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Monthly Review

Atlanta, Georgia
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Also in this issue:

Federal Reserve Bank of Atlanta

Four Decades of Progress at The Nashville Branch

ONE of the latest additions to the blossoming skyline of Tennessee's capital is an attractive two and three-quarter-million-dollar four-storied structure located at the corner of Eighth Avenue and Union Street. This is the new home of the Nashville Branch of the Federal Reserve Bank of Atlanta. A composition in beauty, strength and utility, the limestone-finished building in modified classical style was designed by Toombs, Amisano and Wells of Atlanta and was built by the Southeastern Construction Company of Charlotte, North Carolina.

The Branch . . . Earlier Homes

On October 21, 1919, the last of the four branches of the Federal Reserve Bank of Atlanta to be established was launched in Nashville. The Branch's start in life was as unpretentious as its subsequent growth was dramatic. Its staff of 21 was housed originally in a few rented rooms in the Fourth and First National Bank building, now occupied by the First American National Bank of Nashville.

As operations expanded, these rented quarters proved unsatisfactory, and so three years later, on December 21, 1922, by which time the staff had grown to 31, a move was made. The building at 228 Third Avenue, North, was to be home for the next 36 years. That building, which cost approximately $250,000, was then aptly described as "thoroughly modern in every respect, the most up-to-date banking office in the city and one of the very best in the entire South."

For some time, the employees rumbled around in their spacious home. But as the work load grew, the old specter of space shortage once more appeared. To fulfill its duties during World War II, for example, the Branch at one time had to lease over 10,000 square feet of outside work space to house part of its record-peak force of 198 employees. Although some of its wartime responsibilities were eventually eliminated or curtailed, the Branch still had to rent some space. The pressing need for room culminated in 1952 in the purchase of the one-and-a-half-acre site on which the new home stands. Plans for the structure were approved in August 1956 by the Board of Governors of the Federal Reserve System. Ground was broken December 29, 1956,

and the Building was occupied by the Branch's 156 employees in November 1958.

The Branch . . . Its People

More important than capital resources of buildings and equipment in the development and progress of an institution are its people. Each of the twelve parent Federal Reserve Banks and its respective branches operates under the supervision of a Board of Directors. The Nashville Branch has been fortunate in having as leaders men of knowledge, experience, and vision. At first, its Board consisted of five members; later the number was raised to seven. In all, from 1919 to the present, 47 distinguished Tennesseans have served the Branch through membership on its Board. Both capability and variety of background are evident from the following rundown of names and occupations of members of the earliest, as well as the most recent, Board of Directors of the Nashville Branch.

The Chairman of the first Board was W. H. Hartford, President of the Hartford Hosiery Mills. Other members serving with him were James E. Caldwell, President of the Fourth and First National Bank in Nashville; Paul M. Davis, President of the American National Bank in Nashville; T. A. Embrey, President of the Farmers Trust Company of Winchester; and E. A. Lindsey, President of the Tennessee-Hermitage National Bank of Nashville. Two of the original Board members served the Federal Reserve System in other capacities: Captain Hartford was a member of the Board of the Federal Reserve Bank of Atlanta; Mr. Davis (now Hon. Chm. First American National Bank of Nashville) served three terms as the Sixth District representative on the System's Federal Advisory Council.

Dr. Frank B. Ward, Dean of the University of Tennessee's College of Business Administration is now Chairman of the Nashville Branch Board. Other members are V. S. Johnson, Jr., Chairman and President of Aladdin Industries, Inc., of Nashville; W. N. Krauth, President and General Manager of the Colonial Baking Company of Nashville; Stewart Campbell, President of The Harpeth National Bank of Franklin; C. L. Wilson, President of The Cleveland National Bank of Cleveland; Jo H. Anderson, President of the Park National Bank of Knoxville; and P. D. Houston, Jr., President of the First American National Bank of Nashville.

In its nearly two-score years, the Nashville Branch has had four chief executive officers. Bradley Currey was first to serve as Branch head, known for many years as Managing Director but more recently as Vice President and Manager. He was succeeded by J. B. McNamara. Next to assume the helm and to hold it for more than a quarter of a century was Joel B. Fort, Jr., who began his career with the Branch in 1919 as a deferred debits clerk. Since November 1951, R. E. Moody, Jr. has held the chief executive post of Vice President and Manager.

The Branch . . . What It Does

The Federal Reserve System has vital responsibilities concerning our country's economic welfare. As the nation's central bank, its main job is to provide for an adequate flow of money and credit so as to promote economic stability and growth. This involves some duties of a more or less routine nature, and they occupy the time of most of its employees. In this sphere lie the primary responsibilities of the Nashville Branch.

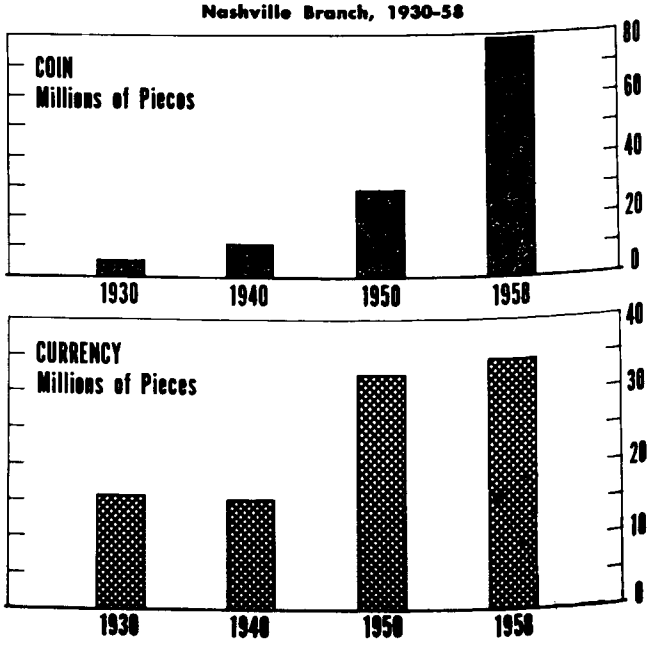
Source of $ $ $ Large sums of money continually circulate within our economy. From the presses of the United States Treasury's Bureau of Engraving and Printing in Washington, D. C., and the mints at Denver and Philadelphia, currency and coin flow to the Federal Reserve Banks, then to commercial banks and the public. As money is spent, it is redeposited in commercial banks; from there excess cash is returned to the Reserve Banks.

Money operations at the Nashville Branch have expanded greatly in response to demands from Tennessee's thriving economy. In 1920, the first full year of activity, the Branch paid out $22 million in currency and coin to banks located in its territory, the eastern two-thirds of Tennessee. In that same year it received $27 million from banks. As industrial, commercial, agricultural, and other business activities grew, so did the area's need for money. By 1958, the Branch's receipts totaled $185 million and payments, $191 million. In comparison, two months' work in 1958 was greater than the volume for the entire year 1920.

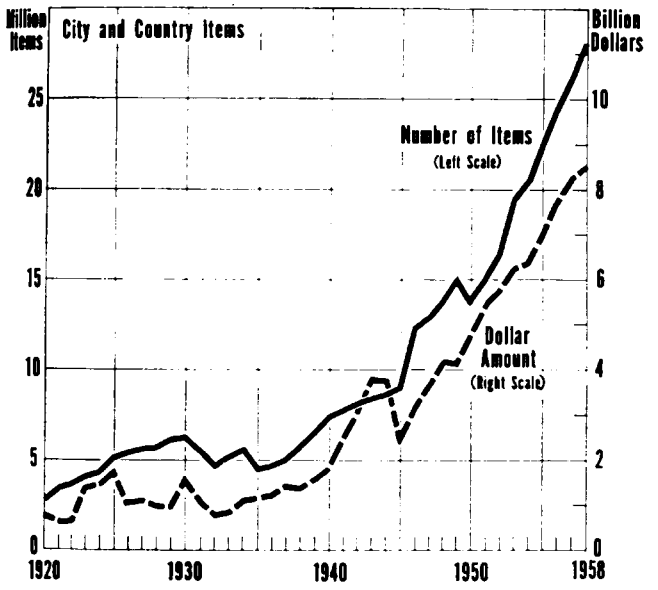
Perhaps a better comprehension of the work load of the Nashville Branch can be obtained from statistics on the number of individual pieces of currency and coin handled. All money received from commercial banks must be counted and verified, sorted to remove unfit, worn-out money as well as counterfeits, and finally strapped and consigned either to destruction or storage for future use. In 1930, the Federal Reserve Branch at Nashville processed nearly 16 million pieces of paper money. The volume doubled by 1950 and has since risen another 7 percent. The number of pieces of coin handled has grown far more dramatically, the 1958 volume being 15 times as large as the 5.3-million-piece volume of 1930.

