SIXTH FEDERAL RESERVE DISTRICT

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Monthly Review

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Also in this issue:

Federal Reserve Bank of Atlanta

A Look at Auto Sales

New 1959-model automobiles have been increasingly numerous in traffic jams in the last five months, although, statistically speaking, the new model year is only about four months old. Figures reflecting substantial sales of new models are available for only November, December, January, and February. Few figures, however, have probably ever been searched so diligently by so many businessmen, economists, and Government officials for clues to the future course of the economy. The search is justified by the great importance of the automobile industry in our national economy.

From Coast to Coast

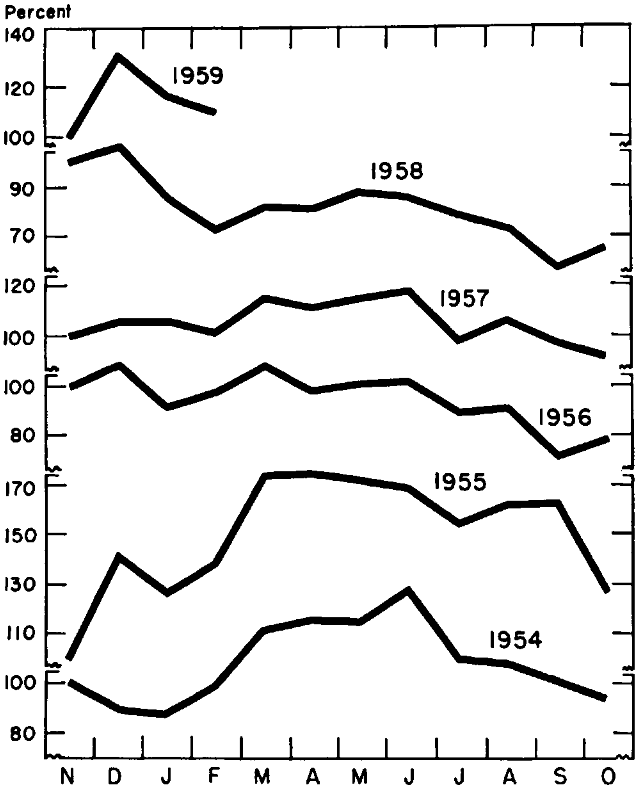
So far, it is clear that 1959 models are selling better than the 1958 models did. Just how much better, however, is difficult to say, particularly since several work stoppages at assembly and supplier plants have tended to disrupt normal delivery schedules in this period. There is no certainty as to what combination of figures is likely to show the sales trend most accurately.

In November, the first month in which the new models were sold in large volume, sales of domestically-produced cars were 18 percent below a year earlier. Increases soon appeared, however, as stocks of new cars built up following strike-induced shortages: In December, sales were up 4 percent from a year earlier; in January, the year-to-year gain was 12 percent; and in February, sales were 26 percent above the same month of 1958 when sales were particularly low. Sales during the four months together totaled about 4 percent above the corresponding year-earlier total.

If sales for the full model year prove to be only 4 percent better than for 1958, they will, indeed, be a disappointment to an industry that has been looking forward confidently to sales of about 5.5 million domestically-produced units, or an increase of about 30 percent over the unusually low level of 1958. Fortunately, the auto industry has grounds for believing the full year will prove to be more in line with its original forecast. After all, 5.5 million would be a low volume compared with most recent years. Then too, general business activity is expanding; a year ago it was still on the downtrend toward the recession low reached last April. Improvement in both consumer income and outlook, stemming from economic recovery, has led the industry to expect a reappearance of the traditional spring upsurge in new car sales. In two of the last three years, this upsurge has been conspicuous by its absence. We may, of course, be experiencing a change in the seasonal pattern of automobile sales, with the early months of the model year accounting for a greater proportion of total sales than formerly was the case. This possibility at least suggests the need for caution in assessing sales prospects for the remainder of the model year.

With this in mind, we might consider what would happen if the sales pattern for the 1959 model year approximates the average for the 1956

New Passenger Car Sales
United States
(November of Each Model Year = 100)



model year, when the traditional spring upsurge in sales did not appear, and for the 1957 model year, when a small upsurge did appear. In both earlier periods, economic activity was expanding much as it is currently. Sales during the first four months of the two model years averaged about 34 percent of the full year. If this percentage is representative of the current model year, sales of domestically-produced automobiles will be in the neighborhood of five million units, or about 15 percent above last year.

A disappointing possibility? Undoubtedly, it would be to those who have expected a gain twice that size. Nevertheless, five million units sold would be a substantial improvement over last year. If sales are to reach five million units, however, the last eight months of the model year will have to show an average year-to-year gain of about 25 percent.

In the automobile industry—characterized by wide, irregular fluctuations in sales—past experience is a notoriously poor guide to the future. There is no reason to expect this year to be an exception. The automobile industry, therefore, may not be overly optimistic in expecting sales of 5.5 million domestically-produced units. Figures available so far this year simply indicate that a substantial further improvement will be necessary if such expectations are to be realized.

Within District States

Any improvement in national sales of new cars probably will be mirrored closely in Sixth District states. Although there is a greater lag in the availability of information on sales for the District, we do have information for November, December, and January on the number of new automobiles registered in Sixth District states. These figures show that registrations of new model cars in this region have been keeping pace with similar national data. Since the new models were placed on the market in large volume, District registrations have shown somewhat better month-to-month changes than have the national totals. As a result, registrations in this region accounted for a slightly larger proportion of the national total than they did in the last few months of the 1958 model year.

Changes in automobile credit extended by commercial banks support the belief that both District and national auto sales are improving. In December, District bankers extended 15 percent more credit for consumer purchases of new and used automobiles than in the preceding month. A further rise of 9 percent occurred in January. All commercial banks in the country increased their extensions about 19 percent in December, but in contrast to District banks, they reduced their extensions slightly in January. For December and January combined, automobile credit extended by District banks averaged 21 percent higher than in November, whereas that extended by banks in the nation averaged 18 percent higher.

