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THE CHANGING CHARACTER OF SOUTHWESTERN AGRICULTURE

During the past two decades, far-reaching changes have occurred in southwestern agriculture. Some of these, such as the mechanization of farming and ranching operations and greater use of power machinery, are quite obvious and well known. Others, such as the decrease in the number of persons employed in agriculture, a declining farm population, and changes in the business and financial aspects of farming and ranching, have received less attention and probably are not as widely recognized. The shifts and developments that have taken place in agriculture during the past 20 years not only have revolutionized farming methods but also have changed the character of agriculture as an industry and have altered somewhat its position and influence in the economy.

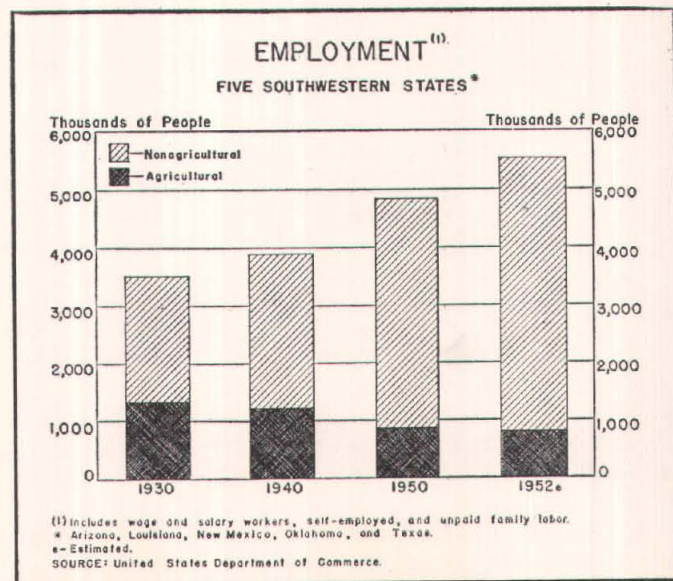
The decrease in the number of persons employed on farms and ranches in the Southwest* during the past decade has been striking. The downward trend in agricultural employment is not a recent development — it has been evident for many years — but the decline was accelerated by the war and defense programs of the past 15 years, the rapid and extensive mechanization of agriculture, and the growing industrialization of the Southwest. As industry demanded more workers and offered higher wages, people moved from the rural areas to accept these higher paying jobs and, as a result, left fewer people to operate the farms and ranches. In the meantime, technological progress in agriculture, in the form of machinery and methods, actually enabled the smaller farm labor force to expand production.

In 1930 there were 1,387,400 persons employed in agriculture in the Southwest, but by 1940 the number had declined to 1,180,473, or a loss of 15 percent. During the forties the shrinkage in agricultural employment was at a more rapid pace, and by 1950 the number of such workers was only 821,209, reflecting a decline of 31 percent for the decade. Tentative estimates indicate a further decline since 1950, with probably not more than 788,000 persons working on southwestern farms and ranches in 1952.

The major portion of the decrease in farm employment occurred at a time when the total number of persons em-

ployed — including the self-employed, part-time employees, and unpaid family workers — was rising steadily. Hence, the percent of the total labor force employed in agriculture has declined sharply. In 1930, workers in agriculture — including farmers and their families, as well as hired laborers — constituted 40 percent of the total labor force in the Southwest. By 1940 the number decreased to 31 percent, and by 1950, to 17 percent. Estimates for 1952 indicate a further decline to about 14 percent. Similar changes, although of a lesser degree, have been evident in employment data for the Nation. For the United States, employment in agriculture in 1930 represented 22 percent of total employment; in 1940, 19 percent; in 1950, 12 percent; and in 1952, 11 percent.

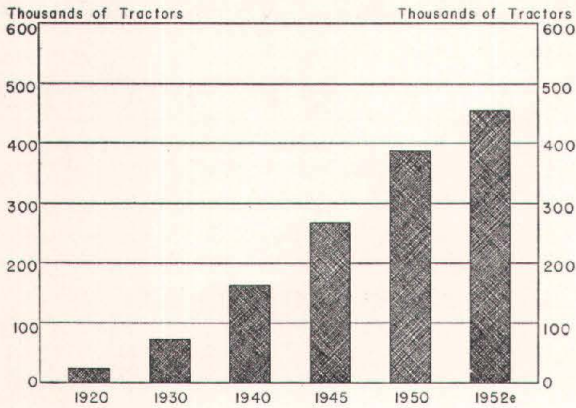
Much of the decline in farm employment during the past two decades has been in the number of hired farm workers. Mechanization has reduced the need for hand labor, and many farm operators have found it possible to do virtually all of their work with the aid of power machinery and equipment. Twenty years ago it was not uncommon for the owner of a farm or ranch to devote most of his time to supervising the work of the laborers on his farm or ranch and very little



*Includes the states lying wholly or partly in the Eleventh Federal Reserve District — Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

TRACTORS ON FARMS

FIVE SOUTHWESTERN STATES*



*Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
 e-Estimated.
 SOURCE: United States Department of Agriculture.

to performing the actual work of tending crops and livestock. Today, most operators of small farms, and many who have relatively large acreages, find it more profitable to use mechanized equipment and perform almost all of the production operations themselves, hiring only during the period of harvest when extra labor may be needed. Moreover, today's farmer has found that he can do the job much easier, more efficiently, and in less time than it required 20 years ago with a number of hand laborers and with horses and mules for power.

The number of farm operators also has decreased substantially. In 1930 there were 906,377 farm operators in the five southwestern states. By 1950 the number was 632,005, a decline of 30 percent. The movement of tenants away from farms was at an even faster rate, with a drop of 63 percent from 1930 to 1950, including those who became farm owners. Sixty percent of all farmers were tenants in 1930; by 1945, only 39 percent of the farm operators were classified as tenants; and by 1950 the percentage had decreased to 32 percent. The class of tenants generally known as sharecroppers has been virtually eliminated as the mechanization of farming operations has made it more profitable to operate larger and larger farming units, rather than many small units.

Greater use of power machinery has enabled farmers to increase the size of their operations, even with a reduced labor force. For example, 20 years ago one man and a pair of mules could do the work involved in raising not more than 40 acres of cotton. Today, many west Texas farmers, with four-row tractor equipment, do all the work required in growing 200 acres of cotton. This sharp increase in the amount of work that can be done by one man equipped with modern machinery and the related upward trend in the average size of farm units have resulted in a decrease in the number of farms and ranches in the five southwestern states from 906,377 in 1930 to 800,269 in 1940 and 631,742 in 1950.

Changes such as these in agricultural employment could not occur as long as most of the workers were needed to pro-

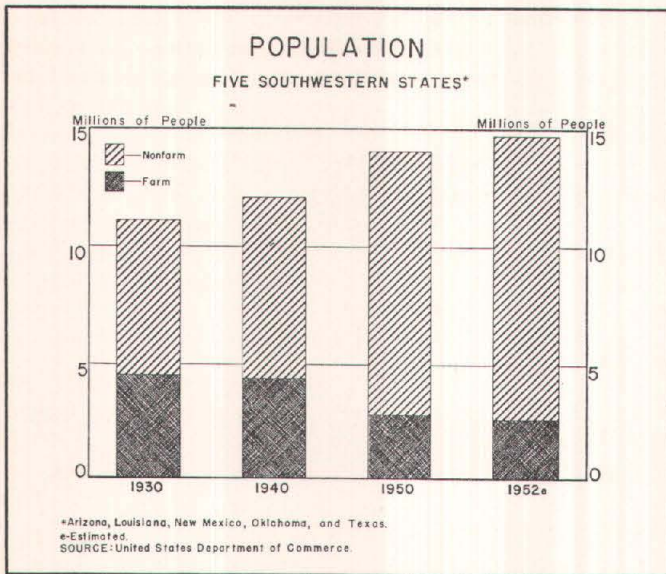
duce the food and fiber required by the population or as long as there were no alternative opportunities for employment at favorable wages. Moreover, as long as farm labor was cheap, there was less incentive for agriculture to increase greatly its use of labor-saving machinery. However, as industry and technology provided tools which made it possible for fewer people to meet the food and fiber needs of the Nation and growing industrialization of the Southwest provided opportunities for farm labor to earn a more satisfactory wage than could be obtained in agriculture, workers began to move from the farm to the factory.

The growth of the industrial segment of the Southwest since 1940 is illustrated by the sharp increase in nonagricultural employment, which rose from 2,678,000 in 1940 to 4,684,000 in 1952, and the increase in manufacturing employment from 383,000 in 1940 to 722,000 in 1952. This tremendous increase in nonfarm job opportunities has provided a constant outlet for farm labor. Moreover, this pool of farm labor that could be attracted to industry from the rural areas has been an important factor in the industrial growth of the Southwest.

