Monthly Review

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Federal Reserve Bank of Atlanta

Spending for Better Roads

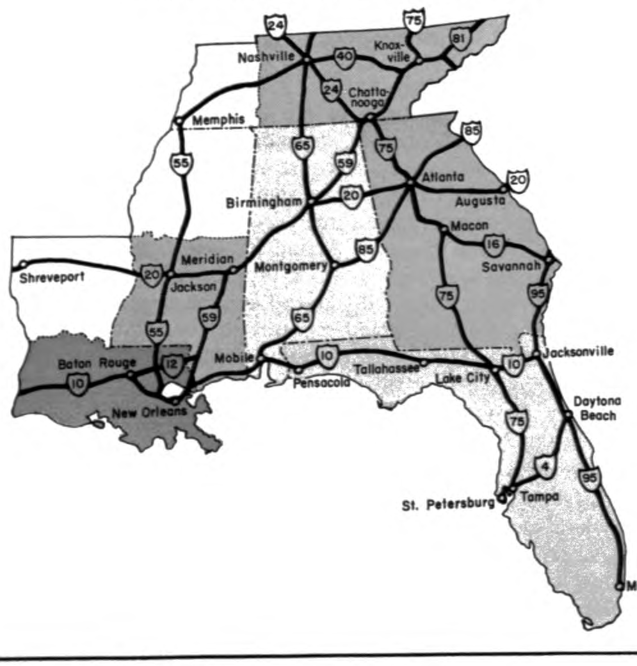
The map below and a completion date perhaps tell many Sixth District motorists most of what they want to know about that portion of the widely publicized Federal-aid interstate highway program to be developed in this region—the map shows where the new, limited-access, divided highways will take them, and the completion date tells when the new roads will be ready for use. The routes shown are those designated as part of the 41,000 mile network of highways officially known as the National System of Interstate and Defense Highways, commonly referred to as "the interstate system." The entire system is programed for simultaneous completion in all states over a period of thirteen years.

Although a study of how the proposed system will improve highway travel would be of major interest, we wish to consider here the program's origin, its relation to previous Federal-aid programs, and its impact on highway expenditures in those states lying wholly or partly within the Sixth Federal Reserve District.

Origin of Program

The Federal-Aid Highway Act of 1956, approved June 29 of that year, launched the present thirteen-year program to complete the interstate system. Need for such a system had been recognized by official reports in 1939 and 1944. Congress subsequently directed, in the Federal-Aid

Designated Interstate Highway System
Sixth District States, as of June 27, 1958



Highway Act of 1944, that the Bureau of Public Roads and the states designate an interstate system of highways not to exceed 40,000 miles. The first 37,700 miles of this system were designated in August 1947, and the 2,300 additional miles were designated in September 1955. It was not until several years after 1947, however, that special funds were actually provided to carry out the program, and even then amounts authorized were nominal. For each fiscal year 1954 and 1955, a total of 25 million dollars was authorized on a 50-50 matching basis; each dollar of Federal aid to a state had to be matched by a dollar from state funds. In each of the following two fiscal years, 175 million dollars was authorized on a somewhat more liberal basis—the Federal Government paying 60 percent of the costs of the projects undertaken and the state paying 40 percent.

Reports of the Bureau of Public Roads in 1949 and 1954 emphasized the inadequacy of progress being made, and Congress passed the Federal-Aid Highway Act of 1956 in order to accelerate work on the interstate system. The Act authorized a total of 25 billion dollars for fiscal years 1957-69 to be used specifically for this system and to be made available to states on a very liberal basis—90 percent of the costs of highway projects to be paid by the Federal Government and only 10 percent by the states. The Act also added another 1,000 miles to the interstate system, bringing the total mileage to 41,000.

Funds for Sixth District States

The money authorized for the interstate system of highways is not spent directly by the Federal Government. Each state receives a share, as specified in the 1956 Act, which is administered by the respective state highway departments jointly with the Bureau of Public Roads. Generally the funds are apportioned six to twelve months before they will actually be available in order to allow the highway departments time for programing their construction projects. Federal highway funds for the year ending June 30, 1960, for example, were apportioned late in July of this year. The District states were allotted a total of 340 million dollars for fiscal year 1960 for use on the interstate system. With this amount available from the Federal Government to cover 90 percent of the costs of projects on their portions of the interstate system, Sixth District states were enabled to proceed with plans calling for a total expenditure of nearly 380 million dollars in the twelve months ending June 30, 1960.

Actually these funds do not have to be spent during fiscal 1960, for the Federal-Aid Highway Act of 1956 makes them available for two years after the end of the fiscal year for which they were authorized. Moreover, "spending" means a formal commitment of funds to specific construction projects rather than actual disbursement of funds to highway builders. Thus, state highway departments have three years in which to commit the funds to specific projects. Actual payment may be made beyond the three-year limit as work progresses. The pattern of spending in each state will depend on the speed with which projects can be programed, contracted for, and roads actually constructed. The funds apportioned to District states, therefore, will not necessarily be spent in any given fiscal year, but they do indicate what will be available for spending beginning that year.

