



## FEDERAL RESERVE BANK OF ATLANTA

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*District Business Conditions*

AS THE year 1949 drew to a close, encouraging trends were noted in several indicators of the Sixth District economic activity. Manufacturing employment had picked up from its midsummer low, chiefly because of a revival in textile manufacturing. Sales of consumer durable goods were recovering from the slump of earlier months and sales of nondurables were holding up fairly well. Construction activity continued at a high level and contracts awarded forecast maintenance of that level for months to come. At the District banks, deposits were growing, and according to early reports, bank debits in 1949 should exceed those of 1948 by a slight margin.

There was ample evidence, however, that in many segments of the economy the year's performance would not equal that of 1948. Manufacturing employment was still below that of the corresponding months of the preceding year and averaged less for the entire year. Agricultural income for the District as a whole was lower than in 1948. Because of heavy automobile purchasing, consumer spending throughout the District was probably greater in 1949 than during the preceding year. Nevertheless many retailers had lower dollar sales.

The level of retail buying in the final quarter was being watched closely for any clues it might offer as to the likelihood of sustained activity in the chief manufacturing industries of the area. Agricultural income will likely be affected by the acreage restrictions to be placed on the principal crops of the region. But despite the tempering effects these considerations gave to the outlook for 1950, the year 1949 could not be called anything but a good year so far as the District as a whole was concerned.

**Sales in the Last Quarter**

IF BUSINESS continued in December at the level established during November, department stores throughout the District sold an estimated 554 million dollars worth of merchandise during 1949. This would place the sales figure for the year less than 4 percent below total 1948 sales.

When price declines and special promotions are considered, the actual volume of merchandise sold in 1949 may have equaled or exceeded the 1948 record. The dollar volume was higher than in any year except in 1948 and preliminary estimates indicate that sales were over 4 percent greater than those of 1947.

Final reports are not in as to whether department stores and other retail stores sold as much in December 1949 as they did in the corresponding month of 1948. At the weekly reporting department stores throughout the District, sales for the week ended December 3 were down 7 percent and 2 percent the following week, but for the week ended December

17 they were up 5 percent. A last-minute rush brought sales for the week ended December 24 up 22 percent and for the four weeks ended December 24 up 5 percent.

In lines of retailing other than department stores, data are even more incomplete. November reports for the District furniture stores showed sales up 12 percent from last year and for household appliance stores, one percent. These gains, however, were partly accounted for by the poor showings made in November 1948. November jewelry store sales were down 10 percent from last November.

**OCTOBER AND NOVEMBER SALES.** To many merchants, sales made during the fourth quarter have always been more important than those made during any other quarter of the year. In 1948, for example, District department stores made a third of their sales in the last quarter. The October experience at department stores this year, therefore, was a disappointing start for the three months. Sales were down more than 10 percent from last year in most cities of the District, with the exception of those in Florida.

On the face of it, November department store sales throughout the District compared favorably with those of a year ago. For the District as a whole there was a decline of only 2 percent, but in some sections declines were substantial; in Birmingham sales dropped 12 percent and in Miami and Nashville, 5 percent each. Merchants remembered, moreover, that November 1948 was one of the worst months during the year as far as seasonally adjusted sales for the year were concerned and that month's total should have been easily exceeded in 1949.

Some observers suggested that the figures for October and November merely meant that consumers were returning to their prewar buying habits. Back in 1941, consumers in this part of the country had made only 85 percent of their department store purchases by the end of November. During the war and for a year thereafter, they did their Christmas shopping earlier. By the beginning of December 1946, for example, they had bought 87 percent of all they were to buy during the year. In 1947 and 1948, however, procrastination characteristic of the prewar period seemed to prevail; consumers waited almost as long to complete their buying as they did in 1941.

The final figures for December will show whether the sales of October and November reflected merely a change in buying habits. Some persons think the reports for the country as a whole will show more than that. According to these analysts, the national figures will determine whether the re-

