

Agricultural Income in the Sixth District

The recent debate concerning farm prices has directed attention to the national farm income picture. Total cash farm income in the United States is estimated at \$15.0 billion for this year. Cash farm income for 1941, including government payments, was about \$11.8 billion, a half billion larger than in 1929. However, because of certain peculiarities in the farm income picture in the Sixth District, which differentiate it from the national picture, it is of value to consider the District situation alone.

The variations in cash farm income since 1924 for the United States are shown in Chart 1, and for the District in Chart 2. Several significant differences may be observed from the charts.

► In the first place, although the total cash farm income in the United States in 1941 was at a higher level than in 1929, the District aggregate did not quite equal the 1929 figure. In 1929 cash farm income in the Six States of the District amounted to \$1,091 million, and in 1941 to \$1,052 million.

A second distinctive difference is the greater importance to the farmers of the District of crops as compared with livestock. In 1941 approximately 67 per cent of the total cash farm income in the District was derived from the marketing

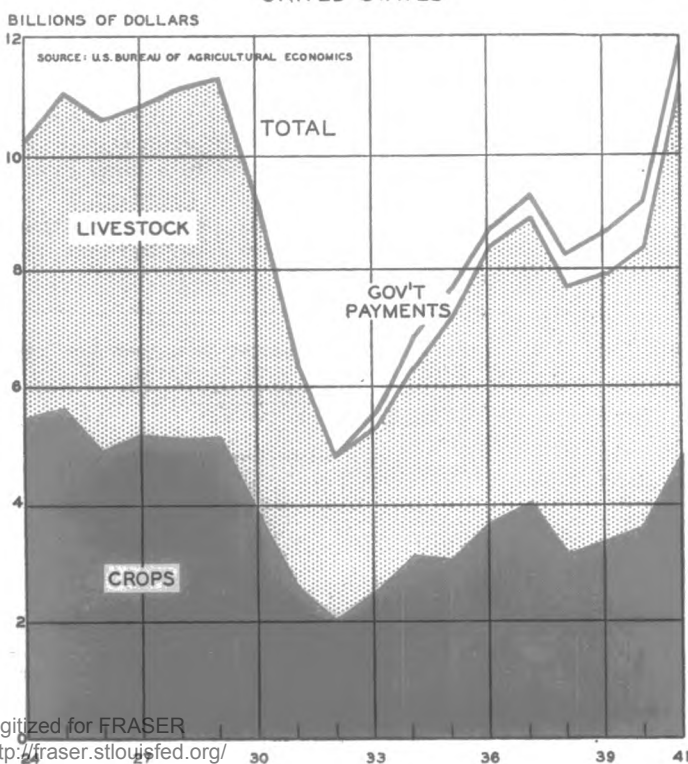
of crops, while 25 per cent came from the sale of livestock and livestock products. The remaining 8 per cent represented government payments. For the United States as a whole, on the other hand, only 41 per cent of the total cash farm income came from the sale of crops, while 54 per cent came from the sale of livestock and livestock products, with 5 per cent being accounted for by government payments.

A third factor worthy of note is the importance of government payments in the aggregate farm income of the District. Although total cash farm income in the District in 1941 approached the 1929 level, this would not have been the case without government payments.

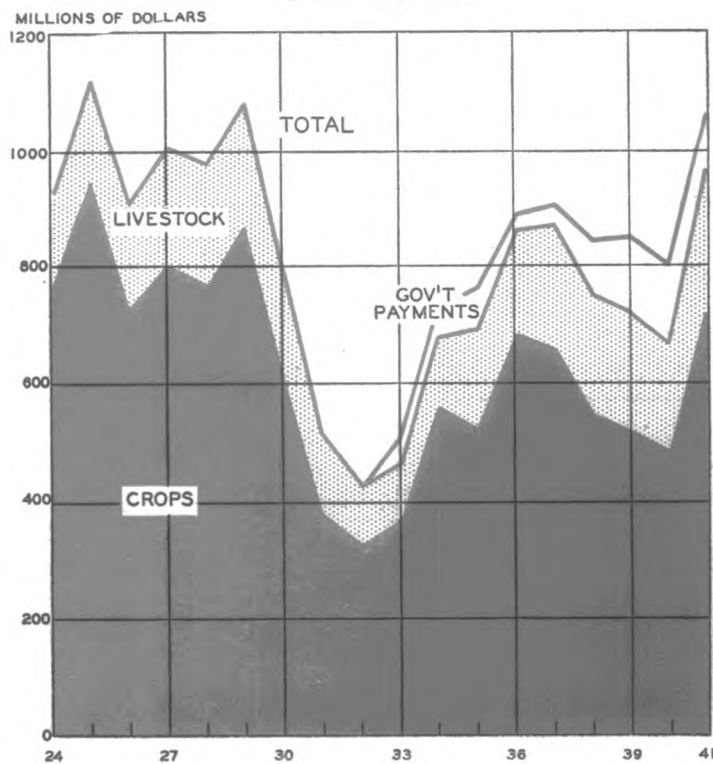
► An interesting development in District agriculture over the past decade or so has been the growing importance of the livestock industry. In 1929 approximately 22 per cent of the District's total farm income was received from the marketing of livestock and livestock products and in 1941 this item approximated 25 per cent of the total. Excluding government payments, the income from livestock marketing accounted for a somewhat larger proportion, about 27 per cent. It is still true, however, that the farmers of the District depend primarily upon income from crops for their cash income.

