



Monthly Review

Atlanta, Georgia
November • 1960

What Lies Ahead for the Southern Pulp and Paper Industry?

Making paper and paper products from southern pine trees has become one of the most important industries in this Federal Reserve District. In terms of the difference between value of finished products and cost of materials used in manufacturing, the paper industry ranks third, exceeded only by chemicals and food manufacturing. Measured in terms of growth since 1947, however, the pulp and paper industry holds second place, with the chemicals industry in the lead.

Not only did the growth in the pulp and paper business exceed that of most other industries in the District, but it also exceeded the growth by its counterparts in other parts of the country. For this reason, states in this District, together with a few neighboring states, have been appropriately labeled the pulp and paper center of the nation. When an industry captures the headlines by virtue of its growth record, questions often arise about its future. In this study, therefore, we are going to examine some factors that may help answer the question, "What lies ahead for the southern pulp and paper industry?" It is important to explore this question because the industry's influence on the region's economy is widespread, and any slowing down in its growth pattern may have serious repercussions on the area's welfare.

Growth and Economic Contribution

In 1958, the latest year for which data are available, the 46 primary pulp and paper companies located in District states added over \$876 million to the value of materials used in manufacturing. Even after taking price changes into account, the value added more than doubled between 1947 and 1958. Of more importance to the District than the value added, perhaps, is the market provided by the pulp and paper plants of the region for local resources, especially for the region's two most abundant resources—land and labor. In this District in 1958, pulp and paper companies employed 74,000 workers, 75 percent more than in 1947, according to the *Census of Manufactures*. These workers, concentrated in the coastal area of Georgia, northern Florida, and southern Alabama and Mississippi, earned over \$350 million in 1958. Many others, of course, found employment in supplying the plants with pulpwood.

The Southern Pulpwood Conservation Association reported that plants in District states in 1958 purchased 12 million cords of wood for which they paid an estimated \$250 million. The SPCA estimated that around 50,000 full-time workers were required to cut and haul the wood to assembly points. Such workers, from nearly every section of the District, earned as wages for cutting and hauling the wood about half of the \$250 million paid for pulpwood.

In addition to supplying jobs for well over 100,000 workers in 1958, the industry provided a market for the product of some 20 million to 30 million acres of the District's woodland, such sales grossing land owners roughly \$75 million. Land owners, however, enjoyed further

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*Federal
Reserve
Bank of
Atlanta*

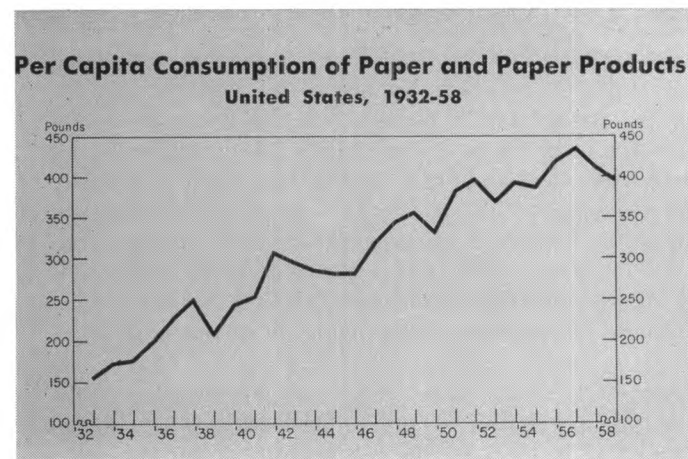
benefits. Forest specialists tell us that many stands of timber are overpopulated with trees. Removing some trees through pulpwood cutting often makes growth of the remaining stand more rapid than before. Owners benefit, therefore, from pulpwood sales and from greater capital gains earned through faster timber growth.

The industry also aided the District's economy through taxes, through community leadership, and through purchase and utilization of supplies not directly associated with paper manufacturing. Benefits like these are often difficult to quantify, yet they are unmistakably present and have played an important part in influencing the economic development of the District in recent years.

Economic Foundations of Growth

The District's paper industry is characterized by high capital investment. Near the end of 1958, the SPCA estimated that around \$2 billion was invested in the 46 primary mills operating in District states. Some of this capital was provided locally, but the greater part came from outside the District and some, indeed, came from foreign sources.

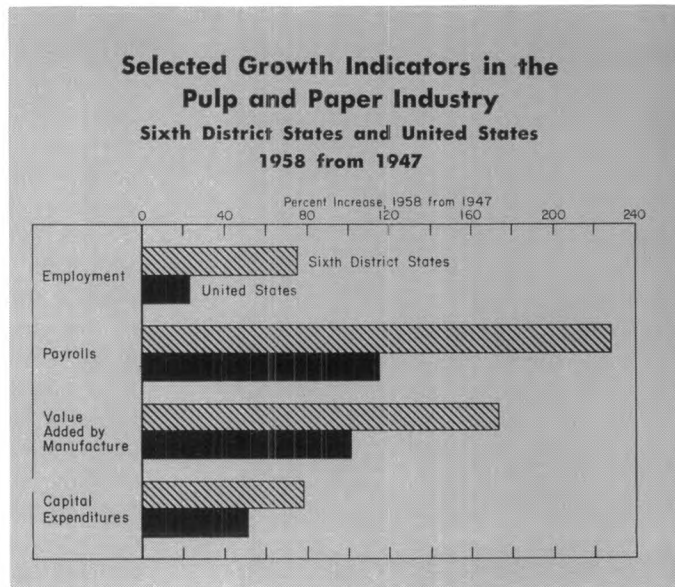
The historical rapid growth of the paper industry has rested upon a rapidly growing demand for paper and paper products. Two factors have been responsible for the increase in demand: an increase in total population and an increase in per capita consumption. Since 1930, population in this country has increased about 1.5 percent annually and each additional person represented a potential market for many pounds of paper. As the chart shows, per capita paper consumption rose from 209 pounds in 1938 to over 396 pounds in 1958. Not only did many new uses for paper products come into existence during that period, but consumption of many items that had been on the market for years also increased.



