



FEDERAL RESERVE BANK OF ATLANTA

Volume XXXIII

Atlanta, Georgia, December 31, 1948

Number 12

District Business Conditions

THE END OF 1948 finds most measures of Sixth District business activity averaging higher for the entire year than for 1947, but with indications of limited advances in recent months. For the District as a whole, agricultural income, trade, employment, construction, and banking activity were all higher for the year 1948 than for 1947. The latest data, however, point to lower year-end figures for some segments of the economy than last year's. The reports of retail stores and the District's banks illustrate the contrast.

Sales at the District's department stores, according to preliminary estimates, totaled 571 million dollars, compared with 531 million dollars for 1947. In November and at least part of December, however, sales were below those for the corresponding period in 1947. At the District's furniture stores, sales for the year 1948 probably exceeded those for 1947, but in October and November they were below those of the corresponding months of 1947. Reporting household appliance dealers, who had been enjoying uninterrupted sales increases since the end of the war, continued to report increased sales until October. In October and November, however, sales were below those of the preceding year.

Through November, total bank debits at all District reporting banks exceeded last year's 11-month total 14 percent, and the experience of the weekly reporting banks indicates that this December's debits were also greater than those of December 1947. During November, however, debits were only 11 percent greater than during the corresponding month last year. Although total loans at all District reporting banks at the end of November 1948 exceeded those outstanding on the corresponding date in 1947, the rapid loan expansion that occurred in September and October 1948 appears to have tapered off. Total deposits in member banks at the end of November, however, were 27 million dollars less than the total for November 1947.

Agricultural Outlook for 1949

The downturn in prices of an increasing number of agricultural commodities has stimulated the interest of bankers and farmers in the agricultural outlook for 1949. Price prospects for various farm commodities may influence the farmer in planning next year's crops and may also influence the banker in making production loans to finance them.

The outlook for the nation's agriculture is for a sustained volume of production at moderately lower prices but at higher production costs. Net farm income, therefore, is expected to be about 8 percent below the 1948 level.

The prediction that there will be a strong demand for most farm products in 1949 is based on an expected continuation of the present level of economic activity, which will be bolstered by substantial amounts of foreign aid and a growing rate of Government expenditures for defense purposes. The forecast of the Department of Agriculture is that farm income in 1949 is not likely to be less than 90 percent of the 1948 income of 31 billion dollars. This forecast assumes, of course, that war will not occur during the year.

Foreign demand for farm products is rather uncertain. Since few foreign countries have the dollar exchange to purchase these commodities, exports will depend, for the most part, upon the European Cooperation Administration program. The volume of agricultural exports to European countries in 1949, however, is not expected to be appreciably different from this year's shipments. Even if European crop production should show marked improvement next year, some easing in shipments of food grains would probably be offset by increased shipments of cotton and tobacco, and of feed grains to rebuild livestock numbers.

COTTON OUTLOOK FAVORABLE TO GROWERS. In all probability, 1949 will be the last year in which farmers can grow an unlimited amount of cotton and be assured of a support price of 90 percent of parity. Many District growers will doubtless take advantage of this opportunity and, if weather conditions are favorable, it is quite likely that cotton acreage will exceed this year's. Farmers who face a reduction of 22 percent in their peanut acreage, following the recent imposition of allotments, may plant the lands diverted from peanuts in cotton. In so doing, they would maintain their acreage in cash crops and probably would increase their cotton acreage base allotment for future years.

In some parts of the District where considerable off-farm labor is required to pick cotton, an increase in farm wage rates might cause some producers to reduce their cotton acreage. For the most part, however, cotton problems in 1949 will likely be within the Department of Agriculture rather than among the growers. Exports of about 2.5 million bales under the ECA program will not take all of the surplus cotton after domestic consumption. Barring war or rapidly worsening international conditions, a considerable part of the 1949 cotton crop will be placed under Government loan.

PEANUT GROWERS WILL CUT ACREAGE. A reduction of 22 percent in the acreage of peanuts picked and thrashed from this year's plantings will result in a significant drop in income from peanuts, and in farm income too, if the loss is not made up in an increase in the production of cotton and

other cash crops. Acreage limitations will have a tendency to boost per acre yields. Obviously, the less productive acres will be retired, and, in all probability, farmers will spend more labor and capital per acre on the smaller acreage. All of which will mean higher yields unless weather is unfavorable.

