

MONTHLY BUSINESS REVIEW



FEDERAL RESERVE BANK OF DALLAS

Vol. 38, No. 8

DALLAS, TEXAS

August 1, 1953

CURRENCY

Commercial banks in the Southwest will be called upon to supply their customers with increasing amounts of "cash" during the remaining months of this year. Customer demand for "pocketbook" and "till" money will be reflected, in turn, in an increased commercial bank demand for currency and coin at the Federal Reserve Bank of Dallas and at the Federal Reserve branch banks in Houston, San Antonio, and El Paso. Money shipments of these institutions to commercial banks during the last 6 months of 1953 for the purpose of meeting the expanded cash requirements of the public will comprise an estimated 54 to 57 percent of the total amount of such shipments for the year, as compared with 43 to 46 percent in the first half.

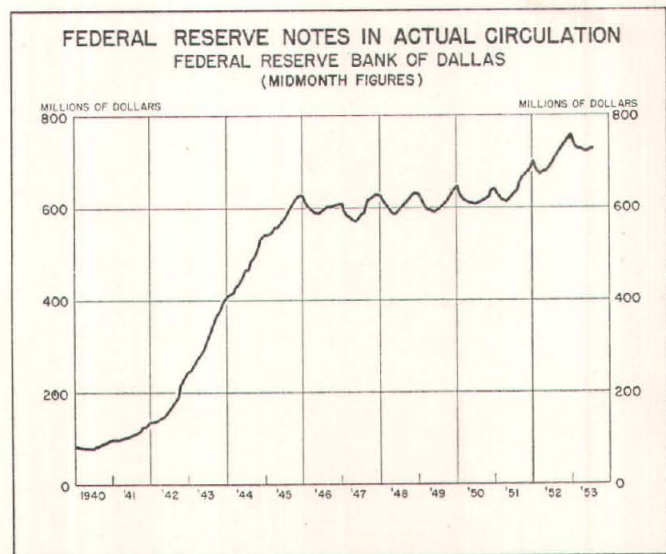
A prospective rising demand for currency during the remainder of 1953 is not unusual. Expansion of the currency requirements of the southwestern public during roughly the last half of each year represents a recurring development which is heavily weighted by seasonal influences. This trend has been particularly evident in each of the post-World War II years.

The movement of hand-to-hand money through commercial banks to businesses, individuals, and others coincides roughly with the seasonal increase in general economic activity which gets under way in the midsummer and late-summer months and extends through the Christmas and New Year's holidays. It follows a contraction of money in circulation in the early months of the year. Crop harvesting and marketing operations, the movement of livestock, and expansion in the output of the food-processing and chemical industries are among the more notable factors which give a lift to employment, production, and income and to the total volume of spending.

It has been estimated that as high a proportion as 90 percent of total spending in the country represents "checkbook" transactions. Some payments, however, customarily are made in cash—that is, by a hand-to-hand transfer of currency and coin. For example, relatively small retail purchases of all sorts are made predominantly with hand-to-hand money. Some business and industrial firms customarily pay their employees in currency, although this practice is diminishing. In the Southwest, farm operators and other employers

of agricultural labor require substantial amounts of cash for wage payments, particularly in connection with the harvesting of the cotton crop during the fall and early winter months. It is not surprising, therefore, that an expansion in the volume of spending by primary producers, wholesalers, retailers, consumers, and others in the Southwest in the latter half of the year also includes an increase in cash transactions and a rising need for currency.

The over-all expansion in the flow of hand-to-hand money into circulation from June through December is marked by a number of sharp increases of relatively short duration. Peaks are particularly evident immediately before or a few days following principal holidays. For example, during the remainder of this year distinct "bulges" in circulation may be expected beginning a few days before Labor Day, Thanksgiving, and Christmas and extending for as long as a week beyond each. A marked rise in circulation occurred this year a few days before the July 4 holiday week end. Similarly, during the first 3 or 4 months of each year when the public's currency requirements contract from preceding high levels, temporary reversals of the downward trend may be expected because of holiday influences. The Easter season is a notable example.



In addition to the influence of major holidays within each 12-month cycle of alternating contraction and expansion in currency circulation, there are also intramonth and intra-week patterns of demand. Money tends to flow into circulation during the last week of each month and for several days at the beginning of the next month. A return flow follows. In the Eleventh Federal Reserve District the end-of-month rise in circulation reflects, in part, relatively heavy requirements in connection with military payrolls. Within each week, circulation tends to rise on Monday and Thursday and to recede on Tuesday. In the event major holidays fall near the end of a month and also on either Monday or Thursday, it is difficult, of course, to distinguish among the various expansive forces affecting circulation.

The actual volume of the flow of currency into circulation during the latter part of any particular year also depends upon changes in nonseasonal factors and upon their weights. Duration of the flow is similarly affected. The impact of seasonal influences may be accentuated, for example, because of a sharply rising and sustained trend of general economic activity. Conversely, a dampening of stimulative seasonal forces may result from generally depressed or declining levels of income and spending.

Reflecting a rapid mobilization of the Nation's productive resources (including human resources) in support of military operations, money in circulation in the United States and in the Southwest rose almost uninterruptedly on a month-to-month basis from 1941 to the end of 1945. Because of the sharp and sustained increase, seasonal movements were largely overshadowed. On the other hand, the distinct pattern of contraction in the early months and expansion in the later months of each year of the postwar period compares with a similar, although markedly less distinct, pattern of the 1930's, a period of generally depressed business.

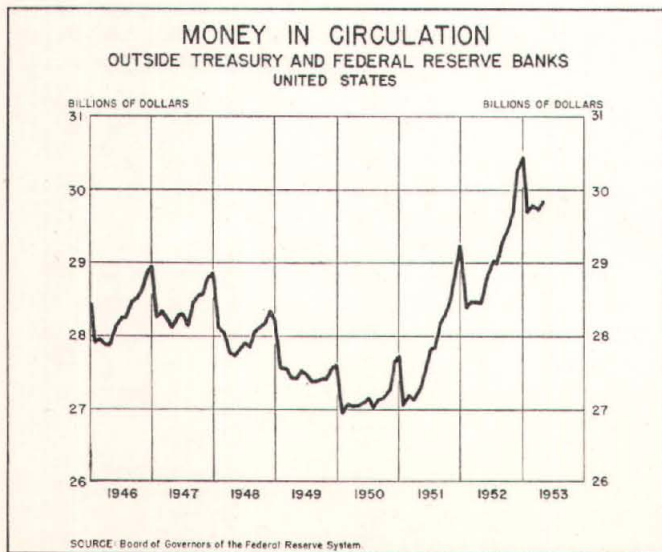
Currency flows reflect not only the spending habits of the public but also changes in its preference for holding cash as compared with other alternative forms of property. Most

individuals, businesses, and others customarily keep on hand certain minimum amounts of currency and coin, with the actual amount in any particular instance influenced by the holder's estimate of his immediate or very near-term needs, prospective additions to present holdings, and the ease of converting other assets into cash. Some businesses, for example, may be able to keep on hand exceptionally small amounts of till money relative to total cash payments because of a continuous and even flow of cash receipts from customers. Similarly, some individuals may be able to meet a part of their requirements for pocketbook money because of receipts from others, including the proceeds of cashing checks at retail and other noncommercial-banking establishments. The fulfillment of currency needs through these means reflects, of course, the turnover of hand-to-hand money in actual circulation and outside of commercial banks, the Federal Reserve banks, and the Treasury.

A balance between currency receipts and expenditures may be adequate at times to meet the needs of particular individuals or firms. Moreover, an expansion in turnover — a rise in the rate at which currency changes hands — may be adequate in the event of an over-all increase in the public's requirements. In most instances, however, it is not only necessary but also convenient for the public to make adjustments for its hand-to-hand money requirements through commercial banks. Consequently, at the same time that some individuals and businesses draw upon their deposit balances at commercial banks and take the proceeds in cash — for the purpose of supplementing currency receipts from other sources or of providing for total needs — others may make deposits of temporarily excess amounts of currency for credit to their checking accounts.

Currency payments and receipts between commercial banks and their customers, therefore, are likely to reflect rather closely the principal changes in total hand-to-hand money requirements of individuals, businesses, and others. With an over-all increase in currency requirements, customer withdrawals tend to exceed deposits, and the public's holdings rise. Conversely, as the need for pocketbook and till money declines, commercial banks' receipts of currency from their customers tend to exceed payments, and the public's holdings decrease.

It should be noted, however, that although the public's demand for currency and coin is reflected in the payments and receipts of commercial banks, changes in the holdings of business firms and others in a particular part of the country, e.g., the Southwest, also may reflect the movements of hand-to-hand money between regions. It is difficult, of course, to appraise the amount and the direction of inter-regional net flows, not only because the physical movements among individuals and businesses are practically impossible to trace but also because regional boundaries are perhaps more correctly described as "bands" than clearly defined "lines." Nevertheless, a net inflow of currency (for example, to the Southwest from other parts of the country) adds to the public's holdings and tempers somewhat the volume of withdrawals which otherwise would be made at local banks.

