SIXTH FEDERAL RESERVE DISTRICT

Monthly Review

Atlanta, Georgia
October • 1958

Also in this issue:

Federal Reserve Bank of Atlanta

Spending for Public Improvements

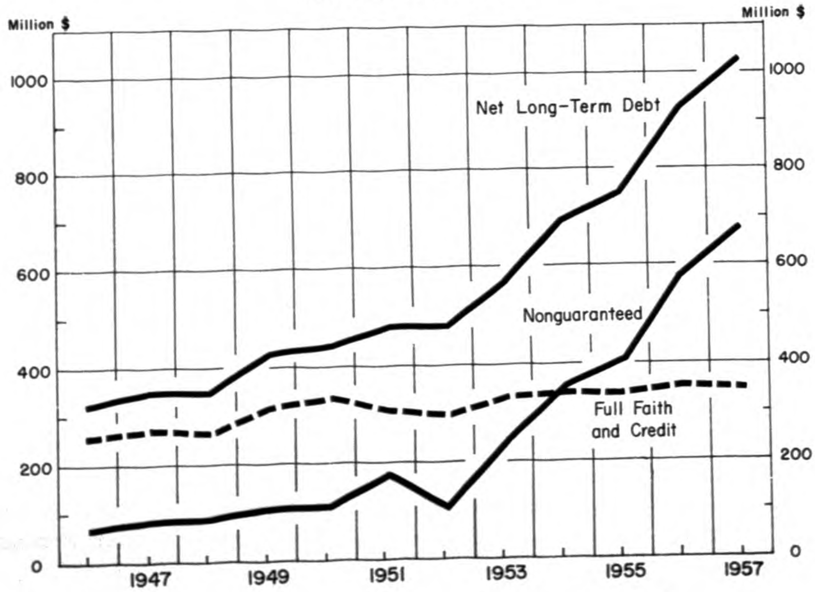
Revenue Bond Financing Rises in Sixth District States

Over the past decade, state governments have launched the most ambitious program of public improvements in our nation's history. Capital expenditures for highways, schools, and other facilities have reached unprecedented levels as states have tried to "catch up" and keep apace with the demands of their citizens.

Many states entered the postwar period with a backlog of needed capital improvements that had accumulated during years of depression and war. As states set about to renew and extend projects long-postponed, they found themselves also confronted with the need to expand outlays further because of increases in population and suburbanization. To further complicate matters, rising prices were cutting down the services that could be provided, and the public generally was demanding services of a higher quality.

Could the states ignore the obvious and continue to spend for capital improvements at the prewar rate? The school-age population bulged. Roads were traveled more intensively by a greater number of cars. Existing facilities of many types were overloaded. The need for many projects had been clearly demonstrated. The only problem was how to finance these outlays for better and additional public services.

Net Long-Term Debt Outstanding 1946-57, Fiscal Years
Sixth District States



Debt Expansion

For those states that lie wholly or partly within the Sixth Federal Reserve District—Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee—capital expenditures increased from $46 million in fiscal 1946 to about $580 million in fiscal 1957. Over this same period, the general revenue of District states also rose from $704 million to $2,497 million as taxes increased and rising income and retail sales enlarged the tax bases these governments customarily depend on for their tax revenues.

With the increase in capital expenditures so much greater than that in revenues, it was clear that even with new taxes and higher collections, the postwar level of capital spending could not be financed on a current basis. States partially closed the gap between expenditures and revenues by drawing down surplus and reserve funds. They had to depend upon external financing, however, to a great extent.

Outlays which could not be covered out of revenues required extensive borrowing. As a result, the net long-term debt outstanding of District states and their agencies rose from $321 million in fiscal 1946 to $1,023 million in fiscal 1957. The debt has risen at an average annual rate of 17 percent since 1952, compared with 9 percent for 1946-51.

As the debt has grown, its composition has changed. In 1946, full faith and credit debt—payment of which is guaranteed by the state—accounted for 80 percent of total debt outstanding. Initially, bond issues which are "guaranteed" may be payable from a specified source, but if the specific source proves inadequate, payments will be met out of general revenues. Full faith and credit debt has declined steadily in importance during the last decade, until in fiscal 1957 it accounted for only 34 percent of total debt outstanding.

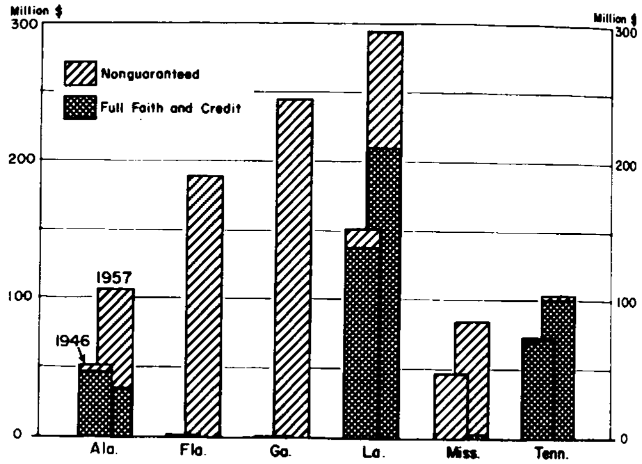
Offsetting this decline in full faith and credit debt has been the rapid growth in the nonguaranteed portion of the debt. Such debt amounted to $67 million in fiscal 1946, or 20 percent of the total, but by fiscal 1957 had risen to $675 million, or 66 percent of the total. Two-thirds of the amount is owed by Georgia and Florida, states in which all outstanding debt is nonguaranteed.

