

monthly review

February

Federal Reserve Bank of Atlanta - 1974

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The Mississippi Economy: Problems and Prospects

by William N. Cox, III

The Mississippi economy entered 1974 following successive years of boom and pause. Her growth outpaced the nation's in 1972, but it dropped well below the U. S. pace in 1973. In general, Mississippi's economic fortunes have broadly paralleled the Southeast's pattern.¹

Personal income and nonfarm employment, the most reliable broad measures of state economic activity, evidence the pattern. The year 1972 was one of strong growth, when Mississippi's 13-percent personal income gain far exceeded the nation's 9 percent and when her 4-percent nonfarm employment gain slightly surpassed the 3-percent gain posted by the nation. But in 1973 the tables turned: Mississippi's personal income increase came nowhere near the nation's 11 percent, and the state's increase in nonfarm employment, although repeating its 1972 performance, failed to match the nation's 5-percent gain. Nevertheless, Mississippi's unemployment rate dropped steadily throughout the two-year period; experienced workers have been in short supply in most Mississippi labor markets.

Several specific sectors, however, bucked the trend and improved from 1972 to 1973. Both bank deposits and loans expanded about 25 percent faster. Bank debits, a hybrid indicator reflecting both economic and banking activity, increased at the same 15-percent rate in both years. Retail sales and sales tax receipts both gained more in 1973 than in 1972, although this was attributable to price acceleration.

On the minus side, 1973's steep drop in home building dealt a sharp setback to Mississippi's lumber and furniture industries. Textile and apparel manufacturers struggled with shortages and high costs. Cotton plantings were hit by spring floods in the Delta; livestock producers cut back in response to high feed costs and interest rates. These difficulties were offset, however,

¹"The Southeast in 1973: Rapid Growth but Behind U.S. Pace," this *Review*, January 1974.

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

Monthly Review, Vol. LIX, No. 2. Free subscription and additional copies available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.

by record crop and livestock prices and by a strong increase in soybean production. As a result, farm cash receipts rose dramatically from 1972 to 1973.

A New Challenge

In our 1969 and 1972 surveys, we emphasized how the nature of Mississippi's economic development problem had changed.² Earlier, the problem had been to provide enough nonfarm jobs to offset a rapid decline in agricultural employment. That challenge has been met: Today nine out of ten Mississippians live and work off the farm and only 4 percent of them are unemployed. With this success, the focus has shifted from the quantity to the quality of jobs. The problem now is to replace lower-paying nonfarm jobs with new employment embodying higher pay, skills and productivity. If Mississippi is to move from her spot on the bottom rung of the nation's per capita income ladder, she must do it by upgrading nonfarm jobs.

Will Mississippi be successful in meeting her new challenge? Since the nature of the problem has changed, we might be skeptical of basing conclusions about the future on extrapolations of past gains. As an alternative approach, let us instead look at the state's economic structure and analyze what resources and advantages are available or in prospect. In a sense, we want to inventory some of Mississippi's structural prospects for higher-paying nonfarm jobs.

Sandwiched Between . . .

Beginning such an inventory, one is struck by the way Mississippi is sandwiched between more richly endowed or more highly developed areas. This is important not just for comparison's sake, but because it is primarily these areas with which Mississippi must compete for higher-paying jobs.

Mississippi is "sandwiched between" in terms of natural resource endowments—between the oil, gas, and sulphur of Louisiana on the west and the coal, iron, and limestone of Alabama on the east. Mississippi has no resource endowment of similar importance. She does have the soil of the Delta and the timber of the eastern Piney Woods, but even so, Mississippi's timber is no better than Alabama's. Most of the storage, processing, and financing of Delta agricultural products takes place in Memphis or New Orleans, two cities which dominate the commerce of the southern Mississippi River. To the north, the Tennessee River traffic by-passes the Magnolia State, although its northeastern edge may benefit from the Tennessee-

Tombigbee linkup now under construction.

A similar pattern is apparent on the Gulf Coast. New Orleans and Mobile straddle Mississippi's smaller ports of Biloxi, Gulfport, and Pascagoula. Mississippi fishermen ply the same waters as Louisiana's, Alabama's, and Florida's but from fewer miles of coastline. Mississippi's coastal tourist centers face direct competition from New Orleans, Mobile, and the Gulf Coast of Florida.

Population centers are important to any state's income level, not only because higher-paying jobs are already concentrated there but also because of the potential for higher-quality employment in the form of skilled labor pools, specialized technical and financial expertise, convenient transportation and communications facilities, and shopping, educational, and recreational attractions. Here, too, Mississippi is "sandwiched between." If her political boundaries had been drawn 50 miles outward in any direction of the compass, Mississippi would then include a metropolitan area larger than any within the state. She is located between New Orleans on the south, Baton Rouge on the west, Memphis on the north, and Mobile on the east.

Surrounded as it is, what structural advantages does Mississippi bring to the competition for higher-paying jobs? Let us assess the prospects, focusing on the Gulf Coast before surveying the rest of the state.

The Gulf Coast

The Gulf Coast joins Jackson as one of Mississippi's two focal points of growth and development. A quarter of a million people live in the three coastal counties of Mississippi, comprising one-eighth of the state's population and earning one-seventh of her income. On the average, the incomes of Mississippi's coastal inhabitants are 20 percent higher than in the rest of the state.

Economically and culturally, the Gulf Coast's ties run east and west to Mobile and New Orleans rather than north to the rest of Mississippi. Her industries resemble the adjoining coastal areas of Alabama and Louisiana. The charts illustrate quite clearly both the east-west similarities and the north-south differences in the income, poverty and education of Mississippi's coastal residents compared to their neighbors.

