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WHAT'S AHEAD FOR SHEEP RAISING IN THE SOUTHWEST

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Sheep raising in the United States during the last seven or eight years has been characterized by heavy liquidation of foundation herds and a corresponding decline in shorn wool production. January 1 estimates show that the number of stock sheep on farms and ranches declined from a peak of 49,346,000 head in 1942 to 27,818,000 head in 1949, and a further reduction in numbers on farms and ranches is indicated for this year, as the anticipated lamb slaughter probably will not leave enough replacements from the 1949 lamb crop to offset reductions resulting from slaughter of mature animals and from natural deaths. Shorn wool production declined from 388,297,000 pounds, grease basis, in 1942 to 215,635,000 pounds in 1949, and the probable decline in sheep numbers this year presages an even smaller wool clip in 1950. This contraction in the domestic sheep and wool industry—the most drastic on record—is attributed to several factors, some of the most important of which have been the scarcity of hired labor; high costs of operation in relation to prices of sheep, lambs, and wool; low returns from sheep operations during the last few years as compared with cattle operations; and reduction in grazing allotments on national forests. Other factors have been feed shortages, the fear of lower wool prices, and the possibility of lower lamb prices. In the Southwest, droughts and losses attributed to predatory animals also have been important factors in causing the decline.

Farmers and ranchers having been scanning the economic skies intently for indications of improvement in conditions affecting sheep raising, but for the past few years the outlook has been rather cloudy. However, a few patches of blue, such as the higher prices received by farmers for both wool and lambs during the past year, are now appearing. The decline that has characterized the sheep industry, together with the uncertainty that now prevails regarding its future, naturally has raised many questions. For instance, should producers of sheep and wool expand their operations? Should those who have gone out of the business during the last few years undertake to re-establish themselves? What will be the trend of the industry in the years ahead? Although questions such as these must be decided ultimately on an individual basis by farmers and ranchers and by lending agencies and others directly involved in the industry, a review and consideration of some of the economic factors currently affecting the industry may cast some light on the over-all problem and, to that extent, may be helpful.

General Review of the Present Situation

During the last war the United States Government stock-piled foreign wools and, through the program of the Commodity Credit Corporation, became the sole purchaser of domestic wools. By the end of the war, large wool stocks had been accumulated and the Government was faced with the problem of their disposal.[1] The annual production of shorn wool in the United States began a sharp

[1]This problem was discussed in detail in an article entitled, "The Sheep Industry in the United States: Situation, Characteristics, and Problems," which appeared in the July 1, 1947, issue of the *Monthly Business Review*.

decline during the war years which, for reasons previously mentioned, has continued for seven consecutive years (see Table I).

Imports of dutiable wool, which were curtailed substantially during the past three years, amounted to some 420,000,000 pounds, grease basis, during 1948, compared with about 820,000,000 pounds in 1946, and the total for 1949 may be even lower. On the other hand, about 1,071,000 pounds of unmanufactured wool and 49,861,000 pounds of semimanufactured wool were exported in 1948, and additional wool is being exported this year. Austria and Bi-Zone Germany are taking about 21,000,000 pounds of United States wool in 1949, the first to be exported under the Marshall Plan.

Consumption of apparel wool in the United States reached a record high of more than 1,000,000,000 pounds (grease basis) annually during the years 1942-46, and while it has declined for the past two to three years, the 1948 consumption of some 900,000,000 pounds was still far in excess of the 1935-39 average annual consumption of 592,000,000 pounds. Consumption of apparel wool for the first six months of 1949 was 41 percent below that of the same period last year, but to what extent this reduction indicates a downward trend in consumption is not readily apparent. Because of the general contraction in textile demand, particularly in some lines, this decline probably reflects an adjustment to a smaller average annual rate of wool consumption, but it may also mean a return to the prewar cyclical pattern of alternating years of "high" and "low" consumption in the United States.

Table I

SHORN WOOL PRODUCTION IN THE UNITED STATES, FIVE SOUTH-WESTERN STATES,* AND TEXAS, 1937-49

(In thousands of pounds)

Year	United States	Five south-western states*	Texas
1937	356,078	99,307	75,835
1938	359,925	102,695	79,305
1939	361,689	100,970	77,190
1940	372,014	104,229	79,900
1941	387,520	105,380	80,250
1942	388,297	99,310	74,994
1943	378,843	103,928	80,713
1944	338,318	99,696	78,689
1945	307,949	94,421	74,816
1946	279,919	88,428	71,263
1947	252,789	78,106	61,946
1948	233,924	70,765	55,653
1949p	215,635	66,031	51,569

*Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
p—Preliminary.
SOURCE: United States Department of Agriculture.

Table II

APPAREL WOOL CONSUMPTION IN THE UNITED STATES, 1935-39 AVERAGE AND ANNUAL 1940-48

(In millions of pounds, grease basis)

Year	Total
1935-39	592.0
1940	640.9
1941	977.0
1942	1,077.2
1943	1,061.5
1944	1,009.0
1945	1,012.8
1946	1,051.0
1947	981.5
1948e	900

e—Estimated.
SOURCE: United States Department of Agriculture.

A breakdown of the 1948 production of woolen and worsted fabrics in the United States according to uses points up some of the weakening and sustaining factors in the overall output of woolen materials. The women's wear market, which had experienced a minor slump in 1947, improved somewhat with a 10-percent increase in output in 1948. On the other hand, men's wear fabric production showed a slight decline last year. Blanket output, continuing the spectacular decline which began soon after the war, was down 34 percent from the previous year and 76 percent below the 1943 peak but was about at the prewar level. Much of the production during the war years, of course, was for military purposes. The other wool nonapparel fabrics, such as auto cloth, upholstery, etc., continued to increase in 1948, exceeding the previous year by 22 percent and the prewar year 1939 by 26 percent.

As domestic production and imports of apparel wool were reduced to lower levels and domestic consumption was maintained at a favorable rate through 1948, the huge stocks of wool on hand at the close of the war have been reduced substantially. On April 2, 1949, there were only 199,000,000 pounds of apparel wool, scoured basis, held by manufacturers, dealers, and the CCC, or 42 percent less than a year earlier. If CCC stocks, which were mostly of grades 46s-60s and not too desirable, are subtracted from the total, there remained in the hands of manufacturers and dealers on April 2 some 132,000,000 pounds (roughly 264,000,000 pounds, grease basis), or the equivalent of about four or five months' consumption.

The decline in stocks of apparel wool in the United States has been associated with a world-wide decline in supplies of fine wool. The rather large demand for fine wools that has existed throughout the world since the close of World War II has permitted a reduction in the burdensome carry-over, and this more favorable supply situation is reflected in the upward movement in wool values that has occurred during the past year or more.

Table III

STOCKS OF APPAREL WOOL IN THE UNITED STATES, APRIL 2, 1949, AND APRIL 3, 1948

(In millions of pounds, scoured basis)

Location	April 2, 1949	April 3, 1948	Percent change
Total held by mfrs., dealers, CCC	199	346	—42
Domestic	124	216	—43
CCC	67	139	—52
Mfrs., dealers	57	77	—26
Foreign	75	130	—42

SOURCE: United States Bureau of Census.

An effective demand has existed in nearly every wool manufacturing center of the world. The United States, the United Kingdom, and the continental countries of Europe, including Russia, have exercised a marked influence in the world wool markets, with the result that prices have risen substantially. In February of this year the average of prices received by Texas farmers and ranchers reached 65 cents per pound, grease basis, or more than 50 percent above the support level. Some decline in spot prices occurred this past summer, but prices received by producers are still favorable in relation to government support prices.

Status of Sheep and Wool Industry in the Southwest

Table IV

STOCK SHEEP ON FARMS IN THE UNITED STATES, FIVE SOUTHWESTERN STATES,* AND TEXAS JANUARY 1, 1937-49

(In thousands of head)

Year	United States	Five southwestern states*	Texas
1937	45,251	12,201	8,750
1938	44,972	12,555	9,100
1939	45,463	12,712	9,191
1940	46,266	12,907	9,375
1941	47,441	13,111	9,656
1942	49,346	13,774	10,332
1943	48,196	13,874	10,539
1944	44,270	13,204	10,117
1945	39,609	12,406	9,611
1946	35,599	11,609	9,130
1947	32,125	10,366	8,126
1948	29,976	9,520	7,395
1949p	27,818	8,534	6,508

*Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
p—Preliminary.
SOURCE: United States Department of Agriculture.

Stock sheep numbers in the Southwest—Arizona, Louisiana, New Mexico, Oklahoma, and Texas—reached a peak in 1943, or a year later than in the United States, and declined less precipitously than the national total for about three years. By 1946, the number of sheep in the Southwest had declined only 16 percent, while in the Nation the decline from the peak amounted to 28 percent. By 1949, however, the reduction in numbers in the Southwest had reached a proportion almost equaling that for the Nation, due largely to the severe drought of 1947 and 1948 which forced sales of many sheep in this section of the country. The changes in stock sheep numbers in the Southwest during 1949 are not readily apparent, but there is some evidence which suggests that possibly there has been some increase, or that any reduction which may have occurred is smaller than that of 1948. In Texas, for example, the 1949 lamb crop—estimated at 3,206,000 head—is 7 percent larger than in 1948, due to a higher percentage of breeding ewes bearing lambs. Also, commercial slaughter of sheep and lambs in the State during the first seven months of 1949 amounted to 372,000 head, compared with 719,000 head during the corresponding months of last year. The shipment of sheep and lambs to out-of-state points during the first seven months this year amounted to 468,000 head, compared with 526,000 head during the same period in 1948. Furthermore, the higher prices paid this year for ewes and ewe lambs reflect a growing demand for stock for expansion of operations, at least in some sections of the area.

