Monthly Review

Atlanta, Georgia

March • 1965

Also in this issue:

Federal Reserve Bank of Atlanta

Better Is Not Good Enough

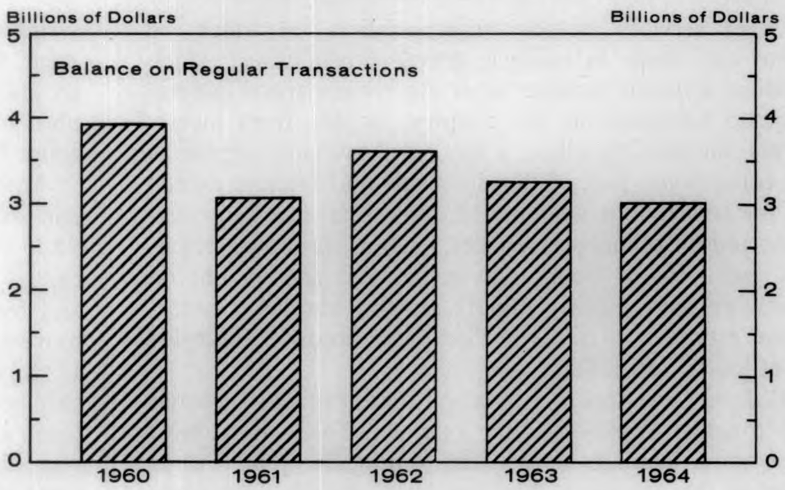
The deficit in our international balance of payments last year was the smallest since 1957, according to a preliminary report by the Commerce Department released on February 11. Yet, only the previous day, President Johnson had sent a message to Congress requesting additional legislation to deal with "our continued imbalance of payments." Why?

The answer is simple enough. The improvement last year was so small that it was not worth crowing about. Like someone who has stumbled into a mudhole while walking across a field, we cannot feel very much elated when the next step sinks us only six inches into the ooze instead of seven. Preliminary figures indicate a deficit on "regular transactions" of about \$3.0 billion last year, compared with \$3.3 billion in 1963, \$3.6 billion in 1962, \$3.1 billion in 1961, and an average of \$3.7 billion for 1958 through 1960.

The figures are not all in yet, but it is clear that the very large fourth-quarter increase in the deficit to \$1.45 billion, seasonally adjusted, resulted from a massive increase in private, non-governmental lending to foreigners. We know this partly by direct evidence, partly by deduction. In the first place, we know that we exported more goods to foreigners than we bought from them. As a matter of fact, the surplus in our merchandise trade, \$1.7 billion, was larger than at any time since 1947 and 1948, when most of the world was still recovering from war devastation and the United States was practically the only source of supply for a great many things. So the deficit did not result from any sudden deterioration in our trade account.

In addition to our trade in goods, we buy and sell numerous services, the Federal Government makes loans and grants to foreign governments, and private companies and individuals lend and make gifts to foreigners and invest in their enterprises and securities. There is some flow of

U. S. BALANCE-OF-PAYMENTS DEFICITS, 1960-64



Source: U. S. Department of Commerce.

The deficit on regular transactions decreased slightly in 1964, but by much less than had been hoped.

foreign capital into this country as well. Of all these many types of transactions, we have information on only a few. This information is summarized in Table I. We know, for example, that Americans bought $585 million of newly issued foreign securities in the fourth quarter, more than were purchased in the first three quarters combined. They also bought, net, $11 million of previously issued securities, and American banks reported an increase in claims on foreigners on behalf of themselves and their customers. These claims of $772 million were in the form of bank loans, bank acceptances to finance foreign trade, and collections of debts owed to their customers. Foreigners sold, net, $28 million of U. S. securities they had owned and redeemed $75 million of old securities coming due for repayment or refinancing. Available data thus can account for $1,321 million of capital outflow from the United States. This is a very large figure when it is considered that in all of 1963 these types of capital outflows amounted to only $2,303 million.

On all these transactions for which we have data there is a surplus of about $400 million, made up of the $1,724-million trade surplus and the $1,321-million capital outflow. Yet, we know that there was a deficit in the fourth quarter. The deficit in our international payments is defined as the change in our monetary reserve assets plus the increase in the short-term claims of foreigners on us, minus receipts from any special government operations that are either exceptional or are designed to help in financing the deficit. We have information on all these items, and they add up to about $1,450 million. This means that we still have to account for an excess of payments of about $1,850 million.

The principal items in the balance of payments on which published figures are not yet available are estimated in Table II for the fourth quarter. Although we have no figures, we have a pretty good idea of how these items have behaved recently; and we know that very large changes from year to year or quarter to quarter in several of these items are not very likely. Military transactions, for example, regularly produce a deficit of $500-600 million a quarter. This has been slowly declining as foreign governments buy military hardware from us and contribute to the maintenance of our overseas military facilities.

Other services include: transportation, on which we come out about in balance; travel expenditures, which produce a deficit because more Americans travel abroad than do foreigners in this country; income from investments, on which we have a large and growing surplus as we bring home part of the dividends and interest earned on the tremendous amounts of our capital invested overseas; and miscellaneous services, such as insurance, royalties and fees for books and inventions, and so on, on which we have a fairly rapidly growing surplus. Conservative estimates of these service items produce a surplus of at least $750 million.

