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The Cotton Textile Situation Becomes Urgent

THE cotton textile shortage situation, instead of improving with the end of the war in Europe, has become rapidly worse, and no alleviation is immediately in sight. The industry is facing a vastly increased and constantly growing demand for its products and at the same time has experienced a reduction in manufacturing facilities and in available manpower. The two factors of increased demand and decreased supply have placed the industry in a position of urgency that has no parallel in recent textile history.

Increased demand for cotton textiles is a compound of military, export, and domestic needs. These needs for the third quarter of the current year will be in fact approximately 50 per cent in excess of current output. Military needs, of course, rank first in urgency. The redeployment of troops for war in the Pacific has brought with it increased needs for cotton broad-woven goods not only because lighter-weight clothing is necessary in the Pacific but also because of greater wear and tear on cloth in the jungle fighting that characterizes the Pacific war operations. In fact, needs are currently almost as large as they were three months ago when the nation was carrying on a two-front war.

The urgency of textile needs is illustrated by the items now on the National Production Urgency List. Just prior to the end of the war in Europe the only textile items on the list were tire cord, cotton duck, and duck substitutes. A few days after V-E Day the list was amended to include virtually the entire textile output except fabrics for such items as floor coverings, draperies, and miscellaneous luxury and semi-luxury articles.

To some extent purchases by the armed services represent overbuying, for it is probable that not all of the reserve stocks are needed in their present or planned quantities in order to assure adequate supplies' arriving at the points where they are needed. As a matter of fact, orders of the armed forces for the first half of this year were in the aggregate as large as the orders for the entire year of 1944. In recognition of possible overbuying, both the Army and Navy have recently accepted in their third-quarter allotments fairly sizable reductions below their original requests.

The proportion of cotton textiles going to the armed services cannot be determined exactly. During the early part of 1944 this proportion was probably about 25 per cent of the total available supply. By the second quarter of this year this share had gone up probably to about one third. At all events, the demands of the armed services must come ahead of all other demands. To the extent that the services accumulate more than they need, of course, the problem of disposing of surpluses will complicate the postwar position, but this is a

problem that does not necessarily have to be met at the moment.

Export demands are substantial and have actually increased during the war. Exports accounted for between 4 and 5 per cent of total output in peacetime, but currently they are running between 7 and 8 per cent. Shipments are being sent abroad both for the relief of civilians in formerly occupied countries and for bartering purposes, especially in the Philippines and other Pacific islands. These shipments, however, do not yet bulk large in the over-all demand position.

The share of cotton broad-woven goods available for civilians gives every indication of dropping to about 60 per cent of the supply available. This drop means that the civilian economy will have only about 70 per cent of the cotton goods afforded it in 1939.

In spite of the increased demand for textile products, total production has turned downward during the past two years. A substantial expansion in production was achieved in the earlier years of the war, but the high point was reached in 1943. The course of cotton-goods production in these years may be traced in terms of millions of bales of raw-cotton consumption. In 1939 such consumption was 7.4; in 1940, 8.1; in 1941, 10.6; in 1942, 11.4; in 1943, 11.6; in 1944, 9.7; and for the first six months of this year 4.9. The trend in production is also revealed by figures on output of cotton broad-woven goods. Such production in 1939 amounted to 8.3 billion linear yards against 10.6 billion in 1943, 9.5 billion in 1944, and 4.8 billion in the first six months of this year.

The inability of the industry to keep pace with increasing demands is partly accounted for by a decline in cotton spindles in place. At the end of July 1939 the country as a whole had 25.3 million spindles against 23.1 millions on June 30 of this year. The two most important Sixth District cotton-manufacturing states, Alabama and Georgia, participated somewhat in this decline. Alabama's spindles for the two dates declined from 1,810,720 to 1,805,192, and Georgia's declined from 3,234,256 to 3,075,524. On June 30 of this year Tennessee had 532,512 spindles, and Mississippi had 132,720.

A decline in cotton spindles of 8.4 per cent was experienced during the six-year period from 1939 to 1945. The decline was only 3.7 per cent for the cotton-growing states, compared with a decline of 20.3 per cent for all other states.

No entirely satisfactory figures are available for showing the trend in the number of looms. The 1939 census of manufactures reported a total of 452,949 looms, excluding narrow looms, in place. This figure included 6,231 looms operated by cotton-textile mills on rayon and silk and 10,251 cotton looms

operated by rayon and silk mills. In the final quarter of 1944 *Facts for Industry*, a joint publication of the War Production Board and the Department of Commerce, reported a total of 426,258 other than narrow looms in place. This figure is said to include machinery operated by cotton mills and machinery producing cotton fabrics in rayon mills. Assuming that the numbers of looms thus reported for the two years are comparable, an assumption that probably is not precisely true, a decline of some 6 per cent in the number of looms is indicated for the five years from 1939 to the end of 1944.

Generally speaking, lack of machinery has not hindered increased production, although many individual mills have had situations in which more machinery, including repair parts, would have helped production. The need for repair parts is especially important because of the high operating rate over a period of several years. To help in meeting such needs textile-machinery manufacturers who formerly operated with priority ratings of AA-2 and AA-3 were on June 23 of this year given a rating of AA-1 to be used on all production materials as well as for repair parts and operating supplies.

Lack of Production Balance

Another factor in the failure of cotton mills to meet demands placed upon them is the current lack of production balance within individual mills. Military needs and the more essential civilian needs are concentrated in the heavier types of fabrics. The average weight of a yard of fabric, therefore, is greater now than was true during prewar production. Concentration on heavier fabrics means a greater need for yarn capacity than for finished-cloth capacity. Then, too, as the needs of war have changed, corresponding changes in the relative urgency for textile fabrics have been made. The War Production Board has met this situation, in part, by directing individual mills to shift from one type of fabric to another. Even so, a recent study of 105 mills in the Southeast revealed that 63 were out of balance, with points of pressure developing in the carding and spinning departments. These pressures have been brought about largely through the use of yarns heavier than those for which the mills were originally designed. One mill, for example, that produced 1,500,000 yards of fabric a month, formerly had a surplus of some 400,000 pounds of yarn a month. Now producing a heavier fabric, with all looms in operation, the mill has a shortage of 175,000 pounds of yarn a month.

The largest single factor in the inability of the textile industry to meet demands upon it is the shortage of manpower that the industry is experiencing. Of great significance at the moment is the extent to which employment in the industry has dropped below the peak point reached in November 1942. Employment figures derived from unemployment-compensation reports covering the states of Alabama, Georgia, Mississippi, the Carolinas, and Tennessee indicate that early in 1939 employment in Southeastern textile mills averaged somewhere between 450,000 and 460,000. Later in 1939, with the beginning of the war in Europe, such employment rose rapidly and reached about 500,000 in November. Then followed the downturn to about 466,000 in June 1940. From that point the inception of the defense program brought sharp increases in Southeastern textile employment, and by November 1942 some 593,000 textile workers were employed. Such employment remained approximately at this level

through June 1943, but since that time it has declined almost without interruption until June of this year.

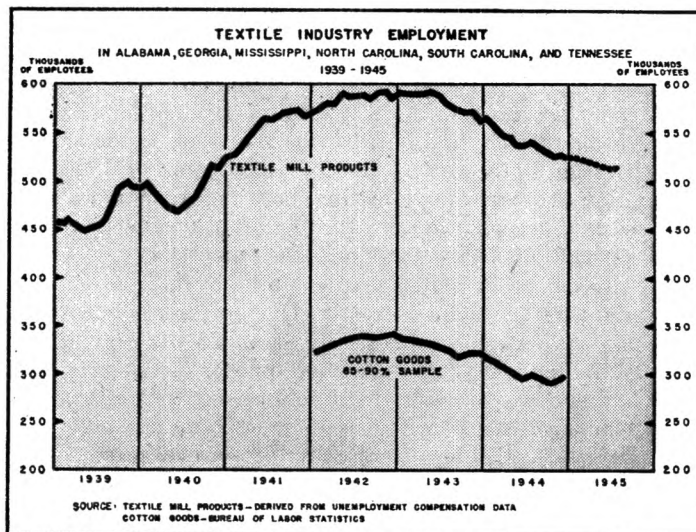
Employment Decline

Employment in the textile-mill products group of industries in the Southeastern states probably declined to roughly 515,000 by June 1 of this year. During June, however, according to War Manpower Commission data, mills accounting for about 45 per cent of the region's total textile employment had an increase of 2,500 employees. If the industry as a whole actually did have an increase for the month, it would be the first monthly increase in almost a year. Furthermore, it probably reflects the special manpower treatment given in the textile industry as a result of the industry's being placed, almost in its entirety, on the National Production Urgency List in mid-May of this year.

