

MONTHLY REVIEW

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FEDERAL RESERVE BANK OF ATLANTA

A Decade of Holding Company Regulation in Florida

The Bank Holding Company Act of 1956 placed multibank holding company formation and expansion within the jurisdiction of the Board of Governors of the Federal Reserve System. By the end of 1969, the Board had handed down 294 decisions. These Board decisions did not, however, fall evenly throughout the nation. They affected primarily those states having unit- or limited branch-banking legislation that typically encourages holding company expansion. Florida is one of these unit-banking states, and 52 of the Board's decisions affected Florida banks. Only Wisconsin witnessed as much holding company activity during the same period.

The holding company is simply one form of control over several separately chartered banks. Other forms of control over such a group of banks might be maintained through ownership by an individual, a partnership, or by common majority stockholders. This "group" or "multiple unit" type of banking became common in Florida following the state's very rapid population and economic growth. New residents and businesses increased the need for expanded banking services and for additional offices. This growing demand

was often met through the chartering of new suburban banks by the stockholders of the community's existing banks.

Since 1959 when the Board rendered its first decision on a Florida holding company application, the holding company form of group banking has become an important part of the structural change in Florida banking. The composition of Florida banking, therefore, has been molded to some extent by the provisions of the Bank Holding Company Act of 1956 and by the decisions the Board has made on individual applications under the Act. This article reviews the pattern that has developed during the first ten years of experience.

Genesis of Florida Holding Companies

When Congress passed the Bank Holding Company Act in 1956, three significant holding company systems were operating in Florida: the Barnett National Group, the Atlantic National Group, and the Florida National Group.¹ These three groups were headquartered in Jacksonville, the state's early center of commerce. Each had

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¹The Florida National Group did not register with the Board until a 1966 amendment applied the Act equally to long-term charitable trusts.

become a statewide system in response to the economic vacuum created outside Jacksonville by massive bank failures that followed the collapse of the Florida land boom in 1926.

The Barnett Bank of Jacksonville opened its doors in 1877 and later obtained the state's first national charter. In the fall of 1929, the Barnett Bank acquired banks in DeLand and Cocoa, communities which would otherwise have been totally without banking service. In 1930, the group acquired two additional banks under similar circumstances and formed Barnett National Securities Corporation, a holding company that registered in 1956 as having four banks. Combined deposits of the holding company and the Barnett Bank of Jacksonville then totaled \$159 million.

The lead bank of the second holding company, the Atlantic National Bank, emerged from a 1903 consolidation. In 1913-14, two additional banks were acquired, and in 1923 the bank absorbed the American Trust Company, thus forming the Atlantic Trust Company of Jacksonville. Atlantic Trust's acquisition of failing banks began in 1928, extending as far as Gainesville and West Palm Beach. The holding company registered in 1956 with seven banks controlling \$289 million in deposits.

The founder of the third holding system, Alfred I. duPont, came to Jacksonville in 1926 and invested in the Barnett First National Bank, the Atlantic Trust Company, and the Florida National Bank. In 1929, duPont in a dramatic episode in Florida banking, halted a run on the Jacksonville banks. Florida National then acquired banks in areas throughout the entire state that were experiencing similar financial crises, including Orlando in central Florida and St. Petersburg on the West Coast. It acquired the Third National Bank of Miami when only one other bank in the region remained viable. In 1966, the trustees of duPont's estate registered 30 banks controlling \$777 million of deposits.

During the years after the Depression and especially in the postwar years when the state's growth accelerated, numerous other groups of affiliated banks emerged. Since the groups were owned by individuals—called “chain banks”—or by common stockholders, rather than formally organized as affiliates of holding companies, they did not register when the Bank Holding Company Act came into effect. Estimates are that these nonregistered groups controlled almost 16 per-

cent of the state's banking deposits in 1959, whereas the registered companies controlled 19 percent.

The First Board Decisions

Against this background, the Board in 1959 considered and unanimously approved the first holding company acquisition in Florida under the Act. The acquisition was a newly chartered bank in south Jacksonville by the Atlantic Trust Company.

In 1961, Atlantic Trust filed the second Florida application, again for expansion through a *de novo* (new) bank in Jacksonville. The Board's decision was substantially the same. The published opinion indicated that acquisition of a newly-chartered bank did not eliminate any existing competition among subsidiaries nor did it eliminate an alternate source of banking services in a local suburban market.²

The third application from Florida reached the Board in 1962. It was the first proposed new holding company formation. Under the proposal, Barnett National Bank of Jacksonville, First National Bank of Miami, First National Bank of Orlando, and Exchange National Bank of Tampa would become affiliates of the First Bancorporation of Florida. These were four of Florida's largest banks and were located in each of the state's major metropolitan areas.

Following the precedent it had set the same year in the Morgan New York State Corporation case, the Board, with two dissents, denied the application. The Board pointed out that each bank was among the three largest in its respective metro area and that approval would have placed the majority of the state's largest banks under holding company control. This decision blocked any further attempts of large banks to jointly form a statewide system.

Later in 1962, the Board unanimously approved a \$5.5 million combination in Pensacola. (See Table I for the names of this and following decisions.)

In 1964, the Board approved two new bank

²The Board in deciding holding company cases involving formations or acquisitions considers under competitive effects: (1) competition among subsidiaries, (2) impact on competing banks, (3) alternate sources of banking services, and (4) effect on concentration. Although the Board may not explicitly delineate these factors, the categories are evident in virtually every decision published in the *Federal Reserve Bulletin*.

TABLE I

1956	1959	1961	1962	1964
ATLANTIC NATIONAL BANK ATLANTIC TRUST CO. (1923)				
1. Springfield Atlantic Bank Jacksonville	8 *Southside Atlantic Bank Jacksonville	9. *Lake Shore Atlantic Bank (renamed Westside Atlantic Bank) Jacksonville		10. Daytona Atlantic Bank (renamed Westside Atlantic Bank of Daytona Beach)
2. Lake Forest Atlantic Bank Jacksonville				
3. Sanford Atlantic National Bank				
4. First National Bank Gainesville				
5. Palatka Atlantic National Bank Palatka				
6. First Atlantic National Daytona Beach				
7. Atlantic National Bank West Palm Beach				
BARNETT NATIONAL SECURITIES CORPORATION (1930)				
1. Barnett First National Bank, Cocoa				5 *San Jose Barnett Bank Jacksonville
2. Barnett First National Bank, DeLand				
3. St. Augustine National Bank				
4. Murray Hill Barnett Bank Jacksonville				
TRUSTEES, ESTATE OF ALFRED I. DUPONT				
1. Florida National Bank at Bartow			COMMERCIAL ASSOCIATES	
2. Florida First National Bank at Belle Glade			1. Commercial National Bank of Pensacola	
3. Florida First National Bank at Brent, Pensacola			2. Bank of Gulf Breeze	
4. Florida Bank at Bushnell				FIRST NATIONAL BANK OF TAMPA UNION SECURITIES INVESTMENT CO.
5. Florida Bank at Chipley				1. Broadway National Bank, Tampa
6. Florida National Bank at Coral Gables				2. *Second National Bank, Tampa
7. Florida Bank & Trust Co. at Daytona Beach				
8. Florida Bank at DeLand			DENIED	FIRST BANCORPORATION OF FLORIDA
9. Florida First National Bank at Fernandina Beach				1. First National Bank of Miami
10. Florida Bank at Fort Pierce				2. Barnett National Bank of Jacksonville
11. Florida National Bank at Gainesville				3. First National Bank of Orlando
12. Florida National Bank at Arlington, Jacksonville				4. Exchange National Bank of Tampa
13. Florida National Bank at Lake Shore, Jacksonville				
14. Florida Dealers & Growers Bank at Jacksonville				COMMERCIAL BANCORPORATION
15. Florida Northside Bank of Jacksonville				1. Commercial Bank of Miami
16. Florida National Bank of Jacksonville				2. Merchants Bank of Miami
17. Florida First National Bank at Key West				3. Bank of Kendall
18. Florida National Bank at Lakeland				
19. Florida First National Bank at Madison				
20. Florida National Bank & Trust Co. at Miami				
21. Florida First National Bank at Ocala				
22. Florida First National Bank at Opa-Locka				
23. Florida National Bank at Orlando				
24. Florida First National Bank at Pensacola				
25. Florida National Bank at Perry				
26. Florida First National Bank at Port St. Joe				
27. Florida National Bank at St. Petersburg				
28. Florida Bank at Starke				
29. Florida First National Bank at Vero Beach				
30. Florida National Bank & Trust Co. at West Palm Beach				

*De novo

ATLANTIC BANCORPORATION

11. Atlantic National Bank, Jacksonville

12. *Normandy Atlantic Bank, Jacksonville
13. Lake Wales Bank and Trust Co.

