



Atlanta, Georgia  
April • 1963

# Monthly Review

## Bank Earnings Edge Up in Spite of Rising Costs

The record has just been posted for bank earnings and expenses of Sixth District member banks for 1962. This record is full of paradoxes. On one hand, it shows about what we expected it would show—bank earnings were under great pressure from an upsurge in operating costs. On the other hand, it shows that, despite this pressure, member banks in the Sixth District, as a group, posted a gain in net income during 1962. Amounting to \$93 million, net income edged up from the \$88-million level of 1961 to record a modest gain. This figure represents an 8.4-percent return on capital and a .71-percent return on total assets; both measures are slightly higher than in the previous year. Paradoxically, the gain in the rate of return in total assets did not extend to all banks, for more than half of the individual member banks in the District have lower ratios of net income to total assets than they did in 1961.

### What the Record Shows

The gross earnings of member banks in the Sixth District reached a record level of \$558 million during 1962. The rise, which amounted to 9.6 percent, was the largest since 1959. Interest and discount on loans and interest and dividends on Government securities contributed most to the \$49-million gain in total earnings during the year.

Total expenses, however, increased from \$349 million in 1961 to \$396 million in 1962. The percentage gain in expenses, amounting to

*Also in this issue:*

**GROWING EMPLOYMENT  
ACCOMPANIES RISING  
ECONOMIC ACTIVITY**

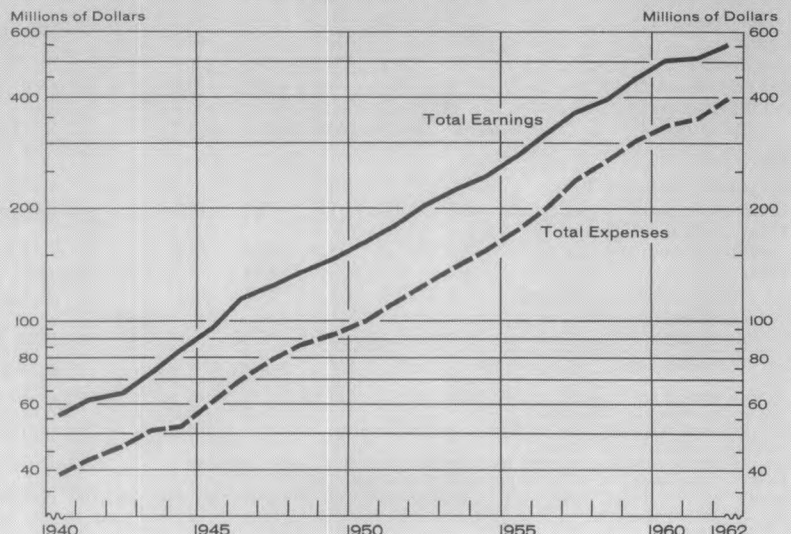
**GROWTH IN FARM ASSETS**

**SIXTH DISTRICT  
STATISTICS**

**DISTRICT BUSINESS  
CONDITIONS**

*Federal  
Reserve  
Bank of  
Atlanta*

**Earnings and Expenses, 1940-62**  
Sixth District Member Banks



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

	1958	1959	1960	1961	1962
<b>SUMMARY RATIOS:</b>					
Percent of total capital accounts:					
Net current earnings . . . . .	14.2	16.5	16.9	14.3	14.2
Net income before taxes . . . . .	14.1	11.9	14.8	12.6	12.3
Net income . . . . .	9.6	8.2	10.6	8.2	8.4
Cash dividends declared . . . . .	2.9	3.0	3.1	2.9	3.0
Percent of total assets:					
Total operating revenue . . . . .	4.01	4.24	4.55	4.52	4.64
Net current earnings . . . . .	1.09	1.25	1.36	1.21	1.20
Net income . . . . .	.74	.62	.86	.70	.71
<b>SOURCE AND DISPOSITION OF INCOME:</b>					
Percent of total operating revenue:					
Interest on U.S. Gov't. securities	20.9	21.5	21.7	20.5	20.7
Interest and dividends on other securities . . . . .	7.2	6.9	6.9	7.0	7.2
Interest and discount on loans . . . . .	59.4	59.5	59.2	60.5	60.2
Service charges on deposit accounts . . . . .	7.3	7.1	7.3	8.0	8.0
Trust department revenue <sup>1</sup> . . . . .	2.6	2.5	2.6	2.9	2.8
All other operating revenue . . . . .	5.2	5.0	4.9	4.0	3.9
Total operating revenue . . . . .	100.0	100.0	100.0	100.0	100.0
Salaries and wages . . . . .	30.3	28.7	28.3	29.2	27.8
Pension, hospitalization, and other benefits . . . . .	n.a.	n.a.	n.a.	2.6	2.7
Interest on time and savings deposits <sup>2</sup> . . . . .	18.5	18.2	18.0	19.2	22.4
Net occupancy expense of bank premises . . . . .	n.a.	n.a.	n.a.	5.1	4.6
All other operating expenses . . . . .	42.5	41.7	41.6	36.2	39.0
Total operating expenses . . . . .	72.8	70.4	69.9	73.1	74.1
Net current earnings . . . . .	27.2	29.6	30.1	26.9	25.9
Net losses (or recoveries and profits +) <sup>3</sup> . . . . .	+2.5	6.5	.9	1.0	.6
Net increase (or decrease +) in valuation reserves . . . . .	2.6	1.5	2.5	1.8	2.4
Taxes on net income . . . . .	8.6	6.7	7.5	8.5	7.3
Net income . . . . .	18.5	14.9	19.2	15.6	15.6
<b>RATES OF RETURN ON SECURITIES AND LOANS:</b>					
Return on securities:					
Interest on U.S. Gov't. securities	2.65	2.95	3.39	3.22	3.33
Interest and dividends on other securities . . . . .	2.82	2.87	3.09	3.03	3.08
Net losses (or recoveries and profits +) on total securities <sup>3</sup>	+4.4	.50	+2.1	+2.1	+1.7
Return on loans:					
Revenue from loans . . . . .	6.71	6.90	6.91	6.83	6.93
Net losses (or recoveries +) <sup>3</sup> . . . . .	.13	.18	.22	.27	.20
<b>DISTRIBUTION OF ASSETS:</b>					
Percent of total assets:					
U.S. Gov't. securities . . . . .	30.3	29.8	28.0	27.9	27.7
Other securities . . . . .	10.4	10.4	10.3	10.6	10.7
Loans . . . . .	35.7	36.9	39.2	40.3	40.5
Cash assets . . . . .	21.9	21.1	20.5	19.0	18.9
Real estate assets . . . . .	1.5	1.6	1.7	1.9	1.9
All other assets . . . . .	.2	.2	.3	.3	.3
Total assets . . . . .	100.0	100.0	100.0	100.0	100.0
<b>OTHER RATIOS:</b>					
Total capital accounts to:					
Total assets . . . . .	8.2	8.0	8.4	9.0	8.7
Total assets less U.S. Gov't. securities and cash assets . . . . .	17.7	17.0	16.8	17.5	16.9
Total deposits . . . . .	9.1	8.9	9.3	10.1	9.7
Time deposits <sup>4</sup> to total deposits . . . . .	31.7	32.1	33.0	35.0	36.8
Interest on time deposits <sup>4</sup> to time deposits . . . . .	2.46	2.51	2.63	2.68	3.03
Number of banks <sup>5</sup> . . . . .	397	399	402	418	416

