

MONTHLY REVIEW

BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

AUGUST 31, 1937

There was a substantial increase in contracts awarded in the Sixth District from June to July. Increases were recorded also in building permits, and in output of pig iron in Alabama. Retail and wholesale trade, however, declined further, and operations at cotton mills were considerably reduced. In the four weeks ending August 11, deposits at weekly reporting member banks increased. Investments also increased, but loans declined.

Trade Total sales by 49 reporting retail firms declined further in July by 18.9 per cent, but were 3 per cent greater than in July, 1936. The decrease from June to July was somewhat smaller than seasonal, however, and the index of sales of 28 reporting firms, after seasonal adjustment, rose from 110.9 per cent of the 1923-1925 average for June to 114.1 per cent for July. The index number for July, like those for June and May, was the highest for that month since 1920. Inventories declined 5 per cent in July but were 18.3 per cent larger than a year ago.

Wholesale trade, reported by 70 firms, declined 4.7 per cent in July, but was 6.1 per cent greater than a year earlier, and the January-July total was 21.4 per cent larger than in that part of 1936. In the past seventeen years the wholesale index has declined in July seven times.

According to Department of Commerce statistics, daily average sales of general merchandise in small towns and rural areas of the South declined 5.6 per cent from May to June, but were 10.1 per cent larger than in June last year.

Banking Total loans and investments at weekly reporting member banks in leading cities of the District continued to decline in July, but increased slightly in early August. On July 28 the total was about 59 millions of dollars less than the high figure for recent years recorded on December 23. Total loans by these banks rose 47 millions in the last half of 1936, and showed a further small increase between March and May this year, but have since declined. Holdings of investment securities have declined 56 millions since last September 16, after having increased 113 millions since the middle of 1935.

In the four weeks ending August 11, commercial, industrial and agricultural loans have declined about 3.3 millions. In this period loans to brokers and dealers in securities, loans to banks, and Other Loans increased, but real estate loans, other security loans and open market paper holdings declined.

Demand deposits-adjusted rose nearly 4.7 millions in the four weeks ending August 11, were 36.1 millions greater than a year ago, and excepting June 23 were at the highest level in available statistics. Time deposits, which increased in June, declined in the first two weeks of July but have since increased somewhat. Government deposits continued substantially smaller than a year ago, and deposits of other banks were also less.

At the Federal Reserve Bank of Atlanta, member bank reserve deposits declined by July 21 to 166.3 millions, the lowest since February and about 24 millions less than at the high level of 180.6 millions on May 12. They were, however, 53.8 millions greater than a year earlier, when the percentage of reserve requirements was half as large as at present. It is estimated from latest available figures that on August 11 member bank reserves were about 25.8 millions of dollars, or 17.7 per cent, in excess of legal requirements. Discounts, although still in small volume, more than doubled from July 14 to August 4, but declined the following week. Total reserves of the bank declined about 30 millions between March 24 and July 21, but increased to

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

	August 11 1937	Change From : July 14, 1937	Aug. 12, 1936
Loans and Investments	\$544,485	447	3,690
Loans—Total	262,692	2,633	+ 40,802
Commercial, industrial and agricultural loans :			
On Securities	10,711	381	*
Otherwise secured and unsecured	120,862	2,870	*
Open Market Paper	4,433	459	297
Loans to brokers and dealers in securities	7,495	+ 784	+ 2,118
Other loans for purchasing or carrying securities	15,940	— 519	*
Real estate loans	26,675	— 48	+ 3,152
Loans to banks	5,567	+ 545	+ 3,995
Other Loans :			
On securities	24,800	— 105	*
Otherwise secured and unsecured	46,209	+ 420	*
Investments—Total	281,793	+ 2,186	— 44,492
U. S. direct obligations	172,849	+ 2,740	— 33,885
Obligations guaranteed by U. S.	32,164	— 669	6,664
Other securities	76,780	+ 115	3,743
Reserve with F. R. Bank	106,422	+ 2,406	+ 33,616
Cash in vault	11,668	— 499	+ 833
Balances with domestic banks	102,227	+ 1,365	— 39,665
Demand deposits—adjusted	342,147	+ 4,675	+ 36,072
Time deposits	179,849	+ 1,053	+ 3,121
U. S. Government deposits	11,619	— 581	— 39,892
Deposits of domestic banks	172,309	— 3,830	— 13,630
Borrowings : From F. R. Bank	373	— 163	+ 873
From others	2,061	+ 1,811	+ 2,061

*Comparable figures not available.