CASH FARM INCOME

UNITED STATES



SIXTH DISTRICT

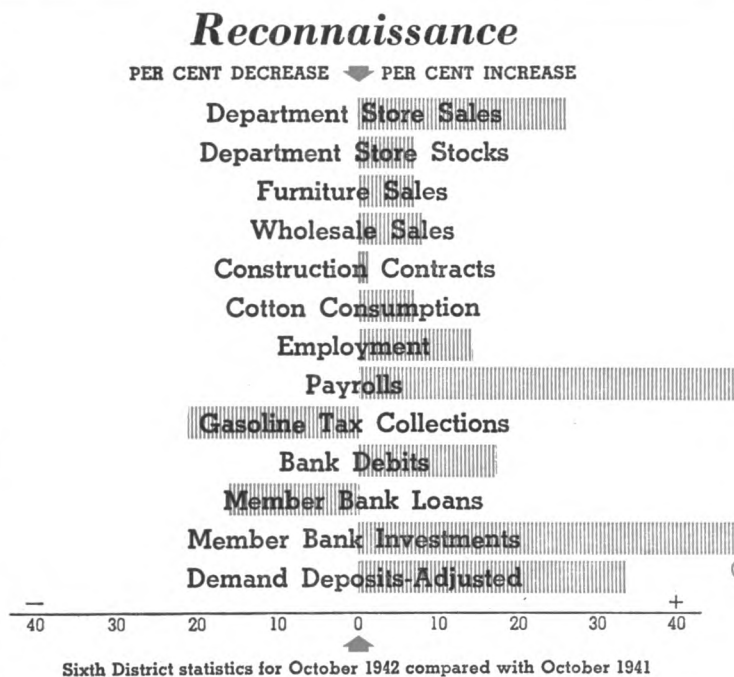


While the foregoing over-all picture of the farm income situation in the District indicates the general trends throughout the area, there are variations from state to state. The trend of farm income payments in each of the Six States can perhaps be best understood by converting the payments into yearly indexes of farm income. These indexes, using 1929 as the base year, are shown in Table 1.

While it is true that income from the sale of crops accounts for the largest part of farm income in the District, the particular crops stressed vary from state to state. The proportion of income coming from important crops in the District is shown in Table 2. Cotton is the chief money crop in the District as a whole and in each state of the District with the exception of Florida.

The dependence upon this crop for such a large proportion of cash farm income, therefore, means that much of the variation from year to year in the level of cash farm income in this area results from variations in the prices received for cotton and the size of the cotton crop. The total cash farm income of the District from 1929 through 1941 is compared in Table 3 with the price of cotton in ten markets each year. There is a rough parallel movement between farm income and the price of cotton. This has been reduced somewhat by the introduction of benefit and other types of government payments beginning with 1933.

During the first 9 months of 1942, cash farm income in the six states of the District was 41 per cent higher than during the same period in 1941. Assuming that this percentage increase holds in the last 3 months of 1942 as well, income from the marketing of crops and livestock in 1942 will amount to \$1,360 million—more than in any year since 1924. However, this estimate is too conservative. The present crop forecast indicates that the cotton crop will be much larger and the price higher than in 1941. The ten-market average price for Middling 15/16 on November 20 was 19.27 cents a



pound, considerably above the 1941 price of 16.41 cents. The cotton and peanut crops are reported to be moving to market more slowly than usual this year so that the marketing of these crops is likely to be unusually large in the last 3 months of the year. Thus, when this year's crops are marketed, the rate of increase will probably be larger. At any rate, cash farm income, excluding government payments, will be higher than at any time since 1924.

The fact that cash farm income, excluding government payments, will probably be higher in the District this year than for many years should not obscure the fact that the cash farm income in the District is still highly dependent upon government assistance in one form or another. Although there have been increased demands for cotton due to the war program and increased consumption by textile mills, there is still a large carry-over and the 1942 crop will probably exceed consumption. Because of the great dependence upon cotton and the fact that the income from that crop is to a large extent dependent upon the government's agricultural policy, it may be concluded that farmers in the District, perhaps more than those in the United States as a whole, are dependent upon the government's agricultural program.

TABLE 1
INDEXES OF CASH FARM INCOME, INCLUDING GOVERNMENT PAYMENTS
1929 = 100

Year	U. S.	Ala.	Fla.	Ga.	La.	Miss.	Tenn.	Six States
1924	91	86	87	94	75	80	89	85
1925	97	103	102	100	98	115	94	103
1926	94	88	101	80	83	75	87	84
1927	95	92	95	94	78	98	92	92
1928	98	85	103	88	84	92	94	90
1929	100	100	100	100	100	100	100	100
1930	80	64	101	77	67	64	74	73
1931	56	35	87	41	51	35	52	47
1932	42	33	70	31	38	31	42	38
1933	48	41	61	48	43	42	47	46
1934	60	70	82	68	59	61	66	67
1935	68	62	85	67	78	63	72	70
1936	77	72	95	78	83	85	76	81
1937	82	73	118	76	79	78	87	83
1938	72	66	99	71	77	75	83	77
1939	77	61	115	70	81	73	79	77
1940	81	60	102	75	72	60	85	73
1941	105	83	125	84	83	96	120	96

TABLE 2
INCOME FROM THE MARKETING OF CROPS
SIXTH DISTRICT STATES
Percentage Distribution 1941

	Ala.	Fla.	Ga.	La.	Miss.	Tenn.	Six States
Cotton lint and seed	73.0	1.4	51.8	39.0	90.4	53.3	54.7
Tobacco	.1	3.5	9.2	...	...	19.9	5.4
Vegetables	5.8	41.5	6.2	9.4	2.6	5.7	11.3
Fruits	2.2	42.2	3.9	4.8	.7	3.7	9.1
Food Grains*	.1	...	.9	21.7	...	3.7	3.3
Feed crops**	3.3	.6	3.1	1.5	2.0	6.9	2.9
All other crops	15.5	10.8	24.9	23.6	4.3	6.8	13.3

*Rye, rice, wheat, buckwheat.

**Corn, oats, grain sorghums, hay.

SOURCE: Bureau of Agricultural Economics

TABLE 3
CASH FARM INCOME, INCLUDING GOVERNMENT PAYMENTS, AND THE PRICE OF COTTON IN SIXTH DISTRICT STATES

Year	Cash Farm Income (millions of dollars)	Price of Cotton* (cents)
1929	1,091	16.23
1930	788	9.99
1931	512	6.09
1932	418	7.29
1933	502	11.00
1934	728	12.68
1935	749	11.88
1936	882	13.25
1937	903	9.09
1938	838	9.00
1939	840	10.09
1940	798	11.00
1941	1,051	16.14

*Middling 15/16 inch, 10 markets; yearly average through 1940; in 1941 price on August 15.

