SIXTH FEDERAL RESERVE DISTRICT

Monthly Review

Atlanta, Georgia
December • 1963

Also in this issue:

Federal Reserve Bank of Atlanta

Fifty Years Ago

December 23, 1963, marks the fiftieth anniversary of the signing of the Federal Reserve Act by President Woodrow Wilson. With the signing of this Act, the immense job of organizing a system of regional Reserve Banks began. It was during the course of this organization process that the Federal Reserve Bank of Atlanta was established.

President Wilson's signature culminated over five years of investigation into the causes and possible cures of recurrent economic depressions. A great part of the nation's financial ills was attributable to a monetary system that produced alternating shortages and surpluses of bank reserves and, hence, of money. Regulating the monetary system, however, seemed to call for centralized control of monetary institutions, and the monetary institutions—namely the banks—were an integral part of our private, free enterprise system. A dilemma was thus cast, and a sequence of studies, debates, and hearings ensued. On January 15, 1913, House Bill 7837 was introduced "to provide for the establishment of Federal Reserve Banks, for furnishing an elastic currency, affording means of rediscounting commercial paper, and to establish a more effective supervision of banking in the United States, and for other purposes."

Among the witnesses at the Congressional hearings were many prominent persons from those states that were soon to become parts of the Sixth Federal Reserve District. These included T. H. Dickson of Jackson, Mississippi; Francis W. Foote of Hattiesburg, Mississippi; Robert F. Maddox of Atlanta, Georgia; McLane Tilton, Jr., of Pell City, Alabama; and Sol Wexler of New Orleans, Louisiana.

During the hearings on the Federal Reserve Bill, many witnesses expressed a distinct concern that a central bank would enable the financial centers of the nation to control the entire national economy to the disadvantage of the other regions of the country. On the other hand, most bankers recognized the need for banks to have a source of credit. As a compromise, a sort of de-centralized central banking system was proposed, under which the Reserve Bank Organization Committee (made up of the Secretaries of Agriculture and the Treasury and the Comptroller of the Currency) would designate "not less than eight nor more than twelve Federal Reserve Cities." Each Federal Reserve city would be the headquarters of a Federal Reserve District. A Federal Reserve Board, appointed by the President, would provide a measure of centralization by exercising certain supervisory powers over the Federal Reserve Banks.

Although the regional bank plan still met with opposition, the Federal Reserve Act (HR 7837) passed the House on September 18, 1913, and the Senate on December 19, 1913. President Wilson signed the Act into law on December 23, 1913, and the United States was thus committed to a central banking system. The Reserve Bank Organization Committee then began its arduous task of dividing the nation into Federal Reserve Districts. Hearings were held around the nation, and on April 3, 1914, the Committee announced that Atlanta would be the Federal Reserve city for the Sixth Federal Reserve District.

Some Measures of the Quality of Credit

We are currently experiencing the longest period of credit ease of the postwar period. Has this extended policy of ease supplied funds to lenders beyond the legitimate needs of the economy? Have lenders, seeking to employ their available funds profitably, progressively relaxed their credit standards? If so, the quality of credit has deteriorated, it is argued, and there is trouble ahead. What are the grounds for this belief?

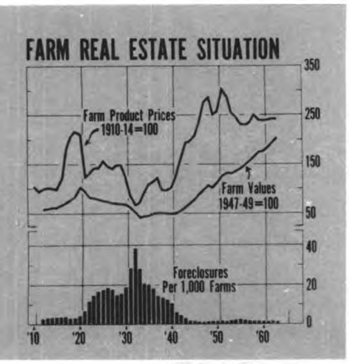
Assessing the current quality of credit is similar to economic forecasting because the present soundness of credit depends upon whether or not repayment will be made in the future according to agreed conditions. Repayment, in turn, depends upon the future interrelationships of a large number of variables, many of them not easily predictable. Lacking precise ways of predicting the behavior of these variables, persons judging the present quality of credit draw heavily upon past performances. When they find the current situation matching a set of circumstances in the past that led to trouble, they attempt to draw a parallel. Like economic forecasters, however, they can be led astray because a given set of interrelationships seldom repeats itself exactly.