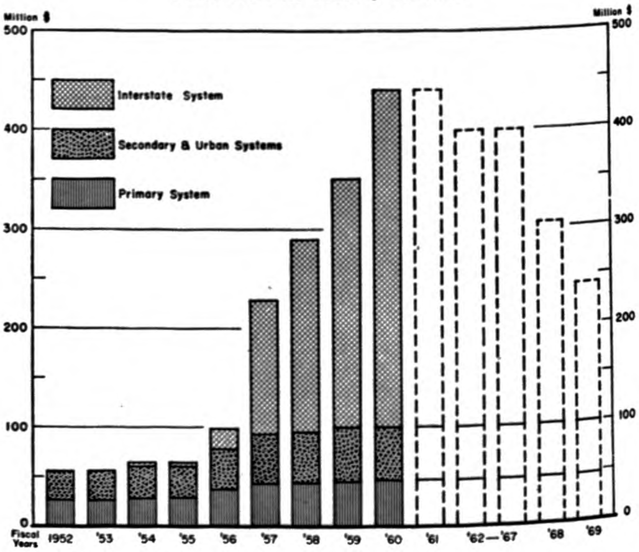
The funds already apportioned to Sixth District states for work on the interstate system will bring a very sharp rise in spending on Federal-aid highway projects, as is shown in the accompanying chart. To judge the impact accurately, of course, one must consider the expanded interstate highway program in relation to previous Federal programs to aid the so-called primary, secondary, and urban highway systems—special networks designated at different times in the past as warranting Federal interest. In fiscal years 1952 and 1953, Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee received a total of about 55 million dollars in Federal funds for use on the primary, secondary, and urban highway systems. As Congress authorized more aid for these systems in subsequent years, those states shared in the increase. The latest apportionment makes about 100 million dollars available in those states for fiscal year 1960.

Funds available as a result of the expansion of the interstate highway program, however, have increased even more, as shown by the top portions of the bars in the chart. Comparatively speaking, only meager sums were parceled out in 1954 and 1955 for use on the interstate system; for all six states they totaled less than 3 million dollars in each year. Acceleration of the program of improvement in 1956, however, brought a sharp increase in available Federal funds beginning with fiscal year 1957. As a result, District states will have 340 million dollars for work on the interstate system for fiscal 1960. With another 100 million dollars available for primary, secondary, and urban systems, Federal aid in these states will total 440 million dollars. Matching funds added by the states will enable the highway departments to carry forward projects costing a total of nearly 580 million dollars. This total, for Federal-aid projects only, is more than double the average expenditure of 274 million dollars in fiscal 1954 and 1955 on all state-administered highways, including Federal-aid and other projects.

Authorizations already made for the interstate system assure that highway spending will be sustained at a high level for a number of years. If Sixth District states continue to share authorizations as they are going to share in funds for

Allocation of Federal-Aid Highway Funds

Sixth District States, 1952-69*



*1952-60 Actual; 1961-69 Estimated

fiscal 1960, and if funds for other Federal-aid systems remain fairly stable, the pattern suggested on the chart will emerge—no change in available funds in 1961, a drop to a somewhat lower level in fiscal years 1962-67, and further declines in 1968 and 1969 as the program nears completion.

Actual spending, of course, will build up more gradually and will be sustained for a longer period of time. Because funds are available for two years beyond the fiscal year for which authorized, some projects in Sixth District states may not be contracted for until mid-1971. Construction may well be extended on to 1972 and 1973. In all likelihood work on the programs will be stretched from thirteen years to fifteen years or more.

Increasing Costs Will Add to Spending

As the interstate highway program progresses, even greater spending than we have discussed seems assured. Estimates submitted to Congress in January of this year by the Secretary of Commerce indicate the interstate highway system will cost about 37 percent more than was provided for in the 1956 Act. The increase reflects principally the necessity to construct highways able to carry more traffic than originally forecast, the necessity to build new grade separations, interchanges, and frontage roads to better serve local needs, and increases in construction costs.

The funds each District state will receive over the entire period for use on the interstate system will depend, of course, on the construction costs in each place. The estimates shown were made by each state on the basis of mileage designated as of July 1, 1956. At that time, the cost estimates ranged from 441 million dollars for the Mississippi portion of the system to nearly 1.1 billion dollars for the Tennessee portion. Mississippi had nearly 13 percent of the mileage, but it was estimated that Mississippi would need less than 9 percent of the funds going to District states because the cost of construction there, averaging 652,000 dollars per mile, will be less than in other District states. Louisiana, because of a much higher average cost, will require nearly 19 percent of the funds to build only 11 percent of the mileage.

Since July 1, 1956, the base period for the cost estimates, Highway 12, shown on the map as connecting Baton Rouge with Highway 59 in Mississippi, has been added to the proposed system, as has the extension of Highway 24 northwest of Nashville. This means, of course, that the figures for Louisiana, Mississippi, and Tennessee now are somewhat higher.

About 10 Percent Programed

Substantial progress has been made already toward completion of the interstate highway system in District states, as the table shows. At the end of May this year the six states had programed a total of 575 million dollars, or about 10 percent of the total estimated cost of completing the system. This figure includes amounts committed for specific projects, committed for use or already spent for preliminary engineering

Mileage and Estimated Cost of Interstate Highway System Designated for Sixth District States As of July 1, 1956[1] And Funds Programed as of May 31, 1958[2]

	Total Designated Mileage		Estimated Cost		Average Cost Per Mile	Total Funds Programed May 31, 1958	
State	Number of Miles	Percent of Total	Millions of Dollars	Percent of Total	Thous. of Dollars	Millions of Dollars	Percent of Est. Cost
Alabama	878	16.4	755	15.0	860	86	11.4
Florida	1,111	20.7	929	18.4	836	91	9.8
Georgia	1,112	20.8	906	18.0	815	127	14.0
Louisiana	595	11.1	940	18.6	1,580	80	8.5
Mississippi	676	12.6	441	8.7	652	82	18.6
Tennessee	988	18.4	1,076	21.3	1,089	109	10.1
Total	5,360	100.0	5,047	100.0	942	575	11.4

[1]U. S. Congress, "A Report of Factors for Use in Apportioning Funds for the National System of Interstate and Defense Highways," Jan. 7, 1958.

