Monthly Review

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SOUTHERN CONSUMER MARKETS—GROWING, BUT CHANGING

SIXTH DISTRICT STATISTICS

DISTRICT BUSINESS CONDITIONS

Federal Reserve Bank of Atlanta

A Study of Checking Activity

Did you know you have lazy money? Sometimes it is $10 of "mad money" in the bottom of the sewing basket and sometimes an extra amount in your checking account. Demand deposits are considered money, too. But lazy money is becoming less plentiful. As money becomes more expensive to obtain—i.e., as interest rates rise—it becomes more expensive to keep. Seldom have idle balances been potentially worth as much as they are today, and many people are taking this opportunity to put their money to work.

Although we cannot trace the circulation of coins and currency, we can estimate how hard money is working by the activity of money held as demand deposits in commercial banks. This estimate should serve very well since most of the dollar volume of transactions involves checks. To measure checking account activity, bank debits are divided by the level of demand deposits. The result is demand deposit turnover, stated at an annual rate. The higher the rate of turnover, the faster check money moves in and out of accounts and the less time it spends, on average, lying idle. How much harder money has been working in recent years is revealed in the rising rate of turnover of demand deposits at reporting banks throughout the nation, shown in the chart on the following page.

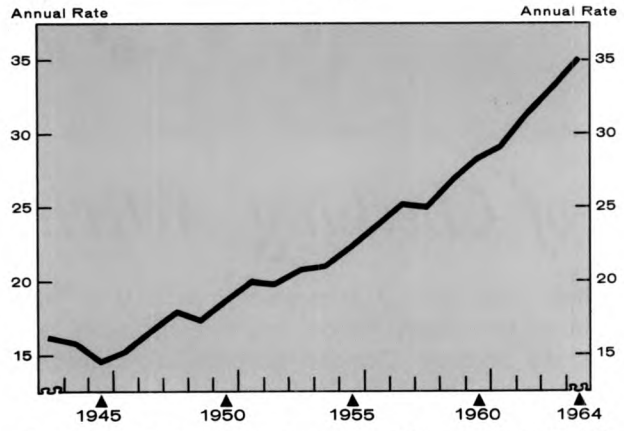
At any bank some accounts always work much harder than others. Deposits of businesses, for example, turn over more rapidly than those of individuals, and deposits of a stock brokerage firm have greater activity than those of business firms in general. Farmers, on the other hand, use their deposits less often than businessmen. Accounts of individuals who are paid monthly exhibit lower turnover rates than those of weekly-paid employees. And some people just naturally spend their money more quickly than others. A few utilize their accounts too well and frequently wind up overdrawn.

Given the variety of customers served by banks, individual banks would not be expected to show the same turnover rates. One might anticipate, however, that the differences between rates would not be too pronounced. But a comparison of checking account activity at a number of Sixth District banks revealed large differences. In order to broaden the base for analysis, rates of demand deposit turnover were calculated for each of 404 member and nonmember banks which regularly report debits. This provided a measure of how hard the average checking dollar was working at each bank.

We found a great deal of lazy money in many of our banks. The average checking dollar at all reporting banks was spent 22 times a year. At some banks, however, the average rate was over 50 times a year, while at others it was less than 6 times a year. We had expected the high turnover rates, which generally occurred at large banks in big cities, since their rates are often considerably higher than those found elsewhere. We had not foreseen the relatively large number of very low turnover rates.

What would explain this lazy money? Why were checks so much more active in some banks than in others? Certainly, the types of customers a bank serves and their characteristics would be the key to answering these questions. These influences on turnover could not be measured directly, because such information is unavailable. However,

Turnover Rates of Demand Deposits
At U. S. Reporting Banks Outside New York City
1943-64



Series on which chart is based was replaced by a new series in 1965.

certain banking characteristics would tell something about the differences in checking activity. By contrasting traits of high and low turnover banks, perhaps we could better explain why some banks have customers who utilize their accounts more actively than others.

From the list of bank characteristics available three were selected: size of bank, measured by total deposits; size of city; and the asset and liability structure. The first two represent the "customer-mix." Large banks would be expected to have similar customers. Likewise, customers of banks in cities of the same size should be fairly homogeneous. Banks in Miami have customers more like those in New Orleans than those in Frostproof. Although bank size and city size are obviously related, we felt that retaining both characteristics would give a better picture of the customer-mix than using either of the two alone.

The third characteristic, asset and liability structure, was chosen because inspection of high and low turnover banks revealed a tendency for certain banks to be unlike other banks with respect to one or more asset or liability items. For example, one bank with a large percentage of state and local government deposits showed an extremely low turnover rate. Other low turnover banks had low loan-to-deposit ratios. Whether these abnormalities reflected bank policies or special locational factors of the banks was impossible to determine. Since most loans are made by creating a demand deposit which is needed immediately, one would assume that a bank's lending policy—as measured by its loan-to-deposit ratio—would affect the deposit turnover rate.

Specific information on relationships between various asset and liability ratios and demand deposit turnover was not available. Therefore, we related each bank's turnover rate to its asset and liability structure. The following items were expressed as a percentage of total deposits for each bank (using data from June 1965 call report): demand deposits of individuals, partnerships, and corporations; demand deposits of the U. S. Government; demand deposits of state and local governments; interbank deposits; cash; U. S. Government securities; state and local government securities; and loans.

