# MONTHLY REVIEW

#### BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

December 31, 1938

**District**There was an apparent further improvement in business activity in the Sixth District in November. Although the gains over previous months do not include all lines of activity, they appear to outweigh the unfavorable comparisons.

Better than seasonal movements were recorded in both retail and wholesale trade, in textile operations and production of pig iron in Alabama. Employment and payrolls in October, the latest period for which figures are available, extended the increase begun in midsummer. On the other hand, there was a decline in the value of construction contracts awarded in November, and the rate of electric power production, after reaching a new high level in September, declined one-half of one per cent in October.

In comparing the Sixth District with national averages, November retail trade in the District was 4.2 per cent higher than in November, 1937, while in the United States it was smaller by 3.3 per cent. Construction contracts in this District were 70 per cent larger as compared with an increase of 53 per cent for the country. Pig iron output in Alabama was up 24.9 per cent as against an increase for the country of 13.2 per cent, and the gain in cotton consumption was about the same in this District as in the United States as a whole. If these series are indicative, business in the Sixth District has made a favorable showing compared to business in the United States generally.

Trade If allowance is made for seasonal movement, both retail and wholesale trade improved in November. In actual volume, retail trade about held its own, and wholesale trade declined, but by only a third of the usual seasonal amount.

▶ The maintenance of retail trade in November followed a less-than-seasonal increase in October. This was an improvement on the usual seasonal direction for the month, however, because retail trade in the Sixth District, contrary to the movement in the country as a whole, generally de-

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

	Dec. 14	Change	from:
	1938	Nov.16,1938	Dec.15,1937
Loans and Investments—Total	\$607,142	+12,142	+41,878
Logna Total	316,263	+ 9,254	+20.695
Loans—Total	310,203	+ 3,234	T 20,033
Commercial, industrial and	170 000	. 0.110	1.10.000
agricultural loans	173,906	+ 2,110	+13,606
Open market paper	2,813	<b>—</b> 60	— 1,076
Loans to brokers and dealers			
in securities	6,793	+ 755	+ 592
Other loans for purchasing			
or carrying securities	15,428	+ 368	+ 151
Real estate loans	29,009	+ 632	+ 1,877
Loans to banks	914	48	<b>— 1,491</b>
Other loans	87,400	+ 5,497	+ 7,036
Investments—Total	290,879	+ 2,643	+21,183
U.S. direct obligations	161.326	+ 3,456	+ 1,692
Obligations guaranteed by U. S	43,245	+ 438	+ 9,491
Other securities	86,308		
Reserve with F. R. Bank		-1,251	+10,000
Cook in would	105,604	- , 303	+ 961
Cash in vault	12,767	+ 1,302	+ 2,076
Balances with domestic banks	136,815	4,493	+41,222
Demand deposits—adjusted	354,208	+11,527	+25,710
Time deposits	182,804	— 1,456	776
U. S. Government deposits	34,538	+ 289	+17,674
Deposits of domestic banks	231,524	3,139	+45,822
Borrowings: From F. R. Bank		— · 42	1,822
From Others	137	+ 137	- 174

clines in November. Preliminary reports for the first two weeks in December indicate an increase of 3.1 per cent over the same portion of December last year.

▶ While wholesale trade decreased from October to November, there was a slight increase of wholesale sales when compared with November last year. This increase in dollar volume was accomplished in spite of prices that averaged 7 per cent lower than last year.

▶ Retail inventories increased 3.6 per cent in November, and wholesale inventories also increased slightly over the month. However, the comparison from November to November shows a decrease in retail stocks of 7.5 per cent and in wholesale stocks of 8.5 per cent. These decreases are almost wholly attributable to price declines.

Total loans and investments at 22 weekly re-Banking porting member banks in the Sixth District have increased further in recent weeks and on December 14 were at the highest level in about eight years. Total loans by these banks have increased about 38 millions of dollars since early July and at the middle of December were the largest since the spring of 1933. Investments, which declined from 338 millions in September, 1936 to around 257 millions in January, 1938 have increased since mid-year to 291 millions on December 14. The increase in loans has been almost entirely in those for commercial, industrial, and agricultural purposes, and in "All Other" loans. Loans to banks have recently been the smallest since the spring of 1937. The larger part of the recent increase in investments has been in direct obligations of the United States.

