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EIGHTH ANNUAL RETAIL CREDIT SURVEY ELEVENTH FEDERAL RESERVE DISTRICT

JACK D. COLCLOUGH, *Business Economist*
Federal Reserve Bank of Dallas

Summary

Sales of automobile dealers reached record levels in 1949, but the adverse effect of last year's moderate economic readjustment on many kinds of retail stores in the Eleventh Federal Reserve District was clearly revealed by the Eighth Annual Retail Credit Survey conducted by the Federal Reserve Bank of Dallas. Of the nine types of retail stores surveyed, only automobile dealers and auto tire and accessory stores showed an over-all increase in their 1949 sales as compared with 1948. In the other lines, aggregate sales of reporting stores reflected decreases ranging from 4 percent for furniture stores to 9 percent for jewelry stores. Cash sales evidenced the largest decreases, continuing the downward trend which began in 1947. Although credit sales were off slightly, the decline was entirely in the charge account category, since instalment sales at most types of stores rose substantially.

Accounts receivable outstanding—both open credit and instalment—continued to expand in the Eleventh District despite the contraction in sales in most lines, with total receivables at the end of the year 12 percent higher than a year earlier. Particularly sharp increases were noted in the instalment receivables, and the increases would have been even more pronounced in some lines if it had not been for heavy sales of instalment paper. The expansion in accounts receivable was in line with the national growth of consumer credit and reflects, in part, the heavy volume of consumer buying of durable goods normally sold on a deferred-payment basis. A prime factor promoting sales and increasing the accounts receivable was the liberalization of credit terms, particularly following the expiration of consumer instalment credit controls on June 30, 1949. Moreover, the lower down payments and the slowing in collections as manifested in longer pay-out periods, as well as less prompt payments, contributed to the rise in receivables.

The reduction in inventories, which was a dominant characteristic of the economic readjustment of last year, was apparent in most of the lines surveyed. The year-end stocks of seven of the nine lines covered were noticeably lower than a year earlier. The lower stocks at the end of 1949 are more impressive when it is considered that sales at that time were generally showing a buoyant tendency, while the higher stocks of a year previous occurred at a time when sales in many lines were declining substantially.

Description of the Survey

The Eighth Annual Retail Credit Survey, as in previous years, covers data obtained from representative retail stores in the Eleventh District in lines in which credit sales normally constitute a significant proportion of total sales. The types of stores included in the survey are automobile dealers, auto tire and accessory stores, department, furniture, hardware, household appliance, jewelry, men's clothing, and women's apparel stores. Retail stores reporting in the survey are independent

stores and local outlets of chains operating in limited areas, since the activities of national chain store outlets located in the District were included in consolidated reports made directly to the Board of Governors of the Federal Reserve System for inclusion in its National Retail Credit Survey.

Coverage was greater in this year's survey than in previous surveys, both as to the number and geographic distribution of the firms reporting. The number of reporting firms totaled 656, operating 826 retail outlets with a volume of business exceeding a half billion dollars. On the basis of national experience, it would appear that the types of stores covered by the survey do almost 40 percent of the total retail trade of the District, more than 80 percent of the total sales of durable goods stores, and slightly less than 20 percent of the total sales of nondurable goods stores. If food stores and eating places are excluded, the sales of the surveyed lines comprise 36 percent of the total sales of nondurable goods stores. Reports were received from stores located in 138 cities and towns in the Eleventh Federal Reserve District, with all the principal areas in this District being represented. Almost half of the stores reporting were in cities and towns of less than 10,000 population, while two-thirds were in cities and towns of less than 25,000 population.

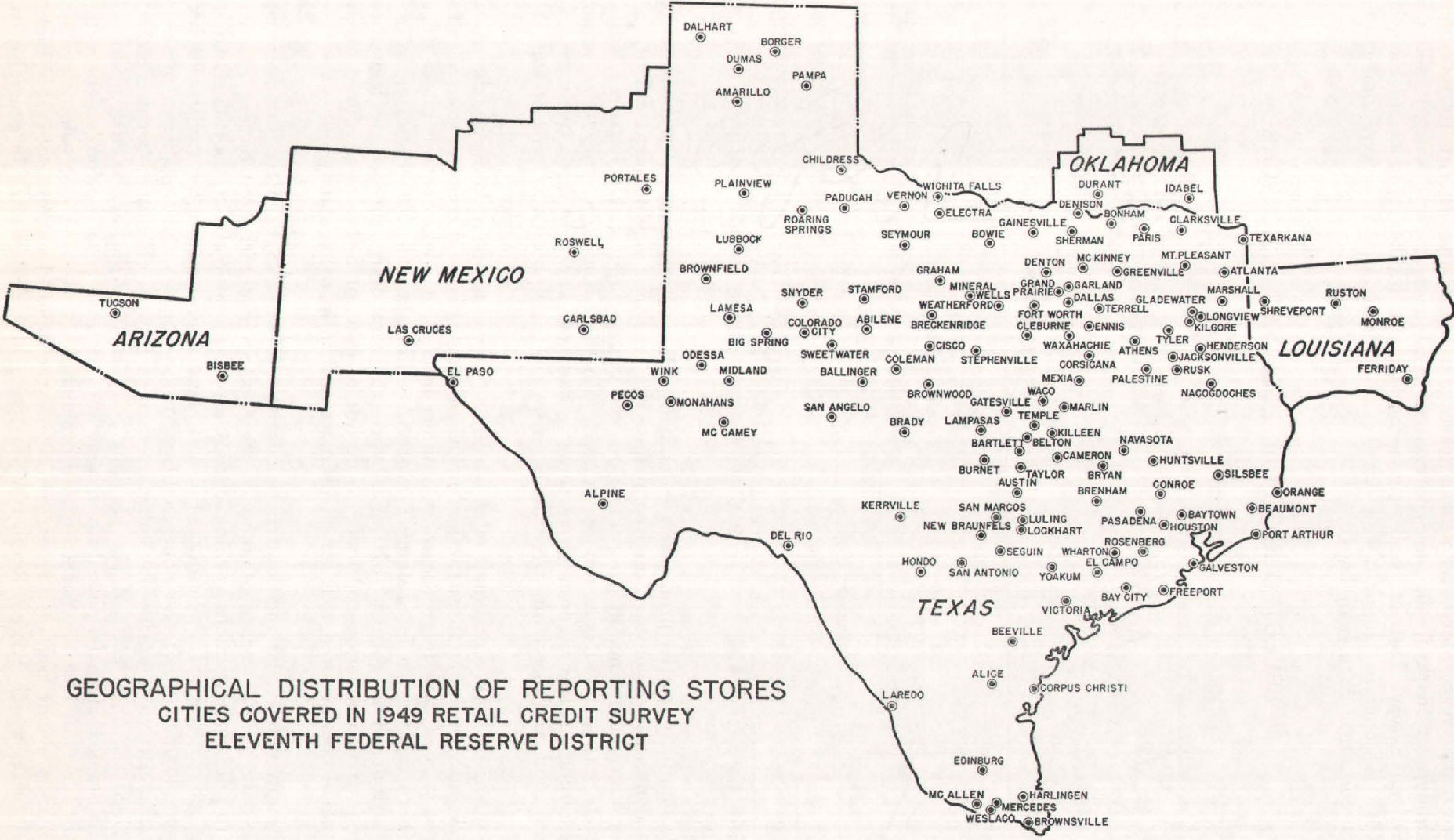
The survey this year covered total sales, cash sales, and credit sales (charge account and installment), as well as end-of-year receivables outstanding and inventories for 1948 and 1949. Before considering the detailed information revealed by the survey, it may be desirable to review the general retail picture during 1949 and the various economic developments which influenced retail sales.

Economic Trends Affecting Retailing in 1949

Total retail sales in the Eleventh Federal Reserve District and in the Nation as a whole maintained a high degree of stability during 1949, despite the moderate economic readjustment experienced during that period. While total retail sales held close to the 1948 level, sales of many retail lines were affected adversely by the economic readjustment. In fact, sales of all retail lines except the automotive group and filling stations were lower in 1949 than in the previous year and, except for jewelry and liquor stores, represented the first declines since the war. The stability in total retail sales was due largely to the increase in the sales of automobile dealers, which offset the declines in other lines. The increased resistance in consumer buying and the "shopping" for lower prices, which were reflected in the declining sales volume in most lines, resulted in an intensification of competition, accompanied by a narrowing of profit margins and a substantial decline in net profits of many retailers. Failures among retailers increased significantly, although the failure rate continued to be considerably lower than in the prewar period.

In the fall of 1948, retailers in many lines began to note a weakening in their sales. Recognizing the implications of their declining sales, they began to appraise their inventories, both as to level and balance, and to take steps to put their inventories on a sounder basis. A substantial selective cancellation of orders was instituted.

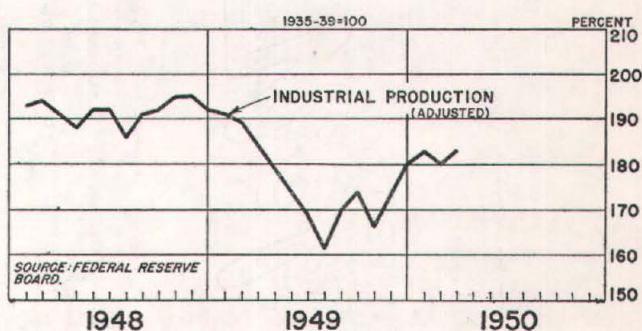
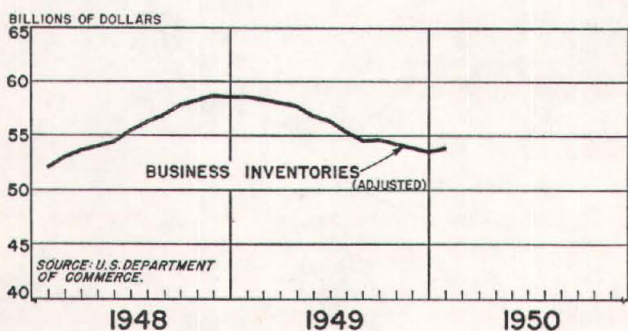
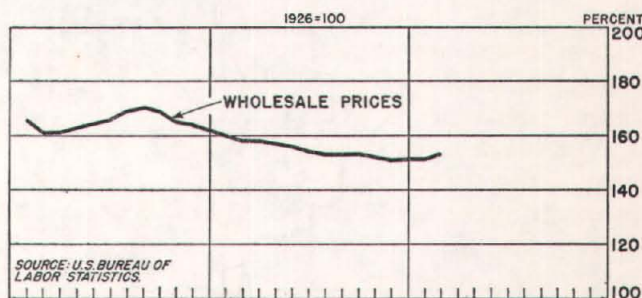
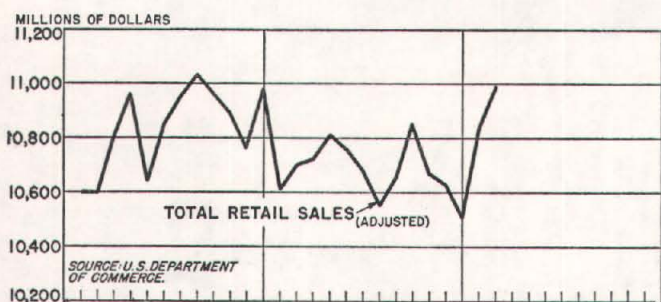
Although the 1948 Christmas season produced a fairly high level of sales, the declining tendency evident during the preceding few months was carried over into the new year, being particularly noticeable in consumer durable goods. The sharp decline in sales of household appliances and furniture during the first few months of 1949 was an outstanding development in this period of economic readjustment. Even automobile sales, particularly in the used car market, showed some slowing, and a note of hesitancy crept into the construction industry. Merchants energetically attempted to rid themselves of slow-moving items, to reduce stocks of staple items to levels commensurate with the existing demand, and to acquire distress stocks for promotional purposes. Inventory clearance sales became widespread, and orders outstanding were reduced sharply. These cutbacks in orders naturally had their effect on the wholesaler and the manufacturer, who, in turn, attempted to reduce their inventories. Prices were lowered and unemployment increased, particularly in manufacturing industries. While the increase in unemployment was greater in other sections of the country, a larger-than-seasonal rise in unemployment was noted in the Eleventh Federal Reserve District during the first few months of 1949. Oil production in this District was cut heavily, particularly during the first few months of the year, with production in April more than 20 percent less than 4 months earlier and at the lowest



GEOGRAPHICAL DISTRIBUTION OF REPORTING STORES
CITIES COVERED IN 1949 RETAIL CREDIT SURVEY
ELEVENTH FEDERAL RESERVE DISTRICT

level in more than 2 years. Moreover, a sharp decrease in copper and other nonferrous metals mining reduced employment markedly in some portions of Arizona and New Mexico falling within the Eleventh Federal Reserve District, while similar cutbacks in lumber production distinctly affected portions of the District in Louisiana and east Texas. By and large, however, total employment in the District continued at a high level.

