

FEDERAL RESERVE BANK OF ATLANTA

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District Business Conditions

Preliminary trade and banking figures for 1951 reveal a diversity of economic trends in the Sixth District. Final data for these and other sectors of the economy will probably bear out this conclusion. Although department stores ended the year with a slightly higher dollar volume of sales than they recorded for 1950, some other types of retailers found that their sales had slipped below 1950 levels. A growth in District bank deposits, however, indicated that there was no lack of purchasing power. A most striking feature of the District economy during 1951 was that despite the growth in deposits and the expected increase in demand for credit, bank loans declined from the preceding year.

Seasonal Significance of December Sales

Consumer purchases at District department stores in November were 10 percent above the October volume, and were up 11 percent from the usual seasonal increase for the month. Likewise, furniture and household appliance stores registered greater than normal increases in sales. Autumn purchases at District department stores generally have been below normal, whereas furniture and household appliance store sales have held their own.

Seasonal Factors—A Norm In any discussion of retail sales, it must be remembered that the concept of "normality" is based on seasonal variations. These are variations that recur with some degree of regularity at about the same time every year because of weather conditions, trade practices, or consumer habits that are linked to calendar dates. If there were no long-run trends, cycles, or random elements, department store sales in this District would tend to follow, year-by-year, the seasonal pattern exemplified in the accompanying chart.

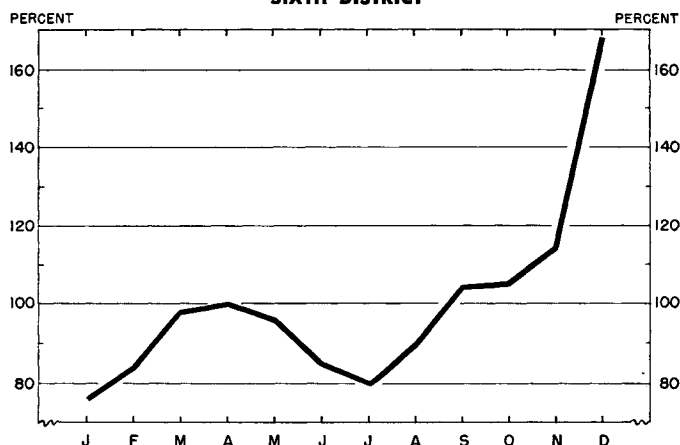
This chart, based on averages for the period 1940-51, represents the typical monthly movements of department store sales. It shows that in the Sixth District, sales are at their lowest ebb in January, with July levels only moderately higher. November sales are normally 9 percent greater than

those in October, and December sales, in turn, ordinarily climb 47 percent above the November volume. Obviously, department store sales from September through December tend to be considerably higher than those in the first eight months of the year.

Importance of December Sales In 1950, December sales accounted for approximately 15 percent of the 581.4 million dollar total. On the basis of the seasonal analysis, 14 percent of the annual sales are ordinarily made in December. The December 1950 amount, approximately 7 percent larger than the average, was engendered primarily by the second round of "scare buying."

According to limited November and December data, District department store sales for 1951 are likely to exceed the 600 million dollar mark, a gain of approximately 4 percent from the amount rung up in 1950. At this rate, department store sales this December would represent 14.3 percent of total 1951 sales—about equal to the average for the previous five years. December 1951 sales, therefore, will probably be 4 percent more than December 1950 sales.

SEASONAL PATTERN OF DEPARTMENT STORE SALES
SIXTH DISTRICT



A study of total department store business in December obscures the relatively greater importance of December sales for certain departments within these stores. In 1950, for example, 39 percent of the annual sales of toys and games were made in December; 31 percent of the handkerchiefs; 29 percent of the books and magazines; 27 percent of the fine jewelry and watches; and 26 percent of men's furnish-

DECEMBER SALES AS A PERCENTAGE OF ANNUAL SALES
SIXTH DISTRICT

Year	Department Stores				Household Appliance Stores	Furniture Stores
	Major Appliances	Furniture	House Furnishings	Total		
1946	18.3	8.3	12.3	13.2	n.a.	10.9
1947	11.7	9.1	13.0	14.5	7.1	12.2
1948	6.7	8.7	11.9	14.5	7.7	11.4
1949	8.3	9.0	11.6	14.6	10.6	12.4
1950	6.4	8.5	11.0	14.9	6.8	10.6
Average	10.3	8.7	12.0	14.3	8.1	11.5

ings and hats. Other departments doing 20 percent or more of their yearly business in December were negligees and lounging apparel, stationery, costume jewelry, candy, women's neckwear and scarves, and cameras.

