SIXTH FEDERAL RESERVE DISTRICT

Monthly Review

Atlanta, Georgia
January • 1966

Hitting the Target in 1965-66

With the New Year, the Voluntary Foreign Credit Restraint Program moved into its second year. Before the 1966 program gets into full swing, let us look back on the first year of operation.

The program was formulated at the request of the President in his Balance of Payments Message to Congress on February 10, 1965, to provide temporary relief to the persistent deficit in our balance of payments. Administration of the program for financial institutions was assigned to the Federal Reserve System and responsibility for other business concerns was delegated to the Department of Commerce. Both agencies promptly formulated and issued Guidelines for 1965.

National Aims

The voluntary program for banks and nonbank financial institutions has fulfilled its main objective of curbing financial loans and investments. The table shows a comparison of foreign credits outstanding at financial institutions since December 31, 1964. These credits formed the basis for the 105-percent target established for the program in 1965.

Total foreign credit outstanding at major banks in the United States has actually declined steadily since February 1965. The total amount outstanding has been below the program's target each month since its beginning.

Financial institutions other than banks have also abided by the Guidelines. Nonbank financial institutions were requested under Guideline 1 to reduce their liquid holdings of under one-year maturity to the level of the end of 1963 or 1964—whichever was lower. Guideline 2 called for an increase of no more than 5 percent in investments with

Foreign Credit Outstanding at Financial Institutions in Relation to the Guidelines of the Voluntary Foreign Credit Restraint Program

	December 1964 (Base)	*September 1965*	*November 1965*	*Percent Change*
United States				
(In Millions of Dollars)				
Banks (Total)	9,517		9,503	− 0.1
Nonbank Financial Institutions	11,998	12,538		+ 4.5
Guideline 1—Liquid investments	470	271		−42.4
Guideline 2—Credits under 10 years maturity and financial investment in affiliates abroad	1,187	1,203		+ 1.3
Guideline 3—Credits final maturities of more than 10 years	10,341	11,064		+ 7.0
Sixth District				
(In Thousands of Dollars)				
Banks (Total)	19,724		16,664	−15.5
Nonbank Financial Institutions	33,159	34,394		+ 3.7
Guideline 1—Liquid investments	88	75		−14.8
Guideline 2—Credits under 10 years maturity and financial investment in affiliates abroad	771	934		+21.1
Guideline 3—Credits final maturities of more than 10 years	32,300	33,385		+ 3.4

Also in this issue:

STATE AND LOCAL BORROWING IN A CHANGING MARKET

MISSISSIPPI'S ECONOMY: 'FIVE IN A ROW'

SIXTH DISTRICT STATISTICS

DISTRICT BUSINESS CONDITIONS

Federal Reserve Bank of Atlanta

maturities of from 1-10 years, including investments in affiliates abroad. Investments with maturities of over 10 years were not subject to a specific target, but companies were asked to exercise restraint in increasing them.

As the table shows, nonbank financial institutions have pulled back their liquid funds (which include deposits held in foreign banks and holdings of money market instruments) by more than 40 percent. Credits covered under Guideline 2 have increased much less than the 5-percent target. Credits under Guideline 3, which are not subject to a specific target, increased by 7.0 percent between December 31, 1964, and September 30, 1965.

Banks and nonbank financial institutions were asked to give priority to export financing and to loans to less developed countries. Undue restrictions of investment funds in Great Britain were to be avoided because of that country's own balance of payments problem. Credit to Japan and Canada was to be reduced only to get within the Guidelines' target.

The moderate rise in credit to foreigners by banks and nonbank institutions during the first three quarters of 1965 contrasts with a sharp expansion, especially in bank loans, in 1964. The effect of the moderate rise is reflected, of course, in our balance of payments position in 1965 as compared with 1964. The total deficit, at a seasonally adjusted annual rate, amounted to $5.5 billion in the fourth quarter of 1964 and $2.8 billion for the whole year. The deficit was $2.8 billion during the first quarter of 1965. In the second quarter, our balance swung to a $1 billion surplus position, but in the third quarter, the deficit reappeared in the amount of $1.9 billion at an annual rate.

Not all of the improvement in our balance of payments position is attributable to the Voluntary Foreign Credit Restraint Program. Much of it is, however. The program does not appear to have affected adversely economies of other countries, and exports from the U.S. have not suffered from lack of financing.

Cooperation by both banks and nonbank financial institutions has been gratifying. By the time the program was formulated and made public, some banks were already above the 1965 target. Most of them have been able to reduce their credit as requested, despite binding commitments to foreigners for future financing. Some nonbank financial institutions were able to utilize funds acquired abroad to expand or carry on operations instead of relying on domestic funds.

Apparently, the Voluntary Foreign Credit Restraint Program has not severely disrupted foreign operations of financial institutions, although individual companies have been affected. Banks have had no difficulty in finding domestic outlets for their funds because of a demand for bank credit. In fact, the credit demands have pressed this year's supply of funds. For this reason, banks may not have increased their foreign credit up to the ceiling suggested by the Guidelines.

District Efforts

The District has been about as successful as the nation in hitting the target. The table shows that banks with total foreign claims of over $500,000 were substantially below the 105-percent target as of November 30. The amount of leeway was $4 million in the aggregate. As in the nation, total foreign credit outstanding at those banks has declined steadily since the program's initiation.

Financial institutions other than banks located in the Sixth District generally have few foreign operations. Most of their foreign holdings represent long-term investments for which a specific target was not established.

The structure of foreign financing at banks in the District is unlike that of the larger banks in the principal financial centers: Foreign operations tend to be small, and many banks have only recently expanded into that type of activity.

