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BROILER PRODUCTION IN THE ELEVENTH DISTRICT

Commercial broiler production in the Eleventh Federal Reserve District has had a phenomenal rate of growth during the past decade. Since 1940, annual production has risen from 9,000,000 birds to more than 61,000,000 birds, or 570 percent. This multiple increase in broiler production, reflecting the increased consumer demand for poultry meat, has been accompanied by a rapid expansion in production of hatching eggs, an increase in output of broiler chicks by commercial hatcheries, an increase in production of high-quality poultry feeds, marked improvement in poultry management, the development of new measures for disease control, an expansion of poultry processing facilities, and an extension of marketing and distribution channels.

The broiler industry, including production, processing, and distribution, is rapidly becoming an important source of income in many parts of the Eleventh District. Commercial broiler production in the states of the District returned to growers in 1951 a cash income of around $51,000,000, or more than was obtained from the production of such other farm commodities as farm chickens, mohair, turkeys, corn, oats, hay, or peanuts. Broiler raising is one of the more important sources of farm income in many counties of the District, including McLennan, Gonzales, Nacogdoches, Shelby, Angelina, San Augustine, Cherokee, Rusk, and Sabine Counties, Texas; Pima County, Arizona; Choctaw County, Oklahoma; and DeSoto and Lincoln Parishes, Louisiana.

The broiler industry in the District has grown so fast during the past decade that questions sometimes are raised concerning its long-term soundness. Some bankers, feed dealers, and others engaged in financing the broiler business have expressed anxiety with regard to the wisdom of helping to promote further development and expansion of the industry. They are concerned lest the production of broilers greatly exceed the demand, or the rapidity of expansion be at the expense of efficiency, with ultimate losses to producers and creditors alike. Many others are enthusiastic as to the long-run future and profit possibilities of this industry. The following pages of this article indicate that the outlook for the industry is generally good, in view of the growing demand for broilers and the increasing efficiency with which they are produced and marketed.

GROSS FARM INCOME FROM BROILERS[1]

Four Southwestern States[2]

(In thousands of dollars)

Year	Arizona	Louisiana	Oklahoma	Texas	Total 4 states
1934	—	108	450	510	1,068
1935	32	132	539	720	1,423
1936	60	147	684	900	1,791
1937	92	208	729	1,080	2,109
1938	134	202	768	1,440	2,544
1939	161	187	666	1,500	2,514
1940	226	248	595	2,448	3,517
1941	323	314	476	3,168	4,281
1942	504	629	497	5,683	7,313
1943	787	1,003	675	8,395	10,860
1944	517	1,057	583	7,540	9,697
1945	678	1,240	858	9,245	12,021
1946	566	1,174	607	9,468	11,815
1947	517	1,326	718	8,748	11,309
1948	837	1,738	998	14,148	17,721
1949	875	2,358	1,513	20,485	25,231
1950	1,033	1,750	2,160	25,868	30,811
1951	1,085	3,912	4,295	42,343	51,635

[1] Includes home consumption, which is less than 1 percent of total production.
[2] There is some scattered production in New Mexico, but no official estimates are available.
SOURCE: United States Department of Agriculture.

Commercial Broiler Versus Farm Chicken

Twenty years ago most of the chicken meat produced and consumed came from surplus cockerels and birds culled from laying flocks. At that time, laying hens in the United States averaged only about 90 to 95 eggs per hen per year, but in 1951 layers averaged 145 eggs each. As improvements in poultry developed, there were fewer laying hens in relation to egg output, and, relative to the growing number of consumers, there was less and less poultry meat available from the laying flocks. Commercial broiler raising, therefore, was started to fill that "gap."

The growth of the commercial broiler industry has been accompanied by the development of a new kind of chicken—the broiler chicken. Poultry breeders, in effect, have redesigned the chicken in recent years and have come up with what they enthusiastically describe as a new balloon-breasted model. No longer a leftover from the laying flock, it is an

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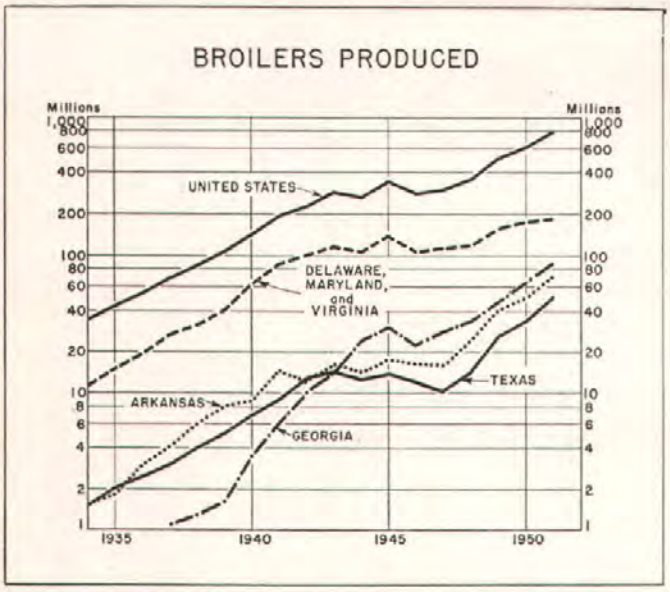


entirely new bird—a superior meat-type chicken. It has a deep, broad breast, plumper thighs, drumsticks the shape of bowling pins, and more meat in relation to bone throughout. It also has fewer pinfeathers, is uniform in size, faster growing, and makes more efficient use of feed than does the common-type farm chicken.

This new kind of chicken also fits well into the farmers' production line. By feeding birds to market size in 9 to 11 weeks, growers can turn out three or four crops a year and make full use of buildings and equipment. Broilers also are rated high in efficiency of grain consumption. Many producers get an average of a pound of meat to 3 to 3½ pounds of feed; some do even better than that. Broilers are produced in houses under conditions of close confinement and, as a result, stay more tender and do not "run off" their gain.

Trends in Broiler Production

United States broiler growers last year produced a record 791,000,000 birds, according to estimates compiled by the United States Department of Agriculture; production in 1952 is expected to set a new record of some 850,000,000 to 900,000,000 birds. Production is heavily concentrated in several areas, the most important through 1951 being the Del-Mar-Va section. This area, which is comprised of parts of Delaware, Maryland, and Virginia, last year produced about 160,000,000 birds; other areas in these same states produced about 26,000,000, bringing the 3-state total to 186,000,000.

At the present time, however, Georgia is feeding more broilers than Del-Mar-Va, according to reports on weekly broiler chick placements on farms; producers in the latter area have curtailed production, due partly to the presence of a poultry disease called *air sac*, which is causing heavy losses. In second place last year, Georgia farmers produced about 87,000,000 broilers.

Two states competing for third place are Arkansas and Texas, which in 1951 produced 69,800,000 and 50,400,000 broilers, respectively. Texas has gained third place in the first half of 1952, as indicated by broiler chick placement reports. Other important producing areas are in North Carolina, California, Missouri, Maine, Connecticut, Florida, Indiana, Alabama, and Mississippi.

Broiler production in the Eleventh District is heavily concentrated in Texas around Waco, Gonzales, and Nacogdoches-Center, as shown on the accompanying map. Of the 61,397,000 broilers produced in the states of the District in 1951, Texas accounted for about 50,408,000, or 82 percent. The estimates of broiler production by states are based on commercial hatchery output of broiler chicks, with adjustments for known in-shipments or out-shipments, and there are no official estimates of commercial broiler production in the respective producing areas.

Local estimates, however, reflecting the consensus of a large number of feed dealers, hatcherymen, and processors, indicate that production of broilers in the Waco area in 1951 totaled about 6,000,000 to 7,000,000 birds. Estimates of production in the Gonzales area, although varying widely, seem to center around an output of 16,000,000 to 18,000,000. Output in the Nacogdoches-Center area is placed at about 18,000,000 to 20,000,000, leaving some 8,000,000 to 10,000,000 scattered from the Rio Grande to the Red River, mostly in the eastern half of the State. Production centering around Paris, Texas, extends over into southeastern Oklahoma. Since 1950, there has been a rapid growth of production in Louisiana, with output in the northern part of the State centered around Ruston but extending east and west along U. S. Highway 80. There is an extension of the Center, Texas, area over into Louisiana as far as Natchitoches. There is also an area of production around Tucson, Arizona.

