

# FEDERAL RESERVE BANK OF ATLANTA

Volume XXV

Atlanta, Georgia, October 31, 1940

Number 10

## District Summary of Business Conditions

Business activity in the Sixth District continues at a level considerably above that of last year. In the chart below all indicators of trade and industrial activity, excepting two, show a percentage increase over September 1939. In only four cases was this rate of increase less than the rate for indexes of similar activity in the United States.

► While retail sales were 12 per cent above September last year, the increase from August to September lacked 1 per cent of being as large as the usual seasonal change between those months. For the January-September period, the gain over last year is approximately 8 per cent. Wholesale sales increased 3 per cent from August, but were down 12 per cent from the same month last year.

► Construction contracts awarded in September did not present nearly so startling a picture as those for August. Nevertheless the increases over September of last year are significant, especially the 58 per cent rise in "All Other", as distinguished from a 27 per cent decrease in "Residential", contracts. The corresponding figures for the United States show increases of 1 per cent in "All Other" contracts and 18 per cent in "Residential".

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## Reconnaissance

PER CENT DECREASE ▼ PER CENT INCREASE



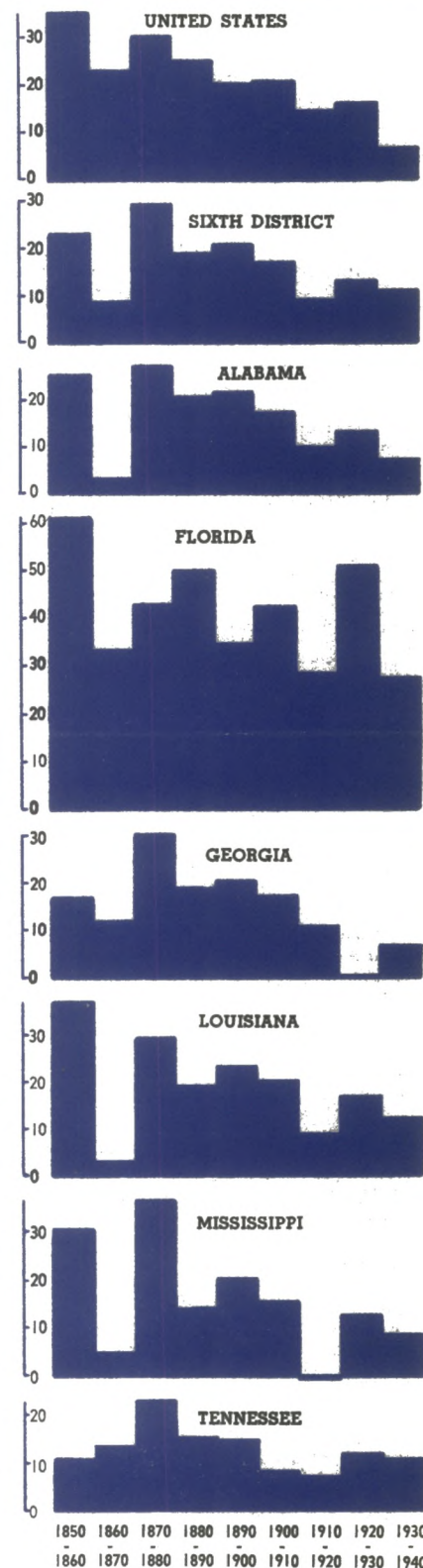
## Population Trends, National and Southern

Preliminary census tabulations for 1940 place the population of the United States at 131.4 millions. This figure represents an increase of only 7 per cent over 1930, a rate of increase less than half that of any previous decade since the first census in 1790. So sharp a decline in our rate of increase raises problems in every field of social thought, for population is the stuff of which nations are made, and increasing numbers have contributed largely to the long-time growth of our economic system.

A decline in the rate of population growth was, of course, expected. Since 1860, when the rate reached about 36 per cent per decade, it has been declining with some degree of regularity. When the decade rates of increase for the country are plotted, as in the first section of the chart to the right, the declining trend is apparent. It is not, then, the fact of decline that deserves particular comment at this juncture but rather its magnitude.

