

MONTHLY REVIEW

BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

JULY 31, 1937

There were increases in cotton mill activity, coal mining, pig iron production, and in construction contracts awarded in the Sixth District in June, but trade at both retail and wholesale declined. Loans, investments, and deposits at weekly reporting member banks have declined in recent weeks. At the Federal Reserve Bank, discounts and industrial advances have recently declined, and, following the July 4 holiday, Federal Reserve note circulation has been further reduced.

Trade June sales by 49 reporting retail firms declined 15 per cent from May, but were 6.3 per cent larger than in June, 1936. Total sales by these firms in the first six months of 1937 were 10.5 per cent greater than in the first half of last year. As in May, the retail trade index for June, based on sales by 28 firms, was the highest for that month since 1920. The decline from May, however, was somewhat larger than seasonal, and the adjusted index declined from 114.7 per cent of the 1923-1925 average to 110.9 per cent. Stocks declined from May to June by about the seasonal amount, but were 16.7 per cent larger than a year earlier. The collection ratio also declined.

Wholesale trade, reflected in sales by 70 firms, declined further in June by 4.6 per cent, although sales of groceries, drugs and furniture increased. June sales were 22.3 per cent larger than a year ago, and the June index was the highest for that month since 1927. Total sales in the January-June period were 24.2 per cent greater than in that part of last year.

According to Department of Commerce statistics, daily average sales of general merchandise in small towns and rural areas of the South declined 4.9 per cent further in May, but were 15.3 per cent greater than a year ago.

Banking After increasing somewhat between June 2 and June 16, because of an increase in holdings of Government securities, total loans and investments at weekly reporting member banks in leading cities of the Sixth District declined in subsequent weeks, and on July 14 were the smallest in more than a year. Holdings of securities guaranteed by the United States have increased somewhat, but holdings of direct obligations of the Government have declined to about the level at the beginning of June, and holdings of other securities on July 14 were the smallest since May 6, 1936. Since mid-June, commercial, industrial and agricultural loans have declined about 6.5 millions of dollars. Decreases in loans to brokers and dealers in securities, and in other loans for purchasing or carrying securities were offset in part by increases in real estate loans and in "Other Loans." Loans to banks also increased slightly.

Government deposits have declined somewhat, after increasing at the middle of June as a result of Treasury operations. Demand deposits—adjusted and time deposits were somewhat less on July 14 than four weeks earlier, but continued greater than a year ago. Deposits of other domestic banks declined further, however, and were 65 millions less than at the high point on February 10, and 20.9 millions less than a year ago.

At the Federal Reserve Bank of Atlanta, in recent weeks, there have been decreases in discounts and in industrial advances. Total bills and securities held on July 14 were smaller by \$1,089,000 than four weeks earlier, but were \$13,060,000 greater than a year ago, largely because of increased holdings of Government securities. After declining from 195.5 millions on December 23 to 172.1 millions at the end of June, Federal Reserve note circulation showed

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

	July 14 1937	Change From :	
		June 16, 1937	July 15, 1936
Loans and Investments.....	\$544,932	— 14,116	— 3,313
Loans—Total.....	265,325	— 5,312	+ 45,334
Commercial, industrial and agricultural loans :			
On Securities.....	11,092	— 1,194	*
Otherwise secured and unsecured.....	123,732	— 5,311	*
Open Market Paper.....	4,892	— 876	— 37
Loans to brokers and dealers in securities.....	6,711	— 411	— 487
Other loans for purchasing or carrying securities.....	16,459	— 568	*
Real estate loans.....	26,723	+ 135	+ 3,354
Loans to banks.....	5,022	+ 18	+ 4,055
Other Loans :			
On securities.....	24,905	+ 2,646	*
Otherwise secured and unsecured.....	45,789	+ 249	*
Investments—Total.....	279,607	— 8,804	— 48,647
U. S. direct obligations.....	170,109	— 9,218	— 38,822
Obligations guaranteed by U. S.....	32,833	+ 2,162	— 6,828
Other securities.....	76,665	— 1,748	— 2,997
Reserve with F. R. Bank.....	104,016	+ 1,866	+ 37,009
Cash in vault.....	12,167	+ 1,617	+ 2,013
Balances with domestic banks.....	100,862	+ 426	— 56,334
Demand deposits—adjusted.....	337,472	— 406	+ 32,318
Time deposits.....	178,796	— 395	+ 1,649
U. S. Government deposits.....	12,200	— 2,179	— 39,103
Deposits of domestic banks.....	176,139	— 9,724	— 20,942
Borrowings : From F. R. Bank.....	536	— 773	+ 536
From others.....	250	Same	+ 250