According to the United States Department of Commerce, the location of the plants manufacturing pulp, paper, and paper products to satisfy the growing demand for them is governed primarily by the current and probable future availability of pulpwood and fresh water. This region's advantages in these respects have accounted in

large part for the growth of the paper industry in this District.

The Southeast is characterized by a high annual rainfall and a long growing season, two essentials for rapid tree growth. According to one manufacturer, because tree growth is rapid in this region, only half as many acres are required to sustain a mill here as in New England, where tree growth is much slower. This significantly reduces the cost for transporting trees to the mill, since ample pulpwood may be obtained from an area closer to the mill. Also, rapid tree growth may reduce the capital investment in land needed to furnish a mill with trees, because fewer acres are required.



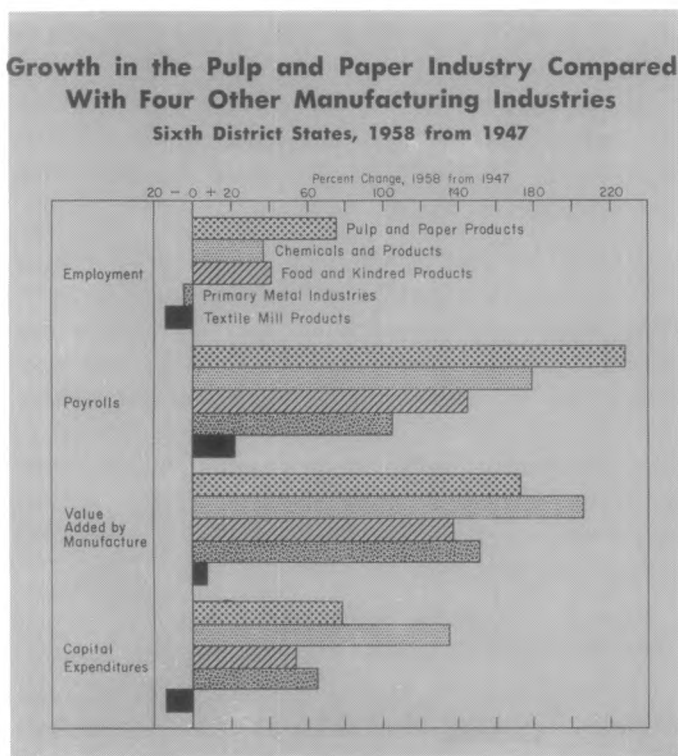
Not only is tree growth rapid in this region, but the price of land for pulpwood has been low, relative to other regions, partly because of a decrease in farm land planted in row crops. According to the United States Department of Agriculture, farmers in District states reduced their acreage of harvested crops 43 percent between 1938 and 1958. Some owners sold their land outright to pulp and paper companies, but many others with an eye to the future market for trees shifted their unused acres to the production of pulpwood.

Despite its natural advantages for the growing of pulpwood, the District might never have become an important producer of manufactured paper products had it not been for the chemical research and technological developments that made it possible to convert southern pine into such diverse products as paper, paperboard, newsprint, and wood pulp for making rayon, acetate, and cellophane.

The manufacture of these products requires an abundant supply of fresh water, and here too the Southeast is in a very favorable position. Mills use millions of gallons of water to carry suspended wood fiber from the beaters to the paper machine. Also, large volumes of water are used in generating electric power, for cooling and air-conditioning the plants, and for disposing of waste materials. The numerous rivers and streams of the South-

east, bolstered by a high rainfall, supply this need.

The availability of labor has also been important to the industry's growth in this region. Although the industry's employees are skilled workers for the most part, many of them having come in from other paper producing areas, a large supply of local labor has been available for training. Many workers are attracted to the paper mills



because the pay scale there is higher than in most other types of manufacturing. In addition to the supply of potentially skilled labor, there has also been in the Southeast an abundance of unskilled laborers eager to work in the woods.

The 50,000 unskilled workers who cut and haul pulpwood are as essential to the industry as the mill workers. They are not employees of the industry; they work either for themselves or for independent producers who sell wood to pulp companies. They too have been important in the development of the industry.

The Outlook

In the future, as in the past, the growth of the region's pulp and paper industry will depend on the demand for the industry's products, and on the continuing physical availability of natural resources as well as capital and labor. It will also depend on competition from other producing areas. In a report on the future demand for paper and paper products, the United States Department of Commerce estimates an annual increase in the consumption of paper and paper products of over 5 percent through 1965, assuming continued general economic prosperity. More of the new demand, according to the report, will come from population increases than in the

past, because the rate of increase in per capita consumption is expected to decline somewhat.

If the Commerce Department's projections materialize, the annual increase in paper consumption will be less than it was during the last twenty years. Thus, production may increase but at a decreasing rate.

