

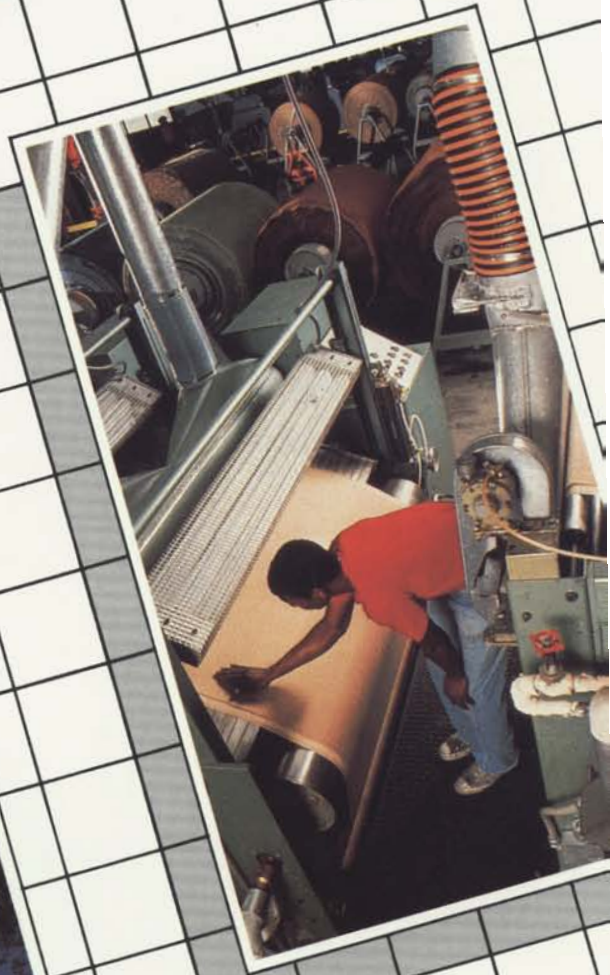
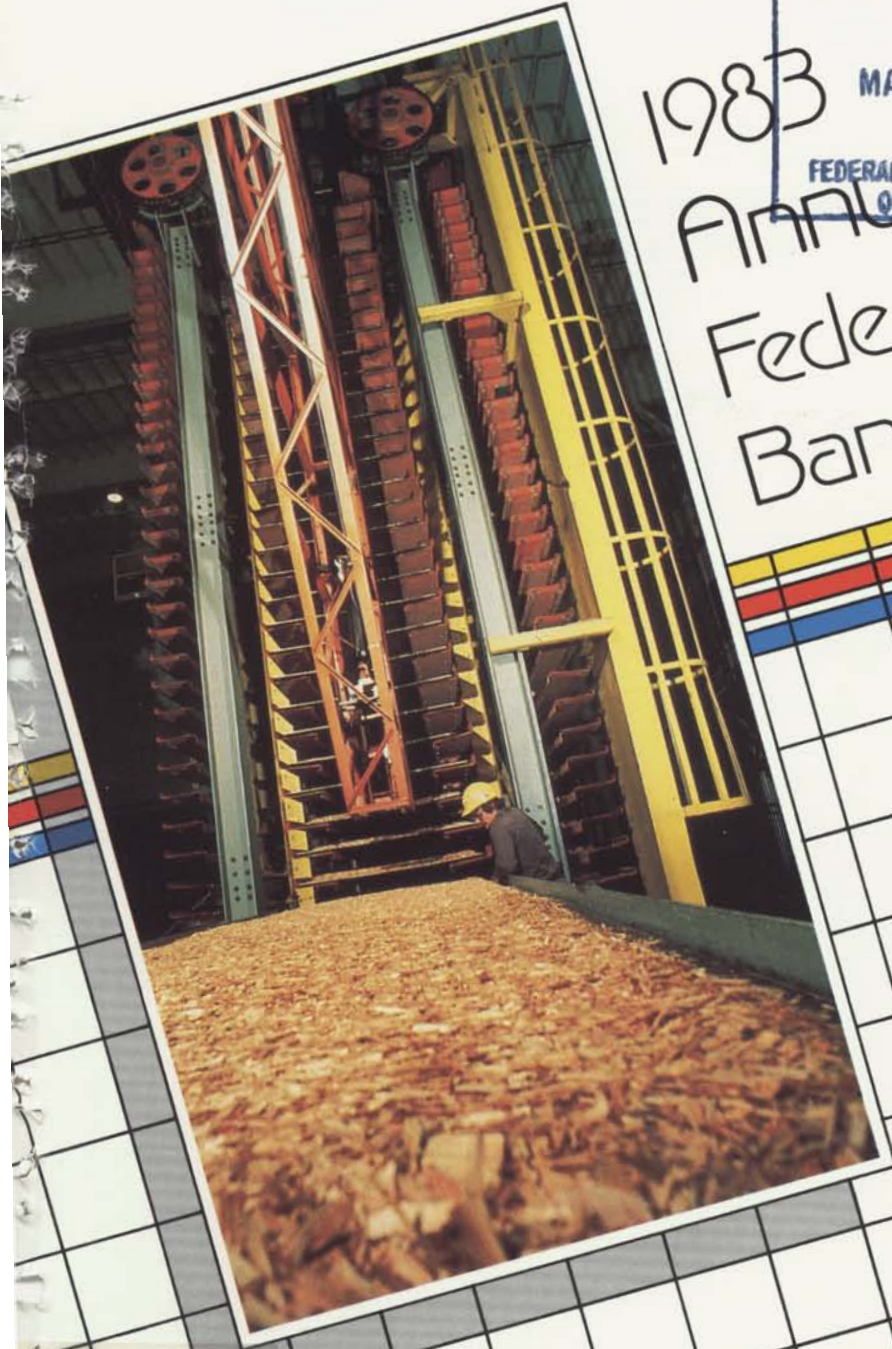
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FEDERAL RESERVE BANK
OF ATLANTA

Annual Report Federal Reserve Bank of Atlanta



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The once agrarian southeastern economy has grown into a diverse machine powered by industries both old and new. Today, the region's workers may be employed in fields as diverse as financial services, tourism, farming or aerospace. That diversity is suggested by our cover, which portrays visitors enjoying an amusement park's parachute ride, a millworker dry-finishing upholstery fabric, and employees in a state-of-the-art wood products facility producing structural panels. Across the Southeast, new high-tech manufacturing firms are using sophisticated techniques to produce advanced materials and systems for commercial and military customers. Traditional employers, such as textile and apparel manufacturers, also are adapting technology to make their products more competitive in world markets. In this year's annual report, we will look at the evolution of our region's economy from pioneering days to today's era of the Space Shuttle. We will also look at how the Federal Reserve Bank of Atlanta—one of 12 regional banks within the Federal Reserve System—is attempting to serve the financial institutions, other businesses and consumers in the Sixth Federal Reserve District as they cope with a changing environment.

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From the Boardroom

In a number of ways, 1983 was a memorable year for the Federal Reserve Bank of Atlanta. At the end of the year, a new president and a new board chairman were appointed at the Atlanta Fed, ensuring that new management was in place as we entered 1984. Robert P. Forrestal, a 13-year veteran with the Bank and most recently its first vice president, was named president in December. John H. Weitnauer, Jr., formerly the Bank's deputy chairman, was designated chairman effective January 1, 1984.

William F. Ford, who had served as president since August 1980, resigned in September to return to San Francisco to become president of First Nationwide Financial Corporation and its subsidiary, First Nationwide Savings.

Mr. Weitnauer, chief executive officer of the Atlanta-based Richway retail chain, became chairman as William A. Fickling Jr., who heads Charter Medical Corporation of Macon, Georgia, ended his four years in that position. Mr. Weitnauer was succeeded as deputy chairman by Bradley Currey, Jr., president of Rock-Tenn Company of Norcross, Georgia.

We would like to express our thanks to Mr. Ford and to Mr. Fickling for their leadership over the past several years. Both will be remembered here as professionals who lent their considerable knowledge and experience to the Atlanta Fed during a pivotal period in its history.

Early in 1984, Senior Vice President Jack Guynn was promoted to fill the

first vice president's position vacated when Mr. Forrestal assumed the presidency. Billy H. Hargett, another senior vice president, was named executive

Federal Reserve's 12 regional banks. We solidified our ranking during the year through the persistent efforts of our dedicated staff.

We have been able to improve our efficiency while continuing to reduce personnel at all six of our offices—in Atlanta, Birmingham, Jacksonville, Miami, Nashville and New Orleans. Our employment, which peaked at 2,850 in 1975, had been pared to just over 2,000 employees by year-end—a remarkable accomplishment at a time when nearly every phase of our workload has been expanding. Since 1975, for instance, check-processing volume has increased from 1.6 to 1.9 billion items annually, and the amount of cash handled has risen by some 128 percent.

To alleviate a difficult space problem in Jacksonville, we awarded a contract in October for a new building at that branch to replace the aging facility there. We expect that the new building will be ready to begin serving District

institutions by the first quarter of 1986.

