

# Monthly Review

January

Federal Reserve Bank of Atlanta - 1973

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# The Southeast in 1972: Matches Fast U. S. Pace

by Harry Brandt

The titles of other articles in this Review testify to an important fact: By all accounts, economic activity in the Southeast in 1972 was up strongly from 1971. Personal income, jobs, and production all grew at a fast rate in the Sixth District states (Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee).

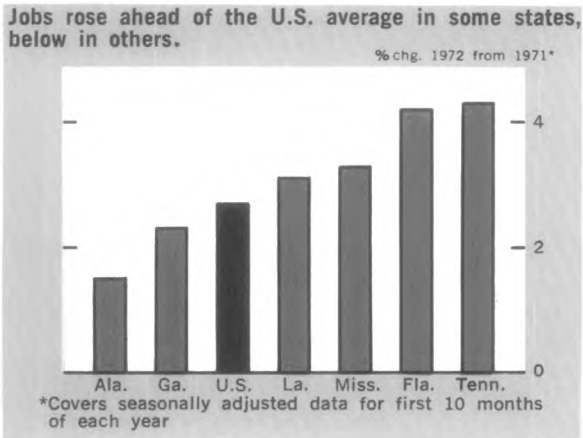
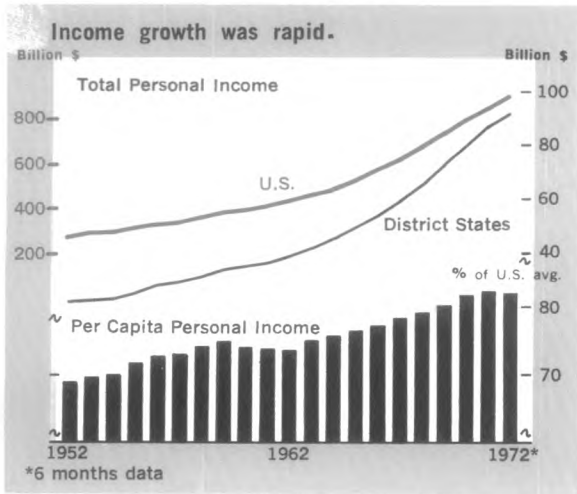
This cheerful news was, of course, not confined to the Southeast. The upsurge in the economy came at various rates to every region.

Because the Southeast for many years has grown faster than the rest of the nation, many Southerners probably expected their economy to boom even more during 1972. The six states' per capita income had climbed to 83 percent of the national average in 1971 from 74 percent ten years earlier. But, even though economic statistics available for 1972 point to tantalizing gains, those gains were not significantly faster than the nation's. The rate of personal income gain did not differ in the first half of 1972 from the U.S. average. Growth in several Southeastern states was indeed below the U.S. as a whole, and, on a per capita basis, the regional gain was smaller. Factory earnings for the first eleven months were under the nationwide advance, and total nonfarm jobs were just barely ahead of the U. S. increase. Though Southerners were better off than in 1971—in part because they also found inflation slowing—1972 on the whole was not much different for them than for other Americans.

Economists used to think that inflation caused consumers to rush into buying automobiles and other durable goods in an effort to beat further price increases. But by cutting into purchasing power and financial

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assets, inflation also may influence consumers to cut down on spending. In that view, less inflation induces freer spending habits. Certainly, this influence was present during 1972, judging from the confidence which Southerners exercised in their spending.

Without some controls, it seems doubtful whether inflation would have slowed as much as it did. Even the severest critics of the control program admit that it has done some good in holding down price increases, although there is disagreement over just how much impact it has had. Progress has been made on the inflation front, but inflation will continue to be a problem if the widespread expectations for a booming 1973 economy materialize. ■

## ANNOUNCEMENT

The Federal Reserve System paid the U. S. Treasury \$3,231,000,000 during 1972. Under a policy adopted by the Board of Governors at the end of 1964, the Federal Reserve Banks' net earnings (after statutory dividends to member banks and additions to surplus) are turned over to the U. S. Treasury as interest on Federal Reserve notes. The Reserve Banks' net earnings in 1972 amounted to \$3,378 million (less \$50 million principally due to losses on foreign exchange transactions); dividends, \$46 million; and additions to surplus, \$51 million.

## Bank Announcements

DECEMBER 8, 1972

### **BANK OF NORTH TAMPA**

*Tampa, Florida*

Opened for business as a par-remitting nonmember. Officers: Theodore J. Couch, chairman of the board and president; Donald N. Barum, executive vice president; William E. Joyce, cashier. Capital, \$600,000; surplus and other funds, \$350,000.

DECEMBER 19, 1972

### **CLEARWATER MALL COMMUNITY BANK**

*Clearwater, Florida*

Opened for business as a par-remitting nonmember. Officers: George Ruppel, president; Robert F. Guthrie, executive vice president. Capital, \$400,000; surplus and other funds, \$600,000.

DECEMBER 20, 1972

### **CITIZENS BANK OF GEORGIA**

*Stone Mountain, Georgia*

Admitted to membership in the Federal Reserve System.

DECEMBER 22, 1972

### **COLONIAL BANK**

*New Orleans, Louisiana*

Admitted to membership in the Federal Reserve System.

# Industry: A Rising Labor Demand

by William D. Toal

Economic growth can mean different things to different people. Although the fabric of a region's economy consists of many interwoven threads, one basic aspect of economic growth is its ability to create jobs for an enlarging labor supply. In 1972, the Southeastern economy demonstrated this by translating its output gains into a rising demand for labor, which eventually led to an increase in jobs.

Retail sales, construction, banking, and agriculture were all positive factors in the 1972 Southeastern economy. Manufacturing also contributed strongly, according to the Bank's index which showed hefty production increases. Both durable and nondurable goods output expanded more rapidly than in 1971 and at about the same pace as national manufacturing output.

Because of the stepped-up pace in manufacturing, retail sales, and construction, labor demand has risen sharply. The number of help-wanted advertisements in large city papers provides a rough index of changes in jobs available. A weighted average of help-wanted advertising for seven Southeastern metropolitan areas confirms a rise in labor demand that began in mid-1971 and continued without interruption through August 1972.<sup>1</sup> This weighted index had also indicated the earlier drop-off in jobs from late 1969 to 1970. In the past year and a half, the rise in labor demand, indicated by the help-wanted index, has grown faster than nationally.

Did this rising demand automatically result in tighter labor markets in the Southeast? For two reasons, the answer is no—at least, not immediately. First, initial increases in labor demand can be satisfied by existing jobholders extending hours

