# MONTHLY REVIEW

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FEDERAL RESERVE BANK OF ATLANTA

FEBRUARY 1969

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# The Unemployment-Inflation Trade-Off: What 1969 Forecasts Imply

Compared to 1968, most forecasters have predicted a slower economic expansion in 1969. A slower economic expansion is not always good news. But the recent opinion of most economists is that some deceleration in economic activity in 1969 is not only desirable, but is essential if current inflationary price rises are to be checked or reduced. The anticipated slowing of dollar gains and the effects on price advances and unemployment vary considerably, however, according to 11 major business forecasts analyzed by this Bank. The results and some implications of these forecasts are summarized in this article.

## A Slower Economic Expansion

In December 1968, when this Bank solicited 1969 economic projections from various individuals or organizations that customarily make forecasts, there was wide agreement among the respondents that the economy would slow down in 1969. There was less agreement on how much deceleration is expected. For example, the projections of Gross National Product (GNP) for the entire year ranged from a low of $903 billion to a high of $921 billion. The median forecast of GNP was $913 billion. If this projection is taken as "typical," then GNP is expected to increase around $52 billion in 1969, or about 6 percent over the $861-billion level reached in 1968. Although sizable, a $52-billion increase is considerably smaller than the extraordinarily large $71-billion increase, or 9-percent gain, recorded in GNP during 1968.

The slower economic expansion, according to the opinion of most forecasters, was expected to start in the final quarter of 1968 as the earlier increase in personal and business income taxes and some cutback in government expenditure programs began to restrain economic activity. As the preliminary figures on economic activity for the final months of 1968 began to come in, they revealed further rapid gains. GNP, measured in current prices, had increased at an annual rate of nearly $17 billion in the final quarter, only slightly less than the $18-billion rise the previous quarter. The rate of increase, measured in dollars of constant purchasing power, had declined from 5 to 3.8 percent. The unemployment level, low throughout 1968, was declining, and in December the jobless rate was down to 3.3 percent—the lowest in 15 years. Moreover, about half the fourth quarter increase in GNP was the result of higher prices, thus continuing the inflationary trend of previous quarters during the year.

The range and quarterly patterns we received

Table I
GNP, Inflation, and Unemployment
(Based on Surveyed Forecasts)

| | GNP ($ billions) | Number of Forecasts | Unemployment Rate | Percent Inflation* |
|---|---|---|---|---|
| Range of 1969 Forecasts | | | | |
| | 903-910 | 3 | 4.2-4.6 | 2.5-3.4 |
| | 912-914 | 3 | 4.2-4.3 | 3.0-3.2 |
| | 915-916 | 3 | 4.0-4.1 | 3.0-3.4 |
| | 917-921 | 2 | 3.9-4.1 | 3.3-4.0 |
| 1969 Median Forecast | | | | |
| | 913 | | 4.2 | 3.0 |
| 1968 Actual** | | | | |
| | 861 | | 3.6 | 4.0 |

*Percent increase in GNP deflator.
**Preliminary.

for 1969 GNP projections indicate that most forecasters were probably surprised by this further rapid strength in the economy in fourth quarter 1968. The $887.5-billion GNP figure attained in the final quarter even surpassed the lowest forecast in our survey for first quarter 1969. And, it was close to the median GNP figure anticipated by the forecasters for first quarter 1969 before the fourth quarter 1968 results were in.

The 1969 quarterly forecasts were mixed. Two of the predictions showed a more or less steady growth rate (in current dollars) of about 1.2 percent per quarter for 1969. The results from two econometric forecasting models included in our survey reflected the general pattern of what once was regarded as the "standard forecast," *i.e.*, a slower rate of growth of about 2 percent in the first half of the year, followed by a rapid expansion of about 4 percent during the second half. The remaining seven forecasts as a whole envisioned a slightly higher growth rate in the second half as compared to the first six months. On the whole, the median forecast predicted an annual growth rate of about 2.4 percent in the first half and about 3.5 percent in the last half of the year.

Despite the availability of additional and somewhat surprising information received after the orginal projections were made, the substance of the projections on an annual basis is not destroyed, and the implications for prices and unemployment probably are not greatly altered.

So far, the rapid gains in aggregate spending through the end of 1968 have continued to exert pressure on an already high employment-inflation prone economy. Fiscal restraint programs designed to curb inflationary pressures had less than the desired effects. Consequently, the problem of continuing rapid gains in aggregate spending and too much inflation still remain largely undiminished in early 1969.

Table II
1969 GNP Quarterly Forecasts
(Billions of Dollars)

| | Low | High | Median |
|---|---|---|---|
| I Quarter | 882.0 | 899.5 | 892.1 |
| II Quarter | 894.0 | 910.5 | 902.8 |
| III Quarter | 910.0 | 928.0 | 919.3 |
| IV Quarter | 925.0 | 944.0 | 935.1 |

## Less Inflation and More Unemployment

Corresponding to their projections of slower economic gains in 1969, most of the forecasters we surveyed also predicted less inflation than occurred in 1968. The median forecast of the rate of price advance was about 3.0 percent, as measured by the GNP implicit price deflator. Although a 3.0-percent inflation rate is historically high, it would represent a full percentage point reduction from 4.0 percent in 1968. Individual forecasts of overall price rises expected in 1969 ranged from a low of 2.5 percent to a repeat performance of last year's 4.0 percent. Thus, despite some differences in the actual amount of price increases expected, the forecasters in general see inflation as a continuing problem in 1969. Consumer prices were projected to advance about 2.7 percent this year, compared to a 4.2-percent rise in 1968, while wholesale prices were estimated to rise 2.1 percent, following a 2.5-percent increase last year.

The projections of our respondents seem to imply that they believed reducing or completely eliminating inflation could not be accomplished quickly, even if the rate of economic expansion were to slow down. Moreover, they seemed to believe that a necessary first step in reducing inflation in 1969 is to accept some increase in unemployment along with the projected slower pace of overall economic activity. Consequently, their median forecast of a smaller rise in prices this year was coupled with a typical projection of an increase in the unemployment rate to 4.2 percent from the 3.6-percent rate of 1968. Some of the forecasters, however, expect the unemployment rate to stay below 4.0 percent, while others project a rise above the 4.2-percent typical estimate. In most cases, those projecting an unemployment rate on the low side predicted the largest dollar increases in GNP and rate of price advances; those predicting a higher unemployment rate expected smaller increases in GNP and prices.

The treatment by the forecasters of these trade-off relationships between GNP, inflation, and unemployment reflect observable conflicts in trying to achieve, simultaneously, high employment, reasonably stable prices, and a sustainable rate of economic growth. While most everyone accepts these objectives as desirable goals of the domestic economy, it is also generally recognized that imbalances between these goals may appear frequently. When such conflicts arise, it may be possible to achieve a certain goal only at the expense of not fully achieving others, or of only partially accomplishing several of the objectives.

The existence of an inflation-unemployment trade-off is widely acknowledged, and was implicit in most of the forecasts reviewed. But there was lack of agreement among the forecasters on the amount of slowdown in business activity and increase in unemployment necessary to reduce the inflationary momentum. The 1969 *Economic Report of the President* and *The Annual Report* of the previous administration's Council of Economic Advisers acknowledged these conflicts in goals and labeled the reconciliation of prosperity at high employment with price stability the nation's most important unsolved problem of overall economic performance. The former Council of Economic Advisers, however, differed in their report from the forecasts we surveyed on the probable trade-off magnitudes. According to the Council, GNP should expand about $60 billion in 1969, more than the $52-billion median estimate our respondents reported. Of greater significance, it expects the unemployment rate can be maintained below 4 percent (in contrast to a rise to the 4.2-percent median forecast by our respondents), while the price advance is reduced to slightly more than 3 percent (about the same as the projections we received).