The Monetary Control Act of 1980 transformed our way of life—and that of the financial services industry—by requiring that Reserve Banks charge financial institutions directly for various services once provided without an explicit charge. In response, the Atlanta Fed has phased in charges for check processing, securities and non-cash collection, wire transfers, net settlements and the automated clearinghouse.

Clearly, the 1980 act encouraged both the Federal Reserve and other



Chairman Weitnauer, seated, with President Forrestal and Deputy Chairman Currey.

vice president succeeding Arthur H. Kantner, who retired after more than 31 years service. Named as new senior vice presidents were H. Terry Smith and Charles D. East. Mr. East was succeeded as branch manager in Jacksonville by James Hawkins, previously branch manager in New Orleans; Mr. Hawkins, in turn, was succeeded as New Orleans' senior officer by Henry Bourgaux. At the Atlanta office, Wardlyn Bassler was promoted to vice president of planning and product development.

We are pleased that during 1983 the Atlanta Fed maintained its high standing in performance among the

financial institutions to serve the public even better. For this reason, we are convinced that our entry into the free market is proving beneficial to both the public and the financial services industry.

Other elements also have fueled competition in the financial services marketplace, including the entry of nonfinancial firms into business areas that once were the exclusive domain of commercial banks. Formal deregulation is also responsible for a measure of that competition, and aggressive financial firms have led the way by pioneering many new services.

In the Southeast, increased competition has been inspired further by the arrival of several out-of-state thrift institutions. Over the past two years, the Federal Home Loan Bank Board has authorized a few strong thrifts from other states to acquire troubled institutions within the District. Some of those recently-arrived organizations have expanded their beachheads by pursuing new ventures that would have been denied to them in more restrictive earlier years.

Our District's financial institutions have responded aggressively to this challenge. Most appear to be positioning themselves for the new competition—in some cases even negotiating agreements with potential future merger partners in neighboring states—to meet the challenge both today and in a future era of even greater operating freedom.

In the broader economy, the new year finds both the nation and the region enjoying a vigorous economic

revival. Inflation, which surged to a distressing 13.5 percent in 1980 measured by the consumer price index, had cooled to the 3-4 percent range late in 1983. The Federal Reserve has continued to monitor the situation carefully for any evidence that runaway prices might be returning. Unemployment, which peaked at 10.8 percent nationwide in December 1982, had declined below 8 percent by early 1984 as companies continued to recall furloughed workers in response to reawakening consumer demand.

Business also has continued to revive in the Sixth District—which includes all of Alabama, Florida and Georgia, and parts of Louisiana, Mississippi and Tennessee. Despite lingering problems, the Southeast clearly is a dynamic region well positioned for the future. We will devote further

discussion to that region—the industries that make it tick and its economic outlook—later in this report.

Generally, the banks within our District shared in the benefits of the national revival. Despite an influx of new nonbank competitors, most banks have managed to expand their earnings steadily. Savings and loan associations also are joining in the recovery, after suffering through a painful period that began when interest rates rose sharply early in the 1980s.

Even the failure of several banks within the District served ultimately to demonstrate the overall stability of the nation's banking system. In each case, the troubled bank reopened promptly under new ownership and, through it all, no depositor lost funds.

To assure a dialogue on the most effective methods for monitoring the





health of financial institutions, the Bank sponsored a two-day symposium on the subject. That symposium brought together securities analysts and representatives of various regulatory agencies including the Federal Reserve, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Securities and Exchange Commission.

Despite generally favorable economic developments, some clouds continue to shadow the recovery, including high interest rates, unemployment, the federal budget deficit and the international debt problem.

Yet such clouds cannot darken the enthusiasm of the Atlanta Fed or the businesses in our District. In 1983, we provided a forum for the exchange of ideas and views with hundreds of those business people at two major conferences and a series of smaller meetings.

In March we sponsored a conference on growth industries, focusing on the elements that allow some firms to prosper even in trying economic times. We followed that in September with a conference on the future of the U.S. payments system. Since 1981, we have sponsored other conferences on the payments system, on the future of the financial services industry and on supply-side economics.

We also continued the Bank's "distinguished speaker" series and other gatherings that have brought Fed directors and business, academic and government leaders together to share their perspectives. In 1983 our Bank hosted such speakers as economist Herbert Stein, former chairman of

the President's Council of Economic Advisers; James C. Miller III, Federal Trade Commission chairman; Albert M. Wojnilower, chief economist of First Boston Corporation; Jay W. Forrester of the Massachusetts Institute of Technology; Congressmen Newt Gingrich and Bill McCollum; Anthony Solomon, president of the Federal Reserve Bank of New York, and Peter Sternlight, executive vice president of the New York Fed; General Richard E. Cavazos, commander of the U.S. Army Forces Command; and several guests from the international community: Alejandro Orfila, secretary general of the Organization of American States; Jan Hendrik Lubbers, the Dutch ambassador to the United States; Sir Oliver Wright, the British ambassador; Horst Burgard, managing director of the Deutsche Bank; and Kagechika Matano, consul general of Japan.

Preston Martin, Federal Reserve Board vice chairman, addressed our directors during an October joint meeting of our boards at the Miami branch.

The Atlanta Fed also has tried to keep the business community advised of the evolution in the financial industry and other economic trends through two publications, the expanded monthly **Economic Review** and our semimonthly newsletter, **Southeastern Economic Insight**. The

Review's expanded coverage and new approach have increased its circulation from about 18,000 early in 1981 to the 28,000 range going into 1984. The newsletter's mailing list had grown to nearly 6,500 at year-end.

We feel that maintaining a close relationship with our business community is as much our responsibility as performing such traditional services as processing checks and currency. As we continue moving ahead under new leadership through 1984, we hope to maintain this liaison with the business community, just as we expect to continue and expand other initiatives of recent years.

Industry in Yesterday.



Through the years, many engines have teamed up to power the southeastern economy. As the region's people have evolved, so have the endeavors that provided their livelihood.

In the earliest years of European settlement, the men and women of the Southeast lived largely off the land. Their efforts to grow crops to sustain their families spawned an agricultural economy that supplies consumers across the nation with such farm products as fruits, vegetables, grains, sugar, and fibers. Their high-quality tobacco, too, found a ready market. And their farmyard chickens proved to be the forerunners of multi-million-dollar poultry and egg industries, their milk cows and pigs the predecessors of large dairy, beef, and pork enterprises.

The region's vast pine-woods forests, an important source of turpentine, soon attracted timbering firms that would grow into today's huge lumber, pulp and paper industries. Its fields produced cotton to feed the looms of the American textile and apparel industry that emerged with the dawn of the industrial revolution.

Textile and apparel companies, born in northern states, soon began a southward migration. They sought rivers that could generate water power to move their looms and they sought hard-working men and women to operate them. Their manufacturing plants,

the Southeast: Today, and Tomorrow

producing yarn, fabric and wearing apparel, sometimes spawned entire towns that grew into cities. Many of those mills continue to provide jobs for southern workers today.

Mining proved to be an early source of jobs and revenue, from the coal mines of the Appalachian range to the phosphates dredged from the Florida peninsula. Grimy men labored to extract such valued resources as salt, copper and kaolin. Oil produced wealth in such states as Alabama, Louisiana and Mississippi as America discovered the motor car, and as its industries and utilities grew into insatiable consumers of black gold.

In addition to textile and apparel companies and wood products firms, other manufacturing companies that located in the Southeast early included the steel firms that clustered around rich veins of iron ore in Alabama. A major industrial consumer of steel, the automobile industry, opened southern plants to tap the source.

In fact, transportation in general has played a continuing role in the economy of the Southeast. The Mississippi and other major rivers, early lifelines for the region, bred commercial barge operations that transported shipments from the Midwest all the way south to such coastal cities as New Orleans. And those waterfront cities—including Jacksonville, Savannah, and Charleston—grew into busy seaports that developed a global trade in oceanborne commerce.

Railroads helped spawn southern cities such as Atlanta and opened relatively inaccessible areas, including south Florida, to travelers. Asphalt roads began to tie the southern states together in a rudimentary highway network, helping to broaden the tourist industry from one serving the wealthy

few to one catering to the average American. Roadside businesses, ranging from service stations to “motor hotels,” sprang up to offer products and services to traveling families.

A trucking industry took root in the South and became an important factor in transporting the “supply” generated by its farms and factories to meet the “demand” of its consumers. Commercial aviation evolved from mail

southeastern cities and individual firms holding defense contracts.

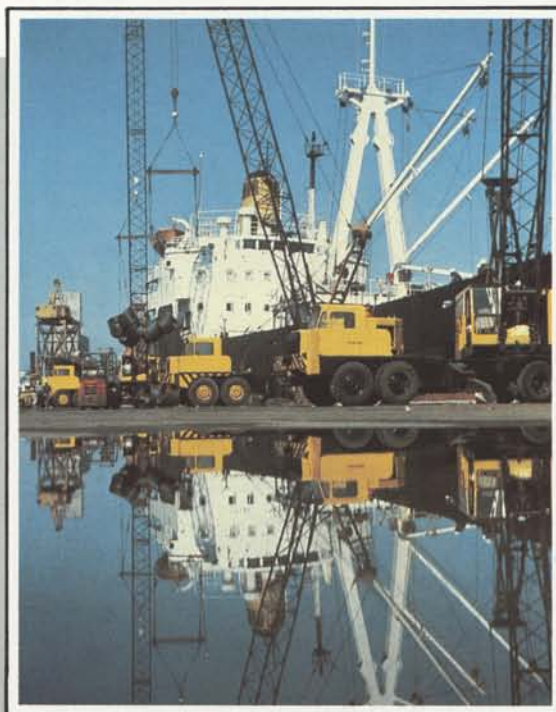
Yet the Southeast was slow to truly diversify its manufacturing sector. Not until recently have the South’s incentives—including a temperate climate, a political environment that is equally appealing to industry and a work force whose pay remains low by national standards—lured a broad range of industries.

