

MONTHLY

BUSINESS



REVIEW

FEDERAL RESERVE BANK OF DALLAS

Vol. 38, No. 7

DALLAS, TEXAS

July 1, 1953

MIDYEAR ECONOMIC REVIEW

The total economic picture is rarely ever so clear and precise as to lead to unanimity of opinion as to either the state of economic conditions or the outlook. In fact, virtually throughout the postwar period there have been those who consistently have anticipated deflation as being only 6 or 12 months into the future, while others have been able to see only persistent inflation ahead whenever they were called upon to forecast or project the future. At the present time, many shades of opinion can be found in business and financial publications regarding the course of economic activity during the coming 6 months. Also, equally reliable surveys of business opinion and estimates of things to come vary considerably in their conclusions. Perhaps it is not surprising, therefore, to find a noticeable uncertainty and some confusion prevalent among businessmen, bankers, and the general public. Consequently, a review of comparatively recent economic developments, an appraisal of the state of the economy at present, and a brief consideration of some of the factors of economic importance during the next 6 months may be appropriate at this time.

If one should examine the levels of the various indexes or measures of economic activity, he would find, with but few exceptions, that a substantial majority are well above levels of a year ago and December 1952. In fact, in most cases the most recent available data reflect peacetime records, while some indexes are at all-time highs. Measured in terms of such data, the Nation's economy undoubtedly is operating at a point very high on the business cycle.

There is no doubt that the Nation is experiencing virtually full utilization of its productive facilities and its labor force. In May 1953 the index of industrial production, a physical volume index that does not reflect price changes, was 241 percent of the 1935-39 average, about 15 percent above May 1952 and more than 3 percent above December. During the past year the output of durable goods has increased about 18 percent, while production of nondurable goods is about 9 percent higher. In recent months total production has leveled off, although there have been no significant signs of general weakness. Unemployment, estimated at 1,300,000 in May 1953, probably is approaching an irreducible peacetime minimum. The number of unemployed as a percentage of the civilian labor force was about 2.1 percent in May 1953, as compared with 2.6 percent a year ago. Total civilian employ-

ment has increased from 61,176,000 in May 1952 to 61,658,000 in May 1953, with virtually all of the gain accounted for by an increase in manufacturing employment. These figures appear to indicate a very fully employed labor force; in addition, since average weekly hours worked in manufacturing industries have risen somewhat and exceed the standard 40-hour work week, it may be concluded that our labor force is, in effect, employed on an overtime basis.

For a number of years expenditures of private business for plant, equipment, and modernization, new housing starts, and construction have been important factors stimulating and supporting general economic activity. During the past year each of these factors has shown very substantial strength. For instance, it is estimated that plant and equipment expenditures during the second quarter of 1953 were running at an annual rate of \$28,400,000,000, as compared with \$26,580,000,000 during the second quarter of 1952. New housing starts during the first 4 months of 1953 were at a seasonally adjusted annual rate well in excess of 1,100,000, with the total of such starts for the 4-month period being 356,000. During the same 4 months in 1952, new housing starts are estimated to have totaled approximately 353,000. Private and public expenditures for new construction during the first 5 months of 1953 have averaged almost \$2,900,000,000 monthly and were about 6 percent above the figures for the comparable period of 1952.

While inventories of business establishments have increased during the past year, the rate of increase has been smaller than that of business sales. Total business inventories, seasonally adjusted, early in the second quarter of 1953 were about \$76,000,000,000, as contrasted with about \$73,900,000,000 on the comparable date in 1952, or an increase of about 2.8 percent. During the same period total business sales rose more than \$4,000,000,000, or an increase of approximately 9 percent.

Personal income, disposable income, and consumer expenditures have risen to all-time highs. Early in the second quarter of the current year, total personal income, estimated at about \$283,000,000,000, was more than \$20,000,000,000 larger than the figure reported for the comparable month in 1952. Of the various shares of total per-

sonal income, the largest gain was in labor income, which rose from about \$178,000,000,000 on an annual-rate basis to about \$196,000,000,000. This category includes salaries, wages, and other forms of labor income. Increases also were reported for business, professional, and rental income and dividends and personal interest. Only farm income was reported lower, with figures showing a decline on an annual-rate basis from about \$14,400,000,000 early in the second quarter of 1952 to \$13,600,000,000 in the comparable month of 1953.

Disposable income — that is, personal income less taxes — is estimated at about \$16,000,000,000 (on an annual-rate basis) in excess of the figure reported for the second quarter of 1952. Disposable income, which to a degree reflects the ability of individuals to demand goods and services, has continued to rise, despite the heavy burden of taxation. Personal consumption expenditures, estimated on an annual-rate basis to be running about \$12,000,000,000 more than in the second quarter of 1952, also have shown a persistent increase. Moreover, increased demand has prevailed for all of the major categories of goods and services, with expenditures for durable goods, nondurable goods, and services each rising substantially, although the greatest percentage increase has occurred in the demand for durable goods. Personal net saving as a percent of disposable income has fluctuated around 8 percent, or in the neighborhood of about \$20,000,000,000 on an annual-rate basis. This rate of saving also is in excess of that which prevailed during the second quarter of 1952.

Also on the demand side of the picture, the Nation's money supply, as represented by adjusted demand deposits and currency outside of banks, has increased about \$3,700,000,000 from the total reported in May 1952. Latest figures of the money supply — those for May 1953 — show a total of approximately \$125,000,000,000, with most of the increase being accounted for by an expansion in adjusted demand deposits. There also has been a very notable rise in the expansion of consumer credit. During the latest 12 months for which figures are available, this form of credit increased by more than \$5,200,000,000, a gain in excess of 20 percent. Instalment credit, largely reflecting the very substantial rise in automobile paper and paper covering other consumer goods, accounted for more than \$4,900,000,000 of the total increase in consumer credit. Undoubtedly, the substantial expansion in this type of credit has provided a strong support for the sale of a wide variety of consumer durable goods. Total bank loans likewise have shown a steady rise and are estimated to have increased during the most recent 12-month period by approximately \$7,000,000,000, or more than 12 percent.

The profit position of the Nation's corporations also has experienced a very satisfactory trend. Despite such factors as rising wages and other costs of production, heavy taxes, and a relatively stable price level, profits before taxes of the Nation's corporations on an annual-rate basis were \$42,800,000,000 in the first quarter of the current year, as compared with \$42,700,000,000 in the first quarter of 1952. After the payment of taxes, corporate profits during each period were about \$19,300,000,000, while dividend payments rose from

\$8,900,000,000 in the first quarter of 1952 to \$9,100,000,000 in the first quarter of 1953.

During this period of broad economic expansion, the trends of major price indexes varied from marked stability to moderate decline. Consumer prices, or the so-called cost-of-living index, have shown relatively little change during the past 12 months, rising from 113 percent of the 1947-49 average in May 1952 to 114 percent in May 1953. Moreover, there was virtually no fluctuation in this price index during the 12-month period. Prices for food and apparel showed moderate declines, while prices for housing, transportation, medical care, and other elements of the index showed moderate increases. The comprehensive wholesale price index of the Bureau of Labor Statistics, a somewhat quicker moving index than the cost-of-living index, also was relatively stable, declining only from about 112 percent of the 1947-49 average to slightly less than 110 percent between May 1952 and May 1953. Sharper price declines are reflected in the index of 22 basic commodity prices. During the 12-month period this index, which tends to fluctuate rather sharply, showed a decline of approximately 10 percent. Prices received by farmers also declined substantially between May 1952 and May 1953, with the index moving down from 293 percent of the 1910-14 average to 261 percent.

