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District Business Conditions
Alabama:
A Close-Up

by Brian D. Dittenhafer

On Alabama's auto license tags appear the words "Heart of Dixie," conjuring visions of stately cotton plantations and a leisurely rural life. You can still find modern versions of this society tucked away in some parts of the state, but for the majority of Alabamians, life is urban, industrial, and fast-paced. Without denying the agricultural sector's importance to the state's economy, we can say that, in recent years, the "Heart of Dixie" has grown strong because of her cities' expanding industrial and commercial economies.

Alabama's cities—like other cities—provide specialized services for surrounding areas as well as for the rest of the state. For example, Mobile's port facilities serve the entire state of Alabama and parts of Florida and Mississippi as a contact with the world of foreign commerce. Therefore, before assessing the state's economy, it is helpful to look first at the structure and economic conditions of each of Alabama's major cities.

Birmingham
Alabama's largest metropolitan area is Birmingham. Its economy was built on producing steel and mining coal and today heavy industry still bulks large. But despite its reputation as a manufacturing center, an increasing portion of its income is earned in its role of center for commerce and industry in the state. In 1971, per capita wholesale sales in Birmingham were the highest in the state; wholesale and retail trade combined provided 20 percent of personal income. Birmingham now serves as the center for wholesale activity for much of Alabama. The same can be said for business services, where Birmingham ranks first in the state in portion of income earned. The city is home for Alabama's largest banking institutions and a Branch Office of the Federal Reserve Bank, both of which contribute to the city's growing role as a financial and business service center.

Note: SMSA unemployment data are not seasonally adjusted. As students enter the work force in June, the unemployment rate normally rises.

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This review of Alabama’s economy focuses on the cities and surrounding areas which are Standard Metropolitan Statistical Areas (SMSA’s), as defined by the U.S. Office of Management and Budget. There are specific criteria by which an SMSA is defined, but it can generally be thought of as a county or counties in which the surrounding countryside is economically and socially integrated with a central, urbanized area. From time to time, changes are made in the counties included in a particular SMSA as the urbanized area grows and economic and social interactions between the central city and the surrounding countryside increase. In June 1973, the Office of Management and Budget of the Executive Office of the President announced three changes in the Alabama SMSA definitions. The Birmingham SMSA was expanded to include St. Clair County in addition to Jefferson, Walker, and Shelby Counties; Marshall County was added to the Huntsville SMSA, joining Madison and Limestone Counties. The Montgomery SMSA was expanded to include Autauga County as well as Elmore and Montgomery Counties. The changes in definitions are further recognition of regional growth and vitality which this article highlights. However, these changes came too late to be included in the data on which this article is based.
As in the nation, the importance of manufacturing has declined in the past twenty years and service-oriented industries employ a growing share of the city's work force. If this trend continues, Birmingham will be less vulnerable to the forces of the national economy than in the past. However, manufacturing still provides 30 percent of the income earned and employs 25 percent of the work force. The bulk is in primary metals, so that, when durables are doing well, Birmingham's unemployment rate falls. The accompanying chart shows a drop in the unemployment rate and rise in employment as the recent national economic expansion greatly increased demands for steel and other durable goods.

Despite Birmingham's strong showing in durable goods manufacturing, its largest job gains have been in services, reflecting the area's importance as a center for trade and communication. Growth in these industries has helped Birmingham add 8,000 workers to its payrolls during the past 12 months, pulling the number of unemployed down to about 4 percent of the work force by May 1973.

Growth in industry and trade has caused the city's personal income to expand rapidly in recent years. Per capita personal income grew at an average annual rate of 8.5 percent from 1969 to 1971, according to U. S. Department of Commerce data. The strong showing in employment growth, along with continued rapid wage gains, indicates that personal income rose substantially during 1972 and early 1973, although precise figures are not yet available.

