SIXTH FEDERAL RESERVE DISTRICT
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Monthly Review

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Also in this issue:

Federal Reserve Bank of Atlanta

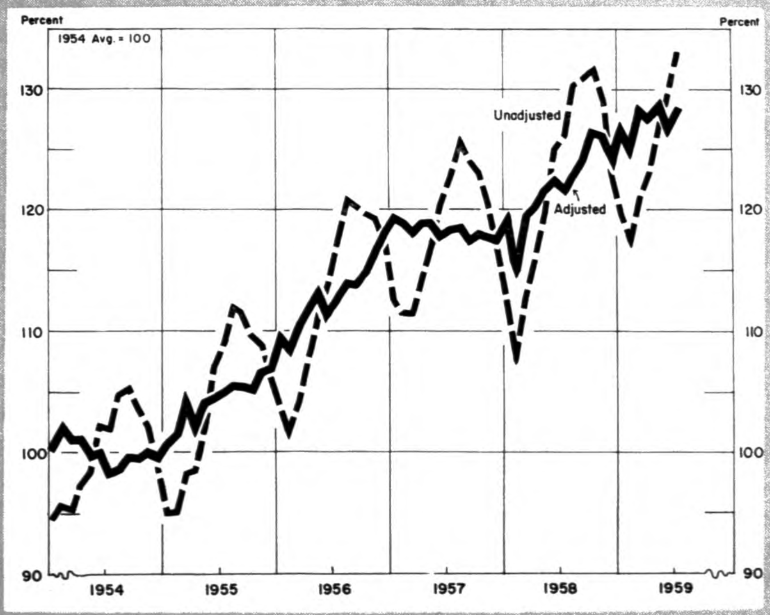
Construction Trends: Letup After a Pickup?

Construction activity in the Sixth Federal Reserve District may be taking at least a temporary breather following an upturn that contributed substantially to general economic recovery in this region. If this is the case, it is in contrast to what many observers expected—that a downturn would have started by this time. Instead of acting as a drag on general business conditions, therefore, the construction industry in this District has continued to support a high level of business activity in recent months. Whether or not it will continue to play such a salutary role is, of course, open to question. Straws in the wind suggest that offsetting trends among the various types of construction activity may be developing to give at least a period of little change for the District as a whole. As yet, there is no clear evidence of the downturn many have been expecting.

Stability After Rise

The accompanying chart on construction employment in Sixth District states—Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee—gives the best available indication of recent trends of construction activity in this region. Because the wide seasonal swings tend to obscure more basic changes, the actual employment figures, shown by

Construction Employment
Sixth District States, 1954-59



the dashed line, have been adjusted to eliminate the average seasonal changes. As the resulting seasonally adjusted line shows, construction activity reached a record high in May of this year. After a slight decline in June, activity recovered somewhat in July, giving a picture of high-level stability for the last five months. A gradual rise had been under way since the first quarter of 1958. As a result of this expansion in activity, construction employment in the five months ending with July 1959 averaged about 9 percent higher than during the first quarter of 1958.

The recent high in construction activity, following an advance during 1958 and early 1959, it should be emphasized, is a general picture of developments in the six states. As an old saying goes, however, "All generalizations are false, including this one," the essential truth of which is suggested by considerable variation from state to state. The general picture perhaps comes closest to describing developments in Florida, Georgia, and Mississippi, where construction activity, as measured by employment, has been at a record or near-record after a period of sharp advance. Florida's upward trend, however, continued through the first seven months of this year, while activity in Georgia has been fairly stable at an advanced level for about a year, and in Mississippi there has been a slackening after an unprecedented rise in the first half of last year. The scene in Tennessee has been similar to the composite picture in that the growth continued through 1958 and has stablized since then; the principal difference is that employment in Tennessee is still well below the record set in 1954. Alabama and Louisiana show the greatest variation from the composite picture. In those states, construction employment has shown no firm evidence of advancing in the last year and a half or two years, remaining well below earlier peaks.

Increase Nicely Timed

The fortunate timing of the growth in District construction activity is apparent when one considers that general economic activity in this region had been declining during the last half of 1957 and early 1958. Starting upward in early 1958, construction undoubtedly was a major factor in reversing the downward direction of business and in contributing to the economic recovery since about April last year. Even during the recession, construction employment held up well, providing support when it was needed.

Much of the credit for the construction industry's beneficial role over the last two years must go to homebuilding, the most important component of the construction industry. In this District, homebuilding began to pick up over two years ago, in the second quarter of 1957, and rose almost continually until it reached a record in the third quarter of 1958. Since that time, homebuilding has held at an advanced level.

During the 1957-58 recession, most observers expected a rise in homebuilding to follow easing of general credit demands and the increased availability of money. The sharpness of the rise, however, was probably greater than was expected. This, together with the expectation that increasing credit demands associated with economic recovery would draw investment funds away from mortgages, led to the belief that homebuilding could not be long sustained at the levels reached in late 1958. However, advance commitments, made in large volume when credit was relatively easy to finance homes built in more recent months, helped sustain homebuilding. Also helping were increases in yields on home mortgages and a continued large flow of savings into institutions specializing in home financing. These developments explain in large part why construction has not turned down.

True, homebuilding has been a major support in District construction, but it may yet be a source of uncertainty in the near-term outlook. The reasons leading to the expectation of a decline in homebuilding were, after all, valid ones. The realization simply may have been delayed. This possibility is suggested by housing starts for the nation which declined in May, and after a month of no change, again in July. In the meantime, mortgage funds have become somewhat less readily available than earlier in the year, and since national financial markets are an important source of funds for home financing in this District, this might have a depressing effect. Nevertheless, building permit data indicate the recent national decline in homebuilding has not yet been mirrored in this District.

