SIXTH · FEDERAL RESERVE · DISTRICT ·

Monthly Review

Atlanta, Georgia
May • 1959

Also in this issue:

Federal Reserve Bank of Atlanta

Spotlight on Alabama

On May 8, 1959, the new 2.6-million-dollar building of the Birmingham Branch of the Federal Reserve Bank of Atlanta was formally dedicated. A five-floor addition, together with basement and sub-basement, joins the old building, which was completely refurbished. Skillfully blended, the two units form an efficient, easily maintained, graceful business home, a creditable addition to a dynamic industrial city and a thriving state. The structure represents another footprint in time linking yesterday with today and tomorrow.

The State Is Catching Up with the Nation

Firmly cemented into the 51,000 square mile mosaic called "Alabama" are variegated chips of glamour, color, and excitement. At the dawn of the white man's journey into that area, the Creek, Choctaw, Chickasaw, and Cherokee Indians ruled the land. Vestiges of that era still remain in the burial mounds and poetically musical place names like Alabama, Coosa, and Tuscaloosa. Gold-stricken adventurers led by Hernando DeSoto four centuries ago tramped through primeval forests battling bugs and redskins. A short while later, as time goes, the first permanent white settlement was founded in 1702 at Fort Louis, near which the city of Mobile now stands. Then in 1819, Alabama became the twenty-second member of the westward-marching Union. In all, the flags of Spain, France, England, the Republic of Alabama, the Confederacy, and the United States have flown over the "Heart of Dixie."

"An economically underdeveloped area," that unwanted label pinned justifiably on Alabama and the South only a few decades ago has dwindled in significance. Alabama is catching up with the nation. The wide gap in income has been reduced substantially. In 1930, per capita income in Alabama amounted to only 43 percent of the national average; it was 65 percent in 1957. Between those years per capita income climbed from $266 to $1,324, a gain of 400 percent. Most of the advance occurred in the forties. The pace slackened noticeably in the 1950's, once the powerful stimulus of World War II was largely spent. Fundamental shifts in Alabama's economic structure in response to the War and other events explain the expansion in income. Dethroned was agriculture as the state's principal producer of income. The new reigning monarch, manufacturing, is closely attended by the trade and service industries and governments.

Although Agricultural Income and Employment Have Diminished . . .

Agriculture in Alabama and in the nation has been in a state of dynamic transition. Students of economic growth point out that nations tend to move through several evolutionary stages. In the earliest, primary or agricultural production dominates. The rise of manufacturing heralds the secondary stage, and government, trade, and services, the third. In Alabama the last two stages seem to be evolving more or less simultaneously. Agriculture accounted for one out of every five dollars of personal income obtained by Alabamians in 1929; latest available data indicate it provides only one out of twenty dollars. As other sources advanced more rapidly, Alabama's agriculture fell from first to sixth notch as an income producer in the short span of three decades.

Mechanization, widespread use of improved fertilizers, better and more scientific production practices explain the astonishing gains in the nation's farm output chalked up in the twentieth century. In 1900, one agricultural worker produced the farm production requirements for himself and five other people. Today, he supplies about twenty persons. While production soared, consumption of farm products trailed that of nonfarm products. In the aggregate, supply has tended to outrun demand, farm income has slipped relative to other sectors of the economy, and the need for farm labor accordingly has diminished.

One consequence of these happenings is that Alabama's farm population declined by almost half between 1920 and 1957 as people in search of better economic opportunities have been on the march to the big cities within and outside the state. Recognizing the great drawbacks of one-crop specialization, moreover, Alabama farmers years ago began to diversify. Symbolic of this attitude and shift is the boll weevil monument in the City of Enterprise. After destroying the cotton crop one year, the pest, like a catalyst, spurred distressed farmers to seek an alternative crop. Broadly, however, the swing has been away from crops and into livestock. In 1925 about 87 percent of the state's cash receipts from farm marketings came from crops. Last year, close to 60 percent came from livestock, especially cattle, broilers, hogs, and dairy products. An accompanying development is the rise in the amount of land going into pastures and woodland. Within crops, too, the power of diversification is felt. Cotton, still the single most important crop by far, slowly but continually loses ground to peanuts, corn, soybeans, and forest, greenhouse, nursery, and other products.

Trade, Services, and Government Have Expanded

Alabama has evidently moved firmly into the second stage of economic development, judging from the fact that manufacturing is now the state's main producer of civilian income. Back in '29, manufacturing contributed 19 percent of Alabama's income; by 1957, it had grown to 29 percent of the total. Manufacturing, moreover, only recently took the lead over agriculture in numbers employed. Manufacturing is dominated by relatively small establishments. Much of the capital for the more or less traditional industries such as textiles and lumber came from local sources. An important part of the expansion in manufacturing in more recent years, however, has come from factories established in Alabama by national firms. Manufacturing's progress has been tied in closely with the national boom and high level consumer spending, as well as the initiative, imagination, and aggressiveness of expansion-minded Alabamians.

Measured by employment, Alabama's principal industries are textiles, primary metals, and lumber. The lead maintained by this triumvirate, however, has slipped slowly. In 1947, they employed two-thirds of the state's manufacturing work force. Now it is about half. Lumber and textiles, both of which have been in the doldrums for a number of years, experienced the greatest decline. Coming up as larger employers are the food, apparel, transportation equipment, and pulp and paper industries. The share of wages and salaries paid out by these industries, moreover, doubled between 1939 and 1957 in striking contrast to a fall of a third in the "Big Three."

Raw materials, markets, an abundant labor supply, and other cost considerations help explain the long, strong growth of manufacturing in Alabama. The first cotton mill, for example, was established in 1832 and the first blast furnace in 1818. The rare proximity of iron ore, limestone, and coal in the Birmingham area formed the natural foundation for the development of the important iron and steel industry. Abundant pine forests made almost inevitable the rise of lumbering and more recently the pulp and paper industry. A growing population and higher incomes provide both an ample labor force and a substantial market.

Government and trade and service enterprises have become increasingly important in Alabama's economy. In 1929, they accounted for 47 percent of the total civilian income arising out of current production. By 1957, the percentage had increased to 54. The greatest relative expansion, a doubling, occurred in the government sector. This third stage of economic development arises as a population becomes more urbanized and as incomes rise. People then need more filling stations, beauty parlors, restaurants, and services offered by governments such as schools, roads, and the like. Trade, service, and government activities in Alabama contribute a larger share of personal income than do agriculture and manufacturing combined.

Consequently, Population Has Shifted

Essential to economic growth as producers and consumers is an adequate population. The population of Alabama today of 3,151,000 is 19 percent larger than that of 1930, an increase considerably smaller than that for the nation as a whole. Most of the gain occurred during the World War II decade. Since 1950, the population has advanced only 3 percent.

Alabama's population is becoming more and more urbanized. The proportion of people living in rural areas has slowly declined and at the last census was down to 56 percent. A third of the state's total population resides in the four metropolitan areas of Birmingham, Gadsden, Mobile, and Montgomery. Their population grew 30 percent between 1940 and 1950 in contrast to a gain of but 8 percent for the state. Since 1950, the metropolitan areas have continued to grow apace.

Catalysts to Economic Progress Are Banks

The more highly advanced a civilization, the greater its need for some kind of money. On the evolutionary road, man has traversed through several distinct eras in developing money. Initially, he bartered, traded one commodity for another. Stone-age Alabamian, whose 9,000 year old remnants were recently found in a Jackson County cave, may have swapped a war-club for a wife. But barter sets narrow limits to trade. In the commodity money age, fishhooks and shrunken heads and gold and silver doubled as money. But commodity money proved troublesome and inconvenient to handle. Next came the paper money, and finally, the credit age where commercial bank demand deposits function as money. Bank demand deposits today account for 80 percent of the nation's money supply.

Banks are financial middlemen. In them the dollars of large and small savers are pooled, then returned to the community as loans. Banks participate in one way or another in most business transactions, so as economic activity rises, the demand for their services swells. To serve the public, insured banks in the nation employ over a half million people and in Alabama about 6,000.

