Monthly Review

Atlanta, Georgia

December • 1962

Also in this issue:

Federal Reserve Bank of Atlanta

Time Deposit Expansion: Under a Microscope

Any list of major financial stories in 1962 will undoubtedly show the "tale of time deposits" close to the top. You may recall that late last year, the Board of Governors of the Federal Reserve System announced an increase in the 3-percent maximum rate that banks could pay on time and savings deposits under Regulation Q. Effective January 1, 1962, the announcement read, member banks would be permitted to pay up to 3½ percent on all savings deposits and on time deposits with a term of at least six months. On deposits with a term of a year or more, they were permitted to pay up to 4 percent.

This announcement created quite a stir in financial circles in the District as well as the nation. At the time, some observers thought that the higher permissible rates on time deposits might produce some increase in the flow of savings into commercial banks. Few, if any, anticipated the deluge that occurred or the effect it would have on bank loan and investment policies. Fortunately, the passage of time frequently enables us to see things more clearly, but how much we see depends largely upon our analytical perspective.

We sometimes view District banks as though they were an amorphous mass, without form, without structure. "Time deposits have expanded," we may say. Or, "banks have stepped up their purchases of state and local government securities." Such statements are frequently based on aggregative data or, in other words, on data that describe the summation of activity of all banks in the District. This sort of economic reconnaissance is often useful and sometimes necessary. Generally, however, it masks myriad changes. At times, we may wish—biologically speaking—to place aggregate data under a microscope so as to see more clearly certain parts of the banking organism. Statistically, this can only be done by viewing the behavior of individual banks and significant sub-groups of banks. This is the micro-economic approach we shall use in our review of the role played by District member banks in the dramatic story of time deposits and how they grew.

The Setting

Before getting to the heart of our story, it may be well to set the stage. The time: late 1961. The characters: 420 District member banks of various sizes and descriptions. Background information: Time deposits had been rising for many years and, together, District banks had accumulated the tidy sum of $3.2 billion; amounts at individual banks, however, ranged from zero to $63 million. Additional information: Time deposits had flowed into banks at different rates, and, therefore, the demand-time deposit mix varied widely among banks. Time deposits accounted for 20 percent or less of total deposits at 50 banks and for 40 percent or more at 132 banks. The majority of banks, 238 in number, had ratios of time to total deposits of between 20 and 39 percent.

The difference in the deposit mix of banks is a surface reflection of variations in bank location by city size. Five out of seven banks that had ratios of time to total deposits of more than 40 percent were located in cities with populations of 15,000 or less (small cities) and the others were located in cities with populations of 15,000 or more (large cities). Banks with ratios of time to total deposits of less than 40 percent, however, were distributed more evenly between small and large cities.

Small banks tend to be located in small cities. Consequently, about two-thirds of the banks with ratios of time to total deposits of more than 40 percent had total deposits of $10 million or less. Banks with ratios of less than 40 percent were more evenly split: 43 percent had total deposits under $10 million; 57 percent had total deposits over $10 million. A majority of the larger banks, those with total deposits of $50 million or more, had ratios of between 20 and 40 percent.

Differences in the competitive environment in which banks find themselves probably explain why variations in the ratio of time to total deposits are associated with differences in city and bank size. In many small cities, for example, banks may readily attract and retain time deposits because of limited competition from savings and loan associations and credit unions. In large cities, however, banks may have more difficulty getting and keeping time deposits because they face vigorous competition for liquid savings from nonbank financial institutions.

One thing we have tried to stress in setting the stage for our discussion of time deposit expansion in 1962 is *diversity*. At the end of last year, the importance of time deposits differed among banks by city size, both in absolute amounts and in relation to total deposits. The competitive environment varied by bank location. Differences existed in the quality of bank management and in bank investment policies. When all of these differences are taken into account, one can readily understand why District bankers did not unanimously hail the recent change in Regulation Q as "a good thing." The differences also suggest that in the race for time deposits this year some groups of banks could be expected to do better than others. But, let's see what actually happened.

The Action

Bankers acted quickly, following the announcement of the upward revision of the maximum rate late last year. As one commentator put it, "One would have almost thought that the amendments to Regulation Q were mandatory rather than permissive." In a survey conducted by the Atlanta Federal Reserve Bank in early 1962, 86 percent of the 82 District member banks contacted raised their rate on "other time" deposits; of these, almost all moved to the 4-percent ceiling permissible on deposits with a maturity of at least a year. About 62 percent of the banks surveyed also reported that they had raised their maximum rates on savings deposits; more than one-half of these banks moved to 4 percent and the rest to 3½ percent.

