Monthly Review

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Also in this issue:

Federal Reserve Bank of Atlanta

Balance of Payments: The Problem
Can Export Credits Help Solve It?

For several years, the United States has been faced with large balance of payments deficits. These deficits occurred because we have been buying from foreigners and lending and giving them more than they have bought from us or lent or given us. One consequence of these deficits is that we have had to settle them partially with gold; and this has caused us to lose about $6½ billion of gold in the last five years.

Naturally, Americans are worried about the situation. On taking office, President Kennedy announced that one of his primary goals was the elimination of the balance of payments deficit; and one of the most effective ways he saw of achieving this objective was the stimulation of our civilian exports. There were other steps that could be taken, to be sure. Our allies have been persuaded to buy more of their military equipment from us. Costs of maintaining our troops abroad have been cut. The Secretary of the Treasury has urged European governments to relax their controls over their capital markets, so that foreign businesses can borrow at home rather than in New York. Nevertheless, an increase in exports has high priority in the campaign to eliminate the balance of payments deficit.

Various measures are being employed on this particular front. Current efforts to hold down price and cost increases are part of the attempt to improve our balance of trade. The revision of the guidelines for depreciation of business capital assets, i.e., plants, machinery, etc., is expected to encourage modernization of this equipment, thus lowering costs and enabling our manufacturers to compete more effectively abroad. The Commerce Department has streamlined its organization in order to provide quicker and more effective information to American businessmen about export opportunities.

Many foreign governments have provided special help to their exporters for years. One such aid was the provision of export credit insurance. A business firm selling abroad naturally runs somewhat greater risks than when it sells at home. The credit risk is greater because credit information is frequently not so reliable or readily available and because the exporter is at some disadvantage in pressing his claim in a foreign court if the foreign buyer defaults. In addition, he runs a risk that the foreign government will prevent its citizens from paying their bills through the imposition of exchange controls or through expropriation of their property or will devalue the currency. To relieve their exporters of these burdens, some foreign governments guarantee them (for a fee) against losses from these causes.

Export Credits in the United States

In the United States, the Export-Import Bank (frequently called Eximbank) has for some time offered guarantees on letters of credit issued by banks and on some loans by American banks to foreigners. It has also assisted American exporters by making loans to foreigners for the completion of projects that require the purchase of American equipment and supplies. In 1961, Eximbank initiated three new programs designed to put American exporters on a par with their foreign competitors, insofar as credit insurance is concerned. The first of these is a program of political and credit risk guarantees to banks that is administered by Eximbank. The other two provide insurance for exporters, rather than for banks, and are administered by the Foreign Credit Insurance Association, which is a group of seventy-two insurance companies plus the Export-Import Bank.

Eximbank Credit Guarantees This program is designed for medium-term transactions, i.e., those in which credit is extended to the foreign buyer for a period of between six months and five years. For the transaction to be accepted by Eximbank, the foreign buyer must pay 20 percent of the purchase price in cash, although, if the buyer and the country are both considered to be good risks, the down payment may be reduced to ten percent. The exporter will take the promissory notes of the foreign buyer for the rest of the amount and will carry 15 percent of each note for his own account and risk. The exporter's bank must be willing to accept the credit risk on the earlier maturities of the remaining 85 percent of each note (the time period covered by the first half of the instalments or the first eighteen months, whichever is shorter). Eximbank will then guarantee the bank against loss due to political events for the early maturities and against both credit and political risks for the later ones. The bank must finance without recourse, however. This is to say, it must agree that, if the foreign buyer defaults, the bank cannot demand payment from the exporter. This holds true both on the earlier maturities, where the bank has no Eximbank credit guarantee, and on the later ones, where it does.

To illustrate, suppose that an exporter sells some farm machinery to a company in Venezuela, providing for semiannual instalment payments (the instalments must be semiannual or more frequent to qualify) over a period of three years. If the contract price (including interest on the financed portion, insurance, freight costs, and so forth) comes to $60,000, the buyer will pay $12,000 in cash and will give the exporter six notes of $8,000 each. The exporter's bank will immediately pay the exporter 85 percent of the $48,000, or $40,800. Upon receipt of each of the buyer's instalments, the bank will pay the exporter $1,200, so that over the six instalments the exporter will get back his $7,200 or, in other words, his 15-percent stake in the transaction. The bank takes the credit risks on the first three instalments, but after that it is fully guaranteed by Eximbank. The 15-percent stipulation is included to assure the continuing interest of the exporter in the transaction until final payment is received.

Foreign Credit Insurance Eximbank was given the power in 1954 to provide insurance directly to exporters on commodities held abroad on consignment awaiting sale. In 1960, Eximbank provided political risk insurance on export sales, and in February 1961 the President directed Eximbank to provide comprehensive export credit insurance covering commercial as well as political risks. During 1961 Eximbank worked out a program with private insurance companies to form the Foreign Credit Insurance Association (FCIA), which began business in February 1962. FCIA now provides two types of insurance for exporters, short term and medium term.

(a) Short-term transactions are those that provide for payment by the foreign buyer within a period usually no longer than 180 days. An exporter may insure his sales to any reputable foreign buyer up to a limit of $15,000 per buyer if he meets certain conditions. In the first place, he must insure all his foreign credit sales and report monthly on them (except in the case of sales to Canada and sales in which the buyer provides security for payment). The reason for this requirement is that FCIA must be able to spread its risks over a large number of transactions. If it were not for this provision, an exporter would be free to insure (and pay premiums on) only his riskier sales. Second, the exporter must maintain at least two credit reports on his customer. Third, the goods sold abroad must be sold for dollars and must be "made in the United States"—meaning specifically that at least 50 percent of the product's value must have been added by U. S. labor or materials.