As a first approximation of the relationship between turnover and the characteristics chosen to represent customer-mix, the banks were grouped by deposit size and by city size (Table I). Bank size appears more closely related to deposit turnover than does city size. Deposit turnover rates increase as we move from the smallest to the largest banks, but within each deposit size class a very wide range of turnover exists. Note that among the small banks (under $2 million) turnover rates range from a low of 5.8 to a high of 33.8. And the extremes are not flukes. Various statistical measures combined show that turnover rates are not clustered around the average within the deposit size classes, indicating that the relationship between total deposits and demand deposit turnover is not especially strong.

An arrangement of turnover rates by population size groups (also shown in Table I) suggests an even weaker relationship between turnover and size of city. Although deposit turnover rates increase as we move from the smallest to the largest city size class, the gain is not uniform. And there is little consistency of rates among banks in cities of the same size.

The general conclusions to be drawn from Table I are relatively simple. Turnover of demand deposits tends to be high at large banks and at banks of various sizes in large cities. However, the main characteristic of the relationship between total deposits and turnover or between size of city and turnover is the lack of uniformity of demand deposit turnover rates among banks within given classes. One simply cannot accurately estimate banks' turnover rates from deposit size or bank location.

It was still possible that differences in turnover within deposit size class or city size class were related to the asset and liability structure. Using tables to compare turnover rates by each of the nine ratios involved in the composition of assets and liabilities seemed impractical. Therefore, another approach—multiple regressions[1] (relating two or more variables)—was employed. The result was the establishment of the degree of association between de-

[1]More specific results of the regressions employed here and elsewhere in this analysis of turnover are available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

Table I
Turnover Rates of Demand Deposits
At Selected Sixth District Banks

Deposit Size Group (Total Deposits, in Millions of Dollars)	*Demand Deposit Turnover (Annual Rate)* Mean	Range	*Number of Banks*
Under 2	18.1	5.8—33.8	19
2 to 5	18.5	9.7—35.3	47
5 to 10	20.6	7.2—38.4	65
10 to 25	20.8	6.6—51.4	151
25 to 50	22.2	14.6—38.5	63
50 to 100	24.3	13.1—39.0	28
100 and Over	32.3	18.5—50.1	31
All reporting banks*	21.7	5.8—51.4	404
City Size Group (Population, in Thousands)			
Under 5	16.2	5.8—33.8	33
5 to 10	18.6	10.6—28.5	36
10 to 15	21.2	7.2—43.7	34
15 to 25	22.3	14.4—51.4	41
25 to 50	20.4	9.7—39.0	85
50 to 100	21.5	10.7—33.8	60
100 to 250	25.1	12.0—46.8	58
250 to 650	25.6	11.8—50.1	57

*Banks for which debit information is available.

mand deposit turnover and various combinations of the bank characteristics chosen—asset and liability ratios, total deposits, and size of city—as well as relationships among these characteristics.

The results of this investigation were disappointing. For the District as a whole, total deposits were somewhat more closely correlated with turnover than our tabular presentation had indicated, accounting for slightly less than a fourth of the variation in turnover. Other characteristics, city size and asset and liability ratios, generally showed weaker correlations with turnover. Those that were more highly correlated with turnover were also more closely related to deposit size, making them less useful as explanatory variables. Including characteristics other than total deposit size contributed little to an explanation of differences in turnover rates.

Perhaps bank characteristics, at least the ones chosen, were rather poor substitutes for the characteristics of checking account holders. There was the possibility, however, that meaningful relationships existed in certain groups within the District. Several subgroup tests were made to ascertain this. Further analysis employed multiple regressions, for the most part, to relate turnover to bank characteristics.

Since turnover was more closely related to bank size than to any other single factor measured, banks in each deposit size class were grouped together. Within eight groups some fairly strong relationships were uncovered which had been "washed-out" by combining all 404 banks into one group.

Size of bank was much more closely related to turnover among the large banks ($100 million and over) than in the group as a whole. This may reflect the more important role of business accounts at these banks. At larger banks the percentage of business deposits is probably more directly related to bank size. Given the higher rate of turnover of business accounts, this would explain the closer relationship between size and turnover. Consistent with

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Southern Consumer Markets- Growing, but Changing

The ultimate goal of most economic activity in our modern economy is the satisfaction of human needs and wants. The remarkable ability of our economy to grow along with the insatiable appetites of consumers is one measure of its success. Thus, one mark of economic progress in the South is the growing level of consumption.

Each year, about two-thirds of the growth in the nation's output of goods and services is channeled to consumers. While higher prices generally account for some of the increase in consumer purchases, gains in per capita income in recent years have advanced at a much faster rate. Since 1955, consumer price increases have averaged less than 2 percent per year, compared with a national growth rate of over 5 percent in per capita incomes. Incomes in the South advanced even faster, so that the Southerner's economic well-being improved considerably.

Changes in consumer buying habits, along with shifts in the population-mix, affect the size, structure, and location of markets for various consumer goods. For the most part, changes in the buying habits of Southerners have resembled those of consumers elsewhere. Differences in the level of per capita income, as well as its rate of increase, affect consumption patterns. While the Southerner's income has been increasing at a faster rate, he still falls about $600 per year short of the national average. Furthermore, differences in population characteristics—age distribution, ratio of rural-to-urban consumers, etc.—also affect spending.

Let's look more closely at the South—particularly the Sixth Federal Reserve District, or Alabama, Florida, Georgia, and parts of Louisiana, Mississippi, and Tennessee. Just how does the Southerner spend his money? What changes in his spending habits have occurred in recent years?

