

MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

Volume 34

Dallas, Texas, May 1, 1949

Number 5

SEVENTH ANNUAL DISTRICT SURVEY OF RETAIL CREDIT STORES: SUMMARY AND COMMENTS

A moderate expansion in total dollar sales and a substantial decline in cash sales, together with consequent marked increases in instalment sales and receivables outstanding, constituted some of the developments at retail credit stores in the Eleventh Federal Reserve District during 1948. These trends are revealed by data obtained from the Seventh Annual Retail Credit Survey, conducted as part of a nationwide project of the Federal Reserve System. In addition, the data show that the experience of individual firms in each of the several lines of retail trade studied varied more widely in 1948 than in other recent years, while the total volume of business in each line showed smaller changes than in any other postwar year. The variation in the experience of individual firms reflects, in part, local conditions, operating policies, and a marked strengthening in competitive forces, as well as the effects of economic conditions which influenced the supply of and demand for goods in the particular lines of trade; moreover, increases in the stresses and strains within the economy brought about important shifts in consumer purchases of various types of goods.

As in other recent years, the current survey covers data obtained from representative firms engaged in nine lines of retail trade in which credit sales normally constitute a significant proportion of total sales, namely, automobile dealerships, auto tire and accessory stores, and department, furniture, hardware, household appliance, jewelry, men's clothing, and women's apparel stores.

The important items covered in the survey include total sales, cash sales, credit sales (charge-account and instalment), and receivables outstanding; inventories and bad-debt losses, included in previous surveys, were omitted from the 1948 study.

Reports for the year 1948, with comparative figures for 1947, were received from 472 firms operating 594 retail outlets. These stores, located in 72 cities and towns throughout the territory of the Eleventh Federal Reserve District, reported aggregate sales in 1948 of approximately \$960,000,000. Although a majority of the reports and the major portion of the sales were of establishments operating in the larger cities of the District, nevertheless, the reporting stores are well distributed among the nine lines of trade and on a geographical basis and appear to constitute a representative sample of these lines of retail trade in the Southwest.

The activities of national chain store outlets were reported for the most part in consolidated form to the Board of Governors of the Federal Reserve System and are reflected in its analysis of national retail credit developments. Consequently, the sample of firms included in the survey for the Eleventh Federal Reserve District represents mostly independent stores and local outlets of chains operating in limited areas. Since the main purpose of the survey is to study developments relating to credit conditions in retail trade, those firms which sell for cash only were excluded from the sample.

Total Sales. The trend of sales in the Eleventh Federal Reserve District during 1948 in the several lines surveyed was similar to the national pattern, but the over-all sales experience of firms in the District was more favorable than that for the country. A detailed comparison of the percentage

changes in sales for the District and the Nation may be obtained through a study of Table I in conjunction with Table III. The relatively moderate changes in total sales for 1948 as compared with 1947 tend to obscure the wide fluctuations that occurred during the course of the year, characterized by three broad movements. The general hesitation in buying that prevailed during the first quarter of the year gave way to a wave of optimism, accompanied by renewed inflationary pressures which brought about a marked upsurge in buying during the second and third quarters. This upward movement, however, was followed by a noticeable slowing down in demand during the final quarter of the year, especially for durable goods. In some lines the net sales gains for the year as a whole reflect the higher average prices prevailing during the year rather than an increase in the physical volume of goods sold.

In analyzing the sales comparisons in individual lines, as well as at individual stores, several significant developments should be taken into consideration. Of major importance were the appreciable changes in the demand and supply relationships as a result of which the emphasis during the year shifted from problems of production to problems of distribution and considerations of price and quality became increasingly significant in sustaining demand. In the nondurable lines, supplies of most items had come into balance with demand during 1947, with the result that in 1948 producers and distributors were confronted with buyers' markets. This condition led to a marked strengthening of competition, the reappearance of greater variety and improved qualities of merchandise, increased supplies of moderately and lower priced items, downward readjustments in prices of some items, and a return to the widespread use by retailers of special promotions and "mark-down" or "clearance" sales as a means of stimulating consumer demand.

In the durable goods lines substantial backlogs of demand still existed at the beginning of 1948, and the production of major items either reached new peaks for the year or was only moderately under the peak output in 1947. In virtually all cases the output for the year was much larger than the average annual production during the prewar period. Reflecting the increasing availability of goods, the strong consumer demand maintained retail sales of such merchandise at levels well above those in 1947 during the first three quarters of the year, with buying exceptionally heavy during August and the early part of September following the announcement of the Board of Governors of the Federal Reserve System that controls over consumer instalment credit would be reimposed on September 20. This buying wave was induced by the indications that credit terms under the regulation would be somewhat more restrictive than those that had prevailed between November 1, 1947, and the effective date of the new regulation. In the final quarter of the year buying of durable goods leveled off and, as a consequence, sales in durables other than automobiles fell below the large volume in the corresponding quarter of 1947.

Closely associated with the improved demand and supply relationships was the increasing consumer resistance to high prices. While the prices of some items declined during the year, prices of most commodities at retail increased further in 1948 and the averages for the year were higher than in 1947. Moreover, the upward trend in the cost of living which continued until late in the year had the effect of exerting pressure upon the incomes of a large segment of the population and required, to a greater extent than for several years, consumers to choose carefully among types of goods purchased. With their most urgent demands satisfied and with goods available in greater quantities and in wider varieties, consumers generally pressed for lower prices and better quality merchandise. These value-conscious demands found expression in buying shifts among types and qualities of merchandise, as well as a tendency to defer purchases whenever prices and quality of merchandise were not in line with consumer preferences.

TABLE I

PERCENTAGE CHANGE IN SALES—BY KIND OF BUSINESS
BY YEARS, 1945-48

Eleventh Federal Reserve District

| Kind of business | Percentage change in total sales— | | | |
|-----------------------------------|-----------------------------------|-------------------|-------------------|-------------------|
| | 1948 over 1947 | 1947 over 1946 | 1946 over 1945 | 1945 over 1944 |
| Automobile dealers..... | 21 | 44 | 87 | 8 |
| Auto tire and accessory stores... | 1 | 5 | 51 | 8 |
| Department stores..... | 8 | 4 | 25 | 13 |
| Furniture stores..... | 5 | 13 | 38 | 11 |
| Hardware stores..... | 5 | 15 | 39 | 20 |
| Household appliance stores..... | 6 | 47 | 115 | 20 |
| Jewelry stores..... | — 1 | —10 | 19 | 8 |
| Men's clothing stores..... | — 2 | 1 | 25 | 7 |
| Women's apparel stores..... | 5 | — 1 | 13 | 8 |
| Total..... | 8 | 11 | 36 | 11 |

The strength of the competitive forces was manifested not only among stores in the same lines of trade but also by the intensified efforts of concerns in each line of trade to maintain or expand their relative share of the consumer's dollar.

TABLE II

NUMBER OF STORES REPORTING INCREASE OR DECREASE
IN SALES—BY KIND OF BUSINESS, 1948 OVER 1947

Eleventh Federal Reserve District

| Kind of business | Number of stores | Number of stores reporting Increase | Decrease |
|-------------------------------------|------------------|-------------------------------------|----------|
| Automobile dealers..... | 89 | 79 | 10 |
| Auto tire and accessory stores..... | 99 | 44 | 55 |
| Department stores..... | 66 | 43 | 23 |
| Furniture stores..... | 104 | 79 | 25 |
| Hardware stores..... | 43 | 16 | 27 |
| Household appliance stores..... | 35 | 26 | 9 |
| Jewelry stores..... | 42 | 22 | 20 |
| Men's clothing stores..... | 50 | 23 | 27 |
| Women's apparel stores..... | 66 | 49 | 17 |
| Total..... | 594 | 381 | 213 |

The data presented in Table II are indicative of the diversity of experience among individual firms, as well as among lines of business. The number of firms reporting increases in sales during 1948 as compared with 1947 greatly exceeded the number that experienced decreases; this was especially apparent among automobile dealers and furniture, household appliance, and women's apparel stores. On the other hand, 36 percent of all reporting stores had smaller sales in 1948 than in 1947; moreover, in three lines of trade a majority of the reporting stores experienced decreases in sales from 1947 to 1948.

The increase of 21 percent in the sales of automobile dealers during 1948 as compared with 1947 was much larger than that for any other line of trade, although smaller than the increase which occurred in the preceding year. This increase reflects not only the larger supplies of automobiles available for distribution but also the continued strong demand for repairs and parts to maintain old cars in satisfactory operation. Because of the size of the backlog of demand and the limitation on productive capacity, it has taken the automobile industry longer to meet the deficiency; consequently, although the production of automobiles was in near-record number, supplies were still inadequate at the end of 1948 to meet the demand. Despite the fact, however, that the demand for cars at the end of 1948 was still relatively strong, there was some weakening in the extraordinary pressures that had prevailed throughout the postwar period, especially in the market for used cars and for higher priced new models. One factor in the weakening demand has been that more people are finding it difficult to purchase cars at existing prices in view of increasing pressure upon their budgets.

By the end of 1947 most items sold by auto tire and accessory stores were in ample supply to meet consumer demand, and competitive forces were coming to the forefront. These forces were reflected in price declines in some items and efforts to improve the quality of products; these trends were accentuated during 1948 when competition became even keener. In an effort to meet consumer preferences for price and quality more adequately, there was a noticeable trend toward the improvement of product; furthermore new lines were introduced, and—in the case of such items as tires and batteries—goods were offered in several price ranges. As the year drew to a close the downward trend of prices of many items handled was accentuated. As pressure on consumer budgets increased, greater inducements were offered to consumers in the form of easier credit terms. While 1948 sales were only 1 percent higher than in 1947, the volume was maintained at an exceptionally high level.