As industry grew in size and numbers throughout the area, job opportunities at relatively higher wages than those available in agriculture increased, and more and more people left their agricultural jobs to take employment in industry, even though they may have continued to live on the farm. With a declining labor supply, rising wage competition, and an increasing demand for food and fiber by a growing nonfarm population, farmers found it not only profitable but also necessary to make use of labor-saving equipment and machinery. Moreover, the introduction and wider use of equipment and machinery created a self-generative influence, because nonmechanized units were faced with the competitive stimulus of the more efficient and more productive mechanized units. Thus, in a sense, agricultural developments reflect the steps taken in an industry in which there is increasing pressure toward the "economic survival of the efficient."

At the same time that these developments were taking place, there was a decrease in the number of persons living on farms and ranches. In the five southwestern states the farm population declined from 4,447,000 in 1930 to 4,200,000 in 1940 and 2,600,000 in 1950. In 1940 the farm population constituted 35 percent of the total population of the Southwest, as compared with 40 percent 10 years earlier, while in 1950 it represented only 19 percent. Estimates for 1952 suggest that this trend has continued and that the farm population now is only about 16 percent of the total. By contrast, total population of the area increased 16 percent during the decade of the forties.

The shift of population away from farms has not been uniform in all sections. In a few areas, notably the irrigated sections of the South High Plains of Texas and the irrigated valleys in New Mexico and Arizona, where more acres have been placed under irrigation and where farming has been relatively profitable, there has been a net increase in farm population. In parts of the Southwest where industries have



moved into the smaller towns and cities, the farm population has tended to remain more stable as many workers in the plants continue to live on farms and to operate them on a part-time basis. However, in communities where virtually no industry has been established, where the fertility of the soil has been depleted seriously, and where profitable employment opportunities have been uncertain, the decline in farm population has been very sharp.

The movement from rural to urban areas and from farm employment to nonagricultural employment during the past 20 years has been relatively constant. The only important break occurred immediately after World War II, when there was a moderate movement back to the farm as men returned from the armed services and as industrial employment slumped temporarily. Throughout the period, agricultural workers have moved from the farms to the cities. Sometimes the entire family moved; in other cases, farming became a secondary occupation of the family, as one or more members accepted jobs in plants or installations within commuting distance of their farm homes.

This movement of farm population toward industrial centers in the Southwest is most graphically illustrated in the case of the larger cities which have shown such substantial population increases, but this population shift has not been confined to those larger centers. Many smaller cities and towns throughout the area have participated in the growing industrialization. The establishment of industrial plants in these smaller cities in the more rural areas of the Southwest, with employees numbering upward from 25 or 50 people, has provided jobs on a full-time or part-time basis for many farm people.

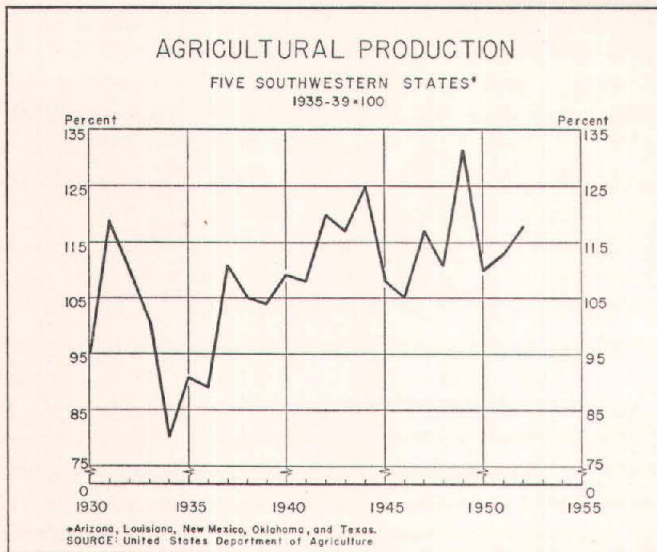
Total agricultural income and income per worker have risen during the past decade. Although this increase has been fairly steady since 1939, it has not been uniform from year to year. Agricultural income in the Southwest is heavily influenced by the size of the cotton and grain crops, which fluctuates considerably from year to year, depending upon acreage and weather conditions.

Since 1940, total income payments to individuals working in agriculture have increased 244 percent, while income payments to those engaged in nonagricultural enterprises increased 343 percent. However, when the change in income of those working in the various segments of the economy is measured on a per capita basis, the increase from 1940 to 1952 amounted to 419 percent per agricultural worker, compared with 153 percent for those engaged in nonagricultural industries. Based on data of the United States Department of Commerce and the Bureau of the Census, it is estimated that the per capita income of agricultural workers rose from \$560 in 1940 to \$2,890 in 1952, whereas the per capita income for nonagricultural workers increased from \$1,530 to \$3,880 during the same period. Expressed another way, the agricultural worker's per capita income rose from about 36 percent of that of the nonagricultural worker to almost 75 percent between 1940 and 1952. Consequently, although total agricultural income in the area did not keep pace with the rate of growth of nonagricultural income, the agricultural worker improved his position considerably, relative to that of the nonagricultural worker.

Wholly comparable agricultural income data by states are not available covering a sufficiently long period of years to establish a conclusive long-term trend, but available data seem to permit certain generalizations. For instance, income payments to farmers in the southwestern area as a percentage of total individual income payments in the Southwest declined from 18.4 percent in 1929 to 13.9 percent in 1940, 11.8 percent in 1950, and about 11.1 percent in 1952. Even if one acknowledges that agricultural income may fluctuate rather sharply from year to year as a result of abnormal influences affecting certain major crops, figures such as those cited probably should not be ignored. Perhaps they point at least to the possibility that the area's agriculture is contributing a smaller share of the area's total income than was the case in earlier periods.

There is little doubt that per capita income of agricultural workers has risen substantially. In this case also, while data are perhaps not conclusive, it seems reasonable to make the generalization that the trend of per capita income of agricultural workers has been upward at a rate in excess of that for nonagricultural workers. Moreover, it appears that this absolute and relative gain in per capita income is, in large degree, a reflection of the greater increase in productivity per worker that has resulted from the growing application of mechanical and technological advancements to agricultural production practices. Perhaps it is true to say that production methods in agriculture have undergone more marked changes than is true in the case of nonagricultural pursuits as a whole.

While these developments have been taking place, agricultural production, as reflected by the accompanying chart, has shown an upward trend. Greater productivity per worker in agriculture has enabled the industry to experience this increase in output during a period when the labor force engaged in agricultural production was declining steadily.



Many factors other than the increased mechanization of agriculture have contributed to the rise in productivity. Technological improvements, such as the development of hybrid corn, the breeding of disease-resistant grain varieties, more effective insecticides for combating insects, and greater use of fertilizer, have improved per acre yields and have reduced the risk of crop failure. High-energy feeds, the discovery and use of additional vitamins and antibiotics, and improved feeding techniques have raised the efficiency of producing livestock and livestock products.

In the field of technical progress in production, perhaps one of the more important programs in the past 20 years has been the wider use of soil conservation and improvement practices. For example, the use of legumes in rotation with cotton has increased per acre yields more than 50 percent on some farms. Terracing and the use of sodded waterways, together with suitable crop rotations, have contributed greatly to the conservation of water and the reduction of soil losses through erosion. In the High Plains, new techniques for retarding soil erosion have assisted farmers in the battle against drought and soil losses from blowing.

Electricity is one of the more spectacular tools that has been added to the farmers' resources. As recently as 1930, only about 4 percent of the farms and ranches in the Southwest had electric power available to them. By 1945 the number had increased to 35 percent of the total, and by 1950, to 73 percent. It is estimated that electricity now is available to more than 90 percent of the farms and ranches in Texas. Electric power has brought to the farm operation a multitude of labor-saving devices, including pressure water systems for livestock and for the farm home, feed grinders and mixers, elevators, electric welders, and milking machines. In addition, electricity has brought lights, refrigeration, electric washing machines and ironers, and many other consumer goods into the farm home, improved the efficiency of the farm family, and raised its standard of living.

The impact and influence upon agriculture of changes such as those which have been discussed have been signifi-

cant. As compared with an earlier-day agriculture, the present-day agriculture in the Southwest has taken on many of the characteristics of a mechanized industrial- or business-type operation.

First, a much larger capital investment per worker is required on the present-day farm or ranch. The shift from mules and relatively cheap hand labor to power machinery and mechanically equipped, relatively skilled workers involves very substantial expenditures. The capital investment on a comparatively small farm — say 200 acres — can very quickly mount to \$10,000, in addition to the value of the land and buildings.

Secondly, the cash costs of operation have increased very greatly. Expenditures for fertilizers, insecticides, gas, oil, tires, equipment repairs, and numerous other operating items quickly can reach a very sizable sum. The need for reliable access to cash emphasizes the importance of the establishment of sound working relationships between the farmer and his banker. Moreover, the growing size of farmers' cash requirements is reflected in the increased size of bank loans and outstanding credits to farmers. Furthermore, the greater dependence of the farmers upon these products of industry — fertilizers, insecticides, gas, oil, etc. — often may introduce a considerable rigidity into the farmers' cost structure.

