

MONTHLY BUSINESS REVIEW



FEDERAL RESERVE BANK OF DALLAS

Vol. 37, No. 4

DALLAS, TEXAS

April 1, 1952

LIVESTOCK—THE KEY TO A BALANCED SOUTHWESTERN AGRICULTURE

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“Balanced farming” has become a popular term among agricultural leaders in all parts of the Nation. The term is used to describe a system of farming that rebuilds soil fertility and provides the maximum income from each farm. In its broadest meaning, it implies a combination of crop and livestock enterprises that provides the farm operator with some cash income in most months of the year, as well as a relatively high and stable annual income.

The development of a balanced farming program either for an individual farm or for the agriculture of an area requires consideration of the soil capabilities and limitations, possible crop rotations, seasonal distribution of labor requirements, the full utilization of available labor and equipment, special skills of the farm operator, and needs of the farm family. Proper balance of these and other factors will provide a reasonably satisfactory farm income pattern.

Southwestern agriculture has been criticized by many as being “out of balance.” A major part of the cropland is planted each year in cash crops. For instance, in 1951, about 65 percent of cultivated cropland in Texas was planted in cotton, wheat, peanuts, and rice. An additional 20 percent was planted to sorghum grains, much of which was sold as a cash crop. The acreage devoted to the production of forage crops, such as legumes and grasses, not only is insufficient to give proper balance between soil-depleting and soil-building crops but does not provide adequate roughage for the area’s livestock potential.

Such a lack of balance in the “agricultural plant” results in considerable seasonal unemployment in agriculture. Moreover, experience has shown that such a system of farming results in steadily declining yields of cash crops. Soil fertility and a desirable soil structure cannot be maintained without the growing of deep-rooted fibrous crops, such as legumes and grasses. These crops loosen the soil, permitting it to

absorb rainfall more rapidly and facilitating proper and adequate cultivation. A history of every agricultural area in the world shows that eventually crop rotations that include legumes and grasses or heavy applications of organic matter, such as manure, must be a part of the farm program if yields are to be maintained. In the Southwest the need for such soil-improving crops is most urgent, in view of the depleted and eroded condition of the soil in many areas.

Price relationships in recent years have made the all-out production of cash crops most profitable for many southwestern farmers, despite declining yields. As a result, farmers have not hesitated to capitalize on the situation by planting too large a proportion of their cropland to such crops. It is also true that cash crops, such as cotton, wheat, and rice, may continue to return more per acre and per hour of labor than the production of forage or feed crops, assuming that average or above-average yields can be maintained. As indicated, however, continued profitable yields of these cash crops can be achieved only through the use of crop rotations that include some forage crops, such as legumes and grasses.

As forage or feed crops become an essential part of the farm program, livestock become a necessity in order to utilize the forage produced. It is true that such crops can be harvested in the form of hay or permitted to develop seed and can be sold to supplement other cash income. However, nearly every year—and certainly in the long run—cash receipts from the sale of seed and hay crops from grasses and legumes will not be as high as the value obtainable from their use in the production of livestock and livestock products.

Actual farm records and experimental data have shown that, in general, livestock will return from \$1.50 to \$2.50 for every dollar’s worth of feed fed—in fact, in some cases the return has been even more favorable. In other words, using livestock to utilize the hay and pasture crops will, in general,

increase cash receipts 50 to 150 percent over the amount that would be received from the sale of these crops as cash crops. This is illustrated by data obtained during 1947 and 1948 at the Texas Technological farm at Lubbock, which show that grazing irrigated alfalfa pasture mixtures (largely alfalfa and perennial rye grass) with beef cattle returned an average of \$117 net per acre, compared with \$75 net income from the sale of hay from similar fields. To this additional income obtained by marketing the crop through livestock should be added the value of the manure left on the land by the cattle.

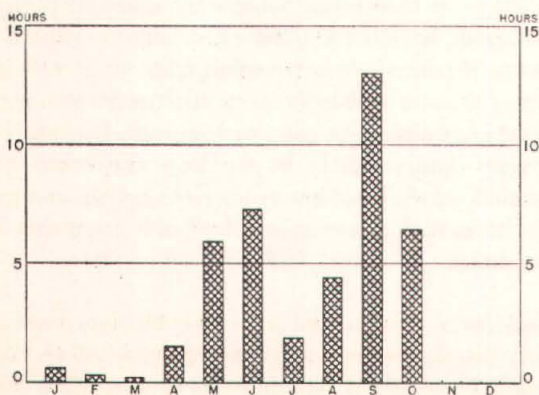
The increased income that can be obtained through livestock production is due, to a considerable extent, to the regular, year-round character of the work. Care of livestock provides productive employment for the farmer throughout the year, in contrast to the labor requirements on cash-crop farms, which provide very little productive work even for the farmer himself during the winter months but necessitate the hiring of additional labor during spring and fall seasons. In many respects, the farm that provides profitable employment only 6 months each year can be compared to the factory that shuts down 6 months each year. Neither is likely to be profitable.

The soundness of additional livestock production in the Southwest also is emphasized by the fact that the area imports substantial quantities of livestock products to meet the demand of local markets. The rapid industrialization and growth of urban populations, particularly in Texas and Louisiana, have provided a substantial market for all classes of agricultural products. In recent years it has been necessary to import whole milk and rather large quantities of grain-fed beef and poultry to supply the markets of the Southwest. Increased production of these foods by southwestern farmers not only would be profitable but would provide a better balance to the agriculture and to the entire economy of the area.

Considerable progress has been made during the past decade toward a better balance of agricultural production in the Southwest through the addition of livestock on many farms. As late as 1940, more than one-fourth of all farms and ranches in Texas reported no income from the sale of livestock or poultry. Preliminary data for the 1950 Census of Agriculture show virtually every farm and ranch receiving some income from the sale of livestock or livestock products. Moreover, the acreage of legumes has increased from virtually none to well over 4,000,000 acres. Cattle have become an important part of the program on many central and east Texas farms that formerly produced only cotton or peanuts. It seems evident that this trend will continue and that in the decade ahead livestock will become a much more important phase of southwestern agriculture.

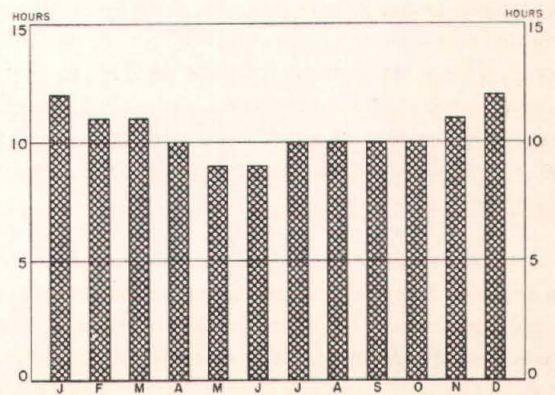
The shift toward more livestock and the profitableness of livestock production on many farms are retarded by the lack of skills and "know how" in managing livestock, the lack of experience with animals, insufficient fences or buildings, and, in many cases, inadequate operating capital or credit. Overcoming these obstacles is a community problem, as well as an individual problem of each farmer, especially in areas shifting from a one-crop agriculture to livestock or a combination of cash crops and livestock. Businessmen have a stake in this problem because the income of farmers living in their trade areas influences their sales volume. Bankers should be concerned because the credit needs of a rural community change as the type of agricultural production changes, and the income level of the people directly affects deposits. The income pattern of the community will change substantially as farmers shift from cash crops to livestock or a combination of the two. Merchants may find a change in the seasonal buying habits of the area, as well as a change in the kinds of goods needed. Customs of the community, such as the usual landlord-tenant agreement, will need adjustment to fit the requirements of a livestock or a combination livestock and crop program.