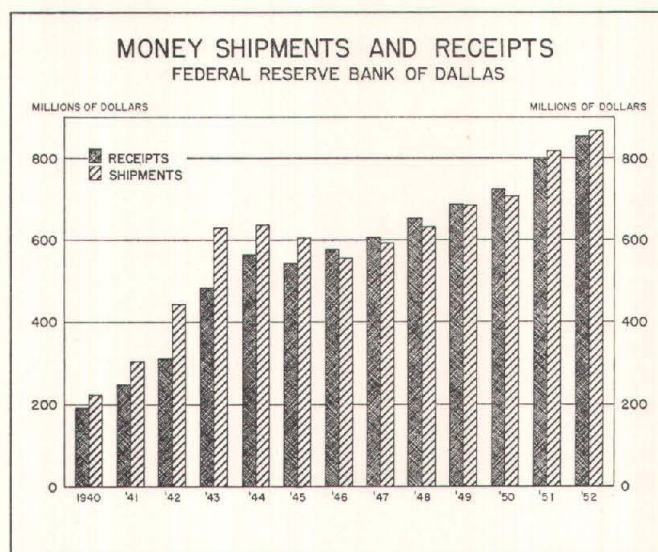


The ebb and flow of currency in the hands of individuals, businesses, and others in the Southwest cannot be measured with precision, particularly over relatively short periods. As the foregoing discussion indicates, fluctuations in currency payments and receipts between commercial banks and the public and in currency movements between regions represent the more important measures of change in the public's holdings of hand-to-hand money. Statistical data showing these changes are not available. Because of the strategic role of commercial banks and the Federal Reserve bank in meeting the hand-to-hand money requirements of individuals and others, however, changes in the southwestern public's holdings may be gauged rather closely by the currency flows between these institutions and by changes in the amount of Federal Reserve notes of the Federal Reserve Bank of Dallas in actual circulation.

Commercial banks must be in a position to pay out currency and coin in the amounts and at the times required by the needs of their customers. Banks usually keep enough cash in their vaults to insure that an adequate supply is on hand for this purpose. Both the amount and the fluctuations of vault cash are relatively small, however, compared with the total currency holdings of the public and changes in these holdings. Since vault cash is not an earning asset (and, in the case of member banks of the Federal Reserve System, does not count as reserves), it is profitable, of course, to limit holdings to the minimum amounts necessary to fulfill estimated requirements.

A commercial bank usually makes adjustments for its cash needs through the Federal Reserve bank or correspondent banks in much the same manner that its customers make adjustments for their requirements by withdrawals and deposits through checking accounts. As currency receipts from customers exceed immediate and near-term needs, excess amounts may be deposited with the Reserve bank or a correspondent bank for credit to the sending bank's account. Conversely, as customer demand rises, withdrawals of currency may be made. Although some banks make adjustments in vault cash—either in whole or in part—through correspondent banks rather than directly with a Reserve bank, the resulting deposits and withdrawals are reflected, nevertheless, in the currency demands which are made upon the Reserve banks. This result stems from the fact that the latter are not only banks of original issue but also the media through which Treasury currency and coin are paid out to the public. Consequently, changes in the public's holdings, including vault cash of commercial banks, are reflected directly in Reserve bank payments and receipts of currency. By the same token that the Reserve banks issue and pay out their own notes, they also retire excess amounts of these notes as they accumulate.

In the final analysis, therefore, the Federal Reserve banks supply the currency which enables the public to increase its cash holdings. Moreover, as the public's holdings become excessive in relation to present and immediately prospective needs, the Reserve banks are the "repositories" to which the surplus amounts are returned. With the exception of relatively small amounts, these adjustments are made exclusively through commercial banks functioning as intermediaries between their customers and the twelve Federal Reserve banks.



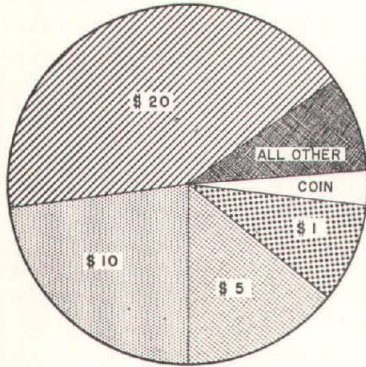
Currency receipts and shipments between the Federal Reserve Bank of Dallas and its branches in Houston, San Antonio, and El Paso, on the one hand, and commercial banks, on the other, are sensitive to changes in the hand-to-hand money requirements of businesses, individuals, and others in the Eleventh Federal Reserve District. The Eleventh District includes the State of Texas and portions of the states of Arizona, Louisiana, New Mexico, and Oklahoma. From the end of 1939 through December of 1945, for example, currency and coin shipments of this bank and its branches to commercial banks amounted to \$2,842,019,000. Receipts from commercial banks during the same period were significantly less, amounting to \$2,342,376,000. On the other hand, from the end of 1945 through December of 1952, shipments amounted to \$4,857,902,000, while receipts were \$4,894,020,000.

The excess of shipments over receipts of almost \$500,000,000 during 1940-45 reflects the sharp and sustained upsurge in the southwestern public's demand for hand-to-hand money which was stimulated by wartime influences. In addition to an expansion in the total volume of cash transactions accompanying increases in employment, production, and income from the depressed levels of the 1930's, the public's cash requirements were also greatly expanded because of the uncertainties and dislocations associated with such wartime changes as mass movements of population. Black-market operations, resort to cash transactions for tax evasion purposes, and hoarding also created currency demands. Location of military bases and other installations in the Southwest added further to hand-to-hand money requirements. Beginning in 1946 and continuing through 1950, however, annual receipts of currency from commercial banks exceeded shipments, with the result that the public's holdings tended to decline. During 1951 and 1952, currency shipments of this bank and its branches again exceeded receipts, reflecting principally the economic impact of Korean hostilities.

The net shipments during 1940-45 and net receipts during 1946-52, as discussed above, reflect changes not only in currency holdings of the southwestern public (exclusive of

MONEY SHIPMENTS TO COMMERCIAL BANKS

BY TYPE OR DENOMINATION
FEDERAL RESERVE BANK OF DALLAS
1952



commercial banks) but also in vault cash of commercial banks. During the earlier period of general expansion in the demand for currency, member banks in the Eleventh District, for example, increased the amount of their vault cash by \$44,824,000, or 157 percent. Similarly, member bank holdings of currency and coin rose \$52,197,000, or 71 percent, between December 31, 1945, and December 31, 1952, although the public's requirements as reflected by Reserve bank shipments and receipts declined.

Money shipments and receipts of the Federal Reserve Bank of Dallas and its branches had the effect of increasing the public's holdings significantly from 1940 to 1945 but of reducing holdings moderately from 1946 to 1952. It is perhaps noteworthy that, despite these contrasting *net* money flows, both shipments and receipts of currency showed almost uninterrupted year-to-year increases over the full period. Shipments declined in 1945 and 1946; receipts decreased slightly in 1945. The rising trend of gross currency movements between the Reserve bank and commercial banks suggests that increases occurred in the rate of turnover of money among businesses and others and in the volume of short-term adjustments in vault cash of member banks through their reserve accounts. The latter may reflect to some extent an effort on the part of member banks to economize in vault cash.

The preference of the southwestern public for various denominations of currency may be appraised in rough fashion from a breakdown of the total money shipments of this bank and its branches. Money shipments to commercial banks include currency in denominations ranging from \$1 silver certificates to \$10,000 Federal Reserve notes and, of course, silver and other coin. Intermediate denominations of currency include \$2, \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, and \$5,000 "bills." The dollar amount of shipments of \$20 notes in 1952, for example, accounted for slightly more than 42 percent of the total value of all currency and coin shipments. Ten-dollar and five-dollar bills accounted for 23 percent and 14 percent, respectively, while shipments of the smaller \$1 certificates represented 9 percent of the total. Higher de-

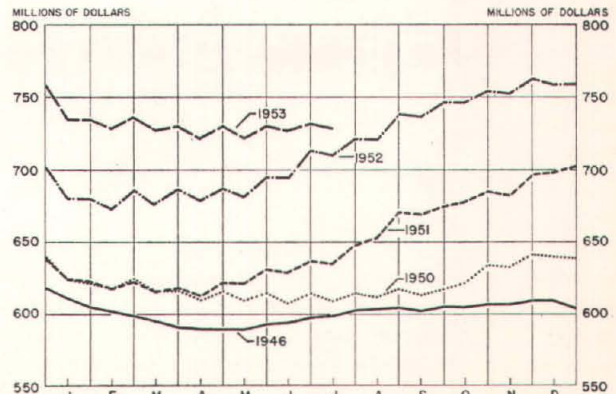
nominations of currency — including notes of from \$500 to \$10,000 — accounted for less than one-half of 1 percent of the value of total shipments. Coin shipments represented 3 percent.

Approximately 85 percent of all money in circulation in the United States consists of Federal Reserve notes of the twelve Federal Reserve banks. It is not surprising, therefore, that a very high proportion of the total money shipments of this bank and its branches also represents payments of Federal Reserve notes — that is, 11-K notes issued by the Federal Reserve Bank of Dallas. In 1952, payments of 11-K notes accounted for 81 percent of the total value of all money shipments of this bank to commercial banks of the Eleventh District. With the exception of payments of coin, other shipments consisted principally of silver certificates. Payments of other Treasury currency accounted for slightly less than 2 percent of the total value of all money shipments.

Because of the predominance of Federal Reserve notes in the total volume of money in circulation in the country, daily fluctuations in the amount of these notes in actual circulation represent a useful measure of changes in the public's currency requirements, particularly changes over relatively short periods. Daily fluctuations of 11-K notes in actual circulation during 1952, for example, clearly portray the expansive influences of major holidays, month-end demands, and the seasonal rise in business during the latter months of the year. Similarly, first-of-year and midmonth contractive movements also may be traced. Intraweek patterns, however, are more difficult to appraise, inasmuch as they tend to be overshadowed by other and more apparent changes.