The large volume of home building during 1948 and the strong demand for major household appliances continued as important factors in sustaining the business of furniture and household appliance stores. On the other hand, the price increases on many items of furniture and appliances and the inadequate supplies of goods that would meet consumer preferences from the standpoint of quality and price served as deterrents to buying. In the field of household appliances the deferred demand for smaller items had been satisfied in earlier years and distribution tended to slacken in 1948. In most

TABLE III

PERCENTAGE CHANGE IN SALES—INDEPENDENT STORES
BY KIND OF BUSINESS, 1947-48

United States

| Kind of business | Percentage change in total sales | |
|---|----------------------------------|----------------|
| | 1948 over 1947 | 1947 over 1946 |
| Motor-vehicle dealers..... | 17 | 64 |
| Accessory, tire, battery dealers..... | — 1 | — 8 |
| Department stores..... | 5 | 6 |
| Furniture stores..... | 4 | 14 |
| Hardware stores..... | 2 | 14 |
| Household appliance dealers..... | 5 | 35 |
| Jewelry stores..... | — 6 | — 9 |
| Men's, boys' clothing and furnishings stores..... | — 5 | 1 |
| Women's ready-to-wear stores..... | 3 | — 2 |

SOURCE: United States Bureau of the Census.

of the major durable items, however, production reached new peaks in 1948, and the increased supplies moved rapidly into consumer hands until the fourth quarter of the year, when buying leveled off. As a result, supplies began to accumulate in the hands of both manufacturers and distributors, necessitating some cutbacks in production.

The increase of 6 percent in the sales of hardware stores during 1948 as compared with 1947 is indicative of the strong demand for hardware, especially builders' hardware, some items of which continued in short supply during much of the year. As in some other lines, the high prices prevailing for most items of hardware met with consumer resistance, with the result that as the year advanced stores found it increasingly difficult to maintain sales of many items at existing prices.

The downward trend which began in 1946 in the sales of jewelry firms continued during 1948. Even at the reduced level, sales in this line were still greatly in excess of those during the prewar years. The decline in jewelry sales during most of the postwar period corresponds with the downward movement in the sales of virtually all luxury goods and reflects the shift of consumers' purchases to other goods as supplies have become available in greater quantities.

The supplies of men's clothing and furnishings, which were inadequate to meet the demand during the early postwar years, had reached an equilibrium with demand during 1947. In 1948, sales were stimulated by some downward price readjustments in many items of men's furnishings, but prices of clothing continued to advance. Throughout most of the year there was strong consumer resistance to advancing prices, and this development, together with the fact that supplies in the price and quality ranges preferred by consumers were inadequate, had deterrent effects upon consumer demand.

The radical style changes in women's apparel, together with price advances on most items, had held down the demand for women's apparel during the greater part of 1947, with the result that sales for that year showed a slight decline. During 1948, however, there was a rebound in sales as women adjusted to the new styles, even though prices tended to advance somewhat.

In view of the diversified business of department stores, the factors affecting sales in most of the lines mentioned above influenced the total sales of department stores. The 8 percent increase in sales during 1948, which was larger than that in 1947, reflects, in part, the aggressive merchandising policies of department stores generally and the tendency to make quick adjustments to changes in underlying conditions. These factors found expression in frequent promotion and price reduction sales, widespread advertising, and the better assortment of improved quality merchandise.

Cash sales. The year-to-year decline in cash sales during 1948 was more general and more pronounced than in any other postwar year. Perusal of Table V indicates that eight of the nine reporting lines of trade had smaller cash sales in 1948 than in 1947, the decreases ranging from 1 percent in the case of department stores to 18 percent at household appliance stores. Moreover, Table V indicates that in each reporting line cash sales in 1948 constituted a smaller percentage of total sales than in 1947. It should be observed, however, that cash sales represented 40 percent of total sales in the lines surveyed, a much larger percentage than was characteristic of prewar years. The high ratio of cash sales to total sales at automobile dealerships during 1948—58 percent—reflects to a considerable extent

TABLE IV
WHOLESALE PRICES BY GROUPS OF COMMODITIES

(1926 = 100)

| | Annual averages | | | December | | |
|------------------------------------|-----------------|-------|----------------|----------|-------|----------------|
| | 1948 | 1947 | Percent change | 1948 | 1947 | Percent change |
| All commodities..... | 165.0 | 152.1 | 8 | 162.3 | 163.2 | — 1 |
| Farm products..... | 188.3 | 181.2 | 4 | 177.3 | 196.7 | —10 |
| Foods..... | 179.1 | 168.7 | 6 | 170.2 | 178.4 | — 5 |
| Other commodities—total..... | 150.7 | 135.2 | 11 | 153.0 | 145.5 | 5 |
| Textile products..... | 148.6 | 141.7 | 5 | 146.7 | 148.0 | — 1 |
| Fuel and lighting materials..... | 134.1 | 108.7 | 23 | 137.0 | 124.6 | 10 |
| Metals and metal products..... | 163.6 | 145.0 | 13 | 173.8 | 151.5 | 15 |
| Building materials..... | 199.0 | 179.7 | 11 | 202.1 | 191.0 | 6 |
| Hides and leather products..... | 188.0 | 182.4 | 3 | 185.3 | 203.4 | — 9 |
| Chemicals and allied products..... | 135.1 | 127.3 | 6 | 130.6 | 135.0 | — 3 |
| Housefurnishing goods..... | 144.5 | 131.1 | 10 | 148.4 | 139.4 | 6 |
| Miscellaneous..... | 120.5 | 115.5 | 4 | 118.5 | 121.5 | — 2 |
| Raw materials..... | 178.4 | 165.6 | 8 | 172.1 | 182.0 | — 5 |
| Manufactured products..... | 150.4 | 146.0 | 3 | 157.5 | 154.9 | 2 |

SOURCE: Bureau of Labor Statistics.

the increasing tendency during recent years of consumers to raise funds to purchase automobiles, as well as some other durable goods, by borrowing directly from financial institutions. The lowest percentage reported—15 percent—was at furniture stores, where merchandise traditionally is sold largely on a credit basis.

Credit sales. The trend toward the shifting of merchandise sales from a cash to a credit basis, which has been in evidence since the late war years, continued at a substantial rate during 1948. The aggregate of credit sales at all reporting stores during 1948 exceeded that in 1947 by 16 percent, or about double the net increase in total sales. Although credit sales increased substantially in all reporting lines, the shift from cash to credit sales was more pronounced at auto tire and accessory, hardware, and household

appliance stores. Perhaps the most potent factors contributing to the increased use of credit in 1948 were some easing in credit terms, the decrease in or the exhaustion of the backlog of savings of a large number of families, and the pressure exerted by rising prices upon the budgets of many families, making it necessary for them to use more of their readily available cash funds to purchase foods and other related items sold largely on a cash basis. Retail outlets also continued aggressive efforts to establish credit relationships with potential customers and to induce existing customers to make greater use of their credit resources as a means of increasing the number of regular customers and the aggregate volume of business.

TABLE VI

PERCENTAGE OF CASH AND CREDIT SALES TO TOTAL SALES
BY KIND OF BUSINESS

Eleventh Federal Reserve District

| Kind of business | Percentage of total sales | | | | | |
|------------------------------------|---------------------------|------|-----------------|------|------------|------|
| | Cash | | Charge accounts | | Instalment | |
| | 1948 | 1947 | 1948 | 1947 | 1948 | 1947 |
| Automobile dealers..... | 58 | 61 | 27 | 26 | 15 | 13 |
| Auto tire and accessory stores.... | 42 | 48 | 21 | 24 | 37 | 28 |
| Department stores..... | 38 | 42 | 54 | 53 | 8 | 5 |
| Furniture stores..... | 15 | 19 | 21 | 21 | 64 | 60 |
| Hardware stores..... | 46 | 53 | 47 | 43 | 7 | 4 |
| Household appliance stores..... | 27 | 32 | 38 | 37 | 35 | 31 |
| Jewelry stores..... | 37 | 42 | 45 | 42 | 18 | 16 |
| Men's clothing stores..... | 46 | 52 | 51 | 45 | 3 | 3 |
| Women's apparel stores..... | 45 | 49 | 53 | 49 | 2 | 2 |
| Total..... | 40 | 44 | 46 | 45 | 14 | 11 |

the nine lines of trade. The lines in which instalment sales are relatively unimportant, such as department, hardware, men's clothing, and women's apparel stores, had the higher ratios as well as the larger increases in such ratios in 1948 as compared with 1947.

Instalment sales increased during 1948 in all reporting lines of trade, the aggregate being 29 percent larger than in 1947. The percentage gains were impressive in the case of automobile dealers and hardware, department, and auto tire and accessory stores. Substantial percentage gains were also reported in all other lines except jewelry, where the increase was moderate. In those lines which handle durable goods, the increase in instalment sales was accentuated by the larger supplies of goods and a wider distribution among those customers who find it necessary to make use of maximum credit terms in order to acquire such goods. It is significant, however, that despite the large percentage gains in

TABLE V

SALES BY TYPE OF BUSINESS TRANSACTION AND END-OF-YEAR
RECEIVABLES BY KIND OF BUSINESS

Eleventh Federal Reserve District

| Kind of business | Cash | Percentage change 1948 over 1947 | | | end-of-year— Instalment accounts | |
|--|------|----------------------------------|------------|----------------------------------|--|-----|
| | | Sales Charge accounts | Instalment | Receivables Total accounts | | |
| Automobile dealers..... | 15 | 25 | 35 | 16 | 8 | 101 |
| Auto tire and accessory stores..... | -12 | -10 | 35 | 34 | -5 | 45 |
| Department stores..... | -1 | 11 | 47 | 18 | 9 | 59 |
| Furniture stores..... | -17 | 8 | 13 | 30 | 25 | 31 |
| Hardware stores..... | -7 | 16 | 65 | 3 | -1 | 26 |
| Household appliance stores..... | -18 | 4 | 17 | 27 | -4 | 44 |
| Jewelry stores..... | -14 | 5 | 5 | 17 | 24 | 8 |
| Men's clothing stores..... | -12 | 9 | 16 | 17 | 17 | 21 |
| Women's apparel stores..... | -5 | 14 | 16 | 13 | 13 | 14 |
| Total..... | -1 | 11 | 29 | 20 | 11 | 43 |

Charge-account sales increased further in 1948 at stores in all reporting lines of trade except auto tire and accessories, but the size of the gains varied considerably, ranging from 4 percent at household appliance stores to 25 percent at automobile dealerships. The decline in charge-account sales at auto tire and accessory stores is explained chiefly by the marked increase in the use of instalment credit. From Table VI it will be noted that the ratios of charge-account sales to total sales increased at stores in seven of the

instalment sales during 1948 as compared with 1947, the aggregate of such sales last year constituted only 14 percent of total sales. The largest percentage—64 percent—was reported by furniture stores and reflects the fact that merchandise handled by such stores is normally handled on an instalment basis, a trend that persisted throughout the war period in contrast to developments at most other types of stores. At auto tire and accessory stores where 37 percent of the year's total sales were made on an instalment basis, the increase in 1948 as compared with 1947 reflects the wider use of instalment credit, with its longer pay-out periods, as a competitive factor in attracting customers and stimulating sales. In the case of household appliances, the increase in the relative importance of instalment sales is indicative of the fact that many dealers who were able to sell the available merchandise for cash or on a limited credit basis during the period of shortages have had to shift increasingly to an instalment credit basis as supplies have become more plentiful. At men's clothing and apparel stores, where credit sales are handled mostly through regular charge accounts, the volume of instalment sales continued negligible and the ratio to total sales remained unchanged in 1948 as compared with 1947.