COTTON: MAN-HOURS REQUIRED PER ACRE



SOURCE: Texas Agricultural Experiment Station.
Data for Texas Blacklands.

DAIRY COWS: MAN-HOURS REQUIRED PER COW



SOURCE: Texas Agricultural Experiment Station.

Among the problems inherited by a community shifting to more livestock production, the credit problem ranks near the top in importance. Lack of credit may retard desirable changes. But, of equal importance, credit extended unwisely may cause financial losses to both borrower and lender and may discourage the development of a balanced agriculture. Whether credit is extended by banks, merchants, individuals, or government agencies, certain basic problems must be considered.

The credit requirements of a livestock farmer are quite different from those of a cash-crop farmer. The latter usually requires credit only for a season, and, in most years, borrowed capital can be repaid within a period of about 9 or 10 months. On the other hand, the production of livestock is of such a nature that from 3 months to 3 years may be required to repay a loan. Moreover, the establishment of a breeding herd of dairy or beef cattle may require some credit for a period of several years. Financing the building of a breeding herd should be predicated upon a sound, periodic repayment program that will assure the earliest liquidation of the loan consistent with a sound livestock program.

In some respects, livestock loans contain a smaller element of risk than those for the production of cash crops, because the livestock can serve as realizable collateral at the time the loan is made, whereas this is not equally true in the case of a cash crop until it is harvested. Also, in the case of livestock there is less risk from unfavorable weather; there is greater stability of income from year to year; and, within limits, there are alternative sales opportunities.

Livestock production is exacting in its demands upon farmers; its requirements in many respects are much different from those commonly associated with crop production. The farmer who plans to add livestock to his farm program must be adaptable to the requirements of this agricultural pursuit. Agricultural leaders, bankers, and others interested in promoting "balance in agriculture" through increased livestock production should recognize that in addition to the fundamentals of livestock production, considerations such as the following are extremely important:

- Does the farmer who contemplates broadening his farm program to include livestock have knowledge of or experience with livestock? If not, extreme caution should be exercised until he becomes familiar with the problems of handling livestock and exhibits a keen interest in their care.

- Can a feed production program be developed on the farm that will support the contemplated livestock operation? It is much wiser, first, to build a feed-producing program to meet the needs of livestock than to start a livestock enterprise and hope to develop a feed-producing program to meet its needs.

- Is there a working arrangement between the landlord and tenant which will give the tenant reasonable assurance that he will be able to remain on the farm long enough to develop the planned program? A farmer who faces the possibility of moving to another farm every year or two cannot hope to build a profitable livestock program.

- Is the farm family interested in livestock, or will they be reluctant to forego week-end trips and other pleasures in order to give timely attention to livestock? Such diversions are not impossible when a livestock program is being carried out, but there will be times when they can be done only to the detriment of the entire program.

Fundamentals of Livestock Production

Adequate feed, improved breeding, and proper care are the cornerstones of a profitable livestock program. Sufficient quantities of the right kinds of feed are necessary to obtain maximum production. Even scrub cattle do better when fed properly. Yet, the best feed will not give high production if the animals do not have the inherent ability to produce—hence, the need for improved breeding. Moreover, the best animals, provided with the best feeds, will not be profitable without adequate care; this would seem obvious, and yet poor management is a major weakness in many livestock programs. Animals must be given proper care and attention if the benefits of good breeding and feeding are to be obtained.

Building a livestock program is somewhat like building a house. It requires careful planning of each step and a vision of the completed structure to insure success. Plans for a livestock program should include the kinds and amounts of feed to be produced on the farm or purchased; the kinds and numbers of livestock that will be kept and the level of productivity that will be set as a goal in the breeding program; and the buildings and equipment, skills, and knowledge of markets that will be required for managing the program.

Just as the architect designs a house to be used for many years, a livestock program should be designed as a long-term project, for the investment in animals and the rearranging of the farm plan to include livestock cannot be shifted easily from year to year without danger of financial loss. It is true, of course, that adjustments can and should be made to fit changing conditions, just as the architect and builder may make minor changes in a house plan as construction proceeds. But in both cases, the over-all plan cannot be changed materially without destroying much of the usefulness of the original design.

A livestock program must be developed with caution, especially by the inexperienced. In an effort to bolster farm income some farmers may be tempted to increase their livestock program beyond their ability to care for the animals or to provide adequate feed. The farmer with little experience in

livestock production or with little capital should begin on a small scale. Much of the knowledge and many of the skills that are required for the profitable operation of a livestock program are best gained through experience. Many of today's most successful dairymen, ranchers, swine producers, and poultrymen have spent years building their present livestock programs.

An Adequate Feed Supply

Assuring an adequate feed supply is the first step in building a profitable livestock program. Livestock are merely processors of feeds, converting pasturage, hay, and other feedstuffs into milk, meat, eggs, and wool. Efficient and profitable operation of this "manufacturing" process is no more feasible without sufficient quantities of raw materials (feeds) than is the operation of the steel mill without coal and iron ore. Just as the manufacturer makes certain of a reliable source of raw materials before building a factory, farmers should make arrangements for producing adequate supplies of feed before buying livestock.

Feeding ample amounts of the right kinds of feed, rather than attempting to "reduce" costs by "skimping" on feed, is the way to profits in livestock production. This is illustrated by results of tests at agricultural experiment stations which show that 428 pounds of feed were required to produce 100 pounds of pork when pigs were fed only half the recommended ration and only 391 pounds were required when they were fed the full amount. Furthermore, the pigs fed the full ration reached market weight in 106 days, while the lot fed a limited ration required 224 days. Thus, labor and miscellaneous costs were more than doubled, in addition to the increased cost of 37 pounds of feed for each 100 pounds of pork produced.

It is obvious that attempts to reduce costs by feeding cheap, poor quality feed are false economy. Moreover, feeding unbalanced rations even of good quality feed is uneconomic. In agricultural experiment studies, the addition of grain to the ration of dairy cows that had been receiving only high quality legume hay increased milk production as much as 50 percent to 75 percent. In hog feeding trials, supplementing a ration of corn alone with tankage—a high protein feed—reduced the amount of corn required for 100 pounds of gain by nearly 50 percent. Many other illustrations could be cited to show the dollar value of providing the proper amounts of the right kind of feed for livestock and poultry.

Many farmers have found livestock unprofitable, largely because they have bought most or all of the feed needed for their animals. One of the most frequent criticisms directed toward southwestern dairymen is that they have attempted to maintain their dairy herds from feed bags rather than from pasture, hay, and silage produced on the farm.

The amount and types of feed that can be produced on the farm should be used as a guide in determining the number

and kinds of livestock to be produced. Purchase of some grains and high-protein supplements is usually advisable, but the major portion of the feed requirements—especially hay, silage, and pasture—should be produced on the farm. Frequently, it is also possible to grow the grains and at least a part of the high-protein feeds needed for the livestock program.

