

MONTHLY

BUSINESS REVIEW

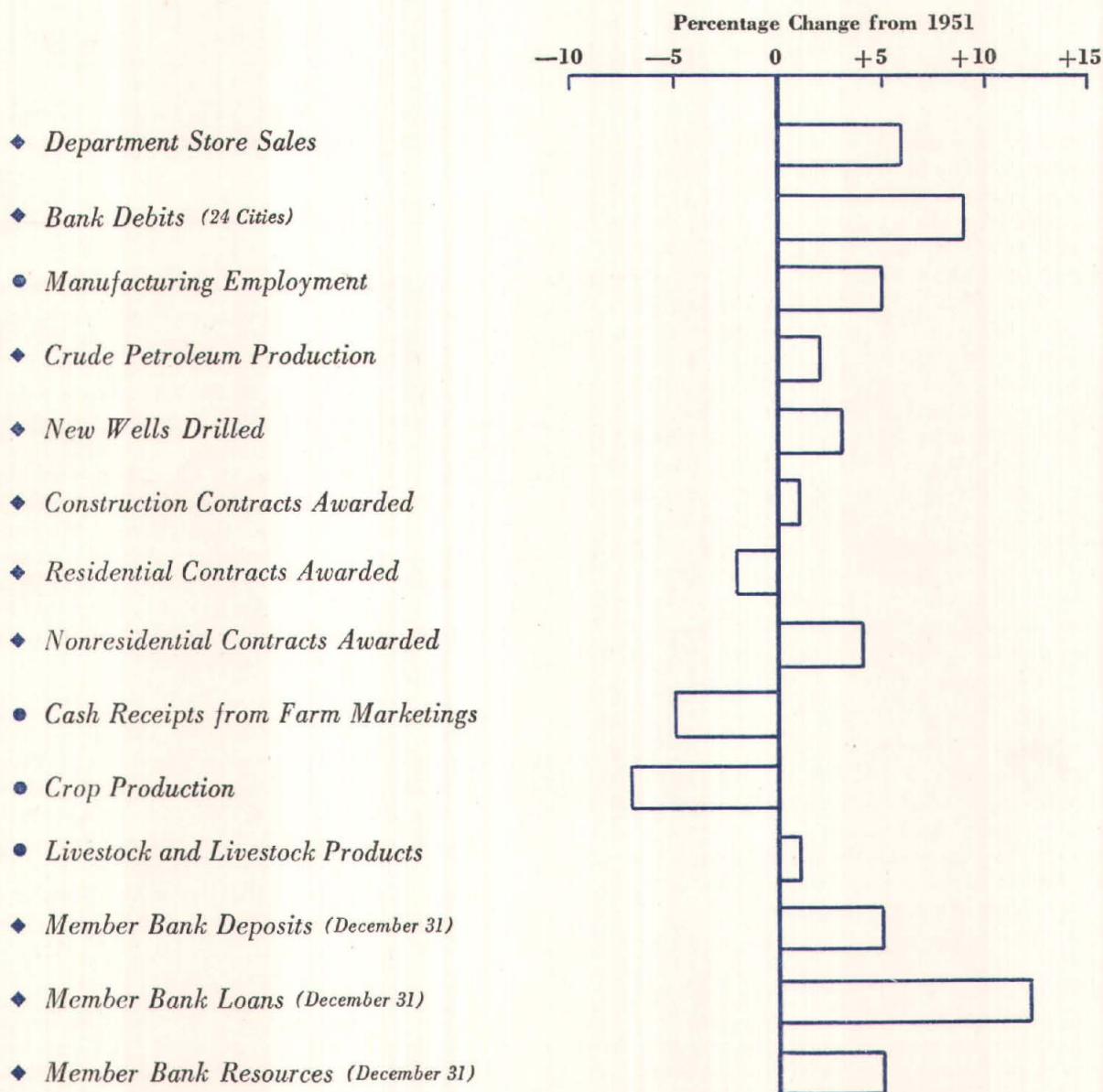
FEDERAL RESERVE BANK OF DALLAS

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DALLAS, TEXAS

January 1, 1953

HIGH LIGHTS OF 1952



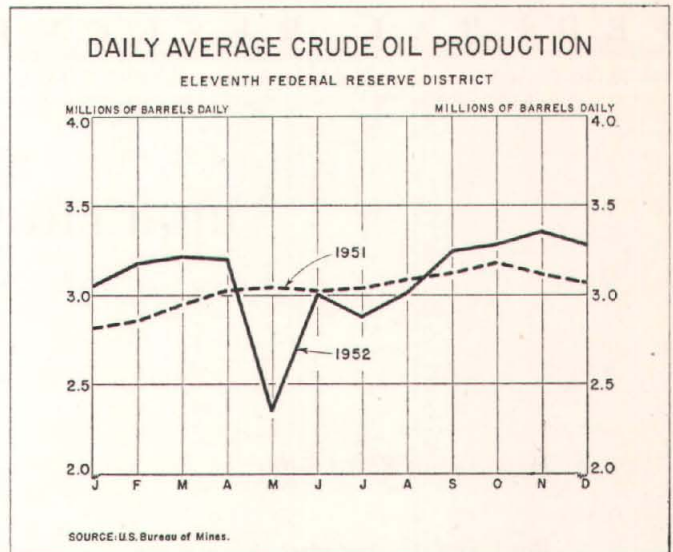
- ◆ Eleventh Federal Reserve District
- Texas (Eleventh District figures not available)

HIGH-LEVEL PROSPERITY IN THE SOUTHWEST

At the end of one year and the beginning of another, it is probably natural and desirable to review the economic events of the past 12 months and to attempt to look a bit into the future to determine, if possible, what the new year may hold in store, economically speaking. The record for 1952 in the Southwest, as well as in the Nation, is very favorable; in fact, new high levels of activity were attained in several of the major economic areas. Potential inflationary forces were held reasonably well in check, and a relatively high degree of stability prevailed. The principal disrupting influences during the year were associated with strikes in such major industries as oil and steel and with the severe drought that affected the agriculture of the Eleventh Federal Reserve District, as well as other sections of the country.

Several strong forces contributed significantly to the high level of economic activity in the Nation during 1952. Federal Government expenditures for national security rose on an annual-rate basis from about \$44,000,000,000 in the fourth quarter of 1951 to slightly more than \$50,000,000,000 in the last quarter of 1952. Expenditures for new plant and equipment in 1952 were about \$27,500,000,000, as compared with about \$26,300,000,000 in 1951. Total new construction, including residential, other private construction, and Federal, state, and local projects, averaged about \$110,000,000 higher per month during 1952 than in 1951. This resulted in a total volume of new construction in excess of \$32,000,000,000 for the year. Reflecting full production and full employment at rising wage rates, personal income rose to approximately \$265,000,000,000, or over \$10,000,000,000 more than in the preceding year. Despite high income taxes and substantial net savings, personal consumption expenditures during 1952 ran consistently above those of the preceding year. In the fourth quarter of 1952, such expenditures were about \$218,000,000,000 on an annual-rate basis, or about \$8,000,000,000 larger than in the comparable period in 1951.

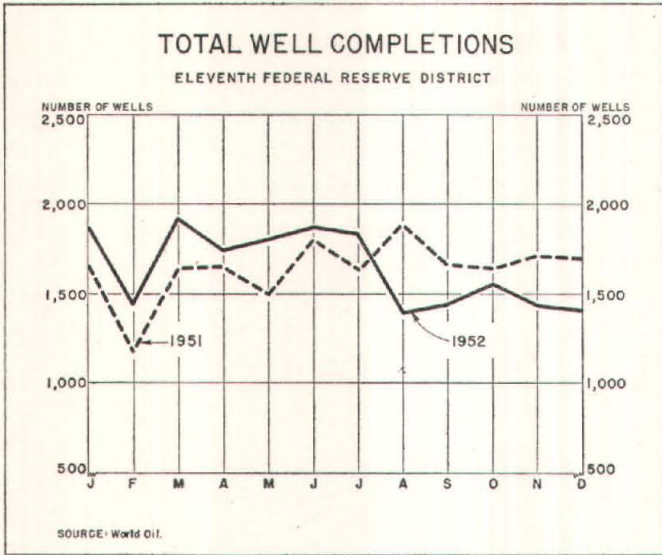
Operating within this favorable and stimulative national economic atmosphere and, in addition, reflecting growth factors that are inherent in the resources and economic potentialities of the region, the southwestern area continued to expand and diversify its economic activity during the year just closed. Important sources of income to the area, such as petroleum, manufacturing, construction, and trade and services, rose above 1951 levels. Only agriculture, severely affected by the long drought in large parts of the District—and especially in Texas—failed to show a favorable comparison with the results of the preceding year. The decline in agricultural income, however, does not appear to have been so large as to have offset the gains from other income sources. Consequently, preliminary estimates of total income payments point toward an increase over 1951 of more than 5 percent in Texas and a somewhat larger gain in the five states lying wholly or partly in the Eleventh Federal Reserve District.



One of the major sources of income in the Eleventh District is the production, refining, and related activities in the petroleum industry. During 1952, crude oil production set a new record about 2 percent above the 1951 total. The increase in production of crude was held to a very small amount—the smallest since 1946, with the exception of the recession year of 1949—by a combination of factors. In the first place, production during 1951 had been very high—up 26 percent, partly in response to the shutdown of the Iranian oil fields. Secondly, in 1951, relatively mild weather which reduced the demand for fuel oil, some decline in exports, and relative business stability tended to moderate the rising trend. Finally, the oil strike in the second quarter of the year sharply curtailed production during May and restricted production during the following 3 months.

Refinery activity in the District has kept pace with the increased tempo of crude production. Except during the months of the oil strike, refining compared favorably in volume with the corresponding months of 1951. As a result, crude runs to refinery stills in the District were about 2 percent higher in 1952 than in the preceding year. As refinery activity recovered sharply following the oil strike, stocks of major refined products were gradually built up and at the end of the year were moderately above the year-end totals of 1951.

