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In this issue:

Southeastern Agriculture: A New Dress and a New Girl, Too

by Gene D. Sullivan

"The same old girl with a new dress on" is an adage often used to describe objects that have undergone superficial changes. It is *not* an appropriate description of changes in agriculture within the Sixth Federal Reserve District during the last ten years. Change has so pervaded the total of agriculture that hardly any feature remains as it was ten years ago, and, in some cases, the structure that existed two decades ago is no longer recognizable.

Farmers Themselves Have Changed

For most of the years since World War II, the average age of farmers increased, indicating that fewer young men were entering agriculture. The 1969 Census of Agriculture showed that for the first time in recent Census periods, the average age of farm operators remained almost steady during the preceding five years. This has resulted from the predominance of older farmers leaving agriculture in recent years coupled with a sufficient number of young beginning farmers, thus offsetting the natural aging process of the remaining farm operators. In 1950, farmers ranging in age from 35 to 44 made up the most numerous group of farm operators. In 1969, this group had shifted to the 55-64 age group. In addition, there had been a decided shrinkage in the number of farmers in each of the corresponding age groups since the 1950 period. During the most recent five-year period, however, these declines were much less than had been true for earlier Census periods and the proportion of farm operators in the 25-34 year age group actually increased. Moreover, the average age of farmers in three District states declined.

Vast changes in the demand for services on farms have accompanied the structural shift toward a growing proportion of younger, better educated farm operators on larger farms. This shift has meant that the demand for inputs, services, and information at the farm level has already undergone drastic changes. Recognizing these changes, those agencies that have continued to successfully service agriculture have made considerable adjustments in their programs. For example, farm credit agencies have recently geared up to make loans covering a broader scope of farm operations at higher percentages of the market value of assets. This allows lenders to place more weight on the managerial capability of the man to whom they are lending. In the past, loans were largely based on a conservative estimate of the market value

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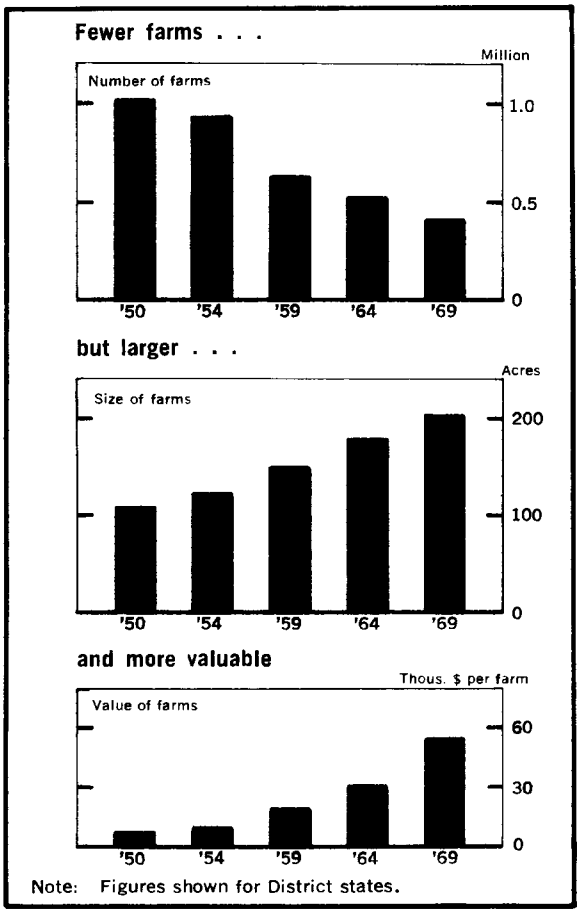
of collateral. The potential earning capacity of the individual was minimized in the evaluation process, possibly because in the past there was less variation in this quality among farm operators.

Fewer But Larger Farms

The decline in farm numbers has been one of the most notable changes in District agriculture since 1950. According to the 1969 Census of Agriculture, the number of farms had shrunk to less than half the 1950 level. The major decline, however, occurred between the Census years of 1954 and 1959. Since that time, the decline has been more moderate, and there is some indication that District farm numbers may be approaching a low point. A major portion of the recent decline in numbers came about as older farmers retired and sold their smaller units to other farmers who were expanding their holdings. Thus, a large number of the farms currently in existence are an aggregation of former smaller farms within the community. Once the disproportionate number of older farmers have left agriculture through death or retirement, the reservoir of small farms will be greatly reduced.

Changes in farm size have been almost opposite (a mirror image) to the changes that were evidenced in the number of farms. The size of the District farm has continued its upward thrust since 1950 and is now twice as large as it was two decades ago; there is little evidence of any slowdown in this rate of increase. Even though farm numbers have declined less rapidly in recent years, it is evident that the acreage absorbed by the remaining farms has been large enough to maintain the growth in average farm size.

The most rapid change in farm size since 1950 has occurred in Mississippi, where, in a period of two decades, farms have grown from an average of 82 acres to around 220 acres—well over two and one-half times the size existing in 1950. By contrast, Tennessee has shown the lowest rate of expansion in farm size, with the average farm in 1969 being only one and one-half times as large as its 1950 counterpart. Tennessee still retains by far the largest number of farms of any state within the District. Florida holds the distinction of having the fewest number of farms, but in 1969 the average farm size in Florida was more than three times that in Tennessee.



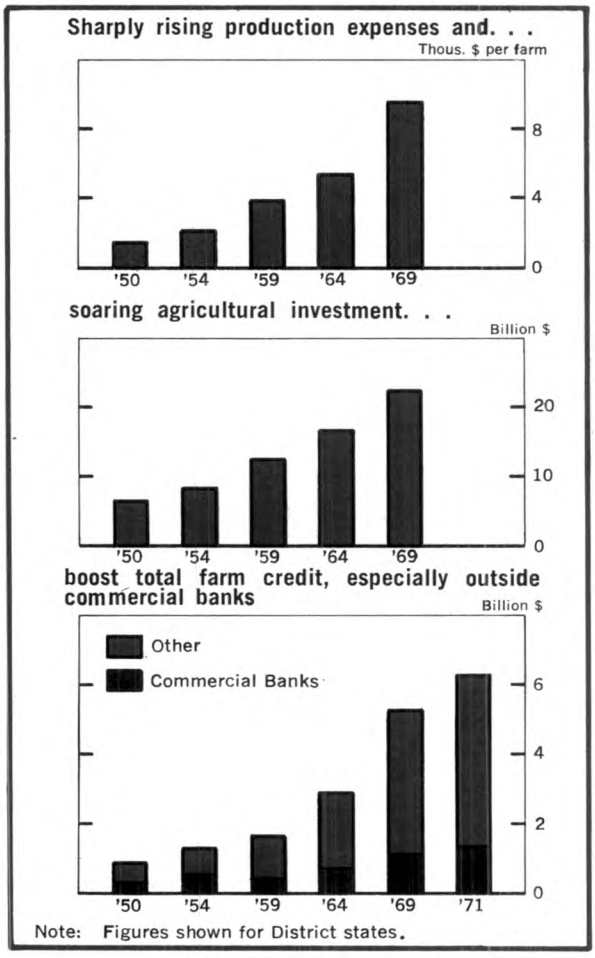
Note: Figures shown for District states.

Farm Use of Capital Soars

With the enlargement of farms and the substitution of machinery for labor, the capital employed per farm has soared. The most substantial increase is attributable to the rising value of land and buildings. On a per farm basis, the average investment on farms increased from $6,000 in 1950 to $54,000 in 1969, representing a ninefold expansion. The increase in investment per farm has been growing, not only because of the increase in value of individual acres but also because farms have included more acres as time passed. On a per acre basis alone, however, District farm real estate was five times more valuable in 1969 than it was in 1950.