Population growth arises from two sources: the excess of births over deaths, and the excess of immigration over emigration, shrinkages in both of which have contributed to the decline in the nation's rate of growth during the decade just past. The birth rate of the nation has been falling since 1810, and the actual number of children born each year has fallen almost continuously since 1921. While the numbers born will continue to decline even at present birth rates, the expected further fall in the birth rate itself will accelerate this decline. The number of persons dying, on the other hand, appears to have been rather constant in the last two decades. Hence the excess of births over deaths has declined. Moreover, we must expect the number of deaths to grow, since for some decades the number of people reaching advanced ages will increase. This situation will be a reflection of the heavy immigration and increasing number of births in the past.

Immigration, the other source from which our 131 millions of people have been derived, has largely ceased, and during the decade just passed the United



Bars represent the rates of population growth by decades in the United States, the Sixth District (6 state total), and the six states individually.

CONDITION OF FEDERAL RESERVE BANK OF ATLANTA  
(In Millions of Dollars)

	Oct. 16 1940	Sept. 18 1940	Oct. 18 1939	% Change from Sept. 1940	Oct. 1939
Bills discounted.....	\$ .1	\$ .1	\$ .1	+ 0	— 0
Bills bought.....				0	— 0
Industrial advances.....	.3	.3	.6	— 0	— 50
U. S. securities, direct and guaranteed.....	90.6	89.3	109.2	+ 1	— 17
Total bills and securities.....	91.0	89.7	110.1	+ 1	— 17
F. R. note circulation.....	177.9	173.1	159.5	+ 3	+ 12
Member bank reserve deposits.....	228.2	226.7	196.8	+ 1	+ 16
U. S. Gov't general deposits.....	24.6	30.7	24.5	— 20	+ 0
Foreign bank deposits.....	26.2	23.2	14.6	+ 13	+ 79
Other deposits.....	6.2	4.9	6.2	+ 27	— 0
Total deposits.....	285.2	285.5	242.1	— 0	+ 18
Total reserves.....	375.7	375.8	295.7	— 0	+ 27
Commitments to make industrial advances.....	.5	.5	.1	— 0	+ 500

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

	Oct. 16 1940	Sept. 18 1940	Oct. 18 1939	% Change from Sept. 1940	Oct. 1939
Loans and Investments—Total.....	\$659.5	\$643.1	\$606.3	+ 3	+ 9
Loans—Total.....	333.0	316.3	302.7	+ 5	+ 10
Commercial, industrial and agricultural loans.....	169.1	155.0	164.3	+ 9	+ 3
Open market paper.....	2.2	2.0	3.4	+ 10	— 35
Loans to brokers and dealers in securities.....	5.6	4.5	4.3	+ 24	+ 30
Other loans for purchasing and carrying securities.....	10.4	10.5	10.9	— 1	— 5
Real estate loans.....	32.9	32.9	31.5	+ 0	+ 4
Loans to banks.....	1.1	1.0	1.0	+ 10	+ 10
Other loans.....	111.7	110.3	87.2	+ 1	+ 28
Investments—Total.....	326.5	326.8	303.7	— 0	+ 8
U. S. direct obligations.....	149.3	151.4	143.2	— 1	+ 4
Obligations guaranteed by U. S.....	66.3	67.4	63.4	+ 2	+ 5
Other securities.....	110.8	108.1	97.1	+ 2	+ 14
Reserve with F. R. Bank.....	144.3	146.0	122.3	— 1	+ 18
Cash in vault.....	13.1	13.7	13.1	+ 4	— 0
Balances with domestic banks.....	215.6	208.0	206.5	+ 4	+ 4
Demand deposits—adjusted.....	428.3	433.8	385.9	— 1	+ 11
Time deposits.....	190.1	190.6	188.2	— 0	+ 1
U. S. Government deposits.....	42.0	42.0	40.3	— 0	+ 4
Deposits of domestic banks.....	314.1	288.6	275.6	+ 9	+ 14
Borrowings.....					

