Monthly Review

ATLANTA, GEORGIA, JULY, 1957

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DISTRICT BUSINESS HIGHLIGHTS

Total nonfarm employment and factory payrolls rose to record highs, although weakness still exists in some manufacturing industries. Consumers quickened their rate of spending. Higher prices and larger output helped the farm economy. Bankers continued to expand their loans, and as reserve positions of member banks tightened, their borrowings from the Federal Reserve Bank of Atlanta were the highest this year.

Nonfarm employment advanced slightly to a new record in May as nonmanufacturing employment advanced further.

Factory payrolls increased further in May to about last December's high.

Textile activity, as measured by cotton consumption, increased slightly in May, but was still relatively low.

Steel operations were reduced somewhat in late May and June, but the operating rate still exceeds that for the nation.

Crude oil output dropped slightly in May, reflecting a further cutback in allowable production.

Construction contracts awarded in the first five months of this year were substantially above those a year ago.

Total spending, as measured by seasonally adjusted **bank debits,** established a new all-time record during May.

Department store sales in June, seasonally adjusted, approached the all-time high set last summer.

New car registrations, through April, continued to show a more favorable trend than in the nation.

Furniture store sales, seasonally adjusted, declined during May to the level of May 1956.

Consumer credit outstanding at commercial banks moved upward in May for the sixth consecutive month and continued to grow more rapidly than in 1956.

Consumer savings rose more than seasonally during May.

Crop and pasture growth was favored by the weather except in Louisiana.

Livestock production exceeds that at this time last year, principally because more beef is being marketed.

Farm prices of vegetables, beef, hogs, and broilers were above those of last year; prices of cotton, oranges, and eggs were lower.

Cash receipts from farm marketings topped receipts of last year because livestock product sales increased and prices improved.

Total loans at member banks, seasonally adjusted, rose somewhat during May; all states except Alabama shared in the increase.

Business loans at banks in leading cities increased during June principally because of borrowings by sales finance companies and metals firms.

Deposits at member banks, after seasonal adjustment, declined somewhat in May, but according to preliminary data rose during June.

Interest rates on short-term business loans made by banks in Atlanta and New Orleans increased slightly between March and June.

Privately held demand deposits and currency, after seasonal adjustment, declined in May for the first time this year.

Borrowings from the Federal Reserve Bank of Atlanta in June averaged slightly more than in May, the previous high month of 1957.

Bank Lending Reflects an Active Economy

Figures on bank loans are more up-to-date than many other economic data. Analysts frequently use them, therefore, as a clue to what is happening in business. Bank loan data for this spring, along with other indicators, tell us that businesses are no longer building up their stocks. Rather they seem to be unloading their shelves. Further weakness showed up in the building industry. Consumers and governments, however, spent more than at any time in the post-Korean War period. Adding it all up, we find that total business activity must have advanced, although more slowly than in late 1956.

Loan data for the Sixth District show that business activity is strong in our area. Loans at member banks were 35 million dollars, or one percent, higher on May 29, 1957, than on December 26, 1956; only two other Federal Reserve Districts bettered the District rate of increase through April this year. In May 1957, moreover, these loans in our District were 9 percent above last May.

The rise in loans varied widely among banks. Smaller banks and those located outside leading cities generally enjoyed the greatest gains. Country member banks expanded their loans 12 percent from last May. This was twice the rate of increase at reserve city banks and one-half again larger than the gain at member banks in leading cities. Nonmember banks probably expanded their loans at about the same rate as country members.

During a business boom, banks in the money market centers usually feel the impact of credit policy before those outside, especially those in the smaller communities. It is not surprising, therefore, at this stage of the boom, that banks in smaller cities are enjoying a greater rate of expansion, not only of loans but also of deposits.

In an area of rapid development such as this District, one would expect growth to be greater in places other than the older, more established banking centers. Such was the case this year. At Orlando, Florida, loans, deposits, and bank debits increased sharply. Several other Florida and Southern Louisiana cities also registered larger gains in loans than Atlanta, Nashville, and Birmingham.

To understand economic conditions, it is more important to find out how much various types of borrowers received than how different banks fared. We have figures of this type for March 14, 1957. They show that businesses owed District member banks 9 million dollars more than at the end of 1956. No other class of borrowers showed such a large gain; security loans rose 4 million dollars and real-estate loans 3 million. Loans to consumers and farmers declined.

Business gets almost 50 percent of all loans. In the term business we include manufacturers, wholesalers, retailers, sales finance companies, automobile dealers, electric companies, building contractors, and many others.

How much do these firms borrow? Why do they borrow? The answers to these questions depend on how good business is, how much money the firm already has, and other similar factors. Some borrow to finance purchases of materials that go into a finished product, which they sell and get paid for some time hence. Others borrow to build up stocks, to expand their plant and equipment, or for other reasons.

This spring, the changes in loans reflected, in part, changes in inventories. Some businessmen, piling up merchandise, turned to banks for financing help; others, unloading their shelves, often used the money from the sale of the goods to repay their loans.

Inventory Changes Affect Bank Lending

In the nation's textile field, mill inventories changed little, whereas last year they rose substantially. Since mill owners, therefore, needed less credit this year, bank loans to textile, apparel, and leather firms rose less than a year ago at banks in leading cities, for which we have the most complete information on business loans. At 22 banks in leading District cities, textile loans since the end of 1956 likewise increased less than in early 1956. Textile workers in the District have been putting in increasingly fewer hours since December; also, the number of textile workers is down this year, although less so percentagewise than in 1956. Trade papers report a pick-up in textiles, but it is confirmed only by a slight rise in seasonally adjusted use of cotton by District mills in May; the May figure, however, is below that of last year.

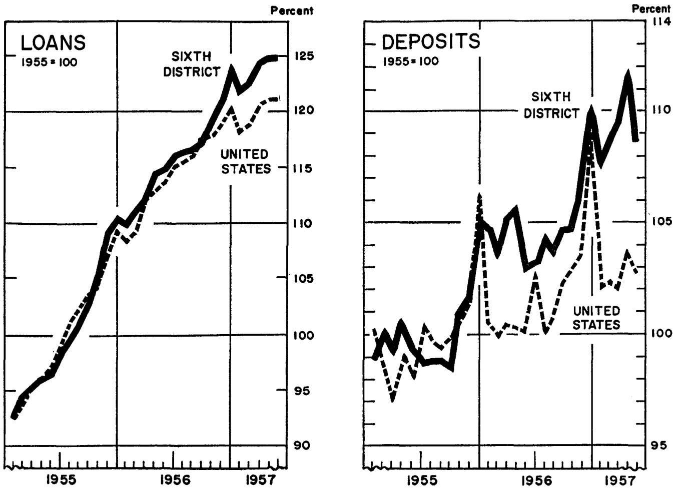
In another important District industry—lumbering—stacks were higher. For the first four months of 1957, inventories of Southern pine in the District rose 9 percent; they had declined in 1956. This year's inventory accumulation helps explain why unclassified manufacturing and mining loans went up; that group is heavily loaded with lumber loans. Further weakness in lumbering is revealed by greater cuts in employment in lumber and furniture this year than in 1956.

Pulp and paper manufacturers borrow infrequently from District banks. This year, those who did borrow probably did so largely to finance inventories. National stocks of pulp and paper continued to rise more than seasonally through April.

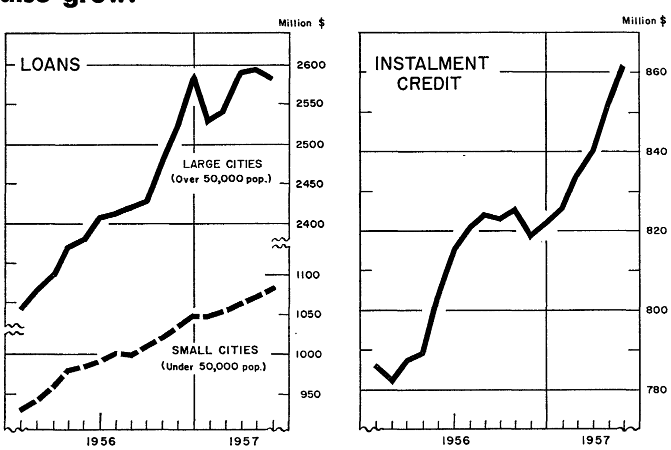
Lending to metal firms, that generally added to their stocks, has also been buoyant. At banks in leading cities, metal loans advanced much like those in the nation. This year's increase in the District is just about as high as the exceptionally large gain in 1956. At that time prospects of a steel strike encouraged inventory stocking, and business investment in plant and equipment was rising more rapidly than now. Many persons anticipated the recent price hike in steel, which may have stimulated inventory building. The 1957 advance in loans also reflects the continued vigorous expansion in plant and equipment.

LENDING AT DISTRICT BANKS

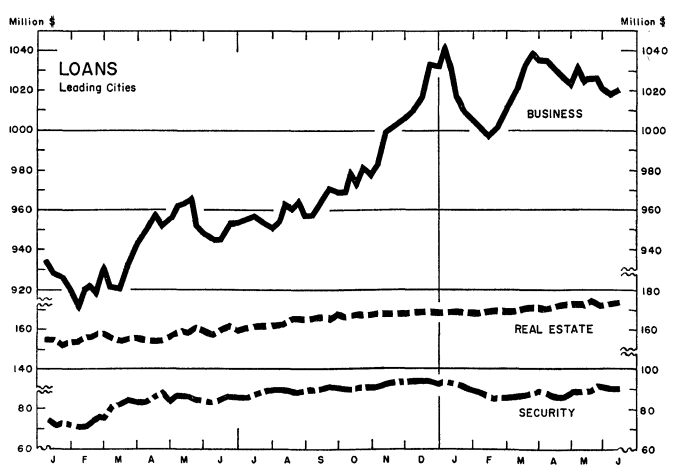
In the first half of 1957, the growth in loans and deposits at all member banks in the District outpaced that in the nation.



