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**A PROSPEROUS YEAR
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**TEXTILES — A DECLINING
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*Federal
Reserve
Bank of
Atlanta*

Monthly Review

Meeting Seasonal Loan Demands A Problem of Managing Bank Funds

Frequently, because of seasonal forces, banks in an area may lose deposits when loan demands are high and gain deposits when loan demands are low. Such alternate periods of "tightness" and "ease" create a problem for an individual bank in managing its funds, regardless of how well Federal Reserve policy reduces the seasonal pressures on the entire banking system. This difficulty occurs because seasonal patterns in local areas frequently differ from those of the entire banking system. This is so because commercial banks make most of their loans to local borrowers and because the economic structures underlying the seasonal loan demands of these borrowers differ from area to area.

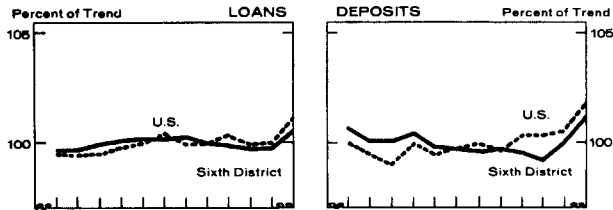
At the nation's banks, loans reach their seasonal peak in December; in the Sixth District, however, Florida and Louisiana are the only states that have a similar seasonal pattern of loan demand. Seasonal influences cause loans to be highest at the end of July in Alabama, Mississippi, and Tennessee. At Georgia banks, the seasonal peak comes at the end of September. Seasonal lending patterns also differ markedly from area to area within the states.

Every banker knows on the basis of past experience that more of his customers will be requesting loans in certain months than in others and that these months are the same year after year. Thus, the seasonal patterns that are derived from data based on banking reports, used as illustrations in this article, merely formalize what bankers already know. Applying statistical techniques to monthly loan data for recent years, we have developed measures of seasonal movements, technically called seasonal adjustment factors. These factors tell us the typical increase or decrease from month to month, assuming the levels of outstanding loans were influenced solely by seasonal influences and not by general economic conditions, long-term growth or decline, or irregular forces.

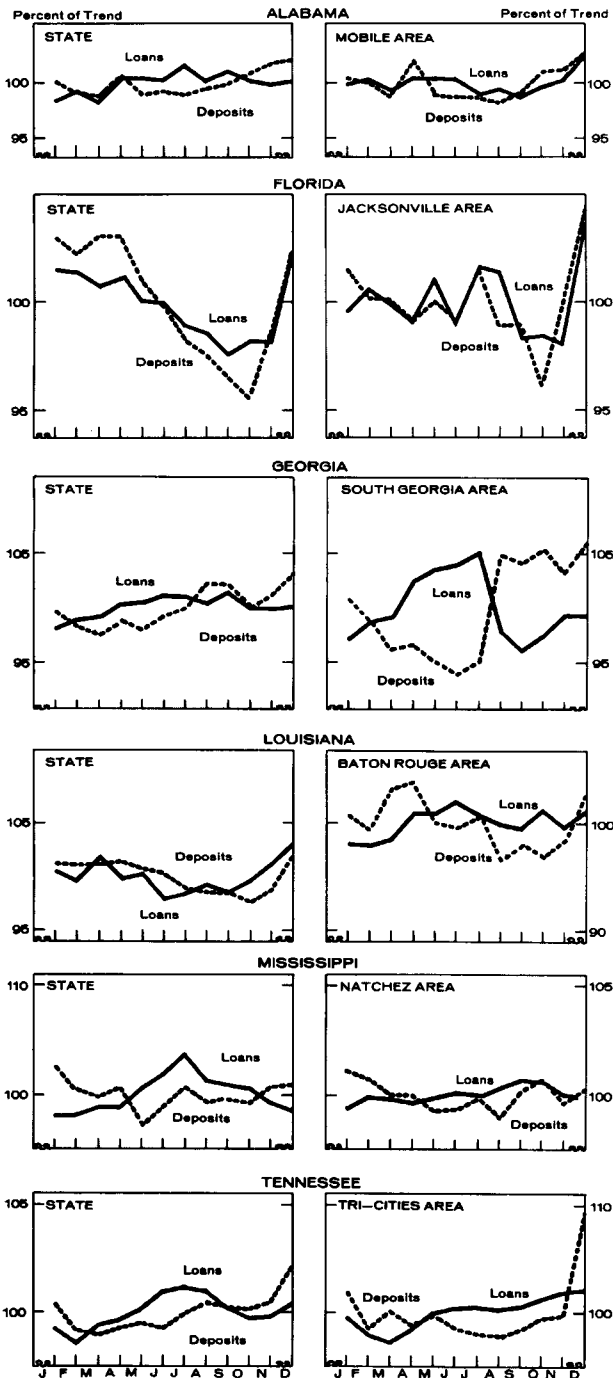
The Loan Mix

The figure for total loans outstanding is a composite of the loans a bank has made to a wide variety of borrowers with different credit needs. The borrowings of some of these persons have a seasonal pattern; those of others do not. The borrowings that show a seasonal pattern are quite likely to do so because of customers' needs for more short-term working capital during certain months of the year, rather than from their needs for longer-term funds. In this respect, the seasonal loan demands of farmers and businessmen are similar. A farmer needs funds to buy seed and fertilizer, pay hired labor, and cover living expenses until his crops are harvested and sold. The retail merchant needs working capital to accumulate inventories prior to his heaviest selling months and to carry the accounts receivable of his customers after the goods are sold. The home builder needs construction funds to pay for labor and materials

The seasonal patterns of both the loans and deposits at all member banks in the U. S. and in the Sixth District are generally similar.



Some seasonal patterns differ, however, from state to state and from area to area within each state.



used during the good building months before the houses are ready for sale. The mortgage banker may need funds while mortgages acquired during the peak home-buying months are being "seasoned". These and other types of borrowers may differ in their specific seasonal needs, but they all have a greater need for short-term working capital in some months than in others and they receive some of these funds from banks.

With so many different kinds of borrowers, the seasonal lending patterns of total loans outstanding naturally differ from bank to bank and from area to area merely because of the "loan mix". In addition, banks with a high proportion of borrowers whose primary need is for long-term credit are less likely to have a marked seasonal lending pattern than banks with a high proportion of short-term borrowers. For example, although consumers tend to concentrate their car buying in the first half of the year, which causes new automobile instalment loans by banks to be highest then, changes in loans outstanding show less seasonal response than new loans. This may be explained by saying that the new credit granted for comparatively long terms is only a small part of the total outstandings and, in some cases, repayments are heavy in the same months in which new loans are highest.

The variety of seasonal loan patterns of some specific types of loans, as well as the contrasting patterns that result in different areas of the District from different "loan mixes" and different local economic characteristics, is illustrated by the accompanying chart in the left column of Page 3. In general, there is likely to be a stronger seasonal loan pattern in areas where the economic structure is specialized than where it is more diversified. Almost all banks, nevertheless, have a seasonal lending pattern of some sort.

The Banker's Problem

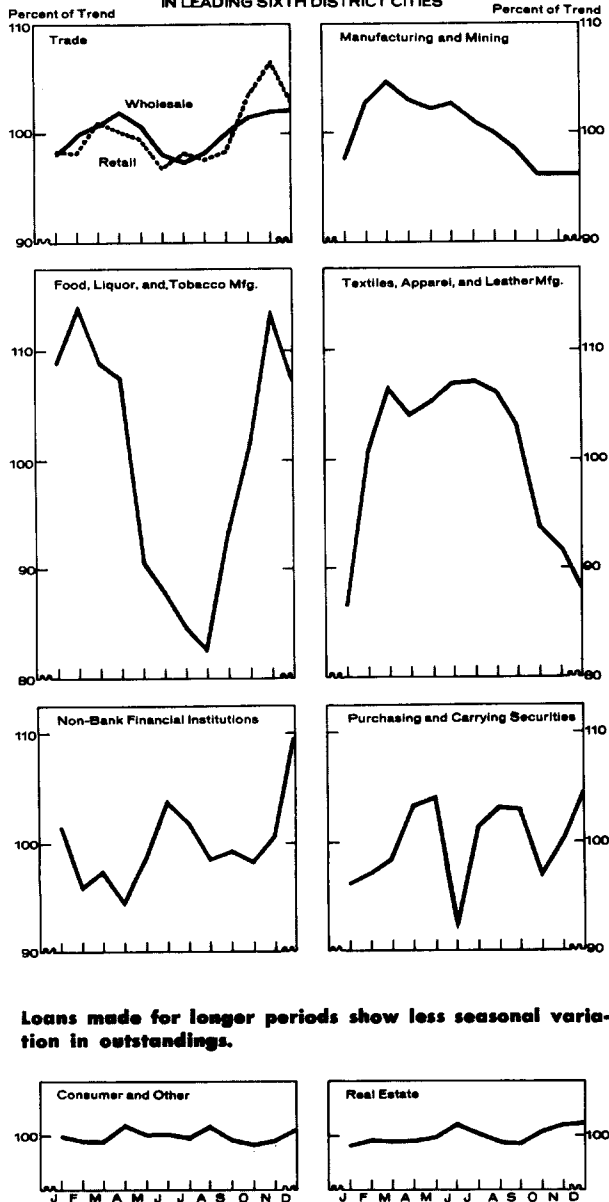
This tendency for loans to rise and fall during the year in a regular recurring pattern is of more than casual interest to the banker. Unless he plans and prepares for these seasonal peaks in lending, he may find himself either unable to meet the usual credit demands of his customers or discover at the same time year after year that he is in an uncomfortably tight "cash position". The very same forces that are determining the seasonal pattern of his loans may also be drawing funds out of his bank when he most needs them and vice versa.

