



FEDERAL RESERVE BANK OF ATLANTA

Volume XXXVI

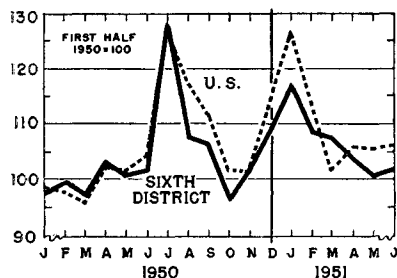
Atlanta, Georgia, July 31, 1951

Number 7

The First Year

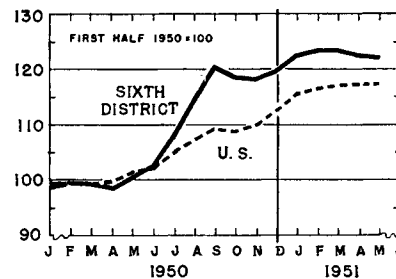
Regardless of the outcome of the Korean War, it is apparent that the nation will be affected by the rearmament program for years to come. Now that the first year of the war has passed, and now that there is at least a breathing spell in business activity, there is some value in reviewing the economic developments of the past twelve months as they have affected this district. At least two questions can be answered. What is the present position of the District compared with the first six months of 1950, before the events of the Korean War began to take effect? How have developments in the District since then compared with those throughout the country? Answers to these questions may provide some insight into the possible impact of future events.

Upsurge in Consumer Demand Almost simultaneously with the invasion of South Korea, consumers stepped up their buying tremendously. Department store sales—which, although covering only a part of total retail sales, reflect the general trend of buying—rose at about the same pace in the District as throughout the country. After the initial scare-buying phase was over, buying was characterized by succeeding waves, depending in part upon consumer reactions to news from



the Korean front and fears of impending shortages. Since the first of the year, buying in the District has subsided more than it has throughout the country.

Rising Wholesale Prices Retailers immediately placed large orders with manufacturers in the hope not only of securing goods consumers wanted but also of building up inventories against possible future shortages. Such demands pushed prices upward. Because a larger proportion of the goods manufactured at District plants go to satisfy the immediate needs of consumers than in many other sections of the country,

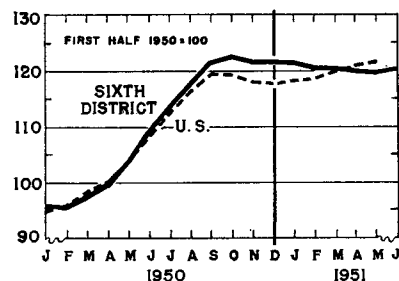


Prices of
Manufactured
Products

there was a quicker price response in the District to the greater consumer demand. Prices of cotton goods, apparel, lumber, and furniture, all important Sixth District products, rose earlier than those of many other manufactured goods. The average level of prices of goods manufactured in the District, therefore, rose more during the last half of 1950 than did the index for all manufactured goods.

For the same reason, the average prices of products manufactured in the District responded sooner to the slackening in consumer demand and to the accompanying lessening of inventory building activity. Demands to satisfy durable goods requirements for the defense program, however, rather than slackening, have been increasing. The general level of manufactured goods, therefore, has been maintained since the first of the year, in contrast with the decline for the goods purchased from District manufacturers.

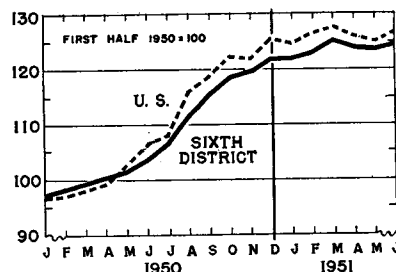
Growth in Consumer Borrowing Some consumers paid for their increased purchases by using their savings; others by borrowing. The growth in consumer instalment loans at District banks was therefore rapid dur-



Commercial
Bank
Instalment
Credit

ing the first few months after Korea. The peak was reached in consumer instalment loans in August of last year and at District banks there has been a steady, although moderate, decline since then. By way of contrast, instalment loans at commercial banks throughout the country now stand somewhat higher than they did when loans at District banks reached their peak.

Expansion in Manufacturing Pay Rolls But consumers also began to receive higher incomes. District manufacturing plants added to their working forces, increased the number of working hours, and raised wage rates.



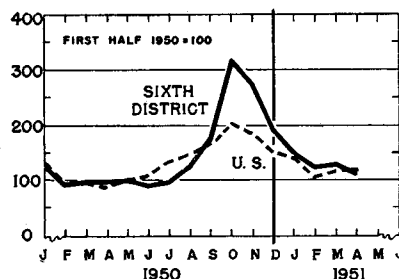
Manufacturing
Pay
Rolls

Pay rolls, as a consequence, averaged 16 percent more in the last half of 1950 than in the first half, which was less than the national rate of gain. Since the first of this year, however, the advance has moderated in both the District and the nation.

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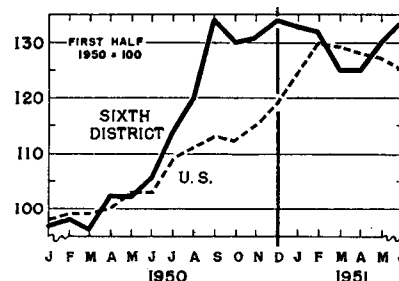
Growth in Farm Income District farm income increased faster during the last half of 1950 than did national farm income. The fact that District farm income normally is more concentrated in the last half of the year



Cash
Receipts
from
Farming

accounts for some of this difference. Part of the favorable comparison, however, resulted from more rapid price increases in the District from the pre-Korean period.

By September 1950 District farm prices had risen 34 percent from the pre-Korean period, whereas prices received by farmers throughout the nation had gone

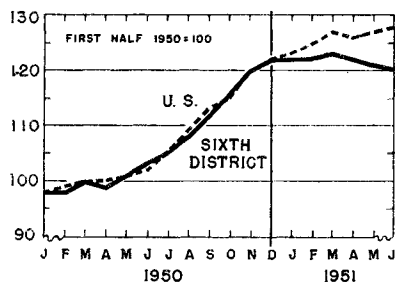


Prices
Received
by
Farmers

up only 13 percent. Most of the difference was accounted for by the sharp rise in cotton prices. Since last fall, however, the pre-Korean relationship between the nation and the District has been re-established with respect to both incomes and prices.