Federal Government grants and loans probably account for roughly a billion-dollar outflow. There may have been some increase in this item during the year, but in view of the emphasis that has been placed on holding down outflows resulting from our foreign aid programs, it seems unlikely that the increase could have been very great. Private remittances to people abroad (private charity and immigrants' gifts to the folks in the old country) plus government pensions to people living overseas account for another $200-225 million outflow.

Adding all these known and estimated items together and subtracting their total from the known deficit leaves $800-900 million that must be accounted for by capital outflows for which we do not yet have figures and by errors and omissions. These unidentified capital movements include such things as direct investment by U. S. businesses abroad—that is, the purchase or construction of new production or distribution facilities—loans and credits to foreigners and investments in foreign securities and time deposits by nonbank businesses, and some direct investment and miscellaneous capital inflow into this country by foreigners.

Table I: U. S. Balance of Payments, 1964, by Quarters
(Millions of Dollars, Seasonally Adjusted)
(−) indicates payment, (+) indicates receipt by Americans

	I	II	III	IV
A. Merchandise Trade (excluding military goods transferred under grants)				
Exports	+6108	+6053	+6364	+6619
Imports	−4411	−4600	−4727	−4895
Balance	+1697	+1453	+1637	+1724
B. Selected Capital Movements				
1. U. S. Capital				
New issues of foreign securities	− 107	− 204	− 161	− 585
Redemptions	+ 54	+ 38	+ 38	+ 75
U. S. transactions in other foreign securities	+ 94	+ 40	+ 37	− 11
Capital outflows reported by U. S. banks:				
Long term	− 251	− 96	− 246	− 331
Short term	− 449	− 461	− 172	− 441
2. Foreign Capital				
Foreigners' transactions in U. S. securities	− 42	+ 12	− 37	− 28
Total of Selected Capital Movements	− 701	− 671	− 541	−1321
Total of Trade and Selected Capital Movements	+ 996	+ 782	+1096	+ 403
Other Transactions	−1242	−1415	−1776	−1850
Balance on Regular Transactions	− 246	− 633	− 680	−1447

Source: U. S. Department of Commerce.

Table II: Estimated U. S. Balance of Payments
Fourth Quarter 1964

Merchandise Trade Balance	+1724*
Military Transactions Balance	− 500
Other Services Balance	+ 750
Government Grants and Loans, Net of Scheduled Repayments	−1000
Pensions and Remittances	− 220
Private Capital Movements	
A. Selected Capital Movements Identified in Table I	−1321*
B. Other Capital Movements and Errors and Omissions	− 880
Balance on Regular Transactions	−1447*

*See Table 1. All other figures estimated.

This $800-900 million net outflow of capital in forms other than those listed in Table I is not a great deal larger than the average outflow for the first three quarters. Since we have assumed that the balances on military transactions, other services, Government grants and loans, and pensions and remittances were not vastly different from the preceding quarters, it follows that most of the increase in the deficit in the fourth quarter resulted from an upward surge in the capital outflows of the types listed in Table I. In particular, the increase in new issues of foreign securities was quite extraordinary. From other sources, we know that the growth of bank loans to foreigners was unusually great in the fourth quarter.

Explanations and Implications

Since about 1956, U. S. private capital has been flowing in large amounts to the rest of the world. To a great extent, this outflow has contributed to the very large deficits we have experienced each year since 1958. In the first half of 1963, capital outflow reached such proportions that the Administration felt compelled to try to slow it down. In July of that year, President Kennedy proposed that an "interest equalization tax" be applied to sales in this country of all new foreign securities coming from the "developed" or "industrialized" countries, mainly those of Western Europe and Japan. The tax was graduated in such a way that it added about one percent to the rate of interest these securities would pay. The idea was to make it more expensive for Western Europeans to borrow in this country without at the same time raising interest rates to domestic borrowers, which might put a damper on business expansion. Canada and the "underdeveloped" countries were exempt from the tax.

Immediately after the IET was proposed, capital outflow fell off drastically; yet, in 1964, it began to creep up again and, after the actual enactment of the tax in September of last year, there was a flood of new security issues, particularly Canadian. Many foreign borrowers seemed to have been waiting for enactment of the tax to determine what its exact provisions would be. In addition, bank loans, to which the tax did not apply, were apparently used as a substitute for security issues. The bad fourth-quarter results led President Johnson to take several additional steps to curb the outflow of capital and propose others.

In the first place, when the IET was enacted into law, a provision was added to the original bill that authorized the President to extend the tax to bank loans to foreigners when the loans are for one year or more if he determined that such loans were defeating the purpose of the tax. This was the so-called "Gore Amendment," and the President invoked it when he delivered his message to Congress on February 10. Second, he proposed new legislation: (1) to extend the life of the IET two years, to December 31, 1967; (2) to extend the coverage of the IET to one- to three-year loans to foreigners by nonbank lenders; (3) to change the tax laws so as to encourage foreign investment in the U. S.; and (4) to reduce the value of merchandise that returning travelers can bring home duty free from $100 to $50.