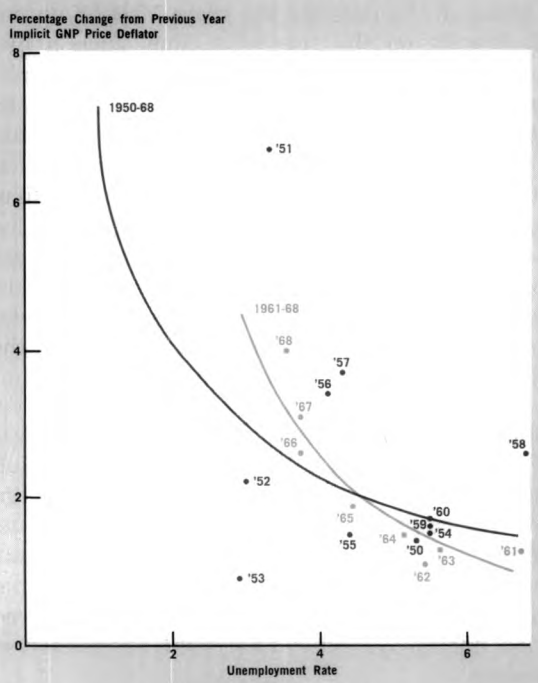
Although these differences in views cannot be easily reconciled, it is useful to look at what has happened in some past years for an indication of the possible range of the inflation-unemployment trade-off in 1969.

## Past Trade-Offs

Past relationships between the rate of unemployment and price changes undoubtedly influenced the forecasters in their contention that a low rate of unemployment is generally associated with the tendency for price advances to accelerate. The dots in the accompanying chart represent the plottings of the rate of inflation (increase of GNP deflator) for each year from 1950-68 corresponding to the unemployment rate for the same year. The regression lines in the chart represent an approximation of the average relationships between unemployment and overall price increases. The lines indicate that to move down the vertical scale toward more stable prices, some increase in unemployment along the horizontal scale is suggested.

The trade-off pattern between prices and unemployment has changed since 1950. The green line in the chart illustrates the pattern from 1961 to 1968, compared to the gray line for the entire period 1950-68. The pattern since 1961 fits extremely well the actual results for each of the years. Since 1965, the unemployment rate has

**The rate of increase in prices has usually accelerated when unemployment was at a very low level. The gray line represents an overall average approximation of this trade-off pattern over the entire period 1950-68. The scatter of dots showing the inflation-unemployment relationships for individual years around this longer-run pattern indicates the lack of a precise statistical fit. On the other hand, the rates of advance in prices and movements in the unemployment rate for each year between 1961-68 are represented remarkably well by the overall pattern for this period—the green line. These relationships, are the implicit basis for most forecasters suggesting that some increase in unemployment must be accepted in order to reduce inflation in 1969.**




The two lines estimated were:

1950-68:

$\log y = 0.86311 - 0.84182 \log x$; $R^2 = .18$

1961-68:

$\log y = 1.56660 - 1.90487 \log x$; $R^2 = .85$

y = percent change in GNP price deflator from previous years.

x = unemployment rate.

been below 5 percent, and prices have risen over 2 percent per year, as illustrated by the dots representing the years 1965-68. In the early 1960's, when the unemployment rate was above 5 percent, the annual rate of increase in the price level was held below 2 percent.

Although the economic forecasters would surely point out that many other factors besides the level of unemployment may affect short-run inflationary tendencies, they generally concluded that some increase in unemployment is probably necessary to reduce the increases in the price level. If we accept this basic assumption and assume the average pattern of 1961-68 will also hold in 1969, the degree of inflation for various unemployment rates can be calculated. At the median estimate of a 4.2-percent unemployment rate predicted by the respondents, prices (GNP deflator) would rise about 2.6 percent in 1969 (according to our statistical relationship), or less than the median forecast (3.0 percent). On the other hand, if the former Council of Economic Advisers' suggestion of an unemployment rate below 4 percent (say 3.8 percent) is realized, then our statistical curve would yield an inflation rate of about 3.8 percent, or higher than the Council's projection of slightly above 3 percent.

Since all the dots for the years 1961-68 do not fall exactly on the regression line, such a mechanical application gives a misleading impression of exactitude. Although the line for 1961-68 shows the average relationships between the rate of unemployment and price changes, the actual rate of price change was greater or smaller than the change indicated by the line. Consequently, even the most mathematically minded forecaster would not expect 1969's performance to follow precisely an estimate based on the average relationship. Moreover, the entire curve depicting the average relationship could shift again as it has in the past. The forecasts show, however, that a major short-run shift is not expected, and the rate of price increases is unlikely to be reduced a full percentage point below last year's increase, without an unemployment rate above 4 percent. Nonetheless, the wide variations in the inflation-unemployment trade-off in the past suggest that whether or not more stable prices can be achieved at low unemployment in 1969 is still an unresolved question.

The unemployment rate itself, of course, is determined by the demand for labor in relation to the active labor force. This demand is related to the strength of overall spending by businessmen, consumers, and government. Notable differences were reported by the forecasters in the expected strengths and weaknesses in these major subcomponents of total spending.

## Smaller Consumer Gains

Even though most of the respondents expected a smaller rise in consumer spending in 1969, there was a wide divergence in their individual projections. The most optimistic forecaster projected a gain of $38 billion in consumer spending over the 1968 level, while others envisioned a rise of only about $28 billion. The median forecast was for a gain of $34 billion during the year to a level of $566 billion for total personal consumption expenditures. This represents about a 6-percent increase from the previous year's $534-billion level.

The divergences in consumption projections stem largely from differences in the assumptions regarding the continuation of the surtax and in their assessment of the efficacy of the fiscal restraints put into effect last July. In general, those projecting the largest increases in consumer spending this year assumed either an elimination of the surtax or a reduction in the surtax rate after July. On the other hand, all of those expecting the smallest gains in consumer spending assumed the full retention of the 10-percent surcharge throughout the year. This latter group appeared also to expect some delayed effects of the earlier fiscal restraints. Most of the forecasters seemed to agree that the exceptionally rapid gains in consumer spending on durable goods last year—particularly on automobiles—will not be repeated in 1969.

## Other Major Sectors

Projections for gross private domestic investment (capital investment, inventories, and residential construction) ranged narrowly from a low of $132 billion to a high of $140 billion for the entire year of 1969. The median forecast was $133 billion, a 4.6-percent rise over the preliminary 1968 level of $128 billion. A few respondents who made projections on business fixed investment generally confirmed the findings of the latest SEC-Commerce Department survey for the first six months of 1969 and the recent McGraw-Hill survey that showed businessmen's plans to increase their plant and equipment expenditures by 6-8 percent in 1969.

