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CHARACTERISTICS OF BANK LOANS TO BUSINESS ELEVENTH FEDERAL RESERVE DISTRICT

For many years general banking data have been collected, making it possible to measure the volume and trend of the principal categories of commercial bank loans, such as commercial and industrial loans, loans to brokers and dealers for the purchase of Government securities, loans to others for the purchase of Government securities, loans to farmers, real estate loans, and other major types. Call reports and the reports of weekly reporting member banks afford reasonably satisfactory information as to these various types of loans.

On the other hand, relatively little information has been available regarding numerous other aspects and characteristics of the lending practices of commercial banks. How do commercial banks adapt their lending practices to fit the requirements of different classes of business borrowers? What classes of business borrow most heavily from commercial banks? What classes of business borrowers represent the largest demand in point of number of loans for commercial bank credit? What proportion of commercial bank loans is made to small business? To noncorporate borrowers? What differences, if any, are reflected in the lending practices of banks of different size? What are the characteristics of bank loans with respect to such important factors as the maturity of loans, collateral security, and terms of repayment?

Because of the importance of obtaining the answers to such questions, the Federal Reserve banks, with the cooperation of the member banks of the System, undertook a systemwide survey of the lending practices of member banks. A representative sample of member banks in each Federal Reserve District was requested to submit data as of November 20, 1946, regarding the commercial and industrial loans in their note cases. For the purposes of the survey, commercial and industrial loans were defined to include real estate loans to commercial and industrial concerns (including real estate loans made to individuals for business purposes) and all commercial and industrial loans reported in Schedule A, Item 1, of the Call Report, except open market paper. Such loans include all business loans to individuals, partnerships, and corporations, whether secured or unsecured or whether for the purpose of financing capital expenditures or current operations. Loans made for business purposes in the GI loan and consumer credit departments of member banks also were included as commercial and industrial loans.

In the Eleventh Federal Reserve District, data were obtained from a sample of 88 member banks, or approximately 17 per cent of the member banks in the district which reported commercial and industrial loans outstanding as of the June 29, 1946, Call Report. The commercial and industrial

loans of this sample of banks represented approximately 69 per cent of the total amount of such loans outstanding in the district on that Call Report date. In order to throw some light upon the lending practices of banks in different size groups, banks participating in the survey were classified into four groups according to the amount of their deposits reported as of June 29, 1946. That classification resulted in the following groupings: Group B banks—deposits between \$100,000,000 and \$500,000,000; Group C banks—deposits between \$10,000,000 and \$100,000,000; Group D banks—deposits between \$2,000,000 and \$10,000,000; and Group E banks—deposits of less than \$2,000,000.

On the basis of the survey data obtained from the sample of member banks, it has been possible to make reliable estimates as of November 20, 1946, of the total number and amount of commercial and industrial loans of the member banks of the district and, also, of the totals by numerous sub-classifications, such as the business of the borrower, the size of bank, the term of loan, the type of security, the assets of the borrower, manner of repayment, and others.¹

As of November 20, 1946, it is estimated that the total amount of outstanding commercial and industrial loans of member banks in the Eleventh District was \$651,826,000, represented by 43,755 loans. The largest proportion of the loans in terms of dollars, approximately 63 per cent, was made by the eleven largest banks in the district having deposits in excess of \$100,000,000. On the other hand, over 43 per cent of the *number* of loans in the district were made by member banks having deposits between \$10,000,000 and \$100,000,000, while banks with deposits of less than \$10,000,000 accounted for approximately 32 per cent of the *number* of loans.

As of December 31, 1946, the date nearest November 20 for which figures are available, the total capital funds of member banks of the Eleventh District amounted to about \$292,000,000, and the total deposits of the district were approximately \$5,390,000,000. The eleven largest member banks in the district, whose outstanding volume of commercial and industrial loans represented 63 per cent of the district's total, held almost 41 per cent of the member bank capital funds and almost 34 per cent of the member bank deposits.

Figures reflecting the number of commercial and industrial loans made by other member banks, however, show that these eleven largest banks do not dominate the financial scheme of things in this district, despite their large share of the loanable funds of the district's member banks. The more than 23,000 loans made by the medium-size and smaller banks located throughout the Eleventh District are evidence of the important place occupied by these other banks in financing the business requirements of the many business firms located distant from the large centers of population.

TABLE 1
NUMBER AND AMOUNT OF COMMERCIAL AND INDUSTRIAL LOANS OF
MEMBER BANKS CLASSIFIED BY BANK SIZE GROUP
ELEVENTH FEDERAL RESERVE DISTRICT
NOVEMBER 20, 1946
(Dollar figures in thousands)

Bank Size Total Deposits	Number of Loans		Com'l and* Ind. Loans	Real Estate Loans Com'l and Ind. Purposes	Total Amount	Per Cent Total
	Number	Per Cent Total				
\$100,000-\$500,000....	10,678	24.4	\$391,819	\$16,775	\$408,594	62.7
\$10,000-\$100,000.....	19,046	43.5	162,140	19,913	182,053	27.9
\$2,000-\$10,000.....	11,184	25.6	42,452	8,406	50,858	7.8
Less than \$2,000.....	2,847	6.5	8,136	2,185	10,321	1.6
All member banks.	43,755	100.0	\$604,547	\$47,279	\$651,826	100.0

*Excludes (a) open market paper and (b) C. C. C. loans.

Tables 2 and 3, showing the number and amount of commercial and industrial loans classified according to the business of the borrower and according to the size of the borrowing firm, provide significant information regarding the types of business which were borrowing in large amounts on November 20, 1946, from member banks in the Eleventh District and, also, those types of business whose demands for commercial loans were the largest according to number of loans.

In terms of amount of outstanding loans on November 20, 1946, firms engaged in manufacturing and mining were the largest borrowers as a group from member banks in the Eleventh District. The total loans to this group of borrowers aggregated \$231,605,000, or approximately 35 per cent

¹Unless specifically noted otherwise, all amounts and percentages in this article are estimates of Eleventh District member bank totals for the appropriate classification or subclassification, based upon the data obtained from the sample of banks included in the survey.

of all business loans. In view of the great importance of the basic petroleum industry and its closely related industries in the economy of this district, it is not surprising to find that loans to manufacturing firms in that group represented the largest single category. Member bank loans outstanding to petroleum, chemical, and rubber manufacturers on the survey date totaled \$131,388,000, or approximately 20 per cent of total outstanding business loans in the Eleventh District.

Firms engaged in wholesale trade constituted the second most important single group classification. Wholesale food, liquor, tobacco, and drug manufacturers were the heaviest borrowers in the group, with total loans of \$48,936,000, or approximately 7 per cent of the total business loans outstanding. These firms, however, were followed closely in importance as borrowers by firms engaged in the wholesale apparel, dry goods, and related businesses, whose total loans amounted to \$37,960,000, or about 6 per cent of the total to all business borrowers.

The amount of commercial bank loans extended to firms engaged in retail trade totaled \$74,215,000, or approximately 11 per cent of business loans. Although retail firms as a group borrowed less in amount from member banks than either manufacturers or wholesalers, the number of retail loans reported by member banks represented almost one-third of the number of business loans made in the district. The most important types of retail borrowers were engaged in the sale of foods and related products and home furnishings.

Considered from the point of view of entire industries spanning the three levels of distribution, the petroleum industry of the district with its closely related subindustries showed borrowings of \$148,208,000 on the survey date, as compared with a total of \$106,585,000 in business loans to the food and related industries and \$62,957,000 to the textile industries.

TABLE 2
NUMBER AND AMOUNT OF COMMERCIAL AND INDUSTRIAL LOANS OF
MEMBER BANKS
CLASSIFIED BY BUSINESS OF BORROWER
ELEVENTH FEDERAL RESERVE DISTRICT
NOVEMBER 20, 1946
(Dollar figures in thousands)

Business of Borrower	Number of Loans		Amount of Loans	
	Number	Per Cent Total	Amount	Per Cent Total
Manufacturing and Mining:				
(a) Food, liquor, and tobacco.....	990	2.3	\$ 37,145	5.7
(b) Textile, apparel, and leather.....	464	1.1	9,716	1.4
(c) Iron, steel, non-ferrous metals and their products; electrical and other machinery; automobiles and other transportation equipment and parts.....	1,243	2.8	27,326	4.2
(d) Petroleum, coal, chemicals, and rubber.....	2,778	6.4	131,388	20.2
(e) All other (incl. lumber, furniture, paper, printing and publishing, stone, clay, and glass)...	1,325	3.0	26,030	4.0
Total manufacturing and mining.....	6,800	15.6	\$231,605	35.5
Wholesale Trade:				
(a) Food, liquor, tobacco, and drugs.....	2,018	4.6	\$48,936	7.5
(b) Apparel, dry goods, shoes and related raw materials.....	350	.8	37,960	5.8
(c) Home furnishings; furniture and electrical appliances; hardware; machinery and metal products; lumber and building materials; plumbing and heating equipment.....	1,095	2.5	18,956	2.9
(d) Automobiles and parts; petroleum.....	644	1.5	6,738	1.0
(e) All other (incl. farm feed, fuel, jewelry, and paper).....	953	2.2	20,613	3.2
Total wholesale trade.....	5,060	11.6	\$133,205	20.4
Retail trade:				
(a) Food, liquor, tobacco, restaurants, and drug stores.....	4,234	9.7	\$ 20,504	3.2
(b) Apparel, dry goods, shoes, department stores, mail order houses, variety stores, and general stores.....	1,549	3.5	15,281	2.4
(c) Home furnishings, furniture and electrical appliance stores, hardware and farm implement dealers, lumber and building material dealers, plumbing and heating equipment dealers....	3,269	7.5	17,658	2.7
(d) Automobile dealers and auto accessory stores, and filling stations.....	2,821	6.4	10,082	1.5
(e) All other (incl. farm feed, fuel dealers, and jewelry stores).....	2,136	4.9	10,690	1.6
Total retail trade.....	14,009	32.0	\$ 74,215	11.4
Other:				
(a) Transportation companies, communication companies, and other public utilities.....	1,721	3.9	\$ 40,770	6.3
(b) Services (incl. hotels; repair services; amusements; personal and domestic service; medical, legal, and professional services).....	4,361	9.9	35,119	5.4
(c) Building and road construction contractors and sub-contractors.....	3,444	7.9	46,491	7.1
(d) Sales finance companies.....	777	1.8	36,996	5.7
(e) All other (incl. forestry, fishing, and real estate).....	4,285	9.8	30,931	4.7
Total other.....	14,588	33.3	\$190,307	29.2
Unclassified	3,298	7.5	\$ 22,494	3.5
Total All Loans	43,755	100.0	\$651,826	100.0

The average size of loans to different types of business varied widely on the survey date. At the upper extreme, loans to wholesale apparel, dry goods, and related firms averaged approximately \$108,460 per loan, while the smallest average loans, approximating \$3,575 per loan, were those extended to retail automobile dealers, auto accessory stores, and filling stations. Other approximate loan averages at high and low extremes were to sales finance companies, \$47,600 per loan; to petroleum and related firms at the manufacturing level, \$47,300 per loan; to food, liquor, and tobacco manufacturers, \$37,600 per loan, and to retail food and home furnishing stores, \$4,850 and \$5,400 per loan, respectively.