Where will the increased production come from? The same influences that directed production in the past will probably be operating in the future. We may expect that the availability of timber, water, and other productive inputs will continue to make this region the country's utopia for forest enterprises, as it has sometimes been described by forestry experts. The ability to produce pulpwood, they say, is almost unlimited in the Southeast if proper forest management practices are followed.

There are, nevertheless, some economic considerations that may influence pulpwood production in this District. There is, in the first place, competition from other wood-using industries as well as competition from other land users. It is conceivable, too, that rising personal income in this District may cause fewer unskilled workers to be available for cutting wood in the forests. A shortage of this kind of labor could force wages up and increase the procurement cost of pulpwood.

At present these possibilities do not seem sufficient to offset the advantages possessed by the Sixth District states for the pulp and paper industry. If the demand for paper and paper products grows as the Department of Commerce expects it to grow, the industry will be important in this District in the future as it has been in the past.

N. CARSON BRANAN

COMMERCIAL BANK FINANCING FOR A CHANGING AGRICULTURE IN SIXTH DISTRICT STATES

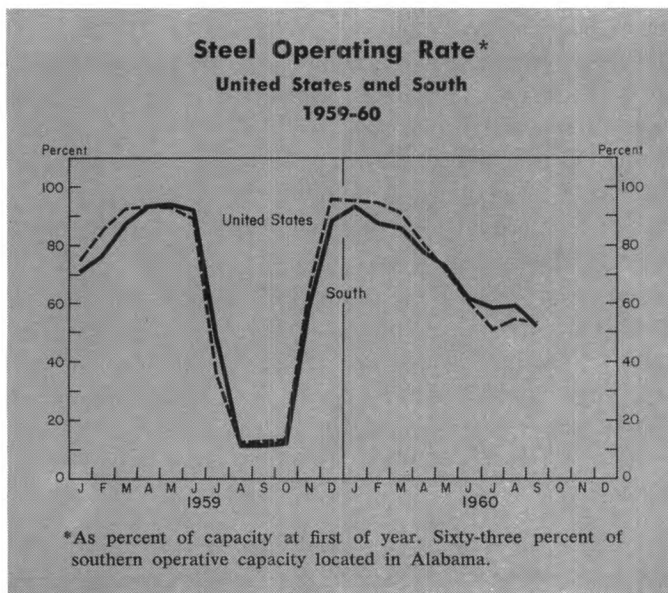
The Research Department's Economic Study No. 7 is ready for distribution.

This study carries in detail how bank financing is changing to accommodate farmers' credit needs resulting from the new economic environment for agriculture in the Sixth District states. It covers a review of capital investment in agriculture, including the sources of farm capital and the nature of farm credit, and analyzes credit financing both for production and capital investment.

Extensive use is made of information secured in surveys of farm loans outstanding at commercial banks. The text of 53 pages is accompanied by approximately 100 pages of statistical tables.

Address requests to Research Department, Federal Reserve Bank of Atlanta, Atlanta 3, Georgia.

When we think of Alabama's manufacturing, we think of steel. And if one walks into a steel mill these days, he sees blast furnaces working far below capacity or not at all. As the chart shows, steel mill activity in the South and in the nation had reached near capacity by January this year, following the nation-wide strike. Thereafter, because the nation's steel users had accumulated inventories excessive of needs despite the strike, demand declined. Accordingly, less and less of capacity was used as 1960 progressed, and fewer and fewer workers were employed in steel mills and in mining bituminous coal. Between January and September, employment in these areas dropped by about 6,000, or 2.5 percent of Alabama's total manufacturing employment.



We can overemphasize the effect of this year's declines in steel production on Alabama's whole economy, however. Although the steel industry has suffered as severely in Alabama as elsewhere in the nation, total nonfarm employment in Alabama has for nearly a year hovered about the high level reached in July 1959, just before the strike. Manufacturing employment also has held up over that time. Total manufacturing payrolls have dropped sharply only since July. Bank debits—a measure of spending by individuals, businesses, and governments—and department store sales show a rising tendency in recent months. The amount of outstanding loans at member banks has stabilized at record levels.

Just what has kept Alabama as a whole on top, economically speaking? Compare the economy of Alabama with that of a state dominated by one or two industries. The answer is diversity. Iron and steel production employ only 5 percent of Alabama's active labor force. Even in Birmingham, the South's steel capital, over 80 percent are otherwise employed. Thus, although employment in steel and related areas declined, high and rising demands

in both local and national markets sustained other kinds of economic activity in the state.

Within manufacturing, moderate employment gains during 1960 in fabricated metals, apparel, food processing, and stone, clay, and glass, have approximately offset the decline in steel. Manufacturing employment of other types has changed little or declined only slightly. Moreover, employment in such other nonagricultural sectors as services, trade, and construction has increased more than seasonally in recent months.

Construction activity has been spurred in 1960 by a higher rate of plant building and extension than in 1959. These plants are creating new job openings in more than half of Alabama's 67 counties. They will produce steel fabrications, and also such widely differing commodities as plastic webbing, surgical supplies, windows, and paint, thus contributing further to Alabama's diversification. We might add that producers' optimism reflected in such capital investment is partly responsible for sustaining the present level of activity.

Gains in nonmanufacturing employment are not entirely attributable to private demands, however. Increasing public needs have kept the trend in state and local government employment moving steadily upward, contrary to the tendency for private sectors to taper off. The rising trend was noticeable this summer when more governmental jobs were filled, partly offsetting the seasonal decline in school employment. Civilian employment by the Federal Government increased only slightly during the same period, except in April when 2,500 Census workers were temporarily hired.