<sup>1</sup> Banks with none were excluded in computing this average. Ratio included in "All other operating revenue."  
<sup>2</sup> Banks with none were excluded in computing this average. Ratio included in "All other operating expenses."  
<sup>3</sup> Includes recoveries or losses applied to either earnings or valuation reserves.  
<sup>4</sup> Banks with none were excluded in computing this average.  
<sup>5</sup> Two banks were excluded from the 1961 compilations and fourteen from the 1962 compilations.  
n.a. Not available.

13.6 percent, outstripped that of earnings, and, as a result, net current earnings edged up only a shade. Net profits rose to \$93 million, a gain of 5.5 percent.

Earnings data are based on the regular income and dividend statements furnished by all member banks. The accompanying table relates the earnings figures to balance sheet items on December 30, 1961, June 30, 1962, and September 28, 1962. These operating ratios tell much of the story of bank earnings during 1962.

As the table shows, the ratios of net current earnings to both capital accounts and total assets declined only slightly between 1961 and 1962, compared with previous year-to-year changes. Principally reflecting lower taxes on income in 1962, the ratio of net income to both capital accounts and assets was higher in 1962 than in the previous year; however, the change was very small.

Turning to the sources of income, we find that interest earned on both Government and other securities contributed a larger share of total revenue in 1962 than in 1961. Total revenue from this source amounted to 27.9 percent of earnings, compared with 27.5 percent in 1961. Income from interest and discount on loans, however, did not quite keep pace with gains in other revenue sources, as is shown by the slight decline in this source's percent of total revenue from 60.5 percent in 1961 to 60.2 percent in 1962.

Interest paid on time deposits was the main standout in the increase on the expense side. In 1961, interest payments absorbed 19.2 percent of total revenue of member banks having time deposits; in 1962, the percentage jumped to 22.4 percent of total revenue. The rise in interest costs on time deposits reflected two factors. The average rate paid on such deposits rose from 2.68 percent in 1961 to 3.03 percent in 1962. In addition, total time deposits increased, as is indicated by the rise in the ratio of time to total deposits from 35.0 percent to 36.8 percent. Changes in other expense ratios were small.

The increase in interest rates paid on time deposits was widespread among District member banks. Measured on the basis of the ratio of interest paid to time deposits, 330 banks increased the rates that they paid on deposits during 1962. Since the higher rate applied to time deposits already on the books, as well as to additions, bankers were under considerable pressure to increase earnings by changing the composition of their earning assets. The ratios show that banks were able to increase their proportion of assets in high-yielding loans and other securities. Consequently, the ratio of U. S. Government securities and of cash assets to total assets declined slightly.

Although member banks, as a group, reported higher net incomes than in 1961, many individual banks were not so fortunate. A little more than half of the District's member banks reported a lower ratio of net income to total assets during 1962 than in the previous year. On the basis of this ratio, 60 percent of Louisiana's member banks reported lower earnings than in 1961; Tennessee was close behind with 58 percent. The percentages computed for the remaining District states are: Mississippi, 55 percent; Alabama, 54 percent; Florida, 48 percent; and Georgia, 46 percent.

W. M. DAVIS

# *Growing Employment Accompanies Rising Economic Activity*

## **A Review of Alabama's Economy**

During the past couple of years, Alabama's economy has been running pretty fast. Production has expanded. Income has increased. Spending has risen. Employment, which we previously thought had remained in about the same place, also increased. This fact was unearthed recently when the regular revisions in data to the benchmark established by Alabama's State Department of Labor were published. Still, growth in employment was not large enough to bring the state's labor and capital resources to full utilization.

### **Employment Expands**

Earlier figures showed that total nonfarm employment, seasonally adjusted, showed practically no change from February 1961, the low point of the last recession, to February 1963. Revised estimates, however, show an increase of 35,900 or 4.7 percent. This compares with rates of increase of 3.8 percent and 4.9 percent, respectively, for similar periods of expansion from the economic troughs of 1954 and 1958. Alabama's employment gain in the current business expansion, which slightly exceeded the national average, reflects developments in two broad sectors. In manufacturing, employment rose by a fairly sizable margin. This rate of improvement was not quite matched by the nonmanufacturing sector, but there, too, the number of jobs increased.

For the past two years, a general expansion in output has been achieved with an increase in manufacturing employment. This statement does not apply to all industrial sectors, however. In January 1963, for example, seasonally adjusted production estimates of pig iron, steel ingots, and pulp, paper, and paperboard, among others, were substantially higher than in February 1961, while employment in the important primary metal and fabricating metal industries was no greater in February 1963 than two years ago. Good employment gains, however, were registered in the machinery and transportation equipment industries. In fact, during the first year of the current period of expansion, total manufacturing employment moved up decisively, but since last spring, the rate of growth has advanced only modestly. And, it is still slightly lower than the 1957 peak.

Nonmanufacturing employment, which accounts for about two-thirds of total employment in Alabama, has exhibited in the last two years a rate of gain that is about half as large as that of manufacturing employment. Employment declines in mining, where now less than 9,000 workers are employed, and in construction were notable. Major areas of gain boosting the total were in trade, the service industries, and in Federal and state and local Government employment. Government, in other

words, continues to be one of the state's major growth industries.

Growth in total employment during the recent period of expansion was accompanied by a significant decline in unemployment. Seasonally adjusted unemployment, as a percent of Alabama's insured labor force, dropped from 7.0 percent in February 1961 to 5.3 percent in January 1963. Alabama's unemployment rate on both these dates was, however, somewhat higher than the rates for the Sixth District and the United States and has shown little change since the middle of 1962.