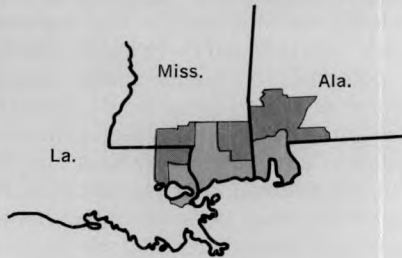
Tourism, fishing, and shipbuilding have been the key industries producing the growth and affluence of Mississippi's coastal economy. When we look beyond the numbers at the structure of each of these industries, however, we find room to question whether they can continue to spark the pace of economic growth.

Tourism presents mixed prospects. On the plus side, recreation and travel should continue to expand rapidly despite higher gasoline prices and

²"Mississippi Nonfarm Jobs in the Sixties: A Sneak Preview," this **Review**, November 1969; "Mississippi in 1972," this **Review**, September 1972.

The COASTAL COUNTIES of Mississippi resemble their Alabama and Louisiana neighbors directly to the east and west more than their Mississippi neighbors to the north . . .

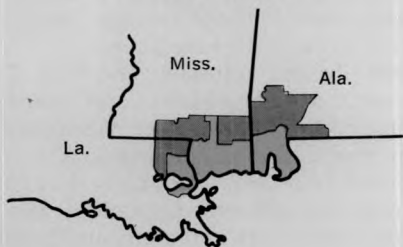
. . . in terms of EDUCATION,





. . . PER CAPITA INCOME,



. . . and POVERTY.



 Above the average of all Mississippi counties
 Below the average of all Mississippi counties

* * *

Source: 1969 County data on (1) Median years of school completed by males 25 and over, (2) Per capita income of persons, and (3) Percent of persons with income greater than the poverty level, from General Social and Economic Characteristics for Mississippi, Alabama, and Louisiana, Bureau of the Census, 1970.

lower speed limits. Most of the coast's tourist facilities are new and modern, thanks in part to rebuilding from 1969's hurricane damage. The Offshore Islands National Seashore and the Biloxi Coliseum, both under development, will make coastal tourism and conventions more attractive.

There is a dark cloud overhead, however, in the prospect of the coastal interstate highway, which will bring two distinct negative effects. First, it will make the better-established recreation and entertainment facilities in Florida, New Orleans, and Mobile more accessible to those who now patronize competitive facilities on the Mississippi coast. Second, it will displace the east-west tourist traffic from four hours on the crowded coastal road to two hours on the interstate highway several miles inland. Understandably, completion of this highway has received a low priority, especially in view of the positive economic stimulus such roads can bring to other parts of the state.

The coastal fishing industry, in contrast, should encounter no difficulty in selling all the product it can catch and process. The dominant catch is menhaden, used to make industrial oils and animal feed. Here, as in the case of edible fish and shellfish, the limitation is in the supply. The Gulf waters are being fully fished for most varieties and there is no means at hand for expanding the catch. Compared to other Atlantic Coast fisheries, Mississippi does have an advantage, however, for it is less vulnerable to the effects of red tide and water pollution. Still, fishing and fish processing cannot be counted on to contribute vigorous new growth to the coastal economy.

The shipbuilding industry, concentrated in the Ingalls yard at Pascagoula, has been the dominant stimulus to economic expansion on the state's eastern coast during the past five years. The thrust of this activity is over, however, now that shipbuilding employment has stabilized. Secondary effects of the Ingalls expansion are still being felt, nevertheless, as local retail and housing markets continue to recapture some of the business that initially spilled over into the Mobile area.

Though the primary boom is over and despite the well-publicized cost and quality difficulties at the Pascagoula shipyard, development there has unquestionably demonstrated that unskilled Mississippi workers can be quickly trained and utilized in high-technology jobs. This may well be the most important result of the shipbuilding boom. Even as the coastal interstate highway dislocates the tourist industry, it will enhance the coast's attractiveness as an industrial center. It is in this direction that the coast's economic structure points with the most promise.

Prospects Elsewhere

Jackson, the state's most urbanized area with its

convenient transportation and financial facilities, is the center for governmental activity and retail trade. The city's pool of skilled labor and standard of living rank ahead of the Gulf Coast as the best in the state. For these reasons Jackson is most attractive for the location of branch offices, distribution centers, and light manufacturing. Such industries enabled Jackson to double its personal income during the 1960's, and they form a base for further growth.

Jackson's handicap, however, is that most of the advantages she boasts, relative to the rest of Mississippi, are in turn surpassed by several larger cities in the Southeast. The capital city's recent growth reflects the statewide shift of jobs from farms to factories and services. Now that this shift is virtually complete, Jackson faces the more difficult task of expanding her market area in competition with New Orleans and Memphis. Nevertheless, although hard pressed to maintain her growth rate or to improve the quality of the jobs she offers, the capital city's contribution to Mississippi's standard of living will come from offering higher-paying nonfarm jobs than those now available in other parts of the state.

Other Growth Centers

Aside from the traditional growth centers of Jackson and the Gulf Coast, what available resources might enable the rest of the state to compete for higher-quality jobs? There appear to be three other areas in Mississippi which have localized advantages. First is the so-called Piney Woods area centered on Meridian, known for lumber and furniture products. Although this industry reflects the volatility of housing construction, neither the long-run demand for such products nor the ability of the area to supply them is in doubt. This area possesses the timber resources, the experience in lumber processing and mobile home construction, and the highway connections to become a center of modular home construction.

The second area, lying in the rectangle to the north of the first, will benefit from the Tennessee-Tombigbee waterway, scheduled for completion ten years from now. The waterway will provide a region already blessed with cheap TVA electric power with barge access to middle-western markets for manufactures and agricultural products. One may well ask, however, whether Mississippi will capitalize on the new waterway any more than she has on the Mississippi River.

The third area of promise is the Mississippi Delta south of Memphis. Emphasis there is shifting from cotton to soybeans, and the big question is whether Mississippi can attract soybean processing industries on her side of the state line. (The latter two areas lie outside the Sixth Federal Reserve District.)

