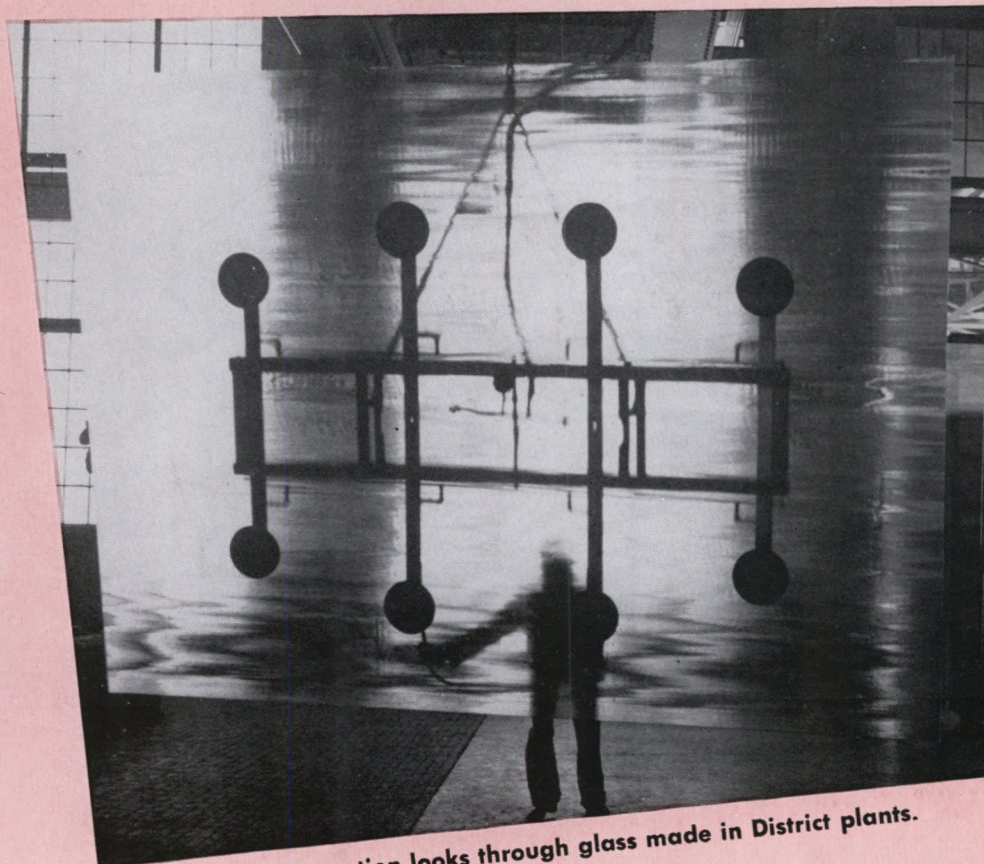


Library

MONTHLY REVIEW



Much of the nation looks through glass made in District plants.

FEDERAL RESERVE BANK OF RICHMOND

DECEMBER 1958



From molten glass to a crystal-clear vase. The artisan shapes his product by blowing air into it against the sides of a removable mold.

The Glassmakers

Fragile crystal goblets for elegant table settings . . . tempered sheet glass that bends like rubber . . . glass fiber yarn that will repeatedly hoist a thousand-pound block without breaking . . . pressed glass building blocks that take the place of bricks and wood . . . laminated aircraft glass which resists the friction of supersonic flight. These are only a few of the multitude of widely varied uses of glass in the 20th century. Although man has known about glass since about 5000 B. C., only in the present century have its properties begun to be effectively developed.

AN ANCIENT INDUSTRY Historians tell us that

glass was first produced by Phoenician sailors who beached their ship on the shore of a Syrian river. They cooked their food in a pot resting on two blocks of soda from the ship's cargo. When the fire died down, the blocks of soda sank into the sand. A shiny, greenish material flowed from the center of the bed of coals. When it hardened, glass was formed.

The early glass industry was centered in Egypt but production methods were so tedious that prices were high and only the princely classes could afford the luxury items. In 300 B. C. a Phoenician artisan invented the blow-pipe and objects which

