



Monthly Review

Atlanta, Georgia

August • 1964

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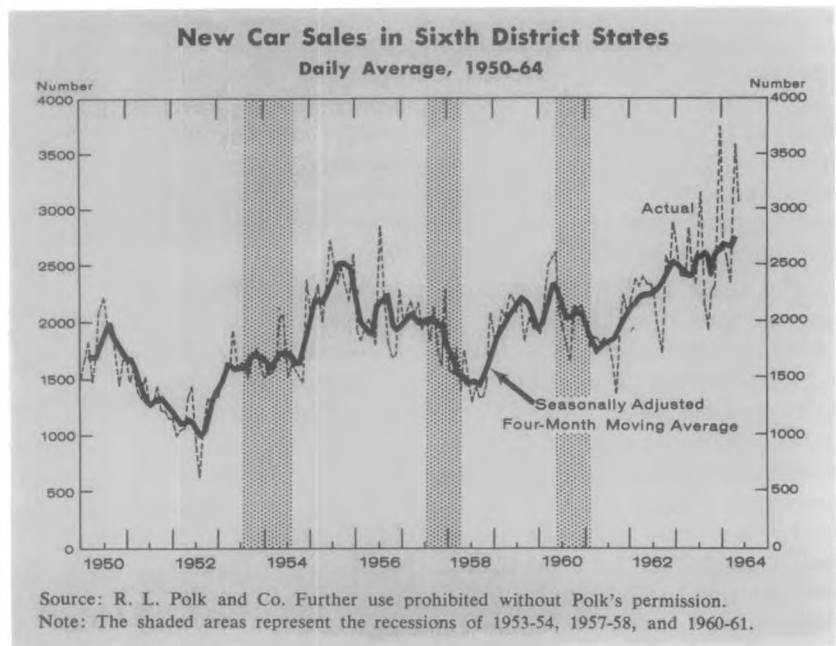
District Autos: The Guessing Game

During the months of August and September, leaders of the auto industry appear, much like Old Testament prophets, uttering pronouncements about the future, in particular the future sales of the new car models. Although this annual exercise of prophetic expertise has not been noted for its extreme accuracy, the occasion does serve to focus attention on one of the strategic sectors of the District's economy: The automobile market.

Realizing that many auto dealers and consumer credit specialists are already indulging in the guessing game on the future sales of the new models in the District, this discussion on current new car sales, growth in the District's stock of autos, and auto credit trends may serve as a possible aid for this season's gamesmanship.

A Review

The present health of new car sales appears robust when measured by the daily average sales of new automobiles in the District states of Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee. As the chart's solid line representing the four-month moving average discloses, new automobile sales in the District states started upward soon after the turnaround in general business activity in February 1961. The pace of new car sales rose sharply through late 1962, when unit sales of new cars topped the previous record set during the summer of 1955. Despite erratic movements since late 1962, new car buying has continued to



trend upward during 1963 and early 1964, and latest figures for May indicate a new record for that month.

The behavior of new auto sales during the recent past is extraordinary in a sense because it is the first time the District states have been able to put two good sales years, 1962 and 1963, back-to-back. Furthermore, if calendar 1964 lives up to industry expectations, it will mark the third straight year of sales expansion.

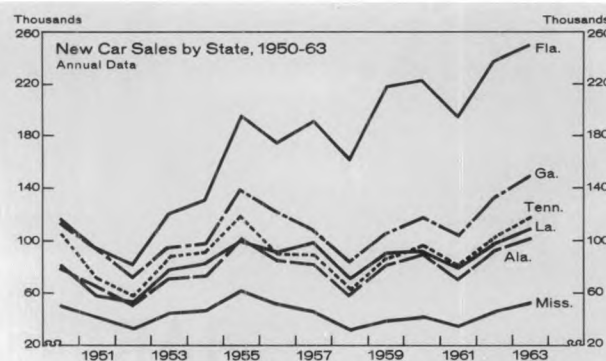
Is it a mere coincidence that the extended boom-level of auto sales of the past two and one-half years has coincided with one of the largest peace-time business expansions? Probably not. Auto buying is extremely sensitive to general business conditions and, because of their widespread feedback effect on many industries and activities, auto sales and output have had an important influence on the course of total business activity, particularly in the short run.

The recessions of 1957-58 and 1960-61, shown by the shaded portions of the chart, were accompanied by plummeting new car sales, while the expansions that followed were given a powerful assist by a strong upswing in auto spending. Although the cyclical performance of auto sales during the mid-Fifties does not parallel the business cycle turning points as well as it does in the later period, this may be explained in part by the extraordinarily high sales of 1955, when liberalization of credit terms coupled with intense industry competition may have "borrowed" sales from the next few years. Also, auto sales during the early Fifties were pinched by the credit restrictions of Regulation W, as well as by production restrictions necessitated by the Korean War.

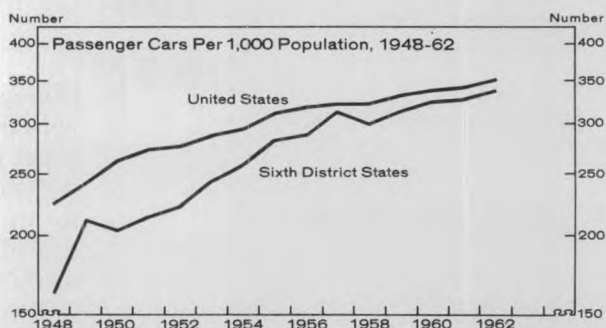
While unit sales of new cars in the District states were almost 10 percent higher during the first five months of 1964 than in the same period a year ago, gains varied considerably among states. For example, Alabama and Florida have registered year-to-year percentage gains exceeding 15 percent during the first five months of 1964, while sales in Louisiana during the same period have barely kept pace with last year's volume.

