

MONTHLY REVIEW

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A New Bank Service
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FEDERAL RESERVE BANK OF ATLANTA

Bookkeeping for Farmers: A New Bank Service

Historically, farmers have been good technicians in operating most phases of their businesses, but they have been very poor bookkeepers. In fact, keeping records was often assigned such low priority that before the passage of the Internal Revenue Act a farmer with any type of accounting system was a rarity. Even since 1913 farmers' accounting procedures often have satisfied only the minimum requirements for income taxes. They usually included a cigarbox full of receipts or scattered sheets of paper and/or envelopes on which a few pertinent notes were scribbled. Certainly, these procedures were never a sign of sound financial management; but they could be tolerated more in bygone days when farm units were small, the operator and family labor represented the major production input, and capital investment in machinery and land was small. Today, however, when commercial farms represent major businesses, accurate and detailed records have become a prerequisite to successful farm management.

In recent years numerous solutions for improving record systems have been proposed. The cooperative extension service in many states has developed and implemented various programs. Also, farm suppliers, farm organizations, some banks, farmer co-ops, and other organizations have designed record-keeping programs for farmers. However, continued advances in electronic data processing have caused more and more bankers to become aware of the opportunity to extend a valuable and profitable record-keeping service to both their farm and nonfarm customers.

Increased Interest

Today's current high interest in computerized record systems was sparked by two developments.

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First, more and more bankers are becoming familiar with data processing equipment and its application to banking operations and services. Even though many bankers do not own or lease EDP equipment, they now have access to computers through local service bureaus or correspondent banks. In addition, more bankers are getting equipment to code checks and deposit slips with magnetic ink character recognition (MICR) symbols to aid in accounting procedures. This experience with EDP methods has made bankers more aware of the potential for new and different computer applications.

Second, numerous types of computerized record-keeping systems have been developed after a successful launching in 1965 of a program designed by a small rural bank in Iowa. This bank recognized that bankers are now in a better position to offer a record-keeping system than most other organizations. This advantage lies in the bank's participation in virtually all of a farmer's financial transactions. By redesigning the check issued to farmers, the portion of each check allocated to each purpose is recorded after it has cleared at the bank. A \$100 check written to a local farm supply store might show that \$25 was used to purchase poultry feed, \$20 for machinery repairs, and \$55 for some baby chicks. By recording these data for each check written, the bank could periodically give its farm customers a valuable report of their expenditures.

In like manner, deposit slips were redesigned to show the revenue generated from each farm enterprise. By combining expenditure and revenue data in one report, the banker can generate a monthly cash flow report that is a valuable farm management tool.

Extent of Use

Prior to 1965 only two banks offered a farm record-keeping system. However, by 1967 over 20 bank-oriented agricultural EDP farm record-keeping programs were in operation, according

Deposit slips, checks, and petty cash vouchers are the primary input records.

JOHN P. CUSTOMER
1234 MAIN STREET
ANYTOWN, U.S.A.

PETTY CASH EXPENSE
OR INCOME VOUCHER

939 1

DATE: 10-22-1968 \$100.00

ACCT	AMOUNT	ACCT	AMOUNT	ACCT	AMOUNT	ACCT	AMOUNT
508	96.00	521	4.00				

American Bank and Trust Company
Anytown, U.S.A.

Vendor or Source
Jim's Standard

NOT NEGOTIABLE

⑆06 1 2⑈ 58 23⑆ 1 379 2⑆

DATE	DESK	QUANTITY	ITEM	DESK	EXCISE	AMOUNT

164

64-10
610

19

TO THE ORDER OF _____ \$ _____ DOLLARS

AMERICAN BANK and TRUST
Anytown, U.S.A. COMPANY

JAMES C. MORRISON
SAMPLE-VOID

⑆06 1 2⑈ 58 23⑆ 1 379 2⑆

CHECKING ACCOUNT DEPOSIT TICKET

CODE	DESK	QUANTITY	ITEM	CASH	CHECK	AMOUNT

DATE 19

AMERICAN BANK and TRUST
Anytown, U.S.A. COMPANY

⑆06 1 2⑈ 58 23⑆ 1 379 2⑆

CASH

TOTAL FROM OTHER SIDE

TOTAL

LESS CASH RECEIVED

NET DEPOSIT

JAMES C. MORRISON
SAMPLE-VOID

⑆06 1 2⑈ 58 23⑆ 1 379 2⑆

to an American Bankers Association survey. Presently, 15 of the 20 programs are now being leased or franchised. About 450 banks are extending some type of record-keeping system serving over 4,500 farmers. Most of the multi-bank plans are leased or franchised on a local or regional basis, but some are offered nationally.

Midwestern banks are the most active in developing computerized record-keeping programs. The 20 basic programs reviewed in the ABA survey are located in 11 different states. Eight programs originated in Iowa and Illinois, with the balance starting in other Corn Belt or Plain states. None of the programs originated in the Southeast, and the licensing or franchising of existing programs by southern banks is also very limited.

Servicing fees charged to farmers vary from a flat monthly rate to a charge for each item processed to a combination of both. Also, some banks have an initial set-up fee, which in many programs is adjusted according to the number and type reports the farmer requests. Rates usually fall within a range from \$7.50 to \$15 monthly. If a wide variety of reports is given, the charge may exceed these levels. A bank's cost to fran-

chise a record-keeping program varies and is based on bank deposits, services provided, and the type and number of reports available.