Lending fluctuated at high levels at member banks in large cities of the District, but rose steadily in small cities. Consumer credit at all commercial banks also grew.



Business loans at member banks in leading cities increased less than they usually do at this time of year.



Gains Less Than Seasonal

Total business lending increased less in the District this spring from December than in previous years. Growth in credit extended to manufacturing and mining firms combined was the weakest of all by far. It increased only 8 million dollars through June 26 at banks in leading cities, compared with a gain of 30 million in 1955 and in 1956. This year's smaller rise was largely because of a sharp drop in food, liquor, and tobacco borrowing.

Public utilities, on the other hand, apparently went to the banks often. They increased their borrowings 6 million dollars this year; last year they reduced them. Nationally, the increase was somewhat larger than in 1956.

Sales finance companies also borrowed far more from District banks this year than in 1956. This reflected automobile dealers' needs for funds to carry near-record numbers of new cars. Sales finance companies traditionally furnish a large proportion of dealers' "floor-planning." From time to time, however, they shift from banks to other lenders. In January, they repaid their bank loans with the proceeds of commercial paper sold in the market. After going back to the banks in March and April, they once again sold commercial paper to trim their bank debts, only to return to the banks in June. How much bank credit is available largely causes such ups and downs in borrowings of sales finance companies.

Trade Loan Strength Deceptive

Trade concerns gave a big boost to District business lending. They usually borrow about one-fourth of the total dollar amount lent to business. Borrowings by wholesalers and retailers at leading banks rose almost as much this year as last. In contrast, trade loans in the nation have not measured up to the rise of 1956 or 1955; the pattern has instead been more like that in 1954.

The strength suggested by District loan figures is not evident in other trade statistics. Retailers, who accounted for most of the loan increase, saw little change in the trend of their sales from last year. Yet, their stocks did not seem to increase enough to explain the increase in loans. Stocks at department stores in the first quarter of 1957 probably went up only slightly more than seasonally.

We know that the strength in trade loans lies partly in the fact that some national firms shifted from money market centers to large District banks for their financing. Many of these firms began using their lines of credit here simply because credit policy and other factors had made it more difficult for them to secure credit from their usual suppliers.

Rising Consumer Credit

Consumer credit boosted total bank lending considerably. Instalment credit alone had increased 39 million dollars at all commercial banks in the District by the end of May. This increase compared with only 19 million in the first five months of 1956. The gain through April somewhat exceeded the national rate. That gains in automobile loans were especially high is not surprising, since new car registrations in the District are 7 percent ahead of 1956. In the nation they are little changed from last year. The smaller District banks that have become increasingly aggressive in their instalment lending accounted for much of this growth.

In the District, awards for residential building were holding up better than in the entire country. In line with this development, real-estate loans on residential property, other than farmland, held stable between December 31 and March 14; the nation experienced a decline.

Farmers apparently were less active borrowers this spring than last. Farm production loans at all District member banks rose only 4 million dollars between the end of 1956 and March 14, a somewhat less than seasonal rise. From a year ago, production loans are actually down, but are likely to show a rise when data covering the planting season are out.

Also, farmers in the District probably relied less on nonbank credit; in the nation they did just that. Life insurance companies and Federal Land Banks, for example, made fewer loans than last year. Farmers had to pay, on the average, higher interest rates than they did last year, 5½ percent compared with 4½ in 1956. For this reason, some have probably not been too eager to refinance their mortgage debt to get operating capital. Others must have borrowed less because they took part in the acreage reserve of the Soil Bank program. For all District states, some 21 percent of the allotted cotton acreage was pledged to the Soil Bank.

Participation in the Soil Bank is by no means the only reason why farmers borrowed less. In some areas farmers are leaving the farm; hence such loans are fewer. Farm loans outstanding at member banks are below year-ago totals in many sectors: The peanut belt of Georgia and Alabama; the sugar cane areas of Louisiana; the flatwoods of Georgia and Florida; and the Piedmont of Georgia and Alabama.

Supply of Credit

How were District banks able to turn in such an impressive record of meeting their customers' needs? For one thing, they were able to retain their deposits. Since December, total deposits at member banks have risen almost steadily. By the end of May, they were 6 percent above those of May 1956. Nationally, the increase through April was only 3 percent. Secondly, banks apparently gained a sizable amount from other areas, since the rise in deposits roughly matched the increase in loans and investments. The Treasury, for example, spent more in the District than it collected here. Some banks whose reserve positions were pinched were temporarily accommodated at the discount window of the Federal Reserve Bank of Atlanta.

Not only were banks able to make more loans but also, unlike banks throughout the nation, they added somewhat to their holdings of investments, mainly United States Government issues. Again, the increase was not uniform for all classes of banks. Country banks expanded their holdings more than enough to offset a sizable reduction at reserve city banks. The growth at nonmember banks equaled that of country banks.

Will the Rise Continue?

What course will total loans take in the last half of this year? If the seasonal pattern holds, they will rise. How much they will rise depends on the pace of activity in many fields. Perhaps much of the upward trend in loans in the District and the declining trend elsewhere reflect only the lesser importance of durable goods industries here. The durable goods area has been one of the major soft spots. Thus, if stock cutbacks are over, loans to finance inventories will expand relatively more in the nation than in the District.

The consumer may decide to step up his buying of cars and other durables and give loans a boost. So far this year, he has not increased his spending as much as his income has gone up. Yet, of all the influences on loans, credit policy may well be the most important. It will probably continue to have a deciding impact on some industries and home and business construction. Unless credit policy is changed, therefore, the present loan pattern is unlikely to change dramatically.

Harry Brandt

Bank Announcements

On June 21 the Englewood Bank, Englewood, Florida, opened for business as a nonmember bank, remitting at par for checks drawn on it when received from the Federal Reserve Bank. Officers are William L. Hart, President; J. T. Sheppard, Vice President; Edward J. Bramlage, Cashier; and Mrs. Margaret E. Leach, Assistant Cashier. Capital stock totals $100,000 and surplus and undivided profits $45,000.

On July 1 the Merchants and Planters Bank, Newport, Tennessee, began to remit at par. The bank's officers are J. B. Ruble, President; Carl B. Mims, Cashier and Vice-President; J. M. Stooksbury, Executive Vice-President; T. I. Magill and Mrs. Nelle Williams, Assistant Cashiers. Capital totals $125,000 and surplus and undivided profits $454,000.

Another nonmember bank going on the par list July 1 was the Community State Bank of Starke, Starke, Florida. Officers of this bank are S. D. Clarke, Chairman of the Board; Charley E. Johns, President; and William S. Terry, Cashier. Its capital totals $100,000 and surplus and undivided profits $45,000.

On July 6, The Bank of Stone Mountain, Stone Mountain, Georgia, opened for business as a nonmember, par-remitting bank. C. Arthur Drew is President; Dr. J. Rufus Evans is Vice President; and Robert L. Maughon is Cashier. Capital amounts to $100,000, and surplus and undivided profits to $25,000.

Seasonal Swings in Electric Power

Bankers, businessmen, and economists are continually looking for signs of economic changes. They learn from accounting systems what is happening in individual firms, but such precise accounts for the general economy are not available. To measure overall changes, they must appraise changes in various economic indicators.

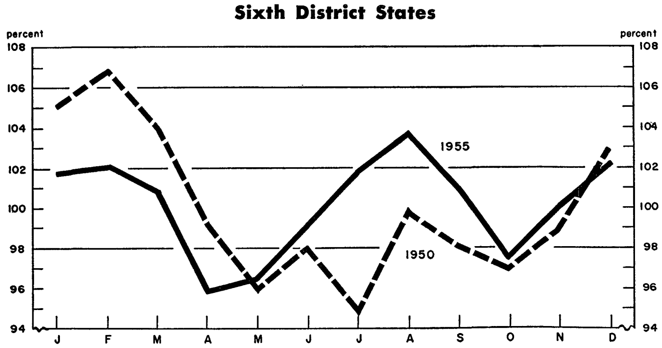
One piece of the puzzle that helps give shape to the picture is output of electric energy. For a number of years, the Federal Reserve Bank of Atlanta has published monthly indexes of electric energy generated in an average day by privately and publicly owned utilities in Sixth District states. These data are based on production figures published by the Federal Power Commission, which in turn are derived from reports of generating plants that produce most of our electric power. Energy generated by private industry for its own use, making up 14 percent of the total in 1956, is not included.

The index of electric power is now more valuable as an economic indicator than it was in the past. Beginning with this issue of the *Monthly Review,* it is being published on a seasonally adjusted basis. Heretofore, we showed only the unadjusted figures.

Most of us are aware that we have been using more and more electric power in recent years. That production increased rapidly, therefore, is not surprising. During any year, output fluctuates rather widely because demand changes with the seasons. However, it would be a mistake to try to find out underlying trends in the industry by looking at changes during any one season. Neither can we assume that changes for any one year are typical for all years. To bring the basic trend into focus, or to seasonally adjust the series, we use data for several years to

Seasonal Adjustment Factors for Electric Power Production

Sixth District States



determine the average variation in production associated with the seasons. The actual change is then adjusted to eliminate seasonal influences. In recent years, for example, electric power production increased, on the average, about 3 percent from May to June. By subtracting this change from the actual change in June, we are able to determine the more fundamental movement.