Offsetting Trends Developing?

Although District homebuilding may well be lower in the coming months, developments in other types of construction also have to be reckoned with in assessing the overall industry. Detailed data on contract awards indicate that the increase during 1958 and early 1959 was due not only to greater homebuilding, but also to a sharp rise in commercial construction and in projects for building public works and utilities. Contracts for commercial construction have shown signs of leveling off recently, but unusually large projects for constructing public works and utilities promise to sustain District activity for some time. Another important development is that awards for industrial building, which were a serious drag on overall activity last year, have been up substantially this year. In general, these happenings are in accord with the findings of national surveys made earlier this year that businessmen plan to spend more for new plant and equipment this year than they did last year. If homebuilding eases off in the coming months, its role of sustaining economic activity may be taken over to an increasing extent by other types of construction activity.

That we are perhaps in for a period of watchful waiting is suggested by the index of construction contract awards included in the chart on the last page of this *Review*. A slight decline from the record volume set in March has occurred in recent months. Because the extraordinarily high volume reflected an unusual bunching of large projects which normally take a long time to complete, however, construction activity is likely to be sustained for a longer period than usual. Nevertheless, before a resumption of the upward movement in overall District construction activity can reasonably be expected, total contract awards will probably have to improve more than they did in July.

PHILIP M. WEBSTER

Loans for Property Improvement

LARGER FAMILIES A KEY FACTOR

Have you noticed the many building projects going on in the residential neighborhoods around town? If yours is a typical city in the Southeast, the project you see most frequently is the addition of a room, a carport enclosure, or a similar type of alteration. Bankers in this area tell us that these are the principal improvements for which homeowners seek help in financing.

The need for larger living quarters is one facet of the recent population increase about which little has been said. Some homeowners have solved the problem of providing more space for their larger families by moving to larger houses. Others, however, have accomplished the same thing by building on to their present houses. We have long been aware that the population growth during recent years has boosted the demand for all types of goods and services, and we now realize that it has had a strong impact on the home improvement business. Moreover, there has been a corresponding increase in demand for credit to finance the home improvements.

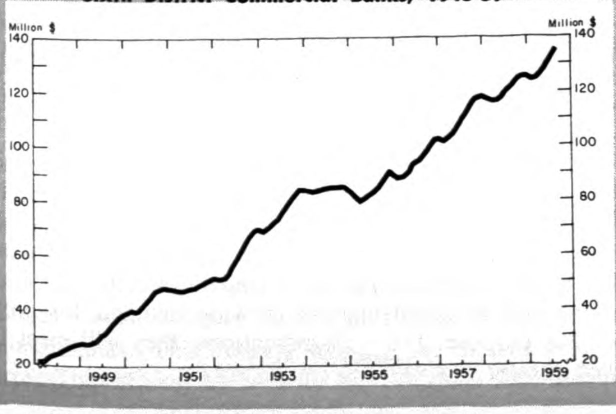
These conclusions are confirmed by a survey of 295 commercial banks in the Sixth District, which includes Alabama, Florida, and Georgia, the eastern two-thirds of Tennessee and the lower halves of Louisiana and Mississippi. Each of these banks was asked several questions about its home improvement loans. The banks that responded, over 90 percent of those asked, account for 93 percent of total improvement loans outstanding at all commercial banks in the District. Since most types of home improvement—or repair and modernization—projects are done with borrowed money, the replies from the bankers give us a good indication of the financing practices for home improvements.

According to the bankers, fix-up jobs—repainting, reroofing, addition of siding, and the like—were close behind room additions and alterations as a use of property improvement loans on both new and old houses. The addition of fences and awnings was third in importance, followed by installation of heating and air conditioning. An "all other" purpose was listed last.

Homeowners have not always found it so easy to arrange for credit to fix up their homes. It has only been since the mid-thirties that the use of the amortized, or monthly instalment, loan for property improvement or for the purchase of a home has become widespread.

Repair and Modernization Loans

Sixth District Commercial Banks, 1948-59



Twenty Years' Growth

Although an appreciable volume of such loans was made before World War II, most of the growth in property improvement loans in the nation, as in other forms of consumer credit, has occurred since the war. Total home improvement loans, or repair and modernization loans as they are sometimes called, amounted to $298 million at the end of 1939. The total declined during the war years to $182 million at the end of 1945. Since that time repair and modernization loans have grown rapidly, totaling by mid-1959 $2.2 billion. Thus, the expansion of home improvement loans has kept pace with the rapid growth in other types of consumer credit during this period.

The nation's commercial banks provide the bulk of credit to homeowners for property improvement. In mid-1959, commercial banks had $1.7 billion on their books out of a total of $2.2 billion outstanding at all lenders.

The rapid growth of property improvement loans during the last 20 years reflects a basic change in bankers' attitudes toward loans on real estate as well as the growing demand for these loans. Previously, bankers were reluctant to lend heavily on real estate in view of risks inherent in widely fluctuating real estate prices. The provision for the insurance of property improvement loans by the Federal Housing Administration beginning in 1934, however, eliminated much of the risk of such loans to the lending institutions. After banks and other lenders began making home improvement loans, moreover, they found that the loss rates on property improvement loans were lower than for many other types of consumer loans. This favorable loss experience on both FHA insured loans and on loans made wholly by banks undoubtedly has boosted home improvement loans.