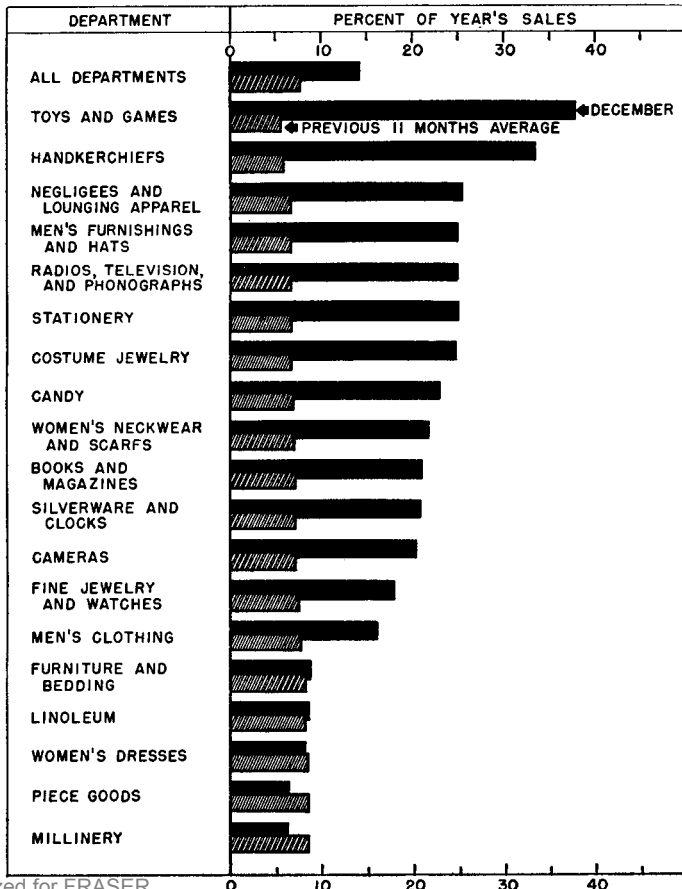
vival in nondurable manufacturing (so important to this District) that started in the fall will continue.

**IMPORTANCE OF DECEMBER SALES.** For certain departments, December sales are overwhelmingly important in the winding-up of a good annual sales record. Last year, for example, over one-third of all the handkerchiefs sold during the year were sold in December. As would be expected, about four-fifths of all the toys and games sales were made in that month, but in practically all departments, December sales usually are larger than those in any other month.

The arduous task of Christmas shopping seems to leave little time for sewing, because December sales of piece goods last year were only 6 percent of the year's sales. Furthermore, in December, women are apparently not very interested in buying hats and home owners show little inclination for buying linoleum. December is not particularly a good time for sales of women's dresses, but either the women, their husbands, or their sweethearts bought 25 percent of all negligees and lounging apparel sold during the year in that month.

December is also the month when someone buys about 25 percent of all the men's furnishings and hats—including Christmas neckties—that are sold during the year. December sales are equally as important to the costume jewelry; stationery; and radio, television, and phonograph departments. Over one-fifth of the year's sales of cosmetics and drugs, neckwear and scarfs, linens, silverware and clocks, cameras,

**IMPORTANCE OF DECEMBER SALES  
IN SELECTED DEPARTMENTS, 1948**  
Sixth District Department Stores



**Sixth District Statistics**

INSTALMENT CASH LOANS					
Lender	No. of Lenders Reporting	Volume		Outstandings	
		Percent Change Nov. 1949, from		Percent Change Nov. 1949, from	
		Oct. 1949	Nov. 1948	Oct. 1949	Nov. 1948
Federal credit unions.....	41	+ 13	+ 58	+ 3	+ 43
State credit unions.....	21	- 4	+ 59	+ 2	+ 37
Industrial banking companies.....	9	- 4	+ 10	+ 0	+ 3
Industrial loan companies.....	16	+ 18	+ 6	+ 2	+ 9
Small loan companies.....	40	+ 1	- 2	+ 0	+ 3
Commercial banks.....	33	- 4	+ 31	+ 2	+ 37

RETAIL FURNITURE STORE OPERATIONS			
Item	Number of Stores Reporting	Percent Change November 1949, from	
		Oct. 1949	Nov. 1948
Total sales.....	128	- 11	+ 12
Cash sales.....	109	- 4	- 21
Instalment and other credit sales.....	109	- 10	+ 18
Accounts receivable, end of month.....	122	+ 1	+ 12
Collections during month.....	122	- 5	- 9
Inventories, end of month.....	92	+ 3	- 8

WHOLESALE SALES AND INVENTORIES*					
Item	No. of Firms Reporting	SALES		INVENTORIES	
		Percent Change Nov. 1949, from		Percent Change Nov. 30, 1949, from	
		Oct. 1949	Nov. 1948	Oct. 31 1949	Nov. 30 1948
Automotive supplies.....	3	- 5	- 21	..	..
Electrical group.....					
Wiring supplies.....	5	+ 1	- 16	5	+ 12
Appliances.....	7	+ 2	- 17	6	+ 2
General hardware.....	8	- 2	+ 1	5	+ 1
Jewelry.....	4	+ 21	- 30	..	..
Lumber and building materials.....	3	- 1	+ 5	..	..
Plumbing and heating supplies.....	4	+ 2	- 9	3	- 10
Confectionery.....	3	+ 9	+ 5	..	..
Drugs and sundries.....	7	- 4	+ 2	..	..
Dry goods.....	20	+ 2	- 5	15	- 7
Groceries.....					
Full lines.....	31	+ 4	+ 1	23	- 3
Specialty lines.....	10	+ 6	+ 5	7	+ 6
Tobacco products.....	12	+ 5	+ 5	8	+ 1
Miscellaneous.....	20	- 1	- 11	16	- 1
Total.....	137	+ 1	- 8	88	- 2

