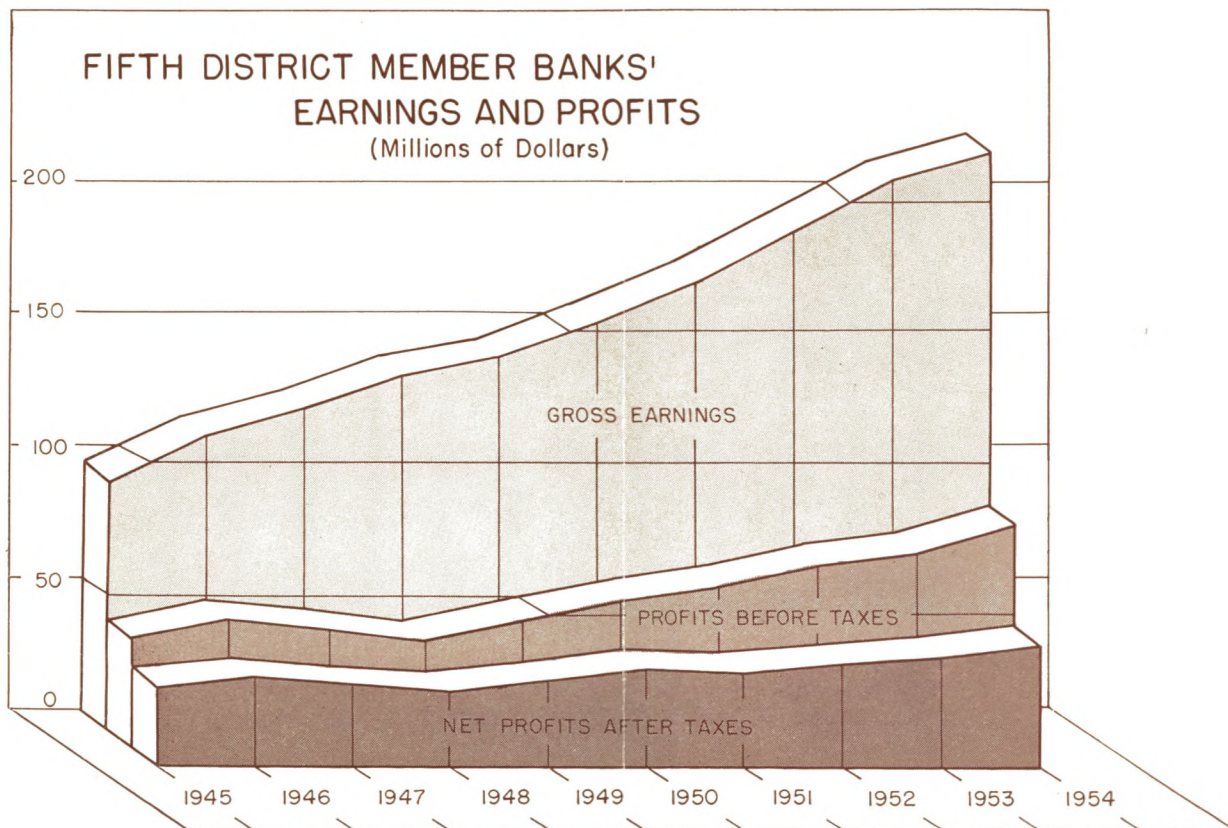


# Monthly Review



March 1955



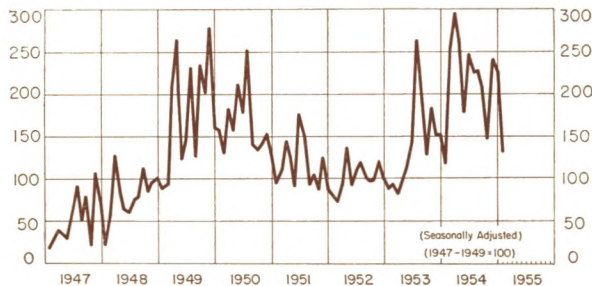
**I**NCREASED earnings of Fifth District member banks reflect chiefly expansion in loans. Growth in loans occurred principally in the latter half of the year, accompanying the improved economic environment. The article beginning on page 3 reviews the achievements of member banks over the past year.

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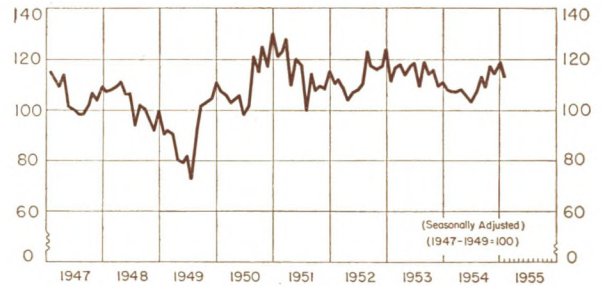
## FIFTH DISTRICT TRENDS

BUSINESS FAILURES



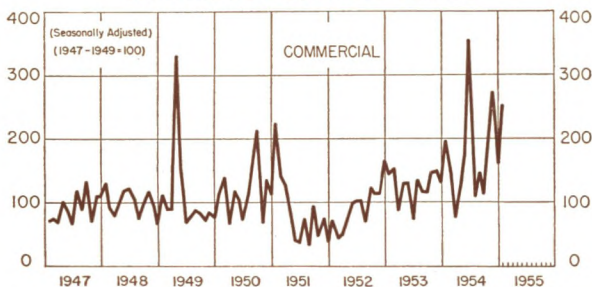
Business failures in January on a seasonally adjusted basis were 41% smaller than in December but 13% higher than in January 1954. Peak level of failures, seasonally adjusted, in the late recession, came in March 1954. The trend has been irregularly downward since that point and January 1955 is smaller than any month in 1954 with the exception of January.

COTTON CONSUMPTION



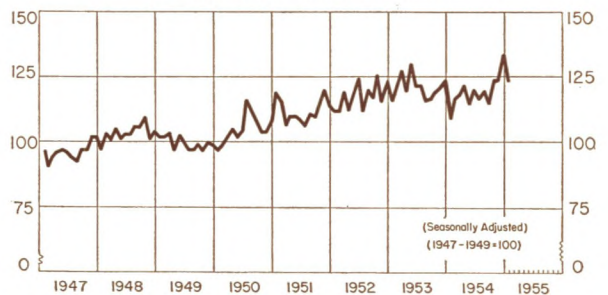
Consumption of cotton in Fifth District mills in January declined 5% from December, after seasonal correction, but was 5% higher than in January 1954. January adjusted consumption was 7% above the low point of June 1954 but 13% under the postwar peak established in December 1950.