Population and Income Increase

According to the latest data available from the Censuses of Business on retail trade, Sixth District consumers responded to rising incomes between 1954 and 1963, as one would expect. While they continued to increase their spending at retail stores, the proportion of their income spent in this manner actually declined. Incomes advanced, on average, about 8 percent annually, compared with 6 percent for retail sales. Part of the reason for the smaller increase in retail sales was accounted for by consumers' expected higher rate of saving and a faster rise in outlays for services. Savings at selected financial institutions of individuals in the District rose by an annual average rate of 16 percent over this period. Consumers also increased their spending on selected services such as recreation and repairs by about 10 percent per year.

Major factors determining the size of a consumer market are the number of consumers and per capita income growth. Throughout the 1954-63 period, the District's population grew by an average of 3 percent. If per capita spending had remained at the same level, the growth in population would have accounted for approximately three-fourths of the rise in total retail sales. But with incomes rising faster than population, per capita incomes and spending also advanced.

Changes in total population explain only part of the changes in total sales. Markets for specific types of consumer goods and services also respond to variations in the

composition of population. Although no two consumers are likely to spend their money in exactly the same way, certain segments of the population generally follow similar spending patterns. Younger consumers will spend their incomes in a different manner than older persons. Individual and family needs and wants vary widely with the number and ages of children and the location of the family's residence.

As can be seen from the population pyramid chart, most of the District's population increase during the 1950's occurred in the nonproductive age groups. The number of 20-year-olds actually decreased, while those between 30 and 50 increased only slightly. The age groups of 50 and above gained in relative importance. For the first census period since data became available, the District experienced a net increase in population from migration, the entire gain being in the Sunshine state. These shifts greatly affected consumer markets.

In order to see what effect higher incomes have on sales, it is helpful to remove the influence of population growth and look at per capita sales. With incomes and spending rising faster than population, per capita sales rose 30 percent, from $841 to $1,096, between 1954 and 1963. Alabama and Mississippi advanced the most rapidly, but remained below the other District states in actual level of per capita sales. Florida advanced the least, percentage-wise, but moved to a level $300 above the District average. The varying rates of growth in sales mainly reflect differences in per capita income growth.

Spending Patterns Change

The lower the consumer's income, the more restricted he is in his buying; he must purchase the essentials first. As his standard of living rises, he buys more items that are not actually necessary. The way he spends his additional income is reflected in changes in retail sales by type of business.

With the exception of the general merchandise group, all categories of retail trade expanded more rapidly in the Sixth District than throughout the nation between 1954 and 1963. The rate of expansion of this group in other areas, however, was only slightly faster and probably reflects the greater concentration and importance of department stores in those areas. The proportion of retail sales accounted for by sales of this group are about the same in this District as in other parts of the country.

The fastest growing sector of retail spending in recent years has been automobiles. Outlays for automobiles and parts in this District advanced nearly 70 percent from 1954 to 1963 and also increased as a percent of total sales. New car registrations rose by one quarter million. Instalment loans at commercial banks have aided the rise in sales, automobile loans accounting for most of the increase in instalment debt at District banks in recent years. Accompanying the growth of car sales was an 83-percent surge in sales at gasoline service stations.

Both automobile and gasoline service station sales claim more of the District's retail dollar than the nation's. In the South, with the population scattered over a wider area, the automobile is a more popular mode of transportation than in some other areas of the country.

Food stores take the largest share of the retail dollar, however. Their sales increased about 7 percent annually from 1954 to 1963. Spending for basic items such as food generally declines in relative importance as incomes rise. Does this mean the District consumer has not behaved as he should? Not necessarily.

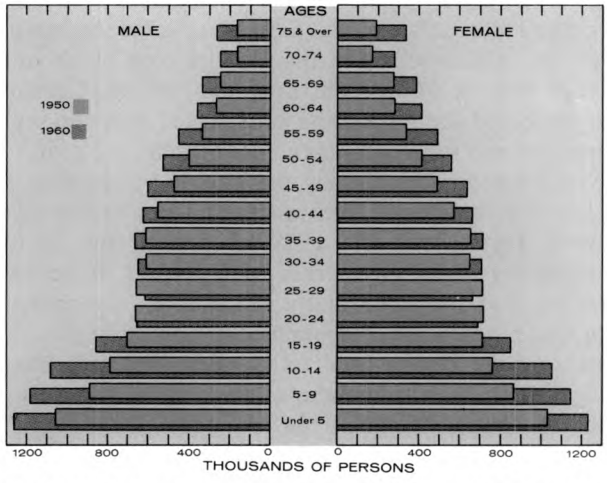
A large part of this increase was accounted for by the surge in sales of convenience and prepared foods and non-food items. Many housewives, if not the breadwinners, would probably vote for "TV" dinners as one of the greatest discoveries of modern science.

The District consumer is not unlike his national counterpart, who also allocates the largest share of his retail dollar to purchases at food stores. The average U. S. consumer, however, spent the same proportion of his dollar at food stores in 1963 as he did in 1954, while in this District, food sales gained in importance. Consumers in the nation spent more on food eaten away from home.