[2]U. S. Department of Commerce, Bureau of Public Roads.

or right-of-way acquisitions, and committed for construction contracts—all essential steps in a complex process. By the time the highway network is completed in the early 1970's, the interstate system should be able to handle traffic adequately. The highways are being designed to accommodate the traffic anticipated in 1975. If we catch up with traffic needs, the problem then will be to keep up.

PHILIP M. WEBSTER

Clouds Over the Cotton Economy

This nation's cotton economy is under pressure. Total domestic cotton consumption has been falling for 15 years. Exports fluctuate violently, and during the last few years have depended heavily on governmental price support. Lower consumption and reduced exports in some years created large surpluses which have been expensive to store, hard to manage, and depressing to the cotton economy. Only a little relief is in sight. The United States Department of Agriculture's first 1958 forecast of cotton production has been released, and if it materializes, 11,583,000 bales will be produced—6 percent more than last year.

Production Up in 1958

The nation's farmers will produce more cotton this year on about 12 percent fewer acres than were harvested last year. This will be the smallest acreage harvested since 1876. Because of unusually favorable weather in Texas and the far western states, yields will reach a record high, according to the USDA. Those states will supply over 60 percent of the cotton crop this year.

Sixth District farmers, on the other hand, are growing cotton on the smallest acreage ever recorded, and weather has been less favorable here than in the far western states. Cold, damp weather in many areas delayed plantings and reduced stands; some farmers had to replant their entire crop. Weather conditions are better now, however, and the outlook is for better quality cotton and higher yields than were produced last year. Nevertheless, District cotton production will be substantially under the 2,780,000 bales harvested in 1957. The greatest declines in production may be in Alabama and Georgia, where the crop is expected to be about 25 percent smaller than last year.

Weak Demand Plagues Industry

A weak demand for cotton at established prices plagues the industry. Last year both domestic use and export sales were below 1956. Cotton consumption in the United States has shown a declining trend, indeed, since the early 1940's when it reached a peak.

Domestic consumption is declining principally because competition from other fibers is becoming keener. Some synthetic fibers are cheaper than cotton. Rayon, for example, has been priced under cotton since 1944 and per capita cotton consumption has fallen from 37 pounds to around 25 pounds. During the same period, per capita rayon and acetate consumption has jumped from 3.5 to 7 pounds. The newer synthetics—nylon and orlon—were virtually unknown in 1940, yet last year over 3 pounds per capita were used in the United States. The day of the single cotton fiber mills is over, according to a report from the American Cotton Manufacturers Institute, and a new type multi-fiber manufacturing establishment is emerging capable of handling either cotton or the man-made synthetics. As these mills are developed and the markets for synthetic fibers are expanded, the market for cotton fiber could shrink further.

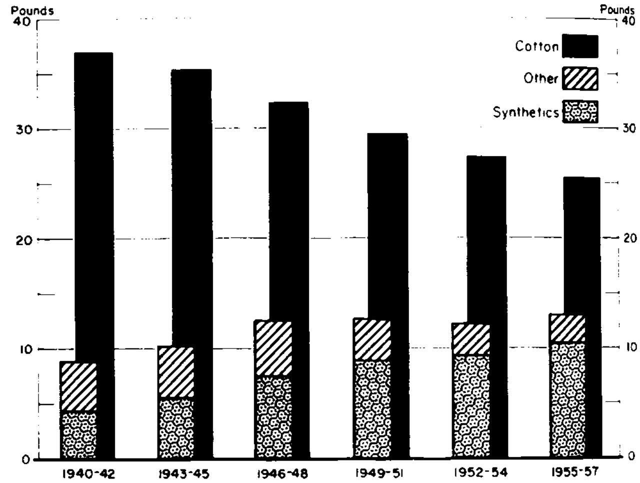
Meanwhile, although foreign cotton consumption has grown enormously, this country has not shared in the increase. Only at times when the United States Government has sold cotton to foreign buyers at prices under those in domestic markets have other countries been able to buy cotton from us. Lower world prices and the situation at home have brought about a real weakness in demand for our cotton.

Large Surpluses Depressing

The large surpluses resulting from low consumption at home and low exports between 1953 and 1956 have brought sharp downward adjustments in cotton acreage. The carry-over reached a peak at the end of the 1955 season; 14.5 million bales were reported in stock on August 1, 1956. Since that time stocks have been declining. Reduced cotton acreage combined with bad weather last year produced the smallest cotton crop since 1878, and as a result only 8.7 million bales remained in our stock on August 1, 1958.

Although we may have a small increase in national production this year, cotton stocks probably will decline by August 1959. Should domestic consumption and exports remain at the 1957-58 level of 13.6 million bales, the carry-over next year could be reduced to 6.8 million bales. Since some further decline in exports is expected this year, and if the USDA's production forecast materializes, the carry-over next August will probably be around 7.5 million bales—the lowest since 1953.

Per Capita Fiber Consumption
United States, 1940-57



Healthy Demand Would Brighten Skies

Maintaining a manageable stock of cotton is important, but building and maintaining a healthy demand for cotton is more basic to a healthy cotton economy. According to a trade report, this year's cotton crop may not furnish mills with enough good quality cotton to supply their needs. Shortages in certain grades could cause prices to be bid up and thus further weaken cotton's competitive position in the fibers field. The loss of still more markets to synthetics may be hard to recoup in the future. Herein lies the most serious threat to the cotton economy. To overcome it and to build the demand for cotton, the industry may have to accept downward adjustments in prices so that mills can buy good quality cotton at prices competitive with synthetic fiber prices. Perhaps that would be a major step toward improving a declining cotton economy.