Program

Most of the over 20 basic farm record-keeping programs now offered by banks use the check and deposit slip as major input items. They usually have a three-digit code to allow detailed identification of costs and revenues associated with each enterprise, as well as family living expenses and nonfarm income. Most systems allow the farmer to complete a special input form so that currency transactions will appear on his statements.

The input data, of course, determine the flexibility of reports or output received by farmers. By using checks, deposit slips, and cash transactions, the reports are usually limited to various cash expense and revenue statements. Most programs provide the customer with monthly summary tables showing expenses and receipts by category for the current month, plus year-to-date totals. In addition, the farmer usually receives a monthly transactions journal listing every check

and deposit by category that cleared his account. This report provides an opportunity to check for coding errors.

Many of the record systems offered by banks have other reports available to farm customers. They may include a preliminary year-end report issued in November or December for tax planning purposes. Other programs have coding systems to coincide with Schedule F of the Federal income tax forms. Cost and receipt data for each individual enterprise on a farm can also be developed. And if coding systems are detailed sufficiently, cost for a particular field within a given farm or separate records for different farms operated by the same farmer can be generated.

Although none of the approximately 20 different farm record programs now offered by banks has all the options listed above, most have two or more. Many programs offer other options at extra costs to the farm customer. With the inclusion of supplemental information, some pro-

grams prepare depreciation schedules for income tax purposes. Some record systems compute annual balance sheets, reports on funds borrowed and repaid, capital expenditures, inventory adjustments, summary enterprise reports for particular fields and/or pens of livestock, investment credit reports, and farm business analyses with individual group comparison by enterprise. Some of these programs were developed by nonbanking firms but are now being leased or franchised by commercial banks.

Implications

Opportunities for the bank considering such a record-keeping program for its farm customers seem numerous. For the bank it represents another service that can be extended to its customers with the added benefit of profit. Most banks entering one of these programs have reported some operating losses in the first one or two years. However, after the program has been

This cash flow report shows monthly and year-to-date income and expenditures.

MR. NBC CUSTOMER ROUTE 122, BOX 1 SOUTHEAST, U. S. A.		...ADS BY NBC... PERIOD 5 66		ACCOUNT 123 456 7	
CODE	CATEGORIES	-----MONTHLY-----		-----YEAR TO DATE-----	
		INCOME	EXPENSE	INCOME	EXPENSE
	INCOME				
105	COTTON LINT SALES				
110	COTTON SEED SALES				
115	SOYBEAN SALES				
120	RICE SALES			1,132.00	
125	LIVESTOCK SALES	1,124.68		1,124.68	
130	MISC. SALES	23.68		23.68	
135	INTEREST RECEIVED				
140	RENT RECEIVED				
145	CUSTOM WORK	100.00		350.00	
150	GOVERNMENT PAYMENTS			3,041.66	
155	OTHER			75.00	
	TOTAL	1,248.36		5,747.02	
	EXPENSES				
202	LABOR		696.64		3,636.41
204	SOCIAL SECURITY TAX		27.84		134.40
206	FED. TAX WITHHELD		36.23		181.15
208	SEED		2,643.11		2,643.11
210	FERTILIZER		876.41		1,328.82
212	FUEL AND OIL		742.80		3,260.01
214	EQUIPMENT REPAIRS		119.30		1,102.50
216	AERIAL APPLICATIONS		118.50		419.00
218	CHEMICALS		485.00		1,082.90
220	POISON				
222	IRRIGATION		126.50		326.00
224	DEFOLIANTS				
226	HARVEST EXPENSE				
228	TRUCK AND HAULING				
230	LAND RENTS				
232	MACHINE HIRE		100.00		100.00
234	TENANTS FURNISHING				
236	MISC. EXPENSE		68.32		176.40
238	VETERINARY EXPENSE				
240	TELEPHONE		12.62		68.40
242	UTILITIES		31.40		106.30
244	OFFICE EXPENSE				
246	DUES AND DONATIONS		25.00		66.00
248	INTEREST				32.40
250	ACCOUNTING		100.00		100.00
252	P. P. AND R-E TAXES				
254	INCOME TAX				
256	PROPERTY INSURANCE				
258	INS WORKERS COMP				232.00
260	SHOP EXPENSE		52.00		161.00
262	BUILDING REPAIR				
264	DEPRECIATION				
266	PERSONAL EXPENSE		300.00		1,500.00
268	OTHER				
	TOTAL		6,561.67		16,656.80

48-650013 JOHN Q. PUBLIC
 ROUTE 1 BOX 13
 100 SOUTHEAST, U. S. A.

DECEMBER 31, 1967

DAIRY HERD ENTERPRISE REPORT
 FOR
 70 UNITS

ITEM DESCRIPTION	TOTAL	PER UNIT	OPERATOR	LANDLORD
***** CASH EXPENSES *****				
FEED BOUGHT	4,993.98	71.34	2,496.99	2,496.99
CUSTOM WORK HIRED	225.00	3.21	112.50	112.50
SUPPLY EXPENSE	903.42	12.90	451.71	451.71
BREEDING FEE EXPENSE	294.01	4.20	147.00	147.01
VET & MEDICINE EXP.	264.60	3.78	132.30	132.30
HAULING EXPENSE	1,829.36	26.13	914.68	914.68
GEN. LIVESTOCK EXP.	993.06	14.18	496.53	496.53
TOTAL OPERATING EXP.	\$ 9,503.43	\$ 135.76	4,751.71	4,751.72 *
LIVESTOCK PURCHASES	900.00	12.85	450.00	450.00
TOTAL CASH EXPENSE	\$ 10,403.43	\$ 148.62	5,201.71	5,201.72
***** CASH INCOME *****				
MILK SOLD	26,755.74	382.22	13,377.87	13,377.87
TOTAL ORDINARY INCOME	\$ 26,755.74	\$ 382.22	13,377.87	13,377.87**
CAPITAL GAIN-LIVSTCK	2,869.72	40.99	1,434.86	1,434.86
TOTAL CASH INCOME	\$ 29,625.46	\$ 423.21	14,812.73	14,812.73
*** NON-CASH EXPENSES ***				
NON-CASH FEED	13,335.00	190.50	6,667.50	6,667.50
TOTAL NON-CASH EXPENSE	\$ 13,335.00	\$ 190.50	6,667.50	6,667.50 *
**** NON-CASH INCOME ****				
NON-CASH LIVESTOCK	2,213.75	31.63	1,106.87	1,106.88
TOTAL NON-CASH INCOME	\$ 2,213.75	\$ 31.63	1,106.87	1,106.88**