Scattered Industry Can Still Contribute

The areas mentioned are likely to provide the strongest components of Mississippi's economic growth during the next 20 years. Nevertheless, it is appropriate to round out our analysis by emphasizing that Mississippi can benefit more than any other Sixth District state from the continued attraction of small semiskilled industries. The state's low income level results only in part from a sparsity of highly developed growth centers. The less-developed areas are also poorer than similar ones in neighboring states and can therefore benefit more from lower-wage, lower-skilled industries. Excluding the Jackson and Gulf Coast areas, 87 percent of Mississippi's counties reported a per capita income below \$2,000 in the 1970 Census. The comparable percentages were 57 percent and 52 percent in Alabama and Georgia, respectively. (Alabama's nonmetropolitan per capita income is slightly lower than Mississippi's, however; Georgia's is significantly higher.) So the attraction of small industries still has a part to play in Mississippi's struggle for higher incomes. *

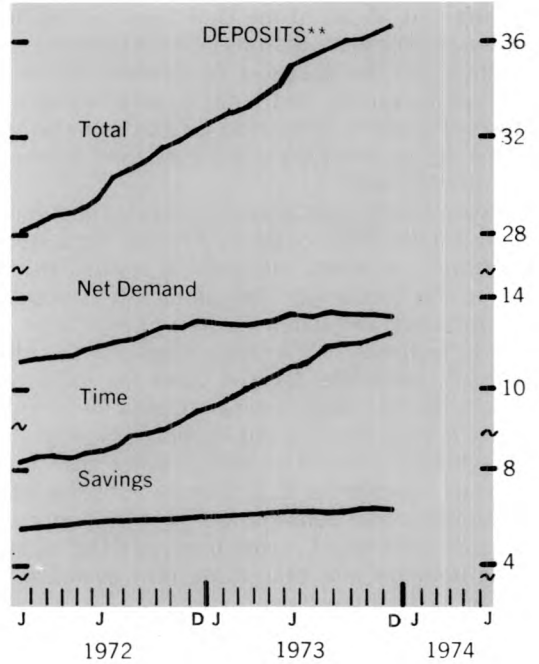
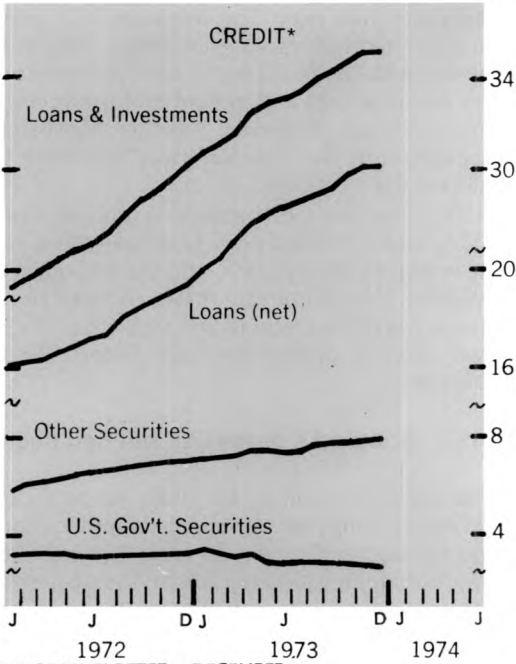
NOW AVAILABLE

Bank Structure and Economic Change in the Southeast

A collection of selected articles from the Monthly Review of the Federal Reserve Bank of Atlanta and other sources tracing the development of banking structure in response to major changes in the Southeast's economy and other studies dealing with the rapidly evolving banking structure in this region. Single copies available to individuals and banking and educational institutions from the Research Department, Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303

BANKING STATISTICS

Billion \$



LATEST MONTH PLOTTED: DECEMBER

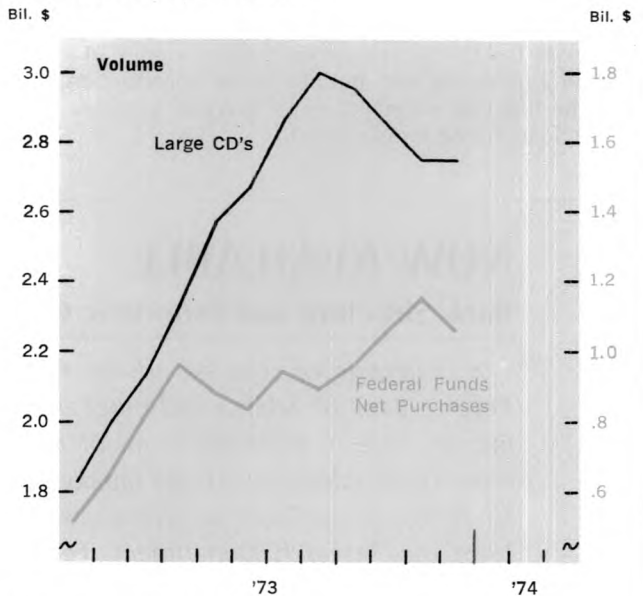
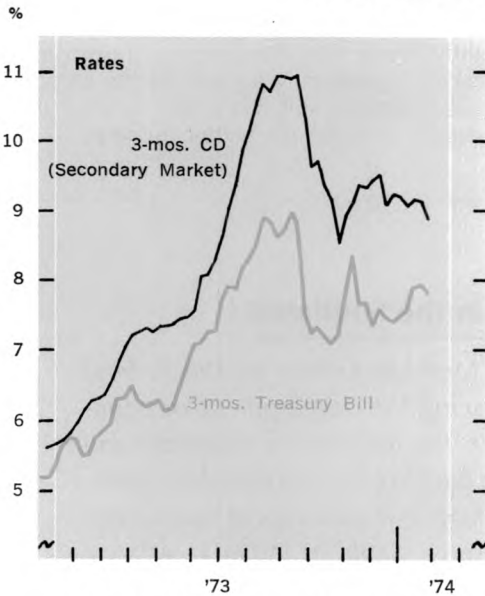
*Figures are for the last Wednesday of each month.

