



Monthly Review

Atlanta, Georgia

April • 1962

Recession in Bank Earnings

Net income of member banks in the Sixth Federal Reserve District suffered a setback in 1961. The total declined from \$92,623,000 in 1960 to \$88,082,000 in 1961. The District's 418 reporting member banks had net income of .70 percent of total assets, compared with .86 percent in 1960. The ratio of net income to capital accounts also fell—from 10.6 percent in 1960 to 8.2 percent in 1961. Many stockholders felt the impact of lower profits as banks declared lower cash dividends than in 1960.

Income and expenses of District member banks for 1961 are based on a preliminary tabulation of annual Income and Dividend Statements. Detailed operating ratios have been computed by using these statements and the quarterly Reports of Condition for December 31, 1960, June 30, 1961, and September 27, 1961. The data for groups of banks are derived from averages of individual bank ratios rather than from aggregate dollar figures.

Revenue from all major sources registered increases between 1960 and 1961, but rises in expenses eroded these gains and more. Net current operating earnings, therefore, declined from \$169 million to \$161 million, the first annual decrease in the postwar period. Net current earnings amounted to 14.3 percent of capital accounts and to 1.21 percent of total assets. Both ratios were appreciably lower than in the preceding year.

Revenue from Most Sources Climbs

To a large extent, banks' operating revenue reflects the amount and the distribution of their earning assets. Total earning assets of District member banks rose about 7 percent between the fall of 1960 and the fall of 1961. Although the nation felt the effect of recessionary forces during most of 1961, bank loans were somewhat higher, on the average, than during 1960. U.S. Government security holdings and other securities also rose appreciably as bankers sought to put funds to work. Interest discount on bank loans, including service charges and fees, rose moderately, amounting to 60.5 percent of total revenue, compared with 59.2 percent in the previous year. Interest on U.S. Government securities also rose in dollar terms, although it fell from 21.7 percent to 20.5 percent of total revenue. Interest on other securities rose both in dollars and as a proportion of total revenue.

The rate of return on both types of securities and on loans was slightly lower in 1961 than in 1960. The ease-off in the rate of return reflected the greater supply of loanable funds of all types, together with a slackening in the demand for some types of credit. District bankers earned an average of 3.22 percent on U.S. Government securities during 1961, 3.03 percent on other securities, and 6.83 percent on loans.

Other types of operating revenue also improved in 1961. Service charges on deposit accounts, amounting to 7.3 percent of total revenue in 1960, rose to 8.0 percent. Commercial banks with trust departments enjoyed an average rise in trust earnings from 2.6 percent to 2.9 per-

Also in this issue:

**DIVERSE TRENDS MARK
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FEDERAL RESERVE BANK OF PHILADELPHIA

*Federal
Reserve
Bank of
Atlanta*

Income and Expenses, Sixth District Member Banks

(In Thousands of Dollars)

	1960	1961	Dollar Change
Operating revenue:			
Interest and dividends on securities	113,027	120,422	+ 7,395
Interest and other charges on loans	316,943	321,118	+ 4,175
Service charges on deposit accounts	33,223	36,056	+ 2,833
Trust department revenue	14,123	16,105	+ 1,982
All other operating revenue	27,596	15,812	-11,784
Total	504,912	509,513	+ 4,601
Operating expenses:			
Salaries	136,861	140,848	+ 3,987
Officer and employee benefits	*	16,903	+16,903
Interest on time and savings deposits	71,498	82,635	+11,137
Net occupancy expense of bank premises	**	24,018	. . .
All other operating expenses	127,656	84,439	-43,217
Total	336,015	348,843	+12,828
Net current operating earnings	168,897	160,670	- 8,227
Recoveries, transfers from reserves and profits	30,266	22,859	- 7,407
Losses, charge-offs, and transfers from reserves	45,577	33,933	-11,644
Net income before related taxes	153,586	149,596	- 3,990
Taxes on net income	60,963	61,514	+ 551
Net income	92,623	88,082	- 4,541
Cash dividends declared	30,850	34,021	+ 3,171
Number of officers and employees	32,093	31,596	- 497

*Included in "All other operating expenses."
 **Included in "All other operating expenses" and partly in "All other operating revenue."

cent of total revenue.

A change in the composition of the remaining revenue category, shown in the table above as all other operating revenue, during 1961 makes comparison with previous years impossible. Prior to 1961, this category included rental income on bank premises. In this year's report, such revenue was reported as an offset to building occupancy costs in all other operating expenses. The net effect, therefore, was to reduce both the miscellaneous revenue and expense accounts. It is interesting to note that three District member banks reported that their building occupancy cost was a credit figure in 1961, *i.e.*, a source of revenue.