Processor of Checks One consequence of our national progress has been an increasing reliance on more eco-

Currency and Coin Received and Counted
Nashville Branch, 1930-58



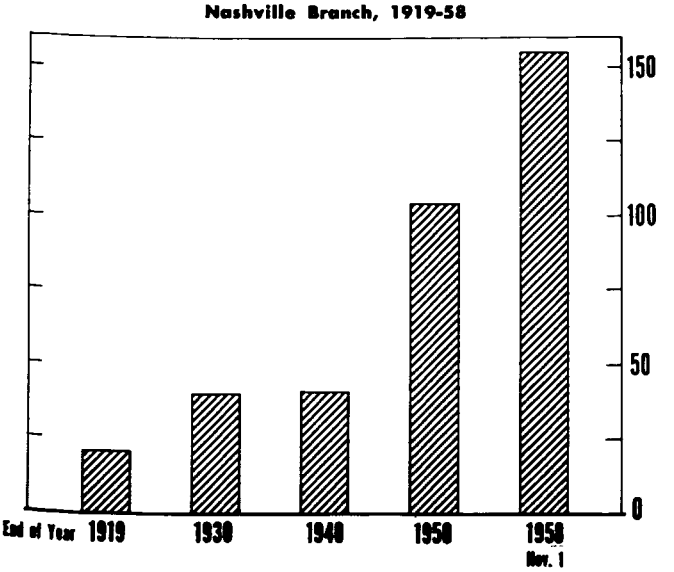
Check Clearings
Nashville Branch, 1920-58



nomic means of payment. Although currency and coin are important ($31 billion of this form of money is currently in circulation), of far greater significance is still another form of money—demand deposits or checking accounts. Check writers number in the millions and include individuals, businesses, and governmental bodies. Payment by check has become so popular because of safety and convenience and for other reasons that over 90 percent of the dollar volume of business transacted in the nation is now completed by check. The dollar value of checks written in the United States annually is estimated at more than $1,000,000,000,000 (trillion). As to number of checks, in 1957 the Federal Reserve Banks handled 3,768,000,000.

A well-organized and efficient collection system insures that the flood of checks will be processed with the speed and accuracy required. At the Reserve Bank the checks must be verified, sorted, and dispatched quickly for collection to the banks on which they are drawn. In 1920, the Nashville Branch processed 2.8 million checks drawn on big city and small country banks. The number fluctuated thereafter until 1936, when it began a climb that has continued to the present virtually without interruption. In 1958, the Branch processed 28 million city and country items, 10 times the volume of 1920. The trend in dollar value parallels rather closely that of the number of items processed, going from $746 million in 1920 to $8.5 billion this year.

Number of Employees
Nashville Branch, 1919-58



Fiscal Agent for the Government Besides serving commercial banks and the public generally, the Nashville Branch has performed since the 1940's a number of services for the Federal Government. Most of the work is related in one way or another to the Federal debt. The debt may be enlarged, refunded, or retired in part; its composition and distribution may be altered, and so on. Whenever the Government embarks on any of these operations, a host of detail is involved and much of the work is handled by the Federal Reserve Banks. Thus, the Nashville Branch issues, exchanges, and redeems United States Government securities. Among other services it maintains Treasury Tax and Loan Accounts and holds in its vault securities pledged as collateral for various purposes.

Tennessee Banking Thrives

The expansion in physical facilities, staff, and volume of work of the Nashville Branch stems largely from its efforts to meet the needs of a growing and changing commercial banking system in Tennessee. To be sure, long before the birth of the Federal Reserve, banking flourished in the Volunteer State, rising and ebbing with the economic tides. Indeed, it was back in 1807, scarcely a dozen years after Tennessee was admitted to the Union, that the first bank chartered opened for business. It was the Bank of Nashville.

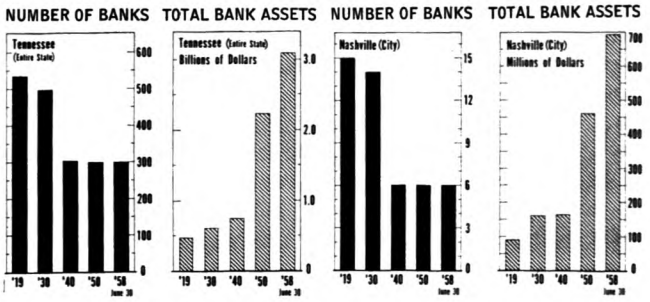
Tennessee's history of banking tells of the subsequent mushrooming of privately owned banks in a sprouting economy, of over-issues of paper money driving specie out of circulation, of money panics and failures. It also reveals that because of the inadequacy of suitable banking facilities, Tennessee experimented with state-owned banks. The first of these, the Bank of the State of Tennessee, was established at Knoxville in 1811 and closed in 1828. Several others followed, the last going out of business shortly after the War Between the States. In 1828, too, an event of some interest took place, the opening of the Nashville Branch of the Second Bank of the United States. This in a way is a grandparent of the present Nashville Branch of the Federal Reserve Bank of Atlanta. Following the expiration of the Second Bank's charter, its branch in Nashville closed in 1837.

So far as is known, the oldest existing bank in the state is the Northern Bank of Tennessee located in Clarksville, which was established in 1854. In 1863, shortly after passage by the Federal Government of the National Bank Act, the First National Bank of Nashville was established. This was the first of the national banks to be opened in the deep South.

Coming to more recent times, we find two seemingly

Number of Banks and Bank Assets

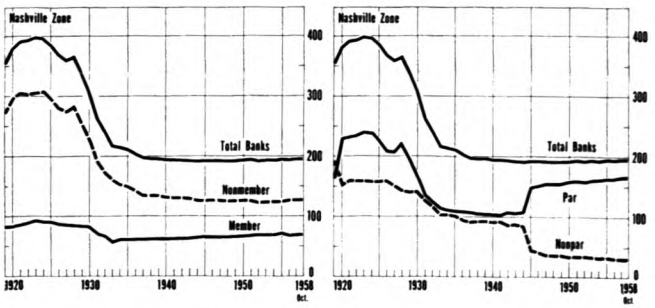
Tennessee and Nashville, 1919-58



contradictory banking trends emerging in Tennessee since the opening of the Nashville Branch of the Federal Reserve Bank of Atlanta. At the same time that banking activity has grown, the number of banks operating in the state has fallen. Deposits of all Tennessee banks rose, for example, from $467 million in 1919 to $3.1 billion in mid-1958. Loans, total assets, and number of employees are among a few other indicators measuring growth. On the other hand, at the latest count, there were only about half as many banks as there had been at the end of 1919. Mergers and extensive bank failures, of course, help explain the drop from 533 to 299.

Number of Banks in Nashville Zone

Member, Nonmember, Par, and Nonpar, 1919-58



On a reduced scale, essentially the same declining trend is apparent in the total number of banks that are members of the Federal Reserve System. In December 1919, in the Nashville Zone 82 banks were stockholders of the Federal Reserve Bank of Atlanta. The number fell to a low during the depression but since has climbed to 69. All banks that are members of the Federal Reserve System pay checks at par or face value, as well as do most nonmember banks. The number of par banks in the Nashville Branch territory has declined from a peak of 239 in 1923 to the present level of 165. Although the number of par-remitting banks is about the same as it was in 1919, percentage-wise there are nearly twice as many today as in the earlier period.

Tennessee's Economic Progress

The progress story of the Federal Reserve's Nashville Branch, of course, ties in directly with the story of Tennessee's economic development. The links binding the Branch with the Volunteer State in a way comprise an economic variation of the physical law of action and reaction. The Branch has acted upon Tennessee's economy and simultaneously has reacted to it. Accordingly, we may justly expect the fast pace recorded by the Branch to be duplicated by the state of Tennessee.

The amount of income received is one of the best comprehensive measures of an area's economic progress. As business booms, income tends to rise; as the economy recedes, income falters and declines. Like changes in a thermometer, therefore, changes in income signal changes in our economic health and well-being.

That the state's economy has over the long-run been vigorous and healthy is obvious from a glance at per capita personal income payments. In 1930, Tennesseans earned on the average $325 per person. World War II, the postwar exuberance, the Korean conflict, and a capital investment boom all helped boost per capita personal income payments to $1,383 by 1957. Thus, for every one dollar of income he received in 1930, the average Tennessean gets about four today.

Higher incomes have meant greater purchasing power, even after allowance for the pronounced price increases of the last couple of decades or so. This in turn has led to greater spending and, as the circular flow continues, to business expansion. The net effect has been a steady and appreciable improvement in the level of living. More than ever before, Tennesseans are enjoying an abundance of homes, cars, deepfreezers and other products in the necessary as well as luxury classes. This development may be inferred from the trend in the state's total retail sales. In 1929 sales amounted to $633 million. By 1954 they had soared to $2,760 million. Department store sales give some inkling of subsequent developments. Judging from them, by 1958 Tennesseans had upped their purchases of consumers goods by another sixth.