N. Carson Branan

Loan Changes and the Business Upturn

Mirroring the national pattern, the District economy has improved this summer. Nonfarm employment in the District began turning up in June, after seasonal factors were taken into account, as did other basic indicators. Past experience suggests that if recovery is well under way, it will soon be followed by an expansion in business loans at banks in leading cities in the Sixth District, that is, the large banks in Atlanta, Birmingham, Chattanooga, Jacksonville, Knoxville, Miami, Mobile, Nashville, New Orleans, and Savannah. There was such an expansion after the recessions in 1948-49 and 1953-54. By mid-August 1958, however, business loans at banks in leading cities still had not turned up.

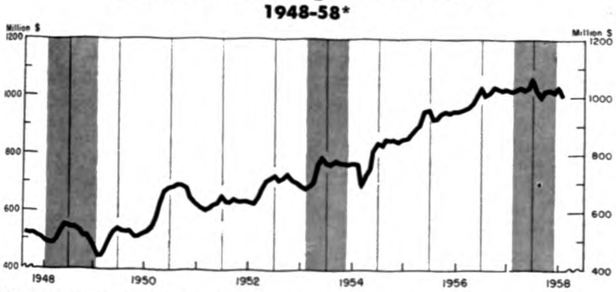
Business Loans Weak

Any pickup would reverse recent trends in business loans at these banks. In July this year, business loans there dropped more than in any other July of recent years—even in 1954, a recession year. Nearly every major type of business, including manufacturing of metals and metal products, shared in this decline in borrowing. In June, however, total business lending at these banks increased. At that time many persons anticipated a price increase in steel, and metal fabricators, encouraged to rebuild inventories, turned to banks for financing help.

Except for March and June, business loans at banks in leading cities have been weak each month this year. At the end of July, they were 56 million dollars lower than at the end of 1957. This year's decline greatly exceeded the 11-million-dollar one in 1954. During the same period in other years loans rose, except in 1957 when they dropped less than they did this year. A large part of the 1958 decline came about because borrowers repaid their debts at a higher rate than they did a year ago. New loans this year held up well.

An increase in repayments in a recession year is not surprising because when sales fall off businessmen fill orders from their shelves and use the money they take in from those orders to repay bank debts. Many manufacturers are still cutting back their stocks although their sales have improved. This, however, is not uncommon; in the past businessmen have often reduced their stocks even after sales picked up. Keeping this tie-up of business loans with inventory changes in mind, we can understand why these loans have not yet increased in the present situation although other business indicators have.

Total Business Loans
Banks in Leading District Cities
1948-58*



*Shaded areas represent contraction phases in nonfarm employment

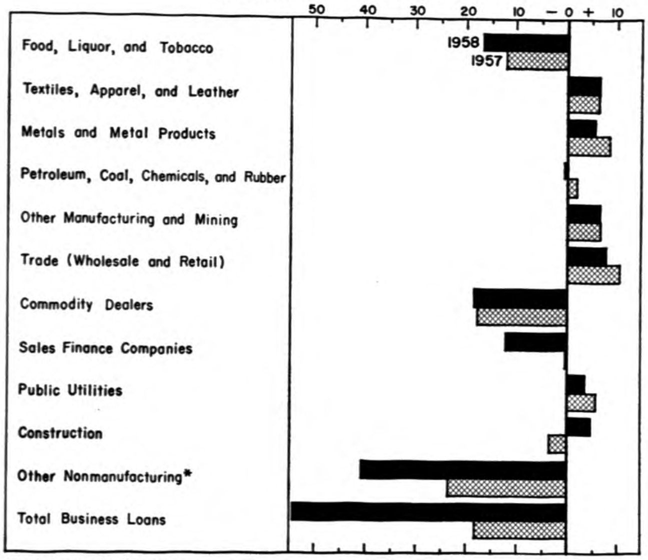
Another reason for the slackened loan demand this year has been the drop in plant and equipment spending. We can get some idea of how large this decline has been from the announcements of plans for new and expanded manufacturing plants in the Sixth District. The cost of projects announced in the second quarter was only about one-tenth of what it was in early 1956, when the peak was reached. Although many such projects are being financed from outside this District, banks here do finance a sizable proportion of them. District banks are important lenders to buyers of equipment in fields other than manufacturing, and the loans they make to finance equipment purchases are usually term loans, maturing in over a year. Term loans have gained steadily in importance at District banks; late last year, every third outstanding business loan originally granted was a term loan.

Most Businesses Borrow Less

The drop in business credit at the larger banks this year has been widespread. Petroleum and chemical companies, food processors, commodity dealers, and sales finance companies all borrowed less than they did during the same months in any of the last four years. Finance companies repaid banks from money obtained through the sale of an exceptionally large amount of securities.

Construction businesses, on the other hand, borrowed more from the larger District banks than in any comparable period since 1954. Need for financing the construction of houses at a rate ahead of last year undoubtedly accounted for part of the increase. A group of builders in metropolitan areas of Atlanta, Birmingham, Jacksonville, Nashville, and New Orleans recently reported to the Federal Reserve Bank of Atlanta 74 percent more homes were started in the second quarter of 1958 than in the same quarter of 1957. A 23-percent gain in building permits during the first seven months of this year in Georgia further substantiates the pickup in home building, which has been aided by more available credit.

Changes in Business Loans
Banks in Leading District Cities
1958 Compared with 1957, First Seven Months
(In Millions of Dollars)



*Includes unclassified loans.

Houses are apparently selling well. The same group of builders sold 37 percent more homes in the second quarter of this year than last. Nevertheless, banks in the leading District cities experienced an increase in real estate loans only slightly larger than last year. It must be noted, however, that these banks account for a fairly small part of funds lent to home buyers.