Sixth District banks have more than kept pace with lenders in other parts of the nation in making repair and modernization loans, particularly in recent years. Their repair and modernization loans rose from $52 million at the end of 1951 to $135 million in July 1959, a gain of 160 percent. This compared with a gain of 80 percent at all commercial banks in the nation and a rise of about 100 percent by lenders of all types.

As would be expected most of the dollar amount of repair and modernization loans was for repair or remodeling of old houses, defined as those over two years old. Bankers estimated that, on the average, about 80 percent of their loans outstanding were made for improvements to old houses. It appears surprising, however, that 20 percent represented work on houses under two years old, on which, ordinarily, little repair or upkeep is necessary.

How do homeowners go about arranging for repair and modernization loans at commercial banks? The bankers reported that over half of the loans are made over the counter, that is, arranged personally by the borrower. The remaining homeowners fill out a loan application through their building material dealer or through their contractor. The dealer or contractor then forwards the application to the bank and usually has no further part in the loan agreement. This latter type of arrangement is generally referred to as dealer paper or indirect loans.

The Bank's Plan and the FHA Plan

A homeowner may apply for a loan that is insured by the Federal Housing Administration or he may elect to use his banker's own home improvement plan. In either case he applies for the loan either in person or through a contractor or dealer. If he elects the FHA plan and his credit is good, the FHA will insure the bank making the loan against loss. Such loans are insured under the FHA Property Improvement Plan (so-called Title I loans). Improvement loans on single-family homes made under this plan cannot exceed $3,500 and must be repaid in monthly instalments over a period not to exceed five years. The financing charge may not be greater than a discount of $5 per $100 per year on loans of $2,500 or less. These loans are available for most types of home improvement but certain projects such as swimming pools and tennis courts are not covered.

A home improvement loan under a bank's own plan is arranged in the same way—either directly or through a dealer. In the case of loans made under a bank's own plan, there is, of course, no limitation on the interest and other charges as is the case of FHA insured loans. Moreover, the loans may be made for any purpose that the bank considers sound.

Of the 278 banks reporting in the survey, 128, or 46 percent, make loans under the FHA plan only; 73 banks, or 26 percent, use their own plan only. The remaining 77 banks make loans under both the FHA and their own plan.

There is apparently a growing tendency for banks to emphasize their own home improvement plan rather than the FHA plan. Some banks apparently feel that their own plan involves less administrative cost and can accommodate worthwhile purposes that would not meet FHA requirements. Other bankers feel that small loans are not profitable under the FHA because servicing and administrative costs may come near, or even exceed, the maximum charges allowed by the FHA. Almost all of the banks indicated that they were charging customers the maximum rate (5 percent on the first $2,500) on loans made under FHA terms.

Our survey revealed that banks do charge homeowners a little more under their own plan than under the FHA plan. The majority of banks that supplied information on interest rates reported that they were charging 6 percent on the original amount. This charge usually included a premium on a life insurance policy on the borrower.

Bankers have apparently lengthened maturities on both FHA and their own home improvement loans since the end of 1957. Fifty-one percent of the banks reported a tendency toward longer maturities on FHA loans; 46 percent indicated no such tendency. Twenty-nine percent of the banks reported longer maturities on loans made under their own plan; 67 percent indicated no change.

Bank Lending Practices
Home Improvement Loans
278 Sixth District Member Banks

Type of loan; percent of banks using		
FHA plan only	46	
Own plan only	26	
Both plans	28	
	100	
How loans are arranged; percent of dollar volume at average bank		
	FHA	*Own Plan*
Personally	58	71
Building material dealer	23	15
Contractors	19	14
	100	100
Maturity of loan; percent of total outstandings*		
24 months or less	15	16
25-36 months	67	56
Over 36 months	18	28
	100	100
Average size of loan*	$494	$981
Reason for borrowing; ranked by relative importance		
Room addition and alteration		1
Roofing and siding		2
Fences and awnings		3
Heating and air conditioning		4
Other		5

* *Based on dollar figures supplied by 75 banks in survey.*

A part of the longer maturities has centered in loans with maturity of over 36 months. Eighty-four of the 204 banks answering this question stated that the proportion of FHA loans with maturities of over 36 months was higher than at the end of 1957; 28 banks indicated that this was true also for their own loans.

Home improvement loans usually are not secured. In addition to approving the homeowner's credit, therefore, banks and other lenders take care to see that the contractors performing the work are reputable. In the course of insuring property improvement loans, the FHA has developed a list of builders and contractors that are ineligible to work under the FHA insurance program. Banks and other lenders also refuse to make loans under their own plans when the work is to be performed by certain contractors. To further assure that acceptable construction methods are being used, lenders usually inspect the improvement, either while it is being made or after it has been completed. Not only are these precautions beneficial to the lender, they also protect the homeowner.

The average homeowner can, at one time or another, benefit from a home improvement loan. Because repairs and alterations are expensive, the homeowner usually finds it necessary to obtain credit to carry on the work. The nation's bankers and other lenders have proved equal to the task of supplying the growing demand for credit for this purpose. From all indications, they will meet the even greater demands of the future.

W. M. Davis

District Bank Lending in the Months Ahead

Bank lending generally moves forward at an accelerated pace during the latter part of the year because of a seasonal rise in the demand for credit. A review of loan trends over the past decade reveals that in each year the percentage increase in total loans outstanding at District member banks has been greater in the second half of the year than in the first six months. If this pattern were to continue, outstanding loans would rise at least 7.0 percent during July-December of this year. Whether loan expansion falls short of this mark or rises above it depends upon the oft-quoted factors: demand and supply.

