



Monthly Review

MAR 3 1965

Atlanta, Georgia
February • 1965

FEDERAL RESERVE BANK OF PHILADELPHIA

Through A Glass Darkly

Whether there be prophecies, they shall fail. . . . Whether there be knowledge, it shall vanish away. For we know in part and we prophesy in part. . . . For now we see through a glass darkly.
1 Corinthians 13

Also in this issue:

**EMPLOYMENT DIVERSIFICATION
IN MISSISSIPPI**

**SIXTH DISTRICT
STATISTICS**

**DISTRICT BUSINESS
CONDITIONS**

*Federal
Reserve
Bank of
Atlanta*

Just as there is a hunting season and a mating season, there is a forecasting season, which runs roughly from September through January. Unlike the first two activities, however, no license is required for forecasting. Anyone is free to try his hand, and any number can play. If statistical information were kept of such things, this year would probably establish a record for the number of individual predictions of the level of business activity. Large numbers of people seem not only willing but eager to state publicly what they think will happen in 1965. Such was not always the case.

In 1945, a considerable number of highly respected economists projected a decline in economic activity and a large rise in unemployment in the immediate postwar years. The evidence for such a gloomy picture was strong. Their most recent information—the experience of the Thirties—indicated that consumers would save a rather large percentage of their incomes. Government spending would be sharply curtailed when the war ended, and it was difficult to see why businesses would spend a great deal of money on plant expansion when consumers were likely to have less income (because of layoffs from war production) with which to buy the products those plants would produce. In fact, of course, consumers had a secret weapon in the huge amounts of liquid assets they had accumulated during World War II; and the result, when they cashed them in and went on a buying spree, was not recession but inflation. No wonder economists and others in the forecasting business displayed a certain reluctance to get out on a limb for some years.

Conditions today, of course, are quite different from those at the end of World War II. No such surprise is likely to be in store for the forecasting fraternity now. Yet it remains a perilous occupation. Consumers are unpredictable creatures. Businessmen can change their minds about how much inventory they want to hold; and events abroad can change the Federal Government's spending plans, even against its will. Considering all the uncertainties of even the immediate future, it is remarkable that so many people are willing to make a public announcement that might return to haunt them later. Part of the explanation is that there is a greatly enlarged demand for this sort of information. Increasingly, private business concerns are basing capital spending plans, production schedules, and advertising campaigns on an estimate of what general business conditions will be. And the state of the economy is much more a concern of public policy than it used to be. Perhaps another part of the explanation lies in the relative safety of numbers. When there are many players in a game, it is hard to remember the performance of any one of them.

The Gross National Product

Forecasts today tend to be more specific than they were twenty or thirty years ago, both because we have much more statistical information about the economy now and because the methods available for analyzing the data—electronic computers and econometric models—are much farther advanced. Most forecasters speak in terms of the Gross National Product because this is the most comprehensive measure we have of “general business activity.” It is designed to measure the total value of all final goods and services produced within the country in any given year. The Commerce Department, which estimates it, divides it into four main parts with several subdivisions.

Consumer purchases represent nearly two thirds of the total. Past experience shows that purchases of nondurable goods (such as food and clothing) and services (such as housing and transportation) follow rather closely the behavior of disposable personal income—the amount of household income left over after taxes are paid. Durable goods purchases, however, of such things as automobiles and house furnishings, have been much more volatile and have conformed less closely to the behavior of disposable personal income.

Gross private domestic investment represents the value of those goods that are produced, not for immediate consumption, but for future use in making other things or, in the case of residential housing, in providing future services to the owners or, in the case of inventory change, in providing for future sales. All of the subdivisions of domestic investment have been subject to wide swings, but the least predictable element of all is the change in business inventories. At times this has been a sizable negative figure, at other times a fairly large positive one.

Net exports of goods and services is the surplus of what we sell abroad over what we buy from foreigners. At times, too, this has been a negative figure, but in general it has fluctuated much less than inventories.

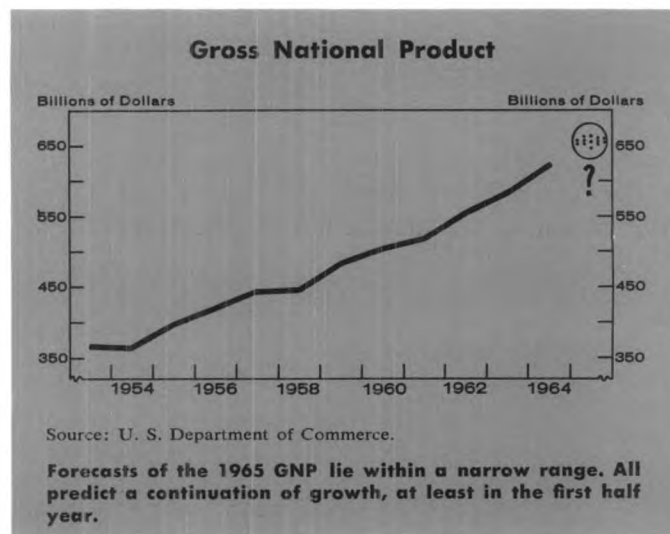
Government purchases bear no predictable relationship to personal income or GNP. So far as the Federal Government is concerned, however, we know its intentions, at least, well ahead of time; the budget for the fiscal year

ending in June of 1966 was submitted to the Congress last month. State and local government spending also has been fairly predictable in recent years.

