MONTHLY REVIEW

BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

June 30, 1938

In May the volume of retail trade in the Sixth Federal Reserve District declined less than seasonally, wholesale trade declined slightly more than usual, and business failures, both number and liabilities, also declined. Construction contract awards increased and were larger than a year ago, and cotton mill activity increased somewhat, but output of pig iron and coal in Alabama declined.

Trade May sales by 49 reporting retail firms declined 4.9 per cent from April, and were 8.4 per cent less than a year ago, and for the five months of 1938 have been 3.6 per cent less than in that part of 1937. Inventories declined 3.3 per cent over the month, and were 7.0 per cent smaller than a year ago. The index of daily average sales, which is based on reports from 28 firms which have reported over a long period of years, declined in May by less than the seasonal amount, and the adjusted index rose from 104.8 per cent of the 1923-1925 average for April to 106.0 per cent for May. Preliminary sales figures for the first two weeks of June indicate a decrease of 7.6 per cent compared with the corresponding weeks last year.

Wholesale trade, according to figures reported to the United States Department of Commerce by 141 firms in this District, declined 1.7 per cent from April to May, and was 14.8 per cent less than in May last year. The decline from April was less than one-half of one per cent larger than the average decrease from April to May in the past eighteen years. In the five months of 1938 wholesale trade has been 14.0 per cent less than in that part of 1937. Inventories, reported by 66 wholesale firms, declined 3.0 per cent in May and were 10.5 per cent smaller than a year ago.

Banking Total loans and investments at 22 weekly reporting member banks in leading cities of the Sixth District declined in the latter part of May and early June, and on June 15 were 5.4 millions less than four weeks earlier and 9.4 millions less than a year ago. Loans

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

	June 15 19 3 8	Change From : May18,1938 June16,1937	
Loans and Investments—Total		— 5, 38 5 — 2,857	$\frac{-9,418}{+10,161}$
Commercial, Industrial and agricultural loans Open market paper. Loans to brokers and dealers in securities. Other loans for purchasing or carrying securities. Real estate loans Loans to banks Other loans.	147,657 3,116	2,955 + 137	+ 6,328 2,652
	6,832	_ 250	— 290
	27,722 4,178	— 343 — 72 + 547 + 79	— 1,997 + 1,134 — 826 + 8,464
Investments—Total U. S. direct obligations Obligations guaranteed by U. S. Other securities Reserve with F. R. Bank Cash in vault Balances with domestic banks Demand deposits—adjusted Time deposits U. S. Government deposits Deposits of domestic banks Borrowings: From F. R. Bank From Others	150,719 38,896 79,217 90,286 10,231 132,653 323,329 183,215 22,828 193,565 110	- 2,528 - 3,389 - 1,015 + 1,876 - 3,777 - 1,065 + 1,516 - 2,719 + 243 - 192 - 6,866 + 40	-19,579 -28,608 + 8,225 + 804 -15,596 - 319 +32,217 -14,549 + 3,524 + 8,449 + 7,702 - 1,199 - 200

for commercial, industrial and agricultural purposes, which declined from 148 millions on May 12 last year to 131 millions in August and increased by December to 162 millions, had declined about 14 millions by June 15. Loans to banks, and "Other loans," have recently increased, and loans to brokers and dealers in securities on June 15 were larger than on any other Wednesday since early November, with the single exception of May 18. Compared with the corresponding Wednesday last year, total loans on June 15 show an increase of 10.2 millions of dollars, increases in commercial loans, loans on real estate, and "Other loans," being partly offset by declines in other classes of loans. Holdings of investment securities, which had declined during 1937, increased somewhat in March, April and May. On June 15 total investments were 19.6 millions less than a year earlier, a decrease of 28.6 millions in United States direct obligations being offset in part by increases in securities guaranteed by the United States and in Other Securities.

Demand deposits-adjusted at the middle of June were slightly lower than the average for March, April and May, and were 14.5 millions less than a year ago. During most of this year time deposits have been somewhat less than in the last four months of 1937, but on June 15 they were 3.5 millions larger than on the corresponding report date last year. Balances with other banks have increased somewhat further, but deposits of correspondent banks have recently declined.