**Daily average figures.

SIXTH DISTRICT BANKING NOTES

Another Record Year for CD's

Certificates of Deposit and Related Factors



Note: Right hand panel—top line, 23 large District banks; bottom line, District reserve city banks.

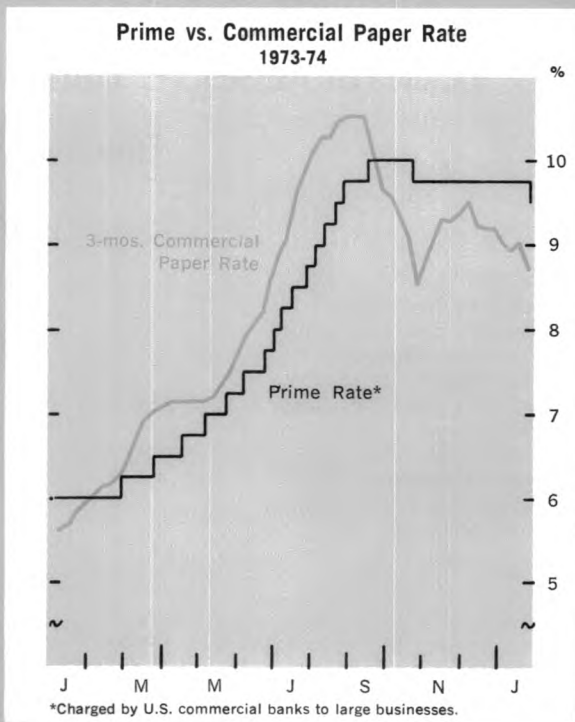
For the fourth consecutive year, the volume of large-denomination certificates of deposit (CD's) was at record levels in the Sixth District. Reports from large District banks show that the volume of these instruments outstanding at the end of 1973 reached \$2,750 million, a 58-percent increase over 1972. This growth accounted for almost 64 percent of these banks' increase in total time deposits. Although the District growth rate outstripped that of the nation as a whole, District CD volume represented only 4 percent of the U. S. total. Moreover, approximately three-fourths of the District volume was concentrated at large banks in Atlanta, New Orleans, and Nashville.

Closer examination reveals that 1973's total increase in CD volume hides three distinct patterns which are broadly similar to those in the U. S. as a whole. District CD volume grew strongly in the first eight months and peaked in August. This was a period of strong economic growth (as in the nation) when loan demand normally increases. Loan demand at commercial banks was further boosted by an unusual development in the money market. The rate on commercial paper (short-term corporate I.O.U.'s) exceeded the prime rate charged by banks to large businesses, making banks a comparatively cheaper source of credit for large business borrowers. However, the growth of demand deposits fell far short of loan demand; hence, banks sought additional sources of funds.

The May suspension of Regulation Q ceilings on CD's maturing in 90 or more days—such ceilings for shorter maturity CD's had been lifted earlier—encouraged banks to accommodate their need for funds by issuing CD's. As the yield on CD's rose relative to those on competing instruments such as three-month Treasury bills, banks succeeded in attracting loanable funds on a large scale.

In the fall, the CD growth pattern reversed as CD volume declined. A slower growth in loan demand attended a slower overall economic growth. Moreover, by October the commercial paper rate dropped, returning to its more familiar relationship with the prime rate. Thus, large business borrowers turned increasingly to the commercial paper market. Lower rates in the bond markets also led other borrowers to rely less on bank lending. Banks, then, had less need to raise funds through CD issue.

Two other factors prompted the actual runoff which then took place. First, the marginal reserve requirements on CD's, which had been raised 3 percent in May, were raised another 3 percent in September. The second factor is more complicated. When banks expect interest rates to fall, they tend



to seek shorter-term sources of funds and to shun longer-term liabilities which would lock them in at high rates. A decline in the average maturity of outstanding CD's would be an indication of such expectations, and that is in fact what happened. The average maturity of CD's at District banks declined from 2.9 months in August to 2.5 months in November. Banks let CD's run off and favored the Federal funds market as a source of loanable funds.

The CD runoff at large District banks continued through the first half of December. At that time, loan growth had slackened to almost zero; but because deposits had grown even less, banks were still strapped for funds. Furthermore, interest rates had declined less than many had anticipated. In particular, though the CD rate did drop, the Federal funds rate remained fairly constant and above both the CD and prime rates in November and December. This motivated banks to again solicit CD funds, beginning in the second half of December. A regulatory change in December lowering CD marginal reserve requirements by 3 percent provided additional incentive for banks to reenter the market as active issuers of CD's.

W. F. Mackara

Board of Directors

Federal Reserve Bank of Atlanta and Branches

Effective January 1, 1974

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West Point, Georgia

Sam I. Yarnell—1975
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+ **John T. Oliver, Jr.**—1976
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Company of America
Alcoa, Tennessee

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1976
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Atlanta, Georgia

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President, The Bank of New Orleans and
Trust Company
New Orleans, Louisiana

¹Member bank representatives elected by member banks

²Nonbankers elected by member banks

³Nonbankers appointed by Board of Governors,
Federal Reserve System

⁴Not a member of the Board of Directors

Note: Expiration dates of terms occur on December 31
of the year beside each name.

