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CORPUS CHRISTI

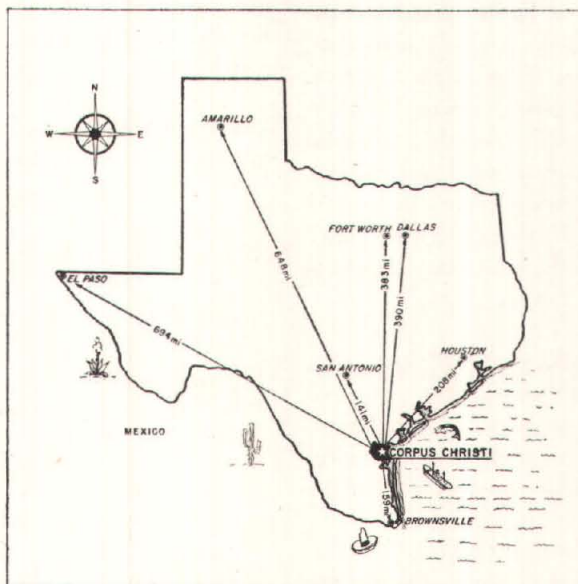
*This is the second of a series of articles on leading cities of the Eleventh Federal Reserve District. Articles on other cities will appear in the **Monthly Business Review** from time to time. Additional copies of this article may be obtained by addressing a request to:*

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Corpus Christi is one of the fastest growing cities in the Southwest. Its population has almost doubled in each of the past three decades, and the rapid increase continues. Less than 30 years ago Corpus Christi was only one-tenth its present size; in fact, 20 years ago the population was less than 30,000. Now with a population of more than 108,000, it is one of the 13 larger cities in the Southwest and is among the top 100 cities of the country.

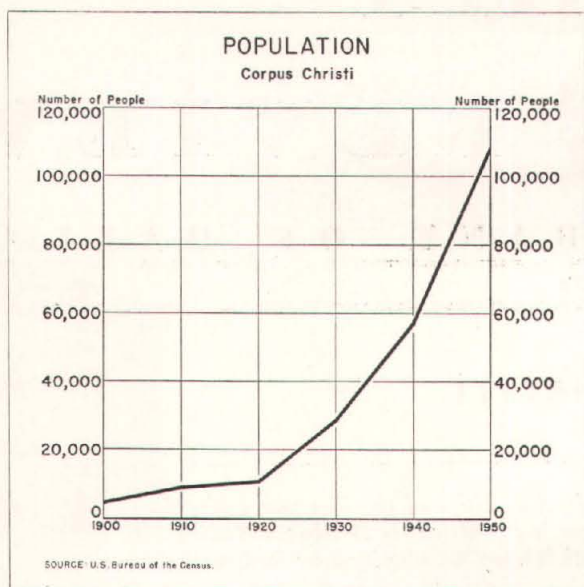
The growth in population reflects the phenomenal expansion in business and industry which has attracted people to Corpus Christi from the surrounding rural areas, as well as from all over the Nation. In the depression decade of the 1930's when most of the Nation was showing practically no net economic gains, Corpus Christi's business and industry were expanding markedly. Retail sales increased 98 percent from 1929 to 1939, while bank deposits rose 99 percent and the assessed valuations of property increased 38 percent. During the decade of the 1940's, personal income of the inhabitants of the Corpus Christi metropolitan area increased 332 percent and employment rose 87 percent. The city's retail trade, bank deposits, and assessed property valuations in 1950 were about 360 percent, 323 percent, and 222 percent greater, respectively, than 10 years earlier.

Corpus Christi is located on Corpus Christi and Nueces Bays in the flat plains of the Coastal Bend country in Nueces County in south Texas. In the distance to the east is dimly visible the low-lying shore of Mustang Island, which separates Corpus Christi Bay from the Gulf of Mexico. To the north is Nueces Bay, and to the west spread broad, level fields of cotton and grain sorghums, dotted with oil derricks, pumps, and tanks. Finally, to the south is found the tremendous expanse of the King Ranch.



The tempering influence of the Gulf of Mexico, together with its southern location, gives Corpus Christi a mild climate. The average temperature for January is 56.5 degrees; while the average for August, the warmest month of the year, is 83.1 degrees. Frosts generally occur during only 1 month of the year, with the earliest frost usually being around December 25, and the latest, around January 25. Although the humidity is higher than in most inland cities of the Southwest, the tem-

peratures in the summer are more moderate and a prevailing stiff breeze makes the summers comfortable. The rainfall is noticeably lower than the Gulf Coast cities farther to the north, with the average annual rainfall for Corpus Christi amounting to only 26.5 inches.



Historically speaking, the city is young. While its founding goes back a little over 100 years to the establishment of a trading post by Colonel Henry L. Kinney in 1839, the history of modern Corpus Christi can be said to have begun only 25 years ago with the opening of the deepwater port facilities and the development of oil production in the area—both fundamental factors in the city's growth. Corpus Christi contains few old landmarks, and there is little to remind the visitor of the past. Generally speaking, its citizens are not concerned with the past but, rather, are directing their attention and enthusiasm to the future of Corpus Christi.

The youthfulness of the city is evident in its large number of young people. The average age of its businessmen—the people who own or operate the stores, service establishments, and factories—is lower than in most cities of the country. Moreover, as a result of its rapid economic growth, the average age of the commercial establishments and the industrial plants in Corpus Christi is lower than in most other cities. Almost three-fifths of the manufacturing plants in Corpus Christi were started within the past 10 years. As a corollary to its youthfulness, it does not have the entrenched interests which sometimes hold sway in older towns.

Although Corpus Christi is essentially an "American" city, the Latin American aspects are readily apparent. Approximately 35 percent of the population consists of Latin Americans. On the other hand, the Negro population, estimated at around 5 percent, is considerably smaller than in most of the Gulf Coast cities to the north.

The city has a very informal atmosphere. People are friendly and tend to dress casually. Just as other towns have their "straw hat" days, Corpus Christi observes "sports shirt" day, when men change to sports shirts for the summer season.

The large number of naval personnel which may be seen makes one aware of the important naval air station which is

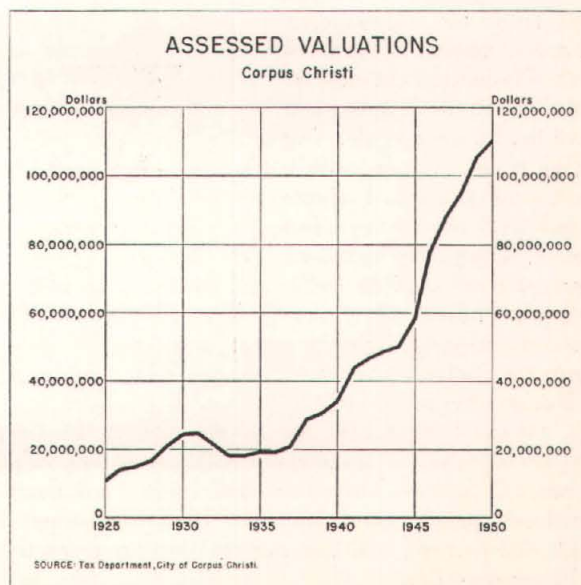
located at the edge of the city. On the other hand, although Corpus Christi is a port city, it does not have many of the characteristics of typical port cities. Relatively few ships are seen at the docks, because oil tankers, which comprise the principal type of vessel plying the port, have a short turn-around time. This situation partially accounts for the few merchant seamen who are seen in Corpus Christi.

The industrial area of Corpus Christi is located on the north side of the city adjacent to or near the ship canal. The primary commercial district is located in the east portion of town, between the water front and a bluff, although it has been spreading out beyond the bluff toward the west and south. The residential areas are in the southern and western portions of the city. At present, the principal beaches are located in the northeast section of Corpus Christi, but steadily increasing use and development of the beach on Padre Island to the southeast of the city may be anticipated as a result of the opening of the Padre Island causeway in June 1950.

Despite a substantial amount of industrialization, Corpus Christi is a clean city. The use of natural gas as fuel is the principal factor minimizing the dirt which frequently accompanies industrialization. Furthermore, with the manufacturing plants located largely in the north and northwest sections, the prevailing south-southeast breeze blows the smoke and fumes away from the city.

Another factor which gives Corpus Christi the appearance of a clean city is the high proportion of new homes, stores, and schools. The prevailing architecture follows the simple modern lines, although Spanish-type buildings and residences are not uncommon. Broad Shoreline Boulevard paralleling the sea wall, like many other streets, is lined with palm trees which lend a pleasing subtropical atmosphere.

The cultural aspects have not been overlooked in the rapid growth of the city. Unusual for a city of its size, Corpus

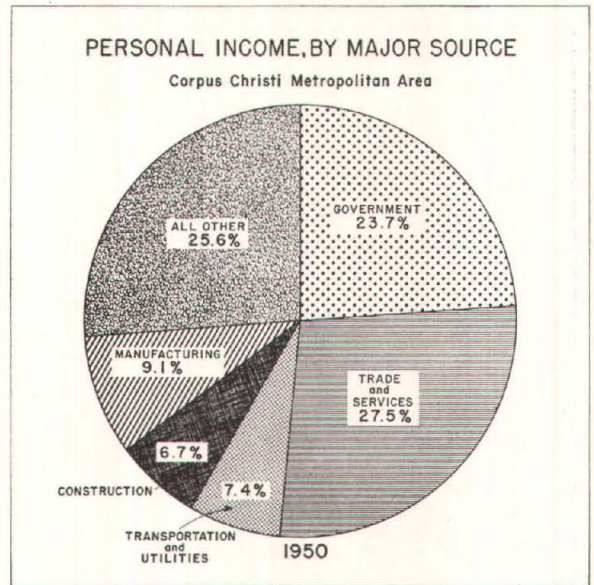


Christi has a symphony orchestra. Moreover, it has a widely known junior college, Del Mar, and a recently established university, the University of Corpus Christi. In addition, art, dramatic, and literary groups are active in the cultural life of the community.

The Economy

How do the people of Corpus Christi make their living? What are the principal sources of income? Which sources of income have shown the largest growth? The answers to these questions help to provide a picture of the economy of Corpus Christi.

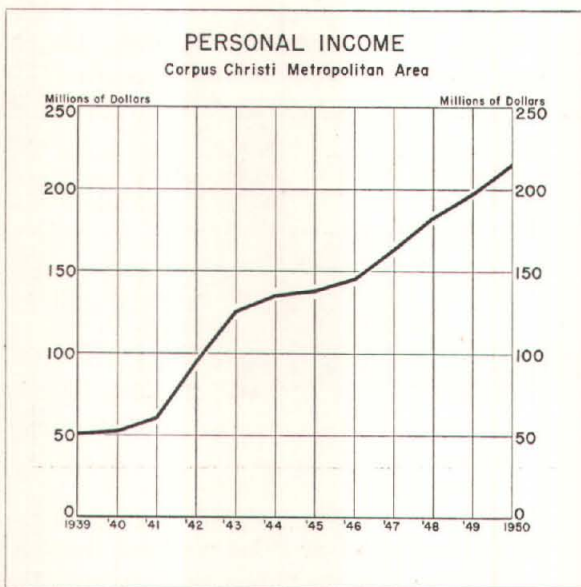
Trade and service industries constitute the largest source of income. Pay rolls and the income of proprietors of retail, wholesale, personal and business service, hotel, tourist court, amusement, and medical and other professional establishments in 1950 amounted to more than \$59,000,000, or almost



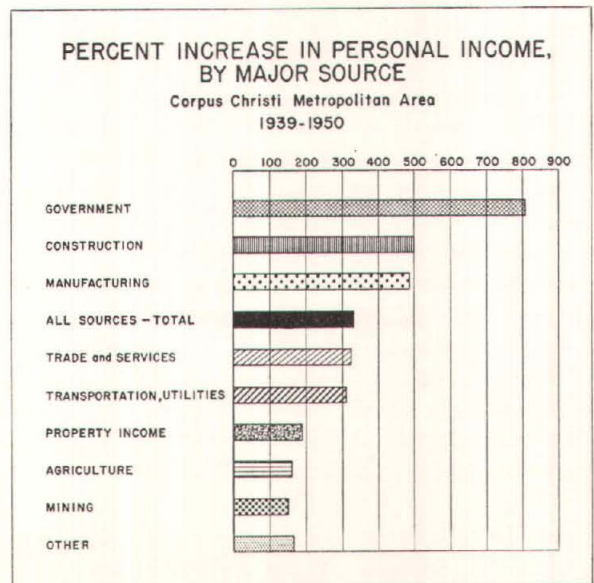
in varying amounts from the foregoing industries but were not included in the particular industry figures.