Banking in Alabama goes back at least to territorial days. The Planters and Merchants Bank at Huntsville was chartered in 1816, and in 1818 the Tombecbee Bank at St. Stevens and the Mobile Bank were established. In 1823, the Bank of the State of Alabama, owned and operated by the state, was incorporated with its main office at Tuscaloosa and branches at Decatur, Huntsville, Montgomery, and Mobile. In 1845, its charter expired and the Bank was liquidated. In 1826, a branch of the Second Bank of the United States was established at Mobile. James Isbell organized in 1848 the first bank in Talladega, whose descendant is the Isbell National Bank of Talladega.

In this phase of history, when making a loan banks issued their own notes which circulated as money. By the mid-1800's, however, they began crediting deposit accounts of their borrowers instead of paying out notes. In their quest for profits, banks more often than not overextended themselves and ran into trouble. All too frequently, they were unable to redeem their notes and pay their depositors cash on demand. They opened with few if any legal restrictions and often with very little capital. Under the circumstances, failures were a natural and common phenomenon.

In 1863, the National Bank Act was passed to reform the note issue and to strengthen the market for Government bonds. One of the first Federal charters granted in the South went to the First National Bank of Mobile in 1865. Other banks chartered early under Federal law were the First National Bank of Montgomery and the First National Bank of Tuskaloosa, both of which opened in 1871. In 1880, there were 39 banks in Alabama. These institutions had aggregate resources of $5 million and capital of $1.5 million. The number rose to 101 in 1892, but many failed in the Panic of the following year.

Alabama banking advanced strongly in the twentieth century. In 1919, a year after the Birmingham Branch of the Federal Reserve Bank of Atlanta came into being, 358 commercial banks with assets totaling $235 million were serving Alabama's 67 counties. Thereafter, bank resources rose rapidly and with little interruption. Spurred by fantastic business and government demands during World War II, Alabama bank assets in 1944 passed the billion dollar mark. The average bank in 1959 is appreciably larger than its ancestor of a generation ago and, more importantly, is far stronger and much more capable of serving society than ever before.

At the same time bank resources, deposits, and capital were soaring, history's pages record a surprising contrary trend—a sharp fall in the number of banks in operation. When the economy bumped bottom in the Great Depression, four out of every 10 banks in business in the peak year of 1928 vanished. Some merged, others were swept under in the disastrous economic storm. After the initial depression blast, Alabama banks stood up well under the severe strain. Essentially, the trend was the same throughout the territory served by the Birmingham Branch, which excludes several counties in South and Southeast Alabama.

Under the American dual banking system, some banks are chartered by the Federal Government, and others by their respective state governments. All national banks are required by law to be members of the Federal Reserve System. State banks may join if they wish and if they meet the requisite standards and conditions. Although only half of the nation's 13,500 banks are members, they hold four-fifths of all bank deposits and resources. Throughout the Birmingham Branch's 41 years, nonmember banks have outnumbered members. The spread was widest in the prosperous 1920's, then contracted sharply in the depression as the collapse among nonmembers outstripped that of members. The situation has changed little in subsequent years.

Another way of classifying commercial banks is by their par or nonpar status, that is, whether they clear checks presented to them at par or deduct exchange charges. Members of the Federal Reserve System cannot make exchange charges on checks forwarded to them for payment; nonmembers may or may not do so. In the Birmingham Zone, two out of three banks are on the Federal Reserve Par List, a higher proportion than that for the entire Sixth District. Actually, ever since 1946 there have been more par than nonpar banks in the Birmingham Zone. The number of par-clearing banks has continued to increase in response to business demands and competitive conditions.

Aided By Federal Reserve Operations

Born of necessity, commercial banking has emerged as a potent contributor to the public's welfare. The expansion in this catalyst of economic activity had an inevitable and strong impact on the nation's central banking system. The Federal Reserve, a young institution not quite 50, is America's third central bank, the other two being the First and Second Banks of the United States. The Federal Reserve System is composed of a seven-man Board of Governors, 12 regional banks and 24 branches, and 6,300 commercial banks. One of the regional Banks is the Federal Reserve Bank of Atlanta, which has branches at Birmingham, Jacksonville, Nashville, and New Orleans. These offices serve banks and the public in the Sixth Federal Reserve District, covering the entire states of Alabama, Florida, Georgia, the southern parts of Louisiana and Mississippi, and the eastern two-thirds of Tennessee.

The Birmingham Branch was established on August 1, 1918. In the beginning, it operated from rented quarters in the Comer Building. In March 1927, a move was made to the building on Fifth Avenue, North. Adjacent property was acquired in 1952. On that land the new building addition was erected adjoining the old but now completely renovated home. The necessitous acquisition of more efficient, larger quarters was a consequence of a heavily growing demand for the Branch's services.

Guiding the Branch is a Board of Directors, composed once of five members but now of seven. Over the years, 44 distinguished Alabamians have lent their talents to the central bank by serving on the Birmingham Branch Board.

The Branch has had five chief executive officers. A. E. Walker was Managing Director from the beginning until 1932 and was succeeded by John H. Frye who retired in 1936; P. L. T. Beavers followed and remained as Branch head until 1952. Next came John L. Liles, Jr., presently Vice President and Cashier at the parent bank in Atlanta. Henry C. Frazer, the present Branch Vice President and Manager, was appointed in January 1954.

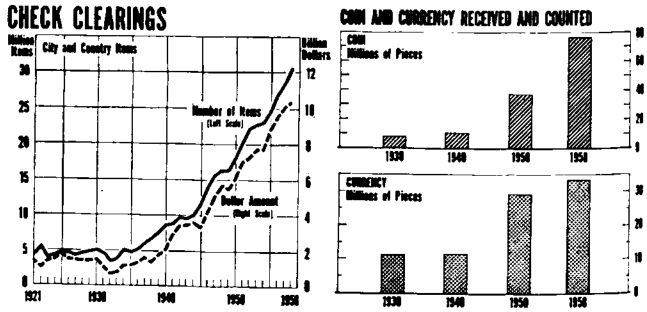
The public interest and not private gain is the purpose of Federal Reserve activities. On one level, the System is responsible for using its powers over the supply and cost of money and credit to help achieve and maintain a high degree of production and employment and a stable dollar. Too much money in relation to the commodities and services available for sale results in excessive demands for labor, rising prices, and inflation. Too little creates deflation and contrary evils. On a second level, the Federal Reserve Banks directly serve their member banks, the Government, and the public. These latter operations occupy the major part of the Birmingham Branch's daily time.

Issuer of Currency and Coin

Through member and nonmember banks, the Birmingham Branch supplies the money required by the public. For that purpose, it carries a large inventory of Federal Reserve notes, silver certificates, U.S. notes, and coin. Federal Reserve notes, ranging in denomination from $5 to $10,000, account for 85 percent of the total non-deposit money in circulation. Currency and coin move into and out of circulation in response to changes in public demand. As commercial banks accumulate excess cash, they return it to the Reserve Bank for processing and storing.

In 1919, the Branch paid out to commercial banks in its Zone $26 million of currency and coin. In that same year, it received $29 million. These volumes are Lilliputian in size compared with payments of $233 million and receipts of $205 million in 1958. Currency and coin circulation grew rapidly during the World War II years but has since slowed down. Paying out money is a relatively simple matter. A member bank's order for, say, $100,000 is filled almost as easily as is an order for groceries at the super market. Few people are directly involved in the job. Processing money returned by commercial banks, on the other hand, requires more employees and much time. Incoming currency and coin must be verified and sorted to separate worn-out money from that in good enough physical shape to be reused; finally, counterfeits must be sifted and turned over to the Secret Service for investigation.

