



Monthly Review

Atlanta, Georgia
March • 1964

A New Look At Southern Economic Growth

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TENNESSEE'S GROWING PAINS: LESS SEVERE?

SIXTH DISTRICT STATISTICS

DISTRICT BUSINESS CONDITIONS

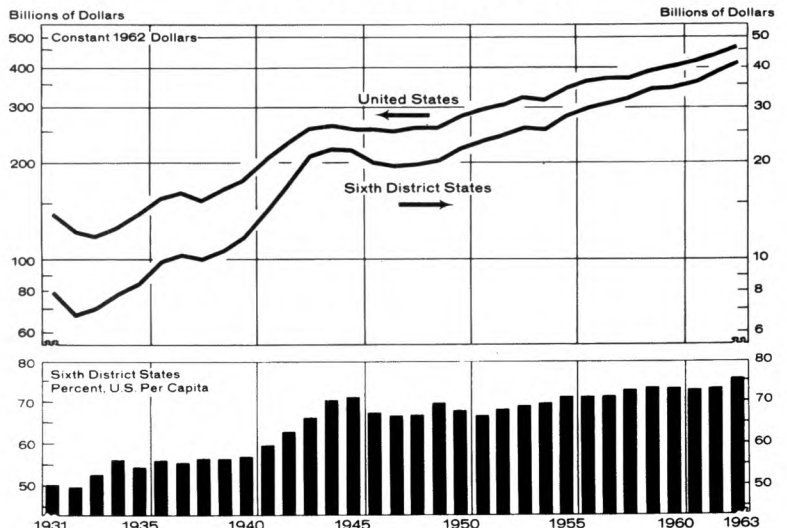
Federal Reserve Bank of Atlanta

The South has long attracted novelists, historians, political scientists, and sociologists, all of whom have found grist for their particular mills in the changing fortunes of this region. It has a special fascination, however, for the professional economist. The feverish pace of war production activities in the early Forties, the adjustments to peacetime conditions in the late Forties and early Fifties, and the farm and industrial revolutions of the whole postwar period have provided a continuous moving picture of an economy already highly developed, yet still in the process of catching up with the wealthier regions to the North and West.

The Income Story

This process of "catching up" with the nation proceeded apace in 1963 in the six southern states wholly or partially included in the Sixth Federal Reserve District, according to estimates of 1963 personal income prepared by this Bank. Total personal income in these six states amounted to \$41.3 billion last year, which represented a 7.6-percent increase over 1962. In contrast, the entire nation's personal income rose only 4.8 percent. The faster growth rate in this part of the South brought per capita income closer to the national level. Last year, for the first time, the income of the average citizen of our six states was more than 75 percent of the national average.

Personal Income, 1931-63
District States and United States



During 1963, personal income increased more rapidly in District states than in the nation. The District's per capita income, for the first time, reached a level three quarters as high as the national average.

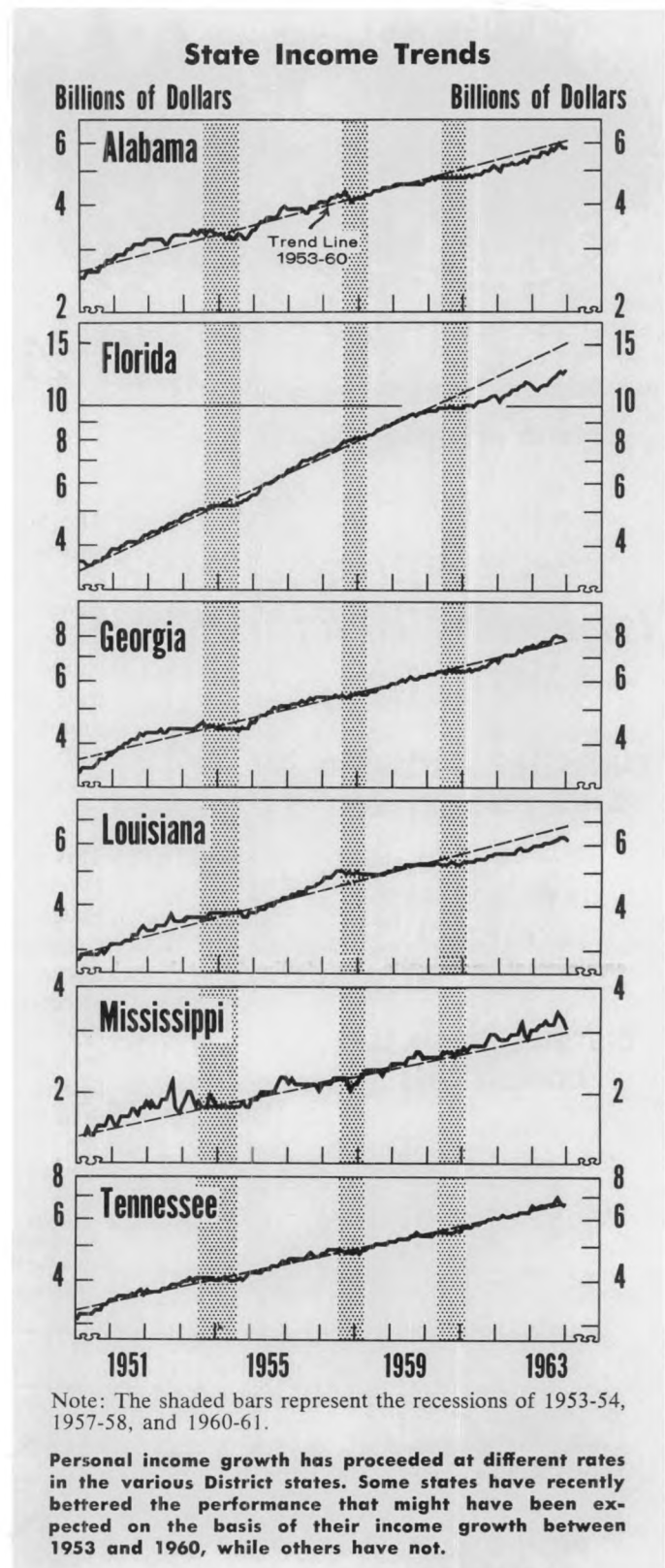
Not only did the six states as a group make progress in "catching up," so did each state individually. In Alabama and Mississippi, total personal income rose almost nine percent, in Georgia and Louisiana more than eight percent, in Tennessee a little over seven percent, and in Florida more than six percent.