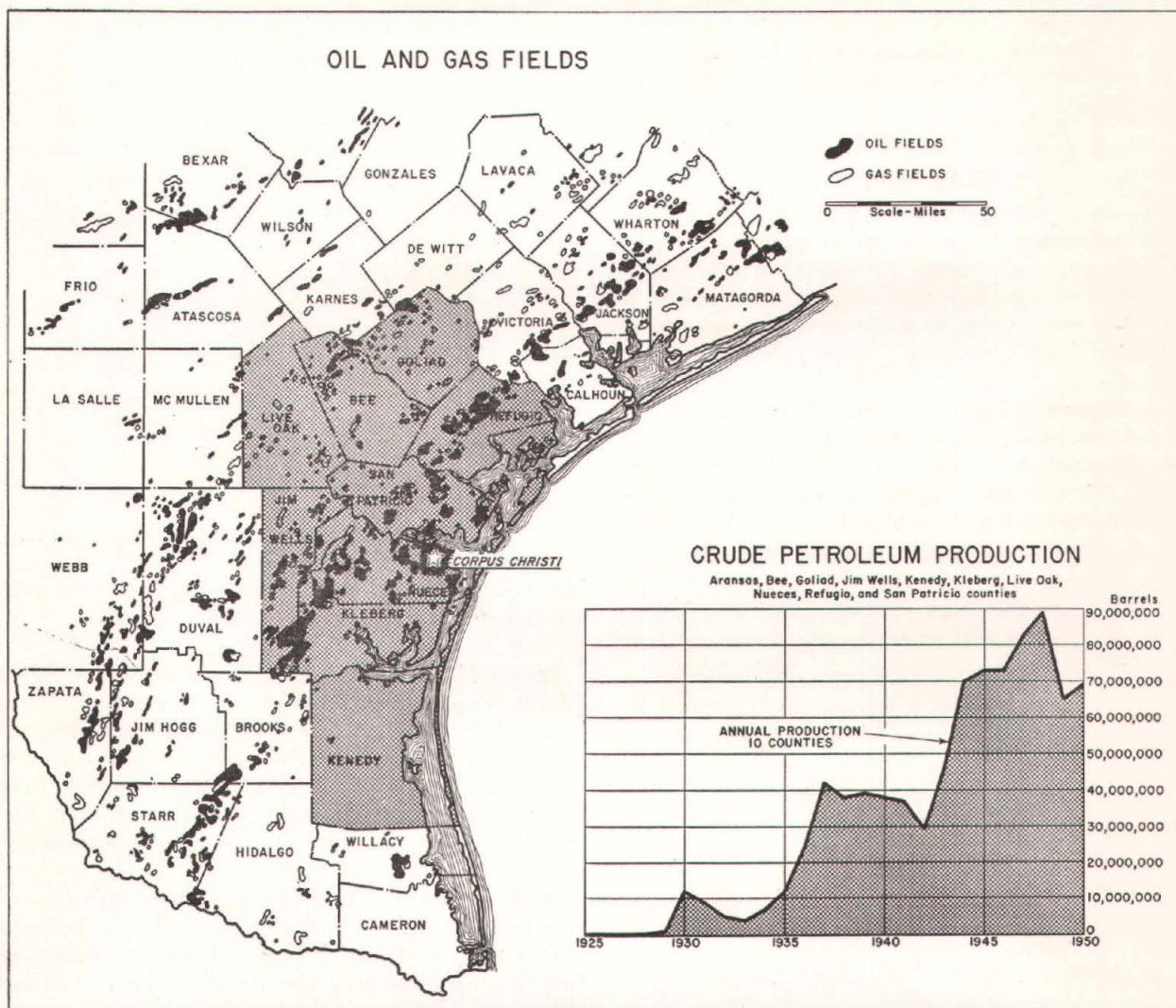
Personal income from each major source expanded greatly during the past decade, but the most outstanding increases occurred in income from government, construction, and manufacturing. Income derived from government increased 811 percent from 1939 to 1950, while income from construction was up 500 percent and from manufacturing, 487 percent. Personal income from all sources increased 332 percent.

While all sources of income—all major industries—have been essential to the growth of Corpus Christi, the keystones in the city's growth have been the oil and gas industry, manufacturing, the naval air training station, agriculture, and the tourist trade. These activities have been primarily responsible for bringing money into Corpus Christi with which the population can buy those goods which are not or cannot be produced in the area. These activities have been the spark plugs in the city's expansion.



28 percent of the total personal income of the population of the Corpus Christi metropolitan area. Government ranks second as a source of income, having supplied in 1950 around \$51,000,000, or 24 percent of the total personal income. Military and civilian pay rolls of the Naval Air Advanced Training Center were the largest single component of the income derived from government, but other Federal pay rolls and pay rolls of the city and county governments and public schools, as well as government payments in the form of Social Security checks, veterans' insurance refunds, and others, contributed a very significant amount of income. Manufacturing pay rolls and proprietary income from unincorporated manufacturing enterprises last year came to almost \$20,000,000, or over 9 percent of the total income. About 30 percent of the income was derived in rather equal shares from mining (largely oil and gas), agriculture, construction, transportation and other public utilities, and other activities. The remaining 9 percent of the personal income of the Corpus Christi area in 1950 came from dividends, interest, net rents, and royalties which were derived





The Oil Industry

The development of the oil and gas industry in the Corpus Christi area parallels the rapid growth of the city in the past 25 years. This similarity in trend is not a coincidence, for the oil industry has been a vital factor in the economic life of the city. Proved oil reserves within a radius of 150 miles of Corpus Christi amount to about two and one-half billion barrels, or almost 16 percent of the reserves of Texas and about 8 percent of the total reserves of the Nation. Moreover, in this same area are proved reserves of natural gas totaling approximately 30 trillion cubic feet, or almost one-third of the total reserves of Texas and one-sixth of the reserves of the Nation. Some of the Nation's major oil fields—Tom O'Conner, West Ranch, Agua Dulce, Refugio—and two of the 12 largest gas fields in the country—Agua Dulce Stratton and Seeligson—are located within a 1-hour drive from the city. In Nueces County alone are found 36 oil fields, about 1,456 oil wells, and approximately 400 gas wells.

Corpus Christi is the home office of a number of important independent oil companies, and many of the major oil com-

panies have offices in the city. One need only look at the directories of occupants of the Wilson and Driscoll Buildings, the two largest office buildings in the city, to realize that oil is "big business" in Corpus Christi. The Texas Railroad Commission maintains its office for District 4 in Corpus Christi, but the city is also influenced by oil developments in portions of Railroad Commission Districts 1 and 2 and, to some extent, even more distant areas. Almost one out of every 20 workers in Nueces County is engaged in the producing phase of the oil and gas industry. In addition, substantial numbers of the population make their living in the oil well supply business, as well as in the transportation and refining phases of the industry.

Corpus Christi and the nearby ports of Ingleside and Harbor Island are the termini for an important network of oil pipe lines covering south Texas, as well as for a pipe line from the rich Permian Basin oil country of west Texas. The total capacity of these three tanker terminals amounts to almost 21,000,000 barrels, or about 14 percent of the total capacity of tanker terminals in Texas.

There are six refineries in Corpus Christi, five of which are presently operating, and a few other refineries are located in nearby towns. The total capacity of refineries in the Corpus Christi area is about 6 percent of the total for the State. Within a radius of 50 miles of the city are 24 natural gasoline and cycling plants having a capacity of over 2,200,000 gallons per day. This capacity is equivalent to about one-eighth of the total capacity of natural gasoline and cycling plants in Texas. Also located in the area and associated with the gas industry are two large carbon black plants.

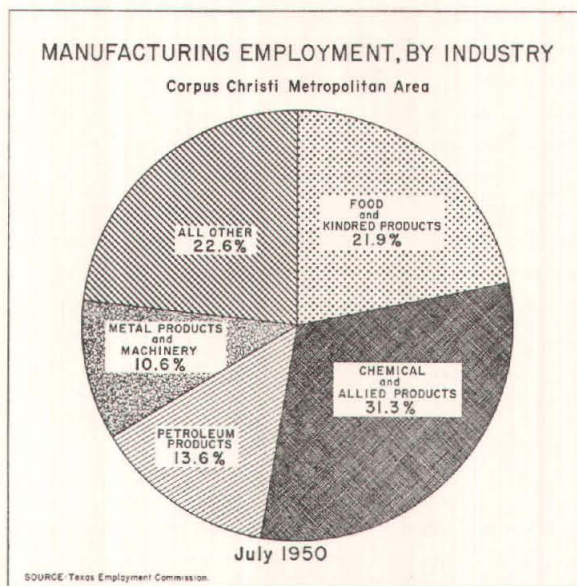
Manufacturing

The industrial development of Corpus Christi has occurred largely in the past 20 years, with the major portion of this industrialization having taken place since 1940. The earliest manufacturing activity in Corpus Christi consisted primarily of cotton oil mills, small food processing plants, ice plants, woodworking plants, and others supplying some of the local needs. With the development of the oil industry in the middle 1930's, a number of refineries and metal fabricating plants serving the oil industry were established. In addition, a large chemical plant of the Southern Alkali Corporation was located in the city in 1934. Corpus Christi manufacturing was becoming more than just local in character. The war and postwar boom greatly stimulated the development of manufacturing plants, and the present defense program is giving further impetus. Manufacturing employment has increased from about 2,600 in 1940 to about 6,550 at the present time, and the value added by manufacturing processes has shown about a 400-percent increase. During the past 10 years a number of national concerns have established large plants in the Corpus Christi area, including the American Smelting and Refining Company, Celanese Corporation, Corn Products Refining Company, Halliburton Portland Cement Company, the Sinclair Refining Company, and most recently, the Reynolds Metals Company.

Certificates of necessity for the accelerated amortization of manufacturing plant facilities involving an investment of more than \$110,000,000 in the Corpus Christi area have been granted under the defense program. Corpus Christi ranks second among Texas cities and eleventh among the cities of the Nation in the value of the facilities covered by the certificates of necessity. The aluminum reduction plant of the Reynolds Metals Company is by far the largest of the new defense facilities, but substantial expansion of several refineries and chemical plants and of the zinc smelter of the American Smelting and Refining Company is covered by the certificates of necessity that have been issued.

Manufacturing activity in Corpus Christi tends to be concentrated in three lines—chemicals, petroleum products, and food processing. These account for 67 percent of the total manufacturing employment in the metropolitan area, with the chemical industry, alone, having almost one-third of the total. Although 11 large plants account for almost two-thirds of the total manufacturing employment, most of Corpus Christi's factories employ less than 20 persons.

