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IN GEORGIA

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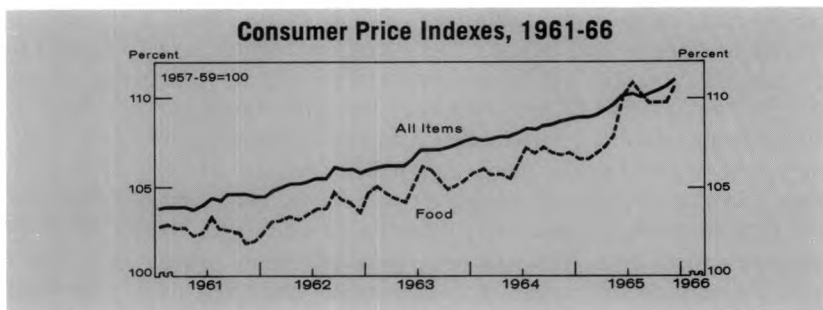
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# Monthly Review

## *Livestock Production Cycles and Food Prices*

In 1965, the consumer price index accelerated more rapidly than during the preceding four years of economic expansion. Although gains reflected continued upward trends in prices for consumer services and nonfood commodities, the major portion of the increase occurred in food prices. In the past, food prices, though fluctuating moderately, generally have trended upward at about the same rate as the index for all items. Concerned about its ability to expand production without raising prices, the nation is paying more and more attention to factors influencing current food prices and implications for the future.



Prices for most food items increased generally in 1965 (see chart on page 18). Meat, poultry, and fish prices showed the most spectacular rise—11 percent from December 1964 to December 1965. A considerably smaller increase of one percent was recorded for cereal and bakery products, while restaurant food prices advanced over 3 percent. Prices for other foods eaten at home—various fats and oils, sugar, non-carbonated drinks, and other items—increased 2 percent. The price of dairy products advanced only a fraction of one percent. Prices for fruits and vegetables fluctuated sharply, but ended the year at a 3-percent lower level.

Most of the expansion in food prices was in meats, particularly pork and beef. During 1965, pork and beef prices advanced 29 and 6 percent, respectively, with most of the gain occurring from May to August. Prices for particular cuts of meat increased even more. By the end of 1965, the price of bacon had risen 39 percent; whole hams, 30 percent. Rib roasts advanced 9 percent, and sirloin and porterhouse steaks were 7 and 8 percent higher, respectively. Meanwhile, poultry prices climbed 2 percent. These rather sharp movements in meat prices reflect the interaction of two basic forces—supply and demand for meat.

Generally, if the demand for a commodity increases as its supply declines, the price will go up. This essentially describes what happened to meat prices in 1965. Evidences of strong consumer demand are reflected in increased incomes, employment, and population. Disposable incomes were over \$30 billion greater in 1965 than in 1964. And \$5 billion, or 17 percent, of the increase went to purchase more food, including meat. Similarly, the continued decline in unemployment indicates that a larger portion of the nation's work force had sufficient incomes to purchase a more balanced diet.

As the consumers' demand for meat became greater throughout 1965, the meat supply dwindled. At the end of December, total production of red meats (beef and veal, pork, lamb and mutton) was 4 percent less than in 1964. Reduced pork output accounted for most of the decline.

Livestock production tends to fluctuate cyclically, reflecting changes in the cost of production and/or prices for livestock. Generally, farmers make livestock production plans on the basis of current prices or profits and short-term forecasts. When prices are relatively high, they may increase their breeding herds and produce more animals. At some later date, when livestock marketings increase, prices decline. These lower prices reduce profits and cause some producers either to stop production or cut back the size of breeding herds. This reduces the supply of livestock at some future date, causing prices to advance once again. The cycles vary in length, depending upon the life span of the animal.

Historically, hog production and prices have followed a four-year cycle, characterized by two years of declining prices resulting in reduced production. The lower production causes prices to advance, thus stimulating increased production usually for two years.

The chart on hog production shows a slight modification of this cycle in 1961, but the basic cyclical pattern still exists. Increasing pork production in the early 1960's tended to depress hog prices. The average slaughter hog price in Chicago was \$15.55 per hundred pounds in 1963 and \$15.54 in 1964. Those relatively low prices reduced the profitability of hog production and caused farmers to change their production plans and reduce output. Thus, pork production declined 4 and 10 percent in 1964 and 1965, respectively. Lower hog production usually tends to lag lower prices by at least one year, because it takes some time for farmers to recognize a downtrend and then to adjust their plans.

The output of beef and veal also tends to follow cyclical production patterns. The cycle for cattle is much longer than for hogs; it has varied from nine to eleven years since the late 1930's. Usually, cattle and calves have increased in number seven to eight years. The liquidation or declining phase of the cycle has lasted only two to four years. Since 1958, the number of cattle and calves on farms has been expanding steadily, resulting in production increases of 2 to 6 percent annually. However, in 1965, cattle numbers were only one percent greater than a year earlier, and by January 1, 1966, the cattle population had dropped below the 1964 level. This turnaround in the buildup

phase of the cattle cycle was in response to lower cattle prices in 1963 and 1964.

Sheep production, unlike cattle numbers, has been declining every year since 1961, resulting in higher prices for sheep and lambs. By 1965, slaughter lamb prices reached a yearly average of over \$24.50\*\* per hundred pounds in Chicago markets, the highest level since 1952. Higher prices induced sheep producers to hold back ewe lambs rather than sell them for slaughter. Hence, total slaughter of lambs was down 10 percent from a year earlier, even though the number of sheep and lambs on farms was essentially unchanged.