The forecasters in general expect a considerable deceleration in the rise in government expenditures this year. The range of forecasts for government spending was $209 billion to $213.6 billion, with a median of $210 billion. The median represents approximately a $13-billion increase,

Table III
Summary of 1969 Forecasts
(Billions of Dollars Unless Otherwise Indicated)

| | Low | High | Median |
|---|---|---|---|
| GNP | 903.0 | 920.5 | 912.5 |
| Personal Consumption | 560.6 | 572.2 | 566.3 |
| Private Domestic Investment | 129.0 | 135.1 | 133.4 |
| Government Expenditures | 209.0 | 213.6 | 210.0 |
| Net Exports | 2.0 | 6.1 | 3.7 |
| Wholesale Prices* | 109.9 | 112.0 | 111.0 |
| Consumer Prices* | 124.5 | 126.1 | 125.4 |
| Industrial Production Index* | 166.0 | 168.6 | 167.1 |
| Unemployment Rate** | 4.0 | 4.6 | 4.2 |

*Index, 1957-59 = 100.
**Percent.

or a 6.5-percent rise, over the previous year. This is a marked reduction in the rate of increase in government purchases of goods and services when the 1969 projection is compared to the rise of $19 billion, or 10-percent increase, in 1968. The forecasters in general expect an increase to $3.7 billion in the nation's net exports this year from 1968's $2.4 billion.

## To Sum Up

Expectations about the performance of the nation's economy in 1969 vary considerably at this time. In a few instances, forecasters pointed to the danger of an actual economic downturn, or recession; others emphasized fears of continuing rapid inflation. However, the consensus of those persons included in our survey points to a healthy economy in 1969; the expansion will continue but at a slower pace, prices will continue to rise but not as fast, and unemployment, though expected to rise, will remain low.

Those persons who have the courage to engage in the difficult art of economic forecasting know all too well the imprecision of economic forecasts. They have learned from experience that economic relationships can be unstable, and they know that the human behavior behind the decisions establishing these relationships is not precisely predictable. That the economy could continue to expand so vigorously in late 1968, despite earlier predictions of a slowing down, therefore, did not come as a complete shock to the forecasting experts. It was an example of the instability of relationships at work. Neither should it diminish our respect for those persons, the forecasters, who have the courage to make up their minds about the probable course of the nation's economy. Their present uncertainties can be taken as a warning that to be successful, economic policies must be kept flexible.

JOE W. MCLEARY AND C. S. PYUN

## *Bank Announcements*

Two nonmember banks—**Bank of Hurtsburo,** Hurtsburo, Alabama, and **Bank of Sevierville,** Sevierville, Tennessee—began to remit at par on January 6 for checks drawn on them when received from the Federal Reserve Bank.

**Sevier County Bank,** Sevierville, Tennessee, a nonmember bank, began to remit at par on January 10.

And on January 27, another nonmember bank, **The Farmers Bank,** Douglas, Georgia, also began to remit at par.

# Alabama's Economy Grows, but Loses Speed

Alabama enjoyed another year of economic growth in 1968. More of the state's residents were working than in the year before, personal income rose to a record level, and spending also increased. Expanding loans and deposits indicate that the state's bankers participated in the increased level of business activity in 1968.

Solid economic gains like these are not unusual for Alabama. Last year, however, the rates of gain in most sectors of the economy were below those of recent years. This slower growth was closely tied to some outside developments, as in the past Alabama's economic fortunes have often been linked to the influence of special national and regional economic events.

## What Happened . . .

Tracing Alabama's economic trends last year suggests a two-part performance. When the curtain opened at the beginning of the year for the first act, economic activity was expanding, but gradually began to taper off in some sectors and to decline in others. The second act, portraying economic conditions during the final half of the year, saw a recovery in some of the hesitant sectors and better gains overall.

Alabama's employment trends in 1968 exemplify this two-act economic performance. Total nonfarm employment trended downward through the first half of the year, and the unemployment rate advanced. In June, about 6,000 fewer workers were employed in nonfarm jobs across the state than at the beginning of the year, after accounting for the normal seasonal change. At the same time, the unemployment rate had edged up to 4.8 percent of the labor force from the 4.3-percent rate at the beginning of the year. After June, the nonfarm employment pattern was reversed and the unemployment rate began to drop.

Employment declines during the first half of 1968 were shared by the manufacturing as well as the nonmanufacturing sectors, and manufacturing payrolls advanced only hesitantly. These trends reversed, for the most part, in the second half. The strong recovery in nonfarm employment beginning at mid-year was attributable almost entirely to a sharp rebound in manufacturing jobs. As a result, manufacturing payrolls also shot up rapidly before experiencing a setback in November and December. Nonmanufacturing employment, on the other hand, rose during the spring and summer, fell off in autumn, and headed up again in the final quarter.

Banking activity, as measured by bank loans and deposits at member banks of the Federal Reserve System, also followed the two-part performance of the employment trends to some extent. These banking indicators moved erratically sideways during the first half of 1968 before taking off on a sharp upward surge in the second half. Bank debits fluctuated irregularly, but made significant gains for the entire year.

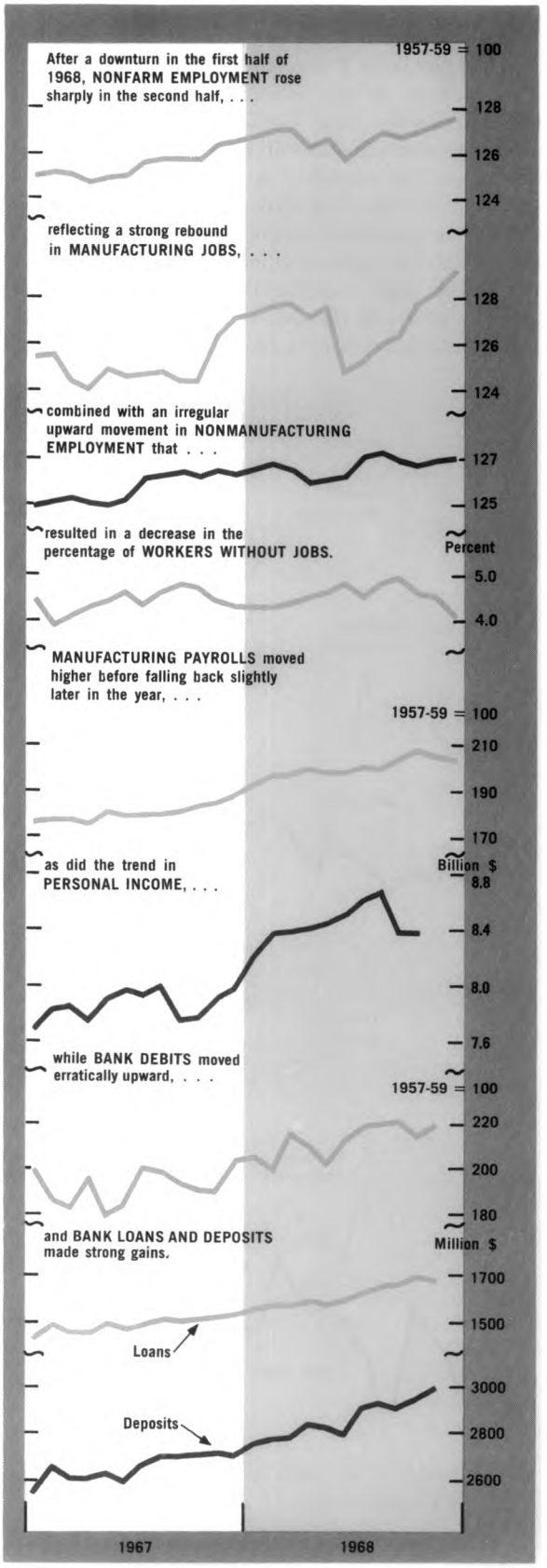
On balance, the year as a whole was not as good as it might have been. Employment, payrolls, and personal income all increased less than the year before. Bank debits (a measure of checkbook spending) moved irregularly, but a 12-percent advance for the year as a whole surpassed the previous year's rate of gain. The trend in bank debits varied considerably across the state, however, reflecting the uneven pace of general business conditions among local areas.