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

DEPARTMENT STORE SALES AND INVENTORIES					
Place	No. of Stores Reporting	SALES		INVENTORIES	
		Percent Change Nov. 1949, from		Percent Change Nov. 30, 1949, from	
		Oct. 1949	Nov. 1948	Oct. 31 1949	Nov. 30 1948
ALABAMA.....					
Birmingham.....	4	+ 12	- 14	3	+ 1
Mobile.....	5	+ 8	- 2	..	..
Montgomery.....	3	+ 4	- 12	3	+ 4
FLORIDA.....					
Jacksonville.....	4	- 21	+ 5	3	+ 15
Miami.....	4	- 10	- 9	3	+ 26
Orlando.....	3	- 15	- 1	..	..
Tampa.....	5	- 20	- 7	3	+ 13
GEORGIA.....					
Atlanta.....	6	+ 12	- 2	5	- 1
Augusta.....	4	+ 12	- 2	3	+ 3
Columbus.....	3	+ 12	+ 4	..	..
Macon.....	6	+ 15	- 2	4	- 2
Rome.....	4	- 4	+ 5	..	..
Savannah.....	6	+ 4	+ 4	4	+ 2
LOUISIANA.....					
Baton Rouge.....	4	+ 9	- 0	4	+ 3
New Orleans.....	6	+ 14	+ 2	4	+ 4
MISSISSIPPI.....					
Jackson.....	4	+ 1	+ 1	4	+ 1
Meridian.....	3	+ 9	- 5	..	..
TENNESSEE.....					
Bristol.....	3	+ 12	- 2	3	+ 1
Chattanooga.....	4	+ 14	+ 5	3	+ 6
Knoxville.....	4	+ 6	- 5	..	..
Nashville.....	6	+ 11	- 5	5	+ 2
OTHER CITIES*.....	22	- 7	- 5	22	+ 2
DISTRICT.....	113	+ 4	- 2	76	+ 4

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

luggage, and candy are sold in December. The women even spend more money during December in the beauty shops of the department stores than during any other month.

Sales in December are also of great significance in other lines of business. Last year the District reporting jewelry stores made 22 percent of their sales in the twelfth month and the furniture stores did 11 percent of their business then. Household appliance stores throughout the District made 8 percent of their year's sales that month, notwithstanding the slump which had taken place in the fall.

**DURABLES ARE BEST SELLERS.** The experience for the first two months of the final quarter of 1949 at District stores that reported sales by departments indicates that the best records have been set by the home furnishings and other durable goods departments. Dollar sales of women's and misses' coats and suits were down 38 percent in October from last year and 14 percent in November, but sales of major household appliances were up 44 percent and 4 percent, respectively, for the same months.

In both October and November this year, sales of women's dresses were 12 percent higher than they were in those months of 1948. Men's clothing sales were running 13 percent behind last year's sales in October and 7 percent in November. Piece-goods sales were down approximately 15 percent for the first two months of the quarter.

Not all types of home furnishings were selling better, however. Floor-coverings sales were 7 percent lower in both October and November. On the other hand, the dollar volume of piano, radio, phonograph, and television sales was 68 percent higher in October and 27 percent in November than a year ago.

An interesting development that seems to be taking place, not only in the District but also throughout the entire country, is the tendency toward less buying in the basement store. For the District as a whole, basement-store sales in October fell 24 percent below those of October 1948 and November sales were down 10 percent. For the nation, October basement-store sales were down 16 percent, although in the first nine months they were down only 3 percent. C. T. T.

**Industry and Employment**

**I**N NOVEMBER, cotton textile mills in the Sixth District again increased their rate of operations; construction contract awards recorded another large total although it was slightly less than the near-record total for October; and coal miners and steel workers returned to their work after weeks of idleness during contract negotiations.

**COTTON MILLS** in Alabama, Georgia, Mississippi, and Tennessee used cotton in November at a rate of 11,032 bales for each working day in the month, an increase of 11.5 percent over the September rate and 72 percent above the midsummer low recorded in July. The November rate of consumption is the highest in more than a year and a half. Many mills reportedly have sold their production well into the second quarter of the new year.

**THE VALUE OF CONSTRUCTION CONTRACTS** awarded in the District during November, according to F. W. Dodge Corporation statistics, was about 125 million dollars, 7 percent less than the October total, but 88 percent greater than the total for November 1948. The eleven-month total of more than a billion dollars was 8.6 percent greater than the total for that part of 1948.

