

# MONTHLY REVIEW

## FEDERAL RESERVE BANK OF ATLANTA

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### *Member Bank Operations in 1948*

**T**HE YEAR 1948 generally was a profitable one for Sixth District member banks. Greater earnings from expanded loans were more than sufficient to offset decreased earnings from smaller holdings of Government securities and heavier operating expenses. As a consequence, the average ratio of net current earnings to total capital accounts in 1948 was the highest on record—17.1, compared with 16.9 for 1947.

Despite the increase in earnings, however, total net profits declined over 10 percent from 1947 to 1948. Net profits, as reported by the banks, are calculated after the deduction of net recoveries and profits or losses on loans. In 1948, for the first time, a large number of the banks set up special reserves for bad-debt losses on loans under the authority of a ruling made by the Commissioner of Internal Revenue in December 1947. Setting up these reserves reduced the net profit figures by more than the amount of losses actually incurred in 1948. Net profit data, therefore, are not strictly comparable with those of the previous years or, in some cases, from bank to bank. Nevertheless, the average ratio of net profits to total capital of 10.4 in 1948 was as great as any before 1944.

The average ratios of the Sixth District member banks shown in the tables on the following pages are the result of this bank's annual operating ratio study. The data from which the ratios were computed were obtained from averages of figures from the reports of condition for December 31, 1947; June 30, 1948; and December 31, 1948; and from the reports of earnings and dividends for the entire year 1948. The average ratios shown are simple arithmetic averages of the ratios of the individual banks.

**LOAN EXPANSION.** By the end of 1948, total member bank loans of over 1.5 billion dollars were 7 percent greater than at the end of the preceding year. The greater volume of loans, rather than a higher rate of earnings on loans, was responsible for the increased earnings. The average rate of return of 5.7 percent for all the member banks in 1948 was exactly the same as in 1947.

The change in loans outstanding and the consequent effect upon earnings, however, differed greatly from bank to bank. As a general rule, the smaller the bank the greater the rate of expansion in loans, although there were marked variations from state to state in banks of the same size. This variation in loan expansion partly explains the differences in profit experience among the banks.

**GOVERNMENT SECURITY HOLDINGS DECLINE.** At the end of 1948, member bank holdings of Government securities were down 9 percent from those of the preceding year. The drop was less sharp at banks with deposits of over 75 million dollars than

at the smaller banks. Both the reserve city banks and the country banks, however, reported declines in holdings of Government securities during the first four months of the year.

Beginning with May, and during each of the following months through August, holdings of Government securities by reserve city banks increased. By the end of August they were greater than they had been at the end of 1947. The country banks, on the other hand, continued to reduce their holdings of Government securities until the end of September. A particularly sharp drop occurred during September when the banks disposed of securities in order to meet increased reserve requirements. After September, however, both the reserve city and country banks added to their holdings of Governments.

The increase in short-term rates on Treasury bills and certificates during the last half of 1948 probably accounts for the increase in the average rate of earnings on Government securities from 1.5 percent in 1947 to 1.6 percent last year. These higher rates offset the lower average rates of return which might have resulted from the decreased proportion of holdings represented by the longer-term, higher-yield bonds.

**DEPOSITS DECLINE.** Although deposits tended to decline during the first nine months of the year, growth during the remainder of 1948 raised the total to a level which at the end of the year was only one percent less than at the end of 1947. The growth in deposits during the last quarter, however, was almost entirely because of an increase in demand deposits. The general decline in time deposits was reflected in the ratio of time to total deposits which fell from 23 in 1947 to 21.8.

The lower average deposits during 1948 were also partly responsible for the increase in the ratio of capital to total deposits, which rose from 6.3 in 1947 to 6.7 in 1948. The increase during 1948 raised this ratio to a point higher than it had been since 1945. The ratio of total capital accounts to total assets other than Government securities and cash, or what is sometimes called the risk-asset ratio, declined from 24.2 in 1947 to 21.5 in 1948. The reduction in the ratio, of course, was caused primarily by the upsurge in loans and the reduction in Government security holdings.

Much the greater part of the banks' earnings were retained—about two-thirds—with a resulting strengthening of their capital position. Cash dividends were declared averaging 3.3 percent of total capital accounts, about the same ratio that has characterized member bank operations in recent years.

**PROSPECTS.** The statistical record for 1948 merely confirms what has been increasingly observed in banking circles. Banking operations now more nearly resemble those of the prewar years than they do those of the war years. Although Govern-

# AVERAGE OPERATING RATIOS OF MEMBER BANKS IN THE

## AVERAGES OF INDIVIDUAL BANKS

Size Groups — Banks Group

| I T E M  | Up to<br>\$1,000,000 |       | \$1,000,000 to<br>2,000,000 |       | \$2,000,000 to<br>3,500,000 |       |
|--|----------------------|-------|-----------------------------|-------|-----------------------------|-------|
|  | 1947                 | 1948  | 1947                        | 1948  | 1947                        | 1948  |
| <b>SUMMARY RATIOS :</b>                                      |                      |       |                             |       |                             |       |
| Percentage of total capital accounts :                       |                      |       |                             |       |                             |       |
| Net current earnings before income taxes...                  | 12.3                 | 14.6  | 16.9                        | 16.1  | 19.0                        | 18.3  |
| Profits before income taxes <sup>1</sup> .....               | 10.9                 | 13.5  | 15.7                        | 14.4  | 17.9                        | 14.7  |
| Net profits <sup>2</sup> .....                               | 9.0                  | 11.7  | 12.8                        | 11.5  | 14.1                        | 11.2  |
| Cash dividends declared.....                                 | 2.9                  | 3.7   | 3.5                         | 3.0   | 3.4                         | 3.3   |
| Percentage of total assets :                                 |                      |       |                             |       |                             |       |
| Total earnings.....  | 2.7                  | 3.1   | 2.7                         | 2.8   | 2.6                         | 3.0   |
| Net current earnings before income taxes...                  | 1.0                  | 1.3   | 1.1                         | 1.1   | 1.1                         | 1.2   |
| Net profits <sup>2</sup> .....                               | .7                   | 1.1   | .9                          | .8    | .8                          | .8    |
| <b>SOURCES AND DISPOSITION OF EARNINGS :</b>                 |                      |       |                             |       |                             |       |
| Percentage of total earnings :                               |                      |       |                             |       |                             |       |
| Interest on U. S. Government securities.....                 | 20.5                 | 16.8  | 25.1                        | 23.8  | 29.1                        | 23.7  |
| Interest and dividends on other securities....               | 5.6                  | 4.9   | 4.4                         | 4.7   | 6.9                         | 6.2   |
| Earnings on loans.....                                       | 61.7                 | 65.1  | 56.7                        | 59.5  | 50.7                        | 57.2  |
| Service charges on deposit accounts.....                     | 6.1                  | 4.7   | 5.5                         | 5.5   | 6.3                         | 5.9   |
| Other current earnings.....                                  | 6.1                  | 8.5   | 8.3                         | 6.5   | 7.0                         | 7.0   |
| Total earnings.....  | 100.0                | 100.0 | 100.0                       | 100.0 | 100.0                       | 100.0 |
| Salaries and wages.....                                      | 31.8                 | 32.8  | 29.7                        | 29.7  | 27.6                        | 28.6  |
| Other current expenses.....                                  | 31.3                 | 27.7  | 29.1                        | 31.1  | 30.0                        | 31.1  |
| Total expenses.....  | 63.1                 | 60.4  | 58.8                        | 60.8  | 57.6                        | 59.7  |
| Net current earnings before income taxes.                    | 36.9                 | 39.6  | 41.2                        | 39.2  | 42.4                        | 40.3  |
| Net recoveries and profits or losses <sup>2</sup> .....      | — 4.5                | — 1.0 | — 2.6                       | — 4.1 | — 2.5                       | — 6.2 |
| Taxes on net income.....                                     | 6.2                  | 5.1   | 7.1                         | 7.0   | 8.4                         | 8.1   |
| Net profits <sup>2</sup> .....                               | 26.2                 | 33.5  | 31.5                        | 28.1  | 31.5                        | 26.0  |
| <b>RATES OF EARNINGS ON SECURITIES AND LOANS :</b>           |                      |       |                             |       |                             |       |
| Percentage of U. S. Government securities :                  |                      |       |                             |       |                             |       |
| Interest on U. S. Government securities.....                 | 1.5                  | 1.8   | 1.5                         | 1.6   | 1.6                         | 1.6   |
| Percentage of other securities :                             |                      |       |                             |       |                             |       |
| Interest and dividends on other securities...                | 3.9                  | 3.7   | 3.5                         | 3.2   | 3.4                         | 3.5   |
| Percentage of total securities :                             |                      |       |                             |       |                             |       |
| Net recoveries and profits or losses on securities.....      | — .1                 | ..... | .....                       | ..... | .....                       | ..... |
| Percentage of total loans :                                  |                      |       |                             |       |                             |       |
| Earnings on loans.....                                       | 7.5                  | 7.4   | 7.2                         | 6.8   | 6.4                         | 6.4   |
| Net recoveries or losses on loans <sup>1</sup> .....         | — .2                 | — .2  | — .2                        | — .4  | — .1                        | — .2  |
| <b>DISTRIBUTION OF ASSETS :</b>                              |                      |       |                             |       |                             |       |
| Percentage of total assets :                                 |                      |       |                             |       |                             |       |
| U. S. Government securities.....                             | 36.0                 | 29.6  | 41.7                        | 38.9  | 44.3                        | 38.5  |
| Other securities.....  | 4.9                  | 4.8   | 4.0                         | 4.6   | 5.9                         | 6.3   |
| Loans.....   | 22.9                 | 28.2  | 23.5                        | 26.3  | 22.5                        | 28.1  |
| Cash assets.....   | 35.6                 | 36.6  | 30.1                        | 29.5  | 26.7                        | 26.5  |
| Real-estate assets.....                                      | .5                   | .7    | .5                          | .6    | .5                          | .5    |
| All other assets.....  | .1                   | .1    | .2                          | .1    | .1                          | .1    |
| Total assets.....  | 100.0                | 100.0 | 100.0                       | 100.0 | 100.0                       | 100.0 |
| <b>OTHER RATIOS :</b>  |                      |       |                             |       |                             |       |
| Total capital accounts to :                                  |                      |       |                             |       |                             |       |
| Total assets.....  | 9.3                  | 9.4   | 7.0                         | 7.4   | 6.1                         | 6.7   |
| Total assets less Government securities and cash assets..... | 35.6                 | 30.6  | 28.8                        | 26.0  | 25.6                        | 22.7  |
| Total deposits.....  | 10.5                 | 10.6  | 7.7                         | 8.2   | 6.5                         | 7.2   |
| Time deposits <sup>3</sup> to total deposits.....            | 13.7                 | 12.7  | 20.8                        | 19.6  | 23.5                        | 20.0  |
| Interest on time deposits <sup>3</sup> to time deposits....  | 1.1                  | .7    | 1.1                         | 1.0   | 1.0                         | .9    |
| Trust department earnings <sup>3</sup> to total earnings...  | .7                   | .6    | .4                          | 2.4   | 2.2                         | .6    |
| Interest on time deposits <sup>3</sup> to total earnings.... | 5.9                  | 4.6   | 7.8                         | 7.7   | 8.9                         | 8.1   |
| Number of banks <sup>3</sup> .....                           | 11                   | 13    | 49                          | 48    | 58                          | 63    |