It would be surprising, of course, if the Sixth District did not share in any substantial rise in national automobile sales, judging from the sales patterns of recent years. Even though registrations have changed drastically, this region has accounted for a remarkably stable proportion of national registrations. In the record sales year of 1955, District states registered 10.1 percent of all new cars; in 1958, when dealers throughout the country sold about one-third fewer cars, registrations here accounted for 10.2 percent of the national total. Comparable percentages for 1956 and 1957 were 10.3 and 10.4, respectively.

The Many Factors Involved

The total of new car sales for the 1959 model year in the Sixth Federal Reserve District, whatever it proves to be, will be the net result of many factors at work to shape consumer response. Observers can only weigh those factors likely to promote sales against others likely to hinder sales.

In the District, as in the nation, auto dealers can expect help from rising incomes. Economic recession caused a slight drop in personal income in late 1957 and early 1958, but for the full year, income in District states was nearly 4 percent above that for 1957. Since the low point of business activity, reached in this District about last April or May, incomes have increased as employment has picked up and work weeks have lengthened.

Liberal terms are available for repaying money borrowed to buy new cars: Half of all new-car loans made by District bankers last year provided for relatively long repayment periods, that is, over 30 months. The trend toward more frequent use of long repayment periods, however, has slackened over the past year, indicating that the potential for stimulating sales this year through the increased use of consumer credit probably has been reduced somewhat.

While rising incomes and credit availability can be expected to boost automobile sales, the opposite can be expected from price increases announced when the new models were introduced. List prices advanced an average of 4 percent, as reported by the Bureau of Labor Statistics for the new car component of the consumer price index. In recent model years, discounts from list prices have been common following introduction of new models. Nevertheless, an upward trend in annual price averages has continued strong.

It must also be recognized that an increasing array of products now competes with the automobile for the consumer's dollar. The needs of growing families, the desire to build new homes or to improve existing ones and furnish them anew, and the attractions of new or improved products may be leading to less emphasis on having the shiniest, biggest, and most elaborately equipped automobile. That this possibility is very real seems evident in the fact that the major automobile producers are expected to bring out their own versions of the so-called "compact" car toward the end of the year. Observers seem to agree that important changes are taking place in the automobile industry. The relative success of new car sales this year will weigh heavily in determining the rapidity with which these changes take place.

PHILIP M. WEBSTER

Higher Profits Despite Increased Costs

The uptrend in operating costs of Sixth District member banks continued during 1958 despite recessionary forces that prevailed during much of the year. Furthermore, the rise in costs during the year was greater than that in total earnings. Operating costs consumed 73 cents out of each dollar of earnings during 1958, compared with about 70 cents in 1957. Ten years earlier, in 1948, costs accounted for 61 cents.

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

SUMMARY RATIOS:	1953	1954	1955	1956	1957	1958
Percentage of total capital accounts:						
Net current earnings before income taxes	16.3	15.5	16.2	16.9	15.7	14.2
Profits before income taxes	14.2	15.1	13.2	12.8	12.6	14.1
Net profits	9.0	9.9	8.5	8.4	8.4	9.6
Cash dividends declared	3.1	3.1	3.0	3.0	3.0	2.9
Percentage of total earnings:						
Total earnings	3.25	3.26	3.43	3.66	3.88	4.01
Net current earnings before income taxes	1.15	1.10	1.18	1.23	1.16	1.09
Net profits	.64	.71	.63	.62	.63	.74
SOURCE AND DISPOSITION OF EARNINGS:						
Percentage of total earnings:						
Interest on U.S. Govt. Securities	23.0	22.4	21.8	22.2	22.5	20.9
Int. and div. on other sec.	5.7	5.9	5.9	6.0	6.2	7.2
Earnings on loans	58.6	58.8	59.7	59.6	59.4	59.4
Service charges on dep. accts.	6.4	6.7	6.6	6.5	6.6	7.3
Trust department earnings[1]	**2.2**	**2.6**	**2.6**	**2.6**	**2.6**	**2.6**
Other current earnings	6.3	6.2	6.0	5.7	5.3	5.2
Total earnings	100.0	100.0	100.0	100.0	100.0	100.0
Salaries and wages	32.0	32.3	31.6	31.2	30.2	30.3
Interest on time deposits[2]	**9.1**	**10.4**	**10.8**	**11.3**	**16.4**	**18.5**
Other current expenses	32.5	33.9	34.2	35.0	39.7	42.5
Total expenses	64.5	66.2	65.8	66.2	69.9	72.8
Net current earnings before income taxes	35.5	33.8	34.2	33.8	30.1	27.2
Net losses (or recoveries and profits +)[3]	3.8	+ 1.0	3.5	4.9	3.2	+ 2.5
Net increase (or net decrease +) in valuation reserves	.5	1.4	2.3	2.9	2.4	2.6
Taxes on net income	11.3	11.4	9.9	8.7	7.9	8.6
Net profits	19.9	22.0	18.5	17.3	16.6	18.5
RATES OF RETURN ON SECURITIES AND LOANS:						
Return on securities:						
Interest on U.S. Govt. Securities	2.04	2.06	2.12	2.46	2.64	2.65
Int. and div. on other sec.	2.67	2.60	2.52	2.52	2.66	2.82
Net losses (or recoveries and profits +) on total sec.[3]	.08	+ .27	.17	.27	.11	+ .44
Return on loans:						
Earnings on loans	6.30	6.19	6.35	6.35	6.67	6.71
Net losses (or net recoveries +) on loans[3]	.20	.17	.10	.15	.15	.13
DISTRIBUTION OF ASSETS:						
Percentage of total assets:						
U.S. Government securities	33.9	33.4	33.0	31.4	31.4	30.3
Other securities	7.9	8.1	8.6	9.0	9.4	10.4
Loans	30.8	31.5	32.8	34.8	34.8	35.7
Cash assets	26.2	25.8	24.3	23.4	22.8	21.9
Real estate assets	1.0	1.0	1.1	1.2	1.4	1.5
All other assets	.2	.2	.2	.2	.2	.2
Total assets	100.0	100.0	100.0	100.0	100.0	100.0
OTHER RATIOS:						
Total capital accounts to:						
Total assets	7.5	7.7	7.7	7.8	7.9	8.2
Total assets less Government securities and cash assets	20 0	19.6	18.9	18.0	18.1	17.7
Total deposits	8.2	8.4	8.5	8.6	8.8	9.1
Time deposits[4] to total deposits	23.5	24.8	25.8	26.0	28.2	31.7
Interest on time deposits[4] to time deposits	1.23	1.36	1.42	1.62	2.36	2.46
Number of banks	358	362	369	378	387	397

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

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

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

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

Most of the rise in expenses during 1958 reflected a further increase in interest paid on time deposits resulting from rises in both the average rate paid and in the total amount of time deposits. These payments amounted to 18.5 percent of total earnings during 1958, compared with 16.4 percent in 1957. In 1956, before the general increase in rates paid on such deposits, interest payments accounted for only 11.3 percent of earnings.