established and operating procedures are refined, a profit potential exists.

Not only could the program itself be profitable, but numerous other advantages could accrue to the bank. Experience reveals that operators of large farms are most likely attracted to a farm record-keeping program and consequently both deposits and good loan demand for the bank. In addition, many of the programs can be modified to serve small businesses, professional people, personal accounts, and special accounts (local government and civic organizations). With these changes, the banker is in a position to extend this new service to the bulk of his depositors. And improved records will provide the banker with more information for financial counseling and evaluating loan requests.

Urban banks may also consider employing EDP record-keeping systems. Even though many urban banks have few farm borrowers, they might

use the system for individuals and other depositors. Also, many city banks are now developing record systems for their country correspondents. In most cases, the country bank has no computer equipment. They simply prepare the data and send them to the city correspondent for processing. The reports are prepared by the city correspondent and distributed to the farm customers by the country bank.

While the advantages to such a program for banks are obvious, hazards and problems have to be solved before an efficient and profitable operation can exist. Franchising an existing program may eliminate some problems of developing a new record-keeping system by the local bank. However, even this type program requires considerable time and effort to be operational. Any bank considering such a program should study the cost and potential benefits carefully.

ROBERT E. SWEENEY

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County Job Growth And Unemployment Patterns

The development of more jobs in urban slums and impoverished rural areas is an immediate, urgent need, demanded by the present critical problems of joblessness, underemployment, and substandard earnings in these areas. . . . More readily available manpower services are needed in both urban slums and rural areas to help disadvantaged workers find out about, qualify for, and obtain jobs.

—1967 *Manpower Report of the President*

With an unemployment rate below 4 percent for two and a half years, the District states and the nation have experienced “high employment.” Yet unemployment remains a crucial problem. In many rural areas the pace of technology in agriculture has reduced farm employment faster than nonfarm jobs have been created. Pockets of poverty and unemployment exist in the midst of prosperous economies where many jobs, both skilled and unskilled, go unfilled. Where are these areas of excessive unemployment in the District states? Where are the job opportunities as revealed by the rates of employment growth among counties?

