

Monthly Review

FEDERAL RESERVE BANK OF ATLANTA

Volume XXVIII

Atlanta, Georgia, March 31, 1943

Number 3

The District Business Situation

IN March Sixth District business and industrial activity maintained its previous gains. Although some of the statistical evidence fails to show further increases over the previous month or over the corresponding period a year ago, there is little doubt that industrial operations in furtherance of the war effort are being held at the highest level possible in immediate circumstances.

In the week ending March 20, 1943, department store sales in the Atlanta district were 5 per cent above the corresponding week of 1942. Continued expansion of war industry and military activities in the District has resulted in a further increase in the circulation of this Bank's notes. On March 24, circulation totaled 650.9 million dollars, an increase of 115 per cent over the same day a year ago.

The increase in industrial activity is fairly widespread over the Southeast. For example, deliveries on naval contracts and subcontracts let in the Carolinas, Georgia, Florida, Alabama, Mississippi, and Tennessee are now approaching 100 million dollars' worth monthly, representing a trebling of the 1942 rate.

Some damage was done crops by the freeze of February and March, one estimate being that the 1943 tobacco crop in the Georgia bright leaf belt will decline 44 per cent from last year's levels because of the destruction of seed beds during the freeze. The agricultural labor situation remains tight, and during the month the Secretary of Agriculture announced an agreement with the Bahamian Government providing for the importation of agricultural laborers from the Bahamas to Florida.

Steel mill activity, reported weekly by *The Iron Age*, has been at 102 per cent of rated capacity since the middle of January, with the exception of one week, and it may be expected that capacity operations will continue except in instances where the necessity for repairs may cause interruptions. For many months Sixth District textile mills have been operating at virtual capacity, very largely on war orders. In the short month of February textile mills in Alabama, Georgia, and Tennessee consumed nearly 302,000 bales of cotton. This consumption was at a daily rate slightly below that of January but slightly higher than in February a year ago.

Lumber mills in the South, as elsewhere, are having an increasingly hard time filling their orders. The demand for lumber continues without abatement, but production has lagged considerably. Particularly in the regions near the shipyards is the manpower problem in logging and sawmill operations acute, with most mills unable to operate on anything like a full-time basis.

In last month's *Review* attention was called to the wave of scare buying reflected in preliminary retail sales figures that were then available for the first half of February. Reports for the entire month received from 80 department stores

Reconnaissance

Sixth District statistics for February 1943 compared with February 1942

PER CENT DECREASE ▼ PER CENT INCREASE

Department Store Sales	50
Department Store Stocks	
Furniture Sales	
Construction Contracts	89
Cotton Consumption	
Gasoline Tax Collections	
Bank Debits	
Member Bank Loans	
Member Bank Investments	112
Demand Deposits-Adjusted	48
	+ 40
	- 40

located all over the District indicate that this buying wave continued throughout the month, but weekly reports now available show that it has largely subsided during the present month.

February sales by 80 reporting stores were 50 per cent larger than in February last year when sales were at the highest level ever reported for that month. Some part, but by no means a large part, of this increase may be attributed to higher prices, but by far the most of it must be laid to scare buying in anticipation (or fear) of the extension of rationing to clothing and possibly other commodities. The daily average sales index advanced 26 per cent from January to February, a rise 11 per cent larger than usually occurs at that time. Compared with this average increase of 50 per cent over February last year for the District, sales in Baton Rouge were twice as large, or an increase of 100 per cent; in Macon they were up 88 per cent; in Atlanta, 74 per cent; in Jacksonville, 68 per cent; in Nashville, 57 per cent; and in Tampa, Montgomery, and Jackson they were up 56 per cent.

In the first two weeks of March sales reported by a smaller number of stores averaged a little less than 10 per cent above the level of those weeks last year, and if this comparison should be borne out for the whole month of March, it will mean a decline of about 13 per cent from February.

Department store inventories have declined each month since August. At the end of February they were 15 per cent smaller than they were a year earlier. It was in February, March, and April last year that stores were adding substantially to their stocks, and the increase continued through June.

Member Bank Operations for 1942

BEGINNING with the year 1937 the Research and Statistics Department of the Federal Reserve Bank of Atlanta has annually made a study of the financial reports of Sixth District member banks. The study of these reports for the year 1942 has just been completed and summary tables of the principal findings are presented in this *Review*. While there are 318 member banks in the District, the study was confined to the reports of 315 banks since three of the member banks were admitted to membership during the year and financial reports for them for the entire year were not available.

Three tables have been chosen for presentation. One table, found on page 19, shows operating ratios of all member banks for the years 1937 through 1942. The second table, also on page 19, shows member bank changes in deposits, earning assets, and profits for 1941-42. The third table, pages 20 and 21, presents the average operating ratios of the member banks grouped according to size of deposits. Studied in relation to each other, the three tables provide a basis for certain generalizations with respect to the changes and adjustments the member banks have experienced as a result of the current war.

1. Sixth District member banks, instead of sharing in the general prosperity arising from war activities, actually experienced a decline in the rate of return on their capital accounts. The average of the ratios of net profits to capital accounts for the 315 banks was 6 per cent for 1942 as compared with 8 per cent for 1941. In dollar volume, profits for the group actually declined from 17.7 million dollars for 1941 to 14.8 million dollars for 1942, a decline of about 17 per cent. The smaller banks, as a general rule, suffered greater proportionate declines in net profits than did the larger banks. The seven banks in the group having deposits up to \$250,000 reported a decline of 52 per cent in profits for 1942 as compared with 1941. The 42 banks having deposits of over 10 million dollars, on the other hand, reported a decrease of 13 per cent in profits for the same period.