Business Borrowing Retailers, manufacturers, and other businessmen reacted to increased demands by borrowing more from District member banks. During the last half of 1950, loans to finance inventories, a great part of which were to cotton dealers and to textile mills, helped raise total loans at about the same rate as loans expanded at banks throughout the country.

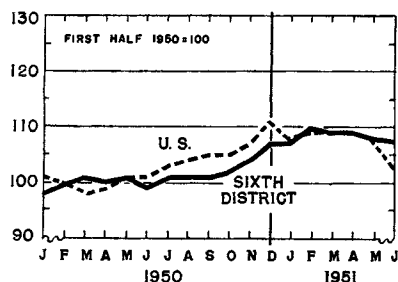
Since January, loans at member banks throughout the country have risen moderately, whereas at District banks they have declined. In this area, new loans



Member
Bank
Loans

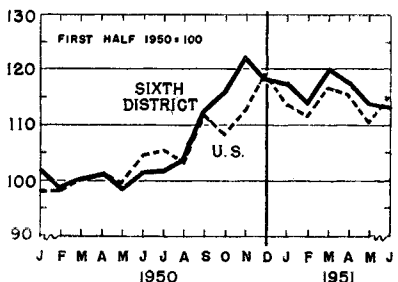
have not been great enough to offset the repayment of commodity dealer and textile loans. In some other parts of the country, new loans to finance defense contracts and defense supporting activities helped raise total loans; in this area there has been little borrowing of this kind.

Deposit Growth Each month during the last half of 1950 found deposit accounts of businesses and individuals greater than at the end of the preceding months. This rate of expansion was less than the national rate. Dur-



Member
Bank
Demand
Deposits
(Except Interbank)

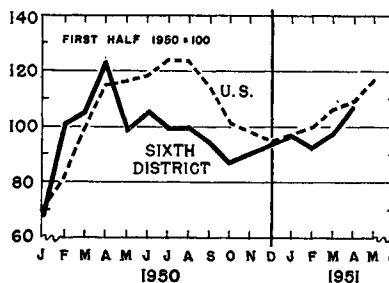
ing the first half of this year, however, deposits at District banks show approximately the same relative position to the first half of 1950 as deposits through-



Turnover of
Demand
Deposits

out the country. Deposits of District banks were used more actively than they were throughout the country during the last half of 1950.

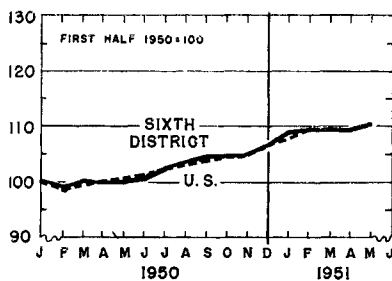
Higher Construction Activity Incomes were also bolstered by a continued high level of construction activity. Partly because of a difference in the seasonal patterns, the increase in the last half of 1950 over the first half



Construction
Contracts
Awarded

was not as pronounced in the District as throughout the nation. Since the first of this year, however, contracts awarded have borne about the same relationship to the pre-Korea period as they have nationally.

Rising Consumer Prices Increases in incomes did not mean a corresponding increase in real purchasing power. Although they did not advance as rapidly as wholesale prices, consumer prices throughout the Dis-



Consumers
Price
Index

trict rose after the Korean War started at about the same rate as throughout the country. The increase, however, has been less pronounced since January 1951.

Summing Up A review of the main economic measures for the District for the last twelve months indicates that by any measure business activity in the District is still at a high level and is much higher than before the Korean War started. The similarity between District and national trends, moreover, suggests that the most important thing affecting the pace of business activity in the District has been the national reaction to the international situation.

But, at the same time, because of its differing economic structure, the District has shown somewhat

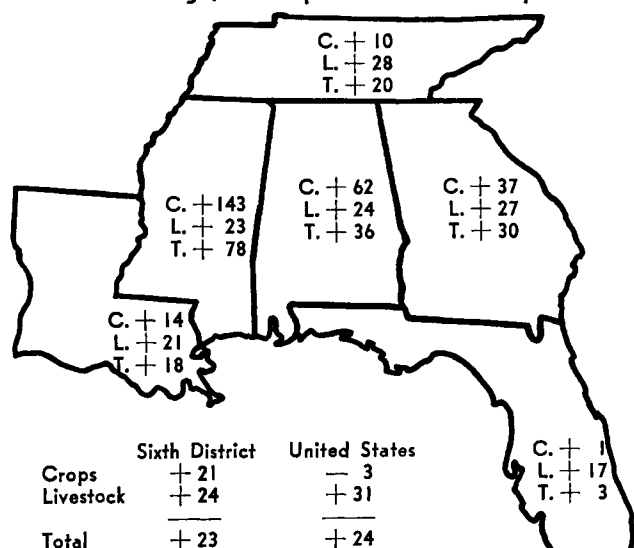
different reactions to these developments than the country at large. It is obvious, of course, that these differences have been greater in some areas of the District than in others. On balance, District business activity reacted more quickly to the stimulus of the war program during the boom of the last half of 1950. This reaction was largely explained by the increased civilian demand which was basically the cause of inflationary developments.

The consensus of most informed persons is that potential inflationary pressures are still great. Greater outlays for defense are expected to tax the nation's industrial capacity. The income created by these expenditures will exert upward pressures on prices unless adequate taxation and credit and other controls are in force. In the coming months, according to this belief, a greater proportion of the expenditures will be for durable goods, the production of which cannot be expanded as rapidly as the production of civilian goods was increased in the past year.

If this premise is accepted, Government spending, rather than civilian demands, will be the controlling factor in the coming months. Under these conditions, it is likely that in the immediate future the reaction of the District's economy may diverge somewhat more from the national pattern than it has in the past.

C.T.T.-B.R.R.