The rapid growth of manufacturing activity and the establishment of a substantial number of plants of large national corporations in the Corpus Christi metropolitan area raise the question, "Why do manufacturing concerns locate in this city?" No one factor, alone, accounts for the attractiveness of Corpus Christi as an industrial location, but rather, a combination of factors has been responsible. Raw materials within a short distance of the city, including oil, gas, cotton, grain sorghums, oyster shells, salt, and other materials, have encouraged manufacturing plants to locate in Corpus Christi. Secondly, the availability of cheap fuel in the form of natural gas has been a factor. The location on the Gulf of Mexico and on the Intracoastal Waterway provides Corpus Christi industries with water transportation to the important eastern and midwestern markets of the country. A large number of good, level industrial sites exist in the Corpus Christi area. While the supply of skilled labor tends to be relatively small, the availability of an adequate supply of unskilled labor capable of being trained has facilitated the industrial growth of the city. In fact, several thousand migratory farm laborers have their homes in the area, and probably most of this group represents a potential industrial labor supply if the need arises. Moreover, the mild climate eliminates the need for elaborate buildings and greatly reduces heating costs in the winter. All these factors—raw materials, cheap fuel, location, labor supply, industrial sites, and climate—have been important in attracting industry to Corpus Christi.



Naval Air Advanced Training Center

The \$125,000,000 naval air training center, which was established in 1941, became during the war years the most important single source of income to Corpus Christi, with an annual pay roll exceeding \$60,000,000. When the naval base curtailed its activities after the war, the reduction in income was offset by an expansion in other areas of the city's economy. Now, under the present defense program, the naval air training center is again expanding its operations, and in

view of the outlook for a long period of international tension, the base is likely to continue as a very important source of employment and income to Corpus Christi for many years to come.

Agriculture

Agriculture was the principal basic industry supporting the economy of Corpus Christi prior to the development of the oil industry in the area in the late 1920's. Before the entry of oil, Corpus Christi was largely a small trading center whose primary functions were the supplying of the needs of farmers and ranchers of the surrounding area and the assembling for shipment of cotton and other agricultural products. With the expansion in other industries, agriculture has naturally become relatively less important. Nevertheless, the farms and ranches of the area still constitute a significant market for many Corpus Christi retailers and wholesalers and, also, are a source of raw materials for some of the manufacturing plants of the city. The fertile, dark clay or clay-loam soils of the Corpus Christi Bay area produce, under dry farming, some of the highest yields of cotton, grain sorghums, and vegetables in the State. Cash farm income of Nueces County in 1950 exceeded \$17,000,000, and cash farm income of the 10 counties within a 50-mile radius of Corpus Christi totaled more than \$55,000,000.

The Tourist Industry

Corpus Christi's mild climate, its beaches, and the opportunity for deep-sea fishing and excellent hunting within a short distance of the city attract vacationists from all over the country. Moreover, the tourist season extends through most months of the year. In winter, vacationists, particularly from the North Central States, such as Minnesota, Iowa, Kansas, Illinois, and Ohio, come to gain a respite from the cold weather. On the other hand, in the summer many vacationists from the inland areas of the Southwest journey to Corpus Christi to enjoy the pleasant Gulf Coast breezes and the ocean swimming and fishing. Altogether, tourists are contributing from \$12,000,000 to \$15,000,000 annually to the income of the city.

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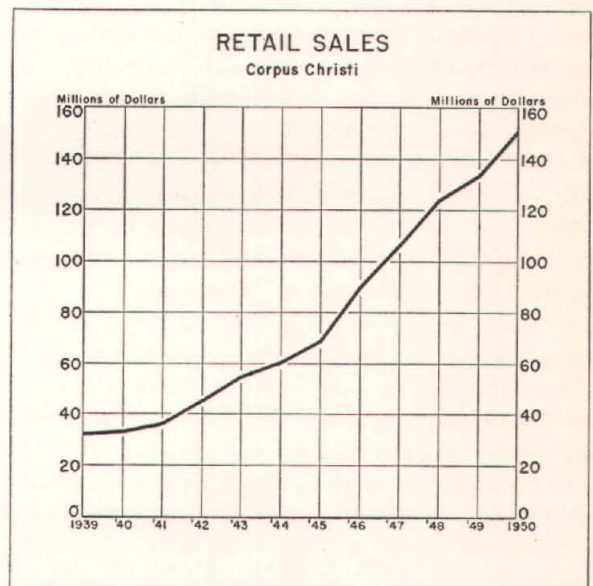
The aforementioned industries although keystones in the growth of Corpus Christi, are engaged largely in the supplying of wants of people living in other sections of the country. They constitute only part of what makes the economy of Corpus Christi "tick." For every two people working in these industries, there are approximately five working primarily to supply the wants of the people living in Corpus Christi and the immediately surrounding area.

Trade

In this latter group, the most important single category is retail trade, with approximately one-sixth of the total employment of the metropolitan area. Retail sales have shown

a tremendous increase in the past 25 years, in line with the growth in the population and income of the city. Total sales in 1950, estimated at more than \$150,000,000, were almost five times as large as in prewar 1939. While a substantial part of this increase reflects the inflation in prices during the period, the physical volume of goods sold by Corpus Christi merchants last year was more than two and one-half times the 1939 volume.

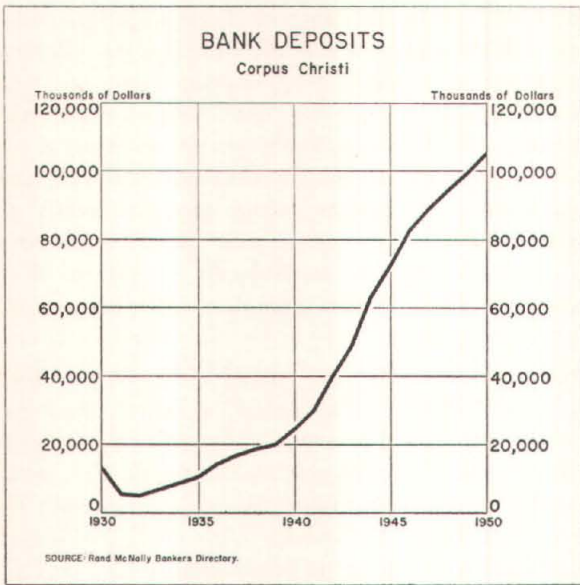
Tourists and people from outlying rural areas and small towns contribute significantly to the city's retail trade. Corpus Christi's stores draw customers from a distance of 100 miles or more. The major portion of out-of-town customers live within 50 miles of the city. The Corpus Christi trade territory, however, is not as heavily populated as that of a majority of the metropolitan centers of the State, and consequently, its stores derive a smaller proportion of their business from this source.



Although wholesaling does not occupy as important a position in the economy of Corpus Christi as in that of a number of other southwestern cities, Corpus Christi ranks eighth among the cities of Texas in the volume of wholesale trade, with sales in 1948 totaling more than \$143,000,000. More than 3,000 persons are employed in wholesale trade. While most lines are represented, wholesale trade tends to be concentrated in the heavier, bulkier items. The largest volume is in oil field machinery, equipment, and supplies.

Banking

The growth of Corpus Christi's commercial banks has been a reflection of the expansion of business and industry of the city, as well as a positive factor in this expansion. As new businesses have been attracted, they have increased the deposits and assets of the city's banks. On the other hand, as their assets have grown, the banks have become increasingly able to meet the financial needs of the rapidly growing busi-



nesses of the area. While the deposits and assets of Corpus Christi banks showed a sharp increase during the 1930's, the most marked expansion occurred during the past decade. Total deposits of commercial banks rose from over \$20,000,000 on December 31, 1939, to almost \$105,000,000 on December 31, 1950, an increase of 411 percent; while total assets rose from \$22,000,000 to \$110,000,000, an increase of 390 percent. Of the asset items, loans increased 563 percent during the period, and investments, 842 percent.

Construction

The rapid growth of Corpus Christi has naturally called for a large volume of building activity. In fact, except for the three war years, 1943 to 1945, Corpus Christi has experienced a boom in construction activity since 1939. The construction industry undoubtedly has given marked stimulus to the Corpus Christi economy, with construction employment last year comprising almost 10 percent of the total nonfarm employ-

ment, as compared with around 6 percent for Texas and less than 5 percent for the United States.

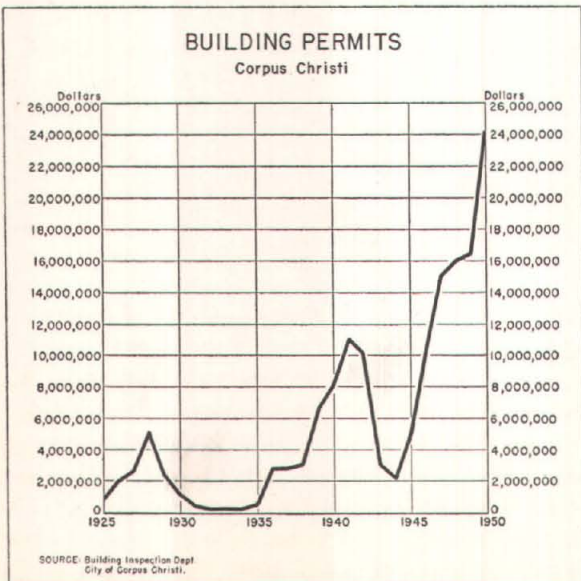
The Port

An analysis of the economy of Corpus Christi would not be complete without considering the port activities. The port of Corpus Christi is part of a channel system which includes the ports of Harbor Island and Ingleside; the channel extends 22 miles from the city of Corpus Christi to the deep water of the Gulf of Mexico. The total cargo tonnage handled by the three ports of the channel system in 1950 amounted to about 21,200,000 tons. In 1949, the latest year for which data are available, the ports of the Corpus Christi waterway ranked ninth in tonnage among the port systems of the Nation. Petroleum and petroleum products comprise over 94 percent of the total freight traffic of the port of Corpus Christi, most of this traffic consisting of outbound shipments. In addition, quantities of cotton, carbon black, industrial chemicals, and food products are shipped from the port. The most important inbound freight items include lumber, newsprint paper, lead ore, pipe and other steel products, and petroleum and petroleum products. The traffic of the channel ports of Harbor Island and Ingleside consists almost entirely of outbound shipments of petroleum and petroleum products.

Problems

Corpus Christi, like many other rapidly expanding cities of the Southwest, has been experiencing growing pains. Despite the construction of many new school buildings, facilities have been inadequate to meet the rapid rise in the school population. It has been necessary for many of the schools to operate on a 2-shift basis, particularly in the lower grades, with some children attending in the morning and others in the afternoon. The large growth in population has created problems of rapidly expanding the street, sewer, and water systems and other public services. Even the City Hall became too small for expanding needs, and a new 4-story City Hall in the bayfront area has been completed recently. Moreover, the airport has had to be enlarged. Naturally, the growth has complicated the work of the Zoning Commission in classifying land for particular uses. All these problems, however, are transitional problems which the city is making great strides in solving.

On the other hand, Corpus Christi is confronted with a fundamental problem which cannot be as readily eliminated but which the city must meet if its growth is not to be retarded seriously. This problem is the securing of an adequate, dependable, economic water supply. The cities of Corpus Christi and Robstown and the naval air station, as well as the major industrial plants of the Bay area, take most of their water supplies from the Nueces River. Because of the irregular flow of the Nueces River, a storage reservoir formed by the Mathis Dam was built by the city of Corpus Christi in 1927, with an initial capacity of about 54,000 acre feet. The



silting of this reservoir has reduced the capacity to the extent that the dependable water supply during a period of low flow, such as occurred in 1917 and 1918, would be less than the present needs of the city. In fact, the long dry spell of this past year had, by April, reduced the water in the reservoir to a mere 10 weeks' supply.