Receivables. The continued expansion during 1948 in the volume of receivables outstanding at reporting stores in the Eleventh District constituted merely a part of nationwide developments. From Table VII it will be observed that the volume of consumer credit outstanding at the end of 1948 totaled nearly \$16,000,000,000, representing an increase of about \$2,500,000,000 or 19 percent. While the increase was smaller than in either of the preceding two years, it is significant not only from the standpoint of the amount but also because of the extent to which credit has been a factor in sustaining sales. As in other recent years, most of the increase during 1948 occurred in the instalment credit segment, where the rate of growth was occasioned by a gradual lengthening of average maturities, as well as a rapid rise in new credit extensions. During the first three quarters of 1948 the expansion in the volume of consumer instalment credit

was more pronounced than in the comparable period of 1947, but in the fourth quarter the increase was only about one-half the amount in that quarter of 1947. This slackening in the rate of growth of instalment credit was largely a consequence of the leveling off of consumer purchases of durable goods in the latter part of the year. The net increase of \$2,000,000,000 in instalment credit outstanding during 1948 brought the total of such credit at the end of the year to \$8,200,000,000, representing a fourfold increase since the close of the war. In 1948 the increase in instalment sale credit, which was about as large as in 1947, was occasioned in large part by the 70 percent rise in automobile sale credit outstanding. While other types of instalment sale credit increased, the growth was at a much slower rate than in 1947. The volume of outstanding instalment loans made by various lending institutions showed an increase during 1948 of 22 percent, a rate about one-half that for total instalment sale credit. In comparison with the large increase in instalment credit, charge-account credit rose only 7 percent in 1948. This rate was also much smaller than the 18 percent increase experienced during 1947.

In the Eleventh District the changes during 1948 in outstanding receivables varied widely, both among the several lines of trade surveyed and as between charge accounts and instalment accounts. Charge-account receivables reflected net declines during the year at stores in three reporting lines of trade and showed increases of about 25 percent in two lines. In the other four lines the increases generally were of moderate proportions. In four lines which handle durable goods, the net changes

TABLE VII
ESTIMATED CONSUMER CREDIT OUTSTANDING

United States

(Amounts in millions of dollars)

| Type of credit | Amount outstanding end-of-year | | Percent change 1948 over 1947 |
|------------------------------------|-----------------------------------|----------|--|
| | 1948 | 1947 | |
| Instalment credit—total..... | \$ 8,196 | \$ 6,187 | 32 |
| Sale credit—total..... | 4,095 | 2,839 | 44 |
| Automobile..... | 1,961 | 1,151 | 70 |
| Department and mail order stores.. | 874 | 650 | 34 |
| Furniture stores..... | 631 | 528 | 20 |
| Household appliance stores..... | 84 | 52 | 62 |
| Jewelry stores..... | 209 | 192 | 9 |
| All other stores..... | 336 | 266 | 26 |
| Instalment loans..... | 4,101 | 3,348 | 22 |
| Single payment loans..... | 2,902 | 2,707 | 7 |
| Charge accounts..... | 3,854 | 3,612 | 7 |
| Service credit..... | 972 | 920 | 6 |
| Total consumer credit..... | \$15,924 | \$13,426 | 19 |

SOURCE: *Federal Reserve Bulletin*, March 1949.

in charge-account receivables during 1948 indicate that collections on charge accounts exceeded new credits extended, but this development may have reflected, in part, the conversion of some charge accounts to an instalment basis during the course of the year. With respect to instalment accounts the increases in receivables outstanding in seven of the nine lines of trade were more pronounced than the respective increases in instalment sales. Moreover, in the case of automobile dealers and furniture stores, the increases in instalment receivables were greater than the national average. In most of the lines handling durable goods, the increase in instalment receivables outstanding is understated to some extent because of the substantial increase in the volume of instalment paper sold to financing institutions.

The information on credit developments made available through the current Retail Credit Survey and from other sources confirms the fact that in 1948 consumers made use of larger amounts of credit to purchase merchandise and that many of them found it increasingly difficult to meet credit terms, which resulted in a noticeable slowing down in the rate of repayments. Moreover, the changes were most significant with respect to instalment credit, where the consumer could spread repayments over a period of several months. These developments, as well as many other readjustments in the economy mentioned as being prominent during 1948, have continued thus far in 1949 and are indicative of the forces which may influence economic activity and the operations of individual concerns to a greater or lesser degree in the coming months. The problems growing out of these readjustments are not new and are common in some degree to all lines of business and industry and to each individual enterprise. It is important, therefore, that each business analyze the forces of readjustment and their implication and formulate sound business policies and practices for its operation within the framework of the general economic conditions, so that it can contribute to the strength of the economic system and to the stability of economic activity.

TABLE VIII

PERCENTAGE CHANGE IN SALES—BY KIND AND LOCATION OF BUSINESS

Eleventh Federal Reserve District

| Kind of business by location | Number of stores | Percentage change 1948 over 1947— | | | |
|--|------------------|-----------------------------------|------------|------------------------|-----|
| | | Total sales | Cash sales | Open credit Instalment | |
| Automobile dealers: | | | | | |
| Corpus Christi..... | 3 | 24 | 19 | 32 | 25 |
| Dallas..... | 8 | 10 | 2 | 28 | 32 |
| Fort Worth..... | 5 | 26 | 26 | 13 | 143 |
| Galveston..... | 4 | 24 | 14 | 9 | 74 |
| Lubbock..... | 5 | 30 | 29 | 28 | 46 |
| Auto tire and accessory stores: | | | | | |
| Houston..... | 3 | 3 | — 3 | — 1 | 37 |
| Department stores: | | | | | |
| Abilene..... | 3 | 6 | — 2 | 13 | 10 |
| Austin..... | 3 | 6 | 1 | 11 | 19 |
| Corpus Christi..... | 3 | 2 | — 7 | 10 | 19 |
| Dallas..... | 6 | 5 | — 9 | 8 | 47 |
| Denton..... | 3 | — 1 | —11 | 14 | 0 |
| Fort Worth..... | 3 | 6 | — 1 | 9 | 24 |
| Houston..... | 5 | 24 | 19 | 21 | 122 |
| San Antonio..... | 4 | 2 | — 9 | 9 | 31 |
| Furniture stores: | | | | | |
| Dallas..... | 6 | 8 | —33 | 0 | 15 |
| Fort Worth..... | 3 | 3 | —14 | 11 | 7 |
| Houston..... | 9 | 16 | —15 | 42 | 15 |
| Port Arthur..... | 4 | 10 | —13 | 0 | 18 |
| San Antonio..... | 6 | 3 | —19 | — 1 | 10 |
| Shreveport..... | 3 | — 6 | —26 | — 4 | 1 |
| Texarkana..... | 3 | 4 | — 4 | 0 | 7 |
| Jewelry stores: | | | | | |
| Dallas..... | 5 | — 1 | —14 | 9 | 1 |
| Houston..... | 3 | — 1 | —12 | 6 | 32 |
| Men's clothing stores: | | | | | |
| Houston..... | 4 | — * | —12 | 14 | 0 |
| Women's apparel stores: | | | | | |
| Dallas..... | 3 | — 1 | — 7 | 4 | 0 |
| Houston..... | 5 | 7 | — 8 | 15 | 0 |

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

Review of Business, Industrial, Agricultural, and Financial Conditions

DISTRICT SUMMARY

The outlook for agricultural and livestock production in the Eleventh Federal Reserve District has improved materially during the past six weeks as a result of the generally adequate moisture supplies and the favorable growing and planting conditions in most areas. Range vegetation, which has made rapid growth, is providing ample grazing; as a result, livestock are making substantial gains in weight. The wheat crop is reported to be in good to excellent condition, with the estimate of 99,-190,000 bushels for Texas indicating the second largest production of record for the State. Planting of spring crops is progressing satisfactorily, and early crops are making generally good growth. According to the March 1 intentions of farmers to plant, the acreage seeded to spring crops in Texas this year may be substantially smaller than in 1948.

Department store sales at reporting stores in the District increased by more than the usual seasonal amount from February to March, if allowance is made for the effect on sales of the late date of Easter this year. The dollar value of sales during March exceeded that in February by 26 percent but was 8 percent smaller than in March last year. During the first quarter, sales were down 6 percent from those in the same period last year. Sales of furniture stores also showed a substantial seasonal increase from February to March but were 12 percent smaller than in March last year. The year-to-year decrease in March, while slightly larger than a month earlier, was lower than in each of the four months preceding February.

The downward readjustment in the production of crude petroleum in the District continued during March and April, and the Texas Railroad Commission has reduced production allowances for the State in May by 54,000 barrels daily. The moderate reduction in May allowances apparently reflects the better balance between the demand for and the supply of crude petroleum in the District. Daily average production declined about 175,000 barrels from February to March, and a similar drop is indicated for April. The April production rate is running about 475,000 barrels below that in April 1948.

Due partly to seasonal factors, the value of construction contracts awarded in the District during March rose substantially above the relatively low levels prevailing in January and February, the total for the month being 38 percent greater than in February and 12 percent larger than in March last year. While residential awards were higher than in February, they continued smaller than a year ago, with the total for the first quarter being about one-third lower than in the first quarter of 1948.