Mississippi led the way in the increase in farm value in the District since 1950, and Tennessee trailed. The most valuable farms, however, were located in the state of Florida, where the average value of $140,000 per farm was nearly twice as great as in any other state in the District.

The working capital required for annual operating expenses on farms has also shown an impressive rate of growth. Farm operating expenses in the District increased from $1.6 billion in 1950 to about $4.2 billion in 1970, expanding more than two and one-half times in the 20-year period. Georgia has led the way in the increased use of farm capital, with Florida coming in as a close



second. In both states expenditures exceeded those in Louisiana, the state with the lowest figure, by about $400 million annually.

On a per farm basis, the growth in the use of capital in District states is even more impressive. The production expenses of the average District farmer amounted to only $1,525 in 1950. By 1969, that amount had grown to nearly $10,000 per farm. In Florida, the leading state, expenditures had more than quintupled to $24,000 per farm, whereas the Tennessee average was about $4,800 per farm—less than half of the District average.

The rapid growth in out-of-pocket production expenditures in all areas is somewhat astounding. It reflects the use of larger quantities of inputs, such as fertilizers, insecticides, chemicals, and feeds, which farmers are principally purchasing from off-farm sources rather than producing themselves as once was the case. The interest paid on borrowed money is a farm expenditure that has displayed one of the most rapid growth rates, a combined result of the increased use of credit to finance farm operations and of higher interest rates.

The Use of Agricultural Credit

No aspect of farming has grown more rapidly within the last ten-year period than the District farmer's use of credit. Credit has become widely recognized as a useful tool that can add materially to the income earning capacity of a farming operation. Most lending agencies have been anxious to accommodate the farmer's rising need for capital, as indicated by the total growth in the aggregate volume of credit on District farms. Total agricultural credit has increased over sevenfold since 1950. Just since 1964, the total use of credit on District farms soared from slightly less than $3 billion to more than $6.2 billion. This $3.4-billion increase exceeds the total annual quantity of farm credit used prior to that time.

Although commercial bank loans to farmers have doubled since 1964, banks have not maintained a proportionate share of this remarkable growth in credit. Bank loans accounted for only 21 percent of total agricultural loans in 1971, as compared with 23 percent in 1964 and over 33 percent of the total in 1950. Thus, over the years, the relative position of banks as a source of farm credit has been eroding. As the accumulated demands for agricultural credit increase and as farm sizes grow larger, it becomes more and more difficult for smaller commercial banks to accommodate the credit demands of farm customers. Lending limits are sometimes so restrictive as to prohibit the accommodation of the credit demands of single borrowers. Moreover, with the growing size of loans to individual borrowers, lenders that have not grown in proportion encounter greater risks, since a potential disaster with any one farm operator takes on larger proportions than was the case when banks were dealing with large numbers of smaller operators.

Farms More Productive Than Ever

By almost any unit of measure, District farms are more productive than ever before. The six-state area has experienced an uninterrupted growth in cash receipts since 1960, with the total 1970 cash farm income of $5.9 billion standing at nearly double the level that existed in 1950. Most of this increase has been attributable to larger physical output of agricultural commodities rather than to price increases. During the Korean War era of the early 1950's, agricultural prices attained a high that was not reached again until very recently.

Major sources of the growth in cash receipts,

then, have been increasing crop yields, as well as dramatic increases in the output per unit of livestock. This reflects greater efficiency in the production of poultry, eggs, milk, beef and pork.

A New Mix of Farm Enterprises

In addition to the increasing productivity of the traditional crops and livestock within the area, some enterprises that had previously been of only minor importance have gained prominence in the Southeast, particularly within the last decade. Soybean production, a relative newcomer in the crop sector, has aided in swelling cash receipts from crops. The major source of income growth, however, has been in the livestock sector, where either new enterprises or greater emphasis on older ones have contributed to rampant growth in cash receipts during the 1960's. Rapid strides in production efficiency of the broiler, the laying hen, and the beef cow have vastly changed the income mix of Southeastern agriculture. In 1970, cash receipts from livestock accounted for approximately half of total cash farm income in the District, as compared with 27 percent in 1950.

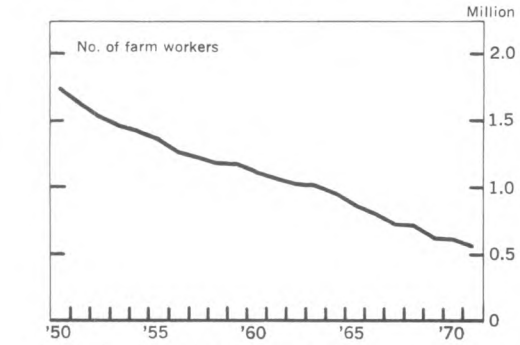
The makeup of cash receipts has changed remarkably during the past 20 years. One of the most notable changes is the decline in the importance of cotton as a percent of total cash receipts. Twenty years ago, cotton production accounted for over 40 percent of the total cash farm income received by District farmers. In 1969, however, cotton receipts were well under 10 percent of total District farm income. Commodities that gained most in importance during this period were (1) cattle, which moved up from about 10 percent to nearly 20 percent of total cash receipts, and (2) poultry production, including both broilers and eggs, up from 8 percent to approximately 25 percent of total cash farm receipts since 1950.

Soybean production, though a late starter, has shown significant growth within the past five years and has rapidly made inroads into the traditional positions of some of the other crops in Southeastern agriculture. The soybean enterprise provides a profitable alternative use for acres of land that have been removed from the production of cotton and grain crops within the area. Thus, soybean production is continuing to expand at a brisk pace as farmers respond to relatively high prices for the commodity.

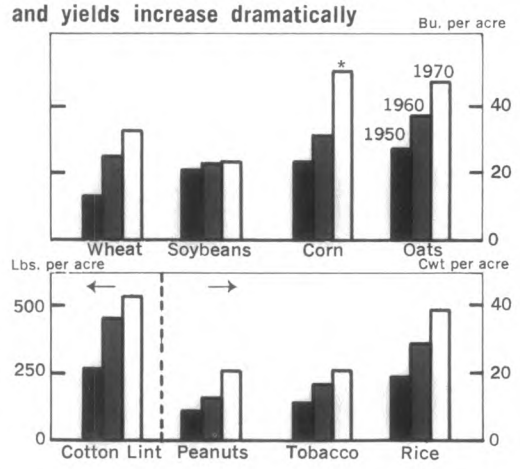
Farm Workers Become Scarcer

The onward thrust of mechanization in Southern agriculture, sped along by rapidly rising wage rates, has resulted in continuing reductions in farm workers. The agricultural work force in 1971 stood at about 651,000 workers, only

Changing enterprises and mechanization cause a decline in the number of farm workers. . .



and yields increase dramatically



*1971 figure used because of corn leaf blight in 1970.
Note: Figures shown for District states.

slightly over one-third of its 1950 level. Although work force reductions within the last five-year period were not as great as those that occurred in previous Census periods, the labor force continues to shrink.

Among the District states, Mississippi had the greatest reduction in farm laborers, with the 1971 work force amounting to only 27 percent of its 1950 level. By contrast, the work force in Florida actually increased to 107 percent of the level existing in 1950. Tennessee ranked first in the total number of farm workers in 1971, with 151,000. The 76,000 workers in Louisiana placed that state at the bottom of the list.

Where To From Here?

