

FEDERAL RESERVE BANK OF ATLANTA

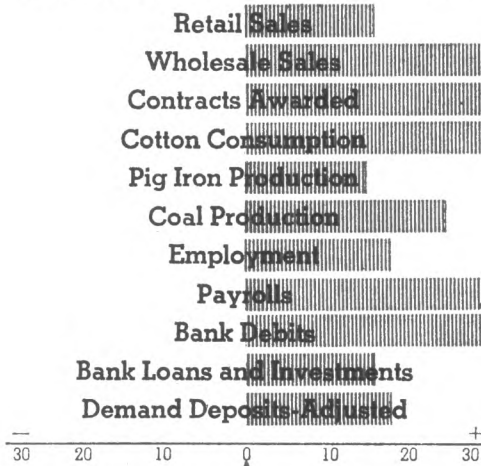
Volume XXVI

Atlanta, Georgia, July 31, 1941

Number 7

Reconnaissance

PER CENT DECREASE ▼ PER CENT INCREASE



Sixth District Statistics for June 1941 compared with June 1940

District Summary of Business Conditions

In June Sixth District department store sales declined slightly more than seasonally but were, nevertheless, at the highest level ever recorded for that month, and wholesale trade declined by about half the amount it usually does in June; life insurance sales increased, and business failures were lower. Industrial activity was maintained at a high level. Coal output increased substantially, and textile operations were at a new high peak, but pig iron production was slightly off, and construction contract awards declined somewhat in comparison with the large totals of April and May.

▶ Department store sales in this District were 16 per cent less in June than in May, on a daily average basis, but after allowance for seasonal influences the decline was 3 per cent. The adjusted index for June, at 134 per cent of the 1935-1939 average, compares with 115 for June last year, and is higher than for June of any other year. The larger gains compared with June 1940 were in furs, household appliances, furniture, and white goods. In the first half of 1941 department store sales have been 16 per cent greater than in that part of 1940. June inventories were down 5 per cent from May, but were 16 per cent greater than a year ago. For the United States,

The Defense Program in the Sixth District

Discussions of defense activities in the District have appeared in this *Review* twice before. However, since the last such article appeared in November 1940, so many more contracts have been let in the District as to require a complete re-examination of the program in this area.

The chart on the bottom of this page pictures the defense contracts of \$50,000 and over that have been awarded to firms operating in this District by the War and Navy Departments during the first year of the defense program, June 1, 1940, through May 31, 1941. The data are presented by states, but in the

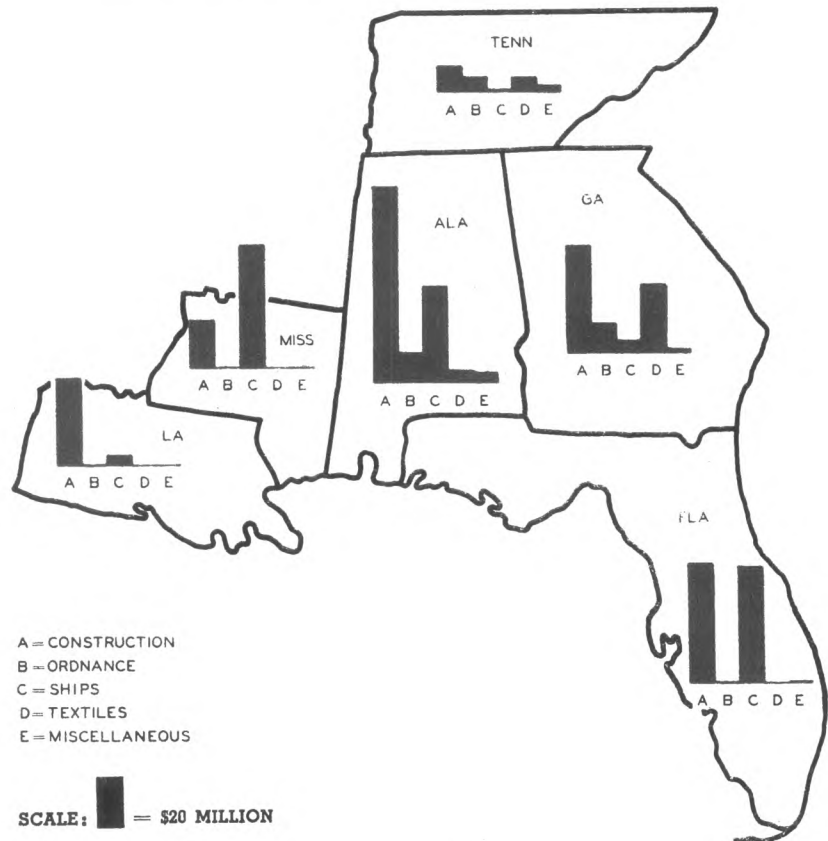
cases of those states that lie partly within and partly outside of the Sixth District — Louisiana, Mississippi, and Tennessee — there are included only the contracts for items to be produced in the section of the state lying within the Sixth District.