Mobile
Alabama's second largest metropolitan area, Mobile serves as an outlet to the sea, and its economy is based on activity surrounding the port. Its largest share of earned income comes from manufacturing, accounting for 26 percent of the total in 1971. But it is also a diversified economic area, serving southwest Alabama as a center for wholesale trade and business and personal services. Retail and wholesale trade activity accounted for almost two-fifths of income earned in 1971 and business and personal services contributed 22 percent, the bulk relating to port activities. The government sector contributed 15 percent of the SMSA's earned income and is boosted by Mobile's port and Alabama's state dock complex located there.

Shipbuilding and repair work form an important part of manufacturing, providing nearly 3,000 jobs in mid-1973. However, only 20 percent of the total work force is in manufacturing, and nearly two-thirds of these jobs are in nondurable goods. Measured by employment, paper and paper products are the largest single industry, with 7,500 workers. This industry unfortunately has not provided a growing number of jobs in recent years.

But it and Mobile's other large industry, chemical products, were going full blast in mid-1973, with workers averaging 43-hour workweeks.

Huntsville
In 1971, government jobs directly supplied 43 percent of earned income in Huntsville and contributed to much of its "service" sector. When the 1967 Census of Business was taken, business service receipts per capita were $424, four times higher than Birmingham, its closest Alabama rival in this regard. Firms supplying services to NASA are classified as "Miscellaneous Business Services" in Census and employment data. In Huntsville, this represents aerospace research, including offices and research facilities of private contractors whose manufacturing facilities are located in other parts of the country. Thus, many of the industries classified as business services are tied to the SMSA's space activity.
Concentration of government and space activity in Huntsville has been both blessing and bane to the local economy. The development of the Marshall Space Flight Center and the race to the moon during the early 1960's reduced the farm employment component and caused nonfarm employment to surge to a peak in 1966. Thus, government-sponsored research was the driving force behind growth in the larger Huntsville area. Since cutbacks in government spending began, Huntsville has constantly struggled to attract the industry necessary for establishing a diversified local economy. However, only in May 1972 did area employment climb back to the 1966 total.

The problem is illustrated by the behavior of government and service sector statistics during the 12 months ending in May. While total nonfarm employment remained relatively stable at 81,000, government and business services jobs declined by 1,300. Growth in other sectors was not enough to offset this decline, resulting in a net loss over the period of 200 jobs. Unfortunately, further cutbacks in Federal Government employment are scheduled for the second half of 1973.

Despite these problems, area growth continues. From 1969 to 1971, personal income grew at an annual rate of 7.9 percent, a full percentage point higher than the U. S. metropolitan average. The unemployment rate in May 1973 was around 4 percent, as the area strives to regain its growth momentum in the face of a declining governmental sector.

**Montgomery**

The state capitol is Montgomery, and, as might be expected, draws the largest portion of its income—31 percent—from the government sector. Montgomery serves the southeast and south central area of Alabama as a center for wholesale distribution and both business and personal services. Accordingly, these sectors combined provided 45 percent of the area's earned income in 1971—substantially more than the average U. S. metropolitan area. Manufacturing provided only 13 percent of Montgomery's income, while farm earnings contributed a still significant 3 percent.

Personal income grew at an average annual rate of 10 percent from 1969 to 1971, showing vigorous growth even during the 1970 recession when other areas of the state had little or no growth and were hit very hard by unemployment. Manufacturing, the sector most sensitive to business recessions, is of small importance in Montgomery and explains the SMSA's comparatively good showing during the recession.

Since then, employment has grown steadily, though not spectacularly. For example, during the year ending May 1973, 1,100 workers were added to area payrolls, exceeding labor force growth and thereby keeping the unemployment rate under 3 percent. Service and trade employment has expanded, but manufacturing has shown little growth in recent years. Surprisingly, during an era of growing government, area employment in this sector has hovered in the neighborhood of 18,000 for the past five years.

In the year ending May 1973, job growth has occurred in every sector except agriculture, which declined by 200 workers. Manufacturing added 500 workers, primarily in nondurable goods, while 1,300 jobs were added in nonmanufacturing. Despite a 38-percent increase in value of construction contracts awarded during the first five months of...
1973, May 1973’s construction employment was no higher than in May 1972.

