MONTHLY REVIEW

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FEDERAL RESERVE BANK OF ATLANTA

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Growing Corner of the Nation's Egg Basket

There is a whole lot of cackling going on in the Southeast these days. The noise around the hen houses is up not only because the number of laying hens and pullets have been increasing rapidly, but because the hens have been working harder ---as evidenced by the rapid growth in egg output per layer. Consequently, egg production has assumed an increasingly important role as an income-producing enterprise of Southeastern farmers. This was particularly apparent during the period of relatively high egg prices throughout most of 1969. Since total egg production in the U. S. and per capita egg consumption have both trended downward recently, the continually rising total production within the Sixth Federal Reserve District is further evidence of the area's growth in relative importance as an egg-producing area.

Total Egg Production

Total egg production within the region tripled from 1958 to 1969, increasing from 5 billion to 15 billion eggs annually (Chart I). During the same period, total U. S. production increased by about 8 billion eggs and since 1967, actually declined. Regional production has also grown at a less rapid rate since 1967, but is still increasing. Recently, indications are that output has been stimulated further by unusually high egg prices.

At the farm level, regional egg prices have consistently ranged between 3 cents and 8 cents per dozen above the U. S. average, but have followed the national pattern rather closely (Chart II). The higher prices received by Southeastern farmers have undoubtedly been an important factor in stimulating increasing egg output in the region when output for the rest of the nation has been holding constant or declining.

It is interesting to note the sharp dips in prices during 1959 and 1967, the years of abrupt increases in total production. However, egg prices undergo wide swings in response to even relatively minor changes in total production because of the somewhat rigid demand for eggs.

Although production increased in all six District states during the past decade, the rate of change varied significantly (Chart III). The lion's share of growth occurred in Georgia, where total annual production has approximately quadrupled (up 4.0 billion eggs) since 1958 and accounted for over one-third of the District total in 1969. Production in Tennessee, by contrast, increased by less than 0.3 billion eggs during the same period. Other states accounting for nearly equal

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Chart I	
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portions of the District's growth are Mississippi, Alabama, and Florida, where production within each state has risen by about 2.0 billion eggs. More recently, production has leveled off in Mississippi and Alabama but is continuing to rise in Florida. Although production has approximately doubled in Louisiana since 1958, the 0.8 billion eggs produced in 1969 could not be considered a significant part of total District output. At the end of 1969, it appeared that only Georgia and Florida were continuing the upward production trends that characterized the entire District during the last decade.

Production Per Layer

The gain in egg production per layer has been even more remarkable than the long-term growth in total egg production. Egg farmers in the District can point with justifiable pride to this marked improvement in efficiency. In 1958, average annual production per hen within the District lagged more than 20 eggs behind the national average. By 1968, however, the gap had nearly closed (Chart IV). That accomplishment is further enhanced by the fact that national average production increased by nearly 20 eggs per layer during this period, requiring District producers to increase egg production by almost 40

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eggs per layer in order to catch up. A number of factors have contributed to the rapid gain in efficiency per hen: chiefly, improved rations, genetic composition of breeding stock, and disease control.

The year 1969 was unfavorable for Southeastern laying flocks because of an extended period of unusually hot, dry weather which took its toll on the physical condition and production ability of the layers. As a result, average production per layer in the District exhibited its most serious decline of the decade and fell back significantly from the national average. With the return of favorable weather, it is expected that the rate of lay in the District will equal or even exceed the national average within the near future.

Wide differences in productivity existed among layers in individual states in the early part of the last decade. Rates of production per layer in 1958 ranged from a low of 161 eggs in Mississippi to 209 eggs in Florida (Chart V). In 1969, however, those between-state differences were considerably narrower. Less than 10 eggs per layer separated flocks in Tennessee and Florida, states occupying the low and high positions, respectively.

Although the productivity of laying flocks improved in all states, the most remarkable gain occurred in Mississippi, where production jumped from 163 eggs to 227 eggs, or 64 eggs per layer, within the period from 1958 to 1968. Although production per bird dropped sharply in 1969, it probably reflected the debilitating effects of last year's severe summer drought and extremely high temperatures.

The rate of egg production in Florida did not improve greatly when compared with production in other states, but the annual average per layer maintained a level considerably above both the District and U. S. average throughout the period. Further improvement will undoubtedly be made in egg production per layer within the region, but Florida's experience seems to indicate that a point is usually reached where increased gains are slow in developing. After 1964, production per layer did not change much in Florida until the effects of adverse weather were felt in 1969.

Per Capita Consumption

While egg production and efficiency are up, Chart VI shows that the number of eggs consumed per person has declined markedly since the early 1950's. But the greatest drop occurred after 1956. Although the trend was reversed in 1967 and 1968, per capita consumption by 1969 again hovered near the previously established low of 313 eggs—55 eggs below the 1956 level.