<sup>1</sup>In interpreting this ratio, account should be taken of the fact that in 1948 some banks, for the first time, established reserves for bad-debt losses on loans.

<sup>2</sup>Banks with none were excluded in computing this average.

<sup>3</sup>Seven member banks—six new banks and one merged bank—were excluded from the 1947 compilations and two new banks from the 1948 compilations.

# SIXTH FEDERAL RESERVE DISTRICT IN 1947 AND 1948

## PERCENTAGES, EXPRESSED IN PERCENTAGES

### Amount of Total Deposits

| \$3,500,000 to<br>7,000,000 |       | \$7,000,000 to<br>15,000,000 |       | \$15,000,000 to<br>75,000,000 |       | Over<br>\$75,000,000 |       | All District<br>Member Banks |       |
|-----------------------------|-------|------------------------------|-------|-------------------------------|-------|----------------------|-------|------------------------------|-------|
| 1947                        | 1948  | 1947                         | 1948  | 1947                          | 1948  | 1947                 | 1948  | 1947                         | 1948  |
| 16.7                        | 17.6  | 17.1                         | 17.9  | 16.7                          | 16.5  | 13.1                 | 13.7  | 16.9                         | 17.1  |
| 16.0                        | 14.2  | 15.6                         | 13.7  | 15.9                          | 13.4  | 12.9                 | 10.0  | 15.9                         | 13.9  |
| 11.6                        | 10.9  | 11.0                         | 9.8   | 10.7                          | 9.2   | 8.7                  | 6.5   | 11.7                         | 10.4  |
| 3.4                         | 3.4   | 3.2                          | 3.4   | 2.7                           | 3.0   | 3.2                  | 3.3   | 3.2                          | 3.3   |
| 2.3                         | 2.6   | 2.4                          | 2.5   | 2.2                           | 2.4   | 2.0                  | 2.1   | 2.4                          | 2.6   |
| .9                          | 1.0   | .9                           | 1.0   | .8                            | .8    | .7                   | .7    | 1.0                          | 1.0   |
| .6                          | .6    | .6                           | .5    | .5                            | .5    | .5                   | .4    | .7                           | .6    |
| 31.2                        | 26.3  | 31.6                         | 27.2  | 33.4                          | 28.6  | 34.7                 | 30.9  | 30.1                         | 25.8  |
| 6.7                         | 6.9   | 7.8                          | 7.5   | 7.0                           | 6.8   | 6.5                  | 6.4   | 6.6                          | 6.5   |
| 47.4                        | 52.7  | 43.1                         | 48.2  | 38.3                          | 42.8  | 37.6                 | 42.5  | 47.3                         | 52.3  |
| 6.5                         | 7.2   | 7.8                          | 8.4   | 8.0                           | 8.2   | 4.5                  | 4.8   | 6.6                          | 6.8   |
| 8.2                         | 6.9   | 9.7                          | 8.7   | 13.3                          | 13.6  | 16.7                 | 15.4  | 9.4                          | 8.6   |
| 100.0                       | 100.0 | 100.0                        | 100.0 | 100.0                         | 100.0 | 100.0                | 100.0 | 100.0                        | 100.0 |
| 29.3                        | 29.3  | 28.9                         | 29.4  | 29.6                          | 30.6  | 27.8                 | 28.4  | 29.0                         | 29.5  |
| 32.2                        | 31.4  | 33.6                         | 32.2  | 33.1                          | 33.6  | 37.5                 | 36.4  | 32.0                         | 31.9  |
| 61.5                        | 60.7  | 62.5                         | 61.6  | 62.7                          | 64.2  | 65.3                 | 64.8  | 61.0                         | 61.4  |
| 38.5                        | 39.3  | 37.5                         | 38.4  | 37.3                          | 35.8  | 34.7                 | 35.2  | 39.0                         | 38.6  |
| — 1.3                       | — 7.0 | — 2.6                        | — 8.5 | — 2.1                         | — 7.1 | — .3                 | — 9.2 | — 2.1                        | — 6.6 |
| 10.2                        | 7.6   | 10.4                         | 8.5   | 11.9                          | 8.9   | 11.3                 | 9.2   | 9.6                          | 7.9   |
| 27.0                        | 24.7  | 24.5                         | 21.4  | 23.3                          | 19.8  | 23.1                 | 16.8  | 27.3                         | 24.1  |
| 1.5                         | 1.6   | 1.5                          | 1.6   | 1.5                           | 1.5   | 1.5                  | 1.4   | 1.5                          | 1.6   |
| 2.8                         | 2.8   | 3.2                          | 2.4   | 2.2                           | 2.2   | 2.6                  | 2.8   | 3.0                          | 2.9   |
| ....                        | — .1  | ....                         | — .1  | ....                          | ....  | + .1                 | ....  | ....                         | ....  |
| 5.6                         | 5.7   | 5.3                          | 5.2   | 4.4                           | 4.5   | 3.4                  | 3.7   | 5.7                          | 5.7   |
| — .1                        | — .5  | — .2                         | — .8  | — .1                          | — .6  | — .2                 | — .8  | — .1                         | — .5  |
| 44.8                        | 39.3  | 46.0                         | 40.4  | 47.2                          | 42.2  | 42.3                 | 39.1  | 44.3                         | 39.3  |
| 6.5                         | 7.4   | 8.9                          | 9.0   | 7.4                           | 7.4   | 5.4                  | 5.5   | 6.5                          | 6.9   |
| 20.8                        | 25.1  | 20.3                         | 24.3  | 19.3                          | 23.0  | 22.3                 | 24.3  | 21.4                         | 25.5  |
| 27.3                        | 27.5  | 23.9                         | 25.3  | 25.0                          | 26.2  | 28.7                 | 29.8  | 27.0                         | 27.5  |
| .5                          | .6    | .7                           | .8    | .8                            | .9    | .9                   | .8    | .6                           | .7    |
| .1                          | .1    | .2                           | .2    | .3                            | .3    | .4                   | .5    | .2                           | .1    |
| 100.0                       | 100.0 | 100.0                        | 100.0 | 100.0                         | 100.0 | 100.0                | 100.0 | 100.0                        | 100.0 |
| 5.6                         | 5.9   | 5.4                          | 5.6   | 5.1                           | 5.4   | 5.2                  | 5.3   | 5.9                          | 6.2   |
| 24.9                        | 21.1  | 20.5                         | 18.3  | 20.5                          | 18.5  | 19.4                 | 19.1  | 24.2                         | 21.5  |
| 6.0                         | 6.3   | 5.8                          | 5.9   | 5.4                           | 5.8   | 5.6                  | 5.7   | 6.3                          | 6.7   |
| 23.8                        | 23.4  | 27.5                         | 27.0  | 20.6                          | 20.2  | 17.8                 | 17.1  | 23.0                         | 21.8  |
| .9                          | .9    | .8                           | .8    | .8                            | .8    | .9                   | .9    | .9                           | .9    |
| 1.2                         | 5.9   | 2.1                          | 2.2   | 3.3                           | 5.5   | 3.8                  | 4.0   | 2.6                          | 3.0   |
| 8.8                         | 8.4   | 9.6                          | 9.0   | 7.4                           | 6.7   | 8.4                  | 7.8   | 8.5                          | 8.0   |
| 90                          | 93    | 65                           | 64    | 42                            | 44    | 18                   | 19    | 333                          | 344   |

