



# Monthly Review

Atlanta, Georgia  
April • 1958

## District Bank Lending Still High

**E**CONOMIC ACTIVITY has slackened less in the Sixth District than it has throughout the nation. Total employment here, for example, is only slightly below the advanced level of mid-1957, whereas it has fallen more sharply in the remainder of the country. Unemployment has risen somewhat in the District during the last few months, but it is still a smaller proportion of the labor force than it is in the nation.

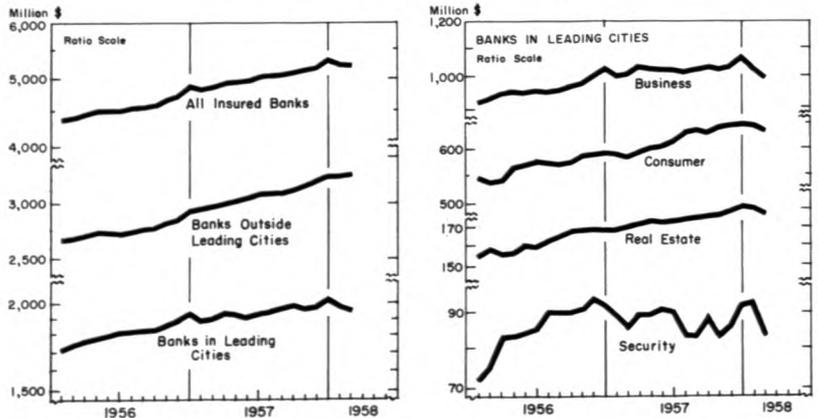
As businesses cut down on inventories and reduce operations, they usually need less credit. The demand for bank credit, measured by loans outstanding at commercial banks, therefore, is a general indicator of business activity. Reflecting the business downturn in the nation, bank loans did not rise as much during the fall of 1957 as they usually do, and declines this year have been larger than seasonal. Most of the weakness has been in business loans, principally those to sales finance, public utilities, and metals manufacturers.

Loan volume at District banks suggests that business activity here is holding up well. Loans at banks insured by the Federal Deposit Insurance Corporation, which comprise over 99 percent of loans at all banks, increased steadily last year, and the decline so far in 1958 has been little more than usual for this time of year.

Most of the strength in total loans in the District is centered in banks outside larger cities, where customers have increased their borrowings sharply in recent months; they have not yet shown any indication of needing less credit. Some signs of weakness, however, are evident at banks in larger cities; loans there during January and February declined more than during any similar period in recent years.

Loans increased more sharply at banks in smaller cities than in

### Loans at District Banks



*Federal Reserve Bank of Atlanta*

larger cities during 1956 and 1957. This probably reflected the greater lending capacity of smaller banks, which arose from an inflow of deposits, both from banks within and outside the District.

Business customers of banks in leading cities have brought about most of the recent downturn in loans. A drop off in business borrowing in the first two months of 1958 brought the total outstanding below the year-ago point for the first time since before World War II. In addition, loans to purchase and carry securities declined sharply in February after remaining stable during most of 1957. Consumers, however, increased their borrowings in late 1957 and reduced them about seasonally so far in 1958.

An examination of changes in business loans by industry reveals that sales finance companies have made much larger repayments of bank loans so far this year than they did in the like period of 1957. A decline in loans to these companies has accounted for almost half of the drop in total business loans. Some of this decline reflects a smaller need for credit because of lower automobile

sales. It is also likely, however, that sales finance companies are repaying loans with the proceeds of sales of paper in the open market. Similarly, public utilities have likely repaid bank loans with proceeds from security sales.

Food, liquor, and tobacco manufacturers have also reduced their borrowing somewhat this year. In addition, "miscellaneous industries," which include lumber, wood products, and furniture manufacturers have reduced their bank indebtedness appreciably. Textile manufacturers, on the other hand, have used more bank credit this year than last, and construction firms have borrowed more, whereas they made net repayments last year.

The decline in loans at banks in large cities probably reflects some weakening in business activity in the District. Part of the loan decrease, however, may have come about as borrowers obtained credit from sources other than banks. The strength in loans at all District banks, moreover, suggests that business activity has held up better in the District than it has throughout the nation.

W. M. DAVIS

## Farmers Use More Cash

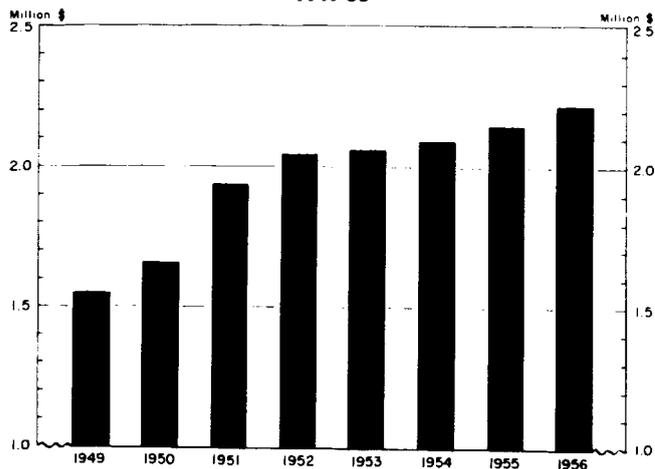
Radical changes occurring virtually overnight on farms in District states have made farmers step up their use of capital. Only eighteen years ago, for example, mule power drove the region's farm plant. Now it is powered largely by engines; there are about 450,000 tractors in use on the 540,000 commercial farms. Eighteen years ago there were 6.5 million people on our farms; now there are 4.0 million; farmers, therefore, use labor less freely. On some commercial cotton farms in the Piedmont of Georgia and Alabama, farmers used 5,130 hours of labor for farming in 1940, but only 3,980 hours in 1956. Because farmers had less labor available they had to make it more productive. Finally, the average District farm became larger in the eighteen-year period—62 percent larger. Some farmers enlarged their units by buying or

renting from others who released land; in this way they shifted to engine power more economically than they could have otherwise.