BROILERS PRODUCED

Four Southwestern States[1]

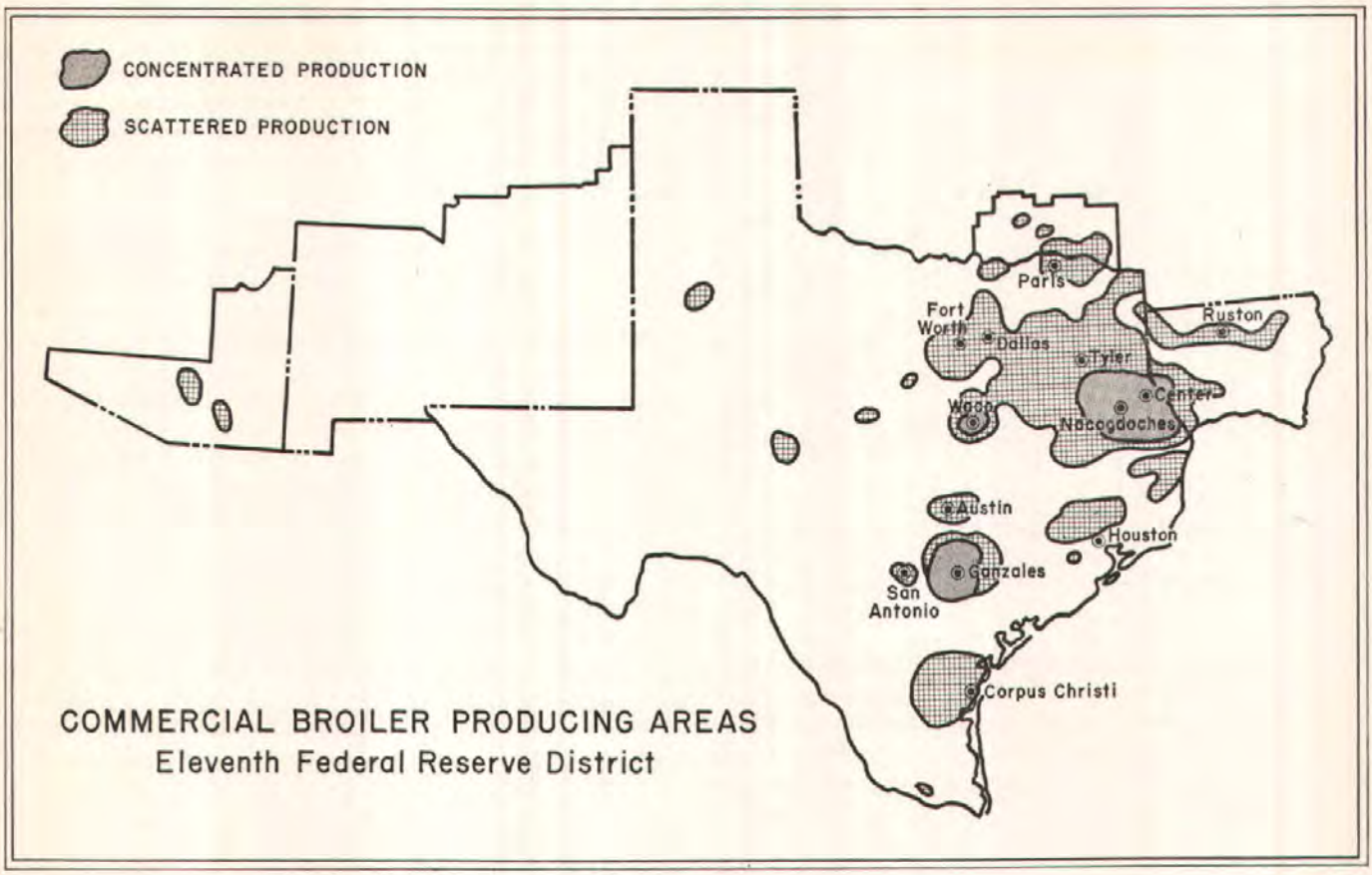
(In thousands)

Year	Arizona	Louisiana	Oklahoma	Texas	Total 4 states
1934	—	250	1,000	1,500	2,750
1935	50	300	1,100	2,000	3,450
1936	100	350	1,200	2,500	4,150
1937	140	400	1,350	3,000	4,890
1938	280	450	1,450	4,000	6,180
1939	280	500	1,600	5,000	7,380
1940	360	600	1,400	6,800	9,160
1941	450	700	1,100	8,800	11,050
1942	610	1,100	900	12,300	14,910
1943	793	1,540	1,000	14,400	17,733
1944	476	1,232	800	12,600	15,108
1945	738	1,540	1,000	13,860	17,138
1946	517	1,309	800	12,474	15,100
1947	450	1,244	704	10,603	13,001
1948	729	1,617	1,056	14,208	17,610
1949	838	2,426	2,006	25,290	30,560
1950	1,048	2,146	2,909	33,383	40,130
1951	1,100	4,507	5,382	50,408	61,397

[1] There is some scattered production in New Mexico, but no official estimates are available.
SOURCE: United States Department of Agriculture.

Farm Prices of Broilers

Broiler prices in the Eleventh District in the postwar years naturally have shown some increase, although they are low



in comparison with farm commodities generally and with meat animals in particular; there have been short periods of market instability during which prices of broilers dropped to very low levels, as in late April and early May of this year. In Texas, for example, prices of all farm commodities in 1951 averaged almost 260 percent above the 1940 level; beef cattle and lambs were up over 300 percent, and hogs were 280 percent higher, while broiler prices were up only 67 percent.

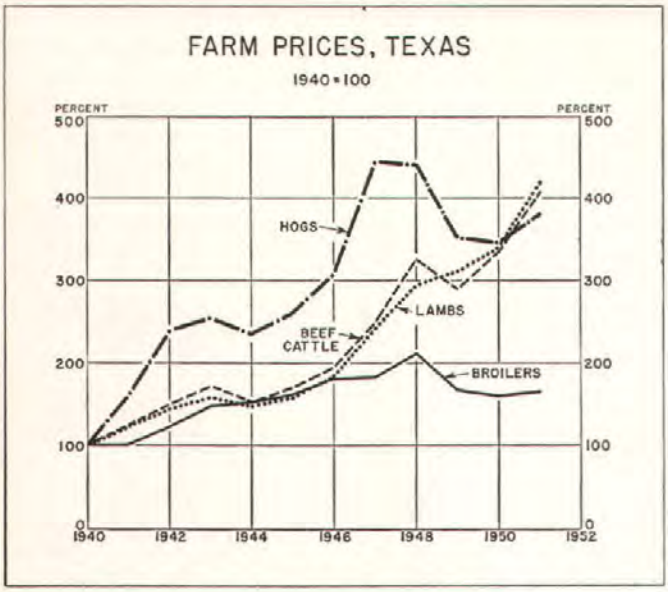
An explanation of these different levels of prices leads back to the increased efficiency in broiler production discussed previously. As growers have produced more and more pounds of broiler with a given poundage of feed and, at the same time, cut sharply the losses from disease, the production costs per pound of broiler have declined steadily relative to the costs of producing a pound of beef, lamb, or pork. Broiler growers have multiplied production to such an extent that market prices of broilers have been held down nearer the cost-of-production level, with the result that much of the benefit from increasing production efficiency has been passed on to the consumer. Beef cattle, lambs, and hogs have not shown such a marked increase in efficiency of feed consumption; moreover, had they done so, production of these animals could not have been expanded as rapidly as the output of broilers because of the longer production period required.

Broiler prices have a number of other distinguishing characteristics. They generally hold rather steady but are subject to occasional short periods of marked instability. For example, prices in Texas in early April of this year were around 26 cents per pound for first-quality birds. Within a few days the price dropped to 18 cents, held for several days, and then rose to 28 cents.

The real causes of such price changes are somewhat obscure, but the volume of production in relation to demand unquestionably is an important factor. During April and early May the volume of broilers ready for the market was running at an all-time high. Since broilers are a perishable product that must be marketed when the desired bird weight is reached, a heavy overhanging supply of birds may have a temporary depressing effect on market prices.

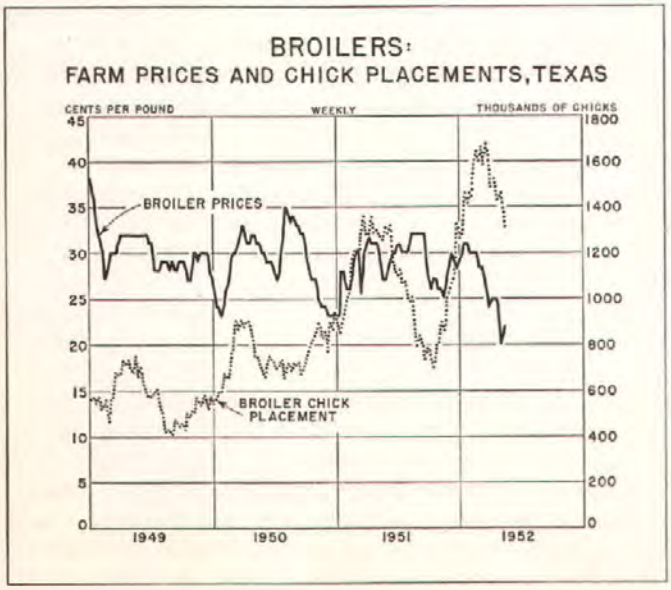
Price irregularities also may reflect the efforts of buyers to adjust their stocks and operations to the supply-demand relationship that they foresee. During the first quarter of this year, for example, as processors anticipated a large flow of production to the market, they tended to reduce substantially their holdings of dressed and frozen poultry in anticipation of the decline in broiler prices that might be expected under conditions of temporary excessive supply. Factors such as these, working both at the production and marketing levels, probably contributed to the market weakness that occurred in late April and early May.

With broiler production growing so rapidly and broiler prices affected by many factors other than production, it is difficult to point to any definite seasonal price pattern. At least a seasonal pattern is too indefinite to be of much benefit to broiler producers in planning their operations. It is true, however, that broiler prices tend to be lower in October, November, December, and early January than the

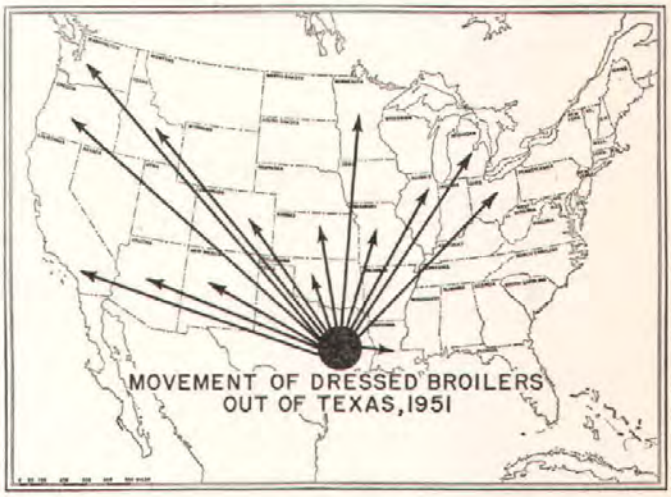


supply of broilers would indicate (as shown in figures on placement of broiler chicks on farms), but the supply of broilers at that season of the year is supplemented by the seasonally heavy marketing of farm chickens. Likewise, the greater consumption of turkey meat during the holiday season increases the competition which chicken meat faces in the market during late November and December.