TOBACCO PROSPECTS FAIR. Little or no increase in tobacco acreage allotments is planned for 1949. It is expected that domestic demand for tobacco will continue strong but foreign demand is uncertain. The 1948 exports of tobacco from the United States are estimated to be only two-thirds of the 1947 exports. The big questions in 1949, therefore, are whether the downward trend in exports will continue and whether western Europe, because of a continuing shortage of dollars, will attempt to divert demands to new production areas or to types grown in other parts of the world.

LIVESTOCK PRICES ARE EXPECTED TO HOLD. Though there will be seasonal variations and some change in the relationship of pork to beef prices, the general level of livestock prices in 1949 is expected to be about as high as in the current year. The outlook is for an increased production of pork but reduced supplies of beef, veal, and lamb. Beef and cattle prices are expected, therefore, to average above their usual relationship to pork and hog prices.

THE OVER-ALL PICTURE. For District farmers the coming year looks good but not quite as good as 1948. Under present price-support legislation, the prices of the District's major cash crops will probably not decline greatly but since production costs are expected to be higher, net income will be squeezed below that of the last few years. It should, however, still be high, compared to prewar levels. J.L.L.

Imports and Their Growing Significance

The most recent information on imports and exports through the Sixth District ports indicates that the trends discussed in last month's *Review* have continued. The 19-percent decline in exports during the first nine months of 1948 from the corresponding period in 1947 through the customs districts of Florida, Georgia, Mobile, and New Orleans was approximately the same as the rate of decrease in total American exports. The 9-percent increase in imports through District ports, however, was less than the national rate of increase.

IMPORT INCREASE CONTINUES. More and more, observers are emphasizing the importance of imports in the District's future foreign trade. To some extent, its future trade will depend upon whether the District's ports will obtain an increasing share of total American foreign trade. To a greater extent, however, its future will depend upon the course of total American trade, and imports are essential to maintaining that total. Unless aid to foreign countries is to continue indefinitely, foreigners will be able to buy American goods only if they can obtain the necessary dollar resources by selling their goods in this country. Consequently, greater imports are looked upon as the principal means of maintaining a large volume of exports as well as of providing Americans with goods and services.

So far this year, the value of merchandise imported into this country has exceeded on an annual basis that of any preceding year, and it seems likely that this year's imports will total a little over 7 billion dollars. This is somewhat surprising in view of the disturbed political conditions throughout the world and the difficulties of repairing war-damaged productive facilities. On the other hand, Amer-

Sixth District Statistics

INSTALMENT CASH LOANS					
Lender	No. of Lenders Reporting	Volume		Outstandings	
		Percent Change November 1948 from		November 1948 from	
		Oct. 1948	Nov. 1947	Oct. 1948	Nov. 1947
Federal credit unions.....	42	+ 1	+ 6	+ 1	+ 42
State credit unions.....	24	- 5	- 1	- 1	+ 45
Industrial banking companies.....	11	- 16	+ 3	- 0	+ 10
Industrial loan companies.....	19	+ 10	- 0	+ 1	+ 6
Small loan companies.....	54	+ 3	- 24	+ 0	- 1
Commercial banks.....	34	+ 5	+ 16	+ 2	+ 43

RETAIL JEWELRY STORE OPERATIONS			
Item	Number of Stores Reporting	Percent Change November 1948 from	
		Oct. 1948	Nov. 1947
Total sales.....	35	+ 24	- 8
Cash sales.....	33	+ 33	- 13
Credit sales.....	33	+ 25	- 6
Accounts receivable, end of month.....	32	+ 7	+ 21
Collections during month.....	32	- 0	- 9

WHOLESALE SALES AND INVENTORIES*					
Item	No. of Firms Reporting	SALES		INVENTORIES	
		Percent Change Nov. 1948 from		Percent Change Nov. 30, 1948, from	
		Oct. 1948	Nov. 1947	Oct. 31 1948	Nov. 30 1947
Automotive supplies.....	5	- 11	- 24	- 2	+ 2
Electrical group.....					
Wiring supplies.....	5	- 11	- 2	+ 17	+ 9
Appliances.....	9	+ 8	- 6	+ 5	+ 13
General hardware.....	7	- 12	+ 5	+ 4	+ 35
Industrial hardware.....	4	- 14	- 11	+ 5	+ 15
Lumber and building materials.....	3	- 15	- 13	..	..
Machinery equip. and supplies, exc. elec.....	3	- 18	- 16	..	..
Plumbing and heating supplies.....	4	- 4	- 2	+ 3	+ 53
Confectionery.....	5	- 3	+ 10	..	..
Drugs and sundries.....	7	+ 0	+ 12	+ 2	+ 1
Dry goods.....	16	- 21	- 8	- 10	+ 17
Groceries.....					
Full lines.....	30	- 2	+ 4	+ 4	- 5
Specialty lines.....	7	+ 4	+ 2	- 12	+ 27
Tobacco products.....	10	+ 7	+ 14	+ 3	+ 13
Miscellaneous.....	15	- 11	- 1	+ 3	+ 9
Total.....	130	- 8	- 1	+ 1	+ 14

