SIXTH FEDERAL RESERVE DISTRICT

Monthly Review

Atlanta, Georgia
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Also in this issue:

Federal Reserve Bank of Atlanta

Income Growth: The South's Response to Economic Recovery

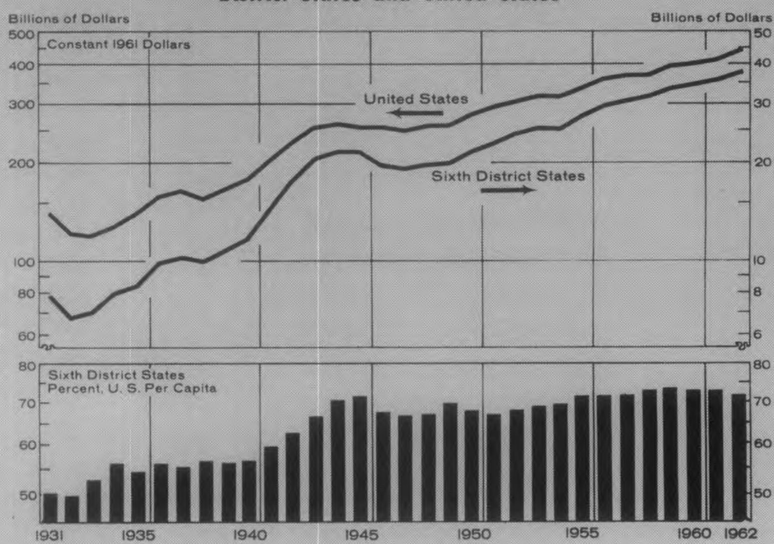
Depending upon how you look at the map, you could say, with reference to income developments in 1962: "As the South goes, so goes the nation" or "As the nation goes, so goes the South."

In 1962, personal income in this Federal Reserve Bank's six-state area was 5.7 percent greater than in 1961. For the United States the increase was 5.8 percent. Income gains in 1961 were 4.2 percent greater than in 1960 in District states; in the United States, 3.9 percent.

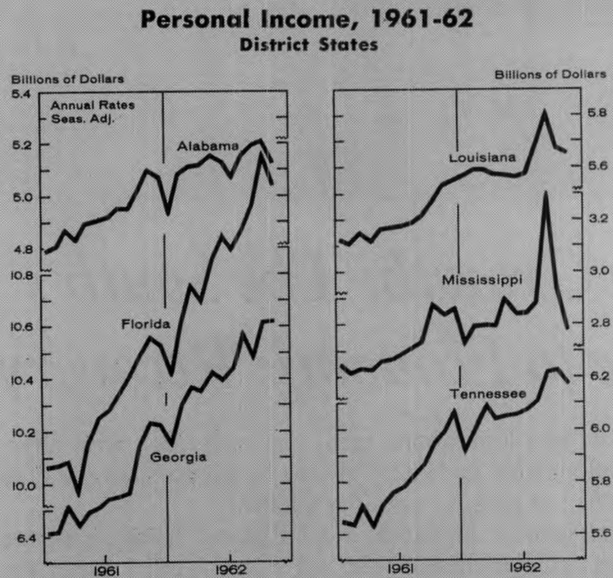
The important thing about these figures is not how they differ, but how closely they resemble each other. Minor statistical differences may perhaps be explained entirely by the character of the estimates, which are preliminary and based upon incomplete data. However, it is doubtful that when more comprehensive data become available the figures will show much change.

Generalizations, of course, can be misleading if applied strictly to parts of a whole. For example, in some of the District states personal income rose at a greater rate in 1962 than it did in the nation; in others, lower rates prevailed. Eleven-month estimates made at this Bank reveal 1962 increases of 7.4, 6.1, and 6.0 percent, respectively, for Georgia, Florida, and Mississippi. In Tennessee, Louisiana, and Alabama, personal income in 1962 exceeded the 1961 total by 5.4, 4.4, and 4.1 percent. In no individual state, however, did the growth rate differ sharply from the national rate of change.

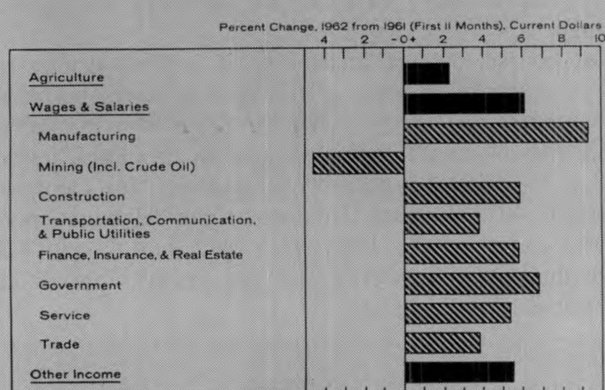
Personal Income, 1931-62
District States and United States



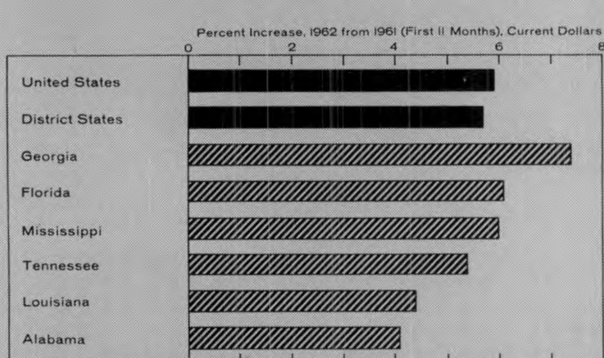
During 1962, personal income in District states increased at about the same rate as in the nation. However, per capita income as a percent of the nation's declined slightly, according to preliminary estimates.



The income expansion that started soon after economic recovery in early 1961 continued throughout 1962.



All major sources contributed to income growth with the exception of wages and salaries from mining.