Nonguaranteed Debt and Revenue Bonds

The increasing importance of nonguaranteed debt reflects the greater use of revenue bonds by states. The term revenue bonds is used loosely to identify bonds of a political subdivision or governmental agency. These bonds are payable solely from a specified revenue source and hold no legal claim on general revenues if the pledged source is insufficient. These bonds may be distinguished from general obligation bonds, which are secured by the full faith and credit and taxing power of the state.

Although revenue bonds are roughly comparable with nonguaranteed debt, they are not synonymous. In some instances, revenue bonds carry the state's "guarantee" in the event the specified revenue source should prove inadequate. The legal status of revenue bonds which carry the pledge of the general credit is quite different, however, from that of revenue bonds which do not have this added support.

Net Long-Term Outstanding Sixth District States, by State 1946 and 1957, Fiscal Years



A distinguishing characteristic of revenue bonds, and a major reason why they are so important, is that they are generally not regarded as debts of the state. Over the years, the courts have been faced with the task of deciding when a debt is a debt as defined by state constitutional provisions limiting debt. Out of these decisions has developed the "special funds" doctrine. In simple terms, this doctrine implies that an obligation that is payable from a special fund and that is not a charge on general revenues or a pledge of the full faith and credit of the state is not a debt under the constitution.

Some people, however, contend that there is no such thing as nonguaranteed debt, and that a state could not stand aloof in the event of a default in debt by an agency which it had created. Even apart from a moral obligation, repudiation might result in a deterioration of the state's credit rating. Ultimately, therefore, it might be the taxpayer who pays.

Constitutional Debt Limits

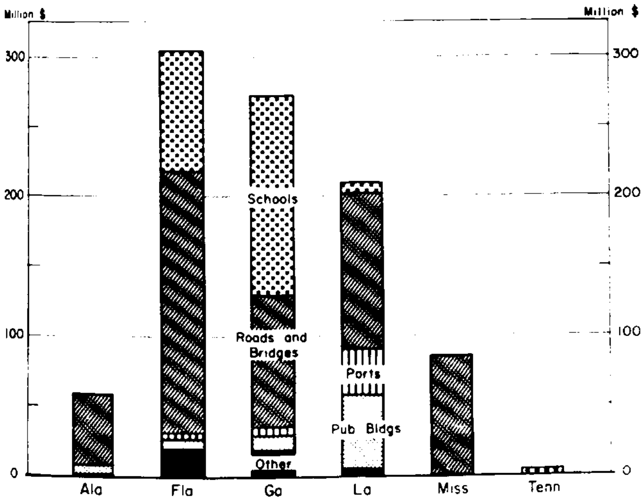
The decision of the courts that revenue bonds are generally not debts of the state was a boon to those states with low debt limits. The debt limit of a number of District states is so low that even urgently needed capital outlays would have to be postponed or abandoned if revenue bonds were not used. The constitutional debt limit of District states ranges from $300,000 for Alabama to $2 million for Louisiana. Georgia's debt limit is set at $500,000. Florida's constitution specifies no borrowing whatsoever except to repel invasion, but Mississippi and Tennessee have unlimited powers to borrow. Constitutional amendments have stretched the debt limit of some states, but such amendments are often difficult to obtain. An easier way to obtain funds is through the issuance of revenue bonds.

Revenue Bond-Issuing Agencies

The states' inability to issue general obligation bonds because of legal limitations on the amount of debt is probably a major reason for the increasing use of revenue bonds. There are, however, other important factors which influence the use of these bonds.

Some state ventures, it is believed, should be self-supporting without a tax subsidy. Roads, bridges, ports, and other types of self-liquidating projects—if well conceived and managed—may be efficiently financed by revenue bonds. The cost of providing the service, for example, can be charged to the users of the service rather than spread among all taxpayers. The "user pay" principle is not, however, universally accepted, and some people contend that "ability to pay" rather than "use" should be the criterion for determining an equitable tax structure.

Outstanding Revenue Bond Issues
By Purpose
Sixth District States, Mid-1957



Another advantage often cited by supporters of revenue bonds and revenue bond-issuing agencies is that the use of this type of organization makes it possible to transcend state boundaries. In the case of roads, for example, services may be administered on the basis of economic and geographic factors rather than political units. Other people, however, contend that with the variety and number of political units now in existence, what we need to do least of all is to create new ones.

Many states have given to existing agencies the power to issue revenue bonds, but more often they have created authorities, boards and commissions, and granted them that power. In the typical case, revenue bonds are sold in order to finance some specific revenue-producing project. The bonds are then serviced from the income or revenue from that project.

An example may serve to illustrate how these agencies work. The Florida State Turnpike Authority—a public corporation—was created by the state legislature in 1953. This authority was authorized to construct, maintain, and operate turnpike projects and highways approved by the legislature. One of the projects undertaken by the authority was the Sunshine Parkway, a dual-lane highway of over 100 miles. This involved an outlay in excess of $70 million. The funds to build the highway were not raised through taxation, but by issuing revenue bonds against prospective income to be derived from tolls after the road was completed.

The funds were raised and the road was built. The authority is now a going concern, taking in over $3.5 million in toll revenues in 1957. The debt is being paid off and, if all continues to go well, the project will be self-liquidating over a period of years.

Revenue bond issues are not necessarily confined to "genuine" self-liquidating projects—those in which revenues and fees liquidate indebtedness. In some instances, particular taxes or other specified forms of general revenue are earmarked and pledged as security for revenue bonds. In Georgia, for example, the legislature created the State School Building Authority in 1951. This authority was essentially a financing agency that made it possible for school systems to get money to build schools.

The plan worked like this: The authority entered into a building contract with the local school system, sold revenue bonds to raise the money, erected the new building, and then rented it to the local school system. The local school system pays the authority the annual rental from the money it gets from the state as its share of regular appropriations for capital improvements. Although all this "high finance" seems rather complicated, this authority has raised over $157 million in the last five years to build new schools.

