

The Cost of Farming

During the first eight months after the Korean War began, farmers regained the price advantage they had lost during the postwar recession. Price advantage is usually measured by the relationship between the indexes of prices received for farm products and prices paid for commodities used in production, family living, wage rates, interest, and taxes. This ratio, called the parity ratio, has been above 100 during most of the postwar period.

About the middle of 1948, farm product prices began to decline and by December 1949 had fallen 22 percent. Prices paid fell only 6 percent during this period, with the result that the parity ratio declined from 113 to 95. This tendency for prices received to fall faster than prices paid is one of the main reasons why farming is so vulnerable to price changes and why farm costs become a major concern during periods of general price declines.

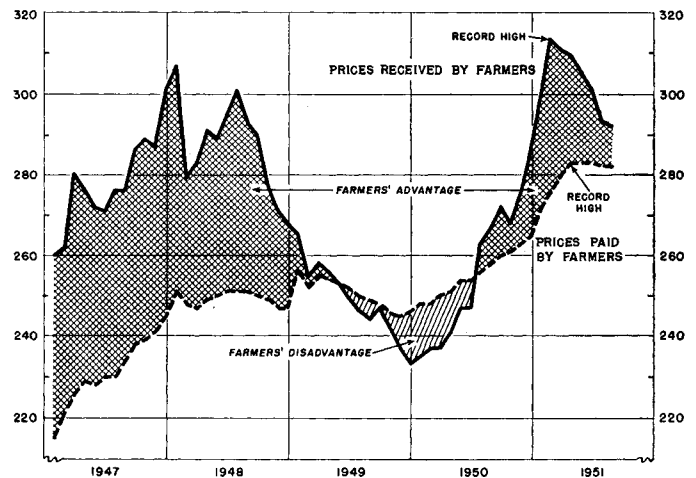
Both farm and nonfarm prices rose slowly during the first half of last year, but in June the parity ratio was still below 100. Farmers had regained little of the price advantage lost during the 1949 recession. The war in Korea, however, touched off a general price increase that carried both prices received and prices paid to record highs. In February of this year prices received were 27 percent higher than in June 1950, but prices paid were only 9 percent higher. The parity ratio, at 113, was above the 1948 average.

Since February the tide has again turned against farmers. By August, prices received had declined 7 percent from the record high reached in February and prices paid had increased 3 percent. Although farmers' gross income this year will be the highest since 1947, increased production costs will offset part of this gain.

District cotton farmers probably are most keenly

aware of the cost-price squeeze that has developed in recent months. Because cotton prices have declined about a fourth since planting time, the current crop is estimated to be the most expensive ever grown. Nearly all items used in growing the crop are higher in price this year than last. In some areas the increased acreage makes it difficult to obtain labor, and prices for picking have risen sharply. Since costs for any enterprise vary widely from farm to farm and from area to area, many cotton farmers will have a less profitable year than the over-all figures would indicate. Some farmers, for example, have estimated that their cotton will cost as much as 30 cents a pound, leaving little net profit per acre.

**PRICES RECEIVED AND PAID BY U. S. FARMERS
(1910-14 = 100)**



Practically all farmers have been affected by mounting production costs. From June 1950 to June 1951 farm wage rates increased 13 percent, and the price of farm machinery increased 10 percent; of building and fencing supplies, 14 percent; fertilizer and motor vehicle supplies, 6 percent; and miscel-

laneous farm supplies, 8 percent. Interest costs increased 10 percent and taxes rose 6 percent.

How price changes of production items affect a farmer depends, of course, upon the amounts of the various items he uses. For many years cash costs in District agriculture were low, compared to those in other parts of the country. Most of the power was produced on the farm and few operations were mechanized. The farmer's greatest input was his own labor. Seed and fertilizer were the only major expense items. As the result of mechanization and the increased use of items not produced on the farm, cash costs have become an increasingly important part of the total.

To some extent the costs of farming are postponable from year to year. When cash receipts are low, farmers can delay buying new machinery, allow buildings to deteriorate, and mine the soil of its fertility. In the newer systems of farming in the District, however, the proportion of total costs that can be postponed is declining steadily. For this reason farmers and country bankers are paying closer attention to the short-run changes in the cost of production items.

Farmers' Response to Changes in Costs

Over the past decade price trends of the major cost items have varied sharply. In June 1951, farm wage rates were about three times as high as they were in 1935-39, but farm machinery prices were only about twice as high. Livestock feed prices increased 122 percent during the same period, but motor vehicle supplies, including fuel and oil, went up only 50 percent. Fertilizer prices went up 49 percent.