Income growth has never been perfectly smooth, however, as the charts in the right column show. In each of these charts, a trend line has been fitted to the monthly seasonally adjusted data for the period July 1953 to May 1960. This period was chosen, following the method of the National Industrial Conference Board, to encompass as much postwar peacetime experience as possible. The period runs from the first cyclical peak of business activity following the Korean War to the last peak of activity that has occurred, so far as we know. Since the period runs from peak to peak and covers two complete cycles of business activity, the influence of cyclical activity on the calculation of the trend has been eliminated as much as possible.

A good part of the uneven pace of income growth is related to swings in the various states' economies during business expansions and recessions; the recessions of 1953-54, 1957-58, and 1960-61 are shown by the shaded bars. During these recessionary periods, income in most states either leveled off or grew more slowly than during the expansionary periods. The extended trend lines enable us to judge recent performance by showing what the expected changes in income would be if income expansion had proceeded at the same rate in the most recent four years as the average between the 1953 and 1960 peaks. The states vary in their rates of growth, as can be seen from the different slopes of their trend lines. The rate of growth has been greatest in those states whose lines are the steepest. The states also differ in the degree to which their personal income has responded to changes from recession to recovery and from expansion to recession.

For example, at the end of 1963, Alabama's income had caught up with the trend established earlier. In Florida, however, although personal income currently is growing almost as fast as in any other District state, the gap between the dashed straight line showing expected performance and the solid line showing actual income indicates that, since late 1959, income has not risen enough to bring it to the level that would be expected on the basis of the 1953-60 trend. Income in Georgia, which dipped below its growth trend in 1960-61, had pulled back to expected levels in 1962 and in late 1963 exceeded its expected growth rate. Louisiana's income growth outpaced anticipated performance during 1956-57 but, like the District, fell below anticipated levels in later years. Mississippi's income since early 1960 has been generally above the previously established rate, while Tennessee appears to have the most consistent pattern of income growth, relative to its growth trend, of all the District states.

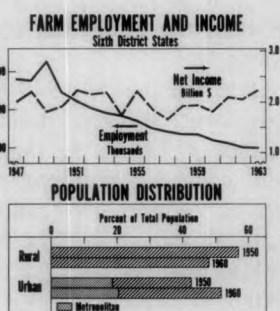
Such different patterns of income growth in the individual District states show that sweeping generalizations about southern economic growth can be misleading. Income growth has not been uniform from state to state: In some states, it has advanced more rapidly than the average for the District; in others, more slowly. The



economies of the six states have reacted differently to the nation's recession and recovery periods. In some states—Alabama, Florida, and Louisiana—recent expansion has not been as rapid as the trend established in 1953-60; in others—Georgia, Mississippi, and Tennessee—recent growth has maintained the previously established pace. Nevertheless, in the early 1960's, a different pattern of income growth in the area as a whole apparently emerged.

A Blending of South and North

These aggregate figures on personal income conceal changes in the economic structure of this part of the South that in part account for the changed behavior of income growth. Manufacturing employment, for example, has not expanded at as great a rate as employment for all types of nonagricultural activity, including, among others, services, government, trade, and finance, as well as manufacturing. In 1963, however, total manufacturing employment, after having dipped during the recession period of 1960-61, attained the level it would have reached had expansion followed the trend established during the 1953-60 period. On the other hand, the rate of expansion in other types of nonagricultural employment has not

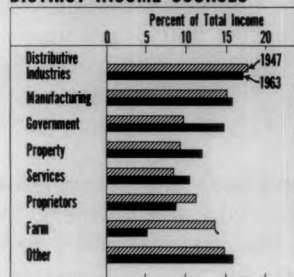


Total nonagricultural employment in the District has grown more rapidly in the postwar period than manufacturing employment alone. In the latest three years, however, it has not done as well in relation to its past performance as has manufacturing employment. Farm employment, meanwhile, has declined, yet farm income has remained nearly constant.

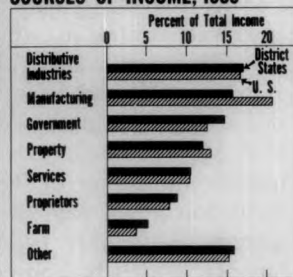
been great enough to bring the total up to the level that would be expected.

A quite different movement may be observed in the changes in farm employment and income. By 1963, farm employment in the District states, which at one time had numbered over two million persons, had declined to only one million persons. Nevertheless, farm income was main-

DISTRICT INCOME SOURCES



SOURCES OF INCOME, 1963



The sources of District income have changed during the postwar period. The most dramatic changes are the rise in income from government—mainly state and local—and the decline in the relative importance of agriculture. These changes have made the District's income structure look increasingly like that of the entire nation, although important differences still remain.

tained at almost a constant level of a little over \$2 billion. Per capita farm income, therefore, went up.