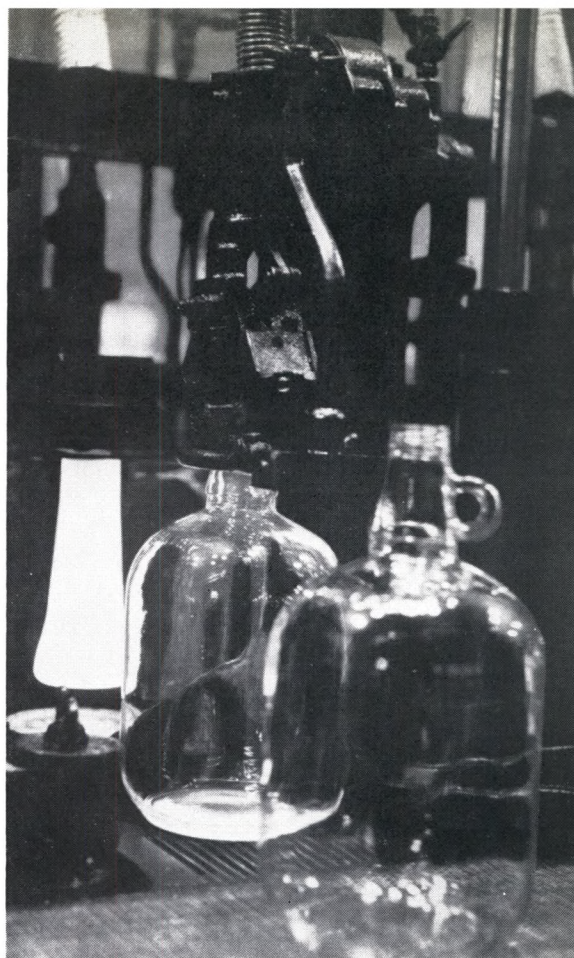
had previously taken hours to make could be turned out in minutes. The Romans were the first to realize the possibilities of the blow-pipe and the use of glass widened considerably. From Rome the glassmaking art spread the length and breadth of the Empire. Toward the end of the 4th century the Romans lost their dominance and Constantinople became the glass capital. By the 6th century the Byzantines had produced glorious stained glass windows that later decorated the great cathedrals of Europe.

Through all these years glass had been used mostly as a medium for decorators to display their talents for color, carving and design. It was not until the 15th century that the Venetians recognized the inherent beauty of glass itself. In fact, the fame of Venetian glass was such that drastic steps had to be taken to guard against the leaking of trade secrets. As a result, the entire glass industry was moved to the neighboring island of Murano where thousands of artisans worked in secrecy behind iron bars. In addition to perfecting the technique of glassmaking, the Venetians contributed greatly to the science of glass in developing the first essentially colorless and transparent glass.

Glass became a tool of science in the 16th and 17th centuries, and ways were found to produce special types of glass to perform particular functions. Among other giant steps forward, a Dutch scientist developed a microscope using a single short-focus lens and the French learned to make polished plate glass. Many of the greatest advances in the chemistry of glass, however, have been made in the last 50 years in the comparatively new American glass industry.

AMERICA'S FIRST INDUSTRY In spite of the fact that glassmaking was one of the earliest industrial arts practiced by the colonists, the industry encountered almost insurmountable handicaps and for over a century the story was one of continuous trials and collapses. Glass manufacturing was started at Jamestown in 1608 and again in 1620 but both ventures failed after a few years. Capable workers were scarce due to stringent migration laws that kept artisans from leaving European glass houses; the grade of glass sand found along the coast was very poor; and American homes of the 17th and even 18th centuries required but little glass. The English glass industry was actually very strong at this time and colonists who could afford it preferred glass from the motherland.

The real birth of the American industry came in 1739 when Caspar Wistar established a factory



A finished gallon jug moves down the line as an automatic blowing machine finishes the next one and starts on a third.

in New Jersey. He used imported Belgian workers and for forty-two years produced high quality glassware. Another great name in American glass is Henry William Stiegel, who is generally credited with first making lead glass in this country. Although Stiegel's factory at Manheim, Pa., operated only nine years, it produced some of the finest art glassware this country had yet seen.

The first American glass company to operate on a big scale was the Boston and Sandwich Company founded in 1825. Modern mass production methods in the industry are the outcome of this company's use of iron molds to press glass. Our vast container industry grew out of the necessity for bottles of standard size to hold whisky which—because of its relatively constant value—was sometimes used as currency during the years of the westward expansion.

Although the nation was developing rapidly, the glass industry did not become stable until the end of the 19th century when a series of technical advances in this country caused a mechanical revolution that changed and industrialized the whole industry. An early 20th century event of particu-

lar interest to this section of the country was the first commercially successful drawing of window glass on the Colburn machine at Charleston, West Virginia in 1911.

SILICA, SODA, LIME Probably no other manufactured material is made from ingredients which are available so inexpensively or in such quantities as are the components of glass. The most commonly used "batch"—the mixture of raw materials which is to be melted into glass—is composed of about 72% silica (glass sand), 15% soda, 9% lime and 4% other substances. Usually included is "cullet"—broken glass of the kind being produced—which is added to facilitate melting and cause ready fusing. Any slight change in the elements added changes the color or other special characteristics of the glass. For instance, alumina improves chemical durability and lead gives sparkle and luster as well as good electrical properties.

The ingredients are carefully weighed, mixed dry and pushed into a tank or pot furnace of special heat-resisting brick. At about 2800° F. the batch melts and becomes a syrupy liquid which is allowed to cool to a taffy-like consistency so that it can be handled.

The smaller pot furnace is used mostly for art glass, colored glass or other special composition glass used in limited quantities. Most glass today is made in tank furnaces, the smallest of which are "day" furnaces that melt and refine in one day the glass to be worked out by hand shops the next day. The largest tank furnaces are found in the window and plate glass factories. They operate continuously anywhere from eighteen months to two years stopping only when it is necessary to make repairs.