Mechanization These changes in relationships among prices of production items have encouraged farmers to substitute tractors and tractor-drawn equipment for work animals and human labor. This substitution has made changes in the whole farming system which have cut down on the labor requirements and increased the input of other production items. Little additional labor has been used to expand livestock enterprises on many farms. By producing most of the feed in the form of grazing crops, many farmers have avoided any large increase in labor requirements on feed crops. The relatively small increase in fertilizer prices has favored this development. At current prices of fertilizer and of livestock, large quantities of fertilizers can be used economically on pastures.

Larger Farms Farmers have also responded to changes in costs by buying or renting additional land. With both livestock and mechanized crop production, the size of enterprise becomes more important than it was under the old crop-farming system that depended mainly upon labor and animal power. The cost of mechanical equipment must be spread over more acres in order to obtain maximum efficiency. Most livestock enterprises also must exceed a certain size if overhead costs are to be kept down.

Improved Practices Higher costs have indirectly affected the rate at which farmers have adopted practices recommended by experiment stations. Again the cotton crop provides an example. Under mechanized production methods, the investment in cotton is fairly high even by the time it is out of the ground. Such costs as tractor fuel, repairs, fertilizer, and seed represent cash outlays. At this stage a failure to follow the recommended insect control measures can mean a large cash loss. Many bankers who lend for cotton production, therefore, insist that their borrowers use the most efficient insecticides. No measure is available of the importance of higher cost rates in encouraging greater technical efficiency, but the effects on District agriculture are undoubtedly large.

Use of Credit From the banker's standpoint the most active response of farmers to the rise in costs is requests for larger production loans. At the end of June of this year the volume of farm loans not secured by real estate at District banks was 18 percent larger than on the comparable date in 1950. There was also a 7-percent increase in the amount of farm real estate loans during the year, many of which were for production purposes. Most of the increase in farm loans was accounted for by an increase in the average amount borrowed rather than in the number of borrowers. Not all the credit expansion is attributable to the higher cost of production items. Increased cotton plantings and use of bank credit for beginning and expanding livestock enterprises are also responsible.

Liquid Assets Although farmers have had to borrow more money because of rising costs, they have also had to turn to their liquid assets. All additional costs, in other words, cannot be met by additional borrowing. Farmers' reactions to the need for larger liquid assets, of course, have differed widely. State and national figures show that farmer-owned bank deposits and holdings of savings bonds have increased rapidly

during the recent years, but a survey in the early part of this year showed that 55 percent of the farm operators in the nation had less than 500 dollars in liquid assets. Spot checks of the financial statements of individual farm operators indicate that many farmers have about the same holdings of liquid assets as when farm costs were much lower than they are now.

Implications of Higher Costs

For District farmers the higher cost structure has many implications. It has often been said that farmers are the only large group of producers who can lose money year after year and still stay in business. Before farming became mechanized and before the recent increase in cash costs, this statement probably was more applicable to District farmers than to those in any other section of the country. In the District, however, the rise in the price of production items has coincided with far-reaching changes in farming systems that have reduced farmers' "staying power" when prices fall and costs rise. During the past two seasons, for example, small areas in the District have had cotton crop failures. After the second failure some farmers had piled up such large debts that they would not or could not borrow again to make a crop this year. As far as farming was concerned they were defeated by the combination of crop failure and high cash costs. Most of them are earning money from off-farm jobs to pay their debts. With the present high cash cost structure, a crop failure or a rapid drop in farm product prices can bring farmers into difficulty.

Economical Purchasing Since more of the items used in production must be bought from off-farm sources, farmers' skill in purchasing is becoming more important. Many items used are so standardized in design and price, of course, that no savings are possible. Wise buying, however, does offer possibilities. Machinery adapted to the type and size of farm operation can be operated at the lowest cost. Studies of machinery costs in several District states reveal that some farmers are over-mechanized in that their investment in machinery is too large for the size of their farm. Also some of the items of expense, such as seed and feed, have well-defined seasonal price movements. Farmers who use large quantities of these items can reduce costs by doing most of their buying during the season when supplies are most plentiful and prices are lowest.

Wise Planning Farm planning also becomes more important as costs rise. Wise buying can keep unit production costs down, but planning is necessary in order to get the most return from each dollar spent. By changing the farming system to distribute the labor load over the whole year, for example, the amount of hired labor needed can be reduced. Some crop rotations require less of the more expensive tillage operations than others.

Cost Records In order to locate weak spots in the farm plan and to measure progress, adequate records are necessary. Except for the larger farms, cost records on individual enterprises often are not practical, but simplified farm record systems have been developed that are suitable to nearly all types of farms. In a period of high and rising costs, adequate records are becoming a necessity on many farms.

