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A Decade of Consumer Spending

The South possesses a rich and expanding market. In recent years it has proved a fertile ground for those who have consumer goods to sell. This has not only meant profits for those selling the goods and incomes for many persons engaged in the distribution process, but it has also stimulated the development of many new industries, thereby adding to the area's wealth and future income producing capacity.

That this market is expanding is a well-known fact. But more information is necessary for an adequate appraisal of it. If manufacturers and sellers are to realize full benefits from the abundant market opportunities, they must familiarize themselves with consumer buying habits—in this section as well as throughout the rest of the country. A study of the present structure of the market, therefore, may provide some basis on which to predict its future.

Valid information for this purpose may be found in the benchmark data made available in the various comprehensive Censuses of Business on Retail Trade taken in 1928, 1933, 1935, 1939, and 1948 (future ones are expected at five-year intervals). The source of all income figures used in this study is the state income payments to individuals as estimated by the Department of Commerce. Consumer expenditures are based primarily on a special District tabulation of retail sales recently prepared by the Bureau of the Census. Although similar District studies were not made in 1939, data available on a state basis in both years provide a reliable guide to developments in the District.

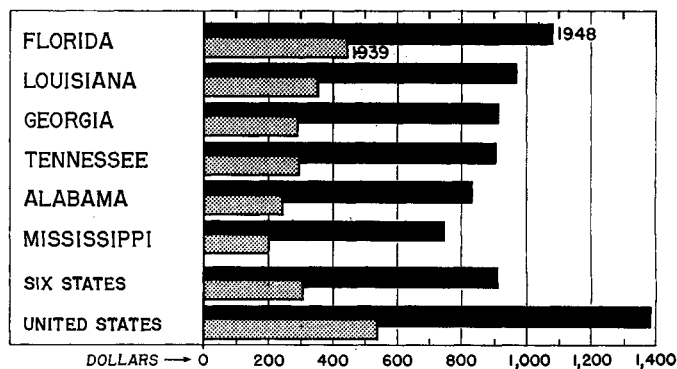
It was found that striking contrasts exist between the spending habits of the southern consumer and those of the national consumer. These contrasts are not surprising, however, in view of the differences between the area's and nation's customs, economic structures, and levels of income.

District income and population growth from 1939 to 1948 outstrips national gains.

Since consumer purchases are usually paid for either out of current or future income, it is helpful at the outset to survey the income scene. Tremendous increases were made in both District and national incomes from 1939 to 1948. In this ten-year span, total individual income payments rose 238 percent in the District, compared with 187 percent in the United States. Despite this large gain, the six state per-capita income average still fell considerably short of the nation's. Nevertheless, considerable progress has been made in bridging the gap. In 1939, for example, the average per-capita income in the six states was 304 dollars, or almost 56 percent of the national average, whereas in 1948 it jumped to 908 dollars, or 66 percent of the national average.

The rapidly changing economic structure in the Sixth District, which embraces all of Alabama, Florida, Georgia, the southern halves of Louisiana and Mississippi, and the eastern two-thirds of Tennessee, is clearly reflected in the relative importance of the leading sources of individual incomes

PER-CAPITA INCOME PAYMENTS



in 1939 and 1948. Traditionally, this region has been rooted to agriculture. World War II, however, hastened industrial advancement so that in 1948, income from manufacturing outranked that from agriculture. In 1939, farm income represented an average of 15.5 percent of total income in the District, and manufacturing, 13.6 percent; in 1948, however, farm income slipped to 15.4 percent of the total, and manufacturing income rose to 15.7 percent. Moreover, individual income payments from Government sources during this period increased a substantial 82 percent so that by 1948 these payments represented 16.9 percent of the total income in the District states.

Population in the Sixth District, accounting for 9.7 percent of the national total in 1950, the latest census year, increased 16 percent from the 1940 level, compared with 14 percent for the nation. Both the District and the national population has moved toward the city in the quest for greater economic opportunities. In 1940, for example, 35 percent of the District's population was urban; this percentage had grown to 42 by 1950. In the entire nation, in both years, the proportion of urban dwellers exceeded the comparable ratio in the District.

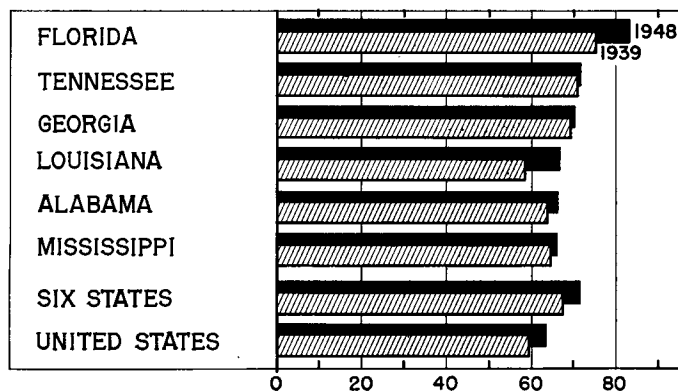
A corollary of the migration from the farm to the bright lights of the metropolis is the 10.5-percent reduction in the number of farms in the District during the 1940's. Part of the decrease is a result of a change in concept of the term "farm," but a large part of the decline was caused by the

discontinuance of food production for home use or for sale on many farms now used solely for residential purposes; in addition, farm units are larger.

The region's consumers also spent more of their total income on retail purchases.

Although a larger proportion of aggregate individual incomes was spent on retail trade in both 1939 and 1948 in the District than was the case for the United States, the difference between the District-national proportions in 1948 was a little smaller than in the previous census year. This is not surprising, since people in low-income areas tend to spend most of their incomes for the basic necessities. The

RETAIL SALES AS PERCENT OF INCOME PAYMENTS



movement conformed with the narrowing of the District-national gap in per-capita incomes. In any event, after leaving the retail store, the Southerner had less income left to "set aside for a rainy day" or to spend on services than his national counterpart. As the South's industrial revolution proceeds, it is quite likely that the relative proportion of total income allocated to purchases of consumer goods in the District will more nearly approach the national figure.