SHAPING GLASS There are three basic processes for shaping glass: blowing, pressing and drawing. In hand blowing, a gob of molten glass is gathered from the furnace on the end of an iron blow-pipe. The worker—called a gaffer—blows through the pipe and forms the hot glass into a hollow ball. The size and shape of the article is controlled by the air the glassblower forces into it and by his hand tools, many of which are unchanged since the Middle Ages. For the past few hundred years, most blown objects have been formed in molds. After the hot bulb of glass is formed it is placed in an open mold. The mold is closed and the bulb blown out to the size of the mold. Today blowing machines have largely replaced the human blower, turning out hollow-ware items such as bottles, light bulbs, and Christmas tree ornaments at a rate of hundreds per minute.

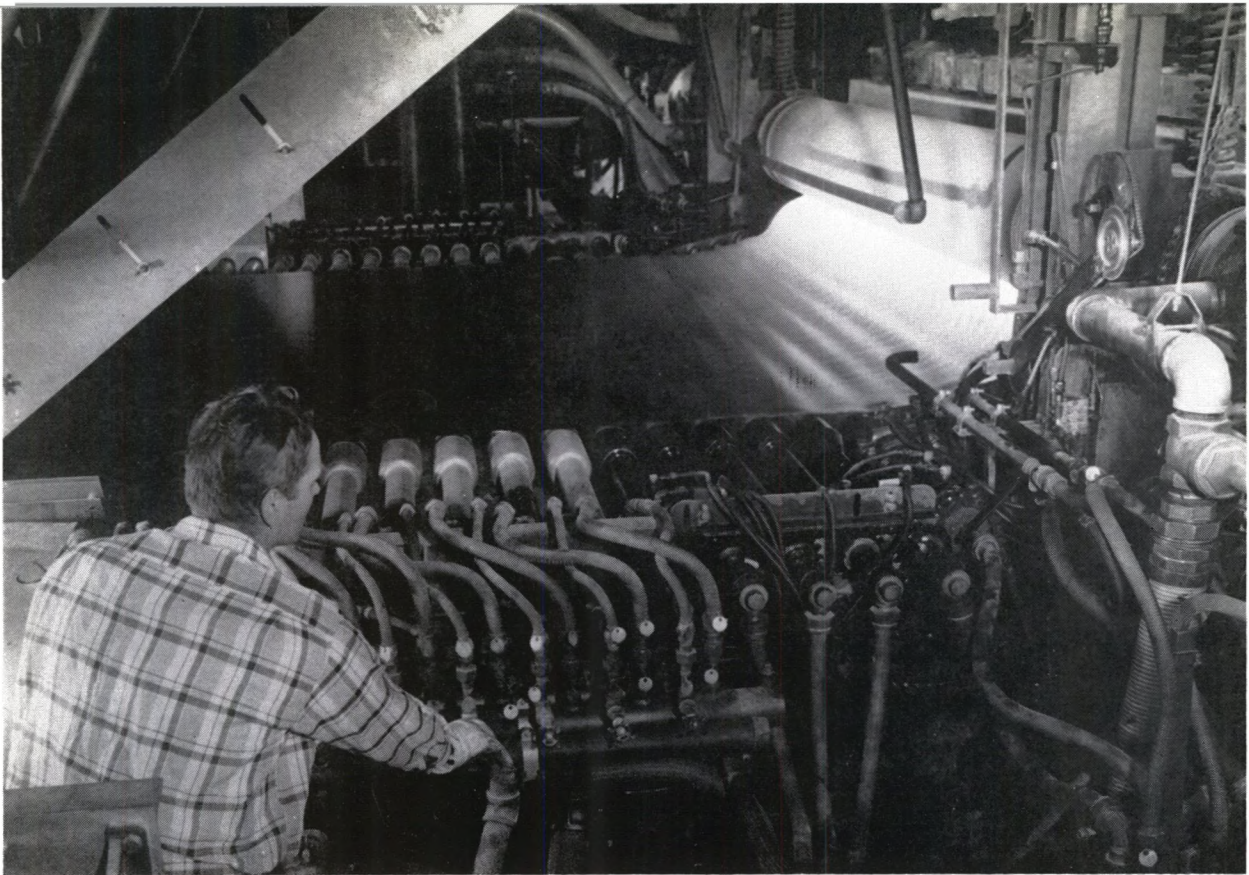
Pressing glass involves dropping an exact amount of white-hot glass into a mold and forcing it to the shape of the mold by use of a plunger which also shapes the inside of the object. Again, hand molds have largely been replaced by automatic presses which deliver a finished piece only seconds after the molten glass leaves the furnace. Dishes, fuse plugs, automobile head lamps, and insulators are types of glassware produced by this method.