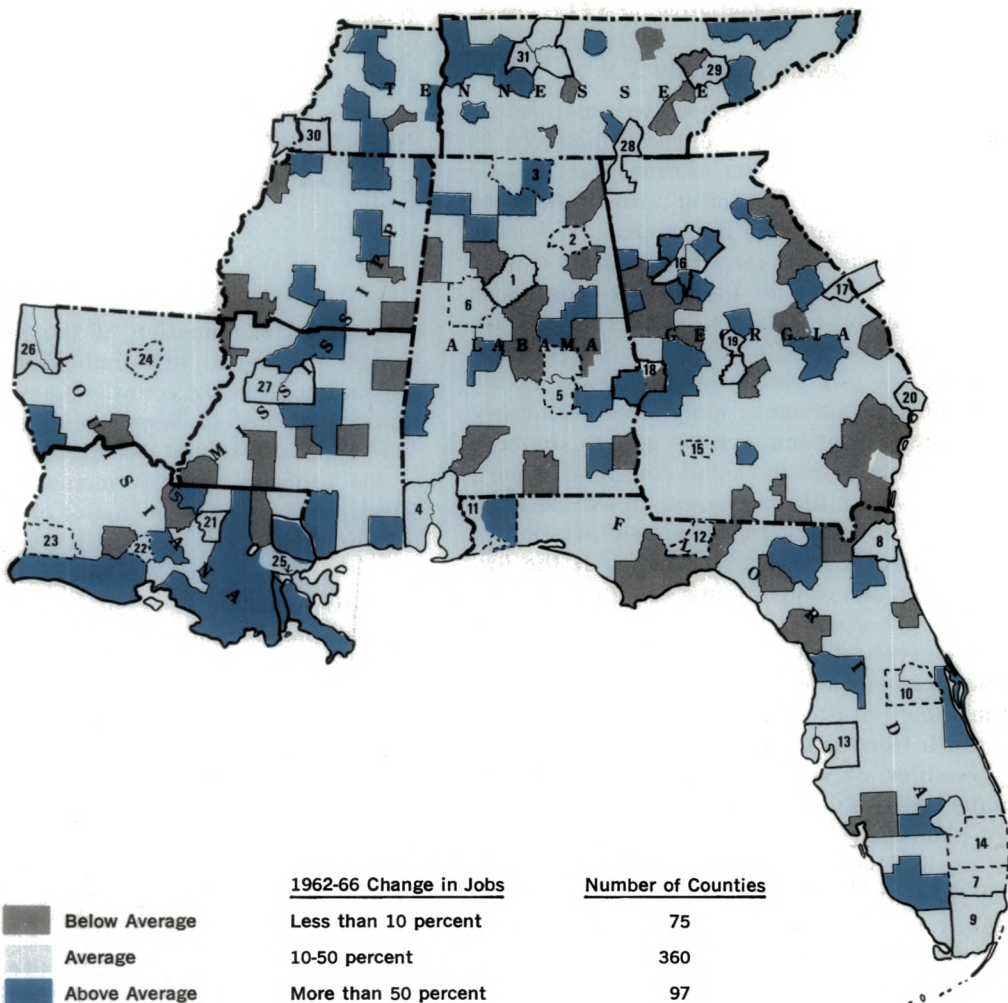
District Areas of High Unemployment




The list of areas given preference in Federal procurement policy indicates the areas with the most severe unemployment. This policy gives

first preference to “firms operating in sections of cities or states with high concentrations of hard-core unemployed, provided they agree to employ disadvantaged unemployed or underemployed persons”; and second preference to “firms operating in persistent or substantial labor surplus areas.” Both types of areas have unemployment rates exceeding 6 percent after allowance is made for seasonal and temporary factors.

Fifty-five sections of 22 labor markets areas in the nation meet the first classification. In the District states, 16 of these sections are in 4 areas: Atlanta, Birmingham, New Orleans, and the Mississippi Delta. The limitations of the survey to the very largest cities undoubtedly resulted in the omission of urban areas of concentrated unemployment in many of the 150 major labor markets. The high unemployment rates in sections of Atlanta, Birmingham, and New Orleans persist, despite overall low rates in each metropolitan area. All of these sections of high unemployment are near the central business district.

Of the 520 smaller areas of substantial labor surplus (the second classification), 76 are in District states. In the region Alabama has the smallest number of such areas (4), and Georgia has



	1962-66 Change in Jobs	Number of Counties
	Below Average Less than 10 percent	75
	Average 10-50 percent	360
	Above Average More than 50 percent	97

———— Major Labor Market Areas (central county indicated by number)
 - - - - - Small Standard Metropolitan Areas (central county indicated by number)

METROPOLITAN AREAS

Alabama

- *1. Birmingham
- 2. Gadsden
- 3. Huntsville
- *4. Mobile
- 5. Montgomery
- 6. Tuscaloosa

Florida

- 7. Fort Lauderdale
- *8. Jacksonville
- *9. Miami
- 10. Orlando
- 11. Pensacola
- 12. Tallahassee
- *13. Tampa-St. Petersburg
- 14. West Palm Beach

Georgia

- 15. Albany
- *16. Atlanta
- *17. Augusta
- *18. Columbus
- *19. Macon
- *20. Savannah

Louisiana

- *21. Baton Rouge
- 22. Lafayette
- 23. Lake Charles
- 24. Monroe
- *25. New Orleans
- *26. Shreveport

Mississippi

- *27. Jackson

Tennessee

- *28. Chattanooga
- *29. Knoxville
- *30. Memphis
- *31. Nashville

*Major Labor Market Area

the largest number (36). Nearly all of the smaller areas and the Mississippi Delta are rural counties some distance from fast-growing urban areas.

Job Growth by County Size

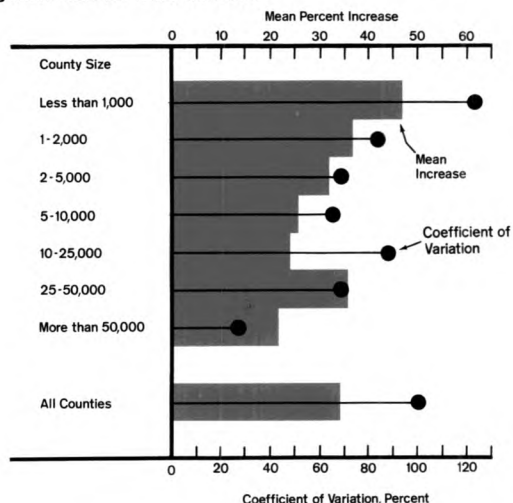
If one thinks of the less populated counties as more rural, then he could conclude that jobs in rural counties grew faster during the 1962-66 period, as indicated by mean growth rates of counties of different sizes in the chart. However, differences between the growth rates from county to county are greater for the smaller counties as a group than for the larger ones. This is indicated by the coefficients of variation (the standard deviation as a percent of the mean) of the growth rates for different county sizes. Extremely high or low rates of employment growth are more likely to characterize the small counties. In part, the greater variability in the job growth between small counties results from the concentration of employment in a few establishments. If the fortunes of even one company in a small community are unusually good or bad, there is little scope for the compensation of gains or losses by other establishments in the area.

The important exception to the county size and job growth trend is in counties large enough that the pressures of rural-type unemployment are minimal and small enough that the community is not plagued with extensive poverty areas with high unemployment. These counties with 25-50,000 jobs and a population in the 50-125,000 range are central counties of small metropolitan areas or fringe counties of the large metropolitan areas.

Job Growth by County Location

Although the smaller counties grew faster, on

Small counties, on average, had a large increase in jobs, but the growth was far from uniform.



