SIXTH · FEDERAL RESERVE · DISTRICT

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Also in this issue:

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Greater Competitive Thrust

"The main concern of economics is ... with human beings who are impelled, for good and evil, to change and progress." So wrote Alfred Marshall, the famous English economist, more than forty years ago.

Many forces impel human beings along the courses they follow, perhaps without being clearly recognized. One economic force that currently seems to be felt with increasing thrust, as is appropriate in this day of guided missiles and moon projects, is competition. Ten years from now hindsight will tell us more about today's increased competition, but even now enough features are discernible to help us explain its development, recognize its symptoms, judge whether or not it's here to stay, and plan accordingly.

A word meaning different things to different specialists, competition is used here to refer to the contest for business in the market place, *i.e.,* what the businessman usually thinks of as competition. We can perceive increases or decreases in the competitive struggle for business by noting changes in the ease of buying or selling goods and services. To sellers, lack of competition is likely to mean that they have little or no difficulty in selling goods at prevailing or higher prices inasmuch as their productive facilities are probably being used to their limit. To buyers, this is likely to mean difficulty in obtaining the things wanted, limited selection of goods, few price alternatives, poor quality, or indifferent salesmanship. With increased competition, sellers, perhaps finding some of their facilities idle, must intensify their efforts to obtain business. Buyers will enjoy the likely effect of being able to obtain easily the things they want, of having a wide selection from which to choose, of paying less as a result of price concessions, or of obtaining goods and services of higher quality.

A shift toward increased competition, it now appears, is what has been taking place in the postwar years. We see in this shift a reflection of fundamental changes in economic relationships that have been working themselves out over this period. In terms of that tried-and-true economic law of supply and demand, a greatly increased ability to supply goods and services is interacting with a demand that is less urgent now than in the early postwar years. Although this situation has evolved mainly from domestic changes, it also reflects the postwar rebuilding of economies abroad.

A Gradual Change

The economy of this country has always been a competitive one. Relatively speaking, however, business has become more competitive as the economic environment has changed over the past four to six years or so.

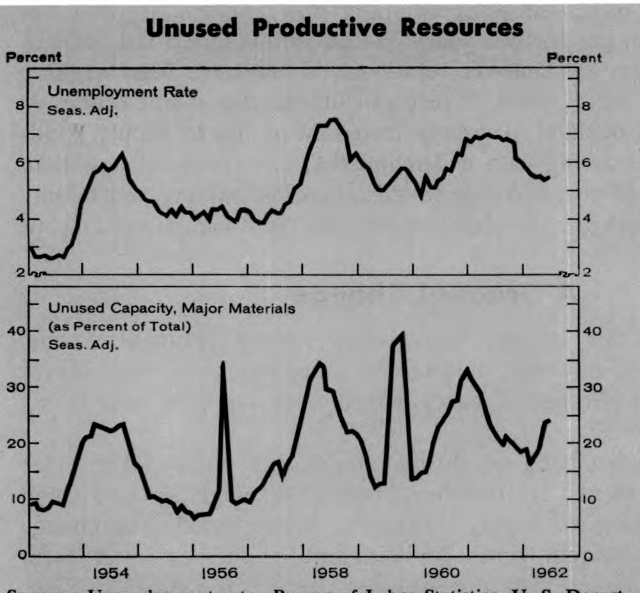
The change has not been an abrupt one. Rather, it has taken place gradually as fundamental relationships between demands for goods and the ability of business to supply them have been altered. The change has occurred at different times for different businesses in different localities.

In the automobile industry, for example, we can, perhaps, pinpoint a rather definite change that took place in 1955. Previously, automobile producers had, for the most part, been confronted with the problem of boosting output to meet a demand that seemed to them to be insatiable, even though prices were rising. Things changed markedly in 1955. True, it was the year in which more sales were made than ever before, but this was accomplished only by prodigious selling efforts. Price discounting became widespread, credit terms were eased drastically to stimulate buying, and a major change in styling occurred. The days of so-called "wheeling and dealing" had indeed been ushered in. Severe competition has been characteristic of the automobile market ever since. Increasingly so, buyers have had no difficulty in obtaining a car to their liking from a wide variety of makes and models.

Why?

The reason for the generally increased degree of competition now facing American businessmen is fundamentally very simple: Their ability to supply just about every kind of product has increased enormously, and at the same time, the public's most urgent demands for goods and services at current prices have been satisfied. Now, in most lines, American businessmen are able to produce much more than is actually being sold at prevailing prices.

Looking first for evidence of the easier supply situation, we find it in the charted figures on productive resources. Neither our labor force nor our industrial capacity (represented by factories and mines) is being fully utilized; hence, we could be producing much more than we are producing. Although the level of business activity is substantially higher now than at the low point of the recession ending in February 1961, labor continues to be in easy supply, as shown by the failure of the unemployment rate to drop more than it has. The rate persisted at nearly 7 percent of the labor force through most of last year, in spite of general business expansion. It has dropped some since last October, but in July, the unemployed still accounted for 5.3 percent of the total labor force. There are shortages of people with professional,



Sources: Unemployment rate: Bureau of Labor Statistics, U. S. Department of Labor; Unused capacity: Board of Governors of the Federal Reserve System.