Based on the U. S. average per capita consumption of 314 eggs in 1969, and based on an estimated Regional population of approximately 24.3 million persons, a total of about 7.6 billion eggs were consumed within the District states last year. Thus, the District consumed only 50

Chart II



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Chart III

The lion's share of District growth in egg production has occurred in Georgia.



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percent of the 15 billion eggs it produced during 1969. Similarly, about 7.3 billion eggs were consumed within the Region in 1958 when per capita consumption was 349 eggs and population was about 21.2 million. In 1958, however, total Regional production was only 5.0 billion eggs, making the Region a deficit producer. Thus, within the past decade the Region has developed into a substantial net exporter of eggs and appears to be well on the way to becoming a major supplier for the nation.

Financing

The egg industry has become highly integrated. Producers are typically engaged by contract with a company or cooperative organization that provides a market for the eggs and often supplies feed for layers, replacement chicks, and other

Chart IV

The gap between U. S. and District egg production per layer has nearly closed.



Chart V



producer needs. The integrator, in turn, exercises some degree of control over the managerial decisions of the grower.

The grower or producer typically provides not only the labor but also the physical facilities needed for the laying operation which includes laying houses, land, and equipment. To finance his initial investment, the producer typically obtains a real estate or facility loan from the local bank or Production Credit Association. This loan might carry a term ranging up to 7 years. Although some loans are reportedly retired in advance, many are often extended when the producer refinances to remodel and modernize his facilities.

Operating expenses are born by the integrator who, in the case of large feed companies, finances these from internal funds. Smaller companies, in the role of integrator, may negotiate short-term production loans directly with commercial banks or, in the case of cooperative egg producer organizations, from the Bank for Cooperatives. Operating loans typically are repaid within a year and are more attractive to financing agencies having a need to maintain flexibility in the use of their funds.

The independent egg producers, only a few of whom remain, negotiate production loans directly with commercial banks or Production Credit Associations. Such loans often have payments coordinated with receipts from egg sales so that the farmer makes biweekly or at least monthly installments until the loan is retired.

Future Trends

The decline in per capita egg consumption is likely to continue as Americans become more diet-conscious and as long as wider selections of high-protein foods become available. If the population continues to engage in forms of employ-

Chart VI

Egg consumption per individual has dropped sharply since the early 1950's.



ment involving less physical activity, there will be less demand for eggs, particularly for breakfast foods. However, eggs continue to be a relatively cheap high-protein food and will probably retain popularity, especially in the diets of youngsters. Thus, total demand and production will probably increase, though not in proportion to the rate of population growth.

The Southeast appears to be well on its way to becoming a major supplier for the nation. And it is likely to continue to increase in importance as an egg-producing area because of its favorable climate, the increasing availability of economical sources of feed, a plentiful local supply of competent managerial labor, and an increasingly favorable financial environment for efficient producers.

GENE D. SULLIVAN

Bank Announcements

On August 3, First Security Bank, Erwin, Tennessee, a newly organized nonmember bank, began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers are J. W. Threet, Jr., president; William L. Reece, cashier; and A. R. Morgan, chairman of the board. Capital is \$200,000; surplus and other capital funds, \$300,000.

Bank of East Orange, Orlando, Florida, opened for business as a newly organized nonmember bank on August 12. Officers are Ben Griffin, chairman of the board; R. E. Jackson, president; George D. Walker, vice president; Terry B. Patterson, Jr., cashier; and David A. Colville, assistant cashier. Capital is \$600,000; surplus and other capital funds, \$360,000.

Also on August 12, another newly organized nonmember bank, City Bank of Hallandale, Hallandale, Florida, opened for business. Officers are Gerald A. Keller, president; and William E. Abell vice president and cashier. Capital is \$600,000; surplus and other capital funds, \$300,000.

A newly organized nonmember bank, Security Bank and Trust Company of Albany, Albany, Georgia, opened for business on August 31. Officers are E. C. Lancaster, president; and R. O. Cloutier, vice president and cashier. Capital is \$500,000; surplus and other capital funds, \$500,000.

Recent Publications

A Review of Alabama's Economy 1960-70, revised September 1970

Reprint of Charles D. Salley's article, "A Decade of Holding Company Regulation in Florida," which appeared in the July 1970 Monthly Review.

1969 Operating Ratios of Sixth District Member Banks. This is a summary report of various ratios computed for 1969 from the Reports of Condition and Consolidated Reports of Income. Member bank groupings are by deposit size for the District and for the state.

These publications are now available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

Lumber on the Rebound

The 1960's marked the end of a long-term decline in Southern lumber production. With virtually no change in employment or man-hours worked, the production of lumber and wood products in the Southeast soared more than 70 percent since 1958. Nationally, the industry is producing only 10 percent more than it did in the late 1950's.