ment securities are the most important earning assets held by banks in terms of total dollar value, they now have only about half the importance that loans do as a source of earnings in contrast with the war years, when they were much more important.

The scale of bank lending, therefore, will be of utmost importance in maintaining member bank earnings during 1949. So far this year, member bank loans at both reserve city and country banks have fallen below the levels at the end of 1948; and at reserve city banks the loan volume now barely exceeds that of the corresponding period last year. Conditions affecting the demand for loans are subject to such frequent changes that the present trend may be suddenly reversed. But at this time, there are few indications that loans will expand as they did during the latter part of 1947. Unless they do, no major

increase in earnings in 1949 from loans can be expected. A falling off in demand for loans, of course, is possible.

Two major developments will affect earnings from Government security holdings. It is possible, of course, that Treasury cash receipts may enable it to retire some bank-held Government securities, although a major debt reduction is unlikely on the basis of current forecasts of the budget. Regardless of whether the total amount of the Government debt is reduced, however, refunding operations will be of major importance to earnings in 1949. About one-third of the Government securities owned by the District's member banks will mature this year and about 6 percent more are callable. The type of securities issued to replace those maturing and the interest rates which they bear will consequently be important in determining the level of member bank earnings in 1949.

CHARLES T. TAYLOR

### SIXTH DISTRICT MEMBER BANK CHANGES IN DEPOSITS, EARNING ASSETS, AND PROFITS FOR THE YEAR 1948\*\*

(In Thousands of Dollars)

| Group*                       | Number in Group | Year Ending Dec. 1948   | Year Ending Dec. 1947 | Change      |         |
|------------------------------|-----------------|-------------------------|-----------------------|-------------|---------|
|                              |                 |                         |                       | Amount      | Percent |
| <b>Deposits</b>              |                 |                         |                       |             |         |
| A                            | 13              | 10,110.0                | 9,920.1               | + 189.9     | + 1.9   |
| B                            | 48              | 74,540.8                | 74,816.0              | - 275.2     | - .4    |
| C                            | 63              | 169,727.6               | 172,220.2             | - 2,492.6   | - 1.5   |
| D                            | 93              | 461,885.0               | 471,993.2             | - 10,108.2  | - 2.2   |
| E                            | 64              | 664,176.2               | 672,140.2             | - 7,964.0   | - 1.2   |
| F                            | 44              | 1,461,534.7             | 1,487,045.2           | - 25,510.5  | - 1.7   |
| G                            | 19              | 2,853,609.6             | 2,882,610.1           | - 29,000.5  | - 1.0   |
| Total                        | 344             | 5,695,583.9             | 5,770,745.0           | - 75,161.1  | - 1.3   |
| <b>Government Securities</b> |                 |                         |                       |             |         |
| A                            | 13              | 2,886.8                 | 3,608.4               | - 721.6     | - 20.0  |
| B                            | 48              | 29,259.7                | 32,328.0              | - 3,068.3   | - 9.5   |
| C                            | 63              | 65,280.2                | 75,006.0              | - 9,725.8   | - 13.0  |
| D                            | 93              | 180,792.5               | 206,663.5             | - 25,871.0  | - 12.5  |
| E                            | 64              | 261,203.6               | 299,098.3             | - 37,894.7  | - 12.7  |
| F                            | 44              | 615,382.6               | 681,368.4             | - 65,985.8  | - 9.7   |
| G                            | 19              | 1,099,313.9             | 1,188,779.5           | - 89,465.6  | - 7.5   |
| Total                        | 344             | 2,254,119.3             | 2,486,852.1           | - 232,732.8 | - 9.4   |
| <b>Loans</b>                 |                 |                         |                       |             |         |
| A                            | 13              | 3,122.9                 | 2,379.3               | + 743.6     | + 31.3  |
| B                            | 48              | 22,038.4                | 18,594.3              | + 3,444.1   | + 18.3  |
| C                            | 63              | 53,979.7                | 46,309.2              | + 7,670.5   | + 16.6  |
| D                            | 93              | 128,922.9               | 114,176.5             | + 14,746.4  | + 12.9  |
| E                            | 64              | 187,730.8               | 162,958.6             | + 24,772.2  | + 15.2  |
| F                            | 44              | 367,345.8               | 334,035.3             | + 33,310.5  | + 10.0  |
| G                            | 19              | 782,090.6               | 761,893.8             | + 20,196.8  | + 2.7   |
| Total                        | 344             | 1,545,231.1             | 1,440,347.0           | + 104,884.1 | + 7.3   |
| <b>Profits***</b>            |                 |                         |                       |             |         |
| A                            | 13              | 116.8                   | 58.9                  | + 57.9      | + 98.3  |
| B                            | 48              | 649.7                   | 619.1                 | + 30.6      | + 4.9   |
| C                            | 63              | 1,349.6                 | 1,521.6               | - 172.0     | - 11.3  |
| D                            | 93              | 3,038.3                 | 2,948.6               | + 89.7      | + 3.0   |
| E                            | 64              | 3,843.8                 | 4,122.6               | - 278.8     | - 6.8   |
| F                            | 44              | 7,060.8                 | 7,402.6               | - 341.8     | - 4.6   |
| G                            | 19              | 10,796.2                | 13,432.0              | - 2,635.8   | - 19.6  |
| Total                        | 344             | 26,855.2                | 30,105.4              | - 3,250.2   | - 10.8  |
| <b>*Average Deposits</b>     |                 |                         |                       |             |         |
| Group A—                     |                 | Up to \$ 1,000,000      |                       |             |         |
| Group B—                     |                 | \$ 1,000,000— 2,000,000 |                       |             |         |
| Group C—                     |                 | 2,000,000— 3,500,000    |                       |             |         |
| Group D—                     |                 | 3,500,000— 7,000,000    |                       |             |         |
| Group E—                     |                 | 7,000,000— 15,000,000   |                       |             |         |
| Group F—                     |                 | 15,000,000— 75,000,000  |                       |             |         |
| Group G—                     |                 | Over 75,000,000         |                       |             |         |

\*\*The banks in each group are identical for both years, the classification of each bank being determined by its average deposits for 1948.

\*\*\*Net profits in 1948 are affected by the fact that a number of banks established, for the first time, reserves for bad-debt losses on loans.