Expenses Outpace Revenue Rise

Interest on savings accounts and other time deposits led the assault of bank expenses on earnings. District bankers paid \$83 million to holders of time deposit accounts of all types during 1961. This was 16 percent more than they paid in 1960 and 27 percent more than in 1959. Interest on time deposits consumed 19.2 percent of total revenue during 1961, up from 18.0 percent in 1960.

Most of the rise in interest costs between 1960 and 1961 reflects the sharp gain in total time deposits at member banks. The total rose \$364 million between the end of 1960 and the end of 1961. Total demand deposits, on the other hand, increased only 3.2 percent during this period. Time deposits averaged 35.0 percent of total deposits, therefore, compared with 33.0 percent in 1960. The exact source of the sharp gain in time deposits during the year is, of course, not known. A part of the gain may have come at the expense of other types of savings institutions. In addition, some persons may have shifted demand deposits to the time category in order to reap the benefit of higher rates.

Although the maximum permissible rate on time deposits remained at 3 percent throughout 1961, many

Average Operating Ratios of All Member Banks in the Sixth Federal Reserve District

	1957	1958	1959	1960	1961
SUMMARY RATIOS:					
Percent of total capital accounts:					
Net current earnings	15.7	14.2	16.5	16.9	14.3
Net income before taxes	12.6	14.1	11.9	14.8	12.6
Net income	8.4	9.6	8.2	10.6	8.2
Cash dividends declared	3.0	2.9	3.0	3.1	2.9
Percent of total assets:					
Total operating revenue	3.88	4.01	4.24	4.55	4.52
Net current earnings	1.16	1.09	1.25	1.36	1.21
Net income . . . . .	.63	.74	.62	.86	.70

SOURCE AND DISPOSITION OF INCOME:

	1957	1958	1959	1960	1961
Percent of total operating revenue:					
Interest on U.S. Gov't. securities	22.5	20.9	21.5	21.7	20.5
Interest and dividends on other securities	6.2	7.2	6.9	6.9	7.0
Interest and discount on loans	59.4	59.4	59.5	59.2	60.5
Service charges on deposit accounts	6.6	7.3	7.1	7.3	8.0
Trust department revenue ¹	2.6	2.6	2.5	2.6	2.9
All other operating revenue	5.3	5.2	5.0	4.9	4.0
Total operating revenue	100.0	100.0	100.0	100.0	100.0
Salaries and wages	30.2	30.3	28.7	28.3	29.2
Pension, hospitalization, and other benefits	n.a.	n.a.	n.a.	n.a.	2.6
Interest on time and savings deposits ²	16.4	18.5	18.2	18.0	19.2
Net occupancy expense of bank premises	n.a.	n.a.	n.a.	n.a.	5.1
All other operating expenses	39.7	42.5	41.7	41.6	36.2
Total operating expenses	69.9	72.8	70.4	69.9	73.1
Net current earnings	30.1	27.2	29.6	30.1	26.9
Net losses (or recoveries and profits +) ³	3.2	+2.5	6.5	.9	1.0
Net increase (or decrease +) in valuation reserves	2.4	2.6	1.5	2.5	1.8
Taxes on net income	7.9	8.6	6.7	7.5	8.5
Net income	16.6	18.5	14.9	19.2	15.6

RATES OF RETURN ON SECURITIES AND LOANS:

Return on securities:					
Interest on U.S. Gov't. securities	2.64	2.65	2.95	3.39	3.22
Interest and dividends on other securities	2.66	2.82	2.87	3.09	3.03
Net losses (or recoveries and profits +) on total securities ³ . . . . .	.11	+4.44	.50	+.21	+.21
Return on loans:					
Revenue from loans	6.67	6.71	6.90	6.91	6.83
Net losses (or recoveries +) ³ . . . . .	.15	.13	.18	.22	.27

DISTRIBUTION OF ASSETS:

Percent of total assets:					
U.S. Gov't. securities	31.4	30.3	29.8	28.0	27.9
Other securities	9.4	10.4	10.4	10.3	10.6
Loans	34.8	35.7	36.9	39.2	40.3
Cash assets	22.8	21.9	21.1	20.5	19.0
Real estate assets	1.4	1.5	1.6	1.7	1.9
All other assets . . . . .	.2	.2	.2	.3	.3
Total assets	100.0	100.0	100.0	100.0	100.0

OTHER RATIOS:

Total capital accounts to:					
Total assets	7.9	8.2	8.0	8.4	9.0
Total assets less U.S. Gov't. securities and cash assets	18.1	17.7	17.0	16.8	17.5
Total deposits	8.8	9.1	8.9	9.3	10.1
Time deposits ⁴ to total deposits	28.2	31.7	32.1	33.0	35.0
Interest on time deposits ⁴ to time deposits	2.36	2.46	2.51	2.63	2.68

Number of banks	387	397	399	402	418
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¹ Banks with none were excluded in computing this average. Ratio included in "All other operating revenue."