CONSTRUCTION CONTRACT AWARDS



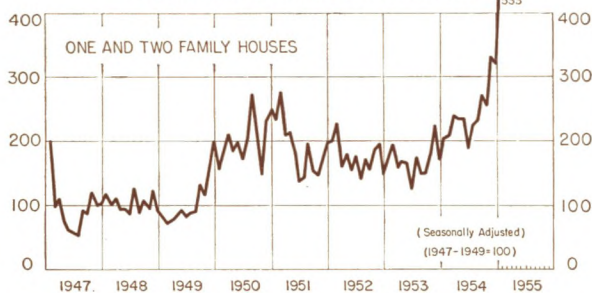
Commercial construction contract awards in January rebounded sharply after having dropped from November to December. January's seasonally adjusted figure was definitely in boom territory but it was exceeded in November and again in June 1954. The adjusted rise in January was 55% over December and 28% higher than a year ago.

DEPARTMENT STORE SALES



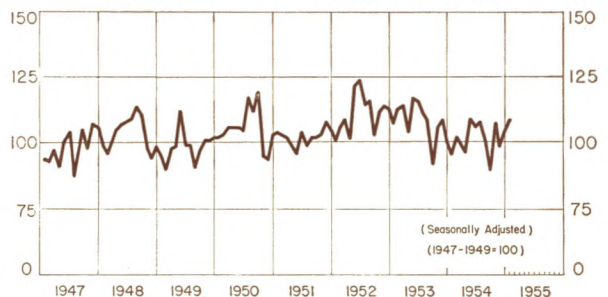
Sales of Fifth District department stores during January declined 7% from December on an average daily adjusted basis but were 14% higher than in January 1954. It should be remembered that January 1954 was the poorest month of the late recession. The January level of sales adjusted has been equalled on three previous occasions and exceeded on five.

CONSTRUCTION CONTRACT AWARDS



Contract awards for one- and two-family houses during January were 67% higher than December on a seasonally adjusted basis and 161% higher than in January 1954. The January 1955 contracts were 533% of the 1947-49 average and at a new high level by a wide margin, in fact, no other month throughout the history of housing statistics has come anywhere close to the January level.

RETAIL FURNITURE STORES NET SALES



Revised sales figures for December make this trade area appear somewhat less optimistic than had been indicated on the preliminary data. January preliminary figures show an increase, however, of 4% over December on an adjusted basis and 12% ahead of a year ago. The January figure is back up to the adjusted levels experienced during the May to July period of 1954. It is considerably below numerous months dating back as early as 1948.



In 1954 . . .

## District Banking Achieved New Records

**F**IFTH DISTRICT member banks, in spite of slackening business activity in the early months of the year, made several new records during 1954. At the close of the year, total assets and liabilities of all member banks in the District stood at their highest level. Loans, deposits, and gross earnings all set new records in the year, and the volume of investments at the close of 1954 was well above the amount held at the close of the previous year. Net profits of all District member banks rose 13% above 1953, even though earnings after operating expenses were slightly below the previous year.

### Earning Assets

At the close of 1954, member banks in the Fifth District had \$5.8 billion of earning assets, with more than 45% of these assets in loans and almost 46% in United States Government securities. Loans during the year increased at a rate more than two and a half times that of the increase in holdings of Government securities.

Demand for bank loans in the Fifth District was quite active during 1954. In the first half of the year, due largely to the lull in business activity transposed from last-half 1953, total loans rose only slightly. By late Summer, however, loans outstanding at member banks in the District began to rise steadily and a strong demand for loans continued to the end of the year, at which time the total was almost 10% above the close of 1953. This loan movement was almost exactly the reverse of the 1953 trend, when there was a heavy demand for loans in the early part of the year and the demand weakened during the last half due to a moderate decline in economic activity.

The District's member banks in 1954 registered an unusual growth in loans secured by real estate—particularly in mortgage loans against residential property. Business loans, which had dropped moderately by mid-year, began a steady climb in late Summer and ended the year 10.5% above the close of 1953. This was in contrast to a small decline in business loans in the country as a whole. Loans to consumers by Fifth District member banks increased at an aggregate rate of over 8% during the year, with the greatest increase occurring in instalment cash loans. Practically all of the rise in consumer loans took place in the last half of the year; in the first six months, new loans to consumers barely replaced repayments on previously made loans. Securities loans, which account for between 4% and 5% of total loans, increased 14.3% during the year. Loans to farmers declined moderately.

Fifth District member banks increased their holdings of United States Government securities during 1954. Although holdings were reduced slightly in the early part of the year, renewed investment in these issues brought the total at the end of the year to 3.6% above the

amount held at the close of 1953. Holdings of long-term U. S. bonds were more than doubled during the year, while Treasury bills, certificates of indebtedness, and short-term bonds were reduced. Other securities, including United States guaranteed obligations, increased more than 13%.

### Bank Earnings

Total earnings of Fifth District member banks in 1954 rose 4.4% above those of the previous year and continued the uptrend characteristic of the postwar period. Average holdings of all types of earning assets increased over the year, but the banks realized slightly lower average rates of return on both loans and securities.

As in recent years, loans and discounts continued to provide the bulk of member banks' total earnings, accounting for well over half of gross earnings of almost \$219 million. Although the average annual rate of return on loans outstanding was a fraction less than in the previous year—4.93% as compared to 4.95%—the larger average volume of loans caused earnings from loans to expand by more than 5% during 1954.

Earnings on United States Government securities, accounting for a little less than a fourth of total earnings of District member banks, expanded only slightly during 1954. On the average, the banks held a larger amount of Government securities in 1954 than in 1953,

#### EARNINGS AND EXPENSES

Fifth District Member Banks

(Dollars in thousands)

	1954 <sup>1</sup>	1953 <sup>2</sup>	% Change 1953 to 1954
<b>Earnings</b>			
Interest and dividends on securities:			
U. S. Government .....	50,355	50,242	+ 0.2
Other .....	9,504	9,138	+ 4.0
Interest and discounts on loans	123,737	117,543	+ 5.3
Other charges on loans .....	1,315	908	+ 44.8
Service charges on deposits .....	12,530	11,326	+ 10.6
Other charges, fees, etc. ....	6,135	5,977	+ 2.6
Trust departments .....	9,111	8,065	+ 13.0
Other current earnings .....	6,059	6,318	- 4.1
<b>Total .....</b>	<b>218,746</b>	<b>209,517</b>	<b>+ 4.4</b>
<b>Expenses</b>			
Salaries—officers .....	25,383	23,800	+ 6.7
Salaries and wages—other .....	41,867	39,164	+ 6.9
Directors' fees, etc. ....	1,734	1,609	+ 7.8
Interest on time deposits .....	22,817	18,132	+ 25.8
Interest on borrowed money .....	369	1,136	- 67.5
Taxes, other than income .....	6,399	5,846	+ 9.5
Recurring depreciation .....	4,734	4,084	+ 15.9
Other current expenses .....	34,031	33,433	+ 1.8
<b>Total .....</b>	<b>137,335</b>	<b>127,204</b>	<b>+ 8.0</b>
Net current earnings .....	81,411	82,314	- 1.1
Recoveries, transfers from reserves, and profits .....	18,703	4,844	+286.1
Losses, charge-offs, and transfers to reserves .....	16,612	13,624	+ 21.9
Profits before income taxes .....	83,503	73,534	+ 13.6
Taxes on net income .....	37,626	32,949	+ 14.2
Net profits .....	45,877	40,585	+ 13.0
Cash dividends declared .....	18,435	17,263	+ 6.8
Profits retained .....	27,442	23,322	+ 17.7

<sup>1</sup> Preliminary.