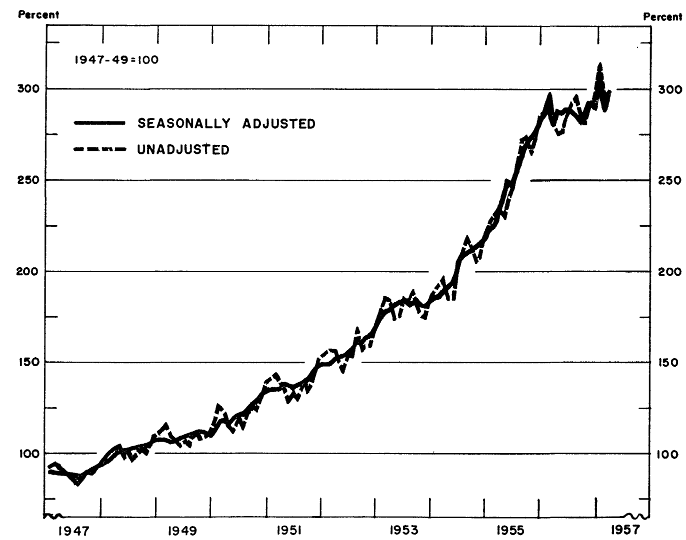
With electricity being so widely used on an increasing scale, production is affected by many new developments. Since seasonal fluctuations may also change, it is wise to continually review expected seasonal changes based on historical data. The chart illustrates the change in the seasonal pattern since 1950.

In 1950, electric utilities in the Sixth Federal Reserve District expected their output to be highest in winter, when longer nights mean increased lighting demands. Also, cold weather increases the demand for heating in some areas where electricity is used for that purpose. Since 1950, summer demands have risen so sharply that the production peak now occurs in August. The increased use of air conditioning, principally by commercial establishments, explains this radical shift in the seasonal swing.

Having adjusted for such expected changes, we derive the smooth line shown in the chart below along with the unadjusted data. In view of the recent rapid and much publicized economic development of this region, we are not surprised to see the strong upward trend.

Electric Power Production

Sixth District States



Since commercial and industrial establishments are the heaviest users of electric power, the increases in electric output have reflected in large part the industrial expansion in this area. Residential consumers, also important users of power, have increased their demand as they acquired new homes and put to use the wider range of new home appliances available today. In recent years the Atomic Energy Commission has had to have more electric energy because of its sharply expanded program. Largely met by the Tennessee Valley Authority, this additional demand had marked effects on output in Tennessee and Alabama.

We see that the value of figures on electric power production is enhanced by seasonal adjustment. We also see from a brief look at the numerous factors affecting power output that this adjustment is only a starting point in determining economic developments. More basic movements, once determined, usually raise still further questions, and finding the answers is an intriguing as well as informative process.

PHILIP WEBSTER

Sixth District Statistics

Instalment Cash Loans

		Percent Change			
		Volume		Outstandings	
		May 1957 from		May 1957 from	
Lender	No. of Lenders	April 1957	May 1956	April 1957	May 1956
Federal credit unions	36	+21	+25	+2	+15
State credit unions	15	+23	+28	+5	+24
Industrial banks	6	—26	—17	—1	+3
Industrial loan companies	12	—6	—7	—1	+2
Small loan companies	23	+5	+20	+1	+16
Commercial banks	39	—0	+11	+1	+12

Condition of 27 Member Banks in Leading Cities

(In Thousands of Dollars)

				Percent Change June 19, 1957, from	
Item	June 19 1957	May 22 1957	June 20 1956	May 22 1957	June 20 1956
Loans and investments—					
Total	3,367,926	3,369,691	3,342,521	—0	+1
Loans—Net	1,895,307	1,881,612	1,770,950	+1	+7
Loans—Gross	1,929,401	1,915,485	1,799,593	+1	+7
Commercial, industrial, and agricultural loans	1,037,094	1,034,934	954,187	+0	+9
Loans to brokers and dealers in securities	40,146	40,295	35,617	—0	+13
Other loans for purchasing or carrying securities	50,893	51,166	49,987	—1	+2
Real estate loans	173,356	172,806	161,411	+0	+7
Loans to banks	15,688	16,914	17,847	—7	—12
Other loans	612,224	599,370	570,848	+2	+7
Investments—Total	1,472,619	1,488,079	1,571,571	—1	—6
Bills, certificates, and notes	401,011	427,425	520,228	—6	—23
U. S. bonds	767,422	758,633	738,698	+1	+4
Other securities	304,186	302,021	312,645	+1	—3
Reserve with F. R. Bank	482,847	477,341	520,274	+1	—7
Cash in vault	52,954	51,769	51,069	+2	+4
Balances with domestic banks	275,925	255,824	270,216	+8	+2
Demand deposits adjusted	2,252,629	2,279,197	2,380,738	—1	—5
Time deposits	762,306	752,340	638,904	+1	+19
U. S. Gov't deposits	101,332	79,620	111,857	+27	—9
Deposits of domestic banks	680,186	641,431	668,100	+6	+2
Borrowings	50,750	58,687	71,000	—14	—29

Department Store Sales and Inventories*

	Percent Change				
	Sales			Inventories	
	May 1957 from		5 Months	May 31, 1957 from	
Place	April 1957	May 1956	1957 from 1956	April 30 1957	May 31 1956
ALABAMA	+7	+2	+1	—6	+2
Birmingham	+5	+5	+1	—5	—1
Mobile	+6	+4	+9	..	..
Montgomery	+12	—13	—9	..	..
FLORIDA	+1	+8	+6	—6	+7
Jacksonville	+13	+0	—0	—7	—2
Miami Area	+1	+14	+11	—6	+14
Miami	+2	+1	+1	..	..
Orlando	+8	+10	+6	..	..
St. Ptrsbg-Tampa Area	—2	+7	+3	..	..
St. Petersburg	—9	+15	+8	—3	+10
Tampa	+6	+1	—1	..	..
GEORGIA	+8	+4	+1	—10	—1
Atlanta**	+10	+9	+3	—11	+2
Augusta	+4	—11	—7	..	..
Columbus	—2	—10	—11	—8	—20
Macon	—1	—6	—1	—5	+4
Rome**	—8	—2	—6	..	..
Savannah	+8	+0	—3	..	..
LOUISIANA	+3	—2	—2	—5	+9
Baton Rouge	+13	+14	+16	—7	+36
New Orleans	+1	—5	—5	—5	+4
MISSISSIPPI	+5	+0	—2	—8	—2
Jackson	+9	+1	—3	—9	—5
Meridian**	—7	—4	—5	..	..
TENNESSEE	+2	+3	+3	—2	+3
Bristol (Tenn. & Va.)**	—0	+3	+3	—4	+4
Bristol-Kingsport-Johnson City**	—1	+1	+1	—5	+3
Chattanooga	+4	+2	+1	..	..
Knoxville	+4	+2	—0	+1	—1
Nashville	+1	+4	+9	—1	+3
DISTRICT	+4	+3	+2	—6	+4

*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.

Wholesale Sales and Inventories*

	Percent Change					
	Sales			Inventories		
		May 1957 from			May 1957 from	
Type of Wholesaler	No. of Firms	April 1957	May 1956	No. of Firms	April 1957	May 1956
Grocery, confectionery, meats	33	—3	+2	32	+0	—4
Edible farm products	7	+39	+9	..	..	..
Drugs, chems., allied prods.	12	—3	+2	9	—1	—4
Drugs	6	—5	+1	..	..	..
Tobacco	5	+11	+0	..	..	..
Paper, allied products	24	+1	+4	..	..	..
Automotive	48	+11	+15	47	—0	—6
Machinery: equip. & supplies Industrial	20	—13	+15	15	+3	+26

*Based on information submitted by wholesalers participating in the Monthly Wholesale Trade Report issued by the Bureau of the Census.

Retail Furniture Store Operations

	Percent Change May 1957 from	
Item	April 1957	May 1956
Total sales	+17	+0
Cash sales	+24	+13
Instalment and other credit sales	+17	—1
Accounts receivable, end of the month	+1	+1
Collections during month	+10	+5

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

				Percent Change		
				May 1957 from		5 Months
	May 1957	April 1957	May 1956	April 1957	May 1956	1957 from 1956
ALABAMA						
Anniston	36,240	32,422	38,031	+12	—5	—5
Birmingham	718,028	652,306	670,157	+10	+7	+8
Dothan	24,870	24,707	23,751	+1	+5	+6
Gadsden	32,583	30,392	30,888	+7	+5	+9
Mobile	270,528	277,624	252,519	—3	+7	+20
Montgomery	142,114	126,440	138,655	+12	+2	+7
Tuscaloosa*	41,634	38,922	42,056	+7	—1	—0
FLORIDA						
Jacksonville	648,738	617,037	578,736	+5	+12	+6
Miami	718,441	748,783	605,324	—4	+19	+18
Greater Miami*	1,113,262	1,173,801	949,026	—5	+17	+18
Orlando	161,944	161,364	136,820	+0	+18	+22
Pensacola	81,621	80,908	73,877	+1	+10	+13
St. Petersburg	154,662	157,511	130,067	—2	+19	+19
Tampa	317,598	309,594	277,518	+3	+14	+16
West Palm Beach*	100,732	106,787	96,194	—6	+5	+10
GEORGIA						
Albany	56,472	54,892	53,236	+3	+6	+6
Atlanta	1,629,389	1,627,646	1,518,627	+0	+7	+5
Augusta	87,364	83,918	93,556	+4	—7	—5
Brunswick	19,568	18,508	16,865	+6	+16	+10
Columbus	101,273	93,818	99,112	+8	+2	—2
Elberton	8,558	8,261	7,456	+4	+15	+19
Gainesville*	44,881	45,484	45,958	—1	—2	+5
Griffin*	16,177	15,122	15,261	+7	+6	+1
Macon	102,268	99,147	107,067	+3	—4	—2
Newnan	15,291	14,472	14,918	+6	+3	+8
Rome*	40,691	39,561	38,838	+3	+5	+0
Savannah	183,852	177,476	154,272	+4	+19	+22
Valdosta	23,186	22,040	24,497	+5	—5	+4
LOUISIANA						
Alexandria*	66,297	62,695	63,173	+6	+5	+12
Baton Rouge	199,571	180,363	165,773	+11	+20	+15
Lake Charles	79,711	75,319	75,196	+6	+6	+8
New Orleans	1,363,405	1,272,165	1,227,226	+7	+11	+11
MISSISSIPPI						
Hattiesburg	30,668	29,036	29,114	+6	+5	+8
Jackson	207,204	198,826	191,315	+4	+8	+2
Meridian	36,580	33,641	35,131	+9	+4	+4
Vicksburg	20,050	18,653	16,753	+7	+20	+11
TENNESSEE						
Bristol*	38,146	43,867	33,436	—13	+14	+17
Chattanooga	274,685	277,660	263,536	—1	+4	+4
Johnson City*	38,052	35,927	35,266	+6	+8	+4
Kingsport*	66,920	67,932	59,868	—1	+12	+8
Knoxville	162,580	161,652	159,530	+1	+2	+0
Nashville	598,358	580,265	568,089	+3	+5	+6
SIXTH DISTRICT 32 Cities	8,507,400	8,246,846	7,777,612	+3	+9	+9
UNITED STATES 344 Cities	197,181,000	192,628,000	185,584,000	+2	+6	+7

* Not included in Sixth District totals.

