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# ECONOMIC DEVELOPMENTS IN THE SOUTHWEST AND THEIR SIGNIFICANCE TO THE CHEMICAL INDUSTRY

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The members of this group are, doubtless, fully aware of the tremendous expansion that took place in the chemical industry of the Southwest[1] during the past decade. It is possible that the exceedingly fast pace set by this industry may have obscured, in your thinking, the somewhat phenomenal growth that has occurred generally in the Southwest's economy. This growth has been wide in scope, since it has encompassed most industries of the area, as well as nearly every other segment of economic activity. Perhaps the extent of the growth in the Southwest can best be measured by the expansion of income payments to individuals, which increased by more than 250 percent during the decade. Although a significant part of this increase was due to a rise in prices, income payments were more than doubled even after eliminating the effects of price increases.

The expansion in the Southwest's economy has been sparked by the growth in its basic industries—agriculture, petroleum, and manufacturing. Although agriculture—in keeping with the national trend—has been tending to become relatively less important as a source of income to the area, the share of total income supplied by agriculture is still approximately twice as great in the Southwest as in the Nation. The fact that agriculture does provide approximately one-sixth of the area's income emphasizes its importance to the economy of the area.

The physical volume of agricultural output showed a fairly steady increase throughout the decade. Crop yields have improved, and cattle numbers are significantly higher than 10 years earlier. The most impressive gains in crop production have occurred in the Lower Rio Grande Valley and in the High Plains of west Texas, yet significant increases have been apparent in many other sections. Farmers in Louisiana, Arkansas, Oklahoma, and east Texas have shown a rather marked shift from cotton farming to a more diversified operation giving greater emphasis to cattle raising. On the other hand, decreases in cotton production in these and certain other areas have been more than offset by increases in the High Plains of west Texas and in the Lower Rio Grande Valley. Rice production in Arkansas, Louisiana, and the adjoining Texas Gulf Coast area has increased substantially, while production of grain sorghums—reflecting their expanding use for commercial purposes as well as feed—is now several times greater than the average production of the 1930's. Wheat production in the Texas Panhandle and western Oklahoma reached exceptionally high levels during the past 10 years, in contrast with generally depressed production in the 1930's when drought was a significant factor in holding down output.

The Southwest's crude oil production during the past 10 years showed an even more marked growth than during the previous decade, when the discovery of the fabulous east Texas field and the development of the south Louisiana fields stimulated intensive drilling programs and sharply in-

[1]For the purposes of this paper, the Southwest comprises the states of Arkansas, Louisiana, Oklahoma, and Texas.

creased crude oil production. In 1950 oil production in the four states of Arkansas, Louisiana, Oklahoma, and Texas totaled 1,235,000,000 barrels, representing 57 percent of the Nation's total production. Moreover, this total is 59 percent greater than in 1940, although it is down slightly from the record 1948 level. The bulk of the increase in production during the decade occurred in the Permian Basin of west Texas, in south Texas, and in southern Louisiana. West Texas has received a greater oil play than any other area in the country, with as many as one-third of all the drilling rigs in operation in recent years being located in that area. Moreover, west Texas contains the tremendous Scurry County Canyon Reef fields, which rank second among the numerous large fields that have been discovered in this country. Despite the large increases in oil production, new reserves added through the discovery of new fields and extensions of existing fields have greatly exceeded withdrawals, resulting in a net increase of 62 percent in southwestern crude oil reserves during the past 10 years.

One of the most outstanding aspects of southwestern development during the past decade was the growth in manufacturing. The rate of growth was greater than in any other decade of this century and was much more rapid than in the Nation. Moreover, there was a noticeable broadening in the scope of manufacturing activity. During World War II there were established synthetic rubber plants, chemical plants, ordnance, metal, machinery, and aircraft plants, and shipyards; also, there was a marked expansion in refineries. The major portion of these new plants was located in the Gulf Coast area, although a number of war plants were located inland, such as aircraft plants in the Fort Worth-Dallas and Tulsa areas, carbon black plants in west Texas, and synthetic rubber and various miscellaneous ordnance plants in scattered localities of the area. Although some of these war-born plants were closed after the war, most of them either were converted to the production of civilian goods or were used for some other purpose. Moreover, the establishment of new manufacturing facilities and the modernization of existing facilities continued at a rapid rate in the postwar period. This expansion includes numerous small plants scattered throughout the area, as well as a considerable number of medium- and large-size plants. Some idea of the magnitude of the growth in manufacturing in the Southwest may be obtained from the increase in manufacturing employment, which rose from 419,000 in April 1940 to around 700,000 in December 1950, an increase of about 67 percent. These increases in manufacturing employment and activity are impressive; yet we should remember that the proportion of the area's income derived from manufacturing is less than half the proportion derived from that source in the Nation. This fact reminds us that manufacturing in the Southwest, in many respects, is still in its infancy, which, in turn, suggests vigor and sustained growth.

While agriculture, petroleum, and manufacturing were the basis for the tremendous growth in the Southwest's economy in the past decade, this growth has brought in its wake notable expansion in the construction, trade, and services industries. The postwar construction boom which has been evident throughout the Nation has been even more accentuated in the Southwest. The total value of building last year was almost four and one-half times as large as in 1940, and even allowing for the increase in building costs, the volume of construction was probably double that 10 years earlier. The value of residential building in 1950 reached a peak about seven times the 1940 total. Trade and services industries paralleled the growth in other segments of the economy. As an indication of the outstanding gains in retail trade, it may be stated that department store sales in the Eleventh Federal Reserve District, which comprises a large part of the Southwest, increased 243 percent between 1940 and 1950. This increase is larger than that in any other district and exceeds by a wide margin the average gain in the Nation.

A collateral development of major significance has been the marked shifts in population within the area, which have accelerated the concentration of population in a few urban centers. Although the combined population of the four states showed a net increase of about 11 percent between 1940 and 1950, a total of 297 counties and parishes actually had a net loss in population. Of the 173 counties and parishes having population increases, 92 of them had gains of less than 20 percent and only 29 had gains of as much as 50 percent. These shifts were induced largely by the industrial expansion, which attracted surplus labor from rural areas.

The rapid growth of the Southwest, which has attracted widespread attention both regionally and nationally, has generated genuine interest in the potentiality of the area. Some of the recurring questions being asked are: Why has the Southwest shown such exceptional growth? What is the basis for this industrial expansion? How permanent is it? What are the potentialities for future growth? Undoubtedly, the rich natural resources of the area have been essential elements in this growth. The possession of the major portion of the oil and gas reserves of the Nation has been a factor. The fronting of two of the states on the Gulf of Mexico, which gives access to the intercoastal canal and to ocean transportation, has been an important element. The mild climate has permitted the diversification of agriculture and has encouraged the location of some industries. Rich and level agricultural land, with a large percentage of the farms of above-average size, has been favorable to the mechanized trend in agriculture. The adequate supply of intelligent labor capable of being trained has tended to foster economic growth, although this factor has been partly offset by a scarcity of skilled labor in many lines. Without these resources, the Southwest would have shown very little expansion during the past 10 years.

On the other hand, resources alone are never the motivating forces in economic growth. The oil and natural gas have been in the ground for centuries; the location and climate are relatively permanent; the agricultural land has not changed significantly; and the supply of labor probably is not much different than in some other periods. Consequently, we must look elsewhere for the causes or stimuli which fostered the more intensive utilization of the Southwest's resources during the past decade.

The fundamental causes may be grouped under eight general categories: (1) World War II; (2) the nationwide postwar boom; (3) the growing importance of oil and gas in the Nation's economy; (4) revolutionary progress in the petrochemical field; (5) decentralization policies of large corporations; (6) advances in farm techniques and practices; (7) government policies, programs, and actions; (8) self-generating characteristics of rapid growth. Perhaps a careful examination of these primary factors will give us a better understanding of the phenomenal growth of the Southwest and provide the basis for estimating the probable developments in the next few years.

The Southwest has been, and to a considerable extent still is, essentially a supplier of raw materials and power for other sections of the country. Its industries have been dependent to a marked degree upon national and, in some cases, international demand. This dependence has been greater than in many other sections of the country where the economy is more diversified and more self-contained. Consequently, it was natural that the tremendous increase in the activity of industries in other sections of the country, occasioned by World War II and the postwar boom, should also greatly increase the demand for the Southwest's products. To be more specific, World War II and the subsequent postwar boom greatly increased the demands for such important raw products of the Southwest as cotton, wheat, rice, wool, cattle, fresh vegetables, timber, citrus fruits, and minerals, including petroleum, sulphur, aluminum, lead, and zinc.

World War II did more than boom the demand for the Southwest's raw materials; it also furnished the impetus for many of the important manufacturing developments in the past decade. First, it induced a substantial expansion in plant facilities and in the production of most existing industries which had been important in the prewar period. This was particularly true with respect to industries that processed southwestern raw materials, such as the food products, building materials, and nonferrous metals industries and the relatively young petrochemical industry. At the same time, numerous small plants in a wide range of industries, which functioned as suppliers of parts and semimanufactured products to the larger industrial units, expanded sharply during the war and in the postwar period became important industrial units. Second, the war led to the establishment of several entirely new industries, including aircraft, shipbuilding, rubber and rubber products, ordnance explosives, and metals. While activity in most of these industries diminished after the war, the plants remain as a basic part of our industrial machine.

