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FEDERAL RESERVE BANK OF ATLANTA

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Sources of Farm Real Estate Credit

Since the end of World War II, farmers have been using increasingly large amounts of real estate credit, or credit secured by mortgages on farm land or on real property. At the beginning of this year, institutional lenders in the Sixth District states held 51 percent more farm mortgage loans, in terms of dollar volume, than they held in 1945.

Although banks have provided a large share of this increase, some of them are now at a point where they must be more selective in the granting of this type of credit. Banks, of course, have a great opportunity of rendering an even better service to agriculture by concentrating on the kinds of real estate loans they are best fitted to make. How well farmers' needs are met and how successful bank lending programs are will depend partly upon the performance of other lenders such as insurance companies and Federal agencies.

Performance of Nonbank Lenders

Insurance companies have been in the farm mortgage field longer than any other institutional lender except commercial banks. Although insurance companies have tended to concentrate their business in the Middle West, where a heavy volume of large-size loans was available, they were active in some Sixth District states even before World War I. As early as 1912, the volume of farm mortgages recorded by insurance companies in the Southeast was 20 percent of the total recorded by all institutional lenders. The farm land boom that accompanied World War I was particularly pronounced in this area and, as in other farming areas, was characterized by a rapid increase in farm mortgage debt.

During the early part of this land boom, banks and individuals were the principal farm real estate lenders, but after the decline in farm product prices in 1921, insurance companies began to take an increasing amount of the business. Farm mortgage recordings in the Southeast by insurance companies reached a peak in 1923 and stayed near that level through 1924; recordings by banks and individuals declined steadily from 1921 to 1924. Much of the insurance company business in this period consisted in the refinancing of loans held by banks and individuals.

Because the decline in cotton prices coincided with the arrival of the boll weevil, lending by insurance companies in the Southeast had a very inauspicious beginning. Georgia in particular was one of the trouble spots. By the late twenties, the rate of default on life insurance company loans in that state was one of the highest in the nation. Insurance companies slowed down in their lending activity during this period, but continued to maintain a fairly stable volume of loans until the early 1930's. The collapse of cotton prices in the early thirties resulted in large numbers of foreclosures and distress transfers and marked the end of extensive lending activity in the Southeast by these lenders until after 1945.

The performance of the Federal lending agencies from the beginning of World War I to the end of World War II was almost exactly the opposite of the insurance companies. During periods when insurance companies were curtailing their lending activities and liquidating their investments in farm mortgages, the Federal land banks and the Federal Farm Mortgage Corporation were expanding their lending activities. From 1930 to 1935, for example, the volume of farm real estate mortgages held by insurance companies in the District states declined 45 percent, whereas the volume held by Federal agencies increased 39 percent.

When they were first established, Federal agencies were intended to provide a means for capital deficient areas to tap the national pool of capital more effectively and thus obtain farm mortgage credit more easily and upon more favorable terms. Since the Southeast has always been a capital deficient area, it seems reasonable to expect Federal agencies to be a more important source of mortgage credit in this area than for the country as a whole. During the first decade of the operation of the Federal farm mortgage credit system, this was true. In 1923, Federal land bank loans were a much larger proportion of total loans in the Southeast than elsewhere. By 1940, however, real estate loans held by Federal agencies were about the same proportion of total loans in the Southeast as in other parts of the nation. Throughout most of its history, the Federal farm real estate credit system has been primarily a lender of last resort that was most active in periods of agricultural distress rather than a means of changing the structure of the capital market.

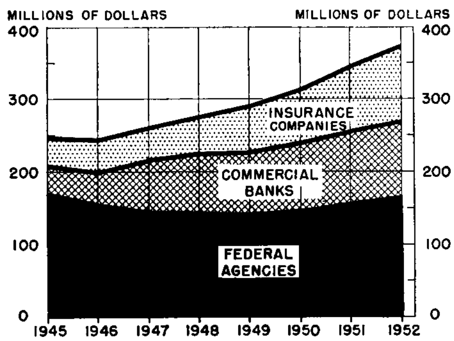
Significant Current Trends

During World War II the principal change in the real estate credit situation in the District was the reduction of total debt. Each of the main institutional lenders held about the same proportion of the total debt in 1945 that they held in 1940. The rapid rise in farm mortgage debt in the District since 1945, however, has been characterized by pronounced changes in the relative importance of the main institutional lenders as suppliers of credit. From 1945 to 1952 loans held by Federal agencies declined 5 percent and these agencies' share of the total debt held by institutional lenders declined from 69 percent to 44 percent. Insurance company loans increased 149 percent and their share of the total increased from 17 percent to 28 percent. Bank-held farm mortgage debt increased 215 percent and banks' share of the total increased from 14 to 28 percent.

These shifts in sources of farm real estate credit closely resemble those that occurred after the First World War. Banks again accounted for most of the increase in debt in the first three years after the war, and in the last two or three years insurance companies have accounted for most of the gain.

The increasing importance of insurance companies and the declining importance of the Federal agencies are related to trends within District agriculture as well as to lending and investment policies of the two groups of lenders. The most significant trends within District agriculture are the large postwar increase in land values, the increase in the average size of the farm business, and the growth of a livestock industry based on improved pastures. These developments have created a greater demand for large-size real estate loans in a relatively stable system of farming. It is this type of loan that is most attractive to insurance companies.

FARM MORTGAGE DEBT OUTSTANDING
SIXTH DISTRICT STATES



The increase in land values and the demand for larger loans, on the other hand, have tended to restrict lending by Federal agencies. Federal land banks base their appraisals upon a "normal agricultural value" which is considerably lower than present market values. As a result they usually cannot make as large a loan on a particular farm as can an insurance company. During 1951 in 17 counties in Southwest Georgia, for example, four insurance companies loaned an average of 24 dollars an acre, whereas Federal land bank loans averaged only 15 dollars an acre.