Nor are we always sure that everyone is talking about the same thing when he speaks of the quality of credit. The speaker may be concerned about specific loans and specific borrowers and will find the quality of credit better or poorer depending upon the use made of the loans, the margin between loan and asset value, the interest rate applied, and so on. On the other hand, he may be talking in terms of the portfolios of banks and other financial institutions. Would their liquidity be threatened if the economy suffered a recession? Or, he may be thinking of how the distribution of credit may influence the use of the nation's productive resources. Are loanable funds being channeled to non-productive uses, he may ask. Or, from another point of view, he may question whether or not economic expansion has been sacrificed by excessive caution in lending.

Like the Past?

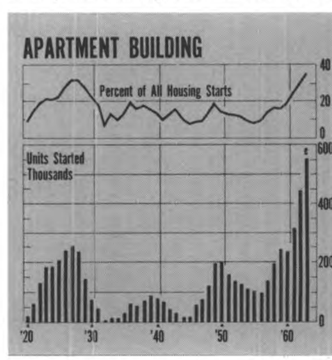
Some persons who judge credit quality by drawing parallels between present conditions and situations that preceded major financial crises in the past point to the behavior of the stock market. The crash of 1929 followed a rapid increase in stock prices that was supported by a high level of brokers' loans financing stock purchases. When stock prices declined, lenders called their loans—a process that helped snowball the price decline and, in turn, helped launch the Great Depression of the 1930's. Credit analysts now ask, "Shouldn't we now be concerned with the current levels of stock prices and customers' debit on stock purchases?" One might say that higher-margined accounts would, to some extent, act as a better cushion now to price declines. Nevertheless, the implication of these trends is that stock market prices have been boosted on the strength of borrowed funds.

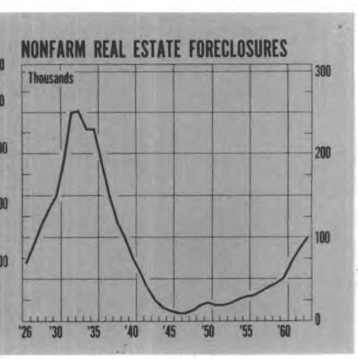
Another troublesome development in the 1920's that



preceded the crash was the farm real estate situation, which was characterized by a sharp rise in land values supported by credit. When farm product prices fell, farm values were dragged down, and delinquencies spurred farm loan foreclosures. In recent years, stable or rising prices and incomes, abetted by support prices for some products, have caused farmers to buy more land or to improve their farms. These activities have been supported by an expanded mortgage debt based on the rising values of farm land and by increased appraised values. Farm income is more stable now than in the 1920's. Nevertheless, it is argued, the quality of farm real estate loans depends too much upon inflated land values to be completely free of suspicion.

In the 1920's, the rapid increase in the construction of apartment units was followed by a credit crisis and collapse. How far does this parallel extend to today's recent increase in apartment construction? In the first period, a rise in rents had peaked out in 1924, although residential construction continued to rise through 1926. In the present period, rents continue to rise. In the Twenties, a substantial amount of residential construction was speculative building financed by various kinds of bond issues. The policy of tighter credit, begun in November 1927, affected the bond markets severely. Its effects upon real estate bonds were devastating. Financing practices, however, are very different now.





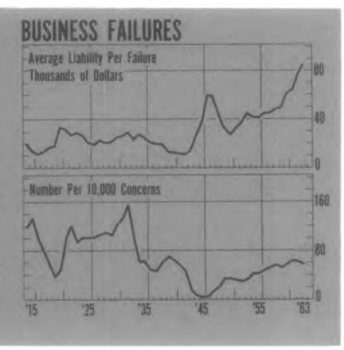
Relaxation of Terms

Those who are concerned about the quality of specific types of loans are often disturbed by the lengthening of repayment terms and the reduction of down payments for automobiles and houses bought on credit. Lengthening of repayment terms, other things being equal, increases the risk, since it is generally harder to predict what will happen a long way ahead than what will happen in the near future. Thus, these analysts were disturbed by the rise in the summer of 1963 in the percentage of new-car loans made for periods over 30 months to 70 percent and by the increase since 1953 in the FHA average mortgage terms on new homes from 22 to 31 years. Some persons believe, however, that such liberalization merely reflects satisfactory experience in these types of lending.

These credit analysts are also disturbed by the small amounts of cash the typical buyer uses in purchasing his automobile or home. An increasing percentage of new-car contracts that will extend over 30 months are being made for more than 100 percent of the dealer cost. Meanwhile, the average down payment on new FHA mortgages has declined from 17 percent in 1953 to just over 7 percent in 1963. A similar trend has characterized conventional loans.