Cash Reserves In recent years farmers have rapidly plowed most of the cash they were able to accumulate back into the farm business. The need for capital improvements on most District farms was so large and farm product prices so favorable that these investments generally have been wise. One of the clearest implications of the rise in costs, however, is the need for larger cash reserves. The condensed operating statement and financial statements shown below illustrate the situation on many farms.

Operating Statement—146 Acre Farm

	1946	1950
Cash Income	\$4,600	\$21,200
Cash Expense	2,265	15,975
Net Cash Farm Income	2,335	5,225

Financial Statement—146 Acre Farm

	1946	1950
Fixed Assets	\$ 7,500	\$19,600
Livestock, Machinery, and Farm Products	3,745	8,350
Cash and Cash Value of Life Insurance	400	700
TOTAL	11,645	28,650
Liabilities	0	6,828
Net Worth	11,645	21,822

That this farmer has invested his cash earnings wisely is shown by his financial progress. He has not increased his cash reserves, however, at a pace commensurate with the increase in his costs.

Financing A High Cost Agriculture

Bankers who are being called on to help finance production in an agriculture where costs are rising can protect their depositors and their farm loan customers by adopting lending policies to fit the situation. Over the years, country bankers have loaned money to farmers within a very wide range of net worth and management ability. Only the few prospective borrowers who were not of a satisfactory character were refused a loan.

Make Careful Inspection During the past few years more bankers have studied the reasons for the success or failure of their farm customers and have modified their loan policies to favor the farmer who is improving his farm and increasing his efficiency. Such policies have entailed careful inspection of the farm operations and more adequate records in the bank.

Bankers, in other words, are showing greater discrimination in making farm loans. In periods when farmers' price advantage is lessening, that is, when prices received go down faster than prices paid, this attitude can be extremely helpful. Even with the high incomes expected this year, many farmers will barely break even after paying production costs, family living expenses, and repaying their debts. Because of the favorable relationships between prices paid and received during the war and postwar periods, many farmers who are relatively high-cost producers have improved their farms and made financial progress. Both groups of farmers could run into trouble if agriculture gets caught in a price-cost squeeze.

Finance Off-Season Purchases Bankers can do more than simply adopt a cautious lending policy. Recently a banker who is financing a large dairyman cited an example of the positive approach. The dairyman, with the encouragement of the banker and through a bank loan, bought a large feed supply during a sharp seasonal slump in feed grain prices. After the main harvesting season, feed prices went higher than before and the dairyman benefited immensely by this insurance against an increase in the price of one of his major production cost items. Other bankers regularly finance off-season purchases of seeds, fertilizer, and insecticides as a protection against price rises as well as an insurance that supplies will be available when needed.

Promote Recommended Practices One of the greatest services that bankers can render farmers is to encourage and assist them in adopting the cost-reducing practices recommended by the experiment stations and extension service workers. Fortunately, many of these practices involve little or no additional initial expense. Adapted varieties of seed, for example, cost very little more per acre than other seed but often give appreciable increases in yields. Since so many of the costs of crop production, such as soil preparation, seeding, and cultivation, are the same regardless of yields, practices that increase yields reduce unit costs.

Many of the cost-reducing practices and suggestions do, on the other hand, involve considerable initial cost. In nearly all of the District, good pasture is the best and cheapest source of livestock feed. Low cost production of meat and milk is virtually impossible without it, but the cost of establishment, in many cases, equals or exceeds the value of the land. Debts contracted to put cost-reducing practices into effect are usually good business for the farmer. Bankers with a thorough knowledge of the farmer's situation may be able to suggest ways of using part of his borrowings to put cost-reducing practices into effect.

Look Ahead By the end of November a large share of the farm production loans now outstanding at District banks will be repaid. By that time the effects of the rise in production costs on this year's net income will be evident. The next few months may not be too early for country bankers and farmers to sit down together and try to figure out what the rise in production costs will mean for 1952. Although the future course of farm prices and farm costs may be largely determined by unforeseen forces, it is probable that farmers' price advantages will continue to lessen.

Many items entering into the cost of farming contain scarce materials which are already under Government allocation. The rise in industrial wage rates is causing additional upward pressure on prices of these items. Freight rates and other distribution costs are also moving upward. On the price side, many of the major farm commodities seem likely to sell at near support-price levels during the coming months.

A dollar saved in cost is always as valuable to the farmer as an additional dollar of gross income. In the coming year, reductions in costs may be about the only way for farmers generally to maintain or increase their net incomes.

