Textile Activity Joins the Upswing

As the nation enjoys the exhilaration of a general expansion in business activity, it seems an appropriate time to see what is happening to an industry that provides employment to about one out of every eight persons engaged in manufacturing in the District.

This area's textile industry fortunately was quick to join the upswing in business activity that got underway after February of this year. This is not surprising since District products are closely tied to national markets. Developments in markets for consumer goods are likely to affect regional output of cotton, man-made, and wool fabrics used by the so-called “needle trades;” hosiery and other knit wear; home goods, such as bedspreads, blankets, towels, carpets, and rugs; and yarn and thread.

Since many regional textile products, e.g., tire cord and fabric, twine, and upholstery, have industrial uses, demand for them is likely to be affected by changes in a broad range of other industrial activities. We cannot determine precisely how the impact of changes in demand for textile products is transmitted to the Southeast's textile industry, but we do know that changes since January have combined to bring about an upswing in textile activity here.

The Evidence

We can see this, first of all, from looking at the rise in the number of manhours worked in the District's textile industry. As the accompanying chart shows, textile employment held steady in February and March of this year and then rose gradually through July, the latest month for which figures are available. The average work week lengthened in February, indicating a pickup in activity even before employment rose.
Typically, the work week lengthens as a first response to increased demand; additions to the work force usually follow as recovery continues. This was the response of the textile industry here to recovery from the national recession that ended in early 1958, and recovery from the recession that ended about last February appears to be influencing our textile industry in a similar way. Whereas those textile workers employed in January put in an average of 37.3 hours each week, a slightly larger number in July put in an average of 40.2. As a result of increases in employment and a lengthening of the work week, total manhours worked rose about 10 percent from January to July.

Because cotton is the dominant fiber used in textile manufacturing, cotton consumption is a valuable indicator of short-run changes in textile activity. Cotton had lost ground in textile manufacturing for a number of years prior to 1955 because of the increased use of man-made fibers. Since that time, however, it has held its own rather well, accounting for slightly less than two-thirds of total fiber consumption. The amount of cotton consumed can thus be used with greater confidence as an indicator of current textile activity now than was the case a few years ago.

Recently, cotton consumption has turned upward, following a decline that started in early 1960 and continued throughout the year. From a low point reached in January, it had risen 13 percent by July 1961. Despite the sharp gain made by mid-year, however, cotton consumption still has a substantial distance to go before recovering the pre-recession level of early 1960.

Textile mill employment also has a gap to close in recovering its pre-recession level, and if previous experience is a guide it may not succeed in doing so. Although a slight rise has occurred so far this year, a downward trend has been taking place over the years as more efficient machinery has come into use. Nationally, a similar development has been reflected in the sharply divergent trends in textile employment and output between 1947 and 1960, as shown in the chart below. Even though employment dropped about 29 percent in that thirteen-year period, output increased nearly 24 percent. Comparable output figures for the District are not available, but information from the periodic Censuses of Manufactures tells us that the use of more efficient machinery and a reduction in manpower are taking place here. Thus, between 1947 and 1958 textile employment dropped 13 percent while the value added to textile products by the manufacturing process in the District rose 9 percent. Employment and manhours worked, therefore, are likely to understate substantially the current level of textile activity in comparison with that of even a year ago. As the period of comparison is extended, of course, the understatement increases.

Figures on consumption of electricity by textile mills give further evidence of recovery in activity this year, as the index plotted in the first chart shows. This index, which is being developed by this Bank on an exploratory basis, increased 8 percent between January and May after allowance for seasonal adjustment. Just as figures on employment and manhours may understate activity, however, the increased use of machinery may cause the figures on electricity consumption to overstate it. Further experience with both sets of data should eventually enable us to draw more accurate inferences with regard to trends in textile activity. Whichever indicator is considered, there can be no doubt that textile activity has expanded substantially since the first of the year.