Pastures provide the most economical feed for cattle, sheep, and goats; reduce materially grain requirements of hogs; and are a valuable supplement to the grain ration for poultry. Thus, building more productive pastures should be the first step in developing an adequate, economical, home-grown feed supply. The production and storing of silage also are of paramount importance in the Southwest, because silage is the most economical feed for carrying cattle through periods of drought or adverse weather when pasturage is not available. The steps necessary in developing productive pastures vary from farm to farm, but most farmers could increase the productive capacity of their pastures by giving proper attention to soil and water conservation, the seeding of adapted grasses and legumes, fertilization, and controlled grazing. A Rusk County, Texas, farmer reduced feed costs \$100 and increased milk sales \$250 the first 3 weeks his dairy herd was turned onto temporary Sudan grass pasture. A Gulf Coast dairyman carried out a pasture improvement program and reduced the daily feed cost from 73 cents to 23 cents per cow.

Improved Breeding

Animals differ greatly in their ability to produce. In a carload of feeder lambs from the same ranch, certain individual lambs will gain faster and produce a more desirable carcass than others. In a dairy herd there are always some cows that produce more than others, even though they are fed alike.

The objective of a good breeding program is to select animals with the inherent ability for high production. These animals then can be used as foundation stock for increasing the herd. Farmers can improve greatly the production from their animals merely by saving stock from the best adults for replacements. This process of improving the quality of the animals and the level of production frequently is facilitated by the purchase of one or two outstanding females and particularly by the use of outstanding sires. That this program of breeding will improve the productivity of the herd is supported by the experience of leading livestock producers throughout the country.

Experiments have shown that milk production can be increased as much as 90 percent in three generations solely by the use of an outstanding bull. Use of progeny-tested rams at the Texas A. & M. College Substation at Sonora has shown that the average weight of fleece can be increased and the conformation of the lambs greatly improved in one genera-

tion through selective breeding. Many other illustrations could be cited to show the value of using only high-producing females and outstanding sires as foundation stock for the breeding program. The perfection of the technique of artificial insemination is placing the use of outstanding dairy bulls within the reach of more and more dairymen, and it is entirely possible that the technique may be used with other classes of livestock in the future.

Many farmers are unduly concerned over the selection of a particular breed of livestock or the relative merits of purebred versus grade animals. The selection of the breed is largely a matter of personal choice, since there are greater differences between animals within a breed than there are between two breeds. It usually is an advantage to have the breed that is most common in the community. This facilitates the exchange of bulls and sale of surplus breeding stock. It is not important to have purebred animals, unless the farmer intends to develop a highly specialized breeding herd with the idea of selling most of his calves as breeding stock. However, it always is important to select healthy, vigorous animals from productive stock.

Proper Care and Management

The cattleman who fights the blizzard to feed his cattle, the shepherd who camps with his flock during lambing, the dairyman who provides dry quarters for his dairy cows for protection from sharp drops in temperatures, and the poultryman who provides dry, comfortable quarters for his birds are good businessmen, for they know that without this extra effort on their part, the animals will not produce at maximum capacity.

The importance of regularity in feeding and caring for livestock is illustrated by the fact that failure to milk dairy cows regularly will cause a decline in production of milk not only for that day but for several additional days or weeks. Leaving dairy cows exposed to cold, wet weather, especially the sharp drops in temperature caused by "northers," may cut the milk flow in half. Failure to feed the poultry flock regularly may cause the birds to molt and reduce egg produc-

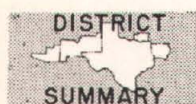
tion for several weeks. Providing shade and a "hog wallow" for fattening pigs increases the rate of gain and saves on feed costs. Sheep that are permitted to become infested with parasites, such as ticks and worms, will not make efficient use of feed.

Careful handling of livestock products increases their sales value. For example, eggs gathered within an hour or two after laying and promptly cooled to 60 degrees will remain fresh several days longer than those left in a hot laying house—where the temperature may exceed 100 degrees in the summer—until the end of the day. Milk that has been contaminated with dirt or that has been improperly cooled frequently is rejected by the milk plant. Fleeces that are dirty or full of burs are discounted heavily by the wool buyer.

Efficient management involves more than giving livestock proper care. It also means studying markets and prices. It means planning a breeding program to provide maximum production when prices are likely to be highest and producing the kind and quality of product that will be in strongest demand and will bring a premium price. For example, prices of eggs are usually highest during September, October, November, and December. Therefore, the efficient poultryman will buy chicks early enough in the spring and feed them so that they will be in production by September, thus getting the advantage of the higher egg price. Prices of whole milk also are highest during the fall and winter months, and good dairy management requires the planning of the breeding program so that milk production will be highest during this period.

Southwestern farmers have made rapid progress in the application of scientific methods to their farming operations, and the tremendous strides in mechanization and in insect and disease control stand out as major accomplishments in improving the agriculture of the area. The same farmers also will find it profitable to apply scientific methods to their livestock programs. Farming is truly becoming a science, as well as an art, and profits in livestock production will be in proportion to the amount of scientific knowledge that is applied to the livestock program.

REVIEW OF BUSINESS, INDUSTRIAL, AGRICULTURAL, AND FINANCIAL CONDITIONS



Nonfarm employment in the District in March was up from the previous month and near the level of last November—the second highest month on record

—but still below the December peak. Unemployment, although still relatively small, is rising, largely as a result of the reduced labor requirements on farms and ranches in the drought-stricken areas of Texas.

Crude oil production in the District is at a record high level, while refinery activity continues above a year ago. A heavy demand for burning oils has drawn down stocks in the District and in the Nation; stocks of gasoline are rising seasonally. Drilling activity is at a level above a year ago. Construction contract awards in the District in February were up 10 percent from January but 45 percent below a year earlier.

Rains in February and March greatly improved the immediate outlook for crop production in the eastern half of the District in 1952, but most of the remainder of the District continues dry. Progress of the district winter wheat crop is spotty; the crop in northwest Texas still needs moisture. Planting of cotton, corn, and sorghum grain is well advanced in southern parts of Texas and is moving northward. Commercial vegetables in March recovered from the February freeze, and open weather permitted additional planting of spring crops, although soils are dry and irrigation water, short. Livestock are gaining rapidly in eastern parts of the District, where recent rains have brought improved grazing; supplemental feeding continues in many western parts of the District. Farm commodity prices continue to move downward, although cotton and some grains were stronger in late March.

Although department store sales in the District rose moderately in late February and the first half of March, the rise was less than usual for this time of the year. In fact, sales in most weeks of the first quarter were below sales in corresponding weeks of 1951. Charge account collections continue slow in relation to receivables. Merchants have succeeded largely in correcting the excessive inventory position which developed last year; orders outstanding are off sharply from a year ago. Furniture store sales are maintaining a brisk pace, while automobile sales are lagging substantially behind early 1951.

During the 4 weeks ended March 19, the principal changes in the condition of the weekly reporting member banks in the District included a reduction in investments and increases in cash assets and deposits. Loans declined fractionally. Sales or redemptions of Treasury bills more than accounted for the decrease in investments, while the increase in cash assets was reflected in the expansion of balances with banks and reserves with the Federal Reserve Bank. Deposits of individuals, partnerships, and corporations rose by somewhat less than 2 percent during the 4 weeks.



Although department store sales in the Eleventh Federal Reserve District rose moderately in late February and the first half of March, the upturn was a little

less than usual for this time of year. Moreover, sales for the month of February, after adjustment for normal seasonal differences, failed to maintain the improved volume of the previous 3 months and dropped back to the lower level prevailing in the summer and fall of last year. The dollar volume of February sales was 6 percent lower than in January but 2 percent higher than in the corresponding month last year. The decrease in sales from January was partially the result of one less trading day in February, while the increase over a year previous may have been due to the one additional trading day in February this year.

