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# Monthly Review

## '65 District Economy: Where the Growth Is

*Also in this issue:*

**BANKING ON A BOOM**

**SIXTH DISTRICT  
STATISTICS**

**DISTRICT BUSINESS  
CONDITIONS**

*Federal  
Reserve  
Bank of  
Atlanta*

The Sixth District's economy soared through 1965 in high flying fashion. Personal income climbed 10 percent; nonfarm employment, 4.5 percent; retail sales, 11 percent; and bank debits, a measure of total spending, 11 percent. As indicated by employment, the 1965 gains were both large and widespread. All 20 components of nonfarm employment showed advances. In 9 of the 11 manufacturing categories the District gains surpassed those of the nation, while 7 of the 9 nonmanufacturing employment categories outpaced their national counterparts. And, as in most recent years, the District also displayed larger percentage increases in personal income and retail sales than the U. S.

Generally, as a cyclical expansion grows older, the rates of gain become smaller: As more unused resources are put to work, fewer unemployed resources remain to be brought into production. Yet the District grew faster in 1965 than in 1964. What were the sources of last year's growth?

### Sources of Growth

The more intensive utilization of existing economic resources and the addition of new resources to the District economy contributed to the expansion. The unemployment rate declined, and average weekly hours increased. Of the approximately 75 percent of wage and salary workers covered by insured unemployment, only 2.3 percent were unemployed in the District during 1965, as opposed to 3.0 percent in 1964. In recent years the U. S. total unemployment rate has been about 1.4 percentage points above the insured unemployment rate. If the District insured figures show this same relation to the total, as does the nation, the total unemployment rate in our area is below 4 percent. Average weekly hours worked in manufacturing climbed from 41.0 hours in 1964 to 41.6 in 1965. The present level is the highest annual figure since the District series began in 1949. Similarly, an estimated 11-percent increase in retail sales, in contrast to only a 3-percent increase in retail trade employment, denotes greater utilization of retail sales employees. Trade reports point to a more intense use of other nonmanufacturing employees. The growth in nonfarm employment of about 265,000 workers indicates that the work force increased last year, although total unemployment declined.

Our measures of capital are fewer than those for labor, but more intense use of capital is evident. The longer workweek for laborers disclosed that capital equipment was used for a greater length of time each week, even if no additional shifts were employed. Moreover, occasional reports reveal that some firms did add extra shifts last year. If the District followed the national trend, shown by various series on the utilization of manufacturing capacity, the District's manufacturers are now operating much nearer the capacity ceiling than in 1964. As for new capital, incorporated businesses rose 7.1 percent because of the incorporation of 26,000 firms. And even more dramatically, new and expanded manufacturing plant announcements (costing over \$100,000), compiled by the Atlanta Federal Reserve Bank for this District, increased more than 40 percent above the 1964 level. Announcements, which also include manufacturing plants costing less than \$100,000 and non-

manufacturing facilities, gathered by various District states' industrial development commissions, confirm substantial gains in new plants. The 1965 nonresidential building contract volume showed a 13-percent increase in square feet and a 9-percent increase in dollar volume over 1964.

The productivity of capital and labor, the key to a rising standard of living, figures prominently in the measurement of an expanding economy. Insofar as hourly wage changes reflect productivity changes, they give an approximate idea of the size of productivity gain: Wage rates increased from \$2.09 an hour in 1964 to \$2.14 an hour in 1965, an improvement of 2.8 percent.

How much of the economic growth during 1965 resulted from increases in average weekly hours, productivity, and employment? For District production workers, average weekly payrolls rose from \$101.6 million in 1964 to \$113.7 million last year—a gain of \$12.1 million a week, or 12 percent. Since average weekly payrolls are the product of average hourly wages, average hours worked, and the number of production workers, the \$12.1 million gain can be allocated among the three factors by a mathematical technique called the total differential. The application of this mathematical tool tells us that \$1.5 million of the gain came from increased hours worked, \$2.8 million from higher wages, and \$7.5 million from additional workers. The residual amount of \$0.4 million is the result of the interaction of the three factors.<sup>1</sup>

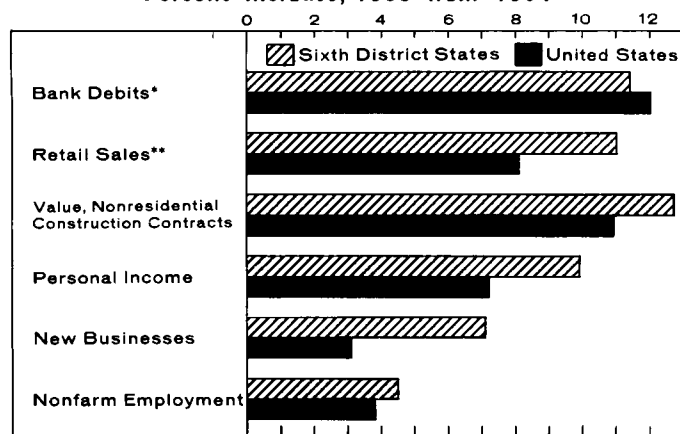
When these figures were translated into percentage terms, they showed that about 12 percent of the gain came exclusively from more intensive employment of the existing work force (more hours worked), 23 percent solely from increased labor productivity (as suggested by higher wage rates), and 62 percent from a combination of a greater percentage of the labor force working and a larger labor force. Three percent represents the combined effects of the three types of gains on each other.

### Cyclical Industries Reap Largest Gains

As is generally the case in a year of strong cyclical expansion, manufacturing employment grew at a faster rate in 1965 than did its nonmanufacturing counterpart. Manufacturing added 5.3 percent more jobs; nonmanu-

<sup>1</sup>The sum of the parts may not equal the total, because of the effect of rounding.

Percent Increase, 1965 from 1964



\*For Sixth District portion of states only.