Location of Fast Growing Counties Sixth District States (1962-66 Job Growth Exceeding 50 Percent)

Types of Counties	Number	Percent
In Standard Metropolitan Statistical Areas (SMSA's)	9	9
Adjacent to SMSA's	36	37
Proximate to SMSA's	21	22
Counties in or near SMSA's	(66)	(68)
In or adjacent to medium-size cities	15	15
Rural	16	16
Total	97	100

average, an examination of the fastest and the slowest growing counties indicates that generally the fastest growing counties were near population centers and the slowest were definitely rural. The table shows that 66, or nearly 70 percent, of the counties with an increase of more than 50 percent in jobs were part of or close to metropolitan areas. The proximate counties are adjacent to other fast growing counties next to population centers. Thus, they would reflect that the fast spread of jobs encompassed more than just the adjacent counties. Nearly all of these counties had a small number of jobs but were located near the periphery of metropolitan areas. Of the 16 fast growing rural counties, 13 had a 1962 employment of less than 2,000 so that the opening of just a few medium-size firms in these communities would dramatically affect the growth rate.

Of the 22 counties with fewer jobs in 1966 than in 1962, only one had more than 2,000 jobs and seven had between 1,000 and 2,000 jobs. The decline in Anderson County, Tennessee (the largest county registering a job decline), resulted from a cutback in activity by the Atomic Energy Commission at Oak Ridge. Of the remaining counties, 10 lost jobs because of declining manufacturing and mining jobs and 10 because of a loss in trade and service jobs. Most of the sizable declines in jobs in these counties could be traced to the closing or reduction in employment by the largest firm in the county.

The high rate of variability in the employment growth of small counties results from the fast growth of small counties near burgeoning population centers and the decline in jobs in isolated rural counties.

Within metropolitan areas, the ring or non-central counties grew faster than their corresponding central or most populous counties. Of the 22 ring counties in the major labor market areas, 17 had a faster growth rate than the central county with which they were associated. For all multi-county major labor markets, jobs grew 38 percent in the ring counties and 23 percent

in the central counties. Thus, the fast job growth is taking place in ring counties, and the sections of concentrated unemployment are in central counties.

Not only were most faster growing counties located near metropolitan areas, but most metropolitan areas had adjoining counties with fast growth rates. Fourteen of the 18 large metropolitan areas contain a fast growing county either within or adjacent to its borders. Moreover, the presence of fast growing peripheral counties near population centers was not dependent upon fast growth in the central county. The largest number of fast growing counties was located near Atlanta, Jackson, Nashville, and New Orleans. Yet the central county for all of these areas had a below average growth rate. Of the central counties, only Limestone County, Alabama (Huntsville), and Richmond County, Georgia (Augusta), had a growth rate greater than the 34 percent mean of all counties. Both the fastest and slowest growing large counties (Limestone, Alabama, and Anderson, Tennessee, respectively) were heavily influenced by changes in Federal installations in these counties.

The faster growth of counties outside the pop-

ulation centers during the 1962-66 period resulted in large part from the spread of jobs outside the presently defined boundaries of the population centers.

Thus, the Sixth District patterns of job growth and areas of substantial unemployment indicate that many of the forces in areas of unemployment and underemployment in the nation are also present in the District states. Studies of the national problem by the U.S. Department of Labor and other Government and private groups reveal that many of the impoverished persons are unemployed because of personal characteristics, such as poor education, lack of job skills, and/or poor health. The unemployment problem can be helped by better schools, job training programs, and health facilities.

Such measures, however, may not be the sole solution to the problems of high unemployment areas. Since the areas of greatest employment opportunities are not those of greatest unemployment, effective means must be found to bring the unemployed worker and the job together. Better public transportation, job information, and more effective recruitment are essential.

RICHARD LONG

Bank Announcements

The **Bank of Woodstock**, Woodstock, Georgia, a non-member bank, began to remit at par on June 1 for checks drawn on it when received from the Federal Reserve Bank.

On June 18 the **First Peoples Bank**, Fort Walton Beach, Florida, opened as a newly organized non-member bank and began to remit at par. Officers are Gary E. Lee, president, and Roger B. Taylor, vice president and cashier. Capital is \$250,000; surplus and other capital funds, \$150,000.

REVISED PUBLICATIONS

A Review of Georgia's Economy, 1960-68, revised May 1968.

A Review of Mississippi's Economy, 1960-68, revised June 1968.

Statistics on the Developing South, revised June 1968.