At the Federal Reserve Bank of Atlanta discounts for member banks, after declining to the lowest level on May 18 in more than a year, increased on each of the following four Wednesdays, but have continued less than a year earlier. Industrial advances increased in June. Federal Reserve note circulation has continued to decline, and on June 15 was 32.7 millions less than a year ago. United States Government deposits increased in June, after declining through most of May, and on June 15 were 40.4 millions greater than a year earlier. Member bank reserves declined about 35.5 millions of dollars between April 6 and June 15, most of the decrease having occurred after reserve requirements were reduced on April 16. Daily average figures of deposits and reserves indicate that excess reserves averaged 36 millions in the first half of April, and following the reduction in requirements increased to 40.8 millions in the latter half of the month, although actual reserves averaged about 18 millions less. In May, however, with a further reduction in actual reserves, the average excess in the last half of the month was about 33.2 millions, and available

FEDERAL RESERVE BANK OF ATLANTA (In Thousands of Dollars)						
	June 15, 1938	Change May18,1938	From: June16,1937			
Bills Discounted Bills Bought in Open Market Industrial Advances United States Securities Total Bills and Securities Total Reserves Member Bank Reserve Account U. S. Treasurer General Account Total Deposits F. R. Note Circulation	. 19 . 115 . 11,416 . 112,611 . 245,729 . 154,529 . 45,213 . 208,749	+ 369 + 44 + 412 - 3,958 - 5,723 + 2,748 - 1,379 - 2,794				

DEBITS TO INDIVIDUAL ACCOUNTS (In Thousands of Dollars)						
,	Мау 1938	April 1938	M a y 1937			
ALABAMA						
Birmingham\$	75,077	\$ 75,629	\$ 85,717			
Dothan	2,669	2,775	3,207			
Mobile	34,857	35,472	38,073			
Montgomery	18,985	19,037	22,409			
FLORIDA		50 000	EE 100			
[acksonville	69,117	72,928	75,186			
Miami	33,425	38,996	36,304			
Pensacola	8,240	8,171	8,866			
Tampa	26,213	27,350	29,635			
GEORGIA						
Albany	4,012	4,487	4,335			
Atlanta	179,716	185,821	179,203			
Augusta	14,479	15,157	18,423			
Brunswick	2,554	2,703	3,071			
Columbus	12,031	11,876	14,853			
Elberton	1,065	1,102	1,238			
Macon	12,132	12,477	13,835			
Newnan	1,309	1,340	2,279			
Savannah	26,124	26,743	35,578			
Valdosta	3,435	3,495	4,163			
TÓMISIWW						
New Orleans	190,347	189,836	206,490			
MISSISSIPPI						
Hattiesburg	_3,861	4,223	4,730			
[ackson	22,036	25,37 3	24,383			
Meridian	8,343	9,094	10,321			
Vicksburg	7,361	6,967	6,823			
TENNESSEE	05 100					
Chattanooga	35,129	36,373	41,806			
Knoxville	25,603	26,176	27,792			
Nashville	71,625	72,922	77,573			
TOTAL 26 Cities\$	889,745	\$ 916,523	\$ 976,034			

figures indicate that by the middle of June this estimate of excess reserves had declined to about 27.7 millions.

Agriculture The prolonged drouth in Florida was broken by general rains in the last week of May, and moderate rains relieved the southern part of Georgia that had suffered some damage from earlier dry hot weather, especially to truck crops and tobacco. Continued frequent rains in eastern Tennessee have delayed harvesting of small grains, made germination poor and necessitated considerable replanting of cotton. In Louisiana and Mississippi, however, rainfall has been deficient and progress of crops has been retarded. Citrus trees in Florida have revived and prospects for the coming crop have improved materially. The 1937-38 production of oranges was estimated on June 1 at 25,550,000 boxes, an increase of 300,000 boxes over the May estimate and 3,050,000 boxes larger than the previous season, and the June estimate of grapefruit was 13,900,000 boxes, an increase of 400,000 boxes over the estimate a month earlier but 4,200,000 boxes less than a year ago. Prospects for peaches improved in Georgia and Florida in May, and the June estimates for the six states of this District combined are 47.0 per cent larger than the 1937 crop. The Georgia crop is estimated at a little more than twice the small 1937 production, and other states also show increases except Tennessee, where the crop is expected to be much smaller than last year. In Louisiana sugar cane fields are in good condition but need rain, and rice, generally, has made good progress.