As a temporary expedient, the city of Corpus Christi has undertaken to drill some water wells in Atascosa County, with four wells having been completed and money available for the drilling of 16 additional wells. It is estimated, on the basis of the wells now flowing, that the 20 wells would be capable of producing 50,000,000 gallons of water per day. Seepage and evaporation, however, cause a loss of 20 percent of the water flowing from the wells before it reaches the storage reservoir of the Mathis Dam. Corpus Christi is presently using approximately 40,000,000 gallons of water per day. The wells do not appear to provide a permanent solution to the water problem, since it is estimated that the 20 wells, if producing at full capacity, would be exhausted in a period of 15 years.

Engineers of the United States Bureau of Reclamation have studied the water problem in the Corpus Christi Bay area and have recommended that a huge dam and reservoir be constructed on the Nueces River near the town of Three Rivers. Other proposals also have been made for solving the water problem. The city is giving serious attention to the problem, and it appears that a decision on the course of action to be taken in insuring an adequate water supply for Corpus Christi's growth needs may be expected within a reasonable length of time.

Outlook

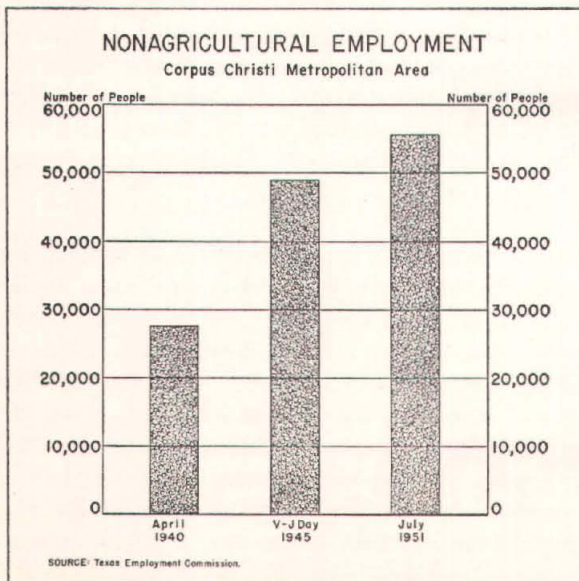
The continued rapid growth of Corpus Christi during the next few years is assured. The expansion in the naval air

training center, the establishment of the large Reynolds aluminum reduction plant across the Bay, and the enlargement of a number of existing manufacturing plants in the area undoubtedly will increase the city's employment, income, and population. Its growth would be even more rapid during the next few years if adequate water supplies were available. At the present time, with the defense program greatly stimulating an expansion in manufacturing facilities, the lack of adequate water supplies undoubtedly is causing Corpus Christi to lose some industrial plants to other areas.

Although the longer-term outlook—the outlook for the next several decades—is favorable, the rapidity and magnitude of the growth will depend, in part, upon how effectively the city can solve the problems confronting it. The naval air training center is likely to continue as an important factor in the city's economy. Oil activity in the land areas surrounding Corpus Christi is likely to be maintained for many years, and the settling of the Tidelands question ultimately may lead to a marked increase in oil activity. The providing of adequate water supplies at a reasonable cost is probably the key element in the further industrial growth of the city. In view of the fact that the Nueces River is capable of providing amounts of water greatly in excess of that presently needed, it would appear likely that the water problem can be solved.

One factor, however, which has been important in attracting industrial plants to Corpus Christi, cheap fuel, may not continue to furnish the same inducement in the next several decades as it has in the past. Natural gas at the present time is underpriced in relation to the price of other fuels. This situation is due primarily to an insufficient market for the Southwest's gas in past years and the subjecting of the prices paid by most consumers of natural gas to utility rate regulation. With the vast expansion of pipe lines to the North and East in the postwar period, however, the market for southwestern gas has increased greatly, and the accompanying increased demand has tended to cause gas prices to rise. This rising trend may be expected to continue as long as gas remains cheap in relation to other fuels, although regulatory agencies undoubtedly will slow the increase. In addition, most of the major gas fields in the Corpus Christi area are under long-term contracts. Although there is still plenty of gas available, its utilization involves tapping smaller fields and incurring higher costs; consequently, industries considering locating in Corpus Christi in the years to come probably will have to pay more for their gas.

Corpus Christi will still have a number of important advantages attracting industry, even if the price of natural gas should rise in relation to the price of other fuels. With a major gas-producing area in the city's "back yard," the saving in transportation costs would still tend to give industries in Corpus Christi cheaper gas and lower fuel costs than in cities located farther from the source of fuel supply. Moreover, some industries find it desirable to use gas instead of other fuels, irrespective of a price differential; and then



too, natural gas comprises a raw material for a number of important chemical products. Few cities are so fortunate as to be located in a major fuel-producing area and also to have immediate access to water transportation, both ocean and coastal. This combination of factors, together with the oil, salt, oyster shells, cotton, grain sorghum, and other raw materials and an adequate supply of labor, will continue to foster the industrial growth of Corpus Christi.

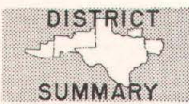
The tourist industry would appear to have considerable opportunity for development. While the climate in winter is not as mild as in southern Florida where swimming is possible most days, nevertheless, it certainly is as enticing to vacationists from the North as many other areas which have developed a considerably larger winter tourist trade. The distance to Corpus Christi from the heavily populated centers of the East is greater than to winter vacation areas of south Florida; but, on the other hand, Corpus Christi is closer to many areas of the Midwest.

The principal thing needed to expand Corpus Christi's tourist business is increased promotional activities. Winter tourists from the North, particularly from the North Central States, must be made aware of the desirability of vacationing along the southern Gulf Coast. In addition, more hotels and tourist courts catering to a wider range of income groups must be constructed in close proximity to the beaches. Recreational facilities should be expanded and diversified. It should be pointed out, however, that steps are being taken to meet these needs. For instance, the tourist bureau of the

Chamber of Commerce, which is spending at the present time about \$12,500 a year in national advertising, is planning to expand this advertising program to a minimum of \$50,000 a year. A tourists' club is being maintained throughout the winter months, with a rather elaborate and varied program of entertainment, including both indoor and outdoor sports and other recreation. The new Chamber of Commerce \$100,000 building on the bayfront will have a drive-in window where the tourist can obtain information, maps, bulletins, and other literature without leaving his car.

The resources and advantages which have produced the phenomenal growth of Corpus Christi have not been completely developed. Moreover, leaders of the city recognize this and have the will and energy to promote further development. A national engineering and city planning consulting firm has been employed to study and recommend a comprehensive plan for the sound and orderly development of the city. Preliminary reports already have been filed on the airport, water supply, sewerage and drainage, population, and streets, highways, and transportation. Subjects of additional reports to be presented during the next 12 months include housing, land use and zoning, mass transportation and parking, parks and schools, and public buildings and city's appearance. These reports will be studied by various committees, and public hearings will be held. After revision, the reports will be included in a comprehensive report which will be adopted as the master plan for the city. In view of the city's natural advantages and the desire and initiative of its citizens to make it grow, Corpus Christi has a very bright future.

REVIEW OF BUSINESS, INDUSTRIAL, AGRICULTURAL, AND FINANCIAL CONDITIONS



Business activity in the Eleventh Federal Reserve District showed the usual late summer upturn during August and early September. Nonagricultural em-

ployment increased moderately with the reopening of schools and the seasonal pickup in trade, as well as the continued expansion in defense industries. Commercial, industrial, and agricultural loans, which had registered a gradually declining trend since the end of January, began rising, due largely to the financing of new cotton marketings. The rise in consumer buying followed the typical pattern for this time of year, although unusually hot weather caused the increase to fall a little short of normal seasonal proportions.

During the past several months business activity in this District has been on a high plateau, and there is little evidence, as yet, that the current seasonal upturn marks a resumption of the upward trend. Strength in defense and related industries has, by and large, no more than offset sluggishness in a number of sectors of the consumer economy. Aircraft, ordnance, and other defense industries have continued to expand noticeably. Crude oil production has moved upward, reaching successive new highs in August and September. Industrial and public construction has been maintained at a very high level.

On the other hand, residential construction has been declining. Consumer buying has failed to meet expectations, considering the increasingly high level of incomes, although retail sales have moved up from the April low point and have been high in relation to corresponding months of most years, with the notable exception of the period of war-scare buying in the summer of 1950. Although merchants have attempted to pare inventories through markdowns, special promotions, and conservative ordering, stocks in the aggregate have shown no marked change in the past 5 months. Agricultural prospects for most crops have deteriorated as a result of droughty conditions in most sections of the District, and production of practically all major crops except cotton and rice will fall short of last year's volume. Farm prices in the District are now noticeably lower than 5 months ago, although a firming tendency appeared during the past month.

General optimism appears to pervade the business community with respect to fall and winter prospects. A continued expansion in defense industries is anticipated. October oil allowables announced recently represent the highest ever granted. September rains greatly benefited crops and pastures, although they came too late to affect materially the yields of most major crops. A noticeable pickup in retail trade has occurred with the advent of cooler weather, according to preliminary data. Moreover, consumer spending is expected to increase as incomes rise, debts are liquidated, and the effects of the war-scare buying of the post-Korean period become dissipated. It is believed that consumers will increase the proportion of income spent to a relationship more nearly in line with long-term experience. This latter development appears to be one of the important determinants in the business outlook for the coming months.



While consumer buying in the Eleventh Federal Reserve District showed a seasonal upturn in August and early Sep-

tember, the increase in buying was a little less than normally occurs at this time of year. The unusually hot weather was undoubtedly an important factor retarding buying. With the advent of cooler weather in the second week of September, a noticeable pickup in retail trade developed, according to scattered reports which have become available.

General optimism appears to prevail among merchants with regard to their fall and winter sales prospects. Consumer buying, after allowance for seasonal variation, has shown a gradual improvement from the low point reached in April. This improvement in retail trade has been due largely to an expansion in employment and consumer income in connection with the defense program and to aggressive merchandising tactics, including markdowns and special promotions. There has been little evidence, as yet, to suggest that the consumer is adopting a more free-spending attitude with his money. The consumer is still devoting a larger-than-usual proportion of his income to the reduction of debts and the building of savings in banks, savings and loan associations, and insurance. The optimism concerning a further improvement in sales in the coming months stems from the belief that consumers' incomes will continue to rise as the defense program develops and that the consumer will turn to spending a higher proportion of his income, in line with the long-term experience. This freer spending tendency is expected to develop as consumers gradually liquidate their indebtedness and as the effects of the heavy buying sprees of the post-Korean period wear off. Moreover, it is felt that a possible tightening in the supply situation of some consumer durable goods, as more materials are diverted to the defense program, may stimulate consumer buying.

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS ¹	
	Aug. 1951 from		8 mo. 1951 comp. with 8 mo. 1950	Aug. 1951 from	
	Aug. 1950	July 1951		Aug. 1950	July 1951
DEPARTMENT STORES					
Total Eleventh District.....	-7	17	2	17	7
Corpus Christi.....	-12	26	-2	8	3
Dallas.....	-13	17	#	20	13
El Paso.....	-5	19	2	—	—
Fort Worth.....	-10	13	1	15	2
Houston.....	3	10	13	29	5
San Antonio.....	-4	30	-1	7	#
Shreveport, La.....	-3	11	2	—	—
Other cities.....	-11	15	-3	7	6
FURNITURE STORES					
Total Eleventh District.....	-11	17	—	25	-3
Austin.....	-2	32	—	14	-1
Dallas.....	-16	6	—	28	8
Houston.....	-6	24	—	—	—
Port Arthur.....	-20	12	—	—	—
San Antonio.....	-13	5	—	—	—
Shreveport, La.....	7	15	—	22	-3
Wichita Falls.....	-8	32	—	35	5
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	-21	48	—	—	—
Dallas.....	-10	74	—	—	—

¹ Stocks at end of month.

