



Monthly Review

Atlanta, Georgia

December • 1964

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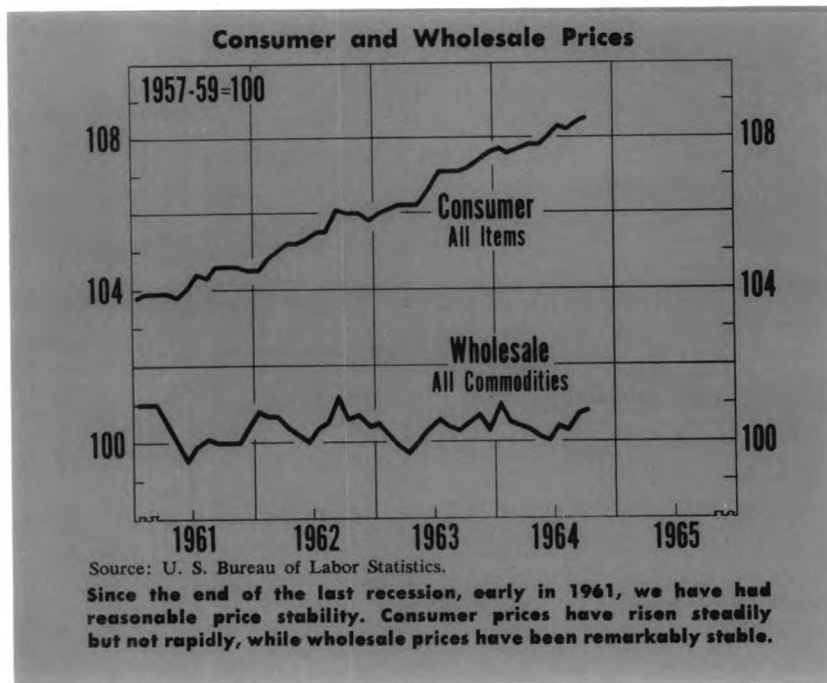
*Federal
Reserve
Bank of
Atlanta*

A New Look at Prices

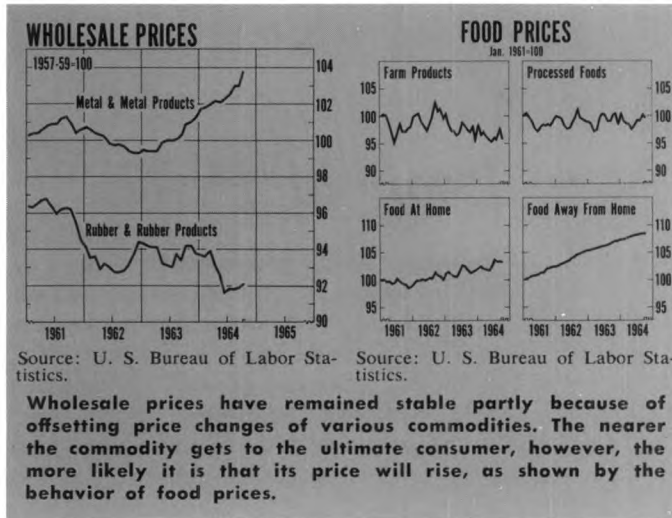
This December, the current expansion in economic activity enters its forty-sixth month. It thus exceeds in length the previous record postwar expansion of 1949-53. Of all the twenty-seven expansion periods recorded by the National Bureau of Economic Research since 1854, only two are longer—the fifty-month expansion of 1933-37 and the eighty-month period of 1938-45, spanning the Second World War. If our current upswing should last only five more months (until next May), it would then become the longest peacetime expansion period in our history.

The present economic upswing is remarkable not only for its length, but for the absence of inflation. The wholesale price index is still slightly below its level of February 1961, when the economy began to revive from the 1960 recession. It is true that consumer prices have risen fairly steadily at a rate of about 1.2 percent each year, but this is a much slower rate than in earlier postwar cycles. This is not to say that all prices have remained dully static throughout this period. On the contrary, there has been a good bit of movement in various sectors of the economy, and an observer's interest could always be maintained by the possibility that every fresh announcement of a price rise portended the onset ("this time for sure") of a general inflation. But, many times, the announcements turned out to be only wishful thinking on the part of the company involved, and those changes that really stuck frequently turned out to be offsetting. The classic signs of inflation have been absent. Instead, we have had to contend with, at times, confusing crosscurrents.