Residential contracts declined in November, after establishing a new high monthly record in October, but were about 57

**Sixth District Statistics**

Item	Dec. 21 1949	Nov. 16 1949	Dec. 15 1948	Percent Change Dec. 21, 1949, from	
				Nov. 16 1949	Dec. 15 1948
Loans and investments—					
Total	2,433,354	2,420,201	2,312,145	+ 1	+ 5
Loans—Net	890,660	866,970	876,797	+ 3	+ 2
Loans—Gross	901,795	876,020	884,403	+ 3	+ 2
Commercial, industrial, and agricultural loans	545,748	526,447	556,749	+ 4	- 2
Loans to brokers and dealers in securities	9,575	8,556	6,441	+ 12	+ 49
Other loans for pur- chasing and carrying securities	33,920	33,364	54,753	+ 2	- 38
Real estate loans	71,176	72,912	65,386	- 2	+ 9
Loans to banks	4,059	4,345	5,466	- 7	- 26
Other loans	237,317	232,396	195,608	+ 2	+ 21
Investments—total	1,542,694	1,553,231	1,435,348	- 1	+ 7
Bills, certificates and notes	529,003	466,269	400,682	+ 13	+ 32
U. S. Bonds	805,577	877,025	845,549	- 8	- 5
Other securities	208,114	209,937	189,117	+ 1	+ 10
Reserve with F. R. Bank	402,680	388,011	508,665	+ 4	- 21
Cash in vault	45,667	39,734	45,007	+ 15	+ 1
Balances with domestic banks	188,314	182,800	223,403	+ 3	- 16
Demand deposits adjusted	1,770,992	1,725,267	1,814,087	+ 3	- 2
Time deposits	529,944	536,325	521,657	- 2	+ 2
U. S. Gov't deposits	42,786	49,745	27,488	- 14	+ 56
Deposits of domestic banks	530,804	524,244	543,773	+ 1	- 2
Borrowings	500	1,000	4,000	- 50	- 88

Place	No. of Banks Report- ing	Nov. 1949	Oct. 1949	Nov. 1948	Percent Change Nov. 1949, from	
					Oct. 1949	Nov. 1948
<b>ALABAMA</b>						
Anniston	3	21,215	23,030	23,866	- 8	- 11
Birmingham	6	310,036	320,264	322,740	- 3	- 4
Dothan	2	14,483	16,216	14,771	- 11	- 2
Gadsden	3	18,249	20,340	20,259	- 10	- 10
Mobile	5	116,648	113,607	137,661	+ 3	- 15
Montgomery	3	78,970	85,277	79,225	- 7	- 0
<b>FLORIDA</b>						
Jacksonville	4	272,904	258,711	266,288	+ 5	+ 2
Miami	7	240,454	226,540	243,375	+ 6	- 1
Greater Miami*	13	335,860	309,987	348,392	+ 8	- 4
Orlando	3	53,416	47,820	48,117	+ 12	+ 11
Pensacola	3	35,807	34,774	35,407	+ 3	+ 1
St. Petersburg	3	56,993	54,087	53,091	+ 5	+ 7
Tampa	6	129,204	114,861	121,046	+ 12	+ 7
<b>GEORGIA</b>						
Albany	3	25,683	25,738	24,057	- 0	+ 7
Atlanta	4	830,559	856,436	884,923	- 3	- 6
Augusta	3	54,618	61,584	53,213	+ 11	+ 3
Brunswick	2	8,132	8,559	8,432	- 5	- 4
Columbus	4	53,655	57,087	51,699	- 6	+ 4
Elberton	2	4,201	4,433	4,485	- 5	- 6
Gainesville*	3	14,164	14,804	14,703	- 4	- 4
Griffin*	2	11,970	11,963	11,489	+ 0	+ 4
Macon	3	57,854	58,468	59,939	- 1	- 3
Newnan	2	9,519	9,003	9,019	+ 6	+ 6
Rome*	3	22,643	23,849	21,981	+ 5	+ 3
Savannah	4	81,384	84,508	87,582	- 4	- 7
Valdosta	2	12,281	11,317	12,971	+ 9	- 5
<b>LOUISIANA</b>						
Alexandria*	3	31,452	32,264	29,259	- 3	+ 7
Baton Rouge	3	102,925	103,609	112,706	- 1	- 9
Lake Charles	3	35,001	35,656	35,245	- 2	- 1
New Orleans	8	700,556	685,510	712,139	+ 2	- 2
<b>MISSISSIPPI</b>						
Hattiesburg	2	16,446	18,114	16,633	- 9	- 1
Jackson	3	136,776	139,163	130,439	- 1	+ 5
Meridian	3	25,386	28,950	27,226	- 12	- 7
Vicksburg	2	27,155	33,073	31,452	- 18	- 14
<b>TENNESSEE</b>						
Chattanooga	3	136,456	134,343	134,967	+ 2	+ 1
Knoxville	4	102,154	105,189	112,208	- 3	- 9
Nashville	6	320,280	299,778	297,226	+ 7	+ 8
<b>SIXTH DISTRICT</b>						
32 Cities	114	4,089,400	4,075,045	4,172,407	+ 0	- 2
<b>UNITED STATES</b>						
333 Cities		99,491,000	101,804,000	102,887,000	- 2	- 3