6. Barnett First National Bank
Jacksonville
DENIED 7. First National Beach Bank
Jacksonville Beach
8. First Bank & Trust Co.
Pensacola
9. First National Bank
Winter Park

10. American National Bank & Trust Co.
Winter Haven
11. American National Bank
Cypress Gardens

12. *Regency Square Barnett Bank
Jacksonville
13. Munroe & Chambliss National Bank
Ocala
14. Munroe & Chambliss National Bank
East Ocala

- DENIED** 15. Tallahassee Bank & Trust Co.
Union Trust National Bank
St. Petersburg
17. Citizens National Bank, St. Petersburg
(renamed Barnett National Bank
of St. Petersburg)
18. *North Tallahassee Bank
(renamed The Tallahassee Bank North)
19. *Anastasia Bank, St. Augustine
(renamed Barnett Bank
of Anastasia Island)

CHARTER BANKSHARES

3. First National Bank, Milton

3. *First National Bank
Brooksville

4. First National Bank of Lakeland

FIRST FINANCIAL CORPORATION

5. First National Bank of Tampa

4. Bank of Palm Beach & Trust Co.

FIRST FLORIDA BANCORPORATION

1. National Bank of Melbourne and Trust Co.
2. Florida State Bank of Sanford
3. Bank of Zephyrhills
4. DeSoto National Bank of Arcadia
5. Okeechobee County Bank
6. First State Bank, Fort Meade
7. Bank of Lake Alfred
8. Bank of Mulberry
9. National Bank of West Melbourne
10. United State Bank of Seminole, Sanford
11. State Bank of Haines City

12. Marine Bank and Trust Co., Tampa
13. Commercial Bank of Tampa

UNITED BANCSHARES

1. Miami Beach First National Bank
2. United National Bank, Miami
3. Coral Gables First National Bank

4. *United National Bank of Dadeland, Miami

SOUTHEAST BANCORPORATION

1. First National Bank of Miami
2. Coral Way National Bank, Miami
3. Curtiss National Bank of Miami Springs
(renamed The First National Bank
of Miami Springs)

4. First City Bank of Tampa

5. Everglades Bank & Trust Co.
Fort Lauderdale

FIRST AT ORLANDO CORPORATION

1. First National Bank at Orlando
2. College Park National Bank
3. South Orlando First National Bank
4. First National Bank of Pine Hills
5. Plaza National Bank, Orlando

6. First National Bank, Leesburg

7. Central Brevard National Bank at Cocoa
8. St. Lucie County Bank, Fort Pierce
9. Citizens State Bank, St. Cloud
10. First National Bank of Melbourne
11. *Central Park First National Bank, Orlando
12. Commercial Bank, Daytona Beach
13. Exchange Bank of Holly Hill
14. Peninsula State Bank
of Daytona Beach Shores

CENTRAL BANCORPORATION

1. Central Bank & Trust Co., Miami
2. Central Bank of North Dade, Miami

PAN AMERICAN BANCSHARES, INC.

1. Pan American Bank of Miami
2. Bank of Dade County
(renamed Pan American Bank of
Dade County, North Miami Beach)
3. Manufacturers National Bank of Hialeah

EXCHANGE BANCORPORATION

1. Exchange National Bank, Tampa
2. Exchange Bank of Temple Terrace
3. Exchange National Bank of Winter Haven
4. Gulf-to-Bay Bank & Trust Co.,
Clearwater

BROWARD BANCSHARES, INC.

1. Broward National Bank of Fort Lauderdale
2. Coral Ridge National Bank, Fort Lauderdale
3. Fort Lauderdale National Bank

acquisitions, a formation in Miami, and a formation in Tampa. Although there was no opposition to the Miami incorporation of a group of three already-affiliated banks, one of the members of the Board of Governors dissented from the approval of the Tampa formation, which involved that city's largest bank. The dissent quoted, at length, the Supreme Court's decision in the 1963 Philadelphia-Girard case (374 U.S. 321) which sought to halt "incremental and irreversible increases in concentration."

In 1966, Barnett National Securities Corporation gained approval to reorganize by obtaining ownership of Barnett National Bank of Jacksonville. Previously, Barnett National Bank of Jacksonville was not directly owned by Barnett National Securities, the holding company. Consequently, holding company stock represented interest only in the smaller banks. The reorganiza-

tion would place a major bank directly within the holding company, making the company's stock represent a more desirable package in the exchange of stock with prospective new affiliates. Similar reorganizations by existing holding companies produced in 1967 the Atlantic Bancorporation in Jacksonville and, in 1969, The First Financial Corporation in Tampa.

The Board's first denial of an acquisition occurred in a Jacksonville case later in 1966. The Board decided that further increases in the dominant market share of holding companies (81 percent of Duval County deposits) through acquisition of an existing independent bank would not be permitted unless favorable convenience and needs considerations clearly outweighed the adverse competitive consequences. This proposed acquisition contrasted with the earlier Jacksonville acquisitions that had not immediately increased concentration, eliminated an independent bank, or reduced the number of alternate banking sources.

The same year, the Board approved the incorporation of a Miami and a central Florida company—both from previously-affiliated groups. The Board also approved three cross-state acquisitions by existing holding companies.

Studies of industrial organization and antitrust economics classify holding company expansion either as "horizontal," i.e. acquisition of a direct competitor in a local banking market or as "market extension," i.e. acquisition into a new geographic area where the company does not yet compete. The denied Jacksonville acquisition was of the horizontal variety, whereas the three approved cross-state acquisitions represented a new development because they were the first market extension rulings by the Board. Banking agencies appear to view market extension as pro-competitive, unless the holding company through its new affiliate could potentially dominate the newly-entered market.

In 1967, four additional market extension acquisitions were unanimously approved and two formations were approved with some dissent. The first of these formations was First at Orlando Corporation, with five banks in Orlando having \$180 million in deposits. The lead bank, Orlando's largest, had been a party to the 1962 First Bancorporation of Florida proposal. Although the application was approved, two Governors dissented, citing (1) the foreclosure of potential dissolution of the group and

Statutory Considerations By the Board of Governors in Holding Company Decisions

"Section 3(c) of the Bank Holding Company Act of 1956 as amended provides that the Board shall not approve an acquisition that would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States. Nor may the Board approve a proposed acquisition, the effect of which, in any section of the country, may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless the Board finds that the anti-competitive effects of the proposed transactions are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the communities to be served. In each case, the Board is required to take into consideration the financial and managerial resources and future prospects of the bank holding company and the banks concerned, and the convenience and needs of the communities to be served."

(2) undue concentration as a result of 45 percent control of the area's deposits by the single holding company.

The second formation was also approved. The transaction joined the state's largest bank with two other banks in Miami to form Southeast Bancorporation, having combined deposits of \$534 million. The opinion pointed out that the proposal would increase holding company and group control to 77 percent of Dade County deposits, increase the influence of the area's largest bank, and reduce the alternative independent banking sources. The Board decided (with one Governor dissenting), however, that the significantly adverse competitive aspects were outweighed by the fact that approval would prevent impending closing of one of the proposed subsidiaries.

The next year, 1968, the Board reaffirmed its position of authorizing horizontal expansion in Jacksonville only through acquisition of a newly-chartered bank. It approved Barnett National Securities' *de novo* acquisition in that city. Five other Florida acquisitions—four of them market extensions—were also approved, as well as one new incorporation of an existing group in Miami.

Late Activity

A significant decision in 1969 was rendered as a result of Barnett National Securities Corporation's attempt to obtain a large bank and its smaller affiliate (of recent standing) in St. Petersburg. The Board approved acquisition of the smaller affiliate but denied the state's fourth-largest holding company control over the city's second-largest bank. According to the opinion, approval of both applications would have foreclosed the possible dissolution of the two loose affiliates and their future re-emergence as competitors. More significantly, the Board said, a precedent of a large holding company acquiring one of an area's lead banks would encourage domination of the state's primary market areas by a small number of large organizations.

The Board, in effect, reaffirmed its position taken in the 1962 First Bancorporation decision. That decision had denied a proposal to place four of Florida's largest banks located in each of the state's major metropolitan areas in a single holding company. These banks have subsequently developed into Florida's second-, fourth-,

fifth-, and eighth-largest competing holding companies.

Another Board action in 1969 approved First Florida Bancorporation's purchase of a large Tampa bank and its affiliate. The transaction realigned the smaller central Florida group around a large lead bank in a metropolitan area. Although the Tampa market was already highly concentrated in holding company control, it was decided that the acquisitions represented market entry by a heretofore nonrepresented group and as such did not eliminate an existing source of banking services.

