

# MONTHLY BUSINESS REVIEW

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## BANKING IN 1947—ELEVENTH FEDERAL RESERVE DISTRICT

The increase in principal assets, deposits, and capital funds of the member banks of the Eleventh District during 1947 was a natural outcome of the expansion of economic activity which characterized the southwestern area. Unusually favorable agricultural harvests and rising or high prices for the basic agricultural crops during the marketing seasons yielded farmers of the Southwest their largest income in history. The petroleum industry, which together with agriculture is the source of approximately 40 percent of the area's income, also enjoyed its best year in history, as demand for the industry's products continually taxed productive capacities while prices rose sharply. The building and construction industry in the area, confronted during most of the year by what appeared to be an almost insatiable demand for construction of many major types, likewise increased substantially its contribution to the region's income. Responding to the income stimulus arising from expansion of activity in these basic industries of the area, as well as from a general increase in the output of most manufactured goods lines, retail trade in the District showed a substantial dollar increase during the year. In fact, virtually all business and economic indexes reached peak levels during 1947, as the forces and pressures of inflation spread their influences into practically all segments of the economic structure.

In view of the highly important and very close relationship between banking and business, which, in fact, resolves itself into a state of virtual interdependence, it is not surprising that banking facts and figures establish that 1947 was another year of substantial growth for the District's member banking system. During the 12-month period total resources of the member banks increased by approximately 10 percent, or \$583,443,000, to reach a record level of \$6,279,593,000. Although country banks of the District reported a greater aggregate and percentage growth during the year than the reserve city banks, each of these major groups participated substantially in the expansion. Table 1 reveals the close comparability in rates of growth of most of the major items of the condition statement, principal differences appearing only in holdings of Government securities and in capital accounts.

Resuming the trend which was broken only in 1946 when the United States Treasury used its large war loan account balances for the cash redemption of Government securities, total deposits of the member banks of the District increased by approximately 10 percent to reach the record total of \$5,940,594,000, as the District's country banks accounted for \$301,387,000 of the increase and the reserve city banks, the remaining \$253,204,000, or increases of approximately 11 percent and 9.5 percent, respectively. During the year the only class of deposits which did not show a significant



increase was deposits of the United States Government, which declined by slightly more than 45 percent, as reserve city banks reported a decline of \$29,588,000 in this category of deposits, or approximately 61 percent, while country banks reported a decline of \$12,323,000, or about 28 percent.

Another significant growth development during the year, especially from the standpoint of banking stability, was the practice of member banks to expand capital funds, as favorable earnings and conservative dividend policies enabled banks to strengthen their undivided profits and surplus accounts while new investments added to capital stock accounts. An increase of approximately \$27,000,000 in capital funds of the District's member banks raised their total capital accounts to \$319,083,000. It is noteworthy, however, that, relatively speaking, the growth in capital accounts of major groups of banks in the District did not keep pace with the growth in deposits, total resources, or risk assets. In fact, the increase in capital accounts during 1947 was substantially smaller than the \$38,426,000 increase which occurred during 1946 and the \$31,559,000 increase which occurred during 1945. At a later point in this article a further discussion of those relationships will be presented.

Principal asset items of the member banks of the District, including cash and balances with other banks, loans and discounts, and investments, showed substantial increases during 1947, as the expanding volume of deposits, favorable earnings, and additional capital provided banks with new funds. The rate of growth of these items

differed considerably, however, as member bank holdings of Government securities increased 1.6 percent, loans and discounts 19.7 percent, cash and balances 12 percent, and holdings of obligations of states and political subdivisions 25.2 percent, while other less important items changed in different degrees during the year. This uneven rate of increase in principal asset categories of the member banks raises the question as to the effect of these changes upon the distribution of bank assets.

A proper utilization of banking funds to achieve a distribution of assets that will assure a reasonable operating profit to the bank's stockholders while at the same time affording safety to depositors and complying with sound banking principles and policies is, of course, an essential of a sound banking system. Various factors are involved in the determination of the proportion of funds to be placed in different types of assets. In addition, particular circumstances affecting individual banks may play an important part in influencing the utilization of funds. For this reason there may be deviations from group averages, although as a general rule such differences should be comparatively minor. It is not the purpose of this article to attempt to establish or defend an optimum relationship but merely to picture the changes which occurred during the year and to indicate their effects upon the banking structure of the District. Several facts, however, seem apparent from the data in Table 2 dealing with this subject.

Although a substantial growth in assets occurred during the year and despite the fact that various important categories of assets increased in different degrees, the relative importance of these items in terms of total assets showed no very significant change. The pattern of distribution of assets of the member banks of the District and, in fact, of the country banks and the reserve city banks remained quite similar to what it had been at the start of the year, indicating for the most part a rather balanced growth of assets. It is true that, although holdings of Government securities increased slightly, their relative importance in terms of total assets declined somewhat as loans and discounts, cash and balances, and other assets increased more substantially. That trend, however, hardly can be said to have progressed during the year to the point where it raised significant problems with respect to the utilization of banking funds. It is possible that the existing distribution of assets

TABLE 1

## PRINCIPAL RESOURCES, DEPOSITS, AND CAPITAL

Member Banks—Eleventh Federal Reserve District

December 31, 1947

	All Member Banks		Country Banks		Reserve City Banks	
	Amount (000's)	Percent + or - 1947	Amount (000's)	Percent + or - 1947	Amount (000's)	Percent + or - 1947
Cash and balances.....	\$2,074,929	+12.0	\$1,064,815	+12.2	\$1,010,114	+11.9
U. S. Government securities..	2,281,254	+ 1.6	1,290,793	+ 4.7	990,461	- 2.1
Loans and discounts.....	1,579,712	+19.7	597,875	+20.3	981,837	+19.4
Total resources.....	6,279,593	+10.2	3,162,557	+11.1	3,117,036	+ 9.4
Total deposits.....	5,940,594	+10.2	3,011,560	+11.1	2,929,035	+ 9.5
Total capital accounts.....	319,083	+ 9.2	145,937	+11.0	173,146	+ 7.9



may not be the most desirable one from different points of view. For instance, from the standpoint of profits, some bankers may contend that loans and discounts or obligations of states and political subdivisions might represent a larger proportion of total assets, in view of their greater earning potential. On the other hand, it might be argued equally well that, in view of the excessive money supply and the accompanying inflationary pressures in the economic system, it would have been better if the increase in loans and discounts had been more restrictive. Nevertheless, it does appear that, considered collectively, all member banks, country banks, and reserve city banks of the District continued to report an asset distribution reflecting a condition of soundness with respect to this particular factor.

One of the most important and perhaps frequently discussed subjects of bank operation is that of loan policy. This has been especially true during the past several months, when such groups as the American Bankers Association and the bank supervisory authorities have urged banks to adopt an attitude of caution and to observe reasonably conservative lending policies in order to

avoid adding fuel in the form of new bank credit to the inflationary flames. During the last year bank credit in the form of loans and discounts of the member banks of the District expanded by \$260,690,000, or 19.7 percent, to raise the loan aggregate, as shown in Table 1, to \$1,579,712,000. Moreover, although the composition of the loan increase differed considerably as between country banks and reserve city banks, the rate of expansion of total loans was approximately the same. Country banks reported a loan expansion during the year of 20.3 percent, while reserve city banks showed only a slightly smaller increase—approximately 19.4 percent.

Following a decline of almost 10 percent in 1942, loans and discounts of the member banks of the District rose at a very substantial rate. The years of maximum increases were 1945 and 1947, when increases of \$322,958,000 and \$260,690,000, respectively, were reported, although, percentage-wise, the increase in 1944—22.5 percent—exceeded the 19.7 percent increase of the last year. Table 3 shows the annual increase or decrease in loans and discounts of the member banks of the District.

TABLE 3  
ANNUAL INCREASE OR DECREASE  
OF LOANS AND DISCOUNTS

Member Banks Eleventh Federal Reserve District		
Year	Amount ('000's)	Percent
1940.....	\$ 83,280 (+)	+16.9
1941.....	83,576 (+)	+14.3
1942.....	63,861 (—)	— 9.7
1943.....	67,021 (+)	+11.2
1944.....	149,602 (+)	+22.5
1945.....	322,959 (+)	+39.5
1946.....	180,217 (+)	+17.8
1947.....	260,690 (+)	+19.7

almost 11 percent, or \$12,095,000, a decrease of approximately 34 percent in such loans was reported by reserve city banks. These developments, of course, should be expected because of the nature of the business and economic operations of the customers of the two groups of banks.

It is noteworthy that consumer credit type loans expanded to a much greater extent, both in terms of dollars and percentage, on the ledgers of the country banks than on those of the reserve city banks. At the end of 1946 these types of loans, including retail automobile instalment paper, other retail instalment paper, repair and modernization instalment loans, instalment cash loans, and single payment loans to individuals, reported by the reserve city banks exceeded such loans of

TABLE 2

PERCENTAGE DISTRIBUTION OF PRINCIPAL ASSETS  
Member Banks—Eleventh Federal Reserve District

	All Member Banks		Country Banks		Reserve City Banks	
	1946	1947	1946	1947	1946	1947
Cash and balances.....	32.5	33.1	33.4	33.7	31.6	32.5
Loans and discounts.....	23.2	25.2	17.5	18.9	28.8	31.6
U. S. Government securities..	39.4	36.5	43.4	40.9	35.8	31.9
Other stocks and bonds.....	4.0	4.5	5.2	5.9	2.7	3.0
Other assets.....	0.9	0.7	0.5	0.6	1.1	1.0
Total assets.....	100.0	100.0	100.0	100.0	100.0	100.0

More detailed analysis of the character or composition of the increase in total loans of all member banks shows that the rate of increase was greatest in commercial and industrial loans—30.3 percent, closely followed by increases of 29.3 percent in loans of a consumer credit type and 24.1 percent in real-estate loans. The differences in the general nature of loan demand upon country banks and reserve city banks are shown by the significant variation in expansion of different types of loans by these two groups of banks. Whereas reserve city banks reported an increase of \$173,284,000, or 34 percent, in commercial and industrial loans, the expansion of this type of credit by the country banks of the District amounted only to \$38,910,000, or 20.6 percent. On the other hand, while the country banks were expanding agricultural loans to farmers by



country banks by \$28,607,000. As a result of developments during 1947, when country banks expanded their volume of such loans by \$42,376,000, or 58.4 percent, while reserve city banks reported a net increase of \$8,392,000, or 8.3 percent, the relative position of the two groups of banks was reversed. On December 31, 1947, country banks of the District reported consumer type loans totaling \$114,890,000 as compared with \$109,512,000 for reserve city banks. Further reflecting the unusually rapid expansion of such loans by country banks is the fact that consumer credit extensions represented about 19.3 percent of their total loan portfolio at the end of 1947, in contrast with 14.6 percent a year earlier; on the other hand, consumer type credits of reserve city banks declined from 12.3 percent to 11.2 percent of total loans.