Bankers tend to regard the amount of their deposits as imposing a limit on their loans or investments, even though they may know that the banking system as a whole "creates" deposits when it extends credit on the basis of available reserves. This is so because a bank is likely to gain reserves during a deposit expansion and lose them during a contraction. How much an individual bank can lend or invest, therefore, depends upon its ability to attract or retain deposits. Since both the inflow and withdrawal of deposits are influenced by seasonal forces, the banker must take them into consideration when he formulates his loan and investment policies.

In some farming communities, for example, income is derived principally from the sale of a few specific crops in the late summer and early autumn, and deposits build up

Loans that provide short-term working capital are most likely to follow a seasonal pattern.

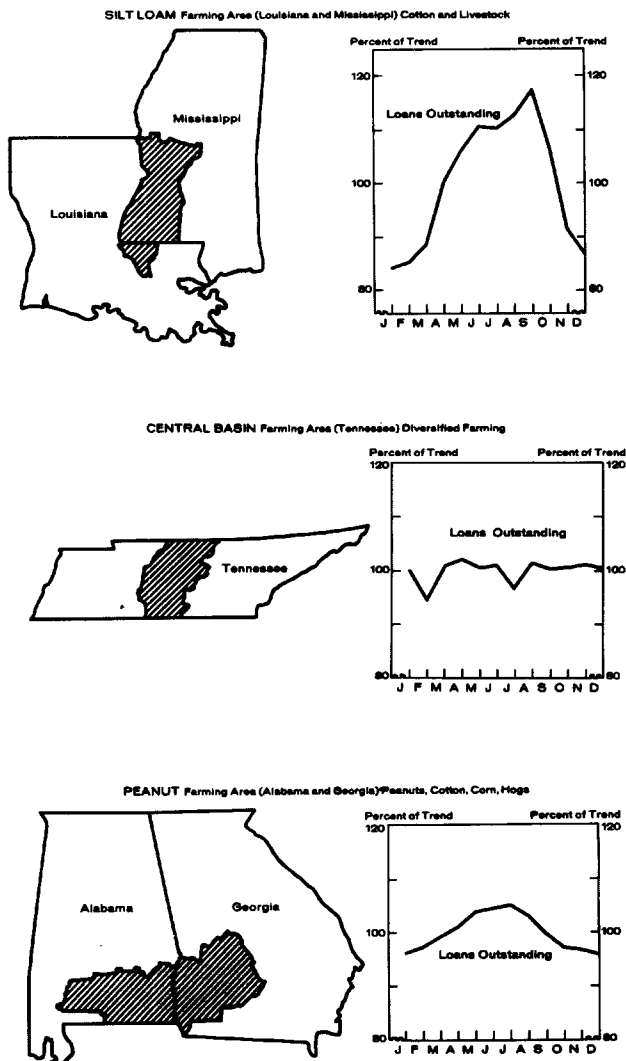
LOANS OUTSTANDING AT MEMBER BANKS IN LEADING SIXTH DISTRICT CITIES



Loans made for longer periods show less seasonal variation in outstandings.

during these months. During this period, the banker has ample funds to lend. The demand for loans, however, is then at a seasonal low because farming activity is at a low ebb. After that, deposit declines begin to drain reserves month by month well into the following year until the crops are harvested and sold. Beginning in the spring, money must be spent for seed, fertilizer, and other production expenses; some of this money travels outside the local banking area, thus adding to the bank deposit drains. This is the time, however, when loan demands are high. The banker in such an area finds that when he needs funds most he has a shortage of loanable funds and when loanable funds are abundant he needs them least. Thus, conflicting seasonal deposit and loan patterns may pose serious problems in the management of a bank's funds. Not all banks have identical problems, but most of them have seasonal problems of some sort. Since bankers know with

The kinds of farm enterprise carried on in an area determine the seasonal loan practices of banks serving farmers, as the experience of rural banks in these areas illustrates.



some confidence when there will be "tight" and "easy" periods each year, they plan their operations accordingly to keep available funds fully employed and earning profits and also to meet seasonal drains on their reserves when they occur.

Meeting the Problem

Bankers meet these seasonal problems by properly managing their secondary reserves, which are, in the words of the money and banking textbooks, those earning assets that may be quickly converted to cash at all times without appreciable loss. Instead of leaving their funds idle during slack periods, they invest them in earning assets that can readily be converted into cash without loss. Since short-term securities of the U. S. Government are subject to fewer price fluctuations than long-term securities, they are the chief components of secondary reserves. Skillful management spaces the maturities of these issues so that securities will mature as funds are needed. Although higher earnings could be obtained from a portfolio consisting entirely of long-term securities, there is the risk that, with a rise in yields and a consequent decline in prices, a loss

would be incurred if the securities were sold before maturity.

The management of a bank's cash position is a special art. First of all, some knowledge of seasonal changes in loans and deposits is needed. It also requires a man with a "sharp pencil" who will watch his bank's cash position from day to day or even from hour to hour. He checks by phone with his Federal Reserve Bank to determine his reserve position; he checks within his own bank on any expected large deposit changes; and he knows if large blocks of securities are maturing. He must be able to estimate not only today's position, but also what it will likely be in the future. Only then can he decide whether he should use any existing excess funds in the Federal funds market, buy short-term securities or commercial paper, or whether the bank could prudently earn higher yields on intermediate- or longer-term Government or municipal securities. When he discovers that the bank is likely to be deficient in reserves, he must decide how to erase the deficiency. Because of the special skills required and the time involved, a money-position specialist is frequently found only at the larger city banks.

For many banks, especially the smaller ones, managing the bank's money position may be only one of the numerous tasks performed by a bank officer. Paying such close attention to the bank's daily cash position, however, may not be compensated by an additional gain in earnings. Some banks, therefore, prefer to keep a cushion of excess reserves and correspondent balances that will meet most emergencies. Sometimes, if not carried to an extreme, such a policy may be the most economical one to follow.

The seasonal patterns derived from statistics reported by the member banks in this District's six county Dothan trade and banking area in southeast Alabama illustrate the asset and liability changes made in response to seasonal forces. This area was chosen as an illustration because it is more dependent upon farming, particularly cotton and peanut production, than many other areas of the District, and, consequently, the seasonal swings in deposits and loans are large. Typically, deposits decline seasonally during the period in which loan demand is expanding and rise when loan demand falls off. Of course, the operations of any one of the banks in the area may not conform specifically to the pattern derived from the experience of all the banks combined. Nevertheless, the asset adjustments that were made are typical of the action many bankers take when faced by such seasonal changes.

The statistics for past years show, for example, that the Dothan area member banks typically reduce their investment holdings month by month during the first half of the year—the period when loans are rising and deposits declining. When deposits increase in the latter part of the year as the crops are marketed, the banks typically add to their investment holdings. They also use their excess reserves with the Federal Reserve Bank of Atlanta, as well as their demand balances with other banks, in making adjustments to seasonal needs.

Borrowing for Seasonal Needs

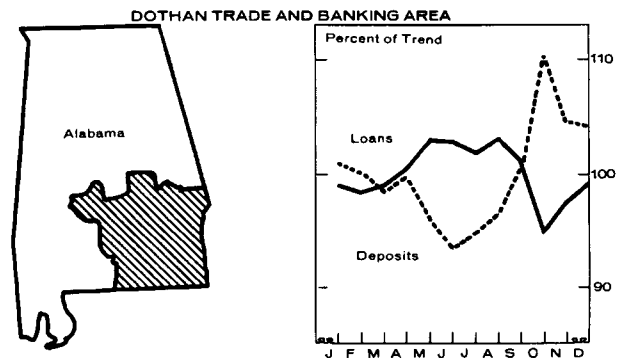
Why, then, if a banker by planning can manage his bank's funds to provide for seasonal needs, do some banks occasionally borrow from the Federal Reserve Bank of

Atlanta or from other banks for seasonal needs? There are two general reasons: the imprecision inherent in forecasting and mistakes in bank management.