These events led to greater capital needs, which in turn caused financial problems. Farmers required more funds to buy assets like machinery, livestock, poultry, and buildings and to operate their farms. At the same time their economic risks increased because they had more fixed and operating capital invested and their costs rose. Farmers' need for more capital and the new structure of costs they are having to cope with are significant for two reasons: They are seeking more funds from those providing capital, and their response to the new cost structure is causing some important changes in our region's farm economy.

### Farm Production Expenses

Sixth District States  
1949-56



### Greater Capital Investment

When farmers substituted engine power for mule power they put much more capital into their businesses. Investment per farm operator in District states averaged about 3,500 dollars in 1940, according to the Sixth District Balance Sheet of Agriculture. By 1955, the investment averaged about 15,000 dollars. When the influence of rising prices is removed, the investments totaled 2,822 dollars and 5,338 dollars for 1940 and 1955, respectively. Farmers also invested more capital by committing more of their gross incomes for farm production. Outlays for production in 1957, for example, equaled 80 percent of gross receipts from marketings. Eight years earlier the proportion was 69 percent. This change came partly because farmers used more operating supplies. Between 1945 and 1956, for example, farmers on peanut-cotton farms in Georgia's and Alabama's southern coastal plains increased their total physical inputs for production by 45 percent.

Farmers were responding to economic forces when they

## Distribution of Physical Inputs for Production Farms in Selected Areas of the Southeast

1947-49 and 1956  
(Percent)

Physical Inputs	Cotton Farms						Peanut-Cotton Farms,	
	Southern Piedmont			Delta			Sou. Coastal Plains	
	1947-49	1956	1947-49	1956	1947-49	1956	1947-49	1956
Land and buildings . . .	16	17	12	10	11	13	11	10
Farm machinery . . .	15	21	15	33	14	23	14	23
Other capital . . .	3	2	2	2	2	2	3	3
	18	23	17	35	16	25	17	26
Family labor . . .	25	20	34	24	4	5	40	31
Hired labor . . .	17	15	18	7	51	28	7	6
Purchased feed, livestock, seed . . .	7	7	8	8	5	8	9	10
Other goods and services . . .	17	18	11	16	13	21	16	17
	66	60	71	55	73	62	72	64
Total . . .	100	100	100	100	100	100	100	100

Source: "Farm Costs and Returns, Commercial Family-Operated Farms by Type and Location, 1956," USDA, June 1957.

pumped this new capital into their farm units. War-born needs for food and fiber in recent years impelled many farmers to increase their capital investments. During the Korean War, for example, farmers in Louisiana's rice belt planted new rice land to provide rice for Asian customers. Also farmers used more capital on their farms because returns on it were high. In parts of the southeast in 1949, net income for family labor and capital used ranged from 10 to 20 percent of each dollar invested in the business, according to research by the United States Department of Agriculture. Returns were near the high end of the scale for farmers who had little capital invested and who were using family labor extensively. With labor thus underemployed, its productivity was low and that of the capital in use was high. Many farmers decided it would be profitable to use more capital and raise the output of their labor.

Capital investments in District farms also grew rapidly after 1952 because farmers were troubled by an adverse price-cost relationship; the prices they received for their products declined, whereas those they paid rose higher and higher. Caught in that vise, they used more funds to raise output and reduce unit costs. Finally, because farmers used more engine power, their operating costs became a larger part of their total costs. They had to meet that new cost structure by injecting more capital into their businesses.

### Effects of Investment

One of the most important results of the increased capital investments was higher output per worker. Production per hour of man labor on peanut-cotton farms in the southern coastal plains, for example, rose 48 percent between 1949 and 1956. A 91-percent gain was achieved in the period on large cotton farms in the Delta of Louisiana and Mississippi. Meanwhile costs per unit of production on these farms declined or held stable. Output increased most on crop farms, where engine power is quickly and readily translated into larger yields per acre. Use of more capital is less effective in raising the man-hour output for livestock; the production cycle is slower for some livestock products; also, engine power is further removed from the

finished product. Nevertheless, capital investments have helped District farmers lift output per man-hour for all livestock products by about a fifth since 1949.

Although farmers realized greater efficiencies in production by using more capital, they also incurred more economic risks. They need large incomes to protect their heavy investments in their physical plant; if their income fails, as when drought cuts yields, it quickly creates a financial strain for them. Also, farmers' total costs are higher and the pattern of costs is different. Thus they quickly suffer losses from declining prices for their products.