Since the production of beef and veal, pork, lamb and mutton were near the cyclical lows in 1965, further implications for consumer meat prices become evident. When the price of an item goes up, the consumer usually tries to find a substitute product at a lower price. In 1965, however, he discovered that the general price level had risen for all meat cuts. Since the nonmeat substitutes (eggs, beans, and dairy products) were poor, most of the demand for protein foods remained in the meat market. Consequently, prices for each meat product advanced more than might have been indicated by its drop in production.

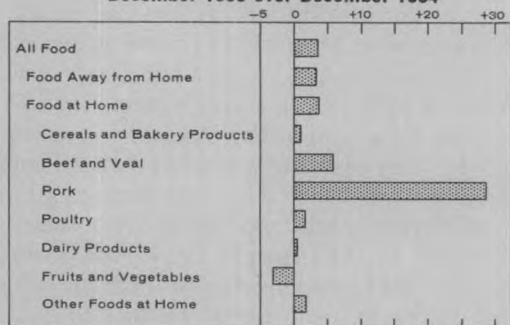
If past experience is any guide, we can expect today's higher meat prices to result in increased production and lower prices in the future. Some evidence that farmers are changing production plans is already available. During the December 1965-May 1966 period, farmers plan to farrow 6 percent more sows than in the same period a year ago. If these intentions are carried out, hog marketings would expand during the latter part of 1966, causing downward pressures on prices.

Likewise, sheep producers are expanding the size of breeding herds. There are signs that beef producers may start to rebuild their cattle herds. Except for hogs, however, the main impact of the resulting increased production probably will not come this year.

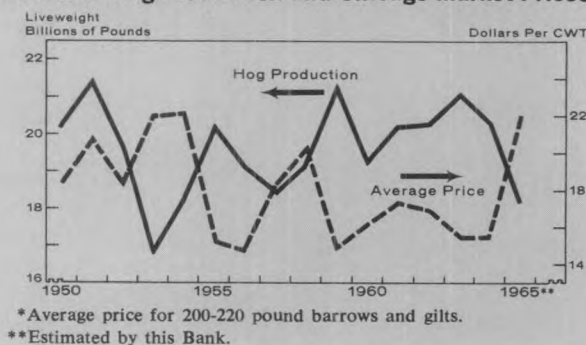
The general outlook for 1966 is that meat prices will continue relatively strong. Production of all major meat items except poultry will be below last year's levels during the first half of this year, and meat prices will remain well above those of a year ago. During the last half of the year, increased pork production and possible expansion in beef and sheep production may result in moderating meat prices. However, production levels are not expected to advance enough to force meat prices back to levels that existed during the first quarter of 1965.

ROBERT E. SWEENEY

**Percent Changes in Food Prices**  
December 1965 over December 1964



**National Hog Production and Chicago Market Prices\***





## *It's 'Batter Up!' in Georgia*

The Atlanta-Fulton County Recreation Authority's contract with the Atlanta Braves, Inc., was recently ruled valid and binding on all parties by the courts. In a Georgia court ruling the Braves were directed to play their National League home baseball games in Atlanta Stadium (pictured above) for the next 25 years, starting April 12, 1966. Atlanta's professional football team, the Atlanta Falcons of the National Football League, is rapidly shaping up for its 1966 fall opener.

These two events are perhaps the most publicized symbols of Georgia's rapid emergence as one of the leaders in a region that has made enormous progress in the last few years. Other evidence abounds. In late January Georgia's Governor Carl Sanders accepted an award of the Society of Industrial Realtors naming Georgia number one in industrial development in the United States and Canada. A major Atlanta bank held "topping-out" ceremonies for its 41-story tower in February. Atlanta's and Georgia's cultural growth was emphasized when Robert Shaw accepted an offer to become conductor of the Atlanta Symphony Orchestra. National publicity on these and other events, some on the plus side and some on the minus side, indeed bring Georgia to the "batter-up" position in 1966. Future gains could possibly be harder to come by, when measured against recent progress and achievements of other states and regions. A review of Georgia's economy in 1965 may provide some clues as to how it may fare in the sharply changed financial conditions that have emerged in the past few months.

### **Balanced Teamwork Scores Again**

Georgia's total employment climbed vigorously once again in 1965. As shown in the chart on page 20, the gain of 7 index points in nonagricultural employment was about in line with the trend of the four previous years. Manufacturing employment rose a similar 7 index points in 1965, rep-

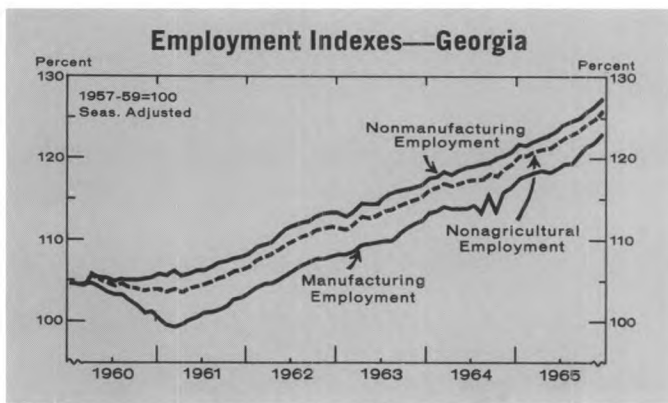
resenting a sharp acceleration over 1964 gains. Absence of major labor disputes in 1965 was an important factor in the different behavior of manufacturing employment. The chart also shows that in both employment categories more than half the gains occurred during the last four months of 1965.