## Where It Happened . . .

While nationwide economic developments almost always affect Alabama's economy, in 1968 the state's economic fortunes, as indicated by employment trends, were closely linked to two particular aspects of national business conditions. The national steel strike threat and the cutback in Federal Government spending on space programs adversely affected Alabama's employment growth last year. These two outside influences had their biggest impact in the Birmingham and Huntsville areas.

In Birmingham, manufacturing employment averaged below the 1967 level. Average monthly employment was down 1.4 percent compared to the previous year. Most of this drop resulted from a reduction in primary metals employment. Increases in the number of workers in the nonmanufacturing sector—notably construction, trade, transportation, communication, and utilities—more than offset the manufacturing jobs' decline Thus, total nonfarm employment increased 0.6 percent.

Employment declines in Huntsville during 1968 were more widespread. This area's nonmanufacturing sector, which accounts for the bulk of jobs, experienced a drop in average monthly employment of nearly 3 percent during 1968, compared to 1967. Space-related service employment was the chief cause of this decline. Also influencing the slowdown in space activity was an over-the-year reduction in ordnance workers in the manufacturing sector. Because of the heavy dependence of Huntsville on space-related activities, most other employment sectors were affected

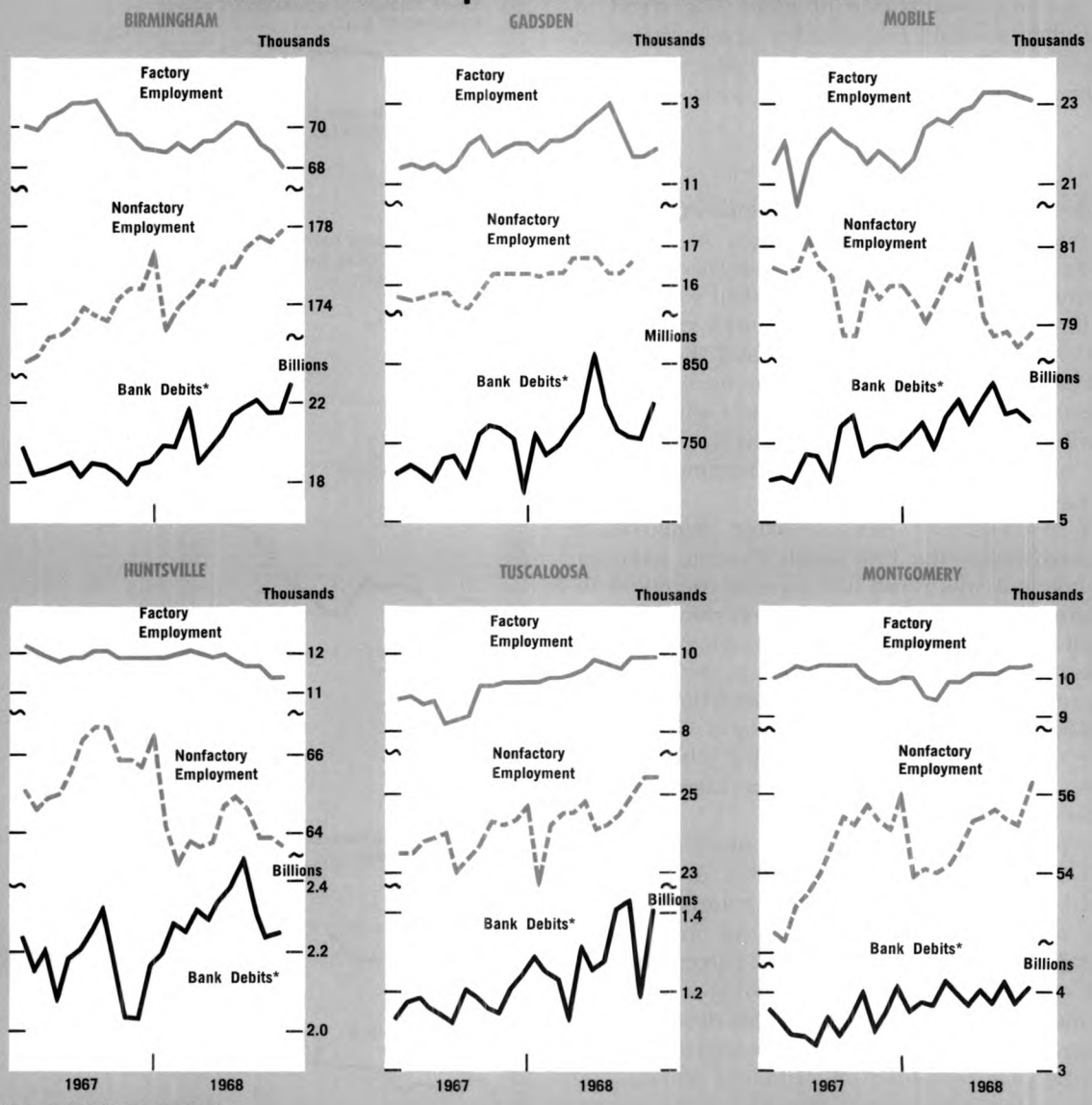


by the slowdown. Total nonfarm employment declined more than 2 percent below the 1967 level.

In contrast to the experience in Birmingham and Huntsville, the Gadsden and Tuscaloosa areas enjoyed substantial gains in nonfarm employment. The monthly employment level averaged nearly 5 percent above that of 1967 in these areas. The increased number of workers in Gadsden was almost equally divided between the manufacturing and nonmanufacturing sectors. A sizable upturn in durable and nondurable goods pushed manufacturing jobs upward; government, construction, and finance, insurance, and real estate jobs aided the growth in the nonmanufacturing sector. Most of the employment strength in Tuscaloosa came from the manufacturing sector.

Mobile and Montgomery managed to make fractional gains in total employment between 1967 and 1968, but for different reasons. In Mobile, declining nonmanufacturing employment, chiefly in government jobs was more than offset by gains in manufacturing jobs, principally in shipbuilding and repair. In Montgomery, the chief impetus came from the trade sector.

## Standard Metropolitan Statistical Areas




*Seasonally adjusted annual rate.

Variations in employment trends in the different metropolitan areas reflect the strengths and weaknesses in their underlying and unique economic makeups. Gains or losses in employment, in turn, influence activity in the banking community. One indicator is the amount of checkbook spending.

### . . . and the Trend in Spending

Checkbook spending (bank debits) reflects banking activity in general, including purely financial transactions locally and check clearings from outside an area, and may not exactly parallel employment trends. In Birmingham, where employment generally increased only moderately last year, checkbook spending rose 12 percent, the same as in Tuscaloosa where employment rose more rapidly. Bank debits rose less rapidly in the other major metropolitan areas. Huntsville and Gadsden recorded the smallest increases in bank debits, 7 percent each, but employment trends in these areas were quite different. In Mobile and Montgomery, bank debits rose 8 percent and 9 percent, respectively.

