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Member Bank Operations in 1949

DESPITE decreased activity in some lines of business other than banking, the year 1949 was more profitable for member banks in the Sixth District than the year 1948. Net current earnings were 6 percent greater and net profits amounted to 10.5 percent of the banks' total capital accounts, compared with 10.4 percent in 1948.

Lower year-end figures for loans and deposits at the banks in certain sections of the District reflected the recession in business activity that occurred in those areas. At those banks, profits were slightly lower than in 1948. For the District banks as a group, however, deposits at the end of 1949 were approximately the same as those at an identical group of banks at the end of 1948. Despite the relative stability of deposits, total earning assets averaged higher in 1949 than in 1948. Both total loans and investments grew more than 4 percent during the year.

The analysis of member bank operations shown by the average operating ratios on the following pages is the result of this bank's thirteenth annual operating ratio study. Ratios were computed for each member bank from data taken from the report of earnings and dividends for the year 1949 and from averages of figures shown on the reports of condition for December 31, 1948; June 30, 1949; and November 1, 1949. The ratios shown in the tables are arithmetic averages of individual bank ratios.

GREATER EARNING ASSETS. Increased earning assets were possible without increased deposits, partly because the reductions in reserve requirements made during the year increased the amount of loanable funds. Other factors contributing to larger earnings included a slight increase in rates of interest earned on Government securities, which averaged 1.7 percent in 1949, compared with 1.6 percent in 1948, and a rise in the rate of earnings on loans from an average of 5.7 to 5.8 percent.

That the rate of increase in last year's net profits over those for 1948 of 27 percent is so much higher than the rate of increase in net current earnings is largely the result of accounting adjustments made in 1948. Deductions for net losses on loans were unusually large in 1948, not because of actual losses incurred, but because many banks for the first time set up rather large reserves for bad-debt losses on loans.

DEPOSIT DECLINES AT SMALLER BANKS. On the whole, 1949 profits compared less favorably with those of 1948 at the smaller banks than they did at the larger banks. In general, deposit

trends were also more favorable at the larger than at the smaller banks. As a group, the 222 banks having total deposits of less than 7 million dollars lost deposits in 1949, although total member bank deposits were almost unchanged.

To a considerable extent, deposit declines at the smaller banks were the result of lower agricultural income in some sections of the District. Deposits of the banks in some of the smaller communities were also affected by lower textile and lumber manufacturing activity.

There was increased lending at the smaller banks despite the deposit decline. These banks, however, were unable to increase their holdings of Government securities as well as their loans as the larger banks did. Consequently, net profits at many of the smaller banks amounted to a lower percentage of total capital accounts in 1949 than they had in 1948. At banks with deposits of less than 2 million dollars, for example, the ratio of net profits to total capital accounts was 9.8 in 1949, compared with 11.7 in 1948.

CHANGED IMPORTANCE OF LOANS. A comparison of 1949 operations with those of previous years shows how closely banking operations reflect changing economic conditions. The amounts and kinds of assets the banks hold still show the effects of war finance, but the character of those assets is more dependent on the activity of private business than it has been for a good many years.

About 60 cents out of every dollar which member banks earned in 1939 — a year before war financing became predominant — came from interest earned on loans made to agriculture, businesses, and individuals. These loans earned a rate of 6.5 percent that year and loans constituted 36 percent of the banks' total assets.

By the time the banks had absorbed the wartime issues of Government securities, the importance of loans as a source of earnings was about half as great as in 1939. The banks were getting 34 cents out of each dollar of earnings from loans in 1945 and their loans were earning only 5 percent. Loans constituted only 14 percent of total assets. Government securities, on the other hand, had increased in importance and provided 39 percent of total earnings and constituted 48 percent of total assets.

Member bank profits, of course, did not suffer from these developments. Swollen deposits and increased holdings of Government securities raised the ratio of net profits to total capital accounts each year during the war and for a year

AVERAGE OPERATING RATIOS OF MEMBER BANKS IN THE ATLANTA RESERVE DISTRICT

AVERAGES OF INDIVIDUAL BANK RATIOS EXPRESSED IN PERCENTAGE

ITEM	Up to \$1,000,000		\$1,000,000 to 2,000,000		\$2,000,000 to 3,500,000	
	1948	1949	1948	1949	1948	1949
SUMMARY RATIOS :						
Percentage of total capital accounts :						
Net current earnings before income taxes.....	14.6	14.9	16.1	15.7	18.3	17.9
Profits before income taxes ¹	13.5	12.7	14.4	13.5	14.7	14.8
Net profits ¹	11.7	9.8	11.5	10.6	11.2	11.3
Cash dividends declared.....	3.7	3.4	3.0	2.8	3.3	3.4
Percentage of total assets :						
Total earnings.....	3.1	3.4	2.8	3.2	3.0	3.1
Net current earnings before income taxes....	1.3	1.4	1.1	1.3	1.2	1.3
Net profits ¹	1.1	.9	.8	.9	.8	.8
SOURCE AND DISPOSITION OF EARNINGS :						
Percentage of total earnings :						
Interest on U. S. Government securities.....	16.8	15.1	23.8	22.1	23.7	22.3
Interest and dividends on other securities....	4.9	3.8	4.7	5.1	6.2	6.0
Earnings on loans.....	65.1	70.5	59.5	60.5	57.2	60.3
Service charges on deposit accounts.....	4.7	5.1	5.5	6.1	5.9	5.2
Other current earnings.....	8.5	5.5	6.5	6.2	7.0	6.2
Total earnings.....	100.0	100.0	100.0	100.0	100.0	100.0
Salaries and wages.....	32.8	31.6	29.7	30.4	28.6	29.6
Other current expenses.....	27.6	28.2	31.1	30.2	31.1	30.0
Total expenses.....	60.4	59.8	60.8	60.6	59.7	59.6
Net current earnings before income taxes..	39.6	40.2	39.2	39.4	40.3	40.4
Net recoveries and profits or losses ¹	— 1.0	— 5.7	— 4.1	— 5.0	— 6.2	— 6.6
Taxes on net income.....	5.1	8.5	7.0	7.3	8.1	8.1
Net profits ¹	33.5	26.0	28.1	27.1	26.0	25.7
RATES OF EARNINGS ON SECURITIES AND LOANS :						
Percentage of U. S. Government securities :						
Interest on U. S. Government securities.....	1.8	1.8	1.6	1.8	1.6	1.8
Percentage of other securities :						
Interest and dividends on other securities....	3.7	3.7	3.2	3.2	3.5	3.5
Percentage of total securities :						
Net recoveries and profits or losses on securities.....	....	....	....	....	....	....
Percentage of total loans :						
Earnings on loans.....	7.4	7.3	6.8	6.9	6.4	6.2
Net recoveries or losses on loans ²	— .2	— .4	— .4	— .4	— .2	— .3
DISTRIBUTION OF ASSETS :						
Percentage of total assets :						
U. S. Government securities.....	29.6	28.4	38.9	35.7	38.5	35.1
Other securities.....	4.8	4.0	4.6	5.4	6.3	6.7
Loans.....	28.2	33.7	26.3	29.7	28.1	31.6
Cash assets.....	36.6	33.1	29.5	28.2	26.5	25.9
Real-estate assets.....	.7	.7	.6	.8	.5	.6
All other assets.....	.1	.1	.1	.2	.1	.1
Total assets.....	100.0	100.0	100.0	100.0	100.0	100.0
OTHER RATIOS :						
Total capital accounts to :						
Total assets.....	9.4	10.1	7.4	8.5	6.7	7.3
Total assets less Government securities and cash assets.....	30.6	28.3	26.0	25.6	22.7	21.0
Total deposits.....	10.6	11.4	8.2	9.4	7.2	7.9
Time deposits ³ to total deposits.....	12.7	19.9	19.6	22.8	20.0	25.8
Interest on time deposits ³ to time deposits....	.7	1.3	1.0	1.1	.9	1.1
Trust department earnings ³ to total earnings..	.6	....	2.4	....	.6	1.6
Interest on time deposits ³ to total earnings....	4.6	6.6	7.7	7.8	8.1	9.0
Number of banks ⁴	13	17	48	52	63	65