SELECTED NATIONAL ECONOMIC INDICATORS



The decline in industrial production induced by the cutback in orders did not seriously affect the level of consumers' incomes. Moreover, despite this economic readjustment during the first part of 1949, consumer confidence in prospective income was not appreciably impaired, with the result that the level of total retail sales was maintained. While in many lines the dollar volume of sales showed a declining tendency, consumer response to clearance sales and attractively priced merchandise was very good, and merchants were able to maintain their physical volume of sales.

In the spring of 1949, automobile sales, which had slowed temporarily during the winter months, again attained heavy volume. Construction picked up seasonally, and consumer buying of appliances and furniture showed some improvement. Consumer instalment credit controls under Regulation W, which had been reinstated in September 1948, were liberalized in March and again in April and then were abandoned at the end of June, when the temporary authorizing legislation expired. Although industrial production continued to decline to midyear as business reduced inventories, the stability of retail sales augured well for an ultimate upturn in the economy.

By fall, automobile sales and construction were at all-time highs. Merchants were again in the market, not only having worked off most of their excess inventories but having allowed stocks of some items to fall below desirable working levels. Oil production in the District increased appreciably, and drilling activity reached a new peak. Business expectations, despite the steel strike, became more optimistic; employment rose; and nonagricultural prices began stabilizing. Farm production in this District, due in part to unusually favorable weather conditions, established a new record, and farm income attained the high levels of the previous year despite a decline in farm prices. Total retail sales were maintained, and sales picked up in some lines that had been previously depressed. Christmas buying in the Eleventh District reached record proportions, with the dollar volume probably slightly higher than the previous high of the year before and the physical volume noticeably higher, in view of the lower prices which existed. Retail trade, in particular, and business in general in the District

thus ended the year on an optimistic note. Economic conditions in the Nation as a whole may not have been quite as favorable as in the District, but business optimism was amply evident throughout the country.

Total Sales

Total sales in the Eleventh Federal District in the lines surveyed, following the same pattern as in the Nation as a whole, showed a slight decline during 1949, after having registered uninterrupted increases in the six previous annual surveys. Automobile dealers and auto tire and accessory stores were the only lines to experience larger sales in 1949 than in 1948, the increases being 17 and 1 percent, respectively. These increases, however, were sufficient to offset largely the declines in the other seven lines, ranging from 4 to 9 percent. In all lines the sales performance in this District was better than that of independent stores in the same lines in the Nation as a whole, based on data compiled by the United States Department of Commerce.

TABLE I

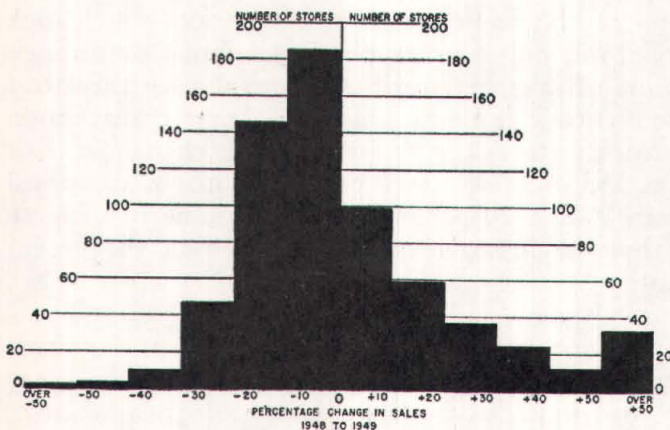
PERCENTAGE CHANGE IN SALES AT RETAIL STORES IN ELEVENTH FEDERAL RESERVE DISTRICT AND INDEPENDENT STORES IN UNITED STATES, 1948 TO 1949, BY KIND OF BUSINESS

Kind of business	Retail stores Eleventh District	Independent stores United States
Automobile dealers.....	17	14
Auto tire and accessory stores.....	1	- 8
Department stores.....	- 5	- 6
Furniture stores.....	- 4	- 6
Hardware stores.....	- 8	-11
Household appliance stores.....	- 6	- 1
Jewelry stores.....	- 9	-12
Men's clothing stores.....	- 6	-10
Women's apparel stores.....	- 7	- 9

Source of data for independent stores, United States: United States Bureau of Census.

Although the decline in total sales of reporting stores in all lines was less than 1 percent, half of all stores reporting had sales declines of 4 percent or more, and one-third of the stores had declines exceeding 10 percent. The substantially greater number of stores having declines larger than the average for all stores results from the tendency of the larger stores, which constituted a minority in the survey, to show a more favorable sales picture than the smaller stores. Only two out of every five stores surveyed experienced an increase in sales during 1949. It will be noted, however, that 5 percent of the stores had sales increases of 50 percent or more, while one-fourth of the stores had increases of 10 percent or more.

DISTRIBUTION OF RETAIL STORES ACCORDING TO PERCENTAGE CHANGE IN SALES, 1948 TO 1949 ELEVENTH FEDERAL RESERVE DISTRICT



Sales of automobile dealers, still under the stimulus of the backlog of war-deferred demand, rose sharply during 1949 to reach an all-time high. The continued expansion in automobile production, which had been a limiting factor in sales in the earlier postwar years, of course, enabled the dealers last year to make such a favorable showing.

The increase in District automobile sales was spread over most dealers, irrespective of the size of the dealership or the make of car sold. More than seven out of every eight dealers reported increases in sales. The impressive sales picture is revealed by the fact that half of all dealers showed increases in sales of 20 percent or more, and one out of every six dealers reported increases of 50 percent or more.

Despite these large gains, it will be noted that the 17-percent over-all increase in the sales of automobile dealers was less than the 21-percent increase in 1948 and substantially less than the percentage increase in earlier postwar years. The smaller percentage increase in 1949 in relation to that of prior postwar years naturally is explained by the fact that sales at the war's end had been reduced to extremely low levels, being limited largely to repair work and used car transactions.

Nevertheless, the smaller percentage increase in 1949 sales reflects the growing competition in the trade as the backlog of consumer demand became more nearly satisfied. Although the list price of new cars evidenced a high degree of stability, concessions in the nature of more favorable trade-in allowances and cash discounts had become common by the end of the year, and prices of used cars dropped appreciably.

Total sales of auto tire and accessory stores surveyed rose 1 percent in 1949 to continue the upward trend noted in the seven previous surveys. Although this increase was made despite lower prices for tires, batteries, seat covers, and many other important accessories, the sales picture among tire and accessory stores was not as favorable as might be indicated by the over-all increase. Almost two-thirds of the stores experienced decreases in their 1949 sales. Moreover, sales of one-half of the stores were 4 percent or more below those of the year before, and approximately one out of every four stores showed decreases of 10 percent or more. The larger stores tended to have better sales records than the smaller stores. Moreover, those stores which gave greater emphasis to instalment selling appear, by and large, to have been more successful in maintaining their sales volume.

TABLE II
DISTRIBUTION OF RETAIL STORES ACCORDING TO PERCENTAGE CHANGE IN SALES*
1948 TO 1949

Eleventh Federal Reserve District

Percentage change in sales	Number of stores									
	Automobile dealers	Auto tire and accessory stores	Department stores	Furniture stores	Hardware stores	Household appliance stores	Jewelry stores	Men's clothing stores	Women's apparel stores	All stores
-50 and over.....	..	1	..	1	..	..	..	..	..	2
-40 - -49.9.....	1	..	..	..	..	1	..	1	..	3
-30 - -39.9.....	1	1	..	2	2	2	2	..	..	10
-20 - -29.9.....	4	3	4	8	9	6	6	4	3	47
-10 - -19.9.....	5	7	26	28	18	3	14	14	30	145
0 - -9.9.....	6	17	36	31	13	11	14	31	26	185
0 - +9.9.....	21	8	11	19	12	10	4	10	4	99
+10 - +19.9.....	31	4	2	3	5	2	3	3	6	59
+20 - +29.9.....	24	4	2	3	..	2	1	..	1	37
+30 - +39.9.....	14	..	..	4	1	3	..	..	2	24
+40 - +49.9.....	6	..	..	1	..	3	2	..	..	12
+50 and over.....	23	1	..	1	..	5	2	1	..	33
Total.....	136	46	81	101	60	48	48	64	72	656

* Each firm was counted as a single store, although in 47 cases, firms operated more than one store.

The severe weakness in furniture store sales during the early months of 1949 was dissipated in subsequent months, with the high volume of sales during the last half of the year reducing the over-all sales decline for the entire year to 4 percent. In view of the declines in furniture prices which took place during the year, it is probable that furniture stores did a larger physical volume of business in 1949 than in the previous year. The heavy volume of sales of furniture stores during the latter half of the year was undoubtedly influenced by the record volume of residential home construction which occurred during that period. Half of the furniture stores reporting showed a change in their sales volume ranging between decreases of 10 percent and increases of 10 percent, with an additional one-fourth of the stores reporting declines of between 10 and 20 percent. The remaining one-fourth of the stores were about equally divided between those having sales increases exceeding 10 percent and those with sales decreases exceeding 20 percent.

While household appliance stores showed a larger decline in sales during 1949 than furniture stores, the pattern of sales during the year was very similar in these two lines of trade. The boom in residential building during the latter half of the year undoubtedly was as much of a stimulant to appliance sales as it was to furniture sales. Moreover, in some of the larger cities in the District the advent of television broadcasting furnished a large market for television sets for both household appliance stores and furniture stores. In some respects, the sales picture for household appliance stores was more favorable than for furniture stores. For instance, despite the 6-percent decrease in the total sales of all appliance stores reporting, more than half of the appliance stores reported increases in sales for 1949. Moreover, one out of every four stores reported increases in sales exceeding 20 percent, and one out of every ten stores had increases exceeding 50 percent.

Hardware stores, with a sales decrease of 8 percent, had a poorer sales record in 1949 than any of the other lines surveyed except jewelry stores. Almost one out of every five hardware stores reported a decrease in sales of 20 percent or more. The less favorable showing of hardware stores may reflect, in part, the intense competition that prevails for this type of goods—competition for hardware goods which extends from national department stores and mail order houses to drug and variety stores.

Continuing the softness which developed in consumer luxury goods about a year and a half after the end of the war, sales of jewelry stores showed a decline in 1949 for the third successive year. Total sales of reporting jewelry stores were 9 percent less than in 1948, as compared with a 1-percent decline in 1948 and a 10-percent decline in 1947. More than three-fourths of all the jewelry stores surveyed experienced lower sales, with almost half of the stores reporting decreases exceeding 10 percent.