### Sustained Prosperity

Although her economic gains were not as large last year as they have been in some recent years, Alabama has a lot to brag about. The long-trend economic expansion in the state continued, pushing incomes and spending to record levels. Few workers were without jobs, as the unemployment rate remained at a low level. Indeed, with the pool of available workers already low and with some adverse circumstances in the national economy affecting the state, the very fact that growth was maintained is credit to the ability of the state's diversified economy to weather minor irregularities. By early 1969, these had been largely overcome, and Alabamians looked forward to another year of prosperity.

JOE W. MCLEARY

*This is one of a series of articles in which economic developments in each of the Sixth District states are discussed.*

REVISED PUBLICATION

*A Review of Louisiana's Economy, 1959-68.*
Revised January 1969.
Now available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

The monthly release on *Consumer Instalment Credit* now contains data on credit cards and check credit activity. If you are interested in receiving this release on a regular basis, please write: Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

# Board of Directors

## Federal Reserve Bank of Atlanta and Branches
## Effective January 1, 1969

### ATLANTA

Class C[1]

**John A. Hunter**—1969
President, Louisiana State University
Baton Rouge, La.

**John C. Wilson**—1970
President, Horne-Wilson, Inc.
Atlanta, Ga.

*__Edwin I. Hatch__ (Chairman)—1971
President, Georgia Power Company
Atlanta, Ga.

### BIRMINGHAM BRANCH

**Appointed by Board of Governors**

**Mays E. Montgomery** (Chairman)—1969
General Manager, Dixie Home Feeds Company
Athens, Ala.

**C. Caldwell Marks**—1970
Chairman, Owen-Richards Company, Inc.
Birmingham, Ala.

+__William C. Bauer__—1971
President
South Central Bell Telephone Company
Birmingham, Ala.

**Appointed by Federal Reserve Bank**

**Will T. Cothran**—1969
President, Birmingham Trust National Bank
Birmingham, Ala.

**Arthur L. Johnson**—1970
President, Camden National Bank
Camden, Ala.

**George A. LeMaistre**—1970
President, City National Bank
Tuscaloosa, Ala.

+__K. M. Varner, Jr.__—1971
President, The First National Bank
Auburn, Ala.

### JACKSONVILLE BRANCH

**Appointed by Board of Governors**

**Henry King Stanford** (Chairman)—1969
President, University of Miami
Coral Gables, Fla.

**Henry Cragg**—1970
Chairman, Minute Maid Company
Orlando, Fla.

*__Castle W. Jordan__—1971
President, Associated Oil and Gas Company
Coral Gables, Fla.

**Appointed by Federal Reserve Bank**

**L. V. Chappell**—1969
President, First National Bank
Clearwater, Fla.

**Harry Hood Bassett**—1970
Chairman, First National Bank
Miami, Fla.

**J. Y. Humphress**—1970
Executive Vice President
Capital City First National Bank
Tallahassee, Fla.

+__Edward W. Lane, Jr.__—1971
President, The Atlantic National Bank
Jacksonville, Fla.

NOTE: Expiration dates of terms occur on December 31 of the year beside each name.

[1]Nonbankers appointed by Board of Governors, Federal Reserve System.

Class B[2]

**Philip J. Lee**—1969
Vice President, Tropicana Products, Inc.
Tampa, Fla.

**Hoskins A. Shadow**—1970
President, Tennessee Valley Nursery, Inc.
Winchester, Tenn.

*__Harry T. Vaughn__—1971
President, United States Sugar Corporation
Clewiston, Fla.

Class A[3]

**William B. Mills**—1969
President, Florida National Bank
Jacksonville, Fla.

**A. L. Ellis**—1970
Chairman, First National Bank
Tarpon Springs, Fla.

*__John W. Gay__—1971
President, First National Bank
Scottsboro, Ala.

## NASHVILLE BRANCH

**Appointed by Board of Governors**

**James E. Ward** (Chairman)—1969
Chairman, Baird-Ward Printing Company, Inc.
Nashville, Tenn.

**Robert M. Williams**—1970
President, ARO, Inc.
Tullahoma, Tenn.

+__Edward J. Boling__—1971
Vice President, Development and Administration
University of Tennessee
Knoxville, Tenn.

**Appointed by Federal Reserve Bank**

**Andrew Benedict**—1969
President, First American National Bank
Nashville, Tenn.

**H. A. Crouch, Jr.**—1970
President, First National Bank
Tullahoma, Tenn.

**W. H. Swain**—1970
President, First National Bank
Oneida, Tenn.

+__Hugh M. Willson__—1971
President, Citizens National Bank
Athens, Tenn.

## NEW ORLEANS BRANCH

**Appointed by Board of Governors**

**George Benjamin Blair**—1969
General Manager
American Rice Growers Cooperative
Lake Charles, La.

**Robert H. Radcliff, Jr.** (Chairman)—1970
President, Southern Industries Corporation
Mobile, Ala.

*__Frank G. Smith, Jr.__—1971
Vice President
Mississippi Power and Light Company
Jackson, Miss.

**Appointed by Federal Reserve Bank**

**A. L. Gottsche**—1969
President, First National Bank
Biloxi, Miss.

**Lucien J. Hebert, Jr.**—1970
Executive Vice President
Lafourche National Bank
Thibodaux, La.

**Morgan Whitney**—1970
Sr. Vice President, Whitney National Bank
New Orleans, La.

+__E. W. Haining__—1971
President, The First National Bank
Vicksburg, Miss.

[2]Nonbankers elected by member banks.
*Reappointed for three-year term.

[3]Member bank representatives elected by member banks.
+New member.