The amount of 11-K notes in actual circulation dropped rather sharply early in 1952, reflecting principally the usual seasonal return flow of currency. The duration of the decline was shorter and the beginning of the subsequent expansion occurred earlier, however, than in most other postwar years. Circulation of 11-K notes declined \$37,622,000, or about 5 percent, between the 1951 peak level of December 27 and the 1952 low point of January 26. Following a moderate rise

FEDERAL RESERVE NOTES IN ACTUAL CIRCULATION
FEDERAL RESERVE BANK OF DALLAS



in February, March, and April, a marked increase in circulation began late in May and continued, with the exception of midmonth declines, until the last week of December. Expansion from the low point of circulation on January 26 to the high point on December 23 amounted to \$97,660,000, or almost 15 percent.

"Peaks" and "valleys" in the amount of 11-K notes in actual circulation from late January to late May of 1952 — due principally to intramonth fluctuations — reflected recurring changes in circulation in the range of approximately \$8,000,000 to \$16,000,000. With the exception of November and December, increases in other months from the mid-month low points to the end-of-month high points were in a somewhat higher range. Moreover, peaks were particularly evident in the vicinity of the July 4, Labor Day, Thanksgiving, and Christmas holidays. Each of these holidays falls near the end of the month, with the result, of course, that month-end and holiday expansive influences are combined. Furthermore, the Thanksgiving and Christmas peaks are superimposed upon the seasonal expansion of earlier months.

MONEY IN CIRCULATION¹

United States

Kind of money	May 31, 1953
Gold certificates.....	\$ 36,661,979
Standard silver dollars.....	200,961,256
Silver certificates.....	2,115,721,307
Treasury notes of 1890.....	1,143,160
Subsidiary silver.....	1,143,757,134
Minor coin.....	410,249,483
United States notes.....	316,140,482
Federal Reserve notes.....	25,450,924,285
Federal Reserve bank notes.....	201,822,770
National bank notes.....	73,664,349
Total.....	\$29,951,046,205

¹ Outside Treasury and Federal Reserve banks.
SOURCE: United States Treasury Department.

Money in circulation in the United States — \$29,951,046,000 on May 31, 1953 — represents the total amount of the various kinds of currency and coin which is held outside of the Treasury and the Federal Reserve banks, including paper currency held outside the continental limits of the United States. The figure also includes a small amount (\$36,662,000) of gold certificates, which are no longer permitted to circulate and which represent collectors' items and souvenirs, as well as amounts that may have been lost, destroyed, or sent abroad. Money in actual circulation may be divided into two categories: Treasury currency and coin and Federal Reserve currency. Treasury currency and coin include silver certificates, United States notes, standard silver dollars, subsidiary silver, and minor coin, as well as national bank notes, Federal Reserve bank notes, and Treasury notes of 1890. Federal Reserve currency consists entirely of Federal Reserve notes.

As noted earlier, Federal Reserve notes account for the greater part (approximately 85 percent) of the total amount of money in circulation in the country. They are issued through each of the twelve Federal Reserve banks and paid out principally through commercial banks in response to the public's demand for currency. Notes of each Reserve bank are distinctive in many respects. They represent liabilities

of the issuing bank and bear appropriate identifying marks. Moreover, the notes of one Reserve bank cannot be paid out legally by any other Reserve bank. As notes of one Reserve bank are received by another in the usual course of currency receipts from commercial banks, the law requires that they be returned to the issuing bank or to the Treasury for redemption.

Although Federal Reserve notes of a Federal Reserve bank appear as liabilities on its books and constitute a first lien on all of its assets, they are also obligations of the United States Government. Federal Reserve notes are secured by collateral, equal at least to the amount of their face value, which must be deposited by each of the Reserve banks with its Federal Reserve Agent, who is the local representative of the Board of Governors of the Federal Reserve System at the Reserve bank. Collateral may consist of the bank's holdings of such paper as is eligible for discount or purchase under the terms of the Federal Reserve Act, gold certificates, and direct obligations of the United States. Each Federal Reserve bank must maintain reserves in gold certificates of not less than 25 percent against its Federal Reserve notes in actual circulation. Gold certificates which are deposited with Federal Reserve Agents as collateral and those which are deposited with the Treasurer of the United States as a redemption fund (in conformance with legal requirements) are counted as part of the required gold certificate reserve.

In recent years Federal Reserve notes have been secured principally by United States Government securities and gold certificates, reflecting in part the relatively small amounts of eligible paper held by the Reserve banks. On May 31, 1953, the amount of Federal Reserve notes outstanding (the amount issued to the twelve Reserve banks) was \$26,575,818,000, while total collateral was \$27,680,256,000. Government securities accounted for slightly more than 53 percent of total collateral, while gold certificates and eligible paper accounted for 45 percent and somewhat less than 2 percent, respectively. On the same date, the \$762,962,000 of 11-K notes issued to this bank were secured by \$774,000,000 of collateral — 78 percent Government securities and 22 percent gold certificates.

Treasury currency consists principally of silver certificates and subsidiary silver coin. About 73 percent of the \$4,463,460,000 of Treasury currency in circulation on May 31, 1953, was of these two kinds of money. Minor coin and United States notes accounted for 9 percent and 7 percent, respectively, of the total. Most of the remainder represented approximately equal amounts of Federal Reserve bank notes and standard silver dollars.

Treasury notes of 1890, Federal Reserve bank notes, and national bank notes are no longer issued and are in the process of being retired. Additional amounts of United States notes are not issued, although notes returned to the Treasury are reissued and paid out. The total amount of these notes which the Treasury can issue is limited by law and has not changed since 1878. Standard silver dollars, subsidiary silver, and minor coin are minted by the Treasury and paid out principally through the Reserve banks in response to the

public's demand for these kinds of money. Silver certificates are issued by the Treasury, with the total amount of new certificates paid out governed principally by the Treasury's purchases of silver.

The Treasury maintains a number of reserves and kinds of security against its currency. A reserve of gold bullion

of \$156,039,000 is provided for United States notes and Treasury notes of 1890. The latter also are secured by an equal dollar amount of standard silver dollars. Outstanding silver certificates are secured by silver bullion and standard silver dollars of a monetary value equal to the face amount of such certificates.

THE CHECK ROUTING SYMBOL


Payments through the use of "checkbook" money represent an estimated 90 percent of the annual dollar volume of all spending in the United States. Public acceptance of a system of check payments has been gained in large measure because of the development of a highly efficient clearing and collection mechanism within the country's banking system. Inasmuch as one of the necessary qualities of money is acceptability as a means of making payments with a minimum of delay, it is essential to the maintenance of a check-payments system that the flow of checks through the clearing and collection mechanism be effected smoothly and rapidly.

With a view to increasing the efficiency with which out-of-town checks drawn on par clearing banks might be cleared and collected, the American Bankers Association in 1945 introduced a plan embodying the use of a check routing symbol. The details of the plan had been developed earlier, after considerable study and research, by the Bank Management Commission of the American Bankers Association and the Committee on Collections of the Federal Reserve System.

The routing symbol is a three- or four-digit number which should appear as the denominator of a fraction near the upper right-hand corner of checks bearing the symbol. The numerator is the ABA transit number assigned to the drawee

bank. In the case of par clearing banks located in the Kansas City, Dallas, and San Francisco Federal Reserve Districts, the routing symbol is a four-digit figure, with the first two digits — i.e., 10, 11, or 12 — designating the number of the appropriate Federal Reserve district. The next digit identifies the head office or the branch office of the Reserve bank which serves the territory in which the drawee bank is situated. In the Eleventh District, for example, the Dallas Head Office is designated by the figure 1. The El Paso, Houston, and San Antonio Branches (in alphabetical order) are numbered 2, 3, and 4, respectively.

The last digit of the routing symbol indicates whether a check is receivable at the appropriate Reserve bank office for immediate credit or for deferred credit. It also is helpful in identifying the location of the drawee bank. For drawee banks in the Eleventh District the digit zero indicates a bank in Dallas, El Paso, Houston, or San Antonio, the checks of which are receivable for immediate credit at the Reserve bank office in the same city. Each of the numbers 1 to 3 appearing as the final digit of the routing symbol (for drawee banks in the Eleventh District) shows that a check may be accepted for deferred credit only. The last digit also designates the state in which a drawee bank is situated. For example, the El Paso branch office of this bank serves a territory consist-

FIRST NATIONAL BANK		No. 
ANYWHERE, TEXAS _____ 19 _____		
PAY TO THE ORDER OF _____	\$ _____	
		DOLLARS

ing of parts of the states of Arizona, New Mexico, and Texas. The figure 1 appearing as the fourth digit of the routing symbol designates a bank in Arizona; the digit 2, a bank in New Mexico; and the digit 3, a bank in Texas outside the city of El Paso. For purposes of numbering, the states which the Head Office or a branch serves are arranged alphabetically.

