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EL PASO

*This is the first of a series of articles on leading cities of the Eleventh Federal Reserve District. Articles on other cities will appear in the **Monthly Business Review** from time to time. Additional copies of this article may be obtained by addressing a request to:*

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The city of El Paso, located in the far western corner of Texas on the Upper Rio Grande, is one of the leading cities of the Southwest—one which is unique in many respects and which is developing rapidly from an economic standpoint. With a metropolitan population of some 200,000 people (El Paso County), El Paso is the largest city in a tremendous area bounded by Los Angeles, Denver, Fort Worth, San Antonio, and Mexico City—an area about as large as all the states east of the Mississippi River.

El Paso for many years has boasted of its four C's—climate, copper, cattle, and cotton—since these four factors have contributed so greatly to its growth. From its climate it derives its slogan, "Sunshine Playground of the Border." Copper, cattle, and cotton still loom large in the economic life of the city, although new industries—flour milling, textiles, oil, gas, cement, leather, and others—are coming to play an increasingly significant role in its economy.

El Paso is located in the famous "El Paso del Norte," a name given by the early Spaniards to a natural gateway through the chain of Rocky Mountains extending down through western United States and Mexico. Because of its location, all routes traveled by early explorers and settlers of that region converged there. Its strategic location, together with its network of railroads and airlines, has made it today one of the crossroads of the Southwest through which passes a large part of the commerce and travel between the west coast and the Gulf Coast.

El Paso is the focal point of retail and wholesale trade in an area almost twice the size of the New England states; it is the banking and financial center for a large area stretch-

ing north and south of the border; it is an important international port between the United States and Mexico; cattle, sheep, and goat raising are the principal ranching activities in the area; cotton is the main crop raised in the extensive irrigated valleys extending through several near-by counties; and the area's favorable year-round climate brings many visitors and tourists into the region, where national parks and monuments head a long list of interesting scenic attractions.

Across the Rio Grande from El Paso is the old and picturesque city of Juarez, Mexico, which was founded 292 years ago, or 168 years before El Paso. Although Juarez has grown and developed just across the river from El Paso, the atmosphere, architecture, people, and customs of this Mexican city resemble very closely those one finds in other important cities south of the border.

The role of El Paso as the business and financial hub for a great part of the Southwest is brought into clearer focus if considered in the light of its historical background.

El Paso's Early Development

Indians of several races inhabited the El Paso area for centuries prior to settlement by Spaniards. However, this brief glance at El Paso's history begins with the exploration by Cabeza de Vaca, who in about 1536 traveled overland from the coast of east Texas, where he and three companions had survived shipwreck, to the west coast of Mexico, passing through what was later called El Paso del Norte. The news these men brought back to Spain—news of the vast unclaimed wilderness they had discovered—stimulated further interest in explorations in this region.

Other men followed de Vaca, including explorers, conquistadors, and missionaries. One Spanish settlement near El Paso was made about 1598 and lasted about 80 years, before being destroyed by Indians. A permanent mission was built at El Paso del Norte about 1659 and was followed by several other missions in that vicinity.

Juan Maria Ponce de Leon is sometimes called El Paso's first settler. Prior to his coming about 1827, all settlement at El Paso del Norte had been on what is now the Mexican side of the Rio Grande. Ponce de Leon obtained title to about 500 acres on the north bank of the river, which he developed into a very prosperous ranch.

In 1821 Mexico had effected a successful revolt against Spain, acquiring both Mexico proper and all Spanish territory to the east and the north. American immigrants began flocking into east Texas because of the large land grants Mexico was bestowing in that section. Friction grew rapidly between these new colonists and the Mexican Government. The American settlers staged their own revolt, and in 1836 Texas became an independent Republic. This was of little concern to settlers in the El Paso area, who spoke no English and were separated from the scene of the conflict by hundreds of miles of wilderness.

After a brief stormy period as a Republic, Texas obtained annexation to the United States and the El Paso area accordingly became American soil, although there was still no difference visible in the lives and daily affairs of its inhabitants, as the Republic of Texas had never extended its executive functions so far west. It was when war broke out with Mexico that the El Paso area awoke to the full realization that it was a part of the United States. On December 27, 1846, Doniphan's expedition carried the flag of the United States through the famous pass of the north for the first time.

The first trading post in the pass was founded in 1848 by James Magoffin, a native of Kentucky who had freighted caravans of goods over wilderness trails and into Mexico for years. The home that he built became a nucleus of a village. Also, it became a haven for many travelers who had spent weary weeks in their journey through the Southwest.

El Paso grew slowly for the next few years. The Civil War came to El Paso with the surrender of the federal garrison at Fort Bliss, March 31, 1861. However, federal troops reoccupied the Fort the following August and retained control throughout the remainder of the war. Growth of the town was slow after the war, and the Census of 1880 reported only 736 inhabitants.

A turning point in El Paso's history came in 1881, when the Southern Pacific and Santa Fe railroads entered the city. In the same year a charter was granted to run mule cars in the streets of El Paso, and the first post office was built. The first rail of the Mexican Central Railway was laid, and the Western Union Telegraph Company obtained a charter. Two years later El Paso became the county seat for El Paso County. Growth of the city was rapid for the next few years, and by 1890 the city's population reached 10,338; the Census of 1900 reported 15,906 inhabitants.

From this point on, the history of El Paso shifted more and more to the national pattern and its prevailing trends and events—the establishment of public schools, the construction of utilities, paved highways, and electric streetcar and bus lines, the demolition of old "landmark" buildings for the erection of modern structures, and the development of a sound, modern economy. Yet some traces of its alien origin still exist.

Resources of the El Paso Area

The growth and prosperity of any city depend on its natural and human resources, together with those of the area in which it is located. Accordingly, the economic progress of El Paso is tied very closely to the resources of western Texas and New Mexico and, to a less extent, to those of other near-by states and northern Mexico.

Land

The land in the El Paso area—within a radius of 200 miles of the city—can be divided into two distinct and greatly different types. Along the Rio Grande and other streams are the alluvial soils, which are confined to the narrow flood plains along the valleys. These lands are irrigated and produce abundant crops. However, the cultivated land within 100 miles of El Paso and north of the Rio Grande amounts to less than 2 percent of the total land area.

The other land type includes the high flat plains and basins, from which rise lofty mountain ranges. The surface of the almost flat basins and plains sections has elevations ranging from 2,500 to 4,000 feet above sea level, and the adjacent mountains and roughlands rise 1,000 to 5,000 or more feet higher. The native vegetation of the area consists of various species of brush and grasses which normally grow in very dry regions.

Stock raising constitutes the major industry in the region of mountains and basins. Practically all of this land is subdivided into large ranch holdings. Some sections are especially valuable for the production of livestock because of the fairly abundant nutritious grasses and available water supply, but there are large areas so deficient in one or both of these requirements that livestock raising is attended with great uncertainty.

Minerals

The area around El Paso has many kinds of minerals, although the majority exist in small quantities and are mined only as by-products; others exist in large quantities, but at present these are of limited economic importance because of their prevalence in other sections of the country or because of the long distance from potential markets. The principal metallic mineral mined is copper, with its by-products such as gold, silver, and zinc. Other metals found in the area include lead, iron, aluminum, manganese, mercury, tungsten, and tin.

Among the nonmetallic minerals in the area are asphalt, stone, abrasives, sulphur, potash, phosphate rock, nitrates, slate, lime, gypsum, fluorspar, asbestos, salt, magnesium compounds, and gem stones. Among the more valuable clays are kaolin, ball clay, fire clay, fullers earth, stoneware clay,

shale, and bentonite. In addition to the above, oil and natural gas are produced within 200 miles of the city.

The principal nonmetallic minerals and clays in the area now being utilized are sand and gravel, lime materials, limestone, drilling clays, caliche (used for road-building purposes), gypsum, salt, rhyolite (used for ballast), sulphur, and building stone.

Climate

Situated at 3,762 feet above sea level, El Paso has a great asset in its healthful climate. The area is basically warm and dry; humidity is extremely low. An outstanding characteristic of El Paso's climate is the great amount of time the sun shines on the city each year. Records of the United States Weather Bureau show that the city has sunshine 79 percent of the time possible. There are on the average only 34 cloudy days per year. The temperature is relatively mild, averaging 62° annually, with monthly averages ranging from 43.6° in January to 79.7° in July.

According to weather bureau records, rainfall in El Paso averages fractionally over 9 inches per year (20 inches is considered a minimum for dry-land crop farming). The months of heaviest rainfall are July (1.99 inches), August (1.70 inches), and September (1.25 inches). A long-run characteristic of rainfall in the area is its tendency to fall in cycles—several years of relatively favorable rainfall are followed by a period of drought. The area is now experiencing one of its periodic droughts; total precipitation last year was 6.75 inches, or 2.41 inches below average.

El Paso is fortunate in being virtually free from blizzards, cyclones, or other inclement weather which might cause work stoppages in its industry. Irrigation farmers in the area also benefit from a long growing season (242 days) and extended periods of open weather.

The climate of El Paso is recommended by medical authorities for its health-giving attributes. Many people who suffer with various pulmonary diseases, such as asthma and tuberculosis, move to El Paso to regain their health.

Water

The city of El Paso presently has water facilities to supply all of its needs during periods of normal rainfall and to supply its most essential needs during periods of drought.

The water used in El Paso comes from several sources. The city has a right to use water from the Rio Grande and depends heavily upon this source of supply. However, more than half of the present supply is from local wells. The Rio Grande normally supplies about 8,800,000 gallons daily for the city, although, because of droughty conditions during the past several years, the present supply from this source is sharply below normal; it is because of this fact that the city now has a serious water shortage and expects water supply problems to become more acute this summer. City-owned wells supply some 15,000,000 gallons daily, while about 5,500,000 gallons daily are derived from other wells. The normal supply from present facilities is slightly under 30,000,000 gallons per day. This exceeds the peak daily rate of consumption in 1950 by less than 1,000,000 gallons and

is greatly above the daily rate of consumption permitted in the presence of the current water shortage.