Furniture and household appliance stores make a smaller proportion of their annual sales in December than do department stores. District furniture stores, nevertheless, experience their greatest volume of sales in December, approximately 12 percent of their annual turnover. Generally, the largest proportion of annual sales at District household appliance stores occurs during the summer months, with only a little over 8 percent of sales being made in December.

Year-to-Date Position Purchases at furniture and household appliance stores from January through November 1951 were estimated to be below the dollar volume for the like period of 1950. This is in line with sales in the comparable furniture and household appliance departments of District department stores. On the other hand, total department store sales in these months were 4 percent higher than in the corresponding 1950 period. According to preliminary data, Christmas 1951 failed to bring the long awaited revival from the doldrums of preceding months.

B.A.W.

Loans, Deposits, and Investments

Bank credit changes in the Sixth District during recent months contrast markedly to changes throughout the country. During November, total loans at District member banks increased only one million dollars and at the end of the month were 23 million dollars less than at the beginning of the year. The total at the end of November barely exceeded that of a year earlier. In December, as indicated by the reports from weekly reporting member banks in leading cities, total loans expanded about 3.2 percent.

In contrast to bank credit developments in the District, the lending activity at all member banks throughout the country brought loans at the end of November to a point higher than on any preceding date on record. Loans increased practically every month in 1951. At the end of November they were 4.0 billion dollars greater than at the first of the year and were 12 percent greater than a year earlier.

Agricultural Loans Up A sharper drop in total loans since the first of the year at District member banks would have occurred had there not been a growth in agricultural loans, part of which can be traced to seasonal influences. A summary of reports of conditions for October 10 shows commercial and industrial loans down 10 million dollars since the first of the year, real estate loans down 27 million, and consumer loans down 4 million. Loans to farmers, however, rose 28 million dollars. Although no later data on agricultural loans are available, it is likely that some have been repaid, as is usually the case at this time of the year.

Textile Lending Slow Developments in the textile industry partly help explain the contrast in the trend of District member bank loans during the latter part of this year, compared with that period in 1950. During the earlier period, increased prices, both for cotton and finished textile products, and anticipation of increased demands not only kept textile production at a high level but induced textile firms and commodity dealers to build inventories of both finished products and raw materials. Additional bank credit was needed to

Sixth District Statistics

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

Item	Dec. 26 1951	Nov. 28 1951	Dec. 27 1950	Percent Change	
				Dec. 26, 1951 from Nov. 28 1951	Dec. 27 1950 from Nov. 28 1951
Loans and investments—					
Total	2,751,610	2,712,186	2,570,891	+1	+7
Loans—Net	1,105,374	1,071,316	1,138,907	+3	—3
Loans—Gross	1,124,180	1,090,014	1,153,165	+3	—3
Commercial, industrial, and agricultural loans	657,696	631,133	685,009	+4	—4
Loans to brokers and dealers in securities	12,692	13,811	14,459	—8	—12
Other loans for pur- chasing and carrying securities	35,525	34,456	36,522	+3	—3
Real estate loans	88,516	89,448	93,764	—1	—6
Loans to banks	5,339	3,797	7,840	+41	—32
Other loans	324,412	317,369	315,571	+2	+3
Investments—Total	1,646,236	1,640,870	1,431,984	+0	+15
Bills, certificates, and notes	782,390	766,480	572,595	+2	+37
U. S. bonds	627,899	637,643	641,946	—2	—2
Other securities	235,947	236,747	217,443	—0	+9
Reserve with F. R. Banks	512,148	509,849	431,476	+0	+19
Cash in vault	53,773	48,908	49,308	+10	+9
Balances with domestic banks	212,427	192,417	209,671	+10	+1
Demand deposits adjusted	2,022,619	2,018,170	1,887,552	+0	+7
Time deposits	527,825	531,497	518,512	—1	+2
U. S. Gov't deposits	75,671	87,957	48,465	—14	+56
Deposits of domestic banks	671,709	592,334	587,717	+13	+14
Borrowings	11,200	12,500	14,700	—10	—24

DEBITS TO INDIVIDUAL BANK ACCOUNTS (In Thousands of Dollars)