FEDERAL RESERVE BANK OF ATLANTA (In Thousands of Dollars)

	July 14 1937	Change From :	
		June 16, 1937	July 15, 1936
Bills Discounted.....	\$ 975	— 967	+ 954
Bills Bought in Open Market.....	108	— 1	—
Industrial Advances.....	194	— 21	— 529
United States Gov't Securities.....	110,991	— 100	+ 12,635
Total Bills and Securities.....	112,268	— 1,089	+ 13,060
Total Reserves.....	245,353	— 11,745	+ 14,830
Member Bank Reserve Account.....	169,519	— 5,263	+ 52,021
U. S. Treasurer General Account.....	3,592	— 1,176	— 18,872
F. R. Note Circulation.....	169,876	— 5,285	— 7,039

DEBITS TO INDIVIDUAL ACCOUNTS
 (In Thousands of Dollars)

	June 1937	May 1937	June 1936
ALABAMA			
Birmingham	\$ 86,432	\$ 85,717	\$ 70,204
Dothan	2,824	3,207	2,360
Mobile	37,395	38,073	29,581
Montgomery	23,680	22,409	18,578
FLORIDA			
Jacksonville	72,316	75,186	61,957
Miami	33,182	36,304	31,218
Pensacola	8,343	8,866	8,001
Tampa	28,542	29,635	23,240
GEORGIA			
Albany	4,256	4,335	3,159
Atlanta	170,308	179,203	149,865
Augusta	16,276	18,423	15,217
Brunswick	2,912	3,071	2,212
Columbus	14,808	14,853	11,353
Elberton	1,166	1,238	963
Macon	13,910	13,835	12,899
Newnan	1,896	2,279	2,049
Savannah	34,450	35,578	27,977
Valdosta	3,721	4,163	2,883
LOUISIANA			
New Orleans	210,045	206,490	187,104
MISSISSIPPI			
Hattiesburg	4,707	4,730	3,743
Jackson	18,984	24,383	33,291
Meridian	10,269	10,321	9,652
Vicksburg	6,588	6,823	6,138
TENNESSEE			
Chattanooga	42,757	41,806	36,270
Knoxville	27,341	27,792	22,790
Nashville	86,242	77,573	78,145
TOTAL 26 Cities	\$963,450	\$976,293	\$850,849

a slight increase prior to the July 4 holiday, but declined to 169.9 millions on July 14, the lowest figure in thirteen months. Member bank reserve deposits have declined somewhat, and latest available figures indicate that on July 14 estimated excess reserves of all member banks in the District amounted to 21.6 millions of dollars, or 14.6 per cent of requirements.

Agriculture The July report of the United States Department of Agriculture indicates a 10.4 per cent larger acreage planted to cotton in the United States on July 1 this year than last. In the six states of this District the July 1 acreage is 12.2 per cent larger than that a year earlier, and 12.9 per cent larger than the acreage actually harvested last year. By states, the July 1, 1937, acreages, in thousands, are: Alabama 2,568; Florida 115; Georgia 2,644; Louisiana 1,550; Mississippi 3,371; Tennessee 946. The figures show increases over last year of 10 per cent in Alabama and Louisiana, 12 per cent in Mississippi, 13 per cent in Tennessee, 15 per cent in Georgia, and 27.8 per cent in Florida.

Cash receipts from the sale of principal farm products declined 5.8 per cent, and Government payments 73 per cent, from April to May, but the total was 14.7 per cent larger than a year ago, and the five-months total of 305 millions of dollars is 49 per cent greater than for that part of 1936.

Spot cotton prices at the ten designated markets declined further in June and the average of 12.50 cents was the lowest since November. Quotations rose somewhat, however, following the Government's report of 34,192,000 acres in

cultivation on July 1, which, according to the Department of Agriculture, was somewhat smaller than had been expected by the trade.

July estimates by the Department of Agriculture indicate large increases over last year in the production of wheat, oats, potatoes, apples, and of Florida citrus fruits, and smaller increases in corn, hay, sweet potatoes, and tobacco. Smaller crops of peaches and pears, and of sugar cane and rice in Louisiana are indicated.

In the table the July 1 estimates of the Sixth District production of certain important crops are compared with production realized in 1936.