The city is considering the construction of a reservoir in the Rio Grande Valley which, with the aid of pumps, would catch and hold rain water which falls some seasons of the year but which, for the most part, is allowed to run down the river. Construction of this reservoir would add an estimated 14,000,000 gallons to the daily supply, making a total available daily supply of 43,600,000 gallons in years of average or better rainfall. This quantity of water would exceed the city's present needs and would provide it with adequate water even in relatively dry years.

Population and Labor Force

El Paso's population has increased rather rapidly during recent years. Its population in 1920 was 77,560, according to the census of that year. By 1930 the number had risen to 102,421. Between 1930 and 1940 the population of El Paso declined about 6,000 persons, due to a heavy movement of Mexicans back to Mexico, but the population rose again during the decade of the forties, reaching 130,000 in 1950, according to the Bureau of the Census. El Paso County, which corresponds in census reports to metropolitan El Paso, reported 194,968 inhabitants last year; the metropolitan population of the city is now around 200,000.

The civilian labor force in the El Paso labor market area varies seasonally and at the end of 1950 was at a peak of about 63,000, including 61,000 employed and 2,000 unemployed workers, according to estimates made by the Texas Employment Commission. Unemployment is not a serious problem in El Paso; in fact, there is a strong demand for labor. The unemployed is composed largely of those moving from one job to another and others who are unqualified for the jobs available.

Industry in El Paso

Mining, Smelting, and Refining

The economy of El Paso and vicinity leans very heavily on its mining, smelting, and refining industries. It is from these industries that the city receives a large share of its personal income, and it probably will be from expansion of these industries that much of the future growth of income will result. It was mentioned earlier that one of El Paso's four C's is copper, and the El Paso area is reputed to produce more than one-third of the United States production.

The El Paso Smelting Works, a subsidiary of the American Smelting and Refining Company, is located on the outskirts of the city and employs 700 men. It has one of the largest pay rolls in the city. The El Paso Smelting Works is one of the world's leading custom smelters, handling ores and concentrates from throughout the area and from Mexico, South America, Africa, and Australia.

Phelps Dodge Copper Refinery is said to be the largest and one of the most modern of its kind in the world. It has a capacity of 240,000 tons a year and refines some 29 percent of all copper produced in the United States. The plant receives unrefined copper from smelting plants in other sections of the country and refines it, removing gold, silver, and other minerals.

El Paso has three large oil refineries—Standard Oil Company of Texas, The Texas Company, and McNutt Oil and Refining Company—which handle oil brought in by pipe line from the Permian Basin of west Texas and New Mexico. Petroleum products are manufactured, sold, and distributed in El Paso and throughout the immediate vicinity of the Southwest. More than 750 persons are employed in these refineries, with a pay roll in excess of \$2,500,000 annually.

El Paso is the headquarters of a natural gas distributing industry operated by the El Paso Natural Gas Company, which is one of the largest natural gas transmission companies in operation in the United States. A vast network of 24- and 30-inch pipe lines provides natural gas throughout west Texas, New Mexico, Arizona, and even to California. Gas for the system is produced by wells in southeastern New Mexico, in west Texas, and in the Texas Panhandle.

While there is no potash mining or refining in El Paso or the immediate vicinity, the city benefits from the large potash industry near Carlsbad, New Mexico, because this development is within the wholesale distribution zone of El Paso. The production of potash from that area totals more than 5,000,000 tons annually—85 percent of the Nation's entire production. Nearly 3,000 persons are employed by the three companies now operating there, and the pay rolls run over \$1,000,000 per month. It is reported that plans have been formulated for opening two additional mines; this will increase greatly the output of potash and raise the number of employees by some 2,000 workers.

Manufacturing

The manufacturing industry in El Paso is particularly conspicuous for its diversity and for its rapid growth during the past decade. Employment in manufacturing establishments more than doubled between 1939 and 1947, while the value added to production by manufacturing increased about fourfold. Some 100 different products are now manufactured in El Paso, according to information obtained locally.

One of the leading manufacturing industries in the city is the clothing industry, which last year produced and sold more than \$19,000,000 worth of clothing. The principal items of clothing manufactured are blue jeans, work clothes, and western wear for men, women, and children. Such famous brands as "Billy the Kid," "Tex'N'Jean," "Rodeo," and "Boulder Cord" are known throughout most of the Nation. The six leading clothing manufacturing establishments in El Paso employ over 2,300 people and have an annual pay roll in excess of \$4,000,000.

Leather goods, such as shoes, saddles, holsters, belts, and harnesses, are manufactured in considerable volume in El Paso. Products manufactured of leather last year were valued at \$800,000, according to information obtained from a local source. These products are used by law enforcement officers from coast to coast, as well as by the cattle industry.

Mill work and lumber conversion also contribute to the prosperity of El Paso. With almost \$6,000,000 in annual sales and an annual pay roll of \$750,000, the industry provides finished products, such as trailer bodies, restaurant

and bar fixtures, ice boxes, show cases, doors, window frames, and many other items.

El Paso is a manufacturing center for building products, such as brick, cinder blocks, and structural tile. These industries utilize the clays and volcanic cinder deposits in the area. The four largest manufacturers of these products have an annual pay roll of more than \$625,000 and contribute significantly to healthy business conditions of the city.

Located in El Paso is Globe Cereal Mills, which hauls wheat into El Paso from eastern New Mexico, the Texas Panhandle, and from southern Colorado and distributes flour over an area extending 200 to 300 miles from the city. In this connection, El Paso's baking industry, which provides bakery products for the city and near-by towns, contributes through its pay rolls more than \$1,000,000 annually to the personal income of the city.

El Paso has plenty of electric power, not only for present needs but for the growing needs of the future. The El Paso Electric Company, prior to the war, had a total generating capacity of 56,000 kilowatts. Postwar additions to the plant have raised output to 86,000 kilowatts, and with additions now in progress the generating capacity will total 121,000 kilowatts. The El Paso Electric Company serves 54,000 customers; sales are around \$6,000,000 annually, and more than \$4,000,000 is spent by the company each year in pay rolls, materials, and local taxes.

In addition to the baking industry mentioned previously, there are several other food industries in El Paso. One of these is the dairy industry, which produces and distributes dairy products in three states and Mexico. The city's dairies employ about 800 people, with an annual pay roll of \$2,000,000.

One of El Paso's food industries which is well known over many states produces canned Mexican food. This industry uses products from farms along the valley and provides an excellent outlet for the crops of many truck farmers. The four largest food processing plants employ approximately 400 people, with an annual pay roll of \$775,000. Such specialty foods as chile sauce, pimentos, tortillas, enchiladas, and enchilada sauce are shipped in carload lots to the largest food distributing centers and are found on shelves in stores throughout the country. The canning industry is one of the newest and fastest growing additions to the industrial development of El Paso.

El Paso has a large cement plant equipped to supply the needs of the city, the army installations, and the adjacent territory. The Southwestern Portland Cement Company is reported to employ some 225 men and to produce more than 4,000,000 sacks of cement each year. Pay roll, local purchases, and taxes amount to more than \$1,000,000 annually. In addition to the cement manufacturing industry, the city has numerous companies which utilize cement in production of concrete piping, roof tiles, and other construction materials.

Other products manufactured in El Paso include candies, meat products, metal products, bottled beverages, dog food, electrical equipment, home furniture, tents and awnings,

livestock feeds, jewelry, paints, machinery, office supplies, structural steel, ornamental iron, and many others.

Lumber

Although El Paso is located in an area of low rainfall, there is within 100 miles of the city an important lumber industry. There are many highly timbered mountain ranges, such as the Sacramento Mountains, which abound in fine fir and pine timber. Cuttings from this area average 6,000,000 to 8,000,000 board feet per month. In the Gila and Mogollon Mountains of western New Mexico and in the White Mountain country of eastern Arizona are some of the finest stands of timber to be found anywhere; this area produces more than 15,000,000 board feet per month. It is principally lumber from these areas that is used in the building of homes, furniture, and other articles in El Paso.

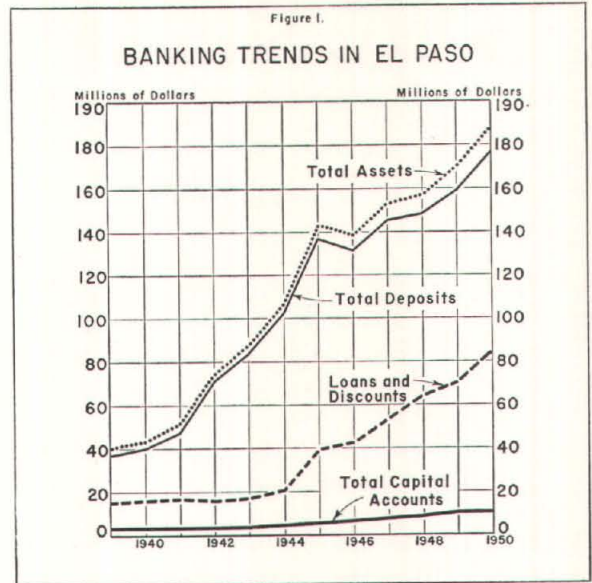
An important factor in the lumber industry so far as the city of El Paso is concerned is the importation of fine Ponderosa Pine from the Sierra Madre Mountains of Chihuahua, Mexico. Imports are reported to exceed 8,000,000 board feet per month on the average. This figure includes only the raw lumber imported and processed by the lumber mills at El Paso.

Banking in El Paso

El Paso is the financial center of a large part of the Southwest, including western Texas and southern New Mexico and Arizona. The services rendered by its banking institutions are among the main factors contributing to the growth of the area. The record of El Paso's four commercial banks—The State National Bank, El Paso National Bank, Southwest National Bank, and First State Bank—speaks for itself and provides a reliable index to the city's progress and commerce. Banking in El Paso, as well as in the Trans-Pecos region of Texas, in southern New Mexico, and in southeastern Arizona, is served by the El Paso Branch of the Federal Reserve Bank of Dallas.

Banking operations in El Paso have been multiplied during the past decade. On December 30, 1950, the city's banks held deposits amounting to \$177,000,000, compared with \$37,000,000 at the end of 1939, reflecting an increase of 374 percent during the period (see Figure 1). This growth reflects the considerable expansion that has occurred in business activity and incomes in the city. Loans made by El Paso banks—loans which have helped the city to build and expand—rose from \$15,000,000 as of December 31, 1939, to \$84,000,000 at the close of 1950—up 457 percent.