Increasing less rapidly and actually declining as a percent of total sales in both this District and the U. S. were the (1) lumber, building materials, and farm equipment, (2) apparel, and (3) furniture and appliances groups. While consumers have apparently increased spending rather rapidly on furniture, household furnishings, and appliances, some shift in the type of store making the sales has taken place. The trend is toward large department stores which carry complete lines of most consumer durable goods. (In the census classification, these sales show up in the general merchandise group.) Sales at this type store in the District increased about 7 percent during each of the years in the 1954-63 period and now account for 12 percent of the retail sales dollar. Increased apparel sales at larger department stores no doubt contributed to the slower growth of sales at apparel specialty shops.

Distribution of Population, by Age and Sex

Sixth District States, 1950 and 1960



The District's total population in 1960 exceeded the 1950 level, but the growth was primarily in younger and older age groups.

Urbs and Suburbs Shift

One of the most significant changes in consumer markets in recent years has been the changing location and concentration of sales resulting from the continuing rural-to-city migration. To the extent that population shifts also

reflect movements toward better paying jobs, sales should increase at a faster rate in those areas experiencing the greatest influx of population.

We know from previous trends that growth in urban population has been accompanied by a corresponding concentration of sales in those areas. Until around 1940, there were consistent population increases in the city proper. Then, the upward movement of incomes and the growth in automobile sales during the 1940's and 1950's made moving to the suburbs possible. Since then, the suburbs have grown more rapidly than other areas.

With this development, the suburban shopping center has become more important than Main Street. Aside from the mere relocation of the central market place, its character has changed. The suburbanite is probably younger, better educated, and has more children than his city contemporary. More than likely, he is also in a higher income bracket. This tends to lower the average income of his old neighborhood and enhance that of his new one. Living farther from work, his and his family's needs are apt to be different from his city cousins'.

The most complete data available for studying these trends in the District is by Standard Metropolitan Statistical Areas (SMSA's). In addition to one or more central cities, the SMSA also includes an urban fringe, the "suburbs." These fringe areas grew, on average, about three times as fast as the District's total population during the period under study and about 1.5 times as fast as the SMSA's. On the other hand, central cities were pressed to merely match the growth in total population.

In order to analyze the shifts in sales associated with varying rates of population growth, we determined the average relationship between the percentage changes in population and retail sales for the SMSA's as a whole, the central city, and the suburban area.

The degree of association between percentage changes in population and sales is shown in the accompanying charts. The dotted lines show the average relationship between population and sales changes. The solid lines divide the chart into equal parts so that any point on it represents the intersection of equal amounts from the horizontal and vertical scales. Thus, the closer together the two lines, the more a percentage change in population is accompanied by an equal percentage change in sales.

What, then, do these charts tell us? For one thing, they show that from 1954 to 1963 changes in total SMSA retail sales closely paralleled changes in population. Significant differences appear, however, when the central city and the suburb are considered separately. Sales in central cities increased more slowly than population growth would indicate. On the other hand, sales in the rapidly expanding suburbs advanced considerably more than would be expected from the increase in population alone.

Why did these differences occur? In addition to population, total consumer spending is also dependent on the level of income. While sufficient local information is not available for comparing income levels in central cities and suburbs, a recent Department of Commerce study for the U. S. shows a considerably higher median family income for the average suburban family than for the city family. If the District's suburban areas follow this same pattern, and there is every reason to believe that this is the case, the higher income level of the suburban family explains the more rapid increase in sales for these areas.

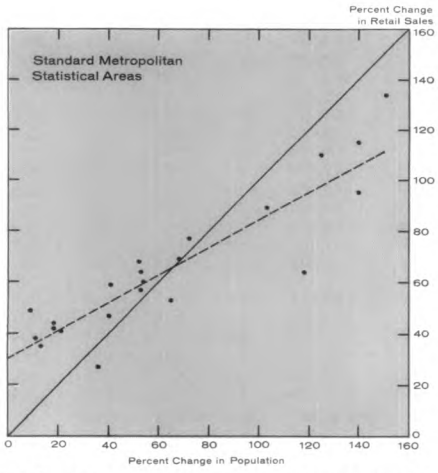
We can conclude that the rapid expansion in suburban markets reflects faster population growth and a more than proportionate concentration of buying power.

What can we expect in the future? The continued suburbanization and expansion of the District's consumer markets are almost certain. Official estimates place the population of the six District states at approximately 31 million in 1980, up nearly 35 percent from the present level. If the same trends continue, nearly three-fifths of the population will live in the region's 27 metropolitan areas, with the suburbs expanding more and more rapidly. The result may be the overlapping of suburbs so that a number of multi-cities will emerge. The number of individual markets will also widen as advances in income continue to raise the South's standard of living.