CASH RECEIPTS FROM CROPS AND LIVESTOCK Percent Change, Jan.-April 1950 to Jan.-April 1951



Sixth District Statistics

INSTALLMENT CASH LOANS

Lender	No. of Lenders Reporting	Volume		Outstandings	
		Percent Change June 1951 from		June 1951 from	
		May 1951	June 1950	May 1951	June 1950
Federal credit unions	41	+7	-10	+3	+9
State credit unions	19	+17	+10	+4	+15
Industrial banks	10	+4	-19	+1	+9
Industrial loan companies	12	+9	+3	+1	+0
Small loan companies	33	+14	+9	+5	+5
Commercial banks	33	-4	-17	+1	+10

RETAIL FURNITURE STORE OPERATIONS

Item	Number of Stores Reporting	Percent Change June 1951 from	
		May 1951	June 1950
Total sales	103	-1	-17
Cash sales	93	-11	+5
Installment and other credit sales	93	+2	-19
Accounts receivable, end of month	67	+3	-6
Collections during month	67	+3	+5
Inventories, end of month	76	-5	+20

WHOLESALE SALES AND INVENTORIES*

WHOLESALE SALES AND INVENTORIES						
Type of Wholesaler	SALES			INVENTORIES		
	No. of Firms Reporting	Percent Change June 1951 from		No. of Firms Reporting	Percent Change June 30, 1951, from	
		May 1951	June 1950		May 31 1951	June 30 1950
Automotive supplies	4	+14	+18	3	-3	+15
Electrical—Full-line	3	+12	+0	3	..	..
" Wiring supplies . . .	3	-20	+5	3	+6	+73
" Appliances	8	+2	-25	7	-2	+82
General Hardware	7	-7	+5	4	-3	+26
Industrial supplies	13	-11	+45	3	+1	+18
Jewelry	4	-6	+1	3	+2	+67
Lumber and building materials	8	-17	-5	5	+9	+32
Confectionery	3	-7	-2	3	..	..
Drugs and sundries	8	-8	+2	3	+2	+6
Dry goods	18	-13	+4	13	+1	+34
Groceries—Full-line	35	-9	+4	24	-1	+18
" Specialty lines	10	-4	+6	4	+2	+29
Tobacco products	15	-12	-4	12	-6	+9
Miscellaneous	14	-8	+16	10	+10	+44
Total	153	-9	+5	94	+1	+31

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

DEPARTMENT STORE SALES AND INVENTORIES*

Place	PERCENT CHANGE			STOCKS	
	SALES		Yr. to Date	June 30, 1951 from	
	June 1951 from May 1951	June 1950		May 31 1951	June 30 1950
ALABAMA	-9	+2	+6	-9	+27
Birmingham	-12	-1	+6	-9	+27
Mobile	-5	+9	+9	..	..
Montgomery	-9	+0	+2	-4	+23
FLORIDA	-10	+6	+12	-8	+27
Jacksonville	-16	+9	+9	-8	+21
Miami	-12	+4	+13	-7	+40
Orlando	-15	+12	+16	-13	..
St. Petersburg	-9	+3	+16	-13	+20
Tampa	-1	+4	+7	-9	+20
GEORGIA	-6	+4	+11	-11	+28
Atlanta	-9	+1	+9	-12	+27
Augusta	+4	+24	+23	-9	+33
Columbus	-2	+4	+12	-10	+25
Macon	+1	+6	+14	-9	+28
Rome	-14	+0	-0	..	..
Savannah	-1	+8	+13	-6	+43
LOUISIANA	-8	-2	-1	-9	+27
Baton Rouge	-12	-6	-7	-10	+19
New Orleans	-7	-1	+0	-9	+31
MISSISSIPPI	-14	-1	+1	-7	+18
Jackson	-11	-3	+0	-7	+20
Meridian	-17	-1	+2	..	..
TENNESSEE	-16	+3	+6	-5	+24
Bristol	-5	-2	+1	-11	+6
Bristol-Kingsport-Johnson City	-7	+5	+5	..	..
Chattanooga	-12	+3	+9	-9	+34
Knoxville	-12	+7	+7	-6	+15
Nashville	-24	-2	+2	-1	+29
OTHER CITIES**	-7	+8	+10	-9	+17
DISTRICT	-9	+3	+7	-9	+26

*Includes reports from 136 stores in the Sixth Federal Reserve District.

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

District Business Conditions

Retail Inventories

The American economy not only has produced enough of most goods to satisfy increased civilian demand since the outbreak of the Korean War, but it has also produced enough to pile up large supplies of unsold goods. By the end of May, total business inventories as estimated by the United States Department of Commerce, on a seasonally adjusted basis, stood at 69.9 billion dollars, compared with 54.2 billion dollars at the end of June last year.

In the months following Korea through May of this year, the Federal Government spent 15.3 billion dollars for the war effort. Thus, inventories increased about 400 million dollars more than the amount spent for national defense.

Price increases, of course, account for a large part of the growth in the dollar inventory figures, but not for all of it. The general level of wholesale prices rose 16 percent between June 1950 and May of this year, whereas inventories rose 29 percent.

Although total inventories were still rising during May, the latest period for which comprehensive figures are available, there was evidence that the expansion in retail inventories was tapering off. Since then the trend in the department store segment of retail trade has definitely been downward.

District Department Store Inventories Decline In the Sixth District the seasonally adjusted index of department store stocks advanced steadily each month beginning with July 1950 until it reached a peak in April of this year at 483 percent of the 1935-39 average. At the end of May the index had dropped slightly to 480; in June it fell further to 446. If the stores' outstanding orders at the end of July are any guide, inventories declined further in July.

