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# Monthly Review

Atlanta, Georgia
July • 1963

Also in this issue:



Federal Reserve Bank of Atlanta



## That Time of the Year

### Seasonal Demands for Money and Bank Credit

*The most common criticism of our American currency system is its alleged inelasticity or irresponsiveness to trade demands. This inelasticity is sometimes considered with particular reference to . . . regularly recurring seasonal fluctuations in the demand for money and loanable capital.*—Edwin W. Kemmerer, PUBLICATIONS OF NATIONAL MONETARY COMMISSION, Volume 22 (1911).



Just what Professor Kemmerer of Cornell University, one of the leading economic scholars of half a century ago, would choose today as "the most common criticism of our American currency system" or, indeed, of our whole monetary and credit system, we do not know. It seems unlikely, however, that he would choose "inelasticity or irresponsiveness to trade demands . . . with particular reference to regularly recurring seasonal fluctuations in the demand for money and capital."

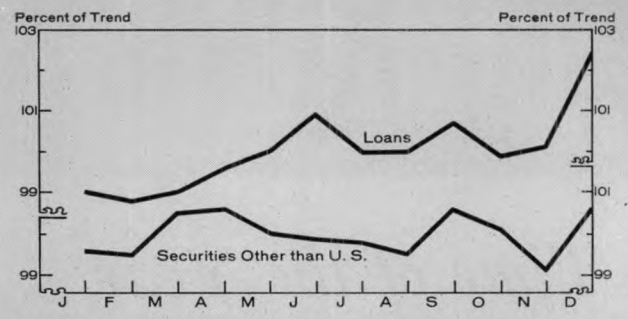
Professor Kemmerer, however, could produce ample proof to support his statement concerning conditions as they existed at the beginning of this century. He had documented the recurring seasonal patterns in the demands for currency and credit by data presented in 96 elaborate tables and 48 charts laboriously computed and tabulated by hand. The age of computers and automatic calculating machines, of course, had not yet come into existence. He found, for example, that banking activity in New Orleans, the city chosen as representative of the South, followed a regular seasonal pattern. Early in the year, cash flowed into New Orleans banks from the rural areas. "Beginning with the middle of January and extending until the forepart of May," he reported, "the relative demand for moneyed capital increases almost steadily." In the summer, he continued, reserves increased, "obviously due largely to the comparative inactivity of the hot months in the South." In the fall, he observed "an increase in the relative demand for loanable capital. . . . During this period, the cotton, sugar, and rice crops are moved." Beginning with early November, there was a period of readjustment and liquidation.

These seasonal swings were extremely sharp. On an average, during the years 1899-1908, loans rose at the New Orleans banks from a low point in March to a level over five times as great in November. Since lending involved cash withdrawals, the banks' reserves of "specie and legal tender" moved in the opposite direction to loans. Such a process resulted in periods of "credit stringency," not only in New Orleans but throughout the entire nation. Moreover, Professor Kemmerer believed there was a greater tendency for businesses to fail and for "panics" to occur during the season normally characterized by a stringent money market.

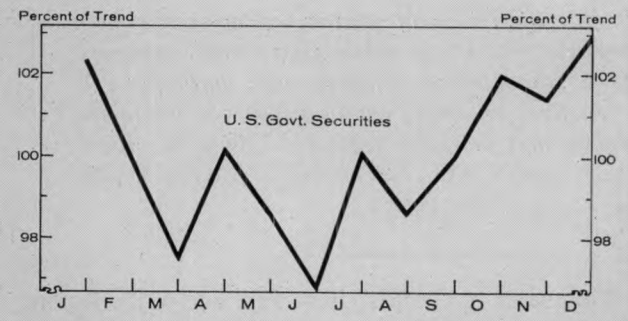
#### To Furnish an Elastic Currency

Relieving these seasonal pressures was very much in the minds of the

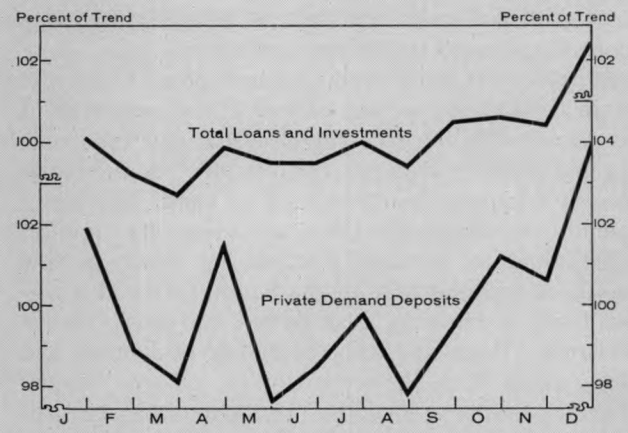
## Seasonal Patterns in the Demand for Bank Credit



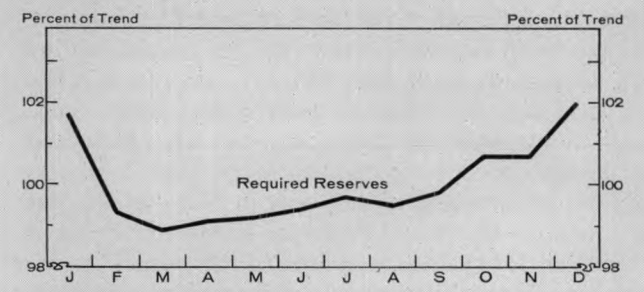

**Private demands for *commercial bank credit* in the U. S. expand and contract from month to month in a yearly recurring pattern.**




**Commercial bank holdings of *U. S. Government securities* change in a seasonal pattern, responding partly to the pattern of Treasury financing.**




**The seasonal patterns of *total commercial bank credit* and *demand deposits* of *member banks* are quite similar, since credit demands are largely satisfied by demand deposits.**




**The combined seasonal patterns of demand and time deposits produce a seasonal pattern in *required reserves* that declines during the first quarter of the year and rises almost steadily during the remaining months.**

framers of the Federal Reserve Act. The Preamble to the Act, approved on December 22, 1913, states that, among other purposes, this was "an Act . . . to furnish an elastic currency [and] to afford means of rediscounting commercial paper. . . ." Federal Reserve notes, they believed, would expand and contract as needed and, thus, provide for an "elastic currency" that would respond to seasonal and cyclical needs. Moreover, by affording a "means of rediscounting commercial paper," they also hoped reserves would be supplied to the banking system to meet seasonal, as well as cyclical, needs for loans.