Comparisons of sales with year-earlier levels in the first 3 months of this year are of limited value because of the different dates of Easter in the 2 years, the war-scared buying in early 1951, and two sleet storms which partially affected trade at the beginning and middle of February a year ago. Weekly year-to-year comparisons show wide fluctuations, although usually on the "decline" side for this year. Nevertheless, cumulative sales for the first 2 months were only 2 percent lower than in the same period of 1951. This not unfavorable picture stems largely from gains posted by stores in a few larger cities in which near-by military installations and defense plants have been particularly important stimuli. More than half of the reporting stores in the District, however, show declines of 5 percent or more for the first 2 months of 1952 as compared with the same period last year. The depressing effect on trade of the widespread drought conditions in the District has contributed to the year-to-year sales declines reported by many areas.

February sales in individual departments maintained about the same pattern which had prevailed in other recent months.

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS ¹	
	Feb. 1952 from		2 mo. 1952 comp. with 2 mo. 1951	Feb. 1952 from	
	Feb. 1951	Jan. 1952		Feb. 1951	Jan. 1952
DEPARTMENT STORES					
Total Eleventh District.....	2	-6	-2	-3	9
Corpus Christi.....	18	4	15	11	13
Dallas.....	-1	-4	-6	-2	7
El Paso.....	4	-3	-3	-2	12
Fort Worth.....	#	-6	-6	-8	8
Houston.....	2	-8	3	-5	7
San Antonio.....	3	-14	2	-6	12
Shreveport, La.....	10	-1	6	12	16
Waco.....	24	3	9	10	13
Other cities.....	-5	-3	-11	1	6
FURNITURE STORES					
Total Eleventh District.....	11	-1	—	-16	1
Austin.....	3	-9	—	-17	11
Dallas.....	30	7	—	-23	#
Houston.....	17	11	—	-2	9
Port Arthur.....	-10	-12	—	—	—
San Antonio.....	31	27	—	—	—
Shreveport, La.....	2	-16	—	-18	-2
Wichita Falls.....	35	1	—	-19	9
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	-28	-19	—	—	—
Dallas.....	-28	-20	—	—	—

¹ Stocks at end of month.

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

Basement store sales continued to run noticeably better than the main store, and women's apparel and accessories sales made a more favorable showing than men's clothing or home-furnishings.

WHOLESALE TRADE STATISTICS

Eleventh Federal Reserve District
(Percentage change)

Line of trade	NET SALES ^p			STOCKS ^{1p}	
	February 1952 from		2 mo. 1952 comp. with 2 mo. 1951	February 1952 from	
	February 1951	January 1952		February 1951	January 1952
Automotive supplies.....	-34	-15	-26	—	—
Dry goods.....	-13	-9	-25	-30	7
Grocery (full-line wholesalers not sponsoring groups).....	10	-3	7	-8	5
Hardware.....	-14	-1	-22	7	2
Industrial supplies.....	2	9	-1	39	-17
Machinery equipment and sup- plies except electrical.....	-5	-20	-3	53	#
Tobacco products.....	12	-10	9	7	3
Wines and liquors.....	-4	5	-4	—	—
Wiring supplies, construction materials distributors.....	20	26	1	—	—

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

Charge account collections continued relatively slow. The ratio of collections to charge account receivables outstanding was 47 percent in February, the same as in January and two percentage points lower than February a year ago. The instalment collection ratio in February, at 17 percent, was unchanged from January, although up three percentage points from a year earlier.

Merchants are pursuing conservative inventory policies, after having corrected largely the overinventoried position which prevailed last spring and summer. The receipt of spring merchandise caused a seasonal increase in department store stocks in February, but end-of-month stocks were 3 percent below a year earlier. Although orders outstanding rose 3 percent during the month, they continued sharply below a year ago, with the total outstanding at the end of the month down 29 percent from a year previous.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
(1947-49=100)

Area	UNADJUSTED				ADJUSTED ¹			
	Feb. 1952	Jan. 1952	Dec. 1951	Feb. 1951	Feb. 1952	Jan. 1952	Dec. 1951	Feb. 1951
SALES—Daily average								
Eleventh District.....	93	95	203	95	115	122	122	118
Dallas.....	94	94	194	99	111	122	119	117
Houston.....	100	104	226	101	128	134	135	130
STOCKS—End of month								
Eleventh District.....	121 ^p	112	115	125	122 ^p	124	125	126

¹ Adjusted for seasonal variation.
^p—Preliminary.

The improvement in district furniture store sales which became apparent in the fall of last year was maintained through February. Furniture store sales reached a record high for that month, exceeding February a year ago by 11 percent. Sales were only slightly less than the very satisfactory January level. A larger volume of credit sales continues to be responsible for the year-to-year gains in the furniture store trade, since cash sales are lagging behind year-earlier levels.

Furniture store stocks showed a slight rise, after declining for nine consecutive months. The 1-percent increase, however, was smaller than normal for this time of year, and stocks at the end of February were 16 percent lower than a year ago.

Total new car sales in February in three major metropolitan areas of the District—Dallas, Houston, and San Antonio—as indicated by new car registrations, fell almost 14 percent below January and were 28 percent less than in February a year ago. This represents the smallest sales volume for any month since February 1949.



Rains during February and March in the eastern half of the District greatly improved 1952 crop prospects in these favored areas, but most of the remainder of the District continues dry, although light rains in southern New Mexico and Arizona were helpful to ranges. West Texas is particularly dry and has had a number of serious dust storms in recent weeks. More rain is needed urgently in the western half of the District to prevent soil-blowing, to stimulate growth of winter crops and grasses, and to provide moisture needed for germination and growth of spring and summer crops.

The winter wheat crop is making fair to good progress in north Texas and is greening and making some growth in the northern High Plains but is only holding its own in most other sections of the District; the crop is deteriorating in many Low Rolling Plains counties.

Cotton planting permits in the Lower Rio Grande Valley were near the 1,000,000-acre mark by mid-March, but a large acreage remained to be planted, because of the lack of soil moisture and the shortage of irrigation water. The cotton that has come up has made little growth. Some of the early planted cotton was destroyed by a late-February freeze and had to be replanted. Cotton planting is general in Coastal Bend counties and is moving northward. Land preparation in other parts of the District is well advanced or nearing completion.

Corn planting has been completed in many southern counties of Texas and was started as far north as the Red River by mid-March. Planting of grain sorghums in the Coastal Bend was practically completed in March, although more moisture is needed in much of that area for germination. Peanut planting was started in south Texas in early March, despite a lack of adequate moisture. Flaxseed prospects have improved in the winter growing area southeast of San Antonio since rain was received in early March.

Tomato and watermelon stands in south Texas were thinned by the late-February freeze, but conditions during March were favorable for these crops to make fairly good recovery. Plantings of additional acreages of these and other crops, including cantaloupes and cucumbers, were made during the month. Early summer watermelon acreage in Texas is estimated at 68,000 acres, or 7,000 more than a year ago. De-

velopment of the east Texas tomato crop is encouraging, with setting of plants to fields well under way or completed in most sections. The early spring onion crop in Texas, which is now being harvested, is estimated at 4,025,000 sacks, or almost double last year's short crop.

Livestock are gaining rapidly on the generally plentiful supplies of clover, oats, and winter grass in the eastern half of the District, where recent rains greatly benefited grazing lands. Wheat has supplied some green feed in the northwest, but elsewhere in the District additional moisture is needed to bring out native grass. Livestock marketings from the drier areas continue heavy.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	February 1952	February 1951	January 1952	February 1952	February 1951	January 1952
Cattle.....	25,195	28,747	28,730	19,385	20,998	23,651
Calves.....	12,229	12,193	14,375	13,053	18,447	18,899
Hogs.....	88,776	59,250	105,708	6,311	6,906	8,856
Sheep.....	34,615	25,960	40,214	17,448	18,450	115,485

¹ Includes goats.

