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THE ECONOMIC TREND

Looking back upon economic developments in the Southwest over the past 12 months, certain features stand out impressively. Although there is no single index available which reflects total economic activity in the area, several widely used indicators of production, distribution, and income support the conclusion that 1953 was a record year. Most of the principal indexes of economic activity — such as nonagricultural and manufacturing employment, average weekly earnings in manufacturing, crude oil production and refining, retail and department store sales, bank debits, bank deposits, and bank loans — rose to new highs in 1953 and also averaged higher than during the preceding record year of 1952. The outstanding exceptions to this general pattern were cash receipts from farm marketings and the value of construction contract awards.

While 1953 was a year of record economic activity, it also must be noted as a year in which inflationary forces were firmly checked and deflationary factors became more apparent. The several charts presented in this article clearly show that the gains in 1953 over comparable months in 1952 narrowed perceptibly and, in some cases, disappeared as the year moved to a close. Adjustments taking place in business, industry, and agriculture, although generally moderate, were of sufficient strength to level off the trends which had been rising and, in a few cases, to turn the direction of the lines slightly downward. Clearly, 1953 removed the last traces of the dominance of a seller's market and unmistakably marked the shift to a buyer's market. Consequently, competition among businessmen became more intense, and selling efforts became more aggressive. Efficiency and service gained greater recognition, and the concept of economy — or more value for the dollar of the producer or the consumer — gained respect and acceptance.

These developments in the District — which, in large measure, have been consistent with national movements — naturally have clouded the outlook for 1954 and have aroused much speculation as to the economic pattern for the months ahead. It will be remembered that 1952 closed on a note of marked strength; moreover, that characteristic extended into the first 4 or 5 months of 1953 before adjustments, becoming more numerous, began to slow down the progress of the

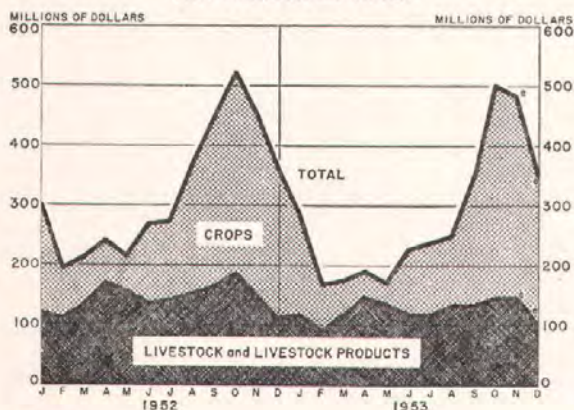
boom. The year 1953, on the other hand, came to an end on a note of adjustment. For several months there has been taking place a sort of transition from a condition of economic boom that has been stimulated, at least partly, by inflationary tendencies and characterized by sharply rising trends to a different kind of economic situation. Here, of course, arises the \$64 question: Is this transition likely to lead, after a further period of adjustment, into a situation of comparative economic stability at levels near to or only moderately below current figures, or is it probable that there will be considerable deflation of economic activity to levels that are significantly lower than those now prevailing?

It is not easy to develop an answer to this question that is categorical and definitive and, at the same time, wholly satisfactory and intellectually honest. Just as estimates of the economic outlook — at least in part — depend on and are influenced by the plans of various segments or groups in the economic system, so are those plans often influenced and modified as the economic future unfolds. If the economic plans or intentions of, for example, Government, business, and the American buying public were positively determined and known and were not subject to change, a projection of the economic outlook obviously would be much simpler and, incidentally, much more reliable than actually is the case. However, despite the elements of uncertainty that are involved in such projections, it is useful to review the recent trends of the major economic factors and to appraise the significance of the broader, tentative plans for 1954 of major groups in the economy.

Certainly, one of the most publicized happenings influencing economic conditions in the District during 1953 was the continuation of the severe drought that has adversely affected agriculture in a large part of the Southwest. Virtually all of the western part of the District and parts of the extreme South and Southwest experienced a serious lack of rainfall. Moreover, in much of this area the shortage of moisture had prevailed during the preceding 2 years. In some parts of the area, crop production was limited, and in almost all of the western sections, livestock operations suffered. Generally widespread rainfall during the third quarter of the year relieved conditions greatly and improved the outlook,

CASH RECEIPTS FROM FARM MARKETINGS

FIVE SOUTHWESTERN STATES



* Estimated
SOURCE: U. S. Department of Agriculture.

although the damage to ranges and pastures and to agricultural operations in the most severely affected sections obviously will require time to overcome.

