

# MONTHLY REVIEW

BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

JUNE 30, 1937

Building activity, coal mining, and retail trade in the Sixth District increased in May, but there were small reductions in the wholesale trade of the District and in the daily average production of pig iron in Alabama. The price of cotton declined during the month. At weekly reporting member banks investments have recently increased, but loans have declined.

**Trade** Department store sales increased in May, following a decrease from March to April due in part to the early date of Easter. Wholesale trade declined somewhat further in May, and bank debits to individual accounts were 6.6 per cent less than in April. May sales by 49 reporting retail firms were 9.9 per cent greater than a year ago, and in the five months of 1937 were 11.4 per cent larger than in that part of 1936. The retail index for May, based on sales of 28 firms, is the highest for that month since 1920. Wholesale trade, reported by 70 firms, declined 3.9 per cent in May, but was 16.1 per cent greater than in May last year because of increases in sales of hardware, electrical supplies and drugs. The index of wholesale trade is the highest for May since 1926. Inventories at both retail and wholesale firms declined slightly from April, but continued larger in dollar value than a year earlier. According to Department of Commerce statistics, daily average sales of general merchandise in small towns and rural areas of the South declined 5.9 per cent from March to April, but were 18 per cent greater than in April last year.

**Banking** After declining steadily since December, total loans and investments at weekly reporting member banks in leading cities increased somewhat on the second and third Wednesdays in June because of a reversal of the decline in holdings of investment securities. Government securities held by these banks declined 46 millions of dollars between September 16 and June 2, but increased 9.4 millions in the two following weeks, largely as a result of Treasury financing at the middle of June. Loans for commercial, industrial and agricultural purposes, and those for purchasing or carrying securities, have declined somewhat in recent weeks, but loans to banks and All Other loans have increased. Reflecting Treasury operations on June 15, Government deposits on the 16th were the largest since March 17th, and there have recently been small increases in demand deposits-adjusted, and in time deposits, but deposits of other domestic banks have declined to the lowest level since August. Balances with domestic banks continued to decline through June 9th, but increased somewhat the following week, when they were about 35 millions less than a year earlier.

In the five weeks ending June 16th, there were net increases at the Federal Reserve Bank of Atlanta in discounts and in holdings of paper purchased in the open market, offset in part by a further decline in industrial advances. Total bills and securities increased \$343,000 in this period, and were 12.2 millions greater than a year earlier due principally to increased holdings of Government securities. Federal Reserve note circulation declined about 7.2 millions between May 12 and June 16. Treasury deposits increased, but member bank reserve deposits declined 5.8 millions. Latest available figures indicate that estimated excess reserves of member banks on June 16th were approximately 25.6 millions, or 17 per cent of requirements.

## CONDITION OF 22 MEMBER BANKS IN SELECTED CITIES (In Thousands of Dollars)

	June 16 1937	Change From :	
		May 12, 1937	June 17, 1936
Loans and Investments.....	\$559,048	- 327	+ 8,927
Loans—Total.....	270,637	- 4,116	+ 45,797
Commercial, industrial and agricultural loans :			
On Securities.....	12,286	*	*
Otherwise secured or unsecured.....	129,043	*	*
Open Market paper.....	5,768	+ 483	*
Loans to brokers and dealers in securities.....	7,122	- 216	+ 458
Other loans for purchasing or carrying securities.....	17,027	- 5,105	*
Real estate loans.....	26,588	- 210	+ 3,930
Loans to banks.....	5,004	+ 1,155	+ 3,874
Other loans:			
On securities.....	22,259	*	*
Otherwise secured or unsecured.....	45,540	*	*
Investments—Total.....	288,411	+ 3,789	- 36,870
U. S. Gov't direct obligations.....	179,327	+ 4,696	- 32,959
Obligations guaranteed by U. S.....	30,671	+ 1,935	- 5,075
Other securities.....	78,413	+ 1,028	+ 1,164
Reserve with F. R. Bank.....	105,882	- 1,194	+ 53,412
Cash in Vault.....	10,550	- 1,318	+ 289
Balances with domestic banks.....	100,436	- 3,313	+ 34,923
Demand deposits—adjusted.....	337,878	+ 945	+ 43,869
Time deposits.....	179,691	+ 1,075	+ 6,852
U. S. Government deposits.....	14,379	+ 8,692	- 36,819
Deposits of domestic banks.....	185,863	- 16,247	+ 9,314
Borrowings: From F. R. Bank.....	1,309	+ 281	+ 1,309
From others.....	250	+ 250	+ 250