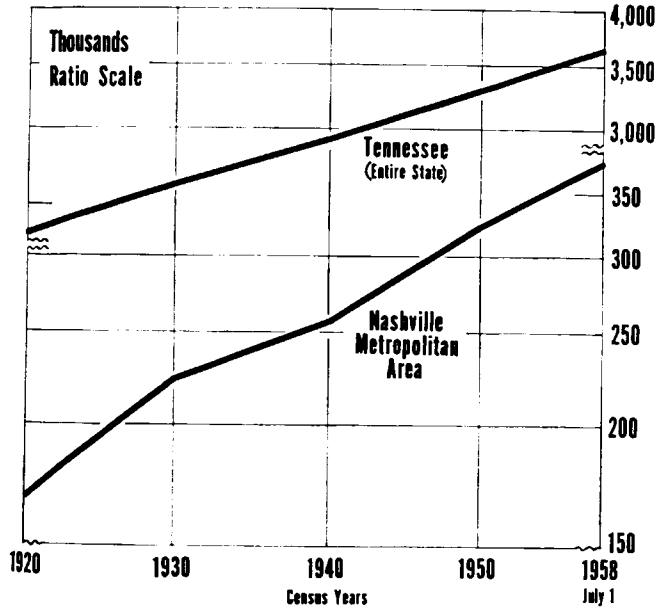
Tennesseans, of course, did not spend all their income for consumers goods. They saved a portion. They put their savings in banks, savings and loan associations, insurance companies, and other financial institutions. How much they set aside for a rainy day and for other purposes may be judged from estimates of per capita long-term savings prepared by the Research Department of the Federal Reserve Bank of Atlanta. In 1940 per capita savings amounted to $189. In 1947, savings had risen to $522 per person and thereafter increased year by year to $870 in 1957. These savings, to be sure, were not idly held by financial institutions. Instead, the dollars were put to work producing new homes, office buildings, factories, machines, and equipment; in a word, they went into capital goods that have formed the basis for further advancements in production, income, and levels of living.

Per capita income payments to individuals expanded at the same time that Tennessee's population surged forward. The two events clearly are interdependent, for more people mean more producers, more income earners, and more consumers—indispensable ingredients in the growth mix. In 1920, Tennessee's population stood at 2,338,000. At last official count in 1950, the number was almost a million higher. Estimates for 1957 show a further increase to 3,463,000.

Following a trend visible in the Southeast as well as in the nation, Tennessee's population has been on the move. Big towns and cities offering industrial and com-

Population

Tennessee and Metropolitan Nashville, 1920-58



mercial economic opportunities have beckoned people from farms and rural areas. As late as 1920, only a fourth of Tennessee's people lived in urban centers. By 1950, the Census count records almost two-fifths of the state's populace living in cities. The greatest gains have taken place in the large metropolitan centers. Between 1940 and 1955, population in these Tennessee areas grew an estimated 37 percent, in contrast with but 7 percent in nonmetropolitan areas.

A Shifting Economic Structure

Accompanying, and indeed accounting for, the sharp rise in income payments to individuals during the last quarter of a century or so were significant shifts in Tennessee's economic make-up. The changes consisted of a broadening and strengthening of the state's income-generating base. The increasing diversification, of course, is not unrelated to the flow of people from the country to the city. Rather, the flow emerges as a consequence of the rise in importance of manufacturing and service enterprises and the corresponding decline in agriculture.

Manufacturing Jumps Ahead The single most important source of personal income in Tennessee today is manufacturing, a sector that has steadily advanced in relative and absolute terms. Nearly a third of the state's individual income from current production originated in manufacturing in 1957, in contrast to only 19 percent in 1929. Couched in other terms, the growth appears even more impressive; manufacturing income jumped 663 percent between 1929 and 1957. Compare this with the corresponding climb of *merely* 383 percent in Tennessee's total civilian income. Today, moreover, 292,000 workers earn their daily bread and meat in manufacturing, double the number of three decades ago. Because of such a rapid advance, Tennessee now ranks as the second most important manufacturing state in the Sixth Federal Reserve District. An ample labor supply, abundant raw materials, and a blooming market for finished products, all have combined to make it a mecca for manufacturers.

Along with the growth in manufacturing has come a change in the state's industrial composition, a gradual shift away from industries using relatively small amounts of capital in relation to labor. In 1939, textiles, food, lumber, and apparel, ranking among the top six industries in the state, accounted for 45 percent of the wage and salary income earned by workers in manufacturing. In 1957, they contributed but 29 percent of the income. In contrast, chemicals and primary and fabricated metals climbed from 27 to 37 percent in the same period.

Federal Reserve Bank of Atlanta tabulations of announcements of expenditures for new plants and expansions of existing ones also indicate the shift. In the four year period 1954-57, well over 100 new or expanded manufacturing plant projects were announced, costing more than $100,000 each and representing an investment in capital goods of over a quarter of a billion dollars. The biggest investor was the chemicals and allied products industry. Following closely were the primary metals and paper industries. Textiles, the traditional industrial leader, accounted for a small fraction of the total, as did food processing. As a result of such changes, the textile industry has yielded leadership to the chemicals industry.

As to manufacturing's geographic distribution within Tennessee, the chemicals and allied products industry has tended to concentrate in the eastern part of the state, primarily in the tri-cities area of Bristol, Johnson City, and Kingsport. Approximately two out of five people engaged in manufacturing there are employed in the chemicals industry. The Chattanooga and Knoxville areas are the major textile centers in Tennessee. The Nashville vicinity has a rather broadly diversified manufacturing structure with no single industry accounting for as much as a sixth of the total manufacturing employment.

Agriculture Slips As with manufacturing, conspicuous changes have occurred during the last few decades in agriculture, one time the state's leading producer of income. Tennessee's cash farm income has advanced at a high but considerably slower rate than that experienced in other productive sectors. Because of the lag, agriculture today accounts for an appreciably smaller proportion of the state's income than in the past. In 1929, for example, 20 percent of the personal income received by Tennesseans came from agriculture. By 1950, it had dropped to 10 percent and by 1957, to 6 percent.

Agriculture's record is nevertheless decidedly impressive. Tennessee's cash receipts from crop and livestock production totaled $125 million in 1930. By the eve of World War II, $17 million was added to that figure. Farm cash receipts then peaked at $525 million in 1952 but slipped to $437 million in 1955 because of the agricultural recession affecting farmers throughout the nation. Cash receipts in 1958 are estimated at half a billion dollars.

Despite rising cash receipts, farmers' per capita net income has failed to reach a parity with urban workers. Thus there has been a movement from the country to the city. Tennessee's farm population in 1957 was

about half a million below the 1920 figure of 1,290,000. Too, there are fewer operators and farms. Although the average farm today is larger than in the past, it is still quite small and, consequently, yields a comparatively low income. Because of this, many farmers have found it necessary to seek part-time off-farm employment to supplement their incomes. Also, in the wake of these developments has come greater farm mechanization to improve productive efficiency and output.

Tennessee farmers have taken to shuffling resources from less- to more-productive uses to boost income. This has meant primarily a movement away from crops to livestock. Acreage-control programs for cash crops have hastened the development by encouraging farmers to diversify and find better uses for their land and labor. Now income from livestock and poultry products equals that from crops. Cattle, hogs, dairy products, and poultry are the chief livestock items. Cotton and tobacco are the principal cash crops, accounting in recent years for about two out of every five dollars of total farm income.

The Summing Up

One word—growth—characterizes the last 40 years of experience of both the Nashville Branch of the Federal Reserve Bank of Atlanta and the state of Tennessee. Without much stretch of the imagination, one can easily and reasonably envisage further progress resting upon capital development, exploitation of the state's abundant natural resources, and an increased diversification in agriculture, manufacturing, and other areas. As in the past, the Nashville Branch of the Federal Reserve Bank of Atlanta will play an important role in this expected development.

BASIL A. WAPENSKY

The new Nashville Branch building was formally dedicated on Friday, December 12. For this occasion the Directors of the Federal Reserve Bank of Atlanta held a Joint Meeting with the Boards of the Nashville, Birmingham, Jacksonville and New Orleans Branches. At a luncheon preceding the dedication ceremonies, Governor Charles N. Shepardson, member of the Board of Governors of the Federal Reserve System, addressed the group. Many other distinguished bankers and businessmen were present at the opening.

Upsurge in Time Deposits

At a time when many other economic measures were showing declines as a result of the recession, time deposits at Sixth District member banks grew at an unprecedented rate. All the District states have shared in the sharp rise in time deposits at banks that began in early 1957. Judging from the latest data available, the growth in time deposits is continuing although at a slightly slower rate.

Time deposits consist of a wide variety of accounts.

