SIXTH FEDERAL RESERVE DISTRICT

# Monthly Review

Atlanta, Georgia
February • 1961

*Also in this issue:*



Federal Reserve Bank of Atlanta

# *The First Year*

## Income Developments in the Southeast in 1960

Whether 1960 technically marked the end of an old, or the beginning of a new, decade is a moot point. But, to most of us it marked the beginning of a new ten-year span of history to be unfolded, if for no other reason than that for the first time we began to write a six rather than a five and would continue doing so for ten years.

Thus, 1960 seemed an appropriate time to take stock of what had been accomplished in the last ten years, economically speaking, and to speculate about the changes that might lie ahead in the next ten. For southerners, it was a time to look back with satisfaction at past accomplishments, because we had come closer to solving our long-range economic problem of raising per capita income nearer to the national average. It was also a time to anticipate a bright future, for if this trend were to continue, the problem, of course, would be even nearer to a solution at the end of the 1960's.

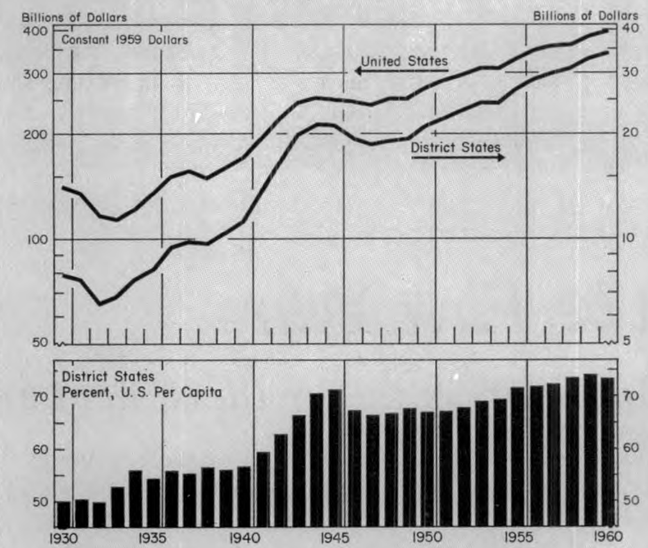
So far as this part of the South is concerned, in 1960 as a whole, the pattern of income growth set in the 1950's was continued. In each of the six states lying wholly or partly within the Sixth Federal Reserve District, total personal income rose from 1959 to 1960, according to preliminary estimates prepared by this Bank. This area, including Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee, holds over 55 percent of the Southeast's population. For the six states as a whole, total income rose between 4 and 5 percent, or something like 3 percent in terms of dollars of constant purchasing power.

Moreover, since income expanded faster than population, per capita income continued to grow. For the six states, per capita income in 1960 was 2 to 3 percent greater than in 1959, or about one percent in constant dollars.

But, 1960 was disappointing to those who hoped that the end of the year would find the South's per capita income a little closer to the national average. Instead, this part of the South fell back a step, or at least paused, on the road toward reaching its ultimate goal of income equality. Although per capita income in Alabama, Georgia, and Louisiana apparently did draw nearer the national figure in 1960, according to preliminary estimates, income for the six states was 72.7 percent of the national average, compared to 73.1 percent in 1959. Per capita income increased, but it did not increase enough.

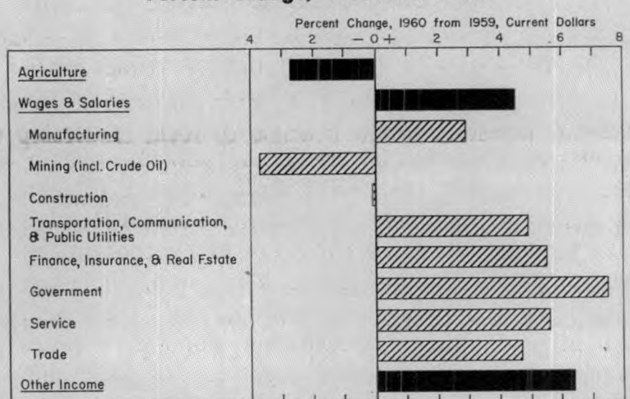
These preliminary estimates will undoubtedly be revised when official figures are issued late this year. (The 74-percent ratio of 1959 District per capita income to the national average, published in this *Review* for February 1960, was later reduced to 73.1 percent.) Nevertheless, the available evidence seems firm enough to indicate that in 1960, the Sixth District as a whole made little, if any, advance in catching up with the rest of the nation.

### Personal Income, 1930-60
**District States and United States**



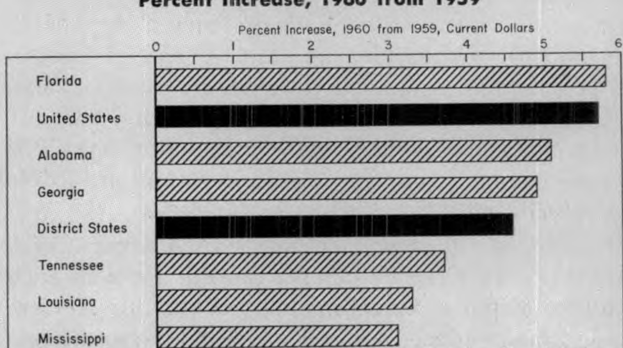

**In 1960, total personal income continued to grow in District states. But since the rate of growth was less than the nation's, per capita income, as a percent of the nation's, was lower than in 1959.**

### Sources of Income, District States
**Percent Change, 1960 from 1959**




**Lower income from agriculture, reduced construction, and moderation in manufacturing expansion explain most of the District's slower income growth in 1960.**

### Personal Income
**District States and United States**
**Percent Increase, 1960 from 1959**




**Personal income in each District state rose in 1960, but in most District states the rate of increase fell behind the national rate, according to preliminary estimates.**

## *District Reflects National Changes*

In view of current national developments and past experience, this 1960 performance should not have been surprising. Because a vigorous and expanding national economy provides more economic opportunities for employing the South's manpower and resources, the South expands most when the nation's economy is growing. Some slowing down in the District's long-run economic growth, thus, could be expected to come with a slowing down in the nation's.

During the latter part of 1960, the nation's overall economic growth slowed down and in some sectors stopped altogether. The effects of the national slowdown were reflected in reduced demands for some of the manufactured products in which the South specializes.

By the end of 1960, for example, the District's textile mills were employing 3.6 percent fewer workers than during the May manufacturing peak, apparel employment was down 5.4 percent, and lumber employment fell 4.7 percent. Loss of employment in these extremely important industries more than offset gains in others. As a result, total manufacturing employment at the end of 1960 was 4.3 percent lower than in May.