"We didn't fall, we were pushed," expressed the attitude of some bankers who had raised their rates. Generally, the "pusher" referred to competition, either from rival banks or nonbank financial institutions. Other bankers, however, welcomed the increase in rates, for "now we can effectively compete for savings with other thrift institutions." One banker, however, voiced the fears of others when he said: "Rate hikes will increase our costs with no substantial increase in new savings and time deposits." This prediction turned out to be something less than correct.

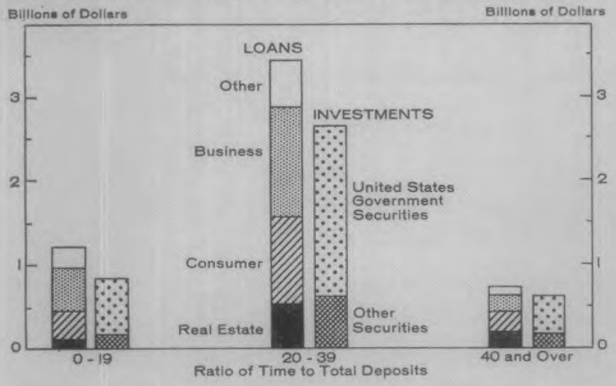
Time deposits rose sharply in the months immediately following the authorization of higher maximum rates. While expansion slowed somewhat this summer, the gain for the first nine months of 1962 amounted to a record $531 million, or 17 percent. As may be seen in the accompanying table, time deposit growth was heavily concentrated in savings of the non-passbook variety, particularly at large banks located in large cities and in banks located in Florida. The table shows these dollar figures in neat columns, but the story behind the figures may not be as precise because it must necessarily be based on inference. Nevertheless, here goes.

District Member Banks Classified by Characteristic	Change between Dec. 30, 1961 and Sept. 28, 1962 (Millions of Dollars)				
	Time Deposits		Total Loans and Investments	Securities other than U.S. Gov't	Real Estate Loans
	Total	Savings			
Ratio of time to total deposits, Dec. 1961					
0 - 9	+ 2	+ 2	+ 3	+ *	+ 1
10 - 19	+ 71	— 7	+102	+ 47	+ 14
20 - 29	+229	+ 92	+245	+ 80	+ 43
30 - 39	+127	+ 41	+170	+ 58	+ 29
40 - 49	+ 96	+ 39	+110	+ 15	+ 14
50 and Over	+ 6	— 4	+ 9	+ 1	+ 4
Total	531	163	639	202	105
Size of city, 1960 Census of Population					
Under 2,500	+ 8	+ 1	+ 12	+ 1	+ 2
2,500 - 14,999	+ 69	+ 17	+121	+ 24	+ 18
15,000 - 99,999	+130	+ 13	+152	+ 46	+ 18
100,000 and Over	+324	+132	+354	+131	+ 67
Size of total deposits, Dec. 1961 (Mil. of $)					
Under 2	+ 6	+ 3	+ 11	+ *	+ 1
2 - 5	+ 30	+ 4	+ 51	+ 9	+ 7
5 - 10	+ 46	+ 12	+ 61	+ 8	+ 13
10 - 25	+ 84	+ 10	+124	+ 30	+ 18
25 - 50	+ 56	+ 13	+ 80	+ 27	+ 10
50 and Over	+309	+121	+312	+128	+ 56
State					
Alabama	+ 83	+ 26	+102	+ 29	+ 16
Florida	+222	+ 75	+232	+ 70	+ 19
Georgia	+ 60	— 14	+149	+ 46	+ 33
Louisiana	+ 50	+ 28	+ 43	+ 16	+ 17
Mississippi	+ 31	— 4	+ 41	+ 10	+ 5
Tennessee	+ 85	+ 52	+ 72	+ 31	+ 15

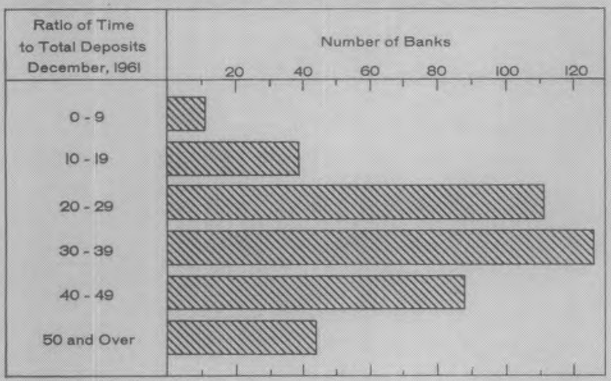
* Less than $1 million.