Time Deposits at Sixth District Member Banks
(Thousands of Dollars)

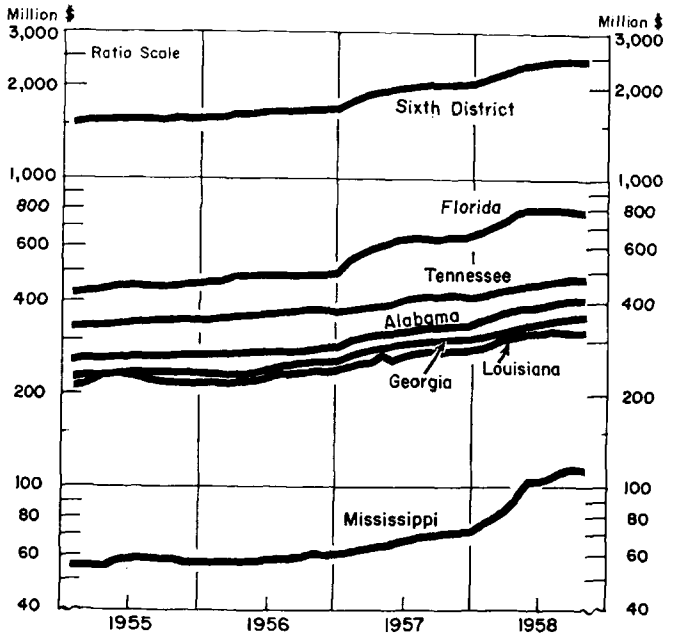
	June 6, 1957	*June 23, 1958*	*Percent of Total Increase*
Individuals, partnerships, and corporations:	1,800,678	2,216,142	+ 92.7
Savings	1,618,946	1,927,538	+ 68.9
Christmas savings and similar accounts	18,646	19,176	+ .1
Certificates of deposit	117,114	193,361	+ 17.0
Personal accounts	77,892	103,150	+ 5.6
Corporations and institutions	39,222	90,211	+ 11.4
Open accounts	45,972	76,067	+ 6.7
U. S. Government and Postal Savings	28,689	23,830	— 1.1
States and political subdivisions	132,060	165,816	+ 7.5
Banks	14,475	18,408	+ .9
Total Time Deposits	1,975,902	2,424,196	+100.0

Some of them represent actual savings, since they are probably invested for long periods. Most regular savings accounts, on which the holder may be required to give advance written notice of withdrawals, are of this type. In addition, a large proportion of time certificates of deposit may be considered actual savings. State and local governments, foreigners, and some holders of "open account" balances, for example, keep funds temporarily in time deposit accounts but do not consider them as long-term investments.

Time deposits at all Sixth District member banks totaled $2,500 million at the end of October. This represented a rise of 20 percent since the end of December 1957. During 1957, time deposits rose at a slightly faster rate—22 percent. The annual change for previous years had been much smaller, averaging about 8 percent.

Most of the rise in time deposits during the last two years is probably associated with the hike in early 1957 in rates banks pay on savings deposits, although we do not know all the reasons for the accelerated increase. The increase followed action by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation in late 1956 that raised the maximum rate insured banks are permitted to pay from 2½ percent to 3 percent. Time deposits began to rise sharply in January 1957, presumably as individuals, businesses,

Time Deposits
Sixth District Member Banks
1955-58



and governments shifted funds from other types of savings to take advantage of the higher rates.

Other types of savings undoubtedly were affected by this action, but it is difficult to determine which ones and to what extent. Although data on life insurance sales and savings and loan shares indicate that Sixth District residents were adding less rapidly to those forms of savings, part of the slower growth may reflect a reduction in income associated with the recession. It is possible that some individuals and corporations shifted funds from investment in Treasury bills or other securities to time deposits. In addition, the higher interest rates on time deposits may have prompted individuals and businesses to reduce their checking account balances by transferring funds to their savings accounts.

Although each of the District states has shown an increase in time deposits during the last two years, most of the sharp gain has been accounted for by member banks in Mississippi and Florida. In Mississippi the rate of growth has been exceptional, 19 percent in 1957 and 59 percent so far in 1958, or 89 percent for the two-year period. Time deposits at Florida member banks chalked up the next best record, with an increase of 62 percent since the end of 1956. Increases in the other states during the two-year period were somewhat less: Alabama and Georgia, 43 percent; Louisiana, 33 percent; and Tennessee, 30 percent.

Reserve city and country banks shared in the time deposit growth. Reserve city banks—the larger banks located in Atlanta, Birmingham, Jacksonville, Miami, Nashville, and New Orleans—reported a 34-percent gain between the end of 1956 and October 1958. The remaining banks—so-called country banks—gained 50 percent.

The reports of condition that member banks prepare regularly provide information on the types of time deposit balances that are responsible for the recent growth trend. The accompanying table shows the degree to which each type of account contributed to the rise from June 6, 1957, to June 23, 1958, the two dates for which the most comprehensive data are available. The table also shows the total amounts of the various types of accounts.

Although most types of savings rose significantly during this period, time deposits of individuals, partnerships, and corporations accounted for most of the increase. Within this category, savings deposits of individuals and nonprofit institutions, the largest component, were responsible for a large part of the rise. Time certificates of deposit, which are about equally divided between individuals and businesses, also rose appreciably as did time deposits held on open account.

The only type of time deposits that declined at District member banks during the period was United States Government deposits. States and local governmental units, on the other hand, increased their deposits.

W. M. Davis

Employment Picks Up

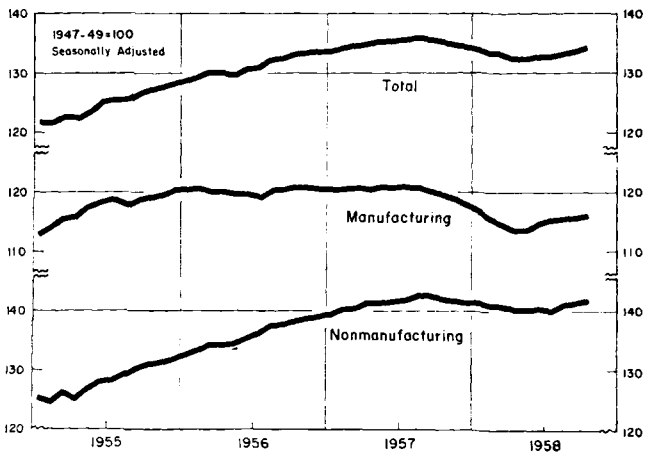
The current employment picture in the Sixth Federal Reserve District enables us to draw a happy contrast with what was happening just a year ago. This year employment is increasing; last year it was decreasing. The direction of change differs, but the degree of change is similar; it was small last year and has been small so far this year. Looking back over this year and last we see that nonfarm employment in the District declined somewhat from August 1957 through May 1958 and has since partially recovered. Between the high and low points, employment dropped slightly less than 3 percent; it had regained about half the loss by October. Recovery in this District has been about equal to that in the nation, but the previous decline here was less.

Cross Currents

Although District employment has picked up in recent months, a look at the details of the developments reveals a lot of variation from one type of activity to another and from place to place. This, of course, is not unusual in the early stages of business recovery, since each type of activity is subject to its own market influences, and activities vary among the states. As recovery advances, of course, increases typically become more and more widespread. We have yet to see whether or not the current recovery will continue to follow the typical pattern.

Both manufacturing and nonmanufacturing employment have risen since last May, but manufacturing em-

Nonagricultural Employment
Sixth District States
1955-58



ployment has shown the greater gain—2 percent, compared with slightly more than one percent for nonmanufacturing. Previously, manufacturing employment had shown a greater decline. Employment changes in these two broad fields, therefore, have been in general accord with the typical pattern of fluctuations, in which manufacturing activity tends to show greater variations, both on the downswing and upswing of business activity.

The increase in total manufacturing employment is also the net result of a variety of movements among different types of manufacturing activity. The overall District gain reflects widespread improvement among the various types of manufacturing activity with the exception of the fabricated metals and chemicals industries. Particularly important are recent gains in the textile, apparel, and lumber industries. The food industry has also shown some recovery recently, and the transportation equipment industry has been strong despite the decline in October, which came about largely because of strikes in the automobile industry. Employment in primary metals, at a reduced level for about eight months, improved moderately in October.

The person looking for neat generalizations about the Sixth District's complex economy, however, would be frustrated to learn that not all employment figures everywhere are moving upward. Lumber employment, for example, has improved mostly in Florida, Georgia, Mississippi, and Tennessee; Alabama and Louisiana have shown little change. Transportation equipment is another example: we find strength in Alabama, Georgia, and particularly Mississippi more than offsetting weakness in Louisiana and Tennessee.

The picture is no less varied among the District's nonmanufacturing activities. As already noted, total nonmanufacturing employment has picked up in recent months, but this has been largely the result of continued increases in the number of government workers and employees in finance, insurance, and real estate. Employment in retail and wholesale trade, which provided about one out of every four nonfarm jobs last year and which showed a slight seasonally adjusted decline earlier this year, has changed little in recent months. Employment in construction, mining, and transportation, communications and public utilities has also stabilized recently below last year's peaks. Where increases are not occurring, therefore, we see that for the most part stability has replaced previous declines in the total District picture.

Within each type of nonmanufacturing activity, one frequently finds considerable variation in employment among District states. Construction employment is a good example. Although the District's seasonally adjusted total has been relatively stable over the last six or eight months, only in Mississippi and Tennessee, where changes have been about what one would expect for the time of year, has stability characterized employment. Florida, Georgia, and, more recently, Alabama, have shown increases, and Louisiana has reported a decline. In transportation, communications and public utilities one finds relatively little change recently in most District states after declines from last year's peaks. Georgia, however, has shown some improvement; Louisiana has continued to show declines. The transportation industry in Louisiana, more dependent on foreign trade than other District states, has felt the effects not only of the national recession but also of a sharp decline in foreign trade from last year.

State by State

Although a person may be convinced that cross currents exist in the Sixth District employment picture, there is, as we saw earlier, an overall picture for the District. Similarly, there is an overall picture for each state that takes form from frequently diverse movements within its boundaries. The cross currents discussed above have an impact in each state that reflects its economic structure.

