Monthly Review

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GROWTH OF DISTRICT FINANCIAL INSTITUTIONS: 1957-62

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Federal Reserve Bank of Atlanta

Between the Devil and the Deep Blue Sea: Monetary Policy from 1960 to 1964

The past four years have been challenging ones for Federal Reserve policy-makers, challenging in a way that monetary policy has not often encountered. The first part of this challenge consisted of the recession that began in April 1960. Even after this threat was overcome, the monetary authorities had to contend with unacceptably high levels of unemployment and unutilized plant capacity that occurred despite a continuation of very rapid economic expansion. And, on another front, U. S. balance of payments deficits were large and continuous throughout the period. Now that the United States seems to be making some considerable progress in meeting this twofold challenge, some observers are warning of an attack from another direction. Their current economic intelligence reports tell them that inflation and an unsustainable boom are near and that defensive measures should be taken immediately.

The Devil

Once the recession began, the immediate problem was to check its course and get the economy moving upward again. The Federal Reserve System first recognized the slackening in economic activity early in 1960. On March 1, the Open Market Committee changed its directive to the Manager of the Open Market Account so as to place major emphasis on "fostering sustainable growth in economic activity and employment." This was a full two months earlier than the date the National Bureau of Economic Research later designated as the turning point in business activity. The economic outlook at the time was cloudy, but it was becoming evident that the economy was at least no longer expanding. The following two months furnished more solid evidence of a downturn, and on May 24 the directive to the Account Manager was modified to emphasize the need to provide "reserves needed for moderate bank credit expansion." On August 16, further emphasis was put on "encouraging monetary expansion."

In response to this progressively easier monetary policy, member bank reserves, which had hardly changed at all in 1959, rose markedly in 1960. Banks quickly put these funds to work by increasing their loans and investments. At first, most of their new money went into investments.

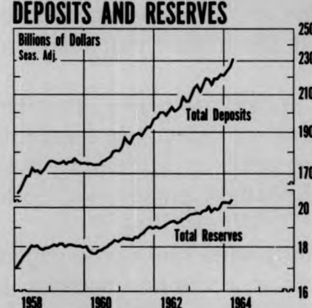
So far, the Federal Reserve System was doing what one would expect a central bank to do in combating a decline in economic activity. It was just at this point, however, that the System found itself between the devil of recession and the deep blue balance of payments deficit. With the demand for loans falling off in 1960 because of the recession and the supply of short-term funds being deliberately increased by Federal Reserve open market operations, short-term interest rates plunged sharply downward. If the System allowed short-term rates to fall as low as they had in the previous recession in 1958 (when the three-month Treasury bill rate went almost down to one-half of one percent), there was a good chance that the flow of short-term funds out of this country in search of higher returns abroad would increase and, thus, worsen our already serious balance of payments deficit. The Open Market Committee, therefore, in its directive of October 25 warned the Account Manager to take "into consideration current international developments," although priority was still given to expanding the reserve base so as to promote economic recovery.

The Federal Reserve Banks, after lowering their discount rates in two stages from 4 percent to 3 percent, maintained them at the 3-percent level until July of last year (when they were raised to 3½ percent). The Open Market Committee early in 1961 began to buy some intermediate and longer-term securities in the hope of being able to provide additional reserves without driving down short-term interest rates in the process. This had the added result of putting some downward pressure on long-term rates. Lower long-term rates would be expected to encourage domestic investment more than a comparable decrease in short-term rates. The Treasury cooperated in this endeavor by concentrating its new cash borrowing in the short-term area, thus applying upward pressure on short-term rates.

The results of this tightwire act were reasonably satisfactory. The three-month Treasury bill rate went down to 2¼ percent in the middle of 1960 and stayed roughly at that level until nearly the end of 1961. Thereafter, with increasing domestic credit demands, short-term rates rose and thereby contributed to reducing short-term capital outflows. Meanwhile, the Open Market Committee continued to supply member banks with additional reserves and the Board of Governors reduced required reserve ratios and allowed member banks to count all of the cash held in their vaults as part of their reserves.

Member bank reserves have continued to expand almost constantly since April 1960, a total of 48 months. This is the longest period of reserve expansion since World War II and has made possible a sharp rise in bank deposits. This growth in deposits and reserves has contributed to growth of the real output of the economy as represented by the gross national product. The current expansion in business is now in its thirty-ninth month and is the second longest peacetime expansion on record.

DEPOSITS AND RESERVES



SOURCE: Board of Governors of the Federal Reserve System.

GROSS NATIONAL PRODUCT

SOURCE: U. S. Department of Commerce.

These policy actions have had their effects on economic activity. For example, industrial production is now about 24 percent higher than in February 1961 when the current business expansion began. The gross national product, expressed in 1954 dollars of constant purchasing power, has increased each quarter since then at an average annual rate of 5.3 percent. Total nonagricultural employment has increased steadily since the beginning of the expansion, and outlays for business fixed investment, which are mainly expenditures for new facilities and equipment, have advanced steadily. Moreover, according to the latest McGraw-Hill survey, business firms plan to increase their capital outlays this year 12 percent above their 1963 levels.

Construction has boomed. Residential building has been stimulated by ample credit and by the public's preference for income earning assets over demand deposits as a repository for their savings. Commercial banks have seen their time deposits grow much faster than their demand deposits, and other financial institutions, such as insurance companies and savings banks, have also had large inflows of funds. Competition among those who wish to put these funds to work has resulted in a considerable fall in mortgage rates and, therefore, in the monthly payments of home buyers. The backlog of building permits and construction contracts already awarded suggests that residential construction will probably remain a source of strength for some time.