¹In 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.

²The ratio for 1948 includes amounts transferred to reserves for bad-debt losses, whereas the ratio for 1949 includes only actual losses.

³Banks with none were excluded in computing this average.

⁴Two new banks were excluded from the 1948 compilations and four new banks from the 1949 compilations.

IXTH FEDERAL RESERVE DISTRICT IN 1948 AND 1949

Banks Grouped by Amount of Total Deposits

\$3,500,000 to 7,000,000		\$7,000,000 to 15,000,000		\$15,000,000 to 75,000,000		Over \$75,000,000		All District Member Banks	
1948	1949	1948	1949	1948	1949	1948	1949	1948	1949
17.6	17.2	17.9	17.2	16.5	17.0	13.7	13.8	17.1	16.8
14.2	14.7	13.7	14.3	13.4	13.9	10.0	13.3	13.9	14.2
10.9	11.1	9.8	10.1	9.2	9.5	6.5	9.4	10.4	10.5
3.4	3.5	3.4	3.2	3.0	2.9	3.3	3.3	3.3	3.3
2.6	2.8	2.5	2.7	2.4	2.6	2.1	2.2	2.6	2.9
1.0	1.1	1.0	1.0	.8	1.0	.7	.8	1.0	1.1
.6	.7	.5	.6	.5	.5	.4	.5	.6	.7
26.3	24.8	27.2	25.3	28.6	27.2	30.9	30.8	25.8	24.1
6.9	6.9	7.5	7.2	6.8	6.1	6.4	6.7	6.5	6.3
52.7	54.5	48.2	50.4	42.8	44.6	42.5	42.8	52.3	54.7
7.2	7.5	8.4	9.0	8.2	8.7	4.8	5.1	6.8	7.0
6.9	6.3	8.7	8.1	13.6	13.4	15.4	14.6	8.6	7.9
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
29.3	29.5	29.4	30.4	30.6	30.4	28.4	28.5	29.5	30.0
31.4	31.5	32.2	31.5	33.6	32.1	36.4	35.8	31.9	31.2
60.7	61.0	61.6	61.9	64.2	62.5	64.8	64.3	61.4	61.2
39.3	39.0	38.4	38.1	35.8	37.5	35.2	35.7	38.6	38.8
— 7.0	— 5.0	— 8.5	— 6.4	— 7.1	— 6.1	— 9.2	— 1.0	— 6.6	— 5.4
7.6	8.4	8.5	9.2	8.9	9.7	9.2	10.1	7.9	8.6
24.7	25.6	21.4	22.5	19.8	21.7	16.8	24.6	24.1	24.8
1.6	1.7	1.6	1.7	1.5	1.6	1.4	1.5	1.6	1.7
2.8	2.7	2.4	2.3	2.2	2.3	2.8	2.6	2.9	2.8
— .1	....	— .1	....	....	+ .1	....	+ .2	....	....
5.7	5.9	5.2	5.3	4.5	4.8	3.7	3.9	5.7	5.8
— .5	— .1	— .8	— .1	— .6	— .1	— .8	....	— .5	— .2
39.3	37.4	40.4	38.5	42.2	42.0	39.1	39.8	39.3	37.1
7.4	8.2	9.0	9.3	7.4	7.2	5.5	5.9	6.9	7.2
25.1	27.3	24.3	26.7	23.0	24.2	24.3	24.5	25.5	28.2
27.5	26.3	25.3	24.1	26.2	25.3	29.8	28.4	27.5	26.4
.6	.7	.8	1.2	.9	1.0	.8	.9	.7	.9
.1	.1	.2	.2	.3	.3	.5	.5	.1	.2
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
5.9	6.5	5.6	6.1	5.4	5.9	5.3	5.7	6.2	6.9
21.1	21.7	18.3	18.3	18.5	19.5	19.1	20.1	21.5	21.5
6.3	7.0	5.9	6.6	5.8	6.3	5.7	6.1	6.7	7.5
23.4	25.5	27.0	26.1	20.2	19.8	17.1	18.2	21.8	23.9
.9	1.0	.8	.9	.8	.9	.9	1.0	.9	1.0
5.9	1.0	2.2	2.3	5.5	3.9	4.0	3.8	3.0	2.9
8.4	8.8	9.0	8.3	6.7	6.5	7.8	8.3	8.0	8.2
93	88	64	65	44	41	19	19	344	347

thereafter. The level of earnings, however, was primarily dependent upon Government finance.