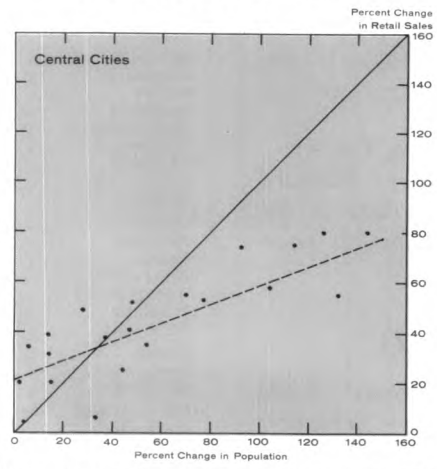
JOE W. MCLEARY

Population and Retail Sales Changes

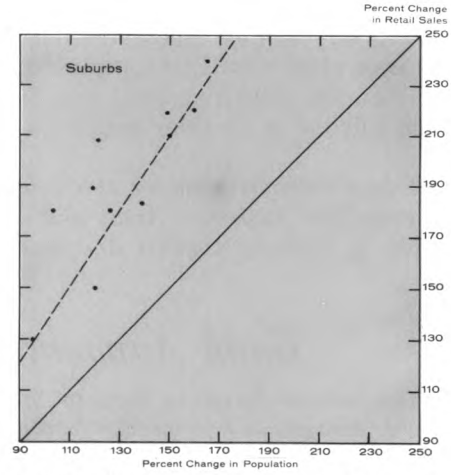
Sixth District Metropolitan Areas



Retail sales generally shift with population movements. The dashed line shows the average relationship from 1954 to 1963 between percent changes in population and sales for the District's metropolitan areas. The solid line indicates the relationship that would exist if a change in population always exactly matched the percent change in sales. The relationship was fairly good for the SMSA's, but important differences were found for the



central cities and suburbs when considered separately. Sales in central cities expanded less rapidly than population shifts would indicate, while sales in suburbs increased more rapidly.



A Study

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this view was a very strong negative correlation between turnover and the ratio of time-to-total deposits. A bank in this size class, which has a relatively large share of its deposits in time deposits, is more likely to be serving individuals than businesses, especially in our District where corporate certificates of time deposits are not a major element of total time deposits.

The data revealed many "exceptions" in Florida. For this reason, the banks were grouped by state. The association between turnover and the chosen characteristics, though weak for banks in the District as a whole, was strong in Alabama, Louisiana, Mississippi, and Tennessee. In Georgia, the association was moderate and in Florida almost nonexistent. In Louisiana, where the association was strongest, turnover was correlated very closely with bank size, city size, and the loan-to-deposit ratio. Size of city and size of bank were also closely related, as one would expect, but loan-to-deposit ratios showed relatively little correlation with either bank size or location. Thus, a bank's deposit turnover in Louisiana could be described fairly accurately if the bank's size or location and its loan-to-deposit ratio were known.

Banks in Florida, in contrast to those in Louisiana, were totally imponderable with regard to turnover rates. The many new banks springing up in metropolitan areas in Florida—the result of prohibition of branch banking—disrupted the "normal" relationship between bank size and city size, as well as several other correlations usually present. The result was a breakdown in the correlation between turnover and the factors measured. Since more reporting banks were located in Florida than in any other state, District results heavily reflected the Florida banking structure.

The source of differences in checking account activity lies ultimately with differences in spending habits of customers at various banks. For the District as a whole, we were unable to approximate these differences in customers by categorizing banks with respect to deposit size, location, or asset and liability structure. These approximations worked very well for some states but not for others. From this investigation emerges a picture of banks, alike in size and location, similar in asset and liability structure, but quite different in checking account activities.

PAUL A. CROWE

Annual turnover rates for 1965 are shown by Standard Metropolitan Statistical Areas and other centers in the Debits to Demand Deposit Accounts table on this page.

Bank Announcements

THE DEPOSIT NATIONAL BANK OF MOBILE COUNTY, *Prichard, Alabama, a new member bank, opened on September 6 and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Nathan Taylor is President; E. E. Talbert, Vice President and Cashier; and J. D. Phillips, Assistant Vice President. Capital is $400,000, and surplus and other capital funds, $600,000.*

Debits to Demand Deposit Accounts

Insured Commercial Banks in the Sixth District

(In Thousands of Dollars)