The result of such diverse rates of growth in the different sectors has been a shift in the relative importance of District income sources. While there have been only small variations in the importance of the distributive and manufacturing industries, there have been sharp changes in the remaining sources. Government payrolls, which include payments to members of the Armed Forces stationed in the District, as well as to civilian government employees, increased the most, with gains in property income and services following closely. On the declining side, proprietors' income as a percentage of total income dropped substantially, but was exceeded by the very large decrease in the farm sector, where income fell from 14 percent of total income to only 5 percent.

This shift in the relative importance of District income sources has heightened the similarity between the District and U. S. economies, although significant differences still exist for some categories and for components within categories. The percentage of income from the distributive industries and from services is almost identical for the U. S. and the District. However, manufacturing is still relatively more important in the U. S., while government is a more important source in the District. It may surprise some that the remaining income sources are so similar. For example, the percentage of income from farming for the District is only one and one-half percent larger than for the U. S. Thus the so-called agricultural South and the industrial North of the past have blended together in recent years.

The consequences of this development are both desirable and undesirable. As the region's economic structure comes to resemble the nation's more closely, per capita income should rise nearer to the national average. On the other hand, manufacturing, particularly durable goods manufacturing, is still growing more rapidly in the District. More and more, manufacturing firms are either local branches of nationwide concerns or, if headquartered here, produce for a national, rather than a strictly local, market. This sort of industrial orientation, however, may increase the severity of business fluctuations in the District because such industries will be affected by national, not local, conditions. It does seem to be true, however, that this area has made the greatest strides relative to the nation as a whole at those times when the entire country was expanding most rapidly. In that sense, the future of the South and that of the nation are inseparably linked.

REVISION IN BANK DEBITS SERIES

A change in geographic coverage has been made in the bank debits series. Both the Review table usually shown on Page 6 and the corresponding debits release will now show debits on a Standard Metropolitan Statistical Area basis for all areas so designated by the Bureau of the Census. This procedure replaces our former method of reporting debits on a city-limits basis. "Other Centers," however, are still reported on a city-limits basis.

Tennessee's Growing Pains: Less Severe?

Tennessee's economy recovered briskly from the recession of 1960-61. Personal income soared to new highs in 1961 and 1962. Yet, in spite of the generally strong cyclical recovery, some economic indicators continued to look gloomy until 1963. The unemployment rate, for example, showed little improvement through 1962. These seemingly contradictory conditions — rising income and high unemployment — may be explained by distinguishing between short-term and long-term economic forces.

Personal income almost always moves in the same general direction as the business cycle, which is customarily thought of as showing the pattern of short-term variations in the level of economic activity. Since personal income is itself the result of economic activity, it would be surprising if income changes over several months did not mirror the business-cycle pattern.

The unemployment rate, on the other hand, is influenced by many factors. A relatively high rate of unemployment may be a growing pain — a pain that frequently accompanies the type of long-term structural change that has been occurring in Tennessee. Throughout the postwar period, substantial investment and capital formation have taken place within the state. This process is preparing the way for higher productivity and income and broadly based economic well-being. However, restructuring of the economy involves channeling productive resources in new directions, and adjustments of this sort may produce unemployment and other dislocations. This type of growing pain is not relieved simply by recovering from a cyclical recession. It is eased only gradually as the resources released from traditional uses find their way into new forms of employment.

Closing the Gap

Tennessee, and the South in general, has long lagged behind the United States in terms of the most commonly used measure of economic well-being. Personal income per capita in Tennessee is still only about seventy-five percent of the U. S. level.

In recent years, economic activity, as measured by total personal income, nonagricultural employment, and bank debits, advanced at similar rates in Tennessee and the U. S. However, for Tennessee to gain on the U. S., the same rate of growth is not enough: Tennessee's economy must grow more rapidly than the U. S. economy if it is to narrow the gap. The process by which the gap is narrowed is a long and sometimes painful one. Perhaps it can be brought into some historical perspective if we look at the economic course taken by the U. S. as a whole.

In its infancy, the U. S. economy was primarily agrarian. Following heavy investment in agricultural techniques, however, it soon became possible for one agricultural worker to produce enough food for himself and several others. Consequently, labor resources were freed from farms and were absorbed by the manufacturing sector. Competition, innovation, and other factors eventually led to techniques of production that required relatively less labor. Service industries and the government then expanded their use of labor resources. The U. S. is still in

that phase in which new job opportunities appear principally in the nonagricultural and nonmanufacturing sectors.

Building Toward Greater Productive Efficiency

Before an economy can move into a phase of rapid acceleration, it must experience gains in productivity. Such gains are most readily achieved by increasing the quantity and quality of capital. Capital accumulation is a relatively long-term process, however. It has been going on in Tennessee throughout the postwar period and, hopefully, has now proceeded long enough so that the income gap between the state and the U. S. may be narrowed significantly.

Over the period 1947-61, investment in new plant and equipment showed much greater average annual increases in Tennessee than in the U. S. This new investment caused manufacturing to become a more important part of Tennessee's economy. Employment in the manufacturing industries now accounts for a much larger proportion of total employment than it did in 1950, and productive efficiency has also showed continuing gains. Value added per manufacturing employee increased 133 percent over the 1947-61 period in Tennessee, while an increase of only 110 percent occurred in the U. S. This increased efficiency in production was accompanied by a rise in income per capita. In 1961, for example, value added by manufacture increased 5.8 percent in Tennessee but only 0.2 percent in the U. S. Accordingly, income per capita rose much more in Tennessee than in the nation as a whole.

Signs of Rapid Expansion

There is no apparent uniform pattern to which various regions or states conform in moving into the rapid expansion phase. However, there are certain conditions that usually indicate the arrival of this phase. It is the appearance of some of these conditions that marks 1963 as a particularly encouraging year for Tennessee.