Thirdly, a much higher quality of managerial, financial, and business efficiency is required of the farmer today than was the case in an earlier period. No longer can farming be regarded as "just running a farm." Instead, it must be regarded as managing a very complex business, the success of which may be very largely determined not only by the more or less purely agricultural decisions but also by those decisions of a management or financial character.

Requirements such as these mean that the successful farm or ranch operator in the Southwest today must have considerable financial strength and stability; he must have an understanding of the gains to be achieved from the "right" combination of machine power and man power; he must be well aware of the technological advances in the production of crops and livestock and be able to appraise their adaptability to his operations; he must keep reasonably well informed regarding market trends as they relate to his production; and he must have the business judgment and acumen to foresee and make those adjustments in his operations which may be necessary if he is to meet changing conditions as they develop.

In one sense, these developments in agriculture may seem to raise serious and difficult problems, and perhaps they do. More importantly, however, they have been instrumental in creating a more sound, more efficient, and more productive agricultural industry. Their advantages and contributions to agriculture as a whole greatly outweigh the problems they have raised for the farmer or the rancher. Moreover, the trend toward a more productive, more economically efficient agriculture cannot and should not be reversed; there is no turning back in this respect. In fact, every encouragement should be given to ways and means that will further the trend within sound economic limits.

Viewed in relation to total economic activity and sources of income and employment in the Southwest, agriculture undoubtedly holds a very important position. That position, however, probably is not as dominant in its full effect upon the over-all level of economic activity in the area as it was in times past. For example, before the discovery of the rich oil fields of Texas, probably it could be said with considerable truth that the Texas economy was dominated by cattle and cotton. After the discovery of oil on a large scale in the State, one might have modified the statement to include cattle, cotton, and oil. As the years passed, one surely would have added a great chemical industry, an aircraft industry, a lighter metals industry, an expanding textile industry, a larger food-processing industry, and many others to bring the picture up to date. Then too, government has become an increasingly important source of income to numerous parts of the State as a result of the establishment of large military bases, numerous air bases, and other installations.

The decline that has occurred in agricultural income as a percentage of the total income payments in the area and the decline in agricultural employment, while indicating for that segment of the economy a somewhat less important relative position, by no means are indications of weakness or of loss of strength. The increase since 1940 of 244 percent in total income payments to individuals working in agriculture is very substantial and is evidence of an expanding industry, even when allowances are made for inflationary influences. Moreover, the rapid rise in per capita income of agricultural workers is a sign of genuine progress.

The increase in per capita income of agricultural workers has had an important effect not only with respect to the individual worker but in a broader market sense. Undoubtedly, agriculture as an industry and agricultural workers as a group have become a much more important market for a wide variety of industrial goods. The shift to mechanization has created a very significant demand for a miscellany of capital goods, ranging from tractors and trucks to milking machines and electric power systems, while the higher standard of living of people on the area's farms and ranches has been reflected in a very substantial demand for many con-

sumer-type goods, running the gamut from automobiles to radios and television sets.

Much has been said from time to time, and with truth, of the importance of diversifying agriculture to give it greater strength and stability. This has been done to a notable degree in the Southwest, and additional crops and types of livestock production have risen to positions of importance. These innovations in the area's agricultural production have represented a part of the movement away from a "one-crop system" to a more diversified, better balanced agriculture.

The same position, however, can be equally well held and is of quite as much importance with respect to the changes that have taken place in the total economy of the area. The diversification in the sources of income and in the fields and opportunities of employment have shown very marked progress during the past 20 years. Many communities in the Southwest now derive their income from several better balanced sources and are less dependent upon the economic well-being of any one type of activity. A crop failure, for example, in many of the agricultural sections of the area is not likely to have the same widespread deadening effect upon trade, business, and incomes as in times past, for it is not uncommon in such cases to find that oil and gas receipts, small-scale industrial payrolls, or perhaps government payments tend to have, at least in part, an offsetting effect. Even those who believe that perhaps cattle and cotton are the economic kings of the area will admit that there have come into being in recent years some very important crown princes.

Undoubtedly, present-day agriculture in the Southwest is more efficient, and it represents a stronger, more stable segment of the economy of the area than its counterpart of the twenties. Furthermore, it seems that the over-all effect of these changes that have taken place has been to build in the Southwest a more efficient total economy as measured in terms of productivity; an economy as a whole that is less vulnerable to the shocks of economic adjustment or adversity and, consequently, is more stable; an economy that has seen a steadily rising standard of living, especially among those groups whose earlier standards were relatively low compared with other groups; and an economy that offers much greater opportunities to its people.

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Retail sales at reporting department stores in the Eleventh Federal Reserve District in July were 12 percent below the high level of June but maintained a 1-percent gain over

July 1952. Sales turned up during the first 2 weeks of August, to top year-earlier sales by 2 percent. Cumulative sales for the first 7 months of 1953 exceeded those of a year ago by 4 percent. Accounts receivable at department stores on July 31 were down 3 percent from a month earlier; inventories rose to a level 9 percent higher than a year ago. July sales at reporting furniture stores trailed those of the same month last year by 16 percent.

Crop prospects and the condition of ranges and pastures improved considerably during late July and August as rains fell over most parts of the area. Larger crops of rice, sorghum grain, hay, peanuts, and potatoes are forecast for the five states of the District as compared with the 1952 harvests, while production of corn and cotton is expected to be lower. Weekly shipments of cattle to market continue to exceed those of a year ago. Farm commodity prices are holding relatively steady.

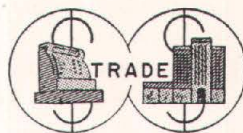
Stocks of major refined petroleum products in the Nation are at very high levels; gasoline stocks have declined less than usual this summer, and the build-up in distillate stocks has resulted in some price trimming on the East Coast. Refinery activity in the District has been cut back some because of the mounting stocks of refined products. Crude oil production in the District, which has been rising in recent months, is expected to decline in September, due to the reduction in Texas allowables.

Most major categories of nonagricultural employment, except government, continue to rise in the district states, stimulated by seasonal, as well as long-term growth, factors. Construction, mining, service industries, and transportation and utilities have registered large gains in recent months. Meanwhile, unemployment also has risen this summer because of the addition of students to the labor force and the layoff of Federal Government workers. Nonagricultural employment is expected to rise further in September.

The value of construction contracts awarded in the District declined in July to a level 18 percent below a year earlier. The decline from June reflects principally a drop of 25 percent in awards for residential building. Construction contract awards in the first 7 months of 1953 were valued at 17 percent less than those for the same period last year.

Loans of the weekly reporting member banks rose less than one-half of 1 percent between July 22 and August 19; investments increased 1.9 percent. Gross deposits were reduced less than one-half of 1 percent as a slight increase in time deposits was more than offset by a decline in demand deposits. Debits to deposit accounts reported in 24 cities of the District declined seasonally in July but remained 7 per-

cent above a year earlier. Net profits of member banks in the District in the first half of 1953 showed a 13-percent gain over the same period last year.



The total dollar volume of retail sales at department stores in the Eleventh Federal Reserve District during July declined 12 percent from the high level of June but gained 1 percent over July 1952. Although July normally marks the summer low point in department store trade in this District because of vacations and other seasonal factors, the seasonally adjusted index declined 7 percent from June.

Sales activity usually rises in August as the vacation period draws to a close and early back-to-school buying begins. During the first 2 weeks in August, daily average sales gained 3 percent over the first 2 weeks in July and were up 2 percent relative to the comparable period in August last year.

Cumulative sales for the first 7 months of 1953 were nearly 4 percent above the same period in 1952, despite the strong upsurge in sales of major appliances and television sets that was experienced last year following suspension of Regulation W. The year-to-year increase in cumulative sales of district department stores was due, in part, to intensive merchandising efforts and, in a very large part, to the continued record and near-record levels of employment and personal income.

While there have been exceptions in certain localities, department store reports indicate that economic conditions thus far this year have been favorable over most of the District. In fact, the cumulative gain over sales of 1952 has been at approximately the same rate for department stores located in the smaller cities as for stores in the larger cities.