The number of state agencies which are authorized to issue revenue bonds and are currently active ranges from two in Tennessee to nine in Georgia. In the Sixth District states there are approximately 32 such agencies. Of this number, 62 percent were created to develop roads, bridges, ports, and school buildings.

Revenue Bond-Issuing Agencies
Sixth District States, Mid-1957

Purpose	*Number*	*Percent of Total*	*Amount Outstanding*	*Percent of Total*
Schools	7	22	$242,948,194	26
Roads and Bridges .	9	28	527,855,500	56
Ports	4	12	43,092,000	5
Public Buildings . .	4	13	77,164,500	8
Other	8	25	43,450,000	5
Total	32	100	934,510,194	100

The total of revenue bonds outstanding for all District states came to about $935 million in mid-1957. Most of this debt is nonguaranteed debt, although some District states, Louisiana in particular, pledge their credit and "guarantee" certain issues. Florida topped all states with approximately $305 million in revenue bonds outstanding. Georgia, Louisiana, Mississippi, and Alabama followed behind Florida. Tennessee owed the least amount outstanding, only $4 million.

Over four-fifths of all revenue bonds outstanding were originally issued for the purpose of building schools, roads, and bridges, with school bonds especially important in Georgia and Florida. Issuance of bonds for the purpose of building roads and bridges was widespread throughout all states, but port issues were largely confined to Louisiana, Georgia, and Florida.

Future of Revenue Bond-Issuing Agencies

Revenue bond-issuing agencies have developed largely in response to the need to finance capital outlays, many of which could not be postponed. Some projects, particularly the self-liquidating ones, would probably have been financed through the issuance of revenue bonds even in the absence of constitutional debt limits. General obligation bonds, however, might have been more appropriate in other cases, since interest rates on these bonds tend to be lower than on revenue bonds.

Because of existing debt limits, however, many states do not have the option to choose between types of financing. A more flexible debt limit designed to accommodate demonstrated capital needs would, therefore, broaden the choice of alternatives open to the states.

But how can the debt of revenue bond-issuing agencies be kept within manageable limits, particularly since people are often unaware that it exists? First of all, these agencies, when they are created by the state, are generally limited as to the amount of debt they may incur. Even within this limit, however, borrowing may be checked by the market. The present and prospective financial conditions of these agencies are carefully reviewed by investors. If they are found wanting, bonds will go unsold.

Revenue bond-issuing agencies in the postwar period have accomplished much, and their performance to date generally would have to be regarded as highly satisfactory. Experience with these agencies, however, in general has been limited to the last decade, a period in which the economic climate was favorable to many types of ventures. Trouble is not necessarily in the offing, however, and may be averted or minimized by an alert legislature responsive to an informed public.

Alfred P. Johnson

A Barometer of Sixth District Spending

New Indexes of Bank Debits

This issue of the *Monthly Review* presents an additional tool for use in analyzing business conditions in individual Sixth District states. Indexes of bank debits have been constructed that make it possible to compare month-to-month changes in total spending by check in each state with the influence of seasonal factors removed. Bank debits represent charges against checking accounts of individuals, businesses, and state and local governments at commercial banks. Since more than 90 percent of all payments for goods and services are made by check, this measure of spending, in turn, helps measure the general level of business activity.

Coverage Varies among States

The Federal Reserve System has been collecting debit figures from major cities since 1919. Some 205 banks in 54 District cities and towns are currently reporting debits. The coverage varies from state to state, of course, but the reporting banks represent fairly well checking account activity throughout the area. Deposits at banks that reported debits on December 31, 1957, accounted for 62 percent of total District bank deposits; by state, proportions ranged from 47 percent in Mississippi to 65 percent in Tennessee.

Indexes Based on Total Estimated Debits

The new index is based on total estimated debits in each state. For banks that do not report, debits were estimated by multiplying the volume of their deposits by the rate of turnover at the smaller reporting banks. The rate of turnover was calculated by dividing total debits by the average volume of outstanding demand deposits. Estimated debits for nonreporting banks were added to those of reporting banks. The indexes are merely total estimated debits of all banks expressed as a percentage of average monthly debits during the three-year period, 1947-49.

To remove the effects of normal seasonal variations on month-to-month changes, the indexes were divided by seasonal adjustment factors, or ratios of each month's debits to average monthly debits. In Florida, for example, the December seasonal adjustment factor is 114. This means that check spending in that month is 14 percent higher than it is during the average month.

Thus, the seasonal adjustment factors point out the important business months of the year. In the District as a whole, debits are greater following the principal holidays, farm marketing seasons, and the major tax payment period. This pattern is generally followed in all of the states. Variations, such as the high level of debits in Florida throughout the winter tourist season, are due to special economic conditions that exist in each state.