BROWN R. RAWLINGS

District Business Conditions

Department Store Collections

Consumers in the Sixth District are paying their department store instalment indebtedness more quickly this year than last. On the other hand, they are taking a little longer this year to settle their charge account liabilities. From January through July 1951, instalment accounts were outstanding for an average of 12.3 months, according to estimates based on collection ratios. In the same period of 1950, buyers took approximately a month longer to clear similar obligations. Charge, or open-credit, debts were balanced in an estimated 73 days this year, compared with 71 days in 1950. As in the past, Southerners generally took more time to "wipe out" their department store indebtedness than consumers throughout the nation.

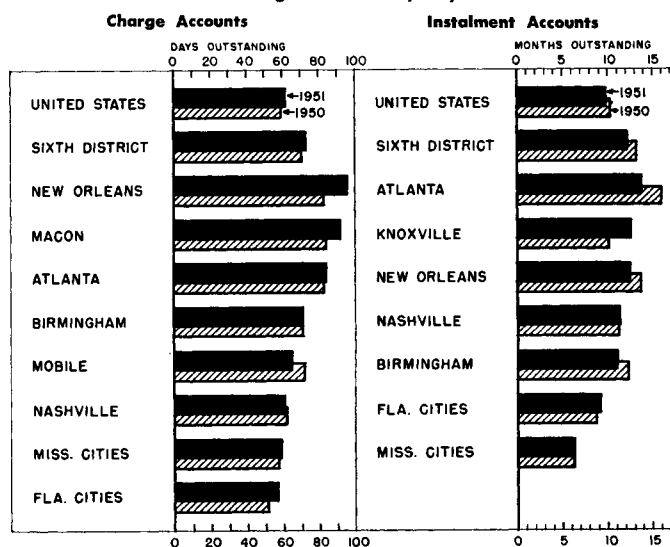
Many businessmen use collection ratios to determine relative operating efficiencies of credit and collection departments. An enterpriser, by comparing his ratios with those of the industry as a whole, may derive information useful in formulating future policies. In addition, low collection ratios may indicate that extended maturities are being used as a competitive weapon. This may partially account for sales advantages accruing to certain stores or areas. On a District- or nation-wide scale, collection ratios are valuable in explaining, in part at least, the volume of retail and wholesale credit outstanding.

Collection ratios are computed by dividing charge or instalment collections made during the month by the respective receivables outstanding at the beginning of the month. These ratios can then be converted into the estimated number of days or months that accounts are unpaid. A rise in collection ratios, which is the same thing as a fall in maturities, diminishes retailers' need for working capital in financing sales. A fall in these ratios indicates a slower receivable turnover and possibly a need for an expansion of retail credit.

Contrasting Trends Department store charge and instalment collection ratios showed considerable divergence from city to city within the Sixth District both before and after the reinstatement of consumer credit regulations. New Orleans stores reported the lowest average charge collection rate for the January-July 1951 period. Consumers there were taking over 90 days to clear their charge account debts, approxi-

mately 13 days more than in the corresponding period of 1950. A tendency toward longer charge account maturities in 1951 was apparent in all the cities surveyed except Nashville and Mobile, where declines were estimated at one and seven days, respectively. Although buyers in Florida and Mississippi liquidated their open credit obligations at department stores a little less rapidly in 1951 than in 1950, these areas reported collection rates higher in both years than those for either the District or the nation.

MATURITIES OF DEPARTMENT STORE ACCOUNTS RECEIVABLE
Averages for January-July



In the two largest District cities, Atlanta and New Orleans, charge and instalment maturities moved in opposite directions. Atlantans buying on the instalment plan disposed of their indebtedness in 14 months in 1951, about two months less than in the comparable period of 1950. Similar tendencies existed in New Orleans and Birmingham. These diminutions were proportionately greater than the increases in maturities shown for Knoxville and Nashville and for Florida cities; consequently, the District figure resulted in a "net" reduction. Decreases in instalment maturities were caused primarily by the reinstatement of consumer credit controls in September 1950.

Narrowing the Gap There was less variation in the instalment collection ratios in 1951 than in 1950 both among District cities and between the District and the United States averages. Findings of a survey on instalment credit terms, published in the July *Federal Re-*

serve Bulletin, reveal that before the imposition of instalment buying controls, average credit terms, including maturities, varied appreciably among the 12 Federal Reserve Districts. Regulation, however, brought greater uniformity.