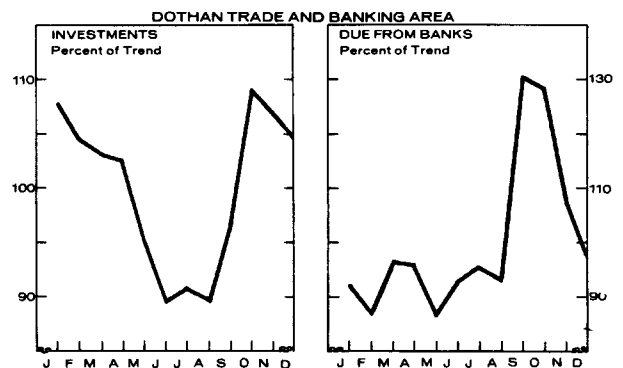
Changes in the demand for bank loans and in the level of bank deposits are caused, of course, by changes in general economic conditions, the long-term growth of a community, and by other not completely predictable events, as well as by seasonal forces. At times, these forces may push up loan demands or drain off deposits beyond a banker's prudent expectations. Moreover, the seasonal pattern of lending may change as the economic character of the community the bank serves changes. For any such reason, plans for meeting seasonal problems may prove inadequate. Furthermore, the "sharper" the banker's "pencil" and the greater his attempts to remain fully invested at all times, the more likely it is that he will find himself faced with special seasonal problems. Thus, large banks are more frequent borrowers than smaller ones.

A banker may find, for example, that deposit withdrawals are greater than he can meet by liquidating short-term securities. To raise funds by selling his long-term securities on a falling market might incur losses. Sometimes such emergency seasonal needs can be met by borrowing from other banks through the Federal funds market, as dis-

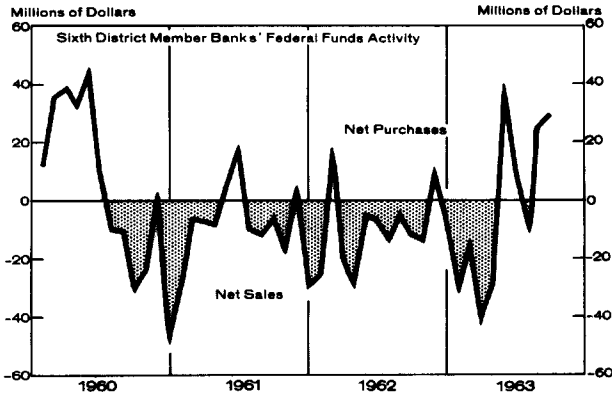
Proper management of bank funds is especially important in an area where cash crops are an important source of income, as they are in the Dothan, Alabama, trade and banking area. There, deposits decline seasonally and reduce reserves during the months when loans are rising. Deposits rise seasonally when loans decline.



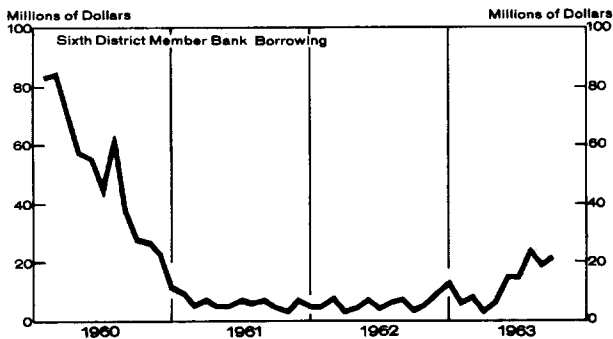
Member banks in the area meet peak credit demands and absorb excess funds chiefly by adjusting their investment portfolios. They also make adjustments through their excess reserves at the Federal Reserve Bank of Atlanta and their demand deposit balances due from correspondent banks.



Some Sixth District banks adjust their reserves through the purchase and sale of Federal funds. For all District banks combined, this activity in recent years follows somewhat of a seasonal pattern.



Seasonal requirements beyond those that can be reasonably met from banks' own reserves may be met by short-term borrowing from the Federal Reserve Bank of Atlanta.



discussed in the October 1962 *Review*. At other times, member banks exercise their privilege of borrowing from the Federal Reserve Banks.

"Access to the Federal Reserve discount facilities," we are told in *Regulation A* of the Board of Governors, "is granted as a privilege of membership . . . Federal Reserve credit is generally extended on a short-term basis to a member bank in order to enable it to adjust its asset position when necessary because of a sudden withdrawal of deposits or seasonal requirements beyond those that can be reasonably met from the bank's own resources."

Not all seasonal borrowing by member banks can be traced to the fallibility of forecasting and planning for seasonal needs that are to be expected. For example, there is the banker who is surprised year after year to find a seasonal pattern at his bank. He ties up all his funds in long-term securities to take advantage of their yield or income. When confronted by declining deposits, he may find himself in the position of having to replenish his reserves by selling his securities at a loss if money market interest rates have been rising. Or, there is the banker who tries to achieve the seemingly impossible feat of increasing both his loans and investments while his deposits are declining. Circumstances such as these, even though they can be traced to lack of foresight and should have been avoided, can be met temporarily by borrowing at the Federal Re-

serve Bank's discount window, since assisting banks to maintain a liquid position is one of the primary concerns of the Federal Reserve authorities. However, in such cases, the Federal Reserve Bank authorities take steps to help the member bank avoid such borrowing in the future.

Most banks are able to meet seasonal pressures on their cash positions by properly managing their funds and use the privilege of borrowing from the Federal Reserve Banks only occasionally, if at all. For example, so far this year only 61 of the 458 member banks in this District have used the borrowing privilege. Even in the so-called "tight money" year of 1959, only 115 resorted to borrowing from the Federal Reserve Bank.

Both the American commercial banking system and the Federal Reserve System are unique. In the United States, banking is carried on by over 14,000 unit banks that are privately owned and, for the most part, individually operated; in many parts of the world, commercial banking is highly concentrated among a few large banks.

The burden of serving the needs of the public, therefore, falls upon both the Federal Reserve and the privately owned and operated commercial banks. Neither can do the job alone. Thus, the Federal Reserve System helps this nation's banks meet seasonal needs for money and credit in two ways. By providing the banking system with reserves in accordance with seasonal needs (as discussed in the July issue of this *Review*), it helps avoid periods of general seasonal credit stringency; by extending the discount privilege to member banks, it helps the individual bank solve its problem of meeting seasonal credit demands in its own community.

On the other hand, the Federal Reserve System must have the help of local bank management in meeting the seasonal credit needs of individual communities. Together, the Federal Reserve System and individual banks operate to provide that seasonal elasticity in the supply of money and credit envisioned by those who wrote the Federal Reserve Act fifty years ago. If one measure of the success of Federal Reserve policy is the avoidance of periods of general seasonal credit stringency, one measure of commercial bank management is how well it meets the peculiar seasonal needs of its own customers.

CHARLES T. TAYLOR

(This is the second in a series of two articles on the seasonal demand for credit. The first appeared in the July issue of this Review.)

NEW ELECTRIC POWER SERIES

This month, we are introducing a new electric power series. It is an index of the total of (a) sales of electricity to ultimate industrial users and (b) production of electric energy by industrial establishments. This series replaces our former one of electric power production by utilities. We believe the new series will better indicate movements in industrial activity. Historical data for the Sixth District are available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

A Prosperous Year for Many Farmers

As 1963 draws to a close, farmers in District states are calculating their annual cash inflow and finding it several notches above the total in 1962. The \$4-billion, six-state, total of cash receipts from farm marketings estimated by this Bank was about 5 percent above that in 1962, thus setting a new District high and further extending the up-trend prevailing since 1958. The national outcome stands in contrast, for adverse weather and production and price conditions in livestock and poultry enterprises dampened the gain in farm cash receipts.

Few farmers can remember a better harvest season than the one this fall: Weather was benign, and fields were laden with produce. This was all the more remarkable because the major crops in this region showed signs of hesitation as the farming season began. Early planting progressed rapidly, but a dry spell in May and subsequent heavy rains hindered the crops considerably. Meanwhile, farmers in Mississippi and Louisiana fretted as a drought developed. Modern farming techniques and improved weather, however, enabled farmers to catch up and outdo themselves in boosting yields. The result has been a sure-footed recovery marked by a surge in crop income.

On the first day of October, according to the United States Department of Agriculture's crop estimate, it was apparent that 1963 was becoming a banner year in many producing areas. Cotton, corn, and soybean growers throughout the region made an impressive record with their highly important crops. On cotton farms, acreage had been reduced about 10 percent from the 1962 level, but the total yield was, nevertheless, 13 percent larger. The region's corn and soybean output was more than a fifth larger than in 1962. Sugarcane plantings, spurred by adjustments in sugar quotas resulting from the demise of

Cuban supplies, have risen sharply in the major producing areas of south-central Florida and southeastern Louisiana. Yields have also been lifted, and total output, at last report, was to be 35 percent larger than a year earlier.

Florida's citrus and vegetable crops, of course, suffered a blow when freezing temperatures numbed the state in December 1962. But, crops of corn, potatoes, cotton, soybeans, and pecans, in addition to the sugarcane crop, have yielded well in the District. In the important Louisiana rice area, lying adjacent to and west of the sugarcane section, harvests have been successful, and producers had gathered most of the crop before Hurricane Cindy swept in from the Gulf of Mexico and brushed the area.

These large crop yields could insure a sizable increase in crop receipts if prices do not sink proportionately. In the first nine months of the year, prices for major crops were averaging at higher levels than they were a year ago. Corn prices were substantially higher. Although large marketings in the fall normally put downward pressure on prices, Governmental support prices for some crops may prevent a widespread collapse in major crop prices. Sugarcane producers, meanwhile, could realize higher prices for their crop this fall than previously anticipated. In Florida, average prices for citrus this fall, influenced still by freeze damage, could exceed the averages in 1962. Should these price patterns prevail, numerous farmers in Sixth District states would benefit.