The adequacy of banking funds available to small business has been a widely discussed question and one on which there have been rather sharp differences of opinion. Banking laws have been modified and new legislation enacted during the past decade or more in an attempt to assure small business concerns access to adequate bank credit. At the same time, many people associated with banking institutions and well-informed regarding banking practices have contended vigorously that banks, generally speaking, have been and are able and willing to meet all of the reasonably sound credit demands of small business. Although the survey data may not answer the question conclusively, an analysis of the distribution of business loans made to borrowing firms of different size groups reveals the very creditable contribution of the member banks of the district in meeting the financial requirements of small business in the area.

There may be disagreement as to just how large a business may become before it passes out of the category of small business. It would not likely be denied, however, that businesses having assets of less than \$50,000 should be considered as small business units. In fact, most definitions which base the classification of small business on amount of assets would include at least concerns having assets not in excess of \$250,000. On that basis, it is interesting to note that approximately 58 per cent of the total number of business loans outstanding on November 20, 1946, in the Eleventh District were made to businesses having total assets of less than \$50,000 and that an additional 24 per cent of the outstanding loans were to business firms having total assets between \$50,000 and \$250,000. In addition, over 6 per cent of the outstanding loans were made to firms having assets between \$250,000 and \$750,000. In other words, about 82 per cent of the loans classified were made to business firms having assets of less than \$250,000, and if we are justified in including as small business firms those having assets of less than \$750,000, the proportion increases to approximately 89 per cent.

Loans to firms having assets of less than \$250,000 represented approximately 36 per cent of the dollar amount of business loans outstanding on the survey date, while the proportion increases to almost 56 per cent if loans to firms with assets of less than \$750,000 are considered as loans to small business. At the other extreme, loans to businesses having assets of more than \$5,000,000, though accounting for only slightly more than one per cent of the number of loans outstanding in the district, constituted approximately 15 per cent of the aggregate of outstanding loans.

While the figures presented in Table 3 may not provide a conclusive answer to the question whether small business is able to meet its credit requirements through the commercial banking system, those data do indicate that in this district almost nine out of every ten loans, aggregating about 56 per cent of the total amount of outstanding business loans of member banks, were made to business firms having total assets of less than \$750,000.

The extent to which member banks in this district have attempted to adapt their lending practices to fit the financial requirements of different classes of business borrowers is reflected to some degree by data in Tables 4 and 5, showing the number

TABLE 3
NUMBER AND AMOUNT OF COMMERCIAL AND INDUSTRIAL LOANS OF MEMBER BANKS
CLASSIFIED BY SIZE OF BORROWER
ELEVENTH FEDERAL RESERVE DISTRICT
NOVEMBER 20, 1946
(Dollar figures in thousands)

Total Assets of Borrowers	Number of Loans		Amount of Loans	
	Number	Per Cent Total	Amount	Per Cent Total
Over \$5,000.....	551	1.3	\$ 96,631	14.8
\$750-\$5,000.....	1,550	3.5	169,722	26.1
\$250-\$750.....	2,689	6.2	125,292	19.2
\$50-\$250.....	10,466	23.9	155,953	23.9
Under \$50.....	25,200	57.6	81,734	12.5
Not classified.....	3,299	7.5	22,494	3.5
All borrowers...	43,755	100.0	\$651,826	100.0

and amount of loans, classified by term of loan, to borrowing firms of different sizes and to firms at different levels of distribution. Traditionally, commercial banks have been considered as a source of short-term working capital funds for business firms. Although that major function continues to be basic to commercial banking, over a period of years banks have broadened their lending practices and have extended their loan maturities to permit business firms to borrow for periods longer than one year—often from two to three years and sometimes even longer. These loans, customarily involving serial repayments, often are used by borrowers for semifixed capital purposes, including the purchase of equipment and machinery, strengthening of working capital position, oil production, refinancing other indebtedness, and for other purposes.

Term loans, which in this article are considered as all loans having a maturity of more than one year, accounted for approximately 17 per cent of the number of loans made for business purposes by the member banks in this district as of November 20, 1946, and aggregated \$138,271,000, or more than 21 per cent of the total dollar amount of business loans. Businesses engaged in manufacturing and mining accounted for more than 42 per cent of the amount of outstanding term loans of the district's member banks, or a total of more than \$58,897,000. Again reflecting the importance of the petroleum industry in the Eleventh District and also the important place held by the term loan in oil financing, outstanding term loans to firms engaged in that industry amounted to more than \$45,400,000. Other classes of business which reflected substantial term-loan borrowings included transportation companies, communication companies, and public utilities, \$18,400,000; the service industries, including hotels, amusements, repair services, and others, \$11,400,000; and wholesale food, liquor, tobacco, and drug firms, \$5,300,000.

Although it is obvious that small business firms might experience the same needs for term-loan financing as larger firms, that type of loan often is thought of as being more characteristic of large-scale financing. The survey data, however, tend to disprove that notion and indicate, instead, that member banks have adapted their lending practices in this respect to the requirements of smallest firms as well as to those of the large borrowers. For example, term loans represented slightly less than 25 per cent of the total amount of business loans to firms having assets in excess of \$5,000,000 and slightly more than 25 per cent of the total amount of loans to firms with assets of less than \$50,000. Furthermore, term

TABLE 4

NUMBER AND AMOUNT OF COMMERCIAL AND INDUSTRIAL LOANS OF
MEMBER BANKS
CLASSIFIED BY MAJOR BUSINESS CATEGORY AND TERM OF LOAN
ELEVENTH FEDERAL RESERVE DISTRICT
NOVEMBER 20, 1946

(Dollar figures in thousands)

Business of Borrower	One Year or Less				Over One Year			
	Number of Loans	Per Cent Total	Amount	Per Cent Total	Number of Loans	Per Cent Total	Amount	Per Cent Total
Manufacturing and mining.....	5,797	85.3	\$172,709	74.6	1,003	14.7	\$ 58,897	25.4
Wholesale trade.....	4,460	88.1	122,457	91.9	600	11.9	10,748	8.1
Retail trade.....	12,042	86.0	61,615	83.0	1,966	14.0	12,599	17.0
Other classifications..	11,569	79.3	142,977	75.1	3,020	20.7	47,330	24.9
Not classified.....	2,281	69.2	13,797	61.3	1,017	30.8	8,697	38.7
All borrowers.....	36,149	82.6	\$513,555	78.8	7,606	17.4	\$138,271	21.2

TABLE 5

NUMBER AND TERM OF COMMERCIAL AND INDUSTRIAL LOANS OF
MEMBER BANKS
CLASSIFIED BY SIZE OF BORROWER AND TERM OF LOAN
ELEVENTH FEDERAL RESERVE DISTRICT
NOVEMBER 20, 1946

(Dollar figures in thousands)

Total Assets of Borrowers	One Year or Less				Over One Year			
	Number of Loans	Per Cent Total	Amount	Per Cent Total	Number of Loans	Per Cent Total	Amount	Per Cent Total
Over \$5,000.....	392	71.1	\$ 73,287	75.8	159	28.9	\$ 23,344	24.2
\$750-\$5,000.....	1,322	85.3	132,812	78.2	228	14.7	36,909	21.8
\$250-\$750.....	2,274	84.6	102,252	81.6	415	15.4	23,039	18.4
\$50-\$250.....	9,179	87.7	130,639	83.8	1,287	12.3	25,315	16.2
Under \$50.....	20,701	82.1	60,768	74.3	4,500	17.9	20,967	25.7
Not classified.....	2,281	69.2	13,797	61.3	1,017	30.8	8,697	38.7
All borrowers.....	36,149	82.6	\$513,555	78.8	7,606	17.4	\$138,271	21.2

loans to firms of largest size accounted for approximately 17 per cent of the total amount of all term loans, as compared with about 15 per cent for firms of smallest size. If firms having total assets of less than \$750,000 can be considered properly as representing small business, the survey results show that firms in that general category had borrowed approximately \$69,300,000 on a term-loan basis, or about 50 per cent of outstanding term loans of the district's member banks.

The adaptability of lending practices of member banks in the district is revealed also in the data showing the types of security accepted from business borrowers. Although unsecured loans comprised the largest proportion of business loans for each of the major categories of business, the secured loans of each class of borrower reflected certain types of security which are more or less characteristic of the particular class of business. For example, loans secured by bonded warehouse receipts constituted almost 32 per cent of the total business loans to firms engaged in wholesale trade but were, as might be expected, comparatively unimportant in the loan totals to other types of business. Again, a total of almost \$73,000,000 of business loans to firms engaged in manufacturing and mining was secured by "oil runs," reflecting the predominant importance of the petroleum industry among that group of borrowers in the Eleventh District. Percentagewise, loans secured by chattel mortgages on equipment were most important in the borrowings of firms engaged in the public utilities field, services, and construction and of least importance in borrowings by wholesalers.