The numbers of farms and farm workers are unlikely to decline as rapidly as they have since 1950. The mass exodus of people from the rural scene is essentially over; the trend has now begun to reverse itself in some areas as larger numbers

of people choose to live in rural areas surrounding towns and cities. Farms will continue to improve in efficiency and productivity, but the efficiencies of the next decade are likely to be more attributable to changes in the internal operations of farms than to increasing farm size and declining numbers of farm people. The enterprise mix will probably undergo further change as new enterprises such as grain crops, adapted to the region and more suitable for livestock feeding, become more prominent.

Southeastern agriculture will be more commercial than ever before (i.e., not carried on for subsistence but primarily for monetary gain), and the successful farm operators will reflect the business orientation of agriculture. The use of credit is widely expected to double again within the next ten-year period. Moreover, District farming will be increasingly oriented toward the production of high-quality food products that are pleasing to the palate of an ever more affluent and discriminating consumer.■

APPENDIX

Selected Characteristics of Sixth District Agriculture

Number of Farms

	Alabama	Florida	Georgia	Louisiana	Mississippi	Tennessee	District States
1950	211,512	56,921	198,191	124,181	251,383	231,631	1,073,819
1954	176,956	57,543	165,523	111,127	215,915	203,149	930,213
1959	115,788	45,100	106,350	74,438	138,142	157,688	637,506
1964	92,530	40,542	83,366	62,466	109,145	133,445	521,494
1969	72,491	35,586	67,431	42,269	72,577	121,406	411,760

Average Farm Size (Acres)

1950	99	290	130	90	82	80	106
1954	118	316	145	103	96	87	121
1959	143	338	185	139	135	102	151
1964	165	380	215	167	163	114	176
1969	188	394	234	232	221	124	205

Value of Land and Buildings Per Farm

1950	$ 4,809	$ 15,437	$ 5,323	$ 7,416	$ 4,566	$ 6,182	$ 6,008
1954	6,816	28,444	7,905	11,497	7,053	8,049	9,231
1959	12,780	73,554	17,944	23,719	14,292	13,288	19,671
1964	20,552	109,055	29,155	38,636	24,322	20,509	31,752
1969	37,596	139,818	54,883	74,414	51,611	33,176	54,209

Value of Land and Buildings Per Acre

1950	$ 49	$ 58	$ 43	$ 82	$ 55	$ 77	$ 57
1954	58	115	61	112	74	93	76
1959	89	218	97	171	106	130	130
1964	125	286	135	233	150	179	180
1969	200	355	234	321	234	268	265

Production Expenses Per Farm

1950	$1,130	$ 4,652	$ 1,812	$ 1,706	$1,161	$1,170	$1,525
1954	1,638	6,400	2,830	2,224	1,659	1,521	2,194
1959	3,197	10,701	5,287	3,817	3,078	2,463	3,942
1964	4,860	14,210	8,038	5,387	4,774	3,377	5,761
1969*	7,909	23,698	12,723	10,831	9,016	4,817	9,645

Total Agricultural Credit ($ Million)

1950	$145.8	$ 98.7	$ 174.4	$123.5	$ 180.1	$ 151.6	$ 874.1
1954	197.6	178.1	261.2	152.3	265.0	241.9	1,296.6
1959	232.5	287.6	289.4	194.6	348.6	272.4	1,625.0
1964	339.5	690.4	558.0	323.8	484.2	516.8	2,913.0
1969	572.1	1,155.3	921.7	710.1	961.2	897.5	5,217.9
1971	688.1	1,333.9	1,197.0	848.8	1,163.0	1,049.0	6,279.8

Farm Employment (Thousands)

1950	277	107	320	213	459	363	1,739
1955	200	119	234	182	340	283	1,358
1960	154	121	183	151	239	253	1,101
1965	120	121	139	121	179	197	877
1971	87	114	98	76	125	151	651

Total Cash Farm Income ($ Million)

1950	$459	$ 763	$ 689	$336	$530	$425	$3,202
1954	396	562	582	389	524	479	2,932
1959	527	831	738	396	656	537	3,685
1964	628	1,009	920	506	797	614	4,474
1970	821	1,286	1,228	704	1,058	778	5,875

*In 1969, expenses for certain chemicals were reported that had not been included in previous Census questionnaires.

Mississippi in 1972

by William N. Cox, III

We last surveyed the state of Mississippi early in 1971.[1] Since then, the national economy has been growing at an increasingly rapid pace. Mississippi has shared fully in the acceleration.

Total personal income, perhaps the best overall measure of economic activity we have, tells the Mississippi story best. In the first half of 1971, personal income grew at a sluggishly respectable rate of 5½ percent per year. In the second half of 1971, however, that growth rate doubled to 11 percent per year and improved even further in the first quarter of 1972. If personal income growth is any indication, then, Mississippi is caught up in the national economic rebound in full measure.

Statistics for nonfarm employment give the same impression of quickening economic tempo. The annual growth rate here was only 1.4 percent in the first half of 1971, but it tripled to 4.3 percent in the second half and maintained that pace through the first four months of 1972. It is hardly surprising when viewing such a period of expansion to find that the State's rate of labor unemployment fell from 5.1 percent in December 1970 to 4.3 percent in June 1972.

We can corroborate the overall strength of Mississippi's recent economic expansion with a host of supplementary economic data. These data are for the most part of limited scope, taken individually, but as a group they are useful in looking at the general economic situation. Without exception, they give evidence of quickening expansion, up and down the list: plant announcements, electric power usage, sales tax collections, debits to bank checking accounts, telephone installations, construction contracts, and bank lending. Their agreement also gives evidence of the widespread nature of the 1971-72 expansion.

Substantial Problems

Notwithstanding the recent surge of activity, Mississippi has sobering economic problems. In per capita income, perhaps the best way to illustrate an area's economic standard of living, Mississippi still ranks lowest among the 50 states. Her average of $2,766 per person in 1971 was substantially below the nation's $4,139 and the Sixth Federal Reserve District's $3,414.[2] Indeed, Mississippi is the only state in the union with per capita income below $3,000. This low rank continues despite significant and sustained economic growth all through the postwar period. Therefore, impressive as the past year of economic activity

[1] "Mississippi in 1970: Paddling **Against** the Current," this **Review,** March 1971.

[2] This average covers the six states of Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee.

has been, it will take many many years like it before Mississippi's per capita income approaches the national average.[3] The nation's per capita income is growing too, which means for Mississippi to catch up, she must share more than proportionally in national economic growth.

Mississippians have long recognized the nature and severity of these problems. As long ago as 1937, in the middle of the Great Depression, a legacy of structural economic imbalance was clearly recognized. That year first saw the State's Balance Agriculture With Industry (BAWI) program, a plan of action designed to correct a specific imbalance.

The problem of the 1930's was this: Virtually all the population was rural. Most jobs were on the farm. Farming, in turn, was dominated by a cotton agriculture, which, although becoming more and more concentrated and productive, was using less and less labor to produce. As the nation flexed and expanded its industrial muscles, Mississippi found she had almost no industrial base with which to participate and thus no way to provide jobs for her untrained workers being mechanized off the farm.

The object of BAWI, therefore, was to attract industry—any kind of industry. Not blessed with either substantial mineral resources (except for fertile cropland in the Delta) or an advantageous proximity to industrial markets, the State used what it had—a pool of low-wage nonunion labor—and supplemented it with specific industrial attraction advantages such as industrial revenue bond financing.

The BAWI campaign *was* successful. Industry *has* been attracted to Mississippi, as any visitor who passes through a landscape dotted with light manufacturing plants will agree. And although many workers have left rural Mississippi in search of prosperity outside the State, many more have found employment within the skeleton of light manufacturing and within the flesh of services and trade, finance, and government, which has evolved to support the manufacturing base.