Sixth District Indexes

1947-49 = 100

	Nonfarm Employment			Manufacturing Employment			Manufacturing Payrolls			Construction Contracts			Furniture Store Sales*/**		
	April 1957	March 1957	April 1956	April 1957	March 1957	April 1956	April 1957	March 1957	April 1956	May 1957	April 1957	May 1956	May 1957	April 1957	May 1956
SEASONALLY ADJUSTED															
District Total	134	134	130r	120	119	120r	192	190r	184r	.	..	..	106p	112r	106
Alabama	122	122	119r	111	110	112r	177	178	170r	..	..	..	116p	108	113
Florida	171	170	159r	172	169	159r	266	258r	236r	.	..	..	112p	121	111
Georgia	131	130	129r	122	122	123	192	192r	187r	.	..	..	106p	106	109
Louisiana	131	130	126r	102	102	102r	173	173	166r	..	..	..	117p	132r	114
Mississippi	125	125	124r	125	124	125r	209	210	201r	..	..	..	89p	92	86
Tennessee	120	120	120	118	118	120r	189	188	185r	..	..	..	87p	91	90
UNADJUSTED															
District Total	135	134	130r	120	121	120r	192	192r	184r	..	..	..	111p	98	111
Alabama	122	122	119r	111	111	111	177	178	170r	333	338	383	119p	100	115
Florida	176	178	164r	175	177	162r	271	276r	240r	501	337	358	114p	105	113
Georgia	130	129	128r	121	122	123r	192	192r	187r	377	193	326r	112p	94	116
Louisiana	130	129	125r	100	100	100r	168	168	161r	242	442	693	123p	120r	120
Mississippi	124	123	124r	123	123	124r	207	204	199r	277	397	394	103p	83	99
Tennessee	120	119	120	118	118	120r	187	188	183r	230	213	251	93p	82	97

Department Store Sales and Stocks**

	Adjusted			Unadjusted		
	May 1957	April 1957	May 1956	May 1957	April 1957	May 1956
DISTRICT SALES*	153p	146	149r	150p	149	146r
Atlanta1	160	144	148	152	143	140
Baton Rouge	151	132	132	155	142	136
Birmingham	132	121	125	125	123	119
Chattanooga	131	130	129	134	134	132
Jackson	117	106r	116r	116	111r	115r
Jacksonville	126	124	125	136	125	135
Knoxville	146	142	143	150	151	147
Macon	142	140	151	138	144	147
Miami Area	222	211	195	213	220	187
Nashville	134	142	129	145	149	140
New Orleans	138	125	146	129	133	137
St. Ptrsbg-Tampa Area	168	151	157	148	156	138
Tampa City	133	123	132	127	124	125
DISTRICT STOCKS*	168	173	161r	169	180	163r

1To 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 index.

*For Sixth District area only. Other totals for entire six states.

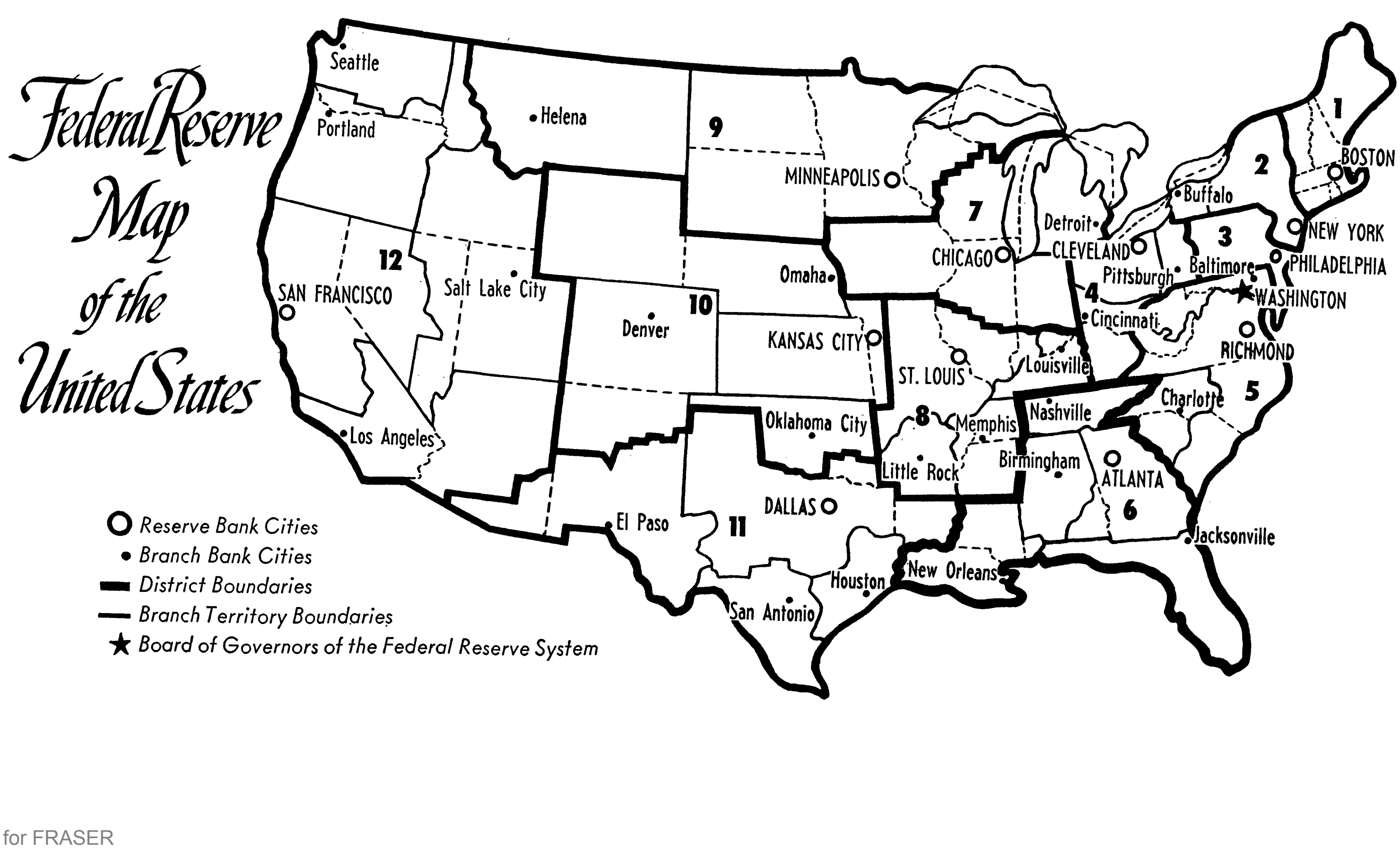
**Daily average basis.

Sources: Nonfarm and mfg. emp. and payrolls, state depts. of labor; cotton consumption, U. S. Bureau Census; construction contracts, F. W. Dodge Corp.; furn. sales, dept. store sales, turnover of dem. dep., FRB Atlanta; petrol. prod., U. S. Bureau of Mines; elec. power prod., Fed. Power Comm. All indexes calculated by this Bank.

Other District Indexes

	Adjusted			Unadjusted		
	May 1957	April 1957	May 1956	May 1957	April 1957	May 1956
Construction contracts*	..	..	..	n.a.	340	380
Residential	..	..	..	n.a.	326	334
Other	..	..	..	n.a.	351	415
Petrol. prod. in Coastal Louisiana and Mississippi**	192	195r	164r	189	198r	162r
Cotton consumption**	88	84	96	89	86	97
Turnover of demand deposits*	23.4	22.5	22.3	22.5	22.7	21.4
10 leading cities	25.5	25.1	24.0	24.1	24.5	22.7
Outside 10 leading cities	19.3	18.0	18.8	18.3	18.0	17.9
	April 1957	March 1957	April 1956	April 1957	March 1957	April 1956
Elec. power prod., total**	297	298	287	284	298	275
Mfg. emp. by type						
Apparel	168	172	166r	170	172	168r
Chemicals	134	131	134r	135	135	135r
Fabricated metals	172	166	162r	172	170	161r
Food	117	116	114r	113	115r	111r
Lbr., wood prod., furn. & fix.	81	80	86r	81	81	86r
Paper and allied prod.	163	161	162r	161	161	161r
Primary metals	107	106	109r	108	107	109r
Textiles	91	90r	94	90	90	94
Trans. equip.	208	206	190r	214	214	194r

r Revised　　p Preliminary　　n.a. Not available



Monthly Review

ATLANTA, GEORGIA, OCTOBER, 1957

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Federal Reserve Bank of Atlanta

DISTRICT BUSINESS HIGHLIGHTS

Total employment is still at an advanced level, but there is reduced activity in some lines of manufacturing. Construction remains strong, but consumer spending, although high, lacks some of the vigor of recent months. Farmers are benefiting from fall harvests and rising livestock output. Bankers are lending more, but have reduced their investments; their borrowings from the Federal Reserve Bank of Atlanta have edged higher.