TABLE 6

AMOUNT OF COMMERCIAL AND INDUSTRIAL LOANS OF MEMBER BANKS
CLASSIFIED BY TYPE OF SECURITY AND BUSINESS OF BORROWER

ELEVENTH FEDERAL RESERVE DISTRICT

NOVEMBER 20, 1946

(In thousands of dollars)

Type of Security	Manufacturing and Mining	Wholesale Trade	Retail Trade	Public Utilities	Services	Construction	All Others	Total
Unsecured.....	\$ 77,017	\$ 65,977	\$ 30,414	\$ 21,288	\$ 8,076	\$ 21,471	\$ 27,236	\$251,479
Oil runs.....	72,808	1,815	31	302	338	..	91	75,385
Endorsed.....	10,467	5,733	7,919	3,143	2,243	3,233	3,507	36,245
R. F. C. participation.....	9,656	347	35	..	133	976	..	11,145
Chattel mortgage on equipment.....	9,638	4,040	7,032	12,517	7,396	8,945	3,092	52,661
Accounts receivable.....	8,562	342	1,233	380	419	290	4,940	16,166
Unlisted stocks.....	7,555	797	61	1,972	4,811	239	272	15,708
Plant, other real estate.....	7,100	3,924	7,701	1,287	5,416	11,851	10,000	47,279
Assignment of claims against others*.....	4,772	260	824	..	72	1,004	4,554	11,486
U. S. Government securities.....	3,801	3,367	6,356	30	61	112	219	13,946
Bonded warehouse receipts.....	3,558	43,063	3,191	..	130	14	253	50,209
Listed stocks.....	3,505	578	1,240	25	2,609	67	1,660	9,683
Miscellaneous other security.....	17,598	5,114	11,232	2,727	4,963	3,943	14,834	60,435
Total†.....	\$236,035	\$135,357	\$ 77,271	\$ 43,672	\$ 36,665	\$ 52,143	\$ 70,658	\$651,826†

*Includes notes receivable, conditional sales contracts, leases, rental contracts, etc., but excludes claims against the Government.

†Includes \$25,837 of loans misclassified or not classified.

‡Total amounts of loans to principal categories of business do not equal comparable totals shown in Tables 2 and 4 because loans totaling \$22,494,000, for which size of business was not reported, are classified in the tabulations in Table 6 but shown as "Unclassified" in Tables 2 and 4.

For all major classes of business borrowers, unsecured loans were the most common type of borrowing. Borrowers engaged in wholesale trade and in the public utilities field obtained almost 49 per cent of their needed bank credit on an unsecured basis, while construction companies borrowed more than 41 per cent in that manner. Unsecured loans of all classes of borrowers amounted to \$251,479,000, or more than 38 per cent of the total of outstanding business loans. Data are summarized in Table 6 showing details as to types of security required of business borrowers in this district.

The survey revealed that in this district GI loans for business purposes made by member banks represented a very small proportion of the total of business loans. It is estimated that only about 900 GI loans for business purposes made by member banks in the district were outstanding as of November 20, 1946, with the amount of the loans totaling somewhat less than \$3,000,000. The largest number of loans, 431, and the largest volume outstanding, \$1,264,000, were reported by member banks having deposits of from \$2,000,000 to \$10,000,000.

Review of Business, Industrial, Agricultural, and Financial Conditions

DISTRICT SUMMARY

More than a normal proportion of cold weather and a deficiency of moisture throughout most of the district in February and the first week of March retarded planting operations and the growth of field and truck crops and range feeds. Nevertheless, the Texas wheat crop benefited from snows and mid-March rains, and the harvesting and shipment of commercial vegetables and citrus fruits made fair to good progress. The March 1 condition of cattle, calves, and sheep was below normal as the result of short range feeds and unseasonably cold weather, accompanied by ice and sleet in the western portions of the district. The seasonal decline in nonagricultural employment in the district which occurred in January appears to have been checked during February, and an expected increase in construction activity for the spring, together with expansion of operations in refineries, lumber mills, and some manufacturing plants, should result in a moderate rise in employment during the next few months. Output of Portland cement from Texas mills in 1946 exceeded that of any previous year except 1942, and its rapid utilization for construction is indicated by the fact that total shipments were in excess of total production. Rising demand for petroleum products, especially gasoline, resulted during February and March in an increase in district crude oil production which may be expected to continue for some months. Cotton consumption at Texas and United States mills for the 1946-47 season is running at substantially higher than prewar levels, due to strong domestic and foreign demands for cotton textiles. In dollar volume, February sales at district furniture and department stores were only slightly larger than for the same month a year ago, suggesting that consumers may be buying currently a somewhat smaller volume of goods than they bought at this time last year when prices of most commodities were much lower than at present. The gradual return of durable goods to department stores is reviving the prewar pattern of distribution of consumer spending between soft goods and durables.

BUSINESS

Sales during February at monthly reporting department stores of this district exceeded those of the same month last year by three per cent, but were four per cent less than in January. By contrast, sales in February a year ago were 25 per cent greater than for the same month in 1945 and 10 percent larger than in the preceding month—January 1946. These comparisons suggest that, when allowances are made for price increases which have occurred during the past year, the volume of goods being bought by consumers at department stores is declining substantially.

The value of stocks at these stores increased only moderately during February over the preceding month but stood 86 per cent higher than at the same time last year. Numerous recent clearance sales and reductions in orders outstanding have brought about a better balance of inventories in some soft-goods departments, particularly in women's and misses' ready-to-wear. Concurrently, stocks of most durable goods included in the house-furnishings department have reached or are approximating normal volume after the acute scarcity existing at the end of the war. Refrigerators, ranges, electric washers, and some types of high-quality furniture, however, are still in short supply at many stores. On the other hand, small radios and some other minor appliances of unproved brands are reported by some stores as accumulating to such an extent that sharp price reductions

are required to move them. The general improvement in the supply of durable goods is restoring the prewar distribution of spending between soft goods and durables by customers of department stores.

Total retail sales in February of district furniture stores made a somewhat better comparison than department store sales with transactions of the preceding month and of the same month in 1946. In the furniture stores, the increase over January was eight per cent and over February 1946, 12 per cent. Most of these increases were in instalment sales, which constituted 82 per cent of total sales in February, as compared with 80 per cent in the preceding month and 75 per cent in February 1946. End-of-the-month inventories were only five per cent higher than at the end of January but exceeded those for February 1946 by 127 per cent.

WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in			
		Net sales		Stocks †	
		Feb. 1947 from Feb. 1946	Jan. 1947 from Feb. 1946	Feb. 1947 from Feb. 1946	Jan. 1947 from Feb. 1946
Retail trade:					
Department stores:					
Total 11th Dist.	48	+ 3	- 4	+ 11	+ 86
Corpus Christi.	4	+ 5	- 7	+ 21	+ 83
Dallas.	7	- 4	- 6	+ 7	+ 87
Fort Worth.	4	+ 1	+ 9	+ 9	+ 81
Houston.	7	+ 12	- 3	+ 20	+ 126
San Antonio.	5	+ 3	- 10	+ 9	+ 55
Shreveport, La.	3	+ 2	- 9	+ 4	....
Other cities.	18	+ 9	- 3	+ 10	+ 89
Retail furniture:					
Total 11th Dist.	48	+ 12	+ 8	....	+ 127
Dallas.	4	+ 5	+ 10	....	+ 129
Houston.	8	+ 4	+ 15	....	....
Port Arthur.	3	- 8	- 21	....	....
Shreveport, La.	3	+ 18	+ 13	....	+ 114
San Antonio.	4	+ 38	+ 12	....	....
Wholesale trade:*					
Automotive supplies	4	+ 2	+ 12	- 4	....
Drugs.	5	+ 11	- 5	+ 11	+ 6
Groceries.	24	+ 19	- 8	+ 21	+ 31
Hardware.	9	+ 36	- 5	+ 32	+ 97

*Compiled by United States Bureau of Census (wholesale trade figures preliminary).
 †Stocks at end of month. ‡Indicates change less than one-half of one per cent.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

	Daily average sales—(1935-1939=100)						Adjusted—		
	Unadjusted*			Unadjusted*			Jan. 1947	Dec. 1946	Feb. 1946
	Feb. 1947	Jan. 1947	Dec. 1946	Feb. 1946	Feb. 1947	Jan. 1947	1946	1946	1946
District.	306	294r	567	297r	347	363r	348	348	338r
Dallas.	307	304	549	319r	349	370	347	347	333r
Houston.	306	290	582	274r	319	372	366	366	311r

	Stocks—(1935-1939=100)						Adjusted—		
	Unadjusted*			Unadjusted*			Jan. 1947	Dec. 1946	Feb. 1946
	Feb. 1947	Jan. 1947	Dec. 1946	Feb. 1946	Feb. 1947	Jan. 1947	1946	1946	1946
District.	305	294	306	170	343	326r	364	364	191

*Unadjusted for seasonal variation. r—Revised.

Collections on charge accounts at department stores ran at the same rate during February as in the preceding month, with an average pay-out period of 54 days, compared with 48 days at the same time last year and 51 days in November 1946, just prior to the removal of the restrictions of Regulation W from charge accounts. The ratio of collections to receivables on department store instalments was the lowest in February for any month since June 1946, standing at 28 per cent and indicating an average pay-out time of about three and one-half months. Collections on instalment sales at furniture stores ran at substantially the same rate as in department stores.

AGRICULTURE

Unseasonably cool, dry weather over most of the district in February retarded field work and checked growing crops and the development of range feeds. Moisture conditions were generally improved during March, but low temperatures, accompanied by snow or sleet in the northern and western parts of the district, caused some damage to crops and livestock. In spite of local damage from blowing and the lack of surface moisture, the wheat crop in the Panhandle of Texas made fairly good progress during February and the first part of March. Wheat and oats in north central Texas were in need of moisture at the end of February, but showers and snow in March improved moisture conditions considerably. Due to cold and dryness, early planted feed and cotton in the southern part of the State made only slow growth during February and the early part of March, and planting was delayed.