One facet of this success, moreover, is only now becoming widely understood. Mississippi's industrial attraction efforts have tended to disperse its manufacturing, taking jobs to the worker rather than drawing workers into urban ghettos. Until recently, therefore, Mississippi has not had to cope with the problems of urban congestion associated with other parts of the country. In a similar sense, her lack of mineral resources has spared Mississippi many of the headaches of urban and industrial pollution. Well-disguised blessings, perhaps, but blessings nevertheless.

Success Brings New Challenges

On its 35th anniversary, then, the Balance Agriculture With Industry program must be counted a success. There is still room for light industry to harness what remains of the unemployed and the underemployed from the rural labor supply, but the momentum and the institutions are there to handle the problem. With farming now accounting for only a little more than 10 percent of Mississippi's population and a little less than 10 percent of her jobs,[4] it seems fair to say that Mississippi's agriculture has already been successfully balanced with light industry.

Realizing this, minds throughout the State are beginning to focus on new problems, asking, in effect, what can be done to help Mississippi to post a disproportionately large share of the nation's economic gains, thereby pulling up her citizens' standard of living to parity with the rest of the country. The strong current pace of economic activity in the State right now is both evidence of, and a spur to, this rethinking of economic strategy.

The new focus is by no means settled yet, and no concerted program has yet been accepted, but some of the outlines are clear. Just as Mississippi shifted her sights from agriculture to industry during the past 35 years, she is now shifting her sights to higher-wage industry. Apparel factories and assembly plants are still welcome, her leaders are saying, but now they should be balanced with new industries offering higher pay, demanding higher skills, and utilizing higher technology. In a particular sense, we are beginning to see a shift in emphasis from the number of jobs to the quality of jobs.

Actions are being taken around the State to compete for industry in this new and tougher league. Public education, long embroiled in the race question, is now widely recognized as one of the keys to attracting higher-paying workers and industries. A relatively new system of vocational-technical schools, set up to teach specific skills

[3]How many years? The Mississippi Research and Development Center has its eyes fixed on the target year 2000. U. S. Department of Commerce experts are more pessimistic, prophesying that Mississippi's per capita income will reach 72 percent of the nation's by 1990. (See **Survey of Current Business,** April 1972.) Crude regressions run at the Federal Reserve Bank of Atlanta suggest equality near the year 2100.

[4]The March 1970 Census found 261 thousand persons, 12 percent of Mississippi's 2.2 million population, living on farms. With regard to jobs, 47 thousand or 6½ percent of the State's 725 thousand employed workers regarded farming as their principal economic activity. This figure is low, however, because the Census occurred during a slack farming season. The Mississippi farm employment totals published by the Department of Agriculture were 133 thousand for 1970 and 102 thousand for mid-1972. This series covers all persons who spend one hour or more working on a farm during a survey week, rather than just those who regard farm work as their primary occupation.

MISSISSIPPI'S ECONOMY Accelerated into 1972...

Personal Income Grew

8% between 1970 and 1971, then grew

22% from 1971 into 1972.

NonFarm Employment Grew

2½% between 1970 and 1971, then grew

3½% from 1971 into 1972.

The Unemployment Rate Fell

4.9% in 1970, down to

4.5% in 1971, then to

4.2% in 1972.

AT THE BANKS:

Debits Grew

15% between 1970 and 1971, then

17% from 1971 into 1972.

Loans Grew

11% between 1970 and 1971, then

14% from 1971 into 1972.

[1]Personal income growth, at seasonally adjusted annual rates, reflects Department of Commerce statistics for Fourth Quarter 1970 and 1971 and First Quarter 1972. Other growth rates, based on the "Sixth District Statistics" in previous issues of this **Review**, were calculated similarly except that Second Quarter statistics were used for 1972.

for specific industrial developments, is now copying the success of several other Southern states.

Growth Centers

The focus is shifting, too, toward Mississippi's more densely populated areas. Higher-wage industries look both for larger pools of skilled labor and for the services, amenities, and cultural attractions that urbanized areas find it easier to offer. The focus of industrial attraction is shifting, specifically toward two growth centers: Jackson and the Gulf Coast.

The capital area around Jackson, boasting a central location and the best transportation connections in the State, has enough population in her environs (300,000) to warrant her emergence as an industrial focal point. Jackson is not basically a regional distribution center, however; her products flow to national markets. This fact is illustrated by two recent plant announcements, an automobile wiring assembly plant (of the traditional light industry type) and an agricultural implement center (of the higher-wage, higher-technology variety). Modern convention facilities are mushrooming, and a new merchandise mart facility should shortly provide a convenient marketing center for the apparel and furniture plants scattered across the State. Jackson has growing pains and is beginning to feel the press of urban problems. But the city has room to grow, and a resurgence of civic awareness evidenced by a path-breaking capital improvements program strengthens the odds that Jackson's steady growth will continue into the 1970's and 1980's.

It is the Gulf Coast area, comprising the cities of Biloxi, Gulfport and Pascagoula-Moss Point, which has shown more spectacular growth, however. The Coast is characteristically distinct from the rest of the State: Its heritage is French *a la* southern Louisiana; its population is predominantly white; and its transportation ties lie east to Mobile and west to New Orleans. Long the State's major tourist and convention area, the Gulf Coast also boasts the highest per capita income in Mississippi and her only pocket of heavy industry—the Pascagoula shipbuilding complex.

Fortunes in the Coastal area have ebbed and flowed in recent years. Hurricane Camille lashed the Coast in 1969, but resort facilities and fishing activities have been reconstructed and remodernized. More recently, substantial shipbuilding activity swelled by the Navy's 47-destroyer contract has dominated the Coastal economy, sparking what can only be characterized as an economic boom. Down through the list of economic statistics, Pascagoula specifically, and the Coast area more generally, lead the State.

The boom, like all booms, has brought difficulties. Civic services and schools in the Pascagoula area have been strained to accommodate the influx of new workers. Many of them, in fact, have decided to commute across the state line from Mobile, where facilities are not so overtaxed and where urban amenities are more readily available. What this means is that Mississippi is sharing the benefits and the headaches of the boom with Alabama, where much of the income earned in Pascagoula gets spent.

Moreover, with the memory of NASA's upsurge and later decline in spending very much in mind, the Navy destroyer contracts have been slow to attract the kind of support-industry or retail-and-service activity that typically accompanies such a boom in primary industry.

For these reasons, the Gulf Coast probably requires the same search for new industry, independent of shipbuilding, to balance the concentration already there. Tourism and commercial fishing are two obvious possibilities for diversification, but rapid expansion in these two industries faces the obstacle of a turgid, pollution-prone coastal reef. So, the Coast is competing with Jackson, for different reasons, in the same higher wage industrial attraction market. Announced plans for a large natural gas refinery near Pascagoula evidence a recent success.

Other Areas

It would be unfair not to mention two other Mississippi growth areas, even though they lie outside the boundaries of the Sixth Federal Reserve District. Gains have been significant both in the northwest corner next to Memphis and also in the neighborhood of Tupelo, which has broken away from its dependence on Delta cotton to mount an impressive bootstrap program of industrial attraction. Economic planners are pointing to Tupelo as a model for other smaller cities in Mississippi.

What of these smaller cities? Can they match the pace of Jackson and the Gulf Coast and the near-Memphis area? There are several possibilities for a positive answer.

First of all, new light industry will still have an important role to play in providing manufacturing employment, in exactly the way that these industries have raised Mississippi's standard of living in the past. Then, too, there is nothing to prevent Mississippi's other smaller cities from emulating Tupelo to provide new bases for industrial growth.

The third and most important reason, interestingly enough, brings us full circle. We have seen the success of Mississippi's effort to balance her traditional cotton-oriented agriculture with industry, and we are now seeing more interest in attracting higher-wage, higher-technology industry. So, agriculture itself, especially in the fertile areas along the Mississippi River, offers a valuable economic

resource for raising and dispersing Mississippi income.