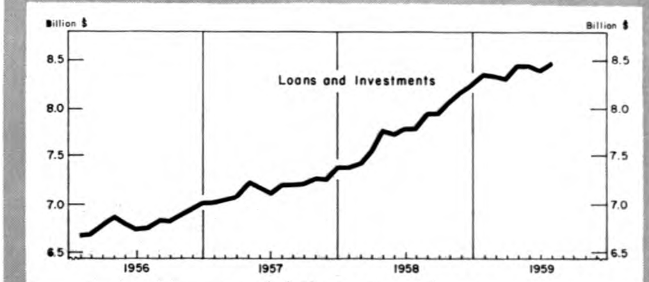
The underlying forces affecting the economy point upward, and barring a prolonged steel strike, demand for loans should continue active. Loan demand has been strong in the District throughout the general upswing in economic activity which has been under way since April 1958. Since that date, all major categories of loans have expanded sharply, and banks in all District states, particularly Georgia and Florida, have registered gains. The expansion in loans that has already occurred, coupled with Federal Reserve System actions designed to limit the supply of loanable funds, has, however, placed increased pressure on bank reserve positions. These pressures are reflected in certain measures of bank liquidity—the ratio of loans to deposits and the proportion of short-term Governments to total deposits—and the level of member bank borrowing.

With loans expanding at a much more rapid rate than deposits, the loan-deposit ratio is now substantially higher than it was at its 1957 peak. Also the ratio of bank holdings of U. S. Government securities with maturities of less than one year to deposits is lower now than during the period of credit stringency in 1957. Member bank borrowing from the Federal Reserve Bank of Atlanta, moreover, has risen sharply. Daily average borrowings in August totaled $114 million, $37 million higher than the average for the peak month in 1957.

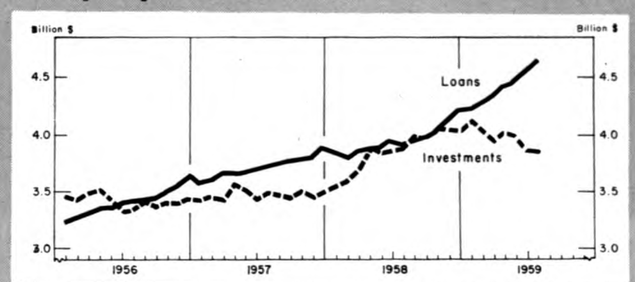
Pressures on bank reserves and related items, therefore, may affect the ability and to some extent the willingness of District member banks to continue to extend credit even at prevailing high rates. The ability of banks to lend in coming months will depend largely on their ability to obtain funds through sales of Governments. With security prices relatively low, particularly securities with maturities of 3 to 5 years, the banks' willingness to finance loan expansion in this way may be put to a real test, since such sales would involve some capital loss. It would also mean that District bankers are, on the average, moving toward the higher loan-asset ratios prevalent in the "twenties" and early "thirties."

At present the ratio of loans to total assets for District banks is lower than that for all banks in the United States. This reflects in part the slower rate of security liquidation by District banks in the first half of

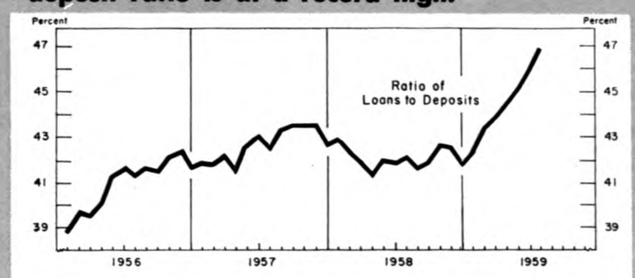
At Sixth District Member Banks total bank credit . . . loans and investments . . . rose only slightly during the first seven months of this year after increasing sharply during 1958.



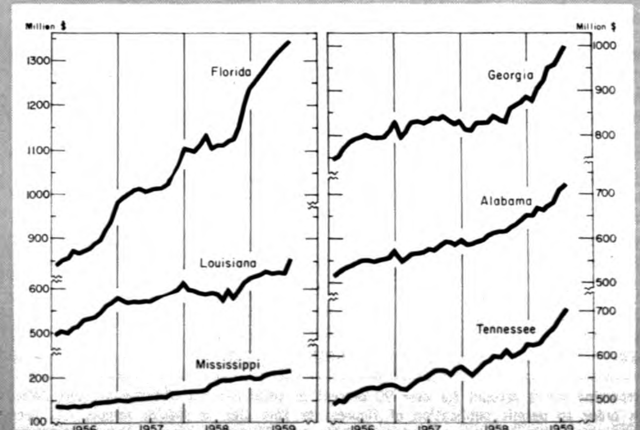
The slackened growth in bank credit reflects liquidation of bank investments . . . primarily U. S. Governments . . . which about offsets a sharp expansion in loans.



The expansion in loans has tended to outpace the growth in bank deposits, and the loan-deposit ratio is at a record high.



Loans have expanded, at varying rates, in all District states.



1959. With substantial holdings of intermediate and long-term U. S. Government securities still available, District banks may increase the rate at which they dispose of securities in the latter part of this year. If securities are sold, the sacrificing of high yields may have an important influence on the cost of credit in the loan market.

ALFRED P. JOHNSON

To Our Readers

With this issue, most of the readers of the *Monthly Review* are being sent a post card which is to be returned to us in order that we may bring our mailing list up to date.

Please check the spelling of the name, the address, adding the zone number where applicable, and return the card to us as soon as possible.