FEDERAL RESERVE BANK OF ATLANTA (In Thousands of Dollars)

	August 11 1937	Change From : July 14, 1937	Aug. 5, 1936
Bills Discounted	\$ 1,424	+ 449	+ 1,398
Bills Bought in Open Market	108	same	same
Industrial Advances	188	— 6	— 528
United States Securities	110,991	same	+ 12,635
Total Bills and Securities	112,711	+ 443	+ 13,505
Total Reserves	249,432	+ 4,079	+ 22,995
Member Bank Reserve Account	171,723	+ 2,204	+ 53,756
U. S. Treasurer General Account	3,486	— 106	— 17,380
F. R. Note Circulation	170,905	+ 1,029	— 3,662

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	July 1937	June 1937	July 1936
ALABAMA			
Birmingham.....	\$ 88,369	\$ 86,432	\$ 71,758
Dothan.....	2,654	2,824	2,259
Mobile.....	40,335	37,395	30,847
Montgomery.....	22,226	23,680	19,789
FLORIDA			
Jacksonville.....	70,246	72,316	63,764
Miami.....	30,194	33,182	29,262
Pensacola.....	8,783	8,343	7,963
Tampa.....	26,460	28,542	22,923
GEORGIA			
Albany.....	4,055	4,256	3,474
Atlanta.....	177,951	170,308	152,184
Augusta.....	17,158	18,276	17,389
Brunswick.....	2,747	2,912	2,492
Columbus.....	14,776	14,808	11,936
Elberton.....	1,128	1,166	1,358
Macon.....	14,365	13,910	13,269
Newnan.....	1,796	1,896	2,363
Savannah.....	33,784	34,450	29,957
Valdosta.....	4,911	3,721	3,303
LOUISIANA			
New Orleans.....	207,760	210,045	190,540
MISSISSIPPI			
Hattiesburg.....	4,872	4,707	3,997
Jackson.....	20,168	18,984	23,402
Meridian.....	9,766	10,269	8,254
Vicksburg.....	6,822	6,688	6,406
TENNESSEE			
Chattanooga.....	44,953	42,757	38,197
Knoxville.....	29,297	27,341	24,731
Nashville.....	87,084	86,242	76,778
TOTAL 26 Cities.....	\$972,660	\$963,450	\$860,197

249.4 millions on August 11, when they were about 23 millions greater than a year ago. Federal Reserve note circulation declined on each of the four Wednesdays in July following the July 4 holiday, and on August 11 was about 3.7 millions less than on the corresponding Wednesday last year.

Agriculture The August 1 estimate by the United States Department of Agriculture indicates the production of 5,913,000 bales of cotton in the six states of this District, a crop 10.2 per cent larger than in 1936, and the largest since 1931. Only four times since 1914 has a larger crop been produced in these states, in 1931, 1929, 1926 and 1925. The estimates by states are compared in the table with production last year.

	Estimate Aug. 1, 1937	Production 1936	Percent Change
Alabama.....	1,302,000	1,145,000	+ 13.7
Florida.....	40,000	31,000	+ 29.0
Georgia.....	1,282,000	1,086,000	+ 18.0
Louisiana.....	864,000	761,000	+ 13.5
Mississippi.....	1,917,000	1,911,000	+ 0.3
Tennessee.....	508,000	433,000	+ 17.3
Six States.....	5,913,000	5,367,000	+ 10.2

Spot cotton prices on the ten designated markets declined somewhat during most of July, and fell rather sharply following the publication of the Government estimate of the crop. The average price on August 12 was 10.34 cents, compared with 12.85 cents on July 9, and with an average of 14.15 cents for April, the highest in seven years.

June receipts from the sale of principal farm products, including livestock and livestock products, were 23.7 per

cent greater than a year earlier, but Government payments were substantially less.

August estimates by the Department of Agriculture indicate increases in production over 1936 of certain crops in the six states of this District as follows: corn 15.5 per cent; oats 24.9 per cent; wheat 25 per cent; tame hay 16.6 per cent; apples 77.3 per cent; potatoes 42.8 per cent; sweet potatoes 16.2 per cent; and rice in Louisiana 2.3 per cent. The estimate of production of peaches shows a decrease of 35.3 per cent, and of sugar cane (for sugar) in Louisiana a decrease of 6.1 per cent.