In the South, lumber has always been extremely competitive and its fortunes have been inextricably tied to shifting national as well as regional demands, fluctuating prices, and cost pressures. The incentive to modernize, therefore, has been a question of survival. As a result, plant expansions and innovations in machinery have improved labor productivity in the South and have helped firms to operate on a more efficient scale. This ability to constantly adapt to a changing business environment has been of paramount importance. The consistent increase in productivity evident throughout the 1960's has been a salient feature of the continually rising output of lumber in that decade. And the expansion has generated financing needs which banks have been called upon to accommodate.

The production of lumber and other forest products is found in Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee—states that lie wholly or partially within the Sixth Federal Reserve District. Ample rainfall and a long growing season make the region particularly adaptable to the production of the raw materials for forestry products.

The Lumber Industry

In a generic sense, the lumber industry encompasses loggers, sawmills, planing mills, millwork



Lumber is produced in all District States, but most of the employment in 1969 was in Alabama, Georgia, and Mississippi.

and veneer plants, box plants, and wood preserving plants. A particular firm might be involved in one or more of these activities, but for the purpose of this article, the discussion will be largely confined to logging and sawmill operations. The principal product in most of the District is yellow pine lumber, but hardwoods predominate in some areas, such as Tennessee and the Mississippi Delta.

Lumber production is relatively more important in the Southeast than it is in the nation as a whole. At the national level, lumber shipments account for only about 2 percent of total manufacturing shipments, whereas they account for nearly twice that much in the District. In 1967, the District states accounted for over \$1.5 billion in lumber shipments—about 3.5 percent of total manufacturing shipments in the six states. In that same year, payrolls were \$400 million, a little over 4 percent of the District's total factory payrolls.

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The District lumber industry employs approximately 125,000 persons, about 6.5 percent of the nearly 2 million workers on factory payrolls. Thirty percent of all manufacturing establishments in the District produce lumber and wood products, and at least four-fifths of these are unincorporated enterprises. In total manufacturing, about half of the establishments are unincorporated.

Moreover, lumber is a highly labor-intensive industry. At the District level, the lumber industry's labor costs amount to a little over 50 percent of value added, compared with a little over 45 percent for all manufacturing and well under 30 percent for chemicals.

There is also a great deal of activity in the District's furniture and paper industries, both important lumber products customers. Lumber, furniture, and paper accounted for about 13 percent of value added and for about 15 percent of factory employment in 1967.

The typical sawmill in the South still produces only 3 million board feet or less of lumber per year, and average employment per sawmill is still small. However, the average plant size is increasing, with the result that sawmills producing over 10 million board feet a year make up a third of total output.

The typical established sawmill today has somewhere between \$100,000 and \$200,000 invested in plant and equipment, but the trend in new mills is to start with an outlay of approximately \$750,000 or more. Such a mill will produce at least 25 million board feet a year and employ 20 to 30 persons. There are only a few mills in the District producing more than 100 million board feet and employing several hundred persons. Since the District lumber industry consists of a large number of small firms, it is much more subject to competitive forces than are other industries.

Trends Affecting Lumber

Moreover, because of competition from producers in other parts of the country, the lumber industry is affected by many economic forces that are at work throughout the nation. The lumber industry is cyclical because construction is cyclical. Shifts in demand for construction materials invariably exert upward and downward pressures on prices, but the greater effect is on production which must undergo fairly abrupt alterations in order to prevent even more drastic changes in inven-

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tory levels and prices. Lumber prices have generally behaved the same as other industrial prices. However, lumber prices climbed much more dramatically in 1968 and early 1969. Later, they tumbled back to early 1968 levels.

Another problem facing lumber producers in the South and in other parts of the nation is the competition from other industries (e.g., cement and steel) that also vie for customers among building contractors. For example, competition from other building materials that affect the producers of Douglas Fir and Ponderosa Pine also affect Southern Pine and, less directly, Southern Hardwoods.

In spite of recent innovations, the lumber industry is still seasonal in nature. This is especially true in the Mississippi Delta where, even with the most modern equipment, the forested hinterlands become an inaccessible bog in the dank months of winter. Southern Pine production is less seasonal than much of the hardwood production because pine is generally situated so that it can be more readily reached even during the winter rains. It is noteworthy that District production undergoes less severe seasonal gyrations than does national production. This seems to be related to the South's climatic superiority and longer harvesting season. Construction activity is also seasonal and thus contributes to the seasonality in lumber production.

How the South is Different

The Southern lumber industry has some characteristics that are unique. First, trees are more numerous in the South than in many other parts of the country. At the same time, however, the trees are small and, consequently, expensive to process. Because of this there are many small sawmills that are unable to operate with the scale and efficiency of the larger mills in the West. Southern sawmills have, therefore, had more of a need to modernize, and that is exactly what they have been doing during the last few years.