2. The decline in profits was reflected in a decline in the ratio of dividend payments to capital accounts. The average

of the ratios of dividends to capital accounts for the banks of the entire group was 3.1 for 1942 as compared with 3.5 for 1941, 3.4 for 1940 and 1939, and 3.3 for 1938. While the average of the rates of return to the stockholders was about 3 per cent for all banks, the smaller banks fared less well than did the larger banks. The group of banks with deposits of less than \$250,000 had the smallest average ratio of dividends to capital—1.8 as compared with 3.5 for the banks in the deposit range from 1 million to 2 million dollars, and 3.0 for banks with deposits in excess of 10 million dollars.

3. The proportion of total earnings for 1942 represented by income from investments and from service charges on deposit accounts increased while that part derived from interest and discount on loans decreased. The contrast with 1941 is especially notable, the ratio of interest and dividends on securities to total earnings increasing from 20.5 to 25.0. Nevertheless, in spite of very considerable increases in the investment portfolios of banks as the result of war financing, the proportion of earnings derived from interest and discount on securities was less for 1942 than it was for 1937—25.0 as compared with 27.5.

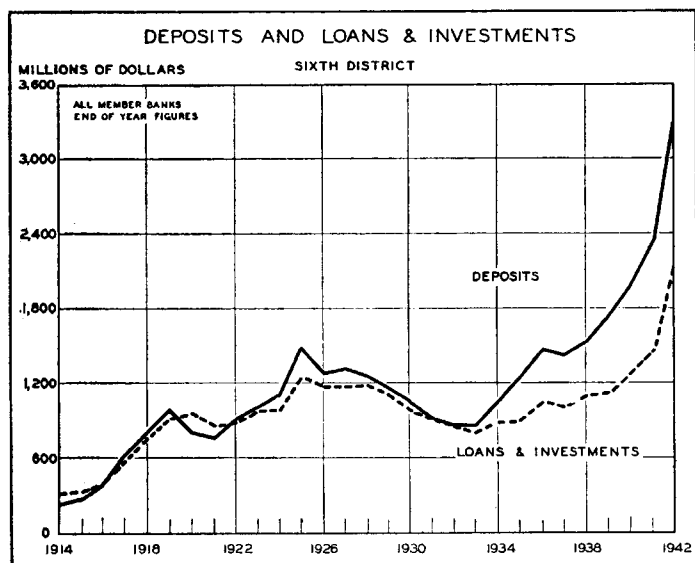
The proportion of bank earnings derived from loans for 1942 represented a reversal of the trend that began in the year 1937. In 1942 the ratio of interest and discount on loans to total earnings was 55.0 as compared with 62.7 for 1941, 62.3 for 1940, 60.3 for 1939, 59.1 for 1938, and 55.4 for 1937.

Service charges have assumed increasing importance in recent years. In 1938 the average ratio of service charges to total earnings was 4.8. In 1939 this ratio was 4.9; in 1940, 5.1; in 1941, 5.4; and in 1942, 6.6. Service charges for the smaller banks represent a smaller part of the total income than for the larger banks. For banks with deposits of less than \$500,000, service charges provided about 4 per cent of total earnings in 1942. For banks in the other groups the average ratio of service charges to total earnings was from 6 to 8 per cent.

4. The proportion of time deposits to total deposits has steadily declined over the past several years. In 1942 this ratio was 26.0, compared with 32.6 for 1941, 34.6 for 1940, and 35.2 for 1939. The proportion of time deposits to total deposits tends to be smaller as total deposits are larger. Time deposits of the smallest group were 36.2 per cent of total deposits. This proportion for the 42 largest banks was 16.1.

5. During 1942 member bank deposits in the District reached the highest levels ever recorded. The long-term trend in the growth of such deposits is pictured graphically in the accompanying chart. At the close of 1942 member bank deposits were 3.2 billion dollars as compared with 2.3 billion dollars at the close of 1941, an increase of 840 million dollars, or 36 per cent. The growth of deposits was fairly widespread among all banks, regardless of size. Banks in the group having deposits between \$500,000 and 1 million dollars showed the greatest percentage increase for 1942 over 1941, an increase of about 49 per cent. None of the group averages, however, was less than 33 per cent. Nevertheless, it was the smaller banks that generally experienced the greatest increases in deposits.

6. The increase in deposits for the District as a whole for 1942 somewhat closely paralleled the increase in security



holdings (especially Government securities) on the part of the banks. The net increase in deposits for the year 1942 was 840 million dollars, while holdings of Government securities increased by 768 million dollars.

The smaller banks tended to gain more deposit funds than they used in buying Government securities. The 57 banks in the group having deposits of from \$500,000 to a million dollars experienced an increase of 18 million dollars in deposits, while they increased their holdings of Government securities by only 8 million dollars. In contrast, the 42 banks having deposits in excess of 10 million dollars experienced a total increase of 605 million dollars in deposits and at the same time bought 606 million dollars of Government securities.

The average ratio of Government securities to total deposits for all banks at the close of 1942 was 19.6. This ratio, as a general rule, was larger as deposits were larger. Banks in the smallest group in size of deposits had a ratio of only 10.9, while the banks in the largest size group had a ratio of 29.6.

7. There was a further decline during the year 1942 in the ratio of total capital accounts to deposits. For 1942 this ratio was 11.5 as compared with 14.7 for 1941, 16.1 for 1940, and 17.1 for 1939. Here again, this ratio is in inverse proportion to the volume of total deposits. The average ratio for the seven smallest banks was 32.2; for the group with the

next largest deposits, 15.9; and for the group with the largest deposits, 7.7.

8. Continued Treasury offerings, drives to sell Government securities, and declining loan opportunities have brought about substantial increases in the percentage of total earning assets represented by securities. In general, it may be said that the higher the ratio of securities to total assets, the larger are the deposits of each bank.