Perhaps indicative of the breadth and widespread nature of the demand for real-estate loans during the past year, this type of credit extension increased at approximately the same rate at both country and reserve city banks. The former group of banks reported total real-estate loans of \$98,447,000, representing 16.4 percent of their total loan portfolio, while reserve city banks reported a total of \$70,432,000, or 7.3 percent of total loans. These figures represent increases of 23.5 percent and 25 percent, respectively, for the two groups of banks during 1947.

The relationship of total loans and discounts to total resources of the District's member banks has been discussed at an earlier point in this article and is presented in tabular form in Table 1. Other loan relationships equally significant, or possibly more so, include the ratio of total loans to deposits and the relationship between capital funds and total loans. Several variations of these relationships are shown in Table 4.

Inasmuch as loans represent, to a very considerable extent, funds which depositors have placed with their banks, it is not uncommon to relate these two items to determine the trend of loans in relation to deposited funds and the proportion of depositors' funds being placed into this type of risk asset. That relationship, however, does not reveal information regarding the margin of safety or the protection of depositors against the element of risk which is inherent in more or less degree in all loans. If it may be assumed that the capital funds represent, in a sense, a buffer of protection to depositors, then it seems desirable to consider the volume of a bank's loans in relation to all or part of its capital funds. Perhaps a first line of defense against loss to depositors from uncollectable loans is the total of undivided profits and reserves. A broader concept of this relationship would include the surplus accounts, and, finally, total capital funds might be used as a basis of comparison to obtain complete capital coverage.

The figures in Table 4 provide several sets of measurements, each of which reveals the extent to which loans have expanded more substantially than or are "out of balance" with other significantly related asset, liability, and capital accounts. Inasmuch as grouped figures and averages probably supply only general standards around which it might be reasoned most banks' figures would cluster, the data in this table are presented only as general guides which may serve as a useful warning signal for those institutions whose figures deviate too far from the "norm." In fact, presentation of these figures carries with it no implication that they represent most desirable relationships—they represent merely averages which existed among certain large groups of member banks on December 31, 1947.

The volume of United States Government securities held by member banks in this District increased greatly between 1939 and 1945, when the total reached a record level of \$2,702,604,000.

TABLE 4

## LOAN RATIOS

## Member Banks—Eleventh Federal Reserve District

	All Member Banks		Country Banks		Reserve City Banks	
	1946	1947	1946	1947	1946	1947
Total loans						
Total deposits	24.5	26.5	18.4	19.8	30.6	33.6
Total loans	23.2	25.2	17.5	18.9	28.8	31.6
Total assets						
Total capital funds	22.2	20.2	26.6	24.4	19.6	17.6
Total loans						
Surplus, undivided profits, reserves	13.6	12.6	16.4	15.6	11.8	10.7
Total loans						
Undivided profits and reserves	4.65	4.62	6.25	6.05	3.66	3.75
Total loans						



During 1946, primarily as a result of the debt retirement program of the Treasury, member bank holdings of United States Government securities declined to \$2,246,267,000. In 1947, only a very small increase occurred in the holdings of this class of asset, with the consequence that the total amount remained approximately \$421,350,000 below the peak level reached at the end of 1945. Rather noteworthy changes, however, were made in the composition of the Government securities portfolio by member banks in this District during 1947. Moreover, the country banks of the District held a substantially larger proportion of their Government securities portfolio in short-term or comparatively short-term issues than did the reserve city banks. The most significant decreases reported in types of Government securities held were in certificates of indebtedness and Government bonds maturing within 5 to 10 years. The decline in holdings of the former probably resulted from Treasury retirement of a substantial part of a number of certificate maturities and "runoffs" of maturing issues; with regard to the latter type of issues, detailed figures are not available to indicate the extent to which the change in relative importance in terms of the total portfolio was due to sales or to shortening of maturities with the passage of time, although it is probable that sales of these issues maturing in 5 to 10 years were not unimportant.

Holdings of Treasury bills increased substantially in the portfolios of country banks while declining slightly at the reserve city banks. In this connection it is interesting to note that holdings of the three shortest term issues—bills, certificates, and notes—represented a much larger proportion of total holdings in the case of the country banks than was true of their larger city counterparts; in addition, the total amount of such short-term holdings of the country banks, amounting to \$581,117,000, exceeded the comparable holdings of the reserve city banks by \$330,461,000. The increase in the holdings of Treasury bills by country banks in this District occurred during the last six months of 1947. During that period country banks experienced a substantial increase in available funds and, attracted by the higher rates on bills which prevailed during the last half of the year, invested at least part of these funds in this type of security. In general, there is a tendency to consider Treasury bills and, perhaps to a lesser extent, certificates of indebtedness somewhat in the nature of money market instruments and to associate their purchase more frequently with what might be termed money market banks. That impression, however, is not correct when applied to banking practices in the Eleventh Federal Reserve District, for at the end of December 1947 country banks of the District held \$90,586,000 of Treasury bills and \$319,232,000 of certificates of indebtedness as compared with \$6,666,000 and \$135,390,000, respectively, for reserve city banks.

Table 5, showing the percentage distribution of Government securities in terms of total holdings, indicates a trend during 1947 toward somewhat shorter maturities, as the percentage of securities maturing within five years increased from 68.2 percent to 72.3 percent at country banks and from 52.8 percent to 55.4 percent at reserve-city banks. Likewise, these figures emphasize the shorter or more liquid position of the country banks as far as holdings of Governments are concerned. The same tendency toward greater liquidity on the part of country banks is further emphasized by the proportionately larger volume of cash and balances and the substantially smaller loan volume of the country banks as compared with the reserve city banks.

TABLE 5  
COMPOSITION OF U. S. GOVERNMENT SECURITIES PORTFOLIO  
Member Banks—Eleventh Federal Reserve District

	All Member Banks		Country Banks		Reserve City Banks	
	1946	1947	1946	1947	1946	1947
Treasury bills.....	2.2	4.3	3.4	7.0	0.8	0.7
Treasury certificates.....	27.2	19.8	32.2	24.7	20.9	13.7
Treasury notes.....	13.0	12.6	14.5	13.3	11.1	11.0
Bonds—within 5 years.....	18.9	28.4	18.1	27.3	20.0	30.0
Bonds—5 to 10 years.....	31.7	25.5	25.8	19.9	39.0	33.0
Bonds—10 to 20 years.....	3.5	4.8	3.0	4.0	4.2	5.8
Bonds—over 20 years.....	2.6	3.2	1.7	1.8	3.6	5.1
Other U. S. Govt. securities..	0.9	1.4	1.3	2.0	0.4	0.7
Total.....	100.0	100.0	100.0	100.0	100.0	100.0

In view of their important place in the banking system of this area and, also, because of the rather significant growth differences reflected by figures for the year 1947, changes in condition of



the member banks in the four larger metropolitan counties of the District deserve consideration. Some impression of the importance of these banks in the southwestern economy is evidenced by the fact that their resources at the end of 1947, totaling \$2,915,374,000, accounted for 46.5 percent of the member banking resources of the District, their deposits represented 46 percent of the District's total, and their capital funds 51 percent. The increase in principal assets, deposits, and capital funds of these banks during 1947 is shown in Table 6.

Member banks in Harris County experienced the largest rate of growth and reported the largest dollar increases during 1947 in such important banking items as cash and balances, loans and discounts, total resources, and total deposits. In addition, although total capital funds of the member banks in Tarrant County increased by approximately 11.2 percent, in contrast with an increase of 9.8 percent in Harris County, the dollar increase in capital funds of the banks in the latter county exceeded that of the banks in any of the other counties under consideration.

TABLE 6  
PRINCIPAL RESOURCES, DEPOSITS, AND CAPITAL

	Member Banks—Eleventh Federal Reserve District December 31, 1947							
	Bexar County		Dallas County		Harris County		Tarrant County	
	Amount (000's)	Percent + or - 1947	Amount (000's)	Percent + or - 1947	Amount (000's)	Percent + or - 1947	Amount (000's)	Percent + or - 1947
Cash and balances.....	\$110,019	+ 6.4	\$ 343,990	+13.9	\$ 364,960	+18.0	\$128,734	+ 2.2
U. S. Government securities.....	199,829	- 5.8	209,025	+ 3.8	400,300	+ 0.1	109,982	-12.9
Loans and discounts.....	60,422	+23.3	452,952	+14.6	279,916	+30.4	122,801	+13.1
Total resources.....	390,960	+ 2.6	1,038,747	+11.5	1,104,210	+13.4	381,457	+ 2.2
Total deposits.....	373,344	+ 2.4	964,264	+11.9	1,039,100	+13.5	361,954	+ 1.8
Total capital accounts.....	16,338	+ 8.5	68,517	+ 6.4	58,756	+ 9.8	18,899	+11.2

Very noticeable differences appear in the percentage distribution of assets of the member banks in these four counties. Reference to Table 7 and to Table 1 shows that the member banks of Harris County conform very closely in the percentage distribution of their assets to the distribution of assets reported by all member banks in the District, whereas member banks in the other three metropolitan counties deviate substantially in this respect. The member banks of Dallas County reported a much larger proportion of their total assets in the form of loans and discounts than did any of the other groups of banks considered in this article. On the other hand, the loan volume of the Bexar County banks, amounting only to 15.5 percent of total assets, was unusually small. Of course, as should be expected under such circumstances, the member banks in Bexar County held a very large proportion of their funds in Government securities, while Dallas County banks reported the smallest percentage of funds in this type of investment.