New machinery, recently developed by equipment manufacturers, and the competitive nature of the sawmill industry have forced smaller producers to give up and larger producers to modernize and expand capacity and efficiency. The debarker and chipper enable a mill to produce three-fourths of a cord of chips per 1.000 board feet of output, and with lumber prices sometimes reaching no higher than \$90 per thousand board feet, the up to \$25 per cord that paper mills offer for chips can make the difference between survival or failure.

Meanwhile, the number of sawmills in the District has decreased from 2,718 in 1963 to 2,278 in 1967. This has been a function of technological innovation and mechanization. The firm that is to survive the rigors of competition must purchase, among other things, expensive debarking and chipping equipment. The inexorable march of progress has brought the chain saw in the late 1940's, the debarker and chipper in the early 1950's, and rubber-tired log skidders in the early 1960's.

But even with the declining number of sawmills, the lumber industry still has far more firms than any other manufacturing sector. The industry is, therefore, still highly price competitive. Also, the Southern mills still have difficulty competing with those of the Northwest. Douglas Fir even finds its way into the sunny South to compete in Yellow Pine's own primary market areas.

Spectacular Increase in Productivity

The Southern lumber industry has been able to expand its output in spite of competition from Western mills and from other construction materials such as steel and cement. Even in the face of declining stumpage quality, progress has not been blocked. Tremendous strides in productivity have made this expansion possible.

First, there has been technological innovation and mechanization. Back in the good old days, the procedure was for a couple of lumberjacks,



armed with axes and a crosscut saw, to attack a tree, fell it, and saw it into logs. At the sawmill, the logs were sawed into square cants and then further processed into lumber. The slabs, including bark, were either discarded, burned along with the sawdust, or sold for fuel.

The end of an era is marked by the demise of the peckerwood mill. The days are numbered for the rugged operator who could throw his sawmill onto the bed of a truck and follow the tree harvest.

Then in the late 1940's, the chain saw came into general use and modernized logging operations. In the early 1950's, the debarker and pulpwood chipper came into vogue. This permitted more complete utilization of by-products and today can mean the difference between survival or failure for a mill. In the early 1960's, the advent of rubber-tired, log-handling equipment caused more forests to become all-weather sources of raw material and helped to smooth seasonal patterns of production. Hardwood logging in the Mississippi Delta, however, is still highly seasonal, since operations get bogged down in the winter months.

In the latter half of the 1960's, tree length logging became popular. This freed the sawmill to determine its own board lengths, rather than letting the logger determine them.

Also, a good many improvements have occurred within the sawmills themselves. Automated lumber and log handling equipment have increased productivity and permitted mills to save on labor costs. The profile chipper eliminates a step in the production of wood chips. Instead of chipping the sawed-off slabs, this machine chips the log into a squared cant.

The upshot of all this is that sawmill investment, while still small compared with heavier manufacturing, has been increasing with the corresponding increase in the size of the average firm. And the medium-sized sawmill today may require several hundred thousand dollars worth of equipment in the form of debarkers, headsaws chippers, profile chippers, gang saws, and conveyor systems. The incinerator is declining in importance as less and less residue is wasted. Slabs can be chipped; sawdust can be compressed into particle board; and even the bark can be used as mulch.

Financing Requirements

Needs for financing occur at several stages in the process of production. First, the stumpage

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must be acquired. Many larger sawmills own their stumpage, which they use largely as an emergency source of supply. Next, the trees must be harvested and brought to the mill. Finally, inventories and accounts receivable must be carried. Also, equipment must be acquired by loggers and sawmills. Therefore, banks have made specific arrangements in accordance with the specific needs.

In the matter of stumpage procurement, sawmills generally buy trees from the owner of the land and the trees must be paid for in advance. This often requires a bank loan with a 12- to 18-month repayment period. These loans generally require personal endorsements by sawmill owners. The bank may take a mortgage on the timber, but this practice seems to be waning. Typically these loans are repaid as the timber is cut.

Often sawmill operators are asked to co-sign a bank loan to a logger for the purchase of a skidder, loader, or truck. In some cases, the sawmill lends directly to the logger.

The logger has to have about \$100,000 invested in a skidder, loader, and truck. His equipment purchases may be financed by the manufacturer and, in some cases, by the sawmill. Such a loan is generally paid out in five years or less. Also, manufacturers finance equipment purchases by sawmills.

Inventories and accounts receivable are frequently financed by a short-term bank loan. The bank may take an assignment on the asset. Sometimes receivables are factored.

There is little seasonal pattern in loan demand—except in hardwoods, where the lending takes place in autumn before the rains and is repaid in the spring when activity picks up.

Postscript

The Southern lumber industry has fared remarkably well during the last decade. Technology and innovation have enabled productivity and output to increase rapidly, in spite of sluggishness at the national level and quality declines in raw material. The optimum size of firms has increased, but lumber is still a highly competitive and atomized industry. Most firms are still unincorporated and have financing problems.

ROBERT E. WILLARD

BANKING STATISTICS



LATEST MONTH PLOTTED: JULY

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.