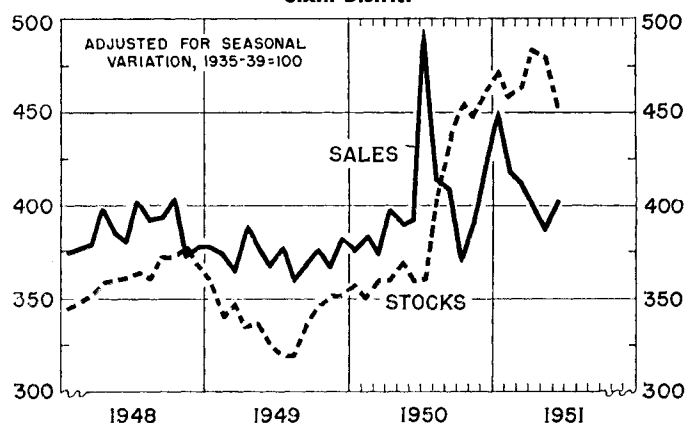
Only since the end of the sales boom in January 1951 can the accumulation of inventories at department stores be termed involuntary. In recent months, sales have not been up to the expectations existing when goods were ordered. Few shortages have developed, and as a consequence, inventories, even without expanding, have remained high in relation to sales.

Should there be a pick-up in sales, and should prices again climb and shortages develop, high inventories would then be considered "better than money

in the bank." However, department stores operate on a policy of quick turnover. The goods received must be paid for and, in some cases, paid for with borrowed money. The larger department stores throughout the District, for example, have 16 percent more money tied up in inventories and accounts receivable now than a year ago.

Inventories Still High Practically all departments have higher dollar inventories in relation to sales this year than last year, but the trend has been most pronounced in the durable goods departments. Furniture and bedding inventories at the end of June were 6.5 times sales of the preceding month; a year ago they

DEPARTMENT STORE SALES AND STOCKS
Sixth District



were 4.9 times sales. Stores had on hand rugs and other floor coverings valued at 7.8 percent times monthly sales in June, compared with 5.6 times last year.

Even more striking comparisons are found in the case of radios, television sets, phonographs, and musical instruments. At the end of June the reporting stores' inventories added up to 11 times their monthly sales, compared with a ratio of 4 times monthly sales at the end of June last year. The ratio of silverware and jewelry stocks to sales was 5.5 times this year; last year it was 4.1.

The stores also had more to offer their customers in the nondurable goods lines. Piece goods at the end of June this year were 4.9 times monthly sales. The ratio for men's and boys' wear was 5.5, against 2.7 for last year. The ratio for household textiles including towels, sheets, and similar items was 5.5, against

3.5. Inventories of women's and misses' ready-to-wear, however, stood at only 2.6, against 2.1.

Orders Cut Evidently these ratios are considered too high because, according to reports, the stores have cut down substantially on their orders. Outstanding orders at the end of June this year amounted to 1.2 times June sales. Last year on the corresponding date, they stood at 2.6. Outstanding orders were down 20 percent from what they were at this time last year.

Another indication of the effort to reduce inventories is found in the figures on merchandise received. Receipts in June are ordinarily low, compared with receipts during other months of the year. This June, however, receipts are estimated at approximately 11 percent less than in June last year, and lower than in any June since 1947.

C.T.T.

Bank Earnings in the First Half of 1951

A high level of loans during the first half of 1951 helped raise net current earnings at weekly reporting banks in leading cities of the District 17 percent above those of the first half of 1950 and 3 percent above those of the last half of 1950. Net profits after taxes, however, were down 10 percent from the corresponding months of 1950. The resources of the reporting banks, located in Atlanta, Birmingham, Chattanooga, Jacksonville, Knoxville, Nashville, New Orleans, Miami, and Mobile, constitute approximately 55 percent of total member bank resources in the District.

The principal factor raising total earnings from the first six months of 1950 was a 28-percent growth in earnings from loans. The principal offset to this increase was a 5-percent decline in earnings from securities. Earnings from both service charges and the banks' trust departments increased.

All types of expenses were greater this year than they were during the corresponding period last year except interest paid on time deposits. This reduction reflects the lower level of time deposits prevailing this year. Salaries and wages increased both by reason of an additional number of persons employed by the banks and because of higher rates of pay. Total expenses were up 10 percent.

Although the banks added substantial amounts to their reserves for bad-debt losses on both loans and securities, profits before income taxes were 7 percent greater than in the corresponding period of 1950.

Sixth District Indexes

DEPARTMENT STORE SALES*

Place	Adjusted**			Unadjusted		
	June 1951	May 1951	June 1950	June 1951	May 1951	June 1950
DISTRICT	402	387	392	353	375	345
Atlanta	441	399	438	358	379	355
Baton Rouge	366	386	399	318	382	347
Birmingham	386	374	391	340	370	344
Chattanooga	407	401	394	367	401	355
Jackson	398	403	388	338	371	330
Jacksonville	433	457	399	377	430	347
Knoxville	402	396	373	374	408	347
Macon	420	356	385	352	335	323
Miami	443	449	431	354	386	344
Montgomery	333	371	370r	283	353	314r
Nashville	407	452	415	374	474	382
New Orleans	359	351	363	319	330	323
Tampa	562	510	546	495	479	481

DEPARTMENT STORE STOCKS

Place	Adjusted**			Unadjusted		
	June 1951	May 1951	June 1950	June 1951	May 1951	June 1950
DISTRICT	453	480	359	435	475	345
Atlanta	604	633	478	550	626	435
Birmingham	382	405	301	351	385	277
Montgomery	506	514	425r	496	524	417r
Nashville	677	651	524	636	645	493r
New Orleans	419	454	319	428	468	325

GASOLINE TAX COLLECTIONS***

Place	Adjusted**			Unadjusted		
	June 1951	May 1951	June 1950	June 1951	May 1951	June 1950
SIX STATES	283	266	261	286	268	264
Alabama	267	249	237	279	254	248
Florida	243	242	222	243	244	222
Georgia	282	265	258	289	265	264
Louisiana	285	299	284	290	293	289
Mississippi	306	300	241	315	294	248
Tennessee	318	276	313	321	276	316

COTTON CONSUMPTION*

Place	June 1951	May 1951	June 1950
TOTAL	175	183	147r
Alabama	185	181	151r
Georgia	176	191	150r
Mississippi	105	115	93r
Tennessee	142	153	123

ELECTRIC POWER PRODUCTION*

	May 1951	April 1951	May 1950
SIX STATES	433	451	378
Hydro-generated	279	385	254r
Fuel-generated	634	577	540