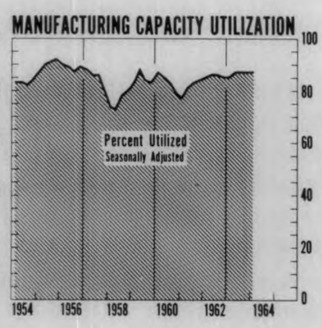
Disposable personal income has increased steadily since 1961. Part of it goes for expenditures on goods and services and the remainder is saved. Both consumer expenditures and saving have increased since 1961. Saving, however, has increased faster, indicating that consumers have not spent as large a proportion of their income as they have in some other periods.

Economic expansion, rapid as it has been, has not been fast enough to remove enough slack from the economy to allow us to concentrate on our balance of payments problem. Despite increased employment, the number of jobs has done little more than keep up with the expansion of the labor force. As a result, the unemployment rate has remained fairly constant since early 1962. The unemployment rate for teen-agers and for the unskilled and semi-skilled has been especially high. Manufacturing capacity, too, has been less than fully utilized. While the percentage of utilized capacity has increased from its recession low, in the first quarter of 1964 it was still well below the level reached in 1955 and 1956.

Federal Reserve policy-makers have recognized this underutilization of resources; and the continuation of reserve expansion longer than in any previous postwar period is a reflection of their concern over the problem. Unemployment, however, cannot be eliminated solely by expanding credit and the supply of money. It can be traced to many things—changing technology, legislation, a deficient educational system, and structural causes. Thus, even if there had been no other problems bedeviling monetary management, monetary policy might not have been able to bring about full utilization of resources. But there were other problems.

In spite of rapid economic expansion, resources have not been fully utilized. Unemployment has remained above 5 percent, as the civilian labor force grew as rapidly after 1961 as did total civilian employment. Manufacturing capacity utilization, although it has risen, has remained below earlier levels.

SOURCE: U. S. Department of Commerce.



SOURCE: Board of Governors of the Federal Reserve System.

The Deep Blue Sea

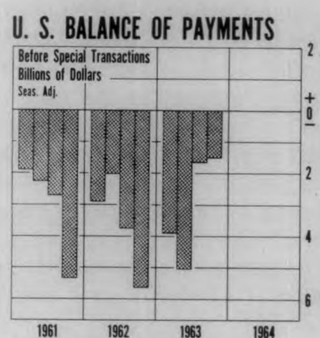
This country has experienced massive deficits in its transactions with the rest of the world in each of the last six years. Several times, as in early 1961 and early 1962, it seemed that we were making progress in reducing the deficit—only to have it worsen again. Numerous nonmonetary measures have been adopted to solve the problem including an export promotion drive, reduction of military expenditures abroad, and increased tying of foreign aid to purchases in this country. The most dramatic improvement so far, however, came in the last half of 1963 after a proposal was advanced for an interest equalization tax to discourage American purchases of foreign securities. The deficit in the fourth quarter of 1963 was the smallest since 1957, and preliminary figures indicate that the balance improved even further in the first quarter of this year.

The reason the Administration proposed the interest equalization tax is found in the behavior of capital outflows from the U. S. The outflow of long-term capital has been one of the major negative elements in our balance of payments since 1956, but a large part of it had been in the form of direct investments, that is, the purchase or construction of physical assets, such as manufacturing plants, abroad. The accumulated assets acquired by these direct investments have, in the past few years, returned an annual income that was usually greater than the outflow of new money in any one year. This was not true, however, of the other component of long-term foreign investment, portfolio capital. Portfolio capital is another term for foreign securities—stocks or bonds—purchased by Americans. The return from portfolio capital was usually smaller than the outflow of new money and, thus, a balance of payments drain occurred. The amount of portfolio investment began to rise in late 1962 and reached a record level in the second quarter of 1963. After the interest equalization tax, which would apply only to portfolio investment, was proposed in July, this part of the capital outflow shrank dramatically.

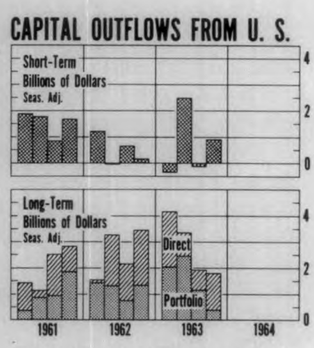
Short-term capital outflows have also been a problem in the last three years. It was partly in response to the very large outflow in the second quarter of 1963 that the Federal Reserve System raised discount rates and also increased the maximum interest rates that member banks could pay on time deposits. Short-term interest rates in the United States rose after last July's action by the Federal Reserve, and the gap between rates at home and abroad narrowed. This helped to reduce the attractiveness, to U. S. banks and corporations, of moving funds abroad, and the outflow of short-term capital diminished sharply.

All major parts of the balance of payments showed improvement in the last half of 1963 and the first quarter of 1964. Exports increased, while imports remained almost unchanged. Private capital outflows decreased sharply, and government loans and grants declined. Even so, we cannot assume that the problem has been solved; we have been disappointed too often before. But it is just possible that all the effort of the past four years may be bearing fruit—that we can look forward to the time when a larger export surplus will be nearly sufficient to offset a deficit on private and government loans and grants.

After five and a half years of very large deficits, the U. S. balance of payments showed marked improvement in the last half of 1963. To a considerable extent, this resulted from a sharp reduction in the outflow of U. S. capital after the Administration proposed the interest equalization tax and the Federal Reserve Banks raised their discount rates.