Industry There were small declines from May to June in both employment and payrolls at 5,900 firms in the Sixth District reporting to the Bureau of Labor Statistics. Further increases at Alabama coal mines were offset in the District average by decreases in Florida in retail and wholesale trade, canning, shipbuilding and cigar manufacturing. June indexes were, however, well above those for June of other recent years.

The value of building permits issued at twenty reporting cities increased 5.8 per cent from June to July, but was 22.3 per cent less than the July, 1936 total, the largest for any month since April, 1929. The January-July total was 2.7 per cent larger than for that part of last year, and the largest for the period since 1929. Value of contracts awarded in the District more than doubled in July, compared with June, according to F. W. Dodge Corporation statistics, because of large amounts reported for Louisiana and Alabama. Totals for Georgia, Mississippi and Tennessee also increased, but that for Florida declined. The July total for the District is the largest for any month since November, 1933, and has been exceeded only twice in the past eight years. The demand for lumber improved in the latter part of July. For the first time since February, orders booked and unfilled orders at mills reporting to the Southern Pine Association averaged larger than in the corresponding period a year earlier.

Cotton consumption declined in July, but for the year ending July 31 was the largest on record. In the year ending July 31, operations at cotton seed oil mills were at a level 28 per cent higher than in the 1935-36 season. Weekly figures of coal production in Alabama and Tennessee averaged about the same in July as in June, but larger than a year ago by 17 per cent in Alabama and 21 per cent in Tennessee. Daily average production of pig iron in Alabama increased 10.8 per cent in July to a figure 68 per cent greater than a year ago, and was the largest for any month since April, 1930. All of the 18 furnaces continued active at the middle of August. Receipts of both turpentine and rosin have been slightly less this season than last, and stocks on August 12 showed substantial decreases compared with those a year earlier. Prices declined somewhat in July and early August.

SIXTH DISTRICT BUSINESS STATISTICS

	SALES		Jan.-July Incl. Compared With Year Ago	STOCKS July 1937 Compared With July 1936	Collection Ratio July 1937
	July 1937 Compared With June 1937	July 1936			
RETAIL TRADE					
Atlanta	-18.7	+ 6.5	+12.8	+19.7	27.3
Birmingham	-15.9	+ 5.2	+13.0	+21.2	33.1
Chattanooga	-28.2	+ 4.8	+12.7	+19.2	25.6
Montgomery	-21.5	+ 0.6	+ 3.1	+34.2	.....
Nashville	-23.0	- 2.0	+10.8	+32.3	25.0
New Orleans	-19.1	- 4.4	+ 3.6	+16.8	34.5
Other Cities	-17.3	+ 7.7	+10.4	+12.6	31.3
DISTRICT (49 firms)	-18.9	+ 3.0	+ 9.6	+18.3	30.0
WHOLESALE TRADE					
Groceries	- 3.7	- 1.6	+ 9.4	.....	73.8
Dry Goods	- 0.5	-14.8	+ 7.1	+42.0	30.1
Hardware	- 2.8	+13.2	+29.3	+21.0	40.8
Furniture	-14.1	-13.0	+13.8	+44.4	40.5
Electrical Supplies	-14.3	+31.9	+61.2	.....	.....
Drugs	- 3.6	+ 7.6	+14.7	+19.2	65.9
TOTAL (70 firms)	- 4.7	+ 6.1	+21.4	+31.1	50.7

(000 Omitted)

	July 1937	June 1937	July 1936	Jan.-July, Incl. 1937	1936
COMMERCIAL FAILURES—					
DISTRICT					
Number (Actual)	25	21	24	204	169
Liabilities	\$ 310	\$ 279	\$ 237	\$ 2,082	\$ 2,986
CONTRACTS AWARDED—					
DISTRICT					
Residential	\$ 33,983	\$ 21,229	\$ 33,312	\$145,009	\$132,510
All Others	6,910	8,371	7,226	48,196	38,331
Alabama	27,073	12,928	26,086	96,813	94,179
Florida	11,670	1,985	7,039	20,356	24,593
Georgia	5,773	9,060	7,779	54,038	41,355
Louisiana	3,061	2,085	3,630	18,945	20,000
Mississippi	12,509	6,628	5,403	35,590	22,396
Tennessee	2,659	2,253	7,697	17,103	19,207
Tennessee	3,444	3,224	7,924	22,982	36,641
BUILDING PERMITS—					
20 CITIES					
Atlanta	\$ 6,292	\$ 5,947	\$ 8,096	\$ 38,548	\$ 37,523
Birmingham	616	624	392	3,117	3,042
Jacksonville	352	228	248	2,376	1,197
Nashville	451	382	297	3,005	2,155
New Orleans	377	152	1,672	2,896	5,787
15 Other Cities	634	508	667	2,667	2,352
3,889	4,053	4,821	24,487	22,990	
PIG IRON PRODUCTION—Tons					
Alabama	239	209	142	1,475	1,096
COAL PRODUCTION—Tons					
Alabama	1,140	1,060	897	6,929	6,570
Tennessee	430	438	362	2,952	2,760