More than two-thirds of the increase in time deposits in the nine months ending September 1962 was in deposits other than savings. Holders of such deposits are frequently corporations or private individuals with large accounts who tend to shift funds from one asset to another in response to changes in yields. As we have already indicated, most of the banks in our survey earlier this year raised their rates on "other time" deposits to 4 percent. At this level, the differential between the rate on time deposits and savings and loan shares narrowed or even vanished in some cases. The higher rate also increased the spread between interest rates on 3-month Treasury bills and time deposits, favoring saving in the latter form. Some funds shifted from demand accounts to time deposits because the cost of holding money in idle balances increased. Other funds moved from a security market that seemed shaky

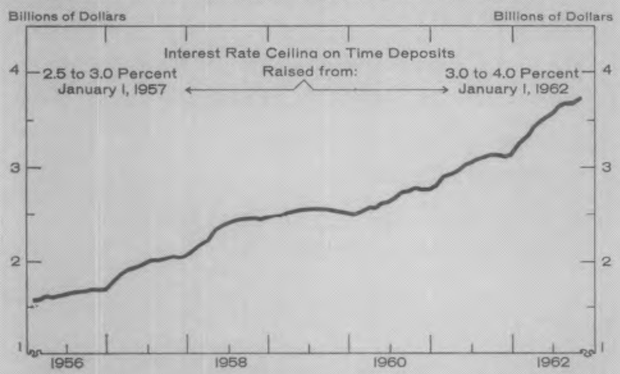
Banks whose ratio of time to total deposits ranged from between 20-39 percent accounted for the major share of loans and investments of all District member banks.



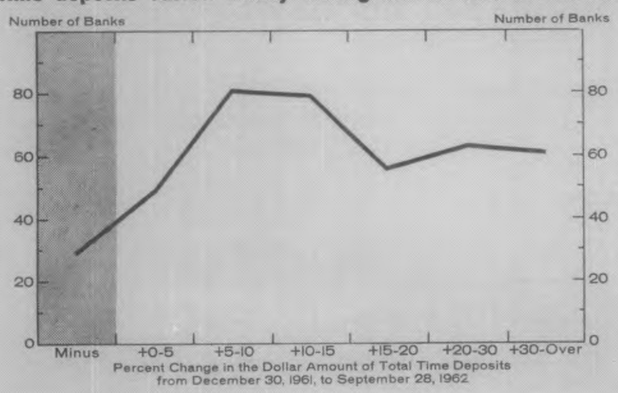
Of the 420 member banks in the District, 238 had ratios of time to total deposits of between 20-39 percent.



The sharp growth in time deposits of District member banks during 1962 undoubtedly was accompanied by a further change in the demand-time deposit mix of banks.



During the first nine months of 1962, the rate of change in time deposits varied widely among District member banks.



throughout much of 1962 to higher-yielding, liquid, time deposits. Some of the same factors that stimulated growth in "other time" deposits undoubtedly encouraged expansion in savings deposits.

"Big" savers, whether they are businesses or individuals, tend to cluster around "big" cities and to maintain their accounts with "big" banks. Banks with total deposits of over $50 million and banks in cities with populations of 100,000 or more apparently raised rates on time deposits more frequently than other banks and pushed them to the ceiling more often. Because of all of these things, banks in such cities increased total time deposits $324 million and accounted for 61 percent of the total expansion in time deposits in the first nine months of 1962. Gains in time deposits were widespread among all banks in this city-size group. Almost half of the 66 banks in such cities experienced gains of 20 percent or more, and about one-fourth of them experienced increases of 30 percent or more.

When all District member banks are considered as a group, the picture of time deposit change becomes one of contrasts. About 7 percent of all these banks experienced declines in time deposit holdings between December 1961 and September 1962. Most of these banks were located in cities with populations of under 15,000. At the other end of the scale, 15 percent of all banks enjoyed time deposit gains of 30 percent or more. There were, of course, many rates of change in between. More banks experienced increases in time deposits of between 5 and 15 percent, however, than any other rate of gain.

The Response

Our story would be incomplete if we ended on the high key of time deposits pouring into commercial banks. For, this is only part of the story. Banks are confronted with the problem of obtaining increased income to offset the higher costs of attracting time deposits. How have banks responded to this challenge? The answer is that they have aggressively tried to put their funds to work by investing in higher-yielding assets.