Sales of men's clothing stores were down 6 percent in 1949, the second successive annual decrease. A shift in consumer buying from the higher-priced to the medium- and lower-priced clothing, a development which was facilitated by the greater availability of lower-priced merchandise, was an important factor in the decline in the dollar volume of sales. In addition to this trading down, prices of clothing actually declined moderately, and prices of some lines of men's furnishings declined rather substantially. Despite the decline in the dollar volume, the physical volume probably showed little change from 1948 levels. Nevertheless, the sales volume of men's clothing stores appears not to have held up as well as the sales of men's clothing departments in department stores. Almost four out of every five stores surveyed reported sales decreases, with almost half of the stores experiencing declines up to 10 percent and one in five stores having declines between 10 and 20 percent. Although a little over one-fifth of the stores reported increased sales, the gains at most of these stores were less than 10 percent.

In contrast with the weakness in the demand for consumer durable goods during the early months of 1949, women's apparel stores began the year with a fairly high sales volume, but after Easter, sales dropped off noticeably and continued at a disappointing level throughout the remainder of the year. The major style change of 1947, which after a reluctant consumer acceptance had stimulated sales considerably during 1948, thus appeared to have largely dissipated its influence after the first few months of 1949. Moreover, the strong demand for consumer durable goods after midyear undoubtedly had an adverse effect on women's apparel sales. Total sales of women's apparel stores in 1949 were 7 percent less than in the previous year. As in the case of men's clothing stores, a decline in prices was responsible, in part, for this lower dollar volume, and the physical volume of sales probably was not much lower than in the previous year. Over four-fifths of all stores reporting showed declines in sales, with half of the stores showing declines exceeding 9 percent. A little less than 20 percent of the stores experienced increased sales, and only about one store in eight showed increases of 10 percent or more.

Because department stores have such a large variety of merchandise, including consumer durable goods as well as apparel and other soft goods, the sharp decline in sales of consumer durable goods during the early part of last year was partially offset by the continued large volume of apparel sales. Moreover, the later easing of women's apparel sales was counterbalanced by the increase in sales of consumer durable goods. Consequently, department store sales, although showing a moderate decline for the year, had a higher degree of stability during the course of the year than some of the other types of stores. Furthermore, while consumer durable goods stores made a more favorable showing than the soft goods stores, the sales experience of the department stores fell between these two general categories. The intensification of competition, the decline in prices, and the aggressive action in reducing and balancing inventories, which were evident in the other lines of retail trade, were particularly noticeable in department store activities.

Total sales of department stores in 1949 were 5 percent less than in the previous year. Department stores, it will be noted, showed a smaller variation in sales performance among the individual stores than any other line. Almost half of the department stores reported sales decreases ranging

between 5 and 15 percent, and four out of every five stores had decreases up to 20 percent. About one in six stores showed increases, most of which were less than 10 percent.

Cash Sales

The declining trend in cash sales which became apparent during 1947 continued in 1949 at an accelerated rate. Total cash sales of all kinds of stores surveyed declined 6 percent last year, with three out of every four stores experiencing a decrease. Automobile dealers were the only line to show an increase in cash sales. A substantial increase in consumer financing of automobile purchases directly through financial institutions was probably responsible for the rise in cash sales of the automobile dealers. As revealed in Table III, declines in cash sales of other lines ranged from 9 percent for department and women's apparel stores to 23 percent for furniture stores. In the case of the latter type of store, nine out of every ten experienced lower cash sales.

TABLE III
PERCENTAGE CHANGE IN SALES ACCORDING TO TYPE OF
TRANSACTION BY KIND OF BUSINESS, 1948 TO 1949

Eleventh Federal Reserve District

Kind of business	Cash sales	Charge account sales	Instalment sales
Automobile dealers.....	7	3	72
Auto tire and accessory stores.....	-12	-16	22
Department stores.....	-9	-3	5
Furniture stores.....	-23	-7	#
Hardware stores.....	-12	-4	28
Household appliance stores.....	-13	-10	15
Jewelry stores.....	-18	-1	-3
Men's clothing stores.....	-13	-2	21
Women's apparel stores.....	-9	-4	-4
All stores.....	-6	-3	19

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

This widespread decline in cash sales last year reflects, in part, the reduction in total sales of most of the retail stores. Nevertheless, the less favorable showing of cash sales than credit sales is indicated by the decrease in the proportion of total sales which cash sales constituted. Cash sales comprised only 40 percent of the total sales of the stores surveyed, as compared with 42 percent in 1948. Cash sales have made up a progressively smaller proportion of total sales since the war ended. This decline in the proportion of cash sales was evident in all lines last year.

Credit Sales

While aggregate credit sales for the nine lines surveyed showed a slight decline last year, they made a much stronger showing than cash sales. Moreover, the smaller credit sales were almost entirely the result of a decline in charge account sales; instalment sales increased markedly in a majority of the lines and were undoubtedly an important factor sustaining total sales in 1949.

Charge account sales declined last year in eight of the nine lines covered, with only automobile dealers showing an increase in this type of transaction. For most lines the decline was small, but auto tire and accessory stores and household appliance stores experienced declines of 16 and 10 percent, respectively. Of the eight lines having lower charge account sales, however, the declining tendency was not universally apparent in all stores. For instance, two out of every five stores in the auto tire and accessory line, furniture line, and the hardware, the household appliance, and the jewelry lines had increases in their charge account sales, and one out of three of the department and women's apparel stores had increases. Moreover, a substantially larger number of men's clothing stores showed increased rather than decreased charge account sales.

TABLE IV
PERCENTAGE DISTRIBUTION OF SALES ACCORDING TO TYPE OF
TRANSACTION, 1948 AND 1949

Eleventh Federal Reserve District

Kind of business	Cash sales		Charge account sales		Instalment sales		Total sales	
	1949	1948	1949	1948	1949	1948	1949	1948
Automobile dealers.....	52	58	20	23	28	19	100	100
Auto tire and accessory stores..	42	49	10	11	48	40	100	100
Department stores.....	38	39	54	53	8	8	100	100
Furniture stores.....	13	17	16	16	71	67	100	100
Hardware stores.....	48	51	45	44	7	5	100	100
Household appliance stores.....	22	25	34	37	44	38	100	100
Jewelry stores.....	36	40	39	37	25	23	100	100
Men's clothing stores.....	46	49	52	50	2	1	100	100
Women's apparel stores.....	41	42	57	56	2	2	100	100
All stores.....	40	42	42	43	18	15	100	100

The heavy demand for consumer durable goods, together with the relaxation and later expiration of consumer instalment credit controls in midyear and the progressive easing of credit terms, tended to foster a strong expansion in instalment sales. Instalment sales, in the aggregate, rose 19 percent. Particularly sharp increases in instalment sales were noted among automobile dealers and hardware and auto tire and accessory stores. Increases exceeding 50 percent were reported by 9 out of every 10 automobile dealers and, exceeding 500 percent, by 7 out of every 100 dealers. Almost one-third of the hardware stores showed increases in instalment sales exceeding 50 percent, while one out of every five auto tire and accessory stores had like gains. The proportion of instalment sales to total sales of all lines increased from 15 percent in 1948 to 18 percent in 1949. Despite this increase, it will be noted that instalment sales still constituted a smaller proportion of total sales of these lines than in the prewar year 1941.

Accounts Receivable

Accounts receivable outstanding, after a temporary dip in the early months of the year, continued in 1949 the markedly expansionary trend evident since the end of the war. The growth in consumer credit in the District, as indicated by the survey, parallels the increase which occurred throughout

TABLE V

PERCENTAGE CHANGE IN TOTAL ACCOUNTS RECEIVABLE,
OPEN CREDIT AND INSTALMENT RECEIVABLES
BY KIND OF BUSINESS, 1948 TO 1949

Eleventh Federal Reserve District

Kind of business	Total accounts receivable	Open credit receivables	Instalment receivables
Automobile dealers.....	46	18	125
Auto tire and accessory stores.....	5	#	12
Department stores.....	9	2	33
Furniture stores.....	21	7	22
Hardware stores.....	23	22	38
Household appliance stores.....	40	3	52
Jewelry stores.....	1	-5	8
Men's clothing stores.....	5	5	6
Women's apparel stores.....	5	5	6
All stores.....	12	3	30

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

the result that collections tended to slow. Indicative of this was the increase occurring in most lines in their open credit receivables, at the same time that charge account sales generally were showing a decline.

All lines of retail trade surveyed showed an increase in receivables outstanding for the year, irrespective of the declines in sales experienced by most stores. Although the most marked expansion

TABLE VI

DISTRIBUTION OF RETAIL STORES ACCORDING TO PERCENTAGE CHANGE IN ACCOUNTS RECEIVABLE*
1948 TO 1949

Eleventh Federal Reserve District

Percentage change in accounts receivable	Number of stores									
	Automobile dealers	Auto tire and accessory stores	Department stores	Furniture stores	Hardware stores	Household appliance stores	Jewelry stores	Men's clothing stores	Women's apparel stores	All stores
-50 and over.....	3	..	..	..	..	..	..	..	..	3
-40 - -49.9.....	3	1	1	..	..	1	..	1	1	8
-30 - -39.9.....	4	..	..	1	1	1	1	..	..	8
-20 - -29.9.....	7	1	2	1	2	5	1	1	4	24
-10 - -19.9.....	12	2	9	3	4	2	9	3	5	49
0 - -9.9.....	6	3	14	6	10	1	6	12	13	71
0 - +9.9.....	12	10	22	18	4	3	6	9	21	105
+10 - +19.9.....	6	6	18	18	7	1	5	16	9	86
+20 - +29.9.....	17	7	3	17	7	3	3	6	5	68
+30 - +39.9.....	9	3	3	9	4	3	..	7	1	39
+40 - +49.9.....	13	1	..	11	3	2	1	3	2	36
+50 and over.....	39	9	3	10	7	14	4	2	4	92
Total.....	131	43	75	94	49	36	36	60	65	589

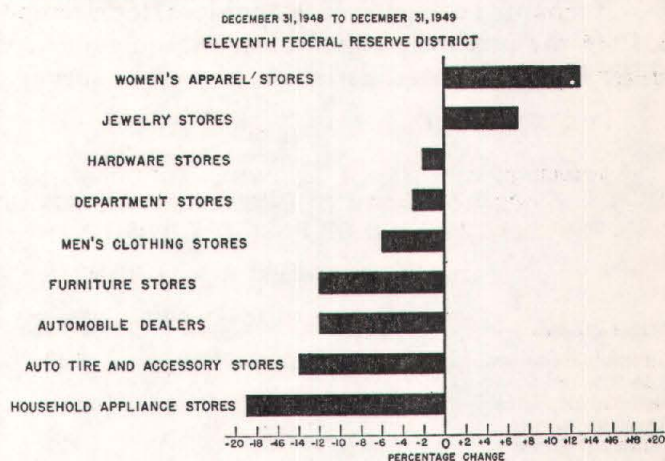
* Each firm was counted as a single store, although in 43 cases, firms operated more than one store.

occurred in the instalment receivables, charge accounts for all stores, with the exception of jewelry and auto tire and accessory stores, showed an increase. The greatest expansion in receivables was in the consumer durable goods stores, with automobile dealers and household appliance stores reporting outstanding increases of 46 and 40 percent, respectively. Moreover, in these two lines, the receivables failed to reflect the large sales in instalment paper made during the year.

Most retail stores in all lines except automobile dealers retained their instalment paper, financing it either through their own resources or by other means. A majority of the automobile dealers, however, sold the bulk of the instalment paper accumulated through their sales. A significant number of household appliance stores also sold their instalment paper, while a small number of auto tire and accessory, furniture, and hardware stores financed instalment sales, in part, through the sale of such paper. Despite the fact that such sales more than doubled during 1949, however, the instalment receivables of these stores increased sharply.