In view of the difference in the rate of expansion and in the magnitude of the increase of total loans in the four counties, it is desirable to inquire more specifically into the details of the loan expansion of these member banks and, also, to consider briefly some of the more important loan relationships. As noted above, figures of aggregate loans at the end of 1947 reveal that the largest loan increase occurred in Harris County. Loans of the member banks of this county increased by \$65,332,000, as compared with an increase of \$57,856,000 by the Dallas County member banks, or increases of 30.4 percent and 14.6 percent, respectively. More significant, however, than the aggregate loan figures is the relationship between loans and other banking items. Table 8 is presented to show the comparative position of the member banks in the four counties.

TABLE 7  
PERCENTAGE DISTRIBUTION OF PRINCIPAL ASSETS

	Member Banks—Eleventh Federal Reserve District December 31, 1947			
	Bexar County	Dallas County	Harris County	Tarrant County
Cash and balances.....	28.1	33.1	33.1	33.8
Loans and discounts.....	15.5	43.6	25.3	32.2
U. S. Government securities.....	51.1	20.1	36.2	28.8
Other stocks and bonds.....	4.2	1.9	3.6	4.5
Other assets.....	1.1	1.3	1.8	0.7
Total assets.....	100.0	100.0	100.0	100.0



TABLE 8  
LOAN RATIOS  
Member Banks—Eleventh Federal Reserve District

	December 31, 1947			
	Bexar County	Dallas County	Harris County	Tarrant County
Total loans				
Total deposits	16.2	47.0	26.9	33.9
Total loans				
Total assets	15.5	43.6	25.3	32.2
Total capital funds				
Total loans	27.0	15.1	21.0	15.4
Surplus, undivided profits, reserves				
Total loans	17.5	9.3	11.9	9.2
Undivided profits and re- serves				
Total loans	7.1	3.5	3.4	3.3

It is to be expected that loan demand should vary in different localities as a result of differences in loan requirements arising out of the character of the areas' economies. Moreover, it is often the case that certain financial centers reach out into a wider area in their financial dealings than do others. A miscellany of individual differences might be called upon to explain why banks of one locality show different condition statements and reflect different sets of financial relationships. In fact, different banks tend to serve different groups of customers, whose requirements vary. Consequently, as was stated earlier in this article, figures such as those presented in Table 8 are useful principally as general guides to what might be considered more or less average conditions or situations.

Substantial differences also are reflected in the loan figures of the member banks of these four areas with regard to the rate of expansion and the relative importance of different major categories of loans. For example, although real-estate loans of member banks increased 7.9 percent and 6.2 percent, respectively, in Dallas and Bexar Counties during 1947 and increased only by an insignificant fractional amount in Tarrant County, this type of loan showed an increase of about 47.5 percent according to the reports of Harris County member banks. Also, while consumer type loans of the member banks of Dallas and Harris Counties showed a net decline of 17.4 percent and 4.6 percent, respectively, this general category of loans expanded at a very substantial rate in the Tarrant and Bexar Counties areas. Likewise, commercial and industrial loans increased during 1947 by approximately 30 percent in Dallas and Tarrant Counties, by over 38 percent in Harris County, but by less than 20 percent in Bexar County.

Further illustrating the varying character of the demand for loans from banks in different areas, Table 9 shows the relative importance of major categories of loans in the loan portfolios of the four groups of banks. While all of the groups of banks find their largest demand for loans from commercial and industrial borrowers, other types of borrowers do represent important sources of loan demand to some of the groups of banks. Banks in Bexar and Tarrant Counties report that 28 percent and 22 percent, respectively, of the outstanding loans at the end of 1947 were of the consumer credit type, while banks in Dallas and Harris Counties report relatively substantial loans to financial borrowers. In view of the metropolitan predominance in these counties, it is not surprising that agricultural loans are quite insignificant, while only in Harris County do real-estate loans appear to approach a relatively important level in terms of total loan volume.

TABLE 9  
PRINCIPAL CATEGORIES OF LOANS AS PERCENTAGE  
OF TOTAL LOANS

Member Banks—Eleventh Federal Reserve District  
December 31, 1947

	Bexar County	Dallas County	Harris County	Tarrant County
Commercial and industrial..	57.4	72.4	68.7	63.8
Agricultural.....	1.3	0.7	0.1	2.7
Consumer.....	28.0	7.8	10.7	22.0
Real-estate.....	4.0	5.8	9.4	5.3
Other.....	9.3	13.3	11.1	6.2
Total.....	100.0	100.0	100.0	100.0

As a concluding remark, it should be emphasized again that it is not the purpose of this article to pass judgment or to attempt to establish the most desirable relationships between the many banking items. The purpose of this article is to present only a summary picture of some of the more important banking developments during the last year and to provide certain sets of averages and group totals which may be useful to bankers in making internal analyses of their own organizations in the light of all of the particular circumstances which they know have affected the operations of their banks.



# Review of Business, Industrial, Agricultural, and Financial Conditions

## DISTRICT SUMMARY

The extremely low temperatures prevailing during the cold wave in the second week of March damaged vegetable crops, fruit buds, and to some extent grain crops. There were also shrinkages in livestock weights and sizable losses of newborn calves, lambs, and kids. The cold wave and the effects of adverse weather earlier in the year have delayed the preparation of soil and the planting of some crops beyond the optimum period. The winter rains and snows, however, have greatly improved moisture conditions and the outlook for winter wheat in most areas of the District.

Adverse weather conditions have also tended to hold down consumer buying. Department store sales declined 5 percent from January to February and were only 6 percent larger than in February 1947. Furniture sales, likewise, declined in February and were smaller than a year earlier.

Nonagricultural employment declined seasonally during January and February but is expected to show an upward trend during March and April.

The value of construction contracts awarded in the District during February reached a new peacetime peak of \$77,200,000, which was about \$15,000,000 above the average during the preceding four months when awards were at a very high level. The large February total reflected the letting of contracts late in the month for some very large projects. Production of crude petroleum and refining operations continued at peak levels in February and were at rates substantially higher than a year ago.

## BUSINESS

The unusually severe winter weather which extended from mid-January to mid-February had an adverse effect upon the dollar volume of sales at reporting department stores in the District during the first two months of the year. With the return of more moderate temperatures and better shopping conditions during the last half of February, however, sales rose sharply and in the final week of the month were 14 percent larger than in the corresponding week last year. Nevertheless, sales for the month were 5 percent less than in January and were only 6 percent higher than in February 1947, as compared with a year-to-year gain of 7 percent in January. Reflecting a counterseasonal decline from January to February, the seasonally adjusted index of department store sales during February was 368 percent of the 1935-39 average as compared with 390 percent in January and 348 percent a year ago. The return of exceptionally low temperatures during the second week of March again curtailed buying, with the result that sales of spring merchandise through mid-March were below expectations. It is anticipated, however, that sales will increase sharply during the two weeks preceding Easter if weather conditions are generally favorable.

The ratio of cash sales to total sales continued to drop in February when credit sales accounted for 65 percent of the total as compared with 63 percent in the previous month and 61 percent in February 1947. This rise in the use of credit probably reflects the pressure of rising prices on goods usually purchased with cash, the increasing availability of merchandise, especially durable goods, and the easing of credit terms. Coincident with the increase in the use of credit, collections have shown a tendency to slow down. The ratio of collections on regular charge

accounts to accounts receivable outstanding at the first of the month dropped slightly during February to 51 percent as compared with 53 percent in January. Collections on instalment accounts outstanding declined from 27 percent during December to 22 percent during January and to 19 percent during February.

## WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in			Stocks ↓	
		February 1948 from February 1947	Net sales January 1948	Jan. 1 to Feb. 29, 1948 from 1947	February 1948 from February 1947	January 1948
<b>Retail trade:</b>						
<b>Department stores:</b>						
Total 11th Dist.....	48	6	-5	6	24	7
Corpus Christi.....	4	-5	-5	-5	4	13
Dallas.....	7	4	†	†	11	8
Fort Worth.....	4	1	†	5	16	-1
Houston.....	7	17	-5	17	43	6
San Antonio.....	5	5	-18	11	17	11
Shreveport, La.....	3	17	1	12	..	..
Other cities.....	18	-1	-7	1	49	10
<b>Retail furniture:</b>						
Total 11th Dist.....	40	-6	-7	..	3	5
Dallas.....	3	†	-11	..	-12	1
Houston.....	5	-5	-14	..	..	..
Port Arthur.....	3	22	-13	..	..	..
San Antonio.....	4	5	4	..	..	..
<b>Wholesale trade:*</b>						
Machinery, eqpt & supplies.....	3	65	2	..	..	..
Automotive supplies	3	-1	-28	-3	..	..
Drugs.....	4	-2	-6	1	-6	7
Groceries.....	27	-1	-8	-1	20	3
Hardware.....	8	-5	-17	†	23	2
Tobacco & products.	9	-1	-7	1	-7	1

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

## INDEXES OF DEPARTMENT STORE SALES AND STOCKS

	Daily average sales—(1935-1939=100)							
	Unadjusted*				Adjusted			
	Feb. 1948	Jan. 1948	Dec. 1947	Feb. 1947	Feb. 1948	Jan. 1948	Dec. 1947	Feb. 1947
District.....	324	316	633	306r	368	390	388	348r
Dallas.....	320	295	579	308r	364	359	356	350r
Houston.....	359	348	726	306	408	447	457	348

	Stocks—(1935-1939=100)							
	Unadjusted*				Adjusted			
	Feb. 1948	Jan. 1948	Dec. 1947	Feb. 1947	Feb. 1948	Jan. 1948	Dec. 1947	Feb. 1947
District.....	375	346	333	306	422	385	397	343

\*Unadjusted for seasonal variation.

r-Revised.

Merchandise inventories at reporting department stores on February 28 were 7 percent greater than at the end of January and 24 percent larger than the corresponding 1947 period. The seasonally adjusted index of department store stocks stood at 422 percent of the 1935-39 average at the end of February as compared with 343 percent on February 28, 1947. The rise in inventories, the slowing down in sales, and the uncertainties regarding the outlook for business and industry generally have apparently generated a more cautious policy in making forward commitments. Total orders outstanding at the end of February showed a decline of 13 percent from those a month earlier and were 7 percent below those a year ago.

