

MONTHLY REVIEW

IN THIS ISSUE:

- The Recent Textile Recession and Recovery
- 1968 Crop Acreages Up?
- Mississippi: Industrialization Brings Interdependence
- District Business Conditions



FEDERAL RESERVE BANK OF ATLANTA

The Recent Textile Recession and Recovery

Textile manufacturers are sporting brighter costumes this spring, colored by improved production, sales, and prices. And the picture looks even brighter, compared with that of last year, when the industry was just pulling out of a recession which began in mid-1966. What has caused the improvement in textile activity? And how have recent textile developments affected the industry in the District? An examination of the last textile recession should reveal the reasons for the upturn.

The textile industry is no stranger to swings in its activity. In fact, cyclical fluctuations in textiles are more persistent and larger, relative to changes in final demand for the industry's products, than for other industries. In large part, these fluctuations are the result of the extremely price-competitive nature of the industry and the key role played by purchasers' inventories in determining producers' sales and production. A more stable economy and consolidation and vertical integration within the industry have reduced the frequency and extent of the textile cycle. Yet, the cycle remains.

Recession

During 1966 the industry experienced reduced sales to its four major markets—apparel, carpets, industrial, and military. In February retail sales of apparel leveled off, resulting in a sharp increase in apparel inventories. While the declines in apparel sales were temporary, the effects on textile buying multiplied through the distribution chain, from retailer to wholesaler to apparel manufacturer to textile manufacturer.

During the summer and fall, housing starts contracted sharply and reduced the demand for carpets. During October 1966 the rate of housing starts plunged to the lowest level since 1946. Between fiscal 1966 (July 1965-June 1966) and fiscal 1967, military procurement of woven yard goods fell from \$400 to \$273 million. This contraction occurred because of the recovery of inventories from their earlier depleted levels and spending constraints brought on by the Federal deficit. Later, industrial production leveled out and then declined during the first half of 1967. Lower industrial output curtailed the industrial demand for fabrics. In 1966 and 1967 weak automobile sales retarded purchases of textile products for car upholstery and tire cord.

Reacting to falling sales, textile manufacturers began to cut back production in July 1966 and employment the following September. The decline in employment was moderate, however, because manufacturers feared that laid-off workers would not be available for rehiring once the recession ended. Production cutbacks did not prevent the decrease in textile product prices beginning in August. Declining prices always threaten the textile industry, because many purchasers reduce their buying when prices weaken in hopes of further price cuts.

Profits, as usual, felt the largest impact from the falling level of business. Corporate profits after taxes for textile firms were cut in half from fourth quarter 1965 to first quarter 1967. The reduced profits resulted not only from declining demand but also increased costs. During this period average hourly textile earnings went up 5 percent.

Textile plant owners quickly altered their investment plans, as the industry's markets weakened. Plant and equipment spending for textiles shrank by 36 percent between second quarter 1966 and first quarter 1968.

Monthly Review, Vol. LIII, No. 5. Free subscription and additional copies available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

The Recent Decline and Recovery in Textile Activity

National Series	Peak Month	Trough Month	Percent	Percent
			Decline	Advance
			Peak- Trough	from Trough
Corporate Profits				
After Taxes*	12-65	3-67	47.8	62.9
Average Workweek	3-66	3-67	5.2	2.7
Production	6-66	6-67	5.4	8.9
Capital Spending*	6-66	**	**	**
Wholesale Prices	7-66	7-67	3.6	5.0
Employment	8-66	7-67	1.8	3.5
Inventories	8-66	12-66	0.5	8.2
Shipments	8-66	2-67	9.3	13.2
Bank Loans***	1-67	9-67	8.2	5.9
Cotton Consumption	10-66	7-67	12.0	4.9
District Series				
Employment	1-67	7-67	1.0	1.9
Bank Loans***	9-66	2-67	10.1	9.9
Cotton Consumption	1-66	11-67	12.9	12.2

*Quarterly series with turning points denoted by last month of the quarter.

**Series has not yet turned upward.

***Also includes loans to apparel and leather manufacturers.

The effect of decreasing textile activity on bank lending occurred with a lag because textile loans generally are made to finance accounts receivable and inventories, both of which usually contract after declines in sales and production. Nationally, the drop was 8 percent for bank loans to textile, apparel, and leather firms between January and September 1967. According to Federal Trade Commission—Securities and Exchange Commission data, textile loans made by banks increased \$190 million from year-ago September, while apparel loans fell \$150 million. Apparently, the decrease in textile loan demand, resulting from smaller accounts receivable, was offset by the loan demand generated by higher inventory levels.

Recovery and Outlook

The increase in textile shipments in March 1967 was one of the industry's first signs of recovery. Manufacturers lengthened the workweek the following month, but not until July did production turn around. However, the recovery proceeded rapidly, and by October output reached a new high. At year-end wholesale prices of textile products were particularly buoyant because of higher demand, increasing labor costs, and the small cotton crop. By early 1968 most measures of textile activity surpassed the high marks of the previous expansion.

The outlook for the textile industry is favor-

able, despite serious problems such as the high volume of imports, rapidly increasing labor costs, and a shortage of long staple cotton. After a disappointing fourth quarter, retail apparel sales rebounded sharply in early 1968. Moreover, the outlook for continued growth in apparel sales is favorable because of rising personal income and the marked increase in the population of the "clothes conscious" age groups. Housing starts during first quarter 1968 were at a 1.5 million annual rate, up from only 900,000 in fourth quarter 1966. The growing volume of housing activity and the continuing expansion of carpets into other flooring markets will support expanded carpet production. Many home furnishings with textile materials will share in higher sales brought by improved housing activity.