Growth in Operations
Birmingham Branch



The best gauge of the Branch's money work shows up then in the number of pieces of currency and coin received and counted. As a glance at the chart on this page shows, the volume processed has increased sharply since 1930 with the gain in coin overshadowing that in currency. Coin processed leaped tenfold between 1930 and 1958, whereas the currency volume tripled. The amazing population upsurge, sales taxes, a blossoming coin vending industry, all have contributed to the phenomenal increase in the public's demand for coin. At the same time, the rising popularity of checks has tended to hamper currency's expansion.

Processor of Checks

About the middle of the nineteenth century, demand deposit money for the first time exceeded currency and coin in circulation. The margin has since widened a great deal. One side effect of the use of deposit money is that it created a new and now a tremendous job for banks. The check Mrs. Vulcan of Birmingham writes against her account and sends to an Eskimo mukluk dealer in Alaska is a claim on demand deposit money. Instead of boarding a missile bound for Alabama, presenting the check at the Peanut National Bank on which it was drawn and getting paid, the dealer simply deposits the check in the Iceberg National Bank for collection. From there it is air mailed to the Federal Reserve Bank Branch at Seattle; then it goes to the Birmingham Branch, to the Peanut National, and finally back to Mrs. Vulcan.

The Birmingham Branch receives checks from all parts of the nation. Its Check Collection Department, employing about a fourth of the Branch's work force, receives, proves, sorts, and quickly dispatches incoming checks to the drawee banks. The growth in check usage has been astounding. In 1921, the Branch processed 4.3 million city and country items valued at $1.3 billion. Last year's volume was 31 million checks worth $10.3 billion. When Treasury checks and post office money orders are thrown in, the Branch's check collection workload rises by a fourth. Each day on the average in 1958, the Branch processed over 151,000 checks worth $44 million. Aside from this, it also handles return items, collection drafts, and other non-cash items.

As proof of the growing popularity of this national passion, the number of checks written by individuals, businesses, and governments has risen at an annual rate of about 10 percent over the last decade. Last year Americans wrote around 10 billion checks and the number, prognosticators believe, will rocket to over 20 billion a decade from now. Anticipating that deluge, the Federal Reserve, the American Bankers Association, and machine manufacturers are working to devise a system of processing checks on high-speed electronic equipment.

Fiscal Agent for the Government

Besides serving commercial banks, the Federal Reserve Banks as fiscal agents do a lot of work for the Federal Government. The fiscal function deals largely with the management of the debt. The debt may be increased, reduced, refunded, or its average maturity may be altered. From the beginning, Federal Reserve Banks have performed fiscal operations for the Treasury. It was not until the early 1940's, however, when a decentralization program was undertaken that the Birmingham Branch entered the field. Four people were in the Branch's Fiscal Department then; today, it has 24. Then, the Federal debt stood at $112 billion; now it is $285 billion.

The Branch's fiscal agency work was quite heavy in 1958. About 60 issues of Treasury securities maturing during the year were refunded. The Treasury also sold about half a dozen other security issues to raise new money to finance the Government's operations. In connection with these financings, the Birmingham Branch processed 3,000 tenders and subscriptions received from commercial banks and others valued at more than a half billion dollars. The Branch during the year issued and delivered more than 203,000 U.S. Savings Bonds having a face value of more than $11 million. It handled 13,000 reissues of savings bonds as holders changed beneficiaries or made exchanges for other reasons.

Commercial banks that qualify may carry deposits of the Federal Government. They credit this Treasury Tax and Loan Account for moneys received from tax collections or sales of securities. The account is debited when the Treasury makes its periodic calls to transfer funds to its accounts at the Federal Reserve Banks. The Branch maintains a complete bookkeeping record of these transactions for the 149 depositaries in its Zone. In 1958, the Birmingham Branch handled 5,188 calls. This entailed sending out notices to depositary banks and collecting and remitting the funds of some $279 million to the Head Office of the Federal Reserve Bank of Atlanta for credit to the Treasurer's account.

For the account of the Treasury, the Reserve Banks also verify and destroy worn out or unfit silver certificates and U.S. notes. The Birmingham Branch began burning money in its newly installed incinerator early this year; in March it assumed the job, formerly done at the Head Office, for all five offices of the Federal Reserve Bank of Atlanta. On the average workday, a sizable sum goes up in flames and smoke.

The Branch's Fiscal Agency Department serves commercial banks in the Zone in several ways. Most Government securities other than savings bonds carry interest coupons which must be clipped and presented for collection at the proper times. The Branch last year processed nearly 50,000 coupons worth in excess of $7 million. The Branch buys and sells and also makes telegraphic transfers of Government securities on request for the account of member banks. During 1958 the Branch handled a total of 900 purchase and sale transactions amounting to more than $58 million.

Other Services

The Birmingham Branch also holds the reserve accounts of and makes telegraphic transfers of funds for member banks in its Zone. It offers without charge public services of an educational nature, including films on money, banking, and economic subjects, and public speakers, and tours of its facilities. Tourist activity will likely pick up in the Branch's new quarters.

There is, of course, a close tie between a department's output and its inputs of machines and employees. Despite great improvements in equipment, the Birmingham Branch has had to add employees to keep up with the prodigious demands for services stemming from fiscal work and the state's striking economic progress. When the Branch opened, 12 officers and employees were sufficient. The number tripled by 1930, multiplied further during World War II, and now stands at 207.

The Branch's Role in Tomorrow's Progress

In its new home the Birmingham Branch of the Federal Reserve Bank of Atlanta is better prepared to render services than it has been in many a year. If past performance is any guide to future events, the Branch will continue to provide capable and efficient services to the United States Government and to the banks, businesses, and people in the expanding state of Alabama, the "Heart of Dixie."

BASIL A. WAPENSKY

Dedication of the new Birmingham Branch home took place on Friday, May 8, 1959. In the morning the Boards of Directors of the Head Office and Branches of the Federal Reserve Bank of Atlanta held a Joint Meeting. Afterwards a luncheon was given in honor of Alabama bankers. The formal dedication ceremonies were held later in the day. Outstanding bankers and other businessmen from Alabama and other parts of the country attended the celebration. Among these were two members of the Board of Governors of the Federal Reserve System: G. Harold King and James L. Robertson. Governor Robertson spoke at the luncheon.

Uptrend in District Bank Lending

Statisticians are always in a hurry to get the latest figures. Yet all too often they find that even the latest figures are a month or two old because collecting and processing them take so long. An analyst of bank loan statistics is something of an exception to the rule. After only ten days delay, he can get loan data for 367 banks in 94 major cities. For all 6,295 member banks, he can get, within three weeks, a total loan figure as of the last Wednesday of each month and the Wednesday closest to the middle of the month. If he wants figures for a particular Federal Reserve District, he can obtain them just as quickly. Thus, along with a host of more specialized loan figures that are published, he can get a pretty fair idea of what is currently happening to bank lending.

To get the detailed loan picture for all member banks, however, he must wait for publication of the statistics derived from reports of condition. Member banks are usually asked to prepare such reports four times a year, although the minimum required by law is three. The most recent call for such a report was for March 12, 1959. By looking at these call reports for Sixth District member banks, we can see what is happening in the way of bank lending activities in our region.

The Overall Picture

In the first place, they confirm a strong uptrend in District loans in the last year. Total loans on March 12, 1959, were $487 million larger than on March 4, 1958, the corresponding report date of last year. This represents a gain of 12.5 percent, or one that is probably twice that in the nation. Even in periods of vigorous loan expansion, loans in the District have not increased much more than that. The increase seems particularly large, compared with the recession-affected March 1957-March 1958 period. Loans, that remarkably enough had even increased a little during the recession, started to advance vigorously at about the same time business activity reached a low last spring.

Another thing he can gather from the data is how much various borrowers received and whether they stepped up their borrowing or not. The figures show that all major classes of customers owed more money to District banks this March than last. Because of general economic improvement, this is not unexpected.