*Reappointed for three-year term

+ New member

†Effective February 8, 1974

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Jacksonville, Florida

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+ **Egbert R. Beall**—1976
President, Beall's Department Stores
Bradenton, Florida

Guy W. Botts—1974
Vice Chairman, Barnett Bank of Jacksonville,
N. A.
Jacksonville, Florida

Michael J. Franco—1975
Chairman, City National Bank of Miami
Miami, Florida

+ **William K. de Veer**—1976
President, First National Bank
Palm Beach, Florida

† **Richard A. Cooper**—1976
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New Port Richey, Florida

NASHVILLE BRANCH

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Knoxville, Tennessee

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Watts
Nashville, Tennessee

***James W. Long**—1976
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Springfield, Tennessee

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Kingsport, Tennessee

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Pulaski, Tennessee

+ **Fred R. Lawson**—1976
President, Blount National Bank
Maryville, Tennessee

+ **T. Scott Fillebrown, Jr.**—1976
President, First American National Bank
Nashville, Tennessee

NEW ORLEANS BRANCH

Fred Adams, Jr.—1974
President, Cal-Maine Foods, Inc.
Jackson, Mississippi

Edwin J. Caplan (Chairman)—1975
President, Caplan's Men's Shops, Inc.
Alexandria, Louisiana

Vacancy

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President, The Citizens National Bank
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Chairman, Merchants National Bank
Mobile, Alabama

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Chairman of the Board and President,
Louisiana National Bank of Baton Rouge
Baton Rouge, Louisiana

+ **James H. Jones**—1976
Chairman and Chief Executive Officer, First
National Bank of Commerce
New Orleans, Louisiana

Sixth District Statistics

Seasonally Adjusted

(All data are indexes, unless indicated otherwise.)

	Latest	Month	One	Two	One		Latest	Month	One	Two	One
	Month	ago	Month	Months	Year		Month	Month	Month	Months	Year
		ago	ago	ago	ago			ago	ago	ago	ago
SIXTH DISTRICT											
INCOME AND SPENDING											
Manufacturing Payrolls	Dec.	170	172	170	159	Unemployment Rate	Dec.	4.1	3.8	4.1	4.4
Farm Cash Receipts	Nov.	185	201	188	148	(Percent of Work Force)	Dec.	40.9	41.5	41.1	40.9
Crops	Nov.	216	191	129	164	Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec.				
Livestock	Nov.	185	222	276	164	FINANCE AND BANKING					
Instalment Credit at Banks** (Mil. \$)						Member Bank Loans	Dec.	235	237	228	197
New Loans	Dec.	635	752r	655	613	Member Bank Deposits	Dec.	194	192	194	174
Repayments	Dec.	578	628r	574	498.1	Bank Debits**	Dec.	230	228	215	179
EMPLOYMENT AND PRODUCTION											
Nonfarm Employment	Dec.	126.6	127.2	127.0	122.9	FLORIDA					
Manufacturing	Dec.	115.4	115.2	115.0	113.5	INCOME					
Nondurable Goods	Dec.	113.0	113.1	112.7	111.8	Manufacturing Payrolls	Dec.	179	179	178	164
Food	Dec.	103.2	103.5	101.3	102.4	Farm Cash Receipts	Nov.	182	217	252	177
Textiles	Dec.	111.0	110.7	109.8	109.5	EMPLOYMENT					
Apparel	Dec.	111.1	111.3	112.3	111.3	Nonfarm Employment	Dec.	142.7	144.0	144.4	136.2
Paper	Dec.	110.3	110.9	110.5	111.4	Manufacturing	Dec.	122.3	123.2	122.7	117.3
Printing and Publishing	Dec.	125.4	124.0	124.8	121.7	Nonmanufacturing	Dec.	146.6	148.0	148.6	139.8
Chemicals	Dec.	108.5	108.2	107.7	106.1	Construction	Dec.	184.8	187.6	187.9	170.4
Durable Goods	Dec.	118.4	117.7	117.9	115.7	Farm Employment	Dec.	94.8	96.6	91.6	94.8
Lbr., Wood Prods., Furn. & Fix.	Dec.	109.6	110.0	109.7	110.7	Unemployment Rate	Dec.	3.4	3.0	2.8	3.1
Stone, Clay, and Glass	Dec.	122.6	123.4	122.5	118.7	(Percent of Work Force)	Dec.	41.0	41.2	41.0	41.2
Primary Metals	Dec.	113.2	113.2	113.2	110.7	Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec.				
Fabricated Metals	Dec.	130.2	129.7	128.8	123.6	FINANCE AND BANKING					
Machinery	Dec.	148.2	146.9	145.2	137.7	Member Bank Loans	Dec.	290	281	274	233
Transportation Equipment	Dec.	107.5	105.9	108.9	108.6	Member Bank Deposits	Dec.	228	232	226	203
Nonmanufacturing	Dec.	130.9	131.4	131.2	126.2	Bank Debits**	Dec.	285	302r	288	240
Construction	Dec.	138.8	138.7	138.2	131.2	GEORGIA					
Transportation	Dec.	123.6	123.8	123.4	119.8	INCOME					
Trade	Dec.	131.0	133.2	133.3	126.1	Manufacturing Payrolls	Dec.	164	158	159	156
Fin., ins., and real est.	Dec.	139.0	139.0	138.7	132.8	Farm Cash Receipts	Nov.	194	254	179	130
Services	Dec.	137.0	137.2	136.5	132.7	EMPLOYMENT					
Federal Government	Dec.	102.6	102.5	101.7	101.9	Nonfarm Employment	Dec.	124.4	124.2	124.0	120.8
State and Local Government	Dec.	134.7	134.1	133.1	129.2	Manufacturing	Dec.	110.3	109.1	109.4	109.1
Farm Employment	Dec.	87.9	84.9	84.3	87.0	Nonmanufacturing	Dec.	130.9	131.1	130.7	126.1
Unemployment Rate	Dec.	4.0	3.7	3.7	3.9	Construction	Dec.	136.1	135.4	135.1	126.7
(Percent of Cov. Emp.)	Dec.	1.8	1.6	1.7	2.4	Farm Employment	Dec.	91.1	89.6	85.4	93.7
Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec.	40.9	40.8	40.9	41.2	Unemployment Rate	Dec.	4.5	3.8	3.9	3.7
Construction Contracts*	Dec.	254	374	265	250	(Percent of Work Force)	Dec.	40.7	40.3	40.4	41.3
Residential	Dec.	257	346	311	331	Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec.				
All other	Dec.	250	401	220	170	FINANCE AND BANKING					
Cotton Consumption**	Nov.	79	80	79	77	Member Bank Loans	Dec.	251	253	251	197
Petroleum Production**	Dec.	109	105	116	126	Member Bank Deposits	Dec.	180	174	181	163
Manufacturing Production	Sept.	304	305	299	281	Bank Debits**	Dec.	268	280	282	230
Nondurable Goods	Sept.	244	245	244	234	LOUISIANA					
Food	Sept.	188	189	188	185	INCOME					
Textiles	Sept.	297	298	292	275	Manufacturing Payrolls	Dec.	149	147	153	147
Apparel	Sept.	289	290	292	275	Farm Cash Receipts	Nov.	204	222	188	160
Paper	Sept.	225	225	224	219	EMPLOYMENT					
Printing and Publishing	Sept.	156	157	158	159	Nonfarm Employment	Dec.	114.7	114.5	114.2	112.5
Chemicals	Sept.	316	312	309	298	Manufacturing	Dec.	105.0	104.2	104.0	103.6
Durable Goods	Sept.	375	376	365	336	Nonmanufacturing	Dec.	116.7	116.7	116.3	114.3
Lumber and Wood	Sept.	202	202	203	199	Construction	Dec.	99.2	96.8	95.0	98.1
Furniture and Fixtures	Sept.	193	192	192	188	Farm Employment	Dec.	81.9	71.9	79.3	81.9
Stone, Clay, and Glass	Sept.	208	206	204	188	Unemployment Rate	Dec.	5.9	5.8	6.3	5.9
Primary Metals	Sept.	258	255	250	219	(Percent of Work Force)	Dec.	41.0	40.7	41.3	43.7
Fabricated Metals	Sept.	293	288	285	274	Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec.				
Nonelectrical Machinery	Sept.	498	497	519	446	FINANCE AND BANKING					
Electrical Machinery	Sept.	922	916	852	751	Member Bank Loans*	Dec.	231	227	226	180
Transportation Equipment	Sept.	456	471	445	438	Member Bank Deposits*	Dec.	176	175	174	160
FINANCE AND BANKING											
Loans*	Dec.	257	253	248	207	Bank Debits*/**	Dec.	197	188r	193	171
Large Member Banks	Dec.	243	238	235	192	ALABAMA					
Large Banks	Dec.	243	238	235	192	INCOME					
Deposits*	Dec.	200	200	199	179	Manufacturing Payrolls	Dec.	172	175	171	156
All Member Banks	Dec.	177	175	177	159	Farm Cash Receipts	Nov.	225	196	215	145
Large Banks	Dec.	177	175	177	159	EMPLOYMENT					
Bank Debits*/**	Dec.	249	255r	247	209	Nonfarm Employment	Dec.	116.2	116.7	116.2	113.8
MISSISSIPPI											
INCOME											
Manufacturing Payrolls	Dec.	172	175	171	156	Manufacturing	Dec.	125.4	124.2	123.7	119.0
Farm Cash Receipts	Nov.	225	196	215	145	Manufacturing	Dec.	128.0	127.5	126.9	125.4
INCOME											
Manufacturing Payrolls	Dec.	192	190	189	168	Nonmanufacturing	Dec.	124.2	122.7	122.3	119.2
Farm Cash Receipts	Nov.	174	171	154	127	Construction	Dec.	113.6	114.6	116.5	113.9
EMPLOYMENT											
Nonfarm Employment	Dec.	125.4	124.2	123.7	119.0	Farm Employment	Dec.	79.5	79.9	84.1	78.3
Manufacturing	Dec.	128.0	127.5	126.9	125.4						
Nonmanufacturing	Dec.	124.2	122.7	122.3	119.2						
Construction	Dec.	113.6	114.6	116.5	113.9						
Farm Employment	Dec.	79.5	79.9	84.1	78.3						