The 1952 early lamb crop in the principal lamb-producing states is estimated at 5 percent smaller than in 1951. The reduction is due mainly to the later lambing and fewer breeding ewes in the early lambing states. In Arizona early lambs are making fully normal growth, and marketing is expected to begin about April 1. In Texas, however, droughty conditions in eastern parts of the State last year forced sheepmen to reduce their inventories, and the early spring lamb crop is smaller, accordingly, than in 1951. Volume marketing of lambs in Texas this spring is expected to come later than usual.

The United States Department of Agriculture has announced that the ban on importation of Mexican cattle, in effect since December 1946, will be lifted by September 1, if there are no more serious outbreaks of hoof-and-mouth disease south of the border. Before the embargo, the United States received more than 300,000 head of Mexican cattle annually. In this connection, an outbreak of this disease in Canada in late February was followed by an immediate suspension of shipments of Canadian cattle into the United States.

Wool production in Texas last year fell to 48,712,000 pounds, which is 5 percent less than in 1950 and the smallest since 1930, according to the Department of Agriculture. A decline in the number of sheep shorn and lighter weights per fleece account for the reduced wool tonnage. Ranchmen received an average of \$1.01 per pound for wool, which is by far the highest annual average price of record. The value of the 1951 clip was \$49,199,000, compared with \$32,947,000 in 1950.

Mohair production in Texas in 1951 totaled 12,280,000 pounds, or 3 percent less than in 1950. Fleece weights averaged 5.4 pounds, or the same as in the previous year. Cash receipts from sale of mohair last year reached a record \$14,

613,000, due to the rise in prices to record high levels. The average farm price of mohair in Texas in 1951 was \$1.19 per pound, compared with the previous record of 77 cents in 1950. Mohair production in New Mexico in 1951 declined for the tenth consecutive year; production in Arizona rose slightly.

Production of milk and eggs in the District is running above a year ago. Production of eggs in the five states—Arizona, Louisiana, New Mexico, Oklahoma, and Texas—in the first 2 months of 1952 was 17 percent higher than in the same months of 1951, with each state showing an increase. Milk production, although ahead of the 1951 level, is below the record rate of output recorded in 1950.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwestern Markets

Commodity and market	Unit	Comparable	
		Week ended Mar. 21, 1952	last month last year
Cotton, Middling 15/16-inch, Dallas.....	lb.	\$.4145	\$.4000 \$.4477
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.78	2.76 2.64
OATS, No. 2 white, Fort Worth.....	bu.	1.73	1.70 1.19 $\frac{3}{4}$
CORN, No. 2 yellow, Fort Worth.....	bu.	2.16 $\frac{1}{4}$	2.12 $\frac{3}{4}$ 1.95
SORGHUMS, No. 2 yellow milo, Fort Worth.....	cwt.	3.19	3.14 2.55
HOGS, Good & Choice, Fort Worth.....	cwt.	17.50	18.50 22.00
SLAUGHTER STEERS, Choice, Fort Worth.....	cwt.	34.00	33.50 37.00
SLAUGHTER CALVES, Choice, Fort Worth.....	cwt.	34.00	34.00 36.00
STOCKER STEERS, Choice, Fort Worth.....	cwt.	33.00	34.00 39.00
SLAUGHTER LAMBS, Good & Choice, Fort Worth.....	cwt.	27.00	26.50 36.00
COMMERCIAL FRYERS, Fort Worth.....	lb.	.29	.31 —
HENS, heavy, Fort Worth.....	lb.	.23	.23 —
BROILERS, east Texas.....	lb.	.27	.30 —
BROILERS, south Texas.....	lb.	.27	.30 —

The general level of farm commodity prices in the District declined further in March, continuing the downward movement under way since last November. Late in the month, prices of poultry, wool, dairy products, wheat, and many classes of livestock were below a month earlier, while prices of cotton and some grains were slightly higher. On Thursday, March 20, Middling 15/16-inch cotton on the Dallas Cotton Exchange closed at 41.45 cents per pound, compared with 39.55 cents a month earlier. No. 2 yellow corn closed on the Fort Worth market on the same day at \$2.16 $\frac{1}{4}$ per bushel—up 3 $\frac{1}{2}$ cents. Wheat prices rose until about midmonth and then declined sharply; on Friday, March 21, No. 1 hard wheat on the Fort Worth market fell to \$2.70- $\frac{3}{4}$, top price, which is the lowest closing price since November 1.



About 26 percent of the Nation's insured commercial banks incurred excess profits taxes in 1950, and about 21 percent, in 1951. These preliminary estimates are based on partial tabulation of data taken from the confidential tax questionnaires which were collected by the Board of Governors of the Federal Reserve System. In the second half of 1950 the insured commercial banks incurred an estimated \$15,000,000 of excess profits taxes; for the full year of 1951 the amount was \$24,000,000. These totals represent excess profits taxes on net current earnings less bond losses, bad debts, and other similar charges. Capital accounts of the banks in the excess profits tax bracket in 1951 are estimated to be about \$3,500,000,000, or 30 percent of the total capital accounts of all insured commercial banks.

The tabulations now available show that 33 percent of the banks which reported total capital accounts of \$4,000,000 or more as of June 30, 1951, incurred approximately \$10,000,000 of excess profits taxes in 1951. This proportion would have been about 42 percent if the tax liabilities had been computed on net current earnings alone, i.e., before the deduction of bond losses, bad debts, and similar charge-offs. About 35 percent of the banks in the two intermediate-size groups—with capital accounts ranging from \$250,000 to \$3,999,999—incurred over \$12,000,000 of excess profits taxes in 1951, or slightly more than 50 percent of the total. Approximately 12 percent of the smaller banks—each with total capital accounts of less than \$250,000—incurred excess profits tax liabilities of about \$2,000,000, or 10 percent of the total. Most of the larger banks used the invested capital method for determining the excess profits tax credit, regardless of whether it was necessary to pay the tax, while practically all of the smaller banks used the minimum credit method. Among those banks in the intermediate-size groups which were subject to tax liability, about half used the income method, with the remaining number using invested capital. The majority of those not subject to tax used the invested capital method.

Reports from over the District and from adjacent states served by the southwestern regional Voluntary Credit Restraint committees indicate continued satisfactory cooperation among financial institutions and borrowers in furthering the objectives of this voluntary program. The four committees operating in the Southwest, composed principally of representatives of commercial banks, insurance companies, investment banks, and savings and loan associations, coordinate their activities with the National Voluntary Credit Restraint Committee for the purpose of applying a uniform set of principles nationally to applications for credits to finance specific undertakings. In general, the principles promulgated by these committees envisage voluntary restraint among both borrowers and lenders and the indefinite postponement of credits for nonessential or speculative purposes.

The results of the Voluntary Credit Restraint Program cannot be assessed in a precise manner, first, because the figures are not available and, second, because there is no way to determine to what extent both lenders and borrowers have been discouraged from making or seeking loans. Nevertheless, it is the opinion of those in the commercial banking, investment banking, insurance, and savings and loan institutions that the program has been effective in discouraging loans that might have been considered in the absence of the program.

Between February 20 and March 19, changes in the principal categories of assets and liabilities of the weekly reporting member banks in the Eleventh District included decreases in loans and investments and increases in cash assets and deposits. The reduction of loans and investments during the 4 weeks was more than offset by the net expansion in reserves, cash, and balances, with the result that resources rose \$35,003,000, or somewhat less than 1 percent, to a total of \$4,331,219,000.