Diversity among District states is not just a recent phenomenon. At the beginning of the 1950's, annual new car sales ranged between 50,000 for Mississippi and approximately 115,000 for Florida, Georgia, and Tennessee. Now, thirteen years later, new car sales in Florida have more than doubled, while sales in Louisiana and Georgia have advanced 35 and 31 percent, respectively. New car sales during this same period rose 28 percent in Alabama and 12 percent in Tennessee. Volume in Mississippi was only slightly higher in 1963 than in 1950.

The faster growth of new auto sales in some District states during this thirteen-year period appears to be tied closely to their rates of growth in population and total personal income. For example, growth of new car sales in Florida during the 1950-63 period was accompanied by a population explosion that roughly doubled that state's number of inhabitants and an increase in total personal income that tripled the 1950 level. In contrast, the 3-percent gain in new auto sales during 1950-63 in Mississippi was accompanied by a population rise of only 5 percent and the smallest percentage increase in total personal income of all District states during this period.



Source: R. L. Polk and Co. Further use prohibited without Polk's permission.



Source: Bureau of Public Roads, U. S. Department of Commerce.

Auto Ownership by Household, as a Percentage of All Households, 1960

	Ala.	Fla.	Ga.	La.	Miss.	Tenn.	Six States	U. S.
None	28.3	18.7	25.8	29.7	33.4	25.0	25.5	21.6
1 auto available	50.8	57.7	51.9	50.4	49.9	56.6	53.6	56.9
2 autos available	18.5	21.0	19.8	17.7	14.8	16.7	18.6	19.0
3 or more autos available	2.4	2.6	2.5	2.2	1.9	1.7	2.3	2.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

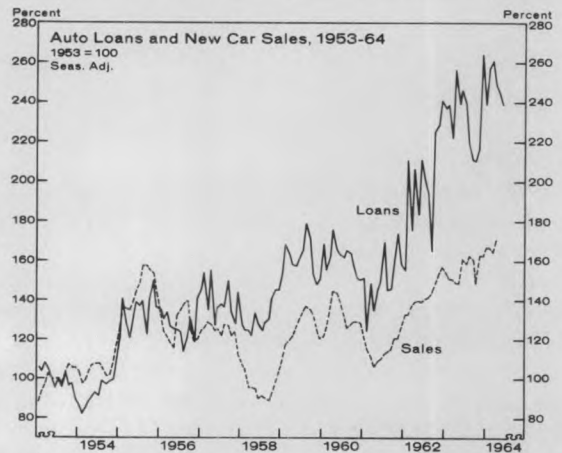
Source: U. S. Census of Housing, 1960.

Age Distribution of Auto Stock

As of July 1, 1963

	Ala.	Fla.	Ga.	La.	Miss.	Tenn.	Six States	U. S.
1 year-old cars	6.7	8.1	8.3	8.1	6.6	8.1	7.8	8.4
2-3 years	14.8	20.3	17.2	17.9	14.7	16.0	17.4	19.0
4-7 years	31.5	35.8	31.6	35.4	30.8	31.9	33.3	34.2
8-11 years	33.3	26.2	30.2	28.1	34.4	31.2	29.7	27.2
12 or more	13.7	9.6	12.7	10.5	13.5	12.8	11.8	11.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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Source: Federal Reserve Bank of Atlanta and R. L. Polk and Co. Further use prohibited without Polk's permission.

Luxury and Foreign Cars

For those guessing ahead about the specialized auto markets, we have only to look at the recent sales of luxury cars to dispel the myth that the six-state area is largely the dumping ground for second-hand "junkers" and stripped-down versions of the new low-priced models. About 10 percent of the highest-priced domestic autos—Cadillacs, Imperials, and Lincolns—sold in the U. S. last year were bought by District residents. As a percentage of total new car sales in the District states, market penetration for these three makes was 2.6 percent, only fractionally below the U. S. figure of 2.7 percent. Florida, however, was the only District state in which sales penetration of these highest-priced autos was significantly higher than in the U. S.

Another favorite of District auto buyers during recent years has been the foreign car. During 1962, 1963, and early 1964, residents of District states acquired about 12 percent of the total number of foreign cars sold in this country. Furthermore, foreign car sales accounted for almost 6 percent of all new cars sold in the six-state area but for only slightly more than 5 percent in the U. S. Residents of Florida and, to a lesser degree, of Georgia and Alabama have been buying proportionately more foreign cars than have U. S. residents. In Florida, for instance, almost 8 percent of all new cars purchased during 1963 were foreign cars.

Growth in Auto Stock

The growth in the District's total auto stock has been more rapid than that of the U. S. since the end of World War II. According to the U. S. Bureau of Public Roads, the number of passenger cars in the U. S. doubled during the 1948-62 period, rising from 33 million cars in 1948 to about 66 million cars in 1962. During this same period, total passenger registrations in the District states jumped from 2.7 million in 1948 to 7.5 million in 1962.

This more rapid expansion in the total stock of passenger cars has narrowed the gap between the U. S. and District states in cars per 1,000 population. In 1950, there were 204 passenger cars per 1,000 population in the District states and 263 cars in the U. S. By 1962, this difference had narrowed to 338 cars for the District states and 351 cars in the U. S. Thus, a gap of only 13 cars per 1,000 population remained in 1962.

The growth and diffusion of District auto ownership are brought into focus by the 1960 Census of Housing. In the District states, 75 percent of all households, including unmarried persons with separate living quarters, owned or leased at least one auto. About 21 percent of the households had two or more autos. This compares favorably with the U. S. figures of 78 percent and 21 percent, respectively. Individual states offer sharp contrasts, however. Florida clearly is the most affluent auto market, with less than 19 percent of the state's households having no auto available. It may surprise some persons that as many as 2.3 percent of the households in the District states own three or more autos, compared with 2.5 percent in the U. S.