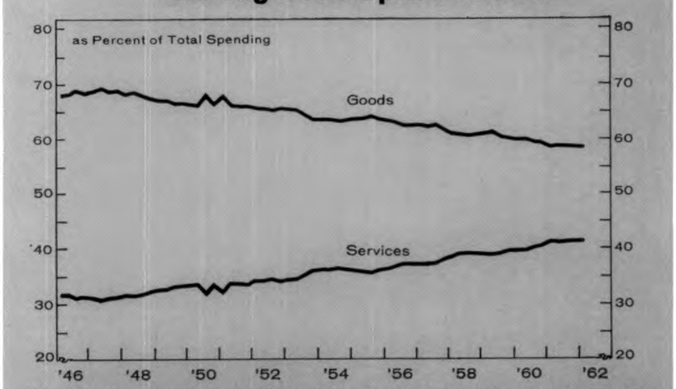
technical, and skilled training, but the generally high unemployment rate does indicate that the total labor force is underutilized. Looking at our ability to produce a number of major, basic materials, such as steel, textiles, cement, and chemicals, you will find that approximately 24 percent of productive capacity is still unused, despite the higher level of business. Over the past six or seven years, both unemployment and unused productive capacity have shown a general upward trend.

With the easing of the supply situation, businessmen have been able to obtain more rapid delivery of finished goods and materials, a development that has, in turn, reduced the need to build inventories. As is usually the case when sales expand, inventories have increased during the past seventeen months, but they have not increased as rapidly as previous postwar experience would have led one to expect.

To find evidence of easing demand during a period when spending of most types has actually been increasing is difficult. It may even seem paradoxical to think it possible. To speak of an easing demand is not, however, necessarily to say that the amount of goods purchased is declining. Rather, the reference is to a change in the character of demand. Reflecting this change, consumers, though possibly buying more goods than previously, feel less compulsion to buy and are, as a group, more responsive to price changes in determining the quantities of goods they purchase.

In relating consumption expenditures to personal disposable income, we can see evidence of an easing of demand in the contrast between developments in the early postwar years and those of more recent years. In the early years, consumers spent unusually large proportions of their income in satisfying pent-up demands for many goods that had been unavailable during the war. It was not until about 1952 that the proportion of income spent on consumer goods and services settled down to a relatively stable level. Since then, the range of fluctuation has been between about 92 and 94 percent of consumers' income. The dollar amount spent for durable goods, such as automobiles, appliances, television sets, and furniture, has shown very little uptrend since 1955. The contrast this provides with an earlier strong uptrend suggests that there has been in recent years much less of a stimulus to business from such consumer spending than previously was the case. Undoubtedly, the large volume of purchases of durable goods through 1955 dulled consumers' appetites for more of the same.

Still, since about 1952 the consumer has continued to increase his total spending pretty much in line with his gains in income, as is indicated by the relative stability of the percentage of income devoted to spending. As the total amount of consumer spending has increased, however, it has been allocated in different ways than formerly. Generally speaking, consumers have been allocating a larger part for the purchase of services and a smaller part for the purchase of goods. Insofar as the satisfaction of demands for some goods leads consumers to spend in order to satisfy less urgent wants, this shift in the spending pattern also gives evidence of a gradual easing of demand over the years.



Source: Based on data published by U. S. Department of Commerce.

The shift from goods to services has been occurring since World War II. Back in 1948, spending for goods took about sixty-eight cents out of every dollar spent by the consumer, whereas in the first quarter of this year, goods took only fifty-nine cents out of every dollar. In contrast, spending for services increased in relative importance from thirty-two cents out of every dollar in 1948 to forty-one cents in the first quarter of this year. This includes such spending as that for telephone, gas, and electric services, medical care, and repair and financial services.

The shifting of consumer demands has been even more complex than these general figures suggest. Sometimes the demand for some services simply grows faster than the demand for certain goods. Expenditures for medical services, for example, have increased rapidly along with gains in income, whereas expenditures for food, more closely related to population gains, have increased more slowly.

Sometimes, services substitute for goods. For example, the gas and electric services now used for heating and refrigeration substitute for the coal and ice formerly purchased by individuals for those purposes.

Sometimes goods substitute for services. Thus, entertainment in the home provided by television sets, radios, and record players has been substituted, to a considerable extent, for entertainment in theaters, paid for as a service. Frequently, the purchase of goods has also caused increases in service expenditures, thus bringing about complementary gains in both goods and services. The rise in the number of automobiles on the road and of appliances in our homes, for example, has been followed by increased expenditures for repair services. Also, the use of credit in making purchases has brought increases in consumer expenditures for financial services.

In the business sector, demands for new productive facilities have also eased in the past five or six years. Not since 1957 has business spending for new plant and equipment shown a general upward trend, whereas in the earlier years of the postwar period such an uptrend was evident. Undoubtedly, the satisfaction of urgent consumer demands and the relative shift away from spending for goods has been partly responsible. Also, as existing productive capacity has tended, over the years, to be used less and less fully, there has been less and less incentive for businessmen to spend increasing amounts on productive capacity.

Spending by Federal, state, and local governments as a group is a different matter, for it has resumed an upward movement since about mid-1956. Earlier in the 1950's, Federal spending for military purposes first expanded sharply because of the Korean War and then declined in late 1953 and in 1954. Defense spending subsequently increased to about the volume reached in mid-1953. Spending by state and local governments has, however, shown a persistent, strong uptrend. With recently increased Federal spending for national defense added to this strong uptrend, total government spending has provided a major addition to overall demands during about the last five years.

While greater supply and less urgent private demands on the domestic scene have been primarily responsible for increased competition, developments on the international scene have also been responsible. Early in the period after World War II, this country had a virtual monopoly in supplying goods to the world market because productive capacity in much of the industrial world had been devastated by the war. As this industrial capacity was rebuilt, foreign economies became better able both to supply goods for themselves and, eventually, to compete for sales in the world market. Now American businessmen find themselves competing more vigorously both here and abroad with foreign producers. In cases where newly installed industrial productive facilities abroad are more modern than their counterparts in this country, the competitive position of foreign producers is enhanced.