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

District department store sales in August were up 17 percent from July, in reflection of two additional trading days and the usual stimulus of the late summer preschool buying. Sales, however, were still 7 percent below the war-scare inflated level of a year earlier. The August sales experience of department stores in this District was somewhat less favorable than in the Nation as a whole. Cumulative sales at district stores for the first 8 months of this year were 2 percent higher than during the corresponding period of 1950.

The adverse year-to-year comparisons of sales of the individual departments in August reflect, for the second consecutive month, the unduly high volume of the war-scare buying of a year ago. Among 10 major selected departments, only silverware and jewelry, men's clothing, and basement stores—departments not affected markedly by last year's war-scare buying—posted sales increases over a year earlier. Consumer durable goods departments, furniture and bedding, domestic floor coverings, major household appliances, and television and radio showed sharp decreases from August a year ago. It will be noted, however, that sales of major appliances and television and radio sets were the highest for any month this year. The higher sales volume of these items during August may have been due, in part, to the liberalization of the terms of Regulation W, as well as to intensive promotional activities of merchants. Sales of women's and misses' coats and suits were 18 percent below a year earlier; women's accessories, 7 percent below; and sales of women's and misses' dresses, 3 percent below.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1935-39 = 100)

Area	UNADJUSTED				ADJUSTED ¹			
	Aug. 1951	July 1951	June 1951	Aug. 1950	Aug. 1951	July 1951	June 1951	Aug. 1950
SALES—Daily average								
Eleventh District.....	366	339	352	399	411	423	409	449
Dallas.....	317	288	291	376	373	400	354	443
Houston.....	420	415	409	405	477	513	470	460
STOCKS—End of month								
Eleventh District.....	481	453 ^r	445	402	486	482 ^r	473	406

¹ Adjusted for seasonal variation.
r—Revised.

Department store stocks showed a typical late summer rise, with a 7-percent increase in August. At the end of the month, however, stocks were only 17 percent higher than a year ago, as compared with increases of from 26 to 31 percent prevailing in earlier months this year. The smaller year-to-year gain at the end of August reflects the marked rise in stocks at this time a year ago, when merchants were buying heavily in anticipation of goods shortages and higher prices. Conservatism continues to dominate merchants' ordering policies. Orders outstanding at district department stores declined 24 percent during August, a noticeably larger decrease than usually occurs at this time of year, and orders outstanding at the end of the month were 45 percent less than a year earlier.

Collections of charge account receivables continued slow during August, with the ratio of collections to receivables outstanding being 48 percent, as compared with 51 percent

WHOLESALE TRADE STATISTICS

Eleventh Federal Reserve District

(Percentage change)

Line of trade	NET SALESp			STOCKS ¹ p	
	August 1951 from		8 mos. 1951 comp. with 8 mos. 1950	August 1951 from	
	August 1950	July 1951		August 1950	July 1951
Automotive supplies.....	-32	25	—	-4	18
Drugs and sundries.....	9	27	12	15	— 1
Dry goods.....	-25	49	#	24	-12
Grocery (full-line wholesalers not sponsoring groups)....	— #	10	—	5	— 4
Hardware.....	-23	10	9	39	— 3
Industrial supplies.....	10	14	36	40	3
Machinery equipment and sup- plies except electrical.....	#	15	—	11	1
Metals.....	9	3	—	24	— 1
Tobacco.....	— 1	12	1	22	12
Wines and liquors.....	-33	15	-14	-23	16
Wiring supplies, construction materials distributors.....	21	- 5	—	29	4

¹ Stocks at end of month.

p—Preliminary.

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

SOURCE: United States Bureau of Census.

in the same month last year. Meanwhile, the instalment account collection ratio rose from 16 percent in July to 17 percent in August. The August figure is 5 percentage points higher than a year earlier and represents the highest level for any month since August 1949. The higher collection ratio of instalment account receivables is due to the shortening of the payout period and the increase in the down payment required by the provisions of Regulation W, which became effective in the fall of 1950. The recent modification in the terms of Regulation W, lowering the down payments and extending the payout period of some items, may tend to halt the rising trend in the instalment collection ratio.

District furniture store sales during August, buoyed by promotional efforts of merchants and—to some extent, perhaps—by the liberalization of instalment credit controls, registered a 17-percent increase over July. Sales, however, continued to compare unfavorably with the unusually high year-earlier levels, dropping 11 percent below August 1950. Credit sales rose 20 percent from July to August, with cash sales showing practically no change; both credit and cash sales were off noticeably from a year ago. Accounts receivable increased 1 percent but at the end of the month were 14 percent lower than a year earlier. Furniture store stocks declined 3 percent, to mark the fourth successive monthly decline. Month-end stocks were 25 percent higher than in August 1950.

New car registrations in the District appear to have risen markedly from July to August, with registrations in the Dallas metropolitan area up 26 percent; in the Houston area, up 17 percent; and in the San Antonio area, up 5 percent. Registrations in these three cities, however, were still noticeably below the unusually high levels of August a year ago. The influence of the relaxation of Regulation W in buoying new car registrations cannot be determined. Other factors which undoubtedly contributed to the higher level of registrations were prospects for an increase in price ceilings on new cars, higher excise taxes, attractive trade-in allowances, and announcements of further reductions in materials available for the manufacture of automobiles.

Income payments to individuals in the five states lying wholly or partly within the Eleventh Federal Reserve District—Arizona, Louisiana, New Mexico, Oklahoma, and Texas—rose 8 percent from 1949 to 1950 to reach a new high of \$16,766,000,000, according to data recently released by the United States Department of Commerce. Of the five district states, New Mexico showed the largest increase, followed by Arizona, while Oklahoma experienced the smallest.

The increases in income payments in Oklahoma, Texas, and Louisiana were noticeably smaller than the 11-percent increase in the Nation as a whole. This situation contrasts sharply with that of the previous year, in which the latter two states showed noticeable increases and Oklahoma experienced a smaller decrease than the national average.

INCOME PAYMENTS TO INDIVIDUALS

(Amounts in millions of dollars)

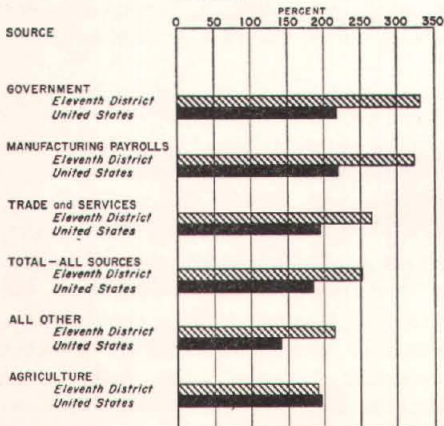
Area	1940	1949	1950	Percent increase	
				1940 to 1950	1949 to 1950
Arizona.....	\$ 237	\$ 826	\$ 935	295	13
Louisiana.....	847	2,645	2,809	232	6
New Mexico.....	190	673	766	303	14
Oklahoma.....	829	2,286	2,388	188	4
Texas.....	2,652	9,155	9,868	272	8
Total, 5 states.....	\$ 4,755	\$ 15,585	\$ 16,766	253	8
United States.....	\$75,852	\$196,128	\$217,245	186	11

SOURCE: United States Department of Commerce.

The less favorable income picture in these district states in 1950 was caused entirely by the divergent trends in agricultural income. While agricultural income in the Nation rose 6 percent from 1949 to 1950, it declined 16 percent in the district states. Other major sources of income in the five southwestern states, such as income from government, from trade and service industries, and from manufacturing, rose about as much as, or more than, the national average. In fact, income derived from government rose 18 percent in this area, as compared with 14 percent in the Nation.

CHANGE IN MAJOR SOURCES OF INCOME

1940-1950



SOURCE: U.S. Department of Commerce.

During the past 10 years—a period of marked expansion in the economy of the Southwest, as well as of the Nation—district states, in the aggregate, experienced a greater increase in income than any other section of the country. Income payments to individuals in 1950 were 253 percent higher than in 1940, as compared with a 186-percent gain for the Nation. The district state which had the largest increase was New Mexico, but the increase in income payments in each of the five states was larger than the national average.

INCOME: PERCENTAGE DISTRIBUTION BY MAJOR SOURCES

Five Southwestern States¹

Source	1940	1950
Agriculture.....	14.8	12.4
Government.....	15.7	19.2
Manufacturing pay rolls.....	8.9	10.6
Trade and services.....	25.1	26.0
All other.....	35.5	31.8
Total.....	100.0	100.0

¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas. SOURCE: Based on United States Department of Commerce data.

All major sources of income expanded markedly during the past decade, but the most outstanding gains occurred in government and manufacturing. Aggregate income obtained from government in the five southwestern states increased 331 percent, as compared with 218 percent in the Nation. The markedly larger-than-national-average expansion in income from government was due primarily to the greater concentration of military installations in the area. Manufacturing pay rolls of the district states rose 324 percent during the past 10 years, as compared with a 219-percent increase in the Nation.

The only major source of income in the five southwestern states which showed a smaller increase than the national average during the past decade was agriculture, with a 193-percent gain as compared with 198 percent for the Nation. This smaller increase reflects the less favorable agricultural picture in the District last year as compared with the Nation. If figures of the past few years were used as the basis for comparing the relative growth, even agricultural income in the district states would have shown a somewhat larger increase than the national average.

Trade and service industries in 1950 continued to furnish a larger proportion of the income of individuals in district states than any other source, supplying 26 percent of the total income. The second most important source was government, which supplied over 19 percent of individual income. Agricultural income comprised a little over 12 percent of the total, and manufacturing pay rolls, about 11 percent. Government and manufacturing are now supplying a noticeably larger proportion of the income of the Southwest than 10 years ago, while agriculture is furnishing a smaller proportion. Agriculture, nevertheless, constitutes a much more important source of income in district states than in the Nation; while manufacturing, despite its rapid growth, provides only half as much income to the people of this area as in the Nation.

Per capita income of the states of this District also showed a noticeably faster rise than that of the Nation during the past 10 years, with an increase of 204 percent, as compared with the national average increase of 150 percent. The increase in per capita income in the various district states ranged from 166 percent for Arizona to 212 percent for New Mexico. Despite the faster rate of growth, however, per capita income in the five states in 1950, at \$1,190, was still substantially below the national average of \$1,436. Of the district states, Texas had the highest per capita income, \$1,278, and Louisiana, the lowest, \$1,045.

PER CAPITA INCOME PAYMENTS

Area	1940	1949	1950	Percent change	
				1940 to 1950	1949 to 1950
Arizona.....	\$466	\$1,138	\$1,240	166	9
Louisiana.....	358	1,005	1,045	192	4
New Mexico.....	356	1,065	1,109	212	4
Oklahoma.....	359	1,076	1,070	198	-1
Texas.....	413	1,193	1,278	209	7
Average, 5 states.....	392	1,130	1,190	204	5
United States.....	575	1,320	1,436	150	9

SOURCE: United States Department of Commerce.



Widespread rains during September brought relief from the prolonged drought in most farming sections of the District. Crops and pastures were benefited greatly by the additional moisture, although the rains came too late to have material effect upon per acre yields of most crops. The timely showers and rains scattered throughout the Northern High and Low Rolling Plains provided moisture needed to germinate newly planted wheat and to permit farmers to continue seeding operations, which had been delayed by dry surface soil.