Nonfarm employment, seasonally adjusted, declined slightly in August as a result of a decline in manufacturing. Nonmanufacturing employment continued upward.

Manufacturing payrolls were unchanged in August as higher average weekly earnings offset a drop in employment.

Electric power production, seasonally adjusted, dropped slightly in July following a two-month increase.

Steel mill operations declined in August and September.

Crude oil production in Coastal Louisiana and Mississippi dropped during August to the lowest point since last October.

Cotton consumption, seasonally adjusted, remained at a reduced level in August.

Construction contract awards in July were slightly below a year ago, but the total for the first seven months was well above the comparable period last year.

Spending by check, as measured by seasonally adjusted bank debits, during August slipped slightly from the all-time record set the previous month.

Furniture store sales during August, seasonally adjusted, continued to drop.

Department store sales declined in September.

New car registrations through July continued above 1956 totals in this District because of gains in Florida and Louisiana.

Credit terms on new automobiles financed by commercial banks were slightly more liberal in August as the 1957 model cleanup moved into full swing.

Consumer credit outstanding at commercial banks moved higher during August for the tenth consecutive month.

Gasoline tax collections during August, seasonally adjusted, moved strongly ahead of year-ago figures.

Bank loans to retailers showed a stronger than seasonal increase during September.

Consumer prices edged upward during August for the twelfth consecutive month as most types of goods cost more.

Harvesting operations during September were slowed by rains, but pastures were improved and fall crop seedings were helped.

Crop output is being held below a year ago because of reduced acreages and lower yields of some crops.

Livestock production has increased and is substantially greater than last year's output.

Farm prices of peanuts and chickens are less than those last year; prices of cotton, corn, rice, beef cattle, hogs, eggs, and milk are higher.

Farm employment rose somewhat less than seasonally and totaled less than that last year.

Total loans at member banks, after seasonal adjustment, continued to rise in August with all states except Tennessee sharing in the increase.

Total deposits at member banks, after seasonal adjustment, decreased substantially during August; but according to preliminary data rose during September.

Member bank investments decreased slightly during August reflecting declines in Treasury notes and U. S. bonds.

Interest rates on short-term business loans made by banks in Atlanta and New Orleans during September increased slightly from the June level.

Member bank borrowings from the Federal Reserve Bank of Atlanta in September averaged slightly higher than in June, the previous peak of 1957.

Meat Packing—an Industrial Challenge

Converting District steers, cows, or hogs from "on the hoof" to "drawn and quartered" is becoming a more and more important task for District meat packers. For one thing, farmers are producing a large volume of meat for slaughter. Beef output in District states, for example, has doubled in the last ten years. Local markets served by packers are also growing. We now have 3.4 million more people in District states than ten years ago, and on the average each of the 19.4 million persons now in the area has 65 percent more income to spend. This increased spending power alone is significant for the meat industry because consumers with high incomes eat more meat, seek better quality meat, and want more services like packaging and processing. Meeting consumers' new needs and desires, therefore, is a challenge for the District's livestock industry.

Because meat packers transform meat on the hoof into ready-to-use cuts and distribute them to retail outlets they are a vital economic link between producers and consumers. When they perform their economic function effectively, they not only help themselves but the producers and consumers as well. To perform effectively, however, a local packer may have to answer some tough questions: Can I depend on my supply of raw materials? Should I seek wider markets? Should I invest more in my plant? How can I obtain the funds I need? Frequently a local packer must have help with those problems: He may need technical aid from engineers, architects, and the like; he may need training in management skills; he may need a loan.

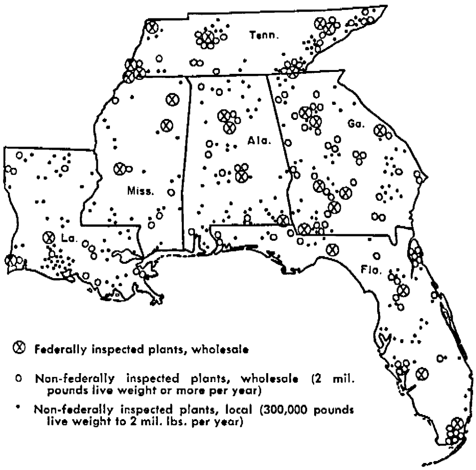
Bankers not only want to make loans that are profitable and safe, they also want to strengthen the income base of the areas they serve. In the case of the meat packing industry the entire local economy may profit from the wages and other income generated by a financially strong and progressive packing plant; also, a local packing plant affords a desirable market for the livestock producers the banker may have financed. Bankers, therefore, are interested in knowing more about the industry's scope, progress, and problems, and how to meet the packers' request for credit.

A Large and Growing Industry

The District's meat packing industry is no infant. One-eighth, or 392, of the nation's commercial slaughtering plants are in District states, according to a USDA survey in 1955. Most District plants, however, are small with annual production ranging between 300,000 and 2 million pounds of meat per plant. Some local firms kill from 1,000 to 1,500 animals each week, but for many the weekly kill is as low as 50 head. Relatively few animals are slaughtered by the region's numerous individual butchers.

Meat packing plants in District states are widely dispersed because they process locally grown meats and serve local markets. In the nation's eastern corn belt, on the other hand, packing plants are concentrated near major terminal livestock markets where supplies of livestock and consumer markets are large. Again in contrast to the packing industry elsewhere, only a small part of the District's slaughter is Federally inspected for sanitation, disease, and general wholesomeness. Meat is Federally inspected at 29 plants in District states, or 7 percent of the total, whereas 14 percent of the nation's plants provide the service. Only meat that is Federally inspected can be legally shipped across state lines, but most District packers sell within their states.

LIVESTOCK SLAUGHTERING PLANTS[1]
Sixth District States
March 1, 1955



[1]Includes all plants with an annual output of 300,000 pounds, live weight, or more.
Source: A.M.S., USDA.

Meat packers create considerable income for the District. Meat products sold by wholesale packers—numbering 225 in District states, according to the 1954 Census of Manufactures—brought them about 483 million dollars in 1954. Fifteen percent of the total, or 72 million dollars, was value added by manufacture. According to that measure, meat packing is a fairly important manufacturing industry; it outranks the tobacco manufacturing, leather and leather goods and electrical machinery industries.

Wholesale packers employed 14,000 workers in 1954; the work force for the leather and leather products industry also totaled 14,000, that for tobacco manufacturing 9,000, and that for electrical machinery 7,000. Individual plants in the meat packing industry, however, are usually small. In 1954 only 17 plants had 250 workers or more; three-fourths of the plants employed fewer than 50 persons. The wage bill for all plants in 1954 totaled about 50 million dollars—double the sum for 1947. Higher wages caused most of the gain: wages rose 85 percent; total man-hours rose 21 percent.

Capital expenditures by District meat packing firms also were sizable in recent years. They totaled 6.5 million dollars in 1954, or 54 percent more than in 1947.

Meanwhile some local firms are investing more funds for improving their plants or they are planning such investments.

Sources of Supplies

The future of the District's meat packing industry will depend not only upon better management and new capital investment but also upon some important factors beyond packers' control, notably supplies of raw materials.

Growth in local livestock supplies has favored our packers in recent years. Total red meat production in District states rose from 2.7 billion pounds to 3.9 billion pounds between 1949 and 1956. This was a significant gain, since the number of livestock farms actually declined in the period. The gain occurred principally because beef producers sharply increased their output; the beef cattle inventory, for example, rose from 4 million head in 1949 to 7.6 million head in 1956. Pork producers, on the other hand, did not increase their output much in the period. Numbers of hogs and pigs on farms actually declined from 6.4 million head to 5.6 million head, but marketings rose slightly—from 1.4 billion pounds to 1.5 billion pounds. Sheep and lamb output long negligible in the District totaled 29 million pounds in 1956, or 41 percent more than output in 1949.

Some District states produce more livestock than is commercially slaughtered within their bounds. Alabama, Louisiana, and Mississippi, for example, have surpluses of beef. In 1956 Alabama farmers produced 213 million more pounds of beef than local packers slaughtered. The surplus, however, was mostly poor quality animals that sold as stockers or feeders for shipment to other states. Local beef supplies are smaller than local commercial slaughter in Florida, Georgia, and Tennessee.

Beef production is greatest in southern Louisiana and Florida, central Alabama, and central and eastern Tennessee. Output of hogs is large in central Tennessee, north and south Alabama and south Georgia. Since dairy farms are scattered over the District, cull dairy cows are available in many places.

Consumer Demand

Many District packers find the growth in their markets outpacing their local supply of raw materials. In other words, there are more people to be fed, they have larger incomes, and their habits of meat consumption have changed. The District's population is growing at an average rate of 2.2 percent a year, and many of its people are migrating to urban areas. Meanwhile in all District states these people are getting larger incomes. In Alabama, personal income increased from 282 dollars per capita in 1940 to 1,229 dollars in 1956. Meat packers' wealthiest District markets, of course, are in Florida where 22 percent of the families had 4,000 dollars or more income in 1950. Families in that group accounted for 17 percent of the total in Alabama and Georgia, and for only 10 percent in Mississippi.

Gains in personal incomes, as well as the distribution of incomes, are important to the meat packing industry. High income families eat more meat, especially beef and lamb, than do the lower income groups. Families in the South with incomes of 10,000 dollars or more in 1950, for instance, ate 5.82 pounds of meat in a week, whereas those with less than 1,000 dollars income ate only 1.61 pounds, according to a study by the USDA. Only three-fourths of the southern households in the 2,000-3,000 dollar income bracket use beef, whereas all those in the 8,000-9,000 dollar class eat beef. Also, people in southern cities eat more beef than people on farms.