### SUMMARY TABLE

Operating Ratios of All Member Banks in the Sixth Federal Reserve District For Selected Years from 1941-48

| SUMMARY RATIOS                                   | 1941  | 1944  | 1945  | 1946  | 1947  | 1948  |
|--|-------|-------|-------|-------|-------|-------|
| <b>Percent of total cap. accounts:</b>           |       |       |       |       |       |       |
| Net current earnings.....                        | 8.9   | 12.6  | 13.2  | 16.8  | 16.9  | 17.1  |
| Profits before inc. taxes*....                   | **    | 13.6  | 15.8  | 17.7  | 15.9  | 13.9  |
| Net profits*.....                                | 8.0   | 11.2  | 12.4  | 14.0  | 11.7  | 10.4  |
| Cash dividends declared....                      | 3.5   | 3.4   | 3.3   | 3.3   | 3.2   | 3.3   |
| <b>Percent of total assets:</b>                  |       |       |       |       |       |       |
| Total earnings.....                              | 3.6   | 2.0   | 1.8   | 2.0   | 2.4   | 2.6   |
| Net current earnings***.....                     | 1.0   | .7    | .6    | .8    | 1.0   | 1.0   |
| Net profits*.....                                | .9    | .6    | .6    | .7    | .7    | .6    |
| <b>SOURCES AND DISPOSITION OF EARNINGS</b>       |       |       |       |       |       |       |
| <b>Percent of total earnings:</b>                |       |       |       |       |       |       |
| Int. on U. S. Govt. sec.....                     | **    | **    | 39.0  | 37.7  | 30.1  | 25.8  |
| Int. & div. on other sec.***                     | 20.5  | 43.3  | 8.2   | 7.4   | 6.6   | 6.5   |
| Earnings on loans.....                           | 62.7  | 36.4  | 33.9  | 38.4  | 47.3  | 52.2  |
| Serv. charges on dep. accts.                     | 5.4   | 7.8   | 7.1   | 6.3   | 6.6   | 6.8   |
| Other current earnings.....                      | 12.4  | 12.5  | 11.8  | 10.2  | 9.4   | 8.6   |
| Total earnings.....                              | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Salaries & wages.....                            | 30.4  | 30.5  | 30.2  | 28.5  | 29.0  | 29.5  |
| Other current expenses.....                      | 41.7  | 34.2  | 34.9  | 32.2  | 32.0  | 31.9  |
| Total expenses.....                              | 72.1  | 64.7  | 65.1  | 60.7  | 61.0  | 61.4  |
| Net current earnings before inc. taxes.....      | 27.9  | 35.3  | 34.9  | 39.3  | 39.0  | 38.6  |
| Net recoveries & profits or losses*.....         | -3.2  | +3.4  | +7.6  | +2.3  | -2.1  | -6.6  |
| Taxes on net inc.....                            |       | 6.5   | 8.9   | 8.6   | 9.6   | 7.9   |
| Net profits*.....                                | 24.7  | 32.2  | 33.6  | 33.0  | 27.3  | 24.1  |
| <b>RATES OF EARNINGS ON SECURITIES AND LOANS</b> |       |       |       |       |       |       |
| <b>Percent of U. S. Govt. sec.:</b>              |       |       |       |       |       |       |
| Int. on U. S. Govt. sec.....                     | **    | **    | 1.4   | 1.5   | 1.5   | 1.6   |
| <b>Percent of other sec.:</b>                    |       |       |       |       |       |       |
| Int. & dividends on other sec.***                | 3.2   | 1.7   | 3.2   | 3.6   | 3.0   | 2.9   |
| <b>Percent of total sec.:</b>                    |       |       |       |       |       |       |
| Net recoveries & profits or losses on sec.....   | + .8  | + .1  | + .2  | + .1  | ...   | ...   |
| <b>Percent of total loans:</b>                   |       |       |       |       |       |       |
| Earnings on loans.....                           | 6.5   | 5.2   | 5.0   | 5.6   | 5.7   | 5.7   |
| Net recoveries or losses on loans*.....          | -.2   | + .1  | + .1  | ...   | -.1   | -.5   |
| <b>DISTRIBUTION OF ASSETS</b>                    |       |       |       |       |       |       |
| <b>Percent of total assets:</b>                  |       |       |       |       |       |       |
| U. S. Govt. sec.....                             | **    | **    | 47.8  | 50.1  | 44.3  | 39.3  |
| Other sec.***.....                               | 22.0  | 49.5  | 5.2   | 5.6   | 6.5   | 6.9   |
| Loans.....                                       | 35.5  | 15.4  | 13.8  | 15.1  | 21.4  | 25.5  |
| Cash assets.....                                 | 39.5  | 34.0  | 32.4  | 28.5  | 27.0  | 27.5  |
| Real-estate assets.....                          | 2.7   | .9    | .6    | .6    | .6    | .7    |
| All other assets.....                            | .3    | .2    | .1    | .2    | .1    | .1    |
| Total assets.....                                | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| <b>OTHER RATIOS</b>                              |       |       |       |       |       |       |
| <b>Total cap. accts. to:</b>                     |       |       |       |       |       |       |
| Total assets.....                                | ...   | 6.1   | 5.2   | 5.2   | 5.9   | 6.2   |
| Total assets less Govt. sec. & cash assets.....  | **    | 32.2  | 32.3  | 28.9  | 24.2  | 21.5  |
| Total deposits.....                              | 14.7  | 6.6   | 5.6   | 5.5   | 6.3   | 6.7   |
| Number of banks.....                             | 315   | 309   | 324   | 329   | 333   | 344   |

\*In interpreting this ratio, account should be taken of the fact that in 1948 some banks, for the first time, established reserves for bad-debt losses on loans.

\*\*Not computed.

\*\*\*Net current earnings beginning with 1944 not comparable with those for 1941.

\*\*\*\*Including Government securities in 1941-44.

## District Business Conditions

### Farm Income and Expenses

LAST YEAR farmers in the District states received a record income of 2.7 billion dollars from the sale of crops and livestock and livestock products. This figure represents a gain of 183 million dollars, or 7 percent, over 1947 cash receipts; 132 million more from crops and 51 million more from livestock and livestock products. Farm income of the nation as a whole increased 3 percent.

Of the six states in the District, Mississippi showed the greatest relative gain with an increase of 12 percent, Alabama gained 11 percent, but Florida showed a loss of one percent. Receipts from cotton, of course, figured heavily in the gains of Mississippi and Alabama. In fact, more than half of the dollar gain in farm income in the District states came from Mississippi and Alabama. Last year, cotton yields were the highest on record, and prices—even at the loan rate—were high, compared with earlier years. On the other hand, citrus prices were low.

All of the states in the District have greatly increased their farm income over their prewar, 1935-39, averages. The index of farm income in 1948 for the District states stood at 354, excluding Government receipts. The states which made the greatest gains over their prewar averages were Louisiana with an index of 430, Tennessee with 402, and Alabama with 394. Much of the gain can, of course, be attributed to the inflated prices during and after the war although there was an increase in the physical output of District farms.

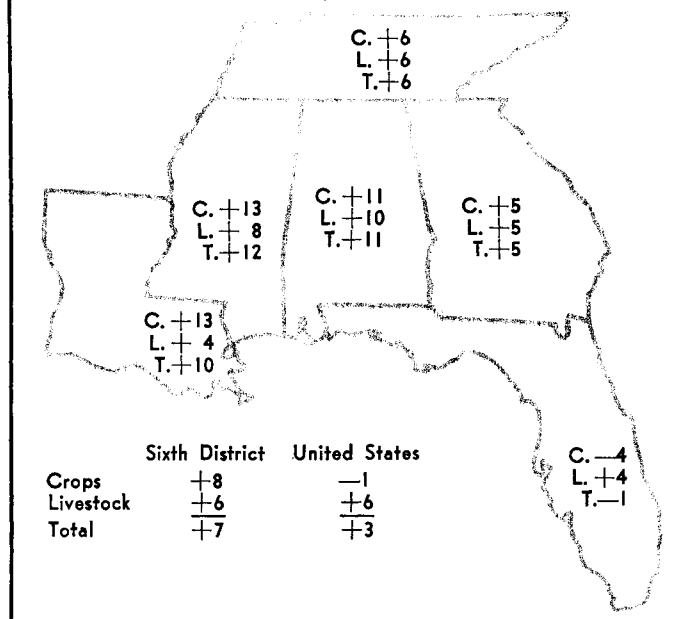
The over-all cash receipts figure tends to obscure a fairly significant trend in farm income. Relatively greater gains have been made in receipts from livestock than from crops. In 1948, for example, the index of income from crops was 320 percent of the 1935-39 average, but the index of income from livestock was 459 percent of that prewar average. Crop receipts still account for the major part of farm income in the District states, but the proportion of total farm income supplied by livestock marketings increased from 25 percent in the 1935-39 period to 32 percent in 1948.