There are probably as many ways of forecasting GNP as there are forecasters. The methods range all the way from a sort of “seat of the pants” judgment to extremely sophisticated econometric models containing dozens of simultaneous equations that must be solved by electronic computers. Between these extremes, there are various levels of sophistication. Probably the most usual approach is to estimate the individual components of GNP and then, by a process of trial and error, modify them so as to get a total and components that seem to be consistent with one another. The conscientious forecaster will always examine the record to see what light past behavior throws on the present situation, but he never will be content simply to project past trends into the future.

What the Forecasters Say

Of some fifty forecasters who since last September have committed themselves to a specific figure for 1965, only one foresaw a GNP of less than \$650 billion; and only one clearly indicated a figure larger than \$660 billion.



Gross National Product
(Billions of Dollars)

	1961	1962	1963	1964 ^p
Gross National Product	518.7	556.2	583.9	622.3
Personal consumption expenditures	337.3	356.8	375.0	399.2
Durable goods	43.7	48.4	52.1	57.0
Nondurable goods	155.4	162.0	167.5	177.1
Services	138.3	146.4	155.3	165.1
Gross private domestic investment	68.8	79.1	82.0	87.7
New construction	41.0	44.2	46.6	48.9
Residential nonfarm	21.1	23.6	25.2	26.0
Other	19.8	20.6	21.3	22.9
Producers' durable equipment	25.9	29.0	31.0	35.1
Change in business inventories	1.9	5.9	4.4	3.7
Net exports of goods and services	4.6	4.0	4.4	6.7
Exports	27.6	29.2	30.7	34.9
Imports	23.0	25.2	26.3	28.2
Government purchases of goods and services	108.0	116.3	122.6	128.7
Federal	57.4	62.9	64.7	65.6
National defense	49.0	53.6	55.2	55.3
State and local	50.6	53.5	57.9	63.0

^p Preliminary

Source: Office of Business Economics, U. S. Department of Commerce.

Thus, better than nine out of every ten forecasts fall within a range of 1½ percent. This is very close to unanimity. Why?

One possible explanation is not very flattering to the forecasting fraternity, so we will only mention it in passing. To some extent, forecasters are like the proverbial Irish laundresses—they take in one another's washing. Forecaster A is pinned down to an estimate, perhaps by the board of directors of his company. Forecasters B, C, and D, who have been under some pressure to produce their own estimates, seize gratefully upon A's figures. A, seeing his estimate confirmed by independent observers, concludes that he must have been right. As the number of forecasts mounts, it becomes increasingly perilous for any new projection to differ from the consensus. And so a “standard forecast” is built up.

There are, however, enough truly independent estimates to make this only a partial explanation. The truth is we have some facts that limit the amount by which opinions

can reasonably differ over several components that make up a very large portion of the Gross National Product. At least this is true for the first half of the year. The horizon gets foggy very rapidly the farther we go into the second half. Let us take the components individually.

Consumer spending on nondurable goods and services has moved very closely with disposable income in the past. The personal income tax cut in March of last year provided an important stimulus to these types of outlays by increasing the amount of income consumers had left over after taxes. Yet, even so, nondurables and service purchases grew less rapidly than disposable income, as consumers saved a larger percentage of their income. Most observers think that consumers have lagged in their adjustment to the tax cut and that they will tend to catch up. This would mean a considerable impetus from these types of consumer spending, at least in the first quarter of the year. The second-quarter prospect is not as good; the tax cut was a two-stage affair, part in 1964 and the other part in 1965, yet the rate at which income taxes were withheld from pay checks was reduced the full amount in 1964. Thus, many taxpayers may have to pay the Government a lump sum next April 15 instead of getting a refund, as some of them had been accustomed to. This could very well put a crimp in spending plans for a while, but there is no reason to think it would be any more than temporary.

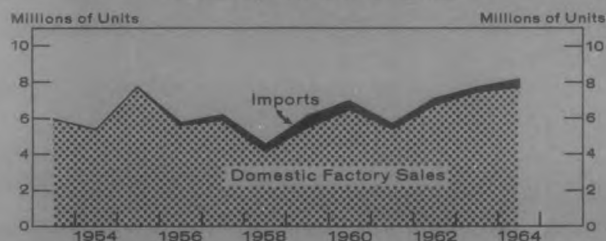
When it comes to sales of durable consumer goods, there is less dependable information and, hence, more disagreement among the "experts." Forecasts of total new passenger automobile sales have ranged all the way from 7¼ million to 8.3 million. First-quarter sales are very

is residential construction. After a surge in late 1963 and early 1964, this component declined for most of last year. The "baby boom" that occurred just after World War II will produce in 1967 or 1968 a bulge in the number of people reaching the marrying age; and experts expect the demand for new houses and apartments to rise considerably at that time. In the meantime, opinion is divided. In view of the availability of large amounts of money for mortgage lending at relatively low rates of interest, however, few observers look for any drastic decline in housing construction. For this year, the estimates range from a small decline to a small rise.

The two items "other construction" and "producers' durable equipment" together represent business investment in new productive tools and facilities. Since 1961, businessmen have engaged in the longest and largest expansion of fixed investment in the postwar period. For the immediate future, forecasters have the benefit of several surveys of businessmen's capital spending intentions. The McGraw-Hill survey, released last November, indicated that businessmen planned to increase their annual spending on plant and equipment by 5 percent over 1964, compared with a 14-percent increase in 1964 over 1963. This implied to some people a probable slowdown in the last half of 1965. However, a joint survey by the Commerce Department and the Securities and Exchange Commission, made public in December, indicated a rise in these outlays at a rate of 8 percent in the first half of 1965 over the average for all of 1964. A slowdown could still occur in the last half of the year, of course, but studies by the National Industrial Conference Board reveal that appropriations by business for capital spending have been running well ahead of actual outlays, so that the backlog of "unspent appropriations" is still growing. Most observers seem to be in fairly general agreement that business investment in fixed capital will provide a considerable expansionary force, but not so much as last year.