MANUFACTURING EMPLOYMENT***

Place	May 1951	April 1951	May 1950
SIX STATES	152	152	142r
Alabama	149	150	143r
Florida	148	150	136r
Georgia	153	153	145r
Louisiana	140	139	135r
Mississippi	153	153	138r
Tennessee	160	160	146r

CONSTRUCTION CONTRACTS

Place	June 1951	May 1951	June 1950
DISTRICT	902	807	679
Residential	1,297	1,004	1,054
Other	711	711	497
Alabama	1,199	925	701
Florida	910	926	770
Georgia	1,021	902	872
Louisiana	677	509	635
Mississippi	675	428	318
Tennessee	774	807	508

CONSUMERS PRICE INDEX

Item	June 1951	May 1951	June 1950
ALL ITEMS	191	191	174r
Food	229	230	202r
Clothing	210	210	190
Fuel, elec., and refrig.	143	143	140r
Home furnishings	209	208	182r
Misc.	166	166	155
Purchasing power of dollar . . . . .	.52	.52	.57r

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

ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS

	June 1951	May 1951	June 1950
Unadjusted	23.5	23.6	21.1
Adjusted**	23.7	25.6	21.3
Index**	96.1	103.8	86.2

CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*

	June 1951	May 1951	June 1950
Unadjusted	370	368	334r
Adjusted**	372	373	331r

Taxes on net income, however, were up 42 percent, causing a 10-percent drop in profits.

The increase in earnings was primarily a result of a change in the type of earning assets rather than an increase in total resources. Government securities during the first half of this year amounted to 33.7 percent of total assets. During the first half of 1950, the ratio was 39.9. On the other hand, loans constituted 32.3 percent of total assets this year, compared with 27.8 percent last year. As a result, loans provided 53.8 percent of total earnings during the first six months of 1951, compared with 47.9 percent in the corresponding period of 1950.

C.T.T.

Industry and Employment

National emphasis under the Defense Production Act of 1950 has been centered on increased production of goods and on an expansion in the basic industrial capacity of the country. Business activity throughout the Sixth Federal Reserve District has responded noticeably to the defense program. Manufacturing employment in the area, for example, has risen nearly 10 percent, or from 1,019,000 workers in June 1950 to a post-Korea peak of 1,109,000 in March. Since then total manufacturing employment has remained close to the 1.1 million level. Construction activity, including the building of new production facilities, has been consistently high throughout the period.

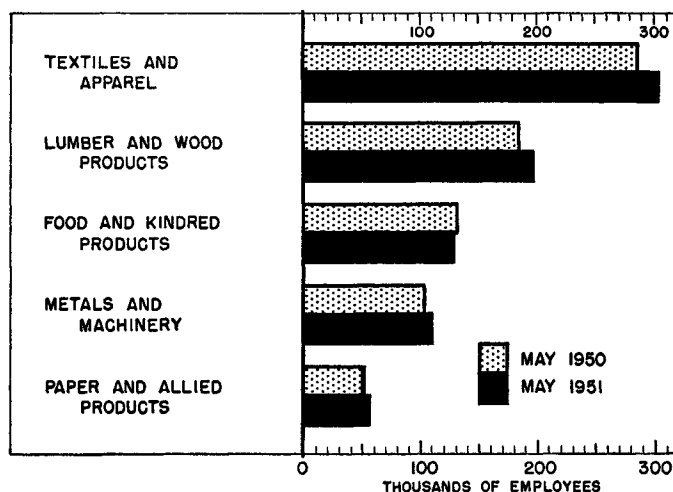
The upswing in manufacturing began immediately after Korea and continued until March. Since that time trends have been mixed, with a slight downward movement developing in several industries. Total manufacturing employment in the District, however, fell by only 14,000 between March and May of this year, according to information collected by the Bureau of Labor Statistics.

Manufacturing Trends Output of the textile industry, the major single line of manufacturing activity in the District, rose rapidly after the Korean War started, but has experienced a distinct drop-off in recent months. Cotton consumption by District mills went up from an average of 12,705 bales per working day in June 1950 to 16,941 bales during March 1951, although the rate fell back to 15,854 bales during May. Textile employment followed a similar pattern, rising from 197,000 in June of last year to 214,000 in March, and dropping off to 206,000 in May, the latest complete month for which figures are available.

Activity in wood-using industries, the District's second most important field of manufacturing employment, has followed a pattern corresponding closely to the expansion in construction as discussed in greater detail below. The District total of workers in sawmills and related activities rose from 187,000 just before Korea to 198,700 in March 1951, a gain of 6 percent. Since March, little change has occurred in the figure.

Iron and steel foundries, as would be expected, have operated close to capacity for the past year, employing 16,100 workers in May, compared to 13,900 a year ago. Blast furnaces and steel plants likewise have maintained capacity output, although a slight downward trend in employment is apparent as the result of plant improvement.

EMPLOYMENT IN SELECTED MANUFACTURING INDUSTRIES
Sixth District States



Shipbuilding, at one time expected to expand greatly at District ports, has been subject to sharp fluctuations as new contracts are started and old ones completed. In Alabama, employment in shipyards fell to 3,600 workers during May, down 900 from April. This was still 50 percent higher than a year ago, but was considerably less than the 5,600 shipyard workers in the state two years ago. The same trend was apparent in Louisiana and Georgia, with a loss of 300 workers in each state between April and May as a result of contract completion.