<sup>2</sup> Revised.

Note: May not add to totals because of rounding.



## Federal Reserve Bank of Richmond

but the average rate of return on these securities dropped to 1.96% from an average of 2.01% in 1954.

Current expenses of Fifth District member banks continued to rise in 1954, at a rate almost double that of the rise in total earnings. The growth in expenses absorbed 62.8% of gross earnings as compared with 60.7% in 1953. Salaries and wages, which rose almost 7% during the year, continued to be the predominant operating expense of member banks, accounting for practically half of the total. Interest on time deposits (accounting for about a sixth of all expenses) rose almost 26% during the year.

Preliminary figures indicate that net current earnings before income taxes, recoveries, and charge-offs dropped slightly during 1954. Income tax payments were the heaviest on record in dollar amount, although they took slightly less per dollar of net profits than in 1953. However, the total of recoveries, transfers from reserves, and profits, reversing the usual trend, ran ahead of losses, charge-offs, and transfers to reserves. Reported net profits in 1954, therefore, amounted to \$45.9 million, 13% more than in 1953. This represented an average return of 8.5% on total capital accounts, a rate in excess of the 8.0% return recorded in 1953. Cash dividends averaging about 40% of net profits were declared by member banks in the District, leaving retained profits of \$27.4 million. Largely due to the retention of these profits, total capital accounts rose almost 8% in the year.

EARNINGS ASSETS Fifth District Member Bank (Dollars in millions)			
	Dec. 31 1954 <sup>1</sup>	Dec. 31 1953 <sup>2</sup>	% Change 1953 to 1954
Loans and investments .....	5,813.2	5,432.0	+ 7.0
Loans and discounts:			
Commercial and industrial loans .....	913.8	827.3	+ 10.5
Loans to farmers .....	80.7	88.0	- 8.3
Loans to brokers and deal- ers in securities .....	29.8	26.5	+ 12.5
Other loans for purchasing or carrying securities .....	100.2	87.2	+ 14.9
Real estate loans:			
On farm land .....	54.4	50.6	+ 7.5
On residential property ..	485.4	429.2	+ 13.1
On other properties .....	171.9	159.4	+ 7.8
Instalment loans to indi- viduals:			
Retail automobile paper ..	197.0	185.6	+ 6.1
Other retail paper .....	76.0	78.8	- 3.6
Repair and modernization loans .....	53.6	49.2	+ 8.9
Cash loans .....	125.8	106.2	+ 18.5
Single payment loans .....	306.3	280.9	+ 9.0
Loans to banks .....	7.4	5.9	- 8.5
All other loans .....	53.6	64.6	+ 13.9
Loans—gross .....	2,673.8	2,439.4	+ 9.6
Reserves .....	33.0	27.7	+ 19.1
Loans—net .....	2,640.9	2,411.7	+ 9.5
U. S. Government Securities	2,667.7	2,574.3	+ 3.6
Treasury bills .....	179.0	251.6	- 28.9
Treasury certificates of in- debtedness .....	157.0	409.3	- 61.6
Treasury notes .....	548.6	484.1	+ 13.3
U. S. nonmarketable bonds ..	144.9	140.2	+ 3.4
Other U. S. bonds—5 years or less .....	501.9	748.4	- 32.9
Other U. S. bonds—over 5 years .....	1,136.2	540.7	+110.1
Other securities <sup>3</sup> .....	504.6	446.0	+ 13.1

<sup>1</sup> Preliminary.  
<sup>2</sup> Revised.  
<sup>3</sup> Includes U. S. guaranteed obligations.  
Note: May not add to totals because of rounding.

ASSETS AND LIABILITIES <sup>1</sup> FIFTH DISTRICT MEMBER BANKS BY STATES December 31, 1954 (Millions of Dollars)								
ASSETS	Md.	D. C.	Va.	W. Va.	N. C.	S. C.	Fifth District	
							Dec. 31, 1954	Dec. 31, 1953 <sup>2</sup>
Loans and Investments .....	1,118.0	964.1	1,740.5	599.4	949.9	441.1	5,813.2	5,432.0
Loans and discounts (including over- drafts) .....	453.0	442.2	841.3	235.5	490.5	178.4	2,640.9	2,411.7
U. S. Government obligations (direct and guaranteed) .....	563.3	455.2	746.1	320.4	365.5	218.7	2,669.1	2,574.3
Other securities .....	101.7	66.8	153.2	43.5	94.0	44.0	503.2	446.0
Reserves, cash, and bank balances .....	330.2	313.6	552.6	196.7	364.3	159.2	1,916.5	1,855.4
Reserves with Federal Reserve Bank ..	161.9	176.3	216.8	80.5	139.5	54.4	829.4	834.1
Cash in vault .....	24.8	20.3	42.2	16.6	21.0	14.0	139.0	140.1
Balances with banks .....	70.2	59.5	155.4	74.2	80.3	54.3	493.9	465.0
Cash items in process of collection .....	73.3	57.4	138.1	25.4	123.5	36.5	454.2	416.2
Other Assets .....	20.1	22.3	32.0	9.1	17.2	6.4	107.2	96.7
Total Assets .....	1,468.3	1,300.0	2,325.1	805.3	1,331.5	606.8	7,836.9	7,384.1
LIABILITIES								
Demand Deposits .....	1,046.6	952.1	1,426.9	546.8	1,014.2	487.9	5,474.5	5,251.5
Individuals, partnerships, and corpo- rations .....	801.5	834.9	1,021.6	402.4	718.0	364.2	4,142.6	3,978.1
U. S. Government .....	44.0	29.2	41.5	19.4	28.6	17.3	179.9	179.6
States and political subdivisions .....	99.4	.1	119.3	59.7	74.7	77.6	430.7	399.6
Banks .....	94.1	69.3	214.8	43.4	169.1	17.8	608.5	579.5
Certified and officers' checks, etc. ....	7.5	18.6	29.7	21.9	23.9	11.1	112.8	114.8
Time Deposits .....	313.8	255.1	709.4	185.9	204.0	76.3	1,744.5	1,561.0
Individuals, partnerships, and corpo- rations .....	294.0	221.4	625.7	183.0	153.6	66.6	1,544.4	1,398.0
U. S. Government and postal savings ..	8.2	15.8	24.2	2.3	6.6	8.8	66.0	60.0
States and political subdivisions .....	11.6	.....	58.0	.3	41.7	.6	112.2	84.8
Banks .....	.....	17.8	1.5	.4	2.0	.3	21.9	18.1
Total Deposits .....	1,360.4	1,207.2	2,136.2	732.7	1,218.1	564.3	7,219.0	6,812.5
Borrowings .....	.3	.2	.9	.....	.3	.....	1.7	3.3
Other Liabilities .....	9.9	10.9	21.1	4.4	21.6	5.6	73.4	64.3
Total Liabilities .....	1,370.5	1,218.3	2,158.3	737.1	1,240.0	569.8	7,294.1	6,880.2
Total Capital Accounts .....	97.7	81.7	166.8	68.2	91.5	36.9	542.8	503.9
Demand Deposits Adjusted .....	1,468.3	1,300.0	2,325.1	805.3	1,331.5	606.8	7,836.9	7,384.1
Number of Banks .....	835.1	796.2	1,032.5	458.7	693.1	416.3	4,231.9	4,076.3
.....	70	13	205	99	55	34	476	477

<sup>1</sup> Preliminary.  
<sup>2</sup> Revised.  
Note: May not add to totals because of rounding.