Probably the most difficult item to estimate is business investment in inventories. The change in business inven-

New Automobile Sales



Sources: Automobile Manufacturers Association and U. S. Department of Commerce.

Sales of new passenger automobiles finally broke the magic 8-million mark last year, if imported cars are included. Projections for 1965 vary between 7¼ million and 8.3 million.

likely to be good because of the backlog of buyers whose cars were not delivered last fall because of the auto strikes. Beyond that, however, there is little agreement and even less evidence to rely on. Some forecasters point to rising replacement demand and the increase in the number of children reaching driving age as forces keeping demand at a high level. Others believe that four good automobile years in a row would be simply too good to be true. Pessimists tend to believe, too, that sales of household furnishings will tend to be somewhat slow until the rate of formation of new households picks up two to four years from now.

One of the largest items in private domestic investment

Domestic Investment



Source: U. S. Department of Commerce.

Business investment in inventories has been quite moderate in the economic expansion since 1961. Investment in producers' durable equipment has been longer sustained than at any time in the postwar period.

stories has fluctuated widely from year to year, and forecasters' misses in this area have been wider than in any other. The two main reeds on which the seers seem to be leaning now are to some extent contradictory. On the one hand, inventory-to-sales ratios are very low by historical standards. Some say this is because computers have made it possible to plan production with much smaller stocks than heretofore. Others say it is because there has been no expectation of inflation and that, if an inflationary psychology should develop, businessmen might go on a spree of inventory buying. Both sides agree, however, that there is plenty of room for inventory accumulation if businesses should decide to do so. The other reed consists of the widely accepted view that users of steel are attempting to build up stockpiles of the metal to hedge against a possible steel strike sometime after next June. If negotiations continue until late spring and an agreement is reached without a strike, the steel-using industries will almost certainly cut back on their orders while they work off their accumulated inventories. If there is a strike, production will also be curtailed and inventories run down. Most forecasters thus expect inventory accumulation in the first half, followed by either a runoff or a much slower accumulation in the second half. There seems to be little agreement on the size of the respective movements, however.

Very few forecasters see much change in either net exports or Federal Government spending. Many expect net exports to decline slightly because exceptionally large grain sales pushed our exports higher than usual last year. Federal spending for the first half of 1965 is already budgeted, and the President's budget message in January called for a very slight increase over the previous fiscal year. Of course, most forecasters had not heard the budget message when they made their estimates, but few expected any great increase.

State and local government spending has increased nearly every year since World War II and, in recent years, at a remarkably stable rate. Most forecasters expect it to continue its upward climb next year.

Nearly every crystal ball shows 1965 as a good year and better than 1964. Surprisingly enough, however, this

unanimity leaves open the \$64 question: Will the present business upswing end next year? Some observers think there is a real possibility of this, based largely on the steel situation and doubts about automobile sales and business spending on plant and equipment in the last half of the year. The Administration has thought enough of the possibility to prepare a bill to cut excise taxes, with a view to stimulating consumer spending. On the other hand, a considerable body of opinion continues to believe that inflation is a menace. This group fears that wage negotiations will lead to pay increases greater than productivity gains, with a resulting increase in costs and prices.

When the last equation is solved and the last guess hazarded, this fact remains: The only certainty about the future is that it is uncertain. The modern forecaster is, hopefully, more scientific than the Roman augur examining the entrails of his sheep; yet no matter how sophisticated his analysis, no matter how objective his calculations, time alone can prove him right or wrong.

LAWRENCE F. MANSFIELD

THE PER JACOBSSON FOUNDATION INAUGURAL LECTURES

The first lectures given under the auspices of this Foundation were delivered in Basle on November 9, 1964, by Mr. Maurice Frere, former President of the Bank for International Settlements, and Mr. Rodrigo Gomez, Director General of the Bank of Mexico. Their subject was "Economic Growth and Monetary Stability."

The proceedings of this inaugural meeting, including the full texts of the two statements and the introduction by Ambassador W. Randolph Burgess, are being published by the Foundation in English, French, and Spanish for free distribution.

Requests for copies (indicating the language desired) should be addressed to:

THE PER JACOBSSON FOUNDATION
International Monetary Fund Building
Washington, D. C. 20431
U. S. A.

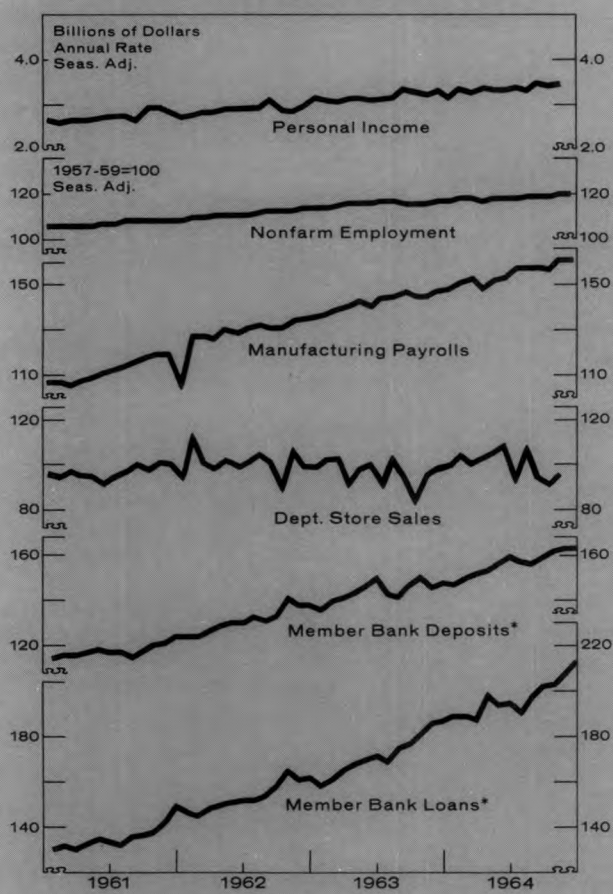
Employment Diversification in Mississippi

