

Lumber Industry Optimistic About 1959

Biggest Question Is Credit for Building Homes

(Editor's note: The following article discusses what's ahead this year for the lumber industry. It is written by Robert M. Ingram, president of the National Lumber Manufacturers association and president and general manager of the E. C. Miller Cedar Lumber company, Aberdeen, Wash.)

By ROBERT M. INGRAM
Lumber manufacturers have many reasons to be optimistic about their business prospects for the year ahead.

The economy appears to have recovered almost completely from the recession of recent months and the current upsurge in business generally can be expected to continue well into 1959.

The biggest question mark, of course, is credit—particularly with regard to new home construction.

Certainly, for the next few months at least, we may expect the many pressures now at work to restrict the availability of mortgage credit.

Powerful Forces
Among the powerful forces involved here are recent increases in Federal Reserve Board's discount rate—the fee charged for loans to commercial banks.

Another factor is the prospect of a federal budget deficit of \$12 billion or more for the current fiscal year.

These developments and competition from other segments of the economy for available money supplies may make it more difficult to obtain FHA-insured and VA-guaranteed home financing during the early months of 1959.

On the other hand, the new Congress which convenes this month is likely to waste little time in considering legislation designed to enlarge the role of government-backed mortgage credit in the overall housing picture.

Too Early to Predict
It is still too early to predict how far Congress will go. But, obviously, many of the problems facing home builders today would be eliminated if our lawmakers were to remove the artificially low in-

terest ceilings on FHA-VA-backed mortgages.

Instead of being tied to arbitrary limits, these interest rates should be allowed to fluctuate according to current market conditions—in the same manner that conventional interest rates go up or down depending on the ancient but irrevocable law of supply and demand.

It is encouraging to note that a number of top government officials, including the chairman of the President's Council of Economic Advisers and the Undersecretary of the Treasury, recently spoke out in favor of flexible interest rates on government-backed housing loans.

Conventional Financing
With the prospect of a tight FHA-VA mortgage market—at least during the early months of the coming year—conventional financing should ac-

count for a greater share of home construction during 1959.

Since the basic demand for housing is still one of the strongest potentials of the economy, it seems reasonable to expect that private non-farm housing starts next year will equal, and perhaps exceed, the 1.1 million units in 1958.

Judging by the replies to a recent nationwide survey conducted by the National Lumber Manufacturers association among leading producers of lumber and wood products, private non-farming housing starts this year may increase 3 to 4 per cent above the level last year.

If 1959 turns out to be a reasonably good year in home construction, it seems likely that the lumber industry will produce and sell as much or more lumber than in 1958.

At this writing, lumber manufacturers believe that 1959 production may be up something like 3.8 per cent from 1958's expected total of about 32 billion board feet.

Prediction Assumes
This prediction assumes that several markets, in addition to housing, will expand next year.

According to the NLMA outlook survey, non-residential construction will use 2 to 3 per cent more lumber than in 1958, farm demand may rise about the same percentage, use of lumber by the furniture industry will increase nearly 4 per cent and railroad consumption will gain between 1 and 2 per cent.

Exports and the use of lumber for wood containers are expected to be about the same next year as in 1958.

Especially encouraging is the prospect that demand for

wood paneling will increase nearly 5 per cent.

Lumber manufacturers expect their cost of doing business to increase about 4 per cent.

Prospects Rated
Many producers say their prospects for obtaining an adequate supply of raw materials next year are only fair; others rate their prospects poor.

The industry plans to spend about the same amount for new plants and equipment next year as in 1958. Also, the level of employment is expected to figure out about the same as in 1958.

If current indications are sustained in the months ahead lumber manufacturers may find their gross sales up 6 to 7 per cent and their profits after taxes up 3 per cent from the unusually depressed level of 1958. Net profits after taxes averaged only 0.9 per cent of sales during the first

six months last year.

At this point I would like to emphasize the need for labor to understand that the lumber and wood products industry has just been through a most difficult year.

