

District bankers who were paying less raised their interest rates toward that ceiling. The ratio of interest paid to average time deposits was higher than in 1960 at 235 banks. The average of all member banks was 2.68 percent in 1961, compared with 2.63 percent in 1960.

Salary costs at member banks have shown a strong upward trend for several years. Although salaries of officers and employees rose during 1961, the gain in both dollar and percentage terms was less than it had been in any other year since 1950. Considering that total revenue rose only slightly, however, salaries and wages still accounted for a higher proportion of total revenue than in 1960—29.2 percent, compared with 28.3 percent.

As previously mentioned, all other operating expenses for 1961 are not comparable with previous years' figures because of the different treatment of net occupancy expense of bank premises. In addition, pensions, hospitalization, and other fringe benefits, formerly included in all other operating expenses, were reported separately in 1961. This cost amounted to 2.6 percent of total revenue.

Altogether, expenses amounted to 73.1 percent of total revenue during the year, up from 69.9 percent in 1960. The resulting drop in net current earnings from 30.1 to 26.9 percent of total revenue was the largest since 1957. Net losses on securities and loans of 1.0 percent of revenue, a further increase in valuation reserves for securities and loans, and a small rise in taxes on net income transformed the net current earnings figure into net income of 15.6 percent of revenue.

Prospects for 1962

Bank loans expanded more than seasonally in the last quarter of 1961, after having been somewhat weak earlier

in the economic recovery. So far this year, loans have changed little, although partial data for March indicate some advance.

If the upward trend in bank loans continues, it will be favorable to bank earnings during 1962. This is because the rate of return on bank loans is higher than on other types of bank earning assets. How strong the demand for bank loans will be during 1962 depends in large part on the vigor of economic expansion in the months ahead.

As 1962 began, District bankers were experiencing continued competition for time and savings deposits with other types of savings institutions. The Board of Governors authorized a higher maximum rate on time and savings deposits, effective January 1, 1962. Many banks acted promptly to raise the rates paid on some types of accounts. A special survey made by this Bank covering 82 banks indicated that almost two-thirds of them had raised rates on some types of time deposits by the middle of January 1962.

The higher rates have apparently been effective, since time deposits are still rising sharply. The total at District member banks rose \$203 million, or 6 percent, between the end of December and the end of February. Additions to time deposits, unless they are conversions of demand deposits, represent funds that can be placed in earning assets. District bankers are thus in a position to provide a further expansion in bank credit, either in the form of loans or the purchase of investments of bankable quality.

The holding of time deposits is expensive, however, and the recent increase in rates means higher costs. District bankers may have to wage an even stiffer fight against costs in 1962 than they did in 1961.

W. M. DAVIS

Diverse Trends Mark Georgia's Economy

A year ago we noted that Georgia had suffered greater declines in employment and income during the 1960-61 recession than at any other time in the postwar period. The pattern of recovery, which had been rapid and substantial following previous recessions, therefore showed signs of being different. It was hoped, however, that the coming of spring might be accompanied by a warming trend in Georgia's economic climate.