Demand deposits-adjusted have recently increased further and at 354.2 millions of dollars on December 14 were at a new high level. Time deposits have declined somewhat since September and have recently been a little below the level of a year ago. Treasury balances with these banks have been maintained at approximately 34 millions of dollars since the middle of September, and deposits of correspondent banks which had risen about 47 millions between the last of June and the middle of November, have declined slightly since that time

The weekly statements of the Federal Reserve Bank of Atlanta indicate that the already small volume of discounts for member banks has declined further in recent weeks, but industrial advances have increased to the largest amount since early in May, 1936. Treasury deposits with the Federal Reserve Bank were reduced about 12.3 millions between No-

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

	Dε	c. 14		From:
		1938	Nov.16,1938	Dec.15,1937
Bills Discounted		283	203	2,636
Bills Bought		19		80
Industrial Advances		823	+ 642	+ 696
United States Securities		04,521		- 7.717
Total Bills and Securities	10	05,647	+ 440	9. <b>73</b> 6
Total Cash Reserves	2	74,683	10,413	+27,965
F. R. Note Circulation	1,	50,410	+ 1.920	-12.823
Member Bank Reserve Deposits	. 1	73,735	+ 620	+ 1.299
U. S. Treasurer—General Account	:	38,518	12,286	+25.706
Total Deposits	. 22	23,649	12.040	+28,568
Commitments to make industrial			12,010	, 20,000
advances		159	13	<b>—</b> 191
		-00	10	

DEBITS TO INDIVIDUAL ACCOUNTS						
(In Thousands of Dollars)  Per Cent Change						
Nov.		Oct.		Nov.		938 from :
ALABAMA 1938		1938		1937	Oct.1938	Nov. 1937
Birmingham \$ 82,098	\$		\$	83,586	0.9	<b>— 1.8</b>
Dothan		3,631		3,205	6.5	+ 6.0
Mobile		40,577 26,521		37,341 24,239	+ 1.8 <b>14.4</b>	+10.6 $-6.4$
Montgomery 22,692		20,321		44,235	-14.4	0.4
FLORIDA						
Jacksonville 68,145		63,824		68,298	+ 6.8	0.2
Miami		36,835 8,060		32,865 8,221	+ 6.7 + 5.2	+ 19.5 + 3.1
Pensacola		24,736		26,925	+ 7.6	<del>_</del> i.i
GEORGIA				•	,	
		5,400		5,641	6.1	-10.1
Albany		200,226		172,393	4.8	$\frac{-10.1}{+10.6}$
Augusta		17,238		16,468	<b>— 8.5</b>	4.3
Brunswick 2,284		2,397		2,700	<b>— 4.7</b>	15.4
Columbus 12,918		13,774 1,424		13,299 1,297	6.2 25.6	2.9 18.3
Elberton		15,569		15,191	25.6 6.1	10.3 3.7
Newnan		1,882		1,938	+ 3.3	+ 0.4
Savannah 26,271		28,554		30,698	<u> </u>	14.4
Valdosta 3,598		3,859		3,609	<b>—</b> 6.8	0.3
LOUISIANA						
New Orleans	l	238,889		209,741	8.3	+ 4.5
MISSISSIPPI						
Hattiesburg 4,009		4,975		4,496	19.4	10.8
Jackson		38,709		33,671	26.2	-15.2
Meridian		11,961 9,016		9,757 9,959	—12.8 — 3.8	+ 6.9 12.9
•		3,010		3,333	- 3.0	12.5
TENNESSEE		41.070		43 444		
Chattanooga		41,679 28,815		41,444 26,077	— 1.9 — 5.5	-1.4 + 4.4
Nashville 82,871		81,176		75,192	+ 2.1	$\frac{1}{4}$ 10.2
SIXTH DISTRICT-						
26 Cities 987,978	3	1,032,588		958,251	<b>— 4.3</b>	+ 3.1
UNITED STATES-						
141 Cities	1 3	3,235,314	3	1,602,865	11.5	<b>— 7.0</b>
				-,,		,,,,

DERITS TO INDIVIDUAL ACCOUNTS

vember 16 and December 14, but continued to be larger than at the same time in 1937. Federal Reserve note circulation of this bank's issue has recently increased somewhat further in response to holiday demands for currency. Total reserves, which increased in November to 285 millions of dollars, the highest point in recent years, have since declined to about 275 millions on December 14.