Florence
Relatively rapid growth in personal income in recent years—9.2 percent annually from 1969 to 1971—symbolizes the overall advance of the Florence area economy. Urbanized Sheffield, Muscle Shoals, and Tuscumbia have grown together and when combined with Florence, their across-the-river neighbor, the Quad Cities meet the size and other criteria for designation as a standard metropolitan statistical area. Therefore, Florence was so designated in November 1971. Colbert and Lauderdale Counties, which comprise the SMSA as defined by the Federal Government, had a population of 117,000 in 1970.

Farm earnings still constitute 6 percent of total earned income, more than for any other SMSA in the state. Thus, agriculture remains extremely important to the area. Yet its major source of income is manufacturing, with 37 percent of wages and salaries originating in this sector. Most of Florence’s factory jobs are in aluminum or related products, tied to the relatively inexpensive and plentiful electricity available from the Tennessee Valley Authority. Aluminum ingot production, which has a voracious appetite for electricity, provides raw material for other products ranging from wire to automobile engine blocks.

Despite this emphasis on heavy industry, only nondurable goods manufacturing has shown recent employment growth. Textiles and apparel commodities have been especially expansive this past year, but this has been more than offset by a decline of 600 workers in durable goods during the twelve months ending in May. In this sector, only primary metals, the area’s largest industry, increased jobs. Because of a drop in the work force, the unemployment rate this spring has been about 5 percent after averaging 5.5 percent during 1972.

Tuscaloosa
Home of the University of Alabama, Tuscaloosa’s economy reflects the University’s impact. The government sector provides 28 percent of the county’s earned income, primarily because University employees are classified as government workers. More than 16 percent of the population are professional or technical workers of high skill. Rapid expansion of the University helped give Tuscaloosa the highest rate of personal income growth in the state in recent years. The local economy is diversified, with 30 percent of income earned in manufacturing and 12 percent each in services and trade. The 12.2-percent annual increase in personal income from 1969 to 1971 was nearly double that for metropolitan areas in the United States and easily exceeded Montgomery’s, its closest Alabama rival.

Manufacturing employs 23 percent of Tuscaloosa’s work force. Primary metals provide the largest job slice; rubber products are a close second. Processing lumber and food products of the greater Tuscaloosa agricultural sector also provides many factory jobs. State government has been the fastest growing sector, but all have contributed to recent growth. During the twelve months ending in May 1973, total jobs rose nearly 2,000, significantly boosting the SMSA’s economy and pulling down the unemployment rate to 2.4 percent. The local economy’s
diversity played a major role in keeping the unemployment rate under 4 percent even during 1970’s recession, a very strong performance for an area with a large manufacturing sector.

Gadsden
As it should be, Gadsden, too, is noted for its manufacturing; manufacturing provided 47 percent of income earned in 1971. Wholesale and retail trade provided the next largest portion—14 percent—followed closely by services. A dependence on manufacturing makes Gadsden especially sensitive to swings in the national economy. Between 1969 and 1971, which includes the 1970 recession, total personal income grew at only a 5-percent annual rate. In contrast, from 1965 to 1969 when the national economy was booming, Gadsden’s total personal income grew at an annual rate of 11 percent.

Manufacturing jobs are concentrated in primary metals and rubber products, particularly tires and tubes. This dependence on heavy industry has meant a relatively high overall unemployment rate in recent years, averaging 7.2 percent in 1972. A booming national demand during the first half of 1973 finally caused manufacturing to expand enough to pull the unemployment rate below 5 percent in early spring. A drop in people seeking work has also been a contributing factor.

Following a slight decline during the 1970 recession, nonmanufacturing jobs have grown steadily. The expansion in wholesale and retail trade, the largest employment category outside manufacturing, has been a bright spot, and the construction of new shopping facilities is expected to send retail employment even higher in the second half of this year.