Despite the severity of the drought — and its effects should not be minimized, total agricultural production in the District in 1953 exceeded production in 1952 by perhaps 2 percent and represents the fourth largest output of agricultural products in the area. Especially fortunate were the larger crops of cotton, rice, and peanuts, which helped to raise total crop production to the highest level since 1949. There was very little net change during 1953 in the total production of livestock and livestock products, although marketings of cattle and sheep were very heavy as a result of the severe drought and the unfavorable feed situation. The slaughter of cattle and calves in Texas in 1953 was perhaps 50 percent larger than a year earlier.

A second unfavorable development affecting agriculture in the Southwest was the sharp decline in farm commodity prices that continued during 1953. Estimates indicate that prices of farm commodities averaged from 16 to 18 percent lower during 1953 than a year earlier. Consequently, although crop production was somewhat larger and production of livestock and livestock products showed virtually no net change, cash receipts from farm marketings in the five southwestern states lying wholly or partly in the Eleventh District are estimated to have declined about 12 percent. Cash receipts from marketings of crops were in the neighborhood of 11 percent under 1952 figures, while receipts from marketings of livestock and livestock products are estimated to have declined perhaps 14 percent. In 1952, total cash receipts from farm marketings in the area were \$3,875,000,000, whereas the estimate for 1953 places the total at about \$3,400,000,000.

Year-end moisture conditions are reported to be generally better than a year ago, although in parts of the area, additional rains will be needed to compensate for the long drought. There is some feeling that the declining trend of farm commodity prices has passed through its worst stages

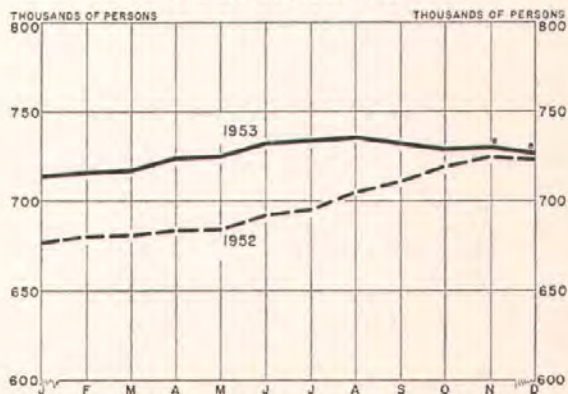
and that over the next 6 or more months prices may tend to hold comparatively near to current levels. In reviewing agricultural developments in the District, it is significant that, on the whole, the results for 1953 were more favorable than might have been expected earlier in the year. Also, there has been no development of a cumulative distress movement. On the whole, the adjustment through which agriculture has been passing for the past 2 years or more and which was severely aggravated in this District by the drought has been reasonably well withstood.

In the absence of a regional index of industrial production, reliance must be placed on other available data revealing trends with respect to factors such as employment, crude oil production and refining, and construction. More people were at work in the Southwest during 1953 than in 1952. It is estimated that the average increase in total nonagricultural employment during 1953 was about 2 percent, while that of manufacturing employment probably was about 4 percent. Moreover, each month during the year showed larger non-agricultural and manufacturing employment than the comparable month in 1952. On the other hand, it should be noted that the number of persons added to the employed working force was appreciably smaller in 1953 than in the preceding year. In other words, there continued to be growth in employment but at a lesser rate — and, in fact, magnitude — than in 1952.

At the end of 1953, persons employed in manufacturing in the area are estimated to have totaled about 727,500, or about 4,600 more than at the end of 1952. From the accompanying chart showing manufacturing employment by months during 1953 and 1952, it will be noted that the margin of gain over 1952 was well maintained through the first 8 months of the year, and peak employment was reported in August at 736,300. During the last 4 months of the year the gain over comparable months in 1952 shrunk sharply and steadily. To a large extent, the decline during the latter part of the year was heaviest in what might be termed "defense and defense-related industries." On the other hand, employment gains in such industries as those producing primary

MANUFACTURING EMPLOYMENT

FIVE SOUTHWESTERN STATES



* Estimated
SOURCE: State employment agencies.