The search for new sources of petroleum in the Eleventh Federal Reserve District was active in 1952, restricted primarily by the shortage of oil field tubular goods that was a consequence of the steel strike in midsummer. During the first 7 months of the year, new well completions were substantially larger than in comparable months in 1951, reflecting an increase of about 12.5 percent. In the remaining months of 1952, completions ran under 1951 figures, although



crease of about 7 percent. Between these two dates, Louisiana added about 18,700 manufacturing workers, or 12 percent, to its employment; Texas, 15,800, or 4 percent; Oklahoma, 6,600, or 8 percent; Arizona, 5,200, or 20 percent; and New Mexico, 2,200, or 15 percent.

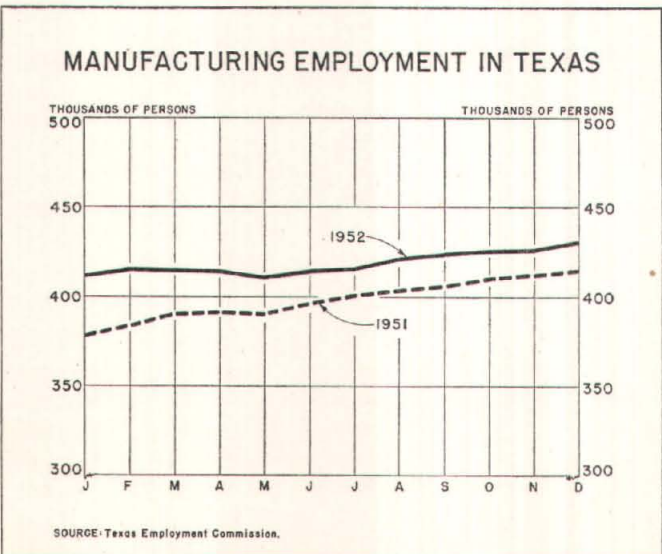
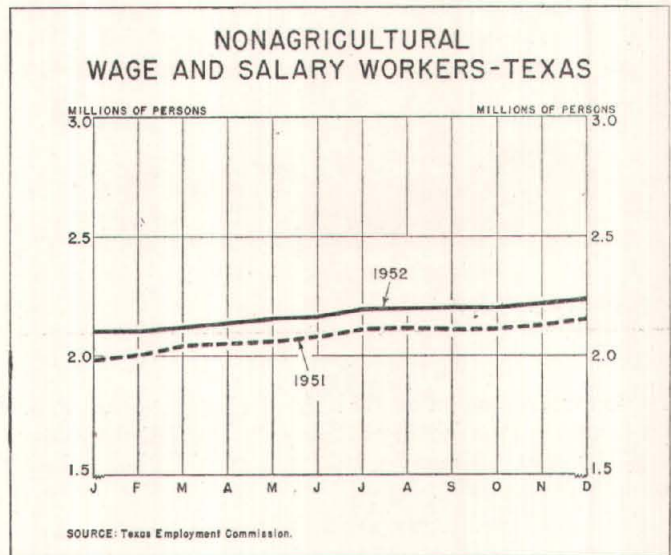
Inasmuch as a very substantial part of the industrial and manufacturing activity in southwestern states other than Texas lies outside of the limits of the Eleventh Federal Reserve District and since figures are not available for parts of states, the picture for the District is perhaps best reflected by the number of manufacturing workers employed in Texas. This total, except for temporary and short seasonal periods, rose steadily during the past 2 years. Average employment in manufacturing in Texas throughout 1952 was about 5 percent above the midmonth averages for 1951. Moreover, employment in manufacturing in Texas each month during 1952 substantially exceeded the figure reported for the comparable month in the preceding year.

a gradual recovery occurred from the year's low reached in August. Preliminary estimates indicate that total completions in the District in 1952 were almost 20,000, or about 3 percent above the 1951 total.

The process of expanding industrial activity in the District and increasing the diversification of the southwestern economy was extended further during 1952. Unfortunately, neither a regional index of industrial activity nor neatly packaged figures totaling industrial output and plant equipment expenditures are available. Data that are available, however, clearly indicate that manufacturing and industrial activity have continued to grow in importance as sources of income to the area.

One of the useful general measures of industrial activity is the number of workers employed in manufacturing. Each of the five states lying wholly or partly in the Eleventh District showed appreciable increases in manufacturing employment during the past 12 months, as the total rose from 683,700 in December 1951 to about 732,200 in December 1952, an in-

Very large expenditures in the District for new plants and for modernization of equipment not only have increased potential industrial output but may be assumed to have increased productivity per man-hour as newer machines and methods are being drawn into production. This development, associated with the larger number of workers employed in manufacturing, clearly indicates a gain in manufacturing output in excess of the increase in the number of workers.

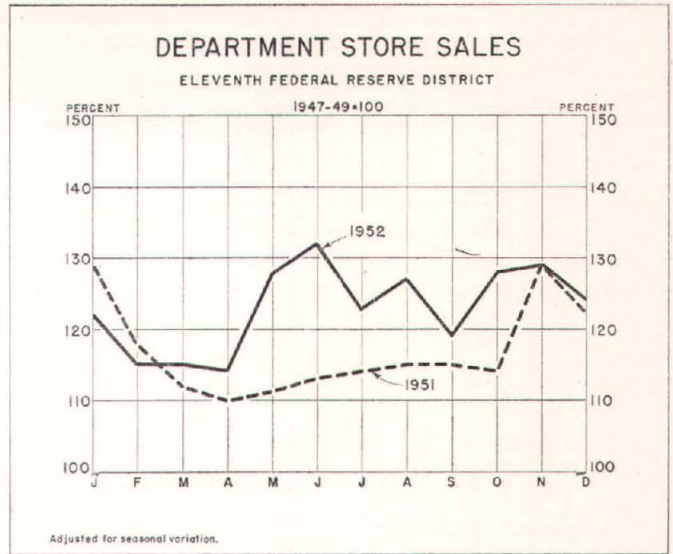


While a general industrial growth has occurred in the District that has not been confined to one or another industry, the most significant developments have occurred in such growth industries as the lighter metals and the chemicals and industries associated with petroleum. As pointed out elsewhere in this *Review*, this District now accounts for about 16 percent of the Nation's capacity for the production of aluminum, while Texas had received 19 percent of the certificates of necessity granted prior to mid-October for chemical expansion projects. Growing industrial activity also is reflected in the increased electrical generating capacity of the area. During 1952, electric generating capacity in the region

increased 7.5 percent, while the increase in Texas is reported to have been almost 6 percent.

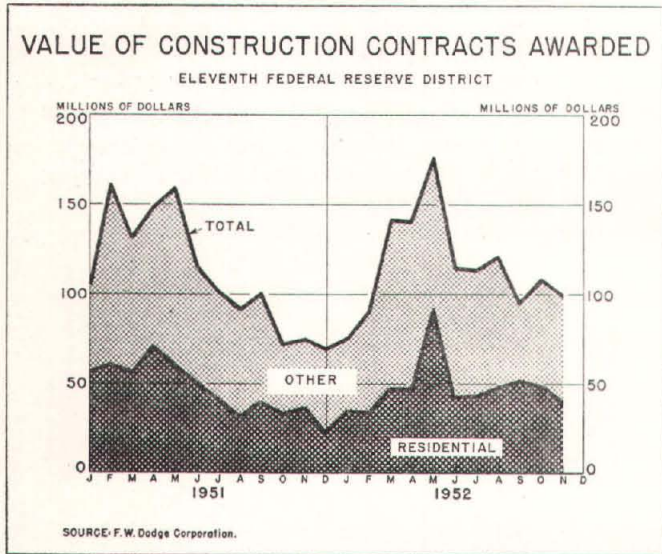
Increased manufacturing and industrial activity, however, has not been the sole source of larger employment. Total non-agricultural wage and salary workers in the five states in the area rose about 4 percent during the year, an increase approximately equal to that for Texas. A larger volume of trade and service activity and of other nonmanufacturing pursuits has been characteristic of the District.

The value of construction contracts awarded in the District, based on preliminary and incomplete figures, probably exceeded the total for 1951 by about 1 percent. Residential construction—including contracts for homes, apartment buildings, hotels, dormitories, and other types of shelter—was less than 2 percent under the 1951 total, whereas non-residential awards—including all other types of construction—were probably in the neighborhood of 4 percent higher



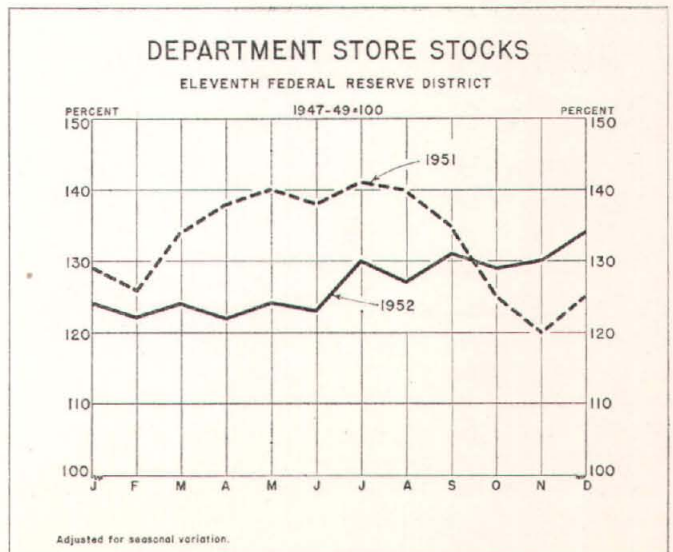
In contrast with the trend for the Nation, department store sales in the Eleventh District during 1952 ran ahead of comparable months in 1951 during most of the year. The result was that the cumulative increase in department store sales during 1952 in the Eleventh District was about 6 percent. While these figures do not reflect necessarily the trend of retail trade during the year, they do indicate, when considered with other information, a somewhat higher level of consumer spending during 1952.

