

Monthly Review

FEDERAL RESERVE BANK OF ATLANTA

Volume XXVII

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Number 3

District Summary of Business Conditions

In February cotton textile activity in the Sixth Federal Reserve District advanced to a new high level and building permits issued at reporting cities increased somewhat. Merchandise distribution through both retail and wholesale channels declined, in comparison with the more favorable reports for January, but continued well above the corresponding month of last year, and department store sales were at a new high level for February. Construction contracts awarded in the District declined further in February and were less than they were a year ago, and pig iron production was at a rate 3 per cent below the record level reported for January and February last year.

► Department store sales in the Sixth District declined 1 per cent, on a daily average basis, in February, but were 11 per cent greater than in February last year and were at a level higher than they had ever before been in February. The small decline from January to February followed a decrease in January that was 13 per cent smaller than the drop that usually follows the December holiday business, and the seasonally adjusted index rose, as a consequence, by 13 per cent in January. The further small decrease in February was contrary to the usual seasonal movement, and the adjusted index declined in February by 11 per cent.

These percentage comparisons and the index numbers are based upon actual dollar sales figures and make no allowance for changes in the level of prices. Wholesale prices, as measured by the United States Bureau of Labor Statistics' weekly price index, averaged 1 per cent higher in February than in January, and were 19.6 per cent above the average for February 1941. The indexes for the country as a whole compiled by the Board of Governors of the Federal Reserve System indicate a decline of 8 per cent from January to February, and an increase of 21 per cent over February 1941.

Among the reporting cities in the District, Birmingham had an increase in department store sales of 41 per cent over February 1941, Chattanooga a gain of 24 per cent, Jackson 23 per cent, Knoxville and New Orleans 17 per cent, Tampa 16 per cent, Macon and Montgomery 15 per cent, Jacksonville and Nashville 10 per cent, and Baton Rouge 7 per cent. Weekly sales figures for the first half of March were at a rate about 17 per cent above that of February and 14 per cent greater than in March last year, for the District as a whole.

Department store inventories at the end of February averaged 16 per cent larger than a month earlier and were 34 per cent greater than for February last year. The February increase in inventories was about 8 per cent larger than usually occurs at that time and the adjusted index of stocks rose by that amount.

► Wholesale distribution of merchandise in the Sixth Dis-

Continued on page 20

Operating Ratios of Member Banks in 1941

For the past five consecutive years, the Federal Reserve Bank of Atlanta has computed the average operating ratios of its member banks. For each of the years 1937, 1938, and 1939, the ratios were published in pamphlet form and distributed to the individual member banks. Last year, however, the ratios were published in the *Review* with somewhat extended comment. Publication in the *Review* again has been adopted as the means of distributing the 1941 operating ratio averages with the exception that comment has been confined to reporting upon the classification and derivation of the data. On the inner pages of this issue, therefore, will be found a statistical summary of the average operating ratios as calculated for 315 member banks of the Sixth Federal Reserve District.

► As was done in the operating ratio calculations of previous years, the member banks of the Sixth District for the 1941 ratios were classified into seven groups, ranked according to the amount of average deposits. One group, for example, consists of all member banks in the District with less than \$250,000 average deposits. A second group consists of the banks having average deposits of \$250,000 up to \$500,000. Succeeding groups, on an ascending scale, are likewise set forth with the seventh group consisting of all banks having average deposits in excess of \$10,000,000.

It is recognized that banks (for the purpose of showing operating ratios) might well be classified on some other basis than that of average deposits. The fact that a bank is located in one state instead of another may have some bearing on its ratios. Location in a farming community instead of in a manufacturing community will likewise affect the operating ratios of a particular bank. By and large, however, both expense and income ratios are probably as responsive to changes in the amount of deposits as to any other factor.

► In recognition of influences other than the size of deposits in determining operating ratios, it is proper to emphasize the caution that no particular average ratio should be accepted as a standard or ideal. For this reason, it was regarded as helpful to show beside each ratio in each of the seven groups, the spread between the low and the high ratio reported for the middle 50 per cent of the banks. This spread is what is technically known as the interquartile range. For a particular ratio in a particular size group, this range is computed by arranging in ascending order the ratios of the banks in the group and then eliminating the lower one-fourth and the upper one-fourth.