Between December 30, 1961, and September 28, 1962, District member banks expanded total bank credit—loans and investments—$639 million. This growth represented an amount $270 million greater than in the 9-month period a year earlier. As the accompanying table shows, banks increased their holdings of securities other than U. S. Governments—mostly state and local issues—$202 million, or 32 percent of the increase in total bank credit. Growth in such securities was concentrated at large banks in large cities, for these banks were the major gainers of the enlarged flow of time deposits. Expansion in real estate lending, however, appeared to be less closely related to gains in time deposits. At banks in Georgia, expansion in real estate loans was equal to about half of the increase in time deposits, while at banks in Florida it amounted to only 9 percent.

The combined expansion of real estate loans and holdings of state and local securities equaled about half of the gain in the loans and investments of all member banks this year. All other major categories of bank assets, how-

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TIME DEPOSIT EXPANSION *(Continued from Page 3)*

ever, also increased. Business loans, for example, increased $90 million in the first nine months of this year in contrast to a marked decline a year earlier. Consumer loans and U. S. Governments also registered healthy increases. Most banks, in other words, managed to keep rather fully invested.

At this stage, it is too early to assess the impact of the increase in costs on bank earnings. Banks that should do well profit-wise in 1962, however, may be characterized as follows. They had moderately low ratios of time to total deposits at the beginning of this year. They enjoyed large percentage gains in time deposits, and they remained fully invested. Banks that do not possess these characteristics may not fare quite as well.

The recent modification of Regulation Q that permitted payment of higher interest rates on time deposits may be, at once, a burden and a boon. In the short run, it may be a burden for some banks because it may increase costs more than revenues. In the longer run, however, the ability of banks to effectively compete for savings may accelerate the banking industry's rate of growth and enable it to carve out its own destiny to a greater degree than in the past.

ALFRED P. JOHNSON

Detailed statistics relating to the distribution of time deposits among District member banks and changes in such deposits during the first nine months of 1962 are available on request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta 3, Georgia.

Bank Announcements

On November 7, the Northwestern National Bank of Miami, Miami, Florida, a newly organized member bank, opened for business and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers include Henry D. Perry, Chairman of the Board; Charles W. Lantz, President; and R. F. Busby, Vice President and Cashier. Capital totals $450,000, and surplus and other capital funds, $225,000.

The Bank of South Brevard, Melbourne, Florida, a newly organized nonmember bank, opened for business on November 15 and began to remit at par. Officers are John M. Thompson, Jr., Chairman of the Board; James F. Hunt, President; and I. M. Nichols, Cashier. Capital totals $500,000, and surplus and undivided profits, $125,000.

On November 16, the Merchants Bank, Jackson, Alabama, a newly organized nonmember bank, opened for business and began to remit at par. Officers include R. R. Bedwell, Chairman of the Board and President; and Everett A. Phillips, Executive Vice President and Cashier. Capital totals $200,000, and surplus and undivided profits, $200,000.

The County National Bank of North Miami Beach, North Miami Beach, Florida, a newly organized member bank, opened for business on November 27 and began to remit at par. Officers are Louis J. Diek, President; Lee Howard, Vice President; and Walter J. Allison, Cashier. Capital totals $600,000, and surplus and other capital funds, $360,000.

On November 30, the Citizens Bank of Palm Beach County, West Palm Beach, Florida, a newly organized nonmember bank, opened for business and began to remit at par. Officers include Ralph J. Blank, Jr., Chairman of the Board; Roy Cuthrell, President; and Thomas E. Rossin, Cashier. Capital totals $370,000, and surplus and undivided profits, $157,250.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

