SIXTH FEDERAL RESERVE DISTRICT

Monthly Review

Atlanta, Georgia
March • 1958

Federal Reserve Bank of Atlanta

Member Bank Earnings Improve

SIXTH DISTRICT member banks have just closed the books on the most profitable year they have ever had. Their total earnings in 1957, at 363 million dollars, were 14 percent higher than in 1956. This represented a return of 3.88 percent on total assets, up from 3.66 percent for the previous year.

As the bankers began figuring their net profits, however, they found that greater operating costs and higher taxes had whittled away much of the increase in gross earnings. After taking into account smaller losses on loans, security sales, and other transactions, however, they still came up with a net profit of 59 million dollars, 15 percent higher than in 1956.

Aggregate earnings data may tell us something about bank profits, but a full understanding of them requires an examination of any changes that may have occurred in sources of income. In order to arrive at the rate of return banks received, we have related earnings from various sources to the average amounts of income-earning assets they have on their books. In this way, we have also found how individual banks and groups of banks fared.

To make such an analysis possible, this Bank prepares an annual tabulation of operating ratios for each member bank in the District. The ratios are based on reports of earnings and dividends for the year and on year-end, mid-year, and autumn reports of condition submitted by member banks.

Earnings by Source

Much of the increase in total earnings of District member banks during 1957 stemmed from the loans they made to individuals and businesses. Recipients of these loans paid 214 million dollars in the form of interest and discounts, 16 percent more than they paid in 1956. The increase represented not only the larger amount of loans outstanding but also the rise in interest rates that accompanied the larger demand for bank loans. The average return on loans rose from 6.35 percent in 1956 to 6.67 percent in 1957.

Rising interest rates were responsible also for much of the increase in earnings on Government securities. District bankers were able to add moderately to their Government security holdings and at the same time raise their loan volume. The somewhat larger holdings of securities, together with improved market yields, raised earnings from this source from 63 million dollars in 1956 to 71 million in 1957. Earnings on other securities, which consist principally of obligations of state and local governments, increased from 17 million dollars in 1956 to almost 19 million in 1957, a rise of 10 percent. Earnings from other sources, such as service charges and trust fees, accounted for the balance of 1957 gross income.

Operating Expenses Increased

Rising operating expenses continued to plague bankers during 1957. Total expenses rose 20 percent to reach 240 million dollars, an even faster rate of growth than the one that took place in earnings. Almost 70 cents out of each earnings dollar in 1957 went to pay operating expense; it took only 66 cents during the preceding year.

Much of the increase in operating expense relative to earnings reflected the rise in interest paid on time deposits. This expense, which had amounted to only 11.3 percent of total earnings in 1956, rose to 16.4 percent in 1957. Most District bankers increased the rate on time deposits early in 1957 after the maximum permissible rate on this

Average Operating Ratios of all Member Banks in the Sixth Federal Reserve District

SUMMARY RATIOS:	1952	1953	1954	1955	1956	1957
Percentage of total capital accounts:						
Net current earnings before income taxes	16.4	16.3	15.5	16.2	16.9	15.7
Profits before income taxes	14.1	14.2	15.1	13.2	12.8	12.6
Net profits	9.0	9.0	9.9	8.5	8.4	8.4
Cash dividends declared	3.2	3.1	3.1	3.0	3.0	3.0
Percentage of total assets:						
Total earnings	3.12	3.25	3.26	3.43	3.66	3.88
Net current earnings before income taxes	1.14	1.15	1.10	1.18	1.23	1.16
Net profits	.64	.64	.71	.63	.62	.63
SOURCE AND DISPOSITION OF EARNINGS:						
Percentage of total earnings:						
Interest on U.S. Gov. securities	22.1	23.0	22.4	21.8	22.2	22.5
Int. and div. on other sec.	5.9	5.7	5.9	5.9	6.0	6.2
Earnings on loans	58.7	58.6	58.8	59.7	59.6	59.4
Service charges on dep. accts.	6.6	6.4	6.7	6.6	6.5	6.6
Trust department earnings[1]	**2.2**	**2.2**	**2.6**	**2.6**	**2.6**	**2.6**
Other current earnings	6.7	6.3	6.2	6.0	5.7	5.3
Total earnings	100.0	100.0	100.0	100.0	100.0	100.0
Salaries and wages	31.7	32.0	32.3	31.6	31.2	30.2
Interest on time deposits[2]	**8.4**	**9.1**	**10.4**	**10.8**	**11.3**	**16.4**
Other current expenses	31.7	32.5	33.9	34.2	35.0	39.7
Total expenses	63.4	64.5	66.2	65.8	66.2	69.9
Net current earnings before income taxes	36.6	35.5	33.8	34.2	33.8	30.1
Net losses (or recoveries and profits +)[3]	4.5	3.8	+ 1.0	3.5	4.9	3.2
Net increase (or net decrease +) in valuation reserves	...	.5	1.4	2.3	2.9	2.4
Taxes on net income	11.4	11.3	11.4	9.9	8.7	7.9
Net profits	20.7	19.9	22.0	18.5	17.3	16.6
RATES OF RETURN ON SECURITIES AND LOANS:						
Return on securities:						
Interest on U.S. Gov. securities	1.9	2.04	2.06	2.12	2.46	2.64
Int. and div. on other sec.	2.6	2.67	2.60	2.52	2.52	2.66
Net losses (or recoveries and profits +) on total sec.[3]	.1	.08	+ .27	.17	.27	.11
Return on loans:						
Earnings on loans	6.3	6.30	6.19	6.35	6.35	6.67
Net losses (or net recoveries +) on loans[3]	.1	.20	.17	.10	.15	.15
DISTRIBUTION OF ASSETS:						
Percentage of total assets:						
U. S. Government securities	33.9	33.9	33.4	33.0	31.4	31.4
Other securities	7.7	7.9	8.1	8.6	9.0	9.4
Loans	29.8	30.8	31.5	32.8	34.8	34.8
Cash assets	27.5	26.2	25.8	24.3	23.4	22.8
Real-estate assets	.9	1.0	1.0	1.1	1.2	1.4
All other assets	.2	.2	.2	.2	.2	.2
Total assets	100.0	100.0	100.0	100.0	100.0	100.0
OTHER RATIOS:						
Total capital accounts to:						
Total assets	7.2	7.5	7.7	7.7	7.8	7.9
Total assets less Government securities and cash assets	20.1	20.0	19.6	18.9	18.0	18.1
Total deposits	7.9	8.2	8.4	8.5	8.6	8.8
Time deposits[4] to total deposits	22.6	23.5	24.8	25.8	26.0	28.2
Interest on time deposits[4] to time deposits	1.1	1.23	1.36	1.42	1.62	2.36
Number of banks	355	358	362	369	378	387