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS ¹	
	July 1953 from		7 mo. 1953 comp. with 7 mo. 1952	July 1953 from	
	July 1952	June 1953		July 1952	June 1953
DEPARTMENT STORES					
Total Eleventh District.....	#	-12	4	9	1
Corpus Christi.....	4	-15	12	17	-1
Dallas.....	4	-7	4	10	-1
El Paso.....	-3	-19	6	9	8
Fort Worth.....	-7	-14	-2	5	3
Houston.....	3	-8	7	10	1
San Antonio.....	-2	-12	-#	11	1
Shreveport, La.....	-2	-17	4	15	5
Waco.....	-11	-33	-1	-2	-7
Other cities.....	-1	-15	4	9	1
FURNITURE STORES					
Total Eleventh District.....	-16	-19	—	#	-1
Austin.....	-9	-5	—	3	-1
Dallas.....	-24	-27	—	13	5
Houston.....	-15	-19	—	—	—
Port Arthur.....	-35	-45	—	-19	-1
San Antonio.....	-26	-12	—	—	—
Shreveport, La.....	8	-16	—	-3	-2
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	-34	-23	—	—	—
Dallas.....	-30	-36	—	—	—

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}	
	July 1953 from		7 mo. 1953 comp. with 7 mo. 1952	July 1953 from	
	July 1952	June 1953		July 1952	June 1953
Dry goods.....	-6	6	3	41	10
Grocery (full-line wholesalers not sponsoring groups)...	-4	-2	—	-13	1
Hardware.....	3	-6	1	10	-2
Industrial supplies.....	10	2	-4	-1	-6
Machinery equipment and supplies except electrical	-29	-35	—	8	-3
Metals.....	-23	-1	—	-7	-6
Tobacco products.....	-4	-8	-2	-2	1
Wines and liquors.....	-#	6	—	4	-7

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

Although sales of major household appliances and television sets were exceptionally heavy during May, June, and July last year, sales of major appliances for the first 7 months of this year exceeded those for the comparable period in 1952 by approximately 7 percent. Sales of television sets over the 7-month period, however, declined 18 percent. At department stores reporting a monthly breakdown of sales by departments, hard goods, mainly homefurnishings, showed a 7-month gain of 2 percent, compared with an increase of 3 percent in the soft goods lines.

During the month of July, department stores recorded gains in sales over a year earlier in most major soft goods departments, ranging from 2 percent in sales of men's and boys' wear to 6 percent for women's and misses' wearing apparel and 10 percent for household textiles. These gains were largely offset by a year-to-year decline of approximately 8 percent in sales of homefurnishings.

Total accounts receivable at department stores during July declined 3 percent because of a 6-percent reduction in regular charge accounts. Instalment accounts rose 1 percent during the month, to an amount representing 51 percent of total receivables.

Based on collection ratios, the average collection time on charge accounts during July was 63 days—2 days shorter than both the previous month and July 1952. For instalment accounts the average collection time was 17 months, which shows no change from June and compares with 13 months a year ago.

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

Area	UNADJUSTED				ADJUSTED ¹			
	July 1953	June 1953	May 1953	July 1952	July 1953	June 1953	May 1953	July 1952
SALES—Daily average								
Eleventh District.....	104	118	127	104	124	134	131 r	124 r
Dallas.....	99	107	124	96 r	123	130 r	127 r	118 r
Houston.....	124	135	144	120	143	148	146	138
STOCKS—End of month								
Eleventh District.....	131 p	130	141	120	141 p	141 r	139	129 r

¹ Adjusted for seasonal variation.
r—Revised.
p—Preliminary.

ANNOUNCEMENT

The Research Department of the Federal Reserve Bank of Dallas has reviewed its adjusted indexes of department store sales for the Eleventh Federal Reserve District and for the cities of Dallas and Houston, Texas, for the period from January 1951 to June 1953, inclusive, for the purpose of making revisions in monthly index numbers wherever indicated in order to allow for gradual shifts in seasonal influences. Adjusted stock indexes for the Eleventh District were reviewed for the same purpose, and appropriate revisions were made. Although the revisions are minor, it is believed that the revised indexes reflect more accurately only the main nonseasonal movements that occurred during the period. Index numbers prior to 1951 remain unchanged.

The revised adjusted indexes are shown in the accompanying table.

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

Eleventh Federal Reserve District

Month	SALES			STOCKS		
	1951	1952	1953	1951	1952	1953
January.....	129	120	127	129	124	135
February.....	118	115	125	127	123	134
March.....	113	117	126	133	123	133
April.....	113	116	124	138	122	138
May.....	113	129	131	140	123	139
June.....	113	132	134	139	124	141
July.....	114	124	—	139	129	—
August.....	114	126	—	140	127	—
September.....	115	120	—	132	129	—
October.....	114	128	—	125	129	—
November.....	127	128	—	122	131	—
December.....	120	128	—	126	132	—

Dallas and Houston

Month	DALLAS SALES			HOUSTON SALES		
	1951	1952	1953	1951	1952	1953
January.....	133	118	122	127	132	146
February.....	117	111	119	130	128	143
March.....	114	109	116	123	131	145
April.....	109	114	118	121	128	146
May.....	110	119	127	120	142	146
June.....	109	126	130	121	145	148
July.....	109	118	—	128	138	—
August.....	108	115	—	127	141	—
September.....	108	116	—	130	133	—
October.....	110	124	—	122	150	—
November.....	123	120	—	140	145	—
December.....	116	124	—	134	147	—

Department store inventories at the end of July were 1 percent larger than at the end of June and 9 percent larger than a year earlier. Merchandise on order on July 31 was down 6 percent from the previous month and 4 percent from a year ago.

Furniture store sales at reporting stores in the District during July declined 19 percent from June and trailed year-earlier figures by 16 percent. Total accounts receivable were reduced 1 percent during the month but remained 15 percent above a year ago. Collections increased during July to a level 5 percent above the same month last year. Inventories on July 31 were not significantly different from a year earlier.



The cotton situation dominates the agricultural picture in the District at this time. Harvest of the crop has been completed in the Lower Rio Grande Valley and the lower coastal

counties of Texas. The crop was below earlier expectations in these areas, with the August 1 estimate for the Lower Valley placed at 280,000 bales, the lowest since 1947. Picking is nearing completion in the upper coastal counties and is becoming active in central and northern counties.

Prospects for above-average cotton yields continue good throughout most of the Blacklands section of Texas, in east Texas, and in northern Louisiana, although there is considerable acreage of late cotton in these sections on which production is quite uncertain at this time. If present crop prospects materialize in the central and northeastern parts of Texas, the crop will be the best in these areas since 1950.

In eastern counties of the Low Rolling Plains of Texas the cotton crop is making fairly satisfactory progress. The hot, dry weather of June threatened cotton production, but July and August rains in most of these counties have enabled the crop to recover and make satisfactory growth.

In west Texas and in the western counties of the Rolling Plains, prospects for dry-land cotton are not very bright. Some acreage survived the summer drought and was benefited materially by the late-July and August showers. In the area between Lubbock and Midland there is virtually no dry-land cotton, and considerable acreage of irrigated cotton was lost to high winds and drifting sand. Elsewhere in the High Plains, irrigated cotton acreage is reported to be very promising; current private estimates of the crop for the South High Plains are in the neighborhood of 1,200,000 bales, about in line with last year's crop. The major hazard to the crop in the High Plains area is the possibility of an early frost.

The Nation's cotton crop was estimated at 14,605,000 bales by the United States Department of Agriculture on August 1. This forecast was based on an expected average yield of 291.7 pounds, which is 10 pounds higher than the yield

of the 1952 crop and 20 pounds above the 1942-51 average. The condition of the crop is reported to be excellent throughout the Mid-South and the far West, as well as in parts of the Southwest.

Cotton acreage abandonment has been unusually heavy this year, with a substantial portion of the abandoned acreage in Texas. The prolonged drought forced a reduction in cotton acreage in the State from 11,756,000 acres planted in 1952 to 9,284,000 acres estimated to be in cultivation on July 1, 1953.

The outlook for feed crop production in the District improved sharply as showers fell over a wide area of west and northwest Texas. Much additional acreage was seeded to sorghums during late July and early August, and if weather conditions continue favorable, a substantial part of this acreage will mature before the average date of the first killing frost. Grain sorghums are providing a major part of the District's feed crop this year as corn production is down sharply from a year ago. In Texas the corn crop is the smallest since 1879. A bumper crop of oats also is adding materially to the supply of feed grains.

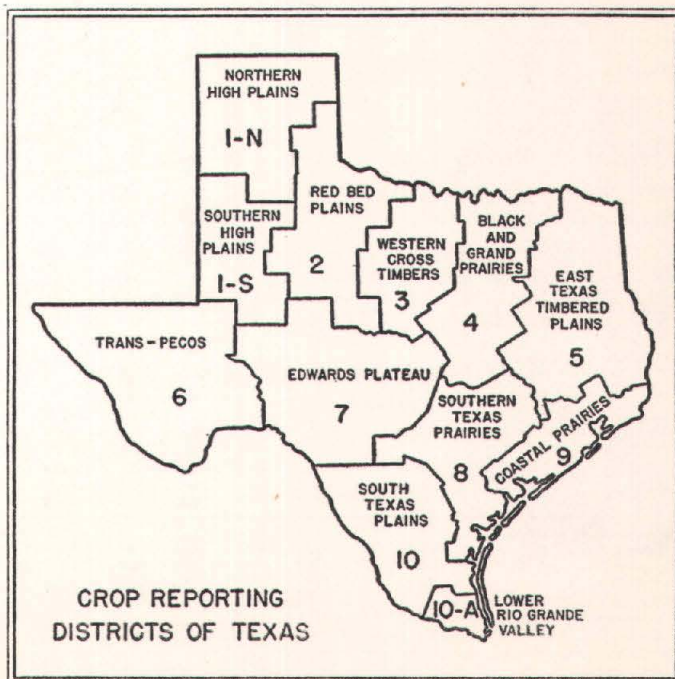
A substantial acreage of feed and forage crops, threatened by the hot, dry weather of June, was utilized as silage this year as farmers attempted to salvage as much of the green feed as possible. Additional acreages of feed crops that were threatened by the drought were grazed off. Generally favorable growing conditions, except during June, in much of the District have permitted harvesting of a hay crop that is around 10 percent higher than a year ago.