Furniture stores reporting in the District showed a further decline in February sales of 7 percent from January and a decrease of 6 percent from February 1947. An increasing flow of furniture of better quality and consumer preference for this type of merchandise have exerted added pressure on retailers to dispose of inferior quality goods. As a result of these factors and evidences of a slowing down in consumer buying and of consumer resistance to rising prices, promotional sales and reduced prices on certain classes of merchandise have become more widespread.



The pressure of rising prices and the easing of credit terms have been factors contributing to the increasing percentage of credit transactions at furniture stores. Credit sales edged up slightly in February constituting 85 percent of the total sales as compared with 81 percent in the previous month and 81 percent in February 1947. Inventories, as reported by a somewhat smaller sample of furniture stores, increased 5 percent in February and at the end of the month were 3 percent larger than on the same date of the previous year.

### AGRICULTURE

Extremely low temperatures over the District during the first part of February and in early March delayed field work, damaged or checked the progress of growing crops, and retarded the development of range feeds. Moisture supplies have been adequate to excessive in all areas except in parts of the Edwards Plateau, Trans-Pecos area, and South High Plains of Texas. Livestock have suffered from the cold weather, and losses of newborn lambs, kids, and calves have been heavy, although losses of mature animals were generally lighter than expected. Snow cover provided protection for the wheat crop in northwest Texas through most of the periods of freezing weather in February and March, and it appears that damage may not have been severe. However, the crop has not made sufficient growth to prevent blowing of the soil loosened by the freezes. The winter oat crop was badly damaged by the severe March freeze in central and northcentral Texas, but loss of acreage is expected to be small in north Texas. The cotton crop in the Lower Rio Grande Valley suffered weather damage in March, and some replanting became necessary. Marketing of vegetables and citrus has been retarded by unfavorable weather, and many spring vegetable crops are late. At mid-March, there was urgent need for a period of warm weather to permit field work, hasten growth of pastures, and stimulate growth of small grains.

Following the prolonged period of cold weather in late January and in early February, the progress of the commercial vegetable crops was generally satisfactory until the second week in March when the cold wave did heavy damage to early snap beans, cantaloupes, cucumbers, and watermelons. Much of the acreage of these crops had to be replanted. The low temperatures in March resulted in complete loss of the tomato plants in cold frames in east Texas and serious damage to the tomato crop in south Texas. The north Texas onion crop was damaged, but the acreage set out was very small compared with the usual for this period.

On the basis of conditions existing March 1, the United States Department of Agriculture estimated the Texas winter beet crop at 1,140,000 bushels, or 17 percent greater than the 1947 crop and 9 percent above the 1937-46 average. The planted early potato acreage in Texas this year, estimated at 13,800 acres, is 44 percent above the 9,600 acres harvested in 1947 and is the largest planted acreage since 1930. The production of winter carrots is estimated at 3,293,000 bushels, which is 11 percent above the previous crop and 39 percent above average.

The Texas citrus crop escaped damage from the frosts and freezes, but harvest of citrus continues to lag, largely because of the unfavorable demand and price factors. Shipments to mid-March were about 30 percent behind those to the same date last season. The March freeze damaged other fruits in most sections of the District, although in some areas, particularly north Texas, fruits may have escaped serious damage.

Rains throughout the range areas of the District during February stimulated growth of rescue grass, clovers, and winter

weeds in all areas except parts of the Edwards Plateau, Trans-Pecos, and South Plains areas of Texas. Supplemental feeding continued heavy during the cold weather of early February, tapering off in the latter part of the month as limited supplies of new range feeds became available. Heavier feeding was made necessary in early March, however, by the cold wave which temporarily reduced range and pasture feed supplies. Wheat pastures have supplied only a limited amount of feed, and many oat fields in central and southern Texas at times have been too wet to graze. On March 1, the condition of ranges in Texas was reported to be slightly better than a month earlier but 8 percent below average for this time of the year.

### CASH FARM INCOME

(Thousands of dollars)

	December 1947		Dec. 1947	Total receipts	
	Receipts from Crops	Livestock*		Dec. 1946	Jan. 1 to Dec. 31 1946
Arizona.....	\$ 21,037	\$ 5,197	\$ 26,234	\$ 21,802	\$ 182,574
Louisiana.....	24,385	11,653	36,038	25,393	309,133
New Mexico.....	11,420	6,476	17,896	10,382	181,939
Oklahoma.....	37,823	27,600	65,423	49,473	695,005
Texas.....	127,548	70,048	197,596	128,452	1,874,575
Total.....	\$222,213	\$120,074	\$343,187	\$235,502	\$3,343,226

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

SOURCE: United States Department of Agriculture.

Cattle and sheep came through the winter in only fair flesh, despite large-scale supplemental feeding. The six weeks of cold, stormy weather in January and early February caused heavy shrinkage in cattle, after which they showed some recovery until cold weather and feed shortages the first part of March caused further shrinkage. Mature animals withstood the cold weather better than was expected, but many calves were lost. Cattle in Texas on March 1 were reported to be in slightly better condition than a month earlier but about 2 percent below average. Sheep have been affected adversely by cold weather and shortages of range feeds, particularly on the Edwards Plateau and Trans-Pecos areas of Texas. Although there have been many lambs lost, these losses were not as heavy as expected, considering the inclement weather and condition of ewes. The condition of sheep in Texas on March 1 was 3 percent below that of a month earlier and 9 percent below the average for this time of the year.

### CASH FARM INCOME

(Thousands of dollars)

	January 1948		Total receipts	
	Receipts from Crops	Livestock*	1948	January 1947
Arizona.....	\$ 11,907	\$ 6,273	\$ 18,180	\$ 14,832
Louisiana.....	17,820	9,016	26,845	23,205
New Mexico.....	7,262	4,065	11,327	8,923
Oklahoma.....	27,870	24,649	52,519	41,013
Texas.....	110,278	54,986	165,264	101,692
Total.....	\$175,146	\$ 98,989	\$274,135	\$189,665

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

SOURCE: United States Department of Agriculture.

The 1947 production of shorn wool in Texas was estimated at 61,946,000 pounds, or about 9,317,000 pounds less than the 1946 clip. Cash income from sale of wool in the State totaled \$26,637,000 in 1947, compared with \$30,643,000 in 1946. Shorn wool production declined appreciably also in Arizona, Louisiana, New Mexico, and Oklahoma. Mohair production in Texas, placed at 17,407,000 pounds in 1947, or about 473,000 pounds less than in 1946, yielded cash receipts to growers of about \$10,618,000.

Receipts of cattle and calves at Fort Worth and San Antonio markets in February were 36 percent below those of January



and 38 percent below those of February 1947. Hog receipts were down about one-third below those in January and those of the corresponding month last year. While declines in receipts of sheep and lambs were less marked, February marketings were about 13 percent below those of January and 28 percent below those of February 1947.

## LIVESTOCK RECEIPTS—(Number)

	Fort Worth		San Antonio		January 1948	
	February 1948	February 1947	February 1948	February 1947		
Cattle.....	27,465	52,595	34,437	20,394	23,933	29,342
Calves.....	11,147	20,778	27,303	10,992	15,634	17,949
Hogs.....	46,436	72,148	70,932	6,435	7,115	12,648
Sheep.....	32,754	64,699	45,439	25,269	15,431	21,065

## COMPARATIVE TOP LIVESTOCK PRICES

(Dollars per hundredweight)

	Fort Worth		San Antonio		January 1948	
	February 1948	February 1947	February 1948	February 1947		
Beef steers.....	\$28.00	\$25.00	\$32.25	\$28.50	\$22.50	\$29.00
Stocker steers.....	26.00	19.25	27.50	.....	.....	.....
Heifers and yearlings.....	33.00	26.00	33.25	28.50	22.50	29.00
Butcher cows.....	22.00	15.00	22.50	22.00	15.50	22.50
Calves.....	27.00	21.00	30.00	27.00	22.25	28.00
Hogs.....	26.50	28.00	28.25	27.00	26.00	27.50
Lambs.....	25.00	23.50	26.00	22.50	20.00	24.25

The report of the United States Department of Agriculture indicated that prices received by Texas farmers for most crop and livestock products declined during the month ended February 15, but prices of most products remained above levels of a year ago. The greatest changes occurred in prices of wheat, feed grains, cotton, cattle, and hogs, while prices received for lambs, poultry, eggs, and dairy products declined slightly. Exceptions to the downward trend were the price of oranges, which rose sharply, and prices of rice, sweet potatoes, wool, hay, and grapefruit, which made moderate advances. The index of prices received by farmers in the United States fell from 307 at mid-January to 279 at mid-February, which is one of the sharp declines on record for a similar period since 1921.

## AVERAGE PRICES RECEIVED BY FARMERS IN TEXAS

Commodity and Unit	Feb. 15, 1947	Jan. 15, 1948	Feb. 15, 1948
Wheat, per bushel.....	dollars 1.99	2.79	2.11
Corn, per bushel.....	dollars 1.46	2.35	2.00
Oats, per bushel.....	dollars .92	1.29	1.10
Grain sorghum, per cwt.....	dollars 2.15	3.70	2.70
Rice, per bushel.....	dollars 2.32*	3.30	3.40
Cotton lint, per lb.....	cents 29.9	31.7	28.6
Peanuts, per lb.....	cents 8.3	9.8	9.6
Hogs, per cwt.....	dollars 21.80	25.20	21.20
Beef cattle, per cwt.....	dollars 15.10	20.20	18.20
Lambs, per cwt.....	dollars 15.00	19.20	18.70
Chickens, live, lb.....	cents 23.1	24.6	24.2
Eggs, per dozen.....	cents 35.0	48.9	43.6
Wool, per lb.....	cents 40.0	41.0	42.0
All hay, loose, ton.....	dollars 18.00	23.50	24.50
Oranges, per box†.....	dollars 1.80	0.95	1.76
Grapefruit, per box†.....	dollars 0.78	0.45	0.52

\*Revised. †Equivalent packing-house door returns for all methods of sale.  
SOURCE: United States Department of Agriculture, Bureau of Agricultural Economics.

Reports from spot commodity markets indicate that from February 15 to mid-March the prices received by farmers for most commodities made irregular recovery. On the latter date price quotations for cotton, grains, cattle, and hogs were higher, but prices of lambs were lower.