\*Comparable figures not available.

## LOANS, INVESTMENTS AND DEPOSITS OF ALL MEMBER BANKS

Figures for all member banks in the District, according to the March 31 call reports of condition, show that total loans on that date were the largest since December, 1932,

## FEDERAL RESERVE BANK OF ATLANTA (In Thousands of Dollars)

	June 16 1937	Change From :	
		May 12, 1937	June 17, 1936
Bills Discounted.....	\$ 1,942	+ 377	+ 1,896
Bills Bought in Open Market.....	109	+ 2	+ 1
Industrial Advances.....	215	- 36	+ 548
United States Gov't Securities.....	111,091	-	+ 10,882
Total Bills and Securities.....	113,357	+ 343	+ 12,231
Total Reserves.....	257,098	- 6,397	+ 27,445
Member Bank Reserve Account.....	174,782	- 5,799	+ 81,327
U. S. Treasurer Gen. Account.....	4,768	+ 2,666	- 49,965
F. R. Note Circulation.....	175,161	- 7,191	+ 7,398

**DEBITS TO INDIVIDUAL ACCOUNTS**  
(In Thousands of Dollars)

	May 1937	April 1937	May 1936
<b>ALABAMA</b>			
Birmingham	\$ 85,717	\$ 94,726	\$ 71,366
Dothan	3,207	3,313	2,230
Mobile	38,073	36,738	29,566
Montgomery	22,409	25,320	19,006
<b>FLORIDA</b>			
Jacksonville	75,186	80,605	74,242
Miami	36,304	46,981	31,953
Pensacola	8,866	9,057	7,708
Tampa	29,635	31,217	24,304
<b>GEORGIA</b>			
Albany	4,335	4,932	3,290
Atlanta	179,203	179,213	150,515
Augusta	18,423	19,414	17,288
Brunswick	3,071	2,858	2,219
Columbus	14,853	15,958	10,629
Elberton	1,238	1,329	1,201
Macon	13,835	15,305	12,130
Newnan	2,279	2,760	1,662
Savannah	35,578	34,661	28,969
Valdosta	4,163	3,650	2,793
<b>LOUISIANA</b>			
New Orleans	206,490	218,949	183,646
<b>MISSISSIPPI</b>			
Hattiesburg	4,730	5,241	4,148
Jackson	24,383	29,154	21,999
Meridian	10,321	11,259	9,020
Vicksburg	6,823	7,635	5,966
<b>TENNESSEE</b>			
Chattanooga	41,806	43,019	35,940
Knoxville	27,792	30,063	24,320
Nashville	77,573	92,231	73,402
TOTAL 26 Cities	\$ 976,293	\$1,045,588	\$ 849,512

and that investments, although somewhat smaller than on the two immediately preceding call dates (December 31 and June 30, 1936) were with these exceptions the largest in many years. Demand and time deposits, and deposits of other banks, were substantially larger than a year earlier, but Government deposits were somewhat smaller. In the table are compared some of the important items.