[1]Banks with none were excluded in computing this average. Ratio included in "Other current earnings."

[2]Banks with none were excluded in computing this average. Ratio included in "Other current expenses."

[3]Includes recoveries or losses applied to either earnings or valuation reserves.

[4]Banks with none were excluded in computing this average.

type of deposits was raised from 2½ percent to 3 percent. As a result, the average rate paid increased from 1.62 percent in 1956 to 2.36 percent in 1957.

Other operating expenses, which include interest on borrowed money, depreciation of fixed assets, and miscellaneous expenses, increased from 35.0 percent of total earnings in 1956 to 39.7 percent in 1957. Much of this rise probably reflects the increases in member bank borrowings during the year as well as the higher rediscount rate of this Bank.

Salaries and wages, the largest single expense item, declined in relation to total earnings. The drop from 31.2 percent to 30.2 percent continued the downtrend in this expense that began in 1955.

Net Profits Up

After they had balanced operating expenses against gross earnings, District banks found that their net earnings before income taxes amounted to 122 million dollars, only 3 percent higher than in 1956. Since both total assets and capital increased at a greater rate, this represented a lower return on both than in the previous year—net current earnings declined from 16.9 percent of capital to 15.7 percent and from 1.23 percent of total assets to 1.16 percent.

A decrease in losses on security sales and on loans, together with smaller transfers to valuation reserves, tended to raise net profits during the year. In addition, income taxes took a much smaller share of each earnings dollar in 1957 than in 1956.

The dollar volume of net profits, therefore, increased during 1957. It represented a smaller share of total earnings, however, than in 1956—16.6 percent against 17.3 percent. Net profits as a percent of total capital were unchanged from the preceding year; the ratio to total assets increased only slightly.

Earnings Vary from Bank to Bank

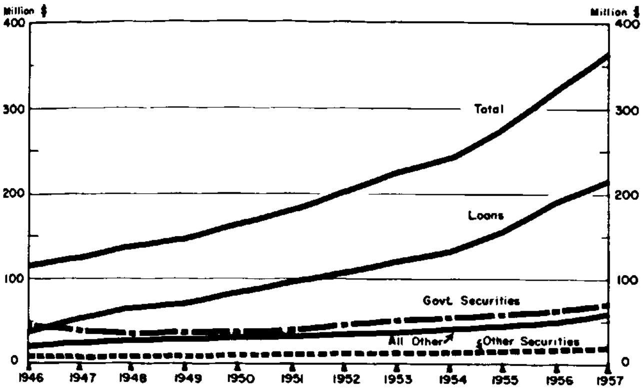
Bank size apparently had little to do with earning rates during 1957. Banks with deposits ranging from 25 million-50 million dollars had the highest ratio of total earnings to total assets—4.09 percent. Judging by this ratio, banks with deposits over 100 million dollars were the least profitable; their total earnings to total assets ratio was 3.50. The earnings rate of the smallest banks, those with deposits below one million dollars, however, was only slightly higher at 3.67 percent.

A bank's total earnings depend not only on the rate of return it receives on its loans and investments but also on the composition of its earning assets. It is, therefore, not surprising to find that the banks with the highest ratio of earnings to assets also had the highest proportion of its assets in the form of high-yielding loans.

Decisions to be Made

Bank earnings are, of course, the result of many interacting forces. Bank management has control over some of these forces but it has no control over others. A banker may decide, for example, to make a loan rather than invest in a Government security yielding a somewhat lower rate. He should remember, however, that he has already increased his loans appreciably relative to securities during

Earnings by Source
Sixth District Member Banks
1946-57



the past two years. Any further decline in his liquidity may lessen his bank's ability to meet successfully any unexpected deposit drain. His decision to invest in loans or securities, moreover, would depend largely on their yields, which are determined by factors over which he has little control.