SOURCE: Bureau of Agricultural Economics

Sixth District Business Conditions

Acceleration of the war production program in November was reflected in the expansion of shipbuilding facilities in the District, the letting of a large cargo plane contract to a District firm, and continued exploitation of additional raw material resources in the District. Concomitant with this further concentration of the District industries on war production, the labor supply available for the expansion of District industrial and agricultural production approached more closely to a condition of full employment than at any other time in recent business history. While no over-all labor shortage can be said to have developed in the Sixth Federal Reserve District to date, very real shortages of special skills and shortages in specific localities are present and were further intensified during November.

Banking and credit agencies in the District continued the conversion of credit resources from peace to wartime use during November. The holdings of Government obligations by member banks expanded during the month, while their outstandings of consumer credit paper continued to decline, thus reflecting in the financial sphere the conversion of industry from the production of durable civilian consumer goods to the production of weapons and military supplies. Monetary circulation continued to expand in November as business activity increased and farmers marketed extraordinarily large crops at extremely favorable prices.

Agriculture: Farmers in the six states located wholly or partly in the Sixth Federal Reserve District have had in 1942 a most profitable season. Increased acreages were planted to most of the more important crops this year, weather conditions were on the whole favorable in both the growing and harvesting seasons, and the strong demand from civilian, military, and lend-lease sources has kept prices of farm products and foods at the highest level in many years.

On an acreage that on July 1 was about 4.5 per cent larger than that harvested in 1941, farmers in the Six States have apparently produced a cotton crop larger by 34 per cent than that of last year, according to the November estimate by the United States Department of Agriculture. The November estimate indicates a total crop for the Six States of 5,058,000 bales, as against 3,766,000 bales produced last year. While a large part of the season's crop has been picked and ginned, picking had not on November 1 been completed, and it may be that the last monthly estimate, to be prepared on the basis of information available for December 1, will vary somewhat from this November estimate.

In more recent years the only crops that have been larger than this year's production were those of 1937 and 1936. On a per acre basis, the yield in the Six States has been 25 per cent larger than that obtained last year. In Tennessee the yield is apparently 2 per cent lower than the record yield of 1941, but in the other five states there are increases ranging from 17 per cent in Alabama to 86 per cent in Louisiana where the 1941 yield was much below the average for other recent years. For the country as a whole, the November estimate places the current cotton crop at 13,329,000 bales, against 10,744,000 bales produced last year. Cotton ginned up to November 1 totaled 9,726,443 bales.

Cotton prices rose substantially in the summer and fall of

last year, but are still higher this fall. The ten-market average of spot cotton prices on November 20 was reported by the Department of Agriculture at 19.27 cents per pound, while at the corresponding time last year it was 16.41 cents. In the four designated markets in the Southeast the average on November 20 this year was 19.46 cents against 16.66 cents a year earlier.

Reports of the Agricultural Marketing Administration indicate that ginnings of cotton through November 13 reflect somewhat lower average grades and shorter lengths than in 1941. Except in Louisiana and Mississippi, a smaller percentage of cotton ginned has been graded as Middling or better, and for the Six States the proportion is in the neighborhood of 46 per cent, against 51 per cent at this time last year. In Tennessee 81 per cent of the cotton ginned this year, to November 13, has been one inch or longer, against 70 per cent last year, but in the other five states decreases were indicated. The Six State average of cotton one inch or longer is about 66 per cent of the total ginned, compared with about 72 per cent last year.

Sixth District farmers planted larger areas this year in peanuts, cotton, hay, oats, tobacco, potatoes, rice and sugar cane, and somewhat smaller areas in corn, rye and sweet potatoes. The peanut acreage was increased substantially over that of other years, at the request of the Government, to meet the increased demand for oils and to help provide substitutes for other oils that have heretofore been imported. The increase in the quantity of peanuts picked and threshed in the Six States amounted to 67 per cent, according to the November estimates by the Department of Agriculture. Total production in the area was 1,360,475,000 pounds, or almost half the estimate of 2,810,525,000 pounds for the country as a whole.

Production of sugar cane this year for both sugar and seed in Louisiana and Florida is estimated at 7,073,000 tons, compared with 5,462,000 tons produced in 1941 and the ten-year (1930-1939) average production of 4,729,000 tons. Cane to be ground for sugar is placed at 6,445,000 tons, an increase of 31 per cent from last year and the largest tonnage on record. Indicated sugar content points to a production of sugar of 562,000 tons, which compares with 419,000 tons produced last year and a ten-year average production of 355,000 tons. In Louisiana a cool spell early in October favored an increase in sucrose. Warm weather followed, however, and during the last week of the month rains had a tendency to retard maturity of the cane. Cutting and grinding began shortly before mid-October but made slow progress because of a shortage of labor that was later relieved by the tapering off of cotton and rice harvests. Cutting and grinding are in progress in Florida and sucrose content is expected to be favorable.

The Louisiana rice crop is estimated at 25,474,000 bushels, somewhat less than earlier expectations, but 28 per cent larger than that of last year, and larger than any previous year's crop.

Production of corn increased this year in Tennessee, Louisiana, and Florida, but the Six State total is slightly less than that for last year, according to the November estimates. There were small increases in wheat and oats, and small decreases in hay and rye.

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The tobacco crop is estimated to be 8 per cent larger than that of 1941. Potatoes show an increase of nearly 7 per cent over last year, a large decrease in Alabama being more than counterbalanced by increases in the other five states. On an acreage slightly less than in 1941, about 4 per cent more sweet potatoes have been produced this year.

The estimate of the Georgia pecan crop has been reduced somewhat since September 1, but it is still the largest ever produced. The Louisiana crop is larger than it was in 1941, although insects have taken a heavy toll again this year. There were declines in Alabama, Florida, and Mississippi.

Prospects are for a much larger production of citrus fruits in Florida from the bloom of 1942 than last season. The current estimates indicate a crop of 35,700,000 boxes of oranges, an increase of 22 per cent over last season, and production of grapefruit is expected to be 25,100,000 boxes, 29 per cent larger than for last season.