This performance of employment indices is only one side of the picture. Another significant measure of progress is the insured unemployment index. This measure declined from 2.2 percent in December 1964 to 1.5 percent in December 1965—the lowest unemployment ratio of any state in the District. The decline compares with a District average of 2.0 percent and a United States figure of 2.7 percent.

Georgia's total personal income also rose more sharply during 1965 than it had in 1964, gaining over 11 percent between November 1964 and November 1965. Partly a result of increasing productivity and attendant wage and salary gains, the rise was directly stimulated by a lengthening of the average workweek in manufacturing. Whereas the average number of hours was 40 or under during 1960, 1961, and 1962, it climbed to 40.6 during 1964 and increased to 41.2 in 1965. A postwar record of 41.7 hours for Georgia was maintained for the two closing months of the year.

Although these gains in manufacturing were quite substantial, they would not have been large enough to account for the strong gains in total personal income in the absence of good performance by other members of the income-generating team. Among the most notable of large groups of employment, wholesale-retail trade, government, and service were stable contributors. Sharp gains in employment and contributions to total income were reported by construction, and more modest gains were experienced by transportation, communications, and public utilities; finance, insurance, and real estate; and proprietors' income. Transfer payments also were up substantially. Only two





minor types of income-producers, mining and property, showed declines, according to preliminary estimates.

Rounding out the team effort, Georgia's agricultural sector also contributed solidly to increased total income. Helped by higher prices for many farm products, especially poultry and livestock, total cash receipts from farm marketings exceeded \$900 million in 1965. The resulting gain of almost 6 percent over 1964 contrasted sharply with a small percentage decline in 1964 over 1963.

Georgians were also able to keep more of the rising incomes from higher levels of employment in 1965. A slowdown in population growth rate from 1.8 percent in 1964 to 1.5 percent in 1965 and Federal tax cuts were major contributing factors.

### Spending and Savings Hit Homeruns

Georgians allocated these income gains among spending on soft goods and services, investment in housing and other consumer durables, and savings. Department store sales rose substantially, extending 1964 gains. Furniture store sales also rose, and December's results were especially strong. New passenger car sales, as evidenced by registrations, were running more than one-tenth higher through November 1965 than for 1964. Investment in new residential structures in Georgia was vigorous also, increasing substantially over that of 1964 and far exceeding the regional and national gains for the year.

Savings in depository type institutions in Georgia increased by almost 18 percent in 1965—considerably above the range of annual increases in the current recovery of 14 and 16 percent. The growing consumer preference for savings media offered by commercial banks was reinforced further during 1965 by generally rising rates and more aggressive bank competition. Although Georgia's savings and loan associations did not match their 1963-64 rates of increase in savings, the flow of mortgage repayments showed continued gains.

Savings in the form of nonterm life insurance also increased sharply during 1965, as sales climbed by 16 percent over 1964. No direct evidence is available, but estimates suggest that Georgians also increased their purchases of direct investment securities.

This short excursion into measures of current performance leaves little doubt that Georgia's economy turned in a stellar performance in 1965. In the minor leagues such performance might permit some resting upon laurels. However, by choice and circumstance, Georgia has laid claim to big-league status. Just as the Braves and the Falcons will be playing in a new environment, Georgia

will be facing changed conditions. What are these conditions, and how will they affect Georgia's economy in 1966?

### The Team and the Challenge for 1966

As Georgia's economy comes to bat in 1966, the most noticeable change in environment is in the financial sphere. Reduced availability of real savings in the economy was joined in the latter half of 1965 with sharply expanding demand for financial resources from virtually all sectors.

It is no secret that Georgia, along with most of the other Southeastern states and in spite of solid economic growth in the postwar period, remains a substantial net importer of capital. Private business capital is imported in a variety of ways, from the sale of corporate securities and bank borrowing to the subsidy of private capital by various agencies of national, state, and local governments. Funds for acquiring private household capital are imported in the form of exports of mortgage contracts mainly through mortgage bankers. Sales and other finance companies also add to the net funds imports. Public financial capital, ranging from bricks and mortar of public buildings to social capital invested in improving bodies and minds, is brought in through the sale of state and local securities. Capital enters the state in a variety of ways through the operation of the national budget. In all these areas either the inflows of funds must be reduced or the higher price set by the national markets must be met. If rates continue to rise, then the question divides itself: What are the chances that the flow of capital will be reduced? Is Georgia's economy able to pay a higher price for capital imports?

Let's look first at those areas of Georgia's economic activity least likely to be affected, under current programs, by reduced financial inflows. Barring unexpected reductions in Federal expenditures for military airlift capacity, it would be surprising if this source of financial inflows did not expand further. The outlook in other areas of defense spending appears likely to remain strong, judging from the combined military and civilian payrolls (\$611 million in 1965) flowing from Georgia's 15 major military facilities. Annual expenditures of \$193 million for maintenance and operations will probably continue or increase.

Georgia's participation in nondefense Federal programs, such as NASA and Reclamation, have never been overly large, so little immediate impact is expected in these areas. On the other hand, several Federal programs, such as farm subsidies, Corps of Engineers, veterans, education, public assistance, and highways, have been quite important. Some of these programs require substantial state and local matching of funds. The choice may lie between accepting lower financial inputs or meeting higher borrowing costs in matching them.

Still in the public sector, recent growth in industrial base and incomes has placed sharp strains on Georgia's state and local governments in providing expanded services. However, another strength of Georgia's team is that it appears to be fully recognized that such services are vital to continued balanced growth. Thus, while a choice may be immediately available, long-run factors suggest that Georgia's governmental bodies will concentrate on paying the higher price to remain in the market for financial sources.