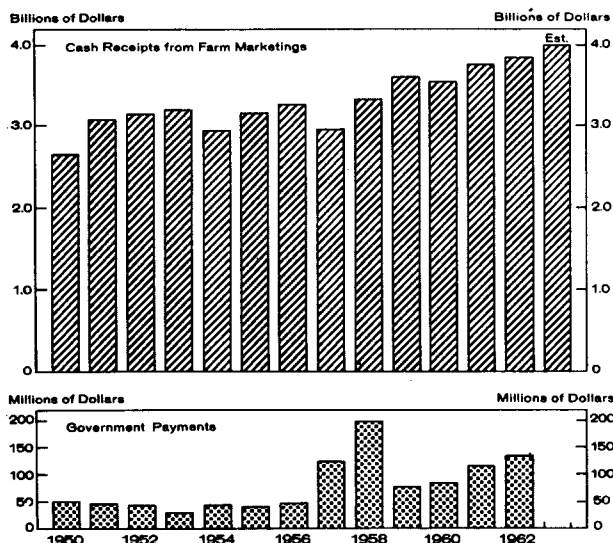
Receipts from livestock and poultry are rising somewhat this year because farmers increased shipments of major items and prices for them did not drop dangerously. Year-to-year comparisons covering the first nine months of production and price schedules reveal a notable 15-percent gain in egg output and a 3-percent rise in average prices for eggs; broiler output was exceeding 1962 production by 2 percent, although average prices were 4 percent lower; hog marketings were up 4 percent, while prices averaged 6 percent less; and cattle marketings, milk output, and their corresponding prices showed little change.

Farmers' increased cash flow this fall and winter continues to give added punch to the District's economy. Spending for family living, consumer durables, and automobiles will surely be sustained in many places and probably increased in those areas where crops have turned out especially well. This possibility is strong in northern Alabama, in the Mississippi Delta, and in central Georgia, where cotton yields were remarkably good.

Will this brighter income picture be reproduced again in 1964? Although there is no firm basis for a full assessment at present, at least three uncertainties cloud the outlook. First, long-range weather conditions still remain unpredictable. Second, what will Congress do about legislation affecting important District crops? Third, will new pressures from agricultural policies established by the European Economic Community harry farmers in some areas, such as the Rice Belt and the Flue-cured Tobacco Belt? These matters will most likely nettle the District's farm economy next year.

ARTHUR H. KANTNER

**Cash Receipts from Farm Marketings and Government Payments
Sixth District States**



Note: Data on Government payments not available for 1963.
Source: U. S. Department of Agriculture.

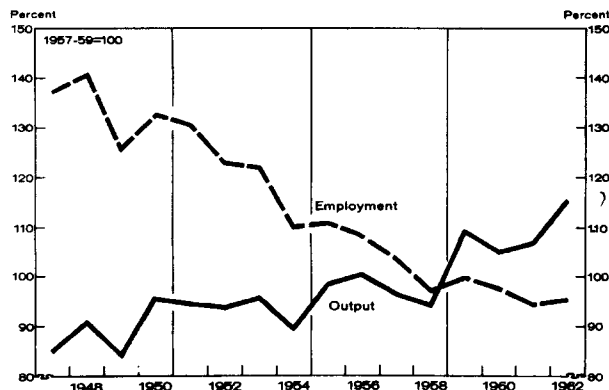
Textiles – A Declining Industry?

It is not unusual to hear that the textile industry is declining. How much substance has this statement? The answer appears to be similar to the one given by the man who was asked if the bottle were half full or half empty: "It depends on how you look at it." A look at textile employment gives a quite different impression of what has been happening in the textile industry than does a look at production. Since textile employment is an important part of manufacturing employment—in 1962, it accounted for 5.4 percent of U. S. manufacturing employment and 12.2 percent of District manufacturing employment—a review of U. S. and District textile employment, as well as production, is in order.

National Textile Trends

The dilemma created by observing different aspects of the same industry is aptly demonstrated by developments in the U. S. textile industry since 1947. The chart below shows that the index of national textile employment has

Textile Employment and Output, 1947-62
United States



generally moved downward, although reversals did take place in 1948, 1950, 1955, and 1959. However, these upswings were brief and, for the most part, mild and served only to slow down the long-run rate of decrease. Although textile employment was up slightly in 1962, it was 30.5 percent less than it was in 1947. Employment figures, therefore, support the contention of a declining industry. However, there are indicators other than employment that should be observed—textile production, for instance.

The Federal Reserve Board's index of textile mill production, which has been drawn on the same chart as the employment index, presents a quite different view of the textile industry. Looked at in this light, the textile industry has been growing. Some setbacks in textile production occurred in 1949, 1954, 1958, and 1960, as they did in most other types of production. Nevertheless, the trend has very definitely been upward. An increase in textile mill production of 35.5 percent took place between 1947 and 1962. Although this increase was substantially less than the increase in all manufacturing production for the same period, textile production certainly was not declining in absolute terms.

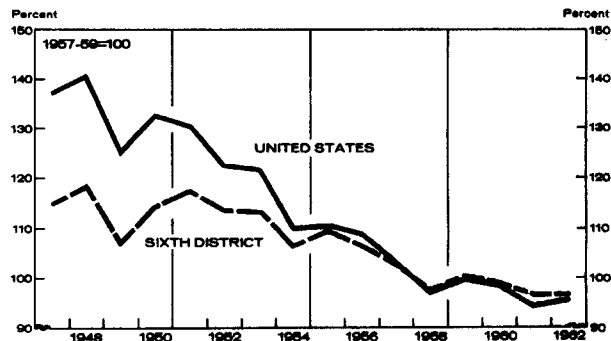
Why do we get such divergent views while looking at the same industry? The answer is primarily in terms of

increased productivity. Improvements in techniques and machinery within the textile industry have made it possible for fewer employees to produce more goods. The average textile employee in 1962 was producing approximately twice as much as in 1947.

District Textile Trends

Do the diverse trends that we noted at the national level also apply to the Sixth Federal Reserve District? The answer is that the direction of the change in employment and output is the same; but the rates of change are different. The chart showing textile employment indices for both the District and the nation reveals that the rate of decrease within the District has been less than that for the U. S. Between 1947 and 1962, the decrease in District textile employment was 16.1 percent. This was much smaller than the decrease of 30.5 percent experienced by the U. S. during the same period.

Textile Employment, 1947-62
United States and Sixth District States



Unfortunately, production figures comparable to those presented earlier for the U. S. are not available for the District. However, some indication of the changes that have occurred in District textile production can be derived by comparing the District's current proportion of value added in the textile manufacturing process with that of an earlier period. Census data show that the District was responsible for about 14 percent of all value added in textile manufacturing in 1947. The District's share was about 17 percent in 1961. This is an increase of over 21 percent and is a good indication that textile production in the District has grown at an even faster rate than in the U. S. Another indication of increased production is the rise in the percent of total production manhours worked in the District's textile industry. In 1950, the District states accounted for 15.9 percent of total production manhours worked. By 1961, the District's share had grown to 19.1 percent, an increase of 20.1 percent.

Textiles are an important part of the economy of four District states. In 1962, textile employment accounted for 15.8 percent of total manufacturing employment in Alabama, 27.8 percent in Georgia, 4.1 percent in Mississippi, and 9.6 percent in Tennessee. The textile employment trend in each of these states has also been down, although

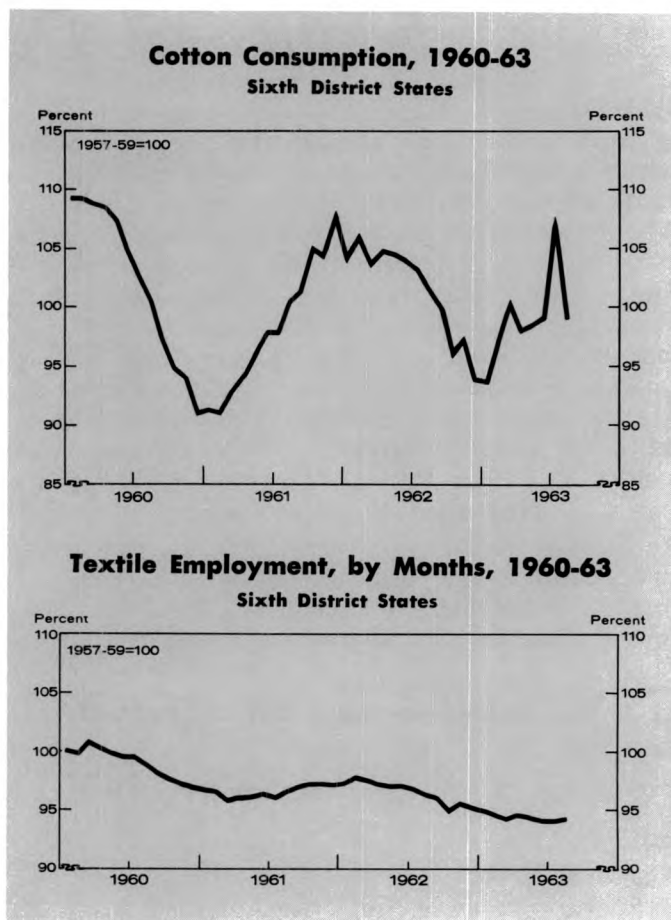
the rates have varied widely. From 1947 to 1962, textile employment decreased 30.3 percent in Alabama, 8.9 percent in Georgia, 8.8 percent in Mississippi, and 16.8 percent in Tennessee. However, figures for value added by manufacture in 1947 and 1961 show that only in Alabama has the percent of value added to textiles by District states failed to increase.