² Banks with none were excluded in computing this average. Ratio included in "All other operating expenses."

³ Includes recoveries or losses applied to either earnings or valuation reserves.

⁴ Banks with none were excluded in computing this average.
 n.a. Not available.

District bankers who were paying less raised their interest rates toward that ceiling. The ratio of interest paid to average time deposits was higher than in 1960 at 235 banks. The average of all member banks was 2.68 percent in 1961, compared with 2.63 percent in 1960.

Salary costs at member banks have shown a strong upward trend for several years. Although salaries of officers and employees rose during 1961, the gain in both dollar and percentage terms was less than it had been in any other year since 1950. Considering that total revenue rose only slightly, however, salaries and wages still accounted for a higher proportion of total revenue than in 1960—29.2 percent, compared with 28.3 percent.

As previously mentioned, all other operating expenses for 1961 are not comparable with previous years' figures because of the different treatment of net occupancy expense of bank premises. In addition, pensions, hospitalization, and other fringe benefits, formerly included in all other operating expenses, were reported separately in 1961. This cost amounted to 2.6 percent of total revenue.

Altogether, expenses amounted to 73.1 percent of total revenue during the year, up from 69.9 percent in 1960. The resulting drop in net current earnings from 30.1 to 26.9 percent of total revenue was the largest since 1957. Net losses on securities and loans of 1.0 percent of revenue, a further increase in valuation reserves for securities and loans, and a small rise in taxes on net income transformed the net current earnings figure into net income of 15.6 percent of revenue.

Prospects for 1962

Bank loans expanded more than seasonally in the last quarter of 1961, after having been somewhat weak earlier

in the economic recovery. So far this year, loans have changed little, although partial data for March indicate some advance.

If the upward trend in bank loans continues, it will be favorable to bank earnings during 1962. This is because the rate of return on bank loans is higher than on other types of bank earning assets. How strong the demand for bank loans will be during 1962 depends in large part on the vigor of economic expansion in the months ahead.

As 1962 began, District bankers were experiencing continued competition for time and savings deposits with other types of savings institutions. The Board of Governors authorized a higher maximum rate on time and savings deposits, effective January 1, 1962. Many banks acted promptly to raise the rates paid on some types of accounts. A special survey made by this Bank covering 82 banks indicated that almost two-thirds of them had raised rates on some types of time deposits by the middle of January 1962.

The higher rates have apparently been effective, since time deposits are still rising sharply. The total at District member banks rose \$203 million, or 6 percent, between the end of December and the end of February. Additions to time deposits, unless they are conversions of demand deposits, represent funds that can be placed in earning assets. District bankers are thus in a position to provide a further expansion in bank credit, either in the form of loans or the purchase of investments of bankable quality.

The holding of time deposits is expensive, however, and the recent increase in rates means higher costs. District bankers may have to wage an even stiffer fight against costs in 1962 than they did in 1961.

W. M. DAVIS

Diverse Trends Mark Georgia's Economy

A year ago we noted that Georgia had suffered greater declines in employment and income during the 1960-61 recession than at any other time in the postwar period. The pattern of recovery, which had been rapid and substantial following previous recessions, therefore showed signs of being different. It was hoped, however, that the coming of spring might be accompanied by a warming trend in Georgia's economic climate.