If the exporter meets these conditions, he is insured against 95 percent of loss due to political risk and 85 percent of loss from credit risk. Eximbank assumes all of the political risk, and it and the insurance companies split the credit risk equally. Policies are written for one year and may be renewed. The amount of premium the exporter must pay depends upon the riskiness of the countries in which his buyers are located and the length of the credit terms he offers. Countries are rated, and the premium rises as the rating declines. Likewise, the longer the terms of credit, the greater the risk of loss and, so, the higher the premium. On "average risk" countries, the premium is currently averaging about one percent.

(b) Medium-term transactions are those in which the exporter extends credit to his foreign buyer for periods between six months and five years. Unlike the short-term plan, the exporter does not have to insure all his medium-term sales, although he may do so if he likes. In other words, the exporter may insure an individual transaction, a series of sales to one buyer, or all of his export sales. The last category (called the "whole turnover") costs the least because the spread of risk is greatest. The conditions are mostly the same as for an Eximbank guarantee to a bank, i. e., the buyer must put up 20 percent of the purchase price, the debt must be paid off in instalments no less frequent than every six months, the notes must be payable in dollars at a U. S. commercial bank, and the exporter retains 15 percent of the credit and political risks, spread over all of the notes. Again, premiums vary with the country concerned and with the term of credit. Like the short-term plan, Eximbank assumes the political risk, and the insurance companies split the credit risk equally with Eximbank.

The proceeds of both short- and medium-term insurance can be assigned. This should make it easier for exporters to get bank financing, for they can assign the proceeds of the insurance to the bank that takes the foreign buyer's notes. Unlike the Eximbank guarantees, the bank does not have to finance the exporter without recourse, although, naturally, the exporter would prefer nonrecourse financing.

Export Credits and the Sixth Federal Reserve District

In the November 1962 issue of this *Review,* we examined some of the actual practices of District banks in financing foreign trade. This study led to the conclusions that District banks were rather less inclined to commit their own funds in this business than were their New York counterparts and that export financing was less important than import. The explanation for these observations is relatively simple. The District for many years was primarily agricultural, and its exports were predominantly agricultural staples, such as cotton and tobacco, and the products of forests and mines, such as naval stores, lumber, and phosphate. These commodities were (and still are) frequently exported by national concerns, headquartered perhaps in New York, that buy from local producers and consolidate their purchases into entire shiploads. It was often more convenient for them to finance their operations in New York or London. Consequently, few District banks acquired a tradition of dealing in foreign trade or a great deal of experience in it. In manufacturing, which is growing in importance, the same tendency is at work. Local plants are often divisions or subsidiaries of national concerns. Export shipments are frequently handled by the head office or a special international subsidiary located, usually, in New York. Then, too, the really big shipments may require financing that is beyond the capacity of any but the large New York banks.

In other words, District banks finance a relatively small proportion of District exports, and bank management has traditionally preferred to commit its funds in domestic loans, where the risks are more clearly understood and the costs are lower.

District banks apparently are interested in increasing their share of export financing, however, and believe that the new programs may help in this direction. For example, the banks interviewed in our recent survey indicated that in 1961 about 60 percent of the exports financed by them were staple commodities, such as phosphate, lumber, grain, naval stores, cotton, and tobacco, and that 25 percent were consumer goods, such as citrus products, seafood, poultry, household appliances, and so on. Thus capital goods, such as industrial and business machinery, constituted only 15 percent of the exports they financed. The largest growth in exports, however, is likely to come in the last category, as manufacturing grows in this area. Then, too, the medium-term guarantee and insurance programs are specifically aimed at these types of manufactures, which are relatively expensive and yield their returns only over a considerable period of time. Several banks pointed out, however, that there are still comparatively few manufacturers of these types of goods in this area and cautioned against accepting the new programs as miracle workers.

The Future of Export Credits

The guarantee and insurance programs are still quite new, and bankers and exporters are still feeling their way in their use. Only time and experience will resolve some of the questions that now exist in people's minds about them. For example, the new programs obviously cannot eliminate all risk. Banks, it will be remembered, are required to accept the credit risk on the early maturities under the Eximbank guarantee program, and they must give up their right of recourse against the exporter in case of default by the foreign buyer. Several of the bankers interviewed in our survey were apparently not willing to accept even this degree of risk; and several indicated that they were retaining the right of recourse even when the exporter assigned FCIA insurance to them. Underlying this attitude may be uncertainty about interpretation of some of the fine print in the guarantee and insurance contracts. For instance, the FCIA policy specifies under "Exclusions" that the policy does not apply (among other things) to any loss (a) due to the fault of the insured exporter; (b) where a dispute exists, until the loss shall have been finally determined to be a valid and legally enforceable indebtedness of the buyer; and (c) arising from unwillingness of the buyer to accept the products.

Representatives of FCIA point out that it is possible for a bank to retain its right of recourse in the case of failure of the exporter to conform to terms of the insurance contract, but not otherwise. At least one District bank is prepared to finance insured medium-term exports if the exporter will execute an agreement to (a) meet all the requirements of the insurance contract and (b) reimburse the bank if FCIA, because of the exporter's failure to meet the requirements, does not pay the insurance benefits within seven months. The bank is thus fully protected, having recourse against either FCIA or the exporter. It must depend on FCIA for reimbursement so long as the exporter meets all his obligations and cannot look always to the exporter if any delay in payment occurs, as it could if it had retained full right of recourse against the exporter.