\* Not included in Sixth District total.

percent greater than in November a year ago, and in the eleven-month period were 10 percent greater than in the corresponding period of 1948. Other awards were up 5 percent in November, were more than twice as large as in November 1948, and the eleven-month total was up 7 percent. In the January-November period, residential construction contracts accounted for 43.4 percent of the total, about the same as in 1948. Florida continued to lead the other District states in both total and residential awards—32 percent of total awards and 46.7 percent of residential contracts were let in that state.

**MANUFACTURING EMPLOYMENT** in the District at the middle of October was off about 2 percent from September, largely because of idleness in the steel and related industries, and more than 23,000 coal miners were idle in Alabama and Tennessee. The work stoppage in steel affected more than 20,000 workers in Alabama. Florida, Georgia, and Tennessee manufacturing employment was up slightly in October and it was also up in most of the leading industries throughout the entire District. In primary metals, however, there was a large drop because of the strike, and a further reduction took place that month in shipbuilding and repair establishments.

The Alabama employment situation in October was, of course, seriously affected by work stoppages in coal mining and in steel. Mining employment was down more than 20,000 in October from September, about half of this number being miners in commercial mines and the other half in captive mines. In the primary metals industries, including blast furnaces and foundries, employment was off nearly 22,000 for the month. There was also a decrease of about 10 percent in fabricated metals industries and one of nearly 13 percent in transportation equipment, which includes shipbuilding and repair. Textile employment, however, expanded further in October, and employment in rubber and allied products and in paper and paper products also increased. By mid-November most of the coal miners and steel workers had returned to their jobs, and workers in related industries were being recalled. Railroad employment had also recovered substantially from the September and October decreases.

Manufacturing employment in Florida was up slightly in October, largely because of gains in lumber and wood products and in food and kindred products. In nearly all lines of manufacturing, however, October employment was lower than it was a year earlier.

In Georgia, 1,500 workers in the primary metals industries were idle because of the steel strike. This loss was a little more than offset by gains in textiles, lumber and wood products, fabricated metal products, apparel, chemicals, and paper.

The employment situation in Louisiana manufacturing industries remained relatively stable in October. There was a drop of 18 percent in transportation equipment, which includes shipbuilding and repair, and there were small decreases in some other groups, but they were largely counterbalanced by increases in textiles, in paper and allied products, and in stone, clay, and glass industries.

Nearly all manufacturing groups in Tennessee reported increased employment in October, with the textile industry reporting the largest gain, but in nonmanufacturing industries there were substantial losses because of the coal and steel strikes. Mining employment was off 3,100 and transportation employment, reflecting the effects of the strikes, was off 600.

Because of seasonal factors and project completions, construction employment registered a large decline of 2,800.

**ELECTRIC POWER PRODUCTION** for public use in the District was off 2.6 percent for the month of October, but was 7.4 percent greater than it was a year earlier. The October decrease in the daily rate was caused by a drop of 7.8 percent in hydro-generated current and a gain of only 3.4 percent in power produced by plants using fuels. In comparison with October 1948, hydro-generated current this October was up 48 percent, but fuel-generated power was off 16 percent. Hydro-generated current accounted for about 51 percent of the total in October this year against 37 percent a year ago.

D. E. M.

### Deposits Increase

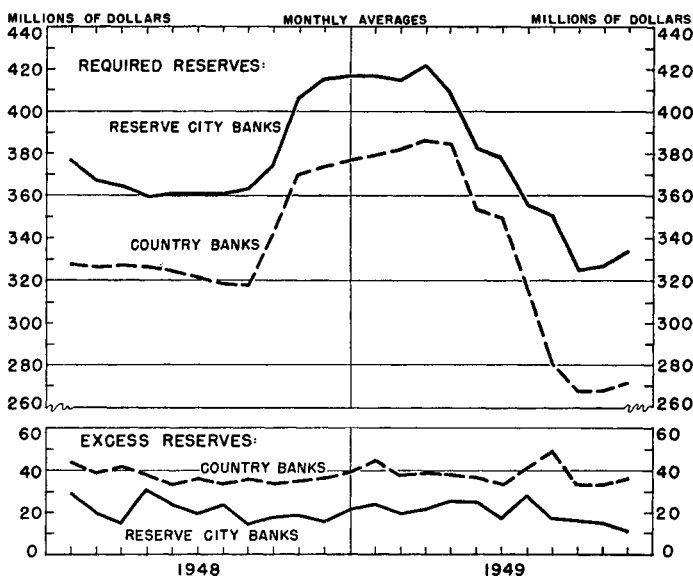
**M**EMBER BANK deposits in the District have increased seasonally each month since the end of September. By the last Wednesday in November they had expanded 184 million dollars above the level of September. During October and November 1948, they had increased 149 million dollars. The November total for this year, however, is 5 million dollars less than that for November 1948. Total deposits at the weekly reporting banks increased 80 million dollars between November 30 and December 21.

