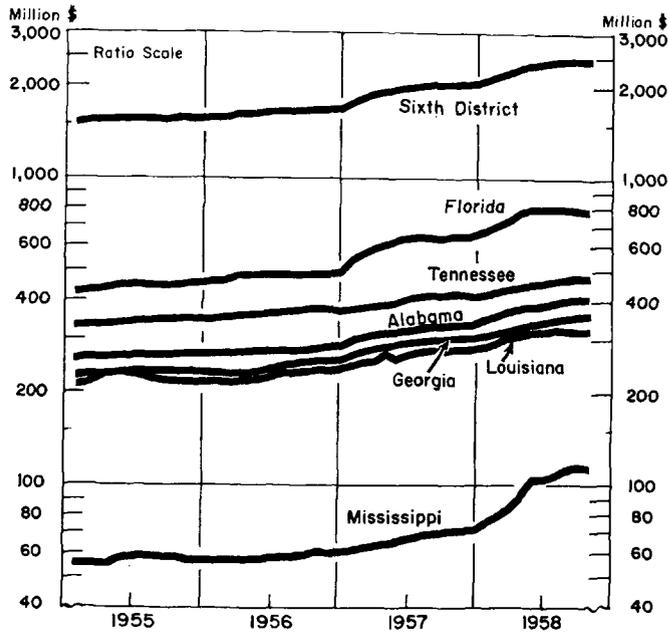


Time Deposits
Sixth District Member Banks
1955-58



and governments shifted funds from other types of savings to take advantage of the higher rates.

Other types of savings undoubtedly were affected by this action, but it is difficult to determine which ones and to what extent. Although data on life insurance sales and savings and loan shares indicate that Sixth District residents were adding less rapidly to those forms of savings, part of the slower growth may reflect a reduction in income associated with the recession. It is possible that some individuals and corporations shifted funds from investment in Treasury bills or other securities to time deposits. In addition, the higher interest rates on time deposits may have prompted individuals and businesses to reduce their checking account balances by transferring funds to their savings accounts.

Although each of the District states has shown an increase in time deposits during the last two years, most of the sharp gain has been accounted for by member banks in Mississippi and Florida. In Mississippi the rate of growth has been exceptional, 19 percent in 1957 and 59 percent so far in 1958, or 89 percent for the two-year period. Time deposits at Florida member banks chalked up the next best record, with an increase of 62 percent since the end of 1956. Increases in the other states during the two-year period were somewhat less: Alabama and Georgia, 43 percent; Louisiana, 33 percent; and Tennessee, 30 percent.

Reserve city and country banks shared in the time deposit growth. Reserve city banks—the larger banks located in Atlanta, Birmingham, Jacksonville, Miami, Nashville, and New Orleans—reported a 34-percent gain between the end of 1956 and October 1958. The remaining banks—so-called country banks—gained 50 percent.

The reports of condition that member banks prepare regularly provide information on the types of time deposit balances that are responsible for the recent growth trend. The accompanying table shows the degree to which each type of account contributed to the rise from June 6, 1957, to June 23, 1958, the two dates for which the most comprehensive data are available. The table also shows the total amounts of the various types of accounts.

Although most types of savings rose significantly during this period, time deposits of individuals, partnerships, and corporations accounted for most of the increase. Within this category, savings deposits of individuals and non-profit institutions, the largest component, were responsible for a large part of the rise. Time certificates of deposit, which are about equally divided between individuals and businesses, also rose appreciably as did time deposits held on open account.

The only type of time deposits that declined at District member banks during the period was United States Government deposits. States and local governmental units, on the other hand, increased their deposits.

W. M. DAVIS

Employment Picks Up

The current employment picture in the Sixth Federal Reserve District enables us to draw a happy contrast with what was happening just a year ago. This year employment is increasing; last year it was decreasing. The direction of change differs, but the degree of change is similar; it was small last year and has been small so far this year. Looking back over this year and last we see that nonfarm employment in the District declined somewhat from August 1957 through May 1958 and has since partially recovered. Between the high and low points, employment dropped slightly less than 3 percent; it had regained about half the loss by October. Recovery in this District has been about equal to that in the nation, but the previous decline here was less.