Wholesale prices of metal and metal products, for example, have risen since early 1963 and are now higher than their 1961 average. On the other hand, rubber and rubber product prices have moved down and



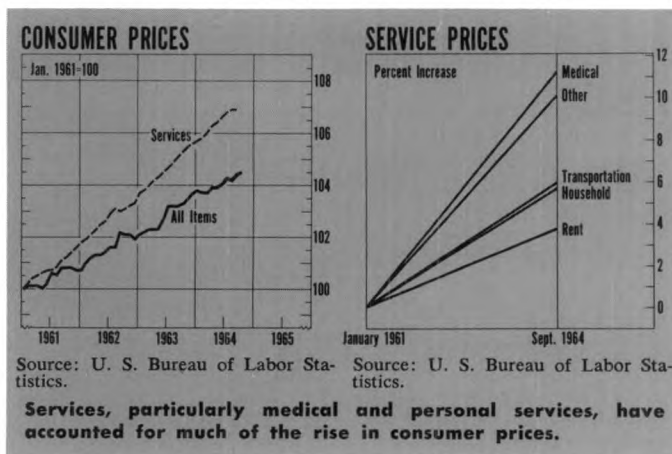
are now lower than they were in 1961. This has happened in other industries as well so that, thus far, price declines in this expansion have been strong enough to neutralize price increases, at least at the wholesale level.



Prices also have behaved differently in different stages of production. This is nowhere better illustrated than by food price changes. Wholesale prices for farm products, of which food is the primary component, have declined since late 1962. By the time food has gone through the processing stage and then prepared for the retailer, however, the downward movement in farm product prices has been counterbalanced so that the wholesale price of processed food has hardly changed at all. Going one step further, the price of processed food after it has gone through the distributive process and is taken home by the housewife has drifted upward slightly. This step puts food in the hands of the consumer, and the price includes transportation and retail markups.

Finally, we discover an even stronger upward price trend when food is prepared by a chef and mingled with soft music and candlelight or even when it is dished up by a short-order cook and served to the tune of a juke-box. Thus, between the farmer and the restaurant, price trends for food show a distinct change—from a decline at the first stage to a fairly strong upward movement at the last. This brings us to the consumer price index, which has risen rather steadily.

Part of the rise in consumer prices can be blamed on food, but not all of it by any means. Between January



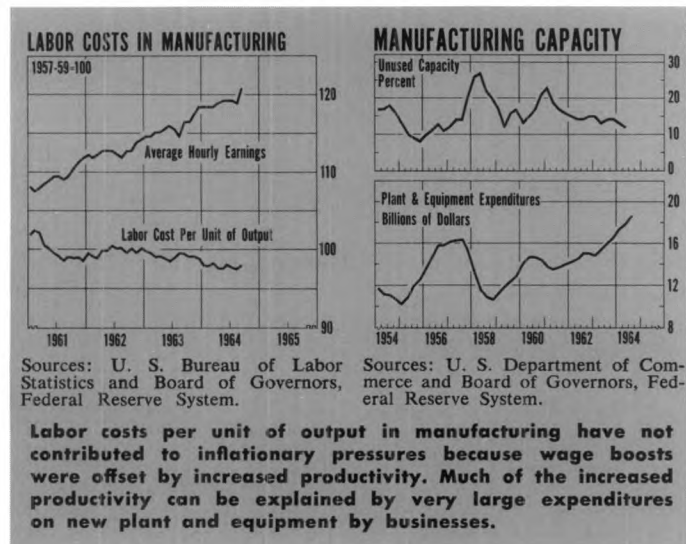
1961 and October 1964, the consumer price index for all items rose 4.2 percent, an average of 1.2 percent each year. During the same period, food price increases averaged 1.1 percent each year, while price increases for nonfood commodities averaged only .8 of one percent annually.

The chief culprit behind the rise in consumer prices has been services. The price of services has climbed steadily throughout the expansion at an average rate of 1.9 percent annually. Services require more labor per dollar of final product than do manufactured goods and, therefore, their prices are more closely related to wage rates. Here also, however, the difficulties of making generalizations about price behavior are demonstrated by the divergence among some major components of the service trades. Between January 1961 and September 1964, rent increased only slightly. The increases in transportation and household services were larger but were exceeded by the costs of medical services—which include hospital charges, professional fees, and health insurance—and of other services, such as recreation and personal care.

The Causes of Stability

In the later stages of a period of rising business activity, unemployed resources—men and machines—become more and more scarce. As their employers bid against each other to obtain them, their prices and those of the goods they produce tend to rise more and more rapidly. Why has that not happened in this expansion period? The answer seems to be that the underlying forces of supply and demand have, at least until now, been different from those of the past.

Unlike their behavior in previous periods of economic expansion, labor costs in manufacturing have not exerted any upward pressure on prices. Average hourly earnings, it is true, went up, but labor costs per unit of output declined because of productivity gains.