The volume of loans declined slightly, with the over-all decrease amounting to only \$5,792,000. Real estate loans, con-

sumer-type loans, and loans for financing security transactions rose; but decreases in other categories, principally loans to banks, were somewhat more than offsetting. The demand for commercial and industrial loans was mixed during most weeks of the period, with manufacturers of petroleum and allied products, wholesale and retail trade establishments, and a group of miscellaneous borrowers increasing their outstanding bank indebtedness. On the other hand, approximately offsetting reductions were made by other firms, principally cotton dealers, sales finance companies, and construction firms. On March 19, loans were only slightly less than the record total of \$1,570,000,000 reported February 6.

CONDITION STATISTICS OF WEEKLY REPORTING
MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	March 19, 1952	March 21, 1951	February 20, 1952
Total loans (gross) and investments.....	\$2,862,715	\$2,642,871	\$2,904,371
Total loans—Net.....	1,542,286	1,465,349	1,548,067
Total loans—Gross.....	1,558,559	1,480,681	1,564,351
Commercial, industrial, and agricultural loans.....	1,084,948	1,022,439	1,085,496
Loans to brokers and dealers in securities..	7,915	9,491	7,660
Other loans for purchasing or carrying securities.....	57,541	55,544	55,639
Real estate loans.....	114,635	122,080	113,081
Loans to banks.....	549	1,810	10,884
All other loans.....	292,971	269,317	291,591
Total investments.....	1,304,156	1,162,190	1,340,020
U. S. Treasury bills.....	184,754	57,231	225,762
U. S. Treasury certificates of indebtedness...	167,112	0	162,571
U. S. Treasury notes.....	177,912	355,856	180,584
U. S. Government bonds (inc. gtd. obligations).....	609,464	585,092	605,995
Other securities.....	164,914	164,011	165,108
Reserves with Federal Reserve Bank.....	591,779	554,729	564,512
Balances with domestic banks.....	489,700	346,537	411,031
Demand deposits—adjusted ¹	2,412,725	2,229,319	2,337,890
Time deposits except Government.....	451,817	414,954	452,425
United States Government deposits.....	76,284	93,095	77,076
Interbank demand deposits.....	789,298	628,997	794,894
Borrowings from Federal Reserve Bank.....	0	1,000	3,200

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.

Investments of the weekly reporting member banks declined \$35,864,000, or somewhat less than 3 percent, during the 4 weeks, with sales or redemptions of Treasury bills more than accounting for the change. Holdings of other Government securities rose fractionally, on balance, reflecting principally the increase in certificates, while investments in municipals and other non-Government securities showed virtually no change. On March 19, Treasury bills accounted for about 14 percent of the total investments of these banks, as compared with approximately 5 percent on the comparable day last year. Higher bill yields, increased price flexibility in the Government securities market, and Treasury financing operations in the bill market largely account for the change.

Deposit trends during the 4 weeks included increases in both demand and time deposits of individuals, partnerships, and corporations. The expansion in the former accounted for about 95 percent of the increase of \$45,441,000 in total deposits. The increase in deposits of individuals and businesses, mostly in the week ended March 19, reflects in part rather heavy net expenditures in the District by the Treasury, the effects of which were not offset immediately by the collection of income tax checks and the transfer of funds to government accounts. Because of Treasury calls on the Tax and Loan

accounts, for payment on March 18 and 19, and the normal delay in clearing checks, government deposits rose only \$21,809,000 during the week ended March 19. Treasury deposits had been permitted to decline during the preceding 3 weeks. It is probable that the collection of income tax checks in the week ending March 26 will be reflected in a substantial reduction of individual and business deposits and an increase in government deposits. On March 19, total deposits of the weekly reporting member banks amounted to \$4,004,941,000, or about 1 percent higher than 4 weeks earlier.

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
February 1950...	\$5,617,162	\$661,292	\$2,660,793	\$420,111	\$2,956,369	\$241,181
February 1951...	6,108,995	648,772	2,951,883	395,551	3,157,112	253,221
October 1951...	6,361,591	681,258	3,017,115	373,996	3,344,476	307,262
November 1951...	6,592,874	686,144	3,101,804	376,802	3,491,070	309,342
December 1951...	6,753,139	706,327	3,170,047	390,143	3,583,092	316,184
January 1952...	6,779,455	714,332	3,162,301	391,577	3,617,154	322,755
February 1952...	6,567,846	721,578	3,030,813	395,992	3,537,033	325,586

Gross demand deposits of all member banks in the District averaged \$6,567,846,000 during February, or about 3 percent less than in January. On the other hand, time deposits rose \$7,246,000, continuing the upward trend that had prevailed in the preceding 10 months. The changes in deposits during February were more marked at some of the banks in the larger cities of the District, since reserve city banks ac-

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

(Amounts in thousands of dollars)

City	DEBITS ¹			DEPOSITS ²		
	February 1952	Percentage change from		February 29, 1952	Annual rate of turnover	
		Feb. 1951	Jan. 1952		Feb. 1952	Feb. 1951
ARIZONA						
Tucson.....	\$ 89,934	20	-5	\$ 107,343	10.1	9.7 10.8
LOUISIANA						
Monroe.....	42,686	11	-19	49,434	10.4	9.2 12.0
Shreveport.....	188,819	34	-9	200,497	11.4	9.1 12.1
NEW MEXICO						
Roswell.....	21,797	9	-24	28,373	9.1	9.1 11.8
TEXAS						
Abilene.....	48,369	4	-14	53,899	10.7	10.8 12.0
Amarillo.....	141,156	16	-#	110,219	15.1	14.5 14.8
Austin.....	166,106	10	-16	106,311	17.2	15.8 19.8
Beaumont.....	123,032	16	-5	100,882	14.8	13.6 15.4
Corpus Christi.....	131,223	29	-10	103,005	15.2	12.7 16.7
Corsicana.....	12,568	9	-20	22,324	6.7	6.4 8.3
Dallas.....	1,331,649	3	-15	1,029,538	15.7	17.0 18.4
El Paso.....	174,998	6	-9	149,208	14.2	14.5 15.6
Fort Worth.....	472,850	22	-9	383,622	15.1	13.8 16.7
Galveston.....	74,401	9	-9	100,945	8.8	8.3 9.7
Houston.....	1,491,303	22	-9	1,136,573	15.8	13.4 17.0
Laredo.....	21,419	15	-4	22,927	11.3	10.3 11.6
Lubbock.....	112,133	8	-17	100,783	13.0	12.5 14.9
Port Arthur.....	43,786	23	-12	44,661	11.8	10.4 13.4
San Angelo.....	40,645	-2	-4	51,180	9.2	9.6 9.2
San Antonio.....	372,308	16	-1	384,268	11.5	10.7 11.6
Texarkana ³	20,613	23	-3	24,481	10.1	8.2 10.1
Tyler.....	51,122	18	-10	53,701	11.4	10.2 12.4
Waco.....	66,762	3	-8	87,468	9.0	9.7 9.6
Wichita Falls.....	81,345	23	-10	104,370	9.2	8.3 10.1
Total—24 cities.....	\$5,321,024	14	-10	\$4,556,012	14.0	13.2 15.5

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 \$36,153,000 for the month of February 1952.

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

counted for about 61 percent of both the decrease in demand deposits and the increase in time deposits.