More surprising at first glance is the category of loans showing the largest percentage increase. This did not turn out to be credit to businesses, which normally receive almost 50 percent of the total amount of money District banks lend, nor credit to consumers, who receive better than one-fourth of the total. Instead, it was nonfarm real-estate loans, which showed a solid 20 percent gain. Business loans—up more than any other group in dollar volume—increased 12 percent and consumer loans 11 percent. The percentage increase in money borrowed at District banks by farmers was three-fifths as large as that in consumer loans.

Mortgage Lending is Booming

Why the sharp increase in real estate lending? The main reason was the high rate of home and commercial construction. To find comparable gains in building activity, one has to go back several years. A good part of home building is financed by Federal Housing Administration insured loans, which at District banks increased 59 percent this past year. However, the dollar volume of homes financed with conventional financing increased more than that financed by FHA.

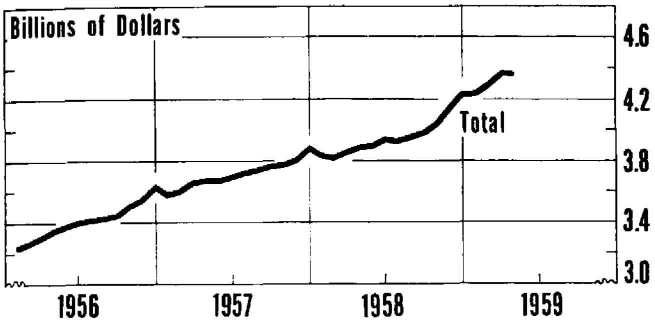
The boost consumers gave to total lending was less than that in some other recent years. A substantial drop in 1958 automobile sales held down car financing last year. Still, automobile debt outstanding this March 12 somewhat exceeded the year ago total. New car financing picked up recently because 1959 models were better received than 1958 models were. Instalment debt on other consumer goods—principally for appliances and furniture—rose 7 percent from March 1958.

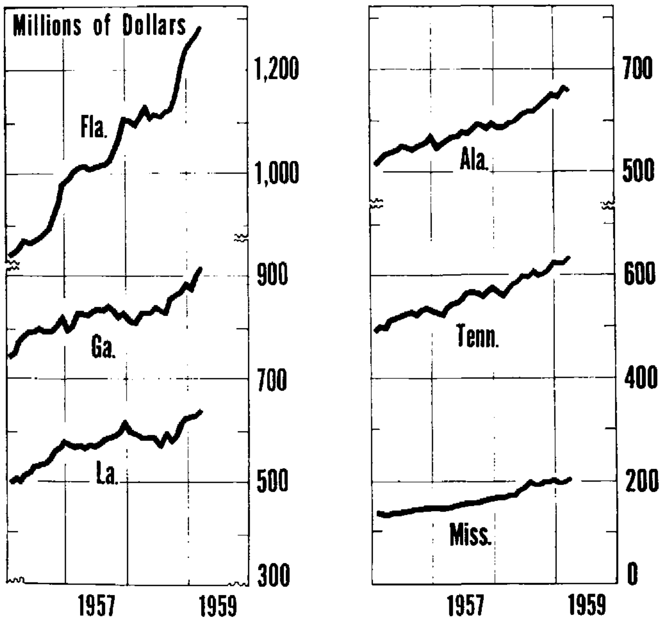
Showing the most spectacular growth were forms of consumer credit that had been little developed before World War II. Indebtedness for home repair and improvement, for example, increased 15 percent this last year and, as a result, is almost as big an item as farm loans. More recently, other new forms of consumer credit have been developed. Several banks have introduced check credit and charge-account services. If they prove profitable and are acceptable to consumers, many other banks can be expected to follow suit.

How About Business Lending?

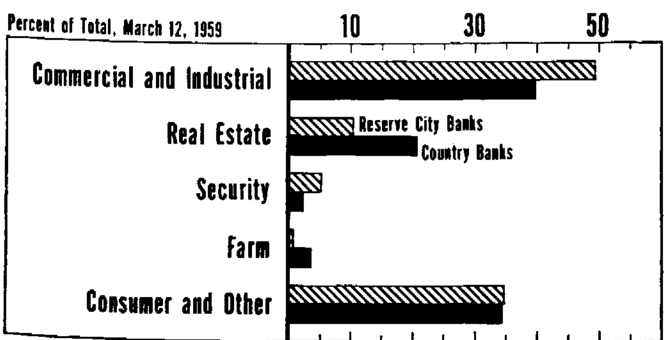
It was also a year of moderate gains in business lending. One of the more important reasons businesses borrow from banks is to finance inventories. Normally, inventory accumulation does not start for some time after business activity recovers, so that it was not until early 1959 that inventory building began. Another important purpose for bank borrowing is to buy equipment, and revival in plant and equipment spending is also a recent

Loans at Sixth District Member Banks





Type of Loan	Amount Outstanding (Millions of Dollars) March 12, 1959 Total	Reserve City	Country	Percent Change from March 4, 1958 Total	Reserve City	Country
Real Estate	696	209	487	+20.1	+23.5	+ 18.8
On farm land	48	6	42	+ 3.7	—16.6	+ 7.2
On residential property	389	115	274	+22.9	+23.0	+ 22.8
On other property	259	88	171	+19.5	+28.0	+ 15.8
Other Banks	59	34	25	+ 3.7	—34.3	+342.4
Security	156	104	52	+ 6.8	+12.6	— 3.4
Farm	96	12	84	+ 6.3	+14.6	+ 5.2
Commercial and Industrial	1924	987	937	+12.0	+10.7	+ 13.3
Other to Individuals	1255	522	733	+10.6	+10.1	+ 11.0
Retail automobile instalment	367	157	210	+ 6.4	+ 6.2	+ 6.5
Other retail instalment	153	65	88	+ 7.4	+ 8.8	+ 6.3
Repair and modernization instalment	132	53	79	+15.2	+ 5.7	+ 22.6
Other instalment	165	44	121	+13.9	+ 6.6	+ 16.8
Single payment	438	203	235	+13.0	+15.8	+ 10.6
Miscellaneous	190	137	53	+17.1	+16.0	+ 19.9
Total	4376	2005	2371	+12.5	+10.9	+ 13.9



thing. When the amount needed to finance equipment such as jets is larger than a single bank can handle, many join in the loan. This is what happened earlier this year when a major airline serving the Southeast arranged a $35 million revolving credit with 24 banks, nine of which are located in this District.

Loan Increases Vary By Size of Bank

The smaller the bank the greater the percentage increase in total loans it enjoyed last year. Small banks showed a gain of 16 percent, compared with increases of 13 percent at medium-size banks and 11 percent at large banks. During the recent recession, the differences in loan changes among banks had been more noticeable than that. At that time, banks in smaller towns found their total loans increasing, whereas those in large cities changed little. This was so partly because business loans, which were hit hardest by the recession, are less prominent at small town banks.

Although business loans have increased from last year, manufacturers have apparently stepped up their borrowings only in recent months. On the other hand, certain other types of business borrowers, notably trade concerns, seem to have relied quite heavily on bank credit for some time. Manufacturing concerns represent a far more important group of borrowers to big city institutions than to small town banks. It is therefore not too surprising that business loans at big banks increased less percentagewise between March 1958 and March 1959 than they did at small town banks, whose chief business customers are retail and service firms.

Comparison in total loan growth this last year would have turned out a lot more unfavorable for the larger banks if they had not managed to increase their nonfarm real estate loans more than small banks did. Consumer loans at banks in reserve cities increased to about the degree as at country banks.

Since the Sixth District is not a single economic unit, it is important to see how different cities and states fared. Between March 4, 1958, and March 12, 1959, each District state showed gains in total loans. Mississippi had the largest increase—18 percent. Florida, Georgia, Tennessee, Alabama, and Louisiana followed in that order.

Moreover, every trade and banking area posted increases: Jackson, Mississippi, led with a 22-percent gain. Following closely behind with increases of 15 percent or more were Chattanooga, Orlando, Knoxville, Baton Rouge, Savannah, Jacksonville, Tampa, and Miami.