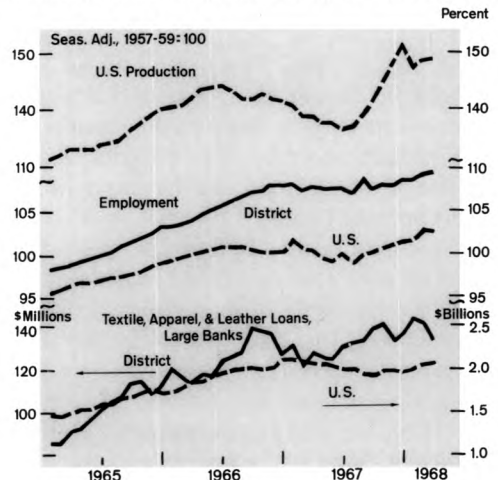
Automobile sales in early 1968 rose considerably above the comparable 1967 period, and higher sales for the year are predicted by industry officials, despite a fall in sales during April. Expanding industrial activity will require a higher volume of textile products. The military stepped up procurement of woven yarn goods during the last half of this fiscal year. Thus, all four of the major textile markets have increased their purchases.

If the Department of Commerce projections for 1968 textile shipments are accurate, textile manufacturers will experience an 11-percent increase from the depressed 1967 levels.

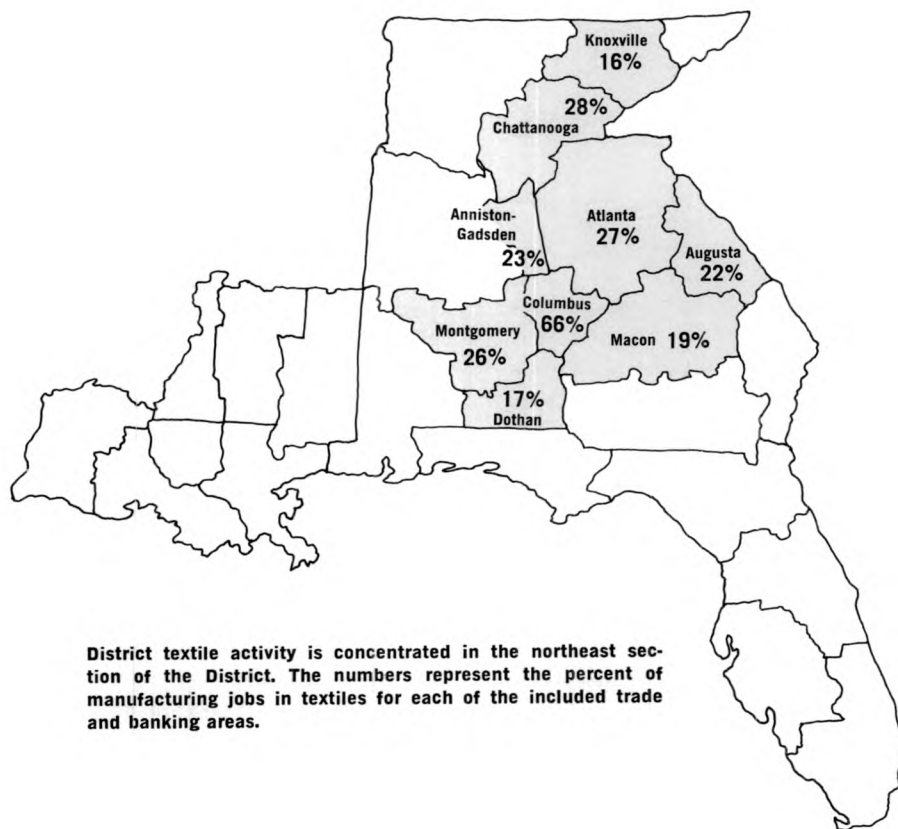
District Developments

Most of the District textile activity is concentrated in Georgia, with 50 percent of the region's textile jobs; Alabama, with 20 percent; and Ten-

The District's textile industries shared in national declines.



Areas of Major District Textile Activity



District textile activity is concentrated in the northeast section of the District. The numbers represent the percent of manufacturing jobs in textiles for each of the included trade and banking areas.

nessee, with about 15 percent. Within these states the textile area is fairly contiguous and circumscribed by Chattanooga, Gadsden, Montgomery, Columbus, Augusta, and Knoxville. Of course, the textile area extends northward into the Carolinas.

The textile recession for the District textile states was similar to that of the nation, but differed in detail. The District's textile employment held up longer than the nation's and declined only one percent during a five-month period. Cotton consumption in the District registered about the same decrease as in the nation, but its duration was longer.

On an annual basis, 1967 textile jobs advanced 1.9 percent over the 1966 level, despite the contraction in activity. While average hourly earnings increased, the average workweek fell, so textile payrolls were little changed from the previous year. However, the volume of large commercial bank loans to textile, apparel, and leather firms in the District recorded a larger rate of decline than did those throughout the country.

The Department of Commerce's projections of 1968 textile shipments indicated the largest gains would be in carpets, whose production is centered in northern Georgia. However, the District's producers of cotton broadwoven goods may see little increase in their sales this year, because of the small cotton crop last year (and consequent higher prices) and the continuing shift from cotton to manmade fibers.

District textile manufacturers expressed their confidence in the industry last year by making larger commitments for capital investments. The dollar volume of new and expanded plant announcements in 1967 was about double the 1966 level. In the fourth quarter of last year ten plants announced planned investments of over \$1 million each. The realization of these plans will bring higher textile capital spending.

Bankers can expect further demands in borrowed funds, both to finance textile firms' increased working capital needs and higher capital spending.