As the well publicized national economic expansion moves into its fifth year, it is appropriate to review Mississippi's growth to see how she has fared. In terms of various economic indicators, many sectors of Mississippi's economic activity have shown rapid growth. For example, total personal income for the state reached \$3,461 million at a seasonally adjusted annual rate in November, an increase of nearly 8 percent over the November 1963 level and nearly 33 percent above February 1961, the turning point of the current economic expansion. Helping to boost personal incomes in 1964 were above-average cash receipts from farm marketings and a steady upward trend in manufacturing payrolls, which were nearly 10 percent greater in December than they were a year earlier. This trend reflects in part a 3-percent increase in non-

farm employment from December 1963. The banking community has also experienced sizable gains, as indicated by 1964 record levels of total deposits at member banks located in the southern half of the state. Also, member bank loans in December were nearly 14 percent higher than a year earlier.

However, expansion in some areas of Mississippi's economic activity did not proceed so rapidly. Department store sales, for instance, were the same in November 1964 as they were a year ago and were only one percent above the February 1961 level. Also, preliminary data for the first eleven months of 1964 indicate that the state's total employment, including agriculture, grew only one percent, in contrast with a national rise of nearly 2 percent over 1963.

Economic Indicators — Mississippi



*For Sixth District portion of state only.

Adjustments in Economic Activity

While these aggregate figures give a general indication of economic activity within the state, they mask some of the adjustments taking place in many sectors of the state's economy. Since 1958, agricultural employment has declined by 65,000 persons, or 24 percent, leaving an average employment of 209,000 people for the first eleven months of 1964. Employment within the nonagricultural sector of the economy, however, has grown by approximately 70,000 persons during this period. As a result, total employment has increased by about 5,000 persons, a rise of nearly one percent.

The accompanying table, which shows the percentage change in employment within various segments of economic activity in the United States and Mississippi, as well as the actual changes in employment in Mississippi, further highlights the state's employment diversification. From 1958 to 1964, employment in mining increased over 12 percent in Mississippi, while it decreased more than 15 percent nationally. This gain meant that Mississippi mining firms, which are engaged primarily in oil field activities, added approximately 700 new employees to their rolls. The state's retail trade employment was 8 percent greater in 1964 than in 1958, in contrast with a national gain of 12 percent. This sector of economic activity accounted for 5,000 new jobs.

Further analysis of the data reveals that all except three major components of Mississippi's economic activity

have exhibited positive employment growth during the 1958-64 period. Declining agricultural employment has produced most of the downward pressure on total employment, while the largest numerical increases in employees have occurred in state and local government, services, and, within manufacturing, in the apparel and related products field. Total manufacturing accounted for over 25,000 new jobs in Mississippi during this period.

Changes in Employment in Mississippi and the United States

1958-64*

Item	Percentage Change in Employment		Actual Employment Changes in Mississippi (1,000)
	U. S.	Mississippi	
Mining	-15.4	+ 12.5	+ 0.7
Contract Construction	+11.9	+ 11.4	+ 2.6
Total Manufacturing	+ 8.3	+ 22.3	+25.2
Durable Goods	+11.2	+ 19.6	+10.2
Lumber and Wood			
Products	- 2.8	- 11.8	- 2.5
Furniture and Fixtures	+11.1	+ 55.8	+ 2.9
Stone, Clay and Glass			
Products	+ 9.7	+ 26.8	+ 1.1
Primary Metals and			
Fabricated Metals	+ 8.3	+120.7	+ 3.6
Machinery			
(excluding electrical)	+18.1	+ 95.8	+ 2.3
Electrical Equipment	+23.6	+ 97.4	+ 3.9
Transportation Equipment	+ 0.3	- 27.3	- 3.0
Instruments and Related			
Products and Miscellaneous			
Manufacture	+10.2	+175.0	+ 2.1
Nondurable Goods	+ 4.7	+ 24.8	+15.1
Food and Kindred			
Products	- 2.3	+ 12.1	+ 1.8
Textile Mill Products	- 2.4	+ 18.2	+ 0.8
Apparel and Related			
Products	+11.6	+ 32.9	+ 8.0
Paper and Allied Products	+11.7	+ 10.7	+ 0.9
Printing and Publishing	+ 8.9	+ 4.2	+ 0.1
Chemicals and Allied			
Products	+10.4	+ 18.9	+ 0.6
Chemicals and Related			
Products, Rubber and			
Plastic, Leather and			
Leather Products	+ 4.6	+ 96.4	+ 2.8
Transportation and Public			
Utilities	- 0.1	+ 3.2	+ 0.8
Wholesale Trade	+12.8	+ 20.5	+ 3.2
Retail Trade	+12.4	+ 8.0	+ 5.0
Finance, Insurance and			
Real Estate	+16.8	+ 33.6	+ 4.0
Services and Miscellaneous	+25.2	+ 28.3	+11.5
Federal Government	+ 6.5	+ 7.0	+ 1.3
State and Local Government	+25.0	+ 24.3	+15.5
Agriculture	-16.4	- 23.7	-65.0
TOTAL	+ 9.1	+ 0.7	+ 5.0

* First eleven months of 1964.

