



Monthly Review

Atlanta, Georgia
September • 1960

Consumption, Saving, and Southern Economic Growth

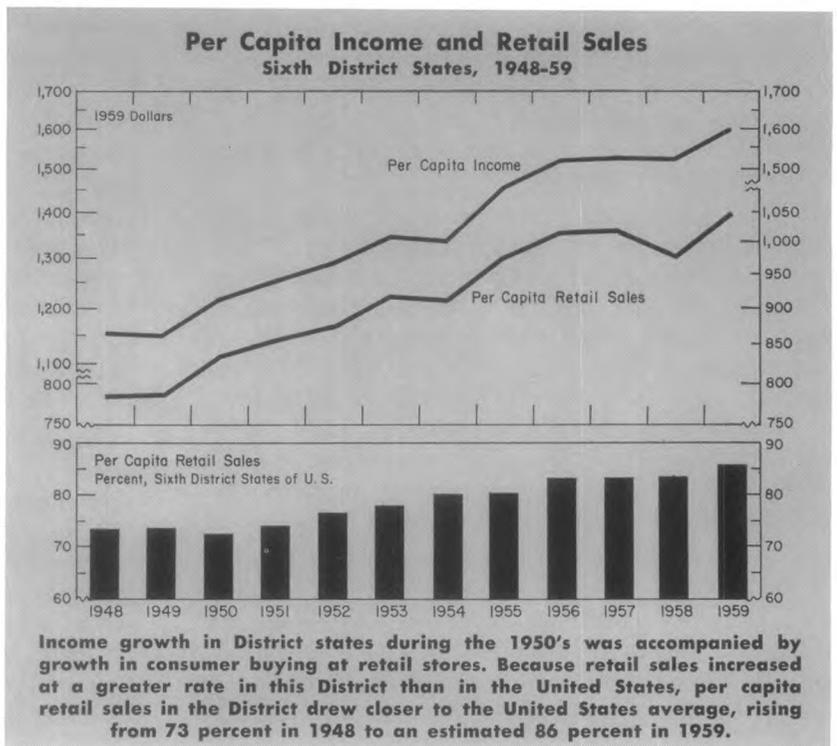
How well it satisfies the wants of consumers is the final test of the success of any economic system. Factories, farms, transportation facilities, mines, and all other parts of the productive apparatus are merely means to an end. If this is so, the success of economic growth in the South can be determined by ascertaining how much better consumer wants are satisfied now than they were before the growth.

By this test, the economy of the Sixth Federal Reserve District was doing a much better job of satisfying the wants of consumers at the end of the 1950's than at the beginning. Data used as the basis for this judgment cover those states that lie wholly or partly in the Sixth District—Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee. On a per capita basis, consumers in District states were spending \$357 more at retail stores in 1959 than they were ten years earlier. Even though those dollars bought less in 1959, the rise in real terms was substantial—\$214 measured in constant dollars of 1959 purchasing power. For the average family, this meant \$706 of additional purchases at the retail level, about a fourth more than in 1950. Along with this increase in goods buying were similar ones in purchases of services and housing and in other consumption expenditures. Per capita expenditures at service establishments, for example, were \$56 greater in dollars of 1959 purchasing power in 1958 than in 1948.

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Federal Reserve Bank of Atlanta



An improvement in the level of living, as measured by additional goods and services consumed, characterized the whole American economy during the 1950's. What distinguishes the improvement in the Southeast is that it was greater, measured either by percentage rate of increase or by actual dollar expenditures. Per capita retail sales, in dollars of constant purchasing power, increased 26 percent in District states from 1950 to 1959; per capita sales throughout the United States increased 6 percent. The increase in per capita sales, measured in dollars of constant purchasing power, in the same period in the District was much greater than the figure of \$66 for the nation. Clearly, the South, if the Sixth District is typical, was one of the most rapidly growing markets for consumer goods in the country.

There are two basic reasons for this "explosion" in spending. The first is that income grew at a rapid rate in the South, which has been discussed in earlier issues of this year's *Review*. The second was that Southern consumers went out and spent more of their additional income than consumers elsewhere. For each dollar increase in per capita income in District states between 1950 and 1959, per capita retail sales increased 62 cents; for each dollar increase in United States per capita income, per capita retail sales increased 41 cents.

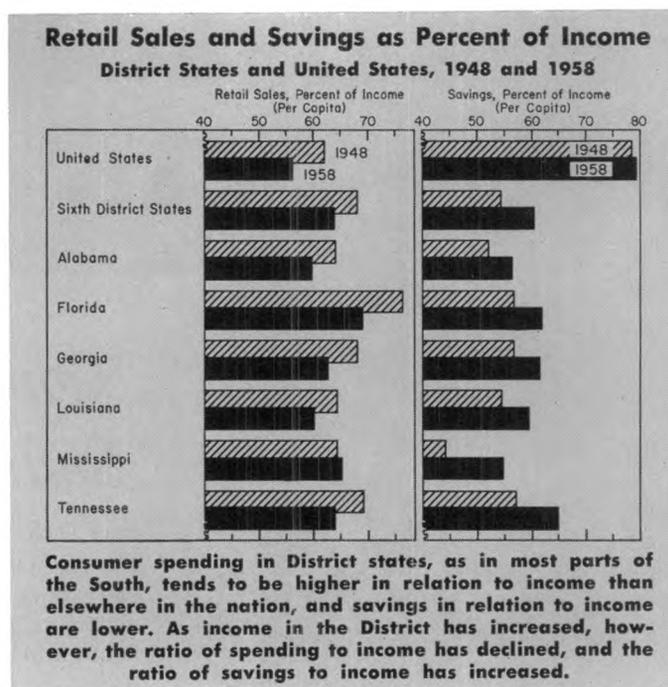
Propensity to Consume

Economists have coined the term "propensity to consume" to describe the way consumers tend to divide their incomes between spending and saving. They use "marginal propensity to consume" to describe the way consumers spend additions to their income. On the basis of these definitions and our spending and savings data, the average consumer in the District had a higher marginal propensity to consume during the 1950's than other American consumers. This tendency varies from state to state, according to data for 1948 and 1958, years for which state data on sales are available.

