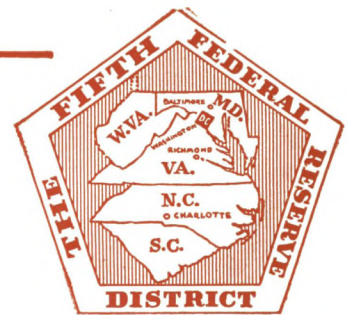
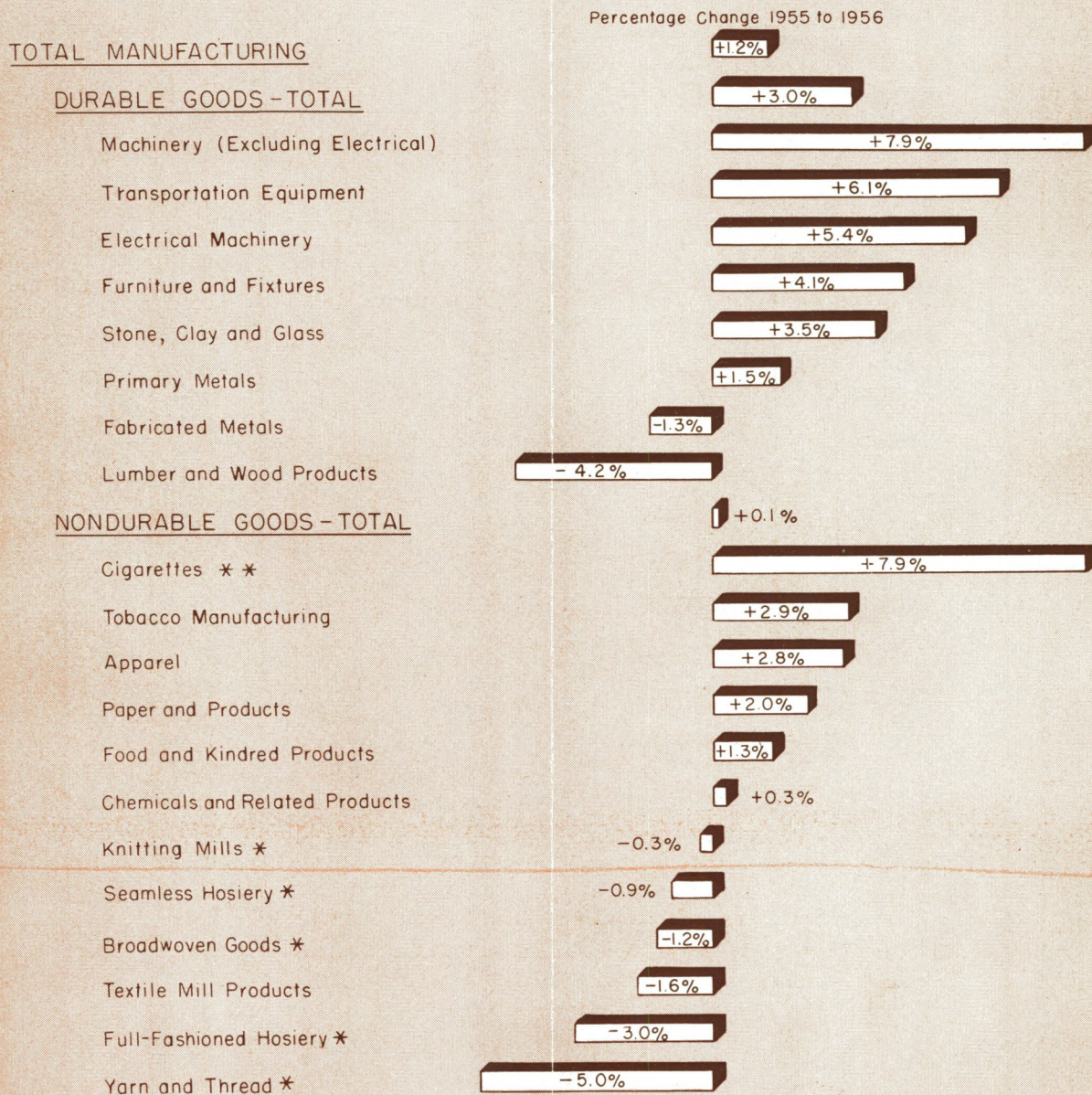


Monthly Review



February 1957

MAN - HOURS IN MANUFACTURING FIFTH DISTRICT



* Components of Textile Mill Products
* * Component of Tobacco Manufacturing

Employment

SUSTAINABLE economic progress in a nation must be accompanied by a growth in employment opportunities. Otherwise, Goldsmith's famous lines,

"Ill fares the land, to hastening ills a prey,
Where wealth accumulates, and men decay."

would be applicable. In this context, progress is well under way, both nationally and in the Fifth Federal Reserve District. The number of jobs in the District as well as in the nation stood at an all-time high in 1956 and the trend was still upward.

In 1956 the average number engaged in nonagricultural pursuits in the District was 4,341,200, 2.3% more than the previous year and comparable to the 2.8% increase for the United States.

Over longer periods of time, employment in the District has shown a moderately slower growth than in the nation, due entirely to substantially slower rates of growth in the District of Columbia and West Virginia. Between 1939 and 1956 nonagricultural employment in the District rose 65% (it was 69.4% for the nation). Maryland increased in this period 73.5%; Virginia, 78.8%; North Carolina, 70.5%; and South Carolina, 69.8% while the District of Columbia rose 50.9% and West Virginia 30.7%. In the District of Columbia, 1939 started with a fairly high figure following the substantial expansion in Federal Government employment between 1933 and 1939. West Virginia's slower rise has been chiefly due to mechanization of the bituminous coal mines. Aside from these two areas, job opportunities in the Fifth District have increased somewhat faster than in the nation as a whole.

A similar situation in employment trends is shown in the postwar period, 1946 to 1956. The District had an employment increase in this period of 21.9% compared with 24.4% for the nation. Again, the District of Columbia was a laggard with a gain of only 1.5% and West Virginia with 1.2%. But Maryland showed a larger differential over the national increase than in the 1939-56 period, with a gain of 31.0%. Although Virginia increased 29.2%, this was not as wide a differential as in the period 1939-1956. North Carolina, with a 28.4% increase, and South Carolina, with a 30.2% increase, both showed relatively rapid rates of growth.

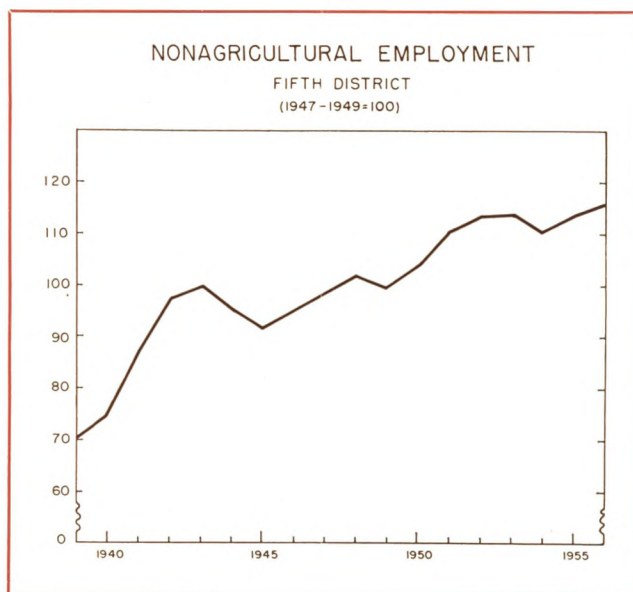
The nonagricultural employment increase in the District between 1955 and 1956 was largest in Virginia (4.3%) and smallest in the District of Columbia (0.5%). Maryland had the second largest increase (3.6%), followed in turn by West Virginia (2.7%); North Carolina (0.9%); South Carolina (0.8%).