\*\*Ten-month figure.

facturing, 4.2 percent. Therefore, nonfarm employment grew 4.5 percent in the District.

As in the nation, transportation equipment displayed the largest percentage gain in employment. Moreover, the ebullience of the District's transportation equipment industry led to a large 17.3-percent surge in jobs, while the country as a whole showed a 6.8-percent advance.

Since the U. S. economy in 1965 was often called "the year of the automobile," the importance of other forms of transportation equipment can easily be underestimated. The District states scoring the largest percentage employment gains in transportation equipment industries do not employ many people in auto making. Mississippi transportation equipment industries primarily build ships; Alabama industries, railroad equipment and ships. Yet these two states, which led the District industry's 1965 employment growth, scored gains of 33 and 28 percent, respectively, in transportation equipment employment. Another important boost to our area's transportation equipment employment came from the aircraft equipment industry, particularly in Florida and Georgia.

If the strong consumer demand for automobiles continues, with the high level of orders for railroad equipment in Alabama, the increased need for aircraft and ships to use in Viet Nam, and the strong buying of commercial airlines and trucking firms, the District's transportation equipment industry faces another good year in 1966.

The apparel industry contributed dramatically to the vigor of the District economy. Although apparel jobs increased 2.9 percent nationally, this industry provided 6.5 percent more jobs in our area. This increase proved particularly beneficial to the District since apparel accounts for a substantial amount of manufacturing employment in all District states except Louisiana. In fact, apparel leads all other District manufacturers in employment.

Apparel's sister industry, textiles, scored a 3.1-percent growth in jobs in 1965, marking this industry's best gain in many years. Although the textile industry declined in the number of jobs during the early 60's, its 1965 increase brought employment back to the 1960 level. The difficulties that textile manufacturers are now having in finding additional workers emphasizes the turnaround in this industry's fortunes.

Both the textile and apparel industries face a busy year in 1966 if the present strong civilian demand is to be augmented by a rapidly expanding military demand. According to press reports, the estimates for first-quarter 1966 military purchases of textiles and clothing jumped tenfold in a three-week period. Moreover, the impact of the military demand will likely affect the District's textile and apparel industries more than the nation's. Whereas the latest *Census of Manufacturing* shows the six District states as accounting for 19 percent of textile employees and 15 percent of apparel employees in the nation, they account for 28 percent of the employment in cotton weaving mills and 35 percent in men's furnishings, work clothes, and allied garments. These respective segments of the textile and apparel industries will feel the brunt of the stepped-up military orders, because military clothing used in Viet Nam is principally made of cotton material.

Though less spectacular than the performance of transportation equipment and apparel, other manufacturing in-

*continued on page 13*

# Banking on a Boom

Continued credit expansion at District banks reflects the stimulus of rising economic activity. Bank lending last year accelerated slightly, even though District banking developments were basically a continuation of trends experienced throughout the current economic expansion. It would be good to know how long these developments will continue and what form any new trends will assume. While we are not prophets, we believe consideration of these questions might give us clues to the future: Is the growth speeding up or slowing down? How do District banks compare with others in the nation? Is bank credit expansion uniform throughout the District?

One device often used to spotlight major banking development is the balance sheet of assets and liabilities. A comparison of banking developments in the District with those at all-member banks in the U. S. can be made by studying the balance sheet in Table I. Last year's changes can also be compared with those of previous years.

Increases in time deposits at banks in the District were well ahead of those at all U. S. member banks and above the District average annual rate for the business expansion period of 1961-64. Since reserve requirements are lower for time deposits than for demand deposits, the impact of such inflows on credit expansion is similar to a reduction in reserve requirements—i.e., favorable to increased credit expansion. However, these deposits are costly. First and most important, banks must pay interest charges. Second, if the deposits are interest sensitive, what was gained today may be lost tomorrow. Losses of negotiable certificates of deposit (CD's)—the time deposit probably most sensitive to interest rate differentials—were factors in the reduced rate of time-deposit growth at all-member banks.

Expected income gains in the District in 1966 should

provide continued strong inflows into time deposits, especially if the moderate District response to higher permissible rates is stepped up as more banks feel the pinch of competition for funds. Signs of a much greater promotion of "savings bonds" and other savings instruments by District banks are already in sight for 1966. The main unanswered question, of course, is how much net new savings will be attracted to banks by higher rates, as opposed to the mere switching of accounts from one bank to the other. Losses from CD's due to rising rates on Treasury bills and other competing money market instruments should be relatively small in the District, since a very small portion of last year's increase in time deposits was in this form.

The balance sheet also reveals large percentage changes in "borrowings and other liabilities" at both District and U. S. banks. This item is important because it reflects banks' continued search for funds. Primarily, the increases came from banks' borrowing from each other, along with some increase in borrowings from the Federal Reserve System and small borrowings from others through the issuance of unsecured notes.

Loan increases at District banks last year were above those of all-member banks, with both groups increasing loans more rapidly than the average for the 1961-64 period. Changes in U. S. Government securities at District banks deviated somewhat from previous behavior, although their departure from the trend was not quite as great as the figures might indicate at first glance. District banks also reduced U. S. Government securities in 1963 and increased them only slightly in 1964, so the reduction in 1965 was not an abrupt reversal of past behavior. Generally, District banks' U. S. Government holdings have followed the same direction of change at all U. S. member banks, even though the percentage change has not been