## Changes in Numbers and Values of Livestock in the Southwest During 1947

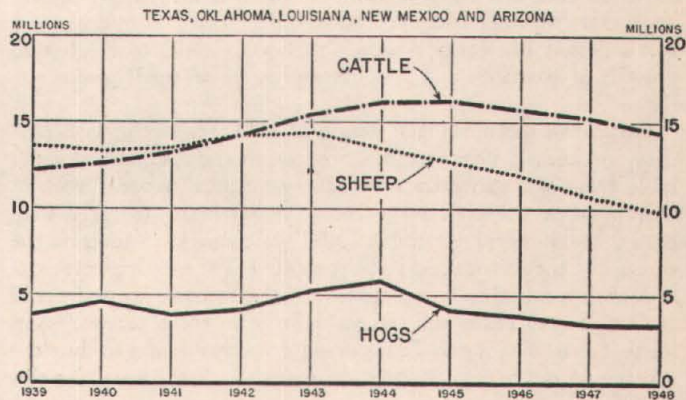
The January 1 estimate of 32,098,000 head of livestock in the five southwestern states lying wholly or partly in the Eleventh Federal Reserve District reflected a decline of about 21 per-

cent from the all-time peak of 40,642,000 head reached on January 1, 1944. During the same period, poultry numbers declined from a peak of 66,263,000 to 47,204,000, or about 29 percent. Declines during 1947 occurred in numbers of all major types of livestock and poultry and represented an extension of the downward trend in evidence since the wartime peaks were reached.

The number of cattle and calves in the five states on January 1, estimated at 14,443,000 head, represents declines of 5 percent during 1947 and of 11 percent since the peak of 16,185,000 was reached in 1945. The reduction in cattle numbers last year resulted from declines in each of these states except New Mexico, where the number was unchanged. Texas reported 8,578,000 head of cattle this year, or 4 percent fewer than last year. The decline in the number of cattle in the five states during 1947 reflected reductions in the beef cattle population and in the number of milk cows and heifers two years old and over. The cattle population in the United States has been declining since the peak in the cattle cycle was reached in 1945; but the large decline last year, occasioned by the record slaughter of cattle and calves, reflected the effects of exceptionally heavy demands for and the high prices of meats, the drought conditions in certain areas, the scarcity of feeds, and reduced imports of cattle from Mexico. A better-than-average calf crop in 1947 was a factor in moderating the decline in cattle numbers during the year. The United States Department of Agriculture has indicated the probability that the down-phase of the present cattle cycle will continue for at least another year or two.

## NUMBER OF CATTLE, SHEEP AND HOGS

JANUARY 1 OF EACH YEAR



SOURCE: U.S. DEPARTMENT OF AGRICULTURE, B.A.E.

The 9,887,000 head of sheep in the five states last January 1, the smallest number reported since 1929, was 8 percent below the number a year earlier and 31 percent below the peak of 14,384,000 reached in 1943. Also, the number of ewes one year old and over and the total number of stock sheep declined about 4 percent and 7 percent, respectively, during 1947. On January 1 of this year, Texas had an estimated 7,632,000 head of sheep, which was 9 percent less than last year and the smallest number reported since 1936. The number of sheep on farms and ranches in the United States on January 1, the smallest number since 1871, was 7 percent below the number a year earlier and 37 percent below the peak in the cycle reached in 1942. Several important western sheep states showed increases in the number of ewe lambs last year, indicating a possibility that the downward trend is being checked in some of these states. The maintenance of consumption of fine wools at a relatively high level in the United States and the expanding demand for such wools in foreign countries have reduced stocks and brought about a rise in



price. This situation may serve as an inducement to some ranchers to increase their sheep numbers during the next year or two if weather conditions and feed supplies should permit.

On January 1 of this year, there were an estimated 3,114,000 goats in Texas, or 2 percent less than the number a year earlier and about 10 percent less than the record number of 3,465,000 reported in 1942. The price of mohair weakened during 1947 in response to a reduced demand, and these conditions, which may continue to obtain in 1948, might be an inducement for a further reduction in goat numbers during the current year.

LIVESTOCK ON FARMS, JANUARY 1, 1947 AND 1948

	Texas		Five States*		United States	
	1947	1948 <sup>†</sup>	1947	1948 <sup>†</sup>	1947	1948 <sup>†</sup>
Horses and colts.....	468	440	1,045	974	7,249	6,607
Mules and colts.....	230	191	436	380	2,772	2,544
All cattle and calves.....	8,935	8,578	15,273	14,443	81,207	78,584
Milk cows <sup>‡</sup> .....	1,453	1,351	2,694	2,504	26,098	25,165
Hogs, including pigs.....	1,736	1,753	3,303	3,300	56,921	55,038
Sows and gilts <sup>‡</sup> .....	215	221	462	463	9,616	8,690
All sheep and lambs.....	8,341	7,632	10,709	9,887	37,818	35,332
Ewes, one year old and over <sup>§</sup> .....	5,395	5,180	7,142	6,851	25,048	23,826
Goats <sup>¶</sup> .....	3,178	3,114	3,178	3,114	3,178	3,114
Total above species.....	22,888	21,708	33,944	32,098	189,145	181,199
Chickens.....	29,178	28,352	47,727	46,366	474,441	462,976
Turkeys.....	786	700	983	838	6,650	4,507

Valuation—(thousands of dollars)

Horses and colts.....	\$ 23,400	\$ 20,680	\$ 51,304	\$ 44,600	\$ 428,798	\$ 366,480
Mules and colts.....	16,100	12,988	36,594	31,185	389,776	337,901
All cattle and calves.....	621,876	761,726	1,065,533	1,300,546	7,907,198	9,150,013
Milk cows <sup>‡</sup> .....	136,582	155,365	254,746	292,557	3,787,080	4,126,161
Hogs, including pigs.....	44,442	55,745	78,133	97,643	2,049,066	2,355,609
All sheep and lambs.....	74,876	90,753	99,978	119,574	477,296	542,321
Goats <sup>¶</sup> .....	17,002	17,594	17,002	17,594	17,002	17,594
Total above species.....	797,696	959,486	1,348,544	1,611,142	11,269,136	12,769,918
Chickens.....	35,597	33,172	59,107	56,103	682,486	667,597
Turkeys.....	3,851	3,710	4,884	4,491	43,016	30,989
Total farm value, including chickens and turkeys.....	837,144	996,368	1,412,535	1,671,736	11,994,638	13,468,504

†Preliminary.

\*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, since estimates not available for other states and most of goats are on ranges in Texas.

SOURCE: United States Department of Agriculture.

The estimated number of hogs in the five states on January 1, totaling 3,300,000 head, was about the same as on January 1, 1947, but about 43 percent below the 1944 peak. Small increases in hog numbers in Texas and in Arizona last year were offset by declines in Louisiana and New Mexico; the number in Oklahoma remained unchanged. The estimate of 463,000 sows and gilts in the five states on January 1 was virtually unchanged from a year earlier, but the 221,000 in Texas this year represents an increase of about 3 percent during 1947. Hog numbers in the United States declined about 3 percent during 1947 and on January 1 of this year were about 34 percent below the record high reached in 1944. The spring pig crop, which is estimated at 48,000,000 head or 9 percent below 1947, together with the prospective demand for pork, indicates that an increase in hog numbers during 1948 is unlikely.

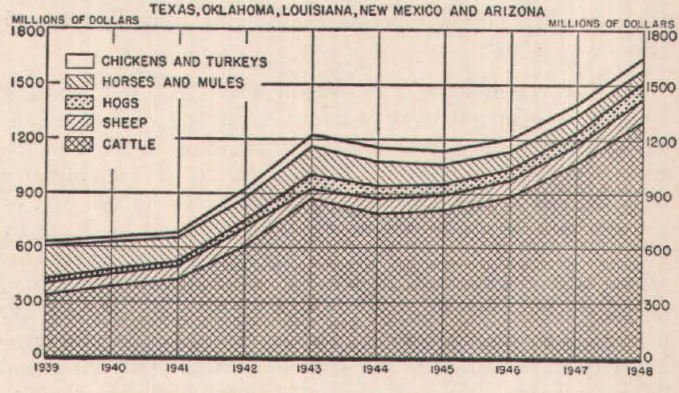
The 46,366,000 chickens in the five states last January 1 were 3 percent below the number of a year earlier and 29 percent below the record number of 65,140,000 reported in 1944. The decline last year applied to each of the five states except Arizona, which reported a 9 percent increase. The 28,352,000 chickens reported on farms in Texas this year reflects a decline of 28 percent for the State since January 1, 1944. The number of turkeys on farms in the five states fell 15 percent during 1947, and the 838,000 on hand January 1 was the smallest number reported

in many years. Turkey numbers in Texas last year declined to 700,000, or about 11 percent. Chickens and turkeys in the United States declined 2 percent and 32 percent, respectively, during 1947. Poultry declines during 1947 were due largely to the unfavorable relationship between prices of feeds and prices received for poultry, and similar conditions appear to be in prospect for 1948.

The higher level of livestock prices in 1947 brought increases in value per head of all categories except horses and mules, with the result that the total value of livestock increased 19 percent in the five states and 11 percent in the United States despite the reduction in numbers. Cattle, hogs, and sheep reached new record levels in value per head. The average value of \$90.05 per head of cattle in the five states last January was \$20.28 above the average of a year earlier and compares with a national average value of \$116. The value of sheep in the five-state area averaged \$12.09 per head at the beginning of 1948, compared with

TOTAL VALUATION OF LIVESTOCK ON FARMS

JANUARY 1 OF EACH YEAR



SOURCE: U.S. DEPARTMENT OF AGRICULTURE, B. A. E.

a national average of \$15.35. Hogs in this area had an average value of \$29.59 per head, or \$13.21 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

Principal asset and liability accounts of the weekly reporting member banks in the Eleventh District declined during the four-week period ended March 10, as more restrictive credit policies and the impact of heavy income tax payments were reflected in banking operations. Major declines during the period appeared in total loans, in holdings of United States Government securities, and in deposits.