	(000 Omitted) Estimates July 1, 1937	Production 1936	Percent Change
Corn, bu.	167,889	149,800	+ 12.1
Wheat, bu.	7,602	5,938	+ 28.0
Oats, bu.	12,838	10,496	+ 22.3
Timothy Hay, tons	2,879	2,524	+ 14.1
Tobacco, lbs.	158,332	152,515	+ 3.8
White Potatoes, bu.	14,299	9,921	+ 44.1

Industry Employment and payrolls at more than six thousand firms in this District reporting to the Bureau of Labor Statistics increased slightly from April to May, largely because of a resumption of coal mining in Alabama following the strike in April. Decreases in Florida were primarily in canning, cigar manufacturing, retail and wholesale trade, and at hotels.

The value of building permits issued at twenty reporting cities declined about 19 per cent from May to June and was only slightly larger than for June last year. The total for the first half of 1937 was 9.6 per cent larger than for that part of 1936, and the largest for the period since 1929. Value of contracts awarded increased in June in Alabama, Florida, Louisiana, and Tennessee. The District total was 13.4 per cent larger than for May, the largest since January, and 12.3 per cent larger than for June last year. In the first half of 1937 residential contracts were 32.7 per cent, other contracts 2.4 per cent, and the total 11.9 per cent, larger than in that part of 1936. Production, orders and shipments at lumber mills averaged less in June than a year ago, and press reports indicate a quiet market.

Activity at cotton mills increased somewhat in June, when daily average consumption of cotton was 25.6 per cent greater than in June last year. Coal production in both Alabama and Tennessee averaged higher in June than in May, or in June a year ago. Daily average production of pig iron in Alabama increased 6.7 per cent in June, was 41.1 per cent greater than a year earlier, and except for February and March was the highest in seven years. All of the 18 available furnaces in Alabama were in operation. Receipts of turpentine and rosin increased further in June and were the largest for June in six years. Prices of both commodities declined slightly in recent weeks, but quotations on rosin continued higher than a year ago, while prices of turpentine were slightly lower.

SIXTH DISTRICT BUSINESS STATISTICS

	SALES		Jan.-June Incl. Compared With	STOCKS June 1937 Compared With June 1936	Collection Ratio June 1937
	June 1937	Compared With:			
	May 1937	June 1936	Year Ago	June 1936	June 1937
RETAIL TRADE					
Atlanta	18.4	+ 8.4	+13.6	+18.2	27.2
Birmingham	14.2	+ 9.6	+14.2	+17.2	32.9
Chattanooga	7.4	+ 5.1	+13.8	+16.4	26.4
Montgomery	18.9	+ 1.1	+ 3.4	+26.0
Nashville	29.8	+ 4.4	+12.5	+23.0	26.0
New Orleans	4.7	+ 0.4	+ 4.8	+15.5	36.3
Other Cities	17.1	+10.0	+10.7	+14.4	32.5
DISTRICT (49 firms)	15.0	+ 6.3	+10.5	+16.7	30.7
WHOLESALE TRADE					
Groceries	+ 3.1	+17.1	+11.4	77.1
Dry Goods	+ 9.9	+ 3.6	+11.0	+35.7	32.7
Hardware	+ 5.0	+24.6	+32.2	+17.1	44.5
Furniture	+ 3.1	+ 1.0	+18.7	+53.5	38.1
Electrical Supplies	+21.0	+52.8	+67.0
Drugs	+16.0	+15.6	+10.2	+14.5	47.0
TOTAL (70 firms)	+ 4.6	+22.3	+24.2	+ 2.2	54.4

(000 Omitted)

	June 1937	May 1937	June 1936	Jan.-June, Incl. 1937	1936
COMMERCIAL FAILURES—					
DISTRICT					
Number (Actual)	21	33	15	179	145
Liabilities	\$ 279	\$ 224	\$ 164	\$ 1,772	\$ 2,749

	June 1937	May 1937	June 1936	Jan.-June, Incl. 1937	1936
CONTRACTS AWARDED—					
DISTRICT					
Residential	\$ 8,371	\$ 7,509	\$ 7,648	\$11,026	\$ 99,198
All Others	12,928	11,270	11,314	69,740	68,093
Alabama	\$ 1,985	\$ 1,179	\$ 2,474	\$ 8,686	\$ 17,563
Florida	9,060	8,193	6,011	48,265	33,575
Georgia	2,085	2,625	4,703	15,884	16,370
Louisiana	6,628	4,768	2,167	23,081	16,993
Mississippi	2,253	3,520	4,238	14,444	11,510
Tennessee	3,224	2,102	12,769	19,538	28,717

