Monthly Review

ATLANTA, GEORGIA, JANUARY 31, 1954

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Federal Reserve Bank of Atlanta

DISTRICT BUSINESS HIGHLIGHTS

Interest rates on Government securities declined substantially in the last quarter of 1953 but changed little on new business loans granted.

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Manufacturing payrolls in November continued the decline started in July and were about the same as in November 1952.

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Employment in all major types of manufacturing continued to decline in November with the exception of chemicals; transportation equipment and metals reported the largest declines.

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Steel plant operations in the Birmingham area were higher in relation to capacity than at plants throughout the country until the week ended January 8, when they fell to the national average.

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Member bank deposits rose further during December and at the end of the year were above those of a year earlier in all District states except Georgia.

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Total loans of all member banks declined less than seasonally during December, and, according to preliminary reports, have declined only seasonally so far in January.

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Debits to demand deposits, after seasonal adjustment, fell off somewhat from November but were substantially larger than in December 1952.

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Bank loans to retailers are increasing again after falling through December and early January. Total trade loans are still declining because of continued decreases in loans to wholesalers.

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Department store sales were just under December 1952 sales, but total sales in 1953 were slightly larger than 1952 sales.

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Construction contracts awarded in the District were ahead of 1952 during October and November, when non-residential contracts showed particularly large gains.

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Note circulation of the Federal Reserve Bank of Atlanta increased less than seasonally during December for the first time in December since 1949.

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Farm land values continue to decline, with the greatest drop occurring in Tennessee.

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Record milk production, resulting from a mild winter, heavier feeding, and more cows milked, has caused a decline in the farm price.

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Broiler output above 1952 levels caused prices to weaken in late winter; some price recovery occurred in January.

Autumn

Once more a year has ended. It ended as it began, in the bleakness of Winter, but between beginning and end, there unfolded, as always, the perennial pageant of the seasons. The fluctuations that we know in the world of business have often been compared to the changing seasons of the year although they do not follow each other in an equally obligatory sequence, nor do they occur with anything like the same periodicity. They nevertheless resemble the seasons enough to lure the mind into drawing analogies between them.

In the world of economic fact, as in the world of nature, we have had our Winters and our Springtimes—times when economic life seemed paralyzed beneath a frigid pall of fear, and times again when hope sprang up anew from the midst of economic wreckage like fresh young grain in a newly plowed field. And we have had our Summers too—times when life ran confident and strong, with every venture bursting with the promise of success.

But between a Summer and a Winter there always comes an Autumn—a season rich in the fulfillment of Springtime promises but nevertheless pervaded by the premonition of an approaching end. In Autumn the golden sunlight may still be mellow and warm, but the fierceness of the Summer sun is gone, and already the breath of coming Winter imparts a tender fragility to the air. The green conflagration that swept field and forest in the Spring, though not completely quenched as yet, has at last subsided into embers of red and gold that glow on every hill.

The year that just has died is reminiscent of such a season. In reading the economic record of 1953 one feels Autumn unmistakably in the air, for the record is not only one depicting the richness of the harvest but is also one betraying signs of a coming change in the weather.

A Time of Harvest

Just as a farmer's harvest in the Fall is the fruition of the efforts he has put forth earlier in the year, so the unprecedented heights of productivity reached by the American economy in 1953 were made possible by developments running back for more than a decade. One of the most important of these has been an astounding technological revolution that was stimulated by the exigencies of waging World War II. In field after field, scientists on the loose have been remaking the world before our eyes—new materials, never dreamed of by nature herself; new and strange machines; new industrial processes; the new and wondrous field of electronics; a new and awesome source of energy appearing over the horizon.

Hand in hand with the venturesome scientific mind has gone the venturesome imagination of the American businessman. During World War II, much of the new investment needed for the expansion of our industrial plant was necessarily made by the Government. After the war, however, private business took over that function and set out on a course of increasing investment in new plant and equipment that was little short of fantastic. Except for an interruption in 1949, the figure has grown year by year, from 14.8 billion dollars in 1946 to 27.8 billion in 1953. It was the mutual labor of the scientist and the businessman during the long, hot Summer of the last decade that finally brought the abundance of the harvest in 1953. Let us look at some of the fruits of that harvest.

Look first at the gross national product—the total output of goods and services valued at current prices. In 1946 (the first year after World War II) it had stood at 211 billion dollars. By 1951 it had grown to nearly 330 billion. Throughout 1952 it went up quarter by quarter from an annual rate of 340 billion in the first, to over 361 billion in the fourth. The upward march continued into 1953, the pinnacle being reached in the second quarter when the gross national product stood at the record level of 372.4 billion dollars a year.

Part of the expansion in the gross national product, of course, was due to inflation, but in large part it was real and reflected an enormous growth in physical productivity. The Federal Reserve index of industrial production is indicative of this increased physical productivity. In 1946 the index (1947-49=100) stood at 90. By 1952 it had risen to 124 and in May 1953 reached an all-time high at 137. The Department of Agriculture's index of total farm production also reached its historical high point in 1953 when it stood at 144, compared with 134 in 1946.

Not only did the physical output of farm and factory increase, but money income also became available for the purchase of the flood of goods and services pouring from the economy. In 1946, total personal income amounted to 177.7 billion dollars. By 1952 this had grown to 269.7 billion, and an all-time high was reached in July of 1953 when it amounted to 287.5 billion dollars a year.

Government takes a considerable share of personal income in the form of taxes. What is left is known as "personal disposable income"—that is, the income that people are free to spend or to save. In 1946 personal disposable income amounted to 158.9 billion. In 1952 this figure was 235 billion, and by the third quarter of 1953 it had grown to an annual rate of 249.8 billion dollars.

Much the larger part of personal disposable income, of course, is used for the purchase of consumer goods. Nearly 147 billion dollars was spent for personal consumption back in 1946. In 1952 the nation was spending 218 billion dollars in this way, and the all-time high point was reached in the third quarter of 1953, when personal consumption expenditures were running at the rate of 231 billion dollars a year.

Consumers, however, were not only spending the larger part of their current incomes for consumer goods and services, but were also making extensive use of credit for this purpose, thus mortgaging their future incomes. In 1946 total consumer credit outstanding amounted only to a little over eight billion dollars. In 1952 it stood at 25.8 billion, and by the end of October 1953 at over 28 billion. On top of this short- and intermediate-term consumer debt, there was also a dizzy rise in mortgage debt on small nonfarm properties from 1945 up to the third quarter of 1953 when this sort of debt amounted to 63 billion dollars.

Business too was absorbing a large part of the gross national product. New non-residential construction, largely commercial, industrial, and public utility, that had amounted to 6.3 billion dollars in 1946, grew to 12.3 billion in 1952, and was running at an annual rate of 13.4 billion in the third quarter of 1953. Expenditures for producers durable equipment amounted to 25.4 billion dollars last year but rose to a high of 27.1 billion in the third quarter of 1953. This scale of investment seemed justified by business profits. Corporate profits (after taxes) amounted to 18.6 billion dollars in 1952, but were probably running at an annual rate of over 19 billion dollars in the third quarter of 1953. The number of persons holding jobs and their average hourly earnings also reached their peaks in 1953. Science and business had indeed succeeded in building an economy that was pouring forth a harvest of prodigal abundance in early 1953.

When Leaves Begin to Fall

Autumn harvests never last for long. Too soon the ruddy moon looks down through frosty mists at fields gleaned bare and peers through naked branches from which the leaves, like tattered battle-flags, have fallen one by one.

Although in many respects 1953 experienced the richest harvest of the amazing postwar boom, a chill wind seemed to blow across the economic landscape in the waning months of the year, and one by one the figures that had ridden so proudly at their recent peaks began to fall like Autumn leaves.

Take the gross national product, for example—that huge omnibus figure that wraps up the workings of the whole economy in one package. This figure reached its high point in the second quarter of the year at an annual rate of 372.4 billion dollars. By the third quarter, however, it had fallen to a rate of 369 billion and a further decline occurred in the fourth quarter.

Look, next, at the index of industrial production. This index (new basis) reached its peak in May, when it stood at 137; in October the preliminary figure was 132—a decline of five points. Manufactures also dropped five points. And within the manufacturing group, output of durable goods dropped six index points, falling from 157 in July to 151 in October, whereas nondurables reached a peak at 123 in May and also dropped six points by October.

Another indicator of the physical volume of goods moving through the economy is the index (1947-49=100) of freight carloadings. In September 1952 this index had stood at 101. In September of 1953 it was 96 and in November it had dropped four more points to stand at 92.

Gross private domestic investment was another important aggregate that showed a tendency to fall in the latter part of the year. This figure reached its maximum in the second quarter when it was running at an annual rate of 61 billion dollars. In the third quarter this rate had fallen to 56.5 billion dollars. A small part of this decline was accounted for by a smaller expenditure for new construction in the nonfarm residential segment. New housing starts declined but slightly, from 1,127,000 in 1952 to an annual rate of 1,102,000, based on the first ten months of 1953. The major part of the decline in gross private domestic investment was accounted for by a decline in the accumulation of business inventories from an annual rate of 8.8 billion dollars in the second quarter of the year to a rate of 4.5 billion in the third and probably to some net liquidation in the fourth.