Cotton cultivation provides an anchor, and will continue to provide an anchor as long as Federal price subsidies remain in place. However, soybeans represent the State's most valuable and fastest-growing cash crop. Mississippi's share of national production is not so large as to preclude a substantial improvement of the share she provides, and in turn to capture a bigger slice of the many industrial processes which Mississippi soybeans now pass through outside the State. Fruits and vegetables offer another prospect for an expanded processing industry. So does the newer technology now permeating the State's oak and pine wood products in the eastern part of Mississippi, where particleboard plants, in particular, have been reaping the benefits of a national housing boom. Fifty years from now, we may find that Mississippi has come full circle back to agriculture—a new, more sophisticated agriculture—as a primary economic base.

A Quick Recap

Thus our 1972 survey of the Mississippi economy finds a strong recovery all across the State, with incomes and employment showing substantial gains. Looking more closely at the structure of the State's industrial base, we detected a shift in emphasis toward attracting higher-wage, higher-technology industry. Jackson and the Gulf Coast, as relatively urbanized areas, stand to be the industrial focal points of the 1970's and 1980's.■

Bank Announcements

August 1, 1972
BANK OF RIVERVIEW
Riverview, Florida

Opened for business as a nonmember. Officers: Charles R. Westfall, president; and Archie H. Jones, vice president and cashier. Capital, $450,000; surplus and other capital goods, $300,000.

August 1, 1972
CARROLLTON STATE BANK
Carrollton, Georgia

Open for business as a nonmember. Officer: Paul B. Christenbury, president.

August 1, 1972
THE PEOPLES BANK AT SELMA MALL, NATIONAL ASSOCIATION
Selma, Alabama

Opened for business as a member. Officers: Rex J. Morthland, chairman; B. F. Wilson, president; R. P. Morthland, vice president; and Schuster Siegel, vice president and cashier. Capital, $200,000; surplus and other capital funds, $300,000.

August 10, 1972
HENRY COUNTY BANK
Abbeville, Alabama

Opened for business as a nonmember. Officers: Donald F. Oakley, president; and Guy F. Medley, vice president and cashier.

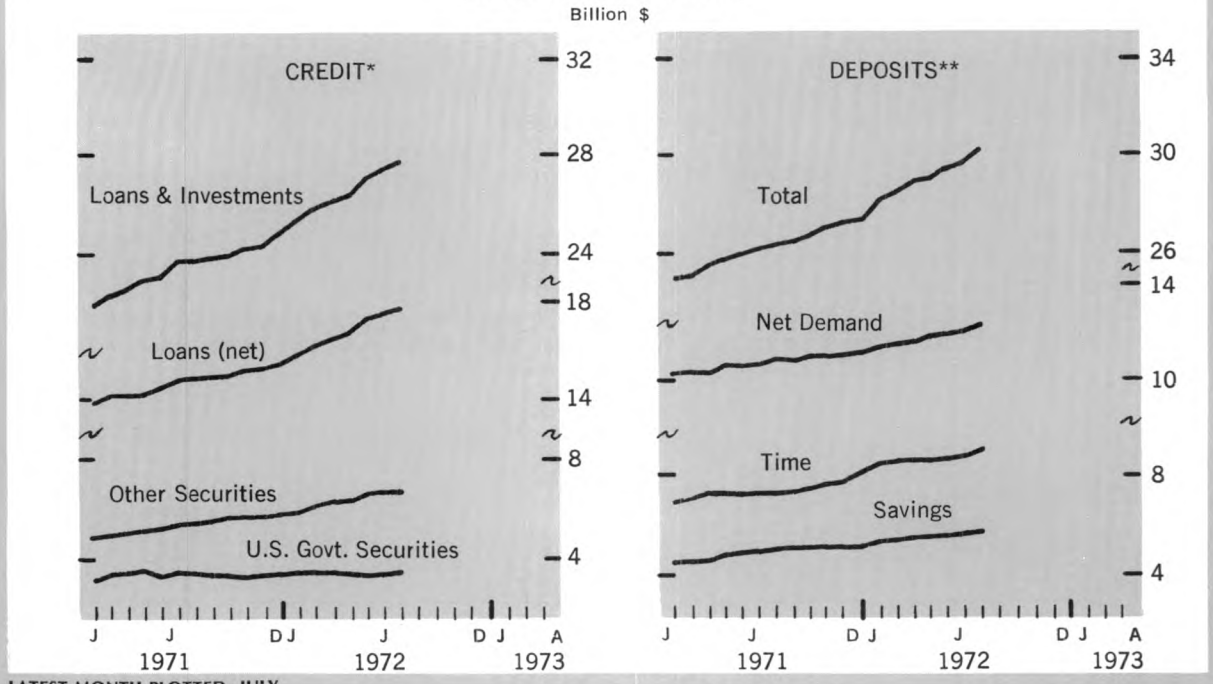
August 15, 1972
THE AMERICAN BANK
St. Petersburg, Florida

Opened for business as a nonmember.

August 18, 1972
BANK OF THE SOUTHEAST
Birmingham, Alabama

Opened for business as a nonmember. Officers: W. Cassell Stewart, chairman; C. Pratt Rather, Jr., president and chief executive officer; J. Gaston Demonson, vice president and cashier; and Howard W. Cater, Jr., assistant vice president. Capital, $1,000,000; surplus and other capital funds, $1,000,000.

BANKING STATISTICS



LATEST MONTH PLOTTED: JULY

* Figures are for the last Wednesday of each month.

** Daily average figures

SIXTH DISTRICT

BANKING NOTES

CREDIT AT SIXTH DISTRICT MEMBER BANKS

% Change, Annual Rate, December 1971 to June 1972

	Loans	Investments
DISTRICT	22.0	17.0
ALABAMA	17.6	6.8
Anniston-Gadsden	20.4	1.0
Birmingham	15.6	1.8
Dothan	19.0	7.3
Mobile	12.6	20.7
Montgomery	15.4	15.7
FLORIDA	21.8	20.2
Jacksonville	21.0	20.0
Miami	20.8	18.3
Orlando	30.7	31.5
Pensacola	30.0	14.3
Tampa-St. Petersburg	19.6	18.9
MISSISSIPPI*	17.5	28.4
Jackson	18.6	39.0
Hattiesburg-Laurel-Meridian	21.8	7.5
Natchez	6.6	15.3
GEORGIA	28.8	16.5
Atlanta	29.2	18.2
Augusta	28.4	19.6
Columbus	18.4	20.1
Macon	24.6	19.8
Savannah	21.8	42.7
South Georgia	24.9	9.9
LOUISIANA*	13.0	7.1
Alexandria-Lake Charles	19.2	7.8
Baton Rouge	10.0	1.5
Lafayette-Iberia-Houma	3.2	13.0
New Orleans	19.6	8.5
TENNESSEE*	23.6	10.6
Chattanooga	21.0	−9.8
Knoxville	14.6	6.0
Nashville	26.4	16.1
Tri-Cities	17.6	5.3

Note: Figures shown (not seasonally adjusted) are for trade and banking areas, which include several counties surrounding central cities. Boundaries of some areas do not coincide with state lines.

*Trade and banking areas in Sixth District portion of state.

DISTRICT BANKS: LOANS AND INVESTMENTS EXPAND SHARPLY

During the first half of 1972, District member banks expanded their loans and investments (bank credit) by $2.4 billion—an all-time record volume. This expansion in bank credit represents a seasonally adjusted annual increase of over 20 percent, almost twice the national rate.