Although last year's farm income was the highest on record, so, too, were the production expenses. For the nation, and the same is true for the District states, the cash cost of producing last year's crops and livestock was higher than the total farm income in any prewar year. Part of the increased cost of farming can be accounted for by increases in the prices of things which farmers buy, but not all of it. On many farms mules have been replaced by tractors. Farmers could raise feed for the workstock with very little cash expenditure, but tractor fuel, grease, and repairs all require cash payments. Mechanization should enable farmers to produce more efficiently and have a greater net income, after paying higher cash costs, than they had with workstock. In all probability, therefore, the cash outlays for farming will continue to be greatly above prewar expenditures.

For the past six months, prices received by farmers have been declining at an average rate of about 2 percent a month for the nation as a whole. In the District states the declines have been a little less than that. Farm costs, however, have not declined as rapidly. If the trends now in evidence continue, net income to District farmers in 1949 will be considerably under last year's figure.

J. L. L.

### CASH RECEIPTS FROM CROPS AND LIVESTOCK Percent Changes, 1947 to 1948



### Industry and Employment

**CONSTRUCTION.** The value of construction contracts awarded in the Sixth District in February was up about 20 percent from January and was about 2 percent larger than the February 1948 total. All six states participated in the increase, although February awards were larger than a year ago only in Alabama, Georgia, and Tennessee. For the first two months of this year, the dollar value of contracts let was 5.3 percent smaller than that for the first two months of 1948.

In February residential awards accounting for 41 percent of the total, increased 29 percent over January, but they were about 11 percent less than in February last year. The two-month total was 15 percent smaller than a year ago. An increase over January was reported by each of the states except Mississippi. Declines over February 1948 occurred in Florida and Tennessee, but the other four states reported increases.

The increase in other awards in February, as compared with January, was smaller than in the case of residential construction contracts. However, other awards were nearly 13 percent greater this February than in February last year.

**CONSTRUCTION COSTS.** The indexes of the American Appraisal Company for 30 cities show a slight decline in construction costs from January to February. The decline from the October high, however, has amounted to only one percent. Wholesale lumber prices in January were down 6.4 percent from the August high. Lumber production has been declining since August, and ever since October it has been running below that of the corresponding month a year earlier.

**TEXTILES.** In February, as in January cotton textile activity in the District, reflected in the daily average rate of cotton consumption, was at a level about 20 percent below that of a year ago. The February rate was 2.5 percent below that of Janu-

ary; decreases by states ranging from 1.2 percent in Alabama and 2.9 percent in Georgia to 5 percent in Tennessee and Mississippi. Compared with February 1948, consumption in February this year was 18 percent less in Alabama, 21 percent in Georgia and Mississippi, and 24.5 percent in Tennessee. The February index of daily average consumption, at 130.3 percent of the 1935-39 average, is the lowest for any February since 1940.

**STEEL.** Steel mill activity in the District, reported at 102 percent of rated capacity during most of last year, continued at that rate to the middle of February. Operations at 94 percent were reported, however, for the four weeks ended March 15.

**COAL.** Coal production in Alabama and Tennessee in both January and February averaged about 20 percent less than it was a year ago. The decrease in Tennessee was more than twice as large, percentagewise, as that in Alabama. Alabama employment in coal mining was 6 percent less in January than it was in January 1948, but in Tennessee there were 6 percent more mine workers employed than there had been in the first month of last year. The mid-March work stoppage at the coal mines reportedly resulted in idleness of about 18,000 workers in Alabama mines and 8,000 or 9,000 in Tennessee. The railroads also laid off numbers of workers, but there had already been some reduction in employment on the railroads before the coal mining shutdown.

**EMPLOYMENT.** Nonagricultural employment in the District declined further in January. There was a seasonal reduction of workers in trade establishments as well as a reduction in the number of post office employees.

Employment in the District's manufacturing industries declined further in January by nearly 2 percent, about the same rate as the November-December decrease, and was about 4 percent below the January 1948 level. In the various states, the percentage decreases from December to January ranged from four-tenths of one percent in Florida to 4 percent in Tennessee and the decreases from January a year ago ranged from one percent in Florida to 10.5 percent in Mississippi. In chemicals, including fertilizers, there was a small increase in January over December, but employment in other leading industries declined.

In chemicals, primary metals, and in paper and pulp, January employment was larger than it was a year earlier; but in textiles it was down 8 percent, and at apparel establishments it was off 12 percent. Employment in transportation equipment, which includes ship- and boatbuilding and repair, was nearly 19 percent less than in January 1948. The 8-percent decrease in textile employment, compared with January a year ago, reflects only in part the lowering level of textile activity. Some mills have discontinued one shift in recent months and some have shortened the work week.

D. E. M.

### Department Store Sales

In most cities of the District, department stores reported that their sales in February this year were below those of February last year. Declines in sales were reported in 16 of the 21 cities for which data are available. For example, in Atlanta, sales were down 3 percent; in Birmingham, 4 percent; in Jacksonville, 15 percent; and in Nashville, 6 percent.

For the District as a whole, however, sales were only one percent less than a year ago. Heavy purchasing which preceded the carnival week in New Orleans raised February sales there 12 percent above those of February last year. In Baton

## Sixth District Statistics

| INSTALMENT CASH LOANS             |                          |                               |               |                                   |               |
|-----------------------------------|--------------------------|-------------------------------|---------------|-----------------------------------|---------------|
| Lenders                           | No. of Lenders Reporting | Volume                        |               | Outstandings                      |               |
|                                   |                          | Percent Change Feb. 1949 from |               | Percent Change February 1949 from |               |
|                                   |                          | January 1949                  | February 1948 | January 1949                      | February 1948 |
| Federal credit unions.....        | 43                       | — 4                           | + 7           | — 0                               | + 39          |
| State credit unions.....          | 23                       | — 7                           | — 1           | — 0                               | + 36          |
| Industrial banking companies..... | 11                       | — 1                           | + 8           | + 1                               | + 7           |
| Industrial loan companies.....    | 18                       | + 4                           | — 12          | — 1                               | + 5           |
| Small loan companies.....         | 55                       | — 7                           | — 5           | — 1                               | — 4           |
| Commercial banks.....             | 33                       | — 6                           | + 1           | + 1                               | + 33          |

| RETAIL JEWELRY STORE OPERATIONS        |                            |                               |           |
|--|----------------------------|-------------------------------|-----------|
| Item                                   | Number of Stores Reporting | Percent Change Feb. 1949 from |           |
|  |                            | Jan. 1949                     | Feb. 1948 |
| Total sales.....                       | 38                         | — 5                           | — 5       |
| Cash sales.....                        | 35                         | — 14                          | — 11      |
| Credit sales.....                      | 35                         | + 1                           | — 1       |
| Accounts receivable, end of month..... | 35                         | — 8                           | — 24      |
| Collections during month.....          | 35                         | — 32                          | + 7       |

| WHOLESALE SALES AND INVENTORIES*   |                        |                               |           |                                    |              |      |
|------------------------------------|------------------------|-------------------------------|-----------|------------------------------------|--------------|------|
| Item                               | No. of Firms Reporting | SALES                         |           | INVENTORIES                        |              |      |
|                                    |                        | Percent Change Feb. 1949 from |           | Percent Change Feb. 28, 1949, from |              |      |
|                                    |                        | Jan. 1949                     | Feb. 1948 | Jan. 31 1949                       | Feb. 28 1948 |      |
| Automotive supplies.....           | 5                      | — 22                          | — 16      | 4                                  | 0            | + 1  |
| Electrical group                   |                        |                               |           |                                    |              |      |
| Wiring supplies.....               | 4                      | — 8                           | — 13      | 4                                  | — 6          | + 4  |
| Appliances.....                    | 10                     | — 1                           | — 3       | 9                                  | — 2          | + 12 |
| General hardware.....              | 8                      | — 20                          | — 8       | 4                                  | + 2          | + 19 |
| Industrial hardware.....           | 3                      | — 2                           | — 20      |                                    |              |      |
| Jewelry.....                       | 3                      | + 38                          | — 5       |                                    |              |      |
| Mch. eqpt. and supplies.....       | 3                      | — 12                          | — 11      |                                    |              |      |
| Plumbing and heating supplies..... | 4                      | — 10                          | — 22      | 3                                  | — 2          | + 28 |
| Confectionery.....                 | 3                      | — 20                          | + 2       |                                    |              |      |
| Drugs and sundries.....            | 8                      | — 11                          | + 3       |                                    |              |      |
| Dry goods.....                     | 18                     | + 7                           | — 8       | 11                                 | + 6          | — 15 |
| Farm supplies.....                 | 3                      | — 14                          | — 26      |                                    |              |      |
| Groceries                          |                        |                               |           |                                    |              |      |
| Full lines.....                    | 36                     | — 7                           | — 3       | 19                                 | + 1          | — 12 |
| Specialty lines.....               | 8                      | — 20                          | + 9       | 3                                  | + 6          | + 1  |
| Shoes and other footwear.....      | 3                      | — 2                           | + 1       |                                    |              |      |
| Tobacco products.....              | 8                      | — 11                          | + 3       | 4                                  | + 4          | + 7  |
| Miscellaneous.....                 | 11                     | — 7                           | + 1       | 14                                 | + 4          | + 5  |
| Total.....                         | 138                    | — 8                           | — 7       | 75                                 | + 1          | + 2  |