**Table I: Balance Sheet of Assets and Liabilities at Member Banks**

<i>Assets</i>				<i>Liabilities and Capital</i>			
	<i>Dec. 1965</i>	<i>Percent Change at Annual Rate</i>			<i>Dec. 1965</i>	<i>Percent Change at Annual Rate</i>	
	<i>(Millions of Dollars)</i>	<i>Dec. '64- Dec. '65</i>	<i>Feb. '61- Dec. '64</i>		<i>(Millions of Dollars)</i>	<i>Dec. '64- Dec. '65</i>	<i>Feb. '61- Dec. '64</i>
<b>Sixth District</b>							
Loans	9,031	15.3	14.7	Demand Deposits	10,243	7.7	6.4
Investments				Time Deposits	5,959	19.9	18.4
U. S. Gov't. Securities	3,219	— 1.3	1.5	Borrowings and			
Other Securities	2,016	25.4	20.2	Other Liabilities	515	36.2	19.6
Reserves, Cash, and				Capital Accounts	1,471	10.1	10.6
Bank Balances	3,457	11.8	6.6	Total Liabilities			
Other Assets	463	17.5	15.4	and Capital Accounts	18,186	12.3	10.0
Total Assets	18,186	12.3	10.0				
<b>United States</b>							
Loans	169,422	14.4	12.7	Demand Deposits	148,501	2.1	4.4
Investments				Time Deposits	120,333	15.9	18.4
U. S. Gov't. Securities	44,390	— 8.0	— 0.6	Borrowings and			
Other Securities	36,863	15.4	22.9	Other Liabilities	15,845	25.6	15.0
Reserves, Cash, and				Capital Accounts	24,917	9.5	7.6
Bank Balances	50,205	3.0	5.8	Total Liabilities			
Other Assets	8,716	14.2	12.8	and Capital Accounts	309,596	8.7	9.1
Total Assets	309,596	8.7	9.1				

nearly so large. Holdings of state and local governments ("other securities") increased considerably more percentage-wise at District banks than at all banks in the U. S. The relatively larger acquisition of "other securities" by District banks may reflect the higher rate of time-deposit increases in this area. Some of the larger banks outside the District chose to reduce state and local securities holdings when their time-deposit growth slowed in the fourth quarter.

A detailed breakdown of loans by type and investments by maturity, available for banks in leading cities in the District and U. S., is shown in Table II. Business loans, the largest loan category, increased substantially more last year than in previous years in the District and the U. S. The economic expansion of 1965 was spurred by large expenditures for inventories and for plants and equipment. Corporations, hard pressed for funds despite rising inflows of money from expanding sales, often turned to banks to finance these expenditures. This was especially significant in the first half of 1965 when inventory accumulations were swelled by threat of a steel strike and when bank interest charges on business loans were relatively low. If the expected rise in such expenditures materializes in 1966, business lending will likely continue strong. An analysis of business loans by type of borrower (not shown) indicates that the business loan expansion over the year was broadly based—further cause for optimism about future expansion.

Impressive as business loan expansion was, it still placed second to real estate lending in percentage growth at District banks. Real estate loans increased two-thirds as much as the considerably larger consumer loan group. This expansion in real estate loans is not new, but the amount of the increase, considering previous growth, is noteworthy. In real estate lending, as in purchases of "other

securities," time-deposit growth probably was an important factor.

The maturity structure of investments by banks in leading cities shows that banks in the U. S. this past year reduced their holdings of every maturity class of U. S. Government security, except those over five years. Banks in this District reduced the middle maturity Treasury securities (1-5 years) and increased their holdings of bills, short-term and long-term notes and bonds. The growing importance of "other securities" at banks in leading cities is clear from the percentage distribution of investments, shown in Table II. These securities now make up about 50 percent of the investment portfolios at U. S. banks and almost 40 percent at District banks. Expressed as a percentage of total investment, "other securities" are now twice as large as in 1961.

Breaking down the data provides insights not available if only aggregate figures are used. The banking developments discussed so far are not an accurate description of banking activity in many trade and banking areas. For example, the average growth rate in time deposits was up sharply in 1965 over previous years; yet a fourth of the trade and banking areas expanded time deposits less rapidly last year than a year earlier. Table III summarizes the percentages of major items at banks in various trade and banking areas.

When total deposits are checked against loans, the strong positive correlation between the changes in these two items is evident. Something of a surprise is the lesser correlation between changes in time and total deposits, and the lack of correlation between increases in investments and loans. From the District figures, one would be tempted to say that strong time-deposit growth led to an increase in total deposits which were used to expand both loans and investments. The exceptions to this statement, area by area, are indeed numerous.

**Table II: Percent Changes in Major Assets at Banks in Leading Cities**  
(Based on end-of-year figures)

	<i>Sixth District</i>			<i>Distribution end of 1965</i>	<i>United States</i>			<i>Distribution end of 1965</i>
	<i>1963</i>	<i>1964</i>	<i>1965</i>		<i>1963</i>	<i>1964</i>	<i>1965</i>	
<b>Loans</b>	<b>9.2</b>	<b>14.4</b>	<b>15.0</b>	<b>100</b>	<b>10.0</b>	<b>11.8</b>	<b>14.6</b>	<b>100</b>
Business	11.8	12.3	19.6	40	9.7	8.6	20.1	41
Consumer	14.7	12.7	11.6	32	10.8	14.0	10.1	21
Real Estate	11.4	14.3	23.2	12	15.2	11.9	12.8	18
Nonbank Finance	7.7	8.5	13.7	10	16.2	5.1	21.0	9
All Other Types*	-22.9	47.4	- 3.8	6	- 2.7	25.4	2.6	11
<b>Investments</b>	<b>0.9</b>	<b>3.5</b>	<b>4.3</b>	<b>100</b>	<b>0.5</b>	<b>0.8</b>	<b>-1.0</b>	<b>100</b>
U. S. Government								
Securities	- 7.0	- 2.0	- 5.1	61	-10.4	- 4.6	-12.4	50
Bills	-27.3	7.2	3.7	8	- 8.4	13.4	-16.7	10
Certificates	-59.4	-100.0	—	—	-63.5	-100.0	—	—
Notes and Bonds								
Less than 1 year	-23.0	50.0	22.8	15	-27.7	39.8	- 5.2	8
1-5 years	3.7	1.4	-21.0	27	- 0.5	15.5	-25.3	18
Over 5 years	27.6	- 21.6	10.8	11	- 3.4	- 1.4	13.3	14
Other Securities	27.6	17.0	23.4	39	22.9	8.9	13.9	50

\*Includes interbank, security, and agricultural loans.