Growth in employment between 1955 and 1956 was greatest in the nonmanufacturing industries, which rose 2.6% compared with 1.7% in manufacturing. This trend has been under way for some time—for example, employment in manufacturing industries of the District rose 48.3% between 1939 and 1956 while total nonagri-

cultural employment rose 65%. Nationally, manufacturing employment rose 67.3% between 1939 and 1956, compared with an increase in total nonagricultural employment of 69.4%. In the period 1946-56 employment in the manufacturing industries of the Fifth District rose 14.9%, compared with a total nonagricultural employment increase in this period of 24.4%. Nationally, manufacturing employment between 1946 and 1956 rose 16.6% while total nonagricultural employment rose 24.4%.

The proportion of nonagricultural employees engaged in manufacturing in the United States in 1956 (32.9%) is not greatly different from the 33.2% in 1939, but is notably lower than the 35.0% in 1946. In the Fifth District the proportion of all nonagricultural workers engaged in manufacturing was 31.3% in 1956 compared with 33.2% in 1946 and 34.8% in 1939. There are two ways of looking at this: first, that the gain in efficiency in manufacturing production released workers for other pursuits, or that services were becoming a more important part of consumers' wants than goods.

In the nonmanufacturing employment areas, better-than-average percentage increases occurred in mining, up 5.4%; contract construction, up 5.1%; transportation, communication and public utilities, up 4.1%; and finance, insurance and real estate, up 5.7%. Employment areas showing less-than-average increases in this sector include trade, up 2.2%; service and miscellaneous, up 1.6%; and government, up 1.3%.



Manufacturing Activity

PRODUCTION in the manufacturing industries of the Fifth District in 1956, as measured by man-hours, was somewhat higher than in 1955. Some industries slipped but the gains overbalanced the losses. In the main, it was a durable-goods industry year. While the nondurable goods industries on balance were able to post a slight gain, some important areas weakened from a year earlier.

Best performances in 1956 were by nonelectrical machinery and cigarettes, with honorable mention going to transportation equipment and electrical machinery. Poorest performers were the yarn and thread mills and the lumber and wood products industries. The road traveled by most industries during 1956 was hardly straight—only the cigarette, food, and paper industries wound up the year 1956 at a higher level than at the beginning. Many industries which marked up gains for the year as a whole were trending downward in the latter part, and seasonal forces in a good many nondurable goods industries were in part responsible for a rise in over-all man-hours in the second half. This rise followed a decline throughout the fourth quarter of 1955 and the first seven months of 1956.

Man-hours in all manufacturing industries of the District in 1956 were a scant 1.2% higher than in 1955. South Carolina was the only state of the District to show a decline (1.6%). Maryland led the gainers (4.1%), followed by West Virginia (2.1%); Virginia (1.2%); and North Carolina (0.6%).

Man-hours in the durable goods industries rose 3% in 1956 compared with 1955. South Carolina was the only state in this area to show a decline, 2.2%. Maryland headed the gainers in durable goods (6.2%) and these were largely responsible for Maryland's topping the states of the District. The increase in Virginia was next (2.2%), followed by North Carolina (1.8%), and West Virginia (1.2%).

Nondurable goods man-hours in the District in 1956 barely recorded a gain (0.1%) but South Carolina's 1% decline was slightly more than balanced by gains elsewhere. West Virginia recorded the largest percentage increase in the nondurable goods industries, 3.5%; with Maryland up 0.9%; Virginia up 0.6%; and North Carolina up 0.1%.

Durable Goods Industries

The best performers among the durable goods industries in 1956 relative to 1955 were machinery (excluding electrical), up 7.9%; transportation equipment, up 6.1%; followed by electrical machinery, up 5.4%; furniture and fixtures, up 4.1%; stone, clay and glass, up 3.5%; and primary metals, up 1.5%. Offsetting these increases in part were fabricated metals, down 1.3% and lumber and timber products, down 4.2%.

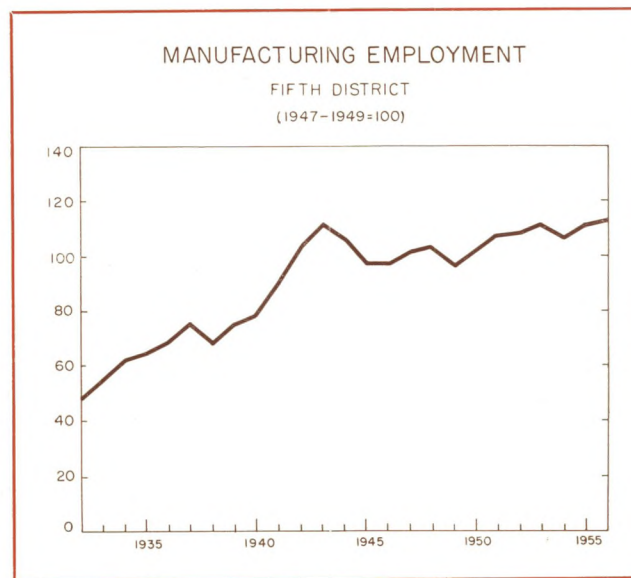
The nonelectrical machinery industries recorded an increase in man-hours through April 1956 but thereafter operations leveled off and declined slightly toward

the end of the year. Transportation equipment industries moved up their operations early in the year and fluctuated around that level the remainder of the year. Activity in the electrical machinery industries was pretty much on the upgrade throughout the year. Furniture and fixtures underwent a substantial decline in the first half-year, but were on the upgrade in the second half. The year-end figures were below the level at the beginning of the year. Stone, clay and glass industries were trending downward from May, but the last half of 1956 held well above the first half of 1955. Primary

metals industries were in an upward trend as the year closed but, due to a strike, failed to recover the level prevailing earlier in the year. Metal fabricating activity was in a downward trend during the first half but stabilized somewhat in the last half. Lumber and wood products industries dropped sharply in the first half but appeared to be leveling off in the second half.

Nondurable Manufacturing Activity

The cigarette industry was the star performer in the District during 1956, with man-hours up 7.9% from 1955. Tobacco manufacturing as a whole showed the second best gain with an increase in man-hours of 2.9% in the period. Following in turn were the apparel industries, up 2.8%; paper and paper products, up 2.0%; food and products, up 1.3%; and chemicals, up 0.3%. Nearly offsetting these increases in the aggregate was a drop in knitting mills of 0.3%, in seamless hosiery of 0.9%, in broadwoven fabrics of 1.2%, textile mills products as a whole, 1.6%, full-fashioned hosiery, 3.0%, and yarn and thread mills 5.0%.