Another unusual feature of international operations in the Sixth District is that activity tends to be centered around the financing of exports—mainly to South and Central America—with a sizable portion of the remainder in the form of direct loans. On the other hand, a few District banks, principally those in port cities, have had international ties through deposit relationships for many years. In fact, total deposits to the credit of foreigners at present exceed the total amount of credit to foreigners by almost a 3-1 ratio at banks included in the table.

Reflecting the nature of their foreign operations, Sixth District banks have had little flexibility in conforming their foreign operations to the program's 105-percent target. Many banks found that the allowable 5-percent expansion was smaller in dollar amount than any of the loan requests. Thus, they have had difficulty in utilizing the expansion provided in the program except through the replacement of maturing credit. The same factor has prevented small banks that were over the target from reducing foreign credit smoothly to get within the program. Those banks did not have a sufficient volume of foreign credit maturing to allow them to reduce credit lines.

A further inflexibility induced by the structure of foreign banking is the concentration of credit to less developed countries or the financing of exports. The Voluntary Foreign Credit Restraint Program asked financial institutions to give top priority to credit of those types. Although the 5-percent increase in foreign credit was established in view of a normal expansion of exports, some banks in this District have been hard pressed to accommodate export financing requests from their customers. Their problem has been ameliorated considerably since loans for export purposes guaranteed by the Export-Import Bank or insured by the Federal Credit Insurance Agency are not subject to the Guidelines. The total amount of such credit in the nation, however, has not increased since the end of 1964.

As the table indicates, banks in the District and the U.S. have been able to fit their foreign operations into the requests made under the voluntary program. A few banks will close out the year with foreign credit well below the target.

The program for 1966 will provide District banks some relief from these problems. Banks with small bases may extend additional credit for export financing and for use in less developed countries. Those banks, therefore, should find this program more tolerable than that for 1965.

The 1966 program is largely unchanged from 1965. The established target is 109 percent of the December 1964 base in quarterly increments. This provides for about the same expansion in credit during 1966 as in 1965. The program for nonbank financial institutions remains compatible with the bank program.

W. M. DAVIS

State and Local Borrowing in a Changing Market

For the first time in modern history the dollar volume of state and local government purchases of goods and services exceeded that of the Federal government in 1965. In spite of increasing state government revenues, aided in many cases by Federal tax cuts, the gap between capital needs and revenues remained wide. Consequently, for the third successive year the volume of new long-term tax-exempt issues coming to market exceeded $10 billion. Another new record was set when at year's end the outstanding debt of these governmental bodies, their agencies, and authorities climbed above $100 billion.

This large volume of new securities offerings found its way into a market which gradually became tighter as the year progressed. Capital demands from other sectors, most notably from corporate business, grew sharply. Real savings flows, although still at high levels, proved inadequate to accommodate the rise in aggregate capital demand. Rising interest rates and greater difficulty in placing a continuing high volume of state and local securities ensued. By late December, yields on highest grade state and local government securities had risen to mid-1960 levels, and medium grade yields were at their February 1962 levels. Evidence suggested that the longest period in recent history of highly favorable borrowing conditions for the Sixth District's state and local governmental bodies and their agencies might be ending.

District Volume Rises

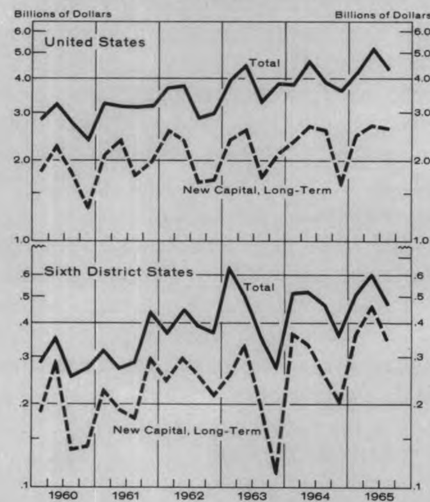
In 1960, the year before the current expansion period began, governmental bodies and their instrumentalities in the six District states marketed about 10 percent of the total dollar volume of tax-exempt securities offerings in the United States. Regional offerings of long-term bonds for new capital, amounting to $755 million that year, accounted for 10.5 percent of national totals. The respective regional shares for 1965, through September, rose to 11.5 and 15.0 percent. During the 1961-65 period, the region's aggregate offerings amounted to 11.6 and 12.1 percent, respectively. The quarterly behavior of dollar amounts, as depicted in Chart I, demonstrates the strength of this rising trend.

Who were the largest group of issuers of tax-exempt securities in the six District states? Chart II indicates that Local Housing Authorities typically accounted for about one-third of total issues. However, as the lower portion of the chart shows, permanent or long-term financing of public housing represented only about one-eighth of the total for housing securities. The remainder of issues of Local Housing Authorities was made up of short-term temporary notes, representing contracts for advances from the Public Housing Administration. Many of these notes, however, were merely "roll-overs," or refundings, of maturing notes, which may be successively rolled over several times pending completion of a project or while awaiting more favorable market conditions for the sale of long-term bonds. For example, during the past five years, the six states' local housing agencies issued a total of approximately $2.5 billion housing securities, of which only about $300 million were long-term bonds.

Cities were the next largest suppliers of tax-exempt securities and during 1961-65 accounted for roughly one-fifth of the regional total. The sharp bulge in 1963, shown in the chart, was caused by an exceptionally large advance refunding issue of a major Tennessee city. No clear trend is evident for the changing importance of city issues.