(000 Omitted)

	July 1937	June 1937	July 1936	Aug.-July, Incl. 1936-37	1935-36
COTTON CONSUMPTION—					
Bales					
Georgia	113	134	118	1,561	1,227
Alabama	58	77	63	857	689
Tennessee	15	15	15	191	155
Total 3 States	186	226	196	2,609	2,071
COTTON SEED CRUSHED—					
Tons*					
	20	43	15	1,882	1,464
FERTILIZER TAG SALES—					
Total 6 States					
	.....	55	27	.....	2,058

*Georgia, Alabama, Louisiana and Mississippi.

(000 Omitted)

	June 1937	May 1937	June 1936	Jan.-June, Inc. 1937	1936
FARM INCOME—Six States*					
Alabama	\$ 39,886	\$ 48,455	\$ 38,430	\$345,237	\$243,403
Florida	5,181	7,387	6,703	49,306	34,690
Georgia	9,691	15,385	3,684	89,179	66,229
Louisiana	7,009	5,099	7,322	47,208	40,267
Mississippi	5,450	7,728	5,859	41,994	25,810
Tennessee	7,489	5,832	6,804	56,583	33,410
Tennessee	9,066	7,024	8,058	60,967	42,997

ELECTRIC POWER PRODUCTION—kw Hours

Alabama	233,249	240,317	223,796	1,403,796	1,164,077
Florida	72,653	70,727	60,979	455,035	413,551
Georgia	136,785	148,340	128,595	861,955	801,582
Louisiana	159,199	133,632	142,367	776,896	737,112
Mississippi	5,218	4,922	5,667	30,077	28,102
Tennessee	111,682	103,474	97,505	650,333	729,034
Total Six States	712,786	701,412	656,909	4,178,090	3,873,458
By Water Power	323,638	449,731	339,546	2,565,752	2,456,680
By Fuels	389,148	251,681	317,363	1,612,338	1,416,778

*Includes Government benefit payments

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

	July 1937	June 1937	July 1936
RETAIL SALES*—Unadjusted			
DISTRICT (28 firms)			
Atlanta	79.9	99.8	77.9
Birmingham	134.7	165.9	125.5
Chattanooga	82.6	98.3	77.7
Nashville	58.8	81.9	55.4
New Orleans	61.7	80.2	62.9
New Orleans	71.3	88.1	74.6
RETAIL SALES*—Adjusted			
DISTRICT (28 firms)			
Atlanta	114.1	110.9	111.3
Birmingham	184.5	190.7	171.9
Chattanooga	113.2	105.7	106.4
Nashville	79.5	73.8	74.9
New Orleans	89.4	87.2	91.2
New Orleans	103.3	98.9	108.1
RETAIL STOCKS—Unadjusted			
DISTRICT (24 firms)			
Atlanta	66.6	69.3	54.7
Birmingham	112.7	109.6	93.6
Chattanooga	66.3	67.7	53.8
Nashville	57.6	57.4	48.3
New Orleans	57.0	57.5	43.1
New Orleans	53.7	58.8	46.0
RETAIL STOCKS—Adjusted			
DISTRICT (24 firms)			
Atlanta	72.4	72.9	59.5
Birmingham	123.8	114.2	102.9
Chattanooga	69.8	68.4	56.6
Nashville	61.3	59.8	51.4
New Orleans	61.3	59.3	46.3
New Orleans	56.5	62.6	48.4
WHOLESALE SALES—(70 firms)			
Groceries	77.8	81.6	72.4
Dry Goods	55.0	57.1	56.7
Hardware	50.8	51.1	59.6
Furniture	87.4	89.9	78.1
Drugs	68.0	79.2	79.8
Drugs	101.2	105.0	89.4
CONTRACTS AWARDED—DISTRICT			
Residential	96.8	60.7	94.9
All Others	49.2	59.7	51.5
Alabama	128.3	61.4	123.8
Florida	255.2	43.4	153.7
Georgia	39.8	62.5	53.6
Louisiana	45.9	31.3	54.5
Mississippi	198.9	105.4	85.9
Tennessee	137.9	116.9	399.2
Tennessee	62.1	58.1	142.9
BUILDING PERMITS—20 CITIES			
Atlanta	55.9	52.8	72.0
Birmingham	39.8	40.3	25.3
Jacksonville	21.9	15.4	16.7
Nashville	54.8	46.5	36.1
New Orleans	59.5	24.0	263.5
15 Other Cities	49.3	39.4	51.8
71.0	74.0	88.0	
PIG IRON PRODUCTION—ALABAMA*			
	100.9	91.1	60.1
COTTON CONSUMPTION—3 STATES*			
Georgia	150.7	183.8	159.3
Alabama	144.1	171.0	149.9
Tennessee	166.7	222.2	183.0
Tennessee	146.9	151.8	151.8