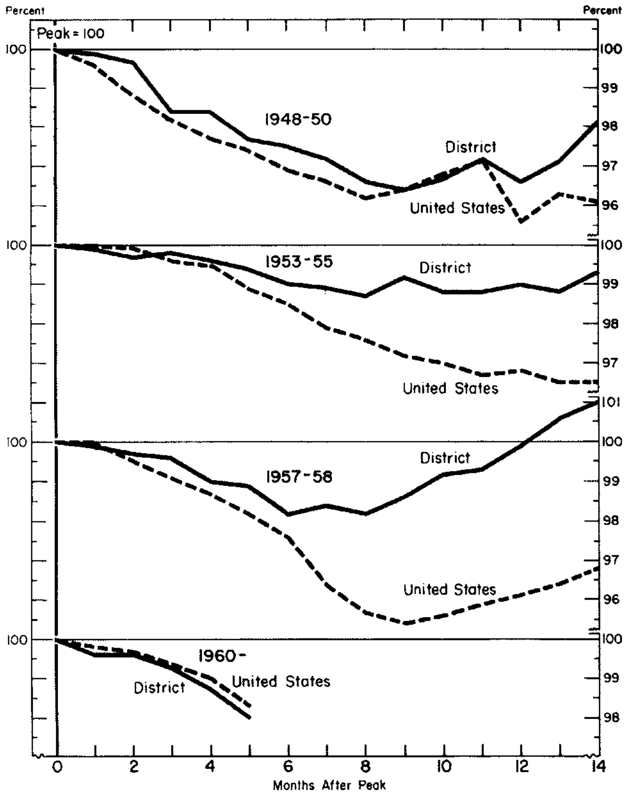
Although farm cash receipts in Alabama and Georgia were greater in 1960 than in 1959, farm income developments in the other states brought cash receipts for the District as a whole in 1960 to a figure below the preceding year's.

Total business expenditures for new plants and equipment dropped off throughout the United States in the third and fourth quarters of 1960. In the Sixth District, this national development in 1960 was reflected in a 12-percent reduction from 1959 in the dollar value of construction contracts awarded for nonresidential construction. Contract awards for residential construction for the District were 13 percent lower. Because a number of large projects started in 1959 are still underway, however, construction employment has declined only slightly.

Despite close ties between the growth of the national economy and that of the South, southerners have generally found their area less affected by recessionary developments than have other parts of the country. The recession starting in the latter part of 1957, for example, reduced the rate of income growth less in the District than in the nation. During the course of the recession, total nonfarm employment in the District dropped 1.8 percent from its 1957 peak to the low point in 1958. For the nation the comparable drop was 4.6 percent.

The District may not be comparing so favorably with the rest of the nation during the current contraction, however. Although declines so far have been mild, comparisons of data on nonfarm employment, manufacturing employment, construction contract awards, spending, and other economic measures suggest an economic contraction slightly greater in this area than in the nation. From its July peak to December 1960, total nonfarm employment for the District had declined 2.0 percent, after taking account of seasonal influences, whereas the comparable decline for the nation was 1.7 percent. It is too early to make final judgment, of course, but current

**Nonfarm Employment in Recession and Recovery**
**District States and United States**




**In previous postwar recessions, the District's nonfarm employment declined less than the nation's. In the current contraction, the decline has followed the national pattern.**

data suggest that past economic growth has not insulated this part of the South from the effects of recessionary developments.

## *Economic Opportunities Seized*

Two general conclusions can be reached from an analysis of southern economic growth in the 1950's, some aspects of which were discussed in articles appearing in this *Review* during 1960. First, income expanded because both national and regional developments created economic opportunities for a more productive use of the South's resources and manpower. Second, within the South were found both the ability and willingness to seize these opportunities and make the needed changes. Some opportunities were created by economic forces beyond the control of southerners; others were of southerners' own creation.

Income grew more rapidly in areas within this part of the South where capital investment and financial resources expanded most rapidly. From this we could easily be led to believe that a shortage of investment funds, rather than lack of economic opportunities, limited income growth elsewhere. But, when we remember the free flow of funds from area to area, the large amounts of funds that actually were transferred into the expanding areas, and the willingness of financial institutions to make necessary adjustments, we realize that economic opportunities attract financial resources.

During the 1950's, those areas of this part of the South where population growth was the greatest were also areas where total income expanded the most. We could easily presume that in areas where growth in income was slow, it was kept down by lack of population growth. But, when we remember that people move freely from place to place in this country, and when we examine closely the nature of population changes, we realize that people are attracted to an area with economic opportunities.

Changes in the District's farming, as noted in an early 1960 issue of the *Review,* for example, reduced economic opportunities for using labor productively on the farm. Off the farm, opportunities for using labor both within and outside the District developed. This largely explains the one-percent decline in rural population and the 50-percent increase in urban population in the District from 1950 to 1960.

## *Economic Opportunities Missed?*

Although changes in capital investment and population in any area measure, indirectly at least, economic opportunities that have been recognized in the area, there is no measure of the opportunities that have been missed. Was it an absence of potential economic opportunities, or the failure of local businessmen and other leaders to recognize them and take appropriate action, that explains the loss of population and the failure to attract capital in some areas? Were economic opportunities missed because potential investors found absence of local leadership or unwillingness to change? Were opportunities missed because there were no men in the community who were willing to risk their capital? Or were they missed because the labor force lacked industrial skills and adaptability?

We cannot find answers to these questions in the statistics ordinarily used to measure economic changes. Perhaps the missed economic opportunities cannot be measured at all. But when southerners recognize that opportunities may be missed and take corrective action, they become, in part at least, masters of their own economic destiny. We may presume that the Southeast will share once more in the economic growth when the nation's economy recovers, but southerners themselves will determine how great their share will be.