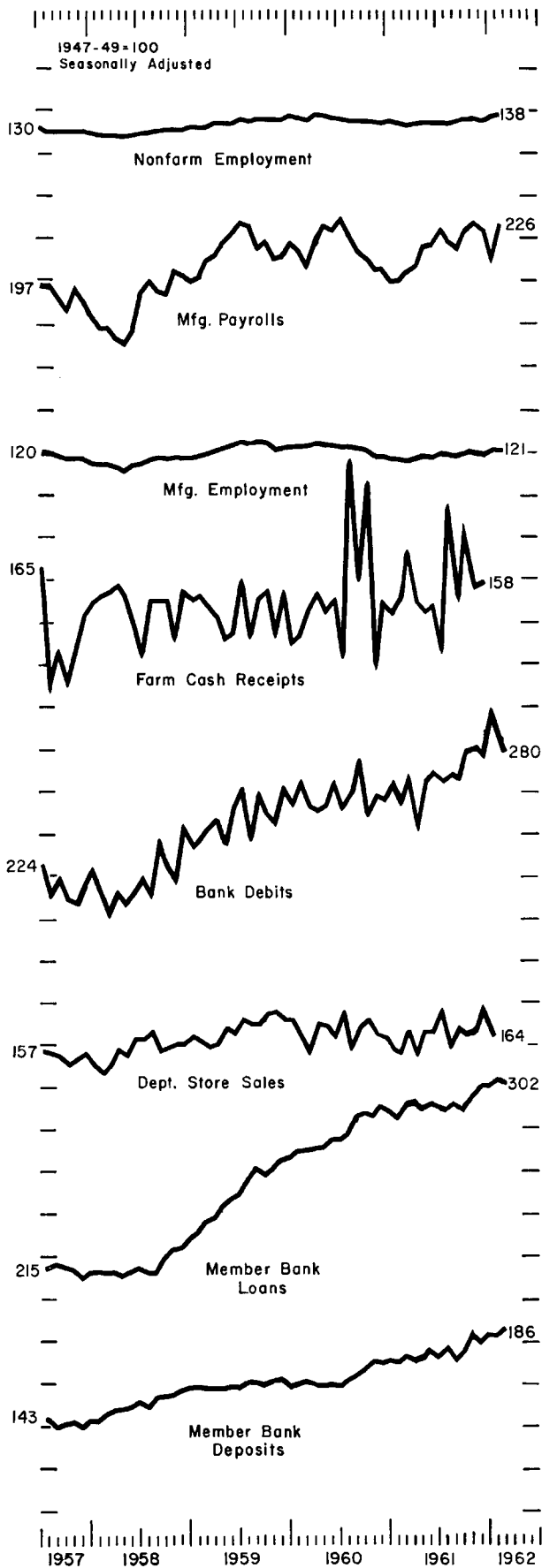
The evidence indicates that so far as the economy is concerned, spring arrived very late in Georgia in 1961, but that once it did arrive, it warmed things up rapidly. Total nonfarm employment remained at or below the January level until August. A slow but persistent rising trend since then brought it to a new record by February of this year. Personal incomes remained virtually unchanged through July, but they increased rapidly toward the end of the year and in December were almost 7 percent higher than those a year earlier. Bank debits, a measure of overall spending by businesses and consumers, followed a similar trend. As recently as September, the seasonally adjusted index stood where it was at the beginning of 1961. A sharp upturn since then has pushed it to a level well above that of a year ago.

Just as the pattern of recovery from the recent recession has differed from past patterns, so have the trends of economic activity in the various parts of Georgia differed from one another. A review of activity in the several trade and banking areas—those groups of counties having similar economic characteristics—will better illustrate the changes in the total economy.

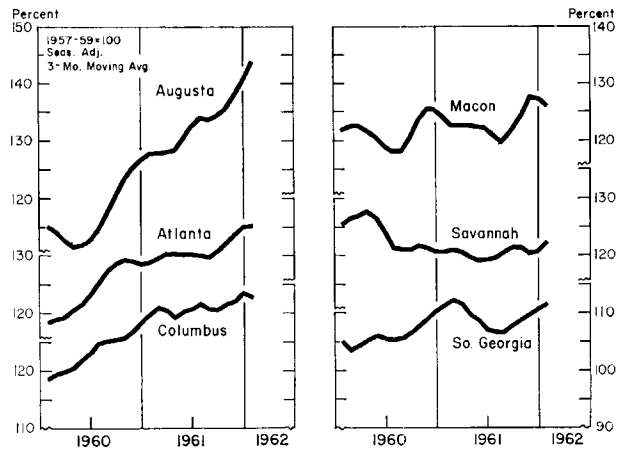
Although there are no overall measures available for comparing relative economic strength in the various parts of Georgia, indirect evidence of differing trends may be obtained from looking at a number of recent developments. Trends in member bank loans, which reflect in part the results of these developments, may be used as a guide for assessing the relative vigor of economic expansion in these areas.

The Augusta region has probably enjoyed the most substantial expansion in recent months. The metropolitan area has been highly successful in attracting new industries lately. Increased activities at Fort Gordon and the Savannah River Plant of the Atomic Energy Commission have also contributed to Augusta's current prosperity. February nonfarm wage and salary employment in the metropolitan area was 3 percent above that of a year ago

ECONOMIC INDICATORS Georgia



Member bank loans reflect different economic trends among Georgia trade and banking areas.



—almost twice the rate of increase reported by any other Georgia city. Reflecting these gains in the Augusta trade and banking area, seasonally adjusted member bank loans rose 11 percent during the year and were 40 percent above the 1957-59 average—the largest increases in the state during both periods.

The Atlanta trade and banking area, which contains most of North Georgia, has experienced mixed trends in recent months. A persistent decline in employment at a major aircraft factory and erratic production schedules at local automobile assembly plants tended to depress employment in the early months of the year, while reversals of those trends have added impetus to the upturn since mid-year. Low prices paid for poultry, a major source of income in the counties north of Atlanta, put a damper on the rapid growth that has characterized this industry in recent years. Balanced against these factors was a continued increase in government, wholesale trade, and financial employment. Bank loans remained virtually unchanged in the early months of the year. Since then, however, they have moved up rapidly, topping the year-ago figure by 5 percent in January.