	Latest Month	One Month Ago	Two Months Ago	One Year Ago
Unemployment Rate (Percent of Work Force)	Dec. 4.1	3.9	3.9	4.3
Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec. 40.5	40.5	40.8	40.7
FINANCE AND BANKING				
Member Bank Loans*	Dec. 261	250	244	206
Member Bank Deposits*	Dec. 209	209	209	176
Bank Debits**	Dec. 213	221	213	191
TENNESSEE				
INCOME				
Manufacturing Payrolls	Dec. 178	177	176	162
Farm Cash Receipts	Nov. 202	180	185	206

EMPLOYMENT

	Latest Month	One Month Ago	Two Months Ago	One Year Ago
Nonfarm Employment	Dec. 125.1	125.2	124.7	122.1
Manufacturing	Dec. 116.2	116.4	116.3	115.6
Nonmanufacturing	Dec. 130.0	130.1	129.4	125.8
Construction	Dec. 128.7	124.3	122.2	123.4
Farm Employment	Dec. 90.1	90.1	89.0	85.7
Unemployment Rate (Percent of Work Force)	Dec. 3.1	3.0	2.8	3.3
Avg. Weekly Hrs. in Mfg. (Hrs.)	Dec. 41.0	40.8	41.0	40.7

FINANCE AND BANKING

	Latest Month	One Month Ago	Two Months Ago	One Year Ago
Member Bank Loans*	Dec. 245	239	233	201
Member Bank Deposits*	Dec. 192	189	189	171
Bank Debits**	Dec. 223	215	194	175

*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.