The range of dispersion or departure from the group averages probably has some significance in appraising the operating experience of a particular bank. In any event, by comparing its ratios with the interquartile ranges a bank can determine whether its ratio is within the range occupied by

Continued on page 15

Changes in Regulation W, Consumer Credit

Effective March 23, 1942, the Board of Governors of the Federal Reserve System amended Regulation W, the consumer credit control measure, in several particulars. Regulation W was first issued August 21, 1941, under authority of section 5(b) of the Act of October 6, 1917, as amended, and Executive Order No. 8843, dated August 9, 1941. The first amendment became effective September 20, 1941, and the second amendment became effective December 1, 1941.

▶1. A number of new articles was added to the list contained in the original Supplement to Regulation W. Bicycles, lawn mowers, silverware, and cameras were included in the list subject to maximum credit values of 66 2/3 per cent of basis price. Clocks and watches and floor coverings were also included, at maximum credit values of 80 per cent of basis price. A maximum maturity of 15 months was placed on all instalment contracts involving these articles.

Registration Statements should be filed by all persons not already registered who make instalment sales of any of the additional articles. In the Sixth District, registration is accomplished by filing one copy of Registration Statement Form F.R. 563-a with the Federal Reserve Bank of Atlanta or its branches at New Orleans, Birmingham, Jacksonville, and Nashville. These institutions will furnish the necessary forms upon request.

Since January 1, 1942, cash instalment lenders have been required to have the Statement of Borrower, Form F.R. 564, executed by prospective borrowers. With the addition of more articles subject to the Regulation, the Statement of Borrower as originally prescribed by the Board of Governors will be incomplete following the effective date of the amendment. While it is not necessary that Registrants discontinue the use of the forms that they already have on hand, it is suggested by the Board of Governors that the Registrants add the new items to the list by means of a rubber stamp, sticker, or other appropriate means, until the original supply of forms has been exhausted.

▶2. The maximum maturity in months was reduced from 18 to 15 months for all credits subject to the Regulation except credits for building modernization, plumbing, furnaces, water heaters, water pumps, and pianos. The credit term for the items excepted remains at the original 18 months.

It is to be understood that all instalment loan credits, as distinguished from instalment sale credits, are limited to a maximum maturity of 15 months instead of the previous 18 months. Instalment loan credits refer to credits extended by a cash lender to a borrower. The maximum maturity of 15 months applies to all instalment loans of \$1,500 or less (or more than \$1,500 if the proceeds are to be used to purchase listed articles) not otherwise excepted under Section 6 of the Regulation.

To the previous exceptions as given in Section 6, the Amendment adds three additional classes of instalment loans: (a) an extension of credit made to finance the purchase of aircraft where a preference rating of A-10 or higher has been granted; (b) an extension of instalment loan credit made by the Disaster Loan Corporation; and (c) an extension of credit made by the Land Bank Commissioner on behalf of the Federal Farm Mortgage Corporation that is found necessary for the production of essential agricultural commodities.

▶3. The maximum credit value of used automobiles, instead of being 66 2/3 per cent of the purchase price as hitherto, was based upon 66 2/3 per cent of the lower of either (a) the bona fide cash purchase price or (b) the average retail value as given in approved automobile appraisal guides. The effective date of the option thus offered was given as April 1, 1942. The option, however, does not apply to cars of 1934 and older models for which the maximum credit value will still be 66 2/3 per cent of the bona fide cash purchase price, without reference to the appraisal guide values.

The appraisal guides designated for use in the Sixth Federal Reserve District are five in number:

(1) The Official Blue Book New and Used Car Guide, published by National Used Car Market Report, Inc., either A or B edition;

(2) The Blue Book National Used Car Market Report, Executive Edition, published by the National Used Car Market Report, Inc., the "Retail sales values" for Zone No. 2 for the states of Alabama, Georgia, Louisiana, Mississippi, and Tennessee; and "Retail sales values" for Zone No. 4 for the state of Florida;

(3) The Red Book National Used Car Market Report, published by the National Used Car Market Report, Inc.;

(4) Market Record, published by the Market Record, Inc., District 5 Edition; and

(5) N.A.D.A. Official Used Car Guide, published by the National Automobile Dealers Association, District EF Edition.