A decline in expenditures for inventory accumulation was bound to be reflected in orders going to manufacturing concerns. New orders, which had amounted to over 25 billion dollars a year in September of 1952, rose to 26.4 billion in March of 1953. By last September, however, they had dropped over three billion below the March high, and were running at a rate of 23.2 billion dollars a year.

These are a few of the leaves that began to fall in the latter months of 1953. There are some, of course, that had fallen long before 1953. Wholesale prices, for instance, began a long irregular decline early in 1951, and farm prices did the same. There are others, too, whose figures a month ago were either at their highs or were below them by such an insignificant amount that we could scarcely say whether they were about to fall or not. Some of these are total personal income, personal disposable income, expenditures for personal consumption, expenditures for new plant and equipment, and corporate profits after taxes. But no matter how well anchored to their highs they seemed to be at the end of 1953, most of these may be expected to fall somewhat below them in 1954.

It was, indeed, this tendency for things in general to decline instead of to expand, rather than the magnitude of the declines themselves, that caused the year to end on a note less jubilant than might have been expected in view of its over-all record. Taking the year as a whole, 1953 in many respects surpassed any previous year. By the year's end, however, it was the disquieting recession of so many economic series from previously attained peaks that served to create an Autumnal premonition of an impending end. What many people find disturbing today is that the things that have been lending buoyancy to the economy in the long postwar boom seem to have spent themselves.

The fighting in Korea has been ended and a somewhat less tense international situation has encouraged the Government to cut defense expenditures. Reduced expenditures for foreign aid also seems to be in the cards.

Residential construction, although it may well remain high—perhaps close to a million starts a year—cannot be expected to add additional impetus to the economy. The rate of building has for sometime exceeded that of family formation. The next great upswing in the demand for housing will not come until the huge crop of war babies comes to marriageable age. Meanwhile, only a weakening of demand is to be expected.

As for automobiles—another important prop under the boom—nobody expects production to continue on its present scale. For the year 1953 there was an indicated output of over six million passenger cars, compared with a little over four million in 1952 and the nearly seven million in the record year of 1950. During the first ten months of last year production exceeded sales, domestic and foreign, by about 4 percent. This situation has been accompanied by intense competition that has produced many casualties among dealers and has created serious problems for a number of independent producers. It seems unlikely, under the circumstances, that the automobile industry will act as an expansionary force in the economy in the forthcoming year.

Lastly, there was a distinctly inflationary bias in the management of the nation's monetary and fiscal affairs during much of the postwar period. The resulting expansion of the nation's money supply and the heavy reliance on credit to finance the extraordinary demands for defense, for construction, for automobiles, for inventories, for everything under the sun helped to create the extraordinary boom. Under a policy initiated early in 1953 that would restore some measure of stability to the American dollar by holding the reins a little tighter on the creation of bank credit, the exuberance was taken out of some of the marginal areas of demand for these things. Inflation can no longer be counted on to create the illusion of prosperity in a mirage of jumping statistics.

These are some of the considerations that are causing observers to look askance even at the high levels of activity with which 1953 ended. It is hard to find anyone who thinks the figures will go up further in 1954. The only disagreement among observers and analysts seems to be over the depth and the duration of the decline although at present the majority think it will be moderate. That all the leaves will fall in the first strong gust of wind seems to be taken for granted.

There is something strange and almost morbid in the unanimity with which we are thus capitulating to a seeming fate. Somewhere in his *Thus Spake Zarathustra* the poet-philosopher Nietzsche makes the Soothsayer say:

> "To be sure we have harvested!
> But why have all our fruits turned rotten and brown?
> What was it fell last night from the evil moon?"

It would be supremely ironical if this country—the richest and most productive in the world—should allow its richest harvest in history to turn rotten and brown in its hands. If, by some ill chance, it should do so, it will not be because of anything that "fell last night from the evil moon." It would be because we, who have learned to take the stuff of the universe apart and harness its mighty forces to our own ends, have not yet learned to do as much with the stuff of our economy.

But we have probably learned something after all. Perhaps we can prevent a modest retreat from unprecedented peaks from becoming a headlong rout. We do have certain so-called "built-in stabilizers" in our economy that may cushion the shock of any serious economic setback. How well they would hold or for how long no one can be sure, for they have not yet been tested. At any rate, they do provide some measure of protection.

Then, too, we need not fear that the bottom will fall out of Government expenditures. They are likely to remain high for many years to come, in spite of all the good intentions to economize. We have learned that our economy is kept in motion only by spending—private and public. If the forces generating private spending begin to slacken, the slack can be taken up by public spending. We are assured that our Government will use all the powers at its command if need be to check an economic decline.

We have learned something, too, about the management of the nation's money. We have learned that we can, if we have a mind to it, check an unhealthy inflation by monetary and fiscal means. There is good reason to believe that these same tools can be used with some effect to check an unhealthy deflation and there is little doubt that the Government will so use them.

These are some of the things that can provide a bottom under the economy and so prevent a very mild decline, such as the present one, from growing to more serious proportions.

If Winter Comes

But suppose they do not do what is expected of them. To be effective, most of the remedies that we know for economic recession must be applied promptly and vigorously. Suppose that we fritter away valuable time and thus rob our own best efforts of their effectiveness, and that economic life in consequence slows down and stiffens in the wintry blast. What then?

Life in such a contingency would certainly be harder than it has been for many a year, but it would probably still be better than anywhere else in the world, and better than it has ever been in this country, except in the recent past. Unless we have completely played the fool with our opportunities and resources, we should be able to weather without undue hardship any Winter that comes our way.

In the end, however, our most solid ground for hope must lie in the genius of the American capitalist system itself. Someone once defined capitalism as a process for the creative destruction of capital. He meant thereby that our economic system grows and regenerates itself continuously through the abandonment and destruction of old, uneconomical, and unproductive processes and machines in favor of the newer, more economical, and more productive.

Aided and abetted in this process by the fertile imagination of the scientist, the American businessman is continuously revolutionizing all the conditions of modern life. Historically, the rigors of competition and the overwhelming pressure to cut costs in a period of apparent economic collapse have been the most potent stimuli in this revolutionizing process, excepting only the extraordinary incentives present in wartime.

And so, even if Winter comes it should not be regarded as a period of total loss. For unless the American spirit has wearied of its great historic task of maintaining an economic system based upon the freedom of the individual, a Winter would be but another seed time, bearing within it the promise of a greater harvest in another Autumn.

EARLE L. RAUBER

Banking Developments in 1953

Although many economic indicators are now pointing to a possible downturn in business activity, banking developments in the District give little evidence of such a trend, at least at first glance. Loans, deposits, and interest rates all set new records in 1953, and the money supply, the rate of deposit turnover, and the volume of investments continued the upward movements started several years ago. Despite the banking achievements last year, however, there are some signs of a slowing up of the postwar expansion.

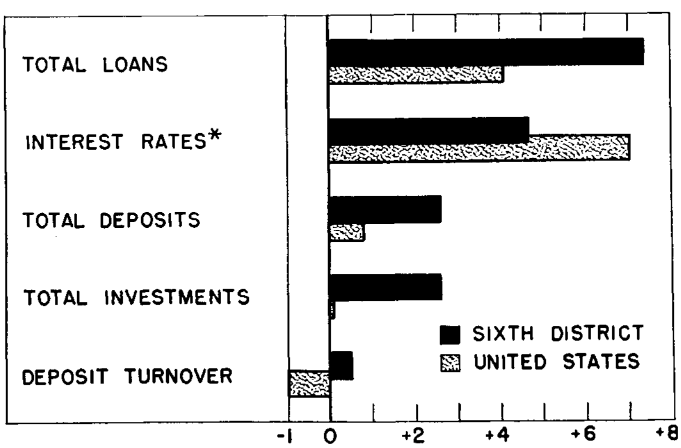
Deposits Grew

In a pattern similar to that of previous postwar years, total deposits of District member banks continued to expand and reached a new peak toward the end of the year. After a rather sharp seasonal decline of about 5 percent between December 1952 and June 1953, deposits expanded at the rate of 87 million dollars a month and by the end of the year reached a new peak of 7.3 billion.

Although the increase in deposits from June to December is significant because it exceeded the national rate, its real significance is that it represents a lesser rate of growth than that of previous years. During the last two quarters of the postwar years, the deposit increase has averaged about 10 percent; in 1953, however, the gain amounted to only 7.5 percent, the smallest since 1949. The relatively small increase in deposits last year reflects, to some extent, important developments in the District.

Some of the regional influences that retarded the seasonal expansion are temporary; others may be permanent. The decline in farm prices and the poor crops in certain areas resulted in lower farm cash receipts last year, particularly in the timber and peanut areas of the District. In other areas, deposits declined because of the completion or near-completion of Government projects. Construction of the Atomic Energy Commission's Savannah River project brought large Government expenditures into the Augusta, Georgia, area, for example, with a resulting increase in deposits; since the completion of the project and the end of that particular boom, deposits have fallen to a more normal level.