Perhaps the most significant figure in 1959 will be lumber consumption. NLMA's survey of leading manufacturers indicated that consumption this year will total about 35.8 billion board feet—3.8 per cent above 1958's expected figure of 34.5 billion feet.

Influence Production
If the many factors that influence lumber production and consumption can be lumped together and their probable effect appraised in a single sentence, I would say this year will be a moderately good year for the lumber industry.

There is no doubt that our competitors—the manufacturers of steel, brick, aluminum

and plastics—will accelerate their efforts to secure a greater share of lumber's markets.

But the lumber industry—after more than a quarter-century of inactivity on wood's national promotion front—is finally doing something in a united way to counteract this force.

Supplementing the outstanding merchandising—advertising programs being conducted in behalf of specific brands and species, lumber manufacturers have launched an overall National Wood Promotion program to give greater purpose and direction to their regional campaigns.

Building Material
This new national effect will concentrate on promoting wood as a modern building material—superior to its competitors in strength, beauty, economy and versatility.

Our objective will be to make the customer think favorably of wood, thus improv-

ing the climate for acceptance of regional and brand-name product promotion efforts.

In its recent outlook survey, the National Lumber Manufacturers association received a special mandate to go all-out in this direction.

Asked to suggest what the association could do to bolster industry prospects for the coming year, lumbermen responding to the survey gave

top priority to advertising and promotion.

HELP US!

We Need Clothing, Shoes, Dishes, Furniture, We Pick Up. HELP OTHERS!
The Salvation Army
Spring 3-7335

We Will Be

CLOSED

FRIDAY & SATURDAY

January 2nd & 3rd

FOR INVENTORY

Sims Cycle & Hobby Shop

Pages 1-6
MEDFORD TRIBUNE
No. 243

MEDFORD, OREGON, THURSDAY, JANUARY 1, 1959



RUSH FOR NEWS—This New York newspaper dealer is having a busy morning indeed, as commuters crowd in to buy the first local papers available in 20 days. All of New York's seven major dailies had been completely shut off by a delivery-men's strike.

Another ANDY'S BEST BUY

Vacation Time Will Soon Be Here—Buy Now on Andy's Easy Credit Terms

MONEY-SAVING SALE!
NEVER BEFORE SUCH A SENSATIONAL 10-YEAR GUARANTEE!

NATIONALLY ADVERTISED Fairbanks Ward DURA-LITE

3-PIECE MOLDED LUGGAGE
Covered in Vinyl Bouclé and Luxuriously Lined!

Not \$69.50 - Not \$49.50 -
\$29.98
Plus Fed. Excise Tax
NONE SOLD TO DEALERS

DEEP POCKETS! QUILTED! RUFFLED!
Hi-Lustre LUXURIOUS LINING in ALL 3 PIECES!

24 INCH PULLMAN CASE
20 INCH WEEKEND CASE

FAIRBANKS WARD
REINFORCED MOLDED CORNERS ON ALL 3 PIECES!

NEVER BEFORE SUCH FEATURES!
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DUSTPROOF INTERIORS
1-PIECE 3-PLY WOOD FRAMES
LARGE SIZE DeLUXE FITTED TRAIN CASE Complete with Mirror

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Special policy included with each Dura-Lite Luggage Ensemble entitles purchaser to replace any piece of luggage, because of any reason, within 10 years from date of purchase, under terms and conditions of policy.

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Only Dura-Lite Luggage gives you so much value, style and quality... and no other luggage gives you such a sensational 10-year Replacement Guarantee! Here's a complete Matched DeLuxe Ensemble at a price less than you'd expect to pay for one piece! Don't miss this great sale!

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USE **ANDY'S CREDIT TERMS**

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Priced to Clear! Fashions . . . All From Regular Stock, at Low, Low Prices!

Whatever you've been wanting . . . you'll find in these impressive groups of fashions that have all been marked down to clear . . . now they can be yours for a mere fraction of the original price . . . we MUST make room for new Spring merchandise arriving daily. Shop early for best selection.

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- Skirts
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- Accessories
- Handbags
- Slips
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