Place	Nov. 1951	Oct. 1951	Nov. 1950	Percent Change		
				Nov. 1951 from Oct. 1951	Nov. 1951 from Nov. 1950	Yr.-to-Date from 1950
ALABAMA						
Anniston	27,887	29,490	25,735	—5	+8	+24
Birmingham	426,530	473,450	389,541	—10	+9	+14
Dothan	18,995	20,237	17,591	—6	+8	+26
Gadsden	24,828	25,602	23,183	—3	+7	+9
Mobile	151,295	160,322	141,883	—6	+7	+21
Montgomery	100,724	115,617	92,321	—13	+9	+12
Tuscaloosa*	32,408	32,667	33,052	—1	—2	+6
FLORIDA						
Jacksonville	344,716	371,404	375,000	—7	—8	+12
Miami	303,493	293,290	275,127	+3	+10	+13
Greater Miami*	457,422	445,123	406,256	+3	+13	+16
Orlando	73,805	66,589	52,507	+11	+41	+15
Pensacola	45,358	41,645	38,676	+9	+17	+16
St. Petersburg	76,307	72,429	75,037	+5	+2	+13
Tampa	163,943	151,263	146,177	+8	+12	+13
GEORGIA						
Albany	38,072	34,964	33,504	+9	+14	+25
Atlanta	1,119,673	1,151,874	1,014,902	—3	+10	+14
Augusta	83,116	91,011	68,514	—9	+21	+30
Brunswick	12,530	13,360	10,383	—6	+21	+29
Columbus	75,628	79,453	68,549	—5	+10	+16
Elberton	4,953	5,550	4,865	—11	+2	+8
Gainesville*	24,396	25,497	22,184	—4	+10	+27
Griffin*	13,320	14,483	14,233	—8	—6	+7
Macon	81,311	86,103	74,994	—6	+8	+19
Newnan	11,862	15,993	11,458	—26	+4	+22
Rome*	27,096	28,262	28,835	—4	—6	+9
Savannah	111,908	112,727	102,938	—1	+9	+20
Valdosta	14,634	14,875	12,912	—2	+13	+23
LOUISIANA						
Alexandria*	42,369	45,567	29,370	—7	+44	+21
Baton Rouge	115,124	119,126	108,579	—3	+6	+8
Lake Charles	50,045	50,094	44,180	—0	+13	+18
New Orleans	917,451	955,829	843,999	—5	+9	+10
MISSISSIPPI						
Hattiesburg	18,733	19,539	19,001	—4	—1	+5
Jackson	166,931	179,833	161,268	—7	+4	+12
Meridian	31,905	34,881	30,916	—9	+3	+10
Vicksburg	36,574	40,011	30,342	—9	+21	+17
TENNESSEE						
Chattanooga	190,816	190,869	170,883	—0	+12	+20
Knoxville	126,380	132,068	125,827	—4	+0	+14
Nashville	421,651	428,433	372,986	—2	+13	+16
SIXTH DISTRICT**	5,387,178	5,577,931	4,963,778	—3	+9	+14

*Not included in Sixth District totals.

**32 Cities.

Sixth District Statistics

INSTALMENT CASH LOANS

Lender	No. of Lenders Reporting	Volume		Outstandings	
		Percent Change Dec. 1951 from		Percent Change Dec. 1951 from	
		Nov. 1951	Dec. 1950	Nov. 1951	Dec. 1950
Federal credit unions	41	-2	+23	+1	+5
State credit unions	16	+2	+4	-1	+9
Industrial banks	7	-2	+25	0	+7
Industrial loan companies	10	+13	+3	+2	+6
Small loan companies	32	+2	+20	0	+5
Commercial banks	32	-3	+34	+1	-2

RETAIL FURNITURE STORE OPERATIONS

Item	Number of Stores Reporting	Percent Change Nov. 1951 from	
		Oct. 1951	Nov. 1950
Total sales	126	+2	+25
Cash sales	111	-1	+8
Instalment and other credit sales	111	+2	+28
Accounts receivable, end of month	121	+3	-17
Collections during month	121	-5	-9
Inventories, end of month	86	+2	+5