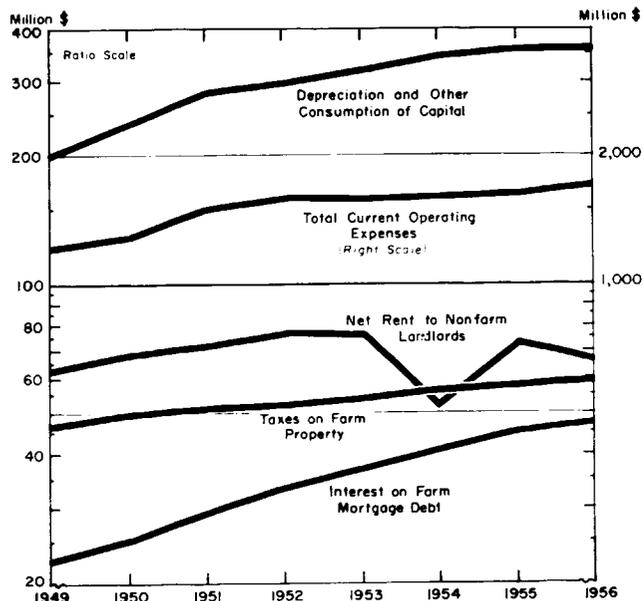
### New Structure of Costs

Costs bulk larger in District farmers' plans for production than ever before. For one thing they must plan on heavy expenditures to operate their businesses; total outlays for farm production grew 44 percent between 1949 and 1956. Three-fourths of these total costs stem from purchases of items used in current operations; depreciation charges add 16 percent, taxes 3 percent, rent to nonfarm landlords 3 percent, and interest on farm mortgage debt 2 percent. Out-of-pocket costs are largely for feed, labor, and repairs and operation of capital items.

Although operating expenses are still rising, the increase has slowed since 1951. Depreciation and interest costs are showing the greatest growth. This is seen clearly when farm expenses are related to cash receipts from marketings; current operating expenses, for example, soak up half of farmers' cash receipts but when depreciation and interest are added, the total soaks up 80 percent of receipts. On commercial cotton farms in Georgia's and Alabama's Piedmont and in the Delta of Louisiana and Mississippi, the proportion is 70 percent.

Other changes in costs joined with the rise in depreciation. Feed costs have a larger role on many District farms. With livestock and poultry production up in recent years,

**Production Expenses of Farm Operators  
Selected Items  
Sixth District, 1949-56**



**Distribution of Farm Cash Expenses**  
Sixth District States  
1949 and 1956

Item	Percent of Total	
	1949	1956
Current operating expenses . . . . .	79	76
Feed purchased . . . . .	16	21
Livestock purchased . . . . .	4	5
Seed purchased . . . . .	5	3
Fertilizer and lime . . . . .	17	16
Repairs and operation of capital items . . . . .	19	20
Miscellaneous . . . . .	14	15
Hired labor . . . . .	25	20
Total . . . . .	100	100
Depreciation and other consumption of farm capital . . . . .	13	16
Taxes on farm property . . . . .	3	3
Interest on farm mortgage debt . . . . .	1	2
Net rent to nonfarm landlords . . . . .	4	3
Total production expenses . . . . .	100	100
Amount (000,000 dollars) . . . . .	1,544	2,218

Source: "Production Expenses of Farm Operators by States," and "The Farm Income Situation," AMS, USDA.

21 cents of farmers' current expense dollar goes for feed; in 1949 feed took 16 cents of it. Machinery costs have become more important in total costs on most farms since 1949. Labor costs, however, now have a lesser place. Family and hired labor used on Piedmont cotton farms, for example, declined from 52 percent of all costs in the 1947-49 period to 31 percent in 1956. Farmers now pay out 20 cents of their current expense dollar for labor, compared with 25 cents in 1949.

Farmers find this new cost structure troublesome and difficult to combat. In past years their major variable cost was labor. They rolled with the punch from lower prices by taking less pay for their labor; sometimes they continued producing for awhile even though prices for their products fell drastically. With labor now less important in their costs, however, they cannot as readily absorb lower prices. Also, the feeds, fuel, fertilizer, poisons, and other items farmers are using more heavily are rigid cost items. They must be used to gain high yields, yet once farmers commit them for production they become sunk or fixed costs. A new firmness exists in farm costs because irrevocable cost items have a larger place in farming. Farmers, therefore, have higher and more inflexible break-even points. Many small cotton farmers and other farmers with small units find the new costs especially worrisome because they cannot effectively use more capital to raise their output.

**Farmers Seek Additional Capital**

Farmers can prosper only as they earn larger returns for their labor. Not only must they further enlarge their farm units by adding land, livestock, and the like, they must continue spending heavily for current operations to maintain their yields. Thus they need adequate working capital.

Some farmers obtain working capital within their own businesses; they set up reserves for depreciation or they commit more of their gross receipts for current farm expenses. Some adjust their spending for farm and home

items; they maintain their outlays for production but forego new television sets, radios, stoves, automobiles, and the like.

Many farmers are asking for more operating funds from off-farm sources, especially from commercial lenders. Bankers find District farmers demanding larger operating loans. Farm production loans made to cotton farmers by banks in 1956 averaged 772 dollars in size, up 162 percent from the average in 1947. Furthermore, farmers are seeking longer terms on the larger amounts they are borrowing.

Commercial lenders do not supply all the credit farmers use because the risks on individual loans frequently are very great. The risks sometimes stem directly from the new cost structure; large cash costs, for example, increase the risk of loss from crop failures or declines in prices. These risks are pushing some farmers to seek operating capital from merchants like feed and fertilizer dealers and manufacturers. In these cases, farmers often enter production contracts with the suppliers that transfer risks of lower prices, death losses, faulty management decisions, and the like to them.