Consumer credit, which is more important at these banks than real estate loans, weakened. Consumer loans so far this year have dropped slightly, whereas they expanded during like periods in recent years. Fewer sales of cars and other durables help account for this decline.

Increases Outside Leading Cities

Although total lending at banks in leading District cities declined more during the first seven months this year than it usually does, banks outside these cities enjoyed a loan business much better than is usual for that time of year. Total loans at all District member banks, therefore, increased more than seasonally despite the recession.

Why have District banks outside leading cities enjoyed such a good loan business? For one thing, this group includes several cities such as Orlando, Tampa, and St. Petersburg in which population growth has been relatively greater than in the older, more established banking centers such as Atlanta and New Orleans that are included in the "leading cities" reporting loans weekly.

Secondly, credit demands at banks in many small towns were particularly pressing. Farmers, for example, who rely heavily on these banks for their financing needs, have borrowed from them a great deal more this year than last, judging from reports of condition as of June 23. The year 1957 was a poor one for farmers, which meant that many had to refinance their debts. Others needed credit to build up their livestock herds, and many in North Georgia and Alabama borrowed to buy broiler houses and equipment.

Additional comparisons between lending by banks in leading cities and other banks show that those outside leading cities turned in a more impressive performance in financing real estate. They also financed more repair and modernization work than the larger banks.

Yet, there were other more important reasons why lending was stronger outside the leading cities. First, business loans, weakest of all major categories, represent a much smaller proportion of total loan activity than they do at banks in leading cities. Secondly, the types of businesses which banks outside leading cities lend chiefly to were not affected too much by the recession. We know that to "country" banks—and presumably to banks in smaller cities as well—retailers are the most important borrowers. Retail sales this year were fairly well maintained. Service firms, which kept growing despite the recession, are another important group of borrowers. Manufacturing and mining concerns and sales finance companies, on the other hand, which were hit hardest by the recession, are less important customers at country banks than at the larger city banks.

Deposits Have Risen

Not only did banks in smaller cities make more loans than they did last year, but they also managed to expand their holdings of Government securities and other issues because they were able to retain deposits. In July, investments were 9 percent higher than a year ago. Banks in larger cities increased their investments even more—15 percent—but their deposit growth was somewhat smaller than that at banks in the smaller cities.

Can we expect business loans to increase later this year? On the basis of the seasonal pattern alone, they should turn up soon, and if business recovers further, we can expect a more-than-seasonal increase.

HARRY BRANDT

Department Store Sales and Inventories*

	Percent Change				
	Sales			Inventories	
	July 1958 from		7 months 1958 from	July 31, 1958 from	
Place	June 1958	July 1957	1957	June 30, 1958	July 31, 1957
ALABAMA	+1	—2	—3	—5	—8
Birmingham	+2	—1	—3	—7	—6
Mobile	+5	—2	—2	..	..
Montgomery	—3	—5	—4	..	..
FLORIDA	—4	+3	+0	—4	—5
Daytona Beach	—6	+1	+1	..	..
Jacksonville	+2	—2	—4	—6	—8
Miami Area	—8	+1	+1	—6	—7
Miami	—10	—1	—3	..	..
Orlando	—4	+4	—2	..	..
St. Petersburg-Tampa	+3	+13	+6	+0	+0
GEORGIA	+1	+5	+1	+0	—5
Atlanta**	+6	+6	+1	+2	—4
Augusta	—14	—5	—7	..	..
Columbus	—8	+7	+6	—5	—10
Macon	—2	+11	+3	+0	—5
Rome**	—10	—38	—25	..	..
Savannah	—10	+9	—0	..	..
LOUISIANA	—6	—5	—4	+1	—9
Baton Rouge	—5	+4	—0	—0	—19
New Orleans	—6	—4	—5	+1	—7
MISSISSIPPI	+1	—4	—3	+5	+1
Jackson	+3	—7	—5	+5	+2
Meridian**	—0	—3	—1	..	..
TENNESSEE	+1	—1	—5	+0	—10
Bristol-Kingsport-Johnson City**	—12	—1	—9	—6	—20
Bristol (Tenn. & Va.)**	—8	+7	—2	—9	—8
Chattanooga	+7	+5	—1	..	..
Knoxville	+2	—7	—6	+3	—6
DISTRICT	—2	+1	—2	—2	—7

*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.

STATISTICAL STUDY

The first revision of ECONOMIC CHARACTERISTICS OF THE SIXTH FEDERAL RESERVE DISTRICT *is available upon request to the Publications Section, Research Department, Federal Reserve Bank of Atlanta, Atlanta 3, Georgia. This study classifies economic data for the District by state and 27 trade and banking areas.*