SELECTED ITEMS AT MEMBER BANKS
Percent Change, December 1953 from December 1952



***Business Loans at Selected Banks**

Much of the increase in deposits that took place in 1953 was in business and personal accounts, although time deposits also contributed to the rise. Government deposits and interbank deposits—those balances that banks have with other banks—were below the December 1952 levels.

Between December 1952 and December 1953, about 40 percent of the member banks in Georgia reported declines in deposits. Furthermore, for this same period Georgia was the only District state in which total member bank deposits declined. Much of the decline took place in the first quarter as the result of a greater-than-usual decrease in interbank and Government deposits. During the remainder of the year, deposits of these Georgia banks increased at a rate equal to that in other states. For the year, banks in Florida experienced the largest increase, followed by Mississippi, Tennessee, Louisiana, and Alabama.

Credit Expanded

Changes in District member bank loans during 1953 were similar to those in deposits. In the first quarter, loans declined slightly from the December 1952 level, recovered about midyear, continued upward during the last two quarters, and reached a new peak in December. During the first six months of 1953, member bank loans increased about one percent. The over-all annual increase of about 7 percent raised the volume of loans held by District banks to the highest level in history. All six states shared in the District increase; Florida had the largest gain, followed by Louisiana, Mississippi, Georgia, Tennessee, and Alabama.

Despite the new high, however, the annual increase in loans at District banks seems to be tapering off. The 7-percent increase in 1953, although greater than that for the United States, was well below the 12-percent increase in 1952. A slight decline in the demand for loans and a policy of credit restriction apparently contributed to the downturn during the first two months of the year. By midyear, the easing of credit conditions, coupled with an increase in demand for funds, which was partly seasonal, touched off an expansion, particularly in business loans. This expansion, although large, was much less than that for the same period in 1952.

At banks in leading cities, loans to brokers and dealers who use funds to buy securities for the accounts of their customers and loans for the purchase of automobiles, appliances, and other consumer goods rose more during the first two quarters than other types of loans. During the last six months, however, the rate of increase in consumer loans was below that of 1952, and there was a decline in real-estate loans from their June level. Business firms, at least those that hold large inventories, remained heavy

ASSETS OF SIXTH DISTRICT MEMBER BANKS
Percent Distribution, End of December

Item	1951	1952	1953
Cash	1.8	1.9	2.1
Reserves with Federal Reserve	12.3	11.6	11.6
Deposits with Other Banks	7.7	8.1	8.2
Cash Items in Process of Collection	4.5	5.7	4.5
Loans	28.7	29.6	30.8
Investments	43.5	41.8	41.5
Other Assets	1.5	1.3	1.3
Total	100.0	100.0	100.0

borrowers, as loans to manufacturing and mining firms and to trade and commodity dealers increased about the same rate last year as they did in 1952.

The major part of the loan expansion for the year occurred at country banks — those outside reserve cities. Country banks also experienced the largest gain in investments. A large increase in deposits and a reduction in reserve requirements in July apparently made the expansion in loans and investments at these banks possible.

Reserve city banks were able to increase their loans and investments by the reduction in reserve requirements and to a lesser extent by the rise in deposits.

Turnover of Deposits Increased

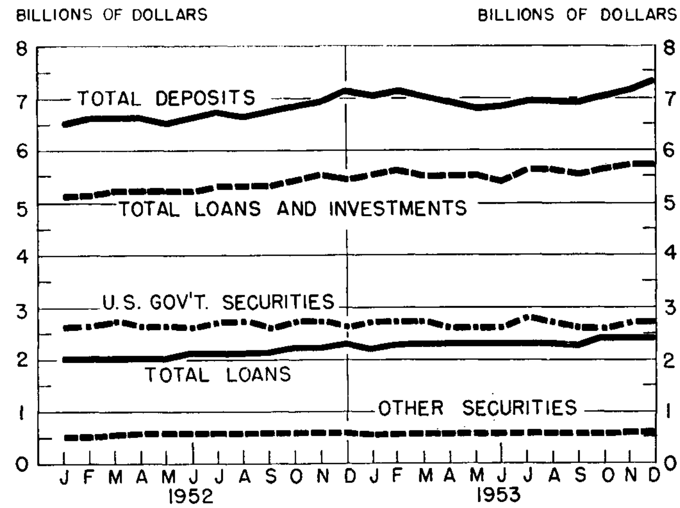
Not only did the volume of bank deposits increase in 1953 but there was also a greater use of these deposits. Bank debits, which represent withdrawals from deposit accounts, increased about 8 percent, the same rate as in 1952. With the exception of Mississippi, all six states reported an increase. Banks in Tennessee cities had the largest gain, followed by Florida, Georgia, Louisiana, and Alabama. For the first eleven months in 1952 each dollar of demand deposits was used about 18.4 times. For the same period in 1953, each deposit dollar was used 19.1 times. In both years the increase in turnover was greatest during the last two quarters.

Interest Rates Reached a New Postwar High

During the first half of the year, interest rates on Government securities and on new business loans in selected District cities continued the upward trend which had started in 1951. By mid-year, however, they reached a peak and started downward. Unlike changes in other postwar years, the increase in the first half was sharp as was the decline in the second half.

The increase in interest rates during the first part of the year can be attributed to a large and growing demand for credit, both by business and governments, which tended to outstrip the substantial volume of funds available for lending and investing. During the last six months of 1953, market conditions were reversed, and the demand for long-term funds declined somewhat. Corporations were not borrowing as much as they did in June and July, and the debt limitation restricted Treasury borrowing primarily to refunding operations.

DEPOSITS, LOANS, AND INVESTMENTS
Sixth District Member Banks



The Federal Reserve System announced a reduction in reserve requirements in late June and increased reserves through the purchase of Treasury bills. The result was that rates on all types of Government securities broke about midyear, and by September 30 the average rate on business loans charged by selected banks in Atlanta and New Orleans declined slightly from the June level. During the last quarter of 1953, this rate declined even further. In the United States, the rate on new business loans made by selected banks increased slightly during the last two quarters.

1954 Uncertain

District banks had another boom year as measured by the expansion in loans and deposits. The new highs of 1953 followed a period of record years in which commercial banks not only expanded along with the economy but at the same time contributed greatly to the expansion.

Past trends are helpful in appraising the possible future expansion and contributions of banks to the District economy. During a period of prosperity District bank deposits typically expand faster than those for all banks and during a downturn, District deposits usually decrease more rapidly than do those for the nation as a whole. The better-than-average increases in all phases of District banking in 1953 could be reversed if current predictions of a downturn are correct. This possibility, however, is only one of the many uncertainties of 1954.

CHARLES S. OVERMILLER

Farm Scene in the Sixth District

Farmers in Sixth District states helped sustain the enviable level of living in America in 1953 by hauling near record loads of produce to market. At year's end District crop and livestock statistics revealed a total farm output about a sixth greater than the large harvest of 1952. Vastly greater shipments of beef supplemented increased yields of practically all crops.

City dwellers often seem to take for granted the large quantities of food obtainable for their tables and the wide selection of clothing available for their wardrobes. Housewives, it is true, frequently grumble when they add up their grocery bills, and men often complain about the price tabs on cotton shirts, socks, and handkerchiefs. But city dwellers seldom fear that farmers in the Sixth District or elsewhere will fail to satisfy their basic needs. Only when our food supply system is severely strained, as it was during the war, does such fear grip the nation's city population. The first sharp twinge pushes farm product prices high, and that happens fast. When war dangers fade, fear subsides and supplies increase, and farmers are sobered by the distasteful marketing pattern they inherit—selling cheap and buying dear. That pattern confronted District farmers as they prepared for their 1953 production. To thousands of them there seemed to be only one alternative—to produce more. Their springtime decision was clearly apparent from the tonnages harvested last fall.

Overflowing Bins and Barns

The 1953 poundage of cattle and calves marketed by District farmers was half again as large as that of a year earlier. Piled on top of the sizable growth in beef marketings were production gains for milk, broilers, and eggs—gains that more than offset a drop in hog marketings.

Three events had entwined in 1953 and forced District farmers to sell lighter weight cattle but many more of them. There was a further painful slump in cattle prices; there was a feed shortage in some localities; there was improved calf production per brood cow, which added to numbers available for sale. Greater milk and egg output in 1953 came mostly from improved yields per cow and per hen.

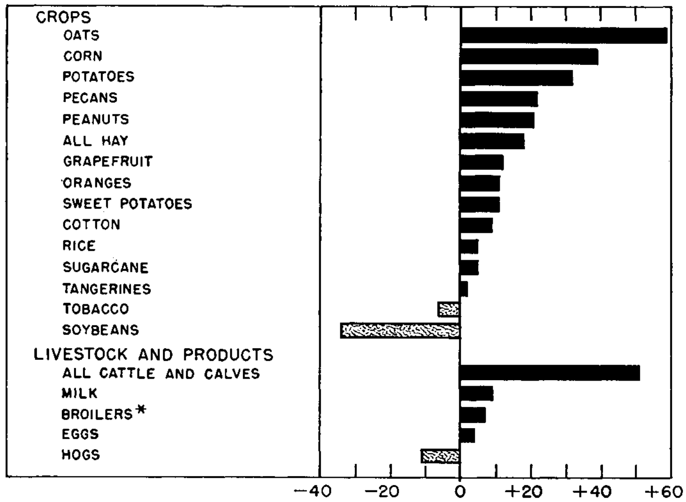
A gratifying gain of about 14 percent in total District crop output was scored over 1952. Sharply higher cotton yields in Alabama, Georgia, and Mississippi and more acres harvested in all six states made the 1953 District cotton crop 8 percent larger. Recovery in yields of oats, corn, hay, and peanuts from the drought year of 1952 increased the size of those crops, but increased plantings were primarily responsible for the rise in output of sweet and white potatoes. On the negative side adverse weather reduced the soybean crop by about a third and caused a slight cut in the District states tobacco crop.