Estimates of the Bureau of Business Research of The University of Texas through the first 10 months of 1952 show a cumulative increase in total retail sales of about 1 percent. According to this source, such major outlets for retail trade as food, apparel, and furniture and household appliance stores, department stores, filling stations, and eating and drinking places showed appreciable cumulative increases over the 10-month period in 1951. Declines in retail sales were notable primarily at automotive stores and at stores selling lumber, building materials, and hardware. The active volume of



than the total reported in 1951. A year ago, total construction contracts awarded in the Eleventh District were about \$1,330,000,000, whereas for 1952 it seems that the total will exceed \$1,350,000,000.

After a somewhat slow start early in the year, residential construction gained strength and during the last half of 1952 ran substantially above year-earlier figures. Nonresidential construction showed more consistent strength during 1952, with the volume reported in most months running somewhat above 1951 figures. The most significant increase in residential construction occurred in the number of one-family dwellings built for sale or rent, while the largest increases in non-residential construction were in the utility and public works categories. Substantial increases in street and highway construction and in the construction of pipelines were particularly significant. In addition, a number of large industrial plants involving substantial expenditures contributed toward maintaining the high-level construction totals.



retail trade reported on a random basis by merchants, together with the favorable holiday buying season, would seem to indicate that 1952 as a whole will compare quite favorably with the record of 1951.

Bank debits—also an indicator of the level of spending—were about 9 percent higher in 1952 than in the preceding year, according to reports received from banks in 24 cities of the District.

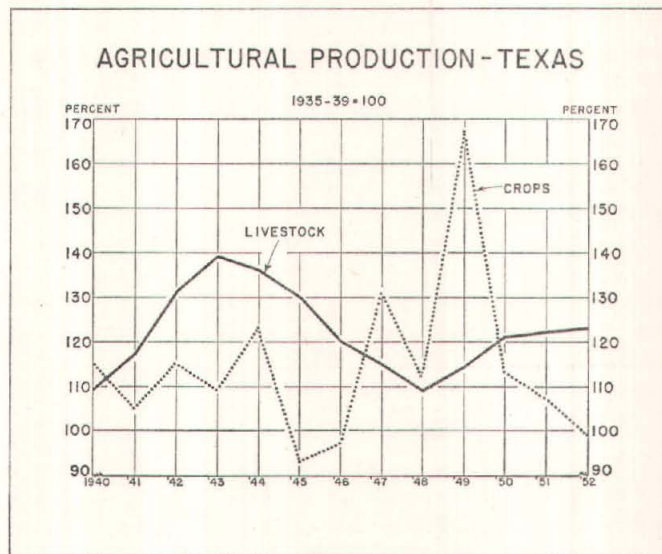
Whereas in 1951 the problem of excessive inventories was an important one during much of the year, that has not been the case in 1952. Inventories at department stores were brought reasonably well in line by the latter part of 1951 and have been maintained in a conservative relationship to sales since that time. During the past few months a moderate increase in inventories has occurred as retailers have tended to advance their commitments slightly. On the whole, however, orders and inventory commitments are being held to a conservative basis.

In view of the serious and prolonged nature of the drought that has affected large parts of the Eleventh District, the probable declines in total agricultural production and in cash farm income are less marked than might have been expected. On the other hand, it is also possible that damage resulting from the drought may have been more severe than the relatively moderate decline in figures would indicate. Undoubtedly, ranges and pastures in large parts of the western half of the District and in southern parts of the region have suffered much damage. Heavy rains, favorable weather, and perhaps in many cases pasture-rebuilding work will be necessary to restore the ranges to their former productivity. Likewise, large marketings of beef cattle have had adverse effects upon basic herds, in many cases.

Agricultural data for the five states lying wholly or partly in the Eleventh District indicate total production at approximately the 1951 level, with a slight decline in the production of crops being almost offset by a very small increase in the production of livestock and livestock products. This picture, however, is not wholly representative of conditions in the Eleventh Federal Reserve District, for in several instances favorable production in states other than Texas is outside of this District, e.g., a very large wheat crop in the part of Oklahoma that is in the Kansas City Federal Reserve District and large rice and sugar cane crops in the part of Louisiana lying in the Atlanta Federal Reserve District. Consequently, the production and cash farm income pattern representative of Texas perhaps more nearly approximates the district situation.

It is estimated that the production of crops in Texas probably declined about 7 percent during 1952 as compared with the preceding year, while the production of livestock and livestock products rose about 1 percent. These estimates indicate a decline in all farm commodity production in the neighborhood of about 3.5 percent. From the standpoint of production, the most serious decline occurred in the case of cotton, with the 1952 crop being estimated at about 3,750,000 bales, as compared with 4,074,000 bales produced in 1951. Sor-

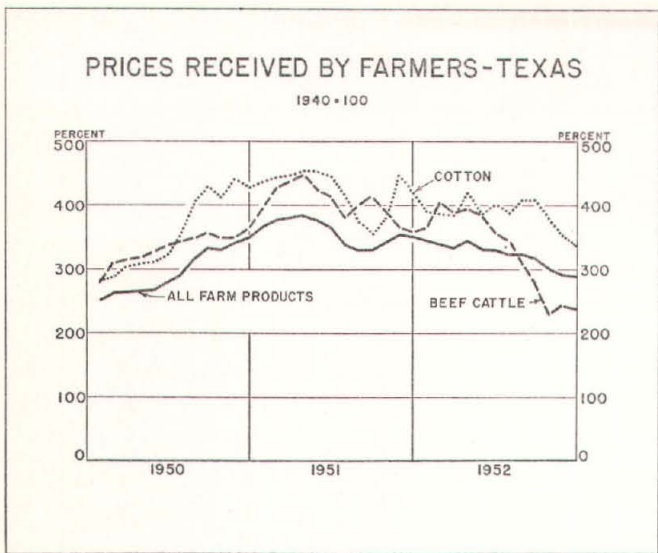
ghum grain production in Texas also was substantially lower during 1952 than a year earlier. These declines in production were offset to some extent, however, by a rice crop which reached record proportions, a substantially larger wheat crop, and a larger production of oats.



As ranges deteriorated due to the drought, ranchers moved large numbers of cattle to slaughter, to feed lots, and to better grazing lands in eastern parts of the District and in other states. Indicative in part of this heavier-than-usual movement of cattle is the fact that during the first 10 months of 1952 approximately 17 percent more cattle were slaughtered in Texas than during the comparable 10-month period in 1951. Likewise, the increase in the number of calves moving to slaughter during the same period was about 16 percent over the comparable months in 1951, while the movement of sheep and hogs was up 9 percent each. Figures covering the shipment of cattle from Texas to feed lots in the Midwest and to better grazing lands in other areas are not compiled, but such estimates and figures as are available on a scattered basis indicate an unusually heavy movement.

Average prices received by farmers in Texas for farm products declined appreciably during 1952, with most of the decline, however, occurring in the latter half of the year. Beef cattle prices, which had been under some pressure during the last part of 1951, resumed their downward movement in the late spring and early summer of 1952 and at the end of the year were about 30 percent under figures of a year earlier. This substantial decline, however, based upon average prices for all beef cattle, was not typical of the price movement for Prime and Choice grades, which showed a much more moderate reduction. Feeder and stocker cattle and lower grades of slaughter cattle suffered sharper declines. Cotton prices were relatively favorable during most of the harvest season but then declined rather sharply in the fourth quarter and late in December were at about the support level.

Final results of cash farm income for Texas for the year 1952 will not be available for some months, but preliminary figures covering the first 10 months of the year seem to



12 percent, than at country banks, which appear to have recorded an increase of more than 9 percent in loan volume. A similar situation — although more pronounced — apparently prevailed with respect to investments in Government securities. Reflecting these developments at least in part, total deposits and total resources of reserve city banks were probably about 6 percent higher at the end of 1952 than on the comparable date in 1951, while the increases at country banks in each case were approximately 4.5 percent.

The stronger effective demand for bank credit during 1952 was reflected in year-to-year increases on a monthly basis. Moreover, as the year progressed, increases over the corresponding months of 1951 became greater. For instance, the volume of loans outstanding in January 1952 was about 6 percent larger than the amount outstanding in the same month in 1951. The spread gradually increased and late in 1952 ranged from 11 to 13 percent above year-earlier figures. Seasonal movements, especially during the first half of the year, were obscured somewhat by the over-all strength of loan demand. Declines of a seasonal nature in loans to dealers in agricultural commodities, retail and wholesale trade, and certain types of manufacturers were more than offset by nonseasonal increases to other borrowers. Consequently, seasonal loan expansion in the third and fourth quarters of the year was superimposed upon an already large loan volume.

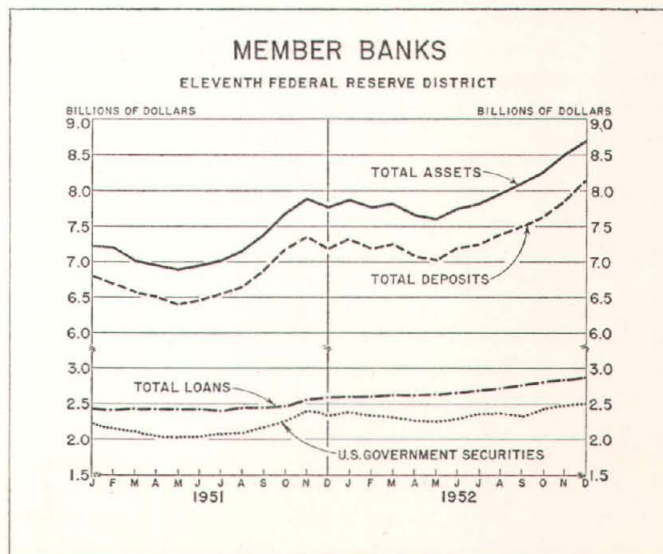
Total deposits maintained a steadily higher level during 1952, with figures at the close of business as of the last Wednesday of each month showing increases ranging from about 6 percent to more than 11 percent over the comparable monthly figures for 1951. A sustained high level of deposits, of course, is consistent with the high-level loan and investment position of the District's member banks.