	June 1937	May 1937	June 1936	Jan.-June, Incl. 1937	1936
BUILDING PERMITS—					
20 CITIES					
Atlanta	\$ 624	\$ 480	\$ 356	\$ 2,501	\$ 2,650
Birmingham	228	522	156	2,051	949
Jacksonville	382	283	331	2,554	1,859
Nashville	152	1,542	300	2,519	4,115
New Orleans	508	359	316	2,033	1,685
15 Other Cities	4,053	4,138	4,416	20,599	18,169

	June 1937	May 1937	June 1936	Jan.-June, Incl. 1937	1936
PIG IRON PRODUCTION—Tons					
Alabama	209	202	148	1,236	954

(000 Omitted)

	June 1937	May 1937	June 1936	Aug.-June, Incl. 1936-37	1935-36
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	June 1937	May 1937	June 1936	Aug.-June, Incl. 1936-37	1935-36
COTTON CONSUMPTION—					
Sales					
Georgia	134	133	108	1,448	1,109
Alabama	77	73	58	799	626
Tennessee	15	16	14	176	139
Total 3 States	226	222	180	2,423	1,874

	June 1937	May 1937	June 1936	Aug.-June, Incl. 1936-37	1935-36
COTTON SEED CRUSHED—					
Tons*	43	62	27	1,862	1,448

	June 1937	May 1937	June 1936	Aug.-June, Incl. 1936-37	1935-36
FERTILIZER TAG SALES—					
Total 6 States	55	142	44	2,661	2,032

*Georgia, Alabama, Louisiana and Mississippi.

(000 Omitted)

	May 1937	April 1937	May 1936	Jan.-May, Incl. 1937	1936
FARM INCOME—Six States*					
Alabama	\$ 48,455	\$ 56,274	\$ 42,252	\$305,351	\$204,973
Florida	7,387	7,796	5,487	44,125	27,987
Georgia	15,385	18,707	10,229	83,488	62,545
Louisiana	5,099	5,559	8,320	40,199	32,945
Mississippi	7,728	7,676	5,805	36,544	19,951
Tennessee	5,832	6,794	5,567	49,094	26,606
Tennessee	7,024	9,742	6,844	51,901	34,939

	May 1937	April 1937	May 1936	Jan.-May, Incl. 1937	1936
ELECTRIC POWER					
PRODUCTION—kw Hours					
Alabama	240,148	229,424	199,026	1,170,138	940,281
Florida	70,706	75,623	63,555	382,361	352,572
Georgia	148,340	151,402	147,252	725,170	674,987
Louisiana	133,599	128,656	126,813	623,664	594,745
Mississippi	4,922	4,700	5,064	24,859	22,435
Tennessee	103,468	102,883	115,356	538,645	631,529
Total Six States	701,183	692,688	657,066	3,464,837	3,216,549
By Water Power	449,562	443,235	433,172	2,241,707	2,117,134
By Fuels	251,621	249,453	223,894	1,223,130	1,099,415

	May 1937	April 1937	May 1936	Jan.-May, Incl. 1937	1936
COAL PRODUCTION—Tons					
Alabama	796	124	890	4,729	4,816
Tennessee	370	176	307	2,084	2,077

*Includes Government benefit payments.

SIXTH DISTRICT BUSINESS INDEXES
(1923-1925=100 except as noted)