**Table III: Percent Changes in Loans,  
Investments, and Deposits**  
Sixth District Trade and Banking Areas  
(Dec. 1964-Dec. 1965)

	<i>Total Loans</i>	<i>Total Investments</i>	<i>Total Deposits</i>	<i>Time Deposits</i>
<b>Alabama</b>				
Anniston-Gadsden	11.9	12.2	11.8	12.3
Birmingham	12.6	11.7	10.2	18.4
Dothan	25.5	19.6	22.7	17.8
Mobile	9.1	6.1	9.4	13.4
Montgomery	19.9	18.0	17.0	19.4
<b>Florida</b>				
Jacksonville	16.1	6.1	10.8	24.7
Miami	19.2	14.4	19.7	30.1
Orlando	11.6	11.0	10.4	19.3
Pensacola	22.3	0.4	10.7	19.2
Tampa-St. Petersburg	11.5	12.0	12.7	18.8
<b>Georgia</b>				
Atlanta	18.1	7.4	15.0	37.6
Augusta	14.7	17.2	15.9	19.5
Columbus	12.4	— 1.2	12.3	23.5
Macon	19.2	14.9	15.0	33.6
Savannah	6.4	36.2	7.7	16.5
South Georgia	10.5	16.5	15.4	20.2
<b>Louisiana</b>				
Alexandria- Lake Charles	11.3	— 2.6	6.3	18.3
Baton Rouge	22.7	4.4	10.4	21.2
Lafayette-Iberia- Houma	18.5	— 2.2	4.3	0.4
New Orleans	17.6	— 2.0	10.0	12.4
<b>Mississippi</b>				
Jackson	11.4	3.7	9.7	11.6
Hattiesburg-Laurel- Meridian	10.3	17.7	12.1	7.1
Natchez	13.4	2.4	5.0	9.6
<b>Tennessee</b>				
Chattanooga	7.1	5.8	7.6	16.0
Knoxville	5.4	9.4	8.6	16.1
Nashville	17.7	— 6.1	5.6	7.8
Tri-Cities	13.5	10.7	7.5	16.0
<b>District Total</b>	15.3	7.5	11.9	19.9

Jacksonville and Columbus experienced large additions to time deposits, but these areas were not among the leaders in loan or investment gains. In Hattiesburg-Laurel-Meridian and in Savannah, where time-deposit growth was moderate, loans gained little, but investments rose substantially. Small increases in both time and total deposits occurred in Lafayette-Iberia-Houma and in Nashville; however, those areas were able to make fairly large increases in loans by reducing investments. The Alexandria-Lake Charles trade and banking area experienced a sizable addition to time deposits, along with a small rise in demand deposits, but loan and investment gains in this area were among the lowest in the District.

Banks in some trade and banking areas may have behaved differently from those mentioned here. In any event, these examples should remind us that District banking developments are properly viewed as but a framework for local analysis.

PAUL A. CROWE

## '65 District Economy

*continued from page 10*

dustries recorded good job gains, ranging from 2.3 percent for food and kindred products to 6.7 percent for fabricated metal products. Food and kindred products jobs grew less because the demand for these products is less stimulated by changing cyclical conditions than is demand for other products. In contrast, the demand for durable metal products, which is more susceptible to changing cyclical conditions, increased sharply. Although primary metals employment in our region grew 4.1 percent, it was outdistanced by a national growth of 5.6 percent. The divergence in the growth of the regional and national industry apparently resulted from the lesser importance of galvanized sheet (used primarily in the manufacture of automobiles) to the District than to the nation.

Contract construction, the most cyclical nonmanufacturing industry, scored the largest nonmanufacturing employment gain. Its gain of 8.4 percent added nearly 33,000 workers to construction payrolls. Although residential construction showed little change last year from 1964, business-fixed investment boomed.

In hiring nearly 50,000 additional workers, state and local government employment polled the second-best percentage gain, 6.4 percent, in nonmanufacturing jobs. With growing population and urbanization, this sector of the economy shows a strong long-run growth trend. Federal government employment showed the smallest percentage gain of any employment category for the District, even though the District's 1.1-percent gain outpaced the percentage growth in Federal employment nationally.

Both wholesale and retail trade employment advanced by about 3 percent and provided additional jobs for nearly 40,000 persons. Since this percentage gain in employment was only about one-fourth of the percentage gain in retail sales, there exists a demand for additional retail trade employees at present sales rates if the ratio of sales-to-employees in 1964 is the desired ratio in 1966.

Employment in the service industries, which has a strong secular growth trend, moved up 3.7 percent. The performance of District mining employment, with a 4-percent increase, contrasted favorably with the 0.8-percent national decline in mining jobs. The latest *Census of Mineral Industries* reveals that 65 percent of District mining jobs are in the oil and gas mining industry, and only 11 percent are in the slower-growing bituminous coal industry. Comparable figures for the nation were 44 and 22 percent, respectively. Therefore, the District's better showing is not surprising.

The two remaining nonmanufacturing industries—transportation, communications, and public utilities; finance insurance and real estate—showed a modest growth in jobs of 2.5 and 1.7 percent, respectively.

### Personal Income Achieves Best Year Yet

Employment is a means to an end, income to buy the goods and services for our families. Our preliminary estimate of an approximately \$4.5-billion increase in personal income gives perhaps the best dollar measure of the District's increased prosperity.

The increase in personal income of 10 percent above

the 1964 level provided by far the largest yearly increase in per capita income ever scored by our region. Per capita income's jump of \$161 is over 50 percent greater than the previous record of \$104 in 1955. Moreover, the 1965 increase was calculated from 1964, the third year of an expansion, while the 1955 increase occurred from the recession year of 1954. The 1965 increase took place after many of the resources unemployed in the 1960 recession had returned to production.