This relaxation of terms has been accompanied by rising defaults and delinquencies, as is demonstrated by the rise in FHA mortgage defaults. Delinquencies on bank instalment loans are still well below the 1961 high, however, and the rate of FHA mortgage defaults is still below that on which mortgage loan insurance rates are based.

The rising trend in business failures is also being closely watched as a measure of credit quality since business failures generally result in losses to creditors. Although the long-run increase in the trend of the average dollar liability per failure can be partly explained by the general expansion of the economy, the increase during the last three years gives some concern. The failure rate, however, has not risen correspondingly.



Liquidity

Those who look at credit quality chiefly from its effects upon financial institutions frequently use bank liquidity to measure the quality of bank credit. The decline in the ratio of short-term securities to deposits and the increase in the ratio of loans to deposits indicate that bank liquidity has declined since late 1961. In the sense that these changes have reduced the ability of the average bank to convert its assets into cash without risk of loss, there has been a deterioration in the quality of credit. The need for liquidity, however, may have declined as a result of the greater growth of time than of demand deposits.

When the ratio of reserves to savings capital at savings and loan associations and the ratio of capital to deposits at commercial banks flatten out or decline, as seems to have been the case in recent months, the cushions of these institutions against losses are weakened. During financial crises, when a bank's losses exceed its capital reserves, losses have historically been transmitted to depositors. Both the ratios of reserves to savings and of capital to deposits, however, have shown an upward trend over the past several years.

Trouble Ahead?

These measures, with the exception of the data on foreclosures and delinquencies, are forecasts. They do not tell us that we have gotten into trouble; they only foretell the possibility of trouble ahead. Perhaps they are not reliable forecasters at all, but only time will answer this. Meanwhile, corrective legislation and practices designed to avoid past mistakes have been adopted; among these measures are margin requirements, agricultural stabilization programs, amortization of mortgages, limitations on bank lending practices, insurance of deposits and savings and loan shares, and government credit guarantees. These practices may perhaps help us avoid some of our past mistakes; but history also has demonstrated man's ingenuity in finding new ways of getting into trouble.

Would the quality of credit be better now than it is if the Federal Reserve System had been less liberal in supplying reserves to the banking system during the current period of business expansion? In the last four years, loans and investments have been made that would not have been made had Federal Reserve policy been less liberal. But these same loans and investments made productive business ventures possible that would not otherwise have been undertaken and raised consumer spending higher than it otherwise would have been. Consequently, some of the growth in the nation's output may be traced to this "easy" Federal Reserve policy, and the continued economic expansion itself may be said to have helped preserve the quality of credit. But how much deterioration in the commonly accepted measures of credit quality can we accept as the price of economic growth without getting into trouble?

Note: Sources for data used in the charts are listed on Page 6.

Index for the Year 1963

Sources for data used in the charts on Pages 2 and 3:

Stock Market: Stock Prices, Standard and Poor's Index; other data, Board of Governors.
Farm Real Estate Credit: U. S. Department of Agriculture.
Apartment Building: Housing Starts, U. S. Bureau of Labor Statistics and U. S. Department of Commerce.
Nonfarm Real Estate Foreclosures: U. S. Housing and Home Finance Agency.
Repayment Terms: New Car Loans, Board of Governors; FHA Mortgage Terms, Federal Housing Administration.
Credit Financing: New Car Contracts, Board of Governors; Down Payments on Mortgages, derived from Housing and Home Finance Agency data.
Defaults and Delinquencies: Mortgage Defaults, Federal Housing Administration; Bank Instalment Loan Delinquencies, American Bankers Association.
Business Failures: U. S. Department of Commerce.
Bank Liquidity: Board of Governors.
Loss Cushion: Savings and Loan Associations, U. S. Savings and Loan League; Commercial Banks, Board of Governors.
All annual data for 1963 are preliminary estimates made by this Bank.

Bank Announcements

On November 1, the Citizens Bank, Folkston, Georgia, and the Citizens Bank of Folkston, Nahunta Branch, Nahunta, Georgia, began to remit at par for checks drawn on them when received from the Federal Reserve Bank of Atlanta. Officers of the banks include J. H. Lester, Jr., President; C. E. Glenn, Vice President and Cashier; and G. T. Brantley, Vice President and Manager of the Nahunta Branch.