Areas Affected

The improvement has directly affected about 170,000 textile workers in this District and, of course, has indirectly affected an unknown number of people in other businesses. The direct effects from changes in the textile industry are concentrated to a large extent in the shaded areas of Georgia, Alabama, and Tennessee, shown on the map. The various degrees of shading are based on available

![Textile Employment and Output Chart](chart.png)

![Textile Areas Map](map.png)
textile employment figures in mid-March 1959, as shown by old-age, survivors, and disability insurance information published by the U. S. Department of Commerce. The shaded areas account for about 75 percent of all District textile employment at that time, the latest period for which such information is available by counties. Of the remaining counties, those containing one or more textile establishments at the time of the 1958 Census of Manufactures are indicated by the small black dots.

Factors at Work
Since the nation serves as the market for our textile products, we can look to national figures to discern some of the factors behind the expansion in activity here. Undoubtedly of particular importance have been developments in the apparel market, which accounts for over 40 percent of textile fiber consumption in this country. From January to June, apparel manufacture expanded nearly 9 percent after allowance for seasonal changes. Other important markets that have shown increased activity are the manufacture of furniture and rugs and automobiles, which would particularly affect the output of tire cord and fabric and of upholstery. From a depressed level earlier in the year, output of automobiles experienced an especially sharp rise through June. On a much broader scale, the expansion of general manufacturing output has surely contributed to the rise in demand for textile products. Textile mill operators had, through June, expanded their production less than their sales had increased, a development that probably indicates they have been responding cautiously to an increase in current demand rather than to the mere anticipation of increased sales.

A look at developments in consumer spending indicates that such caution is understandable at this time. For a sustained rise in apparel manufacture to occur, we should look for a pickup in spending at the retail level, but in June sales at apparel stores were little changed from the first three months of the year. Furniture and home furnishings sales have shown some increase since February, but the rise has not matched the gain in the manufacture of furniture and rugs. Although automobile sales have increased sharply since early in the year, the question now on the minds of observers is, "Will the next few months bring still further gains?" Consumer spending at retail outlets has had a slight upward trend this year, but it may have to do even better to maintain the upward trend of textile activity.

PHILIP M. WEBSTER

Beginnings of Recovery in Alabama

Happily, the title of this article suggests that Alabama's recent economic slump can now be discussed in the past tense. Last summer's highs in output and employment have been about regained. For Alabama, as for the nation, the 1960-61 recession turned out to be the mildest of the postwar period. From the peak level recorded in July 1960 to March of this year, Alabama's nonagricultural employment declined, after seasonal adjustment, 2.5 percent, compared to a peak-to-trough drop of 3.8 percent during the 1957-58 recession. A look at the forces that shaped the saucer-like recession of 1960-61 may throw light on Alabama's present economic stance and indicate where the state is headed.

Sources of Decline
Alabama's economy weakened somewhat in late 1959 as a result of the steel strike. After recovering rapidly from the strike effects, activity inched up slowly and by midsummer had about regained its earlier peak. Declining steel orders threatened to hold down the economy during that half-year, but strength in other sectors was more than offsetting. The beginning of the recession in Alabama even trailed that of the nation by about two months.

Declines in iron and steel production were an important element in Alabama's recession. During the recession period, employment reductions in Alabama's steel mills and iron foundries may have accounted for as much as one-fourth of the decline in total nonfarm employment. Reduced steel orders, moreover, accounted for declines in coal and iron mining activity.

The national recession reached Alabama's economy in other manufacturing industries, too. Slight-to-moderate employment declines in late 1960 and early this year were observed in fabricated metals, chemicals, processed foods, woven cotton fabrics, furniture and other wood products, and cement. Superimposed on these employment declines were substantial lay-offs of workers in ship repair. This particular weakness, however, was associated with factors unrelated to the national recession and has been evident over a longer period.

Reductions in output and employment normally reduce income and spending. No wonder, then, that personal income declined shortly after output and employment had passed their peaks and that consumers cut back on their purchases of expensive durable commodities, such as houses, furniture, and autos. The dollar volume of residential contract awards was 18 percent lower in the last six months of 1960 than in the second half of 1959, and furniture store sales fell 14 percent; auto sales weakened early this year. Seasonally adjusted bank debits—a rough measure of the rate of spending by all groups in the economy—began to show a declining tendency in the fourth quarter of last year.