Although only one District state had a per capita income greater than \$2,000 in 1964, now the District average is above that mark by \$74. The District can take further pride in not only a larger percentage gain than the U. S. figure, but a larger dollar gain despite a lower base.

The District has made excellent progress toward catching up with national levels. but it still has a long way to go. Our District reached the \$2,000 per capita income level eight years after the nation did, and District per capita income is still \$662 below the national level. In this race after an ever advancing goal of equalizing national per capita income, the District must make full use of its opportunities in 1966 and the years to come.

C. RICHARD LONG

## Bank Announcements

The BANK OF RINGGOLD, Ringgold, Georgia, a nonmember bank, began to remit at par on January 1 for checks drawn on it when received from the Federal Reserve Bank.

The FIRST STATE BANK OF DECATUR, Decatur, Alabama, a newly organized nonmember bank, opened on January 3 and began to remit at par. Joe H. Blackburn is President, and J. Gaston Edmonson is Vice President and Cashier. Capital totals \$200,000, and surplus and other capital funds, \$300,000.

Also on January 3, the DUNNELLON STATE BANK, Dunnellon, Florida, and the LIBERTY SAVINGS BANK, Liberty, Tennessee, both nonmember banks, began to remit at par.

The INTERNATIONAL CITY BANK AND TRUST COMPANY, New Orleans, Louisiana, a newly organized nonmember bank, opened on January 11 and began to remit at par. Officers include Eads Poitevent, President; John R. Sitten, Jr., Senior Vice President; Dan L. Ferguson and Warren L. Stern, Vice Presidents; J. Eustis Corrigan, Assistant Vice President and Cashier. Capital amounts to \$2,500,000, and surplus and other capital funds, \$2,500,000.

The CORAL WAY NATIONAL BANK, Miami, Florida, a newly organized member bank, opened on January 12 and began to remit at par. Officers are Melvin R. Ziegenfuss, President; Richard D. Sankey, Vice President; and Phillip J. Rogers, Cashier. Capital is \$200,000, and surplus and other capital funds, \$200,000.

On January 26, the FLORIDA FIRST NATIONAL BANK AT MADISON, Madison, Florida, a conversion of the FLORIDA BANK AT MADISON, opened for business as a member bank and began to remit at par. Officers are J. L. Brinson, President; C. Schnitker, Vice President; and A. G. Herring, Vice President and Cashier. Capital totals \$200,000, and surplus and other capital funds \$445,000.

The SCHWEGMANN BANK AND TRUST COMPANY, Metairie, Louisiana, a newly organized nonmember bank, opened on January 31 and began to remit at par. John Schwegmann, Jr., is President, and James F. Maxwell is Executive Vice President. Capital is \$400,000, and surplus and other capital funds, \$350,000.