In contrast to the Federal land banks that obtain money for lending only as needed by the sale of bonds, the insurance companies have a large annual accumulation of money that must be profitably invested. As a result of the pressure to find profitable investments, they actively seek to develop markets for their funds. Their increased business in the District since the war probably is more attributable to their increased aggressiveness than to any other factor.

Companies that had made a few farm mortgage loans in the area have opened new offices, added personnel, and increased their local contacts. Others that formerly made only urban real estate loans have established farm mortgage loan departments. Lending has also been extended to areas within the District where few, if any, loans were made at the end of the war. In 1945, for example, insurance companies held less than half a million dollars of farm mortgage loans in Florida, but at the beginning of this year they had more than 25 million. In addition, loans are now being made on types of farming that formerly were excluded. One example is the program developed by some companies to finance tree farming.

Methods of Operation

The procedures followed by Federal agencies are essentially the same throughout the country. Federal land bank loans are made through local national farm loan associations that are controlled by farmer members. All loans are amortized; there are no repayment penalties; the borrower must purchase land bank stock equal to 5 percent of the amount of the loan; a loan may not exceed 65 percent of the normal appraisal value; and no one farmer can borrow more than 100,000 dollars. The borrower pays the fees for appraisals, attorneys, recordings, and surveys. About 60 days are normally required to close a loan.

Although the Farmers Home Administration holds a considerable volume of real estate loans in the District, its program cannot be expanded appreciably under existing legislation. Furthermore, most of these loans are not of a type that is attractive to other institutional lenders.

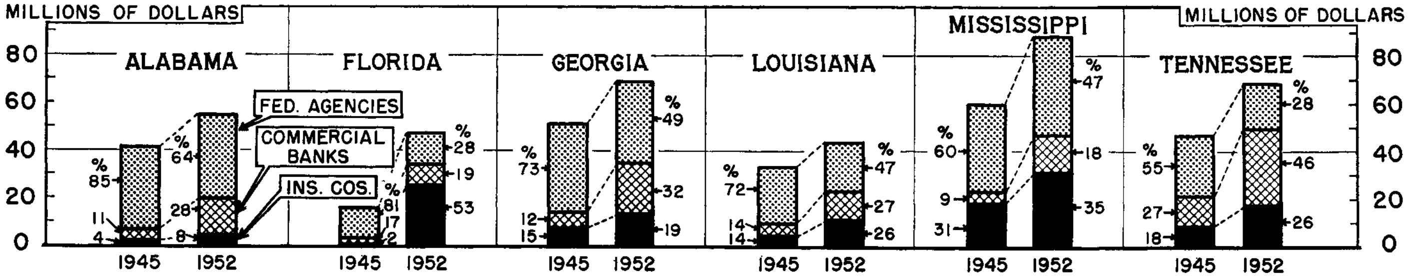
Because of differences in policies and in organizational structures, insurance companies do not follow any one pattern in their methods of operating. Most loans are obtained through local real estate brokers or by company agents and are processed through a regional office. For loans obtained through the efforts of brokers, farmers, bankers, or other individuals, it is customary to pay a finders fee. The borrower is charged the closing costs. Most loans are closed within two or three weeks, or even less time. Loans are on an amortized basis and in most instances the terms do not exceed twenty years. Usually, repayment practices permit maximum repayments of one-fifth of the principal each year for the first five years without penalty. Unlike the Federal agencies that charge the same rate for all loans, most insurance companies charge higher rates for the smaller loans. There is no maximum limit on size of loans, but most companies are very reluctant to make loans for less than 5,000 dollars. Loans to mature in less than ten years are also avoided if possible, unless they are very large.

One of the most striking differences between the operations of insurance companies and Federal agencies is that the latter will make loans in practically every county and community, whereas the insurance companies usually lend only within selected geographical areas. In order to keep loan acquisition and service costs low enough to make the business profitable, insurance companies must maintain a certain minimum volume of loans within a given area. These loans, furthermore, must be above average in size and on farms that do not carry unusual risks. This means that insurance companies must confine their lending activities to areas that have a large proportion of the more fertile soils and farms that are above average in size. For these reasons, insurance company lending in the District has been concentrated in the central basin of Tennessee, the limestone valleys of North Alabama, the alluvial soils section of Louisiana, South Georgia, and central and southern Florida.

These differences between insurance companies and Federal agencies are more significant in an area such as the Sixth District than in some other areas. A large proportion of District farms are small, which limits the effectiveness of insurance companies as a source of credit.

From the farmer's standpoint there are advantages and disadvantages to the methods used by both types of lenders. The low loan values resulting from the appraisal method used is probably the most serious disadvantage to the system followed by the land banks. Their reluctance to make small

FARM MORTGAGE DEBT HELD BY INSTITUTIONAL LENDERS



loans and the almost complete lack of service in some areas are the main disadvantages to the system followed by the insurance companies. The insurance companies can offer faster service, but their rates are higher, especially on the smaller loans. The stock-purchase requirement is a drawback to the land bank procedure, but the repayment option is more liberal than that of the insurance companies.

In evaluating the two main nonbank sources of farm real estate credit, the long-run trends in District agriculture probably should be given greater weight than the current likes and dislikes of farmers. As was mentioned earlier, the average increase in size of the farm business and the shift toward livestock has encouraged the expansion of insurance company lending. Representatives of the insurance companies mention this factor most often in explaining their companies' renewed interest in lending to District farmers. The available evidence indicates that this trend in the area's agriculture will continue, in which case, the policies and methods now used by the insurance companies will be more suitable than they are now.

If the trend toward larger farms and livestock continues, however, small-scale farmers who are not able to increase the size of their businesses will probably continue to drop out of the main stream of commercial agriculture. Under these conditions, the demand for small, low-interest rate loans such as are now provided by the Federal agencies may diminish. The need for larger-sized loans has already been recognized by the land banks, and studies are now under way which will lead to a revision of lending practices that will reflect changes in farming practices and in the long-term needs of the various types of agriculture.