**ALL MEMBER BANKS IN SIXTH DISTRICT**  
(In Thousands of Dollars)

	Mar. 31 1937	Change from :	
		Dec.31, 1936	Mar.4, 1936
Total Loans and Investments	\$1,023,889	— 2,960	+ 138,338
Total Loans	469,129	+ 9,899	+ 89,628
Total Investments	554,760	— 12,858	+ 48,710
Demand Deposits	779,656	+ 27,846	+ 133,213
Time Deposits	341,341	+ 6,945	+ 6,029
Government Deposits	34,004	— 43,839	+ 5,530
Deposits of Other Banks	278,669	— 15,755	+ 15,585

**Agriculture** Cash receipts from the sale of principal farm products, with Government benefit payments added, were somewhat smaller in April than in March, but were 49 per cent greater than a year earlier. Government payments in April of 6.8 millions of dollars were 23 per cent greater than a year ago.

Spot cotton prices at the ten designated markets were comparatively stable during May, in contrast to the abrupt rise in March and the rather sharp decline in April. The average for May was 13.12 cents, compared with 13.91 cents in April, and 14.15 cents in March. Prices continued comparatively steady in the first few days of June, but declined in the second week.

In most parts of the District rainfall was somewhat deficient and temperatures above normal during May. Bene-

ficial rains have been had in the first half of June. The June 1 estimates by the Department of Agriculture indicate larger production of wheat, oats and rye this year than last. Production estimates of oranges and grapefruit in Florida increased from May 1st to June 1st. The June estimate of peach production indicates a much smaller crop than that realized in 1936 in five states of the District, but the Tennessee crop is expected to be larger than that of last year.

**Industry** Employment and payrolls at firms in this District reporting to the Bureau of Labor Statistics declined in April 1.9 per cent and 0.2 per cent, respectively, after reaching in March new high levels for recent years. The decline in Alabama was due to a strike of coal miners, and in Florida there were declines at canning establishments, hotels, laundries, retail firms and public utilities.

The value of building permits issued at twenty reporting cities increased substantially in May to a figure 46.5 per cent greater than a year earlier, and except for July of last year the May total was the largest for any month in eight years. The January-May total is also the largest for that period since 1929. Value of contracts awarded in May increased over April in Florida, Louisiana and Mississippi, and was greater than a year ago in Alabama, Florida, Louisiana and Mississippi. Total awards in the District were 6.3 per cent larger than in April and 29.4 per cent greater than in May last year. The five-months total of contracts awarded in the District is 11.8 per cent larger than for that part of 1936, and the largest for the period since 1930. Residential contracts declined slightly from April, but were 30.4 per cent greater than a year ago, and for the five months were 40.3 per cent greater than in that part of 1936 and the largest for the period since 1929.

Production at lumber mills averaged slightly higher in May than at that time last year, but orders and shipments were less. Press reports indicate a reduced demand except from railroads and car manufacturers. Operations at cotton seed oil mills were further reduced in May, but crushings and production were the largest for the month in four years. Since the termination of the strike by coal miners, production of coal in Alabama and Tennessee has increased, and in the week ended May 29 output in both states was well above the corresponding week a year earlier. Daily average production of electric power increased slightly in April, although total production was smaller. Production of pig iron in Alabama on a daily average basis declined 2 per cent in May, but was 18.5 per cent greater than a year ago, and the January-May total was the largest for that period in seven years. Furnaces active early in June numbered 17. Receipts of turpentine and rosin increased seasonally in May and were at about the same level as in May last year, but stocks were smaller. Prices of rosin continued much higher than a year ago, but quotations on turpentine were slightly less.