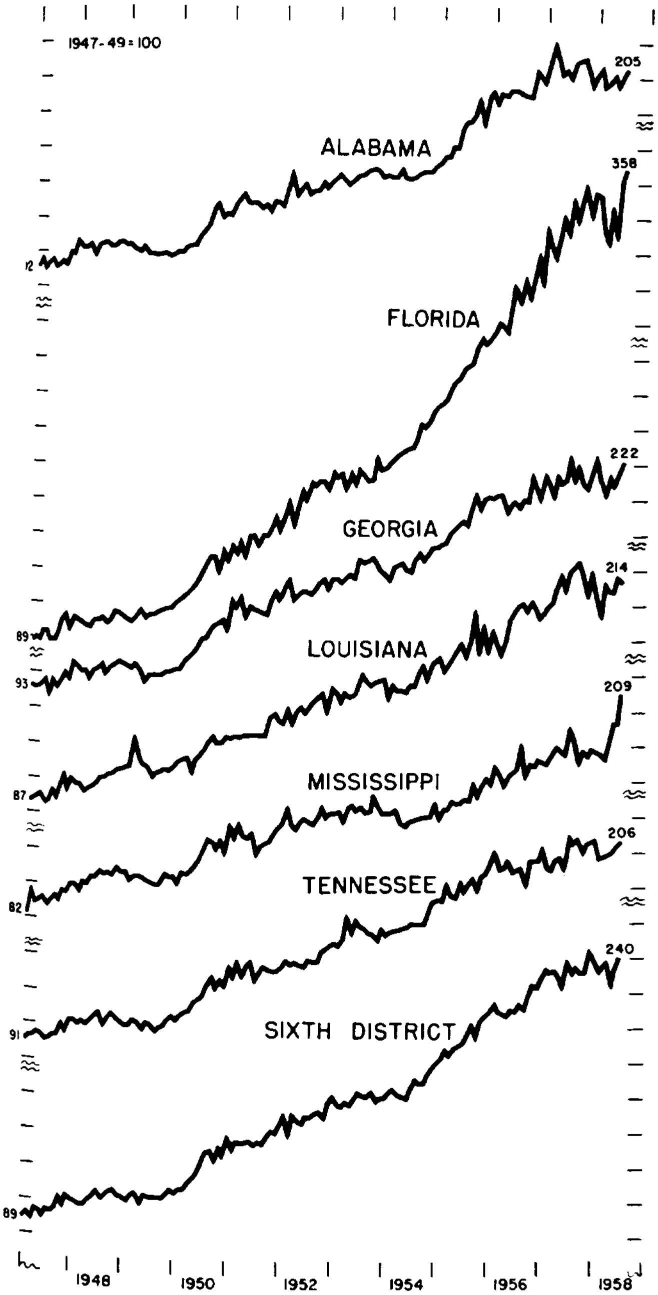
Seasonal Adjustment Factors for Bank Debits
Sixth District States

	District	*Ala.*	*Fla.*	*Ga.*	*La.*	*Miss.*	*Tenn.*
January	105	102	114	102	114	105	104
February	93	93	101	92	100	95	91
March	101	99	110	101	100	98	100
April	99	98	108	98	98	98	97
May	103	105	103	102	102	106	99
June	99	100	95	98	93	97	99
July	100	100	98	98	99	101	100
August	101	100	93	103	98	99	103
September	95	96	87	97	90	97	98
October	102	103	92	104	102	104	104
November	97	100	93	99	99	97	99
December	105	104	106	106	105	103	106

Long-Term Growth in Each State

From the indexes, long-term growth trends can be determined in the District and in each state. Total estimated debits in the entire District in 1957 amounted to $168

Bank Debit Indexes
Sixth District States, 1947-58
Seasonally Adjusted



billion, or 233 percent of the 1947-49 average of $72 billion. Over 30 percent of the total was concentrated in Florida, where debits amounted to $51 billion. The total volume of debits for the same year in other states ranged from $7 billion in the Sixth District part of Mississippi to $38 billion in Georgia. Expressed as a percentage of the 1947-49 average, debits ranged from 177 in Mississippi to 329 in Florida.

That there are wide variations among the states in the rate at which check payments have been increasing is because different types of businesses are important in the various states. Since debits reflect payments made for all types of transactions, the areas with large industries that produce goods requiring several steps in processing tend to have a greater volume of bank debits than areas dependent upon simple industries or farming. Debits are greater in cities where banks hold large deposits for financial institutions, such as security brokers and insurance companies. Real estate transactions contribute to a high volume of check payments in areas undergoing rapid development.

The growth in District bank debits during recent years has exceeded gains made by some other indicators of economic activity. Personal income, retail sales, and wholesale sales, which increased at about the same rate

Bank Debits and Other Economic Indicators
1954 Expressed as a Percent of 1948
Sixth District States

	District	*Ala.*	*Fla.*	*Ga.*	*La.*	*Miss.*	*Tenn.*
Bank Debits* . .	163	140	203	160	157	135	154
Personal Income .	143	128	175	143	144	117	135
Retail Sales* . .	146	130	173	141	143	135	137
Wholesale Sales*.	147	130	174	147	145	129	134
Value Added by Manufacture**	168	150	228	157	170	156	175
Wages of Prod. Workers** . .	162	142	212	161	163	164	165
Service Expenditures . . .	176	143	199	172	192	142	161

*Sixth District portion of Louisiana, Mississippi, and Tennessee
**1954 expressed as percentage of 1947

Bank Debits
Sixth District States, 1957

	District	*Ala.*	*Fla.*	*Ga.*	*La.**	*Miss.**	*Tenn.**
Indexes . (1947-49=100)	233	206	329	212	212	177	200
Debits . (millions of dollars)	167,821	23,266	51,018	38,916	27,074	6,903	20,644

*District portion only

in each state between 1948 and 1954, grew at a rate 10 to 15 percent less than bank debits. Manufacturing growth and gains made by service industries generally exceeded the rate of growth in debits. A greater use of checks as a means of making payments has contributed to the rapid increase of bank debits in recent years. In 1948, each dollar in demand deposit accounts at District banks changed hands about 15 times. By 1957, the average annual rate of turnover had increased to 21.

Copies of the unadjusted indexes, the seasonally adjusted indexes, and total estimated monthly debits for the Sixth District and each state may be obtained by writing the Publications Section, Research Department, Federal Reserve Bank of Atlanta, Atlanta 3, Georgia.