Unemployment has also declined since early 1961 in all of the labor market areas in Alabama for which we have data, as may be seen in the chart on Page 4. In December 1962, unemployment, as a percent of the civilian labor force, ranged from 3.6 percent in the Montgomery area to more than 10.0 percent in the Gadsden area. Despite a general reduction in unemployment, there were, as of late last year, still 46 areas in Alabama classified by the Bureau of Employment Security (U. S. Department of Labor) as areas of substantial or persistent unemployment—areas in which the unemployment rate is 6.0 percent or more. It might be well to emphasize that the area unemployment rates differ from those cited in the paragraph above in that they are not seasonally adjusted and relate to the civilian labor force rather than to the insured labor force.

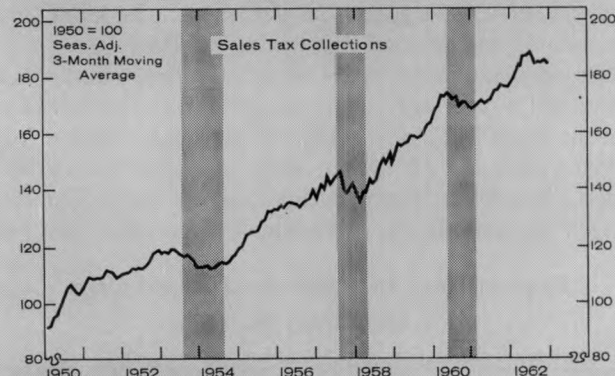
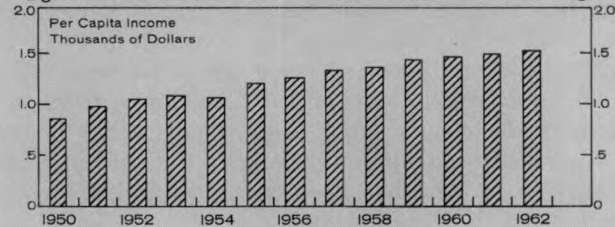
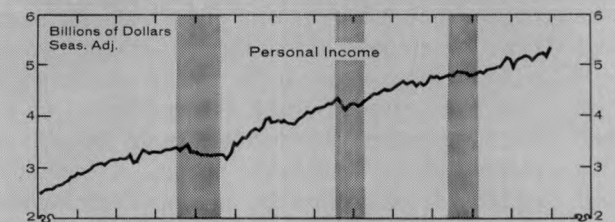
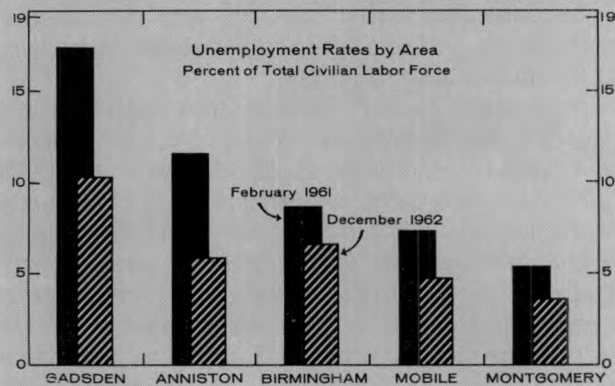
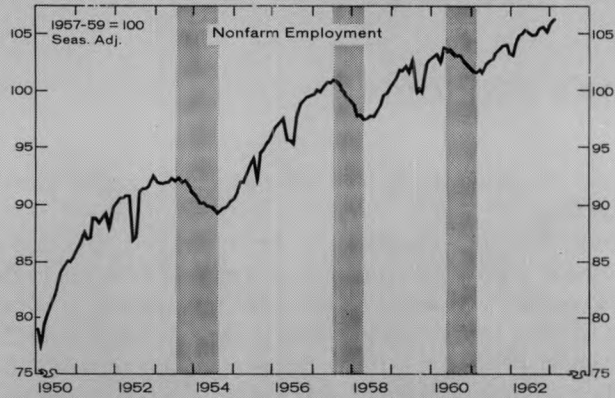
This rather significant drop in the percent of Alabama's unemployed labor force fits into the pattern of employment gains. However, there is another explanation; namely, the state's total civilian labor force has declined. In 1962, for example, the total civilian labor force averaged about 12,000 fewer people than in 1961; unemployment, as a percent of the civilian labor force, averaged 5.8 percent last year, compared with an average of 7.3 percent a year earlier. Even if there had been no additional employment opportunities, the unemployment rate would have been somewhat lower last year—6.8 percent—if the labor force had maintained the same number as in 1961.

Part of Alabama's problem of creating employment opportunities was solved by people either withdrawing from the labor force or leaving the state. Information from the Gadsden and Birmingham areas, as well as from others, suggests that these "disappearing workers" were generally engaged in agriculture, domestic service, and the like.

### **Expanding Income and Spending Brighten the Picture**

The performance of income and spending has sparkled during the current expansion. Between February 1961 and December 1962, total personal income expanded 8.7 per-

**ALABAMA'S EMPLOYMENT GROWTH** during the current expansion has been accompanied by declines in unemployment and gains in personal income. Spending, as measured by sales tax collections, also has moved up briskly, but, apparently, has marked time in more recent months.



Note: The shaded portions of the charts represent the recessions of 1953-54, 1957-58, and 1960-61.

cent. This rate of increase was greater than the gain made in the period following the economic trough in 1958, but smaller than that for the interval occurring after the economic low-point in 1954.

During the past year, growth in personal income expanded more slowly than in 1961, as it frequently does after a spurt in the early stages of economic expansion. Factory payrolls, for example, rose less in 1962 than they had a year earlier. Growth in earnings of those employed in the nonmanufacturing sector has also been less rapid. Income gains, therefore, have become somewhat more difficult to attain. Nevertheless, in the two years ending December 1962, Alabama's economy has been boosted by an income expansion of more than \$450 million. With this amount of additional income available, it is no wonder that spending has advanced sharply.

Sales tax collections—a measure of consumer spending—have generally surged upward since early 1961, as may be seen in the accompanying chart. The pattern of solid spending is also evident in retail sales data. According to *Alabama Retail Trade*, published by the Bureau of Business Research, University of Alabama, retail sales topped \$3 billion in 1962, a level 9 percent higher than the previous year's. All major businesses within the retail group enjoyed increases. The automotive group and the furniture group were the big gainers, however, with sales of the former advancing 22 percent and those of the latter 10 percent.

In recent months, spending for automobiles by Alabama consumers has been maintained at a very high level. This, in turn, has boosted an already active demand for automobile credit from banks and other lenders. The expanded credit needs of consumers, as well as businesses and others, have produced a healthy increase in bank lending. In the two years ending January 1963, total member bank loans, seasonally adjusted, have increased 18 percent. Despite this substantial loan expansion, bank reserve positions have remained generally easy. This ease has been the result of Federal Reserve policy, which during the current expansion provided reserves to banks in ample volume to help promote a more rapid rate of economic growth, both regionally and nationally.