In connection with the large expansion in instalment credit among the stores surveyed in this District, it is important to note that total instalment credit in the Nation rose during 1949 almost 27 percent to \$10,891 million. This large increase was due chiefly to the tremendous expansion in instalment credit for automobiles, which rose from \$1,961 million at the end of 1948 to \$3,144 million one year later. Instalment credit arising from the sale of other consumers' goods rose \$529 million to \$3,096 million, while consumers' loans payable on an instalment basis were up \$579 million to \$4,651 million.

PERCENTAGE CHANGE IN INVENTORIES, BY KINDS OF BUSINESS



Inventories

The reduction in inventories, which was probably the most outstanding characteristic of the economic readjustment in the District and in the Nation during 1949, was clearly manifested by the survey. Aggregate inventories of all stores reporting were 5 percent lower at the end of 1949 than on the same date of the previous year. Seven of the nine lines showed decreases; only jewelry and apparel stores indicated higher stocks. Automobile dealers and household appliance stores were two

TABLE VII
DISTRIBUTION OF RETAIL STORES ACCORDING TO PERCENTAGE CHANGE IN INVENTORIES*
1948 TO 1949

Eleventh Federal Reserve District

Percentage change in inventories	Number of stores									All stores
	Automobile dealers	Auto tire and accessory stores	Department stores	Furniture stores	Hardware stores	Household appliance stores	Jewelry stores	Men's clothing stores	Women's apparel stores	
-50 and over	9	..	..	2	..	1	..	..	..	12
-40 - -49.9	13	2	..	3	1	3	..	1	..	23
-30 - -39.9	11	4	1	8	..	5	2	4	..	35
-20 - -29.9	18	4	4	12	4	3	6	6	5	62
-10 - -19.9	16	10	23	20	10	13	14	8	12	126
0 - -9.9	11	7	23	21	18	7	14	17	22	140
0 - +9.9	12	11	14	8	8	5	4	14	10	86
+10 - +19.9	12	1	14	3	8	3	3	5	12	61
+20 - +29.9	8	2	1	4	3	2	1	3	3	27
+30 - +39.9	5	1	..	2	1	2	..	..	3	14
+40 - +49.9	5	..	..	..	..	1	2	..	1	9
+50 and over	13	3	..	1	1	2	2	1	3	26
Total	133	45	80	84	54	47	48	59	71	621

* Each firm was counted as a single store, although in 43 cases, firms operated more than one store.

lines showing some of the larger reductions in inventories, with decreases averaging 12 and 19 percent, respectively. Although these substantial reductions in inventories may have been due, in part, to a policy of inventory liquidation, an important factor in the lower stocks was an inability to secure adequate replacements late in the year. The steel strike, together with model changeovers in the case of automobiles, curtailed production in these lines. Nevertheless, it will be noted that the lower year-end inventories were at a time when retail trade began evidencing a buoyant tone in this District and consumer demand was very strong for durable goods. In contrast, sales had been declining

the year before, with marked weakness apparent in durable goods. In fact, the only lines showing year-to-year increases in their inventories—jewelry and women's apparel—were lines in which the sales pattern at the end of 1949 did not compare favorably with a year earlier.

TABLE VIII

PERCENTAGE CHANGE IN SALES AND INVENTORIES BY KIND AND LOCATION OF BUSINESS, 1948 TO 1949

Eleventh Federal Reserve District

Kind of business by location	Number of stores	Percentage change 1949 over 1948	
		Total sales	Inventories
Automobile dealers:			
Austin.....	4	20	-10
Dallas.....	4	-2	-25
Houston.....	3	25	-10
Lubbock.....	4	26	-10
San Antonio.....	4	15	6
Department stores:			
Dallas.....	6	-5	-11
Fort Worth.....	3	-2	1
Houston.....	4	-7	5
San Antonio.....	4	-5	5
Furniture stores:			
Beaumont.....	5	-16	7
Dallas.....	6	8	-21
Houston.....	6	-17	-18
Port Arthur.....	3	-5	-38
San Antonio.....	7	-10	-15
Shreveport.....	14	6	10
Household appliance stores:			
Dallas.....	5	-19	-9
Jewelry stores:			
Dallas.....	4	-22	-5
Houston.....	3	-17	13
Men's clothing stores:			
Houston.....	5	-5	-4
Port Arthur.....	3	-6	-2
Shreveport.....	3	-3	-8
Women's apparel stores:			
Dallas.....	5	-10	49
Galveston.....	3	-7	-5
Houston.....	5	#	23
San Antonio.....	3	-8	-19
Shreveport.....	4	-11	-5

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

had lower inventories at the end of the year than at the end of the previous year.

Recent Trends and the Outlook for Retail Trade

Retail trade in the District during the first few months of 1950 has evidenced a buoyant tone, with particular strength apparent in the consumer durable goods lines. Sales of automobiles, household appliances, and furniture have been at high levels. The noticeable reduction in prices and the widespread clearance sales which marked the early part of 1949 have not prevailed this year. Nevertheless, many phases of the economic readjustment last year as related to retailers have carried over into this year. Among these aspects of readjustment are:

(1) Retail stores are continuing to show a diversity in their sales performance, not only among the types of lines but also within the same line. In contrast with the strength of sales of the consumer durable goods stores, some of the nondurable goods stores have been having disappointing sales. Moreover, business failures among retail stores are rising.

(2) Competition in practically all lines has continued to be very keen, and aggressive merchandising has been necessary to stimulate sales. Profit margins are narrowing, although net profits have been more satisfactory than during the first half of 1949, when stores, in some cases, took inventory losses in order to move excess inventories and eliminate slow-moving merchandise.

(3) Prices, while showing a high degree of stability during these early months of the year, still give indications of being under pressure toward downward readjustment. Consumers have continued to be very selective in their buying and are "shopping for bargains."

(4) Despite the improved tone in consumer buying, merchants continue to follow a conservative inventory policy, holding to short-term commitments and limiting purchases to stock replacement and attractively priced merchandise for promotional purposes.

(5) The shift in retail trade from cash sales to charge account sales and from charge account sales to instalment sales has continued. The liberalization of credit terms is becoming an increasingly important factor in sales. Instalment accounts receivable have continued to expand as a result of the heavy volume of instalment sales, the lengthening of the pay-out period, lowering in down payments, and the tendency among consumers to be less prompt in meeting their commitments. Insofar as the continued rapid expansion of consumer credit and the use of liberal credit terms have been important in the sales of merchandise, the situation is not reassuring for the long-term maintenance of a high level of retail trade.

Economic activity in the District—the industries which supply the consumers with the funds to buy—has shown considerable strength during the first few months of the year. Although oil production was reduced slightly during the first 3 months, production allowables were increased substantially in April, and the industry's unfavorable stock position which prevailed during most of 1949 has improved considerably during recent months. Housing starts have been at record levels, and the unusually large volume of construction contract awards lends promise to the industry in the months immediately ahead. The veterans' insurance refund has been giving additional purchasing power to the consumer, and the high level of retail trade is, in itself, generating income for those large groups of retail employees who are, themselves, consumers. While the 75-cent wage minimum appears to have caused difficulty for some lumbering concerns, the demand for lumber has improved considerably in recent months. Mining activity has picked up.

Despite the present strength in the economy of the District, some factors bear watching for the possible effect they may have on retail trade during the latter part of the year. Farm income may drop appreciably, since lower prices are anticipated and the record crop production of last year probably will not be duplicated, in view of acreage controls and possible weather conditions less favorable than the unusually good weather of 1949. Although the veterans' insurance refund may have a stimulating effect on retail trade over much of the year, the most noticeable influence will have passed when distribution is completed within a few months. The expansion in consumer credit, which has been stimulating trade, cannot be expected to continue indefinitely. The oil industry is moving into the summer months, when demand is normally lower than in winter; and the pressure of oil imports, as well as the competition from natural gas, could weaken the precarious stability of crude prices. Moreover, in the Nation, the sustaining influence of record automobile production may become less powerful as the backlog of deferred demand is eliminated. Adjustments in this industry, a declining tendency in capital expenditures, and a reduction in the Nation's exports as a result of the currency devaluations in foreign countries are factors which need to be watched. A weakening in the national economy would undoubtedly have repercussions in the District. While unfavorable developments among any of the above factors may not foreshadow a decline in retail trade, the existence of these situations should temper the optimism generated by the present buoyant tendency of retail trade.

Review of Business, Industrial, Agricultural, and Financial Conditions

DISTRICT SUMMARY

Prospects for crop production in the Eleventh Federal Reserve District in 1950 were greatly improved by the rains received over wide areas around mid-April. The planted acres of corn, grain sorghums, and cotton received ample moisture for germination, and the seeding of these and other summer crops is being rushed to completion. The rains also benefited small grains, pastures, and ranges in most areas, although the moisture received was inadequate in much of the northern High Plains and in some western and southwestern sections of the District. The 1950 Texas wheat crop was forecast on April 1 at less than 25,000,000 bushels, or one-fourth last year's crop and the smallest in 14 years; it appears that the rains were too late to improve greatly the production in the Texas Panhandle. Commercial vegetable crops generally are in good condition, although moisture shortages still exist in some areas. Livestock are in fair to good condition and are expected to gain weight rapidly as ranges and pastures respond to the improved moisture supply.

Department store sales in the District in March continued to exceed year-earlier levels for the fourth consecutive month, but their showing was not quite as favorable as in February. Easter apparel buying failed to equal the very satisfactory volume of last year. On the other hand, the unusually heavy demand for consumer durable goods continued to bolster department store sales, with major appliances and radio and television sales showing extremely sharp gains over year-earlier levels. Sales at furniture stores in the District were up seasonally in March, registering marked year-to-year gains for the sixth successive month.

Daily average production of crude petroleum in the District declined slightly further in March and was about 250,000 barrels lower than a year earlier. Due to the increase in Texas allowables, the April production rate is expected to exceed that in March by about 130,000 barrels and that in April last year by about 100,000 barrels. Reflecting the strong demand for petroleum products thus far this year, United States stocks of principal products declined sharply during the first quarter and at the end of March were considerably lower than a year earlier.

The value of construction contracts awarded in the District during March rose to the highest level since the wartime peak in October 1942. Total awards of \$110,000,000 were 62 percent greater than in February and 72 percent larger than in March 1949. Awards during the first quarter of 1950 exceeded those in the corresponding quarter of 1949 by 57 percent, reflecting largely the 135-percent increase in residential awards. The continuance of the large volume of residential awards is an evidence of the strong demand for housing in the lower-priced brackets.

Selected member banks in larger cities of the District reported an increase of more than \$44,700,000 in total deposits during the 5-week period ended April 12, with approximately three-fourths of this growth accounted for by an increase in demand deposits of individuals, partnerships, and corporations. The total loans of these banks showed little change during the period, but investments rose by about \$31,000,000.

BUSINESS

Consumer buying in the Eleventh Federal Reserve District during March continued the strong showing evident in other recent months, although the retail sales picture was not quite

so favorable as in February. Sales at District department stores exceeded year-earlier levels for the fourth consecutive month, with the March volume showing a year-to-year increase of 5 percent as compared with an increase of 7 percent in February. Easter apparel buying, which is normally a dominant element in department store trade at this time of year, got off to a slow start during the first part of March. This slow pace may have reflected the depressing influence of income tax collections, as well as a tendency of consumers to delay Easter shopping now that a wide selection of merchandise is available. In the latter half of the month sales picked up markedly, but the total dollar volume for March showed a less-than-seasonal increase from the previous month.