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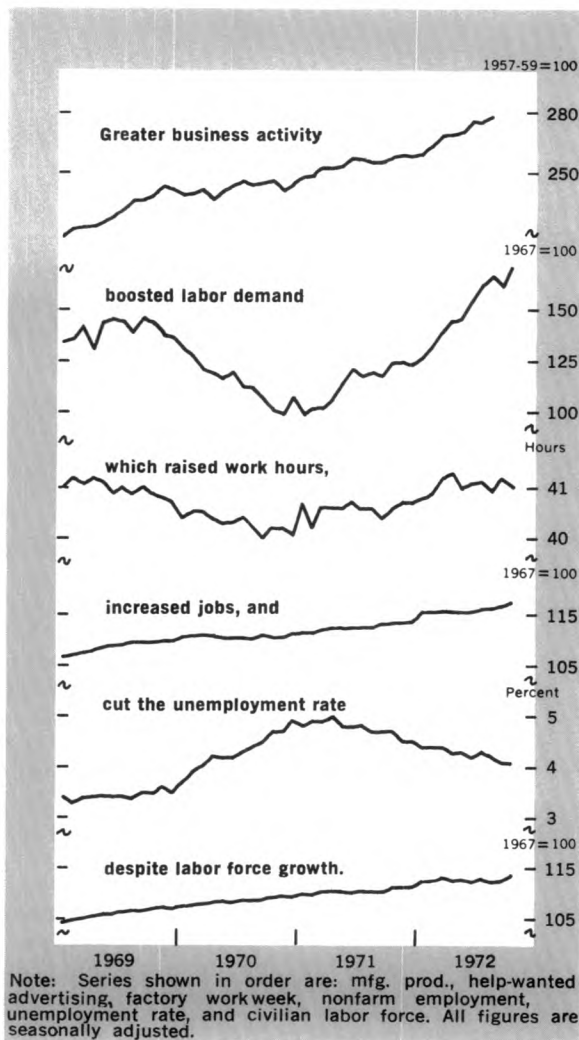
<sup>1</sup>The District help-wanted index is developed from help-wanted indexes tabulated by the Conference Board for seven Southeastern metropolitan areas: Atlanta, Jacksonville, Miami, Birmingham, New Orleans, Knoxville, and Nashville. The weights used are 1970 nonfarm employment in each metropolitan area as compared to total nonfarm employment in all seven areas. Employment in these seven metropolitan areas amounts to about 30 percent of District nonfarm employment.

worked per week. A decrease in work hours usually occurs in an economic downturn, thus leaving room for expansion when economic activity picks up. In 1971, labor demand began to rise (as measured by the help-wanted index). Employers initially reacted by lengthening their employees' hours in order to meet production schedules and sales; this limited initial employment gains.

As Southeastern labor demand rose further in 1972, employment gains began to increase. Although the workweek continued to lengthen slightly, more of the labor demand was satisfied by hiring additional workers. Services, trade, and state and local governments, only slightly affected by the 1970 recession, added jobs steadily throughout 1970, 1971, and 1972. Durable manufacturing jobs, on the other hand, declined in late 1969, increased in early 1971, and accelerated in 1972. Nondurable manufacturing followed a similar but less pronounced pattern. The rise in construction employment was less than one might have anticipated, considering the industry's robustness, though construction jobs rose in 1971 and early 1972. This strike-prone industry did, however, suffer a midyear industrial dispute which blunted further gains. Overall, Southeastern job growth, responding to the rising labor demand, picked up sharply in 1972, matching the pace of the Sixties. Although not true for each industry, job growth was enough to barely exceed the national pace which had also bounced back in 1972.

Even though employment gains began to push the Southeast's unemployment rate downward as early as mid-1971, the decline in the unemployment rate and consequent tightness in labor markets were less than generally expected for yet another reason: Labor force growth was very strong in 1972. During the previous two years, labor force growth had been less than the average rise during the Sixties. Workers who became discouraged at finding jobs left the labor force in 1970 and 1971; however, in 1972 many returned as jobs became available. The net result was greater-than-anticipated labor force growth in 1972, less tight labor markets, and higher unemployment rates than would have otherwise existed.

Despite a lengthening in the workweek and rapid growth in the labor force, increased labor demand did begin to push the region's unemployment rate downward from around 5 percent in mid-1971 to the 4-percent range by late 1972. Furthermore, the rise in labor demand was widespread. All seven metropolitan areas for which data are available posted gains in help-wanted ads from the previous year. The strongest of these gains was in Atlanta, the smallest in New Orleans. Unemployment statistics mirrored these geographic



differences in labor demand. For example, Atlanta, with strong labor demand, had a relatively low unemployment rate, while in metropolitan New Orleans, with weaker labor demand, the unemployment rate remained relatively high.

### The 1973 Job Picture

What does this revitalized Southeastern economy indicate for the region's labor markets in 1973? The momentum from the 1972 economy plus the rise in labor demand as reflected in the help-wanted index, suggest that continued job growth is highly likely. Additionally, the past two years of increase in average weekly hours suggests that significant lengthening of the workweek is not likely. Consequently, to further satisfy labor demands, more workers will be needed, spelling good news for job gains in the months to come. ■

# The Consumer: Becoming Confident

by **Brian D. Dittenhafer**

Rapid growth in the economy has restored consumer confidence. The resulting boom in spending accelerated throughout 1972 and has helped fuel a strong expansion of employment and production.

The most buoyant and expansive sector of consumer spending was automobile sales. Though Sixth District auto sales had already begun to rebound from the 1970 recession during early 1971, the prospect of an excise tax refund caused sales to jump in the latter part of the year. This was an expected consequence of the tax policy, so the rapid climb in sales was not surprising. What did surprise many people was the outstanding performance of auto sales throughout 1972. New car registrations in the Southeast were 12 percent higher in 1972 than in 1971. Adding to the strength of the auto buying boom was the purchase of light trucks as second vehicles by some consumers. If registrations of light trucks and autos are combined, a 15-percent increase in registrations is indicated (in the first ten months of 1972).

## **The Boom Spreads**

Beginning in the first quarter of 1972, sales of nonautomotive consumer goods also began to reach boom proportions. Department store sales in major Southeastern metropolitan areas reflect increased purchases of a wide variety of items. During the 1970 recession year, department store sales were virtually unchanged when inflation is taken into account; but in 1971, sales spurted 12 percent while the rate of inflation was slowing. During 1972, sales continued to grow at a quickening pace. Based on rate of change for the first three quarters, 1972 sales will exceed 1971's high level by at least 15 percent. If the consumer in the Southeast was following the national spending pattern, more of his dollars went for "big ticket" durable items such as household appliances and furniture, a trend consistent with the high level of 1972 housing starts.

The broadening range of purchases is also reflected in the growth of consumer instalment credit at District commercial banks. Lending patterns indicate a shift toward home repair and modernization and toward personal loans and loans for nonautomotive consumer goods. By far the largest dollar increase in consumer borrowing in 1972 was in the automotive category; however, the proportion of new credit used to finance auto purchases dropped to 51 percent from 62 percent in 1971. Meanwhile, both loans for home repairs and personal loans were enlarging their share of the total at the expense of auto loans.

## MOTOR VEHICLE REGISTRATIONS

Percent Increase 1972 from 1971\*

	Trucks	Autos	Total
Alabama	27.8	14.8	16.9
Florida	35.5	7.9	11.4
Georgia	31.9	8.9	12.6
Louisiana	28.3	14.2	16.7
Mississippi	39.0	19.0	23.2
Tennessee	35.9	16.0	19.3
District States	33.1	11.7	15.0

Source: Based on data supplied by R. L. Polk & Company.  
\*Based on figures for first ten months of each year.

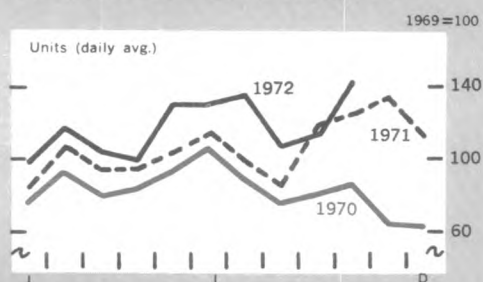
Consumers have indicated confidence in the continuation of economic expansion by their willingness to take on new debt. Historically, consumers have been reluctant to take on additional debt when they doubted their immediate prospects. In the past year, however, a declining unemployment rate, large employment increases, and rapidly rising incomes have relieved many consumers of economic anxiety. They have responded by spending more from current incomes and borrowing more against anticipated incomes.