CASH FARM INCOME
(Thousands of dollars)

	December 1946		Dec. 1946	Total receipts	
	Crops	Livestock*		Dec. 1945	Jan. 1 to Dec. 31 1946
Arizona.....	\$ 11,199	\$ 4,964	\$ 16,163	\$ 20,873	\$ 158,933
Louisiana.....	34,398	8,482	42,880	39,396	245,488
New Mexico.....	8,805	6,217	15,082	8,193	139,923
Oklahoma.....	21,210	24,444	45,654	31,343	498,909
Texas.....	69,897	59,591	129,488	82,346	1,355,749
Total.....	\$145,509	\$103,698	\$249,207	\$182,151	\$2,399,002

*Includes receipts from the sale of livestock and livestock products.

SOURCE: United States Department of Agriculture.

Favorable weather conditions prevailed in most commercial truck crop areas of the district during the first half of February, with only slight damage reported as a result of the low temperatures on February 5-6. Later in the month, however, when temperatures fell to near the frost line as far south as the Rio Grande Valley and to near freezing in some interior counties, seed germination, plant growth, and field operations were retarded. Temperature conditions were slightly improved in early March, but additional moisture was needed at midmonth. Movement of most vegetables increased during February, with total shipments during the month exceeding those of the preceding month by about 45 per cent. Although shortages of crates and freight cars developed during the first half of March, rail shipments during that period were more than double those of the same period a year ago.

On the basis of conditions existing on March 1, the United States Department of Agriculture estimated the Texas beet crop at 932,000 bushels, or 23 per cent less than the 1946 crop and 10 per cent below the 1936-45 average. Prospects for cabbage production in Texas improved between the first of the year and March 1, and shipments were expected at that time to continue active throughout March. The Texas winter carrot crop was estimated at 2,805,000 bushels—slightly below last year's production but well above average. Spinach production, estimated at 4,128,000 bushels, is nine per cent below the small crop of 1946.

The harvest of Texas citrus made good progress during February. Although rainfall was light during the month, water for irrigation was plentiful, and conditions were generally favorable for development of good quality fruit. The 1947 bloom, which was delayed about two weeks by the cold weather in February, was expected to occur during the latter part of March. It is estimated that 14,000,000 boxes of grapefruit and 3,400,000 boxes of oranges were utilized prior to March 1. About 5,600,000 boxes of grapefruit were processed and the remainder used fresh. Only a small volume of oranges had been processed, but more were canned this year than ever before. The movement of the Texas citrus crop increased sharply following the early

February freeze in Florida which resulted in a temporary embargo against shipments from that area. Shipments during the month were well above those of the preceding month and of the same period last season. The movement continued heavy during the first part of March with total shipments for that period running about 45 per cent above those of the first half of March 1946. In spite of this recent sharp increase in the movement of citrus, however, total shipments for the season to March 15 were running below those for the corresponding period a year ago.

Below normal rainfall and high cold winds in February depleted surface moisture over the western two-thirds of the district, but subsoil moisture supplies were good in all areas except extreme southern Texas. As a result, range conditions in Texas declined slightly during the month, and on March 1 were reported as 73 per cent of normal. New grass was considerably later than usual and had not made sufficient growth to supply material quantities of forage. Most farmers and ranchers continued supplemental feeding through February. In northwest Texas wheat continued to supply good grazing during February except for the last few days when snow covered the fields. Arizona ranges on March 1 were dry, with short feed. Ranges in New Mexico and Oklahoma suffered from lack of top soil moisture during most of February, but received some relief as rains and snow fell the last of the month. Moisture conditions were generally good in northern Louisiana, but lower than normal temperatures retarded the development of new pasture feeds.

Cattle and calves came through the winter months in fair condition, but they have required more than usual supplemental feeding since the first of the year. Losses were light, but there was some shrinkage of cattle during February because of low temperatures and shortages of range feed. Cattle in Texas were reported to be 77 per cent of normal on March 1, and in Oklahoma, 70 per cent, in each case two points lower than on February 1. Some cattle were moved off wheat pastures by March 1, and all were expected to be off before the end of the month.

On March 1 the condition of Texas sheep was reported as 78 per cent of normal, or two points lower than a month earlier, due to shortages of range feed and low temperatures. Losses were heavy among new-born lambs, kids, and freshly shorn goats that were not adequately protected from low temperatures, ice, and snow. The development of early lambs in Texas was retarded, except for occasional flocks receiving supplemental feeds. Ewes were in only fair condition at mid-March and had shown some shrinkage, along with yearling lambs and wethers. Because of these conditions and the reduced numbers of breeding ewes, the Texas spring lamb crop is expected to be smaller than last year.

The 1946 production of shorn wool in Texas was estimated at 70,695,000 pounds, or about 4,100,000 pounds less than the 1945 clip and the lowest since 1936. Cash income from the sale of wool in the State totaled \$30,399,000 in 1946, compared with \$31,423,000 in 1945. Shorn wool production declined appreciably also in Arizona, Louisiana, New Mexico, and Oklahoma. Mohair production in Texas, placed at 17,880,000 pounds in 1946, or about 2,300,000 pounds less than in 1945, yielded cash receipts to growers of about \$11,086,000.

Receipts of cattle and calves at Fort Worth and San Antonio markets in February were 17 per cent below those of January, but 45 per cent above receipts for February 1946. Hog receipts were lower than in January, and below those of the corresponding month last year. Sheep receipts, on the other hand, were up 27 per cent from January, but were below those for February a year ago.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	February 1947	February 1946	January 1947	February 1947	February 1946	January 1947
Cattle.....	52,595	33,989	57,906	23,933	17,688	28,691
Calves.....	20,778	12,713	30,040	15,634	13,234	19,250
Hogs.....	72,148	75,604	91,385	7,115	11,017	8,193
Sheep.....	64,699	83,354	52,167	15,431	21,827	11,117

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundred weight)

	Fort Worth			San Antonio		
	February 1947	February 1946	January 1947	February 1947	February 1946	January 1947
Beef steers.....	\$25.00	\$17.35	\$25.00	\$22.50	\$16.50	\$24.50
Stocker steers.....	19.25	15.50	18.50	.....	.....	.....
Heifers and yearlings.....	26.00	17.35	26.00	22.50	16.50	22.00
Butcher cows.....	15.00	13.75	15.00	15.50	13.00	14.00
Calves.....	21.00	16.10	21.00	22.25	15.50	22.50
Hogs.....	28.00	14.65	24.10	26.00	14.65	23.00
Lambs.....	23.50	14.50	23.00	20.00	14.15	20.35

The midmonth price report of the United States Department of Agriculture for February showed varied trends in prices received by Texas farmers for crop and livestock products, but prices of most items remained above the levels of a year ago. The greatest change was noted in citrus prices, which rose sharply from January 15 to February 15, following freeze damage to Florida crops early in February. Orange prices advanced 79 cents per box, or 96 per cent, during this period, while grapefruit prices advanced 11 cents per box, or 20 per cent. Wheat, which advanced to \$1.99 per bushel, reached the highest level since October 1920. Corn, oat, grain sorghum, and rice prices made slight to moderate gains. Significant increases in prices were noted for hogs and beef cattle, but sheep and lamb prices were slightly lower. Hay prices advanced slightly, but lower prices were received for dairy products, poultry, and poultry products. The index of prices paid by farmers in the United States rose to a new record high on February 15, more than offsetting the rise in the index of prices received and resulting in a slight drop in the parity ratio from 121 on January 15 to 119 on February 15.

Grain prices advanced sharply between mid-February and mid-March, with spot prices of wheat and corn rising more than 20 per cent at the Chicago market during the period. Hog prices advanced almost 10 per cent, prices of feeder and stocker steers more than five per cent, while prices of other classes of livestock continued steady. Cotton prices registered an increase in all markets of about two cents per pound, or approximately five per cent.

Livestock Numbers and Values

The total number of livestock on farms declined in 1946 in the nation as a whole and in each of the five southwestern states lying wholly or partly in the Eleventh Federal Reserve District. This downward movement in livestock numbers represents a logical adjustment to existing and prospective changes in economic conditions and should place livestock producers in a more favorable position as those changes come about. In Oklahoma, New Mexico, and in the nation as a whole, cattle numbers have declined for three consecutive years. In Texas, however, the numbers declined during 1946 for the first time in seven years, and on January 1, 1947, were three per cent below the all-time record high reached a year earlier. In Louisiana the continuous upward trend of cattle numbers was checked in 1946 for the first time in eleven years. The movement of cattle numbers in Arizona from year to year has been highly erratic, with the number on January 1, 1947, falling slightly below that of a year earlier but approximating the 1936-45 average. The number of cows and heifers kept for milk also underwent a general decline, accounting for about 23 per cent of the total decline in cattle numbers in the five states and about 43 per cent in the nation. The numbers of milk cows have declined for two consecutive

years in the nation and in Texas, for three years in Oklahoma and New Mexico, for four years in Arizona, and for one year in Louisiana.