Looking at the employment picture in each state, one sees that the overall recovery in the Sixth Federal Reserve District reflects mainly increases in employment in Florida, Georgia, and Mississippi. The recovery in Florida, beginning in April, had been particularly sharp through September, but the upward movement that had set new records in July, August, and September was halted in October. Georgia's pickup in employment, which began in June, has been more modest, and the total number of nonfarm workers is still below the record set in late 1956. Tennessee has shown a slight upward tendency in seasonally adjusted employment in recent months. Employment in Alabama improved in October after remaining at a reduced level for eight months or so. In Louisiana employment changed little in September and October. Previously, declines in a number of important activities such as petroleum production, construction, transportation, and shipbuilding and repair had combined to pull the number of workers on the job down more sharply in Louisiana than in other District states.

PHILIP M. WEBSTER

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Transition in the Fats and Oils Industry

District Processors Seek Efficiency

Problems that haunt an industry with excess capacity are exemplified by the fats and oils industry in the Sixth Federal Reserve District. During the Second World War the Government encouraged farmers to increase their soybean, cottonseed, and peanut production to relieve a critical war-born shortage of fats and oils. Processors and manufacturers in the industry found it profitable to buy more and better equipment to handle the larger supplies. Researchers worked unceasingly to find substitutes for those oils in critical demand. Their efforts were successful and many states over the nation found new oil crops—the bread of life for this growing industry.

Phenomenal growth records were made in vegetable oil production. Nationally, we shifted from one of the world's largest importers of fats and oils before the war to the world's largest exporter. Our annual production of fats and oils increased from 6.7 billion pounds of crude oil in 1936 to 14.5 billion pounds last year.

After the war ended, American farmers and farm industries entered a transition period unequaled by any previous period in our history. Capital flowed to agriculture, and low-cost producing areas were able to rapidly increase their production.

With war demand gone, some plants in industries built on a war-time economy found themselves in trouble. Among such industries in the Sixth District was the fats and oils industry. Peanut and cottonseed output dropped and this District's share of the nation's industry declined. Today we find the District fats and oils industry still adjusting to these new conditions. Many individual vegetable oil processors are re-evaluating their own operation, hoping to improve their relative position.

The Industry's Scope

Products and Processes Fats and oils come from animals and oil-bearing crops and are used in making both edible and nonedible products. Most edible fats and oils are utilized in four products. Vegetable oil supplies the principal ingredient for shortening and margarine; animal fats are consumed as butter or lard. Although total consumption per person of fats and oils in this nation has changed little since the war, people do use more vegetable oils and less animal fats than they once did. Under existing legislation, the largest single market for our fats and oils is the export market. During the 1957 marketing year, for instance, about one-third of our total output was exported; over a billion pounds of this was soybean and cottonseed oil, and 70 percent of these moved under Government subsidies. Large exports were made to northwestern Europe and countries in the Mediterranean area under subsidy programs, which enable foreign nations to use their own currency to buy our fats and oils.

Most fats and oils are either by-products of other primary products or co-products. Animal fats are by-products in meat packing, and meat processing in the Sixth District is increasing. Since the major product of plants processing animal fats is meat and not animal fats, however, those plants do not face the same problems confronting the vegetable oil industry. Sixth District states, for example, have increased their edible animal fats and oil production about one-fourth since 1950. During that time, there has been little change in total vegetable oil production.

The District's vegetable oil industry is made up of three segments—crushing, refining, and manufacturing. Crushers, who extract crude oil from oil seeds, perform a dual operation in that they produce two products from the seeds —oil and meal. Sold principally as a high protein feed for animals, meal is a finished product ready for sale on the retail market. The oil, however, is in crude form, and needs further processing. District crushing mills are small in size compared with those in other areas. Not only are they small in size but they extract less than 10 percent of the national supply of vegetable oils. They are, moreover, widely dispersed because they process locally grown oil seeds, which are grown in a wide area.

Fats and Oils
Domestic Production, Imports, and Exports
United States, Selected Years, 1936-57

Year	*Production Million Lbs.*	*Imports Million Lbs.*	*Exports Million Lbs.*
1936	6,669	2,289	232
1939	7,825	1,862	554
1942	9,503	989	873
1945	9,106	904	991
1948	10,156	1,290	912
1951	12,016	1,160	2,402
1954	12,891	994	3,872
1957	14,501	983	4,590

SOURCE: *The Fats and Oil Situation*, No. 190, Table 19, Page 36, May 1958 issue.

Impurities are removed from crude oil in the refinery, the second step in processing fats and oils. Refineries, in general, are larger than crushing mills; often one refinery refines crude oil from several mills. Just where processing oil ends and manufacturing a finished product begins is difficult to determine. Some manufacturers are equipped to refine the oil they use, and some buy it already refined. In either case, most refined vegetable oil in this District is used in manufacturing shortening and margarine.

Size The vegetable oil industry is much smaller in the District than in some other areas, although it is not so small when compared with related industries in the District. In 1954 it added 86 million dollars in value to vegetable oil products; the meat packing industry added 72 million dollars. Its size, however, can be measured in another way: by the 6,800 workers employed. This measure places it below meat packing, which employed 14,000 workers in 1954. Nevertheless, the industry's pay-

roll pushed District workers' incomes up 20 million dollars that year.

Technological Changes Tremendous technological changes in the vegetable oil industry have affected its development. Before World War II, for example, most vegetable oils were extracted from seeds by hydraulic presses. Using these presses required large amounts of labor, about 14 man-hours per ton of seeds. In addition, the work was extremely unpleasant. In fact, many workers found the heat unbearable. Furthermore, operators were unable to closely regulate temperatures and thereby control the quality of the oil they produced.

Hydraulic presses are not used much now. Many have been replaced by more efficient screw press expellers or chemical solvent extractors. In some cases, these two machines are used together in what is called a prepress solvent extractor. The United States Department of Agriculture estimated last year that 95 percent of all soybean oil was extracted by solvent and prepress solvent extractors. Processors say that only four man-hours per ton of seeds are needed with a prepress solvent extractor.

Improved extraction methods increase the oil yield. According to the USDA, the average recovery for cottonseed oil in 1957 was as follows: Solvent extraction, 376 pounds per ton of seeds; screw press, 327 pounds; and hydraulic press, 312 pounds.

Investment and Plant Size

As efficient as the new equipment may appear, it carries a big price tag, and small mill owners often find they simply cannot afford it. According to 1953 prices, a solvent soybean crushing mill with 25 tons a day capacity would cost a crusher over half a million dollars. The size of the mill could be increased fourfold by investing an additional half a million dollars. Research shows that it cost over 60 cents a bushel to extract soybean oil in small solvent plants in 1953. Large reductions in costs were possible when the mill size was increased to 100 tons a day. Still further increases in size, however, produced only small reductions in costs.

Because most oil mills in this District are small, averaging around 50 tons capacity a day, it would appear on first thought that crushers could lower their costs by increasing their plant size. They know, however, that larger mills would be useless unless they could obtain sufficient oil seeds to crush. Their problem is basically this: Soybeans and cottonseed now account for over 90 percent of all edible vegetable oils produced in the United States. This year, for example, farmers grew enough soybeans to produce about 6 billion pounds of oil and enough cottonseed to yield 1½ billion pounds. But most of this production was outside the Southeast. In fact, nine-tenths of the soybeans are now grown in Illinois, Iowa, Ohio, Indiana, Minnesota, Missouri, Kentucky, and Kansas. District farmers, once leaders in cotton production, will grow only about one-fifth of the national crop this year.

These are important ratios to District crushers, as most oils are extracted near the producing area. Transportation costs for shipping oil seeds prohibit crushers in local markets from competing for oil seeds on a distant market. This pattern is worsening because freight rates in the nation have risen over 100 percent since 1946. This means in some District areas where smaller and smaller crops are grown each year crushers lacking raw materials are finding it hard to survive. Local oil seeds are simply not available. Some crushers, therefore, have sold or abandoned their plants and many others are operating at less than capacity. Only the most efficient crushing mills and those having a specific local market advantage with respect to supplies will be able to operate at capacity this year.

Manufacturing of oil products, in contrast to the crushing process, tends to be located near consuming markets. In 1957, for instance, 13 manufacturers in or around New York City made shortening, margarine, or both. Most oils used in those plants were shipped in from the Midwest. Many edible oil products used in this District are manufactured here. Sixth District states have 9 margarine and 14 shortening manufacturers producing over 370 million pounds of margarine and shortening each year. Those manufacturers apparently find that they can ship raw oils cheaper than they can ship a finished product.

Meanwhile, population is growing in this District and people are eating more vegetable oil products than ever before. Even now, large quantities of oil are shipped to the Southeast from other areas, especially from Illinois and other soybean producing states; and further gains may occur unless oil crop output here increases.

Prospects for Growth are Dim

Available facilities to crush more seeds and a rising demand for vegetable oil in the District appear favorable for growth in the industry. Growth, however, will not be easily made. Competition is keen in all segments: Cottonseed oil is competing with soybean oil; butter is competing with margarine; small crushing mills are competing with larger ones; and manufacturers are competing for added sales. Farmers growing some oil-bearing crops are under acreage allotments and others have more profitable uses for their land, labor, and capital. Soybean growers in Mississippi and Tennessee, however, have increased their plantings appreciably during the last few years and we may see some further growth in those areas.