More Heavily Capitalized Farm Businesses

The flood of produce in 1953 came from a large farm plant fairly well run. It is a large plant partly because farmers, since 1940, have poured capital into buildings, livestock, and machinery, and have used greater quantities of capital items like fertilizer. Now the broadened capital base is permitting a great outpouring of produce.

A big plant, standing ready to turn out a large volume, can hum busily when complementary forces generate power for its operation. One source of power is weather,

PRODUCTION OF CROPS AND LIVESTOCK
Sixth District States
Percent Change, First 10 Months, 1953 from 1952



* Estimate—Based on number of chicks placed for broilers.

and by and large it favored over-all farm output despite the drought which seared particular areas. Drought in the District had burned most severely in 1952, and dry weather continued to aggravate farmers in parts of Louisiana, Mississippi, and Tennessee last year. Hot, dry weather is one of the needs for large output of the important money crop—cotton. Heat helped in 1953; it perked up a limping cotton crop that had been stricken by a wet, cold spring.

Another driving force in the big plant's operation is the intent of many farmers. When prices for their products fall, they usually try to increase production. Some cash crop farmers, spurred by price advantage, may shift part of their land to different crops. But they do not have much elbow room for short-time changes because the inflexible nature of farming provides narrow limits for adjustments from season to season. Their goal remains that of getting from the farm each year the largest possible quantity of salable produce.

Caught in a pinch between declining prices and rising costs, farmers cast about for a way out of the squeeze. They find it well-nigh impossible to cut fixed expenses like taxes and mortgage payments. They cannot cut labor expenses much since they use largely family labor, and they cannot afford to take a sizable chunk out of the fertilizer bill if they want yields to stay up. The only way out is to cut family living to the bone, push the family labor harder, and try to produce more.

Price-support programs, for some crops, stimulate the managers of our farm plant to strive for maximum production. Some farmers in 1953 planted more acres of cotton after noting its guaranteed price and figuring that their best interest lay in selling a lot at that price.

Strong market prices are extremely effective in bringing most departments of the farm plant to a peak of feverish activity. Rice, for example, favored by a voracious export market, in 1953 has brought a favorable price. High rice prices have encouraged farmers to bring some relatively unsuitable land into rice production in parts of Louisiana to develop new rice farms in Florida, and to swing part of their land to rice in the Mississippi delta area. Such is the power of high prices for farm products.

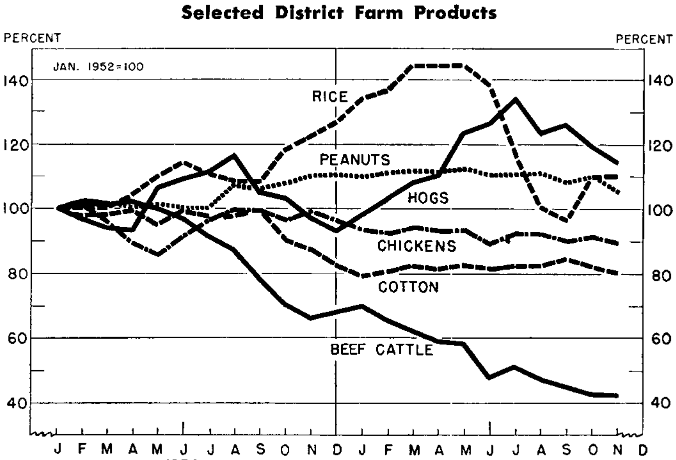
Prices and Incomes Bring Anxiety

Latest available data show that 1953 cash receipts from crop marketings in the United States were about the same as in 1952: although receipts from cattle were down about 8 percent, total cash receipts were off only about 4 percent. Meanwhile the average of all prices paid for production items fell just a small amount. Since the quantities of production items used in 1953 apparently were similar to the amounts used in 1952, total production costs were not markedly lower. As a result the final reckoning will show the nation's net farm income to be down about 7 percent, according to the Department of Agriculture.

Net farm income in 1953 probably came closer to equaling that of 1952 in the District than in the nation. District cash receipts from crop marketings in 1953 were about the same as such receipts in 1952, but returns from all marketings were down slightly. Undoubtedly reasonably stable cash receipts and a decline—though slight—in production costs kept District net farm income from falling much. That likelihood is borne out by this Bank's estimates of income payments to agriculture in the District for the first three quarters of 1953; evidently there was no significant change in the District total from the like period a year earlier.

High prices for a few District products helped hold up District cash farm receipts. Farmers were elated last year when hog prices rose well above the 1952 levels. Orange and egg prices in 1953 held a favorable relationship to the high prices of a year earlier. But the bloom of healthy farm prices was not on all farm products. Prices of beef cattle were off 39 percent and cottonseed and milk prices were down somewhat. Potatoes were particularly sour items; they suffered a price drop of 48 percent. Cash receipts from potatoes were consequently held down, and farmers, disgruntled, are expected to shift part of their land from potatoes to other crops when planning their production for this year. Such is the power of low prices for farm products.

INDEX OF PRICES RECEIVED
Selected District Farm Products



At the start of 1953 many District farmers, reflecting on the blows dealt them by prices in 1952, feared there was danger of further sharp cuts in their incomes. By the saving grace of a high volume output from a large farm plant and price supports, those fears were dispelled; no severe tailspin occurred in the District farm economy. Much of the moderation in the general price decline of farm products last year must be credited to price supports under important District crops. Such supports insure between 40 and 50 percent of District farm cash receipts.

Prices had been at record or near record levels, and farmers found it difficult to adjust to the rapid price decline in 1952. That decline continues to be the basis for public discussion of farm price policies despite the relative stability in the average of farm prices received in 1953.

Annual Production Cycle Repeated

The 1953 harvest from District farms may almost be matched in 1954 if the weather is reasonably favorable; farmers have the land and tools with which to produce. As in the past, high total costs will strengthen farmers' intentions to grow more in order to achieve lower unit costs. The larger output sold at prevailing prices will enable them to recover those high total costs. Aside from the apparent need for a large output, there is the less obvious result of a gradually rising productivity per District farm worker as more scientific knowledge is applied to farm operations each year. These influences will be opposed by reduced cotton production when acreage controls are applied. But with fair weather, average cotton yields are likely to go up if the clues provided by history have validity. And of course, most of the land taken out of cotton will be planted to other crops, and so there will be a tendency for total crop output to be maintained. District marketings of cattle, poultry, and milk products are not likely to fall much, if any, below the 1953 level, and hog marketings probably will increase somewhat.

The 1954 average of all prices received by farmers is expected to be about like that in 1953, provided consumers at home and abroad continue high level buying of farm produce. Consumer spending for farm products in this country has not yet shown signs of weakening. More strength in foreign purchases, however, would be desirable. It seems probable that a combination of continued high level domestic demand, fairly steady foreign demand, a 90-percent-of-parity price-support program for some crops, and large farm output will prevail this year. District farm cash receipts, as a result, are likely to hold near the 1953 total. If cash costs continue relatively high in the District, net farm income will undoubtedly be shaved a bit more; but the shaving will vary in thickness for different types of farming.

Arthur H. Kantner

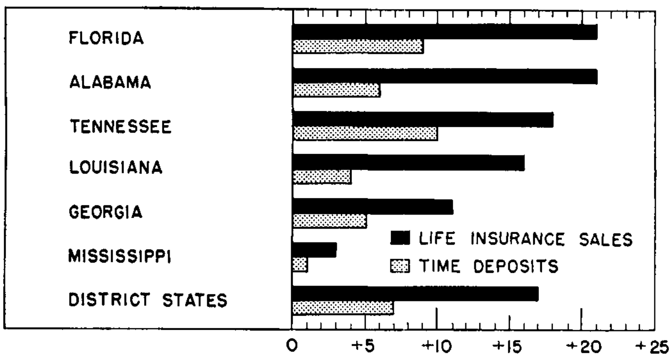
Consumer Spending and Saving in 1953

Consumers managed to attract a great deal of attention in 1953. Newspaper headlines in the District continually noted the gains in their spending during the year and particularly at the Christmas season. Typical of the record sales were those of department stores that increased 2 percent during the year. At the same time that they were spending more money, District residents managed to keep adding to their long-term savings. As 1953 ended, they held larger amounts of savings than ever before.