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

	Dec. 1965	Nov. 1965	Dec. 1964	Percent Change		
				Year-to-Date 12 months		
				Dec. 1965 from Nov. 1965	Dec. 1964 from Dec. 1964	1965 from 1964
STANDARD METROPOLITAN STATISTICAL AREAS†						
Birmingham . . . .	1,444,124	1,382,067	1,210,906	+4	+19	+11
Gadsden . . . . .	73,820	63,610	65,007	+16	+14	+6
Huntsville . . . . .	191,504	180,697	176,657	+6	+8	+6
Mobile . . . . .	471,641	437,330	414,896	+8	+14	+8
Montgomery . . . . .	291,275	276,285	275,462	+5	+6	+10
Tuscaloosa . . . . .	90,028	82,278	82,248	+9	+9	+5
Ft. Lauderdale—						
Hollywood . . . . .	613,895	498,793r	519,363	+23	+18	+10
Jacksonville . . . . .	1,684,582	1,476,567	1,331,030	+14	+27	+18
Miami . . . . .	2,173,090	1,896,973r	1,893,511	+15	+15	+10
Orlando . . . . .	486,270	415,097	469,492	+17	+4	+2
Pensacola . . . . .	219,990	193,235	203,672	+14	+8	+10
Tampa-St. Petersburg W. Palm Beach . . . .	1,317,749 431,058	1,095,887r 359,866	1,157,021 366,215	+20 +20	+14 +18	+8 +9
Albany . . . . .	93,701	87,118	88,617	+8	+6	+17
Atlanta . . . . .	4,207,270	3,833,123r	3,682,558	+10	+14	+12
Augusta . . . . .	247,070	208,041	218,624	+19	+13	+5
Columbus . . . . .	209,321	193,989r	202,546	+8	+3	+7
Macon . . . . .	232,876	206,931	212,857	+13	+9	+9
Savannah . . . . .	259,050	233,322	250,793	+11	+3	+5
Baton Rouge . . . . .	522,708	472,601	424,103	+11	+23	+20
Lafayette . . . . .	118,306	115,736r	100,285	+2	+18	+19
Lake Charles . . . . .	116,584	108,081	103,957	+8	+12	+10
New Orleans . . . . .	2,527,599	2,165,412	2,061,248	+17	+23	+13
Jackson . . . . .	587,773	581,030	507,504	+1	+16	+12
Chattanooga . . . . .	565,677	523,978	496,801	+8	+14	+12
Knoxville . . . . .	462,324	432,328	396,105	+7	+17	+12
Nashville . . . . .	1,370,658	1,412,805	1,079,557	—3	+27	+13
OTHER CENTERS						
Anniston . . . . .	62,759	59,605	56,889	+5	+10	+7
Dothan . . . . .	56,889	50,473	51,752	+13	+10	+7
Selma . . . . .	42,034	40,488	37,679	+4	+12	+6
Bartow . . . . .	41,543	38,990	36,691	+7	+13	+24
Bradenton . . . . .	61,025	52,993r	52,773	+15	+16	+5
Brevard County . . . .	221,905	200,653r	192,432	+11	+15	+18
Daytona Beach . . . . .	87,524	78,561	82,746	+11	+6	+7
Ft. Myers—						
N. Ft. Myers . . . . .	76,386	64,013	69,711	+19	+10	+7
Gainesville . . . . .	79,667	70,818	69,296	+12	+15	+9
Monroe County . . . . .	37,249	32,301	30,046	+15	+24	+22
Lakeland . . . . .	125,663	108,506	106,735	+16	+18	+12
Ocala . . . . .	57,187	50,031	49,888	+14	+15	+8
St. Augustine . . . . .	20,870	18,357	19,678	+14	+6	+6
St. Petersburg . . . . .	329,612	275,186r	274,962	+20	+20	+7
Sarasota . . . . .	112,966	94,579	96,537	+19	+17	+7
Tallahassee . . . . .	112,066	113,303	94,331	—1	+19	+16
Tampa . . . . .	735,404	611,624	650,487	+20	+13	+12
Winter Haven . . . . .	59,251	51,166r	59,112	+16	+0	+7
Athens . . . . .	72,149	66,069	61,480	+9	+17	+16
Brunswick . . . . .	46,106	39,119	43,248	+18	+7	+4
Dalton . . . . .	96,018	80,322	92,727	+20	+4	+10
Elberton . . . . .	14,373	12,361	11,394	+16	+26	+9
Gainesville . . . . .	70,872	66,116	60,246	+7	+18	+9
Griffin . . . . .	33,385	31,684	30,987	+5	+8	+11
LaGrange . . . . .	25,909	22,082	21,782	+17	+19	+9
Newnan . . . . .	28,630	22,209	26,864	+29	+7	—1
Rome . . . . .	78,968	73,100	69,985	+8	+13	+8
Valdosta . . . . .	51,912	48,780r	46,789	+6	+11	+12
Abbeville . . . . .	14,101	11,353	11,743	+24	+20	+13
Alexandria . . . . .	117,223	113,966	103,574	+3	+13	+9
Bunkie . . . . .	6,409	6,850	6,411	—6	—0	+9
Hammond . . . . .	33,859	31,153	31,333	+9	+8	+8
New Iberia . . . . .	38,652	34,256	35,038	+13	+10	+7
Plaquemine . . . . .	9,814	9,097	8,653	+8	+13	+10
Thibodaux . . . . .	33,718	21,433	23,928	+57	+41	+13
Biloxi-Gulfport . . . . .	98,017	89,054r	77,212	+10	+27	+13
Hattiesburg . . . . .	51,771	53,006	44,560	—2	+16	+12
Laurel . . . . .	40,262	35,844	31,262	+12	+29	+10
Meridian . . . . .	64,867	61,298	57,382	+6	+13	+6
Natchez . . . . .	34,424	29,993	35,633	+15	—3	—1
Pascagoula—						
Moss Point . . . . .	53,018	52,344	43,422	+1	+22	+8
Vicksburg . . . . .	39,379	35,617	35,125	+11	+12	+13
Yazoo City . . . . .	23,901	27,436	27,530	—13	—13	+8
Bristol . . . . .	71,784	62,269	63,619	+15	+13	+10
Johnson City . . . . .	74,279	66,126	64,830	+12	+15	+9
Kingsport . . . . .	143,706	128,129	124,160	+12	+16	+13
SIXTH DISTRICT, Total						
Alabama† . . . . .	28,949,039	26,095,975r	24,992,121	+11	+16	+11
Alabama† . . . . .	3,696,215	3,447,589	3,303,757	+7	+12	+8
Florida† . . . . .	9,166,259	7,908,197r	7,876,498	+16	+16	+11
Georgia† . . . . .	6,930,877	6,278,209r	6,114,970	+10	+13	+12
Louisiana**† . . . . .	4,108,155	3,601,258r	3,386,129	+14	+21	+14
Mississippi**† . . . . .	1,291,243	1,247,527r	1,120,894	+4	+15	+10
Tennessee**† . . . . .	3,756,290	3,613,195	3,189,873	+4	+18	+10