Apart from the tendency for broiler prices to be low in the fourth quarter of the year, low or high prices in other months seem to shift from year to year, depending on the placement of chicks on farms in the commercial broiler areas. Of course, there is a dual relationship between broiler placements and broiler prices, in that changes in numbers of broiler chicks placed on farms weekly may cause opposite changes in prices of broilers 9 to 12 weeks later, while changes in prices may cause parallel changes in placements for several weeks.



The principal areas of competition with Texas in the broiler business are Arkansas, Mississippi, and Georgia. Their distribution zones overlap to a marked extent; and as growers in each of these four states compete in many of the same markets, their prices should be comparable, allowing for differences in costs of transportation. Arkansas has shipped many broilers to Texas in past years, although Texas consumption of Arkansas broilers has declined considerably. Okahoma and Louisiana send broilers in, primarily because of the lack of processing facilities in border areas. Some Mississippi and Georgia broilers have been marketed in Texas at times. Furthermore, as dressed broilers from some of the larger poultry processing plants in Texas are marketed by national food distributing organizations, producers in the State compete in many western and midwestern states. Direct shipments by Texas processors are made to a large number of states, as shown in an accompanying map.



Financing Broiler Production

Most of the financing of broiler production during the early years of the industry's development in the District was by feed dealers, working with their respective feed companies. It was a rather common practice for the grower to provide the house; the dealer would provide the chicks and feed, sell the birds for the grower, and deduct the chick and feed bill, interest charges, and other costs from the returns to the producer.

During the past 5 years, commercial banks in some of the newer broiler-producing areas have participated in the financing of broiler production. The methods used for handling this paper have varied within rather wide limits. In most cases, financing has been done through the feed dealer, with the bank discounting the producer's notes made out to the feed dealer. This method of handling the loans gives additional security to the paper if it is handled by a reputable dealer. It also enables the bank to build up a sufficient volume of broiler paper to make the operation worth while.

In other instances, broiler producers have borrowed directly from their banks for the purchase of feed and certain

other expenses incident to the production of broilers. In most cases, this type of loan has been limited to producers who could show a satisfactory net worth statement and who had sufficient collateral other than the broilers for securing the loan. A number of loans for the construction of broiler houses have been made by commercial banks under the provisions of Title I of the National Housing Act.

Although there are wide variations in the methods of handling broiler paper, there are certain principles or guides that should be considered in connection with loan applications for the production of broilers:

1. The producer should have the house and equipment and should give evidence of being a good farm manager. If it is necessary to advance funds for housing, it should be done on a separate loan, with the terms of the loan adapted to the particular situation.

2. Bankers who have not had experience in handling broiler loans should work closely with a reputable feed dealer. Such a dealer should be handling high-quality feed, should be able to assist the grower in selling his birds, and should have a substantial equity in his own business. Some banks insist that the dealer carry 50 percent of the credit outstanding on any one batch of birds, but other banks have advanced a larger proportion of the cost.

3. The bank should make certain that technical assistance in feeding and in disease control will be provided the grower by the feed dealer, the county agricultural agent, or other local specialists who are qualified to render such service. The average farmer is not prepared to diagnose disease outbreaks or to analyze carefully the progress of the birds.

4. The producer should have some equity in each group of birds. Often, he is required to pay for the chicks upon delivery. Credit is then extended for subsequent production costs, primarily feed and medical expenses.

A chattel mortgage is always taken on the birds and usually on other livestock or on equipment held by the broiler producer. As in any bank loan, the integrity of the borrower —and, in the case of broiler loans, the feed dealer—is of utmost importance.

The market break in late April is a recent reminder to persons in the broiler industry that they can expect losses as well as profits. Many old-time producers expect to lose money on one group of birds each year, break even on another group, and make a profit on the two remaining groups. Bankers who enter into the financing of broiler production might keep in mind that there may be certain seasons when paper cannot be paid off at maturity without liquidating the producer; if he is properly equipped and knows how to handle the birds, filling the houses again may be the best procedure.

Hatchery Operations

Even before the large expansion in broiler production in the Eleventh District, the poultry industry was a leading enterprise in this area. Until only several years ago, Texas was one of the top two or three states in the Nation in the production of eggs. Texas also has been one of the leading producers of farm chickens. Because of the demand for chicks to supply commercial egg producers and farmers generally, commercial hatchery operations in Texas had reached sizable proportions even before the development of the broiler industry. Hatcheries have merely shifted a major part of their production from chicks for farm flock replacements to broiler chicks. Meanwhile, there has been a tremendous expansion in hatchery facilities—both enlargement of existing facilities and erection of new hatcheries.

Most of the larger commercial hatcheries producing broiler chicks in the District are located within broiler producing areas or in hatchery egg producing areas. Those in Texas produced 50,725,000 broiler chicks last year, according to reports of the Bureau of Agricultural Economics in Austin. This represents about 90 percent of the 56,661,000 broiler chicks placed on Texas farms during the year. The remaining 5,936,000 came principally from Arkansas and Missouri, although some were shipped from such states as Oklahoma, Iowa, Illinois, Mississippi, and Michigan. Texas hatcheries also produced some 31,000,000 chicks last year for farm flock replacements, for a total chick output of about 82,000,000. Hatcheries in Oklahoma produced 20,800,000, while Louisiana hatcheries accounted for 7,235,000. Arizona and New Mexico produced around 1,000,000 chicks each.

The full extent to which Texas hatcheries have contributed to the rise of the broiler industry is not told in statistics on production of broiler chicks, however. Leading hatcheries have played an important part in the increase in production of hatching eggs, and especially in the breeding of improved broiler chicks. Several hatcheries now own large laying flocks which produce disease-free chicks. One firm has 100,000 pullets which were started in the fall of 1951 for laying eggs in the summer and fall of 1952. There is, of course, still an influx of hatching eggs from other states, notably Iowa, Minnesota, Missouri, Michigan, Nebraska, and Illinois, although the number brought last year from most of these states was relatively small.

Broiler Processing

As with the output of baby chicks, the poultry processing industry in the Eleventh District was an important business 10 or more years ago. However, with the growth of the broiler industry, there has been a shift to processing of broilers in the older plants, while new plants have been and are being built in a number of towns and cities in the area.

The poultry processing plants in the District are mostly in an area bounded by Dallas, Fort Worth, Waco, Austin, San Antonio, Gonzales, Houston, Center, Tyler, and Terrell, Texas. Tyler has a plant reported to be one of the largest poultry dressing plants in the Southwest. A new plant under construction at Center, Texas, will be one of the largest in the Nation, equipped to handle 100,000 broilers per week, with space for installing equipment to handle an additional 100,000 weekly when the supply becomes available.

Texas broiler growers last year produced some 141,000,000 pounds of broilers, and virtually all of these birds were dressed in processing plants in the State. Moreover, Texas farmers sold about 32,000,000 pounds of farm chickens, the greater part of which was processed through these plants. There were several million pounds of broilers brought into Texas from border areas of Oklahoma and Louisiana last year for processing.

In so far as the Eleventh Federal Reserve District is concerned, most of the poultry processing facilities are in Texas, where most of the broilers are grown. There are a few relatively small plants in northern Louisiana, southern New Mexico, and southeastern Arizona which help supply the local demand for poultry meat.

Producing Broilers Efficiently

A 3-pound bird in 9 weeks, with less than 9 pounds of feed, has become the goal of most producers of commercial broilers in the District. Many growers fall short of this goal, while a few exceptionally efficient operators have been able to reduce the amount of feed to less than 8 pounds for each 3-pound bird. The accompanying table shows standards of efficiency that can serve as guides to producers in appraising their own operations. These standards are estimates, based on opinions of men working with the industry and thoroughly familiar with the operations of broiler producers.

STANDARDS OF EFFICIENCY IN COMMERCIAL BROILER PRODUCTION

	Excellent	Average
Pounds of feed required per pound of broiler produced	2.6	3.0
Pounds of feed required per bird (to 3 lbs.)	7.8	9.0
Number of weeks for birds to reach 3 lbs.	9	10½
Percent mortality	2	5
Birds cared for per man	25,000	12,000
Birds produced annually per man	100,000	36,000

The first requirement for efficient production of broilers is the willingness of the producer to work with chickens and to devote the time needed for their proper care. From 75 to 125 man-hours are required for the production of each 1,000 birds. In practice, this means that about 2 hours will be required each day to care for even the minimum-size broiler unit (generally considered to be 3,000 birds). The birds must be given attention each day, and preferably twice a day. They cannot be left for 2 or 3 days at a time, even though automatic feeding and watering equipment is being used.