### Prelude to Expansion or Contraction?

Earlier, we noted that the rate of gain in employment has slowed down. There is scattered evidence that the pace of income growth also has slowed. Consumer spending, buoyed by auto sales, has been well-maintained; but, it has not provided the thrust needed to boost the economy upward. Do recent developments in the strategic areas of employment, income, and spending mark the beginning of the end of this expansionary period? Or, is the economy catching its breath in preparation for a faster run? These questions must go unanswered, for, right now, it is too early to "count down" Alabama's economy.

ALFRED P. JOHNSON

*This is one of a series of articles in which economic developments in each of the Sixth District states are discussed. Developments in Florida's economy were analyzed in the March 1963 REVIEW, and a discussion of Georgia's economy is scheduled for a forthcoming issue.*

# Growth in Farm Assets

Farmers now have a more imposing financial status than ever before. Farm assets on January 1, 1960, totaled \$20.3 billion in District states. This peak valuation was almost double the asset total in 1950 and was about five times greater than the 1940 figure. With only \$2.3 billion of debt encumbering their farm assets, farmers, collectively, had an \$18-billion equity in their farm businesses. Consequently, their debt-to-asset ratio of 0.11 was well below the pre-World War II ratio.

## Dollar Figures for Assets and Claims in the Balance Sheet of Agriculture for Sixth District States January 1, 1940 and January 1, 1960

Item	Millions of Dollars	
	1960	Change from 1940
<i>Assets</i>		
Physical assets:	18,440	14,533
Real estate	13,506	10,800
Non-real estate:		
Livestock	1,288	823
Machinery and motor vehicles	1,915	1,704
Crops stored on and off farms	414	254
Household furnishings and equipment	1,317	952
Financial assets:	1,886	1,589
Deposits and currency	857	617
United States savings bonds	744	714
Investments in cooperatives	285	258
Total	20,326	16,122
<i>Claims</i>		
Liabilities:		
Real estate debt	1,488	1,038
Non-real estate debt to:		
Commodity Credit Corporation	68	— 2
Other reporting institutions	456	302
Nonreporting creditors	266	124
Total	2,278	1,462
Proprietors' equity	18,048	14,660
Total	20,326	16,122

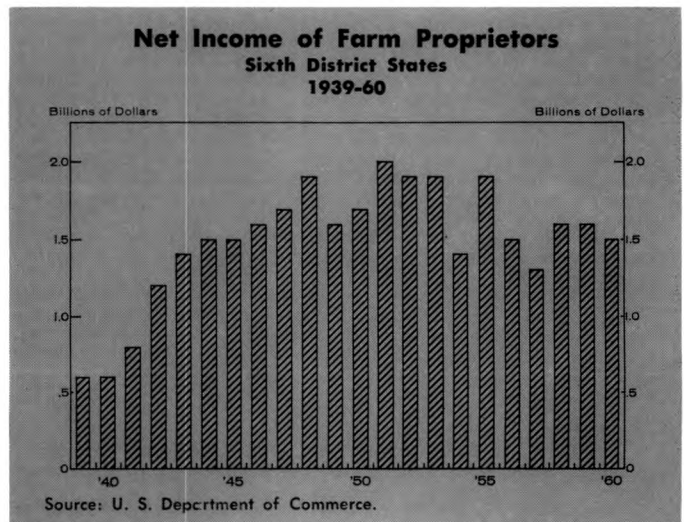
These conclusions were drawn from the recent revision of the *Sixth District Balance Sheet of Agriculture*, which was first published as Economic Study Number One in July 1955. This balance sheet, patterned along the lines of the one prepared by the United States Department of Agriculture, provides regional financial data on the farm economy not available elsewhere. Balance sheet data are not precise, of course, in the sense in which an accountant would use the word for several reasons: All farms are considered as a single unit; and data are based, for the most part, on estimated dollar amounts. However, the balance sheet does provide a descriptive and useful financial summary of the farm economies of the District states.

Land remains foremost as farmers' primary asset, and changes in land values greatly affect their financial status. According to the *Balance Sheet*, farmers' net worth grew phenomenally from 1940 to 1960, principally because their real estate—land and buildings—was valued more highly. These valuations advanced almost without interruption during this period, and by January 1, 1960, totaled \$13.5 billion for the District states, five times the \$2.7-

billion total in 1940. A tenfold increase in Florida outstripped the gains in other District states.

This rise in real estate valuations stemmed principally from higher prices for farm land, although improvements to real estate added to the upward push. The valuations also reflected increased investments in pastures and timberland and continued price supports for some cash crops. Farmers' intense drive to enlarge their acreage at a time when little land was available for purchase had an extremely important effect on land values in the 1950's. A rise in land values was especially noteworthy in the 1951-60 period, since total net farm income in District states declined about 25 percent.

Among farmers' non-real estate assets, only the valuations for machinery and motor vehicles increased propor-



tionately more than those for farm real estate assets from 1940 to 1960. The total valuation for machinery and motor vehicles increased ninefold in the period. Livestock assets grew about three times larger, as farmers expanded and improved the quality of their herds and flocks.

With an \$18.0-billion, or 90 percent, equity on January 1, 1960, farmers were better off than ever, in a book-keeping sense at least. The picture is not an unblemished one, however. Since farm real estate accounts for two-thirds of farmers' asset value, their balance sheet ratios are greatly influenced by trends in real estate values. This fact became even more obvious in the 1950's and will remain a nagging concern for some time. If prolonged declines in farm income and generally depressed conditions in the nation's economy occur in future years, farm real estate values might decrease to the extent that the farm economy's financial structure would be strained.

ARTHUR H. KANTNER

Note: The BALANCE SHEET OF AGRICULTURE FOR DISTRICT STATES, 1940-60 is available on request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta 3, Georgia.

# Bank Announcements

On March 1, the Plaza National Bank at Orlando, Orlando, 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 William H. Dial, President; Merlin C. Feather, Executive Vice President; J. Wesley Fly, Vice President; and Donald L. Estes, Comptroller. Capital is \$400,000, and surplus and other capital funds, \$400,000, as reported by the Comptroller of Currency at the time the charter was granted.

The First National Bank of New Smyrna Beach, New Smyrna Beach, Florida, a newly organized member bank, opened for business on March 4 and began to remit at par. Officers are John E. Chisholm, Chairman of the Board; Maitland B. Knox, President; Albert J. Gowan, Vice President; and A. J. Spengler, Cashier. Capital is \$500,000, and surplus and other capital funds, \$250,000, as reported by the Comptroller of Currency at the time the charter was granted.