Although operating costs rose faster than operating earnings during 1958, member banks were still able to push their net profits substantially above the previous year's total. These banks reported net profits equal to 9.6 percent of capital accounts, compared with 8.4 percent in 1957. Stated differently, 18.5 cents out of each earnings dollar went into net profits, whereas net profits amounted to 16.6 cents during the preceding year.

The sizable rise in net profits was made possible by a sharp increase in profits and recoveries on securities, principally United States Government obligations. Curiously enough, it was the same recessionary forces that adversely affected profits of other types of businesses that made much of these capital gains possible. Since Government security prices strengthened because of declining interest rates, as they customarily do during a recession, bankers were able to sell at a profit. Profits and recoveries amounted to .44 percent of average security holdings of all types during the year. In contrast, net losses amounted to .11 percent during 1957, when prices of U. S. securities were falling.

Despite the trend toward higher net profits, some bankers saw red ink appear on their annual statements. Six of the 397 member banks in operation during all of 1958 suffered a loss from net current operations. Profits and recoveries from security sales and from other sources were not sufficient to convert this to a net profit for three of these banks.

Sixth District bankers earned about the same rate on their holdings of U. S. Government securities in 1958 as they did in 1957. Their rate of return on other securities and on loans, however, was significantly higher than during the previous year.

W. M. DAVIS

Impact of Changing Economic and Credit Conditions on District Banks

Rapidly changing economic activity during the last 17 months has provided the Federal Reserve System with a unique opportunity to display its flexibility. System policy shifted in a counter-recession direction in late October and early November of 1957, when vigorous actions were taken to foster ease in credit markets and encourage economic revival. The turnabout in economic activity commenced last spring. Since then, the economy has rebounded sharply, and most of the significant statistical indicators are now in an uptrend.

Once it became evident that recovery was vigorous and widespread, the Federal Reserve began to reverse the policy of credit ease which it had pursued since the fall of 1957. After mid-1958, System open market operations supplied only a part of the reserves needed to meet rising credit demands and to offset the reserve drain of a continued gold outflow. As a result, member banks were obliged to draw down their excess reserves and to increase their borrowings from the Federal Reserve Banks. Such borrowing was made more costly when Reserve Bank discount rates were raised last summer from 1¾ percent to 2 percent and in mid-fall when they were raised to 2½ percent. In March of this year, the discount rate was again increased to 3 percent.

Interest Rates Rise

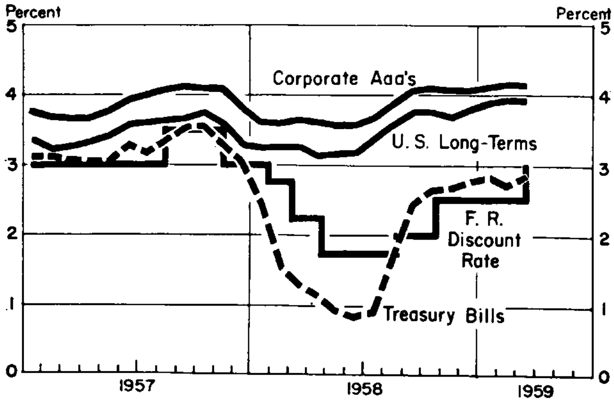
Borrowing costs associated with other types of debt instruments also rose rapidly with recovery. The Treasury bill rate, which had fallen to .83 percent in June 1958 rose sharply to 2.44 in September, and thereafter increased more moderately, averaging 2.86 for the first two weeks in March 1959. Long-term interest rates also rose sharply as evidence of revival in economic activity cumulated and fears of renewed inflationary pressures mounted.

Yields on long-term United States Governments increased from 3.19 to 3.75 percent from June to September 1958. Rates then declined through November, but have since resumed their upward movement. In early March 1959, the rate on long-term Governments was 3.90, which was 71 basis points above the mid-1958 rate.

Market rates for corporate bonds and for state and local government issues followed the same general pattern as yields on long-term United States Government securities from June to November 1958. Since late last fall, however, yields on corporate bonds have increased less rapidly than those of United States Governments, and rates on state and local government bonds have edged downward.

The rise in interest rates from the recession low reflects in part the increased demand for credit associated with the upturn in economic activity and with System actions aimed at limiting the rate at which the supply of loanable funds expanded. The abrupt turnabout in rates apparently also reflects a sharp change in investor expectations. In short, the upward movement in interest rates signaled the change in the economic climate, and banks throughout the nation set out to adapt their activities to a new environment. But what of District banks? How have they adjusted to changing economic and credit conditions?

Interest Rates
United States, 1957-59



Variations in interest rates reflect changes in the economic and credit climate.

Lending-Investment Patterns

District member banks responded to the System's policy of credit ease, inaugurated in the fall of 1957, by sharply expanding bank credit as their reserves increased. Bank credit rose $924 million from December 1957 through February 1959. Bank lending-investment patterns, however, shifted during this period, and for that reason, it is useful to consider bank credit developments in two separate phases: from January through June 1958 and from July 1958 through February 1959.