Even during this period of increasing world-wide competition, however, purchases by foreigners have provided an enormous stimulus to some manufacturers in this country, as is shown by our sharply expanded exports. Amounting to a record total of over $20 million last year, total exports from the United States were nearly 45 percent greater than they were a decade earlier.

The Symptoms

We have seen a reflection of all these forces—the symptoms of increased competition—in the relative stability of the wholesale price index since early 1958. The effects of these forces have also been seen in greater efforts to provide high-quality services. The proliferation of models of many consumer goods is also a symptom of increased competition. Witness the variety of automobile models now available to satisfy the desires, even the whims, of American consumers, and the many-colored shapes and sizes of household appliances and television sets now on the market.

Ignoring all the statistics that, at their best, give only an imprecise indication of increased competition, one waggish businessman expressed the situation rather effectively when he said, "I no longer find it necessary to beat off customers with a club." Further evidence of increased competition is apparent in the greater emphasis that manufacturers are now giving to modernizing their productive facilities to cut costs.

All this reflects a change from the situation of the early postwar years, when many manufacturers could expand output with relatively little fear of being unable to sell at steadily increasing prices. There is no certainty now that output can be sold without greater sales effort, which frequently involves price competition.

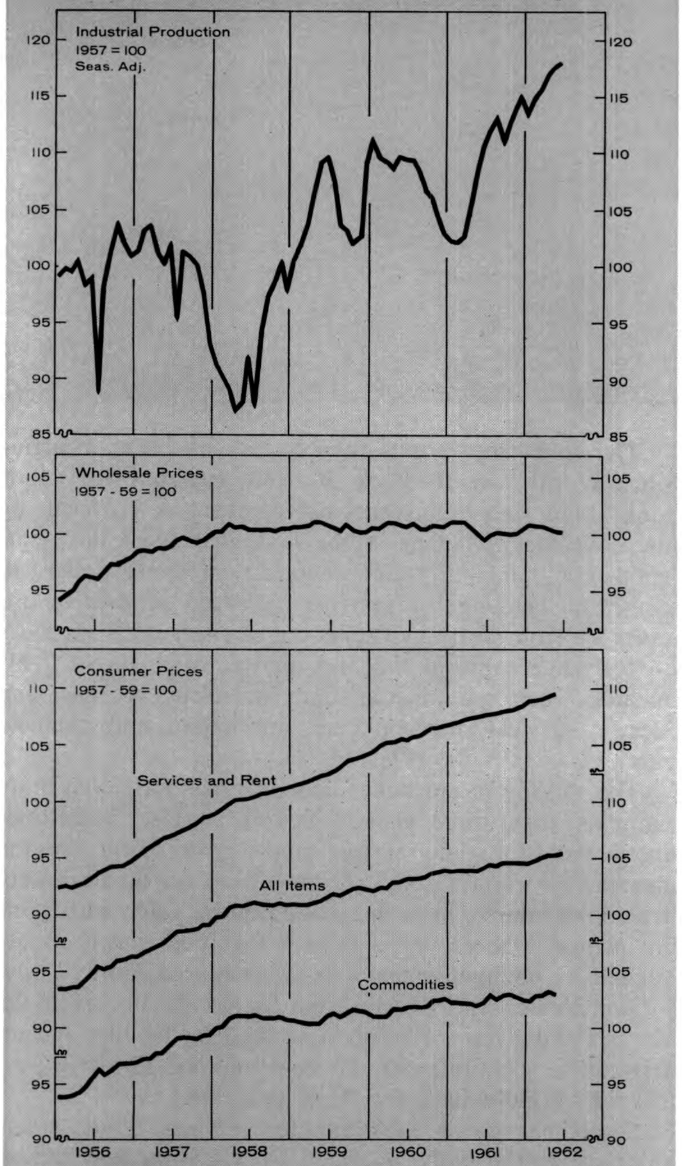
The question may well be asked, "Is all this increased competition good or bad?" Certainly it means that life is more difficult for the businessman. To maintain or expand profits, he must be constantly alert to discern changes in demand for goods and services, while at the same time seeking to expand the use of productive facilities and trying to reduce costs. The effect has been felt in labor markets, where, generally speaking, recent wage gains have been smaller than those of earlier postwar years. Individuals as consumers, however, frequently discover that increased competition means they can find better goods more readily than before and often at better prices. Whatever the point of view, most observers would probably agree that competition is now more effectively providing economic discipline than was the case a few years ago. One way it does this is by providing a strong stimulus to more efficient production.

Will It Last?

Whether or not increased competition is a phenomenon of indefinite duration remains to be seen. However, since it has become most apparent—in the past four or five years—it has not been transitory and related only to recession. This is evident from the chart showing industrial production and prices, that is if we can assume that the price stability since early 1958 reflects the more competitive situation facing businessmen today. Since that time, this country has experienced two periods of sharp expansion in industrial production. In neither one did wholesale prices show any appreciable rise. In the most recent experience—that beginning in February 1961—expansion has been about as large as any previous postwar expansion, but wholesale prices are now actually lower than they were a year ago.

The evidence is less clear-cut when we look at consumer prices, but even here the upward trend of the average index of prices for all items has slowed considerably. This is especially true for commodities, which have shown little price change in the recent period of business expansion and, over the past four years, have shown a price rise of about 2 percent. Most of the upward pressure on the consumer price index for all items during this time has reflected a persistent uptrend in prices of services and rent. A highly competitive situation is, of course, normally expected in a time of recession, but it is significant that in recent years, business has continued to be highly competitive even as economic activity has recovered from periods of recession.

Rising Production with Price Stability



Sources: Industrial production: Board of Governors of the Federal Reserve System; Prices: Bureau of Labor Statistics, U. S. Department of Labor.