SOURCE: U. S. Department of Commerce.



SOURCE: U. S. Department of Commerce.

A New Threat?

One of the reasons for the good performance of our international trade account is the absence of general inflation. The wholesale price index is almost identically the same as it was in February 1961. This situation contrasts strongly with the recovery beginning in August 1954. Then, a similar rise in industrial production, gross national product, and employment was accompanied by a sharp upswing in wholesale prices. More recently, however, there have been announcements of price increases for such commodities as aluminum, zinc, brass, copper, chemicals, glass, and lumber. This suggests that, despite the relative stability of the recent past, price stability may become more difficult to maintain in the future.

The behavior of consumer prices has been less satisfying than that of wholesale prices. A major source of the upward pressure on consumer prices for all items has been the sharply rising trend of prices for services. The service component is made up of costs for rent, transportation, medical care, household operations, and other service charges. Because services make up more than one-third of the average family's budget, the impact of the continued postwar rise in service prices has been considerable. Advances in service prices have been responsible for more than one-half of the total consumer price rise since the Korean War. Stability in service prices, however, is difficult to achieve because of the substantial wage element in the final price and because improvements in productivity in services in the past have not kept pace with the growing demand.

So far in the latest expansion period, manufacturing labor cost per unit of output has not risen in spite of continued advances in average hourly earnings of production workers. This was made possible by rapid increases in productivity per worker. There has thus been no upward pressure from costs on the wholesale price index, which has remained almost unchanged. Consumer prices, however, have risen moderately.

Source: U. S. Department of Commerce.

Source: U. S. Department of Commerce.

In contrast with services, productivity in manufacturing has increased sufficiently to absorb the rising hourly average earnings of manufacturing production workers. From early 1961 to early 1964, average hourly earnings have increased from \$2.28 to \$2.51. Despite this increase in hourly pay, manufacturers have held down the labor cost per unit of output so that it has remained relatively unchanged since late 1961. The current expansion period is unique in the sense that an upward push in unit labor costs, such as occurred in 1955-57, has been absent. To have maintained this stability in cost per unit of output for such an extended period during the current expansion is extraordinary.

Some persons are currently pointing out, however, that the absence of inflationary pressures during the past four years is no assurance of their continued absence in the future. Inflationary forces, they say, can take many forms other than higher wholesale and consumer prices. They see symptoms of inflation in the trends of land values and stock prices, for example. Furthermore, they think inflationary dangers may intensify as the economy expands further. These persons who scent inflationary dangers believe that monetary policy-makers should build up their defenses now against future ambush from that hidden enemy, potential inflation.

Other persons appraise the situation quite differently. Unused capacity and unemployment suggest that output can expand without inflationary pressures developing. Moreover, investment in new plants and equipment will expand capacity, while worldwide competition is counted on to hold prices in line. At any rate, they conclude that it would be a grave mistake to tighten credit prematurely in anticipation of what might turn out to be an imaginary enemy.

The expression "between the devil and the deep blue sea" first began to be used over 300 years ago, we are told by a popular reference work. It has survived all these years because it compresses into a few words the predicament so many of us think we face in having a choice only between disasters.

And so it seemed, at times, to some analysts during the past four years when they thought about the alternative monetary policies that could be followed. Some persons believed that any steps taken toward monetary ease for the purpose of facilitating recovery and growth would lead to disaster in the nation's international payments position. Others felt that any steps taken to help redress the imbalance in international payments would lead to a disaster at home in the form of a recession.

Actually, neither disaster occurred, even though monetary policy was directed at both stimulating the domestic economy and helping to correct the nation's unfavorable balance of payments position. This suggests that, although homely expressions like "between the devil and the deep blue sea" may compress a good deal of the world's accumulated wisdom in a few words, they sometimes oversimplify the world as it actually exists. Perhaps the chief value is in pointing out the danger of basing policy decisions solely on one sector of the economy instead of judiciously weighing all relative factors. In monetary policy, as in other things, there is seldom a clear-cut choice.

Lawrence F. Mansfield

Bank Announcements

The Brevard National Bank, Titusville, Florida, a newly organized member bank, opened for business on April 1 and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers are J. J. Parrish, Jr., Chairman of the Board; Thomas L. Henderson, President; George E. Sullins, Executive Vice President and Cashier; and Fred Bell and N. E. Jones, Vice Presidents. 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 April 1, the Imperial Bank of Lakeland, Lakeland, Florida, a newly organized nonmember bank, opened for business and began to remit at par. Officers include Eugene F. Griffin, President and Chairman of the Board; J. E. Stell, Executive Vice President; and H. R. Hjort, Cashier. Capital is \$500,000, and surplus and undivided profits, \$125,000.

The Bank of Sharon, Sharon, Georgia, changed its

(Continued on Page 6)

Growth of District Financial Institutions: 1957-62

Financial institutions facilitate the process of capital formation by accumulating the savings of individuals and making them available for investment in productive enterprise. In Sixth District states, financial institutions have been extremely active in serving this intermediary function throughout the postwar period. This article updates the statistics on financial intermediation in the District for the entire period 1947-62. The data for 1947 and 1957 were presented in the August 1959 issue of this *Review*.

The assets of District financial institutions increased over $12 billion between 1957 and 1962, the last year for which data are available. This development signifies that the business of bringing together borrowers and lenders is an important part of Sixth District economic activity.