On March 15, the Citizens Bank of Dallas, Dallas, Georgia, a newly organized nonmember bank, opened for business and began to remit at par. Officers include E. P. Austin, President; and Lawrence W. McKoon, Executive Vice President. Capital is \$100,000, and surplus and undivided profits, \$100,000.

The First National Bank of Hialeah, Hialeah, Florida, a newly organized member bank, opened for business on March 15 and began to remit at par. Officers are Clifford Russell, Chairman of the Board; C. Edward Kettle, President; Charlotte S. Powers and J. M. Christiansen, Vice Presidents; and John W. Carter, Cashier. Capital is \$500,000, and surplus and other capital funds, \$500,000, as reported by the Comptroller of Currency at the time the charter was granted.

Also on March 15, the First National Bank of Lakeland, Lakeland, Florida, a newly organized member bank, opened for business and began to remit at par. Officers include Ray Clements, Chairman of the Board; Wendell H. Colson, President; Marion W. Hester, Vice President; and Hans W. Tews, Cashier. Capital is \$400,000, and surplus and other capital funds, \$350,000, as reported by the Comptroller of Currency at the time the charter was granted.

The American Bank of Sarasota, Sarasota, Florida, a newly organized member bank, opened for business on March 19 and began to remit at par. Officers are A. L. Ellis, Chairman of the Board; Emmet Addy, President; Arthur W. Welch, Jr., Executive Vice President; and H. William Meyer, Assistant Vice President and Cashier. Capital is \$400,000, and surplus and other capital funds, \$150,000.

On March 29, the First National Bank of Venice, Venice, Florida, a newly organized member bank, opened for business and began to remit at par. Officers include G. E. Youngberg, Sr., Chairman of the Board and President; William C. Payne, Executive Vice President; and Merle L. Graser, Vice President and Cashier. Capital is \$300,000, and surplus and other capital funds, \$300,000, as reported by the Comptroller of Currency at the time the charter was granted.

The Exchange Bank at Holly Hill, Holly Hill, Florida, a newly organized nonmember bank, opened for business on March 29 and began to remit at par.

On March 29, the First Bank of Jupiter, Jupiter, Florida, a newly organized nonmember bank, opened for business and began to remit at par.

## Department Store Sales and Inventories\*

Place	Percent Change					
	Sales			Inventories		
	Feb. 1963 from 1963	Feb. 1963 from 1962	2 Months 1963 from 1962	Feb. 28, 1963 from 1963	Feb. 28, 1963 from 1962	
ALABAMA	-7	-7	-1	+7	+3	
Birmingham	-7	-8	-4	+4	+3	
Mobile	-10	-6	-0	..	..	
Montgomery	-9	-3	+2	..	..	
FLORIDA	-4	+9	+11	+3	+27	
Daytona Beach	+5	+7	+11	..	..	
Jacksonville	-13	+4	+11	+5	+37	
Miami Area	-4	+6	+6	..	..	
Miami	-7	-4	-4	..	..	
Orlando	n.a.	n.a.	n.a.	..	..	
St. Petersburg-Tampa Area	-3	+6	+8	+3	+4	
GEORGIA	-17	+1	+7	+11	+9	
Atlanta**	-17	+1	+7	+12	+7	
Augusta	-21	-2	+7	..	..	
Macon	-18	-4	+5	+4	+16	
Rome**	-13	-6	+1	..	..	
Savannah	-8	+2	+5	..	..	
LOUISIANA	-14	-4	+3	+10	+4	
Baton Rouge	-22	-11	+0	+3	-9	
New Orleans	-13	-2	+5	+11	+9	
MISSISSIPPI	-3	+2	+6	+8	+12	
Jackson	+6	+8	+8	+5	+19	
TENNESSEE	-11	-6	-3	+6	+17	
Bristol-Kingsport-Johnson City**	-11	-9	-4	+10	+7	
Bristol (Tenn. & Va.)**	-13	-15	-9	..	..	
Chattanooga	-6	-4	-4	..	..	
Knoxville	-19	-12	-6	..	..	
DISTRICT	-9	+2	+6	+6	+15	

\*Reporting stores account for over 80 percent of total District department store sales.  
 \*\*In order to permit publication of figures for this city, a special sample has been constructed that is not confined exclusively to department stores. Figures for non-department stores, however, are not used in computing the District percent changes.  
 n.a. Not available.

# Debits to Individual Demand Deposit Accounts

## Insured Commercial Banks in the Sixth District

(In Thousands of Dollars)