LIVESTOCK ON FARMS, JANUARY 1, 1946 AND 1947

	Texas		Five States*		United States—	
	1946	1947	1946	1947	1946	1947
Horses and colts.....	509	458	1,136	1,044	8,053	7,251
Mules and colts.....	281	230	517	437	3,010	2,773
All cattle and calves.....	9,025	8,754	15,686	15,092	82,434	81,050
Milk cows†.....	1,514	1,453	2,830	2,696	26,695	26,100
Hogs, including pigs.....	1,950	1,716	3,859	2,293	61,301	56,901
Sows and gilts‡.....	245	206	516	454	9,411	9,637
All sheep and lambs.....	9,305	8,523	11,936	10,901	42,436	38,571
Ewes, one year old and over§.....	6,124	5,571	8,035	7,258	27,680	25,340
Goats¶.....	3,276	3,112	.....	.....	.....	.....
Total above species.....	24,346	22,793	33,134	30,767	197,234	186,546
Chickens.....	34,924	29,178	56,970	47,700	530,203	475,442
Turkeys.....	959	786	1,162	983	8,493	6,632

	Texas		Five States*		United States—	
	1946	1947	1946	1947	1946	1947
Horses and colts.....	25,959	22,900	53,638	51,182	462,384	429,133
Mules and colts.....	20,794	16,100	42,748	36,680	400,705	389,697
All cattle and calves.....	508,108	609,278	880,133	1,052,935	6,279,500	7,897,622
Milk cows†.....	113,550	136,582	212,932	254,932	2,994,437	3,788,264
Hogs, including pigs.....	35,085	43,930	65,961	77,973	1,468,123	2,048,310
All sheep and lambs.....	67,769	76,514	90,110	101,726	411,265	487,223
Goats‡.....	15,561	16,805	.....	.....	.....	.....
Total above species.....	673,876	785,527	1,132,590	1,320,496	9,021,977	11,251,985
Chickens.....	37,369	35,597	63,218	59,064	670,973	683,976
Turkeys.....	4,999	3,851	5,742	4,884	48,798	42,889
Total farm value, including chickens and turkeys.....	715,944	824,975	1,201,550	1,384,444	9,741,748	11,978,850

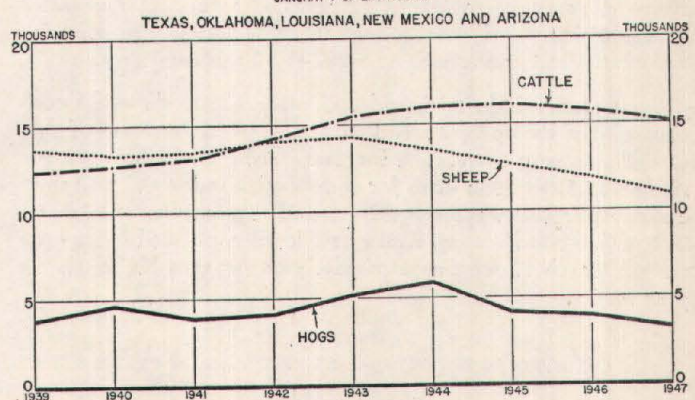
*Texas, Arizona, Louisiana, New Mexico and Oklahoma. †Cows and heifers 2 years old and over kept for milk, included in "All cattle and calves." ‡Sows and gilts included in "Hogs, including pigs." §Ewes one year old and over included in "All sheep and lambs." ¶Goat numbers and value shown for Texas only, and not included in Five States totals or United States totals. Estimates for Arizona, Louisiana, New Mexico, and Oklahoma not available.

SOURCE: United States Department of Agriculture.

Sheep numbers in 1946 continued the decline which started in the five states in 1943 and in the United States in 1942. All sheep on farms in the five southwestern states totaled 10,901,000 on January 1, 1947, or about 25 per cent less than the all-time record for this area set at the beginning of 1943. In the United States the number at the beginning of 1947 was the smallest reported since 1925 and was 32 per cent below the peak reached on January 1, 1942. The acceleration in the rate of liquidation of sheep flocks is reflected in the very sharp decline in the number of ewes one year old and over. In the five states of this area the number of these ewes declined 10 per cent during 1946 and accounted for 75 per cent of the total decline in sheep numbers for the year. In the nation the number of ewes declined eight per cent and accounted for 61 per cent of the total decline.

NUMBER OF CATTLE, SHEEP AND HOGS

JANUARY 1 OF EACH YEAR



SOURCE U.S.D.A.-B.A.E

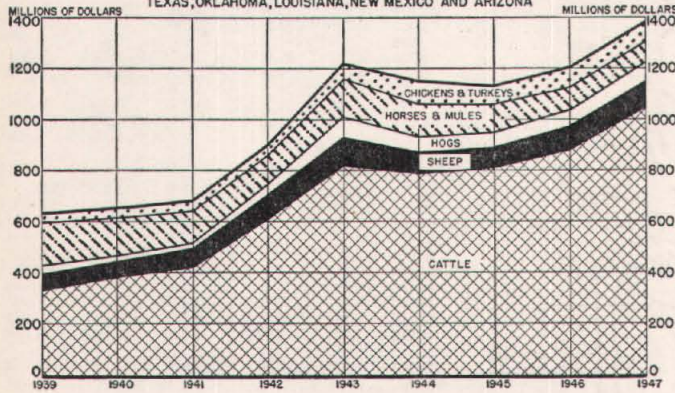
Hog numbers also underwent a general decline during 1946. In the five states the decline of about 15 per cent resulted primarily from a decrease in the number of sows and gilts. In the

nation a decrease in the number of pigs under six months old more than offset a slight increase in the number of sows and gilts and resulted in a decline in total numbers of about seven per cent. The number of chickens and turkeys declined 16 per cent during 1946 in the five states and 11 per cent in the United States.

TOTAL VALUATION OF LIVESTOCK ON FARMS

JANUARY 1 OF EACH YEAR

TEXAS, OKLAHOMA, LOUISIANA, NEW MEXICO AND ARIZONA



SOURCE: U.S.D.A.-B.A.E.

The decrease in livestock numbers was more than offset by increases in value per head of all categories except horses and mules, with the result that the total value of livestock in the United States set a new record in 1946. Value of all livestock in the five southwestern states increased 15 per cent, and in the United States, 23 per cent. Cattle, sheep, and hogs reached new record levels in value per head. The average value of \$69.77 per head of all cattle in the five southwestern states on January 1, 1947, was \$13.66 above the average value of a year earlier and compares with a current national average of \$97.40. The value of sheep in the five-state area averaged \$9.33 per head at the beginning of 1947, compared with a national average of \$12.20. Hogs in this area, averaging \$23.68 per head in value, fell about \$12.00 below the national average. Horses and mules in the United States and in the Southwest declined in value per head as well as in numbers.

FINANCE

Data reflecting the condition of weekly reporting member banks in leading cities in this district for the four-week period from February 12 to March 12 revealed a further increase of \$2,476,000 in total loans, a decrease of \$7,665,000 in total investments, and an increase of \$29,245,000 in total deposits.

Commercial, industrial, and agricultural loans showed a continuation of the upward trend which characterized loans of that category during 1946. The increase during the four-week period of \$5,395,000 in loans for commercial, industrial, and agricultural purposes was offset substantially by a decline of \$3,968,000 in "all other" loans. Real estate loans continued to increase and on March 12 were approximately 64 per cent higher than a year earlier.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(Thousands of dollars)

	March 15, 1947	March 15, 1946	Feb. 15, 1947
Total gold certificate reserves.....	\$482,125	\$480,142	\$474,306
Discounts for member banks.....	None	50	5,525
Foreign loans on gold.....	4,349	1,280	4,349
U. S. Government securities.....	885,224	880,224	908,308
Total earning assets.....	889,573	881,554	918,182
Member bank reserve deposits.....	770,409	754,063	748,198
Federal Reserve Notes in actual circulation.....	580,373	595,213	582,979

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS

IN LEADING CITIES—Eleventh Federal Reserve District

(Thousands of dollars)

	March 12, 1947	March 13, 1946	Feb. 12, 1947
Total loans and investments.....	\$1,854,375	\$2,196,112	\$1,859,564
Total loans.....	754,697	675,978	752,221
Commercial, industrial, and agricultural loans.....	506,839	403,812	501,444
Loans to brokers and dealers in securities.....	5,674	6,120	5,899
Other loans for purchasing or carrying securities.....	73,215	151,747	72,384
Real estate loans.....	55,142	33,605	54,636
Loans to banks.....	357	386	420
All other loans.....	113,470	80,308	117,438
Total investments.....	1,099,678	1,520,134	1,107,343
U. S. Treasury bills.....	36,159	68,217	34,135
U. S. Treasury certificates of indebtedness.....	229,423	503,294	241,221
U. S. Treasury notes.....	114,229	227,096	116,528
U. S. Government bonds.....	637,221	657,194	637,261
Obligations guaranteed by United States Gov't.....	145	145	145
Other securities.....	82,501	64,188	78,053
Reserves with Federal Reserve Bank.....	380,868	386,951	392,210
Balances with domestic banks.....	255,031	255,507	212,705
Demand deposits—adjusted*.....	1,494,641	1,397,608	1,470,238
Time deposits.....	327,512	296,543	327,740
United States Government deposits.....	60,468	467,102	53,993
Interbank deposits.....	504,056	591,111	505,461
Borrowings from Federal Reserve Bank.....	1,000	None	1,500

*Includes all demand deposits other than interbank and United States Government, less cash items reported as on hand or in process of collection.

DEBITS TO INDIVIDUAL ACCOUNTS

(Thousands of dollars)

	February 1947	February 1946	Pctg. change over year	January 1947	Pctg. change over month
Abilene.....	\$ 24,702	\$ 20,590	+20	\$ 26,366	— 6
Amarillo.....	61,652	49,196	+25	69,988	—12
Austin.....	90,154	80,486	+12	123,266	—27
Beaumont.....	70,055	58,232	+20	73,142	— 4
Corpus Christi.....	59,792	51,345	+16	64,095	— 7
Dallas.....	8,400	7,138	+18	10,993	—24
Corpus Christi.....	768,603	571,593	+34	817,881	— 6
El Paso.....	89,826	74,549	+20	105,596	—15
Fort Worth.....	238,149	195,877	+22	268,802	—11
Galveston.....	50,191	43,246	+16	56,119	—11
Houston.....	683,951	566,838	+21	770,835	—11
Laredo.....	15,141	13,748	+10	17,138	—12
Lubbock.....	45,424	36,148	+26	52,830	—14
Monroe, La.....	26,312	21,941	+20	32,431	—19
Port Arthur.....	27,287	24,285	+12	28,502	— 4
Roswell, N. M.....	9,846	10,671	— 7	13,155	—25
San Angelo.....	21,729	19,021	+14	22,706	— 4
San Antonio.....	196,838	172,328	+14	223,787	—12
Shreveport, La.....	96,209	76,932	+25	112,610	—15
Texarkana.....	20,328	16,319	+25	24,739	—18
Tucson, Ariz.....	43,894	39,922	+10	46,566	— 6
Tyler.....	29,617	26,792	+11	33,713	—12
Waco.....	42,450	35,171	+21	47,418	—10
Wichita Falls.....	41,688	35,483	+17	44,047	— 5
Total—24 cities.....	\$2,762,238	\$2,247,551	+23	\$3,086,725	—11

*Includes the figures of two banks in Texarkana, Arkansas, located in the Eighth District.
r-Revised.