Deposit declines from last year are concentrated in the predominantly agricultural regions where agricultural marketings are bringing lower returns. For example, at the end of November Mississippi member bank deposits were down 5.4 percent from last year. On the other hand, at the banks in Florida where agricultural income is greater this year, deposits were up 3.9 percent.

The seasonal expansion in deposits has increased member bank reserve requirements, especially at the reserve city banks. The ratio of excess to required reserves during the last half of November fell to 1.8 percent, the lowest ratio reported at any time this year or last year. At country banks the ratio stood at 12.1 percent.

C. T. T.

SIXTH DISTRICT MEMBER BANK REQUIRED AND EXCESS RESERVES



**Cotton Acreage Allotments**

SINCE July 1943, when the War Food Administration announced the termination of marketing quotas, cotton farmers have had a support program for their crops, but they have not been restricted in the amount of cotton they could sell at the support price. In this period of freedom from Government restraints, growers in some sections of the Cotton Belt increased their plantings, but those in other sections reduced their cotton acreages. As a result of these acreage shifts, the laws regulating the apportionment of cotton acreage were amended in the last session of Congress. The national, state, and individual farm allotments for the 1950 crop were determined according to these new laws.

By their large affirmative vote on December 15, cotton growers approved quotas for the 1950 crop. When quotas are in effect, growers are subject to a penalty on cotton produced in excess of the quota at a rate of 50 percent of the parity price on June 15 of the calendar year in which the crop is produced, and they also lose direct price support on any of their crop. These penalties will prevent most growers from overplanting their allotments. Cotton acreage next year, therefore, will depend upon the size of allotment and the extent to which full allotments are planted.

According to the present law, growers in the Southeastern states must reduce their acreage about 10 percent, or to about the amount they planted in 1948. Growers in the Delta must cut their acreage about 18 percent, or to 11 percent less than they planted in 1948. Texas growers must reduce their acreage 27 percent from 1949 and 15 percent from 1948. The largest reductions must be made in Arizona, New Mexico, and California, where production has increased rapidly in recent years. Growers in these states can plant only 63 percent as much cotton as they planted in 1949. Oklahoma is the only major cotton-producing state to receive a 1950 allotment that is larger than either the 1948 or the 1949 acreage.

**Changes in Cotton Acreage**  
(Acres in Thousands)

Place	Acres in Cultivation		Allotted Acreage	Percent Change 1950 from	
	1948	1949		1948	1949
Alabama . . . . .	1,627	1,780	1,571	- 3	- 12
Florida . . . . .	27	46	42	+ 56	- 9
Georgia . . . . .	1,313	1,470	1,411	+ 7	- 4
Louisiana . . . . .	940	1,070	873	- 7	- 18
Mississippi . . . . .	2,560	2,840	2,296	- 10	- 19
Tennessee . . . . .	753	820	704	- 7	- 14
<b>District States</b> . . . . .	<b>7,220</b>	<b>8,026</b>	<b>6,897</b>	<b>- 4</b>	<b>- 14</b>
Southeast . . . . .	4,859	5,358	4,801	- 1	- 10
Delta . . . . .	7,158	7,740	6,257	- 11	- 18
Southwest . . . . .	10,048	11,600	8,880	- 12	- 23
West . . . . .	1,300	1,663	1,045	- 20	- 37
<b>United States</b> . . . . .	<b>23,372</b>	<b>26,380</b>	<b>21,000</b>	<b>- 10</b>	<b>- 20</b>

Southeast: Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama; Delta: Missouri, Tennessee, Mississippi, Arkansas, Louisiana; Southwest: Oklahoma, Texas; West: New Mexico, Arizona, California.

Cotton plantings next year are almost certain to be less than the acreage allotted. Some farmers will not care to use all of their allotment and others will not be able to because of unfavorable weather or illness or for other reasons. Since farmers can retain the right to an allotment by planting cotton in any one of the next three years, they will not have to plant every year in order to keep their allotment.