An automobile dealer in the Sixth Federal Reserve District is not confined to the use of any particular automobile appraisal guide but may use quotations from any one of the foregoing publications. Furthermore, the appraisal guide values apply only to the car being sold by the dealer and not the car being traded in by the purchaser. Suppose a used car has an "appraisal guide value" of \$600. The dealer may mark this car for sale at any price he chooses and he may assign in good faith any value on the trade-in, but he may not finance this car for more than two-thirds of \$600, or more than two thirds of the selling price, if the selling price is less than \$600. For example, if he sells the \$600 car for \$1,000 he may finance only \$400. The "appraisal guide value" of the trade-in car does not enter into the transaction except that it might be used to impeach the dealer's good faith in assigning a value to the trade-in.

▶4. Motorcycles, including motor bicycles, were shifted from Group B to Group A. This change means that a motorcycle may now be accepted as a trade-in on another motorcycle, with the trade-in value accepted as a part or all of the required down payment as has hitherto been permitted only in the case of automobiles.

▶5. A slight liberalization was provided with respect to the rescheduling of delinquent payments and the consolidation of outstanding instalment obligations. A footnote was added to Section 8(a) of the Regulation, providing that past-due payments (not arising out of any plan to evade the Regulation) may be divided equally among and added to the remaining payments. Prior to this change, a delinquent instalment contract could not be revised without a Statement of Necessity if the revision would involve larger payments than those originally scheduled, even though the contract would pay out

within the original maximum maturity. By means of the footnote, permission is now given to increase the monthly payments following a period of delinquency, if the revised schedule of payments will pay out the contract within the original maturity. For example: suppose a customer has contracted to pay \$120 at \$10 per month. He pays for the first three months and then becomes delinquent for the next three payments. The contract may be rescheduled to provide for the division of the delinquent \$30 equally among the remaining six scheduled payments, making each subsequent payment \$15 per month instead of the original \$10 per month.

Option 1 in Section 8(b) was amended to provide that in a consolidated obligation, payments that have fallen due within different days within a month might be combined so that the first payment on the new consolidated obligation might be made within one month after the consolidation. For example: suppose that a Registrant is asked to consolidate three outstanding obligations repayable \$10 each on the 10th, 15th, and 20th of the current month respectively, with an additional advance of \$70, repayable \$5 per month. In consolidating these obligations, the change in Option 1 now permits the first payment of \$35 to be made within one month from the date of consolidation.

Only the more salient changes in Regulation W as provided for in Amendment No. 3 have been discussed in the foregoing. Specific questions concerning the amendment, or requests for copies of the amendment, should be addressed to the Federal Reserve Banks or their branches.

Operating Ratios of Member Banks in 1941

Continued from page 13

50 per cent of the other banking institutions for which ratios were calculated in this study.

The condition statements of member banks were drawn upon for the basic data in computing the ratios. In past years the ratios were computed on the basis of condition reports submitted for call dates entirely within a calendar year. For the 1941 operating ratios, however, the call reports of December 31, 1940, and the succeeding reports of April 4, June 30, and September 24, of 1941, were used. This change in procedure was adopted because it was believed that the new selection of call dates was somewhat more representative of the average condition of banks during the 1941 calendar year of earnings. Items for earnings and expenses were taken for the entire calendar year of 1941.

In the previous ratio studies, real estate taxes have been shown as a separate item. For the year 1941, however, the only tax item shown is "taxes other than real estate." Taxes on real estate were grouped with the item "all other expenses." This change in procedure was adopted in order to place less emphasis upon the real estate tax item. Less emphasis upon this item was regarded as desirable in view of the variations to be found in state real estate taxation procedures and in view of the difference existing in the character and value of bank real estate holdings.

In computing the ratio of "loans" to "personal and retail instalment paper," the amounts of instalment receivables only of June 30, 1941, were used. The receivables for this date were regarded as more satisfactory from the standpoints of accuracy and consistency than those of December 30, 1940. Since the holdings of receivables were confined to one date, the figures for total loans were likewise confined to the same date in calculating the ratio.