Although these new heights in spending and saving were reached during the year, declines developed in some types of spending that caused considerable anxiety in the last half. Seasonally adjusted sales at department stores reached their peak in May as did sales of many other retailers, and August, September, October and December were actually below 1952 levels. As a result of these drops in spending, the consumer became the center of economic attention, and his behavior was watched carefully. How much he spent was a critical matter in the second half of 1953.

Comparisons of spending and saving within the District were of considerable interest because individual states set

PERCENTAGE INCREASES IN CONSUMER SAVINGS
1953 from 1952, First 11 Months



quite different records during the year. Everyone naturally wanted to know what had happened in his own locality. Regional studies of spending and saving further provided insight into the totals for the District.

As 1953 opened, consumers were purchasing much more than they had been in the early months of 1952. In the first four months sales at District department stores were 5 percent larger than a year earlier—a somewhat larger increase than was shown for the nation as a whole. The chief gains were in purchases of durable goods such as furniture, refrigerators, television sets, and other appliances that were readily available and on favorable installment credit terms.

A big jump in department store sales during May boosted the seasonally adjusted sales index to its highest point in history. In spite of this gain, however, the rates of increase in May and June over 1952 were not as large as those earlier in the year especially in sales of durable goods. New automobile sales also reached a peak in May. By June, new car sales in the District were actually a whopping 35 percent over the first half of 1952.

From January to June, estimated long-term savings increased almost 5 percent in the District and gave no signs of slackening. Life insurance equities, demand deposits, and savings and loan shares all maintained high rates of growth. Together they more than offset declines in the amount of savings bonds held by people in the District.

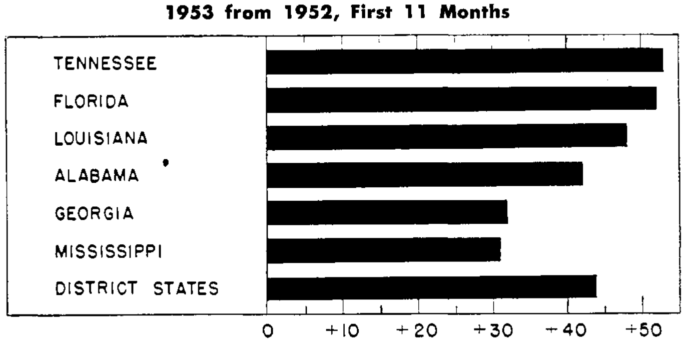
After reaching their peak in May, sales at District department stores began a month-to-month decline that continued through most of the third quarter. As durable goods sales continued to slip sharply, total sales were definitely below year-earlier marks in every month except July and November. Many department stores complained that they were losing their appliance and television sales to the discount houses who offered price cuts on these items. Sales of clothing and other nondurables held up somewhat better than durables although they too fell below 1952 levels in some months of the third quarter.

Consumer purchases, measured by seasonally adjusted sales at department stores, began to recover in October, and an additional rise in November brought sales slightly above the November 1952 level. December sales had everyone guessing. Preliminary reports indicated that in the first two weeks they were not up to the 1952 levels. Beginning with the third week, however, sales forged ahead and by Christmas Eve it was evident that they had passed Christmas 1952 sales. Total December sales at department stores in the District were, however, slightly smaller than the December 1952 figure.

Registrations of new cars had declined from the May peak but remained high in the fourth quarter largely because dealers had a much greater volume of clean-up sales this year. Dealers frequently found sales painful since it was difficult to close out inventories of 1953 models at profitable prices. Used car prices, which had been declining steadily all year, continued to add considerably to dealers' problems.

In the fourth quarter, savings failed to show as much growth as they had earlier in the year. To some extent the decline in growth was seasonal, but in the closing months increases over 1952 in time deposits and purchases of ordi-

PERCENTAGE INCREASE IN NEW CAR REGISTRATIONS
1953 from 1952, First 11 Months



nary life insurance policies fell off from the gains experienced earlier in the year.

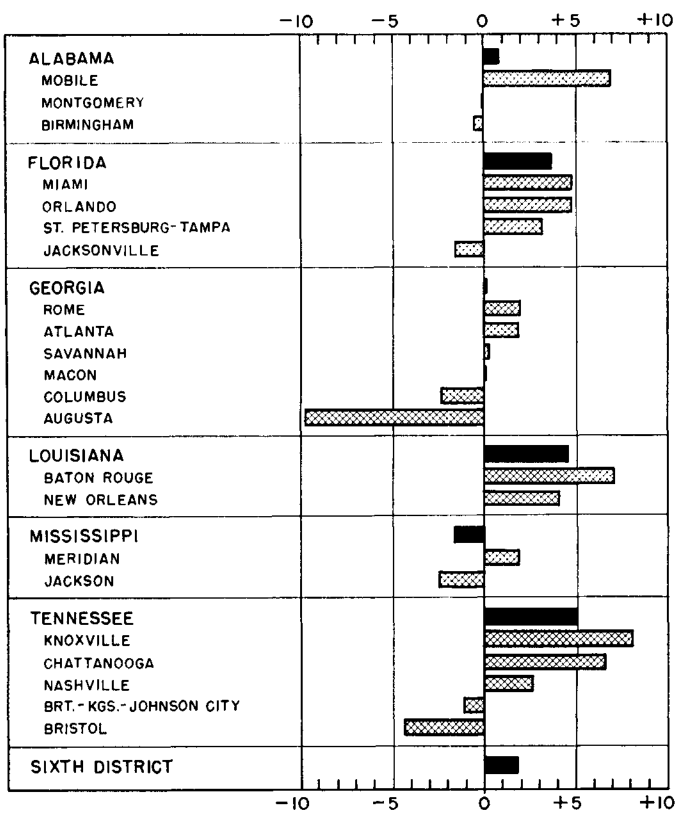
Some States Make More Gains Than Others

For the most part the trend in spending during the year was similar in all Sixth District states. When the year opened, every state showed increases in spending over the first quarter of 1952. As the year progressed, department store sales in each state continued to increase from a year earlier but at a continuing lesser rate.

Residents of Tennessee, Louisiana and Florida upped their department store purchases the most and remained the leading gainers throughout the year. These states were also the leaders in the new car registrations race during the year.

Alabama consumers started the year with large increases in their purchases. After the first quarter, however, they rapidly lost the lead in both department store sales and new car registrations. By the end of the year sales in Alabama showed less increase over 1952 than those for the entire Sixth District. On the lower extreme, spending of consumers in Mississippi and Georgia showed less increase during most of the year than in other District states. Mississippi department stores ended the year with sales smaller than those in 1952, while Georgia stores barely equaled their 1952 total.

PERCENTAGE CHANGES IN DEPARTMENT STORE SALES
1953 from 1952



The states making the largest gains in spending during the year had the largest increases in savings as well. The rank of the leading gainers was somewhat different, but Alabama, Florida, Tennessee, and Louisiana showed the largest increases while Georgia and Mississippi remained behind the District rates of gain.

Income Changes Supplied Boost

Chiefly responsible for spending and saving records attained in 1953 was the high level of income. By the end of the first half, income payments had increased at an annual rate of more than 6 percent over the first half of 1952. A drop in agricultural income was more than offset by large increases in payments from manufacturing and other sources.

In August and September seasonally adjusted manufacturing payrolls for the District decreased sharply from their July peak. Nevertheless, total estimated income for the District in the third quarter continued to grow steadily. Near the end of the year manufacturing payrolls leveled off again but remained somewhat higher than they were in the previous year.

Different rates of income expansion were important in explaining differences in spending and saving by residents of individual states. Although income from agriculture in Georgia and Mississippi increased moderately in contrast to the District decline, the growth in income from manufacturing in those two states was not as great as that for the District. Manufacturing payrolls in Georgia reached their highest level in February and remained lower thereafter. Factory payrolls in Mississippi declined sharply after April. As a consequence of these and other changes, income in Georgia and Mississippi expanded less than it did throughout the District.

The states which showed the largest gains in spending and saving, on the other hand, showed the steadiest increases in manufacturing payrolls through most of the year. In addition, probable gains in service and trade income were particularly important in Florida, while significant rises in Government payrolls during the first half also helped to raise purchasing power in Florida and Louisiana.

Sales and Savings Still High at Year's End

Although the outlook became cloudy in the third quarter when large declines in sales occurred, the last three months of the year provided a somewhat shaky recovery. Department store sales were still quite high at the end of the year and the seasonally adjusted sales index was slightly higher than it had been in January.

When the year closed, the income and liquid reserves of District residents were also at high levels. The declines that had occurred in agricultural income and manufacturing payrolls during the year appeared to be leveling off. Nevertheless, the outlook for consumer sales and savings seemed less favorable at the end of the year than it was at the beginning although there was nothing in the record to cause great alarm.

JOHN S. CURTISS

Factory Phenomena in Fifty-Three

Methodically noted in the diary of Father Time is the Sixth Federal Reserve District's economic record for 1953. At this time of the year it is customary to study the achievements and failures recorded within that bulky volume in order to gain perspective and to find help in drawing conclusions that may prove useful in peering into the future. By all accounts, anyone looking at the aggregate figures reflecting our economic behavior in 1953 would say that it was an excellent year. Income scaled new heights. So did spending by consumers and by businesses; yet individuals were still able to add to their savings at a rate that compares favorably with any other year since the end of World War II.