The total assets of El Paso's banks rose from \$40,000,000 in 1939 to about \$189,000,000 at the end of 1950, while total capital accounts increased from \$2,700,000 to \$10,300,000 during the same period. The growth in banking in El Paso has been consistent with banking developments in Texas as a whole, with deposits in the city's banks having increased at about the same rate for the past decade as have deposits in Texas banks as a group.



Tourist Trade

Tourist trade is a big business in El Paso. The city and general area offer many attractions to tourists who come from all parts of the country. The city has fine hotels and tourist courts, and special efforts are made to cater to the tourist trade. El Paso claims to have had the first modern tourist court built in America, and they now have the second largest in the United States. It is impossible to obtain information on the dollar value of tourist trade in El Paso and vicinity, but local estimates for El Paso alone run as high as \$25,000,000 annually.

Space does not permit even an enumeration of the scenic attractions in El Paso and vicinity. However, a list of the more famous attractions would include the old Spanish missions; the Carlsbad Caverns National Park near Carlsbad, New Mexico; White Sands National Monument near Alamogordo, New Mexico; the ancient cliff dwellings and Indian ruins a few miles east of El Paso; reservations inhabited by Pueblo, Navajo, Apache, and other Indian tribes in New Mexico and Arizona; Big Bend National Park near Presidio, Texas; Elephant Butte Dam, which is 132 miles north of El Paso on the Rio Grande; fishing camps and hunting lodges; and many others. There are also many points of interest across the Rio Grande in the city of Juarez, such as the Plaza de Toros (Bull Ring), the mission Nuestra Senora de Guadalupe, the Customhouse, and the Public Market.

In addition to the places to see in El Paso and vicinity, there are throughout the year many events which attract more than local interest. These include the Sun Bowl Game on New Year's Day; the Sun Land Rodeo, which is held several times during the year; the Sun Carnival, which is held between Christmas and New Year's; and bull fights across the border in Juarez.

The tourist trade means much to El Paso in so far as income is concerned, because many of its service industries depend largely on it. The potentialities for further growth

in this field appear bright because of the inviting climate, the many attractions in the area, and now a high-speed highway linking El Paso with Mexico City, which will attract more and more tourists traveling between the United States and Mexico.

Military Installations

El Paso's assets in military personnel and army income are not usually included in the public census or in the publication of market evaluation figures. However, the military installations located on the outskirts of the city constitute an important factor in the business operations in the city. Fort Bliss, sometimes called El Paso's biggest industry, employs approximately 2,000 civilians and has the largest pay roll in the immediate vicinity. Approximately \$61,000,000 was disbursed during the fiscal year 1949-50, principally for military and civilian pay roll, much of which was spent in El Paso. During the same year the Quartermaster's office issued purchase orders totaling \$3,300,000 for repairs, subsistence, tools, gas, and other items; about 80 percent of this money is estimated to have gone to El Paso business institutions. It is reported that the Defense Department has requested funds for considerable expansion of operations at Fort Bliss within the near future.

Adjoining Fort Bliss is Biggs Air Force Base, which is one of the largest permanent air force installations of the United States. There is William Beaumont General Hospital, with a capacity of 2,000 beds. Adjoining these military establishments is the Fort Bliss Military Reservation, an area 40 miles wide and 114 miles long totaling 1,342,000 acres. This includes the Alamogordo Air Force Base and the famous White Sands Proving Grounds, where rocket bomb and guided missile experiments are carried on.

Agriculture

The growth and prosperity of El Paso, like any other city, reflect in some measure the agriculture surrounding the city. The agriculture in the El Paso area falls into two categories: farming and ranching.

Farming within 100 miles of El Paso is confined almost exclusively to the rich, irrigated Rio Grande Valley between Elephant Butte Dam in Sierra County, New Mexico, and Fort Hancock in Hudspeth County, Texas. Water is supplied from Elephant Butte storage lake and several smaller lakes to the south. Last year's crop acreage consisted of 158,700 acres in the Rio Grande Irrigation Project and 17,300 acres in the Hudspeth County Conservation District. The Hudspeth County acreage was devoted principally to cotton, with a crop of 12,600 bales harvested.

The Rio Grande Irrigation Project in 1949 (the record year) had 132,000 acres in premium-grade upland cotton and harvested 192,000 bales. There were also about 2,500

acres in American-Egyptian cotton, from which 2,000 bales were harvested. Other crops produced included alfalfa and vegetables. The Rio Grande Irrigation Project produced crops last year valued at \$44,800,000, or more than \$280 per acre, according to estimates compiled by the Bureau of Reclamation. Cotton, vegetables, alfalfa, beans, cantaloupes, and other crops are produced in less important areas near El Paso.

Livestock production in the immediate El Paso area consists principally of beef cattle, sheep raising, and dairying. Because of the droughty conditions in that area during the past several years, livestock numbers are considerably below what they were 6 to 8 years ago. Dairy farming is carried on within a few miles of El Paso to supply the local milk market.

Reports on agricultural production in the eight counties within 125 miles of El Paso indicate that cash farm income in this area in 1950 totaled some \$80,000,000. Farming and ranching not only are important to the city as a source of vegetables, milk, meats, and other commodities but are invaluable as a market for the sale of manufactured products sold through El Paso stores and other retail outlets. Farmers and ranchers as a group comprise one of El Paso's biggest customers.

Trends in Business Activity in El Paso

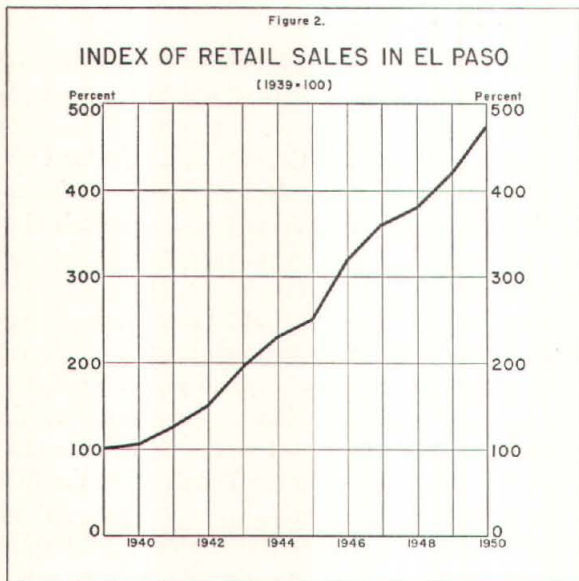
The prosperity of a city results not only from the presence of industry and other business establishments in the area but also from the amount or volume of business they do. The discussion above is devoted principally to the kinds of enterprises there are in El Paso and vicinity; consideration is given now to some measures of business activity in the city and the trends these measures are taking.

The earlier discussion of banking developments in El Paso included data on trends in bank deposits and loans, and these are useful measures of business or economic growth. This discussion need not be repeated, except to say again that deposits in the city's banks on December 30, 1950, were 374 percent above those at the end of 1939; loans were up 457 percent. This growth in the banking business reflects expansion in business activity generally, as well as the contribution banking is making to the city's progress.

Retail Trade

El Paso is the trade center for a wide area extending east, north, and west. Many local businessmen think of their trade zone in terms of 28 counties—14 in west Texas, 12 in New Mexico, and 2 in Arizona. The actual area served by retail stores in El Paso has, of course, no fixed boundaries, for the area varies, depending partly on the kind of goods sold through retail channels.

Retail sales in El Paso have increased yearly since 1939, as shown in Figure 2. Retail sales in the city in 1950 were an estimated 375 percent above their level in 1939, having increased sharply as a result of larger sales volume and higher prices. Sales increased gradually from 1939 through 1945; there was a rather sharp increase in 1946, reflecting an increase in availability of goods in the stores, the discontinuance of rationing, and rising prices. Sales increased yearly thereafter through 1950. The dollar volume of retail sales in El Paso in 1950, according to available information, exceeded \$175,000,000.

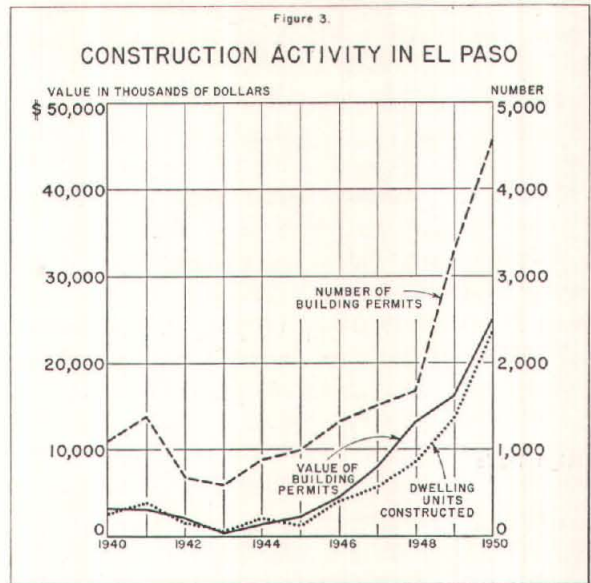


Wholesale Trade

El Paso is the wholesale center for a vast area extending 300 to 400 miles in all directions from the city, including a large segment of Mexico reaching as far south as Chihuahua. The Census of 1940 reported wholesale sales in all establishments in the city in 1939 at about \$49,000,000; sales by establishments in El Paso County totaled \$55,000,000. A Bureau of the Census study of wholesale trade in El Paso County in 1948 shows sales totaling \$217,000,000, up 294 percent as compared with 1939; sales in the city, amounting to \$212,000,000, were up 335 percent. This and other information suggests that wholesale sales in the city of El Paso in 1950 were more than four and one-half times the level in 1939.