Be that as it may, War Manpower Commission surveys of a number of textile mills accounting for almost 70 per cent of employment in the Southeastern textile-mill products group show that during the next 30 days the mills wanted about 30,000 more employees than they had on June 1 of this year. If the remaining mills wanted employees in the same proportion, a total desire for between 40,000 and 45,000 more employees would be indicated.

Cutbacks in war production with the resulting displacement of workers can be expected to alleviate the textile manpower shortage to some extent. As yet, however, the gain in textile employment from this source is apparently of little consequence. In the Southeastern region a sizable drop has already taken place in shipyard employment. Such employment at present is probably about 75,000 below peak shipyard employment and probably between 45,000 and 50,000 below the number employed at the first of this year. The region also experienced a decline of about 8,000 in aircraft employment from January to June of this year. Similarly, a decline of about 10,000 has occurred in employment of explosives, ammunition loading, and miscellaneous ordnance plants in the same period.

Notwithstanding these decreases, however, textile employment also declined except for the very moderate upturn during June. According to reports of local office managers of the War Manpower Commission some war workers who were laid



off early in this year are beginning to show up at the textile mills. Apparently, however, such workers do not find 60 cents or 80 cents an hour very attractive when they have been receiving \$1 an hour in the strictly war-purpose plants.

The decline in cotton-textile employment has several causes. A minor one is related to housing conditions. Many mill villages have large portions of their housing facilities occupied by families of men who have gone away to the armed services or to more remunerative war jobs, and these houses are therefore not available for prospective workers from other areas. Selective service withdrawals have been another cause. They have accounted for an important part of the reduction in male employees in textile mills, and this reduction has been only partly offset by an increase in the number of female workers. Nationally, the percentage of women workers to total workers in the cotton-goods industries increased from 40 per cent in April 1942 to 47 per cent in December 1944.

Absenteeism, though not necessarily meaning a reduction in the total number of workers, has also been a factor in reducing the number of textile workers available at any one time. The rate of absenteeism is high, averaging between 10 and 12 per cent. Since the scheduled work week for labor in textile mills is generally 48 hours, this rate of absenteeism means that the effective work week is only about 43 hours.

Probably the most important single factor in the reduction in textile employment, however, has been the wage structure, and this in turn is related to price-control efforts. The textile industry is not a high-wage industry. Generally, however, higher rates are paid by mills in larger communities where there tends to be more competition with higher-paying industries and in tight labor areas where every employer has trouble getting workers. Some 95 per cent of the mills adopted the 55-cent hourly minimum in February of this year, but the increases have apparently not been large enough to have any great effect on the employment trend, though additions have been reported by some mills.

The problem of coping with the manifold difficulties that face the textile industry is one that involves effort as well as concessions on the part of Government, of management, and of labor.

Remedial Steps by Government

The Government war agencies either have already taken important steps to help alleviate the current textile stringency or are in position to take them. The War Production Board determined upon an increase in textile output of from 15 to 20 per cent for the latter half of the current year. Robert West, a prominent textile-mill executive, has been brought into the board as special assistant to Chairman J. A. Krug and has been placed in charge of the special drive. In the Southeastern region the War Production Board has assembled a group of six textile specialists to keep in close contact with the mills, to analyze their problems, and to help them dispose of difficulties as they arise. The board has also recently worked with selective service officials to help the mills obtain deferments on key employees. Greater decentralization of Government-agency authority would probably be helpful in the matter of correcting unbalanced production conditions that arise from War Production Board directives and from efforts at price control. Re-establishment of the system of Federal aid on day nurseries would help in retaining women employees.

More flexibility by the War Manpower Commission with respect to permitting gate-hiring and a greater emphasis on Government-sponsored training-within-industry programs would also help. Moreover, the elimination or curtailment of interregional recruitment of labor in areas predominately textile would be of assistance. Above all, the mill operators believe that the raising of ceiling prices would assist them to take advantage of permissive wage increases.

Perhaps the most obvious single step toward helping to solve the textile manpower situation would actually be that of permitting textile wages to rise to a level competitive with those of present high-wage industries. Such a step, however, would involve a sharp rise in wages that in turn would be reflected in an increase in textile prices, and thus the whole problem of price control would be involved.

As a part of Government action, the armed services are in a position to help by reducing or modifying their requirements. No doubt some excess purchasing has been permitted, so that a careful revision of orders for the services should free some supplies for urgent civilian demands. Moreover, a liberalization of specification and inspection policies on the part of the armed services would be of some assistance in the present emergency. Specifications that differ slightly from those of normal peacetime products oftentimes require the use of machinery for which the plant was not designed and thus may throw the various departments out of balance with each other.

Remedial Steps by Management and Labor

Textile-mill owners and managers have ways open to them for increasing production. Since the most important hindrance to increased production is the shortage of manpower the main steps that management can take to increase production relate to improving conditions in such a way that textile-mill work will be more attractive to workers. Some of the more alert mills are taking such steps, including the provision of in-plant feeding facilities, the maintenance of day nurseries at their own expense after cessation of the Federal program, the building of additional houses and community facilities for workers, the improvement of sanitary facilities, and the furnishing of free transportation to mills from outlying areas. Some operators, too, are promoting within-the-plant training programs in order to qualify new workers for some of the skills in which manpower is particularly lacking.

Textile workers as a group are also in a position to assume responsibility for increased production. Perhaps the most effective steps that workers could take to improve production would be to accept longer hours and to reduce sharply the rate of absenteeism. The scheduled work week for labor in textile mills is now generally 48 hours, the War Manpower Commission having established on May 14, 1944, this schedule as a minimum. Actual average weekly hours, however, have run well below the scheduled hours. According to Bureau of Labor Statistics data for cotton-goods manufactures in Southern states, the weekly hours of work averaged 40.6 in 1942, and 41.1 in 1943. By the fourth quarter of 1944 the work week had risen to an average of 42.3, with the peak of 42.8 hours being reached in December 1944. The failure to reach the scheduled 48-hour week is largely a result of the high absenteeism rate.

Both mill operators and the representatives of labor apparently agree that seven-day-a-week operations would not be

effective except possibly for short periods. When supplies of tire cord were in a critical state, for example, some mills tried a seven-day week, and although such action brought some increase in production the schedule was pursued for only a relatively short period, for increasing absenteeism and loss of efficiency began to appear. A very small number of mills have attempted working a 50-hour week consisting of five 10-hour days. This action probably represents a sensible approach to the problem. Though it adds two hours to the work week, it does afford a full day off on Saturdays, and this day off probably tends to reduce absenteeism. In most mills where this method has been tried, some increase in output has resulted.

The reduction in the rate of absenteeism offers, perhaps, one of the most immediate methods of increasing production. If absenteeism could be reduced, say, from 10 per cent to 4 per cent, the effective work week would rise from 43 hours to 46 hours. This would mean an increase of about 7 per cent in total man hours without the employment of additional workers. For the Southeastern cotton-goods group alone, this increase would be the equivalent of adding between 20,000 and 25,000 workers.

Time increase in production could be brought about by a more intensive use of equipment, provided workers and supervisors were available. This step would involve the general adoption of a three-shift day. Figures on the machinery active in cotton broad-woven goods and cotton and spun-rayon sale yarn industries as of December 30, 1944, indicate to some extent the gain to be derived from the adoption of a third shift. The number of machines active as a percentage of the number in place for the first shift was 97 for carding machines, 94 for combing machines, 94 for spinning spindles, 88 for twisting spindles, and 93 for looms. Corresponding percentages for the second shift ranged between the 81 per cent for twisting spindles and the 91 per cent for carding machines. For the third shift, in contrast, the percentages ranged between 24 per cent for looms and 54 per cent for carding machines.

Though some gain from the adoption of a third shift is thus indicated, the actual gain would probably not be substantial enough to ease materially the textile-shortage situation. The third or graveyard shift is notoriously lacking in favor with workers, and its general adoption probably would substantially raise the rate of absenteeism.

From a practical point of view, in summary, no single action can be taken that would improve the cotton-textile situation overnight. Instead of achieving improvement by a single action, improvement must come from a whole series of actions and even then only gradually. Among the more important actions that would lead to improvement in the situation are a modification in demands by the armed services; a lengthening of the effective work week either by an actual increase in the hours or by a reduction in absenteeism; a modification by the War Manpower Commission of existing regulations that would permit gate-hiring and eliminate inter-regional recruitment of labor in textile areas; the delegation by the War Production Board to its field offices of authority to make adjustments in directives that are causing undue disturbance in mill balance; and publicity of the type that would create a greater awareness of the textile situation, its problems and importance, in the minds of the employers, and employees, and the public.