But aggregates for a year are often misleading since they conceal varying movements during the year and do not reveal contrasting trends among their components. The aggregate called manufacturing employment suffered from these deficiencies during 1953. During the year manufacturing activity rose to a crest and then receded. Some individual industries advanced and others faltered, with activity in a couple falling to the lowest point since 1949, the recession year. Although manufacturing employment climbed to its highest point since the end of the war, moderate labor surpluses existed in some areas. Thus, it was a year of cross-currents—of strength and of weakness.

It was also a year in which the District economy reaped the harvest from sowings made in previous years to increase the productive capacity of the region. Many of the new plants and expansions that had been announced in 1952 and that individually were to cost over a million dollars and collectively involved half a billion dollars were completed and operating in 1953. In addition, other such announcements were made in 1953, with expenditures to total a quarter of a billion dollars.

Chemicals, primary metals, and paper—industries that require large investments per worker and are among the highest payers in the District—are among the biggest investors. Other industries, such as apparel, that require far less capital investment have also expanded greatly. The outcome of all this has been more work, higher incomes, and a greater output.

The year 1953 may go down in history not only as a record breaker but also as a turning point. So far as manufacturing activity is concerned, the year split neatly into halves; expansion characterized the first six months and modest contraction the remaining months.

Manufacturing employment in the District rose in the first half of 1953, but at a much slower pace than in the final half of 1952. The post-World War II peak was reached in July; since then, employment has drifted downward, and by November the seasonally adjusted level was only fractionally higher than it was at the start of the year.

Factory payrolls, of considerable importance in the District income picture, adhered to the employment pattern. During the first three quarters of the year manufacturing contributed almost a fourth to the estimated 7-percent growth in total income payments to individuals.

Economic events such as these arise out of many factors. One of the most important is the tie, or relationship, between the part and the whole, that is, between a region and the entire nation. Developments in one area of our complex and highly interdependent economy will tend to affect those in other areas. Buoyancy and expansion in business activity in a wider area spread contagiously to the smaller region. Striking advances in the nation since 1940, therefore, paved the way for the extraordinary progress experienced in the Sixth District. Thus, to better understand the nature of changes within the District in the last year, it may be helpful to relate them to developments on the national level.

District Slips Behind Nation in Manufacturing Employment Gains . . .

Manufacturing employment in the Sixth District since 1939 has paralleled that throughout the nation rather closely. Factory managers in the District and the nation have increased their labor forces by an average of about 4 percent a year during the past decade or so in order to cope with the vast foreign and domestic demand for goods. Generally, however, in periods of readjustment and declines, manufacturing employment has tended to drop more in the District than in the nation, but in times of prosperity and growth the District has fared better than the nation.

This pattern, however, did not hold true in 1953. In that year of expansion the national growth in manufacturing employment exceeded that for the District. Actually, the number of workers on factory payrolls in the nation in 1953 averaged 7 percent higher than in 1952, whereas the District experienced only a 5-percent gain. The difference in the rate of increase is attributable basically to the sharp increase in durable goods production which is a good bit more important in the nation. As is shown on Chart I, the most striking advances in employment in 1953, even in the District, occurred in durable goods industries, such as transportation equipment, fabricated metals, and primary metals.

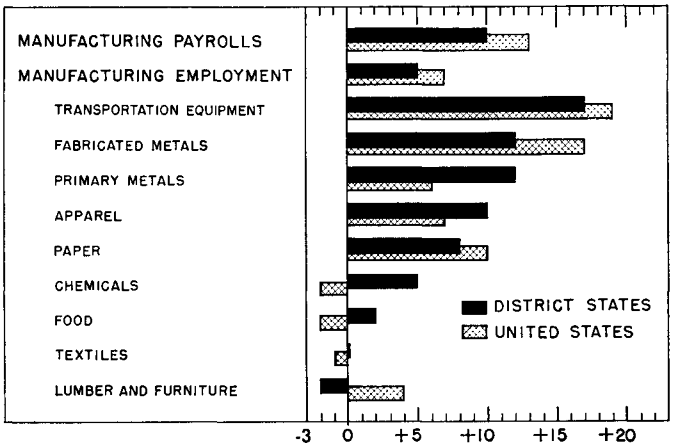
Above-average employment gains in these industries, however, were offset by little or no gains in the "Big 3" of District employers—lumber, textiles, and food processing. Significantly, of all the District's major industries, only lumber suffered a decrease in employment in 1953. Lumber, and more specifically Southern pine, has been in the doldrums for some time because of a combination of over-

Chart I

MANUFACTURING EMPLOYMENT AND PAYROLLS

Percent Change, First 11 Months, 1953 from 1952

District States and United States



production and weakened demand. Furthermore, textile and food processing employment did not rise as fast as the average for all industry.

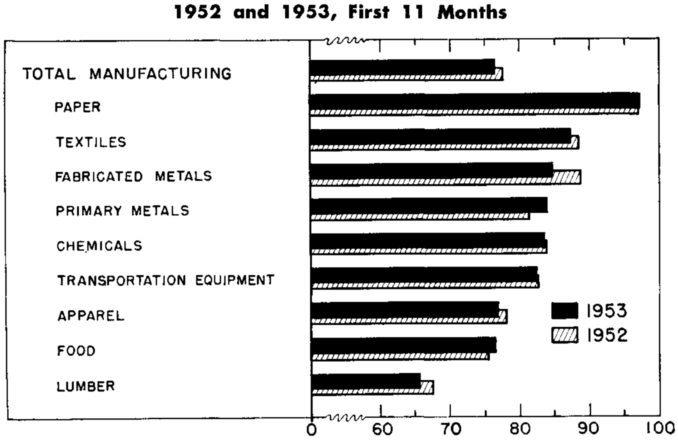
That the District lost ground relative to the nation in 1953 also shows up in the earnings picture, as can be seen on Chart II. The average weekly pay check of a factory worker in the District in 1953 was about three-fourths as large as that of the "national employee," a moderate decrease from the 1952 position, brought about mainly by a slightly shorter work week. Hourly wage rates in both the District and the nation, however, rose at the same pace between 1952 and 1953. Only in the food and primary metals industries did District workers' weekly earnings improve in relation to those for the nation—an improvement primarily attributable to a greater increase in hourly wages in the District.

Chart II

AVERAGE WEEKLY WAGES IN MANUFACTURING

District States as Percent of United States

1952 and 1953, First 11 Months



Weekly earnings from manufacturing in the South have traditionally been lower than the national average partly because of the concentration of the lower wage paying industries here. Much progress, however, has been made in the last decade toward narrowing the spread. Even so, as Chart II clearly shows, the average factory worker in the Sixth District still has some distance to go before his weekly pay check equals that of his national counterpart. As is apparent from the chart, the difference in weekly earnings is smallest in the paper industry with textiles ranking second and lumber last.

. . . Because of Differences in Structure of the Manufacturing Economy—

The difference between the national rates of expansion in manufacturing activity in 1953 and the District rates stems basically from the difference in the make-up, or structure, of manufacturing between the two areas. Because of varying demands and levels of stocks, certain industries thrived, whereas others had to absorb some slack and curtail operations in the process.

Mainly responsible for the nation-wide expansion in total manufacturing output in 1953 were the durable goods industries. Still-huge defense requirements, coupled with the production of more than seven million automobiles and trucks, provided the impetus for growth. Gains were especially striking in the fabricated and primary metals industries, which contribute much less to the District than to the national economy. All told, durable goods production in the District is considerably less important than it is in the nation. During 1953, for example, around six out of ten manufacturing workers in the nation were employed in these industries; in the South the ratio was about four out of ten. It is apparent that one element bringing about the lag consists of differences in the relative importance of durables in the manufacturing structures of the two areas.

Since most of the District's factory output flows into the consumer goods market, gains in the capital goods industries turning out machinery and equipment played a less significant role in this region than they did nationally. Consumer spending was the main determinant of manufacturing activity in the Southeast. In 1953 consumers broke all previous buying records. Retail sales throughout the nation were 5 percent higher than the dollar volume in the previous year, primarily because of an 11-percent rise in purchases of major consumer durables. Sales of nondurables, on the other hand, increased by a more moderate 2 percent. Again, since consumer durable goods account for only a small share of the District's manufacturing output, the increase in consumer expenditures did not affect manufacturing activity in the District as much as elsewhere.

Manufacturing conditions are affected not merely by how much is sold, but also by how much merchandise rests on the shelves awaiting buyers. Despite the growth in sales, inventories at both retail and manufacturing levels have climbed to new heights, in some cases perhaps involuntarily. At the manufacturer's level, the most conspicuous inventory increases in 1953 over the 1952 volumes appeared in the primary and fabricated metals, transportation equipment (notably automobiles), and lumber industries. In the food, textile, apparel, and paper products industries, manufacturers carried less goods in stock on the average in 1953 than in the year before. It seems, therefore, that a greater volume of sales, together with a fairly sharp inventory accumulation, abetted the more striking gains in employment and output in the nation than in the District.