Retail Trade

FIFTH DISTRICT retail trade in 1956 managed to move into the plus column compared with 1955 by a slight margin and set a new high level. Of most interest at the trade level were the crosscurrents which developed during the year. Drug stores, restaurants, and other eating and drinking establishments did quite well in 1956 and the gasoline service station business moved ahead in customary fashion. Apparel and grocery stores had a considerably better year in 1956 than in 1955, but lumber, building supply, hardware, and automotive stores fell behind the 1955 record.

Department stores of the Fifth District did well in 1956 and their sales moved up 5% to an all-time high level. The sales curve since the recession year 1954 has risen much faster than in the years following the 1949 recession year, and as 1956 drew to a close, the upward trend in department store sales was unmistakable.

With the resurgent demand for department store merchandise in evidence since 1954 has come a complementary development. Stores have again overestimated their sales and have raised inventories substantially more than realized sales. Compared with a rise of 5% in the District's department store sales was an increase from year-end to year-end in department store inventories of 14%. A situation almost parallel to that of the past two years occurred in 1950 and 1951. The rise in inventory since the middle of 1955 has been almost the same as that occurring from early 1950 through the middle of 1951. In the last half of 1951 and through the early part of 1952 there was a rather trying period of inventory readjustment. It remains to be seen whether the same situation will apply to 1957.

There was nothing spectacular in the sales changes in department store merchandise between 1955 and 1956 with most major departments showing small changes commensurate with the rise in total sales. The home furnishings departments, however, lost ground in 1956. Some of this can be explained by a slower rate of occupancy of new residences and a part was perhaps due to prior debt commitments.

Emphasis on credit sales, particularly the instalment variety, was perhaps the outstanding feature of department store trade in 1956. Instalment sales rose about three times as fast as total store sales. Cash sales were

somewhat slower than the total and open book credit sales were about in line with total store sales.

Automotive Sales

Registrations of new passenger automobiles in the Fifth District in 1956 gave dealers some anxious moments and 1957 models were not generating too much enthusiasm as the year closed. New passenger car registrations in the District in 1956 were down 13% from the previous year, and only West Virginia came close to the 1955 level. 23% fewer were registered in the District of Columbia, 18% less in North Carolina, 13% less in Maryland, 12% less in Virginia, and 6% less in South Carolina.

Business concerns did better in their automotive purchases. New registrations of commercial cars for the District were down 1% in 1956 from 1955, with Maryland and the District of Columbia showing gains of 2%, and South Carolina 9%. These were more than offset by a drop of 2% in Virginia, 3% in West Virginia, and 5% in North Carolina.

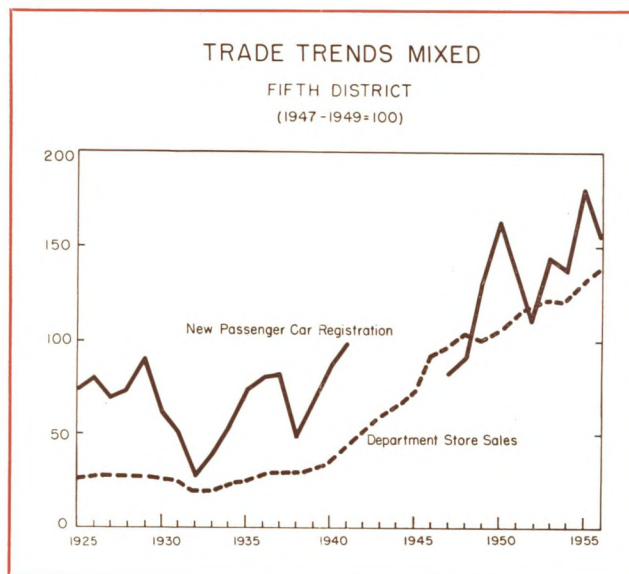
Furniture Stores

Retail furniture stores in the District posted a gain of 4% in sales during 1956 compared with 1955. This was due primarily to a surge of demand in the first half-year and to a last half which was no better than the first half of 1955. Although the last two months of the year's seasonally adjusted sales turned upward, the last half was substantially lower than the first half.

Cash sales during 1956 were at about the same level as in 1955, with credit sales accounting for the gain in total. Credit sales were also responsible for the second-half decline. In furniture stores of the District, credit sales were up 4% over 1955, while accounts receivable rose 11% and collections rose 8%.

Furniture stores have maintained a conservative inventory position for some years. Average inventories in 1956 were about the same level as in 1955 and smaller than in 1951, 1952, and 1953. The increase in sales, therefore, came from a more rapid turnover in inventory.

Rising prices accounted for a considerable part of the increase in sales of all types of merchandise, particularly in the latter half of 1956, and made the actual quantity of goods sold smaller than the dollar sales figures indicate.



New Businesses and Business Failures

BIRTH and death are important occasions in the affairs of human beings, and the same is true of business concerns in affairs economic. Births must exceed deaths for a population to rise, and new business formations must exceed failures to increase the number of firms in existence.

The record of new business incorporations in the Fifth Federal Reserve District has exceeded the failure rate by a much more substantial margin than human births over human deaths. In 1956 some 8,300 new corporations were formed, compared with only 593 failures. Corporate births were thus fourteen times the number of business deaths.

Some new drug may also be at work to invigorate and prolong the lives of business firms. Although data on new incorporations in the Fifth District are not available prior to 1946, the business failure record (see accompanying chart) indicates the rate of failure has declined very substantially from that of a generation ago. In any event, readier availability of credit and the seemingly perpetual rise in business volumes have been important contributors to corporate longevity. The end result: New businesses have been growing rapidly; and while failures have trended upward recently, they are exceedingly small compared with new business formations, and substantially less than in the longer past.

New Incorporations

In the Fifth Federal Reserve District new incorporations (numbering 8,300 in 1956) increased 5.1% over 1955, and were at an all-time high. Historically, new incorporations were at a high level in 1946 immediately after World War II, but they began trending downward in 1947 and continued downward until 1950 when 5,392 new corporations were formed in this District. 1951 brought a sharp upturn, to 7,079; and 1952 saw the number drop back to 5,565. Since 1952 there has been a continuous increase and the 1956 level stood 50% higher than four years earlier.

Of all new companies formed in 1956, 32% were in Maryland, 26% in Virginia, 22% in North Carolina, 11% in South Carolina, and 9% in West Virginia. Those in Virginia showed the largest percentage increase in 1956 compared with 1955 of any of the Dis-

trict states—12.2%. South Carolina showed the second largest increase—9.3%, followed in turn by Maryland, 2.0%; North Carolina, 1.7%; and West Virginia, even.

War shortages held back new incorporations and it was a natural consequence when a rash of new formations occurred in 1946. Both in the District and nation the 1946 record stood until broken in 1955 and 1956. In the Fifth District the new record was attained by substantial gains in Maryland and Virginia more than offsetting smaller losses in West Virginia and the Carolinas.