Moreover, eighteen different sectors of Mississippi's economic activity experienced more rapid employment expansion than their U. S. counterparts from 1958 to 1964. Further growth may be expected if a continuation of present trends is maintained. However, additional declines in lumber and wood products and in agricultural employment are likely if mechanization of production continues. Although Mississippi has made considerable progress in recent years, personal incomes are still relatively low, and further expansion in industrial activity will be required to lift them nearer the national average.

ROBERT E. SWEENEY

Bank Announcements

On January 1, the BANK OF CHICKAMAUGA, Chickamauga, Georgia, a nonmember bank, began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers are Elder G. Glenn, Chairman of the Board; W. H. Edwards, President; C. Callaway, Jr., Vice President; and N. Collins Wright, Executive Vice President and Cashier.

The BANK OF LAFAYETTE, Lafayette, Georgia, a nonmember bank, began to remit at par on January 1. Officers include B. D. Gilbert, President; C. M. Gilbert and H. Frank Beckum, Vice Presidents; and W. L. Baker, Vice President and Cashier.

On January 1, the CITIZENS BANK AND TRUST COMPANY, Tellico Plains, Tennessee, a nonmember bank, began to remit at par. Officers are Worth R. Stratton, President; and Mrs. Ben H. Stephens, Vice President and Cashier.

The FARMERS & MERCHANTS BANK, Lineville, Alabama, a nonmember bank, began to remit at par on January 1. Officers are W. E. Carpenter, Chairman of the Board; C. T. Stewart, President; Charles W. Carpenter, Executive Vice President; M. J. Norrell, Vice President; and Fred Knight, Cashier.

On January 4, the FIRST CITY BANK OF TAMPA, Tampa, Florida, a conversion of the Industrial Savings Bank of Tampa, opened for business as an insured, nonmember bank and began to remit at par. Officers include J. W. Walter, Chairman of the Board; Charles M. Gray, President; H. M. Scarbrough, Executive Vice President; Bob Jacobson, Vice President; and William A. Gibson, Cashier. Capital is \$320,000, and surplus and undivided profits, \$230,000.

The BANK OF MOUNT DORA, Mount Dora, Florida, a newly organized nonmember bank, opened for business and began to remit at par on January 5. Officers are Edwin Mead, Chairman of the Board; Robert E. Warfield, Jr., President; and W. V. Proctor, Vice President and Cashier. Capital is \$280,000, and surplus and undivided profits, \$168,000.

On January 7, the SECOND NATIONAL BANK OF NORTH MIAMI, North Miami, Florida, a newly organized member bank, opened for business and began to remit at par. Officers include George W. Kates, Chairman of the Board; James F. Hunt, President; and Frank Braunstein, Vice President and Cashier. Capital is \$250,000, and surplus and other capital funds, \$350,000, as reported by the Comptroller of the Currency at the time the charter was granted.

The AMERICAN BANK, Norco, Louisiana, a newly organized nonmember bank, opened for business and began to remit at par on January 8. Officers are Preston Wailes, President; and Larry Babin, Executive Vice President and Cashier. Capital is \$160,000, and surplus and undivided profits, \$240,000.

On January 8, the CITY NATIONAL BANK OF RUSSELLVILLE, Russellville, Alabama, a newly organized member bank, opened for business and began to remit at par. Officers are W. E. Oden, Chairman of the Board; J. Cline Weeks, President; J. M. Clark, Vice President; and C. E. Shirey, Cashier. Capital is \$160,000, and surplus and other capital funds, \$240,000, as reported by the Comptroller of the Currency at the time the charter was granted.

The FIRST NATIONAL BANK OF PRINCETON-NARANJA, Princeton, Florida, a newly organized member bank, opened for business and began to remit at par on January 15. Officers include Paul Losner, President and Chairman of the Board; Thomas E. Kirby, Vice President; and Neil C. Tucci, Cashier. Capital is \$200,000, and surplus and other capital funds, \$100,000, as reported by the Comptroller of the Currency at the time the charter was granted.

On January 18, the CITY NATIONAL BANK OF BIRMINGHAM, Birmingham, Alabama, a newly organized member bank, opened for business and began to remit at par. Officers include George E. Murphree, President; R. Bruce Robertson, III, Vice President; and Hoy L. Taylor, Jr., Cashier. Capital is \$800,000, and surplus and other capital funds, \$1,200,000, as reported by the Comptroller of the Currency at the time the charter was granted.

On January 22, the INTERAMERICAN NATIONAL BANK AT SUNNY ISLES, Sunny Isles, Florida, a newly organized member bank, opened for business and began to remit at par. Officers are Norman M. Giller, President and Chairman of the Board; J. G. Gibbs, Executive Vice President; John Hotaling, Cashier; and Joseph H. Singer and Faye Abby Moore, Vice Presidents. Capital is \$400,000, and surplus and other capital funds, \$300,000, as reported by the Comptroller of the Currency at the time the charter was granted.

The CITY NATIONAL BANK OF COCOA, Cocoa, Florida, a newly organized member bank, opened for business on January 29 and began to remit at par. Officers are Oscar Hyde, Chairman of the Board; Ben Giller, President; E. L. Crosssett, Jr., Executive Vice President; N. Summers Jones, Vice President; and Richard C. Hutcheson, Cashier. Capital is \$200,000, and surplus and other capital funds, \$300,000, as reported by the Comptroller of the Currency at the time the charter was granted.