In the third place, the President announced a program of voluntary restraint under which banks, nonbank institutional lenders, and other businesses with interests abroad would be requested to limit the loans and credits they make available to foreigners this year to five percent of the amount outstanding at the end of last year. He requested that preference be given in any credit to foreigners to financing of American exports. The Federal Reserve System has provided banks and other lenders with a set of guidelines with which to measure the amount of expansion of foreign credits that would fit the voluntary program. The Secretary of Commerce has requested nonbank business firms to reduce gradually their holdings of liquid funds abroad to the level they had reached on December 31, 1963, and he has requested about 750 of the larger business firms with foreign interests to establish balances of payments for their own companies with a view to effecting a 15-20 percent improvement this year in their transactions with the rest of the world.

Finally, the President promised to push even harder the existing programs to expand American exports, to cut our military expenditures abroad, and to tie foreign aid to the purchase of American goods and services.

Repercussions

For the past few years, there has been no lack of advice on how to solve our balance-of-payments problem. Recently, some of this advice has emphasized the virtues of monetary discipline. By this it is meant, apparently, that we should curtail bank credit in order to limit capital outflows and raise interest rates. Such higher rates would enhance the attractiveness of foreign investment in this country. This is similar to the classic mechanism of adjustment of the old gold standard, although it is hoped, apparently, that such a curtailment of credit would not have to be carried so far or proceed so fast as to slow the pace of domestic economic expansion. In any case, it implies that domestic economic policies must to a considerable extent be conditioned by the state of our balance of payments. In an interdependent world, this is probably inevitable in some degree. For these proposals to work satisfactorily, however, other countries must also follow the "rules of the game." If the surplus countries should, for example, resist the decline in their surpluses that is the necessary concomitant of a reduction of our deficit, then deflation might become a competitive game, with everybody the loser.

So far, we have managed to continue our economic advance for an unusually long period while making at least some progress on the balance-of-payments front. If the competitive position of the U. S. continues to strengthen, as it clearly has in recent years, and if the President's recently announced program is successful, we shall have gone a very long way toward eliminating our deficit. Once it is eliminated, however, the international monetary system must find a way of providing some progressive increase in international means of payment, which our outflow of dollars has heretofore provided, perhaps a little too fully. Hopefully, the studies under way at the International Monetary Fund and among the principal world trading nations can provide the answer to this problem too.

LAWRENCE F. MANSFIELD

An Improved Measure of Local Business

Debits to demand deposit accounts is a series that has become one of the most widely used measures of business activity since it represents spending by check for goods and services of all kinds, as well as financial transfers. While of considerable value in gauging the economic health of areas for which data are tabulated, the debits series also is especially useful as a supplement to other economic information. Another reason debits are such a popular business indicator is that these data are available for many areas for which little or no other economic information is compiled. Employment information, for example, is generally available only for the larger urban centers in each of the states of the Sixth District, whereas debits are published for all of those areas and for many additional centers.

As the name implies, debits represent deductions or charges to checking accounts at commercial banks. Both the series for the Sixth District and the nation include debits to checking accounts of individuals, businesses, and state and local governments.

Interest in debits data has led this Bank on several occasions to expand the number of centers for which data are compiled. This has required the addition of new reporters from time to time. During the last two years, for example, the number of banks making monthly debits reports has increased from 303 to 422. In addition, several years ago, the series for the Sixth District was revised to include estimates of debits of all insured commercial banks for each state and for the District as a whole. This change enabled business analysts to compare debits with other economic indicators available on a state basis.

The bank debits series has recently undergone further revision, and data for the month of January 1965 reflect these changes. Revisions include the publication of debits for major metropolitan centers at an annual rate after adjustment for trading days and for seasonal variation. In addition, data for 58 new reporters were included for the first time. Estimating techniques for deriving data for banks that do not report actual debits also were revised, and the resulting changes are incorporated in the series for January.

Another change in the debits series for the Sixth District took place a year ago with the publication of data for all banks in the major metropolitan areas. Previously, only banks located in the city limits of the central cities were included. In January, these changes also were incorporated in the national series published by the Board of Governors.

Construction of the Bank Debits Series

A number of steps are involved in compiling debits data for publication. The process begins with the receipt of reports shortly after the end of the month from the 422 cooperating banks.

As the table on Page 6 shows, our compilation is divided into two parts. The first shows debits for each Standard Metropolitan Statistical Area in the Sixth District, as designated by the Bureau of the Census. These areas are confined to the major urban centers and, in some cases, surrounding counties. Since we do not receive reports from all banks located in each of the Standard Metropolitan Statistical Areas, we must make estimates for missing banks. The table on Page 5 shows the degree of bank participation in each of the SMSA's.

Debits of nonreporting banks in each SMSA are estimated by determining the relationship of deposits of reporting banks to total deposits of all commercial banks for the latest period available. The deposit figures used as a benchmark for this series are a combination of the data published semiannually by the Federal Deposit Insurance Corporation for insured banks and estimates for noninsured commercial banks. The ratio of deposits of reporting banks to deposits of all commercial banks in the benchmark period is then applied to debits of reporting banks in the month for which the estimate is made. This adjustment assumes that deposits of reporting banks constitute the same proportion of total deposits as they did in the period for which data for all banks were available and that checking account activity is similar at reporting and nonreporting banks. As new data become available from the Federal Deposit Insurance Corporation, the ratio used in estimating total debits is changed.