The sustained gains in department store sales over year-earlier levels have been due to the stimulating effects of the distribution of veterans' insurance refunds, a continued high level of consumer income, the confidence in the business outlook, the strong demand for consumer durable goods, and the liberalized credit terms which are now available. The veterans' insurance refund, it should be noted, has been paid-out at an extremely rapid rate, with more than three-fourths of the total refund having been distributed by the end of March. It is expected that the refund will have been largely completed by the end of April. Although retail trade may be bolstered during the coming months by the continued expenditure of insurance refunds, as well as by the improved financial position of veterans who have used the refunds to reduce indebtedness, the influence of the refunds probably will be less pronounced.

The dominant reason why department store sales did not reflect the full seasonal increase in March was the failure of women's apparel sales to come up to expectations. Sales of women's and misses' dresses were 9 percent below the March 1949 level, women's and misses' coat sales were 20 percent less, and sales of women's and misses' ready-to-wear accessories were 1 percent less. It will be noted, however, that sales of women's apparel in March of last year were still at a very high level. In contrast with the year-to-year decline in women's apparel sales, sales of men's clothing showed a healthy increase of 11 percent.

The heavy demand for consumer durable goods continued to be a vital force maintaining department store sales. Sales of major household appliances in March were double the somewhat depressed level of the same month a year ago and were at the highest level for any month on record. Moreover, sales of radios, phonographs, and television sets, due largely to the latter item, were more than double the sales volume of the same month a year ago, while furniture and bedding sales showed a 17-percent increase over the volume of a year earlier. Of the major house-furnishing lines, domestic floor covering was the only one to show a year-to-year decline, with a decrease of 2 percent.

Instalment buying continued at a very high level in March, reflecting the heavy demand for consumer durable goods which are normally purchased on a deferred-payment plan, as well as the liberalized credit terms now prevailing. The ratio of instalment sales to total sales rose from 11 percent in February to 13 percent in March to constitute the highest proportion on record. The ratio of charge account sales to total sales showed a small decline for the month and, at 56 percent, was 4 percentage points lower than in March last year. Meanwhile, the declining trend in the proportion of cash sales which has been evident in recent years continued in March, with cash sales comprising only 31 percent of total sales, as compared with 34 percent in the same month last year.

The ratio of collections to receivables outstanding for both instalment accounts and charge accounts rose noticeably, reversing, in the case of the instalment collection ratio, the downward trend apparent during the past 8 months. While these increases in the collection ratios may be due, in part, to the use of veterans' insurance refunds to pay off accumulated debts, it will be observed that the collection ratios customarily tend to rise during the month of March.

WHOLESALE TRADE STATISTICS

	Percentage change in					
	Net sales			Stocks†		
	March 1949	1950 from Feb. 1950	3 mo. comp. with 3 mo. 1949	March 1949	1950 from Feb. 1950	
Lines of trade:*						
Automotive supplies.....	-10	32	-4	-15	2	
Drugs and sundries.....	16	12	5	5	-#	
Dry goods.....	5	16	1	8	1	
Grocery (full-line wholesalers not sponsoring groups).....	-2	11	-3	-6	-2	
Hardware.....	4	8	5	-4	2	
Industrial supplies.....	-6	23	..	-22	6	
Machinery equipment and supplies except electrical.....	-36	1	-24	19	4	
Tobacco products.....	1	6	2	25	13	
Wiring supplies, construction materials distributors.....	5	23	-14	-8	8	

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

† Stocks at end of month.

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

RETAIL TRADE STATISTICS

	Percentage change in					
	Net sales			Stocks†		
	March 1949	1950 from Feb. 1950	3 mo. comp. with 3 mo. 1949	March 1949	1950 from Feb. 1950	
Department stores:						
Total Eleventh District.....	5	24	5	-3	9	
Corpus Christi.....	5	17	5	-6	6	
Dallas.....	5	24	5	3	5	
Fort Worth.....	7	21	8	-3	14	
Houston.....	-5	23	-3	8	10	
San Antonio.....	13	31	9	6	10	
Shreveport, La.....	4	29	4	..	..
Other cities.....	8	22	11	-*	11	
Furniture stores:						
Total Eleventh District.....	14	20	..	-4	3	
Dallas.....	14	21	..	-18	2	
Houston.....	10	8	..	..	..
Port Arthur.....	-16	-2	..	-27	-4	
San Antonio.....	26	28	..	..	..
Shreveport, La.....	23	20	..	8	-5	
Wichita Falls.....	6	21	..	-7	3	
Household appliance stores:						
Total Eleventh District.....	115	22	..	..	..
Dallas.....	95	29	..	..	..

* 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*				Adjusted			
	Mar. 1950	Feb. 1950	Jan. 1950	Mar. 1949	Mar. 1950	Feb. 1950	Jan. 1950	Mar. 1949
Eleventh District.....	362	327	313	352r	389	409	396	391r
Dallas.....	344	318	291	335	366	331	355	356
Houston.....	374	342	343	394r	435	389	440	459r

Stocks — (1935-39=100)

	Unadjusted*				Adjusted			
	Mar. 1950	Feb. 1950	Jan. 1950	Mar. 1949	Mar. 1950	Feb. 1950	Jan. 1950	Mar. 1949
Eleventh District.....	384	357	328	393r	362	364	353	370r

r—Revised.

* Unadjusted for seasonal variation.

Department store stocks in March showed about the usual seasonal increase. Despite the higher sales volume, however, inventories at the end of the month continued to fall slightly below year-earlier levels. On the other hand, orders outstanding at the month's end were up 11 percent from the same date last year. Although merchants are continuing to maintain conserva-

tive stock positions, their purchasing policies indicate a greater confidence with respect to the sales outlook this year than last.

Furniture store sales in the District showed a marked seasonal increase in March and, with a year-to-year increase of 14 percent, exceeded year-earlier sales for the sixth consecutive month. Heavy instalment buying continued to be responsible for the favorable sales performance of the furniture stores, since cash sales continued markedly below year-earlier levels. Collections showed a moderate gain, with the result that accounts receivable outstanding showed a small decrease for the month. Receivables outstanding at the end of the month were 33 percent higher than on the same date of last year. Merchants continued to build their stocks for the spring season, with inventories at the end of the month up 3 percent from a month earlier. Despite the heavier volume of sales this year, however, furniture store inventories are continuing noticeably smaller than a year ago, reflecting the generally conservative inventory policy being followed by the trade.

AGRICULTURE

Widespread rains around mid-April brought temporary relief from the drought that had prevailed in many parts of the District for several months. Winter and early spring crops, as well as pastures and ranges, were greatly benefited by the timely addition to the seriously depleted moisture reserves. Some summer crops which were planted but had not germinated because of the lack of topsoil moisture are expected to make rapid development. Furthermore, farmers will be able to move ahead rapidly in preparing land and in planting summer crops. The rains came too late, however, to be of great benefit to flax and some of the winter grain crops, although early planted cotton in the Coastal areas is expected to overcome the effects of the drought except where damaged by insects. Livestock generally are in fair to good condition, and rapid improvement is expected to follow the recovery of ranges and pastures.

The United States Department of Agriculture forecast on April 1 a 1950 winter wheat crop in Texas of 24,940,000 bushels. This estimate, which is the smallest since 1936, is only about one-fourth as large as the 102,848,000-bushel crop produced last year and less than one-half the 10-year (1939-48) average. The 6,235,000 acres seeded to wheat last fall is 19 percent below the record 7,697,000 acres seeded for harvest in 1949, which reflects the effect of acreage allotments. The indicated yield of 4 bushels per seeded acre compares with a 10-year average of 10.5 bushels. This sharp reduction in wheat yields is the result of serious drought and green bug infestation in many of the principal wheat producing sections of the State. Wheat has been holding up fairly well over much of the Low Rolling Plains and the northern Blacklands of Texas, and the rains received during mid-April are expected to increase production over April 1 prospects.

The outlook for 1950 oat production in Texas is very poor. Green bug infestation and droughty conditions caused considerable loss of oats in the northwestern part of the State, and before the rains it was too dry in other areas for spring seeding. At mid-April, winter oats were heading in Central Texas, but straw was short and heads were not filling properly. Corn planting was extended during April into all areas of the State except the northwest, but at midmonth considerable corn remained to be planted in the northern counties. Completion of corn planting had been delayed by the dry weather, while much of the planted corn had failed to germinate. Droughty conditions also caused delay in planting of grain sorghums but, as fairly heavy rains were received over most of the grain sorghum producing areas, it is expected that a very large acreage will be

planted. South Texas flax was ripening at mid-April, but yield prospects were so low in some fields that farmers were salvaging the crop for feed.

Cotton planting has been practically completed in south Texas and the Coastal Bend, and the crop in these areas is up to a good stand, although some fields have been infested with thrips. In other parts of the State, much cotton remained to be planted following the rains. Planting of rice has been making satisfactory progress under generally favorable conditions. Pecan trees were leafing out in all parts of Texas in early April, while peach trees in the central part of the State were blooming.

Progress of commercial vegetables was retarded during the first part of April by strong winds, cool nights, and the lack of moisture, and practically all sections were affected to some extent. Vine crops such as cantaloupes, cucumbers, and watermelons in the early sections were hurt, and planting in the later areas was stopped until conditions were improved. The winds also caused damage to the tomato crop being harvested in the Lower Valley and delayed the progress of late plantings. In most of the later tomato producing areas, plants were still in cold frames prior to the mid-April rains because of the need for moisture before setting to the fields. The south Texas onion harvest was under way at mid-April in all areas except the Eagle Pass and Wilson-Karnes sections. North Texas onions are expected to benefit greatly from the April rains as the crop had been in need of moisture. Planting of the irrigated onion and potato crops in the Panhandle has been making good progress.

The early spring crop of snap beans in Texas is estimated by the United States Department of Agriculture at 270,000 crates, compared with the 325,000 crates harvested in 1949. The estimate of the State's early spring cucumber crop is placed at 210,000 crates, or 30,000 below last year. The production of early spring onions is forecast at 3,976,000 sacks, which is about one-half larger than that of last year although only slightly above average. The Lower Valley's early spring potato crop of 420,000 bushels is less than one-half the 1949 harvest, while the area's early spring tomato crop of 2,275,000 crates is only fractionally below that of last year.

The mid-April rains were beneficial to ranges and pastures over wide areas where the lack of moisture previously had caused deterioration in grazing conditions. April 1 spring range feed prospects were described as poor, but the increased moisture at this season of the year will cause rapid improvement in ranges and pastures. Supplemental feeding of cows and ewes was carried on in some areas prior to the rains, and it has been necessary to continue this practice, pending expected improvement in grazing conditions.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

State	February 1950			February 1949	Cumulative receipts Jan. 1 to Feb. 28	
	Crops	Livestock	Total	Total	1950	1949
Arizona.....	\$ 7,009	\$ 5,663	\$ 12,672	\$ 13,574	\$ 43,337	\$ 41,358
Louisiana.....	2,907	4,586	7,493	9,775	36,529	38,814
New Mexico.....	4,857	4,065	8,922	6,894	21,770	18,376
Oklahoma.....	15,998	16,479	32,477	27,013	83,714	65,739
Texas.....	58,131	41,673	99,804	71,520	296,440	173,013
Total.....	\$88,902	\$72,466	\$161,368	\$128,785	\$482,200	\$337,300

SOURCE: United States Department of Agriculture.

Cattle and calves generally are in good condition throughout the District, although many in the formerly very dry areas were beginning to shrink in early April. Local demand for stocker cows and calves began to ease prior to the rains because

summer range prospects were very poor at that time. Ewes and lambs are in fair to good condition, despite the fact that in early April the growth of grain feed was at a standstill in the eastern Plateau counties of Texas. The spring marketing of yearlings this year started a full month earlier than usual. Even milk lambs were moving in volume the last week in March, although heavy movement usually does not begin until mid-May. Sheep shearing got under way the first part of April.