This war-promoted industrialization provided the area's labor with opportunities for obtaining increased knowledge and skills in many lines through on-the-job training and industry training schools which were established. It should be pointed out that this nucleus of skilled labor developed during the war has assisted in further expansion of the area's manufacturing in postwar years. Moreover, the war caused a large expansion in military establishments, including air and naval bases, and many of these installations which continued to operate in the postwar period have added to the area's income. Many of these wartime developments which have been such important contributions to the economy of the area might have occurred in time, even if there had been no war, but the war greatly speeded their accomplishment.

The twentieth century may be characterized as an oil and gas era. Certainly, one of the most outstanding aspects of the past few decades was the growing importance of oil and gas as a source of energy. I need only point out that during the past 10 years the proportion of the Nation's total energy requirements supplied by oil and gas increased from 43 percent to more than 50 percent. The increased mechanization of agriculture, the growing importance of the automobile in business and personal transportation, the sharp rise in truck transportation, the startling rapidity of the conversion of railroads from steam to diesel locomotives, the tremendous expansion in both military and civilian aircraft, the mechanization of military equipment, and the revolutionary extension in the use of natural gas as a domestic and industrial fuel—all these developments reflect the increasing importance of oil and gas in this Nation's economy. With the Southwest possessing a major portion of the proved reserves of oil and gas in the country, it is obvious that these developments have a tremendous impact on the economy of the area.

I need not tell you gentlemen about the astounding progress which the petrochemical industry of this Nation made during the past decade. You are fully aware of the extent to which intensive research produced discoveries of new chemicals and enlarged uses for previously known chemicals derived from natural gas and petroleum. You know just how rapidly the chemical industry is developing techniques for the economical production of such chemicals. You know, too, that these same techniques are useful in the manufacture of the major petroleum products, especially in improving yields and quality and in making refinery operations more flexible. In this connection, it is important to remember that a major share of this expansion has occurred in the Southwest and that it has been a significant factor contributing to the recent industrial growth of the area. When one surveys today's vast network of chemical plants in the Southwest, it is difficult to realize that only 15 years ago all synthetic chemicals were produced east of the Mississippi River.

It is also important to remember that the advantages offered by the Southwest are primarily responsible for the rapid expansion of the petrochemical industry in the area and are likely to provide the basis for continued expansion. One of these major advantages is the large reserves of natural gas and petroleum, which constitute the basic raw materials and provide an abundance of cheap fuel. A collateral factor is the huge petroleum refining industry, the gases from which have become essential chemical raw materials. Other factors include the abundant supplies of salt, alkali, and sulphur; a climate which permits the construction of open buildings typical of modern chemical plants; access to cheap intercoastal canal and ocean transportation; a satisfactory labor supply, including trained technicians; and rapidly growing markets.

The petrochemical industry is only one illustration of the marked tendency of large corporations to decentralize their expanding operations. In the Southwest the trend has been noticeable in virtually every important industrial operation and in several service and distributive enterprises. During the war some corporations were encouraged or required by the Government to decentralize defense production for national security purposes, but most companies have followed a decentralization policy for purely economic reasons.

It should be pointed out that while national decentralization is taking place, a marked trend toward centralization is occurring within the area. Most of the industrial expansion has been along the Gulf Coast and in proximity to the larger cities in the interior. Although a large number of the smaller plants are scattered among the small- and medium-size towns or cities throughout the area, these plants turn out a relatively small percentage of the total producion; each plant, however, may be significant in the life of its community.

In most instances, the area centralization is highly desirable from an economic standpoint because of the interrelationships among many of the major industries, the need for access to pools of labor available in the larger areas, the advantages inherent in specific localities, and other benefits that derive from proximity to other industrial enterprises.

Advances in farm techniques and practices, together with success in bringing generally unproductive land into cultivation through irrigation, have contributed considerably to the rise in agricultural income in the area and, hence, in total income of the area. Farm yields have been increased through improvements in soil fertility and use of better seed, scientific crop rotation, and more liberal applications of fertilizer. Moreover, the rapid extension of mechanization in agriculture has lowered agricultural production costs, permitted more timely cultivation of crops, and, at the same time, freed significant amounts of farm labor for productive effort in other industries. Irrigation farming has been increased rapidly in the Lower Rio Grande Valley, in portions of west Texas, and in scattered localities elsewhere; although comprising only a small part of the total agricultural area, it has become an important factor in over-all agricultural production in the Southwest.

While the expansion in the economy of the Southwest has been largely the result of these basic economic factors we have been discussing, government policies, programs, and actions also have had an influence. In view of the importance of agriculture to the Southwest, the favored position of agricultural products under wartime price controls probably resulted in a greater benefit to this area than to other areas of the country in which agriculture is relatively less important. Moreover, the high level of demand for agricultural products, due in part to foreign aid programs, as well as the high prices of agricultural products resulting from the support programs of the Government in the postwar period, also has tended to increase agricultural income in the Southwest. Furthermore, it is doubtful whether construction activity in this area or in the Nation would have attained its record heights of recent years without the assistance provided by the Government's mortgage insurance and mortgage purchasing programs on residential construction.

A final factor which is frequently overlooked in explaining the growth of an area is the self-generating characteristic of rapid growth. The tremendous expansion in the Southwest has created favorable psychological conditions stimulating investment in the area. The success that some enterprises have had gives other enterprises confidence in risking capital in the area. Then too, as the economy has expanded, income and savings have grown and local capital has increased for investment in new enterprises in the area. The banks and insurance companies in the Southwest are in a much better position today to meet the expanding capital requirements of the area than they were 10 years ago. As manufacturing has grown, the number of skilled workers has increased and facilities have been expanded for the training of additional workers. Furthermore, companies have been springing up to meet some of the needs of the expanding industries of the area. For instance, pipe production facilities, machine shops, and cement plants have been established to meet the local needs of the oil industry. Perhaps more important has been the establishment of plants throughout the area to meet the expanding needs of the growing population. Moreover, trade and service outlets, together with enlarged public facilities, including schools, hospitals, roads, and water systems, have become necessary with the rapid growth of population in some areas. Many of these developments have been aided by the vast network of highways constructed in the past 25 years and the marked extension in the use of automobile, bus, and truck transportation. In the final analysis, it probably would not be an exaggeration to state that this self-generating characteristic of rapid growth has been one of the most important factors in the boom in the Southwest's economy during the past few years.

The tremendous growth in the Southwest's economy, of course, has been of great importance to the people of the area, as well as of benefit to the Nation as a whole. But you gentlemen might ask, What does it mean, if anything, to the chemical industry? The implications to the chemical industry in some ways are so obvious that they might be overlooked. We are likely to take for granted the availability of the natural gas, oil, sulphur, salt, and other raw materials which are vital to the petrochemical industry. We are likely to forget about the port facilities of the area and the easy access to the waterways which play an important part in the shipment of the industry's products to the large eastern and western markets, as well as to foreign markets. We might overlook the part the oil industry has had in developing technical men who are now making valuable contributions to the chemical industry. In this connection, it is not amiss to mention the fact that the high schools, the junior colleges, the universities, and the engineering schools—recognizing the growing need for trained personnel—are shaping their courses of study to meet the requirements and, hence, are turning out increasing numbers of technically trained students. The development of these southwestern resources has probably been a necessary counterpart to the establishment and growth of the petrochemical industry. Moreover, in addition to the assistance to production, the expanding development of southwestern resources has also provided a growing market for products of the chemical industry, a subject which is being covered in another paper being presented at this meeting.

While the developing southwestern economy has contributed importantly to the chemical industry, that industry has been of great benefit to the Southwest. Probably the greatest advantage the chemical industry has given the Southwest has been the broadening of the area's income base. This area has been entirely too dependent upon petroleum and agriculture, with fluctuations peculiar to these industries having immediate repercussions on the income and prosperity of the area. Consequently, anything that can be done to broaden and to diversify the activity of the area will promote greater stability in its economy. The chemical industry has helped to stabilize not only the petroleum and petroleum refining industry but also the entire economy by bringing a new source of income to the people of the area. Moreover, as the Gulf Coast chemical industry has developed, it has fostered the growth of related industries which, in themselves, contribute to the growth and stability of the area.

Before closing, I would like to make a few remarks about the outlook for the Southwest. We have seen that the principal factors promoting the expansion during the past decade were World War II, the nationwide postwar boom, the growing importance of oil and gas in the Nation's economy, the progress in the petrochemical field, decentralization policies of large corporations, advances in farm techniques and practices, government practices, and the self-generating characteristics of growth. There is reason to believe that these factors, for the most part, will continue to exert a stimulating influence during the next several years. We are now in the midst of a large defense program which can be expected to maintain national demand at very high levels and, consequently, the demand for important southwestern raw materials. The oil and gas industry probably has not reached its peak in importance, and the petrochemical industry is expected to continue its rapid expansion. The defense program may even give added impetus to decentralization policies of corporations. Moreover, high farm prices probably will continue to foster the application of improved agricultural techniques. Consequently, it would appear that the growth trends in the Southwest will continue during the next several years and that this area probably will continue to experience a more marked economic development than most other sections of the country.