The increase in agricultural production has been accomplished in spite of a much smaller supply of farm labor. The season began in the late winter and early spring with fewer workers than last year, and this smaller supply has been further reduced by many workers leaving for war jobs or entering the armed forces. Picking the cotton crop presented a serious problem in many localities. In Georgia, and possibly elsewhere, school holidays were announced at many points so that students could help in this work. It is estimated that in

Georgia alone approximately 150,000 bales of cotton were picked by city and rural school children and business people. This assistance not only promoted earlier harvesting of the crop but resulted in an estimated saving of from \$5 to \$15 per bale by reason of getting the cotton picked and out of the fields before it could be damaged by rain.

Wholesale Trade: October sales by Sixth District wholesale firms increased 7 per cent over September and were 8 per cent greater than in October last year. Wholesale trade usually reaches a peak in October and the increase over September this year was larger than the long-time average of about 3 per cent. The increase of 8 per cent over October 1941 represents about the same volume of goods moving to the retailers as, according to the wholesale price index of the United States Bureau of Labor Statistics, wholesale prices in October were about 8 per cent above those that prevailed a year ago. Declines compared with October 1941 were reported by wholesalers dealing in automotive supplies, electrical goods, meats and meat products, hardware, machinery and equipment and paper products, most of which involve essential materials, but these decreases were more than offset in the total by increases in other lines. In the first ten months of the year total sales by reporting wholesale firms in this District have been 12 per cent larger than in that part of last year—first quarter sales were up 27 per cent, second quarter sales were 11 per cent larger, and third quarter sales averaged only 5 per cent above those a year ago.

October inventories reported by wholesale firms were down 7 per cent from September and were 27 per cent smaller than a year earlier. Beginning in July, wholesale stocks have shown progressively larger decreases compared with corresponding months last year, reflecting the inability to obtain many of the things whose manufacture has been discontinued or restricted as a part of the war effort.

Retail Trade: Department store sales in the District in November, as in preceding months, registered increases as compared with a year ago. For the four weeks ending November 21, sales of 26 reporting department stores were 10 per cent greater than for the four weeks ending November 22, 1941. For the single week ending November 21, 1942, sales of the 26 reporting department stores were 16 per cent higher than for the corresponding week of 1941. Atlanta with 4 stores showed an increase of 20 per cent; Nashville with 4 stores showed an increase of 20 per cent; and Miami with 3 stores showed an increase of 18 per cent.

Increases of dollar volume, it should be recognized, are deceptive in nature. Buyers, as well as sellers, realize that many staple retail lines are moving well along towards full liquidation, and that the time is rapidly approaching when people with fat purses will besiege stores with lean shelves. Based on the reports from 22 department stores of the District, sales will presently exhaust stocks in many important lines. October sales of women's hosiery, for example, were 55 per cent greater than for October 1941 and stocks at the end of the month were 47 per cent lower. Sales of silks, rayons and velvets were 23 per cent greater and stocks were 8 per cent lower. Sales of cameras were 29 per cent smaller and stocks were 61 per cent lower. Sales of mechanical refrigerators were 43 per cent lower and stocks were 96 per cent lower. There are numerous exceptions to this trend, of course, but if sales continue to increase and the possibility

DEBITS TO INDIVIDUAL BANK ACCOUNTS
(In Thousands of Dollars)

	Oct. 1942	Sept. 1942	Oct. 1941	Per Cent Change Oct. 1942 from	
				Sept. 1942	Oct. 1941
ALABAMA*					
Anniston.....	17,566	14,658	.....	+ 20	.....
Birmingham.....	173,647	158,227	164,814	+ 10	+ 5
Dothan.....	7,772	7,252	6,438	+ 7	+ 21
Gadsden.....	10,531	8,043	.....	+ 31	.....
Mobile.....	102,888	99,665	76,996	+ 4	+ 34
Montgomery.....	43,020	35,800	38,798	+ 20	+ 11
FLORIDA					
Jacksonville.....	130,803	123,188	112,321	+ 6	+ 16
Miami.....	68,940	64,148	60,864	+ 7	+ 13
Orlando.....	14,383	13,013	.....	+ 10	.....
Pensacola.....	17,729	18,795	14,375	— 6	+ 23
St. Petersburg.....	13,329	11,418	.....	+ 17	.....
Tampa.....	56,674	53,010	40,663	+ 7	+ 39
GEORGIA					
Albany.....	9,275	7,967	8,837	+ 16	+ 5
Atlanta.....	368,531	325,127	335,825	+ 13	+ 10
Augusta.....	33,740	30,235	33,233	+ 12	+ 1
Brunswick.....	9,157	7,991	3,956	+ 15	+ 131
Columbus.....	36,793	33,303	28,779	+ 10	+ 28
Elberton.....	2,454	1,767	1,844	+ 39	+ 33
Macon.....	38,264	34,973	31,805	+ 9	+ 20
Newnan.....	4,612	3,511	4,009	+ 31	+ 15
Savannah.....	65,821	63,222	42,465	+ 4	+ 55
Valdosta.....	6,195	6,158	7,447	+ 1	— 17
LOUISIANA					
Baton Rouge.....	41,057	27,152	.....	+ 51	.....
Lake Charles.....	14,414	12,230	.....	+ 18	.....
New Orleans.....	368,335	334,111	332,786	+ 10	+ 11
MISSISSIPPI					
Hattiesburg.....	13,864	12,846	11,434	+ 8	+ 21
Jackson.....	71,760	61,351	41,006	+ 17	+ 75
Meridian.....	16,447	15,412	19,104	+ 7	— 14
Vicksburg.....	19,132	11,368	13,780	+ 68	+ 39
TENNESSEE					
Chattanooga.....	85,750	78,411	69,748	+ 9	+ 23
Knoxville.....	47,318	44,293	41,636	+ 7	+ 14
Nashville.....	159,664	137,608	134,370	+ 16	+ 19
SIXTH DISTRICT					
26 Cities.....	1,958,585	1,768,739	1,677,326	+ 11	+ 17
UNITED STATES					
274 Cities.....	55,057,000	52,704,000	50,869,000	+ 4	+ 8

*Not included in totals.

of replacement becomes more and more remote, the continued upward movement in retail department store sales will presently be checked, if not, indeed, turned downward.