The breakdown on auto ownership for urban and rural

households indicates that while somewhat fewer urban households in the six states own autos compared with U. S. urban households, it is the low rate of auto ownership of the District's rural households that pulls down the District states' overall rate. About 35 percent of Mississippi's rural households do not own an auto, compared with 26 percent for the six states combined and 15 percent for the country as a whole. Only Florida among the District states has a rural auto ownership pattern that compares favorably with that of the U. S.

Despite the area's participation in the luxury and foreign car markets and the relatively close distribution of auto ownership for the combined six states, many may say that these figures overstate the affluence of the District's auto market. Some believe, for example, that the District states have a disproportionate share of the older "junkers" and fewer of the new car models. There is some truth in this view—and considerable error also.

The District does have fewer one-year-old models, as a percentage of its total stock of cars, than does the U. S., but the difference is less than one percent. Again, it is the close similarity between the age distribution of the District's auto stock and that of the U. S. and the wide divergence among the District states that stand out most prominently. As before, Florida and Mississippi offer the sharpest contrasts as the states with the newest and oldest cars.

Guessing and Credit

At the beginning of the article it was noted that auto dealers were not the only group keenly interested in the future course of auto sales. District consumer credit specialists at commercial banks and consumer and sales finance companies also follow auto sales closely. This interest is readily understandable. Auto credit is not only affected by auto sales, but credit itself exerts an influence on auto spending through shifts in maximum allowable maturities of auto loans and down payment policies.

Have there been any significant shifts in credit terms for new autos that would influence future auto sales as did the abrupt lengthening of maturities in 1955? Apparently not as far as the District's commercial banks are concerned. Thanks to the high level of used car prices, which permits a higher trade-in allowance, a larger proportion of new cars have been financed with smaller loans, relative to the dealer cost of the auto, than at any time in recent years.

As far as auto loan maturities are concerned, there has been no significant shift in either the average length of direct bank loans or of loans that banks purchased from car dealers. During 1962, District banks did sweeten the maturities of their direct buyer loans in the 31-36 month range, but this appears to have been in response to the competition of sales and consumer finance companies. A spot check of District banks reveals delinquency of auto loans is at the lowest level in recent years.

The accompanying chart showing the volume of new auto loans at District commercial banks and sales of new autos in the District states emphasizes that, regardless of which is the dominant influence, when auto sales and auto loans turn, they turn together. Thus, both have been subject to the same relative cyclical influences during

(Continued on Page 6)

Negotiable CD's: Still Not Too Popular At Large District Banks

Negotiable time certificates of deposit issued by commercial banks, or CD's as they are popularly known, are a lively conversational gambit in financial circles. Some people are troubled by the rapidly growing use of this form of time deposit. What worries them is that some banks, in order to pay the relatively high rates on these certificates, might be tempted to put their funds into risky loans or nonliquid investments and then run into trouble. Other observers have endorsed the development of CD's, partly because this device has helped banks compete with other financial institutions for short-term funds.

When knowledgeable people find themselves at opposite poles of an argument, as they have in this one, there is often more to the subject than meets the eye. This is no doubt true with respect to negotiable CD's because they are still in their infancy and bank practices regarding them are still undergoing change. To learn firsthand how District bankers handle CD's, we have examined their statistical reports and have also contacted many of the larger banks—those that offer CD's and those that do not—to determine their policies on them.

Old Hat or New?

Although heralded as an innovation, time certificates of deposit, which are essentially receipts for money left with a bank for a definite period of time at a specified interest rate, have been issued in small amounts by various banks in this and some other regions for many years. However, only recently have many become marketable. Now, the original holder can usually sell the larger CD denominations if he wants his money before maturity.

Widespread issuance of CD's in denominations large enough to be marketable began in 1961 when several New York banks started to issue CD's to corporations and several Government securities dealers began buying and selling them. Heretofore, these banks had not accepted time deposits from corporate accounts. The result of these actions has been a dramatic increase in the total volume of negotiable certificates of deposit from about \$1 billion at the end of 1960 to over \$11 billion at the present time.

Rapid Growth on the Surface . . .

At first glance, the growth of CD's in this District is just as impressive. By late 1962, certificates of District banks surveyed at that time had quadrupled in the short span of two years. In the last six months alone, those issued in denominations of \$100,000 or more by banks in leading cities climbed nearly 50 percent.

Furthermore, more and more District banks have shown an interest in CD's. According to the same survey, it has been the larger rather than the smaller banks that have increased their CD's at the fastest rate. In this respect, the regional and national trends are identical.

. . . but Less Impressive in Perspective

It would be a mistake to exaggerate the importance of negotiable time CD's in this District. Of the banks from which we receive statistical reports, the number issuing negotiable CD's is still not large. In late 1962, the last complete survey of banks believed to engage in this activity turned up only 19. Even now, two-fifths of the 27 large weekly reporting banks in leading cities do not issue negotiable CD's in denominations of \$100,000 or over, and this group includes some of the very largest banks in this region. This number has remained almost unchanged for six months. While there are numerous smaller banks that offer CD's, many of them are believed to be savings-type time deposits that are not marketable, even if negotiable in form.

Even banks that are reasonably active in negotiable time CD's have generally not gone into this field on a very large scale. At the banks in leading cities, the total amount of negotiable CD's outstanding, which comes to almost \$300 million, represents about 7 percent of the issuing banks' deposits. This, of course, is an average figure that tends to obscure the much greater importance of CD's at some institutions. Still, the total of CD's issued by banks in leading District cities accounts for only 2 percent of all CD's outstanding in the nation, a much smaller proportion than their share of total deposits.

