Monthly Review

Sixth Federal Reserve District

Atlanta, Georgia
January • 1965

Also in this issue:

NEW CHALLENGES FOR GEORGIA'S ECONOMY

SIXTH DISTRICT STATISTICS

DISTRICT BUSINESS CONDITIONS

Federal Reserve Bank of Atlanta

As Good As Last Year

District Banking Developments in 1964

Imagine, if you will, a banker and a business analyst comparing notes about how things went in this region in 1964. "Was it as good as the year before?" queried the analyst. "Yes, just as good," said the banker. "I agree, it was as good as last year." Certainly, not every District banker experienced a year exactly as good as 1963, nor did every state and community. But in the aggregate, both economic activity and banking matched almost perfectly their performances of 1963.

Although final returns are not yet in, total economic activity, as measured by personal income, showed exactly the same rate of gain during the first ten months of 1964 as it had in the same period of 1963. In fact, you would have to carry this figure—some 7 percent—to one decimal before you found any difference. There is uncanny correspondence if you measure activity in terms of nonfarm employment. Up 3.17 percent in the first eleven months of 1964, this statistic is exactly the same as it was in the comparable period of 1963.

Since, at the regional and state level, banking activity and income generally move together, it is not surprising that bankers had a good year as well. Here again, it is remarkable how closely 1964 paralleled 1963. During the eleven months ending in November 1964, total loans and investments—bank credit—of District member banks increased $1.1 billion, or about 10 percent. The increase for the previous year was 9 percent.

In some parts of the region, however, banks did not do quite as well as they had in 1963. Of the District's twenty-seven trade and banking areas, thirteen experienced smaller rates of growth in deposit volume in 1964 than in 1963, according to data for the first eleven months. Among them was the Orlando, Florida area, even though it showed the largest percentage increase in deposits of any area in this region. Only Miami experienced exactly the same gain as in 1963, while thirteen other trade and banking areas surpassed their 1963 performances.

Why should the overall banking picture have been so strikingly similar to that of 1963? Part of the answer is that economic activity continued to expand without letup. Another is that monetary policy remained generally stimulative. It's quite true that the Federal Reserve Banks in late November raised the rate at which they were willing to lend to member banks. This action followed the increase in the British Bank rate and was undertaken largely as insurance against the possibility that rising interest rates abroad would act as a stronger magnet to domestic funds and, thereby, add to our balance of payments deficit. It's also true that the Federal Reserve from time to time modified its policy stance slightly. Basically, however, it stood firm in its determination to stimulate domestic business and continued to supply banks with reserves, thus enabling them to accommodate 1964's sizable credit demands.

Banks Expand Loans

About one out of every eighteen dollars of the credit that banks supplied nationally came from institutions located in this part of the country. Loans, in fact, went up at a faster rate here than nationally and at a slightly faster tempo than in 1963. If we make allowance for seasonal forces, the volume of these loans, moreover, showed a remarkably steady growth from month to month.

In 1964, District member banks expanded their loan portfolios to include nearly every major type of borrower. The strength of the demand was not uniform, however. At banks in leading cities, the volume of loans for buying and carrying securities showed practically no change. This category of loans is fairly small though. Businesses, in contrast, needed considerable amounts of additional bank credit, although they continued to rely heavily on retained earnings and other internal cash funds.

Banks Try to Compete

As every banker knows, banks face competition from many different lending institutions for business and other kinds of loans. The figures do not tell us how well this District's commercial banks staved off the competition, but they do show that these banks accounted for a large portion of the total rise in consumer instalment credit and that most of their increase came from auto loans. For banks, the rate of expansion in these loans, nevertheless, lagged behind the 1963 rate, even though consumers were stepping up auto purchases. The competition for the consumer lending business was undoubtedly severe.

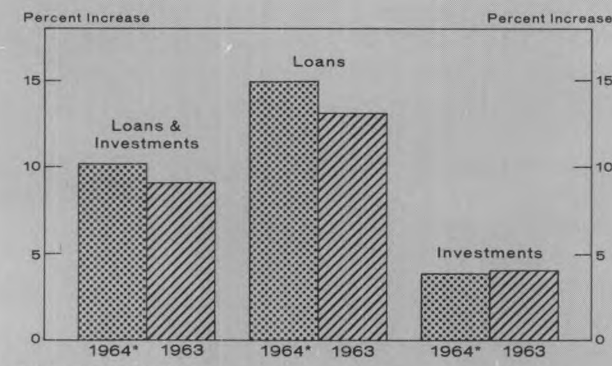
As in past years, District banks eagerly sought to expand their mortgage lending. Banks in leading District cities during 1964 increased their real estate loans one-third as much as their commercial and industrial loans. This gain in real estate lending was, indeed, a good deal larger than in 1963. Undoubtedly, a major reason for the upsurge was an attempt to cover the higher costs of time and savings deposits.

Despite their growing interest in real estate lending, banks still regarded commercial and industrial loans as highly important to their loan portfolios. At banks in leading cities, retail and wholesale trade concerns accounted for almost a third of the business loan total in 1964; in fact, they added nearly twice as many loans in this category to their portfolios as they had in 1963. Lending to construction concerns also showed a spectacular gain, relative to the year earlier, but there were also a good many industries showing only sluggish loan growth.