				Percent Change		
				Oct. 1962 from		Year-to-date 10 Months 1962 from
	Oct. 1962	Sept. 1962	Oct. 1961	Sept. 1962	Oct. 1961	1961
ALABAMA						
Anniston	52,281	45,061	45,088	+16	+16	+8
Birmingham	992,505	860,847	904,451	+15	+10	+8
Dothan	45,432	43,551	43,072	+4	+5	+7
Gadsden	42,206	34,963	38,355	+21	+10	+5
Huntsville*	108,052	85,048	86,181	+27	+25	+20
Mobile	329,769	279,407	301,998	+18	+9	+3
Montgomery	228,938	188,307	188,267	+22	+22	+10
Selma*	34,043	34,350	33,472	—1	+2	+9
Tuscaloosa*	81,128	64,606	70,246	+26	+15	+13
Total Reporting Cities	1,914,354	1,636,140	1,711,130	+17	+12	+8
Other Cities†	859,780	739,418	814,277r	+16	+6	+1
FLORIDA						
Bartow*	20,779	n.a.	n.a.	n.a.	n.a.	n.a.
Bradenton*	46,864	38,082	n.a.	+23	n.a.	n.a.
Clearwater*	71,230	n.a.	n.a.	n.a.	n.a.	n.a.
Daytona Beach*	61,352	53,170	53,140	+15	+15	+8
Fort Lauderdale*	217,774	181,455	194,330	+20	+12	+7
Fort Myers-North Fort Myers*	50,476	n.a.	n.a.	n.a.	n.a.	n.a.
Gainesville*	54,954	48,525	45,561	+13	+21	+14
Jacksonville	900,693	772,195	816,710	+17	+10	+6
Key West*	17,814	15,604	17,161	+14	+4	+6
Lakeland*	83,178	71,585	73,943	+16	+12	+4
Miami	1,004,562	850,332	863,349	+18	+16	+10
Greater Miami*	1,472,840	1,233,766	1,270,258	+19	+16	+4
Ocala*	41,226	n.a.	n.a.	n.a.	n.a.	n.a.
Orlando	287,053	226,954	243,062	+26	+18	+7
Pensacola	91,455	82,929	85,348	+10	+7	+3
St. Petersburg	229,991	187,802	207,083	+22	+11	+6
Sarasota*	81,446	63,585	n.a.	+28	n.a.	n.a.
Tallahassee*	76,055	66,280	n.a.	+15	n.a.	n.a.
Tampa	460,732	392,446	429,615	+17	+7	+6
W. Palm-Palm Bch.*	158,891	135,786	141,226	+17	+13	+15
Winter Haven*	34,713	n.a.	n.a.	n.a.	n.a.	n.a.
Total Reporting Cities**	4,459,516	3,570,164	3,577,437	**	**	+12
Other Cities†**	1,519,281	1,431,520	1,686,174r	**	**	+2
GEORGIA						
Albany	66,360	55,613	61,446	+19	+8	+12
Athens*	47,723	40,454	46,452	+18	+3	+8
Atlanta	2,764,784	2,348,846	2,412,200	+18	+15	+15
Augusta	134,738	125,215	123,687	+8	+9	+12
Brunswick	33,244	29,484	29,686	+13	+12	+24
Columbus	129,523	115,323	121,155	+12	+7	+9
Dalton*	61,514	53,497	n.a.	+15	n.a.	n.a.
Elberton	9,220	10,669	9,954	—14	—7	+6
Gainesville*	58,027	52,610	47,662	+10	+22	+11
Griffin*	25,420	21,250	21,013	+20	+21	+12
LaGrange*	17,246	16,375	17,152	+5	+1	—1
Macon	157,480	128,364	146,293	+23	+8	+11
Marietta*	38,084	36,366	34,186	+5	+11	+12
Newnan	26,337	19,797	21,243	+33	+24	+9
Rome*	56,910	47,036	53,748	+21	+6	+4
Savannah	191,206	176,295	174,360	+8	+10	+7
Valdosta	37,019	33,653	36,565	+10	+1	+3
Total Reporting Cities	3,854,835	3,310,847	3,356,802	+16	+15	+15
Other Cities†	1,120,119	958,411	1,098,935r	+17	+2	+6
LOUISIANA						
Alexandria*	84,324	75,757	74,881	+11	+13	+16
Baton Rouge	309,878	272,346	271,091	+14	+14	+13
Lafayette*	74,894	68,324	68,034	+10	+10	+10
Lake Charles	89,893	79,971	81,263	+12	+11	+9
New Orleans	1,544,681	1,306,373	1,342,330	+18	+15	+9
Total Reporting Cities	2,103,670	1,802,771	1,837,599	+17	+14	+10
Other Cities†	753,512	622,840	636,189r	+21	+18	+9
MISSISSIPPI						
Biloxi-Gulfport*	65,818	56,143	56,282	+17	+17	+15
Hattiesburg	42,033	38,643	38,366	+9	+10	+5
Jackson	428,474	338,445	357,371	+27	+20	+13
Laurel*	30,520	25,710	28,084	+19	+9	+2
Meridian	53,340	46,832	49,655	+14	+7	+10
Natchez*	25,832	24,342	22,991	+6	+12	+8
Pascagoula-Moss Point*	36,653	n.a.	n.a.	n.a.	n.a.	n.a.
Vicksburg	27,137	22,828	23,514	+19	+15	+10
Yazoo City*	23,420	n.a.	n.a.	n.a.	n.a.	n.a.
Total Reporting Cities**	733,227	552,943	576,263	**	**	+13
Other Cities†**	246,704	262,202	275,616r	**	**	+1
TENNESSEE						
Bristol*	55,088	51,838	54,775	+6	+1	+7
Chattanooga	370,125	339,908	354,575	+9	+4	+5
Johnson City*	49,201	44,429	41,868	+11	+18	+13
Kingsport*	92,621	87,556	89,743	+6	+3	+7
Knoxville	279,525	245,917	268,208	+14	+4	+3
Nashville	872,441	781,921	812,001	+12	+7	+7
Total Reporting Cities	1,719,001	1,551,569	1,621,170	+11	+6	+6
Other Cities†	770,235	691,777	651,620r	+11	+18	+12
SIXTH DISTRICT	20,054,234	17,130,602	17,843,212r	+17	+12	+9
Reporting Cities**	14,784,603	12,424,434	12,680,401	**	**	+11
Other Cities†**	5,269,631	4,706,168	5,162,811r	**	**	+4
Total, 32 Cities	12,233,055	10,481,237	10,901,361	+17	+12	+9
UNITED STATES						
344 Cities	308,700,000	263,300,000	274,700,000	+17	+24	+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.