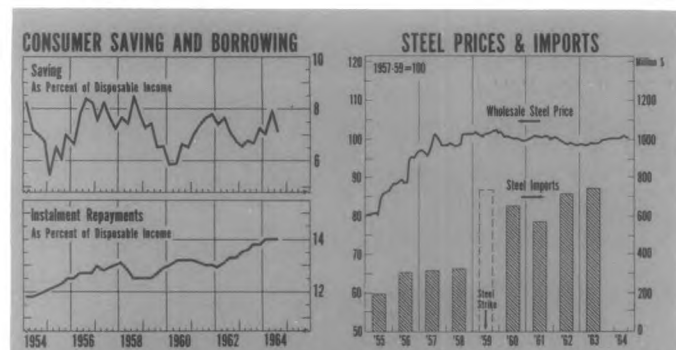
The continued existence of unused manufacturing capacity throughout the business expansion has also helped minimize price pressures. Nor has a shortage of workers cramped our capacity to produce. Since 1962, the civilian labor force has grown at about the same rate as civilian employment. As a result, the unemployment

rate, although falling sharply in 1961, has remained well above the 4-percent level widely considered consistent with full employment. Thus, there has been no price pressure fostered by a general labor bottleneck.

When we have had price inflation in the past, it has been because demand outran the economy's capacity to produce, so that the growth in gross national product was largely "fictional." The period since early 1961 has been, of course, one of steadily growing demand. But the economy of the last few years has shown a capacity to satisfy this demand, with a minimum of price pressures.

Then, too, this demand has not been reinforced by a large change in inventories, which has created inflationary pressures in the past. So far in the current expansion beginning in 1961, the inventory buildup has proceeded more slowly than the growth in sales, as evidenced by a declining inventory-to-sales ratio.

Again, although consumer demand has been the backbone of the present expansion, consumers have not indulged in any wild spending orgy. Saving, as a percentage of disposable personal income, has not fallen to the levels of the 1955 or 1959-60 boom. Likewise, consumers have used the tax cut passed in March of this year quite soberly, as signified by the marked increase in the percentage of disposable income saved in the second quarter of 1964. Part of this money has gone to repay instalment debt. Instalment repayments, as a percentage of disposable income, reached 14 percent in the first half of 1964, a record level.



Sources: U. S. Department of Commerce and Board of Governors, Federal Reserve System.

Consumers have contributed to price stability by saving much of their income. Foreign competition has also contributed through its effect on domestic producers.

Foreign competition, too, has helped to hold U. S. prices down. Steel prices and imports, for example, show clearly the effect of foreign competition. In 1955 and 1956, the wholesale steel price rose rapidly in this country. This provided an incentive for steel users to look for alternative sources of supply. The steel strike in 1959, moreover, gave foreign producers an unexpected opportunity to supply the American market, and they have not been dislodged from their position since then. It is probably no coincidence that American steel prices gradually declined from 1959 through 1962 in the face of a continued high level of imports. The rise in 1963 and 1964 has been quite modest as well.

Besides foreign competition, vigorous domestic competition among products vying for the same uses has helped to keep prices from rising. Output of steel per unit

of the principal products it is used to make has declined since World War II, while aluminum and other materials have captured part of steel's market. Steel is in no immediate danger of being replaced since, even today, nearly a ton of steel is produced for every thousand dollars worth of construction and durable goods production, while only forty pounds of aluminum is used, for example. To some extent, total steel tonnage has been held down by improvements that permit the same strength with less weight. Nevertheless, competition between the two metals has certainly helped to hold down steel prices.

Can We Avoid Inflation Altogether?

We have so far avoided inflation and, because there was no inflation, there was no mad scramble to procure goods to build up inventories in the fear that prices would go up further. Investment plans could be based on estimates of real demands, not on anticipated inflationary prospects. Absence of inflation avoided for some time the continual jockeying for position between labor and management that often occurs at the expense of the consumer during inflationary periods. In short, the absence of inflationary tendencies eliminated many of the things that can lead first to a boom and then to a bust economy. The current news, however, gives us more cause for concern about the future than about the present:

(1) One indication of possible future trouble is the recent considerable improvement in the terms of trade of the primary producing countries. The prices of copper and other raw commodities have been rising on world markets. (2) There are increasing rumors of possible bottlenecks developing, particularly in steel, if auto-makers and other producers build up their stockpiles as a hedge against a possible steel strike next year. (3) More and more frequently, there are reports of employment vacancies that cannot be filled, particularly in such highly skilled areas as machine tool production. (4) Competition, both domestic and foreign, has prevented price increases that many firms would have liked to make. But it is not at all clear that the European anti-inflation programs will be completely successful. Inflation abroad would help our balance of payments, but it would eliminate one downward pressure on prices in this country. (5) The recent wage settlement in the automobile industry breached the Administration's guidelines. The automobile companies have not raised prices, it is true, but other industries may not be able to absorb a settlement of similar size.