WHOLESALE SALES AND INVENTORIES*

Type of Wholesaler	Sales			Inventories		
	No. of Firms Reporting	Percent Change Nov. 1951 from		No. of Firms Reporting	Percent Change Nov. 30, 1951 from	
		Oct. 1951	Nov. 1950		Oct. 31 1951	Nov. 30 1950
Automotive supplies	6	-8	-9	5	+1	+12
Electrical—Wiring supplies	4	-42	-12	4	-2	+14
“ Appliances	4	-3	+15	3	-2	+10
Hardware	13	-7	-3	8	+2	+11
Industrial supplies	12	-13	+3	3	-1	+13
Jewelry	4	-6	-12	3	-11	+33
Lumber & bldg. materials	7	+1	-22	5	+9	+30
Plumbing & heating supplies	4	-2	-9	3	+9	+50
Refrigeration equipment	6	+7	+1	6	+3	-1
Confectionery	7	+5	+11	3	+2	-22
Drugs and sundries	9	+0	+13	.	.	.
Dry goods	17	-7	+8	12	-18	-12
Groceries—Full-line	38	-3	+7	27	+1	-3
“ Specialty lines	11	+1	-7	5	-51	-42
Tobacco products	8	-12	-0	5	-10	-6
Miscellaneous	17	-11	+4	11	-3	+26
Total	167	-6	+3	103	-4	+7

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

DEPARTMENT STORE SALES AND INVENTORIES*

Place	Percent Change				Stocks	
	Sales		Yr. to Date 1951-1950		November 30, 1951 from	
	November 1951	November 1950			Oct. 31 1951	Nov. 30 1950
ALABAMA	+6	+10	+3	+3	+3	-10
Birmingham	+7	+5	+2		+5	-6
Mobile	+9	+16	+8		..	..
Montgomery	+12	+17	+2	-4	-24	..
FLORIDA	+13	+13	+8	+10	+4	..
Jacksonville	-5	+16	+9	+12	-2	..
Miami	+24	+13	+7	+13	+4	..
Orlando	+3	+9	+12	..	..	..
St. Petersburg	+19	+13	+9	..	+10	..
Tampa	+11	+11	+4	+5	+3	..
GEORGIA	+10	+11	+5	-1	-8	..
Atlanta	+12	+8	+1	-4	-14	..
Augusta	+8	+35	+21	+20	+16	..
Columbus	+14	+18	+9	+3	-3	..
Macon	+7	+6	+8	-1	+3	..
Rome	+5	+5	-2	..	..	..
Savannah	-2	+16	+12	+2	+16	..
LOUISIANA	+12	+11	-0	+1	-12	..
Baton Rouge	+7	+6	-7	+3	-14	..
New Orleans	+13	+11	+1	+2	-11	..
MISSISSIPPI	+6	+5	-1	-6	-10	..
Jackson	+9	+4	-3	-8	-14	..
Meridian	+3	+4	+0	..	..	..
TENNESSEE	+7	+11	+2	-1	-12	..
Bristol	+10	+2	-1	-1	-8	..
Bristol-Kingsport-Johnson City	+10	+3	+2	..	..	..
Chatanooga	+15	+11	+2	-4	-1	..
Knoxville	+1	+10	+4	-1	-7	..
Nashville	+7	+13	+2	+2	-18	..
OTHER CITIES**	+8	+14	+7	+1	-4	..
DISTRICT	+10	+11	+4	+2	-7	..

*Includes reports from 137 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.

finance this high production and inventory growth. Textile production now is considerably below the levels of a year ago and employment in the industry has slackened since the first of the year. Inventories are being liquidated. Demands for credit, consequently, have lessened.

According to weekly reports from the larger banks in leading cities of the District, loans to textile concerns on December 12 were at least 16 million dollars lower than on March 28, when the report was first instituted. The decline in total loans also reflects the slackening in construction activity, with construction loans at these banks down 20 million dollars for the same period. Beginning with August, there have been increases in loans to commodity dealers in connection with marketing cotton. These increases, however, have been more moderate than last year.

The different economic structure of the District also accounts in part for the contrast between the trend in total loans at District banks and at banks in other parts of the country. Compared with many other sections, a smaller proportion of manufacturers in the District are producing durable goods that are in heavy demand because of the defense program. Loans to metal and metal products industries, for example, accounted for the largest proportion of the increase in classified loans at all reporting banks throughout the country. Loans at the District reporting banks to metal products concerns also have increased, but the lesser importance of this type of industry in the District means that the growth has not been great enough to offset declines in loans to nondurable goods manufacturers.

Deposit Expansion Although member banks in the District did not share in the general loan expansion taking place throughout the country during 1951, their deposits have expanded more. At the end of November, District member bank deposits were approximately 5 percent higher than at the first of the year, a rate almost twice as great as the increase for the country as a whole.