The other side of the picture, of course, is the marginal propensity to save. This, we would expect from what we have learned about spending, to be lower in the South than throughout the nation, and available savings data support this conclusion.

We get a fairly good picture of the changes in total savings by looking at changes in certain forms of long-term savings—time deposits at commercial banks, savings and loan shares, life insurance equities, United States savings bonds, and postal savings deposits. The total of these long-term savings, on a per capita basis, increased in District states from \$549 in 1950 to \$978 in 1959. The dollar increase for District states of \$429, as we would expect, was lower than the national one of \$513. Were measures of other types of savings available, they would probably show similar relationships.

Why did Southerners spend such a large share of their increased income? Economists and other scholars have devoted years of concentrated effort trying to answer that question as it applies to consumers in general. They have found that like answers to other economic questions, the answer is extremely complex. In general, however, they



conclude that "other things being equal" the lower the income, the greater the proportion of the income spent and the smaller the proportion saved. It follows that a larger share of added income will be spent by those with lower incomes than by those with higher incomes.

At the beginning of the 1950's, per capita personal income in the District was much higher than it had been during preceding years, but it was still only 67 percent of the national average. True to the theory, spending in 1950, as measured by per capita retail sales, was higher in relation to per capita income than in the nation, 68 percent compared with about 64 percent. Yet, we cannot explain the state-to-state differences in spending rates solely by differences in income. These differences are also explained by such factors as average family size, age distribution, proportion of urban or rural population and so on, all of which influence consumer spending habits.

In general, the changes in these factors that accompanied economic growth in the 1950's were the kinds that encouraged spending. Among these was the shift from the farm to the city. As a rule, persons living in urban areas tend to spend more of their incomes for consumer goods than those living on farms. Thus, since the number of persons living in metropolitan areas in the District increased from 39 percent of total proportion in 1950 to 47 percent in 1960, there was a continued stimulus to a higher rate of spending from the greater urbanization.

Another change was the out-migration from the South, which left the area with a higher proportion of its population in the non-productive age groups, the young and the old, than was true of the United States. Spending in relation to income is generally high when an area's population is heavily concentrated in these age groups. Since the number of persons less than 21 years of age and over 65 increased from 48 percent of the area's total population in 1950 to 51 percent in 1958, some stimulus to spending may have come from this development.

A Rapidly Expanding Consumer Market

Reasons for the higher propensity to consume in this part of the South could be explored further. The important thing for businessmen, who are seldom interested in finely spun theories, however, was the rising demands for goods and services. These demands created a better market.

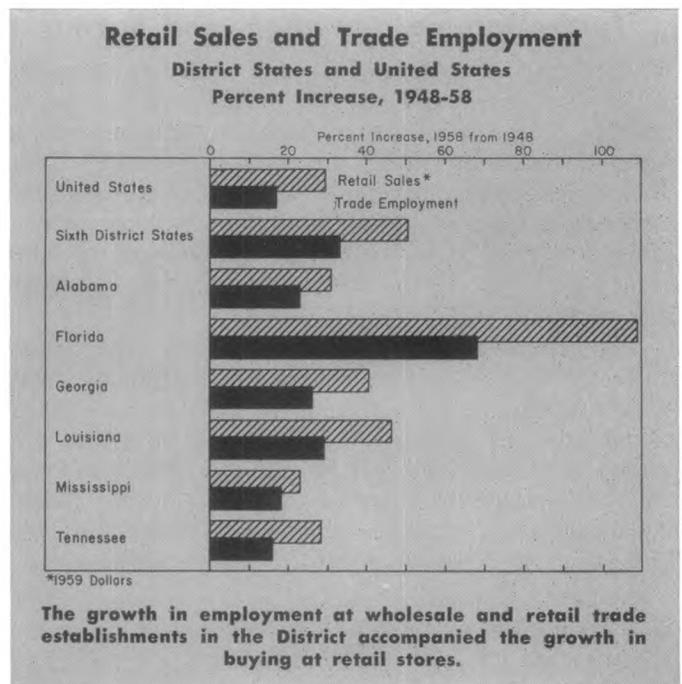
To meet these new demands, retail establishments added more workers; some of them refurbished and enlarged their stores. National chains, always on the lookout for new opportunities to sell, opened outlets in the area; sales managers of firms with nationwide distribution, after seeing rising sales curves for their Southern territories, found it worthwhile to establish distribution centers and area offices and to send experienced personnel from other parts of the country into the South. Some manufacturers, who had formerly met the demands for their products exclusively from factories outside the South, opened branch plants to supply the Southern market. Bankers found the new high incomes of Southern consumers a sound basis for increased consumer credit.

So intertwined is our distribution system with other types of economic activity that it is impossible to measure exactly the impact of increased consumer spending upon the structure of the area's economy. The number of persons employed in retail and wholesale establishments is about the best measure available. Between 1950 and 1959, some 237,000 workers were added to the payrolls of retail stores and wholesalers in District states. Service employment increased 99,000. For the entire District, the increase in trade employment was far greater than that in factory employment. Wage and salary income from trade in the six states in 1959, making up 19 percent of total wage and salary payments, was \$2 billion greater than it was in 1950.