The deposits of weekly reporting member banks in leading cities of the District increased about \$30,000,000 between March 9 and April 13 and on the latter date were moderately larger than at mid-January. Loans and investments continued downward during the five-week period, and the total on April 13 represented a net decline of \$118,000,000 during the preceding three months, with the decrease about equally divided between total loans and total investments.

BUSINESS

The seasonal increase of 26 percent in the dollar volume of sales at department stores in the Eleventh Federal Reserve District in March was greater than the usual seasonal rise for that month, if allowance is made for the late date of Easter this year. In consequence, the seasonally adjusted index of sales,

which moved upward for the first time this year, was 376 percent of the 1935-39 average, compared with 358 percent in February and 384 percent in March 1948. Reflecting, in part, the effects of a three-weeks-later Easter in 1949 than a year earlier, however, March sales were 8 percent below those of the comparable month in 1948. The substantial year-to-year increase of 18 percent in sales which occurred in March 1948 was due to an unusually favorable set of circumstances, such as good weather, availability of merchandise, early spring shopping, and an early Easter; consequently, it is not surprising that sales during March this year fell below those of the same month a year ago. On the other hand, sales during March 1949 exceeded those of the 1947 month, despite an 11-day earlier Easter in 1947. A comparison of total sales for the four weeks before Easter 1949 with the comparable weeks before the previous Easter indicates only a 3 percent decline from the 1948 dollar volume, a decrease due at least in part to lower prices and the seasonal influence of the shifting date of Easter. When the data are available, a comparison of total sales in March and April 1949 with those in the same months of 1948 will provide a much better indication of the trend of current business than a comparison of sales in either month considered separately.

WHOLESALE AND RETAIL TRADE STATISTICS

| | Number of reporting firms | Percentage change in | | | Stocks † | |
|--|---------------------------|----------------------|------------|----------------------------------|------------|-------------------------|
| | | March 1948 | March 1949 | 3 mo. 1949 comp. with 3 mo. 1948 | March 1948 | 1949 from February 1949 |
| Retail trade: | | | | | | |
| Department stores: | | | | | | |
| Total 11th Dist. | 48 | - 8 | 26 | - 6 | - 4 | 7 |
| Corpus Christi. | 4 | - 2 | 28 | - 3 | 0 | 10 |
| Dallas. | 7 | - 8 | 21 | - 7 | - 0 | 5 |
| Fort Worth. | 4 | -10 | 19 | - 6 | 5 | 15 |
| Houston. | 7 | -11 | 32 | - 5 | - 7 | 4 |
| San Antonio. | 5 | - 5 | 31 | - 9 | - 6 | 5 |
| Shreveport, La. | 3 | - 4 | 38 | 0 | ..... | ..... |
| Other cities. | 18 | - 7 | 26 | - 5 | -11 | 7 |
| Furniture stores: | | | | | | |
| Total 11th Dist. | 45 | -12 | 21 | ..... | - 2 | 4 |
| Dallas. | 4 | - 2 | 22 | ..... | -14 | - 0 |
| Houston. | 6 | -13 | 31 | ..... | ..... | ..... |
| Port Arthur. | 4 | -27 | 6 | ..... | - 7 | 4 |
| San Antonio. | 3 | -31 | 18 | ..... | ..... | ..... |
| Wholesale trade:* | | | | | | |
| Automotive supplies | 3 | - 8 | 16 | - 5 | ..... | ..... |
| Drugs and sundries. | 6 | 6 | 9 | 5 | 1 | - 1 |
| Dry goods. | 6 | -10 | 7 | - 5 | -11 | - 4 |
| Grocery (full-line wholesalers not sponsoring groups) | 34 | - 2 | 5 | - 5 | 5 | - 8 |
| Hardware. | 7 | -11 | 18 | -15 | 4 | - 3 |
| Tobacco products. . . | 9 | 8 | 13 | 3 | - 8 | 0 |
| Wiring supplies, construction materials distributors. | 3 | -13 | -12 | ..... | ..... | ..... |

*Preliminary data. Compiled by United States Bureau of Census.

†Stocks at end of month.

0Indicates change of less than one-half of one percent.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

| | Daily average sales—(1935-39=100) | | | | | | | |
|---------------------|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Unadjusted* | | | Adjusted | | | | |
| | Mar. 1949 | Feb. 1949 | Jan. 1949 | Mar. 1948 | Mar. 1949 | Feb. 1949 | Jan. 1949 | Mar. 1948 |
| 11th District. | 353 | 315 | 306 | 384 | 376 | 358 | 378 | 384 |
| Dallas. | 335 | 311 | 277 | 383 | 356 | 323 | 338 | 363r |
| Houston. | 399 | 340 | 363 | 449r | 463 | 386 | 466 | 468r |
| | Stocks—(1935-39=100) | | | | | | | |
| | Unadjusted* | | | Adjusted | | | | |
| | Mar. 1949 | Feb. 1949 | Jan. 1949 | Mar. 1948 | Mar. 1949 | Feb. 1949 | Jan. 1949 | Mar. 1948 |
| 11th District. | 392 | 362r | 346 | 404r | 413 | 406 | 384 | 426r |

*Unadjusted for seasonal variation.

r—Revised.

Reports indicate that consumers generally responded favorably to Easter and early spring promotions and price-reduction sales. Special price reductions on refrigerators and other appliances, radios and combinations, nylon hosiery, and carpets and other floor coverings stimulated sales in those lines, with the result that the February to March gains were greater than

usual at this season. Moreover, the year-to-year decreases in sales of those items during March were smaller than in other recent months. Due at least in part to the lateness of Easter this year, the February to March increase in sales of women's and misses' ready-to-wear apparel and accessories was much smaller than in 1948, but the decrease from a year ago was much larger in March than in February. The sales of men's and boys' wear showed a moderate increase in March as compared with February and were about one-fifth smaller than in March last year.

Reflecting the receipt of additional merchandise for the Easter season, the dollar value of inventories at reporting department stores continued upward in March, rising 7 percent from the level of the previous month. The earlier Easter last year, however, necessitated larger stocks on hand during March 1948, and inventories in March 1949 were 4 percent below those of the 1948 month. With virtually all forward commitments for Easter merchandise having been made prior to or early in March, the dollar volume of outstanding orders declined 26 percent from that in February. The decline of 35 percent in outstanding orders from the volume of the previous March also reflects the different Easter dates, as well as the all-time record level of sales during the spring of last year.

The ratio of collections during March to accounts receivable outstanding at the first of the month showed that the gradual downward trend on both regular accounts and instalments had been checked, at least temporarily. The rate of collections on regular accounts rose to 54 percent in March from 50 percent in the previous month and compares with 53 percent a year ago. The ratio of collections to instalment accounts increased for the third consecutive month and in March was 21 percent, or 1 percentage point above a month ago but still 4 points under the 1948 high reached in March. The increase in the rate of collections probably reflects in part the effects of the 1948 tax refunds, the average of which was higher this year than last, and the lower volume of durable goods sales. Credit purchases, however, continue to comprise an increasing share of total purchases. In March the ratio of credit sales to total sales was unchanged from that of the previous month at 66 percent but compared with a ratio of 64 percent in the corresponding month of the previous year.

A seasonal upswing was reported in March sales at furniture stores in the Eleventh Federal Reserve District, the dollar volume being 21 percent above that of the previous month. This sales increase, however, was insufficient to equal last year's sales, and the March volume was 12 percent below that of March 1948. The dollar volume of furniture sales has shown decreases from the high levels of a year ago in each of the past six months. This slowing down in furniture buying apparently reflects the steadily diminishing backlog of demand, stronger resistance to high prices, the shift in buying to the more moderately priced furniture which is now available in larger volume, and the declining rate of home building, with the consequent smaller demand for furnishings.

In line with the year-to-year declines in total sales of furniture, credit sales in each of the past six months have shown decreases from those a year earlier, but the percentage declines have been smaller than those in total sales. In consequence, the ratio of credit sales to total sales has continued the upward trend in evidence throughout the postwar period. This trend has reflected the marked expansion in furniture buying, the increasing pressures upon current incomes, and the diminishing backlog of liquid reserves of an increasing number of families.

The ratio of credit sales to total sales in March this year was 88 percent, as compared with 86 percent in March 1948 and 75 percent in March 1946.

Collections on furniture accounts increased slightly during the month for the first month-to-month rise this year and were 6 percent above those of March 1948. Accounts receivable, reflecting in part the monthly increase in collections, continued to edge downward from the level of the previous month despite the increase in credit sales from the February volume. The year-to-year increase of 17 percent in receivables was the smallest gain reported since the middle of 1946, suggesting a leveling trend in the growth of accounts receivable.

The value of inventories at District furniture stores turned upward in March for the first month-to-month increase since last November. The 4 percent increase in the value of furniture stocks during March as compared with February reflects the anticipated seasonal increase in spring sales, as well as the addition of several types of furniture designed primarily for spring and summer use. Despite this seasonal increase in stocks, the total at the end of March was 2 percent below that in March 1948.

AGRICULTURE

Moisture supplies throughout most of the Eleventh Federal Reserve District are favorable for the germination and growth of early spring crops, although additional moisture would be beneficial in southern counties of the Rolling Plains of Texas and New Mexico. Weather conditions in late March and April generally were satisfactory and field work in most areas progressed about on schedule, although planting was delayed somewhat by wet fields in the eastern and Coastal Bend counties of Texas and by unseasonably cool weather in the western part of the State. Spring crops generally are making good growth, except where retarded by cool nights. Damage from freezing temperatures in the northwestern sections of the District during the first part of April was slight and confined to early gardens. Livestock have improved greatly during the past month as ranges and pastures responded rapidly to the warmer weather and the improved moisture supply.