COTTON PRODUCTION

Texas Crop Reporting Districts

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

Crop reporting district	1949	1950	1951 indicated Sept. 1	1951 as percent of	
				1949	1950
1-N Northern High Plains....	259	89	330	127	371
1-S Southern High Plains....	1,571	722	1,250	80	173
2 Red Bed Plains.....	1,119	548	735	66	134
3 Western Cross Timbers..	61	16	45	74	281
4 Black and Grand Prairies..	1,059	557	720	68	129
5 East Texas Timbered Plains	349	120	200	57	167
6 Trans-Pecos.....	190	143	240	126	168
7 Edwards Plateau.....	88	48	40	45	83
8 Southern Texas Prairies....	505	230	295	58	128
9 Coastal Prairies.....	212	122	260	123	213
10 South Texas Plains.....	627	351	685	109	195
State.....	6,040	2,946	4,800	79	163

SOURCE: United States Department of Agriculture.

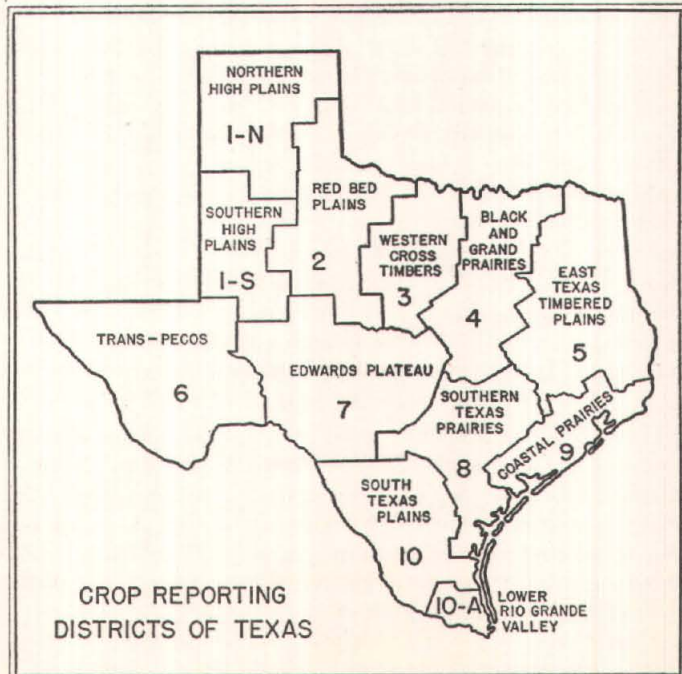
September rains were helpful to the cotton crop as premature opening of bolls was curtailed, but opening of mature cotton was slowed and quality of open cotton was lowered. Late cotton was especially benefited where bolls had set and needed additional moisture to develop. Cotton production in the five states of the Eleventh Federal Reserve District in 1951 is now expected to total about 7,400,000 bales, according to the United States Department of Agriculture, which reflects a loss of about 180,000 bales in prospective produc-

tion as a result of the August drought and heat. Production this year is now expected to exceed last year's harvest by more than 70 percent but to fall short of the 1949 crop by some 9 percent. The Texas cotton crop, estimated at 4,800,000 bales, is 63 percent above the short crop of 1950 but 21 percent below the large crop of 1949. The current Texas yield of 183 pounds per acre, although 2 pounds above average, compares with 211 pounds last year and the record 266 pounds per acre harvested in 1949. The Northern High Plains, the Trans-Pecos area, Upper Coastal counties, and the Lower Rio Grande Valley are expected to harvest more bales this year than in 1949; in all sections of the State except the Edwards Plateau, the cotton estimate this year is higher than production in 1950.

Continued droughty conditions during August and early September were very unfavorable for late-planted corn, causing a reduction of about 4,500,000 bushels in the combined estimates for the five states of the District. However, yield per acre—at more than 19 bushels—is still above average. Production is now forecast at about 87,000,000 bushels, down 32,000,000 bushels from 1950, due principally to smaller acreage. The Texas corn crop, currently estimated at 42,000,000 bushels, reflects a sharp reduction in acreage. The yield per acre, at 18 bushels, is above average but 3 bushels below the 1950 yield.

Probably the crop suffering the largest percentage loss from drought during August and September is peanuts. The Agriculture Department's estimate of the Texas crop, now placed at 186,000,000 pounds, is 47,000,000 pounds under the August 1 estimate. Yields per acre average only 400 pounds, compared with 660 pounds per acre in 1950. However, recent rains may be helpful to the late fall crop in South Texas and a few extremely late crops in northern counties.

Prospects for grain sorghum production in the District have improved since August 1 and the crop is now forecast



at 110,000,000 bushels, up 1,000,000 bushels; however, the crop is sharply below last year's record harvest of 181,000,000 bushels, due principally to smaller acreage but also to lower yields. The forecast for rice production has been raised since August 1 as yields are better than expected, despite some damage by recent winds and hard rains. Texas production is estimated at more than 12,000,000 bags, which is an all-time record and is 500,000 bags above last year's crop. Louisiana production is forecast at 11,550,000 bags, likewise a record.

Production estimates for other major field crops in the District are presented in an accompanying table, which shows smaller crops of wheat, oats, barley, rye, flaxseed, and potatoes. Unfavorable weather was the principal factor contributing to the decline in production of these crops, although in some instances, acreages were smaller. On the other hand, estimates of production of broom corn and peaches and pears in Texas are larger than last year's harvests.

CROP PRODUCTION

Texas and Five Southwestern States

(In thousands of bushels)

Crop	Texas			Five southwestern states ¹		
	Average 1940-49	1950	Estimated Sept. 1, 1951	Average 1940-49	1950	Estimated Sept. 1, 1951
Cotton ²	3,049	2,946	4,800	4,460	4,275	7,395
Corn.....	62,517	65,730	42,264	112,462	119,183	86,705
Winter wheat....	63,486	22,712	17,325	141,926	67,643	59,100
Oats.....	30,912	27,027	7,756	60,642	44,703	20,485
Barley.....	4,010	1,729	636	12,553	10,327	5,676
Rye.....	209	196	105	984	558	576
Rice ³	8,264	11,544	12,128	18,264	22,035	23,678
Sorghum grain....	69,694	148,818	89,794	84,067	180,886	109,540
Flaxseed.....	625	1,266	64	1,256	1,540	204
Hay ⁴	1,437	1,261	1,092	4,624	4,770	4,351
Peanuts ⁵	303,934	323,400	186,400	413,641	456,245	319,325
Irish potatoes....	4,648	2,752	2,328	9,996	6,952	5,832
Sweet potatoes..	5,378	5,130	1,890	14,730	15,870	7,820

¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas.² In thousands of bales.³ In thousands of bags, 100 pounds each.⁴ In thousands of tons.⁵ In thousands of pounds.

SOURCE: United States Department of Agriculture.

The outlook for fall crop production in the commercial vegetable areas of the District is very disappointing, although there has been some improvement in the past few weeks. Hot, dry weather, limited irrigation water supplies, and other factors have limited plantings of fall vegetable crops to relatively small acreages and have caused many crop failures where crops had been planted; also, there were heavy to excessive rains in September which flooded some sections. However, tomato crop prospects in the Laredo and other sections have improved, and the Panhandle lettuce crop is in good condition. Increased planting of fall crops in southern sections is expected, now that the drought is broken.

Green feed has already started in many range and pasture areas as a result of the September rains, although supplemental feeding has not been discontinued. Close culling and heavy marketing of livestock continued during August and September as ranchmen and farmers adjusted livestock numbers to available feed supplies. August marketings of cattle at Fort Worth and San Antonio markets, combined, were 19 percent above July, while receipts of calves were up 63 percent and receipts of hogs were 5 percent higher. Receipts of

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	August 1951	August 1950	July 1951	August 1951	August 1950	July 1951
Cattle.....	79,732	55,732	68,290	35,999	31,285	28,814
Calves.....	65,466	31,440	40,466	45,558	24,565	27,655
Hogs.....	43,145	40,290	42,484	8,361	8,261	6,623
Sheep.....	73,298	59,857	82,389	136,782	129,355	122,574

¹ Includes goats.

sheep increased 5 percent, contrary to an expected seasonal decline. As compared with August 1950, marketing of all classes of livestock, especially cattle and calves, was up sharply during August.

Farm prices in the District, after having declined for about 5 months, showed some evidence of over-all strength during September. The index of farm prices in Texas at mid-August was 343 (1910-14=100), compared with 399 in mid-April; this represents a decline of 14 percent for the 5-month period. However, from mid-August to late September, net price gains were scored in southwestern markets by cotton, corn, oats, wheat, sorghum grain, poultry, eggs, and some classes of livestock. On the other hand, prices of hogs continued to decline seasonally, while losses were sustained also by wool and rice. The upturn in cotton prices was prompted by a number of factors, including the heavy movement of cotton into the loan program and the prospect that the Government might stockpile cotton. The noteworthy strength in the grain market appears to have come from reports of weather damage to the spring wheat crop and unfavorable weather in the Corn Belt. It was thought earlier in the year that cattle prices would decline this fall; but a continued strong consumer demand for meat, as well as a heavy stocker demand associated with the continuing rapid expansion of cattle numbers on farms and ranches, has maintained cattle prices at August levels or forced them slightly higher. The decline in wool prices is associated with the unsettled domestic and world wool situation, while the lower market for rice is a result of a record crop and lower exports of rice than last season.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended Sept. 24, 1951		Comparable week last month	Comparable week last year
		Sept. 24, 1951	Sept. 24, 1951		
COTTON, Middling 15/16-inch, Dallas..	lb.	\$.3585	\$.3490	\$.4125	
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.62 ³ / ₄	2.60 ¹ / ₄	2.46	
OATS, No. 2 white, Fort Worth.....	bu.	1.08 ¹ / ₂	1.03 ¹ / ₂	1.01	
CORN, No. 2 yellow, Fort Worth.....	bu.	2.03 ¹ / ₄	2.00	1.66 ¹ / ₂	
SORGHUMS, No. 2 yellow milo, Ft. Worth	cwt.	2.60	2.52	2.14	
HOGS, Choice, Fort Worth.....	cwt.	21.25	22.25	22.50	
SLAUGHTER STEERS, Choice, Fort Worth	cwt.	36.00	36.00	30.00	
SLAUGHTER CALVES, Choice, Fort Worth	cwt.	35.00	35.50	30.00	
STOCKER STEERS, Choice, Fort Worth...	cwt.	36.00	36.00	30.00	
SLAUGHTER LAMBS, Good & Choice, Fort Worth.....	cwt.	31.50	30.00	29.00	
HENS, 3-4 pounds, Dallas.....	lb.	.22	.16	.15	
FRYERS, local, Dallas.....	lb.	.32	.27	.30	
TURKEYS, No. 1 hens, Dallas.....	lb.	.39	.35	.30	
EGGS, No. 1 infertile, Dallas.....	doz.	.62	.50	.36	

While farm prices are sharply lower than earlier in the year, the prices of things farmers buy continue to increase, forcing a tighter squeeze on farmers' profit margins. District farmers may obtain more dollars for what they produce in 1951, but net incomes may show little increase over 1950.

This is reflected in increased bank borrowing by farmers, by a weakening in rural demand for many manufactured products, and by increasing complaints that high production costs, together with low yields, are causing extensive losses to farmers from this year's operations.



Loans of the weekly reporting member banks in leading cities of the District rose \$23,276,000 during the 4 weeks ended September 12, reversing the gradual downward trend that had prevailed from the end of January to the beginning of August. Most other major assets and liabilities also showed increases, with the more notable changes reported in such principal accounts as investments, bank balances, and deposits. Total resources rose approximately 3 percent to a total of \$4,094,689,000.