Lender Specialization

Although real estate loans are made for a wide variety of purposes, the purposes may be grouped under three main headings—to refinance existing debt, to finance farm transfers, and to develop and improve farms. At present all three groups of institutional lenders are making all three types of loans. This situation probably will continue, but there are undoubtedly opportunities for greater specialization which could result in a smaller area of competition between lenders and a better service to farmers.

The farmer who borrows to buy a farm, for example, usually would want a relatively large sum for a relatively long period. He would be greatly interested in the lower interest rate and longer loan period usually offered by a nonbank lender. Against these factors the faster service and lower closing costs offered by a bank would be unimportant. For the farmer who wished to borrow a few thousand dollars for three or four years to improve his farm, however, the fast service, low closing costs, and flexibility of the bank loans would be very attractive.

Some insurance companies and bankers have already embarked on a program to divide the farm loan business in the banks' trade territory along lines that appear to be mutually beneficial. In a few instances in the District this is done through a "bank plan" sponsored by the insurance company. Under this type of plan, the bank makes the loan but must assign it to the insurance company within two years. Since the insurance company binds itself to accept the loan any time within the two-year period, the bank is assured that the portion of its mortgage loans made under the assignment arrangement will never become frozen. The bank, of course, may continue to make real estate loans on its own account that are not covered by the assignment contract.

Most of the bank-insurance company cooperation in the District, however, is on an informal basis, and the bank merely places the prospective borrower in touch with the insurance company representative. With either procedure, the bank usually gets the farmer's operating credit business and keeps him coming through bank doors for all his financial services. Many of the loan applications now being received by insurance companies are from farmers who have been improving their farms and adding livestock through non-real estate credit at banks. Often the bank needs the additional security of a real estate mortgage if it is to continue to increase the line of credit. In many cases there is a small real estate mortgage that is held by an individual or some lender other than the bank. The bank, in order to secure the operating credit by a real estate mortgage, would also have to take up the outstanding mortgage. If the insurance company lends enough for the farmer to repay the existing mortgage and part of the operating credit, it is often possible for the bank to continue with the farmer in his expansion program.

The farm mortgage credit system available to District farmers now appears to be more adequate to meet present and future needs than at any time since the early 1920's. The scope and the nature of the increased lending activity by insurance companies since the war indicate that they will be important and permanent factors in making available funds from capital surplus areas for investment in District agriculture. When this source is added to the Federal system that is designed to provide greater mobility of farm mortgage credit and to funds available locally through commercial banks, all the ingredients for an adequate credit system seem to be present. The only question appears to be how these lenders can best work together to promote agricultural progress with the greatest profit and safety to themselves.

BROWN R. RAWLINGS

Sixth District Indexes

1947-49 = 100

DEPARTMENT STORE SALES AND STOCKS*

Place	Adjusted** Aug. 1952	July 1952	Aug. 1951	Unadjusted Aug. 1952	July 1952	Aug. 1951
DISTRICT SALES	131	120	113r	115	96	100r
Atlanta[1]	123	119	107r	126	92	109r
Baton Rouge	111	101	95	99	88	84
Birmingham	119	94	108r	105	80	95
Chattanooga	124	117	106r	110	98	94
Jackson	119	108	107r	106	85	95
Jacksonville	114	107	105	100	91	91
Knoxville	120	98	113	108	88	101
Macon	156	125	135	128	99	110
Miami	141	123	122	103	91	89
Nashville	114	109	105	104	86	95
New Orleans	129	121	116	114	97	102
Tampa	122	116	109	102	99	92
DISTRICT STOCKS	129	129	144	127	121	141

[1]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.

GASOLINE TAX COLLECTIONS

Place	Adjusted** Aug. 1952	July 1952	Aug. 1951	Unadjusted Aug. 1952	July 1952	Aug. 1951
SIX STATES	154	149	140	152	146	139
Alabama	145	145	136	146	142	138
Florida	147	150	130	142	139	127
Georgia	146	148	136	149	143	138
Louisiana	157	155	145	159	152	147
Mississippi	161	163	150	166	159	155
Tennessee	157	147	137	158	148	139

COTTON CONSUMPTION*

Place	Aug. 1952	July 1952	Aug. 1951
TOTAL			
Adjusted	105	84	115
Unadjusted	109	99	120
Alabama	107	81	115
Georgia	103	86	117
Mississippi	125	101	113
Tennessee	101	82	108

MANUFACTURING EMPLOYMENT

Place	July 1952	June 1952	July 1951
SIX STATES			
Unadjusted	105	105	106
Adjusted	107	106	108
Alabama	93	93	103
Florida	111	115	107
Georgia	109	110	112
Louisiana	102	102	99
Mississippi	110	110	108
Tennessee	107	107	105

CONSUMERS PRICE INDEX***

Item	Aug. 1952	July 1952	Aug. 1951
ALL ITEMS	199	197	191
Food	241	238	231
Clothing	208	207	211
Fuel, elec., and refrig.	144	143	143
Home furnishings	204	205	202
Misc.	175	175	166
Purchasing power of dollar	.50	.51	.52

ELECTRIC POWER PRODUCTION*

	July 1952	June 1952	July 1951
SIX STATES	154	154	131
Hydro-generated	78	90	87
Fuel-generated	224	203	172

CONSTRUCTION CONTRACTS

	Aug. 1952	July 1952	Aug. 1951
DISTRICT	218	237r	145
Residential	192	196r	175
Other	237	268r	122
Alabama	264	220	156
Florida	231	222	114
Georgia	209	291	79
Louisiana	319	160	174
Mississippi	106	125	380
Tennessee	217	277	131

ANNUAL RATE OF TURNOVER OF DEMAND DEPOSITS

	Aug. 1952	July 1952	Aug. 1951
Unadjusted	20.7	20.7	20.7
Adjusted**	23.0	21.8	23.0
Index**	119.4	113.2	119.4

CRUDE PETROLEUM PRODUCTION IN COASTAL LOUISIANA AND MISSISSIPPI*

	Aug. 1952	July 1952	Aug. 1951
Unadjusted	135	134	129
Adjusted**	135	134	129

*Daily average basis
**Adjusted for seasonal variation
***1935-39 = 100
r Revised

Changing Character of District Manufacturing Employment

Manufacturing employment in the Sixth District states has been relatively stable at a high level during the last eighteen months. Low rates of growth or slight declines in certain types of manufacturing have been offset by expansions in others. These expansions have been partly in response to the demands of the defense program, but they can also be traced to the longer-term industrial trends that have been gradually bringing greater industrial diversification to the District.