	Percent Change					
	Feb. 1963			Year-to-date 2 Months from 1963		
	Feb. 1963	Jan. 1963	Feb. 1962	Jan. 1963	Feb. 1962	Feb. 1962
ALABAMA, Total†	2,385,967	2,823,267	2,255,544	-15	+6	+8
Anniston	40,103	48,927	37,711	-18	+6	+8
Birmingham	877,561	1,026,845	856,201	-15	+2	+5
Dothan	37,504	44,489	36,110	-16	+4	+7
Gadsden	36,502	42,598	32,344	-14	+13	+11
Huntsville*	87,270	102,663	71,482	-15	+22	+22
Mobile	300,016	364,268	278,560	-18	+8	+12
Montgomery	182,163	214,366	163,180	-15	+12	+13
Selma*	24,891	30,567	23,942	-19	+4	+7
Tuscaloosa*	61,628	74,807	58,138	-18	+6	+13
FLORIDA, Total†	6,148,800	7,273,152	5,200,128	-15	+18	+14
Bartow*	22,396	30,986	n.a.	-28	n.a.	n.a.
Bradenton*	44,233	55,316	n.a.	-20	n.a.	n.a.
Brevard County*	110,149	121,860	n.a.	-10	n.a.	n.a.
Clearwater*	76,394	101,137	n.a.	-24	n.a.	n.a.
Daytona Beach*	59,431	74,977	53,171	-21	+12	+8
Delray Beach*	23,307	28,420	n.a.	-18	n.a.	n.a.
Ft. Lauderdale*	216,332	268,590	218,644	-19	-1	-1
Ft. Myers-North Ft. Myers*	53,003	68,670	n.a.	-23	n.a.	n.a.
Gainesville*	51,422	56,180	45,528	-8	+13	+10
Jacksonville	872,390	971,285	836,031	-10	+4	-2
Key West*	17,611	21,151	17,488	-17	+1	-4
Lakeland*	86,355	106,688	79,826	-19	+8	+7
Miami	984,651	1,134,800	935,583	-13	+5	+2
Greater Miami*	1,466,235	1,711,371	1,375,394	-14	+7	+3
Ocala*	40,837	49,621	n.a.	-23	n.a.	n.a.
Orlando	277,598	335,471	253,144	-17	+10	+7
Pensacola	86,079	100,655	82,722	-14	+4	+9
St. Augustine*	15,509	18,072	n.a.	-14	n.a.	n.a.
St. Petersburg	211,944	268,258	221,803	-21	-4	-6
Sarasota*	76,574	104,028	n.a.	-26	n.a.	n.a.
Tallahassee*	77,280	81,171	69,567	-5	+11	+7
Tampa	452,460	544,554	428,256	-17	+6	+5
W. Palm-Palm Bch.*	170,955	207,458	168,621	-18	+1	+2
Winter Haven*	45,167	60,862	n.a.	-26	n.a.	n.a.
GEORGIA, Total†	4,536,438	5,116,040	3,798,174	-11	+19	+17
Albany	56,539	67,255	54,991	-16	+3	+4
Athens*	42,658	50,609	41,681	-16	+2	+2
Atlanta	2,570,837	2,849,310	2,099,556	-10	+22	+23
Augusta	128,050	137,576	109,377	-7	+17	+10
Brunswick	28,475	35,019	26,606	-19	+7	+8
Columbus	114,151	132,281	109,832	-14	+4	+2
Dalton*	52,164	60,609	n.a.	-14	n.a.	n.a.
Elberton	7,661	11,232	8,406	-32	-9	+12
Gainesville*	48,622	60,535	46,554	-20	+4	+13
Griffin*	21,250	24,661	19,655	-14	+8	+11
LaGrange*	15,123	18,127	16,456	-17	-8	-7
Macon	127,075	157,057	118,600	-19	+7	+8
Marietta*	35,485	44,412	31,497	-20	+13	+17
Newnan	19,677	24,219	20,997	-19	-6	-3
Rome*	45,694	53,440	46,352	-14	-1	+1
Savannah	169,120	200,047	161,242	-15	+5	+5
Valdosta	32,802	39,772	31,230	-18	+5	+2
LOUISIANA, Total†††	2,482,920	2,988,216	2,334,816	-17	+6	+10
Abbeville*	7,170	10,345	n.a.	-31	n.a.	n.a.
Alexandria*	76,015	91,633	75,006	-17	+1	+5
Baton Rouge	289,680	349,278	294,903	-17	-2	+6
Bunkie*	4,196	5,466	n.a.	-23	n.a.	n.a.
Hammond*	21,807	27,517	n.a.	-21	n.a.	n.a.
Lafayette*	65,351	82,882	63,211	-21	+3	+7
Lake Charles	79,586	102,455	80,204	-22	-1	+1
New Iberia*	23,283	29,838	n.a.	-22	n.a.	n.a.
New Orleans	1,316,917	1,563,422	1,278,033	-16	+3	+5
Plaquemine*	5,755	7,749	n.a.	-26	+3	+5
Thibodaux*	14,989	22,369	n.a.	-33	n.a.	n.a.
MISSISSIPPI, Total†††	839,608	949,256	746,592	-12	+12	+15
Biloxi-Gulfport*	60,548	66,115	54,002	-8	+12	+12
Hattiesburg	35,754	41,512	37,068	-14	-4	0
Jackson	336,799	389,042	341,166	-13	-1	+3
Laurel*	24,991	30,674	26,150	-19	-4	+4
Meridian	60,236	56,891	43,667	+6	+38	+25
Natchez*	25,701	27,834	23,714	-8	+8	+12
Pascagoula-Moss Point*	32,518	36,519	n.a.	-11	n.a.	n.a.
Vicksburg	23,601	26,493	21,290	-11	+11	+10
Yazoo City*	14,762	20,293	n.a.	-17	n.a.	n.a.
TENNESSEE, Total†††	2,214,458	2,666,670	2,034,954	-27	+9	+8
Bristol*	52,270	57,269	48,074	-9	+9	+7
Chattanooga	336,338	462,658	316,332	-27	+6	+7
Johnson City*	45,568	52,643	40,398	-13	+13	+13
Kingsport*	85,383	92,494	80,228	-8	+6	+2
Knoxville	246,895	291,335	230,738	-15	+7	+6
Nashville	793,158	920,618	717,660	-14	+11	+10
SIXTH DISTRICT, Total	18,608,191	21,816,601	16,370,208	-15	+14	+13
Total, 32 Cities	11,132,322	12,953,268	10,263,543	-14	+8	+8
UNITED STATES						
344 Cities	274,500,000	325,900,000	239,400,000	-16	+15	+12

\*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. †††Revised.

# Sixth District Statistics

## Seasonally Adjusted

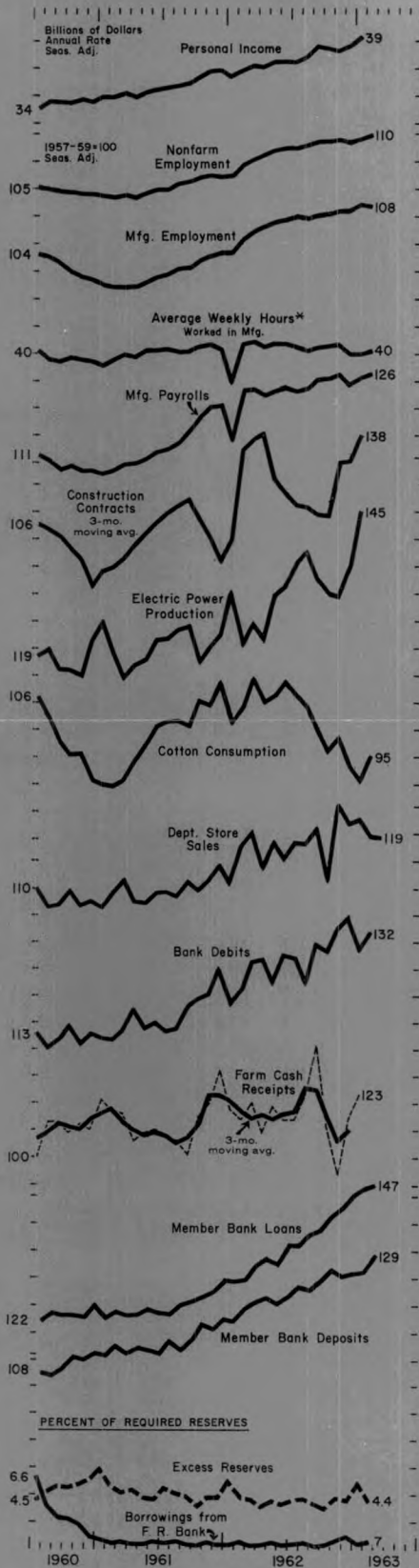
(All data are indexes, 1957-59 = 100, unless indicated otherwise.)

