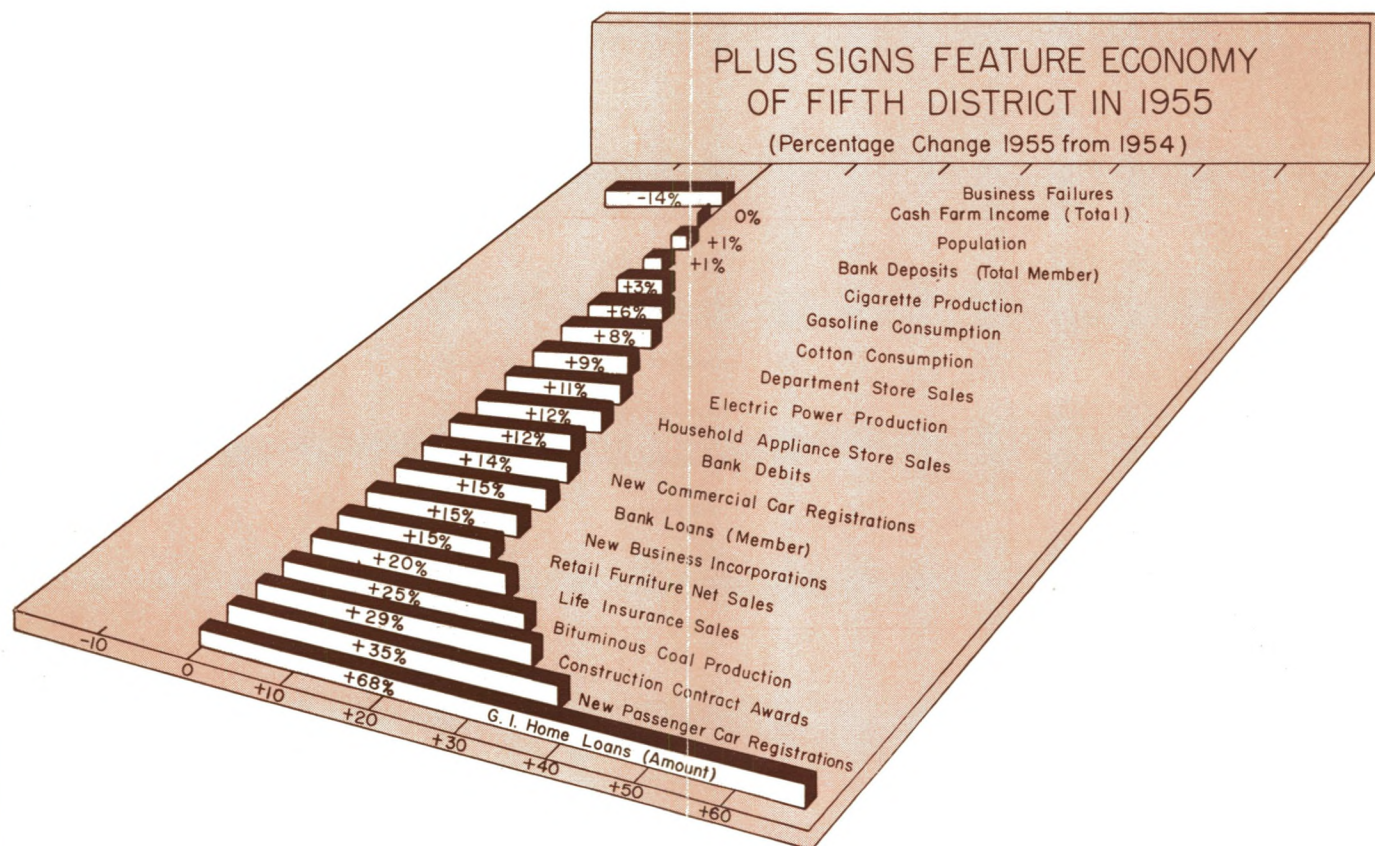


Monthly Review



February 1956



Expansion was the key word in the Fifth District economy in 1955. Nearly all indicators moved up—some sharply, some moderately—although farmers did not share in the improvement.

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Retail Trade—Consumers Went On A Spree

CONSUMERS were in the market in a big way in 1955—so much so that 1955's activity has been called both a consumer binge and an unparalleled buying spree. Either term is applicable and appropriate, for in practically all segments of the trade area new records were established.

Impetuous consumers, combined with relaxation of credit terms, terminated the recession in 1954 and constituted the significant factor in raising business volumes in both the nation and the District to new high levels in 1955. What happens in 1956 can only be conjectured, but it is fairly certain that '55's rapid pace can hardly be exceeded if, indeed, the cash, credit and spending moods are available to maintain it.

Outstanding at the trade level in 1955 were the sales of passenger automobiles. In eleven months of 1955 these had increased 34% over 1954. The three main attractions to purchasers who made possible this substantial increase were a profusion of color, price-slashing at the retail level, and a considerable easing in instalment credit terms.

New passenger car registrations in eleven months of 1955 rose 52% in West Virginia over those months of 1954; 42% in the District of Columbia; 41% in North Carolina; 38% in Maryland; 23% in Virginia, and 21% in South Carolina.

In 1954 new models were introduced mainly in November and District registrations then showed a moderate rise over October. December registrations went to the highest level attained in either 1950 or 1955 for any one month. No such performance has occurred this year. Fifth District new passenger car registrations, as a whole, in November were 13% under October and indications are that December did not even approach the December 1954 figure.

Department store sales (seasonally adjusted) in the Fifth District have been rising intermittently since the middle of 1954. There was a leveling off in these sales in the first half of 1955, but in July they went to an all-time high level and were practically unchanged throughout the rest of the year.

In the first eleven months of the year the 9% gain in department store sales (1955 over 1954) does not tell the whole story. This represented an average with District states showing gains ranging from Maryland's 4% to South Carolina's 13%. Other states showed

increases as follows: North Carolina 12%; West Virginia 11%; Virginia 8%; and the District of Columbia 8%.

In the forefront of the rises from 1954 to 1955 were major household appliances and other items that go into the home. Most children's and juniors' apparel did better than general store sales. As for women's wear, the main splurge was in blouses, skirts, and sportswear; corsets, brassieres and neckwear.

Department stores of the District maintained their inventories just about in line with sales and wound up the year with stocks 8% above a year ago.

Retail furniture stores of the Fifth District established

a new high in sales last year, but all of the increase over 1954 was accounted for by expansion in credit sales. Total sales of furniture stores in the District were up 15% in 1955 over 1954, but credit sales were up 17% and cash sales were off 3%. Collections on accounts receivable at the year end were 9% higher than a year earlier but appear to be operating in routine fashion. With the rapid increase in credit sales, however, collec-

tions would not be expected to keep pace with the increase in receivables, which at year end were 14% larger than a year earlier.

For the year 1955 sales of household appliance stores in the Fifth District rose 12% over 1954. December sales were 14% higher than in December a year earlier, with the best performance shown in North Carolina, up 21%, and Maryland, up 14%. Contrary to the trend in department and furniture stores, instalment sales through a good part of the year have gained less than total sales.