By combining the component parts of the check routing symbol into a three- or four-digit number and translating its meaning, one may gain perhaps a greater appreciation of the usefulness of such a symbol in the clearing and collection process, which involves billions of checks annually throughout the country. For example, the number 1123 shown as the denominator of the fraction near the upper right-hand corner of the accompanying illustration means that the First National Bank—the drawee—is located (1) in the Eleventh Federal Reserve District, (2) in the territory served by the El Paso Branch of the Federal Reserve Bank of Dallas, and (3) in the State of Texas but outside of the city of El Paso and that checks drawn on the First National Bank are receivable at the El Paso Branch of this bank for deferred credit only. Similarly, if the routing symbol were 1111, it would designate the Eleventh District; the Head Office of this bank; a drawee bank located in Louisiana; and deferred availability of credit for the check at the Head Office of this bank.

The routing symbol plan gained widespread and almost immediate acceptance following its adoption. Moreover, an increasing number of banks have cooperated since that time in efforts to encourage a greater use of the symbol. Based upon a survey by the Federal Reserve banks, as of June 1, 1953, 91 percent of all checks written on par banks in the United States carried the symbol in the approved location. By Federal Reserve districts, the percentages ranged from 84 percent for the Dallas District to 96 percent for the New York District, reflecting gains over results of the 6 months-earlier survey of from 1 to 3 percentage points. The percentages for states lying partially or wholly within the Eleventh

Federal Reserve District and their relative rankings nationally were as follows:

<i>State</i>	<i>Percent with symbol</i>	<i>Rank in Nation</i>
New Mexico	92	20
Arizona	91	27
Oklahoma	87	39
Texas	83	43
Louisiana	81	45

Studies of this bank indicate that most of the checks ordered from check suppliers by banks in the District for their own stock or for customers have the symbol printed in the proper place. Some depositors who order checks directly from printers, however, fail to request that the routing symbol be printed on their checks. This reflects perhaps a lack of understanding and appreciation of the function of the routing symbol in expediting the collection of checks throughout the banking system.

The principal advantages gained from a use of the routing symbol stem from the fact that it permits increased accuracy and rapidity in the sorting of out-of-town checks. Each par clearing bank in the country has been assigned a routing symbol which designates its location and the proper collection route for checks drawn against it. Use of such a symbol has been reflected in decreased costs because of a shortening of the time required for collection, a reduction of sorting and routing errors, and prompt return of unpaid items.

With reference to the recent survey noted above, about 9 percent of the checks drawn on par clearing banks in the Nation and 16 percent of those drawn on banks in the Eleventh District do not carry the check routing symbol. A full realization of the benefits to be derived from a use of the check routing symbol requires universal adoption among all par clearing banks. Recent progress in this direction is encouraging; further progress toward universal use of the symbol is highly desirable.

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Retail sales at department stores in the Eleventh Federal Reserve District during June were 7 percent less than in May but 6 percent above a year earlier. Sales in the first half of July showed a year-to-year gain of 3 percent. In the first 6 months of 1953, sales totaled 5 percent more than in the same period last year. Merchandise sold for cash during June represented 34 percent of total sales, up slightly from a year ago; instalment sales declined as percent of total. Charge account and instalment account receivables on June 30 were 2 percent and 43 percent, respectively, above a year earlier; inventories were up 13 percent.

The outlook for agricultural production in the District this year was improved by July rains, but more moisture is urgently needed in many western and southern parts of the region. The acreage of cotton this year in the states of the District is 16 percent below a year ago, and drought threatens further reduction. On the other hand, larger acreages are reported for rice, sorghums, hay, peanuts, and potatoes. Pastures and ranges are in very poor condition, but some improvement is expected as a result of July rains. Livestock markets strengthened in the first part of July; prices of most other agricultural commodities are holding relatively steady.

Daily average crude oil production in the District rose in July for the third consecutive month but continued below the peak rate of last December; a further rise is in prospect for August. Refinery activity in early July was slightly above a year ago, while crude stocks were somewhat lower. National stocks of gasoline are declining seasonally, while stocks of heating oils are rising. Domestic crude prices have been holding generally steady since the rise which occurred around mid-June.

Nonagricultural employment in the five states of the District in May was up 3 percent as compared with a year earlier; manufacturing employment increased 6 percent. Seasonal gains in employment are indicated for June and July.

The value of construction contracts awarded during June fell 8 percent below the May figure and 15 percent below that for June 1952. Total awards for the first 6 months of 1953 experienced a year-to-year loss of 17 percent, although contracts for residential construction showed little change.

Total resources of weekly reporting member banks in the District rose more than 2 percent during the 5 weeks ended July 22. Loans increased about 1 percent, with loans to banks more than accounting for the rise. Investments increased 9 percent during the period. Deposits rose about 2 percent, reflecting principally demand deposit expansion. Gross demand deposits of all member banks in the District in June averaged slightly higher than in May and 1.7 percent above a year earlier.



Retail sales at department stores in the Eleventh Federal Reserve District during June declined 7 percent from May, reflecting the influence of seasonal factors. However, June sales showed a gain of 6 percent over a year ago, although part of the increase was accounted for by the fact that there was one more business day in the month than in June 1952. Sales during the first half of July were 3 percent under those of the comparable period in 1952, with most of the loss occurring during the first few days.

Sales at district department stores during the first 6 months of 1953 were 5 percent above the same period last year, compared with an increase of 4 percent for the Nation. An accompanying table indicates year-to-year changes in department store sales for the first 6 months of 1953 in eight principal cities of this District for which data are available. According to this table, Corpus Christi showed the highest percentage increase for the January-June period, reporting a gain of 13 percent over a year earlier. Houston and El Paso registered gains of 8 percent and 7 percent, respectively.

While light to fairly substantial percentage increases were made during June in sales of soft goods as compared with a year earlier, the largest relative gains were registered in sales of durables. Consumer demand was strong for yard furniture, yard tools and equipment, automobile accessories, and certain items of homefurnishings. In the homefurnishings group, furniture and bedding showed a gain of 13 percent over the year-ago figure, while sales of air-conditioning units, which continue in strong demand, rose 89 percent. Sales of refrigerators and television sets were off from last year, however, declining 31 percent and 46 percent, respectively.

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS ¹	
	June 1953 from		6 mo. 1953 comp. with 6 mo. 1952	June 1953 from	
	June 1952	May 1953		June 1952	May 1953
DEPARTMENT STORES					
Total Eleventh District.....	6	-7	5	13	-8
Corpus Christi.....	15	2	13	26	-8
Dallas.....	7	-14	5	14	-3
El Paso.....	5	-5	7	7	-11
Fort Worth.....	2	-8	-1	8	-5
Houston.....	7	-6	8	14	-8
San Antonio.....	-3	-5	#	14	-11
Shreveport, La.....	13	-4	5	19	-11
Waco.....	34	52	1	15	-17
Other cities.....	7	-7	5	16	-12
FURNITURE STORES					
Total Eleventh District.....	-4	8	—	-1	-3
Austin.....	-6	-9	—	-1	-6
Dallas.....	-2	9	—	9	2
Houston.....	-6	21	—	—	—
Port Arthur.....	14	64	—	-21	-14
San Antonio.....	-5	6	—	—	—
Shreveport, La.....	-4	-6	—	2	-4
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	-10	#	—	—	—
Dallas.....	39	-5	—	—	—

¹ Stocks at end of month.

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

WHOLESALE TRADE STATISTICS
Eleventh Federal Reserve District
(Percentage change)

Line of trade	NET SALES ^p			STOCKS ^{1p}	
	June 1953 from		6 mo. 1953 comp. with 6 mo. 1952	June 1953 from	
	June 1952	May 1953		June 1952	May 1953
Drugs and sundries.....	10	5	—	5	#
Dry goods.....	6	-7	3	49	43
Grocery (full-line wholesalers not sponsoring groups) . . .	4	2	—	-11	-5
Hardware.....	7	1	1	13	10
Industrial supplies.....	7	9	-7	17	2
Machinery equipment and supplies except electrical...	-33	-15	—	4	-1
Metals.....	1	4	5	3	1
Tobacco products.....	7	10	-2	-1	-1
Wines and liquors.....	-14	-16	—	-#	-8

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.

In the wearing apparel lines, June sales of women's and misses' ready-to-wear were about even with those of a year earlier, while sales of men's and boys' wear gained 4 percent. In the men's and boys' wear departments, gains of 6 percent in sales of men's furnishings and 12 percent in boys' wear, as compared with a year ago, were partly offset by a loss of 2 percent in sales of men's clothing.

Merchandise sold for cash and on charge accounts at reporting department stores during June represented 34 percent and 51 percent, respectively, of total sales, reflecting slight relative gains as compared with June 1952. On the other hand, instalment sales accounted for 15 percent of total sales during June, compared with 16 percent during the same month last year.

Charge accounts receivable declined 6 percent during June but remained 2 percent above a year earlier. Instalment accounts receivable rose 3 percent during the month and on June 30 were 43 percent higher than on the same date last year.

Collections on charge accounts during the month amounted to 46 percent of the total outstanding—a rate about 1 percentage point smaller than during May but 1 point higher than during June 1952. Collections on instalment accounts declined percentagewise during June to 11 percent of the total outstanding, compared with 12 percent in May and 15 percent a year earlier. On the basis of these ratios, the average collection time on charge accounts outstanding at the end of May was approximately 65 days, representing no sig-

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED ¹			
	June 1953	May 1953	April 1953	June 1952	June 1953	May 1953	April 1953	June 1952
	SALES—Daily average							
Eleventh District.....	118	127	117	116	134	130	121	132
Dallas.....	107	124	107	103	132	128	113	128
Houston.....	135	144	137	132	148	146	144	145
STOCKS—End of month								
Eleventh District.....	130	141	146	114	140	139	138	123

¹ Adjusted for seasonal variation.

nificant change from the month earlier or the same month a year ago. The average collection time on instalment accounts, however, appears to have lengthened to 17 months, compared with 16 months in May and 12 months in June 1952.