Employment in textiles, the Columbus area's major industry, has failed to show a significant recovery from recession lows. Construction activity in metropolitan Columbus has slackened in recent months, and available indicators of consumer spending are at or below year-ago levels. An expansion at Fort Benning benefited the area, however, particularly in the early months of 1961. Bank lending, mirroring these developments, has remained almost unchanged, after having risen moderately through mid-1961.

At Warner Robins Air Force Base, civilian employment, which accounts for about one-fourth of total employment in metropolitan Macon, was below year-ago levels through the early months of 1961. Excessive rains in the spring and a long dry spell in the summer hampered farmers in the important cotton- and peanut-producing areas in the Macon region. These factors, combined with the failure of some local industries to increase employment to pre-recession levels, were reflected in a declining trend in bank lending activities. Successful farm marketings and increased nonfarm employment, however, were

(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

		<i>Term Expires December 31</i>	
<i>Class C:</i>	J. M. CHEATHAM	President, Dundee Mills, Griffin, Ga.	1962
	H. G. CHALKLEY, JR. ²	President, Sweet Lake Land & Oil Company, Lake Charles, La.	1963
	JACK TARVER ¹	President, Atlanta Newspapers, Inc., Atlanta, Ga.	1964
<i>Class B:</i>	MCGREGOR SMITH	Chairman, Florida Power & Light Company, Miami, Fla.	1962
	W. MAXEY JARMAN	Chairman, Genesco, Inc., Nashville, Tenn.	1963
	JAMES H. CROW, JR.	Vice President, The Chemstrand Corporation, Decatur, Ala.	1964
<i>Class A:</i>	M. M. KIMBREL	Chairman, The First National Bank of Thomson, Thomson, Ga.	1962
	GEORGE S. CRAFT	President, Trust Company of Georgia, Atlanta, Ga.	1963
	D. C. WADSWORTH, SR.	President, The American National Bank of Gadsden, Gadsden, Ala.	1964

BIRMINGHAM BRANCH

<i>Appointed by Board of Governors:</i>			
	JACK W. WARNER ¹	Chairman and President, Gulf States Paper Corporation, Tuscaloosa, Ala.	1962
	SELDEN SHEFFIELD	Cattleman, Farview Farm, Greensboro, Ala.	1963
	HENRY KING STANFORD	President, Birmingham Southern College, Birmingham, Ala.	1964
<i>Appointed by Federal Reserve Bank:</i>			
	R. J. MURPHY	Executive Vice President, Citizens-Farmers & Merchants Bank, Brewton, Ala.	1962
	FRANK A. PLUMMER	Chairman and President, Birmingham Trust National Bank, Birmingham, Ala.	1963
	JOHN H. NEILL, JR.	President, Union Bank & Trust Co., Montgomery, Ala.	1964
	W. H. MITCHELL	President, The First National Bank of Florence, Florence, Ala.	1964

JACKSONVILLE BRANCH

<i>Appointed by Board of Governors:</i>			
	CLAUDE J. YATES ¹	Vice President and General Manager, Southern Bell Telephone and Telegraph Company, Jacksonville, Fla.	1962
	J. OLLIE EDMUNDS	President, Stetson University, DeLand, Fla.	1963
	HARRY T. VAUGHN	President, United States Sugar Corporation, Clewiston, Fla.	1964
<i>Appointed by Federal Reserve Bank:</i>			
	LEONARD A. USINA	Chairman, Peoples National Bank of Miami Shores, Miami Shores, Fla.	1962
	GODFREY SMITH	President, Capital City National Bank of Tallahassee, Tallahassee, Fla.	1963
	J. T. LANE	Chairman, The Atlantic National Bank, Jacksonville, Fla.	1964
	HARRY FAGAN	President, The First National Bank in Fort Myers, Fort Myers, Fla.	1964

NASHVILLE BRANCH

<i>Appointed by Board of Governors:</i>			
	ANDREW D. HOLT	President, University of Tennessee, Knoxville, Tenn.	1962
	W. N. KRAUTH	President and General Manager, Colonial Baking Company, Nashville, Tenn.	1963
	V. S. JOHNSON, JR. ¹	Chairman and President, Aladdin Industries, Inc., Nashville, Tenn.	1964
<i>Appointed by Federal Reserve Bank:</i>			
	D. L. EARNEST	President, The Blount National Bank of Maryville, Maryville, Tenn.	1962
	D. W. JOHNSTON	Executive Vice President, Third National Bank in Nashville, Nashville, Tenn.	1963
	TRAVIS HITT	President, The Farmers National Bank of Winchester, Winchester, Tenn.	1964
	HARRY M. NACEY, JR.	President, The Hamilton National Bank of Knoxville, Knoxville, Tenn.	1964