Establishing the Federal Reserve by no means eliminated seasonal patterns in the demand for money and credit, although the amplitude of the swings from ease to tightness may be lower now than it was then. During the latter months of the year, the public wants more currency and coin, just as it did over half a century ago. Simply because it is "that time of the year," we can usually expect total U. S. commercial bank credit, consisting of loans and investments, to decline during the first three months of the year, then rise temporarily through July, dip slightly in August, and then rise during the rest of the year to reach a peak in December. At the New Orleans banks, loans and deposits continue to expand and contract in about the same months as they did sixty years ago, although the swings are much more moderate now.

### DETECTING SEASONAL PATTERNS

Most economic time series, i.e., data that measure activity or magnitudes over successive periods—days, weeks, months, or other time spans—are generally considered to be influenced by four types of forces: secular trend (long-term growth or decline); cyclical movement (swings from prosperity through recession and recovery and back to prosperity); seasonal variation (the more-or-less regular movement that occurs year after year in the same seasons); and irregular variation.

The analyst must sort out these influences as best he can, if he is to have any idea at all of the specific forces responsible for the changes between periods. In our present problem, we want to know the monthly levels of loans, deposits, and other financial data we could usually expect *if seasonal influences were the sole force inducing changes.* To do this, we must somehow eliminate the effect of secular, cyclical, and irregular forces.

Statisticians remove the influence of the non-seasonal forces when they compute so-called seasonal adjustment factors that show the usual percentage relationship of each month to the average month or the general trend. Assuming the immediate future will be much like the recent past, we can use those seasonal adjustment factors to estimate the level that would occur in any month if seasonal influences were the sole force inducing changes.

Such seasonal factors are plotted in the accompanying charts to show the seasonal patterns of outstanding loans, deposits, and related items. They show the levels for each month, assuming the monthly levels *are not influenced by secular, cyclical, or irregular forces,* in comparison with the average month. However, these factors, which have been computed from data for recent years compiled by the staff of the Board of Governors, illustrate only the chief, but by no means all, seasonal forces that affect the credit-generating activities of the banking system.

Today, local credit markets are more closely allied with each other and with the national money markets than was true a half century ago. Therefore, a developing credit stringency in one part of the country is likely to be abruptly halted if there are ample funds available in other areas. Nevertheless, today, as in the past, there could be alternate seasonal periods of national credit stringency and ease if the supply of credit available from the nation's banking system, considered as a unit, did not expand in accordance with seasonal peaks in demand. Seasonal periods of *excessive* credit stringency occur no longer because Federal Reserve operations take into account the seasonal pattern of credit demands.

## To Help Meet Seasonal Needs for Reserves

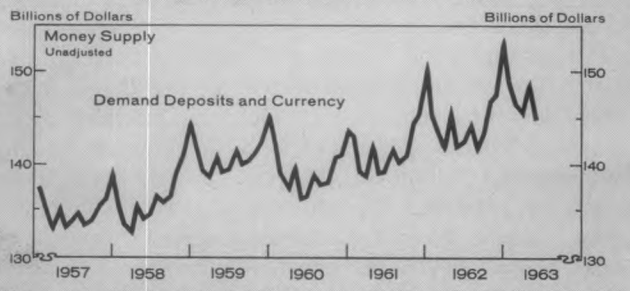
When the nation's commercial banks meet increased seasonal demands for credit, their deposit liabilities increase. Deposits, for the most part, satisfy the needs of borrowers for a medium of exchange. Thus, deposit changes roughly parallel changes in the total loans and investments or total commercial bank credit of the nation's banks. Consequently, deposits are usually at their seasonal low during the first three months of the year and reach their peak in December. When deposits increase, banks' required reserves also increase. Therefore, high seasonal demands for credit can only be satisfied if the banks can find the additional reserves needed to support a deposit expansion.

At about the same time the banking system needs more reserves to increase its lending and investing, however, many of the commercial banks' customers are withdrawing increasing amounts of currency and coin. Beginning in early fall, currency in circulation increases steadily and reaches a peak in December that is about 3 percent greater than the monthly average for the year. Since banks must obtain this currency and coin from the Federal Reserve Banks, increased currency in circulation, except that retained in the banks' own vaults, depletes their reserves. Thus, a period of seasonal credit stringency can be avoided only if additional reserves are supplied from outside the commercial banking system. By supplying reserves to the banking system in accordance with seasonal needs, the Federal Reserve System discourages these alternating periods of stringency and ease. In fact, the banking system's seasonal needs for credit are an integral part of Federal Reserve policy decisions and their execution.

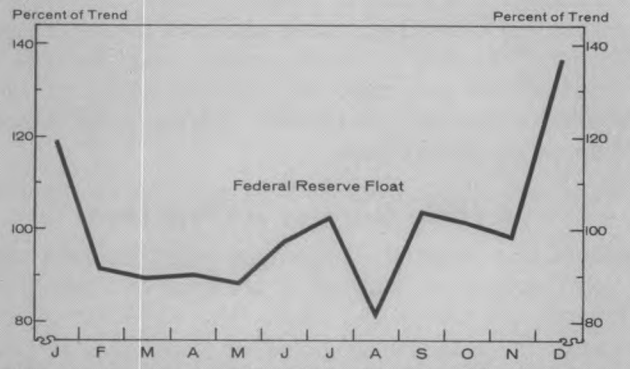
The policy records of the Federal Reserve System are replete with illustrations of the consideration given to seasonal influences. It is the absence of regularly recurring months of credit stringency and ease year after year, however, that provides the clearest evidence that the Federal Reserve System has performed its assigned function "to furnish an elastic currency," even though the manner in which this function is performed may not be exactly what the authors of the Federal Reserve Act had in mind.

The authors of the Act had expected that banks would satisfy their needs for reserves during seasonal peaks by borrowing from the Federal Reserve Banks by discounting the notes of their customers. Required reserves would decline as loans were repaid, and the banks could then reduce their borrowing. Today, although some emergencies are met by borrowing from the Federal Reserve

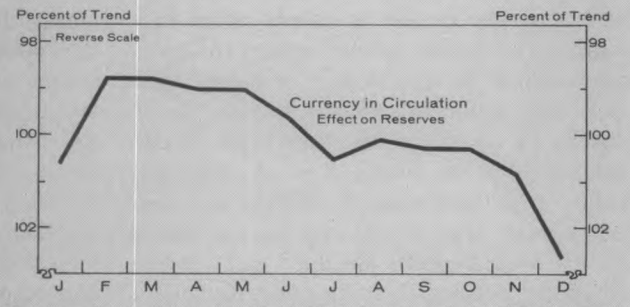
### Furnishing an Elastic Currency



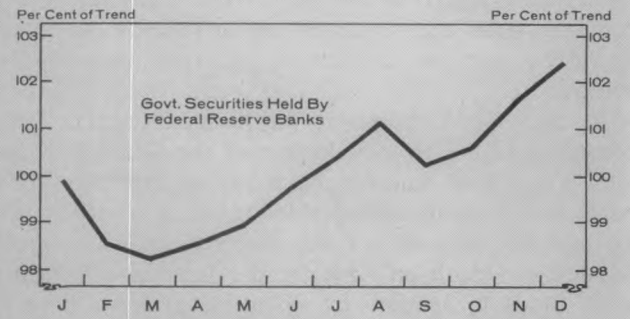

**The nation's *money supply*, i.e., private demand deposits and currency in circulation, expands and contracts in response to changes in the seasonal needs of the economy in about the same months each year.**