Any check that the Federal Reserve System can impose on price pressures must be chiefly exerted by limiting the lending and investment activities of member banks and raising the cost of credit to borrowers by decreasing the availability of member bank reserves. In this way policy can influence the level of effective demand. During the past several years, slight shifts in policy have been made, as reflected by the decline in the level of free reserves and in the moderate rise of short-term interest rates. These policy shifts, however, including the recent rise in the discount rate, were made largely because of balance-of-payments considerations, not because inflation was a real and present threat. But policy-makers must and will remain alert to symptoms of inflationary pressures.

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Nonmanufacturing Employment

Personal Income

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Debits to Demand Deposit Accounts Feb.-Mar. 6
 May-Dec. 6

Bank Announcements

Debits to Demand Deposit Accounts Insured Commercial Banks in the Sixth District (In Thousands of Dollars)

On October 17, the HUB CITY BANK AND TRUST COMPANY, Lafayette, Louisiana, 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 are Byron Plauche, President; Pierre A. Primeaux, Vice President; and Shereld J. Bourg, Cashier. Capital is \$370,000, and surplus and undivided profits, \$185,000.

The CARIBBEAN STATE BANK, Perrine, Florida, a newly organized nonmember bank, opened for business on October 29 and began to remit at par. Officers include Paul L. E. Helliwell, Chairman of the Board; F. Eugene Poe, President; Karleton B. Wulf, Vice President; and William H. Losner, Cashier. Capital is \$187,500, and surplus and undivided profits, \$187,500.

On November 2, the FIRST NATIONAL COUNTY BANK, SPRING CITY, Spring City, Tennessee, a newly organized member bank, opened for business and began to remit at par. Officers are Harry T. Burn, Chairman of the Board; Glenn S. Barton, Senior Chairman; C. H. Shipley, President; and T. H. Stewart, Executive Vice President and Cashier. Capital is \$120,000, and surplus and other capital funds, \$180,000, as reported by the Comptroller of Currency at the time the charter was granted.

The FIRST BANK AND TRUST COMPANY OF BOCA RATON, NATIONAL ASSOCIATION, Boca Raton, Florida, a conversion of the First Bank and Trust Company of Boca Raton, opened for business on November 9 as a national bank. Officers include T. F. Fleming, Jr., Chairman of the Board; William M. Stowe, President; W. L. Felter, Sr., Vice President and Cashier; J. T. Johnson, Vice President and Trust Officer; and R. J. Chenoweth and S. P. Skogstad, Vice Presidents. Capital is \$510,000, and surplus and undivided profits, \$680,000, as reported by the Comptroller of Currency at the time of the conversion.

On November 14, the AMERICAN BANK & TRUST COMPANY OF HOUMA, Houma, Louisiana, a newly organized nonmember bank, opened for business and began to remit at par. Officers are R. W. Wimbish, President; Jennings L. Courville, Executive Vice President and Cashier; and L. J. Folse, Leo Serber, L. E. Lapeyrouse, Lucas M. Marcello, and Sidney A. Pellegrin, Vice Presidents. Capital is \$468,750, and surplus and undivided profits, \$281,250.

The SHOALS NATIONAL BANK OF FLORENCE, Florence, Alabama, a newly organized member bank, opened for business on November 16 and began to remit at par. Officers include H. E. Lamar, President and Chairman of the Board; George D. Hicks, Jr., Executive Vice President, and Oscar F. Pitts, Vice President and Cashier. Capital is \$300,000, and surplus and other capital funds, \$450,000, as reported by the Comptroller of Currency at the time the charter was granted.

On November 19, the SECOND CITY NATIONAL BANK AT CLEARWATER, Clearwater, Florida, a newly organized member bank, opened for business and began to remit at par. Officers are A. A. Wakeford, Chairman of the Board; E. A. Branson, President; W. S. Zschach and P. W. Clawson, Vice Presidents; and B. C. Rollins, Cashier. Capital is \$200,000, and surplus and other capital funds, \$300,000, as reported by the Comptroller of Currency at the time the charter was granted.

The THIRD CITY NATIONAL BANK AT CLEARWATER, Clearwater, Florida, a newly organized member bank, opened for business on November 19 and began to remit at par. Officers include A. A. Wakeford, Chairman of the Board; John L. Martens, President; Raymond H. Center and Robert E. Prentice, Vice Presidents; and Merwin P. Crandall, Cashier. Capital is \$160,000, and surplus and other capital funds, \$240,000, as reported by the Comptroller of Currency at the time the charter was granted.