Putting It All Together
Alabama’s recent economic news has been mostly good. Nonfarm jobs have been growing steadily and at a pace fast enough to cause a decline in unemployment to under 5 percent of the work force during the first half of 1973. This is the first extended period since 1969 during which the rate has been under 5 percent. A soaring national economy has sent demand for Alabama’s durable manufactured goods bounding upward with favorable employment results. While the civilian work force was growing by just 10,000 persons, nonfarm jobs grew by 41,000, or 3 percent, during the year ending May 1973. This employment gain was spread broadly, with nearly every industrial sector sharing in the advance. Largest gains have been in the transportation equipment industry, boosting durable goods employment by more than 6,000 workers. This is particularly notable, since this industry has been stagnating since 1969. Growth
in nondurable manufacturing has been less robust than in durables but still added more than 2,000 jobs in the past year.

The gain in employed people and the higher rate at which they are paid boosted manufacturing payrolls by 13 percent between mid-1972 and mid-1973 to an estimated $2.5 billion per month at an annual rate. Average weekly hours worked in manufacturing increased only a fraction, from 41.1 to 41.4, as employees apparently added workers to payrolls rather than schedule much additional overtime.

In employment outside manufacturing, where more than half the gains took place, the only drop was in Federal Government jobs. Wholesale and retail trade were particularly strong as workers made use of expanding income. Business and personal services, meanwhile, were in the vanguard of the economic advance, and contract construction employment made gains reflecting boom conditions in both residential and nonresidential building during 1972.

Following the national pattern, the pace of Alabama’s residential construction slowed during the first five months of 1973 when compared to the same period of 1972. Commercial and industrial construction, on the other hand, has surged and, in some parts of the state, appears to be rebounding from a rather slow 1972. The net result has been an increase of nearly 27 percent in the value of construction contract awards during the first five months of 1973, a slightly higher rate of gain than that for 1972.

Spending and Incomes Up Sharply

Stimulating the construction of commercial establishments were strongly performing retail sales all of last year and continuing into this one. According to University of Alabama estimates, retail sales for the first four months of 1973 have advanced at a rate in excess of 20 percent over the same period of last year, a pace nearly twice as fast as 1972’s. Even drugstore sales, the slowest retail trade sector, rose more than 10 percent. Sales at eating places were up more than 30 percent, followed closely by sales at clothing stores and service stations. Even allowing for rapid price increases, these estimates indicate very impressive gains.

This spurt in sales is undoubtedly a direct result of several years of rapidly rising income for Alabamians. For example, during 1972, total personal income increased by 11 percent, and even taking account of inflation, the real income gain undoubtedly exceeded 5 percent. Constituting more than two-thirds of Alabama’s personal income, wages and salaries grew by 12 percent. Both of these growth rates are above the national figure for 1972 and, according to early indications, the same thing can be said for 1973. The impact from a booming national economy shows up in many sectors. With demand for Alabama’s coal, oil, and gas growing even faster than the national economy, mining income jumped 60 percent during 1972. Durable goods manufacturing payrolls were up sharply, sending manufacturing income up accordingly. Serving more local needs and mirroring a 12-percent gain in manufacturing income, wholesale and retail trade and business and personal services incomes rose at an equal rate. Only the contract construction and government sectors, with personal income gains of 10 and 11 percent, respectively, were less expansive than manufacturing.

Alabama farmers also had a good year as their 1972 realized net income increased by 9 percent. Cash receipts from livestock sales led the surge early in the year as prices advanced strongly. Later, crop receipts also joined the spurt, accompanying a substantial rise in cotton prices. In 1973, farmers seem to be doing even better, since total cash receipts are up 63 percent during the first four months of 1973 from a year ago. Nationally, prices received by farmers jumped 33 percent during the 12 months ending May 1973. At the same time, prices paid by farmers went up less—10 to 14 percent. Thus, if Alabama farmers follow the national income and cost trends, net farm income should again be up substantially in 1973.

Banks Reflect Growth

Judging by loan and deposit growth, Alabama member bankers have been enjoying the state’s
recent rapid gains. During 1972, loans grew by 22 percent and investments by about that much. Deposits were up 19 percent, with time deposits up slightly more than demand deposits. For the year ending in mid-1973, the story is much the same: Total deposits are up 17 percent; time deposits, 21 percent; demand deposits, 12 percent; and loans, 22 percent. Reflecting the high demand for loans and rising yields on business and commercial lending, investment growth is down.