In February 1969, the Board approved two new formations in Tampa and Miami. Both followed the pattern of incorporating an existing group relationship within a single metropolitan area; but, for the first time, with the inclusion of an additional, previously-nonaffiliated bank.

Four *de novo* acquisitions and seven other acquisitions were approved, along with one new incorporation from three previously-affiliated banks in Fort Lauderdale.

The Board's final actions in 1969 approved a *de novo* expansion within the Orlando market and approved a three-bank acquisition by First at Orlando Corporation in Daytona Beach. The Daytona acquisition of affiliated banks was quite similar to the St. Petersburg denial earlier in the year. The Board concluded, however, that the group in this market would not likely wield a dominant influence. Two governors dissented on grounds that First at Orlando Corporation was one of the most likely *de novo* entrants and that approval of the acquisitions would foreclose this more competitive form of market entry.³

The Public Record

Judging from the public record, then, four Board decisions were especially influential in molding the bank holding company structure currently found in Florida. While these decisions lead to general conclusions as to the Board's attitude toward the state's holding company structure, it should be remembered that each case and each banking market is unique.

The 1962 First Bancorporation denial suggested that the Board would not look favorably on applications that would establish a statewide

³The Justice Department subsequently filed suit (to prevent the acquisition) under the Clayton Act.

system embracing lead banks in several metropolitan areas. The 1966 denial of Barnett National Securities Corporation's application to acquire the First National Beach Bank indicated that no holding company could expand in an area of high concentration through acquisition of a competing independent bank. The 1966 Barnett-Pensacola decision suggested that the building of a statewide system could be approved so long as it did not control dominant banks in each area. And finally, the 1967 Southeast Bancorporation formation invoked the Act's provisions for anti-competitive expansion where such action could be demonstrated to be in the public interest as defined in the Act. A dominant bank has been permitted to form a holding system where such formation would prevent the involuntary closing of one of the proposed subsidiaries.

Control of Bank Resources

The growth of registered bank holding companies in Florida has been very evident. However, the preempting holding company headlines have somewhat obscured other forms of control over bank deposits. As previously indicated, control can also be exercised through ownership of banks by an individual, a partnership, or through ownership of several banks by common majority stockholders. As indicated in the chart, if existing chains and groups were to reorganize and register as bank holding companies, the percent of the state's deposits under holding company control would increase from 41 percent to as much as 72

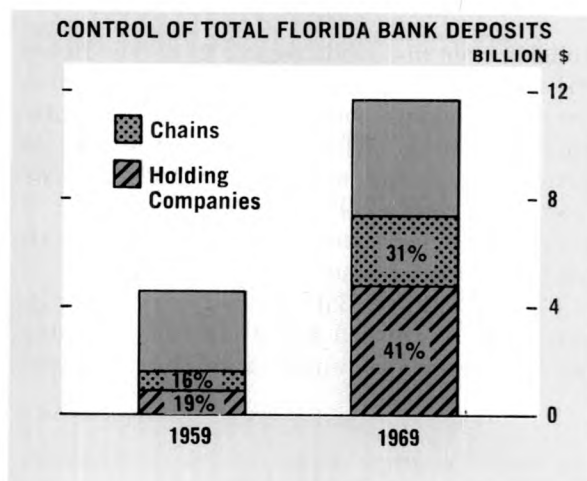


TABLE II
Florida Holding Company Decisions
1959-1969

Application to	Board Action		Total
	Approved	Denied	
Form holding company	11	1	12
Acquire a new bank	11	0	11
Acquire an existing bank	24	2	26
Reorganize	3	0	3
	49	3	52

TABLE III
Affiliate Relationships in Board
Holding Company Decisions 1959-1969

	Formations		Acquisitions	
	Existing Groups	Independent	Previously Affiliated	Independent
Approved	11	1	12	25
Denied	0	1	0	2
	11	2	12	27

percent. This would produce a banner headline, but it would not greatly affect existing control of bank deposits.

Many of the Board's decisions, almost half, as indicated by Table III, dealt with this type of conversion from an existing group relationship into holding company form. Such conversion, it is sometimes claimed, generally has little effect on existing competitive factors, since it merely transforms an easily-terminated, existing affiliation into a perpetual corporate entity. Nevertheless, the Board has exhibited an interest in these cases for future or potential competitive factors.

The Board's denials in Florida have occurred, however, in cases involving the acquisition of previously-nonaffiliated banks, that is, where the elimination of existing competition was at issue. As indicated above, though, the majority of the acquisitions of previously-nonaffiliated banks represented cross-state extension into new markets

where the elimination of competition was not at issue.

To Sum Up

This has been a decade of startling changes in Florida's economic activity and of what also appear to be startling changes in the state's banking structure. Much of this change in the banking structure, as this article points out, has been little more than corporate reorganization.

Throughout these ten years, 1959-1969, the Board of Governors has consistently recognized the less apparent proposed changes in bank ownership which would substantively alter control of bank resources. To these cases, the Board strictly applied the statutory considerations of the Bank Holding Company Act. Consequently, these were the cases that have most profoundly affected the structural transition in Florida banking.

CHARLES D. SALLEY

BANK HOLDING COMPANIES FORMATION OF NEW BANK HOLDING COMPANIES (Section 3(a)(1) of Bank Holding Company Act)

Applicant	Action	Federal Reserve Bulletin Citation
First Bancorporation of Florida, Inc. Orlando, Fla.	Denied	1962 BULL. 978
Commercial Associates, Inc. Pensacola, Fla.	Approved	1962 BULL. 1161
The First National Bank of Tampa and Union Security and Investment Company Tampa, Fla.	Approved	1964 BULL. 714
Commercial Bancorp., Inc. Miami, Fla.	Approved	1964 BULL. 1521 1965 BULL. 249
United Bancshares of Florida, Inc. Miami Beach, Fla.	Approved	1966 BULL. 822
First Florida Bancorporation Haines City, Fla.	Approved	1966 BULL. 1632 1967 BULL. 58
First at Orlando Corporation Orlando, Fla.	Approved	1967 BULL. 235, 760
Southeast Bancorporation, Inc. Miami, Fla.	Approved	1967 BULL. 1562
Central Bancorp. Miami, Fla.	Approved	1968 BULL. 448
Pan American Bancshares, Inc. Miami, Fla.	Approved	1969 BULL. 172
Exchange Bancorporation, Inc. Tampa, Fla.	Approved	1969 BULL. 278
First Financial Corporation Tampa, Fla. (reorganization)	Approved	1969 BULL. 280
Broward Bancshares, Inc. Fort Lauderdale, Fla.	Approved	1970 BULL. 84

BANK HOLDING COMPANIES
ACQUISITION OF BANK STOCKS
(Section 3 (a)(3) of Bank Holding Company Act)

Applicant	Bank	Action	Federal Reserve Bulletin Citation
Atlantic National Bank and Atlantic Trust Company Jacksonville, Florida	Southside Atlantic Bank Jacksonville, Fla. (de novo)	Approved	1959 BULL. 1353
Atlantic National Bank and Atlantic Trust Company Jacksonville, Fla.	Lake Shore Atlantic Bank Jacksonville, Fla. (de novo)	Approved	1961 BULL. 917
Atlantic National Bank of Jacksonville and the Atlantic Trust Company Jacksonville, Fla.	Daytona Atlantic Bank Daytona Beach, Fla. (de novo)	Approved	1964 BULL. 10
Barnett National Securities Corporation Jacksonville, Fla.	The San Jose Barnett Bank Jacksonville, Fla. (de novo)	Approved	1964 BULL. 1138, 1415
Barnett National Securities Corporation Jacksonville, Fla.	Barnett First National Bank of Jacksonville Jacksonville, Fla. (reorganization)	Approved	1966 BULL. 23
Barnett National Securities Corporation Jacksonville, Fla.	First National Beach Bank Jacksonville Beach, Fla.	Denied	1966 BULL. 25
Barnett National Securities Corporation Jacksonville, Fla.	First Bank & Trust Co. Pensacola, Fla.	Approved	1966 BULL. 976, 1330
Barnett National Securities Corporation Jacksonville, Fla.	First National Bank Winter Park, Fla.	Approved	1966 BULL. 1168
First National Bank of Tampa and Union Security & Investment Company Tampa, Fla.	First National Bank Brooksville, Fla. (de novo)	Approved	1966 BULL. 1638
Commercial Bancorp., Inc. Miami, Fla.	Bank of Palm Beach and Trust Co. Palm Beach, Fla.	Approved	1967 BULL. 62, 577, 967
First National Bank of Tampa and Union Security & Investment Co. Tampa, Fla.	First National Bank of Lakeland Lakeland, Fla.	Approved	1967 BULL. 1567
Barnett National Securities Corporation Jacksonville, Fla.	American National Bank and Trust Co. Winter Haven, Fla.	Approved	1967 BULL. 1913
Barnett National Securities Corporation Jacksonville, Fla.	American National Bank Cypress Gardens, Fla.	Approved	1967 BULL. 1913
Atlantic Trust Company Jacksonville, Fla.	Atlantic National Bank Jacksonville, Fla. (reorganization)	Approved	1967 BULL. 2068
Barnett National Securities Corporation Jacksonville, Fla.	Regency Square Barnett Bank, Jacksonville, Fla. (de novo)	Approved	1968 BULL. 451
First at Orlando Corporation Orlando, Fla.	The First National Bank of Leesburg Leesburg, Fla.	Approved	1968 BULL. 515
Barnett National Securities Corporation Jacksonville, Fla.	Munroe & Chambliss National Bank of Ocala Ocala, Fla.	Approved	1968 BULL. 875