Generally, as incomes rise there is a tendency for a smaller proportion of the additional income to be spent at retail stores. In the District, however, a direct relationship

is apparent between incomes and retail sales; that is, in states where per-capita incomes are low, less is spent on retail purchases than in states where incomes are higher. Mississippians, with the lowest per-capita income in the District, for example, consigned only 66 percent to retailers in 1948; Floridians, with the highest per-capita income spent 83 percent on consumer goods. Deviations from the norm in Florida and, to a lesser extent, in Tennessee, may be accounted for partially by the impact of tourist trade.

Several factors may have contributed to this anomaly. Low-income District states usually obtained a higher proportion of their total incomes from agriculture. Farmers tend to save more than other groups with the same incomes; their savings may be invested in plant and equipment and farm improvement, applied to mortgage reductions, or simply retained in liquid form. Again, low-income areas may experience a relatively greater inequality in income distribution.

Moreover, in the low-income areas, which are often predominantly agricultural, some of the commodities consumed are produced at home and, consequently, these consumption figures do not enter into the Commerce Department's estimates on retail sales. Additional weight can probably be attached to this thought since food purchases bulk largest in both the District's and nation's retail budget.

Consumers in the District tended to divide their retail dollar in approximately the same way as consumers throughout the country.

In the District, 23.1 cents out of each spendable dollar went to food stores, a somewhat smaller proportion than the national figure. The buying public, however, spent proportionately more on new and used motor vehicles and accessories in this region than throughout the entire country. Thus, despite less-than-average per-capita incomes, Southerners channeled about 13 percent more of their retail dollar into automotive purchases than did other Americans. The obvious corollary, therefore, is that gasoline service stations in the Sixth District received more of each sales dollar than was the case nationally. The more scattered population over a wide area here may be responsible for the apparent greater reliance upon private automobiles as a means of transportation.

Although the purchasing public in both southern and national markets paid out approximately the same fraction of their retail dollar to the general merchandise category, wide differences occurred within the group. District department stores, for example, got 18 percent less of the consumer's dollar than did the nation's department stores. The gulf in department store outlays can perhaps be ascribed to the large farm and rural population in the District. Smaller cities and towns frequently are unable to support department stores; instead, they patronize local dry goods, general merchandise, and general stores. Again the explanation turns partly on definition. Many stores which consider themselves department stores are not so classified by the Census Bureau, but are included in the general merchandise category. Consequently, although only 7 percent of the nation's Census defined department stores are located in the District, 18 percent of the general stores and 12 percent of the dry goods and general merchandise stores operate here. The last two, common in the South's rural areas, do proportionately more business in the District than in the nation.

Bank Announcements

On June 9, the Metairie Savings Bank & Trust Company, Metairie, Louisiana, was admitted to membership in the Federal Reserve System. The bank's officers are: Albert J. Ortte, President; J. Fred Muller, Vice President; W. T. Barker, Assistant Vice President; Jules B. Hernandez, Cashier; and John P. Riddell and Howard G. Schroeder, Assistant Cashiers. Its capital stock amounts to \$252,000 and surplus and undivided profits to \$137,000.

The Brundidge Banking Company, a non-member bank located in Brundidge, Alabama, began remitting at par on June 16. Harold E. Walker is President of this bank and Era P. Johnson is Cashier. Its capital stock amounts to \$50,000 and surplus and undivided profits to \$107,000.

The lumber, building, hardware, and apparel groups accounted for a larger proportion of total sales in the United States than in the District. Only in the apparel and eating and drinking categories did the budgetary ranking in the District and nation differ. For the entire country, consumers spent 8.2 cents of each dollar at eating and drinking establishments and 7.5 cents at apparel stores. In the Southeast, however, purchases at apparel stores were relatively more important than those at eating and drinking places, the former accounting for 7.1 percent and the latter for 6.8 percent of total sales. An area of many small towns and cities, of

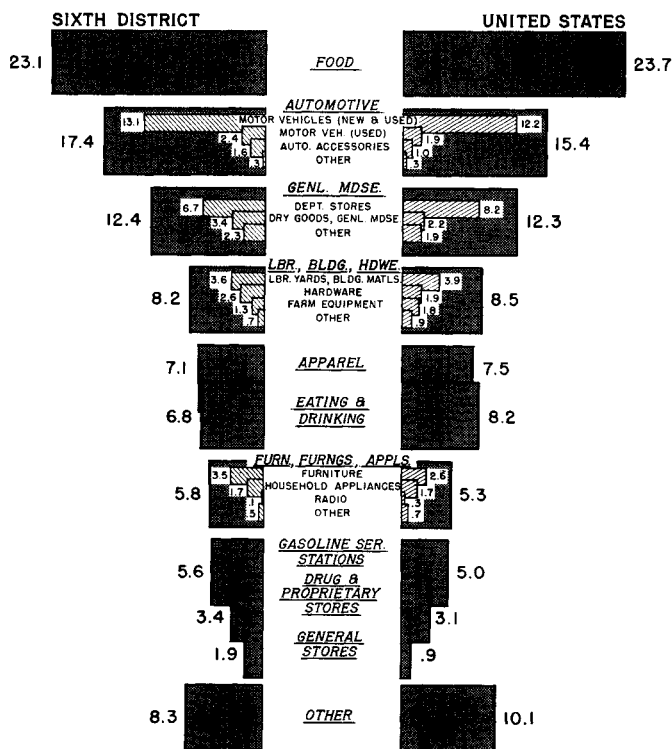
originated in the Sixth District. Although data for the District alone are not available for 1939, retail sales in the six states, all or part of which are included in the District, averaged 7.3 percent of the nation's total in 1939 and 8.5 percent in 1948; a gain of approximately 16 percent. A similar expansion likely occurred within the boundaries of the District. Almost 15 percent of the merchandise sold at all general stores in 1948 was sold in the District. Automotive, gasoline service stations, drug and proprietary, furniture, furnishings, and appliances, and general merchandise groups also experienced above average activity.