The DeLand State Bank, DeLand, Florida, a newly organized nonmember bank, opened for business on November 1 and began to remit at par. Officers are Wendell Jarrard, Chairman of the Board; Donald A. Page, President; H. W. Manning, Executive Vice President; A. H. Gaede, Vice President; and Wendell Jarrard, Jr., Cashier. Capital is $300,000, and surplus and undivided profits, $150,000.

On November 14, the Bank of Belle Glade, Belle Glade, Florida, a newly organized nonmember bank, opened for business and began to remit at par. Officers include C. A. Thomas, Chairman of the Board; E. B. McDaniel, Jr., President; and W. W. Mikell, Vice President and Cashier. Capital is $300,000, and surplus and undivided profits, $186,000.

The First National Bank of Bonita Springs, Bonita Springs, Florida, a newly organized member bank, opened for business on November 18 and began to remit at par. Officers are Elton G. Crockett, Chairman of the Board; Adrien C. Lambert, Vice Chairman; Norman E. Swain, President; W. C. Benson, Vice President; and G. Everett McDonel, Cashier. Capital is $150,000, and surplus and undivided profits, $132,500, as reported by the Comptroller of Currency at the time the charter was granted.

On November 20, the Sterling National Bank of Davie, Davie, Florida, a newly organized member bank, opened for business and began to remit at par. Officers include Dr. Kurt J. Heinicke, Chairman of the Board; Thomas Ball, President; Paul F. Staup, Executive Vice President and Cashier; and Eugene J. Amaral, Vice President. Capital is $300,000, and surplus and undivided profits, $300,000, as reported by the Comptroller of Currency at the time the charter was granted.

The Parkway National Bank of Tallahassee, Tallahassee, Florida, a newly organized member bank, opened for business on November 26 and began to remit at par. Officers are John A. Madigan, Jr., Chairman of the Board; Wendell Jarrard, President; Jesse W. Parker, Vice President; and A. T. Flowers, Vice President and Cashier. Capital is $300,000, and surplus and undivided profits, $150,000, as reported by the Comptroller of Currency at the time the charter was granted.

On November 29, The Sumiton Bank, Sumiton, Alabama, a newly organized member bank, opened for business and began to remit at par. Officers include Julius S. Pilgreen, President; Paul Stone, Executive Vice President and Cashier; and Howard J. Dodd, Vice President. Capital is $75,000, and surplus and undivided profits, $50,000.

Debits to Individual Demand Deposit Accounts

Insured Commercial Banks in the Sixth District

(In Thousands of Dollars)