Last year District member banks got about 55 cents out of every dollar of their earnings from loans, a figure very close to that of 1939. Loans were not yielding as high a rate as in 1939, but the 5.8 percent rate was higher than it had been for six years. Loans constituted 28 percent of total assets. Loans were much more important as a source of earnings than their relationship to total assets might indicate because they earned higher rates of return than Government securities.

PROSPECTS. The greater importance of loans as a source of earnings means that member bank earnings in 1950 will likely depend more upon the amount of loans made by the banks to private borrowers than upon any other factor. The expected Federal Government's cash deficit for the year 1950 will no doubt result in a net addition to the public

debt. Some of the increase may be lodged in the banks and result in a growth in total deposits. Certainly, there should be no drain on total deposits because of debt retirement. Earnings, however, so far as the District banks are concerned are more likely to be affected by the trend in private rather than Government borrowing.

District bankers, therefore, will watch carefully comparative economic trends in the District and in the United States. These trends will help determine whether District banks gain or lose deposits, compared with what banks in the rest of the country do. To a considerable extent the amount which member banks can loan will depend upon growth or loss of deposits. These same conditions will determine both the willingness of business and agriculture to borrow and that of bankers to lend.

CHARLES T. TAYLOR

SUMMARY TABLE

Operating Ratios of All Member Banks in the Sixth Federal Reserve District

SUMMARY RATIOS:	1944	1945	1946	1947	1948	1949
Percent of total cap. accounts:						
Net current earnings before inc. taxes.....	12.6	13.2	16.8	16.9	17.1	16.8
Profits before inc. taxes*.....	13.6	15.8	17.7	15.9	13.9	14.2
Net profits*.....	11.2	12.4	14.0	11.7	10.4	10.5
Cash dividends declared.....	3.4	3.3	3.3	3.2	3.3	3.3
Percent of total assets:						
Total earnings.....	2.0	1.8	2.0	2.4	2.6	2.9
Net current earnings.....	.7	.6	.8	1.0	1.0	1.1
Net profits*.....	.6	.6	.7	.7	.6	.7

SOURCES AND DISPOSITION OF EARNINGS:

Percent of total earnings:						
Int. on U. S. Govt. sec.....	**	39.0	37.7	30.1	25.8	24.1
Int. & div. on other sec***.....	43.3	8.2	7.4	6.6	6.5	6.3
Earnings on loans.....	36.4	33.9	38.4	47.3	52.3	54.7
Serv. chgs. on dep. accounts.....	7.8	7.1	6.3	6.6	6.8	7.0
Other current earnings.....	12.5	11.8	10.2	9.4	8.6	7.9
Total earnings.....	100.0	100.0	100.0	100.0	100.0	100.0
Salaries and wages.....	30.5	30.2	28.5	29.0	29.5	30.0
Other current expenses.....	34.2	34.9	32.2	32.0	31.9	31.2
Total expenses.....	64.7	65.1	60.7	61.0	61.4	61.2
Net current earnings before inc. taxes.....	35.3	34.9	39.3	39.0	38.6	38.8
Net recoveries and profits or losses*.....	+ 3.4	+ 7.6	+ 2.3	- 2.1	- 6.6	- 5.4
Taxes on net income.....	6.5	8.9	8.6	9.6	7.9	8.6
Net profits*.....	32.2	33.6	33.0	27.3	24.1	24.8

RATES OF EARNINGS ON SECURITIES AND LOANS:

Percent of U. S. Govt. sec.:						
Int. on U. S. Govt. sec.....	**	1.4	1.5	1.5	1.6	1.7
Percent of other sec.:						
Int. and dividends on other sec.***.....	1.7	3.2	3.6	3.0	2.9	2.8
Percent of total sec.:						
Net recoveries and profits or losses on sec.....	+ .1	+ .2	+ .1	..	..	..
Percent of total loans:						
Earnings on loans.....	5.2	5.0	5.6	5.7	5.7	5.8
Net recoveries or losses on loans*.....	+ .1	+ .1	..	- .1	- .5	- .2

DISTRIBUTION OF ASSETS:

Percent of total assets:						
U. S. Govt. sec.....	**	47.8	50.1	44.3	39.3	37.1
Other sec.***.....	49.5	5.2	5.6	6.5	6.9	7.2
Loans.....	15.4	13.8	15.1	21.4	25.5	28.2
Cash assets.....	34.0	32.4	28.5	27.0	27.5	26.4
Real-estate assets.....	.9	.6	.6	.6	.7	.9
All other assets.....	.2	.2	.1	.2	.1	.2
Total assets.....	100.0	100.0	100.0	100.0	100.0	100.0

OTHER RATIOS:

Total cap. accts. to:						
Total assets.....	6.1	5.2	5.2	5.9	6.2	6.9
Total assets less Govt. sec. & cash assets.....	32.2	32.3	28.9	24.2	21.5	21.5
Total deposits.....	6.6	5.6	5.5	6.3	6.7	7.5
Number of banks.....	309	324	329	333	344	347

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

** Not computed.

*** Including Government securities in 1944.

SIXTH DISTRICT MEMBER BANK CHANGES IN DEPOSITS, EARNING ASSETS, AND PROFITS FOR THE YEAR 1949 (In Thousands of Dollars)