The percentage of total assets represented by Government securities is much greater than that represented by other securities for all groups of banks except the very smallest in point of deposits. Banks with deposits of less than \$250,000 had an average ratio of 8.6 of Government securities to total assets and a ratio of 12.1 of other securities to total assets. Corresponding ratios for banks with deposits in excess of 10 million dollars were 27.5 and 8.8, respectively.

So long as the imperative need for wartime financing exists, the trends in the member bank operations that have been indicated in this analysis may be expected to continue. The proportion of member bank assets represented by Government securities will tend to become larger. As bank holdings of Government securities increase, the volume of deposits will tend to rise and the ratio of capital accounts to deposits will tend to fall. With a sufficient volume of Government securities, the banks may be in a position to reverse the present tendency towards decreased profits.

SUMMARY TABLE

Operating Ratios of All Member Banks in the Sixth Federal Reserve District, 1937-1942.

	1937	1938	1939	1940	1941	1942
Number of banks.....	320	318	313	314	315	315
RATIOS:						
TO TOTAL EARNINGS						
Interest and dividends on securities.....	27.5	24.7	23.6	21.6	20.5	25.0
Interest and discount on loans.....	55.4	59.1	60.3	62.3	62.7	55.0
Service charges.....	**	4.8	4.9	5.1	5.4	6.6
All other earnings.....	17.1	11.4	11.2	11.0	11.4	13.4
Total earnings.....	100.0	100.0	100.0	100.0	100.0	100.0
Salaries and wages.....	28.6	29.1	29.6	30.1	30.4	32.5
Interest on time and savings deposits.....	15.3	15.2	14.7	14.4	13.6	12.8
All other expenses.....	25.8	25.7	25.9	27.1	28.1	28.7
Total expenses.....	69.7	70.0	70.2	71.6	72.1	74.0
Net current earnings.....	30.3	30.0	29.8	28.4	27.9	26.0
Net charge-offs, etc.....	3.6	4.6	2.9	3.7	3.2	5.7
Net profits.....	26.7	25.4	26.9	24.7	24.7	20.3
TO TOTAL CAPITAL ACCOUNTS						
Net current earnings.....	9.4	9.0	9.0	8.7	8.9	8.0
Net charge-offs, etc.....	1.4	1.4	1.0	1.3	.9	2.0
Net profits.....	8.0	7.6	8.0	7.4	8.0	6.0
Cash dividends declared.....	*	3.3	3.4	3.4	3.5	3.1
TO TOTAL ASSETS						
Total earnings.....	4.1	4.1	3.9	3.8	3.6	2.8
Net current earnings.....	1.2	1.3	1.2	1.1	1.0	.7
Net profits.....	1.1	1.0	*	.9	.9	.6
Securities.....	*	*	25.0	23.0	22.0	27.4
Loans.....	*	*	37.2	36.5	35.5	27.2
Real estate assets.....	*	*	3.6	3.2	2.7	2.1
Cash assets.....	*	*	33.9	37.0	39.5	43.1
All other assets.....	*	*	.3	.3	.3	.2
Total assets.....	*	*	100.0	100.0	100.0	100.0
TO TOTAL DEPOSITS						
Total capital accounts.....	*	*	17.1	16.1	14.7	11.5
Time deposits.....	*	*	35.2	34.6	32.6	26.0
TO TIME DEPOSITS						
Interest on time and savings deposits.....	*	*	1.8	1.7	1.6	1.5
TO SECURITIES						
Interest and dividends on securities.....	3.7	3.6	3.5	3.3	3.2	2.4
Recoveries on securities.....	*	*	*	.5	.1	.1
Profits on securities sold.....	.7	.8	1.1	.9	.8	.2
Losses on securities.....	.2	.2	.2	.2	.5	.3
Net return on securities.....	4.2	4.2	4.4	4.0	4.0	2.4
TO LOANS						
Interest and discount on loans.....	6.5	6.5	6.5	6.6	6.5	6.0
Recoveries on loans.....	*	*	*	.3	.3	.3
Losses on loans.....	.4	.4	.4	.4	.5	.4
Net return on loans.....	6.1	6.1	6.1	6.2	6.3	5.9

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

SIXTH DISTRICT MEMBER BANK CHANGES IN DEPOSITS, EARNING ASSETS, AND PROFITS FOR THE YEAR 1942**

Group*	Number in Group	(In thousands of dollars)		Change	
		Year Ending Dec. 1942	Year Ending Dec. 1941	Amount	Per Cent
Deposits					
A	7	1,660.9	1,204.9	+ 456.0	+ 37.8
B	25	12,887.4	9,275.1	+ 3,612.3	+ 38.9
C	57	53,690.4	36,155.8	+ 17,534.6	+ 48.5
D	81	149,095.1	104,790.8	+ 44,304.3	+ 42.3
E	72	285,395.0	200,513.3	+ 84,881.7	+ 42.3
F	31	273,627.0	189,136.7	+ 84,490.3	+ 44.7
G	42	2,410,341.9	1,805,557.1	+ 604,784.8	+ 33.5
Total	315	3,186,697.7	2,346,633.7	+ 840,064.0	+ 35.8
Government Securities					
A	7	351.8	84.9	+ 266.9	+ 314.4
B	25	2,762.0	764.5	+ 1,997.5	+ 261.3
C	57	12,112.9	4,245.5	+ 7,867.4	+ 185.3
D	81	37,850.0	11,288.3	+ 26,561.7	+ 235.3
E	72	87,969.8	31,882.1	+ 56,087.7	+ 175.9
F	31	92,898.7	24,025.4	+ 68,873.3	+ 286.7
G	42	999,910.5	393,837.1	+ 606,073.4	+ 153.9
Total	315	1,233,855.7	466,127.8	+ 767,727.9	+ 164.7
Loans					
A	7	391.9	546.5	- 154.6	- 28.3
B	25	3,346.8	3,990.4	- 643.6	- 16.1
C	57	13,818.4	14,366.0	- 547.6	- 3.8
D	81	33,583.0	40,780.2	- 7,197.2	- 17.7
E	72	56,411.8	70,477.0	- 14,065.2	- 20.0
F	31	51,248.8	63,999.9	- 12,751.1	- 19.9
G	42	473,228.4	576,932.3	- 103,703.9	- 18.0
Total	315	632,029.1	771,092.3	- 139,063.2	- 18.0
Profits					
A	7	9.2	19.3	- 10.1	- 52.3
B	25	73.5	16.4	+ 57.1	+ 348.2
C	57	334.9	347.1	- 12.2	- 3.5
D	81	770.1	1,028.0	- 257.9	- 25.1
E	72	1,335.9	1,917.6	- 581.7	- 30.3
F	31	1,094.2	1,474.6	- 380.4	- 25.8
G	42	11,183.7	12,916.7	- 1,733.0	- 13.4
Total	315	14,801.5	17,719.7	- 2,918.2	- 16.5
*Average Deposits					
Group A—	Up to \$	250,000			
Group B—	\$	250,000—	500,000		
Group C—	500,000—	1,000,000			
Group D—	1,000,000—	2,000,000			
Group E—	2,000,000—	5,000,000			
Group F—	5,000,000—	10,000,000			
Group G—	Over	10,000,000			