With reserve availability practically undiminished, banks met the loan demand without the sizable increases in interest rates on bank loans that have occurred in other cyclical periods of business expansion. The rates that banks charged on short-term loans to businesses remained virtually unchanged.

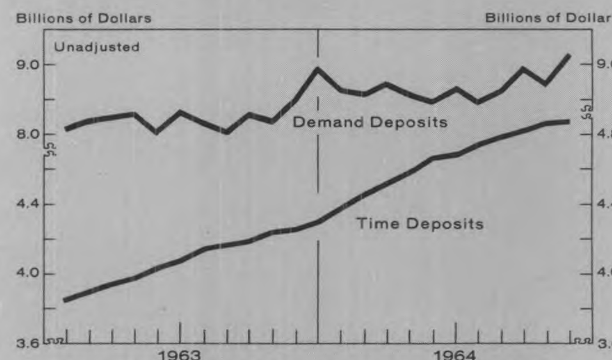
Banks Add to Investments

Banks also managed to add to their security portfolios at the same time they were expanding loans. District member banks enlarged their investments $179 million during the first eleven months of 1964, or about as much

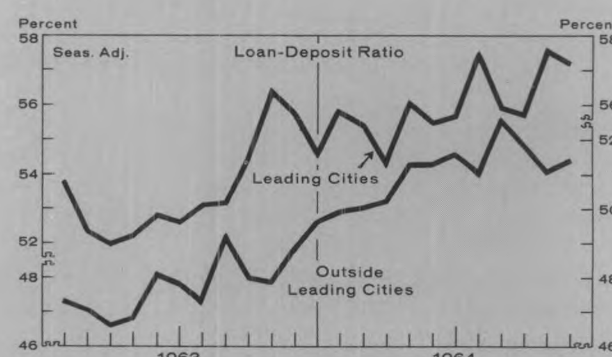


*First eleven months.

District banking activity was in several important respects as good last year as it was in 1963.



Total deposits at member banks increased largely because of a sharp rise in time deposits. Demand deposits increased also.



Because banks' loan volume exceeded their gain in deposits, the ratio of loans to deposits rose further; conversely, liquidity, as measured by this ratio, declined.

To finance some of the loan demand, banks sold U. S. Government securities but more than made up the decline in these investments by buying state and municipal issues.

as they had the year before. Faced with the need to profitably employ time deposits, they continued to buy state and local securities. While the rate at which they were acquiring these securities slowed down to about 14 percent, this gain was still quite large considering the spectacular 21-percent growth rate of 1963.

To meet their loan demands and add to their investments in municipal securities, District banks reduced their holdings of U. S. Government securities. While they had reduced their holdings sharply in previous periods of business expansion, the decline in 1964 was slight. Here again, a major reason was the Federal Reserve's policy of providing ample reserves.

Since monetary policy remained fairly easy, few banks found it necessary to borrow from the Federal Reserve Bank of Atlanta. Of the more than 500 member banks, only fifteen borrowed during an average week in 1964. This number was just about the same as a year earlier. While the volume of member bank borrowing increased, it too was small—averaging $28 million—compared with that of other cyclical expansions.

For meeting temporary deficiencies, District banks followed past trends of turning more often to the so-called "Federal funds" market. Through this market, banks with excess funds lend to those experiencing a temporary deficit. Through November, the net amount District banks borrowed in this manner increased, compared with 1963. On average, they bought (borrowed) an estimated $78 million of Federal funds and sold (lent) $55 million.

New Banking Techniques Develop Slowly

Still, relative to banks in many other parts of the country, the importance of District banks in the Federal funds market has remained fairly small. Nor have banks in this region been as aggressive in developing time certificates of deposit. These are interest-bearing certificates that banks offer, primarily to corporations and state and local governments, for leaving money with them for a definite period. If the bank is well-known and the certificate is a large denomination, the holder can readily sell it before maturity. Growing from a $205-million volume for banks in leading District cities on February 5, 1964, to $327 million by year-end, this type of time deposit has been issued on a much smaller scale here than in other areas of the country.

District banks also have been fairly slow in obtaining funds through another fairly new device—the issuance of capital notes and debentures. Only a handful have borrowed in this manner to enlarge their capital base, and none have as yet followed the example of some banks elsewhere of offering unsecured negotiable notes. Developed to compete for short-term investment funds, these notes are not deposits but debts of a bank and, as such, are free from rate regulation.

The banking story for 1965 is, of course, still to be written. But, in view of the rapidly changing developments in banking and the ever shifting economic and credit scene, the central theme may not echo the "as good as last year" refrain of 1964.

HARRY BRANDT

New Challenges for Georgia's Economy

During the past four recovery years, Georgia has experienced accelerated population growth with gains averaging more than 2 percent annually. This is in sharp contrast with the average annual growth rate of slightly more than 1.3 percent during the 1950's. Meanwhile, shifts in population and in employment opportunities from rural to urban centers have continued, though at a somewhat slower rate than in the 1950's. Although Georgia's economy has been challenged throughout the postwar period to accommodate moderate population growth and inter-industry employment shifts, new and sharper challenges have emerged during the past four years. Some perspective on these changes may be gained by an analysis of the challenge and response in three major problem areas: (1) Continually providing job opportunities of the sort that help to close the gap in per capita income between Georgia and the United States; (2) accommodating the increased volume of public services required to underwrite economic growth; and (3) expanding and upgrading housing facilities for people and business.

Jobs and Income — Challenge . . .