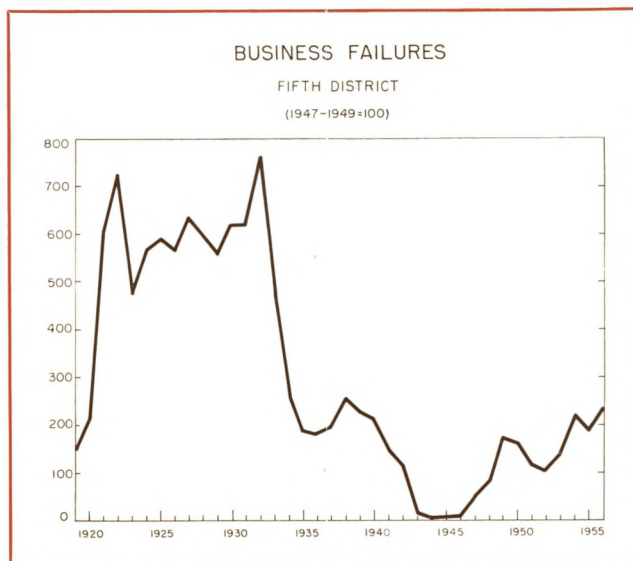
Failures

Business failures in the Fifth District during 1956, at 593, were up 25% over 1955. Failures last year were at the highest level since 1938, and with the exception of 1938, were the highest since 1934. They were however, less than a third of the bleak depression year, 1932.

North Carolina showed the largest percentage increase in failures of any state in the District, with an upturn of 105% over 1955. Failures rose 60% in Virginia, 17% in Maryland, 15% in South Carolina, and 10% in the District of Columbia.

They declined 10% in West Virginia. The over-all District increase was 29% between 1955 and 1956. Nationally, failures rose 16% in the same period.

Retail trade accounted for 55% of the failures in 1956, but their percentage increase from 1955 (18.6%) was below the 29% for all failures in the District. Failures of wholesalers showed the largest increase from 1955 to 1956 (65%) and accounted for 12% of the total. Construction firms showed the second largest percentage increase in this period (62.3%) and accounted for 18% of the total failures. Failures in commercial and service concerns rose 26.3% during the year and made up 4% of the total. Failures of manufacturing concerns were 16.4% higher than in 1955, and these accounted for 11% of all District failures. The percentage increase in Fifth District failures was substantially greater than failures in the United States in manufacturing, wholesale trade, construction, and commercial service. Failures at the retail level in the District increased about the same proportion as in the nation.



Bituminous Coal

THE bituminous coal industry continued its comeback in 1956. National output in 1956 (incomplete count) was just over 500 million tons, biggest volume since 1951 when 534 million tons were produced. The 1956 figure was 7.8% higher than in 1955 and 28.5% higher than in 1954, which was lowest of the postwar years. Domestic consumption and export of bituminous coal totaled nearly 507 million tons last year, and stockpiles were thus drawn on for 7 million tons. Mainly responsible for the higher coal usage were the increased demands of electric utilities and exporters. A moderate assist was given by industrial concerns and these increases just about offset losses by railroads, by-product coke ovens, and retailers.

Fifth District mines produced around 184 million tons of coal, nearly 37% of the national total, as compared with 35.5% in 1955. Production in the District was favored substantially during 1956 by a continuance of the strong export market. The 31% rise in exports was instrumental in increasing the District production 11.4%, compared with a national increase of 7.8%.

Fifth District output in 1956 was approximately at the 1951 level and has been exceeded only in 1947 and 1948, in neither year by a very wide margin. Production in Virginia was 15% higher than in 1955 and at an all-time high record. West Virginia production was up 11% compared with 1955, and at the highest level since 1951, with production 20 million tons (11%) smaller than the peak year 1947. Although coal production in Maryland does not weight heavily in the District total, it was, nevertheless, at the best level since 1948.

Changes in Demand

Electric utilities accounted for nearly 31% of the total demand for coal in 1956, compared with nearly 30% a year earlier. Electric utilities increased their consumption 15.5 million tons or 11% between 1955 and 1956. They are expected to expand requirements another 6% in 1957.

Coal consumption by railroads declined 3 million tons (19%) from 1955 to 1956. Only 12.5 million tons of

coal were consumed by railroads in 1956, a fact of some significance.

By-product coke ovens reduced their demand for coal 2.4 million tons or 2.3% from 1955 to 1956. This was due mainly to the steel strike, and the strength of demand for coke was reflected following the settlement of the strike by an increase of 43% in beehive coke production. Direct demands for coal by the steel industry held at the same level in 1956 as a year earlier.

Other industrial concerns in 1956 consumed 107 million tons of coal, a gain of 6% from 1955. For some years industrial consumption, excluding the steel industry, has shown little change in its demand for coal despite the upward trend in production. The 1956 increase would seem to indicate either a switch in consumption from other fuels to coal or that production had increased faster than burning efficiency in these industrial plants.

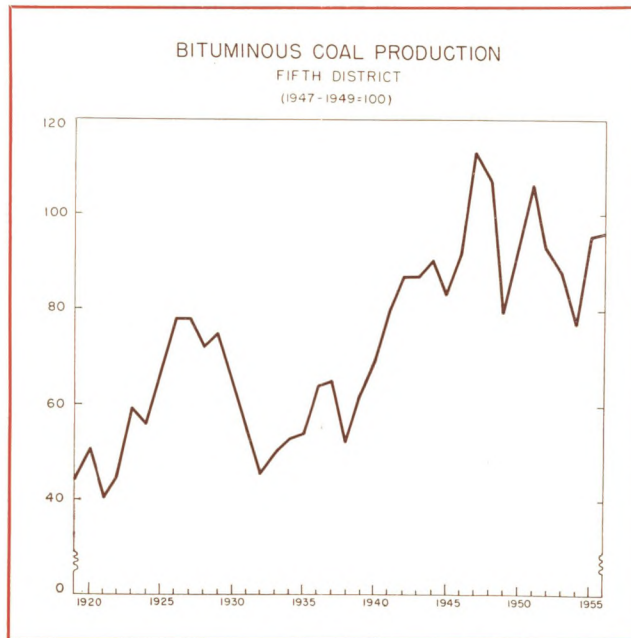
On balance, the industrial demand for bituminous coal in 1956 rose 17 million tons or 5% over 1955. Demand at the retail level declined moderately during the period under review, but total domestic demand of nearly 440 million tons was up 16.6 million tons over 1955, a gain of nearly 4%.

The star performer in 1956 as in 1955 was the export market. Overall, the demand for export totaled over 67 million tons, an increase of 31% from 1955, with foreign cargo shipments up more than 42% in the period. The export market is no longer an on-and-off affair, and seems to have become a permanent addition to the demand for domestically-produced coal.

Estimates of coal consumption for the year 1956 were made by Appalachian Coals, Inc. The largest marketing agency in the world, this concern estimates coal production in 1957 at 525 million tons, a 5% increase over 1956. In this estimate total domestic demand is indicated to be up 3% and exports up 9%.

Employment

Employment in the bituminous coal mines of Virginia and West Virginia averaged 86,600 in 1956, an increase of 6.5% over 1955. Virginia was up 24% in this period and West Virginia 4%.



Cigarettes

MANY a human woe has been laid to cigarette smoking, including lung cancer and even part of Los Angeles' famous or infamous smog. Rightly or wrongly, developments of recent years have had important economic repercussions all along the line—from the small tobacco growers in Virginia and the Carolinas to the vast plants in a half-dozen Fifth District cities that spew out cigarettes by the billions and, in fact, account for nearly four-fifths of all American cigarette production.

The "cancer scare" back in 1953 undoubtedly deterred many people from smoking for a time. Simultaneously, the tobacco companies didn't help matters when, in their competitive zeal, they tried to convince the consumer that certain brands were less harmful than others. In any event, domestic cigarette consumption dropped from 394 billion in 1952 to 369 billion in 1954. Much of the "fear complex" had been dissipated by 1956, which saw cigarette puffing back at the high level established in 1952. Perhaps smokers were convinced that the filters (which have grown so rapidly as to reach 30% of the total market according to recent estimates) were "screening out the undesirables"; perhaps they were just reconciling themselves to the continuation of a very widespread habit, but it is apparent that cigarette consumption is again moving upward and will probably continue to do so in the future, though at a slower annual rate of increase than heretofore experienced.