In addition to estimating figures for banks that do not participate regularly in the series, we frequently have to estimate debits for a bank that, for one reason or another, does not report in a particular month. This estimate is made by applying the percentage change experienced by banks in the Standard Metropolitan Statistical Area involved to that bank's reported debits for the previous month. This estimate is replaced with actual figures as soon as the missing report is received.

After debits for the entire Standard Metropolitan Statistical Area have been derived in the manner described, the totals are adjusted for seasonal variation and for month-to-month differences in trading days. The techniques used in developing these adjustment factors are briefly described in the next section.

The portion of the table showing debits for "other centers" presents fewer problems. Since all commercial banks within the city limits of the center generally cooperate in the series, it is unnecessary to estimate data for nonreporters. The figures shown in the table for each of these centers, therefore, are derived by simply adding the reports actually submitted. Data for newly organized banks are included in the series from the date they begin operations.

In some cities for which debits are published, there are only two banks. Permission to release this data is secured from the banks in such cases because individual bank operations are revealed. Data are sometimes published on a county, rather than a city, basis either to secure a sufficient number of banks or to combine cities that are affected by similar economic forces.

Our series also includes debits of all insured commercial banks in each of the District states. Since not all banks make reports to us, it is necessary to make estimates of debits at nonreporting banks. The technique used in making these estimates for each state is different from that described above for estimating debits for nonreporters in the Standard Metropolitan Statistical Areas. As the accompanying table shows, reporting banks account for a considerably smaller portion of total deposits in each of the states than is the case for reporters in the Standard Metropolitan Statistical Areas. Estimates for nonreporting banks are based on the relationship between deposits of reporting banks and of insured banks, as developed from semiannual data of the Federal Deposit Insurance Corporation. The technique first involves making an estimate of deposits of nonreporting banks and then applying the average turnover rate of deposits to the estimate. (Deposit turnover is the ratio of debits for a given month to deposits as of the end of the month, *i.e.*, the number of times, on average, that deposits "turned over," as revealed by data reported on the regular debits report.) The turnover rate for each District state is derived by averaging the turnover rate of each reporting bank in that state. Small banks and large banks are thus treated equally in deriving the average turnover rate.

Degree of Participation in Bank Debits Series of All Insured Banks in Sixth District States

State	Number of Banks As of June 30, 1964		Deposits as of June 30, 1964 (Thousands of Dollars)		Reporters, as a Percentage of Total
	Reporters	All Banks	Banks Reporting Debits	All Banks	
Alabama	41	248	917,004	1,400,013	65.5
Florida	206	496	2,667,124	3,308,342	80.6
Georgia	76	384	1,515,150	2,045,301	74.1
Louisiana	43	126	1,263,584	1,615,238	78.2
Mississippi	25	92	436,530	597,976	73.0
Tennessee	22	199	801,299	1,278,609	62.7
District Total	413	1,545	7,600,691	10,245,479	74.2

Debits for all insured banks for each of the states are then converted to an index with a 1957-59 base and adjusted for differences in banking days and for seasonal variation. The indexes we publish in our regular release thus are a measure of daily average debits at all insured banks in each state expressed as a percentage of the average debits per day in the base period.*

*These indexes are not shown in the table on Page 6.

PARTICIPATION IN BANK DEBITS SERIES IN EACH STANDARD METROPOLITAN STATISTICAL AREA

Standard Metropolitan Statistical Area	Counties Included	Number of Banks and Branches		Deposits as of June 30, 1964 (Thousands of Dollars)		Reporters, as a Percentage of Total
		Reporters	All Commercial Banks	Banks Reporting Debits	All Commercial Banks	
ALABAMA						
Birmingham	Jefferson	51	53	404,485	407,128	99.4
Gadsden	Etowah	5	7	33,072	37,916	87.2
Huntsville	Madison, Limestone	12	18	66,070	79,072	83.6
Mobile	Mobile, Baldwin	24	31	178,584	185,556	96.2
Montgomery	Montgomery, Elmore	15	19	109,758	114,782	95.6
Tuscaloosa	Tuscaloosa	8	8	44,114	44,114	100.0
FLORIDA						
Ft. Lauderdale-Hollywood	Broward	22	30	225,983	260,389	86.8
Jacksonville	Duval	17	26	358,711	383,228	93.6
Miami	Dade	55	55	724,706	724,706	100.0
Orlando	Orange, Seminole	16	23	189,353	219,467	86.3
Pensacola	Escambia, Santa Rosa	8	15	55,331	74,032	74.7
Tampa-St. Petersburg	Hillsborough, Pinellas	34	50	451,121	484,681	93.1
West Palm Beach	Palm Beach	18	22	183,663	202,115	90.9
GEORGIA						
Albany	Dougherty	8	8	31,133	31,133	100.0
Atlanta	Cobb, DeKalb, Fulton, Clayton, Gwinnett	100	118	968,519	1,004,630	96.4
Augusta	Richmond-Georgia, Aiken-South Carolina	21	23	78,119	79,032	98.8
Columbus	Chattahoochee, Muscogee-Georgia, Russell-Alabama	18	21	78,596	84,928	92.5
Macon	Bibb, Houston	16	18	73,753	76,750	96.1
Savannah	Chatham	17	22	84,868	87,168	97.4
LOUISIANA						
Baton Rouge	East Baton Rouge Parish	24	26	195,354	202,292	96.6
Lafayette	Lafayette Parish	7	7	57,882	57,882	100.0
Lake Charles	Calcasieu Parish	18	18	86,989	86,989	100.0
New Orleans	Jefferson, Orleans, St. Bernard, St. Tammany Parishes	66	75	757,743	779,773	97.2
MISSISSIPPI						
Jackson	Hinds, Rankin	36	39	215,514	219,248	98.3
TENNESSEE						
Chattanooga	Hamilton, Walker-Georgia	30	33	174,209	180,244	96.7
Knoxville	Anderson, Blount, Knox	30	40	151,508	176,689	85.7
Nashville	Davidson, Sumner, Wilson	50	59	363,202	377,184	96.3
TOTAL		726	864	6,342,340	6,661,128	95.2