▶ Total contracts of \$50,000 and over awarded in this District by the War and Navy Departments in the first year of the defense program totaled \$460.7 million. In the country as a whole these contracts amounted to \$11.2 billion; thus the Sixth District's share of total awards is 4.1 per cent. In the District total, construction activities account for

Continued on page 36

MAJOR DEFENSE CONTRACTS IN THE SIXTH FEDERAL RESERVE DISTRICT

AWARDED BY WAR AND NAVY DEPARTMENTS JUNE 1, 1940 - MAY 31, 1941



District Summary of Business Conditions

Continued from page 35

the Board's adjusted index of sales was also off 3 per cent from May, but was 12 per cent above that for June last year. Wholesale trade in the District declined 3 per cent in June but was 36 per cent greater than it was a year earlier. Business failures, both in number and liabilities, declined in June, and were substantially less than in June last year. In the first half of 1941 the number of failures in the District has been smaller by 28 per cent, and liabilities have been less by 25 per cent, than in that part of 1940.

▶ The value of construction contracts awarded in the District during June was down 17 per cent from May, residential contracts declined 9 per cent, and other awards 22 per cent. The June total was, however, 34 per cent greater than that for June last year and, while awards for residential construction were smaller by 19 per cent, contracts for other construction were more than double the June 1940 figure. In the first half of 1941 contracts aggregating more than \$223 million have been awarded for construction in this District. This total is larger by one-third than the total for the corresponding part of last year and is also much larger than for the same part of any other recent year. For the six months period, residential contracts were 1 per cent less than a year ago, and other awards, including those for non-residential building, public works, and public utilities, were 63 per cent greater.

June brought another new high level in the rate of textile activity in this District. Although the number of bales of cotton consumed in June was down compared with the longer month of May, the daily rate was higher than it has ever been in any previous month. In the current season, August through June, nearly 3 million bales of cotton have been consumed by mills in Alabama, Georgia, and Tennessee, an increase of 24 per cent over that part of the previous season. In the United States as a whole, cotton textile operations were down 2 per cent from May but were 48 per cent greater than in June 1940.

Steel mill activity in the Birmingham-Gadsden area averaged 96 per cent of capacity in June, according to *The Iron Age*, a slight decline from 97.4 per cent for May but well above the average of 87 per cent for June last year. In the two weeks following the July Fourth holiday the reported rate has been 95 per cent. Press reports indicate a large and constantly growing backlog of orders. For the country, the June average of 100 compares with 98 for May and with 83.8 for June last year. Pig iron production in Alabama declined 3 per cent on a daily average basis in June, but was 15 per cent greater than a year ago, while in the United States June output gained 2 per cent over May and was up 19 per cent from June 1940.

Coal production in Alabama and Tennessee, sharply curtailed in April, was resumed in the early part of May. June output was 37 per cent greater than in May and 25 per cent above the level of June last year. It was, when allowance is made for seasonal influences, at the highest point reached since the early part of 1927.

Electric power production was at the highest level on record in April, and declined less than 1 per cent in May. Notwithstanding the continued drought, May output was 24 per cent above that a year earlier.