# 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 |
|---|---|---|---|---|---|
| **SIXTH DISTRICT** | | | | | |
| **INCOME AND SPENDING** | | | | | |
| Personal Income (Mil. $, Annual Rate) | Nov. | 66,227 | 66,061r | 66,023r | 60,141 |
| Manufacturing Payrolls | Dec. | 237 | 236 | 233 | 214 |
| Farm Cash Receipts | Dec. | 139 | 145 | 133 | 134 |
| Crops | Dec. | 126 | 134 | 104 | 131 |
| Livestock | Dec. | 171 | 164 | 161 | 145 |
| Instalment Credit at Banks* (Mil. $) | | | | | |
| New Loans | Dec. | 316r | 339r | 281r | 291r |
| Repayments | Dec. | 273r | 293r | 270r | 256r |
| **PRODUCTION AND EMPLOYMENT** | | | | | |
| Nonfarm Employment | Dec. | 143 | 142 | 142 | 139 |
| Manufacturing | Dec. | 143 | 141 | 141 | 140 |
| Apparel | Dec. | 174 | 174 | 173 | 171 |
| Chemicals | Dec. | 138 | 137 | 137 | 133 |
| Fabricated Metals | Dec. | 162 | 162 | 160 | 152 |
| Food | Dec. | 116 | 113 | 114 | 115 |
| Lbr., Wood Prod., Furn. & Fix. | Dec. | 107 | 106 | 106 | 106 |
| Paper | Dec. | 124 | 124 | 124 | 120 |
| Primary Metals | Dec. | 132 | 129 | 127 | 136 |
| Textiles | Dec. | 110 | 110 | 110 | 108 |
| Transportation Equipment | Dec. | 193 | 189 | 190 | 182 |
| Nonmanufacturing | Dec. | 143 | 143 | 142 | 139 |
| Construction | Dec. | 133 | 130 | 130 | 127 |
| Farm Employment | Dec. | 62 | 60 | 55 | 67 |
| Unemployment Rate (Percent of Work Force) | Dec. | 3.5 | 3.9 | 3.8 | 3.8 |
| Insured Unemployment (Percent of Cov. Emp.) | Nov. | 2.8 | 2.6 | 2.7 | 1.8 |
| Avg. Weekly Hrs. in Mfg. (Hrs.) | Dec. | 41.5 | 41.1 | 41.0 | 41.4 |
| Construction Contracts* | Dec. | 209 | 226 | 228 | 187r |
| Residential | Dec. | 270 | 233 | 271 | 230r |
| All Other | Dec. | 157 | 220 | 191 | 151 |
| Electric Power Production** | Oct. | 150 | 149 | 146 | 146 |
| Cotton Consumption** | Dec. | 100 | 107 | 101 | 120 |
| Petrol. Prod. in Coastal La. and Miss.** | Dec. | 241 | 215 | 220 | 243 |
| **FINANCE AND BANKING** | | | | | |
| Loans* | | | | | |
| All Member Banks | Dec. | 299 | 296 | 294 | 262 |
| Large Banks | Dec. | 263 | 259 | 258 | 236 |
| Deposits* | | | | | |
| All Member Banks | Dec. | 227 | 222 | 220 | 200 |
| Large Banks | Dec. | 193 | 190 | 190 | 180 |
| Bank Debits*/** | Dec. | 243 | 242 | 235 | 218 |
| **ALABAMA** | | | | | |
| **INCOME** | | | | | |
| Personal Income (Mil. $, Annual Rate) | Nov. | 8,593 | 8,378r | 8,379r | 7,923 |
| Manufacturing Payrolls | Dec. | 204 | 205 | 207 | 189 |
| Farm Cash Receipts | Dec. | 123 | 125 | 105 | 113 |
| **PRODUCTION AND EMPLOYMENT** | | | | | |
| Nonfarm Employment | Dec. | 128 | 127 | 127 | 127 |
| Manufacturing | Dec. | 129 | 128 | 128 | 127 |
| Nonmanufacturing | Dec. | 127 | 127 | 127 | 126 |
| Construction | Dec. | 115 | 115 | 118 | 118 |
| Farm Employment | Dec. | 67 | 64 | 55 | 70 |
| Unemployment Rate (Percent of Work Force) | Dec. | 4.1 | 4.5 | 4.6 | 4.3 |
| Avg. Weekly Hrs. in Mfg. (Hrs.) | Dec. | 41.9 | 41.3 | 41.3 | 41.3 |
| **FINANCE AND BANKING** | | | | | |
| Member Bank Loans | Dec | 270 | 267 | 270 | 244 |
| Member Bank Deposits | Dec. | 213 | 211 | 207 | 191 |
| Bank Debits** | Dec. | 227 | 219 | 214 | 204 |
| **FLORIDA** | | | | | |
| **INCOME** | | | | | |
| Personal Income (Mil. $, Annual Rate) | Nov. | 19,557 | 19,631r | 19,708r | 17,278 |
| Manufacturing Payrolls | Dec. | 299 | 293 | 292 | 271 |
| Farm Cash Receipts | Dec. | 151 | 188 | 162 | 160 |
| **PRODUCTION AND EMPLOYMENT** | | | | | |
| Nonfarm Employment | Dec. | 159 | 159 | 159 | 153 |
| Manufacturing | Dec. | 162 | 160 | 161 | 162 |
| Nonmanufacturing | Dec. | 159 | 159 | 158 | 151 |
| Construction | Dec. | 115 | 113 | 112 | 99 |
| Farm Employment | Dec. | 95 | 94 | 81 | 104 |
| Unemployment Rate (Percent of Work Force) | Dec. | 2.7 | 2.8 | 2.9 | 3.0 |
| Avg. Weekly Hrs. in Mfg. (Hrs.) | Dec. | 42.3 | 41.9 | 41.6 | 42.2 |
| **FINANCE AND BANKING** | | | | | |
| Member Bank Loans | Dec. | 325 | 326 | 320 | 276 |
| Member Bank Deposits | Dec. | 257 | 246 | 243 | 214 |
| Bank Debits** | Dec. | 247 | 248 | 242 | 207 |
| **GEORGIA** | | | | | |
| **INCOME** | | | | | |
| Personal Income (Mil. $, Annual Rate) | Nov. | 12,872 | 13,022r | 12,850r | 11,564 |
| Manufacturing Payrolls | Dec. | 241 | 244 | 237 | 213 |
| Farm Cash Receipts | Dec. | 147 | 123 | 132 | 152 |
| **PRODUCTION AND EMPLOYMENT** | | | | | |
| Nonfarm Employment | Dec. | 144 | 144 | 143 | 139 |
| Manufacturing | Dec. | 139 | 137 | 137 | 133 |
| Nonmanufacturing | Dec. | 147 | 147 | 146 | 142 |
| Construction | Dec. | 146 | 143 | 145 | 142 |
| Farm Employment | Dec. | 59 | 48 | 54 | 59 |
| Unemployment Rate (Percent of Work Force) | Dec. | 2.8 | 3.4 | 3.2 | 3.1 |
| Avg. Weekly Hrs. in Mfg. (Hrs.) | Dec. | 41.3 | 40.9 | 40.9 | 41.2 |
| **FINANCE AND BANKING** | | | | | |
| Member Bank Loans | Dec. | 321 | 309 | 305 | 273 |
| Member Bank Deposits | Dec. | 248 | 241 | 242 | 217 |
| Bank Debits** | Dec. | 268 | 269 | 264 | 252 |
| **LOUISIANA** | | | | | |
| **INCOME** | | | | | |
| Personal Income (Mil. $, Annual Rate) | Nov. | 9,933 | 10,078r | 10,014r | 9,273 |
| Manufacturing Payrolls | Dec. | 211 | 207 | 203 | 194 |
| Farm Cash Receipts | Dec. | 156 | 170 | 150 | 150 |
| **PRODUCTION AND EMPLOYMENT** | | | | | |
| Nonfarm Employment | Dec. | 131 | 132 | 132 | 130 |
| Manufacturing | Dec. | 122 | 123 | 123 | 119 |
| Nonmanufacturing | Dec. | 134 | 134 | 134 | 132 |
| Construction | Dec. | 143 | 140 | 140 | 145 |
| Farm Employment | Dec. | 51 | 58 | 58 | 56 |
| Unemployment Rate (Percent of Work Force) | Dec. | 5.2 | 5.2 | 5.1 | 4.7 |
| Avg. Weekly Hrs. in Mfg. (Hrs.) | Dec. | 41.0 | 40.5 | 41.5 | 42.2 |
| **FINANCE AND BANKING** | | | | | |
| Member Bank Loans* | Dec. | 249 | 242 | 244 | 235 |
| Member Bank Deposits* | Dec | 181 | 179 | 177 | 168 |
| Bank Debits*/** | Dec. | 189 | 196 | 192 | 175 |
| **MISSISSIPPI** | | | | | |
| **INCOME** | | | | | |
| Personal Income (Mil. $, Annual Rate) | Nov. | 4,816 | 4,955r | 4,948r | 4,501 |
| Manufacturing Payrolls | Dec. | 270 | 271 | 270 | 239 |
| Farm Cash Receipts | Dec. | 133 | 126 | 121 | 113 |
| **PRODUCTION AND EMPLOYMENT** | | | | | |
| Nonfarm Employment | Dec. | 145 | 144 | 144 | 141 |
| Manufacturing | Dec. | 156 | 154 | 154 | 150 |
| Nonmanufacturing | Dec. | 140 | 140 | 139 | 138 |
| Construction | Dec. | 147 | 144 | 141 | 148 |
| Farm Employment | Dec. | 51 | 52 | 45 | 56 |
| Unemployment Rate (Percent of Work Force) | Dec. | 3.7 | 4.8 | 4.6 | 4.5 |
| Avg. Weekly Hrs. in Mfg. (Hrs.) | Dec. | 41.9 | 41.5 | 41.2 | 41.6 |
| **FINANCE AND BANKING** | | | | | |
| Member Bank Loans* | Dec. | 359 | 353 | 349 | 324 |
| Member Bank Deposits* | Dec. | 256 | 253 | 247 | 237 |
| Bank Debits*/** | Dec. | 231 | 251 | 237 | 243 |