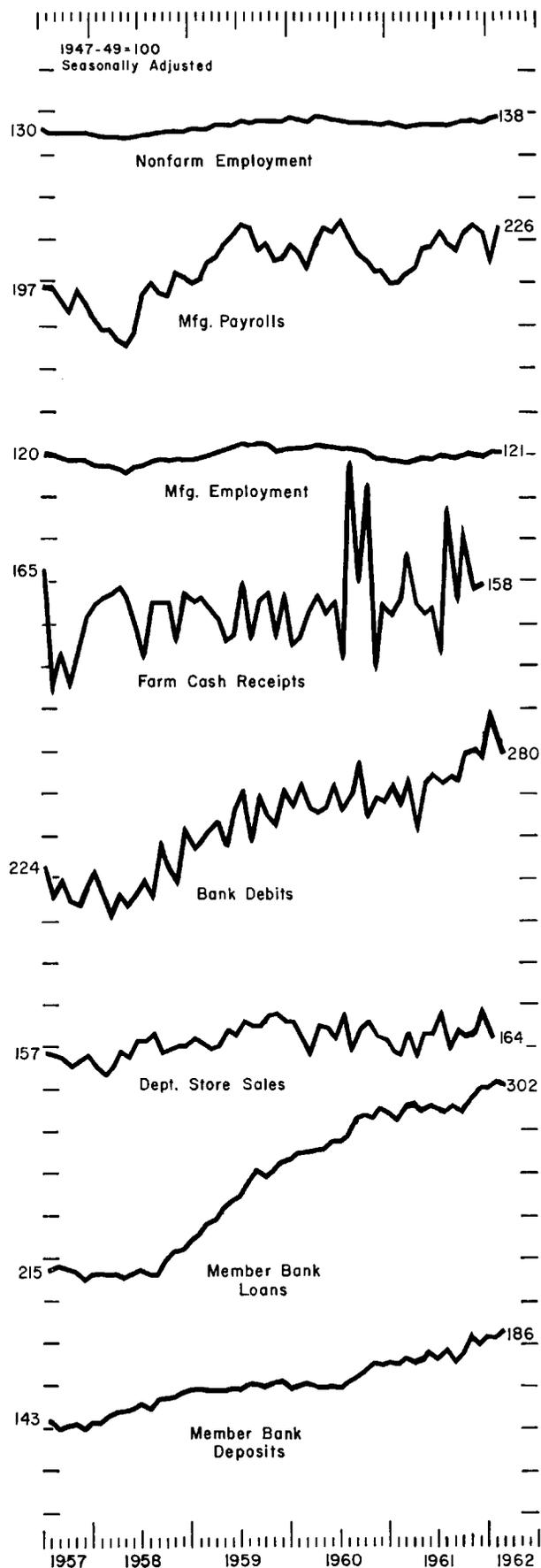
The evidence indicates that so far as the economy is concerned, spring arrived very late in Georgia in 1961, but that once it did arrive, it warmed things up rapidly. Total nonfarm employment remained at or below the January level until August. A slow but persistent rising trend since then brought it to a new record by February of this year. Personal incomes remained virtually unchanged through July, but they increased rapidly toward the end of the year and in December were almost 7 percent higher than those a year earlier. Bank debits, a measure of overall spending by businesses and consumers, followed a similar trend. As recently as September, the seasonally adjusted index stood where it was at the beginning of 1961. A sharp upturn since then has pushed it to a level well above that of a year ago.

Just as the pattern of recovery from the recent recession has differed from past patterns, so have the trends of economic activity in the various parts of Georgia differed from one another. A review of activity in the several trade and banking areas—those groups of counties having similar economic characteristics—will better illustrate the changes in the total economy.

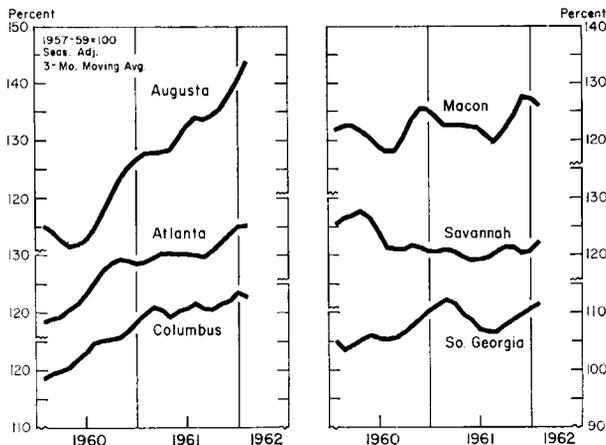
Although there are no overall measures available for comparing relative economic strength in the various parts of Georgia, indirect evidence of differing trends may be obtained from looking at a number of recent developments. Trends in member bank loans, which reflect in part the results of these developments, may be used as a guide for assessing the relative vigor of economic expansion in these areas.

The Augusta region has probably enjoyed the most substantial expansion in recent months. The metropolitan area has been highly successful in attracting new industries lately. Increased activities at Fort Gordon and the Savannah River Plant of the Atomic Energy Commission have also contributed to Augusta's current prosperity. February nonfarm wage and salary employment in the metropolitan area was 3 percent above that of a year ago

ECONOMIC INDICATORS Georgia



Member bank loans reflect different economic trends among Georgia trade and banking areas.



—almost twice the rate of increase reported by any other Georgia city. Reflecting these gains in the Augusta trade and banking area, seasonally adjusted member bank loans rose 11 percent during the year and were 40 percent above the 1957-59 average—the largest increases in the state during both periods.

The Atlanta trade and banking area, which contains most of North Georgia, has experienced mixed trends in recent months. A persistent decline in employment at a major aircraft factory and erratic production schedules at local automobile assembly plants tended to depress employment in the early months of the year, while reversals of those trends have added impetus to the upturn since mid-year. Low prices paid for poultry, a major source of income in the counties north of Atlanta, put a damper on the rapid growth that has characterized this industry in recent years. Balanced against these factors was a continued increase in government, wholesale trade, and financial employment. Bank loans remained virtually unchanged in the early months of the year. Since then, however, they have moved up rapidly, topping the year-ago figure by 5 percent in January.

Employment in textiles, the Columbus area's major industry, has failed to show a significant recovery from recession lows. Construction activity in metropolitan Columbus has slackened in recent months, and available indicators of consumer spending are at or below year-ago levels. An expansion at Fort Benning benefited the area, however, particularly in the early months of 1961. Bank lending, mirroring these developments, has remained almost unchanged, after having risen moderately through mid-1961.