On April 1, the United States Department of Agriculture forecast a 1949 wheat crop in Texas of 99,190,000 bushels. This estimate, which indicates the second largest production of record for the State, compares with 56,290,000 bushels produced last year and the 10-year (1938-47) average of 53,944,000 bushels. The seeded acreage, estimated last December at 7,630,000 acres, is the largest of record, and it appears that acreage abandonment may be relatively small. Wheat has made rapid growth during the past month and is reported to be in excellent condition, except for slight insect damage in the northern Blackland counties of the State. Although additional rainfall in some counties of the Southern High Plains and Low Rolling Plains would be helpful in insuring high yields, moisture supplies generally are reported to be adequate throughout the wheat-producing areas of the District.

Oats are heading out in southcentral Texas, with leaf rust damage rather heavy in some counties. There has also been light damage to the crop from rust and insects in northcentral areas. Corn planting is virtually completed throughout Texas and Louisiana, but cool nights have retarded the growth of young corn in northern and eastern counties. Grain sorghums are up to a good stand in southern and Coastal Bend counties of Texas, with seeding well advanced in western areas. Maturity of the Texas flax crop was retarded in some areas by early April rains but a good crop is in prospect, with excellent yields

expected in the southern half of the flax area. Cotton was up to a good stand in the southern and southcentral counties of Texas at mid-April. Much of the cotton land in northern counties was ready for planting at that time and some acreage was seeded, but many farmers were awaiting warmer weather before planting. According to press reports, a record acreage of cotton has been planted in the Lower Rio Grande Valley, where production prospects are good. Progress in seeding the Texas rice crop has been relatively slow because of delay occasioned by wet fields. Pecan trees have leafed out well in all areas and have been blooming in the early producing sections.

Conditions in the commercial vegetable areas during the past month were favorable for field work and growth of crops, except in the upper coastal counties of Texas where delayed by excessive rains. Harvest of the Rio Grande Valley early potato crop is well advanced, with yields and quality reported to be good. Planting of the Panhandle summer potato crop has been virtually completed. Melon crops in early areas are growing satisfactorily, although there has been some insect damage, and planting of melons in the later areas has been active under favorable moisture conditions. The tomato crop in the Lower Valley, although much later than usual, is making good growth, while transplanting of the east Texas tomato crop has been active. Snap beans, cucumbers, and north Texas onions have made good progress. Onion harvest is under way in the Raymondville and Laredo districts, and the crop in the Coastal Bend continues to show improvement.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

| State | February 1949 | | | February 1948 Total | Cumulative receipts January 1 to February 28, | |
|---------------|---------------|-----------|------------|------------------------|--|------------|
| | Crops | Livestock | Total | | 1949 | 1948 |
| Arizona..... | \$ 8,331 | \$ 5,410 | \$ 13,741 | \$ 11,606 | \$ 37,305 | \$ 32,677 |
| Louisiana.... | 15,883 | 4,840 | 20,723 | 19,660 | 61,446 | 46,976 |
| New Mexico.. | 5,519 | 3,914 | 9,433 | 8,635 | 23,881 | 20,002 |
| Oklahoma.... | 9,707 | 17,278 | 26,985 | 37,309 | 65,124 | 89,847 |
| Texas..... | 51,493 | 41,192 | 92,685 | 113,060 | 209,553 | 280,084 |
| Total..... | \$ 90,933 | \$ 72,634 | \$ 163,567 | \$ 190,270 | \$ 397,309 | \$ 469,586 |

SOURCE: United States Department of Agriculture.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

| State | January 1949 | | | January 1948 Total |
|---------------|--------------|-----------|------------|-----------------------|
| | Crops | Livestock | Total | |
| Arizona..... | \$ 17,530 | \$ 6,034 | \$ 23,564 | \$ 21,071 |
| Louisiana.... | 33,056 | 7,667 | 40,723 | 27,316 |
| New Mexico.. | 10,774 | 3,674 | 14,448 | 11,367 |
| Oklahoma.... | 17,380 | 20,759 | 38,139 | 52,538 |
| Texas..... | 69,375 | 47,493 | 116,868 | 167,024 |
| Total..... | \$ 148,115 | \$ 85,627 | \$ 233,742 | \$ 279,316 |

SOURCE: United States Department of Agriculture.

r—Revised.

New range and pasture feed is plentiful to abundant over the eastern, central, and southern parts of the District and is showing marked improvement in western areas as weather becomes warmer. Both surface and subsoil moisture are favorable to good early summer grass. Supplemental feeding of livestock was discontinued during the early part of April as ranges and pastures began to supply adequate grazing. Estimates of range feed conditions in Texas on April 1 were about 9 percent above a month earlier and slightly above average for this season of the year.

Cattle and calves gained flesh rapidly during March and April on the improving supply of new green feed and are now carrying fair to good flesh. The calf crop in Texas has made rapid gains, due to the fact that the milk flow of cows became heavy as grazing conditions improved. Stocker cows and yearlings have been in very strong demand as ranchmen have attempted to build up their herds in anticipation of favorable

feed supplies this year. It is expected that a larger-than-normal percentage of heifers and heifer calves will be retained for herd replacements. Movement of three and four year old steers to Flint Hill and Osage pastures of Kansas and Oklahoma during late April and early May is expected to be substantially smaller than last year.

Sheep and lambs are improving rapidly on the generally abundant supply of early spring grass available in the main sheep country. Losses of lambs since the storms in January and early February are reported to be unusually low, with the percentage lamb crop in Texas expected to be near average or above. Ewes have been giving an abundant supply of milk, which enabled lambs to develop rapidly. Because of the generally plentiful supply of green feed, stocker ewes and ewe lambs are very much in demand. The few yearling lambs that have been marketed during the last two months generally have carried better-than-average flesh for that season of the year.

LIVESTOCK RECEIPTS—(Number)

| Class | Fort Worth market | | | San Antonio market | | |
|-------------|-------------------|-----------|-----------|--------------------|-----------|-----------|
| | Mar. 1949 | Mar. 1948 | Feb. 1949 | Mar. 1949 | Mar. 1948 | Feb. 1949 |
| Cattle..... | 39,160 | 34,354 | 33,565 | 26,311 | 23,062 | 21,190 |
| Calves..... | 12,615 | 9,509 | 9,366 | 13,507 | 14,987 | 8,587 |
| Hogs..... | 68,924 | 56,239 | 56,074 | 8,262 | 9,787 | 6,870 |
| Sheep..... | 36,925 | 75,524 | 25,772 | 17,460 | 39,596 | 19,003 |

TOP LIVESTOCK PRICES

(Dollars per hundredweight)

| Class | Fort Worth market | | | San Antonio market | | |
|--------------------------------------|-------------------|------------|---------------|--------------------|------------|---------------|
| | March 1949 | March 1948 | February 1949 | March 1949 | March 1948 | February 1949 |
| Slaughter steers..... | \$25.00 | \$28.75 | \$23.50 | \$24.50 | \$29.00 | \$22.50 |
| Stocker steers..... | 27.00 | 26.50 | 24.50 | ..... | ..... | ..... |
| Slaughter cows..... | 20.00 | 23.00 | 18.50 | 21.50 | 23.00 | 19.25 |
| Slaughter heifers and yearlings..... | 27.00 | 28.75 | 24.50 | 25.50 | 29.25 | 22.00 |
| Slaughter calves..... | 26.00 | 28.00 | 25.50 | 28.00 | 29.00 | 24.75 |
| Stocker calves..... | 28.50 | 26.50 | 25.00 | 27.00 | 26.50 | 26.00 |
| Slaughter lambs..... | 32.00 | 22.00 | 24.00 | 27.50 | 23.50 | 23.50 |
| Hogs..... | 21.25 | 23.25 | 20.75 | 21.25 | 26.50 | 21.00 |

Combined receipts of livestock at the Fort Worth and San Antonio markets during March were 23 percent above those of February but 15 percent below receipts of March 1948. The increase over February resulted from larger marketings of each class of livestock, with receipts of calves up about 46 percent while other groups were larger by 20 to 22 percent. The fact that total receipts were lower in March than during the same month last year is due entirely to a decline of 53 percent in marketings of sheep and lambs, which was only partially offset by substantial increases in receipts of cattle and hogs.

Prices received by Texas farmers averaged slightly higher at mid-March than a month earlier but still were fractionally below the level of March 15, 1948, and 11 percent below the high point reached in June and July of last year. During the month ended March 15, price changes of individual commodities varied considerably, with most livestock and grains showing increases, while dairy products, eggs, truck crops, and citrus reflected declines. Reports from commodity markets indicate that from March 15 to mid-April, prices of cotton, lambs, and most classes of cattle made slight to moderate advances. Grain prices fluctuated within narrow margins, while hog prices declined sharply.

Prospective Plantings

The Nation's farmers will plant one of the smallest acreages of spring-planted crops, other than cotton, in more than 10 years, according to their intentions to plant as reported by the United States Department of Agriculture. The decline from 1948, however, is offset partially by a much larger acreage

of winter wheat sown last fall. After allowing for duplications and for certain crops not yet surveyed, the Department estimates that the total 1949 acreage of 52 principal crops may be approximately 360,637,000 acres. This would be about 1,600,000 acres less than last year's planted acreage and well below the wartime peak reached in 1944. The total prospective acreage exceeds by about 1 percent the aggregate of allotments or goals suggested by the Department of Agriculture. The greatest decline in spring plantings will be in the feed grains, with smaller declines in the oilseeds—soybeans, flaxseed, and peanuts—and most other row crops. Increases are indicated for spring wheat, dry peas, and tobacco. In the five states lying wholly or partly in the Eleventh Federal Reserve District smaller acreages of corn, oats, barley, sorghums, Irish potatoes, sweet potatoes, cowpeas, peanuts, rice, and hay are expected. As in the Nation, the increased acreage of winter wheat in the five states constitutes a partial offset to the smaller acreages intended for other crops. Because of legal restrictions, the Department of Agriculture does not collect information on farmers' intentions to plant cotton.