LIVESTOCK RECEIPTS

(Number)

Class	Fort Worth market			San Antonio market		
	March 1950	March 1949	Feb. 1950	March 1950	March 1949	Feb. 1950
Cattle.....	30,503	39,160	25,427	27,308	26,311	21,103
Calves.....	11,226	12,615	8,856	14,482	13,607	10,429
Hogs.....	76,554	68,924	46,497	7,382	8,292	6,238
Sheep.....	79,512	36,925	20,673	15,624*	17,460*	8,859*

* Includes goats.

TOP LIVESTOCK PRICES

(Dollars per hundredweight)

Class	Fort Worth market			San Antonio market		
	March 1950	March 1949	Feb. 1950	March 1950	March 1949	Feb. 1950
Slaughter steers.....	\$27.00	\$25.00	\$27.00	....	\$24.50	\$23.00
Stocker steers.....	26.00	27.00	26.00	....	....	....
Slaughter cows.....	20.00	20.00	19.00	....	21.50	20.00
Slaughter heifers and yearlings.....	28.00	27.00	28.00	....	25.50	26.00
Slaughter calves.....	27.00	26.00	26.50	....	28.00	27.00
Stocker calves.....	28.00	28.50	28.00	....	27.00	27.00
Slaughter lambs.....	29.00	32.00	26.00	....	27.50	25.00
Hogs.....	17.50	21.25	18.00	....	21.25	17.50

Combined receipts of livestock at the Fort Worth and San Antonio markets during March were 77 percent above those of February, due to seasonal influences, the earlier-than-usual marketing of yearling and spring lambs, the shortages of range feed in some of the drier areas, and other factors. Large increases were reported for all major types of meat animals, although the greatest percentage increases were for sheep and hogs. As compared with the corresponding month last year, the March receipts of livestock at these markets were up 18 percent, with substantial increases in marketings of hogs and sheep offsetting declines in receipts of cattle and calves.

Prices received by Texas farmers averaged slightly higher at mid-March than on the corresponding date in any month since last May. The March 15 index of prices received by farmers for all agricultural commodities was at 274, compared with 293 a year earlier and with the postwar peak of 329 in June and July 1948. The rise in the index during the month ended March 15 resulted from continued increases in prices of most meat animals and slight advances for cotton, wheat, barley, chickens, and eggs. Reports from commodity markets indicate that from March 15 to mid-April, prices received by farmers for cotton and corn advanced significantly, while prices of hogs, cattle, and other grains made little net change. On the other hand, prices of shorn lambs, poultry, and eggs declined.

Prospective Plantings in the Eleventh Federal Reserve District in 1950

Farmers in the five states of the Eleventh Federal Reserve District intend to increase their total acreage of major field crops in 1950 (excluding cotton) approximately 1 percent, according to data recently released by the United States Department of Agriculture and based on a survey of farmers' 1950 crop plans. Texas farmers, who will account for about 57 percent of the acreage of these crops in the five states, have indicated they plan to increase their plantings by about 6 percent, as shown in the accompanying table.

District farmers have reduced their acreage of winter wheat for harvest in 1950 by 19 percent, and they plan to curtail their acreages of peanuts and rice by 11 percent and 7 percent, respectively, in compliance with acreage control programs. Reductions in acreages of these three important crops amount to about 3,100,000 acres. Largely because of lower price supports for flaxseed and Irish potatoes in 1950, acreages devoted to these crops also will be reduced. The acreage seeded to flaxseed was reduced 156,000 acres, or 39 percent below last year, while a reduction of 8,000 acres, or 10 percent, is expected for commercial Irish potatoes. Acreage reductions for these crops total approximately 3,250,000 acres.

The declines in acreages of wheat, rice, peanuts, flaxseed, and commercial Irish potatoes will be more than offset by increases in other crops. The crops showing the greatest acreage increases are corn, oats, and sorghums; in each instance the increase bears a very definite relationship to the acreage control programs. Minor increases are also reported for barley, hay, soybeans, cowpeas, and sweet potatoes.

The effects of the reduction in acreages of wheat and cotton are reflected not only in the increase in seedings of oats and barley but also, more spectacularly, in farmers' plans to expand acreages of corn and sorghums. District farmers have indicated they will increase their corn crop by about 550,000 acres and their plantings of sorghums by more than 2,200,000 acres.

The five states' total acreage devoted to the crops discussed above (excluding cotton) is about 38,400,000 acres. The addition of 10,156,000 acres of cotton (the amount originally allotted to the five states) brings the total to about 48,550,000 acres. However, this is about 2,700,000 acres below the acreage planted to these same crops last year. On the basis of recent congressional legislation granting an increase in 1950 cotton acreage, it is probable that the acreage allotted to the five states may be increased by as much as 700,000 acres; and if weather conditions permit, it is likely that farmers will take full advantage of their allotments. This leaves roughly 2,000,000 acres of last year's cropland; some of it will be left in fallow, a considerable part will be put in legumes and grasses, and the remainder will be left idle.

The intentions of Texas farmers with respect to crop acreages in 1950 conform more or less to the same pattern as that for the five states. They have indicated they will increase their acreage of spring-seeded crops (excluding cotton) by nearly 2,500,000 acres, or about 25 percent, and will decrease their acreage of fall-sown crops by a little over 1,000,000 acres. In Texas, as in the five states, the effects of the control programs are shown in reduced acreages of wheat, rice, and peanuts. Substantial reductions are also reported for flaxseed, Irish potatoes, and sweet potatoes. Offsetting these reductions, growers' intentions indicate an increase of 42 percent, or a little over 2,000,000 acres, in grain sorghums and an increase of 500,000 acres in corn. Acreages of oats and barley show increases of 25 percent each. The principal feed grains thus show an increase of about 3,000,000 acres. All hay acreage for harvest in 1950 shows a reduction from a year ago, due in part to the reduction in peanut acreage.

It should be clearly understood that these data represent only the expressed intentions of farmers at the time the survey was made, and these plans may be changed in response to unfavorable weather conditions, marked changes in relative prices of specific commodities, announcements concerning price supports, or other factors. Nevertheless, farmers were able to take into account some of the factors affecting 1950 crop acreages in making their plans. While availability of farm labor is not

reported to be a limiting factor, many farmers have indicated they plan to curtail acreages of crops involving heavy hired labor requirements and to shift to those which they can handle themselves with mechanical equipment. Machinery in use and available was adequate for making rapid progress when fields were ready last year and is likely to be ample again this year.

PROSPECTIVE PLANTINGS—1950**

(In thousands of acres)

	Texas			Five States*		
	1950	1949	1950 as percent of 1949	1950	1949	1950 as percent of 1949
Wheat.....	6,235	7,997	81	12,881†	15,810†	81
Corn.....	3,145	2,599	121	5,543	4,994	111
Rice.....	467	531	88	1,060‡	1,136‡	93
Oats.....	1,820	1,456	125	3,387	2,656	128
Barley.....	215	172	125	679†	495†	137
All hay.....	1,174	1,223	96	3,375	3,340	101
Peanuts.....	501	589	85	693‡	783‡	89
Soybeans.....	10	5	200	150‡	125‡	120
Cowpeas.....	221	177	125	378‡	333‡	114
All sorghums.....	7,592	5,588	136	9,780	7,559	129
Flaxseed.....	230	360	64	249‡	405‡	61
Irish potatoes (commercial).....	32	38	84	71‡	79‡	90
Sweet potatoes.....	50	56	89	155‡	150‡	103
Total.....	21,692	20,491	106	38,401	37,965	101

** Data regarding the acreage planted or to be planted to cotton will not be released prior to July 1, 1950.

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

† Arizona, Oklahoma, New Mexico, and Texas

‡ Louisiana and Texas

§ Louisiana, Oklahoma, New Mexico, and Texas

¶ Louisiana, Oklahoma, and Texas

• Arizona, Oklahoma, and Texas

FINANCE

Selected member banks in leading cities of the District reported total assets of approximately \$3,608,000,000 on April 12. Growth in investments, balances with banks, and cash items during the preceding 5-week period more than offset a decrease in reserves with the Federal Reserve Bank and a small decline in loans, with the result that \$43,800,000 was added to total resources.

Total loans of these selected banks remained virtually unchanged—the decline being insignificant—between March 8 and April 12; on the latter date total loans amounted to \$1,186,930,000. The stability of loan volume during the latest reporting period is in contrast with a decline of 2.8 percent during the comparable period in 1949. The behavior of loans during the first 4½ months of this year reflects slightly lower though generally satisfactory levels of business, as compared with levels of business activity prevailing in the last quarter of 1949 when seasonal and other factors exerted upward pressures in most sectors. The influence of these factors extended into the first quarter of 1950 and tended to delay somewhat seasonal reaction in lending activity.

Contraction in loan volume was confined to a decrease of \$11,402,000 in loans for commercial, industrial, and agricultural purposes, since growth in all other categories of loans was reported, with the exception of loans to banks, which did not change. The greatest increases in lending activity were reported for real-estate loans and "all other" loans, which include loans to consumers. As a further indication of the extent to which total loan volume has been maintained, total loans on April 12 were approximately 1.4 percent below the peak loan volume outstanding on February 1.

Changes which occurred in the investment portfolios of selected member banks in the District affected both the composition and the amount of aggregate holdings. Although investments in Treasury certificates of indebtedness and bonds declined by more than \$19,000,000, more-than-offsetting gains

in other categories of securities increased total investments by approximately \$31,079,000. Changes in the composition of Government security portfolios were caused not only by additional purchases but also by refunding operations of the Treasury on March 15 and April 1, which resulted in the retirement of certain maturing or called outstanding issues of certificates, notes, and bonds and the issuance of a new 1¼-percent note and a new 1½-percent note in exchange. Largely as a result of these refunding operations, holdings of certificates of indebtedness declined by \$18,659,000, while investments in Treasury notes were increased by \$30,587,000. Increased purchases of Treasury bills, amounting to \$15,291,000, further added to total holdings of Government securities, while a small decline occurred in investments in Treasury bonds. On April 12 total holdings of United States Government securities amounted to approximately \$1,209,000,000. In addition, these banks added to their other investments by purchasing approximately \$4,449,000 in state, municipal, and corporate securities. As a partial means of financing the over-all increase in investments banks drew down their reserves with the Federal Reserve Bank by \$19,179,000, although approximately \$7,443,000 was added to balances with other banks.

with \$5,617,162,000 in February and \$5,139,728,000 in March of last year. Most of the decline in gross demand deposits during March occurred at country member banks, with approximately two-thirds of the decrease reported by these banks and one-third reported by Reserve city banks. Although total time deposits of all member banks showed a fairly persistent tendency to increase during recent months, a decrease of \$14,647,000 was reported during March. Reserve city banks more than accounted for this decline, since country banks showed a fractional growth in time deposits.