Over the 1957-62 period, personal income in District states grew much more rapidly than in the United States as a whole. Since the volume of savings expands as income increases, it is not surprising to find that the assets of District financial institutions also showed greater gains than in the nation. In addition, the number of financial institutions increased more in the District than in the United States. Within the District, the assets of financial institutions rose appreciably in each state. Florida led the way with an increase of 66 percent. Moreover, except for Louisiana, each of the state gains exceeded that recorded for all U. S. financial institutions.

In terms of total assets, commercial banks compose the largest category of Sixth District financial institutions. However, they have not grown as rapidly in the past five years as have nonbank financial institutions. Consequently, the share of assets held by District commercial banks dropped from 69 percent in 1957 to 62 percent in 1962.

Credit unions have led the growth parade in District states by expanding their assets 108 percent. They have also grown in number; in 1962, there were 417 more credit unions in the District than in 1957. These are the only financial institutions included in the survey that are more numerous than commercial banks.

Insured savings and loan associations are the closest rivals of commercial banks with respect to gains in dollar volume of assets. These associations produced well over a third of the total increase in assets of District financial institutions during the 1957-62 period. Nevertheless, their total assets still amount to less than one-half of the assets of commercial banks.

The percentage growth of assets of legal reserve life insurance companies looks relatively small compared with that of some District institutions. However, their 59-percent increase in assets represents a gain of over one and one-half billion dollars in outstanding credit. It also represents almost twice the percentage increase of all such companies in the United States, as well as a greater rate of growth than that of total financial assets in the District.

Samuel L. Skogstad

Note: Figures for 1947 and for 1957-62 are available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

Assets of Financial Institutions in Sixth District States
For the Years 1957-62
(Millions of Dollars)

Year	Insured Commercial Banks	Insured Savings and Loan Associations	Credit Unions	Life Insurance Companies	Total
1957	16,316	4,331	305	2,738	23,690
1958	17,695	5,039	360	3,033	26,127
1959	18,707	5,933	431	3,339	28,410
1960	19,365	6,732	491	3,671	30,259
1961	20,684	7,706	558	4,015	32,963
1962	22,090	8,829	635	4,360	35,914

By State, 1957 and 1962
(Millions of Dollars)

	Insured Commercial Banks	Insured Savings and Loan Associations	Credit Unions	Life Insurance Companies	Total
1957					
Alabama	1,949.2	281.0	49.6	433.6	2,713.4
Florida	4,393.7	1,977.7	80.9	297.7	6,750.0
Georgia	2,751.1	752.4	48.8	312.0	3,864.3
Louisiana	3,002.1	639.3	49.0	305.5	3,995.9
Mississippi	1,165.2	188.5	10.9	109.0	1,473.6
Tennessee	3,054.4	492.1	65.6	1,280.1	4,892.2
1962					
Alabama	2,658.7	630.7	107.9	747.6	4,144.9
Florida	6,143.1	4,292.2	179.1	562.3	11,176.7
Georgia	3,717.2	1,403.9	97.3	503.0	5,721.4
Louisiana	3,624.3	1,181.2	92.3	432.0	5,329.8
Mississippi	1,693.9	369.1	26.9	194.0	2,283.9
Tennessee	4,252.9	952.2	131.7	1,920.4	7,257.2

Percent Change, 1962 from 1957

	Insured Commercial Banks	Insured Savings and Loan Associations	Credit Unions	Life Insurance Companies	Total
Alabama	+36	+124	+118	+72	+53
Florida	+40	+117	+121	+89	+66
Georgia	+35	+ 87	+ 99	+61	+48
Louisiana	+21	+ 85	+ 88	+41	+33
Mississippi	+45	+ 96	+147	+78	+55
Tennessee	+39	+ 94	+101	+50	+48
Total, Six States	+35	+104	+108	+59	+52
United States	+34	+101	+ 89	+32	+42

Number of Sixth District Financial Institutions, By State, 1957 and 1962

1957	Insured Commercial Banks	Insured Savings and Loan Associations	Credit Unions	Life Insurance Companies	Total
Alabama	239	35	223	39	536
Florida	265	94	487	26	872
Georgia	353	83	293	33	762
Louisiana	181	81	360	112	734
Mississippi	192	34	93	24	343
Tennessee	291	46	310	22	669
Total	1,521	373	1,766	256	3,916
1962					
Alabama	239	47	304	37	627
Florida	340	122	569	26	1,057
Georgia	364	96	354	27	841
Louisiana	195	91	413	111	810
Mississippi	190	36	143	25	394
Tennessee	289	60	400	28	777
Total	1,617	452	2,183	254	4,506

NOTE: These tables bring up to date figures published in this Bank's *Monthly Review* for August 1959. Data for 1963 are not yet available.

BANK ANNOUNCEMENTS

(Continued from Page 4)

name and location to The Citizens State Bank of Augusta, Augusta, Georgia, and on April 1 began to remit at par. Officers are Travis F. Starr, President and Cashier; and P. G. Blitch, Vice President.

On April 1, the Vidalia Banking Company, Vidalia, Georgia, became a member of the Federal Reserve System and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers include C. M. Jordan, President; H. S. Vandiver and P. W. Tippett, Vice Presidents; and W. A. Humphrey, Cashier.

On April 4, the First National Bank of Cape Canaveral, Cape Canaveral, Florida, a newly organized member bank, opened for business and began to remit at par. Officers include Charles O. Andrews, Jr., Chairman of the Board; Ray Dahl, President; William L. Risley, Jr., Vice President; and Morris A. Rowe, 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.