That the District-national ratio was larger at furniture stores than at all retail stores stems in part from the higher rate of residential construction in this region. Household appliances also felt the impact of this activity, but less intensely. Although the low ratio of District radio store purchases may reflect a lesser degree of radio addiction in this region, the bulk of radio buying is most likely done at other outlets, such as department, furniture, or appliance stores.

"Selling" consumer durables in the District undoubtedly required little sales ability in 1948, as sales in these lines generally exceeded the District average for all lines. In post-war 1948, durables for domestic use were rolling off assembly lines at rapid rates and were swallowed-up by what seemed an unquenchable demand. This, of course, is readily comprehensible since during World War II, production was channeled toward more tanks and fewer refrigerators.

The rapid rise in District per-capita incomes between 1939 and 1948 added to the postwar clamor for cars, refrigerators, washing machines, floor coverings, and other major consumer durables. Part of the District demand for appliances emanated in all probability from a shift in the labor force from domestic, household employment to manufacturing, trade, and other industrial employment.

**TOTAL DISTRICT AND U. S. SALES, 1948
PERCENT DISTRIBUTION, BY TYPE OF RETAILER**



course, cannot adequately support a large number of restaurants, night clubs, and the like. The disparity has been reduced, however, because of growing tourist expenditures, especially in Florida and Tennessee.

Furniture, furnishings, and appliance stores account for a relatively larger proportion of the total District sales than such outlets do throughout the nation, which can probably be attributed to the large number of small communities in the South. Consumers tend to buy more of the major durables at specialty stores in smaller cities and towns than they do in larger cities, where department stores also carry full lines of those goods.

District merchants did 7 percent of the nation's retail business in 1948.

Contrasts among the several retail groups within the District are perhaps brought into sharper focus in the table on this page, which depicts the District's proportion of the nation's sales by type of business in 1948. Thus, an average of 7 percent of all retail purchases in the country in 1948

A larger percentage of retail purchases was made on credit in the District than in the nation.

Despite above-average growth in per-capita incomes, consumers in the Sixth District charged about 28 percent of their 1948 purchases at all retail stores (including those selling for cash only), compared with 25 percent for the United States. Retail Credit Surveys conducted by this Bank for other years reveal a customarily higher proportion of

**RATIO OF DISTRICT SALES TO U.S. SALES, 1948
(By Type of Business)**

	Percent
Total	7.0
General Stores	14.9
Automotive Group	7.9
Motor Vehicles (new and used) Dealers	7.5
Motor Vehicles (used) Dealers	9.2
Automobile Accessories	10.7
Gasoline Service Stations	7.9
Drug and Proprietary Stores	7.8
Furniture, Furnishings, and Appliances	7.7
Furniture	9.2
Household Appliance	7.3
Radio	1.7
General Merchandise	7.0
Department Stores	5.7
Dry Goods, General Merchandise	10.9
Food	6.8
Lumber, Building, Hardware	6.7
Lumber Yards, Building Materials	6.4
Hardware	9.4
Farm Equipment	4.9
Apparel	6.6
Eating and Drinking Places	5.8

credit sales in the Southeast than in the nation, which is probably accounted for by the below average per-capita incomes in the District. District consumers had less ready cash available for purchases; on January 31, 1948, the approximately 10 percent of the population residing in the District held only 6.7 percent of total personal demand deposits (the chief component of purchasing power) in the country.

As is shown in the table below, which gives a breakdown of sales for those stores making both cash and credit sales, District consumers in 1948 paid cash for 53 percent of their purchases; they charged 35 percent; and used the instalment plan for the remaining 12 percent. Except for lumber and building materials, the proportion of cash sales in each line of business was smaller in the District than in the United States. District retailers doing 60 percent or more of their business for cash included eating and drinking places, motor vehicle (new and used) dealers, gasoline service stations, and drug and proprietary stores. Food stores trailed closely with 59.3 percent. Furniture stores and lumber and building materials dealers exhibited the lowest cash ratios.

The 35 cents out of each dollar purchase that was charged in the District slightly exceeded the United States figure. Within individual lines, however, significant differences oc-

PERCENT DISTRIBUTION OF RETAIL SALES, BY TYPE OF SALE, 1948
(At Stores Selling for Both Cash and Credit)

	Cash		Charge		Instalment	
	District	U. S.	District	U. S.	District	U. S.
Total Sales	52.7	55.8	35.3	34.5	12.0	9.7
Food	59.3	63.7	40.4	36.0	.3	.2
Eating and Drinking Places	80.7	85.1	19.3	14.9	0	0
General Stores	50.9	55.9	46.3	40.2	2.8	3.9
General Merchandise	54.4	58.1	31.0	27.5	14.6	14.3
Department Stores	53.5	57.4	31.1	27.5	15.4	15.1
Dry Goods, Gen'l Mdse.	56.4	61.1	32.1	30.0	11.6	8.9
Apparel	55.0	56.7	38.3	36.9	6.7	6.4
Furniture, Furnishings, and Appliances	30.6	35.1	24.6	28.7	44.8	36.2
Furniture	25.2	28.4	20.6	26.7	54.2	44.9
Household Appliance	41.2	43.5	27.3	28.1	31.6	28.4
Radio	53.1	56.7	34.3	21.7	12.6	21.7
Automotive Group	60.0	65.4	25.1	22.5	15.1	12.1
Motor Vehicle (new and used) dealers	62.6	67.9	24.5	22.0	12.9	10.1
Motor Vehicle (used) dlrs.	55.2	56.3	8.0	8.0	36.8	35.7
Automobile Accessories	39.7	44.3	41.9	42.2	18.4	13.5
Gasoline Service Stations	66.6	70.6	32.6	29.0	.8	.5
Lumber, Building, Hardware	37.8	39.2	57.8	56.9	4.4	3.9
Lumber Yards, Bldg. Mat'l	25.1	22.7	73.5	76.0	1.4	1.3
Hardware	51.5	59.4	41.4	32.1	7.1	8.5
Farm Equipment	50.6	59.3	41.0	35.2	8.3	5.5
Drug and Proprietary Stores	78.6	82.4	21.3	17.5	0	.1