**Summing Up**

Alabama's economic future is based on the growth of its cities. A review of the major urban areas' economic performances shows growth through diversification. In the past, most Alabama metropolitan areas have been vulnerable to fluctuations in one or two major sectors, and an apparent movement away from such vulnerability is healthy. Employment growth has been steady for the state during the past two years, but erratic for some cities precisely because of changes in a few major industries. As national economic growth continues, Alabama is likely to have an opportunity to attract new industry. If recent trends continue, its urban areas will use the opportunity to diversify their economies and provide a wider base for future growth. ■
Another Look at the Southeast's Fed Funds Market

by Arnold A. Dill

Previous studies in this Review have described how the Fed funds market functions in the Southeast. These studies show, in part, that:

- market participation of Sixth District member banks rose from 5 percent in 1958 to nearly 90 percent in 1972;
- profit opportunity is the main market lure;
- the larger the bank, the more likely it is a market participant and a net purchaser of funds;
- major banks in the ten or so largest cities often stand ready to buy and sell funds in order to accommodate the needs of their smaller correspondents; and
- District member banks in aggregate were usually in a net sell position but were often in a net buy position in 1966, 1969, early 1970, and again after April 1972.

Rather than comprehensively examining the District market, this note focuses on only a few aspects. Specifically, it provides an insight into the structure of the Fed funds market, measures the degree of market participation by individual banks, and describes this region's long-run and cyclical Fed funds pattern.

Fed Funds Behavior

To gain insight into the Fed funds market structure, we classified banks into six groups on the basis of market behavior for each year from 1969 through 1972. The first class includes banks that reported substantial transaction volumes and that both purchased (borrowed) and sold (lent) funds every week, or nearly every week of the year. The second consists of banks that both purchased and sold often during the year but on a smaller scale and less often than those in the first class. The third group includes banks that participated frequently in the market but mainly as sellers. The fourth contains banks that purchased frequently but seldom sold. The fifth class is occasional participants, those banks reporting transactions in fewer than twelve weeks a year. Nonparticipants make up the sixth grouping.

As shown in Table 1, the majority of District member banks were predominantly sellers (class 3) each year, but the number of such banks declined in 1972. Banks in the first and second classes increased sharply between 1969 and 1972, while occasional and nonparticipants (classes 5 and 6) decreased. In recent years, many have entered the market first as sellers and then have begun buying funds with gradually increasing frequency. Very few were found to...
be predominant buyers (class 4). Data for the first half of 1973 indicate that there has been a further increase in the number of banks in the first and second classes and a continued decline in occasional participants.

A surprisingly large number qualify as heavy buyers and sellers (class 1). In 1972, 34 banks in 15 large District cities both bought and sold substantial volumes of funds nearly every week, compared with only 15 in 7 cities in 1969. The number of banks, mostly moderately sized, that both purchase and sell funds frequently (class 2) is also large and growing—122 banks in 1972 compared with 82 in 1969. This indicates that many turn to the market, at least temporarily, to purchase needed funds as well as to dispose of excess and that this number is expanding. However, over 60 percent of member banks were still predominantly sellers in 1972, though this percentage may have peaked out. In that year, only nine did not participate in the market.

Market Participation

Relatively few banks rely continuously on the market to finance their asset positions. Only twenty have nearly always been in a net purchase position since weekly data began to be collected in early 1969. The number regularly in a net purchase position has been increasing, however; but few of these have relied heavily on the market as a source of funds. The degree of market participation was measured by finding the ratio of interest expenses on funds purchases—net of earnings on funds sales—to total operating expenses. Only a small number ever reported net funds expenses as more than 5 percent of total operating expenses. For example, even in 1969 when money was tight and Fed funds interest rates were high, only 12 did (see Table 2). However, the number reporting high ratios should jump in 1973 because of sharp increases in Fed funds rates and in the number of banks in a net purchase position. The highest ratio reported by an individual bank was, respectively, 28 percent in 1969, 22 percent in 1970, 9 percent in 1971, and 12 percent in 1972.