Data available on independent retail store sales since September show a progressive decline in the percentage increase over a year earlier, with September up 13.8%; October up 10.7%; and November up 8.2%. Primarily responsible for these lower rates of gain were apparel stores; furniture and appliance stores; lumber, building material, and hardware stores; and automotive establishments. Two things can be said of these declining percentage increases over a year ago: first, that sales in these three months were not increasing as rapidly on a seasonally adjusted basis as they were last year; or that if they were showing no trend on a seasonally adjusted basis last year, the three months under review would be showing a downtrend in seasonally adjusted sales.



At Year-End—Jobs Were Plentiful

TOTAL nonagricultural employment in the Fifth District averaged 4,213,300 in 1955, a gain of 1.9% over 1954 and a loss of 1.1% over 1953. On the average 1,328,300 were engaged in manufacturing activities during the year. This was 3.1% over 1954 but 1.9% less than 1953. Employees in all other nonagricultural establishments averaged 2,885,000, a slight step-up (1.4%) over 1954 and a slight step-down (0.8%) from 1953. At year-end employment in manufacturing industries was back to its all-time peak in the Summer of 1953 and other nonagricultural employment was within 14,000 of its all-time high level in 1952.

Despite the rising level of employment during 1955, only 3 out of 16 major labor market areas in the District improved their classifications during the year. These included Richmond, Virginia, which moved from a 3.0%-5.9% of the labor force unemployed to 1.5%-2.9%; Charleston, West Virginia, which moved from 12% and over to 9.0%-11.9%; and the Huntington, West Virginia-Ashland, Kentucky area, which moved from a 6.0%-8.9% to a 3.0%-5.9% classification. During the year there was no general shortage of labor anywhere in the District despite the fact that certain skills were hard to obtain in some areas.

In the manufacturing industries durable goods employment averaged 463,500 in 1955, a gain of 4.9% over 1954 and a loss of 2.7% relative to 1953. Nondurable goods industries employed an average of 849,000 in 1955, up 2.3% over 1954 but down 1.3% from 1953. Percentage rises in durable goods employment from 1954 to 1955 were: West Virginia, 7.6%; North Carolina, 6.8%; South Carolina, 3.1%; Maryland, 3.7%; and Virginia, 2.2%. Employment increases in nondurable goods industries came mainly in the Carolinas with South Carolina showing an increase over 1954 of 3.2% and North Carolina, 2.8%. Other states of the District showed rises of 1.6% in Virginia, 0.9% in Maryland, and 0.6% in West Virginia.

The best performing group in 1955, compared with either 1954 or 1953, was in finance, insurance, and real estate employment. In these fields 152,300 were employed on the average during 1955, a gain of 3.2% over 1954 and 7.3% over 1953.

Average employment by all governmental institutions was 811,200, a gain of 2.5% over 1954 and 1.2% over 1953. This group had the second best employment performance in 1955 over 1954, with all states and the District of Columbia showing increases ranging from 1.0% in the District of Columbia to 4.5% in South Carolina.

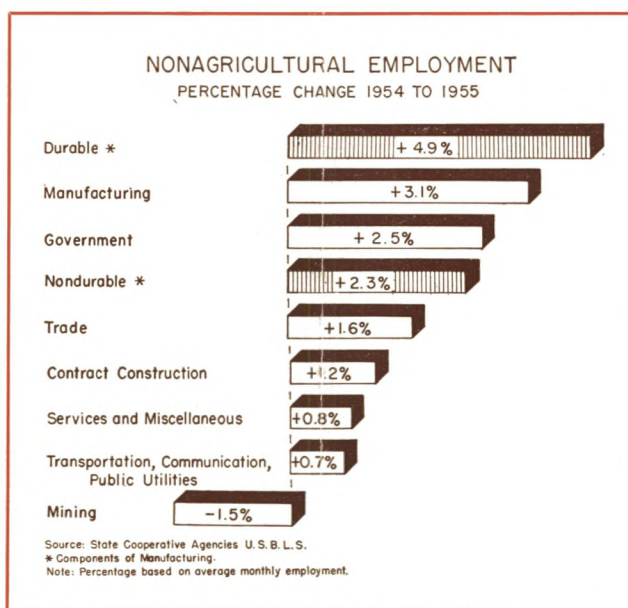
Employment in trade of all types averaged 848,900 in 1955, an increase of 1.6% over 1954 and 0.9% over 1953. Increases ranged from 0.3% in the District of Columbia to 3.0% in Maryland. West Virginia showed a decrease of 0.8%.

Contract construction employed an average of 241,600

workers in 1955, an increase of 1.2% over 1954 but a decrease of 6.9% from 1953. West Virginia, North Carolina and South Carolina showed decreases in 1955 from both 1954 and 1953, but increases ranging from 4% in the District of Columbia to 6.1% in Maryland were more than sufficient to offset the 1954-55 declines noted. Relative to 1953 average employment in 1955 was up only in Maryland and D. C. All other states showed losses ranging from 0.7% in Virginia to 30.4% in South Carolina. This latter drop was occasioned by the completion of the atomic energy project.

Various types of services and miscellaneous employment averaged 416,400 in 1955, an increase of 0.8% over 1954 and 2.8% over 1953. The District of Columbia and South Carolina showed small losses from 1954 to 1955 and West Virginia and South Carolina showed moderate losses from 1953 to 1955.

Employment in the mining industries of the District, dominated by the coal mines of West Virginia, declined 1.5% in 1955 compared with 1954 and was off 22.4% when compared with 1953. West Virginia's average employment in 1955 was 3% smaller than in 1954 and 26% smaller than in 1953. North Carolina and Virginia showed increased employment in mining industries from 1954 to 1955, but Maryland and South Carolina showed no change. Comparing 1955 with 1953, North Carolina is the only state to show an increase; Maryland shows no change; others show losses: South Carolina, 8.3%; Virginia, 13.7%; West Virginia, 25.9%.



Construction Awards—1955 Saw A New High

CONSTRUCTION contract awards in 1955 reached up to \$2.25 billion, the highest dollar figure ever attained in the Fifth District. Retrospectively, this figure was 28% higher than in 1954, 44% above 1953 and about 3% higher than in 1951 when the government-built atomic energy plant in South Carolina was included.

Non-residential construction was the bellwether in the field last year. The increase was a sharp 40% over 1954 and 38% over 1953—a much better showing than this type of construction achieved in the 37 eastern states where gains over '53 and '54 were each 21%. Total awards for residential construction in the District were 26% higher than in 1954 and 63% higher than in 1953. Awards for apartments and hotels were down 24% from 1954 and 32% from 1953. These, however, were more than offset by increases of 31% over 1954 in one- and two-family houses, and an increase of 86% over 1953. Other residential construction (small in dollars) showed much larger increases in both years. Residential awards in the Fifth District showed moderately larger increases in both years than was experienced in the United States as a whole, but the differences were not nearly so marked as in the case of non-residential awards.

Contract awards for public works and utilities in the Fifth District were at an all-time high level in 1955, although the rate of increase was less than nationally. The gain in 1955 over 1954 was 12% compared with a 37 state increase of 21%; and the gain over 1953 was 27% compared with a 37 state increase of 24%. One reason for this slowdown in public works construction has been the inability of municipalities and county governments to keep pace with the growth in residential expansion.

The rapid growth in non-residential contract awards is quite significant in this District for it represents, in large part, an expansion of job opportunities. Interestingly, expansion in this type of construction has been nearly twice the rate for the nation as a whole. All states of the District, including the District of Columbia, showed large increases over 1954 in total non-residential awards with the exception of West Virginia.