Group*	Number in Group	Year Ended Dec. 1949	Year Ended Dec. 1948	Change Amount	Percent
Deposits					
A	17	13,265.3	13,803.2	- 537.9	- 3.9
B	52	77,773.0	84,464.6	- 6,691.6	- 7.9
C	65	180,352.6	184,184.4	- 3,831.8	- 2.1
D	88	439,061.7	446,081.8	- 7,020.1	- 1.6
E	65	693,007.6	678,676.1	+ 14,331.5	+ 2.1
F	41	1,455,600.0	1,431,154.8	+ 24,445.2	+ 1.7
G	19	2,838,697.7	2,853,609.6	- 14,911.9	- .5
Total	347	5,697,757.9	5,691,974.5	+ 5,783.4	+ .1
Government Securities					
A	17	4,127.9	4,366.2	- 238.3	- 5.5
B	52	29,714.6	32,808.9	- 3,094.3	- 9.4
C	65	66,815.8	68,920.8	- 2,105.0	- 3.1
D	88	167,467.5	177,107.2	- 9,639.7	- 5.4
E	65	280,473.5	266,390.4	+ 14,083.1	+ 5.3
F	41	644,988.9	607,153.1	+ 37,835.8	+ 6.2
G	19	1,169,290.6	1,099,313.9	+ 69,976.7	+ 6.4
Total	347	2,362,878.8	2,256,060.5	+ 106,818.3	+ 4.7
Loans					
A	17	4,842.9	4,498.9	+ 344.0	+ 7.6
B	52	25,807.9	24,570.9	+ 1,237.0	+ 5.0
C	65	60,436.2	59,522.1	+ 914.1	+ 1.5
D	88	137,455.4	123,508.7	+ 13,946.7	+ 11.3
E	65	206,042.5	198,469.5	+ 7,573.0	+ 3.8
F	41	370,304.9	354,875.1	+ 15,429.8	+ 4.3
G	19	809,307.6	782,090.6	+ 27,217.0	+ 3.5
Total	347	1,614,197.4	1,547,535.8	+ 66,661.6	+ 4.3
Profits**					
A	17	128.1	163.4	- 35.3	- 21.6
B	52	739.0	701.1	+ 37.9	+ 5.4
C	65	1,503.6	1,459.4	+ 44.2	+ 3.0
D	88	3,316.3	2,858.4	+ 457.9	+ 16.0
E	65	4,410.9	3,978.7	+ 432.2	+ 10.9
F	41	8,037.1	6,921.4	+ 1,115.7	+ 16.1
G	19	15,883.9	10,796.2	+ 5,087.7	+ 47.1
Total	347	34,018.9	26,878.6	+ 7,140.3	+ 26.6

* The banks in each group are identical for both years, the classification of each bank being determined by its average deposits for 1949 as follows:

A—	Up to \$ 1,000,000
B—	\$ 1,000,000— 2,000,000
C—	2,000,000— 3,500,000
D—	3,500,000— 7,000,000
E—	7,000,000— 15,000,000
F—	15,000,000— 75,000,000
G—	Over 75,000,000

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

District Business Conditions

Farmers' Planting Intentions

EVERY spring the Department of Agriculture contacts farmers all over the country with respect to the acreages they intend to plant of the principal crops. According to the most recent report, farmers plan to produce a large volume of farm products in 1950 just as they have done each year since the beginning of the war. While the acreage of 52 principal crops, excluding cotton, is estimated at 359 million acres, or about 10 million acres less than in 1949, it is still large compared to acreages planted in the years immediately preceding the war. Acreage allotments and marketing quotas under the Government price-support program are the most important factors in causing shifts in crops. Farmers intend to use the cropland taken out of the restricted crops to produce more of the unrestricted crops. A lack of farm labor will not limit crop production generally. Many farmers, however, say that they will cut the acreages of those crops that have heavy hired labor requirements and shift to crops that they can handle with machinery.

How planting intentions are carried out will depend, of course, upon the weather during the relatively short period in which planting is done. Adverse effects of weather can be offset now more than in the past because of the mechanization that has occurred in recent years. Ground preparation and planting can be crowded into a short period by the use of tractor-drawn equipment.

CORN. The 1950 planted acreage of 82.8 million acres will be the smallest in fifty years, mainly because of the 20-percent reduction in allotted acreage in the commercial corn producing areas. In order to qualify for price support, corn growers must stay within the acreage allotted them by their county PMA committees. Since many farmers grow corn only for feed, however, they are not interested in price support and are overplanting their allotments. As a result total corn acreage will be only 6 percent smaller than for 1949. Outside the commercial corn area, and particularly in areas such as the Sixth District where some of the land diverted from other restricted crops is being planted to corn, corn acreage will be larger than it was last year. In the District states, it is expected to increase about 4 percent or 500,000 acres. The largest increases will come in Alabama and Mississippi. Yields have been increasing so rapidly during the past few years that production could easily increase more than acreage if the weather is favorable.

RICE. Though rice acreage will be 10 percent smaller this year than last year, Louisiana growers will seed almost as many acres as they did last year. Acreage reductions in the other major rice states of Texas, Arkansas, and California will amount to 12, 15, and 19 percent, respectively.

SWEET POTATOES. After reaching a peak of over a million acres in 1932, the sweet potato acreage declined until only 521,000 acres were planted in 1948. It increased about 5 percent from 1948 to 1949 and a 10-percent increase is expected in 1950. Although heavy hand labor requirements limit the acreage, the enforced reductions in peanut and cotton acreages on some farms will lighten the labor load and, at the same time, will create a need for another cash crop. In recent years prices received by growers in most areas have been attractive enough to provide incentive for increasing the acre-

age. Acreage increases from 1949 to 1950 range from 10 to 17 percent in the District states, but this year's acreage will be considerably below the ten-year average for all states except Louisiana and Florida.

At the present stage of the Government farm program, farmers' planting intentions have unusual significance. Farmers apparently intend to use every means at their disposal to keep their total production up. About 4 billion dollars are already invested in the farm price-support program and the prospect that farmers will continue to produce as much as they can means that the program will be under still more pressure. The shift from corn and cotton to soybeans, for example, will be almost certain to lead to acreage allotments and marketing quotas on soybeans next year. As District farmers increase their corn acreage and yields, they are more likely to be included in the production restrictions on corn. More stringent controls will be needed if total crop production is to be held down. No controls are in prospect, however, for livestock production.

B.R.R.

Credit Buying Trends

By the middle of March, leading District department stores had sold slightly more since the first of the year than they had at that time last year. Total dollar sales at the weekly reporting stores, for example, were up 2 percent.