FCIA also argues that to eliminate the requirement that the buyer accept the goods would open the door to fraud by unscrupulous businessmen. In any case, they say, the bank can protect itself by not making a loan to the exporter until it has the promissory note of the foreign buyer. This note would presumably be delivered to the foreign bank that acts as the exporter's agent at the time the documents covering the shipment are delivered to the foreign buyer. Further protection can be provided by insisting that the exporter write into his sales contract a provision that delivery of goods in accordance with the terms of the contract constitutes acceptance of the goods.

As knowledge of the guarantee and insurance programs becomes more widespread, banks and exporters will come to understand more clearly their possibilities and their limitations. Certainly, whatever their limitations, they reduce to some extent the risks of foreign trade. They should not be expected to provide by themselves the solution to our balance of payments problem. They should, however, contribute measurably toward this goal.

Lawrence F. Mansfield

Tennessee's Business: Close Match to Nation

Recent changes in economic conditions in Tennessee have closely resembled those that have occurred throughout the country as a whole. Personal income, which is the most comprehensive monthly statistic available by states, has increased 6 percent in Tennessee during the first ten months of 1962 from the year-ago total. This matches the nation's percentage gain for the same period.

1962 Performance

When we probe more deeply into Tennessee's income developments during the course of the year, we still find considerable resemblance to national developments. Seasonally adjusted personal income in the state failed to rise from March through July of this year, but it again climbed during August, September, and October. On the whole, the trend, nationally, has been pretty much the same.

This similarity between conditions in Tennessee and those in the nation is not new. Tennessee's income growth since 1950 has been almost precisely the same as that of the nation. A 10-percent income gain from the first quarter 1961-business low through October of this year in Tennessee also matches almost exactly the overall gain in the nation. We might further note, using personal income figures as the basis for comparison, that the last three business recessions in Tennessee have come at just about the same time as in the U. S., have lasted just about as long, and have been roughly as severe.

Compared with the national economy, however, Tennessee's employment gains since the end of the 1960-61 recession have been slightly smaller. This has been equally true for manufacturing and nonmanufacturing.

That Tennessee's insured unemployment stayed at a higher rate than in the nation further suggests that the improvement in employment conditions has not quite matched the nation's. Factory payrolls, not adjusted for seasonal forces, also advanced less vigorously. Viewing the smaller gain in this indicator of manufacturing activity during the recovery phase from early 1961 along with the employment and unemployment statistics reinforces the conclusion that some parts of Tennessee's economy moved up a little more hesitantly than their national counterparts.

Still, business activity in the state is well ahead of 1961. And while gains in recent months have not come easily, the trend has continued upward in the same irregular pattern as in the country as a whole. Although not a perfect match to the nation, Tennessee's business was certainly a close one.

Economic Structure Resembles U. S.

For business trends in Tennessee to have paralleled so closely national trends for such a long time is rather amazing. Economic conditions vary a great deal from state to state, although activity on the state level is related to the national economy. The industrial growth in various parts of the country is not uniform, and the economic base of different states and communities varies. The diverse business tempo that exists is often the result of such distinctions in growth and economic structure.

In Tennessee's case, the economic structure resembles that of the economy of the nation. The state's major sources of income are of equal importance as those nationally. The exact proportion—67 percent—of Tennessee's income comes from wages and salaries. The importance of the other categories of income corresponds very closely with the U. S. The only exception is proprietors' income from farming, which provides a somewhat greater share of income to Tennesseeans than it does in the nation. (Wage and salary income from farming is the same.)

The state's employment structure also corresponds quite closely to the national pattern. The percent of its total population working in mines, construction, trade, government, services, and the finance and real estate fields is the same or nearly the same as in the U. S. About 325,000 Tennesseeans work in factories. This represents about 34 percent of the nearly one-million total of nonfarm jobs, thus placing Tennessee on par with the national average in terms of the importance of manufacturing employment. By this same measure, Tennessee ranks well ahead of each of the other Sixth District states (Alabama, Florida, Georgia, Louisiana, and Mississippi).