The rates of increase in the individual states did not differ greatly from each other nor from the national rate of increase.

Response to National Changes

The United States Bureau of the Census estimates an increase of 2 percent in the population of the six states between 1961 and 1962 and a 1.5-percent gain for the nation. Even though personal income increased at about the same rate as the nation's, because population increased at an even greater rate, the six-state area's per capita income was a smaller proportion of the national average in 1962 than in 1961 — 71.8 percent compared with 72.8 percent.

It is tempting to draw deep and involved inferences from such figures about the direct impact of special sociological and political forces in the South on the economic fortunes of the various states. Perhaps, in the long run, such causal connections can be drawn. But so far as the immediate past is concerned, differences can be explained by simple and mundane economic forces: Some states were more fortunate than others in having a structure that reacted favorably to national income developments.

A 2-percent increase in farm income during 1962 in District states was a major point of departure from national trends. For the nation, farm income was unchanged. Favorable weather and production and price developments were advantageous in Louisiana and Mississippi, where cash receipts from farm marketings rose 11 and 7 percent, respectively, during 1962. Alabama's cash receipts from all types of crops and livestock were 5 percent higher than in 1961. Cash receipts declined slightly in Florida, Georgia, and Tennessee.

Throughout the nation, manufacturing payrolls grew more rapidly than the number of workers. The same trends were found in District states. Manufacturing employment in 1962 was about 3 percent greater than in 1961. Payrolls during 1962, however, yielded about 8 percent more income than in the preceding year.

Manufacturing employment generally was strongest in the same types of manufacturing in this area as in the nation. How great a share each state secured of the increase in income from manufacturing payrolls, therefore, depended largely upon the types of manufacturing that predominated there. Employment in primary metals and textile manufacturing was weak during the year, and the states concentrating heavily in these types of manufacturing suffered. Greater growth in manufacturing-payroll income accompanied employment expansion in other areas with types of manufacturing such as apparel, fabricated metals, and transportation equipment.

Income from manufacturing payrolls increased at a higher rate than income from nonmanufacturing payrolls both in the District states and in the nation. In both areas, however, the rate of gain from government payrolls was greater than from other types of nonmanufacturing.

Response: Past and Present

In the current period of economic recovery personal income has expanded at approximately the same rate in District states, considered as a group, as in the United States. By November of last year, personal income, after taking into account normal seasonal variations, was about 10 percent higher than in February 1961. The comparable increase for the nation was also about 10 percent. The pattern has differed somewhat from state to state, as illustrated by the charts on this page.

The resemblance between the rate of expansion in District states and in the nation during the current recovery period is almost a repetition of the pattern set during the recovery period beginning in April 1958. This resemblance contrasts sharply with the pattern of income expansion during the preceding postwar periods.

In the period of economic recovery starting in August 1954, for example, income expanded much faster in District states than in the nation. By the end of November 1962, economic recovery had been going on for nineteen months—since the low point of February 1961. In the same stage of economic recovery after the recession low of August 1954, personal income had increased 19 percent, whereas personal income in the nation had increased only 13 percent. The spectacular income growth in Florida accounted for a large part of the rapid growth in the six-state aggregate, but the rate of expansion in each of the other District states exceeded the national average. Income also expanded faster in District states in the recovery periods beginning in October 1945 and October 1949.

The Problem Remains

Southerners have reason to be both encouraged and sobered by the income changes in their area during 1962.

The figures show that their income reached a new high. Moreover, practically all of the $2-billion increase for the six states represented a gain in real purchasing power, since consumer prices increased only a little over one percent. Measured on a per capita basis, in dollars of 1961 purchasing power, the average individual living in the area had $55 more to spend or save in 1962 than he did in 1961; $531 more than in 1952; and $1,131 more than 20 years ago. Because the average Southerner continued to improve his economic position during 1962, in this part of the South at least, the area continued to be an expanding market.

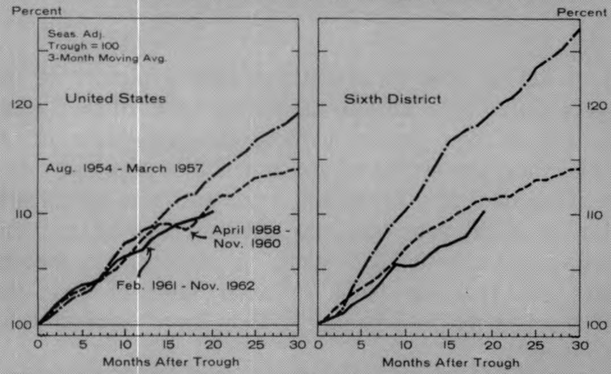
A more sobering thought is that part of the 5.7-percent increase during 1962 reflected an economic recovery from a recession—a catching up to the pace of economic growth interrupted by the recession of 1960-61. Moreover, the pace of recovery, as measured by personal income, has been somewhat slower than in previous recovery periods. Does this mean that the South's economy has lost its ability to expand more rapidly than the nation's?

The answer is extremely important to Southerners who see the South's chief economic problem as one of raising per capita income to the national level. To do this, the South's income must not only increase, but must increase faster than the nation's. In 1962, with per capita income at about 72 percent of the national average, it did not do this, nor did it in 1961, nor in 1960. Why?