Department store inventories, declining seasonally, were reduced 8 percent during June but at the end of the month were 13 percent above the same date in 1952. Stocks on order at reporting department stores on June 30 were approximately double the amount outstanding at the end of May and 16 percent greater than a year earlier.

Furniture store sales at reporting stores in the District during June gained 8 percent over May but were 4 percent lower than in June 1952. Accounts receivable rose 2 percent during the month and on June 30 were 18 percent greater than a year earlier. Furniture store inventories declined 3 percent during June and at the end of the month were 1 percent under a year ago.



Prospects for agricultural production in the District improved moderately during July as light to locally heavy rain fell in most sections. In the eastern half of the District, rainfall was sufficient to break the sustained drought of late May and June and improved late crops and pastures materially. In west and south Texas and eastern New Mexico the rainfall was spotty, with some localities receiving as much as 4 to 5 inches. The drought continues in south Texas and in western and northwestern parts of the State.

A report by the United States Department of Agriculture shows 24,618,000 acres of cotton in cultivation in the Nation on July 1. This is 9 percent less than the acreage in cultivation on July 1, 1952, but 12 percent more than the 1942-51 average. Sharp declines from a year ago were recorded in Texas and Oklahoma. Slightly smaller acreages were reported in Georgia, South Carolina, and Arkansas, while all other states except California (which was unchanged) reported increases of from 1 to 18 percent. Included in the national figure are 1,500,000 acres of cotton planted but not up to a stand as

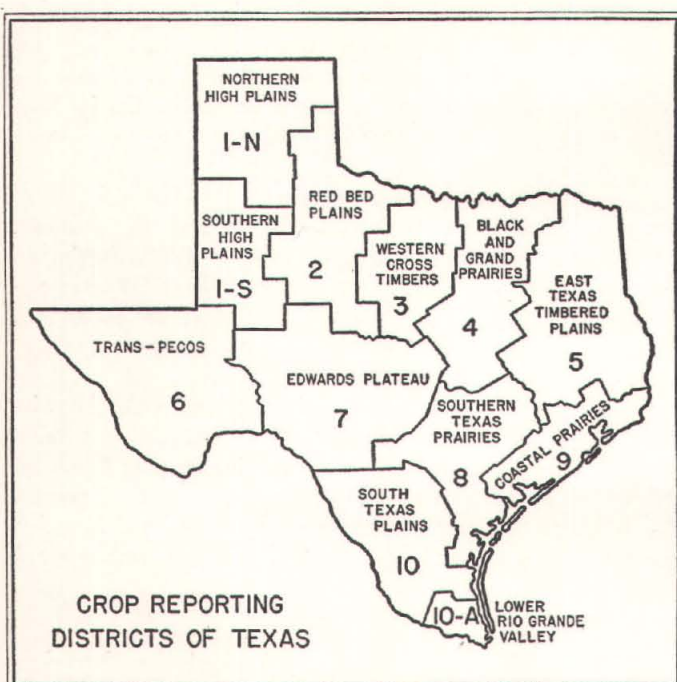
PLANTED COTTON ACREAGE, JULY 1

Texas Crop Reporting Districts

(In thousands of acres)

Crop reporting district	1950	1951	1952	1953	1953 as percent of 1952
1-N.....	174	578	755	665	88
1-S.....	1,603	2,772	2,862	1,425	50
2-N.....	632	1,102	1,068	635	59
2-S.....	711	1,416	1,363	1,260	92
3.....	78	227	177	125	71
4.....	1,789	2,579	2,243	2,150	96
5-N.....	359	442	312	300	96
5-S.....	149	234	226	220	97
6.....	152	223	237	240	101
7.....	120	290	254	230	91
8-N.....	385	642	559	500	89
8-S.....	186	430	363	300	83
9.....	224	390	392	400	102
10-N.....	100	312	218	200	92
10-S.....	386	876	727	950	131
State.....	7,048	12,513	11,756	9,600	82

SOURCE: United States Department of Agriculture.



CROP ACREAGE

Texas and Five Southwestern States

(In thousands of acres)

Crop	Texas			Five southwestern states ¹		
	Harvested		For harvest 1953	Harvested		For harvest 1953
	Average 1942-51	1952		Average 1942-51	1952	
Cotton.....	8,376	11,756	9,600	11,020	14,917	12,563
Winter wheat..	4,650	3,011	2,409	10,326	8,938	8,325
Corn.....	3,293	2,232	2,053	5,768	3,790	3,259
Oats.....	1,206	820	1,394	2,308	1,308	2,056
Barley.....	181	60	90	498	217	288
Rye.....	24	27	26	94	146	134
Rice.....	456	552	580	1,051	1,140	1,186
Sorghums.....	6,713	5,125	6,565	8,953	6,952	8,524
Hay.....	1,599	1,517	1,514	3,790	3,726	3,770
Peanuts (alone)	783	373	366	1,074	505	509
Flaxseed.....	108	125	144	144	130	144
Irish potatoes..	42	17	22	99	38	46
Sweet potatoes	53	27	27	160	117	126

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

SOURCE: United States Department of Agriculture.

tion in 1952 and about half of the 1942-51 average. In contrast to the sharp reduction in the State's corn crop, production of oats in Texas is estimated at 37,638,000 bushels, nearly twice as large as the production in 1952 and 50 percent greater than the 10-year average. A much larger acreage, plus bumper yields in north Texas, resulted in the largest crop since 1945.

Texas rice acreage is estimated at 580,000 acres—a record high, 5 percent above 1952, and 2 percent higher than the previous record established in 1951. The condition of the crop on July 1 was excellent, with prospects for a yield in excess of 2,400 pounds per acre. If this yield is realized, a crop of 14,210,000 100-pound bags will be harvested.

The condition of commercial vegetables in the District was improved sharply by July rains in eastern and north-eastern sections. The moisture was too late for the early crops of watermelons, cantaloupes, and tomatoes but will improve yields of these crops in late sections. Preparation of seed beds for fall vegetable crops in the Laredo area and in the Lower Rio Grande Valley made fair to good progress, but acreage is limited by lack of irrigation water.

The condition of ranges and pastures in the District as of July 1 was probably the lowest on record. Showers during

CROP PRODUCTION

Texas and Five Southwestern States

(In thousands of bushels)

Crop	Texas			Five southwestern states ¹		
	Average 1942-51	1952	Estimated July 1, 1953	Average 1942-51	1952	Estimated July 1, 1953
Winter wheat..	59,088	34,626	21,681	134,029	142,966	89,425
Corn.....	54,256	41,292	26,689	97,664	65,587	45,299
Oats.....	25,280	20,910	37,638	47,630	32,198	52,957
Barley.....	2,986	870	1,755	10,937	7,738	9,840
Rice.....	9,498	13,662	14,210	20,021	26,304	26,027
Hay ²	1,547	1,512	1,468	4,739	4,605	4,294
Flaxseed.....	734	1,062	1,008	1,328	1,150	1,008
Irish potatoes..	4,040	2,040	2,398	8,796	4,800	5,873
Sweet potatoes	4,372	1,215	1,620	14,272	9,235	10,450

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

SOURCE: United States Department of Agriculture.

of July 1. Much of this acreage is in northwest Texas, and reports since July 1 indicate a fairly heavy abandonment of this acreage during the month of July.

The total acreage in the five states lying wholly or partly in the Eleventh Federal Reserve District is 12,563,000 acres, down about 16 percent from a year earlier. In Texas, cotton in cultivation is estimated at 9,600,000 acres, 18 percent below a year ago but 15 percent above the 1942-51 average. Sharpest declines in the Texas acreage are in the northwestern part of the State, where only about one-half as many acres are in cultivation as a year earlier.

The condition of the Texas cotton crop ranges from excellent in some southcentral counties to very poor in northwestern counties. In northern Louisiana the early crop is making good progress, but many late-planted fields have poor stands. The irrigated cotton in New Mexico and Arizona is making excellent growth. Harvest of a short crop in the Lower Rio Grande Valley of Texas is well advanced.

The July 1 estimate of Texas winter wheat production is 21,681,000 bushels, which is sharply below a year ago and only about one-third of the 10-year average.

The intended acreage of all sorghums in Texas was estimated in July at 6,565,000 acres—an increase of 28 percent over plantings a year ago. More than half of the intended acreage in northwestern counties was not planted as of July 1, as farmers were waiting for rain before seeding the crop. Reports suggest that considerable acreage was seeded during July.