	Aug. 1966	Aug. 1965	Percent Change: Aug. 1966 from July 1966	Aug. 1966 from Aug. 1965	Year-to-date 8 mos. 1966 from 1965	Annual Turnover Rates
STANDARD METROPOLITAN STATISTICAL AREAS†						
Birmingham	1,450,377	1,247,100	+7	+16	+13	32.4
Gadsden	66,392	57,480	+8	+16	+9	18.7
Huntsville	183,085	162,432	+11	+13	+4	22.6
Mobile	460,313	414,724	+11	+11	+9	25.0
Montgomery	343,526	276,225	+25	+24	+12	25.1
Tuscaloosa	90,965	76,211	+3	+19	+15	20.0
Ft. Lauderdale–Hollywood	519,006	458,626	−6	+13	+15	20.4
Jacksonville	1,410,076	1,233,678	+7	+14	+3	36.3
Miami	1,945,954	1,657,715	−3	+17	+14	25.1
Orlando	421,265	384,444	−2	+10	+9	24.8
Pensacola	205,356	181,092	+8	+13	+6	26.8
Tampa–St. Petersburg	1,131,475	1,010,334	+4	+12	+10	25.2
W. Palm Beach	378,288	311,810	−7	+21	+21	19.6
Albany	90,235	83,178	−2	+8	+8	30.5
Atlanta	4,459,831	3,810,083	+8	+17	+13	39.9
Augusta	273,444	202,541	+8	+35	+26	28.6
Columbus	210,825	196,915	+8	+7	+6	25.5
Macon	238,071	193,214	+6	+23	+11	28.5
Savannah	263,409	231,118	+4	+14	+11	30.1
Baton Rouge	563,860	440,341	−0	+28	+21	25.3
Lafayette	120,975	101,988	−7	+19	+16	18.6
Lake Charles	138,945	103,767	+5	+34	+17	15.3
New Orleans	2,304,313	2,007,159	−4	+15	+16	29.5
Jackson	646,670	512,675	+21	+26	+16	26.4
Chattanooga	568,730	486,221	+2	+17	+15	29.8
Knoxville	458,217	416,299	+5	+10	+9	24.9
Nashville	1,382,445	1,249,128	+5	+11	+12	35.6
OTHER CENTERS						
Anniston	64,499	57,078	−0	+13	+15	22.5
Dothan	56,913	45,984	+8	+24	+12	21.9
Selma	41,776	33,128	+5	+26	+17	18.3
Bartow	35,976	31,557	−3	+14	−15	N.A.
Bradenton	57,044	42,692	−12	+34	+17	18.3
Brevard County	209,867	194,467	+2	+8	−10	25.0
Daytona Beach	86,087	75,116	−7	+15	+10	21.4
Ft. Myers–N. Ft. Myers	64,688	54,750	−4	+18	+13	18.4
Gainesville	78,695	65,817	+12	+20	+10	24.3
Lakeland	105,901	95,054	−1	+11	+11	24.7
Monroe County	32,722	28,592	+4	+14	+17	18.6
Ocala	52,879	47,938	−10	+10	+11	16.0
St. Augustine	22,355	17,839	+1	+25	+16	15.3
St. Petersburg	281,676	237,995	−2	+18	+12	22.2
Sarasota	91,888	78,336	−5	+17	+12	17.5
Tampa	636,617	588,958	+9	+8	+8	30.1
Winter Haven	54,293	50,027	+9	+9	+7	26.5
Athens	70,996	63,782	+4	+11	+12	22.7
Brunswick	40,529	39,615	−4	+2	+1	25.0
Dalton	79,942	78,658	+2	+2	+0	40.6
Elberton	13,661	13,159	−23	+4	+15	20.5
Gainesville	72,148	66,343	+4	+9	+6	27.3
Griffin	32,354	29,492	−8	+10	+15	N.A.
LaGrange	22,600	19,457	+8	+16	+18	20.9
Newnan	27,442	25,639	+16	+7	+6	N.A.
Rome	74,667	66,265	+8	+13	+12	25.9
Valdosta	54,771	55,172	+17	−1	+5	26.7
Abbeville	11,152	10,593	+4	+5	+14	N.A.
Alexandria	124,151	105,694	+1	+17	+13	18.7
Bunkie	6,128	5,839	+7	+5	+6	N.A.
Hammond	33,460	26,713	+1	+25	+11	N.A.
New Iberia	35,838	32,616	−0	+10	+8	15.0
Plaquemine	10,769	8,773	−10	+23	+19	N.A.
Thibodaux	21,984	17,080	+3	+29	+11	N.A.
Biloxi-Gulfport	105,761	85,432	+10	+24	+18	18.9
Hattiesburg	56,419	44,864	−19	+26	+20	19.4
Laurel	35,526	34,081	−2	+4	+3	19.4
Meridian	70,848	61,151	+9	+16	+9	20.2
Natchez	36,449	28,972	−0	+26	+15	N.A.
Pascagoula–Moss Point	52,983	53,681	+6	−1	+13	18.8
Vicksburg	43,526	33,948	+5	+28	+18	N.A.
Yazoo City	46,892	46,295	+56	+1	+15	N.A.
Bristol	74,722	61,936	+12	+21	+13	23.8
Johnson City	74,960	64,025	+10	+17	+12	N.A.
Kingsport	155,054	122,778	+1	+26	+17	35.9
SIXTH DISTRICT, Total	28,079,638	24,441,707	+4	+15	+12	
Alabama‡	3,699,330	3,210,099	+9	+15	+11	
Florida‡	8,091,308	7,174,511	+0	+13	+12	
Georgia‡	7,158,613	6,199,922	+6	+15	+12	
Louisiana*†	3,902,286	3,348,471	−2	+17	+16	
Mississippi*†	1,417,183	1,178,147	+12	+20	+15	
Tennessee*†	3,810,918	3,330,557	+5	+14	+12	

*Includes only banks in the Sixth District portion of the state.
†Partially estimated. ‡Estimated. N.A.—Not available.