NEW ORLEANS BRANCH

<i>Appointed by Board of Governors:</i>			
	J. O. EMMERICH	Editor, <i>Enterprise-Journal</i> , McComb, Miss.	1962
	FRANK A. GODCHAUX, III ¹	Vice President, Louisiana State Rice Milling Co., Inc., Abbeville, La.	1963
	KENNETH R. GIDDENS	President, WKRG-TV, Inc., Mobile, Ala.	1964
<i>Appointed by Federal Reserve Bank:</i>			
	FRANK A. GALLAUGHER	President, Jeff Davis Bank & Trust Company, Jennings, La.	1962
	GILES W. PATTY	President, First National Bank in Meridian, Meridian, Miss.	1963
	LEWIS GOTTLIEB	Chairman, City National Bank of Baton Rouge, Baton Rouge, La.	1964
	JOHN OULLIBER	President, The National Bank of Commerce in New Orleans, New Orleans, La.	1964

¹ Chairman

² Deputy Chairman

GEORGIA

(Continued from Page 4)

accompanied by a vigorous upturn in bank loans toward the end of 1961.

Savannah's economy was jolted in late 1960 and early 1961 by a double dose of troubles. The national recession resulted in reduced employment in the city's important pulp and paper industry and a decline in ocean shipping. In addition, military and civilian employment at Hunter Air Force Base were cut back substantially. Building activity fell to the lowest level in several years, putting Savannah at the bottom of the list of major Southern cities in the value of construction contracts in 1961. On the positive side, major expansion has taken place at a pulp and paper mill in Brunswick, and activity has increased at Glynco Naval Air Station. Nevertheless, bank loans in the Savannah region declined throughout the first half of 1961, and there has been little change since.

Many of the depressing factors noted elsewhere have prevailed in the South Georgia trade and banking area. Air Force training bases were abandoned in Moultrie and Bainbridge, and a substantial cutback in personnel took place at Moody Air Force Base in Valdosta, creating some unemployment in those cities. Rapid mechanization of cotton production in South Georgia just in the past year has aggravated an already serious decline in farm population. Reflecting both short- and long-run trends, bank loans in January were fractionally below those of a year ago and only 10 percent above the 1957-59 average.

Thus, the economic data for Georgia as a whole concealed important differences in conditions in the different parts of the state. Generalizations about the future are subject to the same limitations. Up to the present, all the important indicators for the state have pointed upward. The overwhelming impact of Atlanta in the statistics, however, may obscure developments in other parts of the state. In many communities, future textile employment may shape the business outlook. In some areas, the future depends upon the extent to which military cutbacks have been completed. In still others, the outlook will be influenced by planned new industrial plants or expansions.

ROBERT M. YOUNG

This is one of a series in which economic developments in each of the Sixth District states are discussed. Developments in Florida's economy were analyzed in the March REVIEW, and a discussion of Alabama's economy is scheduled for a forthcoming issue.

Bank Announcement

The Metropolitan Bank of Jefferson, Metairie, Louisiana, a newly organized nonmember bank, opened for business on March 1 and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers include Charles J. Derbes, Jr., President; A. J. Hynes, Executive Vice President; L. V. Busenlemer, Vice President; and E. S. Perret, Cashier. Capital totals \$300,000, and surplus and undivided profits, \$150,000.

Personal Income in Sixth District States

(Seasonally Adjusted Annual Rates, in Millions of Dollars)

	Jan. ¹ 1962	Dec. ² 1961	Nov. ² 1961	Jan. 1961
Alabama	4,915	5,128	5,200	4,742
Florida	10,612	10,749	10,770	10,062
Georgia	6,714	6,825	6,879	6,353
Louisiana	5,555	5,558	5,555	5,325
Mississippi	2,848	2,760	2,813	2,566
Tennessee	5,935	5,835	5,907	5,623
Total	36,579	36,855	37,124	34,671

¹Preliminary. ²Revised.