June 1937 May 1937 June 1936

EMPLOYMENT—(Av. for 1932=100)			
Alabama	154.0	150.8	132.2
Florida	99.4	109.0	84.1
Georgia	149.6	152.3	130.8
Louisiana	125.2	125.2	112.0
Mississippi	117.3	115.9	106.0
Tennessee	141.7	142.7	126.5
Six States	139.4	140.9	124.3

PAYROLLS—(Av. for 1932=100)			
Alabama	241.0	230.4	181.9
Florida	83.7	89.5	71.8
Georgia	198.5	204.4	162.5
Louisiana	154.8	153.6	131.2
Mississippi	161.6	160.3	144.4
Tennessee	184.3	186.2	153.5
Six States	185.0	186.3	149.1

ELECTRIC POWER PRODUCTION*			
Alabama	301.7	300.8	289.5
Florida	369.2	347.9	309.9
Georgia	235.3	246.9	217.8
Louisiana	594.5	501.9	552.5
Mississippi	83.3	76.1	90.4
Tennessee	183.9	164.9	160.6
SIX STATES	287.5	273.8	265.0
By Water Power	248.4	334.0	260.6
By Fuels	330.9	207.1	269.9

*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

TOTAL volume of industrial production and distribution of commodities to consumers showed little change from June to July, when allowance is made for the usual summer declines.

PRODUCTION AND EMPLOYMENT

The Board's seasonally adjusted index of industrial production was 114 per cent of the 1923-1925 average in July, the same as in June, and 4 points lower than in March, April and May. At steel mills, where output in June had been curtailed by strikes, activity increased considerably in the early part of July and was maintained at the higher level between the middle of July and the third week of August. Lumber production also increased in July, while output of plate glass showed a substantial decrease. Automobile assemblies declined seasonally. Output of non-durable manufactures decreased considerably, owing largely to a marked decline in activity at cotton and woolen textile mills; meat packing also declined, while flour milling and sugar refining increased. At mines, output of anthracite was reduced in July, while output of most other minerals showed little change.

Construction contracts awarded, as reported by the F. W. Dodge Corporation, were maintained in July at the level reached in June. Non-residential construction expanded further, reflecting principally a large volume of awards for iron and steel plants and for railroad projects. Residential building showed a seasonal decline.

Factory employment increased somewhat from the middle of June to the middle of July, when a decline is usual, and factory payrolls decreased less than seasonally. The largest increases in employment were in the steel industry and in the food industries, particularly at canning factories. Other manufacturing industries as a group showed somewhat less than the usual seasonal decline.

AGRICULTURE

A cotton crop of 15,593,000 bales, representing an increase of 3,200,000 bales over last season, was forecast by the Department of Agriculture on the basis of August 1 conditions. Official estimates indicate that other major crops will be considerably larger than last season and about equal to the average for 1923-1932. Preliminary estimates by the Department of Agriculture indicate that cash farm income, including Government payments, will total \$9,000,000,000 for the calendar year 1937, an increase of 14 per cent over 1936.

DISTRIBUTION

Distribution of commodities to consumers in July continued at the level of other recent months, when allowance is made for the usual summer decline, sales at department stores and variety stores showed slightly less than the seasonal decrease in July, while mail order sales declined somewhat more than seasonally. Freight-car loadings increased, reflecting in part larger shipments of grains and forest products.