RICHARD LONG

1968 Crop Acreages Up?

Acreages of major crops in the District will exceed last year's plantings by 1 percent if farmers carry out their intentions stated in a recent U. S. Department of Agriculture report. An expected 18- to 20-percent increase in cotton and rice acreages, plus smaller gains for soybeans and peanuts, should more than counter other crop losses. Since these estimates were made early in the growing season, actual plantings may be altered by later decisions concerning Government programs, weather effects, labor prospects, and other economic factors. At the national level acreages of 17 major crops are expected to be 2 percent, or about 6 million acres, less than in 1967. Sharp reductions in feed grain plantings will offset more modest gains in cotton, soybeans, some small grains, and other crops.

Cotton Perhaps the most significant change in the southern farm scene is the expected 18-percent, or 447,000-acre, gain in cotton plantings. This represents a reversal in the downtrend of cotton acreages that began in 1962 and culminated in very large cutbacks in 1966 and 1967. In the last two years a large number of farmers participated in the acreage diversion provisions of the 1965 Food and Agricultural Act. They were required to divert a minimum of 12.5 percent of their allotment and could divert up to 35 percent. This diversion, combined with poor growing seasons, caused cotton production to drop well below total consumption, resulting in a "run-off" of cotton surpluses. This year, with carryover stocks near or below desired levels, the Government cotton

program has been modified to encourage higher production.

For the 1968 growing season, farmers must divert only 5 percent of their basic allotment but may take a full 35 percent out of production. But payment for voluntary diversion will be only 6 cents per pound times the normal yield of the diverted acreages, compared with 10.78 cents per pound in 1967. Many farmers will now find it more profitable to expand plantings and keep diverted acreages near minimum levels. Further inducements to farmers are higher market prices, ranging above price support loan payments in recent months, and a modification of rules pertaining to the measurement of acreage allotments planted in various skip-row patterns.

Within the District, the degree to which farmers are responding to the liberalized cotton planting regulations varies. Farmers in Mississippi will plant 1.2 million acres, up 26 percent from a year earlier. Gains in Louisiana and Tennessee may reach 22 and 18 percent, respectively. Cotton plantings will advance much less rapidly in Alabama and Georgia. Many producers in these states are less responsive to the program modifications because they experienced near disastrous crop failures from adverse weather and insect infestations last year. In addition, the lower quality of cotton produced in some areas is subject to heavy price discounts, so it may be more profitable to maintain higher diversion rates.

Soybeans Producers of soybeans in District states plan to plant approximately 3 percent more beans

in 1968 than in 1967. This rate of increase is equal to the U. S. advance and would mark the seventh consecutive annual gain in the Southeast. By 1967, soybeans occupied more acreage on District farms than any other crop, and the trend is expected to continue.

The projected 3-percent gain in soybean planting represents the smallest rate of increase since the southern "soybean rush" began in 1963. This decline in the expected growth rate was caused in part by greater competition for tillable farmland from cotton and rice, price declines in 1967, a potential one billion bushel crop in 1968, and the prospect for continued downward price pressures, caused by large carryover stocks.

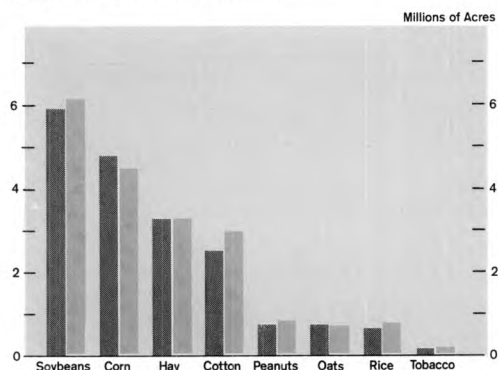
Mississippi farmers, who plant over one-third of the District's bean acreages, indicate they will reduce plantings by 4 percent. Similarly, Georgia producers are expected to cut acreages by the same amount, while Florida farmers will expand acreages by one-fourth. Soybean acreages will advance approximately 15 percent in Alabama, and 7 percent in both Louisiana and Tennessee.

Since these data are based on farmers' March 1 planting intentions, the possibility of change is great. Adverse weather and insect damage could alter acreages of other crops. However, these acreages may be replanted to soybeans, since this crop can be planted later in the year.

Rice Rice acreages in Louisiana and Mississippi are expected to advance 124,000 acres, or 20 percent. This gain reflects entirely a 20-percent increase in rice acreage allotments, a 5-cent per cwt. rise in the price support loan rate, and market prices well above support levels.

These very bullish conditions in the domestic rice market are caused by modest advances in U. S. consumption and very strong export de-

An increase of over 250,000 acres of major District crops is led by soybeans, cotton, and rice.



mands. In 1966, the domestic market accounted for only one-third of the total U.S. rice disappearance. The balance was exported, with commercial sales for dollars equaling nearly 60 percent of all rice exports in the 12-month period ending July 31, 1967. Food aid shipments, primarily to South Vietnam and India, represent the balance of the shipments abroad.

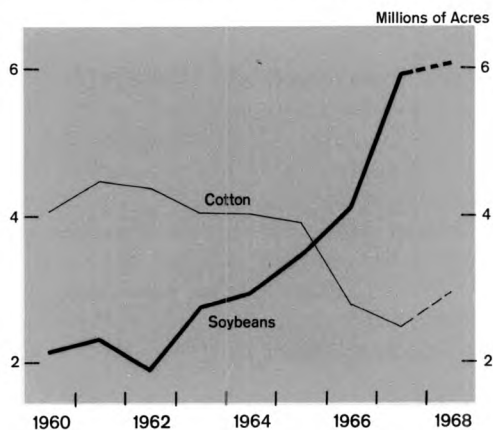
Peanuts Acreages of peanuts in the District will remain virtually unchanged in 1968. Market conditions reflect a large carryover of peanut supplies, causing the average price to remain near the support level of \$227 per ton throughout 1967. For 1968, the prospects for price increases are slight, and the basic acreage allotments will remain unchanged. Georgia farmers will grow nearly one-half million acres of peanuts, maintaining their number one position as producer of this crop in the District. Alabama ranks second, with 185,000 acres of goobers.