DEBITS TO INDIVIDUAL ACCOUNTS  
(In Thousands of Dollars)

	Sept. 1940	Aug. 1940	Sept. 1939	% Change from Aug. 1940	Sept. 1939
<b>ALABAMA—</b>					
Birmingham.....	\$ 94,922	\$ 95,770	\$ 86,803	— 1	+ 9
Dothan.....	3,419	2,715	3,212	+ 26	+ 6
Mobile.....	43,002	40,865	38,598	+ 5	+ 11
Montgomery.....	24,067	23,734	22,784	+ 1	+ 6
<b>FLORIDA—</b>					
Jacksonville.....	75,911	76,943	69,898	— 1	+ 9
Miami.....	43,692	44,758	38,759	— 2	+ 13
Pensacola.....	9,933	9,917	8,953	+ 1	+ 11
Tampa.....	28,524	28,734	26,619	— 1	+ 7
<b>GEORGIA—</b>					
Albany.....	5,383	4,471	4,694	+ 20	+ 15
Atlanta.....	212,471	220,151	195,326	— 4	+ 9
Augusta.....	18,615	17,597	20,257	+ 6	— 8
Brunswick.....	2,814	3,158	2,256	— 11	+ 25
Columbus.....	18,364	16,808	15,294	+ 9	+ 20
Elberton.....	1,252	1,133	1,154	+ 11	+ 9
Macon.....	16,928	15,962	18,115	+ 6	— 7
Newnan.....	1,967	1,884	2,190	+ 4	— 10
Savannah.....	29,062	28,161	30,401	+ 3	— 4
Valdosta.....	4,798	8,483	4,508	— 43	+ 6
<b>LOUISIANA—</b>					
New Orleans.....	205,390	201,199	242,407	+ 2	— 15
<b>MISSISSIPPI—</b>					
Hattiesburg.....	5,123	4,750	5,661	+ 8	— 10
Jackson.....	28,843	30,666	28,749	— 6	+ 0
Meridian.....	12,177	11,580	12,696	+ 5	— 4
Vicksburg.....	6,636	5,958	7,995	+ 11	— 17
<b>TENNESSEE—</b>					
Chattanooga.....	43,036	43,868	43,770	— 2	— 2
Knoxville.....	30,096	30,553	30,708	— 2	— 2
Nashville.....	85,634	87,083	89,214	— 2	— 4
<b>SIXTH DISTRICT—</b>					
26 Cities.....	1,052,059	1,056,901	1,051,021	— 1	+ 0
<b>UNITED STATES—</b>					
274 Cities.....	\$33,811,000	\$32,845,000	\$36,594,000	+ 3	— 8

RETAIL TRADE—SEPTEMBER 1940  
(Cities for which no indexes are compiled)

	SALES	STOCKS
	Sept. 1940 compared with August 1940 September 1939	Sept. 1940 compared with August 1940 September 1939
Macon.....	+42%	— 6%
Montgomery.....	+19%	— 1%
		+34%
		+22%

States suffered a net emigration, since the small numbers arriving from other countries in the last few years have not been sufficient to offset those leaving this country in the early years of the great depression.

► With this picture of national developments in mind, several contrasts with the situation in the South can be made. The population of the six states represented in the Sixth Federal Reserve District was 13.8 millions in 1930 and is now 15.3 millions. The District's rate of growth was therefore 11.1 per cent. A glance at the chart of state growth rates, however, will show that Florida grew by far the most rapidly, more rapidly indeed than any other state in the Union; but Florida has been subjected to many economic and other influences not typical of what is called the South, and an omission of its figures gives in some ways a better picture of what has happened to the more typical southern states. The rate of growth of the five remaining states of the District was 9.1 per cent, which is still significantly higher than the nation's rate of 7.

The District's relatively greater rate of growth is the more particularly significant when compared with its relative performance in previous censuses. From 1920-1930 the nation grew 16 per cent, and the six states 13 per cent. Again, however, Florida's unique growth biased the picture, for the five states without Florida grew only 10 per cent. While the rate of growth of the five states declined slightly between the two decades the reversal of the relative growths of the District and the nation is highly significant, for it is necessary to go back a full century to the decade 1830-1840 to find another census period in which the District grew more rapidly than, or as rapidly as, the nation.

The Far West and the South are the two areas in which a growth more rapid than that in the nation is taking place today. The 13 southern states occupied 13 of the first 26 places in per cent of increase during the decade, and 10 of the remaining 13 places were held by states of the Far West. The growth of the South mainly reflects the influence of its birth rate which is significantly higher than that of any other equally large area in the country.

