

Monthly Review

FEDERAL RESERVE BANK OF ATLANTA

Volume XXIX

Atlanta, Georgia, May 31, 1944

Number 5

The District Textile Situation

THE immediate outlook in the District textile industry is one of continued and intensified labor shortages, further complicated by a shortage of carding facilities. Even after the conclusion of hostilities, the textile mills of the District for some years will probably have difficulty meeting demands unless a substantial expansion program is undertaken. That such an expansion program would be justified in the long run is doubtful, however, for the industry has long been characterized by excess capacity, and foreign competition for export markets is likely to be even more intense after the war than it was before.

The textile industry is the largest single employer of labor in the Sixth Federal Reserve District. Since 1940, the industry has expanded output, employment, and wage payments but has undertaken little expansion of manufacturing facilities. Because it went into the war period with excess capacity, the industry was for a time able to take care of army and navy orders with ease, while at the same time expanding its production of civilian textiles.

The industry hit its peak production in 1942, however, and has since that time been losing ground. Cotton consumption by mills in Alabama, Georgia, and Tennessee hit a peak of 191 per cent of the 1935-39 average in September 1942, and by April 1944, consumption had declined to 165 per cent of that average. This decline has been due to a number of factors, the importance of which has varied from one part of the area to another and from time to time.

Shortage of manufacturing capacity in certain lines of textile production and failure properly to maintain plant have been factors leading to a decline in textile output since 1942. In the last year or so, a shortage of labor in the textile mills has become apparent. It has been impossible for the industry to maintain its labor force at the necessary size because wages have usually been substantially below those paid by new wartime industries in adjacent localities. As a result, the textile labor force has suffered both in quality and quantity. The skilled workers have been able to move readily into higher-paying jobs in munitions plants, aircraft plants, and shipyards, while the textile mills have been forced to rely upon unskilled labor drawn from the farms.

In the latest months, however, an over-all labor shortage has been developing in the South, so that the number of new employees available to the textile mills—even completely unskilled laborers—has fallen behind the rate of separations. Separations have resulted from inductions into the armed

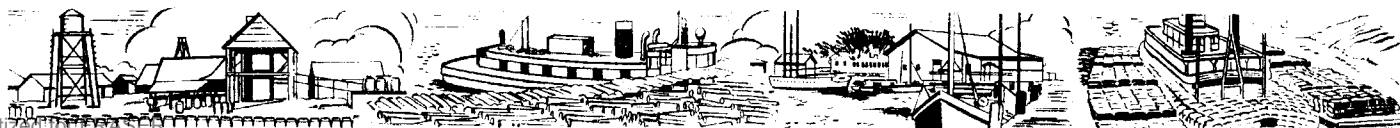
forces, from the inability of women workers in the mills to secure adequate child-care facilities, and in considerable part from the psychological difficulty of the textile workers who consider that their industry is not essential to the war effort and hence feel it their duty to obtain jobs in shipyards or aircraft plants. Another factor has been the disinclination of women, in particular, to work on the third shift. This has prevented full utilization of available manufacturing facilities in the industry.

The shortage of workers in the mills is greatly aggravated by the problem of absenteeism. It is felt that most of this absenteeism is avoidable and many efforts have been made in the District to curb the problem but little or no success has been had so far. Community problems are partly responsible. Lack of housing, shortage of day-care facilities for children of working mothers, transportation troubles, shopping difficulties, and the shortage of domestic servants are the primary community problems leading to a large part of the absenteeism in the industry, as well as to a substantial proportion of the voluntary separations.

The textile industry in the Sixth District is concentrated in two large areas. The more important of these begins near Opelika and Alexander City in east central Alabama and runs diagonally north and east across Georgia to the District boundary at the South Carolina line. This particular textile belt continues through the Piedmont areas of the Carolinas. Other major textile centers outside of this main belt are located in Tennessee and include Knoxville, Nashville, and Chattanooga, as well as Huntsville, Alabama.

Social security figures indicate that employment in basic textiles in Alabama, Georgia, and Tennessee, the three District states where textile manufacturing is of importance, totaled 162,180 persons in June 1940. By June 1942, employment had risen to 216,805, but by December 1943, the latest month for which figures are available, employment was down to 201,876, and indications are that employment has further declined during the first five months of 1944. The December 1943 figure probably overstates slightly the degree of decline, because it is a preliminary figure and may be raised slightly by later reports from employers.

Georgia is by far the most important of the District states in textile manufacturing. In June 1940, employment in basic textiles in Georgia was 81,817; in Alabama, it was 43,659; and in Tennessee, it was 36,704. In December 1942, employment in Georgia was 115,638 and in December 1943, accord-



ing to preliminary figures, it was 108,548. Employment in basic textile manufacture in Alabama rose from 43,659 persons in June 1940 to 59,143 in June 1942. It was 55,746 in December 1943. Tennessee employment increased from 36,704 in June 1940 to 44,784 in June 1941, but it had declined to 37,582 by December 1943.

The increase in wage disbursements in District textile mills since 1940 has been substantial. In the second quarter of 1940, total wages disbursed subject to social security taxes in basic textile manufacturing in Alabama, Georgia, and Tennessee amounted to 30.8 million dollars. In the fourth quarter of 1943, the total disbursements were 66.7 million dollars, and final figures for that quarter will probably raise this amount somewhat. The explanation of how wage disbursements increased by 116.6 per cent between June 1940 and December 1943, while total employment increased by only 24.5 per cent, lies in the payments for overtime, some increase in basic wage rates, and upgrading of workers.