After considering both textile employment and production, it seems possible to assert either that the trend in textiles has been down (based on employment) or up (based on production). It is also possible to say that from either point of view the District appears to have fared somewhat better than the nation as a whole. The District's relatively improved position may be attributed to a marked tendency for textile producers to locate in southern states — a tendency that has prevailed throughout most of the post-war period.

Recent Happenings

Since the textile industry plays an important role in the District's economy, it might be well to inquire what changes have occurred recently. The index of the amount of cotton consumed by District textile mills shows signs of increased activity in 1963. The downward movement that began about the end of 1961 appears to have been reversed early this year, and the index has shown a generally upward movement since that time. In recent months, there have been reports of a scarcity of some types of cloth for immediate delivery, an increasing number of future orders, and increased profit margins. The seasonally adjusted monthly index of national textile mill production reached a postwar high in July of this year.

The monthly index of District textile employment has been declining almost continually since February 1962. However, it has shown a tendency to level off somewhat in recent months. In view of the existing long-run downward trend in textile employment, this also may be considered



an indication of increased textile activity. However, if the industry continues to improve its techniques and machinery as in recent years, it is doubtful if any increase in employment will be sustained sufficiently long to affect a change in the long-run trend.

N. D. O'BANNON

Growth in District Banking Facilities

There are now many more banks and bank branches in Sixth District states than there were in 1950. This proliferation has been a joint product of economic forces and of state and national laws governing entry into banking. In fact, the expansion in banking offices has more than matched gains in population in most of the states. The average banking office, however, increased in size, if we use total deposits as a yardstick.

At the end of 1962, 1,683 banks were operating in the Sixth District states. These banks, in turn, operated 838 branches, bringing the total number of banks and branches to 2,521. On an average, each of these banking offices served 8,767 persons. In contrast, only 1,786 banking offices were in operation at the end of 1950, each serving, on average, 9,755 persons.

This 41-percent increase in the number of banking offices over the 12-year period was brought about in large part by the expansion of the economies of both the nation and of the Sixth District states. The rapidly expanding economy of the Southeast, accompanied by rising incomes

and massive shifts in population, created the need for additional banking facilities and services. Some of these needs were satisfied by the formation of new banks. Others were fulfilled by the establishment of branches by existing banks, especially in the major metropolitan areas. In both cases, bank stockholders showed no hesitation in investing their funds to take advantage of prospective profits or

Net Change in Banks and Branches, 1950-62
Sixth District States

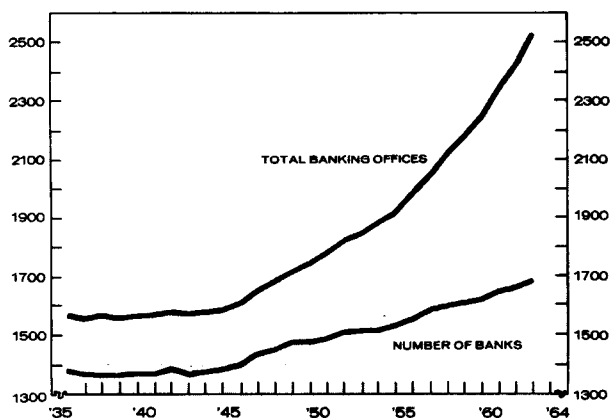
	Member			Nonmember			Total		
	Total	Banks	Branches	Total	Banks	Branches	Total	Banks	Branches
1951	13	2	11	24	17	7	37	19	18
1952	22	5	17	5	4	1	27	9	18
1953	21	5	16	14	1	13	35	6	29
1954	30	11	19	3	4	7	33	7	26
1955	36	7	29	38	22	16	74	29	45
1956	39	12	27	33	18	15	72	30	42
1957	45	6	39	22	9	13	67	15	52
1958	38	4	34	17	7	10	55	11	44
1959	43	2	41	21	8	13	64	10	54
1960	62	14	48	29	10	19	91	24	67
1961	44	1	43	39	10	29	83	11	72
1962	65	10	55	32	12	20	97	22	75
Total, 1950-62	458	79	379	277	114	163	735	193	542

to maintain their competitive position within existing banking markets.

Both the extent of this bank office expansion and the type of office established were limited, however, by national and state banking laws. Either state or national supervisory authorities must grant permission for the establishment of a new bank, depending upon whether the new bank is a national or state bank. The number and location of new branches of existing banks are dependent upon the laws of individual states, as well as upon the authority of the national supervisory agencies. Without these restrictions, the number of banks and branches would undoubtedly have grown even more than it did.

As the chart illustrates, the number of banking offices in the Sixth District states began to increase immediately after World War II. A marked upswing in the total num-

Number of Banks and Banking Offices in Sixth District States December 31, 1935-62



ber of offices occurred in 1955, however, and expansion has since continued at a rapid clip. Throughout the period, most of the growth has taken the form of new branches, rather than new banks. This tendency has been especially pronounced since 1955.

Growth in banking facilities has varied widely among the six states lying partly or wholly in the Sixth Federal Reserve District. Florida accounted for 143, or 19 percent, of the 735 new offices formed in the six states between 1950 and 1962. Although one branch was in operation in the early 1950's, the banking laws of the state of Florida are now unique among the six states because they prohibit branch banking. All of the increase in banking offices, therefore, was in the form of new unit banks, although some were affiliated with several "chain" systems, *i.e.*, unit banks under single ownership. It is also interesting to note that the 144 new banks formed in Florida represented 73 percent of the total new banks in the six states.

Equally significant increases in the number of banking offices have also occurred in the other five states. In Louisiana, 155 new offices were formed during the 12-year period. Tennessee had a gain of 153 offices, Georgia 111; Alabama, 90; and Mississippi, 83. Unlike Florida, these states permit branch banking; but the number and location of branches are rather strictly limited.

Shifts in population occurring within the District during the period also strongly influenced the location of new banking offices. As the table shows, the major gain in total banking offices occurred in "standard metropolitan statistical areas," which include major urban centers and surrounding suburban areas. These centers experienced

Net Changes in Banking Offices, 1950-62 Sixth District States

	Member Banks			Nonmember Banks			All Banks		
	Total	Banks	Branches	Total	Banks	Branches	Total	Banks	Branches
Alabama									
Metropolitan Areas	46	-4	50	10	2	8	56	-2	58
Other	20	6	14	14	10	4	34	16	18
Florida									
Metropolitan Areas	44	44	0	52	53	-1	96	97	-1
Other	22	22	0	25	25	0	47	47	0
Georgia									
Metropolitan Areas	76	3	73	6	3	3	82	6	76
Other	7	-2	9	22	14	8	29	12	17
Louisiana									
Metropolitan Areas	67	4	63	22	6	16	89	10	79
Other	23	4	19	43	18	25	66	22	44
Mississippi									
Metropolitan Areas	11	0	11	4	0	4	15	0	15
Other	34	3	31	34	-12	46	68	-9	77
Tennessee									
Metropolitan Areas	65	-1	66	20	1	19	85	0	85
Other	43	0	43	25	-3	28	68	-3	71
District States	458	79	379	277	117	160	735	196	539
Metropolitan Areas	309	46	263	114	65	49	423	111	312
Other	149	33	116	163	52	111	312	85	227

rapid gains in population during the 12-year period, while rural areas in most of the states recorded only small gains or, in some cases, declines. The higher incomes of urban areas, moreover, provided a more attractive market for bank services than did smaller towns. The Atlanta metropolitan area had an increase of 53 banking offices. Birmingham was second with 32 banking offices. Over the period, 423 banks and branches were opened in the metropolitan areas; only 312 were established outside these areas, and many of them, moreover, were in the larger rather than the smaller towns.

The spillover of population from the major urban centers to the suburban areas also affected the type of new banking office established. Except for Florida, branches accounted for a much higher proportion of new offices in metropolitan areas than they did in the other areas of the District states. Many bankers believe that the limited demand for loans and other banking services in residential sections of urban centers make unit banks unprofitable. Their preference to serve such areas by establishing branches of existing banks was denied in many cases, however, by state laws that limit the number of branches even in the same county.