curred. The national charge-account-to-total sales ratio at furniture, furnishings, and appliance stores, for example, exceeded the comparable six-state ratio, the only major grouping in which this occurred. On the other hand, the rate of charge account purchases at District hardware stores was almost one-third again as high as the related United States figure. The variance was even more pronounced at radio stores.

The contrast was much sharper in the case of instalment buying; here, the District ratio of instalment-to-total sales exceeded that of the United States by about one-fifth. Furniture, household appliance, and used car dealers, both in the Southeast and nationally, sold substantially more on instalment than any of the remaining types of business. Surprisingly enough, some food store sales were on instalment.

Charge and instalment receivables grew at a faster rate in the District than in the nation.

The relatively greater importance of credit sales in the District is attested to by the status of receivables. District gains in charge and instalment receivables for all businesses combined at the end of 1948, compared with its inception, were moderately higher than those in the nation. It is note-

PERCENT CHANGES IN RECEIVABLES
JANUARY - DECEMBER 1948

	Charge		Instalment	
	District	U. S.	District	U. S.
Total	+20.2	+17.0	+36.1	+31.2
Food	+32.1	+22.9	+32.3	+23.8
Automotive Group	+22.4	+24.4	+60.3	+61.0
Motor Vehicle (new and used) dealers	+23.6	+25.3	+49.6	+54.0
Motor Vehicle (used) dealers	+100.7	+38.0	+87.3	+64.5
Automobile Accessories	+10.2	+18.2	+73.0	+74.9
General Merchandise	+17.0	+8.8	+43.7	+23.7
Department Stores	+16.1	+8.1	+47.7	+23.7
Dry Goods, Gen'l Merchandise	+20.2	+15.2	+32.1	+21.9
Lumber, Building, and Hardware	+15.7	+20.3	+52.1	+36.4
Lumber Yards, Building Mat'l	+13.7	+19.6	+51.8	+29.4
Hardware	+15.2	+16.5	+46.4	+31.0
Farm Equipment	+32.0	+32.9	+82.8	+34.9
Apparel	+18.7	+12.5	+16.1	+15.4
Eating and Drinking Places	+21.6	+26.0	..	..
Furniture, Furnishings, and Appliances	+20.5	+19.8	+30.7	+32.1
Furniture	+12.9	+16.5	+25.7	+26.8
Household Appliance	+48.2	+25.3	+74.7	+61.1
Radio	+164.9	+42.2	+58.2	+67.3
Gasoline Service Stations	+48.7	+36.7	+43.8	+58.7
Drug and Proprietary Stores	+12.8	+17.3	-31.2	+25.8
General Stores	+13.2	+16.5	+14.2	+36.0
Liquor Stores	+70.0	..	..	..
Other	+18.4	+11.3	+30.9	+26.3

worthy that outside of drug and proprietary stores, no line of business experienced a decline in receivables in 1948.

District increases topped the comparative United States marks in the department store, food, household appliance, and apparel categories, but lagged, among others, in the automotive, lumber and building, and hardware groups. One of the more striking advances in both charge and instalment receivables occurred at District household appliance stores; similar upsurges were recorded nationally.

In conclusion . . .

The progress made in this decade is unparalleled in the economic history of the region. The word "revolutionary" indeed describes most adequately the remarkable advances that have been made. It also implies continuing change as the dramatic initial effects gradually permeate the entire economy. In 1939, the District received 6.3 percent of the national aggregate of income payments to individuals; in 1948, its share rose to 7.6 percent. Higher incomes have raised the region's level of living and have hastened the development of a potentially great market.

Consumer budgets were adjusted to absorb many commodities that heretofore had either small or non-existent markets. Steps in this direction gradually brought the consumption pattern of the District consumer more nearly in line with that of his national counterpart. Undoubtedly, as the South's agriculture continues to become more diversified and mechanized, and as industry becomes more firmly rooted, thereby strengthening the District income position, the disparities between spending patterns in the nation and in the District will narrow further.

BASIL A. WAPENSKY

District Business Conditions

The Inventory Situation

In June, there was a continuation of the moderate month-to-month advance in retail buying at Sixth District department stores that started in March. Part of the June growth may be explained by increased sales of appliances and other household durables released from consumer credit controls. The May seasonally adjusted index of department store sales in the District was 128 percent of the 1947-49 average, a level higher than in any month since July 1950. The increase was not paralleled at stores throughout the country; the May index for the United States was only 108, compared with 103 in April.

Although it is not certain that the improvement in District buying will continue or that it signals a revival in buying throughout the country, the possibility of such a revival has much significance for the District economy. Higher consumer buying is looked for to stimulate production in the many consumer goods industries predominant in the District. So far, there is no evidence that manufacturing employment has picked up or that there has been an expansion in bank credit to finance increased production.

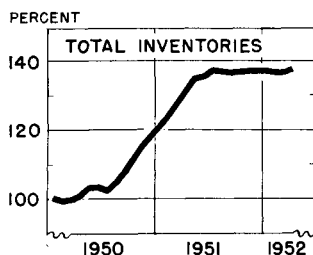
The extent to which a further growth in consumer buying would be translated into orders for products of District textile plants, furniture factories, paper bag manufacturers, and the like, and into increased production and employment, however, depends largely on whether additional orders can be filled out of inventories or whether production must be stepped up to fill demands. Even without increased demands, stepped up production may be necessary to fill orders at the present level of buying if inventory liquidation has gone to sufficient lengths.