Production

Total output of cigarettes in the United States was estimated at 425 billion cigarettes in 1956, an increase of 3.1% from 1955 and the second consecutive gain since the 1952-54 backaway. 1956 production was still 2.4% below the 1952 peak, despite the fact that consumption in the domestic market in 1956 equaled that in 1952. The reason for the drop in production from 1952 to 1956 was mainly a drop in tax-free shipments to the armed forces overseas, to United States possessions, and ships' stores. A small decline in exports in this period was a contributory cause.

Cigarette factories in the Fifth Federal Reserve District increased their percentage of the national output to 79.3 in 1956 from 78.0 in 1955. This is a reversal of a trend that had been under way for some years. It was accounted for by North Carolina plants which turned out 56.2% of the national total in 1956 compared with 54.4% in 1955. Virginia output increased from 1955 to 1956 but its proportion of the national total fell to 23.1% in 1956 compared with 23.6% in 1955. These changes provide further evidence that the industry for some years has continued to move nearer the source of raw material.

The Switch in Types

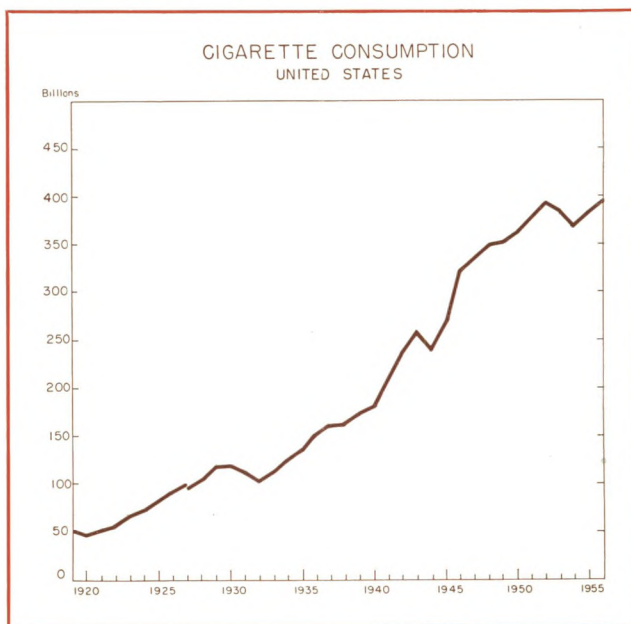
Filter-tips were the "red-hot thing" in the cigarette business in 1956, and accounted for nearly a third of the 1956 output compared with a negligible volume four years earlier. Whether this has been due to consumer response to the alleged medical hazard or a desire for a longer, milder smoke, it is nevertheless true that the shift to filter-tip cigarettes in the past three years has been phenomenal.

For some years prior to 1953, the king-size cigarette had been acquiring a position of increased importance in total cigarette consumption. This was under-

standable, particularly when the king-size variety could be bought at the same price as the regular size. People evidently thought they were getting more for their money. Since 1953 the increased popularity of filter-tips has been at the expense of both regular and king-size brands. This trend is expected to continue.

Consequences of the growth in filter-tips on the tobacco industry have not been entirely beneficial as far as Fifth District producers are concerned. The new trend has increased the demand for the traditionally low and medium grades of tobacco and reduced the demand for the higher grades, and it may be shifting the proportion of usage from flue-cured to burley—recent record prices for burley offer evidence on this point.

The filter-tip trend may cause repercussions in the growing of flue-cured tobacco. Types grown in the Old and Middle Belts are heavier bodied than those grown elsewhere and there may also be a shift in the areas of growing as well as in price.



Construction

LAST year the construction industry in the Fifth District, as measured by contract awards, slipped 9% in the aggregate, as contrasted with a national gain of 5%. Much variation was observable as between different segments of the industry with the possible exception of the total nonresidential sector.

Despite the 9% decline in total construction contract awards, and the substantial declines in manufacturing, commercial, and total residential, there were some areas of over-all strength. In line with their fervent expansion policy, public works and utilities registered substantial increases in all areas of the District except one (Maryland) where a fairly heavy decline occurred.

Awards for apartments and hotels, resulting from large gains in two states, marked up an over-all increase. Nonresidential awards (other than commercial, manufacturing, and educational) were higher, except in two states; and educational awards in the aggregate were moderately higher.

Contracts awarded for the erection of factory buildings in the District dropped 43% in the aggregate. There were large increases in Virginia (25%) and in the District of Columbia (127%) as partial offsets to declines in Maryland (68%); in North Carolina (53%); in West Virginia (49%); and in South Carolina (13%). The District trend was in contrast with the 5% increase shown in the F. W. Dodge Corporation's 37-state total.

Another District area of weakness in the construction sector was commercial building, where awards dropped 38% from a year earlier. Moderate increases in awards for this type were shown in West Virginia and the District of Columbia, 7% and 8% respectively; but other states of the District declined from 12% to 61%.

Contract awards for educational buildings in the District, in an area of construction with larger dollar totals than either the manufacturing or commercial segments, rose 3% in the period; but within this net change there were both substantial strength and weakness. Gains in the period were shown in Maryland (17%), Virginia (1%), and North Carolina (38%). Declines occurred in the District of Columbia (64%), West Virginia (34%), and South Carolina (21%). The 37-state total

in the period rose 11%.

Nonresidential awards (other than commercial, manufacturing, and educational) still more heavily weighted in the total than educational, rose 11% for the District, compared with a gain of 14% in the 37-state total. Gains were shown in Maryland (41%), Virginia (31%), North Carolina (21%), and South Carolina (19%). Losses occurred in the District of Columbia (56%) and West Virginia (9%).

Gains and losses failed to wash out in the nonresidential sector, and the District as a whole declined 18% in the period, compared with a plus 8% for the 37-state total. Each state of the District showed decreased awards in this sector; Maryland was down 29%, District of Columbia 38%, Virginia 8%, West Virginia 28%, North Carolina 4%, and South Carolina 9%.

Both strength and weakness were shown in various segments of residential construction, but the weakness was dominant and the totals dropped 15% from 1955 to 1956. Greatest weakness was in the District of Columbia, where the trek to the suburbs continued intensely and a decline of 35% was recorded. Other states showed year-to-year

losses as follows: Maryland 18%, South Carolina 16%, Virginia 15%, and North Carolina 5%. West Virginia alone showed an over-all increase, 8%. The District decline of 15% compared with a 1% decline in the Dodge 37-state total.

Contract awards for public works and utilities in the Fifth District rose 22%, compared with a gain in the 37 states of 11%. All states of the District showed substantial increases except Maryland, which declined 29%. Gains were shown in West Virginia, 179%; South Carolina, 78%; the District of Columbia, 75%; North Carolina, 20%; and Virginia, 19%.

One- and two-family house awards dropped \$139.1 million or 18% from 1955 to 1956, and were primarily responsible for the over-all drop in residential contract awards. Awards for "other" residential buildings dropped as much percentagewise (18%) but the dollar decline was only \$4.2 million. A small offset to these declines was made by awards for apartments and hotels which gained \$12.2 million or 18%.