East of a line running north and south—approximately with the 100th Meridian—sheep raising in the Southwest is carried on mostly in farm flocks which are cared for in conjunction with crops and, frequently, other livestock enterprises. In these farming areas the sheep are mostly of the mutton type, such as Hampshires, Suffolks, Southdowns, and Shropshires. A farm flock is a valuable supplement to crop production because the sheep can feed from crop residues and graze ditch banks and other rough places, they require little attention at seasons of the year when crops demand most of the labor force, and they enable farm operators to make more efficient use of their land and labor throughout the year. This type of operation constitutes an intensive method of handling sheep and lambs and results in rapid growth and good finish. However, as incomes from crop production have been relatively high during the last few years, and because of other factors mentioned earlier, many farmers have gone out of the sheep raising business.

West of the 100th Meridian are the sheep ranges on which fine-wooled Merinos and Rambouillets predominate. Herds are kept on open ranges in the care of herders or within fenced areas, depending on the region. It is customary to supplement the feed on the plains with grain and other concentrates during periods of range feed shortage or unfavorable weather. Production of lambs and high-grade wool is important under this system of sheep raising.

Table V

SHEEP AND LAMBS ON FEED IN THE UNITED STATES, FOUR SOUTHWESTERN STATES,* AND TEXAS JANUARY 1, 1937-49

(In thousands of head)

Year	United States	Four southwestern states*	Texas
1937	5,597	316	170
1938	6,091	420	220
1939	5,885	382	210
1940	5,841	432	231
1941	6,479	415	175
1942	6,867	450	220
1943	6,954	510	290
1944	6,512	323	140
1945	6,911	328	200
1946	6,837	327	175
1947	5,693	343	215
1948	4,851	224	100
1949p	4,145	195	120

*Figures cover Texas, Oklahoma, New Mexico, and Arizona; Louisiana reports no sheep and lambs on feed.
p—Preliminary.
SOURCE: United States Department of Agriculture.

A third type of operation consists of lamb feeding or finishing for market. In the Southwest this enterprise is found principally in the small grain areas in northwest Texas, western Oklahoma, and eastern New Mexico, where lambs are grazed during the winter months. On January 1, 1949, there were 195,000 head on feed in the Southwest, which was far below the 450,000 on feed in 1942. The bulk of the lamb feeding operations, of course, is carried on in the Corn Belt and several other western states.

A fourth type of sheep production which is carried on in many parts of the Southwest is the breeding of purebred animals. Many farmers and ranchers, along with the agricultural experiment stations and the United States Bureau of Animal Industry, are engaged in breeding purebred sheep, and the results of their work are reflected in the fine quality of wool and lambs produced in this section of the country. Successful breeders of sheep, like farsighted men in any industry, constantly strive to improve their product, and to that end seek to develop animals with fine fiber, heavy fleece, and more and better mutton.

Will the Sheep Raising Industry Be Restored?

Many people in the United States and, indeed, in other countries are concerned about the course that will be taken by the domestic sheep raising industry in the years ahead. The diversity of opinion that has been expressed by people in close touch with the industry indicates the difficulty of appraising the over-all situation. At the Eighty-fourth Convention of the National Wool Growers Association in San Antonio, Texas, last February, several speakers expressed doubt that the United States would ever again have as many sheep as at the beginning of World War II. However, they agreed that a rather substantial increase in numbers is needed and urged that steps be taken to encourage the production of sheep and wool in this country. The National Wool Growers Association is of the opinion that this country could again profitably and wisely increase its sheep numbers to 45,000,000 head, which would provide annually a total production of some 875,000,000 pounds of meat and 425,000,000 pounds of grease wool.

The view that restoration of sheep raising may be limited, especially in some parts of the United States, is supported by long-term trends in different sections of the country. In most eastern sections the trend in sheep numbers turned downward shortly after the Civil War, and on January 1, 1949, the 26 states east of the Mississippi River had only 4,537,000 head of stock sheep, or about one-half the number in the five southwestern states. Many farmers in the East will continue to maintain small herds of sheep to utilize crop residues, to keep down heavy growths of weeds and brush, and for purposes of landscaping, but a significant expansion in the East within the near future is most unlikely. Farmers in those states probably will use their land and labor for purposes other than sheep raising. Furthermore, the younger farmers in the eastern states generally are not experienced in sheep raising and may have little inclination to go into the business when other farming opportunities are available.

Whatever may be the course of sheep raising in the East, there is widespread belief that the industry in the West, and particularly in the Southwest, will make a "come-back." It is true that in some areas of the West ranchers have shifted from sheep to beef cattle during the last few years, and they probably will continue raising cattle as long as climatic and economic conditions make it advisable or possible. But in the Southwest as a whole the prospects for a substantial expansion in sheep raising appear fairly bright. Large areas of the Southwest are peculiarly adapted to sheep raising, and this, plus the fact that the ranchers are skilled in this type of livestock production, lends support to the belief held by sheepmen that the industry in this part of the country will be restored to a position of preeminence among the great sheep raising areas of the world.

Factors Favoring an Expansion in Sheep Raising

The first concern of the individual farmer or rancher, of course, is not whether the industry will be restored, but whether he should enter the business or expand his present operations. Foremost among the factors determining the advisability of operating any business or enterprise is the demand for its product; in the case of the sheep raising industry, it appears that the relatively strong demand for wool that has existed during the last few years faces no serious curtailment as long as employment and incomes are maintained at reasonably high levels. The population of the United States has increased 13 percent since 1940 and 21 percent since 1930, and it continues to increase at a rapid rate. This larger population will demand more clothing and other products made of wool.

During the last few years the competition of synthetic fibers has been a cause of grave concern in the animal and natural vegetable fiber markets of the Nation. As yet, however, it does not appear that the wool market has been seriously encroached upon by synthetics, although some articles formerly made almost exclusively of wool, such as sweaters, blankets, men's summer suits, and automobile upholstery, are being made wholly or partly of these fibers. In studying consumer preferences, the United States Department of Agriculture recently questioned a large number of men to determine their preference of fibers in summer suits. The results of their study show that 62 percent definitely preferred wool, while 8 percent favored cotton, 7 percent chose rayon, and the remainder preferred other miscellaneous fibers and fiber mixtures. This may be of some significance from the standpoint of wool consumption in the future.

Aside from these considerations, it is likely, if not almost certain, that domestic consumption of wool will exceed domestic production for many years. Even in the depression year 1934, when domestic consumption of apparel wool reached a low point, it amounted to 381,400,000 pounds, grease basis, or 100,000,000 pounds more than was produced, both shorn and pulled, in the United States last year. The problem faced by domestic wool producers, therefore, is competition with foreign wools in domestic markets, and their competitive position will depend largely on the tariff protection afforded them and on their efficiency in raising sheep. The necessity of finding foreign markets for domestic surpluses of wool is not expected to materialize for many years.

Two potentially important factors that may influence the consumption of wool in the years ahead are research and advertising. Research into new uses for wool is being carried on by both public and private agencies, and the results of this work are expected to be reflected in a wider use and increasing consumption of this product. Promotional work is being carried on by the Wool Bureau, Inc., The National Wool Growers Association, and other agencies and is undoubtedly contributing to the more extensive use of wool. As a general rule, however, advertising has not been employed to promote the consumption of agricultural products to the extent that it has in the case of many industrial products; this is a field which should be explored further, for it may be very effective in maintaining and increasing the demand for wool.

Turning to other factors, the Government's production control program for agriculture may work to the advantage of sheep raising during the next few years. If acreage controls are placed on field crops, farmers may be inclined to add a sheep enterprise in an attempt to utilize land and labor fully and to maintain income. Wheat acreage allotments for the 1950 crop in Texas and Oklahoma, for example, will necessitate reductions of more than 20 percent in land used in wheat production.[2] Assuming that these reductions will be extended beyond the coming crop year, farm management experts are recommending that the land taken out of wheat be put in grass and used in the raising of sheep and other livestock.

During the last few years, with the exception of this spring, prices received by farmers and ranchers for lambs have been low relative to prices of other classes of meat animals. Lower income families eat the cheaper cuts of pork and beef during less prosperous times and demand the better cuts of these same meats when incomes are high. Since lamb is usually demanded by families with higher and more stable incomes, demand for the product does not show the same proportionate decline as other meats when total consumer income is reduced. Therefore, lamb prices for the next several years are likely to be relatively high when compared with beef or pork prices.

The price support program for wool, which has been extended indefinitely, favors production in the years immediately ahead. Wool currently is being supported at 42.3 cents per pound, grease basis, but the Agricultural Act of 1948 provides that in 1950 and subsequent years wool prices will be supported at 60 to 90 percent of parity to encourage production of 360,000,000 pounds of wool annually.[3] This means that wool will be subject to support at 90 percent of parity for a considerable time, because it would take quite a few years to increase production to the desired amount, even under the best of conditions.

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[2]Information is based on original allotments. Some adjustments are being made on the basis of recent congressional legislation.

[3]The whole agricultural program is being reviewed by Congress, but most of the proposals for price support which are receiving consideration contain wool provisions essentially the same as those included in the Agricultural Act of 1948.

The method by which the price of wool will be supported in 1950 and subsequent years has not been determined, but subsidies, purchases, and loans have been proposed. The National Wool Growers Association has taken a stand in favor of the proposed subsidy program, under which the grower will be paid the difference between the sale price and the support price. The Association also has requested that wool be included in the group of "basic commodities" so that price support will be mandatory and wool will receive major consideration in future farm legislation.

Factors Unfavorable to Expansion of Sheep Raising

There are a number of factors more or less unfavorable to an expansion in sheep raising at this time which should not be disregarded. There is still a shortage of skilled labor, particularly sheepherders, and it may take some time to overcome this difficulty. In Texas and other areas where the ranges usually are fenced in, this is not as great a problem, but in other major areas the problem is acute. In view of this situation, the Senate Judiciary Committee has approved a bill to permit entry of up to 250 alien sheepherders to aid in caring for the sheep of this country.

An important obstacle to expansion of sheep raising in many sections of the Southwest is the loss in productivity of range lands due to the spread of noxious brush.[4] In Texas alone, mesquite has infested some 55,000,000 acres of potentially good range land; prickly pear is on 60,000,000 acres; while other brush, such as cedar, scrub oaks, creosote, tarbush, whitebrush, blackbrush, agarita, youpon, catclaw, hog plum, persimmon, huisache, Brazil bush, soapbush, and McCartney rose, have infested large areas. In fact, sheep and range experts are of the opinion that in many sections of the State the reduced number of sheep is sufficient under existing range conditions and believe that the ranges will have to be improved before a significant expansion in sheep numbers is advisable. In such areas the production of meat and wool may be larger with the reduced sheep population than if numbers were to be increased slightly.