It is impossible, of course, to determine the extent to which the long-run changes that have brought about this situation influence current business decisions. Undoubtedly because of this, most observers are now having unusual difficulty in judging what course economic activity is likely to take in the next few months.

PHILIP M. WEBSTER

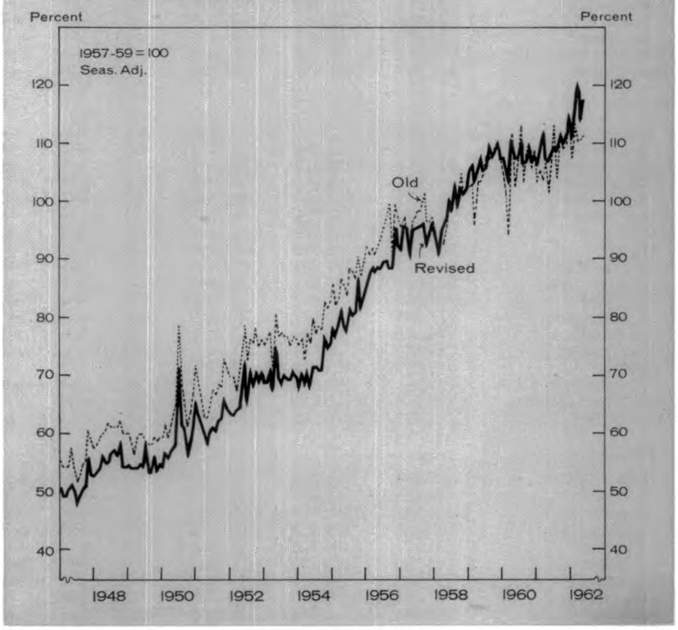
Revisions in Measures of Department Store Trade

The department store sales and stocks indexes published monthly by this Bank have been revised extensively from 1947 forward. Revisions include adjustment to the Census benchmark on the basis of 1958 data, recomputation of weights used in constructing indexes for the Sixth District and for the individual six states, a shift in the base period from the average of 1947-49 to the 1957-59 average, and a recalculation of seasonal adjustment factors.

The indexes measure sales and stocks at retail stores that fall within the definition of department stores. Such stores carry a broad line of merchandise, including apparel, furniture and appliances, and household linens and dry goods. The stores normally use a departmental accounting system and they employ twenty-five or more persons. Retail stores specializing in a particular type of merchandise, such as apparel, are not considered department stores.

Monthly indexes of sales and stocks are based on voluntary reports from a sample of department stores.

The revised department store sales index shows more rapid growth than the old index.



In 1958, the sample included 125 of the 269 department stores in the District. Total sales of stores included in the sample comprised 82 percent of total department store sales during that year. In some areas the monthly sample included all department stores, whereas in others the coverage was less.

Indexes for metropolitan areas are not computed unless the sales of the reporting stores are representative of the sales of all department stores. Data are not published for certain major cities or metropolitan areas either because the number of stores is too small to permit publication without disclosing individual store operations or because some stores have declined to participate in the series. This reporting arrangement does not allow us to reveal the names and the number of reporters, or their dollar sales.

Since there is a sizable variation in sample coverage from area to area, the District and state indexes are constructed by applying weights to the area indexes. The weights are based on the sales of all department stores in each area as reported by the Bureau of the Census.

The Census data also provide means of comparing sales estimated from the sample with actual sales of all department stores, *i.e.*, "universe" sales. The latest Census data cover the year 1958. Sales estimated from monthly reports were found to be slightly lower than sales reported for all department stores in the District in the 1958 Census. Indexes for some metropolitan areas and parts of states differ from the universe data to a larger degree.

The indexes based on the monthly sample were revised to agree with the universe data for the year 1958. In this process, monthly indexes were revised from December 1954 to date. The indexes prior to that time had already been adjusted to the 1954 Census benchmark.

The Census data for 1958 also showed that there had been a shift in the relative importance of sales and stocks in the different areas in the District. Most metropolitan areas declined in relative importance and the "other cities" component tended to gain. This was especially marked in Florida. The District index and indexes for individual states are computed by applying the weights listed in the tables to indexes for individual areas. Previous weights were based on the relationship of areas for the 1947-49 period.

The revised indexes were then recomputed using the new standard base of 1957-59 so that they would be comparable with other indexes. Neither the month-to-month variation in the indexes nor the relationship among indexes was affected by this change.

Finally, seasonal adjustment factors were recomputed for each of the sales indexes and for the index of stocks. The ratio-to-moving-average technique that has been in use within the Federal Reserve System for several decades was used in deriving the seasonal adjustment factors. The seasonal indexes for March and April include an allowance for the changing date of Easter.

Estimated Annual Department Store Sales for the Sixth District, by Area, 1957-59

(Thousands of Dollars)

Area	1957-59	1947-49	Weights in District Index (Percent of District Total) 1957-59	1947-49
ALABAMA	125,565	73,591	12.5	13.8
Birmingham	58,353	39,462	5.8	7.4
Other Cities	67,212	34,129	6.7	6.4
FLORIDA	313,397	116,785	31.3	21.9
Jacksonville	32,049	22,397	3.2	4.2
Miami	97,197	37,862	9.7	7.1
Tampa-St. Petersburg	67,391	28,499	6.7	5.3
Other Cities	116,760	28,027	11.7	5.3
GEORGIA	219,954	127,983	22.0	24.0
Atlanta	133,779	79,456	13.4	14.9
Macon	15,653	10,132	1.6	1.9
Other Cities	70,522	38,395	7.0	7.2
LOUISIANA	161,058	99,186	16.1	18.6
Baton Rouge	24,356	12,798	2.4	2.4
New Orleans	101,115	71,457	10.1	13.4
Other Cities	35,587	14,931	3.6	2.8
MISSISSIPPI	35,738	25,063	3.6	4.7
Jackson	15,202	14,398	1.5	2.7
Other Cities	20,536	10,665	2.1	2.0
TENNESSEE	145,990	90,655	14.5	17.0
Chattanooga	26,304	15,998	2.6	3.0
Knoxville	46,507	26,130	4.6	4.9
Other Cities	73,179	48,527	7.3	9.1
SIXTH DISTRICT	1,001,702	533,263	100.0	100.0

Historical data incorporating the above changes for the period 1947 to date are available upon request to the Research Department of this Bank.