Numerous observers have emphasized the diversified character and balance of Georgia's economy and employment mix. This diversification contributed to the state's ability to achieve major employment shifts and overall employment growth during the 1950's. Moreover, cyclical instability had been less than that of the nation as a whole during most of the postwar period. However, a reversal occurred with the downturn of 1960. Georgia's recession, although it began somewhat later than the nation's, was relatively more severe, and recovery from its effects was slower. At the same time, employment diversification continued to favor nonmanufacturing job growth. Per capita income growth had become more stable cyclically, but its rate of climb had been reduced. The job challenge was thus both quantitative and qualitative, particularly so in view of the acceleration in population growth.

In addition to changes in markets for Georgia's products, technological changes, and the major trend from farm to nonfarm employment, a significant new element now entered the picture: Georgia, like other states, received some unfavorable effects from readjustments in government policies at the national level. These effects were important in at least four employment areas: Federal civilian employment, military hardware procurement, military installation closings, and transportation.

Not only were more jobs needed, but higher-paying jobs were required if Georgia expected to progress further in closing the income gap. Georgia's income base has long been heavily oriented to production income, as opposed to property or transfer payment income. Less than 10 percent of total personal income in 1959 was from property income, substantially lower than the U. S. proportion of almost 13 percent. Moreover, when property incomes and proprietors' incomes are combined as a proportion of total income, the differential between Georgia and the nation as a whole was wide in 1963. It is thus apparent that Georgia depends heavily upon upgrading wage and salary sources to bring its per capita personal income up to par with that of the nation.

. . . and Response

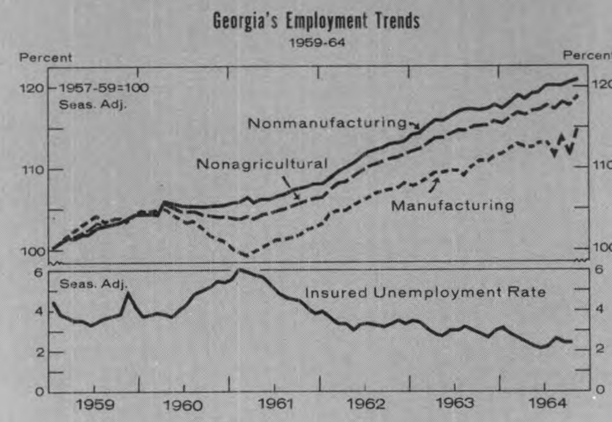
Most indicators show that over the current expansion period, Georgia's economy has responded well, both in comparison with past cyclical behavior and national and regional performances. At the end of November 1964, the index of total nonagricultural employment stood at 119, 15 index points higher than in February 1961. Nonmanufacturing and manufacturing employment indices each registered gains of 15 index points. These gains, in turn, are reflected in the behavior of unemployment. Georgia's rate of insured unemployment declined from a recession high in February 1961 of 6.1 percent to a low of 2.1 percent in June 1964. Moreover, this rate remained below 3.0 percent in each of the first eleven months of 1964.

Total personal income growth in Georgia in 1961 reflected the lag in employment recovery. In each of the following two years, however, sharp surges exceeding 8 percent occurred. Data through the third quarter of 1964 suggest some slowing in this exceptional rate of gain.

During the three-year period 1961-63, per capita income in Georgia rose a hefty 16 percent, again exceeding national and regional rates of gain. Per capita disposable income gained 18 percent between 1959-63. This rate of increase also was higher than that of the nation or of the Southeast.

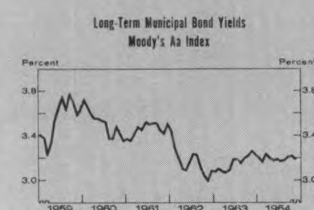
Consumption and savings measures confirm that Georgia's economy has responded well to its expanding opportunities. Patterns in the fourth quarter of 1964 indicate that sales of new passenger automobiles were setting new records for the second year in a row, some 60 percent greater than the poor sales year of 1961. The index of department store sales registered 138 for October 1964, compared with 101 in October 1961. The index of furniture store sales for October, at 116 versus 92 in October 1961, reinforces the expansionary glow.

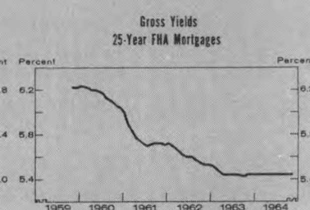
While much of this spending and consumption was credit-financed, Georgians added substantially to their savings and liquidity positions over the period. Almost $1 billion was added to savings capital of savings and loan associations and to time deposits in commercial banks during the four-year period from November 1960 to October 1964. The rate of increase for savings and loans averaged more than 14 percent annually, while time deposits climbed at an average annual rate of more than 15

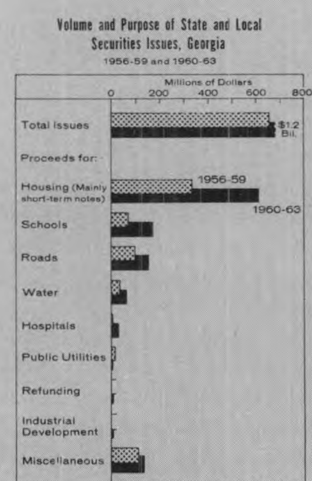


Sources: U. S. Department of Labor and cooperating state agencies. Indexes calculated by this Bank.