# REVIEW OF BUSINESS, INDUSTRIAL, AGRICULTURAL, AND FINANCIAL CONDITIONS

## DISTRICT SUMMARY

Department store sales in the Eleventh Federal Reserve District in the post-Easter weeks continued the unimpressive showing of the immediately pre-Easter period. This lull in consumer buying, which is nationwide in scope, is largely a reaction from the extremely heavy buying prevailing in the summer and last few weeks of 1950 and the early weeks of this year. Although department store stocks were up noticeably in March, inventory buying appears to have halted. In fact, some merchants are having difficulty carrying present heavy inventories in the face of a tightening credit situation, and efforts to reduce inventories have become evident.

Nonfarm employment in Texas increased during March and early April, reaching a level approximately 6 percent above that of a year ago. Wage rates have risen noticeably during the past year, with numerous recent increases having been made within the terms of the Wage Stabilization Board formula. Crude oil production reached an all-time peak in April both in the Nation and in the District, and a further rise is anticipated for May as a result of a further increase in Texas allowables. Refinery activity in March continued at a high level, with refiners shifting to greater yields of gasoline and smaller yields of burning oils, in line with seasonal demands.

The value of construction contract awards in the District in March, although down noticeably from the February peak, was the second highest peacetime total of record. Both residential and nonresidential awards were appreciably higher than a year ago. Total awards in this District for the first quarter of 1951 were 63 percent greater than during the same period last year, as compared with a 23-percent gain in the Nation.

Present agricultural prospects in the District indicate a larger crop acreage this year than was harvested in 1950, although shortages of moisture still exist over most of the western half of the area. Production of small grains will fall below last year's short crop, but larger acreages of most other major field crops, including a sharp increase in the acreage of cotton, are anticipated. Farm commodity prices generally held fairly steady during April.

During the 4 weeks ended April 11, loans of district weekly reporting members banks declined slightly. Demand deposits of individuals, partnerships, and corporations declined $110,173,000, or about 5 percent, but this decrease was partially offset by an increase in United States Government deposits resulting from heavy corporate and individual income tax payments in March. Banks liquidated holdings of Treasury bills and notes and drew down reserve balances in order to meet deposit withdrawals.

## BUSINESS

Consumer buying in the Eleventh Federal Reserve District in the post-Easter period moved at a somewhat disappointing pace, continuing the unimpressive showing of the weeks just before Easter. The dollar volume of sales at district department stores in the 3 weeks immediately following Easter fell slightly below the volume for the same post-Easter weeks last year. Moreover, during the 3 weeks just prior to Easter, sales this year were only 6 percent higher than during the same period last year. In view of the marked increase in prices during the past 12 months, the physical volume of merchandise sold was actually lower in the immediately pre- and post-Easter weeks this year than last year. This lull in consumer buying appears to be nationwide in scope.

Department store sales for the month of March as a whole were up 28 percent from February and were 13 percent higher than in March 1950. The month-to-month increase, however, was less than the normal seasonal gain, while the year-to-year increase reflected largely the earlier date of Easter this year.

The slowing in retail sales undoubtedly represents the reaction to the extremely heavy consumer buying which occurred during the summer and December of last year and during the early weeks of this year. The entry of China into the Korean conflict, the initial announcements of orders reducing the use of certain materials in civilian goods, and rapidly rising prices boomed consumer buying to levels which were higher than could be sustained indefinitely under the existing level of income. Department store sales in the District for January were 28 percent higher than a year earlier and in the Nation as a whole showed a slightly larger gain. Meanwhile, personal income payments in the Nation were running at a rate about 12 percent higher than a year earlier and in this District probably showed a comparable gain. To support their heavy buying, consumers in many instances drew upon savings and increased their indebtedness. With most civilian goods having continued in plentiful supply, the war situation attaining greater stability, and price trends tending to level out, the urgency in consumer buying has been removed. Previous advance buying and, to some extent, accumulated debts are probably tending to hold down current sales. Then too, income tax payments in March undoubtedly had a depressing effect.

Heavy inventories, coupled with the letdown in consumer buying, have tended to create problems for many merchants. Stocks at district department stores showed a further marked increase in March, rising 12 percent, and at the end of the month were 28 percent higher than on the same date last year. It is generally felt that, in the long run, merchants will have no difficulty disposing of their inventories, as sales will be swelled by the rising level of consumer incomes stemming from an increase in government armament spending. Nevertheless, some merchants are having difficulty carrying the present heavy inventories in the face of a tightening credit situation, and, of course, some seasonal items are not susceptible to long-term stocking.

Efforts to reduce inventory positions are becoming evident. Merchants have increased their advertising and, in some instances, are resorting to markdowns and inventory clearance sales. Moreover, cancellations of orders, as well as requests for deferment in shipment, have been reported. Although action to reduce inventories has been taken by relatively few firms, buying for purposes of enlarging inventories appears to have been definitely halted by stores generally. Orders outstanding at district department stores declined 29 percent during March. While such a decline is not unusual for this time of year, orders outstanding at the end of the month were only 34 percent higher than a year earlier, as compared with 57 percent higher at the end of February.

### WHOLESALE TRADE STATISTICS

**Eleventh Federal Reserve District**

(Percentage change)

| | NET SALESp | | | STOCKS[1]p | |
|---|---|---|---|---|---|
| | March 1951 from | | | March 1951 from | |
| Line of trade | March 1950 | February 1951 | 3 mo. 1951 comp. with 3 mo. 1950 | March 1950 | February 1951 |
| Automotive supplies | 62 | 12 | — | −32 | −14 |
| Drugs and sundries | 6 | 3 | 16 | 29 | 10 |
| Dry goods | 13 | 11 | 21 | 70 | 28 |
| Grocery (full-line wholesalers not sponsoring groups) | 8 | 5 | 18 | 20 | −2 |
| Hardware | 18 | # | 35 | 23 | 3 |
| ndustrial supplies | 46 | 16 | 61 | 22 | 14 |
| Machinery equipment and supplies except electrical | 16 | 3 | 16 | — | — |
| Tobacco products | 5 | 11 | 6 | 13 | −3 |
| Wines and liquors | −9 | −16 | 3 | — | — |
| Wiring supplies, construction materials distributors | 116 | 39 | — | 55 | −# |

[1] Stocks at end of month.
p—Preliminary.
# Indicates change of less than one-half of 1 percent.
SOURCE: United States Bureau of Census.

### RETAIL TRADE STATISTICS

(Percentage change)

| | NET SALES | | | STOCKS[1] | |
|---|---|---|---|---|---|
| | Mar. 1951 from | | | Mar. 1951 from | |
| Line of trade by area | Mar. 1950 | Feb. 1951 | 3 mo. 1951 comp. with 3 mo. 1950 | Mar. 1950 | Feb. 1951 |
| DEPARTMENT STORES | | | | | |
| Total Eleventh District | 13 | 28 | 16 | 28 | 12 |
| Corpus Christi | 13 | 32 | 9 | 8 | 23 |
| Dallas | 11 | 27 | 17 | 22 | 10 |
| El Paso | 3 | 21 | 11 | — | — |
| Fort Worth | 9 | 26 | 13 | 29 | 12 |
| Houston | 29 | 29 | 28 | 35 | 14 |
| San Antonio | 4 | 31 | 9 | 33 | 10 |
| Shreveport, La. | 7 | 38 | 8 | — | — |
| Other cities | 7 | 27 | 12 | 21 | 13 |
| FURNITURE STORES | | | | | |
| Total Eleventh District | −3 | 17 | — | 39 | −# |
| Austin | −14 | 22 | — | 70 | 6 |
| Dallas | −26 | 6 | — | 89 | 10 |
| Houston | −26 | 2 | — | 51 | 7 |
| Port Arthur | −10 | 19 | — | 87 | 10 |
| San Antonio | −10 | 15 | — | — | — |
| Shreveport, La. | 20 | 16 | — | 48 | 8 |
| Wichita Falls | 28 | 48 | — | 38 | 6 |
| HOUSEHOLD APPLIANCE STORES | | | | | |
| Total Eleventh District | −13 | 6 | — | — | — |
| Dallas | −12 | 9 | — | — | — |

[1] Stocks at end of month.

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

### INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1935-39=100)

| | UNADJUSTED | | | | ADJUSTED[1] | | | |
|---|---|---|---|---|---|---|---|---|
| Area | Mar. 1951 | Feb. 1951 | Jan. 1951 | Mar. 1950 | Mar. 1951 | Feb. 1951 | Jan. 1951 | Mar. 1950 |
| SALES—Daily average | | | | | | | | |
| Eleventh District | 397 | 351 | 375 | 362 | 414 | 439 | 475 | 389 |
| Dallas | 375 | 342 | 371 | 344 | 375 | 357 | 452 | 366 |
| Houston | 441 | 395 | 394 | 374 | 460 | 449 | 505 | 435 |
| STOCKS—End of month | | | | | | | | |
| Eleventh District | 493 | 439 | 406 | 384 | 465 | 447 | 437 | 362 |

[1] Adjusted for seasonal variation.