Corn Like their U. S. counterparts, District farmers will probably curtail acreages by 8 percent. Increased participation in the feed grains program in the South and U.S. accounts for most of the reduction.

In 1967 the nation's farmers produced a record 4.7 billion bushels of corn. This large crop caused prices to decline last fall and winter. In addition, carryover supplies of corn and other feed grains advanced sharply. Thus, the feed grain program was modified to allow participants to divert 25 acres or up to one-half their corn acreage allotment, whichever is larger. Also, farmers will receive diversion payments of about 60 cents per bushel times the farms' projected yield on all diverted acres above the mandatory 20 percent of their allotment.

In the South the incentive to reduce corn acreages is reinforced by more favorable land use alternatives offered by competitive crops.

Soybeans, the District's leading agricultural crop, continues its uptrend, while cotton reverses a downtrend.



Greater acreages of cotton, soybeans, and rice will intensify the competition for corn land in many areas.

District plantings of other feed grains, such as oats, are expected to fall by 6 percent, while sorghum production may increase slightly. Most of the advance will occur in Louisiana.

Tobacco District tobacco producers anticipate cutting acreages by over one-tenth, and virtually all of the adjustment will be in the Georgia-Florida flue-cured producing regions. As in the cotton, rice, and feed grain areas, the reduction can be explained by adjustments in Government programs.

Currently, producers of flue-cured tobacco are operating under an acreage-poundage program passed in 1965. This law states that each grower is assigned a basic acreage allotment and a quota, in pounds, of tobacco he can sell each year. If an individual expects good yields per acre, he may voluntarily plant fewer acres than his allotment and still grow enough tobacco to fill his sales quota.

In 1966 the growing season was poor, so many producers did not fill their quota. Since they could carry the unused portion of the quota into the next growing season, they expanded acreages last year. With a good growing season in 1967, many producers not only used all their quotas but took advantage of an overmarketing provision

of the law. In 1968 flue-cured tobacco growers are expected to cut acreages to more nearly match production to their quotas.

In fire-cured burley, and dark air-cured producing regions of Tennessee, total acreages will equal last year's level, reflecting minor adjustments in allotments and pessimism toward 1968 price prospects.

ROBERT E. SWEENEY

Bank Announcements

The Claxton Bank, Claxton, Georgia, a nonmember bank, began to remit at par on April 1 for checks drawn on it when received from the Federal Reserve Bank.

On the same date the **Plaquemine Bank and Trust Company**, Plaquemine, Louisiana, opened as a nonmember bank and began to remit at par. Vernon E. LaCour is president; other officers are to be named. Capital is \$250,000; surplus and other capital funds, \$250,000.

1967 Operating Ratios of Sixth District Member Banks is a summary report of various ratios computed for 1967 from the Reports of Condition and Income and Dividends Reports. Member bank groupings are by deposit size for the District and by state. Now available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

Mississippi: Industrialization Brings Interdependence

Factories standing where cotton once grew symbolize Mississippi's efforts to complement her agriculture with industry. As workers have been pushed off the farm by advanced agricultural technology, they have needed new jobs, as have other Mississippians entering the labor market for the first time. Providing these jobs has been the focus and continuing challenge of the state's "Balance Agriculture with Industry" program (BAWI), conceived in 1937.

Creating enough new nonfarm jobs has been difficult for Mississippi, because of her large number of displaced farm workers. Since 1960, 34,000 additional workers have left the farm. Although some of them have migrated to other states, many have been absorbed into nonfarm jobs, which have grown by 126,000 in the same period.

Manufacturing provided 47,000 of these jobs, while the remainder was contributed by the trade, construction, services, finance and government sectors. As a result, more than 90 percent of Mississippi's workforce is now employed in nonfarm jobs, compared with 82 percent in 1960. One out of every four current nonfarm jobs has been created since then.

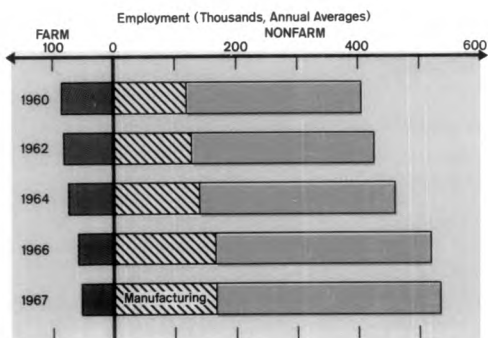
Interdependence With Industry

As Mississippi has become industrialized, its economy has tied itself to developments outside the state. This is particularly true for many of the state's manufacturing firms who sell their products in regional and national markets and are affected directly by changes in the incomes and financial resources of buyers.

The growing apparel, furniture, and processed foods industries are very sensitive to changes in national and regional consumer demand. Ups and downs in the lumber industry tend to follow developments in construction, which is in turn influenced by the availability of mortgage funds and by the investment decisions of national firms. Employment at Mississippi's coastal shipbuilding complex, as well as in her electrical equipment factories, partly reflects the level of national defense spending. These six nationally oriented industries together employ two-thirds of the state's manufacturing workers.

Other nonfarm businesses serving local markets are by no means insulated from out-of-state economic conditions, although the links are not as direct as in manufacturing. Local merchants, suppliers, and contractors are affected indirectly, as workers in nationally oriented industries spend

The continued growth of nonfarm jobs since 1960 has more than made up for the shrinkage of farm jobs. As a result, over 90 percent of Mississippi's workers are now employed off the farm.



their paychecks. When national economic winds blow, most Mississippians feel the breeze.