1954 Brought . . .

## Record State and Municipal Bond Issues

**F**OLLOWING their annual custom since the end of World War II, states and municipalities, both in the United States and the Fifth District, again issued a record volume of bonds in 1954. The national total, as compiled by *The Bond Buyer*, was \$6,968 million, 25% greater than the previous record amount in 1953. (The 1953 total was also 25% greater than in 1952.)

In the Fifth District, bond issues totaled over \$645 million, 54% more than in the preceding year. This whopping increase raised the District's proportion of the national total from 7.6% in 1953 to 9.3% in 1954. Practically the entire amount borrowed last year by these governmental units was for the purpose of obtaining new money. Only 0.3 of 1% of the total was for refunding outstanding obligations.

The principal factor accounting for the record volume of state and municipal bond issues in this District last year was the vast borrowing to finance new construction of highways, bridges, and tunnels. As shown in the accompanying table, bonds issued for these purposes amounted to over \$357 million and accounted for over one-half of the total for all purposes. In fact, the three largest issues of the year covered highways, bridges, or tunnels. The Maryland State Roads Commission sold a \$180 million issue of revenue bonds in November 1954 primarily to finance the construction of a twin-tube tunnel under Baltimore harbor. The two tubes, each with a 22-foot roadway, will be one and seven-tenths of a mile long—the largest tunnel in the country, outside of New York. Over-all cost of the project, including more than 11 miles of approaches, is estimated at \$142 million.

In October 1954 Virginia sold the largest issue of bonds in its history—\$95 million of revenue bonds—to finance construction of the Hampton Roads Crossing and associated bridges and approaches. The tunnel part of this project will be one and four-tenths of a mile long, with a 23-foot, two-lane roadway. The 3½-mile water crossing, tunnel and open-pile bridges, will be served by about 19 miles of approach highways.

The third-largest issue of bonds sold by a Fifth District government last year was the \$37 million of revenue bonds of the West Virginia Turnpike Commission. This amount was borrowed to pay additional costs for

the completion of the West Virginia toll turnpike. The 88-mile highway, the final section of which was opened last November, provides the middle link in what someday might be a heavily-travelled direct route between the Great Lakes and the Southeastern states.

### Triple A Rating

Bonds issued by Maryland and its political subdivisions in 1954 reached a record volume of \$321 million, more than the total for the entire District in earlier post-war years and one-half of the District total for 1954.

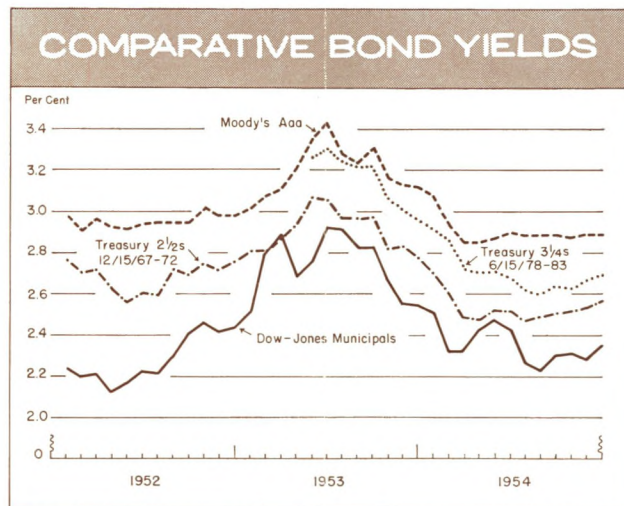
As shown in the table, one-half of this unprecedented volume consisted of revenue bonds not included in the general-obligation debt of the state subject to constitutional debt limitations. Concerned with the growing level of state debt, the Maryland State Planning Commission examined in 1953 the question as to whether Maryland "could continue to borrow on such excellent terms as it has done in recent years, if it persists in piling up debt at the present." It was concluded that state indebted-

ness had not yet reached the point where it threatened the excellent credit standing of the state. "In the absence of additional sources of revenue for debt service, however, the rate of growth of the State debt established in recent years cannot persist into the indefinite future without either affecting adversely the State's credit or alternatively causing a burdensome increase in the property tax rate." (*Management and Limits of the State Debt.*) At the present time, general obligation bonds of the State of Maryland enjoy the highest rating that can be assigned to such credits by the rating services.

Revenue bonds accounted for more than half the total state and municipal bonds issued in Virginia last year. In fact, the large Hampton Roads issue together with a much smaller revenue issue swelled the total for Virginia to an all-time record of \$168 million. This state has issued no general obligation bonds since 1936, and its outstanding full faith and credit obligations have a top-grade rating.

### An Historic "First"

The relative importance of revenue bonds in 1954 was greatest in West Virginia. Of 23 state and local issues





for \$59 million, 12, totalling \$42.5 million, were revenue issues. All told, there were 28 revenue bond issues sold in the Fifth District last year, accounting for only 14% of the total number but for 52% of the dollar volume. This is the first time that revenue bonds have ever reached such an important position in the Fifth District.

Similarly, revenue bonds issued in the country as a whole in 1954 accounted for a larger proportion of the total than ever before. *The Bond Buyer's* tabulation shows that revenue bond sales totaled \$3,214 million—more than double the amount sold in 1953—representing 46% of all state and local issues. It was estimated that at the end of 1954, approximately one-fourth of the outstanding state and local bonds were revenue issues.

In contrast with 1953 when a substantial amount of public housing bonds were issued by local authorities in the Fifth District, only three issues totalling \$10 million were sold in this area in 1954—all in North Carolina. Another shift in relative importance of purposes of borrowing occurred in sales of bonds to finance school construction. Issues for this purpose in 1953 deviated from the usual pattern and moved ahead of street, highway, and bridge construction to account for the largest share of total offerings in the District. In 1954, however, borrowing for school building and improvements slipped back to second place.