According to estimates prepared by this Bank, a 5-percent increase in personal income accompanied the higher employment levels recorded in the first eight months of 1960 over the first eight months of 1959. Increased earnings rates in some nonfarm sectors were responsible for part of this gain.

Farm income has not changed appreciably from last year, however, judging from cash receipts data. During the first seven months of 1960, livestock receipts were somewhat above the comparable months in 1959, but due to unfavorable weather in February and March crop receipts were lower.

The increase in personal income as a whole gave a boost to spending at retail concerns, too. On the basis of sales tax receipts data, total sales were estimated to advance 7 percent in the January-July period 1960 over the same period 1959. Food sales, accounting for over 17 percent of total retail sales, gained by nearly 14 per-

Alabama's Economy

cent. Automotive sales, about 13 percent of retail sales, were up by 4 percent. The rise in auto sales is reflected in a small increase in the number of new auto registrations. Department store sales, according to actual sales data, show revived strength since April.

All this should not suggest that steel declines have failed to leave their imprint on Alabama's economic landscape, or that there are no other sources of weakness. Cities directly affected by steel lay-offs—Birmingham, Anniston, and Gadsden—have suffered declines in non-farm employment from pre-strike levels.

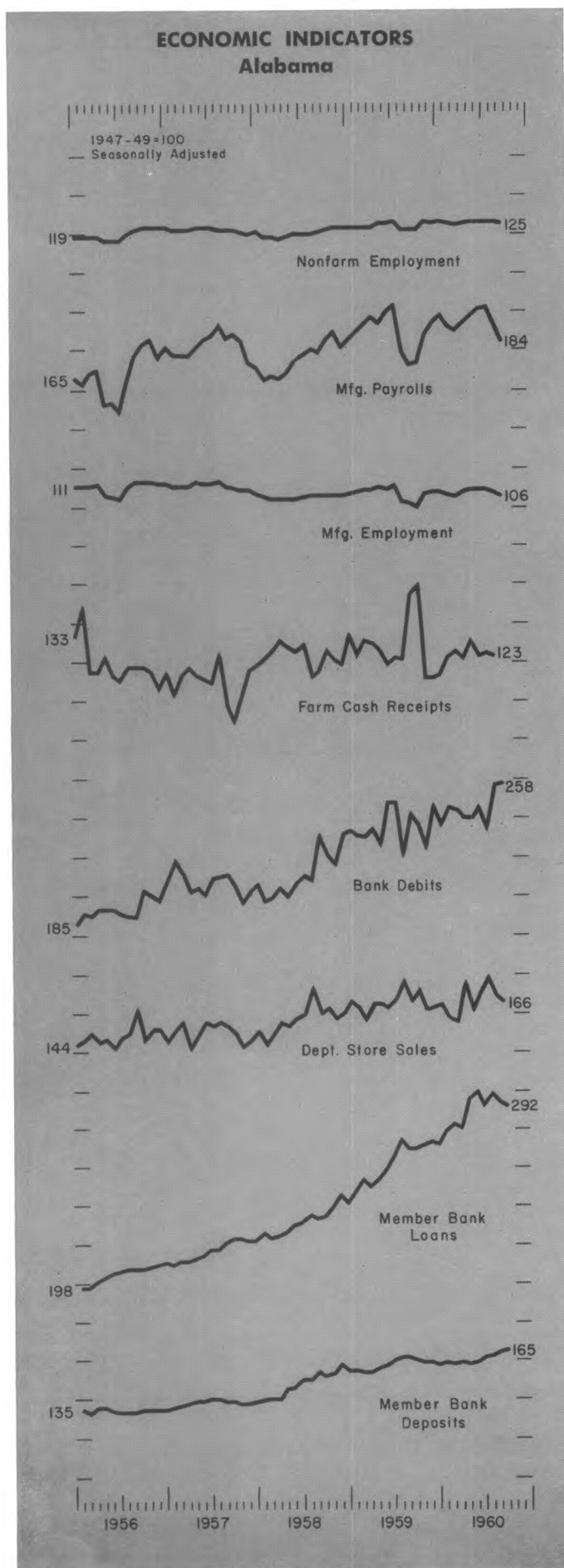
In Birmingham, cutbacks in production at a major aircraft plant in late 1959 magnified employment losses from a year ago. Since June, over 6 percent of Jefferson County's civilian labor force was unemployed, even though the available labor force itself declined considerably. This was above the state's ratio of about 5 percent. Repercussions of reduced employment in Birmingham have been severely felt in the demand for new houses. Contracts awarded for residential construction were off 29 percent during the first eight months of this year from that period in 1959, almost twice the decline observed for the nation.

In Anniston and Gadsden, spending, as suggested by percentage increases in bank debits, rose substantially less than in other areas of the state during the first nine months this year over the same 1959 period.

Signs of softness in Alabama's economy are observed not only in production and employment, but in consumer spending as well. A sharp upturn in time deposits early this year, accompanied by a continued strong uptrend in savings and loan capital, possibly indicates that greater portions of income increases are being saved instead of spent. (A similar upward movement of liquid savings is observed nationally.) In that case the impact of increased income on further spending and employment would be smaller than in the recent past.