As a result of these credit and deposit developments, there has been less pressure upon bank reserves in the Sixth District than in some other parts of the country. District member banks did not reduce their Government security holdings appreciably between the first of the year and June in order to maintain reserves, as did member banks throughout the nation. Since June the growth in District member bank security holdings has brought them above the level of early 1950.

C.T.T.

Bank Announcement

On December 15, The West Pensacola Bank, a non-member bank in West Pensacola, Florida, began remitting at par for checks drawn on it when received from the Federal Reserve Bank. Officers of the bank are Harold S. Day, President; F. S. Roundy and J. Edwin Holsberry, Vice Presidents; William A. Cook, Cashier; and F. W. Henne, Jr., Assistant Cashier. It has capital of \$110,000; deposits, \$2,206,126; and surplus and undivided profits, \$84,062.

Revised Measurements of Department Store Sales and Stocks

Most indexes measuring economic activity are derived from data that sample the field being measured, technically known as the *universe*. Such sampling is often a practical necessity, if only because a complete census each month would be too expensive and the job of tabulating the data would unduly delay the release of any indexes derived therefrom. Indexes of department store sales and stocks prepared by the Federal Reserve System, therefore, are based upon reports from a large sample of department stores within each respective Federal Reserve District.

To the extent that this sample is representative, changes in data reported for it will reflect accurately changes in the entire universe being measured. It is only possible to test the representativeness of the sample, however, when data are available for the entire universe. In the department store field an opportunity to do this presented itself with the release of data on sales for all department stores obtained in the Census of Business for 1948, the first such census taken since 1939. Using this census data as a benchmark, the Federal Reserve System has, therefore, adjusted its department store sales and stocks indexes where necessary to conform to the changes in sales at all stores occurring between the two census dates.

Sales Indexes

The System began compiling department store sales data in 1919 as a means of keeping itself informed of changes in the broad segment of retail trade represented by this type of store. This information has enabled the System to make the decisions necessary for carrying out its function of influ-

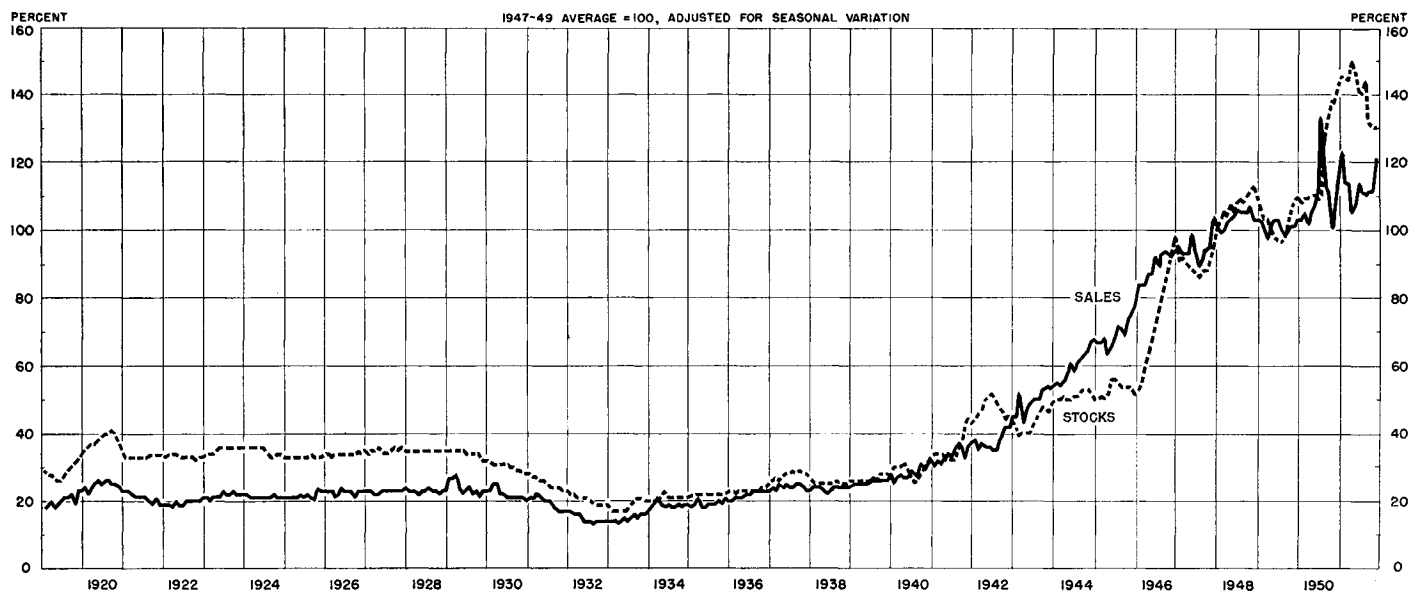
encing the cost and availability of money with less difficulty than would otherwise have been the case. Indexes, however, were not derived from these data until several years later. Statistics for the Sixth District index also date from 1919, and indexes for individual cities have been added as data have become available.