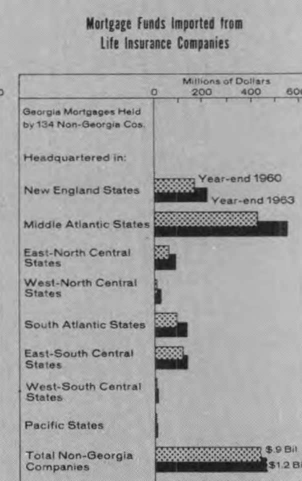
Georgia's employment gains continued in 1964, but manufacturing employment was sharply affected by national developments in the automobile industry. Insured unemployment rose somewhat after mid-year.







Source: *Weekly Bond Buyer*. Tabulations by this Bank.



Sources: *The Spectator Desk Directory of Insurance*, 1964; individual companies; state insurance reports; and estimates of this Bank.

Georgia's public borrowing rose sharply in the four-year period ending in 1963, while borrowing costs trended downward. Borrowing for schools, roads, water facilities, and hospitals showed the greatest increases in long-term securities issues. Major national lenders located in practically every region of the United States made increasing supplies of mortgage funds available to Georgia's economy. Gross yields in the national market for government underwritten mortgages leveled out in 1964 after four years of decline.

percent. Monthly sales of ordinary life insurance increased to a level in 1964 more than 46 percent higher than in 1960.

Public Services — Challenge . . .

Population growth and rising incomes created an increasing demand for more and better public services. The public revenue base, however, was inadequate to meet these growing needs, even though it had expanded and significant improvements in state and local fiscal administration had occurred. No convenient means of quantifying the challenge, either in increased current services or in capital plant, is available. In the case of the latter, however, its magnitude may be approximated by assessing the extent to which Georgia and her local communities turned to the national markets for funds.

During the four-year period ending in 1963, Georgia's public economy borrowed almost $1.2 billion. This total was 77 percent greater, or slightly more than $500 million, than the total borrowed in the four-year period ending in 1959. The challenge presented had at least three major facets: to borrow so much; to distribute borrowing power judiciously; and to do both at minimum present and future cost.

. . . and Response

The main types of capital improvements for which borrowing power was utilized during the two periods are indicated in the chart. In interpreting the data, it should be borne in mind that they reflect governmental borrowings at both state and local levels. Another qualification is that the amounts shown for "Housing" include a considerable volume of short-term notes, of which varying amounts are "rolled over" at fairly short intervals. On balance, it appears that Georgia has concentrated the bulk of its increased long-term borrowing in the service areas of schools, roads, water, and hospitals. Relatively little borrowing was done for public utilities, refunding, or industrial development.

In meeting the minimum borrowing cost feature of the challenge, it seems reasonable to assume that judicious use of borrowing power and an expanding revenue base played some part. More direct effects came from the continuing effort to upgrade Georgia's credit rating by legislative and other changes, which resulted in a higher appraisal by the national rating services. A major partner in the overall task of borrowing more capital funds at lower cost, of course, was national monetary policy. Its effect, in turn, was evident not only in the increased supply of total funds but also in a significant re-direction of savings flows.

Housing — Challenge . . .

As in the case of public services, the challenge of increased housing needs for people and for business has no quantitative handle. The major dimension of these needs, however, may be outlined by surveying the net increase in mortgage debt. During the three-year period ending in 1963, demand for nonfarm mortgage funds by Georgia's private sector grew by well over 40 percent. The four major mortgage investors—commercial banks, mutual savings banks, savings and loan associations, and life insurance companies—increased their mortgage holdings secured by Georgia properties by over $1 billion.

Rapid growth in the savings capital of Georgia's savings and loan associations and in time deposits of commercial banks enabled these institutions to provide almost 60 percent of this sum. Georgia's life insurance companies, growing more slowly and limited by diversification requirements, were able to supply only about one percent of the net increase. Thus, a deficit of more than $400 million had to be brought in from other sources. Again, in this challenge, as in the provision of public services, borrowing costs were an important factor.

. . . and Response

In filling this capital gap, Georgians exported over $100 million net of mortgages to mutual savings banks, located mainly in New York and New England. Almost $300 million net imported funds were supplied by more than 130 life insurance companies. As shown in the chart, these companies represented every major geographic region except the Mountain states.

Georgia's private sector had three major advantages in responding to this challenge. First, a good record of diversified growth in the decade of the 1950's had already attracted a large flow of mortgage funds from out-of-state life insurance companies and mutual savings banks. At the end of 1960, these two groups of investors held mortgages on Georgia properties amounting to $1.2 billion. A second advantage was the presence of a well-established and growing network of mortgage bankers and other mortgage servicers skilled in the placement and servicing of mortgage funds. Finally, a lengthening recovery, aided by favorable monetary and fiscal policies, assured further growth in the national pool of private savings and extended the ability of borrowers to service increased mortgage debt.

Because of data lags, most of the results surveyed here apply to the period ending in 1963. It is clear, however, that Georgia has responded well to the major challenges of the current expansion and that the national fiscal-monetary policy mix has had far more favorable than unfavorable effects upon the state's economy.

HIRAM J. HONEA

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

Bank Announcements

On November 21, the CITIZENS BANK OF CLAYTON COUNTY, *Forest Park, Georgia, 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 Henry C. Dorsey, Chairman of the Board;*

Charles E. Wells, President; and Herman R. Walker, Cashier. Capital is $200,000, and surplus and undivided profits, $200,000.