Additions to Par List

ANNOUNCEMENTS of thirteen additions to the Federal Reserve Par List for the Sixth District were made by the Federal Reserve Bank of Atlanta during the early part of July. These additions either became effective immediately or were to become effective on August 1. They will be reflected in the August 1945 supplement to the Federal Reserve Par List.

Seven of the new Par List banks are located in Tennessee: The Bank of Ardmore, the Farmers and Merchants Bank of Bethpage, the Church Hill branch of the Citizens Union Bank of Rogersville, the Bank of Kingston Springs, the Jackson County Bank, the Marion Trust and Banking Company, and the Peoples Bank of Kelso. These banks will remit at par for checks drawn against them and routed for collection through the Nashville Branch of the Federal Reserve Bank of Atlanta.

Two of the banks are in Florida: the Bank of Melbourne and the Sarasota State Bank. The checks of these banks will be handled by the Jacksonville Branch.

Two of the banks are in Georgia: The Bank of Dalton and the Cobb Exchange Bank, Marietta, Georgia. The Atlanta office of the Federal Reserve Bank of Atlanta will handle the checks of these banks.

Alabama is represented by the Farmers and Merchants Bank of Elkmont, and Mississippi is represented by The Bank of Yazoo City. Checks of the Alabama bank will be handled by the Birmingham Branch, and those of The Bank of Yazoo City by the New Orleans Branch.

The Bank of Ardmore

The Bank of Ardmore, Ardmore, Tennessee, was founded in 1918. It has capital of \$15,000, surplus and profits of \$16,000, and deposits of \$774,000. C. H. Austin is president, Thorn Jones is vice president, J. T. Brown is cashier, and Trudie Jones is assistant cashier. The bank's directors are C. H. Austin, E. Whitt, H. B. White, J. E. Parker, T. Jones, J. T. Brown, and F. Magnusson.

Ardmore is in Giles County on the Georgia-Tennessee line. It has a population of 500 and is just 18 miles north of Athens, Alabama.

Farmers and Merchants Bank of Bethpage

The Farmers and Merchants Bank of Bethpage, Bethpage, Tennessee, was organized in 1910. On December 30, 1944, the bank had capital of \$10,000, surplus and profits of \$11,000, and total deposits of \$249,000.

Officers of the bank are Charles A. Hinton, president; C. R. Williams, vice president; R. M. Crowder, cashier; and Mabel W. Williams, assistant cashier. Its directors are C. R. Williams, C. A. Hinton, C. D. Key, E. L. Duke, R. M. Crowder, Hub Perdue, C. B. Hinton, and R. H. Pitchford.

Bethpage, with a population of 360, is in Sumner County northeast of Nashville and is about 13 miles from the Kentucky line. The town is in the center of a prosperous farming community devoted primarily to livestock raising.

Church Hill Branch of Citizens Union Bank of Rogersville

The Citizens Union Bank of Rogersville, which was incorporated in 1933, grew out of a merger between the Citizens Bank of Rogersville and the Hawkins County Bank, also located at Rogersville, Tennessee. The Citizen Bank of Rogers-

ville had been incorporated in March 1887, and the Hawkins County Bank in 1899. On April 6, 1928, the Citizens Bank of Rogersville opened a branch in the old Church Hill Bank Building, which it had previously purchased with fixtures intact. At the time of the merger the branch at Church Hill, which is also in Hawkins County and is 20 miles east of Rogersville, assumed the parent bank's new name.

The Citizens Union Bank of Rogersville on June 30 of this year had capital stock of \$175,000, surplus and undivided profits of \$73,000, reserves of \$70,000, and deposits of almost \$7,000,000. Thomas P. Summers is president of the bank, and F. L. Gardner is vice president and cashier. Rod Armstrong and J. O. Phillips are vice presidents, and Sturm W. Cope and Kate Watterson are assistant cashiers. Its directors are George L. Berry, chairman, and Rod Armstrong, W. K. Armstrong, F. L. Gardner, W. B. Hale, Sam P. Miller, J. O. Phillips, and Thomas P. Summers.

Both Rogersville and Church Hill are in Hawkins County, which in turn is in the northeastern part of Tennessee and lies along the Virginia border. Church Hill in 1940 had a population of 700, and Rogersville had a population of 2,018. Both towns are in the fertile Holston River Valley. The commercial life of the two towns is largely based upon livestock raising and tobacco growing, which constitute the principal activity of the region.

Jackson County Bank

The Jackson County Bank, Gainesboro, Tennessee, has capital of \$50,000, surplus and profits of \$59,000, and deposits of more than \$2,500,000. J. B. Birdwell is president; L. C. Quarles is vice president; and J. S. Dudney is cashier. Directors are J. B. Birdwell, J. S. Dudney, L. C. Quarles, A. H. Willoughby, J. R. McCain, S. W. Williams, Paul Birdwell, and Frank Fox.

Gainesboro is the seat of Jackson County. In 1940 it had a population of nearly 700. It is situated on the Cumberland River about 90 miles east and north of Nashville. It is a farmers' trading center. For a short time Cordell Hull maintained a law office in the town.

The Bank of Kingston Springs

The Bank of Kingston Springs was organized in 1910. It has a capital of \$20,000, surplus and profits of \$9,000, and total deposits of somewhat more than \$250,000.

The bank's officers are E. M. Page, president; J. R. Hickman, vice president; E. E. Page, vice president. F. G. Dunn, cashier; and Nana Whited, assistant cashier. Its directors are J. R. Hickman, F. G. Dunn, W. A. Mays, E. M. Page, Wilton Rust, I. F. Robertson, W. K. Hannah, and E. E. Page.

Kingston Springs is in Cheatham County about 25 miles southwest of Nashville. The town is a summer resort, and its red, black, and white sulphur springs have attracted summer visitors for more than a hundred years.

Marion Trust and Banking Co.

The Marion Trust and Banking Company, Jasper, Tennessee, was organized in 1904. It has capital of \$25,000, surplus and profits of \$27,000, and deposits of about \$1,000,000. Officers are A. A. Cook, president; Alan S. Kelly, vice president; D. M. Hall, cashier; and M. M. Hall, assistant cashier. Directors are A. A. Cook, Tom C. Kelly, A. A. Kelly, D. M. Hall, and A. S. Kelly.

Jasper is the seat of Marion County. It is in the Sequatchie

Sixth District Indexes

DEPARTMENT STORE SALES*						
	Adjusted**			Unadjusted		
	June 1945	May 1945	June 1944	June 1945	May 1945	June 1944
DISTRICT.....	277	243	237	233	238r	199
Atlanta.....	292	257	230	254	261	199
Baton Rouge.....	295	243	245	254	262	211
Birmingham.....	260	235	218	233	231	195
Chattanooga.....	258	250	209	246	257	200
Jackson.....	239	222	205	222	231	190
Jacksonville.....	335	295	303	297	305	268
Knoxville.....	317	287	265	285	279	239
Macon.....	244	213	211	219	222	190
Miami.....	301	260	229	205	213	156
Montgomery.....	268	226	225	232	233	195
Nashville.....	291	242	232	262	260	209
New Orleans.....	214	213	211	193	208	191
Tampa.....	322	293	285	281	283	249

DEPARTMENT STORE STOCKS						
	Adjusted**			Unadjusted		
	June 1945	May 1945	June 1944	June 1945	May 1945	June 1944
DISTRICT.....	347	205	190	318	199	192
Atlanta.....	347	309	279	318	314	255
Birmingham.....	155	160	188	146	164	176
Montgomery.....	257	214	247	234	217	225
Nashville.....	343	304	304	320	308	283
New Orleans.....	125	115	162	117	119	151

	COTTON CONSUMPTION*			COAL PRODUCTION*		
	June 1945	May 1945	June 1944	June 1945	May 1945	June 1944
TOTAL.....	151	152	151	163	168	169
Alabama.....	160	158	160	177	179	177
Georgia.....	148	150	148	133	139	152
Tennessee.....	130	137	130	133	139	152

CONSTRUCTION CONTRACTS			
	June 1945	May 1945	June 1944
DISTRICT.....	147	103r	92
Residential.....	40	115r	43
Others.....	199	97r	116
Alabama.....	94	136	66
Florida.....	251	128	141
Georgia.....	169	115	123
Louisiana.....	24	28	61
Mississippi.....	188	43	50
Tennessee.....	106	107	54