Most everywhere, business loans increased more dollarwise than real estate loans did but less percentagewise. In two areas—Pensacola and Natchez—real estate loans were lower than last year and in Mobile, business loans were lower. How much various types of loans have changed since March at all member banks in a particular District city will not become known until the banks are asked to prepare another report of condition.

Harry Brandt

The Market Decides: Security Sales by District Small Businesses

Many years ago, the nation thrilled to the success stories of Horatio Alger. His heroes were always honest, intelligent, and industrious, and capable of surmounting all obstacles. Newspaper boys soon owned their own presses, grocery clerks rapidly became proprietors, and bootblacks overnight became entrepreneurs of huge shoe factories. Obtaining the funds necessary to finance the expansion of these businesses was, apparently, never a problem. Those were the good old days.

Times, however, have changed. Today's small businessman not only must have all of the sterling qualities of yesterday's heroes in order to succeed, but also must have at least one other thing: money. Ah, there's the rub. How to obtain long-term capital funds is, in this modern era, a major problem in the field of small business financing. Such capital, whether in the form of debt or equity, is required to finance the fixed assets necessary for expansion, and to provide a certain amount of working capital.

The savings of small businessmen are still available for the launching of new business ventures or for expanding existing ones. Heavier taxes, however, are leaving relatively less for reinvestment or "plowing back" into the business. In our increasingly impersonal business world, moreover, the savings of friends and neighbors in the local community are less easy to tap. Some small firms, therefore, have attempted to raise long-term funds by selling stocks or bonds in a broader market.

What has been the experience of firms whose operations are local in character, particularly small firms, in selling securities? What is the cost to these firms of raising funds in this way? In order to throw some light on these questions, we have analyzed in some detail issues offered for sale during 1957-58 by firms with headquarters in District states, subject to the Securities Act of 1933, Regulation A.

This Regulation covers issues of $300,000 or less which are sold in more than one state and requires that such securities be registered with the Securities and Exchange Commission. It further requires that detailed information relating to the security and to the issuer be provided, as well as a report on the final disposition of the offering. The information contained in Regulation A files, while it does not cover intra-state offerings or offerings in excess of $300,000, provides a unique opportunity to analyze the security sales of small firms whose operations are primarily locally orientated.

Security Sales of District Firms

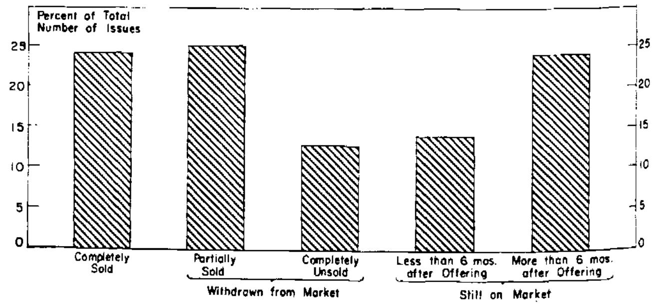
In 1957 and 1958 some 122 businesses located in Sixth District states offered securities subject to Regulation A for sale to the general public. These offerings, mainly for the purpose of financing expansion, totaled $22 million. Approximately 80 percent of this amount represented stock issues—primarily common stock—while the balance was accounted for by bonds and debentures.

Businesses in Alabama, Florida, and Georgia offered $17 million of securities for sale, but the combined offerings of those in Louisiana, Mississippi, and Tennessee totaled only $5 million. The light schedule of offerings by firms in these latter three states probably reflects in part a capital base smaller and a rate of growth slower than in Alabama, Florida, and Georgia.

The Market Decides

All securities issues that are offered for sale do not, of course, meet with the same degree of success. Some issues are completely sold out shortly after the offering date. Others are partially sold and subsequently withdrawn from the market, while still others are withdrawn completely unsold. How about firms in our District? How did the market receive their security offerings? Since the volume and success of sales tend to vary with security prices, the economic environment during which the offerings were made should be borne in mind when interpreting the following findings.

Status of Security Issues, Subject to Regulation A, Offered by District Firms, 1957-58



About 62 percent of the number of ssues offered for sale during 1957-58 may be regarded as completed transactions, that is, they are no longer on the market. Of this number, about two-fifths were completely sold, two-fifths were partially sold, and one-fifth were completely unsold. A large share of the offerings still active, moreover, have been on the market for more than six months and issues outstanding that long normally do not wind up as near sellouts.

The degree of success of District firms in marketing securities may be measured in terms of dollar amounts as well as number of issues. On this basis, we find that of the completed issues, 60 percent of the amount offered was actually raised. Even this figure, however, may overstate the marketing success since it includes those firms whose issues were partially sold, and over two-fifths of these businesses received less than half of the funds originally sought.

Why the securities of small firms met with mixed reception is bound up with economic jargon relating to supply, demand, risk, and investment return. Simply stated, the problem resolves itself to this: The small businessman, when he sells securities, must compete in the market with other types of investments; securities of small, relatively unknown companies are generally not attractive to the ordinary investor because they usually lack marketability and stability and, often, regular income. The offerings of some District firms, however, met the test of the market better than others. It might be worthwhile, therefore, to look more closely at the characteristics of firms according to their degree of success in marketing securities.

Who Succeeded and Who Failed

The success of businesses in raising long-term funds varied by state. Firms in Florida offered the largest dollar amount of securities of any District state, but sold a smaller proportion of their total value. Mississippi, on the other hand, offered for sale the smallest amount of any state, but sold the largest proportion. The variations in reception of securities by state reflect primarily differences in the degree of risk associated with the securities offered.

The asset size and age of the firm were the two characteristics that appeared to be most highly correlated with the degree of success in marketing securities. Firms with assets of $1 million or more accounted for 63 percent of all security issues that were completely sold, 50 percent of the issues that were withdrawn from the market partially sold, and only 23 percent of the issues that were withdrawn completely unsold. In other words, the larger the firm, the better its chances of obtaining long-term funds.

Age, while it may be a drawback to some humans, appears to be a decided advantage to the corporate entity. Firms, ten years old or more accounted for more than one-half of the issues that were completely or partly sold, but only 7 percent of the issues that were withdrawn from the market completely unsold. The real youngsters, that is, firms incorporated for three years or less, registered the most failures, accounting for 53 percent of the issues which went completely unsold. These firms, moreover, were, on the average, seeking more money than the larger corporations. This probably reflects the still formative stage of capitalization which characterizes the financial structure of young firms, many of which were still filling their basic capital requirements.

A firm's being old and large does not, in itself, guarantee success in obtaining long-term funds. These characteristics, however, are generally associated with a good credit rating, stability, and profitability. And these are factors which assure a good reception by the market.

Degree of Success in Raising Funds by Firms Marketing Regulation A Securities

Sixth District, 1957-58

	Percentage of Number of Issues Placed on Market		
Classification	*Completely Sold*	*Withdrawn: Partly Sold*	*Withdrawn: Completely Unsold*
By Amount of Offering			
$99,000 and less	25	17	20
$100,000 - $199,000	21	31	7
$200,000 - $300,000	54	52	73
	100	100	100
By Asset Size of Firm			
$99,000 and less	15	15	31
$100,000 - $999,999	22	35	46
$1,000,000 - $4,999,999	48	27	23
$5,000,000 and over	15	23	----
	100	100	100
By Age of Firm			
3 years and less	25	31	53
4 - 9 years	25	14	40
10 - 24 years	39	34	—
25 years and over	11	21	7
	100	100	100

The High Cost of Being Small

Small firms, those with assets of less than $1 million, not only had greater difficulty in raising long-term funds than larger firms, but even when successful, it cost them more. The cost—measured as cost paid out of the proceeds of securities sales as a percent of funds raised—amounted to 15 percent or more for over one-fourth of the small firms. The cost of selling securities, however, declined progressively as the asset size of the firm increased. Businesses with assets of $5 million or more paid only 4 percent or less as a marketing cost.