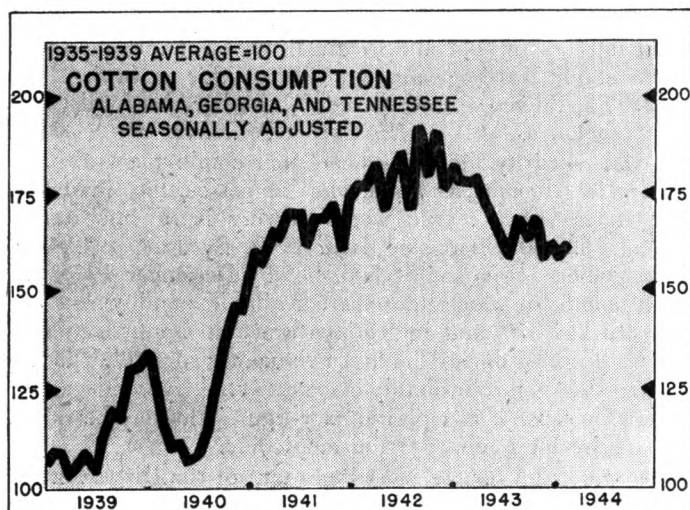
Tremendous military requirements for textiles must be met in the coming months and, in addition, if clothing rationing is to be avoided, vast quantities of textile products for civilian consumption must be produced as well. Recently, the Government has moved to encourage increased output. The Office of Price Administration raised ceiling prices on some textile products, effective March 23, 1944. The War Production Board has revised Limitation Order L-99 to provide that "no manufacturer of cotton yarns shall operate in any quarter, starting April 1, 1944, at a rate of production which will result in the production of less cotton yarn than the greatest poundage of cotton yarn produced by him in any calendar quarter of 1943." Of course, if compliance with this order involves operation at a loss, the manufacturer may apply to the War Production Board for an exemption. Effective May 14, the War Manpower Commission has extended the 48-

hour work week to the manufacture and processing of cotton yarns and broad-woven cotton fabrics.

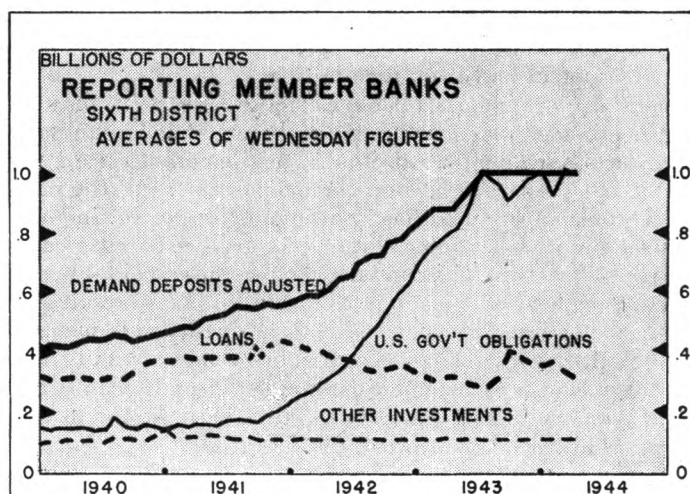
The decline in cotton consumption in District mills has not been due to any shortage of raw material, although some of the long-staple varieties of cotton are in short supply. The United States Department of Agriculture estimates the domestic supply of American cotton (carry-over plus production) in the current year ending July 31, 1944, at 21.8 million running bales. Carry-over on August 1, 1944, is expected to be about 10.6 million bales, an amount approximately equal to the carry-over on August 1, 1943. Production in 1943 was 11.3 million running bales, as compared with 12.6 million bales in 1942, but the decline in consumption has been as large as the decline in production.

While production of cotton textiles has declined all over the country since 1942, production has declined from the peak level about twice as far in the non-cotton-growing states as in the cotton-growing states. In the latter group, Alabama, Georgia, and Tennessee are, of course, included. Several factors probably enter into this situation. In the first place, while textile mill wages are generally lower in the Southern than in the Northern centers, there has been apparently less differential between Southern mills and Southern war industries than between Northern mills and Northern war industries. Furthermore, as the Southern mills are located in rural areas, up until the most recent months it has been possible to draw labor from the farms to the mills. Southern mills are more widely dispersed than are the Northern mills, and hence competition for labor has been less keen in the South. A final factor is the concentration of fine-goods mills in the North where larger proportions of skilled labor are used than in the South, where gray-goods operations predominate.

BUFORD BRANDIS



The outbreak of war in 1939 was the signal for a precipitate rise in cotton consumption in District mills. A sharp drop occurred during the early months of 1940. After the beginning of the Defense Program in the summer of 1940, cotton consumption rose to record peaks in the next year, and then rose more slowly for another year. Since September 1942, cotton consumption has been declining, and it is now back at the level of early 1941.



Beginning late in 1940, demand deposits adjusted at Sixth District member banks that report weekly began to rise rapidly; then leveled off abruptly in the spring of 1943. Since that time demand deposits adjusted have shown virtually no change. The increase in bank holdings of U. S. Government obligations was even more rapid, although it began a year later. There has been little net change in this item in the past year. Loans have fluctuated considerably since 1940 but their total is now about the same as four years ago.

Will "Used" War Plant Machinery Equip the South?

ASSUMING that some of the capital goods that are now installed in the many war plants of the Southeast can be turned, as war contracts expire, to the uses of peace, the Sixth District faces an unprecedented opportunity to equip itself for its industrial future on a "used machinery" basis.

Within the past month, in the Atlanta and New Orleans offices of the Reconstruction Finance Corporation, divisions have been established under the Surplus War Properties Administration, to handle the immense job of disposal to the public of machinery and productive equipment of the District's war plants, as war contracts expire. The system for capital goods disposal rounds out the organization of agencies that are designed to bring the economy back from a wartime to a peacetime basis in an orderly fashion, in line with the recommendations of the Baruch plan. A division of the Treasury Department has been designated to handle the sale of surplus consumer goods, except food products; food products are to be taken care of by the War Food Administration. The Maritime Commission will take care of the disposal of its ships, and other parts of the task are assigned to the Navy Department, National Housing Agency, and Federal Works agency. The agency here described is known as the Surplus War Property Division of the RFC.