Estimated receipts from the sale of principal farm products in the six states of this District, including Government payments, declined 15.4 per cent in April, and were 17.5 per cent less than in April 1937. April receipts from crops were 29.0 per cent less than a year ago, but receipts from livestock and livestock products were 13.5 per cent larger. Government payments for the month were 7.3 per cent less than in April last year, and for the four months have been 62.9 per cent smaller than in that part of 1937.

The ten-market average of spot cotton prices declined in the latter part of May but increased from 8.06 cents per pound on May 27 and June 3 to 8.43 cents on June 17. A year ago the average was 12.31 cents. According to the index of the United States Bureau of Labor Statistics, prices of farm products rose somewhat in the latter part of May, declined on June 4, but rose 1.6 per cent on June 11, when they were 22.4 per cent below the corresponding time last year.

Fertilizer tag sales in the six states of this District declined substantially in May, as they usually do, but were 21.1 per cent greater than a year ago, and larger than in May of other recent years.

Industry Reports of 5,933 firms in the six states of this District to the United States Bureau of Labor Statistics indicate that employment declined 2.6 per cent from March to April, and payrolls were 4.4 per cent smaller. Declines in Florida were principally at canning establishments and hotels, in Georgia mainly in cotton goods and fertilizers, in Mississippi in cotton and knit goods and at sawmills, and in Alabama for the most part in cotton goods and shipbuilding. In April number of workers was 11.6 per cent, and payrolls 17.2 per cent, smaller than a year earlier.

The value of construction contracts awarded in the Sixth District increased 25.4 per cent in May and was 7.3 per cent larger than in May last year. May is the first month since December, and the second since August, to record an increase over the corresponding month a year earlier. Residential contracts increased only slightly, but other awards increased 46.2 per cent over April and were 11.2 per cent larger than in May 1937. The five-months total for the District is 17.3 per cent smaller than for that part of last year, residential contracts in that period being 11.0 per cent less and other awards 20.9 per cent smaller. The value of building permits issued at twenty reporting cities declined 12 per cent from April to May and was 39 per cent smaller than a year ago, and for the five months of 1937 the total was 14.2 per cent smaller than in that part of 1937, slightly less than in the same period of 1936, but larger than in other years since 1929. Demand for lumber continues unsatisfactory, and in May orders, shipments and production at mills reporting to the Southern Pine Association continued less than a year ago. For the week ending June 11, however, orders increased 19 per cent over the previous week and were 11 per cent larger than a year earlier.

Cotton mills in Alabama, Georgia and Tennessee consumed an average of 5,151 bales of cotton for each business day in May, an increase of 3.5 per cent over April, nearly 40 per cent less than in May last year, and with the single exception of April, the smallest in nearly three years.

Coal production in Alabama and Tennessee declined 5 per cent from April to May, was 4 per cent less than a year ago, and for the five months of 1938 has been 9.2 per cent less than in that part of last year. Daily average production of pig iron in Alabama declined 27.4 per cent in May, and active furnaces were reduced from nine to six. May production in Alabama was 41.3 per cent less than a year ago, as compared with a decrease of 64.5 per cent for the country. Daily average production of electric power declined 4.3 per cent in April, was 4.7 per cent less than a year earlier, and the four months total was 2.1 per cent smaller than for that part of 1937. Receipts of both turpentine and rosin increased in May, and were larger than a year ago. Quotations on both commodities declined in May, but improved slightly in the first three weeks of June.