* Based on U. S. Department of Commerce figures

DEPARTMENT STORE SALES AND INVENTORIES					
Place	No. of Stores Reporting	SALES		INVENTORIES	
		Percent Change Nov. 1948 from		Percent Change Nov. 30, 1948, from	
		Oct. 1948	Nov. 1947	Oct. 31 1948	Nov. 30 1947
ALABAMA.....					
Birmingham.....	4	+ 3	- 2	+ 4	+ 22
Mobile.....	5	- 2	- 10	..	..
Montgomery.....	3	- 6	- 5	- 16	+ 7
FLORIDA.....					
Jacksonville.....	4	- 17	- 17	+ 11	- 2
Miami.....	4	+ 8	+ 2	+ 9	+ 19
Orlando.....	3	- 2	- 5	..	..
Tampa.....	5	+ 7	- 6	+ 5	+ 26
GEORGIA.....					
Atlanta.....	6	- 7	- 1	+ 17	+ 25
Augusta.....	4	- 3	- 8	+ 11	+ 14
Columbus.....	3	+ 1	- 1	..	..
Macon.....	4	- 3	- 5	+ 4	- 4
Rome.....	3	- 19	- 24	..	..
Savannah.....	3	+ 0	- 9	..	..
LOUISIANA.....					
Baton Rouge.....	4	- 3	+ 5	+ 2	+ 29
New Orleans.....	5	+ 9	+ 3	+ 5	+ 29
MISSISSIPPI.....					
Jackson.....	4	- 9	+ 7	+ 5	+ 29
Meridian.....	3	+ 5	- 6	..	..
TENNESSEE.....					
Bristol.....	3	- 5	- 6	+ 1	- 12
Chattanooga.....	4	- 4	- 10	+ 9	+ 17
Knoxville.....	4	- 6	+ 9	..	..
Nashville.....	6	+ 2	+ 2	+ 4	+ 13
OTHER CITIES*.....	19	- 5	- 7	+ 4	+ 17
DISTRICT.....	103	- 1	- 2	+ 4	+ 19

*When fewer than three stores report in a given city, the sales or stocks are grouped together under "other cities."

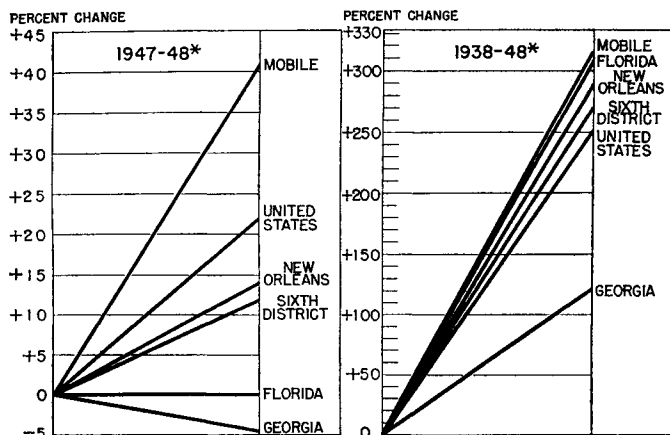
ican incomes have never been higher and the need for goods that foreign countries can supply has never been greater. It has been estimated that an import level of 10 or 11 billion dollars a year would be no greater in relation to the volume of goods and services currently produced in this country than the volume of imports before the war.

IMPORT GAINS VARY. During the first three-quarters of this year the value of merchandise imported through the District's ports totaled 423 million dollars. The monthly average value for the nine months was 12 percent greater than the monthly average value for the entire year of 1947. Widely varying rates of increase, however, were recorded for the four customs districts in the area.

Monthly averages of imports through the Mobile and New Orleans customs districts were up 41 and 14 percent, respectively, whereas the average monthly value through the Florida district was the same as in 1947, and that of the Georgia district declined approximately 5 percent. However, the rate of increase between 1938 and 1948 in the monthly average value of goods imported through each customs district exceeded the national increase of 251 percent with one exception.