Sixth District Statistics

Seasonally Adjusted

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

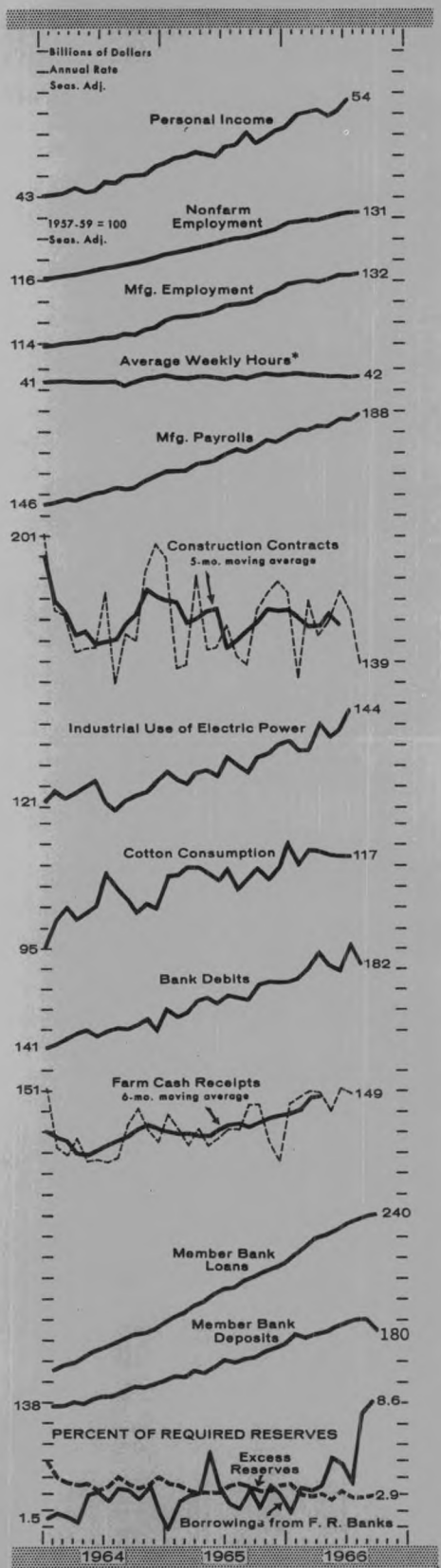
	Latest Month (1966)		One Month Ago	Two Months Ago	One Year Ago
SIXTH DISTRICT					
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	July	54,210	52,828r	52,445r	48,656
Manufacturing Payrolls	Aug.	188	186	186	172
Farm Cash Receipts	July	149	151	140	132
Crops	July	126	134	141	122
Livestock	July	157	160	144	134
Instalment Credit at Banks, *(Mil. $)					
New Loans	Aug.	259	292r	277	270
Repayments	Aug.	265	270	247	234
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Aug.	131	131	131	125
Manufacturing	Aug.	132	132r	131	124
Apparel	Aug.	161	162	162	152
Chemicals	Aug.	127	126r	125	120
Fabricated Metals	Aug.	145	145	146	134
Food	Aug.	111	110r	110	109
Lbr., Wood Prod., Furn. & Fix.	Aug.	105	105	104	101
Paper	Aug.	115	115	115	109
Primary Metals	Aug.	117	117	116	112
Textiles	Aug.	104	104r	104	100
Transportation Equipment	Aug.	170	168r	168	156
Nonmanufacturing	Aug.	131	131	131	125
Construction	Aug.	123	127r	128	122
Farm Employment	Aug.	67	69	69	71
Insured Unemployment, (Percent of Cov. Emp.)	Aug.	2.0	1.8	1.6	2.4
Avg. Weekly Hrs. in Mfg., (Hrs.)	Aug.	41.6	41.5	41.6	41.6
Construction Contracts*	Aug.	139	164	174	143
Residential	Aug.	137	151	161	173
All Other	Aug.	141	175	185	118
Electric Power Production**	July	144	139	137	132
Cotton Consumption**	July	117	117	118	109r
Petrol. Prod. in Coastal La. and Miss.**	Aug.	205	204	203	182
FINANCE AND BANKING					
Member Bank Loans*					
All Banks	Aug.	240	238	236	209
Leading Cities	Sept.	223	221	222	194
Member Bank Deposits*					
All Banks	Aug.	180	180	179	161
Leading Cities	Sept.	159	168	166	149
Bank Debits*/**	Aug.	182	192	179	166
ALABAMA					
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	July	7,293	7,172r	7,078r	6,683
Manufacturing Payrolls	Aug.	175	172	172	164
Farm Cash Receipts	July	157	158	142	142
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Aug.	123	122r	122r	118
Manufacturing	Aug.	121	121	120	117
Nonmanufacturing	Aug.	123	123	122	118
Construction	Aug.	129	130r	130	121
Farm Employment	Aug.	79	84	73	69
Insured Unemployment, (Percent of Cov. Emp.)	Aug.	2.0	2.1	2.0	2.5
Avg. Weekly Hrs. in Mfg., (Hrs.)	Aug.	41.5	41.7	41.9	41.3
FINANCE AND BANKING					
Member Bank Loans	Aug.	224	220	218	199
Member Bank Deposits	Aug.	178	177	177	163
Bank Debits**	Aug.	173	176	171	157
FLORIDA					
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	July	15,605	14,939r	15,069r	13,989
Manufacturing Payrolls	Aug.	220	216	212	194
Farm Cash Receipts	July	137	124	152	131
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Aug.	142	142	142	136
Manufacturing	Aug.	147	145	143	136
Nonmanufacturing	Aug.	142	142	142	136
Construction	Aug.	110	112r	111	110
Farm Employment	Aug.	53	50	65	80
Insured Unemployment, (Percent of Cov. Emp.)	Aug.	2.0	1.9	1.5	2.2
Avg. Weekly Hrs. in Mfg., (Hrs.)	Aug.	42.6	42.5r	42.0	42.7
FINANCE AND BANKING					
Member Bank Loans	Aug.	245	241	239	215
Member Bank Deposits	Aug.	181	182	180	163
Bank Debits**	Aug.	175	184	173	163