Since many banks in the District do not have trust departments, the ratios for trust department earnings are relatively meaningless and unimportant except for the group of banks with deposits of \$10,000,000 and over. In other groups, the average ratio of trust department earnings represents a ratio based on the experience of only a part of the banks in the size group. The supplementary table at the bottom of this page indicates in part the extent of the unreliability. This table contains average ratios, for all size groups, of trust departments earnings to total earnings computed by adding the ratios of the individual banks in the group and dividing by the number of banks that reported trust department earnings in this group.

Those who are interested in a somewhat more intensive analysis of their own bank's performance in relation to those of the other member banks in the District may procure upon request from this Bank a series of analytical questions that will aid in reviewing their bank's performance.

SUMMARY TABLE

Operating Ratios of All Member Banks in the Sixth Federal Reserve District, 1937-1941.

	1937	1938	1939	1940	1941
Number of banks.....	320	318	313	314	315
RATIOS:					
TO TOTAL EARNINGS					
Interest and discount on loans.....	55.4	59.1	60.3	62.3	62.7
Interest and dividends on securities.....	27.5	24.7	23.6	21.6	20.5
Service charges.....	..	4.8	4.9	5.1	5.4
All other earnings.....	17.1	11.4	11.2	11.0	11.4
Total earnings.....	100.0	100.0	100.0	100.0	100.0
Salaries and wages.....	28.6	29.1	29.6	30.1	30.4
Interest on time and savings deposits.....	15.3	15.2	14.7	14.4	13.6
All other expenses.....	25.8	25.7	25.9	27.1	28.1
Total expenses.....	69.7	70.0	70.2	71.6	72.1
Net current earnings.....	30.3	30.0	29.8	28.4	27.9
Net charge-offs, etc.....	3.6	4.6	2.9	3.7	3.2
Net profits.....	26.7	25.4	26.9	24.7	24.7
TO TOTAL CAPITAL ACCOUNTS					
Net current earnings.....	9.4	9.0	9.0	8.7	8.9
Net charge-offs, etc.....	1.4	1.4	1.0	1.3	.9
Net profits.....	8.0	7.6	8.0	7.4	8.0
Cash dividends declared.....	*	3.3	3.4	3.4	3.5
Real estate assets.....	*	*	27.1	26.1	24.2
TO TOTAL ASSETS					
Total earnings.....	4.1	4.1	3.9	3.8	3.6
Total expenses.....	2.9	2.8	2.7	2.7	2.6
Net current earnings.....	1.2	1.3	1.2	1.1	1.0
Net charge-offs, etc.....	.1	.3	..	.2	.1
Net profits.....	1.1	1.0	..	.9	.9
Loans.....	*	*	37.2	36.5	35.5
Securities.....	*	*	25.0	23.0	22.0
Real estate assets.....	*	*	3.6	3.2	2.7
Cash assets.....	*	*	33.9	37.0	39.5
All other assets.....	*	*	.3	.3	.3
Total assets.....	*	*	100.0	100.0	100.0
TO TOTAL DEPOSITS					
Total capital accounts.....	*	*	17.1	16.1	14.7
Time deposits.....	*	*	35.2	34.6	32.6
TO TIME DEPOSITS					
Interest on time and savings deposits....	*	*	1.8	1.7	1.6
TO LOANS					
Interest and discount on loans.....	6.5	6.5	6.5	6.6	6.5
Net losses on loans.....	.4	.4	.4	.4	.2
Net return on loans.....	6.1	6.1	6.1	6.2	6.3
TO SECURITIES					
Interest and dividends on securities.....	3.7	3.6	3.5	3.3	3.2
Profits on securities sold.....	.7	.8	1.1	.9	.8
Net losses on securities.....	.2	.2	.2	.2	.0
Net return on securities.....	4.2	4.2	4.4	4.0	4.0

RATIO OF TRUST DEPARTMENT EARNINGS TO TOTAL EARNINGS—1941

	1 Group \$	2 Number of Banks in Group	3 Number with Trust Department Earnings	4 Ratio on Basis of Column 3, %
0—250,000.....	9	9
250,000—500,000.....	43	43
500,000—1,000,000.....	68	68	5	0.2
1,000,000—2,000,000.....	71	71	12	0.3
2,000,000—5,000,000.....	67	67	36	1.3
5,000,000—10,000,000.....	21	21	16	3.0
Over 10,000,000.....	36	36	33	4.1
All.....	315	315	102	1.0