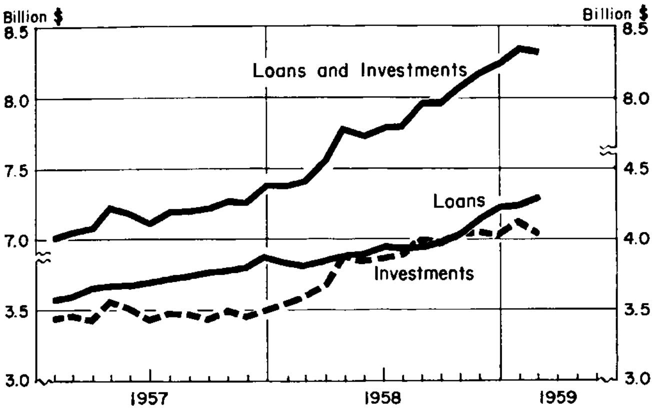
During the first half of 1958, bank credit rose by a record $417 million, with most of the increase accounted for by bank purchases of securities, particularly United States Governments. Banks in leading cities increased their security holdings during this period more than banks outside leading cities. The greater relative shift to investments by banks in leading cities reflected a weaker loan demand than that in smaller cities and towns.

From July 1958 through February 1959, District banks —like banks throughout the nation—again adjusted their operations in the light of expanding business activity and a less-easy credit policy on the part of the System. Banks in leading cities, which in the first half of 1958, added to their security holdings but reduced their loans, now reversed the procedure. The demand for loans secured by real estate rose sharply at these banks after mid-1958 and, in the latter part of the year, the demand for business and consumer loans picked up. Banks outside leading cities continued to lend at a pace slightly above the first half of 1958, but added to their security holdings at a somewhat slower rate.

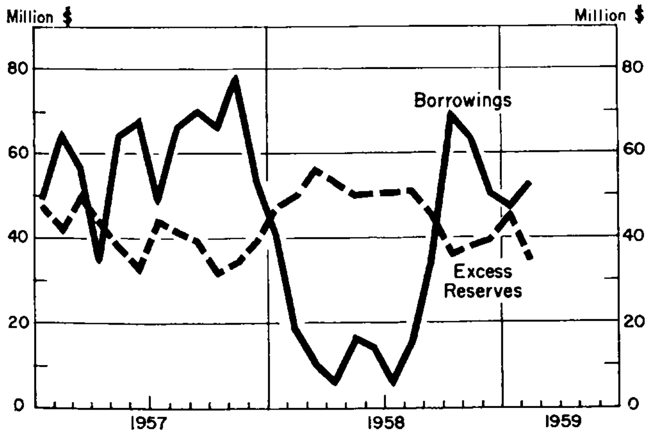
With loans expanding at a time when the System was making reserves less readily available, District member banks made only limited additions to their security holdings. For the eight-month period beginning in July 1958, investments accounted for about 30 percent of the increase in bank credit, compared with 90 percent during the first half of 1958.

Looking back over both entire periods from December 1957 to February 1959, we find that total bank credit expanded 12.5 percent, but total deposits rose only 8.5 percent. At banks in leading cities, moreover, growth in bank credit outpaced deposit growth to a much greater degree than at banks outside leading cities. Because bank credit has increased at a faster rate than deposits at both classes of banks, pressure on bank reserves has developed.

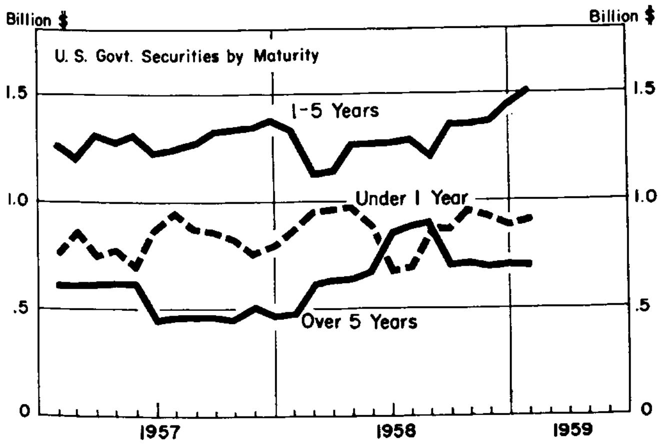
District Member Banks React to Changing Economic and Credit Conditions



Total loans and investments have risen sharply since the fall of 1957. Investments in U.S. Governments accounted for most of the increase through mid-1958, but since then, loans have increased in relative importance.



Since mid-1958, member banks have obtained an increasing volume of reserves to support bank credit expansion by borrowing from the Federal Reserve Bank of Atlanta.



U.S. Government security holdings of member banks represent a source for some further expansion in loans.

District Member Bank Borrowing

Since mid-1958, member banks have obtained an increasing volume of reserves to support bank credit expansion by borrowing from the Federal Reserve Bank of Atlanta. In June 1958, for example, average daily borrowings totaled about $14 million, compared with average daily borrowings of $64 million for the first two weeks of March 1959. This rise in borrowing, however, reflects primarily an increase in average amount, rather than an increase in number of borrowing banks.

Only about 35 of the 400 member banks in this District borrowed during March. Typically, the number of borrowing banks is small because commercial banks are reluctant to go into debt. Most banks maintain a degree of liquidity sufficient to satisfy unforeseen variations in deposits. In addition, however, banks generally have a margin of secondary reserves—United States Government Securities—that can be readily converted into lendable funds if there are urgent customer needs to be met or opportunities for new lending arise.

U.S. Security Holdings and Loan Expansion

District member banks, through January 1959, had been accumulating rather than liquidating Government securities. With credit relatively easy throughout most of 1958, and with loan demand up only moderately, banks—on the average—did not find it necessary to dispose of securities. In recent weeks, however, there has appeared to be a trend toward moderate liquidation. It is reasonable to assume that if loan demands continue to increase and credit tightens further, liquidation of securities will be the principal means of financing loan expansion.

In January of this year, member bank holdings of Government securities totaled over $3.1 billion. Of this amount, 29 percent represented securities with maturities of under one year; securities with maturities of one to five years and five years and over accounted for 48 percent and 23 percent, respectively. The maturity distribution of security holdings is particularly important because the rise in interest rates since mid-1958, together with a corresponding decline in the market value of securities, may have an important bearing on the volume and type of securities that may be liquidated.