That small firms found it so costly to sell securities reflects the fact that they were able to obtain only a portion of the amount originally offered. Thus, the cost per dollar of money raised was high. Smaller firms, moreover, used an underwriter with greater frequency than larger businesses, and underwriter fees must be added to other marketing costs. Larger corporations can sometimes do without the services of an underwriter when previous issues have been sold. In such cases, a firm's market may be the holders of existing securities.

The Cost of Failure

In addition to the costs of selling securities, there are costs associated with *not* being able to obtain capital funds. Firms that cannot raise any money or that secure only a part of what they need pay a cost in the form of slower expansions or complete lack of growth. And, in an age characterized by change, standing still can be detrimental.

The offerings of some small businesses may well have been turned down because the firm was poorly managed, structurally unsound, or because the enterprise was of a highly speculative nature. Other offerings, however, may have been treated rather harshly by the market, and rejected or not even considered simply because the pertinent financial facts regarding these small companies were not adequately presented. The extent to which the securities of financially sound firms are unsold and how these businesses adjust to the decision of the market are subjects which deserve much greater exploration.

ALFRED P. JOHNSON

Bank Announcements

The Federal Reserve Bank of Atlanta is pleased to welcome to membership in the Federal Reserve System the Ormond Beach National Bank, Ormond Beach, Florida. This newly organized bank opened for business April 21 with William T. Moore as Chairman of the Board, Albert J. Gowan as President, and M. C. Sutton as Vice President and Cashier. Its stock totals $440,000 and surplus and other capital funds $220,000.

On April 2 The Commercial Bank of Ozark, Ozark, Alabama, a newly organized nonmember bank, opened for business and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Douglas Brown is Chairman; E. E. Dorroh is President and Cashier; W. C. Brown is Vice President; and Henry B. Steagall, II, is Secretary. Capital totals $150,000 and surplus and undivided profits, $150,000.

The Tampa Bay Bank, Tampa, Florida, a newly organized nonmember bank opened for business April 21 and began to remit at par. Frank M. Frankland is Chairman; John S. Davidson is President; and William W. Jordan is Cashier. It is capitalized at $420,000, with surplus and undivided profits of approximately $114,000.

On May 1, the Camp Hill Bank, Camp Hill, Alabama, a nonmember bank, began to remit at par. Officers are H. E. Conine, President; E. K. Tucker, Vice President; A. W. Washburn, Assistant Vice President and Cashier; and Bethany S. Conine, Assistant Cashier. Capital totals $50,000 and surplus and undivided profits total $100,000.

Also going on the par list on May 1 is the Bank of Dadeville, Dadeville, Alabama. Officers are Robert H. Wilder, President; J. L. Mixson, Executive Vice President; C. G. Duffee, Vice President; Mamie A. Gulley, Cashier; and J. B. Black, Assistant Cashier. Capital stock totals $100,000, and surplus and undivided profits amount to $213,408.

Department Store Sales and Inventories*

	Percent Change				
	Sales			Inventories	
	Mar. 1959 from		3 Months	Mar. 31, 1959 from	
Place	Feb. 1959	Mar. 1958	1959 from 1958	Feb. 28 1959	Mar. 31 1958
ALABAMA	+32	+5	+9	—6	—16
Birmingham	+28	+0	+7	—15	—24
Mobile	+43	+5	+9	..	..
Montgomery	+30	+6	+6	..	..
FLORIDA	+18	+10	+11	+4	+1
Daytona Beach	+16	+13	+16	..	..
Jacksonville	+38	+19	+17	+9	—4
Miami Area	+18	+12	+8	+5	+2
Miami	+17	+9	+4	..	..
Orlando	+11	+4	+16	..	..
St. Ptrsbg-Tampa Area	+18	+7	+10	—1	—3
GEORGIA	+35	+7	+9	+3	+1
Atlanta**	+38	+6	+8	+2	+1
Augusta	+25	+21	+20	..	..
Columbus	+26	+5	+7	+7	+1
Macon	+36	+8	+12	+5	+5
Rome**	+41	+21	+24	..	..
Savannah	+33	+0	+4	..	..
LOUISIANA	+34	+6	+6	+5	+1
Baton Rouge	+43	+4	+5	+6	+23
New Orleans	+33	+7	+7	+5	—2
MISSISSIPPI	+36	+13	+15	+3	—6
Jackson	+38	+14	+15	+3	—8
Meridian**	+42	+12	+12	..	..
TENNESSEE	+39	+11	+13	+7	+4
Bristol-Kingsport-Johnson City**	+34	+10	+11	+3	—4
Bristol (Tenn. & Va.)**	+32	+7	+10	+5	—6
Chattanooga	+34	+11	+13	..	..
Knoxville	+37	+9	+12	+13	+7
DISTRICT	+29	+8	+10	+3	—1

*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		
				Mar. 1959 from		Year-to-date 1959 from 1958
	Mar. 1959	Feb. 1959	Mar. 1958	Feb. 1959	Mar. 1958	
ALABAMA						
Anniston	38,056	34,395	32,955	+11	+15	+14
Birmingham	799,236	767,373	699,175	+4	+14	+13
Dothan	31,625	30,180	29,153r	+5	+8	+7
Gadsden	36,110	31,961	29,973r	+13	+20	+18
Mobile	267,026	237,793	247,407	+12	+8	+4
Montgomery	167,592	150,496	134,061	+11	+25	+23
Selma*	21,572	19,603	20,164	+10	+7	+7
Tuscaloosa*	49,255	46,488	42,210	+6	+17	+14
Total Reporting Cities	1,410,472	1,318,289	1,235,098r	+7	+14	+12
Other Cities†	715,764	662,619	627,236r	+8	+14	+16
FLORIDA						
Daytona Beach*	62,028	56,354	53,350	+10	+16	+7
Fort Lauderdale*	217,111	208,337	197,919	+4	+10	+8
Gainesville*	37,992	35,569	34,879	+7	+9	+10
Jacksonville	831,893	742,670	686,262r	+12	+21	+11
Key West*	17,609	15,614	15,676	+13	+12	+11
Lakeland*	77,606	73,340	70,431	+6	+10	+16
Miami	940,809	850,153	794,617	+11	+18	+16
Greater Miami*	1,426,931	1,291,238	1,185,834	+11	+20	+15
Orlando	251,411	234,538	189,022r	+7	+33	+29
Pensacola	86,822	76,917	78,361	+13	+11	+7
St. Petersburg	239,683	221,348	196,051r	+8	+22	+18
Tampa	440,021	390,228	361,151r	+13	+22	+16
West Palm Beach*	152,846	140,310	123,893	+9	+23	+16
Total Reporting Cities	3,841,953	3,486,463	3,192,829r	+10	+20	+14
Other Cities†	1,698,955	1,548,243	1,351,269r	+10	+26	+20
GEORGIA						
Albany	61,816	57,335	52,047	+8	+19	+14
Athens*	37,392	32,040	32,075	+17	+17	+7
Atlanta	1,983,532	1,735,765	1,657,254r	+14	+20	+12
Augusta	104,838	92,095	90,593r	+14	+16	+11
Brunswick	26,806	24,197	18,920	+11	+42	+22
Columbus	101,727	91,297	89,738	+11	+13	+7
Elberton	8,853	7,641	8,230	+16	+8	+8
Gainesville*	47,752	40,841	45,469	+17	+5	+3
Griffin*	18,164	16,402	15,994	+11	+14	+13
LaGrange*	20,587	28,531	18,834	—28	+9	+19
Macon	123,348	114,045	101,561	+8	+21	+17
Marietta*	28,780	27,394	24,234	+5	+19	+19
Newnan	17,553	16,359	15,363	+7	+14	+10
Rome*	44,074	37,251	36,688	+18	+20	+10
Savannah	207,190	181,431	168,311	+14	+23	+15
Valdosta	32,735	28,512	24,941r	+15	+31	+22
Total Reporting Cities	2,865,147	2,531,136	2,400,252r	+13	+19	+12
Other Cities†	862,326	800,206	722,386r	+8	+19	+12
LOUISIANA						
Alexandria*	69,096	65,132	64,046	+6	+8	+6
Baton Rouge	264,914	267,002	252,137r	—1	+5	+6
Lafayette*	62,657	60,431	54,720	+4	+15	+19
Lake Charles	88,149	82,842	84,926	+6	+4	+5
New Orleans	1,346,552	1,239,297	1,234,678	+9	+9	+5
Total Reporting Cities	1,831,368	1,714,704	1,690,507r	+7	+8	+6
Other Cities†	559,574	563,500	533,670r	—1	+5	+8
MISSISSIPPI						
Biloxi-Gulfport*	46,092	44,562	38,330	+3	+20	+18
Hattiesburg	34,609	31,701	29,080	+9	+19	+13
Jackson	273,421	249,650	190,497	+10	+44	+40
Laurel*	25,489	24,122	21,878	+6	+17	+19
Meridian	46,223	37,970	34,910	+22	+32	+21
Natchez*	21,663	21,183	19,961	+2	+9	+6
Vicksburg	18,037	18,093	16,572	—0	+9	+5
Total Reporting Cities	465,534	427,281	351,228	+9	+33	+29
Other Cities†	238,513	211,258	197,250	+13	+21	+11
TENNESSEE						
Bristol*	42,059	39,506	37,479	+6	+12	+15
Chattanooga	335,408	284,089	273,322	+18	+23	+17
Johnson City*	39,823	36,387	37,958	+9	+5	+6
Kingsport*	88,125	67,307	79,785	+31	+10	+12
Knoxville	228,865	202,825	200,838	+13	+14	+11
Nashville	711,906	769,976	588,647	—8	+21	+25
Total Reporting Cities	1,446,186	1,400,090	1,218,029	+3	+19	+19
Other Cities†	495,687	461,823	475,036	+7	+4	+5
SIXTH DISTRICT	16,431,479	15,125,612	13,994,790	+9	+17	+13
Reporting Cities	11,860,660	10,877,963	10,087,943r	+9	+18	+13
Other Cities†	4,570,819	4,247,649	3,906,847r	+8	+17	+14
Total, 32 Cities	10,146,766	9,300,174	8,610,753r	+9	+18	+13
UNITED STATES						
344 Cities	223,419,000	195,770,000	203,844,000	+14	+10	+7