The total supply of money in the Sixth District—checking deposits and currency held outside banks—amounted in December 1961 to about $10.7 billion or roughly $600 per District resident.

Bank Announcements

On July 1, the Merchants and Planters Bank, Montevallo, Alabama, a nonmember bank, began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers are James A. Kelley, President, and John P. Kelley, Vice President and Cashier.

The First National Bank of Slidell, Slidell, Louisiana, a newly organized member bank, opened for business on July 2 and began to remit at par. Officers include R. M. Walmsley, III, President; E. E. Riffel, Executive Vice President and Cashier; and C. W. Schneider, Vice President. Capital totals $200,000, and surplus and undivided profits, $200,000.

A newly organized nonmember bank, the Bank of Kendall, Miami, Kendall 56, Florida, opened for business on July 12 and began to remit at par. Officers are H. T. Maroon, President; M. E. Stephens, Executive Vice President; Richard L. Rotroff and Howard F. Dale, Vice Presidents; and C. E. Douglas, Cashier. Capital totals $400,000, and surplus and undivided profits, $300,000.

On July 20, the First State Bank of Lutz, Lutz, Florida, a newly organized nonmember bank, opened for business and began to remit at par. Officers include Ray Clements, President; Osler Adams, Executive Vice President; W. H. Greene, III, Vice President; and Donald Whitworth, Cashier. Capital totals $300,000, and surplus and undivided profits, $100,000.

The First National Bank of Sebring, Sebring, Florida, a newly organized member bank, opened for business on July 30 and began to remit at par. Officers are Rex E. Bond, President, and Alfred W. Roepstorff, Vice President and Cashier. Capital totals $200,000, and surplus and undivided profits, $200,000.

Department Store Sales and Inventories*

	Percent Change				
	Sales			Inventories	
	June 1962 from		6 Months 1962 from 1961	June 30, 1962 from	
Place	May 1962	June 1961		May 30, 1962	June 30, 1961
ALABAMA	—16	—3	+1	—3	+5
Birmingham	—15	—6	—1	—2	+5
Mobile	—16	+0	+5	. .	. .
Montgomery	—16	+2	+5	. .	. .
FLORIDA	—4	+12	+12	—10	+11
Daytona Beach	—3	—1	+1	. .	. .
Jacksonville	—13	+5	+4	—2	+3
Miami Area	+2	+6	+8	. .	. .
Miami	—1	+6	+5	. .	. .
Orlando	—5	+66	+47	. .	. .
St. Ptrsbg-Tampa Area	—5	+21	+21	—7	+20
GEORGIA	—13	+7	+8	—5	—0
Atlanta**	—16	+9	+11	—5	—0
Augusta	—1	+9	+5	. .	. .
Macon	—5	+8	+3	—0	+14
Rome**	—9	+3	+6	. .	. .
Savannah	—7	—3	+2	. .	. .
LOUISIANA	—12	+2	+3	—2	+9
Baton Rouge	—9	+10	+11	—4	+15
New Orleans	—13	+0	+1	—2	+8
MISSISSIPPI	—10	+6	+6	—2	+5
Jackson	—14	+8	+8	—1	+5
TENNESSEE	—20	—3	+3	—3	+8
Bristol-Kingsport-Johnson City**	—14	—3	+4	—1	+7
Bristol (Tenn. & Va.)**	—5	—3	+3	. .	. .
Chattanooga	—18	+0	+6	. .	. .
Knoxville	—22	—4	+3	. .	. .
DISTRICT	—12	+4	+7	—6	+7

*Reporting stores account for over 80 percent of total District department store sales.