Seasonal and Trading-Day Adjustments

Adjusting bank debits for each of the Standard Metropolitan Statistical Areas for seasonal variation and for month-to-month differences in trading days involves the calculation of separate factors on an electronic computer. The computer program or X-11, which was developed by the Bureau of the Census, calculates seasonal factors in the usual manner, *i.e.*, a set of twelve ratios, one for each month, that is a measure of variation attributable to seasonal forces, such as heavy spending during the Christmas holiday season. In addition, the computer analyzes the monthly data and estimates the proportion of debits that, on the average, represents fixed monthly debits or, in other words, the proportion not dependent on the number of days in the month. The program also employs regression analysis to develop "trading day" factors. The resulting debits series thus does not contain erratic variations attributable to differences in trading days or seasonal forces and should, therefore, be an improved measure of business activity.

W. M. DAVIS

Bank Announcements

On February 8, the CITY NATIONAL BANK OF GADSDEN, *Gadsden, Alabama, a newly organized member bank, opened for business and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers are Albert M. Rains, Chairman of the Board; J. D. Johns, President; and Thomas E. Stinson, Executive Vice President and Cashier. Capital is $400,000, and surplus and other capital funds, $600,000, as reported by the Comptroller of the Currency at the time the charter was granted.*

The CITIZENS BANK OF LEHIGH ACRES, *Lehigh Acres, Florida, a newly organized nonmember bank, opened for business on February 9 and began to remit at par. Officers include C. O. Boan, Chairman of the Board; L. E. Wallace, Jr., President; R. J. Dibble, Executive Vice President; and C. S. Wiltshire, Vice President and Cashier. Capital is $250,000, and surplus and undivided profits, $150,000.*

On February 15, the MUSCLE SHOALS NATIONAL BANK, *Muscle Shoals, Alabama, a newly organized member bank, opened for business and began to remit at par. Officers are Paul Clark, Chairman of the Board; Edwin S. Howard, President; Robert Ford, Vice President; and John H. Roper, 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.*

THE BANK OF ACWORTH, *Acworth, Georgia, a nonmember bank, began to remit at par on February 15. Officers include F. J. Kienel, President; F. G. Hull, Vice President; H. W. Pitner, Executive Vice President; and E. H. Harrison, Cashier.*

On February 27, the UNITED STATE BANK OF SEMINOLE, *Sanford, Florida, a newly organized nonmember bank, opened for business and began to remit at par. Officers are Loring Burgess, President; John Y. Mercer, Vice President; and Mary R. Douglass, Assistant Vice President and Cashier. Capital is $200,000, and surplus and undivided profits, $200,000.*

Debits to Demand Deposit Accounts

Insured Commercial Banks in the Sixth District

(In Thousands of Dollars)