What’s the outlook for coming years? What are the trends that will shape industrial growth over the next five to seven years? Federal Reserve Bank of Atlanta economists who have looked at the Southeast’s trends see changes as dramatic as those that have influenced regional growth in years past.

Economists see an encouraging future for the region’s disproportionate share of the nation’s wood-based manufacturers. In a sense, the Southeast is the nation’s “wood bin.” Such industries as lumber products, paper and allied products, and wooden household and office furniture, employ one out of every 20 workers in the Sixth District. These six states, plus the Carolinas, produce about one-fourth of the value added by these industries to the nation’s output. In the immediate future, increasing computerization and mecha-

nization of tasks promise to limit job growth. Yet wood products firms should continue to enhance the region’s economic growth and development, since the industry still offers ample opportunities for the region to exploit.

Today, for instance, much of the Southeast’s raw wood production is shipped to other states or overseas for additional processing, limiting the region’s gains from its own timber. As the region’s general economy grows, an expanding local market is likely to



biplanes and cropdusting services into safe, dependable airlines with growing investments in such cities as Atlanta and Miami.

Construction, of course, long has been a mainstay of the economy of the Southeast, just as it has contributed to the development of other Sunbelt areas trying to provide housing and support facilities for fast-growing populations. The military, too, has been a major force in the region’s economy, generating civilian jobs and channeling millions of dollars into

spur the production of semi-finished and finished wood products.

The outlook for textiles and apparel, the region's other major traditional manufacturing industries appears less promising—at least from an employment standpoint. Economic conditions for the industry have been

depressed prices have saddled them with heavy debts that have bankrupted some and forced others to struggle for survival. Nonetheless, Atlanta Fed economists expect that the region's importance as an agriculture center will grow. The Southeast's wealth of cultivatable land, its

coal, chemicals and fertilizer as well as farm products.

What will be tomorrow's growth sectors? The Atlanta Fed, which has researched individual industries and sponsored two major conferences relating to industrial growth prospects, believes that service industries, high technology, construction, defense, and exports are areas with appealing growth prospects.

The nation's service-producing industries have been expanding nationwide, and increasing in relative importance, for decades. Service industries in the Southeast have grown at an even faster pace, fueled by the continued immigration of people with more money and greater aspirations. Service industries nationwide should enjoy the fastest growth of any industries through 1990, and it seems likely that the Southeast will gain a disproportionately high share of that growth.

The Bureau of Labor Statistics expects that about three out of four new



A textile plant's advanced weft insertion equipment.

generally unfavorable for several years. Back-to-back national recessions in the early 1980s cut demand from the automobile and housing industries, even as stiffening competition from foreign producers pared the domestic companies' market share.

To remain competitive, well-managed American textile and apparel firms have automated their plants or sought out special market niches. By remaining flexible, some have been able to respond quickly to changing trends and to avoid markets where they will collide head-on with overseas producers relying on lower-priced foreign labor. Southeastern textile and apparel firms that continue to prosper obviously will continue to provide jobs—though a declining number because of automation—in small communities that have relied on textile jobs since the turn of the century.

What of agriculture, the oldest of the region's industries?

Agriculture, too, has been rocked in recent years. Southeastern farmers have been bedeviled by droughts, while

prolonged growing seasons, and its abundant water supplies should combine to make the region an economically efficient producer of food and feed crops in the future. The seaports that serve the region will offer its farmers ready access to the international markets—markets that are expected to clamor for growing shares of America's output once economic recovery gets underway in less-developed countries. Production of oil-seed crops and animal proteins, especially from poultry, is likely to experience the most rapid growth over the coming decade.

Exporting, in fact, should prove a boon to the region's forest products and mining industries as well as to its farmers. The return of healthy growth in Europe, Canada and Japan could mean an increase in shipments from southeastern ports—shipments that already account for more than 25 percent of all U.S. waterborne exports. Recovery in more developed countries should spur exports of paper,

jobs created through the remaining years of the decade will be generated by service-producing industries. Within this sector, such industries as medical care, tourism, nonprofit organizations and business, professional and personal services should achieve the fastest growth. Florida is likely to profit the most from these industries' growth, but large cities throughout the region are likely to benefit because of service firms' tendency to cluster in urban areas.

Tourism, of course, is an important component in the region's services sector, attracting visitors from distant cities. However, convention markets may remain soft for some time, as new facilities open around the nation to challenge such regional convention centers as Miami Beach, Atlanta, New Orleans and Orlando. Hotel occupancies in several of those cities also are likely to be depressed by a dramatic increase in new hotel construction.

Construction is another industry with a seemingly optimistic future.

Like services, its growth should be fueled by a continued immigration into states such as Florida, which is projected to welcome more than 250,000 newcomers annually over the next five years. A strong construction sector, of course, is important to the Southeast's lumber industry. The building trades will provide not only the new homes and apartment buildings needed to accommodate the late arrivals, but the highways, bridges and other facilities to handle the growing population.

The outlook for high technology also appears especially bright in both the nation and the Southeast. That's important not only because of the jobs that innovative high-tech firms can create, but because of their impact in helping to revitalize traditional industries. The Southeast should increase its share of the technology industry from 7 percent in 1981 to 9-10 percent in 1990 because of locational advantages. In a recent Joint

should gain orders, along with munitions factories in Tennessee and maintenance shops in Alabama.

Although battered by recession and overshadowed by newer industries, the Southeast's so-called "smokestack" industries are far from dead. A recovery in durable goods manufacturing is expected to lead an expansion of factory jobs. With economic recovery and growth, states with heavy concentrations of durable goods producers—primarily Alabama, Mississippi and Tennessee—could find themselves enjoying their greatest prosperity since 1979.

Sustained national economic growth should stimulate small business development in the Southeast even more than in the nation as a whole. Growth in the region's small manufacturing firms already is triple the national rate. Because the region offers an attractive place to live and an expanding market, increasing numbers of men and women have been launching

effect on the immigration of people and jobs. What's more, the free-spending 35-44 age group is growing even faster in the Southeast than nationwide. Favorable demographics should accelerate the sale of automobiles, home furnishings and discretionary goods and services.

Health care services should be stimulated as a growing influx of retirees spreads beyond Florida to the mountains of north Georgia and eastern Tennessee and to southern counties of Alabama. In the Sixth District states, the proportion of residents over 65 rose nearly 50 percent over the past decade. We expect this fast-growing segment to be a strong stimulant to southeastern growth.

In summary, the resumption of above-average growth in the Southeast over the remainder of the decade should benefit a mix of industries, some old and some new. Job gains look particularly bright for white-collar workers in high-technology and ser-

Economic Council survey, the Southeast ranked most attractive to high-tech firms in labor cost and availability, tax climate and cost of living. It ranked third in another category of interest to such firms, labor productivity. However, it ranked poorly in the quality of academic programs, a weakness that hurts the region in its efforts to attract research facilities and corporate headquarters.

In the Sixth District, high-tech firms are clustered in four areas: The central Florida strip from Tampa to Melbourne; the Atlanta metropolitan area; Huntsville, Alabama, and Knoxville-Oak Ridge, Tennessee. Much of the region's high-tech growth will be spurred by Defense Department spending on electronic weaponry and surveillance and communication equipment. Defense spending has helped make Florida the Southeast's largest technology center and should continue to do so through the 1980s. Georgia also should continue to draw its share of defense dollars. Shipbuilders in Louisiana and Mississippi



Disney's EPCOT Center.

their own businesses rather than moving out of the area searching for work. The improved availability of venture capital in the region should speed small-business formations.

Retailing is another economic area with a promising future in the Southeast. Sustained economic recovery promises to increase real income and spending more in the region than in the nation because of its catalytic

vice industries, with certain areas likely to enjoy the greatest gains. Owners and employees in the building trades and retail trades areas also should prosper, as will those dependent on such areas as export trade, medical care and tourism. For the region as a whole, however, the most profound effect may be the continuing evolution in the way residents earn their livelihood.

After 1983 Recovery District Faces 1984 With Optimism

Southeastern states found 1983 a year of recovery that generated enough economic momentum to carry the region's industries into a second stage of expansion in the new year.

Last year's rebound, inspired by waning inflation and increased consumer spending, stimulated southeastern industries ranging from tourism to financial services. Virtually all sectors of the economy gained strength in the second half of 1983 and crossed the threshold into the new year prepared for further growth. Assuming that consumer and business spending keeps fueling the national recovery, regional businesses should continue

to expand their operations and add staff well into 1984 to meet the increasing demand.