Robert M. Young

Revised Indexes of Furniture Sales

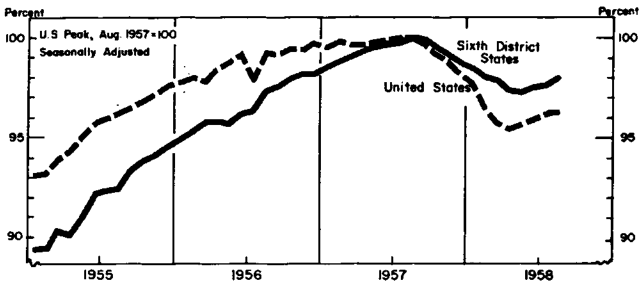
Sixth District furniture store sales indexes have been revised to reflect the findings of the 1954 Census of Business. A comparison of the change in sales between 1948, another Census year, and 1954 with the estimates developed by this Bank revealed that our figures understated the growth between these years. The indexes were adjusted to reflect the actual growth, and the revisions have been carried forward to show estimated growth since 1954.

Copies of the revised indexes for the District and for each state may be obtained by writing the Publications Section, Research Department, Federal Reserve Bank of Atlanta, Atlanta 3, Georgia.

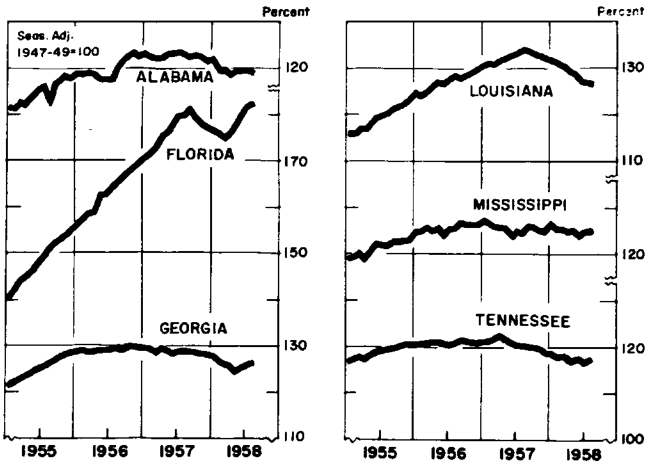
Nonfarm Employment

Sixth District States and United States

1955-58



Nonfarm employment has recovered somewhat since May.



The improvement in the District, however, has been confined largely to Florida and Georgia. Employment in Alabama, Mississippi and Tennessee has changed little and has continued downward in Louisiana.

Department Store Sales and Inventories*

Place	Percent Change: Sales, August 1958 from July 1958	Sales, August 1958 from August 1957	Sales, 8 Months 1958 from 1957	Inventories, August 31, 1958 from July 31 1958	Inventories, August 31, 1958 from August 31 1957
ALABAMA	+16	+2	—2	+8	—7
Birmingham	+20	+3	—2	+10	—4
Mobile	+11	+1	—1	..	..
Montgomery	+21	—2	—3	..	..
FLORIDA	+8	+3	+1	—0	—6
Daytona Beach	+4	+4	+1	..	..
Jacksonville	+13	—3	—4	+8	—6
Miami Area	+7	+0	+0	—3	—6
Miami	+7	—3	—3	..	..
Orlando	+16	+5	—1	..	..
St. Ptrsbg-Tampa Area	+2	+14	+7	—3	—6
GEORGIA	+21	+5	+1	+10	—6
Atlanta*	+23	+5	+2	+9	—5
Augusta	+23	—3	—7	..	..
Columbus	+15	+6	+6	+8	—9
Macon	+14	+6	+3	+8	—4
Rome**	+37	—30	—25	..	..
Savannah	+15	+12	+2	..	..
LOUISIANA	+19	—8	—5	+6	—5
Baton Rouge	+1	—10	—2	+23	+2
New Orleans	+24	—5	—5	+2	—5
MISSISSIPPI	+14	+0	—2	+5	—2
Jackson	+20	—1	—4	+4	—1
Meridian**	+13	+1	—1	..	..
TENNESSEE	+15	—3	—4	+6	—9
Bristol-Kingsport-Johnson City**	+26	—9	—10	+16	—13
Bristol (Tenn. & Va.)**	+27	—1	—2	+15	—6
Chattanooga	+11	+1	—1	..	..
Knoxville	+16	—4	—6	+7	—7
DISTRICT	+15	+1	—1	+5	—6

*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.

Bank Announcement

The First Industrial Savings Bank of Tampa, Tampa, Florida, on September 15, converted to and commenced business as a commercial bank under the name of Northside Bank of Tampa, and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers are Harman Wheeler, President; H. M. Carpenter, James R. Haston, and Earl Herren, Vice Presidents; Sam Bucklew, Secretary; E. K. Tyson, Cashier; and Myla Harmon, Theodore J. Couch, and C. A. Wilkeson, Assistant Cashiers. Its capital totals $350,000 and surplus and undivided profits, $246,807.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