According to the chart on the recently revised index of manufacturing employment in the District states, such employment is now averaging 35 to 40 percent higher than in 1939 and 5 to 7 per cent above the 1947-49 average. As the charts on the opposite page show, however, the rates of growth have differed markedly between states and between industries.

Although the rapidly expanding industries have gained in importance, relative to total employment, they are still overshadowed by the textile and lumber industries so far as the number of workers is concerned. Textile plants in District states still employ about 20 percent of the total workers and the lumber and wood products industry about an equal proportion. Nevertheless, as the result of the growth in other types of manufacturing, there is less concentration of employment in these two industries than in 1947.

For the last two years, the defense program has added employment in such industries as the fabricated metal products, including ordnance, and in transportation equipment, including aircraft and parts and shipbuilding as well as automobile manufacturing. Substantial portions of these expansions, however, cannot be traced directly to defense demands. There has also been a growth in the nondurable goods industries employment, such as paper and allied products, food and kindred products, and the apparel industries.

The monthly index of manufacturing employment for the Sixth District states is currently computed from estimates released by the departments of labor, or similar organizations, in each state. For most states, comparable monthly estimates extend as far back as January 1943. For previous years, estimates by the Bureau of Labor Statistics have been statistically adjusted to bring them as much as possible into conformity with current ones.The monthly indexes have been adjusted to eliminate seasonal variations in order to make month-to-month comparisons more meaningful.

Indexes for manufacturing employment by states and by major industrial classifications were computed from the same figures. These indexes are not adjusted for seasonal variation; consequently, part of the apparent decline or growth may be merely the result of seasonal influences.

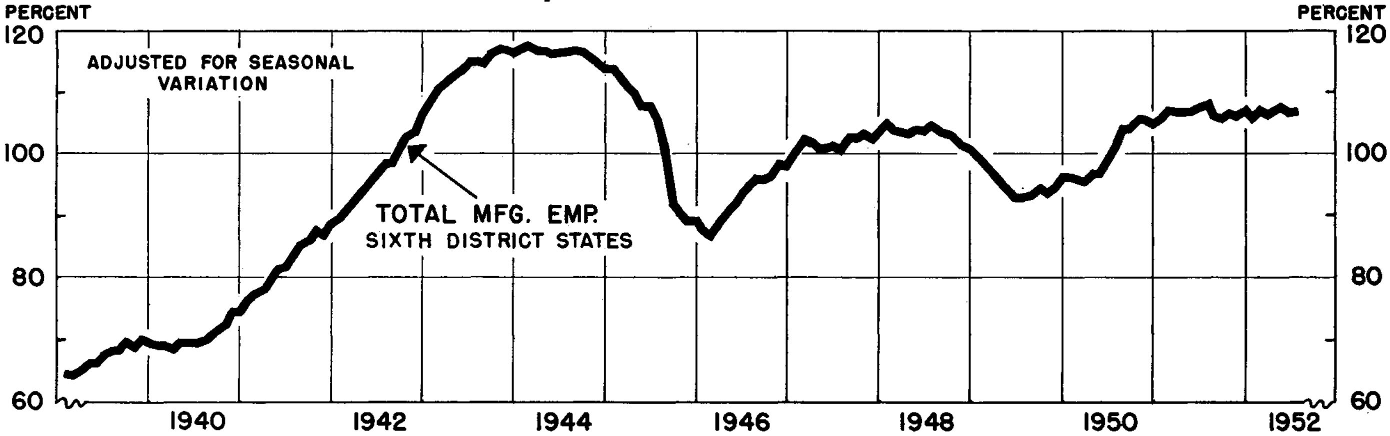
Bank Announcement

On October 1, the College Park National Bank at Orlando, Orlando, Florida, opened for business as a member of the Federal Reserve System. H. P. Langford is President and W. B. Mathews, Cashier. It has capital of $200,000 and surplus and undivided profits of $50,000.

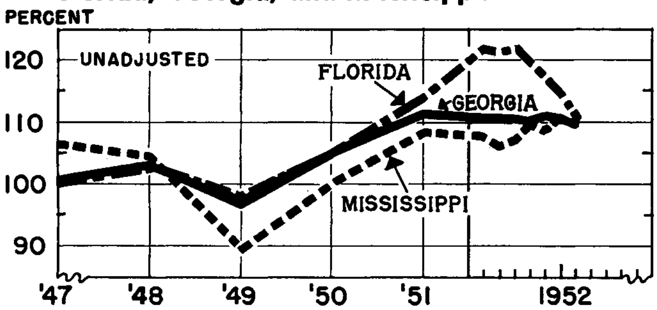
GROWTH OF MANUFACTURING EMPLOYMENT
SIXTH DISTRICT STATES

1947-49 Monthly Average = 100

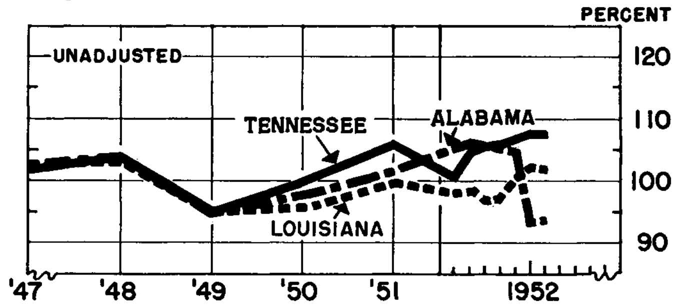
1. Since January 1951, manufacturing employment has been relatively stable at a level higher than at any time since World War II.