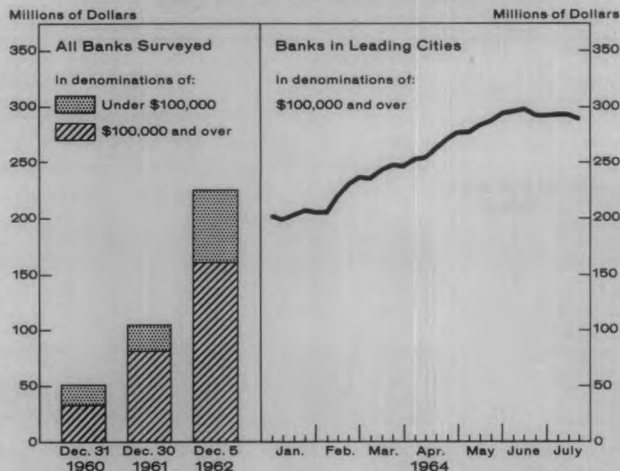
Less Competition for Corporate Accounts

Why have District banks moved more hesitantly into this field than has the banking industry at large? The answer, in part, is that they have attracted fewer corporate and other business purchasers, the group to which the largest banks, nationally, have issued most of their CD's.

This is not to imply that District banks have not issued CD's to large national corporations. They have, but on a smaller scale than the very largest banks in New York and some other places. The reasons are these: First, some of the giant national companies apparently prefer CD's from the very largest banks located in New York and several other cities. This is perhaps not so much related to different evaluations of bank soundness as it is to the greater marketability of certificates issued by the large banks. Willingness by smaller banks to pay a higher rate could overcome to some extent the more limited marketability of their certificates. But, since the rates paid by the very largest banks on all but short maturity CD's are already at the ceiling permitted under Regulation Q, the smaller banks cannot compete on the rate beyond the shorter end.

Nevertheless, many bankers questioned on this point doubted that it had been a significant factor in deterring the very large national corporations from giving them their CD money. Often paying the same rate as the New York banks, large District banks, with some exceptions,

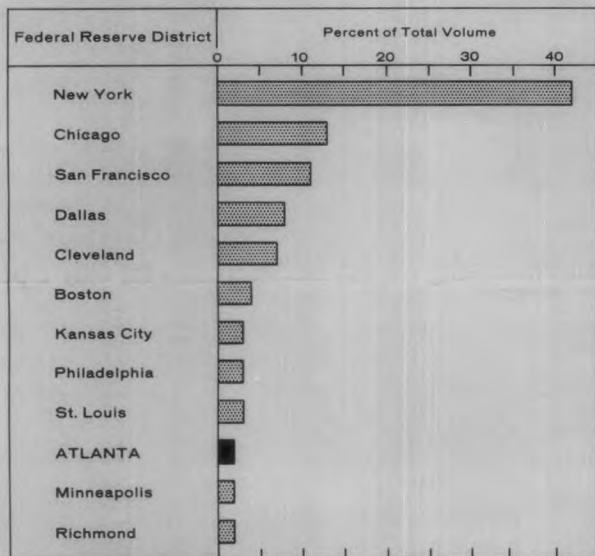
Volume of Time Certificates of Deposit



Since 1961, the amount of negotiable certificates of deposit issued by Sixth District banks has multiplied several times over.

Negotiable Time Certificates of Deposit*

July 1, 1964

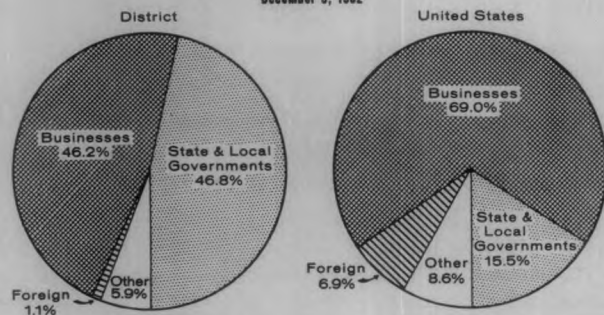


* Banks in leading cities.

Still, banks in leading cities of the Atlanta Federal Reserve District are not as deeply committed to the use of certificates as those in most other sections of the country.

Holdings of Time Certificates of Deposit*

December 5, 1962



* In denominations of \$100,000 and over.

The reason for this is that District banks have been less aggressive in offering CD's to corporations, which have been by far the chief buyers of CD's nationally.

have not aggressively solicited their business because most of these companies ordinarily do not keep large demand balances with them. To many District bankers, offering CD's to these companies would run counter to the principle of the old-fashioned, bank-customer relationship.

Indeed, it is for these same considerations that various banks do not like their certificates traded in the secondary market and, through different devices, have actually discouraged it in some instances. Although most of the District banks' certificates are above the minimum trading unit of \$100,000, not too many have actually been traded.

Another principle a good many banks follow is to issue CD's to customers only within their service areas. Also, a lot of them have not issued CD's to correspondents and have not purchased them from other banks.

Local and regionally-headquartered companies have been fairly important customers of District banks, but their most important ones have been state and local governments, and understandably so. Governmental units usually have a policy of keeping idle funds within the same city or state. Sometimes, they allocate this money among several local banks from which they might buy CD's at a rate of so many basis points above the U. S. Treasury bill rate or on some other basis.

Primarily, this CD money, like that issued to corporations, is of fairly short maturity. Close to three-fourths of the outstanding CD's have maturities of five months or less, according to a survey of banks in leading cities made in May 1964. In this respect, practices in this region do not differ from those elsewhere.

Why Offer CD's Anyway?

What then has prompted many a District banker to offer CD's? In some cases, it is to discourage his customers from withdrawing their demand balances or investing idle funds in short-term investments. CD's have been a defensive maneuver for many of them. However, some, including a very small number that have aggressively issued CD's, claim they have received additional deposits this way. Others have regarded them as simply another service that they are able to render if their customers are interested.