The inventory situation is therefore of particular interest because of the rapid accumulation during 1950 at all levels and the continued accumulation of manufacturing inventories during 1951 and 1952. There have been many periods in the economic history of the nation, during which, in response to increased demands and rising prices, goods were produced faster than they were taken off the market, with resulting inventory accumulation. Generally, accumulation starts at the retail level, followed by a growth in wholesale inventories and later by a gain in manufacturing stocks. If sales are not up to expectations, distributors liquidate their inventories by not replacing all goods sold. This process, also starting with retailers, continues with changes in the stocks of wholesalers and then of manufacturers.

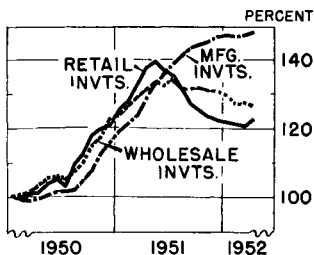
Inventory expansion after the Korean War followed the precedent set during previous boom periods. It has not, however, been followed by a general decline in total inventories. Retail inventories began to decline in June 1951 and wholesale inventories in August of the same year, but manufacturing stocks continued to rise.

A major part of the growth in manufacturing inventories may be explained by efforts to meet the demands of the defense program rather than private demands. Perhaps a better understanding of the current situation can be obtained by examining recent national and District trends in retail and wholesale sales and inventories as well as inventory trends among manufacturers of important Sixth District products sold on a national market.

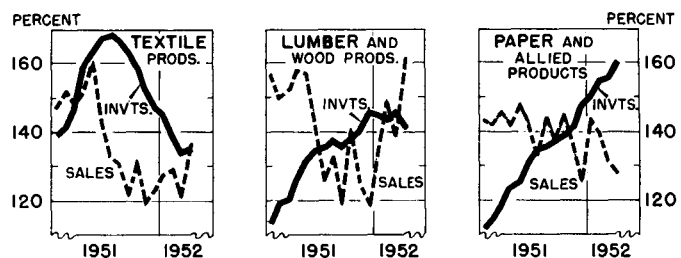
1. Inventories throughout the nation advanced until mid-1951 and have continued high . . .



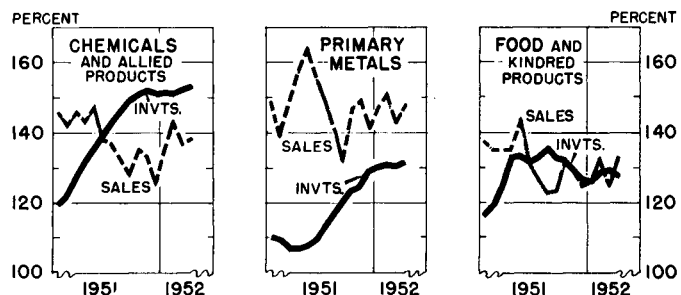
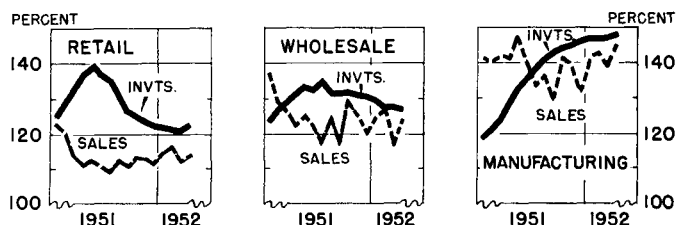
2. Because rising manufacturing stocks have offset the declining retail and wholesale inventories.



4. In manufacturing there are some industries important to the District, moreover, whose inventories have declined.



3. Declines in retail and wholesale sales were followed by declines in inventories.



Retail and Wholesale Stocks

NATIONAL TRENDS Because consumer demand failed to maintain the pace set in the two post-Korea spurts, retailers throughout the country sharply reduced their inventories from the all-time high of May 1951. During the last few months, however, the rate of inventory liquidation has slowed down. The slight April rise in total retail stocks was caused principally by increases in durables, where an easing in the raw material supply situation permitted expanded production.

The reversal in April does not necessarily signalize the attainment of a proper stock-sales balance. Actually, seasonally adjusted stocks averaged higher in relation to sales in the first four months of 1952 than in any other comparable postwar period. Consumer durable goods expenditures in the first four months of this year, for example, rose 5 percent from the like period of 1950. Partly because of this, stocks of housefurnishings climbed 18 percent and of automotive goods almost 50 percent. Nondurable stores, with sales up 16 percent, are evidently in a better position.

Wholesale stocks reached their 1951 peak in July, two months after retail stocks. The subsequent decline, moreover, was considerably slower than at retail, probably in part because the rate of accumulation was smaller. Although wholesale inventories continued to decline through April this year, the total for the first three months was about equal to that for the same period last year. This was because the smaller stocks of non-durables were offset by larger supplies of durables.

DISTRICT TRENDS In the District, department store stock movements at retail paralleled those in the nation, although the peak in the District was reached a month earlier and the descent was more erratic. Seasonally adjusted department store stocks were down 16 percent in May from the April 1951 all-time high, but were still above any other month on record prior to September 1950.

Preliminary sales data for June indicate a continuation of the rising trend that started in March. For the year through June 21, sales were up 4 percent from the same period in 1951. In response, department store stocks, which in the postwar period have tended to lag about a month behind movements in sales, advanced in May from April. Outstanding orders rose modestly in April and May from the year-ago marks for the first time in ten months.

A relatively steady consumer demand, bolstered by continued high incomes and price stability, has enabled both wholesale and retail merchants to gradually ease out of an uncomfortable stocks situation, especially in the nondurable lines. Although inventory liquidation of nondurables by retailers may be just about over, additional readjustments will be necessary in durables since these items at wholesale and retail still seem out of line with sales.