Construction Activity

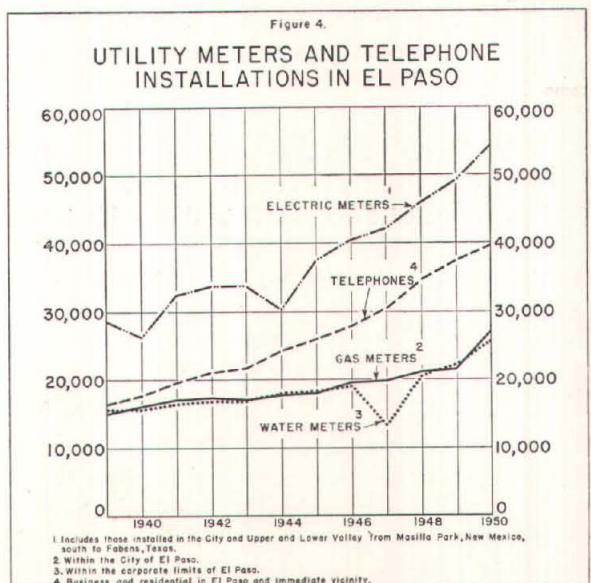
The rapid growth in El Paso during the past few years is reflected in reports on construction. At the outbreak of World War II, construction activity in the city was at a relatively low level, amounting in value to about \$3,000,000 annually, excluding construction at Fort Bliss and other military installations. Total building permits usually were less than 1,000 annually. As was true in many areas, construction activity declined during the war. Afterwards, a construction boom developed, and El Paso has had more



building in the past 4 years than in any comparable period in its history. In 1950, about 4,560 building permits were issued; these were valued at more than \$25,000,000. Dwelling units constructed were under 400 annually from 1940 to 1945 but increased sharply to about 2,400 units in 1950. Preliminary information indicates that 1951 will be another year of high-level construction activity in the city.

Trends in Use of Utilities

Leaders in every business and industry are interested in information which will help them in discovering new markets and new sales opportunities. One type of information of help to many manufacturers is that on public utility meter installations; such data are indicative of not only the growth in the electric, gas, and other businesses but also the purchases of appliances, such as refrigerators, washing machines, and radios.



The growth in numbers of utility meters in El Paso is shown in Figure 4. It will be observed that the number of electric meters, including those installed in the city and Upper and Lower Valley from Mesilla Park to Fabens, rose from 26,000 in 1940 to more than 54,000 in 1950—an increase of over 100 percent in the 10-year period. The number of gas meters (those within the city of El Paso only) rose from less than 15,000 to more than 27,000—an increase of 80 percent. The number of water meters within the corporate limits of El Paso increased from 16,000 in 1940 to about 25,600 in 1950—up 63 percent. Telephone installations, which reflect the expansion in numbers of business offices and homes, rose about 140 percent.

Foreign Trade

In dollar volume of imports and exports, El Paso ranks second among the cities on the Mexican border. Exports through this port include animal products, vegetable products, textile fibers and manufactures, wood and paper, metals and manufactures, machinery and vehicles, and chemical products. Shipments in 1940 were valued at \$7,747,000. By 1947 the value of exported commodities had increased to \$44,339,000. During the past 3 years, however, exports have been at a lower level, amounting in 1950 to \$31,500,000.

The principal commodities imported through the port of El Paso include leather, furs, bananas, fibers and wood, gums, resins, lumber, and some ores. Cattle ranked high among imports until the outbreak of the foot-and-mouth disease in Mexico several years ago, at which time the border was closed to further cattle importations. Imports through the port of El Paso were valued at \$4,315,000 in 1940 and reached a peak of \$24,877,000 in 1946, after which they declined for 2 years. New records were established in 1949 and 1950, with imports valued at \$32,400,000 in the latter year. These figures represent the value of commodities imported in business operations and do not take into account the thousands of dollars worth of commodities transported across the border in small quantities by tourists each year.

Income

No official figures on income on a city or county basis exist, and only rough estimates can be made. El Paso citizens received an estimated \$75,000,000 in disposable income in 1939; with a population of 93,000 persons, per capita disposable income was about \$800. Due to higher wages and increased employment, disposable income in 1950 probably was between \$200,000,000 and \$225,000,000; per capita income amounted to around \$1,600, having roughly doubled during this period. A considerable part of El Paso's labor force is of Mexican extraction, and the wages and salaries of these people have been increased greatly during the period under consideration—far more, proportionately, than is true of wages in southwest cities generally. Wages of the Mexican people in El Paso were admittedly low prior to World

War II, but no one in the city makes any such claim today; manufacturers and businessmen generally voice satisfaction that this development has occurred.

Civic and Cultural Attainments and Activities

It is generally considered that economic activity—manufacturing, trade, mining, banking, agriculture, and so on—is the lifeblood of a city. However, the well-being of a city is perhaps equally dependent upon its civic and cultural activities. Those of El Paso are highly creditable.

Civic Clubs and Organizations

There are in El Paso some 85 active clubs and organizations, exclusive of fraternal orders, which contribute to the civic and cultural life of the city. Among the more important are the El Paso Chamber of Commerce, the Junior Chamber of Commerce, 12 businessmen's luncheon clubs, 7 women's luncheon clubs and business sororities, 28 women's clubs of various kinds, medical and dental societies, Bar Association, a Little Theater, and the El Paso Symphony Association. The El Paso Country Club, situated 8 miles west of the city, has a beautiful club house, swimming pool, tennis courts, and an 18-hole golf course with grass greens and fairways. The El Paso Municipal Golf Course (open membership) is located in the northeastern part of the city. There are also such organizations as the El Paso Tennis Club, the El Paso Skeet Shooters Association, and other sporting organizations. The Sheriff's Posse of 150 members is a mounted, uniformed organization which participates in parades, festivals, and civic celebrations.

The El Paso Symphony Orchestra is reported to be the oldest of the Texas orchestras in point of continuous existence. Five concerts are given each season, with a nationally known guest artist presented on each concert. The ways and means committee of the orchestra also sponsors a series of artists' concerts, apart from the orchestra series.

Educational Facilities

El Paso has a good school system and is meeting the needs of its children as well as most southwestern cities of comparable size. The city maintains 23 elementary schools, 5 academic high schools, 1 technical high school, and 1 special school for handicapped children. There are also within the city 10 parochial elementary schools and high schools, two private schools for girls, and one institution of higher education. The Radford School for Girls and the Loretto Academy for Girls have elementary and high school facilities.

Texas Western College, formerly the College of Mines and Metallurgy, is a branch of The University of Texas situated on high ground overlooking the city of El Paso. The college offers undergraduate degrees in mining, electrical and civil engineering, business administration, liberal arts and sciences, and fine and applied arts. The college is primarily

an undergraduate institution, although graduate work is being offered in several fields. The school is coeducational, with an enrollment of more than 2,500 students for the past five school years; enrollment in 1949-50 totaled 3,105 students.

Churches

There are 110 churches in El Paso, according to a recent count. These churches represent most of the more popular religions or denominations in the Southwest, although Roman Catholic, Baptist, and Methodist churches are in greater numbers than others. More than half the church membership in the city is Roman Catholic, a fact which is related to the large number of residents with Mexican or Spanish backgrounds. There are many fine churches in the city, and there has been considerable construction or repair and renovation of churches during the past several years.

Religion probably has played a greater part in the economic development of El Paso and that section of the country than is true of many parts of the United States. Earliest recorded history tells how Spanish priests and missionaries brought Christianity to this area. That was 400 years ago, years before the founding of Jamestown or the landing at Plymouth Rock. Some of the present-day churches near El Paso are old mission buildings constructed in the 17th century and have been in constant use for more than 250 years.

Public Services

The public services offered by the city of El Paso to its citizens are not greatly unlike those of most other modern southwestern cities. The city boasts of one of the most complete and modern city planning developments of the Nation. A \$5,000,000 railroad underpass through the heart of downtown El Paso, with viaducts to relieve traffic and street-crossing congestion in various parts of the city, was recently completed. Paisano Drive, a 4-lane east-west highway through the heart of the city, was completed a short time ago.

There has been large-scale paving of streets in El Paso since the end of World War II. From 1946 to 1951 the total mileage of city streets increased from 259 miles to 349 miles, while the mileage paved rose from 128 to 203 miles, or from 50 to 58 percent of total mileage.

There are 34 parks in the city of El Paso, with a total of 718 acres. Washington Park, consisting of approximately 100 acres, contains the City Zoo, swimming pool, and completely equipped recreational playground for children. Memorial Park contains a swimming pool, tennis courts, miniature golf course, and picnic grounds. Dudley Field, the city-owned baseball park, is the home of the El Paso "Texans," member of the professional Southwest International Baseball League.

Outlook for El Paso

Anyone who attempts to peer into El Paso's future is restrained by the fact that much of the economic growth in this city during the past decade was thought impossible 10 years ago. This means that an observer cannot confidently anticipate the economic development of this area in the next few years. One can be assured, however, that the city will continue to grow in population, financial resources, the output of goods and services, employment and income, and as a market for consumer goods. The rate of growth will be affected very greatly, however, by the course of economic events in the Southwest and in the Nation as a whole.

El Paso's manufacturing industry will continue to expand, probably in fields where such requisites as raw materials, labor, climate, transportation facilities, and/or consumer demand loom large but where water for processing is a minor requirement. El Paso now has adequate water in years of normal rainfall, and a further increase in water facilities is being planned. However, the additional supply of water probably will be required by the growing population and will not permit the establishment of industries requiring large amounts of water.

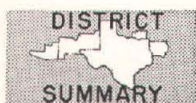
The wide assortment of minerals in the El Paso area that presently are not being utilized may find wider use in later years. Many of these are submarginal because of location, rather than quality; and as deposits of these in other sections of the country become depleted, those in the El Paso area will undoubtedly find greater demand. This may be accompanied by the establishment of new industries based on the ores and other mineral deposits of the area.

El Paso's location, climate, transportation facilities, and numerous scenic attractions, which are now responsible for the flow of large numbers of tourists to this area, appear to hold great possibilities for a further expansion in tourist trade. The trend toward more domestic and foreign travel by Americans will continue to be reflected in increasing tourist business in this area.

The opportunities for further expansion in agricultural production in the El Paso area are limited, but the limits are by no means reached. More land will be brought under cultivation through irrigation, and the abundant crops produced in the area will add greatly to farm income. A return to more favorable moisture conditions on the ranges will see more livestock production and an expansion in income from this source. More farm and ranch income will have great significance to the income of the city of El Paso.

The outlook for economic growth in El Paso and vicinity probably was more aptly expressed recently by an El Paso businessman who said, "One of our greatest assets is our optimism. We don't know many things that can't be done."