With the Southeast's economy mustering fresh strength moving into 1984, the outlook is positive for the region in the months ahead, with some states likely to grow at above-average rates. The states whose economies showed the greatest strength in 1981-1982 also are likely to lead the way this year.

Overall, real economic growth should settle into a more sustainable pace for the remainder of 1984. The strength of that early surge is reflected by the Commerce Department's Index of Leading Indicators, which posted 14 consecutive monthly increases before it dipped temporarily in November.

Still, there will be standouts within the Sixth District, with the strongest rebounds likely in areas that produce goods for consumers and for national defense. Of the six states represented in the Sixth Federal Reserve District, Florida appears the most likely to set the pace this year. An inflow of new residents and businesses into Florida and Georgia promises to boost spending on housing and consumer durable goods, creating new jobs in both states. Increased defense spending promises

to stimulate the local economies surrounding those states' military installations and inject millions of dollars into areas producing sophisticated defense hardware, or serving such aerospace ventures as NASA's Space Shuttle.

The benefits of revived growth should spread broadly across the region. The manufacturing economies of Alabama, Mississippi and Tennessee, for instance, have begun to experience healthy employment gains in response

Chart 2. Commercial Bank Deposits



to the national recovery. Louisiana's economy, though, still has some catching up to do because of its heavy dependence on the petroleum industry and international trade, both slow to join in the revival.

All four of those harder-hit states should gain from plant reopenings in diverse durable manufacturing industries and from increased mining activity. Tennessee should continue to profit from a Japanese manufacturer's investment in a truck assembly plant and related manufacturing activities in Smyrna, near Nashville.

After suffering the pains of a recession that continued through most of 1982, the southeastern economy began to experience a strong upturn during the first half of 1983 with a reawakening of consumer spending. As interest rates stabilized, increasingly optimistic consumers began to purchase new homes as well as cars, clothing and household goods.

A revival in residential construction, first noted as 1982 drew to a close, stimulated construction-related industries across the nation. Predictably, the region's substantial furniture and carpet manufacturing industries soon began to expand output to meet the renewed demand generated by consumer spending.

The recovery spread quickly, injecting new life into the Southeast's concentrations of automobile parts and apparel manufacturing plants. Shuttered facilities began to reopen and idle employees were summoned back to work. Total employment, which had languished through 1982, began to grow again during

the late spring. That meant rising personal incomes, giving men and women more money that they could pump back into the economy.

As 1983 ended, both employment and joblessness reflected the recovery's burgeoning strength. Employment was showing relatively strong growth while the unemployment rate continued to inch downward. Hard-hit Alabama, Louisiana and Tennessee continued to experience jobless rates in double digits late in 1983, but the region's average rate had fallen from nearly 11 percent at the beginning of the year to about 9 percent by year-end.

In Florida and Georgia, where economic activity weathered the recession relatively well, unemployment had fallen to 7.5 and 6.4 percent, respectively, by year-end. Those states' mix of service-related industries had provided some insulation from the unemployment problems that characterize the manufacturing-dominated economies of neighboring states.

Overall, a second consecutive year of economic expansion promises a continuing reduction in unemployment throughout the Southeast and in the nation, where the rate seems

likely to continue its decline in the coming months.

A continuation of the national recovery this year should boost various industries in the region. The airline industry, tourism and convention trade should grow sharply as the expansion proceeds. With the expansion of convention facilities in Atlanta, the continued lure of Disney World's new EPCOT Center in central Florida, and a world's fair planned for New Orleans, this could be a banner year for southeastern hospitality industries. The fair in particular should boost tourism in Louisiana as well as in neighboring states, some of which are investing to capture their

share of the business passing through.

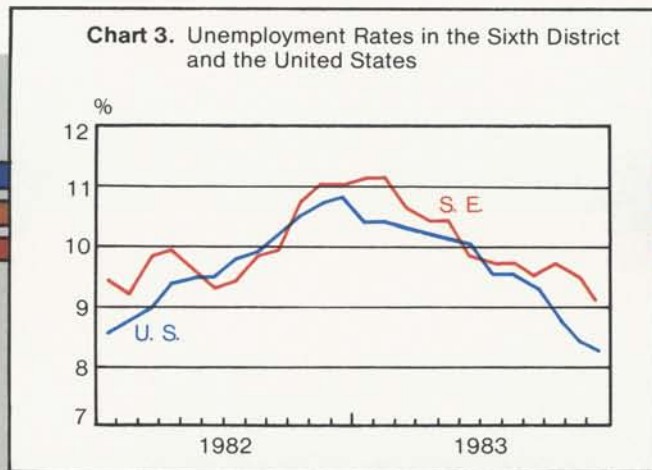
One cloud on the tourism horizon is the slowdown in the flow of visitors from Latin America in response to economic problems in several nations. Those problems south of the border also are reflected by such indicators as a slowdown in Florida's luxury condominium market and in sluggish international trade.

Other trouble spots also could generate problems for the regional economy in the months ahead. The international trade and energy areas, which declined so dramatically during the recession, continue to lag the recovery of other economic sectors. Worldwide recession and a strong U.S. dollar reduced trade flows through most of 1983, including the flow of agricultural and energy products at major ports in the region. The speed of economic recovery worldwide should help shape the vigor of recovery in important coal, phosphate, chemical, and pulp and paper exports as well as imports of oil and machinery into the United States.

A question mark hanging over that recovery involves the large federal deficit. If the federal government's need for capital to finance the deficit

slows or chokes off the recovery, interest rates could be driven up. The higher rates would depress the interest-sensitive automobile and housing industries, as well as related industries like carpeting and household appliances.

If the dollar's foreign exchange value continues to decline in response to a widening American merchandise trade deficit, the nation's manufactured exports should grow steadily over the year despite continued stagnation in



the Latin American market. Such a rebound would add to the increased trade stimulated by reviving global economic growth.

Another problem sector, particularly for the Southeast, is agriculture. The drought across most of the region last year left farmers hard pressed to repay the debts they had accumulated during several years of adversity. A severe freeze in Florida near year-end damaged many crops and augured poorly for the new year.

Many farmers found some financial relief in 1983 by participating in the government's payment-in-kind (or PIK) program, which offered them products from storage in return for their agreement to leave acres fallow. Participating farmers who received commodities from government storage were able to sell them at prices inflated by the effects of drought and the PIK program. But most farmers weren't covered, and had to watch their income prospects shrivel with the heat

of summer. What's more, the program hurt merchants who normally supply farmers with equipment and supplies to plant their fields. And it hurt livestock producers, forced to cope with sharp increases in feed grain prices driven higher by the government program and drought.

For survivors, though, conditions look brighter in 1984. Continued economic recovery and favorable trade developments should increase agricultural exports and generate demand for farm products. Farmers are likely to resume full-scale planting which would trigger a resurgence in demand for seed, fertilizer and equipment—good news for

merchants who suffered during last year's acreage reductions.

On balance, the Southeast should grow faster than the national average this year, with the strongest gains in sectors that produce goods for consumers or for national

defense. Defense spending promises to boost activity at the region's numerous plants producing equipment and systems for the military. Areas producing sophisticated hardware should benefit most from the spending boom, with Florida a likely beneficiary.

With the economic outlook generally positive, construction and manufacturing firms are gearing up for what they hope will be a second consecutive year of growth. With the region's economy gathering fresh strength early in 1984, plants should continue reopening and the job picture should continue to improve in response to the national recovery. While some states can expect to enjoy greater growth than their southeastern neighbors, the outlook for the Sixth District as a whole is for a year that will continue the progress achieved in 1983.



Mary Jefferson personifies the Atlanta Fed's service orientation.



The Atlanta

The Depository Institutions Deregulation and Monetary Control Act of 1980—commonly abbreviated as “MCA-80”—created a new environment with regard to Federal Reserve services to depository institutions. MCA-80 required the Federal Reserve to begin charging for several services previously provided free to member banks. For the first time, it also required that Reserve Banks’ services be made available to all depository institutions—credit unions, savings and loan associations, and nonmember banks, as well as member banks. And it opened the door to competition from a number of alternative providers of some of those services.

The Atlanta Fed responded by communicating more closely with depository institutions about their wants and needs for financial services. We also have continued our efforts to control costs and improve services. For us, the new environment has proved to be stimulating and challenging, and we believe that our presence in the market has been equally stimulating and challenging to other providers of similar services. The ultimate beneficiary is the public, receiving services of a better quality and at a lower price than otherwise would be possible.

Fed in the New Environment

As we review the Atlanta Fed's achievements in the post-MCA-80 era, we are mindful that we owe much to the suggestions offered by our customers and the pressure provided by our able competitors.