				Percent Change	
				Jan. 1965 from	
	Jan. 1965	Dec. 1964	Jan. 1964	Dec. 1964	Jan. 1964
STANDARD METROPOLITAN STATISTICAL AREAS†*					
Birmingham	1,181,269	1,210,906	1,106,595	—3	+7
Gadsden	58,920	65,007	54,479	—9	+8
Huntsville	165,095	176,657	158,497	—7	+4
Mobile	447,479	414,896	419,415	+8	+7
Montgomery	234,970	275,462	244,481	—15	—4
Tuscaloosa	77,567	82,248	79,606	—6	—3
Ft. Lauderdale-Hollywood	552,346	519,363	581,328	+6	—5
Jacksonville	1,468,071	1,515,079	1,422,088	—3	+3
Miami	1,844,595	1,893,511	1,819,408	—3	+1
Orlando	447,372	469,492	471,834	—5	—5
Pensacola	184,173	203,672	166,593	—10	+11
Tampa-St. Petersburg	1,160,418	1,157,021	1,110,597	+0	+5
W. Palm Beach	402,900	366,215	384,086	+10	+5
Albany	83,464	88,617	74,414	—6	+12
Atlanta	3,549,732	3,682,558	3,265,663	—4	+9
Augusta	172,427	218,624	162,232	—21	+6
Columbus	193,655	202,546	176,225	—4	+10
Macon	197,608	212,857	183,014	—7	+8
Savannah	221,741	250,793	221,134	—12	+0
Baton Rouge	433,783	424,103	382,684	+2	+13
Lafayette	100,322	100,285	93,610	+0	+7
Lake Charles	115,111	103,957	121,518	+11	—5
New Orleans	2,007,155	2,061,248	1,879,564	—3	+7
Jackson	476,949	507,504	471,748	—6	+1
Chattanooga	523,141	496,801	492,296	+5	+6
Knoxville	372,731	396,105	368,147	—6	+1
Nashville	1,076,188	1,079,557	1,070,855	—0	+1
OTHER CENTERS					
Anniston	53,994	56,889	51,334	—5	+5
Dothan	49,294	51,752	46,406	—5	+6
Selma	34,203	37,679	33,785	—9	+1
Bartow	42,025	36,691	35,650	+15	+18
Bradenton	54,639	52,773	56,167	+4	—3
Brevard County	176,858	191,334	158,016	—9	+11
Daytona Beach	78,158	82,746	87,619	—6	—11
Ft. Myers-N. Ft. Myers	73,480	69,711	73,220	+5	+0
Gainesville	69,765	69,296	64,700	+1	+8
Key West	25,989	26,487r	23,241r	—2	+12
Lakeland	111,616	106,735	113,111	+5	—1
Ocala	49,890	49,888	50,218	+0	—1
St. Augustine	16,473	19,678	17,947	—16	—8
St. Petersburg	293,069	277,609	285,683	+6	+3
Sarasota	98,632	96,537	108,003	+2	—9
Tallahassee	86,811	94,331	87,733	—8	—1
Tampa	628,679	650,487	587,495	—3	+7
Winter Haven	66,170	59,112	65,873	+12	+0
Athens	58,718	61,480	55,567	—4	+6
Brunswick	41,182	43,248	41,027	—5	+0
Dalton	90,566	92,727	71,766	—2	+26
Elberton	13,050	11,394	10,314	+15	+27
Gainesville	66,168	60,246	63,187	+10	+5
Griffin	27,827	30,987	25,101	—10	+11
LaGrange	19,734	21,782	18,140	—9	+9
Newnan	27,247	26,864	26,854	+1	+1
Rome	59,402	69,985	61,291	—15	—3
Valdosta	44,349	46,789	40,817	—5	+9
Abbeville	10,542	11,743	11,217	—10	—6
Alexandria	109,482	103,574	103,583	+6	+6
Bunkie	6,719	6,411	5,518	+5	+22
Hammond	29,488	31,333	27,337	—6	+8
New Iberia	36,873	35,038	36,980	+5	+0
Plaquemine	8,939	8,653	9,200	+3	—3
Thibodaux	27,328	23,928	25,080	+14	+9
Biloxi-Gulfport	70,058	77,212	71,354	—9	—2
Hattiesburg	44,861	44,560	42,642	+1	+5
Laurel	31,668	31,262	34,087	+1	—7
Meridian	55,393	57,382	57,810	—3	—4
Natchez	32,360	35,633	31,579	—9	+2
Pascagoula-Moss Point	40,453	43,422	35,995	—7	+12
Vicksburg	32,823	35,125	30,073	—7	+9
Yazoo City	27,118	27,530	23,810	—1	+14
Bristol	60,012	63,619	57,637	—6	+4
Johnson City	62,781	64,830	58,412	—3	+7
Kingsport	113,088	124,160	107,290	—9	+5
SIXTH DISTRICT, Total	24,556,156	25,164,451	23,647,334	—3	+4
Alabama†	3,136,164	3,303,757	3,067,377	—5	+2
Florida†	8,001,445	8,048,828	7,899,444	—1	+1
Georgia†	5,933,131	6,114,970	5,389,847	—3	+10
Louisiana†**	3,351,459	3,386,129	3,166,425	—1	+6
Mississippi†**	1,051,980	1,120,894	1,038,955	—6	+1
Tennessee†**	3,081,977	3,189,873	3,085,286	—3	—0

*Month-ago and year-ago data have revised for all states and for all SMSA's except Birmingham, Tuscaloosa, Miami, Albany, Lafayette, and Lake Charles.

**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		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Dec.	45,548	45,171r	45,069r	42,902
Manufacturing Payrolls	Jan.	154	152	151	141
Farm Cash Receipts	Dec.	113	129	140	128
Crops	Dec.	116	136	140	142
Livestock	Dec.	121	118	118	116
Department Store Sales*/**	Feb.	140p	147	141	136
Instalment Credit at Banks, *(Mil. $)					
New Loans	Jan.	180	192r	183r	179r
Repayments	Jan.	173	164	182	175
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Jan.	118	117	118	114
Manufacturing	Jan.	118	117	116	113
Apparel	Jan.	141	138	137	135
Chemicals	Jan.	112	112	112	110
Fabricated Metals	Jan.	126	125	123	118
Food	Jan.	108	108	108	105
Lbr., Wood Prod., Furn. & Fix.	Jan.	96	95	94	95
Paper	Jan.	107	107	110	109
Primary Metals	Jan.	108	105	106	103
Textiles	Jan.	96	96	96	94
Transportation Equipment	Jan.	137	135	132	124
Nonmanufacturing	Jan.	118	118	118	114
Construction	Jan.	112	111	109	99
Farm Employment	Jan.	81	80	73	82
Insured Unemployment, (Percent of Cov. Emp.)	Jan.	2.7	2.7	2.5	3.9
Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	41.6	41.7r	41.6	40.8
Construction Contracts*	Jan.	190	196	184	201
Residential	Jan.	153	175	142	165
All Other	Jan.	221	215	219	232
Industrial Use of Electric Power	Nov.	124	123	122	120
Cotton Consumption**	Jan.	113	105	106	95
Petrol. Prod. in Coastal La. and Miss.**	Dec.	172	168	168	160
FINANCE AND BANKING					
Member Bank Loans*					
All Banks	Jan.	191	188	186	166
Leading Cities	Feb.	177	175	172	157
Member Bank Deposits*					
All Banks	Jan.	153	150	150	138
Leading Cities	Feb.	141	142	138	129
Bank Debits*/**	Jan.	162	151	157	142