These figures are inflated to some extent by the tremendous growth in Florida, where satisfying the needs of tourists is such an important activity. Nevertheless, the growth of employment in trade was greater than in manufacturing in each District state except Mississippi and Tennessee; in these two states the gain in trade employment was not far behind that in manufacturing. Thus, the growing consumer market has been a strong inducement on willingness to invest in manufacturing plants, although it cannot be measured statistically.

Stimulus or Drag to Economic Growth?

Not everyone has been happy about this upsurge of spending and the tendency of Southerners to spend rather than to save out of their larger incomes. Some economists, as well as others interested in economic development in the South, have wondered if this high rate of spending has hampered income growth. Consumption, they argue, is the result and not the cause of income growth. The growth in trade employment, they point out, merely paralleled the income growth; it did not cause it. Income, they say, can grow in the South only if the South's economy becomes more productive and if higher productivity results largely from more capital investment. Investment must be financed out of savings, they argue, and in the final analysis savings consist of spending for investments rather than for consumption. If Southerners insist on spending



so much, Where are the investment funds to come from? they ask.

Anyone taking the trouble can show, for example, that if the increase in per capita long-term savings in the District between 1950 and 1959 had borne the same relation to the increase in per capita income there that it did in the United States, per capita savings in the District in 1959 would have been \$1,025 instead of \$978. Would this have meant more capital available for investment and hence greater income growth?

Were the South a separate country with legal and other barriers preventing access to capital investment funds from other areas, as is sometimes the case in underdeveloped areas in many other parts of the world, it would be easy to see that Southerners' high propensity to consume had hampered economic growth. But the South is not a separate country; it is part of a nation where investment funds are free to flow to wherever economic opportunity beckons. Fortunately for its economic growth, the South did not have to rely entirely upon resources made available by its own savers.

The substantial flow of investment funds into the area has been described from time to time in this *Review* (See Readings in Southern Finance No. 1, *Sources and Uses of Investment Funds in the Southeast*). Yet some types of enterprises, such as those started and carried on by small businessmen, do not always have easy access to funds outside the South, and it is possible that the contribution to income growth from expansion in these types of businesses may have been limited by inadequate local savings. The inducement to make investments to satisfy a growing consumer market in the area, however, may have compensated for this by attracting investment funds into the area. Certainly the record shows a tremendous expansion of capital investment in the Southeast despite the high rate of consumption. Even if consumers in the area had spent less and saved more, local savings would have been inadequate to finance the investment that occurred.

Future Income, Spending, and Saving

The tremendous upsurge in consumer spending during the 1950's has been explained by the high rate of income growth and the propensity of Sixth District consumers to spend a substantial share of their increased incomes. Thus, the future trend of spending in this part of the Southeast depends upon answers to two questions: Will income continue to grow? Will Southerners continue to spend a larger share of this increased income than consumers elsewhere?

Earlier articles in this series on income growth have indicated that the future of the Southern economy is tied closely to that of the nation. If we assume that this nation's economic growth will continue, we may also conclude, on the basis of experience, that the South will continue to increase its share of expanding income. Under these conditions, consumer spending will continue to grow somewhat more rapidly in this area than elsewhere.

As incomes increase, however, and the average income in the South more closely approaches that in the nation, the strength of factors that brought about a tendency for Southerners to spend more of their incomes tends to diminish. As his income has increased, the Southern con-

sumer has become more like the average American consumer. He saves more and spends less. Indeed, this has been going on ever since the South began to catch up in income. Nevertheless, an elimination of the still existing differential between the District and the United States in the immediate future seems unlikely. In 1959, per capita retail sales in the District were still 65 percent of per capita income, compared with 57 percent for the United States.

The 1960's, therefore, are likely to see the South continue as one of the nation's most rapidly growing consumer markets in relation to income growth. The pace of activity, in terms of rates of growth, may be a little slower than it has in the past because Southerners may be expected to more nearly approach the savings habits of the nation. If a shortage of local savings has indeed hampered economic growth, the growth in savings accompanying income expansion may help solve the problem. In the 1960's, the South will probably continue to be a very attractive market for consumer goods, but it will also offer an improved opportunity for savings institutions to attract a greater part of Southerners' income. In any event, the Southern consumer should be better off.

CHARLES T. TAYLOR

Seasonal Adjustment

An Aid to Economic Understanding

Scattered throughout the *Monthly Review*, frequently making up a part of the labeling for the charts, you will see statistical series described as "seasonally adjusted." Sometimes, to vary the reference, economists and statisticians speak of changes "after allowance for seasonal variations," or "after adjustment for seasonal influences." Whatever the form of expression, it is clear that something has been done to the basic data. To those unfamiliar with the terms, however, it may not be clear just what has been done and why and how. The sceptic might consider seasonal adjustment a deliberate effort to confuse the interpretation of economic developments. In reality, however, it is an effort to clarify them.

What

The accompanying chart showing changes in department store sales is used here to illustrate what we mean by "seasonal adjustment." The line portraying changes in the actual dollar volume of department store sales before adjustment reveals what every shopper knows from her own experience with the changing size of shopping crowds: The department store business typically booms with the approach of Easter in either March or April and really zooms with the approach of Christmas. These changes, because they repeat themselves in more or less the same pattern every twelve months, are called seasonal variations. The adjusted line in the chart differs from the unadjusted in that these seasonal variations have been removed. In other words, the figures have been "seasonally adjusted."