An exceptionally strong loan growth accounted for the bulk of this increase in bank credit, with member banks adding over $1.7 billion in loans—equal to a 22-percent[1] increase. Dollarwise *and* percentagewise, total loan growth was greater than that achieved in the first half of any other year and equaled 90 percent of total loan growth during all of 1971. Moreover, the dollar increases in total loans were greater than in any year prior to 1971, still another indication of the recent loan strength.

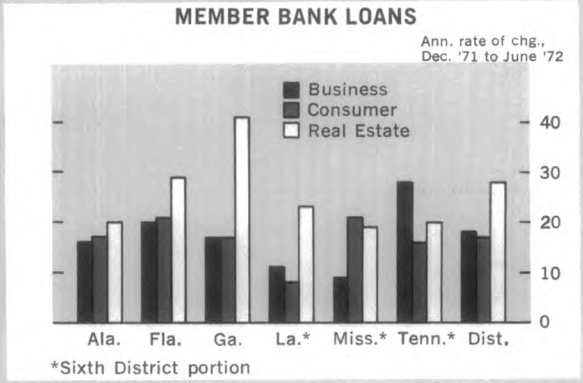
While member banks were trying to satisfy strong loan demands, they also increased their investment holdings by 18 percent. The entire $.7-billion investment increase was centered in state and municipal securities as member banks followed expected seasonal patterns by slightly reducing their holdings of U. S. Government securities.

Strong loan growth was not limited to the largest member banks but took place at medium- and small-sized banks as well. Loan growth at the 32 largest banks averaged 23 percent, and at the remaining 536 banks, 21 percent. Small banks (those with total deposits of $25 million or less) increased their total loans by slightly over 20 percent.

Loan growth was broadly distributed throughout the District, ranging between 13 percent for the District portion of Louisiana (southern half) and 29 percent for Georgia. Among individual trade and banking areas, Orlando led the way (see table on previous page).

As one might expect, the greatest dollar growth occurred in the "big three" loan categories—real estate loans, consumer loans, and business loans. Each of these increased by roughly $.5 billion, and, together, make up nine-tenths of the District's member bank total loans. While real estate loans and consumer loans have shown continued strength since last year, the strong advance in business loans is in sharp contrast with last year's sluggish performance. Business loan dollar growth achieved during the first half of 1972 almost equaled that during *all* of 1971.

Percentagewise, the category, loans to other financial institutions, showed the largest rise; and loans to farmers, the smallest. The "big three" fell in-between.



MEMBER BANK LOANS INCREASE RAPIDLY

Business	18%	Real estate	28%
Consumer	17%		
Instalment	19%	1-4 family residences	25%
Automobile	26%		
Mobile home	29%	Multifamily residences	80%
Single payment	14%		
Farm	10%		
Financial institutions	34%	Nonfarm nonresidential	25%

Note: Figures shown represent percentage changes, at an annual rate, between December 1971 and June 1972. Several subcategories are omitted.

Two categories of real estate loans—those secured by 1 to 4 family residential properties and those secured by nonfarm, nonresidential properties (e.g., business, industrial, fraternal, or church)—each were up one-fourth and were responsible for most of the dollar increase in real estate loans. This growth in real estate loans was vigorous in all District states.

Business loan gains (seasonally adjusted) at the 32 largest member banks, which account for half of the outstanding member bank loans, were more than twice the national growth rate. Reports on the first half of 1972 from 23 large banks (who report by borrower's business) indicate that the categories experiencing the greatest increases were construction (up 48 percent), service (up 28 percent), and trade loans (up 24 percent). Mining was the only category that showed a decline.

Consumer instalment loans, which account for nearly three-fourths of member bank consumer loans, advanced 19 percent. Automobile loans made up more than half of the dollar increase in total consumer instalment lending; mobile home lending, an ever-growing portion of bank consumer instalment debt, registered the greatest percentage increase.

JOSEPH E. ROSSMAN, JR.

[1]For consistency, all percentages in this article have been expressed as annual rates. Unless indicated, data have not been seasonally adjusted.

Note: A more detailed tabulation of changes in loans, derived from the Reports of Condition, is available on request.

Sixth District Statistics

Seasonally Adjusted

(All data are indexes, unless indicated otherwise.)

	Latest Month 1972		One Month Ago	Two Months Ago	One Year Ago
SIXTH DISTRICT					
INCOME AND SPENDING					
Manufacturing Payrolls	July	146	146	144	134
Farm Cash Receipts	June	135	114	133	135
Crops	June	151	151	140	167
Livestock	June	138	107	139	130
Instalment Credit at Banks* (Mil. $)					
New Loans	July	447	452	465	381
Repayments	July	416	392	404	364
EMPLOYMENT AND PRODUCTION					
Nonfarm Employment	July	116	116	116	113
Manufacturing	July	108	108	108	106
Nondurable Goods	July	108	109	108	107
Food	July	101	102	103	101
Textiles	July	105	105	105	103
Apparel	July	107	105	105	107
Paper	July	111	111	110	108
Printing and Publishing	July	115	115	115	114
Chemicals	July	104	104	105	105
Durable Goods	July	108	108	107	104
Lbr., Wood Prods., Furn. & Fix.	July	103	102	102	99
Stone, Clay, and Glass	July	111	110	111	107
Primary Metals	July	108	104	106	104
Fabricated Metals	July	116	117	118	116
Machinery	July	125	125	123	116
Transportation Equipment	July	101	102	101	103
Nonmanufacturing	July	119	119	119	114
Construction	July	109	109	111	107
Transportation	July	116	116	116	112
Trade	July	119	119	119	116
Fin., ins., and real est.	July	125	125	125	121
Services	July	124	124	123	119
Federal Government	July	98	98	100	99
State and Local Government	July	127	126	125	119
Farm Employment	July	86	86	90	88
Unemployment Rate (Percent of Work Force)	July	4.3	4.2	4.3	4.8
Insured Unemployment (Percent of Cov. Emp.)	July	2.4	2.4	2.3	2.8
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	41.0	41.1	41.0	40.6
Construction Contracts*	July	189	195	238	172
Residential	July	251	247	259	181
All Other	July	127	143	217	164
Electric Power Production**	April	173	168	176	168
Cotton Consumption**	June	87	86	85	89
Petrol. Prod. in Coastal La. and Miss.**	Aug.	125	123	124	127
Manufacturing Production	May	271	269	268	254
Nondurable Goods	May	233	234	231	219
Food	May	186	185	184	177
Textiles	May	268	266	264	243
Apparel	May	286	290	287	278
Paper	May	215	215	211	200
Printing and Publishing	May	163	164	164	166
Chemicals	May	297	299	294	261
Durable Goods	May	318	311	314	296
Lumber and Wood	May	193	193	190	174
Furniture and Fixtures	May	184	183	179	177
Stone, Clay, and Glass	May	181	185	187	166
Primary Metals	May	205	200	202	211
Fabricated Metals	May	270	267	266	241
Nonelectrical Machinery	May	409	398	396	386
Electrical Machinery	May	708	650	652	614
Transportation Equipment	May	407	413	425	389
FINANCE AND BANKING					
Loans*					
All Member Banks	July	184	181	177	154
Large Banks	July	170	168	165	141
Deposits*					
All Member Banks	July	169	165	166	146
Large Banks	July	150	145	148	130
Bank Debits*/**	July	191	192	184	165
ALABAMA					
INCOME					
Manufacturing Payrolls	July	144	146	143	129
Farm Cash Receipts	June	145	62	162	157
EMPLOYMENT					
Nonfarm Employment	July	108	108	108	107
Manufacturing	July	107	107	107	107
Nonmanufacturing	July	109	109	109	107
Construction	July	97	95	97	101
Farm Employment	July	75	76	83	79
Unemployment Rate (Percent of Work Force)	July	5.6	5.1	5.4	5.3
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	40.8	41.5	41.0	40.5
FINANCE AND BANKING					
Member Bank Loans	July	178	176	174	147
Member Bank Deposits	July	165	160	162	140
Bank Debits**	July	168	165	166	144
FLORIDA					
INCOME					
Manufacturing Payrolls	July	146	144	141	140
Farm Cash Receipts	June	159	140	131	147
EMPLOYMENT					
Nonfarm Employment	July	128	126	126	122
Manufacturing	July	111	111	110	109
Nonmanufacturing	July	131	129	129	125
Construction	July	131	132	132	129
Farm Employment	July	104	85	96	110
Unemployment Rate (Percent of Work Force)	July	3.7	3.5	3.7	4.0
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	41.7	41.3	41.2	40.8
FINANCE AND BANKING					
Member Bank Loans	July	201	196	194	167
Member Bank Deposits	July	191	185	186	165
Bank Debits**	July	223	219	210	191
GEORGIA					
INCOME					
Manufacturing Payrolls	July	141	144	144	131
Farm Cash Receipts	June	117	132	128	130
EMPLOYMENT					
Nonfarm Employment	July	115	115	115	113
Manufacturing	July	104	105	105	103
Nonmanufacturing	July	120	120	120	116
Construction	July	110	108	108	107
Farm Employment	July	78	80	87	82
Unemployment Rate (Percent of Work Force)	July	4.0	3.7	3.8	4.2
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	40.2	40.9	40.8	40.4
FINANCE AND BANKING					
Member Bank Loans	July	181	179	174	150
Member Bank Deposits	July	152	148	152	133
Bank Debits**	July	201	203	197	173
LOUISIANA					
INCOME					
Manufacturing Payrolls	July	139	137	132	124
Farm Cash Receipts	June	122	106	120	122
EMPLOYMENT					
Nonfarm Employment	July	107	107	107	104
Manufacturing	July	102	102	102	100
Nonmanufacturing	July	108	108	109	105
Construction	July	85	86	90	82
Farm Employment	July	83	75	85	77
Unemployment Rate (Percent of Work Force)	July	6.3	5.9	5.7	6.7
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	42.8	42.5	41.9	42.2
FINANCE AND BANKING					
Member Bank Loans*	July	161	159	154	136
Member Bank Deposits*	July	156	153	154	136
Bank Debits*/**	July	159	161	151	138
MISSISSIPPI					
INCOME					
Manufacturing Payrolls	July	169	167	164	142
Farm Cash Receipts	June	156	140	169	156
EMPLOYMENT					
Nonfarm Employment	July	114	114	114	111
Manufacturing	July	120	120	119	114
Nonmanufacturing	July	112	112	112	110
Construction	July	93	92	95	99
Farm Employment	July	87	88	91	96