The second requirement for producing broilers is suitable housing and equipment. In general, from ¾ to 1 square foot of floor space is required per bird. In addition to the housing, a number of feeders and waterers will be required. Attempts to economize on these items usually result in slower gains and more feed consumed for each pound of broiler produced. Usually, 15 4-foot chick feeders are required for each 1,000 birds, and after 4 weeks of age these should be replaced with 25 4-foot broiler feeders. Waterers should be placed around the house so that the chicks do not have to walk more than 10 feet to get water. Automatic waterers are in common use throughout the District, frequently supplemented by the glass jar-type of waterer, especially when the chicks are young. At today's prices, housing and equipment cost about $1.00 per bird capacity. If construction material is available on the farm and if considerable labor can be contributed by the farmer, this cost may be reduced substantially.

A third problem that should be settled before purchasing chicks is the selection of a market. When the birds reach maturity, they must be sold quickly—usually within a period of 3 or 4 days—if the producer is to avoid loss. In many areas the birds are contracted for sale at the time the chicks are purchased. This assures an outlet when the birds are ready to go. However, if there are regular market outlets in the community, with sufficient buyers to assure prompt movement of the birds from that area, it may not be necessary to contract their sale prior to the time they are ready to be moved.

If these three requirements are met, the potential broiler producer is ready to buy his chicks. He should purchase only healthy, broiler-strain chicks guaranteed to be free of pullorum disease. Many different breeds and crossbreeds of chicks are on the market, and the recommendations of local agricultural specialists should be followed if the broiler producer is not familiar with these breeds. In many cases, the breed best suited to a particular area will depend somewhat upon the market demands in that community.

After the chicks are placed in the houses, they should be fed high-quality feeds containing all the essential food elements, plus vitamins, antibiotics, and certain preventive medicines. They should be given ample amounts of water and watched carefully for signs of disease. The first few days that the birds are in the house are often critical days from the standpoint of mortality. A sharp drop in temperature, overcrowding of the birds, and unusual excitement or noise can cause severe losses that eliminate the possibility of profit from that particular group of birds.

It is difficult to arrive at accurate figures regarding the cost of producing broilers, since no cost studies have been made recently in this area, but an accompanying table gives a general indication of the distribution of costs and the actual dollar values, using prices which prevailed in April 1952. Cost of chicks is a rather stable figure, and the cost per pound of feed has not fluctuated a great deal in the past several years. However, the cost of litter, while a minor item in the total, does vary considerably from area to area, ranging as high as $50 per 1,000 birds. In other communities, suitable litter may be available at a very low cost. Poultry specialists recommend removing the litter after each batch of birds and replacing it with clean litter.

The labor cost is an arbitrary figure, and many broiler producers do not count this as a cost, feeling that any profit from the operation will represent their wage.

ESTIMATED COST OF PRODUCING 1,000 BROILERS[1]

	THE MORE EFFICIENT GROWERS			THE AVERAGE GROWER		
	Quantity	Unit cost	Total cost	Quantity	Unit cost	Total cost
CASH COSTS						
Baby chicks	1,000	$0.15	$150	1,000	$0.15	$150
Feed	7,800	.06	468	9,000	.06	540
Medicine	—	—	30	—	—	40
Litter (sand)	10 yds.	1.00	10	10 yds.	1.00	10
Total			$658			$740
OTHER COSTS						
Depreciation on houses and equipment (4 percent of original cost)	—	—	10	—	—	12
Labor	80 man-hours	0.75	60	100 man-hours	0.75	75
Total			$70			$87
Grand total			$728			$827
POUNDS OF BROILERS PRODUCED						
Number of chicks purchased	1,000	—	—	1,000	—	—
Less mortality	—20	—	—	—50	—	—
Number of birds for sale	980	—	—	950	—	—
Total weight at 3 pounds each	2,940 lbs.	—	—	2,850 lbs.	—	—
CASH COST PER POUND	—	$0.224	—	—	$0.260	—
TOTAL COST PER POUND	—	$0.248	—	—	$0.290	—

[1] Data pertain to birds that are fed to average wieght of 3 pounds. Prices used are those which prevailed generally in Texas during April 1952.

Outlook

Most of the problems in the broiler industry today are typical of those facing any relatively new and rapidly expanding industry. Inexperienced producers are entering the field in new areas, and they are encountering the problems of obtaining adequate financing, learning new management skills, and developing satisfactory market outlets. Other phases of the industry, such as the hatching of chicks, mixing and distribution of scientifically prepared feeds, processing of the mature birds, and the distribution of poultry meat, are facing constant and at times sharp adjustments as they attempt to fit their operations to the location and volume of broiler production. During this period of adjustment and growth of the industry, mature birds frequently are transported relatively long distances, resulting in considerable loss of weight. Quality standards for dressed broilers are not widely understood or used.

Basic economic forces, such as the demand for broilers, transportation costs, and costs of producing, processing, and distributing the birds, will dictate the ultimate answers to these problems. Therefore, these problems must be given careful study by leaders in the industry in order that their solution may be made on a sound basis that will stimulate confidence in the industry and give stability to its operations.

The most fundamental problem facing the industry concerns the long-run outlook for the demand for broiler meat. Is the industry overexpanding in relation to the probable long-run demand for broilers, or will consumers continue to increase their demands for this type of meat as they have in the past decade? Can broiler producers compete successfully with beef if it becomes more competitive in price? Can production costs be lowered further through the development of even better feeds and more efficient strains of chicks?

There is substantial basis for optimism concerning the long-run outlook for the broiler industry in this area. This conclusion reflects the consensus of leaders in the industry, although they are generally cautious in their optimism and mindful of the many problems that confront the industry in the years ahead.

The prospect of a continued strong demand for broiler meat is the most favorable aspect of the outlook. This forecast of a relatively high demand is supported by factors such as an anticipated high level of consumer income, a growing population, a relatively high per capita consumption of chicken, and increased advertising and promotional work on the part of the industry.

The anticipated high level of consumer income is of particular interest to broiler growers, as statistical studies of chicken prices show that consumer income is the most important factor affecting chicken prices in the long run. High incomes usually are associated with relatively high poultry prices.

The population of the United States is now about 156,000,000 and is increasing by over 2,700,000 per year, which will provide a larger and larger potential market for broiler meat. In view of the growing industrialization of the Southwest, population centers in the Eleventh Federal Reserve District may obtain more than a proportionate share of this growth. Per capita consumption of chicken meat in the United States this year is expected to total about 31 pounds—about one-half of which will be broilers and one-half, farm chickens. This compares with about 18 pounds in 1935-39, of which only 8 percent was broilers.

This rise in per capita consumption of chicken meat—especially broilers—has been influenced by such factors as the growing popularity of broilers because of the improved quality of the meat, relatively lower retail prices of broilers and chickens compared with prices of most other meats, and the availability of chicken meat 365 days in the year rather than only in certain seasons, as was true some years ago.

As the production of eggs per hen continues to increase, there will be relatively fewer hens in the laying flocks and less chicken meat from this source, relative to demand, to compete with broilers. Furthermore, many farmers are taking less interest in maintaining a small poultry flock to produce meat for home use or for sale and are joining the growing group of chicken meat buyers. For these reasons, the so-called "gap" between the production of farm chickens and the demand for chicken meat is growing. It will take more and more broilers to fill this gap.

Improved processing methods, more attractive packaging, and a higher quality product have increased materially the year-round demand for broilers. Moreover, several promotional developments in recent years undoubtedly have contributed to the increase in consumption of chicken meat. One development has been the "chicken restaurant," where chicken dinners are a specialty. Another development has been the packaging of frozen chicken so that housewives may purchase not only whole chickens ready to fry but also any part of the bird, such as drumsticks, breasts, and livers.

Another favorable aspect of the outlook is the increasing efficiency being achieved in the production of broilers. The great advances made in recent years in increasing the output of chicken meat per ton of feed, which largely account for the price advantage broilers have over red meats today, have placed the broiler far ahead of the cow, hog, or sheep as a converter of grain to meat. Feed efficiency of these animals is about 1 pound of meat for each 5 or 6 pounds of grain, compared with 1 pound of meat for each 2.5 to 3 pounds of grain for broilers. While improvements are being made in the feed efficiency of other animals—especially hogs—the broiler is likely to hold an advantage for the foreseeable future. As a result, broilers may continue to undersell grain-fed animals on a weight basis.

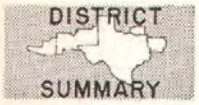
This relatively favorable long-run outlook, however, does not seem to justify a rapid expansion of broiler production except in areas which have a competitive advantage because of location, markets, or other factors. The relative stability of broiler prices during the past 4 years, with no definite upward trend evident despite some further increases in other farm commodity prices, suggests that the advantage of a steadily rising price is not likely to prevail in the broiler business during the next few years.

A slowdown in the rate of expansion during the past year, plus the fact that some decline has occurred in certain older producing areas, lends support to the view that the industry is approaching the point where production is about equal to demand at a price equal to the cost of production (including reasonable profit) under current economic conditions.

Per capita consumption of poultry meat has increased to the point where further increases may be more moderate and gradual, especially in view of the prospects for an increase in the supply of beef during the next 5 or 6 years as a result of greatly expanded beef cattle numbers.

On balance, the long-run outlook for commercial broiler production in the Eleventh Federal Reserve District is generally favorable for some further expansion but not at the rapid rate experienced during the past decade. There will be opportunities for profits for the efficient producer, hatcheryman, processor, and others in the industry, although profit margins probably will be somewhat narrower than in most recent years. Under such conditions, the "speculative" or "in-and-out" operation is likely to be particularly hazardous.