	MANUFACTURING EMPLOYMENT***			GASOLINE TAX COLLECTIONS		
	May 1945	Apr. 1945	May 1944	June 1945	May 1945	June 1944
SIX STATES.....	139	143	156	111	105	102
Alabama.....	169	172r	184	116	109	108
Florida.....	128	140r	174	100	96	90
Georgia.....	131	134r	144	108	98	94
Louisiana.....	143	150r	168	107	104	101
Mississippi.....	128	131r	142	122	93	92
Tennessee.....	127	130	135	123	131	131

COST OF LIVING				ELECTRIC POWER PRODUCTION*			
	May 1945	Apr. 1945	May 1944		May 1945	Apr. 1945	May 1944
ALL ITEMS.....	132	132	129	SIX STATES.....	276	275	259
Food.....	145	144	142	Hydro-generated.....	270	257r	232
Clothing.....	141	141	136	Fuel-generated.....	282	297	215
Rent.....	114	114	114	ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS			
Fuel, electricity, and ice.....	110	109	109		June 1945	May 1945	June 1944
Home furnishings.....	142	141	137	Unadjusted.....	16.7	13.7	18.4
Miscellaneous.....	129	129	125	Adjusted**.....	17.2	14.7	19.0
CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*				Index**.....	66.7	56.9	73.4
	June 1945	May 1945	June 1944	*Daily average basis			
Unadjusted.....	209	210	198	**Adjusted for seasonal variation			
Adjusted**.....	210	213	199	***1939 monthly average = 100; other indexes, 1935-39 = 100			
				r = Revised			

River Valley a few miles west of Chattanooga. The town in 1940 had a population of 1,250.

The Peoples Bank of Kelso

The Peoples Bank of Kelso, Kelso, Tennessee, was founded in 1911. Its capital is \$25,000, surplus and profits \$35,000, and its deposits are about \$1,000,000. R. D. Cowley is president; Thornton Taylor is vice president; M. D. Crabtree is cashier; and Margie Crabtree is assistant cashier. Directors are J. S. Hereford, M. D. Crabtree, Mrs. J. S. Hereford, Mrs. I. Simmons, and R. D. Cowley.

Kelso, a town of about 200 population, is in Lincoln County, which is on the Tennessee-Alabama line west of Chattanooga. Lincoln County has a flourishing dairy industry.

The Bank of Melbourne

The Bank of Melbourne, Melbourne, Florida, was organized on May 21, 1934. This bank has capital stock of \$50,000, surplus of \$43,000, undivided profits of \$20,000, and deposits of more than \$3,000,000.

Its officers are C. H. McNulty, president; George W. Barington, vice president and cashier; and Vera Allen, assistant cashier. The directors are George W. Barington, J. C. Davis, Harvey Huggins, C. H. McNulty, and Art Thornton.

Melbourne, with a 1940 population of 2,622, is an Indian River community on the Florida east coast and is in Brevard County. It is essentially a resort town, providing hunting, fishing, and golfing facilities.

The Sarasota State Bank

The Sarasota State Bank, Sarasota, Florida, was organized in 1939 by J. C. Cardwell and associates. On June 30 of this year the bank had capital of \$100,000, surplus and undivided profits of \$30,701, and deposits of \$5,587,000. The capital stock was increased from \$60,000 to \$100,000 by the declaration of a 66 $\frac{2}{3}$ per cent stock dividend announced at the end of June. The increase in capital stock was made, it was announced, in order to place the bank in an adequate position to take advantage of the postwar development of Sarasota and the surrounding territory.

Officers of the bank are A. L. Ellis, president; J. R. Peacock, vice president; Hampton A. Moore, cashier; and Brown Austin, vice president. Its directors are J. C. Cardwell, chairman, and A. L. Ellis, Brown Austin, T. J. Bell, George V. Booker, Gerald E. Ludwig, J. E. Moore, J. R. Peacock, Dr. G. C. Rankin, and J. J. Williams, Jr.

The Sarasota State Bank voluntarily began remitting at par on July 1 of this year. No formal announcement of this action, however, was made until July 23.

Sarasota, with a 1940 population of 11,141, is on the Florida west coast some 50 miles below Tampa. The business life of the town is based essentially upon tourist activities, but it is surrounded by rich farm lands devoted to celery and other winter vegetables and citrus fruits.

The Bank of Dalton

The Bank of Dalton, Dalton, Georgia, was organized and a charter granted it on December 26, 1911. It began operation on October 12, 1912. At the June 30 statement date of this year the bank had capital stock of \$50,000, surplus of \$50,000, reserves and undivided profits of \$18,700, and total deposits of \$2,195,144.

The officers of the bank are James J. Copeland, president; S. J. Head, vice president; Margaret Mauldin, cashier; and

Sybil Mauldin, assistant cashier. S. J. Head, W. M. Jones, J. B. McCarty, and J. J. Copeland are the directors.

Dalton is the county seat of Whitfield County. It is the center of the candlewick-bedsprad industry, but it has other important industries as well that make it second only to Rome, Georgia, as a manufacturing center for the northwestern part of the state.

The Cobb Exchange Bank

The Cobb Exchange Bank, Marietta, Georgia, was originally organized as the Lemon Banking Company. It first opened for business in Acworth, Georgia, on December 18, 1906. Thirty-five years later the charter was amended to provide for a change of name to the Cobb Exchange Bank, to increase the capital to \$50,000, and to change the place of business from Acworth to Marietta.

Under its changed name, the reorganized institution opened for business at Marietta, Georgia, on April 8, 1941. At that time, it had total deposits of \$100,000. The bank now has deposits of \$2,422,000 and surplus and undivided profits of \$40,000.

C. B. Golsan is president, P. G. Smith is vice president, W. C. Patterson is cashier, and Omer D. Kemp is assistant cashier. Directors of the bank are L. M. Awtrey, C. B. Golsan, F. C. Mills, W. C. Mitchell, Dan Y. Sage, H. O. Schilling, and P. G. Smith.

Marietta, the seat of Cobb County, is located about 20 miles north of Atlanta. The 1940 population of the city was only 8,667, but during the current war the city has grown very rapidly. Adjoining the city is the giant Bell Bomber Plant that currently employs 25,000 workers.

Farmers and Merchants Bank, Elmont, Alabama

The Farmers and Merchants Bank, Elmont, Alabama, was organized in 1923. On December 30, 1944, the bank had capital of \$15,000, surplus and profits of \$4,000, and total deposits of \$326,000.

G. R. Smith is president of the bank, W. D. Jones is vice president, and W. D. Jones, Jr., is cashier. David A. Smith, H. L. Morris, Jr., Carl Robison, G. R. Smith, C. V. Mayhall, and W. D. Jones are its directors.

Elmont, with a 1940 population of 185, is in Limestone County a few miles below the Tennessee border. Athens is the seat of government in the county.

The Bank of Yazoo City

The Bank of Yazoo City, Yazoo City, Mississippi, was founded in 1876. It was opened for business on April 15 of that year. The bank is still operating under its first charter, which is perpetual in character and was granted directly by the legislature.

At the close of business on June 30 of this year the bank had capital stock of \$100,000. Its surplus, reserves, and undivided profits were \$264,000, and its deposits, \$5,228,000.

P. C. Williams is president of the bank, J. H. Haverkamp and C. C. Swayze are vice presidents, W. B. Steinriede is cashier, and C. E. Summer is assistant cashier. The bank's directors are J. S. Wise, James A. McGraw, Allen Bridgforth, J. H. Haverkamp, P. C. Williams, A. R. Hegman, C. C. Swayze, and Marx Schaefer.

Yazoo City is situated about 43 miles north of Jackson. It is the seat of government of Yazoo County. In 1940 the city had a population of 7,258.

District Summary

THE outlook continues favorable for a high level of business activity in the District. Department stores and furniture stores continue to show gains in sales over corresponding periods of last year. Steel-mill activity in the District again is approaching normal, though coal production is off somewhat this year as compared with that of last year. The outlook for cotton production is less favorable than it has been in any year since 1941, but production of most other crops will be about the same as it was last year, or even better. Cash farm income within the District is well above that of last year, and the percentage increase is considerably higher than the increase in the nation as a whole.

Sales Activity

Department store sales in July, as they did to a very large extent in June, have failed to follow the usual seasonal tendency. In the first two weeks of July sales reported by more than thirty stores widely scattered over the Sixth District were at a rate slightly higher than the June rate and 20 per cent higher than the rate in the corresponding period a year ago. Usually daily average sales for July are lower than those for June. If the increase shown in these weekly reports is also true of the reports for the entire month that will be received from 85 stores, however, it means a rise of 1 per cent in the unadjusted index and a rise of 14 per cent in the index adjusted for seasonal influences.