Expansion of bank loans in this District was interrupted in the last week in January, when total loans and discounts of the reporting banks showed a decline of about \$2,680,000. Throughout February and the first week in March the decline continued, the trend not being reversed until the week ended March 10 when total loans for that week showed an increase of approximately \$1,358,000. Commercial, industrial, and agricultural loans, which since the first of the year have represented roughly 70 percent of total loans and discounts of the reporting banks of this District, increased until the week ended January 28 and then showed successive weekly declines through March 3. During the last week for which figures are available this category of loans increased by approximately \$4,640,000 to bring the total amount of commercial, industrial, and agricultural loans



outstanding on March 10 to \$716,406,000, or \$16,334,000 below the peak reached on January 28 and approximately \$340,000 lower than the amount outstanding at the end of the first week in 1948.

While the pattern of events with regard to the loan trend has not been regular and is not entirely clear, it seems that several factors may have played a part in the development. To an extent, the trend of loan volume may reflect seasonal influences, but, in addition, it is probable that the Voluntary Credit Control Program of the American Bankers Association has played a part in causing bankers to reappraise their loan portfolios and to approach the problem of loan extension in a somewhat more cautious and conservative manner. Then, too, the feeling of uncertainty which has pervaded the economic system since the substantial decline in grain prices early in February and the increasing doubt in the minds of many as to the stability of the foreign situation may have contributed to more conservative policies. Finally, monetary and credit policies which have been designed to place firm and continuous pressure upon bank reserves undoubtedly have had their influence, while the loss of reserve funds by banks as a result of the transfer of tax payment funds to Treasury balances at the Reserve banks has been a restrictive factor.

Most reports indicate a continuing strong demand for bank credit from many different types of business organizations; consequently, it would appear that the decline in commercial, industrial, and agricultural loans in the first quarter has been initiated by some credit tightness and a shift in policy on the part of bankers rather than a weakening in the demand for loans by business borrowers. There are no reports of any significance that would indicate that business firms in sound operating condition are unable to obtain financing accommodations from the banks of the District for productive non-inflationary and non-speculative types of loans. On the other hand, there are reports and indications that bankers have become increasingly reluctant to extend their loan position in those loan categories which might be assumed to involve speculative or inflationary potentialities.

Weekly reporting member banks' holdings of Government securities showed a decline of \$35,290,000 during the four-week period ended March 10. Over 70 percent of the decline in holdings of United States Government securities was the result of a reduction in holdings of United States Government bonds from \$827,167,000 to \$800,946,000. Holdings of other types of Government securities, with the exception of United States Treasury bills, also decreased.

Bank debits in 24 cities in the Eleventh District showed a decline of 17 percent during February from the preceding month, with each of the cities except Galveston reporting more or less substantial declines. In contrast with the situation a year ago, however, bank debits in 22 of the 24 reporting cities were considerably higher during February of this year. The annual rate of turnover of deposits, which had risen to 13.7 during January of this year, declined to 11.4 during February. This development tended to reflect a slowing down in trade activity during the month and, in fact, is probably of significance merely as a seasonal movement, as bank debits tend to decline seasonally soon after the turn of the year.

#### BANK DEBITS, END-OF-MONTH DEPOSITS, AND ANNUAL RATE OF TURNOVER OF DEPOSITS

(Dollar figures in thousands)

City	Debits			End-of-month deposits*	Annual rate of turnover		
	February 1948	Pctg. change over Feb. 1947	January 1948		Feb. 1948	Feb. 1947	Jan. 1948
Tucson, Ariz.	\$ 55,238	26	-16	\$ 87,092	7.7	6.6	9.2
Monroe, La.	28,504	8	-22	40,238	8.4	8.4	10.2
Shreveport, La.	116,087	21	-15	155,543	9.0	8.0	10.4
Roswell, N. M.	11,718	19	-26	18,120	7.6	6.5	9.8
Abiene	29,127	18	-17	41,395	8.4	7.8	10.1
Amarillo	71,763	16	-23	82,738	10.2	10.3	13.1
Austin	99,499	10	-25	100,135	12.0	10.9	15.5
Beaumont	86,886	24	-15	98,857	10.6	10.1	12.4
Corpus Christi	65,778	10	-21	72,579	10.8	10.6	13.4
Corpus Christi	8,361	-	-34	19,006	5.0	5.3	7.4
Dallas	856,176	11	-19	685,786	14.9	14.4	18.0
El Paso	117,546	31	-13	116,938	11.9	9.8	13.4
Fort Worth	262,063	10	-20	265,676	11.6	10.8	14.3
Galveston	68,954	37	10	93,455	8.9	7.2	8.2
Houston	896,615	31	-14	827,526	13.0	11.2	15.0
Laredo	13,403	-11	-24	21,845	7.3	8.9	10.3
Lubbock	60,920	34	-27	67,280	10.6	9.6	13.9
Port Arthur	32,063	18	-8	40,803	9.5	8.3	10.2
San Angelo	27,831	28	-15	37,408	8.9	7.2	10.2
San Antonio	210,272	7	-21	310,861	8.0	7.7	10.1
Texasarkana†	12,971	5	-17	22,574	6.8	6.7	8.0
Tyler	34,528	17	-19	50,292	8.2	8.0	9.8
Waco	48,156	13	-12	63,418	9.0	8.3	10.0
Wichita Falls	44,689	7	-16	76,680	7.0	7.6	8.2
Total—24 cities	\$3,259,148	18	-17	\$3,397,145	11.4	10.4	13.7

\*Demand and time deposits at the end of the month include certified and officer's checks outstanding but exclude deposits to the credit of banks.

†Indicates change of less than one-half of one percent.

‡This figure includes only one bank in Texasarkana, Texas. Total debits for all banks in Texasarkana, Texas-Arkansas, including two banks located in the Eighth District, amounted to \$20,834.

Principal changes in the condition of the Federal Reserve Bank of Dallas for the month ended March 15 included a decline in holdings of Government securities amounting to almost \$20,000,000, together with a decline of about \$5,500,000 in discounts for member banks and a reduction in the amount of Federal Reserve notes in actual circulation from \$601,575,000 to \$594,307,000.

#### CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES—Eleventh Federal Reserve District

(Thousands of dollars)

	March 10, 1948	March 12, 1947	February 11, 1948
Total loans and investments	\$2,191,962	\$2,089,078	\$2,238,805
Total loans	1,018,563	829,991	1,029,957
Commercial, industrial, and agricultural loans	716,406	548,393	724,421
Loans to brokers and dealers in securities	5,024	7,015	5,764
Other loans for purchasing or carrying securities	50,030	75,385	60,247
Real estate loans	78,399	65,022	78,686
Loans to banks	463	357	413
All other loans	161,341	133,849	160,426
Total investments	1,173,399	1,259,087	1,208,848
U. S. Treasury bills	8,524	36,231	4,779
U. S. Treasury certificates of indebtedness	162,042	247,263	166,265
U. S. Treasury notes	88,160	126,817	96,751
U. S. Government bonds (incl. gtd. obligations)	800,946	757,178	827,167
Other securities	113,727	91,598	113,886
Reserves with Federal Reserve Bank	480,577	433,259	475,479
Balances with domestic banks	268,106	293,724	252,240
Demand deposits—adjusted*	1,845,769	1,712,079	1,843,452
Time deposits	388,703	366,851	391,943
United States Government deposits	35,031	65,685	27,483
Interbank deposits	544,051	553,110	568,739
Borrowings from Federal Reserve Bank	None	1,000	8,200

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

#### CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(Thousands of dollars)

	March 15, 1948	March 15, 1947	February 15, 1948
Total gold certificate reserve	\$528,870	\$482,125	\$549,737
Discounts for member banks	297	None	5,800
Foreign loans on gold	4,794	4,349	4,481
U. S. Government securities	918,585	885,224	938,062
Total earning assets	923,626	889,573	948,343
Member bank reserve deposits	840,606	770,409	824,143
Federal Reserve Notes in actual circulation	594,307	580,373	601,575

#### GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

(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 1946	\$5,097,096	\$457,348	\$2,620,309	\$293,575	\$2,476,787	\$163,773
February 1947	4,669,675	514,396	2,218,668	327,017	2,451,007	187,379
October 1947	5,100,591	541,504	2,437,292	337,197	2,663,299	204,307
November 1947	5,288,063	543,685	2,524,890	337,324	2,761,173	206,361
December 1947	5,284,150	549,698	2,516,849	342,638	2,767,301	207,060
January 1948	5,319,138	557,571	2,527,706	349,429	2,791,432	208,142
February 1948	5,088,150	564,973	2,392,425	355,853	2,695,725	209,120



MEMBER BANK RESERVES AND RELATED FACTORS

Eleventh Federal Reserve District

(Millions of dollars)

	Changes in weeks ended				Cumulative changes	
	March 10, 1948	March 3, 1948	Feb. 25, 1948	Feb. 18, 1948	4 weeks ended March 10, 1948	Jan. 1 to March 10, 1948
Federal Reserve credit—						
local.....	2.0	-13.2	-1.4	-5.2	-17.8	-12.1
Interdistrict commercial & financial transactions.....	-11.6	2.7	-2.1	13.1	2.1	23.8
Treasury operations.....	8.8	21.7	8.5	-27.7	11.3	-88.2
Currency transactions.....	1.1	-1.9	2.5	3.0	4.7	34.8
Other deposits at the Federal Reserve Bank.....	-0.6	-0.2	-0.1	0.2	-0.7	-0.3
Other Federal Reserve accounts.....	-0.1	0.2	-0.1	0.1	0.1	1.8
Member bank reserve balances.....	-0.4	9.3	7.3	-16.5	-0.3	-40.2

Note: Amounts preceded by a minus sign reduce reserves; all others add to reserves.