During the past year or more, agriculture has shown more weakness and signs of readjustment than other segments of the economy. A relatively large supply of certain basic commodities, such as wheat, corn, and cotton — due in part to large production in 1952 and in part to a large carry-over into the 1953 season — has exerted considerable pressure on agricultural prices. In addition, there has been a substantial decline in the effective foreign demand for the agricultural products of this country. Finally, domestic buyers, recognizing the adequacy of the supply of basic agricultural products, have restricted their demands to a conservative level. With respect to livestock, there is a record number of cattle on farms and ranches and in the Nation's feed lots. This fact, together with the continuing drought which has reached very serious proportions in most of the Southwest, has resulted in an unusually large movement of cattle to markets, with a consequent sharp decline in prices.

While estimates of cash farm income for the current year are not yet available, it appears certain that there will be a decline from 1952 figures. During the first 5 months of 1953, cash farm income was estimated to be running about 3 percent less than in the comparable period of 1952. This cannot be regarded, however, as indicative of the full year, for further declines seem probable. Moreover, since the prices of the goods and services which farmers must buy in connection with the production of their crops have declined less than the prices of such crops, the net squeeze on farmers may be somewhat greater. Tentative estimates of the United States Department of Agriculture indicate a decline in realized net farm income in 1953 of about \$1,000,000,000 from the \$14,300,000,000 total reported for 1952. A decline of such magnitude would not mean a generally unprofitable national agriculture, although particular agricultural areas of the country — especially those that have experienced long, severe drought

— may be hard hit. In other words, agriculture as a whole appears to be facing a readjustment, complicated by unfavorable weather, rather than a serious deflation or depression.

With regard to another important economic sector, the demand for money, both long- and short-term, has been very strong, and, as a consequence, the money markets have tightened during the past year. Private corporations carrying out programs of plant and equipment expenditures and, in some cases, funding short-term indebtedness have sought substantial sums in the long-term market. States and municipalities and other local government agencies also have been substantial borrowers. Finally, the Federal Government, running a deficit during most of the period, has contributed significantly to the strong demand for money. In addition, individuals and businesses have increased their borrowing from commercial banks. As the combined effect of these factors made itself felt in the form of a demand which, in terms of the available supply of funds, was very strong, rates of interest (the prices paid for money) rose. In general, more or less restrictive conditions have prevailed in the market during most of the 12-month period.

Federal Reserve policy during the period has been regarded as being moderately restrictive. Under that policy, reserves have been made available to the banking system to assure that it will be in a position to meet the essential seasonal and growth requirements of business, industry, and agriculture for bank credit. At no time during the 12 months has the policy been intended to be contractive in its net effect. On the other hand, a degree of selectivity in the allocation of bank credit by the banking system in order to minimize unproductive, speculative, and inflationary credit extensions has been regarded as desirable in view of the very high-level economic conditions which have prevailed. Between May 28, 1952, and December 27, 1952, total Reserve bank credit outstanding increased from \$23,742,000,000 to \$27,860,000,000, reflecting larger holdings of Government securities, an increase in loans and advances, and a larger volume of "float." After reaching the peak amount on December 27, 1952, Reserve bank credit declined and at the end of May 1953 totaled \$25,308,000,000, or an increase for the 12-month period as a whole of approximately \$1,600,000,000.

In addition to the various tangible developments that have been reviewed in the preceding paragraphs, there are certain more or less intangible factors that may have had some influence upon business and financial attitudes and upon the outlook for the future. One of these has been the increasing competitiveness of business as the supply of available commodities and services has increased. Not only has the probability of shortages been rather completely dispelled, but, in fact, there has been some uncertainty as to whether the flow of goods — especially durables — can continue to move into consumption channels at the present volume of output. Industry has proved that it can meet the full requirements of a high-level civilian economy and, at the same time, produce the full requirements of the defense program. Even assuming that there should be a continuation of a comparatively high level of business activity during the months ahead, there is little doubt that competition for the consumer's dollar will be

keen and may become even more intense. Such a development represents a comparatively recent change — a situation which many businesses have not experienced in any substantial degree for quite some time. During much of the postwar period shortages, or threatened shortages, of goods made the problem of competition largely an academic one; now it is becoming an increasingly realistic problem which must be faced by business firms. The art of "selling" must be revived aggressively, for it promises to hold a much more important place among the factors influencing business levels than has been the case in other recent years.

Closely related to this factor is the uncertainty as to how long a full-production, full-employment, high-income economy can be maintained without a break in the trend as a result of accumulating adjustments in various sectors of the economy. Of course, there is no satisfactory, clear-cut answer to such a question. Notably stimulated by two wars, a large and prolonged foreign aid program, easy credit, the satisfaction of large backlog demands, and, at times, inflationary monetary and fiscal policies, the rising phase of the current business cycle has continued for an unusually long number of years, with only relatively minor and very short interruptions. While this fact is not conclusive in its implications for the future, under such economic conditions sound judgment would seem to suggest the exercise of prudent caution and tested business and financial practices, the avoidance of speculative ventures and an excessive extension or accumulation of debt, and the exercise of the maximum practical efficiency in business operations. Both blind optimism and unreasoning pessimism are equally dangerous attitudes, potentially, to business activity; on the other hand, a carefully planned and balanced approach to business problems may prove to be a very constructive force.

The transition that has been under way for the past year or more from regulated, supported, or governmentally influenced markets to relatively free market conditions also appears to have given rise to some uncertainty. Even some of those who have been staunch supporters of the free market and who have advocated that the price mechanism be permitted greater freedom of operation have questioned recent market and price developments. The change from more or less continuous, relatively easy money market conditions to more restricted availability of funds also has been a comparatively new experience — one which businesses and financial institutions have not faced in appreciable degree for a number of years. Finally, there is perhaps an undercurrent of apprehension regarding inflation versus deflation.

A great deal has been written and said emphasizing the importance and, in fact, the necessity of halting the inflationary trend that has characterized the country's economy for so many years. As steps have been taken, however, to bring the trend of inflation to a halt and to stabilize the economy at sustainable high levels of activity, some apprehension seems to have developed as to the danger of replacing the inflationary trend with one of deflation. It seems that although the dangers of persistent and continuous inflation are recognized, the fear of deflation or depression is stronger. Consequently, whenever the upward trend of economic indexes tends to level

off or when adjustments begin to appear or to be foreshadowed in different sectors of the economy, apprehension develops regarding the possibility of a downward movement of economic indexes. In brief, there seems to be an unwillingness on the part of many to permit economic adjustments, basic and important though they may be, to take place unless such adjustments are pointed upward.