Traditionally, a higher proportion of banks in the Southeast have been nonmembers of the Federal Reserve System than is true for the nation as a whole. Similarly, this

Changes in Bank Structure, 1950 and 1962 Sixth District States

	Percentage of all banks that are:				Population per banking office		Deposits per banking office	
	Par Clearing		Members of F.R.S.		1950	1962	1950	1962
	1950	1962	1950	1962	1950	1962	1950	1962
Alabama	57	66	41	39	12,296	9,785	5,106	7,038
Florida	65	88	37	42	13,847	15,843	10,042	16,190
Georgia	28	34	17	16	7,864	7,410	4,063	4,994
Louisiana	37	47	28	28	11,135	8,534	7,616	8,319
Mississippi	20	30	15	18	8,130	6,442	3,048	4,387
Tennessee	69	75	28	28	8,419	6,713	5,272	7,011
District States	46	58	26	28	9,755	8,767	5,469	7,880
United States	86	88	47	45	8,033	7,212	8,242	11,769

region has been a stronghold of nonpar banks, *i.e.*, banks that deduct an exchange charge for checks drawn on them. Although these conditions are still true, the Sixth District states have improved somewhat in both respects between 1950 and 1962, as the preceding table indicates. The number of member banks as a percent of all banks increased from 26 percent in 1950 to 28 percent in 1962. At the same time, the par bank percentage rose from 46 percent to 58 percent. Among the individual states, Florida showed the greatest relative increase in both types of banks, and, significantly, this state also has the smallest proportion of nonmember and nonpar banks.

Bank Announcements

The North Shore Bank, Miami Beach, Florida, a state member bank, converted into a national banking association as of the close of business on September 30, opening as a national bank under the title of City National Bank of Miami Beach on October 1. Capital is \$1,250,000, and surplus and undivided profits, \$1,770,000, as reported by the Comptroller of Currency at the time the conversion was approved.

On October 17, The Harbor City National Bank of Eau Gallie, Eau Gallie, 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 C. Robert Brown, President; W. Lansing Gleason and Joe H. Wickham, Vice Presidents; and Charles R. Choate, Assistant Vice President and Cashier. Capital is \$400,000, and surplus and undivided profits, \$350,000, as reported by the Comptroller of Currency at the time the charter was granted.

The Peoples Liberty National Bank of North Miami, North Miami, Florida, a newly organized member bank, opened for business on October 21 and began to remit at par. Officers include Leonard Usina, President; Frank H. Willer, Vice President; and Roland M. Stafford, Vice President and Cashier. Capital is \$400,000, and surplus and other capital funds, \$200,000, as reported by the Comptroller of Currency at the time the charter was granted.

On October 23, the Liberty National Bank of Fort Lauderdale, Fort Lauderdale, Florida, a newly organized member bank, opened for business and began to remit at par. Officers include Foy B. Fleming, Chairman of the Board; Scott L. Moore, President; Clyde W. Mauldin and J. H. Collins, Jr., Vice Presidents; and James P. McNatt, Cashier. Capital is \$250,000, and surplus and undivided profits, \$125,000, as reported by the Comptroller of Currency at the time the charter was granted.

The Commercial Bank at Fort Pierce, Fort Pierce, Florida, a nonmember state bank, converted into a national banking association as of the close of business on October 29, opening as a national bank under the title of First National Bank of Fort Pierce on October 30. Officers are Henry M. Jernigan, President and Chairman of the Board; James H. Wiles, Vice President; and Donald C. Hebert, Vice President and Cashier. Capital is \$400,000, and surplus and undivided profits, \$232,000, as reported by the Comptroller of Currency at the time the conversion was approved.

Debits to Individual Demand Deposit Accounts

Insured Commercial Banks in the Sixth District

(In Thousands of Dollars)

	Sept. 1963	Aug. 1963	Sept. 1962	Percent Change		
				Year-to-date 9 months		
				Sept. 1963 from 1962	Sept. 1962 from 1961	Sept. 1961 from 1960
ALABAMA, Total†	2,752,301	2,784,907	2,375,558	-1	+16	+12
Anniston	49,099	48,727	45,061	+1	+9	+6
Birmingham	1,002,264	1,017,022	860,847	-1	+16	+11
Dothan	48,698	42,508	43,551	+15	+12	+7
Gadsden	41,793	43,146	34,963	-3	+20	+12
Huntsville*	114,076	113,229	85,048	+1	+34	+30
Mobile	331,820	320,989	279,407	+3	+19	+11
Montgomery	211,900	234,404	188,307	-10	+13	+14
Seima*	34,551	30,892	34,350	+12	+1	+8
Tuscaloosa*	66,051	71,191	64,606	-7	+2	+7
FLORIDA, Total†	5,981,904	6,034,169	5,001,684	-1	+20	+10
Bartow*	20,554	20,162	n.a.	+2	n.a.	n.a.
Bradenton*	39,962	41,922	38,082	-5	+5	n.a.
Brevard County*	131,710	134,857	n.a.	-2	n.a.	n.a.
Clearwater*	65,185	63,567	n.a.	+3	n.a.	n.a.
Daytona Beach*	67,149	65,036	53,170	+3	+26	+13
Delray Beach*	17,998	17,693	n.a.	+2	n.a.	n.a.
Ft. Lauderdale*	198,778	201,034	181,455	-1	+10	+4
Ft. Myers- North Ft. Myers*	48,599	46,648	n.a.	+4	n.a.	n.a.
Gainesville*	56,710	53,346	48,525	+6	+17	+13
Jacksonville	905,038	928,057	772,195	-2	+17	+4
Key West*	16,601	17,287	15,604	-4	+6	+3
Lakeland*	78,628	81,440	71,585	-3	+10	+5
Miami	937,156	909,088	850,332	+3	+10	+4
Greater Miami*	1,383,282	1,360,512	1,233,766	+2	+12	+6
Ocala*	39,904	43,534	n.a.	-8	n.a.	n.a.
Orlando	263,858	267,558	226,954	-1	+16	+11
Pensacola	92,088	100,021	82,929	-8	+11	+9
St. Augustine*	10,478	14,887	n.a.	-30	n.a.	n.a.
St. Petersburg	210,068	215,989	187,802	-3	+12	+0
Sarasota*	72,883	72,084	63,585	+1	+15	+12
Tallahassee*	76,136	77,443	66,280	-2	+15	+9
Tampa	452,402	469,623	392,446	-4	+15	+7
W. Palm-Palm Bch.*	140,084	138,769	135,786	+1	+3	-1
Winter Haven*	41,534	38,131	n.a.	+9	n.a.	n.a.
GEORGIA, Total†	5,757,164	5,823,543	4,269,258	-1	+35	+16
Albany	66,512	60,541	55,613	+10	+20	+6
Athens*	46,122	48,848	40,454	-6	+14	+4
Atlanta	3,373,244	3,394,562	2,348,846	-1	+44	+21
Augusta	134,784	143,122	125,215	-6	+8	+13
Brunswick	32,918	33,536	29,484	-2	+12	+6
Columbus	138,457	138,354	115,323	+0	+20	+6
Dalton*	71,629	59,402	53,497	+21	+34	n.a.
Elberton	9,613	12,314	10,669	-22	-10	+3
Gainesville*	56,577	60,558	52,610	-7	+8	+7
Griffin*	23,437	22,449	21,250	+4	+10	+6
LaGrange*	16,542	16,254	16,375	+2	+1	-4
Macon	147,732	151,767	128,364	-3	+15	+9
Marietta*	41,257	46,758	36,366	-12	+13	+18
Newnan	20,374	23,599	19,797	-14	+3	+0
Rome*	55,560	52,879	47,036	+5	+18	+5
Savannah	189,883	201,675	176,295	-6	+8	+6
Valdosta	37,349	44,566	33,653	-16	+11	+2
LOUISIANA, Total†††	2,772,594	2,839,023	2,425,611	-2	+14	+10
Abbeville*	9,110	8,182	n.a.	+11	n.a.	n.a.
Alexandria*	84,587	91,429	75,757	-7	+12	+7
Baton Rouge	327,366	301,091	272,346	+9	+20	+11
Bunkie*	5,287	4,681	6,152	+13	-14	n.a.
Hammond*	22,590	24,194	n.a.	-7	n.a.	n.a.
Lafayette*	72,557	80,557	68,324	-10	+6	+12
Lake Charles	84,066	86,316	79,971	-3	+5	+2
New Iberia*	26,734	25,057	n.a.	+7	n.a.	n.a.
New Orleans	1,466,760	1,535,875	1,306,373	-5	+12	+6
Plaquemine*	6,831	6,692	6,875	+2	-1	n.a.
Thibodaux*	20,947	14,495	15,068	+5	+39	n.a.
MISSISSIPPI, Total†††	949,256	985,230	815,145	-4	+16	+9
Biloxi-Gulfport*	70,402	71,786	56,143	-2	+25	+13
Hattiesburg	39,555	40,007	38,643	-1	+2	-1
Jackson	389,535	393,193	338,445	-1	+15	+7
Laurel*	29,775	30,835	25,710	-3	+16	+3
Meridian	53,039	50,434	46,832	+5	+13	+9
Natchez*	27,850	28,547	24,342	-2	+14	+10
Pascagoula- Moss Point*	38,369	43,081	n.a.	-11	n.a.	n.a.
Vicksburg	27,526	25,902	22,828	+6	+21	+11
Yazoo City*	19,030	37,994	n.a.	-50	n.a.	n.a.
TENNESSEE, Total†††	2,796,120	2,627,662	2,243,346	+6	+25	+10
Bristol*	53,657	52,197	51,838	+3	+4	+4
Chattanooga	377,977	378,660	339,908	-0	+11	+8
Johnson City*	51,033	51,420	44,429	-1	+15	+9
Kingsport*	96,916	95,481	87,556	+2	+11	+2
Knoxville	284,967	287,561	245,917	-1	+16	+7
Nashville	1,104,148	984,483	781,921	+12	+41	+11
SIXTH DISTRICT, Total	20,827,339	21,094,534	17,130,622	-1	+22	+11
Total, 32 Cities	12,851,989	12,884,700	10,481,237	-0	+23	+10
UNITED STATES						
344 Cities	310,800,000	300,500,000	263,300,000	+3	+18	+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.