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

	Dec. 1964	Nov. 1964	Dec. 1963	Percent Change		
				Year-to-date 12 Months		
				Dec. 1964 from	Dec. 1963	from
				1964	1963	1963
STANDARD METROPOLITAN STATISTICAL AREAS†						
Birmingham	1,210,906	1,136,681	1,068,875	+7	+13	+11
Gadsden	67,671	59,831	61,667	+13	+10	+10
Huntsville	165,883	161,432	150,634	+3	+10	+16
Mobile	422,931	397,389	404,522	+6	+5	+6
Montgomery	277,684	244,906	241,874	+13	+15	+4
Tuscaloosa	82,248	72,625	73,233	+13	+12	+8
Ft. Lauderdale-						
Hollywood	476,206	394,146	448,571	+21	+6	+10
Jacksonville	1,324,708	1,136,375	1,152,961	+17	+15	+14
Miami	1,893,511	1,563,083	1,736,614	+21	+9	+7
Orlando	531,985	441,190	506,375	+21	+5	+8
Pensacola	187,305	155,594	158,551	+20	+18	+14
Tampa-						
St. Petersburg	1,210,837	1,005,799	1,107,074	+20	+9	+9
W. Palm Beach	349,762	283,886	324,449	+23	+8	+9
Albany	88,617	75,073	76,747	+18	+15	+13
Atlanta	3,626,452	3,257,748	3,198,106	+11	+13	+7
Augusta*	207,434	173,644	162,078	+19	+28	+12
Columbus	198,109	172,989	176,242	+15	+12	+16
Macon	211,041	187,496	184,191	+13	+15	+9
Savannah	245,665	201,278	219,607	+22	+12	+9
Baton Rouge	427,787	383,951	345,835	+11	+24	+8
Lafayette	100,285	86,834	81,675	+16	+23	+10
Lake Charles	103,957	90,820	104,317	+15	—0	+3
New Orleans	2,093,503	1,820,782	1,844,729	+15	+14	+11
Jackson	499,155	470,694	448,520	+6	+11	+9
Chattanooga	493,441	426,480	457,017	+16	+8	+8
Knoxville	401,206	345,103	397,590	+16	+1	+6
Nashville	1,081,637	1,208,869	1,039,958	—11	+4	+10
OTHER CENTERS						
Anniston	56,889	53,905	50,532	+6	+13	+7
Dothan	51,752	44,943	44,600	+15	+16	+7
Selma	37,679	35,248	32,606	+7	+16	+12
Bartow	36,691	27,516	24,335	+33	+51	+16
Bradenton	52,773	40,068	55,305	+32	—5	+2
Brevard County	176,774	161,817	150,619	+9	+17	+22
Daytona Beach	82,746	66,061	74,189	+25	+12	+6
Ft. Myers-						
N. Ft. Myers	69,711	56,850	62,470	+23	+12	+6
Gainesville	69,296	63,606	66,303	+9	+5	+14
Key West	24,725	20,687	21,834	+20	+13	+12
Lakeland	106,735	87,408	98,170	+22	+9	+5
Ocala	49,888	42,133	44,677	+18	+12	+5
St. Augustine	19,678	15,812	18,025	+24	+9	+5
St. Petersburg	277,609	247,847	257,697	+12	+8	+9
Sarasota	96,537	80,414	97,352	+20	—1	+2
Tallahassee	94,331	97,568	88,936	—3	+6	+12
Tampa	650,487	526,817	583,736	+23	+11	+9
Winter Haven	59,112	48,657	53,268	+21	+11	+14
Athens	61,480	53,004	53,071	+16	+16	+11
Brunswick	43,248	34,452	42,535	+26	+2	+8
Dalton	92,727	77,814	76,243	+19	+22	+21
Elberton	11,394	12,338	11,662	—8	—2	+9
Gainesville	60,246	56,945	56,358	+6	+7	+6
Griffin	30,987	27,001	26,569	+15	+17	+11
LaGrange	21,782	17,122	19,221	+27	+13	+11
Newnan	26,864	24,539	28,026	+9	—4	+10
Rome	69,985	62,628	62,416	+12	+12	+10
Valdosta	46,789	43,641	39,908	+7	+17	+13
Abbeville	11,743	9,800	12,608	+20	—7	+5
Alexandria	103,574	96,227	93,885	+8	+10	+11
Bunkie	6,411	6,853	5,288	—6	+21	+5
Hammond	31,333	26,408	26,355	+19	+19	+10
New Iberia	35,038	30,419	30,521	+15	+15	+14
Plaquemine	8,653	7,848	7,583	+10	+14	+14
Thibodaux	23,928	17,342	20,361	+38	+18	+7
Biloxi-Gulfport	77,212	72,785	70,468	+6	+10	+6
Hattiesburg	44,560	40,665	39,839	+10	+12	+6
Laurel	31,262	31,304	32,871	—0	+5	+5
Meridian	57,382	56,076	54,072	+2	+6	+3
Natchez	35,633	29,511	28,563	+21	+25	+10
Pascagoula-						
Moss Point	43,422	43,613	39,214	—0	+11	+11
Vicksburg	35,125	31,945	28,560	+10	+23	+14
Yazoo City	27,530	26,707	19,639	+3	+40	+14
Bristol	63,619	55,046	58,536	+16	+9	+0
Johnson City	64,830	57,528	61,727	+13	+5	+11
Kingsport	124,160	109,510	107,116	+13	+16	+13
SIXTH DISTRICT, Total						
Alabama†	3,334,431	3,100,643	2,954,360	+8	+13	+11
Florida†	8,088,747	6,780,959	7,461,569	+19	+8	+8
Georgia†	6,168,178	5,478,929	5,446,640	+13	+13	+8
Louisiana†**	3,594,455	3,142,830	3,139,914	+14	+14	+10
Mississippi†**	1,151,687	1,086,805	1,027,118	+6	+12	+10
Tennessee†**	2,988,151	2,960,617	2,879,745	+1	+4	+8
U.S., 344 Cities	400,100,000	333,900,000	357,100,000	+20	+12	+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.)