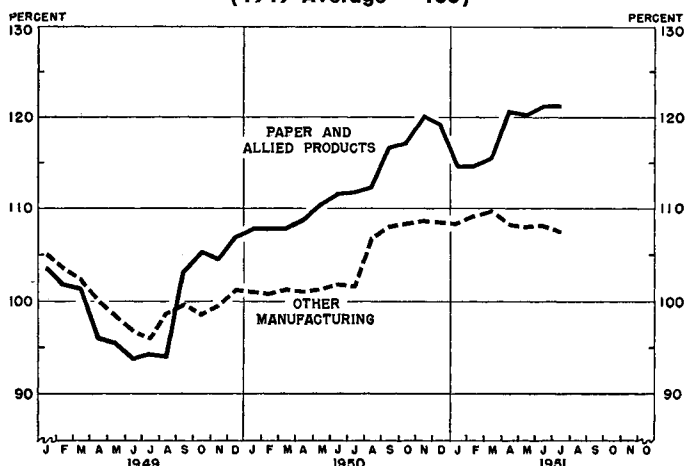
Credit controls tend to increase the number of contracts signed with terms at or near the legal limits because purchasers who would prefer easier terms are compelled to accept the restrictions. In September 1950, District instalment accounts were outstanding an estimated 13.3 months, compared with 10.1 months for the United States. Although the national figure was unchanged in July, maturities in the District dropped to 12.3 months, and to 10.8 in August.

B.A.W.

Paper and Allied Products Expansion

Pulp and paper manufacturers have contributed to the stability of District manufacturing employment in recent months, whereas in some other industries workers have been dropped from the pay rolls. District employment in the paper and allied products industry was 6 percent greater in July than it was in January of this year, compared to a one-percent decrease in some other types of manufacturing. Although a slackening in demand for paper products is being reflected in the current employment figures, which were the

SIXTH DISTRICT MANUFACTURING EMPLOYMENT
(1949 Average = 100)



same in July as in June, the productive capacity of the paper and allied products industry is expanding so rapidly that the long-term employment trend will undoubtedly be upward.

The paper and allied products industry has grown

Sixth District Statistics

INSTALMENT CASH LOANS

Lender	No. of Lenders Reporting	Volume		Outstandings	
		Percent Change Aug. 1951 from		Percent Change Aug. 1951 from	
		July 1951	Aug. 1950	July 1951	Aug. 1950
Federal credit unions	40	+14	+11	+2	+3
State credit unions	18	+27	+3	+4	+8
Industrial banks	10	-5	-3	-0	+11
Industrial loan companies	12	+9	+5	+1	-0
Small loan companies	35	+17	+20	+2	+4
Commercial banks	33	+22	-1	-1	-0

RETAIL FURNITURE STORE OPERATIONS

Item	Number of Stores Reporting	Percent Change August 1951 from	
		July 1951	Aug. 1950
Total sales	121	+24	-16
Cash sales	107	+9	-9
Instalment and other credit sales	107	+27	-18
Accounts receivable, end of month	82	+5	-12
Collections during month	82	+2	-6
Inventories, end of month	89	-3	+11

WHOLESALE SALES AND INVENTORIES*

Type of Wholesaler	Sales			Inventories		
	No. of Firms Reporting	Percent Change Aug. 1951 from		No. of Firms Reporting	Percent Change Aug. 31, 1951, from	
		July 1951	Aug. 1950		July 31 1951	Aug. 31 1950
Automotive supplies	5	+50	+45	4	-8	+3
Electrical—Full-line	5	+6	-35	5	-7	+60
" Wiring supplies	5	-12	+9	5	-6	+47
" Appliances	4	+14	-24	3	-7	+71
Hardware	8	+8	-19	4	-3	+43
Industrial supplies	12	-2	-13	3	-4	+21
Jewelry	4	+93	+2	3	+19	+77
Lumber & bldg. materials	8	+14	-10	5	-4	+18
Plumbing & heating supplies	4	+22	-31	3	-2	+46
Refrigeration equipment	6	+14	-25	6	-1	-1
Confectionery	6	+7	-2	..	..	..
Drugs and sundries	9	+9	+5	..	..	..
Dry goods	17	+67	-17	12	-4	+29
Groceries—Full-line	32	+6	-1	19	-4	+15
" Specialty lines	9	+8	-3	5	-10	+4
Tobacco products	13	+10	+9	10	-2	+4
Miscellaneous	13	+26	+15	9	-3	+14
Total	160	+15	-9	96	-4	+31