The OKALOOSA NATIONAL BANK AT NICEVILLE, *Niceville, Florida, a newly organized member bank, opened for business on December 1 and began to remit at par. Officers include Richard G. Boyd, Chairman of the Board; R. A. Harper, Sr., President; and M. Z. Jones, Jr., Vice President and Cashier. Capital is $200,000, and surplus and other capital funds, $200,000, as reported by the Comptroller of Currency at the time the charter was granted.*

On December 4, the BOYNTON BEACH FIRST NATIONAL BANK, *Boynton Beach, Florida, a newly organized member bank, opened for business and began to remit at par. Officers are Charles F. Alden, Chairman of the Board and President; Robert F. Griffith, Jr., Vice President; Thomas E. Dyer, Vice President; and John M. Howell, Vice President and Cashier. Capital is $250,000, and surplus and other capital funds, $250,000, as reported by the Comptroller of Currency at the time the charter was granted.*

The PLANTERS TRUST & SAVINGS BANK, *Opelousas, Louisiana, a nonmember bank, began to remit at par on December 4. Officers include L. J. Larcade, President; M. J. Pulford, L. J. Larcade, Jr., Andrew Moresi, Jr., C. F. Boagni, Jr., and Frank Daly, Vice Presidents; and Fred Guidry, Vice President and Cashier.*

On December 4, the ST. LANDRY BANK & TRUST COMPANY, *Opelousas, Louisiana, and its branch at Eunice, Louisiana, both nonmember banks, began to remit at par. Officers are R. S. Tomlinson, President; J. P. Barnett, Senior Vice President; O. A. Lahaye, Avie Bordelon, A. B. Reed, Jr., and W. L. Tomlinson, Vice Presidents; and C. J. Budd, Vice President, Cashier, and Trust Officer.*

The TRI-PARISH BANK & TRUST COMPANY, *Eunice, Louisiana, a nonmember bank, began to remit at par on December 7. Officers include Dr. Harry Jenkins, President; E. A. Veillon, Senior Vice President; M. J. Fruge, Sr., Executive Vice President; M. Landreneau, Vice President and Trust Officer; and M. J. Fruge, Jr., Cashier.*

On December 14, the CAPITOL NATIONAL BANK OF MONTGOMERY, *Montgomery, Alabama, a newly organized member bank, opened for business and began to remit at par. Officers include L. E. Hewlett, Jr., President; McDowell Lee, Vice President; and O. R. Houston, Jr., Cashier. Capital is $400,000, and surplus and other capital funds, $600,000, as reported by the Comptroller of Currency at the time the charter was granted.*

The NORTH ORLANDO BANK, *Orlando, Florida, a newly organized nonmember bank, opened for business on December 14 and began to remit at par.*

On December 16, the MANUFACTURERS NATIONAL BANK OF HIALEAH, *Hialeah, Florida, a newly organized member bank, opened for business and began to remit at par. Officers are Joseph Jordan, Chairman of the Board; William R. Murray, President; and Forman J. Williams, Vice President and 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 merger of The First National Bank in Gadsden, Gadsden, Alabama, into State National Bank of Alabama, Decatur, Alabama, under the charter and title of STATE NATIONAL BANK OF ALABAMA, *became effective as of the close of business December 19.*

On December 21, the BANK OF ST. CHARLES AND TRUST COMPANY, *Luling, Louisiana, and its branch at Norco, Louisiana, both nonmember banks, began to remit at par. Officers include C. S. La Garde, President; Roy A. Mongrue, Vice President and Cashier; A. J. Laurent, Vice President; and C. B. Ferdon, Vice President and Branch Manager.*

Debits to Demand Deposit Accounts

Insured Commercial Banks in the Sixth District

(In Thousands of Dollars)