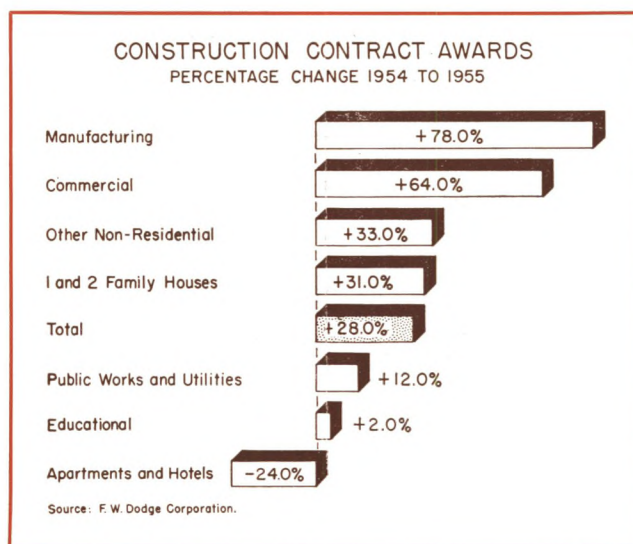
Awards for manufacturing buildings in 1955 were 78% higher than in 1954 and 27% higher than in 1953, but this performance was not universal among the states of the District. In the District of Columbia this type of award declined 50% in 1955 from 1954, and 7% from 1953. The 1955 value of awards in Virginia was down 4% from 1954 and 55% from 1953. Hefty gains were shown by other states of the District: 155% in Maryland, 101% in North Carolina, 60% in West Virginia, and 53% in South Carolina.

In the commercial construction area District awards in 1955 were 64% larger than in 1954 and 126% larger than in 1953. Again, these changes were selective;

Virginia showed an increase of 201% over 1954, Maryland 69%, North Carolina 35% and the District of Columbia 20%. Losses were sustained in West Virginia (33%), and in South Carolina (12%).

Awards for educational buildings in 1955 were 2% higher than in 1954 but 9% under 1953. Comparisons with both years, however, were variable. The largest increases relative to both years occurred in the District of Columbia up 45% from 1954 and 128% from 1953; and Maryland up 36% from 1954 and 15% from 1953. South Carolina's 1955 awards were 18% higher than in 1954 but 7% smaller than in 1953. North Carolina's were up 3% over 1954 but 3% under 1953; while West Virginia's 1955 awards were down 67% from 1954 and 46% under 1953.

In other non-residential construction District of Columbia 1955 awards were 173% higher than in 1954 and 167% above 1953. These changes are probably due to governmental work. North Carolina and South Carolina each showed large gains in this type of construction. North Carolina 1955 awards were up 34% from 1954 and 54% from 1953. South Carolina 1955 awards were up 32% from 1954 and 21% from 1953. Increases of 18% in Maryland and 12% in Virginia over 1954 seem small by comparison with the District as a whole. Other non-residential contract awards were 33% higher than in 1954 and 48% higher than in 1953.



Improvement In Bituminous Coal

BITUMINOUS coal production in the United States totaled 465 million tons in 1955, an increase of 73 million tons or 19% over 1954, and 2% higher than in 1953. Production of coal in Fifth District states approximated 167 million tons, an increase of 25% over 1954 and 9% over 1953. Output in the Fifth District has shown an increasingly larger proportion of the national total in the past three years. In 1953 the District accounted for 33.6% of national output; in 1954, 34.2%; and in 1955, 35.9%.

Notable improvement in bituminous coal output can be attributed mainly to three things: a super-normal expansion in production of electric power, capacity operations in the steel industry at home, and booming steel business in foreign countries making it necessary to utilize American coal.

The electric utilities accounted for 32% of the increased tonnage in 1955 over 1954. The steel industry's direct consumption and its purchase of coke accounted for 30% of the increase and the export market accounted for 26%. Other industrial concerns also expanded their takings of coal, while the cement mills, already operating at capacity, held about even with the previous year.

American railroads continued to reduce their coal consumption in 1955 and are gradually reaching the point where they will not be a heavily depressing factor in the coal business. Retail dealer deliveries in 1955 were slightly under 1954 and this business still amounts to a rather substantial tonnage. Change in inventories was not a substantial factor in the demand for coal in 1955, although a small rise in stocks occurred.

Production of electric energy by fuels in the United States for the first 10 months of the year was up 19% over the same period of 1954. In this same period consumption of coal by electric utilities was up 21% compared with an increase of 12% for oil, and a drop of 0.2% for gas. In the Fifth District production of electric energy by fuels was up 14% over 1954, while coal consumption by public utilities was up 12%, oil consumption down 12% and gas consumption up 34%. It sounds like carrying coal to New Castle when gas consumption by public utilities in West Virginia in 1955 rose 181% over 1954.

New electric utility installations have continued to improve the burning efficiency of coal. In December 1953 it took 1.03 pounds of coal to generate one kilowatt-hour of electricity, in December 1954 it took .97 pounds, and in October 1955 it took .94 pounds.

Most of the adverse elements in coal consumption have been reduced in importance, and it now seems likely that the bituminous coal industry is in a position to expand more in line with the growth of the country than it has been for many years.

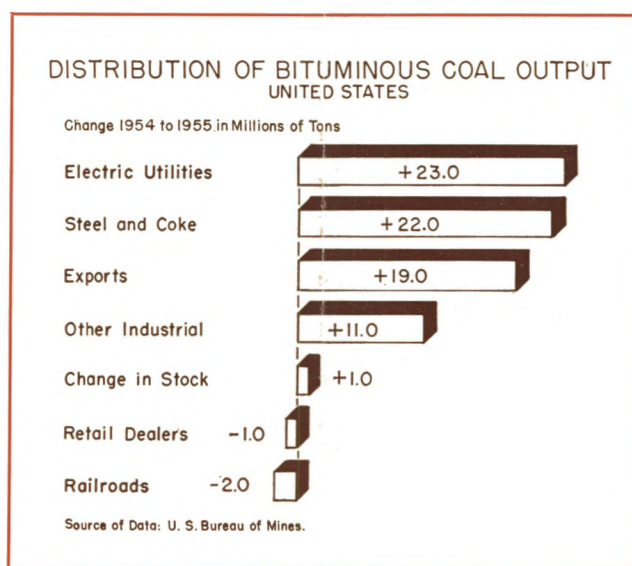
The bituminous coal industry continues to gravitate into stronger hands and the competitive position is being improved by further mechanization. Most of the "snow bird" mines have long since folded.

Average employment in Fifth District coal mines declined 2.5% in 1955 from 1954, but coal output per man rose 28% as a result of increased mechanization and a larger number of hours of working time—reconciling decreasing employment with increased production. The employment decline came in West Virginia where the average number of employees in 1955 was 3.7% under 1954. In Virginia, average employment rose 4.3%. Average employment in West Virginia in 1955 was 27%

under 1953, and in Virginia it was down 18%. In West Virginia, which accounts for approximately 85% of District coal mining employment, weekly hours worked averaged 38.2 in 1955 in contrast to 33.4 in 1954 and 33.8 in 1953—an increase of 14.4% and 13.0% respectively.