Estimates based on latest available figures of deposits indicate that member bank reserve deposits on December 14, amounting to \$173,735,000, were approximately 34.5 millions of dollars, or 24.8 per cent, in excess of legal requirements. Estimated excess reserves of member banks averaged about 33.9 millions of dollars in October and about 37.3 millions in November.

Agriculture Farmers' receipts from the sale of principal farm products in the 6 states of this District were 2.8 per cent larger in October, the latest date available, than in October, 1937. This result was accomplished by government payments that were very much larger than last year. Receipts from crops, on the other hand, were 17.8 per cent smaller than the year earlier, and receipts from livestock and livestock products were 4.9 per cent smaller.

- According to the last monthly estimate, for this season, by the United States Department of Agriculture, cotton production in Mississippi, Louisiana, Tennessee and Alabama has turned out to be larger than was expected at the time of the August estimate, but in Georgia and Florida it is less. Total production in the six states of this District this year was 36.5 per cent smaller than the record crop of 1937. Estimates by states are compared in the table.
- November sales of fertilizer tax tags increased substantially over the month and were 39 per cent larger than a

COTTON PRODUCTION-000 Bales						
Es Dec.	1937 Production	Percent Change				
Alabama Florida Georgia Louisiana Mississippi Tennessee Six States United States	1,080 25 857 676 1,715 487 4,840 12,008	1,631 40 1,500 1,104 2,692 661 7,628 18,946	—33.8 —37.5 —42.9 —38.3 —26.3 —36.5 —36.6			

▶ Employment on farms declined rather sharply in November, as cotton picking neared completion, and on December 1 was much lower than at that time last year.

Industry Judging on the general basis of employment and payrolls, industrial production in the District has been extended through October, the latest month for which information is now available.

▶ The increase in textile mill activity in November has been considerable. It will be recalled that the upward trend begun in May suffered a slight interruption in October; but the rate of cotton consumption was expanded in November by 14 per cent over October, and the November figure was 24.1 per cent over November, 1937. This last figure is the largest in about a year and a half.

In connection with textile activity in this District, it is interesting to notice that there has been in the last few years an exceedingly rapid growth in the Southern output of full-fashioned hosiery. Not only has actual production increased in each succeeding year since 1934, but the proportion of the country's total produced in the South has risen from 22.1 per cent in 1934 to 34.9 per cent for the first 10 months of 1938.

▶ There was a further rise of 4.8 per cent in November in the rate of pig iron production in Alabama. The November average was about two and three-fourths times the July rate, 25.3 per cent larger than that for November, 1937, and the largest for any month since March, 1930.

Of the 18 Alabama furnaces, 16 were active on December 1. Steel operations in Alabama rose 5 points to 65 per cent of capacity. Press reports indicate a fair run of new tonnage, wire products and sheets continue active, and orders have already been booked for a considerable tonnage of rails and accessories with additional orders pending.

The decline in residential contracts from October to November was slightly more than the decline in other contracts, and, from November last year to November this year, there has been a lesser increase in residential contracts than in others. This situation in November represents a contrast to the previous trend in 1938. The slight gain in total contract awards in the first 11 months of 1938, as compared with the first 11 months of 1937, has been wholly represented by an expansion of residential contracts.

The November total of contracts awarded for 37 Eastern states showed a somewhat smaller decline than for this District between October and November, but they also show a much smaller increase than this District from last November to this November. In connection with building permits as distinguished from actual contract awards, the figures for 20 reporting cities, both for November and for the first 11 months of this year, show that permits have been increasing considerably less rapidly than contracts. This may mean that there is being built up a backlog of contracts that have not reached the permit stage and that may result in a further improvement of construction activity later on.

RETAIL SALES\*—Unadjusted

RETAIL SALES\*-Adjusted

Nashville

DISTRICT (28 Firms)..... Atlanta
Birmingham....

Chattanooga.....

New Orleans....

DISTRICT (28 Firms).....