				Percent Change		
				Nov. 1964 from		Year-to-date 11 Months 1964 from 1963
	Nov. 1964	Oct. 1964	Nov. 1963	Oct. 1964	Nov. 1963	
STANDARD METROPOLITAN STATISTICAL AREAS†						
Birmingham	1,136,681	1,201,831	975,751	—5	+16	+11
Gadsden	59,831	61,070	52,344	—2	+14	+10
Huntsville	161,432	157,036	146,098	+3	+10	+17
Mobile	397,389	396,657	375,960	+0	+6	+6
Montgomery	244,906	243,204	235,324	+1	+4	+3
Tuscaloosa	72,625	80,327	65,424	—10	+11	+8
Ft. Lauderdale-Hollywood	394,146	394,113	366,049	+0	+8	+10
Jacksonville	1,136,375	1,169,430	984,812	—3	+15	+13
Miami	1,561,650	1,586,637	1,488,068	—2	+5	+6
Orlando	441,190	439,627	433,552	+0	+2	+8
Pensacola	155,594	163,364	137,762	—5	+13	+14
Tampa-St. Petersburg	1,005,789	998,185	902,281	+1	+11	+9
W. Palm Beach	283,886	294,746	269,349	—4	+5	+9
Albany	75,073	82,217	63,377	—9	+18	+13
Atlanta	3,257,748	3,509,833	2,881,345	—7	+13	+7
Augusta*	173,644	172,491	150,922	+1	+15	+10
Columbus	178,243	176,751	150,625	+1	+18	+18
Macon	187,496	184,856	158,224	+1	+19	+9
Savannah	201,278	215,698	208,130	—7	—3	+8
Baton Rouge	383,951	397,790	364,887	—3	+5	+6
Lafayette	86,834	89,373r	79,377	—3	+9	+9
Lake Charles	90,820	103,765	93,649	—12	—3	+3
New Orleans	1,820,782	1,902,182	1,671,640	—4	+9	+10
Jackson	470,694	508,590	442,868	—7	+6	+9
Chattanooga	426,480	424,395	378,494	+0	+13	+8
Knoxville	345,103	365,986	332,902	—6	+4	+6
Nashville	1,208,869	1,051,659	1,040,834	+15	+16	+11
OTHER CENTERS						
Anniston	53,905	55,210	48,132	—2	+12	+6
Dothan	44,943	53,399	45,539	—16	—1	+6
Selma	35,248	41,207	34,261	—14	+3	+11
Bartow	27,516	25,436	24,142	+8	+14	+13
Bradenton	40,068	43,240	43,978	—7	—9	+2
Brevard County	161,817	150,018r	137,380	+8	+18	+23
Daytona Beach	66,061	70,152	62,562	—6	+6	+5
Ft. Myers-N. Ft. Myers	56,850	52,585	53,876	+8	+6	+6
Gainesville	63,606	67,256	51,978	—5	+22	+15
Key West	20,687	21,052	16,617	—2	+24	+11
Lakeland	87,408	91,044	78,876	—4	+11	+5
Ocala	42,133	44,809	43,396	—6	—3	+4
St. Augustine	15,812	15,811	14,055	+0	+13	+5
St. Petersburg	247,847	254,455	216,987	—3	+14	+9
Sarasota	80,414	78,204	79,400	+3	+1	+2
Tallahassee	97,568	88,696	82,722	+10	+18	+12
Tampa	526,817	517,294	482,073	+2	+9	+9
Winter Haven	48,657	46,953	40,566	+4	+20	+14
Athens	53,004	55,863	47,166	—5	+12	+11
Brunswick	34,452	39,100	31,388	—12	+10	+9
Dalton	77,814	83,858	65,276	—7	+19	+21
Elberton	12,338	11,933	10,416	+3	+18	+10
Gainesville	56,945	62,752	54,581	—9	+4	+6
Griffin	27,001	26,566	22,346	+2	+21	+11
LaGrange	17,122	18,829	16,274	—9	+5	+11
Newnan	24,539	25,013	18,767	—2	+31	+11
Rome	62,628	62,913	56,762	—0	+10	+10
Valdosta	43,641	42,919	34,789	+2	+25	+12
Abbeville	9,800	9,454	8,016	+4	+22	+6
Alexandria	96,227	108,450	86,709	—11	+11	+11
Bunkie	6,853	6,521	6,774	+5	+1	+3
Hammond	26,408	28,525	23,968	—7	+10	+9
New Iberia	30,419	28,851	28,292	+5	+8	+14
Plaquemine	7,848	7,340	7,021	+7	+12	+14
Thibodaux	17,342	17,354	19,597	—0	—12	+6
Biloxi-Gulfport	72,785	75,184	64,558	—3	+13	+6
Hattiesburg	40,665	44,027	39,591	—8	+3	+6
Laurel	31,304	32,021	30,360	—2	+3	+6
Meridian	56,076	58,751	54,326	—5	+3	+3
Natchez	29,511	31,099	28,993	—5	+2	+8
Pascagoula-Moss Point	43,513	45,631	34,752	—4	+25	+11
Vicksburg	31,945	32,560	26,345	—2	+21	+13
Yazoo City	26,707	26,471	22,453	+1	+19	+12
Bristol	55,046	59,610	50,199	—8	+10	—1
Johnson City	57,528	57,639	51,450	—0	+12	+12
Kingsport	109,510	112,575	92,472	—3	+18	+13
SIXTH DISTRICT, Total	22,548,726	23,122,665	20,413,661	—2	+10	+8
Alabama†	3,100,643	3,222,117	2,746,547	—4	+13	+10
Florida†	6,778,902	6,841,847	6,236,640	—1	+9	+8
Georgia†	5,478,929	5,834,855	4,869,952	—6	+13	+7
Louisiana†**	3,142,830	3,289,544	2,916,342	—4	+8	+9
Mississippi†**	1,086,805	1,155,684	996,496	—6	+9	+9
Tennessee†**	2,960,617	2,778,618	2,647,684	+7	+12	+8
U.S., 344 Cities	333,900,000	353,500,000	296,000,000	—6	+13	+10