▶ The Sixth District, as well as the country as a whole, has a

Continued on page 40

Defense Program in the Sixth District

Continued from page 35

\$234.8 million, or 51.0 per cent. Orders for ships hold second place, amounting to \$146.4 million—31.8 per cent—through May 31, 1941. Surprisingly enough, the production of ordnance called for in such contracts is nearly as great as total textile contract awards. Contracts for ordnance amounting to \$30.4 million were awarded to firms in the Sixth District during the first year of the defense program, while textile contracts amounted to \$39.8 million. These awards represent 6.6 and 8.6 per cent of total contracts, respectively.

No contracts for ordnance have been awarded in Florida or in those portions of Louisiana and Mississippi that lie within the District. Textile contracts have been awarded in every state in the District except Florida, although the awards in Louisiana and Mississippi are unimportant, while all six states have received some contracts for ships, construction, and miscellaneous items.

The first four classifications of defense contracts—construction, ordnance, ships, and textiles—cover 98.0 per cent of total contracts in the District. The remaining 2.0 per cent, totaling \$9.3 million, include orders for many different kinds of items.

▶ While contracts awarded by the War and Navy Departments initiate the bulk of defense expenditures in the District, a number of federal agencies have allotted and are spending large amounts of money in the six states that lie either wholly or partly within the District in carrying on certain other phases of the defense program. The United States Maritime Commission under its emergency ship program allotted \$63.2 million between July 1, 1940, and June 30, 1941, for the construction of merchant vessels in this area. The Defense Plant Corporation up to June 30 had allotted \$42.2 million for the expansion of plant facilities in this region and a considerable amount of money has been set aside for defense housing projects in this area by the United States Housing Authority and the Public Buildings Administration.

Other defense activities are being carried on in the six states of the District by the Civil Aeronautics Administration, the Work Projects Administration, the Office of Education, the National Youth Administration, and the Farm Security Administration. The table on page 37 lists the defense commitments of these agencies in each of the six states of the District for the period July 1, 1940-June 30, 1941.

The emergency ship program of the United States Maritime Commission is going forward in Louisiana and Alabama. Louisiana has received about two-thirds of the total allotments under this program in this area, while Alabama has received the remaining third. Plant expansion financed by the Defense Plant Corporation has assumed large proportions in Alabama and Tennessee. WPA defense projects are the third largest of these varied programs and almost half of these WPA funds are to be spent in Florida.

As of July 5, there were 5,796 defense housing units under construction at a total estimated cost of \$16.2 million, or an average unit cost of \$2,783. Projects—for which cost estimates are not yet available—have been approved which will provide an additional 3,340 units. The bulk of this construction is occurring in Alabama, Florida, and Georgia, in each of which states more than 2,000 units will be built.

▶ Altogether, planned expenditures under these programs in the Six States reached \$192.7 million on June 30, 1941, which, added to total Army and Navy contracts up to that date of \$477.3 million,² gives a grand total of \$670.0 million.³ The grand total for the District is, of course, somewhat lower than the figure for the Six States but is not available because defense contracts and expenditures other than those of the War and Navy Departments are not broken down by Federal Reserve Districts by the reporting agencies.

▶ Army and Navy contracts plus defense commitments of other federal agencies in the year ended June 30, 1941, total \$17.3 billion in the nation as a whole. Of the national total, \$0.7 billion, or 3.9 per cent, will be spent in the six states of the Sixth District.—B. B.

¹This figure applies only to contracts for items that are to be produced in the continental United States. Off-continent contracts as well as contracts that could not be assigned to a Federal Reserve District are excluded. The total as of April 30, 1941, appears in *Dun's Review* for

June 1941, page 6. The May 31 figure was computed by totaling all contracts in the May 1941 supplement to the *OPM Listing of Major Defense Contracts Awarded by War and Navy Departments* and adding the total thus secured to the April 30 total similarly computed in *Dun's Review*. The *OPM Listing* "covers all public-knowledge, prime contract awards made by the War and Navy Departments and reported to the Bureau of Research and Statistics . . . excepting awards with a gross value of less than \$50,000 and excepting awards for fuel and foodstuffs. All directives issued to Army and Navy establishments are excluded, but awards made by those establishments to private industry are included."