Charles T. Taylor

* * *

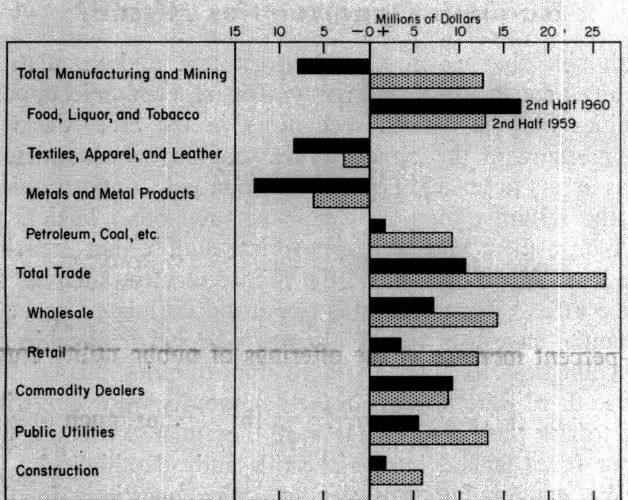
*Some of the economic implications of the changes in population in this part of the South that are revealed by recent data from the decennial census will be discussed in future issues of this* Review. *We will seek answers to such questions as: To what extent are population changes symptomatic of income growth? What patterns of economic adjustments accompany population changes? What have been the implications of population changes to housing, to the pattern of retail distribution, and to the burden of municipal services?*

# Borrowing by Distri

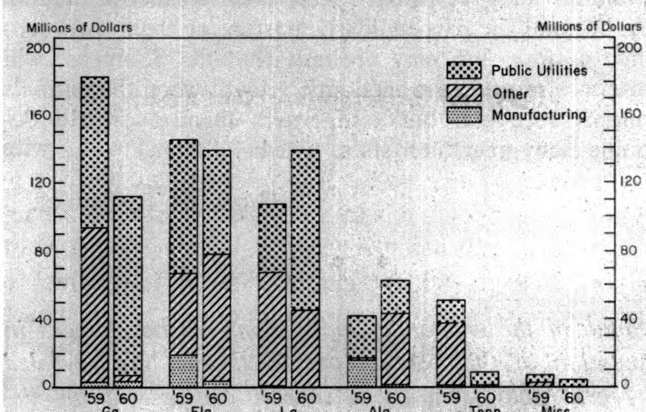
Businessmen throughout this part of the South are now in the process of adjusting their credit needs to a lower level of activity. In many instances, "adjusting credit needs" means lowering them—but not always. And all of the businessmen who reduce credit demands may not do so in the same way. Our task, therefore, is to probe beneath the surface of aggregate credit demands and focus on a few of the myriad changes that have taken place. Specifically, we shall try to provide some insight into changes in business credit by type of credit, by kind of business, and by region, and to relate these changes to variations in economic activity.

### Borrowing by District Businesses*


**Businesses headquartered in District states offered a smaller volume of securities for sale in 1960 than in 1959, and outstanding business loans at District banks increased more slowly.**




**Bank loans to most types of businesses expanded less in the second half of 1960 than in that period of 1959; loans to manufacturing and mining concerns were particularly weak.**




**In 1960, declines in security offerings by manufacturing corporations and by trade, finance and other firms more than offset an increase by public utility companies.**

* Estimates of securities offered by corporations headquartered in District states were compiled from data published by *The Security and Exchange Commission* and *The Investment Dealers Digest*. Estimates of changes in business loans were based on data obtained from weekly reporting member banks in major District cities.

## Business Activity and Credit Demands

Business activity, an important determinant of the demand for new credit, has edged downward since last summer in states lying wholly or partly in the Sixth District—Alabama, Florida, Georgia, Louisiana, Mississippi and Tennessee. The gradualness of the decline is reflected in a drop in total nonfarm employment of only 2 percent from its July peak through December 1960. A breakdown of total nonfarm employment, however, reveals that declines in some sectors of the economy have been more severe.

The manufacturing and construction industries appear to have borne the brunt of economic contraction in the District, as brought out in "The First Year," also appearing in this *Review*. Manufacturing employment in the District reached its peak in May 1960, and from that date declined 4 percent through December 1960. Total construction activity, measured by the value of construction contracts, declined 27 percent from its March 1959 peak through November.

As a rule, we would expect to find demands for credit weakest in those businesses or industries where production and employment are down the most. Thus, last year's declines in manufacturing and construction activity should show up in reduced demands by these industries for both short- and long-term credit.

## Demand for Short-term Credit Weakens

Throughout much of 1960, production outpaced final demand for such items as automobiles, household appliances, television sets, and farm equipment. As a result, businessmen in these lines concluded that their inventories were too high and took steps to reduce them. The change in inventory policy—from accumulation to liquidation—contributed to production declines, particularly in the durable manufacturing industries. These reductions in sales and production are mirrored in the slowdown in business borrowing from District banks.

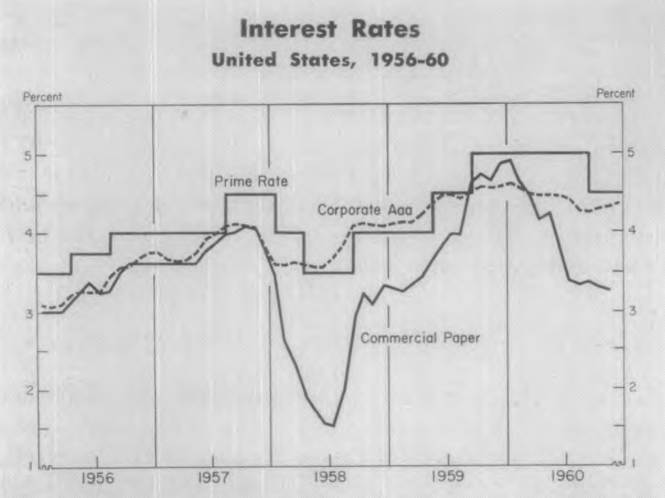
During the second half of 1960, for example, outstanding business loans made by weekly reporting banks in major District cities to manufacturing and mining concerns declined $8 million, compared with an increase of

$12.8 million in the same period a year earlier. Loans to businesses engaged in construction activity also weakened during the second half of last year. Of all of the business categories for which loan data are available, only food, liquor, and tobacco manufacturers showed much strength, but not enough to boost total business loans above those of the second half of 1959. Total business loans increased only $23 million in the second half of 1960, compared with $70 million in the same period a year earlier.

As loan demands of all types leveled off early last year, interest rates eased. The Federal Reserve, beginning late in March 1960, moved to a policy of less credit restraint. Since that date, the System has helped to foster further credit ease by reducing discount rates to member banks, engaging in open market operations to expand bank reserves, and lowering reserve requirements. The impact of these actions is strikingly apparent in the reserve position of District member banks. In early 1960 borrowings by member banks from the Atlanta Federal Reserve Bank exceeded excess reserves by $86 million, but early this year the reverse situation prevailed and excess reserves were $67 million greater than borrowing.

## Demand for Long-term Credit Also Weakens

With industrial production in the nation declining throughout the second half of last year and plant capacity ample, some businessmen began to cut back their plans to build new plants and modernize equipment. As a result, spending for plants and equipment turned down




The decline in the demand for business credit, along with an increase in the availability of funds, has resulted in lower interest rates.

after the middle of last year, even though expenditures for the entire year totaled $35.7 billion, higher than in 1959.