Now available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

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)	Apr. 64,347	64,255r	63,844r	58,260	Manufacturing	May 161	160	159	157
Manufacturing Payrolls	May 225	219	221	201	Nonmanufacturing	May 156	155	154	150
Farm Cash Receipts	Mar. 154	146	158	139	Construction	May 107	105	102	103
Crops	Mar. 183	154	167	137	Farm Employment	Apr. 80	83	96	83
Livestock	Mar. 148	152	156	145	Unemployment Rate (Percent of Work Force)	May 2.6	2.7	2.9	2.7
Instalment Credit at Banks* (Mil. \$)					Avg. Weekly Hrs. in Mfg. (Hrs.)	May 41.5	40.2	40.8	42.2
New Loans	May 329	322	330	301	FINANCE AND BANKING				
Repayments	May 270	293	269	277	Member Bank Loans	June 295	289	289	261
Retail Sales	May 177p	168r	178	163	Member Bank Deposits	June 227	223	221	198
					Bank Debits**	May 222	228r	213	191
PRODUCTION AND EMPLOYMENT									
Nonfarm Employment	May 141	140	141	137	GEORGIA				
Manufacturing	May 140	139	140	136	INCOME				
Apparel	May 172	170	171	168	Personal Income (Mil. \$, Annual Rate)	Apr. 12,448	12,409r	12,486r	11,252
Chemicals	May 133	133	134	130	Manufacturing Payrolls	May 224	216	220	203
Fabricated Metals	May 156	156	156	151	Farm Cash Receipts	Mar. 147	134	159	135
Food	May 114	113	114	114	PRODUCTION AND EMPLOYMENT				
Lbr., Wood Prod., Furn. & Fix.	May 104	104	105	103	Nonfarm Employment	May 141	140	141	137
Paper	May 122	121	121	119	Manufacturing	May 134	133	133	132
Primary Metals	May 131	130	133	128	Nonmanufacturing	May 144	144	145	139
Textiles	May 109	109	109	108	Construction	May 143	148	152	139
Transportation Equipment	May 181	177	181	180	Farm Employment	Apr. 52	56	58	51
Nonmanufacturing	May 141	141	141	137	Unemployment Rate (Percent of Work Force)	May 3.3	3.3	3.2	3.4
Construction	May 130	132	133	125	Avg. Weekly Hrs. in Mfg. (Hrs.)	May 40.8	40.1	40.7	40.3
Farm Employment	Apr. 61	64	67	61	FINANCE AND BANKING				
Unemployment Rate (Percent of Work Force)	May 3.7	3.7	3.3	3.8	Member Bank Loans	June 288	284	288	260
Insured Unemployment (Percent of Cov. Emp.)	May 1.8	1.9	2.0	2.2	Member Bank Deposits	June 226	227	226	203
Avg. Weekly Hrs. in Mfg. (Hrs.)	May 41.1	40.3	41.0	40.8	Bank Debits**	May 251	249r	256	223
Construction Contracts*	May 207	147	184	165r	LOUISIANA				
Residential	May 240	194	222	191r	INCOME				
All Other	May 180	107	151	143	Personal Income (Mil. \$, Annual Rate)	Apr. 9,926	9,923r	10,017r	9,153
Electric Power Production**	May 151	149	155	145	Manufacturing Payrolls	May 203	194	196	185
Cotton Consumption**	May 107	109	116	113	Farm Cash Receipts	Mar. 151	161	183	138
Petrol. Prod. in Coastal La. and Miss.**	June 225	227	219	223	PRODUCTION AND EMPLOYMENT				
FINANCE AND BANKING									
Loans*					Nonfarm Employment	May 131	131	131	128
All Member Banks	June 276	273	274	251	Manufacturing	May 121	121	121	118
Large Banks	June 242	241	242	225	Nonmanufacturing	May 133	133	133	130
Deposits*					Construction	May 149	160	153	146
All Member Banks	June 208	208	207	189	Farm Employment	Apr. 59	60	61	58
Large Banks	June 178	181	182	169	Unemployment Rate (Percent of Work Force)	May 4.7	4.5	4.3	4.5
Bank Debits**	May 223	227r	225	199	Avg. Weekly Hrs. in Mfg. (Hrs.)	May 43.1	41.2	42.5	41.8
ALABAMA									
INCOME									
Personal Income (Mil. \$, Annual Rate)	Apr. 8,790	8,701r	8,377r	7,742	FINANCE AND BANKING				
Manufacturing Payrolls	May 199	200	197	181	Member Bank Loans*	June 233	232	235	224
Farm Cash Receipts	Mar. 150	150	156	146	Member Bank Deposits*	June 170	169	169	160
					Bank Debits**	May 182	184	182	173
PRODUCTION AND EMPLOYMENT									
Nonfarm Employment	May 127	126	127	125	MISSISSIPPI				
Manufacturing	May 127	127	128	125	INCOME				
Nonmanufacturing	May 126	126	127	125	Personal Income (Mil. \$, Annual Rate)	Apr. 4,965	5,038r	5,009r	4,569
Construction	May 116	114	116	115	Manufacturing Payrolls	May 259	251	258	220
Farm Employment	Apr. 69	62	68	68	Farm Cash Receipts	Mar. 132	143	182	144
Unemployment Rate (Percent of Work Force)	May 4.6	4.5	4.4	4.4	PRODUCTION AND EMPLOYMENT				
Avg. Weekly Hrs. in Mfg. (Hrs.)	May 40.6	41.1	41.4	41.1	Nonfarm Employment	May 142	142	143	138
FINANCE AND BANKING									
Member Bank Loans	June 256	251	254	235	Manufacturing	May 151	150	151	145
Member Bank Deposits	June 197	199	200	183	Nonmanufacturing	May 138	138	140	135
Bank Debits**	May 202	211	216	180	Construction	May 141	143	155	141
FLORIDA									
INCOME									
Personal Income (Mil. \$, Annual Rate)	Apr. 18,167	18,069r	17,856r	16,289	Farm Employment	Apr. 51	64	59	51
Manufacturing Payrolls	May 277	264	267	252	Unemployment Rate (Percent of Work Force)	May 4.7	4.3	4.1	5.2
Farm Cash Receipts	Mar. 188	163	164	141	Avg. Weekly Hrs. in Mfg. (Hrs.)	May 40.9	39.8	41.1	40.3
PRODUCTION AND EMPLOYMENT									
Nonfarm Employment	May 157	156	154	151	FINANCE AND BANKING				
					Member Bank Loans*	June 328	327	327	298
					Member Bank Deposits*	June 239	240	237	222
					Bank Debits**	May 211	228	246	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					Nonmanufacturing	May	134	135	136	132
INCOME					Construction	May	163	172	183	150
Personal Income (Mil. \$, Ann. Rate)	Apr. 10,051	10,115r	10,099r	9,255	Farm Employment	Apr.	66	63	70	65
Manufacturing Payrolls	May 215	213	215	188	Unemployment Rate (Percent of Work Force)	May	3.6	4.0	3.4	4.3
Farm Cash Receipts	Mar. 144	125	107	133	Avg. Weekly Hrs. in Mfg. (Hrs.)	May	40.6	39.7	40.7	39.9
PRODUCTION AND EMPLOYMENT					FINANCE AND BANKING					
Nonfarm Employment	May 139	139	140	136	Member Bank Loans*	June	272	271	266	248
Manufacturing	May 148	148	149	144	Member Bank Deposits*	June	191	194	194	181
					Bank Debits/**	May	252	252	253	223