Harvest of a record rice crop in Texas is making rapid progress, with excellent yields reported. The prospective crop of 14,500,000 100-pound bags would be the largest ever produced in Texas.

COTTON PRODUCTION
Texas Crop Reporting Districts
(In thousands of bales—500 lb. gross wt.)

Crop reporting district	1951	1952	1953 Indicated August 1	1953 As percent of 1952
1-N.....	351	467	525	112
1-S.....	941	1,005	675	67
2-N.....	288	182	110	60
2-S.....	218	59	245	415
3.....	33	12	35	292
4.....	608	610	665	109
5-N.....	113	95	95	100
5-S.....	85	96	110	115
6.....	192	240	220	92
7.....	25	17	35	206
8-N.....	192	200	180	90
8-S.....	86	222	85	38
9.....	256	231	240	104
10-N.....	79	62	25	40
10-S.....	607	310	280	90
State.....	4,074	3,808	3,525	93

SOURCE: United States Department of Agriculture.



CROP PRODUCTION

Texas and Five Southwestern States

(In thousands of bushels)

Crop	Texas			Five southwestern states ¹		
	Average 1942-51	1952	1953 Indicated August 1	Average 1942-51	1952	1953 Indicated August 1
Cotton ²	3,162	3,808	3,525	4,664	6,106	5,817
Corn.....	54,256	41,292	29,768	97,664	65,587	51,239
Winter wheat..	59,088	34,626	21,681	134,029	142,966	92,223
Oats.....	25,280	20,910	37,638	47,630	32,198	52,927
Barley.....	2,986	870	1,755	10,937	7,738	9,797
Rye.....	202	216	247	785	1,176	904
Rice ³	9,498	13,662	14,500	20,021	26,304	27,226
Sorghum grain.	80,523	48,236	56,000	96,850	55,057	67,465
Flaxseed.....	734	1,062	1,008	1,328	1,150	1,008
Hay ⁴	1,547	1,512	1,617	4,739	4,605	4,775
Peanuts ⁵	312,916	85,100	130,720	438,361	136,400	210,820
Irish potatoes..	4,040	2,040	2,398	8,796	4,800	5,882
Sweet potatoes	4,372	1,215	1,890	14,272	9,235	12,910

¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
² In thousands of bales.
³ In thousands of bags, 100 pounds each.
⁴ In thousands of tons.
⁵ In thousands of pounds.
 SOURCE: United States Department of Agriculture.

The District's peanut crop, while substantially larger than a year ago, is still less than half of the average crop during the past several years. A larger acreage was planted this year and yield prospects are somewhat more favorable, except in south Texas, where the crop was cut short by dry weather.

Pecan production in the District is expected to be above average, even though a bumper crop was harvested in 1952. The Texas peach crop was about average but substantially higher than in 1952. Broomcorn production in Texas was reduced by the hot, dry weather, and production is forecast at only about half of last year's crop and slightly below average. A sweet potato crop more than 50 percent larger than last year's very short crop is in prospect, while Irish potato production probably will be moderately higher than the short crop a year ago.

Prospects for fall vegetable production in the District are uncertain, due to the shortage of irrigation water in most of the major producing sections of south Texas. Considerable acreage is being prepared, and some planting has been done. Lack of rainfall and shortage of irrigation water in the Lower Rio Grande Valley of Texas have curtailed seriously development of the trees and production of citrus fruit. Prospects for production continue to decline, with most growers concerned primarily with keeping trees alive.

Ranges and pastures in the District improved as showers during late July and August were fairly general over much of the drought-stricken areas. In most of south and west

SHORN WOOL PRODUCTION

(In thousands of pounds)

State	Average 1942-51	1952	1953p	1953 As percent of average
Arizona.....	3,298	2,590	2,667	81
Louisiana.....	518	326	364	70
New Mexico.....	13,054	11,590	11,790	90
Oklahoma.....	1,496	963	834	56
Texas.....	64,864	46,277	41,101	63
Total.....	83,230	61,746	56,756	68

p—Preliminary.
 SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	July 1953	July 1952	June 1953	July 1953	July 1952	June 1953
Cattle.....	100,696	77,153	130,631	29,222	20,162	36,391
Calves.....	27,539	27,633	27,497	21,256	11,089	21,283
Hogs.....	26,635	44,133	35,049	—	5,806	276
Sheep.....	67,966	96,479	144,095	117,085	120,860	131,423

¹ Includes goats.

Texas and in eastern New Mexico, range feed is very short, and additional rains will be needed to stimulate growth. Elsewhere in the District, ranges and pastures are providing ample feed.

The movement of cattle and calves to market continues to exceed the volume shipped a year ago by a substantial margin. However, the increase over a year earlier is narrowing, since marketings in the fall of 1952 were very heavy. It is anticipated that the volume of cattle and calves moving to market will remain at a high level through the normal fall marketing season. The 1953 Texas lamb crop is estimated to be 8 percent larger than the very small 1952 crop. The increase occurred despite the fact that the number of breeding ewes on January 1, 1953, was 7 percent below a year earlier. The number of lambs saved per 100 ewes was 66 — an improvement over last year but still below average.

There have been no major changes in prices of southwestern agricultural products during the past month. Prices of cattle and calves have fluctuated considerably from week to week, depending upon the volume of receipts at major markets. Prices of cotton, wheat, oats, grain sorghums, and peanuts are at or near the support levels, and it is reported that prices of rough rice have declined as harvest progressed and are now only moderately above the loan rate.

Wheat growers approved the use of marketing quotas on the 1954 crop, and acreage allotments and marketing quotas are being established for each farm. The Texas acreage allotment is 5,021,000 acres, about 8 percent below the acreage seeded for harvest in 1953. Peanut growers, already operating under quotas, probably will be asked to vote on an extension of the program; producers of cotton and of corn may be asked to approve or disapprove quotas for the 1954 crops. Under current legislation, where referendums

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended August 21, 1953	Comparable week last month	Comparable week last year
COTTON, Middling 15/16-inch, Dallas.....	lb.	\$.3220	\$.3290	\$.3860
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.50 ³ / ₄	2.44	2.60
OATS, No. 2 white, Fort Worth.....	bu.	1.01 ¹ / ₂	1.01	1.10
CORN, No. 2 yellow, Fort Worth.....	bu.	1.91 ¹ / ₂	1.90 ³ / ₄	2.11 ¹ / ₂
SORGHUMS, No. 2 yellow, Fort Worth.....	cwt.	3.00	2.92	3.53
HOGS, Choice, Fort Worth.....	cwt.	26.50	27.00	22.50
SLAUGHTER STEERS, Choice, Fort Worth....	cwt.	23.00	22.50	31.00
SLAUGHTER CALVES, Choice, Fort Worth....	cwt.	17.00	21.00	28.00
STOCKER STEERS, Choice, Fort Worth.....	cwt.	18.00	17.00	27.00
SLAUGHTER SPRING LAMBS, Choice, Fort Worth.....	cwt.	21.00	23.00	28.00
HENS, 4 pounds and over, Fort Worth.....	lb.	.24	.21	.21
FRYERS, Commercial, Fort Worth.....	lb.	.28	.30	.33
BROILERS, south Texas.....	lb.	.28	.29	.33

are held, growers' approval of quotas assures price supports for the commodities at 90 percent of parity to growers who comply with acreage allotments.



Net profits of the 635 member banks in the Eleventh Federal Reserve District rose to a total of \$27,744,000 during the first half of this year, an increase of 13 percent over

the comparable 6 months of 1952. A gain of 32 percent in current earnings on Government securities at country member banks and an increase of 17 percent in interest and discount on loans at reserve city member banks were among the more notable developments contributing to the rise in profits and reflected in the semiannual statements of earnings and expenses.

Total earnings from current operations of the member banks amounted to \$120,064,000 during the first 6 months of this year, as compared with \$105,761,000 during January-June 1952. Slightly less than 23 percent of this expansion was carried through to net profits, however, principally because of the partially offsetting effects of a 13-percent increase in current operating expenses and a 22-percent rise in taxes on net income. In the first half of 1953, member banks declared cash dividends of \$8,692,000 on common stock, or 6 percent more than in the comparable period last year.