**Strong Market**

Perhaps the most significant feature of the 1954 municipal market was its strength. State and local govern-

ments have steadily stepped up their borrowings since the end of World War II in what frequently has appeared to be a futile attempt to catch up with governmental plant and equipment needs. This rising trend reached an all-time high in 1954, but the backlog of capital needs continued to grow. Despite record offerings and the prospect of a continued large, or larger, supply, municipal bond prices were very strong in 1954. The range of average monthly yields shown on the chart was actually narrower than in any of the postwar years, except in 1949.

During the spring months of 1954 state and municipal bonds moved into a relatively favorable position with respect to Treasury and corporate bonds, and it was obvious that either the latter were priced too high or that municipals were too low. Although the spread among the yields plotted on the accompanying chart widened during the last half of 1954, the earlier relative position of municipals was only slightly altered.

Commercial banks, among other investors, were attracted by the relatively favorable yields on municipals last year. In the first nine months of 1954 (latest data available) member banks in the United States increased their holdings of state and local bonds 18%, raising such holdings from 13.7% of their total investments to 14.5%. The increase in the Fifth District was not quite as marked. Here member banks increased their portfolio of state and local bonds by 15% and raised such holdings from 10.6% to 11.5% of their total investment account.

STATE AND MUNICIPAL BOND OFFERINGS—1954

	Md.		Va.		W. Va.		N. C.		S. C.		5th Dist.		Per cent
	No. of Issues	Amt. \$000	No. of Issues	Amt. \$000	No. of Issues	Amt. \$000	No. of Issues	Amt. \$000	No. of Issues	Amt. \$000	No. of Issues	Amt. \$000	
Street, Highway, and Bridge Building and Improvement	4	9,155	2	2,070	1	225	11	1,190	3	1,450	21	14,090	} 55.4
	4*	206,290	1*	95,000	2*	42,000					7*	343,290	
School Building and Improvement	8	28,150	12	18,436	2	3,095	21	23,247	5	2,194	48	75,122	} 18.4
	4*	9,250					1*	5,000	2*	29,200	7*	43,450	
Water, Sewer, and Drainage Systems	14	34,642	19	33,812	13	8,578	37	9,790	18	3,615	101	90,437	14.0
Public Improvement and other Miscellaneous	12	12,638	9	17,780	4	4,912	13	1,500	6	642	44	37,472	} 7.9
	6*	13,454			1*	26					7*	13,480	
Public Housing Authority							3	10,155			3	10,155	1.6
Hospitals					1	250	1	100	4	2,510	6	2,860	} 1.4
	3*	6,407									3*	6,407	
Public Utility Systems (Excl. water systems)			1	150			4	3,035	4	3,390	9	6,575	1.0
Refunding	1	600	1	1,160			3	353			5	2,113	.3
Revenue Bonds (incl. above)	2	181,290	2	103,200	12	42,454	3	2,635	9	5,135	28	334,714	51.9
Total <sup>1</sup>	24	320,586	40	168,408	23	59,086	78	54,370	41	43,001	206	645,451	100.0

\* State issues.

<sup>1</sup> Total number of issues will not equal the sum of individual items as some issues are divided among more than one category.

Source: Weekly listings in *The Commercial and Financial Chronicle*.



More Farmers Could Find . . .

Profit In Porkers

OVER the years, especially in the southern and eastern sections of the District where the agricultural economy for so long was centered around cash crops, a sound basis has been developed for expanded hog production. Farmers now know how to employ Ladino clover in high-producing, permanent pastures. And they have learned how to obtain corn yields of 50, 75 or more bushels per acre—if given reasonable weather.

The feed problem has now been reduced to manageable proportions, and new technological developments and specialization have made it profitable for District farmers to apply proper management to hog raising. Although many farmers are taking advantage of this new situation and are in the hog business on an efficient basis, specialists at some of the District's agricultural colleges believe it profitable and desirable for many others to keep a few brood sows—to give those little pigs a chance to make hogs of themselves.

Thirty Years of Experience

The story of the District's pig production is one of growth—not only on the production but also on the distribution and income sides. Actually all phases of the hog enterprise, except farm slaughter, have been trending upward since the low point of the early thirties.

Hog numbers on farms increased gradually through 1935-39 and then took a sharp spiral upward during the war years, the peak being reached in 1944 when there were 4 million hogs on the District's farms. In the decade immediately following, the number of hogs at the January 1 counting ranged between 2.9 and 3.3 million. Currently the number is somewhat lower—2.7 million.

January 1 hog numbers in each of the District states have followed roughly similar patterns. Maryland has led the rate of expansion even though the number of hogs on Maryland farms remains at less than 10% of the District's total, and the large peanut-producing states—North Carolina and Virginia—continue to be the centers of hog production. South Carolina is an important third.

Looking again at the production side, one finds the total number of pigs saved each year averaging 4.4 mil-

lion—about one and a half times as many as during the period 1930-34. And if one ranks the District states nationally (according to the number of pigs saved in 1954) North Carolina takes eleventh place, Virginia eighteenth, South Carolina twenty-first, Maryland twenty-eighth, and West Virginia thirty-first.

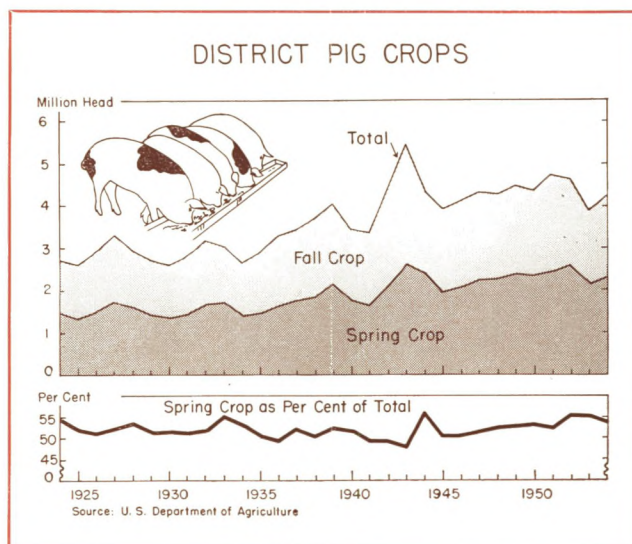
The 50% increase in the number of pigs saved has not been due entirely to a corresponding rise in the number of sows farrowing, however. Actually, the number of litters farrowed in the District averaged 681,000 during the 1940-44 period—some 200,000 above the low of

the depression years. But for the past ten years the number has averaged 661,000—about two-fifths more than in 1930-34. As shown in the chart, Fifth District farmers practice a two-crop system of farrowing and over the last three decades of records the Fall crops of pigs have been almost as large as the Spring crops.

Accompanying the upward trend in sows farrowing has been a slow but steady rise in the number of pigs saved per litter—from an average of 6.0 during the eleven years, 1924-34, to 6.6 in the most recent five-year

period. And in 1954 pigs saved per litter averaged 6.8, the highest on record. This increase in the average number saved, especially during the last few years, reflects better management since a growing number of farmers have learned that saving more of the pigs farrowed can mean the difference between profit and loss.