Sources of Relative Stability
The comparative mildness of the recession in Alabama can partly be attributed to the factors that made for a modest national recession. In particular, since goods produced in the state compete in national markets, a fairly quick turnaround in demand for manufactured goods at the national level tended to arrest the decline in Alabama's manufacturing.
Certain stabilizing tendencies internal to Alabama's economy reinforced the national factors. While employment was off in other sectors, state and local governments provided opportunities to workers at an increasing rate as they responded to expanding needs for state and municipal services. Judging from announced intentions and construction contract award data, the former high rate of plant expansion probably was not interrupted during the recession months. Public utility construction was also strong. Total non-residential contract awards thus measured 43 percent higher during the twelve months ended June this year than in the previous twelve months.

Despite declines in furniture and auto sales, total retail sales were higher during the recession months than in the comparable period a year earlier. The rate of increase in retail spending, however, declined substantially. Farm income, as measured by cash receipts, remained stable over the recession as year-to-year gains in livestock receipts about offset moderate declines in receipts from crop sales.

Because of stabilizing tendencies, certain parts of Alabama were more immune to the recession than others. Differences within the state reflect dissimilarities in economic structure. Montgomery, for example, showed more resilience than such industrial centers as Birmingham, Anniston, and Gadsden because of the greater relative importance of nonmanufacturing activity there. Another city that apparently was little affected by the recession was Huntsville, where business continued to be boosted by activity at the Redstone Arsenal.

**How Strong Will Recovery Be?**

Just as weakening in steel production in early 1960 preceded the overall economic decline in Alabama, new orders prompted recovery in the steel industry about four months before gains in the total economy were detectable. Manufacturing payrolls, seasonally adjusted, rebounded sharply in April. In May, seasonally adjusted nonfarm employment and, according to the University of Alabama's Bureau of Business Research, industrial production began to rise. Retail sales seemed to be on the upsurge again in May and June.

What are the short-run prospects for further economic gains in Alabama? The state's manufacturing sector, where output responds sensitively to national business conditions, may very well mirror the national recovery in the coming months. According to industry sources, there will probably be further gradual improvements in most lines of steel. Rail production—for which Alabama mills have considerable capacity—may be an exception. Cement production could be strengthened by anticipated highway programs. With shipbuilding and repair activity already at relatively low levels, we may not see a dampening influence on Alabama's economy from further declines there.

In farming, on the other hand, not all parts of the picture are bright. Because of heavy rains in North Alabama, the state's production of cotton in 1961 is expected to decline about 15 percent from last year's level. The effect on total farm cash receipts should nevertheless be small.

Continued on Page 6
Directors of Federal Reserve Bank of Atlanta and Branches

Each Federal Reserve Bank has nine directors: three Class A and three Class B, who are elected by the member banks, and three Class C, who are appointed by the Board of Governors of the Federal Reserve System. Class A directors are representative of the member banks. Class B directors may not be officers, directors, or employees of any bank and must be actively engaged in their district in commerce, agriculture, or some industrial pursuit. Class C directors may not be officers, directors, employees, or stockholders of a bank. One Class C director is designated by the Board of Governors as Chairman of the Board of Directors and Federal Reserve Agent and one as Deputy Chairman. Federal Reserve Bank branches have either five or seven directors; a majority are appointed by the board of directors of the parent Federal Reserve Bank and the others by the Board of Governors. One of the directors appointed by the Board at each branch is designated annually as Chairman of the Board.

Following is a current list of the directors of the Federal Reserve Bank of Atlanta and its branches. The list shows the name of each director, his principal business affiliation, the class of directorship, and the date when his term expires.