120.1 206.2 116.2 90.8 93.1 107.8

Oct. 1938 Nov. 1937

126.3 226.1 124.7 97.6 100.5

106.1

SIXTH DISTRICT BUSINESS STATISTICS SALES							
Nov. 193				Nov. Incl. pared C	STOCKS Nov. 1938 compared	COLLEC- TION RATIO Nov.	
RETAIL TRADE Oct. 193	B Nov.	9.3	Ye	ar Ago 0.5	with Nov. 1937 4.3 9.6	1938 26.7 37.0	
Birmingham 6. Chattanooga 7. Montgomery 13	1 + 9 + 8 +	- 4.0 - 3.1 - 2.2		- 8.0 - 5.4 - 7.2	9.6 3.0 13.3	32.9	
Alianta	8 + 6 + 7 + 4 +	- 4.6 - 3.3 - 1.4 - 4.2		5.6 + 1.2 5.1 3.1	— 9.6 —10.6 — 5.6 — 7.5	28.3 32.6 32.9 30.9	
WHOLESALE TRADE Groceries + 1.	2	- 6.7		11.8	—11.8	87.7	
Dry Goode 10	4 :	18.2 7.1 9.9		—12.9 —14.6 —22.7	—14.0 — 7.6 —50.7	42.5 46.9 56.6	
Hardware	Î -	-15.5 -14.3		3.6 12.0	+ 1.9	63.5 43.6 30.3	
TOTAL	1 +	- 33.6 - 0.6		11.6	— <del>8.5</del>	58.3	
COMMERCIAL FAILURES-				000 Omitt			
DISTRICT Number (Actual)	Nov. 1938 55		Oct. 1938 54	Nov 193	7 1938	lov., Inc. 1937 348	
Liabilities		\$	476	\$ 52		\$ 3,182	
DISTRICT	6.676	\$ 28	3,082 3,422	\$ 13,358 4,11	l 73.507	\$215,121 69,971	
All OthersAlabamaFlorida	16,065 3,971 5,873	19	3,660 3,985 5,172	9,24 1,22 4,65	7 142,605 7 29.101	145,150 25,368 80,791	
Georgia Louisiana	5,238 4,715 3,223	6	,417 7,570 ,123	3,08 3,18	l 43,847 5 49,888	28,741 58,979	
Tellifessee	3,223	4	,801	2,618 2,22	28,285 43,004	26,175 33,781	
BUILDING PERMITS— 20 CITIESAtlanta	4,633 443	4	1,613 381	3,25° 28'	7 52,967 6 <b>4,84</b> 8	59,485 4,406	
Birmingham. Jacksonville. Nashville. New Orleans.	179 501		287 594	160 50 24	3,455 7 5,538	3,275 5.037	
Nashville New Orleans	84 249 3,176	2	196 206 2,949	12: 1,929	3 4,466	4,374 4,217 38,176	
PIG IRON PRODUCTION—To	<b>ns</b> 234		231	18	3 1,719	2,355	
COAL PRODUCTION—Tons Alabama	995	1	,013r			11,249	
Tennessee	400		460	50	3,924	4,763	
COTTON CONSUMPTION—	Nov.		Oct.		z. AugN	lov., Incl.	
Bales Alabama Georgia	1938 63 116		1938 58 106	1931 40 91	3 231	1937 227 433	
Tennessee TOTAL THREE STATES	15 <b>194</b>		13 177	1 15	2 57	58	
COTTON SEED CRUSHED—	189		230	30	0 747	1,042	
FERTILIZER TAG SALES—Ton TOTAL SIX STATES	s 135		66	9	7 280	242	
*Georgia, Alabama, Louisian	a and Mi	ssiss	ippi.				
(000 Omitted)							
FARM INCOME*—Six States.	Oct. 1938 122.800		Sept. 1938 1677	Oc 193: \$119,400	1938	t., Incl. 1937 \$632,492	
Alabama Florida	25,291 4,846	17	,993 ,978	29,04 7,618	\$587,653 91,053 85,469	102,695 106,045 115,820	
Georgia Louisiana Mississippi Tennessee	20,834 18,462 37,118 16,249	\$ 89 17 2 17 14 26	,560 ,946 ,694 ,506	29,041 7,618 19,722 15,844 32,260 14,910	2 110,641 80,697 119,184 100,609	115,820 80,051 124,679 103,202	
ELECTRIC POWER PRODUCTION—kw hours							
Alabama Florida	275,576 86,372 125,713	82	,934 ,814	221,276 75,639	2,507,169 824,107	2,327,622 754,558	
Georgia Louisiana Mississippi	7,438	3.30	256	149,976 150,300 7,75	1,226,153 1,349,812 61.037	2,327,622 754,558 1,433,744 1,404,947 63,884	
Tennessee TOTAL SIX STATES By Water Power By Fuels	7,438 185,930 830,443	169 807	,174 ,732 ,491 ,501 ,808 ,693	75,639 149,976 150,300 7,755 130,200 735,149 379,198 355,951	61,037 1,363,012 7,331,290 4,093,665 3,237,625	63,884 1,169,586 7,154,341	
By Fuels.	448,301	389	,693	355,951	3,237,625	3,890,146 3,264,195	