During the early stages of recovery, banks generally obtain funds by selling short-term securities or accepting cash for bills as they come due. The income advantage from switching out of securities into loans depends, of course, on the differential between yields on securities and the bank loan rate. With interest rates on Government securities currently high, banks may be somewhat reluctant to convert assets from securities to loans, unless loan rates are also adjusted upward.

The decision to switch from investments to loans is only partly explained by differentials in rates. Banks with relatively small holdings of short-term securities, of course, may find it necessary to liquidate longer-term securities if they wish to take advantage of loan opportunities. In that instance, a factor deterring the security sale will be the size of the capital loss that would have to be absorbed. Both intermediate and long-term Government bonds have dropped substantially since mid-1958, with some issues off as much as $10 per $100. Before disposing of such securities, therefore, banks would have to weigh the amount of loss that would be sustained after tax write-offs against the income that might be obtained by reinvesting the proceeds of the sale.

ALFRED P. JOHNSON

Bank Announcements

On March 9, the First State Bank of Altoona, Altoona, Alabama, a nonmember bank, began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Jack L. Ray is President; Rex L. Phillips is Vice President and Cashier; and Janelle Battles is Assistant Cashier. Capital totals $25,000 and surplus and undivided profits total $56,834.

On March 17, the Bank of Ozark, Ozark, Alabama, a nonmember bank, began to remit at par. Sam J. Carroll, Jr. is President; H. H. Hodges is Vice President; R. C. Joiner is Executive Vice President; Wilmer Parker is Vice President and Cashier; Arnie Glover, Jr. is Assistant Cashier. Capital totals $200,000 and surplus and undivided profits total $365,297.

On April 1, the Wauchula State Bank, Wauchula, Florida, a nonmember bank, began to remit at par. L. Grady Burton is President; Gene A. Brock is Vice President; Roger S. Greene is Cashier; and H. D. Wofford is Assistant Cashier. Capital totals $100,000 and surplus and undivided profits, $641,662.

On April 1, the Bank of Prattville, Prattville, Alabama, a nonmember bank, began to remit at par. Officers are Carlie G. Smith, President and Chairman of the Board; J. W. Strange, Vice Chairman of the Board; D. L. Yarbrough and J. B. Striplin, Vice Presidents; J. M. Donovan, Vice President and Cashier; Karl A. Clark, Florene Q. Boone, Ruby N. Durden, and Mary Y. Myers, Assistant Cashiers. Capital totals $200,000 and surplus and undivided profits total $216,598.

Department Store Sales and Inventories*

	Percent Change				
	Sales			Inventories	
	Feb. 1959 from		2 Months	Feb. 28, 1959 from	
Place	Jan. 1959	Feb. 1958	1959 from 1958	Jan. 31 1959	Feb. 28 1958
ALABAMA	—5	+13	+12	+9	—8
Birmingham	—4	+14	+12	+9	—9
Mobile	—8	+12	+12	..	..
Montgomery	—9	+6	+6	..	..
FLORIDA	—3	+15	+11	+4	+3
Daytona Beach	+14	+19	+17	..	..
Jacksonville	—10	+21	+16	+11	—9
Miami Area	—0	+9	+6	—2	+8
Miami	—2	+4	+1	..	..
Orlando	—7	+27	+24	..	..
St. Petersburg-Tampa Area	—5	+16	+12	+11	—3
St. Petersburg					
Tampa					
GEORGIA	—7	+11	+10	+9	+1
Atlanta**	—11	+9	+9	+9	+2
Augusta	+19	+33	+20	..	..
Columbus	—1	+5	+5	+4	+2
Macon	—3	+13	+14	+15	+6
Rome**	—6	+26	+26	..	..
Savannah	—6	+5	+7	..	..
LOUISIANA	—14	+3	+5	+15	—4
Baton Rouge	—12	+3	+5	+17	+7
New Orleans	—15	+3	+7	+13	—7
MISSISSIPPI	—10	+17	+15	+17	—5
Jackson	—13	+16	+15	+4	—7
Meridian**	—6	+13	+12	..	..
TENNESSEE	—6	+19	+14	+11	+3
Bristol-Kingsport-					
Johnson City**	+6	+21	+11	+14	—0
Bristol (Tenn. & Va.)**	+2	+20	+10	+20	—1
Chattanooga	—8	+20	+15	..	..
Knoxville	—9	+20	+14	+11	+0
DISTRICT	—6	+12	+10	+8	—0

*Reporting stores account for over 90 percent of total District department store sales.
**In order to permit publication of figures for this city, a special sample has been constructed that is not confined exclusively to department stores. Figures for non-department stores, however, are not used in computing the District percent changes.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