Dividend payments, year-end adjustments, and other uncertain factors prevent reasonable estimates of the growth in

point to only a moderate decline for the year as a whole. Receipts from livestock marketings were not down as much as might have been expected, in view of the substantial price decline that occurred. Larger marketings tended to offset partly the effect of the price decline, in so far as cash receipts were concerned. In addition, during 1952 an unusually large proportion of the cotton crop was marketed early and, consequently, received the advantage of the somewhat higher prices that prevailed during July, August, and September. Moreover, a large carry-over of 1951 cotton was marketed in the early months of 1952. Other factors tending to support cash receipts were the record rice crop at relatively high prices and a wheat crop much larger than the 1951 production, also at favorable prices. The result of these and other developments points toward a possible decline in cash farm income in Texas in the neighborhood of perhaps 5 percent.

Banking developments at the District's member banks reflected the high level of economic activity that prevailed during 1952. Preliminary estimates of member bank resources at the end of 1952 place the total at approximately \$8,700,000,000, or somewhat more than 5 percent above the amount reported a year earlier; total deposits are estimated to have increased by about the same percentage and aggregated about \$8,150,000,000; loans and discounts rose to about \$2,860,000,000, or an increase of more than 11 percent; and holdings of Government securities, estimated to be about \$2,500,000,000, were up almost 6 percent. These estimated changes represent somewhat larger increases in loans and discounts and in holdings of Government securities but smaller gains in resources and deposits than occurred in 1951.

Reserve city and country banks in the District shared substantially in the expanding volume of banking activity during 1952, although somewhat greater growth was experienced by banks in the larger cities. Judged on the basis of changes in bank loans, the demand for bank credit was stronger at reserve city banks, where the increase is estimated in excess of



capital accounts of member banks in the District. Monthly figures through November, however, appear to indicate that total capital accounts will show a gain that is reasonably comparable with the increase of 1951 and that reflects a continuing strengthening of capital accounts, both through the retention of a substantial proportion of earnings — which were very favorable during 1952 — and the issuance of new stock.

As we look ahead to the economic developments in the months of 1953, the outlook at this time appears very favorable and indicates the probability that most of the major economic indexes or measures, both in the Nation and in this District, will average somewhat higher than in the year just closed. As stated earlier in this article, strong supports and stimulants to business activity in the nature of an expanding defense program, a high level of private expenditures for plant and equipment, a high level of construction, and very large consumer expenditures combined to create a favorable economic atmosphere in which the economy operated in 1952. These same factors promise to continue very strong in the new year.

Expenditures for national security almost certainly will continue to rise gradually. The increase may not prove to be as great as programed, but increases above the 1952 levels are practically assured. Moreover, while a conceivable slowing down of the defense program might lower the peak level that would be reached during the year, such a policy also might give added stability throughout the year by flattening and extending the rising trend. Estimates from business sources with regard to plant and equipment expenditures point toward a total approximately equal to the 1952 amount. Likewise, estimates of the trade seem to indicate confidence in the maintenance of very high-level construction expenditures, both in the field of residential and nonresidential awards. Full employment at somewhat higher average wage rates points toward rising personal incomes. Increases in 1953 over the past year appear likely to be moderate and should not be characterized by strong inflationary movements. However, as between an inflationary or deflationary bias in the economy, evidence still seems to point to the former — moderate though it may be, as compared with preceding years.

In the Eleventh District the principal sources of income and employment should experience further expansion in 1953, although the rate of growth may slacken or tend to stabilize. Fundamentally sound growth factors and potentials that are characteristic of the region will continue to express themselves. No appreciable lessening of interest in the industrial possibilities of the Southwest is apparent. In fact, there are indications that such areas as the Louisiana-Texas Gulf Coast Crescent, the rapidly expanding Dallas-Fort Worth metropolitan area, the Northeast Louisiana-Shreveport area, and many other localities in the region can look forward to substantially greater industrial and manufacturing development.

Despite a very rapid expansion during the past decade, the petroleum industry must be placed in the category of growth industries. We are living in what might be called a "petroleum age," despite the advent of atomic energy, and demand for the products of that industry will continue strong. Moreover, the rapidly expanding petrochemical industry promises to exert a greater demand for the products of the area's oil and gas wells and its refineries.

There is no reason to anticipate a declining demand for agricultural products. Full-scale production should be characteristic of the region's agriculture. In addition, genuine progress is being made toward a more efficient, better diversified agriculture, which should add stability to income. A growing population and rising employment in industry and other nonagricultural pursuits at higher average wage rates should stimulate the flow of expenditures into channels of trade and services.

Factors such as these in operation during a period of national strength can be expected to reflect sound and permanent growth, in addition to the more or less temporary advances that may be associated with an expanding defense program or other shorter run stimulants. To the banks of the District this means a further growth in resources, as a reflection of their continued active participation in the development and diversification of the southwest economy.



REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Christmas buying in the season just passed was especially heavy. Sales at department stores in the District in the first 3 weeks of December rose 5 percent over the record high of a year earlier. November sales also were at a high level, with average sales per business day equaling the record of November 1951. Charge accounts receivable at department stores rose further during November and at the end of the month were 3 percent above the year-ago level. Charge account collections also rose, reflecting principally the increase in that type of credit. Instalment collections, on the other hand, declined. Department store inventories at the close of November were 7 percent above a year earlier; orders outstanding were up 22 percent. Furniture store sales in November were off 2 percent from the same month in 1951.

Rains over most of the District during November and December were greatly beneficial to grasslands and winter crops, although below-normal temperatures in northern counties in the latter month retarded growth of winter grains and legumes. Harvest of 1952 crops, including cotton, is virtually complete. Commercial winter vegetable production in south Texas is up sharply from a year ago. Estimates of winter wheat acreage in the states of the District for harvest in 1953 total slightly more than a year earlier. The downward trend on farm commodity prices in the District continued in December.

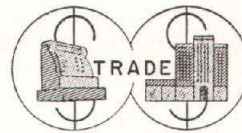
Gross demand deposits of all member banks in the District in November averaged 2.9 percent above October and 6.6 percent above the comparable month in 1951; time deposits also rose in November. Debits to deposit accounts reported by banks in leading cities declined slightly on a per-business-day basis.

Commercial, industrial, and agricultural loans of weekly reporting member banks declined 1.4 percent between November 19 and December 17, after having risen seasonally for several months. On the other hand, real estate loans, loans to banks, and the category which includes consumer-type loans increased. Investments at these banks rose 3.4 percent during the 4-week period, with holdings of Treasury bills up sharply. Deposits rose 1.7 percent; an increase in demand deposits more than offset a fractional decline in time deposits.

Recent developments in the oil industry in the District have centered around the less-than-normal decline in national stocks of major refined petroleum products during November and early December. The high position of stocks is not considered a serious problem; however, oil allowables in Texas for January were reduced one producing day as compared with December. Crude oil production in the District in the first half of December was lower on a daily average basis than in November but above a year earlier. Refinery activity continued at near-peak levels during November but was curtailed in the first part of December.

Nonagricultural employment in the District in December was at a record high level; manufacturing employment was 7 percent above a year earlier. Employment trends reflect the continued rapid gain in industrial production in the District. Recently announced plans for industry expansion in the District cover a number of commodities, including aluminum, potash, and paper.

The value of construction contracts awarded in the District in November was a record high for the month, although seasonally below October due to curtailment in residential awards; nonresidential construction contract awards rose further. Awards for the first 11 months of 1952 show a gain of 1 percent over the comparable period in 1951, compared with 5 percent for the Nation.



Christmas buying at department stores in the Eleventh Federal Reserve District set a new all-time dollar record during the week ended December 20. During that week, the weekly index of department store sales rose 5 percent above the former record established during the comparable week in 1951.

The rush of Christmas business began during the first week of December, when the daily average sales volume rose 21 percent above the previous week. With a large amount of money and credit available and a wide selection in all types and classes of merchandise, shoppers bought heavily in virtually every department. The demand reached record levels in wearing apparel, notions, silverware, small electrical appliances, and children's toys. During the latter days, when buying was at its peak, the large downtown stores were taxed virtually to the limit of their capacity to provide properly

RETAIL TRADE STATISTICS

(Percentage change)

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

¹ Stocks at end of month.

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

for the largest crowds and the greatest surge of business they had ever experienced. The crowded conditions and heavy buying spread out into the suburban shopping centers and, as a consequence, many of the specialty stores in those locations enjoyed their greatest Christmas season.

With one more business day than in the same month of the previous year, it is expected that final reports will show total sales in December about 8 percent above the record December level in 1951.