In the meantime, retailers are faced with ever-increasing merchandising difficulties. Restrictions of the Office of Defense Transportation have seriously complicated the delivery problem. Not only did an order earlier in the year reduce mileage of delivery cars by 25 per cent, but an order that will shortly become effective requires a Certificate of War Necessity for the operation of any commercial vehicle. Developing shortages and drastically reduced delivery facilities must be dealt with at a time when the merchants are experiencing increased business activity and anticipating the greatest Christmas shopping season in history.

Another serious difficulty arises from personnel shortages, some department stores reporting a labor turnover of as much as 25 per cent or more during a single month. Inexperienced sales clerks and inexperienced delivery men exasperate purchasers and store operators alike. Such exasperation, however, is merely another sign that the war is completely embracing civilian life.

Sales of reporting furniture stores for the month of October show an increase of 7 per cent over October of a year ago. Stocks of reporting retail furniture stores, also, are above last year, being actually 5 per cent higher. As in the case of the department stores, the furniture stores also face difficulties in replacements. It is of course true that all lines of retail trade face this difficulty. The situation obviously calls for a much wider extension of Government rationing of commodities for which prospective shortages are imminent. Pending application of such controls, retail establishments will in many instances be compelled to adopt shorter open hours, to curtail delivery service, to develop group purchasing practices, and to eliminate extra services such as gift wrapping, fancy decorations, and special sales promotion activities.

Industry: On November 20 the first 10,500 ton Liberty ship was launched from the new shipyard in Savannah and christened the "S. S. James Oglethorpe." This event marks an important expansion of the shipbuilding activities of the District. In October eight of the 93 merchant ships delivered in the wartime building program were built in District shipyards. According to public announcement of the Maritime Commission, the Alabama Dry Dock and Shipbuilding Company at Mobile completed two vessels during October; the Gulf Shipbuilding Corporation in Mobile completed one; the Delta Shipbuilding Corporation in New Orleans completed four; and the Engle Shipbuilding Corporation in Pascagoula completed one.

In November, the Higgins shipyard in New Orleans received contracts for 1200 cargo planes to cost \$180 million. The contract will also involve the construction of \$30 million worth of plant. The planes, based on the Curtis Commando type, will use many wooden materials, will have six engines, a 300-foot wingspread, and a normal pay load of 100 tons.

As the war production program expands and the demand for raw materials consequently grows apace, new sources of material supply are being developed. An instance of this is the rapid development of iron ore mining in North Georgia. The output this year is estimated at one million tons as compared with 300 tons in 1933. The ore is shipped to Birmingham for conversion into steel.

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UNITED STATES TREASURY ISSUES : SUBSCRIPTIONS AND ALLOTMENTS IN THE SIXTH FEDERAL RESERVE DISTRICT OCTOBER 21 - NOVEMBER 25, 1942.

TREASURY BILLS

Dated	Tenders	Allotments
October 21, 1942.....	\$ 22,415,000	\$ 9,405,000
October 28, 1942.....	24,680,000	18,708,000
November 4, 1942.....	4,960,000	3,355,000
November 12, 1942.....	14,835,000	6,385,000
November 18, 1942.....	23,690,000	13,473,000
November 25, 1942.....	15,915,000	6,954,000
TOTAL	\$106,495,000	\$58,280,000

7/8 Per Cent Certificates of Indebtedness, Series D-1943 Dated November 2, 1942; Due November 1, 1943

	Subscriptions	Allotments
Atlanta.....	\$60,886,000	\$36,276,000
New Orleans.....	20,391,000	11,920,000
TOTAL	\$81,277,000	\$48,196,000

SALES OF UNITED STATES WAR SAVINGS BONDS IN THE SIXTH FEDERAL RESERVE DISTRICT

Sales Reported in Period October 24 - November 23, 1942
At Issue Price

	Series E	Series F and G	Total
TOTAL	\$27,839,444	\$8,744,645	\$36,584,089
Alabama.....	5,741,400	1,091,518	6,832,918
Florida.....	4,866,638	2,220,931	7,087,569
Georgia.....	6,071,812	2,189,159	8,260,972
Louisiana.....	4,784,744	1,372,957	6,157,701
Mississippi.....	2,153,906	762,624	2,916,530
Tennessee.....	4,220,944	1,107,456	5,328,400

*These figures apply only to that part of the state lying within the Sixth Federal Reserve District.

WHOLESALE SALES AND INVENTORIES—OCTOBER, 1942

	SALES			INVENTORIES		
	Firms	Percent Change From Sept. 1942 Oct. 1941		Firms	Percent Change From Sept. 1942 Oct. 1941	
Automotive Supplies.....	5	- 12	- 21	3	- 3	- 14
Shoes.....	3	+ 35	+ 26	.....	.....	.....
Drugs and Sundries.....	6	+ 4	+ 13	.....	.....	.....
Dry Goods.....	11	+ 10	+ 44	6	- 21	- 21
Electrical Goods.....	7	+ 1	- 28	5	- 12	- 55
Fresh Fruits & Vegetables.....	7	+ 25	+ 56	3	+ 23	+ 60
Meats and Meat Products.....	3	+ 1	- 4	.....	.....	.....
Groceries.....	43	+ 4	+ 20	17	+ 3	- 28
Hardware.....	21	+ 8	- 2	10	- 7	- 24
Machinery and Equipment.....	5	+ 1	- 19	3	- 4	- 16
Paper Products.....	4	- 9	- 16	.....	.....	.....
Tobacco Products.....	6	+ 22	+ 20	.....	.....	.....
Miscellaneous.....	21	+ 5	+ 24	18	- 1	- 7
Total	142	+ 7	+ 8	65	- 7	- 27

Source : U. S. Department of Commerce.