Sales performances for March of the various department store items are difficult to evaluate because of the earlier date of Easter this year. Women's apparel and accessories sales, as well as the sales of men's clothing, registered marked gains over a year earlier. Of the major housefurnishings lines, only domestic floor coverings posted a substantial year-to-year increase. Sales of furniture and bedding showed a decline from a year ago for the first month since December 1949, and sales of television and radios were the lowest since October 1949. Moreover, major household appliance sales were less than half the volume of March last year. On the other hand, silverware and jewelry sales continued to make a strong showing, and basement store sales were substantially higher than a year earlier for the third consecutive month.

Cash and charge sales in March continued to show marked increases over year-earlier levels, while instalment sales lagged behind a year ago to conform with the general pattern which has prevailed since the reimposition of Regulation W. Collections in relation to receivables outstanding showed a typical seasonal increase. The collection ratio of charge accounts, at 51 percent, was up 2 percentage points from the previous month but down 3 percentage points from a year earlier; and the instalment account collection ratio, at 15 percent, was up 1 percentage point from the previous month but was the same as a year ago.

Sales at district furniture stores showed a marked seasonal increase in March but fell slightly short of the year-earlier level for the second successive month and the fifth time in the past 6 months. Cash sales continued noticeably higher than a year ago, but credit sales were a little lower. Showing a further small decline, accounts receivable at the end of March were only 2 percent higher than on the same date last year. The continued decline in accounts receivable reflects the influence of Regulation W, which has tended to hold down credit sales and to increase collections by requiring a shorter payout period. Furniture store stocks showed a slight decline during March, following an almost uninterrupted rise since last July. This decline is in contrast with the 3- to 4-percent increase which usually occurs at this time of year. Month-end stocks, however, were still about 39 percent higher than a year earlier.

Wholesale prices tended to level out during the past 2 months, following the sharply rising trend which had prevailed since the development of hostilities in Korea. The United States Bureau of Labor Statistics' all commodity wholesale price index on April 17 stood at 183.2 percent of the 1926 average, which was slightly lower than 2 months earlier, although almost 17 percent higher than in the immediately pre-Korean week of June 23, 1950. The BLS 28 basic commodity index, which is quite sensitive to price movements, on April 20 was down 4.9 percent from the peak reached on February 16. This index, however, was still almost 41 percent higher than the immediately pre-Korean level. Important factors arresting the upward movement of wholesale prices have been a tapering off in inventory buying in many lines of business, some reaction to an overextended price rise for certain commodities, and general price controls, which were instituted near the end of January.

## AGRICULTURE

Conditions in late April continued to point to a larger acreage of crops in the Eleventh District this year than was harvested in 1950, although shortages of moisture still exist over most of the western half of the area. Rains were received during early April over most of the District, but rainfall was light west of a north-south line running near Abilene, Texas, and much of the moisture received has been dissipated by dry winds. More rainfall is needed in the Low Rolling and High Plains to assure germination and growth of crops. Field work has been making good progress during recent weeks in all sections of the District, except for interruptions by rains in coastal areas. Planting of summer crops generally is behind schedule, having been delayed by the winter and early spring drought and by cool weather past mid-April. However, farmers have sufficient time to get crops in the ground if weather conditions are favorable during the next few weeks.

**WINTER WHEAT PRODUCTION**

(In thousands of bushels)

| State | Average 1940–49 | 1950 | 1951 Indicated April 1 |
|---|---|---|---|
| Arizona | 575 | 672 | 616 |
| New Mexico | 3,867 | 645 | 1,400 |
| Oklahoma | 73,998 | 43,614 | 41,880 |
| Texas | 63,486 | 22,712 | 19,248 |
| Total | 141,926 | 67,643 | 63,144 |

SOURCE: United States Department of Agriculture.

Prospects for small grains in the District continue poor. Growing crops of wheat and oats made slow progress during early April, due to cool weather and drying winds. Warm weather and rain are needed on all remaining acreage. Grazing and plowing up of poor crops continued over wide areas at midmonth. The Texas winter wheat crop was estimated on April 1 at 19,248,000 bushels, compared with the short crop of 22,712,000 bushels in 1950 and more than 100,000,000 bushels in 1949. Smaller harvests are in prospect also in Arizona and Oklahoma; New Mexico expects an increase. Production in these four southwestern states is forecast at 63,144,000 bushels, or 7 percent below the short crop of 1950, as shown in an accompanying table.

Reports from various parts of the District indicate that a record cotton acreage will be planted in 1951, if weather conditions on the High and Low Rolling Plains permit farmers to carry out their planting intentions. A record acreage has been planted in the Valley and in the Coastal Bend, and a large acreage is in prospect in all Eleventh District cotton-producing sections from the Mississippi River to Arizona. The cotton crop in the Coastal Bend and in extreme south Texas is up to a stand, but the growth of the crop has been retarded by cool weather. While it appears that seed for planting the new crop will be adequate, there is a possibility that gin run seed will have to be used if much replanting becomes necessary.

Continued cool weather and strong winds retarded growth of many early planted spring vegetables during April, and depletion of surface moisture was causing growers concern. Most crops that have been planted are late, some as much as 30 days; however, further planting of midseason crops has been active. Production of tomatoes from the Lower Valley early spring acreage will be late. Setting of tomato plants in the late spring areas was very active except in some of the extreme northeast counties, where growers were waiting for warmer weather. The acreage of early spring cucumbers in Texas was estimated on April 1 at 2,200 acres, or 1,000 less than in 1950. The Texas late spring onion acreage is set at 16,000 acres, compared with 7,800 acres last year. Production of early spring onions in south Texas is expected to total 1,886,000 sacks (50 pounds), or less than half last year's crop of 3,976,000 sacks.

The cold weather of last winter held peach trees in Texas dormant, and it appears that production of peaches will be only fair to good this year. Some early blooming varieties were out at the time of the March 13 freeze, but damage apparently was light. Citrus trees are making very slow recovery from the severe freeze of February 1. Early and midseason orange varieties and white Marsh grapefruit show more promise than other varieties. Wood damage during the freeze was severe, and many entire groves have been removed. A scattered light bloom was starting the latter part of March, but prospects for citrus production in 1951-52 are very poor.

**GRAIN STOCKS ON FARMS, APRIL 1**

Arizona, Louisiana, New Mexico, Oklahoma, and Texas
(In thousands of bushels)

| Grain | Average 1940–49 | 1950 | 1951 |
|---|---|---|---|
| Corn for grain | 29,322 | 27,765 | 25,478 |
| Wheat | 11,265 | 7,046 | 2,897 |
| Oats | 12,631 | 10,355 | 9,397 |
| Barley | 1,504 | 1,563 | 890 |
| Rye | 94 | 62 | 56 |
| Total | 54,816 | 46,791 | 38,718 |

SOURCE: United States Department of Agriculture.

Stocks of corn, wheat, oats, barley, and rye on farms in the five states of the District on April 1 were 17 percent below a year earlier and 29 percent below average for this date. Farmers in the 5-state area held less than 39,000,000 bushels of these grains, compared with 47,000,000 bushels a year ago, as shown in the accompanying table. This condition reflects principally the smaller production of some of these grains in 1950 and unusually heavy feeding of livestock during the past droughty fall and winter.

**LIVESTOCK RECEIPTS**

(Number)

| | FORT WORTH MARKET | | | SAN ANTONIO MARKET | | |
|---|---|---|---|---|---|---|
| Class | March 1951 | March 1950 | February 1951 | March 1951 | March 1950 | February 1951 |
| Cattle | 26,432 | 30,503 | 28,747 | 14,907 | 27,308 | 20,998 |
| Calves | 6,881 | 11,226 | 12,193 | 18,179 | 14,482 | 18,447 |
| Hogs | 75,617 | 76,554 | 59,250 | 8,592 | 7,382 | 6,906 |
| Sheep | 37,719 | 79,512 | 25,960 | [1]10,092 | [1]15,624 | [1]8,450 |

[1] Includes goats.

Range and pasture feed development over the District was retarded during much of April by cool temperatures. Strong winds also dissipated moisture in all areas. New feed is making good growth along the upper coast of Texas, where rains were received near midmonth. Although green feed is short over most of the District, livestock are responding to the slowly improving feed supply. The annual spring movement of cattle to the Flint Hill and Osage pastures got under way in early April; sheep shearing was delayed by cool weather. Marketings of livestock in the Southwest during March were markedly below those of the same month last year. Receipts of cattle at Fort Worth were off 13 percent, calves down 39 percent, hogs off fractionally, and sheep and lambs down 52 percent. An improvement in grazing conditions is an important factor in the decline in market receipts.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

| Commodity and market | Unit | Week ended April 23, 1951 | Comparable week last month | Comparable week last year |
|---|---|---|---|---|
| COTTON, Middling 15/16-inch, Dallas | lb. | $ .4477 | $ .4477 | $ .3265 |
| WHEAT, No. 1 hard, Fort Worth | bu. | 2.69½ | 2.64¾ | 2.45 |
| OATS, No. 2 white, Fort Worth | bu. | 1.16¼ | 1.20½ | [1] .94¼ |
| CORN, No. 2 yellow, Fort Worth | bu. | 1.99¾ | 1.95 | 1.66½ |
| SORGHUMS, No. 2 yellow milo, Fort Worth | cwt. | 2.65 | 2.55 | 2.20 |
| RICE, No. 1 Patna, milled, Houston | cwt. | [2] 12.00 | 12.00 | 10.75 |
| HOGS, Good & Choice, Fort Worth | cwt. | 21.75 | 21.75 | 17.25 |
| SLAUGHTER STEERS, Choice, Fort Worth | cwt. | 37.00 | 37.00 | 28.00 |
| SLAUGHTER CALVES, Choice, Fort Worth | cwt. | 37.00 | 36.00 | 28.00 |
| STOCKER STEERS, Choice, Fort Worth | cwt. | 41.00 | 39.00 | 27.50 |
| SLAUGHTER LAMBS, Good & Choice, Fort Worth | cwt. | 36.00 | 36.50 | 24.75 |
| HENS, 3–4 pounds, Dallas | lb. | .32 | .32 | .20 |
| FRYERS, local, Dallas | lb. | .27 | .30 | .30 |
| TURKEYS, No. 1 hens, Dallas | lb. | .35 | .35 | .25 |
| EGGS, No. 1 infertile, Dallas | lb. | .42 | .42 | N.A. |

[1] No. 2 red.
[2] Week ended April 16.
N.A.—Not available.