				Percent Change		
				Oct. 1963 from		Year-to-date 10 months 1963 from
	Oct. 1963	Sept. 1963	Oct. 1962	Sept. 1963	Oct. 1962	1962
ALABAMA, Total†	3,123,239	2,752,301	2,774,134	+13	+13	+12
Anniston	54,999	49,099	52,281	+12	+5	+6
Birmingham	1,090,739	1,002,264	992,505	+9	+10	+11
Dothan	50,194	48,698	45,432	+3	+10	+8
Gadsden	46,021	41,793	42,206	+10	+9	+12
Huntsville*	140,558	114,076	108,052	+23	+30	+30
Mobile	379,705	331,820	329,769	+14	+15	+11
Montgomery	277,223	211,900	228,938	+31	+21	+15r
Selma*	37,341	34,551	34,043	+8	+10	+9
Tuscaloosa*	79,925	66,051	81,128	+21	—1	+6
FLORIDA, Total†	6,707,462	5,981,904	5,978,797	+12	+12	+10
Bartow*	22,830	20,554	20,779	+11	+10	n.a.
Bradenton*	44,584	39,962	46,864	+12	—5	n.a.
Brevard County*	141,750	131,710	n.a.	+8	n.a.	n.a.
Clearwater*	73,802	65,185	71,230	+13	+4	n.a.
Daytona Beach*	70,183	67,149	61,352	+5	+14	+13
Delray Beach*	21,786	17,998	n.a.	+21	n.a.	n.a.
Ft. Lauderdale*	235,592	198,778	217,774	+19	+8	+4
Ft. Myers-North Ft. Myers*	54,799	48,599	50,476	+13	+9	n.a.
Gainesville*	57,452	56,710	54,954	+1	+5	+12
Jacksonville	1,014,499	905,038	900,693	+12	+13	+5
Key West*	19,149	16,601	17,814	+15	+7	+3
Lakeland*	94,739	78,628	83,178	+20	+14	+6
Miami	1,057,265	937,156	1,004,562	+13	+5	+4
Greater Miami*	1,541,710	1,383,282	1,472,840	+11	+5	+5
Ocala*	41,833	39,904	n.a.	+5	n.a.	n.a.
Orlando	304,371	263,858	287,053	+15	+6	+10
Pensacola	100,765	92,088	91,455	+9	+10	+9
St. Augustine*	10,580	10,478	n.a.	+1	n.a.	n.a.
St. Petersburg	239,467	210,068	229,991	+4	+4	+0
Sarasota*	85,951	72,883	81,446	+18	+6	+11
Tallahassee*	84,807	76,136	76,055	+11	+12	+10
Tampa	507,998	452,402	460,732	+12	+10	+8
W. Palm-Palm Bch.*	158,111	140,084	158,891	+13	—0	—1
Winter Haven*	42,310	41,534	34,713	+2	+22	n.a.
GEORGIA, Total†	5,641,406	5,300,606r	4,974,954	+6	+13	+14
Albany	70,051	66,512	66,360	+5	+6	+6
Athens*	52,985	46,122	47,723	+15	+11	+5
Atlanta	3,193,780	3,019,426r	2,764,784	+6	+16	+23
Augusta	146,866	134,784	134,738	+9	+9	+12
Brunswick	36,264	32,918	33,244	+10	+9	+6
Columbus	145,085	138,457	129,523	+5	+12	+6
Dalton*	66,959	71,629	61,514	—7	+9	n.a.
Elberton	12,652	9,613	9,220	+32	+37	+6
Gainesville*	60,749	56,577	58,027	+7	+5	+7
Griffin*	23,676	23,437	25,420	+1	—7	+4
LaGrange*	17,929	16,542	17,246	+8	+4	—3
Macon	162,327	147,732	157,480	+10	+3	+8
Marietta*	48,304	41,257	38,084	+18	+25	+19
Newnan	23,097	20,374	26,337	+13	—12	—2
Rome*	61,208	55,560	56,910	+10	+8	+6
Savannah	208,669	189,883	191,206	+10	+9	+6
Valdosta	42,068	37,349	37,019	+13	+14	+3
LOUISIANA, Total†**	3,108,333	2,772,594	2,857,182	+12	+9	+10
Abbeville*	10,807	9,110	n.a.	+19	n.a.	n.a.
Alexandria*	100,283	84,587	84,324	+19	+19	+8
Baton Rouge	343,987	327,366	309,878	+5	+11	+11
Bunkie*	5,887	5,287	5,877	+11	+0	n.a.
Hammond*	26,620	22,590	n.a.	+18	n.a.	n.a.
Lafayette*	84,971	72,557	74,894	+17	+13	+12
Lake Charles	88,338	84,066	89,893	+5	—2	+1
New Iberia*	29,924	26,734	n.a.	+12	n.a.	n.a.
New Orleans	1,669,932	1,466,760	1,544,681	+14	+8	+6
Plaquemine*	7,240	6,831	6,397	+6	+13	n.a.
Thibodaux*	16,807	20,947	14,373	—20	+17	n.a.
MISSISSIPPI, Total†**	1,129,440	949,256	979,931	+19	+15	+9
Biloxi-Gulfport*	71,522	70,402	65,818	+2	+9	+12
Hattiesburg	41,118	39,555	42,033	+4	—2	—1
Jackson	527,670	389,535	428,474	+35	+23	+9
Laurel*	32,928	29,775	30,520	+11	+8	+3
Meridian	56,974	53,039	53,340	+7	+7	+9
Natchez*	31,547	27,850	25,832	+13	+22	+11
Pascagoula-Moss Point*	40,552	38,369	36,653	+6	+11	n.a.
Vicksburg	30,392	27,526	27,137	+10	+12	+11
Yazoo City*	25,363	19,030	23,420	+33	+8	n.a.
TENNESSEE, Total†**	2,844,362	2,725,354r	2,489,236	+4	+14	+10
Bristol*	61,284	53,657	55,088	+14	+11	+5
Chattanooga	416,834	377,977	370,125	+10	+13	+8
Johnson City*	58,362	51,033	49,201	+14	+19	+10
Kingsport*	107,835	96,916	92,621	+11	+16	+4
Knoxville	301,281	284,967	279,525	+6	+8	+7
Nashville	1,057,429	1,054,524r	872,441	+0	+21	+12
SIXTH DISTRICT, Total	22,554,242	20,482,015r	20,054,234	+10	+12	+11
Total, 32 Cities	13,698,060	12,448,546r	12,233,055	+10	+12	+10
UNITED STATES 344 Cities	337,100,000	310,400,000r	307,400,000	+9	+10	+10

*Not included in total for 32 cities that are part of the national debit series maintained by the Board of Governors. †Partly estimated. n.a. Not available.
**Includes only banks in the Sixth District portion of the state. r Revised.