Credit buying has had a good deal to do with keeping up total sales at department stores. In February at a representative group of stores, total sales were one percent greater than in February last year. Cash sales, however, were down

Changes in Sales and Accounts Receivable at Sixth District Stores

Kind of Business	Sales				Accts. Receivable	
	Percent Change in Yearly Sales 1948-49				Percent Change, End of Year, 1948-49	
	Total	Cash	Charge Account	Instalment	Charge	Instalment
Department.....	- 4	- 8	- 3	+ 10	+ 8	+ 46
Men's Clothing.....	- 4	- 12	+ 2	- 2	+ 7	+ 1
Women's Apparel.....	- 14	- 17	- 12	- 12	- 7	- 0
Furniture.....	- 6	- 17	- 9	- 3	+ 27	+ 17
Hardware.....	- 13	- 20	- 13	+ 47	- 5	+ 33
Household Appliance.....	- 12	- 25	- 11	- 1	+ 19	+ 44
Jewelry.....	- 10	- 20	- 6	- 5	+ 6	+ 8
Automobile Dealers.....	+ 13	- 0	- 4	+ 81	- 7	+ 98
Auto. Tire and Accessory..	- 4	- 7	- 7	+ 4	+ 5	+ 27
Weighted Average	+ 0	- 7	- 6	+ 26	+ 2	+ 29

Source: Retail Credit Survey for 1949.

5 percent and open credit sales 3 percent. On the other hand, instalment sales were up 41 percent. At reporting stores which made no instalment sales, total sales declined 10 percent.

USE OF RETAIL CREDIT IN 1949. The current trend toward greater credit buying was well under way in 1949. The Retail Credit Survey recently completed by this Bank, with the cooperation of retailers throughout the District, shows how much credit buying helped sustain not only department store sales but other types of retail sales as well. Without the use of credit, last year's sales records probably would not have been as good as they were.

The survey shows that combined total sales for the nine types of retailers included in the survey were approximately the same in 1949 as in 1948. Declines of 7 and 6 percent, respectively, in cash and charge account sales were offset by a 26-percent increase in instalment sales. Although the sales of the retailers surveyed constitute only an estimated

38 percent of all retail sales made in 1949, these retailers make most of the credit sales.

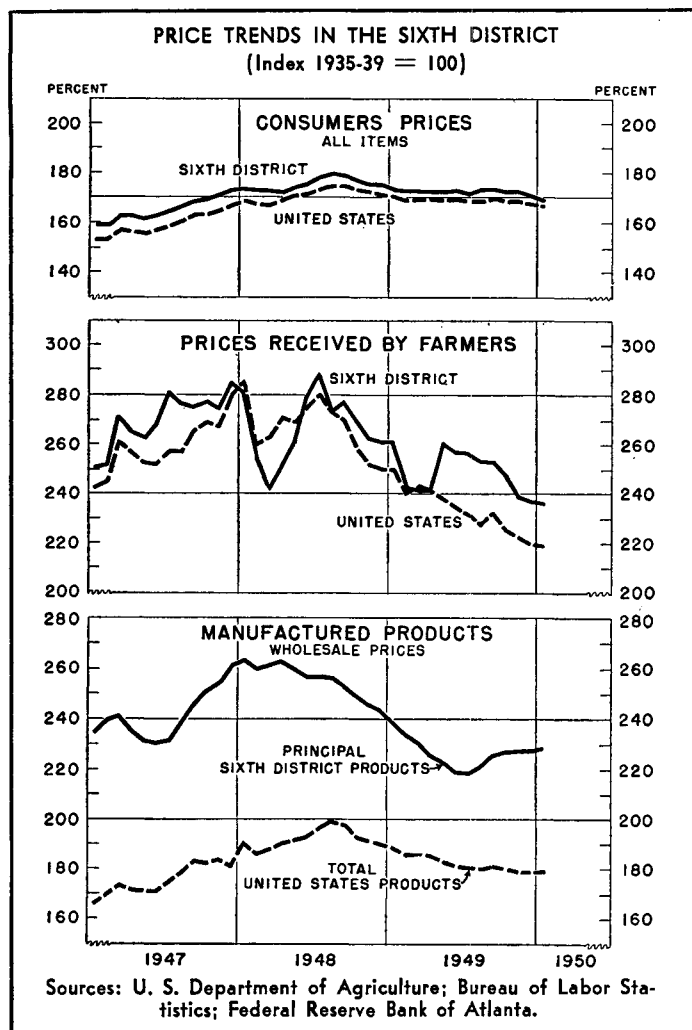
CASH SALES DOWN. For the first time since 1932, when the surveys were started, total cash buying was lower than during the preceding year. In 1948, greater cash sales by automobile dealers more than offset declines from 1947 in cash sales at other types of retail stores. For 1949, automobile dealers reported cash sales slightly under those of the preceding year. Other groups of merchants reported cash sales declines ranging from 7 to over 20 percent. Cash sales at all retailers combined constituted only 42 percent of total sales at the nine lines of business in 1949, compared with 46 percent in 1948.

C. T. T.

Price Trends

Sixth District consumers can purchase somewhat more with their dollars now than they could six months ago. According to a composite of the Bureau of Labor Statistics' indexes of consumer prices for all items in six leading cities of the District, the six-month decline which ended in January amounted to 1.6 percent. Declines of 3.4 percent in food prices, 1.4 percent in home furnishings prices, and less than one percent in clothing prices were offset in part by increases in rents and in prices of miscellaneous items.

Prices received by District farmers averaged slightly lower in January than in December and the declining trend



Sixth District Statistics

INSTALMENT CASH LOANS					
Lender	No. of Lenders Reporting	Volume		Outstandings	
		Percent Change Feb. 1950, from		Percent Change Feb. 1950, from	
		Jan. 1950	Feb. 1949	Jan. 1950	Feb. 1949
Federal credit unions.....	40	— 4	+ 37	+ 1	+ 41
State credit unions.....	18	— 22	+ 51	+ 1	+ 45
Industrial banking companies.....	10	— 12	+ 15	+ 1	+ 5
Industrial loan companies.....	16	— 15	+ 20	— 2	— 1
Small loan companies.....	41	— 5	+ 6	— 1	+ 5
Commercial banks.....	33	— 6	+ 32	— 0	+ 36

RETAIL FURNITURE STORE OPERATIONS			
Item	Number of Stores Reporting	Percent Change February 1950, from	
		Jan. 1950	Feb. 1949
Total sales.....	121	+ 9	+ 17
Cash sales.....	104	— 6	— 9
Instalment and other credit sales.....	104	+ 12	+ 20
Accounts receivable, end of month.....	115	— 2	+ 20
Collections during month.....	115	— 3	+ 0
Inventories, end of month.....	87	+ 4	— 3