Use of these monthly indexes, adjusted for seasonal variations, makes it possible to follow current changes in this type of retail trade as well as to trace developments over a period of years. These indexes are therefore invaluable in the study of the economic history of the District along with that of the several individual cities. In addition to the one for the District, indexes are available for the following District cities, beginning with the date specified: Atlanta, 1920; Baton Rouge, 1935; Birmingham, 1920; Chattanooga, 1920; Jackson, 1935; Jacksonville, 1935; Knoxville, 1935; Macon, 1935; Miami, 1937; Nashville, 1919; New Orleans, 1919; and Tampa, 1938.

Adjustment to Census Because department stores sell a wide variety of merchandise, changes in their sales reflect changes in many types of retail buying. Their sales, however, obviously measure inadequately, or not at all, some other important types of retail buying; for example, purchases of food, automobiles, and building materials. They can be taken as indicative of the general trend of retail buying, therefore, only insofar as they parallel total retail sales.

A precise definition of what is being measured, consequently, is necessary. Under present conditions, a department store has the following characteristics as defined in

DEPARTMENT STORE SALES AND STOCKS SIXTH DISTRICT



the *Standard Industrial Classification Manual* for nonmanufacturing industries:

Retail stores carrying a general line of *apparel*, such as suits, coats, dresses, and furnishings; *home furnishings*, such as furniture, floor coverings, curtains, draperies, linens, major household appliances, and housewares, such as table and kitchen appliances, dishes, and utensils. These and other merchandise lines are normally arranged in separate sections or departments, with the accounting on a departmentalized basis. The departments and functions are integrated under a single management. Establishments included in this industry normally employ 25 or more persons.

According to this definition, the 1948 census listed 192 department stores in the Sixth District. Currently, 108 of these, together with others established since 1948, report their sales each month to this bank. Sales at these reporting stores constitute approximately 90 percent of total estimated department store sales in the District.

Excluded by the definition of department stores are many large concerns, such as apparel and variety stores, that do not sell all the types of merchandise listed. Some stores that were included by previous definitions of department stores are excluded by the one used in the census of 1948. The District index, as well as the city indexes from which it is derived, now includes only stores classified as department stores in the latest definition.

For some local areas, however, either because of long-standing practice, or because the release of local data without their inclusion would be impossible, certain large stores that are not strictly defined as department stores are included in the data released. Percentage change figures are released each month for the following cities, in addition to the cities for which indexes are computed: Mobile and Montgomery, Alabama; Orlando and St. Petersburg, Florida; Augusta, Columbus, Rome, and Savannah, Georgia; Meridian, Mississippi; and Bristol, Bristol-Kingsport-Johnson City, Tennessee.

The method adopted by the Federal Reserve Banks in adjusting indexes to changes as reported in the census figures, is described in the December 1951 issue of the *Federal Reserve Bulletin*. Reprints are available from the Board of Governors upon request.

Shift in Base Period An index merely shows the percentage relationship between current data and those in some assumed base period taken as 100 percent. Comparisons become less meaningful as the time between the base period and the present lengthens. From time to time a shifting of the base period to a more recent date is, therefore, helpful.