These consumer attitudes are reflected in growth of instalment credit at the District's commercial banks. During 1970, consumers increased their borrowings by only 6.2 percent, but during 1971, when the business expansion was getting under way, consumer instalment credit outstanding grew by 10 percent, jumping an additional 16 percent over the twelve months ending in November 1972. Despite this rapid growth in debt, the consumer remains in a relatively strong financial position. Gains in personal income have been large, sustaining high levels of savings inflows to all types of thrift institutions during the past year. Expansion in savings deposits has ranged from 16 percent at savings and loan institutions to 18 percent at commercial banks. In short, the consumer seems in a good position to service the debt he has undertaken either by drawing down his savings deposits or spending more of his growing income. However, as is usually the case in an economic expansion, some increase in delinquency rates apparently has occurred.

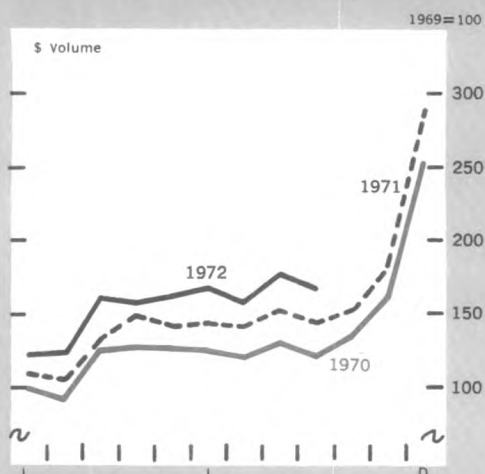
### The Outlook

Consumer spending is expected to be a strong element in the economy during 1973. Income has been growing rapidly as the national economy has gathered steam, and consumer confidence has been bolstered by large employment gains and declines in unemployment. Although the increase in consumer borrowing has been both rapid and

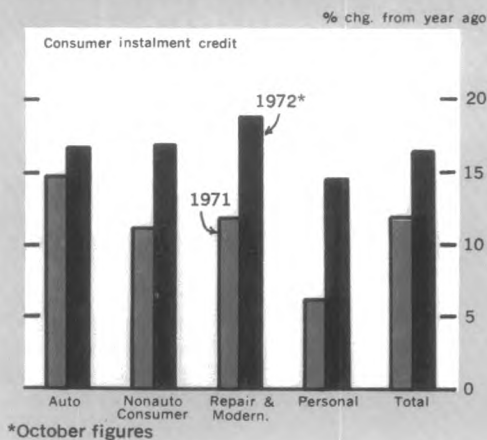
### District auto sales remain strong . . .



### department store sales join the expansion . . .



### and use of bank credit grows and broadens.



large, income and savings deposit growth indicates that the consumer is in a good position to service this debt. Large tax refunds in early 1973 should add to consumer spending already stimulated by a rapidly growing economy. ■

# Construction: More of the Same

by Boyd F. King

Construction activity grew rapidly in the region's economy in 1972 just as in 1971. Some details of this sector's performance differed from the year before and some new, transient forces were apparent. On the whole, however, construction activity bore out the conclusion of our 1971 report that "Most of the influences that accounted for the area's construction performance in 1971 seem likely to retain their force in 1972."

The value of all construction contract awards, a rough proxy for construction spending, rose to \$12.7 billion in the first 10 months of 1972 in the District states as compared with \$9.8 billion in the same period in 1971.<sup>1</sup> Residential contract awards accounted for all but \$100 million of this increase as the value of these awards approached \$8 billion and the number of dwelling units awarded rose to more than 430,000. Nonresidential construction activity continued during 1972 at levels prevailing during the last half of 1971.

## Residential Construction

Residential construction activity in the region was pushed to higher levels by strong demand arising from many years of relatively rapid urbanization, population and income growth, and slow residential building in 1969 and 1970. Combined with ample credit for interim and permanent financing of all types of residential structures, these demands produced in 1971 a steady rise in residential construction activity, continuing into 1972. Other forces, including a splurge of condominium construction specific mainly to Florida, added impetus.

Construction and mortgage credit conditions remained conducive to residential building in 1972. Interest rates on single-family residence mortgage loans and on construction loans declined slightly over the year in those areas from which reports are available. Savings inflows and mortgage lending at the region's savings and loan associations ran well ahead of 1971's record levels and the District's mortgage bankers found ready markets for residential mortgages at institutions both within and outside the Southeast.

<sup>1</sup>Construction contract awards data from F. W. Dodge Division, McGraw-Hill Information Systems Company.



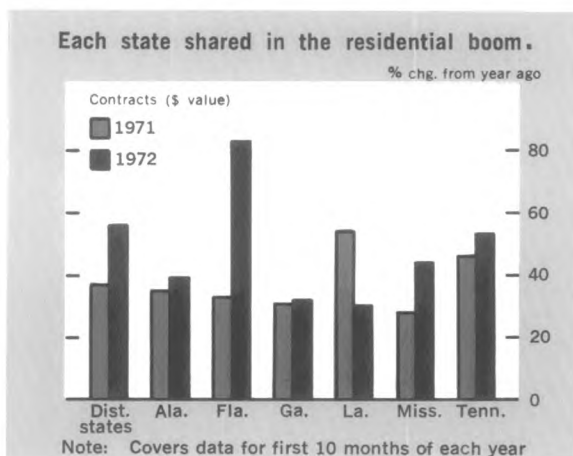
As in 1971, each of the District states recorded more than 30-percent growth in the value of residential contract awards in 1972. Only Georgia and Louisiana recorded growth rates below that of the nation, each suffering from soft markets for multi-unit housing in its large cities. Georgia had the only metropolitan area—Augusta—where contracts declined during the year.

Florida regained its regional lead in residential building. After lean years in 1970 and 1971, the Southeastern's population growth leader recorded a more than 80-percent increase in residential contracts and accounted for almost one-half of the region's total residential contract awards. Rapid growth occurred in each of Florida's metropolitan areas as many large multi-unit complexes were begun. Although continuing population growth and credit availability played major roles, Florida's 1972 growth was spurred in some areas by a moratorium on sewer connections for units on which building permits were issued after October 1.

### Nonresidential Construction

In 1972, monthly nonresidential construction contracts fluctuated around a level established in mid-1971. Large contracts were less frequent than in previous years.

The steadiness of nonresidential activity resulted from gains in commercial and public services construction balancing losses in manufacturing construction. Both commercial and public services construction are closely related to regional trends; the strength and growth of the regional economy buoyed this activity as it did residential building. There were fewer large



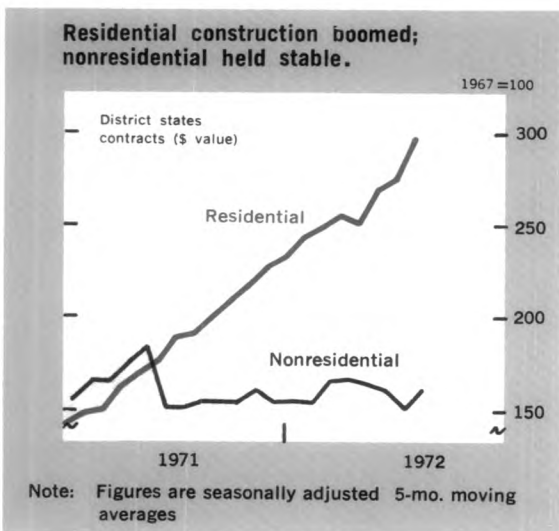
contracts for electric power plants than in the past four years, but there were more small contracts for electric power plants, hospitals, hotels and motels, and commercial buildings.