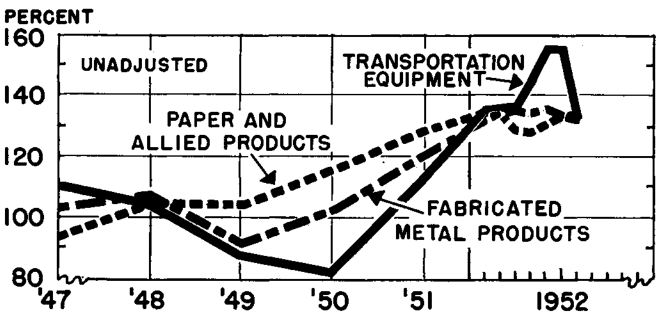
2. Recent rates of growth have been greatest in Florida, Georgia, and Mississippi.



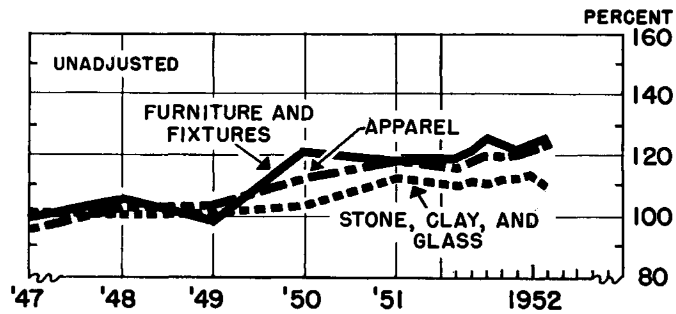
3. But the other states have also shared in the expansion.



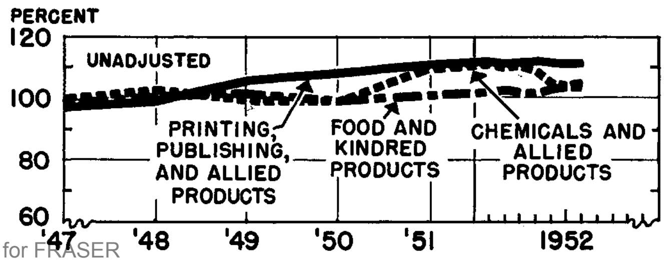
4. Fabricated metal products, paper and allied products, and transportation equipment employment expanded the most.



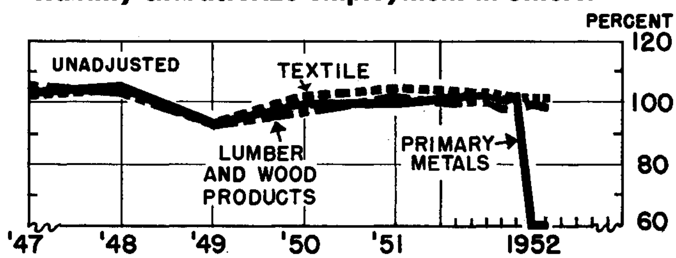
5. High rates of growth also occurred in the furniture, apparel, and stone, clay, and glass industries.



6. The growth in some industries has been more moderate.



7. Whereas, recovery from the drop in 1949 and stability characterize employment in others.



District Business Conditions

Foreign Trade

Exports of merchandise through Sixth District ports, according to estimates by the Department of Commerce, continued at a high level during the first five months of 1952 despite a 4-percent decline from the corresponding period last year. With the exception of 1951, the monthly average of exports is higher than in any other year on record. Nevertheless, because of the importance of foreign markets to District agriculture and industry, a continuation of this declining trend in the value of exports could be significant.

The proportion of the nation's export trade through District ports fell from 10.4 percent in the first five months of 1951 to 8.9 percent this year. District import trade, however, rose in importance, accounting for 9.1 percent of the United States imports of merchandise this year, compared with 8.1 percent a year ago. Total District foreign trade, imports and exports combined, decreased moderately.

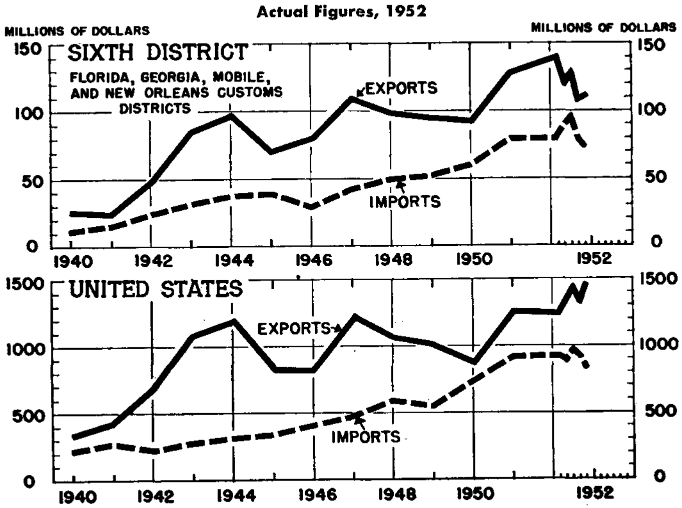
In the nation, exports of merchandise continued the rise begun in mid-1950 after the start of the Korean War. During the first five months of 1952, they topped the 1951 total for the corresponding months by 12 percent. Total merchandise imports, however, fell 10 percent in the same period.

Importance to District's Economy

Sixth District states depend heavily upon foreign trade as a market for their products, particularly agricultural products. In 1951 slightly more than one-quarter of all United States' exports were agricultural products. Cotton, which represented about 27 percent of all cash farm receipts in District states in 1951, comprised about 30 percent of all agricultural exports. Tobacco, also a southern crop, accounted for about 10 percent of agricultural exports before the war and about 7 percent in the postwar year of 1949. Rice, citrus fruits, and cottonseed oil, other major farm products of the District, have been a small percentage of all agricultural exports for a long period of time, but are important to particular areas within the District.