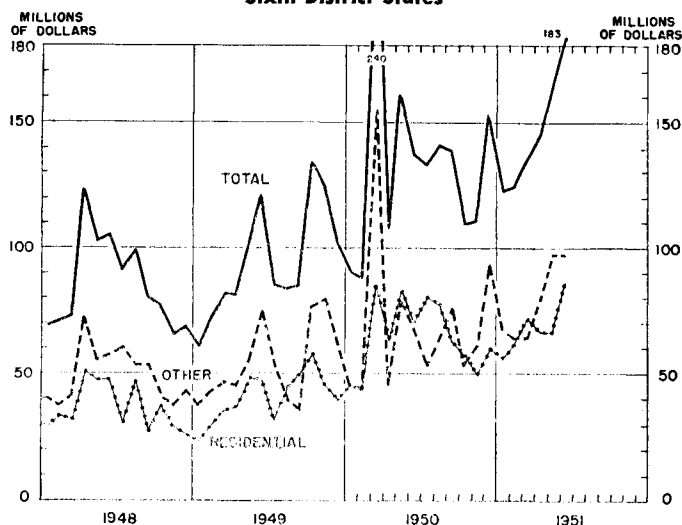
Mixed trends are observable in the District's third manufacturing industry—food processing. In Florida the seasonal trend at this time of year is distinctly downward as citrus and truck crops begin to disappear from the market. Other states in the District,

however, enjoy a seasonal upswing, and total employment in food manufacturing has remained around 125,000 since the first of the year.

A significant downward trend in employment is apparent for only two District industries, coal mining and cigar making. Coal mining in Alabama employed 4,000 fewer workers during May than a year ago because some units have discontinued operations and others have gone over to machine production. Similarly, employment in the Florida tobacco industry fell by 400, chiefly in cigar making around Tampa.

Construction Among the objectives of the rearmament program as outlined in the Defense Production Act of 1950 is that of increasing the basic industrial capacity of the United States. As a step in this direction, private firms are being assisted in expanding their productive facilities by rapid tax write-offs and Government loans. It has also seemed desirable to reduce the rate of home construction in order to make materials and workers available in other fields without creating additional inflationary pressure. Construction activities in the Sixth District indicate that progress toward both these objectives has been made.

CONSTRUCTION CONTRACTS AWARDED
Sixth District States



Contracts for constructing new manufacturing buildings during the first part of 1951 have increased, whereas those for commercial buildings, usually classified as unessential, have fallen. In the Southeast, as defined by the F. W. Dodge Statistical Research Service, which includes most of the Sixth District, contracts for new manufacturing buildings totaled 17.6 million dollars in June of this year, compared to 6.7

Sixth District Statistics

CONDITION OF 27 MEMBER BANKS IN LEADING CITIES
(In Thousands of Dollars)

Item	July 25 1951	June 27 1951	July 26 1950	Percent Change July 25, 1951, from	
				June 27 1951	July 26 1950
Loans and investments—					
Total	2,543,982	2,509,139	2,471,989	+1	+3
Loans—Net	1,071,127	1,095,401	949,096	-2	+13
Loans—Gross	1,089,419	1,113,541	962,811	-2	+13
Commercial, industrial, and agricultural loans	618,450	632,001	531,540	-2	+16
Loans to brokers and dealers in securities	11,973	13,637	12,768	-12	-6
Other loans for pur- chasing and carrying securities	35,347	36,536	36,832	-3	-4
Real estate loans	91,021	96,057	87,631	-5	+4
Loans to banks	12,612	12,989	10,841	-3	+16
Other loans	320,016	322,321	283,199	-1	+13
Investments—Total	1,472,855	1,413,738	1,522,893	+4	-3
Bills, certificates, and notes	615,683	567,079	548,182	+9	+12
U. S. bonds	630,910	620,610	755,621	+2	-17
Other securities	226,262	226,049	219,090	+0	+3
Reserve with F. R. Bank	473,439	470,462	385,388	+1	+23
Cash in vault	47,704	46,652	44,066	+2	+8
Balances with domestic banks	196,832	189,404	167,693	+4	+17
Demand deposits adjusted	1,963,645	1,901,760	1,833,885	+3	+7
Time deposits	521,753	518,272	533,533	+1	-2
U. S. Gov't deposits	72,830	102,237	58,563	-29	+24
Deposits of domestic banks	496,052	474,287	443,032	+5	+12
Borrowings	500	6,900	4,500	-93	-89

DEBITS TO INDIVIDUAL BANK ACCOUNTS
(In Thousands of Dollars)

Place	June 1951	May 1951	June 1950	Percent Change		
				June 1951 from May 1951	June 1951 from June 1950	Yr.-to-Date from 1950
ALABAMA						
Anniston	31,314	30,058	21,303	+4	+47	+37
Birmingham	412,055	408,402	365,416	+1	+13	+22
Dothan	16,502	17,678	13,149	-7	+25	+40
Gadsden	20,767	22,203	20,885	-6	-1	+14
Mobile	161,630	158,159	131,166	+2	+23	+30
Montgomery	82,984	86,507	75,125	-4	+10	+19
Tuscaloosa*	28,768	31,534	27,638	-9	+4	+17
FLORIDA						
Jacksonville	361,744	365,759	313,922	-1	+15	+21
Miami	295,147	305,476	262,829	-3	+12	+18
Greater Miami*	437,589	466,546	386,752	-6	+13	+20
Orlando	77,848	75,986	66,925	+2	+16	+17
Pensacola	42,498	47,759	36,370	-11	+17	+23
St. Petersburg	73,770	76,153	65,838	-3	+12	+22
Tampa	166,409	164,118	148,656	+1	+12	+17
GEORGIA						
Albany	31,077	30,922	23,874	+1	+30	+35
Atlanta	1,035,712	1,075,398	924,227	-4	+12	+22
Augusta	76,249	88,225	60,245	-14	+27	+40
Brunswick	12,082	12,376	9,408	-2	+28	+31
Columbus	74,857	76,097	71,450	-2	+5	+22
Elberton	4,131	4,403	3,913	-6	+6	+13
Gainesville*	21,500	21,342	16,096	+1	+34	+45
Griffin*	12,661	12,640	11,816	+0	+7	+16
Macon	76,574	80,774	63,473	-5	+21	+28
Newnan	11,242	11,428	9,026	-2	+25	+34
Rome*	22,250	24,203	22,160	-8	+0	+21
Savannah	121,928	114,730	92,373	+6	+32	+29
Valdosta	13,813	14,078	10,800	-2	+28	+19
LOUISIANA						
Alexandria*	42,149	40,182	33,533	+5	+26	+28
Baton Rouge	109,035	114,044	103,203	-4	+6	+10
Lake Charles	44,285	45,397	38,091	-2	+16	+26
New Orleans	823,059	829,826	773,104	-1	+6	+14
MISSISSIPPI						
Hattiesburg	18,959	19,273	17,713	-2	+7	+12
Jackson	158,322	158,335	137,660	-0	+15	+19
Meridian	29,050	30,250	26,370	-4	+10	+20
Vicksburg	24,258	25,022	23,380	-3	+4	+3
TENNESSEE						
Chattanooga	201,257	180,042	152,540	+12	+32	+27
Knoxville	139,652	134,125	123,249	+4	+13	+24
Nashville	429,437	398,149	352,117	+8	+22	+20
SIXTH DISTRICT						
32 Cities	5,177,647	5,201,152	4,537,800	-0	+14	+21
UNITED STATES						
333 Cities	135,027,000	130,700,000	119,389,000	+3	+13	+21