Predictions of the business outlook, even for comparatively short periods into the future, are quite uncertain, are perhaps unreliable, and are subject to revision. However, it may be worth while to consider the most recent estimates of important supporting economic factors and to attempt to appraise their influence upon business activity. Estimates are available for the probable level of defense expenditures and its consequent demand for goods and services, anticipated private expenditures for plant and equipment, the level of construction, the number of new housing starts, and certain other types of economic activity that will tend to play an important part in shaping the trend of business over the next 6 months.

There has been some uncertainty as to the effects of a possible Korean truce upon levels of defense expenditures and upon economic activity. Most statements of those in official positions seem to indicate, however, that a truce in Korea would have relatively little effect upon the defense program or upon military manpower requirements. It appears that the defense program will continue, certainly over the next 6 months, at a level as high as or higher than that attained previously during the Korean War period. Expenditures for defense and national security, running on an annual-rate basis in excess of \$50,000,000,000 a year, undoubtedly will be a strong supporting factor, for such expenditures will represent a continuing strong demand for not only the products of many durable goods industries but also the products and services of other industries.

Very recent estimates of the Department of Commerce appear to indicate that the level of expenditures by private industry for new plant, equipment, and modernization will rise to a new record annual rate during the third quarter of the current year. Moreover, while estimates for the fourth quarter of the year are less definite, current expectations are that a very large volume of such expenditures will be maintained and that the total for the year will be well in excess of the previous record established in 1952.

The construction and new housing outlook also seems to be favorable, despite some tightening that has occurred in the availability of mortgage funds. Most estimates of new housing starts place the probable number of units in 1953 at more

than 1,000,000, while estimates of the total volume of new construction indicate a record year, moderately above 1952.

With such major industrial activity running at near full capacity, it is probable that the Nation's labor force will continue to be quite fully employed. Unemployment should not be a problem within the next 6 months. Recent wage increases in several of the basic and mass-emplying industries in the country also point to a continuing high level of income to employed workers. With full employment at somewhat higher average wage rates, there seems to be no doubt but that total personal income will continue high and will reach a new record for the year as a whole. This should tend to sustain a strong demand for virtually all types of civilian goods and services.

For many months the demand for bank credit by individuals and businesses has been strong. Opinions gathered from bankers and from banking groups seem to point toward a continuation of that condition during the remainder of the year. In fact, a recent survey made by one of the major banking groups, covering the subject of the business outlook and the demand for loans during the last half of 1953, indicates that not only should the demand for bank loans continue at its current high level but that perhaps it may even increase further during the second half of the current year. Individual demand for bank and consumer credit also may rise as the year progresses, for as the supply of durable goods increases and as competition in the distribution of those goods becomes more intensive, it is entirely possible that resort will be made to consumer credit to an increasing degree to move such goods into final consumption.

In brief, although there are many uncertainties in the economic picture at this time — and that is probably always the case — a reasonable conclusion seems to be that, in most important respects, business and financial activity will reflect record levels for the year 1953 as a whole. Moreover, there are few, if any, important signs at this time that would indicate any serious softening of business conditions during the 6 months ahead, although moderate adjustments may be expected in some industries and in agriculture. At the same time, however, there is every indication that there will be no shortages of goods, that competition for business will increase, and that it will become more necessary for business firms to conduct their operations in a most efficient manner in order to enjoy most profitable results. Considering the last half of 1953 as a whole, there should be a continuation of very active use of the Nation's productive facilities, a very high level of employment with relatively little unemployment, and a continuation of high incomes.

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Department store sales in the Eleventh Federal Reserve District during May were 8 percent above those for April but 2 percent below sales in May 1952. Reports for the

first 2 weeks of June show a year-to-year gain of 2 percent. There was an increase of 4 percent in sales for the first 5 months of 1953, as compared with the same months last year. Charge accounts and instalment accounts rose further in May and at the end of the month were 3 percent and 50 percent, respectively, above a year ago. Sales at furniture stores in May were 9 percent higher than in April but 18 percent below May 1952.

High temperatures, drying winds, and drought during the past month caused a sharp decline in prospects for agricultural production in the District this year. Winter wheat production fell far below early-season forecasts. The cotton crop in most sections is suffering from lack of moisture, while some of the crop in western sections has not been planted. Development of the corn, citrus, and vegetable crops also is being retarded by drought, although the rice crop is making good progress. Supplies of range and pasture feed are dwindling rapidly. Prices of most farm commodities, except small grades and lower grades of cattle, are holding generally steady. Cash income received by district farmers from January through April fell 11 percent below a year ago.

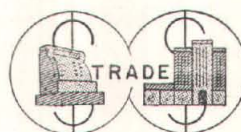
Crude oil prices in the Southwest rose an average of 25 cents per barrel during May, the first general increase since 1947. Daily average crude oil production in the District in early June was above the May level but remained substantially below the peak of last December; production for the first half of 1953 showed a 4-percent gain over a year earlier. Refinery activity in May was off slightly from April. Drilling activity in the January-June period fell somewhat below a year ago, although wildcat drilling rose; total well completions dropped 7 percent.

Nonagricultural employment in the five states of the District rose seasonally from February through June to a level 3 percent above a year earlier and only 1 percent below the record high of last December; manufacturing employment in June was 5 percent above a year ago.

The value of construction contracts awarded in the District during May fell 13 percent below the comparable total for the previous month and 39 percent below a year ago. Awards for the first 5 months of 1953 trailed year-earlier figures by 16 percent, with residential and nonresidential awards showing losses of 4 percent and 24 percent, respectively.

Commercial, industrial, and agricultural loans of weekly reporting member banks in the District declined 1.2 percent between May 20 and June 17. Total loans were reduced less than 1 percent, while investments rose 1.1 percent. Deposits of these banks increased 2.4 percent during the 4-week period, with both demand deposits and time deposits showing gains.

Gross demand deposits of all member banks in the District declined 3.1 percent during May but were still 2.6 percent above a year earlier; time deposits rose 2.6 percent during the month, continuing a 2-year upward trend.



Retail sales at reporting department stores in the Eleventh Federal Reserve District during May rose 8 percent above April but showed a loss of 2 percent in comparison with the May record established in 1952—a decline that is accounted for, however, by one less business day. Computed on the basis of sales per business day, sales in May exceeded those of May 1952 by 2 percent. Sales during the first half of June were 2 percent above the comparable period last year.

Cumulative sales for the first 5 months of 1953 were 4 percent above a year earlier, which compares with a corresponding increase of 6 percent at the end of April and a peak of 8 percent at the end of the first quarter. The currently declining trend in the ratio of department store sales to corresponding months of 1952 may be explained in part by the sharp increase in consumer demand which occurred during the second quarter of last year, particularly for durable goods, following the suspension of credit controls on May 7, 1952.