Funds sales, on the other hand, have been an important source of interest income to many banks, especially in 1969 and 1970 when Fed funds rates were high. Sixty-one banks in 1969 and 84 in 1970 reported funds earnings equal to 10 percent or more of total operating earnings (see Table 3).2

\[\text{Earnings on Fed Funds Sales as a Percent of Total Operating Earnings} \]

\[
\begin{array}{cccccc}
\text{No. of Banks} & 1969 & 1970 & 1971 & 1972 \\
20\% \text{ or more} & 13 & 15 & 6 & 4 \\
15-19 & 14 & 18 & 14 & 6 \\
10-14 & 34 & 51 & 27 & 27 \\
5-9 & 101 & 154 & 106 & 104 \\
0-4 & 314 & 271 & 383 & 420 \\
No earnings & 62 & 37 & 26 & 14 \\
\end{array}
\]

Note: Figures cover Sixth District member banks.

2In each year, a few new banks that sold funds heavily in the months immediately after opening reported high ratios.
number in this category declined in 1971 and 1972, reflecting a decline in Fed funds rates. Because of sharp increases in rates, Fed funds income has become more important this year to those that are regular sellers.

**Trends and Cyclical Behavior**

Both purchases and sales by District members trended up strongly between 1969 and 1972 (see chart). Gross purchases grew steadily in 1969 and early 1970, leveled off from April 1970 to August 1971, and then grew steadily again. Gross sales fluctuated around the $500-million level in the first eight months of 1969 and then climbed rapidly through April 1971. Since then, sales have been on an upward trend but shown wider swings than purchases. Sales, moreover, usually reach a low in late summer and a high around year-end or early in the year.

In aggregate, District members were a net purchaser of funds from the rest of the banking system in much of 1969 and in most of the period since April 1972, generally times of high or rising Fed funds interest rates. Conversely, District members were in a net sell position from early 1970 to April 1972 when Fed funds rates were generally low or falling. An earlier article found the District a net purchaser in 1966, a tight money year, and a net seller in the early 1960’s, a period of easy money. Over the past ten years, therefore, the District has usually been in a net buy position when money was tight and in a net sell position when money was easy. ■
Bank Announcements

June 15, 1973
SECOND NATIONAL BANK OF HOMESTEAD
Homestead, Florida

Opened for business as a member. Officers: Anthony P. Cassinelli, chairman; Paul Mansfield, Jr., president; Robert Swarhout, assistant vice president; George D. Munroe, cashier. Capital, $400,000; surplus and other funds, $600,000.

June 16, 1973
UNITED CITIZENS BANK OF CHEATHAM COUNTY
Ashland City, Tennessee

Opened for business as a par-remitting nonmember. Officers: Charley Kay Harris, president; Shelton Harrison, chairman. Capital, $200,000; surplus and other funds, $400,000.

June 26, 1973
THE WESTSIDE BANK OF VERO BEACH
Vero Beach, Florida

Opened for business as a par-remitting nonmember. Officers: Warren D. Haffield, president; Angelo J. Sanchez, vice president and cashier. Capital, $350,000; surplus and other funds, $262,000.

July 2, 1973
AUBURN BANK AND TRUST COMPANY
Auburn, Alabama

Opened for business as a par-remitting nonmember. Officers: Kermit Wilson, president; John F. Dunlap, Jr., cashier. Capital, $377,000; surplus and other funds, $377,000.

July 7, 1973
FENTRESS COUNTY BANK
Jamestown, Tennessee

Opened for business as a par-remitting nonmember. Officers: Glen Massengill, president; Don Free, vice president and cashier. Capital, $300,000; surplus and other funds, $450,000.

July 9, 1973
CENTRAL BANK OF MISSISSIPPI
Brandon, Mississippi

Opened for business as a par-remitting nonmember. Officers: Charles H. Griffin, president; James E. Huffstatter, vice president and cashier. Capital, $510,000; surplus and other funds, $510,000.