A banker may improve his earnings position by trimming down cash assets—on which he is earning no income—and investing in loans or securities. In so doing, however, he must realize that his cash assets already comprise a much smaller share of total assets than they did a year or two ago. In fact the ratio declined significantly in 1957.

A bank's earning capacity during 1958, therefore, will depend partly on the skill of its management and partly on the general economic condition of the nation and area in which the bank is located. Economic conditions determine whether credit-worthy applicants will seek loans and also the level of interest rates on both loans and investments.

The current economic downturn has already reduced the demand for loans at banks in the District's leading cities. Outside these cities, however, the demand for bank credit has held up well; the total has declined less than it ordinarily does at this time of year.

Somewhat easier conditions in the money and credit markets have produced a pronounced drop in rates on most types of securities that banks normally buy. In addition, falling money rates, including the Federal Reserve rediscount rate, have prompted large banks throughout the nation to reduce the rates charged on prime business loans.

District bankers, therefore, are likely to experience a decline in the rate of return on both loans and investments during 1958. In addition, unless the recession proves to be a short one, the weakening demand for loans may spread to all banks. Bankers, therefore, could experience difficulty in finding credit-worthy applicants necessary for expanding the ratio of loans to total assets even if liquidity considerations would permit them to do so. The supply of Governments and other securities, on the other hand, is likely to increase; banks should thus have little difficulty in increasing their security holdings.

The recent decline in interest rates has a further implication for District bankers. With the rates of return on loans and investments likely to fall, the current high rate banks are paying on time deposits will be an even heavier drag on total earnings than it was in 1957. Bankers must soon decide whether they will continue to pay the 1957 rate.

New developments that will threaten bank earnings during 1958 are taking shape. Bank management will need all the skill it can muster to meet these threats. Although only time can tell whether 1957 profit rates can be matched, we may be sure that banks' financial statements will change considerably.

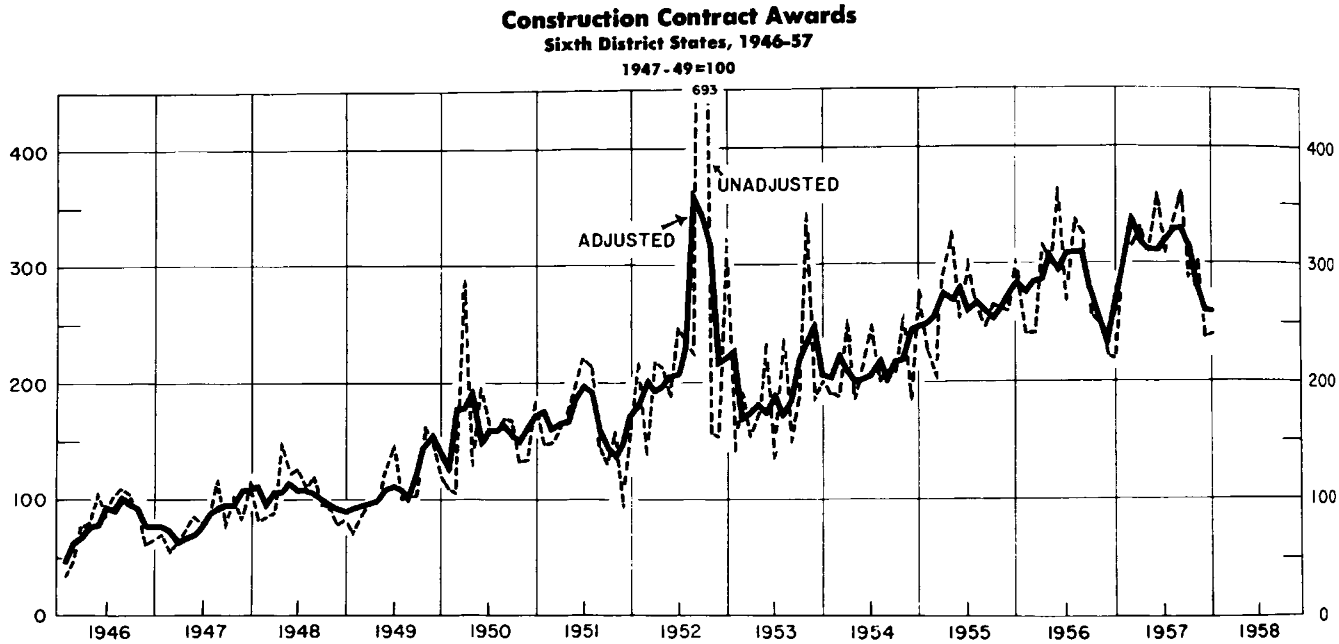
W. M. Davis

Charting The Course of Construction Contract Awards

To provide readers of the *Monthly Review* with a better picture of current developments in District construction, the Federal Reserve Bank of Atlanta is publishing its indexes of construction contract awards on a seasonally adjusted basis, beginning with this issue. Separate indexes for total awards, residential awards, and nonresidential awards are shown on page 7. Indexes were previously published without adjustment of any kind. As always, of course, the indexes are computed from data provided by the F. W. Dodge Corporation on the dollar volume of construction contracts awarded each month.