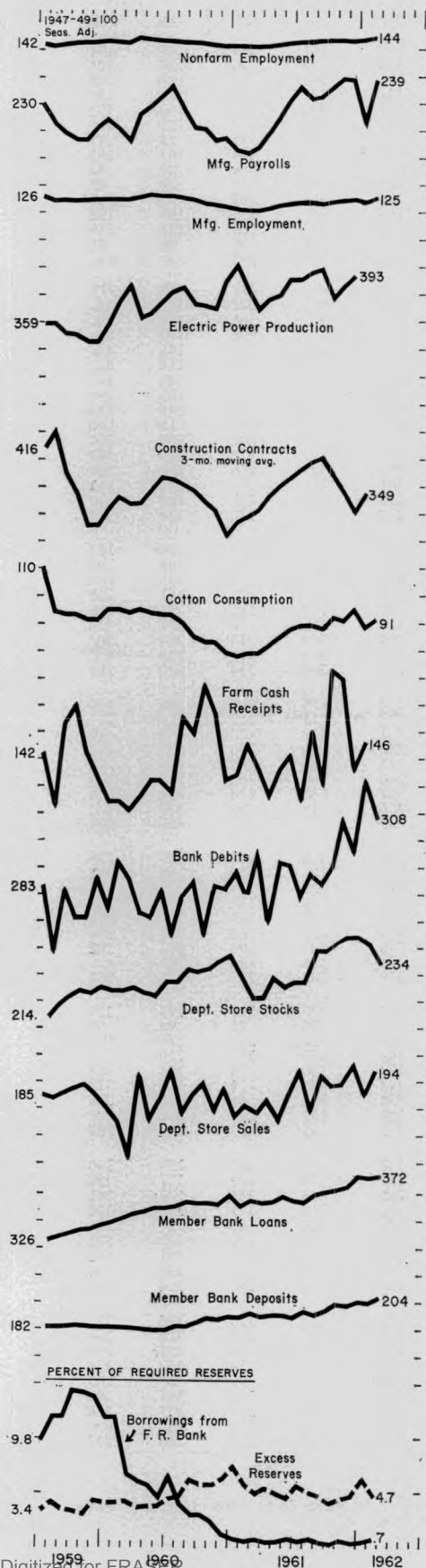
Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

	Percent Change					
	Year-to-date		2 months			
	Feb. 1962	Jan. 1962	Feb. 1962	Jan. 1962	Feb. 1961	Jan. 1961
ALABAMA						
Anniston	37,711	44,992	36,362	-16	+4	+8
Birmingham	856,201	959,377	767,410	-11	+12	+11
Dothan	36,110	40,566	34,160	-11	+6	+10
Gadsden	32,344	39,173	32,997	-17	-2	+4
Huntsville*	71,482	84,617	62,358	-16	+15	+17
Mobile	278,560	313,723	261,915	-11	+6	+5
Montgomery	163,180	186,415	150,850	-12	+8	+8
Selma*	23,942	27,980	21,838	-14	+10	+8
Tuscaloosa*	58,138	63,065	48,573	-8	+20	+16
Total Reporting Cities	1,557,668	1,759,908	1,416,463	-11	+10	+10
Other Cities†	728,065	844,904	667,618r	-14	+9	+9
FLORIDA						
Daytona Beach*	53,171	71,411	52,253	-26	+2	+6
Fort Lauderdale*	218,644	268,738	204,796	-19	+7	+10
Gainesville*	45,528	52,156r	38,731	-13	+18	+13
Jacksonville	836,031	1,041,540	815,586	-20	+3	+9
Key West*	17,488	22,967	16,255	-24	+8	+14
Lakeland*	79,826	100,554	86,245	-21	-7	-2
Miami	935,801	1,141,552	906,497	-18	+3	+5
Greater Miami*	1,375,612	1,722,137	1,340,073	-20	+3	+6
Orlando	253,144	317,155	244,804	-20	+3	+7
Pensacola	82,722	88,369	80,982	-6	+2	+0
St. Petersburg	221,803	289,022	198,611	-23	+12	+13
Tallahassee*	69,567	78,101	n.a.	-11	n.a.	n.a.
Tampa	428,256	518,018	409,405	-17	+5	+6
W. Palm-Palm Bch.*	168,621	200,677	141,075	-16	+20	+24
Total Reporting Cities	3,850,413	4,770,845r	3,628,816	-19	+6	+10
Other Cities†	1,732,251	2,143,754r	1,619,977r	-19	+7	+10
GEORGIA						
Albany	54,991	64,027	49,740	-14	+11	+14
Athens*	41,681	50,117	35,995	-17	+16	+17
Atlanta	2,151,667	2,510,286	1,882,511	-14	+14	+15
Augusta	109,377	131,110	99,821	-17	+10	+11
Brunswick	26,606	32,140	22,282	-17	+19	+21
Columbus	109,832	132,176	99,376	-17	+11	+14
Elberton	8,406	8,424	7,564	-0	+11	+1
Gainesville*	46,554	50,035	41,306	-7	+13	+7
Griffin*	19,655	21,850	17,530	-10	+12	+8
LaGrange*	16,456	19,135	17,770	-14	-7	-7
Macon	118,600	145,329	112,454	-18	+5	+10
Marietta*	31,497	36,839	28,104	-15	+12	+12
Newnan	20,997	24,198	22,046	-13	-5	+13
Rome*	46,352	51,794	51,390	-11	-10	-7
Savannah	161,242	189,626	144,799r	-15	+11	+11
Valdosta	31,230	39,877	29,994	-22	+4	+8
Total Reporting Cities	2,995,143	3,506,963	2,662,682r	-15	+12	+14
Other Cities†	943,360	1,092,436	900,540r	-14	+5	+6
LOUISIANA						
Alexandria*	75,006	84,700	62,958	-11	+19	+19
Baton Rouge	294,903	306,481	234,442	-4	+26	+16
Lafayette*	63,211	75,962	58,294	-17	+8	+10
Lake Charles	80,204	99,984	71,152	-20	+13	+14
New Orleans	1,278,033	1,458,145	1,236,331	-12	+3	+4
Total Reporting Cities	1,791,357	2,025,272	1,663,177	-12	+8	+7
Other Cities†	679,069	753,527	557,277r	-10	+22	+20
MISSISSIPPI						
Biloxi-Gulfport*	54,002	58,598	48,839	-8	+11	+11
Hattiesburg	37,068	40,555	34,203	-9	+8	+6
Jackson	341,166	366,016	283,428	-7	+20	+17
Laurel*	26,150	27,586	24,690	-5	+6	+1
Meridian	43,667	49,720	41,163	-12	+6	+8
Natchez*	23,714	24,192	22,437	-2	+6	+5
Vicksburg	21,290	24,281	18,706	-12	+14	+14
Total Reporting Cities	547,057	590,948	473,466	-7	+16	+13
Other Cities†	267,628	310,356	250,262r	-14	+7	+9
TENNESSEE						
Bristol*	48,074	54,482	43,268	-12	+11	+14
Chattanooga	316,332	430,255	288,652	-26	+10	+8
Johnson City*	40,398	46,312	38,764	-13	+4	+7
Kingsport*	80,226	94,933	74,665	-15	+7	+10
Knoxville	230,738	275,740	217,963	-16	+6	+4
Nashville	728,818	850,821	686,152	-14	+6	+9
Total Reporting Cities	1,444,586	1,752,543	1,349,464	-18	+7	+6
Other Cities†	566,569	650,143	564,116r	-13	+0	+2
SIXTH DISTRICT	17,103,166	20,201,599r	15,753,858r	-15	+9	+10
Reporting Cities	12,186,224	14,406,479r	11,194,068	-15	+9	+10
Other Cities†	4,916,942	5,795,120r	4,559,790r	-15	+8	+9
Total, 32 Cities	10,327,030	12,159,093	9,522,358	-15	+8	+9
UNITED STATES						
344 Cities	239,500,000	294,700,000r	222,700,000	-19	+8	+11