When the present quota system was first used in 1938,

**Sixth District Indexes**

Place	DEPARTMENT STORE SALES*					
	Adjusted**			Unadjusted		
	Nov. 1949	Oct. 1949	Nov. 1948	Nov. 1949	Oct. 1949	Nov. 1948
DISTRICT . . . . .	367	376	374r	426	395	434
Atlanta . . . . .	407	376	414r	484	414	493
Baton Rouge . . . . .	420	414	421r	483	427	484
Birmingham . . . . .	332	319	384r	389	335	450
Chattanooga . . . . .	339	320	323r	400	336	382
Jackson . . . . .	371	364	367r	434	415	430
Jacksonville . . . . .	373	511	356r	448	547	427
Knoxville . . . . .	344	349	362r	399	363	420
Macon . . . . .	320	307	328r	397	332	407r
Miami . . . . .	344	467	379r	403	429	444
Montgomery . . . . .	308	307	351r	366	338	417
Nashville . . . . .	401	394	423r	482	418	508
New Orleans . . . . .	355	350	348r	433	364	425
Tampa . . . . .	430	606	462r	516	618	554

Place	DEPARTMENT STORE STOCKS					
	Adjusted**			Unadjusted		
	Nov. 1949	Oct. 1949	Nov. 1948	Nov. 1949	Oct. 1949	Nov. 1948
DISTRICT . . . . .	352	347	377r	395	379	422
Atlanta . . . . .	449	462	479r	530	536	566
Birmingham . . . . .	258	262	307r	292	288	347
Montgomery . . . . .	421	375	361r	467	449	401
Nashville . . . . .	498	519	539r	582	571	631
New Orleans . . . . .	323	328	341r	352	338	371

Place	GASOLINE TAX COLLECTIONS***					
	Adjusted**			Unadjusted		
	Nov. 1949	Oct. 1949	Nov. 1948	Nov. 1949	Oct. 1949	Nov. 1948
SIX STATES . . . . .	214	217	198	220	213	204
Alabama . . . . .	212	220	201	218	218	207
Florida . . . . .	192	194	177	186	176	172
Georgia . . . . .	223	226	179	231	223	185
Louisiana . . . . .	238	242	225	250	248	236
Mississippi . . . . .	167	209	175	183	213	192
Tennessee . . . . .	231	212	226	248	211	243

Place	COTTON CONSUMPTION*			ELECTRIC POWER PRODUCTION*			
	Nov. 1949	Oct. 1949	Nov. 1948	Oct. 1949	Sept. 1949	Oct. 1948	
TOTAL . . . . .	153	137	134r	SIX STATES . . . . .	361	370	336
Alabama . . . . .	164	149	143	Hydro-			
Georgia . . . . .	155	135	136	generated	322	349	217
Mississippi . . . . .	94	85	105	Fuel-			
Tennessee . . . . .	101	115	89r	generated	412	398	492

Place	MANUFACTURING EMPLOYMENT***			CONSTRUCTION CONTRACTS			
	Oct. 1949	Sept. 1949	Oct. 1948	Place	Oct. 1949	Sept. 1949	Oct. 1948
	SIX STATES . . . . .	138	140		151r	DISTRICT . . . . .	660
Alabama . . . . .	128	143	156r	Residential . . . . .	873	746	561
Florida . . . . .	123	121r	130r	Other . . . . .	557	260	296
Georgia . . . . .	139	137r	147	Alabama . . . . .	620	486	293
Louisiana . . . . .	148	149	155r	Florida . . . . .	672	478	414
Mississippi . . . . .	135	141	148	Georgia . . . . .	528	485	435
Tennessee . . . . .	146	144	159r	Louisiana . . . . .	628	423	515
				Mississippi . . . . .	203	170	176
				Tennessee . . . . .	934	461	344

Item	CONSUMERS PRICE INDEX			ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS			
	Nov. 1949	Oct. 1949	Nov. 1948	Nov. 1949	Oct. 1949	Nov. 1948	
ALL ITEMS . . . . .	172	172	175	Unadjusted . . . . .	21.2	20.4	21.6
Food . . . . .	203	203	211	Adjusted** . . . . .	20.0	19.4	20.4
Clothing . . . . .	192	192	205	Index*** . . . . .	81.3	78.6	82.8
Fuel, elec., and refrig . . . . .	138	136	138	<b>CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*</b>			
Home furnishings . . . . .	182	182	195		Nov. 1949	Oct. 1949	Nov. 1948
Misc. . . . .	155	155	153	Unadjusted . . . . .	313	313	313r
Purchasing power of dollar . . . . .	.58	.58	.57	Adjusted*** . . . . .	308	314	309r

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

r Revised

growers in the District states planted 94 percent of their allotted acreage. In 1941, before the shift to war crops, they planted 84 percent of the acreage allotted to them. On the basis of past performance, they will probably plant about 90 percent of their allotted acreage in 1950. As a result the acreage planted next year may be about one-fifth less than it was this year.