We have shown that Alabama can prosper in spite of low levels of steel operation. Nevertheless, the importance of steel to Alabama should not be underestimated. Production losses were severe enough during last year's strike to cause noticeable dips in total employment and income. If expected completion of steel inventory liquidations accompanied by new-plant construction and the production of autos and producers' durable equipment should materialize, an element of optimism is in sight for Alabama's near economic future. It will be necessary, however, to watch developments in other sectors as well.

ALBERT A. HIRSCH



Bank Announcement

On October 31, the Citizens Bank of Alpharetta, Alpharetta, Georgia, a nonmember bank formerly operated as the Citizens Bank of Shady Dale, began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers are Sims Garrett, Jr., Chairman of the Board; W. Wallace Harrison, President and Cashier; and Madeline Smith, Assistant Cashier. Capital totals \$100,100 and surplus and undivided profits \$29,900.

Department Store Sales and Inventories*

Place	Percent Change				
	Sales			Inventories	
	Sept. 1960 from Aug. 1960	Sept. 1959	9 Months 1960 from 1959	Sept. 30, 1960 from Aug. 31 1960	Sept. 30 1959
ALABAMA	-1	-0	+1	+4	-2
Birmingham	+0	-0	+0	-1	-1
Mobile	-11	-1	+3	..	..
Montgomery	-5	-2	-3	..	..
FLORIDA	-13	+2	+7	+9	+9
Daytona Beach	-14	-2	-5	..	..
Jacksonville	-15	+4	+12	+12	+3
Miami Area	-14	+3	+8	..	..
Miami	-15	-14	-3	..	..
Orlando	-9	-4	-2	..	..
St. Petersburg-Tampa Area	-11	+4	+8	+6	+25
GEORGIA	+2	-1	+1	+5	+1
Atlanta**	+3	-1	+2	+3	+2
Augusta	-4	+6	+3	..	..
Columbus	-6	-2	-3	+10	-0
Macon	+2	+2	-2	+8	+2
Rome**	+14	+2	+1	..	..
Savannah	-3	-4	-5	..	..
LOUISIANA	-14	-3	-1	+6	+9
Baton Rouge	+10	+11	-2	+2	+11
New Orleans	-18	-5	+0	+7	+9
MISSISSIPPI	-4	-8	-4	+4	-10
Jackson	-6	-9	-6	+2	-17
Meridian**	+0	-9	-3	..	..
TENNESSEE	-3	-2	-2	+5	-1
Bristol-Kingsport-Johnson City**	-7	-10	-6	+7	-5
Bristol (Tenn. & Va.)**	-10	-9	-9	+9	-1
Chattanooga	-4	-4	-3	..	..
Knoxville	+3	-0	+1	+4	+2
DISTRICT	-7	-1	+2	+6	+4

*Reporting stores account for over 90 percent of total District department store sales.

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

THIS REVIEW may be received regularly upon request to the Publications Section, Research Department, Federal Reserve Bank of Atlanta, Atlanta 3, Georgia.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