Banks refusing to issue CD's have generally done so only after giving the matter the most careful attention. Considering CD's to be "hot money," many of them think it is improper for banks to rely on this device as a source of funds. They believe that these funds cannot be profitably employed except in long-term loans and investments and that they might have difficulty selling additional CD's or "rolling over" maturing ones if short-term rates rise and the present maximum rates on time deposits were left unchanged.

Many banks surveyed apparently pay close attention to the maturity of their certificates, often staggering them. However, even those banks that have made no attempt to stagger maturity dates, ordinarily set by the buyer, seem to have had no difficulty in replacing or renewing CD's scheduled to mature. Contrary to occasional large CD runoffs in other areas of the country, the total amount outstanding at leading District banks has declined infrequently this year, and then only insignificantly.

The issuing District banks surveyed have reported that

they have been able to earn money on CD's without sacrificing good banking practices. Much of this money is said to have gone into construction loans, short-term municipals, and consumer loans. Yet there have been instances where banks, to get an adequate return on this money, sacrificed liquidity by investing it in long-term loans and securities.

At this time, the facts presented fail to uncover serious problems with respect to CD's in this District. The situation could change, however, if the region's banks should decide to plunge headlong into this still untried money market instrument and put aside good banking practices.

HARRY BRANDT

DISTRICT AUTOS

(Continued from Page 3)

the 1950's.

Looking to the future, we see that with the exception of the dip in the third quarter of 1963, new car sales and bank auto loans have been trending upward steadily since the end of the 1960-61 recession. Will these parallel lines continue their upward movement throughout 1964 and 1965? Many District auto dealers and bank auto lenders think so. But this, of course, is the big question of the guessing game season of 1964.

JACK L. COOPER

Bank Announcements

On July 1, the CRYSTAL RIVER BANK, Crystal River, Florida, a nonmember bank, began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers include George H. Brannen, President; W. Harvey Edwards, Vice President; Vinel S. Lewis, Executive Vice President; and Brown Dumas, Jr., Cashier.

The FIRST NATIONAL BANK OF DeBARY, DeBary, Florida, a newly organized member bank, opened for business on July 1 and began to remit at par. Officers are Albert J. Gowan, Chairman of the Board; Newell E. Hawkins, President; Mitchell Monroe Morris, Vice President and Cashier; and Samuel E. Faron, Jr., Vice President. Capital is \$300,000, and surplus and other capital funds, \$150,000, as reported by the Comptroller of Currency at the time the charter was granted.

On July 1, the VOLUNTEER-STATE BANK, Knoxville, Tennessee, a newly organized nonmember bank, opened for business and began to remit at par. Officers include Aston Kennedy, President; L. B. Hegidio and J. M. Stooksbury, Vice Presidents; and O. Earl Kimsey, Jr., Cashier. Capital is \$600,000, and surplus and undivided profits, \$900,000.

The FIRST STATE BANK, Wrens, Georgia, a newly organized nonmember bank, opened for business on July 6 and began to remit at par.

The CLEARWATER BEACH BANK, Clearwater, Florida, a newly organized nonmember bank, opened for business on July 8 and began to remit at par. Officers are Joel R. Lane, President; Joseph F. Cornelius, Executive Vice President; C. E. Renfroe, Jr., and Harry W. Shepard, Vice Presidents; and F. W. Killenberger, Cashier. Capital is \$300,000, and surplus and undivided profits, \$135,000.

On July 22, the VALPARAISO STATE BANK, Valparaiso, Florida, a nonmember bank, began to remit at par. Officers include C. Walter Ruckel, Chairman of the Board; Randall P. Roberts, President; M. P. Ruckel, Vice President; Harold J. Harrison, Cashier; and Joe M. Glenn, Auditor.

Debits to Demand Deposit Accounts Insured Commercial Banks in the Sixth District

(In Thousands of Dollars)