| | Latest Month (1968) | | One Month Ago | Two Months Ago | One Year Ago |
|---|---|---|---|---|---|
| TENNESSEE | | | | | |
| INCOME | | | | | |
| Personal Income (Mil. $, Ann. Rate) | Nov. | 10,456 | 9,997r | 10,124 | 9,602 |
| Manufacturing Payrolls | Dec. | 226 | 223 | 222 | 205 |
| Farm Cash Receipts | Dec. | 111 | 137 | 120 | 104 |
| PRODUCTION AND EMPLOYMENT | | | | | |
| Nonfarm Employment | Dec. | 141 | 140 | 139 | 138 |
| Manufacturing | Dec. | 151 | 149 | 149 | 148 |
| Nonmanufacturing | Dec. | 136 | 136 | 135 | 133 |
| Construction | Dec. | 177 | 165 | 161 | 166 |
| Farm Employment | Dec. | 64 | 61 | 52 | 71 |
| Unemployment Rate (Percent of Work Force) | Dec. | 3.7 | 4.1 | 3.8 | 4.1 |
| Avg. Weekly Hrs. in Mfg. (Hrs.) | Dec. | 40.8 | 40.9 | 40.4 | 40.7 |
| FINANCE AND BANKING | | | | | |
| Member Bank Loans* | Dec. | 281 | 288 | 284 | 249 |
| Member Bank Deposits* | Dec. | 199 | 194 | 195 | 185 |
| Bank Debits*/** | Dec. | 274 | 253 | 255 | 240 |

*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.

# Debits to Demand Deposit Accounts

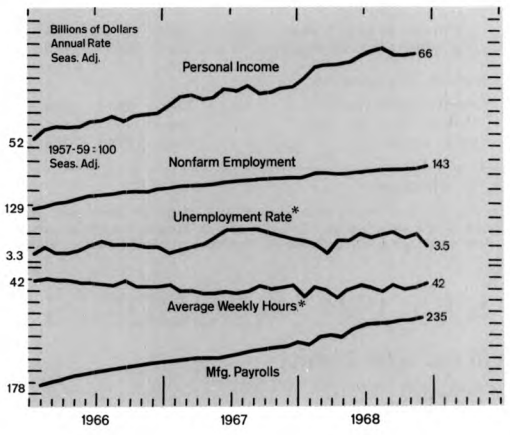
## Insured Commercial Banks in the Sixth District

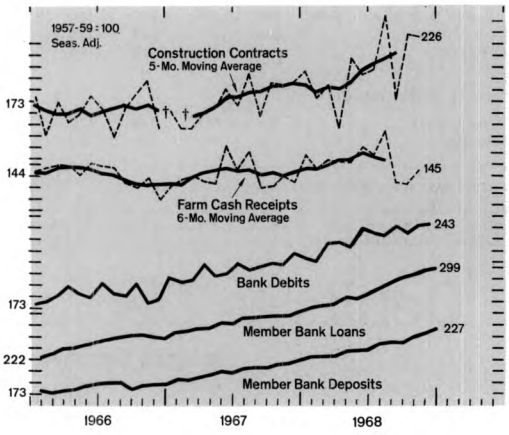
(In Thousands of Dollars)