The Hosiery Industry

Hosiery Droopy in 1956

Hosiery was droopy in 1956—not on milady, of course, whose gams should have been more attractive than ever last year, what with product of improved quality and usually sold at a price even peasants could afford. Yet the industry continued soft in the financial sense, and the time-honored process of separating the men from the boys was still going on.

The contest between women's seamless and full-fashioned hosiery increased in intensity during the year, with the seamless producers making further substantial inroads into full-fashioned territory. The entire market for all types of hosiery lessened appreciably during 1956, and no one is quite sure why it happened or has been happening for the last four years. Some say the falling demand for women's hosiery is due mainly to the increasing proportion of bare legs in the Summer-time; others say the product is too durable—it doesn't wear out soon enough. Both explanations have a bearing on the decline in hosiery usage. The increase in suburban living has also cut down on the wearing time of women's hosiery. Possibly the same thing applies in the case of men's hosiery, for here, too, there has been a decline in usage since 1952.

Whatever the reason, the over-all demand for hosiery has been in a declining trend since 1952. Except for women's seamless, the industry still has too much capacity despite the substantial liquidation which has been under way since 1948. An important factor tending to compound the adverse effects of falling production has been the resale of machinery of liquidated firms as well as the older machinery of going concerns. The industry has been confronted with another difficult problem—namely, inability to maintain the wage pace set by industry in general. This has caused many concerns to continue operations at a higher rate than market demand warranted in order not to lose their labor force to competing industries.

It may be that the worst of the industry's troubles are over as far as balancing production with demand is concerned and that 1957 will show a turn for the bet-

ter. The falling demand curve, however, continues to be disturbing.

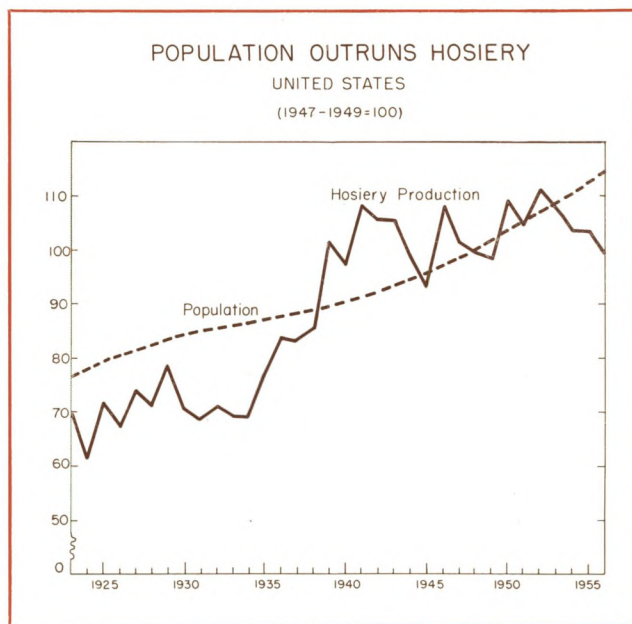
What Happened in 1956?

Shipments of all types of hosiery in 1956 were off 3.9% from 1955, with the major part of the decline accounted for by a minus 7.7% in shipments of men's hosiery. Shipments of women's hosiery in 1956 were down 1.9% from 1955, while shipments of children's and infants' hosiery were down only 0.6%.

Slack socks are the dominant part of the men's hosiery business. These declined 7.8% in 1956 as compared with 1955, with only those made of wool, silk, and synthetics showing gains in the period. Those made of cotton, nylon, and rayon all showed substantial declines. Seamless half-hose, next in importance in the men's field, showed a drop of 12.3% from 1955 to 1956, with those made of cotton, rayon, and wool showing substantially greater losses than the average. Partial offsets were shown by nylon and other synthetics. Neither nylon nor other synthetic hosiery, in either seamless or slack sock types, constitutes an important part of the total.

In the women's hosiery division the 2% decline from 1955 to 1956 was accounted for by losses of 8.4% in full-fashioned and 6.5% in anklets, in part offset by a 30% increase in seamless. In 1955 women's seamless accounted for 16% of the women's total; in 1956 21.2%; and in November 1956, 22.6%. The seamless industry has been fast-moving and limited only to its ability to acquire machinery. This rapid growth has been almost wholly at the expense of the full-fashioned type. Furthermore, if lack of Summer hosiery-wearing or improved wearing qualities are the reasons for the decline in hosiery demand, it isn't likely that the popularity of the seamless hosiery could do much to improve the industry's position.

The rise and fall of the full-fashioned hosiery industry has been essentially a postwar situation, with a sharp production rise taking place between 1947 and 1950 and a decline from 1952 to 1956 representative of about half the gain achieved between 1947 and 1950.



Business Conditions and Prospects

BUSINESS activity in the Fifth District paused during December and, in fact, backed up a little. The December breather was general throughout the District economy with all major segments of business activity showing some decline. But nowhere was it of serious consideration except in the construction field.

Although manufacturing operations were down from the November level, some gain was shown in durable goods. The textile industries maintained operations fairly close to the November level despite a dearth of new business. Trade reports in January, however, indicate a curtailment of operations is under way. Gasoline consumption, which had been in an upward trend since the rationing days of 1943, leveled out in 1956 and showed some decline from peak levels in the latter part of the year. New business incorporations continued to trend downward through November, the latest month available. Demand for bank credit was strong during December, but seasonal relaxation in the early weeks of January has been about the same proportion as a year ago. Bank debits were a bright spot in this arena of decline with a rise of 2% (after seasonal correction) from November to December.

Trade

The December trade level failed to come up to expectations with resultant inventory accumulation and a substantial drop in outstanding orders. Soft goods manufacturers in this District are apparently feeling this situation at the present time.

Department store sales were off 5% (average daily seasonally adjusted) from November to December but were 5% ahead of December 1955. And the twelve months' sales were 5% ahead of 1955. Their inventories (adjusted) rose 1% to a new high level in December which was 12% above December 1955. The 5% sales decline is not sufficient to prove that the long-term trend has been broken. Most of the major departments in District stores reporting departmentally showed dollar declines from a year ago except radio, phonographs, television, and records which rose 4%. Sales of men's and boys' wear were down 11%, women's and misses' apparel down 7%, miscellaneous departments down 9%, and major household appliances down 19%.

Sales of retail furniture stores, which made a comeback in October and November, declined 1% (after seasonal correction) in December to a level 2% under December 1955. In the twelve months' period they exceeded 1955 by 3% with the entire gain accounted for in increased credit sales. December sales proved disappointing as stores had prepared for a larger total; the result, an increase in adjusted inventories of 8% during the month, but 1% under December 1955. Sales of household appliance stores in December were 5% higher than a year ago and the year's total was up 6%.

Registrations of new passenger automobiles in November dropped contraseasonally 2% from October and were 11% under November 1955. The eleven months' total was 13% under a year earlier. New commercial car registrations dropped 4% from October to November, but were 2% higher than a year ago; the eleven months' total was down 1%. Preliminary reports for December indicate a further drop from November. In 1955 December was the best month of the year.

Construction

District construction contract awards (seasonally adjusted) took a nose dive by dropping 23% from October to a level 33% under a year ago. The twelve months' total was off a less sharp 12% from 1955. Adjusted awards in December were slightly below the average monthly figure prevailing from 1950 through 1953, which then seemed like a boom period.