**The banks in each group are identical for both years, the classification of each bank being determined by its deposits as of December 31, 1942.

AVERAGE OPERATING RATIOS OF MEMBER BANKS

GROUPED ACCORDING

BANKS WITH AVERAGE DEPOSITS OF	Up to \$250,000		\$250,000 to \$500,000		\$500,000 to \$1,000,000	
	Average of Group	Range within which fell middle 50% of the banks	Average of Group	Range within which fell middle 50% of the banks	Average of Group	Range within which fell middle 50% of the banks
NUMBER OF BANKS IN EACH GROUP	7		25		57	
RATIOS TO TOTAL EARNINGS:	%	%	%	%	%	%
Interest and dividends on securities.....	15.6	4.5—23.2	17.0	11.0—20.7	19.0	10.0—24.5
Interest and discount on loans.....	69.8	57.3—87.2	66.7	64.8—73.6	61.0	53.6—70.0
Service charges on deposit accounts....	4.4	3.9— 5.5	4.1	1.7— 5.4	6.4	2.8— 8.5
Trust department earnings.....	.....	.....	.0	.....	.0	.....
All other earnings.....	10.2	5.5—18.2	12.2	9.8—14.3	13.6	6.9—18.4
Total earnings.....	100.0		100.0		100.0	
Salaries and wages.....	38.0	38.4—46.4	35.1	31.4—39.0	33.0	27.4—36.7
Interest on time and savings deposits...	13.8	9.1—22.5	13.4	11.2—16.4	13.4	9.0—17.0
All other expenses.....	25.5	23.1—30.4	28.4	25.9—33.3	27.1	23.7—30.6
Total expenses.....	77.3	70.9—84.1	76.9	73.0—84.3	73.5	67.0—81.5
Net current earnings.....	22.7	17.1—30.1	23.1	18.0—28.6	26.5	19.1—33.6
Net charge-offs, etc.....	5.5	+ 1.8—15.5	1.1	+ 2.8— 3.8	2.5	+ 1.0— 7.7
Taxes on net income.....	3.8	0— 7.1	2.5	8— 3.5	3.3	...— 6.3
Net profits.....	13.4	5.1—30.9	19.5	14.2—28.0	20.7	11.8—28.2
RATIOS TO TOTAL CAPITAL ACCOUNTS:						
Net current earnings.....	4.3	3.3— 7.0	5.9	3.7— 7.8	7.6	5.5—10.4
Net profits.....	2.6	1.5— 4.3	4.9	3.4— 7.5	5.9	3.3— 8.4
Cash dividends declared.....	1.8	0— 3.3	2.7	1.3— 3.6	3.2	2.8— 3.7
RATIOS TO TOTAL ASSETS:						
Total earnings.....	4.0	3.8— 4.4	3.2	2.7— 3.6	3.2	2.3— 3.1
Net current earnings.....	.9	.7— 1.3	.7	.5— 1.0	.9	.6— 1.2
Net profits.....	.5	.2— 1.4	.6	.4— .8	.7	.4— .9
Government securities.....	8.6	6.2—13.6	11.4	7.4—15.9	13.7	9.1—16.8
Other securities.....	12.1	1.7—26.5	7.5	2.5—10.5	8.5	3.0—11.3
Loans.....	32.5	26.4—36.9	30.7	23.3—38.6	30.0	24.5—37.7
Real estate assets.....	4.9	.9— 5.6	2.4	1.0— 3.3	2.0	1.1— 2.3
Cash assets.....	41.9	35.4—56.3	47.8	43.3—52.6	45.5	37.7—52.3
All other assets.....	.0	.....	.2	...— .2	.3	...— .2
Total assets.....	100.0		100.0		100.0	
RATIOS OF CAPITAL ACCOUNTS TO:						
Total assets.....	23.1	17.0—35.4	13.5	10.2—15.3	11.8	9.1—13.6
Securities, loans, and real estate.....	40.2	33.4—50.3	26.9	18.9—31.3	22.6	17.1—24.9
Risk assets.....	47.3	38.9—61.5	34.7	27.1—41.3	30.8	22.7—37.1
Total deposits.....	32.2	20.5—54.9	15.9	11.3—18.1	13.6	10.0—15.8
TIME DEPOSIT RATIOS:						
Time to total deposits.....	36.2	31.5—53.5	25.7	23.3—33.9	27.7	20.3—37.3
Interest to time deposits.....	2.1	1.9— 2.2	1.9	1.7— 2.3	1.7	1.5— 2.0
RATIOS TO SECURITIES:						
Interest and dividends on securities.....	2.7	2.7— 3.9	2.5	2.1— 3.0	2.5	2.0— 3.1
Recoveries on securities.....	.1	.....	.2	.....	.1	.....
Profits on securities sold.....	.1	...— .2	.2	...— .0	.1	...— .1
Losses on securities.....	.0	.....	.1	...— .0	.3	...— .1
Net return on securities.....	2.9	2.7— 4.0	2.8	2.0— 3.2	2.4	1.9— 3.2
RATIOS TO LOANS:						
Interest and discount on loans.....	8.7	7.8— 9.9	7.0	6.4— 7.4	6.9	6.1— 7.7
Recoveries on loans.....	.3	...— .3	.6	.1— .5	.3	...— .2
Losses on loans.....	.4	...— .0	1.1	.0— .9	.3	.0— .4
Net return on loans.....	8.6	7.8— 9.6	6.5	5.7— 8.1	6.9	6.0— 7.5
RATIO TO TOTAL DEPOSITS:						
Government securities.....	10.9	7.3—15.8	13.2	8.8—18.1	15.6	10.0—18.9