Also, corporate offerings of securities (stocks and bonds) for new capital in the nation increased 3 percent from 1959 to 1960. In contrast, corporate offerings of securities by businesses headquartered in District states declined 13 percent from 1959 to 1960, to a level of $465 million. The difference in movement between the volume of securities offered in District states and in the nation may be explained in part by differences in spending for plant construction, measured by the value of nonresidential construction contracts. In 1960, for example, the value of such contracts declined 14 percent in the District, but increased 10 percent in the nation.

Our compilations of security offerings include only firms headquartered in the South and therefore do not measure the total amount of capital financing required by all businesses located in District states. Still, they provide clues to the regional demand pattern for long-term business funds. The decline of approximately $70 million in security offerings by corporations headquartered in District states, for instance, may be traced to variations in offerings by type of industry, as well as to changes in the types of securities offered for sale.

Companies in trade, finance, and other businesses, as well as manufacturing concerns, for example, accounted for most of the decline in the volume of corporate securities offered last year. Total issues of these corporations declined about $100 million. Manufacturing concerns alone accounted for $30 million of this amount. The declines in these sectors more than offset a slight increase in the offerings of public utility companies.

The pattern of borrowing by type of business is even more striking when viewed in percentage terms. The security offerings of manufacturing firms in District states declined 76 percent from 1959 to 1960, in contrast to a 13-percent increase in the offerings of public utility companies.

With stock prices edging down throughout much of last year and interest rates on bonds declining, corporations headquartered in District states sharply reduced their sales of common and preferred stock, but increased slightly the amount of bonds issued. In 1960, for example, stock sales amounted to $77 million, compared with $157 million in 1959. Bond issues, however, totaled $388 million last year, up slightly from 1959.

## Cost of Borrowing Declines

The tapering off of business credit demands, along with some increase in the availability of funds, has resulted in lower interest rates for both long- and short-term credit. National data indicate that all types of business interest rates fell during 1960, but the drop was most apparent in short-term market rates. Interest rates on 4 to 6-month prime commercial paper, for example, declined from a peak of 4.9 percent in January 1960 to 3.3 percent in November.

The rates banks in the District and in the nation charge their business customers also have declined moderately since last summer. Yields on outstanding corporate issues declined from early 1960 through August; since then, yields turned up and then fluctuated irregularly at levels above their summer lows.

ALFRED P. JOHNSON

# *Bank Announcements*

*On January 1, three nonmember banks began to remit at par for checks drawn on them when received from the Federal Reserve Bank:*

*The Bank of Hawthorne, Hawthorne, Florida. Officers are F. D. Williams, Sr., Chairman of the Board; Colonel T. A. Hancock, President; John J. Taylor, Executive Vice President and Cashier; and S. W. Godwin, Vice President. Capital totals $60,000, and surplus and undivided profits $33,600.*

*The Citizens Banking Company, Hartwell, Georgia. Officers include A. F. Bell, Chairman of the Board; E. C. Griffeth, President; A. C. Skelton, Vice President; W. R. Parker, Executive Vice President and Cashier; Irene S. Darrough, Opal H. Herndon, and James E. Weaver, Assistant Cashiers. Capital totals $100,000, and surplus and undivided profits $270,487.*

*The Alexandria Bank and Trust Company, Alexandria, Tennessee, and its branch, The First Trust Company, Dowelltown, Tennessee. Officers include S. S. Chapman, President; E. W. Evins, Vice President; D. W. Evins, Cashier; Beulah Avant and J. C. Oakley, Assistant Cashiers. Capital totals $50,000, and surplus $50,000.*

*On January 2, The Farmers and Merchants Bank, Senoia, Georgia, a nonmember bank, began to remit at par. Officers are R. W. Freeman, President; J. D. Hunter, Vice President; and Hattie S. Whatley, Cashier. Capital totals $25,000, and surplus and undivided profits $69,577.*

*Five newly organized nonmember banks opened for business in January and began to remit at par:*

*January 5: The Brandon State Bank, Brandon, Florida. Officers are Warren M. Cason, President; C. R. Westfall, Executive Vice President and Cashier; and Jesse W. Ortmann, Assistant Cashier. Capital totals $150,000, and surplus and undivided profits $150,000.*

*January 5: The Allen State Bank, Oakdale, Louisiana. Officers include Wheeler Fuselier, President, and Charles C. DeRouen, Executive Vice President and Cashier. Capital totals $200,000, and surplus and undivided profits $100,000.*

*January 6: The Bank of West Orange, Ocoee, Florida. Officers are Elmer G. Youngblood, President, and R. E. Jackson, Executive Vice President and Cashier. Capital totals $300,000, and surplus and undivided profits $75,000.*

*January 11: The Lauderdale Beach Bank, Lauderdale-by-the-Sea, Fort Lauderdale, Florida. Officers include Dave Turner, President; Charles C. Burton, Jr., Executive Vice President and Cashier; and Forrest E. Rockett, Jr., Assistant Cashier. Capital totals $400,000, and surplus and undivided profits $250,000.*

*January 19: The American Beach Boulevard Bank, Jacksonville, Florida. Officers include: Frank W. Sherman, Chairman of the Board; Steuart P. Hicks, President; W. Gregory Smith, Vice President; and James H. Burton, Cashier. Capital totals $300,000, and surplus and undivided profits $75,000.*

## Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

| | | | | Percent Change | | |
|---|---|---|---|---|---|---|
| | | | | Dec. 1960 from | | Year-to-date 12 Months 1960 from 1959 |
| | Dec. 1960 | Nov. 1960 | Dec. 1959 | Nov. 1960 | Dec. 1959 | |
| **ALABAMA** | | | | | | |
| Anniston . . . . | 45,384 | 41,308 | 44,515 | +10 | +2 | +2 |
| Birmingham . . . | 853,713 | 815,829 | 858,255 | +5 | —1 | +5 |
| Dothan . . . . | 38,668 | 35,845 | 35,440 | +8 | +9 | +9 |
| Gadsden . . . . | 37,322 | 36,487 | 37,587 | +2 | —1 | +2 |
| Huntsville* . . . | 77,872 | 80,650 | 73,920 | —3 | +5 | +2 |
| Mobile . . . . | 326,232 | 306,712 | 321,214 | +6 | +2 | +4 |
| Montgomery . . . | 175,772 | 173,880 | 178,023 | +1 | —1 | —1 |
| Selma* . . . . | 28,558 | 29,856 | 27,943 | —4 | +2 | +5 |
| Tuscaloosa* . . . | 55,807 | 56,588 | 54,814 | —1 | +2 | +4 |
| Total Reporting Cities | 1,639,328 | 1,577,155 | 1,631,711 | +4 | +0 | +4 |
| Other Cities† . . . | 764,969 | 800,042 | 779,776 | —4 | —2 | +5 |
| **FLORIDA** | | | | | | |
| Daytona Beach* . | 55,762 | 54,184 | 61,632 | +3 | —10 | —4 |
| Fort Lauderdale* . | 218,438 | 194,035 | 233,462 | +13 | —6 | +0 |
| Gainesville* . . | 46,694 | 42,758 | 44,236 | +9 | +6 | +8 |
| Jacksonville . . . | 893,634 | 804,732 | 891,730 | +11 | +0 | +5 |
| Key West* . . . | 17,541 | 16,026 | 18,806 | +9 | —7 | —2 |
| Lakeland* . . . | 88,894 | 76,680 | 93,671 | +16 | —5 | +5 |
| Miami . . . . . | 996,526 | 879,147 | 972,013 | +13 | +3 | +2 |
| Greater Miami* . | 1,439,217 | 1,271,622 | 1,443,361 | +13 | —0 | +1 |
| Orlando . . . . | 259,115 | 236,855 | 286,695 | +9 | —10 | +2 |
| Pensacola . . . | 93,805 | 83,698 | 96,061 | +12 | —2 | +0 |
| St. Petersburg . . | 218,201 | 208,559 | 251,849 | +5 | —13 | —4 |
| Tampa . . . . | 458,598 | 419,475 | 474,924 | +9 | —3 | +1 |
| W. Palm-Palm Bch.* | 139,027 | 121,576 | 142,885 | +14 | —3 | —3 |
| Total Reporting Cities | 3,928,926 | 3,530,200 | 4,039,312 | +11 | —3 | +1 |
| Other Cities† . . . | 1,769,910 | 1,617,085 | 1,748,284 | +9 | +1 | +5 |
| **GEORGIA** | | | | | | |
| Albany . . . . | 58,660 | 54,724 | 54,959 | +7 | +7 | +5 |
| Athens* . . . . | 43,373 | 42,597 | 42,127 | +2 | +3 | +7 |
| Atlanta . . . . | 2,184,438 | 2,072,649 | 2,267,326 | +5 | —4 | +6 |
| Augusta . . . . | 120,743 | 113,567 | 126,291 | +6 | —4 | +5 |
| Brunswick . . . | 27,875 | 23,912 | 27,994 | +17 | —0 | +5 |
| Columbus . . . | 115,392 | 106,209 | 115,540 | +9 | —0 | +3 |
| Elberton . . . . | 9,623 | 9,799 | 10,112 | —2 | —5 | +7 |
| Gainesville* . . . | 50,287 | 48,067 | 45,613 | +5 | +10 | +2 |
| Griffin* . . . . | 22,878 | 20,763 | 22,777 | +10 | +0 | +3 |
| LaGrange* . . . | 20,935 | 20,421 | 21,496 | +3 | —3 | —2 |
| Macon . . . . . | 124,858 | 119,079 | 131,571 | +5 | —5 | +2 |
| Marietta* . . . | 37,829 | 29,212 | 35,999 | +29 | +5 | +2 |
| Newnan . . . . | 26,913 | 18,218 | 21,582 | +48 | +25 | +10 |
| Rome* . . . . | 52,583 | 51,330 | 53,233 | +2 | —1 | +9 |
| Savannah . . . . | 194,060 | 181,691 | 224,963 | +7 | —14 | —2 |
| Valdosta . . . . | 34,968 | 35,506 | 37,398 | —2 | —6 | —1 |
| Total Reporting Cities | 3,125,415 | 2,947,744 | 3,238,981 | +6 | —4 | +5 |
| Other Cities† . . . | 1,120,119 | 1,041,477 | 1,020,781 | +8 | +10 | +10 |
| **LOUISIANA** | | | | | | |
| Alexandria* . . . | 71,591 | 69,419 | 74,621 | +3 | —4 | —1 |
| Baton Rouge . . | 276,174 | 255,750 | 288,176 | +8 | —4 | +0 |
| Lafayette* . . . | 68,042 | 61,484 | 69,840 | +11 | —3 | —3 |
| Lake Charles . . | 83,709 | 77,302 | 90,224 | +8 | —7 | —9 |
| New Orleans . . | 1,453,053 | 1,344,534 | 1,444,636 | +8 | +1 | +3 |
| Total Reporting Cities | 1,952,569 | 1,808,489 | 1,967,497 | +8 | —1 | +2 |
| Other Cities† . . . | 723,244 | 638,292 | 683,147 | +13 | +6 | +3 |
| **MISSISSIPPI** | | | | | | |
| Biloxi-Gulfport* . | 53,451 | 51,710 | 52,650 | +3 | +2 | +3 |
| Hattiesburg . . . | 39,688 | 36,529 | 37,186 | +9 | +7 | +6 |
| Jackson . . . . | 329,916 | 324,697 | 321,625 | +2 | +3 | +7 |
| Laurel* . . . . | 30,628 | 29,331 | 29,386 | +4 | +4 | +4 |
| Meridian . . . . | 44,590 | 46,101 | 45,966 | —3 | —3 | —0 |
| Natchez* . . . | 24,521 | 22,736 | 27,273 | +8 | —10 | +1 |
| Vicksburg . . . | 22,051 | 23,185 | 22,498 | —5 | —2 | +4 |
| Total Reporting Cities | 544,845 | 534,289 | 536,584 | +2 | +2 | +5 |
| Other Cities† . . . | 301,687 | 275,344 | 305,977 | +10 | —1 | +4 |
| **TENNESSEE** | | | | | | |
| Bristol* . . . . | 52,432 | 45,128 | 48,516 | +16 | +8 | +4 |
| Chattanooga . . | 337,025 | 317,269 | 353,038 | +6 | —5 | —0 |
| Johnson City* . . | 47,301 | 42,880 | 44,816 | +10 | +6 | +4 |
| Kingsport* . . . | 83,171 | 84,949 | 82,139 | —2 | +1 | +4 |
| Knoxville . . . | 279,810 | 241,640 | 268,468 | +16 | +4 | +5 |
| Nashville . . . . | 746,225 | 772,517 | 752,913 | —3 | —1 | +2 |
| Total Reporting Cities | 1,545,964 | 1,504,383 | 1,549,890 | +3 | —0 | +2 |
| Other Cities† . . . | 610,897 | 615,212 | 575,435 | —1 | +6 | +4 |
| SIXTH DISTRICT . | 18,027,873 | 16,889,712 | 18,077,375 | +7 | —0 | +4 |
| Reporting Cities . | 12,737,047 | 11,902,260 | 12,963,975 | +7 | —2 | +3 |
| Other Cities† . . | 5,290,826 | 4,987,452 | 5,113,400 | +6 | +3 | +5 |
| Total, 32 Cities . . | 10,906,741 | 10,217,405 | 11,090,772 | +7 | —2 | +3 |
| **UNITED STATES** | | | | | | |
| 344 Cities . . . | 257,022,000 | 235,158,000r | 261,121,000 | +9 | —2 | +6 |