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

				Percent Change		
				July 1958 from		1958 from
	July 1958	June 1958	July 1957	June 1958	July 1957	1957
ALABAMA						
Anniston	35,131	34,978	35,371	+0	—1	—3
Birmingham	722,167	726,663	744,992	—1	—3	—0
Dothan	23,186	23,355	24,139	—1	—4	—1
Gadsden	29,501	28,529	32,006	+3	—8	—7
Mobile	241,402	239,551	264,033	+1	—9	—10
Montgomery	146,974	139,994	131,422	+5	+12	+5
Selma*	20,499	20,111	19,444	+2	+5	+2
Tuscaloosa*	50,928	43,316	42,471	+18	+20	+10
FLORIDA						
Daytona Beach*	61,451	54,878	55,474	+12	+11	+10
Fort Lauderdale*	172,377	183,573	178,935	—6	—4	+2
Gainesville*	36,275	33,518	32,533	+8	+12	+9
Jacksonville	736,759	626,514	623,355	+18	+18	+10
Key West*	14,232	14,394	14,877	—1	—4	+2
Lakeland*	64,389	63,690	58,589	+1	+10	+9
Miami	753,891	759,119	716,674	—1	+5	+5
Greater Miami*	1,148,090	1,131,635	1,109,316	+1	+3	+3
Orlando	176,720	165,477	167,926	+7	+5	+6
Pensacola	79,413	76,627	86,709	+4	—8	—4
St. Petersburg	153,564	149,060	160,894	+3	—5	—0
Tampa	316,085	311,980	301,924	+1	+5	+6
West Palm Beach*1	117,980	109,704	106,893	+8	+10	+9
GEORGIA						
Albany	57,477	54,695	53,906	+5	+7	+3
Athens*	36,411	35,892	36,588	+1	—0	+5
Atlanta	1,648,440	1,625,495	1,720,141	+1	—4	+1
Augusta	86,774	87,952	84,308	—1	+3	+1
Brunswick	21,835	19,328	19,640	+13	+11	+11
Columbus	100,041	93,990	97,915	+6	+2	—3
Elberton	9,696	8,534	8,088	+14	+20	+10
Gainesville*	50,356	49,341	49,099	+2	+3	+6
Griffin*	15,927	15,782	15,817	+1	+1	+2
LaGrange*	17,967	16,302	19,871	+10	—10	—7
Macon	107,610	101,217	102,638	+6	+5	+1
Marietta*	25,104	24,032	25,501	+4	—2	—1
Newnan	17,645	14,401	15,981	+23	+10	+4
Rome*	37,119	35,693	40,403	+4	—8	—4
Savannah	177,071	184,156	176,325	—4	+0	+0
Valdosta	23,252	20,713	31,519	+12	—26	—10
LOUISIANA						
Alexandria*	69,193	64,665	66,971	+7	+3	+2
Baton Rouge	203,207	184,061	190,595	+10	+7	+8
Lafayette*	54,970	51,351	53,618	+7	+3	+8
Lake Charles	81,065	80,804	80,520	+0	+1	+5
New Orleans	1,238,742	1,211,772	1,329,785	+2	—7	—3
MISSISSIPPI						
Biloxi-Gulfport*	47,283	41,353	40,113	+14	+18	+8
Hattiesburg	32,598	29,680	31,088	+10	+5	+2
Jackson	273,862	237,149	205,536	+15	+33	+14
Laurel*	24,034	22,523	23,154	+7	+4	+7
Meridian	38,794	36,067	36,502	+8	+6	+4
Natchez*	19,411	18,414	20,187	+5	—4	—3
Vicksburg	17,843	17,148	20,376	+4	—12	—4
TENNESSEE						
Bristol*	39,996	40,316	34,961	—1	+14	+2
Chattanooga	281,147	287,673	291,009	—2	—3	—1
Johnson City*	39,026	37,631	36,718	+4	+6	+4
Kingsport*	68,448	70,143	70,262	—2	—3	+2
Knoxville	212,534	206,122	198,492	+3	+7	—1
Nashville	641,221	618,139	643,465	+4	—0	+3
SIXTH DISTRICT						
32 Cities	8,685,647	8,400,943	8,627,274	+3	+1	+2
UNITED STATES						
344 Cities	206,521,000	219,477,000	200,572,000	—6	+3	+4

* Not included in Sixth District totals.

1 Data for West Palm Beach revised to include debits for an additional reporting office.

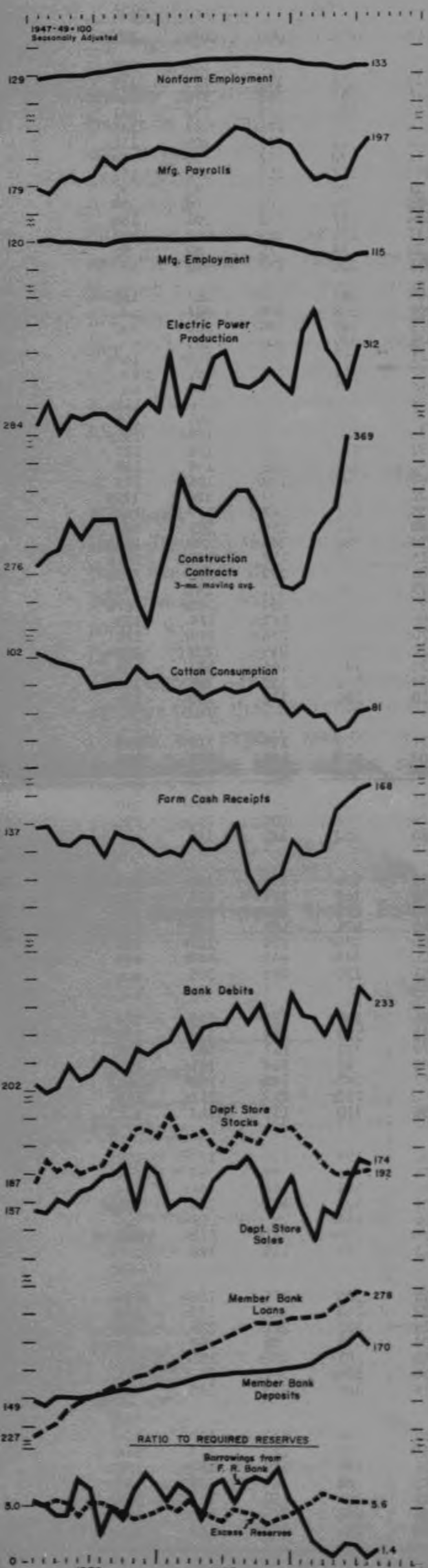
Sixth District Indexes

Seasonally Adjusted (1947-49 = 100)