How do the strengths and weaknesses in the private

sector of Georgia's economy stack up? The four largest components of manufacturing employment in Georgia are textile mill products, apparel, food, and transportation equipment, and the overall demand for these products is strong. The same is true of a substantial number of other types of manufactured products. Moreover, current projections of more than \$60 billion national plant and equipment spending in 1966 implies more investment spending for Georgia industry.

Wholesale and retail trade contributes almost one-fifth

of Georgians' personal income. There is little doubt that basic demand is running strong or that Atlanta and Georgia will remain the major regional center for trade. Location and transportation factors, always important, have now been augmented by two substantial new factors. First, many of Georgia's major cities have virtually rebuilt or are rebuilding their hotel, motel, and convention facilities. In addition, the 45,000 advance season ticket orders for Atlanta Falcon games came from fans in 22 states and

*continued on next page*

## *Instalment Credit Motors Upward*

Consumers sank further in debt last year, as they used more instalment credit to buy goods and services than in any previous year of the business expansion that began in 1961. Outstanding instalment credit increased by 13.5 percent, bringing the total to \$67.4 billion at year's end. The largest proportion of this gain occurred at commercial banks, which now hold over two-fifths of all instalment debt. Since consumer loans account for roughly one-fifth of commercial banks' total loans, the behavior of instalment credit was an important element in pushing up total bank lending.

Most of the recent increase in consumer credit was in instalment debt, which accounts for about four-fifths of all consumer credit. What is the nature of the debt's growth?

In periods of economic expansion, consumers usually supplement rising incomes with credit in order to buy more durable goods. The yearly figures for 1961-65 show that expenditures for consumer durable goods increased by 46 percent during the entire period, while disposable personal income advanced by 27 percent. This expenditure growth, combined with the availability and ease of obtaining credit,

pushed instalment credit from 11.9 percent of disposable personal income in 1961 to 14.5 percent in 1965.

The growth in instalment debt at commercial banks in the Sixth District has occurred at about the same pace and for the same reasons as for the nation. Repair and modernization and other consumer goods loans at District banks did not increase during this expansion period; on the other hand, automobile loans and personal loans (i.e., loans for medical, educational, and travel purposes) advanced by 88 and 57 percent, respectively. Repayments of instalment debt continued upward, but at a slower rate than the increase in extensions of new credit. As a result, the amount of outstanding instalment debt at District banks reached \$2.1 billion at the end of 1965. Automobile loans, which have accounted for 68 percent of the increase in instalment debt at District banks since 1961, now constitute 54 percent of the total outstanding debt.

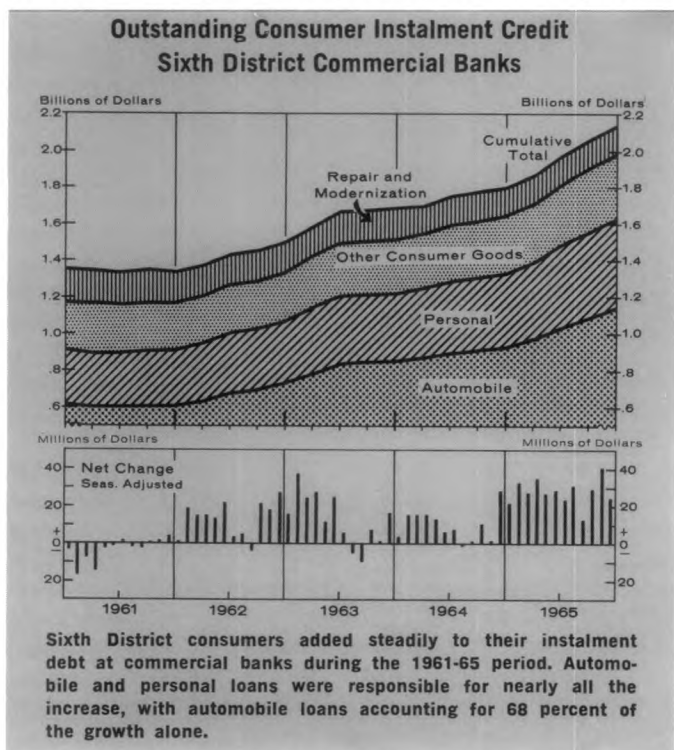
Further evidence of the ease of instalment credit during this period is in the terms of automobile loans at District banks. The proportion of new car loans written for over 30 months increased from 62 percent in 1961 to 82 percent in 1965, according to reports from a sample of District banks. The average amount for which new car loans were written, in relation to the purchase price, also increased. Loans written for a balance exceeding 100 percent of dealer's cost jumped from 15 percent in 1961 to 23 percent in 1965.

Commercial banks make automobile loans directly by lending to the consumer and indirectly by purchasing paper from various loan companies and automobile dealers. District banks have apparently become more aggressive in competing for the consumer loan dollar, since the relaxation in terms of new car loans occurred in direct loans, as well as indirect loans.

Personal income in the Sixth District rose from \$1,651 per capita in 1961 to \$2,074 in 1965, according to preliminary estimates of this Bank. Consumers have higher incomes out of which to pay their debts, but a larger part of their incomes are now committed to repaying instalment debt. Nevertheless, consumers have been able to build up their savings. Per capita savings of individuals at financial institutions in the Sixth District states grew from \$1,008 in 1961 to an estimated \$1,500 in 1965.

Will the District consumer, like his national counterpart, continue to receive higher incomes, go further in debt, and at the same time be able to save more? Future economic developments will tell the story.

JOE W. MCLEARY





364 cities. Comparable data for the Atlanta Braves are not available, but a strong regional following probably already exists. Trade should increase as fans stream into Atlanta and Georgia.