At Warner Robins Air Force Base, civilian employment, which accounts for about one-fourth of total employment in metropolitan Macon, was below year-ago levels through the early months of 1961. Excessive rains in the spring and a long dry spell in the summer hampered farmers in the important cotton- and peanut-producing areas in the Macon region. These factors, combined with the failure of some local industries to increase employment to pre-recession levels, were reflected in a declining trend in bank lending activities. Successful farm marketings and increased nonfarm employment, however, were

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accompanied by a vigorous upturn in bank loans toward the end of 1961.

Savannah's economy was jolted in late 1960 and early 1961 by a double dose of troubles. The national recession resulted in reduced employment in the city's important pulp and paper industry and a decline in ocean shipping. In addition, military and civilian employment at Hunter Air Force Base were cut back substantially. Building activity fell to the lowest level in several years, putting Savannah at the bottom of the list of major Southern cities in the value of construction contracts in 1961. On the positive side, major expansion has taken place at a pulp and paper mill in Brunswick, and activity has increased at Glynco Naval Air Station. Nevertheless, bank loans in the Savannah region declined throughout the first half of 1961, and there has been little change since.

Many of the depressing factors noted elsewhere have prevailed in the South Georgia trade and banking area. Air Force training bases were abandoned in Moultrie and Bainbridge, and a substantial cutback in personnel took place at Moody Air Force Base in Valdosta, creating some unemployment in those cities. Rapid mechanization of cotton production in South Georgia just in the past year has aggravated an already serious decline in farm population. Reflecting both short- and long-run trends, bank loans in January were fractionally below those of a year ago and only 10 percent above the 1957-59 average.

Thus, the economic data for Georgia as a whole concealed important differences in conditions in the different parts of the state. Generalizations about the future are subject to the same limitations. Up to the present, all the important indicators for the state have pointed upward. The overwhelming impact of Atlanta in the statistics, however, may obscure developments in other parts of the state. In many communities, future textile employment may shape the business outlook. In some areas, the future depends upon the extent to which military cutbacks have been completed. In still others, the outlook will be influenced by planned new industrial plants or expansions.

ROBERT M. YOUNG

This is one of a series in which economic developments in each of the Sixth District states are discussed. Developments in Florida's economy were analyzed in the March REVIEW, and a discussion of Alabama's economy is scheduled for a forthcoming issue.

Bank Announcement

The Metropolitan Bank of Jefferson, Metairie, Louisiana, a newly organized nonmember bank, opened for business on March 1 and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers include Charles J. Derbes, Jr., President; A. J. Hynes, Executive Vice President; L. V. Busenlemer, Vice President; and E. S. Perret, Cashier. Capital totals \$300,000, and surplus and undivided profits, \$150,000.

Personal Income in Sixth District States

(Seasonally Adjusted Annual Rates, in Millions of Dollars)

	Jan. ¹ 1962	Dec. ² 1961	Nov. ² 1961	Jan. 1961
Alabama	4,915	5,128	5,200	4,742
Florida	10,612	10,749	10,770	10,062
Georgia	6,714	6,825	6,879	6,353
Louisiana	5,555	5,558	5,555	5,325
Mississippi	2,848	2,760	2,813	2,566
Tennessee	5,935	5,835	5,907	5,623
Total	36,579	36,855	37,124	34,671