FEDERAL RESERVE BANK OF ATLANTA

Class C: WALTER M. MITCHELL1  
J. M. CHEATHAM  
H. G. CHALKLEY, JR.2  

Class B: DONALD COMER  
McGREGOR SMITH  
W. MAXEY JARMAN  

Class A: WILLIAM C. CARTER  
M. M. KIMBREL  
GEORGE S. CRAFT  

Appointed by Board of Governors:

J. M. CHEATHAM  
WALTER M. MITCHELL  
H. G. CHALKLEY, JR.  

Appointed by Federal Reserve Bank:

McGREGOR SMITH  
W. MAXEY JARMAN  

BIRMINGHAM BRANCH

Appointed by Board of Governors:

JOHN E. URQUHART1  
JACK W. WARNER  
Selden Sheffield

Appointed by Federal Reserve Bank:

GEORGE W. HULME  
MARTIN DUGGER  
R. J. MURPHY  
FRANK A. PLEMMER

JACKSONVILLE BRANCH

Appointed by Board of Governors:

HARRY T. VAUGHN  
CLAUDE J. YATES1  
Dr. J. OLLIE EDMUNDS

Appointed by Federal Reserve Bank:

ROGER L. MAIN  
A. L. ELLIS  
LEONARD A. USINA  
GODFREY SMITH

NASHVILLE BRANCH

Appointed by Board of Governors:

V. S. JOHNSON, JR.  
Dr. ANDREW D. HOLT1  
W. N. KRAUTH

Appointed by Federal Reserve Bank:

CLARENCE A. WHELCHEL  
W. E. NEWELL  
D. L. EARNEST  
D. W. JOHNSTON

NEW ORLEANS BRANCH

Appointed by Board of Governors:

GERALD L. ANDRUS  
J. O. EMERICK1  
FRANK A. GODCHAUX, III

Appointed by Federal Reserve Bank:

W. P. McMULLAN, Sr.  
WALLACE M. DAVIS  
FRANK A. GALLAGHER  
GILES W. PATTY

Term Expires December 31

1Chairman  2Deputy Chairman

President, United States Sugar Corporation, Clewiston, Fla.  
Vice President and General Manager, Southern Bell Telephone & Telegraph Company, Jacksonville, Fla.

President, First National Bank of Alexander City, Alexander City, Ala.


Chairman, Jacksonville Expressway Authority, Jacksonville, Fla.

Chairman, First National Bank of Tuscumbia, Tuscumbia, Ala.

Chairman, Citizens-Farmers & Merchants Bank, Brewton, Ala.

Chairman and President, Sweet Lake Land & Oil Company, Inc., Lake Charles, La.

President, First Farmers & Merchants National Bank, Columbus, Tenn.

President, First National Bank of Lincoln, Lincoln, La.

President, The Draper Corporation, Atlanta, Ga.

President, Gulf States Paper Corporation, Tuscaloosa, Ala.

Chairman, Avondale Mills, Birmingham, Ala.

Chairman, Florida Power & Light Company, Miami, Fla.

Chairman, Genesco, Inc., Nashville, Tenn.

Chairman and President, Gulf National Bank of Gulfport, Gulfport, Miss.

Chairman, First National Bank, Thomson, Ga.

Chairman, Trust Company of Georgia, Atlanta, Ga.


Chairman and President, Gulf States Paper Corporation, Tuscaloosa, Ala.

Chairman, First National Bank of Alexander City, Alexander City, Ala.

Director, State Times, Jackson, Miss.

Vice President, Louisiana State Rice Milling Co., Inc., Abbeville, La.

Chairman, Deposit Guaranty Bank & Trust Co., Jackson, Miss.

President, Blount National Bank, Maryville, Tenn.

Executive Vice President, Third National Bank in Nashville, Nashville, Tenn.


President, Trust Company of Georgia, Atlanta, Ga.

President, Citizens-Farmers & Merchants Bank, Brewton, Ala.

Chairman and President, Birmingham Trust National Bank, Birmingham, Ala.

President, First Farmers & Merchants National Bank, Columbia, Tenn.

President, First National Bank of Sullivan County, Kingsport, Tenn.

President, The First National Bank of Tuscumbia, Tuscumbia, Ala.

Chairman, First Farmers & Merchants National Bank, Columbia, Tenn.

Chairman, Bank & Trust Company, Jennings, La.

Chairman, First National Bank in Meridian, Meridian, Miss.

Chairman, First National Bank of Tuscumbia, Tuscumbia, Ala.