²Figures for Army and Navy contracts in the Six States are taken from tabulation number 24 of *National Defense Program Contracts and Expenditures* compiled by the Office of Government Reports. It should be remembered that this figure for Army and Navy contracts differs from the total pictured in the chart because the chart covers Army and Navy contracts in the Sixth District for the period June 1, 1940-May 31, 1941, while this present figure is the total for the Six States for the period July 1, 1940-June 30, 1941, and is used here in order to make possible an addition of Army and Navy contracts and the defense commitments of other federal agencies. Publication of this information on Navy Department contracts was stopped on June 2, 1941. For this reason the figure given is below the correct one.

DEFENSE COMMITMENTS OF FEDERAL AGENCIES OTHER THAN WAR AND NAVY DEPARTMENTS IN THE SIX STATES OF THE SIXTH FEDERAL RESERVE DISTRICT, July 1, 1940 - June 30, 1941

ALABAMA

United States Maritime Commission—Emergency Ship Program	\$ 20,822,500
Civil Aeronautics Administration—	
Airport Expansion Program	116,200
Work Projects Administration—Defense Projects	3,073,046
United States Housing Authority—Defense Housing Projects	2,787,553
Public Buildings Administration—Defense Housing	1,409,000
Office of Education—Defense Training	1,079,911
National Youth Administration—	
Defense Training Funds for 1941	1,258,008
Defense Plant Corporation	9,801,211
Reconstruction Finance Corporation	19,068,188
TOTAL	\$ 59,415,617

FLORIDA

Civil Aeronautics Administration—	
Airport Expansion Program	\$ 439,200
Work Projects Administration—Defense Projects	15,891,907
United States Housing Authority—Defense Housing Projects	2,064,461
Public Buildings Administration—Defense Housing	2,452,500
Office of Education—Defense Training	809,456
National Youth Administration—	
Defense Training Funds for 1941	652,491
Reconstruction Finance Corporation	4,254,485
TOTAL	\$ 26,692,700

GEORGIA

Work Projects Administration—Defense Projects	\$ 5,367,846
United States Housing Authority—Defense Housing Projects	1,704,833
Public Buildings Administration—Defense Housing	2,452,500
Office of Education—Defense Training	1,184,434
National Youth Administration—	
Defense Training Funds for 1941	1,426,365
Reconstruction Finance Corporation	68,701
TOTAL	\$ 12,204,679

LOUISIANA

United States Maritime Commission—Emergency Ship Program	\$ 42,341,000
Civil Aeronautics Administration—	
Airport Expansion Program	340,000
Work Projects Administration—Defense Projects	6,886,265
Public Buildings Administration—Defense Housing	1,695,000

Office of Education—Defense Training	697,846
National Youth Administration—	
Defense Training Funds for 1941	994,699
Defense Plant Corporation	125,000
TOTAL	\$ 52,879,810

MISSISSIPPI

Work Projects Administration—Defense Projects	\$ 2,652,343
Public Buildings Administration—Defense Housing	148,500
Office of Education—Defense Training	930,497
National Youth Administration—	
Defense Training Funds for 1941	970,170
Reconstruction Finance Corporation	150,000
TOTAL	\$ 4,851,510

TENNESSEE

Farm Security Administration—Defense Housing	\$ 114,750
Work Projects Administration—Defense Projects	433,530
United States Housing Authority—Defense Housing Projects	774,800
Office of Education—Defense Training	1,093,569
National Youth Administration—	
Defense Training Funds for 1941	1,218,616
Defense Plant Corporation	32,223,829
Reconstruction Finance Corporation	15,086
Federal Works Agency—Defense Housing	786,625
TOTAL	\$ 36,660,805

SIX STATES

United States Maritime Commission—Emergency Ship Program	\$ 63,163,500
Civil Aeronautics Administration—	
Airport Expansion Program	895,400
Work Projects Administration—Defense Projects	34,104,937
United States Housing Authority—Defense Housing Projects	7,331,647
Public Buildings Administration—Defense Housing	8,285,700
Office of Education—Defense Training	5,795,713
National Youth Administration—	
Defense Training Funds for 1941	6,520,349
Defense Plant Corporation	42,150,040
Reconstruction Finance Corporation	23,556,460
Farm Security Administration—Defense Housing	114,750
Federal Works Agency—Defense Housing	786,625
TOTAL	\$192,705,121

Source: *National Defense Program Contracts and Expenditures*—Tabulation No. 24. Compiled from press releases by Office of Government Reports.