We are interested in construction contract awards because they give us a preview of construction projects to be started in the near future in terms of their value. Care must be exercised in interpreting the figures, however, since they are characterized by wide, irregular fluctuations and sharp changes associated with the different seasons of the year. Irregular fluctuations often reflect contracts for unusually large individual projects. In such cases, the entire value of the construction project is recorded in one month, whereas actual construction may take many months or even years. Fairly regular seasonal changes occur because of increased activity in warm weather and slower activity in cold weather. To avoid being misled by these changes and to determine the more basic trend, it is necessary to eliminate the effects of these regular seasonal fluctuations.

It is fairly simple to adjust the irregular changes if we are somewhat arbitrary in choosing the averaging period. For our purpose here we used the so-called three-month moving average, that is, the figure for each month was based upon the average of contracts awarded in that



month, the preceding month, and the following month. The index for December 1957, for example, is based on the average of contracts awarded in November, December, and January 1958. A three-month moving average is more representative of contracts awarded during a given month because it helps to smooth out the sharp, irregular fluctuations obscuring the level of activity likely to be sustained for a longer period of time.

Having adjusted our series for irregular fluctuations, we are ready to measure the regularly recurring seasonal changes and adjust for them. The measurement is made by determining the average percent by which each month is above or below the trend, based on figures for a number of years. To complete the seasonal adjustment, we "correct" each month using these average percentages. In recent years, for example, we have lowered the April figure for residential awards by about 12 percent because April awards have been averaging about that much above the trend. Similarly, we have raised the October figures by about 10 percent, because the value of residential awards is normally that much lower in October. Contract awards for nonresidential construction are adjusted in a similar manner, and are combined with the residential figures to get the series on total awards shown by the solid line in the chart.

Fortunately, we were able to have the necessary computations for both steps made by UNIVAC. In this way, days of manual computations were reduced to seconds of electronic computations. We carefully reviewed the results, however, and made some additional minor adjustments, which we believe improved the series.

The two lines on the chart show the results of all the adjustments. The dashed line shows the index based on the dollar value of construction contracts awarded, without adjustment of any kind. The solid line shows the index adjusted for both types of fluctuations. The adjustments smoothed the series substantially, bringing into sharper focus the more basic movements. The general upward trend from mid-1954 through early 1955, the subsequent slight dip, and the resumption of an upward movement through mid-1956, for example, are shown much more clearly by the adjusted index. By contrast, the sharp fluctuations in the unadjusted series sometimes almost completely obscure these sustained movements.

The chart also shows some irregular fluctuation still in the adjusted index. This was to be expected; with our method of handling them, treating irregular movements in a regular way, we could only hope to dampen their effects. The dampening is of substantial help in our analysis, however, for it reveals just how extreme certain figures are. Thus we have a better basis for judging what sustained effect unusually large projects may have on construction.

A striking instance of this type of situation occurred in September 1952, when a contract for over 460 million dollars was awarded in Tennessee for the construction of an atomic energy project. It took our unadjusted index beyond the upper limit of the chart. The adjustment procedure moderated this extreme picture considerably, giving us a better idea of the probable effect on construction activity over the long pull. As it turned out, this major project kept large numbers of construction workers employed for about three years beyond the time it first affected the series on contract awards.

By adjusting the raw data for these two major types of fluctuation, we have answered some questions. At the same time, we have raised other questions by revealing the more significant movements that require special analytical attention. Take the declines in late 1956 and 1957, for example. Our adjustment tells us these declines were larger than usual for that time of year, but we are faced with the question, "What is their real meaning?" The decline in 1956, of course, proved to be temporary and due, in large measure, to a drop in contracts awarded for constructing new factories. Subsequent increases in awards for most other types of construction brought the total up again in the first half of 1957. The decline in late 1957, judging from the available information, appears somewhat more general than was the case a year earlier.

PHILIP M. WEBSTER

National Summary of Business Conditions

Industrial production and employment continued to decline in January, and unemployment increased considerably. Meanwhile construction activity was maintained, new housing starts rose, and total retail sales increased. In January and early February commodity prices changed little. Decreases in bank loans to business were substantial. Short-term interest rates declined sharply further while long-term rates leveled off.

Industrial Production

The Board's industrial production index declined 3 points in January to 133 percent of the 1947-49 average, a level 8 percent below last summer and 9 percent below a year earlier. The Board's index of electric and gas utility output increased further and was 5 percent above January 1957.

Broad curtailments in durable goods industries in January continued to account for most of the decline in total industrial output. Steel mill operations, which had been sharply reduced in December, decreased further in January and early February. At about 90 percent of the 1947-49 average, steel ingot production was somewhat below the mid-1954 low, while activity in most steel consuming lines was higher than at that time. Declines continued during January in the producers' equipment industries and there were further decreases in output of autos and other consumer durable goods. Activity in the aircraft industry showed no further reduction in December and January.

Production of nondurable goods continued to decline gradually in January, as activity in the textile and petroleum industries was curtailed and output of chemical and rubber products showed little change from the reduced December level. Minerals output was unchanged.

Construction

Private housing starts rose in January following a December dip. At a seasonally adjusted annual rate of 1,030,000 units, starts were 8 percent above the reduced levels of early 1957. Seasonally adjusted outlays for new construction were about the same as in other recent months. Expenditures declined for most types of private construction other than public utilities, but increased substantially for highway building.