President and General Manager, Colonial Baking Company, Nashville, Tenn.
Continued from Page 4

Recovery has not lifted all woe from Alabama's nonfarm economy either. Certain parts of the state show evidence of long-run unemployment problems. For example, although the number of idle workers has been reduced from the recession high, the rate of unemployment in June was above 9 percent in Anniston and Gadsden. Unemployment had been high in those areas even before the recession.

Can jobs be found for most of these workers? As else­where in the nation, the answer depends to a large extent on how readily workers increase their skills and mobility under the pressures of automation and shifting demands. If the large number of recent announcements of plant building and expansion in Alabama is a realistic indica­tion of industrial growth now and in the near future, many new job opportunities will become available for Alabamians.

**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 non­department stores, however, are not used in computing the District percent changes.

ALBERT A. HIRSCH

This is one of a series of articles in which economic de­velopments in each of the Sixth District states are dis­cussed. Developments in Mississippi's economy were an­alyzed in the August Review, and a discussion of Ten­nessee's economy is scheduled for the November issue.

**Bank Announcement**

The Farmers and Merchants Bank, Breax Bridge, Louisi­ana, a nonmember bank, began to remit at par on August 10 for checks drawn on it when received from the Federal Reserve Bank. Officers are Emile Girard, President; Martin Bergener, Executive Vice President; W. O. Clause, and Regis LaGrange, Vice Presidents; Thomas J. Periou, Cash­ier; and Lucille L. Castille, Lucille Badeaux, Grady Dupre, and Thomas O. Guidry, Assistant Cashiers. Capital totals $150,000, and surplus and undivided profits, $313,292.

**Department Store Sales and Inventories**

<table>
<thead>
<tr>
<th>Place</th>
<th>July 1961</th>
<th>7 Months from June 1961</th>
<th>July 1960</th>
<th>7 Months from June 1960</th>
<th>Percent Change</th>
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</thead>
<tbody>
<tr>
<td><strong>344 Cities</strong></td>
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<tr>
<td>Total Reporting Cities</td>
<td>1,788,999</td>
<td>1,901,293</td>
<td>1,782,914</td>
<td>—6 +0 —1</td>
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<tr>
<td>Other Cities†</td>
<td>1,533,538</td>
<td>1,600,203</td>
<td>1,487,726</td>
<td>—4 +3 +6</td>
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<tr>
<td><strong>Florida</strong></td>
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<tr>
<td>Total Reporting Cities</td>
<td>247,657,000</td>
<td>271,830,000</td>
<td>223,539,000</td>
<td>—9 +11 +8</td>
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<tr>
<td>Other Cities†</td>
<td>214,061,000</td>
<td>237,643,000</td>
<td>185,321,000</td>
<td>—3 +6 +5</td>
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<td><strong>Alabamian</strong></td>
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<tr>
<td>Total Reporting Cities</td>
<td>3,459,183</td>
<td>3,657,346</td>
<td>3,426,764</td>
<td>—5 +1 +1</td>
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<tr>
<td>Other Cities†</td>
<td>3,113,795</td>
<td>3,365,708</td>
<td>3,099,148</td>
<td>—4 +3 +3</td>
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**Debits to Individual Demand Deposit Accounts**

(In Thousands of Dollars)

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<th>Place</th>
<th>July 1961</th>
<th>June 1960</th>
<th>July 1960</th>
<th>June 1960</th>
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<tr>
<td><strong>Alabama</strong></td>
<td>51,099</td>
<td>52,343</td>
<td>50,955</td>
<td>—2 +0 +1</td>
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<td><strong>Florida</strong></td>
<td>1,233,770</td>
<td>1,216,644</td>
<td>1,192,664</td>
<td>—2 +1 +2</td>
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<tr>
<td><strong>Georgia</strong></td>
<td>82,026</td>
<td>85,773</td>
<td>84,322</td>
<td>—4 —3 —3</td>
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<td><strong>Louisiana</strong></td>
<td>1,319,839</td>
<td>1,369,291</td>
<td>1,307,356</td>
<td>—3 +0 +1</td>
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<tr>
<td><strong>Mississippi</strong></td>
<td>1,924,717</td>
<td>2,055,622</td>
<td>1,974,098</td>
<td>—8 +5 +6</td>
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<td><strong>United States</strong></td>
<td>6,746,822</td>
<td>6,995,843</td>
<td>6,727,997</td>
<td>—2 +5 +4</td>
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**Note:** Not included in total for 32 cities that are part of the national debit series maintained by the Board of Governors. **Estimated. r Revised.**
## Sixth District Indexes