Manufacturing Inventories

Compared with movements over the last few years, recent changes in national sales and inventories of the most important products manufactured in the District suggest that inventories are still high in relation to sales. Consequently, a moderate increase in consumer demand could be met without a noticeable rise in employment and production.

The textile industry is the only important District industry whose inventories in relation to sales are lower than in mid-1951. This industry, which has experienced declining

Sixth District Indexes

All indexes, except the Consumers Price Index, are based on the 1947-49 average.

DEPARTMENT STORE SALES AND STOCKS*

Place	Adjusted**			Unadjusted		
	May 1952	April 1952	May 1951	May 1952	April 1952	May 1951
DISTRICT SALES	128	115r	108r	123	118r	104r
Atlanta ¹	133	110r	103r	126	112r	98r
Baton Rouge	103	93r	91	107	98	95
Birmingham	108	112	99	111	109	102
Chattanooga	127	116	115	127	116	115
Jackson	115	110	108	114	114	106
Jacksonville	112	108	97	119	111	103
Knoxville	117	109	112	118	118	113
Macon	140	121r	115	134	122	110
Miami	132	116	119	114	120	102
Nashville	108	112	103	119	118	114
New Orleans	119	103	101	112	109	95
Tampa	118	117	102	111	119	96
DISTRICT STOCKS	126	125r	146	127	132	148

¹In 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.

GASOLINE TAX COLLECTIONS

Place	Adjusted**			Unadjusted		
	May 1952	April 1952	May 1951	May 1952	April 1952	May 1951
SIX STATES	153	146	140	155	150	141
Alabama	149	139	128	152	141	131
Florida	153	155	133	154	166	134
Georgia	150	139	147	150	143	147
Louisiana	170	148	153	157	146	150
Mississippi	171	162	163	167	165	160
Tennessee	154	140	135	154	142	135

COTTON CONSUMPTION*

Place	May 1952	April 1952	May 1951
TOTAL	105	101	130
Alabama	104	95	120
Georgia	105	105	136
Mississippi	111	98	127
Tennessee	101	103	127

ELECTRIC POWER PRODUCTION*

	April 1952	March 1952	April 1951
SIX STATES	149	157	135
Hydro-generated	110	153	126
Fuel-generated	185	160	144

MANUFACTURING EMPLOYMENT

Place	April 1952	March 1952	April 1951
SIX STATES	107	107	106
Alabama	105	106	99
Florida	120	122	116
Georgia	110	110	111
Louisiana	97	96	97
Mississippi	110	107	110
Tennessee	105	105	106

CONSTRUCTION CONTRACTS

Place	May 1952	April 1952	May 1951
DISTRICT	182	212	196
Residential	197	196	185
Other	171	225	205
Alabama	150	134	226
Florida	169	191	192
Georgia	242	226	223
Louisiana	160	147	135
Mississippi	218	129	152
Tennessee	168	342	197

CONSUMERS PRICE INDEX
1935-39 = 100

Item	May 1952	April 1952	May 1951
ALL ITEMS	194	194	191
Food	228	229	230
Clothing	208	209	210
Fuel, elec., and refrig.	143	144	143
Home furnishings	204	205	208
Misc.	175	174	166
Purchasing power of dollar . . . . .	.52	.52	.52

ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS

	May 1952	April 1952	May 1951
Unadjusted	21.8	22.5	23.6
Adjusted**	23.6	22.7	25.6
Index	123.0	118.0	133.0

CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*

	May 1952	April 1952	May 1951
Unadjusted	n.a.	132	129
Adjusted**	n.a.	130	131

*Daily average basis

**Adjusted for seasonal variation

r Revised

n.a. Not available

sales since last July, has managed to cut inventories to a greater extent than sales have declined. Paper and allied products sales fell off, but inventories increased considerably. In the primary metals industry—the District manufacturing industry most directly affected by the defense program—inventories rose steadily while sales remained fairly constant. The inventories-to-sales ratios for the chemicals, lumber, and food products industries, other important Sixth District employers, remained relatively high.

The ratio of inventories-to-sales at the manufacturing level may be considered as one rough measure of the reaction to economic developments to be expected in the next few months. The ratios in the first quarter of this year for all but the primary metals group are higher than the average for the last five years. On the basis of the inventories-sales relationship alone, the response in employment and output to a pick-up in retail textile sales might be sluggish. Output in the paper products industry is less likely to respond quickly to new orders than it did last summer. Lumber inventories in relation to sales, on the other hand, are only slightly above the 1947-51 average, and any rise in the already high level of construction activity would likely be met by an early increase in output.

Supplies of Agricultural Products

Stocks of most farm products are at about the same level as they were a year ago. At the beginning of May, about 4.6 million bales of cotton were in consuming establishments and public storage, compared with 4.8 million bales last May. Stocks of the major feed grains were 16 percent smaller on April 1 than they were a year earlier. Heavy feeding more than offset a lighter export movement, with the result that the carry-over of feed grains will be about one-third smaller at the end of this feeding season than at the end of the 1951 season. Total stocks, however, are larger than in most years prior to 1949.

In April, tobacco stocks were about 10 percent larger than in April 1951, but domestic consumption for the year ending June 1952 will be one of the largest on record. Despite the smaller crop in 1952, April peanut stocks were only 4 percent less than in April 1951. Because of the record production of broilers, storage stocks of poultry were up 33 percent and were 24 percent above the April average for 1947-51. Output of frozen concentrate from Florida oranges has been extremely heavy during the current season, and April stocks of frozen orange juice were 129 percent higher than in April 1951.

The largest amount of pork ever reported in storage was recorded on April 30, when supplies exceeded the April 1951 level by about one-fourth and were about 50 percent greater than average. Stocks of beef on April 30 were 91 percent larger than in April of last year, and were larger than for any April since 1944. April stocks of all meats, at 1.2 billion pounds, were the largest for April since 1920.