Chart I: Sales of State and Local Government Securities

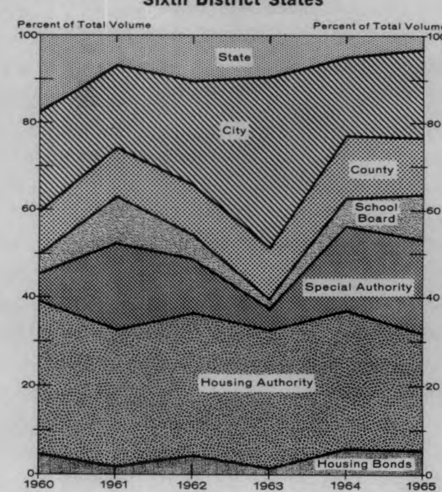
Sixth District States and United States



The District's securities-issuing bodies offered a growing share of the tax-exempt securities shown. Even sharper growth occurred in the offerings of long-term bonds for new capital. High levels of issuance of new and refunding short-term housing and urban renewal notes continued, and refundings of long-term issues grew substantially during the last three years.

Chart II: Borrowers of State and Local Government Securities

Sixth District States



Tax-exempt issues by state governments declined in relative importance. City issues showed some growth, with sharp gains in 1962 and 1963. Issues for housing and urban renewal held steady in volume.

Source for all charts: Computed from basic data supplied by the Investment Bankers Association of America, *The Bond Buyer*, and *Moody's Municipal and Government Manual.*

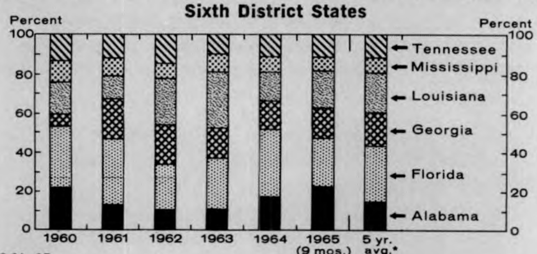
A declining share of total regional volume is clearly indicated for state government issues. In 1960 the issues of the six state governments amounted to about 17 percent of total issues. However, by 1964 their share was down to 5 percent and for the first three quarters of 1965 had declined to 3 percent. Growth of Special Authority financing, decline in the volume of issues for road building, and shifting of school borrowing to city, county, and school boards appear to be the principal factors influencing this decline.

Changing Capital Needs

The need for borrowed capital, which for the District's state and local governments generally means imported capital, varied considerably within a growing total, as is illustrated in Chart III. Primary contributors to these variations were differential growth rates in population, rate of new industry acquisitions, and shifting emphasis upon major public goals. Changing patterns of taxation and improvement in tax collections and public expenditure methods also influenced borrowing patterns.

Governmental units in Alabama and Tennessee appear to have continued in 1965 a strong upward trend in their share of total long-term borrowings within the six-state region. Georgia's 1965 share appears slightly smaller than its five-year average. Florida, the largest borrower of the six, and Louisiana show bulges in 1964 and 1963, respectively, but on balance reduced their 1965 share of borrowings, relative to the regional total. Mississippi shows a clear downtrend in share.

Chart III: Shares of Regional Tax-Exempt Bond Sales
Sixth District States



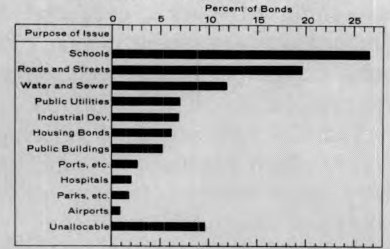
*1961-65.

Fairly sharp shifts occurred in the share of total volume of long-term bond issues for new capital. No pronounced trend was evident for Georgia, Louisiana, and Tennessee. Florida and Mississippi declined slightly in importance, while Alabama's share increased sharply from the low of 1962 partly because of the growth in industrial development issues.

The bulges for various states in certain years are largely explainable by the lumping of major security flotations for specific public goals. For example, state and local units in Alabama were relatively heavy borrowers in 1960, when two very large offerings totaling $70 million were made for educational purposes. Heavy borrowing for roads accounted for Georgia's bulges in 1961-62. A single large issue of $157 million in 1961 by the Florida Turnpike Commission and another of $135 million by the Jacksonville Expressway Authority in 1964 largely explains the exceptional share of Florida for those years. The 1962 and 1963 expansion shown for Louisiana included heavy borrowing for ports, harbors, and international trade facilities in 1962 and for roads and public utilities in 1963. Alabama's strong uptrend beginning in 1963 can be attributed largely to rapid growth in industrial development bonds.

More than one-fourth of the new capital secured through issuance of long-term bonds was devoted to schools and other educational needs of this region during the 1961-1965 period, as it is shown in Chart IV. A fifth of such capital was devoted to roads, bridges, and streets. Together, these uses of borrowed capital accounted for almost one-half of the total. The remainder was distributed among water, sewers, public utilities, and other uses.

Chart IV: Shares of Regional Bond Sales by Purpose of Issue
Sixth District States, 1961-65



Borrowing for education and transportation purposes continues to dominate in the use of long-term capital. Water and sewer, public utility, industrial development, and housing still require large increments of funds.

Georgia led the six states in borrowing for educational purposes, devoting almost two-fifths of its borrowing to this use. Louisiana, Tennessee, and Mississippi each devoted upwards of one-fourth of long-term borrowed capital to education.

Florida ranked first in the proportion of borrowing for roads, bridges, and street improvements, with more than 30 percent of long-term borrowings for this purpose. Georgia and Mississippi each devoted more than 20 percent of borrowed capital to roads and streets.