¹Preliminary. ²Revised.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

	Percent Change					
	Year-to-date		2 months			
	Feb. 1962	Jan. 1962	Feb. 1961	Jan. 1962	Feb. 1961	Jan. 1962
ALABAMA						
Anniston	37,711	44,992	36,362	-16	+4	+8
Birmingham	856,201	959,377	767,410	-11	+12	+11
Dothan	36,110	40,566	34,160	-11	+6	+10
Gadsden	32,344	39,173	32,997	-17	-2	+4
Huntsville*	71,482	84,617	62,358	-16	+15	+17
Mobile	278,560	313,723	261,915	-11	+6	+5
Montgomery	163,180	186,415	150,850	-12	+8	+8
Selma*	23,942	27,980	21,838	-14	+10	+8
Tuscaloosa*	58,138	63,065	48,573	-8	+20	+16
Total Reporting Cities	1,557,668	1,759,908	1,416,463	-11	+10	+10
Other Cities†	728,065	844,904	667,618r	-14	+9	+9
FLORIDA						
Daytona Beach*	53,171	71,411	52,253	-26	+2	+6
Fort Lauderdale*	218,644	268,738	204,796	-19	+7	+10
Gainesville*	45,528	52,156r	38,731	-13	+18	+13
Jacksonville	836,031	1,041,540	815,586	-20	+3	+9
Key West*	17,488	22,967	16,255	-24	+8	+14
Lakeland*	79,826	100,554	86,245	-21	-7	-2
Miami	935,801	1,141,552	906,497	-18	+3	+5
Greater Miami*	1,375,612	1,722,137	1,340,073	-20	+3	+6
Orlando	253,144	317,155	244,804	-20	+3	+7
Pensacola	82,722	88,369	80,982	-6	+2	+0
St. Petersburg	221,803	289,022	198,611	-23	+12	+13
Tallahassee*	69,567	78,101	n.a.	-11	n.a.	n.a.
Tampa	428,256	518,018	409,405	-17	+5	+6
W. Palm-Palm Bch.*	168,621	200,677	141,075	-16	+20	+24
Total Reporting Cities	3,850,413	4,770,845r	3,628,816	-19	+6	+10
Other Cities†	1,732,251	2,143,754r	1,619,977r	-19	+7	+10
GEORGIA						
Albany	54,991	64,027	49,740	-14	+11	+14
Athens*	41,681	50,117	35,995	-17	+16	+17
Atlanta	2,151,667	2,510,286	1,882,511	-14	+14	+15
Augusta	109,377	131,110	99,821	-17	+10	+11
Brunswick	26,606	32,140	22,282	-17	+19	+21
Columbus	109,832	132,176	99,376	-17	+11	+14
Elberton	8,406	8,424	7,564	-0	+11	+1
Gainesville*	46,554	50,035	41,306	-7	+13	+7
Griffin*	19,655	21,850	17,530	-10	+12	+8
LaGrange*	16,456	19,135	17,770	-14	-7	-7
Macon	118,600	145,329	112,454	-18	+5	+10
Marietta*	31,497	36,839	28,104	-15	+12	+12
Newnan	20,997	24,198	22,046	-13	-5	+13
Rome*	46,352	51,794	51,390	-11	-10	-7
Savannah	161,242	189,626	144,799r	-15	+11	+11
Valdosta	31,230	39,877	29,994	-22	+4	+8
Total Reporting Cities	2,995,143	3,506,963	2,662,682r	-15	+12	+14
Other Cities†	943,360	1,092,436	900,540r	-14	+5	+6
LOUISIANA						
Alexandria*	75,006	84,700	62,958	-11	+19	+19
Baton Rouge	294,903	306,481	234,442	-4	+26	+16
Lafayette*	63,211	75,962	58,294	-17	+8	+10
Lake Charles	80,204	99,984	71,152	-20	+13	+14
New Orleans	1,278,033	1,458,145	1,236,331	-12	+3	+4
Total Reporting Cities	1,791,357	2,025,272	1,663,177	-12	+8	+7
Other Cities†	679,069	753,527	557,277r	-10	+22	+20
MISSISSIPPI						
Biloxi-Gulfport*	54,002	58,598	48,839	-8	+11	+11
Hattiesburg	37,068	40,555	34,203	-9	+8	+6
Jackson	341,166	366,016	283,428	-7	+20	+17
Laurel*	26,150	27,586	24,690	-5	+6	+1
Meridian	43,667	49,720	41,163	-12	+6	+8
Natchez*	23,714	24,192	22,437	-2	+6	+5
Vicksburg	21,290	24,281	18,706	-12	+14	+14
Total Reporting Cities	547,057	590,948	473,466	-7	+16	+13
Other Cities†	267,628	310,356	250,262r	-14	+7	+9
TENNESSEE						
Bristol*	48,074	54,482	43,268	-12	+11	+14
Chattanooga	316,332	430,255	288,652	-26	+10	+8
Johnson City*	40,398	46,312	38,764	-13	+4	+7
Kingsport*	80,226	94,933	74,665	-15	+7	+10
Knoxville	230,738	275,740	217,963	-16	+6	+4
Nashville	728,818	850,821	686,152	-14	+6	+9
Total Reporting Cities	1,444,586	1,752,543	1,349,464	-18	+7	+6
Other Cities†	566,569	650,143	564,116r	-13	+0	+2
SIXTH DISTRICT	17,103,166	20,201,599r	15,753,858r	-15	+9	+10
Reporting Cities	12,186,224	14,406,479r	11,194,068	-15	+9	+10
Other Cities†	4,916,942	5,795,120r	4,559,790r	-15	+8	+9
Total, 32 Cities	10,327,030	12,159,093	9,522,358	-15	+8	+9
UNITED STATES						
344 Cities	239,500,000	294,700,000r	222,700,000	-19	+8	+11

*Not included in total for 32 cities that are part of the national debit series maintained by the Board of Governors. †Estimated. r Revised. n.a. Not available.