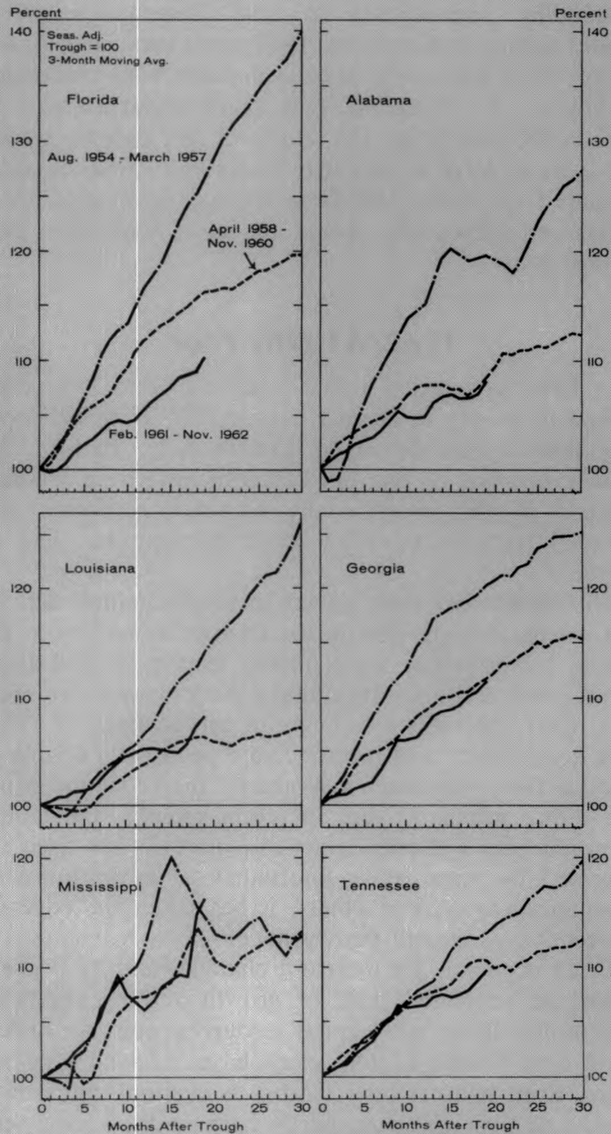
Americans generally are asking similar questions about the nation's economic growth. Consequently, whatever the solution to the problem of spurring a more rapid rate of economic expansion in the nation is likely to be, it is also likely to be part of the solution to the South's problem.

CHARLES T. TAYLOR

Personal Income During Recovery



Personal income has expanded at about the same rate in District states during the current recovery period as in the nation; expansion in District states has been faster in previous periods.



Florida's slower rate of expansion largely explains the slower current rate in District states than in either 1955-56 or in 1958-59.

NOTE: "Troughs" are the low points of the business cycles as identified by the National Bureau of Economic Research.

1962: A Billion-Dollar Year for District Banks

Conjure up in your minds, if you can, a picture of two bankers sitting at a table in the dining room of their plush club. Or, if you prefer a more down-to-earth image, imagine they are sitting at the lunch bar of a local drug store. One banker turns to the other and asks quizzically, "John, how did your bank do last year?" John responds rather unenthusiastically, "Well, we enjoyed a somewhat better year than in 1961." "What kind of year was 1961," asked the first banker? "Excellent," replied John, "Excellent."

District bankers may not have enjoyed an *excellent* year in 1961. But, that's not the point of the story. Like our fictitious banker, John, many of us have tended to understate bankings' performance in 1962. And, it was an outstanding performance, at that. During the twelve months ending in December 1962, total loans and investments—bank credit—of District member banks increased $1 billion, or 11 percent. Last year's dollar increase in bank credit was by far the largest of any year on record and twice as large as in 1961. Banks in all District states registered increases, but those located in Florida, Alabama, and Mississippi scored the most impressive percentage gains.

1962: A Hectic Year

Why have we reacted rather indifferently to last year's enormous growth in District bank credit? It would probably take a psychiatrist to explain fully. Part of the answer, however, is that our reactions have been subdued because of the exceptionally complex economic and financial framework within which banking has had to operate.

Throughout last year, growth in total economic activity was disappointingly slow in the District as well as in the nation. Nevertheless, the economy tended to plod along on an upward course. Its sluggish performance, however, gave many observers a bad case of nerves. Early in 1962, after employment and income had dipped for a couple of months, there was much talk about "the economic pause that didn't refresh." And, in recent months, the failure of production and employment to increase has been interpreted by some as a forerunner to a downturn in economic activity. For others, it has taken the edge off the economy's overall performance.

In an economic environment characterized by *concern* about the economy's rate of growth and its ability to fully utilize labor and capital resources, one can understand why bankings' solid gains have received little acclaim. Even bankers have tended to overlook the growth aspects of their business, partly because they have been preoccupied with problems of cost and competition.

The year 1962 opened with an increase in the 3-percent maximum rate that banks could pay on time and savings deposits under Regulation Q. At that time, many District bankers wondered how this change would affect their costs, deposits, and earnings. As the year progressed and deposits flowed into banks in greater-than-expected volume, bankers worried about how they should lend or invest these high-cost deposits. The year 1962 undoubtedly had many hectic moments. But in retrospect, it was a good year for banking, if not an excellent one.

Loans and Investments Increase

Both loans and investments of District member banks rose during 1962. Loans expanded $645 million and accounted for almost two-thirds of last year's billion-dollar increase in bank credit. This sizable loan expansion occurred amidst much talk about sluggishness in both the economy and in the demand for bank loans. Loans secured by real estate rose, but at a slower rate than in 1961. As we have already noted, economic expansion was disappointing in some respects. Its steady advance, nonetheless, generated a substantial increase in the credit requirements of both businesses and consumers.

As the economy expands, businesses generally need additional credit to finance inventory accumulation and other operating activities. This has certainly been the case in the current period of expansion, which began in March 1961. The demand for business loans was very slow in getting underway; during 1961, the volume actually declined $12 million at weekly reporting banks in the District. Business loans at such banks rose steadily throughout most of the first three quarters of 1962, however. In the last quarter, the tempo of the loan rise accelerated, and a gain of $69 million in business loans was registered for the full year.