Applicant	Bank	Action	Federal Reserve Bulletin Citation
Barnett National Securities Corporation Jacksonville, Fla.	Munroe & Chambliss National Bank of East Ocala Ocala, Fla.	Approved	1968 BULL. 875
Southeast Bancorporation, Inc. Miami, Fla.	First City Bank of Tampa Tampa, Fla.	Approved	1968 BULL. 1016
United Bancshares of Florida, Inc. Coral Gables, Fla.	United National Bank of Dadeland Miami, Fla. (de novo)	Approved	1968 BULL. 1032
Charter Bankshares Corp. Jacksonville, Fla.	First National Bank in Milton, Milton, Fla.	Approved	1969 BULL. 59
First at Orlando Corp. Orlando, Fla.	Central Brevard National Bank at Cocoa, Cocoa, Fla.	Approved	1969 BULL. 71
First Florida Bancorporation Haines City, Fla.	Marine Bank & Trust Co. Tampa, Fla.	Approved	1969 BULL. 165
First Florida Bancorporation Haines City, Fla.	Commercial Bank of Tampa Tampa, Fla.	Approved	1969 BULL. 166
Barnett National Securities Corporation Jacksonville, Fla.	The Tallahassee Bank & Trust Company Tallahassee, Fla.	Approved	1969 BULL. 170
Southeast Bancorporation, Inc. Miami, Fla.	Everglades Bank and Trust Co. Fort Lauderdale, Fla.	Approved	1969 BULL. 376
First at Orlando Corporation Orlando, Fla.	St. Lucie County Bank Fort Pierce, Fla.	Approved	1969 BULL. 453
Barnett National Securities Corporation Jacksonville, Fla.	Citizens National Bank of St. Petersburg St. Petersburg, Fla.	Approved	1969 BULL. 615
Barnett National Securities Corporation Jacksonville, Fla.	Union Trust National Bank of St. Petersburg St. Petersburg, Fla.	Denied	1969 BULL. 615
Atlantic Bancorporation and The Atlantic National Bank of Jacksonville, Jacksonville, Fla.	Normandy Atlantic Bank Jacksonville, Fla. (de novo)	Approved	1969 BULL. 621
Barnett National Securities Corporation Jacksonville, Fla.	The Tallahassee Bank North Tallahassee, Fla. (de novo)	Approved	1969 BULL. 753
First at Orlando Corp. Orlando, Fla.	The Citizens State Bank St. Cloud, Fla.	Approved	1969 BULL. 852
Barnett National Securities Corporation Jacksonville, Fla.	Anastasia Bank St. Augustine, Fla. (de novo)	Approved	1969 BULL. 854
Atlantic Bancorporation and The Atlantic National Bank of Jacksonville Jacksonville, Fla.	Lake Wales Bank & Trust Co. Lake Wales, Fla.	Approved	1969 BULL. 899
First at Orlando Corp. Orlando, Fla.	Central Park First National Bank, Orlando, Fla. (de novo)	Approved	1969 BULL. 942
First at Orlando Corp. Orlando, Fla.	Commercial Bank at Daytona Beach Daytona Beach, Fla.	Approved	1969 BULL. 945
First at Orlando Corp. Orlando, Fla.	Peninsula State Bank at Daytona Beach Shores Daytona Beach Shores, Fla.	Approved	1969 BULL. 945
First at Orlando Corp. Orlando, Fla.	Exchange Bank at Holly Hill Holly Hill, Fla.	Approved	1969 BULL. 946
First at Orlando Corp. Orlando, Fla.	First National Bank of Melbourne Melbourne, Fla.	Approved	1970 BULL. 93

Alabama's Economy Moves in Step with the Nation's

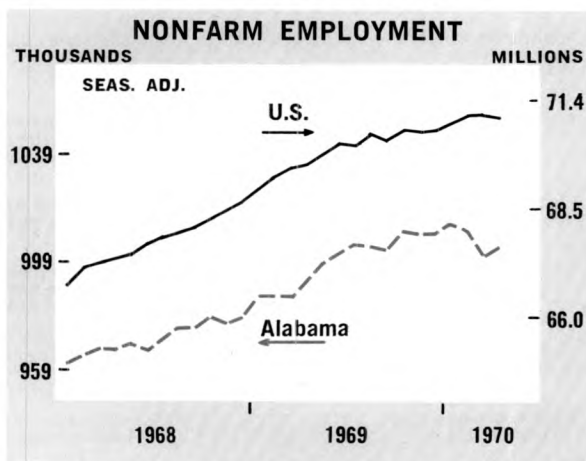
Since our review of Alabama's economy more than a year ago,¹ her performance has closely paralleled that of the national economy. The brisk pace of economic activity in both Alabama and the nation during the second half of 1968 accelerated throughout the first half of 1969 and then decelerated markedly in the latter part of the year. Thus far in 1970, it has continued to decelerate.

Pace Quickens Until Mid-1969

Rapid growth of Alabama's economy during the first half of 1969 was shared by most sectors. Economic activity expanded relatively faster during this period than in 1968 or since mid-1969. The state recorded substantial gains in money income and in employment. After normal seasonal change is considered, the record shows that between the last quarter of 1968 and the second quarter of 1969 personal income in Alabama rose from an annual rate of \$8.5 billion to \$8.9 billion and that the number of nonfarm workers employed increased by more than 24,000 between December 1968 and June 1969. From the last half

of 1968 to the first half of 1969, the unemployment rate dropped from an average of 4.4 percent to 3.9 percent.

Manufacturing activity stepped up in late 1968 and continued its surge in early 1969. Since an estimate of total manufacturing output in Alabama is not available, estimates of general input indexes such as manufacturing employment and electrical energy consumption for industrial purposes must be relied on to indicate trends in manufacturing activity. Growth in manufacturing em-



¹"Alabama's Economy Grows but Loses Speed," *Monthly Review*, February 1969.

CHANGES IN ECONOMIC ACTIVITY IN ALABAMA—1968-70

Percent Change

	1968		1969		1970
	First Half	Second Half	First Half	Second Half	First Five Months
Personal Income	11.2	7.0	10.4	8.2	n.a.
Factory Payrolls	9.6	9.6	14.7	9.8	-5.3
Electrical Energy Consumed for Industrial Purposes	-23.1	45.5	13.0	-2.6	-8.2 ¹
Employment:					
Nonfarm	3.3	2.4	5.0	1.3	-2.3
Manufacturing	1.4	8.3	5.7	2.0	-10.0
Durable Goods	-2.2	13.9	8.5	2.8	-10.7
Lumber and Wood Products	3.4	5.0	12.1	-8.4	-9.5
Primary Metals	-13.1	10.5	7.1	0.4	-11.5
Fabricated Metals	7.5	19.2	5.5	4.3	-8.8
Transportation Equipment	3.5	25.1	37.6	7.7	-6.9
Nondurable Goods	4.9	3.2	3.1	1.8	-8.3
Food	1.6	9.3	-2.2	5.3	3.5
Textile Mills	1.0	4.8	3.3	0.5	-3.9
Apparel	8.4	-4.5	6.0	2.2	-3.2
Nonmanufacturing	3.8	0.0	4.3	1.1	2.2
Trade	3.3	-2.7	5.3	3.9	1.1
Services	-0.3	-0.9	1.6	0.5	1.1
Federal Government	1.3	-5.5	4.0	4.9	7.6
State & Local Government	16.6	1.3	5.5	0.3	3.8
Construction	-2.3	0.0	12.9	-2.2	1.8

¹First quarter

Note: All figures are seasonally adjusted annual rates.

ployment and electrical energy consumption during the first half of 1969 was large compared with their growth during most six-month periods. It was not as great, however, as the growth recorded during the last half of 1968 when manufacturing activity was recovering from unusually depressed levels. Especially large in late 1968, the increase in manufacturers' payrolls was even larger in the first half of 1969.