Swings in consumer demand associated with holidays explain the major seasonal changes in department store sales, but department store owners will tell you that changes in the weather also have a strong influence on the demand for their goods. This is particularly true of specific items such as air conditioners and refrigerators, which sell in largest volume during warm weather. Most types of business activity experience similar swings in demand associated with calendar dates and the weather. In the automobile industry, for example, such swings are related to good driving weather and to the introduction of new models each autumn. Similarly, the advent of cold weather brings an increase in the demand for fuels.

Seasonal variations in the supply of goods are also important in many types of business activity. A good example of this is the seasonal increase in farm income associated with the harvesting of crops. Seasonal changes are important not only in agriculture but also in other outdoor activities such as construction work.

Why

Although the term "seasonal adjustment" may have seemed confusing, you now undoubtedly recognize seasonal variations as a phenomenon with which you have been familiar in many phases of your everyday life. You will also recognize that you have made allowances for, or adjustments to, these seasonal variations in planning activities that might be affected by them. The shopper knows when to expect crowds in department stores and so plans to either avoid them or brave them. Your own

experience, therefore, gives a clue to one reason why seasonal variations in economic series are studied—so that they may be identified and taken into account for planning purposes.

The chart of department store sales suggests that a major task of a department store manager is to plan for seasonal swings in the volume of his business, building up inventories of goods in anticipation of periods of high sales activity and providing for adequate sales personnel. Businessmen in other lines of activity study seasonal variations in order to improve efficiency or possibly to smooth out seasonal swings by diversifying their operations. Government officials, too, must plan for seasonal swings of various kinds. Postal officials, for example, anticipate the inevitable rush to mail gifts as Christmas approaches. The difficulties they face at this season are responsible for the constant urging to shop and mail early, which advice would undoubtedly ease the last minute rush if it were followed. Seasonal movements, then, are frequently important in and of themselves.

In many cases, however, a more important reason for studying seasonal movements is the desirability of eliminating their influence on statistical series. While business and government officials must plan for seasonal ups and downs in activity, it is frequently important to focus attention on more fundamental changes taking place in a particular business or in the economy as a whole.

For the man looking to the needs of his business five or ten years hence, the question becomes, "What has been the long-run trend in my firm's operations?" To the man whose business is subject to alternating periods of high and low activity during a period spanning several years, the question is, "In what direction has my business been heading over the last few months?" To the Federal Reserve authorities, responsible as they are for setting monetary and credit policies appropriate to the economic environment, it is a matter of extreme importance to discern as quickly as possible fundamental changes in business activity. Frequently, however, they are obscured by seasonal movements. The identification of seasonal movements is therefore essential so that they may be eliminated and thus allow the more fundamental changes to be more clearly discerned.

This problem, too, is illustrated by the chart. The predominant movement in department store sales, shown by the unadjusted line, is the wide variation from the January low to the December peak of each year. It is only after these seasonal swings have been eliminated that we can see more clearly the underlying trends of sales. We see, for example, the effects on department store sales of the general business recession in late 1957 and early 1958 and of the subsequent recovery. We also see more clearly the long-run upward trend of department store sales.

When studying seasonal variations for their own sakes or when seeking to eliminate them and so to uncover more fundamental changes, businessmen, economists, and government officials are really searching for causes of fluctuations in business activity in order to improve the decision-making process.

How

Realizing that seasonal variations can be thought of simply as the typical manner in which an economic series fluctuates each year, you may have anticipated that the adjustment is made by finding the average pattern and eliminating it. In principle, the procedure is just that simple. Difficulties usually arise, however, in determining the average behavior, because seasonal changes are but one of several broad types of change affecting economic data. They are generally superimposed upon a long-run upward or downward trend and are complicated by alternating periods of prosperity and recession, as well as by irregular fluctuations. Much study, therefore, was needed to develop methods designed to isolate seasonal movements from these other types of changes.

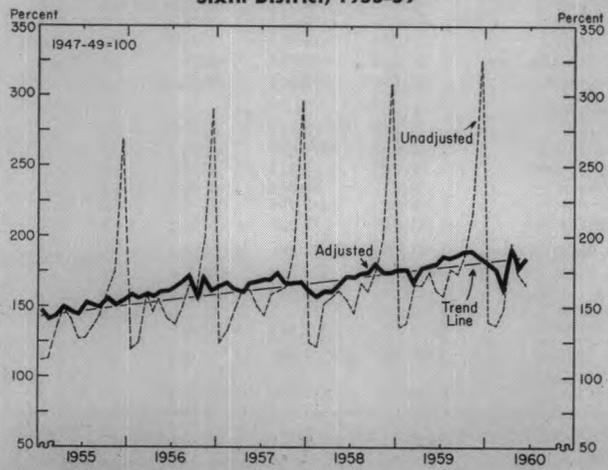
Various methods are used to seasonally adjust statistical data, ranging from those giving only rough approximations to those yielding more refined results. Some averaging procedure is usually used. The more refined methods involve a large number of tedious calculations to obtain first approximations of desired results, followed by repetitions of the procedure and careful reviews of the results to obtain the desired answers. The details involved in these methods need not concern us here. Suffice it to say that the process yields a figure for each month, which, divided into the observed data, eliminates the seasonal movement and so gives the more fundamental changes that are of greater concern. For the charted series on department store sales, this has meant lowering the observed figures for November and December and raising those for other months.