		Latest Month	One Month Ago	Two Months Ago	One Year Ago			Latest Month	One Month Ago	Two Months Ago	One Year Ago
SIXTH DISTRICT						GEORGIA					
INCOME AND SPENDING						INCOME AND SPENDING					
Personal Income, (Mil. \$, Annual Rate)	Nov.	45,452	45,073r	44,972r	42,177	Personal Income, (Mil. \$, Annual Rate)	Nov.	8,389	8,299r	8,374r	7,900
Manufacturing Payrolls	Dec.	152	151	147	141	Manufacturing Payrolls	Dec.	156	151	142	142
Farm Cash Receipts	Nov.	129	140	126	136	Farm Cash Receipts	Nov.	109	144	123	126
Crops	Nov.	136	140	120	145	Department Store Sales**	Dec.	139	140	139	128
Livestock	Nov.	118	118	122	116	PRODUCTION AND EMPLOYMENT					
Department Store Sales**	Jan.	148p	141	141	134	Nonfarm Employment	Dec.	120	119	118	116
Installment Credit at Banks, *(Mil. \$)						Manufacturing	Dec.	116	115	112	111
New Loans	Dec.	182	180	181	189	Nonmanufacturing	Dec.	121	121	121	118
Repayments	Dec.	164	182	167	168	Construction	Dec.	130	128	126	119
PRODUCTION AND EMPLOYMENT						Farm Employment	Dec.	73	68	82	83
Nonfarm Employment	Dec.	117	118	117	113	Insured Unemployment, (Percent of Cov. Emp.)	Dec.	2.2	2.2	2.4	3.0
Manufacturing	Dec.	117	116	115	113	Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	41.4	41.2r	40.3	40.9
Apparel	Dec.	138	137	136	133	FINANCE AND BANKING					
Chemicals	Dec.	112	112	112	110	Member Bank Loans	Dec.	198	192	188	172
Fabricated Metals	Dec.	125	123r	124	117	Member Bank Deposits	Dec.	158	157	152	144
Food	Dec.	108	108	108	106	Bank Debits**	Dec.	159	166	163	148
Lbr., Wood Prod., Furn. & Fix.	Dec.	95	94	94	94	LOUISIANA					
Paper	Dec.	107	110	110	110	INCOME AND SPENDING					
Primary Metals	Dec.	105	106	105	101	Personal Income, (Mil. \$, Annual Rate)	Nov.	6,603	6,594r	6,516r	6,235
Textiles	Dec.	96	96	95	94	Manufacturing Payrolls	Dec.	134	136	134	125
Transportation Equipment	Dec.	135	132r	119	125	Farm Cash Receipts	Nov.	123	141	113	156
Nonmanufacturing	Dec.	118	118	118	114	Department Store Sales**	Dec.	125	124	112	116
Construction	Dec.	111	109	108	101	PRODUCTION AND EMPLOYMENT					
Farm Employment	Dec.	80	73	79	83	Nonfarm Employment	Dec.	107	107	106	103
Insured Unemployment, (Percent of Cov. Emp.)	Dec.	2.7	2.5	2.8	3.5	Manufacturing	Dec.	104	104	103	100
Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	41.5	41.6r	41.1	41.3	Nonmanufacturing	Dec.	108	108	106	104
Construction Contracts*	Dec.	196	184	150	169	Construction	Dec.	102	98	93	88
Residential	Dec.	175	142	156	165	Farm Employment	Dec.	80	78	84	89
All Other	Dec.	215	219	146	172	Insured Unemployment, (Percent of Cov. Emp.)	Dec.	2.9	2.8	3.0	3.7
Industrial Use of Electric Power	Nov.	124	123	122	120	Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	42.3	42.6	42.0	43.1
Cotton Consumption**	Dec.	105	106	104	95	FINANCE AND BANKING					
Petrol. Prod. in Coastal La. and Miss.**	Dec.	172	171	168	160	Member Bank Loans*	Dec.	173	169	167	148
FINANCE AND BANKING						Member Bank Deposits*	Dec.	137	136	135	126
Member Bank Loans*	Dec.	190	187	184	165	Bank Debits**	Dec.	140	145	141	128
All Banks	Dec.	190	187	184	165	MISSISSIPPI					
Leading Cities	Jan.	176	172	173	155	INCOME AND SPENDING					
Member Bank Deposits*	Dec.	151	150	148	138	Personal Income, (Mil. \$, Annual Rate)	Nov.	3,461	3,422r	3,498r	3,206
All Banks	Dec.	151	150	148	138	Manufacturing Payrolls	Dec.	161	161	157	147
Leading Cities	Jan.	140	138	139	127	Farm Cash Receipts	Nov.	139	157	137	134
Bank Debits**	Dec.	151	157	154	144	Department Store Sales**	Dec.	92	96	91	92
ALABAMA						PRODUCTION AND EMPLOYMENT					
INCOME AND SPENDING						Nonfarm Employment	Dec.	120	120	119	117
Personal Income, (Mil. \$, Annual Rate)	Nov.	6,031	6,027r	6,018r	5,682	Manufacturing	Dec.	125	125	124	120
Manufacturing Payrolls	Dec.	139	139	137	129	Nonmanufacturing	Dec.	117	117	117	115
Farm Cash Receipts	Nov.	123	135	136	129	Construction	Dec.	121	126	124	110
Department Store Sales**	Dec.	118	118	111	114	Farm Employment	Dec.	74	59	70	79
PRODUCTION AND EMPLOYMENT						Insured Unemployment, (Percent of Cov. Emp.)	Dec.	3.2	2.9	3.2	4.8
Nonfarm Employment	Dec.	110	110	110	107	Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	41.2	40.8	40.3	40.5
Manufacturing	Dec.	107	106	106	103	FINANCE AND BANKING					
Nonmanufacturing	Dec.	111	111	111	109	Member Bank Loans*	Dec.	213	208	203	187
Construction	Dec.	101	102r	101	100	Member Bank Deposits*	Dec.	163	163	162	148
Farm Employment	Dec.	74	69	75	80	Bank Debits**	Dec.	158	169	168	149
Insured Unemployment, (Percent of Cov. Emp.)	Dec.	2.8	2.6	2.9	4.0	TENNESSEE					
Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	41.4	41.8	41.1	40.9	INCOME AND SPENDING					
FINANCE AND BANKING						Personal Income, (Mil. \$, Annual Rate)	Nov.	7,229	7,158r	7,134r	6,656
Member Bank Loans	Dec.	184	181	178	162	Manufacturing Payrolls	Dec.	149	150r	149	139
Member Bank Deposits	Dec.	150	149	147	136	Farm Cash Receipts	Nov.	121	108	105	116
Bank Debits**	Dec.	151	156	151	141	Department Store Sales**	Dec.	120	122	119	115
FLORIDA						PRODUCTION AND EMPLOYMENT					
INCOME AND SPENDING						Nonfarm Employment	Dec.	119	118r	118	114
Personal Income, (Mil. \$, Annual Rate)	Nov.	13,739	13,573r	13,432	12,498	Manufacturing	Dec.	121	121	120	117
Manufacturing Payrolls	Dec.	179	180r	176	168	Nonmanufacturing	Dec.	118	117r	117	112
Farm Cash Receipts	Nov.	153	148	135	154	Construction	Dec.	153	144	143	131
Department Store Sales**	Dec.	176	174	174	170	Farm Employment	Dec.	82	80	82	81
PRODUCTION AND EMPLOYMENT						Insured Unemployment, (Percent of Cov. Emp.)	Dec.	3.4	3.1	3.3	4.4
Nonfarm Employment	Dec.	126	127	127	121	Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	41.2	41.3r	41.6	41.6
Manufacturing	Dec.	128	129	130	127	FINANCE AND BANKING					
Nonmanufacturing	Dec.	125	127	127	120	Member Bank Loans*	Dec.	193	191	188	168
Construction	Dec.	97	98	99	89	Member Bank Deposits*	Dec.	153	152	151	135
Farm Employment	Dec.	104	92	91	92	Bank Debits**	Dec.	146	161	147	149
Insured Unemployment, (Percent of Cov. Emp.)	Dec.	2.2	2.2	2.4	2.8						
Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec.	42.2	42.5r	41.7	41.1						
FINANCE AND BANKING											
Member Bank Loans	Dec.	192	190	189	165						
Member Bank Deposits	Dec.	152	151	150	141						
Bank Debits**	Dec.	152	155r	155	147						