REVIEW OF BUSINESS, INDUSTRIAL, AGRICULTURAL, AND FINANCIAL CONDITIONS



Consumer buying in the Eleventh Federal Reserve District in May increased moderately, with department store sales up 11 percent from April and 4 percent

higher than a year earlier. In April, sales showed a less-than-1-percent year-to-year gain. Stocks at district department stores declined 6 percent during May, to halt the rapidly rising trend of prior months this year. Month-end stocks, however, were still 29 percent higher than on the same date last year. District furniture store sales showed seasonal improvement in May but continued to lag a little behind year-ago levels.

Nonfarm employment in Texas continued to rise in May and early June, paced by further increases in employment in aircraft and other defense manufacturing plants. Construction activity in May was at a record rate, the value of construction contract awards in the District being up 8 percent from April and 62 percent above a year earlier. A 17-percent decline in the value of residential awards from April to May was more than offset by the 32-percent increase in nonresidential awards, with more than half of such awards being for manufacturing facilities. Crude oil production in the District reached new peaks in May and early June, and a further small gain is likely in July, based on announced Texas allowables. District refining activity also was at a record level in May.

The outlook for agricultural production in the District showed noticeable improvement in May and June. Generally favorable moisture conditions fostered rapid growth in crops and pastures, while the acreage seeded to summer crops has exceeded earlier forecasts. Field work has been delayed by frequent rains, and in many areas the fields are infested with weeds and grass. Clear, warm weather is needed to permit farmers to cultivate crops and control insect infestation.

Loans of weekly reporting member banks in the period May 16 to June 13 declined \$17,884,000, the most notable decrease for any 4- or 5-week reporting period this year. The principal factor in the decrease was the seasonal liquidation of inventory loans by commodity dealers, although most other loan categories showed some decreases. Investments were up \$9,378,000, while deposits showed little net change.



Consumer buying in the Eleventh Federal Reserve District during May and the first half of June was up moderately from the level of the previous 2 months. May

sales at district department stores rose 11 percent from April and were 4 percent higher than a year earlier, as compared with a year-to-year gain of less than 1 percent in April. Moreover, during the first 2 weeks of June, sales averaged about 3 percent higher than in the same period last year. Sales in the Nation also have shown some upturn.

Despite their improvement, recent year-to-year sales increases have not been large enough to offset the rise in prices

during the past year, and the physical volume of merchandise sold has continued to run behind year-earlier levels. Furthermore, sales as compared with a year ago have been less than would be expected in terms of the increase which has occurred in consumer incomes.

Retail trade undoubtedly is continuing to experience a reaction from the heavy anticipatory buying of last summer and the early weeks of this year. This advance buying borrowed sales from the present period and resulted in an accumulation of debts for many consumers, which are now being paid off. Moreover, the imposition of price controls, a greater stability in the war situation, and the generally plentiful supply of civilian goods have reduced the sense of urgency in consumer buying. The instalment credit controls, requiring higher down payments and limiting pay-out periods, have tended to restrict the purchases of durable goods.

While all these factors have been important in holding down sales, their influence for the most part is not permanent. The further increase in consumer incomes as the defense program develops, together with the dissipation of the effects of the anticipatory buying of earlier periods, may be expected gradually to bolster retail trade in future months.

The markedly rising trend in department store stocks apparently came to a halt in May, following a succession of increases in the four previous months which had carried the dollar value of stocks by April to a level substantially higher than in any previous month on record. Stocks at the end of May were down 6 percent from the month previous. While a decline in May is typical, the decrease this year was larger than usual. Inventories at the end of May were 29 percent above the level of a year earlier, compared with 31 percent at the end of April. Moreover, orders outstanding showed a further decline in May, dropping 10 percent. At the end of the month, orders outstanding were only 3 percent higher than a year earlier, as compared with a year-to-year increase of 18 percent on April 30 and 57 percent on February 28.

The firmer tone in department store sales during May was primarily in the soft goods departments. Sales of women's and misses' coats and suits were 31 percent higher than a year ago, and sales of women's accessories were 4 percent higher. On the other hand, sales of women's and misses' dresses fell 3 percent below May last year, and men's clothing sales showed a small year-to-year decline for the second successive month.

In the consumer durable goods departments, sales of most important items were noticeably lower than a year ago. May sales of major household appliances were 63 percent less than the very high level in the same month last year, while furniture and bedding sales were down 8 percent. Moreover, sales of television and radio sets fell to the lowest level since September 1949 and were 35 percent less than in May 1950. In sharp contrast with these year-to-year declines, domestic floor coverings were up 24 percent over a year ago.

Silverware and jewelry sales continued their strong showing of the past 11 months, rising 20 percent higher than a year ago. Meanwhile, basement store sales posted a 9-percent gain.

WHOLESALE TRADE STATISTICS

Eleventh Federal Reserve District

(Percentage change)

Line of trade	NET SALESp			STOCKS ¹ p	
	May 1951 from		5 mo. 1951 comp. with 5 mo. 1950	May 1951 from	
	May 1950	April 1951		May 1950	April 1951
Automotive supplies.....	6	3	—	-29	10
Drugs and sundries.....	7	—	15	29	—
Dry goods.....	5	5	16	41	—
Grocery (full-line wholesalers not sponsoring groups).....	14	7	15	17	—
Hardware.....	5	1	23	23	3
Industrial supplies.....	34	9	53	37	10
Metals.....	7	16	—	29	—
Tobacco products.....	—	10	3	17	—
Wines and liquors.....	13	11	2	—	—
Wiring supplies, construction materials distributors.....	50	-24	—	—	—

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)

Line of trade by area	NET SALES			STOCKS ¹	
	May 1951 from		5 mo. 1951 comp. with 5 mo. 1950	May 1951 from	
	May 1950	April 1951		May 1950	April 1951
DEPARTMENT STORES					
Total Eleventh District.....	4	11	10	29	— 6
Corpus Christi.....	4	17	5	16	— 5
Dallas.....	1	16	9	27	— 7
Fort Worth.....	4	14	8	20	— 5
Houston.....	16	10	22	41	— 6
San Antonio.....	— 4	4	5	31	— 6
Shreveport, La.....	6	19	6	—	—
Other cities.....	— 2	12	4	10	— 7
FURNITURE STORES					
Total Eleventh District.....	— 4	13	—	51	— 3
Austin.....	—16	33	—	38	— 7
Dallas.....	—29	12	—	62	— 2
Houston.....	—18	30	—	—	—
Port Arthur.....	— 9	15	—	71	— 7
San Antonio.....	— 8	7	—	—	—
Shreveport, La.....	33	19	—	49	— 4
Wichita Falls.....	2	12	—	27	—11
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	—33	21	—	—	—
Dallas.....	—33	26	—	—	—

¹ Stocks at end of month.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1935-39 = 100)

Area	UNADJUSTED				ADJUSTED ¹			
	May 1951	April 1951	Mar. 1951	May 1950	May 1951	April 1951	Mar. 1951	May 1950
	SALES—Daily average							
Eleventh District.....	393	382	397	391	405	402	414	403
Dallas.....	351	333	375	352	374	375	375	375
Houston.....	441	423	441	424	459	475	460	442
STOCKS—End of month								
Eleventh District.....	486	510	493	380	486	486	465	380

¹ Adjusted for seasonal variation.

The increase in department store sales from April to May was entirely in cash and charge account sales, which rose 11 and 10 percent, respectively. Instalment sales declined 5 percent. Moreover, as compared with a year ago, cash and charge account sales showed moderate increases which more than offset the 39-percent decrease in instalment sales. Collec-

tions in relation to receivables outstanding showed improvement, with the charge account collection ratio rising from 47 percent in April to 50 percent in May, and the instalment collection ratio rising from 15 percent to 16 percent. The May instalment collection ratio was the highest since December 1949. Charge account receivables outstanding continue noticeably higher than a year ago, but the year-to-year increase in instalment receivables has been narrowing since the reimposition of Regulation W and at the end of May was only 1 percent, as compared with 13 percent a month earlier and 93 percent on September 30, 1950.

Sales at district furniture stores registered a 13-percent seasonal gain in May but continued to lag behind the year-earlier level, with a 4-percent decline. The upswing in May sales was largely in credit sales, although cash sales showed a small gain. Collections were a little higher in May, and receivables outstanding moved slightly lower for the fifth consecutive month. While furniture store stocks declined 3 percent from April to May, stocks at the end of May were 51 percent higher than a year earlier.



The outlook for agricultural production in the District continues to improve. Acreage seeded to summer crops exceeds earlier forecasts, and generally favorable moisture conditions have permitted rapid growth of row crops. Nevertheless, the frequent rains over large areas of the District have retarded field work, and, as a result, many fields are becoming infested with grass and weeds, and insect activity is spreading. While there are localities in various sections of the District where moisture is still inadequate, hot, dry weather is needed urgently in most areas to permit crop cultivation and effective insect control. Except for winter wheat and other small grains, the condition of crops is good to excellent, and present prospects indicate that total agricultural output in 1951 will equal or exceed the 1949 record.

The district cotton crop is making good to excellent progress, although heavy rains in west, northwest, and northcentral Texas necessitated considerable replanting during June. Harvest is under way in the Lower Rio Grande Valley, and squares are forming as far north as the Red River. Insects have been numerous in virtually all areas but generally have been kept under control by thorough and frequent applications of insecticides. So far, damage appears to be light, considering the large acreage and frequent rains during June. Early inspections of fields in south Texas indicate that the pink bollworm infestation, which spread over a large acreage of Texas and parts of Louisiana in 1950, has not been checked completely. Additional counties have been placed under quarantine, and ginners and growers will be urged to carry out an intensive clean-up campaign following harvest, in order to control this pest.

Wheat harvest, although delayed by frequent rains, is under way as far north as the Texas Panhandle, with some yields higher than earlier estimates. The 1951 Texas wheat crop is estimated at 14,438,000 bushels—unchanged from a month earlier. Forecasts of production in Oklahoma and New Mexico are slightly lower than on May 1.