<sup>105.4</sup> 192.7 103.8 Atlanta
Birmingham
Chattanooga
Nashville 190.0 197.5 78.7 85.9 97.4 213.1 107.7 84.3 85.4 93.6 New Orleans..... RETAIL STOCKS\*—Unadjusted 77.4 132.4 75.2 66.3 63.0 64.6 DISTRICT (24 Firms)..... 140.5 80.5 64.8 65.5 65.6 143.6 86.2 66.8 72.4 73.4 Chattanooga. Nashville Nashville New Orleans RETAIL STOCKS\*—Adjusted 72.2 124.3 71.9 58.9 58.5 69.7 118.2 68.4 59.2 55.8 58.7 77.9 127.1 77.0 60.7 64.6 67.3 DISTRICT (24 Firms)..... Atlanta
Birmingham Birmingnam.
Chattanooga
Nashville
New Orleans 78.4 49.3 83.3 92.8 85.5 109.3 WHOLESALE SALES—Total..... 76.4 53.0 Groceries.... Dry Goods Hardware 74.6 61.1 89.4 62.2 103.7 83.6 68.8 1**34.**8 Furniture..... Drugs..... CONTRACTS AWARDED—DISTRICT..... 80.0 38.1 47.6 76.3 86.8 40.5 78.6 75.0 167.1 29.3 43.9 26.8 60.0 Residential 93.3 87.1 Others..... Alabama.... Florida Georgia Louisiana Mississippi 42.6 96.3 120.4 213.8 32.1 46.2 50.7 135.8 Tennessee...... 63.3 86.6 40.1 BUILDING PERMITS-20 Cities..... 41.0 24.6 19.4 72.2 30.9 28.6 12.1 60.9 13.3 18.5 11.2 Atlanta.... Birmingham Jacksonville Nashville New Orleans 61.6 38.9 19.3 16.0 9.5 53.8 35.2 15 Other Cities..... 58.0 PIG IRON PRODUCTION-ALABAMA\*..... 97.7 102.3 81.9 COTTON CONSUMPTION-3 STATES\*..... 143.8 190.8 153.3 166.5 135.2 139.5 129.2 Alabama.....Georgia Tennessee..... Oct. 1938 Sept. 1938 Oct. 1937 EMPLOYMENT—(Av. for 1932=100) 126.8 93.5 135.5 134.4 110.0 124.7 150.5 106.2 149.7 131.1 117.9 129.1 98.9 139.0 135.9 113.6 Alabama.... Florida....... Georgia Louisiana Mississippi Tennessee SIX STATES 139.5 139.7 PAYROLLS-(Av. for 1932=100) 234.1 88.1 193.5 161.2 160.7 181.9 197.6 Alabama.....Florida 187.7 75.5 171.0 154.2 134.7 78.5 180.7 155.7 141.8 Georgia
Louisiana
Mississippi
Tennessee
SIX STATES ELECTRIC POWER PRODUCTION. 342.7 420.7 224.2 594.4 107.2 279.2 325.8 320.7 Alabama..... Florida Georgia Louisiana Mississippi 424.7 209.2 561.1 114.8 398.8 261.4 511.3 107.7 Tennessee SIX STATES By Water Power 180.2 279.4 299.8 256.9 By Fuels..... 331.4 \*Indexes of retail sales, electric power and pig iron production and of cotton consumption are on a daily average basis.