The increase in numbers of predatory animals in some regions during recent years constitutes a serious problem to be faced in expanding sheep raising. Coyotes, mountain lions, dogs, and other animals that destroy sheep and lambs have caused some of the most exasperating losses suffered by the sheep raisers. Some of the ranchers who have gone out of the business have mentioned this problem as a factor in their decision to sell out.

In weighing the factors bearing on the sheep industry in the Southwest, it is necessary to consider the course of sheep raising in the world as a whole, because prices received by ranchers in one sheep raising area are extremely sensitive to conditions in other major wool producing areas or in the world at large. From the standpoint of the domestic producer, there is consolation in the fact that world sheep numbers at the beginning of 1949 were 3 percent below the 1936-40 average and lower in relation to population than they were a decade ago. On the other hand, world production of merino wools is increasing, and this upward trend should be watched carefully. The sheep raising area of major concern to domestic producers is Australia, because for many years the Australians have offered the greatest competition to southwest ranchers in domestic markets; but Australian sheep numbers, which were reduced by a severe drought, are still below the prewar average.

Other Factors Affecting the Course of Sheep Raising

The profitability of sheep raising during the years ahead will be affected greatly by the prevailing economic conditions. What these conditions will be several years hence cannot be foretold, of course, but within the national economy there are many stabilizing factors which bolster hopes for reasonably favorable conditions. There is widespread belief that unemployment compensation, farm price supports, minimum wages, public works programs, and many other similar or related programs and policies will prevent a serious or sweeping change in the economy and will add stability to business

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[4]Methods of controlling noxious range brush were discussed in the February 15, 1949, issue of the *Agricultural News Letter* of the Federal Reserve Bank of Dallas.

conditions. Differences of opinion concerning the economic outlook usually involve disagreement as to the degree to which these factors are or will be effective in maintaining a healthy economy.

Sheep raising will be affected also by international agreements—particularly trade agreements—to which this country is a party. Reciprocal trade agreements, foreign aid programs, rearmament programs, and so on will affect very materially the sheep raising industry, as sheep raisers will share in the benefits resulting from the stimulating effect they have on business. On the other hand, the tariff on wool, which traditionally has been an important factor in the industry, has been lowered from 34 cents per pound, as set forth in the Tariff Act of 1930, to about 25.5 cents per pound, as provided in international agreements made in 1947 and instituted January 1, 1948. General opinion seems to be that this tariff reduction has had no appreciable effect on the domestic wool market so far. The world price of wool immediately rose by the amount of the tariff reduction, and any direct effect the reduction may have had on the domestic market was eliminated. It is to be expected, however, that the effect of the change in tariff will be felt in this country when the world wool markets again become abundantly supplied with fine wools.

In connection with the tariff, it may be noted that a bill has been introduced in the House of Representatives, with the support of wool manufacturers and importers, to define "clean content" more fully in fixing duties on imported wool.[5] The lack of a clear-cut definition of this term has been a problem for a long time, and many people have expressed a desire to have it defined more clearly. However, if the passage of this bill results in further lowering of the price of foreign wools to domestic importers, as reports indicate it will, it is a matter which will have to be watched carefully by the sheep raising industry.

The climate that prevails during the next few years will be an important factor affecting sheep raising. Climate is important to farming or ranching anywhere, of course, but it has particular meaning in the Southwest and is especially important in the production of fine wool or early lambs. Meterologists disclaim any regular cycle in moisture conditions, but they do point to the fact that historically there have been alternating periods of drought and sufficient moisture. The Dust Bowl of the Thirties has been followed by a very productive period of years, but the United States Department of Agriculture has warned farmers and ranchers of the possibility of a return to less favorable days. No one would suggest, of course, that anyone going into sheep raising postpone it because of the irregularities of climate, but a sheep raiser should at least recognize these climatic factors and try to operate on such a basis as to reduce their unfavorable effects to a minimum.

For several years large areas of the public lands in the western states have been producing better than usual grazing, and ranchers in these areas have switched from sheep to cattle. With experienced labor in short supply and with cattle prices relatively more favorable than lamb prices, it was to their immediate advantage to make this change; as long as grazing conditions permit these ranchers to continue raising cattle, it is doubtful that they will shift back to sheep unless future price relationships greatly favor sheep raising. However, these areas often do have periods of dry weather, and when such a period begins again, ranchers may return to sheep raising in order to remain in livestock production.

For many farmers and ranchers the expansion in sheep raising will be determined wholly or partly by the availability of credit for purchase of new stock. However, the financial situation in the Southwest gives assurance that credit for this purpose is available to qualified borrowers. It should be recognized by both borrowers and lenders, of course, that the purchase of good breeding stock entails considerable investment, but the risks involved in purchases of good quality stock are less for all concerned than when lower-priced and less desirable animals are obtained.

One of the important livestock enterprises in the Southwest for years has been goat raising, but this enterprise has been faced with many difficulties during the last few years and goat numbers have

[5]Where wool is imported in the grease, the tariff is levied on the basis of clean content. A change in the formula for arriving at the amount of tariff may affect the net cost of clean wool to the importer, which in turn influences the competitive position of foreign producers in domestic wool markets.

been reduced sharply. In Texas, where goat raising is heavily concentrated, there were on January 1, 1949, only 2,471,000 head of goats, the lowest number in 20 years of record, and marketing of goats has been rather heavy this year. The decline has been due principally to the relatively low price received by ranchers for mohair and to the drought of 1948. The weak market for mohair is attributed partly to the fact that the fiber is a specialty product, and, as such, the price is subject to periodic irregularities more pronounced than those of wool or other textile fibers. Also, there has been a shift to substitutes for mohair, such as synthetic fibers and cheaper wools. Domestic imports of carpet wools, some grades of which compete with mohair, reached an all-time high of 341,263,000 pounds in 1948. If the weakness in the mohair market persists for a number of years, as has been suggested in some quarters, then sheep raising gradually may replace goat raising to a large extent. Ranchers say, however, that they will continue to raise some goats regardless of the price of mohair, because they are needed to keep down brush sprouts and other growths of woody plants.

Some Farm Management Factors to be Considered in Starting or Expanding a Sheep Enterprise

There are wide differences in the management of sheep under range and farm conditions, but experience has proved the value of certain sound practices that generally are applicable under all conditions.

One of the most important considerations in starting or expanding a sheep enterprise is to secure good quality stock. Purchase of purebreds will assure top quality animals, but it is not possible for everyone to have purebreds, in view of their limited number. In the case of purchase of a large number of animals, it may be both necessary and desirable to purchase a good quality grade flock and improve it by the use of progeny-tested purebred rams. Such high quality rams can be secured from breeders in many sections of the Southwest, and particularly in north and southwest Texas. For many years these breeders have been supplying top quality animals, which have contributed greatly to the high quality of lambs and wool produced in the Southwest.

Besides giving care to the selection of good quality stock, there are two other considerations important in connection with making these purchases. In the first place, the buyer should select a breed that is well adapted to his particular area. The fine-wooled Merinos and Rambouillets generally are preferred in the range country, although in these areas other breeds also are raised. Some of the mutton types are used in crossbreeding for lamb production. In the farming areas, where the climate is more humid and the vegetation more plentiful, the mutton-type breeds predominate; it was in a similar environment that they were developed in England over a period of several hundred years.

In the second place, the decision as to the type of stock sheep to be purchased should be made with reference to the product to be given first concern in production. Usually it is necessary to place greater emphasis on either lamb production or wool production, for unfortunately no breed has been developed which excels in both. If the emphasis is to be on wool production, then the producer should select sheep that will produce the best quality wool. On the other hand, if the emphasis is to be on lamb production, then he should plan to produce top quality lambs. Wide disparities in prices of lambs of different grades emphasize the importance of producing high-grade lambs as demanded by the market. For example, the lamb demanded by the housewife is quite different from that demanded by hotels, which in turn differs from the demands of the lamb feeder. The lamb producer who will be successful in the years ahead will be the one who produces according to the demands of his market. In selecting a breed of sheep, however, it is advisable to consult the local county agricultural agent or sheep specialists of the state agricultural experiment stations.

The number of sheep raised or the size of the sheep enterprise must be decided with reference to the supply of range or pasture forage available or that can be produced by proper management practices. Pastures and ranges must be stocked so that productivity will be maintained. The effects of overstocking or overgrazing are being realized by ranchers now more than ever, and many are taking steps

to correct former faulty practices, because the losses they have sustained as a result of poor range management have been exceedingly large. Many of those ranchers who have lost most of the productivity of their ranges will continue to operate on a reduced basis pending an improvement in grazing conditions. Along with the supply of grazing, the sheep raiser must consider the availability of water. As with any livestock enterprise, an adequate supply is necessary for good production. Also, ample supplemental feeds and minerals must be supplied in some areas.

In starting a sheep enterprise or expanding an existing one, consideration must be given to the need for buildings, fences, and equipment. Plans should be laid so that the buildings and equipment will be in balance with the size of the flock to be carried, in order that these facilities may be used most efficiently. The kind of buildings and equipment needed may depend upon location, type of enterprise, and other factors. Fences permit the sheep to make better use of the range, prevent them from tramping out as much range, and reduce labor costs. On the other hand, new problems of water location and rotation grazing may develop as the ranges are fenced.

Success in any kind of livestock enterprise depends upon keeping death losses at a minimum. This requires that healthy and vigorous animals be raised, that they be fed properly, and that disease, parasites, poisonous plants, and predatory animals be controlled.