Broiler growers are successfully adopting that technique. Their variable costs per pound of broiler, that are mainly for feed and chicks, are a large part of their total costs and also bulk large against the price of broilers. Thus a dip in broiler prices may quickly cause a loss. Broiler producers fear that. Even though some of them have some financial resources to absorb losses from declining prices they do not relish taking the risk. They often prefer to produce broilers for feed dealers, manufacturers, and others on contract and to use operating capital supplied by such firms. Other broiler growers having surplus labor but little or no funds also obtain working capital from feed firms under contract and thereby raise their labor productivity.

**Looking Ahead**

Lenders serving the District's farm economy are certainly helping to build its potential. Farmers needing both fixed and operating capital, of course, depend upon them for financial aid. High variable costs and fluctuating prices may induce growers to obtain funds for their operations by producing in an integrated program. Broiler producers have already done this effectively. Some hog growers, egg producers, and cattle feeders with surplus labor and skill at husbandry may seek funds that way. Crop farmers too need more operating and other capital. They will accumulate some themselves; banks will supply some; and business firms will supply some. Thus present-day costs in farming will cause some changes in our traditional farm businesses.

Fortunately changes in our farm economy, taken broadly, are more easily made than in some other regions. Farmers here are not as limited by climatic conditions, soils, and markets. The District's favorable environment for farming makes necessary adjustments easier and assures our farm economy a better future. As farmers' needs for capital are satisfied, the pace toward that better future is quickened.

ARTHUR H. KANTNER

# Variations in Unemployment

About 92 out of every 100 men and women in the nation's labor force are employed although some are working fewer hours per week than they were last year. The other eight are currently unemployed.

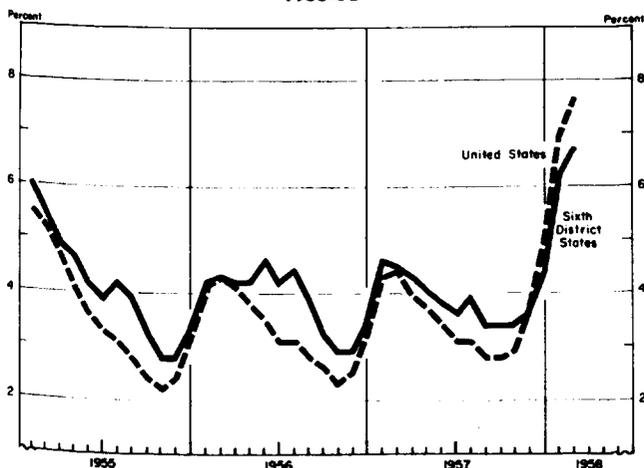
We can always expect some unemployment in our economy: there are always some people who are changing jobs; there are always seasonal layoffs of one kind or another; then there is a younger group who are looking for their first job. Recently, however, unemployment has risen sharply and is much higher than it has been for several years. The February rate of 7.7 percent, for example, compares with 4.7 percent during the same month of last year, and with an annual average of 3.9 percent in both 1956 and 1957.

These national figures on total unemployment do not show which areas have been affected most. In the absence of comparable data for individual states, however, we can discover something of what is happening in each state by using data on insured unemployment. The figures on insured unemployment tell us the number of people receiving unemployment checks under the various state unemployment insurance programs. When expressed as a percentage of the total number covered by the insurance programs, this number tells us the "rate" of insured unemployment. It is preferable to use this rate in analyzing increases in unemployment rather than the number of unemployed receiving checks, since an increase in that number may merely reflect greater coverage under the insurance programs.

It must be remembered, however, that only about two-thirds of the total labor force is covered by these programs, and therefore figures on insured unemployment may not be strictly representative of changes in total employment. Generally speaking, they change more sharply than the total, for they are more heavily weighted by the manufacturing sector which is subject to wide swings in employment as business conditions change.

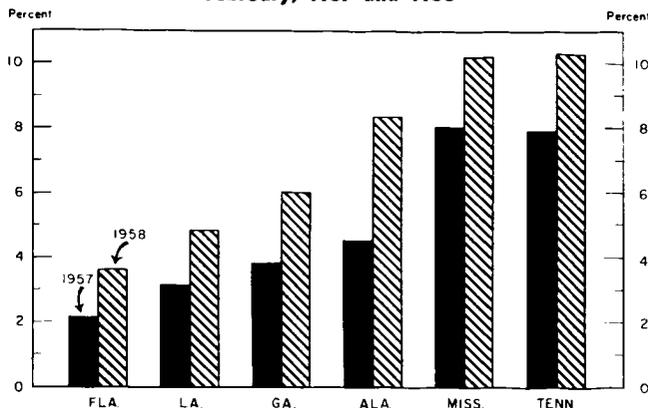
## Rate of Insured Unemployment

Sixth District States and United States  
1955-58



## Rate of Insured Unemployment

Sixth District States  
February, 1957 and 1958



Recently, insured unemployment has increased sharply in the District and in the entire country. Historical data show that insured unemployment usually rises during the first part of the year, but not as much as it has this year. The rate of insured unemployment in the Sixth District states was 6.7 percent in February, about half again as much as that of a year earlier. Since changes in this rate tend to be greater than changes in total unemployment, however, the overall situation is probably somewhat less serious than is indicated by this sharp rise.