The volume of business transacted through banks in the Eleventh District, as reflected by debits to deposit accounts reported by banks in 24 major cities, was 10 percent lower in February than in January but 14 percent above the year-earlier total. The decrease in February reflects both the seasonal reduction in business activity and the smaller number of business days in the month. The decline in debits was general over the District, with each of the reporting cities showing a decrease within the range of less than 1 percent (Amarillo, Texas) to 24 percent (Roswell, New Mexico). The turnover of deposits, which reflects the annual rate of use of deposit accounts, was 14.0 in February, as compared with 15.5 in January and 13.2 in February, 1951.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	March 15, 1952	March 15, 1951	February 15, 1952
Total gold certificate reserves.....	\$ 714,742	\$ 530,655	\$ 653,176
Discounts for member banks.....	3,000	0	8,500
Industrial advances.....	20	0	16
Foreign loans on gold.....	0	0	0
U. S. Government securities.....	1,064,166	1,072,685	1,060,941
Total earning assets.....	1,067,186	1,072,685	1,069,457
Member bank reserve deposits.....	1,080,563	943,695	1,023,353
Federal Reserve notes in actual circulation.....	676,112	615,111	673,080

NEW PAR BANKS

The First State Bank, Rogers, Texas, an insured nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the par list on February 11, 1952. The officers are: R. B. McElroy, President; Earl D. Reed, Cashier; and Emil Schiller, Assistant Cashier.

The Richland State Bank, Rayville, Louisiana, an insured nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the par list on March 10, 1952. The officers are: Fred Morgan, President; James R. Craig, Cashier; F. B. Hatch, Jr., Assistant Cashier; and B. L. Waite, Assistant Cashier.



Industrial activity in the Eleventh District increased moderately from February to March, approximately in line with the usual seasonal pattern. Activity expanded in a number of defense-type industries, such as ordnance, primary metals, fabricated metals, machinery, chemicals, and shipbuilding and repairs, as well as in apparel and food processing. Heavy construction for defense industries and for the Armed Forces increased, as did oil production, sulphur mining, and various other nonmanufacturing activities. The cement, carbon black, natural gasoline, and cottonseed products industries also were operating at relatively high levels. However, there was a slower tempo in production of aircraft and some other types of defense materials, as well as in textile mill activity.

The industrial gains in the District are reflected in the rise of nonfarm employment in March to approximately the level of last November, which was second only to the December record. Nonfarm employment in March was about 4 percent higher than a year ago, with recent gains reported in most of the leading cities of the District; there were declines in San Antonio and Amarillo, which resulted from completion of a number of defense construction projects in those areas, while in Texarkana a layoff of workers in lumbering more than offset increases in defense lines.

A rise of unemployment early in 1952 was partly seasonal and partly the result of lower-than-usual farm employment in many drought-stricken parts of Texas. The indefinite postponement of the nationwide oil refinery strike removed for the present a serious threat to employment and economic activity in this District, where some 50,000 persons are employed in oil refineries, with at least 120,000 more engaged in other phases of the oil and gas industry.

After a decline of three consecutive months, crude oil production in the District rose in February to a record 3,194,000 barrels per day, or 5 percent more than in January and 11 percent above a year ago. The further increase of allowables in March—by 56,000 barrels per day in Texas and 6,000 barrels per day in Louisiana—ushered in a still higher record output. These gains in the District account for the larger part of the increases that occurred in the Nation during both February and March. On April 1, however, the upward movement will be reversed when Texas allowables are reduced by 115,000 barrels daily from the March 15 level, or 88,000 barrels daily from the March 1 rate. This will more than offset a 3,000-barrel-per-day increase in Louisiana allowables.

CRUDE OIL PRODUCTION

(Barrels)

Area	February 1952		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Feb. 1951	Jan. 1952
ELEVENTH DISTRICT				
Texas R. R. Com. Districts				
1 South Central.....	958,800	33,062	1,066	656
2 Middle Gulf.....	4,923,350	169,770	14,406	9,957
3 Upper Gulf.....	14,460,450	498,636	20,663	23,044
4 Lower Gulf.....	7,723,750	266,336	23,007	15,189
5 East Central.....	1,813,150	62,523	15,502	10,258
6 Northeast.....	11,576,750	399,198	19,169	6,523
East Texas.....	7,863,300	271,148	-795	2,787
Other fields.....	3,713,450	128,050	19,964	3,736
7b North Central.....	2,562,600	88,366	10,725	4,266
7c West Central.....	4,114,750	141,888	55,386	11,904
8 West.....	29,152,650	1,005,264	138,994	66,054
9 North.....	4,708,450	162,360	15,026	4,744
10 Panhandle.....	2,411,950	83,171	-6,765	-363
Total Texas.....	84,406,650	2,910,574	307,179	152,232
New Mexico.....	4,522,050	155,933	21,276	4,207
North Louisiana.....	3,708,200	127,870	-1,451	-73
Total Eleventh District.....	92,636,900	3,194,377	327,004	156,366
OUTSIDE ELEVENTH DISTRICT.....	91,610,150	3,158,970	94,772	2,001
UNITED STATES.....	184,247,050	6,353,347	421,776	158,367

SOURCE: Estimated from American Petroleum Institute weekly reports.

Refinery activity as indicated by crude oil runs to stills averaged 1,962,000 barrels per day in the District during February, or fractionally less than in January but 7 percent above a year earlier. These changes in the District contributed to similar changes at the national level. Toward the end of February and during the first week of March there was some stepping-up of refining, in order to accumulate stocks of products for use if the refinery strike were to take place.

The postponement of the strike reduced this incentive toward a high rate of activity.

During the 6 weeks ended March 15, national stocks of the three major types of burning oils were drawn down by 21,000,000 barrels, or about 18 percent, in line with the usual seasonal excess of consumption over new supply. On the other hand, gasoline stocks in the Nation increased by 10,000,000 barrels to reach a record of 146,000,000 barrels, the result of the high level of refinery output and the seasonally low rate of consumption of this product. Crude oil stocks changed little in the District and declined only 2,000,000 barrels in the Nation. Stocks of crude oil, gasoline, kerosene, and light fuel oil are decidedly more ample than a year ago, but stocks of residual fuel oil are somewhat lower.

Drilling activity, as indicated by well completions in the first 2 months of 1952, is running appreciably ahead of last year in both the Nation and the District, with the Spraberry trend accounting for an appreciable proportion of these increases.

CRUDE PETROLEUM AND NATURAL GAS LIQUIDS:
ESTIMATED PROVED RESERVES

(Amounts in millions of barrels)

Area	Reserves Jan. 1, 1951	New supplies developed in 1951		Production in 1951	Reserves Jan. 1, 1952	Change in reserves	
		Extensions and revisions	Discoveries			Amount	Percent
Louisiana.....	2,829	336	59	254	2,970	141	5
New Mexico..	686	108	10	62	742	56	8
Oklahoma.....	1,677	288	34	211	1,788	111	7
Texas.....	16,078	3,002	249	1,137	18,192	2,114	13
Total Eleventh District states	21,270	3,734	352	1,664	23,692	2,422	11
Other states..	8,266	939	113	817	8,501	235	3
United States..	29,536	4,673	465	2,481	32,193	2,657	9

SOURCES: American Petroleum Institute.
American Gas Association.