National Summary of Business

Prepared by the Board of Governors of the Federal Reserve System

Industrial production increased further in June, continuing the rapid advance that began about a year ago. Commodity prices, both in retail and in wholesale markets, rose considerably between the early part of June and the third week of July.

Production

Reflecting the continued advance in industrial activity at a time when output ordinarily declines, the Board's adjusted index advanced from 150 per cent of the 1935-1939 average in May to 156 in June and preliminary estimates indicate a further rise in July. The current level compares with 104 before the start of the European war and 111 in the spring of 1940, when the current advance in industrial activity began.

Further increases in output were reported in June for a considerable number of industries, particularly those associated closely with the defense program, and there were no important declines. As in other recent months, activity in the aircraft, shipbuilding, machinery, and railroad equipment industries rose sharply. Automobile production was maintained at the high level of May, owing mostly to unusually large retail sales.

Output of iron and steel and nonferrous metals, already close to capacity, did not show an increase to correspond with the rise in output of finished metal products and official statements indicated growing concern over shortages of numerous materials. Steel ingot production remained close to 99 per cent of capacity during June, but the rate in the middle of July was slightly lower. For the year to date output of steel has averaged 98 per cent of the rated capacity as of December, 1940.

Output of textiles and most other nondurable manufactures in June continued at recent advanced levels, which in some instances represent capacity production. Output of chemicals continued to increase rapidly. Also, there was a sharp rise in rubber consumption, reflecting continued heavy demand for rubber products and the fact that June was the last month before curtailment of rubber consumption by industry was to go into effect and was the month to be used in apportioning July consumption among various manufacturers.

Mineral production increased in June, with a marked rise in output of anthracite, some further increase in output of bituminous coal, and a continued advance in crude petroleum production to a new high level.

Value of construction contract awards in June continued at the high level reached in May and was nearly two-thirds above a year ago, according to figures of the F. W. Dodge Corporation. Awards for public construction again increased sharply, reflecting continued expansion in the volume of defense construction projects. Private residential building contracts declined somewhat more than seasonally, following an increase in May.

Distribution

Sales of general merchandise showed little change from May to June. Department store sales decreased more than seasonally, while rural retail and variety store sales remained at the May level, although a decline is usual at this time of the year. In the early part of July sales at department stores rose somewhat and were 24 per cent higher than a year ago.

Loadings of revenue freight increased further in June, reflecting continued expansion in shipments of coal and miscellaneous merchandise, and by the end of the month were in larger volume than at any time during the seasonal peak last autumn.

Commodity Prices

Wholesale prices of most groups of commodities continued to advance from the early part of June to the middle of July. Prices of foodstuffs showed large increases and there were substantial advances in prices of a number of industrial raw materials and finished products. Following earlier marked advances, prices of hides and cotton gray goods were reduced by Governmental action. Retail prices for foods and many other commodities have been rising and in June the cost of living was about 4 per cent higher than 4 months earlier. Preliminary figures indicate further advances in July.

Bank Credit

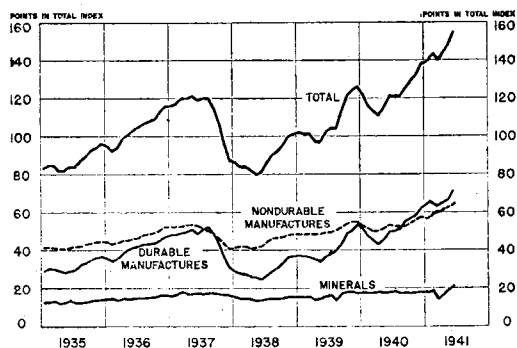
Holdings of United States Government securities by member banks in 101 leading cities increased further during June and early July, reflecting in part new offerings by the Treasury. Commercial loans continued to rise sharply.

Notwithstanding the greater volume of bank loans and investments, deposits of city banks declined somewhat over the period, reflecting mainly a growing demand for currency and a building up of Treasury deposits at the Reserve Banks. These developments also resulted in a decrease in the volume of excess reserves, which amounted to about \$5,300,000,000 on July 16, compared with \$6,900,000,000 a year earlier.