SIXTH DISTRICT BUSINESS STATISTICS

	SALES		Jan.-May Incl. Compared With Year Ago	STOCKS May 1937 Compared With May 1936	Collection Ratio May 1937
	May 1937 Compared With:				
	April 1937	May 1936			
<b>RETAIL TRADE</b>					
Atlanta	+12.5	+13.1	+14.7	+17.7	26.8
Birmingham	+18.8	+18.1	+15.2	+16.4	34.9
Chattanooga	+18.9	+5.8	+15.8	+16.7	30.3
Montgomery	+14.1	+5.9	+4.3	+22.4	—
Nashville	+26.5	+12.4	+14.1	+22.8	27.8
New Orleans	+0.7	+9.7	+5.8	+16.0	37.5
Other Cities	+2.6	+4.4	+10.8	+9.3	35.5
DISTRICT (49 firms)	+7.3	+9.9	+11.4	+15.1	32.1
<b>WHOLESALE TRADE</b>					
Groceries	-6.4	-5.6	+10.3	—	79.5
Dry Goods	-12.4	-0.3	+12.2	+36.5	34.5
Hardware	-4.8	+26.0	-33.8	+17.3	50.5
Furniture	-10.7	-4.1	+23.4	+57.7	44.8
Electrical Supplies	+14.0	+69.3	+70.6	—	—
Drugs	-5.4	+9.8	+9.2	—	—
TOTAL (70 firms)	-3.9	+16.1	+24.6	+26.5	59.4

(000 Omitted)

	May 1937	April 1937	May 1936	Jan.-May, 1937	Incl. 1936
<b>COMMERCIAL FAILURES</b>					
DISTRICT					
Number (Actual)	33	35	17	158	130
Liabilities	\$ 224	\$ 355	\$ 150	\$ 1,493	\$ 2,585

	May 1937	April 1937	May 1936	Jan.-May, 1937	Incl. 1936
<b>CONTRACTS AWARDED</b>					
—DISTRICT					
Residential	\$ 18,779	\$ 17,664	\$ 14,512	\$ 89,726	\$ 80,236
All Others	7,509	7,741	5,760	32,915	23,456
Alabama	11,270	9,923	8,752	56,811	56,780
Florida	1,179	1,407	957	6,701	15,089
Georgia	8,193	5,809	4,961	39,205	27,564
Louisiana	2,625	3,636	3,203	13,800	11,667
Mississippi	4,768	3,156	2,772	16,453	14,826
Tennessee	3,520	2,230	2,631	12,190	7,272
20 Cities	2,102	3,926	2,629	16,315	15,949

	May 1937	April 1937	May 1936	Jan.-May, 1937	Incl. 1936
<b>BUILDING PERMITS—20 CITIES</b>					
Atlanta	\$ 7,325	\$ 4,968	\$ 5,000	\$ 26,309	\$ 23,552
Birmingham	480	352	667	1,878	2,295
Jacksonville	522	272	188	1,822	793
Nashville	283	467	332	2,172	1,528
New Orleans	1,542	185	385	2,366	3,815
15 Other Cities	359	231	200	1,525	1,369
15 Other Cities	4,138	3,460	3,229	16,546	13,753

	May 1937	April 1937	May 1936	Jan.-May, 1937	Incl. 1936
<b>PIG IRON PRODUCTION—Tons</b>					
Alabama	202	200	171	1,028	806

(000 Omitted)

	May 1937	April 1937	May 1936	Aug.-May, 1936-37	Incl. 1935-36
<b>COTTON CONSUMPTION</b>					
—Sales					
Georgia	133	141	103	1,314	1,000
Alabama	73	75	58	722	568
Tennessee	16	17	13	161	126
Total 3 States	222	233	174	2,197	1,694

	May 1937	April 1937	May 1936	Aug.-May, 1936-37	Incl. 1935-36
<b>COTTON SEED CRUSHED—Tons**</b>					
	62	91	40	1,819	1,421

	May 1937	April 1937	May 1936	Aug.-May, 1936-37	Incl. 1935-36
<b>FERTILIZER TAG SALES—6 States</b>					
	142	692	127	2,606	1,988

\*\*Georgia, Alabama, Louisiana, and Mississippi.