Farm commodity prices in the District have virtually leveled off since February, and few price changes of more than minor importance are reported from central spot markets. Livestock prices on the Fort Worth market are making only small week-to-week changes and have held within narrow limits for the past 2 months, except for some seasonal decline in hog prices. Spot cotton and rice prices are holding at ceiling levels, although distant cotton futures prices have declined in response to improved cotton production prospects in 1951. Grain prices on the Fort Worth Grain and Cotton Exchange have made only slight changes since the first of the year, varying a few cents from week to week. Prices paid for poultry on the Dallas wholesale market are holding steady at levels prevailing since mid-March. While sales of wool and mohair in the District during the past month were few, sales on the Boston market indicated a substantial weakening in prices for these fibers, due to a decline in prices on foreign markets and to uncertainty over future government wool policy.

One of the most significant developments in the farm commodity price field during the past month was the contra-seasonal rise in egg prices; they usually decline from about January to May or June. Several factors contributed to this unexpected development. It is reported that the Armed Services are buying more heavily than anticipated and that a heavy demand from the egg drying industry prevails. Perhaps more important, however, has been the decline in production of eggs. When egg price supports were discontinued last December, many district farmers disposed of large numbers of hens, and production has fallen under a year ago, as shown in an accompanying table. The number of layers on farms in the five states of the District during March was 3 percent below a year earlier, while egg production for the first 3 months of 1951 was 5 percent under production in the same months of 1950.

EGG PRODUCTION

| State | Number of layers on hand during March (thousands) | | Total eggs produced January-March, inclusive (millions) | |
|---|---|---|---|---|
| | 1951 | 1950 | 1951 | 1950 |
| Arizona | 560 | 523 | 24 | 22 |
| Louisiana | 2,738 | 2,900 | 80 | 88 |
| New Mexico | 796 | 837 | 34 | 37 |
| Oklahoma | 8,632 | 8,796 | 362 | 375 |
| Texas | 20,502 | 21,274 | 753 | 805 |
| Total | 33,228 | 34,330 | 1,253 | 1,327 |

SOURCE: United States Department of Agriculture.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

| State | February | | Cumulative receipts January — February | |
|---|---|---|---|---|
| | 1951 | 1950 | 1951 | 1950 |
| Arizona | $ 22,109 | $ 12,672 | $ 52,062 | $ 43,837 |
| Louisiana | 14,971 | 7,493 | 44,988 | 36,529 |
| New Mexico | 8,291 | 8,922 | 21,790 | 21,770 |
| Oklahoma | 24,483 | 32,477 | 61,107 | 83,714 |
| Texas | 76,846 | 99,804 | 234,749 | 296,440 |
| Total | $146,700 | $161,368 | $414,696 | $482,290 |

SOURCE: United States Department of Agriculture.


Between March 14 and April 11 loans of the weekly reporting member banks in leading cities of the District declined $7,783,000, principally as a result of the decrease in commercial, industrial, and agricultural loans but also reflecting a decrease of somewhat less than 2 percent in the category comprising consumer loans. Approximately one-third of the decreases in these loans was offset by the combined increase in real estate loans and loans for financing security transactions. The moderate downward trend in loans during the period reflects the large reductions at member banks in Dallas, where the decreases were large enough to more than offset the increases at banks in most other cities. The decrease at the Dallas banks was concentrated almost entirely in commercial, industrial, and agricultural loans, with practically all of the change occurring in the week ended March 21, a period of heavy deposit losses.

Despite the downturn in loans during the 4 weeks ended April 11 and the slight tapering off in preceding weeks from the all-time record reached on January 31, there was no persistent, general slackening in the demand for bank credit at the weekly reporting member banks. The amount of the net decline was smaller than normally would be expected at this season. This trend was especially evident in the case of commercial, industrial, and agricultural loans. Resistance to seasonal downward pressure has not been as great in the District, however, as in the Nation, where loans of the weekly reporting member banks rose to a new all-time peak on April 4.

Deposit trends over the 4-week period ended April 11 included a decrease of $69,524,000 in total deposits and a rather large shift from private demand deposits to government accounts. Both of these trends were strongly influenced by record corporate and individual income tax payments in March. The decrease of $110,173,000 in demand deposits of individuals, partnerships, and corporations was the major contributing factor to the decline of total deposits and reflects principally an increase of $67,450,000 in United States Government demand deposits and a loss of deposits through the transfer of funds to Treasury accounts at the Federal Reserve Bank. Interbank deposits also decreased as country correspondents drew upon balances with other banks to meet deposit losses associated with the March 15 tax payments. In contrast with the trend of demand deposits, time deposits showed a slight increase.

### CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

**Eleventh Federal Reserve District**

(In thousands of dollars)

| Item | April 11, 1951 | April 12, 1950 | March 14, 1951 |
|---|---|---|---|
| Total loans (gross) and investments | $2,636,050 | $2,531,695 | $2,670,607 |
| Total loans—Net[1] | 1,468,938 | 1,173,585 | 1,477,655 |
| Total loans—Gross | 1,485,200 | 1,186,930 | 1,492,983 |
| Commercial, industrial, and agricultural loans | 1,029,869 | 826,231 | 1,036,361 |
| Loans to brokers and dealers in securities | 10,835 | 7,313 | 9,078 |
| Other loans for purchasing or carrying securities | 56,282 | 48,046 | 55,898 |
| Real estate loans | 121,869 | 97,504 | 120,603 |
| Loans to banks | 958 | 79 | 1,410 |
| All other loans | 265,387 | 207,757 | 269,633 |
| Total investments | 1,150,850 | 1,344,765 | 1,177,624 |
| U. S. Treasury bills | 57,628 | 95,049 | 68,901 |
| U. S. Treasury certificates of indebtedness | 0 | 262,270 | 0 |
| U. S. Treasury notes | 337,056 | 191,046 | 355,893 |
| U. S. Government bonds (inc. gtd. obligations) | 589,144 | 660,889 | 589,147 |
| Other securities | 167,022 | 135,511 | 163,683 |
| Reserves with Federal Reserve Bank | 515,808 | 455,856 | 527,559 |
| Balances with domestic banks | 374,622 | 320,877 | 349,974 |
| Demand deposits—adjusted[2] | 2,162,217 | 2,005,658 | 2,236,924 |
| Time deposits except Government | 415,926 | 439,183 | 415,255 |
| United States Government deposits | 129,915 | 62,860 | 62,470 |
| Interbank demand deposits | 639,065 | 652,516 | 661,941 |
| Borrowings from Federal Reserve Bank | 0 | 0 | 0 |

[1] After deductions for reserves and unallocated charge-offs.
[2] Includes all demand deposits other than interbank and United States Government, less cash items reported as on hand or in process of collection.

In order to meet the rather heavy deposit withdrawals and to provide funds for other purposes, member banks decreased their holdings of Government securities by $30,113,000 and drew upon reserves with the Federal Reserve Bank in the amount of $11,751,000. Liquidation of Government securities was confined to Treasury notes and bills, as holdings of bonds remained practically unchanged. Continuing the trend that had prevailed during the past several months, investments in municipal and other non-Government securities increased. On April 11 total investments of the weekly reporting member banks amounted to $1,150,850,000, a decrease of about 14 percent from the year-earlier total.

During March gross demand deposits of all member banks in the Eleventh District averaged $117,556,000 less than in February. The decrease was more than accounted for by reserve city banks, since country banks showed an increase of $56,794,000. The divergent trends of demand deposits reflect both the uneven impact of Treasury operations in March and the rise in seasonal loan demand at the country banks. Contrasting trends as between the two classifications of banks were also evident in the case of time deposits, with reserve city banks reporting a rather large decrease and country banks showing an almost equally large increase.

### GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

**Eleventh Federal Reserve District**

(Averages of daily figures. In thousands of dollars)

| | COMBINED TOTAL | | RESERVE CITY BANKS | | COUNTRY BANKS | |
|---|---|---|---|---|---|---|
| Date | Gross demand | Time | Gross demand | Time | Gross demand | Time |
| March 1949 | $5,139,728 | $607,104 | $2,450,349 | $388,298 | $2,689,379 | $218,806 |
| March 1950 | 5,566,562 | 646,645 | 2,643,667 | 405,065 | 2,922,895 | 241,580 |
| November 1950 | 6,087,614 | 657,258 | 2,951,134 | 406,100 | 3,136,480 | 251,158 |
| December 1950 | 6,256,210 | 646,999 | 3,044,765 | 397,983 | 3,211,445 | 249,016 |
| January 1951 | 6,349,754 | 657,601 | 3,098,119 | 400,388 | 3,251,635 | 257,213 |
| February 1951 | 6,108,995 | 648,772 | 2,951,883 | 395,551 | 3,157,112 | 253,221 |
| March 1951 | 5,991,439 | 644,378 | 2,777,533 | 353,077 | 3,213,906 | 291,301 |

Debits to deposit accounts reported by banks in 24 cities of the District were 19 percent higher in March than in February and 29 percent above a year ago. The increase over February was general throughout the District, as all reporting cities except Lubbock, Texas, showed increases within the range of 7 to 27 percent. The annual rate of turnover of deposits, reflecting the annual rate of use of deposit accounts, was 15.8 in March, as compared with 13.2 in February and 13.4 in March of last year.

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

(Amounts in thousands of dollars)

| | DEBITS[1] | | | DEPOSITS[2] | | | |
|---|---|---|---|---|---|---|---|
| | | Percentage change from | | | Annual rate of turnover | | |
| City | March 1951 | Mar. 1950 | Feb. 1951 | March 31, 1951 | Mar. 1951 | Mar. 1950 | Feb. 1951 |
| **ARIZONA** | | | | | | | |
| Tucson | $ 88,695 | 41 | 18 | $ 95,269 | 11.3 | 8.6 | 9.7 |
| **LOUISIANA** | | | | | | | |
| Monroe | 47,618 | 23 | 24 | 46,398 | 12.0 | 10.3 | 9.2 |
| Shreveport | 176,732 | 21 | 25 | 183,924 | 11.5 | 9.8 | 9.1 |
| **NEW MEXICO** | | | | | | | |
| Roswell | 22,620 | 26 | 13 | 24,293 | 10.9 | 9.6 | 9.1 |
| **TEXAS** | | | | | | | |
| Abilene | 56,704 | 30 | 21 | 49,286 | 13.4 | 12.1 | 10.8 |
| Amarillo | 137,397 | 31 | 13 | 97,198 | 16.7 | 13.4 | 14.5 |
| Austin | 166,303 | 15 | 10 | 116,527 | 17.4 | 15.2 | 15.8 |
| Beaumont | 120,892 | 24 | 14 | 89,607 | 15.8 | 12.7 | 13.6 |
| Corpus Christi | 129,004 | 33 | 27 | 92,753 | 16.4 | 12.8 | 12.7 |
| Corsicana | 12,266 | 20 | 7 | 21,355 | 6.8 | 5.8 | 6.4 |
| Dallas | 1,503,412 | 30 | 16 | 906,516 | 19.8 | 17.4 | 17.0 |
| El Paso | 194,603 | 26 | 18 | 132,458 | 17.4 | 14.2 | 14.5 |
| Fort Worth | 482,085 | 34 | 24 | 347,088 | 17.0 | 14.2 | 13.8 |
| Galveston | 83,766 | 16 | 23 | 100,646 | 10.1 | 9.1 | 8.3 |
| Houston | 1,500,669 | 31 | 23 | 1,064,999 | 16.7 | 14.2 | 13.4 |
| Laredo | 22,231 | 25 | 19 | 20,953 | 12.4 | 9.6 | 10.3 |
| Lubbock | 100,802 | 26 | — 3 | 96,958 | 12.4 | 11.2 | 12.5 |
| Port Arthur | 43,165 | 28 | 21 | 39,800 | 12.8 | 10.0 | 10.4 |
| San Angelo | 44,506 | 33 | 7 | 48,926 | 10.8 | 9.2 | 9.6 |
| San Antonio | 393,242 | 22 | 23 | 361,294 | 13.0 | 11.2 | 10.7 |
| Texarkana[3] | 19,624 | 27 | 17 | 24,451 | 9.5 | 7.8 | 8.2 |
| Tyler | 51,599 | 15 | 19 | 50,740 | 12.2 | 10.3 | 10.2 |
| Waco | 76,825 | 25 | 18 | 79,178 | 11.5 | 10.2 | 9.7 |
| Wichita Falls | 80,299 | 22 | 22 | 94,064 | 10.2 | 8.8 | 8.3 |
| Total—24 cities | $5,555,059 | 29 | 19 | $4,184,681 | 15.8 | 13.4 | 13.2 |

[1] Debits to deposit accounts except interbank accounts.
[2] Demand and time deposits, including certified and officers' checks outstanding but excluding deposits to the credit of banks.
[3] These figures include 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 $33,776,000 for the month of March 1951.

Between March 15 and April 15 the principal changes in the condition of the Federal Reserve Bank of Dallas included increases in total earning assets and member bank reserve deposits. Gold certificate reserves and the amount of Federal Reserve notes in actual circulation showed decreases. During the month total earning assets rose $32,851,000, principally as a result of the increase in holdings of United States Government securities. Member bank reserve deposits rose $6,-972,000. The decrease in gold certificate reserves amounted to $12,070,000, while notes of this Bank in actual circulation declined $1,867,000.

**CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS**

(In thousands of dollars)

| Item | April 15, 1951 | April 15, 1950 | March 15, 1951 |
|---|---|---|---|
| Total gold certificate reserves | $ 518,585 | $ 717,795 | $ 530,655 |
| Discounts for member banks | 760 | 2,060 | 0 |
| Industrial advances | 18 | 0 | 0 |
| Foreign loans on gold | 0 | 1,393 | 0 |
| U. S. Government securities | 1,104,758 | 796,456 | 1,072,685 |
| Total earning assets | 1,105,536 | 799,909 | 1,072,685 |
| Member bank reserve deposits | 950,667 | 810,373 | 943,695 |
| Federal Reserve notes in actual circulation | 613,244 | 608,808 | 615,111 |

On April 12 the Secretary of the Treasury announced that holders of $13,573,000,000 of the 2½-percent Treasury bonds of June 15 and December 15, 1967-72 had elected to exchange them for the new nonmarketable 2¾-percent bond of 1975-80. The total exchange subscriptions included approximately $5,583,000,000 of these securities held by the Federal Reserve banks and Treasury investment accounts, leaving about $7,990,000,000 which was exchanged by institutional and other investors. On March 26, the date when the subscription books for the new security were opened, approximately $19,656,000,000 of the 2½-percent bonds were outstanding. The results of the exchange indicate, therefore, that holders of about 70 percent of the total accepted the new offering.

**SAVINGS DEPOSITS**

| City | Number of reporting banks | March 31, 1951: Number of savings depositors | March 31, 1951: Amount of savings deposits | Percentage change in savings deposits from Mar. 31, 1950 | Percentage change in savings deposits from Feb. 28, 1951 |
|---|---|---|---|---|---|
| LOUISIANA | | | | | |
| Shreveport | 3 | 45,222 | $23,711,514 | — 4.4 | — 0.4 |
| TEXAS | | | | | |
| Beaumont | 3 | 11,967 | 5,298,152 | —10.1 | — 1.0 |
| Dallas | 8 | 142,082 | 74,610,127 | — 4.3 | — 0.2 |
| El Paso | 2 | 33,405 | 21,593,286 | — 6.0 | — 1.1 |
| Fort Worth | 4 | 43,628 | 33,532,977 | — 6.2 | — 1.7 |
| Galveston | 4 | 22,393 | 20,116,966 | — 5.1 | — 0.6 |
| Houston | 8 | 92,141 | 72,494,819 | — 3.7 | — 0.8 |
| Lubbock | 2 | 2,309 | 4,339,088 | 12.7 | 2.7 |
| Port Arthur | 2 | 5,631 | 3,725,699 | —15.9 | — 4.0 |
| San Antonio | 5 | 41,905 | 42,293,894 | — 3.5 | 0.8 |
| Waco | 3 | 9,164 | 10,566,577 | 1.9 | 0.2 |
| Wichita Falls | 3 | 7,777 | 4,438,500 | — 1.5 | — 1.8 |
| ALL OTHER | 55 | 68,686 | 55,807,632 | — 0.7 | 0.2 |
| Total | 102 | 526,310 | $372,529,231 | — 3.7 | — 0.4 |

Recent estimates by the Secretary of the Treasury indicate that Treasury revenues for the current fiscal year ending June 30 probably will be about $2,700,000,000 higher than was estimated in the January budget. Higher-than-expected receipts from individual and corporate income taxes and a significant increase in excise taxes over the figure previously estimated are the principal factors underlying the latest revisions in Treasury estimates. As a result of the larger receipts and somewhat smaller expenditures, the Treasury now expects that receipts during the 1951 fiscal year will exceed expenditures by about $3,000,000,000, whereas previously a deficit of about $2,700,000,000 had been expected. Reflecting the improvement in the Treasury's cash position, stemming largely from the record March income tax collections, the General Fund balance on March 30 was $8,569,000,000, as compared with $6,121,000,000 on the comparable day last year.