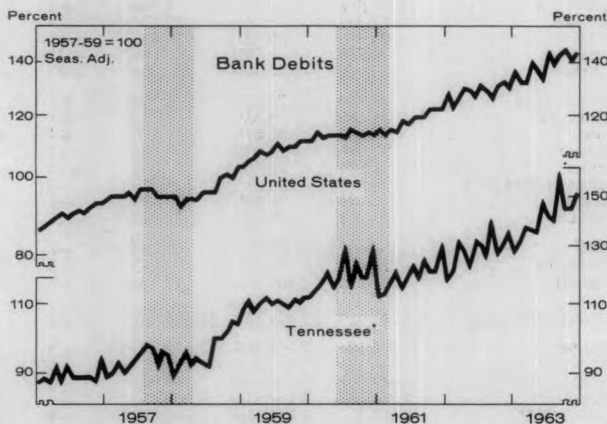
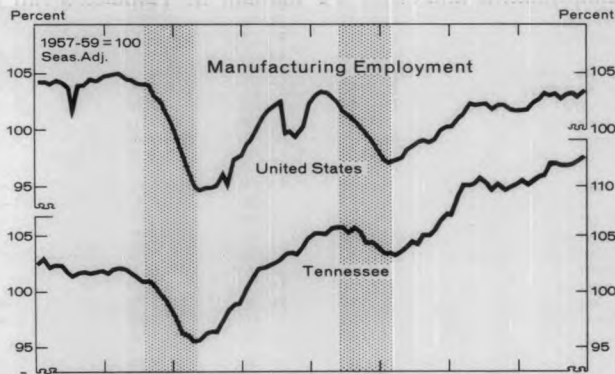
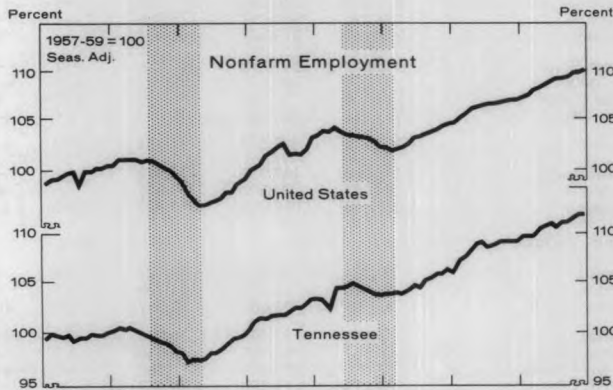
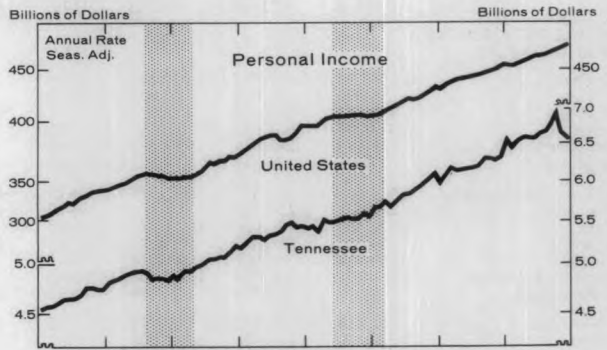
For the first time since 1955, the gap between income per person in Tennessee and in the U. S. narrowed to less than \$600. This represents the first non-recession year in the postwar period in which the dollar gap has contracted. The significance of this improvement is more poignantly established when we realize that, prior to 1963, the dollar gap had increased fairly steadily from \$256 in 1940 to \$664 in 1962.

Another indication of Tennessee's rapid expansion is the reduction in the rate of insured unemployment. From 5.9 percent in January 1963, this rate fell to 4.9 percent in January 1964. In contrast, the rate rose during the year-earlier period from 5.8 percent in January 1962 to 5.9 percent in January 1963.

Distribution of the Gains

Economic gains in Tennessee were rather evenly distributed throughout the state in 1963. Bank debits, which reflect spending, increased appreciably in each of the major

TENNESSEE'S ECONOMY has behaved increasingly like that of the U. S. as capital formation continues. Manufacturing and all nonagricultural employment increased similarly in the state and in the nation through 1963. The same is true of spending, as measured by bank debits and total income.



*For eastern two-thirds of the state only.

Note: The shaded portions of the chart represent the recessions of 1957-58 and 1960-61.

trade and banking areas in the Sixth District portion or eastern two-thirds of the state. In each of these areas, the gain was greater than that for the District as a whole. Deposits and loans at member banks in Tennessee also showed extensive gains. Nashville led the way with increases of 15 percent in loans and almost 9 percent in deposits. Chattanooga area banks added less than 10 percent to their loan portfolios, but were second only to Nashville in deposit growth.

Reductions in the unemployment rate in Tennessee primarily reflect increased job opportunities in Chattanooga, Nashville, Knoxville, and Memphis. However, each of the state's trade and banking areas showed some gain in total employment based on the December to December figures. The 1963 increase in total employment in Chattanooga was the first absolute increase in the past three years.

Adjustment to Change

In general, it may be said that developments in Tennessee's economy during the postwar period have enabled the state's firms to make more efficient use of productive resources.

Increased efficiency is a worthwhile achievement, for it permits a given quantity of resources to produce more than was formerly possible. Ultimately, resources can be freed from some forms of employment and channeled into others in which they are more productive. The more productive employment of these resources, in turn, leads to higher income. Although income is an imperfect measure of achievement at the very best, it is still useful to view increasing income as one means of reducing the divergence between aspirations and achievement. But all of this takes time, and the adjustment period is often painful to the adjustees. Viewed optimistically, the evidence of 1963 indicates that Tennessee's growing pains are now beginning to ease.

SAMUEL L. SKOGSTAD

This is one of a series in which economic developments in each of the Sixth District states are discussed. Developments in Louisiana's economy were analyzed in the January 1964 REVIEW, and a discussion of Florida's economy is scheduled for a forthcoming issue.