REVIEW OF BUSINESS, INDUSTRIAL, AGRICULTURAL, AND FINANCIAL CONDITIONS

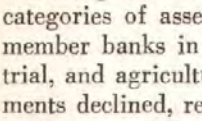


Rains during April and May improved greatly the outlook for agricultural production and farm income in the Eleventh District in 1952; however, wet soils caused delay in field work. The winter wheat crop in the District has shown improvement since rains fell in the High Plains, but the crop remains far below average. Planting of cotton, sorghums, corn, and other crops is being rushed to completion in the earlier sections and is active on the High Plains. Pastures are supplying excellent grazing in the eastern two-thirds of the District, and livestock in these areas are in good condition. Farm prices are still reflecting some weakness in market demand.

Department store sales in the District in April were 9 percent over March and 13 percent above April last year; sales in the first 2 weeks of May showed a gain of over 20 percent as compared with the corresponding weeks of 1951. Cumulative sales for the first 4 months of 1952 gained slightly over the corresponding period last year. Sales in April were more normally distributed between the various major departments than in preceding months. Inventories at department stores at the end of April were lower than a year earlier, while orders outstanding were up slightly. Furniture store sales in April showed an increase over a year ago, although inventories dropped 21 percent.

Construction contract awards in the District in April fell 6 percent below March and were below April 1951 by the same percentage; a substantial decline in residential awards from a year ago more than offset a year-to-year increase in nonresidential awards. Largely because of the strike in the oil industry, crude oil stocks in the Nation rose by May 10 to the highest level in 13 years. The near-record production of crude oil in the District in April was 2 percent below the March level. Allowables for district states were cut for May, but the strike caused an even greater reduction in crude output for the month.

During the 4 weeks ended May 21, practically all major categories of assets and liabilities of the weekly reporting member banks in the District declined. Commercial, industrial, and agricultural loans were reduced 2 percent. Investments declined, reflecting principally a decrease in holdings of Treasury bills. Total deposits declined about 1 percent; an increase in demand deposits of individuals, partnerships, and corporations was more than offset by reductions in other types of demand deposits; time deposits increased.



The total dollar volume of department store sales in the Eleventh Federal Reserve District during April, aided by heavy Easter buying and one more business day than in April last year, rose 9 percent above March and was 13 percent higher than April 1951. As a result, cumulative sales for the year, which to the end of March had been lagging, rose in April to approximately 1 percent above the first 4 months of a year ago.

An analysis of April sales reveals a somewhat better distribution among various departments than had been experienced during preceding months. This year, prior to April, the distribution of sales had shown weaknesses compared with last year in such important items as piece goods and household textiles, men's clothing, furniture and bedding, and, for the first 2 months, women's and misses' coats and suits. During April, sales of coats and suits were up 27 percent from last year, and men's clothing showed an increase of 16 percent. Sales of furniture and bedding and domestic floor coverings were under year-ago totals but showed increased activity during the latter part of the month. Consumer buying of piece goods and textiles remained under a year ago.

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS[1]	
	April 1952 from		4 mo. 1952 comp. with 4 mo. 1951	April 1952 from	
	April 1951	March 1952		April 1951	March 1952
DEPARTMENT STORES					
Total Eleventh District	13	9	1	—12	—2
Corpus Christi	35	11	17	—10	—3
Dallas	11	3	—3	—14	—1
El Paso	14	26	1	—16	2
Fort Worth	15	17	—2	—9	#
Houston	17	9	5	—12	—3
San Antonio	4	2	1	—12	—3
Shreveport, La.	18	12	7	—3	—9
Waco	35	16	15	2	4
Other cities	8	11	—6	—9	—3
FURNITURE STORES					
Total Eleventh District	7	1	—	—21	2
Austin	29	—#	—	—10	5
Dallas	28	3	—	—34	3
Houston	36	3	—	—	—
Port Arthur	—14	7	—	—27	—#
San Antonio	15	—4	—	—	—
Shreveport, La.	—2	4	—	—22	1
Wichita Falls	12	—2	—	—20	3
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District	—13	—9	—	—	—
Dallas	3	—6	—	—	—

[1] Stocks at end of month.
# Indicates change of less than one-half of 1 percent.

Department store inventories in the District were lower at the end of April than at the same time last year, even in the major departmental groups which showed declines in sales volume. Stocks of piece goods and household textiles, furniture and bedding, domestic floor coverings, and major household appliances were down from a year ago, with declines ranging between 21 and 40 percent. This absorption of inventories by consumers is a most welcome sign to both wholesalers and manufacturers. Orders outstanding at the reporting department stores at the end of April were approximately 1 percent higher than a year earlier but were nearly 22 percent lower than at the end of March 1952.

Sales reported by furniture stores in the District during April showed a year-to-year increase of approximately 7 percent and were fractionally above the previous month's total. This was the third consecutive month in which sales were above the level in the corresponding month of 1951. Inventories were not significantly different from a month earlier, although they were 21 percent below April 1951.

WHOLESALE TRADE STATISTICS

Eleventh Federal Reserve District

(Percentage change)

Line of trade	NET SALES p: April 1952 from April 1951	NET SALES p: April 1952 from March 1952	NET SALES p: 4 mo. 1952 comp. with 4 mo. 1951	STOCKS[1] p: April 1952 from April 1951	STOCKS[1] p: April 1952 from March 1952
Automotive supplies	—17	6	—27	100	3
Dry goods	9	—8	—14	—39	—5
Grocery (full-line wholesalers not sponsoring groups)	17	7	8	2	—#
Hardware	—1	—#	—16	1	#
Industrial supplies	38	8	10	19	—9
Metals	21	13	—	12	7
Tobacco products	13	14	7	—2	—3
Wines and liquors	—9	—19	—2	—	—
Wiring supplies, construction materials distributors	—11	12	—4	—10	7

[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.

Sales at weekly reporting department stores in the first 2 weeks of May reflect the usual seasonal changes in consumer buying, as well as the influence of Mother's Day and the effect of the suspension of consumer credit controls under Regulation W. Sales during the week ended May 10 were 22 percent above the comparable week in May last year and were the highest on record for any week that early in the year. Sales for the week ended May 17 were 17 percent above the same week last year.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947–49=100)

Area	UNADJUSTED: April 1952	March 1952	Feb. 1952	April 1951	ADJUSTED[1]: April 1952	March 1952	Feb. 1952	April 1951
SALES—Daily average								
Eleventh District	114	105	93	105r	114	115	115	110r
Dallas	106	102	94	99	109	108	111	105
Houston	126	116	100	112r	128	129	128	119r
STOCKS—End of month								
Eleventh District	129	131	120	146	122	124	122	138

[1] Adjusted for seasonal variation.
r Revised.

It is too early to appraise the effect which suspension of government control of consumer credit has had on general business activity. One effect was the consummation of sales and immediate delivery of merchandise on which consumers had been accumulating down payments—either with the merchant or privately. Moreover, many who were being held back because of down payment or credit terms entered the market. To what extent new demand will be created by the absence of credit restrictions remains to be revealed, as most merchants are reluctant to abandon down payments entirely or to lengthen unduly the payout period.

A number of factors favor a moderate pickup in consumer buying in the second half of 1952. Total employment continues at a near-record level, while personal income in March was at the annual rate of $258,000,000,000 for the third consecutive month. A general gain in consumer income in 1952—even after taxes—has been forecast by government agencies. It is estimated that consumers, business, and Government may spend 5 percent more this year than in 1951. Farmers will spend less in 1952, as their net income may decline 3 to 5 percent from last year.

Field work in the District made good progress during the first part of May, following the late April rains, but was interrupted again past midmonth as two cold fronts from the Northwest brought rain to virtually all dryland farming areas. Where soil moisture conditions permitted, farmers in southern sections cultivated cotton and grain sorghums, baled prairie hay, and planted rice during May. In northern sections they planted and replanted cotton, sorghums, and corn and cultivated growing crops. Soil moisture supplies over the District are now adequate for germination and growth of summer crops, although additional rain is needed to replenish completely subsoil moisture reserves which are necessary for full maturity of crops this summer.

WINTER WHEAT PRODUCTION

(In thousands of bushels)

State	Average 1941—50	1951	Indicated 1952
Arizona	571	572	575
New Mexico	3,800	786	1,099
Oklahoma	71,737	38,902	78,502
Texas	60,347	17,307	38,071
Total	136,455	57,567	118,247

SOURCE: United States Department of Agriculture.

The district winter wheat crop has shown improvement during the past 2 months, favored by timely rains in late April and early May. Production forecasts have been raised to higher levels, although they are still far below the average production of recent years. The Texas crop estimate is placed at about 38,000,000 bushels, which is more than double last year's short crop and compares with a 1941-50 average annual production of over 60,000,000 bushels. Yield per acre is estimated at 11 bushels, compared with 9 bushels per harvested acre last year.

Oklahoma farmers expect to harvest a winter wheat crop of about 78,500,000 bushels, which is double last year's crop and 10 percent above average. An average-sized crop of 575,000 bushels is forecast for Arizona, while the New Mexico crop forecast is placed at 1,099,000 bushels, or less than one-third of average. The United States crop is about one-fourth above average.

The cotton crop in Louisiana and central Texas has made good progress, and cotton planting extended into northwest Texas by mid-May. The rainfall received during the month offered encouragement to west Texas farmers to plant a large acreage of cotton, although the possibility of a labor shortage at harvest time remained a factor in farmers' plans.

Corn planting was under way in northwestern counties of Texas in May, while the crop in central and eastern parts of the State and in northern Louisiana made good progress, aided by favorable weather and generally adequate moisture. Land preparation and planting of sorghums was rushed on the High Plains during May; planting neared completion in central, eastern, and southeastern counties of Texas. Harvesting of hay was in progress over the District in May, as farmers gathered in oats, hubam clover, prairie hay, and

alfalfa. Peanut planting was started in the northern commercial area of Texas.