**Increases in *float*, credit given by the Federal Reserve Banks on uncollected checks, help member banks meet seasonal reserve pressures in some months.**




**Changes in *currency in circulation*, however, usually increase reserves in the months when required reserves decline and absorb reserves when required reserves increase.**




**To avoid seasonal periods of alternating credit ease or tightness, therefore, the Federal Reserve System absorbs or provides reserves to the member banks by making purchases or sales of *Government securities*.**

Banks, the Open Market purchase and sale of Government securities is the major instrument used in adjusting reserves to seasonal needs.

For example, the summary of policy actions contained in the *Forty-Ninth Annual Report of the Board of Governors* for 1962 states: "Late October-December Action: Increased System holdings of U. S. Government Securities by about $1.0 billion. . . . Purpose: to help meet seasonal needs for reserves." In addition, a seasonal increase in "float," credit given for checks received from member banks before they have been finally presented for collection, provides some of the additional reserves needed in periods of rising seasonal demands.

How Open Market policy decisions are made and the ways they are executed have been described in previous issues of this *Review*. For the purpose of this discussion, it is enough to say that the Federal Reserve Banks usually make net sales of Government securities during the early months of the year to absorb reserves when seasonal demands are low and make net purchases during the latter months of the year to provide reserves when seasonal demands are usually high.

### A Little More or a Little Less

Seldom is a monetary and credit policy decision made solely because of anticipated seasonal changes in the demands for money and credit. The economic environment is constantly changing, and the appropriate monetary policy changes with it; sometimes a stimulative posture is adopted and sometimes a restrictive one. Even when "no change" in policy seems in order, provision must be made for economic growth.

In practice, therefore, Federal Reserve policy-makers must generally decide to supply either less or more than the reserves usually needed during the months of seasonal expansion or to absorb less or more than the usual seasonal contraction in required reserves. In January through March, for example, member bank reserves are usually increased by the return flow of currency following the outflow that takes place during the last months of the preceding year. But, during this season, credit demands are usually low, deposits decline, and reserve requirements fall. Were Federal Reserve policy to maintain the current degree of credit tightness or ease, Open Market Operations would be based solely on counteracting the effect of the usual seasonal changes on member bank reserve positions. To achieve this, sales of Government securities approximately equal in amount to the inflow of reserves resulting from the reduction of currency in circulation would be made to prevent an excessive ease from developing.

In early 1961, however, the System's current policy, according to the *Annual Report* of the Board of Governors, was that of "encouraging monetary expansion for the purpose of fostering sustainable growth in economic activity and employment." Consequently, the policy-makers decided to absorb only part of the seasonal inflow of reserve funds in January by selling securities and to buy substantial amounts of Government securities later, even during the period when seasonal credit demands usually slacken. On the other hand, if a restrictive policy had been followed during the early months of that year, the decision might have been to absorb a little more of the inflow of reserves than is usual at that time of year.

Similar modifications in the usual seasonal operations can be made during the latter months of the year when reserve needs are expanding. During November and December 1959, for example, when policy called for "restraint on inflationary credit expansion," only "part of the year-end needs for reserves of banks" were met by Open Market purchases, according to the Board's report. Consequently, member banks could increase their reserves only by borrowing from the Federal Reserve Banks.

At times, reserve requirements are changed during the months when seasonal forces are causing credit demands to increase or decrease sharply. The Board of Governors chose November and December 1960, for example, as the time to authorize member banks to count all their vault cash as reserves and October and November 1962 as the time to cut the ratio of reserves required against time deposits. The usual seasonal expansion in required reserves could be met in this manner with minimal downward pressure on short-term interest rates and resulting balance of payments difficulties than if reserves had been supplied through Open Market purchases. On the other hand, in 1951 when reserve requirements against demand deposits were increased to reduce inflationary pressures, the January-February period was chosen. Part of the usual inflow of reserves, consequently, was absorbed without Open Market Operations. By these and other techniques, the seasonal swings in demands may be usefully employed in executing policy.

### To Each His Own

Federal Reserve operations must be aimed at the needs of the entire banking system. Adjusting the availability of reserves to seasonal needs, therefore, is made in response to the nation's total demands. Banking in this country, however, is carried on by about 14,000 individual banks, and the seasonal demands for credit and money of each of these banks may or may not coincide with those of the entire banking system. Thus, each individual bank is still faced with an important operating problem. Some of the problems faced by individual banks, with special reference to banks in this Federal Reserve District, will be discussed in an article to appear in a future issue of this *Review*.

CHARLES T. TAYLOR

### EMPLOYMENT INDEXES AVAILABLE

The Research Department has completed seasonal adjustment of certain employment data for the Sixth Federal Reserve District and for the six District states. These adjusted series, running from 1947 to the present, include: Total nonagricultural employment; manufacturing, nonmanufacturing, and construction employment for the District and each of the six states; and total District employment in apparel, textiles, lumber, wood products, furniture and fixtures, food, paper, transportation equipment, chemicals, fabricated metals, and primary metals.

The adjusted series incorporate the latest (1962) benchmarks of the state employment services, as well as revisions of historical data to take account of the 1957 changes in the Standard Industrial Classification. Copies are available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

# The District's Economic Characteristics

In reducing the mass of available economic intelligence to manageable proportions, the economic analyst often uses a generalization to describe what he believes are the major economic developments. Likewise, in describing the economic structure of an area as large and complex as the Sixth Federal Reserve District, the analyst is also likely to reach for a handy generalization. He must remember, however, that a generalization that may be appropriate for the District as a whole may not be applicable for one of the District states or a smaller area.

In order to sharpen our knowledge of this District's economic structure, the Federal Reserve Bank of Atlanta has compiled statistics on income, employment, sales, population, and banking, not only for the entire District and each District state but also, when possible, for the smaller trade and banking areas shown on the map to the right. These trade and banking areas are composed of counties surrounding major cities and are relatively homogeneous in economic structure.