To the South, with its long-standing need of industrial expansion and diversification, the SWPD sales of the wartime capital goods will probably present the most important opportunity of all. Precisely what machines, boilers, motors, and other varieties of productive equipment are to be placed on sale is not yet known and cannot be known, excepting in the gradual course of war contract termination. As a start, however, the Atlanta office of the SWPD is in the process of receiving a list of some 10,000 items of capital equipment from a number of the owning agencies. These items are known to be Federally owned and at present are under lease to the war plants in the four states of Alabama, Florida, Georgia, and Tennessee. The New Orleans office will obtain a similar list for Louisiana, Mississippi, and the other states within its area. These lists represent but a start in compiling what will unquestionably be the largest and most varied inventory of capital goods and producers' equipment, all of it "used" and to some extent depreciated, ever offered for sale to the public in the history of the nation.

At present, the SWPD is only in its beginning stage. The top officials have been selected and are laying their initial plans for coping with a merchandising problem of obviously great complexities and of magnificent proportions. Under the direction of M. E. Everett, RFC manager of the Atlanta district, H. L. Kennon has been placed in charge of sales and P. E. Ledford in charge of accounting for the SWPD. Similarly, in New Orleans, RFC Manager G. W. Robertson has placed Omer F. Kuebel in charge of sales and Leonard E. Barnes in charge of accounting.

Some problems are already foreseen and are in the planning stage. There is no tendency to deny that the problems involved in disposing of the surplus capital goods will be extremely difficult—more difficult, probably, than those involved in any other aspect of physical demobilization.

One problem, curiously, may arise from the similarity of the initials of the Surplus War Property Division of RFC, and the Smaller War Plants Corporation. The two are, of course, quite separate agencies, with wholly different functions. Yet both deal with war plants, and the fact that initials were made to perform double duty at just this point may serve to create confusion. If a bidder, for example, were to send his bid to the SWPC instead of the SWPD, the slight delay in rectifying the mailing error might, conceivably, jeopardize the bid.

In the merchandising process, the problem will be at its simplest if the company operating a war plant decides to buy the machinery it has been using under lease. Such bids in the nature of things will be preferred, price being the only possible stumbling block. Prices will be based upon initial costs minus depreciation, engineering appraisals of the condition of the goods, the price ceilings, and, in the last analysis, upon supply and demand. In the last respect, each area will be kept informed as to the price situation for similar machinery in every other area of the nation.

Should a war plant not want to buy the machinery it has been using, the first problem becomes that of moving the equipment out of the plant and warehousing it. Whether to decentralize or to centralize the warehousing of these bulky and weighty commodities is at present under discussion. Warehouse possibilities include the leasing of storage space from the present war plants, the construction of individual warehouses near the plants, the use of large closed factories (if any) as warehouses, or the construction of huge central depots. Not improbably all four methods will be used.

An attendant problem is that of cataloguing the inventory. This process is made especially difficult because the SWPD will not, ordinarily, know exactly what it has to sell until each given contract expires or approaches expiration. Inventories will be large, a catalogue would be outdated almost before it could be printed, and descriptions would be highly technical. To date, the difficulties of this problem are more apparent than the ultimate method of solution.

The financing of the purchases is, however, more clearly foreseen. The SWPD will prefer that a purchaser, needing credit to make the purchase, obtain that credit from the banks. If sufficient bank credit is not available, it is in prospect that the RFC will enter the transaction, either by guaranteeing some portion of the bank credit or by participating with the bank. If bank credit is entirely lacking, it is possible that the RFC may finance a transaction entirely, but the official policy favors the use of bank credit to the greatest possible extent. Since many millions of dollars' worth of capital goods are to be offered for sale, the SWPD operation may possibly become an extremely important user of the resources of the banking system.

To the development of industry in the Southeast, the possibilities presented by the SWPD are obviously great. These goods are not for sale to speculators. Preferred purchasers, under the official policy, will be manufacturing enterprises of local ownership. In the words of one commentator: "If the South doesn't develop its needed 'home' industries on the basis of this setup, it will deserve to have missed the boat."

ERNEST J. HOPKINS

District Business and Agriculture

AVAILABLE figures for the first half of May indicate a probable increase of moderate proportions in department store sales over April. April sales established another record level for that month, although the adjusted index, which makes allowance for the usual seasonal influences and the varying date of Easter, declined slightly from March. Furniture store sales increased somewhat in April but were less than a year ago, and wholesale trade declined 12 per cent from March and was in about the same volume as in April last year. Gasoline tax collections in April increased substantially over March, in five reporting states, and continued larger than a year ago. Bank debits to individual accounts, reflecting the volume of transactions settled by check, declined 9 per cent in April, and textile activity and coal output declined. Textile activity in April was well below the level at that time last year, but coal output was a little higher than a year ago. The rate of electric power production and the volume of manufacturing employment in March, the latest month for which figures are available, declined from February but were higher than in March 1943.

Retail Trade: Sixth District department store sales were about one fourth larger in dollar volume in the first half of May this year than they were in the corresponding period a year ago. This percentage is based on reports from nearly 30 stores that report their sales figures weekly and compares with a gain of 19 per cent for the country as a whole.

Actual dollar sales in April reported by 83 stores were slightly below the March level. Increases over March were reported from Birmingham, Knoxville, Macon, and Mobile, but decreases occurred at other points. Compared with April 1943, all reporting cities had increases excepting Mobile, where there was a decline of 6 per cent. Knoxville led again in April with a gain of 52 per cent, and Montgomery, Macon, and Nashville reported increases above the District average of 18 per cent. Because of the different number of business days in the two months, the index of daily average sales rose 4 per cent from March to April. The index for April, 228 per cent of the 1935-1939 average, is 16 per cent above that for April last year and is about double the April index in the prewar years of 1939 and 1940. This is the sixth consecutive year in which a new high level has been reached by the April index. When allowance is made for the usual seasonal influences and the varying date of Easter, the adjusted index of sales declined 1 per cent from March to April but was 23 per cent higher than it was in April 1943. Last year, Easter was on April 25 and Easter buying fell entirely in that month, but this year, Easter was on April 9, and some part of the Easter purchasing is presumed to have been done in March. Allowance for such factors is made in computing the adjusted sales indexes for both March and April each year.