The relative increase in net profits of the District's member banks during the 6 months ended June 30, as compared with the first half of 1952, was markedly greater than that for all member banks in the United States — 13 percent for the District and slightly more than 5 percent for the Nation. Although increases in net earnings from current operations and in taxes on net income of the Nation's member banks compared favorably with those of district member banks, losses, charge-offs, and transfers to valuation reserves rose sharply in comparison with last year. Consequently, about

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	August 19, 1953	August 20, 1952	July 22, 1953
Total loans (gross) and investments.....	\$3,255,431	\$3,079,067	\$3,223,467
Total loans—Net ¹	1,794,624	1,609,937	1,789,002
Total loans—Gross.....	1,813,402	1,626,465	1,807,755
Commercial, industrial, and agricultural loans.....	1,163,372	1,083,134	1,154,428
Loans to brokers and dealers in securities..	12,129	12,143	10,982
Other loans for purchasing or carrying securities.....	72,071	65,362	73,478
Real estate loans.....	134,270	121,155	134,863
Loans to banks.....	22,456	9,688	30,018
All other loans.....	409,104	334,983	403,986
Total investments.....	1,442,029	1,452,602	1,415,712
U. S. Treasury bills.....	161,539	213,443	153,546
U. S. Treasury certificates of indebtedness..	203,016	174,384	196,752
U. S. Treasury notes.....	176,026	182,336	177,999
U. S. Government bonds (including guaranteed obligations).....	712,178	708,305	702,977
Other securities.....	189,270	174,134	184,438
Reserves with Federal Reserve Bank.....	549,429	601,803	555,397
Balances with domestic banks.....	428,731	396,367	463,023
Demand deposits—adjusted ²	2,468,887	2,398,033	2,480,430
Time deposits except Government.....	571,013	480,454	566,654
United States Government deposits.....	131,908	156,369	133,862
Interbank demand deposits.....	772,199	779,559	773,716
Borrowings from Federal Reserve Bank.....	44,500	39,760	43,500

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.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	August 15, 1953	August 15, 1952	July 15, 1953
Total gold certificate reserves.....	\$ 588,849	\$ 716,580	\$ 501,648
Discounts for member banks.....	51,870	32,100	28,423
Industrial advances.....	0	0	0
Foreign loans on gold.....	428	1,387	428
U. S. Government securities.....	1,178,811	1,055,700	1,205,271
Total earning assets.....	1,231,109	1,089,187	1,234,122
Member bank reserve deposits.....	995,616	1,038,654	934,172
Federal Reserve notes in actual circulation...	728,863	721,034	727,953

9 percent of the expansion in earnings from current operations of the Nation's member banks was reflected in net profits, or less than half the percentage for member banks in the Eleventh District.

Between July 22 and August 19, loans of the weekly reporting member banks in the Eleventh District rose \$5,647,000, or by less than one-half of 1 percent, to approximately the January 21 record total of \$1,813,742,000. The expansion in commercial, industrial, and agricultural loans even exceeded the increase in total loans, reflecting principally the rise in borrowing by commodity dealers and a group of miscellaneous commercial and industrial businesses. Construction firms and manufacturers in the food and liquor lines also increased their outstanding bank indebtedness in most weeks. On the other hand, wholesale and retail trade establishments and sales finance companies liquidated substantial amounts of borrowings.

Among the changes in other categories of loans were an increase of \$5,118,000, or 1.3 percent, in "all other" loans (which include consumer-type loans) and a relatively sharp reduction in loans to banks. Real estate loans and loans for financing security transactions were practically unchanged.

Investments of the weekly reporting member banks rose \$26,317,000, or 1.9 percent, during the 4 weeks to a total of \$1,442,029,000. Holdings of Treasury bills, certificates of indebtedness, and bonds were increased, while investments in Treasury notes were reduced. The member banks also added substantially to their investments in municipal and other non-Government securities — \$4,832,000, or 2.6 percent.

Deposit trends between July 22 and August 19 included a decline of \$20,058,000 in demand deposits and an increase of \$3,999,000 in time deposits, with the resulting net reduction amounting to less than one-half of 1 percent. Demand deposits of individuals, partnerships, and corporations re-

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
July 1951.....	\$5,855,513	\$673,533	\$2,746,696	\$376,455	\$3,108,817	\$297,078
July 1952.....	6,566,056	744,250	3,147,075	408,616	3,418,981	335,634
March 1953....	6,822,777	829,712	3,251,351	444,623	3,571,426	385,089
April 1953....	6,700,806	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
June 1953....	6,523,407	891,731	3,106,229	492,983	3,417,178	398,748
July 1953....	6,572,440	901,614	3,152,963	495,431	3,419,477	406,183

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

(Amounts in thousands of dollars)

City	DEBITS ¹			DEPOSITS ²			
	July 1953	Percentage change from		July 31, 1953	Annual rate of turnover		
		July 1952	June 1953		July 1953	July 1952	June 1953
ARIZONA							
Tucson.....	\$ 104,125	12	-1	\$ 81,432	14.5	13.4	14.4
LOUISIANA							
Monroe.....	49,043	7	2	38,387	15.5	14.8	15.1
Shreveport.....	191,859	-2	-4	162,492	14.2	14.4	14.6
NEW MEXICO							
Roswell.....	24,338	18	1	27,027	10.7	10.3	10.3
TEXAS							
Abilene.....	51,674	#	1	50,207	12.2	11.9	12.2
Amarillo.....	130,569	-7	-1	103,585	15.0	16.3	15.4
Austin.....	110,295	12	-5	97,900	13.3	12.8	13.8
Beaumont.....	131,308	7	1	92,185	16.9	16.7	16.3
Corpus Christi.....	157,515	12	3	106,765	17.4	17.2	16.7
Coriscana.....	12,573	8	1	19,716	7.7	7.0	7.7
Dallas.....	1,656,056	15	2	867,139	22.9	20.3	22.1
El Paso.....	199,013	15	#	115,318	20.3	18.2	19.8
Fort Worth.....	512,608	-#	-21	331,739	18.4	19.4	23.4
Galveston.....	76,350	1	-3	82,685	11.2	13.9	11.9
Houston.....	1,662,377	6	-3	1,044,750	19.0	19.1	19.6
Laredo.....	19,014	-7	-5	18,278	12.2	12.5	12.7
Lubbock.....	92,086	-12	-4	75,458	14.0	15.0	14.2
Port Arthur.....	46,960	9	-8	36,988	15.2	13.8	16.4
San Angelo.....	37,456	4	-6	44,886	10.0	9.5	10.6
San Antonio.....	395,475	10	-3	310,981	14.9	14.5	15.2
Texarkana ³	19,511	-5	4	18,862	12.2	12.5	11.8
Tyler.....	58,233	9	3	52,714	13.2	12.6	12.8
Waco.....	74,930	11	-5	62,475	14.5	13.3	15.6
Wichita Falls.....	82,134	-10	-1	97,305	10.1	11.8	10.3
Total—24 cities.....	\$5,895,502	7	-3	\$3,939,474	17.8	17.3	18.2

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 \$44,486,000 for the month of July 1953.

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

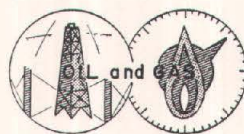
flected the principal change among the major deposit categories, declining \$29,940,000, or 1.2 percent. Time deposits of individuals and businesses rose \$2,887,000, or about 1 percent. In meeting deposit withdrawals and increasing their earning assets, the weekly reporting member banks drew down cash and balances in the amount of \$46,150,000, or 3.4 percent.

Debits to deposit accounts reported by banks in 24 cities of the District declined 3 percent in July, to a level which is 7 percent above a year earlier. The decrease in the volume of spending from June to July, as reflected by the reduction in charges to deposit accounts, was fairly general over the District. The annual rate of turnover of deposits was 17.8 in July, as compared with 18.2 in June and 17.3 in July 1952.

NEW PAR BANK

The Spring Branch State Bank, Spring Branch Community, Houston, 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, August 1, 1953. The officers are: Harold Moon, President; A. W. Schmidt, Executive Vice President; Thomas W. Lee, Vice President and Cashier; and Lewis Dickson, Vice President.

On August 14 the Secretary of the Treasury announced that holders of \$2,788,000,000 of the 2-percent certificates of indebtedness maturing August 15 accepted the new 2½-percent certificates which were offered in exchange. The maturing issue was outstanding in the amount of \$2,882,000,000. The 2½-percent certificates are dated August 15, 1953, and mature August 15, 1954.