Construction has long been one of Georgia's strong sectors of economic activity. In each of the past three years the total has exceeded \$1 billion, divided about evenly between residential and other construction. Although construction is not a major contributor of personal income, accounting for roughly 5 percent of the total, it is a major capital-importing activity.

Outlays for nonresidential construction in Georgia seem assured of continued increases in 1966. For one thing, Georgia has over \$600 million in interstate highways under way, about one-third of which is being constructed now. Industrial plants, both new and expansions, continue at a high level. Enough major office building projects have already been announced or are under way, not only in Atlanta but in other Georgia cities, to assure a big year in this category. Georgia's utilities and railroads have also announced large increases in investment spending for 1966. Seemingly, most sponsors of these types of construction activity will have the need and the capacity to remain strong bidders in the market for financial resources.

Residential building may not be so fortunate in 1966. Georgia typically depends quite heavily upon imported capital in bridging the gap between total demand for mortgage credit and the local supply of funds through mortgage repayments and current savings. Existing market conditions are relatively unfavorable for increased inflows, even with the recent rise in permissible contract rates on FHA mortgages. Against this factor, however, must be weighed the fact that Georgia's housing markets are in comparatively good balance. Experience during the 1958-59 period suggests that immediate cutbacks in residential construction volume do not necessarily follow increases in interest rates.

On balance, it seems reasonable to expect that Georgia's economy will perform well in 1966, as it steps into the "batter-up" position in a new league.

HIRAM J. HONEA

*This is one of a series in which economic developments in each of the Sixth District states are discussed. Developments in Mississippi's economy were analyzed in the January 1966 REVIEW, and a discussion of Tennessee's economy is scheduled for a forthcoming issue. \* Copies of the revised edition of A REVIEW OF ALABAMA'S ECONOMY, 1960-65, are now available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.*

## Bank Announcements

On February 1, the BANK OF AUBURN, Auburntown, Tennessee, and the BANK OF HAMPTON, Hampton, Georgia—both nonmember banks—began to remit at par for checks drawn on them when received from the Federal Reserve Bank.

The GUARANTY BANK AND TRUST COMPANY, Morgan City, Louisiana, a newly organized nonmember bank, opened for business on February 26 and began to remit at par. Officers are Anthony J. Guarisco, President; John A. Bridges, Executive Vice President and Cashier; Milton H. Hamer and Lee Vaccari, Vice Presidents. Capital totals \$250,000, and surplus and other capital funds, \$250,000.

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

	Jan. 1966	Dec. 1965	Jan. 1965	Percent Change	
				Dec. 1965	Jan. 1966 from:
STANDARD METROPOLITAN STATISTICAL AREAS†					
Birmingham . . . . .	1,368,755	1,444,124	1,181,269	—5	+16
Gadsden . . . . .	67,306	73,820	58,920	—9	+14
Huntsville . . . . .	169,901	191,504	165,095	—11	+3
Mobile . . . . .	478,517	471,641	447,479	+1	+7
Montgomery . . . . .	262,340	291,275	234,970	—10	+12
Tuscaloosa . . . . .	92,647	90,028	77,567	+3	+19
Ft. Lauderdale—					
Hollywood . . . . .	652,867	616,706r	552,346	+6	+18
Jacksonville . . . . .	1,508,717	1,684,582	1,307,817	—10	+15
Miami . . . . .	2,085,411	2,231,700r	1,844,595	—7	+13
Orlando . . . . .	488,777	486,270	447,372	+1	+9
Pensacola . . . . .	191,126	219,990	184,173	—13	+4
Tampa-St. Petersburg . . . . .	1,321,384	1,317,749	1,160,418	+0	+14
W. Palm Beach . . . . .	495,185	431,058	402,900	+15	+23
Albany . . . . .	86,397	93,701	83,464	—8	+4
Atlanta . . . . .	3,927,718	4,207,270	3,549,732	—7	+11
Augusta . . . . .	240,266	247,070	172,427	—3	+39
Columbus . . . . .	196,929	209,321	193,655	—6	+2
Macon . . . . .	220,122	232,876	197,608	—5	+11
Savannah . . . . .	264,109	259,050	221,741	+2	+19
Baton Rouge . . . . .	517,541	522,708	433,783	—1	+19
Lafayette . . . . .	126,006	118,306	100,322	+7	+26
Lake Charles . . . . .	132,223	116,584	115,111	+13	+15
New Orleans . . . . .	2,320,242	2,527,599	2,007,155	—8	+16
Jackson . . . . .	574,708	587,773	476,949	—2	+20
Chattanooga . . . . .	582,493	565,677	523,141	+3	+11
Knoxville . . . . .	413,158	462,324	372,731	—11	+11
Nashville . . . . .	1,227,328	1,370,658	1,076,188	—10	+14
OTHER CENTERS					
Anniston . . . . .	60,870	62,759	53,994	—3	+13
Dothan . . . . .	53,221	56,889	49,294	—6	+8
Selma . . . . .	39,294	42,034	34,203	—7	+15
Bartow . . . . .	42,534	41,543	42,025	+2	+1
Bradenton . . . . .	68,489	61,025	54,639	+12	+25
Brevard County . . . . .	217,355	221,905	176,858	—2	+23
Daytona Beach . . . . .	90,148	87,524	78,158	+3	+15
Ft. Myers—					
N. Ft. Myers . . . . .	84,317	76,386	73,480	+10	+15
Gainesville . . . . .	78,348	79,667	69,765	—2	+12
Monroe County . . . . .	34,756	37,249	29,464	—7	+18
Lakeland . . . . .	123,061	125,663	111,616	—2	+10
Ocala . . . . .	56,339	57,187	49,890	—1	+13
St. Augustine . . . . .	19,936	20,870	16,473	—4	+21
St. Petersburg . . . . .	368,625	329,612	293,069	+12	+26
Sarasota . . . . .	114,792	112,966	98,632	+2	+16
Tallahassee . . . . .	109,780	112,066	86,811	—2	+26
Tampa . . . . .	681,747	735,404	628,777	—7	+8
Winter Haven . . . . .	72,337	63,782r	66,170	+13	+9
Athens . . . . .	68,190	72,149	58,718	—5	+16
Brunswick . . . . .	39,195	46,106	41,182	—15	—5
Dalton . . . . .	83,129	96,018	90,566	—13	—8
Elberton . . . . .	12,058	14,373	13,050	—16	—8
Gainesville . . . . .	70,498	70,872	66,168	—1	+7
Griffin . . . . .	30,444	33,385	27,827	—9	+9
LaGrange . . . . .	21,647	25,909	19,734	—16	+10
Newnan . . . . .	23,690	28,630	27,247	—17	—13
Rome . . . . .	69,197	78,968	59,402	—12	+16
Valdosta . . . . .	49,548	54,286r	44,349	—9	+12
Abbeville . . . . .	11,385	14,101	10,542	—19	+8
Alexandria . . . . .	118,594	117,223	109,482	+1	+8
Bunkie . . . . .	5,793	6,409	6,719	—10	—14
Hammond . . . . .	30,079	33,859	29,488	—11	+2
New Iberia . . . . .	39,927	38,652	36,873	+3	+8
Plaquemine . . . . .	10,594	9,814	8,939	+8	+19
Thibodaux . . . . .	29,335	33,718	27,328	—13	+7
Biloxi-Gulfport . . . . .	88,786	98,017	70,058	—9	+27
Hattiesburg . . . . .	52,924	51,771	48,810	+2	+8
Laurel . . . . .	34,578	40,262	31,668	—14	+9
Meridian . . . . .	63,080	64,867	55,393	—3	+14
Natchez . . . . .	34,706	34,424	32,360	+1	+7
Pascagoula—					
Moss Point . . . . .	45,482	53,018	40,453	—14	+12
Vicksburg . . . . .	37,643	39,379	32,823	—4	+15
Yazoo City . . . . .	26,171	23,901	27,118	+9	—3
Bristol . . . . .	70,574	71,784	60,012	—2	+18
Johnson City . . . . .	70,175	74,279	62,781	—6	+12
Kingsport . . . . .	128,125	144,554r	113,088	—11	+13
SIXTH DISTRICT, Total . . . . .	27,700,340	29,020,451r	24,413,303	—5	+13
Alabama† . . . . .	3,505,184	3,696,215	3,136,164	—5	+12
Florida† . . . . .	9,034,049	9,234,449r	7,858,592	—2	+15
Georgia† . . . . .	6,520,043	6,933,251r	5,933,131	—6	+10
Louisiana*† . . . . .	3,884,342	4,108,155	3,351,459	—5	+16
Mississippi*† . . . . .	1,243,055	1,291,243	1,051,980	—4	+18
Tennessee*† . . . . .	3,513,667	3,757,138r	3,081,977	—6	+14