BANKING NOTES



LATEST MONTH PLOTTED: JULY

Note: Figures shown are unadjusted indexes and cover all Sixth District member banks. *Sixth District portion only

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Large-denomination certificates of deposit (CD's) at national and District banks expanded rapidly after the relaxation in Regulation Q on June 24. At that time, interest ceilings of $61/_4$ percent on 30-59 day maturities and $61/_2$ percent on 60-89 day maturities were suspended.

Large-denomination CD's are bank deposits issued in amounts of \$100,000 or more and are generally negotiable. These CD's are one way that businesses, governmental bodies, and individuals can invest funds, usually for short periods. Potential buyers of CD's have the option to use the funds to buy other financial instruments such as Treasury bills, bankers' acceptances, and commercial paper (short-term unsecured IOU's of corporations).

Under the provisions of Regulation Q, the Board of Governors sets the maximum rate that banks are allowed to pay on time and savings deposits. Throughout 1969, Q ceilings were well below market rates on comparable short-term financial instruments, with the result that over one-third of the volume of CD's outstanding at District banks ran off. On January 21, 1970, the maximum rates that banks may pay on CD's (and all other time and savings deposits) were raised, with the result that from February through May, the volume of CD's outstanding increased by 50 percent at District banks.

Concerned over the liquidity of some large issuers of commercial paper, especially finance companies, some investors in June became reluctant to buy or even retain their commercial paper. Consequently, some corporations that normally raise funds through the sale of commercial paper were no longer able to roll it over at maturity and turned to the banks to finance their operations.

The Board of Governors, by removing the Regulation Q ceiling on 30-89 day CD's, permitted the banks to pay the competitive rates on CD's required to attract funds formerly going into commercial paper. Banks then increased their rates on short-maturity CD's, thus attracting investors. Others were attracted by the relatively greater security of a bank deposit. With funds thus rechanneled into the banking system, the banks—including those in the District—were able





to increase their lending to finance companies during the latter part of June and the first part of July.

Large District banks during July increased the volume of CD's outstanding by \$67 million. In August, they issued a total of \$171 million in new CD's, thereby replacing \$127 million in maturing issues and adding \$44 million to the amount outstanding. The bulk of the new CD's was short maturities. More than \$140 million—over fourfifths of the total—had maturities of less than 90 days, double the June volume. Individuals and businesses have been the major purchasers of these marketable instruments.

The suspension of rate ceilings, while offering advantages, has added some new dimensions in deposit management that must be coped with by banks. Banks wanting to hold on to their CD's are now faced each month with the task of rolling over larger amounts of these interest-sensitive, short-term funds. At large District banks, CD's totaling \$127 million matured during August, up from an average of less than \$115 million in the second quarter. In September, these large banks will have to roll over CD's totaling nearly \$160 million. Thus, banks are now in the position to compete for new deposits through large-denomination CD's and thereby expand loans and purchases of securities. However, to do so, banks will have to accept the price of acquiring and holding on to the interest-sensitive certificates.

JOHN M. GODFREY

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Sixth District Statistics

FLORIDA INCOME

Seasonally Adjusted

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

	Latest	Month 970	One Month Ago	Two Months Ago	One Year Ago
SIXTH DISTRICT					
INCOME AND SPENDING					
Manufacturing Payrolls Farm Cash Receipts	. July . June . June . June	264 178 167 183	261r 205 154 230	259 172 152 302	254 184 204 173
Instalment Credit at Banks* (Mil. \$) New Loans	. July . July	347 329	336 302	324 337	316 307
EMPLOYMENT AND PRODUCTION					
Nonfarm Employment† Manufacturing Apparel Chemicals Fabricated Metals Food Lbr., Wood Prod., Furn. & Fix. Paper Primary Metals Transportation Equipment Nonmanufacturing† Construction Farm Employment	- July - July	151 146 175 140 173 118 106 127 129 113 194 153 132 55	151 145 172r 136r 173r 120r 105 127 130 112 196 154r 134 57	152 146 173 137 175 119 105 128 130 112 198 154 137 56	150 150 175 143 176 115 111 130 133 117 211 151 151 151 157
Unemployment Rate (Percent of Work Force)†	July	4.3	4.3	4.3	3.4
Insured Unemployment (Percent of Cov. Emp.) Avg. Weekly Hrs. in Mfg. (Hrs.) Construction Contracts* Ail Other Electric Power Production** Petrol. Prod. in Coastal La. and Miss. Manufacturing Production Nondurable Goods Food Textiles Apparel Paper Printing and Publishing Chemicals Durable Goods Lumber and Wood Furniture and Fixtures Stone, Clay and Glass Primary Metals Fabricated Metals Nonelectrical Machinery Electrical Machinery Transportation Equipment FINANCE AND BANKING Loans*	July July July July June June June June June June June June	2.9 40.5 2276 189 168 100 294 204 204 204 204 205 253 288 271 183 167 198 253 288 260 378	2.8 40.4 230 247 214 167 99 283 241r 205r 256r 256r 197 167 167 167 169 182 354 600 379	2.7 40.4 242 228 255 160 286 238 205 162 231 162 231 167 251 278 166 185 166 186 194 244 244 257 358	1.9 40.9 265 219 162 106 275 229 199 155 225 265 166 255 266 167 198 167 191 233 356 536 5333
All Member Banks	. July . July	352 298	350 290	350 295	327 273
Deposits* All Member Banks Large Banks Bank Debits*/**	. July . July . July	237 196 280	235 190 286	234 194 288	229 191 268
ALABAMA					
INCOME Manufacturing Payrolls Farm Cash Receipts	. July . June	227 171	221r 163	220 180	219 173
EMPLOYMENT Nonfarm Employmentf Manufacturing Nonmanufacturing Construction Farm Employment	. July . July . July . July . July	133 134 133 123 51	133 132 133 119r 55	133 131 134 125 52	133 137 132 129 58
Unemployment Rate (Percent of Work Force)† Avg. Weekly Hrs. in Mfg. (Hrs.)	, July , July	4.9 40.2	4.8 39.5r	4.8 40.3	3.8 41.2
FINANCE AND BANKING Member Bank Loans Member Bank Deposits Bank Debits**	. July . July . July	321 226 236	317 219 239	314 219 247	294 214 236