Sixth District Statistics

Seasonally Adjusted

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

SIXTH DISTRICT

		Latest Month (1963)	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)***	Sept.	42,308	41,713r	41,506r	39,538r
Manufacturing Payrolls	Oct.	137	135r	132	128
Farm Cash Receipts	Sept.	150	125	122	137
Crops	Sept.	178	131	122	154
Livestock	Sept.	114	120	120	116
Department Store Sales*/**	Nov.	127p	120	130	125
Department Store Stocks*	Oct.	130p	125	124	124
Instalment Credit at Banks, *(Mil. $)					
New Loans	Oct.	157	151	150	157
Repayments	Oct.	150	159	154	136
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	112	112	111	109
Manufacturing	Oct.	111	110	109	108
Apparel	Oct.	130	130	131	127
Chemicals	Oct.	107	106	105	104
Fabricated Metals	Oct.	117	116	114	108
Food	Oct.	108	105	104	102
Lbr., Wood Prod., Furn. & Fix.	Oct.	93	94	94	93
Paper	Oct.	106	107	106	106
Primary Metals	Oct.	99	99	99	95
Textiles	Oct.	94	94	94	95
Transportation Equipment	Oct.	117	116r	111	111
Nonmanufacturing	Oct.	112	112r	112	110
Construction	Oct.	98	99	98	98
Farm Employment	Oct.	81	83	87	81
Insured Unemployment, (% of Cov. Emp.)****	Oct.	3.6	3.5	3.6r	4.4r
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	41.0	41.2	40.9	40.9
Construction Contracts*	Sept.	145	122	122	108
Residential	Sept.	145	141	140	117
All Other	Sept.	144	107	106	99
Industrial Use of Electric Power	Sept.	119	116	118	113
Cotton Consumption**	Oct.	96	103	99	96
Petrol. Prod. in Coastal La. and Miss.**	Oct.	164	165	166	157
FINANCE AND BANKING					
Member Bank Loans*					
All Banks	Oct.	161	158	154	141
Leading Cities	Nov.	155	154	150	138
Member Bank Deposits*					
All Banks	Oct.	135	135	131	127
Leading Cities	Nov.	128	125	127	119
Bank Debits*/**	Oct.	144	148r	140r	128

ALABAMA

		Latest Month (1963)	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)***	Sept.	5,860	5,743r	5,754r	5,340r
Manufacturing Payrolls	Oct.	123	122	121	117
Farm Cash Receipts	Sept.	149	144	119	122
Department Store Sales**	Oct.	97	102	107	98
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	107	107	106	105
Manufacturing	Oct.	103	101	102	101
Nonmanufacturing	Oct.	109	109	109	107
Construction	Oct.	94	95r	94	92
Farm Employment	Oct.	82	83	74	75
Insured Unemployment, (% of Cov. Emp.)****	Oct.	4.2	4.1	3.9	5.1r
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	40.5	40.8r	41.0	40.3
FINANCE AND BANKING					
Member Bank Loans	Oct.	159	157	154	141
Member Bank Deposits	Oct.	134	134	131	125
Bank Debits**	Oct.	141	143	137	125

FLORIDA

		Latest Month (1963)	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)***	Sept.	12,222	12,067r	11,997r	11,531r
Manufacturing Payrolls	Oct.	167	163r	162	156
Farm Cash Receipts	Sept.	142	117	124	124
Department Store Sales**	Oct.	154	165	161	137
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	119	119	118	116
Manufacturing	Oct.	127	124	123	121
Nonmanufacturing	Oct.	118	118	117	115
Construction	Oct.	89	91r	90	92
Farm Employment	Oct.	109	109	108	114
Insured Unemployment, (% of Cov. Emp.)****	Oct.	2.9	2.8r	2.9r	3.8r
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	41.0	41.7r	41.2	41.2
FINANCE AND BANKING					
Member Bank Loans	Oct.	161	157	154	138
Member Bank Deposits	Oct.	138	138	134	128
Bank Debits**	Oct.	146	147	137	130