A REVIEW OF TENNESSEE'S ECONOMY, 1960-64

This publication is a compilation of articles devoted to Tennessee's economy that appeared in this Bank's *Monthly Review* during 1960-64, together with revised monthly figures of major business indicators for Tennessee. The articles emphasize various aspects of Tennessee's economic scene and often consider longer-run developments. Copies of this booklet, as well as copies of *A Review of Georgia's Economy, 1960-63*; *A Review of Mississippi's Economy, 1960-63*; and *A Review of Louisiana's Economy, 1959-63*, the first three publications in this series, are available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

Bank Announcements

Debits to Demand Deposit Accounts

Insured Commercial Banks in the Sixth District

(In Thousands of Dollars)

On February 5, the Cape Coral Bank, Cape Coral, Florida, a newly organized nonmember bank, opened for business and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers include L. H. Mills, President and Chairman of the Board; William F. Baker, Executive Vice President and Cashier; John G. Topley and Clarence Duffala, Vice Presidents; and Cortland G. Pohle, Secretary. Capital is \$400,000, and surplus and undivided profits, \$160,000.

The Citizens Bank, Hartselle, Alabama, a nonmember bank, began to remit at par on February 7. Officers are M. H. Broom, President; and Horace W. Broom, Vice President and Cashier.

On February 10, The First National Bank of Monticello, Monticello, Georgia, converted into a nonmember insured State bank under the title of Bank of Monticello.

The First National Bank of the Upper Keys, Tavernier, Florida, a newly organized member bank, opened for business and began to remit at par on February 13. Officers include B. I. Pippin, MD, Chairman of the Board; Franklin J. Kalteux, Vice Chairman of the Board; Howard M. Reineman, President; Robert H. Dunn, Executive Vice President; Richard M. Snyder, Vice President; and Robert M. Molchanoff, Cashier. Capital is \$212,500, and surplus and other capital funds, \$212,500, as reported by the Comptroller of Currency at the time the charter was granted.

On February 14, the DeKalb Bank, Crossville, Alabama, a newly organized nonmember bank, opened for business and began to remit at par. Officers are C. J. Cook, President; H. S. Camp, Vice President and Cashier; and J. F. Holcomb, Secretary to the Directors. Capital is \$100,000, and surplus and undivided profits, \$75,000.

The Five Point National Bank of Miami, Miami, Florida, a newly organized member bank, opened for business on February 14 and began to remit at par. Officers include Dexter Saunders, President; Stanford P. Skogstad, Executive Vice President; and Forman J. Williams, Vice President and Cashier. Capital is \$400,000, and surplus and undivided profits, \$600,000, as reported by the Comptroller of Currency at the time the charter was granted.

The Northside Bank of Miami, Miami, Florida, a newly organized nonmember bank, opened for business on February 14 and began to remit at par. Officers include L. Allen Morris, Chairman of the Board; William L. Mussett, President; Forrest L. Haines, Vice President; and William A. Rushton, Cashier. Capital is \$300,000, and surplus and undivided profits, \$150,000.

On February 21, the Fidelity National Bank of South Miami, South Miami, Florida, a newly organized member bank, opened for business and began to remit at par. Officers are Monroe Dixon, Chairman of the Board; John Gier, President; Jack Weisglass, Vice President; Amos Benjamin, Secretary; and John J. Hotaling, Jr., Cashier. Capital is \$250,000, and surplus and other capital funds, \$250,000, as reported by the Comptroller of Currency at the time the charter was granted.

The Peoples National Bank of Huntsville, Huntsville, Alabama, a newly organized member bank, opened for business on February 21 and began to remit at par. Officers include Billy Fleming, President; and C. C. Richardson, Executive Vice President and Cashier. Capital is \$400,000, and surplus and other capital funds, \$400,000, as reported by the Comptroller of Currency at the time the charter was granted.