\*Includes only banks in the Sixth District portion of the state.  
†Partially estimated. ‡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
<b>SIXTH DISTRICT</b>					<b>GEORGIA</b>				
<b>INCOME AND SPENDING</b>					<b>INCOME AND SPENDING</b>				
Personal Income, (Mil. \$, Annual Rate)	Nov. 49,656	48,934r	50,239r	45,111	Personal Income, (Mil. \$, Annual Rate)	Nov. 9,483	9,216r	9,411r	8,531
Manufacturing Payrolls	Dec. 174	174r	171	159	Manufacturing Payrolls	Dec. 179	178	171	164
Farm Cash Receipts	Nov. 126	144	143	131	Farm Cash Receipts	Nov. 122	143	151	121
Crops	Nov. 124	143	136	136	Department Store Sales**	Dec. 152	156	153	137
Livestock	Nov. 138	133	143	116	<b>PRODUCTION AND EMPLOYMENT</b>				
Department Store Sales**	Jan. 160p	154	157	147	Nonfarm Employment	Dec. 126	125	124	119
Installment Credit at Banks, *(Mil. \$)					Manufacturing	Dec. 123	122	121	116
New Loans	Dec. 200	244r	225	192	Nonmanufacturing	Dec. 127	126	126	121
Repayments	Dec. 195	203	196	164	Construction	Dec. 144	139	136	129
<b>PRODUCTION AND EMPLOYMENT</b>					Farm Employment	Dec. 76	62	69	73
Nonfarm Employment	Dec. 126	125	125	120	Insured Unemployment, (Percent of Cov. Emp.)	Dec. 1.5	1.5	1.7	2.2
Manufacturing	Dec. 126	125	124	119	Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec. 41.7	41.7	41.2	41.4
Apparel	Dec. 152	152	151	143	<b>FINANCE AND BANKING</b>				
Chemicals	Dec. 120	120	118	114	Member Bank Loans	Dec. 226	225	223	194
Fabricated Metals	Dec. 136	134r	133	127	Member Bank Deposits	Dec. 178	177	178	156
Food	Dec. 111	112r	110	109	Bank Debits**	Dec. 179	181	182	157
Lbr., Wood Prod., Furn. & Fix.	Dec. 102	101	100	97	<b>LOUISIANA</b>				
Paper	Dec. 112	111	110	107	<b>INCOME AND SPENDING</b>				
Primary Metals	Dec. 110	111	110	111	Personal Income, (Mil. \$, Annual Rate)	Nov. 7,539	7,506r	7,538r	6,662
Textiles	Dec. 101	101	100	97	Manufacturing Payrolls	Dec. 157	158r	159	148
Transportation Equipment	Dec. 157	156	153	132	Farm Cash Receipts	Nov. 142	113	135	135
Nonmanufacturing	Dec. 126	125	125	120	Department Store Sales**	Dec. 147	152	139	124
Construction	Dec. 128	124	122	119	<b>PRODUCTION AND EMPLOYMENT</b>				
Farm Employment	Dec. 75	69	70	80	Nonfarm Employment	Dec. 118	117	117	111
Insured Unemployment, (Percent of Cov. Emp.)	Dec. 2.0	1.9	2.1	2.7	Manufacturing	Dec. 112	111	108	108
Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec. 41.7	41.9	41.8	41.5	Nonmanufacturing	Dec. 119	119	119	112
Construction Contracts*	Dec. 178	173	166	196	Construction	Dec. 141	132	134	122
Residential	Dec. 194	175	167	175	Farm Employment	Dec. 71	76	81	80
All Other	Dec. 165	171	165	215	Insured Unemployment, (Percent of Cov. Emp.)	Dec. 2.1	2.1	2.3	2.9
Industrial Use of Electric Power	Nov. 133	132	128	124	Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec. 42.2	42.3r	43.0	41.7
Cotton Consumption**	Dec. 114	112	115	105	<b>FINANCE AND BANKING</b>				
Petrol. Prod. in Coastal La. and Miss.**	Dec. 188	188	196	177	Member Bank Loans*	Dec. 205	199	201	174
<b>FINANCE AND BANKING</b>					Member Bank Deposits*	Dec. 148	147	144	136
Member Bank Loans*	Dec. 218	215	214	188	Bank Debits**	Dec. 160	158	158	132
All Banks	Jan. 203	198	198	175	<b>MISSISSIPPI</b>				
Leading Cities					<b>INCOME AND SPENDING</b>				
Member Bank Deposits*	Dec. 168	166	165	150	Personal Income, (Mil. \$, Annual Rate)	Nov. 3,546	3,543r	3,794r	3,285
All Banks	Jan. 157	153	154	142	Manufacturing Payrolls	Dec. 197	193r	190	165
Leading Cities	Dec. 173	174	172	149	Farm Cash Receipts	Nov. 120	174	147	124
Bank Debits**					Department Store Sales**	Dec. 115	114	122	94
<b>ALABAMA</b>					<b>PRODUCTION AND EMPLOYMENT</b>				
<b>INCOME AND SPENDING</b>					Nonfarm Employment	Dec. 130	129	127	122
Personal Income, (Mil. \$, Annual Rate)	Nov. 6,713	6,635r	6,855r	6,143	Manufacturing	Dec. 140	139	136	125
Manufacturing Payrolls	Dec. 159	162	159	148	Nonmanufacturing	Dec. 125	125	124	121
Farm Cash Receipts	Nov. 129	144	149	133	Construction	Dec. 140	133	125	132
Department Store Sales**	Dec. 125	123	115	118	Farm Employment	Dec. 64	57	65	74
<b>PRODUCTION AND EMPLOYMENT</b>					Insured Unemployment, (Percent of Cov. Emp.)	Dec. 2.1	1.8	2.0	3.2
Nonfarm Employment	Dec. 116	116	115	113	Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec. 42.1	41.4	41.7	41.4
Manufacturing	Dec. 116	116	114	111	<b>FINANCE AND BANKING</b>				
Nonmanufacturing	Dec. 116	116r	115	113	Member Bank Loans*	Dec. 234	228	226	210
Construction	Dec. 113	114r	112	113	Member Bank Deposits*	Dec. 178	178	175	162
Farm Employment	Dec. 76	69	63	75	Bank Debits**	Dec. 171	185	181	154
Insured Unemployment, (Percent of Cov. Emp.)	Dec. 2.7	2.5	2.6	2.8	<b>TENNESSEE</b>				
Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec. 41.4	41.7r	41.8	41.4	<b>INCOME AND SPENDING</b>				
<b>FINANCE AND BANKING</b>					Personal Income, (Mil. \$, Annual Rate)	Nov. 7,824	7,676r	7,945r	7,157
Member Bank Loans	Dec. 209	204	204	183	Manufacturing Payrolls	Dec. 169	170r	166	154
Member Bank Deposits	Dec. 167	168	166	149	Farm Cash Receipts	Nov. 121	136	119	114
Bank Debits**	Dec. 167	165	162	150	Department Store Sales**	Dec. 122	132	129	120
<b>FLORIDA</b>					<b>PRODUCTION AND EMPLOYMENT</b>				
<b>INCOME AND SPENDING</b>					Nonfarm Employment	Dec. 127	127r	125	120
Personal Income, (Mil. \$, Annual Rate)	Nov. 14,551	14,358r	14,696r	13,333	Manufacturing	Dec. 133	132r	129	124
Manufacturing Payrolls	Dec. 196	198r	198	182	Nonmanufacturing	Dec. 125	124	124	118
Farm Cash Receipts	Nov. 128	141	151	154	Construction	Dec. 154	144	139	150
Department Store Sales**	Dec. 190	191	184	176	Farm Employment	Dec. 75	70	66	82
<b>PRODUCTION AND EMPLOYMENT</b>					Insured Unemployment, (Percent of Cov. Emp.)	Dec. 2.4	2.2	2.3	3.3
Nonfarm Employment	Dec. 136	135r	134	128	Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec. 41.3	41.6r	41.2	41.2
Manufacturing	Dec. 137	137	137	130	<b>FINANCE AND BANKING</b>				
Nonmanufacturing	Dec. 135	134	134	128	Member Bank Loans*	Dec. 215	216	213	188
Construction	Dec. 112	110	110	105	Member Bank Deposits*	Dec. 164	167	165	155
Farm Employment	Dec. 101	99	90	106	Bank Debits**	Dec. 188	188	183	156
Insured Unemployment, (Percent of Cov. Emp.)	Dec. 1.8	1.8	1.9	2.2					
Avg. Weekly Hrs. in Mfg., (Hrs.)	Dec. 42.0	43.0	42.7	42.4					
<b>FINANCE AND BANKING</b>									
Member Bank Loans	Dec. 221	219	216	191					
Member Bank Deposits	Dec. 174	168	167	151					
Bank Debits**	Dec. 172	172	171	148					