Like most other phenomena in a dynamic economy, seasonal patterns change from time to time. The increased use of air conditioning in recent years, for example, has helped to smooth the seasonal fluctuations in the sales of electricity. Seasonal adjustment factors must therefore be reviewed periodically to detect any changes in the seasonal patterns.

Fortunately for those who must seasonally adjust statistical series and review them periodically, methods have been adapted for processing by electronic computers, which eliminates the necessity for many tedious manual calculations. With the possibility of this type of statistical analysis thus greatly broadened, the term "seasonal adjustment" is bound to be encountered more and more frequently.

PHILIP M. WEBSTER

Seasonal Adjustment of Department Store Sales
Sixth District, 1955-59



Statistics on Commercial Banks

Sixth District, 1950-59

A compilation of monthly, quarterly, and semi-annual data for commercial banks on loans, deposits, and investments, classified by states, and by reserve city and country banks for the years 1950-59 may be obtained from the Research Department of this Bank upon request.

Bank Announcements

On August 1, the University City Bank, Gainesville, Florida, a nonmember bank, formerly operated as the Industrial Savings Bank of Gainesville, began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers are John E. Pierson, President; Gerald Green, Executive Vice President; F. A. Canova, W. H. Chandler, P. A. Johnson, Vice Presidents; and Charles D. Mier, Cashier. Capital totals \$150,000 and surplus and undivided profits \$150,000.

The Federal Reserve Bank of Atlanta is pleased to welcome the following four banks to membership in the Federal Reserve System:

August 10: The Granite City Bank, Elberton, Georgia. Officers are A. D. Wilburn, President; Frank S. Fortson, Vice President; James M. Cleveland, Vice President and Cashier; Mrs. Dorothy M. Gaines and Thompson Holloman, Assistant Cashiers. Capital totals \$150,000 and surplus and other capital funds total \$244,000.

August 15: The National Bank of Albany, Albany, Georgia. J. W. Toney is Chairman of the Board; E. C. Lancaster, President; Hal B. Brimberry, Vice President, and W. W. Jordan, Vice President and Cashier. Capital stock totals \$500,000 and surplus and other capital funds total \$250,000. This is a new bank.

August 15: The Bank of Georgia, Atlanta, Georgia. Officers are Joseph Earle Birnie, President; Rowland A. Radford, Senior Vice President and Cashier; R. W. Schilling, Senior Vice President; Roy Collier, Jr., James H. Dickson, Jr., Hugh W. Haynes, Charles B. Turner, Vice Presidents; James C. Hughes, L. D. Jolley, Jr., Assistant Vice Presidents; J. Herbert Bolton, Robert E. Campbell, Charles M. Reagin, Richard E. Sterne, Assistant Cashiers; and A. M. Stewart, Auditor. Capital stock totals \$1,000,000 and surplus and other capital funds exceed \$1,650,000.

August 19: The Commercial National Bank of Pensacola, Pensacola, Florida. This was formerly the Industrial & Savings Bank of Pensacola. Officers are W. A. Leonard, Chairman of the Board and President; Jack McCormack, Vice President; Volney K. Day, Vice President and Cashier; and Robert L. Sanders, Jr., Assistant Cashier. Capital stock totals \$400,000 and surplus and other capital funds total \$268,000.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