## Diversity Is the Rule

The table showing the percentage distribution of personal income by source for the six-state area and for the individual District states—Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee—illustrates the diversity of the District's economy. For example, manufacturing enterprises during 1961 provided $15 of every $100 in income received by District residents in the six-state area. In Florida, they provided only $9 of every $100 received, while Alabama residents received $20 of every $100 from this source.

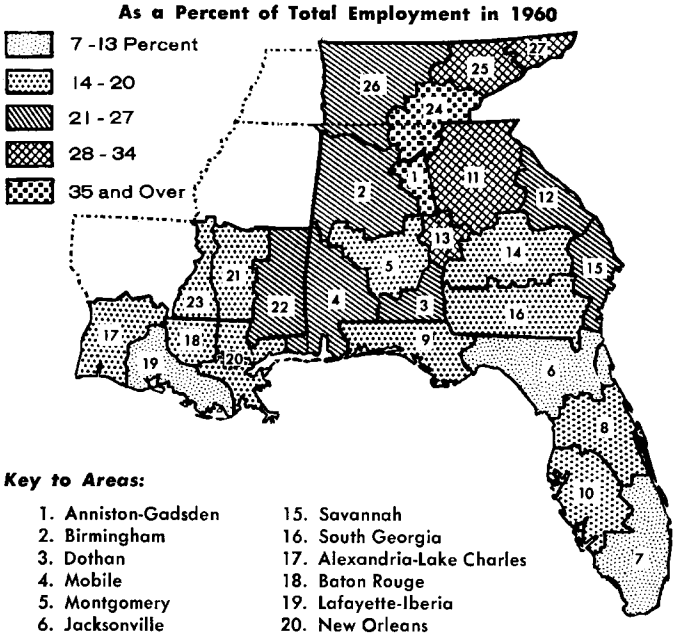
**Percent Distribution of Personal Income in 1961, by Source**
**Sixth District States**

| | *Ala.* | *Fla.* | *Ga.* | *La.* | *Miss.* | *Tenn.* | *District States* |
|---|---|---|---|---|---|---|---|
| Mining | 1 | * | * | 5 | 1 | * | 1 |
| Construction | 3 | 5 | 3 | 4 | 3 | 4 | 4 |
| Manufacturing | 20 | 9 | 19 | 12 | 15 | 22 | 15 |
| Trade | 10 | 13 | 13 | 12 | 9 | 12 | 12 |
| Finance, Insurance, and Real Estate | 3 | 4 | 3 | 3 | 2 | 3 | 3 |
| Transportation, Communication, and Public Utilities | 5 | 5 | 6 | 7 | 4 | 5 | 5 |
| Services | 6 | 8 | 6 | 7 | 6 | 7 | 7 |
| Federal Government | 10 | 6 | 9 | 4 | 7 | 5 | 7 |
| State and Local Government | 7 | 7 | 6 | 9 | 8 | 7 | 7 |
| Farm | 5 | 5 | 5 | 4 | 13 | 6 | 6 |
| Proprietor's nonfarm | 9 | 10 | 9 | 8 | 10 | 8 | 9 |
| Property Income | 9 | 17 | 10 | 12 | 9 | 10 | 12 |
| Other** | 12 | 11 | 11 | 13 | 13 | 11 | 12 |

*Less than 0.5 percent.
**Includes other industries, other labor income, and transfer payments.

In an area often thought of as primarily agricultural, perhaps many will be surprised to know that income earned in agriculture, both from farm cash receipts and farm wages, accounted for less than 6 percent of total income in the six-state area during 1961. Only in Mississippi, where farm income accounted for $13 of every $100 received by Mississippians, was the relative share of farm income larger than the amount received from state and local governments. The pocketbook importance of income from both state and local and Federal governments is apparent when one considers that government payrolls, relative to total income, provided from two to three times more income than did agriculture in all District states except Mississippi.

**Manufacturing Employment in the Sixth District**
**As a Percent of Total Employment in 1960**




***Key to Areas:***

1. Anniston-Gadsden
2. Birmingham
3. Dothan
4. Mobile
5. Montgomery
6. Jacksonville
7. Miami
8. Orlando
9. Pensacola
10. Tampa-St. Petersburg
11. Atlanta
12. Augusta
13. Columbus
14. Macon
15. Savannah
16. South Georgia
17. Alexandria-Lake Charles
18. Baton Rouge
19. Lafayette-Iberia
20. New Orleans
21. Jackson
22. Hattiesburg-Laurel-Meridian
23. Natchez
24. Chattanooga
25. Knoxville
26. Nashville
27. Tri-Cities

Personal income data, available by source for Florida trade and banking areas during 1960, reveal that marked differences in income composition exist between different areas in the same state. For example, government payrolls in the Jacksonville area were twice as important, relative to total income, as they were in the Orlando area. Manufacturing income, relative to total income, was less important in the Miami area than in any other area in the state.

## Varied Employment Trends

Economic specialization is reflected by the varied importance of different types of employment between states and within states. The map showing manufacturing employment as a percent of total employment in 1960 indicates that employment in manufacturing was more important, relative to total employment, in the Chattanooga and Anniston-Gadsden areas than in other District areas. About 35 out of every 100 jobs in these two areas were in manufacturing enterprises in 1960. In

marked contrast, manufacturing provided only 10 out of every 100 jobs in the Miami area. However, Miami had the largest percentage of the total number of jobs in finance, insurance, and real estate. Farmers were more numerous, relative to the total number of workers, in the farming regions of the South Georgia area, while New Orleans had the largest percentage of workers engaged in transportation, communication, and public utilities.

### *Cattle, Cotton, and Peanuts*

For those interested in knowing the importance of different sources of farm income, as measured by cash receipts from farm marketings in 1961, *Economic Characteristics* contains a wealth of information ranging from the importance of soybeans in Alabama to wheat in the Nashville area. A sizable proportion of total cash receipts was accounted for by poultry and egg sales in the Anniston-Gadsden, Birmingham, Atlanta, Augusta, Hattiesburg-Laurel-Meridian, Jackson, and Chattanooga areas. Cash receipts from sales of citrus provided about 41 percent of the cash income received during 1961 by growers in Florida. In the Orlando and Tampa-St. Petersburg areas, however, over 60 percent of total cash receipts was earned from citrus sales.

In the important field of consumer marketing, the data available on income per recipient earned during 1960 and on per capita retail sales in 1958, by trade and banking areas, give the marketing specialist a handy tool in evaluating present and future market potentials.