The build-up in stocks of major refined products this summer as a result of the sustained high rate of refinery operations has caused some uneasiness in the oil industry. The substantial year-to-year increase in the level of primary stocks of major refined products at mid-August still may have been distorted by the effects of the refinery strike of May 1952. Nevertheless, gasoline stocks have declined somewhat less than usual this summer, and distillate stocks on August 15 were 25 percent higher than 2 years earlier, when there was no refinery strike to cloud the picture. Moreover, some softness is apparent in distillate prices on the East Coast; the movement of distillates from refineries to secondary suppliers has lagged. Prices of gasoline and residual fuel oil, however, have been firm. Crude stocks showed little change during July and the first part of August.

Refinery crude runs in the Nation continued at a very high level during July and the first part of August, exceeding 7,000,000 barrels daily. In this District, however, a moderate cutback in refinery activity occurred. Average crude runs per day of district refineries were an estimated 2,020,000 barrels in July, which was down 80,000 barrels from the previous month; moreover, runs averaged slightly lower in the first part of August.

Concern over the present level of refined products stocks and the cutback in refinery runs in this District may have influenced the Texas Railroad Commission to cut sharply the September allowables, which were reduced 119,691 barrels daily from the mid-August level. Crude oil production in the Eleventh District has shown an upward trend in recent months, with the estimated output during the first half of August amounting to 3,170,000 barrels per day, or about 21,000 barrels higher than in July and 159,000 barrels higher than in August a year ago.

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	July 1953 ¹	July 1952 ²	June 1953 ¹	Change from	
				July 1952	June 1953
ELEVENTH DISTRICT.....	3,148.7	2,879.4	3,110.1	269.3	38.6
Texas.....	2,846.2	2,602.4	2,804.9	243.8	41.3
Gulf Coast.....	635.3	567.8	628.7	67.5	6.6
West Texas.....	1,093.5	1,008.2	1,077.2	85.3	16.3
East Texas (proper).....	247.8	271.6	252.5	-23.8	-4.7
Panhandle.....	76.5	82.7	75.1	-6.2	1.4
Rest of State.....	793.1	672.1	771.4	121.0	21.7
Southeastern New Mexico.....	193.7	165.6	191.8	28.1	1.9
Northern Louisiana.....	108.8	111.4	113.4	-2.6	-4.6
OUTSIDE ELEVENTH DISTRICT	3,379.1	3,213.1	3,350.9	166.0	28.2
UNITED STATES.....	6,527.8	6,092.5	6,461.0	435.3	66.8

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

Crude oil production trends in the Nation continue to be similar to those in the District. Daily average production in the United States during the first half of August was 6,566,000 barrels, which is 38,000 barrels more than in July and 347,000 barrels more than in August 1952.

Imports of crude oil and refinery products, after averaging more than 1,000,000 barrels per day during each of the first 6 months of this year, were at a lower rate during July and the first part of August. Imports in the 2 weeks ended August 15 amounted to 895,000 barrels daily, which is only a little higher than in July and August 1952.

The large year-to-year gains in demand for refined products which prevailed during the spring and early summer apparently have narrowed somewhat in recent weeks. For instance, the estimated demand for the four major refined products at refineries and bulk terminals in the 5 weeks ended August 15 averaged 5 percent higher than a year earlier, which compares with an estimated year-to-year gain of almost 12 percent in the preceding 5 weeks.

Nevertheless, the total domestic oil demand for July through next May may run 7 percent above year-earlier levels, assuming a normally cold winter and a high level of business activity, according to a recent estimate released by an official of the Petroleum Administration for Defense. Furthermore, in early August the Bureau of Mines revised upward its January forecast of total demand for oil in 1953, both domestic consumption and exports. The new forecast reflects an increase of 5.2 percent over 1952 rather than 3.8 percent, as predicted earlier.

Although no marked increase has occurred in the number of active drilling rigs since the rise in crude prices at mid-June, drilling activity continues appreciably higher than a year ago, when the steel strike forced the lay-up of some rigs. Both *The Oil and Gas Journal* and *World Oil* have revised upward their forecasts of the number of wells which will be completed this year. The higher prices for crude and the improvement in steel supplies are factors which are expected to promote increased drilling.

Marketed production of natural gas in the four producing states lying wholly or partly within the Eleventh District—Louisiana, New Mexico, Oklahoma, and Texas—continued to expand during the first quarter of 1953, to reach a new record high of 1,742 billion cubic feet. This volume was 3.9 percent higher than in the previous quarter and 5.1 percent above the first quarter of 1952. The four

NATURAL GAS: MARKETED PRODUCTION

(In millions of cubic feet)

State	Number of persons		
	June 1953 ^p	June 1952	May 1953
Louisiana.....	307,400	276,600	342,200
New Mexico.....	98,600	93,800	92,100
Oklahoma.....	171,500	192,700	154,500
Texas.....	1,164,700	1,094,500	1,105,200
Total.....	1,742,200	1,657,600	1,676,000

SOURCE: United States Bureau of Mines.

states' marketed output in the first 3 months of this year accounted for 78 percent of the national total.

While the year-to-year increase in marketed gas production of the district states in the first quarter of 1953 was substantial, it was appreciably less than the 16.5-percent rise during the previous year. The smaller rate of the year-to-year gain for the first quarter of 1953 reflects principally a reduction in pipeline expansion during 1952, due in part to materials shortages, and a negligible increase in consumption by industrial users in the Southwest, as compared with a large increase in the previous year.



Employment trends in the five states of the District appear to be more or less contradictory. While the total of nonagricultural wage and salary workers rose 21,600 from May to June, unemployment also increased. In Texas alone, the unemployment total rose from 99,100 in May to 118,900 in June, principally because of the fact that high school and college students entered the labor force and a number of school workers and Federal Government employees were released from their jobs. Seasonal increases in labor requirements boosted total nonagricultural employment, but this rise did not absorb completely the additions to the labor force.

In the five states of the District, around 5,000 workers were registered in both the transportation and public utilities category and the service industries between May and June, while mining and construction each showed gains of more than 6,000 workers. The only major category experiencing a decline was government employment.

In the district states there has developed over the past few months a lower rate of expansion in nonagricultural employment than that which prevailed last year or early this year. This is particularly evident in the June reports of the state employment agencies. Whereas the May-to-June increase in the total of nonagricultural wage and salary workers was 41,900 in 1952, the increase in 1953 was only 21,600. Similarly, the rise in manufacturing employment from May to June was 7,900 in 1952 but only 1,300 in 1953.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change June 1953 from	
	June 1953 ^p	June 1952	May 1953	June 1952	May 1953
Total nonagricultural wage and salary workers..	3,867,500	3,768,800	3,845,900	2.6	.6
Manufacturing.....	725,400	693,500	724,100	4.6	.2
Nonmanufacturing.....	3,142,100	3,075,300	3,121,800	2.2	.7
Mining.....	236,300	229,300	230,200	3.1	2.6
Construction.....	291,600	294,200	285,300	—9	2.2
Transportation and public utilities.....	410,100	408,200	404,900	.5	1.3
Trade.....	979,200	949,800	976,100	3.1	.3
Finance.....	149,100	139,100	147,700	7.2	.9
Service.....	458,900	444,400	454,200	3.3	1.0
Government.....	616,900	610,300	623,400	1.1	—1.0

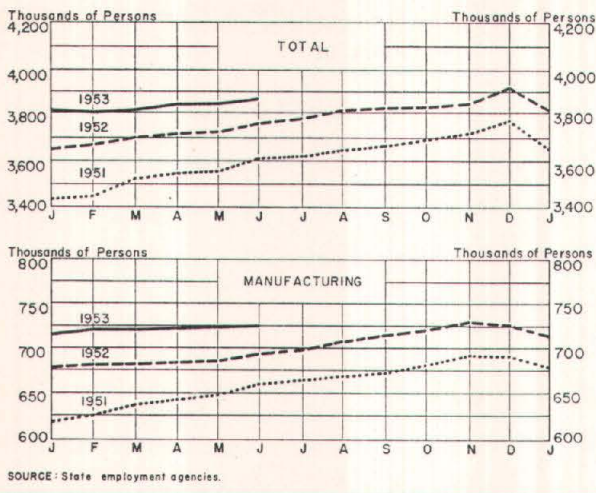
¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

^p—Preliminary.

SOURCE: State employment agencies.

NONAGRICULTURAL WAGE AND SALARY WORKERS

Arkansas, Louisiana, New Mexico, Oklahoma, and Texas



SOURCE: State employment agencies.

Conversely, June 1953 unemployment in Texas (unemployment figures for the other states of the District are not available) was higher than in June 1952, and the rate of increase from May to June also was larger. Unemployment in the State increased 12,800 from May to June in 1952 but rose 19,800 in the same period this year. In June 1953, unemployment in Texas represented 4.3 percent of the total nonagricultural labor force, compared with 3.8 percent a year earlier. While the nonagricultural labor force in the State increased 3.4 percent from June 1952 to June 1953, unemployment rose 17 percent, despite the fact that a year ago there were many persons unemployed because of major strikes.