(000 Omitted)

	April 1937	March 1937	April 1936	Jan.-April, 1937	Incl. 1936
<b>FARM INCOME—Six States</b>					
Alabama	\$ 56,274	\$ 74,952	\$ 37,743	\$257,181	\$162,721
Florida	7,796	12,824	3,586	36,738	22,500
Georgia	18,707	20,650	13,323	68,103	52,316
Louisiana	5,559	9,148	5,068	35,100	24,625
Mississippi	7,676	7,315	4,959	28,816	14,146
Tennessee	6,794	13,539	5,111	43,262	21,039
Tennessee	9,742	11,476	5,696	45,162	28,095

	April 1937	March 1937	April 1936	Jan.-April, 1937	Incl. 1936
<b>ELECTRIC POWER PRODUCTION—kw Hours</b>					
Alabama	229,424	247,969	171,207	929,990	741,255
Florida	75,623	79,744	70,745	311,655	289,017
Georgia	151,402	138,648	150,954	576,830	527,735
Louisiana	128,656	122,586r	114,289	490,065	467,932
Mississippi	4,700	4,877	4,262	19,937	17,371
Tennessee	102,883	121,309	127,420	435,177	516,173
Total Six States	692,688	715,133r	638,877	2,763,654	2,559,483
By Water Power	443,235	468,177	427,742	1,792,145	1,683,962
By Fuels	249,453	246,956r	211,135	971,509	875,521

	April 1937	March 1937	April 1936	Jan.-April, 1937	Incl. 1936
<b>COAL PRODUCTION—Tons</b>					
Alabama	124	1,420	940	3,933	3,926
Tennessee	176	593	402	1,714	1,770

r—Revised

SIXTH DISTRICT BUSINESS INDEXES

(1923-1925=100 except as noted)

	May 1937	April 1937	May 1936
<b>DEPARTMENT STORE SALES* Unadjusted</b>			
DISTRICT (28 firms)			
Atlanta	115.8	106.2	103.1
Birmingham	203.3	182.6	178.3
Chattanooga	113.4	94.1	95.3
Nashville	88.4	74.4	82.4
New Orleans	114.1	90.2	101.5
New Orleans	92.4	91.8	84.3
<b>DEPARTMENT STORE SALES* Adjusted</b>			
DISTRICT (28 firms)			
Atlanta	114.7	107.3	102.1
Birmingham	193.6	179.0	169.8
Chattanooga	112.3	98.0	94.4
Nashville	85.8	77.5	80.0
New Orleans	102.8	93.0	91.4
New Orleans	95.3	90.9	86.9
<b>DEPARTMENT STORE STOCKS Unadjusted</b>			
DISTRICT (24 firms)			
Atlanta	74.2	78.5	62.8
Birmingham	118.9	126.5	96.3
Chattanooga	72.9	77.0	61.8
Nashville	62.1	68.3	53.2
New Orleans	63.5	68.5	63.5
New Orleans	63.5	65.0	54.7
<b>DEPARTMENT STORE STOCKS Adjusted</b>			
DISTRICT (24 firms)			
Atlanta	72.7	74.8	61.6
Birmingham	117.7	120.5	97.3
Chattanooga	71.5	73.3	60.6
Nashville	60.8	65.0	52.2
New Orleans	62.9	65.9	51.2
New Orleans	62.9	62.5	54.2
<b>WHOLESALE TRADE—(70 firms)</b>			
Groceries	85.5	89.0	69.4
Dry Goods	55.4	59.1	49.7
Hardware	56.7	64.7	56.8
Furniture	94.6	99.3	76.0
Drugs	76.8	86.0	79.3
Drugs	90.5	95.7	82.5
<b>CONTRACTS AWARDED—DISTRICT</b>			
Residential	53.5	50.3	41.3
All Others	53.5	55.2	41.0
Alabama	53.5	47.1	41.5
Florida	25.8	30.8	20.9
Georgia	56.5	40.1	34.2
Louisiana	39.4	54.6	48.1
Mississippi	75.8	50.2	44.1
Tennessee	182.5	115.7	136.5
Tennessee	37.9	70.8	47.4
<b>BUILDING PERMITS—20 Cities</b>			
Atlanta	65.1	44.1	44.4
Birmingham	31.0	22.8	43.1
Jacksonville	35.2	18.4	12.7
Nashville	34.4	56.8	40.3
New Orleans	243.1	29.2	60.7
15 Other Cities	27.9	17.9	15.5
15 Other Cities	75.5	63.2	58.9
<b>PIG IRON PRODUCTION—ALABAMA*</b>			
	85.4	87.2	72.1
<b>COTTON CONSUMPTION—3 STATES*</b>			
Georgia	179.8	189.4	141.2
Alabama	168.6	179.4	131.1
Tennessee	211.8	217.8	166.8
Tennessee	156.7	170.5	131.3