With the accelerating evolution of banking technology, it is not enough to await developments and react to them; we must anticipate developments and prepare for them. To do that, we have embarked on an ongoing program of strategic planning. Three years ago, we analyzed our operations, their strengths and weaknesses, as the base from which we must approach the future. Then we reviewed the opportunities and the hazards inherent in technological change, deregulation, and other factors. On that basis, we could set goals and draw blueprints to achieve them. But such

plans must be subjected to continual review as developments accelerate, decelerate, or take unexpected turns. Even the best plan can become a trap if it is inflexible. So, early in 1983 we reviewed our long-term goals and objectives for our priced services in light of the changing market demand. We first reviewed internal and external trends, identified strengths and weaknesses for each of our major services, and evaluated the strategic alternatives available. We established long-term strategies for product development, operations, marketing automation, and human resources to match costs and revenues for these priced services, as mandated by Congress. Later in the year, we developed supporting strategies and business plans.

Essentially the same process was carried out in our planning for other

activities—those unrelated to the financial services available to depository institutions. These activities include fiscal services to the U. S. Treasury; supervision and regulation of banks, bank holding companies, and international banking facilities; administration of the "discount window;" and economic research, among others.

Following is a brief discussion of how this approach affected various areas of the Bank in 1983.

Financial Services



HECK COLLECTION. Several new services were offered in 1983. One—MICR Capture—provides a payor bank with a magnetic tape containing the encoded data from each check in a cash letter it receives from us. That bank can then update its customers' accounts without processing the checks, thus obtaining account balances much more quickly. Another new service—Key Account Reporting—provides a dollar total of checks drawn against specified account numbers. These services greatly facilitate cash management for the payor bank's larger accounts. In addition, the deadlines for deposit of "other federal" items (those drawn on

Table 1. Priced Services Volume

	1982				1983			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Automated Clearinghouse - Total Billable Commercial Volume in Thousands	1,650	1,897	2,075	2,331	2,494	2,894	3,316	3,668
Book-Entry Securities** - Total Transfers	24,834	26,390	27,558	28,079	29,441	31,483	26,880	26,886
Check Collection - Average Daily Incoming Items in Thousands	7,336	7,069	6,978	7,625	7,757	7,737	7,567	8,192
Definitive Securities** - Average Monthly Safekeeping Receipts	13,494	12,147	11,606	11,881	12,285	12,349	12,205	12,386
Noncash** - Total Items Collected	89,747	89,147	94,631	125,428	148,193	206,671	203,500	262,058
Wire Transfer - Average Daily Transfers Originated	10,800	11,313	11,542	12,017	12,011	11,901	11,852	12,271

banks in other Federal Reserve zones) were extended at all Sixth District offices—in some cases by as much as 9½ hours—and most of our offices also have installed a Saturday deadline, extending service to seven days a week.

Each of our six offices sends representatives into the field to inform potential users about these new services and others, such as our Mixed Cash Letter and Group Sort programs. In addition to bringing increased check volume into the Fed, these representatives have also brought us valuable feedback—making us aware, for example, that our Adjustments and Return Item services are particularly valued, and that many of our helpful employees are singled out for praise.

During the year, the number of commercial checks sent to Atlanta Fed offices increased by 6.9 percent. The

5 percent in 1983. Since check collection is by far our largest priced service in terms of staff, this contributed substantially to our ability to maintain our position as the Federal Reserve System's most cost-effective Bank, as measured by the System's own standards. By carefully controlling costs and keeping fees for Fed services as low as possible, we in turn help minimize costs for financial institutions that depend on us.

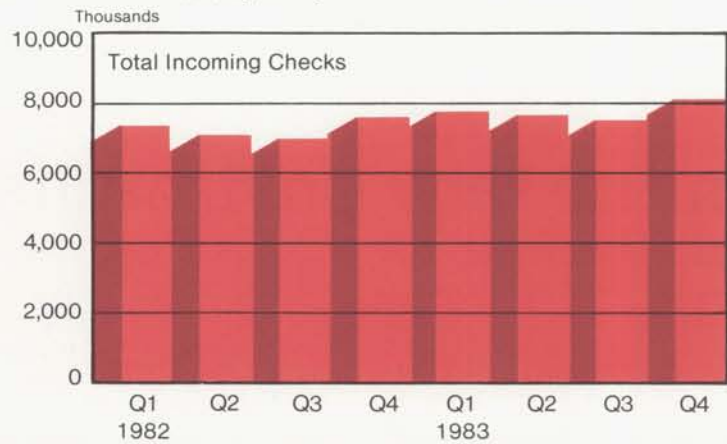
large regional bank's cash concentration service for the U. S. Treasury's General Account Funds Transfer System. This represents a milestone—the first time a Reserve Bank has served as a subcontractor for a major regional bank to provide cash concentration services for the Treasury.

In the near future, we'll begin replacing the terminals now in use by many of our wire transfer customers, considerably expanding the menu of Fed services available through the terminals; some additional details follow in the section headed AUTOMATION SERVICES.

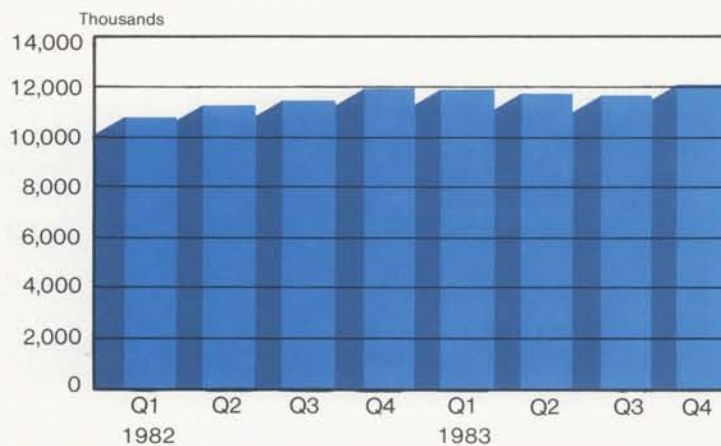
Another focus of our efforts in the payments system area is expansion of electronic links to include more ACH users. A major goal is further development of the broad market for which we currently offer ACH services. For example, Reserve Banks in 1983 began accepting for deposit all types of ACH items at the nighttime deposit deadline. In addition, a corporate trade payment program was devised and implemented to facilitate the use of the ACH by financial institutions serving large corporate depositors.

The Federal Reserve System is presently examining several new pricing structures that will allow Reserve Banks to remain price-competitive while also serving users better by differentiating the segments of the ACH market through pricing. The ACH has the potential to improve the efficiency of the payments system and to facilitate the interbank clearing

**Chart 4. Check Collection
Average Daily Volume**



**Chart 5. Wire Transfer
Average Daily Volume**



largest increase—a remarkable 36 percent—was in out-of-zone items (checks drawn on institutions located in other Districts or other Branch zones).

Despite this volume increase, improved productivity enabled us to reduce our check collection staff level by



WIRE TRANSFER/ACH

We are also combining traditional services to create new ones. For example, wire transfer and automated clearinghouse (ACH) services

are being used together to facilitate one

and settlement of electronic payments.

S

SECURITIES SERVICES. Since the implementation of MCA-80, the Atlanta Fed has pursued innovations in the area of securities services. All six of our

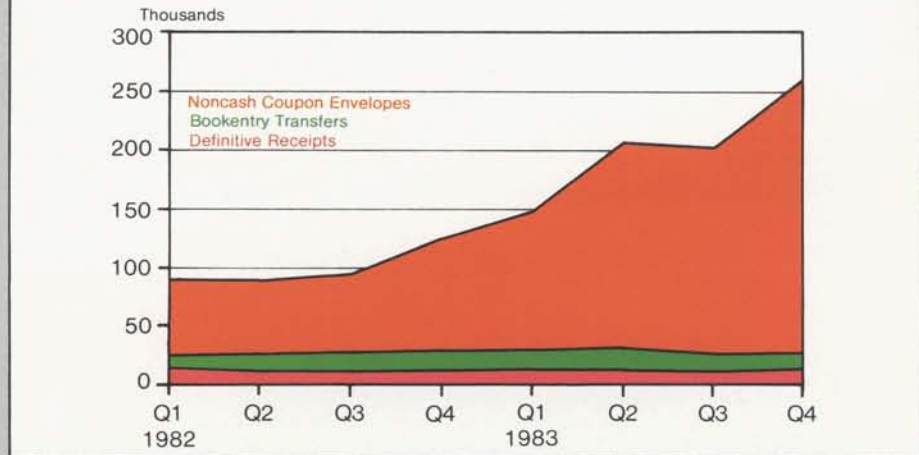
offices expanded their definitive safekeeping service in May 1982 to accommodate securities owned by customers of depositing financial institutions. (Definitive securities are in conventional, paper form, as opposed to book-entry securities that exist only as entries in ledgers.) In September 1982, we began to offer definitive safekeeping services under a pilot program designed to stimulate volume growth by simplifying our price structure and offering volume discounts. Midwest Securities Trust Company began depositing bearer securities with us in May 1983 under a custodial agency agreement. This service is tailored to the needs of regional securities depositories.

At the end of July 1983, we began a pilot program offering a new non-cash collection service. (The collection of non-cash items, unlike the collection

of cash items such as checks, requires verification that specific conditions for payment have been met.) A Mixed Deposit/Fine Sort Program is now

and in other Federal Reserve Districts. Even with its relaxed sorting requirements, the new program offers lower prices and improved credit availability.