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

DEPARTMENT STORE SALES AND INVENTORIES*

Place	Percent Change				
	Sales			Stocks	
	Aug. 1951 from July 1951	Aug. 1950	Yr. to Date 1951-1950	Aug. 31, 1951, from July 31 1951	Aug. 31 1950
ALABAMA	+16	-1	+2	+6	+6
Birmingham	+19	-5	+2	+8	+5
Mobile	+16	+10	+5	..	..
Montgomery	+13	+1	-1	-1	+6
FLORIDA	+11	+0	+7	+3	+16
Jacksonville	+17	+5	+7	+4	+14
Miami	+13	-3	+8	+1	+16
Orlando	+4	+7	+12	..	..
St. Petersburg	+5	-2	+9	+1	+18
Tampa	+9	-1	+1	+9	+17
GEORGIA	+29	-9	+4	+5	+6
Atlanta	+34	-14	+2	+3	+1
Augusta	+22	+1	+16	+13	+13
Columbus	+22	+4	+7	+10	+18
Macon	+17	+3	+9	+10	+16
Rome	+19	-12	-4	..	..
Savannah	+19	+11	+9	+9	+35
LOUISIANA	+24	+1	-3	-5	+11
Baton Rouge	+13	-11	-10	+7	+6
New Orleans	+27	+4	-1	-6	+12
MISSISSIPPI	+13	-9	-3	+10	+12
Jackson	+17	-12	-4	+8	+12
Meridian	+5	-10	-1	..	..
TENNESSEE	+18	-7	+1	+5	+10
Bristol	+28	-1	-2	+14	+5
Bristol-Kingsport . . . . .	..	..	..	..	..
Johnson City	+15	-2	+2	..	..
Chattanooga	+18	-15	+2	+6	+5
Knoxville	+12	-3	+4	+1	+18
Nashville	+26	-7	-1	+3	+9
OTHER CITIES**	+9	+3	+5	+6	+13
DISTRICT	+19	-4	+2	+3	+10

*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.

rapidly in the last few years. As recently as 1947, of the total manufacturing workers in the District states, 4.4 percent were employed by pulp and paper establishments. In July of this year the 57,000 persons on these plants' pay rolls constituted 5.6 percent of total manufacturing employment. District employment in this industry now is approximately 22 percent higher than it was on an average in 1949. In other types of manufacturing, employment has grown about 8 percent.

Pulp and paper manufacturing plants are found in each District state, with the greatest number of employees working at the Louisiana plants. Second in importance as measured by employment are the plants in Georgia, followed by those in Florida, Alabama, Mississippi, and Tennessee. These employees, of course, do not include those working in the woods and in other activities that supply mills with raw materials.

Defense program demands, on top of already growing markets, hastened plans for expanding the industry. Since the first of this year new plants or expansions have been announced for each state of the District. When completed these plants are expected to represent a total investment of over 235 million dollars. Other plans are too tentative to justify any definite announcement.

C.T.T.

Seasonal Loan Contraction Ending

During August the volume of repayments on loans was greater than that of new loans at District member banks, continuing the trend which began several months ago. In September, however, there were evidences of an expansion in business loans at the large banks. Furthermore, a moderate increase in total loans of all banks will probably show up in the final reports for September if seasonal influences are as strong as usual.

In the postwar years up to 1950, seasonal demands, such as financing of agricultural product marketings, pushed member bank loans up about 7 percent during the last four months of each year. On this basis, total bank loans would be about 125 million dollars greater at the end of this year than they were at the beginning of September, with most of the growth appearing in the last three months of the year. Whether or not this growth takes place will depend in part upon the success or failure of banks to limit credit by voluntary restraint.

Sixth District Statistics

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

Item	Sept. 19 1951	Aug. 22 1951	Sept. 20 1950	Percent Change Sept. 19, 1951, from	
				Aug. 22 1951	Sept. 20 1950
Loans and investments—					
Total	2,625,223	2,596,493	2,476,147	+1	+6
Loans—Net	1,062,230	1,060,269	1,000,375	+0	+6
Loans—Gross	1,080,723	1,078,639	1,014,273	+0	+7
Commercial, industrial, and agricultural loans	614,024	615,292	574,216	—0	+7
Loans to brokers and dealers in securities	10,935	11,223	10,797	—3	+1
Other loans for pur- chasing and carrying securities	35,461	35,535	35,555	—0	—0
Real estate loans	88,420	88,978	88,949	—1	—1
Loans to banks	11,826	6,993	4,659	+69	*
Other loans	320,057	320,618	300,097	—0	+7
Investments—Total	1,562,993	1,536,224	1,475,772	+2	+6
Bills, certificates, and notes	687,643	666,521	582,190	+3	+18
U. S. bonds	647,034	642,474	670,616	+1	—4
Other securities	228,316	227,229	222,966	+0	+2
Reserve with F. R. Banks	481,542	506,608	403,174	—5	+19
Cash in vault	46,816	45,567	41,052	+3	+14
Balances with domestic banks	207,296	189,156	170,132	+10	+22
Demand deposits adjusted	1,952,666	1,969,941	1,813,451	—1	+8
Time deposits	526,903	526,425	526,074	+0	+0
U. S. Gov't deposits	85,897	76,524	61,278	+12	+40
Deposits of domestic banks	573,410	545,400	476,905	+5	+20
Borrowings	5,000	11,000	9,500	—55	—47

*More than 100 percent.