Total dollar volume of retail sales at district department stores during November declined 4 percent from October and was 4 percent under November 1951. The comparison with month-ago and year-ago figures — although somewhat disappointing — was not entirely unexpected because it was realized that November contained only 24 business days, compared with 27 in October and 25 in November of the previous year. Sales during the 2 weeks ended November 22 were at the highest weekly rates ever recorded for that

WHOLESALE TRADE STATISTICS
 Eleventh Federal Reserve District
 (Percentage change)

Line of trade	NET SALES ^p			STOCKS ¹ ^p	
	November 1952 from		11 mo. 1952 comp. with 11 mo. 1951	November 1952 from	
	November 1951	October 1952		November 1951	October 1952
Drugs and sundries.....	-5	-14	-2	11	-3
Dry goods.....	-7	-20	—	2	3
Grocery (voluntary group and full-line wholesalers not sponsoring groups).....	2	-5	—	6	— [#]
Hardware.....	7	-5	-3	3	-2
Industrial supplies.....	-13	6	4	-25	-4
Machinery equipment and supplies except electrical ..	-17	-27	—	29	3
Metals.....	-1	— [#]	—	-1	3
Tobacco products.....	2	-11	4	2	7
Wines and liquors.....	-4	-19	—	— [#]	-3

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.

month; as a result, the unadjusted index for the month, which allows for the difference in trading days, indicates that sales for the average business day in November were at the record rate established a year earlier and were 7 percent above the daily average during October. However, because of the lower total dollar volume for the month, cumulative sales for the year to date dropped from a gain of 7 percent at the end of October to 6 percent at the end of November.

Charge accounts receivable at department stores rose 3 percent during November and at the end of the month were 3 percent greater than on the same date in 1951. Collections made during the month on charge accounts were 9 percent above October and 4 percent above November 1951. Instalment account collections were in the same dollar volume as during October and were 9 percent under the amount collected during November a year earlier. The ratio of instalment collections during the month to instalment receivables at the beginning of the month was 12 percent. Based on that ratio, the current average collection period for instalment accounts was slightly more than 15½ months, compared with 14 months for October and 10 months for November 1951.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED ¹			
	Nov. 1952	Oct. 1952	Sept. 1952	Nov. 1951	Nov. 1952	Oct. 1952	Sept. 1952	Nov. 1951
SALES—Daily average								
Eleventh District.....	144	134	128	144	129	128	119	129
Dallas.....	137	133	127	141	118	124	114	122
Houston.....	162	149	145	157	145	150	133	140
STOCKS—End of month								
Eleventh District.....	145 ^p	141	134	135	130 ^p	129	131	120

¹ Adjusted for seasonal variation.
^p—Preliminary.

Inventories at the close of November were 3 percent above October and 7 percent above a year earlier. The rise in inventories from the year-ago total was at approximately the same rate as the gain in cumulative sales for the first 11 months. The inventory position of various types of merchandise shows careful adjustments to current sales trends. Orders outstanding for new merchandise at the end of November were 4 percent lower than a month earlier and 22 percent above a year ago.

Furniture stores sales reported in the District for November were 8 percent under October figures and 2 percent below those of November 1951. The difference in the number of trading days would more than account for the decline. Inventories at the end of the month were 2 percent above the previous month but were 7 percent below a year earlier. Accounts receivable rose moderately during the month to a total 22 percent above November 1951, while collections showed a decline of 3 percent from a year ago.



Additional rains were received over most of the District in December, following the general rains over virtually all areas in November. Temperatures were somewhat below normal a major part of the month, retarding the growth and development of winter grains and legumes, many of which were seeded following the November rains. Winter pastures have shown marked improvement; small grains are furnishing some pasturage throughout much of the District.

The first official report by the United States Department of Agriculture of the winter wheat crop for harvest in 1953 shows a total of 611,141,000 bushels for the Nation, the smallest since 1943. This report, based on December 1 conditions, also places the Texas crop at 25,105,000 bushels, sharply below average and one of the smallest crops in many years. Oklahoma wheat growers expect to harvest 50,000,000 bushels, or less than half the 1952 crop. Condition of the wheat crop in the District is reported by the Department of Agriculture as fair to good. Most fields that are up to a stand are not well established, and their further growth and development will be highly dependent upon additional moisture during the coming months, as subsoil moisture is virtually nonexistent. Also, considerable damage could occur if the crop is subjected to severe winter weather during the next few weeks.

WINTER WHEAT ACREAGE

(In thousands of acres)

State	ACREAGE		PRODUCTION	
	Crop of 1952	Crop of 1953	Crop of 1952	Crop of 1953
Arizona.....	25	24	598	576
New Mexico.....	630	611	627	2,444
Oklahoma.....	6,328	6,644	107,115	49,830
Texas.....	5,021	5,021	34,626	25,105
Total.....	12,004	12,300	142,966	77,955

SOURCE: United States Department of Agriculture.

Commercial winter vegetable production in south Texas is forecast at 28 percent higher than the 1951-52 season, based on conditions existing at mid-December. Acreage of the eight principal winter vegetable crops is 31 percent above a year ago, and yields are expected to be about average. The shipping season for tender vegetables was ended in most sections in mid-December by frost and subfreezing temperatures, but hardy crops of all kinds were not damaged appreciably. Shipments of beets, cabbage, carrots, cauliflower, lettuce, spinach, and broccoli continued in volume. By mid-December a considerable acreage of spring-crop tomatoes was already planted in the Lower Rio Grande Valley. Conditions are reported to be generally favorable for continued transplanting of irrigated onions.

CITRUS FRUIT PRODUCTION

(In thousands of boxes)

	Average of 10 seasons ended 1951	1950-51	1951-52	Indicated 1952-53
	ARIZONA			
Oranges.....	992	1,400	730	1,000
Grapefruit.....	3,344	3,150	2,140	2,700
LOUISIANA				
Oranges.....	314	300	50	50
TEXAS				
Oranges.....	3,621	2,700	300	1,000
Grapefruit.....	16,772	7,500	200	400

SOURCE: United States Department of Agriculture.

The December 1 estimate of the Texas cotton crop placed 1952 production at 3,750,000 bales—up 90,000 from the November estimate but still sharply below early season forecasts. For the Nation, a crop of 15,038,000 bales is indi-

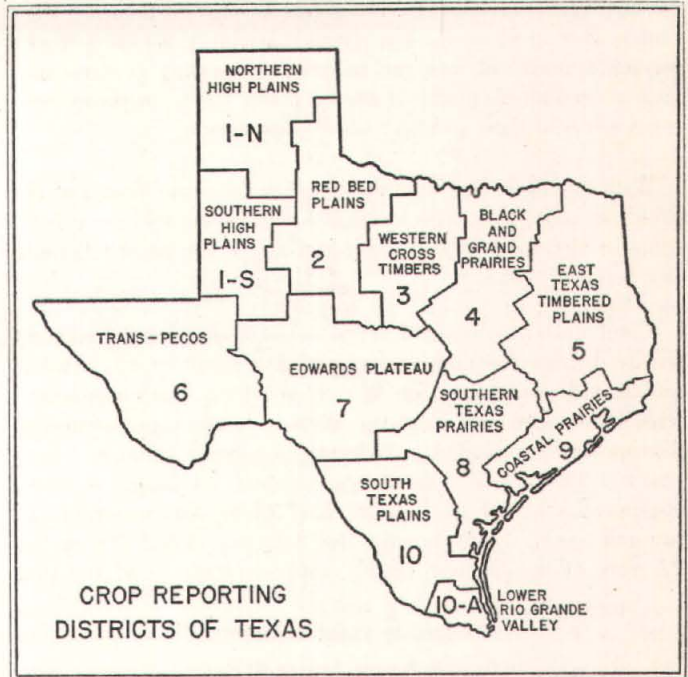
COTTON PRODUCTION

Texas Crop Reporting Districts

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

Crop reporting district	1950	1951	1952 Indicated December 1	1952 As percent of 1951
1-N.....	89	348	450	129
1-S.....	721	944	950	101
2-N.....	206	287	185	64
2-S.....	342	218	55	25
3.....	16	33	10	30
4.....	557	610	620	102
5-N.....	60	112	95	85
5-S.....	61	85	100	118
6.....	143	192	245	128
7.....	48	24	15	63
8-N.....	139	192	210	109
8-S.....	90	86	225	262
9.....	122	256	225	88
10-N.....	27	79	55	70
10-S.....	325	608	310	51
State.....	2,946	4,074	3,750	92

SOURCE: United States Department of Agriculture.



cated. Harvest of cotton in the Eleventh District is being completed rapidly, with mechanical harvesters replacing most hand labor in western sections.

A sharp improvement in the condition of ranges and pastures during November and December is reported by the Department of Agriculture. In eastern and southern sections of the District, winter pastures have improved sufficiently to provide some green feed. Nevertheless, the condition of all range feed in Texas remains well below average for this time of year. The condition of cattle and sheep improved slightly during November, but most herds and flocks in the range areas were reported to be showing some loss in weight during December, despite fairly heavy supplemental feeding. Ewes are going into the winter in generally poor condition.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended	Comparable	Comparable
		Dec. 22, 1952	week last month	week last year
COTTON, Middling 15/16-inch, Dallas.....	lb.	\$32.20	\$33.35	\$41.90
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.70¼	2.73¼	2.82¼
OATS, No. 2 white, Fort Worth.....	bu.	1.13¼	1.12¾	1.24½
CORN, No. 2 yellow, Fort Worth.....	bu.	1.89	1.87¾	2.28¼
SORGHUMS, No. 2 yellow milo, Fort Worth.....	cwt.	3.43	3.32	3.13
HOGS, Choice, Fort Worth.....	cwt.	17.50	17.25	19.00
SLAUGHTER STEERS, Choice, Fort Worth.....	cwt.	28.00	30.00	35.00
SLAUGHTER CALVES, Choice, Fort Worth.....	cwt.	25.00	25.00	33.00
STOCKER STEERS, Choice, Fort Worth.....	cwt.	21.00	22.00	34.00
SLAUGHTER LAMBS, Choice, Fort Worth.....	cwt.	20.00	22.00	28.00
HENS, 3-4 pounds, Fort Worth.....	lb.	.24	.22	.26
FRYERS, Commercial, Fort Worth.....	lb.	.32	.32	.30
BROILERS, south Texas.....	lb.	.32	.33	—
TURKEYS, No. 1 hens, Fort Worth.....	lb.	.37	.35	.40

The downward trend of prices received by district farmers for most agricultural commodities during the fall continued through December. As a result, cotton reached a new low for the season and late in the month was selling at or near the loan rate in most markets. Livestock prices lost most of the gains that had been achieved in late November, and past

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

State	September		October		Cumulative receipts January—October	
	1951	1952	1951	1952	1951	1952
Arizona.....	\$ 17,410	\$ 18,145	\$ 43,324	\$ 53,614	\$ 236,458	\$ 291,526
Louisiana.....	57,116	74,101	71,318	77,519	274,390	305,986
New Mexico.....	18,393	18,344	72,004	69,858	169,901	184,282
Oklahoma.....	69,227	73,767	95,911	77,828	485,819	604,951
Texas.....	261,577	314,729	275,157	299,285	1,674,945	1,729,571
Total.....	\$423,723	\$499,086	\$577,714	\$578,104	\$2,841,513	\$3,116,316

SOURCE: United States Department of Agriculture.

mid-December they were at or near the low for 1952. Prices of wheat declined moderately, but prices of grain sorghums, rice, vegetables, and dairy products remained generally unchanged.