Manufacturing Payrolls July Farm Cash Receipts June	355 174	367r 176	366 164	333 218
EMPLOYMENT				
Nonfarm Employment† July Manufacturing July Nonmanufacturing July Construction July Farm Employment July Unemployment Rate	180 176 181 134 97	180 178 181 136r 91	179 176 179 137 89	174 180 173 135 98
(Percent of Work Force)† July Avg. Weekly Hrs. in Mfg. (Hrs.) July	3.3 41.0	3.3 41.4	3.3 41.7	2.6 41.7
FINANCE AND BANKING				
Member Bank Loans July Member Bank Deposits July Bank Debits** July	395 269 289	395 267 300	39 8 266 306	370 261 282
GEORGIA				
INCOME				
Manufacturing Payrolls July Farm Cash Receipts June	269 166	270r 227	263 170	263 157
EMPLOYMENT				
Nonfarm Employmentt July Manufacturing July Nonmanufacturing July Construction July Farm Employment July	151 139 158 130 46	152 139 158 140r 51	152 140 158 143 50	152 144 155 155 50
(Percent of Work Force)† July Avg. Weekly Hrs. in Mfg. (Hrs.) July	3.7 40.5	3.7 40.4r	3.7 39.6	2.9 41.1
FINANCE AND BANKING				
Member Bank Loans July Member Bank Deposits July Bank Debits** July	350 238 332	351 234 339	344 232 336	332 242 306
LOUISIANA				
INCOME				
Manufacturing Payrolls July Farm Cash Receipts June	223 185	213r 162	217 187	215 191
EMPLOYMENT				
Nonfarm Employment† July	131	131	132	133
Nonmanufacturing	134	133	134	135
Construction July	118	116	122	128
Unemployment Rate July	6.2	6.1r	6.3	4.9
(Percent of Work Force)† . Avg. Weekly Hrs. in Mfg. (Hrs.) July	41.2	41.7r	41.9	41.8
FINANCE AND BANKING				
Member Bank Loans* July Member Bank Deposits* July Bank Debits*/** July	287 189 212	286 187 213	290 188 218	26 8 18 2 205
MISSISSIPPI				
INCOME				
Manufacturing Payrolls July Farm Cash Receipts June	285 203	287r 268	286 189	273 204
EMPLOYMENT		150	150	
Manufacturing	150	1507	152	149
Nonmanufacturing	147	146	148	144
Farm Employment	48	48	49	51
Unemployment Rate (Percent of Work Force)† July Avg. Weekly Hrs. in Mfg. (Hrs.)	4.9 40 7	4.8 40.0	5.0 40.2	4.2
THANGS AND DANKING	40.7		-0.4	
Member Bank Loans*	433	427	420	389
Member Bank Deposits* July Bank Debits*/** July	291 264	291 285	289 289r	266 256

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One Two Month Months Ago Ago

Latest Month 1970

One Year Ago

	Latest M 1970	Onth Mo Al	ne nth go	Two Months Ago	One Year Ago	La	test Month 1970	One Month Ago	Two Months Ago	One Year Ago
TENNESSEE						Nonmanufacturing	ly 144	145	146	142
INCOME						Farm Employment	ly 143 ly 57	152r 58	156 58	153 56
Manufacturing Payrolls	July 2	249 23	8r	238	244	(Percent of Work Force)† Ju	ly 4.5	4.4	4.4	3.6
Farm Cash Receipts	June 1	74 22	0	150	157	Avg. Weekly Hours in Mfg. (Hrs.) Ju	ly 40.2	40.0 r	39.9	40.3
						FINANCE AND BANKING				
EMPLOYMENT						Member Bank Loans*	IV 344	337	344	313
Nonfarm Employment +	July 1	.47 14	8r	148	148	Member Bank Deposits*	ly 218	220	219	204
Manufacturing	July 1	.53 15	1	153	158	Bank Debits*/** Ju	ly 297	293	286	282