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

Nov. 1938

126.3 228.0

120.6 93.6 97.4 111.4

110.8

<sup>\*</sup>Includes Government payments. r = revised. Digitized for FRASER

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

THE sharp rise in industrial production, which began early last summer, continued in November. Preliminary reports for the first three weeks of December indicate some slowing down in the advance. Employment also increased in November and payrolls showed little change, although a decline is usual at this season. Distribution of commodities to consumers increased considerably.

#### Production

The Board's seasonally adjusted index of industrial production in November rose to 103 per cent of the 1923-1925 average from 96 per cent in October. Output of steel continued to increase, contrary to the seasonal trend, and there was a further sharp rise in automobile production. In the first three weeks of December activity at steel mills declined somewhat more than seasonally, while output of automobiles continued at the high level reached at the end of November. Lumber production in November decreased by more than the usual seasonal amount. In the nondurable goods industries, shoe production declined seasonally, while output of textiles showed a considerable expansion, with increased activity at cotton, wool, and silk mills. At mines, bituminous coal output increased further and production of anthracite showed less than the usual seasonal decline. Output of petroleum showed little change.

Value of construction contracts awarded in November showed a decline from the high level reached in October, according to F. W. Dodge figures for 37 Eastern States. Private and public projects both declined, following increases in October. The decline in contracts for private residential building was less than seasonal.

#### **Employment**

Employment increased somewhat further and payrolls showed little change between the middle of October and the middle of November, although declines are usual at this time of year. In manufacturing the number employed continued to rise, reflecting principally a further sharp increase at automobile factories and substantial increases in the machinery, steel, and textile industries. Employment declined seasonally at establishments producing clothing and shoes. In most other industries employment increased somewhat. In lines other than manufacturing, employment showed some increase, when allowance is made for usual seasonal changes.

#### Distribution

Distribution of commodities to consumers showed a considerable increase in November. Department store sales and mail order sales, which had been retarded in October by unseasonably warm weather, rose sharply, and sales at variety stores also increased in November. Sales of automobiles to consumers expanded sharply following the introduction of new models and in November were larger than a year earlier.

Freight-car loadings, which had increased considerably in previous months, showed a slightly less than seasonal decline in November.

#### Commodity Prices

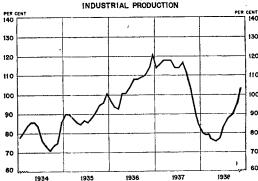
Prices of some industrial materials, such an nonferrous metals, hides, and cotton goods, decreased somewhat from the middle of November to the third week of December. Sugar prices also declined, while grains advanced somewhat. Prices of most other agricultural and industrial commodities continued to show little change.

#### Bank Credit

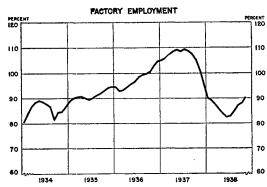
In connection with pre-holiday trade, there was a sharp increase in money in circulation and as the result of this increase in the demand for currency, together with Treasury operations around December 15, there was a temporary decline in member bank reserves.

Following declines during November, total loans and investments of reporting member banks in 101 leading cities increased during the first three weeks of December, largely reflecting operations of the Treasury. Loans to security dealers by New York banks increased sharply, reflecting temporary borrowing for the purpose of carrying Government securities exchangeable for new issues on December 15. Adjusted demand

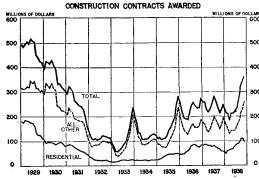
Digitizedeposits rose to a new high level in the first half of December.



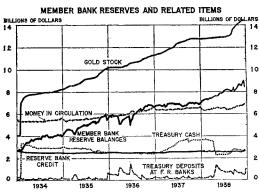
of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to November, 1938.



Index of number employed, adjusted for seasonal tion, 1923-1925 average = 100. By months, January, 1929, to November, 1938.



Three-month moving average of F. W. Dodge data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for October, November, and estimates for December



Wednesday figures, January 3, 1934, to December 21, 1938.