	July 1960	June 1960	July 1959	Percent Change		
				July 1960 from 1959	June 1960 from 1959	7 Months from 1959
ALABAMA						
Anniston	42,305	42,279	45,728	+0	-7	+2
Birmingham	826,752	838,242	875,180	-1	-6	+1
Dothan	33,104	34,315	32,280	-4	+3	+7
Gadsden	35,979	37,700	40,183	-5	-10	-2
Mobile	279,471	308,479	283,841	-9	-2	+4
Huntsville*	59,015	62,516	61,418	-6	-4	-2
Montgomery	149,997	161,180	172,451	-7	-13	-2
Selma*	21,994	25,425	23,636	-14	-7	+6
Tuscaloosa*	52,034	52,534	54,592	-1	-5	+6
Total Reporting Cities	1,500,651	1,562,670	1,589,309	-4	-6	+1
Other Cities†	697,297	740,545	740,607	-6	-6	+3
FLORIDA						
Daytona Beach*	59,630	57,815	67,198	+3	-11	-3
Fort Lauderdale*	187,810	203,602	211,851	-8	-11	+3
Gainesville*	43,462	43,819	39,682	-1	+10	+11
Jacksonville	783,739	885,307	800,767	-11	-2	+5
Key West*	14,300	16,145	16,211	-11	-12	-3
Lakeland*	71,392	80,309	76,154	-11	-6	+6
Miami	833,401	897,275	906,210	-7	-8	+3
Greater Miami*	1,236,037	1,314,965	1,355,280	-6	-9	+1
Orlando	237,163	262,923	256,297	-10	-7	+6
Pensacola	84,322	92,131	98,451	-8	-14	+1
St. Petersburg	211,036	210,931	245,894	+0	-14	-1
Tampa	384,284	435,222	428,901	-12	-10	+2
W. Palm-Palm Bch*	117,589	133,273	134,967	-12	-13	-3
Total Reporting Cities	3,430,764	3,736,442	3,731,653	-8	-8	+2
Other Cities†	1,609,869	1,701,670	1,690,469	-5	-5	+6
GEORGIA						
Albany	50,955	51,501	53,844	-1	-5	+8
Athens*	40,651	41,382	40,730	-2	-0	+6
Atlanta	2,018,820	2,152,688	2,052,331	-6	-2	+6
Augusta	109,182	109,344	109,678	-0	-0	+6
Brunswick	24,713	23,508	24,616	+5	+0	+3
Columbus	103,255	105,617	109,155	-2	-5	+3
Elberton	10,698	10,260	9,073	+4	+18	+9
Gainesville*	50,262	50,548	49,898	-1	+1	-3
Griffin*	17,377	20,072	18,855	-13	-8	+3
LaGrange*	21,198	19,031	20,818	+11	+2	-3
Macon	119,024	122,952	124,417	-3	-4	+2
Marietta*	32,694	32,652	31,746	+0	+3	+4
Newman	18,961	19,894	18,732	-5	+1	+14
Rome*	47,813	48,683	45,640	-2	+5	+13
Savannah	191,308	206,731	206,954	-7	-8	-1
Valdosta	34,121	33,901	41,464	+1	-18	-1
Total Reporting Cities	2,891,032	3,048,764	2,957,951	-5	-2	+5
Other Cities†	975,894	984,042	943,632	-1	+3	+9
LOUISIANA						
Alexandria*	71,566	75,879	74,671	-6	-4	+1
Baton Rouge	265,618	273,117	274,908	-3	-3	+4
Lafayette*	59,733	61,015	67,883	-2	-12	-4
Lake Charles	75,331	78,510	88,379	-4	-15	-9
New Orleans	1,307,356	1,399,825	1,391,667	-7	-6	+3
Total Reporting Cities	1,779,604	1,888,346	1,897,508	-6	-6	+2
Other Cities†	597,075	617,277	604,520	-3	-1	+2
MISSISSIPPI						
Biloxi-Gulfport*	49,978	50,599	51,563	-1	-3	+3
Hattiesburg	38,876	38,388	38,537	+1	+1	+6
Jackson	323,673	286,680	295,947	+13	+9	+4
Laurel*	26,393	27,900	28,796	-5	-8	+6
Meridian*	42,067	44,951	46,286	-6	-9	-1
Natchez*	21,820	22,575	22,831	-3	-4	+3
Vicksburg	19,306	20,311	19,946	-5	-3	+4
Total Reporting Cities	522,113	491,404	503,906	+6	+4	+4
Other Cities†	265,576	278,524	280,121	-5	-5	+5
TENNESSEE						
Bristol*	46,632	48,113	46,159	-3	+1	+2
Chattanooga	304,902	345,699	362,906	-12	-16	+0
Johnson City*	43,225	44,817	43,553	-4	-1	+4
Kingsport*	86,911	84,848	89,649	+2	-3	+5
Knoxville	238,413	248,799	246,300	-4	-3	+4
Nashville	706,915	723,820	717,699	-2	-2	+1
Total Reporting Cities	1,426,998	1,496,096	1,506,266	-5	-5	+2
Other Cities	593,176	579,467	588,126	+2	+1	+4
SIXTH DISTRICT	16,290,049	17,125,247	17,034,068	-5	-4	+3
Reporting Cities	11,551,162	12,223,722	12,186,593	-6	-5	+3
Other Cities†	4,738,887	4,901,525	4,847,475	-3	-2	+5
Total, 32 Cities	9,905,047	10,502,480	10,419,022	-6	-5	+3
UNITED STATES						
344 Cities	223,608,000	250,837,000	235,637,000	-7	-1	+6

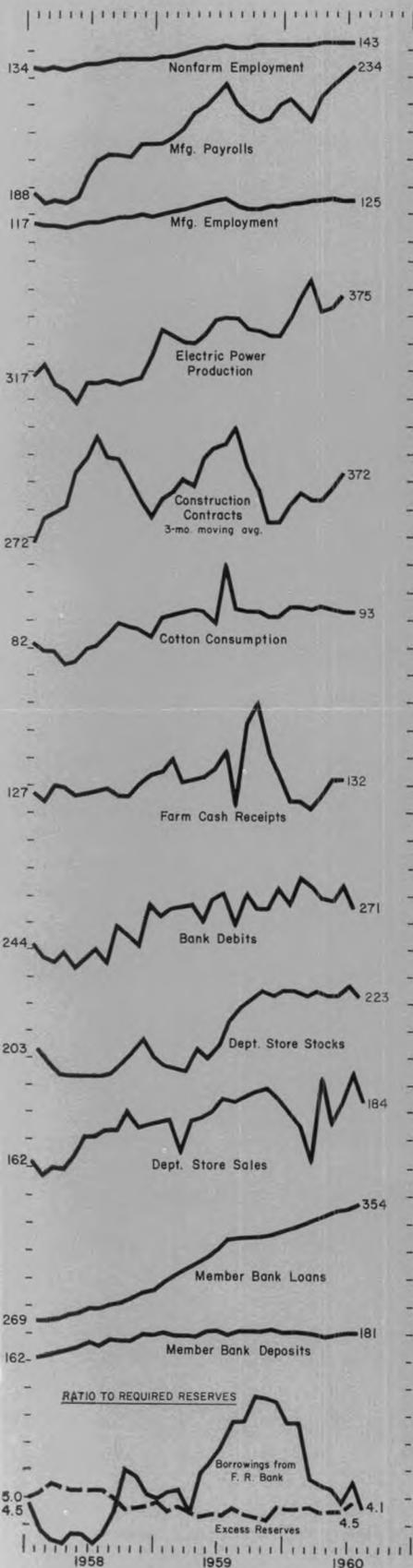
*Not included in total for 32 cities that are part of the national bank debit series.
†Estimated.