**Addition of new reporting centers affects comparison of current figures with those of previous months.

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)	Sept.	38,536	37,972r	37,482r	35,926
Farm Cash Receipts***	Sept.	141	123	114	101
Crops	Sept.	161	129	119	98
Livestock	Sept.	115	117	111	105
Department Store Sales*/**	Nov.	126p	112	121	109
Department Store Stocks*	Oct.	125	119	116	110
Instalment Credit at Banks,* (Mil. $)					
New Loans	Oct.	151	133	141	129
Repayments	Oct.	130	137	135	127
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	107	107	106	104
Manufacturing	Oct.	106	106	106	103
Apparel	Oct.	119	119	120	111
Chemicals	Oct.	102	102	101	100
Fabricated Metals	Oct.	104	104	99	102
Food	Oct.	103	103	104	103
Lbr., Wood Prod., Furn. & Fix.	Oct.	97	96r	97	96
Paper	Oct.	105	105r	105	102
Primary Metals	Oct.	94	93r	93	97
Textiles	Oct.	94	95	96	97
Transportation Equipment	Oct.	117	111	106	95
Nonmanufacturing	Oct.	107	107	106	105
Construction	Oct.	96	96	96	91
Farm Employment***	Oct.	81	86	90	89
Insured Unemployment, (Percent of Cov. Emp.)	Oct.	4.3	4.3	4.5	5.2
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	40.7	40.6	40.3	40.6
Manufacturing Payrolls	Oct.	125	125	124	118
Construction Contracts*	Sept.	109	112	113	115
Residential	Sept.	120	115	111	113
All Other	Sept.	100	109	114	116
Electric Power Production**	Sept.	133	138	136	124
Cotton Consumption**	Oct.	96	100	104	105
Petrol. Prod. in Coastal La. and Miss.**	Oct.	154	155	147	135
FINANCE AND BANKING					
Member Bank Loans*					
All Banks	Oct.	141	139	138	127
Leading Cities	Nov.	140	140	138	127
Member Bank Deposits*					
All Banks	Oct.	127	124	123	117
Leading Cities	Nov.	122	125	122	116
Bank Debits*/**	Oct.	128	130	122	119

ALABAMA

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Sept.	5,163	5,153r	5,065r	4,946
Farm Cash Receipts***	Sept.	130	121	114	88
Department Store Sales**	Oct.	98	110	107	105
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	102	102	102	102
Manufacturing	Oct.	98	99r	99	96
Nonmanufacturing	Oct.	104	104r	103	105
Construction	Oct.	87	87r	88	92
Farm Employment***	Oct.	75	87	86	86
Insured Unemployment, (Percent of Cov. Emp.)	Oct.	5.0	4.9	5.0	5.0
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	40.3	40.6	40.8	40.6
Manufacturing Payrolls	Oct.	115	115r	114	111
FINANCE AND BANKING					
Member Bank Loans	Oct.	141	137	137	128
Member Bank Deposits	Oct.	125	124	122	115
Bank Debits**	Oct.	125	130	118	119