				Percent Change		
				Feb. 1959 from		Year-to-date 1959 from 1958
	Feb. 1959	Jan. 1959	Feb. 1958	Jan. 1959	Feb. 1958	
ALABAMA						
Anniston	34,395	40,849	30,346	—16	+13	+13
Birmingham	767,373	786,354	633,735	—2	+21	+13
Dothan	30,180	33,852	26,857r	—11	+12	+7
Gadsden	31,961	41,805	28,297r	—24	+13	+16
Mobile	237,793	283,036	242,204	—16	—2	+1
Montgomery	150,496	166,291	124,394	—10	+21	+22
Selma*	19,603	24,284	17,525	—19	+12	+7
Tuscaloosa*	46,488	52,440	40,304	—11	+15	+12
Total Reporting Cities	1,318,289	1,428,911	1,143,662r	—8	+15	+11
Other Cities†	662,619	784,733r	579,314r	—16	+14	+17
FLORIDA						
Daytona Beach*	56,354	60,864	50,983	—7	+11	+3
Fort Lauderdale*	208,337	235,036	183,371	—11	+14	+7
Gainesville*	35,569	41,421	30,693	—14	+16	+11
Jacksonville	742,670	801,852	656,657r	—7	+13	+6
Key West*	15,614	17,641	13,785	—12	+13	+10
Lakeland*	73,340	84,508	60,375	—13	+21	+19
Miami	850,153	904,811	733,910	—6	+16	+14
Greater Miami*	1,291,238	1,406,458	1,119,614	—8	+15	+12
Orlando	234,538	259,916	179,686r	—10	+31	+27
Pensacola	76,917	90,530	74,002	—15	+4	+6
St. Petersburg	221,348	247,582	184,028r	—11	+20	+16
Tampa	390,228	437,546	336,299r	—11	+16	+13
West Palm Beach*	140,310	151,426	120,696	—7	+16	+12
Total Reporting Cities	3,486,463	3,834,780	3,010,189r	—9	+16	+12
Other Cities†	1,548,243	1,710,641r	1,269,873r	—10	+22	+17
GEORGIA						
Albany	57,335	63,887	48,112	—10	+19	+12
Athens*	32,040	37,337	30,954	—14	+4	+2
Atlanta	1,735,765	1,900,324	1,555,959r	—9	+12	+8
Augusta	92,095	101,304	86,383r	—9	+7	+8
Brunswick	24,197	25,241	19,937	—4	+21	+13
Columbus	91,297	100,493	84,789	—9	+8	+4
Elberton	7,641	9,155	6,870	—17	+11	+8
Gainesville*	40,841	49,105	39,783	—17	+3	+2
Griffin*	16,402	18,478	14,652	—11	+12	+12
LaGrange*	28,531	21,805	17,385	+31	+64	+24
Macon	114,045	119,642	91,093	—5	+25	+15
Marietta*	27,394	33,068	22,498	—17	+22	+19
Newnan	16,359	19,622	13,618	—17	+20	+8
Rome*	37,251	41,812	33,539	—11	+11	+5
Savannah	181,431	193,021	159,944	—6	+13	+11
Valdosta	28,512	32,317	23,237r	—12	+23	+17
Total Reporting Cities	2,531,136	2,766,611	2,248,753r	—9	+13	+9
Other Cities†	800,206	883,219r	708,928r	—9	+13	+9
LOUISIANA						
Alexandria*	65,132	78,191	62,686	—17	+4	+5
Baton Rouge	267,002	272,635	220,346r	—2	+21	+6
Lafayette*	60,431	70,895	46,872	—15	+29	+21
Lake Charles	82,842	99,168	78,371	—16	+6	+5
New Orleans	1,239,297	1,352,173	1,152,792	—8	+8	+3
Total Reporting Cities	1,714,704	1,873,062	1,561,067	—8	+10	+4
Other Cities†	563,500	642,987r	494,244r	—12	+14	+9
MISSISSIPPI						
Biloxi-Gulfport*	44,562	45,782	37,978	—3	+17	+17
Hattiesburg	31,701	36,509	28,654	—13	+11	+11
Jackson	249,650	285,451	181,825	—13	+37	+38
Laurel*	24,122	27,532	21,042	—12	+15	+21
Meridian	37,970	41,905	32,654	—9	+16	+16
Natchez*	21,183	23,837	19,581	—11	+8	+5
Vicksburg	18,093	19,868	17,534	—9	+3	+3
Total Reporting Cities	427,281	480,884	339,268	—11	+26	+27
Other Cities†	211,258	242,742	203,013	—13	+4	+6
TENNESSEE						
Bristol*	39,506	43,527	33,280	—9	+19	+17
Chattanooga	284,089	356,942	241,290	—20	+18	+14
Johnson City*	36,387	42,910	33,247	—15	+9	+7
Kingsport*	67,307	79,456	59,926	—15	+12	+13
Knoxville	202,825	243,284	187,019	—17	+8	+10
Nashville	769,976	721,045	543,974	+7	+42	+27
Total Reporting Cities	1,400,090	1,487,164	1,098,736	—6	+27	+19
Other Cities†	461,823	531,119	434,925	—13	+6	+5
SIXTH DISTRICT	15,125,612	16,666,853r	13,091,972r	—9	+16	+11
Reporting Cities	10,877,963	11,871,412	9,401,675r	—8	+16	+11
Other Cities†	4,247,649	4,795,441r	3,690,297r	—11	+15	+12
Total, 32 Cities	9,300,174	10,088,410	8,024,816r	—8	+16	+11
UNITED STATES						
344 Cities	195.770,000	221,927,000	181,696,000	—12	+8	+6

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

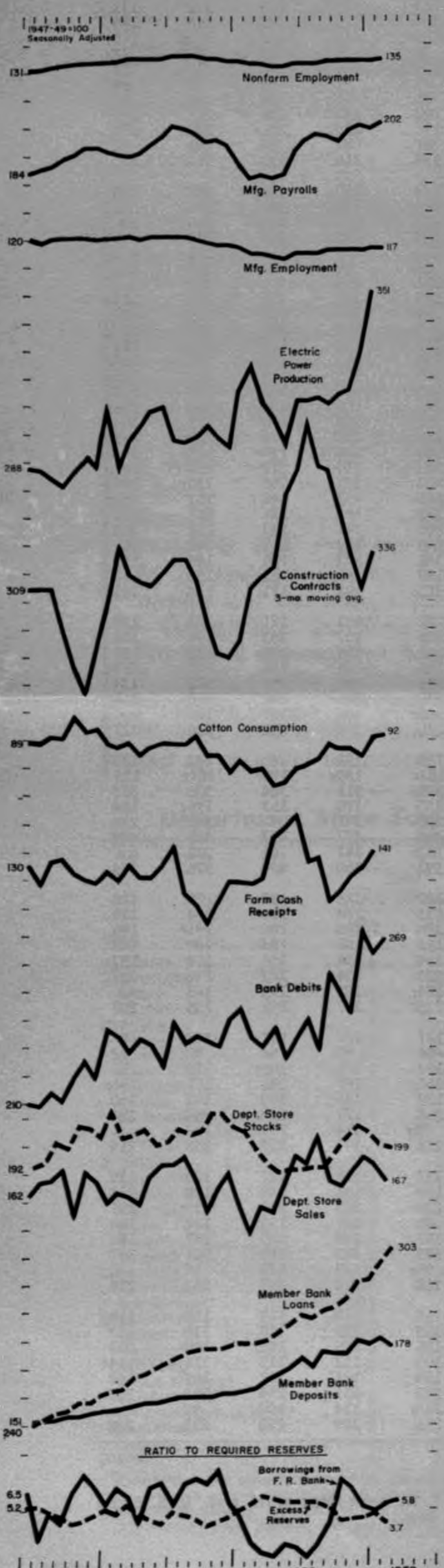
Sixth District Indexes

Seasonally Adjusted (1947-49 = 100)