Factory construction contract awards in the District paralleled weak national spending for factory buildings. Southeastern industry shared low levels of capacity use, thus contracts for new plants declined over the year. Big contracts, which buoyed 1971's activity, were also absent in this type of construction.

### Outlook for 1973

Construction patterns will probably change in 1973. Residential building, while still supported by population and income growth, will lose some support from less permanent influences. Two boom years have cut the backlog of unsatisfied housing demand from 1969 and 1970. As other sectors of the economy continue to expand, more funds will probably be siphoned away from housing to finance inventory and plant and equipment spending. A further check on regional expansion of residential construction is the moratorium on sewer connections in some Florida areas, which could substantially cut activity in one of the region's fastest growing markets. Overbuilding may also adversely affect residential construction in some areas in 1973.

Lagging types of nonresidential construction seem likely to pick up in 1973 while growing types show little or no weakness. Expanded economic activity throughout the nation is apt to push manufacturers closer to capacity and accelerate plant and equipment additions in the Southeast. At the same time, announced bidding on public utility contracts presages a large volume of these awards in 1973, and no let-up in store, office, and warehouse contracts is evident. ■



# Agriculture: The Best Year Ever

by Gene D. Sullivan

When the record books have been completed, 1972 will stand out as the best year in history for District farmers. Growing demand for farm products resulted in rising prices and increased output for most agricultural commodities, producing record-breaking farm income in both the crop and livestock sectors. This was despite crop losses resulting from heavy rains during the harvest season. Although farm costs also rose, profits have increased and farmers have been encouraged to borrow more money to expand operations.

## Cash Receipts

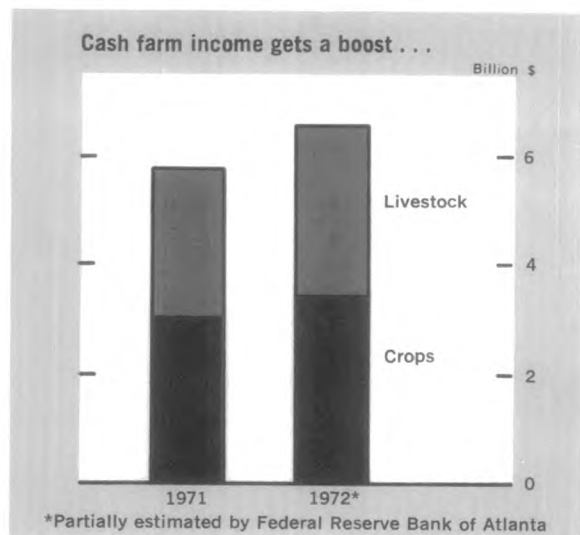
Throughout 1972, cash receipts from farm marketings ran ahead of year-ago levels. Early in 1972, the strongest push came from higher livestock prices. Later in the year, crop prices advanced also, helped in no small measure by Russia's grain purchases. Although prices of poultry, eggs, cotton, and citrus fruits sometimes ran counter to the trend, average annual prices still compared favorably with 1971's levels.

Cotton provided one of the strongest boosts to District farm income. The high prices of late 1971 and early 1972 stimulated farmers to raise output by about 15 percent. Although this increase came at the expense of grain output, the trade was a favorable one for District farmers.

## Farm Costs

In spite of control programs, prices paid by farmers for commodities and services showed the sharpest rise in recent years. Interest rates, wages, taxes, and prices of production items all registered significant increases. Only a slower rate of growth in living expenses held back increases in prices paid for commodities and services.

Higher prices and expanding output of crops and livestock resulted in



rapidly rising production expenses. Cash receipts rose even faster, however, creating larger net returns to farmers.

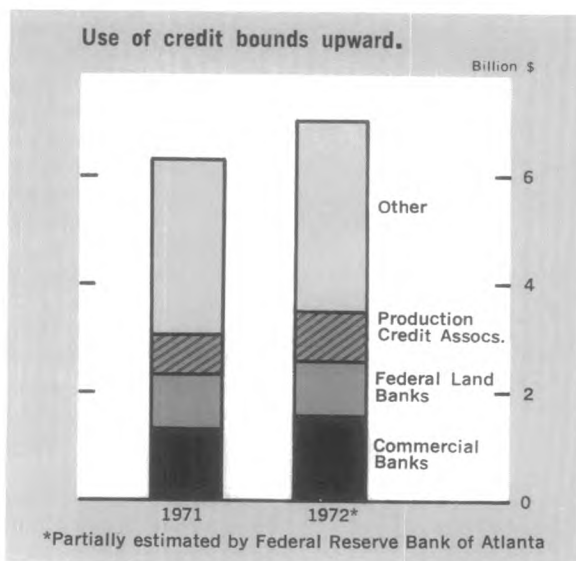
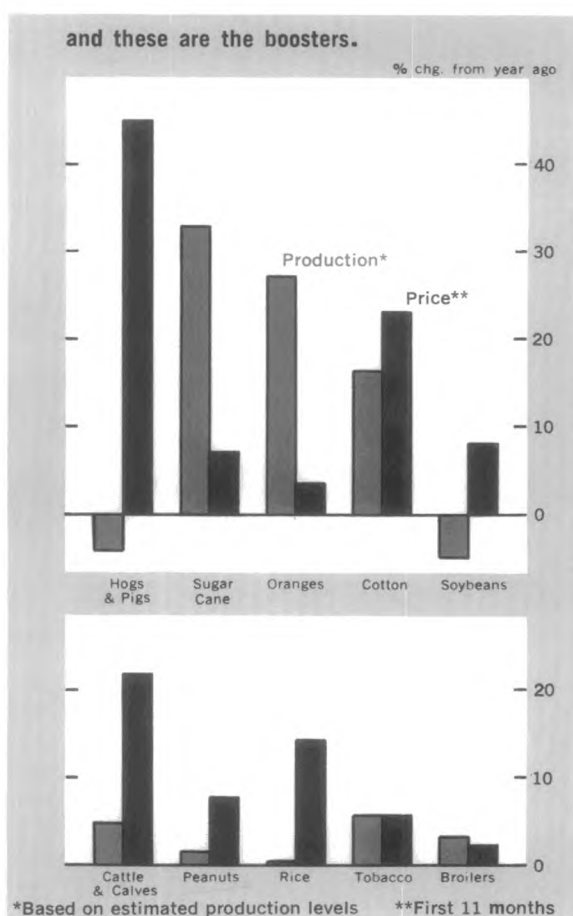
### Credit

Total agricultural credit reached an all-time high of \$6.3 billion in District states in 1971, but moved even higher in 1972. Increases in land purchases for farm enlargement, soaring nonreal estate capital needs, and expanded production have all fed the demand for farm credit.

Most lenders experienced favorable farm loan repayments in 1972. However, there were pockets where drouth severely restricted production and where heavy fall rains and flooding destroyed crops before they could be harvested. In these unfortunate areas, some loan carry-overs have been unavoidable.