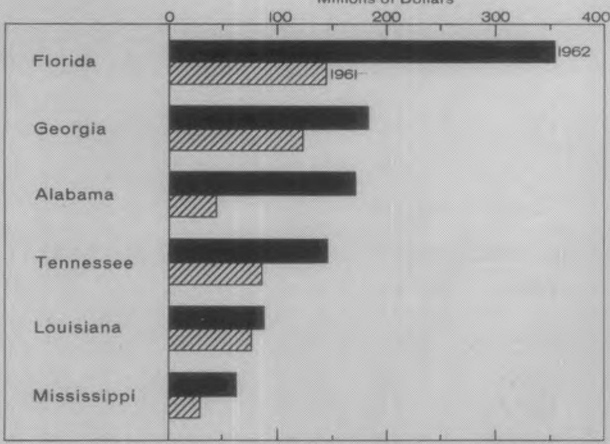
Throughout most of 1962, expanding economic activity in the District was accompanied by rising incomes. This, in turn, stimulated consumer expenditures for automobiles and other goods and services. In recent months, consumer spending has shown renewed strength, as purchases of 1963 model cars have surged upward. Since many auto buyers use credit, consumer instalment debt rose sharply last year. A large portion of this rise, moreover, was financed by District banks.

Total consumer credit outstanding at all commercial banks in the District rose $146 million during 1962. Most of this increase may be explained by the $125-million rise in automobile instalment debt, an all-time record increase. This expansion in auto debt contrasts sharply with a decline of $7 million in 1961.

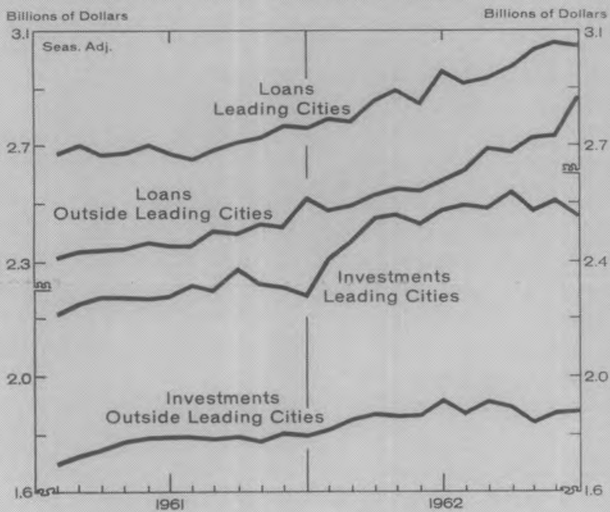
Throughout the first half of last year, reserve availability was sufficient to allow District member banks to finance loan expansion and, at the same time, add to their total security portfolios. Since mid-1962, however, some reduction in investments, seasonally adjusted, has occurred. Despite this, total investments of all member banks rose $361 million during 1962, $39 million more than in 1961.

Member banks increased their holdings of U. S. Governments during 1962 by $145 million, a smaller gain than a year earlier. Banks, however, acquired $216 mil-

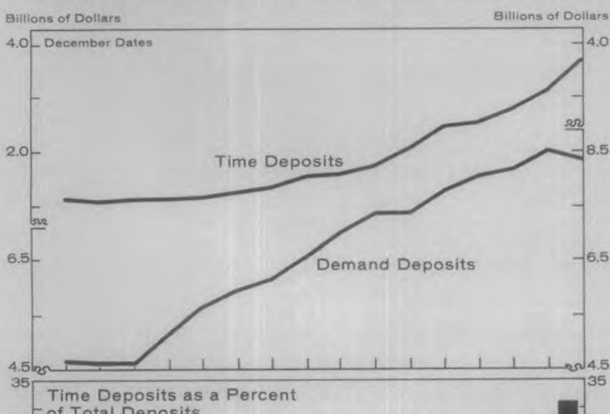
The net increase in the dollar amount of loans and investments was larger in 1962 than in 1961 at member banks in all District states.



Throughout 1962, loans rose more rapidly than investments at banks inside and outside leading cities.



Time deposits continued to rise rapidly last year, while demand deposits dropped slightly. Consequently, the ratio of time deposits to total deposits rose further.



lion of "other securities," an amount almost two and one-half times greater than in 1961. This unusually large increase, concentrated largely in state and local government issues, represents the efforts of many banks to acquire higher-yielding assets to offset the higher costs of attracting time deposits.

Time Deposits Rise

District banks certainly did attract time and savings deposits in 1962—beyond the expectations of almost everyone. These deposits rose sharply in the months immediately following the authorization of higher maximum rates, effective January 1, 1962. While expansion has slowed somewhat since last summer, the year's gain amounted to a record $603 million, or 19 percent.

During 1962, the substantial growth in time deposits was more than enough to offset a slight drop in demand deposits. These changes in demand and time deposits were a continuation of a pattern that has been developing for many years. Since the early 1950's, the public has increased its holdings of time and savings deposits at District member banks more rapidly than its holdings of demand deposits. As a result, time deposits in 1962 accounted for 31 percent of total deposits, compared with only 17 percent in 1951.

Banks Are Still Liquid

Bank reserve positions remained generally easy throughout last year, despite the substantial expansion in loans, investments, and deposits. In December 1962, almost two years after the recession trough in February 1961, the excess reserves of member banks still averaged about $48 million, and their borrowing from the Atlanta Federal Reserve Bank averaged $13 million. For the week ending January 23, moreover, borrowings averaged only $7 million.

In addition to the general availability of reserves, District member banks continue to hold a large amount of short-term securities—those with maturities under one year. In November 1962, such securities amounted to 9.3 percent of total deposits. This was only slightly lower than the ratio that prevailed in February 1961.

We say that banks are liquid, then, because they have considerable room for maneuver in the short run. Banks, for example, could further expand loans and investments by drawing down their excess reserves, which are relatively high in the aggregate. The large volume of short-term securities currently held by banks, moreover, provides them with liquidity, since such issues may be readily sold or "run-off" to finance a prospective rise in loan demand.