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

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

				Percent Change		
				June 1962 from		Year-to-date 6 months 1962 from 1961
	June 1962	May 1962	June 1961	May 1962	June 1961	
ALABAMA						
Anniston	46,855	47,844	45,325	—2	+3	+6
Birmingham	900,857	954,329	849,177	—6	+6	+8
Dothan	39,446	42,251	38,678	—7	+2	+7
Gadsden	37,438	39,646	35,487	—6	+5	+3
Huntsville*	82,344	86,361	69,754	—5	+18	+18
Mobile	295,028	312,802	314,553r	—6	—6	+2
Montgomery	180,519	210,989	172,592	—14	+5	+7
Selma*	27,508	28,968	26,263	—5	+5	+8
Tuscaloosa*	60,822	67,008	60,634	—9	+0	+10
Total Reporting Cities	1,670,817	1,790,198	1,612,463r	—7	+4	+7
Other Cities†	848,297	907,635	768,230r	—7	+10	+9
FLORIDA						
Bradenton*	50,460	n.a.	n.a.	n.a.	n.a.	n.a.
Daytona Beach*	57,374	61,356	53,114	—6	+8	+6
Fort Lauderdale*	206,362	232,672	200,569	—11	+3	+6
Gainesville*	48,980	50,648	43,019	—3	+14	+11
Jacksonville	824,453	937,230	833,396r	—12	—1	+5
Key West*	15,179	17,725	16,769	—14	—9	+4
Lakeland*	84,909	90,221	83,100	—6	+2	+2
Miami	961,671	1,026,796	863,894r	—6	+11	+8
Greater Miami*	1,399,464	1,495,293	1,298,955r	—6	+8	+6
Orlando	267,603	280,815	253,640	—5	+6	+6
Pensacola	89,264	93,847	87,810r	—5	+2	+3
St. Petersburg	215,484	233,677	218,542	—8	—1	+8
Sarasota*	79,128	86,344	n.a.	—8	n.a.	n.a.
Tallahassee*	65,886	74,664	n.a.	—12	n.a.	n.a.
Tampa	440,503	485,079	427,790	—9	+3	+7
W. Palm-Palm Bch.*	154,065	189,050	143,747	—19	+7	+18
Total Reporting Cities	3,999,114	4,328,621	3,660,451r	—8	+9	+10
Other Cities†	1,723,415	1,875,108	1,748,848r	—8	—1	+6
GEORGIA						
Albany	57,694	61,238	52,343	—6	+10	+12
Athens*	44,178	48,756	45,879	—9	—4	+11
Atlanta	2,445,592	2,561,870	2,186,671r	—5	+12	+16
Augusta	126,448	129,308	113,162	—2	+12	+14
Brunswick	31,171	34,718	27,361	—10	+14	+25
Columbus	118,268	129,690	112,862	—9	+5	+11
Dalton*	52,922	56,960	n.a.	—7	n.a.	n.a.
Elberton	12,254	10,025	8,829	+22	+39	+7
Gainesville*	53,836	60,046	50,343	—10	+7	+9
Griffin*	21,219	21,723	19,963	—2	+6	+9
LaGrange*	17,866	16,510	17,180	+8	+4	—3
Macon	139,389	145,344	126,664	—4	+10	+10
Marietta*	36,345	37,412	34,765	—3	+5	+12
Newnan	22,460	18,831	21,878	+19	+3	+9
Rome*	48,584	53,132	47,331	—9	+3	+0
Savannah	179,977	189,631	158,977r	—5	+13	+9
Valdosta	31,759	36,878	33,132	—14	—4	+6
Total Reporting Cities	3,439,962	3,612,072	3,057,340r	—5	+13	+15
Other Cities†	932,033	994,408	955,421r	—6	—2	+3
LOUISIANA						
Alexandria*	81,616	85,755	70,000	—5	+17	+18
Baton Rouge	289,462	302,476	262,204	—4	+10	+12
Lafayette*	68,657	73,852	60,137	—7	+14	+11
Lake Charles	88,093	88,495	79,661	—0	+11	+11
New Orleans	1,499,848	1,579,305	1,429,291	—5	+5	+7
Total Reporting Cities	2,027,676	2,129,883	1,901,293	—5	+7	+8
Other Cities†	693,257	707,058	593,937r	—2	+17	+19
MISSISSIPPI						
Biloxi-Gulfport*	58,128	65,832	54,458	—12	+7	+12
Hattiesburg	39,322	40,651	37,897	—3	+4	+6
Jackson	347,487	365,753	308,490	—5	+13	+14
Laurel*	28,776	30,094	29,629	—4	—3	+2
Meridian	46,817	52,965	44,617	—12	+5	+10
Natchez*	24,909	24,742	23,220	+1	+7	+7
Vicksburg	23,136	23,608	22,414	—2	+3	+10
Total Reporting Cities	568,575	603,645	520,725	—6	+9	+12
Other Cities†	307,926	308,430	280,504r	—0	+10	+10
TENNESSEE						
Bristol*	56,325	57,189	51,405	—2	+10	+10
Chattanooga	344,743	354,333	350,040	—3	—2	+6
Johnson City*	50,015	49,526	43,917	+1	+14	+13
Kingsport*	93,171	92,448	95,281	+1	—2	+10
Knoxville	270,188	270,118	260,566	+0	+4	+4
Nashville	826,295	851,795	782,480	—3	+6	+8
Total Reporting Cities	1,640,737	1,675,409	1,583,689	—2	+4	+7
Other Cities†	635,339	619,652	614,555r	+3	+3	+3
SIXTH DISTRICT	18,487,148	19,552,119	17,297,456r	—5	+7	+9
Reporting Cities	13,346,881	14,139,828	12,335,961r	—6	+8	+10
Other Cities†	5,140,267	5,412,291	4,961,495r	—5	+4	+7
Total, 32 Cities	11,239,524	11,912,337	10,560,423r	—6	+6	+9
UNITED STATES						
344 Cities	292,500,000	295,600,000	271,800,000	—1	+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.

Sixth District Statistics

Seasonally Adjusted

(All data are indexes, 1957-59 = 100, unless indicated otherwise.)

SIXTH DISTRICT

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	May	37,788	36,961r	37,527r	35,343r
Farm Cash Receipts	May	117	102	113	106
Crops	May	129	105	119	110
Livestock	May	111	104	113	107
Department Store Sales*/**	July	116p	113r	117r	109r
Department Store Stocks*	June	115	114	114	107
Instalment Credit at Banks,* (Mil. $)					
New Loans	June	144	133	139	126
Repayments	June	128	125	127	126
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	June	107	106	106	104
Manufacturing	June	106	106	105	102
Apparel	June	120	118	116	111
Chemicals	June	101	100	100	100
Fabricated Metals	June	104	105	105	100
Food	June	105	106r	107	104
Lbr., Wood Prod., Furn. & Fix.	June	98	98	97	96
Paper	June	103	103	104	104
Primary Metals	June	96	97	95	94
Textiles	June	96	96	96	96
Transportation Equipment	June	105	103	101	88
Nonmanufacturing	June	107	106	106	104
Construction	June	94	94	93	89
Farm Employment	June	85	85	91	87
Insured Unemployment, (Percent of Cov. Emp.)	June	4.1	4.0	4.2	6.0
Avg. Weekly Hrs. in Mfg., (Hrs.)	June	40.9	41.0r	40.6	40.3
Manufacturing Payrolls	June	122	121	121	111
Construction Contracts*	May	122	139	137	102
Residential	May	124	116	114	108
All Other	May	120	158	156	98
Electric Power Production**	May	130	122	124	118
Cotton Consumption**	June	109	106	105	101
Petrol. Prod. in Coastal La. and Miss.**	June	146	147	147	135
FINANCE AND BANKING					
Member Bank Loans*					
All Banks	June	136	133	134	124
Leading Cities	July	136	136	133	124
Member Bank Deposits*					
All Banks	June	122	120	121	111
Leading Cities	July	122	120	119	114
Bank Debits*/**	June	129	123	127	115