The wholesale price of bituminous coal weakened in the Spring of 1955 but strengthened considerably in the last half of the year. Even so, latest information shows that it was near the lowest levels attained at any time other than 1954 back as far as the middle of 1948.

Exports in bituminous coal in 1955 ran around 51 million tons, an increase of 18% over 1954. The great bulk of this increase was due to a gain in overseas shipments which amounted to 35 million tons in 1955 compared with 15 million tons in 1954, an increase of 133%. The Hampton Roads ports accounted for the lion's share of the overseas movement in 1955 but Baltimore also recorded an important gain from practically nothing in 1954.



New Records In Durable Goods Manufacturing

MANUFACTURING industries of the Fifth District had a good year in 1955, but operations were not remarkable until the second half. By July some two-thirds of the 1954 recession losses had been recovered; by August the 1953 peak was approached and in the remaining months of the year activity moved into new high ground by a wide margin. Man-hours in all manufacturing industries were at their highest point in October. Since then a moderate back-away, partly seasonal, took place.

Durable goods manufacturing industries in 1955 showed a moderately larger rise from 1954 than non-durable goods industries, but the differences were not marked. Man-hours in the durable goods manufacturing industries, accounting for 36% of total manufacturing activity during 1955, rose 7.6% over 1954, but failed to equal the 1953 peak by 2.2%. All of the durable goods industries increased the number of man-hours worked in 1955 over 1954 with the exception of electrical machinery which is reported for Maryland only.

Largest increase for any of the major industrial classifications from 1954 to 1955 was in primary metals which jumped 15.7%. Although these industries are located mainly in Maryland and West Virginia, their performance in the other states was as good as for the District as a whole. The rise that took place during 1955 was sufficient to carry the level 5.7% above the previous peak year, 1953. Only one other durable goods industry in the District in 1955 was higher than in 1953.

Furniture and fixture manufacturing in 1955 showed man-hours 13% larger than in 1954 and 2.1% larger than in 1953. This was the second largest increase of any industry in the District, durable or nondurable.

The stone, clay and glass industries in 1955 showed man-hours 6.9% above 1954, but 1.7% under 1953. Interestingly, despite the heavy demand for glass, West Virginia had an increase of only 2.6% in this group with North Carolina and Maryland showing the largest increases. All states except West Virginia had total man-hours in 1955 higher than in 1953.

Lumber and wood products industries showed 1955 man-hours 6.1% higher than 1954, but 6.2% lower than

1953. Figures reported only for Maryland and the Carolinas showed the three states above 1954, with Maryland alone ahead of 1953.

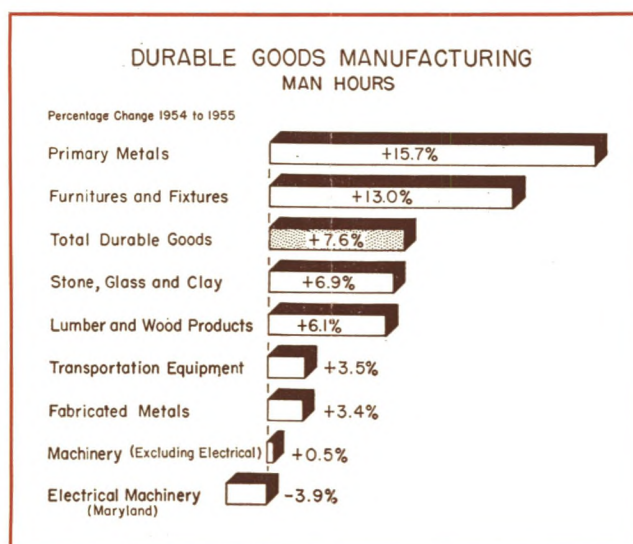
Transportation equipment manufacturing industries were able to record an increase of 3.5% in man-hours in 1955 over 1954, but the 1955 total fell 11.9% under 1953. The rise from 1954 was occasioned mainly by higher activity in the automobile assembly plants in Baltimore and Norfolk and by improvement in Maryland shipyards. Shipbuilding employment in the District as a whole continued to decline at private yards, but Navy yards are at about the same level as in 1954.

Metal fabricating in the Fifth District was not particularly active during 1955 although man-hours increased 3.4% over 1954 to a level only 2.8% under 1953. Relative to 1954, increases were shown in Virginia and West Virginia, which more than offset losses in Maryland and North Carolina. Relative to 1953, Virginia alone increased. By early Fall, however, these industries had reached the peak established in 1953 and have since leveled off.

Machinery industries, excluding electrical, reported for four states of the District, showed man-hours

slightly (0.5%) higher in 1955 than in 1954 and 10.5% under 1953. Gains in these industries came in the Carolinas, where the demand for textile machinery was considerably improved. The bulk of the expansion in these industries came from May to September. Since that time there has been a leveling off. Electrical machinery industries, reported only for Maryland, showed man-hours in 1955 down 3.9% from 1954 and 7.9% from 1953.

Spectacular rises occurred in primary metals, furniture, stone, clay and glass industries, with primary metals and furniture industries establishing new high levels. Fabricated metals industries recovered to their previous high late in 1955 while machinery and wood products industries at the year-end were still considerably short of their 1953 peaks. Primary and fabricated metals, machinery, and lumber industries had shown flattening off tendencies in the last several months of 1955 but furniture and fixtures were still trending sharply upward.



Nondurable Manufactures—Record Setters

AVERAGE activity in the nondurable goods manufacturing industries of the Fifth District reached an all-time high in 1955, 6% above the 1954 average and 0.6% above 1953. The first half of 1955 was not a particularly active period in these industries, but a burst of strength in the second half carried them into new high ground. Particularly outstanding were the apparel and paper groups, which moved into new high ground in an impressive fashion.

The apparel industry, after reaching a new high in the first half of 1955, hesitated in the Spring season, but recovered substantially from April on. This was due both to expansion in activities in existing facilities and to considerable growth in new facilities. In 1955 man-hours in the apparel industries were 10.7% higher than in 1954 and 5.7% higher than in 1953, the previous peak year. The apparel industry in the Fifth District has moved into fourth ranking position among all industries. Its growth is continuing, despite the problem it is facing in adjustment to the \$1 minimum wage.

Textile mill products industries by the end of 1955 showed man-hours slightly above the previous peak in 1953, and for the year as a whole, recorded a gain of 7.2% over 1954 and within 0.3% of the year 1953. Yarn and thread mills showed a more substantial recovery from 1954 than broad woven fabric or knitting mills. The gain in yarn and thread mills over 1954 was 9.5%, but at the 1955 level operations were still 2.6% under 1953's average. Broad woven fabric mills showed man-hours 6.2% over 1954 but 1.6% under 1953. The gain in knitting mills over 1954, 5.6%, was smaller than other segments of the textile industry, but the loss from 1953 to 1954 had been smaller, and 1955 showed an increase of 4.4% over 1953. Aside from the seamless hosiery mills, the forthcoming \$1 minimum wage will not be too troublesome for the textile industry since most workers are now paid close to or above \$1 an hour. The industry in general closed the year 1955 with the best backlog it has had in several years which should provide peak operating levels for the first quarter of 1956.

Man-hours in the tobacco manufacturing industry in 1955 were 6.9% higher than in 1954 and 9.4% higher than in 1953. Interestingly, man-hours in the cigarette

business were up 7.1% over 1954 and 11.2% over 1953, which is considerably higher than is indicated for cigarette production. New products apparently are requiring a larger number of man-hours.