IN THE SIXTH FEDERAL RESERVE DISTRICT IN 1942

TO AMOUNT OF DEPOSITS

\$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
81		72		31		42		315
Average of Group	Range within which fell middle 50% of the banks	Average of Group	Range within which fell middle 50% of the banks	Average of Group	Range within which fell middle 50% of the banks	Average of Group	Range within which fell middle 50% of the banks	Average of Group
%	%	%	%	%	%	%	%	%
23.8	12.8—33.8	28.9	16.6—37.6	27.3	21.5—35.6	33.4	24.6—39.4	25.0
59.2	45.8—74.9	49.5	35.9—60.5	49.9	43.1—56.0	42.4	33.0—50.6	55.0
6.0	3.0— 8.0	8.3	4.3—10.6	8.3	4.5— 9.9	5.6	3.9— 6.3	6.6
.2	.....	.9	...— 1.2	2.5	.1— 3.9	3.8	1.7— 4.3	1.0
10.8	4.8—14.8	12.4	8.0—14.1	12.0	7.6—16.3	14.8	10.0—19.4	12.4
100.0		100.0		100.0		100.0		100.0
31.8	26.1—36.2	33.4	29.8—38.0	32.3	29.0—35.5	29.7	25.9—32.3	32.5
15.9	11.3—20.5	12.7	7.3—17.6	10.9	6.3—15.9	6.8	4.4— 8.7	12.8
27.8	23.3—31.9	28.5	24.5—31.8	30.2	26.8—35.8	32.5	28.6—36.0	28.7
75.5	68.3—84.2	74.6	68.8—79.7	73.4	67.9—78.1	69.0	63.1—75.6	74.0
24.5	17.0—32.1	25.4	20.3—31.2	26.6	21.9—33.4	31.0	23.6—36.7	26.0
1.2	+ 2.3— 4.0	1.8	+ 4.8— 5.3	4.9	.5—11.1	2.1	+ .5— 6.3	2.1
3.5	.9— 5.4	3.5	.4— 5.1	4.0	.3— 7.2	4.5	1.8— 6.2	3.6
19.8	15.1—27.6	20.1	15.0—25.3	17.7	12.0—23.8	24.4	19.5—28.5	20.3
7.5	5.0—10.6	8.1	5.3— 9.8	8.9	6.4—10.1	10.2	7.5—12.1	8.0
5.9	3.5— 8.5	6.2	4.1— 8.4	5.8	3.8— 8.0	7.6	5.7— 8.9	6.0
3.5	2.6— 4.6	2.9	2.4— 3.6	2.9	2.2— 3.5	3.0	2.1— 3.4	3.1
2.9	2.5— 3.2	2.7	2.4— 3.0	2.6	2.3— 2.9	2.2	1.9— 2.5	2.8
.7	.5— 1.0	.7	.5— .9	.7	.5— 1.0	.7	.5— .8	.7
.6	.4— .7	.5	.4— .7	.5	.4— .7	.6	.4— .6	.6
14.9	8.5—20.0	20.3	12.0—27.4	20.4	15.9—23.5	27.5	20.1—33.6	17.7
9.8	3.8—14.8	11.1	4.7—15.4	10.7	7.7—14.7	8.8	5.5—11.8	9.7
28.6	19.6—38.1	25.2	17.0—33.2	24.9	17.9—29.7	22.7	17.9—28.2	27.2
1.5	1.0— 2.0	2.2	1.3— 2.9	2.2	1.4— 3.0	2.2	1.5— 2.5	2.1
45.1	37.8—51.1	41.0	34.3—45.8	41.5	35.6—46.1	38.4	35.2—40.4	43.1
.1	...— .1	.2	.0— .3	.3	.0— .3	.4	.1— .5	.2
100.0		100.0		100.0		100.0		100.0
10.0	7.8—11.8	9.1	7.2—10.6	8.2	6.8— 9.2	7.1	5.9— 7.8	10.1
18.5	14.9—20.6	15.6	12.6—17.7	14.2	12.8—15.6	11.7	9.4—12.7	18.4
26.2	19.6—30.3	25.8	19.8—32.0	22.4	19.2—25.1	22.0	17.0—25.8	27.2
11.2	8.5—13.4	10.1	7.7—11.9	9.0	7.4—10.6	7.7	6.3— 8.5	11.5
29.1	23.1—37.4	26.7	20.6—31.2	24.3	19.1—32.2	16.1	11.9—18.2	26.0
1.7	1.4— 1.9	1.3	.9— 1.7	1.2	.9— 1.5	1.0	.8— 1.1	1.5
2.6	2.0— 2.9	2.4	2.0— 2.7	2.2	1.9— 2.5	2.0	1.6— 2.2	2.4
.1	...— .0	.1	...— .0	.1	...— .1	.2	...— .1	.1
.2	...— .2	.1	.0— .2	.2	.0— .4	.2	.1— .2	.2
.3	...— .3	.2	.0— .2	.4	.0— .6	.4	.0— .4	.3
2.6	1.9— 3.1	2.4	1.8— 2.9	2.1	1.7— 2.5	2.0	1.6— 2.3	2.4
6.3	5.6— 6.7	5.4	4.9— 6.0	5.4	5.0— 6.2	4.2	3.6— 4.6	6.0
.3	.0— .5	.3	.0— .6	.4	.1— .6	.2	.0— .3	.3
.3	.0— .5	.3	.0— .3	.4	.1— .5	.4	.1— .6	.4
6.3	5.6— 7.0	5.4	4.9— 6.0	5.4	4.9— 5.9	4.0	3.3— 4.5	5.9
16.6	9.8—21.9	22.4	19.3—24.7	22.2	17.6—25.2	29.6	22.5—36.1	19.6