Finally, it is important in sheep raising to obtain a large lamb crop—to keep the ratio of lambs to breeding ewes very high. In the southwest area the lamb crop percentage over the last few years has averaged about 70 percent, compared with averages of about 82 percent for the 13 western states and 87 percent for the Nation. However, high percentage lamb crops are being obtained by some ranchers in the Southwest, as exemplified by the experience of a Kimble County, Texas, rancher who last year reported a lamb crop record of 99.27 percent from 1,100 Rambouillet ewes. This was only 8 lambs short of one for each ewe, and it shows what can be done by good management.

Summary

The sheep raising industry in the United States has experienced an enormous contraction since 1942, due to price problems and to farm and ranch management difficulties. This contraction is still in progress and may continue east of the Mississippi River, but analysis of the situation suggests that an increase in sheep numbers is desirable and would be profitable to farmers and ranchers in the West and Southwest. A strong demand for wool, production and marketing quotas for many alternative or competing enterprises, relatively favorable lamb prices, and government price support programs for wool are among the factors which are expected to favor sheep raising in the years immediately ahead. These factors are offset to some extent by such factors as the persistent labor shortage in some areas, the growth of noxious brush, the prevalence of predatory animals, and a rising world production of sheep and wool. Other factors which will influence greatly the sheep raising industry during the next several years are the prevailing economic conditions, international agreements, future farm legislation, tariffs on wool imports, and climate.

Farmers or ranchers going into sheep raising or expanding present operations because of their confidence in the relative profitableness of the enterprise should select sheep which are adapted to their respective areas and which will supply the demands of their markets; they should plan their grazing programs so that the productivity of the lands can be maintained or improved; and they should consider needs for buildings and equipment, feeds, and water and make special efforts to keep animals healthy by control of diseases, parasites, and predatory animals.

Despite the difficulties encountered by sheep raisers during the last few years and the uncertainties that lie ahead, an efficiently managed sheep raising business or supplementary sheep enterprise will be rewarding in the years to come.

Review of Business, Industrial, Agricultural, and Financial Conditions

DISTRICT SUMMARY

Prospects for agricultural production in the Eleventh Federal Reserve District improved during August, the September 1 estimates showing substantial increases over previous forecasts for cotton, corn, hay, sweet potatoes, and rice. Total crop production is expected to be larger than in 1948 or the 10-year (1938-47) average, with most crops sharing in the gains. Crops generally have matured satisfactorily, and harvesting operations are making good progress despite interruptions by showers. Seeding of winter wheat is proceeding rapidly under favorable conditions, and early seedings in the northern Plains are up to a good stand. Range and pasture feed in the District is the best reported in several years. Livestock are in good condition, and the strong demand for stocker animals reflects the tendency toward restocking. Marketings and slaughtering of livestock this year are falling much below levels attained in 1948.

The dollar volume of sales at department stores in the District increased by a smaller amount than is usual from July to August and was 5 percent smaller than in August last year, even though August this year had one more trading day. Furniture store sales, which had held up above last year's level during the preceding 3 months, declined contraseasonally from July to August and were 12 percent below those in August last year.

Supplies of crude petroleum and refined products were in virtual balance with demand during August. While crude oil production and refinery operations in both the District and the Nation increased slightly in August, they continued substantially below levels in August last year. Production allowables in Texas for September were increased by 132,000 barrels daily from those in August.

Although the value of construction contracts awarded in August dropped 27 percent below the peak level reached in July, the total was only 2 percent smaller than the relatively large volume in August last year. Residential awards, while 11 percent smaller than the large July total, were higher than those for any other month this year.

The loans of weekly reporting member banks in the District, which had declined during July and early August, increased by about $20,000,000 during the 5 weeks ended September 14. Virtually all the net expansion occurred in commercial, industrial, and agricultural loans and reflected the usual fall demand for such loans. The rise of about $70,000,000 in investments during the 5 weeks was associated with the decrease in reserve requirements which became effective during August and the sharp rise in deposits that has occurred in recent weeks.

BUSINESS

Department store sales in this District turned up in August, but the increase of 16 percent in the dollar volume of sales was less than seasonal. Moreover, August had 2 more trading days than July. The dollar volume of sales was 5 percent below the corresponding month of 1948; and the index, which is adjusted for differences in the number of trading days, showed a 9-percent drop from August 1948, the second largest year-to-year decline which has occurred in any month this year.

Sales in the individual departments continued, for the most part, trends apparent in other recent months. Major household appliances and men's clothing sales continued to show strength, with the August sales of the former 11 percent above year-earlier levels and of the latter 1 percent higher. Silverware and jewelry sales, which had declined 8 percent from last year's levels in both June and July, showed a year-to-year rise in August of 10 percent. Sales of this department appear to have been holding up quite well this year, with increases over the previous year's levels being noted in 5 of the 8 months. On the other hand, women's wear sales in the main store and sales of radios and phonographs, records, and accessories continued to run substantially below the 1948 levels. Moreover, basement store sales, which had shown increases in the year-to-year comparison in the first 6 months of this year, experienced a 6-percent decline in July, and in August, were at about the same level as that of August 1948.

WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in Net sales: Aug. 1949 from Aug. 1948	Net sales: Aug. 1949 from July 1949	Net sales: 8 mo. 1949 comp. with 8 mo. 1948	Stocks‡: Aug. 1949 from Aug. 1948	Stocks‡: Aug. 1949 from July 1949
Retail trade:						
Department stores:						
Total Eleventh District	48	— 5	16	— 6	—13	7
Corpus Christi	4	— †	6	— 1	— 4	3
Dallas	7	— 7	23	— 8	— 9	6
Fort Worth	4	— 2	10	— 4	—15	4
Houston	7	— 9	10	— 7	—14	11
San Antonio	5	— 1	21	— 7	—17	8
Shreveport, La.	3	3	13	— 1	....	....
Other cities	18	— 5	16	— 5	—15	5
Furniture stores:						
Total Eleventh District	45	—12	— †	....	—16	— 3
Dallas	4	—15	— 4	....	—32	—15
Houston	6	—16	4	....	....	....
Port Arthur	3	—14	14	....	....	....
San Antonio	3	—12	—11	....	....	....
Shreveport, La.	4	—11	—10	....	— 5	4
Wholesale trade:*						
Automotive supplies	5	—39	22	....	..	....
Drugs and sundries	5	10	21	5	1	0
Dry goods	8	—27	63	—22	—45	— 9
Grocery (full-line wholesalers not sponsoring groups)	30	†	8	— 5	— 3	5
Hardware	6	—22	7	—17	— 9	— 1
Machinery equipment and supplies except electrical	3	—30	47	....	....	....
Tobacco products	11	2	3	4	—19	1
Wines and liquors	4	—17	35	....	—14	19
Wiring supplies, construction materials distributors	3	—14	6	....	—15	— 3

*Preliminary data. Compiled by United States Bureau of Census.
†Indicates change of less than one-half of 1 percent.
‡Stocks at end of month.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

Daily average sales—(1935-39=100)

	Unadjusted* Aug. 1949	Unadjusted* July 1949	Unadjusted* June 1949	Unadjusted* Aug. 1948	Adjusted Aug. 1949	Adjusted July 1949	Adjusted June 1949	Adjusted Aug. 1948
11th District	333	310	331	364r	366	387	385	405r
Dallas	299	263	266	333	352	365	324	391
Houston	371	364	391	425r	422	450	450	483r

Stocks—(1935-39=100)

	Unadjusted* Aug. 1949	Unadjusted* July 1949	Unadjusted* June 1949	Unadjusted* Aug. 1948	Adjusted Aug. 1949	Adjusted July 1949	Adjusted June 1949	Adjusted Aug. 1948
11th District	346	333	336	399r	342	347	350	395r

*Unadjusted for seasonal variation. r—Revised.

Department store stocks increased markedly in August, due in part to seasonal factors and perhaps in part to the fact that merchants had drawn down their stocks in some categories to levels insufficient to support the present and anticipated volume of sales. Dollar stocks in August were 13 percent below year-earlier levels, the same year-to-year change as in the previous month. While orders outstanding were down 6 percent from July to August, a decline at this time is not unusual, judging from the experience of previous years. In fact, the August decline was less than in any but one of the previous 7 years. In view of the fact that stocks rose noticeably, the smaller decline in outstanding orders may reflect quicker deliveries, as well as an attempt by merchants to build up reduced stocks. Orders outstanding at the end of August were 24 percent below

those of the same date last year, a substantially smaller decrease than at the end of June, when orders outstanding were 51 percent below the corresponding date of 1948.

The ratio of cash sales to total sales dropped 3 percentage points, from 35 percent in July to 32 percent in August. While a decline in the cash-to-total-sales ratio is usual in August, this year's decline was more marked than in recent years. No change occurred in collections in relation to instalment accounts, with the ratio continuing at 18 percent, the same as in the 2 previous months. The ratio of collections to regular accounts, however, rose to 51 percent from 49 percent in July.

Furniture store sales, showing a small contraseasonal decline in August, dropped below year-earlier levels for the first time since last April. August sales were down 12 percent from the same month last year. While both instalment and cash sales were off only slightly from July, instalment sales held up much better in relation to the August sales last year than did cash sales. Instalment sales were only 8 percent less than in August 1948; cash sales were 25 percent less. The more favorable picture for instalment sales as compared to cash sales has been evident for the past 3 years. Instalment sales figures for the past 2 months provide no conclusive indication as to the effects of the expiration of Regulation W, although trade reports indicate that this development has tended to support sales. Inventories at the end of August showed a small decline for the fourth successive month, falling to a level 16 percent below that of the same date last year.

Accounts receivable of furniture stores rose 3 percent in August, following successive increases of 6 percent in the 3 preceding months, and were 20 percent above a year ago. Meanwhile, collections showed a small increase in August and were 2 percent higher than in August 1948.

Income Payments to Individuals—Eleventh District States[1]

Income payments to individuals in states of the Eleventh Federal Reserve District, which is comprised of Texas and parts of Arizona, Louisiana, New Mexico, and Oklahoma, rose to a record high in 1948, continuing the uninterrupted upward movement of the past 11 years, according to estimates recently released by the United States Department of Commerce. Income payments in the aggregate were 8 percent higher than in 1947, 25 percent higher than in 1946, and more than 3 times the 1929 level. Each state showed a substantial increase, the states with the larger increases being New Mexico and Arizona. Moreover, the increase in the District states was noticeably larger than for the country as a whole for the period 1946 to 1948 and considerably greater for the period 1929 to 1948. Only one state, Oklahoma, failed to show as large a rise in income payments as the national average in the period 1929 to 1948.