Only area of strength in construction awards in December was in apartments and hotels, which rose 141% over November (after seasonal correction) to a level 191% ahead of a year ago. This made the year's total a plus 28% compared with 1955. The December rise was also responsible for raising total residential awards 1% from November despite a drop of 12% in one- and two-family awards. Adjusted changes from November to December found commercial awards down 54%, manufacturing down 23%, public works and utilities down 37%, and other nonresidential down 20%. With the exception of apartments and hotels, all types of awards in December were lower than a year ago, ranging from 3% to 76%. For the full year gains in apartments and hotels, public works and utilities, and nonresidential (other than commercial and manufacturing) were more than offset by declines elsewhere.

Manufacturing

Average daily adjusted cotton consumption in Fifth District mills showed no change from November but the December figure was 6% under that month last year. This reduced the year's gain over 1955 to 2%. Spindle hours (adjusted) were off 2% to a level 6% under a year ago but the twelve months were up 1%.

Man-hours in manufacturing industries of the Carolinas and West Virginia slipped 0.7% from November to December and stood 3.1% under a year ago. But the durable goods industries of these states rose 1.3% while the nondurables declined 1.7%. Accompanying the rise in durable goods man-hours were the lumber and wood products industries—they enjoyed open December weather and their man-hours rose 2.2%. They failed to equal a year ago by 9.8%. Furniture and fixtures were up 5.2% during the month and were slightly ahead of a year ago. Stone, clay and glass industries rose 1% but were still 5% under last year.

Machinery gained fractionally during the month and was 4.4% ahead of a year ago.

Seasonal forces in food, tobacco, and apparel industries were largely responsible for the nondurable goods drop during the month.

Banking

Assets of Fifth District member banks rose \$200 million during December, with loans and investments accounting for \$124 million of the rise. Loans rose \$79 million and investments \$45 million. Curiously, loans of member banks did not follow the national pattern this Fall and Winter, for they established a peak at the end of August and dropped during September and October. The November-December increase carried the level \$58 million above the August peak, but this was no marked strain on banking resources as the seasonal inflow of deposits permitted member banks to increase their investments \$159 million from the end of August to the end of December.

A strong seasonal expansion occurred in commercial, industrial, and consumer loans of the weekly reporting banks during December. The early weeks of January showed about the same seasonal contraction in commercial and industrial loans as a year ago, while the contraction in consumer loans has been somewhat larger than a year ago. Real estate loans of these banks have been moving downward since early December and in the third week of January were at the lowest level since early 1955.

Farm prices rose in all Fifth District states between November and December with those in Virginia, West Virginia, and North Carolina increasing somewhat more than the national average in this period. Cash income from farm marketings in November was 9% higher than a year ago, due mainly to increased marketings of crops which accounted for the entire increase. In the first eleven months of 1956, cash income was 1% higher than in those months of 1955, with both crop and livestock income showing a similar increase.

FIFTH DISTRICT BANKING STATISTICS

DEBITS TO DEMAND DEPOSIT ACCOUNTS*

(000 omitted)

	Dec. 1956	Dec. 1955	12 Months 1956	12 Months 1955
Dist. of Columbia				
Washington	\$1,507,783	\$1,620,605	\$17,608,314	\$16,498,466
Maryland				
Baltimore	1,872,272	1,877,217	20,690,036	19,343,679
Cumberland	30,622	28,511	341,479	312,352
Frederick	27,530	27,608	315,037	292,023
Hagerstown	50,067	46,306	586,342	531,187
Salisbury**	41,812	35,797	442,417	412,621
Total 4 Cities	1,980,491	1,979,642	21,932,894	20,479,241
North Carolina				
Asheville	81,812	80,801	895,897	830,488
Charlotte	466,965	475,516	5,391,264	5,084,482
Durham	96,887	92,935	1,162,322	1,074,696
Greensboro	181,091	172,237	2,007,780	1,838,990
High Point**	59,714	60,538	671,565	612,794
Kinston	25,904	25,082	351,572	362,543
Raleigh	257,657	236,465	3,027,617	2,676,277
Wilmington	53,869	54,901	657,976	637,446
Wilson	26,951	26,202	388,473	385,736
Winston-Salem	232,201	223,749	2,467,410	2,225,323
Total 9 Cities	1,423,337	1,387,888	16,350,311	15,115,981
South Carolina				
Charleston	95,815	98,949	1,114,860	1,043,871
Columbia	208,315	199,278	2,371,371	2,201,235
Greenville	160,619	156,010	1,755,570	1,588,760
Spartanburg	80,363	76,527	879,209	825,217
Total 4 Cities	545,112	530,764	6,121,010	5,659,083
Virginia				
Charlottesville	43,996	41,112	478,652	448,062
Danville	59,295	54,823	615,626	575,375
Lynchburg	68,463	65,965	745,920	692,520
Newport News	65,159	64,798	746,424	693,148
Norfolk	352,064	354,285	3,799,321	3,573,678
Petersburg**	32,444	36,459	345,671	386,952
Portsmouth	41,276	39,945	458,246	435,566
Richmond	810,689	737,104	8,805,610	8,284,281
Roanoke	174,277	163,478	1,882,268	1,658,192
Total 8 Cities	1,615,219	1,521,510	17,532,067	16,360,822
West Virginia				
Bluefield	71,211	62,781	702,980	569,346
Charleston	232,544	225,325	2,220,838	2,098,093
Clarksburg	48,538	46,731	493,278	442,633
Huntington	110,260	100,559r	1,050,853	979,776r
Parkersburg	45,385	42,932	450,995	409,373
Total 5 Cities	507,938	478,328r	4,918,944	4,499,221r
District Totals	\$7,579,880	\$7,518,737r	\$84,463,540	\$78,612,814r

* Interbank and U. S. Government accounts excluded.
 ** Not included in District Totals.
 r Revised.

WEEKLY REPORTING MEMBER BANKS

(000 omitted)

ITEMS	Change in Amount from		
	Jan. 16, 1957	Dec. 12, 1956	Jan. 11, 1956
Total Loans	\$1,882,156**	+ 14,308	+105,350
Bus. & Agric.	895,426	+ 13,740	+ 96,337
Real Estate Loans	333,841	- 3,855	+ 6,413
All Other Loans	683,897	+ 8,581	+ 8,662
Total Security Holdings	1,606,043	- 4,346	- 87,247
U. S. Treasury Bills	78,340	+ 4,744	- 1,578
U. S. Treasury Certificates	36,345	+ 4,232	+ 2,504
U. S. Treasury Notes	273,447	+ 8,141	- 35,324
U. S. Treasury Bonds	953,349	- 10,704	- 39,257
Other Bonds, Stocks & Secur.	264,562	- 2,295	- 13,592
Cash Items in Process of Col.	361,770	- 44,482	+ 22,980
Due from Banks	194,144*	+ 5,585	+ 16,648
Currency and Coin	81,164	- 8,940	- 935
Reserve with F. R. Banks	531,685	- 12,232	+ 9,420
Other Assets	74,352	- 3,815	+ 6,184
Total Assets	\$4,731,314	- 53,922	+ 72,400
Total Demand Deposits	\$3,562,274	- 36,650	+ 38,018
Deposits of Individuals	2,710,034	- 23,486	+ 8,266
Deposits of U. S. Government	39,087	- 19,793	- 15,106
Deposits of State & Local Gov.	217,856	+ 15,960	+ 5,382
Deposits of Banks	526,116*	- 14,746	+ 27,378
Certified & Officers' Checks	69,181	+ 5,415	+ 12,098
Total Time Deposits	743,422	+ 5,554	+ 2,195
Deposits of Individuals	689,722	+ 11,849	+ 18,002
Other Time Deposits	53,700	- 6,295	- 15,807
Liabilities for Borrowed Money	33,750	- 14,380	+ 8,475
All Other Liabilities	51,148	- 6,523	+ 5,708
Capital Accounts	340,720	- 1,923	+ 18,004
Total Liabilities	\$4,731,314	- 53,922	+ 72,400