212.1

SIXTH DIST			STATISTIC		
	S.	ALES	JanMay Incl.	STOCKS May 1938	Collec- tion
May 1938 (Apr. 1938	Compare with May 19		Compared with	Compared with May 1937	May
RETAIL TRADE				—13.2	26.0
Atlanta + 0.3 Birmingham - 2.8 Chattanooga + 4.5 Montgomery - 6.5	-	- 7,2 -14.5 - 4.4 -15.3	3.1 7.7 + 8.0 11.9	6.0 0.3 19.1	32.7 30.4
NGSDVILLE + 13.4		-15.3 -16.8 - 3.2	 86	—16.7 — 3.6	27.3 33.0
New Orleans — 7.9 Other Cities — 12.4 DISTRICT (49 Firms) — 4.9		- 8.1 - 8.4	+ 3.3 - 4.5 - 3.6	4.3 7.0	35.9 30.7
WHOLESALE TRADE Groceries+ 0.4	-	-12.1 -12.2	12.6 17.0	13.6 25.4	92.5 36.0
Grocenes	,	-19.0 -3 9.1	—17.8 —30.8	— 7.8 —13.8	44.7 85.6
Drugs. — 4.2 Shoes. — 27.2	+	- 1.0 -27.8 -19.6	— 2.8 —15.9	— 1.8 	65.8 22.5 51.7
TOTAL 1.7		-14.8	<u>—14.0</u>	-10.5	56.5
	Мау 1938	(000 Omitted) May April May Jar 1938 1938 1937 1938			May, Incl. 1937
COMMERCIAL FAILURES— DISTRICT					
Number (Actual) Liabilities\$	34 284	\$ 54	15 3 3 16 \$ 224	278 \$ 2,311	\$ 1,362
CONTRACTS AWARDED— DISTRICT	20,157	\$ 16,08 7,50	80 \$ 18,779 9 7,509 71 11,270	\$ 74,239 29,287 44,952	\$ 89,726 32,915
All OthersAlabama	12,530 2,353	8,57 1,22	5 1.178	9,648	56,811 6,701 39,205
FloridaGeorgiaLouisiana	5,092 5,214 4,131	5,63 2,81 4,43	.2 2,625	22,635 14,668 17,246	13,800 16,453
Mississippi Tennessee	3,972 3,525	1,66 2,99	3,520	8.465	12,190 16,315
BUILDING PERMITS—	4,450	\$ 5,04	19 \$ 7,325	\$ 22,577 1,511	\$ 26,309
Atlanta Birmingham Jacksonville	311 196 587	29 13 91	39 522	1,114	1,878 1,822 2,172
Nashville New Orleans 15 Other Cities.	189 469 2,698	26 3,35	38 1,542 359 359	678 2,09 9	2,366 1,525 16,546
PIG IRON PRODUCTION—To: Alabama		15	·	-	1,028
COAL PRODUCTION—Tons Alabama	785	86			4,732
Tennessee	323	30	06 374	1,653	2,098
	Мау	Āpri	(000 Omitte l May	Aug. 1 to In	o May 31,
COTTON CONSUMPTION—	1938	Apri 1938	1937	1937-38	1936-37
Bales Alabama	46	4	16 73	503	72 2
Georgia Tennessee Total 3 States	77 11 134		73 1 33 0 16 29 22 2	919 129	1,314 161
COTTON SEED CRUSHED-				1,551	2,197
FERTILIZER TAG SALES—Ton		14 522		2,200	1,819
*Georgia, Alabama, Louisiana	172 and M			2,301	2,606
			(000 Omitte	od)	
	April 1938	Mar. 1938	1937	1938	pril, Incl. 1937
FARM INCOME*—Six States. \$ Alabama	44,783 5,592	\$ 52,90 7,20 15,37	\$ 54,289 9 7,796 8 18,708 5,568 7,676 7 6 794	\$205,951 25,600 53,748	\$258,581 36,738
GeorgiaLouisiana	3,855 7,836	5,95 5,35 7,04	8 18,708 4 5,568 5 7,676	21,218 25,704	68,065 35,232 28,816
Mississippi Tennessee	6,581 7,855	7,04 11,96		35,834 43,847	43,262 46,468
ELECTRIC POWER PRODUCTION—kw Hours	סדפ ועפר	040.00	a aon eco	000 000	000 000
Florida	234,373 83,355 114,342	248,30 92,07 129,53 119,24	73 75,623 7 151,402	932,662 354,911 474,378	930, 2 28 311,655 576,8 3 0
Louisiana	113,546	119,24 6,01 117,79	13 128,656 1 4,700	457,631 24,578	490,065 19,937
Tennessee Total Six States By Water Power By Fuels	660,210 413,108	712,95 379.51	9 692,926 19 443,473	2,705,199 1,463,687	435,177 2,763,892 1,792,383 971,509
By Fuels	247,102	333,44	0 249,453	1,241,512	971,509