Borrowing for water systems, sewer systems, and drainage was heavy, with all states except Alabama devoting more than 10 percent to this purpose. Mississippi led the region, with 15.1 percent. Public utility issues by municipalities were heaviest in Florida, Louisiana, Tennessee, and Alabama.

Use of tax-exempt securities for industrial development purposes grew sharply during the past five years. Alabama and Mississippi have long led the six states in this type of issue and were the major borrowers during the period. Alabama devoted over one-third of total long-term borrowings to this purpose. Florida, Louisiana, and Georgia are relative newcomers to this type of borrowing and devoted only 0.7, 0.9, and 1.3 percent of their totals to industrial development.

On balance it appears that state and local entities in this region have taken rather full advantage of favorable borrowing conditions in the past five years. Since population growth, industrial development, and rising incomes continue to place heavy demands upon public services, further expansion of borrowing needs seems likely. Interest costs have risen sharply during the past few months, and it is difficult at this time to determine whether they have stabilized. In any case, this region's borrowing power is expanding along with its economic growth, so that continued access to the capital markets seems assured.

HIRAM J. HONEA

Mississippi's Economy: 'Five in a Row'

Mississippi has something to boast about: Her economic growth has generally equaled or surpassed the U. S. record during the current expansion period, which will reach the advanced age of five years in February. In the last twelve months, the rate of improvement in nonagricultural employment, average weekly hours worked, average hourly earnings, and insured unemployment was greater in Mississippi than in the U. S. By November, these forces, combined with record cash receipts from farm marketings, had helped drive per capita incomes in the southern state to one of the highest levels ever recorded.

U. S. Economy Grows

Even though economic activity in some parts of Mississippi has exceeded the U. S. level, the national economy showed outstanding growth in 1965. Partial evidence of this growth was a sharp rise in total employment. In November 1965, total employment in the U. S. approached 73 million workers, or approximately 2 million more than a year earlier. Meanwhile, insured unemployment dropped steadily. Only 2.7 percent of the nation's workers, covered by some type of unemployment compensation, were unemployed in November. Last year's rate was 3.4 percent. Greater production, resulting from an increase in total employment and the low unemployment rate, helped push the Federal Reserve index of industrial production to a record level of 145.5 in November, or 8 percent above 1964's level.

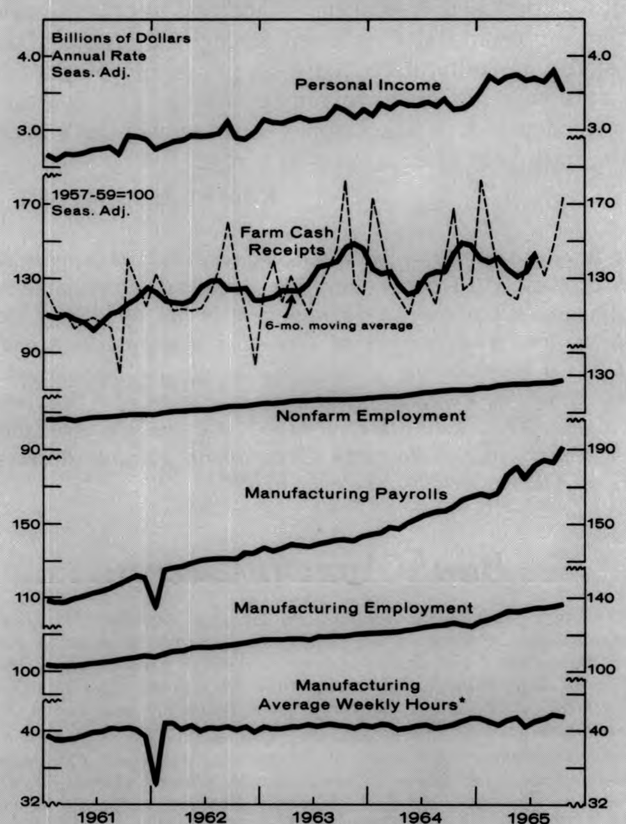
Personal incomes have continued to expand on the heels of greater employment and production, as well as wage increases. During the last twelve months, paychecks for production workers in manufacturing industries grew because of longer hours and higher wages. Meanwhile, unusually high cash receipts from farm marketings boosted farm incomes, and many businesses displayed generally favorable profit margins. Hence, there is little wonder that personal income has climbed nearly 8 percent since last November. The American consumer has experienced an increase in real income or purchasing power, since consumer prices, as measured by the consumer price index, have risen far less than income.

Mississippi Participates in Growth

Generally, Mississippi has been a part of the national economy's rapid expansion. In the Magnolia state, the November insured unemployment figure stood at 1.8 percent, well below the national average. This low unemployment rate, which is 1.1 percent below last year's, was achieved at a time when total nonagricultural employment advanced by 22,000 persons, or over 5 percent.

Although most major sectors of the state's economy, except mining and transportation, had increases in employment in the last year, manufacturing industries provided the strongest push to the employment rolls. These industries, which currently supply about 32 percent of the state's nonagricultural jobs, added approximately 15,000 more workers during the year ending November 1965. Mississippi manufacturing firms accounted for 68 percent of all new jobs created, compared with similar U. S. manufacturing firms that provided only 38 percent of the nation's new positions. The bulk of the gains in the Gulf Coast state was concentrated in the manufacture of transportation equipment, furniture and fixtures, and apparel. Nonmanufacturing employment advanced primarily in local governments, followed by state government and wholesale trade.

Economic Indicators — Mississippi



**Seasonally adjusted figure; not an index.*

Not only did the manufacturing industries employ more workers, but they also extended the workweek. In November 1965, the average weekly hours worked were 41.4, or one-half hour longer than last year. These longer workweeks, combined with a 4-percent increase in average hourly earnings, helped raise average weekly paychecks to $77.61, or $4.22 more than a year earlier.