ALABAMA

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	May	5,190	5,074r	5,115r	4,893r
Farm Cash Receipts	May	116	104	112	105
Department Store Sales**	June	102r	110r	98r	106r
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	June	102	102	101	102
Manufacturing	June	99	99	98	96
Nonmanufacturing	June	104	104	103	105
Construction	June	90	90	91	93
Farm Employment	June	85	80	85	85
Insured Unemployment, (Percent of Cov. Emp.)	June	4.9	4.7	4.6	6.3
Avg. Weekly Hrs. in Mfg., (Hrs.)	June	40.7	40.4r	40.2	39.4
Manufacturing Payrolls	June	116	116	114	102
FINANCE AND BANKING					
Member Bank Loans	June	136	132	133	126
Member Bank Deposits	June	121	119	119	109
Bank Debits**	June	126	122	124	114

FLORIDA

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	May	11,039	10,745r	10,938r	10,240r
Farm Cash Receipts	May	133	115	115	121
Department Store Sales**	June	140r	137r	137r	124r
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	June	115	114	113	110
Manufacturing	June	122	121	120	115
Nonmanufacturing	June	114	113	112	109
Construction	June	94	92	93	88
Farm Employment	June	84	105	94	82
Insured Unemployment, (Percent of Cov. Emp.)	June	3.3	3.2	3.3	4.8
Avg. Weekly Hrs. in Mfg., (Hrs.)	June	41.6	41.4	41.4	41.0
Manufacturing Payrolls	June	150	148r	147	135
FINANCE AND BANKING					
Member Bank Loans	June	131	128	130	120
Member Bank Deposits	June	122	122	123	111
Bank Debits**	June	128	125	129	115

GEORGIA

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	May	7,009	6,846r	6,965r	6,472r
Farm Cash Receipts	May	107	99	114	103
Department Store Sales**	June	105r	106r	103r	106r
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	June	107	106	106	102
Manufacturing	June	104	103	103	99
Nonmanufacturing	June	108	108r	107	103
Construction	June	108	109	105	91
Farm Employment	June	77	80	82	86
Insured Unemployment, (Percent of Cov. Emp.)	June	3.3	3.0	3.4	5.4
Avg. Weekly Hrs. in Mfg., (Hrs.)	June	39.8	40.0	39.9	39.7
Manufacturing Payrolls	June	118	118r	118	107
FINANCE AND BANKING					
Member Bank Loans	June	144	138	136	128
Member Bank Deposits	June	128	125	126	116
Bank Debits**	June	133	127	133	116

LOUISIANA

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	May	5,598	5,558r	5,611r	5,376r
Farm Cash Receipts	May	120	103	117	99
Department Store Sales*/**	June	100r	105r	97r	97r
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	June	98	98	98	98
Manufacturing	June	93	94	94	93
Nonmanufacturing	June	99	99	99	99
Construction	June	72	73	76	76
Farm Employment	June	101	91	98	104
Insured Unemployment, (Percent of Cov. Emp.)	June	4.7	4.8	4.7	6.4
Avg. Weekly Hrs. in Mfg., (Hrs.)	June	41.2	41.2r	41.6	40.9
Manufacturing Payrolls	June	107	106	108	101
FINANCE AND BANKING					
Member Bank Loans*	June	132	129	132	118
Member Bank Deposits*	June	113	112	112	106
Bank Debits*/**	June	124	115	116	108

MISSISSIPPI

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	May	2,923	2,810r	2,827r	2,686r
Farm Cash Receipts	May	126	86	110	92
Department Store Sales*/**	June	97r	102r	100r	92r
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	June	109	110	109	105
Manufacturing	June	114	113	112	105
Nonmanufacturing	June	107	108	107	105
Construction	June	101	103	102	98
Farm Employment	June	81	84	93	77
Insured Unemployment, (Percent of Cov. Emp.)	June	4.1	4.6	4.6	7.2
Avg. Weekly Hrs. in Mfg., (Hrs.)	June	40.0	40.5	40.2	39.8
Manufacturing Payrolls	June	129	129r	126	112
FINANCE AND BANKING					
Member Bank Loans*	June	152	151	150	134
Member Bank Deposits*	June	130	130	129	117
Bank Debits*/**	June	137	131	138	117

TENNESSEE

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	May	6,029	5,928r	6,071r	5,676r
Farm Cash Receipts	May	87	110	95	92
Department Store Sales*/**	June	99r	109r	95r	102r
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	June	105	105	105	103
Manufacturing	June	108	107	107	105
Nonmanufacturing	June	104	104	104	103
Construction	June	114	117	110	107
Farm Employment	June	86	84	92	93
Insured Unemployment, (Percent of Cov. Emp.)	June	4.9	4.8	4.9	7.2
Avg. Weekly Hrs. in Mfg., (Hrs.)	June	40.2	40.8r	40.6	40.1
Manufacturing Payrolls	June	120	120r	118	113
FINANCE AND BANKING					
Member Bank Loans*	June	135	133	134	124
Member Bank Deposits*	June	119	119	122	113
Bank Debits*/**	June	129	120	127	118