\*Includes only banks in the Sixth District portion of the state.

†Partially estimated. ‡Estimated. r-Revised.

# Sixth District Statistics

## Seasonally Adjusted

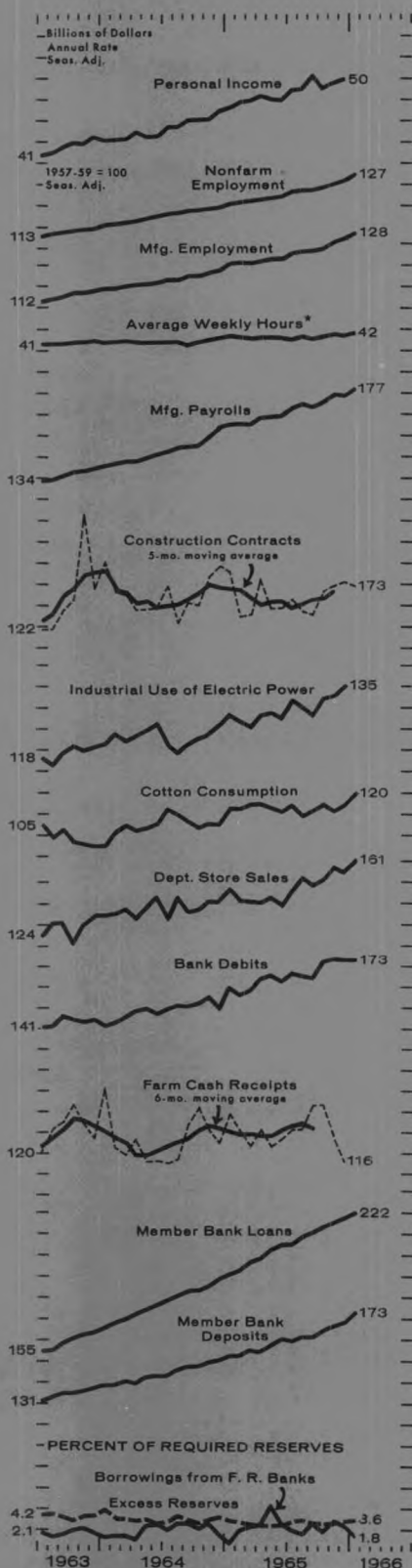
(All data are indexes, 1957-59 = 100, unless indicated otherwise.)