Prospects for crop production in the District in 1953 are clouded by the lack of subsoil moisture and the consequent heavy dependence on timely and adequate rains throughout the planting and growing seasons. Supplies of irrigation water in the Lower Rio Grande Valley are very deficient, and unless substantial rains are received within the next few weeks, cotton planting in that area will be restricted. Live-stock production in the District—if average weather conditions prevail—may very well exceed that of 1952. Despite heavy liquidations of cattle in 1952, the number of all livestock in the District probably will show little or no decline from a year earlier. Poultry production, especially broilers, is expected to increase further. In discussing the price outlook, the Department of Agriculture anticipates that prices received by farmers will average no higher, and perhaps somewhat lower, than in 1952.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	November 1952	November 1951	October 1952	November 1952	November 1951	October 1952
Cattle.....	67,588	51,572	101,959	21,506	23,635	23,595
Calves.....	25,217	33,220	39,070	15,925	25,386	18,879
Hogs.....	57,875	77,730	37,143	—	5,436	—
Sheep.....	49,535	47,304	70,368	116,022	116,728	130,249

¹ Includes goats.

Commercial, industrial, and agricultural loans of the weekly reporting member banks declined \$16,927,000, or 1.4 percent, between November 19 and December 17. This reduction compares with an increase of \$45,155,000, or 4.3 percent, during the comparable period in 1951 and is in contrast with the upward movement that had prevailed in other recent weeks during 1952. These loans were at a record total of \$1,198,558,000 on November 19.

The contraction in commercial, industrial, and agricultural loans during the 4 weeks ended December 17 reflects rather sharp liquidation of outstanding bank indebtedness by commodity dealers in most weeks. Construction firms and manufacturers of petroleum and chemical products also re-

paid substantial amounts of bank borrowings. On the other hand, wholesale and retail trade establishments, manufacturers of metal and metal products, and sales finance companies increased the amount of their bank indebtedness.

The increase in commercial, industrial, and agricultural loans between June 11 (the low point for the year) and December 17—a period of increasing seasonal demand for bank credit—amounted to \$144,339,000, or 14 percent. This compares with the expansion of \$91,384,000, or 9 percent, during the comparable period of 1951. The expansion in 1952, however, is not greatly different from the increase that occurred during 1951 from the low point of that year (August 8) to December 19.

Changes in other types of loans of the weekly reporting member banks between November 19 and December 17 include increases in real estate loans, loans to banks, and the category which comprises consumer-type loans. Loans for financing security transactions declined. On December 17, loans of these banks amounted to \$1,753,772,000, reflecting an increase of 12.0 percent over the comparable total for 1951.

Investments of the weekly reporting member banks rose \$49,246,000, or 3.4 percent, during the 4 weeks ended December 17. Holdings of Treasury bills increased \$74,374,000, or 45 percent. Other principal changes in investment portfolios include an increase in Treasury notes and greater-than-offsetting decreases in certificates of indebtedness and Treasury bonds. Holdings of municipals were unchanged.

Deposits of the weekly reporting member banks rose \$74,996,000, or 1.7 percent, between November 19 and December 17, reflecting principally increases in most major types of demand accounts. Demand deposits of individuals, partnerships, and corporations rose \$66,641,000, or 2.6 percent, while deposits of the United States Government declined \$5,984,000, or 5.7 percent. Time deposits declined

CONDITION STATISTICS OF WEEKLY REPORTING
MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Dec. 17, 1952	Dec. 19, 1951	Nov. 19, 1952
Total loans (gross) and investments.....	\$3,236,255	\$2,970,893	\$3,191,320
Total loans—Net ¹	1,735,253	1,549,565	1,741,695
Total loans—Gross.....	1,753,772	1,565,884	1,758,083
Commercial, industrial, and agricultural loans.....	1,181,631	1,091,473	1,198,558
Loans to brokers and dealers in securities..	10,670	9,080	10,207
Other loans for purchasing or carrying securities.....	66,118	54,767	67,856
Real estate loans.....	128,069	120,292	125,680
Loans to banks.....	11,623	2,336	9,876
All other loans.....	355,661	287,936	345,906
Total investments.....	1,482,483	1,405,009	1,433,237
U. S. Treasury bills.....	240,113	316,563	1,65,739
U. S. Treasury certificates of indebtedness..	148,918	158,243	159,433
U. S. Treasury notes.....	214,636	179,466	206,343
U. S. Government bonds (inc. gtd. obligations).....	700,974	581,562	723,953
Other securities.....	177,842	169,175	177,769
Reserves with Federal Reserve Bank.....	613,259	585,931	606,906
Balances with domestic banks.....	448,780	465,030	454,189
Demand deposits—adjusted ²	2,537,728	2,377,288	2,463,748
Time deposits except Government.....	482,621	452,173	483,972
United States Government deposits.....	110,136	83,498	116,120
Interbank demand deposits.....	927,102	909,561	919,565
Borrowings from Federal Reserve Bank.....	14,800	8,500	42,750

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

GROSS DEMAND 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
November 1950..	\$6,087,614	\$657,258	\$2,951,134	\$406,100	\$3,136,480	\$251,158
November 1951..	6,592,874	686,144	3,101,804	376,802	3,491,070	309,342
July 1952.....	6,566,056	744,250	3,147,075	408,616	3,418,981	335,634
August 1952....	6,546,078	758,238	3,123,616	414,837	3,422,462	343,401
September 1952.	6,692,788	767,553	3,190,957	421,871	3,501,831	345,682
October 1952...	6,828,512	770,099	3,262,180	420,233	3,566,332	349,866
November 1952..	7,025,207	780,156	3,338,376	421,427	3,686,831	358,729

fractionally, reflecting an increase in deposits of individuals and businesses and a reduction in deposits of states and political subdivisions. Deposits of the weekly reporting member banks amounted to \$4,370,233,000 on December 17, as compared with \$4,133,464,000 on December 19, 1951.

Gross demand deposits of all member banks in the District averaged \$7,025,207,000 during November, reflecting increases of \$196,695,000, or 2.9 percent, over October and \$432,333,000, or 6.6 percent, over the comparable month of 1951. About 61 percent of the increase during November occurred at the country member banks. Time deposits rose \$10,057,000, or 1.3 percent, during November to a total of \$780,156,000, with country banks accounting for 83 percent of the increase.

The expansion of time deposits during November reflects an extension of the sustained upward trend which had pre-

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

(Amounts in thousands of dollars)

City	DEBITS ¹			DEPOSITS ²			
	November 1952	Nov. 1951	Oct. 1952	Nov. 30, 1952	Nov. 1952	Nov. 1951	Oct. 1952
			Percentage change from		Annual rate of turnover		
				Nov. 30, 1952	Nov. 1952	Nov. 1951	Oct. 1952
ARIZONA							
Tucson.....	\$ 106,405	24	6	\$ 114,816	11.2	10.4	10.8
LOUISIANA							
Monroe.....	49,578	-1	-10	51,697	11.8	12.4	13.3
Shreveport.....	181,544	2	-18	208,538	10.7	11.3	13.2
NEW MEXICO							
Roswell.....	26,233	3	-10	31,661	10.2	10.6	12.0
TEXAS							
Abilene.....	54,594	#	2	57,354	11.5	12.1	11.3
Amarillo.....	134,157	-15	-13	121,487	13.3	17.0	15.6
Austin.....	135,863	1	-4	119,195	13.2	13.9	13.7
Beaumont.....	130,887	-4	-3	103,937	15.0	17.5	16.1
Corpus Christi.....	142,581	12	-4	121,709	14.4	15.1	15.5
Corsicana.....	12,773	-8	-26	22,761	6.8	7.3	9.4
Dallas.....	1,491,630	-1	-22	1,262,622	15.2	17.8	21.2
El Paso.....	205,898	9	8	163,913	15.4	16.3	14.5
Fort Worth.....	505,408	1	-6	419,837	14.5	16.1	15.6
Galveston.....	78,465	#	-9	103,735	9.2	9.5	10.1
Houston.....	1,608,922	3	-11	1,216,177	16.0	16.8	18.0
Laredo.....	21,174	10	-4	26,747	9.6	10.2	10.2
Lubbock.....	165,483	12	12	113,508	18.0	17.9	17.3
Port Arthur.....	45,250	-5	-6	44,283	12.4	13.2	13.2
San Angelo.....	36,311	-14	-9	52,634	8.3	9.2	9.1
San Antonio.....	353,177	#	-5	400,690	10.7	11.0	11.3
Texarkana ³	19,577	-8	-12	28,038	8.4	10.7	9.5
Tyler.....	49,813	-2	-13	57,025	10.6	11.6	12.2
Waco.....	69,041	1	-21	97,173	8.6	8.9	11.2
Wichita Falls.....	88,000	6	4	109,566	9.7	9.6	9.4
Total—24 cities.....	\$5,712,764	1	-12	\$5,049,103	13.8	15.0	16.2

¹ Debits to deposit accounts except interbank accounts.² Demand and time deposits, including certified and officers' checks outstanding but excluding deposits to the credit of banks.³ These figures include only one bank in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including two banks located in the Eighth District, amounted to \$36,968,000 for the month of November 1952.