## NEW MEMBER BANK

*The Conroe National Bank, Conroe, Texas, a newly organized institution located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, opened for business April 16, 1951, as a member of the Federal Reserve System. The new bank has capital of $200,000, surplus of $100,000, and undivided profits of $50,000. The officers are: B. D. Griffin, President; Henry Franks, Jr., Executive Vice President; W. F. Newton, Vice President; and Glynn S. McClellan, Vice President and Cashier.*

## NEW PAR BANK

*The State Bank of East Fort Worth, Fort Worth, Texas, a newly organized, insured, nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, March 24, 1951. The new bank has a capital of $150,000, surplus of $50,000, and undivided profits of $50,000 The officers are: J. M. Fry, President; J. H. Reddoch, Vice President and Cashier; Miss Odis Coleman, Assistant Cashier; and Vancel Roberson, Assistant Cashier.*


Nonfarm employment in Texas increased at a rate of about 10,000 per month during March and early April, with about 30 percent of the gain being in manufacturing and 70 percent in other lines, according to the Texas Employment Commission. The direct and indirect effects of the defense program persist as the strongest factors in the rise. Aircraft production continues to account for the largest increase in factory jobs, with increases also reported in apparel, machinery, food products, ordnance, furniture, paper, and other industries. Employment in construction has approached the June 1948 peak, while retail trade employment is expanding seasonally, and defense installations, oil production, and services also are employing more persons. Total nonfarm employment at mid-April is estimated at 6 percent more than a year ago.

Wage rates in Texas increased appreciably during the past 12 months, with gains of about 8 percent in manufacturing, 6 percent in crude oil production, and 15 percent in retail trade, according to the Texas Employment Commission and the United States Department of Labor. An appreciable number of employers raised wages recently within the framework of the wage-freeze formula, which allows the general level of wages in an employee unit or group to be raised 10 percent over the level of January 15, 1950.

Crude petroleum production in the Eleventh District increased during April for the fourth consecutive month, continuing to reflect the unusually strong demands for petroleum products stemming from the high level of the Nation's economic activity and the colder-than-normal weather. The daily average production of crude oil in March amounted to

2,922,000 barrels, or 55,000 barrels more than in February and 788,000 barrels higher than a year earlier. March output was only 7,000 barrels per day under the September 1950 record, and production during early April foreshadows a new peak at close to 3,050,000 barrels per day. A further rise during May is indicated by an increase of 57,000 barrels per day in Texas allowables for that month.

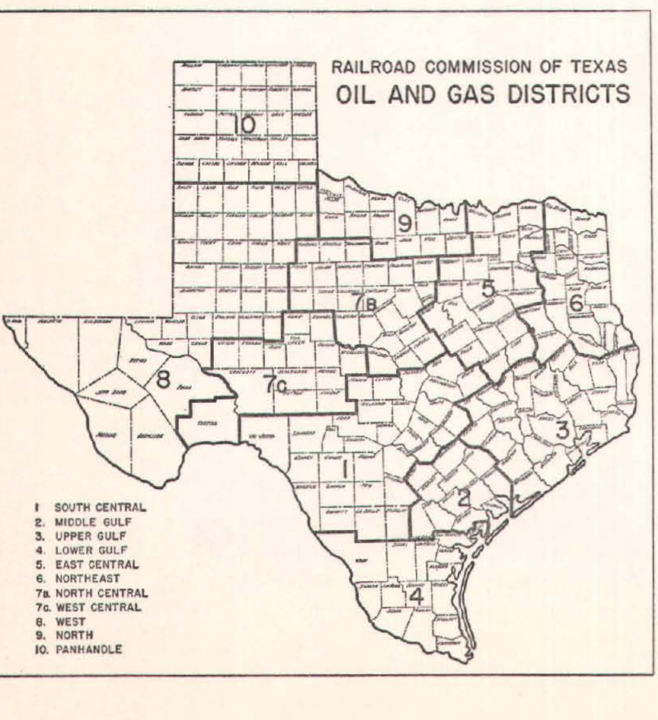
**CRUDE OIL PRODUCTION**

(Barrels)

| Area | March 1951 | | Increase or decrease in daily average production from | |
|---|---|---|---|---|
| | Total production | Daily avg. production | Mar. 1950 | Feb. 1951 |
| ELEVENTH DISTRICT | | | | |
| Texas R. R. Com. Districts | | | | |
| 1 South Central | 1,024,000 | 33,032 | 7,126 | 1,036 |
| 2 Middle Gulf | 4,963,050 | 160,098 | 44,548 | 4,734 |
| 3 Upper Gulf | 15,032,500 | 484,919 | 151,240 | 6,946 |
| 4 Lower Gulf | 7,666,050 | 247,292 | 63,142 | 3,963 |
| 5 East Central | 1,514,000 | 48,839 | 25,029 | 1,818 |
| 6 Northeast | 11,809,500 | 380,952 | 51,674 | 923 |
| East Texas | 8,402,800 | 271,058 | 23,519 | —885 |
| Other fields | 3,406,700 | 109,894 | 28,155 | 1,808 |
| 7b North Central | 2,456,700 | 79,248 | 16,858 | 1,607 |
| 7c West Central | 2,848,200 | 91,877 | 42,032 | 5,375 |
| 8 West | 27,638,350 | 891,560 | 354,844 | 25,290 |
| 9 North | 4,571,900 | 147,481 | 17,470 | 147 |
| 10 Panhandle | 2,760,650 | 89,053 | —184 | —883 |
| Total Texas | 82,284,900 | 2,654,351 | 773,779 | 50,956 |
| New Mexico | 4,305,700 | 138,894 | 11,313 | 4,237 |
| North Louisiana | 4,004,700 | 129,184 | 3,607 | —137 |
| Total Eleventh District | 90,595,300 | 2,922,429 | 788,699 | 55,056 |
| OUTSIDE ELEVENTH DISTRICT | 96,635,350 | 3,117,269 | 395,901 | 53,071 |
| UNITED STATES | 187,230,650 | 6,039,698 | 1,184,600 | 108,127 |

SOURCE: Estimated from American Petroleum Institute weekly reports.

In the Nation in March, crude oil production reached a new record at 6,040,000 barrels daily, while crude oil runs to refinery stills declined slightly—56,000 barrels daily—from the February peak. The March refinery runs, which averaged 6,398,000 barrels daily, were about 600,000 barrels below the refining capacity of the industry, estimated at 7,000,000 barrels daily by the National Petroleum Council. Unused crude oil producing capacity comes to about the same figure, since the Council estimates such capacity at 6,500,000 to 6,700,000 barrels daily. Reflecting the high level of refining activity during March, stocks of the four major refined products declined by only 460,000 barrels during the month, with light fuel oil stocks dropping 4,400,000 barrels, while gasoline stocks increased by 4,200,000 barrels. Gasoline stocks set another new record at 142,433,000 barrels, or 6,850,000 barrels above the seasonal high point reached on a corresponding date last year.




The demand for refined products during the first quarter of 1951 was even greater than had been anticipated and reflects increasing military requirements, as well as a strong civilian demand based, in considerable part, upon the gradually but steadily growing number of users of burning oils and a heating season which was colder than normal. The total demand during the first quarter reached 7,655,000 barrels daily, surpassing the corresponding period in 1950 by 13 percent, according to the United States Bureau of Mines. April demand is expected to show a moderate seasonal decline from the average during the first quarter but to remain nearly 1,000,000 barrels daily, or 20 percent, more than in April of last year.

The first-quarter demand this year was approximately 900,000 barrels per day higher than a year earlier, an amount somewhat less than the 1,040,000-barrel-per-day increase in crude oil production. In addition, imports were higher than a year earlier by 119,000 barrels daily, with crude oil accounting for 35,000 barrels of the per-day rise and refined products (largely residual fuel oil) accounting for 84,000 barrels per day. As a result of these additions to supplies, stocks of crude oil and the four major refined products—gasoline, kerosene, light fuel oil, and residual fuel oil—were drawn down only 25,000,000 barrels during the first quarter of this year, compared with a reduction of 58,000,000 barrels during the same period of 1950. Stocks of residual fuel oil declined only 3,700,000 barrels during the first quarter of this year, being sustained by the increase in imports, but stocks of crude oil were reduced by 12,000,000 barrels.

**VALUE OF CONSTRUCTION CONTRACTS AWARDED**

(In thousands of dollars)

| Area and type | March 1951p | March 1950 | February 1951p | January — March 1951p | January — March 1950 |
|---|---|---|---|---|---|
| ELEVENTH DISTRICT | $ 125,767 | $ 107,748 | $ 159,462 | $ 388,383 | $ 238,539 |
| Residential | 54,490 | 46,042 | 61,132 | 173,028 | 111,102 |
| All other | 71,277 | 61,706 | 98,330 | 215,355 | 127,437 |
| UNITED STATES[1] | 1,267,450 | 1,300,201 | 1,140,527 | 3,451,225 | 2,810,586 |
| Residential | 574,569 | 574,681 | 531,146 | 1,526,633 | 1,279,634 |
| All other | 692,881 | 725,520 | 609,381 | 1,924,592 | 1,530,952 |

[1] 37 states east of the Rocky Mountains.
p—Preliminary.
SOURCE: F. W. Dodge Corporation.