If this card is not returned, we shall assume that you are no longer interested in receiving the *Review*, and your name will be removed from the mailing list.

Department Store Sales and Inventories*

	Percent Change				
	Sales			Inventories	
	July 1959 from		7 Months 1959 from 1958	July 31, 1959 from	
Place	June 1959	July 1958		June 30 1959	July 31 1958
ALABAMA	—0	+5	+6	—2	+0
Birmingham	+6	+6	+4	—2	—0
Mobile	—4	+0	+6	..	..
Montgomery	—3	+9	+6	..	..
FLORIDA	—6	+11	+12	—0	+12
Daytona Beach	—6	+9	+10	..	..
Jacksonville	—4	+8	+13	+2	+7
Miami Area	—7	+12	+8	—0	+10
Miami	—7	+11	+5	..	..
Orlando	—4	+12	+14	..	..
St. Ptrsbg-Tampa Area	—5	+17	+19	—1	+25
GEORGIA	+0	+6	+6	+11	+18
Atlanta**	+4	+6	+6	+15	+21
Augusta	—5	+19	+15	..	..
Columbus	—8	—2	—1	—4	+5
Macon	—6	+2	+5	+0	+11
Rome**	—16	+18	+21	..	..
Savannah	—7	+4	—0	..	..
LOUISIANA	—5	+6	+5	+1	+0
Baton Rouge	—9	—4	+4	—1	+5
New Orleans	—4	+10	+6	+1	—0
MISSISSIPPI	+0	+11	+11	+8	+5
Jackson	+3	+11	+11	+9	+7
Meridian**	+2	+9	+8	..	..
TENNESSEE	+1	+10	+9	+2	+13
Bristol-Kingsport-Johnson City**	—12	+6	+6	—3	+5
Bristol (Tenn. & Va.)**	—14	+7	+4	—9	—5
Chattanooga	—3	+6	+10	..	..
Knoxville	+7	+18	+10	+8	+21
DISTRICT	—3	+8	+8	+3	+10

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

Bank Announcement

On August 1, the Union State Bank, Pell City, Alabama, a nonmember bank, began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers are Pat Roberson, President; J. Fall Roberson, Sr., Vice President; Harold D. King, Cashier; and Adell H. Parker and Lois Compton, Assistant Cashiers. Capital stock totals $100,000 and surplus and undivided profits $227,275.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

				Percent Change		
				July 1959 from		Year-to-date 7 Months 1959 from 1958
	July 1959	June 1959	July 1958	June 1959	July 1958	
ALABAMA						
Anniston	45,728	40,096	35,131	+14	+30	+17
Birmingham	875,180	906,012	722,167	—3	+21	+15
Dothan	32,280	31,423	27,376	+3	+18	+12
Gadsden	40,183	38,399	31,482	+5	+28	+20
Huntsville*	61,418	62,536	55,518	—2	+11	+24
Mobile	283,841	300,850	241,402	—6	+18	+12
Montgomery	172,451	168,506	146,974	+2	+17	+21
Selma*	23,636	22,565	20,499	+5	+15	+11
Tuscaloosa*	54,592	49,957	50,928	+9	+7	+13
Total Reporting Cities	1,589,309	1,620,344	1,331,477	—2	+19	+15
Other Cities†	752,798	718,265	636,517	+5	+18	+19
FLORIDA						
Daytona Beach*	67,198	60,698	61,451	+11	+9	+9
Fort Lauderdale*	211,851	202,881	172,377	+4	+23	+11
Gainesville*	39,682	41,839	36,275	—5	+9	+13
Jacksonville	800,767	812,782	761,909	—1	+5	+12
Key West*	16,211	16,375	14,232	—1	+14	+11
Lakeland*	76,154	76,663	64,389	—1	+19	+18
Miami	906,210	870,680	753,891	+4	+20	+16
Greater Miami*	1,352,908	1,291,733	1,148,090	+5	+18	+15
Orlando	256,297	252,924	202,039	+1	+27	+28
Pensacola	98,451	89,986	79,413	+9	+24	+12
St. Petersburg	245,894	223,179	186,594	+10	+32	+21
Tampa	428,901	428,365	343,191	+0	+25	+19
West Palm Beach*	134,967	125,555	117,980	+7	+14	+16
Total Reporting Cities	3,729,281	3,622,980	3,187,940	+3	+17	+16
Other Cities†	1,624,007	1,536,046	1,361,158	+6	+19	+16
GEORGIA						
Albany	61,000	65,094	57,477	—6	+6	+12
Athens*	40,730	38,543	36,411	+6	+12	+8
Atlanta	2 052,331	1,980,702	1,730,024	+4	+19	+15
Augusta	109,678	111,357	91,613	—2	+20	+13
Brunswick	27,006	26,509	21,835	+2	+24	+25
Columbus	109,155	106,920	100,041	+2	+9	+9
Elberton	9,073	9,172	9,696	—1	—6	+4
Gainesville*	49,898	48,580	50,356	+3	—1	+1
Griffin*	18,855	18,324	15,927	+3	+18	+14
LaGrange*	20,818	19,356	17,967	+8	+16	+15
Macon	124,417	118,956	107,610	+5	+16	+16
Marietta*	31,746	30,679	25,104	+3	+26	+22
Newnan	18,732	15,810	17,645	+18	+6	+8
Rome*	45,640	43,853	37,119	+4	+23	+15
Savannah	206,954	213,501	177,071	—3	+17	+15
Valdosta	41,464	33,619	26,316	+23	+58	+32
Total Reporting Cities	2,967,497	2,880,975	2,522,212	+3	+18	+14
Other Cities†	928,773	891,638	765,917	+4	+21	+18
LOUISIANA						
Alexandria*	74,671	73,892	69,193	+1	+8	+8
Baton Rouge	274,908	265,354	251,076	+4	+9	+10
Lafayette*	67,883	65,004	54,970	+4	+23	+18
Lake Charles	88,379	84,854	81,065	+4	+9	+6
New Orleans	1,380,466	1,328,096	1,239,689	+4	+11	+7
Total Reporting Cities	1,886,307	1,817,200	1,695,993	+4	+11	+8
Other Cities†	553,763	571,843	512,189	—3	+8	+15
MISSISSIPPI						
Biloxi-Gulfport*	51,563	49,502	47,283	+4	+9	+18
Hattiesburg	38,537	35,634	32,598	+8	+18	+15
Jackson	295,947	306,253	273,862	—3	+8	+27
Laurel*	28,796	27,134	24,034	+6	+20	+18
Meridian	46,286	47,428	38,794	—2	+19	+19
Natchez*	22,831	21,572	19,411	+6	+18	+13
Vicksburg	19,946	19,080	17,843	+5	+12	+7
Total Reporting Cities	503,906	506,603	453,825	—1	+11	+23
Other Cities†	261,577	253,454	223,454	+3	+17	+17
TENNESSEE						
Bristol*	46,159	49,495	39,996	—7	+15	+17
Chattanooga	362,906	339,963	281,147	+7	+29	+20
Johnson City*	43,553	44,769	39,026	—3	+12	+8
Kingsport*	89,649	81,825	68,448	+10	+31	+18
Knoxville	246,300	233,237	212,534	+6	+16	+12
Nashville	717,699	713,825	641,221	+1	+12	+18
Total Reporting Cities	1,506,266	1,463,114	1,282,372	+3	+17	+17
Other Cities†	564,478	550,567	442,446	+3	+28	+19
SIXTH DISTRICT	16 867,962	16,433,029	14,415,500	+3	+17	+15
Reporting Cities	12,182,566	11,911,216	10,473,819	+2	+16	+14
Other Cities†	4,685,396	4,521,813	3,941,681	+4	+19	+17
Total, 32 Cities	10,417,367	10,218,566	8,940,726	+2	+17	+15
UNITED STATES						
344 Cities	235,625,000	228,615,000	206,521,000	+3	+14	+9