Sources: Manufacturing production estimated by this Bank; nonfarm, mfg. and non mfg. 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; 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.

†Data benchmarked to June 1971 Report of Condition

Debits to Demand Deposit Accounts

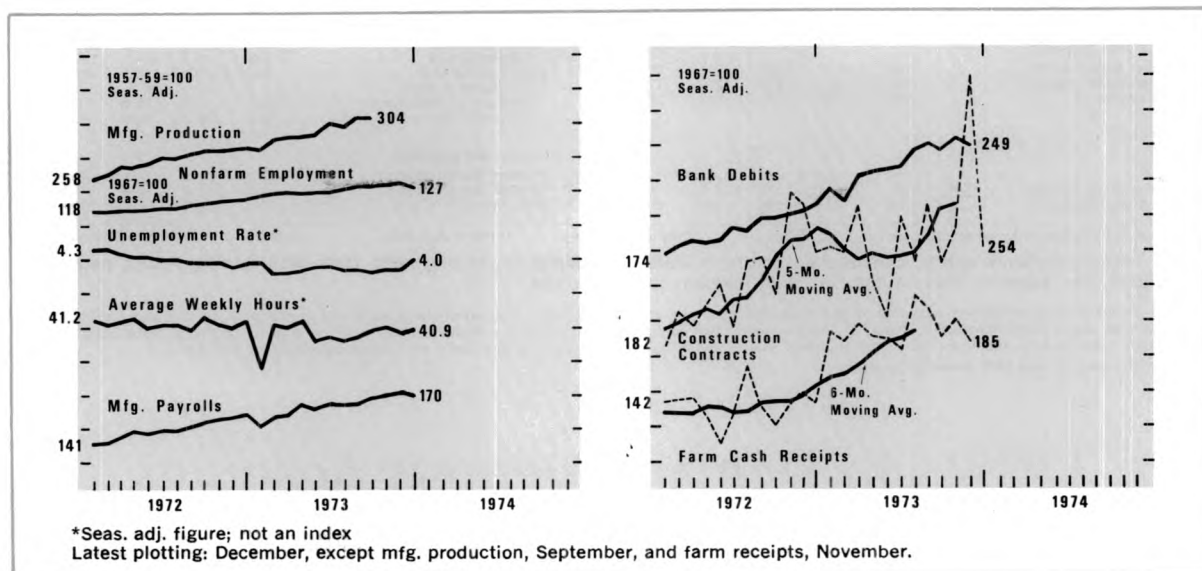
Insured Commercial Banks in the Sixth District (In Thousands of Dollars)