### The Outlook

Favorable prices and increasing profits will stimulate further expansions in production, where allowed, in the year ahead. A reduction in cotton acreage allotments has been announced, but the diverted land will almost certainly be utilized to expand increasingly profitable soybean production. Livestock producers are likely to continue expanding output as rapidly as possible in response to 1972's unusually high prices. With no foreseeable letup in the brisk demand for food and feed products, 1973 could be a still better year for District farmers. ■



# Banking: Strong and Balanced Growth

by John M. Godfrey

As 1972 unfolded, it became increasingly clear that District banks would have their best year since 1968. As the economy showed signs of a robust advance, conditions seemed to be ideal for ensuring strong banking gains. In addition, monetary policy was supplying reserves at a strong pace—at least until early summer. Therefore, bankers had everything going for them: a strong deposit growth and a stronger economic pace increasing credit demands from more traditional types of borrowers. In short, 1972 was a year in which District banks achieved a strong and, notably, more balanced growth in deposits and credit.

Monetary policy was generally expansive during the year, enabling banks to expand deposits in line with the economic upturn. However, beginning in June there was a noticeable tightening in reserve positions of Sixth District member banks as credit demands strengthened relative to the banks' ability to meet them. Borrowing from the Federal Reserve Bank of Atlanta was virtually nonexistent prior to June, but then picked up and remained at moderate levels throughout the rest of the year. At the same time, many banks also increased their use of the Federal funds market. Those banks with excess reserves stepped up Federal funds sales as interest rates rose, while banks in need of additional funds bought more overnight reserves.

Total member bank deposits in this region were up over 16 percent during the year, a somewhat faster pace than in 1971. Demand deposit growth was generally stronger throughout 1972; interest-bearing deposits, however, continued to provide the bulk of District deposit gains. Consumers added large amounts to passbook savings accounts and "other" time deposits. Many large banks actively competed for additional deposits by raising offering rates on large-denomination CD's. Business firms accounted for over one-half of the year's nearly 50-percent advance in these money market instruments. In addition, state and local governments placed substantial amounts of surplus funds in local banks at interest. These additional funds were the result of (1) greater-than-anticipated tax receipts generated by strong economic gains and tax rate increases and (2) federal revenue sharing distributions.

Improved economic conditions increased demands on local banks to make

loans and to purchase investments. As a result, total member bank credit advanced over 20 percent and banks achieved a better balance in their credit expansion. In particular, sectors where credit requests had been weak developed considerable strength.

Bank lending advanced 24 percent during 1972, up sharply over the previous year's weaker 14 percent gain. Consumer borrowing increased notably as consumer instalment credit demands broadened to include more than just a strong auto loan demand. Real estate lending rose in line with vigorous gains in single and multifamily residential construction.

Borrowing by commercial and industrial firms was one type of bank credit gaining considerable strength in 1972. The growing economic recovery caused business firms to take down new lines of credit after repaying substantial amounts the year before. The lending rate posted by many large District banks also reflected renewed credit demands: The prime rate at the beginning of 1972 started at 5¼ percent, dipped to 4¾ percent by March, and by the end of the year had increased to 6 percent.

Two strong sectors of the regional economy—wholesale and retail trade and service firms—had sharp loan gains at large District banks. Construction firms were in need of much additional working capital as many new construction projects were started. In the manufacturing industries, textiles and apparel, fabricated metals, food products, and chemicals and rubber were net borrowers after generally reducing bank loans during most of 1971.

Not only have many large banks experienced a better balance in the type of business borrowers, but

#### SIXTH DISTRICT MEMBER BANKS Percentage Change: Nov. 1972 from Nov. 1971

	Deposits	Loans	Investments
<b>ALABAMA</b>	15.7	20.3	18.8
Anniston-Gadsden	12.4	16.8	5.7
Birmingham	14.4	22.6	16.9
Dothan	17.5	18.5	16.3
Mobile	19.7	15.9	30.4
Montgomery	19.1	22.7	22.8
<b>FLORIDA</b>	18.5	26.0	15.7
Jacksonville	14.0	13.9	-1.6
Miami	20.5	29.3	15.8
Orlando	17.3	34.4	24.4
Pensacola	16.8	24.2	7.3
Tampa-St. Petersburg	17.9	22.8	18.2
<b>GEORGIA</b>	16.2	29.8	13.2
Atlanta	16.7	33.6	15.4
Augusta	20.6	27.7	8.0
Columbus	15.4	14.3	14.4
Macon	7.2	19.4	-4.5
Savannah	15.1	18.9	3.7
South Georgia	13.8	14.7	25.8
<b>LOUISIANA</b>	10.7	19.7	5.2
Alexandria-Lake Charles	11.8	22.7	5.1
Baton Rouge	12.3	17.2	8.2
Lafayette-Iberia-Houma	12.2	12.8	13.5
New Orleans	9.9	20.6	3.7
<b>MISSISSIPPI</b>	16.3	19.7	16.2
Jackson	14.3	16.4	18.2
Hattiesburg-Laurel-			
Meridian	17.6	24.1	8.8
Natchez	16.2	16.2	24.8
<b>TENNESSEE</b>	17.9	21.6	16.0
Chattanooga	10.9	17.4	13.7
Knoxville	5.0	6.6	5.2
Nashville	24.2	27.9	17.8
Tri-Cities	11.6	12.2	20.1
<b>SIXTH DISTRICT TOTAL</b>	<b>16.5</b>	<b>24.2</b>	<b>14.3</b>

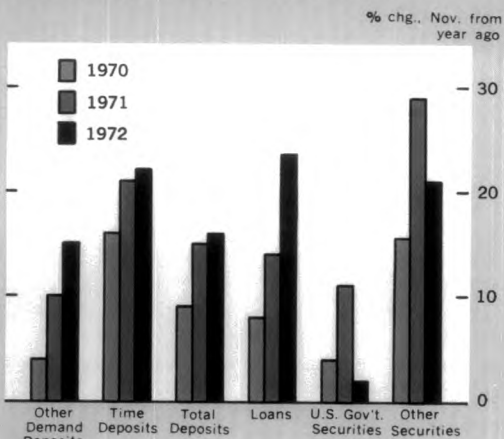
Note: State figures include only District portions. Other data are for trade and banking areas.

also in the maturity of loans. Most business credit extended in 1971 was for less than one year, but in 1972 a much larger amount consisted of intermediate- and long-term credit. Term credit advanced by more than \$185 million in the first eleven months of 1972 in sharp contrast to the \$40-million increase during the previous year.

District banks were not faced with the necessity of rebuilding liquidity in 1972 as in the previous two years. Changes in their investment portfolios during 1972 indicated a general desire to increase yields and current income. Reflecting this, their U.S. Treasury investments were virtually unchanged. Many banks, however, did liquidate short- and medium-maturity Governments while adding higher yielding, longer-maturity securities. Holdings of municipal obligations and U.S. agency issues, in turn, advanced more than 20 percent.

When the final results are in, District banks should find 1972 was a good year. Banks were able to expand deposits without much effort and without paying appreciably higher interest rates for them. At the same time, banks satisfied their loan customers to a great extent. As a further result, bank earnings in 1972 should show a noticeable improvement in contrast to the last several years. ■

#### Deposit and loan growth accelerated.



Note: Figures cover member banks

# Sixth District Statistics

## Seasonally Adjusted

(All data are indexes, unless indicated otherwise.)