INCOME PAYMENTS, TOTALS AND PERCENT INCREASES
SELECTED YEARS, 1929 — 1948

	Total income payments (In millions of dollars)				Percent increase		
	1929	1946	1947	1948	1929 to 1948	1946 to 1948	1947 to 1948
United States	$82,617	$171,548	$189,212	$206,011	149	20	9
Arizona	245	644	731	823	236	28	13
Louisiana	862	2,066	2,315	2,597	201	26	12
New Mexico	161	491	574	643	299	31	12
Oklahoma	1,079	1,929	2,191	2,361	119	22	8
Texas	2,668	7,060	8,273	8,788	229	24	6

SOURCE: United States Department of Commerce.

Correspondingly, per capita income (total income payments divided by population) rose to a new high in 1948, averaging $1,124, with Texas having the highest, $1,192, and Louisiana the lowest, $1,002. Since the population in all of the states except Oklahoma increased somewhat, the rise in per capita income was somewhat less than that in total income payments. Per capita income in the states of the Eleventh District in 1948 was 5 percent larger than in the preceding year, 20 percent larger than in 1946, and approximately one and one-half times greater than in 1929. The increase over 1946, as well as over 1929, was substantially greater than for the United States as a whole. Among the factors responsible for the greater increase in the District have been the tremendous growth in petroleum production and the relatively greater increase in manufacturing industries.

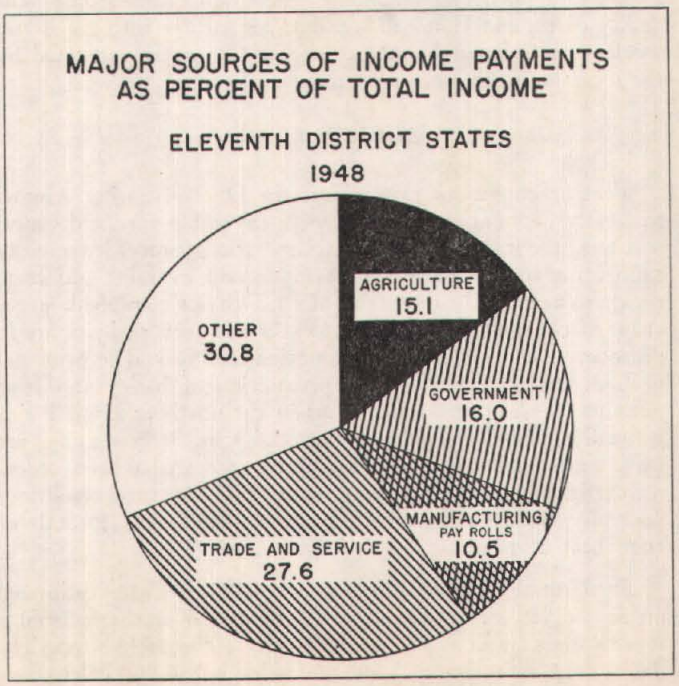
PER CAPITA INCOME PAYMENTS AND PERCENT INCREASES
SELECTED YEARS, 1929 — 1948

	Per capita income				Percent increase		
	1929	1946	1947	1948	1929 to 1948	1946 to 1948	1947 to 1948
United States	$680	$1,215	$1,319	$1,410	107	16	7
Arizona	573	1,067	1,135	1,168	104	9	3
Louisiana	415	814	910	1,002	141	23	10
New Mexico	383	918	1,048	1,125	194	23	7
Oklahoma	455	834	959	1,029	126	23	7
Texas	465	997	1,164	1,192	156	20	2

SOURCE: United States Department of Commerce.

Per capita income in the Eleventh District states, despite the substantially larger relative increase, is still appreciably below the national average. The 1948 per capita income was only 80 percent of the national average. In 1929, however, it was only 67 percent.

Income payments from all major sources showed marked increases during the period 1946 to 1948. Manufacturing pay rolls showed the greatest increase of any of the major sources, evidencing the growing importance of manufacturing industries in states of the Eleventh District. Arizona experienced an increase of 51 percent in manufacturing pay rolls from 1946 to 1948, while the four other states—Texas, Oklahoma, Louisiana, and New Mexico—had increases of from 37 percent to 39 percent. From 1947 to 1948 the five states showed increases ranging from 12 percent to 18 percent. The increase in each of the states was substantially larger, percentagewise, than the increase for the Nation as a whole. Moreover, the increase for the Dis-



[1]For further discussion of income payments to individuals in the Eleventh District states, see the *Monthly Business Review*, December 1, 1947.

trict states in the aggregate was larger than that of any other region of the country. While manufacturing pay rolls have been growing at a faster rate than other major sources of income, they constituted only 10.5 percent of the total income payments to individuals in the District states in 1948 and were the smallest of the major sources of income.

Agriculture was the income source which had the second largest increase during the period 1946 to 1948, with increases in the five states ranging between 30 percent for Oklahoma and 49 percent for Louisiana. In each of the five states the increase in agricultural income exceeded that of the Nation. Agricultural income in Texas and New Mexico in 1948, while substantially higher than in 1946, was somewhat less than in 1947.

PERCENT CHANGE IN TOTAL INCOME PAYMENTS AND SELECTED COMPONENTS, 1946 TO 1948 AND 1947 TO 1948

	Total income payments		Agricultural income		Government income payments		Trade and service income		Manufacturing pay rolls	
	1946 to 1948	1947 to 1948	1946 to 1948	1947 to 1948	1946 to 1948	1947 to 1948	1946 to 1948	1947 to 1948	1946 to 1948	1947 to 1948
United States	20	9	25	17	1	5	22	7	28	9
Arizona	28	13	43	26	11	9	22	6	51	15
Louisiana	26	12	49	19	3	14	22	8	39	12
New Mexico	31	12	35	— 4	7	9	35	19	39	15
Oklahoma	22	8	30	1	1	*	23	9	37	18
Texas	24	6	34	—14	— 4	2	27	10	39	16

*Increase of less than one-half of 1 percent.

SOURCE: United States Department of Commerce.

Income payments from trade and service industries rose substantially in the District states during the period from 1946 to 1948, equaling or exceeding the national average. New Mexico experienced an outstanding increase in income from this source. Income payments from the Government showed relatively small increases, with Texas registering a 4-percent decrease. The decrease was due largely to the reduction in the size of the Armed Forces following the cessation of hostilities.

It should be noted that the rise in income payments to individuals from 1946 to 1948 was largely the result of higher prices for agricultural and industrial commodities, as well as for services. An expansion in production was only a minor factor in the rise. Thus, the rise in income payments was largely a monetary phenomenon, and the increase in real income—the ability of the individual to translate his income into goods and services—was not enhanced to nearly the extent indicated by the increase in the income payments.

AGRICULTURE

Weather conditions throughout the District during August and early September generally were favorable for field crops, pastures, and ranges. Harvesting operations proceeded rapidly except for temporary interruptions caused by rains and scattered showers. In the five states of the District combined, larger crops of corn, oats, cotton, hay, sweet potatoes, and rice are in prospect as compared with production last year. The principal declines have occurred in the production of barley and Irish potatoes. Seeding of winter wheat in the northern High Plains generally has made good progress, and some early seedings are up to a good stand. In other areas a small acreage has been seeded, primarily where early grazing is desired. Moisture conditions generally are favorable for germination and early growth of the wheat crop.

The United States cotton crop of 14,943,000 bales estimated on September 1 represents a small increase over the forecast a month earlier and is 75,000 bales above the 1948 crop. The Texas crop, estimated at 5,000,000 bales, is 550,000 bales above the August 1 estimate and 59 percent above last year's harvest. It is estimated that about 1 percent of the Texas cotton acreage in cultivation on July 1 has been abandoned, leaving 10,296,000 acres for harvest. The estimated yield of 233 pounds of lint per acre in Texas is the highest in half a century and compares with a yield of 277 pounds for the Nation.

TEXAS COTTON PRODUCTION BY CROP REPORTING DISTRICTS

((In thousands of bales—500 lb. gross wt.)

Crop reporting districts	1946	1947	1948	Indicated 1949 Aug. 1	Indicated 1949 Sept. 1	1949 as percent of 1948
1-N	35	105	115	160	175	152
1-S	198	946	558	1,200	1,400	251
2	270	494	495	685	790	160
3	14	15	22	50	60	273
4	482	810	773	850	900	116
5	96	185	226	245	245	108
6	99	113	140	175	190	136
7	15	32	20	35	45	225
8	185	315	280	340	435	155
9	46	129	170	175	175	103
10	229	287	351	535	585	167
State	1,669	3,431	3,150	4,450	5,000	159

SOURCE: United States Department of Agriculture.

Conditions during August and early September were favorable for maturity of cotton. At mid-September, pulling was active in the Low Rolling Plains, Cross Timber section, and in the Trans-Pecos irrigated area. Fruiting was heavy in the High plains area, where pulling was expected to get under way the latter part of the month. There was strong demand for pickers in the Blacklands of Texas as cotton opened rapidly and in southern and eastern sections of the District where the crop was mostly open. Meanwhile, destruction of stalks neared completion in the Lower Valley and was started in the Coastal Bend.

The September 1 forecast of 625,000 bales in Louisiana was unchanged from a month earlier and is 17 percent below last year's crop. A production of 410,000 bales was forecast for Oklahoma, compared with a crop of 374,000 bales in 1948. Record crops of 310,000 bales and 450,000 bales are forecast for New Mexico and Arizona, respectively.