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

Debits to Demand Deposit Accounts

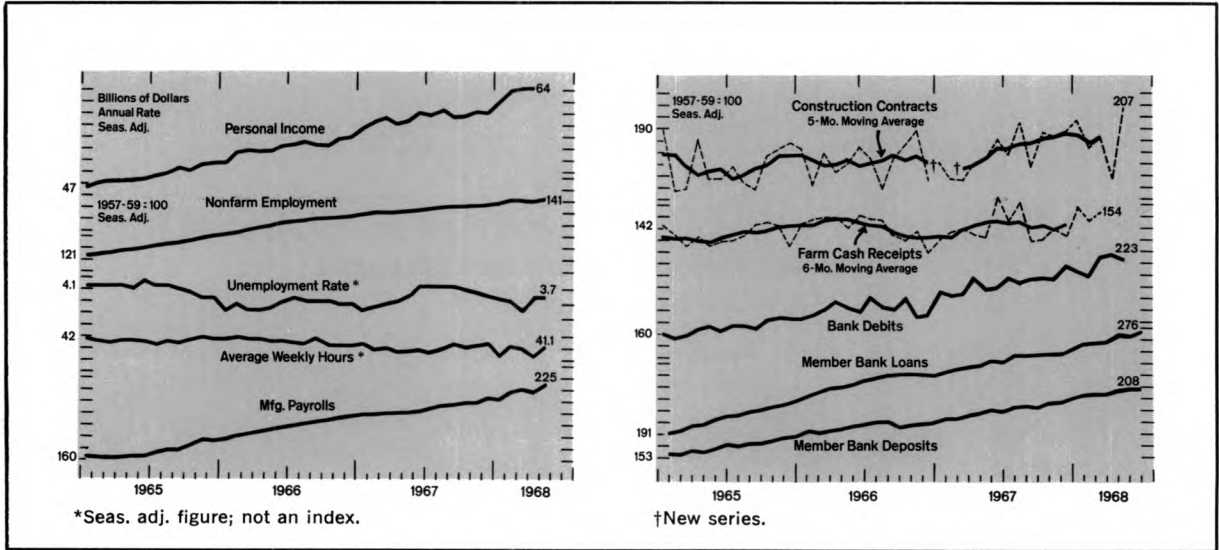
Insured Commercial Banks in the Sixth District

(In Thousands of Dollars)