	Latest Month 1972		One Month Ago	Two Months Ago	One Year Ago
Unemployment Rate (Percent of Work Force)	July	4.2	4.3	4.2	5.1
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	41.1	40.9	40.8	40.2
FINANCE AND BANKING					
Member Bank Loans*	July	180	183	180	159
Member Bank Deposits*	July	167	168	163	145
Bank Debits*/**	July	181	193	184	154
TENNESSEE					
INCOME					
Manufacturing Payrolls	July	150	147	147	137
Farm Cash Receipts	June	156	106	134	138
EMPLOYMENT					
Nonfarm Employment	July	116	115	115	111
Manufacturing	July	109	109	108	105
Nonmanufacturing	July	119	119	119	114
Construction	July	116	116	119	108
Farm Employment	July	88	92	91	89
Unemployment Rate (Percent of Work Force)	July	4.0	3.9	3.7	4.5
Avg. Weekly Hrs. in Mfg. (Hrs.)	July	40.7	40.5	40.8	40.2
FINANCE AND BANKING					
Member Bank Loans*	July	180	179	172	152
Member Bank Deposits*	July	163	158	159	137
Bank Debits*/**	July	161	173	154	147

*For Sixth District area only; other totals for entire six states **Daily average basis †Preliminary data r-Revised N.A. Not available

Note: Indexes for bank debits, construction contracts, cotton consumption, employment, farm cash receipts, loans, petroleum production, and payrolls: 1957=100.

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)

	July 1972	June 1972	July 1971	Percent Change: July 1972 from June 1972	Percent Change: July 1972 from July 1971	Percent Change: Year to date 7 mos. 1972 from 1971
STANDARD METROPOLITAN STATISTICAL AREAS						
Birmingham	2,769,381	2,749,881	2,309,264	+ 1	+20	+ 24
Gadsden	81,190	90,002	85,051	−10	− 5	− 1
Huntsville	257,365	263,750	237,308	− 2	+ 8	+ 2
Mobile	866,423	864,642	720,533	+ 0	+20	+ 17
Montgomery	503,880	508,634	467,933	− 1	+ 8	+ 9
Tuscaloosa	161,626	157,648	153,345	+ 3	+ 5	+ 8
**Bartow-Lakeland-Winter Haven	591,631	601,134	508,558	− 2	+16	+ 18
**Daytona Beach	329,470	306,412	252,839	+ 8	+30	+ 27
Ft. Lauderdale-Hollywood	1,509,452	1,621,908	1,235,326	− 7	+22	+ 16
**Ft. Myers	213,535	220,637	208,053	− 3	+ 3	+ 6
**Gainesville	191,272	214,393	173,135	−11	+10	+ 18
Jacksonville	3,118,999	3,325,793	2,659,702	− 6	+17	+ 23
**Melbourne-Titusville-Cocoa	341,191	371,080	287,674	− 8	+19	+ 15
Miami	4,998,964	5,191,506	4,876,063	− 4	+ 3	+ 11
Orlando	1,192,727	1,283,001	946,022	− 7	+26	+ 20
Pensacola	371,511	412,144	332,883	−10	+12	+ 9
**Sarasota	332,951	332,795	273,079	+ 0	+22	+ 24
Tallahassee	604,157	541,333	352,667	+12	+71	+100
Tampa-St. Pete	2,909,793	3,009,760	2,525,857	− 3	+15	+ 5
W. Palm Beach	854,781	884,897	751,195	− 3	+14	+ 7
Albany	162,706	168,257	139,321	− 3	+17	+ 16
Atlanta	10,683,049	11,393,197	9,477,851	− 6	+13	+ 17
Augusta	409,416	448,375	396,150	− 9	+ 3	+ 12
Columbus	363,273	365,907	340,076	− 1	+ 7	+ 10
Macon	453,096	453,632	394,973	− 0	+15	+ 14
Savannah	422,184	459,451	400,560	− 8	+ 5	+ 11
Alexandria	208,285	203,518	184,761	+ 2	+13	+ 12
Baton Rouge	1,304,546	1,103,748	955,593	+18	+37	+ 14
Lafayette	226,914	222,816	195,397	+ 2	+16	+ 15
Lake Charles	195,154	203,892	183,966	− 4	+ 6	+ 10
New Orleans	3,330,676	3,625,015	3,192,523r	− 8	+ 4	+ 6
Biloxi-Gulfport	215,913	227,293	190,397	− 5	+13	+ 14
Jackson	1,098,534	1,181,157	967,887	− 7	+13	+ 12
Chattanooga	945,746	1,003,684	999,497	− 6	− 5	+ 1
Knoxville	759,538	753,506	754,300	+ 1	+ 1	+ 6
Nashville	2,667,549	2,899,624	2,264,033	− 8	+18	+ 19
OTHER CENTERS						
Anniston	95,339	102,373	89,215	− 7	+ 7	+ 10
Dothan	119,906	125,106	116,913	− 4	+ 3	+ 14
Selma	58,121	58,800	53,027	− 1	+10	+ 12
Bradenton	129,056	141,513	119,798	− 9	+ 8	+ 21
Monroe County	57,611	58,223	48,913	− 1	+18	+ 17
Ocala	141,522	153,930	120,741	− 8	+17	+ 51
St. Augustine	29,226	32,090	29,956	− 9	− 2	+ 78
St. Petersburg	735,602	703,277	618,682r	+ 5	+19	+ 20
Tampa	1,414,660	1,508,443r	1,280,024r	− 6	+11	+ 16
Athens	148,519	158,144	171,011	− 6	−13	− 17
Brunswick	90,595	80,801	80,248	+12	+13	+ 18
Dalton	148,890	164,367r	130,516	− 9	+14	+ 19
Elberton	22,815	25,568	16,380	−11	+39	+ 27
Gainesville	105,615	106,878	97,148	− 1	+ 9	+ 5
Griffin	51,566	64,442	49,792	−20	+ 4	+ 9
LaGrange	31,350	33,332r	28,173	− 6	+11	+ 1
Newnan	47,869	52,104	36,893	− 8	+30	+ 30
Rome	123,286	124,304	119,486	− 1	+ 3	+ 14
Valdosta	84,468	84,361r	75,343	+ 0	+12	+ 15
Abbeville	14,149	15,947r	13,489	−11	+ 5	+ 8
Bunkie	8,490	8,643	8,773	− 2	− 3	+ 4
Hammond	60,550	56,421	57,448	+ 7	+ 5	+ 10
New Iberia	49,341	50,600	48,983	− 2	+ 1	+ 7
Plaquemine	15,218	16,658	15,472	− 9	− 2	+ 8
Thibodaux	31,902	30,346	26,594	+ 5	+20	+ 6
Hattiesburg	114,921	108,457	93,680	+ 6	+23	+ 15
Laurel	64,920	59,442	49,541	+ 9	+31	+ 15
Meridian	102,733	104,376	83,001	− 2	+24	+ 20
Natchez	47,764	59,506	45,104	−20	+ 6	+ 8
Pascagoula-Moss Point	131,110	153,635	99,138	−15	+32	+ 31
Vicksburg	59,088	59,516r	58,343	− 1	+ 1	+ 3
Yazoo City	37,556	36,515	38,622	+ 3	− 3	+ 4
Bristol	116,145	128,246	113,772	− 9	+ 2	+ 7
Johnson City	146,029	154,704	136,919	− 6	+ 7	+ 19
Kingsport	216,010	226,784	195,815	− 5	+10	+ 12
District Total	57,385,460	59,663,900r	50,756,682r	− 4	+13	+ 16
Alabama	6,625,552	6,587,714r	5,746,886	+ 1	+15	+ 19
Florida	19,600,956	20,381,692r	17,089,817	− 4	+15	+ 19
Georgia	15,663,604	16,506,218r	13,845,859	− 5	+13	+ 16
Louisiana†	6,303,560	6,421,404r	5,640,818r	− 2	+12	+ 9
Mississippi†	2,504,236	2,667,168r	2,173,094	− 6	+15	+ 15
Tennessee†	6,687,552	7,099,704r	6,260,208	− 6	+ 7	+ 11