Sixth District Business Statistics

UNITED STATES TREASURY BILLS		
Tenders and Allotments in the Sixth Federal Reserve District		
Dated	Tenders	Allotments
March 3, 1943	\$18,160,000	\$12,826,000
March 10, 1943	13,935,000	12,095,000
March 17, 1943	13,121,000	10,621,000
March 24, 1943	12,730,000	9,986,000

INSTALMENT CASH LOANS			
Lender	Number Reporting	Per Cent Change Jan. 1943 to Feb. 1943	
		Volume	Outstandings
Federal Credit Unions	47	+ 23	- 2
State Credit Unions	33	- 16	- 7
Industrial Banking Companies	42	+ 3	- 6
Personal Finance Companies	52	+ 6	- 3
Commercial Banks	38	- 21	- 58

RETAIL FURNITURE STORE OPERATIONS			
	Number of Stores	Per Cent Change February 1943 from	
		January 1943	February 1942
Total Sales	111	+ 8	+ 1
Cash Sales	96	+ 6	+ 68
Instalment and Other Credit Sales	96	+ 10	- 6
Accounts Receivable, end of month	108	- 6	- 40
Collections during month	108	- 6	- 4
Inventories, end of month	80	+ 1	+ 2

DEBITS TO INDIVIDUAL BANK ACCOUNTS (In Thousands of Dollars)					
	Feb. 1943	Jan. 1943	Feb. 1942	Per Cent Change Feb. 1943 from	
				Jan. 1943	Feb. 1942
ALABAMA					
Anniston*	12,244	14,023	.....	- 13	.....
Birmingham	140,942	166,392	143,121	- 15	- 2
Dothan	6,044	7,203	5,756	- 16	+ 5
Gadsden*	8,795	9,389	.....	- 6	.....
Mobile	90,714	105,573	75,932	- 14	+ 19
Montgomery	33,338	36,272	31,427	- 8	+ 6
FLORIDA					
Jacksonville	136,760	141,219	111,509	- 3	+ 23
Miami	76,234	78,341	81,809	- 3	- 7
Orlando*	19,460	29,412	.....	- 34	.....
Pensacola	17,197	18,190	14,710	- 5	+ 17
St. Petersburg	18,746	17,421	.....	+ 8	.....
Tampa	61,931	65,306	44,795	- 5	+ 38
GEORGIA					
Albany	7,428	9,336	7,722	- 20	- 4
Atlanta	303,110	328,018	290,371	- 8	+ 4
Augusta	30,061	30,464	37,164	- 1	- 19
Brunswick	10,764	9,950	3,231	+ 8	+ 233
Columbus	29,618	32,245	24,782	- 8	+ 20
Elberton	1,392	1,523	1,387	- 9	+ 0
Macon	32,560	33,017	27,101	- 1	+ 20
Newnan	4,113	4,476	3,269	- 8	+ 26
Savannah	61,489	66,085	36,158	- 7	+ 70
Valdosta	4,414	5,242	6,087	- 16	- 27
LOUISIANA					
Baton Rouge*	38,082	41,056	.....	- 7	.....
Lake Charles*	16,454	17,136	.....	- 4	.....
New Orleans	307,363	355,549	277,998	- 14	+ 11
MISSISSIPPI					
Hattiesburg	11,023	11,909	10,289	- 7	+ 7
Jackson	46,775	62,464	39,266	- 25	+ 19
Meridian	12,889	14,718	16,448	- 12	- 22
Vicksburg	18,930	21,477	11,936	- 12	+ 59
TENNESSEE					
Chattanooga	71,918	90,438	64,548	- 20	+ 11
Knoxville	46,766	54,894	37,702	- 15	+ 24
Nashville	148,629	138,954	108,068	+ 7	+ 38
SIXTH DISTRICT					
26 Cities	1,712,402	1,889,255	1,512,606	- 9	+ 13
UNITED STATES					
274 Cities	51,871,000	54,730,000	41,545,000	- 5	+ 25

*Not included in totals

Second War Loan—April 1943

ON April 12, the second major war financing drive will begin. The announced goal is 13 billion dollars, approximately the same amount raised last December, when the goal was 9 billion dollars. The presidents of each of the twelve Federal Reserve Banks are serving as chairmen of the United States Treasury War Finance Committees in their respective Districts, and have been vested by the Secretary of the Treasury with full authority and responsibility for the direction of the April Financing Drive.