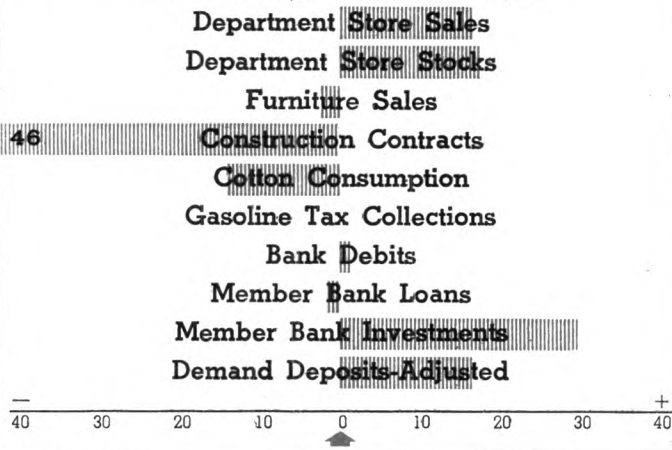
Total sales in the January-April period this year have been 20 per cent greater than in the same four months of 1943, and the percentage comparisons for individual cities ranged from an increase of less than 1 per cent at Mobile to a gain of 45 per cent at Knoxville.

At those reporting stores that classify their sales, cash

Reconnaissance

Sixth District Statistics for April 1944 compared with April 1943

PER CENT DECREASE ▼ PER CENT INCREASE



sales accounted for 61 per cent of the April total this year, as compared with 57 per cent a year ago; open book credit sales were 36 per cent of the total this April against 39 per cent in April last year; and instalment sales accounted for 3 per cent of the total this April and 3 per cent in April 1943.

Inventories declined 4 per cent in April, although increases were reported in the first three months of the year. End-of-April inventories were 17 per cent larger in dollar volume than they were a year ago. At Atlanta, the increase was 50 per cent; at Nashville, 36 per cent; at New Orleans and Montgomery, 21 per cent; at Birmingham, 7 per cent; and at Macon, 1 per cent.

The collection ratio for regular accounts for April was 61 per cent and for instalment accounts, 31 per cent. Both rates were slightly lower than in March but somewhat higher than for April 1943.

Sales at retail furniture stores reporting to this Bank have increased each month since January. April sales were up 4 per cent from March but were 2 per cent less than in April last year. Cash sales increased 5 per cent over March, and instalment and other credit sales, 3 per cent. Compared with April 1943, cash sales were up 11 per cent but instalment and other credit sales were slightly smaller.

Wholesale Trade: Distribution of merchandise through wholesale channels in April, reflected in preliminary figures compiled by the Census Bureau and based on confidential reports from 156 Sixth District firms, was about the same as in April 1943. For the January-April period, the increase over that part of last year was 10 per cent. January sales were up 20 per cent, February recorded a gain of 17 per cent, and the March increase was 9 per cent. In April, increases over a year ago were reported by firms dealing in automotive supplies, shoes and other footwear, confectionery, groceries, and hardware. Sales of drugs, dry goods, electrical goods, fresh fruits and vegetables, paper and paper products, and tobacco

and tobacco products were less than they were a year ago. April inventories were down less than 1 per cent from March but were 13 per cent larger than in April 1943.

Life Insurance Sales: April sales of life insurance in this District compare a little more favorably with April 1943 than do the total sales in the United States as a whole. In Alabama and Georgia, the volume was just equal to that a year ago, but in the other four states, increases ranged from 7 per cent in Louisiana to 15 per cent in Tennessee. For the country as a whole, the April gain was 5 per cent over April of last year. In the first four months of 1944, the Alabama increase of 5 per cent over the same period last year was below the national average of 19 per cent, the gains in Georgia and Tennessee were equal to it, and there were increases of 22 per cent in Louisiana, 30 per cent in Mississippi, and 32 per cent in Florida.

Finance: Net circulation of this Bank's Federal Reserve notes increased 25 million dollars in April as compared with 34 million dollars in March, 16 million dollars in February, and only 13 million dollars in January. Between December 31 and May 17 of this year, the increase was 94 million dollars, against a rise of 115 million dollars in the same period a year ago. In recent months, the increase in circulation of notes of the larger denominations has been considerably larger than the increase in circulation of the smaller denominations. From December 31 to April 30, circulation of 5-, 10-, and 20-dollar notes increased about 35 million dollars, while circulation of notes of the 50-dollar and larger denominations rose about 55 million dollars.

Demand deposits (adjusted) at the Sixth District's 20 weekly reporting banks averaged 1,020 million dollars in April, and on May 17, amounted to 1,073 million dollars, an amount 21 per cent greater than a year earlier. Time deposits on May 17 totaled 273 million dollars and were up 25 per cent from the corresponding Wednesday last year. Loans at these banks have been declining since last October but are only slightly lower than they were in May last year. Total holdings of investment securities were 11 per cent larger on May 17 this year than last, and holdings of United States securities, amounting to 1,093 million dollars, were 16 per cent larger.

Industry: Textile activity in this District declined in April to the lowest level in more than three years. Cotton mills in Alabama, Georgia, and Tennessee used an average of 10,793 bales of cotton for each of the 25 business days in April. This amount represents a decrease of 5 per cent from the March average and is the smallest daily consumption since December 1940.