District businessmen can also take some comfort from the fact that the rate of insured unemployment has increased considerably less in this region than it has in the country. The steeper climb in other areas was sufficient to reverse the positions of the lines in the accompanying chart showing insured unemployment in this District and in the United States. Throughout most of the last three years, the District rate of unemployment was above the national rate. Since last November, however, conditions have been reversed.

Why should unemployment increase less in this District? Largely because workers here do not depend as heavily on the types of industry suffering the sharpest declines in employment. Take the declines between September 1957 and January 1958: Nearly 60 percent of the national decline in the number of factory production workers was concentrated in three lines—primary metals, fabricated metals, and machinery. These three industries accounted for about 30 percent of the total number of production workers throughout the nation. By comparison, such industries in the Sixth District provide jobs to only about 14 percent of all factory workers.

Just as this District's picture of unemployment differs from the national one, the picture in each District state differs from that of the District. The overall picture in the area, in fact, hides some rather striking differences among the states, as the accompanying bar chart shows. At one extreme, we find Mississippi and Tennessee, where

the number of people receiving unemployment benefits in February of this year was over 10 percent of the total covered by the unemployment insurance programs. Florida, at the other extreme, enjoys the most favorable situation, with the unemployment rate at 3.6 percent. Even among the other three states, there is still considerable variation: 4.8 percent in Louisiana, 6.0 percent in Georgia, and 8.3 percent in Alabama.

Recalling that national declines in business activity have been most severe in heavy industries, we are not surprised to find that between February 1957 and February 1958 the sharpest unemployment increases occurred in Alabama, our most heavily industrialized state. Florida's unemployment is also up sharply from a year ago, largely because of more layoffs among construction workers. Mississippi and Tennessee have shown the smallest increases. These increases, however, have simply compounded prior weaknesses that have kept unemployment there substantially above other District states for a long time.

PHILIP M. WEBSTER

## Bank Announcement

The Federal Reserve Bank of Atlanta is pleased to welcome to membership in the Federal Reserve System on March 17, the National Bank of Newport, Newport, Tennessee. Officers of the bank are Charles T. Rhyne, Chairman and President; B. H. Ray, Vice President; George B. Nye, Cashier; and T. I. Magill, Assistant Cashier. It has capital stock of \$200,000 and surplus of \$67,500.

## Department Store Sales and Inventories\*

Place	Percent Change					
	Sales			Inventories		
	Feb. 1958 from Jan. 1958	Feb. 1958 from Feb. 1957	2 months 1958 from 1957	Feb. 28, 1958 from Jan. 31, 1958	Feb. 28, 1958 from Feb. 28, 1957	
ALABAMA	-6	-10	-6	+5	+5	
Birmingham	-6	-10	-7	+2	+15	
Mobile	-9	-8	-5	..	..	
Montgomery	-9	-10	-7	..	..	
FLORIDA	-9	-5	-2	+4	-5	
Daytona Beach	+9	-8	-4	..	..	
Jacksonville	-17	-10	-5	+3	-9	
Miami Area	-5	+0	+3	+5	-7	
Miami	-3	-3	-2	..	..	
Orlando	-11	-11	-8	..	..	
St. Petersburg-Tampa Area	-12	-6	-0	-1	+3	
St. Petersburg	-6	-16	-10	..	..	
Tampa	-17	+6	+11	..	..	
GEORGIA	-9	-7	-4	+11	-1	
Atlanta**	-12	-6	-3	+13	+2	
Augusta	-4	-12	-8	..	..	
Columbus	+0	-5	-2	-8	-9	
Macon	-1	-9	-8	+8	-6	
Rome**	-16	-26	-22	..	..	
Savannah	-3	-9	-8	..	..	
LOUISIANA	-10	-11	-6	+12	+1	
Baton Rouge	-11	-11	-6	+21	+5	
New Orleans	-9	-10	-6	+9	+1	
MISSISSIPPI	-12	-12	-8	+12	-3	
Jackson	-15	-13	-9	+5	-3	
Meridian**	-8	-10	-7	..	..	
TENNESSEE	-12	-13	-8	+8	-6	
Bristol (Tenn. & Va.)**	-11	-14	-6	+17	+6	
Bristol-Kingsport-Johnson City**	-10	-20	-14	+10	-13	
Chattanooga	-13	-10	-3	..	..	
Knoxville	-17	-15	-10	+8	-7	
DISTRICT	-9	-8	-5	+8	-2	

\*Reporting stores account for over 90 percent of total District department store sales.

\*\*In order to permit publication of figures for this city, a special sample has been constructed that is not confined exclusively to department stores. Figures for non-department stores, however, are not used in computing the District percent changes.

The *Monthly Review*, as well as other Federal Reserve publications, may be received upon request to the Publications Section, Research Department, Federal Reserve Bank of Atlanta, Atlanta 3, Georgia.

## Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

	Feb. 1958	Jan. 1958	Feb. 1957	Percent Change		
				Feb. 1958 from Jan. 1958	Feb. 1958 from Feb. 1957	1958 from 1957
ALABAMA						
Anniston . . . . .	30,346	36,257	32,175	-16	-6	-4
Birmingham . . . . .	633,735	743,387	709,670	-15	-11	-4
Dothan . . . . .	23,012	27,249	22,118	-16	+4	+3
Gadsden . . . . .	26,594	32,230	28,711	-17	-7	-4
Mobile . . . . .	242,204	271,553	294,414	-11	-18	-9
Montgomery . . . . .	124,394	135,265	122,182	-8	+2	+0
Selma* . . . . .	17,525	23,414	19,050	-25	-8	-1
Tuscaloosa* . . . . .	40,304	47,802	39,055	-16	+3	+8
FLORIDA						
Daytona Beach* . . . . .	50,983	63,077	45,976	-19	+11	+14
Fort Lauderdale* . . . . .	183,371	230,027	189,515	-20	-3	+2
Gainesville* . . . . .	30,693	38,560	29,236	-20	+5	+8
Jacksonville . . . . .	636,776	777,335	584,381	-18	+9	+13
Key West* . . . . .	13,785	16,507	15,276	-16	-10	-4
Lakeland* . . . . .	60,375	61,810	57,548	-2	+5	+4
Miami . . . . .	733,910	800,683	711,663	-8	+3	+2
Greater Miami* . . . . .	1,119,614	1,280,337	1,102,592	-13	+2	+1
Orlando . . . . .	159,099	186,537	155,483	-15	+2	+4
Pensacola . . . . .	74,002	84,571	75,259	-12	-2	+1
St. Petersburg . . . . .	155,751	189,150	147,382	-18	+6	+1
Tampa . . . . .	312,892	367,038	297,938	-15	+5	+7
West Palm Beach* . . . . .	104,742	122,369	94,595	-14	+11	+8
GEORGIA						
Albany . . . . .	48,112	60,510	48,370	-20	-1	+0
Athens* . . . . .	30,954	36,835	28,368	-16	+9	+8
Atlanta . . . . .	1,484,683	1,726,967	1,457,373	-14	+2	+5
Augusta . . . . .	82,391	88,281	83,278	-7	-1	-5
Brunswick . . . . .	19,937	23,819	17,272	-16	+15	+22
Columbus . . . . .	84,789	99,645	88,180	-15	-4	-3
Elberton . . . . .	6,870	8,643	6,132	-21	+12	+6
Gainesville* . . . . .	39,783	48,057	40,763	-17	-2	-2
Griffin* . . . . .	14,652	16,382	14,002	-11	+5	+3
LaGrange* . . . . .	17,385	23,304	17,987	-25	-3	-0
Macon . . . . .	91,093	111,519	92,295	-18	-1	+1
Marietta* . . . . .	22,498	28,132	22,303	-20	+1	-0
Newman . . . . .	13,618	19,548	15,303	-30	-11	+4
Rome* . . . . .	33,539	41,886	35,250	-20	-5	-2
Savannah . . . . .	159,944	177,870	157,495	-10	+2	+1
Valdosta . . . . .	20,980	25,907	22,723	-19	-8	-7
LOUISIANA						
Alexandria* . . . . .	62,686	73,560	61,423	-15	+2	+1
Baton Rouge . . . . .	173,942	225,262	163,017	-23	+7	+11
Lafayette* . . . . .	46,872	61,909	46,013	-24	+2	+6
Lake Charles . . . . .	78,371	94,779	74,025	-17	+6	+5
New Orleans . . . . .	1,152,792	1,357,998	1,222,617	-15	-6	-2
MISSISSIPPI						
Biloxi-Gulfport* . . . . .	37,978	38,978	36,700	-3	+3	+2
Hattiesburg . . . . .	28,654	33,024	28,304	-13	+1	+2
Jackson . . . . .	181,825	204,982	177,178	-11	+3	+0
Laurel* . . . . .	21,042	21,715	19,482	-3	+8	+6
Meridian . . . . .	32,654	36,437	31,748	-10	+3	+0
Natchez* . . . . .	19,581	23,192	18,981	-16	+3	+3
Vicksburg . . . . .	17,534	19,353	18,455	-9	-5	+1
TENNESSEE						
Bristol* . . . . .	33,280	37,923	32,920	-12	+1	+2
Chattanooga . . . . .	241,290	323,037	243,801	-25	-1	-3
Johnson City* . . . . .	33,247	41,169	33,471	-19	-1	+4
Kingsport* . . . . .	59,926	70,379	59,667	-15	+0	+5
Knoxville . . . . .	187,019	219,015	191,925	-15	-3	-3
Nashville . . . . .	543,974	626,313	524,877	-13	+4	+1
SIXTH DISTRICT						
32 Cities . . . . .	7,803,187	9,134,164	7,845,744	-15	-1	+2
UNITED STATES						
344 Cities . . . . .	181,693,000	212,862,000	177,343,000	-15	+2	+3

\*Not included in Sixth District totals.

# Sixth District Indexes

Seasonally Adjusted (1947-49 = 100)