*Not included in Sixth District totals.

million last year. For commercial buildings, on the other hand, the decline was from 14 million dollars last year to 5.4 million this year. Public utility construction, much of which is also considered desirable from the standpoint of expansion in basic industrial capacity, rose from 4 million dollars to 24.7 million in June contracts placed.

Some indication of a high level for future construction activity in essential fields can be gained from the volume of certificates of necessity issued under the rapid tax amortization features of the Defense Production Act. In the Sixth District, the value of certificates approved through May of this year was 500 million dollars, approximately equal to the dollar value of all non-residential construction in the area during 1947.

In contrast to the upward trend in manufacturing and other essential industrial fields, a downward trend in home construction is becoming apparent. Contract award information for the District shows that the drop in value was from 83 million dollars in May last year to 66 million this year. The drop reflects entirely a decline in private home construction; publicly financed residential construction increased.

Nationally, the drop in the number of dwelling units started was only from 144,300 in June 1950 to 130,000 this June, but one-third of the starts this year were public, whereas last year very few were public. Information available from the Southern Regional Office of the Bureau of Labor Statistics indicates that the downward trend is particularly steep in the South.

W.T.H.

Current Expansion in Broiler Industry

The current expansion of the broiler industry is providing additional income for farmers and larger supplies of relatively low-priced meat for consumers. Since the end of World War II, broiler production in District states has increased 150 percent, whereas production for the entire nation increased only 100 percent. More than half of the District states' broiler output comes from North Georgia where broiler chick replacements during the first six months of this year were 43 percent greater than in the comparable period of 1950. Production, however, has increased very rapidly in the other states, particularly in Mississippi, Alabama, and Florida. From 1945 to 1950, for example, production in Mississippi increased

Bank Announcements

The Federal Reserve Bank of Atlanta is pleased to welcome the Kingsport National Bank, Kingsport, Tennessee, to membership in the System. Located in territory served by the Nashville Branch of the Federal Reserve Bank, this bank came into existence June 30 as a conversion of the former Sullivan County Bank. Its officers are Clyde Crafts, President; Earl M. Reasor and Frank E. McGlaughon, Vice Presidents; W. B. Halbach, Cashier; and J. H. Tipton, Assistant Cashier. The capital stock of this bank is \$150,000 and surplus and undivided profits amount to \$133,100.

On July 1, the Citizens Bank of Bunnell, Bunnell, Florida, began remitting at par. This is a nonmember bank located in territory served by the Jacksonville Branch of the Federal Reserve Bank of Atlanta. The officers are Charles R. Creal, President; Tom E. Holden, Vice President; J. B. Matherly, Cashier; and Charles E. Creal, Assistant Cashier. Capital stock of the bank amounts to \$50,000 and surplus and undivided profits to \$110,000.

The Commercial Bank at Valdosta, Private Bank, Not Incorporated, Valdosta, Georgia, a newly organized nonmember bank began remitting at par on July 6.

Effective August 1, the Hialeah-Miami Springs Bank, Hialeah, Florida, will remit at par. This is a nonmember bank, located in territory served by the Jacksonville Branch of the Federal Reserve Bank of Atlanta. The bank also announces a change of location from Miami Springs to Hialeah. Officers are Charles E. Buker, President; Lloyd E. Shumaker, Vice President; Clarence B. Beutel, Vice President and Cashier; Mrs. Nellie Crawford, William E. Ford, William H. Rempe, Fred W. Diestelhorst, Assistant Cashiers; and Robert Hesterberg, Auditor. Capital stock amounts to \$300,000 and surplus and undivided profits to \$336,489.

from 6.3 million pounds a year to 47.6 million.

The postwar boom in the broiler business has been sparked by the rapid rise in prices of red meat. Although farmers increased their livestock breeding herds, they have not been able to keep pace with the increased demand for meats that resulted from the postwar rise in consumers' income. With beef cattle, for example, two or three years must elapse between the farmer's decision to produce more beef and the appearance of that beef on the retail market. In addition, the short corn crop of 1947 delayed the expansion in the output of red meat. Broiler producers, on the other hand, can increase output rather quickly. Within a little over three months after eggs are set, broilers, in specialized areas, are ready for market.

The general rise in prices of consumers goods, or the "cost of living," has also forced many families to turn to less expensive meats such as poultry. Fortunately, the broiler industry has made great strides in efficiency which permits a very low-cost conversion of feed into meat. Recent advances in nutrition, breeding, and management have improved efficiency to a point where a pound of meat can be produced with three pounds of feed under average conditions. This is equivalent to about 16 pounds of meat (bone removed) at the retail level for each 100 pounds of corn or equivalent that is fed. The typical Corn-Belt cattle feeding enterprise, on the other hand, yields about nine pounds of beef and fat for each 100 pounds of corn. In the production of protein, the principal constituent of meat, broilers are even more efficient than is indicated by comparisons based on total pounds of meat produced.

In the District, one of the main reasons for the popularity of the broiler enterprise is that it fits in well with other enterprises and permits more complete use of family labor. On small dairy farms, for example, broilers can be produced during the season when little work is required on the production of feed crops. The full-time labor supply necessary to run the dairy enterprise can be kept profitably employed in the broiler enterprise.