Conditions in most commercial vegetable areas of the District in late May were favorable, although water supply in the Lower Valley has been low. The east Texas tomato crop has made gradual improvement, and some of the earliest plantings were beginning to hold a good set by midmonth. Early spring tomato production in the Lower Valley is estimated at 1,638,000 bushels, which is far below average but larger than last year's short crop. Late spring production—mostly in East Texas—is estimated at 1,625,000 bushels, a relatively small crop.

Cantaloupes and watermelons in some of the later areas made good growth during May; harvest of watermelons was started in southern sections in the first part of the month. Texas watermelon acreage for harvest this summer is estimated at 64,000 acres, or 3,000 acres more than were harvested last year.

The early spring onion crop in Texas—produced in counties south of San Antonio—is estimated at 3,802,000 sacks, almost double last year's crop but slightly below average. Late spring onions in north Texas were benefited greatly by May rains, and a good crop is being harvested. The crop is forecast at 890,000 sacks, compared with a large crop of 1,280,000 sacks in 1951.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	April 1952	April 1951	March 1952	April 1952	April 1951	March 1952
Cattle	33,719	36,152	27,484	18,155	20,955	20,882
Calves	10,609	9,499	9,358	9,013	15,232	13,746
Hogs	83,435	71,029	93,792	5,371	7,203	5,250
Sheep	66,120	58,988	43,459	[1]20,097	[1]16,814	[1]10,431

[1] Includes goats.

Pastures are supplying excellent feed for livestock in all areas of the District except in some parts of west Texas and in New Mexico where rainfall prior to mid-May was rather limited. In these areas, many pastures are bare and livestock are thin. However, improvement in many of these areas is expected as a result of May rains. Livestock in Louisiana and the eastern half of Texas are in good condition. Livestock receipts at the Fort Worth market are running at levels quite different from a year ago, due mostly to difference in timing of usually sharp seasonal changes. In the 4 weeks ended May 17, receipts of cattle and calves were up 38 percent and 47 percent, respectively, as compared with the corresponding weeks of 1951. Marketings of sheep and lambs were down 30 percent because of late movement of spring lambs. Receipts of hogs showed a gain of 5 percent.

Meat production in commercial slaughter plants in Texas in the first quarter of 1952 was 15 percent above a year earlier. Milk production in the State in April was up seasonally from March but at about the same level as a year ago. Egg production from January through April was up 10 percent as compared with the first 4 months of last year.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended May 22, 1952	Comparable week last month	Comparable week last year
COTTON, Middling 15/16-inch, Dallas	lb.	$ .3860	$ .4095	$ .4477
WHEAT, No. 1 hard, Fort Worth	bu.	2.68½	2.74¾	2.60½
OATS, No. 2 white, Fort Worth	bu.	1.06¾	1.13¾	1.14
CORN, No. 2 yellow, Fort Worth	bu.	2.19	2.12¼	1.98
SORGHUMS, No. 2 yellow milo, Fort Worth	cwt.	3.32	3.20	2.65
HOGS, Choice, Fort Worth	cwt.	22.00	17.75	21.50
SLAUGHTER STEERS, Choice, Fort Worth	cwt.	35.00	36.00	37.00
SLAUGHTER CALVES, Choice, Fort Worth	cwt.	35.00	34.50	37.00
STOCKER STEERS, Choice, Fort Worth	cwt.	35.00	35.00	38.00
SLAUGHTER LAMBS, Choice, Fort Worth	cwt.	29.00	29.00	34.00
HENS, 3-4 pounds, Fort Worth	lb.	.19	.23	—
FRYERS, Commercial, Fort Worth	lb.	.29	.27	—
BROILERS, South Texas	lb.	.28	.26	—
EGGS, Current receipts, Fort Worth	case	10.50	10.50	—
TURKEYS, No. 1 hens, Fort Worth	lb.	.28	—	—

Farm prices in the District continue somewhat weak as compared with most months of the past year. Declines occurred during May in the prices of such commodities as cotton, wheat, oats, and barley. Price increases were noted for wool and hogs. Broiler prices fell sharply in late April and early May but recovered by May 15. Farm commodity prices in the District in May averaged some 10 percent below a year earlier.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

State	January		February		Cumulative receipts January—February	
	1951	1952	1951	1952	1951	1952
Arizona	$ 28,842	$ 55,895	$ 22,560	$ 32,447	$ 51,402	$ 88,342
Louisiana	31,241	34,299	15,015	13,701	46,256	48,000
New Mexico	13,195	19,197	9,571	12,512	22,766	31,709
Oklahoma	40,884	42,899	30,536	36,241	71,420	79,140
Texas	160,627	174,375	79,588	86,173	240,215	260,548
Total	$274,789	$326,665	$157,270	$181,074	$432,059	$507,739

SOURCE: United States Department of Agriculture.

Farm income prospects in the District for 1952 appear more favorable than a month ago, due principally to the greatly improved moisture situation which has favored production of livestock as well as crops. In the first 2 months of the year, cash receipts from farm marketings in the five states of the District were up 17 percent as compared with the same months in 1951. Over-all, the prospects for cash farm income in the District this year are better than a year ago, although costs of production will again be high, and net farm income may be little, if any, higher than in 1951.

On April 29 the Secretary of the Treasury announced a number of changes in United States savings bonds, effective May 1. The redemption schedule of Series E bonds was revised so as to give a higher rate of return in the earlier years of the life of the bond if redeemed before maturity; the over-all rate of interest to maturity was raised from 2.9 percent to 3.0 percent, compounded semiannually, by shortening the life of the bond from 10 years to 9 years 8 months; the interest rate during the extension period after maturity was raised for all bonds maturing on or after May 1, 1952, from 2.9 percent to 3.0

percent, compounded semiannually; and the annual limit on purchases was raised from $10,000 to $20,000 maturity value.

A new current income savings bond to be designated Series H will be offered beginning June 1. The new bond, a companion to Series E bonds, will have interest paid by check semiannually on a graduated scale of rates which will be approximately the same as intermediate yields on Series E bonds; the over-all yield to maturity (9 years 8 months) will be 3 percent; the bonds will be issued at par and will be redeemable at par after 6 months and on 1 month's notice; and the bonds will be offered with a minimum denomination of $500 and an annual purchase limit of $20,000.

Sales of Series F and Series G bonds were withdrawn, effective May 1, and two new series of savings bonds, designated Series J and Series K, were substituted for them. The new series differ from the old principally in their higher rate schedules. The new bonds yield 2.76 percent if held 12 years to maturity, and intermediate yields are higher than those obtainable from the superseded Series F and Series G bonds. Purchases of Series J and Series K bonds, combined, may not exceed $200,000 per year (issue price), as compared with the limit of $100,000 for Series F and Series G.

On April 30 the Secretary of the Treasury announced an additional step in the Treasury's program to raise funds required in financing the defense program. In accordance with this announcement, beginning on May 19 investors were offered additional amounts of the 2¾-percent Treasury bonds, Investment Series B-1975-80, which were issued originally April 1, 1951. Subscriptions to the 2¾-percent bonds are payable in full in cash, or not less than one-fourth in cash and the remainder by exchange, par for par, of the restricted 2½-percent bonds of 1965-70, 1966-71, June 15, 1967-72, and December 15, 1967-72. Payment for the new bonds may be made in full on June 4, 1952, or in four equal instalments on June 4, August 1, October 1, and December 1, 1952, with acceleration of payments if desired by subscribers. Commercial banks were excluded from the offering, except to the extent that they were permitted to exchange restricted bonds acquired prior to December 31, 1945, for the partial investment of their savings accounts. Commercial bank subscriptions were required to be 75 percent in bonds eligible for exchange and 25 percent in cash. The new bonds are nontransferable but may be exchanged, at the owner's option, for 1½-percent 5-year marketable Treasury notes to be dated April 1 and October 1 of each year during the life of the bond. Restricted bonds eligible for exchange are outstanding in the amount of $14,748,000,000.

Following the announcement of the new offering, prices of the four restricted bonds eligible for exchange rose from 16/32 to 23/32 by May 9. Subsequently, closing bid prices receded somewhat, however, so that by May 15 increases over the prices prevailing on April 30 ranged from 9/32 to 13/32. Other price changes between April 30 and May 9 included an increase of 19/32 for the 2½-percent bonds of 1962-67 which became eligible for commercial bank ownership May 5, followed by a decrease of 11/32 by midmonth.

On May 15 the Secretary of the Treasury announced that the option to call the 2-percent bonds of 1951-53 for redemption on September 15 would not be exercised. These bonds are dated September 15, 1943, and are outstanding in the amount of $7,986,000,000.

Each of the weekly offerings of Treasury bills dated May 1, May 15, May 22, and May 29 was increased approximately $200,000,000 in excess of the amount of the bills maturing on those dates, for the purpose of meeting current Treasury disbursements and to increase the General Fund balance. The Treasury borrowed approximately $600,000,000 in April through similar weekly offerings.

The Board of Governors of the Federal Reserve System announced on May 5 that it had concurred unanimously in the recommendation of the National Voluntary Credit Restraint Committee that the screening of applications for financing, in accordance with the principles established by the Voluntary Credit Restraint Program, be suspended in the light of the prevailing circumstances. The Board also announced that the Voluntary Credit Restraint organization will continue on a stand-by basis so that the voluntary program may be reinstated should subsequent developments require. In connection with this announcement, the Board withdrew its request previously made of all financing institutions to act in accordance with the provisions of the voluntary program.