A review of price movements reinforces this story. A manufacturer's need for workers, of course, is largely regulated by the strength or weakness of demand for his output. And some idea of the demand situation for his product can be obtained from wholesale price movements. Prices of all nonfarm District commodities sold at wholesale varied but little through 1952 and 1953, discounting some minor ups and downs. Actually, wholesale prices of District products in 1953 were no higher than in 1952, even though employment rose 5 percent during the same period. More workers meant a larger output, but since total manufacturers' sales in 1953 rose well above the year-earlier levels and at a rate nearly twice as fast as inventories, the comprehensive price index was not depressed.

The strong demand for durable goods, however, continued to exert upward pressures upon wholesale prices of certain commodities. In the District prices of metal products, machinery, and minerals in 1953 broke through the record ceilings reached shortly after the beginning of the battle of Korea. Prices of other durables and nondurables in general were slightly higher in December than they were at the beginning of the year, with two notable exceptions; textiles and lumber prices actually declined.

. . . Differences That Will Continue to Shape Our Destiny in 1954

Although the year-to-year comparisons show that the District did not do as well as the nation in manufacturing activity gains, within 1953 alone the situation was somewhat different. Between January and June the increase in manufacturing employment in the District was only a fraction below that of the nation; in the closing months of the year the South did not slip as much as the nation.

The difference in the manufacturing structures between the nation and the District again will be a major determinant in shaping the new year. Durable goods production which spark-plugged the nation's growth last year is very sensitive and as a result behaves in an erratic fashion, shooting upwards and plunging sharply. In the District, the less volatile and nondurable-goods-producing industries predominate. If the national decline in business volume continues through 1954, therefore, industrial activity in the District may very well respond sympathetically but in a somewhat milder manner.

Basil A. Wapensky

Bank Announcements

The American Bank, Fort Lauderdale, Florida, opened for business January 8 as a member of the Federal Reserve System. This bank is located in territory served by the Jacksonville Branch. Its officers are: Thomas F. Fleming, President; Walter H. Freeman, Executive Vice President; and Al Schmacker, Cashier. Capital stock of the institution totals $350,000 and surplus and undivided profits amount to $150,000.

On January 1, the Hillsboro State Bank, a nonmember bank located in Plant City, Florida, began remitting at par for checks drawn on it when received from the Federal Reserve Bank. This bank's officers are: C. T. Young, President and Chairman of the Board; Arthur R. Boring, Cashier; F. H. Moody, Assistant Cashier; and S. E. Youngblood, Assistant Cashier. It has a capital of $200,000 and surplus and undivided profits of $564,232.

On January 5, the Citrus and Chemical Bank of Bartow, Bartow, Florida, opened for business and began remitting at par. Ray Clements is President of this nonmember Bank; Omer E. Lannom, Executive Vice President; Frank A. Bevis, Vice President and Cashier; and W. H. Greene, III, Assistant Cashier. The bank opened for business with a capital stock of $200,000 and surplus and undivided profits of $58,000.

The opening date for the Wayne State Bank, Jesup, Georgia, was January 16. This bank began operations as a nonmember but will remit at par. Its officers are: W. Glenn Thomas, President; R. M. Walker, Sr., Vice President; and P. B. Collins, Jr., Cashier. Capital stock totals $100,000 and surplus and undivided profits amount to $50,000.

Another new bank opening in Florida as a nonmember was the Dealers and Growers State Bank, Jacksonville, which began operations January 21. This bank has announced that it will remit at par. James L. Ingram is listed as President; Fred L. Wagner, as Executive Vice President and Cashier; E. H. Clarkson and Harry Halden were named Vice Presidents. Capital stock amounts to $150,000 and surplus and undivided profits to $75,000.

Sixth District Statistics

Instalment Cash Loans

Lender	No. of Lenders Report-ing	Volume: Percent Change Dec. 1953 from Nov. 1953	Volume: Percent Change Dec. 1953 from Dec. 1952	Outstandings: Percent Change Dec. 1953 from Nov. 1953	Outstandings: Percent Change Dec. 1953 from Dec. 1952
Federal credit unions	34	+29	+18	+1	+30
State credit unions	18	+12	+12	+2	+33
Industrial banks	9	+11	—2	—0	+5
Industrial loan companies	10	+17	+11	+2	+8
Small loan companies	32	+46	—7	+3	+0
Commercial banks	33	+3	—17	—1	+13

Retail Furniture Store Operations

Item	Number of Stores Reporting	Percent Change Dec. 1953 from Nov. 1953	Percent Change Dec. 1953 from Dec. 1952
Total sales	142	+39	—12
Cash sales	127	+68	—6
Instalment and other credit sales	127	+35	—13
Accounts receivable, end of month	136	+6	—0
Collections during month	136	—1	—7
Inventories, end of month	101	—13	+1

Wholesale Sales and Inventories*

Type of Wholesaler	Sales: No. of Firms Report-ing	Sales: Percent change Dec. 1953 from Nov. 1953	Sales: Percent change Dec. 1953 from Dec. 1952	Inventories: No. of Firms Report-ing	Inventories: Percent change Dec. 31, 1953, from Nov. 30 1953	Inventories: Percent change Dec. 31, 1953, from Dec. 31 1952
Automotive supplies	4	+2	+9	3	+26	+14
Electrical—Wiring supplies	3	—20	—13	3	—16	+0
" Appliances	6	+44	—25	5	—13	—18
Hardware	9	—6	—10	5	+3	+10
Industrial supplies	16	—2	+10	7	—4	+0
Jewelry	5	+86	+2	3	—10	+8
Plumbing & heating supplies	4	—5	+11	3	—8	+4
Refrigeration equipment	6	—13	+19	6	—1	—2
Confectionery	5	+13	—4	3	—4	+13
Drugs and sundries	8	—3	—2	3	—8	+6
Dry goods	16	—26	—6	10	—15	+5
Groceries—Full-line	43	—2	—1	26	—3	+1
" Voluntary group	3	+9	+2	..	..	..
" Specialty lines	6	+5	+0	3	—9	+8
Tobacco products	12	+8	—15	8	—22	—3
Miscellaneous	15	—6	+3	10	+6	+10
Total	161	—2	—4	98	—5	+3

*Based on information submitted by wholesalers participating in the Monthly Wholesale Trade Report issued by the Bureau of the Census.

Department Store Sales and Inventories*

Place	Sales: Dec. 1953 from Nov. 1953	Sales: Dec. 1953 from Dec. 1952	Sales: 1953 from 1952	Inventories: Dec. 31, 1953, from Nov. 30, 1953	Inventories: Dec. 31, 1953, from Dec. 31, 1952
ALABAMA	+70	—1	+1	—33	—11
Birmingham	+73	—2	—1	—37	—17
Mobile	+68	+2	+7	..	..
Montgomery	+64	—5	—0	..	..
FLORIDA	+59	—0	+4	—17	+3
Jacksonville	+73	—0	—2	—28	—9
Miami	+53	—1	+5	—14	+10
Orlando	+56	+0	+5	..	..
St. Ptrsbg-Tampa Area	+58	—1	+3	..	..
St. Petersburg	+57	—2	+3	—16	—5
Tampa	+58	+1	+4	..	..
GEORGIA	+62	—0	+0	—26	—2
Atlanta**	+59	+2	+2	—25	—3
Augusta	+70	—9	—10	..	..
Columbus	+73	—1	—2	—27	—2
Macon	+64	—4	+0	—30	+7
Rome**	+85	—4	+2	..	..
Savannah**	+66	—3	+0	..	..
LOUISIANA	+46	+3	+5	—19	+0
Baton Rouge	+56	+2	+7	—29	+3
New Orleans	+45	+1	+4	—17	+0
MISSISSIPPI	+60	—2	—2	—24	—0
Jackson	+47	—1	—2	—25	—4
Meridian**	+77	—2	+2	..	..
TENNESSEE	+72	+0	+5	—28	—0
Bristol**	+90	—8	—4	—27	+11
Bristol-Kingsport-Johnson City**	+93	—6	—1	..	..
Chattanooga	+74	+6	+7	..	..
Knoxville	+74	+1	+8	—34	—16
Nashville	+63	—2	+3	—26	+2
DISTRICT	+62	—1	+2	—24	—2

*Includes reports from 125 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 non-department stores, however, are not used in computing the District percent changes.