*The second major revision of Economic Characteristics of the Sixth Federal Reserve District is now available for distribution. This study classifies data for the District by state and 27 trade and banking areas. Copies of the complete study may be obtained on request to the Research Deoartment, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.*

## *Bank Announcements*

*On June 7, the First National Bank of Merritt Island, Merritt Island, 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 are Doyle I. Carlton, Chairman of the Board; George C. Hopkins, Jr., President; Albert J. Gowan, Vice President; and Donald R. Ward, Cashier. Capital is $540,000, and surplus and other capital funds, $270,000, as reported by the Comptroller of Currency at the time the charter was granted.*

*The Gulf Gate National Bank, Sarasota, Florida, a newly organized member bank, opened for business on June 17 and began to remit at par. Officers are Gilbert N. Parker, Chairman of the Board; Robert L. Ettenger, President; Jonathan H. Woody, Orpheus F. Quartullo, and Charles M. Beachler, Vice Presidents; and Charles J. Henning, Vice President and Acting Cashier. Capital is $250.000, and surplus and other capital funds, $250,000, as reported by the Comptroller of Currency at the time the charter was granted.*

## Debits to Individual Demand Deposit Accounts

**Insured Commercial Banks in the Sixth District**

(In Thousands of Dollars)

| | May 1963 | April 1963 | May 1962 | Percent Change May 1963 from April 1963 | Percent Change May 1963 from May 1962 | Percent Change Year-to-date 5 Months 1963 from 1962 |
|---|---|---|---|---|---|---|
| ALABAMA, Total† | 2,964,430 | 2,675,199 | 2,611,909r | +11 | +13 | +11 |
| Anniston | 51,267 | 48,528 | 47,844 | +6 | +7 | +7 |
| Birmingham | 1,087,413 | 974,935 | 954,329 | +12 | +14 | +9 |
| Dothan | 43,471 | 43,713 | 42,251 | —1 | +3 | +7 |
| Gadsden | 41,545 | 40,498 | 39,646 | +3 | +5 | +10 |
| Huntsville* | 113,831 | 105,971 | 86,361 | +7 | +32 | +26 |
| Mobile | 375,300 | 329,182 | 312,802 | +14 | +20 | +12 |
| Montgomery | 228,007 | 207,279 | 210,989 | +10 | +8 | +13 |
| Selma* | 32,447 | 27,777 | 28,968 | +17 | +12 | +9 |
| Tuscaloosa* | 73,628 | 69,501 | 67,008 | +6 | +10 | +11 |
| FLORIDA, Total† | 6,742,818 | 7,010,071r | 6,197,065 | —4 | +9 | +9 |
| Bartow* | 27,594 | 26,786 | n.a. | +3 | n.a. | n.a. |
| Bradenton* | 49,256 | 51,324 | n.a. | —4 | n.a. | n.a. |
| Brevard County* | 134,044 | 133,095 | n.a. | +1 | n.a. | n.a. |
| Clearwater* | 71,956 | 85,638 | n.a. | —16 | n.a. | n.a. |
| Daytona Beach* | 68,142 | 70,875 | 61,356 | —4 | +11 | +10 |
| De'ray Beach* | 24,528 | 25,880r | n.a. | —5 | n.a. | n.a. |
| Ft. Lauderdale* | 235,954 | 248,556 | 232,672 | —5 | +1 | +1 |
| Ft. Myers-North Ft. Myers* | 58,859 | 63,194 | n.a. | —7 | n.a. | n.a. |
| Gainesville* | 56,590 | 57,249 | 50,648 | —1 | +12 | +12 |
| Jacksonville | 966,221 | 922,792 | 937,230 | +5 | +3 | +1 |
| Key West* | 19,070 | 20,441 | 17,725 | —7 | +8 | +1 |
| Lakeland* | 92,936 | 97,325 | 90,221 | —5 | +3 | +8 |
| Miami | 1,101,376 | 1,137,733 | 1,026,796 | —3 | +7 | +5 |
| Greater Miami* | 1,612,979 | 1,721,064 | 1,495,293 | —6 | +8 | +6 |
| Ocala* | 43,244 | 46,013 | n.a. | —6 | n.a. | n.a. |
| Orlando | 313,197 | 334,072 | 280,815 | —6 | +12 | +11 |
| Pensacola | 97,362 | 96,355 | 93,847 | +1 | +4 | +7 |
| St. Augustine* | 15,032 | 16,414 | n.a. | —8 | n.a. | n.a. |
| St. Petersburg | 222,645 | 246,153 | 233,677 | —10 | —5 | —4 |
| Sarasota* | 81,487 | 93,002 | 86,344 | —12 | —6 | n.a. |
| Ta'lahassee* | 85,289 | 81,531 | 74,664 | +5 | +14 | +9 |
| Tampa | 508,960 | 513,710 | 485,079 | —1 | +5 | +6 |
| W. Palm-Palm Bch.* | 164,706 | 189,683 | 189,050 | —13 | —13 | —1 |
| Winter Haven* | 45,611 | 52,402 | n.a. | —13 | n.a. | n.a. |
| GEORGIA, Total† | 5,116,364 | 5,271,464 | 4,647,016r | —3 | +10 | +12 |
| Albany | 65,349 | 63,471 | 61,238 | +3 | +7 | +5 |
| Athens* | 50,649 | 47,521 | 48,756 | +7 | +4 | +0 |
| Atlanta | 2,845,110 | 3,001,398 | 2,561,870 | —5 | +11 | +18 |
| Augusta | 144,455 | 137,149 | 129,308 | +5 | +12 | +11 |
| Brunswick | 38,534 | 35,128 | 34,718 | +10 | +11 | +8 |
| Columbus | 135,017 | 128,038 | 129,690 | +5 | +4 | +2 |
| Dalton* | 62,647 | 67,826 | 56,960 | —8 | +10 | n.a. |
| Elberton | 12,263 | 9,179 | 10,025 | +34 | +22 | +9 |
| Gainesville* | 59,623 | 52,173 | 60,046 | +14 | —1 | +5 |
| Griffin* | 22,241 | 23,326 | 21,723 | —5 | +2 | +7 |
| LaGrange* | 16,811 | 17,436 | 16,510 | —4 | +2 | —4 |
| Macon | 152,444 | 154,767 | 145,344 | —2 | +5 | +9 |
| Marietta* | 44,952 | 43,996 | 37,412 | +2 | +20 | +18 |
| Newnan | 20,700 | 20,106 | 18,831 | +3 | +10 | —1 |
| Rome* | 54,528 | 53,545 | 53,132 | +2 | +3 | +3 |
| Savannah | 201,938 | 194,003 | 189,631 | +4 | +6 | +6 |
| Valdosta | 37,278 | 35,003 | 36,878 | +6 | +1 | +0 |
| LOUISIANA, Total†** | 3,108,333 | 2,973,188 | 2,762,572r | +5 | +13 | +9 |
| Abbeville* | 8,013 | 7,821 | n.a. | +2 | n.a. | n.a. |
| Alexandria* | 88,092 | 81,961 | 85,755 | +7 | +3 | +5 |
| Baton Rouge | 363,305 | 346,182 | 302,476 | +5 | +20 | +12 |
| Bunkie* | 4,701 | 4,439 | n.a. | +6 | n.a. | n.a. |
| Hammond* | 27,800 | 26,736 | n.a. | +4 | n.a. | n.a. |
| Lafayette* | 86,351 | 77,381 | 73,852 | +12 | +17 | +11 |
| Lake Charles | 93,837 | 87,216 | 88,495 | +8 | +6 | +3 |
| New Iberia* | 26,397 | 25,598 | n.a. | +3 | n.a. | n.a. |
| New Orleans | 1,663,264 | 1,599,909 | 1,579,305 | +4 | +5 | +5 |
| Plaquemine* | 6,881 | 6,636 | n.a. | +4 | n.a. | n.a. |
| Thibodaux* | 15,209 | 16,533 | n.a. | —8 | n.a. | n.a. |
| MISSISSIPPI, Total†** | 998,136 | 886,301 | 888,098r | +13 | +12 | +7 |
| Biloxi-Gulfport* | 71,368 | 66,605 | 65,832 | +7 | +8 | +11 |
| Hattiesburg | 39,879 | 38,396 | 40,651 | +4 | —2 | —2 |
| Jackson | 413,668 | 357,674 | 365,753 | +16 | +13 | +5 |
| Laurel* | 31,492 | 29,470 | 30,094 | +7 | +5 | +2 |
| Meridian | 58,049 | 50,444 | 52,965 | +15 | +10 | +12 |
| Natchez* | 27,128 | 25,679 | 24,742 | +6 | +10 | +9 |
| Pascagoula-Moss Point* | 40,260 | 37,190 | n.a. | +8 | n.a. | n.a. |
| Vicksburg | 27,918 | 25,245 | 23,608 | +11 | +18 | +10 |
| Yazoo City* | 21,568 | 18,579 | n.a. | +16 | n.a. | n.a. |
| TENNESSEE, Total†** | 2,582,355 | 2,466,281 | 2,345,783r | +5 | +10 | +7 |
| Bristol* | 60,206 | 58,664 | 57,189 | +3 | +5 | +5 |
| Chattanooga | 381,869 | 385,675 | 354,333 | —1 | +8 | +8 |
| Johnson City* | 52,529 | 48,669 | 49,526 | +8 | +6 | +10 |
| Kingsport* | 96,494 | 92,154 | 92,448 | +5 | +4 | +1 |
| Knoxville | 289,713 | 275,138 | 270,118 | +5 | +7 | +6 |
| Nashville | 937,435 | 876,298 | 851,795 | +7 | +10 | +8 |
| SIXTH DISTRICT, Total | 21,512,436 | 21,282,504 | 19,452,443 | +1 | +11 | +10 |
| Total, 32 Cities | 12,958,789 | 12,715,369 | 11,912,337 | +2 | +9 | +8 |
| UNITED STATES 344 Cities | 318,100,000 | 307,800,000r | 295,400,000 | +3 | +8 | +9 |