Regulation W, governing the terms of the extension of consumer instalment credit, was suspended by the Board of Governors of the Federal Reserve System May 7. Upon announcing this action, the Board indicated that it had recommended to Congress that authority for the regulation of consumer credit be continued after June 30 so that the regulation could be reinstated should subsequent developments necessitate such action.

Between April 23 and May 21, practically all major categories of assets and liabilities of the weekly reporting member banks in the District declined. The net effect of reductions in loans, investments, and cash assets was to decrease the total resources of these banks in the amount of $33,508,000, or about 1 percent, to a total of $4,204,789,000. At this lower level, however, total assets were 10 percent above the comparable total last year.

The reduction in commercial, industrial, and agricultural loans during the 4 weeks amounted to $25,979,000, or 2 percent, the largest reduction in any 4- or 5-week reporting period this year. Most major types of business borrowers reduced their outstanding bank indebtedness, but the principal factor contributing to the decrease in commercial, industrial, and agricultural loans was the repayment of loans by cotton and other commodity dealers. Loans for financing security transactions and "all other" loans, the category which includes consumer-type loans, showed increases during the 4 weeks.

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	May 21, 1952	May 23, 1951	April 23, 1952
Total loans (gross) and investments	$2,877,078	$2,633,593	$2,902,921
Total loans—Net[1]	1,531,258	1,466,478	1,543,299
Total loans—Gross	1,547,696	1,482,663	1,559,620
Commerical, industrial, and agricultural loans	1,045,586	1,003,763	1,071,565
Loans to brokers and dealers in securities	8,381	9,393	7,760
Other loans for purchasing or carrying securities	60,488	55,170	58,966
Real estate loans	115,062	121,968	116,301
Loans to banks	11,325	19,009	8,525
All other loans	306,854	273,360	296,503
Total investments	1,329,382	1,150,930	1,343,301
U. S. Treasury bills	195,213	60,546	224,034
U. S. Treasury certificates of indebtedness	169,959	0	161,693
U. S. Treasury notes	177,363	342,541	175,452
U. S. Government bonds (inc. gtd. obligations)	613,488	581,363	614,453
Other securities	173,359	166,480	167,669
Reserves with Federal Reserve Bank	570,871	492,306	524,130
Balances with domestic banks	389,006	368,933	373,836
Demand deposits—adjusted[2]	2,348,558	2,184,712	2,275,613
Time deposits except Government	463,861	427,459	460,795
United States Government deposits	91,862	100,066	100,937
Interbank demand deposits	705,023	594,586	728,056
Borrowings from Federal Reserve Bank	10,250	0	20,250

[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 these banks declined $13,919,000, with the contraction in holdings of Treasury bills more than accounting for the change. The increase in holdings of Treasury notes and certificates of indebtedness was offset only slightly by a small reduction in holdings of Treasury bonds. Investments in municipal and other non-Government securities rose.

On May 21, total deposits of the weekly reporting member banks amounted to $3,873,371,000, reflecting a decrease of $26,345,000, or about 1 percent, during the 4 weeks. Although demand deposits of individuals, partnerships, and corporations rose, the expansion in these accounts was more than offset by the reduction in other types of demand deposits. In contrast with the trend of demand deposits, time deposits increased, principally as a result of the expansion in time deposits of individuals and businesses. The contraction in deposits at the weekly reporting member banks this year (to May 21) is notably less than the decrease last year —somewhat more than 6 percent as compared with slightly more than 8 percent.

Gross demand deposits of all member banks in the District averaged $6,451,803,000 in April, which reflects a decrease of $62,007,000, or about 1 percent, from the total for March and an increase of $543,118,000, or 9 percent, over the comparable total for last year. Country banks accounted for almost 60 percent of the reduction during April. In contrast with the contraction in demand deposits, time deposits rose $14,326,000, or 2 percent, with most of the increase occurring at the reserve city banks.

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
April 1950	$5,521,595	$656,387	$2,634,090	$410,645	$2,887,505	$245,742
April 1951	5,908,685	647,902	2,751,029	353,798	3,157,656	294,104
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
March 1952	6,513,810	719,844	3,046,289	392,193	3,467,521	327,651
April 1952	6,451,803	734,170	3,021,143	401,280	3,430,660	332,890

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

(Amounts in thousands of dollars)

City	DEBITS[1]			DEPOSITS[2]			
		Percentage change from			Annual rate of turnover		
	April 1952	April 1951	March 1952	April 30, 1952	April 1952	April 1951	March 1952
ARIZONA							
Tucson	$ 94,811	12	—4	$ 107,029	10.7	10.7	11.0
LOUISIANA							
Monroe	46,542	6	—8	47,487	11.5	11.5	12.4
Shreveport	189,091	18	—1	201,701	11.3	10.4	11.5
NEW MEXICO							
Roswell	21,898	—4	—4	26,118	10.0	11.2	10.0
TEXAS							
Abilene	51,794	2	—5	55,496	11.3	12.5	12.0
Amarillo	138,050	10	—7	116,017	14.3	15.5	15.7
Austin	173,569	19	21	119,520	17.9	15.4	15.7
Beaumont	128,406	14	—3	98,645	15.4	15.1	15.7
Corpus Christi	134,088	19	—5	105,032	15.2	14.6	16.2
Corsicana	12,772	9	2	21,697	7.0	6.6	6.7
Dallas	1,423,414	—4	—3	994,897	17.2	19.7	17.4
El Paso	179,425	4	—13	143,485	14.9	15.8	16.7
Fort Worth	484,591	11	—4	391,345	14.8	15.1	15.6
Galveston	84,093	—4	4	101,866	9.8	10.3	9.5
Houston	1,593,841	20	—4	1,155,003	16.4	14.9	17.3
Laredo	23,250	12	7	24,751	11.6	11.9	11.4
Lubbock	107,329	21	—2	97,677	12.8	11.2	12.8
Port Arthur	42,879	11	—1	45,471	11.4	11.5	11.6
San Angelo	39,155	—2	—3	50,122	9.4	9.8	9.5
San Antonio	370,059	6	—3	379,880	11.6	11.5	11.9
Texarkana[3]	20,999	23	—3	25,195	10.1	8.4	10.7
Tyler	51,479	8	—7	53,886	11.4	11.3	12.2
Waco	71,397	3	5	85,391	9.8	10.6	9.2
Wichita Falls	88,942	25	7	105,483	10.2	9.1	9.6
Total—24 cities	$5,571,874	9	—3	$4,553,194	14.6	14.6	15.1

[1] Debits to deposit accounts except interbank accounts.
[2] Demand and time deposits, including certified and officers' checks outstanding but excluding deposits to the credit of banks.
[3] These figures include only one bank in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including two banks located in the Eighth District, amounted to $39,380,000 for the month of April 1952.

Debits to deposit accounts reported by banks in 24 cities of the District were 3 percent lower in April than in March but 9 percent above the total for April 1951. The contraction of debits during April was general over the District, as most cities showed decreases. The turnover of deposits, reflecting the annual rate of use of deposit accounts, was 14.6 in April (the same as for April 1951), as compared with 15.1 in March.

On January 31, 1952, demand deposits credited to personal accounts (as contrasted with business accounts) at banks in the Eleventh Federal Reserve District amounted to an estimated $3,053,000,000, or approximately 52 percent of total demand deposits of individuals, partnerships, and corporations held by these banks. On January 31, 1948, demand deposits credited to personal accounts constituted 56 percent of the total. Although personal demand deposits rose $473,000,000, or about 18 percent, between January 31, 1948, and January 31, 1952, the proportion of demand deposits of individuals, partnerships, and corporations held in personal accounts declined in each of the 4 years. During the 4-year period, demand deposits owned by farmers rose almost 32 percent, as compared with an increase of 13 percent in other personal accounts.

OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS*

Banks in Eleventh Federal Reserve District

(In millions of dollars)

Type of holder	January 31				
	1952	1951	1950	1949	1948
Total manufacturing and mining	$ 715	$ 623	$ 496	$ 468	$ 437
Public utilities	244	231	198	173	158
Trade	887	805	764	736	716
Other nonfinancial	345	303	292	286	275
Insurance	134	120	128	104	94
All other financial	275	247	220	202	192
Trust funds of banks	48	35	29	28	27
Nonprofit	142	118	115	122	121
Personal	3,053	2,932	2,673	2,576	2,580
Farmers	978	939	786	755	743
Others	2,075	1,993	1,887	1,821	1,837
Foreign	5	5	2	—	—
Total	$5,848	$5,419	$4,917	$4,695	$4,600

*—Estimated.

Demand deposits owned by businesses—proprietorships, partnerships, and corporations—rose at notably faster rates than those of personal deposits. For example, demand deposits of manufacturing and mining firms rose almost 64 percent during the 4 years, while public utilities, financial concerns (other than insurance companies), and insurance companies showed increases of 54.4 percent, 43.2 percent, and 42.6 percent, respectively. Trust funds of banks rose almost 78 percent. Consequently, the proportion of total demand deposits of individuals, partnerships, and corporations credited to business accounts at banks in the District increased. Manufacturing and mining businesses owned 12.2 percent of total personal and business demand deposits on January 31, 1952, as compared with 9.5 percent on January 31, 1948. The proportion owned by public utilities rose from 3.4 percent to 4.2 percent. On the other hand, trade establishments accounted for 15.2 percent of the total on January 31, 1952, as compared with 15.6 percent 4 years earlier.