\*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 economy entered 1966 with energetic activity in all major sectors. December hiring practices in both manufacturing and nonmanufacturing industries underscored employers' confidence in the continued buoyancy of business. Construction showed further gains in December. As farmers successfully concluded one crop season, they made plans for the next one. Member banks extended their high rate of credit expansion into the new year.

✓ ✓ ✓

Inexperienced workers received the lion's share of the 42,000 new jobs made available in December. Employers must have concluded that the expense of training these workers could be justified by the continuing need for additional labor. The large increase in jobs, in the face of a decline in average weekly hours worked, also suggests that employers are training new workers as substitutes for the short-term expedient of a longer workweek. Evidently, the scarcity of labor, portrayed by the all-time best levels in the insured unemployment rate and average weekly hours worked in November, forced employers to hire less experienced workers.

✓ ✓ ✓

In December District residential construction contract volume fell much less than seasonally, so that the year ended on a strong note. New contracts for nonresidential buildings were also well maintained. Construction declined less than 3 percent during the year. Netted out, the small decline may be ascribed principally to a tapering-off of space and missile installation contracts in Florida and a small decline in other nonbuilding categories. December gains in construction employment were unusually strong in Georgia, Louisiana, Mississippi, and Tennessee.

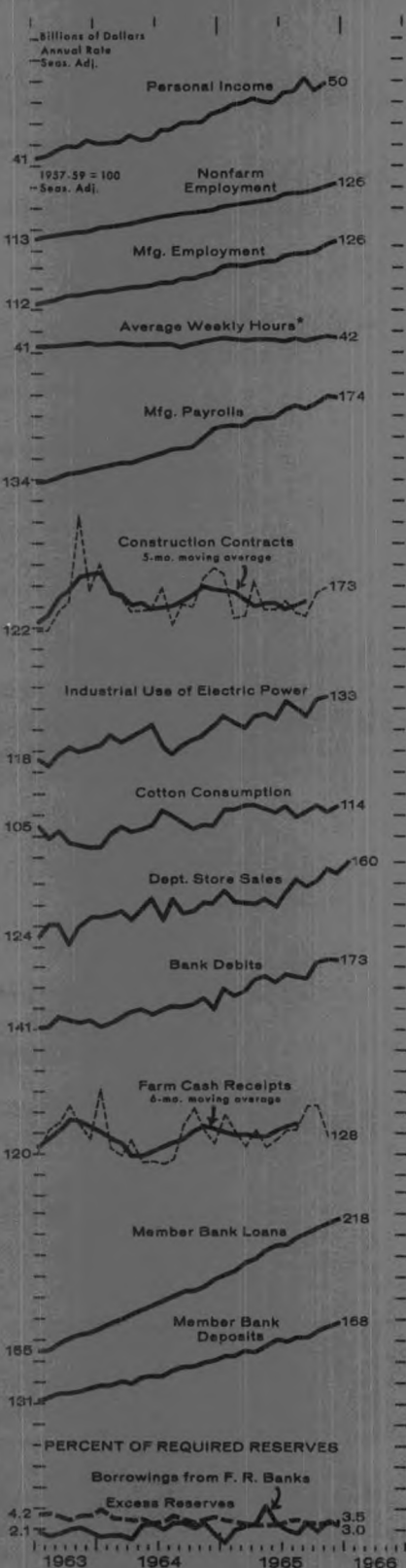
✓ ✓ ✓

While Florida farmers are rushing to secure sufficient labor to harvest their winter vegetable, sugar cane, and fruit crops, the rest of the District's farmers are enjoying the winter lull in farm work. The employment of off-shore workers by Florida citrus producers relieved some of the pressure on the farm labor market. Meanwhile, the hard freeze that gripped the South in late January caused some damage to the District's citrus, vegetable, and sugar cane crops. There appears to be less damage than expected, however. Generally, the prosperity of the 1965 crop year has been confirmed by the high level of cash receipts and the strong credit position of District farmers. Farm loans are being repaid promptly, and credit demands for 1966 are expected to increase, as farmers expand beef cattle herds and soybean acreages.

✓ ✓ ✓

Credit expansion at District banks in January remained vigorous because of improved lending activity at banks in leading cities and continued loan increases elsewhere. Both consumer and business loans grew more rapidly than they did during the same period last year. Relatively heavy acquisitions of U. S. Government securities were a major factor in the rise in investments. Time-deposit growth at banks in leading cities was hampered by a reduction in negotiable certificates of deposit, but this problem was limited to a few banks. Apparently, most District banks have fared well in the competition for savings.

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



\*Seas. adj. figure; not an index.