PLANTED ACRES—TEXAS AND FIVE STATES

(In thousands of acres)

| Crop | Texas | | | Five States ¹ | | |
|-----------------------------|----------------|-------|-----------------|--------------------------|---------------------|---------------------|
| | Indicated 1949 | 1948 | Average 1938-47 | Indicated 1949 | 1948 | Average 1938-47 |
| Corn | 2,544 | 2,765 | 4,320 | 4,925 | 5,238 | 7,625 |
| Winter wheat | 7,630 | 6,752 | 5,134 | 15,741 ² | 14,710 ² | 11,086 ² |
| Oats | 1,360 | 1,900 | 1,838 | 2,570 | 2,965 | 3,540 |
| Barley | 130 | 188 | 335 | 441 ³ | 553 ³ | 920 ³ |
| Flax | 277 | 227 | 49 ³ | 320 ⁴ | 269 ⁴ | 88 ⁴ |
| Rice | 507 | 512 | 364 | 1,104 ⁵ | 1,140 ⁵ | 925 ⁵ |
| All sorghums | 6,079 | 7,324 | 7,184 | 8,028 | 9,477 | 9,794 |
| Irish potatoes | 38 | 44 | 52 | 81 | 91 | 131 |
| Sweet potatoes | 41 | 51 | 62 | 120 ⁶ | 136 ⁶ | 175 ⁶ |
| Soybeans alone ⁷ | 5 | 5 | 21 | 125 ⁸ | 140 ⁸ | 155 ⁸ |
| Cowpeas alone ⁷ | 158 | 186 | 432 | 275 ⁸ | 303 ⁸ | 640 ⁸ |
| Peanuts alone ⁷ | 678 | 798 | 691 | 894 ⁸ | 1,119 ⁸ | 924 ⁸ |
| All hay ⁹ | 1,355 | 1,505 | 1,481 | 3,511 | 3,717 | 3,569 |

¹Arizona, Louisiana, New Mexico, Oklahoma, and Texas. ²Arizona, New Mexico, Oklahoma, and Texas. ³Short-time average. ⁴Texas, Arizona, and Oklahoma. ⁵Louisiana and Texas. ⁶Texas, Louisiana, and Oklahoma. ⁷Grown alone for all purposes. ⁸Louisiana, New Mexico, Oklahoma, and Texas. ⁹Acreage harvested.

SOURCE: United States Department of Agriculture.

The report of farmers' intentions to plant indicates that in Texas the acreage of all spring-sown crops, excluding cotton, may be 5 percent below the acreage planted in 1948 and 4 percent below the 10-year average. Plantings of wheat and flax in the State last fall were the highest of record, so the over-all crop acreage, excluding cotton, will be about 1,000,000 acres below both the 1948 acreage and the 10-year (1938-47) average. The prospective acreage of grain sorghums is 17 percent below last year, due partly to the expanded wheat acreage. A reduction of 31 percent is indicated for barley and 15 percent each for oats, cowpeas, and peanuts. The smaller acreages of oats and barley resulted partly from the severe and extended drought of last fall, while peanut acreage reduction is due to the acreage allotment program for 1949. The intended corn acreage, which represents a decrease of 8 percent from last year's planted acreage, is the lowest since 1879. The reduction in hay acreage would result chiefly from the smaller acreage of peanuts. In Louisiana, acreage reductions are indicated for all major crops (excluding cotton). Oklahoma farmers are expecting to increase plantings of soybeans by 19 percent and corn acreage by a small amount, while the intended acreages of all other spring-planted crops (excluding cotton) are smaller than in 1948.

FINANCE

Loans and discounts of the weekly reporting member banks in leading cities in the Eleventh District continued to decline between March 9 and April 13 and on the latter date amounted

to about \$1,071,000,000. The decline in loans, which has been unbroken since the first of the year, was a result in part of the normal seasonal trend but, in addition, shows the effects of the slowing down in business activity that has been characteristic in this District and throughout the Nation. This has been especially apparent in connection with commercial, industrial, and agricultural loans, which declined by over \$31,000,000 during the five-week period ended April 13 and by almost \$47,000,000 since the first of the year. More cautious inventory policies on the part of merchandisers and greater selectivity on the part of bankers have combined with other factors to bring about the steady decline in loans that has occurred.

The slowing down in real-estate activity is reflected in the slight decline in real-estate loans at selected member banks in the District. This category of loans, which increased steadily throughout 1948, has shown a decline of about \$1,000,000 this year to date, indicating that new loan volume and repayments have been in approximate balance.

Loans at country banks in the District have increased slightly during the last three months, but the increase has not been large enough to offset the substantial decline that has occurred at banks in the larger cities. Consequently, the total loans of all member banks in this District are down moderately from year-end levels. It is estimated that loans and discounts of all member banks in this District amounted to \$1,804,000,000 on the last reporting date in March, in contrast with \$1,833,000,000 on the last reporting date in December 1948.

As a result of a decrease in holdings of certificates of indebtedness amounting to approximately \$21,000,000, offset in part by a slight increase in holdings of Government bonds, total investments of the selected member banks in the District declined by about \$18,000,000 during the five-week period. Holdings of Treasury bills and other bonds, stocks, and securities showed no significant changes.

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

(In thousands of dollars)

| Item | April 13, 1949 | April 14, 1948 | March 9, 1949 |
|---|----------------|----------------|---------------|
| Total loans and investments | \$2,225,053 | \$2,173,195* | \$2,274,074 |
| Total loans—Net ¹ | 1,060,820 | 1,060,820 | 1,092,511 |
| Total loans—Gross | 1,070,957 | 1,010,507* | 1,101,836 |
| Commercial, industrial, and agricultural loans | 736,154 | 697,540 | 767,235 |
| Loans to brokers and dealers in securities | 6,058 | 6,207 | 5,261 |
| Other loans for purchasing or carrying securities | 52,341 | 55,921 | 56,914 |
| Real-estate loans | 87,152 | 80,748 | 88,247 |
| Loans to banks | 204 | 376 | 591 |
| All other loans | 189,048 | 169,715 | 183,588 |
| Total investments | 1,154,096 | 1,162,688 | 1,172,238 |
| U. S. Treasury bills | 28,057 | 11,311 | 28,450 |
| U. S. Treasury certificates of indebtedness | 244,525 | 163,011 | 265,428 |
| U. S. Treasury notes | 30,833 | 93,007 | 41,529 |
| U. S. Government bonds (inc. gtd. obligations) | 721,957 | 778,822 | 716,306 |
| Other securities | 119,719 | 116,537 | 120,525 |
| Reserves with Federal Reserve Bank | 529,071 | 467,488 | 544,124 |
| Balances with domestic banks | 312,870 | 300,408 | 251,552 |
| Demand deposits—adjusted ² | 1,939,029 | 1,841,953 | 1,935,686 |
| Time deposits except Govt. | 418,382 | 394,073r | 406,802 |
| United States Government deposits | 52,320 | 44,397r | 51,062 |
| Interbank demand deposits | 516,471 | 531,185 | 526,663 |
| Borrowings from Federal Reserve Bank | 0 | 0 | 1,000 |

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

r Revised. †After deductions for reserves and unallocated charge-offs.

°Prior to June 30, 1948, the individual classes of loans were reported net; however, the amount of reserves deducted subsequent to June 30, 1948, was so small as to have no significant effect upon the comparability of the data.

Following several weeks of decline, demand deposits at selected member banks in the District increased during the first two weeks of April and totaled \$2,702,000,000 on April 13, or about \$18,000,000 more than the total reported on March 9. The increase in deposits during the early part of April at these selected member banks partially offset the decline that had preceded the income tax date. Total demand deposits of

these banks on April 13, however, were approximately \$150,000,000 less than the amount reported at the end of 1948. Changes that occurred in total deposits at these banks in leading cities were the result of increases in deposits of individuals, partnerships, and corporations and of states and political subdivisions, offset in part by the decline in interbank deposits.

Gross demand deposits of all member banks in the District declined moderately during March and averaged during that month about \$287,000,000 less than the daily average during December 1948. The daily average of gross demand deposits of the District's member banks, however, was about \$120,000,000 larger during March of this year than during the same month a year ago. For the past three months, time deposits have shown virtually no change in this District, averaging about \$607,000,000 since the first of the year.

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

| Date | Combined total | | Reserve city banks | | Country banks | |
|--------------------|----------------|-----------|--------------------|-----------|---------------|-----------|
| | Gross demand | Time | Gross demand | Time | Gross demand | Time |
| March 1947..... | \$4,654,452 | \$517,295 | \$2,225,418 | \$326,693 | \$2,429,034 | \$190,602 |
| March 1948..... | 5,019,464 | 569,800 | 2,357,864 | 357,605 | 2,661,600 | 212,195 |
| November 1948..... | 5,407,874 | 594,125 | 2,584,489 | 379,905 | 2,823,385 | 214,220 |
| December 1948..... | 5,427,633 | 585,339 | 2,613,198 | 382,118 | 2,814,435 | 213,221 |
| January 1949..... | 5,430,929 | 607,167 | 2,612,025 | 390,682 | 2,818,904 | 216,485 |
| February 1949..... | 5,193,624 | 607,063 | 2,474,757 | 390,045 | 2,718,867 | 217,018 |
| March 1949..... | 5,139,728 | 607,104 | 2,450,349 | 388,298 | 2,689,379 | 218,806 |

Debits of banks in 24 cities of the District were 7 percent larger during March 1949 than during the comparable month in 1948 and 15 percent more than the total reported for February of this year. Largest increases during March in bank debits were reported by banks in Austin, Wichita Falls, and Amarillo, while largest decreases were reported from Port Arthur and San Angelo. The annual rate of turnover of deposits increased from 11.5 times during February to 13.3 times during March. The annual rate of turnover during March of this year was the same as the rate reported during March of 1948.