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 1948.....	\$5,019,464	\$569,800	\$2,357,864	\$357,605	\$2,661,600	\$212,195
March 1949.....	5,139,728	607,104	2,450,349	358,298	2,689,379	218,806
November 1949.....	5,482,103	636,996	2,666,217	408,479	2,815,886	228,517
December 1949.....	5,612,558	648,676	2,712,547	417,067	2,900,011	231,609
January 1950.....	5,733,218	659,140	2,752,603	423,289	2,980,615	235,851
February 1950.....	5,617,162	661,292	2,660,793	420,111	2,956,369	241,181
March 1950.....	5,566,562	646,645	2,643,667	405,065	2,922,895	241,580

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

(In thousands of dollars)

Item	April 12, 1950	April 13, 1949	March 8, 1950
Total loans (gross) and investments.....	\$2,531,695	\$2,225,053	\$2,501,141
Total loans—net†.....	1,173,585	1,060,820	1,175,943
Total loans—gross.....	1,186,930	1,070,957	1,187,455
Commercial, industrial, and agricultural loans.....	826,231	736,154	837,633
Loans to brokers and dealers in securities.....	7,313	6,058	5,881
Other loans for purchasing or carrying securities.....	48,046	52,341	47,623
Real-estate loans.....	97,504	87,152	93,874
Loans to banks.....	79	204	79
All other loans.....	207,757	189,048	202,365
Total investments.....	1,344,765	1,154,096	1,313,686
U. S. Treasury bills.....	95,049	28,057	79,758
U. S. Treasury certificates of indebtedness.....	262,270	244,525	280,929
U. S. Treasury notes.....	191,046	39,838	160,459
U. S. Government bonds (inc. gtd. obligations).....	660,889	721,957	661,478
Other securities.....	135,511	119,719	131,062
Reserves with Federal Reserve Bank.....	455,856	529,037	475,035
Balances with domestic banks.....	320,877	312,870	313,434
Demand deposits — adjusted*.....	2,005,658	1,939,029	1,999,831
Time deposits except Government.....	439,183	418,382	434,626
United States Government deposits.....	62,860	52,320	53,785
Interbank demand deposits.....	652,516	516,471	653,938
Borrowings from Federal Reserve Bank.....	0	0	0

† After deductions for reserves and unallocated charge-offs.

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

The greatest change in the condition of selected member banks in larger cities of the District during the period ended April 12 was a \$44,714,000 growth in total deposits, almost three-fourths of which was accounted for by an increase in demand deposits of individuals, partnerships, and corporations. Total demand deposits on March 15 reached a peak of \$2,972,449,000 for the 5-week period. However, income tax payments on this date were largely responsible for a decline of more than \$134,600,000 during the following 2 weeks. Treasury expenditures during the remainder of the period tended to offset this decline, and deposits increased. Favorable levels of business activity and the strength shown by loan volume have tended to maintain total deposits at high levels. The behavior of deposits, particularly demand deposits of individuals, partnerships, and corporations, during the first quarter of this year has been somewhat more stable than during the comparable period last year when economic readjustments to lower levels were under way.

Gross demand deposits of all member banks in the Eleventh District averaged \$5,566,562,000 during March, as compared

Debits to deposit accounts reported by banks in 24 cities throughout the District each month tend to reflect prevailing levels of business activity. During March these banks reported a 14-percent increase in debits over the comparable figures for February and a 7-percent increase over March 1949. Debits in March were influenced somewhat by an increased volume of purchasing by individuals and others in anticipation of the Easter season. The greatest increases for the most recent month were reported by banks in San Antonio, Wichita Falls, Austin, Galveston, and Monroe, Louisiana, with most other cities showing substantial gains. Banks in Lubbock reported the only decline for the period, a 9-percent decrease, with the greatest increase—a growth of 24 percent—reported by Wichita Falls

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

(Amounts in thousands of dollars)

City	Debits* Pctg. change from			Deposits* Annual rate of turnover		
	March 1950	Mar. 1949	Feb. 1950	March 31, 1950	Mar. 1949	Feb. 1950
Arizona:						
Tucson.....	\$ 62,797	— 4	16	\$ 86,947	8.6	9.1
Louisiana:						
Monroe.....	38,815	8	19	43,512	10.3	10.2
Shreveport.....	145,488	4	15	177,031	9.8	10.2
New Mexico:						
Roswell.....	17,982	20	11	22,211	9.6	9.7
Texas:						
Abilene.....	43,509	25	11	42,924	12.1	10.3
Amarillo.....	104,909	16	12	92,059	13.4	13.1
Austin.....	144,393	— 10	21	114,390	15.2	18.4
Beaumont.....	97,482	— 2	6	90,433	12.7	11.8
Corpus Christi.....	96,663	24	13	88,318	12.8	11.8
Corsicana.....	10,249	3	14	21,119	5.8	5.9
Dallas.....	1,152,524	9	11	794,419	17.4	17.2
El Paso.....	154,625	14	15	130,650	14.2	13.6
Fort Worth.....	380,742	16	18	307,028	14.2	12.7
Galveston.....	72,082	— 5	19	94,103	9.1	9.2
Houston.....	1,142,512	— #	16	954,066	14.2	15.1
Laredo.....	17,722	#	7	22,073	9.6	9.5
Lubbock.....	79,697	24	— 9	86,531	11.2	11.4
Port Arthur.....	33,829	— 1	5	40,371	10.0	10.2
San Angelo.....	33,549	17	8	43,655	9.2	8.9
San Antonio.....	321,784	25	24	344,665	11.2	9.7
Texarkana**.....	15,497	8	11	23,733	7.8	7.4
Tyler.....	44,970	2	16	52,291	10.3	10.3
Waco.....	61,286	17	7	73,301	10.2	9.5
Wichita Falls.....	65,882	10	24	90,274	8.8	8.8
Total—24 cities.....	\$4,318,988	7	14	\$3,836,404	13.4	13.3

* Debits to deposit accounts except interbank accounts.

Demand and time deposits, including certified and officers' checks outstanding but excluding 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 \$27,332.

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

and San Antonio. The turnover of deposits, reflecting the rate of use of deposit accounts, was 13.4 in March, as compared with 11.8 in February and 13.3 a year ago.

Total earning assets of the Federal Reserve Bank of Dallas declined \$10,613,000 during the period March 15 to April 15, due largely to a decline in holdings of United States Government securities. Other changes in the condition of the Federal Reserve Bank of Dallas included a decrease of \$6,700,000 in notes in actual circulation and increases of \$89,519,000 in gold certificate reserves and \$19,161,000 in member bank reserve deposits. Although notes of this bank in actual circulation tended to decline during the month ended April 15, the outstanding volume on this date amounted to approximately \$608,808,000, about \$15,400,000 greater than the volume outstanding on the comparable date last year. A favorable volume of trade in the District, which has been stimulated somewhat by government payments in the form of national service life insurance dividends, has contributed to the maintenance of note circulation at a high level.

NEW MEMBER BANK

The First National Bank in Wheeler, Texas, a conversion of The Citizens State Bank of that city, opened for business April 12, 1950, as a member of the Federal Reserve System. The new bank has capital of \$50,000, surplus of \$25,000, undivided profits of \$10,000, and total resources of approximately \$1,500,000. The officers are: D. E. Holt, President; R. J. Holt, Executive Vice President; R. J. Holt, Jr., Cashier; and H. W. Coffman, Assistant Cashier.

NEW PAR BANK

The Home State Bank, Westhoff, Texas, an insured 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 April 1, 1950. This bank has capital of \$17,500, surplus of \$5,000, and undivided profits of \$8,575. Theo. Rogge is President and E. R. Aschen is Cashier.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	April 15, 1950	April 15, 1949	March 15, 1950
Total gold certificate reserves.....	\$717,795	\$688,998	\$628,276
Discounts for member banks.....	2,060	2,280	1,410
Foreign loans on gold.....	1,393	5,323	1,481
U. S. Government securities.....	796,456	915,534	807,631
Total earning assets.....	799,909	923,137	810,522
Member bank reserve deposits.....	810,373	914,441	791,212
Federal Reserve notes in actual circulation.....	608,808	593,368	615,508

SAVINGS DEPOSITS

City	Number of reporting banks	March 31, 1950		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	Mar. 31, 1949	Feb. 28, 1950
Louisiana:					
Shreveport.....	3	43,771	\$ 24,790,108	- 1.3	0.4
Texas:					
Beaumont.....	3	12,213	5,891,730	- 6.6	-0.3
Dallas.....	8	143,501	77,931,396	- 0.5	-0.03
El Paso.....	2	32,365	22,982,206	0.5	0.6
Fort Worth.....	4	44,283	35,731,236	1.7	-0.03
Galveston.....	4	22,576	21,196,926	- 0.5	0.5
Houston.....	8	95,310	75,302,125	- 1.7	0.2
Lubbock.....	2	2,028	3,851,811	24.1	4.4
Port Arthur.....	2	5,985	4,430,630	- 5.5	1.0
San Antonio.....	5	41,876	43,818,404	- 3.0	0.1
Waco.....	3	10,264	10,367,766	2.0	0.4
Wichita Falls.....	3	8,192	4,506,323	- 1.1	0.5
All other.....	55	66,518	56,189,109	3.2	0.3
Total.....	102	528,880	\$386,969,770	0.5	0.2

On April 7, the Secretary of the Treasury announced that a new issue of 91-day Treasury bills in the amount of \$1,000,000,000 would be offered to yield \$100,000,000 in cash and to refinance \$900,000,000 of similar bills maturing April 13. The offering represents the first new government borrowing, exclusive of that in connection with net sales of Treasury tax and savings notes and savings bonds, since September 1949. On April 13, a similar announcement was made regarding the bill maturity of April 20. Rates on new issues of Treasury bills have shown a gradual tendency to advance during the year to date, with the issue of April 20 selling at an average discount of 1.162 percent.

With the satisfactory completion of its most recent refunding program—an offering of 1¼-percent notes in exchange for 1¼-percent certificates which matured April 1 and an offering of 1½-percent notes in exchange for 1⅜-percent notes which also matured on April 1—the Treasury will not face another maturity, with the exception of weekly bill maturities, until June 1 when \$5,000,000,000 in certificates become due.

INDUSTRY

The building boom in the Eleventh District was extended further in March when construction contract awards totaled \$110,000,000, the highest level since the wartime peak of October 1942. This amount was 62 percent more than in February and 72 percent more than the level of March a year ago. Residential awards, which totaled nearly \$48,000,000, were only slightly under the all-time peak of May 1946, being 24 percent above the high level of February and 2.6 times the total for March of last year. The month of March marks the tenth consecutive month of high level awards in the residential category. During the first quarter of 1950, residential awards exceeded by 135 percent the total for the corresponding period of 1949 and largely accounted for the fact that total awards were up 57 percent. March awards were augmented by the letting of contracts for a number of large residential projects to be built for sale or rent. The low-cost housing program continues to be the strongest factor in the residential building picture, with continuing availability of mortgage credit—both from within and from outside the area—also being a sustaining influence. The temporary rationing of FHA insured loans during March and April, resulting from the near exhaustion of maximum authorized insurance funds, may have held up temporarily the letting of contracts for some sizable residential projects during these months. Authorization of additional funds for FHA insuring operations in the recently passed Housing Act of 1950 will permit the resumption, on a nonrationed basis, of the insurance of housing mortgages.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

	March 1950	March 1949	February 1950	January 1 to March 31	
				1950	1949
Eleventh District—total.....	\$110,447	\$ 64,313	\$ 68,362	\$ 241,238	\$ 153,776
Residential.....	47,878	18,207	38,763	112,938	47,984
All other.....	62,569	46,106	29,599	128,300	105,792
United States*—total.....	1,300,201	747,619	779,530	2,810,586	1,799,070
Residential.....	574,681	251,770	361,452	1,279,634	603,971
All other.....	725,520	495,849	418,078	1,530,952	1,195,099

* 37 states east of the Rocky Mountains.
SOURCE: F. W. Dodge Corporation.

Nonresidential construction awards also increased in March, reaching the highest level since July of last year. Such awards totaled nearly \$63,000,000, or more than double the level of

the previous month and 36 percent higher than in March a year ago. Commercial, office, and manufacturing buildings contributed to the March total, while awards for highway construction, other public works, and utilities were also important. During the first quarter of 1950, nonresidential awards were running 21 percent above the level for the corresponding period of last year.