DEBITS TO INDIVIDUAL BANK ACCOUNTS
(In Thousands of Dollars)

	Aug. 1951	July 1951	Aug. 1950	Percent Change		
				Aug. 1951 from 1951	Yr.-to-Date 8 Months 1951 from 1950	Aug. 1950 from 1950
ALABAMA						
Anniston	27,782	26,747	23,545	+4	+18	+33
Birmingham	400,330	388,426	382,572	+3	+5	+18
Dothan	19,171	17,184	16,359	+12	+17	+35
Gadsden	22,852	21,583	22,295	+6	+2	+12
Mobile	151,869	162,379	138,624	—6	+10	+27
Montgomery	89,912	79,458	86,533	+13	+4	+15
Tuscaloosa*	29,581	27,941	28,229	+6	+5	+12
FLORIDA						
Jacksonville	334,997	317,781	318,285	+5	+5	+16
Miami	278,554	280,867	272,044	—1	+2	+15
Greater Miami*	414,177	421,130	393,598	—2	+5	+17
Orlando	63,453	63,122	59,795	+1	+6	+14
Pensacola	44,250	40,426	38,821	+9	+14	+20
St. Petersburg	66,268	67,371	63,191	—2	+5	+18
Tampa	142,350	143,104	137,809	—1	+3	+14
GEORGIA						
Albany	32,839	31,462	27,130	+4	+21	+32
Atlanta	1,050,885	1,019,619	1,012,012	+3	+4	+19
Augusta	76,860	77,387	63,760	—1	+21	+35
Brunswick	12,390	12,020	9,798	+3	+26	+30
Columbus	73,576	69,055	70,758	+7	+4	+17
Elberton	4,047	3,793	3,853	+7	+5	+11
Gainesville*	20,448	20,723	19,457	—1	+5	+34
Griffin*	12,209	11,132	11,972	+10	+2	+13
Macon	83,300	70,112	75,162	+19	+11	+23
Newnan	10,494	11,090	9,311	—5	+13	+20
Rome*	22,275	22,018	22,182	+1	+0	+16
Savannah	121,412	106,298	102,179	+14	+19	+26
Valdosta	37,754	23,426	29,164	+61	+29	+25
LOUISIANA						
Alexandria*	39,021	38,941	35,840	+0	+9	+24
Baton Rouge	111,115	112,965	105,161	—2	+6	+9
Lake Charles	46,322	44,011	42,524	+5	+9	+21
New Orleans	854,312	812,472	846,676	+5	+1	+11
MISSISSIPPI						
Hattiesburg	18,679	17,794	19,441	+5	—4	+7
Jackson	164,785	148,714	165,670	+11	—1	+14
Meridian	30,579	28,181	30,927	+8	—1	+14
Vicksburg	37,043	28,939	22,752	+28	+63	+14
TENNESSEE						
Chattanooga	174,223	178,231	160,374	—2	+9	+24
Knoxville	130,206	133,676	125,915	—3	+3	+20
Nashville	456,686	375,641	379,583	+22	+20	+19
SIXTH DISTRICT						
32 Cities	5,169,295	4,913,334	4,862,023	+5	+6	+17
UNITED STATES						
342 Cities	125,291,000	124,422,000	110,573,000	+1	+13	+19

*Not included in Sixth District totals.

The decline of 73 million dollars in member bank loans since the first of this year was not as great as would ordinarily be expected because of seasonal influences. This decline, however, is not representative of the rest of the country. Loans of all member banks throughout the nation were approximately one-and-a-half billion dollars greater at the end of July than they were at the first of the year.

In no state of the District have loans declined as much since the first of the year as they would have if seasonal influences had not been offset by other factors. By the end of August, Alabama member bank loans were 2.6 percent lower than they were at the first of the year, whereas the normal seasonal contraction would have amounted to 6 percent. In Florida, where member bank loans would have also declined 6 percent, the actual decline was only 1.9 percent. Member bank loans in Georgia have declined only slightly less than they customarily do, but in Louisiana, Mississippi, and Tennessee, the decreases have been much less than usual.