	Jan. 1964	Dec. 1963	Jan. 1963	Percent Change	
				Jan. 1964 from Dec. 1963	Jan. 1963 from Dec. 1963
STANDARD METROPOLITAN STATISTICAL AREAS					
Birmingham	1,106,595	1,068,875	1,034,033	+4	+7
Gadsden	56,498	61,667	53,034	-8	+7
Huntsville	148,831	150,634	115,393	-1	+29
Mobile	429,249	404,522	400,695	+6	+7
Montgomery	246,799	241,874	229,372	+2	+8
Tuscaloosa	79,606	73,233	74,807	+9	+6
OTHER CENTERS					
Ft. Lauderdale-Hollywood	544,561	448,571	441,025	+21	+23
Jacksonville	1,266,421	1,152,961	1,068,414	+10	+19
Miami	1,819,408	1,736,614	1,711,371	+5	+6
Orlando	534,500	506,375	484,085	+6	+10
Pensacola	154,274	158,551	141,018	-3	+9
Tampa-St. Petersburg	1,161,196	1,107,074	1,068,468	+5	+9
W. Palm Beach	365,029	324,499	324,449	+12	+13
Albany	74,414	76,747	67,255	-3	+11
Atlanta	3,218,350	3,198,106	3,057,899	+1	+5
Augusta*	152,110	162,078	140,085	-6	+9
Columbus	173,049	176,242	147,727	-2	+17
Macon	181,293	184,191	173,096	-2	+5
Savannah	217,043	219,607	201,647	-1	+8
Baton Rouge	386,008	345,835	364,996	+12	+6
Lafayette	93,610	81,675	82,882	+15	+13
Lake Charles	109,748	93,856	102,455	+17	+7
New Orleans	1,911,572	1,844,729	1,691,623	+4	+13
Jackson	462,172	448,520	397,601	+3	+16
Chattanooga	488,966	457,047	475,612	+7	+3
Knoxville	372,027	397,590	353,681	-6	+5
Nashville	1,072,918	1,069,898	957,443	+0	+12
Anniston	51,334	50,532	48,927	+2	+5
Dothan	46,406	44,600	44,489	+4	+4
Selma	33,785	32,606	30,567	+4	+11
Bartow	35,650	27,948	30,986	+28	+15
Bradenton	56,167	55,305	55,316	+2	+2
Brevard County	158,016	150,619	121,860	+5	+30
Daytona Beach	87,619	74,189	74,977	+18	+17
Ft. Myers-N. Ft. Myers	73,220	62,470	68,670	+17	+7
Gainesville	64,700	66,303	56,180	-2	+15
Key West	23,241	21,834	21,151	+6	+10
Lakeland	113,111	98,170	106,688	+15	+6
Ocala	50,218	44,677	53,165	+12	-6
St. Augustine	12,805	13,267	18,072	-3	-29
St. Petersburg	285,683	257,697	268,258	+11	+6
Sarasota	108,003	97,352	104,028	+11	+4
Tallahassee	87,732	88,936	81,171	-1	+8
Tampa	587,495	583,737	544,554	+1	+8
Winter Haven	65,873	53,268	60,862	+24	+8
Athens	55,567	53,071	50,609	+5	+10
Brunswick	41,027	42,535	35,019	-4	+17
Dalton	71,766	76,243	60,609	-6	+18
Elberton	10,314	11,662	11,232	-12	-8
Gainesville	63,187	56,358	60,535	+12	+4
Griffin	25,101	26,569	24,661	-6	+2
LaGrange	18,140	19,221	18,127	-6	+0
Newnan	26,854	28,026	24,219	-4	+11
Rome	61,291	62,416	53,240	-2	+15
Valdosta	40,817	39,908	39,772	+2	+3
Abbeville	11,217	12,608	10,345	-11	+8
Alexandria	103,583	93,885	91,633	+10	+13
Bunkie	5,518	5,288	5,466	+4	+1
Hammond	27,337	26,355	27,517	+4	-1
New Iberia	36,980	30,521	29,838	+21	+24
Plaquemine	9,200	7,583	7,749	+21	+19
Thibodaux	25,080	20,361	22,369	+23	+12
Biloxi-Gulfport	71,354	70,468	66,115	+1	+8
Hattiesburg	42,642	39,839	41,512	+7	+3
Laurel	34,087	32,871	30,674	+4	+11
Meridian	57,810	54,072	56,891	+7	+2
Natchez	31,579	28,563	27,834	+11	+13
Pascagoula-Moss Point	35,995	39,214	36,519	-8	-1
Vicksburg	30,073	28,560	26,493	+5	+14
Yazoo City	23,810	19,639	20,293	+21	+17
Bristol	57,637	58,536	57,269	-2	+1
Johnson City	58,412	61,727	52,643	-5	+11
Kingsport	107,290	107,116	92,494	+0	+16
SIXTH DISTRICT, Total	23,797,323	22,923,181	21,850,381	+4	+9
Alabama†	3,054,808	2,954,360	2,822,883	+3	+8
Florida†	8,021,187	7,461,569	7,275,787	+8	+10
Georgia†	5,426,487	5,446,640	5,146,801	-0	+5
Louisiana††	3,334,589	3,139,914	2,989,958	+6	+12
Mississippi†††	1,068,203	1,027,118	949,318	+4	+13
Tennessee†††	2,892,128	2,879,745	2,665,634	+0	+8
U.S., 344 Cities	360,700,000	357,100,000	325,800,000	+1	+11

*Richmond County only. **Includes only banks in the Sixth District portion of the state.

†Partially estimated. ‡Revised.