Condition of 27 Member Banks in Leading Cities

(In Thousands of Dollars)

Item	Jan. 20 1954	Dec. 16 1953	Jan. 21 1953	Percent Change Jan. 20, 1954, from Dec. 16 1953	Percent Change Jan. 20, 1954, from Jan. 21 1953
Loans and investments—					
Total	2,995,453	3,017,354	2,962,141	—1	+1
Loans—Net	1,282,985	1,310,438	1,219,539	—2	+5
Loans—Gross	1,304,250	1,331,600	1,240,709	—2	+5
Commercial, industrial, and agricultural loans	766,994	786,053	709,864	—2	+8
Loans to brokers and dealers in securities	11,428	12,425	14,111	—8	—19
Other loans for purchasing or carrying securities	35,114	37,278	37,163	—6	—6
Real estate loans	87,016	87,611	96,484	—1	—10
Loans to banks	1,718	7,581	9,054	—77	—81
Other loans	401,980	400,652	374,033	+0	+7
Investments—Total	1,712,468	1,706,916	1,742,602	+0	—2
Bills, certificates and notes	743,694	737,977	760,634	+1	—2
U. S. bonds	701,760	704,318	727,023	—0	—3
Other securities	267,014	264,621	254,945	+1	+5
Reserve with F. R. Banks	550,156	529,915	539,351	+4	+2
Cash in vault	47,965	47,565	48,215	+1	—1
Balances with domestic banks	255,224	257,226	239,611	—1	+7
Demand deposits adjusted	2,226,176	2,203,068	2,178,205	+1	+2
Time deposits	572,331	568,190	554,385	+1	+3
U. S. Gov't deposits	62,293	76,865	72,467	—19	—14
Deposits of domestic banks	716,801	709,416	722,090	+1	—1
Borrowings	15,900	39,400	20,500	—60	—22

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

Place	December 1953	November 1953	December 1952	Percent Change Dec. 1953 from Nov. 1953	Percent Change Dec. 1953 from Dec. 1952	Percent Change 12 Months 1953 from 1952
ALABAMA						
Anniston	32,341	30,340	33,058	+7	—2	+3
Birmingham	523,705	413,424	495,502	+27	+6	+1
Dothan	20,404	18,854	19,926	+8	+2	+2
Gadsden	25,106	22,604	25,736	+11	—2	+5
Mobile	193,621	175,228	186,151	+10	+4	+7
Montgomery	101,668	94,650	100,438	+7	+1	+2
Tuscaloosa*	34,947	33,552	36,478	+4	—4	+9
FLORIDA						
Jacksonville	469,753	398,149	434,364	+18	+8	+10
Miami	437,747	365,725	423,944	+20	+3	+13
Greater Miami*	652,738	547,872	634,113	+19	+3	+11
Orlando	97,028	79,465	92,087	+22	+5	+9
Pensacola	60,607	55,552	57,103	+9	+6	+13
St. Petersburg	101,597	91,365	103,266	+11	—2	+8
Tampa	219,638	183,648	215,845	+20	+2	+11
West Palm Beach*	68,539	56,122	67,587	+22	+1	+8
GEORGIA						
Albany	42,532	40,167	47,122	+6	—10	+12
Atlanta	1,358,708	1,204,166	1,317,343	+13	+3	+10
Augusta	88,115	79,416	101,886	+11	—14	—5
Brunswick	15,006	12,084	13,418	+24	+12	+7
Columbus	84,103	76,334	82,447	+10	+2	+1
Elberton	5,310	4,860	5,459	+9	—3	+5
Gainesville*	28,373	26,413	25,688	+7	+10	+5
Griffin*	16,127	13,946	16,229	+16	—1	+5
Macon	90,439	78,528	88,324	+15	+2	+3
Newnan	11,959	9,784	12,781	+22	—6	—9
Rome*	33,495	31,245	28,849	+7	+16	+17
Savannah	138,386	119,075	134,878	+16	+3	+9
Valdosta	20,343	18,903	19,490	+7	+4	+8
LOUISIANA						
Alexandria*	50,875	44,538	47,616	+14	+7	—1
Baton Rouge	141,630	132,662	135,594	+7	+4	+12
Lake Charles	58,617	53,155	56,558	+10	+4	+3
New Orleans	1,018,635	948,527	995,854	+7	+2	+7
MISSISSIPPI						
Hattiesburg	21,252	19,305	20,670	+10	+3	+4
Jackson	148,198	160,550	177,841	—8	—17	—4
Meridian	27,569	28,438	31,590	—3	—13	—2
Vicksburg	16,804	17,335	15,933	—3	+5	+12
TENNESSEE						
Chattanooga	233,065	205,998	215,037	+13	+8	+17
Knoxville	179,976	141,843	175,533	+27	+3	+19
Nashville	508,297	432,773	449,509	+17	+13	+7
SIXTH DISTRICT						
32 Cities	6,492,159	5,712,907	6,284,687	+14	+3	+8
UNITED STATES						
345 Cities	168,587,000	141,115,000	165,115,000	+19	+2	+7

*Not included in Sixth District totals.

Sixth District Indexes

1947-49 = 100

	Manufacturing Employment			Manufacturing Payrolls			Cotton Consumption**			Construction Contracts			Furniture Store Sales*/**		
	Nov. 1953	Oct. 1953	Nov. 1952	Nov. 1953	Oct. 1953	Nov. 1952	Dec. 1953	Nov. 1953	Dec. 1952	Dec. 1953	Nov. 1953	Dec. 1952	Dec. 1953	Nov. 1953	Dec. 1952
UNADJUSTED															
District Total	114	115r	114	155	156	153	91	98	106r	..	..	..	136p	106	151r
Alabama	107	108	108r	138	140	141	92	93	107	208	231	193	150p	103	177
Florida	134	126	126r	185	168	169	..	..	..	205	163	176	140	111	148r
Georgia	115	116r	116r	154	155	157	91	102	105r	170	170	331	140p	106	161r
Louisiana	114	114r	109r	156	159	142	..	..	..	190	188	579	135p	122	149r
Mississippi	111	113	114	154	159	165	111	112	127	113	121	267	..	..	..
Tennessee	114	116	114r	159	163	158	89	96	101	187	177	331	117	92	127
SEASONALLY ADJUSTED															
District Total	114	115r	114	153	154	151	92	95	107r	..	..	..	97p	102	108r
Alabama	109	109	110r	142	141	146	..	..	..	..	..	..	101p	108	120
Florida	135	131	127r	183	177	168	..	..	..	..	..	..	111	105	117r
Georgia	114	113r	115r	153	152	155	..	..	..	..	..	..	100p	103	115r
Louisiana	110	112	104r	149	155r	136	..	..	..	..	..	..	99p	111	108r
Mississippi	109	111	113	149	153	160	..	..	..	..	..	..	..	..	..
Tennessee	114	115	114r	158	160	156	..	..	..	..	..	..	81	95	88

Department Store Sales and Stocks**

	Adjusted			Unadjusted			
	Dec. 1953	Nov. 1953	Dec. 1952	Dec. 1953	Nov. 1953	Dec. 1952	Year 1953
DISTRICT SALES*	127p	128	129r	219p	146	221r	127
Atlanta[1]	135p	125	132r	218p	149	213	126
Baton Rouge	110	114	109r	183	128	180	112
Birmingham	121	119	123r	205	129	208	115
Chattanooga	136	135	129	241	150	228	132
Jackson	110	110	116r	179	131	189	111
Jacksonville	116	118	117r	204	128	205	111
Knoxville	124	130	123r	220	137	218r	122
Macon	121	124	126r	226	149	236r	133
Miami	126	137	128r	224	159	226	132
Nashville	121	125	124	212	142	217	119
New Orleans	125	128	123r	207	155	202r	124
St. Ptrsbg-Tampa Area	139	141	140r	234	160	236r	137
Tampa	127	128	126r	215	147	215	124
DISTRICT STOCKS*	142p	148	144r	125p	165	127r	146

[1]To permit publication of figures for this city, a special sample has been constructed that is not confined exclusively to department stores. Figures for non-department stores, however, are not used in computing the District index.

*For Sixth District area only. Other totals for entire six states.

**Daily average basis.

Sources: Mfg. emp. and payrolls, state depts. of labor; cotton consumption, U. S. Bureau Census; construction contracts, F. W. Dodge Corp.; furn. sales, dept. store sales, turnover of dem. dep., FRB Atlanta; petrol. prod., U. S. Bureau of Mines; elec. power prod., Fed. Power Comm. Indexes calculated by this Bank.

Other District Indexes

	Adjusted			Unadjusted		
	Dec. 1953	Nov. 1953	Dec. 1952	Dec. 1953	Nov. 1953	Dec. 1952
Construction contracts*	..	..	..	n. a.	186	322
Residential	..	..	..	n. a.	146	151
Other	..	..	..	n. a.	208	452
Petrol. prod. in Coastal Louisiana and Mississippi**	142	138	147	137	140	142
Furniture store stocks*	118p	119	121	113p	125	116
Turnover of demand deposits*	19.0	19.3	19.0	20.0	20.1	19.9
10 leading cities	20.0	19.8	19.6	21.4	21.2	21.0
Outside 10 leading cities	15.8	15.5	15.9	16.1	17.0	16.2
	Nov. 1953	Oct. 1953	Nov. 1952	Nov. 1953	Oct. 1953	Nov. 1952
Elec. power prod., total**	..	..	..	174	175	159
Mfg. emp. by type						
Apparel	139	140r	135	142	143r	138r
Chemicals	122	122	116	124	125r	118r
Fabricated metals	156	160r	159	160	162r	162r
Food	108	109	105	113	111r	111r
Lbr., wood prod., furn. & fix.	90	91r	94	90	90r	94r
Paper and allied prod.	143	145r	132	145	145r	134r
Primary metals	101	104r	103	101	103r	104r
Textiles	96	97	101	97	98	102
Trans. equip.	168	175	150	173	173r	154r

r Revised   p Preliminary   n. a. Not available