The estimated proved reserves of crude oil plus natural gas liquids in the states of this District rose to 23,692,000,000 barrels on January 1, 1952, a gain of 11 percent from a year earlier, according to estimates just released by the American Petroleum Institute and American Gas Association. National reserves rose to 32,193,000,000 barrels for a 9-percent gain, as shown in an accompanying table. New supplies developed in the states of this District during 1951 amounted to 4,086,000,000 barrels, or considerably more than the 1,664,000,000 barrels produced in the same year. In the Nation new supplies developed amounted to 5,138,000,000 barrels, compared with a production of 2,481,000,000 barrels. However, most of these new supplies represent extensions and revisions in existing fields. Reserves in the states of this District amounted to 74 percent of the national total, with Texas alone accounting for 57 percent, and Louisiana, 9 percent.

The estimated proved reserves of natural gas in the states of this District rose to 158,052,000,000,000 cubic feet on January 1, 1952, for a gain of 6 percent from a year earlier, as shown in an accompanying table. The 66-percent gain in New Mexico is especially impressive. Outside of this District there was a small decline, so that reserves in the Nation rose only 4 percent, or to 193,812,000,000,000 cubic feet. New

supplies developed in the states of this District during 1951 amounted to 14,600,000,000 cubic feet, but only 2,585,000,000,000 represent new discoveries—an amount less than half of production during the year. In the Nation new supplies developed totaled 16,053,000,000,000 cubic feet; discoveries, 3,039,000,000,000 cubic feet. Reserves in the states of this District accounted for 82 percent of the national total, with Texas alone accounting for 55 percent and Louisiana, 15 percent.

NATURAL GAS: ESTIMATED PROVED RESERVES

(Amounts in billions of cubic feet)

Area	New supplies developed in 1951			Production in 1951	Reserves Jan. 1, 1952 ¹	Change in reserves	
	Reserves Jan. 1, 1951	Extensions and revisions	Discoveries			Amount	Percent
Louisiana.....	28,533	1,148	481	1,157	29,005	472	2
New Mexico..	6,991	4,786	132	316	11,590	4,599	66
Oklahoma....	11,634	769	118	727	11,804	170	1
Texas.....	102,404	5,312	1,854	3,918	105,653	3,249	3
Total Eleventh District states	149,562	12,015	2,585	6,118	158,052	8,490	6
Other states..	36,031	999	454	1,849	35,760	-271	-1
United States.	185,593	13,014	3,039	7,967	193,812	8,219	4

¹ Reflects net changes in underground storage of —3 in New Mexico, 10 in Oklahoma, 1 in Texas, 125 in other states, and 133 in the United States.

SOURCE: American Gas Association.

The value of construction contracts awarded in the District during February rose about 10 percent above the January total and amounted to \$88,000,000. Residential awards, which amounted to \$33,000,000, were down about 7 percent during February, while nonresidential awards rose to \$55,000,000, up 22 percent. The nonresidential figure reflects a number of large industrial, utility, military, and public building projects. As compared with the February 1951 record, however, both residential and nonresidential awards were down 45 percent.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	February 1952p	February 1951	January 1952	January—February	
				1952p	1951
ELEVENTH DISTRICT..	\$ 88,206	\$160,951	\$ 79,999	\$ 168,205	\$ 264,105
Residential.....	32,978	60,808	35,424	68,402	118,214
All other.....	55,228	100,143	44,575	99,803	145,891
UNITED STATES¹....	885,206	1,140,527	902,091	1,787,297	2,183,775
Residential.....	396,438	531,146	337,721	734,159	952,064
All other.....	488,768	609,381	564,370	1,053,138	1,231,711

¹ 37 states east of the Rocky Mountains.

p—Preliminary.

SOURCE: F. W. Dodge Corporation.

Late in February and early in March the outlook for construction improved somewhat as the result of a series of relaxations of controls over materials used in public, commercial, industrial, and residential building. Moreover, a number of public and commercial projects which previously had been held up by the National Production Authority were reconsidered and certified. These steps were taken following the easing of the steel and aluminum and, to a lesser extent, copper supply situations as the result of increased production of these materials and the lag in defense requirements below earlier schedules.

BUILDING PERMITS

City	February 1952		Percentage change in valuation from		2 months 1952		Percentage change in valuation from 2 months 1951
	Number	Valuation	Feb. 1951	Jan. 1952	Number	Valuation	
LOUISIANA							
Shreveport....	300	\$ 1,345,704	18	20	584	\$ 2,463,121	-36
TEXAS							
Abilene.....	106	342,855	-64	-45	199	963,355	-47
Amarillo.....	428	2,617,555	26	41	797	4,475,686	-4
Austin.....	277	3,401,335	28	130	520	4,881,470	-21
Beaumont....	211	832,301	34	-30	490	2,013,224	29
Corpus Christi..	363	1,225,305	-57	1	704	2,438,834	-69
Dallas.....	1,887	8,140,590	18	32	3,475	14,284,513	-38
El Paso.....	419	3,812,331	99	353	664	4,654,211	24
Fort Worth....	861	2,860,668	-69	-4	1,534	5,852,956	-56
Galveston....	99	303,308	153	44	240	513,715	33
Houston.....	913	8,119,867	-44	-12	1,869	17,350,899	-47
Lubbock.....	345	1,637,032	29	45	615	2,762,185	-18
Port Arthur....	133	175,185	-35	-32	276	432,897	-38
San Antonio..	1,389	3,739,097	86	20	2,732	6,855,493	-21
Waco.....	459	2,210,525	36	73	806	3,488,350	13
Wichita Falls..	67	3,223,074	784	-48	188	9,469,234	*
Total.....	8,257	\$43,986,732	-9	13	15,693	\$82,900,143	-28

* Over 1,000 percent.

Cement production in Texas amounted to 1,585,000 barrels in January, down 1 percent from the previous month but 12 percent more than in January of last year, according to the latest reports available. Shipments from cement mills amounted to 1,641,000 barrels, exceeding production and representing a gain of 18 percent from a year ago. The high level of cement shipments reflects the rise of heavy construction activity in the Southwest, especially military and defense plant projects. In the Nation, output was 2 percent below a year earlier, while shipments were up 4 percent.

COTTONSEED AND COTTONSEED PRODUCTS

Item	TEXAS		UNITED STATES	
	August 1 to January 31		August 1 to January 31	
	This season	Last season	This season	Last season
COTTONSEED (tons)				
Received at mills.....	1,320,441	947,139	5,121,906	3,251,733
Crushed.....	1,001,320	857,076	3,691,454	2,698,423
Stocks, end of period.....	386,912	297,854	1,514,646	837,810
COTTONSEED PRODUCTS				
Production				
Crude oil (thousand pounds)	313,569	266,596	1,152,172	854,838
Cake and meal (tons).....	483,862	398,591	1,714,124	1,205,806
Hulls (tons).....	227,208	200,753	825,484	617,733
Linters (running bales).....	313,676	258,849	1,177,605	892,663
Stocks, end of period				
Crude oil (thousand pounds)	31,929	15,884	109,001	45,739
Cake and meal (tons).....	19,289	54,122	56,737	199,134
Hulls (tons).....	11,285	26,458	40,166	87,516
Linters (running bales).....	49,737	69,784	247,369	232,603

SOURCE: United States Bureau of the Census.

Military prime contracts let in the five southwestern states in the last half of 1951 amounted to \$821,000,000, which represents 6 percent of the national total, with Texas alone accounting for 5 percent. If subcontracts were added, the figure would be substantially higher, since the Southwest has many small manufacturing plants. These percentages are appreciably above figures for the first 12 months after Korea. The total of such contracts in the five states during the July 1950-December 1951 period is \$1,830,000,000. This includes \$194,000,000 of petroleum products contracts, which is 30 percent of the petroleum products total for the Nation.