	1958												1959	
SIXTH DISTRICT	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.
Nonfarm Employment	134	133	133	132	132	133	133	133	134	134	134	134	134	135
Manufacturing Employment	117	115	115	114	113	115	115	115	116	116	116	116	117	117
Apparel***	165r	164r	164r	163r	165r	167r	168r	167r	166	167r	168	170r	172r	173
Chemicals	132	131	128	129	130	129	129	129	127	128	129	129r	131	131
Fabricated Metals	181	177	174	176	176	183	186	183	182	180	177	175	178	176
Food***	112r	112r	110	109r	108r	108	110r	110r	110r	110r	110r	109	110r	111
Lbr., Wood Prod., Fur. & Fix.	75	74	72	72	72	73	73	73	75	76	76	75	75	76
Paper & Allied Products	158	156	157	158	157	158	157	158	157	159	158	158	159	157
Primary Metals	96	91	91	90	93	91	90	89	90	95	91	93	92	94
Textiles	87	86	86	85	84	84	85	85	86	86	86	86	86	87
Transportation Equipment	215	200	194	187	172	201	198	212	211	192	202	206	203	195
Manufacturing Payrolls	187	182	183	182	183	192	196	198	197	195	200	201r	200	202
Cotton Consumption**	82	79	79	74	75	80	81	83	89	87	87	84	91	92
Electric Power Production**	317	325	311	306	297	312	312	313	311	314	316	330	351r	n.a.
Petrol. Prod. in Coastal Louisiana & Mississippi**	169	170	168	162	164	167	170	176	187	190	190	201	192	195
Construction Contracts*	272	309	317	324	375	394	427	397	393	364	333	309	336	n.a.
Residential	290	316	297	315	338	381	377	413	421	433	375	367	364	n.a
All Other	257	303	333	332	406	405	468	384	371	308	298	262	314	n.a.
Farm Cash Receipts	119	118	121	150	157	165	134	136	104	112r	123	130	141	n.a.
Crops	97	92	87	134	143	146	90	118	82	84r	99	92	128	n.a.
Livestock	161	156	160	174	178	184	184	182	185	217r	216	211	162	n.a.
Dept. Store Sales*/**	159	149r	158	156	166	176	173	183	167	165	170	176	173	167p
Atlanta	151	147	157	153	154	169	168	183	158	154	161	162	164	161
Baton Rouge	181	171	175	164	172	199	185	187	179	180	214	204	194	177p
Birmingham	123	111	132	117	130	129	127	147	133	131	129	138	136	127
Chattanooga	147	128	141	136	145	144	159	161	150	154	163	156	162	154
Jackson	109	99	97	99	107	106	111	124	107	111	126	124	123	115p
Jacksonville	127	116	122	108	122	126	127	138	129	135	136	142	143	141
Knoxville	146	128	139	141	147	137	139	156	151	146	155	163	161	154p
Macon	139	137	148	151	159	165	164	183	147	153	158	158	161	155
Miami	237	225r	233	242	244	259	268	285	250	258	230	256	242r	246p
New Orleans	132	135	125	135	137	145	141	147	140	144	144	148	145	139p
Tampa-St. Petersburg	191	175r	186	181	203	202	207	219	209	209	214	212	207	203p
Dept. Store Stocks*	205	200r	193	190	191	191	192	192	198	202	207	205	200r	199p
Furniture Store Sales*/**	153	123r	132	138	143	139	139	153	145	145	152	148	161	152p
Member Bank Deposits*	162	163	166	168	170	174	170	176	175	175	180	179	181	178
Member Bank Loans*	269	269	270	273	276	279	278	281	282	285	291	292	298	303
Bank Debits*	244	233	230	237	226	233	240	229	256	249	242	272	264	269
Turnover of Demand Deposits*	146	143	138	140	140	144	148	147	146	142	139	150	144	153
In Leading Cities	156	154	149	159	154	168	165	165	161	149	146	161	153	162
Outside Leading Cities	113	111	109	105	111	104	110	113	116	105	102	121	114	121
ALABAMA														
Nonfarm Employment	122	120	120	119	119	119	119	119	119	121	121	121	121	120
Manufacturing Employment	105	103	102	103	104	105	106	104	102	106	107	103	104	104
Manufacturing Payrolls	170	163r	165	162	166	174	175	177	174	181	184	178r	182r	185
Furniture Store Sales	133	113	122	134	135	128	130	145	138	136	136	131	147	153p
Member Bank Deposits	140	140	140	145	146	150	150	154	152	153	158	155	155	154
Member Bank Loans	224	223	224	226	230	231	235	233	234	239	246	242	248	254
Farm Cash Receipts	120	113	128	152	142	147	143	130	97	106r	101	111	126	n.a.
Bank Debits	205	197	199	204	200	206	209	207	230	220	214	230	230r	227
FLORIDA														
Nonfarm Employment	176	176	175	176	177	180	182	182	183	183	182	180	182	183
Manufacturing Employment***	174r	172r	169r	166r	171	174	178r	181r	182r	181r	180r	179r	181r	183
Manufacturing Payrolls	278	273	264	271	280	292	301	307	311	315	311	304	306	313
Furniture Store Sales	156	141r	146	153	157	155	156	172	171	153	170	167	176r	184
Member Bank Deposits	212	211	215	216	221	227	225	233	234	235	241	241	242	238
Member Bank Loans	425	426	431	444	441	447	449	456	457	463	477	477	485	492
Farm Cash Receipts	162	178	151	239	249	308	214	206	212	162r	147	162	281	n.a.
Bank Debits	344	326	319	337	322	354	361	343	386	391	360	409	376	384
GEORGIA														
Nonfarm Employment	128	126	126	125	124	125	126	126	127	127	128	127	128	128
Manufacturing Employment	115	114	113	111	108	112	112	113	114	113	114	114	114	115
Manufacturing Payrolls	183	177	177	171	167	182	189	192	189	184	198	196	191r	196
Furniture Store Sales	137	113	127	121	139	136	133	154	147	151	141	153	149	143
Member Bank Deposits	142	144	147	147	148	152	146	154	155	154	158	158	159	157
Member Bank Loans	213	212	211	212	213	216	213	212	219	223	226	227	230	237
Farm Cash Receipts	140	141	150	150	157	167	129	157	158	104r	124	153	143	n.a.
Bank Debits	222	210	202	212	207	212	219	212	235	223	217	242	235	237
LOUISIANA														
Nonfarm Employment	131	131	130	129	129	127	127	127	127	127	127	127	128	127
Manufacturing Employment	98	97	96	96	95	93	93	93	93	94	95	94	93	92
Manufacturing Payrolls	174	169	168	171	169	166	163	168	167	163	171	166r	170	171
Furniture Store Sales*	195	168r	193	171	181	178	177	189	181	166r	197	196	171r	166p
Member Bank Deposits*	153	155	156	154	157	159	153	157	155	152	156	159	163	160
Member Bank Loans*	269	270	269	269	271	272	264	273	265	268	277	274	284	287
Farm Cash Receipts	116	113	111	96	115	147	143	109	72	99r	114	209	103	n.a.
Bank Debits*	205	193	209	206	203	211	208	200	234	213	197	227	208	214
MISSISSIPPI														
Nonfarm Employment	126	125	125	125	125	124	124	125	127	127	128	127	129	129
Manufacturing Employment	121	121	122	123	123	123	125	127	128	129	131	129	128	128
Manufacturing Payrolls	210r	207	226	221	221	226	230	238	240	239	240	239r	236r	235
Furniture Store Sales*	104	86	95	96	107	113	101	123	101	80	107	133	114	106
Member Bank Deposits*	164	166	172	185	186	186	184	192	194	197	198	195	197	190
Member Bank Loans*	303	303	304	308	334	337	367	352	359	359	363	369	361	367
Farm Cash Receipts	100	92	115	124	148	145	138	100	59	99r	129	122	93	n.a.
Bank Debits*	177	175	172	182	190	191	207	200	219	208	210	235	212	206
TENNESSEE														
Nonfarm Employment	119	117	118	117	117	117	117	117	118	118	118	118	118	119
Manufacturing Employment	116	114	114	112	112	113	113	113	114	115	115	115	116	117
Manufacturing Payrolls	179	179	181	178	179	181	186	192	190	186	186	195r	200r	202
Furniture Store Sales*	107	90r	101	106	109	104	105	105	103	103	112	113	111	114
Member Bank Deposits*	148	149	155	156	158	161	156	159	158	159	161	162	165	160
Member Bank Loans*	239	238	239	242	245	248	243	250	247	251	251	256	262	267
Farm Cash Receipts	92	85	107	116	103	113	114	112	77	114r	114	100	98	n.a.
Bank Debits*	205	196	197	197	197	199	201	200	214	216	209	228	225	238