The industries which employ a majority of Alabama's manufacturing labor force showed increased activity (with the exception of the food products industry where employment lagged). The overall growth rate in employment, however, was almost three times as great among durable goods manufacturers as among manufacturers of nondurables. Sectors with the largest increases were the transportation equipment, lumber and wood products, primary metals, and apparel industries.

After showing no growth in the last half of 1968, nonmanufacturing activity (again measured by employment) during the first half of 1969 grew at about three-fourths the rate of manufacturing activity. Because of a large increase in con-

struction contract awards in the later months of 1968, construction employment was the largest gainer among the nonmanufacturing industries.

Pace Slows After Mid-1969

As the nation's rate of growth in real output slowed to a halt and then declined, Alabama's economic growth also shifted to a slower pace. Nonfarm employment grew slowly during the second half of 1969 and declined during early 1970. By May 1970, the unemployment rate had risen to 4.8 percent. In the second half of 1969, manufacturing employment grew only one-third as much as it did during the first half of 1969; electrical energy consumption for industrial purposes fell. During early 1970, both declined.

Since mid-1969, activity in most sectors of Alabama's economy has weakened. In the lumber and wood products industry, employment declined. Job growth in each of the other major durable goods manufacturing industries slowed during the second half of 1969. Each of these sectors suffered employment declines during early 1970.

Among major nondurable manufactures, only the food processing industry bucked this pattern; i.e., it added workers at a faster rate during late 1969 and continued to add workers in early 1970. Since mid-1969, the nonmanufacturing sectors performed less uniformly but paralleled the national economy by showing more overall strength than manufacturing. Although overall growth in nonmanufacturing employment slowed in the period after mid-1969, it did not decline during early 1970. Among nonmanufacturing sectors, only Federal Government employment increased at an accelerated rate after mid-1969.

Metropolitan Areas Show Growth but Follow General Pattern

The six major metropolitan areas, which contain about 50 percent of Alabama's population, showed patterns of economic activity similar to that of the Alabama economy as a whole. However, since these areas are generally more specialized than the economy as a whole, some changed more than others.

The three larger areas—Mobile, Montgomery, and Birmingham—posted more consistently-good records during 1969. Each area recorded a decline in its unemployment rate and an increase in its labor force. In addition, retail sales and bank debits—both measures of local spending—increased considerably in each of these areas. Birmingham's growth was accompanied by further diversification of activity: Employment in the primary metals industry remained stable while the metal fabricating, transportation equipment manufac-

turing, and trade sectors accounted for most of the area's employment gains.

When compared with their larger counterparts, the state's three smaller metropolitan areas did not fare as well. The Gadsden area recorded only slight growth in employment and in its labor force—maintaining a stable unemployment rate for 1969. Retail sales and bank debits were up moderately. The Tuscaloosa area recorded increased employment; however, because its labor force expanded more than employment, its jobless rate also rose. Retail sales and bank debits both climbed substantially in Tuscaloosa. In 1969, the Huntsville area seemed to make some headway in its fight to overcome problems caused by decreased space-related activity. Huntsville's labor force rose in 1969 for the first year since 1966. The unemployment rate was stable, since the number of new jobs was almost equal to the number of people entering the labor force. In spite of this, however, retail sales went up only fractionally and bank debits rose moderately.

Thus far in 1970, the slowing of the state's economic pace is reflected by economic conditions in Alabama's metropolitan areas. Employment fell and the unemployment rate increased in each area between December 1969 and April 1970. The growth rate of retail sales fell in all areas except Tuscaloosa.

Alabama Banks Also Followed National Patterns

Another parallel to the national picture is found in banking. Restrictive monetary policy directly

CHANGES IN ECONOMIC ACTIVITY IN ALABAMA'S METROPOLITAN AREAS—1968-1969
Percent Change

	Labor Force*	Employment*	Unemployment Rate*/**	Debits to Demand Deposit Accounts	Retail Sales
Birmingham	2.0	2.9	— .8	8	7.7
Gadsden	.9	1.2	— .1	4	4.9
Huntsville	.4	.3	.1	7	0.5
Mobile	.7	1.0	— .4	14	7.5
Montgomery	2.8	3.1	— .2	11	7.9
Tuscaloosa	3.8	3.1	.6	13	10.0

*Change in Yearly Average

**Actual Change

affected Alabama's banks, as well as banks throughout the nation. Late in 1968, an accelerating rate of inflation indicated that demand for the national economy's output exceeded the economy's capacity to supply. It is evident that Alabama was not immune to the rising prices that plagued the nation. In order to aid in decreasing excess demand, the Federal Reserve System attempted to slow the expansion of bank credit while the Federal Government used fiscal policy measures to limit demands for the nation's output.

Some results of this more restrictive monetary policy are evident in the declining rate of growth in bank assets and deposits during 1969, especially after midyear. Alabama banks' deposits grew little in 1969. However, Alabama banks, like banks in other parts of the nation, expanded loans during most of 1969 by reducing their holdings of

securities and reserves. As policy relaxed in early 1970, there were signs that Alabama banks again attracted deposits and expanded their credit allocations.

What Next?

The Alabama economy is evidently influenced by many of the same forces that influence the national economy. In most instances, we can expect changes in her economic activity to follow national patterns. If the "standard" forecast of economic recovery and a faster pace of national economic activity during the latter part of 1970 is accurate, a similar pattern should appear in Alabama.

BOYD F. KING

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

Bank Announcements

On June 1, **First State Bank**, Smiths, Alabama, a newly organized nonmember bank, opened for business and began to remit at par for checks drawn on it when received from the Federal Reserve Bank.

DeKalb Exchange Bank, Atlanta, Georgia, a newly organized nonmember bank, opened for business on June 8. Officers are A. Clayton Bartlett, president; and Dwight L. Craig, vice president and cashier. Capital is \$500,000; surplus and other capital funds, \$250,000.

Another newly organized nonmember bank, **Peoples Bank of Venice**, Venice, Florida, opened for business on June 11. Officers are Ralph D. Dandridge, president; and Robert L. Bellcase, Jr., vice president and cashier. Capital is \$300,000; surplus and other capital funds, \$450,000.

On June 24, a nonmember bank, **State Guaranty Bank**, Magee, Mississippi, began to remit at par.

First Bank of Conyers, Conyers, Georgia, opened for business on June 24 as a newly organized nonmember bank. W. D. Seiffert is president. Capital is \$325,000; surplus and other capital funds, \$325,000.

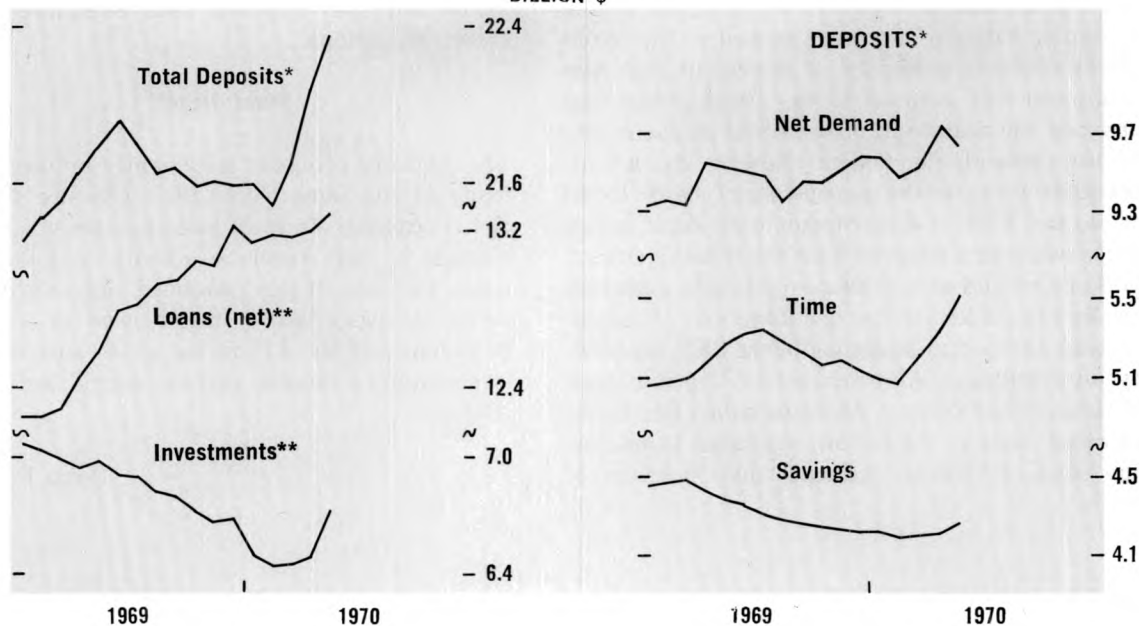
CHANGE IN PAR STATUS

Effective July 1, 1970, checks drawn on all banks in Mississippi may be cleared through the Federal Reserve System at par. This is the result of recent legislation in Mississippi.