*For Sixth District area only; other totals for entire six states **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)

				Perc	ent Cl	nange					Per	cent C	hange
						Year							Year
				J	uly	date					J	uly	date
				1	970	7 mos.					1	970	7 mo
	1		1.1.	F	rom	1970		L.L.	(4		rom	1970
	1970	1970	1969	1970	1969	1969		1970	1970	1969	1970) 1969	1969
STANDARD METROPOLIT	AN						Gainesville	117,218	125,010	109,183	- 6	+ 7	+11
STATISTICAL AREAST							Lakeland , . , , ,	181,589	169,001	194,173	+ 7	- 6	+10
Birmingham	2,003,777	1,958,362	1,971,497	+ 2	+ 2	+ 5	Monroe County	43,762	44,766	39,500	- 2	+11	+ 7
Gadsden	75,604	71,769	69,250	+ 5	+ 9	+ 5	Ocala	104,423	100,191	98,195	+ 4	+ 6	+20
Huntsville	229,569	219,436	213,090	+ 5	+ 8	+10	St. Augustine	26,073	27,087	29,030	4	-10	- 8
Mobile	711,771	707,021	658,955	+ 1	+ 8	+20	St. Petersburg	508,071	480,328	444,183	+ 6	+14	+13
Montgomery	419,993	404,444	374,506	+ 4	+12	+ 6	Sarasota	180,364	161,868	185,808	+11	— з	+15
Tuscaloosa	145,770	127,540	129,696	+14	+12	+ 5	Tampa	1,143,282	1,226,679	1,106,244	- 7	+ 3	+18
Et laudardala		,					Winter Haven	83,887	90,020	79,309	- 7	+ 6	+14
Holiywood	1 139 512	1 140 942	1 111 124	- 0	+ 3	+ 9	Athens	132 454	139 026	103 364	- 5	+28	+18
lacksonville	2 081 868	2 113 882	2 008 760	- 2	+ 4	+ 6	Brunswick	57.077	56 622	54 405	+ 1	+ 5	+10
Miami	4 059 481	3 847 251	3 553 560	+ 6	+14	+12	Dalton	116 899	115 745	115 431	+ 1	+ 1	- 3
Orlando	899 956	834 660	766.204	+ 8	+17	+15	Elberton	19.667	19,154	19,735	+ 3	- 0	+10
Pensacola	290.426	300.016	280 991	_ 3	+ 3	+12	Gainesville	99 284	100.871	82 611	- 2	+20	+19
Tallabassee	224 634	225 559	187 643	- 0	+20	+15	Griffin	45 774	45 307	39,839	+ 1	+15	+15
Tampa-St Pete	2 181 213	2 230 375	2 058 155	- 2	+ 6	+15	LaGrange	23 308	24 111	24.058	- 3	- 3	9
W Paim Beach	683 310	657 775	705 404	+ 4	- 3	+10	Newnan	34 007	31 552	29.064	+ 8	+17	+22
H. Fain Deach	063,310	037,773	700,404	T T	- 5	+10	Bome	09 255	99 261	94 214	~ 1	+ 4	+ 8
Ałbany	131,659	136,974	112,791	- 4	+17	+15	Valdosta	71 050	67 976	69 074	E	A	, 0 , 0
Atlanta	8,496,832	7,864,694	7,380,303	+ 8	+15	+18		/1,555	07,875	05,074	ŤŪ	- -	τo
Augusta	329,784	316,017	305,069	+ 4	+ 8	+ 6	Abbeville	14,382	13,143	13,496	+ 9	+ 7	+ 0
Columbus	312,750	298,865	292,824	+ 5	+ 7	+ 3	Alexandria	162,100	161,546	177,780	+ 0	- 9	- 7
Macon	382,333	340,296	336,238	+12	+14	+ 5	Bunkie	8,310	7,466	8,107	+11	+ 3	- 5
Savannah	340,961	328,448	350,491	+ 4	- 3	+ 1	Hammond	51,482	46,232	49,694	+11	+ 4	+ 5
							New Iberia	45,816	39,313	45,732	+17	+ 0	+ 5
Baton Rouge	968,483	864,406	659,008	+12	+47	+36	Plaquemine	14,468	13,695	14,385	+ 6	+ 1	- 3
Lafayette	178,920	168,939	181,029	+ 6	- 1	+ 6	Thibodaux	27,235	27,240	26,113	0	+ 4	+ 1
Lake Charles	165,638	174,345	179,984	- 5	- 8	- 2	Hattiesburg	68 903	62 655	81.055	+10	-15	-15
New Orleans	2,909,777	2,786,119	2,816,571	+ 4	+ 3	+ 5	Laurel	54 430	50,241	54,437	+ 8	- 0	+12
Bitoxi-Guttoort	163 805	158 389	148 705	т з	+10	+24	Meridian	84,998	82,934	95.819	+ 2	-11	- 5
Jackson	883 591	867.070	787 648	+ 2	+12	+12	Natchez	45.666	42,922	50,793	+ 6	-10	- 3
	000,001	007,070	/0/,040				Pascagoula-						-
Chattanooga	891,956	885,047	822,417	+ 1	+ 8	+12	Moss Point	96,528	89,168	100,128	+ 8	- 4	+ 7
Knoxville	635,394	618,189	644,002	+ 3	- 1	+ 3	Vicksburg	53,022	49,972	44,655	+ 6	+19	+15
Nashville	2,418,608	2,113,293	2,024,022r	+14	+19	+11	Yazoo City	39,424	38,772	27,388	+ 2	+44	+ 2
							Bristol	102,930	102,399	100,956	+ 1	+ 2	+ 6
OTHER CENTERS							Johnson City	113,402	112,853	107,628	+ 0	+ 5	+12
Anniston	88,355	85,623	77.026	+ 3	+15	+ 4	Kingsport	193,286	190,682	198,552	+ 1	- 3	— з
Dothan	83.853	90,589	82.720	- 7	+ 1	+13			12 501 000				
Selma	51,721	51,744	49,339	- 0	+ 5	+ 2	SIXTH DISTRICT Total.	40,068,199	43,594,082r	41,/53,821r	+ 5	+ Э	+11
Bartow	40,447	37,002	40,783	+ 9	- 1	- 6	Alabama‡	5,242,869	5,068,139	5,019,814	+ 3	+ 4	+ 7
Bradenton	107.640	97.509	109.793	+10	- 2	+ 5	Florida‡	14,603,290	14,277,320	13,601,110	+ 2	+ 7	+11
Brevard County	226,729	222,450	231,456	+ 2	- 2	- 4	Georgia‡	12,485,393	11,791,813r	10,998,357	+ 6	+14	+15
Daytona Beach	120,250	107,847	110.456	+12	+ 9	+ 6	Louisiana†*	5,281,609	5,003,610	4,872,562	+ 6	+ 8	+ 8
Ft. Myers-							Mississippit*	1,989,554	1,921,495	1,847,832	+ 4	+ 8	+ 9
N. Ft. Myers	128.647	140.760	131.964	- 9	- 2	+ 2	Tennesseet	5 965 484	5.531 705	5 414 146r	+ 8	+10	+ 8