Despite the progress that has been made in saving more pigs per litter, death losses over and above those the first few days after farrowing continue to be large. Today approximately 3 pigs die for each 10 which go to market. This, of course, is a vast improvement over the early thirties when 7 pigs died for each 10 marketed; however, death losses in this area are still more than twice as high as in the central Corn-Belt States. District hog producers can ill afford to disregard the point of better care—care aimed at saving more pigs per litter and efficiently bringing a greater proportion of them to market size. This type of management, already practiced by the more successful hog producers, can be profitably applied on a much wider scale regardless of whether the





farmer wants only a full smokehouse or is aiming at a larger cash farm income.

On the point of a full smokehouse, or freezer locker as the case may be, *farm slaughter* data (slaughter by farmers for home use or for sale as meat) indicate that the average farm family within the District has long been a big consumer of pork. The trend in farm slaughter, in fact, was steadily upward through 1940-44. Since then a definite downtrend has been noted, dropping around a fourth below the 1940-44 average in the most recent four-year period.

During the forties more and more farmers found hogs an excellent source of income, and between the Censuses of 1940 and 1950 there was a two-thirds increase in the number reporting that at least some of their pigs went to market. As a result, *marketings* of hogs increased sharply. Fifth District farmers sold three times as many hogs during 1940-44 as at the bottom of the depression, and in recent years have marketed an average of about 2.4 million per year—slightly more than four and a half times the number marketed in 1930-34. Except for the war years, 1943 and 1944, it has been only since 1948 that marketings in this area have exceeded farm slaughter.

On the income side, the story has been the same. With the increase in hog numbers, the accompanying increase in marketings, and the more than tripling of hog prices, the trend in farmers' *cash receipts* from hogs has also been upward, and from 1950 through 1953 averaged \$113.2 million per year—ten times the 1930-34 period. The share of total cash receipts attributable to hogs has been much less spectacular; nevertheless, a definite net proportionate gain has also been made in this direction. During the early thirties, hogs accounted for 3 cents of every dollar of cash farm income. By 1945-49 the corresponding figure was 5 cents, and by 1953 this share had risen to 6 cents, occupying for the first time in this District a higher relative income-producing position than cattle.

### Current Situation and Outlook

According to the USDA's current pig-crop report, the hog population adds up to something like this: Farmers in the District as a whole raised 10% more pigs in 1954 than a year earlier when the number was the lowest since 1941. The Spring crop of porkers—providing today's pork chops—was 7% above the year before; last Fall's output—this Spring's pork dinner—was 14% larger than in the Fall of '53. The 1955 Spring crop of pigs—due to start reaching dinner tables next Fall—will be around 7% smaller than last Spring's, however.

This expected decrease (in contrast with the national situation where a 5% increase is anticipated) is based on the assumption that the District's farmers carry out their present plans to decrease the number of sows to farrow by 1%. Actually, reduced Spring farrowings in the District are intended only in the Carolinas where dry weather last Summer cut the corn crops. It also assumes that the number of pigs saved per litter will equal the 10-year Spring average.

Pricewise, the outlook currently sums up as follows: Hog profits in the coming year will be tighter. Prices throughout the first half of the year will be much lower than the unusually high prices in the Spring of '54. According to the U. S. Department of Agriculture, they are not likely to decline next Summer as they did last Summer, however, and by Fall may be fairly close to those of a year earlier.

### Profits from Sound Management

As noted previously, livestock and farm-management specialists at some of the District's agricultural colleges believe hogs can make a contribution to many farmers not now receiving income from that source. Many District farms are too small to permit development of efficient herds of dairy or beef cattle. Hogs, on the other hand, can be accommodated on relatively small acreages.

If the fullest use is made of improved pastures and if corn yields of at least 50 bushels per acre are obtained, a farmer who can devote 15 acres to hogs can do an efficient job with 3 brood sows. Those with 25 acres can justify 5 sows; and 50 acres can be made to take care of 10 sows.

According to an analysis made a few years ago at North Carolina State College, a farmer with 5 sows and a boar can, with good care and management, raise 70 hogs per year (14 pigs per sow or 7 per litter). From this size venture, and with direct cash cost of around \$1,100 and other costs (buildings, fencing, equipment, man labor, interest on investment, etc.) totaling about \$900, an efficient farmer can gross an estimated \$3,350. Net returns to his land and management will run around \$1,350 over-all, roughly \$54 per acre for each of the 25 acres required for pasture and feed production, or \$19 per hog sold (including sows).

Thus, relative to most other livestock enterprises, hog raising requires a comparatively small capital investment and takes much less time in which to realize profits. Even though porker prices today are less profitable than a year ago, further expansion in hog raising continues to offer opportunities.



## Business Conditions and Prospects

**E**XUBERANCE continues to be the general feeling among most of the business community. It is predicated on some very favorable economic developments, though it is clear that important segments of the Fifth District economy during January did not maintain December's rapid pace and some of the edge has been taken off the pleasant recovery in the textile industry.

Among the very favorable developments have been residential building awards—in the one- and two-family house category—which established a new record high in January. Automobile dealers of the District are an ebullient lot, despite scattered evidence that retail sales in January did not maintain December's unexpectedly rapid pace.

Money supply, as evidenced by deposit expansion—a sturdy \$473 million above a year ago—clearly provides an interesting expansive factor. The will to spend, reflected in rising consumer loans at District member banks, as well as almost total absence of the normal seasonal contraction in bank credit, constitutes bullish factors with which it is difficult to argue.

The recent trade level has been somewhat mixed, with department store sales down a bit in January and automobile sales apparently ditto-ing, while furniture store sales improved. Insured unemployment in the District maintained its receding trend through the week of February 5, while farm prices showed moderate improvement during January. Manufacturing activity (in Virginia and the Carolinas) in January was well above a year ago, both in the durable and nondurable sectors.

### Banking

Total loans and investments of all District member banks rose \$18 million between December 29 and January 26, and were \$432 million higher than a year ago. While loans declined \$13 million during January, they remained a striking \$258 million above a year ago. Holdings of U. S. Government securities rose \$26 million during the month and \$108 million during the year, while other security holdings were up \$5 million and \$66 million respectively.

Although total deposits on January 26 were \$73 million smaller than on December 29, they had vaulted \$473 million above a year ago. Time deposits rose \$25 million during the month and stood \$172 million higher than a year ago. Gross demand deposits declined \$98 million during the month but were \$301 million higher than last year. Interbank deposits during January were off \$34 million and other demand deposits shrank \$64 million. Relative to a year ago, interbank deposits were up \$23 million and other demand deposits up \$278 million.

In the weekly reporting banks the sharp upward trend in real estate and consumer loans continued through the third week of February. Business loans hardly showed a semblance of seasonal decline during January and the latest February week marked up a rise that put these loans close to their year-end peak.