	Aug. 1958	July 1958	Aug. 1957	Percent Change: Aug. 1958 from July 1958	Aug. 1958 from Aug. 1957	1958 from 1957
ALABAMA						
Anniston	36,825	35,131	36,796	+5	+0	—2
Birmingham	687,919	722,167	728,720	—5	—6	—1
Dothan	23,884	23,186	25,308	+3	—6	—1
Gadsden	31,337	29,501	32,507	+6	—4	—7
Mobile	232,070	241,402	253,337	—4	—8	—10
Montgomery	151,473	146,974	143,704	+3	+5	+5
Selma*	20,108	20,499	21,984	—2	—9	+1
Tuscaloosa*	45,548	50,928	42,494	—11	+7	+10
FLORIDA						
Daytona Beach*	54,909	61,451	49,342	—11	+11	+10
Fort Lauderdale*	162,301	172,377	161,902	—6	+0	+2
Gainesville*	33,084	36,275	32,722	—9	+1	+8
Jacksonville	622,391	736,759	617,527	—16	+1	+9
Key West*	13,020	14,232	12,717	—9	+2	+2
Lakeland*	62,250	64,389	56,992	—3	+9	+9
Miami	681,630	753,891	647,071	—10	+5	+5
Greater Miami*	1,029,491	1,148,090	991,525	—10	+4	+3
Orlando	154,263	176,720	146,945	—13	+5	+6
Pensacola	77,664	79,413	88,588	—2	—12	—5
St. Petersburg	131,661	153,564	139,021	—14	—5	—1
Tampa	304,166	316,085	276,683	—4	+10	+6
West Palm Beach*	107,715	117,980	94,939	—9	+13	+10
GEORGIA						
Albany	59,917	57,477	59,018	+4	+2	+3
Athens*	34,225	36,411	31,589	—6	+8	+6
Atlanta	1,635,620	1,648,440	1,646,576	—1	—1	+1
Augusta	113,103	86,774	86,089	+30	+31	+5
Brunswick	19,582	21,835	19,918	—10	—2	+9
Columbus	92,786	100,041	98,218	—7	—6	—3
Elberton	9,152	9,696	8,379	—6	+9	+10
Gainesville*	49,705	50,356	47,319	—1	+5	+6
Griffin*	16,429	15,927	16,846	+3	—2	+2
LaGrange*	17,786	17,967	19,323	—1	—8	—7
Macon	105,483	107,610	106,245	—2	—1	+1
Marietta*	26,022	25,104	25,832	+4	+1	—0
Newnan	15,211	17,645	14,935	—14	+2	+4
Rome*	36,370	37,119	36,776	—2	—1	—4
Savannah	168,067	177,071	173,069	—5	—3	—0
Valdosta	38,333	23,252	29,135	+65	+32	—4
LOUISIANA						
Alexandria*	64,663	69,193	71,153	—7	—9	+0
Baton Rouge	183,546	203,207	198,124	—10	—7	+6
Lafayette*	59,112	54,970	51,554	+8	+15	+9
Lake Charles	80,914	81,065	88,494	—0	—9	+3
New Orleans	1,165,234	1,238,742	1,301,498	—6	—10	—4
MISSISSIPPI						
Biloxi-Gulfport*	40,524	47,283	39,809	—14	+2	+8
Hattiesburg	31,140	32,598	31,790	—4	—2	+1
Jackson	254,718	273,862	192,943	—7	+32	+16
Laurel*	23,888	24,034	23,473	—1	+2	+6
Meridian	40,434	38,794	37,570	+4	+8	+4
Natchez*	20,224	19,411	20,475	+4	—1	—2
Vicksburg	17,399	17,843	19,063	—2	—9	—5
TENNESSEE						
Bristol*	40,287	39,996	36,840	+1	+9	+2
Chattanooga	277,416	281,147	274,923	—1	+1	—1
Johnson City*	36,677	39,026	39,075	—6	—6	+3
Kingsport*	72,086	68,448	68,783	+5	+5	+3
Knoxville	201,759	212,534	214,976	—5	—6	—2
Nashville	649,558	641,221	639,037	+1	+2	+2
SIXTH DISTRICT						
32 Cities	8,294,655	8,685,647	8,376,207	—5	—1	+1
UNITED STATES						
344 Cities	185,842,000	206,524,000	190,539,000	—10	—2	+4

* Not included in Sixth District totals.

Sixth District Indexes

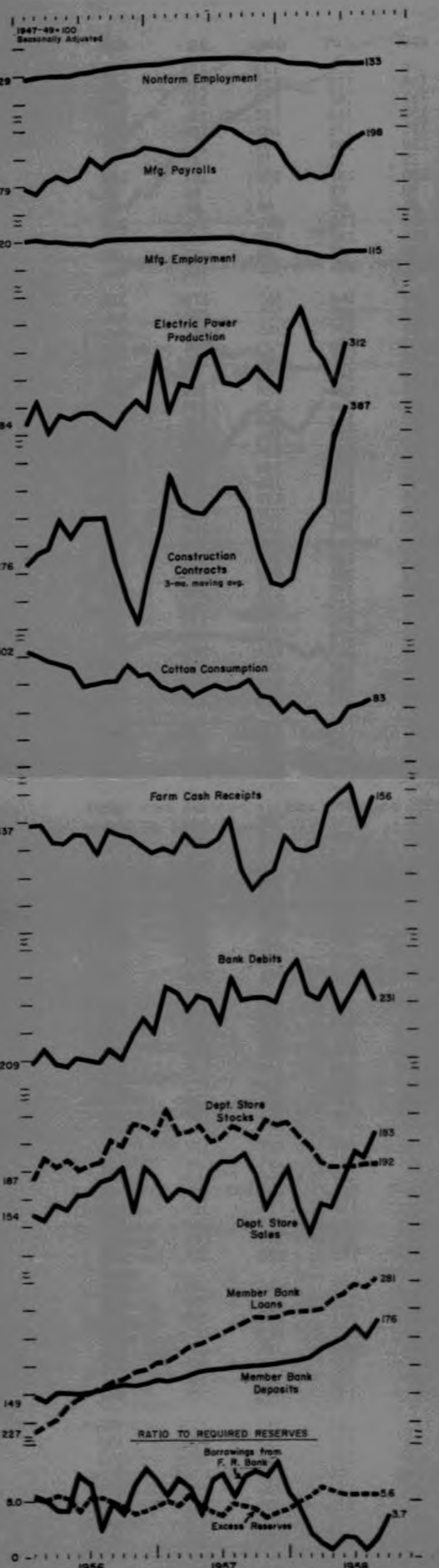
Seasonally Adjusted (1947-49 = 100)