	June 1964	May 1964	June 1963	Percent Change		
				Year-to-date 6 Months		
				June 1964 from May 1964	June 1963 from May 1963	1964 from 1963
STANDARD METROPOLITAN STATISTICAL AREAS†						
Birmingham	1,145,964	1,096,793	988,387	+5	+16	+10
Gadsden	57,327	56,386	50,526	+2	+13	+10
Huntsville	155,635	134,932	125,150	+15	+24	+23
Mobile	399,311	393,586	351,379	+1	+14	+7
Montgomery	233,287	240,446	211,186	-3	+10	+6
Tuscaloosa	77,566	73,673	62,374	+5	+24	+8
Ft. Lauderdale-						
Hollywood	390,327	397,339	358,452	-2	+9	+13
Jacksonville	1,170,386	1,093,233	944,393	+7	+24	+15
Miami	1,573,560	1,569,550	1,410,304	+0	+12	+7
Orlando	474,761	462,327	415,831	+3	+14	+10
Pensacola	163,404	149,980	134,041	+9	+22	+12
Tampa-						
St. Petersburg	999,693	971,352r	841,993	+3	+19	+10
W. Palm Beach	296,867	330,652	270,394	-10	+10	+10
Albany	68,770	67,972	60,334	+1	+14	+10
Atlanta	3,269,880	3,110,023	2,845,426	+5	+15	+7
Augusta*	184,358	150,384r	138,923	+23	+33	+9
Columbus	178,496	157,399	135,240	+13	+32	+16
Macon	174,131	181,119	159,434	-4	+9	+8
Savannah	225,938	217,861	180,975	+4	+25	+11
Baton Rouge	365,680	341,838	323,156	+7	+13	+5
Lafayette	84,635	82,039	76,666	+3	+10	+9
Lake Charles	89,812	95,873	82,091	-6	+9	+5
New Orleans	1,984,221	1,857,363	1,628,233	+7	+22	+12
Jackson	426,784	423,105	356,454	+1	+20	+12
Chattanooga	438,096	408,005	393,571	+7	+11	+9
Knoxville	373,371	353,779	328,908	+6	+14	+8
Nashville	1,027,589	1,038,374	936,341	-1	+10	+15
OTHER CENTERS						
Anniston	51,892	51,410	47,396	+1	+9	+7
Dothan	44,883	45,696	39,505	-2	+14	+7
Selma	34,018	37,047	28,570	-8	+19	+15
Bartow	26,878	28,260	21,875	-5	+23	+12
Bradenton	54,303	46,348	45,746	+17	+19	+4
Brevard County	184,599	155,425r	126,750	+19	+46	+33
Daytona Beach	71,411	65,803	63,161	+9	+13	+8
Ft. Myers-						
N. Ft. Myers	58,675	59,123	50,080	-1	+17	+9
Gainesville	65,237	61,281	59,744	+6	+9	+14
Key West	20,201	19,989	17,216	+1	+17	+11
Lakeland	78,039	90,881	78,375	-14	-0	+4
Ocala	47,439	45,883	42,488	+3	+12	+5
St. Augustine	17,184	15,629	14,618	+10	+18	+5
St. Petersburg	241,170	231,742r	204,391	+4	+18	+9
Sarasota	79,237	86,256	79,515	-8	-0	+6
Tallahassee	87,359	87,242	75,786	+0	+15	+10
Tampa	534,674	519,596	446,093	+3	+20	+10
Winter Haven	49,801	49,755	38,820	+0	+28	+14
Athens	55,336	51,356	46,524	+8	+19	+10
Brunswick	39,567	34,770	30,208	+14	+31	+10
Dalton	69,341	76,236	58,159	-9	+19	+22
Elberton	13,353	10,620	10,663	+26	+25	+10
Gainesville	58,265	59,215	56,793	-2	+3	+5
Griffin	25,033	25,375	21,583	-1	+16	+9
LaGrange	19,890	18,151	16,453	+10	+21	+12
Newnan	23,810	22,058	22,120	+8	+8	+7
Rome	63,488	56,587	51,565	+12	+23	+14
Valdosta	41,008	42,796	33,733	-4	+22	+11
Abbeville	9,164	7,665	7,081	+20	+29	+9
Alexandria	96,887	87,844	85,235	+10	+14	+11
Bunkie	5,125	4,765	4,657	+8	+10	+2
Hammond	26,487	31,360	23,428	-16	+13	+8
New Iberia	29,079	35,826	22,903	-19	+27	+21
Plaquemine	8,241	7,459	6,676	+10	+23	+17
Thibodaux	19,440	17,265	15,572	+13	+25	+12
Biloxi-Gulfport	76,972	66,247	65,063	+16	+18	+8
Hattiesburg	41,593	41,001	37,331	+1	+11	+6
Laurel	31,303	29,920	27,199	+5	+15	+9
Meridian	55,045	55,143	46,659	-0	+18	+2
Natchez	29,482	30,595	27,360	-4	+8	+12
Pascagoula-						
Moss Point	46,514	44,795	35,463	+4	+31	+10
Vicksburg	30,913	27,190	23,427	+14	+32	+13
Yazoo City	24,448	22,993	23,050	+6	+6	+11
Bristol	55,962	54,101	54,492	+3	+3	-3
Johnson City	61,501	53,479	50,746	+15	+21	+13
Kingsport	111,129	106,483	86,405	+4	+29	+14
SIXTH DISTRICT, Total	22,703,294	21,847,316r	19,586,346	+4	+16	+10
Alabama†	3,151,455	2,992,835	2,646,812	+5	+19	+11
Florida†	6,912,482	6,763,681r	6,039,000	+2	+14	+9
Georgia†	5,508,661	5,241,352r	4,766,336	+5	+16	+7
Louisiana†**	3,328,627	3,147,638	2,787,840	+6	+19	+11
Mississippi†**	1,033,271	1,003,176	866,096	+3	+19	+11
Tennessee†**	2,768,798	2,698,634	2,480,262	+3	+12	+12
U.S., 344 Cities	353,800,000	329,600,000r	299,600,000	+7	+18	+11

*Richmond County only.

†Partially estimated.

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

r Revised.