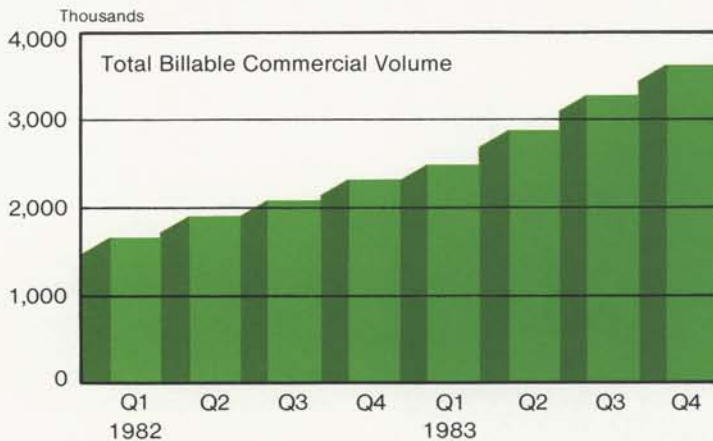
Chart 7. Securities Services



offered in addition to our standard non-cash collection service. The new program appeals to financial institutions that prefer not to sort their non-cash items, but rather to deposit a mixture of items payable both locally

The depositor can have the Fed collect not only local in-zone items but also those payable in other Fed zones. The depositor needs only to sort items according to past-due or future-due maturity.

Chart 6. Automated Clearinghouse



C

CASH SERVICES. The focus in Cash Services has been on improving the quality of the paper money circulating around the nation. Installation of

more sensitive "fitness sensors" on the Reserve Banks' high-speed currency processing equipment began late in 1983 and will be completed soon on all 110 of these machines at 35 of the System's 37 offices. The Reserve Banks collectively invested about \$1 million to develop the new sensor, which will detect a variety of defects—including transparent tape—that slipped by the earlier sensor. Notes unfit for further circulation will be shredded automatically. Given the volume of sub-standard currency now in circulation,

Suggesting the diversity of Atlanta Fed activities are Art Raglin and Tina Heaney, operating a communications terminal, and attorney Rebecca Zimmerman, reviewing court precedents for the bank's Legal Department.



it may take a year or two to complete the clean-up. In the meantime, signs of progress should become visible over coming months, and the occasional problems arising from the use of substandard notes in automated teller machines will begin to dwindle.

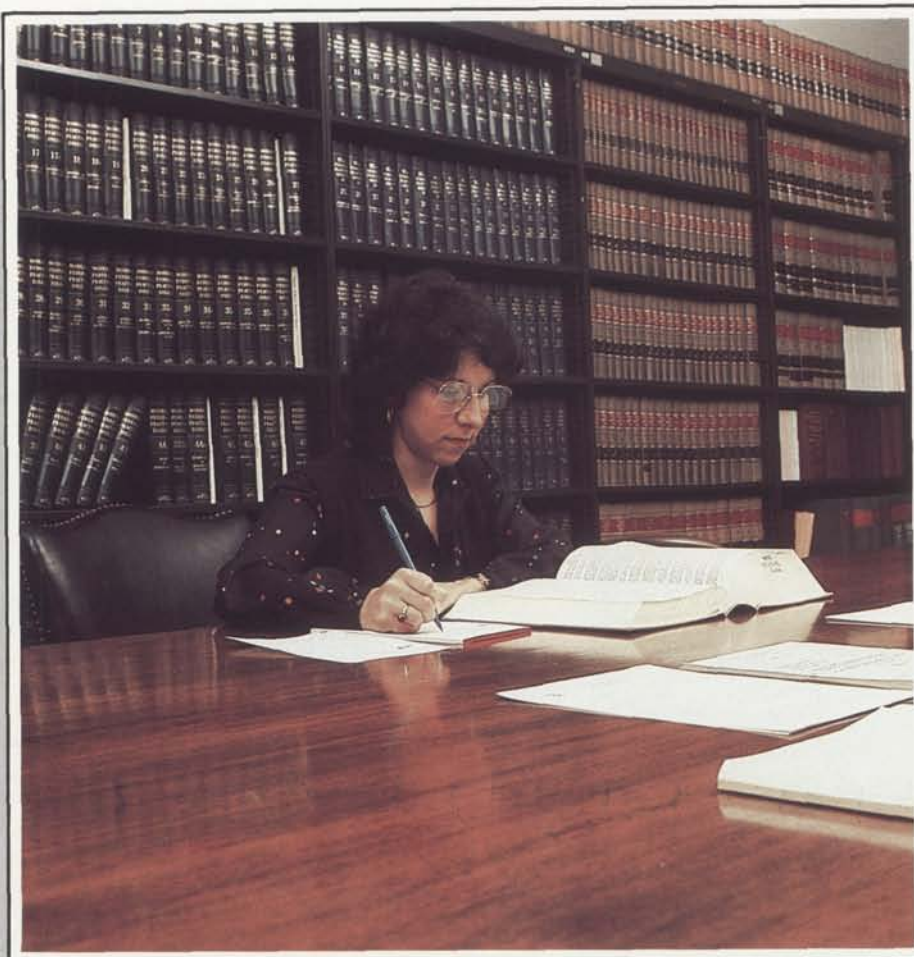
The Reserve Banks have embarked on a program to develop the second-

generation currency processing equipment that will eventually replace the machines in use since 1978. That future equipment will further improve the speed and quality control of the currency operation. An officer of the Atlanta Fed was selected to head the task force guiding this new program.

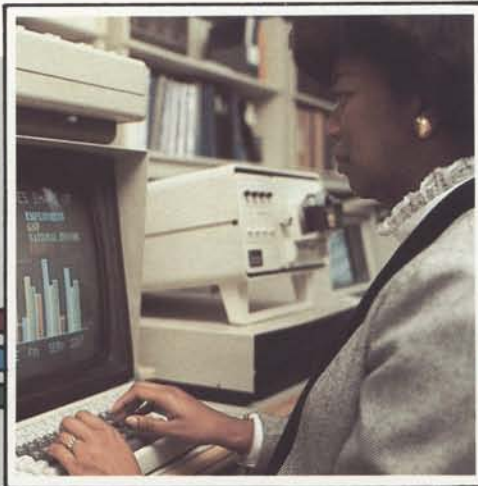
Supervision and Regulation

Responding to deregulation and other changes in the financial services industry, our Supervision and Regulation staff directed its efforts in 1983 towards reducing the regulatory burden, providing more timely and pertinent information to banks and bank holding companies, and increasing employee productivity. An important contributor to the success of this effort has been the use of micro- and mini-computers both in the office and in the field. This has expedited all phases of analysis while reducing on-site examination time and streamlining the preparation of reports of examinations and application reviews. The uniform bank performance reports, together with new examination formats introduced during the year, offer bankers detailed analyses and industry information that can assist commercial bank managers in today's competitive environment.

Another achievement in 1983 was an alternate examination agreement with Louisiana, adding that state to



the other two Sixth District states—Alabama and Georgia—with which we have such agreements. Under these agreements, the state examines a bank one year and we examine it the following year, cutting the examination burden in half. To provide continuous monitoring for both the state and the Fed, examination reports are exchanged.



Beverly Newton charts color graphs for Research Department economists, while Librarian Leigh Watson Healy performs an electronic literature search with David Holmes.

Research

Our Research operation received considerable national publicity during the year for its innovative use of micro- and mini-computers as well as telecommuting by the professional staff to increase productivity. The basic function of economic research at a Federal Reserve Bank is to provide current and relevant input to help in the formulation of monetary policy. The new computer applications reduce statistical lag and give our economists access to a wider spectrum of data.

An important byproduct is a wealth of economic intelligence that can be shared with bankers, other business people, and the public through an ambitious publications program. The keystone of this program is our monthly **Economic Review**, which reaches nearly 30,000 subscribers and has been quoted extensively in the nation's press to gain a substantial secondary audience. An emphasis on results has enabled the department to double both the frequency and the size of the **Economic Review** in the past two years while improving its readability and the timeliness and pertinence of its content.

The professional staff's productivity has been enhanced through the privilege of working at home—often with the help of a portable computer—and through a management-by-objective program that lets economists and



Administrative and Support Services

A

UTOMATION SERVICES. As a key support organization, Automation Services plays a crucial role in cost-reduction efforts. Automation Services

continues to be immersed in a major conversion to new mainframe computer equipment, the implementation of new software applications, and the installation of an advanced communications network. To help offset the cost of those efforts, Automation Services emphasized productivity enhancement in 1983. Communications network optimization, thorough lease/purchase analysis on hardware acquisitions, and use of new software development tools produced cost savings of about \$330,000 during the year.

Through the development of an Information Center, Automation Services has materially aided the efforts

Economists Pamela Whigham and Charlie Carter confer on regional research project



research analysts participate in setting clear and appropriate goals. In addition to providing standards for measuring individual performance, this approach assures that the work-at-home privilege will be used only when it helps the professional attain the objectives for which he or she is accountable.

of many other departments to use computers and programs to improve operations and cut costs. This has given these departments new capabilities in the areas of word processing, data manipulation, and management information.