The increase in loans between August 15 and September 12 is in contrast with the contraction of approximately \$70,000,000 during the preceding 6 months and reflects largely the influence of seasonal factors which may be expected during the remaining months of the year. Commercial, industrial, and agricultural loans rose \$12,267,000, with the financing requirements of commodity dealers in connection with the movement of cotton constituting a major factor in the increase. Sales finance companies, food and liquor establishments, and transportation companies also added substantial amounts to their outstanding bank borrowings. On the other hand, construction firms, retail and wholesale trade establishments, and a group of miscellaneous manufacturers reduced their bank indebtedness. Among the other major loan categories, real estate loans rose \$3,681,000, while "all other" loans, including consumer loans, rose \$2,181,000 to a record total during the 4 weeks.

Banking figures prepared by the Federal Reserve Bank of Dallas for use in connection with the National Voluntary Credit Restraint Program indicate that the normal seasonal

increase in bank loans which may be expected during the remainder of the year will be accompanied by an expansion in loans to finance defense contracts. During recent weeks, loans directly related to defense production constituted a somewhat larger proportion of new commercial and industrial loans than in other weeks for which data are available.

Investments of the weekly reporting member banks rose \$27,246,000 during the 4 weeks ended September 12, with Governments more than accounting for the increase. Holdings of Treasury bills rose \$27,124,000, or 17 percent, while the combined increase in certificates and bonds amounted to \$2,633,000. Investments in municipal and other non-Government securities declined \$2,505,000, marking a slight break in the upward trend that had prevailed in most weeks during the past several months. On September 12 total investments amounted to \$1,265,846,000, as compared with the year-earlier total of \$1,318,293,000.

Deposit trends during the month included an increase of \$111,997,000 in demand deposits and a decrease of \$3,511,000 in time accounts. Reflecting the expansion in loans and investments and a net inflow of funds to the District due to rather heavy net expenditures by the Treasury, demand deposits of individuals, partnerships, and corporations rose \$57,573,000, or slightly more than 2.5 percent. Part of this increase, however, represents a shift of funds from government accounts, since Treasury expenditures were financed, in part, by drawing down balances held by commercial banks. Interbank demand deposits rose \$63,555,000, partly as a result of cotton movements which permitted banks to build up their balances with city correspondents, while states and political subdivisions increased their demand balances by \$20,695,000. The decrease in time deposits occurred largely in the category comprising individual and business accounts. Reflecting the maintenance of loans and investments somewhat above the year-earlier total and the net gain of funds by district banks, deposits were \$224,618,000 higher on September 12 than on the comparable date last year.

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Sept. 12, 1951	Sept. 13, 1950	August 15, 1951
Total loans (gross) and investments.....	\$2,726,989	\$2,641,702	\$2,676,467
Total loans—Net ¹	1,444,912	1,309,862	1,421,777
Total loans—Gross.....	1,461,143	1,323,409	1,437,867
Commercial, industrial, and agricultural loans.....	983,658	901,976	971,391
Loans to brokers and dealers in securities..	7,090	6,278	9,208
Other loans for purchasing or carrying securities.....	60,113	56,401	59,381
Real estate loans.....	123,778	109,421	120,097
Loans to banks.....	9,301	200	2,768
All other loans.....	277,203	249,133	275,022
Total investments.....	1,265,846	1,318,293	1,238,600
U. S. Treasury bills.....	185,417	99,890	158,293
U. S. Treasury certificates of indebtedness..	115,908	75,703	114,021
U. S. Treasury notes.....	216,813	337,439	216,819
U. S. Government bonds (inc. gtd. obligations).....	575,157	654,630	574,411
Other securities.....	172,551	150,631	175,056
Reserves with Federal Reserve Bank.....	562,985	463,604	549,793
Balances with domestic banks.....	432,424	354,154	398,895
Demand deposits—adjusted ²	2,283,460	2,136,833	2,208,787
Time deposits except Government.....	429,711	436,376	433,727
United States Government deposits.....	56,880	69,608	85,426
Interbank demand deposits.....	766,426	653,878	702,871
Borrowings from Federal Reserve Bank.....	0	300	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.

Gross demand deposits of all member banks in the District averaged \$110,934,000 higher in August than in July, continuing the month-to-month increases that began in May. Although the expansion was not confined to any particular class of banks, reserve city banks accounted for approximately 55 percent of the increase. In contrast with the trend of demand deposits, time deposits declined slightly, reversing the upward trend that began in March. The decrease was confined to reserve city banks, however, as country banks showed an increase.

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
August 1949.....	\$5,020,379	\$635,371	\$2,443,350	\$410,782	\$2,577,029	\$224,589
August 1950.....	5,685,570	655,792	2,779,305	409,987	2,906,265	245,805
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
June 1951.....	5,820,309	669,791	2,720,158	374,734	3,100,151	295,057
July 1951.....	5,855,513	673,533	2,746,696	376,455	3,108,817	297,078
August 1951.....	5,966,447	672,892	2,807,435	373,116	3,159,012	299,776

Debits to deposit accounts reported by banks in 24 cities of the District were 9 percent higher in August than in July. The increase was general over the District as most of the reporting cities showed gains over the month-earlier totals. Increases ranged as high as 17 percent in Austin, Texas, while Tucson, Arizona, and El Paso, Texas, each reported a decrease of 2 percent. Reflecting the maintenance of business activity at a very high level, debits in August were 10 percent above the August 1950 total. The annual rate of turnover of deposits, or the annual rate of use of deposit accounts, was 14.9 in August, as compared with 13.7 a month earlier and 14.2 in August 1950.

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

(Amounts in thousands of dollars)

City	DEBITS ¹			DEPOSITS ²			
	August 1951	Percentage change from		Aug. 31, 1951	Annual rate of turnover		
		Aug. 1950	July 1951		Aug. 1951	Aug. 1950	July 1951
ARIZONA							
Tucson.....	\$ 73,473	23	- 2	\$ 93,041	9.5	8.5	9.7
LOUISIANA							
Monroe.....	41,469	- 8	2	46,014	10.9	11.8	10.7
Shreveport.....	167,689	13	3	187,586	10.8	9.8	10.6
NEW MEXICO							
Roswell.....	20,585	6	8	25,507	10.1	10.4	9.6
TEXAS							
Abilene.....	50,286	2	5	51,204	11.6	12.2	11.2
Amarillo.....	131,146	20	14	102,340	15.6	13.8	14.0
Austin.....	135,668	9	17	109,374	14.9	13.3	12.7
Beaumont.....	120,867	11	6	87,596	16.3	14.3	15.4
Corpus Christi.....	128,118	5	12	94,278	16.4	15.7	15.0
Corsicana.....	13,400	9	11	21,889	7.4	7.3	6.8
Dallas.....	1,386,914	5	12	947,727	17.8	18.6	16.1
El Paso.....	151,376	5	- 2	127,789	14.0	13.4	14.3
Fort Worth.....	478,898	19	10	355,924	16.2	14.9	14.9
Galveston.....	75,143	4	#	97,044	9.2	8.9	9.1
Houston.....	1,490,912	14	10	1,071,448	16.8	15.4	15.2
Laredo.....	21,063	12	6	21,157	12.0	10.1	11.8
Lubbock.....	82,721	#	3	89,010	11.2	11.9	10.7
Port Arthur.....	42,544	23	7	42,503	11.8	10.7	11.5
San Angelo.....	39,724	- 1	11	52,037	9.4	10.1	8.5
San Antonio.....	367,687	10	9	377,830	11.8	11.3	11.0
Texarkana ³	19,670	18	5	24,046	9.8	8.9	9.4
Tyler.....	49,433	6	1	50,988	11.6	11.0	11.4
Waco.....	64,244	- 6	7	77,498	9.8	10.6	9.1
Wichita Falls.....	78,302	19	4	101,469	9.2	8.5	8.9
Total—24 cities.....	\$5,231,332	10	9	\$4,255,299	14.9	14.2	13.7

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 This figure includes only one bank in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including two banks located in the Eighth District, amounted to \$33,941,000 for the month of August 1951.

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

Between August 15 and September 15, gold certificate reserves of the Federal Reserve Bank of Dallas rose \$97,516,000. The condition statement also shows increases of \$50,364,000 in member bank reserve deposits and \$5,103,000 in total earning assets, which include expansion in holdings of both Governments and discounts for member banks. Notes of this bank in actual circulation on September 15 amounted to \$668,525,000, an increase of \$15,531,000 during the month and an increase of \$55,209,000 over the year-earlier total.

On August 27 the Secretary of the Treasury announced that holders of the 3-percent Treasury bonds of 1951-55 called for redemption on September 15 and holders of the 1¼-percent Treasury notes maturing on October 1 would be offered an 11-month 1⅞-percent certificate of indebtedness in exchange, the certificates to be dated September 15 and October 1, respectively. The bonds were outstanding in the

amount of \$755,429,000, and on September 14 it was announced that holders exchanged \$582,994,000, or 77 percent, for the new issue.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Sept. 15, 1951	Sept. 15, 1950	August 15, 1951
Total gold certificate reserves.....	\$ 614,394	\$616,942	\$ 516,878
Discounts for member banks.....	2,131	4,115	346
Industrial advances.....	75	0	66
Foreign loans on gold.....	0	0	0
U. S. Government securities.....	1,105,791	854,631	1,102,483
Total earning assets.....	1,107,997	858,746	1,102,894
Member bank reserve deposits.....	982,408	827,790	932,044
Federal Reserve notes in actual circulation..	668,525	613,316	652,994

On September 11 the Secretary of the Treasury asked for bids on \$1,200,000,000 of 91-day Treasury bills which were offered for cash and in exchange for about \$1,000,000,000 of the maturing bills of September 13. A similar offering was made in connection with the bill maturities of September 20. The Treasury raised approximately \$1,400,000,000 in this manner between July 5 and August 16.



Nonfarm employment in Texas in September rose to about 2,570,000 persons, or 6 percent more than a year ago, as the result of gains during the summer exceeding 12,000 persons per month. The defense program, the reopening of schools, and the fall business expansion sparked the September rise, with employment in aircraft, ordnance, machinery, apparel, and food products manufacturing being particularly stimulated. In construction, increased employment at industrial and government defense projects tended to offset the decline in home building.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	August 1951p	August 1950	July 1951	January — August	
				1951p	1950
ELEVENTH DISTRICT..	\$ 94,552	\$ 131,354	\$ 99,851	\$1,004,812	\$ 767,765
Residential.....	33,477	61,008	41,432	430,273	360,945
All other.....	61,075	70,346	58,419	574,539	406,820
UNITED STATES¹.....	1,262,811	1,548,876	1,379,830	11,450,750	9,823,205
Residential.....	567,566	754,106	548,144	4,439,437	4,686,311
All other.....	695,245	794,770	831,686	7,011,313	5,136,894

¹ 37 states east of the Rocky Mountains.

p—Preliminary.

SOURCE: F. W. Dodge Corporation.

The total value of construction contracts awarded in the District decreased by 5 percent from July to August, with all of the drop concentrated in residential building. The August total of \$95,000,000 is 28 percent less than a year ago. Residential awards amounted to \$33,000,000, or 19 percent less than in July and 45 percent less than during August last year. A decrease in public and military housing, the impact of Regulation X and companion regulations, tightness in the mortgage money market, and the catching up of supply with demand in some areas account for most of the decrease of residential awards. Nonresidential awards, which totaled \$61,000,000, were 5 percent more than in July but 13 percent less than in August 1950. Public and industrial construction accounted for most of the strength in this sector of the industry.