Employment

Seasonally adjusted employment in nonfarm establishments declined further in January and, at 51.7 million, was 760,000 less than a year earlier and 1.1 million below the peak of August 1957. The average factory workweek declined more than seasonally in January, to 38.7 hours, and weekly earnings were also reduced. The number of persons unemployed rose 1.1 million to 4.5 million, a level 1.3 million higher than a year earlier and close to the postwar peak of 4.7 million reached in February 1950.

Distribution

Seasonally adjusted retail sales increased slightly further in January and were close to the record levels of last summer and 4 percent above a year earlier. Sales at most retail outlets rose or changed little. Sales at department stores declined, however, and unit sales of new autos were down sharply from both December and a year earlier. Dealers' stocks of autos increased further. In December, stocks held by wholesale and retail distributors again changed little while manufacturers' inventories continued to decline.

Commodity Prices

The average of wholesale commodity prices changed little from mid-January to mid-February. While prices of most industrial commodities were stable, nonferrous metal scrap, rubber, and fuel oils declined, and steel scrap and wool advanced. Among farm products, prices of livestock rose further, to the highest level for this time of year since 1952.

The consumer price index was unchanged in December at the new high reached a month earlier. Prices of services continued to advance, and prices of meats turned up. At the same time prices of some other foods decreased and new and used autos declined.

Bank Credit and Reserves

Total loans and investments at city banks declined about $3 billion during January reflecting principally reductions in business and security loans and in holdings of U. S. Government securities. In early February total bank credit increased due mainly to Treasury refunding operations. In the five weeks ending February 5, business loans decreased $1.8 billion, almost twice as much as in the comparable period last year. Repayments by sales finance companies, food processors, and trade concerns were unusually large, and loans to all other major categories of business borrowers except textile manufacturers declined.

Excess reserves of member banks exceeded their borrowings from the Federal Reserve by about $210 million in the four weeks ending February 12. In the previous four-week period, borrowings had about equaled excess reserves. Between the weeks ending January 15 and February 12, more reserves were supplied to banks through a currency inflow and a decline in required reserves than were absorbed through reductions in Federal Reserve holdings of U. S. Government securities and in float.

Security Markets

Short-term interest rates continued to decline rapidly during January and early February. Treasury and private open-market rates, and also Federal Reserve discount rates and the prime rate on short-term bank loans, were reduced. Except for Treasury bond yields, which leveled off, long-term rates continued to decline in January. In early February, however, bond yields generally increased somewhat, reflecting the continued heavy volume of new financing in capital markets and the influence of the Treasury refunding, which included a long-term bond.

Common stock prices showed little net change from mid-January to mid-February.

Bank Announcements

The Federal Reserve Bank of Atlanta is pleased to welcome to membership in the Federal Reserve System on February 28, the Springs National Bank of Tampa, Tampa, Florida. Officers of the bank are W. D. Lowry, President; Ebe J. Walter, Harris B. Sanders, and B. J. Willett, Vice Presidents; D. H. Laney, Cashier; Elam S. Sutton, Lawton Carlton, and C. H. Charlton, Assistant Cashiers. It has capital of $350,000 and surplus of $270,000.

On February 4, 1958, the First Bank of Linden, Linden, Alabama, a nonmember bank, began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers are C. G. Jeffrey, Chairman and President; W. W. Scott, Executive Vice President and Cashier; J. E. Williams, Vice President (inactive); and R. J. Tucker, Assistant Cashier. Capital stock of the bank amounts to $25,000 and surplus and undivided profits to $119,236.

On March 8, the Vermilion Bank and Trust Company, Kaplan, Louisiana, a newly organized, nonmember bank, began to remit at par. Officers are Paul E. Eleazer, President; J. M. Kaplan, Vice President; and Louis A. Roy, Cashier. Its capital totals $200,000 and surplus and undivided profits, $150,000.

On March 10, 1958, the Vernon Bank, Leesville, Louisiana, a nonmember bank, began to remit at par. The bank's officers are H. R. Scobee, President; Miss K. Ferguson, Executive Vice President; W. H. Dishongh, R. S. Fertitta, and O. E. Morris, Vice Presidents; and N. L. Fisher, Cashier. Its capital totals $100,000 and surplus and undivided profits, $125,000.

Department Store Sales and Inventories*

	Percent Change			
	Sales		Inventories	
	Jan. 1958 from		Jan. 31, 1958 from	
Place	Dec. 1957	Jan. 1957	Dec. 31, 1957	Jan. 31, 1957
ALABAMA	—59	—3	—0	—1
Birmingham	—57	—3	+1	+4
Mobile	—61	—2	..	..
Montgomery	—58	—4	..	..
FLORIDA	—51	+2	+7	—9
Daytona Beach	—54	+0	..	..
Jacksonville	—62	—1	+2	—5
Miami Area	—49	+6	+14	—13
Miami	—49	—0	..	..
Orlando	—50	—6	..	..
St. Ptrsbg-Tampa Area	—50	+6	—2	—1
St. Petersburg	—45	—4	..	..
Tampa	—54	+16	..	..
GEORGIA	—59	—4	—0	—3
Atlanta**	—58	—4	—1	—1
Augusta	—62	—5	..	..
Columbus	—60	+2	+2	—1
Macon	—64	—7	—1	—6
Rome**	—67	—18	..	..
Savannah	—64	—8	..	..
LOUISIANA	—55	—2	+1	—3
Baton Rouge	—60	+1	—15	—10
New Orleans	—54	—3	+7	—0
MISSISSIPPI	—58	—5	—2	—9
Jackson	—56	—6	+6	—8
Meridian**	—62	—3	..	..
TENNESSEE	—63	—3	—2	—4
Bristol (Tenn. & Va.)**	—67	+4	—4	+2
Bristol-Kingsport-Johnson City**	—62	—7	—1	—11
Chattanooga	—60	+5	..	..
Knoxville	—61	—6	—2	—12
DISTRICT	—58	—1	+2	—5