The agricultural sector of economic activity in Mississippi also exhibited progress. Through the first 11 months of 1965, cash receipts from farm marketings were above previous record levels. While both crop and livestock sales exceeded last year, most of the gain came from higher livestock prices, particularly for cattle and hogs.

The net effect of these advances in wages, employment, and output is a broad economic expansion in Mississippi—as reflected in the personal incomes of residents. The Federal Reserve Bank of Atlanta's estimate of the state's personal income, expressed in a seasonally adjusted annual rate, for October was $3.5 billion, or nearly 8 percent above last year. This rate of growth in personal income equaled the national rate; however, the absolute dollar increase in per capita income was less than for the U. S., because Mississippi started from a lower base in calculating the percentage change.

What are the prospects for future growth? The outlook for 1966 appears quite good. Through the first three quarters of 1965, announced plans for the construction of new and expanded plants totaled approximately $300 million. Completion of these plans—which include the paper and allied products, lumber and wood products, electrical machinery, transportation equipment, chemical and allied products, and apparel industries—will provide employment for construction workers, in addition to creating new permanent positions. Continued strength is expected in the state's agricultural economy, as prices and output for the next year are likely to remain strong. The constant diversified growth in Mississippi's economy will mark 1966 as the sixth year of expansion in a row.

ROBERT E. SWEENEY

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 October 1965 REVIEW, *and a discussion of Georgia's economy is scheduled for a forthcoming issue. This article on Mississippi's economy will be included in the revised edition of* A REVIEW OF MISSISSIPPI'S ECONOMY, *1960-65. Copies are available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.*

Bank Announcements

The FIRST STATE BANK, *formerly the* GEORGIA BANKING COMPANY, *Marshallville, Georgia, a nonmember bank, began to remit at par on December 1 for checks drawn on it when received from the Federal Reserve Bank. Officers are Rufus W. Gosnell, Chairman and President; J. R. Allen, Executive Vice President; and James H. Goodman, Sr., Vice President and Cashier.*

On December 6, the BANK OF WILDWOOD, *Wildwood, Florida, a nonmember bank, began to remit at par. Officers include G. O. Watkins, President; Paul B. Watkins, Executive Vice President; M. S. Watkins, Vice President; and Mrs. Heloise B. Barnes, Cashier.*

The BESSEMER BANK AND TRUST COMPANY, *Bessemer, Alabama, a newly organized nonmember bank, opened for business on December 6 and began to remit at par. H. Edward Norton is President, and Johnny E. Jordan is Vice President and Cashier. Capital totals $375,000, and surplus and other capital funds, $375,000.*

Also on December 6, the FLORIDA BANK AT BUSHNELL, *Bushnell, Florida, a nonmember bank, began to remit at par. Officers are R. J. Eubanks, President; Miss Louise Sells, Vice President; and Charles B. Norton, Cashier.*

The EXCHANGE BANK, *Milledgeville, Georgia, a nonmember bank, began to remit at par on December 13. John E. Garner, Jr., is President; Otto Conn Morrison, Executive Vice President; and Aubrey H. Simpson, Vice President and Cashier.*

On December 15, the MID-COUNTY COMMERCIAL BANK, *Largo, Florida, a newly organized nonmember bank, opened for business and began to remit at par. Officers include John A. Jenkins, Chairman and President; David E. Kern, Vice President and Cashier; and Harold L. McBride, Vice President and Loan Officer. Capital is $360,000, and surplus and other capital funds, $180,000.*

The BANK OF OSCEOLA, *Kissimmee, Florida, a newly organized nonmember bank, opened for business on December 16 and began to remit at par. Officers are Rufus W. Suhl, President; William F. Baker, Executive Vice President and Cashier; and Alfred L. Hammond, Vice President. Capital amounts to $350,000, and surplus and other capital funds, $105,000.*

The ELBA EXCHANGE BANK, *Elba, Alabama, a nonmember bank, began to remit at par on December 27. Oscar Vaughan, Jr., is President; Fred D. Clark, Vice President; and Mary A. Lee, Cashier.*

Debits to Demand Deposit Accounts

Insured Commercial Banks in the Sixth District

(In Thousands of Dollars)