	Latest Month (1966)		One Month Ago	Two Months Ago	One Year Ago
GEORGIA					
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	July	10,137	10,138r	9,884r	9,160
Manufacturing Payrolls	Aug.	188	186r	188	173
Farm Cash Receipts	July	135	156	136	121
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Aug.	130	131	131	125
Manufacturing	Aug.	126	128	129	121
Nonmanufacturing	Aug.	131	132	133	126
Construction	Aug.	119	129	141r	138
Farm Employment	Aug.	66	65	59	77
Insured Unemployment, (Percent of Cov. Emp.)	Aug.	2.1	1.4	1.2	2.0
Avg. Weekly Hrs. in Mfg., (Hrs.)	Aug.	41.3	41.0	41.0	41.2
FINANCE AND BANKING					
Member Bank Loans	Aug.	252	250	255	219
Member Bank Deposits	Aug.	197	198	193	176
Bank Debits**	Aug.	196	206	195	177
LOUISIANA					
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	July	8,325	8,046r	7,941r	7,412
Manufacturing Payrolls	Aug.	165	165r	164	155
Farm Cash Receipts	July	153	147	129	137
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Aug.	121	121r	120	114
Manufacturing	Aug.	112	113	112	107
Nonmanufacturing	Aug.	123	123	122	116
Construction	Aug.	134	137	136	122
Farm Employment	Aug.	67	67	74	79
Insured Unemployment, (Percent of Cov. Emp.)	Aug.	1.9	1.9	2.0	2.8
Avg. Weekly Hrs. in Mfg., (Hrs.)	Aug.	42.0	42.6r	42.4	42.7
FINANCE AND BANKING					
Member Bank Loans*	Aug.	225	221	212	196
Member Bank Deposits*	Aug.	156	158	154	139
Bank Debits*/**	Aug.	167	185	168	150
MISSISSIPPI					
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	July	4,189	4,031	4,098r	3,698
Manufacturing Payrolls	Aug.	202	200r	203	185
Farm Cash Receipts	July	177	180	144	155
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Aug.	132	132	131	126
Manufacturing	Aug.	143	142	143	135
Nonmanufacturing	Aug.	127	127	127	123
Construction	Aug.	128	133	133	127
Farm Employment	Aug.	56	68	62	57
Insured Unemployment, (Percent of Cov. Emp.)	Aug.	1.6	1.7	1.6	2.2
Avg. Weekly Hrs. in Mfg., (Hrs.)	Aug.	41.1	41.2r	41.6	41.3
FINANCE AND BANKING					
Member Bank Loans*	Aug.	283	284	277	221
Member Bank Deposits*	Aug.	228	214	210	173
Bank Debits*/**	Aug.	205	193	183	178
TENNESSEE					
INCOME AND SPENDING					
Personal Income, (Mil. $, Annual Rate)	July	8,661	8,502r	8,375r	7,714
Manufacturing Payrolls	Aug.	189	185r	187	168
Farm Cash Receipts	July	140	148	130	119
PRODUCTION AND EMPLOYMENT					
Nonfarm Employment	Aug.	135	134	133	126
Manufacturing	Aug.	143	141	141	131
Nonmanufacturing	Aug.	131	130	129	124
Construction	Aug.	152	155r	154	140
Farm Employment	Aug.	77	76	80	74
Insured Unemployment, (Percent of Cov. Emp.)	Aug.	1.7	1.9	1.7	2.4
Avg. Weekly Hrs. in Mfg., (Hrs.)	Aug.	41.2	40.7	41.5	41.1
FINANCE AND BANKING					
Member Bank Loans*	Aug.	231	235	235	204
Member Bank Deposits*	Aug.	174	173	177	161
Bank Debits*/**	Aug.	195	207	188	177

*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



*Seas. adj. figure; not an index.

Boom conditions still prevail in many sectors of the District's economy. Personal income hastened upward in August, while employment remained at near full employment levels. Patterns of seasonal employment were unusual because of strikes and the taut labor market. A resurgence of business borrowing in September was accompanied by higher interest rates and firming of other terms and conditions. Construction activity declined further in August in the face of reduced availability of funds. Higher production of several crops and strong livestock prices keep the farm economy buoyant, although reduced cotton receipts are expected.

Consumers' ability to buy expanded, as personal incomes rose rapidly in August in all District states. Retail spending advanced, primarily in the nondurable categories. Automobile sales, partially recovering from the mid-summer slump, continued to trail year-ago levels. Spending for other consumer durables, as measured by extensions of new loans at District banks, dropped.

Tight labor market conditions distorted seasonal patterns. Industries normally adding workers to their payrolls were unable to do so in August and those usually experiencing a seasonal reduction in jobs maintained their labor force. An increase in the average workweek in manufacturing pointed to further signs of labor supply strains. Strikes by airline machinists and Atlanta carpenters in August and September contributed to a decline in nonmanufacturing jobs and boosted insured unemployment in related industries.

Cutbacks in construction jobs in all six states reflected earlier declines in housing starts. The August decline in both residential and nonresidential construction contracts, the sharpest this year, suggested a further shrinkage in building activity in coming months. Construction firms felt further pressure on their activity, as large banks tightened the rein on loans.

Business loans made by large banks in the District rebounded strongly in September from an August slowdown. Banks surveyed in Atlanta and New Orleans reported much higher rates on business loans than three months ago. Additional firming of other terms and conditions included requiring higher compensating balances and greater emphasis on the applicant as a source of collateral business for the bank. Holdings of U. S. Government securities declined sharply at large banks and continued a steady downtrend at other member banks. Total time deposits were stagnant for the second consecutive month. Reserve requirements against time deposits (other than savings deposits) beyond the first $5 million were increased from 5 to 6 percent in mid-September. Maximum rates permissible on all time deposits under $100,000 were reduced from 5½ to 5 percent.

Harvesting activities dominate the District's farm scene. Rice combining is almost complete in Louisiana and past the halfway mark in Mississippi. Early harvesting of soybeans reveals good yields, and total production should exceed all previous records. Cotton production will drop very sharply, since total acreages have been slashed about 30 percent. Farm cash receipts continue well above last year's levels and should remain good throughout 1966.

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