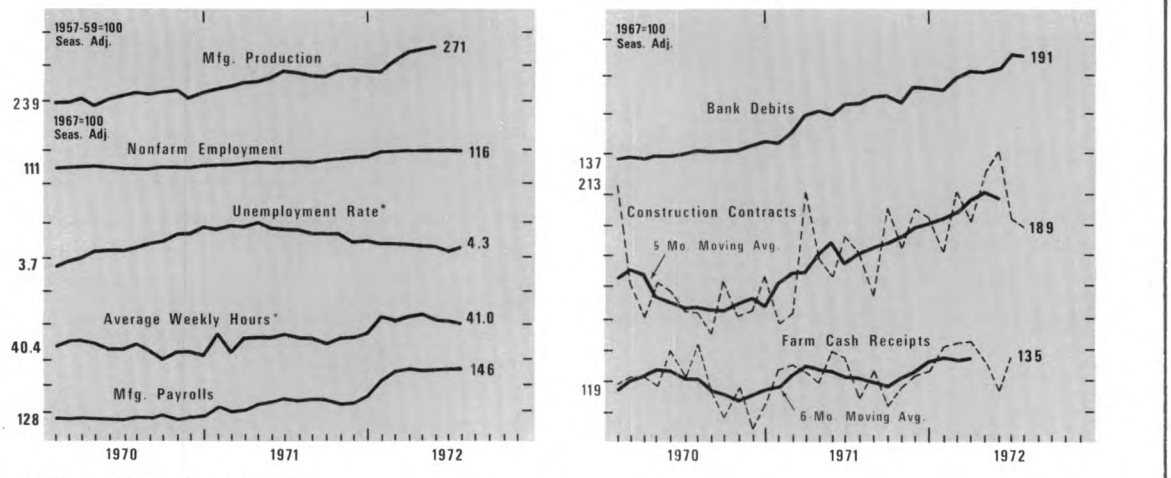
†District portion only

*Annual Rate. Also reflects statistical adjustment for trading days.

Figures for some areas differ slightly from preliminary figures published in "Bank Debits and Deposit Turnover" by Board of Governors of the Federal Reserve System.

**New Standard Metropolitan Statistical Areas. Data from 1964 forward available upon request.

District Business Conditions



*Seas. adj. figure; not an index
Latest plotting: July—except mfg. production, May and farm receipts, June.

The region's economy is still expanding. In July, nonfarm employment, farm incomes, and farm prices rose; construction activity declined slightly. Bank lending increased moderately. Although consumer borrowing and automobile purchases grew less than they had in earlier months of this year, they ran well ahead of levels recorded a year ago.

July's gains in nonfarm jobs were concentrated outside the manufacturing sector. The employment increases were spread evenly among all nonmanufacturing industries. Manufacturing employment remained near its June level; however, average factory hours declined fractionally. As a result of a sharp pickup in labor force growth, the unemployment rate rose slightly.

Despite declines in prices of cotton, rice, and oranges, prices paid for farm products in July moved up from the previous month and remained above year-ago levels. Soaring prices in the livestock sector accounted for most of the gain. In August, cattle prices appeared to weaken, while broiler and egg prices advanced and tobacco prices set record highs. Farm cash receipts continued substantially above last year's level; Florida's rate of gain continued to lead the District. It is estimated that cotton production in 1972 will be one-fourth higher than in 1971, with Mississippi accounting for most of the region's increase.

The value of construction contract awards in July drifted downward. Nonresidential awards declined, since building by manufacturers continued to lag. With residential mortgage rates showing little change and inflows at thrift institutions continuing at a high rate, residential awards were stable.

While continuing to grow, bank lending appears to have moderated from the rapid pace of the springtime. Borrowing from the Federal Reserve Bank of Atlanta steadily increased during the summer as the Federal funds market tightened up. Many of the banks outside of the largest District cities continued to attract substantial amounts of consumer time deposits, while the largest banks gained interest-bearing deposits by issuing large-denomination CD's to state and local governments. Many banks advanced their prime lending rate from 5¼ percent to 5½ percent in late August.

Consumer instalment credit outstanding at commercial banks grew less vigorously in July than in recent months. Net extensions of both auto loans and personal loans were weak relative to the average for the first half of the year but were above year-ago levels. Net extensions of loans for repair and modernization and for purchases of consumer goods other than autos continued at high levels. Sales of domestically produced autos were unusually strong for July.

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