SIXTH DISTRICT	1957												1958	
	JAN.	FEB.	MAR.	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.
Nonfarm Employment . . . . .	134	134	134	134	134	135	135	135	134	134	134	133	134r	133
Manufacturing Employment . . . . .	121	121	119	120	120	121	121	120	119	120	120	118	117	116
Apparel . . . . .	172	172	172	168	170	171	164	164	165	166	166	164	167	167
Chemicals . . . . .	132	132	131	134	136	136	136	133	133	131	131	131	129	129
Fabricated Metals . . . . .	165	164	166	172	175	179	185	180	177	178	176	172	173	169
Food . . . . .	117	117	116	117	116	117	118	113	113	113	114	115	117	117
Lbr., Wood Prod., Fur. & Fix. . . . .	83	83	80	81	81	80	80	80	81	80	78	78	77	76
Paper & Allied Products . . . . .	164	161	161	163	162	163	156	161	159	161	159	159	158	156
Primary Metals . . . . .	108	107	106	107	108	107	108	107	104	105	100	99	95	90
Textiles . . . . .	92	91	90	91	91	90	89	89	89	88	88	88	87	86
Transportation Equipment . . . . .	213	206	206	209	218	231	235	243	230	216	216	225	211r	197
Manufacturing Payrolls . . . . .	193	191	190	191	194	198	201	200	197	194	196	194	188	182
Cotton Consumption** . . . . .	90	86	86	84	88	89	87	89	90	86	85	79	83	78
Electric Power Production** . . . . .	309	288	298	297	308	310	298	297	299	303	299	295	317	n.a.
Petrol. Prod. in Coastal Louisiana & Mississippi** . . . . .	198	205	203	195	195	170	172	160	164	167	161r	175r	171	173
Construction Contracts* . . . . .	297	339	319	313	311	320	330	330	315	283	261	259	264	n.a.
Residential . . . . .	298	315	293	268	291	325	319	341	324	334	288	294	272	n.a.
All other . . . . .	295	359	339	350	327	315	340	321	308	241	239	229	257	n.a.
Farm Cash Receipts . . . . .	125r	127r	115r	129	132	142	148	109	83	93	102	123	124r	133e
Crops . . . . .	106r	120r	102r	120	135	150	149	74	62	76	82	108	103	n.a.
Livestock . . . . .	142	147r	139	149	146	145	158	152	147	157	151	173	160	n.a.
Dept. Store Sales** . . . . .	158	161r	161r	162	172	176	175	179	172	159	166	173	157r	147p
Atlanta . . . . .	151	157	159	141	163	158	159	167	154	149	154	156	151r	147
Baton Rouge . . . . .	184r	186	170	167	183	186	177	194	181	187	205	201	181	167p
Birmingham . . . . .	125	124	139	118	134	131	128	138	132	128	123	126	121	111
Chattanooga . . . . .	135	143r	141	139	141	146	149	151	147	141	147	145	142	128
Jackson . . . . .	115	114	102	98	112	107	119	121	111	102	115	117	109	99p
Jacksonville . . . . .	128	129	124	118	127	128	127	135	132	118	130	133	127	116
Knoxville . . . . .	156	150	144	146	154	148	151	158	156	139	144	156	146	128
Macon . . . . .	149	151	160	141	149	151	147	166	141	136	143	149	139	137
Miami . . . . .	221	227r	229r	229	252	251	267	274	267	244	231	255	234	227p
New Orleans . . . . .	135	151	132	140	142	148	148	148	151	145	140	147	132r	135p
Tampa-St. Ptsbg. . . . .	181	187	165	182	185	187	183	185	189	177	195	207	192	175p
Tampa . . . . .	160	161	142	148	157	165	159	167	165	147	180	201	185	171
Dept. Store Stocks* . . . . .	212	203r	202	203	198	198	204	203	201	208	206	207	202r	200p
Furniture Store Sales** . . . . .	112	117r	111	112	106	111	114	110	105	103	108	113	107	93p
Member Bank Deposits* . . . . .	153	154	156	160	159	159	162	160	161	159	159	162	161	161
Member Bank Loans* . . . . .	253	255	258	259	260	261	263	268	268	265	263	269	270	269
Bank Debits* . . . . .	218	226	216	223	224	223	231	225	231	221	216	235	227	226
Turnover of Demand Deposits* . . . . .	140	143	139	138	144	140	152	147	144	138	136	149	146	144
In Leading Cities . . . . .	150	153	148	156	159	160	168	166	158	145	144	160	157	155
Outside Leading Cities . . . . .	107	107	109	102	109	103	111	106	110	101	99	113	111	112
<b>ALABAMA</b>														
Nonfarm Employment . . . . .	123	122	122	122	123	123	123	123	122	123	122	121	122	120
Manufacturing Employment . . . . .	110	109	110	111	113	114	114	113	109	112	112	107	105	103
Manufacturing Payrolls . . . . .	180	177	178	177	181	185	187	193	187	188	185	173	171r	163
Furniture Store Sales . . . . .	129	125r	118	108	117	113	131	125	100	111	120	117	123	99
Member Bank Deposits . . . . .	135	136	137	143	140	140	140	139	139	136	136	139	139	139
Member Bank Loans . . . . .	209	210	211	214	215	219	219	223	226	223	218	222	224	221
<b>FLORIDA</b>														
Nonfarm Employment . . . . .	167	169	170	171	175	177	179	179	180	178	176	174	173	174
Manufacturing Employment . . . . .	166	167	169	172	174	177	177	180	179	180	182	179	174	173
Manufacturing Payrolls . . . . .	257	267	258	264	273	280	286	290	293	291	290	292	281	276
Furniture Store Sales . . . . .	107	125r	132	121	112	118	124	114	111	106	111	126	100	99p
Member Bank Deposits . . . . .	193	193	196	201	201	201	206	207	211	212	213	213	210	206
Member Bank Loans . . . . .	385	391	396	401	404	405	410	414	415	416	417	423	427	428
<b>GEORGIA</b>														
Nonfarm Employment . . . . .	131	131	130	131	130	129	130	130	130	130	130	129	129	128
Manufacturing Employment . . . . .	123	122	122	122	122	123	122	120	118	117	119	118	116	115
Manufacturing Payrolls . . . . .	198	193	192	192	194	196	198	199	192	187	198	191	184	178
Furniture Store Sales . . . . .	115	114	102	106	105	105	106	107	107	103	111	110	107	86
Member Bank Deposits . . . . .	138	136	140	144	142	142	145	141	141	138	137	142	141	141
Member Bank Loans . . . . .	207	208	213	214	214	216	218	219	217	212	208	212	210	208
<b>LOUISIANA</b>														
Nonfarm Employment . . . . .	130	131	130	131	130	131	130	131	130	130	130	130	129	129
Manufacturing Employment . . . . .	102	103	102	102	101	103	101	100	100	100	99	97	98	98
Manufacturing Payrolls . . . . .	172	175	173	174	174	173	174	173	174	173	172	171	173	172r
Furniture Store Sales . . . . .	141	136r	141	132	117	139	139	147	133	133	135	148	135r	118p
Member Bank Deposits* . . . . .	151	152	155	155	155	155	156	155	154	153	151	153	151	154
Member Bank Loans* . . . . .	257	256	259	259	262	261	267	272	271	268	265	274	268	269
<b>MISSISSIPPI</b>														
Nonfarm Employment . . . . .	126	126	125	125	124	123	124	123	125	124	124	124	125	124
Manufacturing Employment . . . . .	125	126	124	125	122	124	126	124	124	123	122	121	123	123
Manufacturing Payrolls . . . . .	207	212	210	207	207	211	219	217	213	208	206	212	212r	208
Furniture Store Sales . . . . .	90	100	89	92	89	92	83	75	85	80	95	107	88	77
Member Bank Deposits* . . . . .	143	144	145	152	155	155	157	158	154	147	149	154	163	164
Member Bank Loans* . . . . .	269	269	276	278	280	283	286	288	282	293	294	296	302	305
<b>TENNESSEE</b>														
Nonfarm Employment . . . . .	121	120	120	120	119	120	119	119	120	119	120	118	117	115
Manufacturing Employment . . . . .	119	117	118	119	118	118	117	117	116	115	115	114	113	110
Manufacturing Payrolls . . . . .	189	188	188	189	188	187	189	190	186	185	183	181	181	176
Furniture Store Sales . . . . .	86	90r	83	91	87	86	85	82	82	82	80	87	85	72
Member Bank Deposits* . . . . .	140	140	143	144	144	144	148	148	147	146	147	148	146	148
Member Bank Loans* . . . . .	221	218	223	226	229	233	236	236	236	230	233	236	239	233