United States Government Security Prices

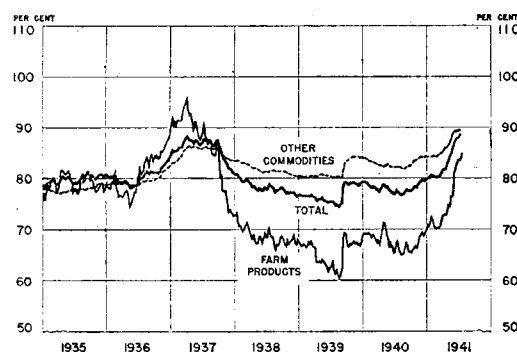
United States Government securities advanced further during the latter part of June. Partially tax-exempt 1960-65 bonds on June 26 were at an all-time peak, on a 2.02 yield basis. Since that time they have declined slightly. Taxable bonds generally continued to advance to successive new high levels. Yields on Treasury notes showed little change during the latter part of June and the first half of July.

INDUSTRIAL PRODUCTION



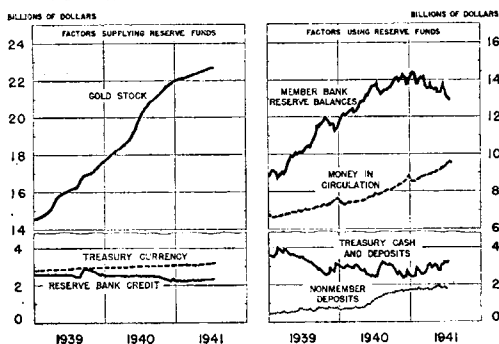
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. Subgroups shown are expressed in terms of points in the total index. By months, January 1935 to June 1941.

WHOLESALE PRICES



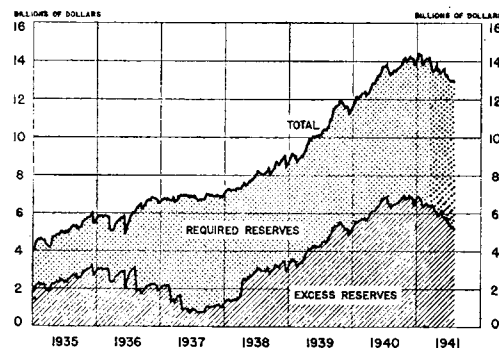
Bureau of Labor Statistics' indexes, 1926 = 100. "Other" includes commodities other than farm products and food. By weeks, January 5, 1935, to July 12, 1941.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, January 4, 1939, to July 9, 1941.

MEMBER BANK RESERVES



Wednesday figures, January 2, 1935, to July 9, 1941.

CONDITION OF FEDERAL RESERVE BANK OF ATLANTA

	(In Millions of Dollars)			Per Cent Change	
	July 16	June 18	July 17	July 16, 1941, from	July 17
	1941	1941	1940	1941	1940
Bills discounted	\$.04	\$.01	\$.2	+300	-- 80
Industrial advances	.2	.2	.2		
U. S. securities	92.1	94.9	89.8	-- 3	+ 3
Total bills and securities	92.3	95.1	90.3	-- 3	+ 2
F. R. note circulation	222.2	216.3	167.5	+ 3	+ 33
Member bank reserve deposits	284.4	268.0	226.6	+ 6	+ 26
U. S. Gov't general deposits	30.2	34.2	13.5	-- 12	+ 124
Foreign bank deposits	41.5	42.3	25.5	-- 2	+ 63
Other deposits	6.4	7.6	5.1	-- 16	+ 25
Total deposits	362.4	352.0	270.7	+ 3	+ 34
Total reserves	497.4	481.4	354.5	+ 3	+ 40
Industrial advance commitments	.05	.03	.5	+ 67	-- 90