WHOLESALE SALES AND INVENTORIES*					
Type of Wholesaler	No. of Firms Reporting	SALES		INVENTORIES	
		Percent Change Feb. 1950, from		Percent Change Feb. 28, 1950, from	
		Jan. 1950	Feb. 1949	Jan. 31 1950	Feb. 28 1949
Automotive supplies.....	4	— 4	— 3	— 1	— 19
Electrical group.....	3	+ 0	— 1	..	..
Full-line.....	4	+ 27	+ 10	+ 8	— 33
Appliances.....	15	— 5	+ 4	+ 2	— 5
General hardware.....	4	+ 22	— 8	+ 2	+ 13
Industrial supplies.....	4	+ 29	— 25	..	..
Jewelry.....	4	..	..	..	..
Plumbing and heating supplies.....	4	+ 2	+ 18	+ 2	— 12
Confectionery.....	5	— 1	— 8	— 0	..
Drugs and sundries.....	8	— 8	+ 4	— 0	+ 3
Dry goods.....	18	— 4	— 9	+ 9	+ 14
Farm supplies.....	3	— 14	+ 6	..	..
Grocery group.....	35	+ 0	+ 3	+ 8	+ 4
Full-line.....	10	— 5	+ 0	+ 11	— 24
Specialty lines.....	10	..	..	..	..
Shoes and other footwear.....	3	+ 11	— 14	..	..
Tobacco products.....	11	+ 2	+ 2	— 4	+ 1
Miscellaneous.....	15	0	— 2	— 4	— 10
Total.....	146	— 1	+ 0	+ 3	— 3

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

DEPARTMENT STORE SALES AND INVENTORIES						
Place	No. of Stores Report- ing	SALES		No. of Stores Report- ing	INVENTORIES	
		Percent Change Feb. 1950, from			Percent Change Feb. 28, 1950, from	
		Jan. 1950	Feb. 1949		Jan. 31 1950	Feb. 28 1949
ALABAMA						
Birmingham....	4	+ 3	— 6	3	+ 13	— 11
Mobile.....	5	+ 0	— 2	3	+ 37	+ 5
Montgomery....	3	— 1	— 4	3	..	..
FLORIDA						
Jacksonville....	4	+ 7	+ 1	3	+ 7	+ 20
Miami.....	4	+ 9	— 0	3	— 2	+ 19
Orlando.....	3	+ 5	+ 2	3	..	..
Tampa.....	5	+ 6	+ 4	3	+ 8	+ 1
GEORGIA						
Atlanta.....	6	+ 12	+ 7	5	+ 13	+ 9
Augusta.....	4	+ 16	+ 2	..	+ 11	+ 23
Columbus.....	3	+ 12	+ 15	4	..	..
Macon.....	6	+ 14	+ 7	4	+ 7	+ 2
Rome.....	4	+ 12	+ 7	4	..	..
Savannah.....	6	+ 7	+ 9	4	— 2	— 14
LOUISIANA						
Baton Rouge....	4	+ 13	— 2	4	+ 15	— 2
New Orleans....	5	+ 3	+ 2	4	+ 9	+ 3
MISSISSIPPI						
Jackson.....	4	+ 3	— 1	4	+ 13	— 1
Meridian.....	3	+ 2	— 2	..	..	..
TENNESSEE						
Bristol.....	3	+ 13	— 2	3	+ 23	+ 2
Chattanooga....	4	+ 5	+ 5	3	+ 21	— 1
Knoxville.....	4	+ 7	— 3	5	..	..
Nashville.....	6	+ 12	+ 2	5	+ 14	+ 1
OTHER CITIES*	22	+ 16	+ 5	22	+ 6	— 7
DISTRICT.....	112	+ 8	+ 3	76	+ 10	+ 3

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

that began in May last year continued. The December-January decline, however, was moderate and some price increases were reported for several District states.

During recent months, changes in the wholesale prices of their products have been favorable to District manufacturers as a group. The index of average prices of the principal products manufactured at District plants in January was 228 percent of the 1935-39 average. It had risen 9 percent since the low point of 201 for last July. Between the two dates the BLS wholesale price index for finished manufactured products throughout the country had fallen one percent.

Because the sales of cotton textiles and Southern pine are so important to total District manufacturing income, their prices are heavily weighted in the District index. For Southern pine, the price index began to rise in July 1949 and for cotton goods, it started upward in August. By January, the price indexes had advanced 11 and 6 percent, respectively, from the 1948 low points. The prices of these and other important District manufactured goods, however, are still below the level of last year.

C. T. T.

Industry and Employment

CONTINUED HIGH CONSTRUCTION ACTIVITY. In February, as in January, the value of construction contracts awarded in the Sixth District was greater than it had ever been in that month. This was true of total contracts as well as of residential contracts. The value of all contracts awarded in the District during February was a little more than 85 million dollars—a decrease of 6 percent from January, but a gain of 17 percent over the February 1949 total.

Residential awards were off 6.8 percent from January, but they were 42 percent greater than in February last year. Other contracts were down 5.7 percent and were a fraction less than a year ago. In January, residential contracts accounted for exactly half the total, and in February the percentage was 49.7 percent. With 35.1 percent of total awards and 46.6 percent of residential awards let in Florida, that state again had the highest percentages in both types. Alabama, Louisiana, and Mississippi reported increases over January and all six states had increases over February 1949.

Cumulative totals for the first two months of 1950 show total awards amounting to more than 176 million dollars, a gain of 32.3 percent over that period last year; residential contracts totaling a little less than 88 million dollars, an increase of 66.6 percent; and other awards amounting to a little more than 88 million dollars, an increase of 9.9 percent. For the two months combined, all six states had increases in both total and residential contracts over the first two months of last year.

Construction costs, according to the index of the American Appraisal Company, declined from October 1948 through December 1949, but in January and February this year they were back to the August 1949 level. Between August and January the Bureau of Labor Statistics' index of wholesale lumber prices advanced 3.6 percent.

COAL MINING RESUMED. Miners began returning to the coal mines on March 6. Mining operations, which had been on a restricted basis in January, were virtually at a standstill during February. Because of the coal shortage, steel mill operations in the Birmingham-Gadsden area declined from 103 percent of rated capacity the last week in January to 43 percent for the week of March 5. The next week, however, operations recovered to 87 percent.