The heavy demand for Southern pine lumber of all grades and sizes continues. Most of the demand is still from Government agencies. Retail yards are still experiencing the greatest difficulty in placing orders and are being sustained by such odds and ends of unrestricted lumber as they are able to get. Operating conditions at the mills continue difficult, the labor supply is steadily shrinking, and weather conditions have recently been of the most adverse variety.

Merchant ships built in Sixth District shipyards in April numbered 33, according to reports of the United States Maritime Commission. In December, 35 vessels were built, but the April total exceeds the reported figures for other recent months.

Sixth District Indexes

	DEPARTMENT STORE SALES*					
	Adjusted**			Unadjusted		
	Apr. 1944	Mar. 1944	Apr. 1943	Apr. 1944	Mar. 1944	Apr. 1943
DISTRICT.....	222	225	181	228	219	196
Atlanta.....	214	247	174	224	237	188
Baton Rouge.....	215	250	194	229	221	213
Birmingham.....	219	185	192	214	181	192
Chattanooga.....	217	219	179	225	211	190
Jackson.....	205	225	170	219	216	186
Jacksonville.....	301	284	250	299	278	253
Knoxville.....	272	267	167	276	248	174
Macon.....	223	222	178	246	218	202
Miami.....	216	184	170	212	238	172
Montgomery.....	217	219	152	214	199	169
Nashville.....	242	221	192	243	246	199
New Orleans.....	195	214	172	206	200	188
Tampa.....	262	242	214	290	271	243

	DEPARTMENT STORE STOCKS					
	Adjusted**			Unadjusted		
	Apr. 1944	Mar. 1944	Apr. 1943	Apr. 1944	Mar. 1944	Apr. 1943
DISTRICT.....	167	184	144	174	188	149
Atlanta.....	231	237	154	246	241	164
Birmingham.....	137	134	128	142	138	133
Montgomery.....	193	180	160	209	190	172
Nashville.....	255	268	185	280	278	206
New Orleans.....	133	136	110	142	144	117

	COTTON CONSUMPTION*			COAL PRODUCTION*		
	Apr. 1944	Mar. 1944	Apr. 1943	Apr. 1944	Mar. 1944	Apr. 1943
	TOTAL.....	153	161	178	165	177	150
Alabama.....	157	169	183	174	179	152
Georgia.....	154	159	178	—	—	—
Tennessee.....	127	136	163	152	171	146

	MANUFACTURING EMPLOYMENT***		
	Mar. 1944	Feb. 1944	Mar. 1943
	SIX STATES.....	159	162	155
Alabama.....	187	191r	197
Florida.....	179	188r	156
Georgia.....	149	150	143
Louisiana.....	165	168r	144
Mississippi.....	145	149r	144
Tennessee.....	137	139r	141

	CONSTRUCTION CONTRACTS			GASOLINE TAX COLLECTIONS***		
	Apr. 1944	Mar. 1944	Apr. 1943	Apr. 1944	Mar. 1944	Apr. 1943
	DISTRICT.....	110	101r	203	104	90	95
Residential.....	79	93r	186	...	...	...
Others.....	125	106r	212	...	...	...
Alabama.....	81	88	133	106	95	101
Florida.....	150	123	270	98	91	86
Georgia.....	119	160	223	102	85	85
Louisiana.....	133	72	400	99	93	98
Mississippi.....	65	82	94	98	91	92
Tennessee.....	21	101	181	125	91	110

	COST OF LIVING			ELECTRIC POWER PRODUCTION*			
	Mar. 1944	Feb. 1944	Mar. 1943	Mar. 1944	Feb. 1944	Mar. 1943	
	ALL ITEMS.....	127	128r	125	260	264	235
Food.....	139	142	142	Hydro-generated	285	236	248
Clothing.....	135	134	129	Fuel-generated	228	300	219
Rent.....	114	114	114	ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS			
Fuel, electricity, and ice..	109	109	106	Unadjusted..	16.9	17.2	20.2
Home furnishings.	126	126r	122	Adjusted**..	17.2	17.6	20.5
Miscellaneous.	123	123r	115	Index**.....	66.4	68.1	77.5
CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*							
Unadjusted..	193	194	191	*Daily average basis			
Adjusted**..	190	193	188	**Adjusted for seasonal variation			
***1939 monthly average = 100; other indexes, 1935-39 = 100							
r = Revised							

Sixth District Statistics

UNITED STATES TREASURY BILLS		
Dated	Tenders	Allotments
May 4, 1944.....	\$11,500,000	\$10,642,000
May 11, 1944.....	12,922,000	10,010,000
May 18, 1944.....	19,165,000	16,679,000
May 25, 1944.....	21,540,000	19,208,000

RESERVES AND RELATED ITEMS OF SELECTED SIXTH DISTRICT MEMBER BANKS (In Thousands of Dollars)						
For reserve city banks figures are averages of seven-day period ending April 28, 1944; for country banks they are averages of fifteen-day period ending April 30, 1944.						
Group*	No. of Banks	Deposits of Banks	Balances Due from Other Banks	War Loan Deposits	Actual Reserves	Per Cent Actual to Required
A	9	0	1,117	63	471	159
B	27	750	6,338	957	2,957	150
C	54	1,374	19,782	5,528	11,556	138
D	74	6,394	55,553	19,603	30,718	125
E	52	32,088	74,947	44,969	61,818	124
F	29	175,753	150,382	105,765	151,094	116
G	12	418,081	113,199	146,055	244,770	105
Total	257	634,440	421,318	322,940	503,384	112

* Group A: 1943 average deposits up to \$500,000; Group B: \$500,000 to \$1,000,000; Group C: \$1,000,000 to \$2,000,000; Group D: \$2,000,000 to \$5,000,000; Group E: \$5,000,000 to \$15,000,000; Group F: \$15,000,000 to \$75,000,000; Group G: over \$75,000,000.