Construction activity in the Eleventh District continues at a very high rate, with the value of contract awards during March totaling $126,000,000. This amount is the second highest total in the postwar period and, while 21 percent less than the February record, is 17 percent more than a year earlier. Nonresidential building awards—at about $71,000,000—were 16 percent more than during the same period last year but 28 percent below the peacetime record of February. Home building is still at a very high rate, with the value of residential awards in March totaling $55,000,000. This total is 11 percent less than the February record but 18 percent more than a year ago. During the first quarter of 1951, total awards amounted to 63 percent more than during the same period of 1950, with nonresidential awards gaining somewhat more than residential awards. In the Nation, awards during the first quarter were only 23 percent above a year earlier.

BUILDING PERMITS

| City | March 1951 Number | March 1951 Valuation | Percentage change in valuation from Mar. 1950 | Percentage change in valuation from Feb. 1951 | 3 months 1951 Number | 3 months 1951 Valuation | 3 months 1951 Percentage change in valuation from 3 months 1950 |
|---|---|---|---|---|---|---|---|
| LOUISIANA | | | | | | | |
| Shreveport | 327 | $ 968,302 | —54 | —15 | 984 | $ 6,762,925 | —29 |
| TEXAS | | | | | | | |
| Abilene | 159 | 1,081,109 | —43 | 12 | 388 | 3,835,110 | —24 |
| Amarillo | 359 | 1,665,160 | 2 | —20 | 1,054 | 4,290,882 | 48 |
| Austin | 302 | 2,332,078 | — 2 | —13 | 844 | 8,781,937 | — 3 |
| Beaumont | 245 | 536,635 | 18 | —14 | 745 | 2,924,045 | —28 |
| Corpus Christi | 288 | 1,271,886 | —45 | —55 | 1,092 | 5,573,955 | 64 |
| Dallas | 1,756 | 8,587,580 | —24 | 25 | 4,994 | 26,257,233 | 20 |
| El Paso | 334 | 1,643,427 | —44 | —14 | 877 | 6,237,274 | —14 |
| Fort Worth | 661 | 5,545,338 | 26 | —40 | 1,965 | 10,612,992 | 78 |
| Galveston | 87 | 881,477 | 157 | 635 | 277 | 1,087,272 | 17 |
| Houston | 1,266 | 17,135,607 | 58 | 18 | 2,560 | 34,826,972 | 43 |
| Lubbock | 432 | 2,526,043 | 22 | 98 | 1,097 | 4,946,246 | 19 |
| Port Arthur | 161 | 279,126 | —48 | 3 | 423 | 1,491,363 | —34 |
| San Antonio | 1,349 | 5,028,505 | 26 | 150 | 3,741 | 13,066,700 | 5 |
| Waco | 320 | 1,411,705 | —43 | —13 | 724 | 6,914,040 | —35 |
| Wichita Falls | 117 | 362,094 | 4 | — 1 | 287 | 820,204 | 40 |
| Total | 8,163 | $51,256,072 | 3 | 6 | 22,052 | $138,429,150 | 20 |

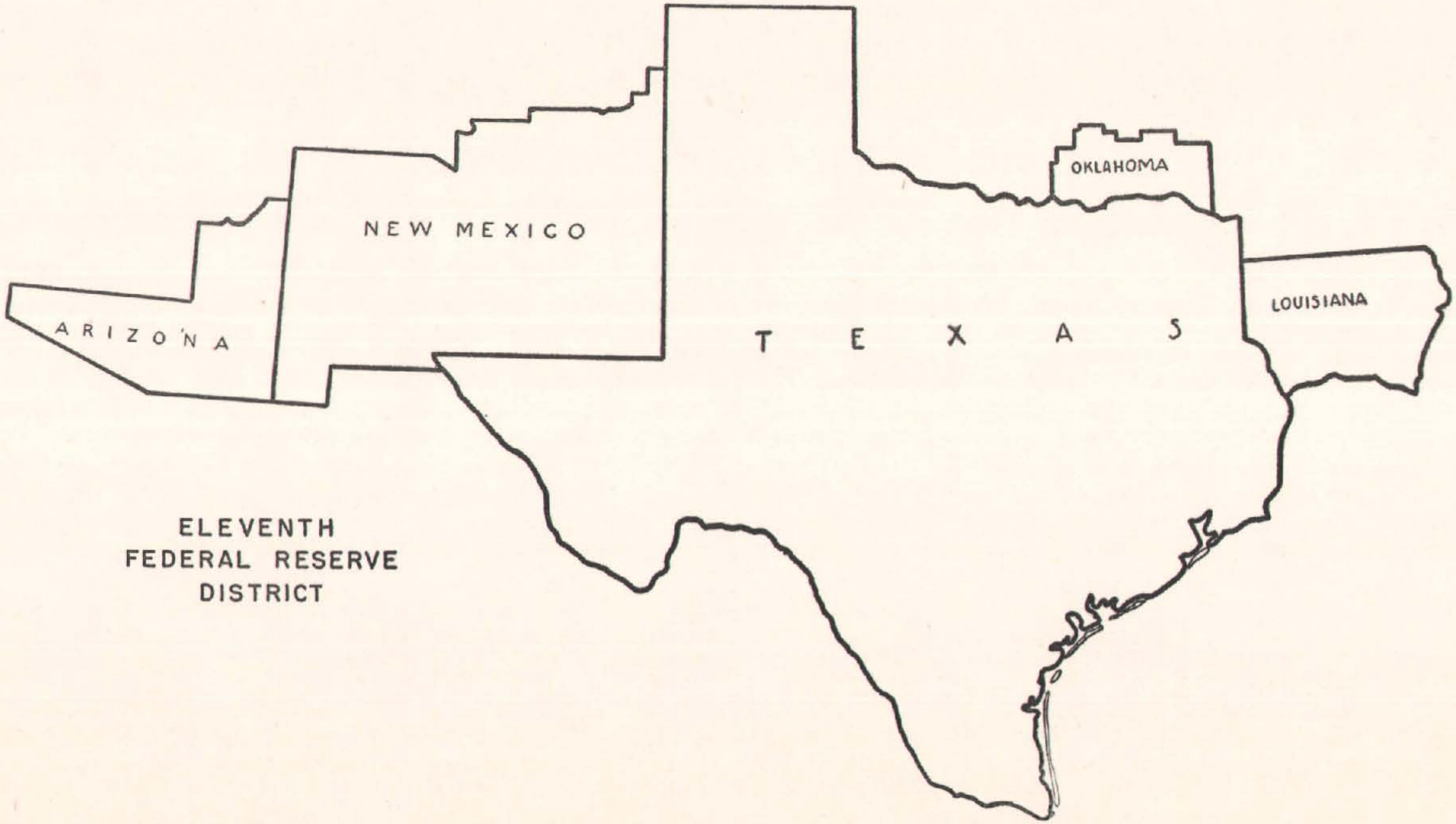
One-family dwellings built for sale continue to account for about two-thirds of the residential building activity, although dwellings built for owner occupancy are also important. Still stimulating the building and purchase of homes are fears of future controls, materials shortages, and rising prices. Also supporting the boom is the remainder of the large backlog of preregulation loan commitments, which some estimates indicate will continue to be an important factor until perhaps the first of June.

Building materials supplies are easing somewhat, particularly in the case of such important materials as lumber and cement, and many builders have enough materials on hand for all current projects. However, substitutions must still be made for some hard-to-get materials, and the gradual rise of defense requirements should tend to maintain an appreciable, rising pressure of demand on most metal goods, lumber, and certain other materials.

There has been an appreciable shift away from FHA loans, since conventional loans can be obtained on approximately comparable terms and require no FHA insurance premium or inspection. The impact of credit controls has been partially obscured thus far by other factors, including the fears of future controls, materials shortages, and high prices, as well as the large backlog of preregulation loan commitments. These factors may decline in importance in the next few months, so that during the second half of the year a considerable reduction in home building is expected. Moreover, it appears that the supply of new mortgage money is being curtailed, as many larger insurance companies and banks are reducing their purchases of mortgage loans. This situation reflects the large amounts of mortgage loans held by institutional investors, the general tightening of the credit situation, and the increase in interest rates.

The housing situation is reported to be easing gradually, with vacancy rates slowly rising. While prices of houses continue high compared with historical or recent costs, rents on some apartments have been lowered, with some owners offering new tenants such inducements as free moving and free rent during the twelfth month of occupancy.

Total textile fiber consumption in the Nation during early 1951 has been running at a record rate, with cotton consumption falling very slightly under the 1941-42 peak rate, with apparel wool consumption down appreciably from its 1946 peak, and with rayon consumption running well ahead of any previous year. Cotton consumption in the Nation in March was at a daily average rate fractionally higher than in February and 27 percent more than in March 1950. Consumption during the first 8 months of the August 1950-July 1951 season aggregated 7,252,000 bales, or 21 percent more than during the same period of the previous season. The bulk of this high demand is civilian, rather than military, and industry sources indicate that defense requirements during 1951-52 should amount to about 9 to 12 percent of total consumption of cotton, 19 to 23 percent of the wool, and about 5 percent of the rayon.




ELEVENTH
FEDERAL RESERVE
DISTRICT