Problems

Meat packers striving to serve the growing District market, however, have some serious obstacles to overcome. An important one for some local packers is the short supply of livestock available. They cannot easily enlarge their businesses if they must depend on distant supplies because when they have to haul animals great distances their costs mount fast and their competitive advantage decreases. Fees for hauling are a major item in such costs, and livestock's perishable nature and its tendency to shrink in weight also push costs up. In areas of short supplies a further complication arises if there are too many livestock markets because it is costly to assemble and haul a few livestock from numerous sales barns.

Too frequently the supply of locally produced meat available to packers is low in grade. Three-fourths of the cattle sold for beef at five Georgia markets in 1954 and 1955, for example, were graded as commercial, utility, and cutter, according to a study by the Georgia Agricultural Experiment Station. These animals were primarily mixed and dairy types. Cattle classed as beef type, however, did not grade much higher. Until more top quality cattle is available locally, packers will have trouble making much progress in their merchandising programs.

Larger supplies of livestock and better quality animals depend in turn on the region's feed supplies. While these supplies have increased, they are not exceptionally large. Increased livestock output in the past was possible largely because farmers grew feed on acres they formerly planted to cash crops; also, much feed was freed for livestock when the numbers of mules on farms decreased. As farmers achieve better crop yields, of course, more of them can afford to feed their animals well enough to produce a higher grade of meat. At the same time they must have enough feed to support their growing livestock inventories. Until the region's feed base is more productive, therefore, progress in the livestock industry will be limited and packers' competitive position will be impaired.

Marketing problems also confront District meat packers. They find, for example, that their marketing channels have decreased. Chain stores now handle much of the retail meat trade that used to flow through independent retail food stores. Chain store operators not only buy through central offices but they usually seek Federally inspected meat that grades good or choice.

The most serious problems for local packers often are internal. Rising labor costs, for example, plague some plants, especially those in large cities. Others find that they must add new truck routes, build new plants, replace obsolete equipment or otherwise remodel their plants so they can sell in a larger market or achieve better quality or lower unit costs. All these cost money, which often is an obstacle for small firms. A packer, for example, may invest in plant and equipment and then find that the larger business he creates calls for more operating capital to handle his increased inventories and accounts receivable. Some local packers meet their needs for capital from their own funds, but many must obtain credit.

Bank Credit

Some of the funds local packers need to adjust their businesses are being supplied by bankers. District bankers make operating loans to meat packers to finance their inventories, for example. From the packers' point of view, the most desirable arrangement for an operating loan is a line of credit providing about six months maturity on the notes. A packer with such financing assured has the necessary flexibility for increasing his inventory when prices are low. He also has confidence that he can buy for inventory when prices rise, as did hog prices last year.

When establishing lines of credit for meat packers, bankers size up packers' ability to control their trade credit. If a packer's accounts receivable fail to turn over fast enough—seven to ten days—his operating capital is diminished, his buying for inventory hampered, and his financial position weakened. Since these risks can be controlled at well-managed packing plants, however, banks may willingly make justifiable operating loans.

Because bankers specialize in short-term loans, meat packers cannot depend heavily on bank credit for remodeling or enlarging their buildings. Too often, for example, packers will need large sums which they should logically repay over ten or fifteen years from their profits. With terms too short, their payments may be so large that they have to tap their operating capital to make them. Such a policy long followed would cramp a business because the plant expansion would increase the need for operating capital, yet less and less operating capital would be available. Nevertheless, meat packers who seek relatively small loans and who are able to repay them within five years will often find banks willing lenders.

In the years ahead there will be fewer small firms in the District's meat packing industry, although small firms will not disappear entirely because some people demand the type of products they distribute. As the region's supplies of quality livestock gradually increase, national packers probably will curtail their shipments of top-grade meats into the District. They likely will put more emphasis on slaughtering at points inside District states. Meanwhile some local packers will expand, obtain Federal inspection, and compete more effectively with the large national firms. Consumers ultimately will be better served and our farm economy strengthened.

ARTHUR H. KANTNER

District Building Holding Up

Stop for a moment to think of the many different structures you see in an average day, and you will realize how varied the character of the construction industry is. The house or apartment you left this morning, the school your children attend, the highway or street over which you traveled to work, the factory or office building in which you work—all represent different types of construction activity. Since the need for new houses, schools, highways, factories, and office buildings may be different at different times, it is not surprising that some types of construction decline while others increase. Such has been the case recently, although overall construction activity has held pretty steady at a high level.

Record Being Set in Nation

Construction workers throughout the nation have been building at a record rate so far this year. If they continue to maintain the pace set in the first eight months, by the end of the year they will have put in place new construction valued at nearly 47 billion dollars. This will top any previous year's total.

Having heard so much about a decline in home building over the last two years or so, you may be startled to read that construction workers are setting new records. It is true that home builders have been putting up fewer houses, but other construction contractors have been building more office buildings, factories, schools, hospitals, and highways. These other contractors account for over 60 percent of the nation's total construction. Home building, therefore, although accounting for the remaining 40 percent and being the single most important component of the total, does not necessarily reflect the course of total construction. Since March, however, seasonally adjusted housing starts have increased, indicating the decline in home building of the last two years may be ended.

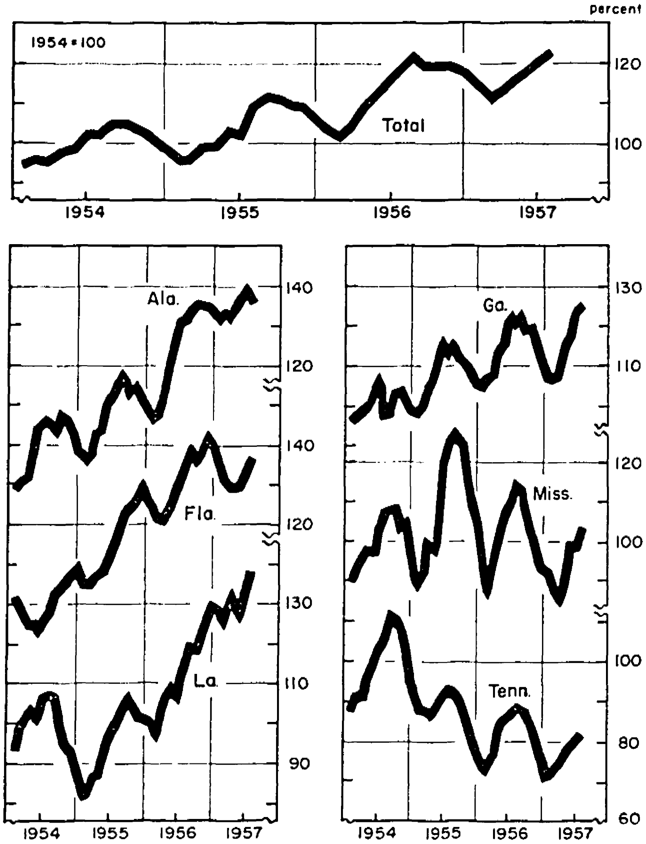
Higher costs this year have inflated the dollar value of total construction activity. If we ignore the effects of these higher costs, we find that the construction industry is not setting records this year. Instead, it has been traveling on a plateau about 2 percent below the peak reached in 1955. By other historical standards, however, this is a very high plateau.

District Activity High and Rising

The national estimates are based largely on building permits issued and construction contracts awarded at some previous time, with proper allowance for delays in starting construction and for varying periods of actual construction. Although we do not have District data on the value of construction being put in place each month comparable to those for the nation, we can see how our area is faring by looking at building permits and contracts awarded. These indicate that District construction activity is holding up somewhat better than in the nation.

Take home building first. The number of houses and apartments authorized by building officials has been trending downward since early 1955, less so in the District than in the nation. The first five months of this year, the

CONSTRUCTION EMPLOYMENT
Sixth District States
1954-57, Unadjusted



latest period for which comparable figures are available, is no exception. This means, of course, that home building has been less of a drag on overall construction activity in this District than it has in the nation. This conclusion is further supported by the dollar value of contracts awarded for residential construction. In the first seven months of this year, District awards totaled substantially above the comparable period of last year, whereas national totals were slightly lower.

It may seem inconsistent to say the number of houses authorized by building permits is lower while the value of residential contract awards is higher. This is explained in part by the fact that builders are putting up bigger houses and costs are higher. Other problems complicate the comparison of data on building permits and contract awards, but both series show that District residential construction is doing better than national activity.

Contracts awarded for non-residential construction have also been running ahead of last year, although the cumulative total through July was just about matching the nation's year-to-year gain. From this we can infer that District contractors at least are matching nation-wide gains in building offices, factories, schools, highways, and other types of non-residential construction.

Our conclusion that overall construction in the District is very high and has been trending higher is supported by figures on employment in the industry. District construction employment was above a year earlier in each of the first seven months this year, continuing the upward trend of the preceding three years.

Activity in your own state, whether it be Alabama, Florida, Georgia, Louisiana, Mississippi, or Tennessee, probably looks different to you, for none of these states fits the overall District picture precisely. Some are doing better, some not as well. This is revealed by employment figures for individual states shown in the accompanying chart.

It All Takes Money

Large industrial projects such as are being developed in the District are part of a nation-wide boom in business investment that has reached another new record this year. Back in 1954, business men spent about 27 billion dollars to build plants and to equip them, and they have spent larger and larger amounts in each succeeding year. If current plans materialize, they will spend over 37 billion dollars this year.

You can well imagine the enormous demand for money to carry out this investment program. This, however, is only part of the increased demand for money we have heard so much about recently. At the same time that the investment program has expanded, businessmen have needed more credit to carry larger inventories. Individuals also have incurred more debt to buy automobiles, appliances, furniture, and other consumer goods. Likewise, state and local governments have borrowed more money to finance schools, roads, sewers, and other public projects. The Federal Government's need for borrowed money has also continued high.