The July 1 estimate of the Texas corn crop is 26,689,000 bushels. A sharply lower acreage and the lowest yield per acre since 1934 resulted in a crop one-third below produc-

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	June 1953	June 1952	May 1953	June 1953	June 1952	May 1953
Cattle.....	130,631	58,361	75,998	36,391	18,691	32,965
Calves.....	27,497	18,745	16,334	21,283	9,757	13,777
Hogs.....	35,049	57,411	41,062	276	3,914	—
Sheep.....	144,095	117,166	189,613	131,423	125,319	128,149

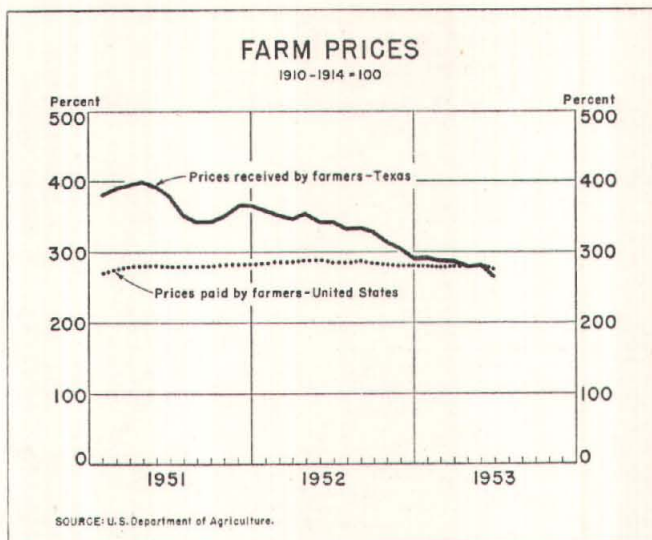
¹ Includes goats.

July will improve the feed situation, but in many areas rainfall has not been sufficient to stimulate substantial growth of grasses.

The movement of cattle and calves to markets in this District declined sharply during the first 2 weeks of July, following the heavy liquidation of herds in virtually all sections during May and June, although market receipts rose again around the middle of July. The condition of cattle and calves in Texas on July 1 was moderately below a month earlier and sharply below July 1, 1952, according to reports of the Department of Agriculture. Sheep and lambs showed heavy shrinkage during June. Ranchers are reported to be reducing sheep numbers sharply; marketings in Texas during the first 5 months of 1953 were 45 percent larger than during the same period a year ago.

The number of cattle on feed in the Corn Belt states on July 1 is estimated to be 8 percent larger than a year earlier, according to the Bureau of Agricultural Economics. Scattered reports from states outside the Corn Belt indicate that for the Nation as a whole the number of cattle on feed on July 1 probably was up about 5 percent from a year ago. This increase over a year earlier compares with a year-to-year gain of 16 percent recorded on January 1 and 14 percent on April 1.

Prices received by district farmers for most agricultural products showed mixed trends during the past month. From mid-May to June 15 the Bureau of Agricultural Economics reported a decline of 5.7 percent in prices received, with a major portion of the decline represented by the drop in cattle prices. Reports from livestock markets indicate that this



downward trend in cattle prices continued until the first week in July. Prices then rose sharply as receipts were reduced and generally held steady past midmonth. Prices of cotton and grains showed only minor fluctuations during the month, while prices of most vegetables, broilers, eggs, and milk were strong to slightly higher.

Prices received by Texas farmers have declined steadily since November 1951 and on June 15 averaged 32 percent below the record high of April 1951. Prices paid by farmers, as measured by the national index, reached a record high in May 1952 but at mid-June averaged 5 percent below the peak.



Between June 17 and July 22 the principal changes in the condition of weekly reporting member banks in the District included increases in loans, investments, and deposits and a reduction in cash assets. Total resources of these banks on July 22 amounted to \$4,649,510,000, reflecting an expansion of \$101,483,000, or slightly more than 2 percent, during the 5 weeks.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended July 22, 1953	Comparable week last month	Comparable week last year
COTTON, Middling 15/16-inch, Dallas.....	lb.	\$.3290	\$.3290	\$.3870
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.44¾	2.41½	2.49¼
OATS, No. 2 white, Fort Worth.....	bu.	1.00½	.98¾	1.05
CORN, No. 2 yellow, Fort Worth.....	bu.	1.90¾	1.86½	2.19
SORGHUMS, No. 2 yellow, Fort Worth.....	cwt.	2.92	2.85	3.30
HOGS, Choice, Fort Worth.....	cwt.	27.00	25.50	22.50
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	22.50	23.50	32.00
SLAUGHTER CALVES, Choice, Fort Worth...	cwt.	21.00	20.00	31.00
STOCKER STEERS, Choice, Fort Worth.....	cwt.	19.00	18.00	28.00
SLAUGHTER SPRING LAMBS, Choice, Fort Worth.....	cwt.	23.00	23.00	28.50
HENS, 4 pounds and over, Fort Worth.....	lb.	.21	.23	.18
FRYERS, Commercial, Fort Worth.....	lb.	.30	.28	.34
BROILERS, south Texas.....	lb.	.29	.28	.32
EGGS, Graded and candled, Fort Worth...	case	16.00	15.00	14.00
WOOL, 12-months, west Texas.....	lb.	1.80	1.80	1.63

¹ Clean basis.

Loans increased \$20,506,000, or about 1 percent, with loans to banks more than accounting for the total expansion. Decreases were reported in all other principal categories. Commercial and industrial borrowers reduced their outstanding bank indebtedness during most weeks. Manufacturing firms in the food and liquor lines, sales finance companies, and construction firms repaid substantial amounts. Reductions also were reported by a miscellaneous group of commercial and industrial establishments. On the other hand, manufacturers of petroleum and allied products and wholesale and retail trade establishments increased the amount of their borrowings. In contrast with the seasonal contraction of most other weeks this year and reflecting the beginning of the crop-moving season, loans to commodity dealers increased slightly.

CONDITION STATISTICS OF WEEKLY REPORTING
MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	July 22, 1953	July 23, 1952	June 17, 1953
Total loans (gross) and investments.....	\$3,223,467	\$3,083,702	\$3,088,749
Total loans—Net ¹	1,789,002	1,587,452	1,768,287
Total loans—Gross.....	1,807,755	1,603,940	1,787,249
Commercial, industrial, and agricultural loans.....	1,154,428	1,068,030	1,155,224
Loans to brokers and dealers in securities..	10,982	10,807	12,410
Other loans for purchasing or carrying securities.....	73,478	68,862	75,458
Real estate loans.....	134,863	120,614	135,086
Loans to banks.....	30,018	4,664	3,894r
All other loans.....	403,986	330,963	405,177r
Total investments.....	1,415,712	1,479,762	1,301,500
U. S. Treasury bills.....	153,546	259,242	108,490
U. S. Treasury certificates of indebtedness..	196,752	169,832	115,484
U. S. Treasury notes.....	177,999	180,821	181,758
U. S. Government bonds (incl. gtd. obligations).....	702,977	698,566	701,838
Other securities.....	184,438	171,301	193,930
Reserves with Federal Reserve Bank.....	555,397	575,995	560,235
Balances with domestic banks.....	463,023	398,975	488,067
Demand deposits—adjusted ²	2,480,430	2,423,163	2,476,962
Time deposits except Government.....	566,654	478,408	565,769
United States Government deposits.....	133,862	173,125	71,910
Interbank demand deposits.....	773,716	746,779	759,675
Borrowings from Federal Reserve Bank.....	43,500	16,100	21,000

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.

r—Revised.

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

(Amounts in thousands of dollars)

City	DEBITS ¹			DEPOSITS ²		
	June 1953	Percentage change from		June 30, 1953	Annual rate of turnover	
		June 1952	May 1953		June 1953	June 1952
ARIZONA						
Tucson.....	\$ 105,494	11	4	\$ 90,134	14.4	13.9 14.0
LOUISIANA						
Monroe.....	48,191	8	1	37,937	15.1	14.3 14.8
Shreveport.....	200,216	10	5	163,133	14.6	13.4 13.9
NEW MEXICO						
Roswell.....	24,097	5	7	27,742	10.3	11.5 9.7
TEXAS						
Abilene.....	51,172	1	2	51,162	12.2	11.6 12.1
Amarillo.....	132,499	-2	4	105,863	15.4	15.8 14.8
Austin.....	116,207	15	11	101,444	13.8	13.3 12.1
Beaumont.....	129,880	13	4	94,519	16.3	15.5 15.8
Corpus Christi.....	152,443	20	8	110,175	16.7	15.8 15.4
Corsicana.....	12,399	-5	15	19,655	7.7	7.8 6.6
Dallas.....	1,618,612	16	#	892,418	22.1	20.4 22.7
El Paso.....	193,837	13	7	119,853	19.8	17.9 18.4
Fort Worth.....	646,989	26	31	340,248	23.4	19.6 18.1
Galveston.....	78,953	#	7	81,442	11.9	14.5 11.4
Houston.....	1,713,193	14	6	1,064,156	19.6	18.5 18.7
Laredo.....	20,097	-9	-1	18,961	12.7	13.8 12.7
Lubbock.....	95,929	1	1	82,507	14.2	13.3 13.9
Port Arthur.....	50,967	24	11	36,912	16.4	13.1 14.5
San Angelo.....	39,756	6	9	45,271	10.6	10.0 9.7
San Antonio.....	405,776	12	4	325,839	15.2	14.8 14.8
Texarkana ³	18,802	-5	7	19,302	11.8	12.5 10.8
Tyler.....	56,666	10	4	53,183	12.8	12.4 12.1
Waco.....	78,490	34	20	61,574	15.6	11.4 13.2
Wichita Falls.....	82,773	-4	4	98,440	10.3	11.2 10.0
Total—24 cities.....	\$6,073,438	14	6	\$4,041,870	18.2	16.9 17.4

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 \$41,500,000 for the month of June 1953.