As a result of the continuation of the construction boom into the first half of 1951 and despite the summer decline, total contract awards during the first 8 months of the year amounted to \$1,005,000,000, or a third more than during the same period last year. Residential awards amounted to one-fifth more than during the corresponding months last year, and nonresidential, about 40 percent more.

All construction activity is now under the Controlled Materials Plan, with earlier restrictions on the construction of recreational facilities and on the use of certain materials for designated purposes being retained. For construction projects requiring more than specified quantities of controlled materials for which sufficient amounts are not on hand, allotment of such materials must be requested. If enough materials are already on hand, no application need be filed except in the case of multifamily residential structures. Small users of controlled materials may, in most cases, obtain supplies through self-certification.

BUILDING PERMITS

City	August 1951		Percentage change in valuation from		8 months 1951		Percentage change in valuation from 8 months 1950	
	Number	Valuation	Aug. 1950	July 1951	Number	Valuation	Number	Valuation
LOUISIANA								
Shreveport....	322	\$ 1,040,983	-63	23	2,605	\$ 10,947,849	-49	
TEXAS								
Abilene.....	89	304,310	-84	-67	805	5,115,117	-48	
Amarillo.....	326	1,314,645	-38	47	2,543	13,696,938	-8	
Austin.....	203	3,723,722	50	26	1,890	19,721,478	-30	
Beaumont.....	237	271,939	-81	-25	1,985	4,035,377	-49	
Corpus Christi..	294	1,164,802	-56	-22	2,623	14,668,418	-23	
Dallas.....	1,979	9,283,842	-30	64	13,563	69,579,824	-16	
El Paso.....	233	547,160	-82	-80	2,053	12,125,240	-33	
Fort Worth.....	698	2,666,114	-55	42	5,522	34,070,436	1	
Galveston.....	110	78,110	-96	-33	900	6,821,143	22	
Houston.....	746	11,586,967	-52	21	7,774	98,243,304	-18	
Lubbock.....	238	1,668,104	-36	93	2,375	11,801,212	-33	
Port Arthur....	187	1,017,768	418	397	1,323	4,159,855	6	
San Antonio....	1,290	7,110,641	17	134	9,875	33,389,136	-10	
Waco.....	203	2,337,241	-23	160	1,633	10,998,694	-26	
Wichita Falls..	99	370,342	-29	-70	866	4,963,871	30	
Total.....	7,254	\$44,576,690	-40	32	58,335	\$354,337,892	-19	

Real estate credit regulations affecting housing were relaxed at the beginning of September, in accordance with provisions of the new Defense Housing Act. Smaller down payments are now permitted, particularly on houses selling under \$15,000, with major reductions for those selling under \$12,000. For example, the down payment required on a \$10,000 house has been reduced from \$2,300 to \$1,500 in the case of FHA and conventional loans and from \$1,300 to \$600 for VA loans. Amortization of loans within 25 years, instead of 20 years, is now allowed in the case of houses priced up to \$12,000, compared with an upper limit of \$7,000 previously.

In the case of housing programed by the Housing Administrator in officially designated defense areas, as well as military housing and disaster housing, the credit restrictions may be suspended or relaxed. In addition, in such areas the VA may make direct loans and the Federal National Mortgage Association may make advance commitments to buy home mortgages.

There is no indication as yet that any large proportion of loans will be made with the lowest down payments now per-

mitted. In the case of conventional loans, appreciably larger down payments have been the rule since before Regulation X. Some shift to FHA and VA loans is expected, with lower down payments resulting, but many lenders prefer conventional loans, on which interest rates have risen appreciably above the rates for FHA and VA loans. Even though down payments have been reduced, the longer pay-out period permitted for mortgages on homes priced at \$12,000 or less results, in many cases, in lower monthly payments—an important consideration with buyers—but in the case of conventional loans, this advantage is offset partly by higher interest rates and higher monthly interest charges as compared with a few months ago. Thus, the relaxation of credit restrictions may have relatively little effect in the near future, although some groups feel that easier terms may tend to moderate the anticipated decline in residential building.

The present availability of materials required for defense is indicated in a recent release by the National Production Authority. Among the metals in very short supply are copper, aluminum, lead, tin, zinc, nickel, tungsten, cobalt, molybdenum, columbium, steel sheet and strip, and steel-alloy castings. Metals in approximate balance with essential demand include cadmium, chromium, manganese, silicon, vanadium, and some steel items. Metals in fair-to-good supply include mercury, gold, silver, boron, and some steel items.

Crude oil production in the District rose to a record 3,830,000 barrels per day during August, up 26,000 barrels daily from July and 320,000 barrels daily from a year ago. The increase in Texas and Louisiana production allowables for September is resulting in a still higher level of output. National production is following a similar record-breaking trend.

CRUDE OIL PRODUCTION

(Barrels)

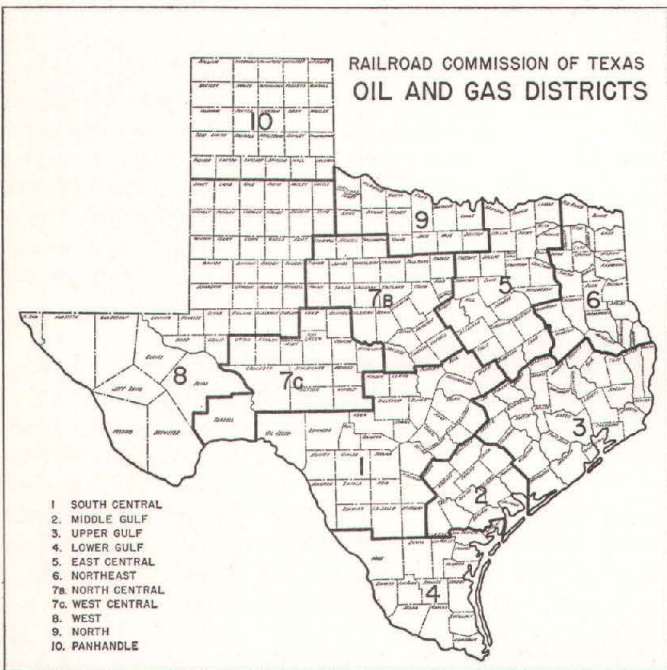
Area	August 1951		Increase or decrease in daily average production from	
	Total production	Daily avg. production	August 1950	July 1951
ELEVENTH DISTRICT				
Texas R. R. Com. Districts				
1 South Central.....	1,045,050	33,711	4,188	532
2 Middle Gulf.....	5,099,400	164,497	21,186	497
3 Upper Gulf.....	15,365,500	495,661	44,958	3,706
4 Lower Gulf.....	8,103,000	261,387	35,600	4,121
5 East Central.....	1,732,300	55,881	14,704	1,018
6 Northeast.....	12,096,250	390,202	12,496	-158
East Texas.....	8,415,400	271,465	-4,778	165
Other fields.....	3,680,850	118,737	17,274	-323
7b North Central.....	2,543,500	82,048	9,485	48
7c West Central.....	3,426,850	110,544	42,252	3,497
8 West.....	30,109,550	971,276	123,537	13,052
9 North.....	4,956,100	159,874	5,701	1,892
10 Panhandle.....	2,667,400	86,045	-5,955	-1,373
Total Texas.....	87,144,900	2,811,126	308,152	26,832
New Mexico.....	4,502,800	145,251	11,598	-49
North Louisiana.....	3,937,150	127,005	413	37
Total Eleventh District.....	95,584,850	3,083,382	320,163	26,820
OUTSIDE ELEVENTH DISTRICT...	97,455,400	3,143,723	211,053	20,467
UNITED STATES.....	193,040,250	6,227,105	531,216	47,287

SOURCE: Estimated from American Petroleum Institute weekly reports.

Refining activity in August increased in both the District and the Nation and appreciably exceeded year-earlier levels. Crude oil runs to stills in the District established a record of 1,955,000 barrels per day, while in the Nation refining activity was at a rate of 6,545,000 barrels per day, or second only to that of last June. National stocks of crude oil and each of the four major refined products—gasoline, kerosene,

gas and distillate fuel oil, and residual fuel oil—exceeded year-ago levels by from 6 to 26 percent, with total stocks of crude oil and the four products being 53,000,000 barrels, or 11 percent, more than a year earlier.

the market, with consumption following the upward trend manifest over the past decade and with supply augmented by production from other sources in the Nation and elsewhere.



DOMESTIC CONSUMPTION AND STOCKS OF COTTON

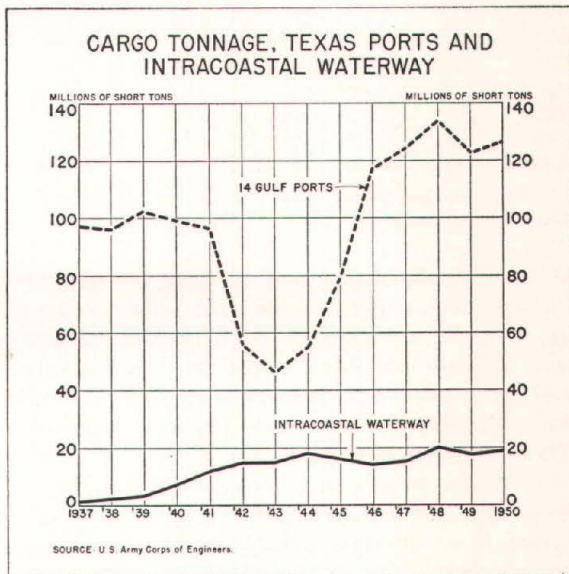
(Bales)			
Area	August 1951 ¹	August 1950	July 1951 ²
CONSUMPTION			
Total			
Texas mills.....	11,666	12,888	12,564
U. S. mills.....	754,119	798,474	767,232
Daily average			
Texas mills.....	583	644	523
U. S. mills.....	37,706	39,924	31,970
STOCKS, U. S.—End of period			
Consuming establishments.....	1,053,401	1,147,989	1,370,446
Public storage and compresses....	1,492,235	4,678,265	674,909

¹ Four weeks ended September 1.
² Five weeks ended August 4.
 SOURCE: United States Bureau of the Census.

Reflecting the economic growth of the Southwest, the cargo tonnage moving through 14 Texas Gulf ports rose to 127,000,000 short tons in 1950, or 28 percent more than a decade earlier. Traffic through the Texas section of the intracoastal waterway in 1950 approximated 19,000,000 short tons, or nearly three times the tonnage in 1940 when this waterway was only partially completed. The increase in defense production and the rise in tanker shipments of petroleum and its products and petrochemicals indicate still larger tonnage movements through Texas ports and the waterway in 1951 and 1952.

The total national daily supply of all oils in August was about the same as during the first half of this year but was more than 1,000,000 barrels daily—or 16 percent—higher than in August 1950. Domestic crude oil production accounted for all of the increase from a year ago, while imports of all oils were slightly lower. Total demand increased somewhat less than total supply. However, despite the favorable over-all supply position, residual fuel oil could become relatively tight during the coming heating season if the 250,000-barrel daily potential output from Iran continues unavailable to world markets. In the case of gasoline and most other refined products, Iran has been relatively less important as a producer. Foreign purchases of refined products in the United States increased appreciably during August.

New sulphur discoveries and expansion of production from present sites are expected to add approximately 1,200,000 tons per year, or about 25 percent, to southwestern—and, hence, national—output by 1953. While this increase in production, if presently available, would be more than sufficient to bring supply in balance with current demand, the situation may change appreciably by the time the new production is on



SOURCE: U. S. Army Corps of Engineers.



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