	Percent Change					Percent Change						
	December 1973	November 1973	December 1972	Nov. 1973	Dec. 1972	December 1973	November 1973	December 1972	Nov. 1973	Dec. 1972	Year to date 12 mos. from 1973	Year to date 12 mos. from 1972
STANDARD METROPOLITAN STATISTICAL AREAS**												
Birmingham	4,083,196	3,748,576	2,957,432	+ 9	+31	+21						
Gadsden	104,886	101,390	90,500	+ 3	+16	+12						
Huntsville	339,223	325,753	284,712	+ 4	+19	+17						
Mobile	1,148,377	1,119,324	903,794	+ 3	+27	+18						
Montgomery	675,649	642,458	552,763	+ 5	+22	+21						
Tuscaloosa	223,624	220,203	169,375	+ 3	+32	+29						
Bartow-Lakeland- Winter Haven	828,757	751,337	704,472	+10	-18	+23						
Daytona Beach	383,893	381,573	310,088	+ 1	+24	+25						
Ft. Lauderdale- Hollywood	1,983,822	1,704,767	1,674,233	+16	-18	+14						
Ft. Myers	348,645	367,904	277,104	- 5	+26	+36						
Gainesville	291,469	254,869	214,895	+14	+36	+25						
Jacksonville	4,255,061	4,729,169	3,275,363	-10	-30	+26						
Melbourne- Titusville-Cocoa	567,030	530,087	408,358	+ 7	-39	+26						
Miami	7,369,847	6,995,300	6,496,434	+ 5	+13	+26						
Orlando	1,636,562	1,443,162	1,370,059	+13	+19	+21						
Pensacola	428,969	418,157	374,764	+ 3	+14	+12						
Sarasota	574,906	473,808	431,794	+21	+33	+41						
Tallahassee	672,009	783,044	557,437	-14	+21	+41						
Tampa-St. Pete	4,154,749	4,075,416	3,437,938	+ 2	+21	+25						
W. Palm Beach	1,305,171	1,212,070	1,025,086	+ 8	+27	+36						
Albany	912,619	187,849	183,321	+ 3	+ 5	+16						
Atlanta	16,406,077	15,729,106r	12,837,098	- 4	+28	+40						
Augusta	568,608	579,852	406,916	- 2	+40	+22						
Columbus	427,906	433,090	384,386	- 1	+11	+10						
Macon	578,021	569,887	473,799	- 1	+22	+21						
Savannah	537,699	537,769	578,650	+ 7	- 1	+17						
Alexandria	279,766	259,819	204,312	+ 8	+37	+21						
Baton Rouge	1,274,002	1,229,568	1,028,586	+ 4	+24	+15						
Lafayette	284,996	273,779	250,590	+ 4	+14	+19						
Lake Charles	229,028	232,676	205,172	- 2	+12	+12						
New Orleans	4,519,503	4,025,894r	4,049,729	+12	+12	+12						
Biloxi-Gulfport	218,667	223,388	216,117	- 2	+ 1	+15						
Jackson	1,462,802	1,466,448	1,302,266	- 0	+12	+19						
Chattanooga	1,474,922	1,290,027	1,054,164	+14	+40	+30						
Knoxville	1,258,942	1,020,120	806,185	+23	+56	+24						
Nashville	3,580,488	3,677,876	3,055,542	- 3	+17	+21						
OTHER CENTERS												
Anniston	106,379	102,267	99,140	+ 4	+ 7	+11						
Dothan	184,911	185,135	127,009	- 0	+46	+41						
Selma	105,915	97,815	79,785	+ 8	+33	+25						
Bradenton	210,354	180,342	157,370	+17	+34	+28						
Monroe County	84,701	75,968	64,959	+11	+30	+32						
Ocala	210,340	211,655	148,752	+ 6	+41	+38r						
St. Augustine	37,260	35,092	30,526	+ 6	+21	+30						
St. Petersburg	1,014,268	982,314	854,651	+ 3	+19	+33						
Tampa	1,928,994	1,988,303r	1,559,183	- 3	+24	+25						
Athens	161,440	156,660	166,787	+ 3	- 3	+ 9						
Brunswick	103,948	95,985	84,279	+ 8	+23	+24						
Dalton	201,106	195,880	161,183	+ 3	+25	+18						
Elberton	24,137	21,220	20,974	+14	+15	+ 8						
Gainesville	141,377	139,610	115,463	+ 1	+22	+27						
Griffin	77,693	74,541	63,945	+ 4	+21	+25						
LaGrange	41,354	43,545	36,927	+ 5	+12	+28						
Newnan	61,785	58,175	57,871	+ 6	+ 7	+26						
Rome	147,993	147,699	129,306	+ 0	+14	+15						
Valdosta	98,241	93,471	95,236	+ 5	+ 3	+ 5						
Abbeville	91,827	17,642	17,444	+12	+14	+ 9						
Bunkie	14,849	19,465	11,671	-24	+27	+24						
Hammond	85,748	86,052	61,824	- 0	+39	+38						
New Iberia	66,275	64,188	59,442	+ 3	+11	+15						
Plaquemine	24,422	20,991	21,839	+16	+12	+48						
Thibodaux	43,085	36,819	37,399	+17	+15	+15						
Hattiesburg	125,687	129,724	105,776	- 3	+19	+22						
Laurel	76,483	72,976	67,902	+ 5	+13	+15						
Meridian	114,209	114,001	111,539	+ 0	+ 2	+14						
Natchez	60,143	57,414	52,248	+ 5	+15	+13						
Pascagoula- Moss Point	146,130	149,796	136,781	- 2	+ 7	+ 7						
Vicksburg	86,413	91,047	68,268	+ 5	+27	+26						
Yazoo City	47,804	49,782	40,410	- 4	+18	+12						
Bristol	119,784	107,491	128,314	+11	- 7	- 3						
Johnson City	163,627	159,516	147,933	+ 3	+11	+16						
Kingsport	264,103	255,686	209,673	+ 3	+26	+18						
District Total	77,958,947	76,145,000r	65,574,129	+ 2	+19	+24						
Alabama	9,165,090	8,733,395	7,108,893	+ 5	+29	+20						
Florida	27,083,175	26,601,028r	22,821,149	+ 2	+19	+24						
Georgia	21,380,318	21,603,779r	18,576,063	- 1	+15	+30						
Louisiana	7,931,642	7,303,158r	6,889,536	+ 9	+15	+17						
Mississippi	3,083,890	3,144,422	2,779,873	- 2	+11	+14						
Tennessee	9,314,832	8,759,708	7,398,615	+ 6	+26	+20						

† District portion only
r-Revised

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.
**Conforms to SMSA definitions as of December 31, 1972.

District Business Conditions



The Southeast's economy began to show signs of sluggishness as the energy shortage contributed to rising unemployment rates and declining auto sales. Growth of consumer credit was slow, largely because of a drop in auto loans. Total member bank lending also fell, and deposits showed little growth. Led by softness in the residential sector, the value of construction contracts was down sharply. High feed costs restricted livestock output, but the large expansion in planned crop acreage provided a bright spot.

A decline in nonfarm jobs was accompanied by a rise in December's unemployment rate to 4.0 percent. All six District states recorded higher unemployment rates. Alabama, Florida and Tennessee experienced job losses. Trade employment posted the largest decline, particularly in Florida; fuel-related problems were a major factor. Manufacturing jobs held up well, with small gains recorded in many industries. Factory hours lengthened and payrolls expanded strongly.

Auto loans outstanding at commercial banks declined in December, resulting in the slowest monthly growth in consumer credit outstanding since July 1971. Unit auto sales were down sharply when compared to the year-ago month, but demand for small domestic and imported cars exceeded dealer supplies. Inventories of full-sized cars continued to build despite production cut-backs. Lending to purchase nonautomotive consumer goods grew at a moderate pace, as retail sales increased.

Loans at member banks in December declined for the first time during 1973. Total deposits showed no growth, although the runoff of large-denomination CD's abated. Borrowings from the Federal Reserve and net purchases of Federal funds

declined, although larger banks remained under reserve pressures and continued to borrow heavily. Total investments declined as banks reduced their holdings of U. S. Government securities.

The value of construction contracts dropped sharply in December. Despite increased availability of funds and gradually declining residential mortgage rates, the value of residential contracts fell considerably. Nonresidential contracts were off from the previous month's record high but remained at levels prevailing during most of 1973.

Prices received by District farmers in December held steady at November's average level, but individual commodities scored major offsetting changes. Orange prices plummeted and rice prices declined, but all other grains, soybeans, and tobacco registered large price increases, reflecting strengthening demand. Rising egg prices essentially offset price declines for meat animals. Preliminary data indicate that all livestock prices increased in January, as high feed costs continued to restrain supplies. However, an unusually mild winter has contributed to a sharp build-up in hay stocks from last year's level. Winter wheat acreage is up 40 percent from the 1973 crop, and production is expected to double in Tennessee. Farmers intend to increase 1974 cotton acreage by one-fifth.

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