	Oct. 1964	Sept. 1964	Oct. 1963	Percent Change		
				Oct. 1964 from 1963	Sept. 1964 from 1963	Year-to-date 10 Months from 1963
STANDARD METROPOLITAN STATISTICAL AREAS*						
Birmingham	1,201,831	1,171,211	1,098,374	+3	+9	+10
Gadsden	61,070	57,460	57,296	+6	+7	+10
Huntsville	157,036	150,966	157,987	+4	-1	+17
Mobile	396,657	395,025	417,676	+0	-5	+6
Montgomery	243,204	256,148	296,629	-5	-18	+3
Tuscaloosa	80,327	76,359	79,925	+5	+1	+8
Ft. Lauderdale-						
Hollywood	394,113	372,235	386,842	+6	+2	+11
Jacksonville	1,169,430	1,091,668	1,115,949	+7	+5	+13
Miami	1,586,637	1,561,667	1,541,710	+2	+3	+7
Orlando	439,627	439,235	439,207	+11	+0	+9
Pensacola	163,364	162,893	141,172	+0	+16	+14
Tampa-						
St. Petersburg	998,185	966,134	970,738	+3	+3	+8
W. Palm Beach	294,746	265,979	274,703	+11	+7	+9
Albany	82,217	80,230	70,051	+2	+17	+12
Atlanta	3,509,833	3,499,002	3,398,833	+0	+3	+6
Augusta*	172,491	155,258	152,075	+11	+13	+9
Columbus	176,751	191,284	163,151	-8	+8	+18
Macon	184,856	181,296	179,748	+2	+3	+8
Savannah	215,698	204,922	210,338	+5	+3	+10
Baton Rouge	397,790	371,512	359,466	+7	+11	+6
Lafayette	89,276	82,898	84,971	+8	+5	+9
Lake Charles	103,765	97,143	98,541	+7	+5	+3
New Orleans	1,902,182	1,873,596	1,806,866	+2	+5	+11
Jackson	508,590	448,330	539,279	+13	-6	+10
Chattanooga	424,395	425,798	428,505	-0	-1	+8
Knoxville	365,986	362,027	365,755	+1	+0	+6
Nashville	1,051,659	1,085,339	1,075,427	-3	-2	+10
OTHER CENTERS						
Anniston	55,210	53,606	54,999	+3	+0	+6
Dothan	53,399	52,255	50,194	+2	+6	+7
Selma	41,207	37,096	37,341	+11	+10	+12
Bartow	25,436	25,183	22,830	+1	+11	+13
Bradenton	43,240	40,650	44,584	+6	-3	+3
Brevard County	145,918	148,519	143,203	-2	+2	+23
Daytona Beach	70,152	63,232	70,183	+11	-0	+5
Ft. Myers-						
N. Ft. Myers	52,585	52,116	54,799	+1	-4	+6
Gainesville	67,256	65,130	57,452	+3	+17	+14
Key West	21,052	18,042	19,149	+17	+10	+10
Lakeland	91,044	90,724	94,739	+0	-4	+4
Ocala	44,809	42,905	41,833	+4	+7	+5
St. Augustine	15,811	14,750	14,485	+7	+9	+4
St. Petersburg	254,455	233,460	239,467	+9	+6	+8
Sarasota	78,204	73,477	85,951	+6	-9	+3
Tallahassee	88,696	87,977	84,807	+1	+5	+12
Tampa	517,294	506,533	507,998	+2	+2	+8
Winter Haven	46,953	44,164	42,310	+6	+11	+14
Athens	55,863	53,776	52,985	+4	+5	+10
Brunswick	39,100	37,183	36,264	+5	+8	+9
Dalton	83,858	79,472	66,959	+6	+25	+21
Elberton	11,933	11,934	12,652	-0	-6	+9
Gainesville	62,752	61,617	60,749	+2	+3	+6
Griffin	26,566	26,727	23,676	-1	+12	+10
LaGrange	18,829	18,547	17,929	+2	+5	+11
Newnan	25,013	25,913	23,097	-3	+8	+10
Rome	62,913	57,555	61,208	+9	+3	+10
Valdosta	42,919	43,090	42,068	-0	+2	+1
Abbeville	9,454	10,779	10,870	-12	-13	+5
Alexandria	108,450	96,524	100,283	+12	+8	+11
Bunkie	6,521	5,273	5,887	+24	+11	+3
Hammond	28,525	28,128	26,620	+1	+7	+9
New Iberia	28,851	28,918	29,924	-0	-4	+14
Plaquemine	7,340	7,399	7,240	-1	+1	+14
Thibodaux	17,354	17,484	16,807	-1	+3	+8
Biloxi-Gulfport	75,184	70,707	71,522	+6	+5	+5
Hattiesburg	44,027	41,268	41,118	+7	+7	+6
Laurel	32,021	30,747	32,928	+4	-3	+6
Meridian	58,751	53,416	56,974	+10	+3	+3
Natchez	31,099	31,217	31,547	-0	-1	+9
Pascagoula-						
Moss Point	45,631	39,054	40,552	+17	+13	+10
Vicksburg	32,560	31,433	30,392	+4	+7	+12
Yazoo City	26,471	20,228	25,363	+31	+4	+11
Bristol	59,610	56,807	61,284	+5	-3	-1
Johnson City	57,639	59,681	58,362	-3	-1	+11
Kingsport	112,575	106,753	107,835	+5	+4	+12
SIXTH DISTRICT, Total	23,122,665	22,556,984	22,554,242	+3	+3	+8
Alabama†	3,222,117	3,165,144	3,123,239	+2	+3	+10
Florida†	6,841,847	6,559,777	6,707,462	+4	+2	+8
Georgia†	5,834,855	5,788,547	5,641,406	+1	+3	+7
Louisiana**	3,289,544	3,193,732	3,108,333	+3	+6	+10
Mississippi††	1,155,684	1,037,418	1,129,440	+11	+2	+9
Tennessee***	2,778,618	2,812,366	2,844,362	-1	-2	+8
U.S., 344 Cities	353,500,000	339,000,000	337,200,000	+4	+5	+10