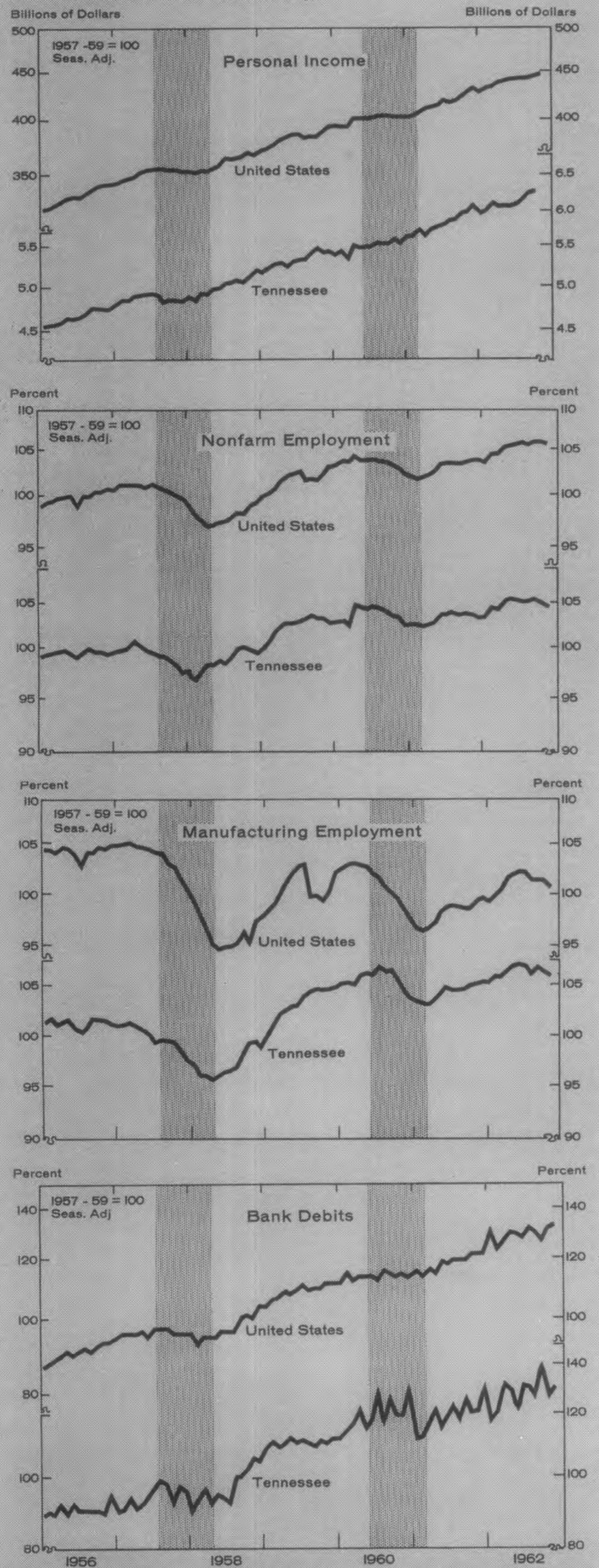
The similarity between the Volunteer state and the nation does not extend, however, to the most important manufacturing industries. Tennessee, for example, has less in the way of heavy industry than the nation, on the average. On the other hand, it shares the characteristic of having a tremendous variety of manufacturing firms. Apparel concerns are the largest employers of factory workers in the state. They employ about 50,000 workers or 15 percent of the manufacturing employment total. More than one out of eight persons work for synthetic fiber, fertilizer, and other chemical companies. The food industry and also yarn, knit goods, and other types of textile factories employ ten percent each. Lumber, furniture, aluminum, and printing are other leading employers.

Where Do We Go From Here?

Further income growth in Tennessee in the months ahead may be harder to come by if employment data are any indication. The number of persons employed in the state was no higher, after seasonal adjustment, during this November than in May. Manufacturing employment, which had increased during most of 1961 and early 1962, has trended downward slightly since early summer. Factory payrolls would have declined for this same reason, but managed to hold their own because workers put in longer hours. An additional reminder that the employment picture has recently shown little or no strength is indicated by what happened to insured unemployment. As a percent of the labor force covered by unemployment insurance, this rate has increased slightly in recent months, thus reversing a downward movement.

What little increase there was in the total number of persons holding jobs in 1962 the state owes in large part to the apparel, chemical, and transportation equipment

TENNESSEE'S BUSINESS INDICATORS have matched those for the nation quite closely. Income developments in 1962 showed a striking resemblance to national conditions, as did spending, which is measured by bank debits and other indicators. Employment, however, has expanded even more slowly in Tennessee than it has nationally.



Note: The shaded portions of the chart represent the recessions of 1957-58 and 1960-61.

industries. These three accounted for 2,300 out of a total gain of 10,600 during the twelve-month period ending in November. New firms that moved into Tennessee and the expansion of existing ones provided these additional jobs. Also, more people found jobs in trade, state and local government, the finance field, some types of manufacturing, and in construction. On the other hand, food, mining, lumbering, and textiles employed fewer persons this November than last.

On the brighter side, we find that the higher construction job total is an indication of the vigorous building activity that has taken place. Spending for road building and utilities construction and for non-residential building expanded sharply. Total construction activity, as measured by the dollar value of contracts, is well ahead of 1962, despite some hesitancy in residential housing.

Tennesseeans have been rather selective in their spending habits, in general. The new 1963 automobile models met with enthusiastic reception, judging from the 43-percent increase in automobile registrations this October from a year ago. This represents the continuation of a very strong demand for cars during most of 1962. Registrations during the first ten months have been running ahead of those in the nation. Tennessee's seasonally adjusted department store sales have trended upward in recent months, while furniture store sales have, on balance, changed little. If there were more comprehensive spending information available, we would undoubtedly find that Tennesseeans stepped up their spending. You can see some indication of this by the increase in bank debits, which are a measure of check spending by individuals, businesses, and governments. Sales tax receipts also tend to confirm this strength in spending.

Activity Throughout the State

Some parts of the state are enjoying a stronger business climate than others, reflecting differences in the economic base and growth of various communities. The behavior of some of Chattanooga's statistics can be related partly to the closing of a textile mill in that area. One of its results was to hold down employment in November below the year-ago figures, although we should point out that, aside from textiles, there were also some other industries in Chattanooga that reported declines in this period. In Knoxville, Tri-Cities, and Nashville, as well as in Memphis, which lies outside the Sixth Federal Reserve District, employment expanded. In terms of spending, as measured by bank debits, Johnson City enjoyed the largest gain of any city within the Sixth District portion of Tennessee (that is, the eastern two-thirds of the state). In general, the smaller cities showed greater debits increases than the larger ones.

Commercial banks have felt this uneven impact of economic change within the state. Within the Sixth District's portion, Knoxville's member banks showed the largest deposit growth—some 10 percent—between November 1961 and November 1962, whereas Chattanooga had the smallest increase. Lending activity also was diverse, ranging from a 6-percent rise for Chattanooga to a 14-percent increase for Nashville for this same period.

If economic activity continues to expand, loans can be expected to increase further, while the opposite would be true in a recession. With this in mind, Tennessee bankers would do well to consider the course of national economic developments with which the state's economic health is so heavily intertwined.