				Percent Change		
				Nov. 1965 from		Year-to-Date 11 months 1965 from
	Nov. 1965	Oct. 1965	Nov. 1964	Oct. 1965	Nov. 1964	1964
STANDARD METROPOLITAN STATISTICAL AREAS†						
Birmingham	1,382,067	1,257,351	1,136,681	+10	+22	+11
Gadsden	63,610	60,489	57,693	+5	+10	+5
Huntsville	180,697	163,941	171,917	+10	+5	+5
Mobile	437,330	440,980	391,113	—1	+12	+8
Montgomery	276,285	268,373	243,076	+3	+14	+10
Tuscaloosa	82,278	80,722	72,625	+2	+13	+5
Ft. Lauderdale—Hollywood	499,043	461,394	440,572	+8	+13	+9
Jacksonville	1,476,567	1,421,614	1,141,546	+4	+29	+17
Miami	1,888,494	1,732,877r	1,563,083	+9	+21	+9
Orlando	415,097	393,736	389,767	+5	+6	+1
Pensacola	193,235	181,881	168,852	+6	+14	+10
Tampa-St. Petersburg	1,120,714	1,014,216	964,530	+11	+16	+8
W. Palm Beach	359,866	326,544	309,808	+10	+16	+9
Albany	87,118	85,327	75,073	+2	+16	+18
Atlanta	4,111,421	3,852,056r	3,308,325	+7	+24	+12
Augusta	208,041	192,867	186,650	+8	+11	+4
Columbus	194,012	179,884	176,863	+8	+10	+7
Macon	206,931	202,928	189,109	+2	+9	+9
Savannah	233,322	225,659	205,504	+3	+14	+5
Baton Rouge	472,601	452,754	380,644	+4	+24	+20
Lafayette	106,781	108,053	86,834	—1	+23	+19
Lake Charles	108,081	112,494	90,820	—4	+19	+9
New Orleans	2,165,412	2,093,690	1,796,175	+3	+21	+12
Jackson	581,030	558,500	478,958	+4	+21	+12
Chattanooga	523,978	494,125	429,384	+6	+22	+12
Knoxville	432,328	408,741	340,444	+6	+27	+11
Nashville	1,412,805	1,201,281	1,206,544	+18	+17	+11
OTHER CENTERS						
Anniston	59,605	58,971	53,905	+1	+11	+7
Dothan	50,473	54,640	44,943	—8	+12	+6
Selma	40,488	45,434	35,248	—11	+15	+5
Bartow	38,990	36,343	27,516	+7	+42	+26
Bradenton	50,298	44,569	39,074	+13	+29	+4
Brevard County	199,822	193,911r	163,114	+3	+23	+18
Daytona Beach	78,561	74,998	66,061	+5	+19	+7
Ft. Myers—N. Ft. Myers	64,013	57,206	56,850	+12	+13	+7
Gainesville	70,818	67,474	63,606	+5	+11	+9
Monroe County	32,301	29,629	22,257	+9	+45	+21
Lakeland	108,506	98,654	87,408	+10	+24	+11
Ocala	50,031	47,109r	42,133	+6	+19	+7
St. Augustine	18,357	16,582	15,812	+11	+16	+6
St. Petersburg	298,454	258,270	247,847	+16	+20	+6
Sarasota	94,579	85,250	80,414	+11	+18	+6
Tallahassee	113,303	103,776	97,568	+9	+16	+16
Tampa	611,624	562,908	526,817	+9	+16	+11
Winter Haven	46,801	48,542	48,657	—4	—4	+7
Athens	66,069	60,930	53,004	+8	+25	+16
Brunswick	39,119	37,087	34,452	+5	+14	+3
Dalton	80,322	84,940	77,814	—5	+3	+11
Elberton	12,361	15,012	12,338	—18	+0	+7
Gainesville	66,116	68,303	56,945	—3	+16	+9
Griffin	31,684	28,589	27,001	+11	+17	+11
LaGrange	22,082	19,894	17,122	+11	+29	+8
Newnan	22,209	22,141	24,539	+0	—9	—2
Rome	73,100	65,931	62,628	+11	+17	+7
Valdosta	48,780	47,061	43,641	+4	+12	+12
Abbeville	11,353	10,453	9,800	+9	+16	+12
Alexandria	113,966	117,163	96,227	—3	+18	+10
Bunkie	N.A.	6,561	6,853	N.A.	N.A.	N.A.
Hammond	31,153	30,194	26,408	+3	+18	+8
New Iberia	34,256	34,142	30,419	+0	+13	+7
Plaquemine	9,097	8,152	7,848	+12	+16	+10
Thibodaux	21,433	19,500	17,342	+10	+24	+9
Biloxi-Gulfport	88,310	84,890	72,785	+4	+21	+11
Hattiesburg	53,006	48,997	40,665	+8	+30	+11
Laurel	35,844	37,460	31,304	—4	+15	+8
Meridian	61,298	58,118	56,076	+5	+9	+6
Natchez	29,993	29,944	29,511	+0	+2	+0
Pascagoula—Moss Point	52,344	45,592	43,613	+15	+20	+6
Vicksburg	35,617	35,415	31,945	+1	+11	+13
Yazoo City	27,436	27,630	26,707	—1	+3	+11
Bristol	62,269	61,457	55,046	+1	+13	+10
Johnson City	66,126	63,659	57,528	+4	+15	+9
Kingsport	128,129	118,875r	109,510	+8	+17	+13
SIXTH DISTRICT, Total	26,101,493	24,895,499r	22,211,716	+5	+18	+10
Alabama‡	3,447,589	3,287,346	3,055,314	+5	+13	+7
Florida‡	7,915,313	7,374,424r	6,638,204	+7	+19	+10
Georgia‡	6,276,599	6,235,510r	5,420,466	+1	+16	+12
Louisiana*†	3,602,014	3,519,955	2,974,489	+2	+21	+13
Mississippi*†	1,246,783	1,190,477	1,053,296	+5	+18	+10
Tennessee*†	3,613,195	3,287,787r	3,069,947	+10	+18	+9

*Includes only banks in the Sixth District portion of the state.
†Partially estimated : Estimated. r-Revised. N.A. Not available