*Fewer than 3 banks reported

*Not published
**Included in "all other earnings"

AVERAGE OPERATING RATIOS OF MEMBER BANKS

IN THE SIXTH FEDERAL RESERVE DISTRICT IN 1941

GROUPED ACCORDING

TO SIZE OF DEPOSITS

Table with 11 columns: Groups with average deposits of, Up to \$250,000, \$250,000 to \$500,000, \$500,000 to \$1,000,000, YOUR RATIOS, and 6 deposit size categories. Rows include Ratios to Total Earnings, Ratios to Total Capital Accounts, Ratios to Total Assets, Ratio to Earning Assets, Ratios to Total Deposits, Ratio to Time Deposits, Ratios to Loans, and Ratios to Securities.

Table with 11 columns: \$1,000,000 to \$2,000,000, \$2,000,000 to \$5,000,000, \$5,000,000 to \$10,000,000, Over \$10,000,000, All District Member Banks, and 6 deposit size categories. Rows include Ratios to Total Earnings, Ratios to Total Capital Accounts, Ratios to Total Assets, Ratio to Earning Assets, Ratios to Total Deposits, Ratio to Time Deposits, Ratios to Loans, and Ratios to Securities.

National Summary of Business

Prepared by the Board of Governors of the Federal Reserve System

Industrial activity increased further in February and the first half of March. Retail trade was sustained at high levels and commodity prices continued to advance.

Production: In February the Board's seasonally adjusted index of industrial production rose from 171 to 173 per cent of the 1935-39 average. As in other recent months, activity in the durable goods manufacturing industries, where the majority of military products are made, continued to advance, while in industries making nondurable goods and at mines activity was maintained at about the levels reached last autumn.

Steel production rose to 96 per cent of capacity in February and increased further to 98 per cent in the third week of March—which corresponded to an annual rate of nearly 87 million net tons. Lumber production also increased, following less than the usual seasonal decline during the previous two months. In the machinery and transportation equipment industries, now engaged mainly in armament production, activity continued to advance rapidly as plant utilization increased and capacity expanded. Conversion to armament production in the automobile industry, where output of civilian products was discontinued in early February, is apparently being effected much more rapidly than had been anticipated earlier.

There were further increases in output at cotton textile mills and at chemical factories, reflecting an increasing amount of work on military orders. At meatpacking establishments activity was maintained near the high rate reached in January. Shoe production increased by less than the usual seasonal amount. Anthracite production rose sharply in February and bituminous coal production was maintained near the high rate of other recent months. Output of crude petroleum, which had been at record levels in December and January, declined somewhat in the latter part of February and in the first half of March, reflecting transportation difficulties.

Construction: Value of construction contract awards increased considerably in February, according to figures of the F. W. Dodge Corporation, owing mainly to a sharp rise in awards for public projects. Total awards in February were half again as large as last year, and public awards were about three times as large.

In nonresidential building, awards for public projects increased materially, while those for private projects continued to decline. There was a slight rise in awards for public utility construction.

In residential building, contracts for private work changed little from January, while those for publicly-financed projects increased sharply and amounted to about half of the total for the first time on record. For the past six months there has been a noticeable shift in privately-financed housing activity from building for owner-occupancy to building for sale or rent; in February, awards for the former constituted only about one-fifth of the small-homes total. This shift is attributable mainly to the activity in defense areas and to legislation enacted last spring making possible the insurance of mortgages taken out by builders.

Distribution: Value of retail trade continued large in February. Sales at general merchandise stores and variety stores increased more than seasonally, while sales at department stores declined. In the first half of March department store sales increased by about the usual seasonal amount.

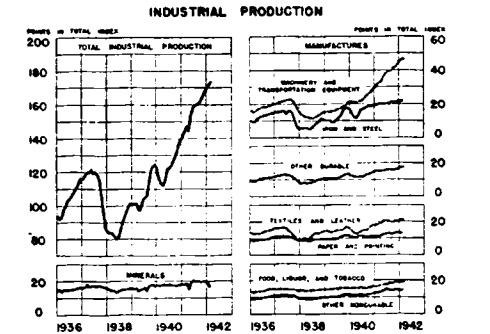
Freight-car loadings, which in January had been unusually large for this time of year, declined somewhat in February owing to smaller shipments of coal, grain, and miscellaneous freight.