SIXTH DISTRICT	1957						1958							
	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.
Nonfarm Employment	136	136	136	135	135	134	134	133	133	132	132	133	133	133
Manufacturing Employment	121	121	120	119	118	118	117	115	115	114	113	115	115	115
Apparel	165	164	166	166	166	164	167	167	165	161	167	170	166	164
Chemicals	135	132	133	131	131	132	130	129	127	131	133	131	131	130
Fabricated Metals	193	189	186	186	185	181	181	177	174	176	176	183	186r	183
Food	115	111	112	111	111	111	114	113	110	110	109	109	111	108
Lbr., Wood Prod., Fur. & Fix.	77	76	77	78	76	76	75	74	72	72	72	72	73	73
Paper & Allied Products	158	161	159	161	159	159	158	156	157	158	157	158	157	158
Primary Metals	108	107	105	106	101	100	96	91	91	90	93	91	90	89
Textiles	90	90	90	89	88	89	88	87	85	85	85	84	84	85
Transportation Equipment	240	248	235	220	220	226	215	200	194	187	172	201	198	209
Manufacturing Payrolls	201	200	198	195	196	194	187	182	183	182	183	192	196r	198
Cotton Consumption**	88	88	91	85	84	78	82	79	79	74	75	80	81	83
Electric Power Production**	298	297	299	303	299	295	317	325	311	306	297	312	312	n.a.
Petrol. Prod. in Coastal Louisiana & Mississippi**	172	160	164	167	161	175	169	170	168	162	164	167	170r	175
Construction Contracts*	330	330	315	283	261	259	264	298	309	318	369	387	420	n.a.
Residential	319	341	324	334	288	294	272	293	279	301	324	365	361	n.a.
All Other	340	321	308	241	239	229	257	303	333	332	406	405	468	n.a.
Farm Cash Receipts	142	104	89	99	104	128	119	118	121	150	157	165	134r	156e
Crops	131	79	70	84	90	103	97	92	87	134	145	146	90	n.a.
Livestock	155	154	152	158	152	172	161	156	160	177	176	184	184	n.a.
Dept. Store Sales*/**	173	176	169	156	163	170	157	147	158	156	166	176	174	183
Atlanta	159	167	154	149	154	156	151	147	157	153	154	169	168	183
Baton Rouge	177	192r	181	187	205	201	181	171	175	164	172	199	185	180
Birmingham	128	138	132	128	123	126	121	111	132	117	130	129	127	147
Chattanooga	151r	154r	147	141	147	145	142	128	141	136	145	144	159	161
Jackson	119	121	111	102	115	117	109	99	97	99	107	106	111	124
Jacksonville	130r	136r	132	118	130	133	127	116	122	108	122	126	127	138
Knoxville	151	157r	156	139	144	156	146	128	139	141	147	137	139	156
Macon	147	166	141	136	143	149	139	137	148	151	159	165	164	183
Miami	265r	274	267	244	231	255	234	227	233	242	244	259	268	285
New Orleans	148	149r	151	145	140	147	132	135	125	135	137	145	141	147
Tampa-St. Petersburg	183	185	189	177	195	207	192	174	186	181	203	202	207	219
Dept. Store Stocks*	206	204r	201	208	206	207	202	199	193	190	191	191	192	192
Furniture Store Sales*/**	150r	152r	148r	145r	155r	152r	151r	125r	132r	138r	143r	139r	140r	149p
Member Bank Deposits*	160	160	160	160	161	161	162	163	166	168	170	174	170	176
Member Bank Loans*	264	266	267	267	267	269	269	269	270	273	276	279	278	281
Bank Debits*	239r	231r	234r	232r	230r	240r	245r	233r	231r	238r	227r	234r	241r	231
Turnover of Demand Deposits	152	147	144	138	136	149	146	144	139	141	141	147	151	148
In Leading Cities	168	166	158	145	144	160	157	155	150	160	155	168	166	166
Outside Leading Cities	111	106	110	101	99	113	111	112	110	106	112	110	116	114
ALABAMA														
Nonfarm Employment	123r	123	122r	123	122	121r	122r	120r	120r	119	119	119	119	119
Manufacturing Employment	114	113	109	112	112	107	105	103	102	103	104	105	106	104
Manufacturing Payrolls	187	193	186	188	185	173	170	162	165	162	166	174	175r	178
Furniture Store Sales	137r	141r	133r	129r	133r	132r	132r	113r	122r	134r	135r	128r	130r	143p
Member Bank Deposits	140	139	139	138	138	139	140	140	140	145	146	150	150	154
Member Bank Loans	218	221	223	223	222	222	224	223	224	226	230	231	235	233
Farm Cash Receipts	130	127	83	88	82	111	120	113	128	152	142	147	143	n.a.
Bank Debits	209	210	211	205	196	202	205	196	197	201	196	202	205	203
FLORIDA														
Nonfarm Employment	180	180	181	179	178	177	176	176	175	176	177	180	182	182
Manufacturing Employment	176	179	177	178	180	177	171	171	168	167	171	174	176	182
Manufacturing Payrolls	284	287	290	287	287	288	278	273	264	271	280	292	301r	307
Furniture Store Sales	171r	175r	175r	151r	175r	187r	161r	142r	146r	153r	157r	155r	156r	170p
Member Bank Deposits	206	207	209	210	212	212	212	211	215	216	221	227	225	233
Member Bank Loans	411	414	417	420	423	425	425	426	431	444	441	447	449	456
Farm Cash Receipts	199	144	180	165	184	189	162	178	151	239	249	305	214	n.a.
Bank Debits	341	329	340	348	332	345	343	325	318	335	320	351	358	340
GEORGIA														
Nonfarm Employment	129	129	129	129	128	128	128	126	126	125	124	125	126	126
Manufacturing Employment	121	119	118	116	118	117	115	114	113	112	109	114	113	112
Manufacturing Payrolls	197	198	191	186	196	190	183	177	177	171	167	182	189	192
Furniture Store Sales	142r	150r	145r	142r	149r	149r	137r	113r	127r	121r	139r	136r	133r	153p
Member Bank Deposits	142	140	141	140	141	142	142	144	147	147	148	152	146	154
Member Bank Loans	215	216	216	215	213	213	213	212	211	212	213	217	213	212
Farm Cash Receipts	185	90	121	114	127	140	143	141	150	150	157	167	129	n.a.
Bank Debits	224	211	219	209	207	215	223	211	203	213	209	215	222	215
LOUISIANA														
Nonfarm Employment	133	134	134	133	132	132	131	131	130	129	129	127	127	126
Manufacturing Employment	101	100	101	101	99	96	98	98	96	96	95	94	94	93
Manufacturing Payrolls	172	172	173	172	170	172	171	169	168	171	169	166	163r	169
Furniture Store Sales*	193r	191r	199r	180r	201r	203r	177r	178r	193r	171r	181r	178r	177r	185p
Member Bank Deposits*	155	154	153	153	153	153	153	155	156	154	157	159	153	157
Member Bank Loans*	265	268	269	268	269	270	266	270	269	269	271	272	264	273
Farm Cash Receipts	123	96	69	92	89	114	116	113	111	96	115	148	143	n.a.
Bank Debits*	220	222	224	218	206	221	206	195	212	209	208	216	214	204
MISSISSIPPI														
Nonfarm Employment	125	124	126	126	125	125	126	125	125	125	125	124	124	125
Manufacturing Employment	124	123	123	123	121	120	122	122	122	124	123	123	126	126
Manufacturing Payrolls	217	217	212	206	205	210	211	207	226	221	221	226	230r	236
Furniture Store Sales*	109r	104r	99r	97r	109r	119r	104r	86r	95r	96r	107r	113r	101r	129
Member Bank Deposits*	153	152	150	151	154	157	164	166	172	185	186	186	184	192
Member Bank Loans*	286	286	290	293	295	299	302	303	304	308	334	337	367	352
Farm Cash Receipts	118	103	53	77	79	107	100	92	115	128	143	145	138	n.a.
Bank Debits*	189	184	172	177	175	178	177	176	173	183	192	193	209	202
TENNESSEE														
Nonfarm Employment	120	120	120	120	119	118	119	117	118	118	117	117	117r	117
Manufacturing Employment	119	119	119	118	118	116	116	112	113	112	112	114	114	113
Manufacturing Payrolls	192	194	191	190	188	186	179	179	181	178	179	181	186r	192
Furniture Store Sales*	110r	108r	108r	101r	108r	113r	106r	89r	101r	106r	109r	104r	105r	105p
Member Bank Deposits*	146	147	146	147	147	147	148	149	155	156	158	161	156	159
Member Bank Loans*	232	233	234	233	235	237	239	238	239	242	245	249	244	250
Farm Cash Receipts	103	102	68	92	96	98	92	86	104	116	103	113	114	n.a.
Bank Debits*	208	206	207	200	205	206	206	198	200	201	201	205	206	206