Originally, department store indexes were based on the average sales and stocks for the years 1923 through 1925. Later revisions shifted the base period to the average for 1935-39. Recently, the belief has been growing that changes during the war years have rendered the latter period unsuitable for comparative purposes. Current revision, therefore, shifts the index base to the postwar years 1947-49, a period in which general economic conditions were fairly similar to those of the present. There is, of course, no change in the relationship of the individual monthly indexes to each other

Sixth District Indexes

DEPARTMENT STORE SALES*

Place	Adjusted**			Unadjusted		
	Nov. 1951	Oct. 1951	Nov. 1950	Nov. 1951	Oct. 1951	Nov. 1950
DISTRICT	434p	404	391	503p	424	453
Atlanta	475	424	440	565	466	523
Baton Rouge	403p	378	393	463p	389	452
Birmingham	385	372	369	450	391	431
Chattanooga	425	386	382	502	405	451
Jackson	416	361	403	487	412	472
Jacksonville	444	483	383	533	517	459
Knoxville	388	403	340	451	419	395
Macon	371	369	351	460	399	436
Miami	455	430	404	532	396	472
Nashville	459	449	405	551	476	486
New Orleans	396	380	357	483	395	436
Tampa	561	549	505	673	560	606

DEPARTMENT STORE STOCKS

Place	Adjusted**			Unadjusted		
	Nov. 1951	Oct. 1951	Nov. 1950	Nov. 1951	Oct. 1951	Nov. 1950
DISTRICT	417	419	448	467	457	501
Atlanta	490	522	554	578	605	653
Birmingham	341	335	363	385	368	410
Nashville	580	607	704	679	668	824
New Orleans	350	364	393	381	375	429

GASOLINE TAX COLLECTIONS***

Place	Adjusted**			Unadjusted		
	Nov. 1951	Oct. 1951	Nov. 1950	Nov. 1951	Oct. 1951	Nov. 1950
SIX STATES	267	255	242	275	250	249
Alabama	284	258	242	293	255	249
Florida	254	233	218	247	212	211
Georgia	254	233	252	263	231	261
Louisiana	308	276	269	324	283	282
Mississippi	264	283	241	290	288	265
Tennessee	237	264	228	255	263	245

COTTON CONSUMPTION*

Place	Nov. 1951	Oct. 1951	Nov. 1950
TOTAL	161	157	177r
Alabama	174	160	189r
Georgia	162	161	178r
Mississippi	93	95	108
Tennessee	114	125	139

ELECTRIC POWER PRODUCTION*

	Oct. 1951	Sept. 1951	Oct. 1950
SIX STATES	459	447	414
Hydro-generated	238	216	306
Fuel-generated	748	750	555

MANUFACTURING EMPLOYMENT***

Place	Oct. 1951	Sept. 1951	Oct. 1950
SIX STATES	153	153r	153r
Alabama	154	154	153
Florida	150	146r	142r
Georgia	155	154	158r
Louisiana	141	143	143r
Mississippi	160	160r	154r
Tennessee	157	159	158

CONSTRUCTION CONTRACTS

Place	Nov. 1951	Oct. 1951	Nov. 1950
DISTRICT	378	630	545
Residential	579	1,077	744
Other	281	413	448
Alabama	412	533	782
Florida	528	906	666
Georgia	319	626	470
Louisiana	233	574	491
Mississippi	123	208	283
Tennessee	434	526	385

CONSUMERS PRICE INDEX

Item	Nov. 1951	Oct. 1951	Nov. 1950
ALL ITEMS	195	196	181r
Food	234	233	213r
Clothing	215	218	201r
Fuel, elec., and refrig.	144	144	143r
Home furnishings	210	203	195r
Misc.	172	173	160
Purchasing power of dollar . . . . .	.51	.51r	.55r

ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS

	Nov. 1951	Oct. 1951	Nov. 1950
Unadjusted	23.4	23.0	25.3
Adjusted**	22.1	21.9	23.8
Index**	89.6	88.7	96.6

CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*

	Nov. 1951	Oct. 1951	Nov. 1950
Unadjusted	366	376	357r
Adjusted**	361	377	351r

*Daily average basis

**Adjusted for seasonal variation

***1939 monthly average = 100;

Other indexes, 1935-39 = 100

r Revised

because of the shift in the base period. It is understood that indexes prepared by Government agencies will also be shifted to the new base period as soon as practicable.

Seasonal Adjustment An index becomes more useful when the index number for a given month can be compared not only with that for the corresponding month of the previous year but also with that for the preceding or any other month. Because department store sales are customarily concentrated in certain months, such comparisons are meaningless unless some adjustment is made to take account of normal seasonal variations.

Some variation between months has been removed by computing indexes on a daily average basis, thus eliminating differences caused merely by the varying number of trading days in the months. In addition, it has been possible by certain statistical methods to estimate changes in sales that are expected to occur merely because of the time of year.