IMPORTS SHOW STRIKING GAINS

MONTHLY AVERAGE VALUE



The reason for the lesser-than-national gain of imports through the District ports between 1947 and 1948 may lie partly in the nature of the commodities which the ports have customarily handled and the sources of their imports. If the traffic of the Port of New Orleans, which accounts for more than half of the total value of District imports, may be taken as typical, most of the imports into the District come from the south of it. In the first six months of this year, for example, only 3 percent of the total tonnage handled in the Port of New Orleans came from Europe; 8 percent from Asia; and less than one percent from Africa. The remaining tonnage of dry cargo came from South America, Central America, and the Caribbean.

Roughly, 40 percent of the total dry-cargo tonnage through the Port of New Orleans came from Caribbean countries. Imports from Cuba, chiefly sugar, and from Trinidad and Tobago, chiefly bauxite, account for the major part of the imports from that area. Imports from South America accounted for approximately 29 percent of total tonnage of dry cargo, the greater part coming from Surinam and Brazil, the former supplying bauxite and the latter, coffee as the principal commodities.

Sixth District Statistics

CONDITION OF 28 MEMBER BANKS IN LEADING CITIES (In Thousands of Dollars)

Item	Dec. 22 1948	Dec. 17 1948	Dec. 24 1947	Percent Change Dec. 22, 1948, from	
				Nov. 17 1948	Dec. 24 1947
Loans and investments—					
Total	2,308,610	2,312,251	2,389,294	— 0	— 3
Loans—Net	872,680	870,852	847,729	+ 0	+ 3
Loans—Gross	880,624	878,419		+ 0	..
Commercial, industrial, and agricultural loans	552,761	555,244	518,032	— 0	+ 7
Loans to brokers and dealers in securities	6,825	7,166	8,290	— 5	— 18
Other loans for pur- chasing and carrying securities	54,989	53,808	69,647	+ 2	— 21
Real estate loans	65,521	65,320	66,540	+ 0	— 2
Loans to banks	5,170	5,517	4,638	— 6	+ 11
Other loans	195,358	191,364	180,582	+ 2	+ 8
Investments—total	1,435,930	1,441,399	1,541,565	+ 26	— 7
Bills, certificates and notes	403,688	402,362	351,296	+ 0	+ 15
U. S. Bonds	1,248,127	1,252,091	1,353,969	— 0	— 8
Other securities	187,803	189,308	187,596	+ 1	+ 0
Reserve with F. R. Bank	490,126	500,474	461,475	— 2	+ 6
Cash in vault	47,352	44,160	42,818	+ 7	+ 11
Balances with domestic banks	196,506	189,766	178,562	+ 4	+ 10
Demand deposits adjusted	1,771,937	1,767,084	1,783,244	+ 0	— 1
Time deposits	522,341	530,606	544,231	— 2	— 4
U. S. Gov't deposits	32,409	39,315	17,100	— 18	+ 90
Deposits of domestic banks	527,286	523,319	542,245	+ 1	— 3
Borrowings	7,000	6,500	12,300	+ 8	— 43

DEBITS TO INDIVIDUAL BANK ACCOUNTS (In Thousands of Dollars)