Farm product inventories consist of products owned by farmers, by the Commodity Credit Corporation, and by handlers and processors in regular channels of trade. The accumulation of inventories by the CCC probably is most nearly comparable to the involuntary accumulations that

Sixth District Statistics

Lender	No. of Lenders Reporting	Volume		Outstandings	
		Percent Change May 1952 from		Percent Change May 1952 from	
		April 1952	May 1951	April 1952	May 1951
Federal credit unions	39	+22	+34	+4	+14
State credit unions	17	+24	+54	+6	+20
Industrial banks	10	+6	+10	+3	+10
Industrial loan companies	12	+24	+7	+1	+6
Small loan companies	32	+15	+33	+3	+16
Commercial banks	31	+16	+35	+3	+4

Item	Number of Stores Reporting	Percent Change May 1952 from	
		April 1952	May 1951
Total Sales	128	+33	+45
Cash sales	113	+19	-9
Instalment and other credit sales	113	+42	+57
Accounts receivable, end of month	121	+8	+24
Collections during month	121	+7	+12
Inventories, end of month	91	-5	-9

Type of Wholesaler	No. of Firms Reporting	Sales		Inventories		
		Percent Change May 1952 from		Percent Change May 31, 1952, from		
		April 1952	May 1951	April 30 1952	May 1951	
Automotive supplies	5	+1	+3	4	+10	+3
Electrical—Full line	3	-8	+10	3	..	..
" Wiring supplies	3	-13	-34	5	+8	+23
" Appliances	6	+23	+36	3	-14	-34
Hardware	12	+4	-1	8	+4	-14
Industrial supplies	12	+29	-6	3	-3	-1
Jewelry	4	-23	-4	3	-6	-15
Lumber and bldg. mat'ls	6	+1	-24	5	+19	+17
Plumbing & heating supplies	4	+6	-21	3	+1	+5
Confectionery	5	0	+8	..	..	..
Drugs and sundries	8	-6	+2	..	..	..
Dry goods	16	-3	-0	12	-3	-24
Groceries—Full line	41	+1	+3	30	-6	-11
" Voluntary group	3	-1	+9	..	..	..
" Specialty lines	10	-9	-7	5	-12	+1
Tobacco products	11	+3	+5	7	+2	+10
Miscellaneous	12	+7	-1	13	+0	+1
Total	161	+2	-0	101	-1	-11

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

Place	Sales			Inventories	
	Percent Change		Yr.-to-Date 1952-1951	Percent Change	
	May 1952 from April 1952	May 1951		May 31, 1952, from April 30 1952	May 1951
ALABAMA	+9	+14	+6	-4	-12
Birmingham	+6	+9	+4	-5	-10
Mobile	+12	+23	+12	..	..
Montgomery	+12	+14	+6	..	..
FLORIDA	-1	+14	+3	-1	-5
Jacksonville	+12	+15	+4	-3	+0
Miami	-1	+11	-1	+1	-10
Orlando	+6	+17	+2	..	..
St. Petersburg	-21	+12	+7	-2	-1
Tampa	-4	+15	+8	..	..
GEORGIA	+16	+30	+3	-6	-19
Atlanta**	+17	+29	-0	-8	-24
Augusta	+16	+57	+26	..	..
Columbus	+16	+27	+5	-6	-10
Macon	+14	+25	+3	-4	-8
Rome**	+2	+15	-1	..	..
Savannah**	+13	+33	+16	..	..
LOUISIANA	+7	+18	+7	-0	-21
Baton Rouge	+13	+12	+1	-7	-22
New Orleans	+6	+18	+7	+1	-21
MISSISSIPPI	+4	+6	+3	-5	-15
Jackson	+4	+6	+3	-4	-17
Meridian**	+5	+6	-0	..	..
TENNESSEE	+7	+5	+1	-6	-14
Bristol**	+10	+3	-5	-2	-6
Bristol-Kingsport-Johnson City**	+7	+1	-6	..	..
Chattanooga	+14	+10	+1	..	..
Knoxville	+4	+4	-2	-0	-18
Nashville	+5	+5	+6	-8	-14
DISTRICT	+8	+18	+6	-4	-14

*Includes reports from 122 stores throughout the Sixth Federal Reserve District.
 **In order to permit publication of figures for this city, a special sample has been constructed which is not confined to department stores. Figures for any such non-department stores, however, are not used in computing the District percentage changes.

occur at the manufacturing and retail levels of trade and industry. From June 30, 1951, to June 30, 1952, the value of CCC inventories acquired by price-supporting activities declined by about one-third. There is no indication of any important changes in the inventories of products in the hands of processors and handlers. Farmers have increased their inventories of cattle significantly, but there have been no important changes in farmer-owned inventories of other farm commodities. In general, it appears that farm product inventories are in line with the high levels of production and consumption of farm products.

Business Inventory Loans

So far this year, borrowing from banks by District retailers appears to be following normal seasonal trends. At the member banks in leading cities that report changes in loans by type of borrower, loans to retailers declined in January as a result of the repayment of loans contracted earlier to finance inventories accumulated for the heavy sales made during the last part of 1951. Such loans rose from February through April, however, as borrowing increased to finance spring sales, but by the middle of June they had again declined to a level below that of the first of the year. Nevertheless, loans to retailers were somewhat higher at these banks than they were a year earlier.

Wholesale concerns borrowing from the same banks, however, still had outstanding loans that exceeded those at the first of the year by 2 million dollars and those at mid-June last year by 6 million dollars.