ALFRED P. JOHNSON

Note: 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. These data were the basis for an article in the MONTHLY REVIEW *for December 1962: "Time Deposit Expansion: Under a Microscope."*

NOTICE

Since the article on export credit insurance appeared in the January issue of the *Monthly Review*, the Export-Import Bank has announced several changes in its insurance and guarantee programs. Among the more important changes are the following:

1. Political risk insurance is now available separately on both short-and medium-term transactions. Prior to February 1, FCIA issued only "comprehensive" policies, which included both political and credit risk. Rates for the new policies covering political risk alone are two-thirds to three-fourths of the comprehensive rates.
2. Eximbank has heretofore made three classifications of countries by degree of risk to determine the fees to be charged for credit and political risk guarantees to banks. Effective January 15, the number of classifications was increased to four, resulting in lower fees for some areas. The same reclassification applies to FCIA insurance.
3. FCIA has always offered insurance on exports, not only from the date of shipment, but also from the date of the sales contract. Eximbank will now offer similar protection to exporters whose sales are to be financed without recourse by a commercial bank under an Eximbank guarantee.

Bank Announcements

On January 1, the Farmers and Merchants Bank, Fayetteville, Georgia, a nonmember bank, began to remit at par for checks drawn on it when received from the Federal Reserve Bank.

The Sunbright Bank and Trust Company, Sunbright, Tennessee, a nonmember bank, began to remit at par on January 1. Officers include Cora J. Burkes, President; John B. York, Vice President; and J. D. Smith, Cashier.

On January 2, the First National Bank of Gonzales, Gonzales, Louisiana, a newly organized member bank, opened for business and began to remit at par. Officers are O'Neil J. Daigle, Jr., President; Adolphe Netter, Executive Vice President and Cashier; Gerson Finkelstein, Senior Vice President; and Dr. Gerald L. Gaudin and Pegram J. Mire, Vice Presidents. Capital is $200,000, and surplus and other capital funds, $150,000.

The First National Bank of New Port Richey, New Port Richey, Florida, a conversion of the Gulf State Bank, became a member of the Federal Reserve System on January 2. Officers include A. L. Ellis, Chairman of the Board; Richard A. Cooper, President; Sam Y. Allgood, Jr., R. W. Huddleston, and C. A. Johnson, Vice Presidents; and Ward C. Butler, Vice President and Cashier.

On January 3, the First National Bank of Titusville, Titusville, Florida, a conversion of the Brevard State Bank, became a member of the Federal Reserve System. Officers are Millard B. Smith, Chairman of the Board and President; Doyle H. Frisbee, Jr., Executive Vice President and Cashier; and David D. Myers, Vice President.

The Edison National Bank in Fort Myers, Fort Myers, Florida, a newly organized member bank, opened for business on January 24 and began to remit at par. Officers include A. W. D. Harris, Chairman of the Board and President; D. Brooks Baldwin, Executive Vice President; Harry E. Rudy and Donald Bass, Vice Presidents; and Joe L. Norris, Cashier. Capital is $400,000, and surplus and other capital funds, $200,000.

On January 25, the Phenix National Bank, Phenix City, Alabama, a newly organized member bank, opened for business and began to remit at par. Officers are W. B. Joiner, President; Frank A. Heard, Jr., Chairman of the Board and Vice President; and Roland L. Griffith, Cashier. Capital is $250,000, and surplus and other capital funds, $250,000.

The University National Bank of Coral Gables, Coral Gables, Florida, a newly organized member bank, opened for business on January 28 and began to remit at par. Officers include Donald H. Wessell, Chairman of the Board; Nelson E. Thompson, President; Robert L. Hill, Vice President: and George L. Mendes, Jr., Vice President and Cashier. Capital is $600,000, and surplus and other capital funds, $900,000.

On January 30, the Farmers and Merchants Bank, Madison, Alabama, a nonmember bank, began to remit at par. Officers are Ralph A. Dean, Chairman of the Board; Robert G. Cope, President; and Bill R. Metcalfe, Acting Cashier.

Debits to Individual Demand Deposit Accounts

Insured Commercial Banks in the Sixth District

(In Thousands of Dollars)