Department store sales during May of this year followed a more normal seasonal pattern than a year ago. Sales of durables fell 12 percent below the unusually high level reached a year earlier, following suspension of credit controls, and accounted for 17 percent of total sales as against 19 percent in May 1952. Sales of virtually all major classes of home-furnishings showed declines. Sales of furniture and bedding

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS ¹	
	May 1952	April 1953	5 mo. 1953 comp. with 5 mo. 1952	May 1952	April 1953
DEPARTMENT STORES					
Total Eleventh District.....	-2	8	4	13	-4
Corpus Christi.....	4	3	12	29	-4
Dallas.....	3	16	4	10	-4
El Paso.....	2	3	7	8	-3
Fort Worth.....	-7	7	-1	7	-5
Houston.....	-1	5	8	13	-4
San Antonio.....	-10	5	1	13	-4
Shreveport, La.....	-12	6	4	10	-6
Waco.....	-31	-11	-6	23	10
Other cities.....	6	13	5	23	-2
FURNITURE STORES					
Total Eleventh District.....	-18	9	—	-2	-4
Austin.....	-12	21	—	6	#
Dallas.....	-27	3	—	6	-9
Houston.....	-33	4	—	—	—
Port Arthur.....	-10	10	—	-19	-4
San Antonio.....	-23	13	—	—	—
Shreveport, La.....	-6	14	—	-1	-2
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	-3	38	—	—	—
Dallas.....	30	70	—	—	—

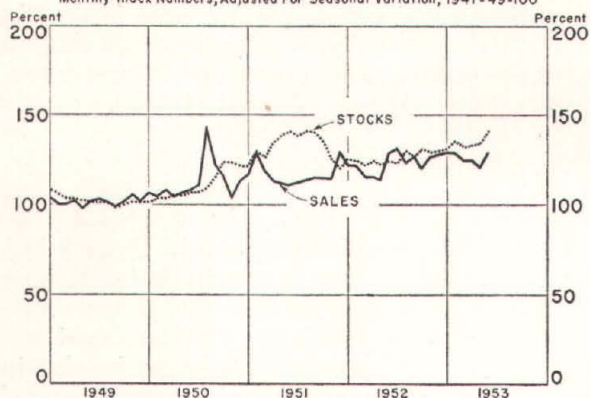
¹ Stocks at end of month.

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

DEPARTMENT STORE SALES AND STOCKS

ELEVENTH FEDERAL RESERVE DISTRICT

Monthly Index Numbers, Adjusted For Seasonal Variation, 1947-49=100



1952, the proportions of cash sales and instalment sales declined 1 percentage point each, while the proportion of charge account sales gained 2 percentage points.

Charge accounts receivable at district department stores during May rose 1 percent above April and 3 percent above May 1952; instalment accounts receivable increased 2 percent during the month and were 50 percent greater than last year. Total dollar collections on instalment accounts and charge accounts declined from April by 2 percent and 5 percent, respectively.

Although some lagging in payments on both instalment and 30-day accounts has been reported, the situation is not considered especially significant. Nevertheless, department stores are watching developments closely, are stepping up collection processes, and are taking additional precautions in screening applicants for new accounts.

during May were off 16 percent; television sets, 35 percent; laundry equipment, 38 percent; and mechanical refrigerators, 24 percent. A notable exception was the increase of 67 percent in sales of air-conditioning units. The current heavy demand at department stores for room coolers is widespread over much of the Nation.

The decline in sales of durables during May, as compared with a year earlier, was partly offset by a 1-percent increase for nondurables. Sales of men's and boys' wear gained 1 percent, while small wares and women's and misses' ready-to-wear apparel showed increases of 3 percent and 4 percent, respectively. Sales of piece goods and textiles and women's and misses' ready-to-wear accessories were about 1 percent below May 1952. Sales of all nondurables in May accounted for 83 percent of total sales, compared with 81 percent a year ago.

The proportions of total sales in May represented by cash, charge account, and instalment transactions were 32 percent, 55 percent, and 13 percent, respectively. Compared with May

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED ¹			
	May 1953	April 1953	March 1953	May 1952	May 1953	April 1953	March 1953	May 1952
SALES—Daily average								
Eleventh District.....	127	117	117	125	130	121	125	128
Dallas.....	124	107	112	116	128	113	115	120
Houston.....	144	137	135	141	146	144	144	142
STOCKS—End of month								
Eleventh District.....	141	146	142	125	139	138	134	123 ^r

¹ Adjusted for seasonal variation.
r—Revised.

Department store inventories, on a seasonally adjusted basis, rose 1 percent during May and at the end of the month were 13 percent higher than on the same date a year earlier. While total inventories are in about the same relation to current sales volume as they were a year ago and are substantially lower than 2 years ago, some department store executives view them as higher than desired at the present time and as having weak spots in both hard goods and soft goods lines. Stocks on order at the end of May were 11 percent higher than a month earlier and 9 percent higher than a year ago.

Furniture store sales at reporting stores in this District during May gained 9 percent over April but were 18 percent below May 1952. Accounts receivable, mostly instalment accounts, were up 2 percent from April and 21 percent above a year ago. Collections during the month were 3 percent lower than during April and 2 percent lower than May last year. Inventories at the end of May were 2 percent below a year ago.

WHOLESALE TRADE STATISTICS

Eleventh Federal Reserve District

(Percentage change)

Line of trade	NET SALES ^p			STOCKS ¹ ^p	
	May 1953 from		5 mo. 1953 comp. with 5 mo. 1952	May 1953 from	
	May 1952	April 1953		May 1952	April 1953
Drugs and sundries.....	-1	-5	—	-6	-1
Dry goods.....	-3	-11	3	29	2
Grocery (full-line wholesalers not sponsoring groups).....	1	-6	—	-3	-8
Hardware.....	#	-1	#	3	-5
Industrial supplies.....	-13	-13	-8	-13	-3
Machinery equipment and supplies except electrical.....	-29	-15	—	17	5
Metals.....	7	18	5	8	-2
Tobacco products.....	-6	-6	-4	5	-#
Wiring supplies, construction materials distributors.....	4	6	-15	—	—

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.



High daytime temperatures, drying winds, an almost complete lack of rainfall, and shortages of irrigation water during the past month have caused a sharp decline in prospects for agricultural production in the District. Temperatures over virtually all of the Southwest exceeded 100 degrees for several successive days in June, and moderate to strong

winds in western areas caused some blowing of sand and hastened the dissipation of scant moisture supplies. Considerable acreage in west Texas intended for feed crops and dry-land cotton has not been seeded because of drought. By midmonth, crops and pastures in central and eastern counties also were suffering from lack of moisture.

WINTER WHEAT PRODUCTION
(In thousands of bushels)

State	Average 1942-51	1952	1953 Indicated June 1
Arizona.....	589	598	528
New Mexico.....	3,542	627	688
Oklahoma.....	70,810	107,115	61,776
Texas.....	59,088	34,626	19,192

SOURCE: United States Department of Agriculture.

Dry weather during May and early June resulted in further deterioration of the wheat crop on the High Plains of Texas and in eastern New Mexico. The United States Department of Agriculture forecast based on conditions as of June 1 places Texas wheat production at 19,192,000 bushels — 17 percent below the May 1 forecast and only about one-third of average production during the past 10 years. However, unusually high yields were harvested in northcentral Texas counties, where the crop was one of the best in many years, with yields as high as 60 bushels per acre. Oat production in central and eastern parts of the District was good to excellent; harvest of the crop virtually was completed by mid-June.

The District's cotton crop has been affected adversely by the high temperatures and drought in most areas. In northern Louisiana and parts of east Texas dry, open weather was needed during the early part of June to complete replanting and to cultivate earlier planted fields. However, by the end of the month these areas were in need of surface moisture. In central and western counties the dry, hot weather caused damage to early stands, and a substantial acreage intended for dry-land cotton in west Texas remains unplanted.