Place	No. of Banks Reporting	Nov. 1948	Oct. 1948	Nov. 1947	Percent Change Nov. 1948 from	
					Oct. 1948	Nov. 1947
ALABAMA						
Anniston.....	3	23,866	22,625	18,620	+ 5	+ 28
Birmingham.....	6	322,740	352,680	296,164	— 8	+ 9
Dothan.....	2	14,771	15,535	11,797	— 5	+ 25
Gadsden.....	3	20,259	20,852	18,577	— 3	+ 9
Mobile.....	4	137,661	138,265	124,728	— 0	+ 10
Montgomery.....	3	79,225	86,513	77,138	— 8	+ 3
FLORIDA						
Jacksonville....	3	261,307	262,580r	248,392	— 0	+ 5
Miami.....	7	243,375	217,083	209,829	+ 12	+ 16
Greater Miami*	13	348,392	308,431	290,645	+ 13	+ 20
Orlando.....	3	48,117	44,751	44,277	+ 8	+ 9
Pensacola.....	3	35,407	35,265	30,864	+ 0	+ 15
St. Petersburg...	3	53,091	49,197	47,202	+ 8	+ 12
Tampa.....	3	108,669	99,976r	101,890	+ 9	+ 7
GEORGIA						
Albany.....	2	24,057	23,995	21,356	+ 0	+ 13
Atlanta.....	4	884,923	881,944	732,958	+ 0	+ 21
Augusta.....	3	53,213	63,270	52,807	— 16	+ 1
Brunswick.....	2	8,432	8,785	8,304	— 4	+ 2
Columbus.....	4	51,699	55,819	53,565	— 7	— 3
Elberton.....	2	4,485	5,120	4,150	— 12	+ 8
Gainesville*...	3	14,703	16,173	13,824	— 9	+ 6
Griffin*.....	2	11,489	12,054	10,742	— 5	+ 7
Macon.....	3	59,939	58,968	55,087	+ 2	+ 9
Newnan.....	2	9,019	7,809	7,717	+ 15	+ 17
Rome*.....	3	21,981	25,380	21,932	— 13	+ 0
Savannah.....	4	87,582	89,062	85,329	— 2	+ 3
Valdosta.....	2	12,971	12,950	9,695	+ 0	+ 34
LOUISIANA						
Baton Rouge.....	3	112,706	105,229	81,158	+ 7	+ 39
Lake Charles.....	3	35,245	35,735	28,546	— 1	+ 23
New Orleans.....	7	702,890	678,737r	598,204	+ 4	+ 17
MISSISSIPPI						
Hattiesburg.....	2	16,633	17,342	14,798	— 4	+ 12
Jackson.....	4	130,439	135,959	108,870	— 4	+ 20
Meridian.....	3	27,226	31,522	25,340	— 14	+ 7
Vicksburg.....	2	31,452	32,640	29,070	— 4	+ 8
TENNESSEE						
Chattanooga.....	4	134,967	143,384	128,277	— 6	+ 5
Knoxville.....	4	112,208	115,342	100,881	— 3	+ 11
Nashville.....	6	297,225	311,353	264,901	— 5	+ 12
SIXTH DISTRICT						
32 Cities.....	110	4,145,800	4,160,387r	3,640,491	— 0	+ 14
UNITED STATES						
333 Cities.....		102,887,000	107,141,000	92,910,000	— 4	+ 11

* Not included in Sixth District total
r Revised

The general trend of imports into the United States from southern North America including Mexico, the Caribbean, and Central America has shown only a moderate increase of about 5 percent for the first nine months of this year compared with the corresponding period last year. Sugar imports—one of the District's principal imports—have been down this year for the country as a whole.

During the same period, the comparatively low rate of increase in imports from southern North America contrasts sharply with the much higher increases in imports from Europe and Canada. One of the reasons for the smaller increase from southern North America is, of course, that the volume did not decline during the war years as did the volume of imports from Europe. The value of American imports from Europe, for example, in 1947 was only a little over 10 percent greater than the prewar average, whereas the value of imports from southern North America was over four times as great.

BENEFITS OF DIVERSIFIED IMPORTS. Although the lesser-than-national rate of increase in District imports may be explained by these conditions, it has led some observers to conclude that a greater diversity in the goods handled through the District's ports is required for a stable foreign trade. Temporary declines in the demands for certain types of merchandise may be offset by increases in others and if the trade is diversified, a high level may be maintained.

The record of imports through the Mobile customs district for the first eight months of 1948, compared with the corresponding period in 1947, illustrates such a condition. In 1948 the total value of imports rose approximately 20 percent over 1947. There were substantial declines in the value of vegetable food products and beverages, inedible animal products, and machinery and vehicles. These declines, however, were offset by large increases in such types of commodities as inedible vegetable products, wood and paper, metals and manufactures, and chemicals and related products. The more diversified the source and the more diversified the types of commodities imported, the more likely is the import trade of any area to remain stable.

Some idea of the diversified nature of the imports already being received into the District is obtained from the Department of Commerce list of imports recently coming into the Georgia customs district. It is evident that in most cases the imports are complementary to local production and in many cases provide raw materials for important industries. Georgia textile imports in August, for example, were valued at over 400 thousand dollars. Because they consisted of cotton waste from the United Kingdom, burlap from India, and cloth waste from Belgium, they offered little competition to the District's textile industry. The value of such items imported in June as amber from India and peat moss from the Netherlands, and the diamonds from South Africa imported in April do not loom large in the total value of imports. They do, however, provide a clue to the diversified type of products which, if Americans will use in increasing quantities, will do much to raise the purchasing power of foreigners for American goods.

C. T. T.

Department Store Sales

The decline in sales at Sixth District department stores that began in November has continued through most of December. Although for the week ended December 11, sales were

3 percent greater than during the corresponding week of 1947, a year-to-year decline of 3 percent was reported for the week ended December 18. In the last minute pre-Christmas rush, consumers bought on a greater scale than they did during the first three weeks of December, and the final reports will probably show the seasonally adjusted index for December sales above that for December 1947. The seasonally adjusted index for December 1948 will probably exceed the index of 362 for November which was below October's index of 396.