NEW MEMBER BANK

The First National Bank of Rayville, Rayville, Louisiana, a newly organized institution located in the territory served by the head office of the Federal Reserve Bank of Dallas, opened for business May 10, 1952, as a member of the Federal Reserve System. The new bank has capital of $100,000, surplus of $50,000, and undivided profits of $50,000. The officers are: W. D. Cotton, President; John C. Morris, Sr., Vice President; R. L. Walters, Vice President; O. G. Lynch, Jr., Cashier; F. L. Ellerbe, Assistant Cashier; and Eula Mae Fletcher, Assistant Cashier.

NEW PAR BANK

The Community State Bank, Waco, Texas, a newly organized, insured, nonmember bank located in the territory served by the head office of the Federal Reserve Bank of Dallas, was added to the par list on its opening date, May 14, 1952. The officers are: Joe H. Craven, President; Raymond Ford, Jr., Vice President; and J. D. Hudson, Jr., Cashier.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	May 15, 1952	May 15, 1951	April 15, 1952
Total gold certificate reserves	$ 678,790	$ 537,630	$ 624,383
Discounts for member banks	5,100	1,911	0
Industrial advances	5	30	15
Foreign loans on gold	38	0	532
U. S. Government securities	1,022,840	1,068,769	1,061,827
Total earning assets	1,027,983	1,070,710	1,062,374
Member bank reserve deposits	987,167	928,713	975,654
Federal Reserve notes in actual circulation	681,747	620,834	679,449

The value of construction contracts awarded in the District during April was about $140,000,000—6 percent below both the previous month and the corresponding month last year. Residential awards of $48,000,000 were one-third lower than a year earlier, while nonresidential awards of about $92,000,000 were up 19 percent. The value of residential and nonresidential awards in the United States increased 15 and 17 percent, respectively.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	April 1952p	April 1951	March 1952p	January—April	
				1952p	1951
ELEVENTH DISTRICT	$ 139,834	$ 148,733	$ 149,531	$ 455,499	$ 547,136
Residential	48,089	71,397	55,981	172,582	246,143
All other	91,745	77,336	93,550	282,917	300,993
UNITED STATES[1]	1,597,517	1,374,991	1,321,254	4,706,068	4,831,716
Residential	681,614	590,848	592,717	2,008,490	2,117,481
All other	915,903	784,143	728,537	2,697,578	2,714,235

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

Within the District, nonresidential awards continue to represent an increasing proportion of total awards. This situation is due primarily to the industrial expansion of defense-related industries, although the lower level of residential construction activity accentuates this trend. Residential awards in the District in the first 4 months of 1952 accounted for only 9 percent of the United States total, com-

BUILDING PERMITS

City	April 1952		Percentage change in valuation from		4 months 1952		
	Number	Valuation	April 1951	March 1952	Number	Valuation	Percentage change in valuation from 4 months 1951
LOUISIANA							
Shreveport	463	$ 2,081,763	22	—52	1,400	$ 8,883,757	37
TEXAS							
Abilene	158	1,075,936	141	2	562	3,093,689	—8
Amarillo	373	2,815,705	7	31	1,576	9,448,739	5
Austin	247	3,480,458	99	11	1,067	11,506,359	12
Beaumont	232	1,819,677	315	358	989	4,230,285	67
Corpus Christi	410	1,245,327	9	—39	1,508	5,729,258	—44
Dallas	2,150	9,265,032	—13	54	7,317	29,547,470	—30
El Paso	290	889,106	—27	—54	1,295	7,464,004	13
Fort Worth	1,084	4,821,329	31	—2	3,804	15,570,515	—31
Galveston	127	147,918	—12	—44	465	923,462	—36
Houston	992	11,622,722	18	57	3,808	36,387,184	—39
Lubbock	258	1,905,889	93	48	1,143	5,956,035	—13
Port Arthur	192	379,514	14	76	658	1,028,229	—22
San Antonio	1,356	3,964,032	—11	—#	5,383	14,768,789	—18
Waco	334	1,654,931	48	59	1,415	6,180,931	10
Wichita Falls	113	1,007,357	—51	—40	602	12,157,944	280
Total	8,779	$48,176,696	13	15	32,992	$172,876,650	—17

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

pared with 12 percent a year earlier; nonresidential awards accounted for 10 percent, or about the same as a year ago. Despite the strong showing of nonresidential awards, total awards in the District for the first 4 months of 1952 were 16 percent under the year-ago figure.

The oil strike appears well along toward settlement, although it will continue to have repercussions on the industry for some time. The strike began on May 1 and involved a coalition of CIO, AFL, and independent unions demanding originally a 25-cent hourly wage increase and an increase in night-shift differentials. These demands were in excess of the amount which could be granted under the prevailing rules of the Wage Stabilization Board, and little progress was made in settling the strike until the WSB announced on May 14 that fifteen cents was the maximum amount it would approve as an hourly wage increase.

At the height of the strike, more than one-third of the Nation's refinery capacity was shut down, some pipelines and bulk terminals were tied up, and crude oil production in some areas was curtailed sharply. Texas probably was affected more severely by the strike than any other state, with about 60 percent of the State's refinery capacity shut down, most of which was located on the Gulf Coast. The strike involved an estimated 90,000 workers in the Nation, with perhaps 25,000 of them in Texas.

The strike came at a time when refined stocks, with the exception of aviation gasoline, were ample or at relatively high levels in most areas of the country. Furthermore, the demand in May is usually lower than in most months of the year. While shortages of motor gasoline were reported in a few cities of the Nation, most areas had no appreciable difficulty. Commercial and military flights, however, were curtailed because of a tight supply situation in aviation gasoline.

The area with the heaviest stock position when the strike began was the central portion of the Nation, which is also the area in which most of the struck refineries were located. On April 26, prior to the strike, aggregate stocks of the four major refined products in those sections of the country between California and the Appalachian Mountains were over 16 percent higher than on the corresponding date of the previous year. In the Eleventh District, stocks of major refined products were almost 21 percent higher than a year earlier. East Coast stocks were up only 5 percent, while stocks in California were down 23 percent.

Crude oil stocks in most areas of the Nation were also at a relatively high level when the strike began. While East Coast stocks of crude oil on April 26 were down a little more than 2 percent from a year earlier and crude stocks in California were up less than 1 percent, aggregate stocks of crude oil in other sections of the Nation were over 11 percent higher. Crude stocks in the Eleventh Federal Reserve District were up 10 percent from a year earlier, and total national stocks were 9 percent higher. Moreover, crude oil stocks in the Nation rose noticeably during April.

The April cut in Texas allowables, which had been made in recognition of the somewhat heavy crude stock situation, resulted in a 2-percent reduction in crude oil production in the District for that month; but the daily average production of 3,185,000 barrels, although below February and March, was higher than any other month on record. Texas made a further cut in allowables for May, and reductions also were made in other states in the Southwest. The strike undoubtedly caused a more substantial cut in crude oil production in this District than was indicated by the May allowables.

CRUDE OIL PRODUCTION

(Barrels)

Area	April 1952		Increase or decrease in daily average production from	
	Total production	Daily avg. production	April 1951	March 1952
ELEVENTH DISTRICT				
Texas R. R. Com. Districts				
1 South Central	1,017,200	33,907	247	213
2 Middle Gulf	4,965,350	165,512	—351	—4,554
3 Upper Gulf	14,801,050	493,368	—10,203	—5,956
4 Lower Gulf	8,000,800	266,693	8,656	—5,757
5 East Central	1,840,700	61,357	9,549	—1,337
6 Northeast	11,910,450	397,015	2,495	536
East Texas	8,105,400	270,180	—8,520	4,622
Other fields	3,805,050	126,835	11,015	—4,086
7b North Central	2,682,100	89,403	5,733	755
7c West Central	4,188,650	139,621	40,206	—6,187
8 West	30,190,800	1,006,360	69,388	—32,114
9 North	4,845,800	161,527	10,910	—73
10 Panhandle	2,482,700	82,757	—6,890	536
Total Texas	86,925,600	2,897,520	129,740	—53,938
New Mexico	4,815,700	160,523	18,570	754
North Louisiana	3,816,600	127,220	—2,005	—509
Total Eleventh District	95,557,900	3,185,263	146,305	—53,693
OUTSIDE ELEVENTH DISTRICT	95,227,250	3,174,242	74,479	4,658
UNITED STATES	190,785,150	6,359,505	220,784	—49,035

SOURCE: Estimated from American Petroleum Institute weekly reports.

Crude oil stocks accumulated at a record rate, at least during the first part of the strike. On May 10 national stocks of crude oil were the highest in 13 years, and district stocks were the highest on record. National crude stocks on that date amounted to 276,897,000 barrels, or 5 percent higher than on April 26, prior to the strike, and 14 percent higher than a year earlier. Meanwhile, crude stocks in the District, at 144,455,000 barrels, showed increases of 7 percent and 19 percent for the same periods, respectively. The major proportion of the strike-induced increase was in Texas. A relatively full storage situation may have moderated the increase in crude stocks during the latter days of the strike. The precise effect of the strike on refined stocks is not known at the time of this writing, but they undoubtedly have been reduced noticeably.

The sharp increase in crude oil stocks resulting from the strike, on top of an already relatively high stock position, may have the effect of curtailing crude oil production in the coming months until the excessive stocks are worked off. The Texas Railroad Commission announced a moderate cut in allowables for June, the third successive monthly reduction. A sharp cut, sufficient to eliminate rapidly the excessive crude inventories, apparently is not practical. Some plants, particularly among the ones not shut down during the strike, are dependent for supplies of crude on current production; consequently, a sharp cut in the crude oil allowable might hamper their operations. Correction of the heavy crude stock situation must come gradually. On the other hand, since the strike undoubtedly has reduced refined stocks in some areas, refineries may increase somewhat their demand for crude oil until deficiencies in refined inventories have been eliminated.