► The birth rate of the Sixth District, for instance, is about 25 per cent higher than that for the entire United States, 21 per thousand compared to 17 in 1937. The South, of course, provides no exception to the general phenomenon of declining birth rates, but factors adversely affecting the number of births have not proceeded as far in the South as in other sections of the country. In rural areas children cost less and produce more than in urban areas; and in farm economies the family constitutes the economic unit rather than, as in factory economies, the individual. For all of these reasons, declining birth rates have accompanied the march of urbanization and industrialization across our continent. The South, being the most rural region of the United States today, retains, therefore, the highest birth rate.

► The higher relative birth rate of the South and the Sixth

## POPULATION, AND RATES OF POPULATION GROWTH.

	POPULATION— (in thousands)					
	1940	1930	1920	1910	1900	1890
Alabama.....	2,830	2,646	2,348	2,138	1,829	1,513
Florida.....	1,878	1,468	968	753	529	391
Georgia.....	3,120	2,909	2,896	2,609	2,216	1,837
Louisiana.....	2,356	2,102	1,799	1,656	1,382	1,119
Mississippi.....	2,182	2,010	1,791	1,797	1,551	1,290
Tennessee.....	2,911	2,617	2,338	2,185	2,021	1,768
Six States of the Sixth District.....	15,277	13,751	12,139	11,138	9,527	7,918
Six States Minus Florida.....	13,399	12,283	11,171	10,386	8,999	7,526
United States.....	131,410	122,775	105,711	91,972	75,995	62,948



\*\*Includes overnment benefit payments. r=revised

# National Summary of Business

Prepared by the Board of Governors of the Federal Reserve System

**VOLUME** of industrial production increased sharply in September, owing mainly to a continued rise in output of durable manufactured products, and this month a further increase is indicated. Prices of basic industrial materials advanced in September and the first half of October.

## Industrial Production

The Board's seasonally adjusted index of industrial production, which for three months had been at a level of 121 per cent of the 1935-39 average, advanced to about 125 per cent in September. In the durable goods industries increases in output were general. Steel production rose to 93 per cent of capacity, and in the first half of October the rate was slightly higher as new orders continued in large volume both from domestic and foreign sources. Steel exports amounted to about 20 per cent of ingot-producing capacity in August, the latest month for which data are available, with nearly three quarters of these shipments going to the United Kingdom and Canada. Activity in the machinery, aircraft, and ship-building industries advanced further in September following considerable increases in August, and automobile output increased sharply as volume production of new model cars was rapidly attained. Plants producing railroad cars and locomotives also showed an expansion in activity. Lumber production continued to rise under the impetus of a growing volume of demand for defense program purposes.

Changes in output of nondurable manufactured goods and minerals in September were mixed. At wool textile mills activity advanced sharply further to near the peak reached last autumn, reflecting in part expanding production on Government orders. At cotton mills, however, activity showed less than the usual seasonal rise, following a sharp increase in August, and rayon deliveries declined somewhat owing partly to a strike at plants of one large producer. Shoe production also declined in September. Paper production remained considerably lower than the high volumes attained during the inventory accumulation period of early summer. Output of most metals continued large during September. Crude petroleum production, which had been curtailed sharply during the summer, rose considerably, but coal production, which for several months had been maintained at high levels, showed a smaller increase than is usual at this season.

Value of new construction work started in September was lower than in July and August, according to reports of the F. W. Dodge Corporation and the San Francisco Federal Reserve Bank. The decline occurred chiefly in contracts for defense projects which had been large in the previous two months. Awards for private residential building showed little change from recent high levels. Awards for other private work declined somewhat but continued considerably above the level of a year ago.

## Distribution

In September and the early part of October department store sales showed somewhat less than the usual seasonal increase from the exceptionally high level reached in August.

Freight-car loadings rose somewhat more than seasonally in September, reflecting to a large extent increased shipments of miscellaneous freight. Loadings of coal, which have been large in recent months, showed less than the usual seasonal rise.