Sixth District Indexes

Seasonally Adjusted (1947-49 = 100)

	1959							1960						
SIXTH DISTRICT	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY
Nonfarm Employment	141	142	141	141	142	142	142	142	142	142	143	143	143	143
Manufacturing Employment	125	126	123	122	122	123	123	124	124	125	125	126	125	125
Apparel	187	191	190	190	190	189	191	192	190	191	194	195	195	196
Chemicals	134	134	135	131	130	130	132	132	133	132	135	135	136	135
Fabricated Metals	192	191	184	186	182	183	185	191	193	190	188	192	194	194
Food	114	114	113	114	115	116	113	117	117	115	116	117	116	116
Lbr., Wood Prod., Fur. & Fix.	81	81	81	80	81	80	80	80	80	79	79	79	79	78
Paper & Allied Products	164	166	164	166	164	161	160	166	165	164	166	167	165	166
Primary Metals	104	104	79	79	79	97	103	101	100	95	98	99	99	97
Textiles	89	89	88	89	88	87	87	87	87	88	87	87	87	88
Transportation Equipment	210	216	215	214	221	195	199	209	208	206	210	211	206	200
Nonmanufacturing Employment	148	149	149	149	150	150	149	150	150	149	151	150	150	150
Manufacturing Payrolls	223	228	220	216	214	215	220	222	218	214	223	227	230	234
Cotton Consumption**	90r	110	94	93	93	91	91	95	95	94	95	94	93	93
Electric Power Production**	357	359	359	351	350	346	345	358	375	387	363	366	375	n.a.
Petrol. Prod. in Coastal														
Louisiana & Mississippi**	200	195	203	207	215	214	231	227	226	228	224	222r	224	227
Construction Contracts*	411	416	440	380	350	302	302	328	345	333	333	351	372	n.a.
Residential	433	425	444	440	441	373	367	351	366	360	356	384	387	n.a.
All Other	393	410	436	331	276	245	249	309	327	311	315	325	360	n.a.
Farm Cash Receipts	136r	142	123	153r	160r	142r	133r	124r	124r	121	126	132	132	n.a.
Crops	111r	122r	95r	140r	149r	120r	99r	93r	96r	95r	100	111	98	n.a.
Livestock	188r	188r	179	187r	179r	185r	184r	169r	176r	179	188	185	192	n.a.
Department Store Sales**	180	185	184	186	188	189	185	180	175	162	192	176	183r	194p
Department Store Stocks*	204	214r	219	222	225	223	225	225	223	225	223	223	227r	223p
Furniture Store Sales**	148	158	161	149	158	163	151	166	143	129	149	145	142	147
Member Bank Deposits*	183	180r	183	183	182	184	181	182	181r	180	178	180	181r	181
Member Bank Loans*	321	329	330	331	331	332r	335	337	340	344r	347	350r	351	354
Bank Debits*	279	283	259	281	271	270	286	275	294	288	278	277	288	271
Turnover of Demand Deposits*	152	162	154	150	147	150	154	154	156	153	148	163	159	162
In Leading Cities	174	179	174	164	153	160	166	166	168	167	167	181	183	179
Outside Leading Cities	117	124	115	118	109	109	121	119	120	119	114	126	119	129
ALABAMA														
Nonfarm Employment	125	126	122	122	122	125	125	126	125	124	125	126	126	126
Manufacturing Employment	109	111	103	102	100	107	108	108	107	106	108	109	109	109
Manufacturing Payrolls	200	204	179	172	173	188	194	198	192	190	195	198	201r	201
Department Store Sales	163r	168r	177	167	172	162	163	165	158	156	176	162	171r	178
Furniture Store Sales	134	139	143	139	138	134	128	148	133	112	127	128	127r	124
Member Bank Deposits	159r	160	160	160	159	159	158	159	158	160r	157r	159	160r	162
Member Bank Loans	266	275	269	270	272	272r	273r	279	283	284r	296	300	292	299
Farm Cash Receipts	119r	122r	121r	154r	159r	112r	112r	113r	122r	125r	122	131	123	n.a.
Bank Debits	248	248	221	243	236	224	247	236	245	244	240	240	245	234
FLORIDA														
Nonfarm Employment	196	200	200	200	200	199	197	197	197	197	199	201	202	204
Manufacturing Employment	202	206	206	206	206	203	201	204	204	202	205	209	211	213
Manufacturing Payrolls	358	372	378	377	377	371	374	366	364	352	372	389	392	406
Department Store Sales	245	249r	263	252	248	264	257	250	240	245	274	260	264	277
Furniture Store Sales	175	178	212	177	180	203	195	189	174	157	181	175	167	167
Member Bank Deposits	243	239r	246	247	245	245	241	242	237	234	230	235r	238	239
Member Bank Loans	534	544	548	550	546r	547	548r	546	550r	546r	553	554	559	563
Farm Cash Receipts	238r	239r	210r	248r	202r	190r	201r	231r	206r	171r	217	225	187r	n.a.
Bank Debits	426	429	395	437	422	414	424	391	423	410	387	404	443	399
GEORGIA														
Nonfarm Employment	134	136	135	136	136	136	136	137	136	135	138	137	136	135
Manufacturing Employment	122	124	122	123	123	120	121	122	122	122	122	122	122	121
Manufacturing Payrolls	220	225	221	213	216	208	210	216	211	205	215	223	221	227
Department Store Sales	166	172	170	170	175	176	172	172	164	156	170	169	164	175
Furniture Store Sales	139	159	163	144	159	157	150	149	127	120	142	132	135r	135
Member Bank Deposits	159	157	162	160	160	163	158	161	161r	158	157	161	160	157
Member Bank Loans	250	256	260	259r	261	266	267r	269	271	268r	271	275r	277	278
Farm Cash Receipts	134r	159r	133	151r	155r	134r	153r	130r	134r	146	153	144	150	n.a.
Bank Debits	252	261	239	258	249	244	261	254	265	254	254	257	269	258
LOUISIANA														
Nonfarm Employment	130	130	129	130	130	130	130	131	131	130	131	131	130	130
Manufacturing Employment	96	95	94	94	95	94	93	94	95	95	95	95	95	95
Manufacturing Payrolls	174	175	175	175	167	168	168	173	173	176	179	178	178r	178
Department Store Sales	162	156r	160	153	154	158	155	155	150	147	156	152	161	159
Furniture Store Sales	177	193	178	193	171	195	184	188	192	172	176	175	184r	203
Member Bank Deposits*	165	160	160	160	157	160	158	161r	159	160r	163r	161	161	160
Member Bank Loans*	295	302	299	304	307	309	311	312r	316	335	332r	338	333	334
Farm Cash Receipts	128r	107r	95r	117r	123r	127r	112r	90r	90r	94r	89	101	119	n.a.
Bank Debits*	244	236	227	252	229	216	238	207	224	244	233	233	253	225
MISSISSIPPI														
Nonfarm Employment	133	134	133	135	135	136	135	138	137	136	137	137	136r	136
Manufacturing Employment	132	133	133	134	134	134	135	135	134	133	134	135	134	133
Manufacturing Payrolls	246	250	250	251	239	242	244	253	247	254	249	244	256r	253
Department Store Sales	178	176	171	161	172	160	169	161	154	155	169	154	175	175
Furniture Store Sales*	132	115	129	95	83	117	133	106	99	94	100	113	107	113
Member Bank Deposits*	195	197	194	195	202	204	208	200	202r	205r	199	198	195	196
Member Bank Loans*	398	402r	402r	411	392	392	403	414	422r	418	422	433	438	449
Farm Cash Receipts	98r	108r	110r	134r	147r	145r	128r	92r	91r	115r	101	105	97r	n.a.
Bank Debits*	246	240	230	242	234	237	252	226	244	246	236	222	243	241
TENNESSEE														
Nonfarm Employment	125	125	124	124	124	124	124	124	124	123	126	125	125	125
Manufacturing Employment	123	124	123	123	122	123	123	124	123	123	124	124	124	125
Manufacturing Payrolls	211	216	220	215	212	212	214	219	219	208	225	223	223r	226
Department Store Sales	157	165	155	158	161	164	157	154	145	137	159	146	155r	167p
Furniture Store Sales*	116	105	122	109	108	102								