	Latest 1972	Month 1972	One Month Ago	Two Months Ago	One Year Ago		Latest 1972	Month 1972	One Month Ago	Two Months Ago	One Year Ago
<b>SIXTH DISTRICT</b>											
<b>INCOME AND SPENDING</b>											
Manufacturing Payrolls . . . . .	Nov.	152	151	149	137	Unemployment Rate (Percent of Work Force) . . . . .	Nov.	4.2	4.4	4.8	5.4
Farm Cash Receipts . . . . .	Oct.	141	122	138	116	Avg. Weekly Hrs. in Mfg. (Hrs.) . . . . .	Nov.	41.1	40.8	41.0	40.8
Crops . . . . .	Oct.	125	94	140	105	<b>FINANCE AND BANKING</b>					
Livestock . . . . .	Oct.	149	154	142	116	Member Bank Loans . . . . .	Nov.	194	187	183	162
Installment Credit at Banks* (Mil. \$)						Member Bank Deposits . . . . .	Nov.	172	171	168	149
New Loans . . . . .	Nov.	487	505	444	442	Bank Debits** . . . . .	Nov.	183	179	181	159
Repayments . . . . .	Nov.	415	424	388	364	<b>FLORIDA</b>					
<b>EMPLOYMENT AND PRODUCTION</b>						<b>INCOME</b>					
Nonfarm Employment . . . . .	Nov.	118	118	117	114	Manufacturing Payrolls . . . . .	Nov.	154	154	151	142
Manufacturing . . . . .	Nov.	110	110	109	105	Farm Cash Receipts . . . . .	Oct.	197	169	140	177
Nondurable Goods . . . . .	Nov.	109	109	109	107	<b>EMPLOYMENT</b>					
Food . . . . .	Nov.	103	103	102	101	Nonfarm Employment . . . . .	Nov.	130	129	128	123
Textiles . . . . .	Nov.	106	106	105	103	Manufacturing . . . . .	Nov.	114	114	113	109
Apparel . . . . .	Nov.	108	107	106	108	Nonmanufacturing . . . . .	Nov.	133	132	131	126
Paper . . . . .	Nov.	110	111	110	110	Construction . . . . .	Nov.	140	139	135	131
Printing and Publishing . . . . .	Nov.	117	117	116	113	Farm Employment . . . . .	Nov.	94	99	106	96
Chemicals . . . . .	Nov.	105	105	105	105	Unemployment Rate (Percent of Work Force) . . . . .	Nov.	3.1	3.3	3.3	3.9
Durable Goods . . . . .	Nov.	111	111	110	105	Avg. Weekly Hrs. in Mfg. (Hrs.) . . . . .	Nov.	41.4	41.6	41.4	40.6
Lbr., Wood Prods., Furn. & Fix. . . . .	Nov.	106	105	104	101	<b>FINANCE AND BANKING</b>					
Stone, Clay, and Glass . . . . .	Nov.	114	113	112	109	Member Bank Loans . . . . .	Nov.	224	220	213	178
Primary Metals . . . . .	Nov.	111	110	110	101	Member Bank Deposits . . . . .	Nov.	200	202	197	169
Fabricated Metals . . . . .	Nov.	120	119	118	115	Bank Debits** . . . . .	Nov.	238	235	227	197
Machinery . . . . .	Nov.	131	130	128	119	<b>GEORGIA</b>					
Transportation Equipment . . . . .	Nov.	103	103	103	104	<b>INCOME</b>					
Nonmanufacturing . . . . .	Nov.	121	120	120	115	Manufacturing Payrolls . . . . .	Nov.	147	145	145	134
Construction . . . . .	Nov.	113	113	111	110	Farm Cash Receipts . . . . .	Oct.	166	105	115	108
Transportation . . . . .	Nov.	103	103	103	104	<b>EMPLOYMENT</b>					
Trade . . . . .	Nov.	120	120	119	116	Nonfarm Employment . . . . .	Nov.	117	116	116	114
Fin., ins., and real est. . . . .	Nov.	128	127	127	122	Manufacturing . . . . .	Nov.	106	106	105	104
Services . . . . .	Nov.	126	125	125	122	Nonmanufacturing . . . . .	Nov.	122	121	121	118
Federal Government . . . . .	Nov.	100	99	99	101	Construction . . . . .	Nov.	111	112	110	111
State and Local Government . . . . .	Nov.	128	127	127	120	Farm Employment . . . . .	Nov.	84	84	84	91
Farm Employment . . . . .	Nov.	84	85	84	86	Unemployment Rate (Percent of Work Force) . . . . .	Nov.	3.7	4.2	3.9	3.7
Unemployment Rate (Percent of Work Force) . . . . .	Nov.	3.9	4.1	4.1	4.5	Avg. Weekly Hrs. in Mfg. (Hrs.) . . . . .	Nov.	40.5	40.6	41.2	40.5
Insured Unemployment (Percent of Cov. Emp.) . . . . .	Nov.	1.8	2.0	2.1	2.7	<b>FINANCE AND BANKING</b>					
Avg. Weekly Hrs. in Mfg. (Hrs.) . . . . .	Nov.	41.0	41.1	41.2	40.7	Member Bank Loans . . . . .	Nov.	198	187	190	152
Construction Contracts* . . . . .	Nov.	297	310	218	200	Member Bank Deposits . . . . .	Nov.	156	160	157	134
Residential . . . . .	Nov.	324	358	320	229	Bank Debits** . . . . .	Nov.	218	209	209	181
All Other . . . . .	Nov.	270	263	119	171	<b>LOUISIANA</b>					
Electric Power Production** . . . . .	July	186	179	174	167	<b>INCOME</b>					
Cotton Consumption** . . . . .	Oct.	81	82	81	86	Manufacturing Payrolls . . . . .	Nov.	140	141	140	128
Petroleum Production**/†† . . . . .	Dec.	123	122	129	119	Farm Cash Receipts . . . . .	Oct.	128	95	173	120
Manufacturing Production . . . . .	Aug.	279	275	277	255	<b>EMPLOYMENT</b>					
Nondurable Goods . . . . .	Aug.	234	235	237	219	Nonfarm Employment . . . . .	Nov.	108	108	107	105
Food . . . . .	Aug.	185	185	187	175	Manufacturing . . . . .	Nov.	101	101	102	100
Textiles . . . . .	Aug.	275	271	272	252	Nonmanufacturing . . . . .	Nov.	109	109	108	106
Apparel . . . . .	Aug.	275	282	290	269	Construction . . . . .	Nov.	87	86	85	86
Paper . . . . .	Aug.	221	220	218	209	Farm Employment . . . . .	Nov.	80	80	76	75
Printing and Publishing . . . . .	Aug.	161	161	163	161	Unemployment Rate (Percent of Work Force) . . . . .	Nov.	6.0	6.5	6.3	6.7
Chemicals . . . . .	Aug.	297	295	298	252	Avg. Weekly Hrs. in Mfg. (Hrs.) . . . . .	Nov.	42.1	42.4	42.6	41.4
Durable Goods . . . . .	Aug.	332	323	325	298	<b>FINANCE AND BANKING</b>					
Lumber and Wood . . . . .	Aug.	199	198	197	189	Member Bank Loans* . . . . .	Nov.	176	170	167	147
Furniture and Fixtures . . . . .	Aug.	188	188	187	178	Member Bank Deposits* . . . . .	Nov.	160	161	158	144
Stone, Clay, and Glass . . . . .	Aug.	183	182	182	170	Bank Debits*/** . . . . .	Nov.	161	165	163	146
Primary Metals . . . . .	Aug.	214	213	208	197	<b>MISSISSIPPI</b>					
Fabricated Metals . . . . .	Aug.	268	267	268	247	<b>INCOME</b>					
Nonelectrical Machinery . . . . .	Aug.	444	449	428	413	Manufacturing Payrolls . . . . .	Nov.	166	167	166	145
Electrical Machinery . . . . .	Aug.	750	713	720	626	Farm Cash Receipts . . . . .	Oct.	108	99	161	95
Transportation Equipment . . . . .	Aug.	428	405	423	384	<b>EMPLOYMENT</b>					
<b>FINANCE AND BANKING</b>						Nonfarm Employment . . . . .	Nov.	116	116	115	112
Loans* . . . . .						Manufacturing . . . . .	Nov.	122	121	121	115
All Member Banks . . . . .	Nov.	202	196	193	163	Nonmanufacturing . . . . .	Nov.	113	113	112	111
Large Banks . . . . .	Nov.	188	180	179	148	Construction . . . . .	Nov.	92	94	92	97
Deposits* . . . . .						Farm Employment . . . . .	Nov.	81	86	83	86
All Member Banks . . . . .	Nov.	176	178	174	151	<b>ALABAMA</b>					
Large Banks . . . . .	Nov.	153	157	154	134	<b>INCOME</b>					
Bank Debits*/** . . . . .	Nov.	204	202	199	174	Manufacturing Payrolls . . . . .	Nov.	148	145	144	133
<b>ALABAMA</b>						Farm Cash Receipts . . . . .	Oct.	128	131	157	102
<b>INCOME</b>						<b>EMPLOYMENT</b>					
Manufacturing Payrolls . . . . .	Nov.	148	145	144	133	Nonfarm Employment . . . . .	Nov.	110	110	109	107
Farm Cash Receipts . . . . .	Oct.	128	131	157	102	Manufacturing . . . . .	Nov.	110	109	108	107
<b>EMPLOYMENT</b>						Nonmanufacturing . . . . .	Nov.	111	109	107	107
Nonfarm Employment . . . . .	Nov.	110	110	109	107	Construction . . . . .	Nov.	102	104	100	102
Manufacturing . . . . .	Nov.	110	109	108	107	Farm Employment . . . . .	Nov.	76	80	72	80
Nonmanufacturing . . . . .	Nov.	111	110	109	107	<b>JANUARY 1973, MONTHLY REVIEW</b>					