In dollar amount, sales in June reported by the 85 stores declined 6 per cent from those in May. June was shorter than May by one business day, however, and the decrease in daily average sales was about 2 per cent. In comparison with activity in June 1944, District sales were up 17 per cent. At Augusta, where the gain was 31 per cent, sales in June showed the largest increase over those made in the same month last year. Atlanta followed with an increase of 27 per cent, Nashville came next with one of 26 per cent, and Miami was fourth with a gain of 25 per cent. Increases of 23 per cent at Montgomery, 22 per cent at Chattanooga, and 20 per cent each at Baton Rouge and Knoxville were also reported. Gains were 19 per cent at Birmingham and Bristol, 17 per cent at Jackson, 14 per cent at Macon, 13 per cent at Tampa and Columbus, 11 per cent at Jacksonville, 7 per cent at Orlando, and 1 per cent at New Orleans. Mobile reported the only decrease from June of last year, a decline of 3 per cent, which is in all probability a result of the reduction in war activities there. In June, as in May, 62 per cent of sales made by department stores were for cash, 35 per cent were open-book credit sales, and 3 per cent were instalment sales.

The June collection ratio for regular accounts, that is, open-book credit sales, was 60.1 per cent, a decline of 1.6 points from that of the preceding month. For instalment accounts the ratio was 31.2 per cent against 31.1 per cent for May. The June ratios this year are approximately the same as those for June 1944.

Department store inventories at the close of June were up 1 per cent from May inventories, although they decreased at Birmingham, Miami, and New Orleans. In comparison with June 1944, stocks were 6 per cent larger for the District, but stores at Birmingham, Macon, and New Orleans reported decreases.

June sales of furniture reported by 105 Sixth District retail furniture stores increased 1 per cent over May sales and were 13 per cent greater than they were a year earlier. The rise, even though a small one, in June from the May volume was contrary to what might have been expected at that time of year. In June last year reported sales were down 7 per cent from the May figure and declined further in July, which is usually the time when retail trade reaches its lowest point of the year. In only two of the first six months of 1945 did furniture sales decline. There is always, however, a decrease in January from the December holiday level, and in April of this year furniture sales declined somewhat after the rather large increase in March.

At those cities having three or more reporting furniture stores, decreases in sales made in June from those made in May were 1 per cent at Chattanooga, 2 per cent at Atlanta, and 5 per cent at Tampa, but sales rose 4 per cent at Savannah, 6 per cent at New Orleans, 8 per cent at Birmingham, 12 per cent at Nashville, and 43 per cent at Columbus. Sales in June of this year were larger than those in June 1944 at all these places. These gains varied from fractional increases at New Orleans and Savannah to 3 per cent at Chattanooga, 4 per cent at Atlanta, 5 per cent at Columbus, 12 per cent at Birmingham, 21 per cent at Nashville, and 24 per cent at Tampa.

At 94 of these stores that classified their sales, cash sales in June were about the same as those in May but were up 35 per cent over the volume in June of last year. Instalment and other credit sales made by the same stores increased 1 per cent over May sales and were 11 per cent greater than they were a year earlier.

Accounts receivable and collections for June were about the same as those for May, but receivables were 8 per cent larger than they were a year ago, and June collections increased 12 per cent. Inventories of furniture stores in June were smaller by 5 per cent than those held a month earlier, but they were

Reconnaissance

Sixth District Statistics for June 1945 compared with June 1944

PER CENT DECREASE PER CENT INCREASE

Department Store Sales

Department Store Stocks

Furniture Sales

Construction Contracts 60

Gasoline Tax Collections

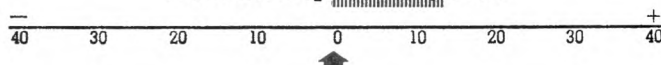
Cotton Consumption

Bank Debits

Member Bank Loans

Member Bank Investments

Demand Deposits Adjusted



Sixth District Statistics

INSTALMENT CASH LOANS			
Lender	Number of Lenders Reporting	Per Cent Change May 1945 to June 1945	
		Volume	Outstanding
Federal credit unions.....	44	+ 10	+ 6
State credit unions.....	25	- 44	+ 1
Industrial banking companies.....	11	- 6	+ 4
Industrial loan companies.....	25	- 15	+ 3
Personal finance companies.....	51	+ 3	+ 2
Commercial banks.....	34	- 1	+ 1

RETAIL FURNITURE STORE OPERATIONS			
Item	Number of Stores Reporting	Per Cent Change June 1945 from	
		May 1945	June 1944
Total sales.....	105	+ 1	+ 13
Cash sales.....	94	+ 0	+ 35
Instalment and other credit sales.....	94	+ 1	+ 11
Accounts receivable, end of month.....	102	+ 0	+ 8
Collections during month.....	102	+ 0	+ 12
Inventories, end of month.....	80	- 5	+ 27

WHOLESALE SALES AND INVENTORIES* — JUNE 1945						
Item	SALES			INVENTORIES		
	No. of Firms Reporting	Per Cent Change June 1945 from		No. of Firms Reporting	Per Cent Change June 1945 from	
		May 1945	June 1944		May 1945	June 1944
Automotive supplies.....	6	- 3	+ 24	4	0	+ 4
Clothing and furnishings.....	3	- 9	+ 3	..	..	..
Shoes and other footwear.....	3	+ 4	- 15	..	..	..
Drugs and sundries.....	8	- 3	- 2	3	- 4	+ 0
Dry goods.....	13	- 7	- 15	7	- 6	- 30
Electrical goods.....	3	+ 12	+ 8	..	..	..
Fresh fruits and vegetables.....	6	- 7	- 2	3	+ 5	- 8
Farm supplies.....	3	- 16	+ 15	..	..	..
Confectionery.....	6	- 1	- 28	..	..	..
Groceries—full line wholesalers.....	32	- 8	- 5	16	- 10	- 27
Groceries—specialty line wholesalers.....	12	- 16	+ 12	9	- 0	+ 12
Beer.....	3	+ 5	+ 40	4	- 3	+ 2
Hardware—general.....	10	- 10	- 2	..	..	..
Hardware—industrial.....	5	- 3	+ 8	..	..	..
Paper and its products.....	4	- 14	- 8	..	..	..
Tobacco and its products.....	10	- 5	- 1	5	- 9	- 19
Miscellaneous.....	16	- 3	- 21	16	- 3	- 17
TOTAL.....	143	- 7	- 4	67	- 5	- 16

*Based on U. S. Department of Commerce figures

DEPARTMENT STORE SALES AND STOCKS						
Place	No. of Stores Reporting	SALES		INVENTORIES		
		Per Cent Change June 1945 from		No. of Stores Reporting	Per Cent Change June 1945 from	
		May 1945	June 1945		May 1945	June 1944
ALABAMA						
Birmingham.....	5	- 3	+ 19	4	- 11	- 17
Mobile.....	5	- 9	- 3	..	..	..
Montgomery.....	3	- 4	+ 23	3	+ 8	+ 4
FLORIDA						
Jacksonville.....	4	- 6	+ 11	..	..	..
Miami.....	4	- 7	+ 25	3	- 1	+ 12
Orlando.....	3	- 9	+ 7	..	..	..
Tampa.....	5	- 5	+ 13	..	..	..
GEORGIA						
Atlanta.....	6	- 6	+ 27	5	+ 1	+ 25
Augusta.....	4	- 2	+ 31	3	+ 11	+ 36
Columbus.....	3	- 9	+ 13	..	..	..
Macon.....	4	- 6	+ 14	4	+ 3	- 7
LOUISIANA						
Baton Rouge.....	4	- 5	+ 20	4	+ 7	+ 16
New Orleans.....	4	- 11	+ 1	3	- 1	- 23
MISSISSIPPI						
Jackson.....	4	- 7	+ 17	3	+ 5	+ 13
TENNESSEE						
Bristol.....	3	- 3	+ 19	..	..	..
Chattanooga.....	4	- 8	+ 22	3	+ 5	+ 3
Knoxville.....	4	- 2	+ 20	..	..	..
Nashville.....	6	- 3	+ 26	5	+ 4	+ 13
OTHER CITIES*.....	18	- 4	+ 20	28	+ 5	+ 7
DISTRICT.....	93	- 6	+ 17	68	+ 1	+ 5

*When less than 3 stores report in a given city, the sales are grouped together under "other cities."

27 per cent larger than those for June of last year, the same increase shown for May stocks over that month a year ago.

Distribution of merchandise through Sixth District wholesale firms in June declined 7 per cent from that in May, and total sales were 4 per cent less than they were in June last year. At that time in 1944 there was a decline of 5 per cent. Most of the lines for which comparisons are available shared in the decline of distribution in June from that in May, but small gains were reported in sales by firms dealing in shoes and other footwear, electrical goods, and beer. In contrast to the decline of 4 per cent in total sales compared with those last June, increases were reported by firms selling clothing and furnishings, electrical goods, farm supplies, specialty-line wholesale groceries, beer, and industrial hardware.