In the irrigated sections of west Texas and New Mexico the cotton crop made fairly satisfactory progress during June. In the Coastal Bend and southcentral Texas counties early cotton fruited heavily, and prospects continue excellent for above-average yields. Late cotton in the latter area is in need of rain for satisfactory growth. In the Lower Rio Grande Valley the shortage of irrigation water continues to retard growth, and production is not expected to be much larger than a year ago, although the acreage planted is considerably higher.

The District's corn crop also has suffered from the hot, dry winds, and yield prospects have been lowered sharply except in the earlier areas. A considerable acreage of peanuts was planted in Texas during June, despite the adverse weather. The Texas rice crop generally is making satisfactory growth.

Lack of moisture caused serious deterioration of many commercial vegetable crops in the District during June. Pros-

pects for watermelon production were reduced in most areas so that earlier production forecasts of an increase in volume over 1952 are almost certain to be revised downward. Harvest of the Lower Rio Grande Valley tomato crop continued past mid-June; supplies from the east Texas area were light, with the quality of the crop rather inferior except for early plantings. Harvest of the north Texas onion crop was completed following the heavy rains of late May, with excellent yields reported.

Progress of the 1953-54 citrus crop in the Lower Rio Grande Valley of Texas is very unsatisfactory. A fairly good set of fruit held following the blooming period during February and March, but the supply of irrigation water has not been sufficient to provide adequate moisture for further development. As a result, shedding of fruit has been extremely heavy.

LIVESTOCK RECEIPTS
(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	May 1953	May 1952	April 1953	May 1953	May 1952	April 1953
Cattle.....	75,998	44,812	57,379	32,965	26,027	27,751
Calves.....	16,334	14,701	15,345	13,777	13,264	11,058
Hogs.....	41,062	60,693	47,139	—	4,202	1,603
Sheep.....	189,613	87,334	129,678	128,149	123,518	119,655

¹ Includes goats.

Supplies of range and pasture feed in the District were reduced sharply during June, and supplemental feeding of livestock increased in western, southern, and northwestern counties. However, cured feed is available in central and eastern areas. Large numbers of cattle and calves were marketed in June as the lush spring grazing season came to an abrupt end as a result of high temperatures early in the month. Lambs are reported to be in fair to very good condition in eastern counties of the Edwards Plateau but in poor to fair condition in the Western Plateau and Trans-Pecos areas.

Prices of wheat, oats, and barley declined as active harvest of these crops got under way. In most areas, grains sold at prices slightly below current loan rates. As a result, a substantial volume was placed under the support program.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended June 23, 1953	Comparable week last month	Comparable week last year
COTTON, Middling 15/16-inch, Dallas.....	lb.	\$.3290	\$.3345	\$.4080
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.41½	2.55¼	2.48½
OATS, No. 2 white, Fort Worth.....	bu.	.98¾	1.01¾	1.06¼
CORN, No. 2 yellow, Fort Worth.....	bu.	1.87½	1.93	2.16¾
SORGHUMS, No. 2 yellow, Fort Worth.....	cwt.	2.83	2.97	3.29
HOGS, Choice, Fort Worth.....	cwt.	25.50	24.75	20.75
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	23.50	23.00	33.50
SLAUGHTER CALVES, Choice, Fort Worth...	cwt.	19.00	23.00	34.50
STOCKER STEERS, Choice, Fort Worth....	cwt.	17.50	20.00	30.00
SLAUGHTER SPRING LAMBS, Choice, Fort Worth.....	cwt.	23.00	27.50	25.50
HENS, 4 pounds and over, Fort Worth....	lb.	.23	.25	.19
FRYERS, Commercial, Fort Worth.....	lb.	.28	.27½	.30
BROILERS, south Texas.....	lb.	.28	.29	.29
EGGS, Graded and Canded, Fort Worth...	case	15.00	12.50	12.50
WOOL, 12-months, west Texas.....	lb.	11.80	11.80	11.65

¹ Clean basis.

In view of inadequate storage facilities, the Secretary of Agriculture announced on June 17 that the Commodity Credit Corporation would make 90-day loans on wheat stored in the open in specified areas of the Southwest. Prices of the lower grades of livestock weakened under pressure of extremely heavy receipts, while prices of the better grades of fed cattle remained generally steady. Prices of most commercial vegetables were moderately higher than a year ago because of smaller supplies.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

State	March		April		Cumulative receipts January—April	
	1952	1953	1952	1953	1952	1953
Arizona.....	\$ 31,544	\$ 24,586	\$ 28,349	\$ 19,564	\$148,235	\$131,387
Louisiana.....	14,921	13,698	18,343	14,987	81,264	78,933
New Mexico.....	13,410	10,024	14,271	15,118	59,390	44,478
Oklahoma.....	30,583	32,950	26,666	28,193	136,389	130,434
Texas.....	111,873	94,728	127,256	113,107	499,677	437,423
Total.....	\$202,331	\$175,986	\$214,885	\$190,969	\$924,955	\$822,655

SOURCE: United States Department of Agriculture.

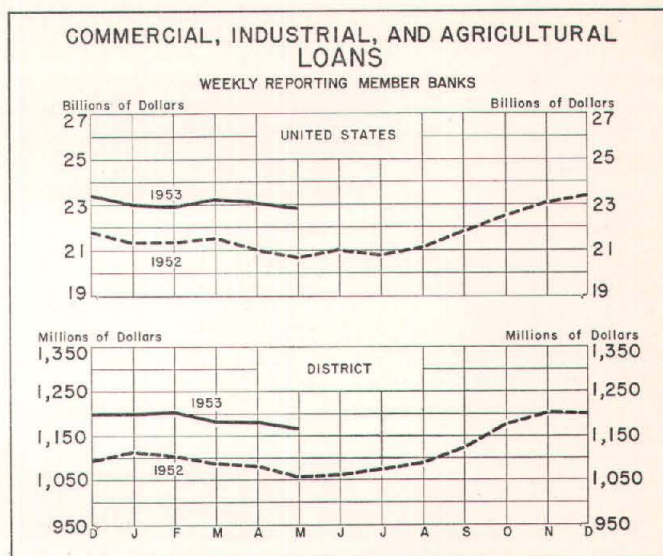
Cash receipts from farm marketings in Texas during the first 4 months of 1953 are reported by the United States Department of Agriculture to be about 12 percent below the comparable period a year ago, while the decline for the five states lying wholly or partly in the District is about 11 percent. Receipts from the sale of livestock and livestock products declined 7 percent in the district states, while receipts from the sale of crops were about 16 percent lower. The decline in receipts from livestock is a result of sharply lower prices and is partly offset by increased marketings; the decline in receipts from crops reflects both a smaller volume of marketings and lower prices.



Commercial, industrial, and agricultural loans of the weekly reporting member banks in the Eleventh Federal Reserve District declined further between May 20 and June

17, marking a continuation of the moderate downward trend which has prevailed since February. The reduction of \$13,700,000, or 1.2 percent, is in contrast with a nominal increase during the comparable period last year. Loan liquidation by commercial, industrial, and agricultural borrowers from the seasonal peak early this year to June 17, however, is approximately the same as during the comparable weeks last year.