OPERATIONS OF CONSUMER CREDIT AGENCIES IN THE SIXTH FEDERAL RESERVE DISTRICT

	Percentage Change Sept. 1942 to Oct. 1942	
	Volume	Outstandings
Federal Credit Unions.....	- 14.4	- 6.5
State Credit Unions.....	- 29.9	- 6.5
Industrial Banking Companies.....	- 7.8	- 8.9
Personal Finance Companies.....	.....	- 5.2
Member Banks*	.....	.....
1. Retail instalment paper purchased	.....	.....
(a) Automotive.....	- 11.8	- 15.6
(b) Other.....	+ 1.6	- 20.1
2. Direct retail instalment loans	.....	.....
(a) Automotive.....	- 17.0	- 10.0
(b) Other.....	- 44.8	- 1.5
3. Repair and modernization loans	.....	.....
(a) FHA, Title I, Class I.....	- 15.2	- 7.0
(b) Other.....	+ 517.7	- 2.6
4. Personal instalment cash loans.....	- 18.1	- 5.9
5. Total.....	- 15.0	- 11.4

*Includes 37 banks.

SIXTH DISTRICT BUSINESS INDEXES

Department Store Sales*

(1935-39 Average = 100)

	Adjusted**			Unadjusted		
	Oct. 1942	Sept. 1942	Oct. 1941	Oct. 1942	Sept. 1942	Oct. 1941
DISTRICT.....	173	161	137	183	171	145
Atlanta.....	159	149	135	162	166	138
Baton Rouge.....	175	179	131	207	207	154
Birmingham.....	159	155	117	179	160	131
Chattanooga.....	182	165	150	193	185	159
Jackson.....	221	206	177	245	233	196
Jacksonville.....	219	210	152	248	215	172
Knoxville.....	160	151	140	166	164	148
Macon.....	214	210	150	240	226	168
Miami.....	151	135	131	121	111	107
Montgomery.....	198	197	163	210	213	173
Nashville.....	141	133	118	148	139	125
New Orleans.....	154	160	117	159	163	121
Tampa.....	220	195	158	214	185	153

Department Store Stocks

(1935-39 Average = 100)

	Adjusted**			Unadjusted		
	Oct. 1942	Sept. 1942	Oct. 1941	Oct. 1942	Sept. 1942	Oct. 1941
DISTRICT.....	166	177	155	186	187	174
Atlanta.....	197	210	181	231	224	213
Birmingham.....	157	179	154	177	182	173
Montgomery.....	143	144	146	162	161	165
Nashville.....	193	206	177	221	223	203
New Orleans.....	165	167	148	186	175	167

	Cotton Consumption*			Coal Production*		
	(1923-25 Average = 100)			(1935-39 Average = 100)		
	Oct. 1942	Sept. 1942	Oct. 1941	Oct. 1942	Sept. 1942	Oct. 1941
TOTAL.....	268	285	251	160	165	133
Alabama.....	326	327	303	163	168	122
Georgia.....	248	271	232			
Tennessee.....	220	247	222	152	158	158

	Construction Contracts				Gasoline Tax Collections		
	(1923-25 Average = 100)				(1939 Monthly Average = 100)		
	Oct. 1942	Sept. 1942	Oct. 1941		Oct. 1942	Sept. 1942	Oct. 1941
DISTRICT ...	420	213	415	DISTRICT.....	99	102	125
Residential...	188	65	148	Alabama.....	125	124	143
Others.....	574	311	593	Florida.....	73	73	103
Alabama....	528	34	931	Georgia.....	84	81	124
Florida.....	235	133	217	Louisiana....	108	105	137
Georgia.....	288	398	542	Mississippi..	109	111	130
Louisiana..	507	73	156	Tennessee..	118	137	127
Mississippi.	493	1,353	129				
Tennessee.	809	147	610				

* Indexes of department store sales, electric power and coal production, and of cotton consumption are on a daily average basis.

** Adjusted for seasonal variation.

Back figures for department store sales and stocks in the new series will be furnished upon request.

	Electric Power Production*		
	(1935-39 Average = 100)		
	Oct. 1942	Sept. 1942	Oct. 1941
SIX STATES.....		218	173
Hydro-generated.....		223	110
Fuel-generated.....		213	257

Near Orlando, Florida, the first vegetable dehydration plant in the Southeast is being constructed at a cost of \$1,500,000.

Labor Supply and Demand: In October the employed labor force of the United States rose to 52.4 million persons, of whom 10.5 million were employed in agriculture and 41.9 million in other employment, chiefly manufacturing and transportation. Very significantly, the number of female laborers employed in agriculture was 66 per cent greater in October as compared with October 1941, while the number of male agricultural workers increased only 7.2 per cent over the same 12-month period. In nonagricultural employment the number of male workers actually declined by 1.4 per cent between October 1941 and October 1942 while the number of female workers rose 12.4 per cent.

While no exactly comparable figures are available for the Sixth District, certain nonstatistical factors seem to support the conclusion that a similar development has been taking place in this area over the past year; namely, a loss of male workers to the armed forces and a very large increase in the number of women employed in both industry and agriculture.

On the whole, the developing labor shortage is less acute in this Federal Reserve District than in the nation as a whole. Data collected by the Federal Bureau of Employment Security indicated that in September only four of the 40 industrial areas surveyed in this District had general labor shortages. However, seven other industrial areas were approaching a condition of labor shortage in September. The Bureau of Employment Security surveys covered all cities of 25,000 population and over, and, in addition, some cities of smaller size. In classifying the communities, the adequacy of the amount of labor available with relation to the total labor needs in the community was considered, although no special correction was made to reflect employers' hiring specifications regarding skill or race.

In general, it may be said that major industrial labor shortages in this Federal Reserve District are concentrated near the shipyard developments. While in the United States as a whole 87 per cent of the communities surveyed by the Bureau of Employment Security were already in a condition of labor shortage or were approaching that situation by September, the same was true of only 28 per cent of the communities surveyed in the Sixth Federal Reserve District.