*Reporting stores account for over 90 percent of total District department store sales.

**In order 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 percent changes.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

				Percent Change	
				January 1958 from	
	Jan. 1958	Dec. 1957	Jan. 1957	Dec. 1957	Jan. 1957
ALABAMA					
Anniston	36,257	35,660	37,227	+2	—3
Birmingham	743,387	723,066	720,082	+3	+3
Dothan	27,249	26,335	26,906	+3	+1
Gadsden	32,230	33,776	32,704	—5	—1
Mobile	271,553	291,217	272,587	—7	—0
Montgomery	135,265	138,908	136,992	—3	—1
Selma*	23,414	22,693	22,318	+3	+5
Tuscaloosa*	47,802	44,261	42,623	+8	+12
FLORIDA					
Daytona Beach*	63,077	52,644	53,964	+20	+17
Fort Lauderdale*	230,027	211,689	215,158	+9	+7
Gainesville*	38,560	34,445	34,769	+12	+11
Jacksonville	777,335	722,885	662,634	+8	+17
Key West*	16,507	15,991	16,145	+3	+2
Lakeland*	61,810	62,538	69,120	—1	—11
Miami	800,683	780,262	794,474	+3	+1
Greater Miami*	1,280,337	1,193,457	1,262,939	+7	+1
Orlando	186,537	175,316	175,513	+6	+6
Pensacola	84,571	86,805	81,477	—3	+4
St. Petersburg	189,150	176,084	193,103	+7	—2
Tampa	367,038	364,012	338,194	+1	+[illegible]
West Palm Beach*	122,369	110,029	115,841	+11	+6
GEORGIA					
Albany	60,510	57,670	59,924	+5	+1
Athens*	36,835	36,819	34,121	+0	+8
Atlanta	1,726,967	1,769,069	1,589,159	—2	+9
Augusta	88,281	93,103	97,014	—5	—9
Brunswick	23,819	23,837	18,564	—0	+28
Columbus	99,645	105,792	101,859	—6	—2
Elberton	8,643	7,857	8,544	+10	+1
Gainesville*	48,057	47,245	48,973	+2	—2
Griffin*	16,382	18,299	16,247	—10	+1
LaGrange*	23,304	22,237	22,876	+5	+2
Macon	111,519	110,643	108,559	+1	+3
Marietta*	28,132	25,724	28,533	+9	—1
Newnan	19,548	15,679	16,671	+25	+17
Rome*	41,886	41,242	41,682	+2	+0
Savannah	177,870	188,982	176,631	—6	+1
Valdosta	25,907	29,207	27,727	—11	—7
LOUISIANA					
Alexandria*	73,560	69,804	72,914	+5	+1
Baton Rouge	225,262	211,334	195,615	+7	+15
Lafayette*	61,909	56,699	56,714	+9	+9
Lake Charles	94,779	87,998	90,661	+8	+5
New Orleans	1,357,998	1,343,831	1,347,345	+1	+1
MISSISSIPPI					
Biloxi-Gulfport*	38,978	40,146	38,861	—3	+0
Hattiesburg	33,024	31,117	32,134	+6	+3
Jackson	204,982	201,243	208,840	+2	—2
Laurel*	21,715	22,601	20,759	—4	+5
Meridian	36,437	34,857	37,207	+5	—2
Natchez*	23,192	21,293	22,517	+9	+3
Vicksburg	19,353	18,212	18,112	+6	+7
TENNESSEE					
Bristol*	37,923	36,356	36,730	+4	+3
Chattanooga	323,037	276,819	335,485	+17	—4
Johnson City*	41,169	40,361	37,932	+2	+9
Kingsport*	70,379	73,846	65,024	—5	+8
Knoxville	219,015	252,147	228,774	—13	—4
Nashville	626,313	642,607	632,771	—3	—1
SIXTH DISTRICT					
32 Cities	9,134,164	9,056,330	8,803,489	+1	+4
UNITED STATES					
344 Cities	212,862,000	220,376,000	204,293,000	—3	+4

* Not included in Sixth District totals.