\*For Sixth District area only. Other totals for entire six states. n.a. Not Available. p Preliminary. e Estimated. r Revised.

\*\*Daily average basis.

Sources: Nonfarm and mfg. emp. and payrolls, state depts. of labor; cotton consumption, U. S. Bureau Census; construction contracts, F. W. Dodge Corp.; petrol. prod., U. S. Bureau of Mines; elec. power prod., Fed. Power Comm. Other indexes based on data collected by this Bank. All indexes calculated by this Bank.

# SIXTH DISTRICT BUSINESS HIGHLIGHTS

THE DOWNTREND in business activity has been extended recently even though some economic indicators have shown increases. Employment and earnings declined again and consumer spending has been cautious. More recently, Easter sales have been encouraging and farm income has improved somewhat. Reflecting the somewhat easier over-all pace, bank lending in larger cities has declined, and member bank borrowings from the Federal Reserve Bank of Atlanta have continued downward.

Total nonfarm employment declined again in February after having improved slightly in the preceding month. Manufacturing employment continued its recent decline, and nonmanufacturing resumed a slight downward movement. With employment down, the number of people receiving unemployment checks rose further. Weekly earnings also declined, contributing to a further slide in factory payrolls during February.

Seasonally adjusted cotton consumption in February was back to about December's depressed level, after a slight improvement at the first of the year. Steel production also slipped further in February and March from already lower output. Seasonally adjusted crude oil production in Coastal Louisiana and Mississippi, however, rose slightly in February. Construction contract awards, seasonally adjusted, increased slightly in January, following several months of declines. In marked contrast to the general declining tendencies, electric power output rose sharply in January.

Cash receipts from farm marketings, seasonally adjusted, continued to rise, principally because of improved returns from livestock and poultry. Prices of beef, pork, and broilers are well above a year ago. The relation between costs of feed and selling prices continues more favorable than a year ago and is bringing about a further rise in livestock and poultry production.

Total spending, measured by seasonally adjusted bank debits, changed little during February following a decline in January. Seasonally adjusted sales at department stores in February declined to a two and one-half year low; furniture store sales dropped to the lowest point in over three years. Easter sales at department stores, however, have been high, as indicated by increases in early March. Automobile sales continue to be disappointing. Consumer credit outstanding at commercial banks showed the largest month-to-month decline in several years, and savings in the form of time deposits and life insurance rose more than seasonally.

Member bank deposits, seasonally adjusted, in February increased in all states except Alabama and Florida. Banks continued to reduce their borrowings from the Federal Reserve Bank of Atlanta, which lowered the discount rate from 2 3/4 percent to 2 1/4 percent, effective March 10. The Reserve System released reserves by two reductions in reserve requirements against demand deposits. More funds and larger loan repayments enabled member banks to add further to their security holdings. The drop in member bank loans in February was more than seasonal, and again centered at banks in major cities. In March, funds needed to meet Federal income taxes boosted business loans outstanding at banks in major cities, but last year's gain in total loans was not matched. Business borrowers at major Atlanta and New Orleans banks paid lower interest rates on the average in early March than they did last December.