At the close of June, inventories at wholesale firms were down 5 per cent from the May volume. Furthermore, they were 16 per cent smaller in dollar value than they were a year earlier.

Sales of ordinary life insurance in the six states of the District increased 10 per cent in June over those in May and were 16 per cent greater than those a year earlier. This rise was about the same as the increase for the corresponding period last year. The June total of almost 61 million dollars was only slightly less than the total for March, which was the largest in about 15 years. In the Sixth District states the increases in June 1945 over the May sales ranged from 3 per cent in Alabama to 16 per cent in Louisiana. Changes from the June 1944 sales ranged from a decrease of 3 per cent in Mississippi to an increase of 28 per cent in Alabama. In contrast to the Sixth District's rise of 10 per cent over May sales, there was a decline of 5 per cent for the United States; and the nation's increase of 4 per cent from the volume for June of last year was only a fourth as large percentagewise as the gain in this District.

Labor and Industry

Labor unrest and work stoppages in the District have been kept at a minimum during July. The work stoppage at the Gulf Shipbuilding Corporation at Mobile was ended early in the month. The stoppage had involved about 8,000 workers who were employed by the Gulf Shipbuilding Corporation in the construction of naval craft and cargo vessels.

The shipbuilding plant of Todd-Johnson Drydocks, Incorporated, at New Orleans experienced a strike in the latter part of the month. At that time approximately 3,500 workers engaged in repairing war vessels walked out.

Steel-mill activity in Alabama has recovered substantially from its sharp drop early in June that was a result of a strike by blast-furnace workers. From the rate of 54 per cent of capacity it had attained for the week ended June 19 steel-mill activity in that state rose to average slightly more than 94 per cent of capacity during the following four weeks. This percentage is five points higher than the rate for the week just before the workers began their strike. Nationally the rate of steel-mill activity has recently been at about 90 per cent.

Output of coal in Alabama and Tennessee during June declined 3 per cent, on a daily average basis, from production in May. It was 3.6 per cent less than it was in June of last year. The June decline from the May figure was about in line with the seasonal tendency.

Lumber mills in the District continue to operate under difficulties. Recent weather conditions, however, have been favorable on the whole, although rain has interfered with log-

ging operations in some localities. The machinery and equipment situation continues to grow progressively worse. Labor has long been scarce, and reports indicate a reluctance on the part of returning soldiers and workers released from shipyards and munitions plants to return to work in the woods and the mills. Government agencies continue to take the larger part of available lumber, and railroads are getting some lumber for their most urgent needs, but retailers consider themselves fortunate if they can get an occasional carload. Effective July 23 the Office of Price Administration authorized slightly higher ceiling prices on the most popular sizes of Southern Pine lumber and decreases on the sizes for which the demand is smaller.

Cotton mills in Georgia, Alabama, and Tennessee used an average of 10,671 bales of cotton for each of the 26 working days in June. This rate of cotton consumption is only slightly less than the average of 10,744 a day in May, but it is, also, slightly more than the rate of 10,652 bales a day in June last year.

Additional war contract cutbacks continue to be made. In the latter part of June, the War Department canceled a contract for a 20-million-dollar toluene plant at Lake Charles, Louisiana. The work of clearing a 325-acre woodland site for the plant was started last March. The plant was to have been operated by the Cities Service Refining Corporation, and its product was to be used in the manufacture of explosives. At the time of the cancellation, some 1,500 workers were employed in construction of the plant. A large number of these workers were immediately laid off, and at present only a skeleton crew is employed.

A number of District plants were affected when the War Production Board canceled expansion projects for the manufacture of truck tire tubes. The planned expansion of the tire-flap and air-curing-bag plant of the Textile Rubber Company, Bowdon, Georgia, was canceled. Air-curing bags are rubber tubes used to inflate tire casings during the curing process. New expansions were canceled at truck-tire plants of the Armstrong Tire and Rubber Company, Natchez, Mississippi; Goodyear Tire and Rubber Company, Gadsden, Alabama; Robbins Tire and Rubber Company, Tusculumbia, Alabama; the B. F. Goodrich Company, Tuscaloosa, Alabama; and Goodyear Tire and Rubber Company, Nashville, Tennessee.

Agriculture

It seems probable that the cotton crop in the six states of the District will this year be the smallest since 1941. No estimate of the crop is made by the United States Department of Agriculture until August of each year, but a report is issued in July showing by states the acreage in cultivation on July 1. This year's report indicates that on July 1, 6,430,000 acres were in cultivation to cotton in the Six States, which is a reduction of 5 per cent from the total of 6,799,000 acres at the same time last year. The acreage is also 28 per cent less than the average for the 10-year period 1934-43.

The largest percentage reduction among the states is 26 per cent, in Florida, the smallest cotton-producing state in the District. Georgia and Tennessee each have a decrease of 9 per cent, Louisiana has a reduction of 8 per cent, and Alabama and Mississippi have declines of 3 per cent and 2 per cent, respectively. The reduction in acreage is largely attributable to unfavorable planting weather, but it also reflects difficulties in securing adequate labor for the relatively large

amount of handwork required for cultivation and harvesting of the crop. The acreage in cultivation in Alabama, Georgia, and Louisiana is the smallest since 1869, and that in Tennessee is the smallest since 1900.

Weather conditions during the remainder of the growing season will have an important effect on the size of the cotton crop to be harvested. At the middle of July the lack of rain in Tennessee resulted in an improvement in cotton growth, and progress was also good in Alabama and Mississippi. In some places, however, too much rain was promoting weevil activity. This was the case in parts of Louisiana and Georgia. In Louisiana progress of the crop was retarded, and in Georgia some areas reported deterioration.

June weather conditions have had varying effects on crop conditions and prospects in the Sixth Federal Reserve District. The six-month drought in southern and central Florida was ended by generous rains that accompanied a tropical hurricane of mild intensity. In other localities, also, too much rain has interfered with farm work. July 1 estimates by the United States Department of Agriculture indicate that, for the District as a whole, oats will increase 10 per cent over last year's record crop, the crop of tame hay will be 30 per cent larger than that of 1944, and the crop of potatoes will be 31 per cent larger than that produced last year and slightly larger than the record crop of 1943. In addition, the estimates indicate larger rice and sugar-cane crops as well as a peach crop that is estimated to exceed last year's crop by 75 per cent. On the other hand, the tobacco crop now appears to be about equal to that produced last year. Present prospects, moreover, are for decreases of 4 per cent in wheat, 6 per cent in sweet potatoes, and 8 per cent in corn.

COURT ACTION ON REGULATION W

A decree restraining Consumers Home Equipment Company and A. B. Chereton, its president, from violations of Regulation W of the Board of Governors of the Federal Reserve System was entered July 20, 1945, by Judge Ernest A. O'Brien in the District Court of the United States for the eastern district of Michigan, southern division. United States Attorney John C. Lehr presented the matter to the court.

The Consumers Home Equipment organization has its head office at Detroit, Michigan, and other offices in Illinois, Indiana, Kentucky, Michigan, New York, Ohio, and Pennsylvania. It also has affiliate offices in Maine, Massachusetts, New Hampshire, Rhode Island, and West Virginia. Engaged in the house-to-house sale of household merchandise on an instalment basis, the company was charged with violating the Regulation in a number of instances by making sales without obtaining the required down payment. In addition, it was charged with failing to furnish statements of transaction to customers and not only failing to maintain records but attempting to conceal violations by manipulation and alteration of its records.

The effect of the decree, to which the defendants consented, is to render the defendants liable to punishment for contempt of court in the event they again violate the Regulation in any of the respects described in the decree.