Sixth District Statistics

Seasonally Adjusted

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

SIXTH DISTRICT

	Latest Month (1965)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	48,528	50,295r	48,708r	45,089
Manufacturing Payrolls	Nov.	175	171	168	155
Farm Cash Receipts	Oct.	144	143	131	142
Crops	Oct.	143	136	134	144
Livestock	Oct.	133	143	130	119
Department Store Sales*/**	Dec.	157p	157	151	142
Instalment Credit at Banks, *(Mil.)					
New Loans	Nov.	226	225r	217	183
Repayments	Nov.	203	196	205	182
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	125	125r	124	119
Manufacturing	Nov.	125	124	123	118
Apparel	Nov.	152	151	149	142
Chemicals	Nov.	120	118	118	113
Fabricated Metals	Nov.	135	133	130	126
Food	Nov.	111	110r	109	109
Lbr., Wood Prod., Furn. & Fix.	Nov.	101	100	100	98
Paper	Nov.	111	110	110	107
Primary Metals	Nov.	111	110	111	110
Textiles	Nov.	101	100	100	97
Transportation Equipment	Nov.	156	153	152	132
Nonmanufacturing	Nov.	125	125	124	120
Construction	Nov.	124	122	120	116
Farm Employment	Nov.	69	70	66	74
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	1.9	2.1	2.4	2.5
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	41.9	41.8r	41.4	41.3
Construction Contracts*	Nov.	173	166	139	184
Residential	Nov.	175	167	142	142
All Other	Nov.	171	165	137	219
Industrial Use of Electric Power	Sept.	128	130	132	122
Cotton Consumption**	Oct.	115	112	109	104
Petrol. Prod. in Coastal La. and Miss.**	Nov.	188	188	152	168
FINANCE AND BANKING					
Member Bank Loans*					
All Banks	Nov.	215	214	211	186
Leading Cities	Dec.	198	198	198	172
Member Bank Deposits*					
All Banks	Nov.	166	165	162	150
Leading Cities	Dec.	153	154	152	138
Bank Debits*/**					

ALABAMA

	Latest Month (1965)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	6,595	6,862r	6,617r	6,167
Manufacturing Payrolls	Nov.	162	159	160	141
Farm Cash Receipts	Oct.	144	149	123	137
Department Store Sales**	Nov.	123	115	115	118
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	116	115	115	112
Manufacturing	Nov.	116	114	115	110
Nonmanufacturing	Nov.	115	115r	115	113
Construction	Nov.	113	112	112	114
Farm Employment	Nov.	69	63	69	71
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	2.5	2.6	2.6	2.6
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	41.6	41.8	41.7	41.3
FINANCE AND BANKING					
Member Bank Loans	Nov.	204	204	198	180
Member Bank Deposits	Nov.	168	166	164	151
Bank Debits**					

FLORIDA

	Latest Month (1965)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	14,222	14,706r	14,070r	13,310
Manufacturing Payrolls	Nov.	200	198r	196	181
Farm Cash Receipts	Oct.	141	151	120	142
Department Store Sales**	Nov.	191	184	185	174
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	134	134	133	129
Manufacturing	Nov.	137	137	136	130
Nonmanufacturing	Nov.	134	134	133	129
Construction	Nov.	110	110r	106	105
Farm Employment	Nov.	99	90	88	101
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	1.8	1.9	2.2	2.2
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	43.0	42.7r	41.8	42.5
FINANCE AND BANKING					
Member Bank Loans	Nov.	219	216	216	190
Member Bank Deposits	Nov.	168	167	162	150
Bank Debits**					

GEORGIA

	Latest Month (1965)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	9,148	9,430r	9,236r	8,489
Manufacturing Payrolls	Nov.	178	171	168	154
Farm Cash Receipts	Oct.	143	151	128	151
Department Store Sales**	Nov.	156	153	144	141
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	125	124	123	119
Manufacturing	Nov.	122	121	120	116
Nonmanufacturing	Nov.	126	126r	125	120
Construction	Nov.	139	136r	136	128
Farm Employment	Nov.	62	69	65	67
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	1.5	1.7	2.1	2.2
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	41.7	41.2	41.1	40.6
FINANCE AND BANKING					
Member Bank Loans	Nov.	225	223	219	189
Member Bank Deposits	Nov.	177	178	174	156
Bank Debits**					

LOUISIANA

	Latest Month (1965)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	7,428	7,543r	7,388r	6,697
Manufacturing Payrolls	Nov.	159	159r	146	143
Farm Cash Receipts	Oct.	113	135	185	115
Department Store Sales*/**	Nov.	152	139	138	123
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	117	117	115	111
Manufacturing	Nov.	111	108	107	107
Nonmanufacturing	Nov.	119	119	117	112
Construction	Nov.	132	134	128	114
Farm Employment	Nov.	76	81	69	78
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	2.1	2.3	2.7	2.8
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov	42.6	43.0r	40.2	42.3
FINANCE AND BANKING					
Member Bank Loans*	Nov.	199	201	200	169
Member Bank Deposits*	Nov.	147	144	142	134
Bank Debits*/**					

MISSISSIPPI

	Latest Month (1965)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	3,522	3,798r	3,647r	3,273
Manufacturing Payrolls	Nov.	192	190r	182r	163
Farm Cash Receipts	Oct.	174	147	132	168
Department Store Sales*/**	Nov.	114	122	108	100
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	129	127	127	122
Manufacturing	Nov.	139	136	135r	126
Nonmanufacturing	Nov.	125	124r	123	121
Construction	Nov.	133	125r	128	132
Farm Employment	Nov.	57	65	54	59
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	1.8	2.0	2.1	2.9
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	41.4	41.7	40.8	40.9
FINANCE AND BANKING					
Member Bank Loans*	Nov.	228	226	223	205
Member Bank Deposits*	Nov.	178	175	170	163
Bank Debits*/**					