Sixth District Indexes

Seasonally Adjusted (1947-49 = 100)

SIXTH DISTRICT	1956	1957												1958
	DEC.	JAN.	FEB.	MAR.	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.
Nonfarm Employment	133	134	134	134	134	134	135	135	135	134	134	134	133	133
Manufacturing Employment	121	121	121	119	120	120	121	121	120	119	120	120	118	117
Apparel	168	172	172	172	168	170	171	164	164	165	166	166	164	167
Chemicals	132	132	132	131	134	136	136	136	133	133	131	131	131	129
Fabricated Metals	164	165	164	166	172	175	179	185	180	177	178	176	172	173
Food	114	117	117	116	117	116	117	118	113	113	113	114	115	117
Lbr., Wood Prod., Fur. & Fix.	84	83	83	80	81	81	80	80	80	81	80	78	78	77
Paper & Allied Products	164	164	161	161	163	162	163	156	161	159	161	159	159	158
Primary Metals	110	108	107	106	107	108	107	108	107	104	105	100	99	95
Textiles	92	92	91	90	91	91	90	89	89	89	88	88	88	87
Transportation Equipment	214	213	206	206	209	218	231	235	243	230	216	216	225r	215
Manufacturing Payrolls	194	193	191	190	191	194	198	201	200	197	194	196	194	188
Cotton Consumption**	94	90	86	86	84	88	89	87	89	90	86	85	79	83
Electric Power Production**	289	309	288	298	297	308	310	298	297	299	303	299	295	n.a.
Petrol. Prod. in Coastal Louisiana & Mississippi**	200	198	205	203	195	195	170	172	160	164	167	164	179	171
Construction Contracts*	268	297	339	319	313	311	320	330	330	315	283	261	259	n.a.
Residential	272	298	315	293	268	291	325	319	341	324	334	288	294	n.a.
Nonresidential	265	295	359	339	350	327	315	340	321	308	241	239	229	n.a.
Farm Cash Receipts	113	116	140	121	129	132	142	148	109	83	93	102	123	131e
Crops	105	101	140	112	120	135	150	149	74	62	76	82	108	n.a.
Livestock	143	142	151	139	149	146	145	158	152	147	157	151	173	n.a.
Dept. Store Sales*/**	170	158r	165	164	162r	172r	176r	175r	179r	172r	159r	166	173r	156p
Atlanta	148	151	157	159	141	163	158	159	167	154	149	154	156	145
Baton Rouge	180	179r	186	170	167	183	186	177	194	181	187	205	201	181
Birmingham	131	125	124	139	118	134	131	128	138	132	128	123	126	121
Chattanooga	143	135r	140	141	139	141	146	149	151	147	141	147	145	142
Jackson	121	115	114	102	98	112	107	119	121	111	102	115	117	109
Jacksonville	132	128	129	124	118	127	128	127	135	132	118	130	133	127
Knoxville	158	156r	150	144	146	154	148	151	158	156	139	144	156	146p
Macon	151	149	151	160	141	149	151	147	166	141	136	143	149	139
Miami	230	221r	225	241	229	252	251	267	274	267	244	231	255	234p
New Orleans	147	135	151	132	140	142	148	148	148	151	145	140	147	131p
Tampa-St. Ptrsbg.	182	181r	187	165	182	185	187	183	185	189	177	195	207	192
Tampa	162	160	161	142	148	157	165	159	167	165	147	180	201	185
Dept. Store Stocks*	203	212r	200	202	203	198	198	204	203	201	208	206	207r	201p
Furniture Store Sales*/**	113	112r	116	111	112	106	111	114	110	105	103	108	113r	107p
Member Bank Deposits*	155	153	154	156	160	159	159	162	160	161	159	159	162	161
Member Bank Loans*	251	253	255	258	259	260	261	263	268	268	265	263	269	270
Bank Debits*	216	218	226	216	223	224	223	231	225	231	221	216	235	227
Turnover of Demand Deposits*	136	140	143	139	138	144	140	152	147	144	138	136	149	146
In Leading Cities	146	150	153	148	156	159	160	168	166	158	145	144	160	157
Outside Leading Cities	103	107	107	109	102	109	103	111	106	110	101	99	113	111
ALABAMA														
Nonfarm Employment	122	123	122	122	122	123	123	123	123	122	123	122	121	122
Manufacturing Employment	110	110	109	110	111	113	114	114	113	109	112	112	107	105
Manufacturing Payrolls	176	180	177	178	177	181	185	187	193	187	188	185	173	170
Furniture Store Sales	126	129	126	118	108	117	113	131	125	100	111	120	117	123
Member Bank Deposits	135	135	136	137	143	140	140r	140	139	139	136	136	139	139
Member Bank Loans	212	209r	210r	211	214	215r	219	219	223r	226r	223	218r	222	224
FLORIDA														
Nonfarm Employment	167	167	169	170	171	175	177	179	179	180	178	176	174	173
Manufacturing Employment	168	166	167	169	172	174	177	177	180	179	180	182	179	174
Manufacturing Payrolls	261	257	267	258	264	273	280	286	290	293	291	290	292	281
Furniture Store Sales	117	107r	123	132	121	112	118	124	114	111	106	111	126r	100p
Member Bank Deposits	195	193	193	196	201r	201r	201	206	207	211	212	213	213	210
Member Bank Loans	375	385	391r	396	401	404r	405	410	414r	415	416	417r	423	427
GEORGIA														
Nonfarm Employment	131	131	131	130	131	130	129	130	130	130	130	130	129	129
Manufacturing Employment	123	123	122	122	122	122	123	122	120	118	117	119	118	116
Manufacturing Payrolls	202	198	193	192	192	194	196	198	199	192	187	198	191r	184
Furniture Store Sales	114	115r	114r	102	106	105	105	106	107	107	103	111	110	107
Member Bank Deposits	138	138	136	140	144	142	142	145	141	141	138	137	142r	141
Member Bank Loans	210	207	208	213	214	214	216r	218	219r	217r	212	208	212	210
LOUISIANA														
Nonfarm Employment	129	130	131	130	131	130	131	130	131	130	130	130	130	129
Manufacturing Employment	100	102	103	102	102	101	103	101	100	100	100	99	97	98
Manufacturing Payrolls	168	172	175	173	174	174	173	173	174	173	172	171	173r	174
Furniture Store Sales*	137	141	122	141	132	117	139	139	147	133	133	135r	148r	132
Member Bank Deposits*	155	151	152r	155r	155r	155	155r	156r	155	154	153	151r	153	151
Member Bank Loans*	258	257	256	259r	259r	262	261	267r	272	271	268	265	274	268
MISSISSIPPI														
Nonfarm Employment	125	126	126	125	125	124	123	124	123	125	124	124	124	125
Manufacturing Employment	122	125	126	124	125	122	124	126	124	124	123	122	121r	123
Manufacturing Payrolls	197	207	212	210	207	207	211	219	217	213	208	206	212	210
Furniture Store Sales*	113	90	100	89	92	89	92	83	75	85	80	95	107	88
Member Bank Deposits*	143	143	144r	145r	152	155	155r	157r	158	154r	147	149	154	163
Member Bank Loans*	269	269r	269r	276	278	280	283	286	288	282	293	294	296	302
TENNESSEE														
Nonfarm Employment	121	121	120	120	120	119	120	119	119	120	119	120	118	117
Manufacturing Employment	119	119	117	118	119	118	118	117	117	116	115	115	114	113
Manufacturing Payrolls	187	189	188	188	189	188	187	189	190	186	185	183	181r	181
Furniture Store Sales*	89	86r	91	83	91	87	86	85	82	82	82	80	87	85
Member Bank Deposits*	142r	140r	140	143	144	144	144	148	148r	147r	146	147r	148r	146
Member Bank Loans*	219r	221r	218	223	226	229	233	236	236	236	230	233r	236r	239