				Percent Change		
				Dec. 1962 from		Year-to-date 1962 from 1961
	Dec. 1962	Nov. 1962	Dec. 1961	Nov. 1962	Dec. 1961	
ALABAMA, Tota †	2,621,879	2,628,541	2,431,684	—0	+8	+6
Anniston	47,186	47,624	45,031	—1	+5	+8
Birmingham	950,756	920,653	863,575	+3	+10	+7
Dothan	45,102	41,920	40,401	+8	+12	+7
Gadsden	40,075	41,637	37,185	—4	+8	+5
Huntsville*	95,094	97,327	83,368	—2	+14	+18
Mobile	335,932	362,367	301,911	—7	+11	+5
Montgomery	202,758	208,580	176,957	—3	+15	+11
Selma*	30,023	30,036	29,393	—0	+2	+7
Tuscaloosa*	63,370	68,218	60,391	—7	+5	+12
FLORIDA, Total†	6,557,256	6,190,191	5,842,162	+6	+12	+9
Bartow*	24,908	22,630	n.a.	+10	n.a.	n.a.
Bradenton*	50,675	46,703	n.a.	+9	n.a.	n.a.
Brevard County*	113,043	112,359	n.a.	+1	n.a.	n.a.
Clearwater*	85,926	65,563	n.a.	+31	n.a.	n.a.
Daytona Beach*	59,744	62,370	56,077	—4	+7	+8
Delray Beach*	20,977	20,540	n.a.	+2	n.a.	n.a.
Ft. Lauderdale*	234,865	219,481	232,477	+7	+1	+6
Ft. Myers-North Ft. Myers*	58,195	51,120	n.a.	+14	n.a.	n.a.
Gainesville*	54,966	54,073	46,524	+2	+18	+15
Jacksonville	904,428	885,237	858,214	+2	+5	+6
Key West*	18,960	16,956	18,159	+12	+4	+5
Lakeland*	92,968	86,562	84,464	+7	+10	+5
Miami	1,094,653	1,030,059	1,008,127	+6	+9	+10
Greater Miami*	1,555,051	1,476,074	1,460,295	+5	+6	+8
Ocala*	45,510	54,136	n.a.	—16	n.a.	n.a.
Orlando	304,898	270,417	274,126	+13	+11	+7
Pensacola	95,414	89,063	88,692	+7	+8	+4
St. Augustine*	17,263	15,314	n.a.	+13	n.a.	n.a.
St. Petersburg	227,658	207,520	238,456	+10	—5	+4
Sarasota*	92,636	74,661	n.a.	+24	n.a.	n.a.
Tallahassee*	75,824	83,529	65,600	—9	+16	n.a.
Tampa	518,145	469,048	478,845	+10	+8	+6
W. Palm-Palm Bch.*	161,070	158,491	152,151	+2	+6	+14
Winter Haven*	44,486	41,740	n.a.	+7	n.a.	n.a.
GEORGIA, Total†	4,879,666	4,719,061	4,557,124	+3	+7	+12
Albany	62,780	64,049	62,572	—2	+0	+10
Athens*	46,404	46,587	45,156	—0	+3	+8
Atlanta	2,716,551	2,614,667	2,497,342	+4	+9	+14
Augusta	131,994	131,297	122,398	+1	+8	+11
Brunswick	35,532	34,887	31,003	+2	+15	+23
Columbus	125,995	122,063	120,642	+3	+4	+8
Dalton*	61,449	60,728	n.a.	+1	n.a.	n.a.
Elberton	9,615	10,351	10,064	—7	—4	+6
Gainesville*	53,714	54,619	47,616	—2	+13	+12
Griffin*	25,205	22,648	22,427	+11	+12	+11
LaGrange*	17,160	16,258	19,229	+6	—11	—2
Macon	145,367	141,991	144,437	+2	+1	+10
Marietta*	42,527	40,138	38,808	+6	+10	+12
Newnan	25,051	22,385	27,051	+12	—7	+6
Rome*	53,376	53,127	51,609	+0	+3	+3
Savannah	192,171	183,909	185,824	+4	+3	+6
Valdosta	36,053	37,370	35,337	—4	+2	+3
LOUISIANA, Total†**	2,792,196	2,738,329	2,607,218	+2	+7	+9
Abbeville*	8,757	n.a.	n.a.	n.a.	n.a.	n.a.
Alexandria*	82,186	81,384	74,898	+1	+10	+14
Baton Rouge	313,626	306,256	267,925	+2	+17	+14
Bunkie*	4,567	5,841	n.a.	—22	n.a.	n.a.
Hammond*	24,423	n.a.	n.a.	n.a.	n.a.	n.a.
Lafayette*	75,237	71,400	69,380	+5	+8	+10
Lake Charles	87,680	84,352	83,709	+4	+5	+8
New Iberia*	27,537	n.a.	n.a.	n.a.	n.a.	n.a.
New Orleans	1,490,239	1,457,256	1,474,329	+2	+1	+8
Plaquemine*	7,212	6,178	n.a.	+17	n.a.	n.a.
Thibodaux*	20,582	n.a.	n.a.	n.a.	n.a.	n.a.
MISSISSIPPI, Total†**	883,344	940,076	848,550	—6	+4	+9
Biloxi-Gulfport*	61,132	61,738	56,726	—1	+8	+14
Hattiesburg	39,365	38,558	38,813	+2	+1	+4
Jackson	365,729	394,622	347,973	—7	+5	+12
Laurel*	27,871	29,437	28,578	—5	—2	+2
Meridian	47,786	50,538	44,491	—5	+7	+9
Natchez*	26,532	25,530r	24,488	+4	+8	+8
Pascagoula-Moss Point*	35,939	42,091	n.a.	—15	n.a.	n.a.
Vicksburg	25.082	26,401	23,247	—5	+8	+10
Yazoo City*	17,414	19,930	n.a.	—13	n.a.	n.a.
TENNESSEE, Total†**	2,435,386	2,488,321	2,356,230	—2	+3	+7
Bristol*	56,609	51,906	53,741	+9	+5	+7
Chattanooga	363,311	381,571	355,821	—5	+2	+5
Johnson City*	51,194	48,672	49,654	+5	+3	+12
Kingsport*	89,513	94 562	90,440	—5	—1	+6
Knoxville	288,210	273.769	281,073	+5	+3	+3
Nashville	866,290	901,520	837,428	—4	+3	+7
SIXTH DISTRICT, Total	20,169,727	19,704,519	18,642,968	+2	+8	+9
Total, 32 Cities	12,135,432	11,851,937	11,402,999	+2	+6	+10
UNITED STATES 344 Cities	320,900,000	288,200,000	286,600,000	+11	+12	+10