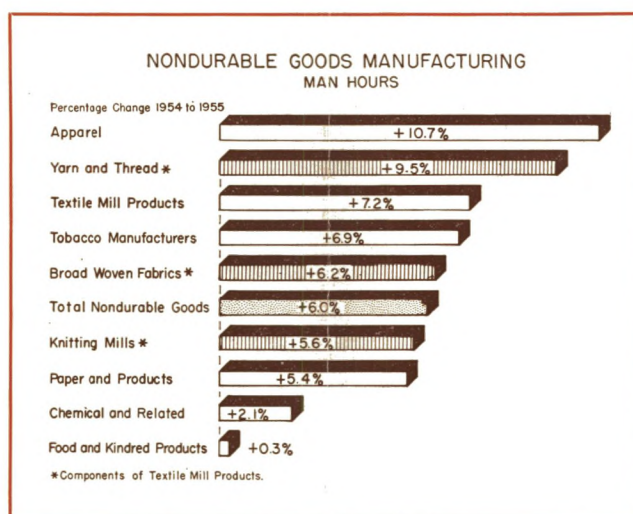
Paper and products manufacturing industries operated 5.4% higher in 1955 than in 1954 and 2.6% higher than in 1953. These industries reached their previous peak as early as July 1955, and since then went on to exceed it. From September on there has been a leveling off in operations.

The chemical industries of the District, weighted heavily with rayon and acetate facilities, showed a modest recovery in operations in 1955 over 1954 of 2.1% but this was far from uniform throughout the states. South Carolina showed an increase of 15%, North Carolina, 4.5%, Virginia barely held even, while West Virginia slipped 0.6% and Maryland was off 4.5%. Relative to 1953, operations in Virginia were down 14.3%, 7.2% in Maryland, and 7.1% in West Virginia. They were up 32% in South Carolina and 6.4% in North Carolina.

Man-hours in the food and kindred products industries of the District in 1955

were 0.3% higher than in 1954 and 1.5% under 1953. Again, performance among these states varied considerably. Increases over 1954 were shown in Virginia, 3.5%, North Carolina, 1.9%, and South Carolina, 1.6%; decreases were in West Virginia, 3.7%, and Maryland, 2.7%. The same states which showed increases in 1955 over 1954 all showed increases over 1953 and those which showed losses from 1954 to 1955 also showed losses from 1953. They were: Virginia up 2.2%, North Carolina up 2.0%, South Carolina up 0.9%, West Virginia down 8.3%, Maryland down 5.5%.

On a trend basis, textile mill products were still pointing upward as the year closed and the apparel industries continued to display great strength. Broad woven fabrics mill man-hours were trending downward in the first third of 1955 but recovered steadily through the rest of the year to come close to 1953 peak levels at the year-end. Recovery from 1954 recession lows continued through the first quarter of 1955, but little further progress was made thereafter in yarn and thread mills operations.



Cigarettes—Puffing Was Up In '55

PRODUCTION of cigarettes in the United States turned upward in 1955 after a decline over the previous two years. Output was estimated at 414 billion cigarettes, up 3% over 1954, but lower than any other year since 1950. 1955's output was, however, 4.9% under the peak year 1952.

Production in the Fifth District accounted for 78% of the national total compared with 77.3% in 1954, 77.2% in 1953, and 78.8% in 1952. North Carolina turned out 54.4% of the national total compared with 53.2% in 1954, 54.2% in 1953, and 55.1% in 1952. Virginia accounted for 23.6% of the national output compared with 24.0% in 1954, 23.0% in 1953, and 23.7% in 1952.

Domestic consumption of cigarettes in 1955 totaled 383 billion cigarettes, an increase of 3.9% over 1954, but 1.0% less than 1953 and 2.8% less than 1952. Tax-free withdrawals of cigarettes from bonded warehouses for export and for shipment to armed forces overseas, to U. S. possessions, and for ships' stores came to 31 billion cigarettes. This was a decrease of 6.6% from 1954, of 16.2% from 1953, of 22.5% from 1952, and of 20.3% from 1951. Important to the cigarette industry is the fact that domestic consumption increased more than production and that the total 1955 consumption figure was within 2.8% of the all-time peak in 1952.

On a per capita basis, however, the situation appears less favorable. Per capita consumption of cigarettes in 1955 was 3,285, 2.1% above 1954 but 6.4% under 1952.

Tobacco manufacturing in the Fifth District gave employment to an average of 45,100 workers during 1955, an increase of 3% from 1954 and 6.4% from 1953. Cigarette factories in the District employed 22,100 or nearly half of the tobacco manufacturing total. Cigarette employment actually reached the highest level of any postwar year and averaged 3.3% higher than in 1954, 5.7% higher than in 1953 and 7.8% above 1952. Of the District total, North Carolina accounted for 13,600 and Virginia 8,500.

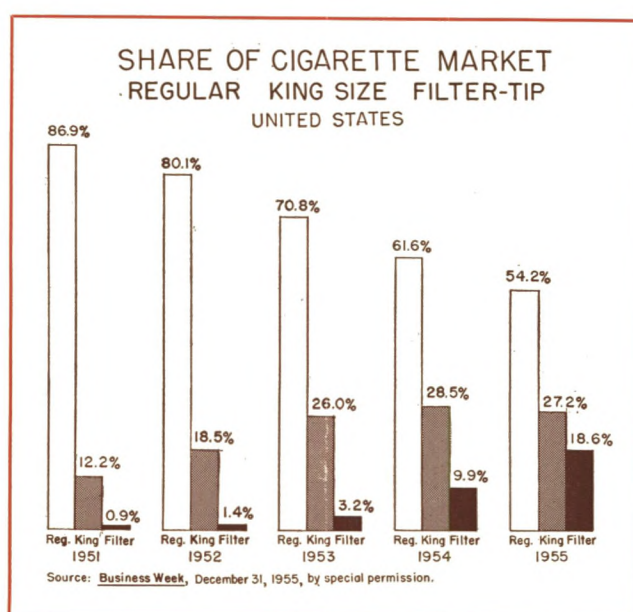
During 1955 less was heard of the smoking versus health controversy of recent years. Nevertheless, the output of filter-tip cigarettes nearly doubled during the year, at the expense of both regular-size and king-size.

Apparently, consumption of every regular-size cigarette brand declined from 1954 to 1955 and the aggregate fell 9%. In the king-size field some irregularity was shown—some brands showed increases, others decreases. In the aggregate they slipped 2% in 1955. Filter-tips, on the other hand, rose a striking 94% in this period, to account for 18.6% of total domestic cigarette consumption as against 9.9% in 1954. Regular-size cigarettes accounted for 54.2% of total consumption, compared with 61.6% in 1954, while king-size accounted for 27.2% in 1955 compared with 28.5% in 1954.

Flue-cured and Burley constitute 98% of all tobacco used in cigarette manufacture. The three-year average price of flue-cured tobacco rose 1.3% from 1954 to 1955 and 1.5% from 1953 to 1955, while Burley in 1955 was up 5.3% over 1954 and 4.5% over 1953. These higher average prices indicate an increase in manufacturers' 1955 tobacco costs of 2.7% over 1954 and 2.5% over 1953. The apparent higher cost is tempered somewhat, however, since filter-tip cigarettes, in which lower-grade tobacco can be used, accounted for all the increase in domestic cigarette consumption from 1954 to 1955 and now represent nearly a fifth of the total.