HARRY BRANDT

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

Bank Announcements

On December 4, three newly organized nonmember banks opened for business and began to remit at par for checks drawn on them when received from the Federal Reserve Bank.

The First State Bank of Lantana, Lantana, Florida. Officers are William E. Benjamin, Chairman and Vice President; John W. Roberts, President; and Victor F. Bayless, Cashier. Capital totals $400,000, and surplus and undivided profits, $250,000.

The Jensen Beach Bank, Jensen Beach, Florida. Officers include E. C. Wareheim, Chairman; D. J. Palmer, President; Charles A. Porter, Vice President; and Robert B. Smith, Cashier. Capital totals $250,000, and surplus and undivided profits, $100,000.

The Manasota Bank, Bradenton, Florida. Officers are A. L. Ellis, Chairman; H. C. Eberts, President; W. W. Hallenbeck, Vice President; and William O. Blades, Cashier. Capital totals $300,000, and surplus and undivided profits, $200,000.

On December 18, the Gulf-to-Bay Bank, Clearwater, Florida, a newly organized nonmember bank, opened for business and began to remit at par. Officers include H. E. Long, President; D. Guy McMullen, Vice President; and G. W. Hammock, Vice President and Cashier. Capital totals $600,000, and surplus and undivided profits, $150,000.

The American National Bank of South Pasadena, South Pasadena, Florida, a newly organized member bank, opened for business on December 20 and began to remit at par. Mr. Guy S. Alvarez is President.

Department Store Sales and Inventories*

	Percent Change				
	Sales			Inventories	
	Nov. 1962 from		11 Months 1962 from 1961	Nov. 30, 1962 from	
Place	Oct. 1962	Nov. 1961		Oct. 31, 1962	Nov. 30, 1961
ALABAMA	+19	+4	+0	+2	+0
Birmingham	+19	—3	—2	+1	+0
Mobile	+27	+11	+5	..	..
Montgomery	+13	+4	+2	..	..
FLORIDA	+16	+18	+13	+4	+23
Daytona Beach	+28	+8	+1	..	..
Jacksonville	+9	+15	+7	+3	+32
Miami Area	+8	+11	+7	..	..
Miami	+14	—1	+2	..	..
Orlando	n.a.	n.a.	n.a.	..	..
St. Ptrsbg-Tampa Area	+30	+21	+19	+3	+6
GEORGIA	+19	+11	+8	+5	+7
Atlanta**	+20	+12	+10	+4	+5
Augusta	+15	+10	+5	..	..
Macon	+21	+8	+4	+11	+17
Rome**	+24	+12	+7	..	..
Savannah	+16	+6	+3	..	..
LOUISIANA	+21	+9	+4	—1	+4
Baton Rouge	+23	+2	+8	+1	+1
New Orleans	+22	+11	+3	—3	+5
MISSISSIPPI	+25	+8	+4	+1	+13
Jackson	+28	+8	+5	+2	+19
TENNESSEE	+18	+11	+3	+3	+15
Bristol-Kingsport-Johnson City**	+16	+9	+4	+2	+3
Bristol (Tenn. & Va.)**	+26	+9	+2	..	..
Chattanooga	+17	+11	+5	..	..
Knoxville	+17	+8	+2	..	..
DISTRICT	+14	+11	+7	+3	+12

*Reporting stores account for over 90 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.
n.a. Not available.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