Drawing too may be done by hand or machine. In hand drawing, a large gather of molten glass is made on the blowing iron and rolled into a partially conical shape. A small bubble of air is forced into the gather. A helper attaches another iron to the unsupported end of the cone and walks away from the gaffer stretching the glass. A fanner cools the tube and checks the diameter. Machine drawing is accomplished by pulleys, rollers, air jets and other devices that draw the molten glass out of the furnace, either vertically or horizontally, stretching it to almost any needed length and size. This method is responsible for most of our flat glass, tubing and glass fibers. Plate glass is high quality flat glass which is subjected to the additional operations of grinding and polishing.

Regardless of the method used to shape it, nearly all glassware is annealed immediately after it has been formed. The article passes into a tunnel-like oven, is partially reheated and slowly cooled. This process corrects and controls any stresses and strains in the glass caused by too rapid cooling.

DISTRICT GLASSMAKERS Among District states, West Virginia ranks as one of the leading glass manufacturing states in the nation, while Maryland and South Carolina also have important operations. North Carolina will soon enter the field when a giant continuous fiber glass plant is opened at Shelby. The industry gives employment to about 16,000 persons in West Virginia, over 2,000 in Maryland and about 1,000 in South Carolina.

West Virginia's prominence in the field is due largely to two resources: fuel and silica. First, ample coal deposits were available to fire the furnaces and, more recently, ready natural gas supplies have been used. Practically pure glass sand is found in West Virginia's Alleghany plateau, one of the principal sources of silica in the United States. The flat glass industry has been centered in Harrison and Kanawha counties in West Virginia but a sizeable operation began shipping



Molten glass is drawn from a tank by forming rolls which send it along a set of rollers as a continuous ribbon of rough plate glass.

finished plate glass in Alleghany County, Maryland at the end of 1957.

Capital investment per plant is especially great in this segment of the industry and the number of companies operating in this field is quite limited. Plate and window glass together accounted for over 70% of value of flat glass shipments in 1954. The bulk of this glass is sold to the automobile and building trades. Thus, the welfare of the flat glass industry is closely related to the number of housing starts and the automobile production rate. Glassmakers are encouraged by the trend for more glass in houses and cars.

The largest segment of the District's glass industry in terms of employment, and probably value added as well, is the glass container division. Its chemical inertness assures no reaction with food or other substances. Customers also like to see the products they are purchasing. In spite of tough competition from paper, plastic, aluminum and other materials, glass accounts for about the same percentage of the total container market that it did 20 years ago. Centers of container manufacture are Baltimore, and Marion, Harrison, Cabell and Kanawha counties in West Virginia.

Of even greater importance as a West Virginia employment outlet, however, is the pressed and blown glass industry aside from containers. In

many ways this is the most exciting part of the modern day glass story. Here the gaffer can still be found blowing fine tableware and vases. Several small specialty houses—some employing as few as five persons—manufacture ornamental glass articles of beautiful design and color. One firm, for instance, makes only communion glasses. The popular milk glass, "antique" glass and novelty bar supplies are the work of these glass houses.

THE OUTLOOK A damper on the industry in recent years has been a tremendous increase in imports of foreign glass and glass products. Their value nearly doubled in the three years 1954-57. Cost advantages and lowered tariff barriers are said by the domestic producers to be responsible for the increase.

On the other hand, the almost continual development of desirable new products through research makes the future seem quite bright. It is estimated that present-day products utilize only about 1% of the potential strength of glass. Already on the market in a limited way is a new family of crystalline materials made from glass that is harder than steel, lighter than aluminum and more than nine times stronger than plate glass. Thus, the glassmakers look to a future of new opportunities and new demands.



NATURAL GAS BOOMS

For years West Virginia has led the field as the big producer-user of natural gas in the District. Since 1951 gas lines have cropped up all over the area, the number of customers has increased nearly two-fifths, and revenues are up a whopping 124%. This seems to be just the beginning. Residential customers greatly outnumber other groups but industrial users consume just as much gas.

USER GROUPS

as % of total gas sold, 1957

	<u>Total</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>
Md.	100.0	67.3	8.5	23.6	0.6
D. C.	100.0	72.3	22.4	1.5	3.8
Va.	100.0	42.7	10.7	42.8	3.8
W. Va.	100.0	43.5	11.2	43.1	2.2
N. C.	100.0	20.6	8.7	68.9	1.8
S. C.	100.0	7.6	4.5	87.6	0.3
Total	100.0	43.9	10.3	43.8	2.0
U. S.	100.0	32.4	8.9	53.5	5.2

C.