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
SIXTH DISTRICT					GEORGIA				
INCOME AND SPENDING					INCOME AND SPENDING				
Personal Income, (Mil. \$, Annual Rate)	Aug. 40,455	40,610r	39,784r	37,946r	Personal Income, (Mil. \$, Annual Rate)	Aug. 7,641	7,644r	7,496r	7,167r
Farm Cash Receipts	Aug. 125	122	107	123	Farm Cash Receipts	Aug. 127	135	117	116
Crops	Aug. 131	122	95	127	Department Store Sales**	Sept. 123	124r	114	113
Livestock	Aug. 120	120	114	118	PRODUCTION AND EMPLOYMENT				
Department Store Sales**	Oct. 123p	130	130r	112	Nonfarm Employment	Sept. 114	113	113	110
Department Store Stocks*	Sept. 125	124	128	119	Manufacturing	Sept. 109	107	108	106
Installment Credit at Banks, *(Mil. \$)					Nonmanufacturing	Sept. 116	116r	115	112
New Loans	Sept. 151	150	160	139	Construction	Sept. 111	113	116	111
Repayments	Sept. 159	154	155	143	Farm Employment	Sept. 82	90	97	75
PRODUCTION AND EMPLOYMENT					Insured Unemployment, (Percent of Cov. Emp.)	Sept. 2.8	3.1	3.0	3.2
Nonfarm Employment	Sept. 112	111	111	109	Avg. Weekly Hrs. in Mfg., (Hrs.)	Sept. 40.4	40.2r	39.7	40.4
Manufacturing	Sept. 110	109	110	108	Manufacturing Payrolls	Sept. 135	129r	128	126
Apparel	Sept. 130	131r	132	127	FINANCE AND BANKING				
Chemicals	Sept. 106	105	105	103	Member Bank Loans	Sept. 164	158	156	143
Fabricated Metals	Sept. 116	114r	113	108	Member Bank Deposits	Sept. 137	133	137	128
Food	Sept. 105	104	103	103	Bank Debits**	Sept. 174	168	153	135
Lbr., Wood Prod., Furn. & Fix.	Sept. 94	94r	93	93	LOUISIANA				
Paper	Sept. 107	106	107	106	INCOME AND SPENDING				
Primary Metals	Sept. 99	99	99	96	Personal Income, (Mil. \$, Annual Rate)	Aug. 6,068	6,066r	6,023r	5,680r
Textiles	Sept. 94	94	94	96	Farm Cash Receipts	Aug. 119	109	112	124
Transportation Equipment	Sept. 117	111	115	112	Department Store Sales**	Sept. 111	113	111	102
Nonmanufacturing	Sept. 113	112	112	110	PRODUCTION AND EMPLOYMENT				
Construction	Sept. 99	98	100	98	Nonfarm Employment	Sept. 103	102	102	101
Farm Employment	Sept. 83	87	92	84	Manufacturing	Sept. 99	98	99	97
Insured Unemployment, (Percent of Cov. Emp.)	Sept. 3.5	3.7	3.7	4.3	Nonmanufacturing	Sept. 104	103	103	102
Avg. Weekly Hrs. in Mfg., (Hrs.)***	Sept. 41.2	40.9r	40.7r	41.3r	Construction	Sept. 92	91	94	82
Manufacturing Payrolls	Sept. 136	132	132	128	Farm Employment	Sept. 90	98	96	91
Construction Contracts*	Sept. 145	122	122	108	Insured Unemployment, (Percent of Cov. Emp.)	Sept. 3.7	4.0	4.1	4.5
Residential	Sept. 145	141	140	117	Avg. Weekly Hrs. in Mfg., (Hrs.)	Sept. 42.8	42.0r	42.1	43.2
All Other	Sept. 144	107	106	99	Manufacturing Payrolls	Sept. 128	124r	124	120
Electric Power Production***	Sept. 119	116	118	113	FINANCE AND BANKING				
Cotton Consumption**	Sept. 103	99	107	100	Member Bank Loans*	Sept. 145	141	145	132
Petrol. Prod. in Coastal La. and Miss.**	Sept. 165	166r	160	152	Member Bank Deposits*	Sept. 122	120	119	114
FINANCE AND BANKING					Bank Debits**	Sept. 127	125	132	117
Member Bank Loans*					ALABAMA				
All Banks	Sept. 158	154	153	139	INCOME AND SPENDING				
Leading Cities	Oct. 154	150	144	137	Personal Income, (Mil. \$, Annual Rate)	Aug. 5,564	5,595r	5,457r	5,150r
Member Bank Deposits*					Farm Cash Receipts	Aug. 144	119	118	137
All Banks	Sept. 135	131	131	124	Department Store Sales**	Sept. 102	107	105	109
Leading Cities	Oct. 125	127	124	120	PRODUCTION AND EMPLOYMENT				
Bank Debits**	Sept. 152	143	141	130	Nonfarm Employment	Sept. 107	106	107	105
ALABAMA					Manufacturing	Sept. 101	102	102	101
INCOME AND SPENDING					Nonmanufacturing	Sept. 109	109r	109	107
Personal Income, (Mil. \$, Annual Rate)	Aug. 5,564	5,595r	5,457r	5,150r	Construction	Sept. 94	94	93	93
Farm Cash Receipts	Aug. 144	119	118	137	Farm Employment	Sept. 83	74	95	87
Department Store Sales**	Sept. 102	107	105	109	Insured Unemployment, (Percent of Cov. Emp.)	Sept. 4.1	3.9	4.0	4.9
PRODUCTION AND EMPLOYMENT					Avg. Weekly Hrs. in Mfg., (Hrs.)	Sept. 40.7	41.0	40.4	40.6
Nonfarm Employment	Sept. 107	106	107	105	Manufacturing Payrolls	Sept. 122	121	120r	117
Manufacturing	Sept. 101	102	102	101	FINANCE AND BANKING				
Nonmanufacturing	Sept. 109	109r	109	107	Member Bank Loans	Sept. 157	154	153	137
Construction	Sept. 94	94	93	93	Member Bank Deposits	Sept. 134	131	133	124
Farm Employment	Sept. 83	74	95	87	Bank Debits**	Sept. 143	137	135	130
Insured Unemployment, (Percent of Cov. Emp.)	Sept. 4.1	3.9	4.0	4.9	FLORIDA				
Avg. Weekly Hrs. in Mfg., (Hrs.)	Sept. 40.7	41.0	40.4	40.6	INCOME AND SPENDING				
Manufacturing Payrolls	Sept. 122	121	120r	117	Personal Income, (Mil. \$, Annual Rate)	Aug. 11,588	11,676r	11,293r	10,966r
FINANCE AND BANKING					Farm Cash Receipts	Aug. 117	124	83	132
Member Bank Loans	Sept. 157	154	153	137	Department Store Sales**	Sept. 165	161	157	147
Member Bank Deposits	Sept. 134	131	133	124	PRODUCTION AND EMPLOYMENT				
Bank Debits**	Sept. 143	137	135	130	Nonfarm Employment	Sept. 119	118	118	116
FLORIDA					Manufacturing	Sept. 124	123	123	121
INCOME AND SPENDING					Nonmanufacturing	Sept. 118	117	117	115
Personal Income, (Mil. \$, Annual Rate)	Aug. 11,588	11,676r	11,293r	10,966r	Construction	Sept. 92	90	91	94
Farm Cash Receipts	Aug. 117	124	83	132	Farm Employment	Sept. 109	108	110	97
Department Store Sales**	Sept. 165	161	157	147	Insured Unemployment, (Percent of Cov. Emp.)	Sept. 3.0	3.0	3.0	4.0
PRODUCTION AND EMPLOYMENT					Avg. Weekly Hrs. in Mfg., (Hrs.)	Sept. 41.8	41.2	41.2	41.8
Nonfarm Employment	Sept. 119	118	118	116	Manufacturing Payrolls	Sept. 164	162	161	155
Manufacturing	Sept. 124	123	123	121	FINANCE AND BANKING				
Nonmanufacturing	Sept. 118	117	117	115	Member Bank Loans	Sept. 157	154	153	136
Construction	Sept. 92	90	91	94	Member Bank Deposits	Sept. 138	134	129	126
Farm Employment	Sept. 109	108	110	97	Bank Debits**	Sept. 147	137	138	130
Insured Unemployment, (Percent of Cov. Emp.)	Sept. 3.0	3.0	3.0	4.0	TENNESSEE				
Avg. Weekly Hrs. in Mfg., (Hrs.)	Sept. 41.8	41.2	41.2	41.8	INCOME AND SPENDING				
Manufacturing Payrolls	Sept. 164	162	161	155	Personal Income, (Mil. \$, Annual Rate)	Aug. 6,546	6,564r	6,469r	6,104r
FINANCE AND BANKING					Farm Cash Receipts	Aug. 106	105	103	108
Member Bank Loans	Sept. 157	154	153	136	Department Store Sales**	Sept. 114	115	106	113
Member Bank Deposits	Sept. 138	134	129	126	PRODUCTION AND EMPLOYMENT				
Bank Debits**	Sept. 147	137	138	130	Nonfarm Employment	Sept. 111	111	111	109
TENNESSEE					Manufacturing	Sept. 112	112	112	110
INCOME AND SPENDING					Nonmanufacturing	Sept. 110	111	110	109
Personal Income, (Mil. \$, Annual Rate)	Aug. 6,546	6,564r	6,469r	6,104r	Construction	Sept. 122	121	122	123
Farm Cash Receipts	Aug. 106	105	103	108	Farm Employment	Sept. 96	96	98	93
Department Store Sales**	Sept. 114	115	106	113	Insured Unemployment, (Percent of Cov. Emp.)	Sept. 4.2	4.1	4.8	5.5
PRODUCTION AND EMPLOYMENT					Avg. Weekly Hrs. in Mfg., (Hrs.)	Sept. 41.3	40.9r	41.1	40.9
Nonfarm Employment	Sept. 111	111	111	109	Manufacturing Payrolls	Sept. 132	131r	131	125
Manufacturing	Sept. 112	112	112	110	FINANCE AND BANKING				
Nonmanufacturing	Sept. 110	111	110	109	Member Bank Loans*	Sept. 161	157	154	141
Construction	Sept. 122	121	122	123	Member Bank Deposits*	Sept. 135	132	135	125
Farm Employment	Sept. 96	96	98	93	Bank Debits**	Sept. 164	140	141	139
Insured Unemployment, (Percent of Cov. Emp.)	Sept. 4.2	4.1	4.8	5.5	MISSISSIPPI				
Avg. Weekly Hrs. in Mfg., (Hrs.)	Sept. 41.3	40.9r	41.1	40.9	INCOME AND SPENDING				
Manufacturing Payrolls	Sept. 132	131r	131	125	Personal Income, (Mil. \$, Annual Rate)	Aug. 3,048	3,065r	3,046r	2,879r
FINANCE AND BANKING					Farm Cash Receipts	Aug. 137	121	127	140
Member Bank Loans*	Sept. 145	141	145	132	Department Store Sales**	Sept. 102	109	97	101
Member Bank Deposits*	Sept. 122	120	119	114	PRODUCTION AND EMPLOYMENT				
Bank Debits**	Sept. 127	125	132	117	Nonfarm Employment	Sept. 114	114	115	112
MISSISSIPPI					Manufacturing	Sept. 117	117	117	114
INCOME AND SPENDING					Nonmanufacturing	Sept. 113	113r	113	111
Personal Income, (Mil. \$, Annual Rate)	Aug. 3,048	3,065r	3,046r	2,879r	Construction	Sept. 109	107	112	106
Farm Cash Receipts	Aug. 137	121	127	140	Farm Employment	Sept. 66	69	78	77
Department Store Sales**	Sept. 102	109	97	101	Insured Unemployment, (Percent of Cov. Emp.)	Sept. 4.3	4.4	4.8	4.7
PRODUCTION AND EMPLOYMENT					Avg. Weekly Hrs. in Mfg., (Hrs.)	Sept. 40.9	40.7r	40.4	40.5
Nonfarm Employment	Sept. 114	114	115	112	Manufacturing Payrolls	Sept. 141	140	139	132
Manufacturing	Sept. 117	117	117	114	FINANCE AND BANKING				
Nonmanufacturing	Sept. 113	113r	113	111	Member Bank Loans*	Sept. 177	175	169	158
Construction	Sept. 109	107	112	106	Member Bank Deposits*	Sept. 147	142	143	133
Farm Employment	Sept. 66	69	78	77	Bank Debits**	Sept. 154	151	139	139
Insured Unemployment, (Percent of Cov. Emp.)	Sept. 4.3	4.4	4.8	4.7	TENNESSEE				
Avg. Weekly Hrs. in Mfg., (Hrs.)	Sept. 40.9	40.7r	40.4	40.5	INCOME AND SPENDING				
Manufacturing Payrolls	Sept. 141	140	139	132	Personal Income, (Mil. \$, Annual Rate)	Aug. 6,546	6,564r	6,469r	6,104r
FINANCE AND BANKING					Farm Cash Receipts	Aug. 106	105	103	108
Member Bank Loans*	Sept. 177	175	169	158	Department Store Sales**	Sept. 114	115	106	113
Member Bank Deposits*	Sept. 147	142	143	133	PRODUCTION AND EMPLOYMENT				
Bank Debits**	Sept. 154	151	139	139	Nonfarm Employment	Sept. 111	111	111	109
TENNESSEE					Manufacturing	Sept. 112	112	112	110
INCOME AND SPENDING					Nonmanufacturing	Sept. 110	111	110	109
Personal Income, (Mil. \$, Annual Rate)	Aug. 6,546	6,564r	6,469r	6,104r	Construction	Sept. 122	121	122	123
Farm Cash Receipts	Aug. 106	105	103	108	Farm Employment	Sept. 96	96	98	93
Department Store Sales**	Sept. 114	115	106	113	Insured Unemployment, (Percent of Cov. Emp.)	Sept. 4.2	4.1	4.8	5.5
PRODUCTION AND EMPLOYMENT					Avg. Weekly Hrs. in Mfg., (Hrs.)	Sept. 41.3	40.9r	41.1	40.9
Nonfarm Employment	Sept. 111	111	111	109	Manufacturing Payrolls	Sept. 132	131r	131	125
Manufacturing	Sept. 112	112	112	110	FINANCE AND BANKING				
Nonmanufacturing	Sept. 110	111	110	109	Member Bank Loans*	Sept. 161	157	154	141
Construction	Sept. 122	121	122	123	Member Bank Deposits*	Sept. 135	132	135	125
Farm Employment	Sept. 96	96	98	93	Bank Debits**	Sept. 164	140	141	139
Insured Unemployment, (Percent of Cov. Emp.)	Sept. 4.2	4.1	4.8	5.5	MISSISSIPPI				
Avg. Weekly Hrs. in Mfg., (Hrs.)	Sept. 41.3	40.9r	41.1	40.9	INCOME AND SPENDING				
Manufacturing Payrolls	Sept. 132	13							