				Percent Change		
				Nov. 1962 from		Year-to-date 11 Months 1962 from 1961
	Nov. 1962	Oct. 1962	Nov. 1961	Oct. 1962	Nov. 1961	
ALABAMA						
Anniston	47,624	52,281	44,909	—9	+6	+8
Birmingham	920,653	992,505	920,556	—7	+0	+7
Dothan	41,920	45,432	39,995	—8	+5	+7
Gadsden	41,637	42,206	37,731	—1	+10	+5
Huntsville*	97,327	108,052	90,800	—10	+7	+18
Mobile	362,367	329,769	305,998	+10	+18	+4
Montgomery	208,580	228,938	184,269	—9	+13	+11
Selma*	30,036	34,043	30,669	—12	—2	+8
Tuscaloosa*	68,218	81,128	65,543	—16	+4	+12
Total Reporting Cities	1,818,362	1,914,354	1,720,470	—5	+6	+8
Other Cities†	810,179	859,780	805,042	—6	+1	+1
FLORIDA						
Bartow*	22,630	20,779	n.a.	+9	n.a.	n.a.
Bradenton*	46,703	46,864	n.a.	—0	n.a.	n.a.
Brevard County*	112,359	n.a.	n.a.	n.a.	n.a.	n.a.
Clearwater*	65,563	71,230	n.a.	—8	n.a.	n.a.
Daytona Beach*	62,370	61,352	55,003	+2	+13	+8
Delray Beach*	20,540	n.a.	n.a.	n.a.	n.a.	n.a.
Fort Lauderdale*	219,481	217,774	204,608	+1	+7	+7
Ft.Myers-N.Ft.Myers*	51,120	50,476	n.a.	+1	n.a.	n.a.
Gainesville*	54,073	54,954	43,724	—2	+24	+15
Jacksonville	885,237	900,693	840,536	—2	+5	+6
Key West*	16,956	17,814	17,283	—5	—2	+5
Lakeland*	86,562	83,178	77,545	+4	+12	+5
Miami	1,030,059	1,004,562	930,970	+3	+11	+10
Greater Miami*	1,476,074	1,472,840	1,360,648	+0	+8	+8
Ocala*	54,136	41,226	n.a.	+31	n.a.	n.a.
Orlando	270,417	287,053	257,802	—6	+5	+7
Pensacola	89,063	91,455	83,239	—3	+7	+3
St. Augustine*	15,314	n.a.	n.a.	n.a.	n.a.	n.a.
St. Petersburg	207,520	229,991	225,201	—10	—8	+5
Sarasota*	74,661	81,446	n.a.	—8	n.a.	n.a.
Tallahassee*	83,529	76,055	71,029	+10	+18	+26
Tampa	469,048	460,732	447,201	+2	+5	+6
W. Palm-Palm Bch.*	158,491	158,891	148,474	—0	+7	+15
Winter Haven*	41,740†	34,713	n.a.	+20	n.a.	n.a.
Total Reporting Cities**	4,583,587	4,459,516	3,832,293	**	**	**
Other Cities†**	1,606,604	1,519,281	1,761,714	**	**	**
GEORGIA						
Albany	64,049	66,360	60,354	—3	+6	+11
Athens*	46,587	47,723	42,671	—2	+9	+8
Atlanta	2,614,667	2,764,784	2,319,972	—5	+13	+15
Augusta	131,297	134,738	123,189	—3	+7	+12
Brunswick	34,887	33,244	28,822	+5	+21	+23
Columbus	122,063	129,523	115,895	—6	+5	+9
Dalton*	60,728	61,514	n.a.	—1	n.a.	n.a.
Elberton	10,351	9,220	9,084	+12	+14	+7
Gainesville*	54,619	58,027	46,465	—6	+18	+11
Griffin*	22,648	25,420	22,039	—11	+3	+11
LaGrange*	16,258	17,246	16.588	—6	—2	—1
Macon	141,991	157,480	128,860	—10	+10	+10
Marietta*	40,138	38,084	34,119	+5	+18	+12
Newnan	22,385	26,337	22,915	—15	—2	+8
Rome*	53,127	56,910	52,139	—7	+2	+4
Savannah	183,909	191,206	179.289	—4	+3	+7
Valdosta	37,370	37,019	35,293	+1	+6	+3
Total Reporting Cities**	3,657,074	3,854,835	3,237,694	—5	**	**
Other Cities†**	1,120,128r	1,120,119	1,053,943	+0r	**	**
LOUISIANA***						
Alexandria*	81,384	84,324	76,269	—3	+7	+15
Baton Rouge	306,256	309,878	271,573	—1	+13	+13
Bunkie*	5,841	n.a.	n.a.	n.a.	n.a.	n.a.
Lafayette*	71,400	74,894	66,973	—5	+7	+10
Lake Charles	84,352	89,893	83,358	—6	+1	+8
New Orleans	1,457,256	1,544,681	1,316,851	—6	+11	+9
Plaquemine*	6,178	n.a.	n.a.	n.a.	n.a.	n.a.
Total Reporting Cities**	2,012,667	2,103,670	1,815,024	**	**	**
Other Cities†**	725,662	753,512	636,528	**	**	**
MISSISSIPPI***						
Biloxi-Gulfport*	61,738	65,818	56,191	—6	+10	+14
Hattiesburg	38,558	42,033	37,759	—8	+2	+5
Jackson	394.622	428,474	373,134	—8	+6	+12
Laurel*	29,437	30,520	28,899	—4	+2	+2
Meridian	50,538	53,340	47,294	—5	+7	+10
Natchez*	17,305	25,832	24,342	—33	—29	+5
Pascagoula-Moss Pt.*	42,091	36,653	n.a.	+15	n.a.	n.a.
Vicksburg	26,401	27,137	23,537	—3	+12	+10
Yazoo City*	19,930	23,420	n.a.	—15	n.a.	n.a.
Total Reporting Cities**	680,620	733,227	591,156	—7	**	**
Other Cities†**	251,231	246,704	266,213	+2	**	**
TENNESSEE***						
Bristol*	51,906	55,088	50,824	—6	+2	+7
Chattanooga	381,571	370,125	345,450	+3	+10	+5
Johnson City*	48,672	49,201	44,188	—1	+10	+12
Kingsport*	94,562	92,621	94,957	+2	+0	+6
Knoxville	273,769	279,525	257,163	—2	+6	+3
Nashville	901,520	872,441	864,117	+3	+4	+7
Total Reporting Cities	1,752,000	1,719,001	1,656,699	+2	+6	+6
Other Cities†	736,321	770,235	665,136	—4	+11	+12
SIXTH DISTRICT	19,754,435r	20,054,234	18,041,912	—1	+10	+9
Reporting Cities**	14,504,310	14,784,603	12.853,336	**	**	**
Other Cities†**	5,250,125r	5,269,631	5,188,576	**	**	**
Total, 32 Cities	11,851,937	12,233,055	10,962,316	—3	+8	+9
UNITED STATES						
344 Cities	288,200,000	308,700,000	272,600,000	—7	+6	+10

*Not included in total for 32 cities that are part of the national debit series maintained by the Board of Governors. †Estimated. n.a. Not available. r Revised.
**Addition of new reporting centers affects comparison of current figures with those of previous months.
***Includes only banks in the Sixth District portion of state.