MILES OF GAS MAIN

	1951	1957
Md.	3,330	4,670
D. C.	1,090	1,150
Va.	3,610	5,430
W. Va.	17,530	19,600
N. C.	290	2,430
S. C.	180	1,780
Total	26,030	35,060
U. S.	342,530	514,960

REVENUES

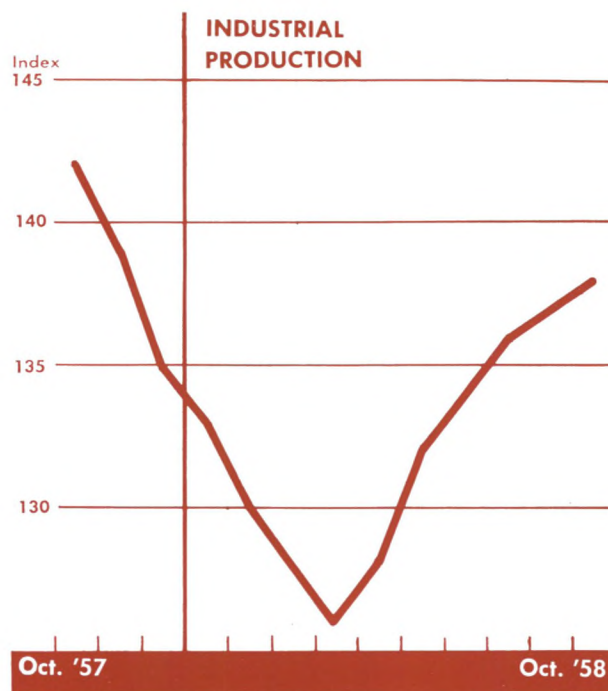
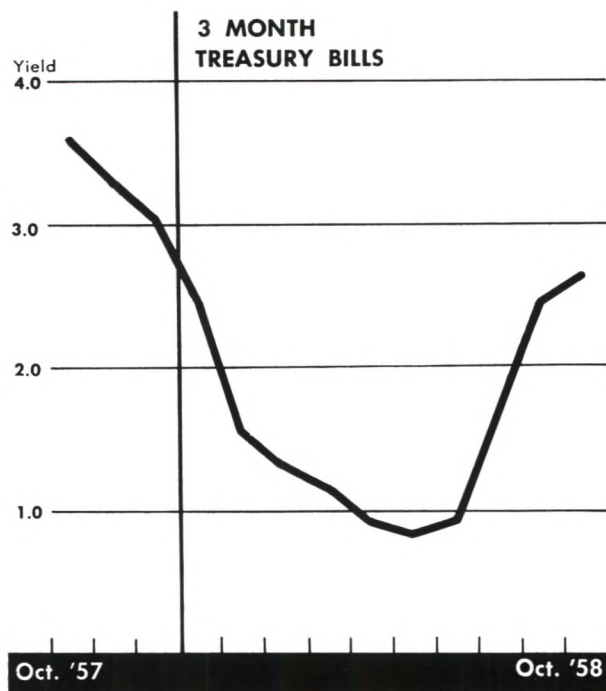
thousands of dollars

	1951	1957
Md.	29,032	61,670
D. C.	14,638	21,626
Va.	14,983	47,366
W. Va.	35,356	51,917
N. C.	248	13,927
S. C.	91	15,015
Total	94,348	211,521
U. S.	1,667,154	3,796,850

CUSTOMERS

thousands, 1957

	Residential	Other
Md.	471.6	33.1
D. C.	163.7	17.0
Va.	298.1	24.2
W. Va.	312.2	31.0
N. C.	55.6	8.3
S. C.	53.0	7.3
Total	1,354.2	120.9
U. S.	24,902.3	2,143.5



Credit Conditions Reflect Economic Recovery

The spectacular recovery of the economy from the sharp recession of late 1957 and early 1958 has drawn attention to many contributing influences. Principal among these influences are changes in the availability and cost of credit—influences of which most people are but dimly aware until the revealing light of drastic change is thrown upon them.

As the recession accelerated in the latter months of 1957 and on through the unusually severe winter months of early 1958, the borrowing of money became much easier and less costly for those with the incentives to borrow. Easy availability of credit continued when the economy turned upward with unexpected vigor after the late spring thaws.

Business indicators affirmed widespread recovery throughout the early weeks of summer and borrowing costs began inching upward. Then, following hectic uncertainty in July, flexible interest rates rose dramatically during August as investors and speculators, anticipating even more substantial increases in rates, seemed to compress long-range expectations into a relatively few demoralizing trading weeks. Since then, many interest rates have declined slightly.

In spite of the increase in interest costs since the end of the recession, the availability of funds

has remained high—there is no evidence that any significant number of borrowers have been unable to obtain needed credit.

THE BANKING PICTURE The enigmatic recession and recovery have been vividly reflected in banking operations. In spite of the short-lived pre-Christmas spurt in customers' borrowings in 1957 and another moderate jump in the spring of this year, total loans outstanding at all commercial banks at the end of May 1958 stood at almost exactly the same level as at the beginning of November in the preceding year. In the five months since May, loan demand at the banks has picked up with the recovery, but the demand has not come primarily from commercial and industrial enterprises. According to a sample of banks that report loan data weekly, commercial and industrial loans, after an expected jump in June to support tax payments, declined steadily to the end of July. In August and September demands from business borrowers pushed the banks' total loans up moderately, but then in October commercial and industrial loans remained virtually unchanged. In November there were signs that the seasonal upswing in business loans was beginning to appear, but the increases were not as large as expected.