SAVINGS DEPOSITS

Reporting Banks—Eleventh Federal Reserve District

	Number reporting banks	February 29, 1948		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	Feb. 28, 1947	Jan. 31, 1948
Beaumont.....	3	12,099	\$ 6,418,655	-14.0	-0.6
Dallas.....	8	138,988	78,299,593	1.8	-0.8
El Paso.....	2	35,143	23,711,523	-0.4	0.1
Fort Worth.....	4	43,139	35,429,480	2.3	0.4
Galveston.....	4	23,342	21,571,726	4.0	-0.2
Houston.....	8	105,761	72,262,831	2.0	1.2
Lubbock.....	2	1,374	2,100,702	-5.8	5.2
Port Arthur.....	2	6,166	4,976,612	-5.9	0.2
San Antonio.....	5	39,841	47,641,383	3.0	-0.5
Shreveport, La.....	3	33,000	25,943,881	-1.3	1.0
Waco.....	3	10,172	9,747,448	1.2	0.3
Wichita Falls.....	3	7,009	4,585,052	-0.6	-0.4
All other.....	55	63,657	54,967,804	3.1	-0.02
Total.....	102	519,691	\$387,656,695	1.5	0.1

NEW MEMBER BANKS

The First National Bank of Borger, Borger, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business on March 20, 1948, as a member of the Federal Reserve System. This bank has total capital funds of \$200,000, including capital of \$100,000, surplus of \$50,000, and undivided profits of \$50,000. Its officers are: C. R. Stahl, President; Preston P. Temple, Vice President and Cashier; and J. H. O'Neal, Assistant Cashier.

The Union State Bank, Carrizo Springs, Texas, located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, was admitted to membership in the Federal Reserve System on March 20, 1948. This bank, which opened for business as a primary organization on October 11, 1947, has total capital funds of \$82,700, including capital of \$50,000, surplus of \$25,000, and undivided profits of \$7,700. Its officers are: A. N. Box, President; Sam H. Alexander, Executive Vice President and Cashier; Joe L. Gardner, Vice President; John D. Carpenter, Vice President; and Mrs. Ona B. Trant, Assistant Cashier.

NEW PAR BANK

The Citizens Bank, Tucumcari, New Mexico, a newly organized insured nonmember bank located in the territory served by the El Paso Branch of the Federal Reserve Bank of Dallas, was added to the Federal Reserve Par List on its opening date, March 15, 1948. This bank has capital of \$100,000, surplus of \$10,000 and unallocated funds of \$15,000. Its officers are: Guy H. Walden, President, and James P. Arnold, Cashier.

INDUSTRY

Seasonal declines in the number of workers engaged in trade establishments and widespread lay-offs of construction workers on account of severe winter weather reduced total nonagricultural employment in Texas and in the District during the first two months of this year. All major labor market areas report, however, that the upward trend of employment which prevailed during most of 1947 has been resumed. Hiring schedules of employers indicate that this trend may continue at least through May, the strongest demands for additional workers being anticipated in Dallas, Austin, San Antonio, Lubbock, and San Angelo.

Although considerably below the all-time peak of December 1947, nonagricultural employment in Texas in January 1948 was at a much higher level than a year earlier, being larger in all major categories of activity except trade and government and in all important manufacturing classifications except petroleum refining and aircraft and shipbuilding. The increase of approximately 18,000 workers, or about 6 percent, in manufacturing establishments of the State reflects chiefly the significant expansion of employment that has occurred in iron and steel, machinery, lumber and timber, apparel, and chemical industries. Major increases in mining (principally drilling and petroleum production), transportation and public utilities, financial and service establishments, and construction also contributed to a rise in total nonagricultural employment of 67,700 employees, or about 4 percent. If indicated hiring schedules are followed, employment will be raised considerably above the January level by the end of May, probably to a new all-time peak. Such expansion of employment would create considerable pressure upon the supplies of craftsmen and other skilled personnel, since there will be few additions to these groups during the period. It is not expected to cause serious scarcities of unskilled workmen, inasmuch as additions to the labor force should be adequate to meet essential requirements for such workmen.

NONAGRICULTURAL EMPLOYMENT—TEXAS

	Number of Employees (in thousands)			
	January 1948	December 1947	January 1947	Change Jan. 1947 to Jan. 1948
Total manufacturing.....	342.9	346.8	324.8	18.1
Durable goods.....	141.4	141.9	134.6	6.8
Iron and steel.....	19.4	19.3	16.5	2.9
Machinery, except electrical.....	30.7	31.1	28.2	2.5
Transportation equipment, except automotive.....	24.5	24.6	25.9	-1.4
Nonferrous metals.....	11.2	11.1	10.1	1.1
Lumber and timber.....	31.5	31.3	28.4	3.1
Furniture and finished lumber.....	11.4	11.7	12.0	-0.6
Stone, clay, and glass.....	9.6	9.6	9.9	-0.3
Other durable goods.....	3.1	3.2	3.6	-0.5
Nondurable goods.....	201.5	204.9	190.2	11.3
Textiles.....	9.8	9.8	8.9	0.9
Apparel.....	28.3	28.0	24.7	3.6
Food.....	68.7	72.2	67.2	1.5
Paper and allied products.....	3.7	3.8	3.7	..
Printing and publishing.....	19.8	19.8	19.0	0.8
Chemicals.....	24.1	23.9	19.7	4.4
Petroleum.....	38.0	37.7	39.2	-1.2
Other nondurable goods.....	9.1	9.7	7.8	1.3
Total nonmanufacturing.....	1,328.0	1,360.7	1,278.4	49.6
Mining.....	92.2	90.9	85.6	6.6
Transportation and public utilities.....	219.5	220.3	208.5	11.0
Trade.....	388.8	425.3	398.9	-10.1
Finance and service.....	285.4	281.5	266.2	19.2
Contract construction.....	101.5	99.9	78.0	23.5
Government.....	240.6	242.8	241.2	-0.6
Total nonagricultural.....	1,670.9	1,707.5	1,603.2	67.7

SOURCE: Bureau of Business Research, The University of Texas.

The value of construction contracts awarded in the District rose to a new peacetime high of \$77,200,000 in February. Residential awards declined slightly from the January level, but major awards for educational, public utility, commercial, and public projects, the latter including a \$16,000,000 dam on the Brazos River and a \$7,500,000 tunnel near Pasadena, Texas, raised total awards slightly above the peacetime high attained



last October and approximately \$19,000,000 above the level of February 1947. Awards have been maintained at notably high levels for five months. The monthly average rate of \$67,000,000 during the first two months of this year and of \$65,000,000 during the October-February period compares with the 1947 average of \$47,000,000.

## BUILDING PERMITS

	February 1948		Percentage change valuation from		Jan. 1 to Feb. 29, 1948		Percentage change valuation from 1947
	No.	Valuation	Feb. 1947	Jan. 1948	No.	Valuation	
Abilene.....	68	\$ 254,215	13	- 24	166	\$ 590,665	63
Amarillo.....	136	591,825	7	- 26	286	1,389,940	42
Austin.....	266	1,557,625	29	- 25	587	3,637,544	67
Beaumont.....	205	478,854	35	- 17	451	1,054,488	73
Corpus Christi.....	220	3,919,885	236	143	533	5,533,080	144
Dallas.....	1,105	6,119,065	72	- 24	2,143	14,178,237	128
El Paso.....	107	878,585	17	- 13	261	1,889,778	31
Fort Worth.....	319	1,286,239	- 33	↑	700	2,577,935	- 31
Galveston.....	109	174,140	- 41	- 44	252	484,718	17
Houston.....	588	10,819,125	255	- 28	1,583	25,847,075	146
Lubbock.....	232	1,259,097	177	75	452	1,978,889	130
Port Arthur.....	86	182,938	- 15	111	121	269,838	- 21
San Antonio.....	869	2,312,813	7	- 34	2,162	5,832,643	62
Shreveport, La.....	292	2,900,281	206	232	512	3,774,169	100
Waco.....	134	793,480	18	- 70	290	3,417,480	205
Wichita Falls.....	70	383,620	146	2	137	760,536	137
Total.....	4,806	\$33,911,787	92	- 14	10,636	\$73,217,015	99

†Change less than one-half of one percent.

Estimates of the dollar value of new construction activity in 1947 in the United States and in individual states indicate increases from 1946 of about 30 percent in the Nation and 44 percent in the five southwestern states. Although much of the increase reflects higher costs of construction, physical volumes of new construction were about 8 percent greater in the United States and approximately 11 percent larger in the five-state area. Residential building was the most important category of new construction activity in the Southwest last year, comprising 40 percent of the total in the five-state area and 44 percent of the total in Texas. Heavy industrial building, public utility construction, and highway projects also accounted for significant portions of total activity, all being carried on in greater dollar volumes than in any prior peacetime year. It will be observed from the accompanying table that in 1947 the southwestern states received a notably larger portion of total United States construction activity than in 1946 or the prewar year 1939, principally because of a substantial increase in Texas, which led all other states except California in total value of new construction activity in 1947.

## TOTAL NEW CONSTRUCTION ACTIVITY

	Dollar value (millions)			Percent of U. S. total		
	1939	1946	1947	1939	1946	1947
United States.....	\$6,062.0	\$9,890.0	\$12,825.0	100.0	100.0	100.0
Five States.....	562.6	986.1	1,422.1	9.3	10.0	11.1
Arizona.....	39.5	41.4	93.7	0.7	0.4	0.7
Louisiana.....	109.3	101.6	166.5	1.8	1.0	1.3
New Mexico.....	34.5	37.2	60.1	0.6	0.4	0.5
Oklahoma.....	69.7	128.0	193.5	1.2	1.3	1.5
Texas.....	309.6	677.9	908.3	5.1	6.9	7.1

SOURCE: United States Department of Commerce.

NEW CONSTRUCTION ACTIVITY, 1947  
UNITED STATES AND FIVE SOUTHWESTERN STATES

Category	(Millions of dollars)						
	United States	Five States	Arizona	Louisiana	New Mexico	Oklahoma	Texas
Total.....	\$12,825.0	\$1,422.1	\$93.7	\$166.5	\$60.1	\$193.5	\$908.3
Total private.....	9,871.0	1,090.0	52.6	124.5	39.7	133.0	740.2
Residential.....	4,934.0	569.0	20.4	57.3	18.5	70.6	402.2
Nonresidential.....	3,179.0	330.1	19.6	41.0	11.4	25.4	232.7
Farm.....	450.0	40.5	3.4	3.4	2.3	9.0	22.4
Public utility.....	1,308.0	150.4	9.2	22.8	7.5	28.0	82.9
Total public.....	2,954.0	332.1	41.1	42.0	20.4	60.5	168.1
Nonresidential.....	524.0	55.7	3.3	6.6	1.1	12.2	32.5
Highway.....	1,154.0	143.2	10.3	17.4	10.0	22.0	83.5
Sewer and water.....	311.0	29.3	4.5	1.4	0.6	6.1	16.7
All other.....	965.0	103.9	23.0	16.6	8.7	20.2	35.4

SOURCE: United States Department of Commerce.