DEBITS TO INDIVIDUAL BANK ACCOUNTS (In Thousands of Dollars)					
Area	April 1944	March 1944	April 1943	Per Cent Change April 1944 from	
				Mar. 1944	April 1943
ALABAMA					
Birmingham.....	16,330	18,466	14,340	- 12	+ 14
Birmingham.....	167,027	192,664	184,775	- 13	+ 10
Dothan.....	6,186	7,260	5,904	- 15	+ 5
Gadsden.....	9,265	10,104	10,061	- 8	+ 8
Mobile.....	102,415	113,118	118,363	- 9	- 13
Montgomery.....	34,361	37,408	36,704	- 8	- 6
FLORIDA					
Jacksonville.....	159,991	174,300	164,797	- 8	- 3
Miami.....	123,712	148,905	98,840	- 17	+ 25
Greater Miami*.....	170,718	199,449	127,364	- 14	+ 34
Orlando.....	28,340	31,005	26,585	- 9	+ 7
Pensacola.....	22,401	25,026	20,450	- 10	+ 10
St. Petersburg.....	25,334	26,900	22,048	- 6	+ 15
Tampa.....	78,709	82,166	81,319	- 5	- 3
GEORGIA					
Albany.....	8,540	9,568	7,932	- 11	+ 8
Atlanta.....	428,895	471,140	417,128	- 9	+ 3
Augusta.....	33,305	37,583	33,810	- 11	- 2
Brunswick.....	13,404	13,262	12,518	+ 1	+ 7
Columbus.....	32,696	33,174	36,296	- 1	- 10
Elberton.....	1,875	1,855	1,581	+ 1	+ 19
Macon.....	37,920	39,542	38,926	- 4	- 3
Newnan.....	4,318	4,799	5,089	- 10	- 15
Savannah.....	76,410	81,410	78,702	- 6	- 3
Valdosta.....	5,924	5,571	5,023	+ 6	+ 18
LOUISIANA					
Baton Rouge.....	38,546	39,580	42,001	- 3	- 8
Lake Charles.....	22,805	24,263	19,795	- 6	+ 15
New Orleans.....	386,257	433,753	371,479	- 11	+ 4
MISSISSIPPI					
Hattiesburg.....	12,091	12,900	13,350	- 6	- 9
Jackson.....	52,148	57,571	44,245	- 9	+ 18
Meridian.....	14,838	15,643	16,594	- 5	- 11
Vicksburg.....	17,027	20,523	20,963	- 17	- 19
TENNESSEE					
Chattanooga.....	77,016	83,556	85,187	- 8	- 10
Knoxville.....	94,926	100,000	54,725	- 5	+ 73
Nashville.....	154,848	168,027	166,501	- 8	- 7
SIXTH DISTRICT					
32 Cities.....	2,287,860	2,522,042	2,256,032	- 9	+ 1
UNITED STATES					
334 Cities.....	66,700,000	76,089,000	73,661,000	- 12	- 9

* Not included in totals

Fruit: Weather conditions in May were favorable over most of the District, but at the end of April, farming activity was reported to be from two to four weeks late because of the excessive rainfall in March and April.

Total fruit production in the United States this season is expected to be larger than average and considerably larger than the short crop of 1943. Peach production in the 10 "early" Southern States is forecast by the Department of Agriculture at 13.9 million bushels, a crop more than two and one-half times as great as the very short crop of 1943. Five of these "early" states are situated wholly or partly in the Sixth District, and production estimates for these five states, based on May 1 conditions, indicate a crop of slightly more than six million bushels this year. This would be a little more than double the small 1943 crop in these states but only about two thirds of the production two years ago.

The Georgia crop, by far the largest in this District, has been severely damaged, especially in the central part of the state, and, though estimated to be more than twice the short 1943 crop, is probably not more than half a normal crop. The crop in Louisiana and Florida is also expected to be double that of last year. The estimates for Louisiana and Florida are slightly above production of 1942. In Alabama and Mississippi, prospects are for sizable increases over last year but for smaller crops than were produced two years ago.

Estimates of citrus fruits in Florida, as of May 1, are larger by 3.5 million boxes, for oranges and for grapefruit, than earlier predictions and indicate another record production. Indications are that there will be a total of 45 million boxes of oranges and 28.5 million boxes of grapefruit from the 1943 bloom. The set of the new citrus crop appears to be good. The general condition of the groves is excellent and prospects appear favorable for the 1944-45 crop.

Truck Crops: Progress of commercial truck crops for spring harvest was retarded in April by excessive rainfall, low temperatures, and frosts over most of the District. Planting was delayed, growth was retarded, and yields of some crops were reduced. In Mobile and Baldwin Counties, Alabama, rainfall in the latter half of April was in excess of 12 inches, and farm work was practically at a standstill. All Alabama truck crops were damaged. Early plantings of watermelons were, in some cases, completely wiped out. Some of the acreage has been replanted, but growth has been retarded. The same is true of early Irish potatoes, and, to some extent, of cucumbers, cabbage, and snap beans. In the North Alabama area, strawberries are in good condition and harvest began early in May. The crop in Central Alabama has been damaged but is still in fair condition.

In Florida, April frosts did considerable damage to spring snap beans in all sections. Some loss of acreage occurred, but the principal damage will show up in reduced yields. A good crop of lima beans is being harvested in the Lake Okeechobee section, the main source of supply at this time. Cabbage shipments declined in May. Growing conditions have not been favorable for spring celery and yield prospects are lower than they were earlier expected to be. Spring cucumbers were damaged by frosts. In some sections production will be reduced 50 to 75 per cent from earlier expectations. A heavy loss of celery acreage resulted from the excessive rains. The Hastings potato crop suffered practically

no damage from the April frosts, but the heavy rains did extensive damage. Prior to the rains, prospects were for a record crop in this section. Blight followed the rains and reduced the growing season by two to three weeks.