Sixth District Statistics

CONDITION OF 20 MEMBER BANKS IN SELECTED CITIES (In Thousands of Dollars)					
Item	July 18 1945	June 20 1945	July 19 1944	Per Cent Changes July 18, 1945, from	
				June 20 1945	July 19 1944
Loans and investments—					
Total	1,997,722	1,941,875	1,712,229	+ 3	+ 17
Loans—total	358,379	352,311	314,075	+ 2	+ 14
Commercial, industrial, and agricultural loans	181,058	180,404	163,630	+ 0	+ 11
Loans to brokers and dealers in securities	12,452	8,669	5,633	+ 44	+ 121
Other loans for pur- chasing and carrying securities	66,715	59,135	48,146	+ 13	+ 39
Real estate loans	24,198	24,659	25,949	— 2	— 7
Loans to banks	2,369	2,244	361	+ 6	+ 556
Other loans	71,587	77,200	70,356	— 7	+ 2
Investments—total	1,639,343	1,589,564	1,398,154	+ 3	+ 17
U. S. direct obligations	1,500,850	1,450,434	1,263,478	+ 3	+ 19
Obligations guaranteed by U. S.	577	845	24,370	— 32	— 98
Other securities	137,916	138,275	110,306	— 0	+ 25
Reserve with F. R. Bank	345,405	354,207	297,769	— 2	+ 16
Cash in vault	28,704	28,652	25,833	+ 0	+ 7
Balances with domestic banks	157,309	138,650	193,916	+ 13	— 19
Demand deposits adjusted	1,227,417	1,198,414	1,020,991	+ 2	+ 20
Time deposits	380,551	372,216	284,550	+ 2	+ 34
U. S. Gov't deposits	304,970	274,670	394,368	+ 11	— 23
Deposits of domestic banks	512,900	503,734	437,921	+ 2	+ 17
Borrowings					

DEBITS TO INDIVIDUAL BANK ACCOUNTS (In Thousands of Dollars)						
Place	No. of Banks Report- ing	June 1945	May 1945	June 1944	Per Cent Change June 1945 from	
					May 1945	June 1944
ALABAMA						
Anniston	3	20,332	19,429	20,137	+ 5	+ 1
Birmingham	3	224,963	195,919	196,797	+ 15	+ 19
Dothan	2	8,560	7,439	7,828	+ 15	+ 4
Gadsden	3	11,288	10,107	11,227	+ 12	+ 1
Mobile	4	126,713	120,566	134,982	+ 5	— 6
Montgomery	3	39,606	40,495	38,630	— 2	+ 3
FLORIDA						
Jacksonville	3	194,132	191,798	203,772	+ 1	— 5
Miami	6	153,431	142,630	136,166	+ 8	+ 13
Greater Miami*	10	210,400	203,313	183,368	+ 3	+ 15
Orlando	2	33,723	33,402	32,455	+ 1	+ 4
Pensacola	3	28,205	28,090	22,509	+ 0	+ 25
St. Petersburg	3	32,371	31,745	24,146	+ 2	+ 34
Tampa	3	82,255	82,958	88,601	— 1	— 7
GEORGIA						
Albany	2	9,871	9,150	9,696	+ 8	+ 2
Atlanta	4	546,769	493,778	491,174	+ 11	+ 11
Augusta	3	39,370	34,427	37,094	+ 14	+ 6
Brunswick	2	13,162	12,582	13,624	+ 5	— 3
Columbus	4	40,150	36,139	38,304	+ 11	+ 5
Elberton	2	1,972	1,864	1,801	+ 6	+ 9
Macon	3	43,303	50,558	40,485	— 14	+ 7
Newnan	2	6,230	5,732	4,845	+ 9	+ 29
Savannah	4	82,298	81,522	91,360	+ 1	— 10
Valdosta	2	7,774	7,497	6,454	+ 4	+ 20
LOUISIANA						
Baton Rouge	3	46,237	42,208	39,720	+ 10	+ 16
Lake Charles	3	19,087	16,716	19,749	+ 14	— 3
New Orleans	7	489,545	420,388	474,121	+ 16	+ 3
MISSISSIPPI						
Hattiesburg	2	12,617	12,628	13,416	— 0	— 6
Jackson	4	64,963	58,169	63,741	+ 12	+ 2
Meridian	3	18,432	17,981	19,069	+ 3	— 3
Vicksburg	2	17,341	20,051	18,253	— 14	— 5
TENNESSEE						
Chattanooga	4	104,867	90,228	100,271	+ 16	+ 5
Knoxville	4	134,774	126,237	110,713	+ 17	+ 22
Nashville	6	250,386	187,403	195,882	+ 34	+ 28
SIXTH DISTRICT 32 Cities	114	2,904,727	2,629,842	2,707,022	+ 10	+ 7
UNITED STATES 334 Cities	...	98,121,000	81,723,003	83,881,000	+ 20	+ 17

*Not included in Sixth District total

In Alabama the harvested acreage of all crops this year will be about 6 per cent less, it is expected, than last year's. The smallest corn acreage since 1930 is in prospect, and the July 1 estimate indicates 41,441,000 bushels, a crop about 14 per cent less than the 1944 crop and the smallest since 1939. Less hay and sweet potatoes are also in prospect this year. Indications, however, point to the largest crop of oats since 1882 and more wheat than has been raised in any year since 1920. If the July 1 estimate of 5,300,000 bushels of potatoes is realized, it will be the second largest crop on record; in 1941 the crop was 5,600,000 bushels. In some other crops for which production estimates have not yet been made, sharp decreases in acreage are apparent. The acreage of peanuts is down 14 per cent, that of soybeans 16 per cent, cowpeas 20 per cent, and sorghum and sugar cane for syrup 12 per cent and 8 per cent, respectively.

The rainfall that ended one of the worst droughts in Florida's history came too late to be of much help to tobacco plantings, but corn, peanuts, cotton, and sweet potatoes may yet make normal yields. Citrus groves responded immediately, and by the first of July a heavy late bloom was reported in most sections.

The total acreage of field crops in Florida this year is down almost 4 per cent from last year's plantings, with most of the decline in corn. Peanuts, sweet potatoes, and sugar cane for syrup were also planted in smaller amounts. An acreage less than 10 per cent larger than in 1944, however, is expected to produce a record crop of 5,112,000 bushels of white potatoes, as compared with 3,455,000 bushels last year. The crop of oats is also larger than it was last year, and an increase of about one fourth in sugar cane for sugar and seed is in prospect. Tobacco, which has been harvested and is now being cured, is estimated at 18,652,000 pounds, as compared with 20,008,000 pounds produced in 1944.

On July 1 the condition of oranges in Florida was reported at 55 per cent of a full crop, a rise of 4 points following the late-June rains. Grapefruit was reported at 51 per cent, the same as a month earlier, and tangerines at 45 per cent of a full crop, a three-point drop from June. Though the rains improved the groves, it is still too early to evaluate the overall prospects for next season.

Hot dry weather during the first half of June retarded crop development in most parts of Georgia. Truck crops, early corn, and tobacco were especially hard hit in the east central areas. Starting about mid-June, however, general rains were received in most areas, and crops made a rapid comeback. July 1 prospects were reported from fair to good in all but local areas. The 1945 peach crop in Georgia is set at 8,091,000 bushels, an increase of 76 per cent over last year's crop, and July 1 prospects were for increases of 49 per cent in potatoes. Other likely increases are 15 per cent in tame hay and 12 per cent in oats, with only a small increase in pears. Decreases of 5 per cent, 7 per cent, and 12 per cent are expected for wheat and rye, corn, and sweet potatoes, respectively.

In spite of floods, other adverse weather conditions during early spring, and the mounting farm-labor problem, Louisiana farmers carried out their early planting intentions. Reductions from last year are reported in acreages planted to corn, cotton, white potatoes, tame hay, soybeans, cowpeas, and peanuts, but increases are reported for oats, rice, sugar

cane, and sweet potatoes. July 1 indications pointed to increases, over the 1944 crops, of 3 per cent in the production of oats, 5 per cent in corn, 6 per cent in rice, 9 per cent in sugar cane, and 18 per cent in sweet potatoes. On the other hand, the white-potato crop is expected to be smaller by 15 per cent. There will be 1 per cent less tame hay and reductions of 5 per cent in peaches and 12 per cent in pears.

In most parts of Mississippi, recent weather conditions have favored growing crops, and farm work has made progress. As a result, most crops are reported in good condition. Mississippi has apparently produced 12 per cent more wheat than it did in 1944 and 9 per cent more hay. Moreover, increases of 3 per cent for oats and 1 per cent for corn are indicated. The Mississippi peach crop in 1945 is estimated to be 27 per cent larger than that of 1944. Current estimates for white potatoes, however, point toward a reduction from last year's crop of 17 per cent, and sweet potatoes are expected to be 3 per cent less.

In Tennessee the cool wet weather all spring was favorable for spring grains, early potatoes, pastures, and hay crops. On the other hand, spring planting was hampered by frequent rains in such a way that many farmers replanted their cotton fields one or more times and failed to plant much of the acreage intended for corn. Large crops of small grains and early potatoes have been harvested, and present prospects are for unusually large crops of hay and fruits. The Tennessee pear crop will probably be three times as large as that of last year, and the peach crop is expected to be more than three times as large as this crop was in 1944. Commercial apples increased 23 per cent, according to the July estimate. Increases of 68 per cent in tame hay, 40 per cent in potatoes, and 20 per cent in oats are expected. Prospects, however, are for declines of 24 per cent in sweet potatoes, 9 per cent in corn, 5 per cent in wheat, and 3 per cent in tobacco.