CROP PRODUCTION

(In thousands of bushels)

	Texas			States in Eleventh District*		
	Estimated Sept. 1, 1949	1948	Average 1938–47	Estimated Sept. 1, 1949	1948	Average 1938–47
Winter wheat	105,096	56,290	53,944	200,358‡	159,127‡	125,580‡
Corn	54,824	44,698	67,694	102,452	96,178	119,200
Oats	31,800	14,240	33,977	52,659	35,560	65,418
Barley	2,489	1,891	4,125	10,134‡	10,563‡	12,546‡
Cotton†	5,000	3,150	2,722	6,795	4,844	4,064
All hay*	1,508	1,311	1,423	4,843	4,726	4,421
Potatoes, Irish	3,686	4,356	4,419	7,364	8,813	9,978
Potatoes, sweet	5,500	3,250	5,229	13,296^	10,973^	14,484^
Rice	23,782	23,040	16,416	47,782#	46,562#	37,958#

*Figures are combined totals for the five States lying wholly or partly in the Eleventh Federal Reserve District: Texas, Arizona, Louisiana, New Mexico, and Oklahoma.
†In thousands of bales.
‡Arizona, New Mexico, Oklahoma, and Texas.
^Louisiana, Oklahoma, and Texas.
#Louisiana and Texas.
*In thousands of tons.

SOURCE: United States Department of Agriculture.

The Texas corn crop, forecast on September 1 at 54,824,000 bushels, is 23 percent above that of 1948, despite a reduced acreage. With about half of the crop in hybrids, yields are exceptionally good, averaging about 22 bushels per acre, which is the highest in 30 years and 6 bushels above the 10-year average. The 3,569,000 acres of sorghum for harvest for grain in Texas represent a decline of 23 percent from last year; because of the anticipated relatively high yield of 20 bushels per acre, however, production of sorghum grain is expected to amount to 71,380,000 bushels, or only 6 percent below last year's harvest.

The record Texas rice crop of 23,782,000 bushels forecast on September 1 is 3 percent above the 1948 production. Combining of early varieties was general during the first part of September, despite interruptions by showers. The production of sweet potatoes in Texas, which is forecast at 5,500,000 bushels, or 100 bushels per acre, is 69 percent above the 1948 harvest and slightly above average. East Texas sweet potatoes have yielded exceptionally well, and digging of commercial acreage was in full swing in early September. The production of peanuts is estimated at 314,600,000 pounds, or 5 percent above the 1948 crop. The yield of 550 pounds per acre is the highest since 1940 and compares with 400 pounds harvested per acre last year. Pecan production in Texas is forecast at 36,000,000 pounds—down more than one-third from last year. Short production is indicated for southcentral and westcentral counties, but a better crop is in prospect in northcentral and some northeast counties. Broomcorn production is estimated at 9,500 tons—more than three times the production in 1948 and double the 10-year average.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

State	June 1949 Crops	June 1949 Livestock	June 1949 Total	June 1948 Total	Cumulative receipts January 1 to June 30 1949	Cumulative receipts January 1 to June 30 1948
Arizona	$ 12,233	$ 5,016	$ 17,249	$ 20,117	$ 110,049	$ 102,262
Louisiana	6,545	7,125	13,670	14,568	130,948	128,610
New Mexico	1,906	4,167	6,073	6,230	66,276	56,663
Oklahoma	37,933	27,773	65,706	109,521	227,134	294,328
Texas	49,167	81,247	130,414	148,388	711,869	827,307
Total	$107,784	$125,328	$233,112	$298,824	$1,246,276	$1,409,170

SOURCE: United States Department of Agriculture.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

State	July 1949 Crops	July 1949 Livestock	July 1949 Total	July 1948 Total	Cumulative receipts January 1 to July 31 1949	Cumulative receipts January 1 to July 31 1948
Arizona	$ 10,697	$ 3,654	$ 14,351	$ 15,928	$ 124,400	$ 118,190
Louisiana	2,519	9,053	11,572	12,187	142,520	140,797
New Mexico	6,058	3,709	9,767	9,254	76,043	65,917
Oklahoma	59,712	29,934	89,646	79,274	316,780	373,602
Texas	76,636	64,217	140,853	156,229	852,722	983,536
Total	$155,622	$110,567	$266,189	$272,872	$1,512,465	$1,682,042

SOURCE: United States Department of Agriculture.

Range and pasture feed in the District is the best reported in several years. The heavy growth of grass matured and cured rapidly in the hot, open late-August weather, and the unusually heavy grass seed crop will help reseed the ranges. Very good hay roughage and grain crops were matured or are in prospect in all areas. Early September rains in the northern High Plains assured a bumper feed crop in that area. The condition of ranges in the District on September 1 was about 6 percent above average for that time of year.

Cattle in all areas of the District are carrying unusually good flesh. Calves have made very good development and are considerably heavier than usual. Many cattlemen are holding back top heifers for restocking, and demand for young stocker cows has been strong. Sheep and lambs made rapid improvement in condition during August and early September, even though range feed over most of the Plateau counties of Texas was tall and coarse. In the Trans-Pecos area, lambs have made remarkable growth on the improved feed supply. Solid mouth ewes and ewe lambs for restocking have been in strong demand. The condition of cattle and sheep in the District on September 1 was about 5 percent above average for this season.

The combined receipts of livestock at the Fort Worth and San Antonio markets during August were 6 percent above those of July, with increases of 17 percent for cattle and calves and 14 percent for hogs more than offsetting a decline of 4 percent for sheep and lambs. In comparison with the corresponding month last year, however, total livestock receipts in August were down about 41 percent due to declines of 35 percent for cattle and calves and 53 percent for sheep and lambs, which were only partially counterbalanced by an increase of 13 percent in receipts of hogs.

LIVESTOCK RECEIPTS

(Number)

Class	Fort Worth market August 1949	Fort Worth market August 1948	Fort Worth market July 1949	San Antonio market August 1949	San Antonio market August 1948	San Antonio market July 1949
Cattle	61,912	89,247	54,104	29,388	39,238	23,730
Calves	20,164	31,086	18,071	13,339	33,615	10,505
Hogs	37,781	32,928	32,234	8,147	7,625	8,147
Sheep	66,421	165,828	85,582	56,557	98,571	42,705

TOP LIVESTOCK PRICES

(Dollars per hundredweight)

Class	Fort Worth market August 1949	Fort Worth market August 1948	Fort Worth market July 1949	San Antonio market August 1949	San Antonio market August 1948	San Antonio market July 1949
Slaughter steers	$24.50	$33.50	$26.25	$22.50	$28.00	$22.50
Stocker steers	22.25	31.00	22.00	.....	.....	.....
Slaughter cows	17.25	23.50	18.00	16.25	24.00	17.25
Slaughter heifers and yearlings	25.00	33.50	26.75	.....	27.00	22.50
Slaughter calves	25.00	28.00	26.00	24.50	28.50	27.00
Stocker calves	24.00	30.00	25.00	23.50	28.65	24.00
Slaughter lambs	23.50	29.00	25.00	22.00	27.00	22.50
Hogs	22.25	30.00	22.50	22.00	28.25	22.50

FINANCE

Reports of the condition of selected member banks in leading cities of the District during the 5-week period ended September 14 showed increases in loans, investments, and deposits. A moderate improvement in business conditions in the District, perhaps largely of a seasonal nature, during the last 3 weeks of the period and an improvement in business sentiment and business buying contributed to the increase in loans, most of which was reflected in the larger volume of commercial, industrial, and agricultural loans. A rising volume of holdings of United States Government securities, also occurring mostly during the last 3 weeks of the period, reflected the use of reserves which had been released to member banks in the District as a result of the reduction in reserve requirements announced early in August by the Board of Governors of the Federal Reserve System.

Commercial, industrial, and agricultural loans amounted to almost $693,500,000 on September 14, or approximately $19,800,000 more than the amount outstanding on August 10 but some $22,000,000 less than the figure reported on September 15 last year. Businessmen, not only in this District but over the

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

(In thousands of dollars)

Item	Sept. 14, 1949	Sept. 15, 1948	August 10, 1949
Total loans and investments	$2,410,532	$2,287,623	$2,321,291
Total loans—Net‡	1,024,791	1,040,115	1,004,823
Total loans—Gross	1,034,689	1,046,089	1,014,924
Commercial, industrial, and agricultural loans	693,465	715,541r	673,668
Loans to brokers and dealers in securities	6,879	6,355	6,516
Other loans for purchasing or carrying securities	48,941	60,066	51,703
Real-estate loans	88,597	88,013	88,624
Loans to banks	409	557	212
All other loans	196,398	175,557r	194,201
Total investments	1,375,843	1,241,534	1,306,367
U. S. Treasury bills	125,728	44,523	90,576
U. S. Treasury certificates of indebtedness	330,091	197,077	303,850
U. S. Treasury notes	45,788	116,690	44,170
U. S. Government bonds (inc. gtd. obligations)	750,740	761,717	745,998
Other securities	123,496	121,527	121,773
Reserves with Federal Reserve Bank	451,203	516,058	487,630
Balances with domestic banks	336,507	315,392	278,085
Demand deposits-adjusted*	1,963,893	1,937,858	1,949,417
Time deposits except Government	452,479	409,311r	434,622
United States Government deposits	43,202	43,783r	30,976
Interbank demand deposits	599,426	597,080	529,952
Borrowings from Federal Reserve Bank	0	0	0

*Includes all demand deposits other than interbank and United States Government, less cash items reported as on hand or in process of collection.
‡After deductions for reserves and unallocated charge-offs.
r—Revised.

country, were among the first to cut back purchases early in the year when it became apparent that the long anticipated business readjustment was at hand. In their anxiety to reduce stocks of merchandise and to bring inventories into better balance with the somewhat lower level of sales which they anticipated for the months ahead, there was a tendency to overdo the inventory reduction, at least with respect to certain parts of their stocks. Now, with business sentiment somewhat better and with consumers beginning to show a more or less normal seasonal increase in demand for goods, many businesses have found it necessary to bolster their inventory positions with respect to certain lines and certain types of merchandise. This increased purchasing volume is reflected to some extent in bank loans. The demand for agricultural loans at the larger banks in the leading cities of the District also has strengthened somewhat as a result of a need for funds in connection with the movement of crops.