*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**

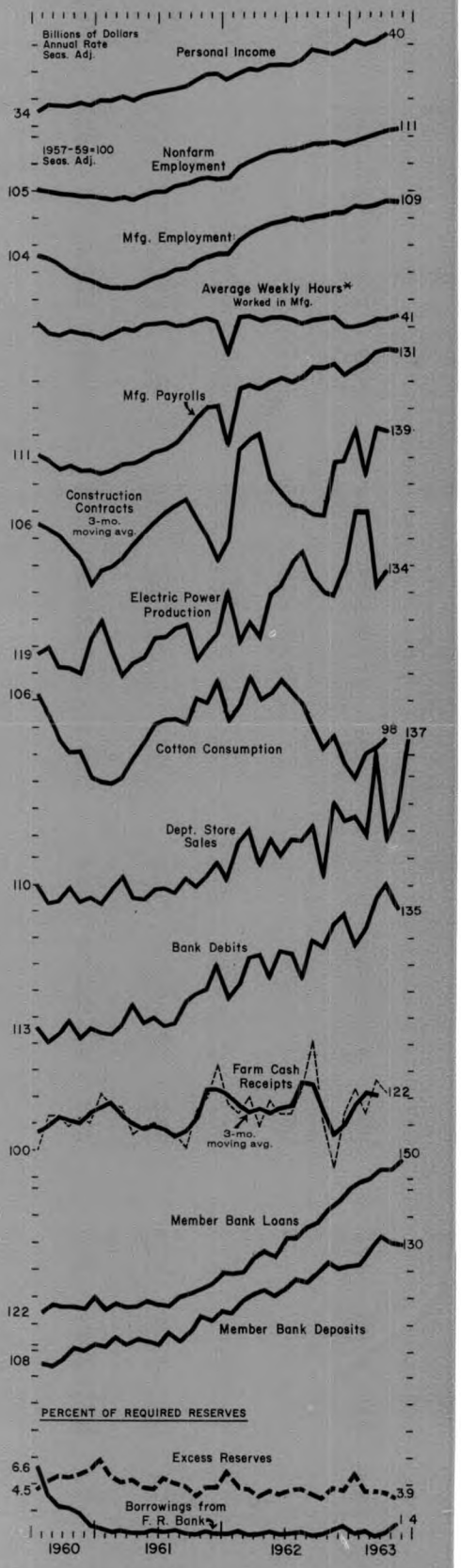
(All data are indexes, 1957-59 = 100, unless indicated otherwise.)