SIXTH DISTRICT	1957							1958						
	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY
Nonfarm Employment	135	136	136	136	135	135	134	134	133	133	132	132	133	133
Manufacturing Employment	121	121	121	120	119	118	118	117	115	115	114	113	115	115
Apparel	171	165	164	166	166	166	164	167	167	165	161	167	170	166
Chemicals	135	135	132	133	131	131	132	130	129	127	131	133	131	131
Fabricated Metals	189	193	189	186	186	185	181	181	177	174	176	176	183	187
Food	114	115	111	112	111	111	111	114	113	110	110	109	109	111
Lbr, Wood Prod., Fur. & Fix.	77	77	76	77	78	76	76	75	74	72	72	72	72	73
Paper & Allied Products	164	158	161	159	161	159	159	158	156	157	158	157	158	157
Primary Metals	108	108	107	105	106	101	100	96	91	91	90	93	91	90
Textiles	90	90	90	90	89	88	89	88	87	85	85	85	84	84
Transportation Equipment	235	240	248	235	220	220	226	215	200	194	187	172	201	198
Manufacturing Payrolls	197	201	200	198	195	196	194	187	182	183	182	183	192	197
Cotton Consumption**	89	88	88	91	85	84	78	82	79	79	74	75	80	81
Electric Power Production**	310	298	297	299	303	299	295	317	325	311	306	297	312	n.a.
Petrol. Prod. in Coastal Louisiana & Mississippi**	170	172	160	164	167	161	175	169	170	168	162	164r	167	168
Construction Contracts*	320	330	330	315	283	261	259	264	298	309	318	369	387	n.a.
Residential	325	319	341	324	334	288	294	272	293	279	301	324	365	n.a.
All Other	315	340	321	308	241	239	229	257	303	333	332	406	405	n.a.
Farm Cash Receipts	127	142	104	89	99	104	128	119	118	121	150	157	165r	168e
Crops	108	131	79	70	84	90	103	97	92	87	134	145	146	n.a.
Livestock	147	155	154	152	158	152	172	161	156	160	177	176	184	n.a.
Dept. Store Sales*/**	173r	173r	176r	169r	156r	163r	170r	157	147	158	156r	166r	176r	174p
Atlanta	158	159	167	154	149	154	156	151	147	157	153	154	169	168
Baton Rouge	186	177	194	181	187	205	201	181	171	175	164	172	199r	185p
Birmingham	131	128	138	132	128	123	126	121	111	132	117	130	129	127
Chattanooga	148	149	151	147	141	147	145	142	128	141	136	145	144	159
Jackson	107	119	121	111	102	115	117	109	99	97	99	107	106	111
Jacksonville	130	127	135	132	118	130	133	127	116	122	108	122	126	127p
Knoxville	148	151	158	156	139	144	156	146	128	139	141	147	137	139
Macon	151	147	166	141	136	143	149	139	137	148	151	159	165	164
Miami	251	267	274	267	244	231	255	234	227	233	242	244	259	268p
New Orleans	148	148	148	151	145	140	147	132	135	125	135	137	145r	141p
Tampa-St. Petersburg	187	183	185	189	177	195	207	192	174	186	181	203	202	207p
Dept. Store Stocks*	201	206r	203	201	208	206	207	202	199	193	190	191	191	192p
Furniture Store Sales*/**	110r	113r	110	105	103	108	113	107	93	95	103	104	103r	107p
Member Bank Deposits*	159	160r	160	160r	160r	161r	161r	162r	163r	166	168r	170r	174	170
Member Bank Loans*	261	264r	266r	267r	267r	267r	269	269r	269	270r	273r	276r	279r	278
Bank Debits*	223	231	225	231	221	216	235	227	226	220	229	219	237	233
Turnover of Demand Deposits*	140	152	147	144	138	136	149	146	144	139	141	141	147	151
In Leading Cities	160	168	166	158	145	144	160	157	155	150	160	155	168	166
Outside Leading Cities	103	111	106	110	101	99	113	111	112	110	106	112	110	116
ALABAMA														
Nonfarm Employment	123	122	123	123	123	122	123	121	119	119	119	119	119	119
Manufacturing Employment	114	114	113	109	112	112	107	105	103	102	103	104	105	106
Manufacturing Payrolls	185	187	193	186	188	185	173	170	162	165	162	166	174r	176
Furniture Store Sales	113	131	125	100	111	120	117	123	99	104	109	117	107r	123p
Member Bank Deposits	140	140	139	139	138r	138r	139	140r	140r	140	145r	146r	150r	150
Member Bank Loans	218r	218r	221r	223r	223	222r	222	224	223r	224r	226	230r	231r	235
Farm Cash Receipts	124	130	127	83	88	82	111	120	113	128	152	142	147	n.a.
FLORIDA														
Nonfarm Employment	178	180	180	181	179	178	177	176	176	175	176	177	180	182
Manufacturing Employment	175	176	179	177	178	180	177	171	171	168	167	171	174	176
Manufacturing Payrolls	277	284	287	290	287	287	288	278	273	264	271	280	292	300
Furniture Store Sales	115	124	114	111	106	111	126	100	99	95	109	107	108	113p
Member Bank Deposits	202r	206	207	209r	210r	212r	212r	212r	211r	215r	216r	221	227r	225
Member Bank Loans	406r	411r	414	417r	420r	423r	425r	425r	426r	431r	444r	441r	447r	449
Farm Cash Receipts	160	199	144	180	165	184	189	162	178	151	239	249	305	n.a.
GEORGIA														
Nonfarm Employment	128	129	129	129	129	128	128	128	126	126	125	124	125	126
Manufacturing Employment	122	121	119	118	116	118	117	115	114	113	112	109	114	113
Manufacturing Payrolls	194	197	198	191	186	196	190	183	177	177	171	167	182	189
Furniture Store Sales	105	106	107	107	103	111	110	107	86	91	92	104	101r	100p
Member Bank Deposits	141r	142r	140r	141	140r	141r	142	142r	144r	147	147r	148r	152r	146
Member Bank Loans	214r	215r	216r	216r	215r	213r	213r	213r	212r	211r	212r	213r	217r	213
Farm Cash Receipts	141	185	90	121	114	127	140	143	141	150	150	157	167	n.a.
LOUISIANA														
Nonfarm Employment	133	133	134	134	133	132	132	131	131	130	129	129	127	127
Manufacturing Employment	101	101	100	101	101	99	96	98	98	96	96	95	94	94
Manufacturing Payrolls	171	172	172	173	172	170	172	171	169	168	171	169	166r	164
Furniture Store Sales*	137	127r	147	133	133	135	148	135	116	137	123	121	125	126p
Member Bank Deposits*	154r	155r	154r	153r	153	153r	153	153r	155r	156	154r	157r	159r	153
Member Bank Loans*	263r	265r	268r	269r	268	269r	270r	266r	270r	269r	269r	271r	272r	264
Farm Cash Receipts	147	123	96	69	92	89	114	116	113	111	96	115	148	n.a.
MISSISSIPPI														
Nonfarm Employment	124	125	124	126	126	125	125	126	125	125	125	125	124r	124
Manufacturing Employment	122	124	123	123	123	121	120	122	122	122	124	123	123	126
Manufacturing Payrolls	208	217	217	212	206	205	210	211	207	226	221	221	226	229
Furniture Store Sales*	105	93r	75	85	80	95	107	88	77	79	90	88	97	86
Member Bank Deposits*	153r	153r	152r	150r	151r	154r	157r	164r	166r	172r	185r	186r	186r	184
Member Bank Loans*	282r	286	286r	290r	293	295r	299r	302	303r	304r	308r	334r	337r	367
Farm Cash Receipts	137	118	103	53	77	79	107	100	92	115	128	143	145	n.a.
TENNESSEE														
Nonfarm Employment	121	120	120	120	120	119	118	119	117	118	118	117	117	116
Manufacturing Employment	120	119	119	119	118	118	116	116	112	113	112	112	114	114
Manufacturing Payrolls	189	192	194	191	190	188	186	179	179	181	178	179	181r	187
Furniture Store Sales*	86	85	82	82	82	80	87	85	72	75	84	84	79	83p
Member Bank Deposits*	144	146r	147r	146r	147r	147	147r	148r	149r	155	156	158	161r	156
Member Bank Loans*	230r	232r	233r	234r	233r	235r	237r	239	238r	239r	242	245r	249r	244
Farm Cash Receipts	104	103	102	68	92	96	98	92	86	104	116	103	113	n.a.