BUILDING PERMITS

City	March 1950		Percentage change valuation from		Jan. 1 to Mar. 31, 1950		Percentage change valuation from 1949
	Number	Valuation	Mar. 1949	Feb. 1950	Number	Valuation	
Louisiana:							
Shreveport....	405	\$ 2,120,649	123	- 40	1,162	\$ 6,762,925	139
Texas:							
Abiene.....	211	1,882,215	394	70	547	3,835,110	194
Amarillo.....	344	1,629,555	56	25	899	4,290,882	25
Austin.....	346	2,375,937	53	- 28	1,139	8,781,937	85
Beaumont....	354	454,905	- 53	- 27	1,027	2,924,045	1
Corpus Christi.	392	2,326,125	128	58	1,193	5,573,955	99
Dallas.....	2,908	11,257,185	90	52	5,626	26,257,233	62
El Paso.....	486	2,959,459	286	53	1,131	6,237,274	134
Fort Worth....	1,137	4,386,780	83	23	2,599	10,612,992	83
Galveston....	180	343,182	45	100	447	1,087,272	- 48
Houston.....	1,178	10,824,137	144	- 17	3,062	34,826,972	145
Lubbock.....	347	2,078,136	87	48	942	4,946,246	141
Port Arthur..	219	540,655	84	- 4	598	1,491,363	76
San Antonio..	2,022	3,981,372	47	- 10	5,029	13,066,700	71
Waco.....	372	2,490,043	140	135	869	6,914,040	266
Wichita Falls.	124	349,062	1	68	300	820,204	2
Total.....	10,725	\$49,999,397	99	11	26,570	\$138,420,150	93

The daily average production of crude petroleum in the Eleventh District during March amounted to 2,134,000 barrels, representing declines of 68,000 barrels from the preceding month and of 245,000 barrels from a year ago. The United States production outside of this District during March was down 46,000 barrels daily from that in the previous month. The increase of 130,000 barrels daily in Texas allowables for April was reflected in increased production during the early part of that month, and it is expected that the District output for the full month may approximate that for last December. In such case, the April output would exceed by about 100,000 barrels daily the production rate in April 1949, when allowables had been sharply curtailed.

CRUDE OIL PRODUCTION

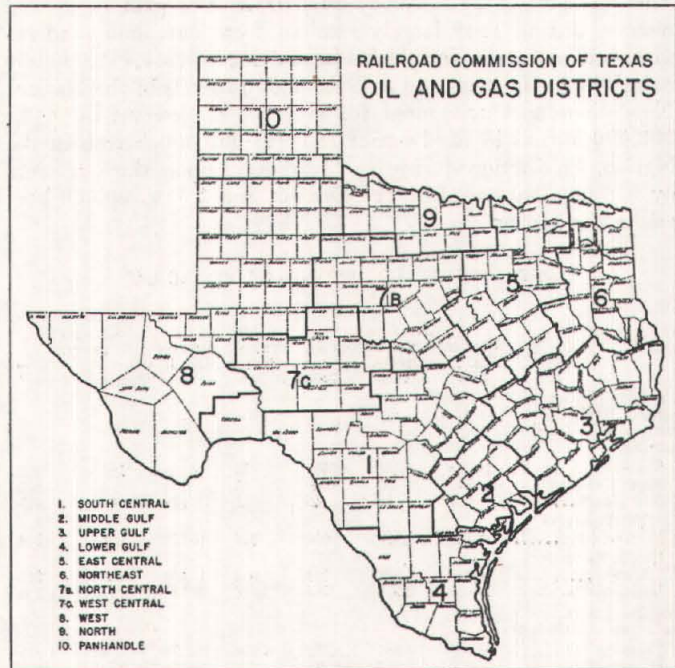
Area	March 1950		Increase or decrease in daily average production from	
	Total production	Daily avg. production	March 1949	February 1950
Texas:				
District				
1 South Central.....	803,100	25,906	-862	160
2 Middle Gulf.....	3,582,050	115,550	-23,769	2,530
3 Upper Gulf.....	10,344,050	333,679	-73,795	-45,717
4 Lower Gulf.....	5,708,650	184,150	-20,131	2,609
5 East Central.....	738,100	23,810	-18,063	-7,894
6 Northeast.....	10,207,600	329,278	-42,264	27,142
East Texas.....	7,673,700	247,539	-26,598	30,198
Other fields.....	2,533,900	81,739	-15,666	-3,056
7b North Central.....	1,934,100	62,390	1,545	267
7c West Central.....	1,545,200	49,845	2,868	177
8 West.....	16,638,200	536,716	-77,531	-42,332
9 North.....	4,030,350	130,011	3,737	106
10 Panhandle.....	2,766,350	89,237	1,976	-1
Total Texas.....	58,297,750	1,880,572	-246,289	-62,953
New Mexico.....	3,955,000	127,581	- 6,693	-1,355
North Louisiana.....	3,892,900	125,577	8,020	-4,033
Total Eleventh District.....	66,145,650	2,133,730	-244,962	-68,341
Outside Eleventh District.....	84,362,400	2,721,368	-31,888	-46,020
United States.....	150,508,050	4,855,098	-276,850	-114,361

SOURCE: Estimated from American Petroleum Institute weekly reports.

Largely as a result of the recent strength in demand, Texas allowables for May were also increased, the 58,000-barrels-per-day increment including 22,000 barrels daily of cold-test crude for lubricating oil, the supply of which has been particularly short.

Crude oil runs to refinery stills during March were slightly larger than in February in both the District and the Nation. In early April, however, refinery runs fell off sharply as the result

of strikes, the decrease in the Nation amounting to 225,000 barrels per day as compared to the average level of the previous month, with about two-thirds of the decrease taking place in this District. Efforts were being made to divert crude oil from the closed plants to other plants.



The stock position of the petroleum industry was strengthened somewhat during March. Stocks of crude oil at the end of the month were nearly 2,500,000 barrels below those a month earlier, indicating that new supplies were still running below requirements. Practically all of this stock reduction took place in this District. Rising demand for gasoline held the increase in gasoline stocks to slightly less than 1,700,000 barrels during March, as compared with about 10,000,000 barrels per month during the immediately preceding months. However, the moderate rise of gasoline stocks during March permitted the establishment of another new record at nearly 135,600,000 barrels, or nearly 8,000,000 barrels higher than at the same time last year. During the first week of April gasoline stocks were drawn down 470,000 barrels, chiefly as a result of the 3 percent decline in gasoline production due largely to the refinery strikes. The seasonal rise in the demand for gasoline is likely to bring about a steady decline in gasoline stocks during the next few months, in line with the usual seasonal pattern. The influence of demand in holding down or reducing stocks of petroleum products has been amply illustrated during recent months, when the strong demand for kerosene and fuel oils has led to rapid drawing down of stocks of these products, with the decline during March amounting to nearly 29,000,000 barrels. This was a much larger decrease than occurred during March last year. On April 1 the combined stocks of the four principal petroleum products—gasoline, kerosene, gas and distillate fuel oil, and residual fuel oil—totaled nearly 227,600,000 barrels, or over 27,200,000 barrels less than a year earlier. Stocks of crude oil plus these four major products totaled nearly 470,700,000 barrels, representing decreases of nearly 30,000,000 barrels from a month earlier, and of slightly over 50,000,000 barrels from a year ago.

The estimated proved reserves of crude petroleum and natural gas liquids in the Eleventh District increased by 1,168,-

000,000 barrels during 1949, or over 7 percent, this increase accounting for 75 percent of the 1,557,000,000-barrel increase for the Nation. Texas, north Louisiana, and New Mexico, each, had a percentage increase greater than the average for areas outside of the District. As of January 1, 1950, the District had reserves of 16,871,000,000 barrels, or over 59 percent of the national total of 28,378,000,000 barrels. The gain in proved reserves during 1949 largely resulted from extensions and revisions of estimates for old fields, amounting to 1,455,000,000 barrels in the District and 2,592,000,000 barrels in the Nation. New discoveries accounted for increases of reserves by 649,000,000 barrels in the District and 983,000,000 barrels in the Nation. Production during the year drew upon these reserves by 936,000,000 barrels in the District and 2,018,000,000 barrels in the Nation.

ESTIMATED PROVED RESERVES OF OIL AND GAS

	Reserves Jan. 1, 1949	Extensions and revisions in 1949	New dis- coveries in 1949	Produ- tion in 1949	Reserves Jan. 1, 1950	Changes in reserves	
						Amount	Percent
Crude petroleum and natural gas liquids (a- mounts in millions of barrels)							
Texas.....	14,559	1,340	587	832	15,654	1,095	7.5
North Louisiana(®)...	512	60	20	53	539	27	5.3
New Mexico.....	632	55	42	51	678	46	7.3
Total Eleventh District.....	15,703	1,455	649	936	16,871	1,168	7.4
Outside Eleventh District.....	11,118	1,137	334	1,082	11,507	389	3.5
United States.....	26,821	2,592	983	2,018	28,378	1,557	5.8
Natural gas (amounts in billions of cubic feet)							
Texas.....	95,709	3,963	2,522	3,024	99,170	3,461	3.6
Louisiana**.....	23,978	2,239	1,277	806	26,688	2,710	11.3
New Mexico.....	5,606	739	146	257	6,241*	635	11.3
Total Eleventh District.....	125,293	6,941	3,945	4,087	132,099*	6,806	5.4
Outside Eleventh District.....	48,576	1,120	668	2,158	48,282†	— 294	—0.6
United States.....	173,869	8,061	4,613	6,245	180,381*†	6,512	3.7

® Preliminary.

* Includes 7 billion cubic feet added to underground storage in New Mexico.

† Includes 76 billion cubic feet added to underground storage outside the Eleventh District.

** Includes south Louisiana, which is outside the Eleventh District.

SOURCES: American Gas Association.

American Petroleum Institute.

Estimated reserves in the Scurry County Reef field in Texas were increased by about 900,000,000 barrels. This increase ac-

counted for nearly two-thirds of the extensions and revisions in the District and over one-third of those for the Nation. In fact, the gain in the Scurry field equals 82 percent of the net increase in reserves in Texas during 1949, as well as 77 percent of the net rise for the District and 58 percent of the net increase for the Nation. It is expected that the Scurry field will account for a further increase of estimated reserves during 1950.

Estimated proved reserves of natural gas rose during 1949 by 6,806 billion cubic feet, or over 5 percent, in three states in the Eleventh District—Texas, Louisiana, and New Mexico. Outside of the District there was a small decline in reserves, so that the national total increased by only 6,512 billion cubic feet, or less than 4 percent. The three states producing natural gas in this District had total reserves of 132,099 billion cubic feet on January 1, 1950, and accounted for 73 percent of the national total of 180,381 billion cubic feet. Extensions and revisions in the District during 1949 slightly more than equaled the net increase of reserves, with new discoveries being fully offset by production during the year.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

	March* 1950	March 1949	February† 1950	August 1 to March 31	
				This season	Last season
Consumption at:					
Texas mills.....	15,090	13,269	11,966	103,315	102,136
United States mills.....	898,228	721,378	739,438	5,977,391	5,561,349
U. S. Stocks—end of month:					
In consuming estabm'ts.....	1,881,498	1,560,787	1,825,791	.....	.....
Public storage and com- presses.....	8,302,175	6,682,706	9,228,737	.....	.....

* Five weeks ended April 1.

† Four weeks ended February 25.

The daily average rate of consumption of cotton at United States mills during March was 3 percent lower than in the previous month but 14 percent above the level of a year earlier. Since the March cotton consumption report covers 5 full weeks, the March total is artificially inflated compared with the totals for the earlier periods given in the adjoining table. Total consumption during the first 8 months of the 1949-50 season was 7 percent more than during the previous season.