District Business Conditions



On balance, the Southeastern economy has become a bit stronger. Latest data show that manufacturing jobs slightly improved, although nonfarm employment continued to drift. The unemployment rate remained unchanged. Good weather and higher prices have brightened income prospects for farmers. There are indications that consumers might be slightly stepping up their spending. Banks are under less reserve pressure and are experiencing continued deposit gains. Inflows to savings and loan associations are also increasing, thus improving the outlook for residential housing.

Nonfarm employment in July showed signs of halting its slide, though a slight drop did occur. Nonmanufacturing employment—hurt by labor disputes in Georgia's and Tennessee's construction industries—was down slightly, but manufacturing employment increased. For the District as a whole, the unemployment rate remained at 4.3 percent of the civilian labor force. In June, industrial production increased for the second consecutive month.

Small increases in all types of consumer loans contributed to a fractional increase in total consumer credit outstanding at commercial banks. In July, auto sales passed the year-ago mark for the second straight month, though barely. Reports from leading retailers indicate that dollar sales showed only a "mini" increase from the previous year.

Total dollar volume of construction contracts was substantially higher during the first seven months of 1970 than during the same period a year ago. However, July showed a decline from July 1969 because of declines in nonresidential building and other nonbuilding categories. Nevertheless, a large construction backlog remains. Residential awards were up strongly from May and June, gains being broadly distributed within the District. Savings and loan associations, on balance, continue to show improvement in savings inflows.

Stronger-than-usual deposit inflows are providing banks with increased funds, thus sharply reducing their borrowing for reserve purposes. Additional reserves will be released in September when the reduction in reserve requirements on time deposits takes effect. Higher returns are attracting consumers to time deposits with maturities of more than two years. Bank lending continues to drift in the usual late summer manner.

Prices of agricultural products moved upward in July on the strength of a 20-percent increase in the price of eggs. Egg prices, though up, remain relatively low. Soybean price advances were overshadowed by price declines for rice and vegetables. Considerable rain has continued to benefit crops.

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

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