FLORIDA

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Sept.	11,038	10,974r	10,894r	10,406
Farm Cash Receipts***	Sept.	117	119	132	117
Department Store Sales**	Oct.	137	146	142	129
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	116	115	114	111
Manufacturing	Oct.	121	120	121	116
Nonmanufacturing	Oct.	115	114	113	110
Construction	Oct.	98	100	98	89
Farm Employment***	Oct.	105	93	98	101
Insured Unemployment, (Percent of Cov. Emp.)	Oct.	3.8	4.0	4.2	4.4
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	41.3	41.8r	41.0	41.8
Manufacturing Payrolls	Oct.	155	153	153	146
FINANCE AND BANKING					
Member Bank Loans	Oct.	138	136	135	123
Member Bank Deposits	Oct.	128	126	125	116
Bank Debits**	Oct.	130	130	124	120

GEORGIA

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Sept.	7,059	7,173r	7,041r	6,564
Farm Cash Receipts***	Sept.	103	121	118	95
Department Store Sales**	Oct.	108	113	111	103
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	108	107	107	104
Manufacturing	Oct.	105	104r	105	101
Nonmanufacturing	Oct.	109	108	109	105
Construction	Oct.	113	111r	115	97
Farm Employment***	Oct.	75	75	85	85
Insured Unemployment, (Percent of Cov. Emp.)	Oct.	3.1	3.2	3.2	4.4
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	40.6	40.4	40.2	40.3
Manufacturing Payrolls	Oct.	125	125	122	116
FINANCE AND BANKING					
Member Bank Loans	Oct.	147	143	145	130
Member Bank Deposits	Oct.	131	128	126	122
Bank Debits**	Oct.	134	135	128	125

LOUISIANA

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Sept.	5,782	5,684r	5,571r	5,414
Farm Cash Receipts***	Sept.	161	156	113	108
Department Store Sales*/**	Oct.	95	102	107	95
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	98	98r	97	98
Manufacturing	Oct.	95	94	94	93
Nonmanufacturing	Oct.	98	98	98	99
Construction	Oct.	74	71	73	76
Farm Employment***	Oct.	82	91	95	85
Insured Unemployment, (Percent of Cov. Emp.)	Oct.	4.5	4.5	4.5	5.8
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	41.9	43.2r	42.2	41.1
Manufacturing Payrolls	Oct.	113	114	111	106
FINANCE AND BANKING					
Member Bank Loans*	Oct.	133	132	131	121
Member Bank Deposits*	Oct.	117	114	115	111
Bank Debits*/**	Oct.	117	117	111	106

MISSISSIPPI

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Sept.	3,284	2,881r	2,839r	2,730
Farm Cash Receipts***	Sept.	233	128	107	103
Department Store Sales*/**	Oct.	89	102	105	98
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	110	110	109	107
Manufacturing	Oct.	113	114	114	107
Nonmanufacturing	Oct.	108	108r	106	107
Construction	Oct.	103	101	99	100
Farm Employment***	Oct.	83	85	89	89
Insured Unemployment, (Percent of Cov. Emp.)	Oct.	4.8	4.7	4.7	6.1
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	39.8	40.5	40.1	40.4
Manufacturing Payrolls	Oct.	126	128	128	118
FINANCE AND BANKING					
Member Bank Loans*	Oct.	165	158	154	138
Member Bank Deposits*	Oct.	141	133	131	120
Bank Debits*/**	Oct.	138	139	130	125

TENNESSEE

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Sept.	6,210	6,107r	6,072r	5,866
Farm Cash Receipts***	Sept.	132	110	101	109
Department Store Sales*/**	Oct.	99	113	102	100
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	105	105	105	103
Manufacturing	Oct.	107	107	106	105
Nonmanufacturing	Oct.	104	104	105	103
Construction	Oct.	113	113	112	111
Farm Employment***	Oct.	79	91	91	92
Insured Unemployment, (Percent of Cov. Emp.)	Oct.	5.3	5.5	5.3	6.1
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	40.9	40.9	40.5	40.2
Manufacturing Payrolls	Oct.	123	123	120	117
FINANCE AND BANKING					
Member Bank Loans*	Oct.	142	141	139	129
Member Bank Deposits*	Oct.	126	125	123	117
Bank Debits*/**	Oct.	127	139	126	121