Although the nation's bankers found loan de-

mand disappointing as the recession deepened, they were not without consolation. As an anti-recession measure, reserve requirements of member banks were reduced three times in the early months of 1958, freeing approximately \$1,440 million of reserve funds. On the basis of these freed funds, other Federal Reserve easing actions, and a relatively weak loan demand, the nation's commercial banks were able to acquire \$7.7 billion of securities in the seven months ending with May 1958. Furthermore, the relatively high availability of reserve funds in the early stages of recovery enabled the banks to add \$3.7 billion more to their investment portfolios over the next five months. Thus, in the span of one eventful year from the end of October 1957 through October just past commercial banks added \$11.4 billion to their investment portfolios and \$1.8 billion to their loans.

MORTGAGE LENDERS The availability of money for home mortgages has also strikingly reflected the impact of recession and recovery. When interest yields on marketable securities declined with the recession and held at low levels in the early months of recovery, the return from mortgage loans became much more attractive to investors. Such lenders as insurance companies and commercial banks began diverting larger amounts to the mortgage market. Other mortgage lenders, such as mutual savings banks and savings and loan associations, put virtually all of an increasing flow of saving into home mortgages.

As a result of these forces, home builders found, during most of the first half of this year, an increased willingness on the part of mortgage lenders to commit themselves to make mortgage loans on new houses. They also found lending terms very

favorable, both from their own point of view and from that of the home buyer. Many builders throughout the country took advantage of this willingness to make commitments and expanded their building operations. This expansion in home building began to be reflected in the number of new houses started as early as March. In each month after that, the number of houses started—taking account of seasonal variations—rose almost steadily until in October new houses were being started at an annual rate of 1,260,000, the highest level of home construction since September 1955.

Reflecting the increased availability of funds for home mortgages in the first half of the year, interest rates on conventional mortgage loans (loans not guaranteed or insured by the Government) fell off sharply. Many prime mortgage loans were made with a rate of 5% or 5¼%, loans which just a few months earlier would have been made at 5¾% or 6%. Furthermore, discounts on Government guaranteed and insured loans—loans with interest rate ceilings fixed by the Federal Government—were greatly reduced. In some parts of the country 5¼% FHA loans were sold at or slightly above par, indicating a lower rate of return than when these loans were sold below par.

As economic recovery was sustained month after month, interest rates on conventional home mortgage loans began moving upward, and discounts on Government insured and guaranteed loans began increasing. According to a monthly Federal Housing Authority survey, FHA 5¼% loans which were selling at the beginning of August at 99.2 had dropped to 97.5 by November 1.

However, qualified builders were having no difficulty in obtaining commitments. Further-

Investment departments of banks stayed unusually busy in 1958 investing new funds and following rapidly changing securities markets.



more, most builders had already received commitments from lenders to make loans on their new houses under the terms that existed earlier in the year, and many of these commitments were still outstanding. Thus the financing of new home construction is well taken care of for 1958, and the mortgage lenders will be closing out a high volume of loans in the remaining months of the year and perhaps well into 1959.

INSTALMENT LOANS FOR CONSUMERS

Consumer credit is strikingly different from other types of credit in its response to recession and recovery. Interest charges on many types of consumer loans generally remain fixed regardless of changes in other credit conditions in large measure because of the high cost of extending credit to consumers. However, increased availability of credit for consumers may be reflected in easier repayment terms, and lenders showed increasing willingness as the year progressed to make a larger proportion of their loans with maximum maturities. By the end of 1958 many lenders accepted 36 months as their standard maturity on new car loans including lenders who had maintained a standard of 30 months just a year earlier.

On the borrowing side of the picture, when recession begins to reduce personal income and create uncertainty as to the continuance of income in the future, there is a reluctance on the part of many to use credit. This reluctance was reflected in a slowing down in the amount of new credit extended in the fall of 1957 and a very sharp drop in credit extended, after taking account of seasonal variations, in the winter months of early 1958. As personal income improved during the spring and summer, consumers began expanding their instalment borrowing, although very moderately. Repayments on existing debt, however, were still large enough to cause outstanding instalment credit to decline in almost every month of 1958.

THE SECURITIES MARKETS

The markets in which bonds, notes, and other debt instruments of corporations and governments are traded are by far the most sensitive of all the credit arrangements to changes in general economic developments. As a matter of fact, their sensitivity generally goes beyond actual changes, and is frequently and disturbingly stimulated by changes in expectations.

In mid-November of 1957 a change in Federal Reserve discount rates gave a clear-cut signal to the markets of a reversal of credit policy. Operations in the securities markets which followed this signal compressed into the short space of about

two months a sharp decline in interest rates which might normally have been expected to materialize gradually over a much longer period.