Although the imposition of acreage allotments and marketing quotas will reduce the income from cotton, it may also hasten the shift from cotton to other crops on the smaller farms. In 1940 about 85 percent of the allotted acreage on all District cotton farms was planted, but only one-half to two-thirds of the allotted acreage was planted on those farms with an allotment of less than five acres. Many farmers who

have small acreages of cotton apparently do not plant cotton at all when their acreage is restricted by law.

The present law contains numerous provisions designed to prevent hardships and unusually large reductions in acreages for the growers with the smaller acreages. Much of the dissatisfaction with the 1950 allotments comes from the growers with relatively large acreages. Although the law may be changed again before planting time, it will always be difficult to control production of any crop that is grown under such a wide diversity in types of farming and climate as is cotton. Acreage restrictions tend to perpetuate inefficient farming systems by freezing the pattern of cotton production. The difficulties of controlled production can be lessened if large numbers of farmers are able to devise farming systems in which the right to grow cotton is of minor importance.

B. R. R.

## National Business Conditions

**I**NDUSTRIAL production increased moderately in November and the early part of December. Department store sales showed more than the usual sharp, pre-holiday rise. Commodity prices were generally stable. Prices of long-term Treasury bonds and common stocks rose to the highest levels in over a year.

### Industrial Production and Employment

With settlement of the steel labor dispute and temporary full-scale operations at coal mines, the Board's seasonally adjusted index of industrial production increased in November to 171 from 166 in October. Indications are that the December index will be slightly above the September figure of 174.

Durable goods output rose about 3 percent in November as large increases in production of steel ingots, lumber, and copper and copper products more than offset decreases in most metal fabricating activities. Reduced steel stocks resulted in a substantial curtailment in output of fabricated iron and steel products and contributed to reductions in activity in machinery and transportation equipment industries. In the automobile industry, assembly operations were substantially curtailed by model changeovers. In the machinery group, output of most types of producers' equipment was reduced, while production of consumer appliances was maintained.

In December, steel ingot output was scheduled at 93 percent of capacity, the highest rate since last May and substantially above the November level of 52 percent. Automobile assemblies increased considerably in the middle of December.

Output of nondurable goods declined slightly in November. There were small further gains in activity at textile, paperboard, and chemical plants and a sharp recovery in coke production, while output of manufactured food products and printing and publishing activity declined somewhat. Activity in the canning industry showed much more than the usual seasonal decrease. Output of most other nondurable goods was unchanged.

Minerals output rose sharply in November as bituminous coal mines were returned to full-scale operations for three weeks ending November 30, and as output of crude petroleum and iron and copper ore increased. In December, minerals production decreased as coal miners returned to a reduced work week and output of crude petroleum was curtailed about 3 percent.

Total employment in nonagricultural establishments showed a rise of about 120,000 from mid-October to mid-November,

after allowance for seasonal changes. The return to work of 335,000 bituminous coal miners was partly offset by employment declines in industries producing nondurable goods and in trade and Federal Government establishments. Employment in other lines was maintained at October levels.

### Construction

Value of construction contracts awarded in November, according to the F. W. Dodge Corporation, declined seasonally from the exceptionally high autumn level but was still about one-half again as large as in November 1948. The volume of new housing starts, as estimated by the Bureau of Labor Statistics, continued unusually large in November, totaling 93,000 compared with 100,000 in October and 64,000 in November 1948.

### Commodity Prices

The average level of wholesale prices continued to decline slightly from mid-November to the third week in December, reflecting chiefly a decrease of 4 percent in meat prices and a 34-percent drop in egg prices. On December 21 it was announced that the Federal egg-support level would be reduced about one-fifth in 1950. Prices of most steel products for domestic shipment were raised and there were also some selective increases in prices of other industrial commodities. Prices of steel scrap weakened and tin and lead were reduced further.

### Bank Credit

Business loans, real estate loans, and loans to consumers continued to expand at banks in leading cities during November and the first three weeks of December. Holdings of U. S. Government securities increased on balance over the period. Deposits at banks increased sharply from the middle of November to the middle of December and there was the usual pre-Christmas increase in currency in circulation.

The currency demand absorbed reserve funds and the growth in deposits required banks to hold additional reserves. While net expenditures by the Treasury supplied funds during the first half of the month, large Treasury receipts from quarterly income tax payments tended to reduce bank reserves after the middle of the month. Substantial purchases of Treasury bills and certificates by the Federal Reserve were necessary to supply banks with reserves required to meet these drains.

THE BOARD OF GOVERNORS

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