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

# Sixth District Indexes

**Seasonally Adjusted (1947-49 = 100)**

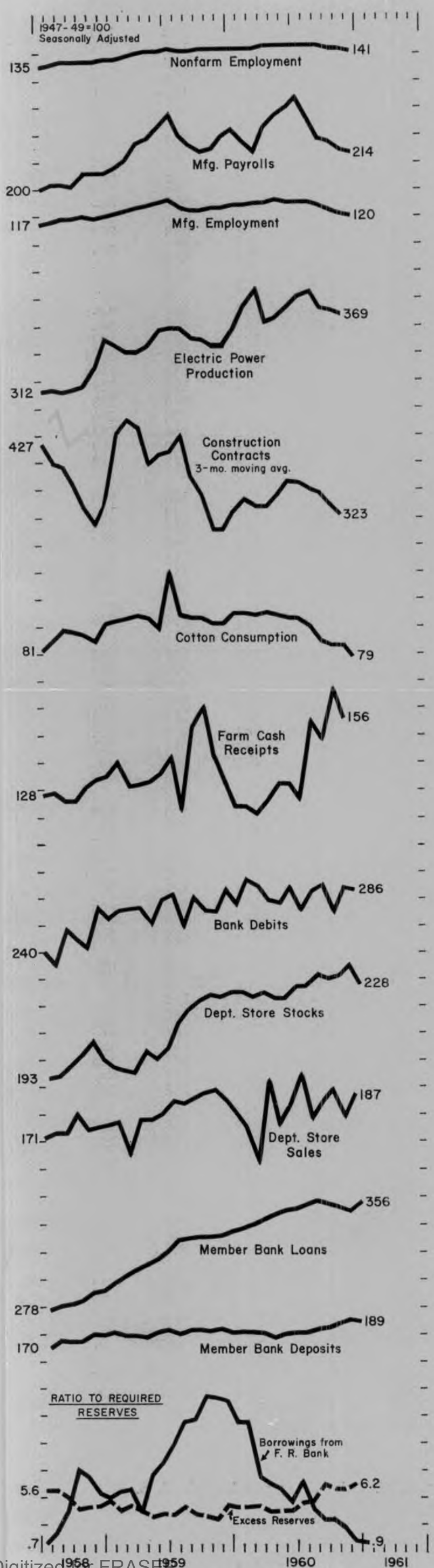
| | 1959 | | 1960 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SIXTH DISTRICT | NOV. | DEC. | JAN. | FEB. | MAR. | APR. | MAY | JUNE | JULY | AUG. | SEPT. | OCT. | NOV. | DEC. |
| Nonfarm Employment | 142 | 142 | 142 | 142 | 142 | 143 | 143 | 143 | 143 | 143 | 143 | 142 | 142 | 141 |
| Manufacturing Employment | 123 | 123 | 124 | 124 | 124 | 125 | 126 | 125 | 125 | 124 | 124 | 122 | 121 | 120 |
| Apparel | 189 | 191 | 192 | 190 | 191 | 194 | 195 | 195 | 197 | 192 | 189 | 183 | 184 | 184 |
| Chemicals | 130 | 132 | 132 | 133 | 132 | 135 | 135 | 136 | 135 | 135 | 129 | 128 | 128 | 130 |
| Fabricated Metals | 183 | 185 | 191 | 193 | 190 | 188 | 192 | 194 | 194 | 195 | 190 | 186 | 185 | 186 |
| Food | 116 | 113 | 117 | 117 | 115 | 116 | 117 | 116 | 116 | 117 | 120 | 119 | 117 | 116 |
| Lbr., Wood Prod., Fur. & Fix. | 80 | 80 | 80 | 80 | 79 | 79 | 79 | 79 | 78 | 78 | 77 | 77 | 76 | 75 |
| Paper & Allied Products | 161 | 160 | 166 | 165 | 164 | 166 | 167 | 165 | 166 | 164 | 164 | 162 | 162r | 161 |
| Primary Metals | 97 | 103 | 101 | 100 | 95 | 98 | 99 | 99 | 97 | 95 | 87 | 93 | 88 | 89 |
| Textiles | 87 | 87 | 87 | 87 | 88 | 87 | 87 | 87 | 88 | 87 | 86 | 86 | 85r | 84 |
| Transportation Equipment | 195 | 199 | 209 | 208 | 206 | 210 | 211 | 206 | 200 | 202 | 203 | 208 | 187 | 193 |
| Nonmanufacturing Employment | 150 | 149 | 150 | 150 | 149 | 151 | 151 | 150 | 151 | 151 | 151 | 151 | 150 | 149 |
| Manufacturing Payrolls | 215 | 220 | 222 | 218 | 214 | 223 | 227 | 230 | 234 | 226 | 219 | 218 | 215 | 214 |
| Cotton Consumption** | 91 | 91 | 95 | 95 | 94 | 95 | 94 | 93 | 93 | 90 | 85 | 83 | 83 | 79 |
| Electric Power Production** | 345r | 345 | 358 | 375 | 387 | 363 | 366 | 375 | 382 | 385 | 373 | 372 | 369 | n.a. |
| Petrol. Prod. in Coastal Louisiana & Mississippi** | 214 | 231 | 227 | 226 | 228 | 224 | 222 | 220 | 220 | 221 | 223 | 232 | 233 | 248 |
| Construction Contracts* | 302 | 302 | 328 | 345 | 333 | 333 | 351 | 371 | 370 | 361 | 353 | 337 | 322 | n.a. |
| Residential | 373 | 367 | 351 | 366 | 360 | 356 | 384 | 387 | 376 | 367 | 362 | 364 | 305 | n.a. |
| All Other | 245 | 249 | 309 | 327 | 311 | 315 | 325 | 359 | 365 | 357 | 346 | 316 | 335 | n.a. |
| Farm Cash Receipts | 142 | 133 | 124 | 124 | 121 | 126 | 132 | 132 | 127 | 155 | 149 | 167 | 156 | n.a. |
| Crops | 120 | 99 | 93 | 96 | 95 | 100 | 111 | 98 | 83 | 147 | 134 | 157 | 131 | n.a. |
| Livestock | 185 | 184 | 169 | 176 | 179 | 188 | 185 | 192 | 194 | 189 | 188 | 186 | 201 | n.a. |
| Department Store Sales*/** | 189 | 185 | 180 | 175 | 162 | 192 | 176 | 183 | 194 | 178 | 185 | 189 | 179 | 187 |
| Department Store Stocks* | 223 | 225 | 225 | 223 | 225 | 223 | 223 | 227 | 227 | 232 | 230 | 231 | 235r | 228p |
| Furniture Store Sales*/** | 163 | 151 | 166 | 143 | 129 | 149 | 145 | 142 | 147 | 143 | 135 | 141 | 140 | 134p |
| Member Bank Deposits* | 184 | 181 | 182 | 181 | 180 | 178 | 180 | 181 | 181 | 184 | 185 | 188 | 190 | 189 |
| Member Bank Loans* | 332 | 335 | 337 | 340 | 344 | 347 | 350 | 351 | 354 | 357 | 354 | 352 | 350 | 356 |
| Bank Debits* | 271 | 286 | 275 | 294 | 288 | 278 | 277 | 288 | 271 | 285 | 290 | 270 | 288 | 286 |
| Turnover of Demand Deposits* | 150 | 154 | 154 | 156 | 153 | 148 | 163 | 159 | 162 | 167 | 158 | 152 | 153 | 157 |
| In Leading Cities | 160 | 166 | 166 | 168 | 167 | 167 | 181 | 183 | 179 | 190 | 175 | 159 | 162 | 169 |
| Outside Leading Cities | 109 | 120 | 119 | 120 | 119 | 114 | 126 | 119 | 129 | 124 | 120 | 113 | 111 | 124 |
| ALABAMA | | | | | | | | | | | | | | |
| Nonfarm Employment | 125 | 125 | 126 | 125 | 124 | 125 | 126 | 126 | 126 | 126 | 125 | 125 | 125 | 124 |
| Manufacturing Employment | 107 | 108 | 108 | 107 | 106 | 108 | 109 | 109 | 109 | 108 | 106 | 104 | 104 | 103 |
| Manufacturing Payrolls | 188 | 194 | 198 | 192 | 190 | 195 | 198 | 201 | 202 | 194 | 184 | 189 | 185 | 174 |
| Department Store Sales** | 163 | 163 | 165 | 158 | 156 | 176 | 162 | 171 | 178 | 170 | 166 | 166 | 155 | 165 |
| Furniture Store Sales | 134 | 128 | 148 | 133 | 112 | 127 | 128 | 127 | 126 | 119 | 117 | 120 | 110 | 110 |
| Member Bank Deposits | 159 | 158 | 159 | 158 | 160 | 157 | 159 | 160 | 162 | 164 | 165 | 169 | 166 | 166 |
| Member Bank Loans | 272 | 273 | 279 | 283 | 284 | 296 | 300 | 292 | 299 | 294 | 292 | 293 | 294 | 297 |
| Farm Cash Receipts | 112 | 112 | 113 | 122 | 125 | 122 | 131 | 123 | 124 | 123 | 150 | 182 | 130 | n.a. |
| Bank Debits | 224 | 247 | 236 | 245 | 244 | 240 | 240 | 245 | 234 | 257 | 258 | 246 | 253 | 246 |
| FLORIDA | | | | | | | | | | | | | | |
| Nonfarm Employment | 199 | 197 | 197 | 197 | 197 | 199 | 201 | 202 | 204 | 203 | 203 | 202 | 200r | 198 |