GEORGIA

		Latest Month (1963)	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)***	Sept.	7,971	7,951r	7,838r	7,294r
Manufacturing Payrolls	Oct.	137	135	129	126
Farm Cash Receipts	Sept.	135	127	135	102
Department Store Sales**	Oct.	115	123	124	107
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	114	114	113	110
Manufacturing	Oct.	110	109	107	106
Nonmanufacturing	Oct.	116	116	116	112
Construction	Oct.	109	111	113	112
Farm Employment	Oct.	76	82	90	75
Insured Unemployment, (% of Cov. Emp.)****	Oct.	2.8	3.0r	3.2r	3.3r
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	40.7	40.4	40.2	40.6
FINANCE AND BANKING					
Member Bank Loans	Oct.	168	164	158	147
Member Bank Deposits	Oct.	138	137	133	131
Bank Debits**	Oct.	151	160r	155r	134

LOUISIANA

		Latest Month (1963)	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)***	Sept.	6,205	6,148r	6,129r	5,832r
Manufacturing Payrolls	Oct.	127	128	124	117
Farm Cash Receipts	Sept.	156	119	109	153
Department Store Sales*/**	Oct.	99	111	113	95
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	103	103	102	101
Manufacturing	Oct.	101	99	98	97
Nonmanufacturing	Oct.	103	103r	103	102
Construction	Oct.	93	92	91	83
Farm Employment	Oct.	84	90	98	82
Insured Unemployment, (% of Cov. Emp.)****	Oct.	3.6	3.8r	4.0	4.5
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	41.6	42.9r	42.0	41.8
FINANCE AND BANKING					
Member Bank Loans*	Oct.	146	145	141	133
Member Bank Deposits*	Oct.	123	122	120	117
Bank Debits*/**	Oct.	128	127	125	117

MISSISSIPPI

		Latest Month (1963)	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)***	Sept.	3,328	3,119r	3,124r	3,240r
Manufacturing Payrolls	Oct.	142	141	140	128
Farm Cash Receipts	Sept.	190	137	121	221
Department Store Sales*/**	Oct.	88	102	109	89
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	114	114	114	112
Manufacturing	Oct.	118	117	117	114
Nonmanufacturing	Oct.	112	113	113	111
Construction	Oct.	105	109	107	107
Farm Employment	Oct.	73	66	69	79
Insured Unemployment, (% of Cov. Emp.)****	Oct.	4.6	4.5r	4.3r	4.7r
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	40.6	40.8r	40.7	39.9
FINANCE AND BANKING					
Member Bank Loans*	Oct.	181	177	175	165
Member Bank Deposits*	Oct.	150	147	142	141
Bank Debits*/**	Oct.	158	154	151	138

TENNESSEE

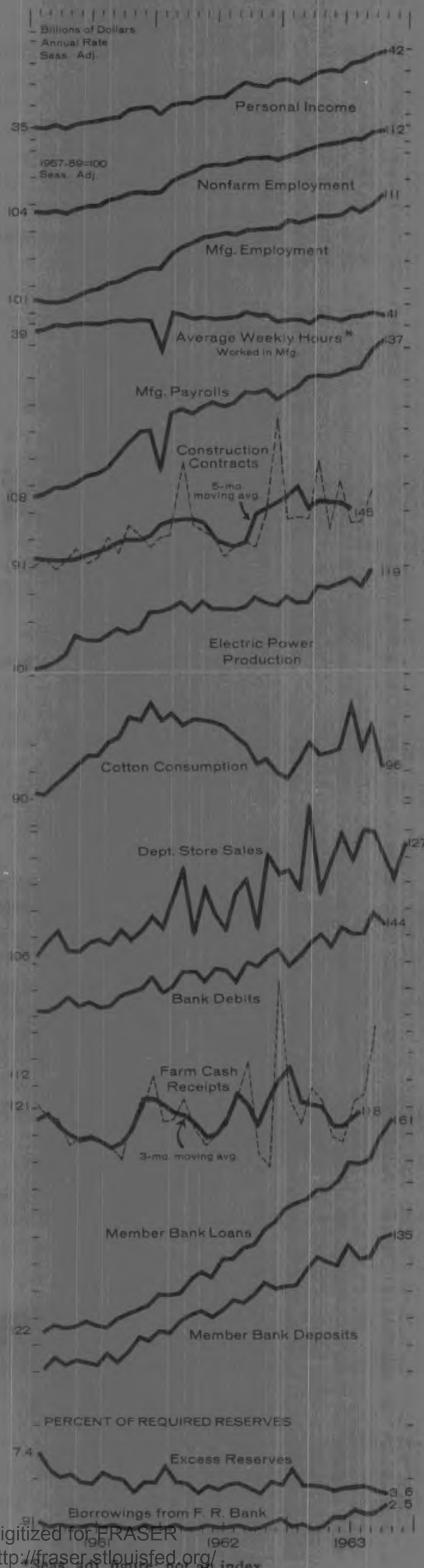
		Latest Month (1963)	One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)***	Sept.	6,722	6,685r	6,664r	6,301r
Manufacturing Payrolls	Oct.	135	133r	131	127
Farm Cash Receipts	Sept.	139	106	105	138
Department Store Sales*/**	Oct.	105	114	115	100
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	112	111	111	109
Manufacturing	Oct.	112	112	112	110
Nonmanufacturing	Oct.	111	110	111	109
Construction	Oct.	125	122	121	124
Farm Employment	Oct.	83	96	96	82
Insured Unemployment, (% of Cov. Emp.)****	Oct.	3.9	4.0r	4.1	5.3
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	41.7	41.3	40.9	41.4
FINANCE AND BANKING					
Member Bank Loans*	Oct.	163	161	157	142
Member Bank Deposits*	Oct.	135	135	132	126
Bank Debits*/**	Oct.	145	160r	140	127