	Sept. 1960	Aug. 1960	Sept. 1959	Percent Change		
				Sept. 1960 from Aug. 1960		9 Months from 1959
				Sept. 1960	Sept. 1959	1960 from 1959
ALABAMA						
Anniston	43,465	41,850	41,505	+4	+5	+2
Birmingham	848,543	901,020	763,199	-6	+11	+4
Dothan	37,213	34,925	32,052	+7	+16	+9
Gadsden	37,388	38,436	32,509	-3	+15	+1
Huntsville*	67,640	65,467	62,956	+3	+7	+0
Mobile	279,220	303,130	290,912	-8	-4	+4
Montgomery	155,882	171,504	168,629	-9	-8	-2
Selma*	29,964	23,894	29,636	+25	+1	+5
Tuscaloosa*	52,862	54,737	51,406	-3	+3	+6
Total Reporting Cities	1,552,177	1,634,963	1,472,804	-5	+5	+3
Other Cities†	774,846	782,416	716,529r	-1	+8	+5
FLORIDA						
Daytona Beach*	51,903	61,705	56,730	-16	-9	-2
Fort Lauderdale*	172,230	192,881	189,983	-11	-9	+2
Gainesville*	43,034	39,957	40,923	+8	+5	+10
Jacksonville	790,822	903,221r	753,601	-12	+5	+7
Key West*	14,172	15,802	14,379	-10	-1	-1
Lakeland*	81,681	79,886	71,897	+2	+14	+8
Miami	771,969	847,425	824,971	-9	-6	+2
Greater Miami*	1,132,237	1,255,999	1,202,936r	-10	-6	+1
Orlando	220,102	246,576	236,285	-11	-7	+4
Pensacola	84,168	87,457r	85,448	-4	-2	+1
St. Petersburg	192,363	199,959	216,550	-4	-11	-2
Tampa	389,702	410,367	410,152	-5	-5	+1
W. Palm-Palm Bch.*	110,880	118,263	115,797	-6	-4	-2
Total Reporting Cities	3,283,294	3,612,073r	3,394,681r	-9	-3	+3
Other Cities†	1,509,068	1,634,253	1,520,744r	-8	-1	+6
GEORGIA						
Albany	53,153	54,858	54,261	-3	-2	+6
Athens*	39,698	40,005	37,225	-1	+7	+7
Atlanta	2,206,775	2,209,861	2,015,628	-0	+9	+7
Augusta	107,063	113,982	105,178	-6	+2	+6
Brunswick	23,149	25,749	20,327r	-10	+14	+5
Columbus	112,151	113,650	110,719	-1	+1	+3
Elberton	9,484	11,043	9,646	-14	-2	+9
Gainesville*	49,521	48,240	45,436	+3	+9	-1
Griffin*	19,405	19,890	18,473	-2	+5	+4
LaGrange*	20,418	18,203	18,860	+12	+8	-2
Macon	126,226	128,835	122,047	-2	+3	+3
Marietta*	32,028	30,904	30,204	+4	+6	+4
Newnan	21,851	19,651	20,201	+11	+8	+12
Rome*	49,354	49,550	46,333	-0	+7	+13
Savannah	197,976	202,791	196,429	-2	+1	+0
Valdosta	35,755	43,453	34,654	-18	+3	-2
Total Reporting Cities	3,104,007	3,130,665	2,885,621r	-1	+8	+6
Other Cities†	1,035,661	1,017,702	939,997r	+2	+10	+11
LOUISIANA						
Alexandria*	68,848	69,769	72,410	-1	-5	+0
Baton Rouge	263,409	281,476	256,646	-6	+3	+2
Lafayette*	65,296	60,951	65,241	+7	+0	-3
Lake Charles	72,783	74,779	83,750	-3	-13	-9
New Orleans	1,372,675	1,377,647	1,334,237	-0	+3	+3
Total Reporting Cities	1,843,011	1,864,622	1,812,284	-1	+2	+2
Other Cities†	631,516	629,663	593,030r	+0	+6	+3
MISSISSIPPI						
Biloxi-Gulfport*	47,711	53,738	49,491	-11	-4	+3
Hattiesburg	37,898	37,832	35,861	+0	+6	+6
Jackson	304,787	337,763	283,366	-10	+8	+6
Laurel*	27,546	28,215	27,475	-2	+0	+5
Meridian	45,577	46,736	48,538	-2	-6	-0
Natchez*	22,802	22,088	23,611	+3	-3	+2
Vicksburg	21,032	20,712	21,122	+2	-0	+5
Total Reporting Cities	507,353	547,084	489,464	-7	+4	+5
Other Cities†	284,061	273,057	274,412r	+4	+4	+5
TENNESSEE						
Bristol*	46,246	45,214	43,824	+2	+6	+3
Chattanooga	320,140	327,721	320,635	-2	-0	+0
Johnson City*	42,637	42,893	40,614	-1	+5	+4
Kingsport*	80,078	83,291	80,556	-4	-1	+4
Knoxville	239,527	250,050	233,200	-4	+3	+5
Nashville	711,022	797,546	664,048	-11	+7	+3
Total Reporting Cities	1,439,650	1,546,715	1,382,877	-7	+4	+3
Other Cities†	588,136	622,284	573,170r	-5	+3	+4
SIXTH DISTRICT						
Reporting Cities	16,552,780	17,295,497r	16,055,613r	-4	+3	+4
Other Cities†	4,823,288	4,959,375r	4,617,882r	-3	+4	+6
Total, 32 Cities	10,133,270	10,662,005r	9,826,306r	-5	+3	+4
UNITED STATES						
344 Cities	240,798,000	241,799,000	215,843,000	-0	+12	+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)