| Manufacturing Employment | 203 | 201 | 204 | 204 | 202 | 205 | 209 | 211 | 213 | 214 | 213 | 210 | 207 | 207 |
| Manufacturing Payrolls | 371 | 374 | 366 | 364 | 352 | 372 | 389 | 392 | 409 | 406 | 394 | 402 | 387 | 386 |
| Department Store Sales** | 265 | 257 | 250 | 240 | 245 | 274 | 260 | 264 | 277 | 263 | 256 | 261 | 268 | 276 |
| Furniture Store Sales | 203 | 195 | 189 | 174 | 157 | 181 | 175 | 167 | 167 | 203 | 172 | 156 | 168 | 164 |
| Member Bank Deposits | 245 | 241 | 242 | 237 | 234 | 230 | 235 | 238 | 239 | 244 | 245 | 248 | 252 | 252 |
| Member Bank Loans | 547 | 548 | 546 | 550 | 546 | 553 | 554 | 559 | 563 | 571 | 562 | 559 | 551 | 556 |
| Farm Cash Receipts | 190 | 201 | 231 | 206 | 171 | 217 | 225 | 187 | 204 | 270 | 248 | 212 | 196 | n.a. |
| Bank Debits | 414 | 424 | 391 | 423 | 410 | 387 | 404 | 443 | 399 | 437 | 426 | 411 | 426 | 418 |
| GEORGIA | | | | | | | | | | | | | | |
| Nonfarm Employment | 136 | 136 | 137 | 136 | 135 | 138 | 137 | 136 | 136 | 135 | 135 | 135 | 135 | 134 |
| Manufacturing Employment | 120 | 121 | 122 | 122 | 122 | 122 | 122 | 122 | 121 | 120 | 120 | 119 | 117 | 117 |
| Manufacturing Payrolls | 208 | 210 | 216 | 211 | 205 | 215 | 223 | 221 | 226 | 216 | 211 | 208 | 203 | 202 |
| Department Store Sales** | 176 | 172 | 172 | 164 | 156 | 170 | 169 | 164 | 175 | 159 | 168 | 172 | 158 | 164 |
| Furniture Store Sales | 157 | 150 | 149 | 127 | 120 | 142 | 132 | 135 | 134 | 137 | 134 | 144 | 138 | 136p |
| Member Bank Deposits | 163 | 158 | 161 | 161 | 158 | 157 | 161 | 160 | 157 | 166 | 167 | 170 | 171 | 169 |
| Member Bank Loans | 266 | 267 | 269 | 271 | 268 | 271 | 275 | 277 | 278 | 285 | 287 | 287 | 292 | 289 |
| Farm Cash Receipts | 134 | 153 | 130 | 134 | 146 | 153 | 144 | 150 | 125 | 215 | 160 | 204 | 120 | n.a. |
| Bank Debits | 244 | 261 | 254 | 265 | 254 | 254 | 257 | 269 | 258 | 264 | 279 | 255 | 263 | 262 |
| LOUISIANA | | | | | | | | | | | | | | |
| Nonfarm Employment | 130 | 130 | 131 | 131 | 130 | 131 | 131 | 130 | 130 | 130 | 130 | 130 | 128r | 128 |
| Manufacturing Employment | 94 | 93 | 94 | 95 | 95 | 95 | 95 | 95 | 95 | 94 | 94 | 94 | 93 | 92 |
| Manufacturing Payrolls | 168 | 168 | 173 | 173 | 176 | 179 | 178 | 178 | 177 | 178 | 174 | 170 | 170 | 171 |
| Department Store Sales*/** | 158 | 155 | 155 | 150 | 147 | 156 | 152 | 161 | 159 | 152 | 148 | 151 | 140 | 155 |
| Furniture Store Sales* | 195 | 184 | 188 | 192 | 172 | 176 | 175 | 184 | 203 | 145 | 161 | 159 | 167 | 172 |
| Member Bank Deposits* | 160 | 158 | 161 | 159 | 160 | 163 | 161 | 161 | 160 | 158 | 163 | 159 | 163 | 165 |
| Member Bank Loans* | 309 | 311 | 312 | 316 | 335 | 332 | 338 | 333 | 334 | 334 | 328 | 326 | 323 | 328 |
| Farm Cash Receipts | 127 | 112 | 90 | 90 | 94 | 89 | 101 | 119 | 102 | 91 | 113 | 115 | 137 | n.a. |
| Bank Debits* | 216 | 238 | 207 | 224 | 244 | 233 | 233 | 253 | 225 | 238 | 259 | 219 | 232 | 240 |
| MISSISSIPPI | | | | | | | | | | | | | | |
| Nonfarm Employment | 136 | 135 | 138 | 137 | 136 | 137 | 137 | 136 | 136 | 135 | 136 | 136 | 136 | 135 |
| Manufacturing Employment | 134 | 135 | 135 | 134 | 133 | 134 | 135 | 134 | 133 | 132 | 131 | 130 | 131 | 130 |
| Manufacturing Payrolls | 242 | 244 | 253 | 247 | 254 | 249 | 244 | 256 | 253 | 247 | 235 | 239 | 236 | 237 |
| Department Store Sales*/** | 160 | 169 | 161 | 154 | 155 | 169 | 154 | 175 | 175 | 153 | 149 | 158 | 151 | 164 |
| Furniture Store Sales* | 117 | 133 | 106 | 99 | 94 | 100 | 113 | 107 | 112 | 100 | 95 | 84 | 101 | 124p |
| Member Bank Deposits* | 204 | 208 | 200 | 202 | 205 | 199 | 198 | 195 | 196 | 193 | 194 | 205 | 203 | 212 |
| Member Bank Loans* | 392 | 403 | 414 | 422 | 418 | 422 | 433 | 438 | 449 | 431 | 440 | 425 | 427 | 453 |
| Farm Cash Receipts | 145 | 128 | 92 | 91 | 115 | 101 | 105 | 97 | 104 | 98 | 121 | 141 | 162 | n.a. |
| Bank Debits* | 237 | 252 | 226 | 244 | 246 | 236 | 222 | 243 | 241 | 254 | 251 | 240 | 257 | 254 |
| TENNESSEE | | | | | | | | | | | | | | |
| Nonfarm Employment | 124 | 124 | 124 | 124 | 123 | 126 | 125 | 125 | 126 | 125 | 125 | 124 | 124 | 122 |
| Manufacturing Employment | 123 | 123 | 124 | 123 | 123 | 124 | 124 | 124 | 125 | 124 | 124 | 122 | 120r | 120 |
| Manufacturing Payrolls | 212 | 214 | 219 | 219 | 208 | 225 | 223 | 223 | 225 | 224 | 217 | 214 | 211 | 210 |
| Department Store Sales*/** | 163 | 157 | 154 | 145 | 137 | 159 | 146 | 155 | 167 | 151 | 157 | 164 | 156 | 157 |
| Furniture Store Sales* | 102 | 109 | 104 | 95 | 98 | 103 | 111 | 107 | 93 | 98 | 96 | 101 | 98 | 96 |
| Member Bank Deposits* | 167 | 164 | 166 | 161 | 161 | 163 | 165 | 167 | 169 | 167 | 166 | 172 | 171 | 169 |
| Member Bank Loans* | 292 | 296 | 296 | 300 | 303 | 304 | 310 | 313 | 316 | 316 | 310 | 312 | 312 | 327 |
| Farm Cash Receipts | 119 | 116 | 88 | 90 | 86 | 100 | 95 | 102 | 109 | 113 | 106 | 122 | 143 | n.a. |
| Bank Debits* | 237 | 232 | 235 | 252 | 242 | 236 | 247 | 245 | 236 | 245 | 242 | 226 | 248 | 236 |