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Average of daily figures in thousands of dollars)

		Combined total		Reserve city banks		Country banks	
		Gross demand	Time	Gross demand	Time	Gross demand	Time
February 1945.....		\$4,016,752	\$354,586	\$2,020,060	\$224,548	\$1,996,092	\$130,038
February 1946.....		5,097,096	457,348	2,620,309	293,575	2,476,787	163,773
October 1946.....		4,845,188	500,813	2,342,242	317,424	2,502,947	183,389
November 1946.....		4,864,407	503,710	2,341,104	319,618	2,523,243	184,092
December 1946.....		4,837,618	506,672	2,323,619	321,379	2,513,999	185,293
January 1947.....		4,786,948	510,956	2,293,445	325,735	2,493,503	185,221
February 1947.....		4,669,675	514,396	2,218,068	327,017	2,451,007	187,379

SAVINGS DEPOSITS

Reporting Banks—Eleventh Federal Reserve District

		February 28, 1947		Percentage change in savings deposits from	
	Number reporting banks	Number of savings depositors	Amount of savings deposits	Feb. 28, 1946	Jan. 31, 1947
Beaumont.....	3	12,520	\$ 7,458,842	— 5.6	— .3
Dallas.....	8	132,279	76,924,367	+12.0	+ .7
El Paso.....	2	32,628	23,796,548	+ 9.0	— .2
Fort Worth.....	3	42,122	34,400,506	+10.5	+ .5
Galveston.....	4	25,057	20,743,743	+ 6.9	+ .2
Houston.....	8	105,341	70,849,068	+ 3.8	+ .2
Lubbock.....	2	1,033	2,230,864	+14.2	+ 4.6
Port Arthur.....	2	5,969	5,291,081	— 2.1	— .3
San Antonio.....	5	39,977	46,258,594	+11.7	+ .3
Shreveport, La.....	3	32,545	26,281,530	+ 3.8	+ .1
Waco.....	3	9,888	9,631,576	+11.5	+ 1.2
Wichita Falls.....	3	7,286	4,614,789	+ 2.0	+ .4
All other.....	56	63,063	53,616,028	+ 9.9	+ .4
Total.....	102	509,722	\$382,095,656	+ 8.4	+ .3

Security portfolios of weekly reporting member banks reflected declines of \$11,798,000 in Treasury certificates of indebtedness and \$2,299,000 in Treasury notes, offset, in part, by an increase in holdings of Treasury bills amounting to \$2,024,000 and an increase of \$4,448,000 in holdings of other stocks, bonds, and securities. With the exception of the moderate increase in holdings of Treasury bills, these figures reflect a continuation of trends which have been observable for approximately the past year. As a consequence of the Treasury's debt retirement program, member bank holdings of certificates of indebtedness and Treasury notes have been reduced substantially during the past 12 months. On the other hand, there has been a noticeable tendency on the part of member banks to increase their investments in securities other than those of the United States Government.

Largely as a result of an increase of \$24,403,000 in adjusted demand deposits and of \$6,475,000 in United States Government deposits, total deposits of the weekly reporting member banks in this district increased by \$29,245,000 between February 12 and March 12. That increase reversed the trend of the preceding five-week period, when total deposits of the weekly reporting member banks showed a decrease of \$46,800,000.

Principal changes reflected by the condition report of the Federal Reserve Bank of Dallas during the month ending March 15 included a decline in Federal Reserve credit, as holdings of United States Government securities were reduced by approximately \$23,000,000 and discounts for member banks decreased from \$5,525,000 to none. Member bank reserve deposits, on the other hand, were approximately \$22,000,000 higher on March

15 than on February 15, while the volume of Federal Reserve notes in actual circulation continued to decline but at a lesser rate than that which characterized the movement during the preceding month.

MEMBER BANK RESERVES AND RELATED FACTORS

Eleventh Federal Reserve District

(Millions of dollars)

	Changes in weeks ended				Cumulative changes	
	Mar. 12, 1947	Mar. 5, 1947	Feb. 26, 1947	Feb. 19, 1947	Four weeks ended Mar. 12, 1947	Jan. 1 to Mar. 12, 1947
Federal Reserve Credit—						
local.....	— 5.0	— 9.3	— 5.0	+12.2	— 7.1	— 0.3
interdistrict commercial & financial transactions....	—29.7	— 2.6	—12.4	—16.3	—61.0	—185.5
Treasury operations.....	+14.0	+46.6	+ 1.2	—11.2	+50.6	+104.5
Currency transactions.....	+ 2.7	— 5.7	+ 1.8	+ 3.5	+ 2.3	+ 34.3
Other deposits at the Federal Reserve Bank....	+ 1.2	— 1.3	— 0.4	+ 0.2	— 0.3	— 0.1
Other Federal Reserve accounts.....		— 0.1		+ 0.2	+ 0.1	
Member Bank reserve balances.....	—16.9	+27.7	—14.9	—11.5	—15.6	— 47.3

Note: Amounts preceded by a minus sign reduce reserves; those preceded by plus sign add to reserves.

Between January 1 and March 12, this district experienced a net loss of funds through interdistrict commercial and financial transactions amounting to approximately \$186,000,000. The effect upon reserves of that movement of funds out of the district was offset partly by net disbursements of funds within the district by the United States Treasury totaling approximately \$105,000,000 and a return flow of currency from circulation totaling \$34,000,000. The net effect of these counteracting movements, together with comparatively insignificant changes in reserve bank credit and other factors, was a decrease in member bank reserve balances of approximately \$47,000,000 from the first of the year through March 12.

SELECTED ACCOUNTS FROM REPORTS OF CONDITION, DECEMBER 31, 1946, AND REPORTS OF EARNINGS AND DIVIDENDS FOR THE YEAR 1946*
ALL MEMBER BANKS BY SIZE CLASSIFICATION—ELEVENTH FEDERAL RESERVE DISTRICT

	Bank-Size Classification by Total Deposits (in thousands of dollars)										Total District
	Under \$500	\$500-\$999	\$1,000-\$1,999	\$2,000-\$4,999	\$5,000-\$9,999	\$10,000-\$24,000	\$25,000-\$49,999	\$50,000 and over			
Number of Banks.....	20	58	126	227	78	46	20	20			595
Total loans and investments.....	\$ 4,447	\$ 27,852	\$ 121,286	\$ 502,320	\$ 364,494	\$ 517,207	\$ 400,086	\$1,761,828			\$3,789,510
Total loans and discounts.....	1,582	8,957	37,485	129,783	104,240	140,736	121,514	774,726			1,319,023
Commercial and industrial loans.....	151	1,205	9,035	41,212	38,193	59,875	63,367	485,126			698,164
Loans on real estate.....	93	1,094	5,364	20,080	20,640	23,337	19,162	46,316			136,086
Loans on farm land.....	39	439	1,717	5,445	4,972	3,478	2,169	2,755			21,014
Loans on residential real estate.....	46	523	2,643	10,943	11,681	12,443	11,787	21,816			71,882
Loans on other real estate.....	8	132	1,004	3,692	3,987	7,416	5,206	21,745			43,190
Non-real-estate loans to farmers†.....	1,055	4,612	15,560	40,784	21,318	18,891	10,093	14,534			127,147
Consumer loans to individuals‡.....	158	1,205	5,545	19,801	16,043	22,044	18,172	90,667			173,635
Total investments.....	2,865	18,895	83,801	372,537	260,244	376,471	368,572	987,102			2,470,487
United States Government obligations, direct and guaranteed.....	2,659	16,862	74,337	332,229	225,324	328,438	348,039	916,366			2,244,254
Treasury bills.....	350	1,999	5,228	15,610	6,496	6,796	7,419	6,468			50,366
Treasury certificates.....	954	5,414	19,423	110,906	65,599	94,083	110,451	201,497			608,327
Treasury notes.....	169	1,972	8,130	50,959	35,671	45,625	35,839	112,849			291,214
Treasury bonds§.....	1,188	7,477	41,556	154,754	117,558	181,934	194,330	595,552			1,294,347
Other securities.....	206	2,033	9,464	40,308	34,920	48,033	20,533	70,736			226,233
Cash balances with other banks.....	3,083	20,477	77,627	275,964	179,065	233,641	227,043	833,222			1,851,562
Total assets.....	8,475	48,572	200,017	782,251	547,065	757,495	721,283	2,630,993			5,696,151
Total deposits.....	7,563	44,577	187,406	743,533	522,331	720,610	691,024	2,468,961			5,386,005
Demand deposits of individuals, partnerships and corporations.....	7,204	46,867	168,565	641,420	421,463	527,728	431,810	1,346,823			3,585,880
Time deposits of individuals, partnerships and corporations.....	101	998	3,274	21,165	35,792	73,644	77,367	251,954			464,265
Deposits of United States Government.....	58	288	1,333	5,224	7,203	14,037	15,698	44,720			92,061
Deposits of banks.....		88	1,070	5,079	16,586	50,817	98,507	572,215			747,362
Total capital accounts.....	902	3,936	12,349	38,035	24,054	35,422	28,670	148,653			292,021
Capital.....	525	2,068	5,441	14,507	8,670	13,536	10,160	58,550			113,457
Surplus.....	255	1,211	4,261	14,144	9,064	12,905	12,250	63,550			117,340
Undivided profits and reserves.....	122	657	2,647	9,384	6,320	9,281	6,260	20,553			61,224
Total current operating earnings.....	228	1,117	4,576	15,383	10,992	14,955	12,284	47,330			105,865
Interest and dividends on United States Government obligations.....	34	174	1,058	4,367	3,375	5,190	5,355	17,448			36,901
Interest and discounts on loans.....	153	762	2,617	7,741	5,197	5,828	4,876	20,626			47,500
Service charges on deposit accounts.....		55	9	1,221	783	1,057	1,155	3,467			5,458
Total current operating expenses.....	143	681	2,716	9,180	6,656	9,086	7,391	27,299			63,157
Salaries of officers and employees.....	88	372	1,329	5,030	3,536	4,524	3,763	12,144			30,986
Net current operating earnings.....	80	436	1,860	6,203	4,336	5,869	4,893	20,031			43,708
Total recoveries and profits.....	21	85	276	1,030	865	1,312	955	3,712			10,256
Total losses and charge-offs.....	24	121	308	1,151	1,335	1,005	646	3,220			8,710
Profits before income taxes.....	77	400	1,828	6,082	3,866	5,776	4,902	22,523			45,254
Total taxes on net income.....	14	65	337	1,017	694	1,662	1,476	6,949			12,414
Net profits after income taxes.....	63	335	1,491	5,065	2,972	3,914	3,426	15,574			32,840

*Preliminary figures.