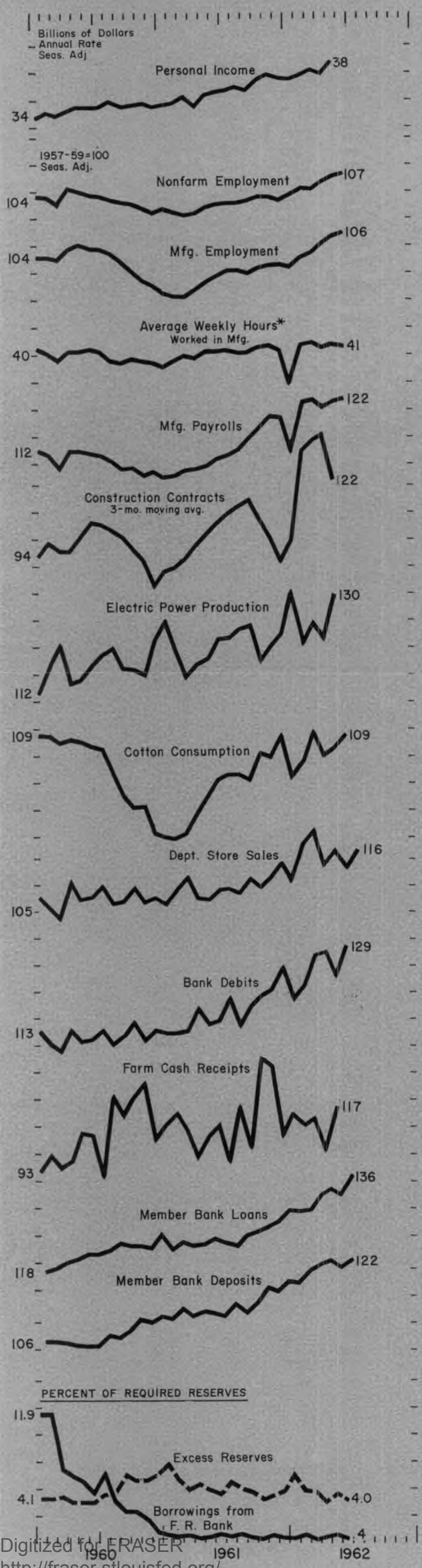
*For Sixth District area only. Other totals for entire six states.

p Preliminary. r Revised.

**Daily average basis.

Sources: Personal income estimated by this Bank; nonfarm, mfg. and nonmfg. emp., mfg. payrolls and hours, and unemp., U.S. Dept. of Labor and cooperating state agencies; cotton consumption, U.S. Bureau of Census; construction contracts, F. W. Dodge Corp.; petrol. prod., U.S. Bureau of Mines; elec. power prod., Fed. Power Comm.; farm cash receipts and farm emp., U.S.D.A. Other indexes based on data collected by this Bank. All indexes calculated by this Bank.

DISTRICT BUSINESS CONDITIONS



*Seas. adj. figure; not an index.

Total economic activity in the District has continued to expand in recent months, although all states have not been equally favored. The performance of key indicators has also been uneven. Employment, personal income, and consumer spending have continued to increase, but an accumulation of evidence suggests that expansion has been less rapid recently than earlier this year.

In June, gains in nonfarm employment were concentrated in Florida and Georgia. Employment declined in Mississippi and Louisiana and remained unchanged in Alabama and Tennessee.

Activity in textiles and construction has continued at improved levels. Cotton consumption, an important indicator of textile activity, increased sufficiently further in June to recover almost the March level, the highest volume of the current period of business expansion. The latest three-month average of construction contracts declined as a drop in the nonresidential components more than offset a further rise in residential contracts.

In recent months, factory payrolls have contributed little to boosting personal income. In June, however, payrolls did inch up because a rise in the number of workers more than offset the effects of a decline in the average work week. Lately, total personal income appears to have expanded more slowly than earlier this year in all states except Mississippi.

Spending, while at a high level, lacks the oomph it demonstrated last spring. Department store sales, according to preliminary figures, rose during July but failed to regain the record high of March. Sales at furniture stores advanced slightly in June, but also remained below volumes reached earlier in the year. Sales at household appliance stores remained virtually unchanged. Bank debits, a measure of checkbook spending, recovered sharply from the previous month's decline to a level somewhat above April's.

Consumers continue to add to their debts as well as to their savings. In June, consumer credit outstanding at District commercial banks rose for the fifth consecutive month, reflecting increased borrowing for the purchase of automobiles and for personal use. The pace of consumer saving remained high.

The overall farm economy has recently been doing well, but inadequate rain in many localities dims the outlook for crops. Higher prices posted in July for beef, eggs, broilers, and hogs has probably lifted the index of prices received by farmers slightly. Meanwhile, farm marketings have picked up as harvests of tobacco and summer vegetables and some field crops have gathered headway. Livestock marketings have declined somewhat, however, as broiler shipments were curtailed. The hot, dry weather that prevailed in many localities in July has had an adverse effect on prospective crop yields.

Loan expansion, which has been underway since mid-1961, resumed in June after a brief interruption in May. The rise was dominated by gains at banks in Florida. During July, however, loans at member banks in leading cities declined. Since April, the expansion in deposits at all member banks has fallen short of the pace maintained in the first four months of the year, partly because time deposit expansion slowed.

NOTE: Data on which statements are based have been adjusted to eliminate seasonal influences.