Pause and Growth in 1967

The state's employment pattern in 1967 illustrates this interdependence. For the year, manufacturing employment increased by less than one percent—the smallest expansion in six years. Seasonally adjusted figures reveal that an 8-percent annual rate of decline during the first half of the year was followed by a 10-percent increase in the second half. This is an expected pattern since national income and production were similarly weak in the first half and strong in the second. The same general pattern occurred in most of Mississippi's manufacturing industries.

The increased interdependence also showed up in the construction industry, where jobs rose at a 3-percent rate in 1967. Here a pronounced 25-percent annual rate of decline in the first half preceded an even bolder 35-percent increase in the second. A cutback in the Federal highway program contributed to the first-half slowdown, while the early stages of Pascagoula's \$130-million shipyard addition boosted the second-half

Mississippi's Employment

	First Half 1967	Second Half 1967	Total 1967	Jan.-Mar. 1968
Civilian Employment	+ 0.1	+ 1.0	+ 0.5	+ 6.8
Nonfarm Employment*	- 2.9	+ 7.4	+ 2.2	+ 3.0
Manufacturing	- 8.1	+ 9.8	+ 0.7	+ 1.1
Construction	-25.0	+34.9	+ 2.8	+19.4
Farm Employment	-23.8	+ 1.1	-11.4	+39.9

*Includes services, trade, finance, government, and other fields not separately shown.

NOTE: Seasonally adjusted data expressed as annual rates of change.

figures somewhat. It would be misleading to attribute the construction employment pattern entirely to interdependence on the national scene, however, since the timing of local contract completions was also important.

Considering the direct contribution to the total number of nonfarm jobs made by nationally oriented factories and construction firms, together with their indirect influence on more locally oriented businesses, it is not surprising that the same 1967 pattern of pause and growth also appeared in seasonally adjusted nonfarm employment. The total number of nonfarm jobs fell at a 3-percent rate in the first half of 1967, then grew at a 7-percent rate in the second. For the year as a whole, nonfarm jobs increased 2 percent.

This expansion represented the weakest growth in any year since 1960. In other words, Mississippi was not as successful in balancing agriculture with industry in 1967 as she has been in other years because of her sluggish performance during the first six months.

Agriculture Still Important

Despite Mississippi's increased industrialization, growing dependence on economic developments outside the state, and declining farm workforce—agriculture remains important. Cotton is still the major cash crop, as a recent *Review* (February 1968) pointed out. Cotton plantings in 1967 were substantially reduced by the Government's acreage diversion program, and poor weather reduced yields. Soybean growers, truck gardeners, and livestock producers fared better, however, with higher prices and good yields.

Prospects for 1968

The national economy has had an increasing influence on Mississippi. Since most experts are predicting strong national income growth in 1968, a good year seems in the offing.

Available figures for early 1968, while still sketchy, appear to bear out our optimism. A heartening factor is the construction of the \$130-million shipyard addition at Pascagoula, which is already providing considerable impetus to the state's economy.

WILLIAM N. COX, III

This is one of a series of articles in which economic developments in each of the Sixth District states are discussed. Developments in Georgia's economy were analyzed in the April 1968 REVIEW, and a discussion of Tennessee's economy is scheduled for a forthcoming issue.