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)	Oct.	38,640	38,625r	37,946r	36,533
Farm Cash Receipts	Oct.	111	141	123	116
Crops	Oct.	108	161	129	120
Livestock	Oct.	120	115	117	108
Department Store Sales*/**	Dec.	120p	125	112	114
Department Store Stocks*	Nov.	123	125	119	110
Instalment Credit at Banks,* (Mil. $)					
New Loans	Nov.	144	151	133	130
Repayments	Nov.	132	130	137	127
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	107	107	107	104
Manufacturing	Nov.	106	106	106	103
Apparel	Nov.	118	119	119	112
Chemicals	Nov.	102	102	102	100
Fabricated Metals	Nov.	106	104	104	104
Food	Nov.	105	103	103	103
Lbr., Wood Prod., Furn. & Fix.	Nov.	97	96r	96	97
Paper	Nov.	104	105	105	102
Primary Metals	Nov.	91	94	93	94
Textiles	Nov.	94	94	95	96
Transportation Equipment	Nov.	110	117	111	94
Nonmanufacturing	Nov.	107	107	107	105
Construction	Nov.	95	96	96	91
Farm Employment	Nov.	85	81	86	92
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	4.6	4.3	4.3	5.1
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	40.9	40.8r	40.6	40.8
Manufacturing Payrolls	Nov.	126	126r	125	120
Construction Contracts*	Oct.	108	109	112	107
Residential	Oct.	128	120	115	120
All Other	Oct.	92	100	109	95
Electric Power Production**	Oct.	130	133	138	117
Cotton Consumption**	Nov.	99	96	100	105
Petrol. Prod. in Coastal La. and Miss.**	Nov.	152	154	155	134
FINANCE AND BANKING					
Member Bank Loans*					
All Banks	Nov.	143	141	139	127
Leading Cities	Dec.	142	140	140	128
Member Bank Deposits*					
All Banks	Nov.	125	127	124	116
Leading Cities	Dec.	124	122	125	117
Bank Debits*/**	Nov.	133	128	130	120

ALABAMA

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	5,221	5,190r	5,150r	5,015
Farm Cash Receipts	Oct.	110	130	121	103
Department Store Sales**	Nov.	113	98	110	108
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	103	102	102	103
Manufacturing	Nov.	98	98	99	97
Nonmanufacturing	Nov.	105	104	104	105
Construction	Nov.	87	87	87	90
Farm Employment	Nov.	88	75	87	91
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	5.2	5.0	4.9	5.1
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	40.6	40.3	40.6	40.6
Manufacturing Payrolls	Nov.	116	115	115	113
FINANCE AND BANKING					
Member Bank Loans	Nov.	142	141	137	130
Member Bank Deposits	Nov.	124	125	124	113
Bank Debits**	Nov.	127	125	130	122

FLORIDA

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	11,295	11,051r	10,966r	10,487
Farm Cash Receipts	Oct.	123	117	119	119
Department Store Sales**	Nov.	153	137	146	128
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	115	115r	115	111
Manufacturing	Nov.	122	120r	120	117
Nonmanufacturing	Nov.	114	115	114	109
Construction	Nov.	95	98	100	89
Farm Employment	Nov.	104	105	93	100
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	3.9	3.8	4.0	4.4
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	41.0	41.2r	41.8	41.7
Manufacturing Payrolls	Nov.	154	154r	153	147
FINANCE AND BANKING					
Member Bank Loans	Nov.	140	138	136	123
Member Bank Deposits	Nov.	127	128	126	116
Bank Debits**	Nov.	136	130	130	121

GEORGIA

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	7,226	7,077r	7,167r	6,747
Farm Cash Receipts	Oct.	107	103	121	122
Department Store Sales**	Nov.	116	108	113	105
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	108	108	107	104
Manufacturing	Nov.	104	105	104	101
Nonmanufacturing	Nov.	110	109	108	105
Construction	Nov.	111	113	111	98
Farm Employment	Nov.	75	75	75	88
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	3.6	3.1	3.2	4.1
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	40.9	40.6	40.4	40.4
Manufacturing Payrolls	Nov.	126	125	125	118
FINANCE AND BANKING					
Member Bank Loans	Nov.	149	147	143	132
Member Bank Deposits	Nov.	130	131	128	120
Bank Debits**	Nov.	139r	134	135	125

LOUISIANA

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	5,724	5,812r	5,680r	5,466
Farm Cash Receipts	Oct.	107	161	156	106
Department Store Sales*/**	Nov.	107	95	102	99
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	98	98	98	98
Manufacturing	Nov.	96	95	94	93
Nonmanufacturing	Nov.	98	98	98	99
Construction	Nov.	74	74	71	75
Farm Employment	Nov.	85	82	91	99
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	5.0	4.5	4.5	5.7
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	42.7	41.8r	43.2	41.5
Manufacturing Payrolls	Nov.	115	112r	114	106
FINANCE AND BANKING					
Member Bank Loans*	Nov.	134	133	132	119
Member Bank Deposits*	Nov.	116	117	114	110
Bank Debits*/**	Nov.	120	117	117	107

MISSISSIPPI

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	2,938	3,287r	2,879r	2,874
Farm Cash Receipts	Oct.	120	233	128	130
Department Store Sales*/**	Nov.	108	89	102	101
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	110	110	110	107
Manufacturing	Nov.	114	113	114	108
Nonmanufacturing	Nov.	108	108	108	106
Construction	Nov.	106	103	101	99
Farm Employment	Nov.	88	83	85	91
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	5.0	4.8	4.7	6.0
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	40.4	39.9r	40.5	40.2
Manufacturing Payrolls	Nov.	129	127r	128	119
FINANCE AND BANKING					
Member Bank Loans*	Nov.	161	165	158	142
Member Bank Deposits*	Nov.	138	141	133	121
Bank Debits*/**	Nov.	139	138	139	128