		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)	Dec.	49,968	49,490r	48,992r	46,238	Personal Income, (Mil. \$, Annual Rate)	Dec.	9,630	9,449r	9,227r	8,811
Manufacturing Payrolls	Jan.	177	174	174	161	Manufacturing Payrolls	Jan.	178	179	178	162
Farm Cash Receipts	Dec.	116	126	144	125	Farm Cash Receipts	Dec.	111	122	143	121
Crops	Dec.	108	124	143	134	Department Store Sales**	Jan.	160	152	156	145
Livestock	Dec.	143	138	133	119	<b>PRODUCTION AND EMPLOYMENT</b>					
Department Store Sales**	Jan.	161	154	157	147	Nonfarm Employment	Jan.	128	126	125	120
Instalment Credit at Banks, *(Mil. )						Manufacturing	Jan.	125	123	122	118
New Loans	Jan.	209	219r	244	195	Nonmanufacturing	Jan.	129	127	126	122
Repayments	Jan.	198	195	203	173	Construction	Jan.	144	144	139	129
<b>PRODUCTION AND EMPLOYMENT</b>						Farm Employment	Jan.	70	76	62	79
Nonfarm Employment	Jan.	127	126	125	121	Insured Unemployment, (Percent of Cov. Emp.)	Jan.	1.4	1.5	1.5	2.1
Manufacturing	Jan.	128	126	125	120	Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	41.6	41.7	41.7	41.5
Apparel	Jan.	155	152	152	146	<b>FINANCE AND BANKING</b>					
Chemicals	Jan.	121	120	120	115	Member Bank Loans	Jan.	234	226	225	197
Fabricated Metals	Jan.	138	136	134	128	Member Bank Deposits	Jan.	184	178	177	161
Food	Jan.	113	111	112	108	Bank Debits**	Jan.	180	179	181	172
Lbr., Wood Prod., Furn. & Fix.	Jan.	104	102	101	98	<b>LOUISIANA</b>					
Paper	Jan.	112	112	111	109	<b>INCOME AND SPENDING</b>					
Primary Metals	Jan.	112	110	111	112	Personal Income, (Mil. \$, Annual Rate)	Dec.	7,559	7,495r	7,515r	6,928
Textiles	Jan.	102	101	101	97	Manufacturing Payrolls	Jan.	165	159r	158	149
Transportation Equipment	Jan.	159	157	156	137	Farm Cash Receipts	Dec.	115	142	113	111
Nonmanufacturing	Jan.	127	126	125	121	Department Store Sales**	Jan.	158	147	152	131
Construction	Jan.	132	128	124	122	<b>PRODUCTION AND EMPLOYMENT</b>					
Farm Employment	Jan.	71	75	69	81	Nonfarm Employment	Jan.	120	118	117	112
Insured Unemployment, (Percent of Cov. Emp.)	Jan.	2.1	2.0	1.9	2.7	Manufacturing	Jan.	115	112	111	109
Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	42.1	41.8r	41.9	41.8	Nonmanufacturing	Jan.	122	119	119	112
Construction Contracts*	Jan.	173	178	173	190	Construction	Jan.	151	141	132	128
Residential	Jan.	174	194	175	153	Farm Employment	Jan.	65	71	76	78
All Other	Jan.	172	165	171	221	Insured Unemployment, (Percent of Cov. Emp.)	Jan.	2.5	2.1	2.1	3.0
Industrial Use of Electric Power	Dec.	135	133	132	126	Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	43.6	42.2	42.3	42.8
Cotton Consumption**	Jan.	120	114	112	113	<b>FINANCE AND BANKING</b>					
Petrol. Prod. in Coastal La. and Miss.**	Jan.	190	188	199r	174	Member Bank Loans*	Jan.	204	205	199	175
<b>FINANCE AND BANKING</b>						Member Bank Deposits*	Jan.	154	148	147	139
Member Bank Loans*	Jan.	222	218	215	191	Bank Debits**	Jan.	157	160	158	143
All Banks	Jan.	222	218	215	191	<b>MISSISSIPPI</b>					
Leading Cities	Feb.	207	203	198	177	<b>INCOME AND SPENDING</b>					
Member Bank Deposits*	Jan.	173	168	166	153	Personal Income, (Mil. \$, Annual Rate)	Dec.	3,604	3,536r	3,540r	3,358
All Banks	Jan.	173	168	166	153	Manufacturing Payrolls	Jan.	196	197	193	166
Leading Cities	Feb.	155	157	153	141	Farm Cash Receipts	Dec.	107	120	174	128
Bank Debits**	Jan.	173	173	174	160	Department Store Sales**	Jan.	121	115	114	101
<b>ALABAMA</b>						<b>PRODUCTION AND EMPLOYMENT</b>					
<b>INCOME AND SPENDING</b>						Nonfarm Employment	Jan.	131	129	129	123
Personal Income, (Mil. \$, Annual Rate)	Dec.	6,802	6,698r	6,643r	6,400	Manufacturing	Jan.	142	140	139	128
Manufacturing Payrolls	Jan.	165	158r	162	154	Nonmanufacturing	Jan.	126	125	125	122
Farm Cash Receipts	Dec.	128	129	144	121	Construction	Jan.	141	138	133	138
Department Store Sales**	Jan.	127	125	123	124	Farm Employment	Jan.	62	64	57	69
<b>PRODUCTION AND EMPLOYMENT</b>						Insured Unemployment, (Percent of Cov. Emp.)	Jan.	2.6	2.1	1.8	3.2
Nonfarm Employment	Jan.	117	116	116	114	Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	41.8	42.2r	41.4	41.4
Manufacturing	Jan.	117	116	116	113	<b>FINANCE AND BANKING</b>					
Nonmanufacturing	Jan.	117	116	116	114	Member Bank Loans*	Jan.	261	234	228	209
Construction	Jan.	117	113	114	116	Member Bank Deposits*	Jan.	207	178	178	166
Farm Employment	Jan.	68	76	69	84	Bank Debits**	Jan.	183	177	185	163
Insured Unemployment, (Percent of Cov. Emp.)	Jan.	2.9	2.7	2.5	2.9	<b>TENNESSEE</b>					
Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	42.5	41.3r	41.7	42.2	<b>INCOME AND SPENDING</b>					
<b>FINANCE AND BANKING</b>						Personal Income, (Mil. \$, Annual Rate)	Dec.	7,793	7,830r	7,685r	7,239
Member Bank Loans	Jan.	208	208	204	183	Manufacturing Payrolls	Jan.	172	171r	170	155
Member Bank Deposits	Jan.	172	167	168	151	Farm Cash Receipts	Dec.	121	121	136	134
Bank Debits**	Jan.	167	167	165	157	Department Store Sales**	Jan.	129	122	132	129
<b>FLORIDA</b>						<b>PRODUCTION AND EMPLOYMENT</b>					
<b>INCOME AND SPENDING</b>						Nonfarm Employment	Jan.	129	127	127	121
Personal Income, (Mil. \$, Annual Rate)	Dec.	14,580	14,482r	14,382r	13,502	Manufacturing	Jan.	134	133	132	125
Manufacturing Payrolls	Jan.	201	194r	198	187	Nonmanufacturing	Jan.	126	125	124	119
Farm Cash Receipts	Dec.	117	128	141	131	Construction	Jan.	159	154	144	149
Department Store Sales**	Jan.	196	190	191	180	Farm Employment	Jan.	75	75	70	84
<b>PRODUCTION AND EMPLOYMENT</b>						Insured Unemployment, (Percent of Cov. Emp.)	Jan.	2.6	2.4	2.2	3.4
Nonfarm Employment	Jan.	137	136	135	129	Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	41.0	41.4r	41.6	41.2
Manufacturing	Jan.	137	137	137	131	<b>FINANCE AND BANKING</b>					
Nonmanufacturing	Jan.	136	135	134	129	Member Bank Loans*	Jan.	220	215	216	192
Construction	Jan.	114	112	110	108	Member Bank Deposits*	Jan.	167	164	167	156
Farm Employment	Jan.	98	101	99	108	Bank Debits**	Jan.	179	184	188	165
Insured Unemployment, (Percent of Cov. Emp.)	Jan.	1.6	1.8	1.8	2.1						
Avg. Weekly Hrs. in Mfg., (Hrs.)	Jan.	42.4	42.6r	43.0	42.1						
<b>FINANCE AND BANKING</b>											
Member Bank Loans	Jan.	224	221	219	197						
Member Bank Deposits	Jan.	176	174	168	152						
Bank Debits**	Jan.	174	173r	172	159						