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

vailed in most months since March 1951. During the 20-month period, time deposits of the member banks in the District rose \$135,778,000, or 21.1 percent. This rate of expansion of time deposits compares with an increase of 17.3 percent in demand deposits during the same period.

Debits to deposit accounts reported by banks in 24 cities of the District declined sharply in November as compared with the total for October, reflecting principally the smaller number of business days in November. The reduction, which amounted to 12 percent, was general over the District as banks in most cities showed decreases. Daily average debits during November as compared with the daily average figure for October — a measure which is more indicative of change in the rate of spending than a comparison of monthly totals — declined somewhat less than 1 percent. Despite the reduction in the monthly total for November, the volume of charges to deposit accounts was 1 percent above the comparable figure for 1951. The annual rate of turnover of deposits, which is indicative of the annual rate of use of deposit accounts, declined from 16.2 in October to 13.8 in November. This reduction also was due, in part, to the difference in the number of business days of the 2 months. Turnover in November compares with the rate of 15.0 for November 1951.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Dec. 15, 1952	Dec. 15, 1951	Nov. 15, 1952
Total gold certificate reserves.....	\$ 769,540	\$ 625,576	\$ 753,725
Discounts for member banks.....	16,000	5,000	54,700
Industrial advances.....	0	39	0
Foreign loans on gold.....	1,691	0	1,710
U. S. Government securities.....	1,094,074	1,112,029	1,076,771
Total earning assets.....	1,111,765	1,117,058	1,133,181
Member bank reserve deposits.....	1,060,874	1,062,096	1,084,196
Federal Reserve notes in actual circulation.....	759,099	698,414	752,902

Federal Reserve notes of this bank in actual circulation on December 15 amounted to \$759,099,000, reflecting increases of \$6,197,000 over November 15 and \$60,685,000 over December 15, 1951. On December 2, notes of this bank in actual circulation rose to a record total of \$762,762,000. Between November 15 and December 15, other changes in the condition of the Federal Reserve Bank of Dallas included decreases of \$23,322,000 in member bank reserve balances and \$21,416,000 in total earning assets. The reduction in earning assets reflects principally a decrease in discounts for member banks and a less-than-offsetting increase in holdings of United States Government securities. Gold certificate reserves rose \$15,815,000.

The money market was tight during the first half of December, marking a continuation of the tightness which had prevailed throughout November. Quotations on Federal funds were at levels of $1\frac{1}{8}$ percent or $1\frac{3}{4}$ percent on each day of the period, while rates on loans to Government securities dealers ranged from 2 to $2\frac{1}{4}$ percent. Market bid rates on Treasury bills nearest a 3-month maturity rose from 2.01 percent on December 1 to 2.12 percent on December 15. Also indicative of the prevailing tightness, loans, discounts, and advances of the Reserve banks rose to a total of \$1,756,000,000 on December 10 after having declined slightly during the week ended December 3 to a level of \$1,595,000,000.

The weekly issue of 91-day Treasury bills dated December 18 was sold at an average rate of discount of 2.138 percent, which represents a further extension of the recent upward trend of average issuing rates. Average issuing rates for these 3-month bills rose from 1.635 percent for the issue dated September 25 to 2.091 percent for the issue dated December 11. The bidding for bills dated December 18 established the highest average issuing rate since March 6, 1933.

On December 1 the 2½-percent Treasury bonds of December 15, 1963-68, which are outstanding in the amount of \$2,829,000,000, became eligible for purchase by commercial banks. On December 15, the 2¼-percent bonds of December 15, 1959-62, which are outstanding in the amount of \$3,468,000,000, also became eligible. Expiration of the restrictions against commercial bank purchases of these issues increased the amount of bonds which became eligible in 1952 to a total of \$13,696,000,000.



The oil picture in the Eleventh Federal Reserve District was clouded somewhat during November and the first part of December due to a smaller decline in the national total of combined stocks of major refined products than usually occurs at this time of the year. Total national stocks of the four major refined products — gasoline, kerosene, and distillate and residual fuel oils — amounted to 318,800,000 barrels on December 13, reflecting a decline of about 3 percent from November 1, as contrasted with declines of around 5 percent in the corresponding periods of 1950 and 1951. Distillate fuel oil stocks declined 10,600,000 barrels during the period, which is 1,800,000 barrels less than during the same period in 1951, although higher than in the years 1949 and 1950. Stocks of kerosene and residual fuel oil also registered smaller declines during the 7-week period than a year earlier. Gasoline stocks, on the other hand, rose 9,000,000 barrels, or 7 percent, which is a significantly larger gain than in any of the previous 3 years.

As compared with a year earlier, distillate fuel oil stocks in the Nation on December 13 were reported at 109,700,000 barrels, reflecting a gain of 12 percent. Gasoline stocks totaled 129,600,000 barrels, or 3 percent higher than a year earlier, while residual fuel oil stocks showed a year-to-year increase of 11 percent. Kerosene stocks, however, were down about 3 percent.

Meanwhile, crude oil stocks in the Nation and in the District have continued high. Stocks in the District rose about 3,400,000 barrels in the 6 weeks ended December 13 to 143,500,000 barrels, which is 8,200,000 barrels higher than a year earlier. National crude stocks on December 13 totaled 269,500,000 barrels, which is 1,000,000 barrels more than on November 1 and 11,200,000 barrels greater than on the corresponding date in 1951.

The tendency of refined and crude stocks to hold at high levels is due, in large part, to the failure of demand to increase in accordance with expectations; in fact, reports show

a fractional decline. Temperatures through mid-December were slightly warmer than a year ago, which probably accounts for the year-to-year decrease in demand, especially for heating oils.

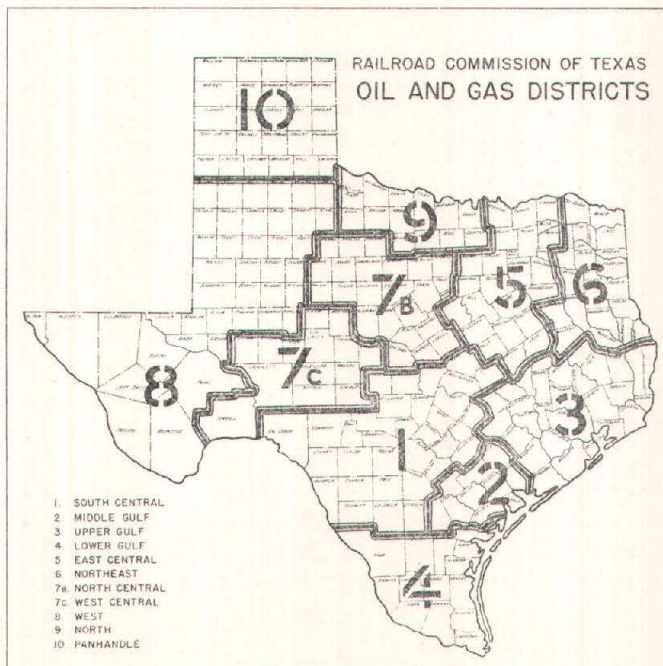
The stock situation, it should be emphasized, is not serious. Present stocks of distillate fuel oil may not prove to be heavy if temperatures during the next 2 months in major consuming areas of the country are nearer normal than prevailed during these months of 1952. Moreover, the nominations of purchasers to the Texas Railroad Commission for January were slightly higher than for the previous month, although below the allowable permitted for December. This development supports the position that stocks are not seriously heavy. Furthermore, the January allowable announced by the Commission was only 1 day less than for December, representing a reduction in the daily allowable of 89,426 barrels from that prevailing at mid-December.

CRUDE OIL PRODUCTION

(Barrels)

Area	November 1952		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Nov. 1951	Oct. 1952
ELEVENTH DISTRICT				
Texas R. Com. Districts				
1 South Central.....	1,177,700	39,257	5,705	2,073
2 Middle Gulf.....	5,375,950	179,198	9,168	5,563
3 Upper Gulf.....	15,579,700	519,323	27,798	10,158
4 Lower Gulf.....	8,416,700	280,556	20,263	3,430
5 East Central.....	1,628,750	54,292	—118	2,620
6 Northeast.....	11,832,500	394,417	—7,698	12,904
East Texas.....	7,701,750	256,725	—20,375	6,480
Other fields.....	4,130,750	137,692	12,677	6,424
7b North Central.....	3,552,850	118,428	34,968	7,863
7c West Central.....	5,519,150	183,972	63,872	5,991
8 West.....	31,405,400	1,046,847	68,977	32,615
9 North.....	5,750,100	191,670	33,370	5,133
10 Panhandle.....	2,422,750	80,758	—2,502	—1,642
Total Texas.....	92,661,550	3,088,718	253,803	86,708
New Mexico.....	5,083,850	169,462	21,942	1,125
North Louisiana.....	3,371,600	112,387	—12,288	653
Total Eleventh District.....	101,117,000	3,370,567	263,457	88,486
OUTSIDE ELEVENTH DISTRICT...	97,865,000	3,262,166	134,222	14,299
UNITED STATES.....	198,982,000	6,632,733	397,679	102,785

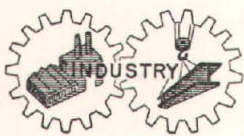
SOURCE: Estimated from American Petroleum Institute weekly reports.