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

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)	Oct.	44,797	44,871r	44,114r	42,424
Manufacturing Payrolls	Nov.	151	147r	146	141
Farm Cash Receipts	Oct.	140	126	123	139
Crops	Oct.	140	120	141	142
Livestock	Oct.	118	122	115	118
Department Store Sales*/**	Dec.	148p	141	138	134
Instalment Credit at Banks, *(Mil. $)					
New Loans	Nov.	180	181	178	163
Repayments	Nov.	182	167	183	162
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	118	117	117	114
Manufacturing	Nov.	116	115	115	113
Apparel	Nov.	137	136	136	132
Chemicals	Nov.	112	112	112	110
Fabricated Metals	Nov.	124	124	123	116
Food	Nov.	108	108r	108	105
Lbr., Wood Prod., Furn. & Fix.	Nov.	94	94	93	93
Paper	Nov.	110	110	110	108
Primary Metals	Nov.	106	105	105	103
Textiles	Nov.	96	95	95	94
Transportation Equipment	Nov.	131	119r	131	123
Nonmanufacturing	Nov.	118	118	117	114
Construction	Nov.	109	108	107	100
Farm Employment	Nov.	73	79	75	81
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	2.5	2.8	2.8	3.4
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	41.5	41.1r	40.5	41.3
Construction Contracts*	Nov.	184	150	153	256
Residential	Nov.	142	156	146	150
All Other	Nov.	219	146	160	347
Industrial Use of Electric Power	Oct.	123	122	119	121
Cotton Consumption**	Nov.	106	104r	107	96
Petrol. Prod. in Coastal La. and Miss.**	Nov.	171	168r	172	160
FINANCE AND BANKING					
Member Bank Loans*					
All Banks	Nov.	188	184	183	164
Leading Cities	Dec.	172	173	170	153
Member Bank Deposits*					
All Banks	Nov.	150	148	148	136
Leading Cities	Dec.	138	139	136	129
Bank Debits*/**	Nov.	157	154	152	144

ALABAMA

	Latest Month (1964)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	6,003	6,015r	5,845r	5,677
Manufacturing Payrolls	Nov.	139	137r	136	131
Farm Cash Receipts	Oct.	135	136	120	136
Department Store Sales**	Nov.	118	111	109	114
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	110	110	109	107
Manufacturing	Nov.	106	106	105	103
Nonmanufacturing	Nov.	111	111	111	109
Construction	Nov.	101	101	102	100
Farm Employment	Nov.	69	75	74	75
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	2.6	2.9	2.8	4.0
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	41.8	41.1r	41.2	41.4
FINANCE AND BANKING					
Member Bank Loans	Nov.	181	178	180	162
Member Bank Deposits	Nov.	149	147	149	133
Bank Debits**	Nov.	156	151	150	139

FLORIDA

	Latest Month (1964)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	13,422	13,386r	13,207r	12,649
Manufacturing Payrolls	Nov.	179	176r	169	171
Farm Cash Receipts	Oct.	148	135	122	144
Department Store Sales**	Nov.	173	174	175	163
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	127	127	127	122
Manufacturing	Nov.	129	130	130	128
Nonmanufacturing	Nov.	127	127	127	121
Construction	Nov.	98	99r	99	90
Farm Employment	Nov.	92	91	91	95
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	2.2	2.4	2.6	3.3
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	42.4	41.7r	40.1	41.4
FINANCE AND BANKING					
Member Bank Loans	Nov.	193	189	189	165
Member Bank Deposits	Nov.	151	150	149	139
Bank Debits**	Nov.	155	155	148	143

GEORGIA

	Latest Month (1964)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	8,282	8,371r	8,266r	7,823
Manufacturing Payrolls	Nov.	151	142r	147	140
Farm Cash Receipts	Oct.	144	123	131	125
Department Store Sales**	Nov.	140	139	130	123
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	119	118r	118	115
Manufacturing	Nov.	115	112	114	111
Nonmanufacturing	Nov.	121	121r	120	117
Construction	Nov.	128	126	125	118
Farm Employment	Nov.	68	82	75	78
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	2.2	2.4	2.4	2.6
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	41.1	40.3r	39.7	41.0
FINANCE AND BANKING					
Member Bank Loans	Nov.	192	188	183	169
Member Bank Deposits	Nov.	157	152	154	142
Bank Debits**	Nov.	166	163	165	148

LOUISIANA

	Latest Month (1964)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	6,569	6,477r	6,407r	6,215
Manufacturing Payrolls	Nov.	136	134	133	123
Farm Cash Receipts	Oct.	141	113	131	143
Department Store Sales*/**	Nov.	124	112	115	111
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	107	106	105	103
Manufacturing	Nov.	104	103	102	99
Nonmanufacturing	Nov.	108	106	106	104
Construction	Nov.	98	93	90	84
Farm Employment	Nov.	78	84	80	90
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	2.8	3.0	3.0	3.5
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	42.6	42.0	42.1	42.3
FINANCE AND BANKING					
Member Bank Loans*	Nov.	169	167	167	151
Member Bank Deposits*	Nov.	136	135	134	126
Bank Debits*/**	Nov.	145	141	139	134

MISSISSIPPI

	Latest Month (1964)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	3,407	3,496r	3,308r	3,297
Manufacturing Payrolls	Nov.	161	157r	157	145
Farm Cash Receipts	Oct.	157	137	124	164
Department Store Sales*/**	Nov.	96	91	96	96
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	120	119	119	116
Manufacturing	Nov.	125	124	124	119
Nonmanufacturing	Nov.	117	117	117	115
Construction	Nov.	126	124	123	117
Farm Employment	Nov.	59	70	61	70
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	2.9	3.2	3.3	4.4
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	40.8	40.3r	40.5	40.2
FINANCE AND BANKING					
Member Bank Loans*	Nov.	208	203	202	186
Member Bank Deposits*	Nov.	163	162	159	146
Bank Debits*/**	Nov.	169	168	159	157