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

	(In Millions of Dollars)			Per Cent Change	
	July 16	June 18	July 17	July 16, 1941, from	July 17
	1941	1941	1940	1941	1940
Loans and Investments—Total	\$731.5	\$722.0	\$618.8	+ 1	+ 18
Loans—Total	381.1	376.7	307.9	+ 1	+ 24
Commercial, industrial, and agricultural loans	192.4	193.5	151.7	-- 1	+ 27
Open market paper	5.2	5.4	3.4	-- 4	+ 53
Loans to brokers and dealers in securities	6.4	6.3	4.5	+ 2	+ 42
Other loans for purchasing and carrying securities	11.3	11.1	10.8	+ 2	+ 5
Real estate loans	37.4	36.4	32.2	+ 3	+ 16
Loans to banks	1.5	1.5	1.0	+ 50	
Other loans	126.9	122.6	104.4	+ 4	+ 22
Investments—Total	350.4	345.3	310.8	+ 1	+ 13
U. S. direct obligations	167.8	163.8	143.0	+ 2	+ 17
Obligations guaranteed by U. S.	69.3	65.2	63.0	+ 6	+ 10
Other securities	113.4	116.3	104.8	-- 2	+ 8
Reserve with F. R. Bank	182.2	171.1	141.6	+ 6	+ 29
Cash in vault	15.4	15.9	13.2	-- 3	+ 17
Balances with domestic banks	265.8	259.1	233.2	+ 3	+ 14
Demand deposits—adjusted	528.4	502.8	432.3	+ 5	+ 22
Time deposits	191.3	191.3	191.1		+ 0
U. S. Gov't deposits	48.9	47.2	36.9	+ 4	+ 33
Deposits of domestic banks	365.1	363.1	291.1	+ 1	+ 25
Borrowings					

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	(In Thousands of Dollars)			Per Cent Change	
	June	May	June	June 1941 from	June 1940
	1941	1941	1940	May 1941	June 1940
ALABAMA					
Birmingham	\$ 122,458	\$ 124,455	\$ 92,012	-- 2	+ 33
Dothan	3,544	4,357	2,229	-- 19	+ 59
Mobile	60,043	60,377	41,333	-- 1	+ 45
Montgomery	24,953	31,038	19,671	-- 20	+ 27
FLORIDA					
Jacksonville	106,195	114,215	73,108	-- 7	+ 45
Miami	56,279	67,382	50,370	-- 16	+ 12
Pensacola	12,086	12,861	9,393	-- 6	+ 29
Tampa	41,539	40,269	29,272	+ 3	+ 42
GEORGIA					
Albany	6,693	6,753	4,878	-- 1	+ 37
Atlanta	283,864	298,405	210,404	-- 5	+ 35
Augusta	25,661	27,988	17,514	-- 2	+ 47
Brunswick	3,381	4,080	2,896	-- 17	+ 17
Columbus	23,476	25,916	15,521	-- 9	+ 51
Elberton	1,376	1,622	1,135	-- 15	+ 21
Macon	23,479	25,556	14,713	-- 8	+ 60
Newnan	2,726	2,731	1,559	-- 0	+ 75
Savannah	37,234	42,025	28,862	-- 11	+ 29
Valdosta	4,207	4,608	3,415	-- 9	+ 23
LOUISIANA					
New Orleans	280,385	282,107	202,399	1	+ 39
MISSISSIPPI					
Hattiesburg	8,860	9,972	4,648	-- 11	+ 91
Jackson	29,911	34,114	25,486	-- 12	+ 17
Meridian	16,073	16,573	12,443	-- 3	+ 29
Vicksburg	8,060	7,833	7,012	+ 3	+ 15
TENNESSEE					
Chattanooga	58,910	57,252	43,134	+ 3	+ 37
Knoxville	38,410	38,776	30,000	-- 1	+ 28
Nashville	109,737	114,114	81,671	-- 4	+ 23
SIXTH DISTRICT					
26 Cities	1,389,540	1,455,379	1,025,078	-- 5	+ 36
UNITED STATES					
274 Cities	45,942,000	43,665,000	35,003,000	+ 5	+ 31

RETAIL TRADE — JUNE 1941

(Cities for which no indexes are compiled)
Sales for June compared with:

	May 1941	June 1940		May 1941	June 1940
Baton Rouge	-- 25	+ 16	Knoxville	-- 22	+ 12
Chattanooga	-- 19	+ 13	Macon	-- 20	+ 17
Jackson	-- 21	+ 19	Montgomery	+ 10	+ 16
Jacksonville	-- 23	+ 35	Tampa	-- 12	+ 20