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

Sixth District Indexes

Seasonally Adjusted (1947-49 = 100)

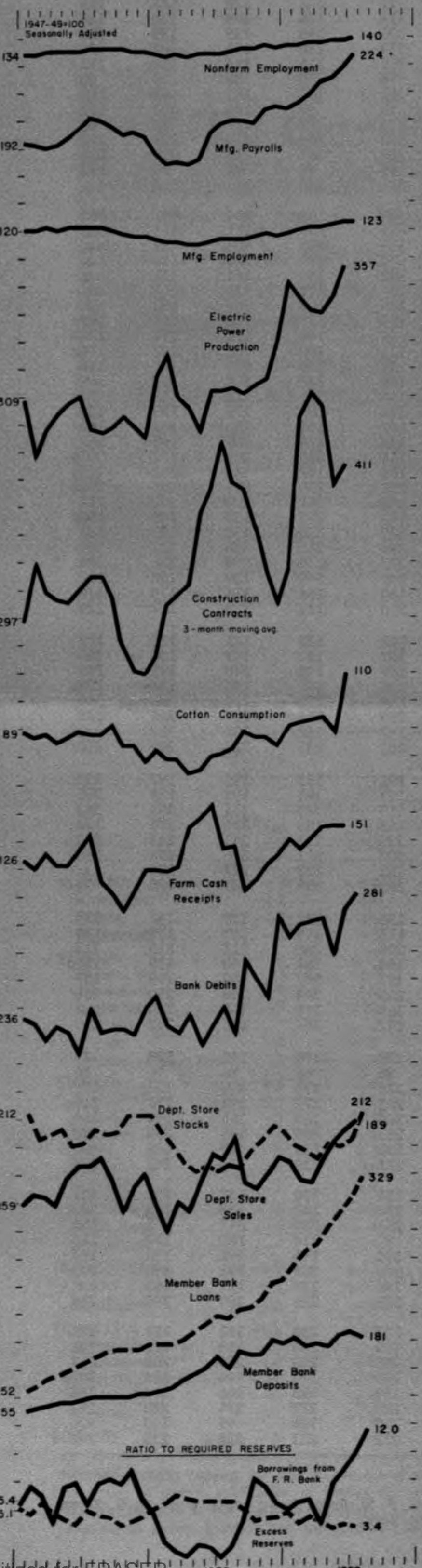
	1958							1959						
SIXTH DISTRICT	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY
Nonfarm Employment	134	134	135	136	136	137	136	137	137	138	138	139	139	140
Manufacturing Employment	116	117	117	117	118	119	118	119	120	121	121	122	123	123
Apparel	168	170	168	167	169	170	172	173	174	174	176	179	182	186
Chemicals	132	130	130	127	127	128	129	132	132	133	135	135	135	135
Fabricated Metals	175	178	181	182	179	178	179	182	178	179	180	181	182	181
Food	109	111	110	112	113	112	112	113	114	115	115	113	114r	112
Lbr., Wood Prod., Fur. & Fix.	74	75	76	79	80	80	79	79	80	78	79	80	79	80
Paper & Allied Products	154	154	156	159	159	159	160	160	161	161	161	163	163r	165
Primary Metals	91	89	88	89	94	90	92	91	92	95	98	100	103	102
Textiles	84	85	85	86	86	86	86	86	87	88	87	88	88	88
Transportation Equipment	210	208	221	220	203	213	217	213	205	200	207	210	207	213
Manufacturing Payrolls	195	199	200	200	199	204	205	204	206	209	214	215	219r	224
Cotton Consumption**	80	81	83	89	87	87	84	91	92	93	94	92	89	110
Electric Power Production**	312	312	313	311	314	316	330	351	346	341	340	346	357	n.a.
Petrol. Prod. in Coastal Louisiana & Mississippi**	167	170	176	187	190	190	201	192	193	189	198r	206r	206	207
Construction Contracts*	394	427	397	393	364	333	309	336	445	463	453	397	411	n.a.
Residential	381	377	413	421	433	375	367	364	382	394	398	429	433	n.a.
All Other	405	468	384	371	308	298	262	314	496	520	499	370	393	n.a.
Farm Cash Receipts	165	134	136	104	112	123	130	141	134	142	150	151	151	n.a.
Crops	146	90	118	82	84	99	92	128	113	105	127	131	112	n.a.
Livestock	184	184	182	185	217	216	211	162	164	185	183	181	192	n.a.
Dept. Store Sales*/**	177	175r	183	167	165	170	176	174	168	167	175	182	186	189p
Atlanta	169	168	183	158	154	161	162	164	161	155	169	161	174	178p
Baton Rouge	199	185	187	179	180	214	204	195	180	171	190	187	192	178p
Birmingham	130	128r	147	133	131	129	138	136	127	127	135	135	127	136
Chattanooga	144	159	161	150	154	163	156	162	154	148	148	164	161	168
Jackson	106	111	124	107	111	126	124	124	116	104	111	121	114	124p
Jacksonville	126	127	138	129	135	136	142	143	141	136	130	135	139	138
Knoxville	137	139	156	151	146	155	163	161	154	147	151	153	148	164
Macon	165	164	183	147	153	158	158	161	155	143	170	166	168	167
Miami	260	269r	285	250	258	230	256	242	248	251	263	269	277	301p
New Orleans	146	141	147	140	144	144	148	145	139	130	142	144	151	155p
Tampa-St. Petersburg	202	207	219	209	209	214	212	207	203	221	230	251	245	241p
Dept. Store Stocks*	191	193r	192	198	202	207	205	200	198	195	201	200	202	212
Furniture Store Sales*/**	138	140r	153	145	145	152	148	161	154	141	157	153	148	158p
Member Bank Deposits*	174	170	176	175	175	180	179	181	178	179	178	182	183	181
Member Bank Loans*	279	278	281	282	285	291	292	298	303	305	311	316	321	329
Bank Debits*	233	240	230	257	250	243	273	265	270	271	272	259	276	281
Turnover of Demand Deposits*	144	148	147	146	142	139	150	144	153	149	145	158	152	162
In Leading Cities	168	165	165	161	149	146	161	153	162	160	164	174	174	179
Outside Leading Cities	104	110	113	116	105	102	121	114	121	118	112	126	117	124
ALABAMA														
Nonfarm Employment	118	118	118	118	120	120	120	121	120	121	120	121	121	122
Manufacturing Employment	104	104	104	104	104	104	105	105	106	107	107	107	106	109
Manufacturing Payrolls	175	175	177	175	182	186	179	182	185	189	193	190	195r	198