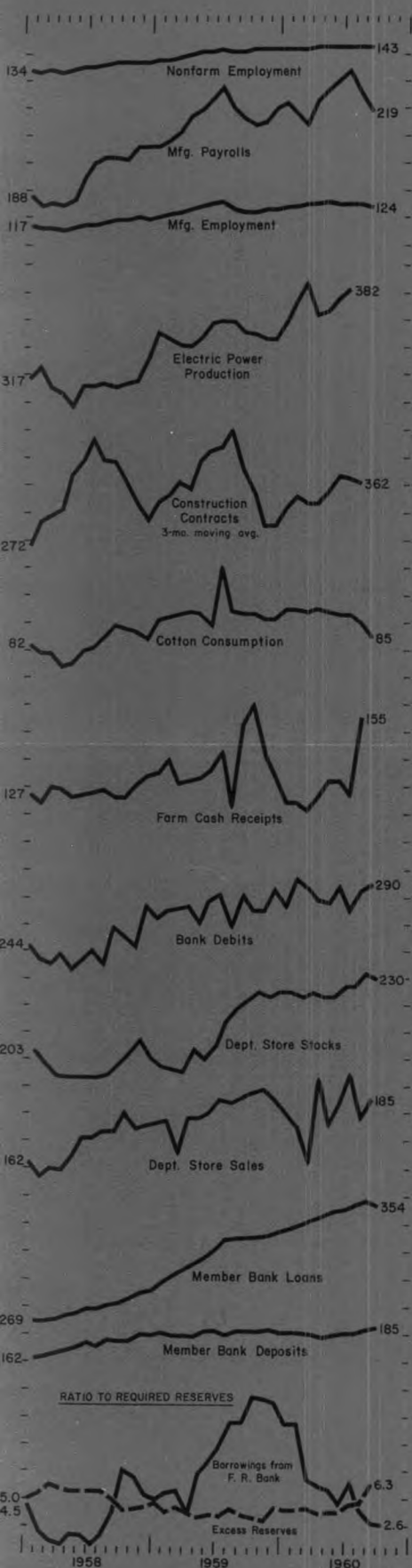
	1959					1960								
SIXTH DISTRICT	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.
Nonfarm Employment	141	141	142	142	142	142	142	142	143	143	143	143	143	143
Manufacturing Employment	123	122	122	123	123	124	124	124	125	126	125	125	125r	124
Apparel	190	190	190	189	191	192	190	191	194	195	195	197	192	189
Chemicals	135	131	130	130	132	132	133	132	135	135	136	135	135	129
Fabricated Metals	184	186	182	183	185	191	193	190	188	192	194	194	195	190
Food	113	114	115	116	113	117	117	115	116	117	116	116	117	120
Lbr., Wood Prod., Fur. & Fix.	81	80	81	80	80	80	80	79	79	79	79	78	78	77
Paper & Allied Products	164	166	164	161	160	166	165	164	166	167	165	166	164r	164
Primary Metals	79	79	79	97	103	101	100	95	98	99	99	97	95	88
Textiles	88	89	88	87	87	87	87	88	87	87	87	88	87	86
Transportation Equipment	215	214	221	195	199	209	208	206	210	211	206	200	202	203
Nonmanufacturing Employment	149	149	150	150	149	150	150	149	151	150	150	151	150	151
Manufacturing Payrolls	220	216	214	215	220	222	218	214	223	227	230	234	226	219
Cotton Consumption**	94	93	93	91	91	95	95	94	95	94	93	93	90	85
Electric Power Production**	359	351	350	346	345	358	375	387	363	366	375	382	385	n.a.
Petrol. Prod. in Coastal														
Louisiana & Mississippi**	203	207	215	214	231	227	226	228	224	222	220	220r	221r	231
Construction Contracts*	440	380	350	302	302	328	345	333	333	351	371	370r	362	n.a.
Residential	444	440	441	373	367	351	366	360	356	384	387	376	368	n.a.
All Other	436	331	276	245	249	309	327	311	315	325	359	365	357	n.a.
Farm Cash Receipts	123	153	160	142	133	124	124	121	126	132	132	127	155	n.a.
Crops	95	140	149	120	99	93	96	95	100	111	98	83	147	n.a.
Livestock	179	187	179	185	184	169	176	179	188	185	192	194	189	n.a.
Department Store Sales*/**	184	186	188	189	185	180	175	162	192	176	183	194	178	185p
Department Store Stocks*	219	222	225	223	225	225	223	225	223	223	227	227	232	230p
Furniture Store Sales*/**	161	148r	158	163	151	166	143	129	149	145	142	147	142r	135p
Member Bank Deposits*	183	183	182	184	181	182	181	180	178	180	181	181	184	185
Member Bank Loans*	330	331	331	332	335	337	340	344	347	350	351	354	357	354
Bank Debits*	259	281	271	271r	286	275	294	288	278	277	288	271	285	290
Turnover of Demand Deposits*	154	150	147	150	154	154	156	153	148	163	159	162	167	158
In Leading Cities	174	164	153	160	166	166	168	167	167	181	183	179	190	175
Outside Leading Cities	115	118	108	109	120	119	120	119	114	126	119	129	124	120
ALABAMA														
Nonfarm Employment	122	122	122	125	125	126	125	124	125	126	126	126	126	125
Manufacturing Employment	103	102	100	107	108	108	107	106	108	109	109	109	108	106
Manufacturing Payrolls	179	172	173	188	194	198	192	190	195	198	201	202	194r	184
Department Store Sales**	177	167	172	162	163	165	158	156	176	162	171	178	170	166
Furniture Store Sales	143	139	138	134	128	148	133	112	127	128	127	126	119r	117
Member Bank Deposits	160	160	159	159	158	159	158	160	157	159	160	162	164	165
Member Bank Loans	269	270	272	272	273	279	283	284	296	300	292	299	294	292
Farm Cash Receipts	121	154	159	112	112	113	122	125	122	131	123	124	123	n.a.
Bank Debits	221	243	236	224	247	236	245	244	240	240	245	234	257	258
FLORIDA														
Nonfarm Employment	200	200	200	199	197	197	197	197	199	201	202	204	203	203
Manufacturing Employment	206	206	206	203	201	204	204	202	205	209	211	213	214r	213
Manufacturing Payrolls	378	377	377	371	374	366	364	352	372	389	392	409	406r	394
Department Store Sales**	262	252	248	264	257	250	240	245	274	260	264	277	263	256
Furniture Store Sales	212	177	180	203	195	189	174	157	181	175	167	167	203r	172
Member Bank Deposits	246	247	245	245	241	242	237	234	230	235	238	239	244	245
Member Bank Loans	548	550	546	547	548	546	550	546	553	554	559	563	571	562
Farm Cash Receipts	210	248	202	190	201	231	206	171	217	225	187	204	270	n.a.
Bank Debits	395	437	423r	414	424	391	423	410	387	404	443	399	437r	426
GEORGIA														
Nonfarm Employment	135	136	136	136	136	137	136	135	138	137	136	136	135	136
Manufacturing Employment	122	123	123	120	121	122	122	122	122	122	122	121	120	120
Manufacturing Payrolls	221	213	216	208	210	216	211	205	215	223	221	226	216	210
Department Store Sales**	170	170	175	176	172	172	164	156	170	169	164	175	159	168
Furniture Store Sales	163	144	159	157	150	149	127	120	142	132	135	134	137r	134p
Member Bank Deposits	162	160	161r	163	158	161	161	158	157	161	160	157	166	167
Member Bank Loans	260	259	261	266	267	269	271	268	271	275	277	278	285	287
Farm Cash Receipts	133	151	155	134	153	130	134	146	153	144	150	125	215	n.a.
Bank Debits	238r	258	249	244	261	254	265	254	254	257	269	258	264	279
LOUISIANA														
Nonfarm Employment	129	130	130	130	130	131	131	130	131	131	130	130	130	130
Manufacturing Employment	94	94	95	94	93	94	95	95	95	95	95	95	94	94
Manufacturing Payrolls	175	175	167	168	168	173	173	176	179	178	178	177	178r	173
Department Store Sales*/**	160	153	154	158	155	155	150	147	156	152	161	159	152	148
Furniture Store Sales*	178	193	171	195	184	188	192	172	176	175	184	203	145r	161
Member Bank Deposits*	160	160	157	160	158	161	159	160	163	161	161	160	158	163
Member Bank Loans*	299	304	307	309	311	312	316	335	332	338	333	334	334	328
Farm Cash Receipts	95	117	123	127	112	90	90	94	89	101	119	102	91	n.a.
Bank Debits*	227	252	229	216	238	207	224	244	233	233	253	225	238	259
MISSISSIPPI														
Nonfarm Employment	133	135	135	136	135	138	137	136	137	137	136	136	135	136
Manufacturing Employment	133	134	134	134	135	135	134	133	134	135	134	133	132	131
Manufacturing Payrolls	250	251	239	242	244	253	247	254	249	244	256	253	247	235
Department Store Sales*/**	171	162r	172	160	169	161	154	155	169	154	175	175	153	149
Furniture Store Sales*	129	95	83	117	133	106	99	94	100	113	107	112	100	95p
Member Bank Depos ts*	194	195	202	204	208	200	202	205	199	198	195	196	193	194
Member Bank Loans*	402	411	392	392	403	414	422	418	422	433	438	449	431	440
Farm Cash Receipts	110	134	147	145	128	92	91	115	101	105	97	104	98	n.a.
Bank Debits*	230	242	234	237	252	226	244	246	236	222	243	241	254	251
TENNESSEE														
Nonfarm Employment	124	124	124	124	124	124	124	123	126	125	125	126	125	125
Manufacturing Employment	123	123	122	123	123	124	123	123	124	124	124	125	124	124
Manufacturing Payrolls	220	215	212	212	214	219	219	208	225	223	223	225	224r	217
Department Store Sales*/**	155	158	161	164	157	154	145	137	159	146	155	167	151	156p
Furniture Store Sales*	122	109	108	102	109	104	95	98	103	111	107	93	98r	96
Member Bank Depos ts*	165	166	167	167	164	166	161	161	163	165	167	169	167	166
Member Bank Loans*	287	288	292	292	296	296	300	303	304	310	313	316	316	310
Farm Cash Receipts	111	124	135	119	116	88	90	86	100	95	102	109	113	n.a.
Bank Debits*	226	233	228	237	232	235	252	242	236	247	245	236	245	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