Cross Currents

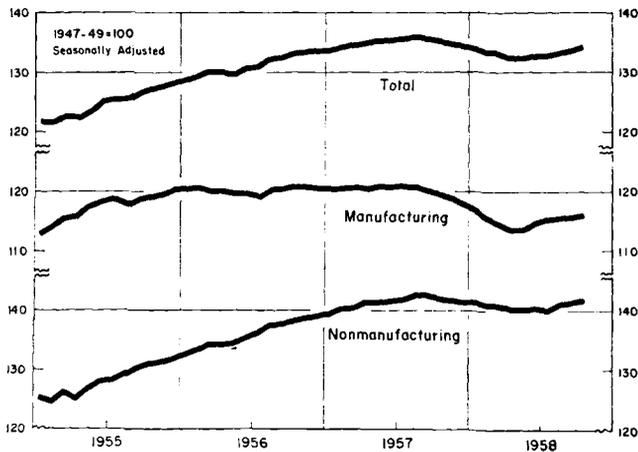
Although District employment has picked up in recent months, a look at the details of the developments reveals a lot of variation from one type of activity to another and from place to place. This, of course, is not unusual in the early stages of business recovery, since each type of activity is subject to its own market influences, and activities vary among the states. As recovery advances, of course, increases typically become more and more widespread. We have yet to see whether or not the current recovery will continue to follow the typical pattern.

Both manufacturing and nonmanufacturing employment have risen since last May, but manufacturing em-

Nonagricultural Employment

Sixth District States

1955-58



ployment has shown the greater gain—2 percent, compared with slightly more than one percent for nonmanufacturing. Previously, manufacturing employment had shown a greater decline. Employment changes in these two broad fields, therefore, have been in general accord with the typical pattern of fluctuations, in which manufacturing activity tends to show greater variations, both on the downswing and upswing of business activity.

The increase in total manufacturing employment is also the net result of a variety of movements among different types of manufacturing activity. The overall District gain reflects widespread improvement among the various types of manufacturing activity with the exception of the fabricated metals and chemicals industries. Particularly important are recent gains in the textile, apparel, and lumber industries. The food industry has also shown some recovery recently, and the transportation equipment industry has been strong despite the decline in October, which came about largely because of strikes in the automobile industry. Employment in primary metals, at a reduced level for about eight months, improved moderately in October.

The person looking for neat generalizations about the Sixth District's complex economy, however, would be frustrated to learn that not all employment figures everywhere are moving upward. Lumber employment, for example, has improved mostly in Florida, Georgia, Mississippi, and Tennessee; Alabama and Louisiana have shown little change. Transportation equipment is another example: we find strength in Alabama, Georgia, and particularly Mississippi more than offsetting weakness in Louisiana and Tennessee.

The picture is no less varied among the District's nonmanufacturing activities. As already noted, total nonmanufacturing employment has picked up in recent months, but this has been largely the result of continued increases in the number of government workers and employees in finance, insurance, and real estate. Employment in retail and wholesale trade, which provided about one out of every four nonfarm jobs last year and which showed a slight seasonally adjusted decline earlier this year, has changed little in recent months. Employment

in construction, mining, and transportation, communications and public utilities has also stabilized recently below last year's peaks. Where increases are not occurring, therefore, we see that for the most part stability has replaced previous declines in the total District picture.

Within each type of nonmanufacturing activity, one frequently finds considerable variation in employment among District states. Construction employment is a good example. Although the District's seasonally adjusted total has been relatively stable over the last six or eight months, only in Mississippi and Tennessee, where changes have been about what one would expect for the time of year, has stability characterized employment. Florida, Georgia, and, more recently, Alabama, have shown increases, and Louisiana has reported a decline. In transportation, communications and public utilities one finds relatively little change recently in most District states after declines from last year's peaks. Georgia, however, has shown some improvement; Louisiana has continued to show declines. The transportation industry in Louisiana, more dependent on foreign trade than other District states, has felt the effects not only of the national recession but also of a sharp decline in foreign trade from last year.

State by State

Although a person may be convinced that cross currents exist in the Sixth District employment picture, there is, as we saw earlier, an overall picture for the District. Similarly, there is an overall picture for each state that takes form from frequently diverse movements within its boundaries. The cross currents discussed above have an impact in each state that reflects its economic structure.

Looking at the employment picture in each state, one sees that the overall recovery in the Sixth Federal Reserve District reflects mainly increases in employment in Florida, Georgia, and Mississippi. The recovery in Florida, beginning in April, had been particularly sharp through September, but the upward movement that had set new records in July, August, and September was halted in October. Georgia's pickup in employment, which began in June, has been more modest, and the total number of nonfarm workers is still below the record set in late 1956. Tennessee has shown a slight upward tendency in seasonally adjusted employment in recent months. Employment in Alabama improved in October after remaining at a reduced level for eight months or so. In Louisiana employment changed little in September and October. Previously, declines in a number of important activities such as petroleum production, construction, transportation, and shipbuilding and repair had combined to pull the number of workers on the job down more sharply in Louisiana than in other District states.

PHILIP M. WEBSTER

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