Furniture Store Sales	129	128r	145	138	136	136	131	147	154	125	145	135	134r	129p
Member Bank Deposits	150	150	154	152	153	158	155	155	154	154	156	157	160	160
Member Bank Loans	231	235	233	234	239	246	242	248	254	250	254	259	266	275
Farm Cash Receipts	147	143	130	97	106	101	111	126	123	147	148	132	162	n.a.
Bank Debits	206	210	208	231	221	216	232	233	232	231	235	227	249	250
FLORIDA														
Nonfarm Employment	182	186	186	188	188	188	187	188	189	191	193	195	197	199
Manufacturing Employment	178	183	185	187	187	186	186	188	190	193	195	195	198	201
Manufacturing Payrolls	298	309	313	320	326	322	316	318	326	319	343	351	351	363
Furniture Store Sales	155	155r	172	171	153	170	167	176	184	163	183	176	175	178
Member Bank Deposits	227	225	233	233	235	241	241	242	238	235	233	241	243	238
Member Bank Loans	447	449	456	457	463	477	477	485	492	500	511	526	534	544
Farm Cash Receipts	308	214	206	212	162	147	162	281	232	182	230	227	236	n.a.
Bank Debits	354	360	342	384	388	357	403	370	378	383	379	387	420	424
GEORGIA														
Nonfarm Employment	128	128	129	130	130	130	130	131	131	131	132	132	132	134
Manufacturing Employment	113	114	114	116	115	116	116	115	116	117	118	119	119r	120
Manufacturing Payrolls	186	193	195	191	190	201	200	195	197	204	206	211	215	219
Furniture Store Sales	134	129r	154	147	151	141	153	149	143	134	151	148	139	157p
Member Bank Deposits	152	146	154	155	154	158	158	159	157	157	157	160	159	157
Member Bank Loans	216	213	212	219	223	226	227	230	237	235	244	246	250	256
Farm Cash Receipts	167	129	157	158	104	124	153	143	142	169	150	158	140	n.a.
Bank Debits	212	219	212	236	224	218	243	236	238	242	247	235	252	260
LOUISIANA														
Nonfarm Employment	129	127	127	128	128	128	129	129	129	128	128	128	128	127
Manufacturing Employment	95	94	95	96	96	98	97	96	95	96	96	96	96	96
Manufacturing Payrolls	167	164	168	167	165	172	169	173	173	175	178	179	175r	177
Furniture Store Sales*	175	183r	189	181	166	197	196	171	174	203	177	191	177	209p
Member Bank Deposits*	159	153	157	155	152	156	159	163	160	165	160	165	165	160
Member Bank Loans*	272	264	273	265	268	277	274	284	287	293	293	295	295	302
Farm Cash Receipts	147	143	109	72	99	114	109	103	112	130	123	159	146	n.a.
Bank Debits*	211	209	201	235	215	199	230	210	216	227	230	218	241	231
MISSISSIPPI														
Nonfarm Employment	127	127	127	130	130	131	130	132	131	131	130	132	131	131
Manufacturing Employment	125	127	129	130	132	133	132	131	131	131	132	134	133	133
Manufacturing Payrolls	231	235	246	247	247	248	245	247	246	251	250	247	247r	254
Furniture Store Sales*	113	101	123	101	80	107	133	114	106	97	114	120	132	115
Member Bank Deposits*	186	184	192	194	197	198	195	197	190	198	195	191	195	197
Member Bank Loans*	337	367	352	359	359	363	369	361	367	378	383	391	398	403
Farm Cash Receipts	145	138	100	59	99	129	122	93	85	146	129	139	163	n.a.
Bank Debits*	191	207	201	221	211	214	233	217	210	226	226	209	240	234
TENNESSEE														
Nonfarm Employment	119	119	119	120	120	120	120	120	121	122	123	122	123	123
Manufacturing Employment	113	113	114	115	116	116	116	117	118	119	119	119	120	121
Manufacturing Payrolls	182	187	193	192	187	187	196	202	204	205	208	206r	206r	213
Furniture Store Sales*	103	96r	105	103	103	112	113	111	114	109	114	116	116	100p
Member Bank Deposits*	161	156	159	158	159	161	162	165	160	159	162	166	164	165
Member Bank Loans*	248	243	250	247	251	251	256	262	267	268	272	276	283	287
Farm Cash Receipts	113	114	112	77	114	114	100	98	107	119	109	95	113	n.a.
Bank Debits*	199	201	202	217	220	213	235	230	243	232	231	228	238	242