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



ECONOMIC ACTIVITY *in most sectors continued to show some improvement in July. Bank lending, however, changed little. Manufacturing employment recovered slightly further, and factory payrolls increased. Cotton textile activity edged upward, although it is still comparatively low. Construction, which has increased sharply in recent months, rose further. Favorable prices for many products and higher output expanded farm income. Consumer spending held close to levels of recent months. In late August, the Federal Reserve Bank of Atlanta raised the discount rate.*

Nonfarm employment, seasonally adjusted, held steady in July, after recovering slightly in June. A further increase in **manufacturing employment** was offset by a slight drop in **nonmanufacturing employment.** The gain in the number of manufacturing workers was also reflected in a further increase in **factory payrolls** during July. The **rate of insured unemployment** declined more than usual. **Construction contract awards,** seasonally adjusted, have been expanding sharply; figures for the first half of 1958 were above the corresponding period a year ago. Cotton textile activity, as measured by seasonally adjusted **cotton consumption,** continued to show modest improvement in July. **Output of crude oil** in Coastal Louisiana and Mississippi was up slightly. **Steel mill operations,** which had been curtailed in July, showed no improvement in early August.

Farm income increased in July to well above a year ago, judging from the trend in seasonally adjusted **cash receipts from farm marketings. Total crop output** exceeded that of a year ago, principally because of larger harvests of peaches, other fruits, summer vegetables, and some grains. **Poultry and livestock production** was larger than a year ago, and exceptionally favorable **prices for beef and pork** benefited farmers selling cattle and hogs. **Prices** of citrus fruits and corn were higher than a year ago, but lower prices were received for cotton, rice, and truck crops.

Total spending, as measured by seasonally adjusted **bank debits,** declined slightly in July. **Furniture and household** appliance stores, however, again reported larger-than-seasonal sales gains. **Department store sales,** seasonally adjusted, declined slightly in July, but probably set a new record in August; **inventories** showed little change.

Loans at member banks in July, after seasonal adjustment, remained virtually unchanged as increases at Alabama, Florida, and Mississippi banks offset declines for Georgia, Louisiana, and Tennessee. **Member bank deposits,** seasonally adjusted, that had increased almost continuously this year, fell in all states in July because of lower U. S. Government deposits; **investments** rose slightly. In August, total **loans outstanding at banks in leading cities** rose about as much as in the same month of 1957. Because of increased borrowings by trade firms and sales finance companies, **business loans at these banks** also showed a somewhat larger increase than a year ago. **Member bank borrowings** in August were slightly higher than in July. Effective August 26, the Federal Reserve Bank of Atlanta raised the **discount rate** from 1¾ to 2 percent.