In cash income received for their marketings of crops, live-stock, and livestock products, Sixth District farmers have fared much better this year in comparison with last year than have growers throughout the country as a whole. April income received by Sixth District farmers totaled more than 135 million dollars, a rise of about 6 per cent over the March income, whereas the gain for the country as a whole was 3 per cent, according to estimates by the United States Bureau

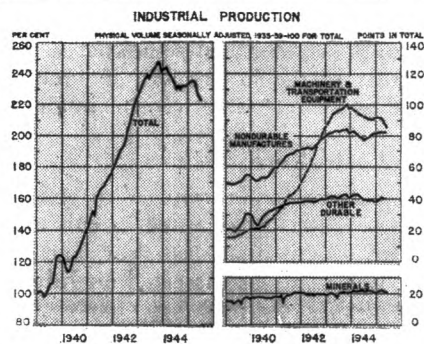
of Agricultural Economics. The District increase over April of last year was 20 per cent, though that for the country was only 1 per cent. In the January-April period, farm income in the District was 15 per cent greater than it was in that part of 1944 and set a new record. For the nation the increase was only one fifth of one per cent.

In April the largest increases over that month a year ago in this District were in Alabama, Georgia, and Florida, where gains of one half, one third, and one fourth were reported. Income in Louisiana and Tennessee increased by much smaller amounts, and that in Mississippi declined slightly. For the four months, however, there were in all Six States gains over that period a year ago, varying from 4 per cent in Tennessee, 5 per cent in Alabama and Louisiana, and 9 per cent in Georgia to 22 per cent in Florida and 39 per cent in Mississippi. The bureau's report indicates that the April increase over the level of a year ago was in large part owing to the unusually warm weather in the early spring that resulted in truck crops, and strawberries' moving to market in large volume during April.

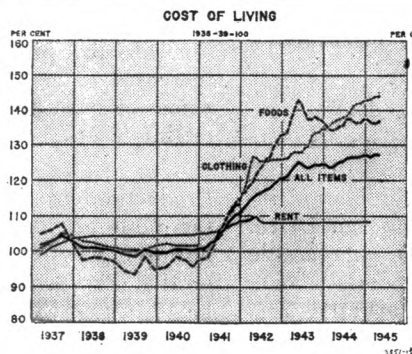
Financial Activity

Net outstanding circulation of this Bank's Federal Reserve notes has continued to rise. On July 18 it stood at \$1,372,000,000. Since the turn of the year the increase has been 97 million dollars, or 7.4 per cent. In the corresponding period last year the rise amounted to 137 million dollars, or 14.3 per cent. Net circulation is now about five and a quarter times as large as it was in the early part of December 1941, just prior to the entry of this country in the war.

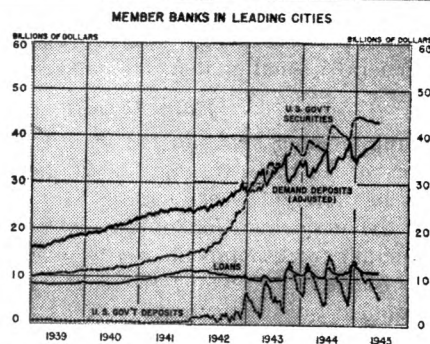
For the first time in many months, net circulation of the larger notes — those of the 50-dollar and larger denominations — declined in June. Although the Bank's total circulation increased 18 million dollars during that month, the circulation of these notes declined 9 million dollars and that of notes in the 5-, 10-, and 20-dollar denominations increased 27 million dollars. In the first half of this year net circulation of the larger-denomination notes increased 18 million dollars, whereas in the same period last year the rise was 77 million dollars. Smaller-denomination notes in circulation have increased 69 million dollars this year compared with an increase of 62 million dollars in the first half of 1944.



Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for May except total which is for June.



Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September 1940, monthly thereafter. Mid-month figures, latest shown are for April.



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 30.

The National Business Situation

PRODUCTION and employment at factories declined somewhat further in June, reflecting mainly reduced output of munitions. Value of department store sales in June and the early part of July were considerably above year-ago levels.

Industrial Production

Industrial production declined about 2 per cent in June, and the Board's seasonally adjusted index was 222 per cent of the 1935-39 average, as compared with 226 in May and 235 in March of this year.

Reduced activity in munitions industries accounted for most of the decreases. Aircraft production in June was at a daily average rate 5 per cent below May. The volume of work done on new ship construction continued to decline, while ship repair activity was maintained at a high level. Total munitions production was about 10 per cent below the March level, which was the last month under the full two-front war program. The decline is scheduled to accelerate in July, with over-all munitions output planned at a rate about 15 per cent below March.

Steel production in June and the first three weeks of July was down 7 per cent from the May level and was 5 per cent below the corresponding period a year ago. Output in the nonferrous metal industries also declined, particularly at fabricating plants, owing primarily to the large drop in military demand for most aluminum and copper products.

Production of most nondurable goods showed little change in June. Civilian supplies of some of these goods such as butter and tobacco products have increased in July as a result of reduced military purchases. Distilleries have been permitted to produce beverage alcohol in July. Production of shoes and textile products for civilians is expected to increase by autumn.

Output of minerals rose 5 per cent in June, reflecting mainly a large rise in coal production to the highest rate since last November. Crude-petroleum production continued to increase, reflecting even greater military demand for some petroleum products for the Pacific war than for the two-front war prior to V-E Day.

Contracts awarded for most types of privately owned construction increased considerably in June. The total value of private awards was three times as large as the very low level prevailing in 1944, while awards for Federal construction were generally smaller than last year.

Bank Credit

Reporting member banks in 101 leading cities increased their holdings of U. S. Government securities by 4.5 billions of dollars in the eight weeks ending July 11, which period included the major portion of the Seventh War Loan Drive. This amount corresponds closely to increases for comparable periods of the two previous drives. During the Seventh Loan, banks added substantially to their holdings of bills, certificates, and notes, and they have also continued to increase their holdings of bonds.

Loans for purchasing and carrying Government securities extended to customers other than brokers and dealers by weekly reporting banks increased 1.6 billions during the four weeks ended June 27, in contrast to 1.1 billions during the

comparable period of the Sixth Drive, and 1.3 billions in the Fifth. Loans to brokers and dealers for purchasing or carrying Government securities started increasing somewhat earlier and expanded more than in preceding drives. Both categories of these loans at their peaks were above high points reached in previous drives. Declines in these loans began in July.

Excess reserves expanded more and reached a higher level than in any drive since the Third War Loan Drive in September 1943.

Owing to the great success of the Seventh Loan in obtaining subscriptions from nonbank investors, the shift of funds from deposits subject to reserve requirements to reserve-exempt United States Government deposits and the consequent decline in required reserves were larger than usual. Member banks used a part of the funds thus made available to pay off borrowings at Reserve Banks, which had risen to a high level of over 900 million dollars in June. Reserve Bank holdings of Treasury bills showed less decline during and following the Seventh Loan than at the time of the previous drive. Holdings of certificates and notes continued to increase.

Distribution

Department store sales, which usually decline from May to June, increased this year, and the Board's seasonally adjusted index rose from 187 to 201 per cent of the 1935-39 average. Sales in June were 15 per cent larger than a year ago and in the first half of July were 23 per cent larger than in the corresponding period last year.

Freight carloadings were generally maintained in June and the early part of July. Shipments of manufactured products, however, declined somewhat and, allowing for seasonal changes, were about 5 per cent below the first-quarter average. Loadings of coal in June and the first two weeks of July were above the reduced level prevailing in April and May.

Commodity Prices

Prices of wheat and of fruits and vegetables declined somewhat from the middle of June to the third week of July, reflecting chiefly seasonal increases in supplies. Prices of most other farm products showed little change after reaching a new peak for the wartime period on June 15.

Steel-scrap prices, which had declined somewhat in May, increased to ceiling levels in the latter part of June, and prices of most other industrial materials were maintained at ceiling levels.

Agriculture

Production prospects for most major crops were generally favorable on July 1. Cotton acreage reported in cultivation, however, was 10 per cent smaller than last year, and prospective corn production this year was indicated on July 1 to be 17 per cent smaller than last season's large harvest.

Milk production continued at a record level in June. The number of young chickens on farms has increased rapidly this spring and on July 1 was 11 per cent greater than on the same date in 1944. Marketings of cattle and sheep were larger in June than in the same period last year, while the number of hogs marketed continued to be much less than in 1944.