\* Based on U. S. Department of Commerce figures

| DEPARTMENT STORE SALES AND INVENTORIES |                         |                               |           |                                    |              |      |
|--|-------------------------|-------------------------------|-----------|------------------------------------|--------------|------|
| Place                                  | No. of Stores Reporting | SALES                         |           | INVENTORIES                        |              |      |
|  |                         | Percent Change Feb. 1949 from |           | Percent Change Feb. 28, 1949, from |              |      |
|  |                         | Jan. 1949                     | Feb. 1948 | Jan. 31 1949                       | Feb. 28 1948 |      |
| ALABAMA                                |                         |                               |           |                                    |              |      |
| Birmingham.....                        | 4                       | — 5                           | — 4       | 3                                  | + 3          | + 1  |
| Mobile.....                            | 5                       | + 6                           | — 6       |                                    |              |      |
| Montgomery.....                        | 3                       | — 4                           | — 6       | 3                                  | + 4          | + 10 |
| FLORIDA                                |                         |                               |           |                                    |              |      |
| Jacksonville.....                      | 4                       | — 5                           | — 15      | 3                                  | + 14         | — 23 |
| Miami.....                             | 4                       | + 10                          | — 3       | 3                                  | — 15         | — 8  |
| Orlando.....                           | 3                       | + 2                           | — 2       |                                    |              |      |
| Tampa.....                             | 5                       | + 9                           | — 4       | 3                                  | + 5          | + 2  |
| GEORGIA                                |                         |                               |           |                                    |              |      |
| Atlanta.....                           | 6                       | + 10                          | — 3       | 5                                  | + 12         | — 8  |
| Augusta.....                           | 4                       | + 8                           | + 1       | 3                                  | + 4          | + 1  |
| Columbus.....                          | 3                       | — 4                           | — 3       |                                    |              |      |
| Macon.....                             | 4                       | + 14                          | — 7       | 4                                  | + 8          | — 13 |
| Rome.....                              | 4                       | — 5                           | — 13      |                                    |              |      |
| Savannah.....                          | 6                       | — 5                           | + 3       | 4                                  | + 0          | + 3  |
| LOUISIANA                              |                         |                               |           |                                    |              |      |
| Baton Rouge.....                       | 4                       | + 8                           | + 6       | 4                                  | + 23         | + 1  |
| New Orleans.....                       | 6                       | — 0                           | + 12      | 4                                  | + 6          | + 4  |
| MISSISSIPPI                            |                         |                               |           |                                    |              |      |
| Jackson.....                           | 4                       | — 2                           | — 0       | 4                                  | + 13         | + 6  |
| Meridian.....                          | 3                       | + 2                           | — 5       |                                    |              |      |
| TENNESSEE                              |                         |                               |           |                                    |              |      |
| Bristol.....                           | 3                       | + 5                           | — 10      | 3                                  | + 16         | — 1  |
| Chattanooga.....                       | 4                       | + 1                           | — 9       | 3                                  | + 25         | — 5  |
| Knoxville.....                         | 4                       | + 0                           | + 5       |                                    |              |      |
| Nashville.....                         | 6                       | + 4                           | + 6       | 5                                  | + 9          | — 6  |
| OTHER CITIES*                          | 24                      | + 33                          | + 8       | 22                                 | + 3          | + 9  |
| DISTRICT.....                          | 111                     | + 5                           | — 1       | 76                                 | + 6          | — 2  |

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

Rouge, sales were up 6 percent and in Knoxville, Savannah, and Augusta they were up 5, 3, and one percent, respectively. Moreover, in the smaller cities for which individual reports are not prepared, there was an increase of 8 percent.

During the first three weeks of March, the weekly reporting stores throughout the District had sales which were 12 percent less than those of the corresponding period last year. The decline is no doubt partly explained by the relatively late date of Easter this year, April 17, in contrast to March 28 last year. According to past experience, this later date of Easter would be expected to lower March sales 9 percent.

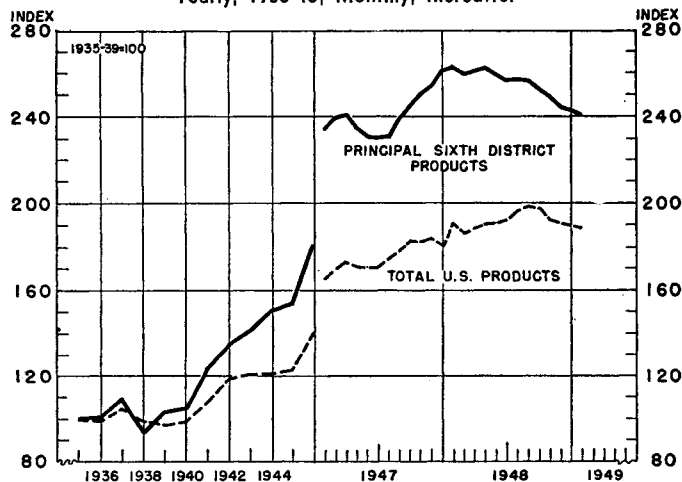
C. T. T.

**Wholesale Prices, Employment, and District Income**

An improved relationship between the prices of the principal Sixth District manufactured products and those of manufactured products in the country as a whole has been one factor that has raised the District's income above that of the prewar years. Chart I shows that in 1948 wholesale prices of the chief products manufactured in the District were about 256 percent of the 1935-39 average, whereas wholesale prices of all manufactured products included in the Bureau of Labor Statistics' index were only 192 percent. The relative price position of the District's chief manufactured products thus was about 33 percent above the average for the prewar period.

Chart I

WHOLESALE PRICES OF MANUFACTURED PRODUCTS  
Yearly, 1935-46; Monthly, thereafter



**PRICE TRENDS AFFECT INCOME.** A Sixth District index of manufactured products as comprehensive as the national index involves too formidable a job to be undertaken. Nor are the data available by which the hundreds of items in such an index might be weighted. An index, composed of the indexes of wholesale prices for the eight major industries in the District, however, can serve for general purposes or comparison. As a substitute for using data on the value of product, the price indexes can be weighted in accordance with the relative importance of employment in their respective industry.

The textile and lumber industries employ about 50 percent of all the workers in the industries chosen as representative, which all together employ more than 75 percent of all manufacturing workers in the District states. Consequently, the greater-than-average increases in the wholesale prices of cotton textiles and Southern pine explain a large part of the increase in the total index. But, there were substantial price

**Sixth District Indexes**

| Place           | DEPARTMENT STORE SALES* |           |           |            |           |           |
|-----------------|-------------------------|-----------|-----------|------------|-----------|-----------|
|                 | Adjusted**              |           |           | Unadjusted |           |           |
|                 | Feb. 1949               | Jan. 1949 | Feb. 1948 | Feb. 1949  | Jan. 1949 | Feb. 1948 |
| DISTRICT.....   | 357                     | 359       | 359       | 314        | 287       | 316       |
| Atlanta.....    | 365                     | 382       | 377       | 343        | 298       | 355       |
| Baton Rouge...  | 385                     | 468       | 365       | 347        | 309       | 329       |
| Birmingham...   | 351                     | 389       | 365       | 302        | 303       | 313       |
| Chattanooga...  | 305                     | 305       | 337       | 257        | 244       | 283       |
| Jackson.....    | 341                     | 388       | 342       | 293        | 287       | 294       |
| Jacksonville... | 351                     | 380       | 412       | 309        | 312       | 362       |
| Knoxville.....  | 330                     | 338       | 315       | 297        | 284       | 283       |
| Macon.....      | 283                     | 279       | 305       | 226        | 190       | 244       |
| Miami.....      | 354                     | 351       | 366       | 417        | 365       | 431       |
| Montgomery...   | 331                     | 377       | 352       | 285        | 287       | 303       |
| Nashville.....  | 354                     | 360       | 381       | 311        | 288       | 335       |
| New Orleans...  | 343                     | 363       | 307       | 302        | 290       | 270       |
| Tampa.....      | 474                     | 461       | 496       | 422        | 373       | 441       |