On June 26, **American Bank at Ormond Beach**, Ormond Beach, Florida, a newly organized nonmember bank, opened for business. Officers are Allan T. Parsons, president; Richard F. Livingston and Robert L. Coleman, vice president; and Morris Johnsen, Jr., cashier. Capital is \$500,000; surplus and other capital funds, \$200,000.

BANKING STATISTICS

BILLION \$



Note: All figures are seasonally adjusted and cover all Sixth District member banks.

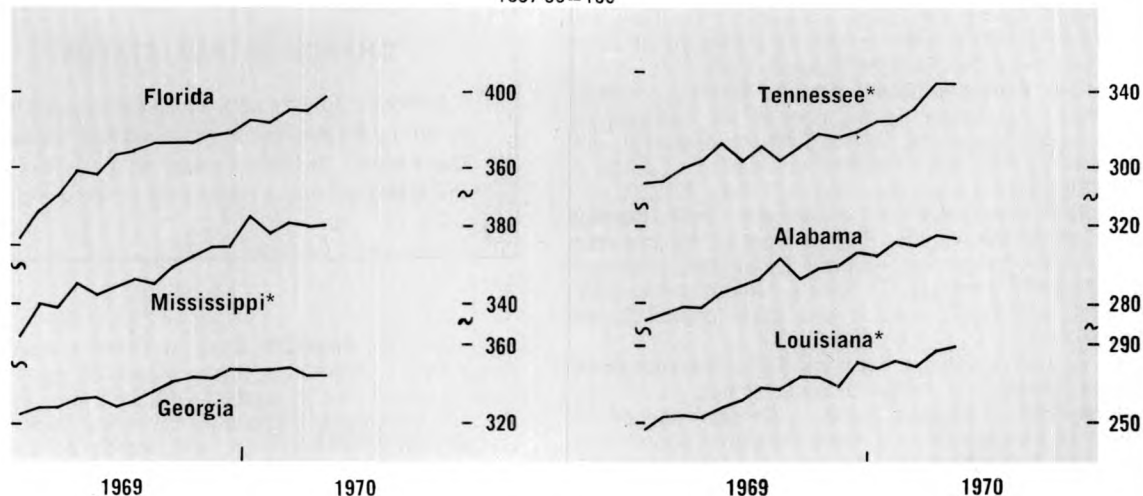
*Daily average figures. **Figures are for the last Wednesday of each month.

SIXTH DISTRICT

BANKING NOTES

TOTAL LOANS

1957-59 = 100



Note: Figures shown are seasonally adjusted indexes for the last Wednesday of each month and cover all Sixth District Member banks.

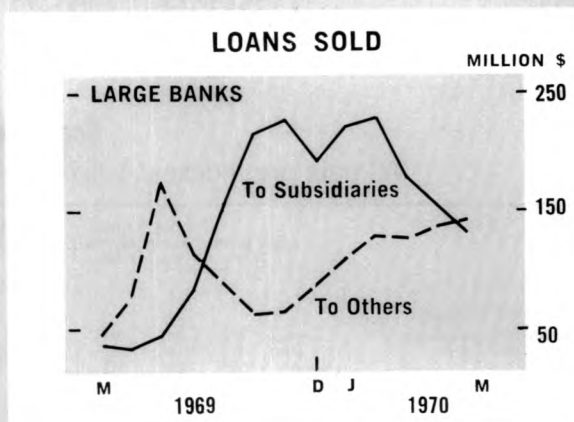
*Sixth District portion only

Since the first of the year, bank lending (seasonally adjusted) at member banks has slowed down. During the first five months of 1970, lending advanced only 0.5 percent, in contrast to a 3.9-percent increase in lending during the first five months of 1969.¹ This recent, less-rapid expansion was rather abrupt if we consider that even in the last five months of 1969, lending was advancing rapidly—3.2 percent.

The reduced rate of loan growth and increased deposit inflows seem to have eliminated some liquidity problems. Accordingly, many of the larger banks have found it less necessary to rely on some nontraditional methods of acquiring reserves. One such method used by some of the larger banks has been the selling of loans from their portfolios. The techniques that have evolved in relation to loan sales are similar to those that banks have used for many years in their adjustment of earning assets through the sale of investments.

Loan sales, other than to commercial banks, are of two basic types. Bank-related affiliates—bank subsidiaries, foreign branches, and bank holding companies and their affiliates—provided one source of additional liquidity. In the District, loan sales to affiliates reached a peak of nearly \$235 million during the first week of February 1970. By the end of June, these sales slid to a total of approximately \$118 million. This 50-percent decline occurred after some of the banks attracted additional funds by selling “money-market” type certificates of deposit. For the most part, bank subsidiaries have obtained funds for their related banks through the sale of commercial paper. Banks, themselves, are prohibited from directly issuing this type of short-term unsecured liability. Since last year, the Board of Governors

¹To accurately reflect the volume of bank lending in the District, the volume of loans outstanding should be adjusted to include (1) all loans sold other than to banks and bank-related affiliates, and (2) that portion of the loans sold to bank-related affiliates that does not appear on the consolidated balance sheet of banks. Because of the organizational structure of several bank holding companies in the District, some of the loans sold to bank-related affiliates are reported by the bank on its consolidated balance sheet. Problems of disclosure prevent the release of that portion of the loan sales (to affiliates) that is still reported on the consolidated balance sheet of District banks.



has been considering proposals to restrict bank-related affiliates from channeling the proceeds of commercial paper back into the banks.

Another important source of funds to banks has been the sale of loans other than to banks and bank-related affiliates. Last year, loans sold by banks to these groups were either outright sales or sales of loans under an agreement to repurchase them at a later date. The latter technique, popular with some banks during the early part of last summer, was later brought under interest rate regulation by the Board of Governors. Last summer, the outright sale of loans reached a peak of more than \$170 million but declined sharply as loans sold under repurchase agreements ran off. Since December, however, total loans sold outright advanced steadily to approximately \$150 million in late June. Loans sold under repurchase agreement have dwindled to insignificant amounts.

As long as deposit inflows continue moderately and there are fewer demands for bank credit than in 1969, banks should have less need to resort to the sale of loans. But should loan demand pick up again, loan sales could remain relatively small in volume if the banks make determined efforts to restrict lending and to rebuild their liquidity. If banks do become more pressed for reserves than they were last year, however, it seems likely they will not hesitate to again tap an expensive source that served them once before—the sale of loans to their subsidiaries and others.