Consequently, as time goes on crushers in Mississippi and Tennessee likely will increase their plant size. No rapid gain, however, is expected because increased oil-crop production comes gradually. Then too, if a crusher expands his plant more rapidly than oil-crop production expands in his area, he stands to lose because his increased transportation costs for drawing oil seeds from a larger area may outweigh the lower costs he obtains from operating a larger mill.

All is not dark for crushers in other parts of the District; a large number should remain in business and maybe even grow some in the years ahead. The prospects are dim, however, for inefficient and poorly located operators. Manufacturers of oil products, on the other hand, probably will grow about proportionately with population growth. One thing is certain: Increased efficiency in all segments is in prospect and greater efficiency should better serve the economy and strengthen the industry as a whole.

N. CARSON BRANAN

National Summary of Business Conditions

Industrial production advanced further in October. The gain was limited by work stoppages, however, which also caused manufacturing employment to decline moderately. Construction activity and new housing units started continued to increase, and retail sales advanced. From early October to early November prices of basic industrial materials increased further, but the average level of wholesale prices continued stable. Common stock prices rose sharply to record highs while bond yields showed little change.

Industrial Production

The Board's seasonally adjusted index of industrial production rose one point in October to 138 percent of the 1947-49 average—9 percent above the April 1958 recession low but 5 percent below the summer of 1957. Gains among non-durable goods continued widespread in October and output was at a record rate. Output of minerals declined slightly reflecting curtailments in crude oil and coal. Production of durable goods remained at the September level.

Auto assemblies increased in October from the sharply reduced September level, but output continued to be held down by work stoppages and dealers' stocks showed a contra-seasonal decline. Schedules for November indicate a doubling of output from the October seasonally adjusted level of 67 percent of the 1947-49 average. Production of glass, also affected by strikes, declined in October. Output of most other construction materials was maintained, and nonferrous metals continued to increase. Steel mill operations rose about one-tenth to 74 percent of capacity in October and edged up in early November to 75 percent. Production of furniture and most other consumer durable goods was apparently maintained at advanced levels, while activity in most business equipment lines was unchanged.

Construction

Private housing starts increased further in October to a seasonally adjusted annual rate of 1,260,000 units, the highest level in three years. Total new construction put in place reached a record of nearly $51.5 billion, on a seasonally adjusted annual rate basis. The rise in October was accounted for mainly by gains in private residential and public highway construction. Commercial and public utility building increased slightly and industrial construction was unchanged following more than a year of continuous decline.

Employment

Nonfarm employment, seasonally adjusted, declined 120,000 in October to 50.7 million, reflecting the industrial disputes in durable goods industries. In most other major industries, employment advanced or was maintained. The average factory workweek declined, contributing to a reduction in average weekly earnings. Both the workweek and weekly earnings remained somewhat above a year ago. Unemployment declined 300,000 further to 3.8 million. The seasonally adjusted rate of unemployment was 7.1 percent of the civilian labor force compared with 7.2 percent in September and 7.6 percent in August.

Distribution and Commodity Prices

Seasonally adjusted retail sales, which had declined in September, rose 2 percent in October almost to the peak reached in the summer of 1957. Department store sales changed little, but sales of most other groups of retail stores increased. Auto deliveries recovered somewhat following the introduction of new models, although supplies were limited.

Stability in the wholesale commodity price index continued in October and early November. While prices of nonferrous metals, hides, rubber, and some other basic materials advanced, most industrial commodities were unchanged. Prices of farm and food products declined slightly. Harvesting of the large crops was reflected in decreases in prices of feed grains, and wholesale prices of meats declined as meat production increased seasonally.

Bank Credit and Reserves

Total credit at city banks increased somewhat between early October and early November reflecting largely growth in business and real estate loans. The increase in business loans, however, was less than usual for this time of year. Bank purchases of new Treasury issues in early October were about offset by subsequent sales, and holdings of other securities declined.

Member bank borrowings from the Federal Reserve have continued to average around $450 million, and excess reserves about $550 million. Reserves have been supplied by Federal Reserve purchases of U. S. Government securities as currency in circulation, bank credit, and deposits have increased seasonally and the outflow of gold has continued.

Security Markets

Yields on intermediate- and long-term Treasury bonds were generally stable from mid-October to mid-November, and those on corporate and state and local government securities declined slightly. Yields on short-term Treasury issues declined substantially in late October but subsequently rose in response to a Treasury cash offering of $3.0 billion of June tax bills. Federal Reserve discount rates were raised from 2 to 2½ percent, bringing them into closer alignment with money market rates.

Index for the Year 1958

Bank Announcements

The Federal Reserve Bank of Atlanta is pleased to welcome to membership in the Federal Reserve System the First National Bank of Melbourne, Melbourne, Florida. The bank opened for business November 17. Its officers are Homer R. Denius, Chairman of the Board; C. Robert Brown, President; William C. Payne, Vice President and Cashier; V. Conger Brownlie, Vice President; Pearl Van Beveren, Assistant Cashier. Capital stock totals $400,000 and surplus $250,000.

The Lake Region Bank of Commerce, Winter Haven, Florida, a newly organized nonmember bank, opened for business November 18 and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers include Hart McKillop, Chairman of the Board; E. Clifton Lancaster, Executive Vice President; R. K. Harmon, President; Norman P. Judd, Vice President. Capital stock totals $465,000 and surplus and undivided profits $155,000.

On December 1, the Merchants and Farmers Bank, Meridian, Mississippi, a nonmember bank, began to remit at par. Officers are B. J. Carter, Jr., President and Trust Officer; R. E. Young, Executive Vice President; J. R. Waller, Jr., Vice President and Cashier; J. C. Covert, Jr. and L. A. Sanderson, Assistant Vice Presidents; Miss Pearl Gibson, Assistant Vice President and Assistant Trust Officer; A. L. Bates, Jr., Charles A. Curtis, Jr., and P. W. Davis, Jr., Assistant Cashiers. Capital stock totals $420,000 and surplus and undivided profits, $1,325,608.

Department Store Sales and Inventories*

Place	Percent Change: Sales, Oct. 1958 from Sept. 1958	Sales, Oct. 1958 from Oct. 1957	Sales, 10 Months 1958 from 1957	Inventories, Oct. 31, 1958 from Sept. 30 1958	Inventories, Oct. 31, 1958 from Oct. 31 1957
ALABAMA	+9	+5	—1	+8	—10
Birmingham	+1	—0	—2	+7	—11
Mobile	+23	+8	+1	..	..
Montgomery	+13	+9	—1	..	..
FLORIDA	+35	+11	+3	+7	—2
Daytona Beach	+35	+15	+4	..	..
Jacksonville	+53	+13	—1	+1	—7
Miami Area	+38	+6	+2	+9	+2
Miami	+40	+3	—2	..	..
Orlando	+36	+16	+2	..	..
St. Ptrsbg-Tampa Area	+23	+18	+9	+7	—4
GEORGIA	+1	+4	+2	+4	—3
Atlanta**	—4	+3	+3	+4	+1
Augusta	+20	+3	—5	..	..
Columbus	+13	+14	+7	+8	—16
Macon	+15	+13	+5	+5	—11
Rome**	+22	—6	—22	..	..
Savannah	+16	+2	—5	..	..
LOUISIANA	+21	—2	—4	+8	—2
Baton Rouge	+10	—1	—1	+10	+4
New Orleans	+23	—2	—4	+7	—3
MISSISSIPPI	+15	+12	—0	+9	—2
Jackson	+14	+9	—2	+12	—1
Meridian**	+20	+10	+1	..	..
TENNESSEE	+13	+6	—3	+9	—8
Bristol-Kingsport-Johnson City**	+15	+3	—8	+8	—12
Bristol (Tenn. & Va.)**	+13	+8	—0	+6	—10
Chattanooga	+12	+10	+1	..	..
Knoxville	+9	+5	—4	+6	—5
DISTRICT	+17	+6	—0	+7	—4

*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)