W. S. McLarin, Jr., President of the Federal Reserve Bank of Atlanta, is serving as Chairman of the Sixth District War Finance Committee. The Sixth District War Finance Committee is composed of William C. Wardlaw, Jr., Director, Victory Fund Division; Alsa C. Glenn, Director, War Savings Division; the State Administrators of the War Savings Staffs in the Sixth District or top members of their staffs; the regional managers of the Sixth District Victory Fund Committee; and leading bankers, brokers, and businessmen of the District. The War Finance Committee will act in an advisory capacity to its chairman and will serve to integrate the efforts of the War Savings Staff and the Victory Fund Committee in the sale of all Government securities to be offered in the April Financing Drive.

Several types of securities will be offered for purchase in April. The issues comprise the following:

(1) *United States War Savings Bonds, Series E.* These securities are sold at 75 per cent of their maturity value, are due ten years from issue date, and yield about 2.9 per cent if held to maturity. They are for sale to natural persons only and no individual investor may purchase more than \$5,000 worth (maturity value) in any one calendar year. Additional purchases in co-ownership are permissible in certain cases.

(2) *United States Savings Bonds, Series F.* Bonds in this series are due twelve years from issue date and yield about 2.53 per cent if held to maturity. An individual investor may buy as much as \$100,000 worth of these securities (issue value) in any one calendar year, and this figure includes purchases of Series G bonds as well. Series F bonds are for sale to any buyer other than a commercial bank, at 74 per cent of maturity value.

(3) *United States Savings Bonds, Series G.* This series is due twelve years from issue date, is sold at face value, and yields 2.50 per cent to maturity. Interest is paid semiannually on these bonds and they contrast with Series F bonds which are discount bonds. Any individual, partnership, corporation, or financial institution other than a commercial bank may purchase Series G bonds, but not more than \$100,000 worth (issue value) may be purchased by any one person in a calendar year, and this limitation applies to the combined purchases of Series F and Series G bonds. Series G Savings bonds, like Series E and Series F, are issued in registered form only and are not transferable.

(4) *2 Per Cent Treasury Bonds of 1950-52.* This issue will be dated April 15, 1943, will bear interest from that date, and will be due September 15, 1952. Bonds of this issue will be redeemable at the option of the United States at 100 per cent and accrued interest on and after September 15, 1950. They will be issued in coupon or registered form at the

option of the purchaser. The price will be 100 per cent and accrued interest.

(5) *2.5 Per Cent Treasury Bonds of 1964-69.* These bonds will be dated April 15, 1943, and will bear interest from that date. They will be due June 15, 1969, and will be redeemable at the option of the United States at 100 per cent and accrued interest on and after June 15, 1964. They will be issued in either coupon or registered form at the option of the purchaser, and will be sold at 100 per cent and accrued interest. Unlike the 2 per cent Treasury bonds of 1950-52, the issue of which will be subject to no restrictions whatever, the 2.5 per cent Treasury bonds may not be held or purchased by commercial banks—those banks accepting demand deposits—for their own account until April 15, 1953.

(6) *7/8 Per Cent Treasury Certificates of Indebtedness of Series B-1944.* These certificates will be dated April 15, 1943, will bear interest from that date, and will be due on April 1, 1944. The price will be 100 per cent and accrued interest. Sales to commercial banks will be limited to 2 billion dollars or thereabouts and subscriptions by commercial banks for their own account in excess of \$100,000 will be subject to allotment. All other subscriptions will be allotted in full.

(7) *Treasury Tax Savings Notes, Series C.* These notes will be dated the first day of the month in which they are purchased, and will be due three years from that date. They are acceptable at par and accrued interest in payment of Federal income, estate, and gift taxes. In addition, they are redeemable for cash at par and accrued interest at the option of the owner at any time during and after the sixth calendar month after the month of issue, on 30 days' notice, except that notes inscribed in the name of a commercial bank are redeemable at par only, and notes acquired by a commercial bank through forfeiture of a loan are redeemable at the redemption value for the month in which so acquired.

(8) *Treasury Bills.* These securities are offered weekly on a discount basis to the highest bidder and usually have a maturity of 91 days. The Federal Reserve Banks stand ready to purchase and resell these bills at a discount rate of 3/8 per cent per annum.

Announcement

The Federal Reserve Bank of Atlanta on March 16, 1943, welcomed the Limestone County Bank of Athens, Alabama, to membership in the Federal Reserve System.

The bank opened for business on October 3, 1927, with paid-in capital of \$35,000. This original capital has since been increased to \$100,000, and the bank now has, in addition, a surplus of \$60,000. Its total resources at the close of the year 1942 amounted to \$2,500,000.

Bruce Nelson is Chairman of the Board of Directors, and T. E. Williams is President. The three Vice Presidents are W. Van Gilbert, A. M. McConnell, and U. G. White; Allen Beasley is Cashier; and John J. Huber, Mrs. C. D. White, and Mrs. Lola Beasley are Assistant Cashiers.

In addition to Messrs. Nelson, Williams, Gilbert, McConnell, White, and Beasley, the Board of Directors also includes A. B. Crutcher, James E. Horton, C. H. Lindsay, E. E. Nelson, and G. B. Phillips.