VALUE OF EXPORTS AND IMPORTS

Monthly Averages, 1940-51
Actual Figures, 1952



Another important District industry depending in part on foreign trade is textiles. Approximately 8 percent of the 10 billion yards of cotton cloth produced in the United States in 1951 were shipped abroad.

Foreign shipments of the lumber output of sawmills and planing mills, in dollar volume, amount to about 5 percent of the national output. Exports of industrial chemicals, another important District commodity, total 8 percent of the national production. Eighteen percent of the country's pulp mill and paper and paper board products go to foreign markets. Since nearly one-half of the District's manufacturing workers are employed by the textile, lumber, paper, and chemical industries, the future of exports can mean much to the District's economy.

Many District industries are dependent at least in part on imports of foreign materials. Manufacturers of transportation equipment, fabricated metal products, and machinery, who employ about a tenth of all manufacturing workers in the District, require such raw materials as nickel, chromite, manganese, zinc, tin, and natural rubber—commodities which are either not produced domestically or are not produced in adequate quantities.

Agricultural Products Most Affected

Total agricultural exports from the nation were valued at about 4 billion dollars in 1951—approximately a third over 1945. This volume represented a continuation of the increase in such exports which began during World War II. Expectations for 1952, however, are that there may be a decrease in the volume of farm product exports. With lower prices, which are also a possibility, this would result in a reduced value.

Cotton exports are expected to decline from the 5.6 million bale level of the 1951-52 marketing year. According to the Department of Agriculture's estimates, cotton exports in the coming year will range between 4 million and 4.8 million bales. A combination of high prices for foreign cotton early in the season, small stocks in foreign countries, and grants and loans by this nation explained the large exports of last season. Now, however, prices of foreign cotton are lower than comparable American cotton; stocks in foreign countries have grown by about 2 million bales; and there may be less financing of cotton exports by this Government. Cotton consumption abroad has declined and inventories of textiles in most countries are large. Foreign nations have also been rapidly expanding their production of synthetic fibers and world production of these fibers is at a record level.

Exports of flue-cured tobacco, a major farm product of South Georgia, amount to about 85 percent of all tobacco exports. Such exports increased about one-sixth last year, mainly because the demand by the United Kingdom for unmanufactured tobacco was great. Now, however, the United Kingdom and other commonwealth nations are in the process of economizing in the use of their gold and dollars. Tobacco exports—two-fifths of which have been going to Britain—may consequently be somewhat lower than last year.

Southern Louisiana, favored by hot summers and heavy rainfall, produces a lot of rice. The 1952-53 outlook for rice in the United States is characterized by a large supply and stable domestic consumption with ample excess for exports. Southeast Asia formerly produced about 95 percent of the world's rice supply. Lately exports from that area have been about one-half the prewar average and the United States has been filling part of the gap. This country's rice exports amounted to about 1.3 billion pounds in 1950, which was 11 percent of the world rice trade, compared with a one-percent share in 1936-40. In view of the world shortage, exports of rice may well be larger in 1952.

About 6.8 million boxes of fresh oranges, a product of sunny Florida, were exported in 1951. This was a record high for the postwar period and 1.5 million boxes above the prewar average. About 1.6 million boxes of grapefruit were exported in 1951. Government export payment programs are in effect for citrus and may serve to hold exports near the 1951 levels. Import quotas, imposed by foreign nations, some in retaliation because of United States restrictions on imports, may cause some weakening in exports of citrus.

Exports of edible fats and oils which come largely from soybeans, cottonseed, peanuts, and lard, are likely to be somewhat less than the record 2.3 billion pounds shipped in 1951. A factor in the very favorable picture in 1951 was a short olive crop in the Mediterranean area. The 1952 olive crop was large, however, which could mean smaller shipments of fats and oils to Mediterranean countries. Also, current European stocks are large.

Agricultural imports into the United States have shown remarkable growth, increasing from a value of about 1.3 billion dollars in 1942 to about 5 billion dollars in 1951. Most important agricultural imports, such as rubber, wool, beef, hides, bananas, and pineapples, are either not produced in the District or not produced in adequate quantities. Because some of these items are important to the defense program, such imports will probably continue relatively large.

Place of Manufactures

Exports of textiles showed an upward trend during the 1940's. In 1947, the dollar value of such exports was about 12 times greater than that of 1940. In foreign nations, however, the textile industry was one of the first to revive, following the devastation wrought by war, and was one of the first to be developed by nations seeking to industrialize and thereby broaden their economic base. This partly explains the decline in textile exports after 1947. With the stiffening competition, United States exports of textiles in 1950 averaged less than half the record 1947 peak. In 1951, however, the monthly average of exports climbed above the 1950 level of 43 million dollars to about 68 million. For the first five months of 1952, the monthly average of about 59 million dollars was down 13 percent from that period last year.

Foreign purchases of American machinery did not keep up with the striking pace set by textiles; nevertheless, after fairly steady advances, export sales in 1949 were almost four times larger than in 1940. Exports declined moderately in 1950, but rose in 1951 to the highest level attained since 1940 with Latin America providing one of the more lucrative markets. The rising trend has continued into the first five months of 1952, and if maintained, a new record is likely to be set. Machinery demand abroad is evidently still strong though the recent steel strike in this country, combined with the dollar shortage abroad, may dampen such exports in the near future.