## Commodity Prices

Prices of most industrial materials, particularly lumber, steel scrap, nonferrous metals, hides, and wool, continued to advance from the middle of September to the middle of October, and there were also increases in some manufactured products, notably cotton and woolen goods. Wheat prices were higher while prices of most other foodstuffs showed little change.

## Bank Credit

Commercial loans at reporting member banks in New York and 100 other leading cities continued to increase during the four weeks ending October 9, reflecting in part seasonal demands. Holdings of United States Government obligations decreased further with the result that total loans and investments of these banks showed little change.

## United States Government Security Prices

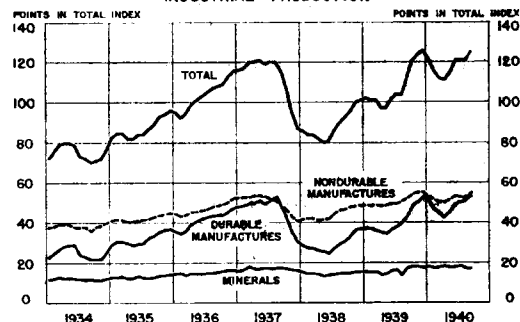
Prices of United States Government securities advanced in the second half of September and the first week in October, rising close to the high level of the year reached early last April.

### District Summary Continued from Page 1

Steel mill activity in the Birmingham area continued at 105 per cent of capacity. Alabama production of pig iron was also at a new high level, having increased 3 per cent over August and 21 per cent over September last year. Coal production was up 6 per cent from August and 9 per cent from September 1939. This latter increase compares with a 4 per cent rise for the United States.

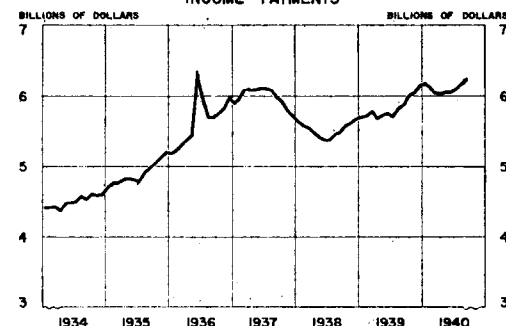
▶ Cotton production, as estimated by the United States Department of Agriculture, decreased 2 per cent between September 1 and October 1 and is 4 per cent below last year's production. The condition of the crop October 1 was 72 per cent of normal, compared with 68 a year ago, and 63, the 1929-1938 average October 1 condition.

## INDUSTRIAL PRODUCTION



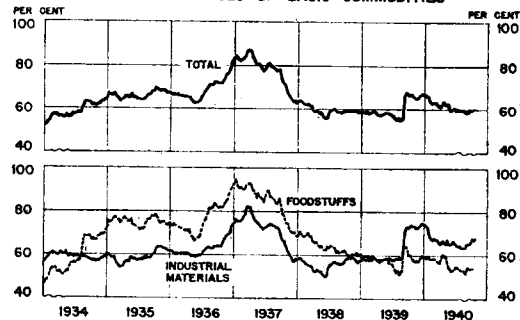
Index of physical volume of production, adjusted for seasonal variation. 1935-1939 average = 100. By months, January, 1934, to September, 1940.

## INCOME PAYMENTS



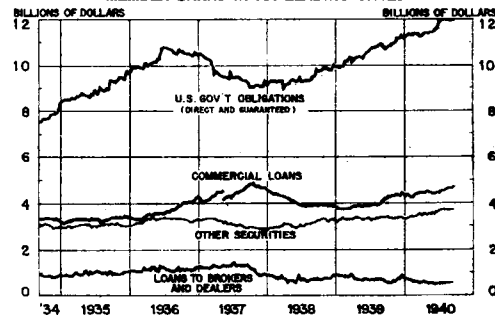
U. S. Department of Commerce estimates of the amount of income payments to individuals, adjusted for seasonal variation. By months, January, 1934, to September, 1940.

## WHOLESALE PRICES OF BASIC COMMODITIES



Federal Reserve groupings of Bureau of Labor Statistics' data. Thursday figures, January 4, 1934, to October 10, 1940.

## MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures, September 5, 1934, to October 9, 1940. Commercial loans based on new classification beginning May 19, 1937.