The increase in the investment portfolios of these weekly reporting member banks amounted to about $69,500,000 between August 10 and September 14, with virtually all of the increase being accounted for by additions to holdings of Government securities. The demand for short-term Government securities has been strong and is reflected in portfolio increases of about $35,150,000 in Treasury bills and $26,240,000 in United States certificates of indebtedness. More or less minor increases were reported in holdings of Treasury notes and United States Government bonds. Looking back over the past year, member banks in leading cities in the District have added more than $132,300,000 of investments in Government securities to their holdings. This increase, however, represents a net amount resulting from an increase in holdings of bills and certificates of about $214,200,000, offset in part by reductions during the year of $70,900,000 in holdings of Treasury notes and almost $11,000,000 in investments in United States Government bonds. The substantial increase in the holdings of short-term Government securities of these banks, together with the fact that investments in bills and certificates on September 14 amounted to $455,800,000, or about 37 percent of their holdings of Government securities, attests strongly to the very liquid position of the banks in leading cities of the District. Although banks have used to a large extent the funds released by the reduction in reserve requirements in August for the purchase of Government securities, the result of that action has been to place these banks in a position whereby they are able to meet any demand for loans promptly and without strain by shifting out of short-term Governments into loans as the occasion requires.

SAVINGS DEPOSITS

City	Number of reporting banks	August 31, 1949: Number of savings depositors	August 31, 1949: Amount of savings deposits	Percentage change in savings deposits from: August 31, 1948	Percentage change in savings deposits from: July 30, 1949
Louisiana:					
Shreveport	3	40,888	$25,270,169	1.6	—1.7
Texas:					
Beaumont	3	12,169	6,197,141	— 0.8	0.1
Dallas	8	142,314	77,841,362	— 0.1	—0.5
El Paso	2	31,495	22,173,183	0.1	0.1
Fort Worth	4	43,961	35,596,792	4.6	0.7
Galveston	4	23,455	21,318,471	— 2.7	—0.01
Houston	8	98,021	74,331,236	1.9	—0.2
Lubbock	2	1,777	3,186,745	79.1	5.9
Port Arthur	2	5,807	4,522,666	— 7.1	—1.0
San Antonio	5	40,458	44,110,904	— 3.0	—1.0
Waco	3	9,699	10,098,419	3.3	—0.4
Wichita Falls	3	7,573	4,578,810	— 1.2	1.3
All other	55	64,296	54,739,773	1.6	—0.1
Total	102	521,913	$383,965,671	0.9	—0.2

Total demand deposits of the District's weekly reporting member banks amounted to $2,827,333,000 on September 14, as compared with a reported total of $2,674,465,000 on August 10. Deposits of individuals, partnerships, and corporations accounted for more than $86,000,000 of the total increase of approximately $153,000,000, while interbank deposits rose during the 5 weeks by slightly more than $69,000,000. Minor increases and decreases occurred in other types of deposits.

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Date	Combined total: Gross demand	Combined total: Time	Reserve city banks: Gross demand	Reserve city banks: Time	Country banks: Gross demand	Country banks: Time
August 1947	$4,845,031	$540,172	$2,324,633	$338,401	$2,520,398	$201,771
August 1948	5,112,411	591,551	2,449,802	379,803	2,662,609	211,748
April 1949	5,000,682	621,486	2,388,424	400,555	2,612,258	220,931
May 1949	4,942,647	631,531	2,365,633	411,889	2,577,014	219,642
June 1949	4,948,074	635,740	2,379,108	413,072	2,568,966	222,668
July 1949	4,977,743	629,655	2,417,780	402,930	2,559,963	226,725
August 1949	5,020,379	635,371	2,443,350	410,782	2,577,029	224,589

The trend of gross demand and time deposits at all member banks in the District continued upward through August as the daily average of gross demand deposits amounted to $5,020,379,000 and of time deposits amounted to $635,371,000, or increases over July of about $42,700,000 and $5,800,000, respectively. The increase in gross demand deposits was reflected in figures of both Reserve city banks and country banks, whereas the increase in time deposits was confined entirely to Reserve city banks as country banks reported a shrinkage of more than $2,000,000 in time deposits.

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

(Amounts in thousands of dollars)

City	Debits*: Aug. 1949	Debits*: Percentage change Aug. 1948 over July 1949	End-of-month deposits* August 31, 1949	Annual rate of turnover: Aug. 1949	Annual rate of turnover: Aug. 1948	Annual rate of turnover: July 1949
Arizona: Tucson	$ 45,711	—20 — 7	$ 79,375	6.8	8.3	7.2
Louisiana:						
Monroe	33,313	1 — 3	42,992	9.5	10.0	9.8
Shreveport	119,223	— 3 — 3	164,702	8.8	9.4	9.1
New Mexico: Roswell	11,724	— 6 —26	17,926	7.9	8.4	10.7
Texas:						
Abilene	29,998	— 9 1	35,919	9.7	9.4	9.5
Amarillo	90,703	2 — 5	88,018	12.5	12.5	13.3
Austin	112,773	11 7	105,316	13.1	11.6	12.2
Beaumont	89,802	— 8 — 3	90,029	11.9	11.8	11.9
Corpus Christi	88,959	1 22	79,294	13.6	13.4	11.4
Corsicana	10,105	— 1 23	19,086	6.4	6.5	5.2
Dallas	1,031,507	7 8	769,804	16.3	16.1	15.1
El Paso	110,840	4 1	115,650	11.5	11.5	11.5
Fort Worth	312,733	2 — #	301,304	12.7	13.3	12.8
Galveston	65,353	— 6 — 9	94,470	8.3	8.8	9.0
Houston	992,057	— 6 — 1	928,037	13.1	14.0	13.4
Laredo	14,814	— 2 8	21,374	8.4	7.8	7.9
Lubbock	51,701	— 4 1	62,264	10.0	10.0	10.0
Port Arthur	32,980	— 4 — 3	39,221	10.1	10.4	10.4
San Angelo	27,232	—10 9	37,961	8.6	9.2	8.0
San Antonio	243,341	4 6	315,570	9.4	8.9	8.9
Texarkana‡	12,483	—36 — 8	22,362	6.7	10.4	7.3
Tyler	38,551	— 1 — 2	50,113	9.2	8.6	9.2
Waco	47,716	1 5	66,549	8.8	9.0	8.4
Wichita Falls	51,196	— 4 — 9	80,589	7.7	7.9	8.4
Total—24 cities	$3,664,815	— # 2	$3,627,925	12.2	13.4	12.1

#Indicates change of less than one-half of 1 percent.
*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 $21,988.

During the month ended September 15 principal changes in the condition of the Federal Reserve Bank of Dallas included a decline in total gold certificate reserves of more than $23,000,000, a decline in holdings of United States Government securities of about $43,500,000, and a shrinkage in member bank reserve deposits from $797,871,000 to $766,222,000. Notes of this bank in actual circulation on September 15 amounted to $612,943,000, or about $9,800,000 in excess of the amount in actual circulation on August 15. As compared with circulation a year ago, however, notes of this bank declined by somewhat more than $4,000,000.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	September 15, 1949	September 15, 1948	August 15, 1949
Total gold certificate reserves	$644,691	$549,212	$668,139
Discounts for member banks	645	792	408
Foreign loans on gold	3,056	8,602	3,580
U. S. Government securities	742,934	960,988	786,445
Total earning assets	746,635	970,382	790,433
Member bank reserve deposits	766,222	875,794	797,871
Federal Reserve notes in actual circulation	612,943	617,275	603,134

During July and August the trend of sales of United States savings bonds in the District continued favorable as redemptions represented a smaller percentage of sales than in the comparable months last year. For instance, during July redemptions were 86 percent of sales, as compared with about 101 percent during July last year, and in August were about 122 percent of sales, in contrast with 143 percent in August 1948. For the first 8 months of this year sales of savings bonds in the Eleventh District amounted to $149,255,000, while redemptions were $146,597,000, or 99 percent of total sales. During the same 8 months of last year redemptions amounted to 112 percent of sales.

On August 31 the Secretary of the Treasury announced an offering of a 1⅛-percent 1-year certificate of indebtedness in exchange for the 2-percent Treasury bonds called for redemption on September 15 in the amount of approximately $1,292,000,000. In the same announcement the Secretary stated that a certificate of indebtedness would be offered to refund the certificates maturing on October 1, 1949, in the amount of $6,535,000,000 and that a Treasury note would be offered at a later date in connection with the refunding of the three issues of Treasury bonds called for redemption on December 15 and totaling $4,375,000,000.

NEW MEMBER BANK

The First National Bank of Edna, Edna, Texas, a newly organized institution located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, opened for business September 17, 1949, as a member of the Federal Reserve System. This bank has capital of $150,000, surplus of $50,000, and undivided profits of $50,000. The officers are: Dr. R. E. Lee, Chairman of the Board; George I. Fetzer, President; M. L. Cobb, Vice President; O. B. Fenner, Vice President; Arnold Koop, Vice President; W. H. McClure, Vice President; Lafayette Ward, Vice President; and Eldon Bond, Cashier.

NEW PAR BANK

The West Side State Bank, San Antonio, Texas, a newly organized, nonmember bank located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, was added to the par list on its opening date, September 8, 1949. This bank, a member of the Federal Deposit Insurance Corporation, has capital of $150,000, surplus of $45,000, and reserve of $30,000. The officers are: Ruben R. Lozano, President; J. Herbert May, Cashier; and A. J. Battaglia, Assistant Cashier.

INDUSTRY

Daily average production of crude petroleum during August was 30,000 barrels greater than during July in the Eleventh Federal Reserve District and 32,000 barrels greater in the Nation. This moderate August increase did not lift the rate of daily production up to June levels, and compared to a year ago, was 613,000 barrels per day less in the District and 801,000 barrels per day less in the Nation. Despite the increase in production from July to August, stocks of crude oil declined 3 percent in both the District and the Nation during August, but were still 10 percent higher than a year ago in the District and 15 percent higher in the Nation. Stocks of crude oil currently, while higher than during most of the postwar period, are at about the immediately prewar level and are appreciably lower than the 1937-38 level. In terms of number of days' supply of crude oil, stocks are now only slightly higher than during most of the postwar period, though appreciably higher than in 1948, but are considerably lower than prewar stocks. Furthermore, the rising long-term trend of petroleum consumption requires a larger amount of working stocks.