*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 INDICATORS of economic activity show that business improved further in August. Nonfarm employment—one of the most comprehensive measures of business activity—rose only slightly as increases in most states were partly offset by declines in others. Factory payrolls, however, continued to climb and farm income also rose. Although total spending, as measured by bank debits, declined, spending at department stores advanced to a new high. Loans at all commercial banks rose further.

Nonfarm employment, seasonally adjusted, rose slightly in August. Improvement in **nonmanufacturing employment** was responsible for the increase; **manufacturing employment** held steady. Gains in nonfarm employment since May, the recent low point, have not been general. Employment improved substantially in Florida and Georgia; changed little in Alabama, Mississippi, and Tennessee; and continued downward in Louisiana. **The average work week** has lengthened, and **factory payrolls** have increased recently in all states.

Textile activity, measured by seasonally adjusted **cotton consumption,** showed a moderate gain in August, the fourth consecutive month an increase has been recorded. **Construction contract awards** continue to show exceptional strength, rising sharply to a new seasonally adjusted record in July. **Steel mill operations,** however, have shown little change since July, and still lag behind gains reported for the country as a whole.

Farm income rose in August, reflecting larger output of crops and livestock and later marketings of tobacco. Trends in **prices,** however, were mixed. Although prices for beef cattle, hogs, cotton, peanuts, tobacco, corn, and eggs were higher than last year, prices for broilers, milk, truck crops, and cottonseed declined. The **number of workers** employed in agriculture was larger than a year ago.

Total spending, as measured by **bank debits,** declined slightly during August. **Furniture store sales,** however, rose to the highest level since mid-winter. **Department store sales,** after adjustment for seasonal variation, reached an all-time high, but probably declined slightly during September. In August, **consumer prices** declined for the first time in two years. **Consumer credit** held by banks continued to rise at a better-than-seasonal rate.

Loans at member banks in August, after seasonal adjustment, rose to a new peak, as increases at Florida, Louisiana, and Tennessee banks offset declines in Alabama, Georgia, and Mississippi. Banks in leading District cities, which reported curtailed loan demands earlier this year, experienced vigorous credit demands since mid-August. In September, total **loans outstanding at banks in leading cities** rose more than seasonally because of a pickup in consumer loans and increased borrowings by businesses, notably wholesale trade firms, food processors, and sales finance companies. **Member bank deposits,** seasonally adjusted, resumed their advance in August; investments increased further. **Borrowings from the Federal Reserve Bank of Atlanta** rose further in September.