Sixth District Business Indexes

Department Store Sales*						
(1935-39 Average = 100)						
	Adjusted**			Unadjusted		
	Feb. 1943	Jan. 1943	Feb. 1942	Feb. 1943	Jan. 1943	Feb. 1942
DISTRICT.....	216	195r	144	190	151r	127
Atlanta.....	209	175r	121	184	129r	105
Baton Rouge.....	300	260	151	233	173	117
Birmingham.....	199	186	149	166	132	124
Chattanooga.....	226	200	157	175	151	122
Jackson.....	291	237	186	227	158	145
Jacksonville.....	283	273	168	234	194	139
Knoxville.....	213	198	144	184	144	124
Macon.....	320	266	170	244	184	130
Miami.....	152	134	115	194	151	147
Montgomery.....	265	240	172	211	169	137
Nashville.....	177	163	117	151	115	100
New Orleans.....	196	190	140	161	142	116
Tampa.....	262	226	175	235	187	157

Department Store Stocks						
(1935-39 Average = 100)						
	Adjusted**			Unadjusted		
	Feb. 1943	Jan. 1943	Feb. 1942	Feb. 1943	Jan. 1943	Feb. 1942
DISTRICT.....	140	147r	162	137	138r	158
Atlanta.....	162	187r	180	154	165r	172
Birmingham.....	127	140	144	122	121	138
Montgomery.....	168	168	140	164	149	137
Nashville.....	188	225	168	184	183	163
New Orleans.....	107	141	172	107	122	173

	Cotton Consumption*			Coal Production*		
	(1935-39 Average = 100)			(1935-39 Average = 100)		
	Feb. 1943	Jan. 1943	Feb. 1942	Feb. 1943	Jan. 1943	Feb. 1942
TOTAL.....	178	183	177	169	163	165
Alabama.....	186	188	189	174	171	171
Georgia.....	175	183	170	..	..	..
Tennessee.....	162	159	170	158	146	152

	Construction Contracts			Gasoline Tax Collections		
	(1923-25 Average = 100)			(1939 Monthly Average = 100)		
	Feb. 1943	Jan. 1943	Feb. 1942	Feb. 1943	Jan. 1943	Feb. 1942
DISTRICT.....	151	169r	80	81	86	125
Residential.....	48	123r	74	89	77	129
Others.....	220	200r	83	70	86	117
Alabama.....	267	373	171	74	86	120
Florida.....	96	100	59	86	63	125
Georgia.....	115	173	84	83	85r	129
Louisiana.....	378	149	79	90	113	138
Mississippi.....	310	793	110	..	..	..
Tennessee.....	42	144	59	..	..	..

	Cost of Living			Electric Power Production*			
	(1935-39 Average = 100)			(1935-39 Average = 100)			
	Feb. 1943	Jan. 1943	Feb. 1942	Feb. 1943	Jan. 1943	Feb. 1942	
ALL ITEMS.....	123	123	117	SIX STATES.....	230	229	195
Food.....	137	137	120	Hydro-generated.....	257	259	170
Clothing.....	126	127	119	Fuel-generated.....	195	189	227
Rent.....	113	113	127	..	..	..
Fuel, electricity, and ice.....	106	106	104	..	..	..
Home furnishings.....	121	121	118	..	..	..
Miscellaneous.....	114	114	110	..	..	..

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

**Adjusted for seasonal variation.

r = Revised.

Back figures for department store sales and stocks, cotton consumption, gasoline tax collections, and cost of living indexes in the new series will be furnished upon request.

The National Business Situation

INDUSTRIAL activity continued to advance in February and the early part of March. Retail sales of merchandise, particularly clothing, were exceptionally large in February but declined somewhat in March. Wholesale prices, particularly of farm products, advanced further.

Production: Total industrial output continued to increase in February and the Board's adjusted index rose to 203 per cent of the 1935-1939 average as compared with 199 in January. Larger output at coal mines, steel mills, and armament plants was chiefly responsible for the rise in the index. February deliveries of finished munitions, including a record of 130 merchant ships, considerably exceeded the previous month.

Activity at steel mills reached the peak set last October. Operations averaged 98 per cent of the mills' capacity, which has been increased since that time to a figure above 90 million tons of ingots annually.

Lumber production, which declined in January owing largely to unfavorable weather, increased in February somewhat more than is usual at this season.

Output of textile products remained at the high level of other recent months. Cotton consumption was slightly lower than the corresponding month of the previous year, while rayon and wool consumption were somewhat higher than last year. Shoe production, unchanged from January, was close to the level set by the War Production Board order which limits output of shoes for civilians in the six months beginning March 1 to the number produced in the last half of 1942. Meatpacking declined less than seasonally after a reduction in January, while output of most other foods was lower.

Coal output rose sharply in February with the general adoption of the six-day work week in the mines. Operations in the anthracite mines increased to the high level of last summer while output of bituminous coal was the highest in many years.

The value of construction contracts awarded in February was about the same as in January according to reports of the F. W. Dodge Corporation. Total Federal awards for war construction remained at a level about one-third as large as dur-

ing last summer. Federal awards for housing continued to decline in February.

Distribution: Department store sales increased considerably in February and the Board's seasonally adjusted index rose to a new high level of 167 per cent of the 1923-25 average. Previous peaks had been 143 in January and 138 in January and November 1942. The increase in February reflected a new buying wave that began early in the month and centered chiefly in clothing items. In the first half of March the buying wave subsided somewhat and sales declined from the high level reached during February.

Freight carloadings showed more than a seasonal rise in February and the first two weeks of March and the Board's adjusted index averaged 4 per cent higher than in January. Large off-seasonal movements of grain continued to be the most unusual feature of carloadings.

Commodity Prices: Prices of a number of commodities advanced further in February and in the early part of March. Farm products have continued to show the largest increases and prices received by farmers in the middle of March are estimated to be about 30 per cent higher than a year ago. Fruit and vegetable prices are considerably higher now than during the same season last year. Prices of bread grains and grains used for livestock feeding have advanced sharply in recent months and livestock prices have also risen further.

In retail markets the largest advances have continued to be in food prices. In the latter part of February maximum levels were established for leading fresh vegetables following sharp price increases resulting in part from the restrictions on retail sales of canned and dried vegetables and fruits.

Bank Credit: Excess reserves of member banks remained generally above 2 billion dollars during the first two weeks of March, compared with an average of about 1.8 billion during the latter part of February. During the four weeks ending March 17 total Reserve Bank holdings of Government securities showed an increase of 470 million dollars. Purchases of special Treasury one-day certificates moderated the effect of large scale shifts of funds over the tax payment period.

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