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

(Amounts in thousands of dollars)

| City | Debits* | | | End-of-month deposits* Mar. 31, 1949 | Annual rate of turnover | | |
|--------------------------|-------------|-----------|------------------------|---|-------------------------|-----------|-----------|
| | Mar. 1949 | Mar. 1948 | Pctg. change over 1949 | | Mar. 1949 | Mar. 1948 | Feb. 1949 |
| Arizona: Tucson..... | \$ 65,417 | — 1 | 16 | \$ 85,070 | 9.1 | 9.1 | 7.7 |
| Louisiana: | | | | | | | |
| Monroe..... | 36,040 | 7 | 15 | 42,143 | 10.2 | 9.8 | 8.8 |
| Shreveport..... | 140,322 | 8 | 17 | 163,100 | 10.2 | 10.0 | 8.8 |
| New Mexico: Roswell..... | 14,978 | 6 | 27 | 18,266 | 9.7 | 9.5 | 7.6 |
| Texas: | | | | | | | |
| Abilene..... | 34,711 | 5 | 16 | 37,990 | 10.3 | 9.7 | 8.4 |
| Amarillo..... | 90,600 | 10 | 19 | 82,566 | 13.1 | 12.0 | 10.9 |
| Austin..... | 160,207 | 24 | 36 | 105,101 | 18.4 | 15.4 | 13.3 |
| Beaumont..... | 99,116 | — 2 | 6 | 98,592 | 11.8 | 12.5 | 10.9 |
| Corpus Christi..... | 77,972 | — 1 | 16 | 78,905 | 11.8 | 13.1 | 10.1 |
| Corsicana..... | 9,961 | — 2 | 11 | 20,158 | 5.9 | 6.1 | 5.2 |
| Dallas..... | 1,059,239 | 8 | 15 | 736,523 | 17.2 | 17.2 | 14.9 |
| El Paso..... | 135,374 | 6 | 13 | 117,699 | 13.6 | 13.2 | 12.0 |
| Fort Worth..... | 310,101 | 5 | 15 | 287,375 | 12.7 | 13.3 | 11.0 |
| Galveston..... | 75,619 | 3 | 20 | 99,125 | 9.2 | 9.5 | 7.8 |
| Houston..... | 1,147,191 | 9 | 12 | 900,751 | 15.1 | 15.4 | 13.3 |
| Laredo..... | 17,654 | 3 | 10 | 21,990 | 9.5 | 9.5 | 8.5 |
| Lubbock..... | 64,433 | — 4 | 18 | 65,047 | 11.4 | 11.8 | 9.5 |
| Port Arthur..... | 34,219 | — 14 | 1 | 39,725 | 10.2 | 11.9 | 10.1 |
| San Angelo..... | 28,780 | — 6 | 19 | 37,238 | 8.9 | 9.8 | 7.3 |
| San Antonio..... | 257,526 | 6 | 20 | 315,772 | 9.7 | 9.4 | 8.2 |
| Texarkana**..... | 14,293 | 3 | 16 | 29,010 | 7.4 | 7.3 | 6.4 |
| Tyler..... | 44,059 | 8 | 22 | 49,905 | 10.3 | 9.7 | 8.5 |
| Waco..... | 52,295 | 2 | 14 | 66,026 | 9.5 | 9.8 | 8.2 |
| Wichita Falls..... | 59,660 | 16 | 18 | 80,515 | 8.8 | 8.0 | 7.4 |
| Total—24 cities..... | \$4,029,747 | 7 | 15 | \$3,573,592 | 13.3 | 13.3 | 11.5 |

*Debits to deposit accounts except interbank accounts.

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

**This figure includes only one bank in Texarkana, Texas. Total debits for all banks in Texarkana, Texas—Arkansas, including two banks located in the Eighth District, amounted to \$26,435.

Condition statistics of the Federal Reserve Bank of Dallas show an increase in total gold certificate reserves during the

month ended April 15 from \$659,357,000 to \$688,998,000. Holdings of Government securities declined moderately and comprised the principal change in earning assets of the bank. Reflecting the declining trend of bank deposits, member bank reserve accounts with the Federal Reserve Bank of Dallas were approximately \$31,000,000 lower on April 15 than one month earlier.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

| Item | April 15, 1949 | April 15, 1948 | March 15, 1949 |
|--|----------------|----------------|----------------|
| Total gold certificate reserves..... | \$688,998 | \$525,067 | \$659,357 |
| Discounts for member banks..... | 2,280 | 549 | 4,100 |
| Foreign loans on gold..... | 5,323 | 5,202 | 5,320 |
| U. S. Government securities..... | 915,534 | 930,315 | 924,740 |
| Total earning assets..... | 923,137 | 936,066 | 934,160 |
| Member bank reserve deposits..... | 914,441 | 797,919 | 945,807 |
| Federal Reserve notes in actual circulation..... | 593,368 | 589,143 | 597,042 |

SAVINGS DEPOSITS

Eleventh Federal Reserve District

| City | March 31, 1949 | | | Percentage change in savings deposits from | |
|----------------------------|---------------------------|------------------------------|----------------------------|--|---------------|
| | Number of reporting banks | Number of savings depositors | Amount of savings deposits | March 31, 1948 | Feb. 28, 1949 |
| Louisiana: Shreveport..... | 3 | 37,364 | \$ 25,112,597 | — 2.6 | — 0.6 |
| Texas: | | | | | |
| Beaumont..... | 3 | 12,081 | 6,308,445 | — 0.2 | — 0.2 |
| Dallas..... | 8 | 141,791 | 78,292,905 | — 0.9 | — 0.02 |
| El Paso..... | 2 | 32,349 | 22,859,158 | — 1.7 | 1.3 |
| Fort Worth..... | 4 | 43,743 | 35,147,456 | 0.2 | 0.2 |
| Galveston..... | 4 | 23,274 | 21,312,966 | — 0.8 | 0.3 |
| Houston..... | 8 | 101,998 | 74,016,151 | 2.7 | 0.04 |
| Lubbock..... | 2 | 1,759 | 3,445,657 | 96.0 | — 10.8 |
| Port Arthur..... | 2 | 5,720 | 4,688,864 | — 5.2 | 0.8 |
| San Antonio..... | 5 | 39,665 | 45,175,618 | — 5.1 | — 0.7 |
| Waco..... | 3 | 9,602 | 10,164,863 | 5.3 | — 0.5 |
| Wichita Falls..... | 3 | 7,393 | 4,556,744 | 0.1 | 0.9 |
| All other..... | 55 | 63,697 | 54,449,720 | — 0.6 | — 0.01 |
| Total..... | 102 | 520,346 | \$385,531,144 | — 0.2 | — 0.03 |

A review of figures of currency circulation shows that the amount of money in circulation in the United States and the note circulation of the Federal Reserve Bank of Dallas continued to decline through March, although the total decline during the first three months of this year was less than during the same period in 1948. During the first quarter of 1949, the decline in actual note circulation of this bank was about \$28,300,000, as compared with a decline of about \$34,100,000 during the same period in 1948. In the United States, money in circulation declined about \$922,000,000 during the first quarter of this year, or approximately \$269,000,000 less than during the first quarter in 1948. Latest figures available show that on April 15 Federal Reserve notes of this bank in actual circulation amounted to \$593,368,000, while money in circulation in the United States on April 13 totaled \$27,507,000,000.

The excess of sales of savings bonds over redemptions in this District during the first three months of this year amounted to about \$6,600,000, in contrast with \$2,700,000 during the first quarter of 1948. A better sales record during February and a much smaller net volume of redemptions during March than during the two comparable months last year more than offset the less favorable record in January this year as compared with the same month in 1948. During March, redemptions of savings bonds in this District amounted to \$19,622,000 and were about \$548,000 more than sales. In the United States, however, sales of savings bonds during March exceeded redemptions by almost \$150,000,000.

During the first quarter of this year, Treasury receipts from income taxes withheld by employers were about \$543,000,000 less than during the same period last year, while other income tax receipts were \$470,000,000 less than during the comparable

period in 1948. Treasury receipts from other than income tax sources also were less, while expenditures during the first quarter exceeded those of the same period last year. Larger expenditures by the military establishments, the Economic Cooperation Administration, and the Commodity Credit Corporation contributed importantly to the larger volume of total expenditures reported during the first quarter of this year.

and 9 percent in the District. In April, production in the District is expected to drop to about 8 or 10 percent below March and 17 to 20 percent below a year ago.

CRUDE OIL PRODUCTION—(Barrels)

| Area | March 1949 | | Increase or decrease in daily average production from | |
|--------------------------------|------------------|--------------------------|---|---------------|
| | Total production | Daily average production | March 1948 | February 1949 |
| Texas: | | | | |
| District 1..... | 829,800 | 26,768 | 1,298 | — 1,114 |
| 2..... | 4,318,900 | 139,319 | — 31,140 | — 16,054 |
| 3..... | 12,631,700 | 407,474 | — 83,979 | — 33,696 |
| 4..... | 6,332,700 | 204,281 | — 48,932 | — 15,212 |
| 5..... | 1,298,050 | 41,873 | — 1,632 | — 2,772 |
| 6..... | 8,498,250 | 274,137 | — 48,502 | — 39,368 |
| Other 6..... | 3,019,550 | 97,405 | — 23,851 | — 9,902 |
| 7a..... | 1,886,200 | 60,845 | — 17,668 | — 4,621 |
| 7c..... | 1,456,300 | 46,977 | 3,095 | — 2,746 |
| 8..... | 19,041,650 | 614,247 | — 53,150 | — 44,494 |
| 9..... | 3,914,500 | 126,274 | — 9,486 | — 12,446 |
| 10..... | 2,705,100 | 87,261 | 3,809 | — 2,460 |
| Total Texas..... | 65,932,700 | 2,126,861 | —274,802 | —184,885 |
| New Mexico..... | 4,132,500 | 134,274 | 5,401 | — 222 |
| North Louisiana..... | 3,644,250 | 117,557 | 9,467 | — 1,770 |
| Total Eleventh District..... | 73,739,450 | 2,378,692 | —259,934 | —186,433 |
| Outside Eleventh District..... | 85,350,950 | 2,753,256 | 74,440 | — 16,526 |
| United States..... | 159,090,400 | 5,131,948 | —185,494 | —202,959 |

SOURCE: Estimated from American Petroleum Institute weekly reports.

NEW MEMBER BANK

The First State Bank, Hawkins, Texas, located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was admitted to membership in the Federal Reserve System on April 4, 1949. This bank has capital funds of \$73,900, including capital of \$50,000, surplus of \$15,000, and undivided profits of \$8,900. The officers are: R. B. Smith, Chairman of the Board; C. C. Sims, President; J. E. Green, Vice President; J. T. Hallmark, Cashier.