Sixth District Statistics

Seasonally Adjusted

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

	Latest Month (1968)	One Month Ago	Two Months Ago	One Year Ago		Latest Month (1968)	One Month Ago	Two Months Ago	One Year Ago
SIXTH DISTRICT									
INCOME AND SPENDING									
Personal Income (Mil. \$ Annual Rate)	Feb. 63,766	61,616r	60,030r	58,760	Manufacturing	Mar. 159	160	161	155
Manufacturing Payrolls	Mar. 230	229	220	210	Nonmanufacturing	Mar. 153	153	152	148
Farm Cash Receipts	Feb. 146	158	134	137	Construction	Mar. 102	103	103	103
Crops	Feb. 154	167	131	125	Farm Employment	Mar. 83	96	77	88
Livestock	Feb. 152	156	145	146	Unemployment Rate (Percent of Work Force)	Mar. 2.9	2.9	3.0	2.6
Instalment Credit at Banks* (Mil. \$)					Avg. Weekly Hrs. in Mfg. (Hrs.)	Mar. 40.6	41.1	41.5	42.4
New Loans	Mar. 305	322	286	295	FINANCE AND BANKING				
Repayments	Mar. 269	266	256	254	Member Bank Loans	Mar. 280	279	279	256
Retail Sales	Feb. 169p	158	175	158	Member Bank Deposits	Mar. 216	215	216	189
					Bank Debits**	Mar. 214	205	216	185
PRODUCTION AND EMPLOYMENT					GEORGIA				
Nonfarm Employment	Mar. 140	141	140	136	INCOME				
Manufacturing	Mar. 140	140	140	137	Personal Income (Mil. \$ Annual Rate)	Feb. 12,531	12,083r	11,945	11,359
Apparel	Mar. 170	169	169	169	Manufacturing Payrolls	Mar. 226	226	212	206
Chemicals	Mar. 134	132	132	131	Farm Cash Receipts	Feb. 134	159	152	137
Fabricated Metals	Mar. 156	157	157	151	PRODUCTION AND EMPLOYMENT				
Food	Mar. 114	116	116	113	Nonfarm Employment	Mar. 141	141	140	137
Lbr., Wood Prod., Furn. & Fix.	Mar. 105	106	106	106	Manufacturing	Mar. 133	133	133	132
Paper	Mar. 121	120	120	119	Nonmanufacturing	Mar. 145	145	143	140
Primary Metals	Mar. 133	132	132	129	Construction	Mar. 152	153	144	145
Textiles	Mar. 109	109	109	108	Farm Employment	Mar. 56	58	64	55
Transportation Equipment	Mar. 180	181	183	174	Unemployment Rate (Percent of Work Force)	Mar. 3.3	3.2	3.2	3.4
Nonmanufacturing	Mar. 141	141	140	136	Avg. Weekly Hrs. in Mfg. (Hrs.)	Mar. 40.6	40.9	39.6	40.4
Construction	Mar. 133	135	130	128	FINANCE AND BANKING				
Farm Employment	Mar. 64	67	66	68	Member Bank Loans	Mar. 282	279	276	258
Unemployment Rate (Percent of Work Force)	Mar. 3.6	3.6	3.7	3.5	Member Bank Deposits	Mar. 224	225	224	204
Insured Unemployment (Percent of Cov. Emp.)	Mar. 2.0	2.1	2.4	2.1	Bank Debits**	Mar. 256	236	237	220
Avg. Weekly Hrs. in Mfg. (Hrs.)	Mar. 41.0	41.2	40.4	41.0	LOUISIANA				
Construction Contracts*	Mar. 184	173	196	146r	INCOME				
Residential	Mar. 222	186	224	172r	Personal Income (Mil. \$ Annual Rate)	Feb. 10,094	9,805	9,374	9,303
All Other	Mar. 151	162	173	124	Manufacturing Payrolls	Mar. 200	199	198	188
Electric Power Production**	Feb. 155	152	150	145	Farm Cash Receipts	Feb. 161	183	150	147
Cotton Consumption**	Mar. 118	109	112	118	PRODUCTION AND EMPLOYMENT				
Petrol. Prod. in Coastal La. and Miss.**	Mar. 223	222	265	223	Nonfarm Employment	Mar. 131	132	131	127
FINANCE AND BANKING					Manufacturing	Mar. 121	121	120	117
Loans*					Nonmanufacturing	Mar. 133	134	134	129
All Member Banks	Mar. 268	267	266	247	Construction	Mar. 153	156	153	147
Large Banks	Mar. 237	238	239	223	Farm Employment	Mar. 60	61	55	60
Deposits*					Unemployment Rate (Percent of Work Force)	Mar. 4.3	4.4	4.4	4.1
All Member Banks	Mar. 204	204	203	185	Avg. Weekly Hrs. in Mfg. (Hrs.)	Mar. 42.4	43.8	42.5	42.5
Large Banks	Mar. 178	181	181	167	FINANCE AND BANKING				
Bank Debits**	Mar. 225	210	213	194	Member Bank Loans*	Mar. 232	229	235	220
ALABAMA					Member Bank Deposits*	Mar. 170	169	170	158
INCOME					Bank Debits**	Mar. 182	176	173	163
Personal Income (Mil. \$ Annual Rate)	Feb. 8,393	8,179r	7,978r	7,830	MISSISSIPPI				
Manufacturing Payrolls	Mar. 205	202	198	182	INCOME				
Farm Cash Receipts	Feb. 150	156	113	148	Personal Income (Mil. \$ Annual Rate)	Feb. 5,024	4,726	4,561	4,735
PRODUCTION AND EMPLOYMENT					Manufacturing Payrolls	Mar. 258	254	240	223
Nonfarm Employment	Mar. 127	127	127	125	Farm Cash Receipts	Feb. 143	182	113	145
Manufacturing	Mar. 128	128	127	124	FINANCE AND BANKING				
Nonmanufacturing	Mar. 126	127	127	125	Member Bank Loans*	Mar. 232	229	235	220
Construction	Mar. 117	119	112	119	Member Bank Deposits*	Mar. 170	169	170	158
Farm Employment	Mar. 62	68	65	75	Bank Debits**	Mar. 182	176	173	163
Unemployment Rate (Percent of Work Force)	Mar. 4.3	4.5	4.3	4.3	FLORIDA				
Avg. Weekly Hrs. in Mfg. (Hrs.)	Mar. 41.6	41.3	41.3	41.2	INCOME				
FINANCE AND BANKING					PRODUCTION AND EMPLOYMENT				
Member Bank Loans	Mar. 251	251	247	233	Nonfarm Employment	Mar. 143	143	142	140
Member Bank Deposits	Mar. 196	195	194	184	Manufacturing	Mar. 151	151	151	149
Bank Debits**	Mar. 216	199	205	183	Nonmanufacturing	Mar. 140	140	139	136
FLORIDA					Construction	Mar. 155	160	156	153
INCOME					Farm Employment	Mar. 64	59	60	61
Personal Income (Mil. \$ Annual Rate)	Feb. 17,634	17,256r	16,982r	16,182	Unemployment Rate (Percent of Work Force)	Mar. 4.1	4.5	4.6	4.2
Manufacturing Payrolls	Mar. 273	274	277	259	Avg. Weekly Hrs. in Mfg. (Hrs.)	Mar. 41.2	41.0	40.3	40.6
Farm Cash Receipts	Feb. 163	164	160	126	FINANCE AND BANKING				
PRODUCTION AND EMPLOYMENT					Member Bank Loans*	Mar. 332	340	330	294
Nonfarm Employment	Mar. 154	154	153	149	Member Bank Deposits*	Mar. 235	242	241	224
					Bank Debits**	Mar. 246	226	217	207