Commodity prices: Wholesale prices continued to advance from the middle of February to the middle of March, particularly those for finished consumer goods such as meats, fruits and vegetables, shoes, clothing, and household items. Temporary maximum price orders were issued covering wholesale prices of some of these products, including pork, canned fruits and vegetables, finished cotton and rayon fabrics, cotton rugs, and bedding equipment. These orders, according to statute, used as maximums the prices prevailing within five days prior to issuance. They are effective for only 60 days and may be replaced by regular schedules.

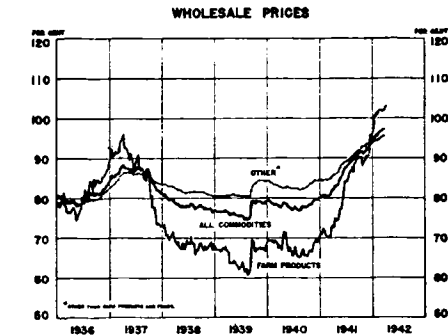
Treasury financing and bank credit: In March income tax receipts by the Treasury for the first time reflected the higher schedule of rates. The effect of these receipts on the money market was largely offset by redemption of Treasury bills previously issued to mature during the tax collection period, by tax-anticipation notes turned in on payment of taxes, and by continued heavy Treasury expenditures. As a consequence a record volume of Treasury operations was effected with little influence on conditions in the market. Excess reserves of member banks showed no large change and on March 18 amounted to about \$3.2 billion.

United States Government obligations held by member banks in leading cities showed little change during the first three weeks of March following a sharp rise in February. Commercial loans increased further.

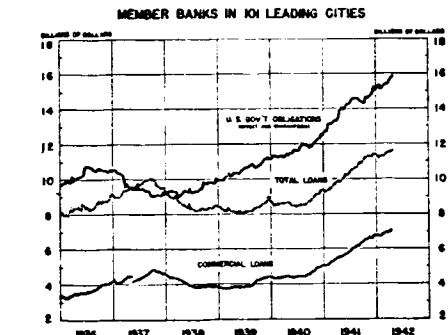
United States Government security prices: Prices of United States Government bonds advanced steadily from the middle of February to the middle of March.



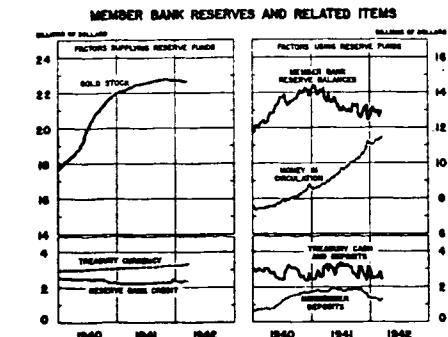
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. Latest figures shown are for February 1942.



Bureau of Labor Statistics' weekly indexes, 1926 average = 100. Latest figures shown are for week ending March 21, 1942.



Wednesday figures. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "other loans" as then reported. Latest figures shown are for March 11, 1942.



Wednesday figures. Latest figures shown are for March 11, 1942.

District Summary of Business Conditions*Continued from page 13*

trict declined 7 per cent from January to February, a decline larger than usually occurs at that time of year. February sales were, however, 24 per cent greater than in the same month last year. In February there was an increase in sales of shoes over January but decreases in other reported lines. Sales of automobile supplies and electrical goods were down 24 per cent and 8 per cent, respectively, from February 1941, while there were increases in other lines that ranged up to 43 per cent in dry goods and 65 per cent in paper and paper products. Inventories averaged 1 per cent larger in dollar value than for January and 18 per cent greater than for February last year.

► Following an unusual January increase over December to the largest monthly total in more than twelve years, life insurance sales in the six states of the District declined 32 per cent in February but were still 23 per cent greater than they were a year ago, and the combined January-February figures show a gain of 56 per cent over those months of 1941. In the United States, February sales declined 37 per cent from January and were up 18 per cent from February last year. Business failures in the Sixth District declined in February, in both number and liabilities. Compared with February last year the number of failures was smaller by 10 per cent but liabilities were substantially larger. For the country as a whole failures declined in February from January, and from February a year ago.