	Oct. 1958	Sept. 1958	Oct. 1957	Percent Change: Oct. 1958 from Sept. 1958	Oct. 1958 from Oct. 1957	1958 from 1957
ALABAMA						
Anniston	40,098	36,021	37,909	+11	+6	—1
Birmingham	748,469	720,825	733,013	+4	+2	—0
Dothan	29,265	26,747	25,502	+9	+15	+1
Gadsden	34,452	31,459	32,536	+10	+6	—6
Mobile	261,981	251,015	254,836	+4	+3	—8
Montgomery	165,178	167,039	148,628	—1	+11	+8
Selma*	29,562	24,869	23,603	+19	+25	+4
Tuscaloosa*	51,588	47,110	45,849	+10	+13	+10
Total Reporting Cities	1,360,593	1,305,085	1,301,876	+4	+5	—1
Other Cities†	765,554	770,733r	681,400	—1	+12	+1
FLORIDA						
Daytona Beach*	53,172	53,968	49,185	—1	+8	+10
Fort Lauderdale**	192,742	171,544	180,500	+12	+7	+3
Gainesville*	38,686	33,380	33,296	+16	+16	+10
Jacksonville	712,396	647,264	607,428	+10	+17	+10
Key West*	13,828	13,762	12,225	+0	+13	+4
Lakeland*	69,721	68,075	56,721	+2	+23	+12
Miami	754,877	726,087	676,112	+4	+12	+7
Greater Miami*	1,145,156	1,087,656	1,040,482	+5	+10	+5
Orlando	170,797	156,066	149,198	+9	+14	+7
Pensacola	88,410	77,473	83,012	+14	+7	—3
St. Petersburg	165,422	152,064	159,062	+9	+4	+0
Tampa	339,613	331,644	313,870	+2	+8	+7
West Palm Beach*	117,766	112,261	103,261	+5	+14	+11
Total Reporting Cities	3,107,709	2,905,157	2,788,240	+7	+11	+6
Other Cities†	1,537,245	1,434,835r	1,344,407	+7	+14	+6
GEORGIA						
Albany	61,509	66,159	53,819	—7	+14	+5
Athens*	37,998	34,889	35,423	+9	+7	+6
Atlanta	1,770,797	1,765,700	1,662,433	+0	+7	+2
Augusta	101,134	94,768	86,408	+7	+17	+7
Brunswick	20,590	20,154	21,766	+2	—5	+6
Columbus	103,096	99,940	98,424	+3	+5	—2
Elberton	8,650	8,519	8,462	+2	+2	+9
Gainesville*	50,114	51,936	50,958	—4	—2	+5
Griffin*	17,963	16,876	17,021	+6	+6	+2
LaGrange*	20,786	17,710	22,865	+17	—9	—7
Macon	114,862	112,926	105,929	+2	+8	+2
Marietta*	27,706	26,321	25,696	+5	+8	+2
Newnan	16,661	15,628	16,870	+7	—1	+3
Rome*	43,994	39,664	41,876	+11	+5	—2
Savannah	194,638	190,182	175,669	+2	+11	+1
Valdosta	24,146	25,030	22,176	—4	+9	—1
Total Reporting Cities	2,614,644	2,586,402	2,445,795	+1	+7	+2
Other Cities†	938,468	896,759r	883,902	+5	+6	—0
LOUISIANA						
Alexandria*	70,714	69,030	72,624	+2	—3	+0
Baton Rouge	209,447	200,334	196,370	+5	+7	+6
Lafayette*	60,795	57,619	55,461	+6	+10	+9
Lake Charles	88,253	79,371	86,794	+11	+2	+2
New Orleans	1,266,117	1,238,821	1,320,191	+2	—4	—3
Total Reporting Cities	1,695,326	1,645,175	1,731,440	+3	—2	—1
Other Cities†	620,256	586,287r	637,575	+6	—3	—3
MISSISSIPPI						
Biloxi-Gulfport*	44,075	42,636	38,996	+3	+13	+9
Hattiesburg	34,442	32,918	31,384	+5	+10	+3
Jackson	287,091	274,894	199,396	+4	+44	+22
Laurel*	24,975	24,465	21,981	+2	+14	+8
Meridian	42,386	40,845	37,816	+4	+12	+6
Natchez*	21,597	20,604	21,900	+5	—1	—2
Vicksburg	19,368	19,479	20,235	—1	—4	—3
Total Reporting Cities	473,934	455,841	371,708	+4	+28	+14
Other Cities†	231,805	233,834r	228,506	—1	+1	—1
TENNESSEE						
Bristol*	44,711	41,726	37,919	+7	+18	+5
Chattanooga	297,297	294,728	270,717	+1	+10	+1
Johnson City*	41,940	38,261	38,012	+10	+10	+4
Kingsport*	80,442	71,635	72,742	+12	+11	+3
Knoxville	219,344	215,510	215,557	+2	+2	—1
Nashville	732,846	658,314	606,997	+11	+21	+5
Total Reporting Cities	1,416,580	1,320,174	1,241,944	+7	+14	+3
Other Cities†	518,157	473,106r	549,210	+10	—6	—2
SIXTH DISTRICT	15,280,271	14,613,388r	14,206,003	+5	+8	+2
Reporting Cities	10,668,786	10,217,834	9,881,003	+4	+8	+3
Other Cities†	4,611,485	4,395,554r	4,325,000	+5	+7	+1
Total, 32 Cities	9,123,632	8,777,924	8,458,519	+4	+8	+3
UNITED STATES						
344 Cities	212,894,000	195,205,000	204,168,000	+9	+4	+4

*Not included in total for 32 cities that are part of the National Bank Debit Series.
†Estimated. r Revised.

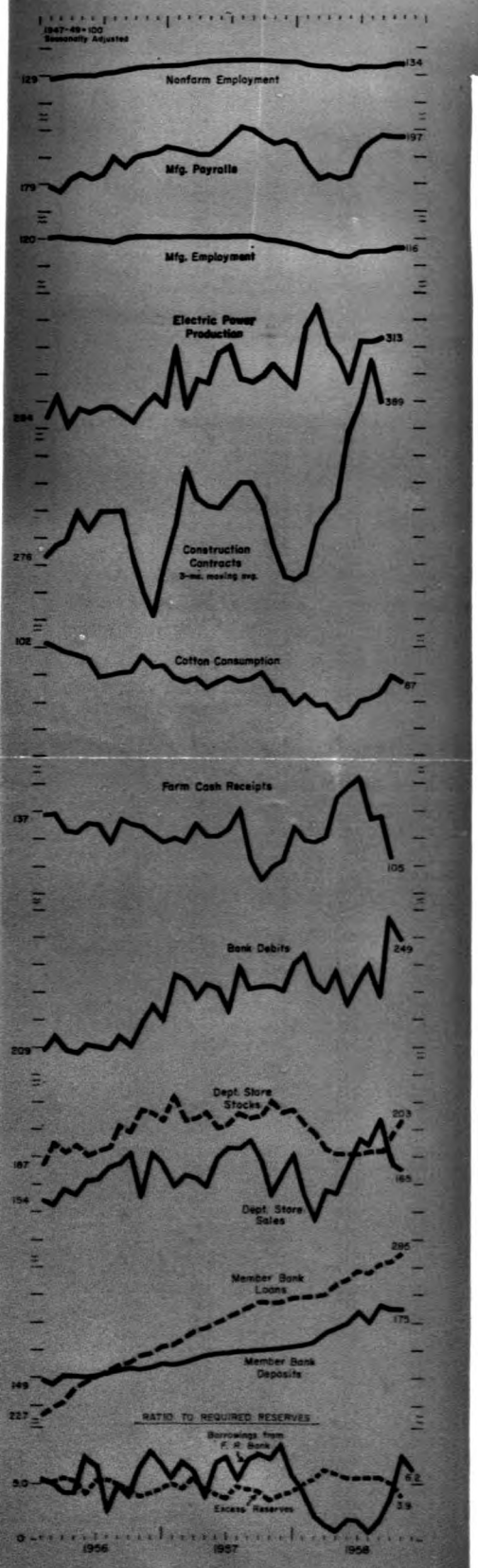
Sixth District Indexes

Seasonally Adjusted (1947-49 = 100)