The reduction of commercial, industrial, and agricultural loans between May 20 and June 17 reflects principally seasonal repayments. During most weeks commodity dealers, grain and milling concerns, and manufacturers in the food and liquor lines reduced the amount of their outstanding bank borrowings. Wholesale and retail trade establishments and sales finance companies also repaid substantial amounts. Loan liquidation by these firms was offset in part by increased borrowing by construction companies, public utilities, and miscellaneous manufacturing concerns.



Other changes in loans during the 4 weeks include a decrease of \$14,750,000, or 3.7 percent, in the category which includes consumer-type loans and approximately offsetting increases in loans to banks, real estate loans, and loans for financing security transactions. The net effect of changes in the various categories of loans at the weekly reporting member banks—including the contraction of commercial, industrial, and agricultural loans—was to reduce gross loans \$13,651,000, or somewhat less than 1 percent, to a total of \$1,787,249,000.

Investments rose \$14,103,000, or 1.1 percent, to a total of \$1,301,500,000 on June 17. The expansion reflects principally a sharp increase in holdings of Treasury bills and a somewhat smaller addition to investments in municipal and other non-Government securities. Holdings of Treasury bonds

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	June 17, 1953	June 18, 1952	May 20, 1953
Total loans (gross) and investments.....	\$3,088,749	\$2,939,069	\$3,088,297
Total loans—Net ¹	1,768,287	1,562,499	1,781,857
Total loans—Gross.....	1,787,249	1,579,099	1,800,900
Commercial, industrial, and agricultural loans.....	1,155,224	1,059,509	1,168,924
Loans to brokers and dealers in securities..	12,410	9,899	11,280
Other loans for purchasing or carrying securities.....	75,458	63,117	70,640
Real estate loans.....	135,086	116,941	134,071
Loans to banks.....	29,901	10,768	22,065
All other loans.....	379,170	318,865	393,920
Total investments.....	1,301,500	1,359,970	1,287,397
U. S. Treasury bills.....	108,490	214,624	90,839
U. S. Treasury certificates of indebtedness..	115,484	165,898	114,654
U. S. Treasury notes.....	181,758	179,029	182,525
U. S. Government bonds (inc. gtd. obligations).....	701,838	627,967	708,631
Other securities.....	193,930	172,452	190,748
Reserves with Federal Reserve Bank.....	560,235	563,642	565,256
Balances with domestic banks.....	488,067	452,041	406,597
Demand deposits—adjusted ²	2,476,962	2,397,959	2,446,128
Time deposits except Government.....	565,769	475,022	547,862
United States Government deposits.....	71,910	88,892	68,374
Interbank demand deposits.....	759,675	762,190	731,405
Borrowings from Federal Reserve Bank.....	21,000	14,500	23,000

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.

were reduced, while a nominal increase in certificates of indebtedness was approximately offset by a decrease in Treasury notes.

Deposits of the weekly reporting member banks rose \$99,598,000, or 2.4 percent, between May 20 and June 17, with most of the expansion occurring during the last week of the period. Demand deposits of individuals, partnerships, and corporations increased \$59,866,000, or 2.4 percent, while interbank demand deposits expanded \$28,270,000, or 3.9 percent. Corporate and Government interest and dividend payments due June 15 contributed to the increase in personal and business deposit accounts. Time deposits rose \$17,918,000, or 3.2 percent, with individual and business accounts reflecting most of the change.

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Date	COMBINED TOTAL		RESERVE CITY BANKS		COUNTRY BANKS	
	Gross demand	Time	Gross demand	Time	Gross demand	Time
May 1951.....	\$5,801,415	\$658,973	\$2,697,033	\$362,380	\$3,104,382	\$296,593
May 1952.....	6,329,241	736,861	2,959,228	403,137	3,370,013	333,724
January 1953....	7,109,145	798,393	3,387,726	428,928	3,721,419	369,465
February 1953...	6,850,152	808,429	3,223,325	433,931	3,626,827	374,498
March 1953.....	6,822,777	829,712	3,251,351	444,623	3,571,426	385,089
April 1953.....	6,700,836	855,308	3,180,189	465,370	3,520,617	389,938
May 1953.....	6,492,848	877,764	3,053,816	484,041	3,439,032	393,723

Gross demand deposits of all member banks in the District averaged \$6,492,848,000 in May, reflecting a decrease of \$207,958,000, or 3.1 percent, from April but an increase of 2.6 percent over May 1952. The rather sharp deposit reduction during May occurred principally at the reserve city member banks and marked a continuation of the downward trend which had prevailed in the preceding 3 months. From January to May, gross demand deposits of the District's member banks declined \$616,297,000, or 8.7 percent, as compared with a reduction of \$450,214,000, or 6.6 percent, during the comparable months last year. In addition to a relatively moderate decrease in loans and investments and a net outflow of funds from the District, the contraction of demand deposits reflected a drawing down of interbank deposits, associated in part with the tight money market conditions which prevailed.

Time deposits of the District's member banks rose \$22,456,000, or 2.6 percent, in May to a daily average level of \$877,764,000, with reserve city member banks accounting for about 83 percent of the increase. The rise represents a further extension of the sustained upward trend which began in March 1951. During this 26-month period time deposits expanded \$233,386,000, or 36.2 percent.

The volume of spending reflected by debits to deposit accounts reported by banks in 24 cities of the District declined 3 percent during May as compared with April. Banks in most cities showed decreases, with declines ranging from 3 percent to 13 percent. The annual rate of turnover of deposits in May was 17.4 — up from 17.3 in April but unchanged from a year earlier.

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

(Amounts in thousands of dollars)

City	DEBITS ¹			DEPOSITS ²			
	May 1953	Percentage change from		May 31, 1953	Annual rate of turnover		
		May 1952	April 1953		May 1953	May 1952	April 1953
ARIZONA							
Tucson.....	\$ 101,807	4	-5	\$ 85,193	14.0	14.5	14.5
LOUISIANA							
Monroe.....	47,912	6	-6	38,629	14.8	14.3	15.4
Shreveport.....	189,961	-1	-8	164,189	13.9	14.3	15.2
NEW MEXICO							
Roswell.....	22,584	2	-9	28,299	9.7	11.2	10.8
TEXAS							
Abilene.....	50,200	-5	-5	49,193	12.1	12.4	12.5
Amarillo.....	127,362	-5	-6	101,543	14.8	15.8	15.4
Austin.....	104,536	1	-7	101,482	12.1	14.0	13.0
Beaumont.....	125,176	3	-4	95,850	15.8	16.1	16.4
Corpus Christi.....	141,311	4	-4	108,990	15.4	16.9	15.7
Corsicana.....	10,771	-9	-9	19,358	6.6	7.0	7.2
Dallas.....	1,622,883	15	1	866,029	22.7	20.5	22.3
El Paso.....	180,374	13	-13	115,360	18.4	17.3	20.4
Fort Worth.....	492,568	-3	-3	324,689	18.1	19.2	18.5
Galveston.....	73,743	-6	-6	77,987	11.4	14.5	12.2
Houston.....	1,619,426	4	-3	1,040,627	18.7	19.2	17.5
Laredo.....	20,302	-26	-7	18,859	12.7	17.5	13.3
Lubbock.....	95,215	-5	-11	80,687	13.9	14.2	14.8
Port Arthur.....	45,935	28	1	37,574	14.5	11.4	14.0
San Angelo.....	36,579	-7	-3	45,403	9.7	10.3	9.8
San Antonio.....	391,929	6	2	314,321	14.8	15.1	14.3
Texarkana ³	17,552	-13	-9	19,192	10.8	12.8	11.5
Tyler.....	54,429	-2	-8	53,202	12.1	13.6	12.8
Waco.....	65,402	-5	-13	59,249	13.2	13.3	15.2
Wichita Falls.....	79,313	-3	-8	94,661	10.0	10.7	10.8
Total—24 cities.....	\$5,717,270	5	-3	\$3,940,566	17.4	17.4	17.3

¹ Debits to demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.

² Demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.

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 \$39,287,000 for the month of May 1953.

Total earning assets of the Federal Reserve Bank of Dallas rose \$29,355,000 between May 15 and June 15, reflecting increases of \$20,857,000 in holdings of United States Government securities and of \$8,498,000 in discounts for member banks. Gold certificate reserves declined \$55,190,000. Federal Reserve notes of this bank in actual circulation rose \$5,437,000 during the month to a total of \$726,974,000 on June 15.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	June 15, 1953	June 15, 1952	May 15, 1953
Total gold certificate reserves.....	\$ 568,089	\$ 727,499	\$ 623,279
Discounts for member banks.....	25,698	6,700	17,200
Industrial advances.....	0	4	0
Foreign loans on gold.....	428	304	428
U. S. Government securities.....	1,173,523	1,021,442	1,152,666
Total earning assets.....	1,199,649	1,028,450	1,170,294
Member bank reserve deposits.....	1,007,048	998,572	1,035,714
Federal Reserve notes in actual circulation.....	726,974	694,808	721,537

The Treasury borrowed approximately \$1,800,000,000 during June through successive increases of weekly offerings of 91-day bills (in excess of the amounts of maturities) and through the sale of about \$800,000,000 of 107-day Tax Anticipation Series bills. Each of the new issues of 91-day bills dated June 4 and June 11 exceeded maturities of similar bills in the amount of \$200,000,000, while each of the new issues dated June 18 and June 25 exceeded maturities by \$300,000,000. Approximately \$800,000,000 was raised by the sale of 107-day Tax Anticipation Series bills which are dated June 3 and mature September 18.

Treasury borrowing in June increased to a total of \$2,500,000,000 the amount raised through the bill market beginning with the issue dated April 23 and extending through sale of the issue dated June 25. Average issuing rates of 91-day bills sold during the period ranged from 1.954 percent for the issue dated June 25 to 2.416 percent for the issue dated June 4. The 107-day Tax Anticipation Series bills were sold at an average rate of discount of 2.383 percent.

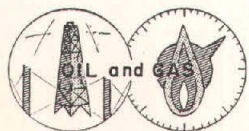
Market bid rates on Treasury bills nearest a 3-month maturity and on the Treasury issue nearest a 1-year maturity (2 $\frac{5}{8}$ -percent certificates due June 1, 1954) declined rather sharply between June 1 and June 17. The decline in rates reflects both an improvement in tone of the short-term market and the fact that Government securities prices generally were at depressed levels at the beginning of the month. Changes in yields of other selected Treasury securities include decreases from 3.26 percent to 3.03 percent in the case of the 2 $\frac{1}{4}$ -percent bonds of June 15, 1959-62, 3.20 percent to 3.09 percent for the 2 $\frac{1}{2}$ -percent bonds of September 15, 1967-72, and 3.32 percent to 3.30 percent for the 3 $\frac{1}{4}$ -percent bonds of 1978-83.

Results of Treasury refunding operations in connection with the \$4,963,000,000 of 1 $\frac{7}{8}$ -percent certificates of indebtedness which matured June 1 and the \$725,000,000 of 2-percent Treasury bonds of 1953-55 called for redemption on June 15 were announced by the Secretary of the Treasury on May 28. Holders of 85 percent of the maturing and called securities accepted the new 12-month 2 $\frac{5}{8}$ -percent certificate which was offered in exchange.

On June 25 the Board of Governors of the Federal Reserve System announced a reduction of reserve requirements on net demand deposits of all member banks. The prevailing requirement applicable in the case of central reserve city member banks was reduced 2 percentage points, effective July 9, while the requirements for reserve city and country member banks were reduced 1 percentage point, effective July 9 and July 1, respectively. As a result of these changes, the new requirements on the effective dates will be 22 percent for central reserve city member banks, 19 percent for reserve city member banks, and 13 percent for country member banks.

NEW PAR BANK

The Diboll State Bank, Diboll, Texas, a newly organized, insured, nonmember bank, located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the par list on its opening date, June 18, 1953. The officers are: H. J. Shands, President, and C. J. Hanks, Vice President and Cashier.



Crude oil prices in the Southwest and in most other major producing areas except the West Coast rose an average of 25 cents per barrel last month. This marks the first general

increase in crude prices since late 1947. Spokesmen for the petroleum industry have indicated that during this period, increases in wages and prices of materials, as well as deeper drilling, raised substantially the cost of finding and producing oil.

The rise in crude prices has been accompanied by a trend toward higher prices of gasoline and, to a more limited extent, other major refined products in most sections from the Rocky Mountains eastward. Gasoline prices, both tank wagon and retail, made advances ranging up to 1.5 cents per gallon; kerosene, distillate fuel oil, and residual fuel oil showed smaller increases. Prior to the increase in crude prices, gasoline prices on the East Coast had been raised by major suppliers as much as 0.6 cent or 0.7 cent per gallon.

Although it had been generally recognized that increases in costs might have justified higher crude oil prices, an increase at this time was somewhat unexpected. National stocks of crude oil have risen almost 11,000,000 barrels since the first of this year, and the June 13 level of 279,000,000 barrels may be considered more than adequate. Refined products stocks also appear to be in comfortable supply. Stocks of the four major refined products on June 13 amounted to 299,400,000 barrels, which was 57,500,000 barrels higher than the strike-depressed level of a year earlier.

A major element of strength in the petroleum picture in recent months has been the heavy demand for gasoline, which, during the first quarter of this year, was more than 7 percent higher than a year ago. While precise data are not available for more recent months, it appears that this demand has maintained its marked gains over year-earlier levels. The increase in the demand for gasoline during the first half of 1953 has been somewhat greater than had been generally expected.