	Latest Month (1968)	One Month Ago	Two Months Ago	One Year Ago		Latest Month (1968)	One Month Ago	Two Months Ago	One Year Ago
TENNESSEE									
INCOME									
Personal Income (Mil. \$, Ann. Rate)	Feb. 10,091	9,567	9,190	9,351	Nonmanufacturing	Mar. 136	136	135	132
Manufacturing Payrolls	Mar. 220	219	206	196	Construction	Mar. 182	189	172	158
Farm Cash Receipts	Feb. 124	107	104	127	Farm Employment	Mar. 63	70	69	77
					Unemployment Rate				
					(Percent of Work Force)	Mar. 4.5	3.6	3.9	3.3
					Avg. Weekly Hrs. in Mfg. (Hrs.)	Mar. 40.6	40.6	39.2	40.0
FINANCE AND BANKING									
Nonfarm Employment	Mar. 140	141	139	136	Member Bank Loans*	Mar. 260	257	260	240
Manufacturing	Mar. 149	149	149	146	Member Bank Deposits*	Mar. 189	188	186	173
					Bank Debits/**	Mar. 253	223	221	215

*For Sixth District area only. Other totals for entire six states. **Daily average basis. r-Revised. p-Preliminary estimate.
 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.

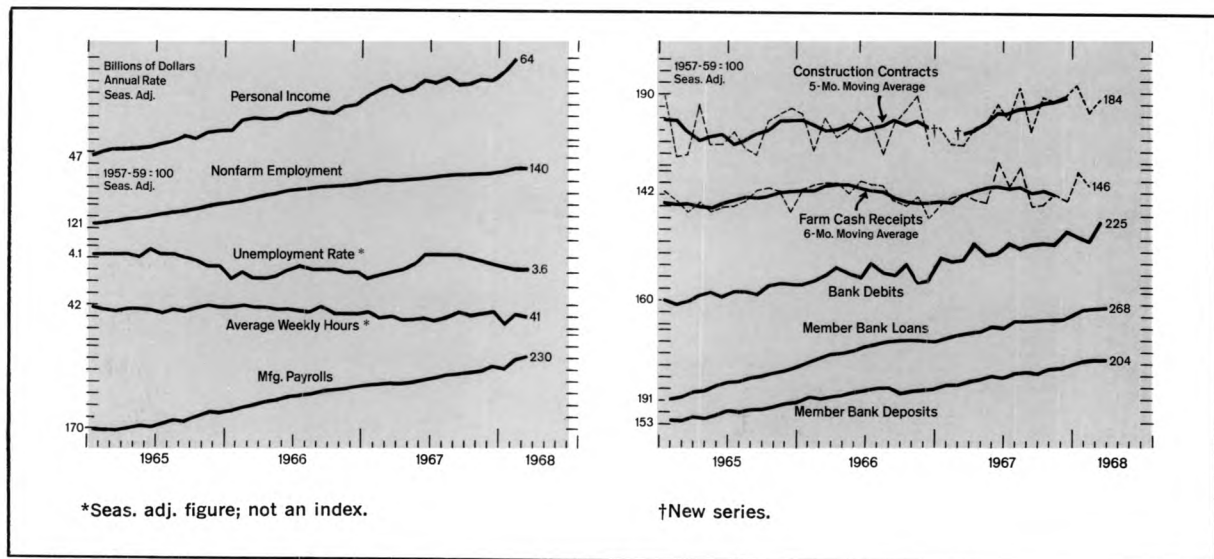
Debits to Demand Deposit Accounts

Insured Commercial Banks in the Sixth District
 (In Thousands of Dollars)