Sixth District Statistics

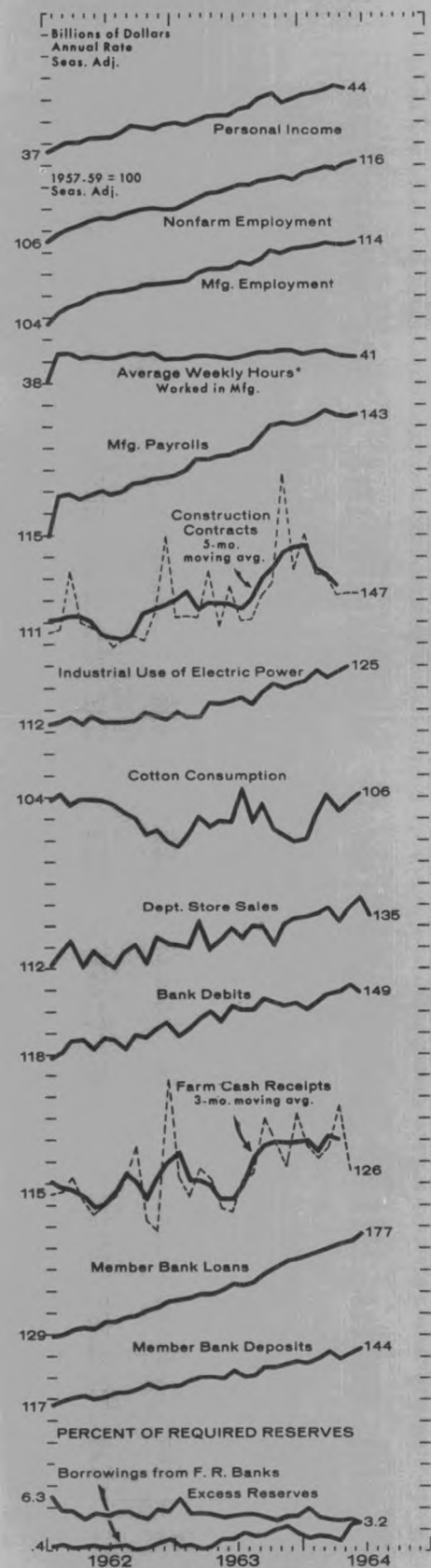
Seasonally Adjusted

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

		Latest Month (1964)	One Month Ago	Two Months Ago	One Year Ago			Latest Month (1964)	One Month Ago	Two Months Ago	One Year Ago
SIXTH DISTRICT						GEORGIA					
INCOME AND SPENDING						INCOME AND SPENDING					
Personal Income, (Mil. \$, Annual Rate)	May	43,977	44,255r	43,581r	40,866	Personal Income, (Mil. \$, Annual Rate)	May	8,194	8,292r	8,269r	7,721
Manufacturing Payrolls	June	143	142	143	133	Manufacturing Payrolls	June	142	140	143	130
Farm Cash Receipts	May	126	156	137	109	Farm Cash Receipts	May	113	116	122	128
Crops	May	146	207	170	100	Department Store Sales**	June	142	132	125	124
Livestock	May	108	116	116	116	PRODUCTION AND EMPLOYMENT					
Department Store Sales**	July	135p	144	139	124	Nonfarm Employment	June	117	117	116	114
Installment Credit at Banks, *(Mil. \$)						Manufacturing	June	113	113	112	110
New Loans	June	179	179	182	188	Nonmanufacturing	June	119	119	118	116
Repayments	June	173	164	167	164	Construction	June	124	122	119	126
PRODUCTION AND EMPLOYMENT						Farm Employment	June	81	74	73	73
Nonfarm Employment	June	116	115	115	112	Insured Unemployment, (Percent of Cov. Emp.)	June	2.1	2.2	2.4	3.0
Manufacturing	June	114	113	113	111	Avg. Weekly Hrs. in Mfg., (Hrs.)	June	40.1	40.1r	40.4	39.8
Apparel	June	136	136	135	132	FINANCE AND BANKING					
Chemicals	June	110	110	110	107	Member Bank Loans	June	180	175	174	155
Fabricated Metals	June	119	119	119	112	Member Bank Deposits	June	153	149	145	138
Food	June	104	104	104	102	Bank Debits**	June	159	159	158	152
Lbr., Wood Prod., Furn. & Fix.	June	93	93	93	92	LOUISIANA					
Paper	June	109	109	109	107	INCOME AND SPENDING					
Primary Metals	June	102	103	103	101	Personal Income, (Mil. \$, Annual Rate)	May	6,398	6,527r	6,406r	6,107
Textiles	June	95	95	95	95	Manufacturing Payrolls	June	126	128	126	120
Transportation Equipment	June	124	123r	125	118	Farm Cash Receipts	May	118	153	118	116
Nonmanufacturing	June	116	116	115	113	Department Store Sales**	June	118	118	118	113
Construction	June	107	107r	105	104	PRODUCTION AND EMPLOYMENT					
Farm Employment	June	87	82	79	86	Nonfarm Employment	June	104	104	104	102
Insured Unemployment, (Percent of Cov. Emp.)	June	3.0	3.0	3.2	3.9	Manufacturing	June	100	100	100	98
Avg. Weekly Hrs. in Mfg., (Hrs.)	June	40.5	40.7	40.8	40.4	Nonmanufacturing	June	104	105	104	103
Construction Contracts*	June	147	146	145	153	Construction	June	89	89	88	87
Residential	June	159	147	152	149	Farm Employment	June	87	90	80	93
All Other	June	136	146	139	156	Insured Unemployment, (Percent of Cov. Emp.)	June	3.3	3.6	3.7	4.3
Industrial Use of Electric Power	May	125	123	122	116	Avg. Weekly Hrs. in Mfg., (Hrs.)	June	41.1	42.1	41.8	41.9
Cotton Consumption**	June	106	104	102	101r	FINANCE AND BANKING					
Petrol. Prod. in Coastal La. and Miss.**	June	171	168	169	166	Member Bank Loans*	June	165	159	158	147
FINANCE AND BANKING						Member Bank Deposits*	June	126	125	124	121
Member Bank Loans*						Bank Debits**	June	142	140	137	131
All Banks	June	177r	173	172	154	MISSISSIPPI					
Leading Cities	July	165	165	161	145	INCOME AND SPENDING					
Member Bank Deposits*						Personal Income, (Mil. \$, Annual Rate)	May	3,388	3,371r	3,292r	3,235
All Banks	June	144r	141	139	133	Manufacturing Payrolls	June	153	152	148	140
Leading Cities	July	132	136	133	125	Farm Cash Receipts	May	146	199	130	150
Bank Debits**	June	149	152	149	142	Department Store Sales**	June	109	105	103r	100
ALABAMA						PRODUCTION AND EMPLOYMENT					
INCOME AND SPENDING						Nonfarm Employment	June	118	118	117	116
Personal Income, (Mil. \$, Annual Rate)	May	6,001	6,056r	5,948r	5,685	Manufacturing	June	121	121	120	117
Manufacturing Payrolls	June	131	132	130	125	Nonmanufacturing	June	116	116	116	116
Farm Cash Receipts	May	128	136	128	127	Construction	June	118	118	116	124
Department Store Sales**	June	120	117r	107r	112	Farm Employment	June	89	74	76	91
PRODUCTION AND EMPLOYMENT						Insured Unemployment, (Percent of Cov. Emp.)	June	3.4	3.7	4.2	4.4
Nonfarm Employment	June	108	108	108	107	Avg. Weekly Hrs. in Mfg., (Hrs.)	June	40.3	40.4r	40.1	40.4
Manufacturing	June	104	104	104	103	FINANCE AND BANKING					
Nonmanufacturing	June	110	110	110	109	Member Bank Loans*	June	195	194	198	172
Construction	June	101	101	101	97	Member Bank Deposits*	June	159	156	153	150
Farm Employment	June	81	82	79	82	Bank Debits**	June	153	156	152	142
Insured Unemployment, (Percent of Cov. Emp.)	June	3.2	3.2	3.4	4.1	TENNESSEE					
Avg. Weekly Hrs. in Mfg., (Hrs.)	June	40.8	40.9	40.4	40.3	INCOME AND SPENDING					
FINANCE AND BANKING						Personal Income, (Mil. \$, Annual Rate)	May	7,075	7,145r	7,139r	6,585
Member Bank Loans	June	174	170	170	154	Manufacturing Payrolls	June	143	142r	142	134
Member Bank Deposits	June	144	142	139	133	Farm Cash Receipts	May	98	123	117	103
Bank Debits**	June	148	150	146	138	Department Store Sales**	June	124	125	115	115
FLORIDA						PRODUCTION AND EMPLOYMENT					
INCOME AND SPENDING						Nonfarm Employment	June	116	116	116	112
Personal Income, (Mil. \$, Annual Rate)	May	12,921	12,864r	12,527r	11,533	Manufacturing	June	119	118	118	115
Manufacturing Payrolls	June	171	169	173	158	Nonmanufacturing	June	115	115	115	111
Farm Cash Receipts	May	136	178	166	88	Construction	June	143	146	140	132
Department Store Sales**	June	181	173r	164r	162	Farm Employment	June	93	89	84	90
PRODUCTION AND EMPLOYMENT						Insured Unemployment, (Percent of Cov. Emp.)	June	3.3	3.5	3.9	4.6
Nonfarm Employment	June	125	124	123	119	Avg. Weekly Hrs. in Mfg., (Hrs.)	June	40.1	40.5r	40.5	40.1
Manufacturing	June	127	127	127	121	FINANCE AND BANKING					
Nonmanufacturing	June	125	124	122	119	Member Bank Loans*	June	176	174	173	159
Construction	June	100	97	97	94	Member Bank Deposits*	June	145	142	141	136
Farm Employment	June	87	89	88	87	Bank Debits**	June	147	155	154	146
Insured Unemployment, (Percent of Cov. Emp.)	June	2.7	2.6	2.6	3.3	Footnote					
Avg. Weekly Hrs. in Mfg., (Hrs.)	June	41.2	41.1	41.9	40.8	*For Sixth District area only. Other totals for entire six states. **Daily average basis. r Revised. p Preliminary.					
FINANCE AND BANKING						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.					
Member Bank Loans	June	180	177	173	151						
Member Bank Deposits	June	144	142	141	134						
Bank Debits**	June	145	153	153	140						