SIXTH DISTRICT BUSINESS INDICATORS
Indexes

(1923-1925 Average = 100, except as noted)

	Adjusted			Unadjusted		
	June 1941	May 1941	June 1940	June 1941	May 1941	June 1940
RETAIL SALES* (1935-1939 Av. = 100)						
DISTRICT (47 Firms)	134	138	115	114	136	98
Atlanta				114	142	98
Birmingham				121	140	104
Nashville				110	137	93
New Orleans				114	121	100
RETAIL STOCKS						
DISTRICT (21 Firms)	87	84	73	82	86	69
Atlanta	165	161	129	158	153	124
Birmingham	77	78	66	76	80	65
Nashville	64	64	53	62	64	52
New Orleans	76	74	63	71	75	59

WHOLESALE SALES

TOTAL				78	80	61
Groceries				63	68	50
Dry Goods				54	59	36
Hardware				153	158	102
Drugs				103	112	92

CONTRACTS AWARDED

DISTRICT				113	137	84
Residential				104	114	127
Others				119	152	55
Alabama				183	477	77
Florida				78	67	73
Georgia				98	68	63
Louisiana				113	115	142
Mississippi				462	144	58
Tennessee				99	129	64

BUILDING PERMITS

20 CITIES				86	92	124
Atlanta				36	26	160
Birmingham				28	38	107
Jacksonville				154	175	196
Nashville				35	25	278
New Orleans				30	76	50

PIG IRON PRODUCTION*

Alabama				128	131	115
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COAL PRODUCTION (1935-1939 Av. = 100)

TWO STATES	184	132	145	156	114	125
Alabama				160	109	134
Tennessee				152	126	106

COTTON CONSUMPTION*

THREE STATES				253	252	158
Alabama				309	312	185
Georgia				227	225	146
Tennessee				261	259	156

EMPLOYMENT (1932 Av. = 100)

SIX STATES				149	147	126
Alabama				165	163	132
Florida				102	105	89
Georgia				168	164	139
Louisiana				135	133	120
Mississippi				120	116	98
Tennessee				146	144	129

PAYROLLS (1932 Av. = 100)

SIX STATES				236	227	173
Alabama				348	330	225
Florida				106	108	87
Georgia				273	260	192
Louisiana				185	174	147
Mississippi				180	171	130
Tennessee				235	229	164

ELECTRIC POWER PRODUCTION* (1935-1939 Av. = 100)

TOTAL				173	174	139
By Water Power				136	163	129
By Fuel				220	188	153

Statistics
('000 Omitted)

	June 1941	May 1941	June 1940	Year to Date 1941	1940
COMMERCIAL FAILURES					
Number (Actual, not thousands)	38	46	48	253	350
Liabilities	\$ 319	\$ 361	\$ 555	\$ 2,711	\$ 3,632

FARM INCOME**

	May 1941	Apr. 1941	May 1940	Year to Date 1941	1940
SIX STATES	68,460	59,427	63,030	312,675	277,771
Alabama	12,140	8,252	7,917	39,203	37,573
Florida	16,119	18,969	24,114	79,381	65,824
Georgia	6,861	7,607	6,966	43,649	37,591
Louisiana	11,968	8,310	9,261	44,337	39,792
Mississippi	10,666	7,963	5,705	48,683	45,862
Tennessee	10,706	8,326	9,067	57,422	51,129

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

**Includes Government benefit payments.

District Summary of Business Conditions

Continued from page 36

smaller acreage planted to cotton this year than it has had in many years, according to the estimates of the United States Department of Agriculture. On July 1 there were 8,132,000 acres planted to cotton in the six states of this District. This is a reduction of 7.2 per cent from the planted acreage last year, is 27 per cent less than that of 1937, and 38 per cent less than in 1933. The Department's July estimates indicate more

oats, wheat, and sweet potatoes, but less corn, hay, tobacco, and white potatoes, than were produced last year.

Farmers' cash income from crop and livestock marketings increased substantially in May (latest available figures) and were 12 per cent greater than a year ago. Government benefit payments, however, were off 30 per cent from April and 9 per cent from May last year. The five-month totals show an increase of 13 per cent in total cash income, a gain of 23 per cent from marketings being offset in part by a decrease of 20 per cent in benefit payments.