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

Investments rose \$114,212,000, or almost 9 percent, between June 17 and July 22 to a total of \$1,415,712,000. Marked increases occurred in holdings of Treasury certificates of indebtedness and 91-day bills—\$81,268,000, or 70.4 percent, for the former and \$45,056,000, or 41.5 percent, for the latter. Expansion in holdings of Treasury certificates reflects, in part, relatively heavy purchases by banks of the 2½-percent Tax Anticipation certificates of indebtedness which were issued by the Treasury on July 15. Investments in the securities of states and local subdivisions were reduced \$9,492,000, or nearly 5 percent.

Deposits of the weekly reporting member banks rose \$76,324,000, or about 2 percent, during the 5 weeks, with demand deposits accounting for practically all of the expansion. Reflecting in part credits to Treasury Tax and Loan accounts arising from bank purchases of the 2½-percent Tax Anticipation certificates issued July 15, demand deposits of the United States Government rose \$61,948,000, or by somewhat more than 100 percent. Most other categories of demand deposits increased, with the more notable changes including increases in deposits of banks and of individuals and businesses. Total time deposits were practically unchanged, although time deposits of individuals, partnerships, and corporations rose \$4,500,000, or slightly less than 1 percent.

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
June 1951.....	\$5,820,309	\$669,791	\$2,720,158	\$374,734	\$3,100,151	\$295,057
June 1952.....	6,416,878	741,154	3,035,241	405,007	3,381,637	336,147
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	383,089
April 1953.....	6,700,806	853,308	3,180,189	445,370	3,520,617	389,938
May 1953.....	6,492,848	877,764	3,053,816	484,041	3,439,032	393,723
June 1953.....	6,523,407	891,731	3,106,229	492,983	3,417,178	398,748

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	July 15, 1953	July 15, 1952	June 15, 1953
Total gold certificate reserves.....	\$ 501,648	\$ 680,751	\$ 568,089
Discounts for member banks.....	28,423	8,500	25,698
Industrial advances.....	0	0	0
Foreign loans on gold.....	428	570	428
U. S. Government securities.....	1,205,271	1,036,128	1,173,523
Total earning assets.....	1,234,122	1,045,198	1,199,649
Member bank reserve deposits.....	934,172	999,430	1,007,048
Federal Reserve notes in actual circulation.....	727,953	710,452	726,974

Gross demand deposits of all member banks in the District averaged \$6,523,407,000 during June, reflecting a slight increase over May and an increase of \$106,529,000, or 1.7 percent, over June 1952. Demand deposits of reserve city member banks averaged \$52,413,000, or 1.7 percent above the May level; country member banks reported a reduction of \$21,854,000, or somewhat less than 1 percent. Time deposits of the District's member banks increased \$13,967,000, or 1.6 percent, with reserve city member banks accounting for most of the expansion.

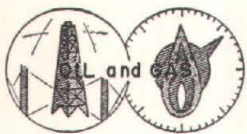
Debits to deposit accounts reported by banks in 24 cities of the District were 6 percent higher in June than in May and 14 percent above June 1952. The rising volume of spending in June as compared with May was general over the District, with increases in individual cities ranging as high as 31 percent. The annual rate of turnover of deposits was 18.2 in June, as compared with 17.4 in May and 16.9 in June 1952.

Between June 15 and mid-July the principal changes in the condition of the Federal Reserve Bank of Dallas included an increase of \$34,473,000 in total earning assets and decreases of \$66,441,000 in gold certificate reserves and \$72,876,000 in member bank reserve deposits. The expansion in earning assets reflects principally an increase of \$31,748,000 in holdings of Government securities. Discounts for member banks rose \$2,725,000. On July 15, Federal Reserve notes of this bank in actual circulation amounted to \$727,953,000, up \$979,000 from a month earlier and \$17,501,000 above a year ago.

Budget results for the fiscal year 1953 — ended June 30 — were announced by the Secretary of the Treasury on July 2. The Government's budget expenditures during the fiscal year totaled \$74,607,000,000, reflecting an increase of \$8,462,000,000 over expenditures in fiscal 1952 and marking the highest spending total on record except for the peak war years. Budget receipts of the Government rose to a record total of \$65,218,000,000 during fiscal 1953, or \$3,090,000,000 higher than in fiscal 1952. Principally as a result of the budget deficit of \$9,389,000,000 which these spending and receipts totals reflect, the gross public debt rose \$6,966,000,000 to a total of \$266,071,000,000 on June 30.

On July 13 the Secretary of the Treasury announced the allotment of \$5,900,636,000 of subscriptions for the 2½-percent Tax Anticipation certificates of indebtedness which were offered to investors for cash on July 6. The new certificates are dated July 15 and will mature March 22, 1954. They will be accepted at par plus accrued interest to maturity, however, in payment of income and profits taxes due on March 15, 1954. It was announced that the new financing was intended to cover the Treasury's cash needs for the first quarter of the new fiscal year beginning July 1.

Cash financing by the Treasury during July also included \$500,000,000 of borrowing through increases — in excess of the amounts of maturities — of weekly offerings of 91-day bills. The issue dated July 2 was increased \$300,000,000, while each of the issues dated July 9 and July 16 was increased \$100,000,000. Approximately \$1,700,000,000 had been raised in this manner from April 23 to June 25.



Daily average crude oil production in the District in July showed an increase for the third consecutive month. Production for the first 18 days of July is estimated at 3,148,000 barrels per day, which is 38,000 barrels higher than the estimated June average and 269,000 barrels greater than in July a year ago, when production was held down to work off stocks accumulated during the refining strike in May 1952. Despite recent increases, however, daily average crude oil production in the District in the first part of July was 150,000 barrels below the December peak.

A further small increase in district crude oil production may be expected in August. The Texas Railroad Commission has announced that the number of producing days scheduled

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	June 1953 ¹	June 1952 ²	May 1953 ¹	Change from	
				June 1952	May 1953
ELEVENTH DISTRICT.....	3,110.1	3,013.0	3,015.7	97.1	94.4
Texas.....	2,804.9	2,725.9	2,716.4	79.0	88.5
Gulf Coast.....	628.7	598.9	614.3	29.8	14.4
West Texas.....	1,077.2	1,077.8	1,042.3	-0.6	34.9
East Texas (proper).....	252.5	268.7	247.5	-16.2	5.0
Panhandle.....	75.2	79.3	72.7	-4.1	2.5
Rest of State.....	771.3	701.2	739.6	70.1	31.7
Southeastern New Mexico.....	191.8	172.4	186.0	19.4	5.8
Northern Louisiana.....	113.4	114.7	113.3	-1.3	0.1
OUTSIDE ELEVENTH DISTRICT	3,350.9	3,184.2	3,333.7	166.7	17.2
UNITED STATES.....	6,461.0	6,197.2	6,349.4	263.8	111.6

SOURCES: ¹ Estimated from American Petroleum Institute weekly reports.
² Official figures of the United States Bureau of Mines.

for Texas generally will remain unchanged from July. However, there will be some increase in production as a result of allowing wells in the Spraberry trend of west Texas to produce 11 days during the month.

Crude oil production in the Nation for the first 18 days of July averaged an estimated 6,502,000 barrels per day. This rate is 41,000 barrels per day larger than in June but is 409,000 barrels greater than in July a year ago.

Imports of crude oil and refined products tended to decline in the last half of June and the first part of July. Imports averaged 961,000 barrels per day in the 5 weeks ended July 11, or 112,000 barrels less than in the preceding 4 weeks but 118,000 barrels more than in the comparable 5 weeks a year ago. A major portion of the increase over year-earlier levels appears to be accounted for by the rise in crude imports of California refineries.

Refinery activity in the District rose moderately during June but declined in the first part of July. Daily average crude runs to refinery stills in the first 18 days of July are estimated at 2,043,000 barrels, compared with 2,017,000 barrels in July 1952. In the Nation, refinery activity in the week ended July 11 rose to an all-time high, with crude runs to stills averaging 7,267,000 barrels per day, or 46,000 barrels higher than the previous high in the week ended January 3 and 254,000 barrels above the corresponding week of last year. Crude runs to stills in the week ended July 18 were off about 200,000 barrels from the record of the previous week.

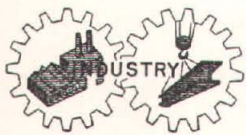
Crude stocks in the Nation, after rising almost steadily since last October, reached a peak of 282,000,000 barrels during the week ended July 4 but dropped more than 2,000,000 barrels in the following week. The July 11 total of 279,813,000 barrels was 4,000,000 barrels less than the strike-inflated level of a year earlier. Stocks in the Eleventh District on July 11 totaled 143,000,000 barrels, or 6,500,000 barrels below a year ago.

Stocks of major refined products in the Nation changed seasonally during June and the first part of July, with gasoline stocks declining and stocks of heating oils rising. Comparisons with a year earlier are of little significance because of the influence of the refining strike of May 1952 upon the

supply situation. As compared with the more normal conditions of 2 years ago, major refined products stocks were up about 10 percent. In view of the increase in demand during the past 2 years, the rise in major refined products stocks does not appear unduly large.

The demand for gasoline during the present period of heavy consumption has been very strong, generally exceeding expectations. The demand for gasoline at refineries and bulk terminals is estimated to have been 10 percent higher in the 5 weeks ended July 11 than in the same period last year. The demand for distillate and residual fuel oils also has shown marked increases over year-earlier levels.

Domestic crude prices have remained steady since the general increase which occurred around mid-June, although adjustments were made in the prices of some major products after the initial increase. Part of the rise in the prices of kerosene and distillate fuel oil announced by major suppliers on the East Coast was eliminated later. Both wholesale and retail prices of gasoline and residual fuel oil remain firm. On July 1 the service-station price of regular-grade gasoline in fifty representative cities throughout the country averaged 1.48 cents per gallon higher than a month earlier, according to a report of the American Petroleum Institute based on a survey by The Texas Company.