		Latest Month 1972	One Month Ago	Two Months Ago	One Year Ago
Unemployment Rate (Percent of Work Force)	Nov.	4.0	3.9	3.9	4.4
Avg. Weekly Hrs. in Mfg. (Hrs.)	Nov.	40.6	40.9	40.7	41.1

#### FINANCE AND BANKING

Member Bank Loans*	Nov.	201	197	198	168
Member Bank Deposits*	Nov.	173	172	173	148
Bank Debits**	Nov.	193	196	183	167

#### TENNESSEE

##### INCOME

Manufacturing Payrolls	Nov.	160	158	156	139
Farm Cash Receipts	Oct.	126	164	148	104

#### EMPLOYMENT

Nonfarm Employment	Nov.	117	117	116	113
Manufacturing	Nov.	111	116	110	107
Nonmanufacturing	Nov.	121	120	120	116
Construction	Nov.	118	117	117	113
Farm Employment	Nov.	86	85	91	84
Unemployment Rate (Percent of Work Force)	Nov.	3.3	3.3	3.4	4.0
Avg. Weekly Hrs. in Mfg. (Hrs.)	Nov.	41.1	41.1	41.2	40.3

#### FINANCE AND BANKING

Member Bank Loans*	Nov.	198	193	190	163
Member Bank Deposits*	Nov.	171	172	167	145
Bank Debits**	Nov.	171	177	177	159

\*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: 1967=100. All other indexes: 1957-59=100.

†† Figures include Ala. (for first time), Coastal La., and Miss.; Ala. back data now available from 1965.

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)

STANDARD METROPOLITAN STATISTICAL AREAS						Percent Change						Percent Change					
Nov. 1972	Oct. 1972	Nov. 1971	Nov. 1972 From	Oct. 1971	Nov. 1971	Year to date 11 mos. 1972 from 1971	Nov. 1972	Oct. 1972	Nov. 1971	Nov. 1972 From	Oct. 1971	Nov. 1972	Oct. 1972	Nov. 1971	Nov. 1972 From	Oct. 1971	Year to date 11 mos. 1972 from 1971
Birmingham	2,942,239	3,023,461	2,427,202	- 3	+21	+ 27											
Gadsden	98,264	92,580	82,854	+ 6	+19	+ 5											
Huntsville	266,141	283,066	259,092	- 6	+ 3	+ 9											
Mobile	887,200	907,283	829,819	- 2	+ 7	+ 17											
Montgomery	549,299	548,489	480,993	+ 0	+14	+ 10											
Tuscaloosa	166,860	171,510	153,353	- 3	+ 9	+ 11											
Bartow-Lakeland-																	
Winter Haven	631,373	643,000	510,933	- 2	+24	+ 23											
Daytona Beach	298,111	317,796	245,190	- 6	+22	+ 30											
Ft. Lauderdale-																	
Hollywood	1,557,095	1,716,641	1,296,864	- 9	+20	+ 25											
Ft. Myers	235,650	234,365	201,928	+ 1	+17	+ 9											
Gainesville	217,245	214,205	191,218	+ 1	+14	+ 18											
Jacksonville	3,212,638	3,380,509	2,534,250	- 5	+27	+ 26											
Melbourne-																	
Titusville-																	
Cocoa	410,035	356,517	345,020	+15	+19	+ 17											
Miami	5,726,406	5,599,451	4,693,009	+ 2	+22	+ 15											
Orlando	1,235,508	1,260,926	1,089,281	- 2	+13	+ 24											
Pensacola	378,791	391,017	346,534	- 3	+ 9	+ 14											
Sarasota	402,089	385,244	292,935	+ 4	+37	+ 30											
Tallahassee	626,657	591,182	460,537	+ 6	+39	+ 77											
Tampa-St. Pete	3,140,511	3,077,531	2,721,796	+ 2	+15	+ 20											
W. Palm Beach	935,655	933,709	779,481	+ 0	+20	+ 17											
Albany	170,215	187,010	150,007	- 9	+13	+ 17											
Atlanta	11,592,317	11,633,008	9,414,017	- 0	+23	+ 20											
Augusta	426,164	456,140	373,995	- 7	+14	+ 14											
Columbus	399,515	402,086	376,297	- 1	+ 6	+ 10											
Macon	450,480	466,195	445,000	- 3	+ 1	+ 13											
Savannah	443,883	474,635	395,252	- 6	+12	+ 12											
Alexandria	200,679	221,804	171,816	-10	+17	+ 15											
Baton Rouge	1,070,896	1,125,578	899,561	- 5	+19	+ 12											
Lafayette	234,664	255,391	211,979	- 8	+11	+ 15											
Lake Charles	192,027	199,538	192,585	- 4	- 0	+ 7											
New Orleans	3,419,266	3,680,063	3,269,420	- 7	+ 5	+ 7											
Biloxi-Gulfport	214,311	218,712	187,643	- 2	+14	+ 16											
Jackson	1,258,590	1,272,787	1,115,914	- 1	+13	+ 15											
Chattanooga	964,787	1,013,028	1,051,270	- 5	- 8	+ 0											
Knoxville	801,052	827,056	744,698	- 3	+ 8	+ 8											
Nashville	2,808,189	2,931,020	2,434,796	- 4	+15	+ 20											
OTHER CENTERS																	
Anniston	97,124	99,782	90,465	- 3	+ 7	+ 9											
Dothan	131,979	146,627	120,849	-10	+ 9	+ 14											
Selma	73,541	74,529	65,957	- 1	+11	+ 15											
Bradenton	163,490	141,334	120,695	+16	+35	+ 21											
Monroe County	58,991	57,947	50,741	+ 2	+16	+ 18											
Ocala	145,347	158,305	130,720	- 8	+11	+ 41											
St. Augustine	25,022	21,979	26,091	+14	- 4	+ 21											
St. Petersburg	792,481	817,121	658,699	- 3	+20	+ 21											
Tampa	1,443,782	1,398,670	1,348,916	+ 3	+ 7	+ 14											
Athens	146,658	159,570	132,884	- 8	+10	- 13											
Brunswick	76,391	81,299	70,737	- 6	+ 8	+ 19											
Dalton	168,637	167,643	146,286	+ 1	+15	+ 16											
Elberton	17,890	18,923	16,909	- 5	+ 6	+ 22											
Gainesville	114,697	121,337	101,734	- 5	+13	+ 7											
Griffin	57,975	61,630	51,477	- 6	+13	+ 10											
LaGrange	32,940	34,508	28,938	- 5	+14	+ 0											
Newnan	48,828	61,155	38,661	-20	+26	+ 34											
Rome	129,355	129,482	111,868	- 0	+16	+ 15											
Valdosta	93,506	91,195	74,248	+ 3	+26	+ 15											
Abbeville	15,001	14,568	14,253	+ 3	+ 5	+ 5											
Bunkie	13,159	13,241	14,245	- 1	- 8	- 7											
Hammond	59,144	60,043	56,486	- 1	+ 5	+ 10											
New Iberia	55,824	53,125	48,282	+ 5	+16	+ 8											
Plaquemine	23,130	18,220	15,007	+27	+54	+ 17											
Thibodaux	34,763	29,630	35,054	+17	- 1	+ 6											
Hattiesburg	104,126	116,005	94,872	-10	+10	+ 17											
Laurel	67,944	69,359	56,171	- 2	+21	+ 18											
Meridian	109,124	110,578	89,853	- 1	+21	+ 21											
Natchez	50,764	50,960	45,040	- 0	+13	+ 10											
Pascagoula																	
Moss Point	150,712	157,138	108,221	- 4	+39	+ 36											
Vicksburg	66,628	68,061	65,448	- 2	+ 2	+ 2											
Yazoo City	40,138	40,609	37,727	- 1	+ 6	+ 3											
Bristol	114,264	128,625	126,031	-11	- 9	- 1											
Johnson City	132,888	143,641	120,507	- 7	+10	+ 17											
Kingsport	218,714	225,401	192,322	- 3	+14	+ 14											
District Total	60,710,183	62,047,089	51,906,970	- 2	+17	+ 17											
Alabama	7,050,633	7,183,268	6,116,606	- 2	+15	+ 19											
Florida	20,969,156	21,130,133	17,429,167	- 1	+20	+ 20											
Georgia	16,820,862	17,020,965	13,858,365	- 1	+21	+ 18											
Louisiana	6,209,634	6,591,936	5,724,346	- 6	+ 8	+ 9											
Mississippi	2,734,497	2,803,264	2,387,131	- 2	+15	+ 17											
Tennessee	6,925,401	7,317,523	6,391,355	- 5	+ 8	+ 12											