MANUFACTURING EMPLOYMENT and payrolls continue to slacken, although expansion in other activities has helped keep nonfarm employment unchanged since April. Farm income recovered because of higher production and prices. Consumers have continued to spend at moderately high levels, and bank deposits have expanded further.

Nonfarm employment, seasonally adjusted, continued virtually unchanged during September, as a result of small, largely offsetting changes among District states. The stability of employment since April has reflected an approximate balancing of declines in Georgia and Mississippi against a gain in Florida; employment in Alabama, Louisiana, and Tennessee has changed little. In September **manufacturing employment** for the six states as a group continued to edge downward from the May record. **Payrolls** declined further in September as the **average work week** was shortened.

Construction employment declined in August and September, after holding for several months. **Cotton textile activity**, as measured by cotton consumption, decreased further from the advanced level maintained in the first five months of this year. **Steel mill operations**, which had been at a low rate, were curtailed again in September and October.

Farm production rose in September as fall harvests approached the season's peak. Favorable weather facilitated cotton harvesting in most areas of the District and helped maintain the quality of cotton remaining in the field. **Prices** strengthened also primarily because of small increases in milk, egg, and cotton prices. Meanwhile, **farm employment** exceeded the month-ago level by a wide margin but remained substantially under last year's level.

Bank debits, a measure of spending by consumers, businesses, and state and local governments, increased in September, after seasonal adjustment, but were slightly below the high level obtained earlier this year. Seasonally adjusted **department store sales** rebounded during September from the sharp drop of the previous month, and preliminary estimates indicate continued strength in October. **Furniture store sales**, on the other hand, dropped to the lowest point of the year in September, after seasonal adjustment, with the sharpest decline occurring in Florida. **Household appliance store sales** fell more than usual, reflecting a large decline in Georgia.

The September increase in **consumer instalment credit outstanding** fell short of the normal gain, largely because of a less-than-seasonal increase in repair and modernization loans and a small decline in purchased automobile paper. Savings in the form of member bank **time deposits** continued to rise at a greater than usual rate, while outstanding shares at **savings and loan** associations declined.

Member bank loans, seasonally adjusted, declined slightly in September, following moderate gains in July and August. Loans at banks in leading District cities showed little further change in October. After rising earlier this year, loans at Louisiana, Florida, and Tennessee member banks declined in September. **Interest rates** on business loans at Atlanta and New Orleans banks in early September were somewhat lower than the early June level, after having been unchanged during the early part of this year. **Investments** at District member banks continued to rise in September and at banks in leading cities again in October. Except in Tennessee, **deposits** in September showed continuing increases, mostly concentrated in U. S. Government deposits. **Member bank borrowings from the Federal Reserve Bank of Atlanta** remained virtually unchanged from September to October at fairly low levels.