Sixth District Indexes

DEPARTMENT STORE SALES*						
Place	Adjusted**			Unadjusted		
	Feb. 1950	Jan. 1950	Feb. 1949	Feb. 1950	Jan. 1950	Feb. 1949
DISTRICT.....	383	376	374r	322	285	314
Atlanta.....	434	441	408r	365	313	343
Baton Rouge....	401	415	408r	341	291	347
Birmingham....	343	369	364r	284	265	302
Chattanooga....	339	338	313r	278	253	257
Jackson.....	370	392	373r	307	286	309r
Jacksonville....	381	359	376r	312	280	309
Knoxville.....	361	333	371r	289	260	297
Macon.....	346	340	323r	266	225	249r
Miami.....	375	376	376r	416	365	417
Montgomery....	334	355	348r	274	266	285
Nashville.....	409	407	399r	319	272	311
New Orleans....	366	362	360r	308	286	302
Tampa.....	491	482	474r	437	395	422

DEPARTMENT STORE STOCKS						
Place	Adjusted**			Unadjusted		
	Feb. 1950	Jan. 1950	Feb. 1949	Feb. 1950	Jan. 1950	Feb. 1949
DISTRICT.....	350	357	340r	354	321	343
Atlanta.....	461	464	422r	447	395	410
Birmingham....	261	252	293r	271	240	305
Montgomery....	402	325	384r	406	297	388
Nashville.....	527	523	521r	500	439	495
New Orleans....	338	344	327r	335	306	323

GASOLINE TAX COLLECTIONS***						
Place	Adjusted**			Unadjusted		
	Feb. 1950	Jan. 1950	Feb. 1949	Feb. 1950	Jan. 1950	Feb. 1949
SIX STATES.....	228	233	193	228	233	193
Alabama.....	221	228	202	210	223	192
Florida.....	216	219	195	233	227	210
Georgia.....	239	231	190	228	235	181
Louisiana.....	243	276	215	238	273	211
Mississippi.....	180	205	170	173	193	163
Tennessee.....	269	247	195	258	235	187

COTTON CONSUMPTION*				ELECTRIC POWER PRODUCTION*			
Place	Feb. 1950	Jan. 1950	Feb. 1949		Jan. 1950	Dec. 1949	Jan. 1949
TOTAL.....	154	150	130	SIX STATES...	393	371	376
Alabama.....	162	158	139	Hydro-			
Georgia.....	154	151	130	generated	357	322	357
Mississippi.....	91	98	81	Fuel-			
Tennessee.....	134	123	105	generated	439	435	401

MANUFACTURING EMPLOYMENT***				CONSTRUCTION CONTRACTS			
Place	Jan. 1950	Dec. 1949	Jan. 1949	Place	Jan. 1950	Dec. 1949	Jan. 1949
SIX STATES.....	140	142r	147	DISTRICT.....	448	501	297
Alabama.....	142	144	152	Residential...	687	596	346
Florida.....	139	136	144	Other.....	333	455	274
Georgia.....	139	141	141	Alabama.....	444	478	257
Louisiana.....	134	140	150	Florida.....	580	534	379
Mississippi.....	134	134	143	Georgia.....	537	442	291
Tennessee.....	146	146r	148	Louisiana.....	283	369	286
				Mississippi...	194	717	125
				Tennessee...	360	619	235

CONSUMERS PRICE INDEX				ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS			
Item	Feb. 1950	Jan. 1950	Feb. 1949		Feb. 1950	Jan. 1950	Feb. 1949
ALL ITEMS.....	169	169	172	Unadjusted..	20.4	21.1	19.7
Food.....	195	197	201	Adjusted**...	20.2	20.0	19.5
Clothing.....	192	192	201	Index.....	81.7	80.9	79.0
Fuel, elec., and refrig.	140	140	139				
Home furnishings...	185	183	194	CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*			
Misc.....	154	155	153		Feb. 1950	Jan. 1950	Feb. 1949
Purchasing power of dollar.....	.59	.59	.58	Unadjusted..	322	318	302
				Adjusted**...	317	312	297

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

r Revised

TEXTILE INDUSTRY ACTIVE. Textile mill activity in the District increased somewhat in February to the highest level in about two years. The daily average rate of cotton consumption by the District mills was up 2.6 percent from January and was 18 percent above the February 1949 rate. In the August 1949-February 1950 period, consumption in the District amounted to more than 1.8 million bales, a gain of 6.4 percent over the corresponding part of the previous cotton year. For the country as a whole, the increase in consumption for that period was 4.9 percent. Mill margins averaged about 32 percent lower in 1949 than in 1948. But from the low point reached in June, there was a recovery of about 37 percent during the remainder of the year.

EMPLOYMENT OFF SLIGHTLY. January manufacturing employment increased in Florida from December, but it was off somewhat in Alabama, Georgia, Louisiana, Mississippi, and Tennessee. The January increase in Florida was attributable largely to the citrus canning industry, where employment increased 17 percent over the month before. Smaller gains in fabricated metal products plants and in apparel and in shipbuilding offset only in part by decreases in lumber and wood products and some other lines also contributed to the over-all increase.

Alabama manufacturing employment was 1.3 percent less in January than in December because of a 19-percent decrease at shipbuilding establishments, a 7.9-percent decrease in fabricated metal products industries, and a 5-percent loss in paper and allied products. The total decrease would have been greater, however, had it not been for small gains in apparel and in petroleum and coal products. January employment in manufacturing establishments was 6.2 percent lower than it was in January 1949.

Georgia manufacturing employment in January was off one percent from December and 1.4 percent from January a year ago. Increases in transportation equipment, machinery, textile mill products, and paper and paper products were more than offset by decreases in most other groups. Employment at textile mills was 2.4 percent less than in January last year, but at apparel establishments, it was up 13.5 percent. Manufacturing employment in Tennessee changed little from December to January and was off 1.5 percent, compared with January last year.