Loans to District manufacturing concerns reflect the high inventories held by manufacturers. At the District banks reporting changes in loans by type of borrower, loans to manufacturing and mining concerns expanded through the middle of April, at which time they were approximately 20 million dollars greater than at the first of the year. Since that time, loans to manufacturing and mining concerns other than those producing metals and metals products have declined so that on June 11 such loans were only 14 million dollars greater than at the first of the year. Compared with a year earlier, total loans at mid-June were up despite a decline in loans to the textile, apparel, and leather groups. The data, of course, do not indicate how much of this growth is explained by the need to finance inventories, but no doubt this need has been of considerable importance.

Implications

The preceding review indicates there is still some slack that could be taken up before a moderate increase in consumer demand would be translated into increased production. The inventories of District manufacturers, however, are in better balance in relation to sales than are the inventories of manufacturers throughout the nation as a whole. If a further increase in consumer demand occurs, therefore, production could respond more quickly in the District than elsewhere. Although it is possible that liquidation of retail and wholesale inventories may be nearing an end, the whole inventory picture, including supplies of agricultural products, in itself, has more deflationary than inflationary elements.

Sixth District Statistics

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

Item	June 25 1952	May 28 1952	June 27 1951	Percent Change June 25, 1952, from	
				May 28 1952	June 27 1951
Loans and investments—					
Total	2,776,925	2,744,434	2,509,139	+1	+11
Loans—Net	1,121,016	1,088,220	1,095,401	+3	+2
Loans—Gross	1,140,862	1,108,043	1,113,541	+3	+2
Commercial, industrial, and agricultural loans	638,530	637,888	632,001	+0	+1
Loans to brokers and dealers in securities	15,769	10,830	13,637	+46	+16
Other loans for pur- chasing and carrying securities	36,240	32,969	36,536	+10	—1
Real estate loans	91,388	90,464	96,057	+1	—5
Loans to banks	9,700	2,656	12,989	*	—25
Other loans	349,235	333,236	322,321	+5	+8
Investments—Total	1,655,909	1,656,214	1,413,738	—0	+17
Bills, certificates, and notes	752,183	762,718	567,079	—1	+33
U. S. bonds	653,704	644,159	620,610	+1	+5
Other securities	250,022	249,337	226,049	+0	+11
Reserve with F. R. Banks	504,995	512,688	470,462	—2	+7
Cash in vault	48,421	48,482	46,652	—0	+4
Balances with domestic banks	214,244	204,275	189,404	+5	+13
Demand deposits adjusted	2,074,837	2,081,726	1,901,760	—0	+9
Time deposits	549,908	546,634	518,272	+1	+6
U. S. Gov't deposits	128,398	83,289	102,237	+54	+26
Deposits of domestic banks	548,332	530,865	474,287	+3	+16
Borrowings	18,200	42,000	6,900	—57	*

*Over 100 percent.

DEBITS TO INDIVIDUAL BANK ACCOUNTS

(In Thousands of Dollars)

Place	May 1952	April 1952	May 1951	Percent Change		Yr.-to-Date from 1951
				May 1952 from April 1952	May 1952 from May 1951	
ALABAMA						
Anniston	30,402	28,392	30,058	+7	+1	+3
Birmingham	441,050	446,825	408,402	—1	+8	+8
Dothan	18,148	16,936	17,678	+7	+3	—1
Gadsden	24,064	22,417	22,203	+7	+8	+1
Mobile	167,311	156,781	158,159	+7	+6	+2
Montgomery	100,128	93,400	86,507	+7	+16	+2
Tuscaloosa*	30,968	28,526	31,534	+9	—2	—2
FLORIDA						
Jacksonville	396,066	375,055	380,395	+6	+4	+4
Miami	337,194	352,647	305,476	—4	+10	+7
Greater Miami*	527,138	557,758	478,910	—5	+10	+8
Orlando	86,581	85,175	75,986	+2	+14	+8
Pensacola	50,392	48,010	47,759	+5	+6	+13
St. Petersburg	88,475	89,361	76,153	—1	+16	+9
Tampa	170,534	177,016	164,118	—4	+4	+2
GEORGIA						
Albany	34,161	33,728	30,922	+1	+10	+8
Atlanta	1,093,403	1,131,726	1,078,398	—3	+2	+3
Augusta	93,865	90,444	88,225	+4	+6	+12
Brunswick	12,178	12,968	12,376	—6	—2	+4
Columbus	80,188	78,998	76,097	+1	+5	+10
Elberton	3,713	4,668	4,403	—20	—16	—0
Gainesville*	24,694	23,434	21,342	+5	+16	+14
Griffin*	13,689	12,876	12,640	+6	+8	+3
Macon	79,787	80,681	80,774	—1	+1	+4
Newnan	10,532	11,201	11,428	—6	—8	+1
Rome*	23,785	22,597	24,203	+5	—2	—7
Savannah	127,890	115,860	114,730	+10	+11	+5
Valdosta	17,744	15,796	14,078	+12	+26	+19
LOUISIANA						
Alexandria*	45,206	47,831	40,182	—5	+12	+9
Baton Rouge	112,525	120,816	114,044	—7	—1	+2
Lake Charles	53,992	51,043	45,397	+6	+19	+11
New Orleans	903,083	875,495	829,826	+3	+9	+9
MISSISSIPPI						
Hattiesburg	20,325	19,287	19,273	+5	+5	+5
Jackson	170,974	172,175	158,335	—1	+8	+5
Meridian	32,235	30,541	30,250	+6	+7	—0
Vicksburg	30,110	30,907	25,022	—3	+20	+28
TENNESSEE						
Chattanooga	180,154	178,684	180,042	+1	+0	+1
Knoxville	121,985	117,942	134,125	+3	—9	—10
Nashville	395,227	410,845	398,149	—4	—1	+8
SIXTH DISTRICT						
32 Cities	5,484,416	5,475,820	5,215,788	+0	+5	+5
UNITED STATES						
342 Cities	135,955,000	139,141,000	130,700,000	—2	+4	+4

*Not included in Sixth District totals.