	June 1937	May 1937	June 1936
DEPARTMENT STORE SALES* Unadjusted			
DISTRICT (28 firms)	99.8	115.8	92.3
Atlanta	165.9	203.3	148.7
Birmingham	98.3	113.4	89.1
Chattanooga	81.9	88.4	76.2
Nashville	80.2	114.1	76.7
New Orleans	88.1	92.4	87.7
DEPARTMENT STORE SALES* Adjusted			
DISTRICT (28 firms)	110.9	114.7	102.6
Atlanta	190.7	193.6	170.9
Birmingham	105.7	112.3	95.8
Chattanooga	73.8	85.8	68.6
Nashville	87.2	102.8	83.4
New Orleans	98.9	95.3	98.5
DEPARTMENT STORE STOCKS Unadjusted			
DISTRICT (24 firms)	69.3	74.2	57.9
Atlanta	109.6	118.9	90.2
Birmingham	67.7	72.9	56.5
Chattanooga	57.4	62.1	49.3
Nashville	57.5	63.5	46.8
New Orleans	58.8	63.5	50.9
DEPARTMENT STORE STOCKS Adjusted			
DISTRICT (24 firms)	72.9	72.7	60.9
Atlanta	114.2	117.7	94.0
Birmingham	68.4	71.5	57.1
Chattanooga	59.8	60.8	51.4
Nashville	59.3	62.9	48.2
New Orleans	62.6	62.9	54.1
WHOLESALE TRADE—(70 firms)			
Groceries	81.6	85.5	66.4
Dry Goods	57.1	55.4	50.8
Hardware	51.1	56.7	49.3
Furniture	89.9	94.6	73.2
Drugs	79.2	76.8	80.6
Drugs	105.0	90.5	81.9
CONTRACTS AWARDED—DISTRICT			
Residential	60.7	53.5	54.0
All Others	59.7	53.5	54.5
Alabama	61.4	53.5	53.7
Florida	43.4	25.8	54.1
Georgia	62.5	56.5	41.4
Louisiana	31.3	39.4	70.6
Mississippi	105.4	75.8	34.5
Tennessee	116.9	182.5	219.8
Tennessee	58.1	37.9	230.3
BUILDING PERMITS—20 CITIES			
Atlanta	52.8	65.1	52.2
Birmingham	40.3	31.0	23.0
Jacksonville	15.4	35.2	10.5
Nashville	46.5	34.4	40.3
New Orleans	24.0	243.1	47.3
15 Other Cities	39.4	27.9	24.5
15 Other Cities	74.0	75.5	80.6
PIG IRON PRODUCTION—ALABAMA*			
	91.1	85.4	64.5
COTTON CONSUMPTION—3 STATES*			
Georgia	183.8	179.8	146.4
Alabama	171.0	168.6	138.0
Alabama	222.2	211.8	167.8
Tennessee	151.8	156.7	137.8

May 1937 April 1937 May 1936

	May 1937	April 1937	May 1936
EMPLOYMENT—(Av. for 1932=100)			
Alabama	150.8	144.2	130.9
Florida	109.0	119.0	94.0
Georgia	152.3	152.6	131.4
Louisiana	125.2	125.5	113.2
Mississippi	115.9	118.4	104.1
Tennessee	142.7	141.3	125.2
Six States	140.9	140.8	125.3

	May 1937	April 1937	May 1936
PAYROLLS—(Av. for 1932=100)			
Alabama	230.4	229.0	181.0
Florida	89.5	94.2	77.5
Georgia	204.4	205.2	162.6
Louisiana	153.6	153.0	132.8
Mississippi	160.3	162.9	143.0
Tennessee	186.2	182.4	151.4
Six States	186.3	185.0	151.8

	May 1937	April 1937	May 1936
ELECTRIC POWER PRODUCTION*			
SIX STATES	273.7	279.4	256.5
Alabama	300.6	296.7	249.1
Florida	347.7	384.3	312.5
Georgia	246.9	260.4	245.1
Louisiana	501.7	499.3	476.3
Mississippi	76.1	75.1	78.0
Tennessee	164.9	169.4	183.8
By Water Power	333.9	340.2	321.7
By Fuels	207.1	212.1	184.2

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

National Summary of Business Conditions

Prepared by the Board of Governors of the Federal Reserve System

ACTIVITY in most manufacturing industries and at mines continued in June at the May level, with allowance for seasonal influences, but the total output was decreased by labor difficulties in steel mills. In July, production at these mills increased.

PRODUCTION, EMPLOYMENT, AND TRADE

Volume of industrial output, as measured by the Board's seasonally adjusted index, was 115 per cent of the 1923-1925 average in June as compared with 118 per cent maintained in the preceding three months. The decrease was largely accounted for by the decline in steel production. Automobile production declined seasonally and lumber output showed little change. There was considerable reduction in activity at shoe factories and at sugar refineries, while textile production was close to the level of other recent months. At mines output continued in about the same volume as in May.

Value of construction contracts awarded, which had declined in May, increased considerably in June, according to figures of the F. W. Dodge Corporation. There was a marked rise in contracts for public projects, and awards for private building increased somewhat, reflecting chiefly a larger volume of contracts for factories and for apartments.

Factory employment and payrolls declined more than seasonally from the middle of May to the middle of June, largely as a result of strikes in the iron and steel industry. In most other manufacturing industries and also in nonmanufacturing lines changes in employment were chiefly of a seasonal nature.

AGRICULTURE

The July 1 cotton report of the Department of Agriculture showed an acreage of 34,192,000, which is larger than in any year since 1933, but considerably smaller than the average of 41,424,000 acres for the five years 1928-1932. Reports on other major crops indicate larger production than last season and about equal to the average for 1928-1932.