### Construction

Construction contract awards in the Fifth District (seasonally adjusted) rose 22% in January from December and were a lofty 78% above January 1954. January's level in these awards has been exceeded only by October and November 1954, and May 1951, the latter resulting from the unique Savannah River Atomic Energy Project.

Statistically, January's construction was definitely at a super-boom level. The residential sector of the industry, clearly in a rapidly rising trend all through 1954, outdid itself. Total residential awards in January stood at 346% of the 1947-49 base, were 52% higher than in December (after seasonal correction) and 135% higher than in January 1954. This is only a part of the picture—in the one- and two-family house category, January awards stood at 533% of the 1947-49 average, an increase of 67% over December (after seasonal correction) and an increase of 161% over January 1954.

Construction contract awards for factories and for apartments and hotels declined between December and January (seasonally adjusted basis) but both were ahead of a year ago.

### Trade

Department store sales of Fifth District stores during January did not maintain the rapid pace established in December. Based on weekly reporting stores, the February level did not maintain that of January on a seasonally adjusted basis. January sales were down 7% (after seasonal correction) from December but were 14% higher than January 1954, incidentally, the poorest month of 1954. Inventories (seasonally adjusted) rose 1% in January over December and 5% over a year ago. Significantly, on a year-to-year basis percentage changes in January sales showed up best in the large ticket items: silverware and jewelry were up 30%; furniture and bedding, up 24%; domestic floor coverings, up 31%; major household appliances, up 21%; televisions, however, did not fare as well and were 13% under January 1954.

Preliminary figures on furniture store sales during January show a seasonally adjusted increase of 4% from December to a level 12% ahead of a year ago. Revised figures for December were much lower than



the December preliminary and as a consequence, the trend of furniture sales appears to be more sidewise than up or down. Adjusted inventories of furniture stores in January were down 6% from December, and 13% under a year ago; in February the trend, though downward, appeared to be leveling out.

Household appliance stores sales were 10% ahead of a year ago in January, and television shipments to dealers in the Fifth District were 75% higher during December 1954 than a year earlier. Sales of passenger automobiles in January were lower than in December in both Richmond, Virginia, and in Washington, D. C.

In the wholesale trades, seasonally adjusted sales trends have been mixed. Drug firms were down 14% in January from December, but 21% ahead of a year ago. Grocery sales were down 7% from December and 12% under a year ago. Hardware sales were down 24% from December and 5% from a year ago. Automotive supplies, on the other hand, rose 22% in January and were 6% ahead of a year ago.

### **Manufacturing**

Manufacturing activity in Virginia and the Carolinas during January was well above a year ago. It was, however, not maintained at December levels, in either durable or nondurable goods industries. Man-hours in all manufacturing industries of these states during January was 2.5% smaller than in December, though 5.2% higher than January 1954. Durable goods industries showed a loss of 1.3% during the month and a gain of 3.4% during the year. Nondurable goods industries showed a loss of 2.8% during the month and a gain of 5.9% during the year.

Man-hours in all manufacturing industries of all states of the District (available only for December) show that month down 0.6% from November and the same amount from December 1953. Durable goods industries were down 0.7% during the month and 5.1% from last year; nondurable goods industries were down 0.5% during the month but up 1.9% from last year.

No startling changes occurred in District industries with the exception of tobacco manufacturing. Here man-hours in Virginia and North Carolina during January declined 13% from December, though remaining 3.7% ahead of a year ago. Small gains from December to January were shown in yarn and thread mills of

North and South Carolina and in North Carolina apparel industries. The paper industry in Virginia gained during the month but in the Carolinas losses were recorded. In the main, manufacturing activity during January was lower than in December, although declines were mostly of a seasonal nature.

Market reports indicate the textile industry has sold its first-quarter output and is substantially sold for the second quarter. This would seem to indicate a sustainable production level over the first half somewhere between the December and January range. Cotton consumption in January was down 5% from December (seasonally adjusted basis) and 5% ahead of January 1954.

Cotton yarn prices showed considerable strength during February, while gray goods prices leveled off after earlier rises. Probably the best indication of the price structure in gray goods is to be found in the fact that resales have been taking place at moderate price concessions. While the volume on mill books indicates a fairly well-sustained level of business for the first half, longer bookings have been very slow; an indication of little fear of getting third-quarter orders filled.

### **Employment**

Manufacturing employment in all states of the District during December was 1% below November and 3% under December 1953. Further declines of 2% occurred from December to January in Virginia and 1% in North Carolina, while in South Carolina January held even with December.

Insured unemployment in the District during the week of February 5 totaled 153.9 thousand, a decline of 4% from the week of January 8 and 12% from the same week of 1954.

Despite improvement in the unemployment situation, there are moderate to substantial surpluses of labor in thirty-four labor market areas of the District classified by the Bureau of Employment Security. Only Richmond, Virginia, has a labor supply in balance with demand. Ten Fifth District cities show a moderate surplus of labor and this grouping includes all of the largest cities in the Fifth District. Ten of the smaller cities are listed as areas of substantial labor surplus and thirteen of the still smaller group areas of the District show a very substantial labor surplus.





FIFTH DISTRICT STATISTICAL DATA

FIFTH DISTRICT INDEXES  
Seasonally Adjusted: 1947-1949=100

	1954		1955		% Chg.— Latest Mo.	
	Jan.	Dec.	Jan.	Mo.	Prev. Mo.	Yr. Ago
New passenger car registra- tion*	208	108	108	+73	+53	
Bank debits	166	164	149	+1	-11	
Bituminous coal production*	86	80	75	+8	-15	
Construction contracts	251	206	141	+22	+78	
Business failures—number	133	227	118	-41	+13	
Cigarette production	95	93	—	—	-12	
Cotton spindle hours	117	114	109	+3	+7	
Department store sales	124	133	109	-7	+14	
Electric power production	184	165	165	+7	+10	
Manufacturing employment*	106	107	107	-1	-3	
Furniture store sales	109	105r	97r	+4	+12	
Life insurance sales	169	186	132	-9	+28	

\* Not seasonally adjusted.  
Back figures available on request.

WHOLESALE TRADE

LINES	Sales in January 1955 compared with		Stocks on January 31, 1955 compared with	
	Jan. 1954	Dec. 1954	Jan. 31, 1954	Dec. 31, 1954
Auto supplies	+60	+17	NA	+8
Electrical goods	-8	-35	+11	+5
Hardware	+6	-10	-2	+5
Industrial supplies	+18	-3	-9	+4
Drugs and sundries	+10	-9	+3	+3
Dry goods	+11	-16	-5	+17
Groceries	-9	-11	0	+2
Paper and its products	NA	NA	NA	NA
Tobacco products	-4	-34	NA	NA
Miscellaneous	+18	-16	+17	+5
District Total	+5	-15	+2	+3

NA Not Available.  
Source: Bureau of the Census, Department of Commerce.