Some uneasiness over the stock situation in the first part of November led to the cutback in Texas December allowances and the resulting curtailment in crude oil production in the District during that month. Production during the first half of December averaged 74,267 barrels below the November daily average, although 228,144 barrels above December a year ago. Daily average production in the District in November set a new record for the third consecutive month, amounting to 3,371,000 barrels, which is 88,500 barrels higher than the previous month and 263,500 barrels higher than in November a year ago. National production trends were similar to those prevailing in the District.

Refinery activity in the District during November was maintained at levels only very slightly below the peak reached in the previous month. The November daily average crude runs to refinery stills in the District are estimated at 2,131,000 barrels, as compared with 2,141,000 barrels in the previous month and 1,926,000 barrels in November 1951. The average crude runs to stills in the Nation were the second highest for any month on record, averaging 7,031,000 barrels, or 131,000 barrels more than the previous month and almost 400,000 barrels more than November 1951. Refinery activity in the Nation during the first half of December, however, was curtailed, with daily average crude runs to stills almost 300,000 barrels less than in November and at the lowest level since the weeks immediately following the oil strike, when many refineries were just getting back into production.

Drilling activity in the Nation by mid-December had almost recovered from the depressed levels resulting from the steel strike. The total number of active rotary rigs in the week ended December 15 was 2,781. This figure is 468 above the post-strike low and only 66 less than the high for the year reached in the week ended May 12.



Nonagricultural employment in the District continued to rise as the Christmas season opened new jobs in trade and service employment.

Recent estimates by state employment agencies reveal that in October the total number of nonagricultural wage and salary workers in the five states lying wholly or partly within the District rose to 3,777,000, or 4 percent above October 1951. Similarly, manufacturing employment increased 6 percent above a year ago to 716,000 workers. Because of heavy demands for retail trade and post office employment, it is estimated unofficially that total nonagricultural employment in the five-state area rose in December to a record 3,845,000 workers. Manufacturing employment also rose during the month as steel supplies became more available, but some seasonal losses were encountered in chemical manufacturing plants. It is estimated unofficially that the total number of manufacturing workers in the five states rose to approximately 732,000 in December, or 7 percent above December 1951.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change Oct. 1952 from	
	October 1952 ^p	October 1951	September 1952	Oct. 1951	Sept. 1952
Total nonagricultural					
wage and salary workers..	3,776,600	3,638,600	3,750,100	3.8	.4
Manufacturing.....	716,400	673,000	705,000	6.4	1.6
Nonmanufacturing.....	3,060,200	2,965,600	3,055,100	3.2	.2
Mining.....	221,500	211,900	224,100	4.5	-1.2
Construction.....	285,500	291,000	283,900	-1.9	.6
Transportation and public utilities.....	409,900	400,100	409,000	2.4	.2
Trade.....	953,200	918,000	946,200	3.8	.7
Finance.....	146,400	132,000	146,200	10.9	.1
Service.....	424,100	409,500	425,400	3.6	-.3
Government.....	619,600	603,100	620,300	2.7	-1.1

¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

^p—Preliminary.

SOURCE: State employment agencies.

November estimates of the Department of Labor indicate that all major labor market areas in the District are classified as areas of moderate labor surplus except Dallas and Houston, which are in the category of a balanced labor supply. These November estimates show only one change from those reported in September, at which time Houston was an area of moderate labor surplus.

As indicated by the above manufacturing employment figures, industrial production in the District has continued its rapid gain. Of particular note during November was the announcement of the partial completion of a new aluminum plant at Rockdale, Texas. While presently capable of producing only 21,250 net tons per month, this plant eventually will have a monthly output of nearly 85,000 net tons and will employ 1,200 workers. The start of operations at this Rockdale plant is important nationally, because the aluminum to be produced here is the first finished under the second round of the aluminum expansion program.

Of a total United States capacity of 1,236,450 net tons of aluminum on December 1, 1952, the District's share was 16 percent, or 193,250 net tons. The construction under way at Rockdale will expand the district capacity by 63,750 net tons per month. This is approximately 16 percent of the planned expansion of all United States aluminum plants. The third expansion program for this metal was inaugurated by the recent announcement that a fifth producer will enter the field, although the location of this plant has not been announced. One interesting aspect of aluminum production in this District is that the primary source of energy stems from natural gas or lignite, whereas most aluminum plants throughout the country use hydroelectric energy for reduction power.

One of the major potash companies in New Mexico has announced a planned expansion whereby a new mine and refinery will be constructed in Lea County, New Mexico, approximately 24 miles east of Carlsbad. At the same time, this company announced the development of a new dry process for refining potash. The refinery and a \$500,000 test plant will be constructed to utilize this process.

A measure of the outstanding growth of the chemical industry in the Eleventh District is shown by recent figures released on certificates of necessity granted by the Defense Production Administration. Of a United States total of \$2,279,301,000 in certificates granted prior to October 15, 1952, for chemical expansion projects, the five states of the District received \$706,038,000, or 31 percent. Texas alone, with a total of \$435,088,000, received 19 percent of the United States total.

The value of construction contracts awarded in the District during November totaled \$99,000,000, which is seasonally below October by 8 percent but is the highest for any November on record and about one-third above November 1951.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	November 1952p	November 1951	October 1952p	January—November	
				1952p	1951
ELEVENTH DISTRICT.....	\$ 99,219	\$ 74,517	\$ 107,871	\$ 1,277,786	\$ 1,261,269
Residential.....	39,787	37,299	49,231	529,861	538,925
All other.....	59,432	37,218	58,640	747,925	722,344
UNITED STATES ¹	1,248,803	951,056	1,320,958	15,307,552	14,651,622
Residential.....	528,429	443,884	602,313	6,228,924	5,859,284
All other.....	720,374	507,172	718,645	9,078,628	8,792,338

¹ 37 states east of the Rocky Mountains.

p—Preliminary.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

City	November 1952		Percentage change in valuation from		Number	Valuation	Percentage change in valuation from 11 months 1951
	Number	Valuation	Nov. 1951	Oct. 1952			
LOUISIANA							
Shreveport.....	259	\$ 783,658	13	-39	3,898	\$ 18,120,361	19
TEXAS							
Abilene.....	107	863,511	7	59	1,288	7,897,718	17
Amarillo.....	189	961,343	-32	-50	4,298	22,589,272	14
Austin.....	211	1,517,525	-7	-49	2,911	25,655,862	-7
Beaumont.....	199	343,629	-3	-39	2,626	7,311,521	5
Corpus Christi..	248	1,395,735	152	-2	4,064	19,599,774	13
Dallas.....	1,401	14,502,163	152	22	19,800	110,366,439	19
El Paso.....	247	1,171,258	78	16	3,377	14,214,564	19
Fort Worth.....	662	2,277,755	32	-48	10,264	41,976,393	2
Galveston.....	86	305,038	161	-87	1,278	6,323,500	-13
Houston.....	907	10,292,159	28	-3	10,748	105,606,504	-14
Lubbock.....	187	1,258,518	17	-20	3,028	18,997,682	10
Fort Arthur.....	118	205,697	-59	-58	2,026	3,813,735	-33
San Antonio...	1,327	2,746,766	41	-30	16,059	40,521,017	-4
Waco.....	193	558,741	-44	-38	3,031	12,733,859	-11
Wichita Falls...	27	203,209	-40	-41	1,070	17,941,926	120
Total.....	6,368	\$39,386,705	48	-15	89,766	\$473,670,127	3

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

The decline from October to November resulted from a reduction in value of residential awards, which, at slightly under \$40,000,000, was off for the second consecutive month but still a record high for November. Nonresidential construction contract awards were valued at over \$59,000,000 — up for the second consecutive month and 60 percent above November 1951.

The value of construction contracts awarded in the District during the first 11 months of 1952 was more than 1 percent above that for the same period in 1951. A 2-percent decline in residential awards was more than offset by a 4-percent increase in other awards. Construction contracts awarded in the United States in the January-November period were up 5 percent, with residential and nonresidential awards gaining 6 percent and 3 percent, respectively.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	Oct. 1952 ¹	Oct. 1951	Sept. 1952 ²	August—October	
				This season	Last season
CONSUMPTION					
Total					
Texas mills.....	14,735	15,478	11,779	38,116	38,467
U. S. mills.....	915,593	906,750	736,248	2,396,224	2,381,619
Daily average					
Texas mills.....	595	625	604	593	598
U. S. mills.....	36,993	36,636	37,756	37,295	37,068
STOCKS, U. S.—End of period					
Consuming establishments..	1,286,942	1,237,544	982,134	—	—
Public storage and compresses.....	6,665,848	5,570,421	3,990,779	—	—

¹ Five weeks ended November 1.

² Four weeks ended September 27.

SOURCE: United States Bureau of the Census.

COTTONSEED AND COTTONSEED PRODUCTS

Item	TEXAS		UNITED STATES	
	August 1 to October 31		August 1 to October 31	
	This season	Last season	This season	Last season
COTTONSEED (tons)				
Received at mills.....	373,088	271,860	3,323,631	3,195,887
Crushed.....	194,973	202,943	1,450,618	1,578,175
Stocks, end of period.....	502,588	401,275	2,009,911	1,705,283
COTTONSEED PRODUCTS				
Production				
Crude oil (thousand pounds)..	61,971	60,273	450,831	484,524
Cake and meal (tons).....	98,700	98,026	698,103	729,791
Hulls (tons).....	42,653	45,160	298,806	347,201
Linters (running bales).....	61,167	65,788	469,958	505,957
Stocks, end of period				
Crude oil (thousand pounds)..	26,191	21,052	105,879	74,864
Cake and meal (tons).....	16,530	18,271	115,114	72,854
Hulls (tons).....	14,418	8,402	49,314	35,269
Linters (running bales).....	69,891	34,475	232,129	135,868

SOURCE: United States Bureau of the Census.