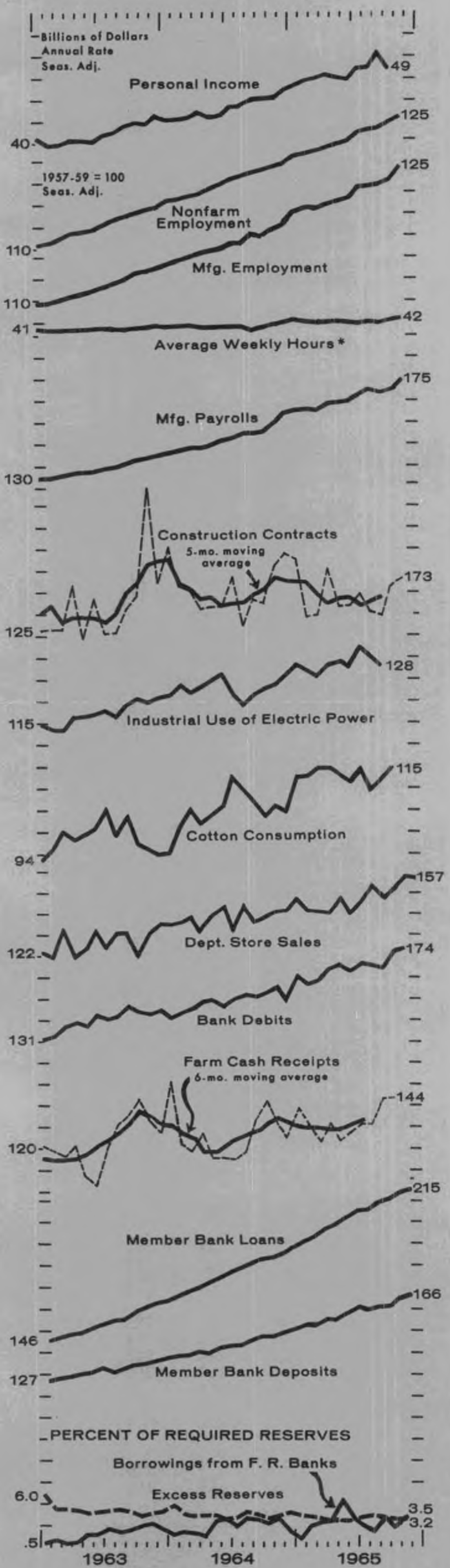
TENNESSEE

	Latest Month (1965)		One Month Ago	Two Months Ago	One Year Ago
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	Oct.	7,613	7,956r	7,750r	7,153
Manufacturing Payrolls	Nov.	169	166r	167	154
Farm Cash Receipts	Oct.	136	119	122	124
Department Store Sales*/**	Nov.	132	129	126	123
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Nov.	126	125	125	120
Manufacturing	Nov.	131	129	129	123
Nonmanufacturing	Nov.	124	124r	122	118
Construction	Nov.	144	139	136	139
Farm Employment	Nov.	70	66	66	80
Insured Unemployment, (Percent of Cov. Emp.)	Nov.	2.2	2.3	2.5	3.0
Avg. Weekly Hrs. in Mfg., (Hrs.)	Nov.	41.5	41.2r	41.9	41.2
FINANCE AND BANKING					
Member Bank Loans*	Nov.	216	213	209	190
Member Bank Deposits*	Nov.	167	165	161	153
Bank Debits*/**					

*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.

As the curtain came down on 1965, economic conditions within the District were ebullient. Employment, spending, and income showed increasing strength. Sizable gains were evident in both construction employment and new contract awards. Agricultural cash receipts had reached an all-time high. Total credit at member banks had risen further, evincing both a heavy loan demand and a gain in investments. A few banks offered higher interest rates on time deposits.

✓ ✓ ✓

Gains in nonmanufacturing employment and in all ten seasonally adjusted components of manufacturing employment, combined with a jump in average weekly hours, helped push the District's economy to new highs. Insured unemployment dropped from 2.4 percent in September to 1.9 percent in November. The insured unemployment rate in each District state remains substantially below that in the nation. Preliminary estimates indicate that personal income moved higher in November, reflecting the largest monthly increase of the year in manufacturing payrolls. Bank debits figures suggest spending also rose.

✓ ✓ ✓

District construction continued the strong rebound recorded last fall. Construction employment ascended, with the sharpest increases in Mississippi and Tennessee. Gains in construction contract awards were widespread in residental building, other building, and nonbuilding categories. Large project awards were numerous, including several apartment projects in Florida and Georgia. Street and highway contracts boosted total nonbuilding volume in Louisiana, Mississippi, and Alabama. Evidence of further pressure to raise mortgage market rates appeared, as competition for savings continued.

✓ ✓ ✓

District farmers enjoyed a record level of cash receipts, manifesting both a favorable growing season for most major crops and high prices for livestock and livestock products. Currently, farm work consists of winter chores, since most major field crops have been harvested. The harvesting of winter vegetables is proceeding on schedule, with production generally above last year's relatively small crop.

✓ ✓ ✓

Member banks extended the year-long expansion in loans through December, despite smaller than seasonal gains at banks in leading cities. Investments, especially Government securities, increased substantially for the third consecutive month, as banks took advantage of favorable rates in building up their portfolios. Time deposits expanded further in December, although a reduction in negotiable time certificates cut back the growth rate somewhat. Effective December 6, the Board of Governors approved discount rate increases to 4½ percent at the Federal Reserve Banks of New York and Chicago and voted to raise the ceiling rate on time deposits to 5½ percent, leaving the maximum rate on savings deposits at 4 percent. This Bank raised its discount rate from 4 to 4½ percent, effective December 8. Immediate response to the higher interest rate ceilings in this District was moderate, as most bankers waited for their competitors to act first. A few banks reported new rates on certificates of deposit greater than the old maximum of 4½ percent, and some raised their rates on savings certificates to 4½ percent. Several banks indicated that they would now pay the 4-percent maximum on savings deposits.

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