November and December are not the first months since the end of the war when the customers of the District's department stores bought less goods than they did during the corresponding months of the previous year. Similar declines in daily average sales were reported for July, August, and September 1947. Stimulated, perhaps, by the payment of terminal leave bonds, October 1947 sales rose sufficiently to equal those of October 1946. November and December 1947 sales increases were great enough to raise the indexes to levels not only exceeding those of the same months in 1946 but of any months on record. Consequently, high sales goals were set for November and December this year, if the record of 1947 was to be repeated.

C.T.T.

Industry and Employment

CONSTRUCTION CONTRACTS awarded in October for the United States as a whole were substantially larger than the amount reported for September, but the total value of construction contracted for in the Sixth District declined 3 percent from September to October, and was 8 percent smaller than in October 1947. The October total is the smallest that has been reported for any month this year since March. For the January-October period, however, the total value of awards in the District was about 892 million dollars, an amount larger than the total for any earlier entire calendar year except 1942 when there was a large amount of construction for war purposes. The 10-month total is 32 percent larger than that for the corresponding part of last year.

In October residential awards, accounting for 48 percent of the total, were up 36 percent from September when they were 34 percent of the total. However, they were 19 percent smaller than in October last year when they accounted for 54 percent of the month's total. For the 10-month period, residential awards were 22 percent greater than in that part of 1947, and other awards were up 40 percent. Florida continues to lead the other five states both in total awards and in contracts for residential construction. In October 34 percent of the District's total awards and 50 percent of the residential contracts were awarded in Florida, and for the 10-month period these ratios were 37 and 54 percent, respectively.

Construction costs have risen further this year, but at a less rapid rate than in 1947. The index of wholesale prices of building materials compiled by the United States Bureau of Labor Statistics was slightly lower in October than it was in September or in August, but was still 9.4 percent above the index for October 1947. The index for the January-October period this year was, on the average, 10 percent above that for 1947—the 1947 average was 35 percent above that for 1946.

STEEL-MILL ACTIVITY in the Birmingham-Gadsden area continued in November at 102 percent of rated capacity. On a national basis, steel-mill operations have been rising since

midsummer and reached 100 percent of rated capacity in the latter part of November.

EMPLOYMENT increased at wholesale and retail establishments in the District states in October and there was a slight increase in manufacturing employment, but employment in construction work declined. In Alabama manufacturing employment increased slightly in October to the highest level since March. Principal increases for the month were gains of 13 percent in employment at shipbuilding establishments and 4 percent in chemicals and allied products factories. There was a small gain in textile employment, an increase in woven fabrics slightly more than offsetting losses in yarn and thread and other textile products. Employment at sawmills and planing mills increased slightly, but that in coal mining declined.

Employment at shipbuilding plants in Florida declined further. An increase of 15 percent in canning and preserving food products, however, was accompanied by an increase of 10 percent in employment at plants manufacturing wooden containers and a 17-percent gain in fabricated metal products, principally tin cans for fruits, vegetables, and juices. Employment at logging camps and sawmills declined slightly.

There was a slight decline in employment in Georgia manufacturing industries, and a further decrease in construction employment, but these losses were offset by gains in trade and in service establishments. Textile employment declined somewhat, but at fertilizer plants there was a gain of about 7 percent, and in fabricated metal products employment increased more than 4 percent. Employment in household furniture manufacturing increased 2 percent for the month, and in lumber and wood products there was a gain of one percent.

A decrease of 1.3 percent in total manufacturing employment slightly more than offset an increase in retail and wholesale trade in Louisiana. Employment at boat and shipbuilding and repair establishments increased and employment in textiles gained somewhat, but the number of workers at food-processing plants declined 4 percent, and there were smaller decreases in some other lines.

In Tennessee manufacturing employment declined only slightly in October. The number of construction workers declined, but employment at retail trade establishments increased. There were increases at plants that produce chemicals, apparel, paper and rubber, transportation equipment, furniture, and fabricated metals. Employment declined, however, in textile and food-processing plants and in the lumber industry.

COTTON TEXTILE MILLS in Alabama, Georgia, Mississippi, and Tennessee used an average of 9,457 bales of cotton for each business day in October which is about 9 percent less than they used in September and more than 11 percent less than in October 1947. This average was also smaller than that for any month in eight years except the vacation month of July this year and last. A decline in this industry is contrary to the usual seasonal trend, but cotton textile output has been seriously affected this year by a sharp decline in exports, by smaller domestic demands, and by increased competition from other fibers and other materials.