► The value of construction contracts awarded in the Sixth District declined in February by 19 per cent, and the February total was 20 per cent less than that for February last year. It was, moreover, the smallest total reported for any month since March last year and, except for that month, it was the smallest total for any month in two years. Residential awards in February declined 23 per cent from January and, although larger than the residential total for December, were smaller than for other months since January of last year and were less than those reported for any month in 1940 with the exception of February.

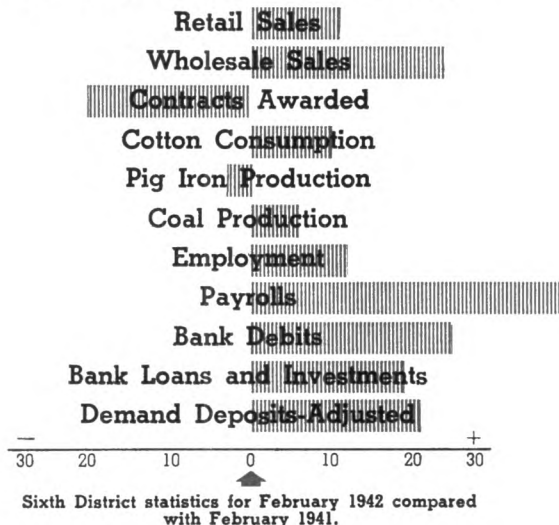
The decline in residential awards is probably due in some part to the wartime restrictions that have been put upon the construction of some types of residences. February residential awards accounted for 37 per cent of the month's total, while in the 37 Eastern States for which F. W. Dodge Corporation figures are available they accounted for 39 per cent of the total. The combined total of all contracts in January and February for this District shows a decline of 2 per cent in comparison with those months of last year, but because of the increase in January, residential contracts for the two months combined were 13 per cent larger than a year ago.

The value of building permits issued in February at twenty reporting cities in the Sixth District increased 11 per cent over January, but was 31 per cent less than the total for February last year. Excepting the month of January, the February total was smaller than it had been in any other month in three years.

► Cotton textile operations in the District reached another new high level in February. Although the actual number of bales of cotton consumed by the mills declined somewhat because of the shorter month, an average of 12,481 bales of cotton was processed on each of the twenty-four working days in February. This represents a gain of 1 per cent over the January rate and 10 per cent above that for February last

Reconnaissance

PER CENT DECREASE ▼ PER CENT INCREASE



year. In the seven months of the current season—August through February—mills in Alabama, Georgia, and Tennessee have used 2,125,800 bales of cotton, an increase of 20 per cent over the number used in the corresponding part of the previous season. In the country as a whole textile operations advanced 3 per cent in February and were 14 per cent greater than a year ago.

► Steel mill activity in the Birmingham-Gadsden area has been reported by *The Iron Age* at 99.0 per cent of capacity since the first week in February. In that week, and in January, activity was reported at 95.5 per cent, and this was approximately the average of the weekly figures reported during 1941. In the United States as a whole the rates reported for the first two weeks of March averaged 96 per cent of capacity, about the same as in February and only slightly below the rate for January.

Pig iron production in Alabama declined 3 per cent, on a daily average basis, in February, and was also 3 per cent below the rate for February last year. January this year had the largest monthly total output on record for Alabama, but the highest daily rate of output was in February last year. For the country, February production declined 1 per cent from January but was 6 per cent greater than a year ago.

► Coal production in Alabama and Tennessee declined somewhat in February, because of the shorter month, but the daily rate of output continued at the January level and was 6 per cent higher than in February last year. The daily rate of output in January and February was the highest reported for these states since March 1927. In the country as a whole the February rate was down 2 per cent from January but was 5 per cent above that for February last year.

► Cash income received in January by the farmers in the six states of the Sixth District was less than it was in December, but 46 per cent greater than in January last year. In this District farm income has always declined in January because of smaller crop marketings. The January total is the largest reported for that month in available figures. It amounted to \$94,377,000, of which \$85,017,000 was received from marketings of crops, livestock and livestock products, and \$9,360,000 was in government benefit payments.