The First Bank of Gulfport, Gulfport, Florida, a newly organized nonmember bank, opened for business on April 4 and began to remit at par. Officers are R. Vernon Eckert, Chairman of the Board; Noble C. Doss, President; James T. Christian, Executive Vice President; and Cary H. Day, Cashier. Capital is $225,000, and surplus and undivided profits, $225,000.

On April 6, the Comptroller of the Currency issued to the former Metropolitan Bank of Miami, Miami, Florida, a state member bank, a certificate of authority to commence business as the Capital National Bank of Miami. The conversion was effective at the close of business April 3. Officers include S. Mort Zimmerman, Chairman of the Board; Theodore A. Davis, Jr., President; Clarence B. Beutel, Vice President and Cashier; Joseph M. Barnes, Jose M. Garcia, and Homer C. Smith, Vice Presidents; and Neal B. Brown, Comptroller. Capital is $1,819,125, and surplus and undivided profits, $726,088, as reported by the Comptroller of Currency at the time of the conversion.

The First State Bank, Waynesboro, Mississippi, a nonmember bank, began to remit at par on April 14. Officers are W. D. Mangum, President; and John G. Giles, Jr., Vice President and Cashier.

On April 15, the American National Bank of Birmingham, Birmingham, Alabama, a newly organized member bank, opened for business and began to remit at par. Officers include Oscar Hyde, President and Chairman of the Board; Joseph F. Costa, Jr., Executive Vice President; Leroy S. Gaillard, Jr., Vice President; and Richard C. Hutcheson, Cashier. Capital is $300,000, and surplus and other capital funds, $300,000, as reported by the Comptroller of Currency at the time the charter was granted.

The Lincoln National Bank of Miami, Miami, Florida, a newly organized member bank, opened for business on April 20 and began to remit at par. Officers are Frank M. Buchanan, President; Davis L. Statton, Sr., Executive Vice President; Louis J. Diek, Jr., Vice President and Cashier; and Leonard E. Treister and Dr. John O. Brown, Sr., Vice Presidents. Capital is $240,000, and surplus and other capital funds, $360,000, as reported by the Comptroller of Currency at the time the charter was granted.

Debits to Demand Deposit Accounts

Insured Commercial Banks in the Sixth District
(In Thousands of Dollars)

				Percent Change		
				Mar. 1964 from		Year-to-date 3 Months 1964 from
	Mar. 1964	Feb. 1964	Mar. 1963	Feb. 1964	Mar. 1963	1963
STANDARD METROPOLITAN STATISTICAL AREAS						
Birmingham	1,096,127	984,016	959,742	+11	+14	+11
Gadsden	55,131	50,289	47,215	+10	+17	+11
Huntsville	142,754	126,701	104,685	+13	+36	+31
Mobile	398,679	337,835r	340,837	+18	+17	+9r
Montgomery	242,865	214,256	229,648	+13	+6	+8
Tuscaloosa	69,063	65,025	63,033	+6	+10	+7
Ft. Lauderdale-Hollywood	451,397	403,625	392,088	+12	+15	+18
Jacksonville	1,145,260	1,050,117	962,238	+9	+19	+16
Miami	1,775,069	1,585,213	1,565,363	+12	+13	+9
Orlando	496,292	447,131	410,047	+11	+21	+14
Pensacola	152,220	136,181	139,074	+12	+9	+10
Tampa-St. Petersburg	1,060,190	964,154	933,851	+10	+14	+11
W. Palm Beach	356,063	343,789	311,142	+4	+14	+10
Albany	68,079	62,505	58,190	+9	+17	+13
Atlanta	3,201,398	2,803,871	2,906,707	+14	+10	+6
Augusta*	150,607	137,024	141,147	+10	+7	+6
Columbus	164,049	150,010	134,041	+9	+22	+19
Macon	178,422	161,834	161,883	+10	+10	+9
Savannah	203,978	186,255	186,492	+10	+9	+9
Baton Rouge	363,100	315,785	310,231	+15	+17	+9
Lafayette	80,239	79,454	74,718	+1	+7	+14
Lake Charles	89,821	83,031	87,371	+8	+3	+5
New Orleans	1,836,217	1,613,687	1,619,733	+14	+13	+13
Jackson	406,622	401,349	369,964	+1	+10	+14
Chattanooga	461,515	379,307	387,524	+22	+19	+10
Knoxville	355,787	321,545	314,505	+11	+13	+8
Nashville	1,059,289	1,016,625	855,429	+4	+24	+19
OTHER CENTERS						
Anniston	49,143	45,319	43,886	+8	+12	+10
Dothan	43,524	41,304	41,459	+5	+5	+6
Selma	30,376	30,938	28,960	—2	+6	+13
Bartow	27,524	26,056	23,265	+6	+18	+16
Bradenton	51,151	44,982	46,643	+14	+10	+4
Brevard County	167,647	147,565	119,019	+14	+41	+37
Daytona Beach	71,615	62,975	65,973	+14	+9	+11
Ft. Myers-N. Ft. Myers	61,109	61,051	55,420	+1	+11	+11
Gainesville	63,951	58,647	51,517	+9	+24	+18
Key West	20,851	21,182	18,959	—2	+10	+13
Lakeland	106,878	87,881	94,820	+22	+13	+7
Ocala	45,446	43,170	44,523	+5	+2	+0
St. Augustine	17,606	n.a.	16,362	n.a.	+8	n.a.
St. Petersburg	261,727	228,537	232,756	+15	+12	+9
Sarasota	88,473	82,043	82,518	+8	+7	+6
Tallahassee	90,013	81,731	70,197	+10	+28	+13
Tampa	545,464	506,617	483,588	+8	+13	+11
Winter Haven	55,577	54,677	46,813	+2	+19	+15
Athens	50,792	45,269	42,911	+12	+18	+11
Brunswick	35,755	32,580	33,939	+10	+5	+12
Dalton	69,326	66,593	57,631	+4	+20	+22
Elberton	9,515	10,947	10,080	—13	—6	+6
Gainesville	56,868	53,922	53,280	+5	+7	+7
Griffin	24,689	22,012	21,184	+12	+17	+7
LaGrange	19,867	17,328	16,264	+15	+22	+12
Newnan	22,206	20,076	20,853	+11	+6	+7
Rome	59,707	53,168	49,675	+12	+20	+17
Valdosta	40,090	33,664	35,328	+19	+13	+6
Abbeville	8,121	7,947	7,752	+2	+5	+8
Alexandria	92,947	86,817	81,621	+7	+14	+14
Bunkie	4,328	4,091	4,470	+6	—3	—1
Hammond	24,939	25,220	23,900	—1	+4	+6
New Iberia	30,591	26,850	26,398	+14	+16	+19
Plaquemine	7,528	6,739	6,308	+12	+19	+18
Thibodaux	18,456	16,740	17,662	+10	+4	+10
Biloxi-Gulfport	72,500	68,360	66,817	+6	+9	+10
Hattiesburg	38,217	40,164	38,320	—5	—0	+5
Laurel	31,033	28,812	27,480	+8	+13	+13
Meridian	54,552	51,055	46,506	+7	+17	+0
Natchez	28,369	30,063	26,354	—6	+8	+13
Pascagoula-Moss Point	38,623	34,702	37,855	+11	+2	+2
Vicksburg	27,852	26,727	24,189	+4	+15	+14
Yazoo City	16,855	17,341	16,576	—3	+2	+12
Bristol	55,065	48,363	50,974	+14	+8	+0
Johnson City	57,013	51,454	50,175	+11	+14	+12
Kingsport	121,913	89,616	108,576	+36	+12	+11
SIXTH DISTRICT, Total	22,624,620	20,382,695	19,929,111	+11	+14	+11
Alabama†	2,986,562	2,663,244r	2,585,821	+12	+15	+12
Florida†	7,369,636	6,724,120	6,474,686	+10	+14	+11
Georgia†	5,338,078	4,715,617	4,848,257	+13	+10	+7
Louisiana†**	3,130,483	2,777,713	2,769,436	+13	+13	+12
Mississippi†**	967,103	945,360	882,235	+2	+10	+12
Tennessee†**	2,832,758	2,556,641	2,368,676	+11	+20	+14
U.S., 344 Cities	342,900,000	294,900,000r	306,800,000	+16	+12	+10