	Percent Change						Percent Change						
	Year-to-Date 5 mos.						Year-to-Date 5 mos.						
	May 1968	April 1968	May 1967	April 1968	May 1967	from 1968	May 1968	April 1968	May 1967	April 1968	May 1967	from 1968	
STANDARD METROPOLITAN STATISTICAL AREAS†													
Birmingham	1,712,518	1,627,525r	1,678,728	+5	+2	+7	Lakeland	130,921	132,070	119,731	-1	+9	+8
Gadsden	66,519	63,207	61,956	+5	+7	+7	Monroe County	40,155	42,040	36,608	-4	+10	+8
Huntsville	192,494	190,022	185,981	+1	+4	+5	Ocala	61,694	65,507	57,925	-6	+7	+9
Mobile	566,870	452,422	500,144	+5	+13	+11	St. Augustine	23,955	23,029	19,508	+4	+23	+8
Montgomery	354,149	337,624	302,689	+5	+17	+12	St. Petersburg	366,895	404,840	318,595	-9	+15	+1
Tuscaloosa	116,406	94,142	100,199	+24	+16	+10	Sarasota	124,009	146,555	104,433	-15	+19	+26
							Tampa	852,483	845,750	700,827	+1	+22	+25
Ft. Lauderdale—							Winter Haven	77,813	73,301	64,103	+6	+21	+13
Hollywood	827,759	883,062	656,910	-6	+26	+20	Athens	86,312	87,889	73,905	-2	+17	+17
Jacksonville	1,653,747	1,689,203r	1,542,624	-2	+7	+7	Brunswick	45,159	45,487	40,193	-1	+12	+14
Miami	2,860,487	2,952,952	2,295,598	-3	+25	+23	Dalton	103,001	105,450	79,008	-2	+30	+24
Orlando	639,764	663,884	575,725	-4	+6	+15	Elberton	15,697	15,692	17,719	+0	-11	-5
Pensacola	225,175	212,413	206,202	+6	+9	+10	Gainesville	73,709	73,757	73,227	+0	+1	-0
Tallahassee	168,022	151,815	153,405	+11	+10	+11	Griffin	29,989	38,448	34,507	-22	-13	+5
Tampa—							LaGrange	23,279	21,813	23,799	+7	-2	-1
St. Petersburg	1,603,757	1,654,067	1,339,764	-3	+20	+20	Newnan	25,855	23,063	25,187	+12	+3	+7
W. Palm Beach	504,521	534,995	426,243	-6	+18	+18	Rome	79,749	80,666	72,473	-1	+10	+10
							Valdosta	59,167	58,583	54,515	+1	+9	+8
Albany	100,542	99,185	89,034	+1	+13	+13	Abbeville	10,928	12,433r	11,265	-12	-3	+9
Atlanta	5,776,176	5,442,724r	5,062,575r	+6	+14	+14	Alexandria	149,012	146,326	132,229	+2	+13	+4
Augusta	334,140	346,529	306,997	-4	+9	+11	Bunkie	6,697	6,293	6,499	+6	+3	+5
Columbus	249,277	241,981	219,488	+3	+14	+13	Hammond	40,942	38,029	42,644	+8	-4	+2
Macon	278,998	284,832	257,436	-2	+9	+13	New Iberia	35,697	37,604	34,414	-5	+4	+4
Savannah	326,651	294,596	286,015	+11	+14	+11	Plaquemine	20,252	12,398	12,340	+63	+64	+24
Baton Rouge	642,031	632,861	596,576	+1	+8	+10	Thibodaux	26,278	25,531	22,477	+3	+17	+9
Lafayette	143,018	135,744	139,096	+5	+3	+13	Biloxi-Gulfport	113,005	115,158	105,827	-22	+7	+11
Lake Charles	161,850	157,237	146,902	+3	+10	+10	Hattiesburg	64,257	59,362	55,126	-8	+17	+9
New Orleans	2,659,028	2,529,585	2,547,273	+5	+5	+7	Laurel	42,678	37,646	31,927	+13	+34	+19
Jackson	624,512	672,106	683,714	-7	-9	+10	Meridian	69,877	61,240	69,029	+14	+1	+3
							Natchez	40,237	39,870	36,344	+1	+11	+7
Chattanooga	660,204	657,254	596,533	+0	+11	+9	Pascagoula—						
Knoxville	526,793	517,465	469,963	+2	+12	+10	Moss Point	67,088	65,189	56,374	+3	+19	+21
Nashville	1,999,288	1,884,674	1,717,254	+6	+16	+14	Vicksburg	40,651	42,982	41,294	-5	-2	+5
							Yazoo City	35,962	34,202	35,297	+5	+2	+8
OTHER CENTERS							Bristol	80,403	80,829	81,461	-1	-1	-20
Anniston	77,691	71,896	63,967	+8	+21	+2	Johnson City	85,547	81,556	76,929	+5	+11	+8
Dothan	70,142	67,420	64,983	+4	+8	+10	Kingsport	176,367	177,628	159,675	-1	+10	+11
Selma	47,519	46,352	43,619	+3	+9	+8	SIXTH DISTRICT, Total	35,136,382	34,682,842r	31,291,337r	+1	+12	+13
Bartow	40,643	36,857	38,387	+10	+6	-2	Alabama‡	4,504,409	4,330,621r	4,015,301	+4	+12	+12
Bradenton	78,513	88,024	70,597	-11	+1	+17	Florida‡	10,769,734	11,222,915r	9,257,929	-4	+16	+17
Brevard County	242,011	237,569	236,947	+2	+2	+9	Georgia‡	9,087,249	8,753,777r	8,076,527r	+4	+13	+13
Daytona Beach	100,727	103,041	89,899	-2	+12	+8	Louisiana*†	4,494,855	4,306,510r	4,266,583	+4	+5	+7
Ft. Myers—							Mississippi*†	1,481,577	1,486,756	1,452,306	-4	+2	+10
N. Ft. Myers	107,914	103,884	80,554	+4	+34	+33	Tennessee*†	4,800,558	4,582,042	4,222,691	+5	+14	+13
Gainesville	101,935	96,150	86,797	+6	+17	+16							

*Includes only banks in the Sixth District portion of the state. †Partially estimated. ‡Estimated. r-Revised.

District Business Conditions



Rising manufacturing payrolls and consumer spending buoyed a generally robust District economy recently, thus muting some signs of sluggishness. Higher cash receipts suggest farmers are also contributing to gains. A sharp pick-up in bank loans during June should help finance heightened economic activity. Construction has improved, despite high financing and labor costs. A weakening in unemployment suggests that all sectors are not participating in the expansion.

Manufacturing jobs, the average workweek, and payrolls perked up in May, following mediocre performances in the two previous months. Production of steel and crude petroleum increased. The unemployment rate rose slightly, because the workforce advanced more rapidly than total jobs.

A sharp rise in automobile sales apparently boosted retail spending in May. Following a good first quarter performance, new car sales turned downward in April, but rebounded strongly in May and surpassed earlier average monthly gains. Outstanding consumer credit, reflecting the improvement in sales, also rose in May.

During first quarter 1968, cash receipts from farm sales rose significantly above those of a year earlier. Large revenues from Florida's citrus sales accounted for much of the gain, but other states shared in the advance. Generally, weather conditions remain good, and harvesting of small grains is near completion. Prices of feeder calves, hogs, cotton, and broilers all strengthened, caus-

ing the index of prices to remain well above last year's.

Large District banks experienced a surge in loan demand during June. Business lending accounted for a major portion of the advance. In the non-business sector real estate loans, consumer instalment loans, and security loans showed the greatest growth. Large banks contracted their investment portfolios, mainly by reducing holdings of Treasury bills. Run-offs of large denomination certificates of deposit were moderate.

District construction contracts showed renewed vitality in May. Dollar volume of residential contracting rose to a new all-time high, led by several large apartment projects in Florida. Increased contracting of utilities, manufacturing plants, and office and bank buildings was also evident. Construction labor costs have risen sharply in recent months, and financing costs remain at very high levels.

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