During recent years the market for broilers has also been widened. Many important consuming centers do not yet have major concentrations of production nearby. As a result broilers from the North Georgia area, for example, are shipped hundreds of miles to consuming centers where the market has not yet been exploited. This market widening undoubtedly will continue and will afford new opportunities for concentrated production areas near consuming centers.

According to current indicators of future production, the North Georgia area will again set a new production record in 1951. Average weekly rates of chick replacements have shot up rapidly since the beginning of the year. A high output is assured therefore, until at least the last quarter of this year. From the last quarter of 1950 to the second quarter of this year the expansion, as indicated by the rate of chick replacements, has been most rapid in the newer producing areas. During this period the rates of replacements increased 22 percent in the Delaware-Maryland-Virginia area, 44 percent in Texas, 61 percent in Northwest Arkansas, and 74 percent in the North Georgia area.

B.R.R.

BROILER PRODUCTION IN THE SIXTH DISTRICT STATES

	Pounds Produced			Farm Value			Average Price	
	1945	1950	Percent Increase	1945	1950	Percent Increase	1945	1950
	(thousands)			(thousands)			(cents per pound)	
Alabama	12,206	35,408	190	\$ 4,150	\$ 9,560	130	34.0	27.0
Florida	11,500	26,204	128	4,245	8,123	91	37.0	31.0
Georgia	82,600	176,098	113	24,450	45,433	86	29.6	25.8
Louisiana	3,542	7,533	113	1,240	2,275	83	35.0	30.2
Mississippi	6,399	47,614	644	2,016	13,332	561	31.5	28.0
Tennessee	5,600	11,774	110	1,893	3,285	74	33.8	27.9
Six States	121,847	304,631	150	37,994	82,008	116	31.1	26.9
United States	943,509	1,888,890	100	\$279,146	\$517,046	85	29.6	27.4

National Business Conditions

Industrial production in June was at about the same level as during the first five months of this year, but a somewhat more than seasonal decline is indicated in July. Prices of raw materials have decreased further in the first three weeks of July owing in part to prospects of near-record crops. Consumer buying of automobiles and department store goods has been maintained, however, for this season of the year. The rate of Federal defense expenditures has continued to rise considerably.

Industrial Production The Board's index of output at factories and mines in June was 222 percent of the 1935-39 average, and 12 percent greater than a year ago. Preliminary indications are that the index may decline to around 215 in July owing mainly to vacation shutdowns in nondurable goods industries, which are not currently allowed for in the index, and a further restricted volume of auto assemblies.

Total durable goods output was maintained in June as further increases in industrial and military equipment offset additional curtailments in output of furniture and other household goods. Although increasing only moderately in recent months, machinery output has risen more than 25 percent in the past year. Output of aircraft and ordnance has practically doubled since last June. Reflecting capacity limitations, production of basic metals has changed little in recent months.

A slight decline in nondurable goods production reflected largely a further easing in demand for textile and paper products. By June, output of these and some other nondurable goods was only moderately below earlier peak rates but larger than seasonal declines are indicated in July.

Output at mines was at a record level in June, reflecting an increase in coal in anticipation of the vacation period for miners in July, and a slight further expansion in crude petroleum.

Construction Total construction contract awards, which rose to an unprecedented total in May as a result chiefly of almost one billion dollars of publicly financed atomic energy awards, declined in June to about the April total. Private awards also fell off following a marked rise in May. Private housing starts in June remained substantially below last year's high level, but because of an exceptionally large volume of publicly financed units started, the total was only moderately below a year ago.

Employment Employment in nonagricultural establishments in June, after adjustment for seasonal variation, was maintained at the record May level. The workweek in manufacturing industries continued to average close to 41 hours; average hourly earnings advanced further by about 2 cents to \$1.60 per hour. Unemployment this June was at lowest level for any June since 1945.

Agriculture Crop production, based on July 1 conditions, was officially forecast to be close to the 1948 record and 7 per-

cent above last year. Cotton acreage was indicated to be three-fifths greater, and somewhat larger hay and grain crops were forecast. Milk and egg production in June was at last year's level. Marketings of meat animals, however, in June and the first three weeks of July have fallen about 5 percent below year-ago levels.

Distribution The seasonally adjusted total volume of retail sales has continued to show little change from the reduced level reached in April. Durable goods sales were somewhat lower in June owing largely to a further decline in sales of building materials and hardware. Department store sales showed somewhat less than the usual seasonal decline from June to the first three weeks in July. Value of department store stocks declined moderately further in June, but was still about 30 percent above a year ago.

Commodity Prices The general level of wholesale commodity prices has declined since mid-June to a level about 3 percent below the high reached in mid-March. As during earlier months, the recent decline has reflected chiefly decreases in prices of industrial materials. Spot cotton prices, which had held at ceiling levels until July 3, dropped rapidly following the release on July 9 of the Government acreage report, which indicated a crop even larger than had been anticipated earlier. Wholesale prices of most finished goods have been maintained, although reductions have recently become more numerous, reflecting reduced inventory demands and further declines in prices of some materials.

Consumer prices eased slightly in June but the index was 9 percent above June 1950. Only rents increased slightly further.

Bank Credit and the Money Supply Business loans outstanding at banks in leading cities increased in June but declined somewhat in the first half of July. Loans for defense-supporting activities, including principally loans to metal manufacturers, and public utilities, expanded further, while loans to processors of agricultural commodities were reduced further.

Deposits and currency held by business and individuals increased somewhat during June but showed little further change in early July. In June, the rate of use of demand deposits at banks in leading cities outside New York, on a seasonally adjusted basis, remained at the high May level.

Average interest rates charged by commercial banks on short-term business loans rose slightly further from March to June in all areas of the country.

Money Markets Yields on Government securities generally declined slightly in the first three weeks of July. The Treasury increased the bill offering by 200 million dollars each week. On July 12 the Secretary of the Treasury announced the offering of an eleven-month $1\frac{1}{8}$ percent certificate of indebtedness to holders of the Treasury notes maturing August 1.

THE BOARD OF GOVERNORS