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

***Figures for personal income reflect revision of current monthly estimates to 1962 U. S. Dept. of Commerce benchmarks. ****Figures reflect revision of seasonal adjustment factors.

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



Scattered reports indicate that the basic economic situation in the District had not changed immediately after the tragic death of President Kennedy. Latest statistics covering the period prior to the assassination showed continued advances and, in some sectors, even a quickening of the pace of economic expansion. Consumers' incomes and retail sales had risen. The rise in outstanding consumer debt, halted temporarily in the early fall, had been resumed once again. The farm sector continued to exhibit strength, as farmers' receipts rose further. Construction activity remained at a high level, and nonagricultural employment persisted in its upward movement. Bank credit experienced a modest expansion.

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Record auto sales helped advance retail spending and consumer instalment credit in October. Department store sales weakened in October, as sales of apparel and other soft goods slackened, but showed signs of strengthening in early November. The expansion of consumer instalment credit reflected a boost in new loans, particularly those for automobiles and other consumer goods, together with a reduction in the level of repayments. Personal income, which advanced further during September, apparently climbed still higher in October. Final figures for September reveal that all states in the District registered gains in income.

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Cash receipts from farm marketings seem destined to reach a record total. In the January-September period, receipts from farm marketings exceeded year-earlier totals by a modest amount. Exceptionally large cotton harvests in Mississippi and Louisiana in October and November and current large harvests of corn, soybeans, and sugar cane should boost crop receipts sharply and push total receipts from farm marketings to a peak. With farm incomes high and rising still further, sales to farmers are being sustained.

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Nonagricultural employment exhibited a slight increase in October, with all District states except Mississippi and Florida contributing to the rise. The manufacturing sector scored a small gain that was sparked by increases in Alabama, Florida, and Louisiana. Food processing topped the list of manufacturing categories, as large food crop harvests flowed through processing plants. Transportation equipment and chemicals also continued their upward climb. Nonmanufacturing employment remained virtually unchanged. Construction employment for the District was down only slightly, as sizable losses in Florida and Mississippi were partially offset by gains in Louisiana and Tennessee. Construction employment in Mississippi continued to decline, primarily because of the completion of a large oil refinery. Regional construction activity, reflected by contract awards, remains at a high level. Residential construction, particularly outside major metropolitan areas, continues to outpace the nation's in year-to-year gains. Manufacturing payrolls advanced somewhat, although the rate of increase was dampened by a decrease in average weekly hours worked.

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Member banks in leading cities report gains in reserves and deposits in November. Additional signs of buoyancy in District banking include a sizable upswing in both loans and investments. The expansion in bank loans was boosted by strong demand from the non-durable manufacturing and wholesale trade sectors. Banks added to their holdings of U. S. Government securities maturing within five years, but recorded no significant change in holdings of state and municipal obligations. Sales of securities by state and local governments increased in October.

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