SIXTH DISTRICT BUSINESS INDEXES (1923-1925-100 except as noted) May 1938 April 1938 May 1937 RETAIL SALES* Unadjusted
DISTRICT (28 firms)
Atlanta
Birmingham 110.0 187.9 100.7 80.9 83.7 97.1 115.8 203.3 113.4 88.4 114.1 92.4 107.1 190.7 97.8 84.6 Chattanoga
Nashville
New Orleans RETAIL SALES* Adjusted
DISTRICT (28 firms)..... 104.8 174.0 99.7 79.3 81.3 90.7 114.7 193.6 112.3 85.8 102.8 95.3 106.0 181.6 96.8 82.1 DISTRICT (20 FIRMS)
Atlanta
Birmingham
Chattanooga
Nashville
New Orleans RETAIL STOCKS Unadjusted
DISTRICT (24 firms)
Atlanta
Birmingham
Chattanooga
Nashville 69.9 109.2 71.2 61.9 52.9 72.3 113.4 74.2 65.1 55.5 63.3 74.2 118.9 72.9 62.1 63.5 63.5 New Orleans..... 69.8 108.0 70.7 62.0 53.4 60.9 108.1 69.8 60.7 52.4 Nashville New Orleans 66.3 49.3 50.2 73.5 60.3 101.7 85.5 55.4 56.7 94.6 76.8 90.5 WHOLESALE SALES-Total..... 65.2 49.5 Groceries Dry Goods 46.0 73.0 61.7 Hardware
Furniture
Drugs CONTRACTS AWARDED—DISTRICT..... 53.5 53.5 53.5 25.8 56.5 39.4 75.8 182.5 37.9 53.5 40.7 Residential All Others Alabama.... 26.8 38.9 42.2 70.5 35.1 78.2 65.7 Florida.... Georgia Louisiana Mississippi 65.1 31.0 35.2 34.4 243.1 27.9 75.5 BUILDING PERMITS—20 Cities..... 44.9 19.2 9.4 111.2 13.9 20.2 Atlanta
Birmingham
Jacksonville
Nashville
New Orleans
15 Other Cities 20.1 13.2 71.3 29.7 61.1 PIG IRON PRODUCTION—ALABAMA*.... 50.1 69.0 85.4 COTTON CONSUMPTION—3 STATES*.... 108.6 131.4 97.8 104.9 179.8 211.8 Alabama.....Georgia..... 168.6 156.7 Tennessee..... April 1938 March 1938 April 1937 **EMPLOYMENT**—(Av. for 1932=100) MPLOYMENT—(Av. for 1932—100)
Alabama
Florida
Georgia
Louisiana
Mississippi
Tennessee
Six States 129.0 117.0 132.2 120.0 103.0 131.9 127.6 135.9 120.1 109.5 144.2 119.0 152.6 125.5 118.4 141.3 140.8 PAYROLLS-(Av. for 1932-100)
 AYROLLS—(AV. for 1932=100)

 Alabama
 183.3

 Florida
 92.4

 Georgia
 153.6

 Louisiana
 148.7

 Mississippi
 124.6

 Tennessee
 140.3

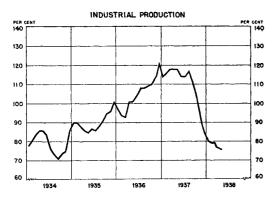
 Six States
 153.2
 189.8 98.5 161.7 151.7 134.8 146.3 160.3 220.9 94.2 205.2 153.0 162.9 182.4 185.0 ELECTRIC POWER PRODUCTION* 297.1 384.8 260.4 499.3 75.1 169.4 279.5 340.4 Alabama..... 452.7 215.6 447.8 92.8 187.7 278.3 281.9 91.9 179.2 266.3 317.1 Tennessee Six States By Water Power

By Fuels.....