*Not included in total for 32 cities that are part of the national debit series maintained by the Board of Governors. †Estimated. r Revised. n.a. Not available.

DISTRICT BUSINESS CONDITIONS



District business activity improved in February, after showing some softness in the previous month. Nonfarm employment increased as both manufacturing and nonmanufacturing types registered significant gains. These and other measures of business activity are seasonally adjusted. Retail spending rose in February but did not regain the levels of late 1961. Large marketings and stable prices contributed to farmers' increased incomes. After changing little earlier this year, bank loans expanded in March, judging from partial data.



The substantial February increase in nonfarm employment came after a smaller gain in the previous month, indicating a somewhat better employment situation than prevailed in late 1961. The February gains brought nonfarm employment to record highs in Florida, Georgia, and Mississippi. Improvement also occurred in Louisiana and Tennessee; but employment weakened further in Alabama. The manufacturing work week lengthened, reversing a two-month downward trend and contributing to an increase in manufacturing payrolls. Construction employment also picked up in February, and the latest three-month average of contracts for new construction, based partly on February data, increased for the first time since last September. Cotton consumption, a measure of textile activity, improved slightly but remained below year-end levels.



Consumer spending apparently recovered some of the January losses, but it remained below earlier records. Department store sales in February approached the December record, but preliminary figures for March showed some weakening again. Both furniture and household appliance store sales improved. In the face of only modest gains in retail spending, consumer liquid savings in the form of time deposits and savings and loan shares increased more than they usually do in February.



Activity in the farm economy quickened, signaling the approach of spring. Farm employment rose, as good weather in the southern portions of the District encouraged spring plowing and planting. Despite freezing temperatures in early March that damaged some vegetables in Florida and the Gulf Coast tung nut crop, overall farm output was maintained by increased shipments of beef, pork, broilers, and strawberries. Meanwhile, the index of prices received by farmers in District states remained unchanged.



District member bank loans changed little between December and the end of February, after seasonal adjustment. A substantial pickup in lending activity at banks in leading cities during March, however, may reflect renewed vigor in loan demand. Total member bank deposits rose somewhat more than seasonally in February, reflecting a continued rapid growth of time deposits. Banks continued to add to their investment holdings in both January and February. Excess reserves, reduced from their January peak, remained at about the same level observed during much of the past year.