COMMODITY PRICES

From the middle of July to the third week of August prices of grains and cotton declined substantially, while live stock and meats showed a further increase. Automobile prices were raised by most producers, carpet prices advanced, and there were increases in several industrial raw materials, including hides, zinc, lead, and steel scrap. Cotton goods and rubber declined somewhat.

BANK CREDIT

From the middle of July to August 4, excess reserves of member banks were sharply reduced from \$960,000,000 to \$700,000,000, but subsequently they increased to \$780,000,000 on August 18. These changes in member bank reserves reflected principally fluctuations in the volume of Treasury Deposits at Federal Reserve Banks, together with a seasonal increase in money in circulation. Excess reserves at New York City banks declined from \$230,000,000 to about \$40,000,000 and subsequently increased to \$130,000,000.

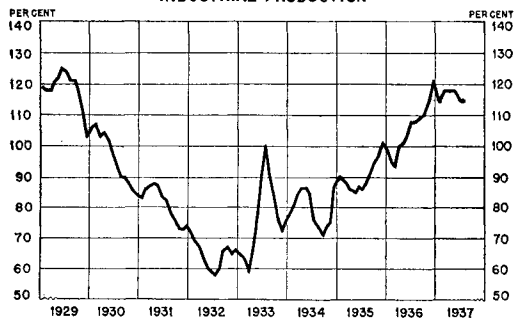
Total loans and investments of reporting member banks increased somewhat during the four weeks ending August 18, reflecting principally an increase of \$150,000,000 in commercial loans offset in part by a further decline in holdings of United States Government obligations, principally at New York City banks. The growth in commercial loans occurred both in New York City and in other cities and included the purchase by banks of a large portion of the \$60,000,000 of nine-month notes sold by the Commodity Credit Corporation on August 2.

United States Government deposits at reporting banks increased during the period, reflecting purchases by banks of Treasury bills on a book-credit basis. Bankers' balances and other demand deposits showed further declines at New York City banks.

MONEY RATES

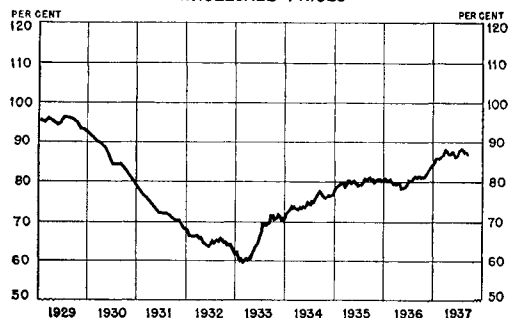
Rates on Treasury bills declined slightly after the middle of July, and open-market yields on Treasury notes and bonds also declined until early in August, but later there was a rise in yields. In the latter part of August discount rates were reduced from 2 per cent to 1½ per cent at the Federal Reserve Banks of Atlanta, Chicago, and Minneapolis. The 2 per cent rates had been in effect since early 1935.

INDUSTRIAL PRODUCTION



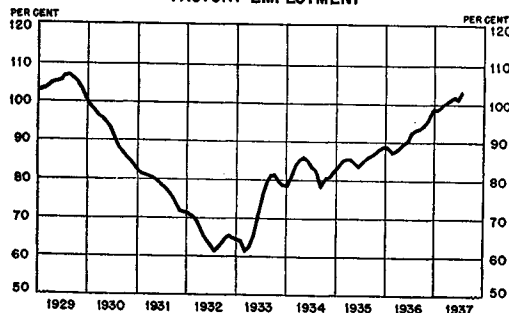
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to July, 1937.

WHOLESALE PRICES



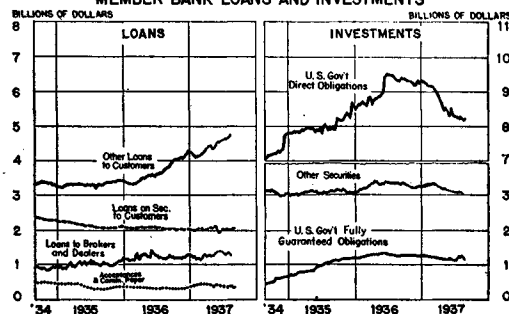
Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By months, 1929 to 1931; by weeks, 1932 to date. Latest figure is for week ending August 18, 1937.

FACTORY EMPLOYMENT



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to July, 1937.

MEMBER BANK LOANS AND INVESTMENTS



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to August 18, 1937. Loans on real estate and loans to banks excluded.