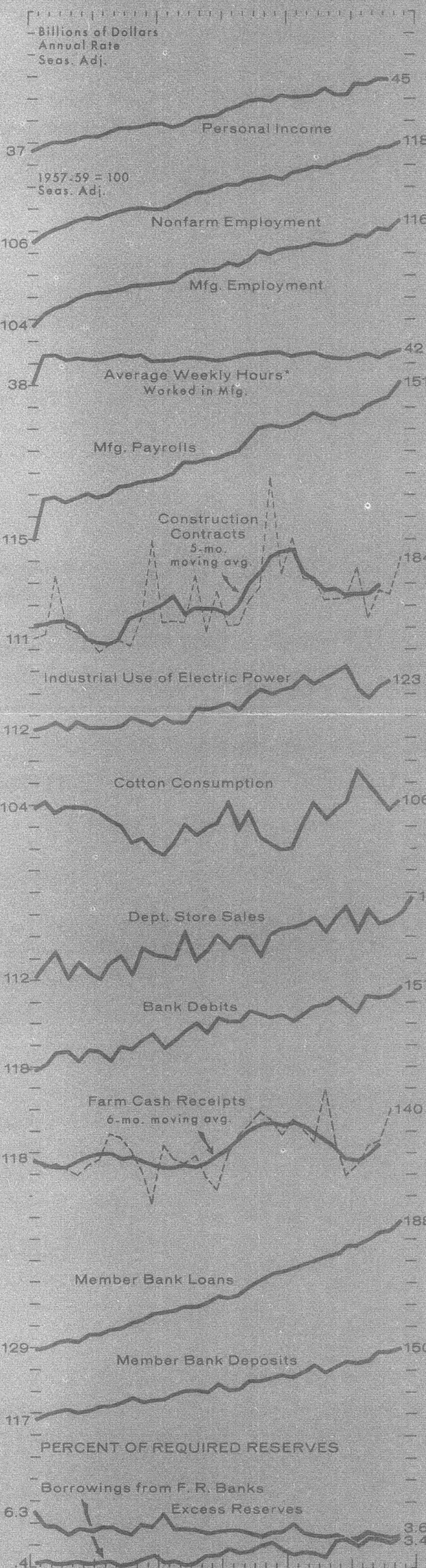
TENNESSEE

	Latest Month (1964)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	7,114	7,126r	7,081r	6,763
Manufacturing Payrolls	Nov.	149	149r	146	140
Farm Cash Receipts	Oct.	108	105	109	121
Department Store Sales*/**	Nov.	122	119	118	114
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	119	118	117	114
Manufacturing	Nov.	121	120	119	117
Nonmanufacturing	Nov.	118	117	116	113
Construction	Nov.	144	143	139	130
Farm Employment	Nov.	80	82	80	84
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	3.1	3.3	3.2	3.8
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	41.1	41.6	40.4	41.3
FINANCE AND BANKING					
Member Bank Loans*	Nov.	191	188	187	164
Member Bank Deposits*	Nov.	152	151	152	134
Bank Debits*/**	Nov.	161	147	156	145

*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



*Seas. adj. figure; not an index.

The old year ended on a note of optimism, as economic activity apparently continued to expand. Farmers have enjoyed a better than average year; personal income has risen faster in the District than it has in the nation as a whole; insured unemployment is below the national average; and construction activity is stronger in this region than it is nationally.

✓ ✓ ✓

As harvest activities drew to a close, farmers' cash receipts were running slightly ahead of last year's. This gain occurred despite a weakening in some major crop and livestock prices. Demand deposits were up in most rural areas in November, while farmers' spending, as indicated by debits to demand deposits, was down. These developments reflect high receipts from crop sales and decreased expenditures for harvesting activities. With soil moisture plentiful in most areas, farmers' plans for the new crop year are optimistic.

✓ ✓ ✓

Nonfarm employment increased strongly in November, with only Alabama and Florida failing to share in the improvement. The additional jobs in Tennessee and Louisiana were predominantly in nonmanufacturing activity, while manufacturing accounted for most of the gain in Georgia and Mississippi. Employment in the transportation equipment industry rebounded to above the pre-strike level, and most other industries also showed gains. In addition, the factory workweek lengthened and helped to fatten paychecks. The District's rate of insured unemployment continues to move down as employment increases.

✓ ✓ ✓

Crosscurrents remained the rule in construction contract awards. As anticipated, the rate of year-to-year gain in total contract volume declined further. However, it now appears that the retreat from the sharp peaks of late 1963 and early 1964 was checked in August. Some further weakness in residential awards was more than offset by strength in nonresidential building. Among the latter were several large projects in the chemical and allied products field.

✓ ✓ ✓

Consumers continued to increase their spending in November, and indications were that the Christmas shopping season broke all records. Department store sales rose to a new high in November, and so did debits to bank accounts. Furniture store sales, however, declined. Besides buying more goods, consumers added to their liquid savings in the form of commercial bank time deposits and savings and loan shares. They also increased their repayments of instalment credit at commercial banks to the extent that the total of this type of credit outstanding actually decreased.

✓ ✓ ✓

Bank reserve positions remained generally easy in December. Member banks reduced their borrowings from the Federal Reserve Bank of Atlanta to about the same low level of a year ago. Borrowings by member banks from other banks for the purpose of averting temporary reserve deficiencies also stayed close to last year's volume. Judging from reports of banks in leading cities, loans in December rose less than usual, following a very rapid increase in November. These banks continued to expand their securities portfolios.

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