Feed crops in the Southwest are making good to excellent progress. Although the acreage of corn is below that of 1950, yields are expected to equal or to exceed the high average of recent years. The crop is nearing maturity in southern counties, and moisture appears to be adequate for "making the crop" in all principal producing areas of the District. Considerable acreage in north and northeastern counties was sidedressed with nitrate fertilizer during early June. Planting of a substantial acreage of grain sorghums in the High Plains of Texas is virtually complete, while the south Texas crop is nearing maturity. Yields are expected to be light in the latter area because of extended drought early in the growing season.

The first forecast of the year placed the Texas oat crop at 12,576,000 bushels—a reduction of more than 14,000,000 from a year ago and less than one-half of the 10-year average. This would be the smallest oat crop since the almost complete failure of 1942, when fall and winter drought and winter freezes cut the crop to 41 percent of average. Production in Oklahoma, now estimated at 9,207,000 bushels, is also down substantially from the more than 14,000,000 bushels produced in 1950. Estimates for Louisiana at 2,679,000 bushels and New Mexico at 1,118,000 bushels, however, are above production in 1950. Barley production in Texas is also very small this year, being estimated at 1,020,000 bushels—about one-fourth of the 10-year average. Peanut planting was under way in most sections by June 1 and is now virtually complete. Acreage is expected to be about the same as in 1950. The Texas and Louisiana rice crop is growing satisfactorily, although additional moisture would be beneficial in the Louisiana section.

Commercial vegetable production in the District continues to improve, as timely rains and warm weather in most major producing areas improve both yields and quality. The late spring onion crop in Texas is now estimated at 1,280,000 sacks—an increase of 152 percent over the small 1950 crop and 19 percent above the average. Tomato production in the late spring areas, particularly in east Texas, is unusually good. Acreage and yields are up from a year ago, and production is now estimated at 2,409,000 bushels. Quality to date has been very high. Watermelons and cantaloupes are moving in volume from early producing areas, and the first forecast of Texas watermelons for the 1951 season indicates a crop of 9,455,000 melons—an increase of 12 percent over 1950 and 4 percent above average. Harvest of the early potato crop is nearing completion, and the Panhandle summer potato crop, estimated to be 5 percent larger than a year ago, is making good progress. Sweet corn is moving in volume from all southern and central producing areas.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

State	March		Cumulative receipts January—March	
	1951	1950	1951	1950
Arizona.....	\$ 19,594	\$ 13,065	\$ 71,055	\$ 56,501
Louisiana.....	15,408	11,164	62,182	51,218
New Mexico.....	9,359	6,673	32,137	28,557
Oklahoma.....	31,279	31,217	103,084	122,309
Texas.....	89,747	87,786	331,643	389,068
Total.....	\$165,387	\$149,905	\$600,101	\$647,653

SOURCE: United States Department of Agriculture.

Prospects for citrus production during the 1951-52 season are very poor. Recovery of trees from the severe winter freeze has been very slow, and the extent of the recovery is still uncertain. Loss of trees of all ages and varieties was heavy, with every section of the Citrus Belt suffering from damage. Production prospects in 1951-52 are negligible, even if growing conditions are very favorable during the remainder of the season. Many growers indicate that surviving trees will take from 3 to 5 years to reach normal production.

Ranges and pastures are supplying abundant feed over virtually all of the District. Generous rains in late May and early June started new feed in the droughty areas of eastern New Mexico and in the southern High Plains, Western Plateau, Trans-Pecos, and south Texas areas. Only southwestern New Mexico continues dry, with supplemental feeding being carried on throughout most of that region. Additional rains will be needed in south and southwestern parts of Texas and in eastern New Mexico to restore subsoil moisture supplies and continue growth of feed. Prospects for hay production in the District improved during June, and considerable Johnson grass and alfalfa hay have been harvested. Frequent rains caused some losses, but the additional moisture will be beneficial to later cuttings. Cattle and sheep are making rapid gains on the new feed, and good range feed throughout the summer is assured in central and northern counties. Contracting of calves is practically at a standstill, largely as a result of favorable feed prospects and the uncertainty of the price situation.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	May 1951	May 1950	April 1951	May 1951	May 1950	April 1951
Cattle.....	34,350	55,252	36,152	18,754	35,481	20,955
Calves.....	10,732	15,236	9,499	14,019	14,094	15,232
Hogs.....	68,972	64,828	71,029	6,350	6,709	7,203
Sheep.....	130,752	366,832	58,988	115,921	156,382	116,814

¹ Includes goats.

Movement of big steers to the Osage and Flint Hills pastures of Oklahoma and Kansas was about 10 percent larger than a year ago. The cattle arrived later than usual because of the delayed start in pasture growth as a result of the wet, cold spring. Thus, marketings from the pastures are expected to be later than usual.

Marketings of all classes of livestock except hogs during May were substantially below those of a year ago, with sharp reductions in the numbers of cattle and sheep shipped to the Fort Worth and San Antonio markets. Further reductions in marketings also occurred during the early part of June. Offerings increased somewhat around mid-June but are still running below the comparable period of 1950. Improved range feed and prospects for good-to-excellent grazing throughout the summer, plus uncertainty over the price situation, were probably the major factors contributing to this decline.

Meat production in Texas during the first 4 months of 1951 totaled 247,438,000 pounds—about 1 percent more than during the corresponding period in 1950. Commercial meat

production in the United States during the same period also was up 1 percent. Broiler production in Texas continues to exceed the record level of 1950 by a substantial margin. However, prices continue steady to strong, despite this increased output. On the other hand, egg production is currently below the comparable period of 1950; and milk production, while increasing seasonally, is also below that of last year.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended June 22, 1951	Comparable week last month	Comparable week last year
COTTON, Midding 15/16-inch, Dallas....	lb.	\$.4525	\$.4524	\$.3401
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.61	2.60½	2.36
OATS, No. 2 white, Fort Worth.....	bu.	1.07	1.14	.92
CORN, No. 2 yellow, Fort Worth.....	bu.	1.99½	1.98¾	1.76
SORGHUMS, No. 2 yellow milo, Fort Worth .	cwt.	2.62	2.63	2.15
HOGS, Good & Choice, Fort Worth.....	cwt.	22.75	21.50	20.25
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	36.00	37.00	31.00
SLAUGHTER CALVES, Choice, Fort Worth...	cwt.	36.50	37.00	31.00
STOCKER STEERS, Choice, Fort Worth.....	cwt.	37.00	38.00	30.00
SLAUGHTER LAMBS, Good & Choice, Fort Worth.....	cwt.	34.00	34.00	27.00
HENS, 3-4 pounds, Dallas.....	lb.	.20	.26	.15
FRYERS, local, Dallas.....	lb.	.27	.25	.27
TURKEYS, No. 1 hens, Dallas.....	lb.	.35	.35	.25
EGGS, No. 1 infertile, Dallas.....	lb.	.41	.42	.32

Prices received by southwestern farmers declined from mid-April to mid-May for the first time since October 1950. The index of prices received by Texas farmers stood at 393 percent of the 1910-14 average—6 points below the record of April this year. Meat animals accounted for the major part of the decline. Reports from spot commodity markets since mid-May indicate that this downward trend has continued, with only temporary upward movements occurring in the prices of certain farm commodities.



Loans of the weekly reporting member banks in the Eleventh District declined \$17,884,000 between May 16 and June 13, the most notable decrease in any 4- or

5-week reporting period this year. Most major loan categories showed decreases, as contrasted with other recent weeks. Although commercial, industrial, and agricultural loans had shown a gradual downward trend from the end of January to mid-May, increases in real estate loans, consumer-type loans, and loans for financing security transactions had maintained total loans near the all-time peak reached on January 31. During the most recent 4-week period, however, the decrease of \$13,308,000 in commercial, industrial, and agricultural loans was accompanied by an over-all reduction in other categories. For example, "all other" loans, which comprise consumer-type loans, declined \$2,364,000, while loans for financing security transactions and loans to banks showed a combined decrease of \$4,916,000. Real estate loans rose \$2,704,000, reflecting the continued strong demand for this type of bank financing.

Repayment of outstanding loans by commodity dealers, representing seasonal liquidation, was the principal factor contributing to the decrease in commercial, industrial, and agricultural loans. Reduction of inventory and other working

capital loans by other commercial and industrial firms, although on a somewhat smaller scale, also was evident. Wholesale and retail trade establishments, grain and milling concerns, and food and liquor businesses liquidated substantial amounts of outstanding bank indebtedness, while a smaller net reduction was effected by a miscellaneous group of commercial and industrial firms. Sales finance companies and public utility and transportation firms borrowed on balance to meet increased working capital requirements. Although loans to finance work on defense contracts rose in each week, new loans for this purpose constituted less than 10 percent of total new business loans during the period.

CONDITION STATISTICS OF WEEKLY REPORTING
MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	June 13, 1951	June 14, 1950	May 16, 1951
Total loans (gross) and investments.....	\$2,624,662	\$2,538,364	\$2,633,168
Total loans—Net ¹	1,445,493	1,190,934	1,464,017
Total loans—Gross.....	1,462,328	1,203,943	1,480,212
Commercial, industrial, and agricultural loans.....	1,000,089	819,522	1,013,397
Loans to brokers and dealers in securities..	8,687	6,805	12,058
Other loans for purchasing or carrying securities.....	57,604	51,466	54,397
Real estate loans.....	124,229	100,044	121,525
Loans to banks.....	1,165	279	5,917
All other loans.....	270,554	225,827	272,918
Total investments.....	1,162,334	1,334,421	1,152,956
U. S. Treasury bills.....	83,910	103,678	62,594
U. S. Treasury certificates of indebtedness..	0	179,153	0
U. S. Treasury notes.....	333,151	260,368	343,538
U. S. Government bonds (inc. gtd. obligations).....	580,649	655,109	581,188
Other securities.....	164,624	136,113	165,636
Reserves with Federal Reserve Bank.....	521,639	445,724	530,875
Balances with domestic banks.....	391,329	376,073	355,029
Demand deposits—adjusted ²	2,204,409	2,050,565	2,173,768
Time deposits except Government.....	441,805	454,029	428,928
United States Government deposits.....	77,845	54,916	105,164
Interbank demand deposits.....	625,429	647,877	620,928
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.