In view of the above relation of stocks to consumption and reflecting the expected moderate increase in demand for petroleum products during the fall and winter, some further increase in crude petroleum production may occur during the coming months. Production during the early part of September was at a rate nearly 3 percent higher than during August in both the District and the Nation. The allowable production in Texas for September was increased by 132,000 barrels per day, and new discoveries may add further to the rise in output. A further increase of 32,000 barrels daily in Texas allowable production for October indicates that the gradual rise in crude oil production should continue over the near term.

CRUDE OIL PRODUCTION

(Barrels)

Area	August 1949		Increase or decrease in daily average production from	
	Total production	Daily average production	August 1948	July 1949
Texas:				
District 1	800,650	25,827	— 3,154	245
2	3,490,400	112,594	— 66,364	3,178
3	10,562,950	340,740	—152,723	4,764
4	5,525,800	178,252	— 72,148	2,949
5	999,100	32,229	— 16,921	— 23
6	6,932,200	223,619	— 80,870	1,577
Other 6	2,456,400	79,239	— 41,127	320
7b	1,792,000	57,807	6,917	284
7c	1,325,100	42,745	— 952	1,280
8	16,162,700	521,378	—181,996	20,017
9	4,261,300	137,461	— 568	255
10	2,917,200	94,103	7,955	329
Total Texas	57,225,800	1,845,994	—601,951	35,175
New Mexico	3,817,600	123,148	— 9,525	—10,965
North Louisiana	3,470,350	111,947	— 1,335	6,132
Total Eleventh District	64,513,750	2,081,089	—612,811	30,342
Outside Eleventh District	81,692,500	2,635,242	—187,845	1,673
United States	146,206,250	4,716,331	—800,656	32,015

SOURCE: Estimated from American Petroleum Institute weekly reports.

Refinery operations as measured by crude oil runs to refinery stills increased by approximately 1 percent in August in both the District and the Nation, but were 11 percent lower than in August 1948 in the District and 7 percent lower in the Nation. The Nation's stocks of the four leading petroleum products—gasoline, kerosene, distillate fuel oil, and residual fuel oil—at the end of August totaled 1 percent more than at the end of the previous month and 18 percent more than a year earlier. However, when crude oil stocks are added to these product stocks, the total at the end of August was 1 percent less than at the end of July though 16 percent higher than a year ago. When expressed in terms of number of days' supply, these stocks of crude oil plus products are appreciably above earlier postwar levels but are considerably lower than during prewar 1937-41.

The demand for gasoline continued strong during August, with gasoline stocks in the Nation being drawn down by 3 percent despite a 3-percent rise in production. Since gasoline stocks are now 11 percent higher than a year ago and since consumption of this product may be expected to decline seasonally during the fall and winter, refinery yields of gasoline should continue to decline moderately from the July peak level of 46 percent of crude oil processed. The early September gasoline yield was 44 percent, as compared to year-ago yields of 42 percent.

The demand for gas oil and distillate fuel oil has continued seasonally low, with stocks in the Nation increasing by 5 percent during August and reaching a level 21 percent higher than a year earlier. It is the expectation in the industry that consumption of this product during the coming heating season will exceed appreciably that of last season, so that present stocks may not be excessive. Accordingly, refinery yields of gas oil and distillate fuel oil have been increased from a June low of about 14 percent to an early September rate of 18 percent. The latter percentage is the same as the year-ago rate.

Residual fuel oil stocks in the Nation increased an additional 3 percent during August, reaching a level 28 percent above that of a year ago.

The prices of petroleum products on the Texas Gulf Coast during early September reflected a moderate increase in demand. The prices of distillate fuel oil and residual fuel oil have risen moderately in recent weeks but are about 25 percent and 36 percent lower, respectively, than on January 1. Gasoline prices have continued for several months at a level about 8 percent lower than at the first of the year.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

	August 1949	August 1948	July 1949	January 1 to August 31 1949	January 1 to August 31 1948
Eleventh District—total	$ 69,868	$ 71,146	$ 95,780	$ 495,470	$ 543,218
Residential	26,931	20,704	30,198	170,641	178,155
All other	42,937	50,442	† 65,582	324,829	365,063
United States*—total	905,748	854,091	943,560	6,316,984	6,583,581
Residential	393,434	337,550	340,593	2,358,826	2,510,818
All other	512,314	516,541	602,967	3,958,158	4,072,763

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

The volume of construction contracts awarded in the Eleventh District during August declined to $70,000,000, 27 percent less than the peak level of the previous month and 2 percent less than in August 1948. Residential awards totaled $27,000,000, or 11 percent less than the high July total but 30 percent more than in August 1948. Awards for other types of construction amounted to $43,000,000, or 35 percent less than in July and 15 percent lower than a year ago. Awards for public works were higher than a year ago, but awards for utilities and other nonresidential construction were lower. During the first 8 months of 1949 the total value of awards in the District was $495,000,000 or 9 percent less than during the corresponding period of 1948, residential awards being only 4 percent smaller, while other awards declined 11 percent.

BUILDING PERMITS

City	August 1949 Number	August 1949 Valuation	Percentage change — valuation from — August 1948	Percentage change — valuation from — July 1949	Jan. 1 to Aug. 31, 1949 Number	Jan. 1 to Aug. 31, 1949 Valuation	Percentage change valuation from 1948
Louisiana:							
Shreveport	443	$ 1,990,157	102	— 73	2,711	$ 16,404,368	— 30
Texas:							
Abilene	136	494,486	50	13	892	4,583,551	26
Amarillo	362	1,283,077	7	— 17	2,131	10,700,672	39
Austin	278	2,158,031	— 5	71	1,954	14,340,430	— 17
Beaumont	387	1,146,577	30	105	2,760	6,639,907	— 5
Corpus Christi	491	3,634,715	342	210	2,317	10,961,534	— 9
Dallas	1,880	6,244,872	18	— 22	11,136	50,942,134	— 21
El Paso	312	1,061,059	78	— 18	1,946	6,761,643	#
Fort Worth	897	3,474,195	77	19	5,067	18,151,554	— 9
Galveston	175	275,728	55	51	1,296	7,559,702	170
Houston	725	9,432,691	17	76	4,956	56,193,279	— 19
Lubbock	293	1,110,102	25	54	1,539	7,400,797	— 22
Port Arthur	218	527,010	11	169	1,347	2,805,156	19
San Antonio	1,331	3,103,968	— 9	24	9,097	21,799,938	— 12
Waco	205	2,247,765	199	355	1,272	7,009,335	— 20
Wichita Falls	123	333,465	24	— 32	767	3,311,445	14
Total	8,256	$38,517,898	36	12	51,188	$245,565,445	— 13

#Indicates change of less than one-half of 1 percent.

The results of a survey of anticipated 1950 construction expenditures in the 19 larger cities of Texas are summarized in the *Texas Contractor*. The total of $547,000,000 for all types of construction tends to understate the value of such expenditures, since many projects have not been announced and the smaller cities and rural areas of Texas were not included in the survey. Among the cities surveyed, Houston leads in estimated construction volume with $164,000,000, and Dallas is second with $115,000,000. It is evident from the figures for these 19 cities that dwelling and apartment building will continue to lead other types of construction, with commercial and industrial construction running a close second.

CONSTRUCTION EXPENDITURES BY TYPES FOR 19 LARGER CITIES OF TEXAS 1950*

Type	Amount
Waterworks and sewers	$ 38,503,000
Storm sewers	50,000
Gas or electric utility	36,054,000
Electric utility and waterworks	4,000,000
Street paving	19,042,500
Public buildings	73,164,000
Schools and colleges	35,202,773
Commercial and industrial buildings	134,365,000
Churches	14,965,000
Dwellings and apartments	186,400,000
Other	5,749,727
Total	$547,496,000

* Estimated.

SOURCE: *Texas Contractor.*

The same journal presents a summary of estimated construction in Texas in 1950 financed in whole or part by federal funds.

FEDERAL AND FEDERALLY AIDED CONSTRUCTION PROGRAMS IN TEXAS 1950*

Type	Amount
Flood control, river and harbor	$ 39,462,400
Army, Navy Air Force	19,622,967
Veterans Administration—hospitals	7,523,000
Municipal hospitals	14,000,000
REA—electric	30,000,000
Highways—federal aid only†	25,600,000
CAA—airports	3,731,160
Public housing	10,000,000
Federal Works Agency	14,380,284
Total	$164,319,811

*Include funds authorized, loans available, and estimated expenditures.

†Additional State funds for these highways amount to $54,400,000.

SOURCE: *Texas Contractor.*

Consumption of cotton in the Nation during August rose to 664,000 bales, which is 109,000 bales more than during the previous month but 65,000 bales less than in August 1948. The August 1949 figure is the highest since last March but remains lower than the monthly average for any year since 1939-40. The consumption of cotton during the year August 1948-July 1949 was 7,798,000 bales, or 17 percent lower than during the previous season and the lowest annual total since 1939-40. The rise in consumption during August reflects the general improvement in the economic situation and the feeling of the industry that adjustments to postwar normalcy have been at least partially completed; however, there is no indication that consumption will rise again to the high levels of the wartime and immediately postwar periods. The postwar backlog of demand for cotton goods has been virtually eliminated. Exports of cotton cloth averaged 86,000,000 square yards per month during the first half of 1949, or 6 percent more than during the corresponding period of 1948; however, this export rate is 30 percent under the all-time peak rate of 1947, though higher than that of any other year.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

	August 1949	August 1948	July 1949
Consumption at:			
Texas mills	12,237	12,090	10,436
United States mills	664,133	728,863	455,106
U. S. Stocks—end of month:			
In consuming establishments	679,983	1,245,561	884,175
Public storage and compresses	3,954,662	1,727,335	4,143,183