April 137 March 1937 April 1936

	April 137	March 1937	April 1936
<b>EMPLOYMENT—(Av. for 1932=100)</b>			
Alabama	144.2	156.2	131.9
Florida	119.0	125.8	105.9
Georgia	152.6	151.5	133.3
Louisiana	125.5	124.5	112.6
Mississippi	118.4	119.8	110.1
Tennessee	141.3	140.2	125.4
Six States	140.8	143.5	127.9

	April 137	March 1937	April 1936
<b>PAYROLLS—(Av. for 1932=100)</b>			
Alabama	229.0	235.3	181.0
Florida	94.2	97.2	85.1
Georgia	205.2	199.8	161.9
Louisiana	153.0	148.4	128.9
Mississippi	162.9	164.5	147.8
Tennessee	182.4	179.0	152.3
Six States	185.0	185.4	150.1

	April 137	March 1937	April 1936
<b>ELECTRIC POWER PRODUCTION*</b>			
SIX STATES			
Alabama	279.4	279.2r	257.7
Florida	296.7	310.4	221.5
Georgia	384.3	392.2	359.5
Louisiana	260.4	230.8	259.6
Mississippi	499.3	460.3r	443.5
Tennessee	75.1	75.1	67.9
By Water Power	169.4	193.3	209.8
By Fuels	340.2	347.7	328.3
By Fuels	212.1	203.2	179.5

\*Indexes of department store sales, electric power and pig iron production, and of cotton consumption are on a daily average basis.  
r Revised.

## National Summary of Business Conditions

Prepared by the Board of Governors of the Federal Reserve System

VOLUME of industrial production in May continued at the level of the two preceding months. Commodity prices declined slightly in May and the first three weeks of June.

### PRODUCTION, EMPLOYMENT AND TRADE

In May the Board's seasonally adjusted index of industrial production remained unchanged at 118 per cent of the 1923-1925 average. Output of iron, steel, automobiles, and lumber increased further. At cotton and woolen mills and at shoe factories activity continued at a high level, while at silk mills, meatpacking establishments, and sugar refineries there were considerable decreases. Crude petroleum production continued to rise and output of bituminous coal increased somewhat, following a sharp decline in April. Shipments of iron ore in May were larger than in the corresponding month of any previous year. In the first three weeks of June automobile production declined seasonally and, largely owing to labor disturbances, steel output was reduced to 77 per cent of capacity as compared with 90 per cent in May.

Value of construction contracts awarded in May was smaller than in April, according to figures of the F. W. Dodge Corporation. There were declines in awards for residential and other private projects, while contracts for public projects increased. In the first half of June awards for both private and public work were at a somewhat higher rate than in May.

Factory employment, which usually declines at this season, showed little change from April to May and the Board's adjusted index advanced somewhat further. Employment in the durable goods industries continued to increase while employment in other lines declined seasonally. Factory payrolls remained at the April level, following sharp increases in earlier months.

Distribution of commodities to consumers continued in May at the level of other recent months. Sales at department stores and at variety stores showed a seasonal rise and mail-order sales were maintained.

### COMMODITY PRICES

Between the middle of May and the third week in June, prices of grains, except spring wheat, declined considerably and there were small declines in cotton, cotton goods, wool, rubber and steel scrap, while prices of most other commodities showed little change.