The decline in loans at weekly reporting member banks during the 4-week period ended June 13 was partially offset by an increase of \$9,378,000 in total investments. Holdings of Treasury bills rose \$21,316,000, while investments in Treasury notes and bonds declined by \$10,926,000. In contrast with the trend during most other weeks of this year, investments in municipal and other non-Government securities decreased fractionally. On June 13, total investments amounted to \$1,162,334,000, reflecting a decrease of 12.9 percent from the year-earlier total.

Deposits declined fractionally during the 4 weeks ended June 13, reflecting a decrease of \$13,932,000 in demand deposits and a slightly less than compensating increase in time deposits. Demand deposits of individuals, partnerships, and corporations rose \$25,365,000, partly as a result of rather heavy Treasury net expenditures in the District. Treasury spending was financed, in part, by a net reduction of \$27,319,000 in government deposits at the weekly reporting member banks. States and political subdivisions also drew rather heavily on their demand deposit accounts at these banks, but the greater part of these funds was converted into time deposits, with the result that the net loss of deposits was small. The decrease in deposits at these banks from December

27, 1950, to June 13, 1951, amounted to 5 percent, with demand deposits more than accounting for the over-all change.

The weekly reporting member banks utilized most of the funds derived from reductions in loans, reserves, and cash collection items to build up their balances with correspondents. Balances with other domestic banks rose \$36,300,000, while the combined decrease in reserves and cash collection items amounted to \$30,941,000. On June 13, reserves, cash, and bank balances amounted to \$1,209,191,000, or 9.3 percent above the year-earlier figure.

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
May 1949.....	\$4,942,647	\$631,531	\$2,365,633	\$411,889	\$2,577,014	\$219,642
May 1950.....	5,481,505	670,514	2,627,316	423,428	2,854,189	247,086
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
April 1951.....	5,908,685	647,902	2,751,029	353,798	3,157,656	294,104
May 1951.....	5,801,415	658,973	2,697,033	362,380	3,104,382	296,593

Gross demand deposits of all member banks in the Eleventh Federal Reserve District averaged \$107,270,000 less in May than in April, with the decrease almost evenly divided between reserve city and country banks. Decreases in each month from January to May reduced demand deposits \$548,339,000, or 8.6 percent, but at this lower level the total exceeded the year-earlier figure by \$319,910,000, or 5.8 percent. In contrast with the downward trend of demand deposits, time deposits rose \$11,071,000, with reserve city banks accounting for slightly more than three-fourths of the increase. Despite increases in April and May, time deposits were somewhat below the May 1950 total, reflecting, in part, rather heavy withdrawals during February and March.

SAVINGS DEPOSITS

City	Number of reporting banks	May 31, 1951		Percentage change in savings deposits from	
		Number of sav- ings depositors	Amount of savings deposits	May 31, 1950	April 30, 1951
LOUISIANA					
Shreveport.....	3	44,959	\$ 23,350,399	— 6.1	— 0.7
TEXAS					
Beaumont.....	3	12,072	5,174,399	—12.4	— 1.1
Dallas.....	8	142,024	74,904,767	— 4.2	0.1
El Paso.....	2	33,047	21,787,127	— 5.5	0.5
Fort Worth.....	4	43,111	33,939,354	— 4.9	0.3
Galveston.....	4	22,292	20,092,426	— 5.5	0.3
Houston.....	8	92,258	73,302,530	— 3.1	0.5
Lubbock.....	2	2,327	4,536,790	13.2	1.2
Port Arthur.....	2	5,715	3,758,849	—13.4	0.01
San Antonio.....	5	42,278	42,605,783	— 2.7	0.2
Waco.....	3	10,678	10,560,595	0.3	— 0.1
Wichita Falls.....	3	8,031	4,481,198	— 3.5	— 0.1
ALL OTHER.....	55	70,049	55,933,384	— 1.1	0.3
Total.....	102	528,841	\$374,427,601	— 3.6	0.2

Debits to deposit accounts reported by banks in 24 cities of the District during May were approximately the same as in April, reflecting the maintenance of business and other economic activity close to the unusually high levels that prevailed in the first 3 months of the year. Changes in the debits totals for individual cities over the District were confined to rather narrow limits, with as many cities showing increases

as decreases. The annual rate of turnover of deposits, or the annual rate of use of deposit accounts, was 14.6 in May, as compared with 13.1 in May of last year, and was unchanged from the April figure.

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

(Amounts in thousands of dollars)

City	DEBITS ¹			DEPOSITS ²		
	May 1951	Percentage change from		May 31, 1951	Annual rate of turnover	
		May 1950	April 1951		May 1951	May 1950
ARIZONA						
Tucson.....	\$ 81,195	34	— 4	\$ 96,960	10.2	8.3
LOUISIANA						
Monroe.....	40,476	4	— 7	45,114	10.8	10.6
Shreveport.....	165,842	18	3	185,789	10.8	9.5
NEW MEXICO						
Roswell.....	20,860	16	— 9	23,872	10.3	9.5
TEXAS						
Abilene.....	47,630	7	— 6	50,367	11.5	12.1
Amarillo.....	118,202	18	— 6	97,953	14.5	12.8
Austin.....	130,840	6	—10	110,395	14.2	13.1
Beaumont.....	114,359	17	1	87,798	15.6	13.0
Corpus Christi.....	115,198	22	2	93,993	14.8	12.6
Corsicana.....	11,309	15	— 3	21,119	6.5	5.6
Dallas.....	1,366,948	19	— 8	905,467	18.1	17.0
El Paso.....	165,447	15	— 4	132,266	15.1	13.4
Fort Worth.....	461,176	29	5	360,232	15.6	13.7
Galveston.....	84,819	27	— 3	99,709	10.1	8.5
Houston.....	1,422,897	27	7	1,076,859	15.8	13.6
Laredo.....	22,145	19	7	21,442	12.6	9.2
Lubbock.....	86,867	8	— 2	90,878	11.3	11.5
Port Arthur.....	40,130	37	4	40,996	11.8	8.9
San Angelo.....	43,327	— 7	9	52,386	10.3	12.4
San Antonio.....	363,973	16	4	370,623	11.9	10.9
Texarkana ³	17,586	16	3	24,156	8.8	7.9
Tyler.....	47,812	8	—	51,384	11.3	10.3
Waco.....	69,025	16	—	78,430	10.6	10.6
Wichita Falls.....	74,380	19	4	93,696	9.5	8.3
Total—24 cities.....	\$5,112,443	21	—	\$4,211,884	14.6	13.1

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 \$29,629,000 for the month of May 1951.

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

Total earning assets of the Federal Reserve Bank of Dallas rose \$30,369,000 between May 15 and June 15, principally as a result of the increase in holdings of Government securities. Other changes included a decrease of \$45,486,000 in gold certificate reserves and a fractional decrease in member bank reserve balances. Notes of this bank in actual circulation on June 15 amounted to \$628,212,000, an increase of \$7,378,000 from May 15 and \$20,966,000 from June 15, 1950.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	June 15, 1951	June 15, 1950	May 15, 1951
Total gold certificate reserves.....	\$ 492,144	\$646,372	\$ 537,630
Discounts for member banks.....	2,461	100	1,911
Industrial advances.....	40	0	30
Foreign loans on gold.....	0	679	0
U. S. Government securities.....	1,098,578	806,039	1,068,769
Total earning assets.....	1,101,079	806,818	1,070,710
Member bank reserve deposits.....	928,022	794,386	928,713
Federal Reserve notes in actual circulation.....	628,212	607,246	620,834

On June 14, the Secretary of the Treasury announced the results of the Treasury's latest refunding operation. Holders of the 2¾-percent Treasury bonds called for redemption on June 15 and the three issues of Treasury notes maturing July 1 exchanged \$9,527,000,000 of their holdings for the

new issue, a 17 $\frac{7}{8}$ -percent 91 $\frac{1}{2}$ -month certificate of indebtedness. The called or maturing securities were outstanding in the amount of \$10,072,000,000. Cash redemptions amounted to 5.4 percent of the total.



Nonfarm employment in Texas continued to expand during the spring months, reaching approximately 2,520,000 persons during June, representing a gain of about 13,000 persons since April and about 150,000 over a year ago. The bulk of the recent increase has been in manufacturing employment, particularly durable goods production, although some expansion also has occurred in the nondurable goods industries and in construction and other nonmanufacturing. Total nonfarm employment is 6 percent higher than a year ago; factory employment is up 15 percent; and nonmanufacturing, up 4 percent. Employment in durable goods production was 29 percent more than a year ago, while employment in nondurables production was up 10 percent.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	May 1951p	May 1950	April 1951	January—May	
				1951p	1950
ELEVENTH DISTRICT..	\$ 161,338	\$ 99,804	\$ 148,733	\$ 702,974	\$ 437,534
Residential.....	59,456	54,212	71,397	305,599	209,543
All other.....	101,882	45,592	77,336	397,375	227,991
UNITED STATES ¹ ...	2,572,961	1,347,603	1,374,991	7,399,177	5,508,685
Residential.....	661,094	674,604	590,848	2,778,575	2,629,074
All other.....	1,911,867	672,999	784,143	4,620,602	2,879,611

¹ 37 states east of the Rocky Mountains.

p—Preliminary

SOURCE: F. W. Dodge Corporation.

The value of construction contracts awarded in the Eleventh District rose to a record total of \$161,000,000 in May, in part the result of public housing and defense plant projects. This total is 8 percent above that in April and 62 percent more than a year ago. Residential awards—about one-fourth public housing and military dormitory projects—amounted to \$59,000,000, or 17 percent less than in April but 10 percent more than the relatively high figure for a year ago. However, private residential awards were about one-sixth less than during the same month last year. With strength in the public sector offsetting the gradual decline in private residential building, total residential awards continued at a level not exceeded prior to last August. The volume of residential awards during the first 5 months of this year totaled \$306,000,000, or 46 percent more than during the same period last year. This 5-month total is so high that a drop to half of this rate of awards during the remaining 7 months of this year would still permit a total for the year approximately equal to the 1950 record.

Nonresidential awards amounted to \$102,000,000 in May, or 32 percent more than in April and more than twice the amount during May of last year. More than half of the nonresidential awards in May were for manufacturing buildings, and awards for such buildings during the first 5 months of this year total about \$85,000,000, or more than three times the amount during the corresponding period a year earlier.