DEPARTMENT STORE OPERATIONS  
(Figures show percentage changes)

	Rich.	Balt.	Wash.	Other Cities	Dist. Totals	
Sales, Jan. '55 vs Jan. '54 ..	+17	+11	+10	+11	+11	
Sales, 12 Mos. ending Jan. 31, '55, vs 12 Mos. ending Jan. 31, '54 ..	+2	+3	+3	-1	+1	
Stocks, Jan. 31, '55 vs '54 ..	+8	+4	+5	-1	+3	
Outstanding orders Jan. 31, '55 vs '54 ..	+7	+19	+7	0	+10	
Open account receivables Jan. 1, collected in Jan. '55 ..	31.3	47.7	41.2	38.4	40.6	
Instalment receivables Jan. 1, collected in Jan. '55 ..	10.8	13.9	13.9	15.8	13.7	
	Md.	D.C.	Va.	W.Va.	N.C.	S.C.
Sales, Jan. '55 vs Jan. '54 ..	+10	+10	+12	+9	+14	+12

BUILDING PERMIT FIGURES

	January 1955	January 1954
Maryland		
Baltimore	\$ 6,663,245	\$ 8,587,205
Cumberland	46,100	13,650
Frederick	92,200	12,050
Hagerstown	257,600	146,685
Salisbury	114,910	167,520
Virginia		
Danville	400,209	89,170
Hampton	1,304,763	829,616
Hopewell	264,253	88,520
Lynchburg	551,043	162,006
Newport News	176,868	58,813
Norfolk	813,816	1,398,696
Petersburg	171,300	161,300
Portsmouth	374,615	326,190
Richmond	1,538,344	1,398,896
Roanoke	1,163,527	852,770
Staunton	271,870	104,075
Warwick	660,398	355,510
West Virginia		
Charleston	286,915	254,709
Clarksburg	89,867	59,690
Huntington	220,750	159,245
North Carolina		
Asheville	103,057	202,403
Charlotte	1,536,255	1,643,438
Durham	3,431,311	454,134
Greensboro	401,140	629,917
High Point	345,500	165,240
Raleigh	783,140	1,730,542
Rocky Mount	336,427	311,155
Salisbury	67,246	73,165
Wilson	206,450	208,450
Winston-Salem	745,616	206,640
South Carolina		
Charleston	219,221	122,444
Columbia	561,458	521,519
Greenville	490,200	979,755
Spartanburg	78,120	48,075
Dist. of Columbia		
Washington	3,139,108	2,943,675
District Totals	\$27,916,842	\$25,466,868

FURNITURE SALES\*  
(Based on Dollar Value)

	Percentage change with correspond- ing period a year ago
STATES	January 1955
Maryland	+11
Dist. of Columbia	+30
Virginia	+12
West Virginia	+29
North Carolina	+19
South Carolina	+4
District	+18
INDIVIDUAL CITIES	
Baltimore, Md.	+11
Washington, D. C.	+30
Richmond, Va.	+11
Charleston, W. Va.	+14
Greenville, S. C.	-6

\* 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	January 1955	January 1954
Washington .....	\$1,323,381	\$1,096,985
Maryland		
Baltimore .....	1,503,521	1,380,917
Cumberland .....	22,669	21,930
Frederick .....	21,305	20,491
Hagerstown .....	39,761	37,029
Total 4 Cities .....	1,587,256	1,460,367
North Carolina		
Asheville .....	70,722	62,845
Charlotte .....	406,286	340,203
Durham .....	81,283	85,286
Greensboro .....	145,272	115,253
High Point** .....	47,660	42,163
Kinston .....	25,474	22,309
Raleigh .....	196,644	187,394
Wilmington .....	50,955	45,993
Wilson .....	22,326	20,121
Winston-Salem .....	161,386	151,581
Total 9 Cities .....	1,160,348	1,030,985
South Carolina		
Charleston .....	82,020	72,559
Columbia .....	167,700	166,162
Greenville .....	132,964	107,358
Spartanburg .....	70,455	67,465
Total 4 Cities .....	453,139	413,544
Virginia		
Charlottesville .....	35,433	29,877
Danville .....	41,924	40,977
Lynchburg .....	52,282	48,555
Newport News .....	50,059	43,814
Norfolk .....	277,243	248,517
Portsmouth .....	35,439	31,088
Richmond .....	648,182	567,308
Roanoke .....	122,216	112,370
Total 8 Cities .....	1,262,778	1,122,506
West Virginia		
Bluefield .....	43,688	44,391
Charleston .....	202,156	199,749
Clarksburg .....	40,866	38,962
Huntington .....	80,152	76,401
Parkersburg .....	32,211	30,875
Total 5 Cities .....	399,073	390,378
District Totals .....	\$6,185,975	\$5,514,765

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

WEEKLY REPORTING MEMBER BANKS			
	(000 omitted)		
Items	Feb. 16, 1955	Change in Amount from	
		Jan. 12, 1955	Feb. 17, 1954
Total Loans .....	\$1,551,650**	+ 23,867	+176,484
Bus. & Agric. ....	703,738	+ 4,868	+ 77,149
Real Estate Loans .....	305,449	+ 4,330	+ 39,705
All Other Loans .....	542,463	+ 14,669	+ 59,630
Total Security Holdings .....	1,847,605	- 55,842	+ 25,169
U. S. Treasury Bills .....	87,850	- 1,380	- 99,474
U. S. Treasury Certificates .....	63,265	- 26,447	-163,873
U. S. Treasury Notes .....	380,982	+ 21,313	+142,128
U. S. Treasury Bonds .....	1,036,301	- 59,873	+100,812
Other Bonds, Stocks & Secur. ....	279,207	+ 10,545	+ 45,576
Cash Items in Process of Col. ..	320,429	- 7,658	+ 33,569
Due from Banks .....	169,915**	- 9,868	+ 25
Currency and Coin .....	75,634	- 6,888	+ 718
Reserve with F. R. Banks .....	518,779	+ 2,982	- 8,975
Other Assets .....	67,184	+ 3,223	+ 4,904
Total Assets .....	\$4,551,196	- 56,148	+231,894
Total Demand Deposits .....	\$3,383,210	-105,079	+117,893
Deposits of Individuals .....	2,539,983	-100,964	+125,973
Deposits of U. S. Government .....	116,869	+ 48,874	- 10,667
Deposits of State & Local Gov. ....	199,107	- 6,558	- 3,216
Deposits of Banks .....	467,741*	- 56,445	+ 10,900
Certified & Officers' Checks .....	59,510	+ 10,014	- 5,097
Total Time Deposits .....	753,485	- 1,624	+ 64,447
Deposits of Individuals .....	670,615	+ 4,054	+ 52,032
Other Time Deposits .....	82,870	- 5,678	+ 12,415
Liabilities for Borrowed Money .....	61,450	+ 44,750	+ 29,250
All Other Liabilities .....	49,551	+ 504	+ 3,086
Capital Accounts .....	303,500	+ 5,301	+ 17,218
Total Liabilities .....	\$4,551,196	- 56,148	+231,894

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