*For Sixth District area only. Other totals for entire six states. n.a. Not Available. p Preliminary. r Revised.
**Daily average basis. ***Revisions reflect new seasonal factors.
Sources: Nonfarm and mfg. emp. and payrolls, state depts. of labor; cotton consmption, 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



THE ECONOMIC *situation continued to improve slowly in February. Employment edged upward, fewer workers were unemployed, and spending by businesses and consumers rose. Farm work has been hampered by bad weather recently, but farmers plan slight increases in their output and employment. Lending by member banks gained strength in February.*

Nonfarm employment rose slightly in February, after allowance for seasonal changes. In four of the preceding five months, employment had edged upward, but it was not until February that the cumulative effect of persistent small increases was enough to raise the charted index. The February gain reflected slight improvement in Florida and Tennessee, partly offset by declines in Alabama and Louisiana; Georgia and Mississippi showed virtually no change after seasonal adjustment. **Manufacturing payrolls** increased to a new record in February as gains occurred in both **manufacturing employment** and **average weekly earnings.**

Cotton textile activity improved slightly further in February, as shown by seasonally adjusted **cotton consumption. Crude oil production** in Coastal Louisiana and Mississippi also rose, but remained below December's advanced level. **Steel mill operations** continued sharply upward in February and March. The three month average of seasonally adjusted **construction contract awards** showed a substantial rise in January, following five consecutive declines. **Electric power production** advanced to a new record in January.

Seasonally adjusted **bank debits** rose almost to December's all-time record during February, indicating a rise in total spending. **Furniture** and **department store sales** did not share in the gain, however, and fell below the month-ago level after adjustment for seasonal variation. **Department store sales** were unchanged from February to March. **Household appliance store sales** rose in February after seasonal adjustment and continued well above a year ago. More comprehensive figures on total retail sales, available only through January, show consumer spending has recovered sharply in recent months to approximate the pre-recession record. Consistent with this, loans made by commercial banks to trade concerns in February rose more than they did during the same month of recent years.

Consumer instalment credit outstanding at Sixth District commercial banks continued to rise at a better-than-seasonal rate during February, with a sharp upturn in **automobile loans** responsible for most of the gain. **Savings** in the form of **time deposits** at member banks did not rise as much as usual in February, but ordinary **life insurance sales** increased sharply.

Total **farm marketings** declined in March because **smaller shipments** of beef, eggs, hogs, milk, and some vegetables more than offset **increased shipments** of broilers, potatoes, and citrus fruit. The average of **prices received by farmers** moved down in March largely because of lower prices for hogs, milk, eggs, potatoes, and vegetables. Citrus fruits, however, brought favorable prices. Meanwhile, **cold wet weather** held farm work at a minimum in most areas. Nevertheless, **farm employment** rose slightly as spring farm work began. **Demand deposits at banks in rural areas,** seasonally adjusted, held steady in February but were above a year earlier.

Member bank loans and deposits increased, after seasonal adjustment, in all states in February; loans particularly rose at banks in leading cities. Banks reduced their investments and borrowed more from the Federal Reserve Bank of Atlanta. In March, **total loans outstanding** at banks in leading cities rose more than in most corresponding periods of previous years partly because of strength in real estate loans. Effective March 16, the Federal Reserve Bank of Atlanta raised its **discount rate** from $2\frac{1}{2}$ to 3 percent.