TENNESSEE

	Latest Month (1962)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	6,236	6,208r	6,104r	5,944
Farm Cash Receipts	Oct.	104	132	111	109
Department Store Sales*/**	Nov.	114	99	113	103
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	105	105	105	103
Manufacturing	Nov.	106	107	107	105
Nonmanufacturing	Nov.	104	104	104	102
Construction	Nov.	111	114r	113	111
Farm Employment	Nov.	81	79	91	91
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	5.7	5.3	5.5	5.9
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	41.0	41.4r	40.9	40.9
Manufacturing Payrolls	Nov.	124	124r	123	120
FINANCE AND BANKING					
Member Bank Loans*	Nov.	143	142	141	129
Member Bank Deposits*	Nov.	125	126	125	116
Bank Debits*/**	Nov.	130	127	138	121

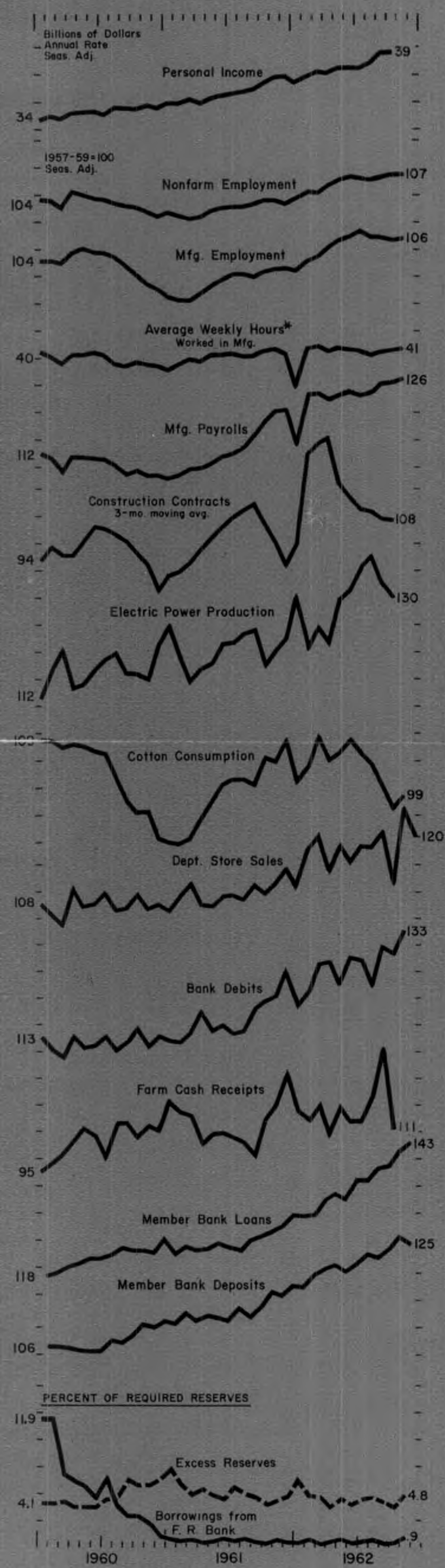
*For Sixth District area only. Other totals for entire six states.

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.

Despite a high volume of holiday buying, no real impetus has come along to spark the District's trudging economic advance of recent months. Lethargy persisted in the employment indicators in November, and production in some key industries declined. Manufacturing payrolls rose as the result of a longer work week. A blast of cold air sharply curtailed farm activity in many places, although strengthening prices for some farm products lifted cash receipts somewhat. Sustained spending by consumers and a continued uptrend in loans at all member banks suggest that the region's economy persisted in its slow rise.

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Total nonfarm employment was unchanged in November, marking it the sixth consecutive month of virtual stability. Manufacturing employment also remained unchanged at a level below the peak reached in July. Gains in manufacturing employment in Florida, Louisiana, and Mississippi during November were offset by declines in Georgia and Tennessee, where the largest part of the region's manufacturing work force is located. Manufacturing payrolls rose to a new record in November because of an increase in the average number of hours worked per week. Insured unemployment, however, increased to the highest level since January 1962. Textile and apparel employment continued the decline that has persisted since July. Cotton consumption, however, reversed its downward trend. Construction employment in November fell well below the fairly constant level of the past four months. The three-month moving average of construction contracts, reflecting November data in part, declined for the sixth consecutive month in October. Petroleum production declined in November, and steel production seems to be below normal for this time of year. Employment in the food processing industries showed considerable strength, however.

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A cold wave stalled the farm economy in December. Cold air penetrated deeply into Florida, where the lowest temperatures in this century sharply reduced available supplies of vegetables and severely damaged the citrus crop. Pastures throughout the region were retarded, and field activities ground to a halt. Reflecting shorter supplies of vegetables, citrus, and some livestock products, prices received by farmers rose in December. With marketings of citrus and some livestock products rising more than seasonally, farm cash receipts were sustained.

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Retail spending continued to be relatively brisk. Department store sales dipped slightly during December but exceeded the year-ago volume. Final data for November indicate that all District states registered strong gains during that month. Sales at furniture stores advanced moderately during November, as all states except Mississippi and Louisiana scored gains. More comprehensive figures, available after a greater time lag, indicate that District sales tax collections during October remained unchanged at September's record level. Sales at stores operating one to ten outlets increased sharply during October. Consumer credit outstanding at District commercial banks expanded moderately during November, although the net increase in outstandings was smaller than the record gain in October. New borrowing for auto purchases sustained total consumer loans, as other types were only slightly changed.

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A further expansion in loans at member banks in the District's smaller cities and towns provided the boost needed to push total loans to a higher level in November. Loans, however, remained unchanged at banks in the District's leading cities. At banks in such cities, business loans rose less than usual, while consumer and real estate loans advanced slightly more than seasonally. During December, loans at weekly reporting banks in the District rose less than usual for that time of year. Total member bank loans may still register a gain in December, however, if the trend in loans at banks in smaller cities continued upward, as it has since mid-1962.

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