		Latest Month (1963)	One Month Ago	Two Months Ago	One Year Ago		Latest Month (1963)	One Month Ago	Two Months Ago	One Year Ago	
<b>SIXTH DISTRICT</b>						<b>GEORGIA</b>					
<b>INCOME AND SPENDING</b>						<b>INCOME AND SPENDING</b>					
Personal Income, (Mil. \$, Annual Rate)	Jan.	39,337	38,656r	38,255r	36,314r	Personal Income, (Mil. \$, Annual Rate)	Jan.	7,447	7,279r	7,277r	6,754r
Farm Cash Receipts	Jan.	123	114	94	118	Farm Cash Receipts	Jan.	122	109	101	110
Crops	Jan.	130	114	86	127	Department Store Sales**	Feb.	110	120	115	109
Livestock	Jan.	115	115	115	108	<b>PRODUCTION AND EMPLOYMENT</b>					
Department Store Sales**	Mar.	119p	119	123r	120	Nonfarm Employment***	Feb.	111	111r	111r	107r
Department Store Stocks*	Feb.	127	129	130	111	Manufacturing***	Feb.	107	107r	107r	104r
Instalment Credit at Banks,* (Mil. \$)						Nonmanufacturing***	Feb.	113	113r	113r	109r
New Loans	Feb.	178	148	171	137	Construction***	Feb.	111	114	110r	103r
Repayments	Feb.	146	141	150	132	Farm Employment	Feb.	66	75	79	83
<b>PRODUCTION AND EMPLOYMENT</b>						Insured Unemployment, (Percent of Cov. Emp.)	Feb.	3.5	3.7	3.4	3.8
Nonfarm Employment***	Feb.	110	110r	109r	107r	Avg. Weekly Hrs. in Mfg., (Hrs.)	Feb.	39.9	40.0	39.7	39.9
Manufacturing***	Feb.	108	109r	108r	106r	Manufacturing Payrolls	Feb.	127	126	124	121r
Apparel***	Feb.	129	129r	128r	122r	<b>FINANCE AND BANKING</b>					
Chemicals***	Feb.	104	103r	103r	102r	Member Bank Loans	Feb.	149	151	152	133
Fabricated Metals***	Feb.	110	110r	108r	106r	Member Bank Deposits	Feb.	132	130	132	124
Food***	Feb.	102	104r	103r	102r	Bank Debits**	Feb.	145	135	140	127
Lbr., Wood Prod., Furn. & Fix.***	Feb.	93	94	92r	91r	<b>LOUISIANA</b>					
Paper***	Feb.	107	107r	108r	104r	<b>INCOME AND SPENDING</b>					
Primary Metals***	Feb.	96	96r	94r	99r	Personal Income, (Mil. \$, Annual Rate)	Jan.	5,956	5,819r	5,683r	5,564r
Textiles**	Feb.	95	95r	95r	98r	Farm Cash Receipts	Jan.	130	105	94	135
Transportation Equipment***	Feb.	114	112	111r	102r	Department Store Sales**	Feb.	103	107	107	108
Nonmanufacturing***	Feb.	110	110r	110r	108r	<b>PRODUCTION AND EMPLOYMENT</b>					
Construction***	Feb.	98	97r	96r	95r	Nonfarm Employment***	Feb.	102	102r	102r	100r
Farm Employment	Feb.	90	89	90	89	Manufacturing***	Feb.	100	100r	98r	93
Insured Unemployment, (Percent of Cov. Emp.)	Feb.	4.4	4.7	4.5	4.5	Nonmanufacturing***	Feb.	103	102r	103r	102r
Avg. Weekly Hrs. in Mfg., (Hrs.)	Feb.	40.3	40.0r	40.0	40.9	Construction***	Feb.	89	88r	90r	84r
Manufacturing Payrolls	Feb.	126	126	124	123r	Farm Employment	Feb.	87	91	92	100
Construction Contracts*	Jan.	138	128	128	99	Insured Unemployment, (Percent of Cov. Emp.)	Feb.	4.9	5.3	4.9	5.0
Residential	Jan.	106	109	107	100	Avg. Weekly Hrs. in Mfg., (Hrs.)	Feb.	42.8	41.4r	42.6	42.9
All Other	Jan.	165	144	146	99	Manufacturing Payrolls	Feb.	118	114	114	111r
Electric Power Production**	Jan.	145	135	129	130	<b>FINANCE AND BANKING</b>					
Cotton Consumption**	Feb.	95	91	93	104	Member Bank Loans*	Feb.	144	139	135	126
Petrol. Prod. in Coastal La. and Miss.**	Feb.	152	150	164r	145	Member Bank Deposits*	Feb.	120	115	117	111
<b>FINANCE AND BANKING</b>						Bank Debits**	Feb.	112	116	120	109
Member Bank Loans*	Feb.	147	146	145	130	<b>MISSISSIPPI</b>					
All Banks	Feb.	147	146	145	130	<b>INCOME AND SPENDING</b>					
Leading Cities	Mar.	141	139	141	129	Personal Income, (Mil. \$, Annual Rate)	Jan.	3,027	2,961r	2,801r	2,725r
Member Bank Deposits*	Feb.	129	126	126	120	Farm Cash Receipts	Jan.	149	132	95	146
All Banks	Feb.	129	126	126	120	Department Store Sales**	Feb.	113	103	103	113
Leading Cities	Mar.	125	122	120	118	<b>PRODUCTION AND EMPLOYMENT</b>					
Bank Debits**	Feb.	132	128	135	121	Nonfarm Employment***	Feb.	114	114r	113r	110r
<b>ALABAMA</b>						Manufacturing***	Feb.	117	117r	116r	110r
<b>INCOME AND SPENDING</b>						Nonmanufacturing***	Feb.	113	112r	112r	110r
Personal Income, (Mil. \$, Annual Rate)	Jan.	5,430	5,330r	5,154r	4,934	Construction***	Feb.	113	107r	108r	106r
Farm Cash Receipts	Jan.	134	128	97	110	Farm Employment	Feb.	87	80	75	87
Department Store Sales**	Feb.	104	106	111	111	Insured Unemployment, (Percent of Cov. Emp.)	Feb.	5.3	5.4	4.7	5.5
<b>PRODUCTION AND EMPLOYMENT</b>						Avg. Weekly Hrs. in Mfg., (Hrs.)	Feb.	40.5	40.3r	39.9	40.9
Nonfarm Employment***	Feb.	106	106r	105r	104r	Manufacturing Payrolls	Feb.	131	130	128	125r
Manufacturing***	Feb.	102	102r	101r	99r	<b>FINANCE AND BANKING</b>					
Nonmanufacturing***	Feb.	108	108r	107r	107r	Member Bank Loans*	Feb.	161	159	162	145
Construction***	Feb.	92	92r	91r	97r	Member Bank Deposits*	Feb.	140	136	138	124
Farm Employment	Feb.	92	85	86	89	Bank Debits**	Feb.	140	135	135	132
Insured Unemployment, (Percent of Cov. Emp.)	Feb.	4.9	5.3	5.1	5.1	<b>FLORIDA</b>					
Avg. Weekly Hrs. in Mfg., (Hrs.)	Feb.	40.0	39.7r	40.0	41.0	<b>INCOME AND SPENDING</b>					
Manufacturing Payrolls	Feb.	116	114	113	115	Personal Income, (Mil. \$, Annual Rate)	Jan.	11,104	11,023r	11,149r	10,422r
<b>FINANCE AND BANKING</b>						Farm Cash Receipts	Jan.	112	102	89	105
Member Bank Loans	Feb.	146	149	146	129	Department Store Sales**	Feb.	149	148r	147	136
Member Bank Deposits	Feb.	128	128	126	117	<b>PRODUCTION AND EMPLOYMENT</b>					
Bank Debits**	Feb.	128	126	131	120	Nonfarm Employment***	Feb.	115	115r	115r	113r
<b>TENNESSEE</b>						Manufacturing***	Feb.	118	120r	119	117r
<b>INCOME AND SPENDING</b>						Nonmanufacturing***	Feb.	114	114r	114r	112r
Personal Income, (Mil. \$, Annual Rate)	Jan.	6,373	6,244r	6,191r	5,916r	Construction***	Feb.	90	90r	88r	86r
Farm Cash Receipts	Jan.	119	106	87	134	Farm Employment	Feb.	116	125	138	115
Department Store Sales**	Feb.	104	107	110	109	Insured Unemployment, (Percent of Cov. Emp.)	Feb.	3.9	4.0	3.8	3.8
<b>PRODUCTION AND EMPLOYMENT</b>						Avg. Weekly Hrs. in Mfg., (Hrs.)	Feb.	40.8	40.8r	40.7	41.9
Nonfarm Employment***	Feb.	110	110r	109r	107r	Manufacturing Payrolls	Feb.	151	152r	151	150r
Manufacturing***	Feb.	111	111r	110r	109r	<b>FINANCE AND BANKING</b>					
Nonmanufacturing***	Feb.	109	109r	109r	106r	Member Bank Loans	Feb.	145	142	140	125
Construction***	Feb.	123	120r	119r	122r	Member Bank Deposits	Feb.	130	126	125	120
Farm Employment	Feb.	95	88	89	93	Bank Debits**	Feb.	134	130	140	121
Insured Unemployment, (Percent of Cov. Emp.)	Feb.	5.7	6.0	5.6	5.4	<b>ALABAMA</b>					
Avg. Weekly Hrs. in Mfg., (Hrs.)	Feb.	40.0	40.6r	40.2	40.8	<b>INCOME AND SPENDING</b>					
Manufacturing Payrolls	Feb.	123	124	122	123r	Personal Income, (Mil. \$, Annual Rate)	Jan.	5,430	5,330r	5,154r	4,934
<b>FINANCE AND BANKING</b>						Farm Cash Receipts	Jan.	134	128	97	110
Member Bank Loans*	Feb.	150	148	149	133	Department Store Sales**	Feb.	104	106	111	111
Member Bank Deposits*	Feb.	131	129	127	123	<b>PRODUCTION AND EMPLOYMENT</b>					
Bank Debits**	Feb.	131	128	135	121	Nonfarm Employment***	Feb.	106	106r	105r	104r