*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.

# DISTRICT BUSINESS CONDITIONS




**District economic activity in late 1960 and early 1961 has fallen off further.** Nonfarm employment, the most comprehensive regional measure available, declined again in December, after seasonal adjustment. A downward drift in the number of employed workers has been underway since July. Although not uniform from state to state, declines appeared during December in nonfarm employment in Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee.

**So far, the recession has remained mild, although important indicators suggest that business in the District is down slightly more than nationally.**

**The chief sector curtailing District employment in December was, just as in previous months, manufacturing.** Notably, textile, lumber, paper, and food processing employment declined. As a result, factory payrolls were further reduced.

**Along with a cutback in the number of workers employed, some industrial activity has been curtailed.** Cotton consumption, a measure of textile output, declined in December. It has been in a downtrend since last April. Steel mill operations in the first three weeks of January, though slightly higher than in December, were still at a sharply reduced level.

**Except in manufacturing, employment cutbacks in the District were small in December.** The number of Government workers continued to grow steadily.

**Those who looked for a pickup in construction to help stem the business contraction were disappointed.** District construction employment, seasonally adjusted, declined further in December. The three-month average of construction contracts, a valuable indicator of activity in coming months, dropped again in November.

**Consumers evidently have not reduced their spending very much, but there is no clear indication of the direction that consumer buying is taking.** Department store sales showed a larger-than-usual increase in the Christmas month. Preliminary figures for January show a mild decline in most areas. Declines in Florida and Tennessee caused December furniture store sales to slip to the lowest level since last March. Meanwhile, household appliance store sales increased less than is typical for December.

**At this time of year, farm activity is typically slow.** The most notable farm news is that prices received by farmers in December were no longer rising, partly because of a cut in Florida vegetable prices. Rising prices in previous months kept District farm receipts in 1960 near year-ago levels. Thus, farmers did nearly as well as in 1959, although their costs were up somewhat.

**Banks in the District have clearly responded to recent Federal Reserve actions.** Bank credit in December expanded, as banks helped by funds released by System actions added to their investment portfolios. Following a prolonged period of slackness, loans moved up more than is typical for December. Business borrowing, however, was not responsible for this increase, and there are indications that the cost of borrowing by businesses has changed little.