Seasonal factors used in adjusting these indexes have been re-examined in the light of recent experience and have been revised wherever necessary. The influence of the changing date of Easter on sales has been included in these revisions. The method used in compiling adjustment factors is outlined in the June 1941 issue of the *Federal Reserve Bulletin*, and the method used in adjusting for the changing date of Easter is described in the December 1951 *Bulletin*.

Computation of Weights The Sixth District includes areas with many different types of predominant economic activity because of differences in climate, natural resources, and other factors. Sales trends in the widely scattered cities of the District, therefore, may often diverge considerably. In order to obtain a representative picture of general conditions, the District index has been built up from local area indexes. Each area index is weighted in accordance with the

**COMPUTATION OF WEIGHTS FOR THE
SIXTH DISTRICT INDEXES**
(Dollars in Thousands)

Place	Department Store Sales in 1947-49 Period	
	Estimated Annual Average	Percent of District Total
Alabama		
Birmingham	\$39,462	7.4
Other Cities	34,129	6.4
Florida		
Jacksonville	22,397	4.2
Miami	37,862	7.1
Tampa	17,598	3.3
Other Cities	38,928	7.3
Georgia		
Atlanta	79,456	14.9
Macon	10,132	1.9
Other Cities	38,395	7.2
Louisiana		
Baton Rouge	12,798	2.4
New Orleans	71,457	13.4
Other Cities	14,931	2.8
Mississippi		
Jackson	14,398	2.7
Other Cities	10,665	2.0
Tennessee		
Chattanooga	15,998	3.0
Knoxville	26,130	4.9
Nashville	30,396	5.7
Other Cities	18,131	3.4
Sixth District	\$533,263	100.0

importance of estimated department store sales in the base period. These weights are shown in the table above.

The United States index, in turn, is obtained from a combination of the indexes of the twelve Federal Reserve Districts. The recent growth in economic importance of the Sixth District is indicated by the change in weights for the revised index. Estimated Sixth District department stores sales in the 1935-39 period constituted 4.40 percent of total United States department store sales. For the 1947-49 period, the proportion is estimated at 5.87 percent.

Stocks Indexes

Although no census figures for 1948 were available for department store inventories, or stocks, necessary adjustments have been made by tying stocks indexes to the monthly sales indexes which have been adjusted to the census benchmark. The method by which this was done is explained fully in the December 1951 issue of the *Federal Reserve Bulletin*. The stocks index for the District was also shifted to the 1947-49 base period and the seasonal adjustment factors were revised.

REVISED SIXTH DISTRICT DEPARTMENT STORE INDEXES*
(1947-49 = 100)

	Adjusted for Seasonal Variation			Unadjusted for Seasonal Variation		
	Nov. 1951	Oct. 1951	Nov. 1950	Nov. 1951	Oct. 1951	Nov. 1950
DISTRICT SALES	121p	111	108	138p	116	123
Atlanta**	116	105	108	136	112	126
Baton Rouge	109p	100	103	119p	103	112
Birmingham	110	106	106	123	107	118
Chattanooga	133	111	119	145	117	130
Jackson	118	104	114	138	117	133
Jacksonville	122	107	105	128	124	110
Knoxville	121	116	104	127	116	110
Macon	126	123	118	152	132	143
Miami	127	110	112	141	104	124
Nashville	115	107	100	132	113	115
New Orleans	115	109	104	139	114	126
Tampa	117	108	106	135	114	122
DISTRICT STOCKS	130	130	137	145	142	153

*Computation of sales indexes on daily average basis. There were 25 business days in November 1951, 27 in October 1951, and 25 in November 1950.

**In order to permit publication of figures for this city, a special sample has been constructed which is not confined exclusively to department stores. Figures for any such non-department stores, however, are not used in computing the District index.

A survey recently conducted by this Bank indicated that little use was being made of the indexes of department store stocks for individual cities. In the future, therefore, the District index for department store stocks will be the only stocks index released. Percentage change figures for department store stocks will still be released for local areas wherever release is possible without disclosing confidential information.

Those who wish to continue using indexes based upon the 1935-39 averages may compute such indexes by applying conversion factors to the indexes on the 1947-49 base, which will be supplied by the Research Department of this Bank upon request. Back figures for the District and city indexes will also be supplied upon request. Although the indexes on the 1935-39 base are included in this issue of the *Review*, in addition to the revised indexes, they will not be published hereafter.

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