*Richmond County only. **Includes only banks in the Sixth District portion of the state.
†Partially estimated. ††Revised.

Sixth District Statistics

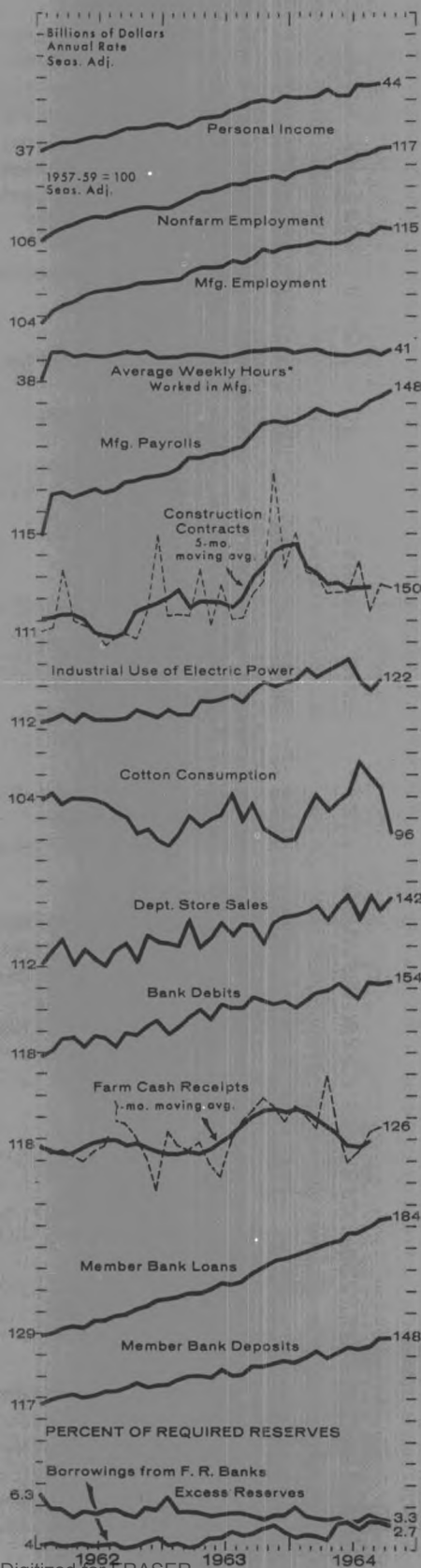
Seasonally Adjusted

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

		Latest Month (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)***	Sept.	44,403	44,096	44,121	42,209	Personal Income, (Mil. \$, Annual Rate)***	Sept.	8,302	8,263	8,204	7,880
Manufacturing Payrolls	Oct.	148	146	146	140	Manufacturing Payrolls	Oct.	144	147	142	139
Farm Cash Receipts	Sept.	126	123	115	133	Farm Cash Receipts	Sept.	123	131	102	130
Crops	Sept.	120	141	99	135	Department Store Sales**	Oct.	139	130	139	116
Livestock	Sept.	122	115	121	118	PRODUCTION AND EMPLOYMENT					
Department Store Sales**/**	Nov.	142p	136	136	131	Nonfarm Employment	Oct.	117	118	117	115
Instalment Credit at Banks, *(Mil. \$)						Manufacturing	Oct.	112	114	111	111
New Loans	Oct.	181	178	174	157	Nonmanufacturing	Oct.	120	120	120	117
Repayments	Oct.	167	183	190	150	Construction	Oct.	126	125r	129	118
PRODUCTION AND EMPLOYMENT						Farm Employment	Oct.	82	75	83	75
Nonfarm Employment	Oct.	117	117	116	113	Insured Unemployment, (Percent of Gov. Emp.)	Oct.	2.4	2.4	2.6	2.8
Manufacturing	Oct.	115	115	114	113	Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	40.6	39.7r	40.8	40.7
Apparel	Oct.	136	136	136	132	FINANCE AND BANKING					
Chemicals	Oct.	112	112	111	110	Member Bank Loans	Oct.	188	183	183	168
Fabricated Metals	Oct.	124	123	120	116	Member Bank Deposits	Oct.	152	154	148	138
Food	Oct.	107	108	107	108	Bank Debits**	Oct.	163	165	163	151
Lbr., Wood Prod., Furn. & Fix.	Oct.	94	93	92	93	LOUISIANA					
Paper	Oct.	110	110r	109	108	INCOME AND SPENDING					
Primary Metals	Oct.	105	105	103	102	Personal Income, (Mil. \$, Annual Rate)***	Sept.	6,392	6,403	6,424	6,142
Textiles	Oct.	95	95	95	95	Manufacturing Payrolls	Oct.	134	133	129	124
Transportation Equipment	Oct.	120	131	121	122	Farm Cash Receipts	Sept.	113	131	113	130
Nonmanufacturing	Oct.	118	117	117	114	Department Store Sales**/**	Oct.	112	115	125	101
Construction	Oct.	108	107	107	101	PRODUCTION AND EMPLOYMENT					
Farm Employment	Oct.	80	75	78	80	Nonfarm Employment	Oct.	106	105	104	103
Insured Unemployment, (Percent of Gov. Emp.)	Oct.	2.8	2.8	2.9	3.4	Manufacturing	Oct.	103	102	101	99
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	41.2	40.5r	41.1	41.0	Nonmanufacturing	Oct.	106	106	105	103
Construction Contracts*	Oct.	150	153	129	156	Construction	Oct.	93	90	90	83
Residential	Oct.	156	146	145	165	Farm Employment	Oct.	84	80	89	86
All Other	Oct.	146	160	116	149	Insured Unemployment, (Percent of Gov. Emp.)	Oct.	3.0	3.0	3.3	3.6
Industrial Use of Electric Power	Sept.	122	119	121	119	Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	42.0	42.1	41.7	41.9
Cotton Consumption**	Oct.	96	107	110	97	FINANCE AND BANKING					
Petrol. Prod. in Coastal La. and Miss.**	Oct.	174	180	170r	160	Member Bank Loans*	Oct.	167	167	162	146
FINANCE AND BANKING						Member Bank Deposits*	Oct.	135	134	129	123