## VALUE OF CONSTRUCTION CONTRACTS AWARDED

(Thousands of dollars)

	February 1948	February 1947	January 1948	January 1948	January 1 to February 29 1947
Eleventh District—total...	\$ 77,178	\$ 58,225	\$ 56,886	\$ 134,064	\$ 128,480
Residential.....	22,264	22,105	26,401	48,665	46,292
All other.....	54,914	36,020	30,485	85,399	82,188
United States*—total.....	681,967	442,197	615,206	1,297,173	1,013,825
Residential.....	232,250	208,391	239,098	471,348	465,810
All other.....	449,717	233,806	376,108	825,825	248,015

\*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

The Portland cement industry in Texas operated at peak levels during 1947 in support of the construction boom in the State and in surrounding regions. Production rose from 10,713,000 barrels in 1946 to 12,461,000 barrels in 1947. Shipments about kept pace with production and, consequently, stocks at the end of 1947 were only slightly greater than a year earlier, when they were considerably smaller than at the end of any prior year since 1924. Prospective 1948 requirements for Portland cement in Texas and the Southwest are as great or greater than in 1947. Mill capacity has been expanded at Fort Worth and Houston, increasing potential output in Texas by about 100,000 barrels per month. Maintenance of production at 1947 levels may prove difficult, nevertheless, since intensive operation for nearly seven years without normal periods of shutdown has left most Texas mills in need of repair and subject to frequent breakdown.

## PORTLAND CEMENT STATISTICS—TEXAS MILLS

(Thousands of barrels)

	Production	Shipments	Stocks*
1940.....	7,375	7,384	903
1941.....	9,680	9,842	739
1942.....	12,133	12,140	732
1943.....	9,580	9,177	1,135
1944.....	6,160	6,285	1,010
1945.....	8,042	8,397	655
1946.....	10,713	10,997	371
1947.....	12,461	12,350	487

\*End of year.

SOURCE: United States Bureau of Mines.

Petroleum industry operations in the District are being maintained at peak or near-peak levels. Refineries in the Gulf Coastal Area operated above rated capacity during February and March, and drilling and pipe line construction activities are being intensified throughout the District as the spring season advances. Daily average production of crude oil reached a new high of 2,651,500 barrels in the District in February as compared with 2,250,000 barrels in February 1947. The rate of production during the first two weeks of March was somewhat below the record of the preceding month, but production may rise to a new peak in April in view of the increase of allowables in Texas to the highest level of record.

## CRUDE OIL PRODUCTION—(Barrels)

	February 1948		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Jan. 1948	Feb. 1947
District 1.....	745,300	25,700	144	5,780
2.....	4,990,900	172,100	4,002	26,560
3.....	14,455,050	498,450	2,195	48,838
4.....	7,384,850	254,650	—	990
5.....	1,288,150	44,350	306	7,998
6.....	9,125,000	315,000	10,529	— 12,228
Other 6.....	3,552,500	122,500	1,673	16,637
7b.....	1,307,900	45,100	2,198	9,076
7c.....	1,288,150	44,350	1,577	1,188
8.....	19,251,650	663,850	5,181	196,499
9.....	4,216,600	145,400	3,034	19,339
10.....	2,504,150	86,350	— 5,686	3,239
Total Texas.....	70,116,200	2,417,800	34,163	365,616
New Mexico.....	3,625,000	125,000	2,074	21,164
North Louisiana.....	3,152,000	108,690	1,521	14,458
Total District.....	76,893,200	2,651,490	37,758	401,238
Outside District.....	78,336,975	2,701,275	— 5,182	187,006
United States.....	155,230,175	5,352,765	32,576	588,244

SOURCE: Estimated from American Petroleum Institute weekly reports.



Very heavy consumption of heating oils between December 1 and March 1 lowered stocks of fuel oils in the District and the Nation by about 37 percent and 30 percent, respectively. Stocks of crude oil were reduced only slightly during the period, and gasoline stocks were raised to the highest levels of record. In early March, total stocks of crude oil and its principal products in the Nation and the District were somewhat above the levels of a year earlier.

COTTONSEED AND COTTONSEED PRODUCTS

February 1948

	Texas		United States	
	August 1 to This season	February 29 Last season	August 1 to This season	February 29 Last season
Cottonseed received at mills (tons).....	1,098,500	549,319	3,869,610	2,918,489
Cottonseed crushed (tons).....	895,922	543,992	3,190,799	2,467,974
Cottonseed on hand February 29 (tons).....	257,006	62,581	778,339	568,212
Production of products:				
Crude oil (thousand pounds).....	275,413	162,908	983,918	769,480
Cake and meal (tons).....	422,037	254,715	1,475,900	1,089,490
Hulls (tons).....	202,549	120,746	720,332	573,484
Linters (running bales).....	297,328	187,345	996,407	793,655
Stocks on hand February 29:				
Crude oil (thousand pounds).....	15,470	6,820	48,955	30,934
Cake and meal (tons).....	13,896	41,096	85,139	159,724
Hulls (tons).....	15,421	29,281	56,505	86,571
Linters (running bales).....	53,411	17,972	181,276	110,618

SOURCE: United States Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	February 1948	February 1947	January 1948	August 1 to This season	February 29 Last season
Consumption at:					
Texas mills.....	13,745	17,059	13,534	89,308	130,202
United States mills.....	785,231	839,375	860,202	5,422,602	6,052,788
U. S. stocks—end of month:					
In consuming estabm'ts...	2,243,185	2,257,112	2,222,254	.....	.....
Public stg. & compresses..	4,470,307	4,287,239	5,116,954	.....	.....





April 1, 1948

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

(Compiled by the Board of Governors of the Federal Reserve System)

Output of manufactures and minerals continued to show little change in February. Department store sales increased by about the usual seasonal amount in February and the first half of March. Wholesale prices generally showed little change following marked declines in farm products and some other commodities from mid-January to mid-February.

## INDUSTRIAL PRODUCTION

Industrial production was maintained in February at the January rate of 193 percent of the 1935-39 average, according to the Board's seasonally adjusted index.

Output of durable goods declined slightly in February, partly because unusually severe weather conditions led to a curtailment of activity in a number of lines early in the month. Steel production, however, was maintained at the January rate and scheduled operations were increased in the first three weeks of March. Activity in the machinery and transportation equipment industries declined somewhat in February. Automobile production was sharply reduced in the first two weeks of the month but recovered to earlier postwar peak rates during the last half, and has been maintained at a high level in March. Output of most other durable manufactures showed little change from the January level.

Activity in nondurable goods industries in February, after allowance for seasonal variation, was slightly above the January rate. Textile mill activity was maintained at the record level reached in January. Distillers' output of alcoholic beverages is estimated to have increased sharply in February, following the end of limitations on grain usage. Newspaper publishing activity, as reflected in newsprint consumption, showed a substantial gain. Output of manufactured food products was maintained at the level of recent months, notwithstanding a further decline in meat production. Activity in most other nondurable goods industries continued at the January rate or declined slightly.

Output of minerals in February was maintained at the January level. Bituminous coal production declined 4 percent, while output of anthracite, crude petroleum, and metals advanced. In the middle of March bituminous coal output was sharply reduced by a labor-management dispute.

## EMPLOYMENT

Employment in nonagricultural establishments in the middle of February was slightly below the January level, after allowance for seasonal changes. The decline reflected mainly the effects of unusually severe weather conditions on activity in industries manufacturing durable goods, and also in mining and construction. The number of persons unemployed increased and was 150,000 larger than in February 1947.

## CONSTRUCTION

Value of construction contracts awarded, according to the F. W. Dodge Corporation, rose somewhat more than seasonally in February reflecting largely an increase of one-fourth in awards for public types of construction. Private residential awards showed little change as an increase in contracts for apartment buildings was offset by a decline in awards for single family homes. According to Department of Labor estimates the number

of dwelling units started was 50,000 in January and 47,000 in February, as compared with a total of 84,000 in the same two months in 1947.

## DISTRIBUTION

Department store sales increased seasonally in February and the early part of March but the Board's seasonally adjusted index of sales continued somewhat below the average level in the fourth quarter of 1947.

Carloadings of railroad freight during February and the first half of March were somewhat below year-ago levels. Shipments of grain and livestock products were 30 percent smaller, loadings of forest products and merchandise in less than carload lots were less by about 10 percent, while shipments of most other classes of freight were at the same levels as in the corresponding period of 1947.

## COMMODITY PRICES

Prices of farm products rose somewhat from mid-February to mid-March, following the sharp declines in the preceding four weeks. Prices of some industrial materials, like leather and cotton fabrics, however, declined further, and prices of most types of finished industrial products continued unchanged.

Prices of foods in wholesale and retail markets, which had generally been reduced by 3 to 5 percent from mid-January to mid-February, showed little change through the middle of March. In the third week of the month wholesale meat prices advanced, reflecting the effects of the industrial dispute in the packing industry.

## BANK CREDIT

Tax receipts in February and the first half of March in excess of Treasury payments shifted deposits from accounts of individuals and businesses at commercial banks to Treasury balances at the Reserve Banks. As a result of these deposit transfers, over 1.5 billion dollars were drained out of bank reserve balances. Banks received some new reserve funds from further gold inflows and a small return of currency from circulation. Federal Reserve purchases of Government securities in the market supplied the remainder of the funds required to maintain member bank reserve positions.

Further purchases of Treasury bonds were made by the Federal Reserve in support of the market prices of these issues, although after mid-February market conditions were stronger and the volume of such purchases was greatly diminished. Total holdings of Government securities at the Reserve Banks continued to decline, reflecting Treasury use of its current cash surplus and of a part of its deposit balances to retire about 2.8 billion dollars of securities held by the Reserve Banks.

Required reserves of member banks in New York and Chicago were increased by about 500 million dollars on February 27, the effective date for an increase in their reserve requirements against net demand deposits from 20 to 22 percent.

Government security holdings at banks in leading cities declined during February and early March. Real estate loans continued to expand. Commercial and industrial loans declined somewhat at banks in New York City and showed little change at banks in other leading cities.