Cutting of asparagus in Georgia was practically finished in April, and the yield was above that of last year, but most other crops suffered greatly from adverse weather. The condition of snap beans is about 50 per cent of normal. The planted acreage of lima beans has very poor stands, while most growers had not been able to plant by mid-May. A considerable amount of the cabbage acreage in South Georgia was abandoned because of weather damage. In that part of the state, production is not expected to reach that of last season, although there was a sizable increase in the planted acreage. Planting of early cucumbers is from two to four weeks late, and on May 1 most of the acreage was yet to be planted.

Most of the Georgia lettuce crop has been shipped. English peas have turned out very poorly, a large percentage of the acreage having been destroyed by the flooding rains and frosts. Tomatoes, especially those planted in low places, have been considerably damaged. The tremendous increase in watermelon acreage expected early in the season has not been realized because many farmers were never able to plant on account of wet fields and others plowed up acreage because of insufficient stands. The condition is reported as not more than 50 per cent of normal. Most of the Georgia cantaloupes are yet to be planted.

In Louisiana, shipments of snap beans began in the last week of April. Carlot movement was expected to become general about the middle of May. Only fair yields are in prospect. The cabbage movement is about over, with yields disappointingly low in some areas. Cucumbers are in fair condition but growth is retarded. Light movement of Irish potatoes was under way late in April and the heavy movement was expected about May 15. Digging was delayed in southern areas and much blight is reported. Pepper plants are in good condition in the heaviest producing areas but in only fair condition in other localities.

Onions are late but in fair to good condition. Tomatoes are later than usual and are in only fair condition. Watermelons are in fair condition but two to four weeks late. Weather conditions have drastically reduced strawberry prospects. Large numbers of berries are rotting before they ripen. Harvest was estimated to be about two thirds complete on May 1, and final production is now indicated to be considerably less than had been expected and slightly less than the low production in 1943.

Mississippi snap beans are late because of the necessity for much replanting and poor germination caused by wet soil. Prospective yields of cabbage are below average. The April frosts and wet soil retarded the progress of the potato crop. Tomatoes were also damaged by the frosts, and considerable replacements of plants were necessary. A moderate increase in acreage is reported. The watermelon acreage is expected to be increased considerably this year but planting conditions have been unfavorable.

Many fields of Tennessee cabbage were flooded in April, needed cultivation was prevented, and little progress was made. First shipments were expected the last week in May.

D. E. MONCRIEF.

Sixth District Statistics

INSTALMENT CASH LOANS			
Lender	Number Reporting	Per Cent Change March 1944 to April 1944	
		Volume	Outstandings
Federal Credit Unions.....	45	- 30	- 3
State Credit Unions.....	26	- 43	- 6
Industrial Banking Companies.....	44	- 13	+ 0
Personal Finance Companies.....	51	- 17	- 0
Commercial Banks.....	34	- 11	+ 1

RETAIL FURNITURE STORE OPERATIONS			
Item	Number of Stores	Per Cent Change April 1944 from	
		March 1944	April 1943
Total Sales.....	109	+ 4	- 2
Cash Sales.....	95	+ 5	+ 11
Instalment and Other Credit Sales.....	95	+ 3	- 1
Accounts Receivable, end of month.....	106	- 0	- 22
Collections during month.....	106	- 2	- 12
Inventories, end of month.....	86	- 1	- 39

SALES OF UNITED STATES SAVINGS BONDS			
April 24, 1944 - May 23, 1944, at Issue Price (In Thousands of Dollars)			
Area	Series E	Series F and G	Total
DISTRICT.....	33,988	6,573	40,561
Alabama.....	6,802	876	7,678
Florida.....	7,678	1,897	9,575
Georgia.....	7,441	1,505	8,946
Louisiana*.....	6,188	1,119	7,307
Mississippi*.....	2,308	329	2,637
Tennessee*.....	3,571	847	4,418

* These figures apply only to that part of the state lying within the Sixth Federal Reserve District. Tennessee figures do not include Post Office sales.

CONDITION OF 20 MEMBER BANKS IN SELECTED CITIES					
(In Thousands of Dollars)					
Item	May 17, 1944	Apr. 19, 1944	May 19, 1943	Per Cent Change May 17, 1944, from	
				April 19, 1944	May 19, 1943
Loans and Investments—					
Total.....	1,522,055	1,531,175	1,407,815	- 1	+ 8
Loans—Total.....	294,896	302,888	301,898	- 3	+ 2
Commercial, industrial and agricultural loans.....	172,750	181,936	175,453	- 5	- 2
Loans to brokers and dealers in securities.....	5,826	6,335	5,920	- 8	- 2
Other loans for purchasing and carrying securities.....	23,398	23,812	11,789	- 2	+ 98
Real estate loans.....	26,748	27,505	25,343	- 3	+ 6
Loans to banks.....	724	2,403	458	- 70	+ 58
Other loans.....	65,450	60,897	77,639	+ 7	- 16
Investments—Total.....	1,227,159	1,228,287	1,105,917	+ 0	+ 11
U. S. direct obligations.....	1,092,329	1,093,007	943,024	- 0	+ 16
Obligations guaranteed by U. S.....	25,358	25,420	50,631	- 0	- 50
Other securities.....	109,472	109,860	112,262	- 0	- 2
Reserve with F. R. Bank.....	297,433	296,727	258,270	+ 0	+ 15
Cash in vault.....	25,143	25,444	24,052	- 1	+ 5
Balances with domestic banks.....	160,432	157,828	209,043	+ 2	- 23
Demand deposits—adjusted.....	1,073,049	1,032,354	885,997	+ 4	+ 21
Time deposits.....	273,078	264,697	218,174	+ 3	+ 25
U. S. Gov't deposits.....	136,277	184,020	230,474	- 26	- 41
Deposits of domestic banks.....	427,049	434,262	482,719	- 2	- 12
Borrowings.....	200	.....	.....	.....	.....