Member Bank Loans*	Oct.	184	183	180	161	Bank Debits**/**	Oct.	141	139	141	128
All Banks	Oct.	173	170	170	155	MISSISSIPPI					
Leading Cities	Nov.	173	170	170	155	INCOME AND SPENDING					
Member Bank Deposits*						Personal Income, (Mil. \$, Annual Rate)***	Sept.	3,461	3,307	3,371	3,309
All Banks	Oct.	148	148	144	135	Manufacturing Payrolls	Oct.	159	157r	157	145
Leading Cities	Nov.	139	136	140	127	Farm Cash Receipts	Sept.	137	124	121	143
Bank Debits**/**	Oct.	154	152	153	144	Department Store Sales**/**	Oct.	89	96	108	83
ALABAMA						PRODUCTION AND EMPLOYMENT					
INCOME AND SPENDING						Nonfarm Employment	Oct.	119	119	119	116
Personal Income, (Mil. \$, Annual Rate)***	Sept.	5,940	5,843	5,890	5,648	Manufacturing	Oct.	124	124r	123	119
Manufacturing Payrolls	Oct.	138	136r	133	127	Nonmanufacturing	Oct.	117	117	117	115
Farm Cash Receipts	Sept.	136	120	132	139	Construction	Oct.	124	123	120	115
Department Store Sales**	Oct.	111	109	118	98	Farm Employment	Oct.	70	61	67	72
PRODUCTION AND EMPLOYMENT						Insured Unemployment, (Percent of Gov. Emp.)	Oct.	3.2	3.3	3.4	4.6
Nonfarm Employment	Oct.	110	109	109	107	Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	40.4	40.5	40.3	40.2
Manufacturing	Oct.	106	105	104	103	FINANCE AND BANKING					
Nonmanufacturing	Oct.	111	111	111	109	Member Bank Loans*	Oct.	203	202	198	181
Construction	Oct.	101	102r	102	100	Member Bank Deposits*	Oct.	162	159	156	150
Farm Employment	Oct.	75	74	69	79	Bank Debits**/**	Oct.	168	159	166	158
Insured Unemployment, (Percent of Gov. Emp.)	Oct.	2.9	2.8	3.0	4.2	FLORIDA					
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	41.3	41.2	41.5	40.5	INCOME AND SPENDING					
FINANCE AND BANKING						Personal Income, (Mil. \$, Annual Rate)***	Sept.	13,248	13,201	13,147	12,541
Member Bank Loans	Oct.	178	180	176	159	Manufacturing Payrolls	Oct.	175	169r	176	170
Member Bank Deposits	Oct.	147	149	145	134	Farm Cash Receipts	Sept.	135	122	113	137
Bank Debits**	Oct.	151	150	158	141	Department Store Sales**	Oct.	171	175	179	153
PRODUCTION AND EMPLOYMENT						PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Oct.	127	127	127	122	Nonfarm Employment	Oct.	118	117	117	114
Manufacturing	Oct.	130	130	130	129	Manufacturing	Oct.	120	119	120	116
Nonmanufacturing	Oct.	127	127	126	121	Nonmanufacturing	Oct.	117	116	115	112
Construction	Oct.	98	99	98	92	Construction	Oct.	143	139	139	133
Farm Employment	Oct.	91	91	82	95	Farm Employment	Oct.	82	80	83	83
Insured Unemployment, (Percent of Gov. Emp.)	Oct.	2.4	2.6	2.5	2.9	Insured Unemployment, (Percent of Gov. Emp.)	Oct.	3.3	3.2	3.3	3.9
Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	41.5	40.1r	41.7	41.1	Avg. Weekly Hrs. in Mfg., (Hrs.)	Oct.	41.6	40.4r	40.7	41.7
FINANCE AND BANKING						FINANCE AND BANKING					
Member Bank Loans	Oct.	189	189	183	161	Member Bank Loans*	Oct.	188	187	185	163
Member Bank Deposits	Oct.	150	149	146	138	Member Bank Deposits*	Oct.	151	152	148	135
Bank Debits**	Oct.	155	148	149	146	Bank Debits**/**	Oct.	147	156	152	145