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

**Includes only banks in the Sixth District portion of the state. r Revised.

Sixth District Statistics

Seasonally Adjusted

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

SIXTH DISTRICT

		Latest Month	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Nov.	38,099	38,510r	38,652r	36,849
Farm Cash Receipts	Nov.	94	111	141	120
Crops	Nov.	86	108	161	127
Livestock	Nov.	115	120	115	104
Department Store Sales*/**	Jan.	126p	122	125	111
Department Store Stocks*	Dec.	130	123	125	110
Instalment Credit at Banks,* (Mil. $)					
New Loans	Dec.	171	144	151	130
Repayments	Dec.	150	132	130	127
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Dec.	106	107	107	104
Manufacturing	Dec.	105	106	106	103
Apparel	Dec.	119	118	119	113
Chemicals	Dec.	101	102	102	100
Fabricated Metals	Dec.	105	106	104	104
Food	Dec.	105	105	103	105
Lbr., Wood Prod., Furn. & Fix.	Dec.	95	97	96	96
Paper	Dec.	104	104	105	102
Primary Metals	Dec.	91	91	94	96
Textiles	Dec.	94	94	94	96
Transportation Equipment	Dec.	109	110	117	94
Nonmanufacturing	Dec.	106	107	107	104
Construction	Dec.	94	94r	96	90
Farm Employment	Dec.	84	85	81	89
Insured Unemployment, (Percent of Cov. Emp.)	Dec.	4.5	4.6	4.3	4.9
Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	40.1	40.9	40 8	40.4
Manufacturing Payrolls	Dec.	124	126	126	120
Construction Contracts*	Nov.	128	108	109	100
Residential	Nov.	107	128	120	104
All Other	Nov.	146	92	100	97
Electric Power Production**	Nov.	129	130	133	120
Cotton Consumption**	Dec.	93	99	96	109
Petrol. Prod. in Coastal La. and Miss.**	Dec.	160	152	157	143
FINANCE AND BANKING					
Member Bank Loans*					
All Banks	Dec.	145	143	141	130
Leading Cities***	Jan.	141	137	138	126
Member Bank Deposits*					
All Banks	Dec.	126	125	127	118
Leading Cities***	Jan.	120	120	119	114
Bank Debits*/**	Dec.	135	132r	128	125

ALABAMA

		Latest Month	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Nov.	5,125	5,207	5,193	5,099
Farm Cash Receipts	Nov.	97	110	130	131
Department Store Sales**	Dec.	111	113	98	109
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Dec.	102	103	102	102
Manufacturing	Dec.	97	98	98	97
Nonmanufacturing	Dec.	104	105	104	105
Construction	Dec.	86	86r	87	90
Farm Employment	Dec.	82	88	75	84
Insured Unemployment, (Percent of Cov. Emp.)	Dec.	5.1	5.2	5.0	5.2
Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	40.2	40.6	40 3	40.1
Manufacturing Payrolls	Dec.	114	116	115	112
FINANCE AND BANKING					
Member Bank Loans	Dec.	159	142	141	132
Member Bank Deposits	Dec.	126	124	125	116
Bank Debits**	Dec.	131	127r	125	122

FLORIDA

		Latest Month	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Nov.	11,143	11,250	11,064	10,558
Farm Cash Receipts	Nov.	89	123	117	119
Department Store Sales**	Dec.	147	153	137	131
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Dec.	114	115	115	111
Manufacturing	Dec.	119	122	120	117
Nonmanufacturing	Dec.	113	114	115	110
Construction	Dec.	93	95	98	89
Farm Employment	Dec.	98	104	105	105
Insured Unemployment, (Percent of Cov. Emp.)	Dec.	3.8	3.9	3.8	4.4
Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	40.7	40.9r	41.2	41.9
Manufacturing Payrolls	Dec.	150	153r	154	148
FINANCE AND BANKING					
Member Bank Loans	Dec.	140	140	138	124
Member Bank Deposits	Dec.	125	127	128	118
Bank Debits**	Dec.	140	136r	130	125

GEORGIA

		Latest Month	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Nov.	7,222	7,218	7,086	6,833
Farm Cash Receipts	Nov.	101	107	103	132
Department Store Sales**	Dec.	115	116	108	110
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Dec.	108	108	108	104
Manufacturing	Dec.	104	104	105	100
Nonmanufacturing	Dec.	109	110	109	105
Construction	Dec.	111	111	113	97
Farm Employment	Dec.	79	75	75	82
Insured Unemployment, (Percent of Cov. Emp.)	Dec.	3.4	3.6	3.1	4.0
Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	39.6	40 8r	40.6	40.3
Manufacturing Payrolls	Dec.	124	126	125	118
FINANCE AND BANKING					
Member Bank Loans	Dec.	152	149	147	132
Member Bank Deposits	Dec.	132	130	131	122
Bank Debits**	Dec.	140	137r	134	131

LOUISIANA

		Latest Month	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Nov.	5,656	5,680	5,804	5,534
Farm Cash Receipts	Nov.	94	107	161	118
Department Store Sales*/**	Dec.	107	107	95	102
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Dec.	98	98	98	98
Manufacturing	Dec.	95	96	95	94
Nonmanufacturing	Dec.	98	98	98	98
Construction	Dec.	74	74	74	75
Farm Employment	Dec.	92	85	82	100
Insured Unemployment, (Percent of Cov. Emp.)	Dec.	4.9	5.0	4.5	5.5
Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	42.8	42.8r	41.8	41.4
Manufacturing Payrolls	Dec.	114	115	112	106
FINANCE AND BANKING					
Member Bank Loans*	Dec.	135	134	133	125
Member Bank Deposits*	Dec.	117	116	117	111
Bank Debits*/**	Dec.	120	120r	117	112

MISSISSIPPI

		Latest Month	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Nov.	2,779	2,930	3,289	2,837
Farm Cash Receipts	Nov.	95	120	233	122
Department Store Sales*/**	Dec.	103	108	89	101
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Dec.	109	110	110	106
Manufacturing	Dec.	115	114	113	109
Nonmanufacturing	Dec.	107	108	108	104
Construction	Dec.	106	106	103	90
Farm Employment	Dec.	77	88	83	83
Insured Unemployment, (Percent of Cov. Emp.)	Dec.	4.7	5.0	4.8	6.1
Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	39.8	40.5	39.9	39.7
Manufacturing Payrolls	Dec.	128	129	127	119
FINANCE AND BANKING					
Member Bank Loans	Dec.	162	161	165	149
Member Bank Deposits*	Dec.	138	138	141	124
Bank Debits*/**	Dec.	135	141r	138	129