\*For Sixth District area only. Other totals for entire six states. \*\*Daily average basis. \*\*\*Employment figures have been revised to take account of new seasonal factors, 1962 state employment agency benchmarks, and final adjustment to the 1957 Standard Industrial Classification. 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



The best economic news we have had in some time is revealed by the latest figures on economic activity. After several months with employment on a dead level, the latest figures show employment and production up somewhat. While consumer spending remains at a high level, borrowings are markedly higher, and personal income, too, continues its rise. Farmers are profiting from increased output and somewhat higher prices. Bank loans, investments, and deposits all show healthy gains. Some weak spots in the economy continue to exist, however, and the improvements in most indicators are fairly modest.



Total nonagricultural employment rose to a new record in February, moving slightly upward from the plateau that had existed since last September. Even so, nonfarm employment is still less than one percent higher than it was five months ago. Manufacturing employment declined slightly, owing mainly to a sizable drop in Florida that was concentrated in food and kindred products. This decline apparently reflected the effects of last winter's freezes on the citrus industry. District manufacturing payrolls rose fractionally in spite of the slight drop in employment, because of a considerable rise in hours worked per week. Insured unemployment declined to its lowest point in five months.



Consumers went into debt at a record rate in February, although they apparently did not use the proceeds to finance their purchases at department stores. Preliminary figures for March indicate no change from February's high level of department store sales. Sales at District furniture stores rose moderately during February, however, and checkbook spending, as reflected by bank debits, also made a slight gain. More comprehensive figures, available with a greater time lag, show that sales tax collections and sales at firms operating one to ten outlets declined slightly from November through January. Consumer instalment debt outstanding at District commercial banks expanded by a record amount during February, as the volume of new loans increased sharply and repayments of past loans were up only slightly. In January, District consumers found their wallets a good bit thicker, as personal income rose sharply to a new record. All District states registered increases.



As a particularly severe winter recedes, farmers are stirring about their barns and sheds. With warmer weather prevailing in the region's farming areas, the pace of field work quickened. Employment on farms increased in February and has held at advanced levels. Farmers' output, largely livestock products at this season, has increased in recent weeks, as cattle, hog, and poultry marketings rose. According to February price data, the latest comprehensive report available, the index of prices received by the region's farmers increased largely because of rising prices for oranges and broilers. In recent weeks, prices for livestock and poultry products have drifted lower.



Total loans and investments at District member banks increased with renewed vigor during February. Most of the rise took place at medium-sized and small banks. Total deposits registered the largest increase in several months, and member banks in each of the District states except Alabama and Georgia registered a gain in loans. March data covering larger District banks reveal sizable gains over the previous month in both loans and deposits.

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

\*Seas. adj. figure; not an index.