* 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	Percentage change with corresponding period a year ago	
	Dec. 1956	12 Mos. 1956
Maryland	- 6	+ 1
Dist. of Columbia	- 9	0
Virginia	- 9	- 1
West Virginia	+ 6	+ 8
North Carolina	- 3	+ 2**
South Carolina	- 2	0
District	- 5	+ 1
INDIVIDUAL CITIES		
Baltimore, Md.	- 6	+ 1
Washington, D. C.	- 9	0
Richmond, Va.	- 9	+ 1
Charleston, W. Va.	+ 6	+ 7
Charlotte, N. C.	+ 9	NA
Greenville, S. C.	- 9	- 2

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

** Accumulated sales figures are not available for several stores included in December figures.

NA Not available.

WHOLESALE TRADE

LINES	Sales in Dec. 1956 compared with		Stocks on Dec. 31, 1956 compared with	
	Dec. 1955	Nov. 1956	Dec. 31, 1955	Nov. 30, 1956
Auto supplies	-12	-12	NA	NA
Electrical, electronic and appliance goods	-19	+ 9	NA	NA
Hardware, plumbing, and heating goods	-12	-13	- 6	- 9
Machinery equipment supplies	- 1	-30	+11	- 8
Drugs, chemicals, allied products	- 3	-17	+ 5	- 5
Dry goods	NA	NA	NA	NA
Grocery, confectionery, meats	- 4	- 9	- 1	-15
Paper and its products	+ 3	- 6	+13	- 7
Tobacco products	NA	NA	NA	NA
Miscellaneous	- 4	- 6	+17	- 7
District total	- 2	- 7	-13	- 5

NA Not available.

Source: Bureau of the Census, Department of Commerce.

BUILDING PERMIT FIGURES

(37 Cities)

	Dec. 1956	Dec. 1955	12 Months 1956	12 Months 1955
Maryland				
Baltimore	\$ 3,718,530	\$ 4,193,410	\$ 63,977,644	\$ 86,530,782
Cumberland	27,500	10,300	1,410,066	1,487,486
Frederick	90,000	494,300	4,836,945	3,537,705
Hagerstown	226,025	70,900	2,376,660	2,324,241
Salisbury	90,510	423,731	1,679,436	2,201,609
Virginia				
Danville	650,233	410,359	7,457,194	6,140,896
Hampton	258,949	839,622	10,400,344	14,781,720
Hopewell	49,639	75,405	1,919,717	3,417,365
Lynchburg	423,145	261,225	8,809,407	9,380,711
Newport News	149,952	59,387	2,611,937	9,376,396
Norfolk	1,138,835	2,124,516	24,580,270	14,869,523
Petersburg	93,200	117,500	3,138,050	3,357,500
Portsmouth	108,690	122,789	5,808,353	4,652,840
Richmond	5,391,104	1,288,106	28,774,652	23,696,748
Roanoke	1,247,819	1,719,078	20,200,072	14,495,958
Staunton	151,850	115,825	2,975,960	3,186,450
Warwick	564,647	620,596	8,395,872	12,704,058
Winchester*	205,800	NA	NA	NA
West Virginia				
Charleston	420,137	205,684	9,896,475	7,105,990
Clarksburg	9,400	88,300	1,749,286	1,853,297
Huntington	148,850	134,716	5,488,486	5,752,641
North Carolina				
Asheville	136,110	118,595	6,073,874	3,425,251
Charlotte	910,489	786,743	25,939,684	26,300,152
Durham	148,851	235,784	9,079,549	9,784,465
Gastonia	418,725	298,600	7,054,250	7,007,950
Greensboro	481,956	873,895	13,601,855	11,276,971
High Point	322,275	298,800	6,752,953	6,964,638
Raleigh	1,512,323	1,871,377	15,176,083	20,416,575
Rocky Mount	1,171,739	251,966	4,490,958	3,381,584
Salisbury	92,500	58,525	2,833,830	1,466,996
Wilson	1,851,034	375,000	5,777,112	4,598,021
Winston-Salem	270,211	674,910	15,962,854	13,049,644
South Carolina				
Charleston	100,829	123,983	3,221,144	3,032,205
Columbia	1,789,624	534,594	12,232,665	8,900,532
Greenville	501,613	457,150	6,035,336	7,328,448
Spartanburg	385,908	220,655	5,185,776	3,158,136
Dist. of Columbia				
Washington	2,739,346	1,745,966	59,700,058	67,331,114
District Totals	\$27,792,548	\$22,302,292r	\$415,604,807	\$428,276,598r

* Not included in District Totals.

r Revised.

NA Not available.

DEPARTMENT STORE OPERATIONS

(Figures show percentage changes)

	Rich.	Balt.	Wash.	Other Cities	Dist. Totals	
Sales, Dec. '56 vs Dec. '55 ..	- 6	+ 5	+ 1	+ 2	+ 1	
Sales, 12 Mos. ending Dec. 31, '56 vs 12 Mos. ending Dec. 31, '55	+ 2	+ 4	+ 6	+ 6	+ 5	
Stocks, Dec. 31, '56 vs '55 ..	- 4	+23	+10	+ 9	+12	
Outstanding Orders, Dec. 31, '56 vs '55	-14	-12	- 9	+ 2	- 9	
Open account receivables, Dec. 1, collected in Dec. '56 ..	28.7	49.7	38.0	40.0	39.6	
Instalment receivables, Dec. 1, collected in Dec. '56 ..	11.5	14.1	12.1	17.6	13.4	
	Md.	D.C.	Va.	W.Va.	N.C.	S.C.
Sales, Dec. '56 vs Dec. '55	+ 5	+ 1	- 1	+ 9	- 3	+ 1

FIFTH DISTRICT INDEXES

Seasonally Adjusted 1947-1949=100

	Dec. 1956	Nov. 1956	Dec. 1955	% Chg.— Latest Mo.	
				Prev. Mo.	Yr. Ago
New passenger car registration*		130	209r	- 2	-11
Bank debits	184	180	174	+ 2	+ 6
Bituminous coal production*	100	109	102r	- 8	- 2
Construction contracts	146	190	218r	-23	-33
Business failures—number	157	268	199	-41	-21
Cotton spindle hours	117	119	124	- 2	- 6
Department store sales	139	146	132r	- 5	+ 5
Electric power production		204	197	+ 1	+ 5
Manufacturing employment* ..		114	112	0	+ 1
Furniture store sales	115	115r	116r	0	- 2
Life insurance sales	268	270	222	- 1	+21

* Not seasonally adjusted.

r Revised.

Back figures available on request.