Manufacturers did not change the prices of cigarettes during either 1954 or 1955, but they garnered an effective price increase just the same, since a larger part of the product-mix went to filter-tip cigarettes which bear a higher price tag than either king-size or regular cigarettes. Consumers also paid more for cigarettes in 1955, due to the fact that twelve of the forty-one states taxing cigarettes increased the rate of tax last year. Beginning in 1956, Missouri will levy a cigarette tax for the first time. The 8-cent-a-pack Federal internal revenue tax on cigarettes is scheduled to expire on April 1, 1956, but this reduction seems quite likely to be postponed as it has been twice before.

Adverse factors operating in the industry in 1953 and 1954 were in large part absent in 1955. The cancer scare seems to have passed or at least the press is calling less attention to it. Cigarette advertising has been directed toward a more favorable sales approach, and increasing per capita consumption is again probable.



Looking Back On 1955's Farm Scene

WEATHER and the cost-price squeeze vied for top billing in the Fifth District's 1955 farm story. Both played important parts, although location determined which factor got the starring role. In localities where plenty of rainfall contrasted with droughts of earlier years or where March freezes and August and September hurricanes caused severe damage, weather was the prime performer; where weather was not significant, the cost-price squeeze took the spotlight.

Weather's results were varied . . .

Where weather played the lead, it often "played favorites"—at times exerting strongly favorable, at others, unfavorable, influences on local farm production, income, and credit conditions.

Crop by crop and area by area, with some notable exceptions, production throughout the previous drought-stricken sections of the District was generally good in 1955. The combined District acreage of principal crops harvested was slightly below 1954, but adequate rainfall and a good growing season aided in producing generally high—in some cases record—yields per acre which more than offset acreage reductions. Result: All tobacco production was 12% above 1954, with flue-cured poundage up 14%. Cotton output increased 7%. The corn crop jumped nearly 30% and tonnage of all hay rose 17%.

Weather's favorable role in crop output in 1955 was accomplished without too much fanfare, but its part in causing sharp production setbacks of exceptional scope and severity bordered on the spectacular. The hard freezes of late March greatly reduced production of fruit and pecans—in fact, almost completely wiped out the apple and peach crops in the Carolinas and in southern sections of the Virginias. And the hurricane sisters—Connie, Diane, and Ione—with their accompanying winds and torrential rains caused heavy crop losses, particularly to cotton, corn, peanuts, and soybeans, in eastern North Carolina and Virginia.

. . . and the cost-price squeeze tightened . . .

Farmers throughout this five-state area were squeezed more and more by high costs and low prices in 1955. Producers of livestock, especially hogs and cattle, received even lower prices than did crop farmers. At

the same time costs of materials used in farm production, interest, taxes, and wage rates inched upward. Farmers' production cost rates are an average of two divergent trends, however, and as in each year since 1951, farm-produced cost items—feed, livestock, and seed—declined while items of industrial origin continued to rise. Because 1955's sharp increase in agricultural production and resulting income relief overshadowed general cost-price pressures in previous drought areas, the important role of the cost-price squeeze in the District was not readily recognized except in areas not damaged by drought in 1954.

The squeeze between costs and prices, as well as

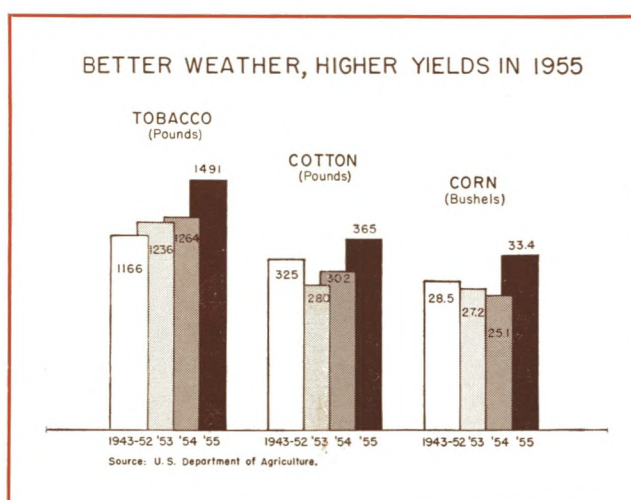
refinancing of drought-incurred debt, was a major factor in the increase in District farm debt in 1955. Continued high—in some instances increasing—costs and lower prices induced many farmers to enlarge their operations in an attempt to maintain incomes. Some bought more land at higher prices in order to make more efficient use of available capital and labor. Others purchased labor-saving machinery and equipment; still others increased the use of fertilizer and in-

secticides in an endeavor to increase yields and reduce unit costs.

. . . but farmers' financial condition remained good.

Though the cost-price squeeze and the upturn in farm debt continued in 1955, the majority of bankers contacted in a survey of farm credit developments indicated that delinquencies were low and most of their farm customers were still in generally good financial condition. Some farmers, of course, found it necessary to refinance and consolidate debts into longer-term obligations. Excellent crop yields, particularly in previous drought areas, improved the financial position of farmers in those communities and enabled many to reduce debts carried over from earlier years.

Actually, District cash farm income for the first 11 months of 1955 was almost the same as the corresponding period in 1954. On the other hand, some District farmers, principally those who suffered from hurricane damage or the late Spring freezes and those who had already felt the pinch of the cost-price squeeze, began 1956 with larger debts or less cash, or both, than they had at the beginning of 1955.



Business Conditions and Prospects

GAINS and losses in business activity in the Fifth Federal Reserve District were about even between November and December, which would leave the final month of 1955 at about the same high level prevailing in October and November. Preliminary data show the trade level, on a seasonally adjusted basis, approximating December levels. Production of mines held about even; construction declined, while manufacturing activity seems to have firmed slightly during the month of December. The employment situation, seasonal considerations taken into account, has remained steady over all.

Demands for bank credit were strong at the year end, with no important relaxation discernible in the first three weeks of January. The rate of gain of savings in mutual savings banks and savings and loan associations improved moderately in the late months of 1955, but there were progressively smaller gains in commercial banks. Seasonally adjusted bank debits, after moving up in November to the high level established in May, declined 1% in December. Cash income from farm marketings, after exceeding a year ago in the Summer and Fall months, was considerably below a year ago in November.

Trade

Trade indicators in December showed mixed trends. Department store sales (seasonally adjusted) were down 2% from November; furniture store sales were up 2%; household appliance store sales were up 29% without seasonal correction. Scattered evidence indicates new passenger automobile registrations may be no better than in November, or well below the expectable seasonal response to new models.

The decline in adjusted department store sales during December appears quite similar to that occurring in October, thus signifying no definite break-away from the flat level of the last half of 1955. January sales may have been fractionally higher than the peak 1955 month. Sales were apparently under expectations, since department store adjusted inventories rose 3% to a level 10% ahead of a year ago and adjusted outstanding orders were down 22% in December from November.