*For Sixth District area only. Other totals for entire six states. n.a. Not Available. p Preliminary. e Estimated. r Revised.

**Daily average basis.

Sources: Nonfarm and mfg. emp. and payrolls, state depts. of labor; cotton consumption, U. S. Bureau Census; construction contracts, F. W. Dodge Corp.; petrol. prod., U. S. Bureau of Mines; elec. power prod., Fed. Power Comm. Other indexes based on data collected by this Bank. All indexes calculated by this Bank.

SIXTH DISTRICT BUSINESS HIGHLIGHTS

MOST ECONOMIC *indicators have declined further recently, although stability or improvement has been shown in some sectors. Factory payrolls were lower in January as both employment and weekly earnings declined. Insured unemployment increased, but total nonfarm employment showed little change. Reflecting weakness in consumer income and adverse weather, consumer spending decreased. Bank loans declined less than usual in January, and borrowings from the Federal Reserve Bank of Atlanta dropped further.*

Total nonfarm employment showed little change in January, following several months of slight declines. **Manufacturing employment** declined further, but this decrease was offset to some extent by a slight rise in **nonmanufacturing. Factory payrolls** also continued downward in January, reflecting a decline in **weekly earnings** as well as decreased employment. With activity slackening in a number of lines, the rate of **insured unemployment** rose more than usual in January.

Activity in cotton mills, as indicated by the amount of cotton consumed, improved somewhat in January from December's depressed level. **Steel operations,** already reduced sharply, were curtailed again in January and February. Seasonally adjusted **crude oil production** in Coastal Louisiana and Mississippi declined during January, after having increased in December. **Contracts awarded** for new construction have been declining in recent months after allowance for usual seasonal changes.

Cash receipts from farm marketings, seasonally adjusted, increased, principally because of improved returns from livestock and poultry. **Prices** of cattle, hogs, and broilers were well above a year ago, and **marketings** of beef cattle and broilers were up. Also, an income bulge occurred in December and January because inclement weather had delayed the cotton harvest in many areas. Finally, receipts in Florida held up better than was anticipated, since much frozen Florida citrus was successfully salvaged.

Total spending slackened in January, as indicated by a drop in seasonally adjusted **bank debits.** Consumer spending apparently was off somewhat more. **Department store sales** fell to the lowest point in two years, and preliminary data indicate a further dip in February. **Sales of durables** such as furniture, household appliances, and automobiles continued to lag. Reflecting this, **instalment credit outstanding** at commercial banks declined during January in contrast to increases during the same month in recent years. **Consumer prices** rose to a new record during the month.

Total bank credit was unchanged in January, as banks offset declines in loans by increasing their holdings of **Government securities.** However, the drop in loans, which was concentrated at banks in major cities, was smaller than is usual for this time of year. This was true in all states except Georgia and Louisiana. **Loans outstanding at banks in major cities** were reduced more in February than they were a year earlier, because sales finance companies made larger repayments. Member banks in February reduced their **borrowings from the Federal Reserve Bank of Atlanta** to the lowest level since the fall of 1954.