DISTRIBUTION

Distribution of commodities to consumers was maintained in June at the level of other recent months, with allowance for seasonal influences. Department store sales showed a seasonal decline and there was little change in mail order business. Sales at variety stores increased somewhat. Department store trade in the mid-western industrial area in June and in the first half of the year showed larger increases over a year ago than did sales in other parts of the country.

Freight-car loadings declined somewhat further in June, reflecting largely a decrease in shipments of miscellaneous freight.

WHOLESALE COMMODITY PRICES

The general level of wholesale commodity prices, which had declined gradually from the beginning of April to the middle of June, advanced somewhat after that time. Prices of hogs and pork rose considerably and grain prices advanced during most of the period. Steel scrap prices increased sharply and prices of tin, zinc, and hides also advanced, while cotton goods and rubber continued downward. In the past week prices for grains declined and cotton prices also moved lower.

BANK CREDIT

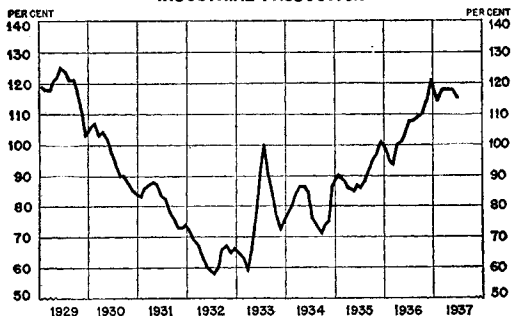
In the four-week period ending July 21 the volume of excess reserves of member banks increased from \$810,000,000 to \$870,000,000, owing principally to a decline in the amount of required reserves resulting from a decrease in deposits at member banks in leading cities.

Commercial loans of reporting member banks continued to increase both in New York City and in other leading cities during the five weeks ending July 21. There was a substantial decline in adjusted demand deposits, mostly at New York City banks. This decline corresponded to decreases in holdings of United States Government obligations, following increases at the time of new Treasury note issues at the middle of June, and in holdings of other securities. Loans to brokers and dealers in securities, which increased in June, declined during the first three weeks of July.

MONEY RATES

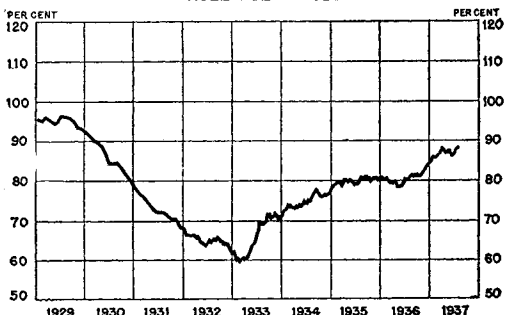
Open-market rates on Treasury bills and yields on Treasury notes and bonds declined in July to the lowest levels since March.

INDUSTRIAL PRODUCTION



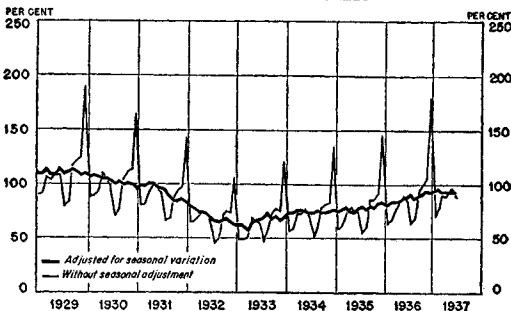
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to June, 1937.

WHOLESALE PRICES



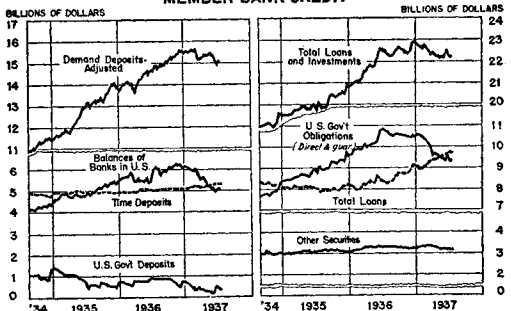
Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By months, 1929 to 1931; by weeks, 1932 to date. Latest figure is for week ending July 17, 1937.

DEPARTMENT STORE SALES



Indexes of value of sales, 1923-1925 average = 100. By months, January, 1929, to June, 1937.

MEMBER BANK CREDIT



Wednesday figures for reporting member banks in 101 leading cities, Sept. 5, 1934, to July 21, 1937.