As a part of the continuing evolution of electronic payments systems, the Atlanta Fed soon will begin replacing its extensive terminal network that currently serves over 320 Sixth District financial institutions. A new network will be built around microcomputer-based terminals capable of providing a wide range of Fed services through a single work station.

H

UMAN RESOURCES. The Atlanta Fed's operations, like those of any bank, are highly labor-intensive. Our ability to decrease staff by 15 percent

between January 1981 and December 1983, therefore, contributed importantly to our success in reducing

costs. Our staff reduction, though substantial, was accomplished almost exclusively through attrition. At the same time, we have restructured our training and our compensation and benefits programs to develop high-performance skills and reward outstanding performance. New approaches to appraising our staff's performance through goal setting and the use of performance standards were instituted to increase employee involvement, enhance communications, and raise productivity.

O

PERATIONS IMPROVEMENT. For many years, an operations improvement program has been a major element in our effort to improve efficiency. In 1982, the

program's steering committee analyzed our general overhead and support functions—functions that contribute to the cost of all other activities. The benefits of this analysis were realized in 1983 through combined cost savings

and cost avoidances totaling about \$1.8 million. The most significant improvements were in the areas of mail, personnel, protection, auditing, data systems support, building operations and housekeeping with the staff reduced by nearly 80 employees.

Q

UALITY CONTROL Despite the Atlanta Fed's emphasis on cost control and productivity, we have not lost sight of the fact that our reputation as an

institution and our ability to find personal satisfaction in our work depends importantly on its quality. A quality assurance program, established in December 1981, remains in place to keep high standards of responsiveness, reliability, and flexibility before our employees at all levels. A special training program was conducted in 1983 to polish the skills of our staff in providing the services and conducting the many operations of the Bank As

Cascading coins illustrate the Atlanta Fed's role in cash services.



their work is judged by the users of our services, the Atlanta Fed's reputation will be formed.

With today's accelerating pace of technological and managerial evolution, the Atlanta Fed is dedicated to meeting the challenge of change and participating actively as a forward-moving organization.

Directors and Officers



1983 Directors: Seated left to right are Fickling and Weitnauer. Standing are Cousins, Botts, Andrews, Willson, Thompson, Blach, and Philip Searle, Federal Advisory Council member. Not pictured is director Sliger.

Board of Directors, 1983

WILLIAM A. FICKLING, JR. CHAIRMAN

Chairman and Chief Executive,
Charter Medical Corporation
Macon, Georgia

JOHN H. WEITNAUER, JR. DEPUTY CHAIRMAN

Chairman and Chief Executive Officer,
Richway
Atlanta, Georgia

DAN B. ANDREWS

President,
First National Bank
Dickson, Tennessee

HAROLD B. BLACH, JR.

President,
Blach's, Inc.
Birmingham, Alabama

GUY W. BOTTS

Chairman of the Board,
Barnett Banks of Florida, Inc.
Jacksonville, Florida

JANE C. COUSINS

President and Chief Executive Officer,
Merrill Lynch Realty/Cousins
Miami, Florida

BERNARD F. SLIGER

President,
Florida State University
Tallahassee, Florida

HORATIO C. THOMPSON

President,
Horatio Thompson Investment, Inc.
Baton Rouge, Louisiana

HUGH M. WILLSON

President,
Citizens National Bank
Athens, Tennessee

Federal Advisory Council

PHILIP F. SEARLE

Chairman,
Sun Banks Inc.
Orlando, Florida

Welcome

BRADLEY CURREY, JR.

President, Rock-Tenn Company, Norcross, Georgia, has been appointed to a three-year term on the Board of Directors of this Bank. He will serve as Deputy Chairman for 1984.

MARY W. WALKER

President, The National Bank of Walton County, Monroe, Georgia, has been elected to a three-year term on the Board of Directors of this Bank.

Senior Officers

ROBERT P. FORRESTAL
President

JACK GUYNN
First Vice President

B. H. HARGETT
Executive Vice President

W. R. CALDWELL
Senior Vice President

CHARLES D. EAST
Senior Vice President

DONALD L. KOCH
Senior Vice President and
Director of Research

HARRY C. SCHIERING
General Auditor

H. TERRY SMITH
Senior Vice President

WARDLYN BASSLER
Vice President

HARRY BRANDT
Corporate Secretary and
Assistant to the President

WILLIAM N. COX, III
Vice President and
Associate Director of Research

FRANK CRAVEN
Vice President

W. M. DAVIS
Vice President

DELMAR HARRISON
Vice President and
Atlanta Branch Manager

ROBERT E. HECK
Vice President

JOHN R. KERR
Vice President

ELY S. MATTERI
Vice President

RICHARD OLIVER
Vice President

JOHN M. WALLACE
Vice President

EDMUND WILLINGHAM
Vice President and
General Counsel

1983 Management Committee: Seated, left to right, Schiering, Guynn, Koch. Standing, Caldwell, Hargett. Not pictured are East and Smith, who joined the committee in 1984.



Management Committee

JACK GUYNN
First Vice President

B. H. HARGETT
Executive Vice President

W. R. CALDWELL
Senior Vice President

CHARLES D. EAST
Senior Vice President

DONALD L. KOCH
Senior Vice President and
Director of Research

HARRY C. SCHIERING
General Auditor

H. TERRY SMITH
Senior Vice President

New Orleans
Branch Manager:
Henry Bourgoux
Vice President

1983 Directors

ROOSEVELT STEPTOE
CHAIRMAN
Professor of Economics,
Southern University
Baton Rouge, Louisiana

JERRY W. BRENTS
Lafayette, Louisiana

LESLIE B. LAMPTON
President,
Ergon, Inc.
Jackson, Mississippi

PHILIP K. LIVINGSTON
Chairman and Chief Executive Officer,
Citizens National Bank
Hammond, Louisiana

PAUL W. McMULLAN
Chairman and Chief Executive Officer,
First Mississippi National Bank
Hattiesburg, Mississippi

TOM B. SCOTT, JR.
President and Chief Executive Officer,
Unifirst Federal Savings and
Loan Association
Jackson, Mississippi

Jacksonville
Branch Manager:
James D. Hawkins
Vice President

1983 Directors

JOAN W. STEIN
CHAIRMAN
Chairman,
Regency Square Properties, Inc.
Jacksonville, Florida

GEORGE C. BOONE, JR.
President and Chief Executive Officer,
Security First Federal Savings
and Loan Association
Daytona Beach, Florida

GORDON W. CAMPBELL
Vice Chairman,
NCNB National Bank of Florida
Tampa, Florida

LEWIS A. DOMAN
President,
Citizens and Peoples National Bank
Pensacola, Florida

E. F. KEEN, JR.
Vice Chairman and President,
Ellis Banking Corporation
Bradenton, Florida

JEROME P. KEUPER
President,
Florida Institute of Technology
Melbourne, Florida

E. WILLIAM NASH, CLU
President,
South-Central Operations
Prudential Life Insurance
Company of America
Jacksonville, Florida

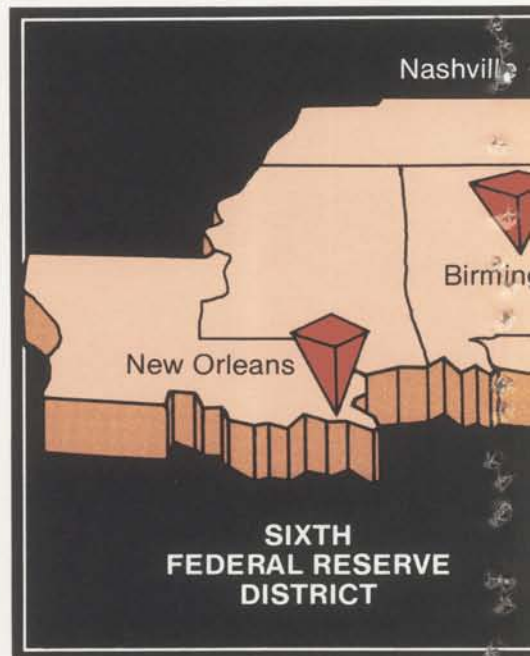
Birmingham
Branch Manager:
Frederick R. Herr
Vice President

1983 Directors

SAMUEL RICHARDSON HILL, JR.
CHAIRMAN
President,
University of Alabama in Birmingham
Birmingham, Alabama

G. MACK DOVE
President,
AAA Cooper Transportation Company
Dothan, Alabama

GRADY GILLAM
Chairman,
The American National Bank
Gadsden, Alabama



Welcome . . . To Incoming Directors

CARL E. JONES, JR.
Chairman, President and
Chief Executive Officer,
Merchants National Bank of Mobile
Mobile, Alabama

We were saddened in 1983 by the death
of New Orleans branch director Thomas
G. Rapiér. A Jacksonville branch director,
Roy G. Green, resigned during the year.