There has been a shortage of farm labor in many parts of the District throughout most of the 1942 growing season. Particularly illustrative of this situation is the condition in Florida's winter vegetable belt. In October, William L. Wilson, Director of Florida State Farmers Markets, stated that "labor still presents the greatest problem" in the production of vegetables this Autumn and Winter. Of Florida City, he reported that "the labor situation is so critical that farmers are afraid to plant until they are certain of help to make their crops." Severe labor shortages also exist in South Florida where in ordinary years 25,000 to 50,000 workers are required to pick the fruit. In November seven southern governors met in Nashville and agreed to cooperate reciprocally in waiving laws hindering the recruiting of labor so that the United States Employment Service might be better able to recruit farm labor and move it to shortage areas to aid in harvesting operations. Plans are being formulated to bring several thousand agricultural laborers

FARM INCOME IN THE SIXTH DISTRICT

(In Thousands of Dollars)

	Sept. 1942	Aug. 1942	Sept. 1941	Year to Date	
				1942	1941
SIX STATES.....	175,090	73,317	122,468	733,579	520,117
Alabama.....	27,806	27,988	21,542	89,702	67,751
Florida.....	5,604	6,653	3,768	139,911	96,121
Georgia.....	34,761	25,224	27,011	135,337	95,546
Louisiana.....	25,326	8,813	13,237	87,361	67,579
Mississippi.....	55,789	11,417	38,792	129,730	91,371
Tennessee.....	25,804	13,222	18,118	141,538	101,749

from the Bahamas to Florida to aid in alleviating the situation.

Consumer Credit: The volume of consumer credit in the Sixth District continues the downward decline that has been reported in previous months. The declines that have been experienced reflect in some degree the application of the Board of Governors' Regulation W although numerous other factors are perhaps of equal or even greater importance.

In its administration of Regulation W the Board of Governors reached an important milestone when, because of admitted violations, it ordered the closing of the eight furniture stores operated by Otis Clark, Fred Clark, and Mrs. Otis Clark of Chattanooga, Tennessee, for the period from November 22 to November 28, inclusive. The violations as announced by the Board of Governors consisted of failure to obtain required down payments, to deliver proper statements of transactions to the customer, to schedule periodic payments in the required amounts, and to require customers to agree to pay their charge accounts before the tenth day of the second calendar month following the sale. It was further alleged that charge accounts were used as means of evasion in selling articles in reality on the instalment plan. All of the stores operated by Clark Brothers—six in Chattanooga, one in Dalton, Georgia, and another in Lafayette, Georgia—are located within the Sixth Federal Reserve District. All of the Reserve banks, acting in behalf of the Board of Governors, now maintain active field forces for the purpose of obtaining compliance with the provisions of Regulation W.

Wartime Financing: During the month the Treasury announced that its December financing program would involve borrowing approximately \$9 billion from all sources. A part of this sum will be obtained from the continuing sale of War Savings Bonds and Tax Savings Notes. The major part of the \$9 billion borrowed, however, will be derived from the sale of three new series: (a) the series of 2½ per cent bonds due December 15, 1948; (b) the series of 1¾ per cent bonds due June 15, 1948; and (c) the series of 7/8 per cent Certificates of Indebtedness due December 1, 1943.

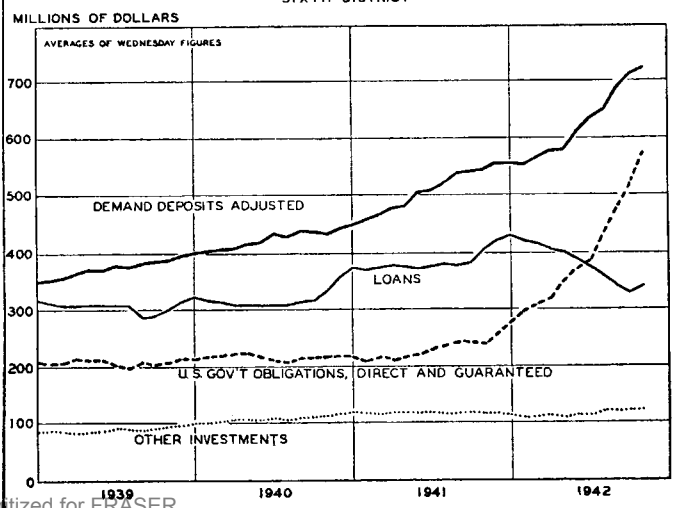
The new Treasury issues offer certain special features. In order to achieve its announced policy of obtaining approximately half of the \$9 billion from nonbanking investors, the

Treasury has excluded commercial banks from ownership of the new 2½ per cent bonds until ten years after date of the issue. The Treasury further limits sales to commercial banks to about \$2 billion for each of the other two series, although applications up to \$100,000 for an individual commercial bank will be allotted in full for each issue. Subscription books will be kept open for several weeks with respect to the subscriptions of nonbanking investors. In the case of subscriptions by banks, the opening date was set at November 30 on the 1¾ per cent bonds, and at December 16 on the 7/8 per cent certificates, with closing dates set at December 2 and December 18, respectively. The 2½ per cent bonds and the 1¾ per cent bonds are issued in coupon or registered form, while the 7/8 per cent certificates are issued in coupon form only. The denominations of the 2½ per cent bonds and of the 1¾ per cent bonds range from \$500 to \$100,000, and the denominations of the certificates from \$1,000 to \$100,000. All three series are dated December 1, 1942, and bear interest from that date. The Treasury announces that, after the completion of this borrowing operation, it does not expect to do further major financing until February.

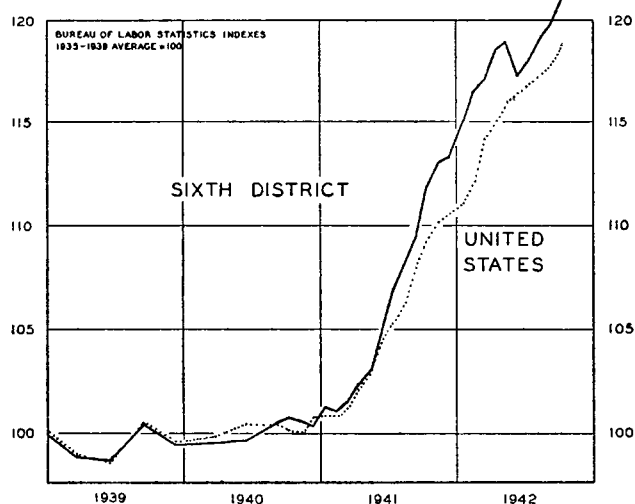
An intensive campaign to sell the new Treasury issues has been organized under the direction of the 12 District Victory Fund Committees. In the Sixth District the chairman of the Victory Fund Committee is William S. McLarin, Jr., President of the Federal Reserve Bank of Atlanta. Serving as executive manager is J. A. Space, formerly of the securities firm of Johnson, Lane, Space and Company of Savannah. Serving as assistant executive manager is William C. Wardlaw, Jr., formerly of the securities firm of Fleet and Wardlaw, Inc. of Atlanta. Offices of the committee have also been opened at the New Orleans, Birmingham, Jacksonville, and Nashville branches of the Federal Reserve Bank of Atlanta.