SIXTH DISTRICT	1957 SEPT.	OCT.	NOV.	DEC.	1958 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.
Nonfarm Employment	136	135	135	134	134	133	133	132	132	133	133	133	134r	134
Manufacturing Employment	120	119	118	118	117	115	115	114	113	115	115	115	116r	116
Apparel	166	166	166	164	167	167	165	161	167	170	166	164	166r	166
Chemicals	133	131	131	132	130	129	127	131	133	131	131	130	127	126
Fabricated Metals	186	186	185	181	181	177	174	176	176	183	186	183	182	180
Food	112	111	111	111	114	113	110	110	109	109	111	108	108	109
Lbr., Wood Prod., Fur. & Fix.	77	78	76	76	75	74	72	72	72	72	73	73	75	76
Paper & Allied Products	159	161	159	159	158	156	157	158	157	158	157	158	157	159
Primary Metals	105	106	101	100	96	91	91	90	93	91	90	89	90	95
Textiles	90	89	88	89	88	87	85	85	85	84	84	85	85	85
Transportation Equipment	235	220	220	226	215	200	194	187	172	201	198	212	211r	193
Manufacturing Payrolls	198	195	196	194	187	182	183	182	183	192	196	198	197r	197
Cotton Consumption**	91	84r	84	78	82	79	79	74	75	80	81	83	89	87
Electric Power Production**	299	303	299	295	317	325	311	306	297	312	312	313	n.a.	n.a.
Petrol. Prod. in Coastal Louisiana & Mississippi**	164	167	161	175	169	170	168	162	164	167	170	176r	184	187
Construction Contracts*	315	283	261	259	264	298	309	318	369	387	420	389	n.a.	n.a.
Residential	324	334	288	294	272	293	279	301	324	365	361	394	n.a.	n.a.
All Other	308	241	239	229	257	303	333	332	406	405	468	384	n.a.	n.a.
Farm Cash Receipts	89	99	104	128	119	118	121	150	157	165	134	136	105r	n.a.
Crops	70	84	90	103	97	92	87	134	145	146	90	118	82	n.a.
Livestock	152	158	152	172	161	156	160	177	176	184	184	182	185	n.a.
Dept. Store Sales*/**	168	156	163	170	157	147	158	156	166	176	174	183	167	165
Atlanta	154	149	154	156	151	147	157	153	154	169	168	183	158	154
Baton Rouge	181	187	205	201	181	171	175	164	172	199	185	187r	179r	185p
Birmingham	134	131r	123	126	121	111	132	117	130	129	127	147	133	131
Chattanooga	147	141	147	145	142	128	141	136	145	144	159	161	150	154
Jackson	111	102	115	117	109	99	97	99	107	106	111	124	107	111
Jacksonville	134	119r	130	133	127	116	122	108	122	126	127	138	129	135
Knoxville	156	139	144	156	146	128	139	141	147	137	139	156	151	146
Macon	141	136	143	149	139	137	148	151	159	165	164	183	147	153
Miami	249	246r	231	255	234	227	233	242	244	259	268	285	250	260p
New Orleans	151	145	140	147	132	135	125	135	137	145	141	147	140r	142p
Tampa-St. Petersburg	189	177	195	207	192	174	186	181	203	202	207	219	209	209
Dept. Store Stocks*	205	211r	206	207	202	199	193	190	191	191	192	192	198	203
Furniture Store Sales*/**	151	148r	155	151	151	125	132	138	143	139	139	153r	145r	144p
Member Bank Deposits*	160	160	161	161	162	163	166	168	170	174	170	176	175	175
Member Bank Loans*	267	267	267	269	269	269	270	273	276	279	278	281	282	285
Bank Debits*	234	232	230	240	244r	233	230r	237r	226r	233r	240r	229r	256r	249
Turnover of Demand Deposits*	144	138	136	149	146	144	139	141	141	147	151	148	147	144
In Leading Cities	158	145	144	160	157	155	150	160	155	168	166	166	161	149
Outside Leading Cities	110	101	99	113	111	112	110	106	112	110	116	114	118	107
ALABAMA														
Nonfarm Employment	122	123	122	121	122	120	120	119	119	119	119	119	119	121
Manufacturing Employment	109	112	112	107	105	103	102	103	104	105	106	104	102	106
Manufacturing Payrolls	186	188	185	173	170	162	165	162	166	174	175	177	174r	179
Furniture Store Sales	133	128r	133	132	132	113	122	134	135	128	130	145	138r	136
Member Bank Deposits	139	138	138	139	140	140	140	145	146	150	150	154	152	153
Member Bank Loans	223	223	222	222	224	223	224	226	230	231	235	233	234	239
Farm Cash Receipts	83	88	82	111	120	113	128	152	142	147	143	130	97	n.a.
Bank Debits	211	205	196	202	205	197r	199r	204r	200r	206r	209r	207r	230r	220
FLORIDA														
Nonfarm Employment	181	179	178	177	176	176	175	176	177	180	182	182	183	183
Manufacturing Employment	177	178	180	177	171	171	168	167	171	174	176	182	181	182
Manufacturing Payrolls	290	287	287	288	278	273	264	271	280	292	301	307	311	315
Furniture Store Sales	181	156r	175	187	161	142	146	153	157	155	156	172	171	153
Member Bank Deposits	209	210	212	212	212	211	215	216	221	227	225	233	234	235
Member Bank Loans	417	420	423	425	425	426	431	444	441	447	449	456	457	463
Farm Cash Receipts	180	165	184	189	162	178	151	239	249	305	214	201	216	n.a.
Bank Debits	340	348	332	345	344r	326r	319r	337r	322r	354r	361r	343r	386r	391
GEORGIA														
Nonfarm Employment	129	129	128	128	128	126	126	125	124	125	126	126	127	127
Manufacturing Employment	118	116	118	117	115	114	113	112	109	114	113	113	113r	111
Manufacturing Payrolls	191	186	196	190	183	177	177	171	167	182	189	192	189r	186
Furniture Store Sales	145	146r	149	149	137	113	127	121	139	136	133	154	147r	147p
Member Bank Deposits	141	140	141	142	142	144	147	147	148	152	146	154	155	154
Member Bank Loans	216	215	213	213	213	212	211	212	213	217	213	212	219	223
Farm Cash Receipts	121	114	127	140	143	141	150	150	157	167	129	157	158	n.a.
Bank Debits	219	209	207	215	222r	210r	202r	212r	207r	212r	219r	212r	235r	223
LOUISIANA														
Nonfarm Employment	134	133	132	132	131	131	130	129	129	127	127	127	127	127
Manufacturing Employment	101	101	99	96	98	98	96	96	95	94	94	93	93	94
Manufacturing Payrolls	173	172	170	172	171	169	168	171	169	166	163	168	167r	163
Furniture Store Sales*	205	183r	201	203	177	178	193	171	181	178	177	189r	181r	164
Member Bank Deposits*	153	153	153	153	153	155	156	154	157	159	153	157	155	152
Member Bank Loans*	269	268	269	270	266	270	269	269	271	272	264	273	265	268
Farm Cash Receipts	69	92	89	114	116	113	111	96	115	148	143	109	72	n.a.
Bank Debits*	224	218	206	221	205r	193r	209r	206r	203r	211r	208r	200r	234r	213
MISSISSIPPI														
Nonfarm Employment	126	126	125	125	126	125	125	125	125	124	124	125	127	127
Manufacturing Employment	123	123	121	120	122	122	122	124	123	123	126	127	128	129
Manufacturing Payrolls	212	206	205	210	211	207	226	221	221	226	230	238	240	240
Furniture Store Sales*	98	90r	109	119	104	86	95	96	107	113	101	123	101	80
Member Bank Deposits*	150	151	154	157	164	166	172	185	186	186	184	192	194	197
Member Bank Loans*	290	293	295	299	302	303	304	308	334	337	367	352	359	359
Farm Cash Receipts	53	77	79	107	100	92	115	128	143	145	138	100	59	n.a.
Bank Debits*	172	177	175	178	177	175r	172r	182r	190r	191r	207r	200r	219r	208
TENNESSEE														
Nonfarm Employment	120	120	119	118	119	117	118	118	117	117	117	117	118r	118
Manufacturing Employment	119	118	118	116	116	112	113	112	112	114	114	113	114	115
Manufacturing Payrolls	191	190	188	186	179	179	181	178	179	181	186	192	190r	191
Furniture Store Sales*	109	101	108	113	106	89	101	106	109	104	105	105	103r	103
Member Bank Deposits*	146	147	147	147	148	149	155	156	158	161	156	159	158	159
Member Bank Loans*	234	233	235	237	239	238	239	242	245	249	244	250	247	251
Farm Cash Receipts	68	92	96	98	92	86	104	116	103	113	114	112	77	n.a.
Bank Debits*	207	200	205	206	205r	196r	197r	197r	197r	199r	201r	200r	214r	216

*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



BUSINESS ACTIVITY edged upward further in October, but recovery still lags in some economic sectors and geographic areas. Employment rose slightly, but factory payrolls changed little and farm income dropped. Consumer spending remained sluggish, and savings expanded further. Although member bank loans continued to advance, borrowings from the Federal Reserve Bank of Atlanta declined.

Nonfarm employment, seasonally adjusted, continued to improve in October, although not enough to change the charted index. An upward revision in the September index, however, gives further evidence of the persistent though small gains being made. The improvement in October continued to reflect slight gains in both **manufacturing** and **nonmanufacturing employment.**

Factory payrolls showed virtually no change after seasonal adjustment. The **rate of insured unemployment,** declining about as usual for October, also revealed little significant change in the unemployment picture. Cotton mills reduced their activity slightly in October as shown by seasonally adjusted **cotton consumption,** which declined for the first time since last April. **Crude-oil production** in Coastal Louisiana and Mississippi rose slightly further. **Steel mill operations** picked up substantially in October, but lost some of that gain in early November.

As indicated by seasonally adjusted **bank debits,** spending for both business and consumer purposes remained high in October, but was slightly below the previous month. Other economic indicators show reductions in consumer spending were at least partly responsible for the decline in total spending. **Sales at department stores, furniture stores,** and **household appliance stores** declined slightly further in October after allowance for seasonal variations. At the same time, **personal savings** in the form of time deposits and ordinary life insurance sales continued to increase, although at a somewhat slower rate than in previous months. **Consumer credit outstanding** at District commercial banks, however, rose more than seasonally, reflecting primarily a sharp rise in personal loans.

Farm prices were lower for most items sold in October, but prices of milk, beef cattle, eggs, and Florida truck crops were higher. **Farm expenses** increased largely because of higher wage rates. Excellent harvesting weather facilitated marketing but many District farmers were unable to seed their fall grains because of a lack of moisture.

Member bank loans, seasonally adjusted, in October increased slightly in all District states except Mississippi, where they were unchanged. **Member bank deposits,** however, showed little change after seasonal adjustment, as decreases in Georgia and Louisiana were offset by increases in Alabama, Florida, Mississippi, and Tennessee. In early November, loans improved further, particularly at reserve city banks, which had previously experienced less vigorous credit demands than country banks. The loan advance at reserve city banks reflected in large part increases in consumer and real estate loans. Reserve city banks in November sold some of their investments and reduced their **borrowings from the Federal Reserve Bank of Atlanta.**