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

<table>
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<tr>
<th>SIXTH DISTRICT</th>
<th>JUNE</th>
<th>JULY</th>
<th>AUG.</th>
<th>SEPT.</th>
<th>OCT.</th>
<th>NOV.</th>
<th>DEC.</th>
<th>JAN.</th>
<th>FEB.</th>
<th>MAR.</th>
<th>APR.</th>
<th>MAY</th>
<th>JUNE</th>
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<td><strong>Nonfarm Employment</strong></td>
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<td>TENNESSEE</td>
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<td><strong>Manufacturing Employment</strong></td>
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<td><strong>Apparel</strong></td>
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<td><strong>Chemicals</strong></td>
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<td><strong>Fabricated Metals</strong></td>
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<td><strong>Food</strong></td>
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<td><strong>Lbr., Wood Prod., Fur., &amp; Fix.</strong></td>
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*For Sixth District area only. Other totals for entire six states. n.a. Not Available. p Preliminary. r Revised.

**Daily average basis. ***Revisions reflect new seasonal factors.

**Sources:** Nonfarm and mfrg. emp. and payrolls, state depts. of labor; cotton consumption, U.S. Bureau of Census, construction contracts, F. W. Dodge Corp., petro. prod., U.S. Bureau of Mines; elec. power prod., Fed. Power Comm. Other index values based on data collected by this Bank. All indexes calculated by this Bank.
Unevenness continues to mark the pace of economic recovery among the District states and their 29 metropolitan areas. But taking the region as a whole, there has been a decided pickup in activity from the recession low, after allowance for seasonal variation. Manufacturing activity has improved further in recent months, and consumers have begun to spend somewhat more freely.

The employment trend in most District states has been upward since March, but the rate of gain has varied. Florida has shown the largest increase, while Alabama, Tennessee, Mississippi, and Georgia have experienced more modest gains through July. Louisiana’s employment has declined slightly.

Widespread gains in manufacturing employment during July were responsible for a further rise in total nonfarm employment; employment in nonmanufacturing activities changed little. Reflecting the rise in manufacturing employment, payrolls reached a record high. The work week, which had lengthened substantially through June, held steady in July. The number of construction jobs increased in all District states except Georgia, where a labor dispute caused a small decline. Recent increases in construction contracts, particularly in Florida, Alabama, and Georgia, may herald further employment gains.

Favorable developments have boosted the farm economy in this part of the South. Good weather in most places improved crops and pastures, spurred harvests, and hastened preparation for fall plantings. Thanks to increased marketings and higher prices received for most products, farm cash receipts reached a record high in the first six months of this year, compared with that period of other years.

With the improvement in incomes, consumers have increased their spending. Department store sales, after reaching an all-time high in July, declined in August, according to preliminary figures, but remained above sales in earlier months of the year. The July gains were shared by almost all major District cities. Sales at furniture stores continued to increase at better-than-seasonal rates, although they still remained below previous records. Recent gains have been highest in Alabama, Georgia, and Mississippi. In June, sales tax collections, which are a more comprehensive indicator of spending, maintained an earlier improvement. Retail sales at firms with one to ten outlets showed a slight gain.

Consumers also appear to be buying more on credit. Installment credit at commercial banks increased more than seasonally in July for the first time since the onset of the last recession. Figures for extensions of new loans for automobiles were especially impressive, and borrowing for purchases of other consumer goods showed signs of picking up. At the same time, the recent rise in consumer savings appeared to be tapering off.

There has as yet been no pickup in loan demand at District member banks. In the Tampa-St. Petersburg, Anniston-Gadsden, and Augusta areas, banks have increased their loans, seasonally adjusted, in recent months, but in most other areas they have shown a sideways trend. Total member bank deposits, seasonally adjusted, increased sharply in July, following two months of declines. Most areas have experienced a moderately rising deposit trend over the first seven months of the year.