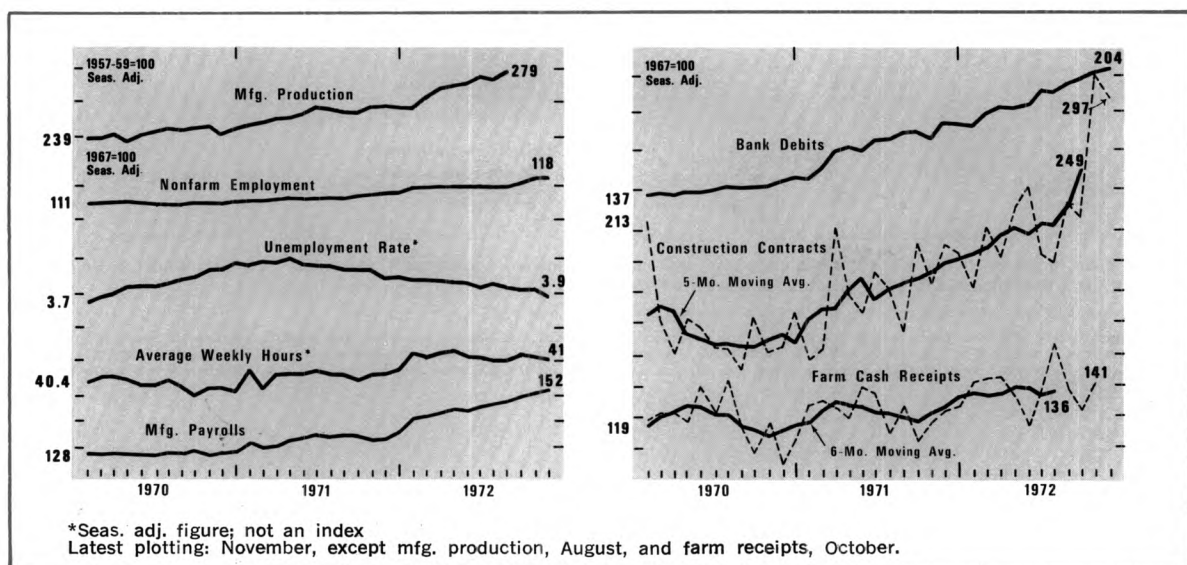
¹ District portion only

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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.



# District Business Conditions



Despite a pause in some sectors, the District economy remains upward bound. Consumer spending and borrowing stayed at high levels. Nonfarm jobs increased in November and the unemployment rate declined. Construction contract activity eased in November. The threat of substantial crop losses from continued rains grew more serious.

**Employment gains were recorded again in November.** Each of the District states posted job increases. Manufacturing employment, climbing since mid-1971, pushed past its previous mid-1969 peak in November. Manufacturing production also continued to expand. A decline in the unemployment rate and a rise in manufacturing payrolls were other bright spots.

**Consumer spending continued to boost the economy, and borrowing to finance consumer purchases grew significantly in November.** While the increase in consumer borrowing at commercial banks was concentrated in loans to purchase autos and other consumer goods, all categories shared in the gains. Department store sales were well above year-ago levels, as retailers reported Christmas sales even better than expected. Unit sales of domestically produced autos reached boom proportions in November. Dealer inventories were reported at relatively low levels for this season, and some models were in short supply.

**Following relatively weak gains in November, member bank deposits expanded rapidly during December, according to preliminary data.** Demand deposits were up sharply. Also, many state and local governments have placed a portion of their Federal revenue-sharing funds in local banks,

boosting bank time deposits. Loan growth remains strong and, at year's end, many large banks had posted prime lending rates of 6 percent. Coming under increased reserve pressures, member banks are making greater use of this Bank's discount window.

**The value of construction contract awards fell slightly in November but was well above levels recorded a year ago.** Nonresidential awards remained at October's high level. Residential awards declined slightly, but still accounted for the bulk of contract awards. Inflows at thrift institutions maintained high levels.

**Prices received by farmers declined in November.** A sharp drop in citrus prices and more moderate declines in broiler, tobacco, and cotton prices outweighed increases for most other items. A bumper citrus crop in prospect is responsible for the plunge in on-tree citrus prices. Incessant rainy, cloudy weather has further deteriorated unharvested cotton and soybean crops. Through the first 10 months of 1972, cash receipts were one-tenth higher than 1971's comparable level. Farm income has been threatened, however, by wet, muddy fields that have limited harvesting operations in some areas since the end of October.

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