Sales of retail furniture stores in the District recovered 2% from November, but were still under the October level and considerably under the Spring peak. December sales, however, were 10% ahead of a year ago, and 1955 was 14% ahead of 1954. Furniture store sales have begun to show the same high-level flat trend just noted in department stores. Cash sales perked up in December and the seasonally adjusted increase was 11% while credit sales rose 3%.

Sales of household appliance stores in December were 29% higher than in November without seasonal cor-

rection. They were 14% higher than in December 1954, and for the year 1955 were 12% higher than 1954. These changes are somewhat smaller than shown by major household appliances in department stores but somewhat larger than shown by furniture stores.

New passenger automobile registrations for November declined 13% from October but were 22% over a year ago, and eleven-month totals were up 34%. Figures available thus far for December show some gains and some losses which imply that December either showed little change from November or a rise considerably less than that of last year. New commercial car registrations for November were 4% under October and 7% ahead of a year ago. Eleven-month registrations were up 14%. Scattered evidence points to a somewhat better performance in commercial vehicles in December than in the case of passenger cars.

Construction

Contract awards for all types of construction in the Fifth District in December were down 13% from November after seasonal correction. They reflected a 58% drop in commercial awards and one of 35% in public works and utilities' awards.

Although the "soothsayers" generally agree that residential construction will be somewhat lower in 1956 than in 1955, residential awards in the Fifth District in the latter part of 1955 were not in a declining trend and actually moved fairly sharply upward in the last two months of the year. The December seasonally adjusted level of one- and two-family awards has only been exceeded in two months throughout history.

Relative to a year ago December construction contract awards were up 6%, with apartments and hotels down 62%, commercial awards down 26%, manufacturing awards up 22%, one- and two-family houses up 12%, public works and utilities up 53%, and total residential up 4%.

Mining

Mining in the Fifth District is dominated by bituminous coal. Here output rose in spectacular fashion during 1955, with the year's total 25% ahead of a year earlier. In December, seasonally adjusted output was even with November and 22% ahead of December 1954. Despite this leveling tendency, further strength in the export market could carry output somewhat higher.

Manufacturing

Textile industries of the District could theoretically operate at a higher percentage of capacity than that observed in the last few months, but for all practical purposes operations are on a full-time basis. Most segments of the industry, particularly the cotton end, are in a sold-up position through the first quarter of the

year, with substantial coverage extended into the second quarter. This implies a favorable operating outlook for the first half.

In December, average daily seasonally adjusted cotton consumption was 6% higher than in November and 11% higher than in December 1954. For the year 1955 it was 8% higher than 1954. Cotton spindle hours in December rose 2% on an adjusted basis, and were 9% ahead of December 1954. For the full year they were 9% above 1954. Cigarette production in November rose 3% on an adjusted basis from October, was 11% ahead of November 1954, and eleven-month figures were 4% above a year earlier.

Man-hours in the manufacturing industries of West Virginia and the Carolinas in December were 0.3% under November, but 7.4% higher than December 1954.

Durable goods industries in the aforementioned states were 0.8% higher in December than November, and 13.4% higher than a year earlier. Gains from November to December occurred in the Carolinas and were

in evidence in most of their industries. West Virginia showed a fractional decrease as a result of a decline in metal fabricating and machinery industries.

Banking

Credit demands remained strong during December, with loans and investments of Fifth District member banks rising \$89 million. This included an increase of \$41 million in loans, \$44 million in holdings of Government obligations, and \$4 million in holdings of other securities. Loans and investments were \$257 million higher than a year ago, with loans up \$393 million, holdings of Government obligations down \$165 million, and holdings of other securities up \$29 million.

Total deposits in December were \$159 million higher than in November, and \$214 million above a year ago. Time deposits rose \$7 million in December and were \$43 million ahead of a year ago. Demand deposits were \$152 million higher than in November and \$171 million above a year ago.

FIFTH DISTRICT BANKING STATISTICS

DEBITS TO DEMAND DEPOSIT ACCOUNTS*

(000 omitted)

	Dec. 1955	Dec. 1954	12 Months 1955	12 Months 1954
Dist. of Columbia				
Washington	\$1,620,605	\$1,364,527	\$16,498,466	\$14,155,513
Maryland				
Baltimore	1,877,217	2,045,750	19,343,679	17,706,008
Cumberland	28,511	27,748	312,352	290,277
Frederick	27,608	27,668	292,023	273,286
Hagerstown	46,306	42,517	531,187	442,882
Salisbury**	35,797	34,066	412,621	397,357
Total 4 Cities	1,979,642	2,143,683	20,479,241	18,712,453
North Carolina				
Asheville	80,801	80,035	830,488	764,374
Charlotte	475,516	421,157	5,084,482	4,320,665
Durham	92,935	85,746	1,074,696	1,151,682
Greensboro	172,237	153,443	1,838,990	1,495,313
High Point**	60,538	52,543	612,794	527,539
Kinston	25,082	24,372	362,543	338,538
Raleigh	236,465	208,859	2,676,277	2,322,519
Wilmington	54,901	50,964	637,446	571,999
Wilson	26,202	27,274	385,736	389,352
Winston-Salem	223,749	206,069	2,225,323	1,924,480
Total 9 Cities	1,387,888	1,257,919	15,115,981	13,278,922
South Carolina				
Charleston	98,949	80,406	1,043,871	893,459
Columbia	199,278	178,575	2,201,235	2,004,621
Greenville	156,010	147,219	1,588,760	1,381,451
Spartanburg	76,527	75,394	825,217	785,111
Total 4 Cities	530,764	481,594	5,659,083	5,064,642
Virginia				
Charlottesville	41,112	38,048	448,062	391,115
Danville	54,823	47,443	575,375	518,003
Lynchburg	65,965	57,375	692,520	604,170
Newport News	64,798	58,881	693,148	581,553
Norfolk	354,285	325,262	3,573,678	3,307,472
Portsmouth	39,945	38,326	435,566	393,995
Richmond	737,104	750,425	8,284,281	7,657,777
Roanoke	163,478	143,583	1,658,192	1,439,889
Total 8 Cities	1,521,510	1,459,343	16,360,822	14,893,974
West Virginia				
Bluefield	62,781	47,834	569,346	472,590
Charleston	225,325	211,450	2,098,093	2,028,358
Clarksburg	46,731	43,447	442,633	386,393
Huntington	92,435	89,501	895,344	840,060
Parkersburg	42,932	35,587	409,373	363,802
Total 5 Cities	470,204	427,819	4,414,789	4,091,203
District Totals	\$7,510,613	\$7,134,885	\$78,528,382	\$70,196,707

WEEKLY REPORTING MEMBER BANKS

(000 omitted)