TENNESSEE

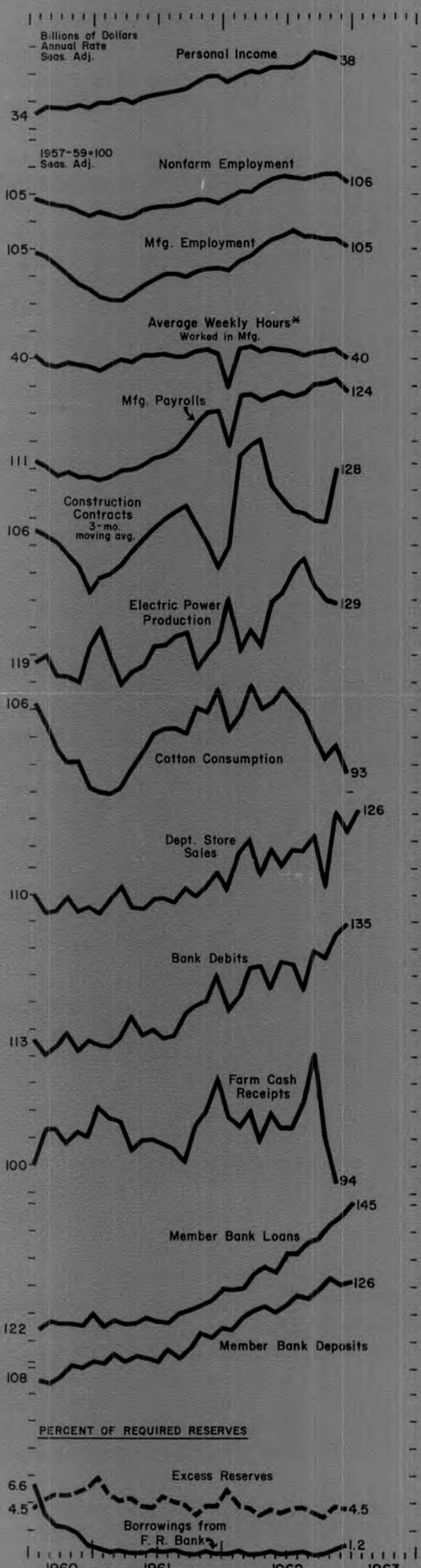
		Latest Month	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Nov.	6,174	6,225	6,216	5,988
Farm Cash Receipts	Nov.	87	104	132	102
Department Store Sales*/**	Dec.	110	114	99	104
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Dec.	104	105	105	103
Manufacturing	Dec.	105	106	107	105
Nonmanufacturing	Dec.	103	104	104	102
Construction	Dec.	109	111	114	112
Farm Employment	Dec.	88	81	79	92
Insured Unemployment, (Percent of Cov. Emp.)	Dec.	5.6	5.7	5.3	5.6
Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	40 1	41.0	41.4	41.0
Manufacturing Payrolls	Dec.	121	124	124	121
FINANCE AND BANKING					
Member Bank Loans*	Dec.	149	143	142	134
Member Bank Deposits*	Dec.	127	125	126	118
Bank Debits*/**	Dec.	135	130	127	130

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

**Daily average basis. ***Figures reflect revisions of the seasonal adjustments. p Preliminary. r Revised.

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.

Undaunted by the coldest winter of this century, District consumers continue their confident spending pattern of recent months. However, strength in this sector, as reflected in record bank debits, department store sales, and sales tax collections, was not matched by other principal indicators. Most employment measures were down somewhat in December, although insured unemployment totals also declined. The industry pattern of employment, payrolls, and activity suggests that severe weather during the sample week from which employment data for December were drawn may have been responsible for a considerable part of the decline in this sector. Bank loans extended their robust growth, while consumer instalment credit expanded at a record rate.

Pausing briefly in December to thaw out their charge plates and pocketbooks, consumers once again were steady patrons of department stores during the first half of January. Sales rose to a new record, while furniture store sales remained at about their previous month's level. Declines in department store sales in December, although not sharp, occurred in all District states except Georgia and Louisiana. Final data for November indicate that although personal income dipped slightly, sales tax collections and sales of firms operating one to ten retail outlets improved. In December, instalment credit at District banks expanded by the largest amount for a single month since mid-1959. Stimulated by vigorous borrowing for automobiles and other durables, consumer loans reached record levels.

Employment and production showed widespread declines in December, although insured unemployment also dropped. All District states reflected declines in nonfarm employment, and all except Mississippi experienced some decline in manufacturing employment. Manufacturing payrolls in each state were somewhat reduced, reflecting a decline in the total number employed and a decline in the average workweek. Outdoor types of production, such as lumber, wood products, and construction, were most affected, but chemicals and food also moved downward. Petroleum production reached a new high, and apparel and paper also resisted the decline.

The farm sector, buffeted by a second spate of unusually cold air in late January, has continued its holding action in recent weeks. Reduction in crop receipts more than offset a rise in receipts from livestock products, mainly poultry. With farm harvests slackening and unusually cold weather restricting activities on many farms to necessary chores, farm employment declined in December. Meanwhile, farmers' costs of production moved somewhat higher, as farm wages and prices of feed stuffs increased. Increased prices for some fruit and vegetable marketings, on the other hand, helped somewhat to cushion the impact of severe weather, particularly in Florida.

The finance, banking, and real estate sectors of the District's economy finished the year on a relatively strong note. Public expenditures by state and local governments for capital improvements expanded with continued population growth, giving considerable push to the District's economy from borrowed capital funds. Proceeds of bond sales exceeded $1 billion in 1962, a new record. Louisiana, Florida, and Georgia led the District states, accounting for two-thirds of total securities issued for public purposes. District member banks, particularly those in smaller cities and towns, experienced impressive gains in loans in December. For the year, total member bank credit rose more than $1 billion, doubling the amount of increase in 1961. The dollar volume of residential construction contracts through November exceeded the old record of 1959, with all states participating in the improvement. Louisiana, Georgia, and Tennessee led the field in rate of increase over 1961.

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