Awards for commercial building during the first 5 months of this year approximated \$87,000,000, which is twice the amount during the same period last year. The total nonresidential awards in May have established a new peacetime peak and are within 12 percent of the all-time record established in October 1942. During the first 5 months of this year, \$397,000,000 of nonresidential contracts were awarded, or 74 percent more than during the corresponding months of 1950 and close to the average rate of awards during the peak year 1942.

BUILDING PERMITS

5 months 1951							
City	May 1951		Percentage change in valuation from		Number	Valuation	Percentage change in valuation from 5 months 1950
	Number	Valuation	May 1950	April 1951			
LOUISIANA							
Shreveport....	352	\$ 1,278,937	—51	—25	1,674	\$ 7,786,048	—28
TEXAS							
Abilene.....	70	265,487	—74	—40	548	3,610,379	—40
Amarillo.....	273	1,150,169	—26	—56	1,727	10,124,336	18
Austin.....	223	1,591,515	—74	9	1,310	11,877,623	—32
Beaumont.....	257	439,986	—37	#	1,263	2,970,335	—42
Corpus Christi..	298	998,289	—74	—13	1,688	11,304,531	—2
Dallas.....	1,863	6,242,131	—37	—42	8,636	48,579,573	11
El Paso.....	210	975,917	—55	—20	1,379	7,585,859	—19
Fort Worth.....	878	3,889,252	—41	6	3,617	26,410,507	33
Galveston.....	109	142,612	—87	—15	545	1,578,890	—45
Houston.....	991	9,834,616	—31	#	4,526	69,319,239	16
Lubbock.....	317	1,338,023	—24	36	1,695	8,202,478	—20
Port Arthur.....	197	554,667	43	66	819	1,868,715	—18
San Antonio....	1,233	2,811,550	—28	—37	6,211	20,924,952	2
Waco.....	226	1,513,925	39	36	1,124	7,140,203	—22
Wichita Falls...	92	349,300	5	27	540	1,775,573	—14
Total.....	7,589	\$33,376,376	—42	—18	37,302	\$241,059,241	1

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

Crude petroleum production in the Eleventh District during May averaged a record 3,061,000 barrels per day, or 22,000 barrels daily above April and 675,000 barrels daily above a year ago. A further small increase in production occurred in early June as the result of a slight increase in total Texas allowables above the May 1 level. However, this increase in allowables resulted solely from quotas for new wells, with the average well receiving a fractionally smaller allowable in June. After six consecutive monthly increases, July 1 allowables were set at 16,000 barrels daily less than

CRUDE OIL PRODUCTION

(Barrels)

Area	May 1951		Increase or decrease in daily average production from	
	Total production	Daily avg. production	May 1950	April 1951
ELEVENTH DISTRICT				
Texas R. R. Com. Districts				
1 South Central.....	1,049,400	33,852	6,386	192
2 Middle Gulf.....	5,212,000	168,129	43,635	2,266
3 Upper Gulf.....	15,629,650	504,182	107,143	611
4 Lower Gulf.....	8,085,200	260,813	62,871	2,776
5 East Central.....	1,634,750	52,734	20,800	926
6 Northeast.....	12,114,350	390,786	39,806	-3,734
East Texas.....	8,475,200	273,394	10,433	-5,306
Other fields.....	3,639,150	117,392	29,373	1,572
7b North Central.....	2,664,500	85,952	18,836	2,282
7c West Central.....	3,203,700	103,345	44,769	3,930
8 West.....	29,384,300	947,880	304,702	10,908
9 North.....	4,757,700	153,474	14,468	2,857
10 Panhandle.....	2,748,100	88,648	-2,783	-999
Total Texas.....	86,483,650	2,789,795	660,633	22,015
New Mexico.....	4,373,750	141,089	16,786	-864
North Louisiana.....	4,046,100	130,519	-2,481	1,294
Total Eleventh District..	94,903,500	3,061,403	674,938	22,445
OUTSIDE ELEVENTH DISTRICT...	96,330,900	3,107,448	376,413	7,685
UNITED STATES.....	191,234,400	6,168,851	1,051,351	30,130

SOURCE: Estimated from American Petroleum Institute weekly reports.

those of a month earlier. However, a further moderate gain in output is anticipated in July, since recent cutbacks in allowables have resulted solely from quotas being set closer to actual per-well performance, which removed about 100,000 barrels per day from unused portions of allowables during May and June.

Crude oil runs to refinery stills in the Nation averaged 6,435,000 barrels per day in May, or 248,000 barrels daily higher than in April and 931,000 barrels daily more than a year ago. The May figure is only 19,000 barrels daily below the February record. In this District, crude runs averaged a record 1,894,000 barrels per day, or 68,000 barrels daily more than in April and 452,000 barrels daily more than in May of last year.

As a result of the high levels of crude oil production and refinery operations, stocks of crude oil and three of the four major refined products increased during May in both the Nation and the District. Gasoline stocks declined by 7,225,000 barrels during May as the result of a strong seasonal rise in consumption. Stocks of crude oil—as well as of gasoline, kerosene, and gas and distillate fuel oil—are well above the year-earlier level, while residual fuel oil stocks are only fractionally below last year. However, considering the higher rate of consumption this year, the stocks of crude oil, gasoline, kerosene, and residual fuel oil are somewhat lower in terms of number of days' supply. Only gas oil and distillate stocks represent a larger number of days' supply than was the case a year ago.

PETROLEUM STOCK POSITION IN THE UNITED STATES

(Amounts in thousands of barrels)

	Stocks		Average daily demand		Number of days' supply	
	June 9, 1951	June 10, 1950	1951 ^e	1950	June 9, 1951 ^e	June 10, 1950
CRUDE PETROLEUM.....	246,660	239,464	6,476	5,807	38.1	41.2
MAJOR REFINED PRODUCTS	247,454	222,170	6,394	5,796	38.7	38.3
Gasoline.....	129,353	119,249	3,104	2,792	41.7	42.7
Kerosene.....	21,890	18,499	364	329	60.1	56.2
Gas oil and distillate....	57,372	45,230	1,274	1,116	45.0	40.5
Residual fuel oil.....	38,839	39,192	1,652	1,559	23.5	25.1

^e—Estimated.

SOURCES: American Petroleum Institute, United States Bureau of Mines.

Estimates of United States supply and demand for all oils for 1951 recently were revised upward by the Bureau of Mines. Reflecting rising civilian consumption, as well as appreciable military requirements, total demand is expected to average 7,452,000 barrels per day, or nearly a tenth more than last year. Almost half of the increase is accounted for by rising demand for gasoline, and a fourth, by distillate demand. The 649,000-barrel daily increase in total demand results from a still larger rise in domestic demand, offset to a slight extent by a 30,000-barrel-per-day decrease in exports. These additional requirements are expected to be somewhat more than met by increasing new supplies, about 80 percent of the increase being obtained from domestic crude oil production; 8 percent, from domestic natural gasoline production; and 12 percent, from larger imports. However, both the imports and the exports are, of course, subject to presently unpredictable changes in the light of world supply and demand factors.

SUPPLY AND DEMAND FOR ALL OILS, UNITED STATES, 1950-51

(In thousands of barrels per day)

	1951 ^e	1950	Change	Percent change
SUPPLY (New).....	7,529	6,747	782	11.6
Production.....	6,586	5,900	686	11.6
Crude petroleum.....	6,027	5,402	625	11.6
Natural gasoline and cycling plant oils.....	559	498	61	12.2
Imports.....	943	847	96	11.3
Crude petroleum.....	537	487	50	10.3
Refined products.....	406	360	46	12.8
CHANGE IN STOCKS.....	77	-56	133	—
Crude petroleum.....	14	-13	27	—
Refined products.....	63	-43	106	—
DEMAND.....	17,452	16,803	649	9.5
Domestic, total.....	7,178	6,499	679	10.4
Export, total.....	274	304	-30	-9.9
Crude petroleum.....	6,495	5,834	661	11.3
Domestic refinery runs.....	6,421	5,739	682	11.9
Export.....	74	95	-21	-22.1
Refined products.....	7,378	6,708	670	10.0
Gasoline.....	3,104	2,792	312	11.2
Kerosene.....	364	329	35	10.6
Distillate.....	1,274	1,116	158	14.2
Residual fuel oil.....	1,652	1,559	93	6.0
Other.....	984	912	72	7.9
Domestic.....	7,178	6,499	679	10.4
Export.....	200	209	-9	-4.8

¹ Includes domestic and export demand for refined products and export demand for crude petroleum.

^e—Estimated.

SOURCE: United States Bureau of Mines.

Demand during the first quarter of 1951 was 14 percent above a year earlier, with gains of 11 percent, 8 percent, and 6 percent estimated for subsequent quarters. The prospective downward trend in year-to-year gains reflects a very sharp rise in demand during the last half of 1950, rather than any real contraseasonal decline during 1951. Actually, total demand—after declining from the first to the second quarter this year—should rise seasonally from the second to the third quarter and reach a peak in the fourth quarter of the year.

Oil and gas well drilling activity continued at a very high rate during the first 5 months of this year, with well completions during that period preliminarily estimated at 16,840 in the Nation and 8,080 in this District, representing gains of 6 percent and 11 percent, respectively, over the same period last year. The average depth of wells completed is somewhat greater in the Nation than last year, and total footage drilled increased about 9 percent in the Nation and 11 percent in the District. Wildcat wells constitute a higher proportion of the total wells drilled, and the number of such wells completed is approximately one-fourth larger than a year ago both in the Nation and in this District.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	May 1951 ¹	May 1950	April 1951 ²	August—May	
				This season	Last season
CONSUMPTION					
Total					
Texas mills.....	14,730	12,332	18,162	147,449	127,689
U. S. mills.....	832,612	718,826	980,906	9,065,073	7,402,142
Daily average					
Texas mills.....	755	617	736	683	602
U. S. mills.....	42,698	35,941	39,766	41,968	34,916
STOCKS, U. S. — End of period					
Consuming establishments...	2,077,760	1,607,208	2,329,714	—	—
Public storage and compresses.....	1,647,935	6,591,281	2,451,619	—	—

¹ Four weeks ended June 2.

² Five weeks ended May 5.

SOURCE: United States Bureau of the Census.