SIXTH DISTRICT BUSINESS HIGHLIGHTS



RECENT DIVERSE MOVEMENTS in a number of economic indicators have been reflected in stable nonfarm employment at the advanced level reached several months ago. Consumers increased their spending somewhat and reduced their rate of saving. Farm employment increased slightly; crop growth in most places was favored with beneficial rains. Member bank loans rose and deposits remained virtually unchanged. Borrowings by member banks from the Federal Reserve Bank of Atlanta declined.

Nonfarm employment continued unchanged in July, after allowance for seasonal variation. Although stability was the rule, Florida, with a further slight rise, and Georgia, with a further slight decline, provided exceptions. **Manufacturing employment** remained the same, reflecting small offsetting movements among major types of activity. **Payrolls**, seasonally adjusted, rose to a new record, however, because of a gain in average weekly earnings.

Construction contracts rose further in June after seasonal adjustment, as indicated by the latest three-month average of data through July. Construction employment increased slightly in July. **Cotton consumption**, a measure of cotton textile activity, was maintained near the relatively high average of recent months. **Crude oil production** in Coastal Louisiana and Mississippi rose, but remained somewhat below the previous record. **Steel mill operations** remained at a low volume in July and August.

Department store sales, seasonally adjusted, hit a new record in July, reflecting greater strength than was indicated by preliminary estimates. Early estimates for August, however, show a downturn in that month. July gains were especially noticeable in Florida cities and Macon, but sales in most areas in Louisiana and Mississippi continued to lag. **Furniture store sales** in July rebounded from the relatively low June volume but remained well below a year ago. **Household appliance store sales** rose somewhat more than they usually do.

Consumer saving in the form of **savings and loan shares** declined substantially in July, more than offsetting larger-than-seasonal increases in **time deposits** at commercial banks. **Consumer instalment credit outstanding** at District banks did not show its usual gain for July, largely as a result of the relatively small increase in credit for consumer goods. Credit balances at consumer finance companies and Federal credit unions increased more than they usually do in July.

Rains in most places in recent weeks favored growing crops and pastures. The new citrus crop also is developing well. Meanwhile, **farm output** in June was lower than May, principally because fewer crops were marketed. **Farm employment**, seasonally adjusted, increased from June to July, principally because gains were large in Georgia and Tennessee. **Total receipts from farm marketings**, seasonally adjusted, did not change from May to June although farmers obtained more income from sales of livestock and poultry products.

Member bank deposits, seasonally adjusted, changed little in July because slight increases in Alabama, Florida, Mississippi, and Tennessee were almost offset by decreases in Georgia and Louisiana. **Member bank loans**, however, rose slightly more than seasonally in all District states. **Investments** also rose as banks added to their holdings of U. S. Government securities. In August, **loans outstanding at banks in leading cities** declined slightly in contrast with increases during the same month of other recent years. **Member bank borrowings** from the **Federal Reserve Bank of Atlanta** declined. Effective August 16, the Federal Reserve Bank of Atlanta reduced the **discount rate** from 3.5 to 3.0 percent.