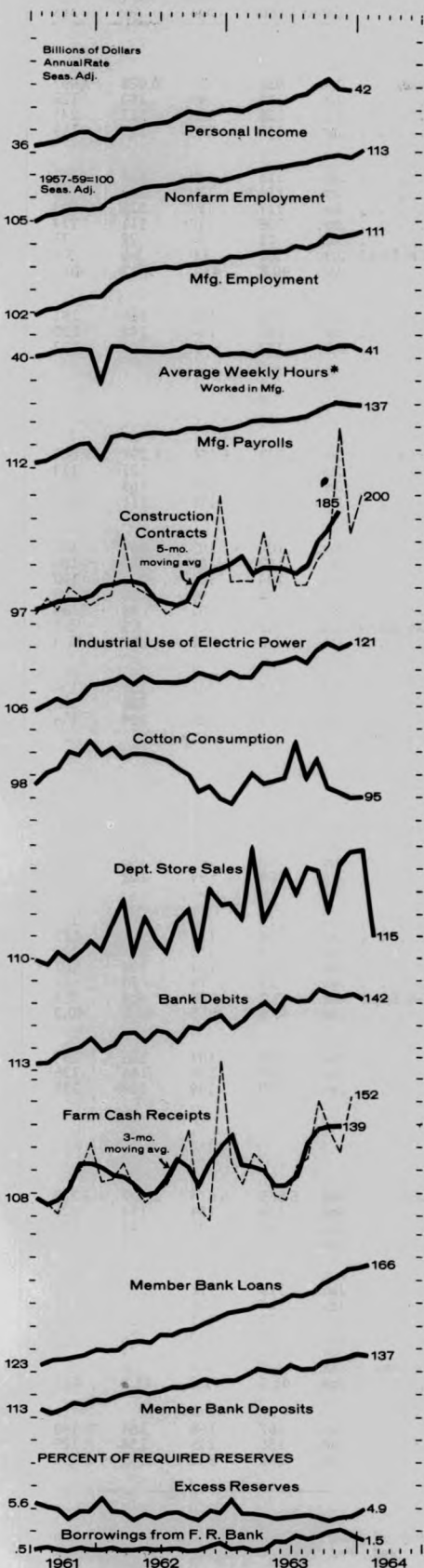
Sixth District Statistics

Seasonally Adjusted

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

		Latest Month	One Month Ago	Two Months Ago	One Year Ago		Latest Month	One Month Ago	Two Months Ago	One Year Ago	
SIXTH DISTRICT						GEORGIA					
INCOME AND SPENDING						INCOME AND SPENDING					
Personal Income, (Mil. \$, Annual Rate)	Dec.	42,061	42,279	43,193	39,783	Personal Income, (Mil. \$, Annual Rate)	Dec.	7,828	7,979	8,028	7,467
Manufacturing Payrolls	Jan.	137	138	138	128	Manufacturing Payrolls	Jan.	139	140	140	126
Farm Cash Receipts	Dec.	152	128	138	168	Farm Cash Receipts	Dec.	120	148	117	245
Crops	Dec.	177	132	148	199	Department Store Sales**	Jan.	129	126	121	119
Livestock	Dec.	109	120	119	115	PRODUCTION AND EMPLOYMENT					
Department Store Sales**	Feb.	115p	134	134	119	Nonfarm Employment	Jan.	115	114	114	111
Department Store Stocks*	Dec.	133	130	129	129	Manufacturing	Jan.	110	110	109	107
Instalment Credit at Banks,* (Mil. \$)						Nonmanufacturing	Jan.	117	117	116	113
New Loans	Jan.	184	189	163	165	Construction	Jan.	105	112r	111	114
Repayments	Jan.	175	168	162	149	Farm Employment	Jan.	71	74	72	76
PRODUCTION AND EMPLOYMENT						Insured Unemployment, (Percent of Gov. Emp.)	Jan.	3.1	3.0	2.6	3.5
Nonfarm Employment	Jan.	113	112	112	110	Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	40.8	41.1	41.2	40.0
Manufacturing	Jan.	111	111	111	109	FINANCE AND BANKING					
Apparel	Jan.	132	131	130	129	Member Bank Loans	Jan.	170	172	169	151
Chemicals	Jan.	107	106	107	103	Member Bank Deposits	Jan.	140	144	142	130
Fabricated Metals	Jan.	119	117	117	110	Bank Debits**	Jan.	143	148r	148	137
Food	Jan.	104	106	105	104	LOUISIANA					
Lbr., Wood Prod., Furn. & Fix.	Jan.	95	94	94	94	INCOME AND SPENDING					
Paper	Jan.	107	108	107	107	Personal Income, (Mil. \$, Annual Rate)	Dec.	6,243	6,250	6,292	5,880
Primary Metals	Jan.	100	98	99	96	Manufacturing Payrolls	Jan.	129	129	127	119
Textiles	Jan.	94	94	94	95	Farm Cash Receipts	Dec.	170	141	163	134
Transportation Equipment	Jan.	119	119	117	112	Department Store Sales**	Jan.	118	116	111	107
Nonmanufacturing	Jan.	113	112	113	110	PRODUCTION AND EMPLOYMENT					
Construction	Jan.	99	99	99	97	Nonfarm Employment	Jan.	104	103	103	102
Farm Employment	Jan.	82	80	80	83	Manufacturing	Jan.	102	102	100	100
Insured Unemployment, (Percent of Gov. Emp.)	Jan.	3.9	3.5	3.4	4.7	Nonmanufacturing	Jan.	104	104	104	102
Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	40.8	41.3	41.3	40.4	Construction	Jan.	94	98	96	88
Construction Contracts*	Jan.	200	169	256	125	Farm Employment	Jan.	81	81	93	89
Residential	Jan.	164	165	149	124	Insured Unemployment, (Percent of Gov. Emp.)	Jan.	4.0	3.7	3.5	5.1
All Other	Jan.	230	172	347	126	Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	42.2	43.1	42.3	41.4
Industrial Use of Electric Power	Dec.	121	120	121	113	FINANCE AND BANKING					
Cotton Consumption**	Jan.	95	95	96	94	Member Bank Loans*	Jan.	154	148	151	139
Petrol. Prod. in Coastal La. and Miss.**	Jan.	167	164	161	151	Member Bank Deposits*	Jan.	125	126	126	115
FINANCE AND BANKING						Bank Debits*/**	Jan.	129	128	134	116
Member Bank Loans*						MISSISSIPPI					
All Banks	Jan.	166	165r	164	146	INCOME AND SPENDING					
Leading Cities	Feb.	156	155	153	139	Personal Income, (Mil. \$, Annual Rate)	Dec.	3,065	3,195	3,347	2,969
Member Bank Deposits*						Manufacturing Payrolls	Jan.	141	141	140	132
All Banks	Jan.	137	138	136	126	Farm Cash Receipts	Dec.	203	140	146	224
Leading Cities	Feb.	129	127	129	122	Department Store Sales**	Jan.	105	99	102	103
Bank Debits*/**	Jan.	142	144r	144	131r	PRODUCTION AND EMPLOYMENT					
ALABAMA						Nonfarm Employment	Jan.	115	114	114	114
INCOME AND SPENDING						Manufacturing	Jan.	118	118	118	117
Personal Income, (Mil. \$, Annual Rate)	Dec.	5,790	5,797	5,972	5,506	Nonmanufacturing	Jan.	113	113	113	112
Manufacturing Payrolls	Jan.	122	125	126	116	Construction	Jan.	100	100	108	107
Farm Cash Receipts	Dec.	145	120	124	217	Farm Employment	Jan.	75	79	70	77
Department Store Sales**	Jan.	113	114r	115	106	Insured Unemployment, (Percent of Gov. Emp.)	Jan.	5.2	4.8	4.4	5.3
PRODUCTION AND EMPLOYMENT						Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	40.6	40.5r	40.2	40.3
Nonfarm Employment	Jan.	108	107	107	106	FINANCE AND BANKING					
Manufacturing	Jan.	102	103	102	102	Member Bank Loans*	Jan.	189	187	186	159
Nonmanufacturing	Jan.	110	109	109	108	Member Bank Deposits*	Jan.	147	148	146	136
Construction	Jan.	95	94	95	92	Bank Debits*/**	Jan.	150	149	157r	135
Farm Employment	Jan.	84	79	73	82	TENNESSEE					
Insured Unemployment, (Percent of Gov. Emp.)	Jan.	4.4	4.0	4.0	5.2	INCOME AND SPENDING					
Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	40.1	40.9r	41.4	39.7	Personal Income, (Mil. \$, Annual Rate)	Dec.	6,565	6,674	6,977	6,320
FINANCE AND BANKING						Manufacturing Payrolls	Jan.	136	134	134	126
Member Bank Loans	Jan.	165	162	162	149	Farm Cash Receipts	Dec.	97	91	144	120
Member Bank Deposits	Jan.	141	136	133	128	Department Store Sales**	Jan.	117	115	114	108
Bank Debits**	Jan.	139	141	139	129r	PRODUCTION AND EMPLOYMENT					
FLORIDA						Nonfarm Employment	Jan.	113	112	112	110
INCOME AND SPENDING						Manufacturing	Jan.	114	113	113	111
Personal Income, (Mil. \$, Annual Rate)	Dec.	12,570	12,384	12,577	11,641	Nonmanufacturing	Jan.	112	111	112	109
Manufacturing Payrolls	Jan.	164	165	168	153	Construction	Jan.	125	123r	122	120
Farm Cash Receipts	Dec.	168	128	143	115	Farm Employment	Jan.	91	81	84	90
Department Store Sales**	Jan.	166	169	166	147	Insured Unemployment, (Percent of Gov. Emp.)	Jan.	4.9	4.4	3.8	5.9
PRODUCTION AND EMPLOYMENT						Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	41.0	41.6	41.3	40.6
Nonfarm Employment	Jan.	118	118	119	115	FINANCE AND BANKING					
Manufacturing	Jan.	124	124	125	120	Member Bank Loans*	Jan.	167	168	164	148
Nonmanufacturing	Jan.	117	116	118	114	Member Bank Deposits*	Jan.	136	135	134	129
Construction	Jan.	93	88	88	90	Bank Debits*/**	Jan.	141	149r	145	131
Farm Employment	Jan.	97	94	97	91	Footnote:					
Insured Unemployment, (Percent of Gov. Emp.)	Jan.	3.0	2.8	3.3	4.0	*For Sixth District area only. Other totals for entire six states. **Daily average basis. p Preliminary. r Revised.					
Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	40.5	41.1r	41.4	40.8	Sources: Personal income estimated by this Bank; nonfarm, mfg. and nonmfg. emp., mfg. payrolls and hours, and unemp., U. S. Dept. of Labor and cooperating state agencies; cotton consumption, U. S. Bureau of Census; construction contracts, F. W. Dodge Corp.; petrol. prod., U. S. Bureau of Mines; elec. power prod., Fed. Power Comm.; farm cash receipts and farm emp., U.S.D.A. Other indexes based on data collected by this Bank. All indexes calculated by this Bank.					