With businessmen, consumers, and governments all competing for funds in relatively short supply, interest rates have increased sharply since mid-1955. These included rates on conventional home financing, which were free to rise in response to changing market conditions. Because rates allowed on home mortgages guaranteed by the Veterans Administration or insured by the Federal Housing Administration were relatively low, investment in these mortgages became less and less attractive.

The resulting inability of home builders to obtain adequate financing under VA and FHA programs undoubtedly was a major factor explaining the decline in homebuilding after mid-1955. Actually, the decline was limited to houses started under VA and FHA programs. Housing starts with conventional financing arrangements have remained high.

Last December and again this August the Federal Housing Administration increased the maximum rate it will allow on mortgages it insures, but interest rates on alternative lending opportunities also rose further during the same period. Many observers, therefore, doubt that the home builders' ability to compete for funds in a tight money market has been improved very much.

As important as the home financing problem has been, the decline in home building after mid-1955 probably also reflected other changes in the housing market. Considering all aspects of demand and supply, some decline from 1955's near-record volume was to have been expected.

PHILIP M. WEBSTER

Sixth District Statistics

Instalment Cash Loans

Lender	No. of Lenders	Percent Change: Volume, August 1957 from July 1957	Volume, August 1957 from August 1956	Outstanding, August 1957 from July 1957	Outstanding, August 1957 from August 1956
Federal credit unions	51	+8	+17	+3	+18
State credit unions	15	+2	+34	+4	+29
Industrial banks	6	—13	—14	+0	—1
Industrial loan companies	10	+4	+3	+0	+4
Small loan companies	31	—2	+17	+2	+18
Commercial banks	38	—9	+5	+0	+12

Wholesale Sales and Inventories*

Type of Wholesaler	Sales: No. of Firms	Sales, August 1957 from July 1957	Sales, August 1957 from August 1956	Inventories: No. of Firms	Inventories, August 1957 from July 1957	Inventories, August 1957 from August 1956
Grocery, confectionery, meats	29	+9	—7	23	+6	+0
Ed.b.e farm products	11	+18	+46	8	+4	—11
Drugs, chems., allied prods.	7	+1	+10	..	..	..
Drugs	5	+9	+11	..	..	..
Tobacco	9	—7	—1	8	+5	+12
Dry goods, apparel	8	+46	—21	..	..	..
Paper, allied products	24	+11	+21	..	..	..
Automotive	91	+7	+8	88	—1	+1
Electrical, electronic & appliance goods	20	—4	—8	14	+3	—3
Hardware	9	+6	—3	9	+3	—2
Plumbing & heating goods	17	+2	+8	16	—0	+3
Lumber, construction materials	6	+10	+3	..	..	..
Machinery: equip. & supplies Industrial	28	—8	+4	23	—1	+4

*Based on information submitted by wholesalers participating in the Monthly Wholesale Trade Report issued by the Bureau of the Census.

Retail Furniture Store Operations

Item	Percent Change August 1957 from July 1957	August 1956
Total sales	+9	—4
Cash sales	+6	+6
Instalment and other credit sales	+9	—5
Accounts receivable, end of the month	+1	—2
Collections during month	+4	—2

Department Store Sales and Inventories*

Place	Sales, August 1957 from July 1957	Sales, August 1957 from August 1956	Sales, 8 Months 1957 from 1956	Inventories, August 31, 1957, from July 31, 1957	Inventories, August 31, 1957, from August 31, 1956
ALABAMA	+12	+4	+2	+7	—3
Birmingham	+16	+5	+3	+7	+0
Mobile	+9	+5	+8	..	..
Montgomery	+15	—3	—8	..	..
FLORIDA	+8	+8	+7	+2	+3
Jacksonville	+15	+5	+1	—3	—7
Miami Area	+9	+11	+11	—3	+12
Miami Downtown	+10	—1	+0	..	..
Orlando	+16	+15	+8	..	..
St. Ptrsbg-Tampa Area	+1	+10	+5	..	..
St. Petersburg	—1	+12	+9	—14	—13
Tampa	+3	+8	+1	..	..
GEORGIA	+22	+4	+1	+10	+1
Atlanta**	+24	+5	+4	+7	+4
Augusta	+21	+5	—4	..	..
Columbus	+16	—2	—7	+19	—12
Macon	+19	+3	—2	+17	+6
Rome**	+21	+9	—1	..	..
Savannah	+11	—0	—2	..	..
LOUISIANA	+22	+7	+7	+1	+6
Baton Rouge	+17	+13	+15	—0	+26
New Orleans Area	+23	+5	+7	+1	+3
New Orleans Downtown	+24	—11	—9	..	..
MISSISSIPPI	+11	+2	—0	+9	—10
Jackson	+13	+0	—2	+8	—12
Meridian**	+8	+5	—1	..	..
TENNESSEE	+16	+1	+2	+5	+1
Bristol (Tenn. & Va.)**	+30	+5	+3	+16	—1
Bristol-Kingsport-Johnson City**	+31	+6	+1	+9	—7
Chattanooga	+16	+0	+1	..	..
Knoxville	+12	+1	—1	+9	+5
Nashville	+17	+1	+6	+4	+1
DISTRICT	+15	+5	+4	+5	+1

*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.

Condition of 27 Member Banks in Leading Cities

(In Thousands of Dollars)

Item	Sept. 18 1957	Aug. 21 1957	Sept. 19 1956	Percent Change Sept. 18, 1957 from Aug. 21 1957	Sept. 19 1956
Loans and investments	3,424,751	3,429,750	3,343,341	—0	+2
Loans—Net	1,942,181	1,921,983	1,803,024	+1	+8
Loans—Gross	1,975,838	1,955,614	1,832,055	+1	+8
Commercial, industrial, and agricultural loans	1,043,551	1,032,360	981,662	+1	+6
Loans to brokers and dealers in securities	39,631	35,348	37,481	+12	+6
Other loans for purchasing or carrying securities	49,365	47,864	52,930	+3	—7
Real estate loans	175,824	173,921	165,118	+1	+6
Loans to banks	29,049	29,571	32,525	—2	—11
Other loans	638,418	636,550	562,339	+0	+14
Investments—Total	1,482,570	1,507,767	1,540,317	—2	—4
Bills, certificates, notes	407,949	435,569	508,731	—6	—20
U. S. bonds	771,896	769,493	722,966	+0	+7
Other securities	302,725	302,705	308,620	+0	—2
Reserve with F. R. Bank	468,635	485,373	509,430	—3	—8
Cash in vault	53,505	52,319	51,414	+2	+4
Balances, domestic banks	273,933	271,259	261,936	+1	+5
Demand deposits adjusted	2,236,497	2,269,907	2,350,369	—1	—5
Time deposits	781,752	774,879	667,061	+1	+17
U. S. Gov't deposits	74,074	101,388	97,005	—27	—24
Deposits of domestic banks	736,777	697,581	715,923	+6	+3
Borrowings	49,300	58,250	11,000	—15	*

*Over one hundred percent.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

	August 1957	July 1957	August 1956	Percent Change, Aug. 1957 from July 1957	Aug. 1957 from Aug. 1956	1957 from 1956
ALABAMA						
Anniston	36,796	35,371	35,877	+4	+3	—5
Birmingham	728,720	744,992	608,406	—2	+20	+11
Dothan	25,308	24,139	22,872	+5	+11	+6
Gadsden	32,507	32,006	29,106	+2	+12	+8
Mobile	253,337	264,033	253,566	—4	—0	+13
Montgomery	143,704	131,422	132,113	+9	+9	+6
Selma*	21,984	19,444	20,188	+13	+9	+4
Tuscaloosa*	42,494	42,471	39,503	+0	+8	+1
FLORIDA						
Daytona Beach*	49,342	55,474	46,531	—11	+6	+16
Gainesville*	32,722	32,533	29,253	+1	+12	+9
Jacksonville	617,527	623,355	591,532	—1	+4	+6
Lakeland*	56,992	58,589	48,777	—3	+17	+14
Miami	647,071	716,674	588,560	—10	+10	+16
Greater Miami*	991,525	1,109,316	904,835	—11	+10	+16
Orlando	146,945	167,926	121,698	—13	+21	+22
Pensacola	88,588	86,709	78,991	+2	+12	+13
St. Petersburg	139,021	160,894	122,656	—14	+13	+19
Tampa	276,683	301,924	256,900	—8	+8	+14
West Palm Beach*	85,345	95,869	76,619	—11	+11	+11
GEORGIA						
Albany	59,018	53,906	51,304	+9	+15	+6
Athens*	31,589	36,588	29,469	—14	+7	+9
Atlanta	1,646,576	1,720,141	1,581,137	—4	+4	+6
Augusta	86,089	84,308	88,415	+2	—3	—6
Brunswick	19,918	19,640	19,427	+1	+3	+8
Columbus	98,218	97,915	101,447	+0	—3	—1
Elberton	8,379	8,088	8,001	+4	+5	+17
Gainesville*	47,319	49,099	46,792	—4	+1	+4
Griffin*	16,846	15,817	14,904	+7	+13	+4
LaGrange*	19,323	19,871	16,844	—3	+15	+6
Macon	106,245	102,638	104,915	+4	+1	—2
Marietta*	25,832	25,501	23,550	+1	+10	+9
Newnan	14,935	15,981	14,369	—7	+4	+9
Rome*	36,776	40,403	37,734	—9	—3	+0
Savannah	173,069	176,325	152,811	—2	+13	+20
Valdosta	29,135	31,519	48,040	—8	—39	—6
LOUISIANA						
Alexandria*	71,153	66,971	66,694	+6	+7	+7
Baton Rouge	198,124	190,595	168,949	+4	+17	+13
Lafayette*	51,554	53,618	46,002	—4	+12	+13
Lake Charles	88,494	80,520	72,492	+10	+22	+9
New Orleans	1,301,498	1,329,785	1,223,004	—2	+6	+10
MISSISSIPPI						
Biloxi-Gulfport*	39,809	40,113	37,916	—1	+5	+6
Hattiesburg	31,790	31,088	28,310	+2	+12	+9
Jackson	192,943	205,536	205,533	—6	—6	—0
Laurel*	23,473	23,154	19,474	+1	+21	+9
Meridian	37,570	36,502	36,725	+3	+2	+4
Natchez*	20,475	20,187	19,223	+1	+7	+4
Vicksburg	19,063	20,376	17,342	—6	+10	+11
TENNESSEE						
Bristol*	36,840	34,961	33,487	+5	+10	+12
Chattanooga	274,923	291,009	266,075	—6	+3	+4
Johnson City*	39,075	36,718	37,103	+6	+5	+4
Kingsport*	68,783	70,262	62,290	—2	+10	+9
Knoxville	190,882	173,700	159,892	+10	+19	+4
Nashville	639,037	643,465	586,635	—1	+9	+7
SIXTH DISTRICT 32 Cities	8,352,113	8,602,482	7,777,100	—3	+7	+9
UNITED STATES 344 Cities	190,539,000	200,572,000	183,819,000	—5	+4	+7

* Not included in Sixth District totals.