*For Sixth District area only. Other totals for entire six states. **Daily average basis. ***Figures for personal income reflect revision of current monthly estimates to 1963 U. S. Department of Commerce benchmarks. 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



No appreciable slackening is discernible in the region's prolonged economic advance. Although construction activity has slowed somewhat, it is still providing a strongly positive influence on the economy. The latest available figures on employment suggest a further expansion in jobs in many lines. Consumers' incomes and savings have risen further, while their spending remains at a high level. Meanwhile, favorable weather, large marketings, and only moderate downtrends in prices for major farm products have maintained the farm economy's strength. The Federal Reserve Bank of Atlanta joined other Reserve Banks in raising the discount rate in November to defend the dollar.

Overall, the construction of homes, roads, factories, and other structures remains a relatively bright element in the economy, although year-to-year comparisons reveal a further slowdown in building during October. Even so, total dwelling units and total dollar value of residential construction under contract through the third quarter this year were comfortably larger than they were for the first nine months of 1963. Non-residential construction contract volume also continues to outpace the record total achieved in 1963.

Nonfarm employment apparently expanded further in October. Strikes at auto plants in Georgia, which have recently been terminated, caused the state's manufacturing employment to plummet, but employment gains were registered elsewhere. The rate of insured unemployment remained at the September low of 2.8 percent despite the strikes, partly because workers on strike do not qualify for unemployment benefits. Manufacturing payrolls increased in October, as a lengthening of the workweek more than offset the decline in the number of workers on the job. Nonmanufacturing jobs increased further, especially in Tennessee. Heightened construction activity stood out as a strong factor in the employment expansion in Tennessee and Louisiana.

Consumer spending, which had shown no upward momentum in recent months, accelerated sharply. Early reports indicate that department store sales increased considerably in November. Moreover, furniture store sales in October reached a level exceeded only once before in 1956. Personal income continued to advance in September. Significantly, consumers have added even more to their long-term savings, with an unusually large gain occurring in September.

The farm economy is exhibiting strength and resiliency. Citrus and vegetable harvests now on the upswing in Florida are large, and the general crop season is drawing to a successful close elsewhere in this region. Although prices for important farm products are trending down, the declines have not been severe, and farm cash receipts have not fallen much below last year's record totals. A long awaited rainfall, which benefited fall grain seedings and pastures, came as a boon to many farmers.

Bank lending continues strong. Member banks increased their loan volume further in October and, judging from reports of banks in leading cities, expanded their loan portfolios even more in November. Deposits and investments, on the other hand, moved irregularly. In response to the sharp rise in the British bank rate and the increase in the discount rate by several Federal Reserve Banks, the Federal Reserve Bank of Atlanta raised its discount rate from 3½ percent to 4 percent effective November 25, 1964.

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