JOHN M. GODFREY

Sixth District Statistics

Seasonally Adjusted

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

	Latest Month 1970	One Month Ago	Two Months Ago	One Year Ago		Latest Month 1970	One Month Ago	Two Months Ago	One Year Ago
SIXTH DISTRICT					FLORIDA				
INCOME AND SPENDING					INCOME				
Manufacturing Payrolls†	May 259	257	260	249	Manufacturing Payrolls†	May 370	356	356	335
Farm Cash Receipts	Apr. 172	180	180	160	Farm Cash Receipts	Apr. 164	125	189	157
Crops	Apr. 152	129	177	147	EMPLOYMENT				
Livestock	Apr. 302	201	189	166	Nonfarm Employment†	May 179	178	177	172
Installment Credit at Banks* (Mil. \$)					Manufacturing	May 176	177	177	179
New Loans	May 355	359	328	315	Nonmanufacturing	May 179	179	176	171
Repayments	May 341	321	316	303	Construction	May 137	140	139	129
EMPLOYMENT AND PRODUCTION					Farm Employment	May 89	82	81	87
Nonfarm Employment†	May 152	152	152	149	Unemployment Rate				
Manufacturing	May 146	147	148	149	(Percent of Work Force)†	May 3.3	3.2	3.1	2.4
Apparel	May 173	174	174	174	Avg. Weekly Hrs. in Mfg. (Hrs.)	May 41.7	41.4	41.2	41.7
Chemicals	May 142	136	142	142	FINANCE AND BANKING				
Fabricated Metals	May 174	176	178	174	Member Bank Loans	May 398	391	391	357
Food	May 119	121	120	115	Member Bank Deposits	May 266	260	260	258
Lbr., Wood Prod., Furn. & Fix.	May 106	107	107	110	Bank Debits**	May 306	303	279	266
Paper	May 129	129	129	131	GEORGIA				
Primary Metals	May 132	128	133	132	INCOME				
Textiles	May 112	114	114	117	Manufacturing Payrolls†	May 263	260	266	254
Transportation Equipment	May 198	197	199	206	Farm Cash Receipts	Apr. 170	188	175	163
Nonmanufacturing†	May 154	154	153	149	EMPLOYMENT				
Construction	May 138	140	142	137	Nonfarm Employment†	May 152	153	153	149
Farm Employment	May 56	54	55	58	Manufacturing	May 140	141	142	143
Unemployment Rate					Nonmanufacturing	May 158	158	158	154
(Percent of Work Force)†	May 4.3	4.3	4.0	3.5	Construction	May 144	145	147	156
Insured Unemployment					Farm Employment	May 50	50	51	49
(Percent of Gov. Emp.)	May 2.7	2.6	2.3	1.8	Unemployment Rate				
Avg. Weekly Hrs. in Mfg. (Hrs.)	May 40.4	40.6	40.4	41.1	(Percent of Work Force)†	May 3.7	3.6	3.3	2.9
Construction Contracts*	May 242	249	204	185	Avg. Weekly Hrs. in Mfg. (Hrs.)	May 39.6	40.6	40.3	41.2
Residential	May 228	262	247	210	FINANCE AND BANKING				
All Other	May 255	238	166	164	Member Bank Loans	May 344	345	348	334
Electric Power Production**	Apr. 165	162	165	159	Member Bank Deposits	May 232	233	233	252
Cotton Consumption**	Apr. 101	105	103	103	Bank Debits**	May 336	328	340	291
Petrol. Prod. in Coastal La. and Miss.**	May 284	277	273	257	LOUISIANA				
Manufacturing Production	Apr. 237	241	240	224	INCOME				
Nondurable Goods	Apr. 203	206	205	194	Manufacturing Payrolls†	May 217	213	213	208
Food	Apr. 157	162	161	152	Farm Cash Receipts	Apr. 187	193	196	178
Textiles	Apr. 230	230	228	220	EMPLOYMENT				
Apparel	Apr. 254	258	252	244	Nonfarm Employment†	May 132	133	133	132
Paper	Apr. 199	200	203	190	Manufacturing	May 122	121	123	123
Chemicals	Apr. 251	257	258	255	Nonmanufacturing	May 134	135	136	137
Durable Goods	Apr. 278	284	281	259	Construction	May 122	128	132	130
Primary Metals	Apr. 194	200	201	184	Farm Employment	May 48	47	48	57
Stone, Clay and Glass	Apr. 169	172	176	164	Unemployment Rate	May 6.2	6.1	5.9	5.1
Fabricated Metals	Apr. 244	247	246	233	(Percent of Work Force)†				
Transportation Equipment	Apr. 357	369r	353	330	Avg. Weekly Hrs. in Mfg. (Hrs.)	May 41.7	41.6	40.6	42.1
FINANCE AND BANKING					FINANCE AND BANKING				
Loans*					Member Bank Loans*	May 290	287	280	259
All Member Banks	May 350	348	345	321	Member Bank Deposits*	May 188	182	179	180
Large Banks	May 295	293	287	277	Bank Debits**	May 218	215	198	198
Deposits*					MISSISSIPPI				
All Member Banks	May 234	231	228	230	INCOME				
Large Banks	May 194	194	187	193	Manufacturing Payrolls†	May 286	282	282	279
Bank Debits**	May 288	288r	279	257r	Farm Cash Receipts	Apr. 189	231	189	168
ALABAMA					EMPLOYMENT				
INCOME					Nonfarm Employment†	May 152	152	151	149
Manufacturing Payrolls†	May 220	223	227	213	Manufacturing	May 159	159	160	162
Farm Cash Receipts	Apr. 180	215	187	157	Nonmanufacturing	May 149	149	148	143
EMPLOYMENT					Construction	May 158	166	167	143
Nonfarm Employment†	May 133	133	133	132	Farm Employment	May 49	46	49	51
Manufacturing	May 131	134	134	134	Unemployment Rate				
Nonmanufacturing	May 134	133	133	132	(Percent of Work Force)†	May 5.0	5.3	4.7	4.2
Construction	May 126	121	121	127	Avg. Weekly Hrs. in Mfg. (Hrs.)	May 40.1	40.0	40.0	41.0
Farm Employment	May 52	53	55	59	FINANCE AND BANKING				
Unemployment Rate					Member Bank Loans*	May 420	421	422	382
(Percent of Work Force)†	May 4.8	4.7	4.3	3.8	Member Bank Deposits*	May 289	283	275	260
Avg. Weekly Hrs. in Mfg. (Hrs.)	May 40.3	40.3	40.5	41.1	Bank Debits**	May 294	282r	291	282
FINANCE AND BANKING									
Member Bank Loans	May 314	315	311	287					
Member Bank Deposits	May 219	218	216	215					
Bank Debits**	May 247	255	253	223					

	Latest Month 1970	One Month Ago	Two Months Ago	One Year Ago		Latest Month 1970	One Month Ago	Two Months Ago	One Year Ago
TENNESSEE					Nonmanufacturing	May 146	146	148	143
					Construction	May 155	158	166	158
INCOME					Farm Employment	May 58	55	54	57
Manufacturing Payroll\$	May 238	240	243	234	Unemployment Rate	May 4.3	4.6	4.0	3.6
Farm Cash Receipts	Apr. 150	147	142	141	(Percent of Work Force)\$†	May 39.8	40.1	39.8	40.4
					Avg. Weekly Hours in Mfg. (Hrs.)	May 39.8	40.1	39.8	40.4
EMPLOYMENT					FINANCE AND BANKING				
Nonfarm Employment†	May 148	150	150	148	Member Bank Loans*	May 344	344	332	314
Manufacturing	May 153	155	156	158	Member Bank Deposits*	May 219	219	208	203
					Bank Debits*/**	May 286	307r	294	271r

*For Sixth District area only; other totals for entire six states
†Figures have been adjusted to new bench mark data.