* 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)

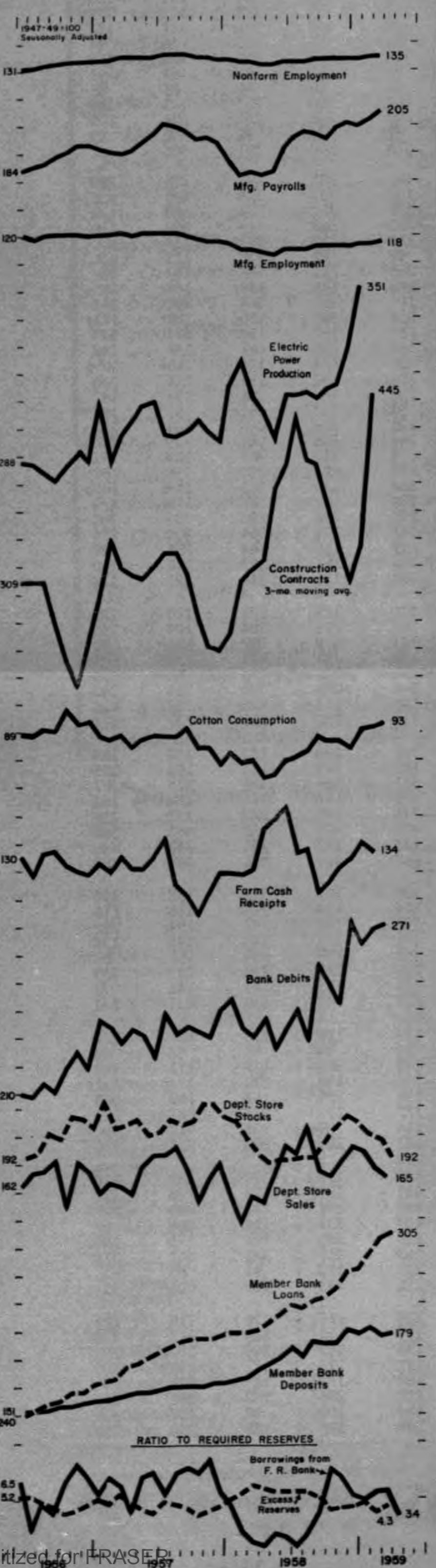
	1958											1959		
SIXTH DISTRICT	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.
Nonfarm Employment	133	133	132	132	133	133	133	134	134	134	134	134	135	135
Manufacturing Employment	115	115	114	113	115	115	115	116	116	116	116	117	117	118
Apparel	164	164	163	165	167	168	167	166	167	168	170	172	173	172
Chemicals	131	128	129	130	129	129	129	127	128	129	129	131	131	133
Fabricated Metals	177	174	176	176	183	186	183	182	180	177	175	178	172r	173
Food	112	110	109	108	108	110	110	110	110	110	109	110	111	112
Lbr, Wood Prod., Fur. & Fix.	74	72	72	72	73	73	73	75	76	76	75	75	76	74
Paper & Allied Products	156	157	158	157	158	157	158	157	159	158	158	159	157	159
Primary Metals	91	91	90	93	91	90	89	90	95	91	93	92	94	97
Textiles	86	86	85	84	84	85	85	86	86	86	86	86	87	87
Transportation Equipment	200	194	187	172	201	198	212	211	192	202	206	203	195	189
Manufacturing Payrolls	182	183	182	183	192	196	198	197	195	200	201	201r	202	205
Cotton Consumption**	79	79	74	75	80	81	83	89	87	87	84	91	92	93
Electric Power Production**	325	311	306	297	312	312	313	311	314	316	330	351	346	n.a.
Petrol. Prod. in Coastal Louisiana & Mississippi**	170	168	162	164	167	170	176	187	190	190	201	192	195	200
Construction Contracts*	309	317	324	375	394	427	397	393	364	333	309	336	445	n.a.
Residential	316	297	315	338	381	377	413	421	433	375	367	364	382	n.a.
All Other	303	333	332	406	405	468	384	371	308	298	262	314	496	n.a.
Farm Cash Receipts	118	121	150	157	165	134	136	104	112	123	130	141	134	n.a.
Crops	92	87	134	143	146	90	118	82	84	99	92	128	113	n.a.
Livestock	156	160	174	178	184	184	182	185	217	216	211	162	164	n.a.
Dept. Store Sales*/**	149	160r	156	166	176	173	183	167	165	170	176	174r	168r	165p
Atlanta	147	155r	153	154	169	168	183	158	154	161	162	164	161	155
Baton Rouge	171	175	164	172	199	185	187	179	180	214	204	195r	180r	171p
Birmingham	112r	135r	117	130	129	127	147	133	131	129	138	136	127	127
Chattanooga	128	141	136	145	144	159	161	150	154	163	156	162	154	148
Jackson	99	97	99	107	106	111	124	107	111	126	124	124r	116r	105p
Jacksonville	116	122	108	122	126	127	138	129	135	136	142	143	141	136
Knoxville	128	139	141	147	137	139	156	151	146	155	163	161	154	147
Macon	137	148	151	159	165	164	183	147	153	158	158	161	155	142
Miami	225	233	242	244	259	268	285	250	258	230	256	242	248r	251
New Orleans	135	125	135	137	145	141	147	140	144	144	148	145	139	130p
Tampa-St. Petersburg	173r	185r	181	203	202	207	219	209	209	214	212	207	203	191p
Dept. Store Stocks*	200	194r	190	191	191	192	192	198	202	207	205	200	198r	192p
Furniture Store Sales*/**	123	131r	138	143	139	139	153	145	145	152	148	161	154r	140p
Member Bank Deposits*	163	166	168	170	174	170	176	175	175	180	179	181	178	179
Member Bank Loans*	269	270	273	276	279	278	281	282	285	291	292	298	303	305
Bank Debits*	233	230	237	226	233	240	229	256	249	242	272	264	269	271
Turnover of Demand Deposits*	143	138	140	140	144	148	147	146	142	139	150	144	153	149
In Leading Cities	154	149	159	154	168	165	165	161	149	146	161	153	162	160
Outside Leading Cities	111	109	105	111	104	110	113	116	105	102	121	114	121	118
ALABAMA														
Nonfarm Employment	120	120	119	119	119	119	119	119	121	121	121	121	120	121
Manufacturing Employment	103	102	103	104	105	106	104	102	106	107	103	104	104	105
Manufacturing Payrolls	163	165	162	166	174	175	177	174	181	184	178	182	184r	190
Furniture Store Sales	113	122	134	135	128	130	145	138	136	136	131	147	154r	125p
Member Bank Deposits	140	140	145	146	150	150	154	152	153	158	155	155	154	154
Member Bank Loans	223	224	226	230	231	235	233	234	239	246	242	248	254	250
Farm Cash Receipts	113	128	152	142	147	143	130	97	106	101	111	126	123	n.a.
Bank Debits	197	199	204	200	206	209	207	230	220	214	230	230	227	227
FLORIDA														
Nonfarm Employment	176	175	176	177	180	182	182	183	183	182	180	182	183	184
Manufacturing Employment	172	169	166	171	174	178	181	182	181	180	179	181	183	185
Manufacturing Payrolls	273	264	271	280	292	301	307	311	315	311	304	306	313	307
Furniture Store Sales	141	145r	153	157	155	156	172	171	153	170	167	176	184	163
Member Bank Deposits	211	215	216	221	227	225	233	233	235	241	241	242	238	235
Member Bank Loans	426	431	444	441	447	449	456	457	463	477	477	485	492	500
Farm Cash Receipts	178	151	239	249	308	214	206	212	162	147	162	281	232	n.a.
Bank Debits	326	319	337	322	354	361	343	386	391	360	409	376	384	389
GEORGIA														
Nonfarm Employment	126	126	125	124	125	126	126	127	127	128	127	128	128	128
Manufacturing Employment	114	113	111	108	112	112	113	114	113	114	114	114	115	115
Manufacturing Payrolls	177	177	171	167	182	189	192	189	184	198	196	191	194r	202
Furniture Store Sales	113	128r	121	139	136	133	154	147	151	141	153	149	143	134
Member Bank Deposits	144	147	147	148	152	146	154	155	154	158	158	159	157	157
Member Bank Loans	212	211	212	213	216	213	212	219	223	226	227	230	237	235
Farm Cash Receipts	141	150	150	157	167	129	157	158	104	124	153	143	142	n.a.
Bank Debits	210	202	212	207	212	219	212	235	223	217	242	235	237	241
LOUISIANA														
Nonfarm Employment	131	130	129	129	127	127	127	127	127	127	127	128	127	127
Manufacturing Employment	97	96	96	95	93	93	93	93	94	95	94	93	92	93
Manufacturing Payrolls	169	168	171	169	166	163	168	167	163	171	166	170	171	172
Furniture Store Sales*	168	181r	171	181	178	177	189	181	166	197	196	171	174r	191p
Member Bank Deposits*	155	156	154	157	159	153	157	155	152	156	159	163	160	165
Member Bank Loans*	270	269	269	271	272	264	273	265	268	277	274	284	287	293
Farm Cash Receipts	113	111	96	115	147	143	109	72	99	114	109	103	112	n.a.
Bank Debits*	193	209	206	203	211	208	200	233	213	197	227	208	214	225
MISSISSIPPI														
Nonfarm Employment	125	125	125	125	124	124	125	127	127	128	127	129	129	128
Manufacturing Employment	121	122	123	123	123	125	127	128	129	131	129	128	128	128
Manufacturing Payrolls	207	226	221	221	226	230	238	240	239	240	239	241r	240r	243
Furniture Store Sales*	86	95	96	107	113	101	123	101	80	107	133	114	106	97
Member Bank Deposits*	166	172	185	186	186	184	192	194	197	198	195	197	190	198
Member Bank Loans*	303	304	308	334	337	367	352	359	359	363	369	361	367	378
Farm Cash Receipts	92	115	124	148	145	138	100	59	99	129	122	93	85	n.a.
Bank Debits*	175	172	182	190	191	207	200	219	208	210	235	212	206	221
TENNESSEE														
Nonfarm Employment	117	118	117	117	117	117	117	118	118	118	118	118	119	120
Manufacturing Employment	114	114	112	112	113	113	113	114	115	115	115	116	117	118
Manufacturing Payrolls	179	181	178	179	181	186	192	190	186	186	195	200	203r	203
Furniture Store Sales*	90	102r	106	109	104	105	105	103	103	112	113	111	114	109
Member Bank Deposits*	149	155	156	158	161	156	159	158	159	161	162	165	160	159
Member Bank Loans*	238	239	242	245	248	243	250	247	251	251	256	262	267	268
Farm Cash Receipts	85	107	116	103	113	114	112	77	114	114	100	98	107	n.a.
Bank Debits*	196	197	197	197	199	201	200	214	216	209	228	225	238	226