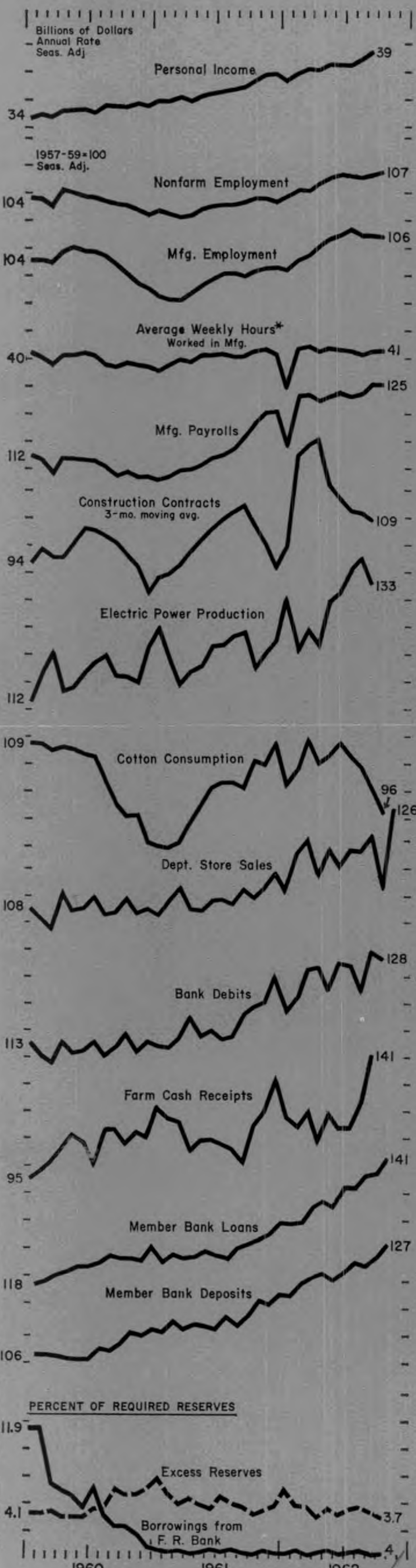
*For Sixth District area only. Other totals for entire six states. p Preliminary. r Revised.

**Daily average basis.

***Figures for farm cash receipts and farm employment reflect recent revisions to monthly estimates published by the U.S.D.A. and revisions in the seasonal adjustments.

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.

On balance, the District's economy forged ahead, brightening somewhat the mixed picture of previous months. Some indicators, such as personal income and consumer spending, turned in their best performances in several months. Others, namely the various categories of employment, remained lethargic. The farm sector, however, contributed to the general advance as cash receipts moved upward. Loans and deposits at member banks also rose further.

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Consumers have been spending more freely than in previous months. Following a dip in October, District department store sales rebounded sharply in November to reach a new record, according to preliminary figures. While sales at household appliance stores were virtually unchanged during October, sales at furniture stores edged down slightly, as declines in Alabama, Florida, and Georgia offset gains in Tennessee and Louisiana. Following a lull since mid-year, District sales tax collections advanced to a record high in September, the latest month for which data are available. The wallets of District residents were a little thicker in September as personal income rose in all states except Georgia. Mississippi's income gain was the largest, because early harvests boosted agricultural income more than usual. Outstanding consumer instalment credit at District banks expanded sharply during October, after declining slightly in September. Reflecting a large increase in borrowing to finance auto purchases, the net increase in the outstanding consumer debt registered in October set the record for the current expansion. Other loan types, however, were virtually unchanged from the previous month. Consumer liquid savings, representing time deposits and savings and loan shares, increased slightly during September.

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Employment and production changed very little during October. Total nonfarm employment inched higher, but manufacturing employment crept downward, as gains in Georgia, Florida, and Louisiana were more than offset by losses in Alabama, Mississippi, and Tennessee. Employment in apparel and textile-mill establishments also declined and was accompanied by a drop in cotton consumption. However, the rate of insured unemployment remained unchanged. Steel production registered no change from September, and the three-month average of construction contracts, based partly on October data, declined further.

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Farmers have experienced an improvement in their economic climate. Farm production, prices for farm products, and weather have favored them recently and have given their cash receipts a welcome lift. Total farm marketings increased because a large cotton harvest in the region and increased shipments of sugar cane and oranges in Florida more than offset a decline in livestock marketings. Also, the index of prices received by farmers rose slightly in October as prices for some important crops increased. These favorable trends have been accompanied by highly desirable weather that has spurred the growth of small grains and enabled farmers in many places to push ahead with their harvests.

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The renewed loan expansion that began last summer is still in progress, according to the latest available data. In recent months, member banks in Alabama, Mississippi, and Tennessee have led the other District states in the rate of expansion. In October, total loans at all member banks rose sharply; banks located in the District's smaller cities and towns registered larger gains than those in other geographic areas. Total deposits of District member banks also rose during October.

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