**Daily average basis

†Preliminary data

r-Revised

N.A. Not available

Sources: Manufacturing production 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 Div., McGraw-Hill Information Systems Co.; 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							
May 1970	April 1970	May 1969	Year to date 5 mos. 1970			May 1970	April 1970	May 1969	Year to date 5 mos. 1970				
			Apr. 1970	May 1969	May 1970				Apr. 1970	May 1969	May 1970		
STANDARD METROPOLITAN STATISTICAL AREAS†													
Birmingham	1,882,139	2,004,818	1,944,069	- 6	- 3	+ 6	Gainesville	114,768	127,554	105,000	-10	+ 9	+13
Gadsden	66,924	70,377	67,213	- 5	- 0	+ 4	Lakeland	157,731	169,456	140,549	- 7	+12	+14
Huntsville	209,914	218,242	196,854	- 4	+ 7	+12	Monroe County	41,496	47,958	39,991	-13	+ 4	+ 5
Mobile	820,821	769,388	624,776	+ 7	+31	+24	Ocala	90,428	107,393	79,861	-16	+13	+23
Montgomery	397,672	386,660	361,499	+ 3	+10	+ 5	St. Augustine	22,482	25,899	27,040	-13	-17	-10
Tuscaloosa	117,885	127,346	122,162	- 7	- 4	+ 4	St. Petersburg	494,335	543,287	421,746	- 9	+17	+12
							Sarasota	174,055	218,404	169,227	-20	+ 3	+23
							Tampa	1,232,587	1,129,438	958,267	+12	+33	+22
							Winter Haven	86,281	96,343	76,405	-10	+13	+16
Ft. Lauderdale—							Athens	121,665	107,465	96,627	+13	+26	+13
Hollywood	1,085,562	1,319,193	1,015,648	-18	+ 7	+10	Brunswick	52,398	57,080	49,320	- 8	+ 6	+11
Jacksonville	1,921,990	2,043,262	1,934,895	- 6	- 1	+ 7	Dalton	114,772	121,578	121,772	- 6	- 6	- 5
Miami	3,565,806	3,911,548	3,182,700	- 9	+12	+12	Elberton	19,123	18,874	16,426	+ 1	+16	+13
Orlando	793,493	892,456	712,568	-11	+11	+14	Gainesville	85,127	90,915	78,016	- 6	+ 9	+17
Pensacola	260,227	276,571	245,226	- 6	+ 6	+11	Griffin	43,491	43,654	37,160	- 0	+17	+16
Tallahassee	189,415	191,396	187,560	- 1	+ 1	+13	LaGrange	23,747	24,732	24,711	- 4	- 4	- 6
Tampa—St. Pete.	2,233,668	2,233,708	1,841,619	- 0	+21	+17	Newnan	28,849	33,229	23,786	-13	+21	+23
W. Palm Beach	666,541	784,739	607,321	-15	+10	+14	Rome	90,941	96,972	84,807	- 6	+ 7	+ 9
							Valdosta	62,254	69,623	59,872	-10	+ 4	+ 8
Albany	123,262	127,759	110,301	- 4	+12	+13	Abbeville	11,939	12,870	12,270	- 7	- 3	+ 1
Atlanta	7,489,337	7,758,093	6,659,601	- 3	+12	+20	Alexandria	163,923	151,171	166,997	+ 8	- 2	- 8
Augusta	309,356	327,824	292,312	- 6	+ 6	+ 7	Bunkie	6,525	7,507	7,473	-13	-13	- 6
Columbus	279,671	296,836	279,818	- 6	- 0	+ 2	Hammond	46,649	45,846	46,721	+ 2	- 0	+ 5
Macon	318,904	312,854	308,714	+ 2	+ 3	+ 2	New Iberia	40,769	42,874	39,214	- 5	+ 4	+ 6
Savannah	332,271	351,913r	319,363	- 6	+ 4	+ 4	Plaquemine	14,853	13,174	18,245	+13	-19	- 3
							Thibodaux	27,719	26,554	27,996	+ 4	- 1	+ 1
Baton Rouge	825,263	829,624	602,324	- 1	+37	+32							
Lafayette	160,737	188,452	157,142	-15	+ 2	+ 7	Hattiesburg	58,964	64,435r	73,858	- 8	-20	-16
Lake Charles	161,168	163,143	171,416	- 1	- 6	- 1	Laurel	50,747	47,880	45,547	+ 6	+11	+15
New Orleans	2,773,247	2,855,435	2,780,273	- 3	- 0	+ 5	Meridian	75,671	79,737	91,518	- 5	-17	- 5
							Natchez	42,252	42,548	45,709	- 1	- 8	-32
Biloxi—Gulport	152,238	168,897	129,778	-10	+19	+29							
Jackson	837,085	801,196	890,581	+ 4	- 6	+10	Pascagoula—						
							Moss Point	84,138	88,609	85,429	- 5	- 0	+ 8
Chattanooga	786,057	886,117	748,502	-11	+ 5	+12	Vicksburg	43,666	50,289	46,135	-13	- 5	+14
Knoxville	582,943	614,065	568,818	- 5	+ 2	+ 4	Yazoo City	42,642	39,263	37,943	+ 9	+12	-10
Nashville	1,904,189	2,077,705r	1,901,190r	- 8	+ 0	+ 8r	Bristol	95,565	104,035	95,015	- 8	+ 1	+ 7
							Johnson City	95,906	112,881	93,305	-15	+ 3	+11
OTHER CENTERS							Kingsport	168,364	199,836	176,281	-16	- 4	- 5
Annisson	82,411	81,461	83,277	+ 1	- 1	+ 7	SIXTH DISTRICT Total	41,441,170	44,094,265r	38,721,746r	- 6	+ 7	+11
Dothan	89,151	92,570	80,055	- 4	+13	+15	Alabama†	5,030,761	5,211,054	4,753,571	- 1	+ 6	+ 9
Selma	48,015	50,684	49,937	- 5	- 4	+ 1	Florida†	13,555,197	14,872,812	12,355,762	- 9	+10	+12
Bartow	34,162	37,672	39,937	- 9	-14	- 6	Georgia†	11,092,724	11,548,552r	10,084,089	- 4	+10	+15
Bradenton	98,256	117,917	88,213	-17	+11	+ 7	Louisiana†*	4,925,678	5,033,868	4,687,827	- 2	+ 5	+ 8
Brevard County	234,942	239,912	224,017	- 2	+ 5	- 8	Mississippi†*	1,850,387	1,844,605r	1,896,513	+ 0	- 2	+ 9
Daytona Beach	96,944	112,520	101,294	-14	- 4	+ 5	Tennessee†*	4,986,423	5,583,374r	4,943,984r	-11	+ 1	+ 7r
Ft. Myers—													
N. Ft. Myers	126,475	149,951	132,085	-16	- 4	+ 1							

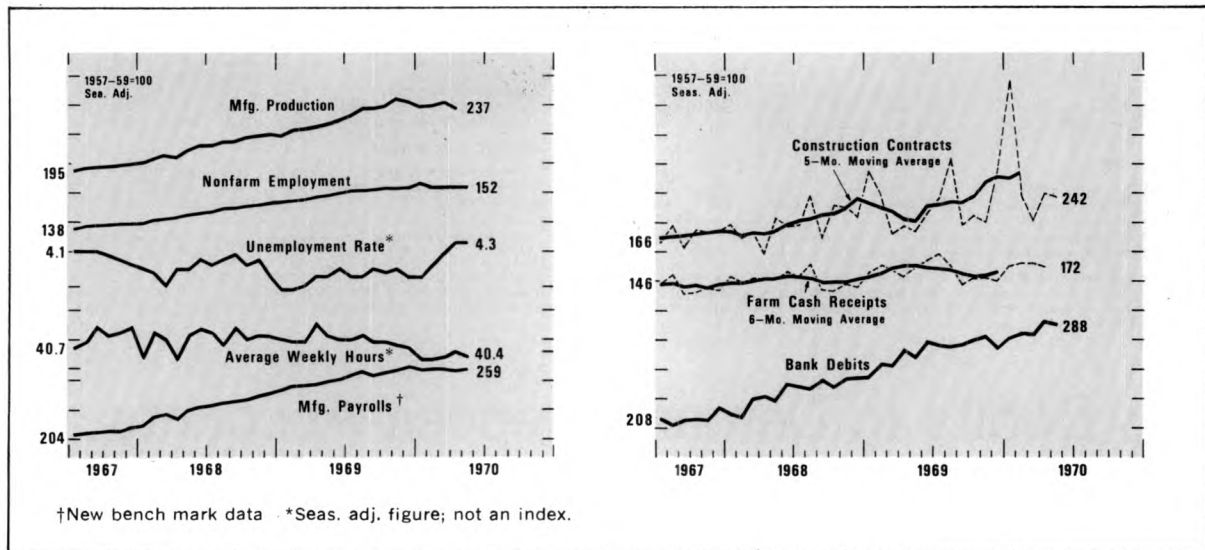
*Includes only banks in the Sixth District portion of the state

†Partially estimated

‡Estimated

r-Revised

District Business Conditions



Economic activity seems to be in an indecisive phase. Employment in May improved in some sectors but continued to weaken in others. The unemployment rate was unchanged. Consumer credit inched up, and flows to savings and loan associations improved. There were conflicting price changes for specific farm products, but total agricultural prices rose moderately. Recent banking figures suggest that the liberalization of interest rate ceilings has enhanced the ability of banks to retain funds.

Nonfarm employment in May dropped slightly while the contraction in manufacturing jobs more than offset an expansion in nonmanufacturing employment. The unemployment rate held steady at 4.3 percent. Factory work hours drifted downward, but higher average earnings boosted factory payrolls. In April, production declined sharply in almost all manufacturing sectors.

Continuing the pattern of past months, total consumer instalment credit outstanding at commercial banks rose fractionally in May. Increased repayments, coupled with reduced new loan volume for most types of credit, held down the outstanding credit total. Auto sales continued to fall behind last year's performance.

The pace of awards in the residential construction sector remains heavily dependent on south Florida's continuing apartment boom. Alabama, Tennessee, and Louisiana have shown considerable weakness in dollar volume of residential construction. Metropolitan areas with the largest year-to-year declines are Huntsville, Mobile, Montgomery, Lake Charles, Savannah, Columbus, and Macon. In total construction awards, Georgia and Mississippi recorded the greatest declines. District savings and loan associations, as a whole, had a strong savings inflow in May, but

Alabama, Louisiana, and Tennessee continued substantially under their year-ago flow.

During the mid-June tax payment period, the larger banks sharply expanded their business lending. At the same time, they bought back loans from their affiliates, who were retiring outstanding commercial paper. In June, inflows of new funds into interest-bearing deposits slowed, contrasting sharply with May's rapid pace. For the first time since January, the larger banks experienced declines in large-denomination certificates of deposit. Preliminary reports indicate, however, that during late June, the higher offering rates that followed the recent suspension of interest ceilings on short-maturity deposits may have begun to reverse this situation.

Prices of farm products moved up moderately in May, reflecting sharp price increases in the crop sector which more than offset the continuing downward trend in livestock prices. Citrus and vegetable crops advanced most noticeably. Egg prices continue to be the major source of weakness in the livestock sector; cattle prices also retreated from their April level—the highest since the early 1950's. In May, Atlanta's retail food prices declined.