| | Dec. 1968 | Nov. 1968 | Dec. 1967 | Percent Change Year-to-Date 12 mos. Dec. '68 from 1968 Nov. | Dec. | from 1967 |
|---|---|---|---|---|---|---|
| STANDARD METROPOLITAN STATISTICAL AREAS† | | | | | | |
| Birmingham | 1,955,487 | 1,719,574 | 1,566,528r | +14 | +25 | +12 |
| Gadsden | 72,504 | 65,972 | 61,510 | +10 | +18 | + 7 |
| Huntsville | 211,284 | 195,323 | 185,576 | + 8 | +14 | + 7 |
| Mobile | 563,284 | 512,565 | 500,314 | +10 | +13 | + 8 |
| Montgomery | 349,973 | 333,887 | 331,960 | + 5 | + 5 | + 9 |
| Tuscaloosa | 119,250 | 111,946 | 101,444 | + 7 | +18 | +12 |
| Ft. Lauderdale–Hollywood | 984,890 | 814,672 | 719,097 | +21 | +37 | +25 |
| Jacksonville | 1,906,911 | 1,692,722 | 1,507,087 | +13 | +27 | +13 |
| Miami | 3,446,050 | 2,897,751 | 2,607,778 | +19 | +32 | +25 |
| Orlando | 744,943 | 608,862 | 647,180 | +22 | +15 | +18 |
| Pensacola | 235,872 | 203,692 | 196,717 | +16 | +20 | +11 |
| Tallahassee | 158,022 | 162,890r | 142,096 | − 3 | +11 | +11 |
| Tampa–St. Petersburg | 1,882,774 | 1,621,435 | 1,508,433 | +16 | +25 | +19 |
| W. Palm Beach | 586,477 | 482,089 | 469,213 | +22 | +25 | +21 |
| Albany | 117,398 | 97,042 | 100,457 | +21 | +17 | +13 |
| Atlanta | 6,302,666 | 5,838,595 | 5,794,148 | + 8 | + 9 | +15 |
| Augusta | 323,733 | 278,644 | 288,182 | +16 | +12 | + 7 |
| Columbus | 280,097 | 229,663 | 231,651 | +22 | +21 | +12 |
| Macon | 301,638 | 271,867 | 254,772 | +11 | +18 | +11 |
| Savannah | 355,879 | 298,594 | 282,658 | +19 | +26 | +15 |
| Baton Rouge | 638,022 | 594,488 | 556,372 | + 7 | +15 | +13 |
| Lafayette | 155,548 | 144,754 | 122,917 | + 7 | +27 | +14 |
| Lake Charles | 174,208 | 162,584 | 156,614 | + 7 | +11 | +10 |
| New Orleans | 2,686,381 | 2,467,946 | 2,448,913 | + 9 | +10 | + 8 |
| Jackson | 776,593 | 758,162 | 820,089 | + 2 | − 5 | +11 |
| Chattanooga | 712,181 | 625,584 | 642,076 | +14 | +11 | +10 |
| Knoxville | 584,927 | 510,883 | 498,786 | +14 | +17 | +13 |
| Nashville | 2,359,683 | 1,900,789 | 1,811,560 | +24 | +30 | +16 |
| OTHER CENTERS | | | | | | |
| Anniston | 79,883 | 74,015 | 68,480 | + 8 | +17 | +15 |
| Dothan | 75,327 | 71,491 | 61,816 | + 5 | +22 | +14 |
| Selma | 53,573 | 50,494 | 53,066 | + 6 | + 1 | + 3 |
| Bartow | 40,322 | 35,117 | 38,583 | +15 | + 5 | + 0 |
| Bradenton | 89,318 | 74,982 | 73,903 | +19 | +21 | +17 |
| Brevard County | 253,377 | 216,266 | 253,088 | +17 | + 0 | + 6 |
| Daytona Beach | 99,377 | 87,345 | 82,009 | +14 | +21 | + 8 |
| Ft. Myers–N. Ft. Myers | 127,326 | 111,480 | 98,282 | +14 | +30 | +29 |
| Gainesville | 110,727 | 102,863 | 92,331 | + 8 | +20 | +18 |
| Lakeland | 155,848 | 122,939 | 126,446 | +27 | +23 | +11 |
| Monroe County | 42,910 | 38,438 | 33,717 | +12 | +27 | +13 |
| Ocala | 81,864 | 64,642 | 59,251 | +27 | +38 | +14 |
| St. Augustine | 32,338 | 21,726 | 20,097 | +49 | +61 | +20 |
| St. Petersburg | 408,245 | 356,065 | 317,397r | +15 | +29 | +12 |
| Sarasota | 154,678 | 128,381 | 121,572 | +20 | +27 | +27 |
| Tampa | 1,004,221 | 866,020 | 782,124r | +16 | +28 | +22 |
| Winter Haven | 71,432 | 64,205 | 61,580 | +11 | +16 | +15 |
| Athens | 98,526 | 86,116 | 76,290 | +14 | +29 | +20 |
| Brunswick | 57,408 | 45,771 | 47,673 | +25 | +20 | +13 |
| Dalton | 119,075 | 110,484 | 95,468 | + 8 | +25 | +29 |
| Elberton | 16,231 | 14,089 | 15,476 | +15 | + 5 | − 2 |
| Gainesville | 80,294 | 67,803 | 68,102 | +18 | +18 | + 2 |
| Griffin | 42,176 | 36,376 | 37,378 | +16 | +13 | + 9 |
| LaGrange | 24,162 | 20,486 | 23,078 | +18 | + 5 | + 4 |
| Newnan | 28,389 | 23,216 | 23,487 | +22 | +21 | + 4 |
| Rome | 93,907 | 87,160 | 78,245 | + 8 | +20 | +14 |
| Valdosta | 61,669 | 54,814 | 60,411 | +13 | + 2 | + 3 |
| Abbeville | 16,135 | 12,779 | 11,247 | +26 | +43 | +13 |
| Alexandria | 178,973 | 162,208 | 132,540 | +10 | +35 | +13 |
| Bunkie | 9,537 | 9,673 | 7,176 | − 1 | +33 | + 5 |
| Hammond | 39,973 | 38,134 | 27,840 | + 5 | +44 | + 5 |
| New Iberia | 42,011 | 38,673 | 38,264 | + 9 | +10 | + 6 |
| Plaquemine | 14,219 | 14,723 | 11,437 | − 3 | +24 | +21 |
| Thibodaux | 33,333 | 25,403 | 27,757 | +31 | +20 | + 9 |
| Biloxi-Gulfport | 129,088 | 118,757 | 105,037 | + 9 | +23 | +16 |
| Hattiesburg | 63,153 | 62,380 | 55,861 | + 1 | +13 | +13 |
| Laurel | 45,602 | 39,240 | 33,552r | +16 | +36 | +23 |
| Meridian | 81,487 | 67,400 | 69,321 | +21 | +18 | + 8 |
| Natchez | 45,840 | 40,742 | 40,535 | +13 | +13 | +11 |
| Pascagoula–Moss Point | 74,345 | 70,861 | 56,162 | + 5 | +32 | +26 |
| Vicksburg | 43,925 | 46,223 | 41,382 | − 5 | + 6 | + 3 |
| Yazoo City | 27,690 | 29,879 | 27,481 | − 7 | + 1 | + 5 |
| Bristol | 84,499 | 78,239 | 80,152 | + 8 | + 5 | +16 |
| Johnson City | 95,351 | 79,300 | 78,413 | +20 | +22 | +11 |
| Kingsport | 179,495 | 167,027 | 160,006 | + 7 | +12 | +10 |
| SIXTH DISTRICT, Total | 38,885,259 | 34,606,477 | 33,202,613r | +12 | +17 | +14 |
| Alabama‡ | 4,785,806 | 4,346,036 | 4,092,348 | +10 | +17 | +12 |
| Florida‡ | 12,603,248 | 10,836,357 | 10,061,834 | +16 | +25 | +19 |
| Georgia‡ | 9,922,169 | 8,896,641 | 8,888,347 | +12 | +12 | +14 |
| Louisiana†* | 4,631,219 | 4,271,162 | 4,087,018 | + 8 | +13 | + 9 |
| Mississippi†* | 1,603,853 | 1,615,220 | 1,610,339 | − 1 | − 0 | +12 |
| Tennessee†* | 5,338,964 | 4,641,061 | 4,462,727 | +15 | +20 | +13 |

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

# District Business Conditions




*Seas. adj. figure; not an index.

†New series

**The District economy has entered the ninth consecutive year of prosperity with continuing vigor. In the final month of 1968, employment advanced briskly and the unemployment rate dropped sharply. Supported by rising employment and income, the consumer sector remained strong, although the pace of consumer borrowings slackened somewhat. Bank lending continued to expand more than seasonally. Moderate gains were posted in both construction employment and new contract awards. With the exception of Florida citrus and winter truck crop areas, farm activity was in a seasonal lull.**

**In December, nonfarm employment advanced briskly with strong gains in both manufacturing and nonmanufacturing jobs.** The primary metals industry scored the largest gains in the manufacturing sector; while other industries scored moderate gains. Reflecting the strong labor demand, the unemployment rate dropped sharply to a recent new low, and manufacturing workers put in a longer average workweek. Activities in District ports were disrupted by labor-management disputes.

**Consumer borrowing from banks remained strong in December, although less expansive than during other recent months.** Personal loans and loans for nonautomobile consumer goods, including credit card and check-credit plans, posted the largest gains; automobile loans increased less rapidly than the previous month, reflecting slower sales.

**Loans and investments climbed rapidly at member banks in December.** And, in January, loans at larger banks continued to advance at a rapid pace. Losses of large denomination negotiable CD's, though sizable, were less severe than nationally.

**A very strong December in residential contracting offset some weakening in other types of construction.** Record yields for FHA-VA mortgages in late December were followed by a raising of the contract rate ceilings to 7½ percent. Continued availability of mortgage financing, particularly from "conventional" sources, has been crucial to maintaining the exceptional expansion in residential construction. Mortgage interest rates have continued to rise as competitive market yields have been under upward pressure.

**In general, 1968 prices for livestock and livestock products were above the year-ago level, while crop prices were lower.** Prices for citrus products have moderated since the December 16-17 freeze. Revised estimates of Florida's orange production indicate that the freeze damage will keep output below December estimates. The juice content of oranges has been below that of recent years; consequently, gains in total production of frozen concentrate are less than expected earlier.

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