The situation was almost exactly reversed in the late summer of this year. As the economic recovery proceeded with some assurance through May, June, and July, the expectation grew stronger in the markets that the trend of interest rates must be upward. Again the discounting of expectations compressed into a single month almost as great a rise in yields as the drop that was experienced earlier—a rise which might normally have been more gradual and longer drawn out.

Corporate and state and local government demands for funds in the securities markets remained at very high levels throughout the recession and on through the early months of the recovery. New security offerings and placements are estimated to total \$14.9 billion in the first nine months of 1958. This is slightly above the previous record of \$14.6 billion set in the similar period in 1957 and well above the \$11.5 billion in the same period in 1956.

On top of these heavy demands, the U. S. Treasury found it necessary to enter the market, both to raise new money and to refund maturing issues. A major Treasury offering is an important event in the financial world, and the Treasury offered securities for cash on seven different occasions during the year, the total amounting to \$17.1 billion. In addition, it completed three major refundings of maturing securities, the total amount of securities retired amounting to \$54.9 billion.

CAUSE AND EFFECT

Developments in the credit markets of the nation over the past year clearly indicate their responsiveness to changes in levels of production, employment, and incomes. It may not be at once apparent, however, that changing credit conditions also exert significant influences on production and consumption. Greatly increased liquidity of the banking system, promoting a much easier availability of funds throughout other credit markets, not only assures the absence of financial stringency as a contributing factor to recession but provides a positive contribution to recovery through increased inducement to use credit for business and personal endeavors. Contrariwise, whenever the economy moves through the recovery phase of the business cycle, increasing demands for funds, in combination with appropriate monetary policy, result in lessening the easy availability of credit. Eventually, the reduced availability of credit acts as a brake upon the development of unsustainable, inflationary expansion.

The Fifth District

Recovery continues to be reflected in the overall measures of District economic activity. Employment was up again in October, after allowance for seasonal influences, and man-hours in manufacturing industries continued the rise that started last May. The increases were widespread, with nearly every major category of employment and man-hours showing gains from September.

TEXTILES Operations in the textile industry carry forward the gradual stepping-up that had been occurring for some time, and market news gives promise of further gains. The improvement, although substantial, is not of boom proportions. The significant point is that it appears to be a soundly based recovery. It has progressed slowly but steadily since last fall, and it extends pretty much from top to bottom—from retail sales of apparel to orders for yarn and gray goods. Furthermore, the improvement has been fairly comprehensive: it has included apparel fabrics, sheetings, drapery goods, and other cloth for household uses, and fabrics for industrial applications. Synthetics have also shown both market and production gains recently.

Forward buying has increased significantly, especially for unfinished cotton goods, and the bulk of first quarter production of print cloth has been sold. A fair amount of business has been booked for the second quarter as well. As a result, prices have increased somewhat. Mill work schedules have also increased, although a number still call for less than six days per week. As reported last month, a large number of mills have announced plans for shutdowns during Christmas week. This follows fairly widespread shutdowns over the past Thanksgiving holiday period. Thus, at the same time that the demand side of the textile market has been improving, the mills are exerting efforts on the supply side to continue the industry recovery. Their aim is to adjust production schedules and output to demand so that increases in the latter are not smothered by even sharper increases in supply. Heavy manufacturing inventories have been a millstone around the necks of the cotton gray goods producers for the last two years and more.

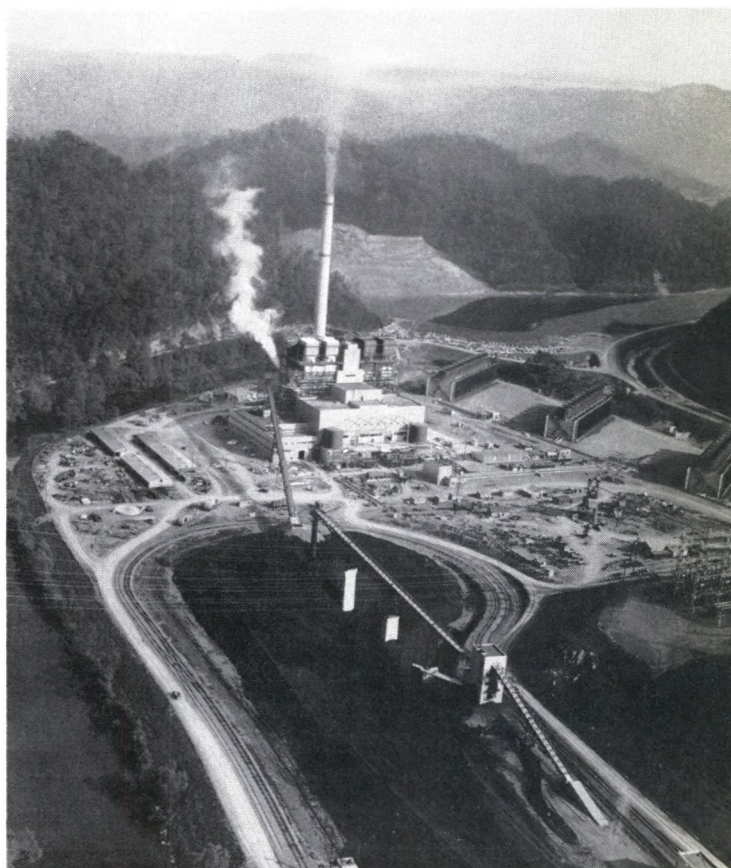
Knitting mills are operating at their best levels this year. Many producers of women's seamless hosiery and knitted tights are encountering delivery problems despite full-capacity operations.