Sixth District Statistics

CONDITION OF 27 MEMBER BANKS IN LEADING CITIES

(In Thousands of Dollars)

Item	Sept. 24 1952	Aug. 27 1952	Sept. 26 1951	Percent Change Sept. 24, 1952, from Aug. 27 1952	Sept. 26 1951
Loans and investments—Total	2,829,444	2,844,550	2,636,195	—1	+7
Loans—Net	1,132,341	1,105,617	1,058,839	+2	+7
Loans—Gross	1,152,250	1,125,452	1,077,294	+2	+7
Commercial, industrial, and agricultural loans	650,654	629,544	613,918	+3	+6
Loans to brokers and dealers in securities	13,169	14,096	11,357	—7	+16
Other loans for purchasing or carrying securities	42,513	42,267	34,645	+1	+23
Real estate loans	91,459	92,342	87,468	—1	+5
Loans to banks	3,144	3,212	9,705	—2	—68
Other loans	351,311	343,991	320,201	+2	+10
Investments—Total	1,697,103	1,738,933	1,577,356	—2	+8
Bills, certificates, and notes	722,323	752,630	707,608	—4	+2
U. S. bonds	714,076	722,602	640,591	—1	+11
Other securities	260,704	263,701	229,157	—1	+14
Reserve with F. R. Bank	513,020	512,084	473,703	+0	+8
Cash in vault	48,244	48,556	48,147	—1	+0
Balances with domestic banks	226,363	213,412	213,288	+6	+6
Demand deposits adjusted	2,044,013	2,090,290	1,969,855	—2	+4
Time deposits	554,503	552,450	527,295	+0	+5
U. S. Gov't deposits	152,007	151,067	105,498	+1	+44
Deposits of domestic banks	615,088	574,297	550,461	+7	+12
Borrowings	20,200	26,000	500	—22	*

*More than 100 percent.

DEBITS TO INDIVIDUAL BANK ACCOUNTS

(In Thousands of Dollars)

Place	Aug. 1952	July 1952	Aug. 1951	Percent Change: Aug. 1952 from July 1952	Aug. 1951	Yr.-to-Date 8 Mos. 1952 from 1951
ALABAMA						
Anniston	31,168	28,729	27,782	+8	+12	+5
Birmingham	392,371	403,910	400,330	—3	—2	+5
Dothan	17,328	16,667	19,171	+4	—10	—2
Gadsden	22,941	22,137	22,832	+4	+0	+1
Mobile	152,777	167,918	151,869	—9	+1	+3
Montgomery	89,474	88,077	89,912	+2	—0	+3
Tuscaloosa*	28,646	29,044	29,581	—1	—3	—1
FLORIDA						
Jacksonville	374,007	382,218	351,706	—2	+6	+5
Miami	282,546	319,615	278,554	—12	+1	+7
Greater Miami*	430,880	500,400	423,860	—14	+2	+9
Orlando	78,015	73,755	63,453	+6	+23	+9
Pensacola	49.149	48,123	44,250	+2	+11	+14
St. Petersburg	75,545	82,921	66,268	—9	+14	+11
Tampa	156,672	162,630	142,350	—4	+10	+5
GEORGIA						
Albany	33,301	33,793	32,839	—1	+1	+7
Atlanta	1,039,559	1,149,249	1,050,885	—10	—1	+4
Augusta	90,269	95,390	76,860	—5	+17	+15
Brunswick	11,653	11,218	12,390	+4	—6	+1
Columbus	76,321	75,276	73,576	+1	+4	+9
Elberton	4,458	4,121	4,047	+8	+10	+5
Gainesville*	24,024	25,603	20,448	—6	+17	+15
Griffin*	12,842	12,355	12,209	+4	+5	+3
Macon	80,649	77,499	83,300	+4	—3	+3
Newnan	11,146	9,927	10,494	+12	+6	—0
Rome*	23,929	25,276	22,275	—5	+7	—2
Savannah	114.691	118,578	121,412	—3	—6	+3
Valdosta	36,654	24,629	37,754	+49	—3	+11
LOUISIANA						
Alexandria*	42,572	43,742	39,021	—3	+9	+10
Baton Rouge	115,707	122,863	111,115	—6	+4	+4
Lake Charles	50,524	51,481	46,322	—2	+9	+12
New Orleans	888,141	875,938	854,312	+1	+4	+8
MISSISSIPPI						
Hattiesburg	19,947	19,294	18,679	+3	+7	+5
Jackson	166,857	170,045	164,785	—2	+1	+5
Meridian	30,479	30,884	30,579	—1	—0	+1
Vicksburg	27,949	29,784	37,043	—6	—25	+15
TENNESSEE						
Chattanooga	174,162	179,154	174,223	—3	—0	—1
Knoxville	129,449	124,833	130,206	+4	—1	—8
Nashville	447,019	433,796	456,686	+3	—2	+6
SIXTH DISTRICT						
32 Cities	5,270,928	5,434,452	5,186,004	—3	+2	+5
UNITED STATES						
342 Cities	124,641,000	146,984,000	125,291,000	—15	—1	+6

*Not included in Sixth District totals.

Imports of nonferrous ores, metals, and manufactures important to District aluminum and transportation equipment industries likewise showed a gain, the 1950 dollar value being more than three times that of 1940. During 1951 such imports declined slightly, principally because of the sharp reduction in purchases of tin, including ore, and partly because of price-fixing difficulties. Beginning in February of this year, the upward trend was resumed. Copper imports, although fluctuating from month to month, were relatively stable during the seventeen-month period ending with May 1952.

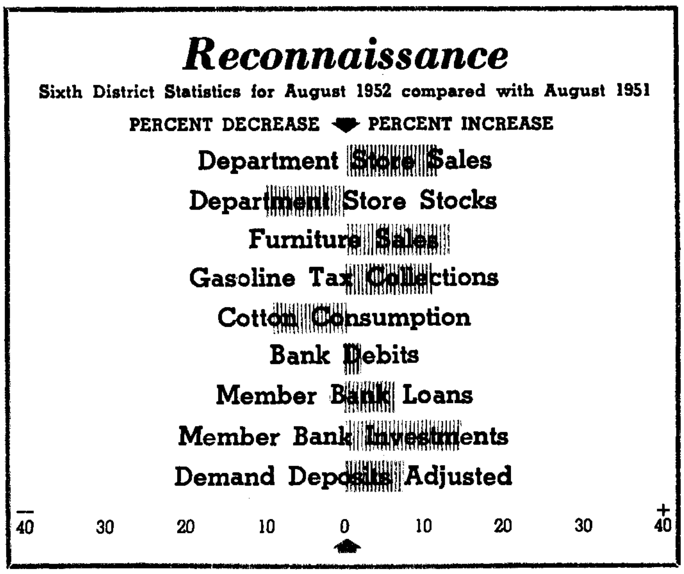
The Future

The future level of exports hinges upon such important conditions as price differences between nations and the level of income in the rest of the world, United States grants and loans, and stockpiling of war materials.