July 9, 1973
EXCHANGE STATE BANK
Clinton, Mississippi

Opened for business as a par-remitting nonmember. Officers: Edwin Faust, Jr., president; Odie Smith, Jr., vice president and cashier. Capital, $300,000; surplus and other funds, $450,000.

July 10, 1973
FIRST SECURITY BANK
Bradenton, Florida

Opened for business as a member. Officers: W. James Tyrrell, chairman; Samuel L. Bender, president; Glen C. Dimon, vice president and cashier; Genevieve C. Roak, assistant cashier. Capital, $600,000; surplus and other funds, $400,000.

July 13, 1973
AMELIA ISLAND BANK
Fernandina Beach, Florida

Opened for business as a par-remitting nonmember. Officers: A. B. Maxwell, Sr., president; Dale P. McKinney, vice president; James M. Horn, cashier. Capital, $400,000; surplus and other funds, $350,000.

July 15, 1973
THE PERRY COUNTY BANK
Marion, Alabama

Opened for business as a par-remitting nonmember. Officers: Robert R. Frayne, president. Capital, $300,000; surplus and other funds, $300,000.

July 17, 1973
FIRST STATE BANK OF ARCADIA
Arcadia, Florida

Opened for business as a par-remitting nonmember. Officers: William J. Briscoe, president; James C. Kynett, vice president and cashier. Capital, $275,000; surplus and other funds, $275,000.

July 19, 1973
FIRST NATIONAL BANK OF PORT SALERNO
Port Salerno, Florida

Opened for business as a member. Officers: Duane K. Luce, chairman; Jack T. Williams, president and chief executive officer; Charles R. Harris, executive vice president; Mrs. Jean P. Sempey, cashier. Capital, $600,000; surplus and other funds, $400,000.

July 25, 1973
BIVENS GARDENS BANK
Gainesville, Florida

Opened for business as a member. Officers: Robert F. Lanzillotti, chairman of the board; Robert L. Vasbinder, president; James L. Kaercher, vice president and cashier. Capital, $900,000; surplus and other funds, $270,000.
### SIXTH DISTRICT

#### EMPLOYMENT AND PRODUCTION

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</table>

#### FINANCE AND BANKING

<table>
<thead>
<tr>
<th>Category</th>
<th>Latest</th>
<th>One Month Ago</th>
<th>Two Months Ago</th>
<th>One Year Ago</th>
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<tbody>
<tr>
<td>All Member Banks</td>
<td>234</td>
<td>231</td>
<td>226</td>
<td>181</td>
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<tr>
<td>Large Banks</td>
<td>221</td>
<td>216</td>
<td>214</td>
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<tr>
<td>Nonfarm Employment</td>
<td>115</td>
<td>115</td>
<td>114</td>
<td>112</td>
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<tr>
<td>Manufacturing</td>
<td>112</td>
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<td>Nonmanufacturing</td>
<td>116</td>
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<tr>
<td>Construction</td>
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<tr>
<td>Farm Employment</td>
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#### FLORIDA

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<tbody>
<tr>
<td>Manufacturing Payrolls</td>
<td>169</td>
<td>169</td>
<td>169</td>
<td>145</td>
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<tr>
<td>Farm Cash Receipts</td>
<td>214</td>
<td>149</td>
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#### GEORGIA

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<tbody>
<tr>
<td>Manufacturing Payrolls</td>
<td>263</td>
<td>259</td>
<td>251</td>
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<tr>
<td>Member Bank Deposits</td>
<td>224</td>
<td>224</td>
<td>216</td>
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<tr>
<td>Bank Debts**</td>
<td>270</td>
<td>269</td>
<td>257</td>
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#### LOUISIANA

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<tr>
<td>Manufacturing Payrolls</td>
<td>148</td>
<td>147</td>
<td>148</td>
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<tr>
<td>Farm Cash Receipts</td>
<td>234</td>
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#### MISSISSIPPI