In several areas in the District, changes in loans have varied even more markedly from those common during the first eight months of the year. In many of these areas, expansion has paralleled a growth in economic activity which can be traced to an expansion of either military establishments or increased defense industrial activity. Such is the case in the Augusta area, where member bank loans have increased 5.3 percent since the first of the year as contrasted with the normal seasonal decline of 13 percent. In the Natchez area, loans expanded 16 percent, whereas they have remained almost stable in the past. Member bank loans in the Knoxville area also have risen considerably, rather than declining as has been the tendency heretofore.

C.T.T.

Bank Announcement

The Ridgedale Bank and Trust Company, Chattanooga, Tennessee, a newly organized nonmember bank, opened for business September 1, and began remitting at par for checks drawn on it when received from the Federal Reserve Bank. J. M. Horton is President, and W. G. Smith is Executive Vice President and Cashier.

Sixth District Indexes

DEPARTMENT STORE SALES*

City	Adjusted**			Unadjusted		
	Aug. 1951	July 1951	Aug. 1950	Aug. 1951	July 1951	Aug. 1950
DISTRICT	398	415	415	358	324	373
Atlanta	416	434	484r	420	338	488r
Baton Rouge	345	366	389	304	304	342
Birmingham	378	380	404	348	315	372
Chattanooga	366	372	429	329	302	386
Jackson	344	395	401r	317	292	369r
Jacksonville	428	434	406	381	351	361
Knoxville	425	442	431	366	358	371
Macon	384	420	378	344	302	329
Miami	457	466	478	343	326	358
Nashville	440	446	474	401	343	431
New Orleans	409	393	395	355	302	343
Tampa	533	559	546	453	447	464

DEPARTMENT STORE STOCKS

City	Adjusted**			Unadjusted		
	Aug. 1951	July 1951	Aug. 1950	Aug. 1951	July 1951	Aug. 1950
DISTRICT	441	451	405	437	424	401
Atlanta	561	600	557	566	552	563
Birmingham	363	358	347	356	330	340
Nashville	636	641	585	642	622	591
New Orleans	398	424	355	382	407	341

GASOLINE TAX COLLECTIONS***

Place	Adjusted**			Unadjusted		
	Aug. 1951	July 1951	Aug. 1950	Aug. 1951	July 1951	Aug. 1950
SIX STATES	266	276	246	263	270	244
Alabama	266	271	240	268	264	242
Florida	238	259	219	231	241	213
Georgia	244	277	253	249	268	258
Louisiana	284	295	275	287	289	278
Mississippi	277	302	196	285	293	202
Tennessee	280	281	262	283	284	265

COTTON CONSUMPTION*

Place	Aug. 1951	July 1951	Aug. 1950
	TOTAL	163	143	169r
Alabama	174	147	179r
Georgia	164	147	169
Mississippi	101	78	107
Tennessee	129	114	138r

ELECTRIC POWER PRODUCTION*

	July 1951	June 1951	July 1950
	SIX STATES	432	442	380r
Hydro-generated	245	251	260
Fuel-generated	677	691	537r

MANUFACTURING EMPLOYMENT***

Place	July 1951	June 1951	July 1950
	SIX STATES	151	152	144r
Alabama	152	155	147r
Georgia	140	146	127r
Florida	154	152	146r
Louisiana	141	142r	133r
Mississippi	150	151	145r
Tennessee	157	158	152r

CONSTRUCTION CONTRACTS

Place	Aug. 1951	July 1951	Aug. 1950
	DISTRICT	584	878	694
Residential	810	1,202	1,153
Other	474	721	472
Alabama	638	651	757
Florida	551	799	764
Georgia	322	872	752
Louisiana	657	1,244	796
Mississippi	1,335	282	374
Tennessee	538	1,175	598

CONSUMERS PRICE INDEX

Item	Aug. 1951	July 1951	Aug. 1950
	ALL ITEMS	191	190	179
Food	231	230	215
Clothing	211	210	192
Fuel, elec., and refrig.	143	143	141r
Home furnishings	202	210	187
Misc.	166	166	156
Purchasing power of dollar . . . . .	.52	.53	.56

*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

	Aug. 1951	July 1951	Aug. 1950
	Unadjusted	20.7	21.6	21.5
Adjusted**	23.4	22.9	24.3
Index**	94.7	93.0	98.3

CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*

	Aug. 1951	July 1951	Aug. 1950
	Unadjusted	369	369	342r
Adjusted**	369	369	342r