	Percent Change					Percent Change							
	Year-to-Date					Year-to-Date							
	3 months					3 months							
	Mar. 1968	Feb. 1968	Mar. 1967	Feb. 1968	Mar. 1967	Mar. 1968	Feb. 1968	Mar. 1967	Feb. 1968	Mar. 1967			
STANDARD METROPOLITAN STATISTICAL AREAS†													
Birmingham#	1,736,159	1,544,069	1,576,176	+12	+10	+9	Lakeland	123,114	125,377	124,741	-2	-1	+6
Gadsden	59,143	57,953	59,370	+2	-0	+4	Monroe County	39,786	35,181	38,706	+13	+3	+4
Huntsville	179,606	173,989	186,993	+3	-4	+2	Ocala	58,586	63,590	56,492	-8	+4	+8
Mobile	481,726	491,036	471,514r	-2	+2	+9	St. Augustine	18,915	18,597	19,615	+2	-4	+0
Montgomery	313,364	300,810	306,223	+4	+2	+6	St. Petersburg	387,648	341,539	361,940	+14	+7	+12
Tuscaloosa	94,677	98,966	98,340	-4	-4	+9	Sarasota	116,076	120,732	101,679	-4	+14	+25
W. Palm Beach	487,564	487,148	446,687	+0	+9	+16	Tampa	856,145	803,939	692,594	+6	+24	+24
Valdosta	54,661	51,369	54,661	+0	+9	+16	Winter Haven	69,945	67,367	62,688	+4	+12	+9
St. Petersburg	1,578,606	1,506,426r	1,380,371	+5	+14	+19	Athens	78,308	77,751	73,710	+1	+6	+12
W. Palm Beach	487,564	487,148	446,687	+0	+9	+16	Brunswick	42,071	40,863	40,492	+3	+4	+13
Albany	91,481	88,281	86,005	+4	+6	+12	Dalton	95,329	87,379	78,412	+9	+22	+21
Atlanta	5,304,003	4,847,883	4,944,846r	+9	+7	+13	Eiberton	14,420	12,486	18,552	+15	-22	-8
Augusta	301,762	282,774	287,852	+7	+5	+6	Gainesville	67,370	62,228	71,082	-8	-5	-3
Columbus	223,814	218,235	214,762r	+3	+4	+10	Griffin	35,273	33,886	31,530	+4	+12	+7
Macon	258,090	247,939	254,615	+4	+1	+11	LaGrange	23,738	19,833	23,694	+20	+0	-3
Savannah	283,214	268,713	282,970	+5	+0	+8	Newnan	24,974	21,438	21,438	+4	+21	+12
Baton Rouge	558,276	558,917	549,869	-0	+1	+9	Rome	72,699	70,844	71,564	+3	+2	+6
Lafayette	132,834	127,728	112,850	+4	+18	+15	Valdosta	54,661	51,369	54,475	+6	+0	+6
Lake Charles	153,089	147,024	141,788	+4	+8	+9	Abbeville	11,903	12,094	11,659	-2	+2	+11
New Orleans	2,512,241	2,396,285	2,484,461	+5	+1	+6	Alexandria	135,110	123,665	139,084	+9	-3	-1
Jackson	714,623	673,221	619,416	+6	+15	+15	Bunkie	6,089	6,145	6,784	-1	-10	+5
Chattanooga	624,020	578,437	632,411	+8	-1	+5	Hammond	41,963	35,602	38,171	+18	+10	+5
Knoxville	464,750	433,595	451,693	+7	+3	+7	New Iberia	36,330	31,801	33,581	+14	+8	+2
Nashville	1,794,494	1,593,531	1,627,292	+13	+10	+14	Plaquemine	12,476	11,995	10,694	+4	+17	+12
OTHER CENTERS													
Anniston	66,721	65,930	63,473	+1	+5	+10	Thibodaux	20,781	21,181	22,879	-2	-9	+2
Dothan	63,177	59,725	62,285	+6	+1	+9	Biloxi-Gulport	106,122	107,493	108,221	-1	-2	+9
Selma	44,725	45,956	44,288	-3	+1	+8	Hattiesburg	55,755	54,545	55,421	+2	+1	+7
Bartow	32,996	30,634	38,273	+8	-14	-8	Laurel	36,873	37,016	33,963	-0	+9	+12
Bradenton	82,389	77,400	75,188	+6	+10	+17	Meridian	63,380	63,355	64,132	+0	-1	+3
Brevard County	222,436	215,415	217,750	+3	-2	+8	Natchez	38,537	37,895	39,747	+2	-3	+4
Daytona Beach	84,736	87,400	96,394	-3	+12	+6	Pascagoula-						
N. Ft. Myers	99,547	106,650	82,466	-7	+21	+30	Moss Point	59,632	58,209	54,014	+2	+10	+16
Gainesville	94,424	88,398	86,679	+7	+9	+13	Vicksburg	41,007	43,764	40,828	-6	+0	+4
SIXTH DISTRICT, Total													
Alabama‡	4,155,641	3,931,013	3,850,904r	+6	+8	+9	Yazoo City	29,650	27,232	26,447	+9	+12	+13
Florida‡	10,214,377	9,778,768r	9,641,603r	+4	+6	+14	Bristol	79,463	78,407	65,384	+1	+22	+23
Georgia‡	8,366,971	7,819,002	7,890,534r	+7	+6	+12	Johnson City	76,663	70,907	77,289	+8	-1	+4
Louisiana†	4,149,504	4,102,170	4,089,564r	+1	+1	+6	Kingsport	181,021	145,247	170,164	+25	+6	+9
Mississippi†	1,492,029	1,439,634	1,385,980	+4	+8	+11	SIXTH DISTRICT, Total						
Tennessee*†	4,411,151	3,981,677	4,139,606r	+11	+7	+11	32,789,673	31,052,264r	30,997,710r	+6	+6	+11	

*Includes only banks in the Sixth District portion of the state. †Partially estimated. ‡Estimated. #Birmingham data revised to reflect expansion of this SMSA from one county to three counties. r-Revised.

District Business Conditions



Most of the District's economic indicators pointed strongly upward recently, suggesting continued expansion. Large banks experienced a sharp rise of business loans in April. Consumer spending increased in March, financed by larger incomes and heavier instalment credit extensions. District farmers reported higher receipts and expenses. Residential construction remained sturdy, supported by a high level of commitments and new mortgage lending in the single-family sector by savings and loan associations.

Bank lending, especially to businesses, rose significantly in April, judging from the surge in loan activity at large commercial banks. Firms engaged in retail trade, services, and textile manufacturing were among the heaviest borrowers. At mid-month, run-offs of large denomination certificates of deposit were minimal in contrast with those in some other parts of the country. Effective April 19, 1968, the Board of Governors of the Federal Reserve System instituted a new graduated scale of maximum rates allowable on time certificates of deposit of over \$100,000. The discount rate of the Federal Reserve Bank of Atlanta was increased from 5 to 5½ percent, effective April 22, 1968.

Consumer spending became more vigorous in the first quarter of 1968. Automobile sales, which advanced in February, remained at a high rate in March. Instalment credit extensions at commercial banks rose rapidly, reflecting increased spending.

Manufacturers paid more to their workers in March, despite a somewhat shorter average work-

week. Nonfarm employment was held down by strikes at Atlanta auto assembly plants.

Through March, the price index and farm cash receipts were well above year-ago levels. Citrus products, hogs, cattle and calves, and rice led the advance in prices, while egg and cotton prices continued to fall. The cost of farming increased further, with the rise in wages, interest rates, and taxes. Drought conditions in Florida and South Georgia forced farmers to replant some acreages.

Southern housing starts were up sharply in February and dipped only slightly in March. The pace of new construction contract awards remains vigorous, led by expansion in both single-family and multi-family residential volume. In the first quarter, savings and loan associations experienced a considerable slowing of net savings inflows, relative to last year's high levels, but maintained mortgage lending volume and future commitments well.

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