*Richmond County only. **Includes only banks in the Sixth District portion of the state.
†Partially estimated. r Revised. n.a. Not available.

Sixth District Statistics

Seasonally Adjusted

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

SIXTH DISTRICT

	Latest Month (1964)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Feb.	43,098	43,237r	42,553r	39,668
Manufacturing Payrolls***	Mar.	144	142	141	132
Farm Cash Receipts	Feb.	132	137	152	114
Crops	Feb.	146	149	177	112
Livestock	Feb.	117	122	109	115
Department Store Sales*/**	Apr.	134p	139	137	118
Instalment Credit at Banks, *(Mil. $)					
New Loans	Mar.	188	180	184	178
Repayments	Mar.	166	158	175	154
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment***	Mar.	115	114	114	111
Manufacturing***	Mar.	114	113	113	110
Apparel***	Mar.	135	135	135	132
Chemicals***	Mar.	110	110	110	106
Fabricated Metals***	Mar.	119	117	118	110
Food***	Mar.	104	106	105	103
Lbr., Wood Prod., Furn. & Fix.***	Mar.	93	94	95	92
Paper***	Mar.	110	109	109	108
Primary Metals***	Mar.	102	100	103	100
Textiles***	Mar.	96	95	94	95
Transportation Equipment***	Mar.	126	122	124	118
Nonmanufacturing***	Mar.	115	115	114	112
Construction***	Mar.	105	103	99	99
Farm Employment	Mar.	81	84	82	87
Insured Unemployment, (Percent of Cov. Emp.)	Mar.	3.3	3.5	3.9	4.1
Avg. Weekly Hrs. in Mfg., (Hrs.)***	Mar.	41.2	41.1	40.8	40.7
Construction Contracts*	Mar.	162	165	201	125
Residential	Mar.	176	156	165	127
All Other	Mar.	150	172	232	123
Industrial Use of Electric Power	Feb.	124	121	121	113
Cotton Consumption**	Mar.	105	101	95	100
Petrol. Prod. in Coastal La. and Miss.**	Mar.	161	168r	165r	156
FINANCE AND BANKING					
Member Bank Loans*					
All Banks	Mar.	170	168	166	149
Leading Cities	Apr.	160	158	156	141
Member Bank Deposits*					
All Banks	Mar.	142	139	137	130
Leading Cities	Apr.	131	133	129	124
Bank Debits*/**	Mar.	148	145	142	137