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<tr>
<td>Manufacturing Payrolls</td>
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<tr>
<td>Farm Cash Receipts</td>
<td>118</td>
<td>205</td>
<td>245</td>
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Debits to Demand Deposit Accounts
Insured Commercial Banks in the Sixth District
(In Thousands of Dollars)

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<tbody>
<tr>
<td>EMPLOYMENT</td>
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<tr>
<td>Construction</td>
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<tr>
<td>Farm Employment</td>
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<tr>
<td>Unemployment Rate**</td>
<td>193</td>
<td>219</td>
<td>220</td>
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<td>183</td>
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<tr>
<td>Avg. Weekly Hrs. in Mfg. (Hrs.)</td>
<td>40.5</td>
<td>40.3</td>
<td>40.7</td>
<td>40.9</td>
<td>40.5</td>
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</table>

| FINANCE AND BANKING |       |          |           |          |                                  |
| Member Bank Loans* |       |          |           |          |                                  |
| Member Bank Deposits* |      |          |           |          |                                  |
| Bank Debts**       |       |          |           |          |                                  |

| TENNESSEE |               |          |           |          |                                  |
| INCOME     |               |          |           |          |                                  |
| Manufacturing Payrolls |       |          |           |          |                                  |
| Farm Cash Receipts |       |          |           |          |                                  |

| OTHER CENTERS |      |          |           |          |                                  |
| Anniston     | 352   | 389      | 326       | 280      | 255                              |

Note: Indexes for bank debits, construction contracts, cotton consumption, employment, farm cash receipts, loans, petroleum production, and payrolls: 1987 = 100. All other indexes: 1957-59=100.


*Data benchmarked to June 1971 Report of Condition

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

Debits to Demand Deposit Accounts
Insured Commercial Banks in the Sixth District
(In Thousands of Dollars)
The lack of unused capacity is moderating the Southeast’s economic growth this summer. Farm prices, incomes, and costs rose briskly, but livestock production declined. Tight labor markets continue. Despite some slowing, consumer spending and borrowing remain at a high level. Bank lending continues strong but below the very rapid pace seen earlier this year. Construction activity rebounded in June after two months of decline.

Most news from the farm sector confirms the current agricultural price pressures; farmers received higher prices in June, especially for grain. The price advance was more moderate in the livestock sector with cattle and calf prices registering slight declines from May’s levels. Growing crops showed good prospects for excellent yields, but pork, poultry, and egg producers cut back production in response to rapidly rising costs. Average June prices for livestock feed advanced 14 percent from May’s level. A large agricultural lending agency in the District recently raised its interest rate on short-term loans to 8.25 percent; it was 5.75 percent at the beginning of the year. Farm cash receipts continue to increase.

A dwindling supply of unemployed labor has contributed to a slowing of employment gains. Small gains in manufacturing jobs were offset by job losses in nonmanufacturing. The unemployment rate remained unchanged at 3.8 percent. Reflecting tight labor markets, all District states except Louisiana have unemployment rates below the U. S. average. The factory workweek held steady, but manufacturing payrolls rose after dipping the previous month.

Growth in consumer credit continues to slow. In June, lending for auto purchases increased less than in any month since July 1972. Loans to purchase nonautomotive consumer goods and to repair homes grew less than in the average month of 1973. Personal loans were the only strong consumer lending category in June. Sales at department stores in major metropolitan areas continued to be well above last year’s level. The fast pace of District auto sales slowed in June.

Bank lending, while still registering strong gains, appears to have moderated from the exceptionally rapid pace of spring. Although deposit growth was strong, banks relied heavily on Federal funds purchases and borrowings from the Federal Reserve. Consumer loans and real estate loans continued to increase at large banks, while business loans registered only moderate gains. By late July, most District banks had increased their prime rate for larger business customers to 8 3/4 percent.

A bunching of large contracts boosted the value of construction contract awards in June. After two months of decline, both residential and nonresidential awards regained their relatively high first quarter levels. Large contracts boosted both sectors. At thrift institutions, deposit inflows and value of commitments declined while lending increased slightly. Residential mortgage rates continued to rise.

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