Nonagricultural employment in the five states lying wholly or partly within the District totaled 3,845,500 workers in May, reflecting almost no change from April but showing a gain of 3 percent over May 1952, according to reports of state employment agencies. While the five-state total remained virtually unchanged from April to May, changes within the individual states also were very slight. New Mexico and Oklahoma indicated increases, while Arizona, Louisiana, and Texas showed declines. Within Texas, nine of the seventeen major labor market areas registered gains from April to May, while eight showed losses.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change May 1953 from	
	May 1953p	May 1952	April 1953	May 1952	April 1953
Total nonagricultural					
wage and salary workers..	3,845,500	3,726,900	3,845,600	3.2	-.01
Manufacturing.....	724,600	685,600	722,100	5.7	.3
Nonmanufacturing.....	3,120,900	3,041,300	3,123,500	2.6	-.1
Mining.....	230,100	224,500	229,300	2.5	.3
Construction.....	285,000	281,700	288,800	1.2	-1.3
Transportation and public utilities.....	404,500	400,600	406,100	1.0	-.4
Trade.....	976,000	943,100	977,100	3.5	-.1
Finance.....	147,700	137,600	147,900	7.3	-.1
Service.....	454,200	440,600	451,700	3.1	.5
Government.....	623,400	613,200	622,600	1.7	.1

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

p—Preliminary.

SOURCE: State employment agencies.

Manufacturing employment in the five states in May was 724,600, up slightly from April and 6 percent above May 1952. The manufacturing employment market has been very unstable, with wide fluctuations constantly occurring in some of the major manufacturing industries, such as food processing and aircraft manufacturing. Major changes in aircraft contracts are creating a very unsettled employment level in this industry.

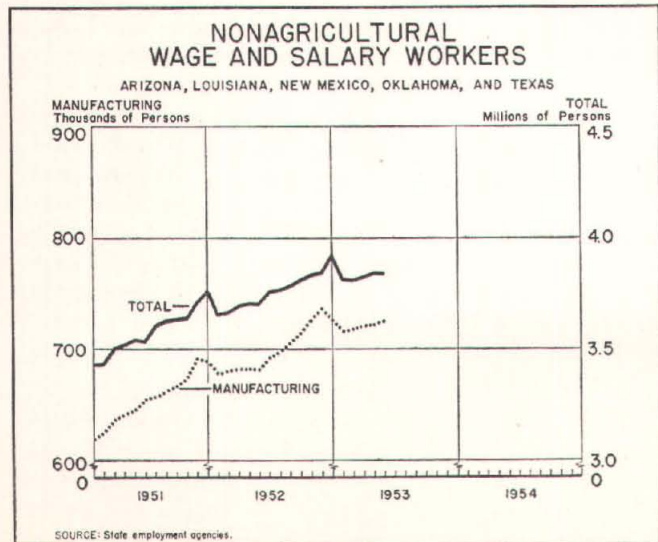
Nonagricultural employment in the district states rose seasonally during June and July, to reach a total of around 3,883,000, according to available information. This is 3 percent above the estimate for July 1952. Manufacturing employment in the area also rose during the past 2 months; the July total was around 732,000 workers, or 5 percent higher than a year ago.

Rapid tax amortization certificates were granted seven Texas firms in the period June 4-June 17. Construction costs on these projects were estimated at \$55,304,000. The major certificate in this group was for a Houston canal construction project with an estimated cost of \$42,000,000; an \$11,390,000 certificate was granted a refining company for a new plant at Corpus Christi.

The most recent tabulation of military prime contracts awarded indicates a total of \$4,210,690,000 for the five states of this District from July 1950 through March 1953. This figure is 9.7 percent above the total awarded through December 1952. However, the Southwest's share of total awards for the United States in the first quarter of 1953 was only 4.6 percent, compared with 10.4 percent in the last half of 1952.

The value of construction contracts awarded in the District during June totaled \$97,201,000, which is 8 percent less than awards for May and 15 percent below those for June 1952. Residential awards declined in June to a total of \$44,619,000, the lowest for any month thus far this year. Non-residential awards declined in June, to a level 23 percent below the same month in 1952.

The United States and the District experienced gains of 19 percent and 30 percent, respectively, in value of construc-



VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	June 1953 ^p	June 1952	May 1953	January—June	
				1953	1952
ELEVENTH DISTRICT....	\$ 97,201	\$ 114,925	\$ 105,163	\$ 615,964	\$ 739,283
Residential.....	44,619	42,379	46,853	292,390	298,868
All other.....	52,582	72,546	58,310	323,574	440,415
UNITED STATES ¹	1,115,509	1,488,850	1,606,091	7,907,838	7,758,578
Residential.....	463,084	581,792	637,721	3,258,496	3,344,037
All other.....	652,425	907,058	968,370	4,649,342	4,414,541

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

tion contracts awarded in January. These gains subsequently were reduced, and totals for the first quarter showed the Nation ahead by 11 percent, while awards in the District had fallen 5 percent below a year earlier. These downward trends, relative to a year earlier, continued through the second quarter; by midyear the Nation showed a year-to-year gain of only 2 percent, and the district total had fallen 17 percent below a year earlier. The sharp decline in the District has been almost entirely in awards for construction of utilities and of manufacturing and certain institutional buildings. Residential awards in the District during the first half of 1953 were not appreciably different from a year earlier.

BUILDING PERMITS

City	6 months 1953						
	June 1953		Percentage change in valuation from		Percentage change in valuation from 6 months 1952		
	Number	Valuation	June 1952	May 1953	Number	Valuation	
LOUISIANA							
Shreveport....	363	\$ 2,144,331	39	-27	2,085	\$ 12,871,689	10
TEXAS							
Abilene.....	91	1,464,093	193	139	709	4,900,578	-8
Amarillo.....	222	1,040,138	-35	-27	1,932	11,921,897	-7
Austin.....	246	2,252,335	24	-35	1,518	16,028,444	7
Beaumont....	247	534,885	-25	-5	1,367	4,334,174	-19
Corpus Christi..	471	1,649,263	-72	-3	2,750	15,460,129	20
Dallas.....	2,000	8,529,992	31	-5	10,986	56,048,264	16
El Paso.....	440	1,564,108	78	-35	1,985	13,695,561	49
Fort Worth....	826	5,518,194	15	85	4,966	24,358,320	-6
Galveston....	103	181,060	-82	-15	542	3,663,089	23
Houston.....	1,170	21,258,342	164	91	6,434	72,390,684	35
Lubbock.....	217	1,323,092	-4	12	1,687	10,078,163	13
Port Arthur...	172	372,938	-43	73	920	1,783,188	-11
San Antonio...	1,454	4,429,748	-36	-20	10,666	27,445,780	9
Waco.....	639	1,226,091	201	24	2,044	5,759,459	-24
Wichita Falls..	80	562,155	9	-23	355	4,016,998	-72
Total.....	8,741	\$54,050,765	25	20	50,946	\$284,756,417	9

During the first half of 1953, private investment accounted for 72 percent of the value of construction contracts awarded in Texas, compared with 66 percent during the same period last year. Private investment accounted for 99 percent of the value of contracts awarded for residential construction, compared with 81 percent a year earlier.

The number of dwelling units provided in new residential buildings for which construction contracts were awarded in Texas in the first 6 months of 1953 was 24,900, which is about 5,000 units less than in the same period last year.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	May 1953 ¹	May 1952	April 1953 ²	August—May	
				This season	Last season
CONSUMPTION					
Total					
Texas mills.....	10,840	10,579	13,517	120,950	126,570
U. S. mills.....	747,789	686,951	905,071	7,938,565	7,747,676
Daily Average					
Texas mills.....	542	542	548	571	580
U. S. mills.....	37,390	35,282	36,687	37,520	36,646
STOCKS, U. S.—End of period					
Consuming establishments...	1,770,113	1,421,319	1,865,090	—	—
Public storage and compresses.....	4,737,480	2,417,286	5,534,848	—	—

¹ Four weeks ended May 30.
² Five weeks ended May 2.
 SOURCE: United States Bureau of the Census.

COTTONSEED AND COTTONSEED PRODUCTS

Item	TEXAS		UNITED STATES	
	August 1 to May 31		August 1 to May 31	
	This season	Last season	This season	Last season
COTTONSEED (tons)				
Received at mills.....	1,362,064	1,361,727	5,460,978	5,376,827
Crushed.....	1,360,007	1,415,962	5,163,495	5,196,025
Stocks, end of period.....	77,309	63,746	361,167	315,186
COTTONSEED PRODUCTS				
Production				
Crude oil (thousand pounds)...	446,725	454,120	1,682,075	1,651,612
Cake and meal (tons).....	660,581	679,615	2,480,540	2,417,179
Hulls (tons).....	316,890	323,469	1,112,639	1,169,366
Linters (running bales)....	388,332	425,384	1,649,697	1,661,221
Stocks, end of period				
Crude oil (thousand pounds)...	6,858	12,799	34,382	48,177
Cake and meal (tons).....	57,752	15,157	140,897	57,870
Hulls (tons).....	17,305	7,502	82,177	29,148
Linters (running bales)....	21,919	43,377	107,453	200,387

SOURCE: United States Bureau of the Census.