ALABAMA

	Latest Month		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Dec.	6,097	5,994r	6,029r	5,780
Manufacturing Payrolls	Jan.	142	139	139	126
Farm Cash Receipts	Dec.	106	123	135	117
Department Store Sales**	Jan.	124	117	118	115
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Jan.	111	110	110	108
Manufacturing	Jan.	108	107	106	103
Nonmanufacturing	Jan.	112	111	111	110
Construction	Jan.	102	101	102	100
Farm Employment	Jan.	84	74	69	84
Insured Unemployment, (Percent of Cov. Emp.)	Jan.	2.9	2.8	2.6	4.4
Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	41.6	41.4	41.8	40.2
FINANCE AND BANKING					
Member Bank Loans	Jan.	183	183	180	162
Member Bank Deposits	Jan.	151	149	151	139
Bank Debits**	Jan.	157	150	154	139

FLORIDA

	Latest Month		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Dec.	13,687	13,630r	13,579r	12,910
Manufacturing Payrolls	Jan.	180	179	180	166
Farm Cash Receipts	Dec.	134	153	148	163
Department Store Sales**	Jan.	179	177	174	166
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Jan.	126	126	127	122
Manufacturing	Jan.	129	128	129	127
Nonmanufacturing	Jan.	125	125	127	121
Construction	Jan.	100	97	98	93
Farm Employment	Jan.	108	104	92	97
Insured Unemployment, (Percent of Cov. Emp.)	Jan.	2.2	2.2	2.2	3.0
Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	41.8	42.2	42.5	40.5
FINANCE AND BANKING					
Member Bank Loans	Jan.	197	191	190	168
Member Bank Deposits	Jan.	152	151	150	141
Bank Debits**	Jan.	162	151	155	146

GEORGIA

	Latest Month		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Dec.	8,502	8,343r	8,303r	7,938
Manufacturing Payrolls	Jan.	156	157r	151	143
Farm Cash Receipts	Dec.	99	109	144	110
Department Store Sales**	Jan.	146	139	140	131
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Jan.	120	120	119	115
Manufacturing	Jan.	116	116	115	112
Nonmanufacturing	Jan.	122	121	121	117
Construction	Jan.	129	130	128	106
Farm Employment	Jan.	79	73	68	71
Insured Unemployment, (Percent of Cov. Emp.)	Jan.	2.1	2.2	2.2	3.1
Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	41.5	41.9r	41.2	40.8
FINANCE AND BANKING					
Member Bank Loans	Jan.	197	194	189	169
Member Bank Deposits	Jan.	161	156	156	142
Bank Debits**	Jan.	172	157	164	142

LOUISIANA

	Latest Month		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Dec.	6,631	6,569r	6,574r	6,260
Manufacturing Payrolls	Jan.	138	135r	136	128
Farm Cash Receipts	Dec.	108	123	141	134
Department Store Sales*/**	Jan.	130	125	124	118
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Jan.	108	107	107	104
Manufacturing	Jan.	106	104	104	101
Nonmanufacturing	Jan.	108	108	108	104
Construction	Jan.	103	102	98	84
Farm Employment	Jan.	78	80	78	81
Insured Unemployment, (Percent of Cov. Emp.)	Jan.	3.0	2.9	2.8	4.0
Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	42.5	42.2r	42.6	42.2
FINANCE AND BANKING					
Member Bank Loans*	Jan.	175	174	169	153
Member Bank Deposits*	Jan.	139	136	134	126
Bank Debits*/**	Jan.	143	132	137	123

MISSISSIPPI

	Latest Month		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Dec.	3,383	3,444r	3,423r	3,309
Manufacturing Payrolls	Jan.	162	161	161	148
Farm Cash Receipts	Dec.	100	139	157	126
Department Store Sales*/**	Jan.	102	92	96	98
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Jan.	120	120	120	117
Manufacturing	Jan.	126	125	125	120
Nonmanufacturing	Jan.	118	117	117	116
Construction	Jan.	125	121	126	111
Farm Employment	Jan.	69	74	59	75
Insured Unemployment, (Percent of Cov. Emp.)	Jan.	3.2	3.2	2.9	5.2
Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	41.6	41.4r	40.8	40.4
FINANCE AND BANKING					
Member Bank Loans*	Jan.	209	210	205	189
Member Bank Deposits*	Jan.	166	162	163	149
Bank Debits*/**	Jan.	163	154	164	146