| | Latest Month (1963) | | One Month Ago | Two Months Ago | One Year Ago |
|---|---|---|---|---|---|
| **SIXTH DISTRICT** | | | | | |
| INCOME AND SPENDING | | | | | |
| Personal Income, (Mil. $, Annual Rate) | April | 39,836 | 39,379r | 39,004r | 37,159 |
| Farm Cash Receipts | April | 122 | 127 | 114 | 109 |
| Crops | April | 131 | 153 | 112 | 115 |
| Livestock | April | 115 | 110 | 115 | 103 |
| Department Store Sales*/** | June | 137p | 123 | 118 | 115 |
| Department Store Stocks* | May | 125 | 122 | 123 | 115 |
| Instalment Credit at Banks,* (Mil. $) | | | | | |
| New Loans | May | 153 | 169 | 166 | 144 |
| Repayments | May | 148 | 149 | 149 | 131 |
| PRODUCTION AND EMPLOYMENT | | | | | |
| Nonfarm Employment | May | 111 | 111 | 110 | 109 |
| Manufacturing | May | 109 | 109 | 109 | 107 |
| Apparel | May | 132 | 131 | 129 | 126 |
| Chemicals | May | 104 | 104r | 104 | 102 |
| Fabricated Metals | May | 111 | 111r | 110 | 108 |
| Food | May | 102 | 103 | 103 | 104 |
| Lbr., Wood Prod., Furn. & Fix. | May | 93 | 93 | 93 | 93 |
| Paper | May | 107 | 105 | 107 | 104 |
| Primary Metals | May | 99 | 99 | 98 | 98 |
| Textiles | May | 94 | 95 | 94 | 97 |
| Transportation Equipment | May | 113 | 115 | 116 | 104 |
| Nonmanufacturing | May | 111 | 111 | 111 | 109 |
| Construction | May | 102 | 101 | 100 | 97 |
| Farm Employment | May | 89 | 84 | 89 | 91 |
| Insured Unemployment, (Percent of Cov. Emp.) | May | 3.8 | 3.7 | 4.0 | 4.0 |
| Avg. Weekly Hrs. in Mfg., (Hrs.) | May | 41.0 | 40.7r | 40.7 | 40 9 |
| Manufacturing Payrolls | May | 131 | 131 | 130 | 125 |
| Construction Contracts* | April | 139 | 141 | 124 | 139 |
| Residential | April | 132 | 129 | 122 | 116 |
| All Other | April | 146 | 150 | 125 | 158 |
| Electric Power Production** | April | 134 | 131 | 145 | 122 |
| Cotton Consumption** | May | 100 | 98 | 96 | 106 |
| Petrol. Prod. in Coastal La. and Miss.** | May | 163 | 156 | 159r | 145 |
| FINANCE AND BANKING | | | | | |
| Member Bank Loans* | | | | | |
| All Banks | May | 150 | 149 | 149 | 133 |
| Leading Cities | June | 147 | 142 | 141 | 133 |
| Member Bank Deposits* | | | | | |
| All Banks | May | 130 | 130 | 131 | 120 |
| Leading Cities | June | 128 | 123 | 124 | 120 |
| Bank Debits*/** | May | 135 | 140 | 137 | 123 |
| **ALABAMA** | | | | | |
| INCOME AND SPENDING | | | | | |
| Personal Income, (Mil. $, Annual Rate) | April | 5,494 | 5,368r | 5,373r | 5,115 |
| Farm Cash Receipts | April | 120 | 119 | 129 | 110 |
| Department Store Sales** | May | 103 | 97 | 120 | 110 |
| PRODUCTION AND EMPLOYMENT | | | | | |
| Nonfarm Employment | May | 107 | 107 | 107 | 105 |
| Manufacturing | May | 102 | 102 | 102 | 101 |
| Nonmanufacturing | May | 109 | 109 | 109 | 107 |
| Construction | May | 94 | 94r | 92 | 96 |
| Farm Employment | May | 104 | 90 | 81 | 105 |
| Insured Unemployment, (Percent of Cov. Emp.) | May | 4.1 | 4.0 | 4.2 | 4.7 |
| Avg. Weekly Hrs. in Mfg., (Hrs.) | May | 40.9 | 40.3r | 40.1 | 40.4 |
| Manufacturing Payrolls | May | 122 | 122 | 120 | 118 |
| FINANCE AND BANKING | | | | | |
| Member Bank Loans | May | 153 | 150 | 150 | 132 |
| Member Bank Deposits | May | 131 | 128 | 129 | 119 |
| Bank Debits** | May | 134 | 132 | 135 | 122 |
| **FLORIDA** | | | | | |
| INCOME AND SPENDING | | | | | |
| Personal Income, (Mil. $, Annual Rate) | April | 11,367 | 11,327r | 11,021r | 10,693 |
| Farm Cash Receipts | April | 133 | 154 | 103 | 109 |
| Department Store Sales** | May | 151 | 147 | 157 | 138 |
| PRODUCTION AND EMPLOYMENT | | | | | |
| Nonfarm Employment | May | 116 | 116 | 116 | 115 |
| Manufacturing | May | 119 | 120r | 119 | 121 |
| Nonmanufacturing | May | 116 | 115 | 115 | 114 |
| Construction | May | 93 | 94 | 92 | 90 |
| Farm Employment | May | 113 | 111 | 117 | 119 |
| Insured Unemployment, (Percent of Cov. Emp.) | May | 3.3 | 3.4 | 3.5 | 3.2 |
| Avg. Weekly Hrs. in Mfg., (Hrs.) | May | 40.6 | 40.8r | 41.5 | 41.4 |
| Manufacturing Payrolls | May | 156 | 155 | 157 | 154 |
| FINANCE AND BANKING | | | | | |
| Member Bank Loans | May | 150 | 147 | 148 | 128 |
| Member Bank Deposits | May | 131 | 132 | 134 | 122 |
| Bank Debits** | May | 136 | 143r | 136 | 125 |