DISTRICT BUSINESS CONDITIONS

The economy continues to climb upward. Measured by construction contract awards, building activity remained a strong force in this region's business. Nominal but fairly widespread gains in employment also occurred, with advances in transportation equipment, metal fabrication, and food processing foremost among them. In the farm economy, banner crop yields are lifting incomes to higher levels. Meanwhile, retail sales rose somewhat.



Building activity held at a high level. Construction contracts for the first nine months of this year stand well above those for the same period last year. Residential construction outside major metropolitan areas continues to exhibit the greatest vitality. Contract awards for other purposes throughout the region show less strength.



Nonagricultural employment edged upward, and manufacturing employment in important lines also advanced. An expansion in nonagricultural employment occurred in all states except Tennessee, where it declined only slightly. Employment in most manufacturing categories rose somewhat in September and boosted payrolls. The transportation equipment industry, rebounding from the slower pace associated with auto model changes, marked up the largest gain in employment. Construction employment also increased. In fact, the only sizable dip in manufacturing employment occurred in the apparel industry.



Reports from farming areas tell of a banner fall season for farmers. Crops are yielding bountifully, and, overall, prices have slipped down only slightly. In line with these developments, farm creditors surveyed by this Bank report excellent debt repayment by farmers this season. A major adverse development, however, is a widespread fall drought that is stunting pastures and delaying fall plantings.



An upswing in bank credit in October also contributed to economic growth. Viewed on the basis of weekly reports from member banks in leading cities, total bank credit advanced somewhat further from recent high levels, as gains in bank loans more than offset declines in investments. Although total deposits receded a bit, banks met vigorous loan demands by drawing down excess reserves and by reducing their holdings of securities. Consumer and real estate loans at member banks have increased substantially. On the fiscal side of financial developments, bond sales by state and municipal governments slumped in September, but the region's total sales that month were still slightly above those of a year earlier.



Rising employment and payrolls helped maintain a high level of retail spending. Following the dip in August, personal income apparently rose during September. Meanwhile, consumer debt outstanding shrank during the month, as the volume of automobile loans was reduced and consumers borrowed less for home repair and modernization, consumer durables, and personal affairs. Sales at furniture stores spurred upward, as activity heightened in Florida and Mississippi. After registering no change in September, department store sales dipped slightly in October. Scattered reports indicate, however, that the pace of automobile sales in October became more brisk.

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