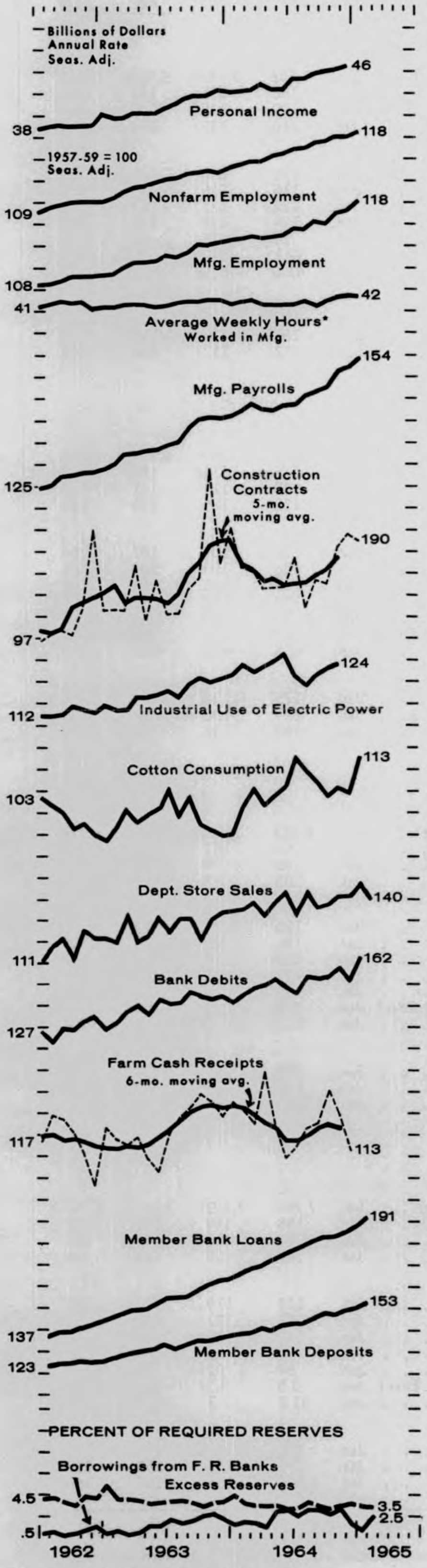
TENNESSEE

	Latest Month		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Dec.	7,248	7,191r	7,161r	6,705
Manufacturing Payrolls	Jan.	153	149	150	142
Farm Cash Receipts	Dec.	126	121	108	113
Department Store Sales*/**	Jan.	129	120	122	116
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Jan.	120	119	118	115
Manufacturing	Jan.	123	121	121	118
Nonmanufacturing	Jan.	119	118	117	113
Construction	Jan.	150	153	144	132
Farm Employment	Jan.	84	82	80	91
Insured Unemployment, (Percent of Cov. Emp.)	Jan.	3.5	3.3r	3.0r	4.9
Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	41.2	41.2	41.3	41.0
FINANCE AND BANKING					
Member Bank Loans*	Jan.	192	188	190	167
Member Bank Deposits*	Jan.	156	155	153	137
Bank Debits*/**	Jan.	165	156	167	150

*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.

Recent data suggest the District's economy is as robust as the proverbial March lion. Personal incomes and consumer spending have continued to rise. Increases in nonagricultural employment have helped keep insured unemployment at a low level. Member bank loans and investments are extending their upward trek. Agricultural activity is accelerating as spring approaches. The East and Gulf Coast dock strikes, however, have dampened economic activity in some areas.

Income gains are still supporting advances in spending. Personal income increased again in December of 1964. The District gain for the year was above that of the nation, although the gains in some District states were slightly below the U. S. average. Spending measures in January were strong; bank debits, department store sales, and furniture store sales all rose sharply. However, consumers relied less on bank credit to finance their purchases, as indicated by the decline in consumer instalment credit extended by commercial banks and by the step-up in repayments.

Nonfarm employment was boosted by January increases in many types of activities. The apparel, lumber and wood, primary metal, and textile industries all added a substantial number of new jobs. Construction employment also picked up sharply. Manufacturing payrolls, in turn, reflected these employment gains, although a shorter workweek moderated the rise somewhat. Insured unemployment remained unchanged at 2.7 percent.

During February, both loans and investments at weekly reporting member banks in leading cities expanded further, but deposits declined slightly. Real estate loans, loans to nonbank financial institutions, and business loans contributed most to the gain. Complete data for all member banks during January reveal loan increases in all District states except Mississippi. January deposits also rose more than usual, reflecting gains in all District states.

Mild temperatures in mid-February stimulated agricultural activity in many parts of the District. Harvesting of Florida's sugarcane, citrus, and numerous vegetable crops was accelerated to minimize losses from the mid-January freeze. Farmers also began soil preparations and plantings in some vegetable-producing areas along the Gulf Coast. Although winter grazing and spring grain crops have responded well to the warm weather, most fields were still too wet for grazing. Prices received by farmers remained unchanged in January, as moderately high prices for some livestock and livestock products were nullified by price declines for cotton, tobacco, and some citrus crops. Farm employment in the District was up in January; however, labor shortages were unusually large in many areas of Florida.

Construction contract awards in the six District states showed a mixed pattern in January. Total awards were up in Alabama, Tennessee, and Louisiana, with a very strong increase in the latter state. Florida had the largest decline. Residential contracts were a trifle weaker than in January 1964, chiefly because of a sharp decline in Florida. Paced by Louisiana's ten-fold increase over the year-ago total, nonresidential building contract awards expanded substantially. Construction awards for chemical and allied product plants were featured in Louisiana's upsurge.

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