JO ANN DOKE SMITH
Co-Owner,
Smith Brothers
Micanopy, Florida

JOHN D. UIBLE
Chairman and Chief Executive Officer,
Florida National Banks of Florida, Inc.
Jacksonville, Florida

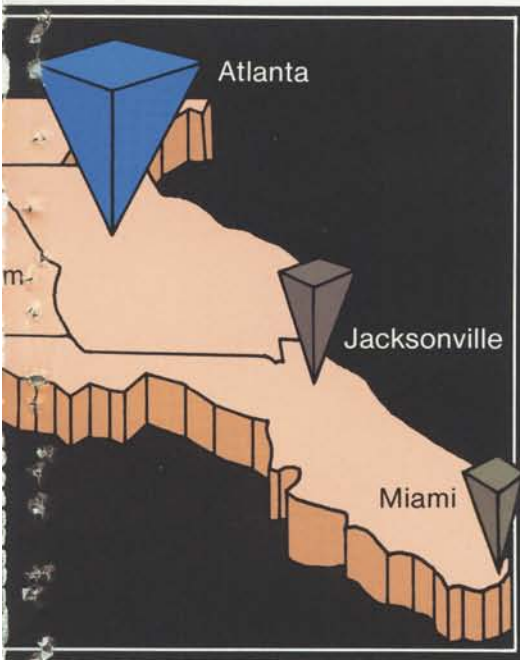
CHARLES LEE PEERY
Chairman,
The First National Bank of Florence
Florence, Alabama

HENRY A. LESLIE
President and Chief Executive Officer,
Union Bank & Trust Company
Montgomery, Alabama

MARTHA McINNIS
President,
EnviroSouth, Inc.
Montgomery, Alabama

WILLIAM M. SCHROEDER
Chairman and President,
Central State Bank
Calera, Alabama

LOUIS J. WILLIE
Executive Vice President,
Booker T. Washington Insurance Company
Birmingham, Alabama



Nashville
Branch Manager:
Jeffrey J. Wells
Vice President

1983 Directors

ROBERT C.H. MATHEWS, JR.
CHAIRMAN
Managing General Partner,
R.C. Mathews, Contractor
Nashville, Tennessee

CONDON S. BUSH
President,
Bush Brothers and Company
Dandridge, Tennessee

MICHAEL T. CHRISTIAN
President and Chief Executive Officer,
Commerce Union Bank Greenville
Greenville, Tennessee

SAMUEL H. HOWARD
Vice President and Treasurer,
Hospital Corporation of America
Nashville, Tennessee

C. WARREN NEEL
Dean,
College of Business Administration
The University of Tennessee
Knoxville, Tennessee

OWEN G. SHELL, JR.
President and Chief Operating Officer,
First American Bank of Nashville, N.A.
Nashville, Tennessee

JAMES F. SMITH, JR.
Chairman and Chief Executive Officer,
Park National Bank
Knoxville, Tennessee

Miami
Branch Manager:
Patrick K. Barron
Vice President

1983 Directors

EUGENE COHEN
CHAIRMAN
Chief Financial Officer and Treasurer,
Howard Hughes Medical Institute
Coconut Grove, Florida

SUE McCOURT COBB
Attorney,
Greenberg, Traurig, Askew, Hoffman,
Lipoff, Rosen and Quentel, P.A.
Miami, Florida

E. LLWYD ECCLESTONE, JR.
President and Chief Executive Officer,
National Investment Company
West Palm Beach, Florida

DANIEL S. GOODRUM
Senior Executive Vice President,
Sun Banks of Florida, Inc.
Fort Lauderdale, Florida

D. S. HUDSON, JR.
Chairman,
First National Bank and Trust Company of
Stuart
Stuart, Florida

ROY VANDEGRIFT, JR.
President,
Roy Van, Inc.
Pahokee, Florida

STEPHEN G. ZAHORIAN
President,
Barnett Bank of Lee County, N.A.
Fort Myers, Florida

Directors

ROBERT W. JONES
Chairman and President,
First National Bank
McMinnville, Tennessee

PATSY R. WILLIAMS
Partner,
Rhyne Lumber Company
Newport, Tennessee

ROBERT L. KESTER
Chairman,
Florida Coast Banks, Inc.
Pompano Beach, Florida

ROBERT D. RAPAPORT
Principal,
The Rapaport Companies
Palm Beach, Florida

Statement of Condition

Assets	December 31, 1982	December 31, 1983
Gold Certificate Account	\$ 402,000,000	\$ 371,000,000
Special Drawing Rights Certificate Account	161,000,000	161,000,000
Coin	44,194,297	42,238,437
Loans and Securities	3,687,078,836	3,870,336,372
Cash Items in Process of Collection	1,664,272,191	1,209,887,887
Bank Premises	34,126,927	34,189,340
Other Assets	553,324,567	394,674,961
Interdistrict Settlement Account	0	35,376,273
Total Assets	<u>\$6,545,996,818</u>	<u>\$6,118,703,270</u>
Liabilities		
Federal Reserve Notes	\$3,295,669,393	\$3,155,985,661
Deposits*	1,693,965,667	1,578,055,351
Deferred Availability Cash Items	1,006,723,764	1,074,442,781
Other Liabilities	54,540,363	67,137,577
Interdistrict Settlement Account	277,367,931	0
Total Liabilities	<u>\$6,328,267,118</u>	<u>\$5,875,621,370</u>
Capital Accounts		
Capital Paid In	\$ 108,864,850	\$ 121,540,950
Surplus	108,864,850	121,540,950
Total Capital Accounts	<u>\$ 217,729,700</u>	<u>\$ 243,081,900</u>
Total Liabilities and Capital Accounts	<u>\$6,545,996,818</u>	<u>\$6,118,703,270</u>

*Includes Depository Institution Accounts, Collected Funds Due to Other F.R. Banks, U.S. Treasurer - General Account.

Statement of Earnings

Earnings and Expenses	1982	1983
Total Current Income	\$502,835,679	\$450,121,579
Operating Expenses	91,190,879**	83,676,158
Cost of Earnings Credit (Deduct)	-	8,175,346
Current Net Income	\$411,644,800	\$358,270,075
Net Additions (+) Deductions (-)*	-9,400,341	-36,075,852
Assessment for Expenses of Board of Governors	4,745,200	5,772,600
F. R. Currency Cost	-	6,037,702
Net Income before Payment to U.S. Treasury	<u>\$397,499,259</u>	<u>\$310,383,921</u>
Distribution of Net Earnings		
Dividends Paid	\$ 6,237,573	\$ 6,865,126
Payment to U.S. Treasury (Interest on F.R. Notes)	379,625,736	290,842,695
Transferred to Surplus Account Net Additions (+) Deductions (-)	<u>+11,635,950</u>	<u>+12,676,100</u>
Total Income Distributed	<u>\$397,499,259</u>	<u>\$310,383,921</u>
Surplus Account		
Surplus January 1	\$ 97,228,900	\$108,864,850
Transferred to Surplus - as above	<u>11,635,950</u>	<u>12,676,100</u>
Surplus December 31	\$108,864,850	\$121,540,950

* Includes gains/losses on sales of U.S. Government securities and foreign exchange transactions.

** Of this figure, \$4,379,560 is "Cost of Earnings Credit."

Summary of Operations

	1982		1983	
	\$ (millions)	items (thousands)	\$ (millions)	items (thousands)
Services to Depository Institutions				
Clearing and Collection Services				
Checks handled:				
U.S. Government checks	65,828*	84,673*	57,426	80,053
Postal money orders	1,098*	18,226*	1,195	17,978
All Other	1,075,959*	1,852,387*	1,197,132	1,980,246
ACH payments processed	89,928*	46,132*	115,660	58,622
Wire transfers of funds	5,495,273	5,407	6,322,569	5,771
Cash Services				
Total cash receipts	18,864	4,723,734	20,473	4,819,283
Total cash payments	13,618	6,221,927	15,192	7,089,589
Currency processed	—	1,442,968	—	1,463,459
Coin processed	—	2,666,369	—	2,793,798
Loans to depository institutions, daily average	28	—	34	—
Securities Services				
Wire transfer of securities	526,442	233	735,843	244
Noncash collection	772	519	986	858
Services to U.S. Treasury				
U.S. savings bonds issued, serviced, redeemed by Federal Reserve Bank	368	1,958	370	2,186
U.S. savings bonds issued and redeemed by qualified issuing and paying agents	922	11,597	897	10,035
Other Treasury securities issued, serviced and redeemed	109,970	254	106,855	228
Deposits to Treasury Tax and Loan accounts	23,231	982	20,819	898
Food coupons destroyed	1,548	403,569	1,517	395,380

* Revised

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~~Federal Reserve Bank of
Atlanta~~

~~Annual report~~

Branches:
Birmingham Branch
1801 Fifth Ave., North
Birmingham, Alabama 35202

Jacksonville Branch
515 Julia St.
Jacksonville, Florida 32231

Miami Branch
9100 N.W. 36th St. Extension
Miami, Florida 33178

Nashville Branch
301 Eighth Ave., North
Nashville, Tennessee 37203

New Orleans Branch
525 St. Charles Ave.
New Orleans, Louisiana 70161

Photos: Bedgood and Associates, Atlanta - pp. 3, 5, 12,
16, 17, 18, 19, 20, 21, 27.
Georgia Bureau of Industry and Trade - Cover.
Florida Department of Commerce - p. 7.
Burlington Industries - Cover, p. 8
Georgia Pacific - Cover.
Photofile - pp. 6, 9, Back Cover.