BITUMINOUS COAL Recent weeks have brought a number of important developments in the bituminous coal industry. Output in District mines fell somewhat in October from the September level, and the early weeks of November saw a continuing lower rate of operation.

Foreign shipments through District ports have declined considerably as large coal stocks in Europe led to cancellations of contracts for coal from this country. Increasing coal inventories in Germany have brought restrictions on coal imports and a shift of the Ruhr steel industry to domestic fuel. Overseas shipments of bituminous coal from this country are now estimated for 1958 at 38,000,000 tons, down one-third from 1957.

Earlier reports of an increase in soft coal miners' wages have now been confirmed. A new wage agreement between United Mine Workers and the producers calls for a \$2 a day wage increase in two steps, \$1.20 on January 1 and \$0.80

A bituminous coal customer goes to the mines. This 450,000 kilowatt generating plant in southwestern Virginia is expected to burn 1,300,000 tons of coal per year from a nearby mine.



in April. The present basic daily wage is \$22.25. The resulting increase in labor cost per ton has led to announcements of price increases in January, but these are generally expected to be less than the cost increases in view of the strong competition coal faces from other fuels.

Of significance for the future of bituminous coal was the recent opening of a \$150 million coal-transportation-power project in the western tip of Virginia. The Clinchfield Coal Company division of the Pittston Company started operation of its new Moss No. 2 and Moss No. 3 mines, expected to produce 5,000,000 tons of coal annually. To handle the expected traffic of 350-500 coal cars daily, the Norfolk and Western Railway invested \$13.5 million in railroad facilities, including a mile-and-a-half tunnel. The Appalachian Power Company constructed a 450,000 kilowatt generating plant to take advantage of the new coal source; it will burn 1,300,000 tons annually, providing a market for one-fourth of the new output at a distance of but a few miles.

AGRICULTURE Leading analysts of the U. S. Department of Agriculture recently took a careful look at what's ahead for agriculture in 1959. Highlights of what they saw in the outlook for major District farm products shape up about like this:

Supplies of most kinds of tobacco are lower than a year ago. The quantity of tobacco used in cigarettes turned upwards in 1957-58, and a further small increase is likely in 1958-59 as cigarette consumption is expected to continue to trend upward. Tobacco exports may be down a little from last season's levels, however.

The cotton carry-over is now sharply below the 1956 peak, and a further small decline appears likely in 1958-59. Exports will be smaller, but a slight increase in domestic mill consumption is expected.

Supplies of peanuts are abundant. Farm prices will likely average near support levels in 1958-59 but less than a year earlier.

Marketing of hogs next year will be considerably larger than in 1958, and prices will be much lower next fall than now. Cattle prices will probably hold up well in 1959.

Supplies of poultry and eggs will probably be higher in the first half of 1959 than in the same period this year. Because of the larger output, poultry product prices will likely average somewhat lower than in 1958.

Slight increases in both the production and consumption of milk are probable for 1959. Production will likely continue above commercial usage, however, and farm prices for manufacturing milk and butterfat will probably continue to hold around the support level.

CONSTRUCTION Contract awards in October were down from September's total, with most of the loss in public works and utilities. Residential awards, accounting for nearly one-half the total, continued their high level of recent months. The \$223 million total for all types is still very high, however, by any standards other than recent months, and on a seasonally adjusted basis, it was down very little from September.

RETAIL TRADE Department store sales declined 3% in November after seasonal adjustment. This somewhat disappointing performance did not deter the stores though, for at the month-end their stocks and outstanding orders were up an estimated 5% from a year ago in anticipation of good Christmas sales. Thanksgiving week brought encouragement for this hope, as bad weather in much of the District on the important Friday of that week failed to halt a gain in sales over last year's good total.

BANKING The big news in District banking has been the continued upsurge in business loans of the weekly reporting member banks, the 38 larger banks that have nearly one-half the total banking resources in the District. Their loans to business increased throughout November and into the first week of December for a gain of nearly 4% in five weeks—considerably more than the rise in the corresponding weeks of other years.

The gain was widespread, with three-fourths of the banks showing increases. Further, nearly all categories of business, from food processors to sales finance companies, have shared in the greater borrowing.

PHOTO CREDITS

Cover—Libbey-Owens-Ford Glass Company 2.
Corning Glass Works 3. Owens-Illinois 5. Pittsburgh Plate Glass Company 9. First & Merchants National Bank 11. Appalachian Power Company.
Statistical Data 6 & 7. American Gas Association.