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



In the midst of vacations, dog days, politicking, and international problems, the District continues to push into new territory on the economic growth map. As a recognized "growth region", it is doing what comes naturally — adjusting to a slower pace in some types of economic activity, consolidating gains in others, and reaching for new highs in still others. Strong to buoyant indicators in the areas of banking, employment, income, and spending confirm the economy's overall momentum. Vigorous construction activity is proceeding under an overall high volume of contracts awarded earlier in the year, while some local markets absorb the temporary oversupply of housing and assimilate other construction.

Increases in Florida take the spotlight in District employment. Higher construction activity and a less than usual June decline in trade and services employment were special elements of strength in the Sunshine State. Thanks to further total nonfarm employment gains, the insured unemployment rate was below 3.5 percent in each District state in June. Manufacturing employment was also up and contributed to gains in manufacturing payrolls, which rose in all District states except Alabama and Louisiana. Average weekly hours, though down a trifle, were still higher than during most periods of the current recovery. Industrial use of electric power maintains the steady uptrend begun in 1963, while cotton consumption continues to show marked strength.

Personal income gains, outpacing the nation's for the first five months of this year, are supporting high-level retail spending. Both furniture and department store sales show continuing strength, and indirect financial measures, such as bank debits and the volume of instalment credit outstanding, confirm the consumer's careful but willing mood. June data indicate that the volume of new loan extensions remained level with that of the previous month, while repayments rose moderately.

The farm sector is contributing its share to the economy's overall growth. Prices for livestock and poultry products have firmed in recent weeks, as marketings receded. Flue-cured tobacco growers were also encouraged when the market opened recently with prices higher than last year's. Widespread and frequent rains, although interrupting some activities, have benefited cotton, peanut, and late corn crops. Hay and forage crops also showed improvement. In recent weeks, farm employment has moved higher than it usually does at this time of year.

Banking activity measures reflect the good year that this region is enjoying. The strong upward trend of member bank loans of the past three years is being maintained, with the first half of 1964 showing the largest expansion of any similar period since 1959. Though more erratic on a month-to-month basis, total deposits have also shown marked growth, setting another new record as of the end of June. Viewing the current 41-month expansion as a whole, a pattern of increasingly creative and aggressive banking is suggested. The greater rate of growth in member bank loans than in deposits is partial evidence. The declining trend of excess reserves as a percentage of required reserves also lends support, while further evidence is to be found in the enhanced competitive position of the District's banks in the savings market.

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