| | Latest Month (1963) | | One Month Ago | Two Months Ago | One Year Ago |
|---|---|---|---|---|---|
| **GEORGIA** | | | | | |
| INCOME AND SPENDING | | | | | |
| Personal Income, (Mil. $, Annual Rate) | April | 7,528 | 7,390r | 7,371r | 6,950 |
| Farm Cash Receipts | April | 114 | 109 | 114 | 102 |
| Department Store Sales** | May | 115 | 112 | 137 | 118 |
| PRODUCTION AND EMPLOYMENT | | | | | |
| Nonfarm Employment | May | 112 | 112 | 112 | 109 |
| Manufacturing | May | 108 | 108 | 107 | 105 |
| Nonmanufacturing | May | 114 | 114 | 114 | 111 |
| Construction | May | 112 | 112r | 109 | 111 |
| Farm Employment | May | 68 | 68 | 75 | 75 |
| Insured Unemployment, (Percent of Cov. Emp.) | May | 2.7 | 2.9 | 3.0 | 3.0 |
| Avg. Weekly Hrs. in Mfg., (Hrs.) | May | 39.9 | 39.9r | 40.2 | 40.0 |
| Manufacturing Payrolls | May | 127 | 129 | 128 | 121 |
| FINANCE AND BANKING | | | | | |
| Member Bank Loans | May | 153 | 151 | 150 | 138 |
| Member Bank Deposits | May | 134 | 135 | 134 | 125 |
| Bank Debits** | May | 141 | 152 | 149 | 127 |
| **LOUISIANA** | | | | | |
| INCOME AND SPENDING | | | | | |
| Personal Income, (Mil. $, Annual Rate) | April | 5,948 | 5,907r | 5,922r | 5,570 |
| Farm Cash Receipts | April | 104 | 113 | 115 | 116 |
| Department Store Sales*/** | May | 111 | 109 | 115 | 105 |
| PRODUCTION AND EMPLOYMENT | | | | | |
| Nonfarm Employment | May | 103 | 102 | 102 | 100 |
| Manufacturing | May | 99 | 100r | 100 | 94 |
| Nonmanufacturing | May | 103 | 103 | 103 | 101 |
| Construction | May | 97 | 94 | 92 | 83 |
| Farm Employment | May | 95 | 77 | 85 | 92 |
| Insured Unemployment, (Percent of Cov. Emp.) | May | 4.2 | 4.3 | 4.6 | 4.8 |
| Avg. Weekly Hrs. in Mfg., (Hrs.) | May | 42.0 | 42.3 | 42.6 | 41.2 |
| Manufacturing Payrolls | May | 122 | 124 | 125 | 110 |
| FINANCE AND BANKING | | | | | |
| Member Bank Loans* | May | 139 | 142 | 140 | 129 |
| Member Bank Deposits* | May | 118 | 119 | 119 | 112 |
| Bank Debits*/** | May | 126 | 127 | 121 | 115 |
| **MISSISSIPPI** | | | | | |
| INCOME AND SPENDING | | | | | |
| Personal Income, (Mil. $, Annual Rate) | April | 3,040 | 2,993r | 3,003r | 2,792 |
| Farm Cash Receipts | April | 117 | 123 | 141 | 107 |
| Department Store Sales*/** | May | 105 | 98 | 109 | 102 |
| PRODUCTION AND EMPLOYMENT | | | | | |
| Nonfarm Employment | May | 115 | 115 | 115 | 111 |
| Manufacturing | May | 118 | 117 | 117 | 113 |
| Nonmanufacturing | May | 114 | 114 | 114 | 111 |
| Construction | May | 120 | 121 | 119 | 105 |
| Farm Employment | May | 79 | 79 | 84 | 81 |
| Insured Unemployment, (Percent of Cov. Emp.) | May | 4.2 | 4.3 | 4.6 | 4.6 |
| Avg. Weekly Hrs. in Mfg., (Hrs.) | May | 40.6 | 40.5r | 40.2 | 40.5 |
| Manufacturing Payrolls | May | 138 | 135r | 135 | 129 |
| FINANCE AND BANKING | | | | | |
| Member Bank Loans* | May | 170 | 168 | 165 | 151 |
| Member Bank Deposits* | May | 146 | 143 | 141 | 130 |
| Bank Debits*/** | May | 143 | 137 | 147 | 131 |
| **TENNESSEE** | | | | | |
| INCOME AND SPENDING | | | | | |
| Personal Income, (Mil. $, Annual Rate) | April | 6,459 | 6,394r | 6,314r | 6,039 |
| Farm Cash Receipts | April | 119 | 112 | 117 | 115 |
| Department Store Sales*/** | May | 111 | 100 | 123 | 109 |
| PRODUCTION AND EMPLOYMENT | | | | | |
| Nonfarm Employment | May | 111 | 111r | 110 | 109 |
| Manufacturing | May | 111 | 111 | 111 | 110 |
| Nonmanufacturing | May | 110 | 110 | 109 | 108 |
| Construction | May | 131 | 124r | 124 | 128 |
| Farm Employment | May | 98 | 94 | 97 | 97 |
| Insured Unemployment, (Percent of Cov. Emp.) | May | 4.6 | 4.5 | 5.0 | 4.8 |
| Avg. Weekly Hrs. in Mfg., (Hrs.) | May | 41.0 | 41.2 | 40.6 | 40.8 |
| Manufacturing Payrolls | May | 128 | 128 | 127 | 125 |
| FINANCE AND BANKING | | | | | |
| Member Bank Loans* | May | 151 | 150 | 152 | 133 |
| Member Bank Deposits* | May | 129 | 131 | 134 | 119 |
| Bank Debits*/** | May | 135 | 136 | 137 | 120 |

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

**The District's economy made a further modest advance, although progress was marred by some significant declines. Employment expanded further, but a few key types weakened. Personal income continued to increase, stimulating a further rise in consumer spending. Farmers were again buffeted by the weather: Rains broke the drought in some areas, but excessive moisture threatens Georgia's tobacco crop.**

**Nonfarm employment in the District moved up to a new record in May.** However, a small decline in manufacturing employment caused the increase to be modest and somewhat less than in earlier months of 1963. Employment in apparel and in paper and printing, running counter to the slowing tendency in other industries, registered significant increases. Manufacturing payrolls declined slightly for the first time in five months, because average hourly earnings in most District states either dropped or remained unchanged. Construction contracts, on a three-month moving average basis, changed little in April. Construction employment, however, continued the sharp advance begun last January. Cotton consumption at the District's textile mills expanded further in April, contrasting sharply with the downturn in textile employment. Steel production declined sharply from the peak in mid-May.

**District retail spending in May continued to push upward, although some slackening in consumer credit demands was evident.** Sales at District department stores advanced sharply during early June, following modest but widespread increases in May. Furniture store sales in all District states rebounded moderately. Bank debits, however, dipped slightly in May, as checkbook spending declined in all states except Alabama and Mississippi. Auto sales in the six-state area for the first four months of this year matched those of the nation: Both were about 10 percent above those for the same period last year. Sales tax collections indicate renewed strength during March and April, following a moderate decline early in the year. Consumer instalment credit outstanding at District banks expanded during May but failed to equal previous gains. The smaller debt expansion reflected a dip in the volume of consumer borrowing, together with an increase in the level of repayments. Personal income in April expanded $457 million over the previous month. Among District states, Mississippi, Georgia, and Louisiana scored the largest year-to-date gains over the same period last year.

**As summer began, farmers tasted the bitter and the sweet.** Rains broke the drought in most places in the southern reaches of the District and generally improved crop prospects. However, excessive rainfall in Georgia has endangered the flue-cured tobacco crop now being harvested. Many pastures stunted by prolonged dry weather are improving but are still providing only limited grazing. The harvest of citrus has virtually ended, but harvests of vegetables, hay, small grains, and other crops, although now temporarily checked by the rainfall, are gaining headway. Farm employment increased in May, with major gains occurring in Alabama and Louisiana. Prices for many important farm products moved lower, but sharply higher prices for citrus caused an increase in the May index of prices received by farmers.

**Total bank credit of District member banks rebounded in May, reflecting a sharp rise in loans.** Investments declined further, however, and deposits dropped to a level well below the high registered in March of this year. Loans and investments at banks in leading cities show a continued rise through June, and deposits in June advanced to a new high.

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