Items	Changes in Amount from		
	Jan. 11, 1956	Dec. 14, 1955	Jan. 12, 1955
Total Loans	\$1,776,806**	+ 8,369	+249,023
Bus. & Agric.	799,089	- 27,012	+100,219
Real Estate Loans	327,428	- 4,843	+ 27,309
All Other Loans	675,235	+ 24,796	+127,341
Total Security Holdings	1,693,290	+ 19,868	-210,157
U. S. Treasury Bills	79,918	+ 47,169	- 9,312
U. S. Treasury Certificates	33,841	- 17,078	- 55,871
U. S. Treasury Notes	308,771	+ 2,228	- 50,898
U. S. Treasury Bonds	992,606	- 11,457	-103,568
Other Bonds, Stocks & Secur.	278,154	- 994	+ 9,492
Cash Items in Process of Col.	338,790	- 44,123	+ 10,703
Due from Banks	177,496*	- 14,865	- 2,287
Currency and Coin	82,099	- 7,066	- 423
Reserve with F. R. Banks	522,265	- 15,409	+ 504
Other Assets	68,168	- 4,478	+ 4,207
Total Assets	\$4,658,914	- 57,704	+ 51,570
Total Demand Deposits	3,524,256	- 40,251	+ 35,967
Deposits of Individuals	2,701,768	- 6,248	+ 60,821
Deposits of U. S. Government	54,193	- 15,089	- 13,802
Deposits of State & Local Gov.	212,474	+ 4,656	+ 6,809
Deposits of Banks	498,738*	- 22,759	- 25,448
Certified & Officers' Checks	57,083	- 811	+ 7,587
Total Time Deposits	741,227	+ 11,904	- 13,882
Deposits of Individuals	671,720	+ 13,512	+ 5,159
Other Time Deposits	69,507	- 1,608	- 19,041
Liabilities for Borrowed Money	25,275	- 22,480	+ 8,575
All Other Liabilities	45,440	- 6,278	- 3,607
Capital Accounts	322,716	- 599	+ 24,517
Total Liabilities	\$4,658,914	- 57,704	+ 51,570

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

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

FIFTH DISTRICT STATISTICAL DATA

FURNITURE SALES*

(Based on Dollar Value)

Percentage change with corresponding period a year ago

STATES	Dec. 1955	12 Mos. 1955
Maryland	+11	+3
Dist. of Columbia	+3	+10
Virginia	+8	+9
West Virginia	+15	+23
North Carolina	+10	+14
South Carolina	+3	+11
District	+8	+11
INDIVIDUAL CITIES		
Baltimore, Md.	+11	+3
Washington, D. C.	+3	+10
Richmond, Va.	+11	+11
Charleston, W. Va.	+6	+22
Greenville, S. C.	+3	+7

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

BUILDING PERMIT FIGURES

	Dec. 1955	Dec. 1954	12 Months 1955	12 Months 1954
Maryland				
Baltimore	\$ 4,193,410	\$ 5,888,475	\$ 86,530,782	\$ 74,939,543
Cumberland	10,300	38,475	1,487,486	708,561
Frederick	494,300	247,935	3,537,705	1,541,041
Hagerstown	70,900	73,105	2,324,241	3,237,659
Salisbury	423,731	125,035	2,201,609	1,762,421
Virginia				
Danville	410,359	146,598	6,140,896	2,822,400
Hampton	839,622	448,995	14,781,720	11,201,365
Hopewell	75,405	168,455	3,417,365	2,472,620
Lynchburg	261,225	190,360	9,380,711	8,894,483
Newport News	59,387	125,935	9,376,396	2,798,812
Norfolk	2,124,516	382,281	14,869,523	12,697,628
Petersburg	117,500	102,500	3,357,500	2,068,536
Portsmouth	122,789	72,355	4,652,840	6,212,445
Richmond	1,288,106	3,528,941	23,696,748	32,108,928
Roanoke	1,719,078	345,321	14,495,958	11,029,916
Staunton	115,825	81,500	3,186,450	2,404,860
Warwick	620,596	659,122	12,704,058	7,248,744
West Virginia				
Charleston	205,684	257,074	7,105,990	9,716,733
Clarksburg	88,300	58,691	1,853,297	1,876,238
Huntington	134,716	415,258	5,752,641	7,374,450
North Carolina				
Asheville	118,595	224,403	3,425,251	3,609,515
Charlotte	786,743	1,387,009	26,300,152	22,104,406
Durham	235,784	330,927	9,784,465	5,821,139
Greensboro	873,895	650,695	11,276,971	11,082,050
High Point	298,800	375,500	6,964,638	6,035,342
Raleigh	1,871,377	1,819,219	20,416,575	14,429,498
Rocky Mount	251,966	138,878	3,381,584	2,728,316
Salisbury	58,525	16,400	1,466,996	1,748,774
Wilson	375,000	105,900	4,598,021	2,824,050
Winston-Salem	674,910	841,619	13,049,644	12,526,673
South Carolina				
Charleston	123,983	137,759	3,032,205	2,840,783
Columbia	534,594	1,050,595	8,900,532	10,255,522
Greenville	457,150	284,813	7,328,448	7,710,502
Spartanburg	220,655	40,134	3,158,136	2,439,913
Dist. of Columbia				
Washington	1,745,966	5,708,068	67,331,114	55,705,131
District Totals	\$22,003,692	\$26,468,330	\$421,268,648	\$364,978,997

WHOLESALE TRADE

LINES	Sales in Dec. 1955 Compared with Dec. 1954	Nov. 1955	Stocks on Dec. 31, 1955 compared with Dec. 31, 1954	Nov. 30, 1955
Auto supplies	+13	-10	NA	NA
Electrical, electronic and appliance goods	-8	+16	+19	+9
Hardware, plumbing and heating goods	+5	-16	+4	-1
Machinery equipment supplies	+25	+10	+9	+5
Drugs, chemicals, allied products	+4	-2	+3	-2
Dry goods	NA	NA	NA	NA
Grocery, confectionery, meats	-10	-10	+12	-8
Paper and its products	+17	-17	NA	NA
Tobacco products	NA	NA	NA	NA
Miscellaneous	-1	-21	+13	-6
District Total	+1	-12	+4	-5

NA Not Available.

Source: Bureau of the Census, Department of Commerce.

FIFTH DISTRICT INDEXES

Seasonally Adjusted: 1947-1949=100

	Rich.	Balt.	Wash.	Other Cities	Dist. Total		Dec. 1955	Nov. 1955	Dec. 1954	% Chg.— Latest Mo. Prev. Mo.	Yr. Ago
Sales, Dec. '55 vs Dec. '54 ..	+7	+2	+9	+9	+7	New passenger car registration*	—	145	196r	-13	+22
Sales, 12 mos. ending Dec. 31, '55 vs 12 mos. ending Dec. 31, '54 ..	+9	+4	+8	+10	+8	Bank debits	174	176	164	-1	+6
Stocks, Dec. 31, '55 vs '54 ..	+12	+5	+10	+11	+9	Bituminous coal production*	100	100r	82r	0	+22
Outstanding Orders, Dec. 31, '55 vs '54 ..	0	+15	+21	-2	+13	Construction contracts	219	252r	206	-13	+6
Open account receivables Dec. 1, collected in Dec. '55 ..	31.0	49.9	42.3	40.5	41.9	Business failures—number	199	306	227	-35	-12
Instalment receivables Dec. 1 collected in Dec. '55 ..	11.6	14.2	12.6	17.1	13.6	Cigarette production	—	104	99	+3	+11
	Md.	D.C.	Va.	W.Va.	N.C.	Cotton spindle hours	124	122	114	+2	+9
Sales, Dec. '55 vs Dec. '54 ..	+2	+9	+6	+11	+6	Department store sales	131	134	129r	-2	+2
						Electric power production	—	194	184	+3	+13
						Manufacturing employment* ..	—	113	107r	0	+5
						Furniture store sales	115	113r	105	+2	+10
						Life insurance sales	222	227	181	-2	+23

* Not seasonally adjusted.

r Revised.

Back figures available on request.