Total nonagricultural employment in district states is expected to make further seasonal advances in September, partly as a result of the rehiring of school workers. Net changes in unemployment will depend largely on the number of students withdrawing from the labor force; an offsetting factor will be a further decline in Federal Government employment. It has been estimated that nearly 11,000 employees will be taken off the Federal Government payroll as economy measures are effected in the four-state area of Arkansas, Louisiana, Oklahoma, and Texas. There are approximately 201,000 Federal employees in this area at the present time.

The value of construction contracts awarded in the District during July, about \$94,000,000, was 7 percent less than

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	July		June		January — July	
	1953	1952	1953	1952	1953	1952
ELEVENTH DISTRICT....	\$ 93,576	\$ 113,723	\$ 100,691	\$ 705,006	\$ 853,006	
Residential.....	33,757	43,307	45,141	321,512	342,175	
All other.....	59,819	70,416	55,550	383,494	510,831	
UNITED STATES ¹	1,793,342	1,511,285	1,115,509	9,701,180	9,269,863	
Residential.....	653,407	608,078	463,084	3,911,903	3,952,115	
All other.....	1,139,935	903,207	652,425	5,789,277	5,317,748	

¹ 37 states east of the Rocky Mountains.
SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

City	July 1953		Percentage change in valuation from		7 months 1953		Percentage change in valuation from 7 months 1952
	Number	Valuation	July 1952	June 1953	Number	Valuation	
	LOUISIANA						
Shreveport....	362	\$ 1,538,244	-20	-28	2,447	\$ 14,409,933	6
TEXAS							
Abilene.....	63	355,947	-28	-76	772	5,256,525	-9
Amarillo....	200	1,628,734	-31	57	2,132	13,550,631	-11
Austin.....	250	1,790,500	-25	-21	1,768	17,818,944	2
Beaumont....	215	242,285	-38	-55	1,582	4,576,459	-20
Corpus Christi.	518	2,451,621	116	49	3,268	17,911,750	28
Dallas.....	2,009	9,099,773	-48	7	12,995	65,148,037	-1
El Paso.....	261	1,041,528	7	-33	2,246	14,737,089	45
Fort Worth....	870	3,835,209	7	-30	5,836	28,193,529	-5
Galveston....	118	130,880	-51	-28	660	3,793,969	17
Houston.....	1,020	9,649,120	-7	-55	7,454	82,039,804	29
Lubbock.....	206	962,114	-63	-27	1,893	11,040,277	-4
Port Arthur....	111	162,143	-63	-57	1,031	1,945,331	-20
San Antonio... 1,477	4,316,452	70	-3	12,143	31,762,232	15	
Waco.....	351	1,176,736	-37	-4	2,395	6,936,215	-26
Wichita Falls.. 91	691,535	-62	23	446	4,708,533	-71	
Total.....	8,122	\$39,072,841	-23	-28	59,068	\$323,829,258	4

the total reported for June and 18 percent less than in July 1952. July is the fifth consecutive month to show a year-to-year loss. However, contract awards in August may show an increase over those for the previous months. Contracts were awarded during August for two multimillion-dollar buildings in Dallas — the Statler Hotel and the Oil Center — while throughout the District there has been considerable letting of contracts for schools and commercial buildings, street and highway improvement, and municipal water facilities.

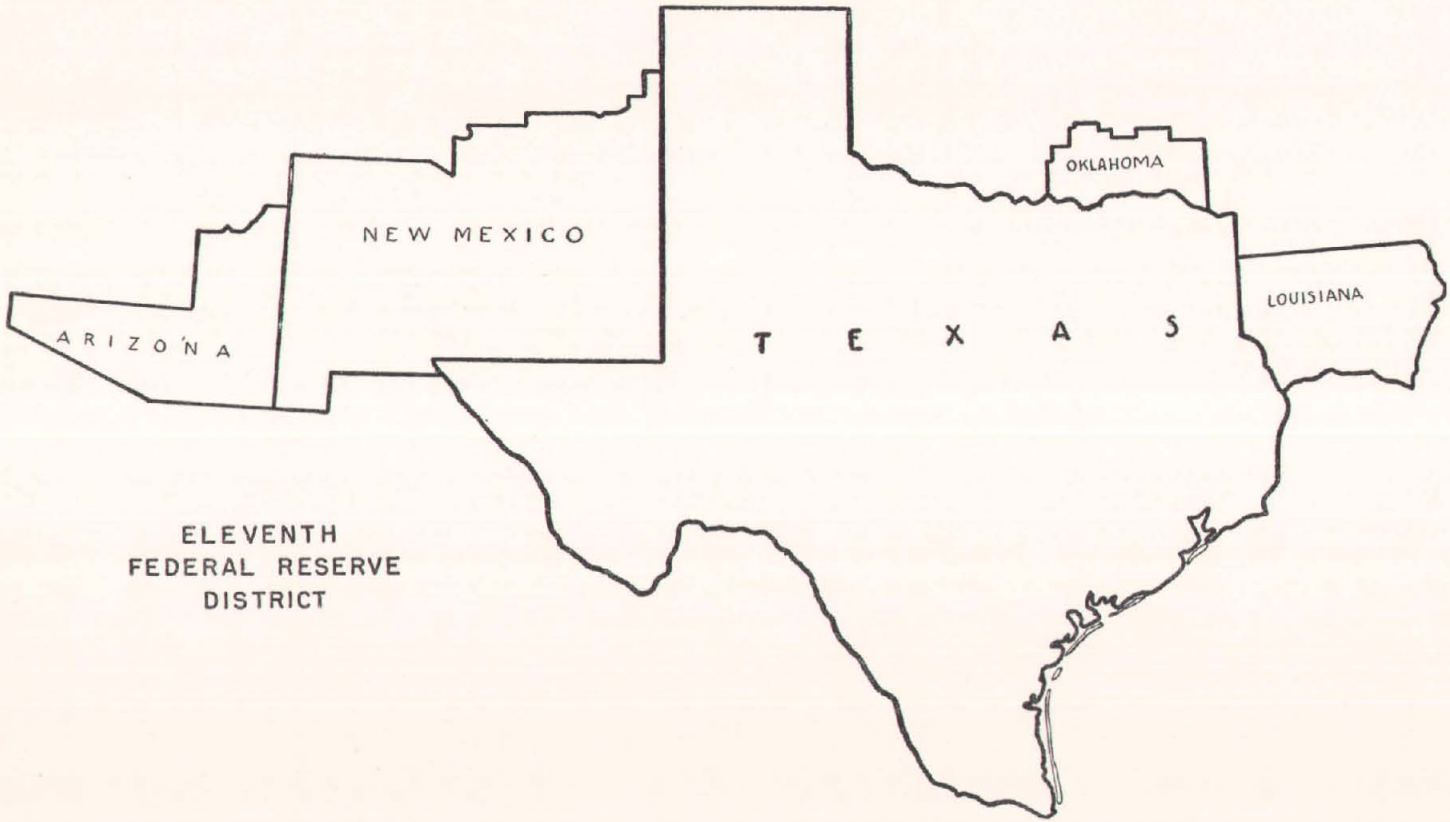
Perhaps the most significant development in the construction picture in July was a drop of 25 percent in awards for residential building. During the first 6 months of this year, awards for residential construction in the District about kept pace with last year's high level.

Construction contract awards for the first 7 months of 1953 were valued at an estimated \$705,000,000, or 17 percent less than in the same period last year. Residential awards, reflecting the sharp decline in July, totaled 6 percent less than a year ago. Nonresidential awards were under the year-earlier total by 25 percent, mainly because of the decrease in awards for construction of utilities and of manufacturing and certain institutional buildings.

COTTONSEED AND COTTONSEED PRODUCTS

Item	TEXAS		UNITED STATES	
	August 1 to June 30		August 1 to June 30	
	This season	Last season	This season	Last season
COTTONSEED (tons)				
Received at mills.....	1,393,185	1,367,586	5,540,583	5,390,552
Crushed.....	1,420,337	1,455,134	5,371,059	5,348,824
Stocks, end of period....	48,100	30,433	197,208	176,112
COTTONSEED PRODUCTS				
Production				
Crude oil (thousand pounds)	468,949	469,371	1,756,604	1,704,434
Cake and meal (tons)....	688,767	698,009	2,580,207	2,487,017
Hulls (tons).....	331,713	332,812	1,159,370	1,205,249
Linters (running bales)....	402,490	433,746	1,715,603	1,707,044
Stocks, end of period				
Crude oil (thousand pounds)	4,766	6,367	32,011	24,549
Cake and meal (tons)....	53,489	15,903	122,619	58,946
Hulls (tons).....	13,808	8,359	67,992	30,676
Linters (running bales)....	20,551	33,564	88,069	148,066

SOURCE: United States Bureau of the Census.



ELEVENTH
FEDERAL RESERVE
DISTRICT