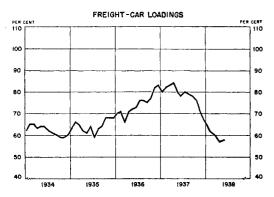
*Indexes of retail sales, electric power and pig iron production and of cotton consumption are on a daily average basis.

^{*}Includes Government benefit payments. Digitized for FRASER

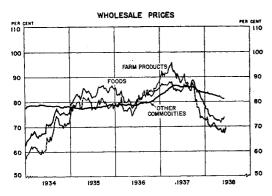
http://fraser.stlouisfed.org/ Federal Reserve Bank of St. Louis



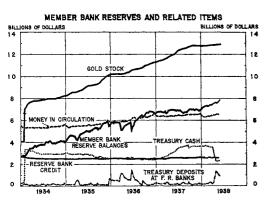
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to May, 1938.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to May, 1938.



compiled by U. S. Bureau of Labor Statistics, 100. By weeks, 1984 to week ending June 18,



Wednesday figures, January 3, 1984, to June 15, 1988.

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http://fraser.stlouisfed.org/ Federal Reserve Bank of St. Louis

National Summary of Business Conditions

Prepared by the Board of Governors of the Federal Reserve System.

N MAY and the first three weeks of June industrial activity showed little change I from the April level. Wholesale commodity prices generally declined further, but in June wheat and cotton prices advanced and at the end of the period some other staple commodities showed increases.

Production

In May the Board's seasonally adjusted index of industrial production was at 76 per cent of the 1923-1925 average as compared with 77 in April and an average of 79 in the first quarter of the year. Steel ingot production, which in March and April had been at a rate of 33 per cent of capacity, averaged about 31 per cent in May, and automobile output also showed a decrease. Textile production increased in May. Activity at woolen mills rose sharply and there was some increase at cotton mills, while silk mills showed a decline. Changes in output in most other manufacturing industries were largely seasonal in character. Output of crude petroleum was curtailed sharply in May, and bituminous coal production declined somewhat, while anthracite production increased considerably. Lake shipments of iron ore were in very small volume, reflecting both the low rate of activity in the iron and steel industry and the large supply of ore remaining from the previous season.

In the first three weeks of June output of steel and petroleum increased somewhat, but the rate of activity in these indusries remained below the average for May. Automobile production showed a further decline and continued below sales,

so that stocks of new cars were further reduced.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a substantial increase in May, reflecting chiefly a marked rise in awards for publicly-financed projects. Contracts for residential building increased moderately and were in about the same amount as in May a year ago. Other privately-financed work remained in small volume.

EMPLOYMENT

Factory employment and payrolls continued to decline from the middle of April to the middle of May. There were further decreases in employment in the machinery, steel, and automobile industries, and a sharp decrease in the number employed in the men's clothing industry In most other manufacturing lines changes in employment were small in amount. The number employed at mines and on the railroads continued to decline.

DISTRIBUTION

Department store sales declined considerably in May and the Board's seasonally adjusted index was at 79 per cent of the 1923-1925 average as compared with 83 in April. Sales at variety stores and by mail order houses also decreased from April to May. Reports for the first half of June indicate about the usual seasonal decline in department store sales.

The volume of railroad freight traffic showed little change in May following

sharp declines in previous months.

COMMODITY PRICES

Prices of both agricultural and industrial commodities decreased in the latter part of May. In the first three weeks of June wheat and cotton prices advanced, while prices of industrial products generally continued to decline.

BANK CREDIT

Reserves of member banks continued to increase in May and June, largely as the result of Treasury disbursements from its deposits with the reserve banks. Excess reserves increased chiefly at city banks, reflecting retirement of Treasury bills and further expansion of bankers balances.

Demand deposits at reporting member banks in 101 leading cities increased further during the first half of June, and total loans and investments, which had declined in May, also increased, reflecting substantial purchases of United States Government obligations by New York City banks.

Money Rates

Yields on Treasury bonds declined further in the four weeks ending June 18, and those on Treasury notes reached new low levels. Rates on open-market commercial paper declined somewhat about the middle of June.