| Place          | DEPARTMENT STORE STOCKS |           |           |            |           |           |
|----------------|-------------------------|-----------|-----------|------------|-----------|-----------|
|                | Adjusted**              |           |           | Unadjusted |           |           |
|                | Feb. 1949               | Jan. 1949 | Feb. 1948 | Feb. 1949  | Jan. 1949 | Feb. 1948 |
| DISTRICT.....  | 369                     | 360       | 378       | 343        | 324       | 352       |
| Atlanta.....   | 431                     | 417       | 467       | 410        | 367       | 444       |
| Birmingham...  | 317                     | 344       | 320       | 305        | 297       | 308       |
| Montgomery...  | 397                     | 420       | 360       | 388        | 374       | 352       |
| Nashville..... | 505                     | 555       | 535       | 495        | 452       | 524       |
| New Orleans... | 322                     | 352       | 310       | 323        | 306       | 311       |

| Place           | GASOLINE TAX COLLECTIONS*** |           |           |            |           |           |
|-----------------|-----------------------------|-----------|-----------|------------|-----------|-----------|
|                 | Adjusted**                  |           |           | Unadjusted |           |           |
|                 | Feb. 1949                   | Jan. 1949 | Feb. 1948 | Feb. 1949  | Jan. 1949 | Feb. 1948 |
| SIX STATES..... | 193                         | 207       | 169       | 193        | 207       | 169       |
| Alabama.....    | 202                         | 214       | 186       | 192        | 209       | 177       |
| Florida.....    | 195                         | 200       | 183       | 210        | 208       | 197       |
| Georgia.....    | 190                         | 180       | 170       | 181        | 184       | 162       |
| Louisiana.....  | 215                         | 236       | 147       | 211        | 234       | 144       |
| Mississippi...  | 170                         | 209       | 160       | 163        | 196       | 154       |
| Tennessee.....  | 195                         | 224       | 171       | 187        | 213       | 164       |

| Place          | COTTON CONSUMPTION* |           |           | ELECTRIC POWER PRODUCTION* |           |           |     |
|----------------|---------------------|-----------|-----------|----------------------------|-----------|-----------|-----|
|                | Feb. 1949           | Jan. 1949 | Feb. 1948 | Jan. 1949                  | Dec. 1948 | Jan. 1948 |     |
| TOTAL.....     | 130                 | 134       | 164       |                            |           |           |     |
| Alabama.....   | 139                 | 141       | 170       | SIX STATES Hydro-generated | 376       | 366       | 328 |
| Georgia.....   | 130                 | 134       | 165       | Fuel-generated             | 357       | 346       | 247 |
| Mississippi... | 81                  | 86        | 103       |                            | 401       | 392       | 433 |
| Tennessee..... | 105                 | 111       | 141       |                            |           |           |     |

| Place          | MANUFACTURING EMPLOYMENT*** |           |           | CONSTRUCTION CONTRACTS |           |           |           |
|----------------|-----------------------------|-----------|-----------|------------------------|-----------|-----------|-----------|
|                | Jan. 1949                   | Dec. 1948 | Jan. 1948 | Place                  | Jan. 1949 | Dec. 1948 | Jan. 1948 |
| DISTRICT.....  | 146                         | 149       | 160       | DISTRICT.....          | 297       | 337       | 339       |
| Alabama.....   | 154                         | 155       | 147       | Residential            | 346       | 386       | 436       |
| Florida.....   | 145                         | 146       | 148       | Other.....             | 274       | 314       | 293       |
| Georgia.....   | 140                         | 143       | 152       | Alabama.....           | 257       | 175       | 316       |
| Louisiana..... | 150                         | 152       | 162       | Florida.....           | 379       | 543       | 390       |
| Mississippi... | 145                         | 147       | 158       | Georgia.....           | 291       | 196       | 322       |
| Tennessee..... | 145                         | 151       | 154       | Louisiana...           | 286       | 280       | 275       |
|                |                             |           |           | Mississippi...         | 125       | 248       | 443       |
|                |                             |           |           | Tennessee...           | 235       | 339       | 422       |

| Item                          | CONSUMERS PRICE INDEX |           |           | ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS                       |           |           |           |
|-------------------------------|-----------------------|-----------|-----------|--|-----------|-----------|-----------|
|                               | Feb. 1949             | Jan. 1949 | Feb. 1948 | Feb. 1949  | Jan. 1949 | Feb. 1948 |           |
| ALL ITEMS...                  | 172                   | 174       | 173       | Unadjusted...  | 19.7      | 20.1      | 19.4      |
| Food.....                     | 201                   | 208       | 214       | Adjusted**...  | 19.5      | 19.0      | 19.2      |
| Clothing.....                 | 201                   | 203       | 197       | Index**.....   | 79.0      | 77.0      | 78.0      |
| Fuel, elec., and refrig       | 139                   | 139       | 132       | CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI* |           |           |           |
| Home furnishings...           | 194                   | 195       | 187       |  | Feb. 1949 | Jan. 1949 | Feb. 1948 |
| Misc.....                     | 153                   | 153       | 148       | Unadjusted...  | 291       | 299       | 285       |
| Purchasing power of dollar... | .58                   | .57       | .58       | Adjusted**...  | 287       | 293       | 281       |

\*Daily average basis  
\*\*Adjusted for seasonal variation  
\*\*\*1939 Monthly average=100;  
Other indexes, 1935-39=100

r Revised

Sixth District Statistics

| CONDITION OF 28 MEMBER BANKS IN LEADING CITIES<br>(In Thousands of Dollars) |                 |                 |                 |                                       |                 |
|---|-----------------|-----------------|-----------------|---------------------------------------|-----------------|
| Item  | Mar. 23<br>1949 | Feb. 23<br>1949 | Mar. 24<br>1948 | Percent Change<br>Mar. 23, 1949, from |                 |
|   |                 |                 |                 | Feb. 23<br>1949                       | Mar. 24<br>1948 |
| Loans and investments—  |                 |                 |                 |                                       |                 |
| Total   | 2,316,413       | 2,289,507       | 2,317,450       | + 1                                   | - 0             |
| Loans—Net   | 841,791         | 841,536         | 835,384         | + 0                                   | + 1             |
| Loans—Gross   | 851,952         | 850,891         | 835,384         | + 0                                   | ..              |
| Commercial, industrial,<br>and agricultural loans                           | 534,791         | 541,196         | 522,754         | - 1                                   | + 2             |
| Loans to brokers and<br>dealers in securities                               | 8,108           | 5,044           | 6,554           | + 61                                  | + 24            |
| Other loans for pur-<br>chasing and carrying<br>securities                  | 46,124          | 47,983          | 57,673          | - 4                                   | - 20            |
| Real estate loans   | 67,419          | 65,527          | 74,311          | + 3                                   | - 9             |
| Loans to banks  | 4,647           | 4,583           | 4,361           | + 1                                   | + 7             |
| Other loans   | 190,863         | 186,558         | 169,731         | + 2                                   | + 12            |
| Investments—total   | 1,474,622       | 1,447,971       | 1,482,066       | + 2                                   | - 1             |
| Bills, certificates and<br>notes  | 396,200         | 383,696         | 368,513         | + 3                                   | + 8             |
| U. S. Bonds   | 892,412         | 881,231         | 928,085         | + 1                                   | - 4             |
| Other securities  | 186,010         | 183,044         | 185,468         | + 2                                   | + 0             |
| Reserve with F. R. Bank   | 519,478         | 512,692         | 430,844         | + 1                                   | + 21            |
| Cash in vault   | 42,570          | 45,763          | 44,662          | - 7                                   | - 5             |
| Balances with domestic<br>banks   | 160,395         | 170,934         | 187,053         | - 6                                   | - 14            |
| Demand deposits adjusted  | 1,784,523       | 1,764,754       | 1,745,147       | + 1                                   | + 2             |
| Time deposits   | 529,450         | 526,898         | 545,180         | + 0                                   | - 3             |
| U. S. Government deposits   | 55,632          | 49,116          | 33,196          | + 13                                  | + 68            |
| Deposits of domestic banks  | 473,681         | 495,706         | 475,287         | - 4                                   | - 0             |
| Borrowings  | 17,450          | 5,000           | 5,500           | +249                                  | +217            |