The National Business Situation

INDUSTRIAL production and employment at factories and mines declined somewhat further in April, reflecting principally reduction in output of metal industries. The number of industrial wage-earners was about 6 per cent or 800,000 less than in November 1943.

Industrial production: The Board's seasonally adjusted index of output in manufacturing and mining industries was at 240 per cent of the 1935-39 average in April, as compared with 242 in March and 245 in February.

Small declines in output of metals and metal products continued to account for most of the decrease in industrial production. Electric steel production decreased further in April to a level 5 per cent below the same month last year. Production of most nonferrous metals declined, reflecting partly planned curtailments and partly the effects of labor shortages in mines and smelters. A further curtailment of aluminum production was announced in May. Activity at plants producing munitions in the machinery and transportation equipment industries declined somewhat in April. Production under the farm machinery program continued to increase and was reported at a rate above the highest volume recorded in any peacetime year.

Mineral production was maintained in large volume in April. Production of both bituminous and anthracite coal for the year through May 6 was approximately 5 per cent more than in the same period in 1943.

Distribution: Department store sales declined in April and, after allowance for usual seasonal changes, were about 10 per cent below the high level which prevailed in the first quarter of this year. In the first half of May sales were maintained and were considerably larger than in the corresponding period of 1943.

Carloadings of railroad freight in April and the first half of May were maintained in large volume. Grain shipments continued to decline from the exceptionally high levels of January and February. Ore loadings increased sharply in April and were 60 per cent greater than a year ago.

Commodity prices: Wholesale prices of most commodities showed little change from the middle of April to the third

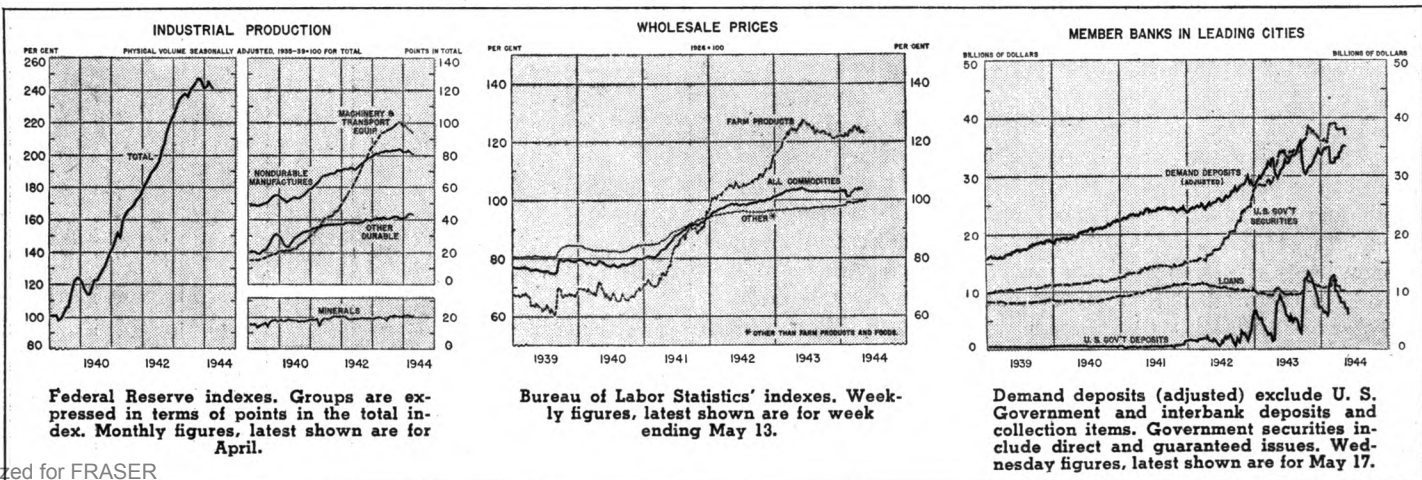
week of May. Prices of farm products and foods were slightly lower, while maximum prices of some industrial commodities were raised.

The cost of living index advanced one-half per cent from mid-March to mid-April, reflecting higher retail prices for foods and furniture and increased excise taxes effective April 1.

Bank credit: From the end of the Fourth War Loan Drive in the second week of February through the middle of May, demand deposits of individuals and businesses at weekly reporting banks increased by about 3 billion dollars. Time deposits also increased appreciably. During the same period war loan accounts at reporting banks declined by more than 6.5 billion dollars. Holdings of U. S. Government securities by these banks declined by about 2 billion dollars and loans contracted by more than 1.5 billion dollars. A large part of the loan decline was the liquidation of credits extended during the war loan drive. Loans to brokers and dealers are now less than they were before the Fourth War Loan Drive and loans to others for purchasing and carrying U. S. Government securities are down to about predrive levels. During the same period commercial loans also declined rapidly.

Sales of U. S. Government securities by commercial banks were paralleled by equivalent purchases by the Federal Reserve System. System holdings are now about 2.5 billion dollars larger than they were at the end of the Fourth War Loan Drive. These purchases were made to supply member banks with reserve funds needed to meet a continued increase in currency and the growth in required reserves which resulted from shifts of deposits from Treasury war-loan accounts to other accounts. Some of these needs have been met by a decline in excess reserves. Sharp declines in excess reserves at the end of March and April were associated with unexpectedly large tax receipts and the building up of Treasury balances at Reserve Banks. Currency in circulation, which increased somewhat less rapidly during the first quarter of 1944 than in the same period last year, renewed its rapid outflow late in April and during early May. In the four weeks ending May 17 the currency outflow was over 500 million dollars.

(This page was written by the staff of the Board of Governors of the Federal Reserve System)



Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for April.

Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending May 13.

Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for May 17.