Sixth District Indexes

1947-49 = 100

	Nonfarm Employment			Manufacturing Employment			Manufacturing Payrolls			Construction Contracts			Furniture Store Sales* / **		
	July 1957	June 1957	July 1956	July 1957	June 1957	July 1956	July 1957	June 1957	July 1956	Aug. 1957	July 1957	Aug. 1956	Aug. 1957	July 1957	Aug. 1956
SEASONALLY ADJUSTED															
District Total	135	135	131r	121	121	120r	201	198	190r	..	..	..	108p	114r	112
Alabama	123	123	117r	114	114	105	186	185	167r	..	..	..	125p	131r	123
Florida	180	177	166r	178	177r	161r	286	280	257r	..	..	..	114	124r	115
Georgia	130	129	129r	122	123	124r	197	196r	191	..	..	..	105p	106r	112
Louisiana	130	131	127r	101	103	103r	173	173r	169r	..	..	..	134p	139r	142
Mississippi	124	123	124	126	124r	125	219	211	206	..	..	..	75	83	101
Tennessee	119	120r	121r	117	118	121r	189	187r	185r	..	..	..	81p	85r	83
UNADJUSTED															
District Total	133	133	129r	119	120	117r	193	194	183r	..	..	..	112p	107r	117
Alabama	122	123	116r	111	112	103r	182	183	163r	n.a.	341	416	131p	115r	129
Florida	170	171	156r	167	172	152r	261	272r	234r	n.a.	328	330	114	114r	115
Georgia	129	129	129r	120	120	121	189	192r	184r	n.a.	328	271	112p	105r	119
Louisiana	130	131	128r	100	102	102r	175	173r	171r	n.a.	302	282	134p	133r	142
Mississippi	123	123	124	124	124r	124	215	209r	202	n.a.	271	236	73	78	99
Tennessee	119	120r	120	116	117	120r	187	187r	183r	n.a.	147	250	89p	83r	91

Department Store Sales and Stocks**

	Adjusted			Unadjusted		
	August 1957	July 1957	August 1956	August 1957	July 1957	August 1956
DISTRICT SALES* . . .	165p	168r	157r	149p	134r	142r
Atlanta1	159	162	151	154	129	147
Baton Rouge	155	149r	137	141	125r	125
Birmingham	136	145	130	124	112	118
Chattanooga	142	141	142r	128	114	128r
Jackson	124	133	124r	114	105	114r
Jacksonville	137p	134	130	122p	110	115
Knoxville	153	157	152	141	130	140
Macon	156	155	152r	142	124	138r
Miami Area	241p	253	218r	196p	187	176r
Nashville	156	159r	155	139	124r	138
New Orleans	160p	158r	153r	149p	126r	143r
St. Ptrsbg-Tampa Area .	163	172	149r	134	138	122
Tampa City	135	138	126r	118	119	109
DISTRICT STOCKS* . . .	172	171	170r	168	160	166

1To 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 index.

*For Sixth District area only. Other totals for entire six states.

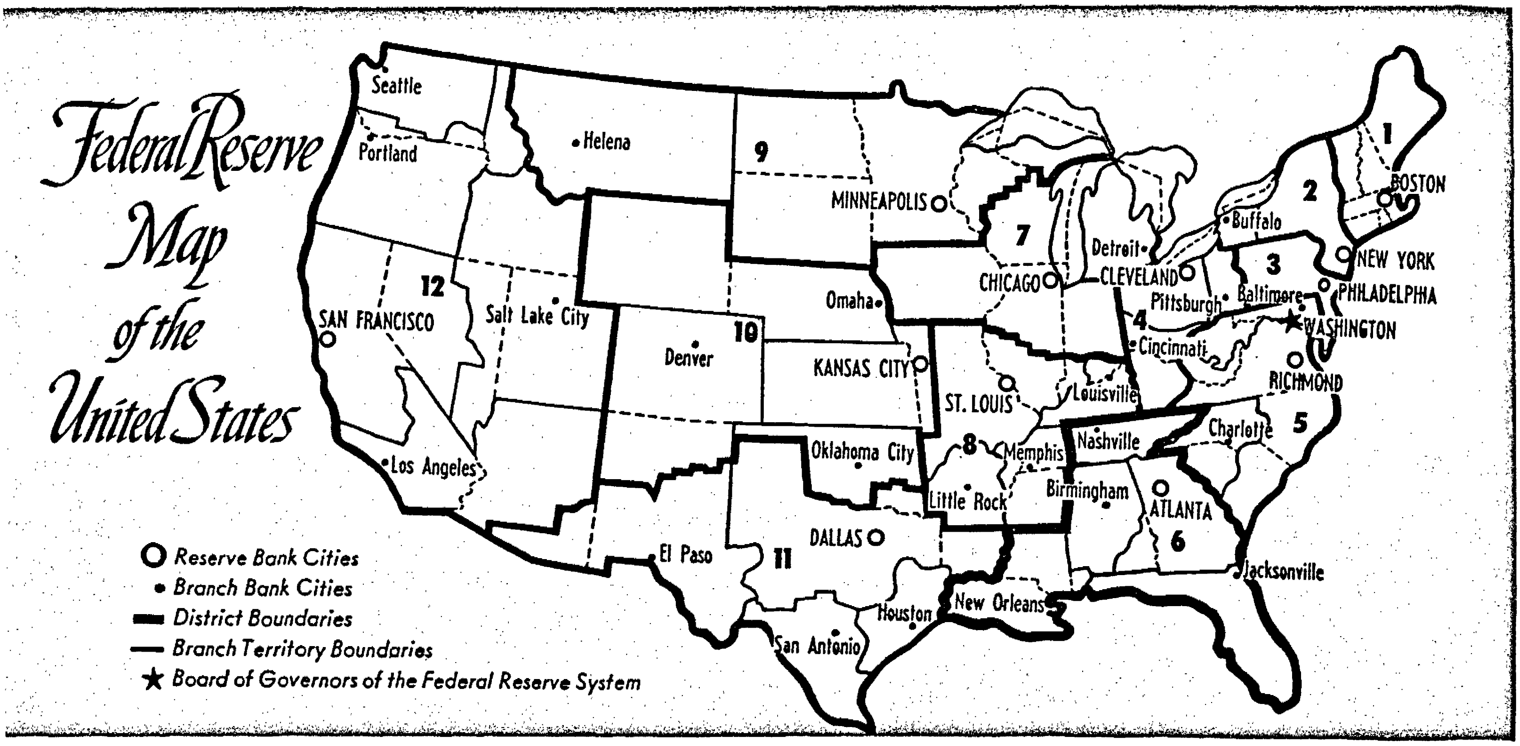
**Daily average basis.

Sources: Nonfarm and mfg. emp. and payrolls, state depts. of labor; cotton consumption, U. S. Bureau Census; construction contracts, F. W. Dodge Corp.; furn. sales, dept. store sales, turnover of dem. dep., FRB Atlanta; petrol. prod., U. S. Bureau of Mines; elec. power prod., Fed. Power Comm. All indexes calculated by this Bank.

Other District Indexes

	Adjusted			Unadjusted		
	August 1957	July 1957	August 1956	August 1957	July 1957	August 1956
Construction contracts* . . .	..	..	..	n.a.	309	316
Residential	..	..	..	n.a.	310	311
Other	..	..	..	n.a.	308	319
Petrol. prod. in Coastal						
Louisiana and Mississippi** .	162	172r	161	162	172r	161
Cotton consumption**	n.a.	87	91	n.a.	70	93
Turnover of demand deposits* .	24.1	24.9	22.5	22.4	23.9	20.9
10 leading cities	26.9	27.3	24.9	24.2	25.9	22.4
Outside 10 leading cities . .	18.8	19.6	17.9	17.9	18.8	17.0
	July 1957	June 1957	July 1956	July 1957	June 1957	July 1956
Elec. power prod., total** . .	298	310	288	303	307	293
Mfg. emp. by type						
Apparel	165	171r	169	162	165r	166
Chemicals	136	136	136	130	131	130
Fabricated metals	186	179	171	176	173	162
Food	118	117	114	114	115	110
Lbr., wood prod., furn. & fix. .	80	80	84	80	80	84
Paper and allied prod. . . .	156	163	166	155	161	164
Primary metals	108	107r	82	106	107	81
Textiles	89	90	93	88	89	92
Trans. equip.	235	231r	202	228	224	196

r Revised p Preliminary n.a. Not available



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