ALABAMA

	Latest Month (1964)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Feb.	5,932	5,927	5,842r	5,519
Manufacturing Payrolls***	Mar.	130	130	126	125
Farm Cash Receipts	Feb.	136	128	145	129
Department Store Sales**	Mar.	114	116	115	119
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment***	Mar.	109	108	108	107
Manufacturing***	Mar.	104	103	103	103
Nonmanufacturing***	Mar.	111	110	110	108
Construction***	Mar.	103	101	100	94
Farm Employment	Mar.	78	86	84	82
Insured Unemployment, (Percent of Cov. Emp.)	Mar.	3.5	3.8	4.4	4.2
Avg. Weekly Hrs. in Mfg., (Hrs.)	Mar.	40.8	41.3	40.2	40.1
FINANCE AND BANKING					
Member Bank Loans	Mar.	171	164	165	150
Member Bank Deposits	Mar.	142	140	141	129
Bank Debits**	Mar.	148	142	139	135

FLORIDA

	Latest Month (1964)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Feb.	12,314	12,257r	12,860r	11,119
Manufacturing Payrolls***	Mar.	172	169	166	158
Farm Cash Receipts	Feb.	134	134	168	103
Department Store Sales**	Mar.	175	171	167	158
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment***	Mar.	123	122	122	118
Manufacturing***	Mar.	126	126	127	121
Nonmanufacturing***	Mar.	122	122	121	117
Construction***	Mar.	97	94	93	92
Farm Employment	Mar.	95	93	97	98
Insured Unemployment, (Percent of Cov. Emp.)	Mar.	2.6	2.7	3.0	3.6
Avg. Weekly Hrs. in Mfg., (Hrs.)	Mar.	42.0	41.4	40.5	41.5
FINANCE AND BANKING					
Member Bank Loans	Mar.	172	169	167	148
Member Bank Deposits	Mar.	143	142	140	130
Bank Debits**	Mar.	148	146	147	136

GEORGIA

	Latest Month (1964)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Feb.	8,131	8,092r	7,871r	7,535
Manufacturing Payrolls***	Mar.	146	144	143	129
Farm Cash Receipts	Feb.	126	119	120	114
Department Store Sales**	Mar.	134	132	129	136
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment***	Mar.	117	116	115	113
Manufacturing***	Mar.	113	112	112	109
Nonmanufacturing***	Mar.	119	118	117	115
Construction***	Mar.	117	114	106	120
Farm Employment	Mar.	71	71	71	86
Insured Unemployment, (Percent of Cov. Emp.)	Mar.	2.6	2.8	3.1	3.0
Avg. Weekly Hrs. in Mfg., (Hrs.)***	Mar.	41.0	40.7	40.8	40.0
FINANCE AND BANKING					
Member Bank Loans	Mar.	173	170	170	150
Member Bank Deposits	Mar.	150	143	140	134
Bank Debits**	Mar.	156	149	143	149

LOUISIANA

	Latest Month (1964)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Feb.	6,402	6,456r	6,262r	6,027
Manufacturing Payrolls***	Mar.	128	127	128	121
Farm Cash Receipts	Feb.	158	155	170	115
Department Store Sales*/**	Mar.	121	117	119	115
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment***	Mar.	104	104	104	102
Manufacturing***	Mar.	101	101	101	98
Nonmanufacturing***	Mar.	105	105	104	103
Construction***	Mar.	88	87	84	85
Farm Employment	Mar.	78	84	81	86
Insured Unemployment, (Percent of Cov. Emp.)	Mar.	3.9	3.7	4.0	4.7
Avg. Weekly Hrs. in Mfg., (Hrs.)	Mar.	42.3	42.1	42.2	42.6
FINANCE AND BANKING					
Member Bank Loans*	Mar.	153	157	154	140
Member Bank Deposits*	Mar.	125	125	125	119
Bank Debits*/**	Mar.	131	132	129	121

MISSISSIPPI

	Latest Month (1964)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Feb.	3,299	3,244r	3,123r	3,037
Manufacturing Payrolls***	Mar.	152	151	148	139
Farm Cash Receipts	Feb.	140	122	203	141
Department Store Sales*/**	Mar.	106	111	105	110
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment***	Mar.	118	117	117	115
Manufacturing***	Mar.	121	121	120	117
Nonmanufacturing***	Mar.	117	116	116	114
Construction***	Mar.	113	112	111	113
Farm Employment	Mar.	77	81	75	82
Insured Unemployment, (Percent of Cov. Emp.)	Mar.	4.3	4.4	5.2	4.8
Avg. Weekly Hrs. in Mfg., (Hrs.)	Mar.	40.7	40.8	40.4	40.2
FINANCE AND BANKING					
Member Bank Loans*	Mar.	187	189	189	165
Member Bank Deposits*	Mar.	152	150	147	141
Bank Debits*/**	Mar.	152	156	150	147