†Non-real-estate loans to farmers include loans to farmers directly guaranteed by the Commodity Credit Corporation, loans secured by livestock, and all other farm loans not secured by real estate.

‡Consumer loans to individuals include retail automobile instalment paper, other retail instalment paper, repair and modernization instalment loans, instalment cash loans, and single-payment loans to individuals.

§Treasury bonds include United States savings bonds, marketable Treasury bonds, and obligations guaranteed by the United States Government.

In the table above are published selected accounts from the Report of Condition of member banks in this district as of December 31, 1946, and from the Report of Earnings and Dividends for the year 1946, classified according to bank-size groups. These data are published with the thought that there may be an interest among some readers of the Review in the various significant relationships and comparisons which are indicated or which may be revealed by analysis.

Debits to individual accounts, although reflecting substantial percentage increases over the same month of 1946 in the 24 cities from which data are obtained, showed from moderate to substantial decreases in the various cities during the month of February. Austin, Texas, Roswell, New Mexico, and Corsicana, Texas reported the largest percentage decreases, while smallest percentage changes were reported from Beaumont, Port Arthur, and San Angelo.

New Member Banks

The Lovington National Bank, Lovington, New Mexico, a newly organized institution, opened for business on March 5, 1947, as a member of the Federal Reserve System. This bank has paid-in capital funds of \$97,500, including capital of \$75,000, surplus of \$15,000, and undivided profits of \$7,500. Its officers are: D. C. Berry, President; J. L. Reed, Vice President; J. C. Ainsworth, Jr., Cashier; and Roy Phillips, Assistant Cashier.

The Security First National Bank of Hugo, Oklahoma, opened for business on March 24, 1947, as a member of the Federal Reserve System. This bank, a conversion of the Security State Bank, Hugo, Oklahoma, has total resources of \$3,200,000 and has total capital funds of \$152,500, including capital of \$100,000, surplus of \$37,500, and undivided profits of \$15,000. Its officers are: R. C. Newton, President; Gene Shelton, Vice President; James W. Campbell, Cashier; Katherine Shelton, Assistant Cashier; and Jack Eddleman, Assistant Cashier.

INDUSTRY

Seasonal declines in construction, food-processing, and retail and wholesale trade, combined with reduced activity in government and other service establishments, were reflected in a marked decline in nonagricultural employment in this district during January. Employment in Texas manufacturing establishments, which had risen to a postwar peak of 330,000 in December 1946, declined to 325,000 the following month, primarily because of reduced employment in food-processing establishments, but was still 7.5 per cent above the level of January 1946. Preliminary estimates indicate, however, that the downward trend in total nonagricultural employment was checked during February.

Daily average production of crude oil in the Eleventh District during February increased five per cent over the daily average for January but was fractionally smaller than in February 1946. The expansion occurred primarily in Coastal and Eastern Texas. Production increased also in March and is estimated to have averaged about 2,340,000 barrels daily, as compared with 2,250,000 barrels daily the preceding month. Stocks of crude oil rose moderately during February, but were slightly smaller in the district and in the United States at the end of the month than a year earlier; and although somewhat larger in the district, they were considerably smaller in the nation than at the beginning of the spring season in years before the war. Stocks of finished petroleum products in the district and in the United

States are following the usual seasonal pattern, with gasoline increasing and fuel oils declining. Demand for petroleum products is being sustained at a high level and may increase more rapidly than was forecast at the beginning of the year. The large stocks of petroleum products held by the Army and Navy at the end of the war are reported to have been mostly depleted, and the Services must henceforth rely upon current production to support their requirements. Continuation of present intensive industrial activity and seasonal expansion of gasoline consumption may also contribute to increased demand for crude oil in coming months. Production of petroleum in this district, therefore, may continue the upward trend initiated in February.

CRUDE OIL PRODUCTION—(Barrels)

	February 1947		Increase or decrease in daily average production from	
	Total production	Daily avg. production	January 1947	February 1946
District: 1.....	557,750	19,920	+ 839	N.A.
2.....	4,075,100	145,540	+ 12,317	N.A.
3.....	12,589,150	449,612	+ 36,688	N.A.
4.....	6,234,250	222,652	+ 15,978	N.A.
5.....	1,017,850	36,352	+ 2,581	N.A.
6.....	9,162,400	327,228	+ 25,125	N.A.
Other 6.....	2,964,150	105,863	+ 6,420	N.A.
7b.....	1,008,700	36,024	+ 1,985	N.A.
7c.....	909,150	32,470	+ 4,864	N.A.
8.....	13,085,850	467,351	+ 70	N.A.
9.....	3,529,700	126,061	+ 7,830	N.A.
10.....	2,327,100	83,111	+ 1,132	N.A.
Total Texas.....	57,461,150	2,052,184	+115,829	-51,895
New Mexico.....	2,907,400	103,836	+ 454	+ 5,402
North Louisiana.....	2,638,500	94,232	+ 418	+13,547
Total District.....	63,007,050	2,250,252	+115,865	-32,946
Outside District.....	70,399,550	2,514,269	+26,698	+95,740
United States.....	133,406,600	4,764,521	+142,563	+62,794

SOURCE: Estimated from American Petroleum Institute weekly reports.

N.A.—Not available.

The value of construction contracts awarded in the Eleventh District in February was approximately 18 per cent below the high level attained the preceding month, but 54 per cent above the level of February 1946. Awards for all major types of construction, except utilities, were smaller in February than in the preceding month, the decline in awards being considerably more pronounced in nonresidential building than in other categories of construction.

BUILDING PERMITS

	February 1947		Percentage change valuation from		Jan. 1 to Feb. 28, 1947		Percentage change valuation from 1946	
	No.	Valuation	Feb. 1946	Jan. 1947	No.	Valuation	Jan. 1946	Feb. 1946
Abilene.....	114	\$ 224,425	- 64	+ 62	171	\$ 362,840	- 68	- 68
Amarillo.....	156	554,210	- 37	+ 31	306	977,720	- 28	- 28
Austin.....	271	1,203,060	- 24	+ 24	529	2,174,890	- 27	- 27
Beaumont.....	290	353,577	+ 27	+ 38	512	610,700	+ 21	+ 21
Corpus Christi.....	352	1,166,544	+113	+ 6	728	2,267,994	+ 73	+ 73
Dallas.....	1,132	3,564,573	- 30	+ 35	2,068	6,208,464	- 42	- 42
El Paso.....	135	748,295	+177	+ 9	232	1,437,365	+113	+113
Fort Worth.....	623	1,922,220	- 37	+ 6	1,030	3,728,302	- 25	- 25
Galveston.....	99	297,579	+176	+154	215	414,912	+ 12	+ 12
Houston.....	587	3,043,437	- 44	- 59	1,060	10,506,772	- 22	- 22
Lubbock.....	202	454,260	- 19	+ 12	366	880,175	- 13	- 13
Port Arthur.....	123	216,051	- 2	+ 70	236	343,302	- 33	- 33
San Antonio.....	1,323	2,154,124	+ 11	+ 50	2,210	3,594,772	- 21	- 21
Shreveport, La.....	291	947,568	+ 18	+ 1	562	1,888,403	+ 31	+ 31
Waco.....	140	673,966	+174	+ 51	253	1,121,300	+145	+145
Wichita Falls.....	64	156,100	+ 39	- 6	113	321,375	- 33	- 33
Total.....	5,892	\$17,679,989	- 19	- 8	10,561	\$36,819,376	- 20	- 20

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(Thousands of dollars)

	February 1947	January 1947	February 1946	Jan. 1 to Feb. 28, 1947	1946
Eleventh District—total...	\$ 57,592	\$ 70,255	\$ 37,532	\$ 127,817	\$ 78,212
Residential.....	22,204	24,187	9,735	46,391	19,457
All other.....	35,388	46,068	27,797	81,426	58,755
United States*—total.....	442,197	571,628	387,399	1,013,825	744,900
Residential.....	208,391	257,419	102,079	465,810	191,794
All other.....	233,806	314,209	285,320	548,015	553,106

*Preliminary.

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to February 28 This season	Last season	August 1 to February 28 This season	Last season
Cottonseed received at mills (tons).....	549,579	612,230	2,922,575	2,932,294
Cottonseed crushed (tons).....	543,575	626,906	2,465,286	2,671,938
Cottonseed on hand Feb. 28 (tons).....	63,258	69,523	574,995	478,074
Production of products:				
Crude oil (thousand lbs.)....	162,689	188,798	768,458	831,211
Cake and meal (tons).....	254,523	289,808	1,807,713	1,178,751
Hulls (tons).....	120,637	146,296	572,195	638,819
Linters (running bales).....	187,239	198,121	792,407	808,759
Stocks on hand Feb. 28:				
Crude oil (thousand lbs.)....	6,807	8,242	30,893	35,066
Cake and meal (tons).....	41,280	14,619	158,675	56,048
Hulls (tons).....	29,419	12,948	85,425	40,834
Linters (running bales).....	17,974	16,992	108,905	75,425

SOURCE: United States Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

Consumption at:	February 1947	February 1946	January 1947	August 1 to February 28 This season	Last season
Texas mills.....	17,060	16,798	19,424	130,770	111,786
United States mills.....	840,463	747,784	947,036	6,044,326	5,152,778
U. S. stocks—end of month:					
In consuming estabm'ts...	2,250,615	2,373,875	2,259,002	.....	.....
Public stg. & compresses..	4,282,547	9,402,082	5,234,705	.....	.....