\*For Sixth District area only. Other totals for entire six states. \*\*Daily average basis. r Revised.

Sources: Personal income estimated by this Bank; nonfarm, mfg. and nonmfg. emp., mfg. payrolls and hours, and unemp., U. S. Dept. of Labor and cooperating state agencies; cotton consumption, U. S. Bureau of Census; construction contracts, F. W. Dodge Corp.; petrol. prod., U. S. Bureau of Mines; industrial use of elec. power, Fed. Power Comm.; farm cash receipts and farm emp., U.S.D.A. Other indexes based on data collected by this Bank. All indexes calculated by this Bank.

# DISTRICT BUSINESS CONDITIONS



The District's economy seems to be working overtime, as the longer days of spring approach. Average weekly hours in manufacturing have risen to record levels, and nonagricultural employment has increased sharply. Consumer spending continues to expand, financed in part by more credit, as well as higher incomes. In the farm sector farmers are anxious to start field work but have been stymied by wet fields. Strong credit demands at banks verify the quick pace of economic activity.

**Industrial activity in the District accelerated in January.** Total employment experienced the largest monthly increase in five years, with manufacturing and nonmanufacturing industries sharing equal gains. High employment in construction reflects the larger volume of construction contracts awarded last year. Average hours worked bounced back from the December dip to a new all-time high of 42.0 hours. January data confirmed that inexperienced workers are landing the bulk of new jobs, since large gains were coupled again with higher insured unemployment. December cotton consumption and January petroleum and steel production showed advances.

**Consumer spending appears to be maintaining the vigorous pace established in 1965, as consumers' abilities to buy goods and services expand.** Personal incomes increased further in January and were above levels recorded last year. Also, the volume of consumer credit at commercial banks, closely associated with consumer spending, continued to grow in January and February. Upward pressures on prices were evident: The retail food price index for Atlanta was 0.6 percent higher in January than a month earlier. Rising meat prices accounted for much of the gain.

**Farm field work has been slowed by wet weather in many areas.** The main farm activities have consisted of routine chores, feeding and caring for livestock, and general repair and maintenance work. Prices for crops are below last year's, but livestock prices are above a year ago. Prices for hogs and broilers advanced in January, while cattle and egg prices slipped from their December high levels. In 1965, all District states except Louisiana experienced record cash receipts.

**Negotiable certificates of deposit outstanding at banks in leading cities increased in February after three months of decline.** The gains were below those of last year, however. Time-deposit expansion at these banks has been much slower this year. Strong loan demands from consumers and businesses, especially firms manufacturing textiles and apparel, may have created some credit pressures at these banks. Elsewhere in the District, heavy inflows of time and demand deposits have allowed banks to expand loans and investments more rapidly than last year.

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

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