D. E. M.

Bank Announcements

On February 27 the newly organized Peoples National Bank of Miami Shores, Miami Shores, Florida, opened for business as a member of the Federal Reserve System. This bank begins its operations with capital stock of \$200,000, surplus of \$50,000, and total capital funds of \$275,000. Its officers are Leonard A. Usina, President; Robert C. Brown, Vice President and Cashier; and Agnes B. Barber, Vice President.

The Farmers and Merchants Bank, Washington, Georgia, a newly organized nonmember bank, opened for business and began remitting at par on March 14. This bank has a capital stock of \$65,000 and surplus of \$13,000. Its officers are Dr. A. C. Van Saun, Chairman of the Board; Henry G. Garrard, President; Frank M. Arnold, Executive Vice President; and Edwin M. May, Cashier.

Sixth District Statistics

CONDITION OF 28 MEMBER BANKS IN LEADING CITIES (In Thousands of Dollars)						
Item	Mar. 22 1950	Feb. 22 1950	Mar. 23 1949	Percent Change Mar. 22, 1950, from		
				Feb. 22 1950	Mar. 23 1949	
Loans and investments—						
Total.....	2,483,832	2,455,511	2,316,413	+ 1	+ 7	
Loans—Net.....	898,875	880,701	841,791	+ 2	+ 7	
Loans—Gross.....	912,157	893,808	851,952	+ 2	+ 7	
Commercial, industrial, and agricultural loans...	537,017	531,210	534,791	+ 1	+ 0	
Loans to brokers and dealers in securities....	12,213	8,521	8,108	+ 43	+ 51	
Other loans for pur- chasing and carrying securities.....	33,362	33,069	46,124	+ 1	— 28	
Real estate loans.....	77,013	77,017	67,419	— 0	+ 14	
Loans to banks.....	5,309	4,389	4,647	+ 21	+ 14	
Other loans.....	247,243	239,602	190,863	+ 3	+ 30	
Investments—total.....	1,584,957	1,574,810	1,474,622	+ 1	+ 7	
Bills, certificates, and notes.....	621,098	585,263	396,200	+ 6	+ 57	
U. S. bonds.....	753,135	784,472	892,412	— 4	— 16	
Other securities.....	210,724	205,075	186,010	+ 3	+ 13	
Reserve with F. R. Bank...	409,850	403,786	519,478	+ 2	— 21	
Cash in vault.....	41,445	40,344	42,570	+ 3	— 3	
Balances with domestic banks.....	172,999	188,657	160,395	+ 8	+ 8	
Demand deposits adjusted...	1,780,832	1,732,834	1,784,523	— 3	— 0	
Time deposits.....	537,740	533,709	529,450	+ 1	+ 2	
U. S. Gov't deposits.....	65,530	88,979	55,632	— 26	+ 18	
Deposits of domestic banks...	532,689	538,970	473,681	— 1	+ 12	
Borrowings.....		3,750	17,450			

DEBITS TO INDIVIDUAL BANK ACCOUNTS (In Thousands of Dollars)						
Place	No. of Banks Report- ing	Feb. 1950	Jan. 1950	Feb. 1949	Percent Change Feb. 1950, from	
					Jan. 1950	Feb. 1949
ALABAMA.....						
Anniston.....	3	18,722	22,265	20,172	— 16	— 7
Birmingham.....	6	289,188	342,154	292,341	— 15	— 1
Dothan.....	2	11,891	14,305	11,918	— 17	— 0
Gadsden.....	3	17,934	19,084	16,617	— 6	+ 8
Mobile.....	5	114,547	118,327	117,765	— 3	— 3
Montgomery.....	3	69,890	80,304	65,049	— 13	+ 7
FLORIDA.....						
Jacksonville.....	4	280,145	301,816	253,689	— 7	+ 10
Miami.....	7	265,906	275,713	250,474	— 4	+ 6
Greater Miami.....	13	395,067	406,653	371,324	— 3	+ 6
Orlando.....	3	64,303	68,631	48,793	— 6	+ 32
Pensacola.....	3	31,774	34,451	30,136	— 8	+ 5
St. Petersburg.....	3	63,788	70,024	56,789	— 9	+ 12
Tampa.....	7	139,807	154,043	119,352	— 9	+ 17
GEORGIA.....						
Albany.....	3	22,177	25,327	21,359	— 12	+ 4
Atlanta.....	4	778,384	836,366	744,600	— 7	+ 5
Augusta.....	3	50,646	57,832	49,382	— 12	+ 3
Brunswick.....	2	7,895	8,818	7,635	— 10	+ 3
Columbus.....	4	50,666	53,973	45,105	— 6	+ 12
Elberton.....	2	3,339	3,432	3,136	— 3	+ 6
Gainesville.....	3	12,731	13,434	12,443	— 5	+ 2
Griffin.....	2	9,764	11,037	9,668	— 12	+ 1
Macon.....	3	52,905	61,491	51,424	— 14	+ 3
Newnan.....	2	8,158	10,837	7,848	— 25	+ 4
Rome.....	3	18,679	22,023	17,653	— 15	+ 6
Savannah.....	4	79,153	83,232	75,062	— 5	+ 5
Valdosta.....	2	10,667	11,782	10,669	— 9	— 0
LOUISIANA.....						
Alexandria.....	3	29,433	33,460	26,616	— 12	+ 11
Baton Rouge.....	3	96,851	112,589	96,040	— 14	+ 1
Lake Charles.....	3	32,966	36,725	32,270	— 10	+ 2
New Orleans.....	8	647,957	721,207	633,793	— 10	+ 2
MISSISSIPPI.....						
Hattiesburg.....	2	16,582	17,549	14,825	— 6	+ 12
Jackson.....	3	132,665	160,212	121,836	— 17	+ 9
Meridian.....	3	23,472	25,442	22,192	— 8	+ 6
Vicksburg.....	2	22,021	24,355	21,051	— 10	+ 5
TENNESSEE.....						
Chattanooga.....	3	128,677	168,056	124,979	— 23	+ 3
Knoxville.....	4	96,600	129,844	96,764	— 26	— 0
Nashville.....	6	294,183	316,514	249,974	— 7	+ 18
SIXTH DISTRICT 33 Cities.....	115	3,923,859	4,366,700	3,713,039	— 10	+ 6
UNITED STATES 333 Cities.....		96,231,000	106,645,000	89,850,000	— 10	+ 7

* Not included in Sixth District total.