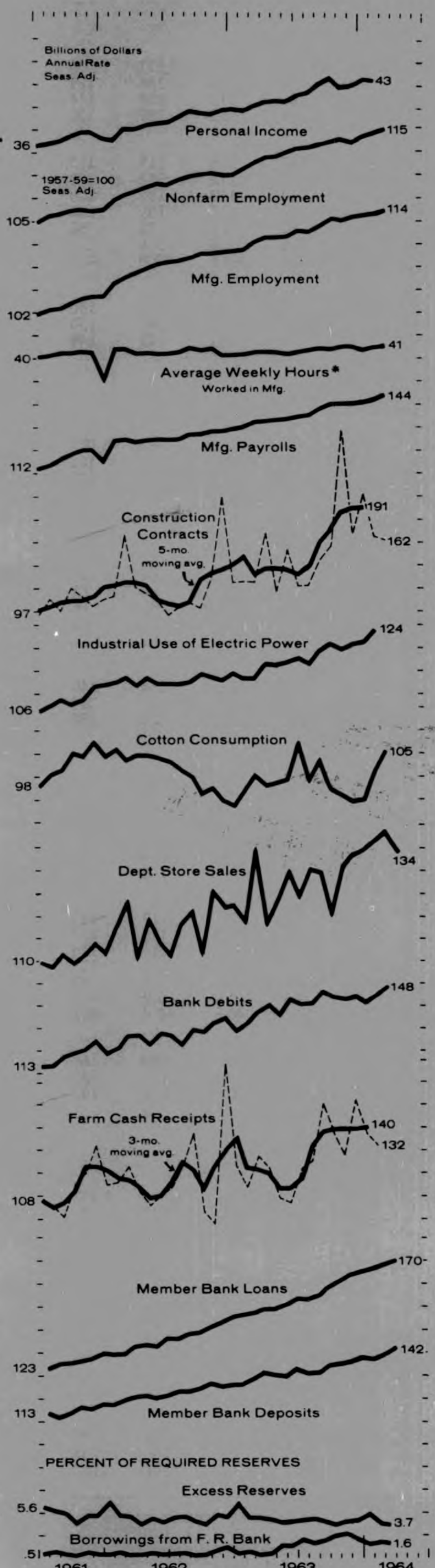
TENNESSEE

	Latest Month (1964)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Feb.	7,020	7,261r	6,595r	6,431
Manufacturing Payrolls***	Mar.	142	141	142	131
Farm Cash Receipts	Feb.	109	177	97	117
Department Store Sales*/**	Mar.	117	116	117	123
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment***	Mar.	115	115	115	110
Manufacturing***	Mar.	118	117	118	113
Nonmanufacturing***	Mar.	114	114	113	109
Construction***	Mar.	141	140	132	123
Farm Employment	Mar.	90	91	91	93
Insured Unemployment, (Percent of Cov. Emp.)	Mar.	4.2	4.4	4.9	5.3
Avg. Weekly Hrs. in Mfg., (Hrs.)	Mar.	40.9	40.7	41.0	40.6
FINANCE AND BANKING					
Member Bank Loans*	Mar.	171	172	167	152
Member Bank Deposits*	Mar.	143	139	136	134
Bank Debits*/**	Mar.	155	150	141	137

*For Sixth District area only. Other totals for entire six states. **Daily average basis. ***Figures for manufacturing payrolls, employment, and average weekly hours in manufacturing have been revised in accordance with the 1963 state employment agency benchmarks. p Preliminary. r Revised.

Sources: Personal income estimated by this Bank; nonfarm, mfg. and nonmfg. emp., mfg. payrolls and hours, and unemp., U. S. Dept. of Labor and cooperating state agencies; cotton consumption, U. S. Bureau of Census; construction contracts, F. W. Dodge Corp.; petrol. prod., U. S. Bureau of Mines; industrial use of elec. power, 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.

Business activity continues to advance with gains distributed widely. The job picture improved further as the number of nonfarm jobs rose, while insured unemployment slipped to lower levels. Strong demand characterized the consumer sector, and farmers pocketed large cash receipts from farm marketings. In the financial sector, banks continued to expand asset holdings, and sales of District state and municipal bonds were brisk.

District nonfarm employment continued to expand in March, and the rate of insured unemployment dropped to the lowest level since 1953. All states except Louisiana experienced employment gains in manufacturing and other forms of nonfarm activity. Gains in construction employment in all states, especially in Florida and Georgia, boosted the District level to a record high. Most manufacturing employment categories were also up. Strong increases in primary and fabricated metals and in transportation equipment more than offset a decline in food processing. A rise in average weekly hours helped to enlarge manufacturing payrolls.

Strong demand characterized the consumer sector in early spring. In March, department store sales advanced for the fifth consecutive month; however, preliminary data reveal that a decline occurred in April. Bank debits also rose, and sales at furniture stores remained at the high level reached in the previous month. Sales tax collections and retail sales, available with a greater time lag, showed increases in the first two months of the year. New automobile sales remained buoyant.

Consumers maintained their borrowing at a fast pace. Consumer instalment credit outstanding at commercial banks expanded further during March. The net addition to outstanding debt was about as large as it was in the previous month. Gains in the volume of personal and auto loans accounted for three-quarters of the increase in debt, while loans for other consumer goods and repair and modernization purposes were up slightly.

Despite a setback from excessive April rains and a sharp freeze in late March, overall expansion marks the farm economy. Farm marketings have climbed upward, as farmers sold increasingly large volumes of livestock and poultry products, especially eggs and milk, and as they accelerated the tempo of vegetable and citrus harvests.

District banks continued to expand their asset holdings as deposits and cash assets advanced briskly in March. Reports from member banks in leading cities show no gains in deposits through the first four weeks in April. However, total cash assets and bank loans continued to increase. Loans comprised the major component of the expanded asset holdings of these weekly reporting banks. No change was recorded in U. S. Government security holdings, and purchases of municipals were on a reduced scale. Time deposit growth in this four-week period almost matched the unusually high rate achieved in the corresponding period in 1962.

Sixth District states accounted for slightly more than one-fifth of the state and municipal bonds sold in the United States in March. Florida accounted for almost three-fourths of the total sales by the six District states and for nearly half of the District's volume for the first quarter of the year. Mississippi led all other District states in first-quarter sales of state and local government securities for industrial development purposes.

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