INDUSTRY

Nonfarm employment in Texas is reported to have followed the usual seasonal pattern with a moderate increase to 2,309,000 persons by mid-April, according to estimates of the Texas Employment Commission. The April level of nonfarm employment represents 26,000 or 1 percent more than that of February and 70,000 or 3 percent above the corresponding level of a year ago. An increase in employment since February has been reported in practically all major cities of the State. Employment in construction shows the largest gain, with a prospective increase of 11,000 workers since the February seasonal low, while retail trade, accelerated by Easter and other spring shopping, added about 4,000 to its pay rolls. The food processing industry and the aircraft manufacturing industry also employed more workers.

Employment in the Nation in March showed the first definite improvement in five months, reaching 57,647,000 workers. The number of unemployed workers declined to 3,167,000, a drop of 54,000 from February, although remaining 727,000 greater than a year earlier. The number of employed persons actually at work in March was 55,832,000, which was 655,000 more than in the previous month and was 687,000 more than in March 1948. A seasonal expansion of employment in agriculture, construction, and some other industries counterbalanced the effect of further layoffs in other sectors of the economy.

The reductions since the first of the year in domestic crude oil output and in imports have brought the Nation's supply of petroleum into better balance with demand at present prices. In the Eleventh Federal Reserve District, daily average crude oil production in March was 2,379,000 barrels, or 392,000 barrels and 14 percent under the November 1948 peak rate. The net reductions in daily allowable production for April of 222,000 barrels in Texas, 7,000 barrels in Louisiana, and 4,000 barrels in New Mexico may cut the District's daily average production to about 570,000 barrels below the November rate. Net allowable production has been reduced since December by 723,000 barrels per day in Texas, 25,000 barrels in Louisiana, and 6,000 barrels in New Mexico. The decrease in crude oil production in March as compared to February amounted to 190,000 barrels daily or 4 percent in the Nation and 175,000 barrels per day or 7 percent in the Eleventh District. As compared to a year ago, production is down 3 percent in the Nation

Imports of crude petroleum and refined petroleum products amounted to nearly 11 percent of the total new supply in the United States in January and 10 percent in February, compared with 9 percent in February 1948. In 1939 such imports were only 4 percent of the total new supply. After allowing for the effect of exports, net imports constituted 6 percent of the new supply for domestic use in January and February 1949, compared with 4 percent in February 1948. By contrast, exports had exceeded imports during each of the 25 years previous to 1948.

While the over-all petroleum situation is becoming more balanced, the various sectors of the industry may continue to have problems of adjustment. Thus, the low gravity heavy crudes of east Texas and the sour crudes of west Texas are in surplus supply, while higher gravity lighter crudes and sweet crudes are in much better adjustment to requirements.

Crude oil runs to refinery stills in March averaged about 5,420,000 barrels daily in the Nation and approximately 1,660,000 barrels in the District, representing an increase of 2 percent in the Nation and a decrease of 5 percent in the District as compared to the previous month. The national figure is up 1 percent from a year ago, while the District figure is unchanged.

Due to the mild winter, the demand for heating oil was considerably smaller than had been anticipated last fall, resulting in the accumulation of heavy inventories; but in recent weeks the refineries have been reducing the yields of fuel oil and increasing the yields of gasoline in order to improve the relation between the supplies of and demands for these products. The seasonal rise in gasoline consumption during the spring and summer months should maintain a strong demand for gasoline.

The prices of crude petroleum, for the most part, have remained firm, although price reductions have been made for Pennsylvania and West Coast crudes and weakness is reported in the price picture for low gravity and sour crudes. Gasoline prices, which had been declining earlier this year, remained firm in March, while increases have been announced recently in some areas. Fuel oil prices have been declining for several months and future prospects are still uncertain.

Drilling activity as measured by well completions reflected to some extent the general uncertainty in the petroleum situation. In the Nation during February 2,351 wells were completed, or 430 less than in January and 34 less than during

February 1948. In the District, however, completion in February numbered 1,109, or 279 less than in January but 203 more than in February 1948.

The dollar volume of construction contract awards in the Eleventh Federal Reserve District in March amounted to \$63,000,000, which is \$17,000,000 or 38 percent more than in the previous month and \$7,000,000 or 12 percent more than in March 1948. The increase was concentrated chiefly in nonresidential building and in public works. Residential building awards were 12 percent higher than in the previous month but were 22 percent less than during the corresponding month of last year. During the first three months of 1949, construction awards totaled only \$154,000,000, which is \$39,000,000 or 20 percent less than during the same period in 1948. Residential awards were 34 percent lower, while nonresidential awards were only 12 percent less than during the first quarter of last year. Despite the smaller volume of awards during the first quarter of the year, it is expected that the total for 1949 will exceed the high 1947 figure, although the 1948 record may not be equaled.

BUILDING PERMITS

| City | March 1949 | | Percentage change valuation from | | Jan. 1 to Mar. 31, 1949 | | Percentage change valuation from 1948 |
|------------------|------------|--------------|----------------------------------|-----------|-------------------------|--------------|---------------------------------------|
| | Number | Valuation | Mar. 1948 | Feb. 1949 | Number | Valuation | |
| Louisiana: | | | | | | | |
| Shreveport..... | 312 | \$ 951,890 | -92 | -13 | 817 | \$ 2,830,919 | 83 |
| Texas: | | | | | | | |
| Abilene..... | 111 | 381,244 | -45 | -10 | 232 | 1,305,873 | 2 |
| Amarillo..... | 258 | 1,045,740 | -23 | -49 | 465 | 3,433,165 | 25 |
| Austin..... | 290 | 1,548,268 | -35 | 8 | 743 | 4,759,525 | -21 |
| Beaumont..... | 426 | 961,367 | 18 | -19 | 947 | 2,882,696 | 54 |
| Corpus Christi. | 165 | 1,020,915 | 39 | 16 | 663 | 2,797,478 | -55 |
| Dallas..... | 1,583 | 5,928,278 | -53 | 33 | 3,220 | 16,184,225 | -39 |
| El Paso..... | 271 | 767,082 | 17 | 13 | 614 | 2,195,402 | -14 |
| Fort Worth..... | 723 | 2,393,971 | -11 | 36 | 1,548 | 5,788,894 | 10 |
| Galveston..... | 151 | 235,995 | 21 | -80 | 518 | 2,073,835 | 205 |
| Houston..... | 628 | 4,434,250 | -27 | -25 | 1,807 | 14,212,200 | -55 |
| Lubbock..... | 253 | 1,112,869 | -3 | 64 | 394 | 2,049,437 | -34 |
| Port Arthur..... | 183 | 293,623 | 45 | -10 | 387 | 847,498 | 80 |
| San Antonio..... | 1,378 | 2,701,800 | -31 | 11 | 3,204 | 7,645,329 | -22 |
| Waco..... | 194 | 1,035,725 | 35 | 131 | 391 | 1,888,050 | -55 |
| Wichita Falls... | 108 | 344,635 | -27 | -# | 205 | 804,175 | -35 |
| Total..... | 7,034 | \$25,157,652 | -47 | -# | 15,958 | \$71,696,701 | -41 |

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

Favorable factors in the construction outlook in the District include greater availability of labor and materials, a small decrease in construction costs, a large backlog of public and institutional construction, and relatively low vacancy rates. The winter slackening of construction and the slightly easier housing and general construction market have reduced the demand for construction labor relative to supply so that, except for a few crafts such as lathers and plasterers, sufficient workers are reported to be available for current construction work. The shrinkage in construction employment since last fall is reported to have induced noticeably greater labor productivity.

Adequate supplies of nearly all construction materials are now available, except for a few steel items. While lumber has been reduced in price, very little reduction has yet occurred in the prices of some metal goods. However, the greater availability and more regular flow of materials have enabled contractors to lower the costs of construction, since there are now fewer work stoppages due to lack of materials. Some further reductions in costs of materials are anticipated this year.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

| | March 1949 | March 1948 | February 1949 | January 1 to March 31, 1949 | January 1 to March 31, 1948 |
|----------------------------|------------|------------|---------------|-----------------------------|-----------------------------|
| Eleventh District—total... | \$65,712 | \$56,601 | \$45,114 | \$ 155,175 | \$ 193,057 |
| Residential..... | 18,396 | 22,852 | 15,603 | 48,173 | 72,774 |
| All other..... | 47,316 | 33,749 | 29,511 | 107,002 | 120,283 |
| United States*—total..... | 747,619 | 689,763 | 568,467 | 1,799,070 | 1,986,936 |
| Residential..... | 251,770 | 276,541 | 193,073 | 603,971 | 746,889 |
| All other..... | 495,849 | 413,222 | 375,394 | 1,195,099 | 1,240,047 |

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

Residential building activity in the District is noticeably less than a year ago, with fewer large apartment projects and fewer expensive homes now under way or planned. While construction of low-priced housing is being accelerated, often the houses are reported to be too small, poorly built, and overpriced in terms of their size and quality. The housing shortage has not disappeared, and practically all low-rent dwelling units are quickly rented except in a few communities where overbuilding has occurred. Residential vacancies are found for the most part among the higher rent dwelling units.

A decline is expected in the building of warehouses and office buildings, while an increase is anticipated in the construction of schools, churches, and other public and institutional buildings. Due to a few large projects, awards for manufacturing buildings in the first three months of 1949 were 25 percent higher than the average quarterly rate in 1948, but were 17 percent under the record 1947 rate. The postwar volume of highway construction has been at a lower rate than in 1939, but a larger volume of such construction is planned or in prospect. Sewer and waterworks construction and utility construction should be large in volume, due to the necessity of increasing inadequate facilities now serving growing communities.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

| | March 1949 | March 1948 | February 1949 | Aug. 1 to Mar. 31, | |
|---------------------------------|------------|------------|---------------|--------------------|-------------|
| | | | | This season | Last season |
| Consumption at: | | | | | |
| Texas mills..... | 12,769 | 14,720 | 12,054 | 101,602 | 104,029 |
| United States mills..... | 720,892 | 879,967 | 640,182 | 5,565,131 | 6,311,107 |
| U. S. Stocks—end of month: | | | | | |
| In consuming establishments.. | 1,559,265 | 2,287,552 | 1,617,962 | ..... | ..... |
| Public storage and compresses.. | 6,615,516 | 3,675,090 | 7,500,407 | ..... | ..... |