Daily average crude oil production in the District in June registered its second successive monthly increase, after having declined steadily from January through April. Produc-

CRUDE OIL PRODUCTION

(Barrels)

Area	May 1953		Increase or decrease in daily average production from April 1953
	Total production	Daily avg. production	
ELEVENTH DISTRICT			
Texas R. R. Com. Districts			
1 South Central.....	1,096,950	35,385	637
2 Middle Gulf.....	4,735,250	152,750	868
3 Upper Gulf.....	14,309,250	461,589	-414
4 Lower Gulf.....	7,889,850	254,511	4,141
5 East Central.....	1,461,550	47,147	100
6 Northeast.....	11,560,850	372,931	-5,071
East Texas.....	7,672,150	247,489	-5,778
Other fields.....	3,888,700	125,442	707
7b North Central.....	3,349,100	108,035	4,680
7c West Central.....	4,793,400	154,626	14,243
8 West.....	27,519,100	887,713	24,151
9 North.....	5,237,550	168,953	3,341
10 Panhandle.....	2,254,950	72,740	532
Total Texas.....	84,207,800	2,716,380	47,208
New Mexico.....	5,764,700	185,958	4,360
North Louisiana.....	3,512,050	113,292	-1,896
Total Eleventh District.....	93,484,550	3,015,630	49,672
OUTSIDE ELEVENTH DISTRICT.....	103,345,400	3,333,723	15,295
UNITED STATES.....	196,829,950	6,349,353	64,967

SOURCE: Estimated from American Petroleum Institute weekly reports.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change April 1953 from	
	April 1953p	April 1952	March 1953	April 1952	March 1953
Total nonagricultural					
wage and salary workers..	3,847,500	3,723,300	3,823,700	3.3	.6
Manufacturing.....	722,200	684,100	720,300	5.6	.3
Nonmanufacturing.....	3,125,300	3,039,300	3,103,400	2.8	.7
Mining.....	229,200	224,200	229,600	2.2	-2
Construction.....	289,500	279,100	284,700	3.7	1.7
Transportation and public utilities.....	406,400	401,600	409,300	1.2	-7
Trade.....	977,900	948,000	966,300	3.2	1.2
Finance.....	148,000	136,900	146,300	8.1	1.2
Service.....	451,700	437,000	441,900	3.4	2.2
Government.....	622,600	609,500	625,300	.4	-4

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

p—Preliminary.

SOURCE: State employment agencies.

ures reflect increases of 3 percent and 5 percent, respectively, over June 1952. The June estimate of the number of nonagricultural wage and salary workers employed in the five states is only 43,000, or 1 percent, below the record high of last December, while the estimate of manufacturing employment is only 7,000, or 1 percent, below the all-time peak reached in November 1952.

The Lone Star Steel Corporation has announced that the first of its open-hearth steelmaking furnaces at Daingerfield started operation on June 10, following 3 years of preparation and an expenditure of nearly \$50,000,000. The remaining three furnaces at this plant are expected to be in operation within 90 days. The company expects to have an ingot steel capacity of 500,000 to 700,000 tons a year. About 400,000 tons of this annual output will be used in the manufacture of tubular steel goods, with the excess being sold to other steel fabricators. Nearly all steel goods produced by this plant will be fabricated for the oil industry.

Another announcement of considerable interest is the plan to construct a \$3,500,000 plant at Gainesville, Texas, to manufacture oil field equipment and machinery. The plant is scheduled for completion in June 1954 and, at full operation, is expected to employ nearly 300 workers.

From May 7 to May 20, seven Texas firms received certificates of tax amortization covering projects valued at \$63,501,841. Three of these — a paper and pulp mill at Evadale, a chemical company at Texas City, and an electric company at Amarillo — had projects which accounted for \$56,349,915 of the total.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	May 1953p	May 1952	April 1953	January—May	
				1953	1952
ELEVENTH DISTRICT....	\$ 108,770	\$ 177,075	\$ 124,441	\$ 526,251	\$ 624,358
Residential.....	44,817	92,907	55,280	246,466	256,489
All other.....	63,953	84,168	69,161	279,785	367,869
UNITED STATES ¹	1,606,091	1,563,660	1,741,542	6,792,329	6,269,728
Residential.....	637,721	753,755	673,887	2,795,412	2,762,245
All other.....	968,370	809,905	1,067,655	3,996,917	3,507,483

¹ 37 states east of the Rocky Mountains.

p—Preliminary.

SOURCE: F. W. Dodge Corporation.

The value of construction contracts awarded in the District, which usually rises seasonally during the spring months, declined in May to \$108,770,000, or 13 percent below the April total and 39 percent lower than a year ago. Residential awards experienced a very sharp slump, falling 19 percent below April and to less than half the total for May 1952.

Construction contracts awarded in the District from January through May were valued at \$526,251,000, or 16 percent less than in the same period last year; the United States total rose 8 percent. District residential awards during the 5-month period were off 4 percent as compared with a year earlier, while nonresidential awards trailed by 24 percent. The heaviest losses in the District thus far this year have been in awards for construction of manufacturing plants and certain types of institutional buildings.

BUILDING PERMITS

City	May 1953		Percentage change in valuation from		5 months 1953		Percentage change in valuation from 5 months 1952
	Number	Valuation	May 1952	April 1953	Number	Valuation	
	LOUISIANA						
Shreveport....	347	\$ 2,933,007	128	103	1,722	\$ 10,727,358	5
TEXAS							
Abilene.....	94	612,904	-64	102	618	3,436,485	-28
Amarillo.....	266	1,433,287	-22	-46	1,710	10,881,759	-4
Austin.....	265	3,451,046	105	29	1,272	13,776,109	4
Beaumont.....	232	565,714	50	-21	1,120	3,799,289	-18
Corpus Christi..	432	1,707,070	31	-36	2,279	13,810,866	96
Dallas.....	1,892	8,957,441	-26	-19	8,986	47,518,272	14
El Paso.....	348	2,396,502	177	78	1,545	12,131,453	46
Fort Worth.....	811	2,987,652	-47	-26	4,140	18,840,126	-11
Galveston.....	103	211,806	-79	-73	439	3,482,029	78
Houston.....	942	11,149,325	23	-6	5,264	51,132,342	13
Lubbock.....	259	1,184,813	-25	-29	1,470	8,755,071	16
Port Arthur....	143	215,680	-31	-12	748	1,410,250	5
San Antonio....	1,469	5,506,558	57	19	9,212	23,016,032	26
Waco.....	417	985,001	2	-24	1,405	4,533,368	-37
Wichita Falls..	91	731,850	-58	33	275	3,454,843	-75
Total.....	8,111	\$45,029,656	#	-6	42,205	\$230,705,652	6

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

Reports on construction contracts awarded in Texas during the first 5 months of 1953 show that private investment accounted for 72 percent of the total, as against 69 percent a year ago. The relative decline for public outlays is almost entirely the result of less contracting for public housing.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	April 1953 ¹	April 1952	March 1953 ²	August—April	
				This season	Last season
CONSUMPTION					
Total					
Texas mills.....	13,517	14,375	11,402	110,110	115,991
U. S. mills.....	905,071	848,055	772,176	7,190,776	7,060,725
Daily average					
Texas mills.....	548	575	570	573	604
U. S. mills.....	36,687	33,922	38,609	37,533	36,791
STOCKS, U. S.—End of period					
Consuming establishments...	1,865,090	1,574,318	1,940,751	—	—
Public storage and compresses.....	5,534,848	3,038,791	6,384,613	—	—

¹ Five weeks ended May 2.² Four weeks ended March 28.

SOURCE: United States Bureau of the Census.