| DEBITS TO INDIVIDUAL ACCOUNTS<br>(In Thousands of Dollars) |                                   |              |              |              |                                  |              |
|--|-----------------------------------|--------------|--------------|--------------|----------------------------------|--------------|
| Place  | No. of<br>Banks<br>Report-<br>ing | Feb.<br>1949 | Jan.<br>1949 | Feb.<br>1948 | Percent Change<br>Feb. 1949 from |              |
|  |                                   |              |              |              | Jan.<br>1949                     | Feb.<br>1948 |
| <b>ALABAMA</b>   |                                   |              |              |              |                                  |              |
| Anniston   | 3                                 | 20,172       | 23,840       | 17,846       | - 15                             | + 13         |
| Birmingham   | 6                                 | 292,341      | 334,159      | 291,534      | - 13                             | + 0          |
| Dothan   | 2                                 | 11,918       | 14,633       | 9,991        | - 19                             | + 19         |
| Gadsden  | 3                                 | 16,617       | 19,821       | 14,725       | - 16                             | + 13         |
| Mobile   | 4                                 | 117,765      | 136,638      | 122,304      | - 14                             | - 4          |
| Montgomery   | 3                                 | 65,049       | 76,876       | 67,741       | - 15                             | - 4          |
| <b>FLORIDA</b>   |                                   |              |              |              |                                  |              |
| Jacksonville   | 4                                 | 253,689      | 270,562      | 242,900      | - 6                              | + 4          |
| Greater Miami*   | 13                                | 371,324      | 390,852      | 366,256      | - 5                              | + 1          |
| Miami  | 7                                 | 250,474      | 268,963      | 255,910      | - 7                              | - 2          |
| Orlando  | 3                                 | 48,793       | 54,887       | 45,998       | - 11                             | + 6          |
| Pensacola  | 3                                 | 30,136       | 34,316       | 28,948       | - 12                             | + 4          |
| St. Petersburg   | 3                                 | 56,789       | 62,585       | 52,224       | - 9                              | + 9          |
| Tampa  | 6                                 | 118,212      | 127,564      | 126,581      | - 7                              | - 7          |
| <b>GEORGIA</b>   |                                   |              |              |              |                                  |              |
| Albany   | 3                                 | 21,359       | 27,663       | 18,827       | - 23                             | + 13         |
| Atlanta  | 4                                 | 744,800      | 790,286      | 700,996      | - 6                              | + 6          |
| Augusta  | 3                                 | 49,382       | 61,410       | 43,938       | - 20                             | + 12         |
| Brunswick  | 2                                 | 7,635        | 8,819        | 8,029        | - 13                             | - 5          |
| Columbus   | 4                                 | 45,105       | 49,851       | 50,142       | - 10                             | - 10         |
| Elberton   | 2                                 | 3,136        | 3,742        | 3,016        | - 16                             | + 4          |
| Gainesville*   | 3                                 | 12,443       | 13,232       | 11,183       | - 6                              | + 11         |
| Griffin  | 2                                 | 9,668        | 11,850       | 10,121       | - 11                             | - 4          |
| Macon  | 3                                 | 51,424       | 58,043       | 51,185       | - 11                             | + 0          |
| Newnan   | 2                                 | 7,848        | 9,662        | 7,402        | - 19                             | + 6          |
| Rome*  | 3                                 | 17,653       | 20,502       | 18,206       | - 14                             | - 3          |
| Savannah   | 4                                 | 75,062       | 89,703       | 74,683       | - 16                             | + 0          |
| Valdosta   | 2                                 | 10,669       | 11,911       | 9,219        | - 10                             | + 16         |
| <b>LOUISIANA</b>   |                                   |              |              |              |                                  |              |
| Alexandria*  | 3                                 | 26,616       | 30,881       | 25,747       | - 14                             | + 3          |
| Baton Rouge  | 3                                 | 96,040       | 109,530      | 75,054       | - 12                             | + 28         |
| Lake Charles   | 3                                 | 32,270       | 37,430       | 26,727       | - 14                             | + 21         |
| New Orleans  | 8                                 | 633,793      | 675,633      | 574,175      | - 6                              | + 10         |
| <b>MISSISSIPPI</b>   |                                   |              |              |              |                                  |              |
| Hattiesburg  | 2                                 | 14,825       | 16,281       | 14,283       | - 9                              | + 4          |
| Jackson  | 4                                 | 121,836      | 165,516      | 108,464      | - 26                             | + 12         |
| Meridian   | 3                                 | 22,192       | 27,043       | 22,022       | - 18                             | + 1          |
| Vicksburg  | 2                                 | 21,051       | 26,388       | 20,914       | - 20                             | + 1          |
| <b>TENNESSEE</b>   |                                   |              |              |              |                                  |              |
| Chattanooga  | 3                                 | 124,979      | 160,860      | 120,009      | - 22                             | + 4          |
| Knoxville  | 4                                 | 96,764       | 120,900      | 97,903       | - 20                             | - 1          |
| Nashville  | 6                                 | 249,974      | 293,194      | 246,572      | - 15                             | + 1          |
| <b>SIXTH DISTRICT</b>                                      |                                   |              |              |              |                                  |              |
| 32 Cities  | 115                               | 3,711,899    | 4,168,719    | 3,550,262    | - 11                             | + 5          |
| <b>UNITED STATES</b>                                       |                                   |              |              |              |                                  |              |
| 333 Cities   |                                   | 89,806,000   | 105,204,000  | 90,273,000   | - 15                             | - 1          |

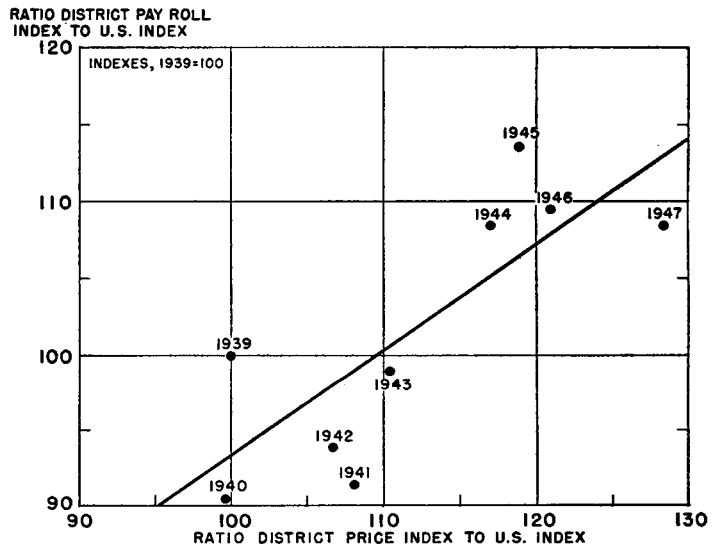
\*Not included in Sixth District total

advances for the other Sixth District manufactured products—processed foods, chemical and allied products, apparel, iron and steel, paper and allied products, and furniture.

The effects of such price increases are not limited to raising the incomes of those who sell the products. As a rule, when higher prices in particular industries reflect greater demands, employment is likely to be higher, wage rates more favorable, and profit experience better than in other industries whose prices are not advancing correspondingly.

During the war, the influence of prices upon the level of production was greatly restricted because a region's manufacturing employment depended greatly upon the extent of its war manufacturing facilities. Immediately after the war, production to fill accumulated demands often was only limited by plant capacity and labor supply, and prices had limited effect. Nevertheless, as Chart 2 shows, during most of the years following 1939 whenever prices were favorable to the District, growth of manufacturing income in the District, compared with that in the United States, was also favorable.

Chart 2  
RELATIONSHIP BETWEEN SIXTH DISTRICT AND UNITED STATES  
PRICES OF MANUFACTURED PRODUCTS AND PAY ROLLS



**PRICE TREND DOWNWARD IN 1948.** The first chart shows that after the January 1948 peak, the trend in the District price index, except for minor variations, has been downward. By January 1949, it was 8 percent below the peak. In contrast, the general wholesale price index of manufactured products did not begin to decline until after September and by January was down only one percent from the index for September.

Southern pine and chemical and allied products were the District's first principal manufactured products to reach their price peaks. Because of their great importance in the total District index, the 11-percent decline in the price of Southern pine between January 1948 and the end of the year and the 14-percent decline in the price of cotton goods beginning in April 1948 accounted for a large part of the total decline in the District index. Although the prices of other District manufactured products did not reach their peaks until later in 1948, most of them were below their peaks by the end of the year. In January 1949, only the prices of iron and steel products and furniture were above those of a year ago.

C.T.T.