*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

The District's economy is entering its fifth year of economic expansion with most indicators at high levels. New plant announcements and construction contracts for industrial and commercial facilities are still expanding. Unemployment continues to shrink as additional manufacturing facilities begin operations. A generally mild winter has only moderately restrained the farm sector. Personal income appears to have gained considerably over 1963, so that well-heeled consumers have been good patrons of retailers, savings institutions, and credit suppliers. Member banks continue to enjoy substantial growth in loans and deposits.



District unemployment is low, and additional manufacturing facilities are increasing. Nonfarm employment gains slowed to a halt in December as the result of a previous earlier-than-seasonal increase in Florida and a labor dispute in the paper industry in Mississippi. All major metropolitan areas in the District now report only moderate unemployment rates, and in three areas (Atlanta, Jackson, and Jacksonville) the rate is below 3 percent.



Winter weather has only moderately restrained the farm economy. Farm employment increased in December, but remained slightly below the year-earlier level. Mild weather has favored some operations, but below-freezing temperatures in mid-January set back the citrus, vegetable, and sugar cane crops in Florida. Nevertheless, harvests of citrus continue large, and vegetable crops are being replanted. Elsewhere, farmers were clearing land, pruning peach trees, mending fences, and preparing beds for vegetable and tobacco plants. They also continued to market a heavy volume of livestock products, especially broilers and eggs. Lower prices for eggs and citrus, however, have put some downward pressure on the index of prices received by farmers. Values of farm real estate moved up considerably in most places last year.



The dollar volume of total construction contract awards has returned to the high levels that prevailed during the late autumn and winter of 1963-64. In December, residential housing contracts registered an all-time high for a single month. Contracts for all-other building were also quite strong. Mortgage funds continue in good supply, with stable to declining rates in most localities.



Personal income in the District continued to move up in November. It now looks as though 1964 will show a gain of about 7 percent over 1963. Part of this additional income was used to increase retail purchases and to enlarge savings accounts of various types. Consumers also continued to increase their use of bank instalment credit; in addition, they stepped up the rate of repayment for these loans so that the net growth was smaller in 1964 than in 1963.



Bank lending expanded sharply in December in each of the District states. The rise was centered primarily at medium- and small-size banks. Deposits increased moderately, with all states except Mississippi sharing in the gain. Investments declined somewhat. During January, loans at weekly reporting member banks increased sharply from the December level, but investments declined.

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