Prices for many basic commodities produced abroad have been declining. If, as a result, the volume of purchases by this country increases enough to more than offset the lower prices, then foreign holdings of dollars could increase. Similar price relationships for manufactured goods could further enlarge the dollar supply in foreign hands. Nations can interfere with such price effects, however, through the use of exchange controls, import quotas, and embargos.

Exports since 1945 have been greatly stimulated by United States grants and loans. Congress has appropriated about 6 billion dollars under the Mutual Security Act of 1952 for foreign aid programs in fiscal 1953, compared with about 7.3 billion in 1952. Thus grants and loans will still be an important factor in sustaining exports. Stockpiling of various foreign raw materials, such as rubber, has in recent years also been a bulwark for our export trade since foreign nations use dollars expended by the United States to buy goods from this nation. According to the President's budget message, expenditures for stockpiling will increase in fiscal 1953 to about 1.1 billion dollars, approximately 0.2 billion dollars above the 1952 level.

Total exports will probably remain at a fairly high level. Such declines as do occur in particular commodities, however, are likely to be concentrated in important District products.



Sixth District Statistics

INSTALMENT CASH LOANS

Lender	No. of Lenders Reporting	Volume: Percent Change Aug. 1952 from July 1952	Volume: Aug. 1951	Outstandings: Percent Change Aug. 1952 from July 1952	Outstandings: Aug. 1951
Federal credit unions	36	—13	+5	+2	+12
State credit unions	15	—19	—7	+3	+26
Industrial banks	9	—7	+5	+1	+10
Industrial loan companies	10	—6	—11	—3	—14
Small loan companies	34	—1	—1	+4	+18
Commercial banks	32	—5	+15	+1	+15

RETAIL FURNITURE STORE OPERATIONS

Item	Number of Stores Reporting	Percent Change August 1952 from July 1952	August 1951
Total sales	134	+7	+13
Cash sales	118	+8	—2
Instalment and other credit sales	118	+7	+15
Accounts receivable, end of month	126	+3	+37
Collections during month	126	+6	+16
Inventories, end of month	91	—0	—5

WHOLESALE SALES AND INVENTORIES*

Type of Wholesaler	Sales: No. of Firms Reporting	Sales: Percent Change Aug. 1952 from July 1952	Sales: Aug. 1951	Inventories: No. of Firms Reporting	Inventories: Percent Change Aug. 31, 1952, from July 30 1952	Inventories: Aug. 31 1951
Automotive supplies	4	—13	—4	4	—17	—14
Electrical—Wiring supplies	3	+6	—18	3	+3	+3
" Appliances	5	—25	+9	4	—6	—25
Hardware	11	—6	—4	6	0	+0
Industrial supplies	12	+20	—7	.	..	..
Jewelry	3	[1]	+5	.	..	..
Lumber and bldg. mat'ls	8	—7	—9	5	—5	+16
Plumbing & heating supplies	4	+14	—7	3	—1	—11
Refrigeration equipment	6	—17	—5	6	—1	—3
Confectionery	5	—5	—5	.	..	..
Drugs and sundries	11	—4	—3	3	+9	+13
Dry goods	15	+49	—5	12	+4	—14
Groceries—Full-line	43	—1	+1	33	+1	—5
" Voluntary-group	3	—5	—1	.	..	..
" Specialty lines	9	—18	—13	6	+2	—6
Tobacco products	13	—1	+2	8	+1	+7
Miscellaneous	16	+10	—5	15	—3	+4
Total	171	+1	—3	108	—0	—4

*Based on U. S. Department of Commerce figures.
[1]Increase of over 100 percent.

DEPARTMENT STORE SALES AND INVENTORIES*

Place	Sales: Aug. 1952 from July 1952	Sales: Aug. 1951	Sales: Yr.-to-Date 1952-1951	Inventories: Aug. 31, 1952, from July 31 1952	Inventories: Aug. 31 1951
ALABAMA	+23	+9	+7	+11	+2
Birmingham	+31	+6	+4	+8	+1
Mobile	+14	+18	+15	..	..
Montgomery	+18	+10	+7	..	..
FLORIDA	+10	+11	+6	+0	—5
Jacksonville	+10	+5	+7	+8	+1
Miami	+13	+12	+3	—5	—10
Orlando	+12	+15	+6	..	..
St. Petersburg	+8	+13	+9	+3	—3
Tampa	+4	+7	+10	..	..
GEORGIA	+32	+14	+7	+6	—10
Atlanta**	+37	+11	+3	+5	—13
Augusta	+24	+34	+29	..	..
Columbus	+23	+14	+9	+6	—5
Macon	+29	+15	+6	+16	—3
Rome**	+31	+20	+4	..	..
Savannah**	+17	+22	+19	..	..
LOUISIANA	+16	+9	+9	—0	—7
Baton Rouge	+12	+12	+6	+10	—6
New Orleans	+17	+7	+9	—3	—9
MISSISSIPPI	+19	+7	+4	+13	—14
Jackson	+24	+7	+4	+14	—14
Meridian**	+8	+5	+2	..	..
TENNESSEE	+20	+6	+2	+5	—10
Bristol**	+39	+3	—3	+11	—7
Bristol-Kinsport-Johnson City**	+28	+3	—5	..	..
Chattanooga	+13	+13	+5	..	..
Knoxville	+23	+3	—3	+1	—11
Nashville	+20	+5	+8	+5	—7
DISTRICT	+20	+11	+8	+4	—10

*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 exclusively to department stores. Figures for any such non-department stores, however, are not used in computing the District percentage changes.