COAL OUTPUT in Alabama and Tennessee averaged somewhat lower in October and November and in the latter month was about 18 percent less than it was a year earlier. In the first 11 months of 1948, it was about 5 percent less than in that part of 1947.

D.E.M.

Sixth District Indexes

DEPARTMENT STORE SALES*						
Place	Adjusted**			Unadjusted		
	Nov. 1948	Oct. 1948	Nov. 1947	Nov. 1948	Oct. 1948	Nov. 1947
DISTRICT.....	362	396	383	434	424	459
Atlanta.....	397	471	420	493	508	521
Baton Rouge....	428	442	423	484	477	478
Birmingham....	375	386	399	450	421	478
Chattanooga....	335	365	388	382	383	442
Jackson.....	358	394	348	430	453	418
Jacksonville....	356	459	444	427	492	533
Knoxville.....	356	397	341	420	429	402
Macon.....	289	332	317	364	359	399
Miami.....	364	447	362	444	393	442
Montgomery....	339	376	373	417	428	459
Nashville.....	438	453	449	508	480	521
New Orleans....	360	337	364	425	374	430
Tampa.....	470	508	522	554	498	616

DEPARTMENT STORE STOCKS						
Place	Adjusted**			Unadjusted		
	Nov. 1948	Oct. 1948	Nov. 1947	Nov. 1948	Oct. 1948	Nov. 1947
DISTRICT.....	402	362	337	422	406	354
Atlanta.....	489	474	391	566	556	452
Birmingham....	294	296	242	347	333	285
Montgomery....	344	422	321	401	478	374
Nashville.....	543	528	480	631	606	558
New Orleans....	329	313	255	371	353	288

GASOLINE TAX COLLECTIONS***						
Place	Adjusted**			Unadjusted		
	Nov. 1948	Oct. 1948	Nov. 1947	Nov. 1948	Oct. 1948	Nov. 1947
SIX STATES.....	198	197	174	204	193r	179
Alabama.....	201	203	191	207	201	197
Florida.....	177	177	174	172	161	169
Georgia.....	179	179	169	185	177	175
Louisiana.....	225	229	167	236	235	176
Mississippi.....	175	191	160	192	194	176
Tennessee.....	226	208	176	243	207	189

COTTON CONSUMPTION*				ELECTRIC POWER PRODUCTION*			
Place	Nov. 1948	Oct. 1948	Nov. 1947		Oct. 1948	Sept. 1948	Oct. 1947
TOTAL.....	136	131	150	SIX STATES...	336	341	296
Alabama.....	143	136	153	Hydro-			
Georgia.....	136	132	158	generated	217	226	180
Mississippi....	105	93	106	Fuel-			
Tennessee....	110	115	136	generated	491	491	448

MANUFACTURING EMPLOYMENT***				CONSTRUCTION CONTRACTS			
Place	Oct. 1948	Sept. 1948	Oct. 1947	Place	Oct. 1948	Sept. 1948	Oct. 1947
SIX STATES...	152	152	151	DISTRICT...	382	379	418
Alabama.....	158	157	157	Residential...	561	387	691
Florida.....	133	132	132	Other.....	296	376	286
Georgia.....	147	147	148	Alabama....	293	415	409
Louisiana....	155	157	150	Florida....	414	398	601
Mississippi..	150	146	160	Georgia....	435	519	432
Tennessee..	158	158	157	Louisiana..	515	375	324
				Mississippi.	176	280	177
				Tennessee..	344	272	345

CONSUMERS' PRICE INDEX				ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS			
Item	Nov. 1948	Oct. 1948	Nov. 1947		Nov. 1948	Oct. 1948	Nov. 1947
ALL ITEMS...	175	177	171	Unadjusted...	21.5	21.1	19.7
Food.....	211	215	213	Adjusted**...	20.3	20.1	18.6
Clothing....	205	206	190	Index.....	82.2	81.6	75.3
Fuel, elec., and ice...	138	138	130	CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*			
Home furnishings...	195	195	182		Nov. 1948	Oct. 1948	Nov. 1947
Misc.....	150	148	145	Unadjusted...	302	295	278
Purchasing power of dollar...	.57	.56	.58	Adjusted**...	298	296	273
*Daily average basis				r Revised			
**Adjusted for seasonal variation							
***1939 monthly average=100; other indexes, 1935-39=100							

National Business Conditions

INDUSTRIAL activity was maintained in November at about the high October rate. Department store sales were 5 percent below last year's level, but in the early part of December sales increased more than a year ago. Commodity prices showed further moderate decreases in November and the first half of December.