DISTRICT BUSINESS CONDITIONS



*Seas. adj. figure; not an index

The regional economy is apparently in a mid-winter lull, with no dramatic changes, either up or down, in any sector. Bad weather has hampered construction and farm activity, but we seem to have escaped the rigors of the previous two winters, which produced actual declines in several indicators. Construction contract awards continue to be strong, and bank loan demand remains at high levels.



Consumer spending apparently held up well throughout January. Preliminary figures suggest department store sales slipped in February, however. Consumers in January were somewhat less daring in taking on new instalment debt than they had been previously, and bank debits declined slightly. The trend of debits throughout 1963 generally conformed to the District's income trend, which accelerated during the first three quarters of the year but declined in the last quarter. Employment gains, together with the speedup in Government insurance refund payments, suggest a rise in personal income in January.



Employment resumed its upward course in January with gains in all states. Nonmanufacturing activity provided the major stimulus, as it has throughout most of the present expansion period. Manufacturing employment was up also, with gains centered in Tennessee, Louisiana, and Georgia. The primary and fabricated metals industries showed the most improvement. Construction employment decreased slightly, as bad weather slowed outdoor work in many areas. Insured unemployment rose in all states, however.



Construction activity, supported by ample mortgage money, got off to a good start in January. Construction contract awards in District states expanded further, following an all-time record for 1963. Total residential awards for January were up sharply over January of last year. Space vehicle launching facilities and a power generating plant, all in Florida, were among the major nonresidential awards.



Rising prices for important farm products revived a cold and soggy farm economy somewhat. February farm activity in general was limited largely to routine chores by cold, wet weather. The index of farm prices rose in January, however, reflecting price increases for beef, hogs, corn, rice, and soybeans. Recent price trends for some products indicate only a slight weakening. Livestock marketings are maintaining advanced levels, as larger shipments of beef, pork, and poultry products more than offset reduced shipments of milk.



Bank credit extension at District member banks increased in January in spite of a moderate decline in deposits. Securities holdings also showed moderate gains, as reductions in holdings of state and local securities were more than offset by increases in holdings of U. S. Government securities. Deposits declined slightly, reflecting substantial demand deposit losses that were only partially counterbalanced by new time deposits.

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