*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



ECONOMIC ACTIVITY *increased in July. This was reflected in rising loans and borrowings by member banks. Also, nonfarm employment rose further, and manufacturing payrolls set a new record. Consumers and merchants continued to borrow and spend at high levels. Farm marketings declined seasonally, but a record harvest is in prospect for this fall.*

Nonfarm employment, seasonally adjusted, edged upward in July, extending the gradual rise that started about 15 months earlier. Most states showed continued gains or little change in employment following a period of improvement. Louisiana, however, showed a further decline. **Manufacturing payrolls** also increased. Reflecting improved employment, the **rate of insured unemployment** dropped after allowance for seasonal changes.

Construction activity, as measured by employment, expanded slightly in July, recovering most of the preceding month's decline. The three-month average of **construction contract awards,** including July data, rose somewhat, but was still well below the record set in March of this year. Seasonally adjusted **cotton consumption** rose sharply in July, more than recovering declines in the two preceding months. **Steel activity** at mills in Birmingham and Gadsden, Alabama, was virtually halted in mid-July by the strike.

The normal seasonal decline in **farm marketings** continued during July, and farm prices dropped further. **Employment** on farms edged downward signaling a lull between the crop cultivating and harvesting seasons. Seasonally adjusted **demand deposits** at banks in agricultural areas rose in July, reflecting a rise in **farm cash receipts** for the first half of the year. **Crop conditions** remain favorable and indicators point to a record crop for 1959.

Retail sales were unchanged in June, when they normally decline, but **automotive sales** were up strongly. **Department store sales,** seasonally adjusted, reached a new high in July, with increases occurring in nearly every major metropolitan area; preliminary data for August show even further increases. **Department store stocks** increased slightly and **outstanding orders** were unchanged at the high levels reached in previous months. **Furniture store sales** in July declined less than seasonally, with sharp gains actually occurring in Georgia (especially Macon) and in Louisiana. **Appliance store sales** increased, spurred by sharp gains in Georgia cities other than Atlanta; in the appliance sections of department stores, sales of radios, television sets, and phonographs registered far sharper gains than most other appliances.

Export trade through District ports declined about as much as it usually does in June, but the dollar volume of **imports** increased more than customarily, especially in the New Orleans customs district. July **bank debits,** measuring the dollar volume of spending by check, again established a record, increasing less than seasonally only in Louisiana and Mississippi.

Consumer instalment credit outstanding in July rose at all institutions except department stores. Much of the increase at commercial banks was accounted for by personal loans; automobile paper outstanding changed little. **Trade loans** by commercial banks increased during August, with loans to wholesale establishments mounting twice as rapidly as loans to retailers. **Consumer saving** declined slightly in July, as time deposits and savings and loan shares were virtually unchanged and ordinary life insurance sales went down appreciably.

Member bank loans, seasonally adjusted, increased at an accelerated pace in July, as gains occurred in all District states. **Member bank deposits** declined after seasonal adjustment, except in Alabama, Mississippi, and Tennessee, and banks continued to dispose of a modest amount of **investment.** In August, **total loans at banks in leading cities** rose about normally and **member bank borrowing from the Federal Reserve Bank of Atlanta** set a new high.