In his capacity as chairman of the Victory Fund Committee, Mr. McLarin sent a letter to all banks in the Sixth District calling attention to the imperative necessity that the securities of the Government be purchased by all persons, businesses and institutions having funds at their disposal. He urged the banks to canvass their depositors for prospective purchasers in order that every possible dollar be derived from subscriptions from nonbanking investors.

REPORTING MEMBER BANKS
SIXTH DISTRICT



COST OF LIVING



The National Business Situation

(Prepared by the Board of Governors of the Federal Reserve System)

Industrial output expanded further in October and the first half of November. Retail food prices continued to advance while prices of other commodities generally showed little change. Distribution of commodities to consumers was maintained in large volume.

Production: Industrial production continued to advance in October and the Board's seasonally adjusted index rose 3 points to 188 per cent of the 1935-1939 average. Gains in armament production accounted for most of the increase, and it is estimated that currently well over 50 per cent of total industrial output is for war purposes. In lines producing durable manufactures, approximately 80 per cent of output now consists of products essential to the war effort.

Steel output reached a new high level in October as production expanded to 100 per cent of rated capacity. In the first half of November output declined slightly to around 99 per cent, reflecting some shutdowns for furnace repairs, according to trade reports. Activity in industries producing nondurable goods declined less than seasonally in October. Production of foods, especially canning, was unusually large for this time of year and output of textiles continued at a high level. Mineral production, which usually increases in October, declined slightly this year owing chiefly to a decrease in coal production which had been maintained in large volume throughout the summer.

Value of construction contracts awarded in October increased somewhat over that of September, according to reports of the F. W. Dodge Corporation. Publicly-financed projects continued to account for over 90 per cent of total awards.

The Department of Commerce estimates that, in the third quarter of 1942, expenditures for new construction amounted to \$4.2 billion, of which \$3.5 billion came from public funds. For the first nine months of this year the corresponding figures were \$10.2 and \$7.7 billion. Construction of military and naval facilities and of industrial buildings accounted for the bulk of the expenditures.

Distribution: Department store sales increased in October and the Board's seasonally adjusted index rose to 129 per cent of the 1923-1925 average as compared with 123 in September and 130 in August. In the first half of November sales in-

creased further and were 17 per cent larger than in the corresponding period last year, reflecting in part price advances of about 10 per cent.

Railroad shipments of freight were maintained in large volume during October and declined seasonally in the first half of November.

Commodity Prices: Retail food prices continued to advance sharply from the middle of September to the middle of October and further increases are indicated in November. Prices of most other goods and services increased slightly in this period. In the early part of October maximum price controls were established for a number of additional foods. Maximum price levels for many other food products have been raised, however, and the Office of Price Administration reports on the basis of a recent survey that in numerous instances sellers are not complying fully with the regulations now in effect.

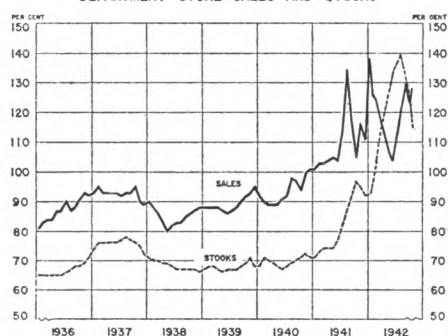
Bank Credit: Excess reserves of member banks were \$2.5 billion in the middle of November, a somewhat higher level than generally prevailed in the preceding four months. At New York City banks excess reserves amounted to about \$500 million.

Additions to member bank reserve balances during the four weeks ending November 18 were the net result of an increase of \$500 million in Reserve Bank holdings of Government obligations, which approximately covered the continued heavy currency drain, and a decrease of \$200 million in Treasury balances at the Reserve Banks.

Holdings of Government securities by reporting banks in 101 cities increased \$1.9 billion to \$24 billion during the four weeks ending November 11. Almost half of the increase occurred at New York City banks. There were substantial increases in holdings of Treasury notes, bonds, and certificates, and a smaller increase in Treasury bills, while holdings of guaranteed obligations declined. These changes reflected new offerings and retirements by the Treasury during the period.

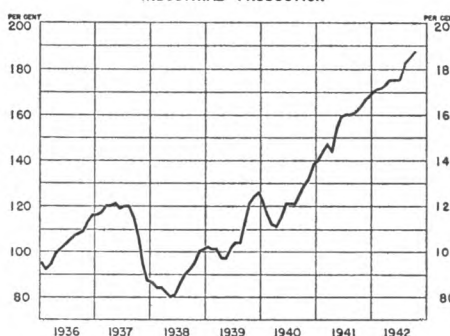
Commercial and industrial loans at reporting member banks in leading cities increased somewhat during the first two weeks of November. Brokers' loans in New York City increased around Government financing dates, but subsequently declined.

DEPARTMENT STORE SALES AND STOCKS



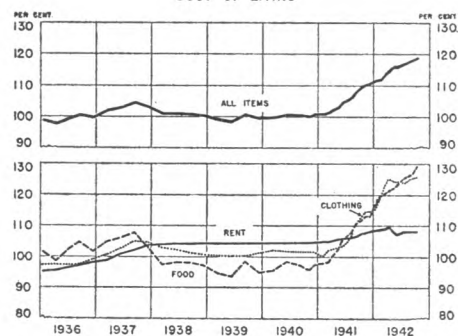
Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for October 1942.

INDUSTRIAL PRODUCTION



Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figure shown is for October 1942.

COST OF LIVING



Bureau of Labor Statistics' indexes, 1935-39 average = 100. Fifteenth of month figures. Last month in each calendar quarter through September 1940, monthly thereafter. Latest figures shown are for October 1942.