Preliminary data indicate that a larger quantity of Portland cement was produced in Texas mills during 1946 than in any prior year except 1942. Shipments during 1946 exceeded production; and at the end of the year, stocks at Texas mills amounted to less than a two-week supply at current levels of consumption, and were smaller than at the same time in any year since 1924. Some cement mills are reported to be continuing operations without the usual shutdown for repairs and reconditioning in order to rebuild stocks in anticipation of heavy demands during the spring and summer.

PORTLAND CEMENT STATISTICS—TEXAS MILLS

(Thousands of barrels)

	Production		Shipments		Stocks*	
	1946	1945	1946	1945	1946	1945
First 6 months.....	5,256	3,472	5,476	3,724	437	756
July.....	977	726	993	758	422	724
August.....	977	715	1,022	715	376	727
September.....	1,011	685	1,021	774	366	638
October.....	768	812	840	790	295	660
November.....	742	801	757	902	283	559
December.....	982	831	888	734	377	658
Total year.....	10,713	8,042	10,997	8,397	377	658

*End of period. Preliminary.

SOURCE: United States Bureau of Mines.

Lumber Production and Supply

Since the turn of the year, there has been a noticeable easing of the lumber shortage, which, during most of 1946, retarded construction and interfered with manufacturing operations in plants which utilize lumber for crating or as a raw material. Finishing lumber, millwork, crates, dunnage, and other wood products in very short supply during much of last year are ap-

pearing in distribution channels in greater quantities. The improvement in the supply situation reflects both a substantial increase in lumber production as compared with a year ago and a decline in new construction from the high level attained early

LUMBER PRODUCTION, SELECTED PERIODS

(Millions of board feet)

	United States	*Southwest	Texas
1935-1939 average.....	23,302	3,538	995
1945.....	27,356	3,023	809
1946.....	34,492	4,131	1,179
First quarter.....	6,553	709	196
Second quarter.....	9,118	1,044	285
Third quarter.....	9,824	1,253	364
Fourth quarter.....	8,997	1,125	334

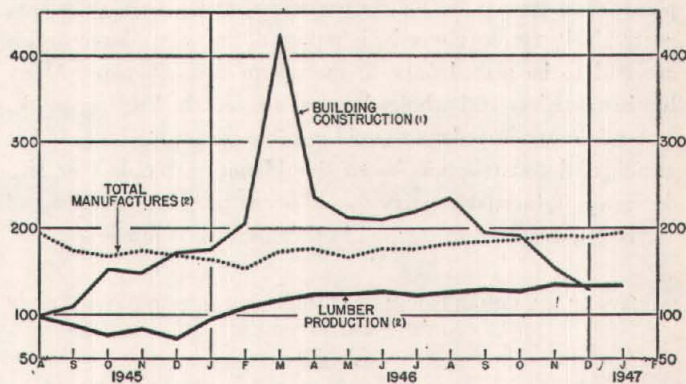
*Arizona, Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

SOURCE: Civilian Production Administration and United States Department of Agriculture

in 1946. As the accompanying chart indicates, production of lumber has risen steadily from the postwar low to which it fell in December 1945. Despite an unfavorable showing during the first quarter of 1946, production in the United States and in the Southwest for the year as a whole substantially exceeded that for 1945 as well as the 1935-1939 average.

INDEXES OF LUMBER PRODUCTION AND BUILDING CONSTRUCTION, UNITED STATES

(1935 - 1939 AVERAGE = 100)

(1) UNADJUSTED. SOURCE: U.S. DEPT. OF LABOR.
(2) ADJUSTED FOR SEASONAL VARIATION. SOURCE: FEDERAL RESERVE BOARD.

Lumber stocks at mills and concentration yards in southwestern states and in the nation were much larger at the end of December 1946 than at the beginning of the year, although they were still nearly 50 per cent smaller than at the end of 1940. Year-end stocks in retail and wholesale yards are estimated to have been about 50 per cent above the postwar low of March 1946, although considerably below "normal" levels. The increase in lumber inventories in the nation and in the Southwest is permitting a longer seasoning period for lumber and a restoration of normal distribution procedures which facilitate speedier delivery and permit greater efficiency in use of lumber at construction sites and in manufacturing plants. Continued improvement in the lumber supply situation seems likely. Output of 36 billion board feet or more in the United States is in prospect for 1947, if normal seasonal increases in present rates of production occur during the spring and summer. Canada can be relied upon to supply at least an additional one billion board feet. Minimum requirements for 1947 are estimated by

the Civilian Production Administration to aggregate about 35 billion board feet, including a limited volume for export. It appears likely, therefore, that supplies of lumber in 1947 will slightly exceed the minimum demands created by the large

MILL AND CONCENTRATION YARD LUMBER STOCKS

(Thousands of board feet)

	Dec. 31, 1946	June 30, 1946	Jan. 31, 1946
United States.....	4,162,894	3,363,208	3,125,180
Six States.....	575,182	433,980	395,748
Arizona.....	13,145	14,201	7,373
Arkansas and Oklahoma.....	216,638	174,988	165,022
Louisiana.....	153,015	105,578	145,219
New Mexico.....	8,238	5,230	2,152
Texas.....	184,146	133,983	75,982

SOURCES: Civilian Production Administration and United States Department of Agriculture.

volume of construction and industrial activity forecast for the year. In fact, lumber supply and lumber requirements may be more nearly in balance during 1947 than at any time since before the war.

Despite the improved supply situation, prices of lumber have continued to rise, reaching a new peak approximately 25 per cent above the previous high established in March 1920. Current lumber production is clearing the market at present high prices, but strengthening consumer resistance to high prices, particularly for soft woods, is reported, and most large orders are said to be placed only to meet firm commitments. Many lumber retailers and wholesalers are apparently keeping stocks at a minimum in order to avoid possible inventory losses if the anticipated construction boom should not materialize or if a decline in industrial activity should occur to reduce the demand for boxes, crates, dunnage, and other industrial lumber.

INDEXES OF WHOLESALE PRICES OF LUMBER AND SELECTED COMMODITY GROUPS, UNITED STATES

(1926=100)

	Lumber	Building materials	Raw materials	Manufactured products	All commodities
January 1947.....	249.9	169.7	152.1	136.7	141.5
December 1946.....	227.2	157.8	153.2	135.7	140.9
June 1946.....	176.0	129.9	126.3	107.3	112.9
January 1946.....	158.5	120.0	118.3	102.9	107.1
January 1941.....	118.4	99.6	74.6	83.5	80.8
January 1939.....	91.7	89.5	70.9	80.0	76.9

SOURCE: Bureau of Labor Statistics, U. S. Department of Labor.

Cotton Consumption

Consumption of cotton in Texas and United States mills during the first six months of the 1946-1947 season was substantially larger than during comparable periods in any prior season since 1942-1943, and much larger than during comparable periods before the war. Cotton consumption in the United States in January was only about five per cent below the all-time monthly peak of 1,000,000 bales attained in April 1942, and daily average consumption during February was at approximately the high January rate. If current rates of consumption are continued during the last six months of this season, domestic consumption will exceed ten million bales, as compared with

the 1935-1939 average of 6,938,000 bales. Consumption at Texas mills, if continued at present rates, would amount to about 225,000 bales during the 1946-1947 season, as compared with the 1936-1940 average of 150,540 bales.

DOMESTIC CONSUMPTION OF COTTON—TEXAS AND UNITED STATES
(In bales)

Season	—August 1 through January 31—	
	Texas	United States
1946-1947.....	113,710	5,203,863
1945-1946.....	94,988	4,405,030
1944-1945.....	93,349	4,870,811
1943-1944.....	105,488	5,091,116
1942-1943.....	128,956	5,623,308
1941-1942.....	117,644	5,390,724
1940-1941.....	110,555	4,423,446
1939-1940.....	71,002	4,041,936

SOURCE: United States Department of Commerce.

Sharp reduction in military demands for textiles, satisfaction of the most pressing civilian needs for such goods, and competition of a rising volume of durable goods for the consumer's dollar gave rise during the first postwar year to the expectation that activity at cotton textile mills would decline in the fall of 1946 or early in 1947. Such has not been the case. On the contrary, a strong demand from foreign markets has been added to a surprisingly steady domestic demand. Mill margins have risen rapidly during recent months, since prices of cotton textiles have moved sharply upward while raw cotton prices since October have increased relatively less. The spread between the average price of cotton and the price of its cloth equivalent was at an all-time high in February 1947, when the average margin for 17 selected cloth constructions was 52.36 cents per pound, as compared with 19.49 cents a year earlier. Mill margins are currently just above 60 per cent of the average cloth price, as compared with the 1935-1939 average of 54 per cent. Thus it appears that, should demand at current high prices slacken off, the mills may be able to improve quality and reduce prices in order to tap demands which at present are latent, and still operate at a profit.

Natural Gas Reserves

The American Gas Association, with the cooperation of the American Petroleum Institute, estimated proven recoverable reserves of natural gas in the United States at approximately 160 trillion cubic feet as of December 31, 1946, or 12.8 trillion cubic feet greater than at the end of 1945. Substantial net additions to the proven natural gas reserves are reported to have been made in 1946 in Texas, Louisiana, and New Mexico. Texas, which accounts for 54 per cent of the total proven natural gas reserves of the nation and which last year accounted for 42 per cent of the natural gas produced, is estimated to have reserves of 86 trillion cubic feet, of which 24 trillion are in solution in crude oil or are associated with oil in the natural reservoir.

ESTIMATED PROVEN RECOVERABLE RESERVES OF NATURAL GAS
(Billions of cubic feet)

	Reserves		Net production 1946
	Dec. 31, 1946	Dec. 31, 1945	
United States.....	160,576	147,789	4,943
Four States.....	125,416	113,426	3,546
Louisiana.....	22,412	19,849	608
New Mexico.....	5,905	5,190	185
Oklahoma.....	10,736	10,080	656
Texas.....	86,363	78,307	2,097

SOURCE: American Gas Association.