### BANK CREDIT

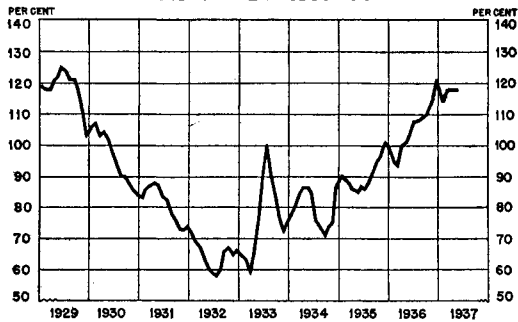
Excess reserves of member banks, which had been about \$900,000,000 after the May 1 increase in reserve requirements, declined by about \$180,000,000 during the week ending June 16, in connection with Treasury operations, but increased in subsequent days and on June 23 were at a level of \$810,000,000.

At reporting member banks in leading cities holdings of United States Government obligations, after several weeks of little change, increased sharply during the week ending June 16, reflecting purchases of the new issues of Treasury notes. Commercial Loans at member banks continued to increase in the four weeks ending June 16. This increase was largely at banks in New York City, which also showed a growth in loans to other New York banks and to brokers and dealers in securities.

### MONEY RATES

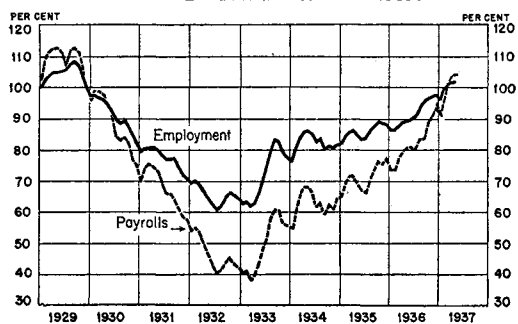
The open-market rate on 90-day bankers' acceptances, which had been reduced from 9/16 to 1/2 of 1 per cent on May 7, was further reduced to 7/16 of 1 per cent on June 22. Other money rates have shown little change in recent weeks.

### INDUSTRIAL PRODUCTION



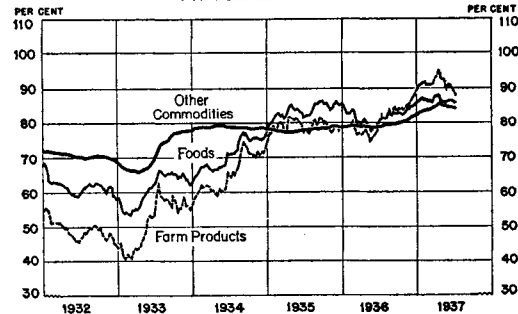
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to May, 1937.

### FACTORY EMPLOYMENT AND PAYROLLS



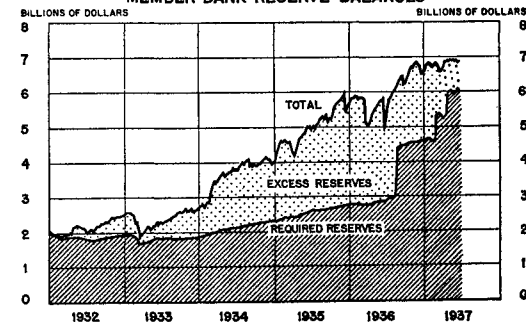
Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to May, 1937. Indexes compiled by U. S. Bureau of Labor Statistics.

### WHOLESALE PRICES



Indexes compiled by U. S. Bureau of Labor Statistics, 1926 = 100. By weeks, 1932 to date. Latest figure is for week ending June 19, 1937.

### MEMBER BANK RESERVE BALANCES



Wednesday figures of total member bank reserve balances at Federal Reserve Banks, with estimates of required reserves, January 6, 1932, to June 23, 1937.