Industrial Production

Output at factories and mines showed little change in November, and the Board's seasonally adjusted index of industrial production was 194 percent of the 1935-39 average as compared with 195 in October and 192 in November 1947.

Activity in the automobile, machinery, and nonferrous metals industries showed small reductions in November, but output of most other durable goods was maintained at the level of the preceding month. The number of new automobiles assembled declined about 4 percent in November, but rose again in the early part of December to a new postwar peak rate. Output for the year has been about 5,275,000 passenger cars and trucks, the largest annual total since 1929. Copper smelting was curtailed sharply in November as a result of a labor dispute affecting mine output. Steel production, on the other hand, showed a slight further gain, averaging 100.4 percent of capacity in November as compared with 100 in October.

Production of nondurable goods declined slightly in November, reflecting in large part further curtailments in output of textile and leather products. Cotton consumption decreased 5 percent and was 18 percent smaller than in November 1947. Newsprint consumption was reduced somewhat from the peak rate reached in October. Activity at paper and paperboard mills continued at record levels, and output of most other nondurable goods was maintained at about the October rate.

Minerals production increased somewhat in November, reflecting a slight further gain in crude petroleum output and an unusually large volume of iron ore production for this season. Coal output was maintained in November at the October rate, but declined about 5 percent in the first half of December.

Employment

Employment in nonagricultural establishments showed a small decline in mid-November from the record level in October. The decline, which was unusual for this season, reflected mainly some further curtailment of employment in industries manufacturing nondurable goods. Trade employment continued to increase seasonally, although the gain was the smallest for November since 1942. Employment in most other lines showed little change.

Construction

Value of contracts awarded for most types of private and public construction declined more than seasonally in November, according to reports of the F. W. Dodge Corporation. The number of new housing units started, decreased further in November to 65,000 as compared with 72,000 in October and 80,000 a year ago.

Distribution

Value of department store trade in November showed less than the usual seasonal rise and the average daily rate of sales was 5 percent smaller than a year ago. The Board's adjusted sales index was 287 percent of the 1935-39 average as compared with the advanced level of about 310 which

prevailed from April to October. Sales recovered to year-ago levels during the first half of December, however, and it is estimated that total dollar sales for the Holiday shopping period will be near last year's record volume. Sales of appliances and various other durable goods except new automobiles have been below the exceptionally high levels prevailing at the end of last year.

Railroad carloadings of most classes of merchandise showed more than the usual seasonal decline in November and early December and total shipments were about 9 percent below the same period a year ago. Loadings of coal were about 15 percent below a year ago. Shipments of manufactured goods were down about 5 percent, owing to a further diversion of freight to other forms of transportation and a reduction in the physical volume of goods shipped for export. This reduction was augmented in November by a maritime dispute.

Bank Credit

Federal Reserve System holdings of Government securities were further reduced in the first three weeks of December, reflecting sales of Treasury bills, certificates, and bonds. These securities were purchased primarily by commercial banks, which had an abundant supply of funds as a result of a seasonal increase in the volume of checks in clearing and a further gold inflow. Absorption of bank reserves by the pre-Christmas outflow of currency was somewhat smaller than usual.

Loans and investments at banks in leading cities showed little change in November, but increased somewhat in the first half of December. Loans to businesses showed a much smaller growth than in the same period last year. Loans to brokers and dealers for purchasing Government securities rose sharply in November while bank holdings of Treasury bills declined. Deposits declined slightly at all commercial banks in November, but increased sharply at banks in leading cities during the first half of December.

THE BOARD OF GOVERNORS

Bank Announcements

On November 19, The Citizens and Southern Bank of East Point, East Point, Georgia, a nonmember bank succeeding The First National Bank of East Point began remitting at par. The officers of the bank are Mills B. Lane, Jr., president; C. P. Glover, Jr., vice president; Charles E. Wells, vice president and cashier; and Walter A. Eaves, assistant cashier. This bank has a capital of \$100,000 and a surplus of \$25,000. Its deposits were \$1,482,000 on the first day.

Another addition to the par list is the Phenix-Girard Bank, Phenix City, Alabama. This is a nonmember bank that began remitting at par on November 29. The officers are C. L. Mullin, president; S. Robin Mullin, vice president; H. R. Mills, vice president and trust officer; W. E. Copeland, vice president; J. E. Moultrie, cashier; and C. G. Pickren, assistant cashier. This bank has a capital of \$100,000, surplus and undivided profits of \$131,000, and deposits amounting to \$4,122,000.

On November 30, the Third National Bank in Nashville, Nashville, Tennessee, opened a new branch at 717 Church Street, under authority received from the Comptroller of the Currency.

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