sector of Georgia's economy stack up? The four largest components of manufacturing employment in Georgia are textile mill products, apparel, food, and transportation equipment, and the overall demand for these products is strong. The same is true of a substantial number of other types of manufactured products. Moreover, current projections of more than $60 billion national plant and equipment spending in 1966 implies more investment spending for Georgia industry.

Wholesale and retail trade contributes almost one-fifth of Georgians' personal income. There is little doubt that basic demand is running strong or that Atlanta and Georgia will remain the major regional center for trade. Location and transportation factors, always important, have now been augmented by two substantial new factors. First, many of Georgia's major cities have virtually rebuilt or are rebuilding their hotel, motel, and convention facilities. In addition, the 45,000 advance season ticket orders for Atlanta Falcon games came from fans in 22 states and

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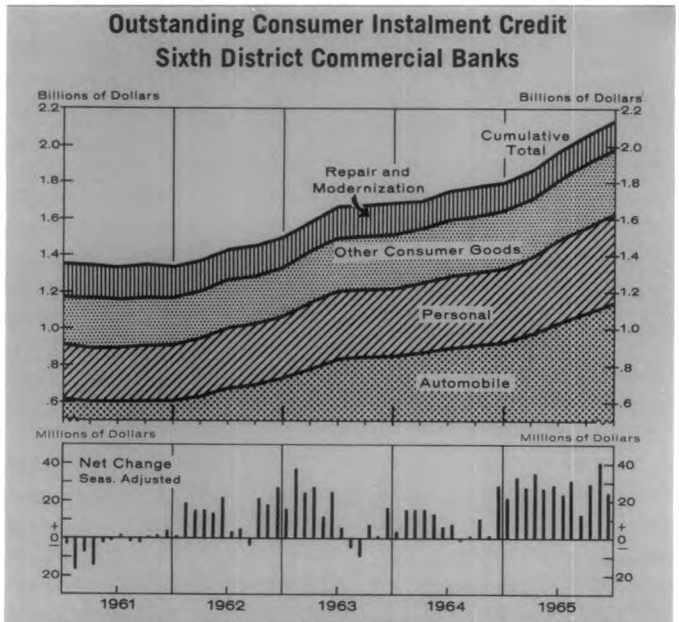
Instalment Credit Motors Upward

Consumers sank further in debt last year, as they used more instalment credit to buy goods and services than in any previous year of the business expansion that began in 1961. Outstanding instalment credit increased by 13.5 percent, bringing the total to $67.4 billion at year's end. The largest proportion of this gain occurred at commercial banks, which now hold over two-fifths of all instalment debt. Since consumer loans account for roughly one-fifth of commercial banks' total loans, the behavior of instalment credit was an important element in pushing up total bank lending.

Most of the recent increase in consumer credit was in instalment debt, which accounts for about four-fifths of all consumer credit. What is the nature of the debt's growth?

In periods of economic expansion, consumers usually supplement rising incomes with credit in order to buy more durable goods. The yearly figures for 1961-65 show that expenditures for consumer durable goods increased by 46 percent during the entire period, while disposable personal income advanced by 27 percent. This expenditure growth, combined with the availability and ease of obtaining credit, pushed instalment credit from 11.9 percent of disposable personal income in 1961 to 14.5 percent in 1965.



Sixth District consumers added steadily to their instalment debt at commercial banks during the 1961-65 period. Automobile and personal loans were responsible for nearly all the increase, with automobile loans accounting for 68 percent of the growth alone.

The growth in instalment debt at commercial banks in the Sixth District has occurred at about the same pace and for the same reasons as for the nation. Repair and modernization and other consumer goods loans at District banks did not increase during this expansion period; on the other hand, automobile loans and personal loans (i.e., loans for medical, educational, and travel purposes) advanced by 88 and 57 percent, respectively. Repayments of instalment debt continued upward, but at a slower rate than the increase in extensions of new credit. As a result, the amount of outstanding instalment debt at District banks reached $2.1 billion at the end of 1965. Automobile loans, which have accounted for 68 percent of the increase in instalment debt at District banks since 1961, now constitute 54 percent of the total outstanding debt.

Further evidence of the ease of instalment credit during this period is in the terms of automobile loans at District banks. The proportion of new car loans written for over 30 months increased from 62 percent in 1961 to 82 percent in 1965, according to reports from a sample of District banks. The average amount for which new car loans were written, in relation to the purchase price, also increased. Loans written for a balance exceeding 100 percent of dealer's cost jumped from 15 percent in 1961 to 23 percent in 1965.

Commercial banks make automobile loans directly by lending to the consumer and indirectly by purchasing paper from various loan companies and automobile dealers. District banks have apparently become more aggressive in competing for the consumer loan dollar, since the relaxation in terms of new car loans occurred in direct loans, as well as indirect loans.

Personal income in the Sixth District rose from $1,651 per capita in 1961 to $2,074 in 1965, according to preliminary estimates of this Bank. Consumers have higher incomes out of which to pay their debts, but a larger part of their incomes are now committed to repaying instalment debt. Nevertheless, consumers have been able to build up their savings. Per capita savings of individuals at financial institutions in the Sixth District states grew from $1,008 in 1961 to an estimated $1,500 in 1965.

Will the District consumer, like his national counterpart, continue to receive higher incomes, go further in debt, and at the same time be able to save more? Future economic developments will tell the story.

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