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

**Daily average basis.

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

SIXTH DISTRICT BUSINESS HIGHLIGHTS



MOST ECONOMIC INDICATORS *showed further expansion in March. Farm employment edged upward as spring planting got underway. Nonfarm employment continued to gain; the factory work week lengthened; and payrolls set a new record. Total spending continued the upward trend and lending by member banks showed additional strength.*

Nonfarm employment, seasonally adjusted, rose slightly further in March. Although the gain was not sufficient to change the charted index, it furthered the series of persistent increases characteristic of recent months. Both **manufacturing** and **nonmanufacturing employment** showed gains. **Manufacturing payrolls** increased to a new record, reflecting, in addition to the employment gain, a further rise in the **average work week.** The **rate of insured unemployment** continued to decline in March after allowance for seasonal changes.

Cotton textile activity further improved, judging from a slight rise in seasonally adjusted **cotton consumption. Construction contract awards** rose to a new record; employment figures indicate that total construction activity remained high. The new record in awards reflected, in part, an unusually large utility contract. **Crude oil production** in Coastal Louisiana and Mississippi rose further in March. **Steel mill operations** increased sharply and then advanced further in April.

Farm prices remained virtually unchanged in March. Increases in grain, cotton, citrus, beef cattle, and broilers offset declines in oil-bearing crops, milk, hogs, and eggs. Total **farm marketings** declined, however, as lower volumes of beef, hogs, and some vegetables moved to market. With the arrival of the spring planting season, employment increased on District farms. Farmers are, nevertheless, paying the same **wage rates** they paid during the like period last year.

Total spending, as measured by seasonally adjusted **bank debits,** edged upward during March to approximate December's all-time record. Figures through February on total **retail sales** showed continued improvement, reflecting in part better sales of automobiles. **Spending at department stores** increased in early April after having declined in March. **Furniture store sales,** after seasonal adjustment, also dropped in March and **sales at household appliance stores** declined contra-seasonally.

A better-than-seasonal rise occurred in March in **consumer instalment credit outstanding** at commercial banks. **Automobile loans** continued to move up sharply, and **loans to purchase other consumer goods** rose more than is usual for that month. **Member bank loans** in March, after seasonal adjustment, increased for the eighth consecutive month, as banks in Florida, Louisiana, Mississippi, and Tennessee registered gains. In April, total **loans at banks in leading cities** continued to register strength, as **business loans** rose more than in the corresponding period of previous years. **Member bank deposits,** after seasonal adjustment, changed little in March, as did **borrowings from the Federal Reserve Bank of Atlanta.** At the same time, banks reduced their **investments** further.