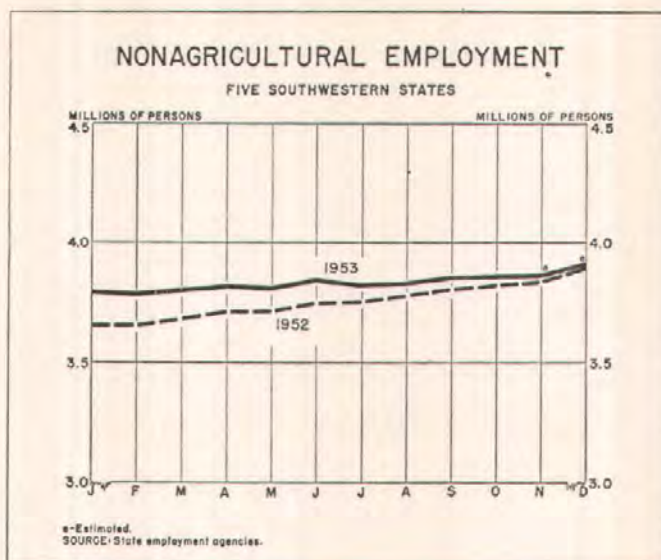
metals, apparel, and chemicals were more than sufficient to offset the cutbacks that occurred in the defense-type industries.

Average weekly hours worked and earnings of manufacturing workers in the District are reflected, at least in part, by figures showing developments in Texas. During the first 8 months of 1953, average weekly hours of work by persons engaged in manufacturing in Texas showed very little change from comparable figures for 1952. For instance, during August 1953, average weekly hours worked were 41.9, as against 42.1 in January; in 1952, comparable figures were 42.0 and 42.3. During the last 4 months of 1952, average weekly hours worked rose appreciably and at the year's end were 43.4. On the other hand, during the same months in 1953 a slight decline occurred, with the result that the estimate for December places the figure at 41.0. Throughout the past year, assuming a 40-hour workweek as "normal," manufacturing workers in Texas were on an overtime basis, although the amount of overtime by the year-end had shrunk to about one-third of what it was a year earlier.

Average weekly earnings of manufacturing workers in Texas rose further during 1953, although the increase from January to December was about \$1.49, as compared with an increase of \$6.38 in 1952. The trend of average weekly earnings during the 2 years is not appreciably different from that of average weekly hours worked and thus tends to reflect the increase in overtime work during the last third of 1952, as compared with the decrease in the same 4 months in 1953. Higher average wage rates also are reflected, inasmuch as average weekly earnings in December 1953 were \$70.70 for 41 hours of work, as compared with \$70.25 for 43.4 hours of work in December 1952.

These figures indicate that the volume of industrial output in the Southwest in 1953 exceeded that of 1952 and thus was at a record level. While the gain of man power engaged in manufacturing was not large when consideration is given to the increase in the number of workers and the slight decline in the number of hours worked, it probably represented an increase in output due to the greater productivity per worker that may safely be assumed for industry in the area. Capital expenditures designed to increase plant efficiency and to modernize equipment have been in substantial volume. In addition, new industries have continued to be attracted to the area, as witnessed by such figures as those reporting 84 new manufacturing firms in Texas during the first 11 months of 1953, as compared with 87 such firms during the full year 1952. An increase in the use of electrical power for industrial purposes also points toward greater production. While none of these factors, considered individually, is conclusive, collectively they seem to support the view that comparatively full utilization of an enlarged productive capacity was achieved in the area in 1953.

Turning to the broader coverage of total nonagricultural employment, a similar picture presents itself, although the declining rate of increase in employment set in earlier in the year than was the case with respect to manufacturing. During January 1953, for instance, about 142,000 more people



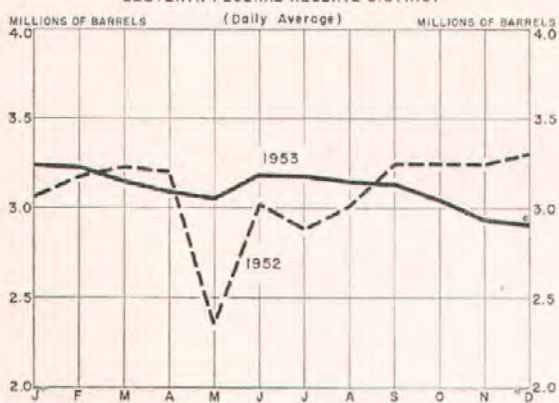
were engaged in nonagricultural employment than in the same month of 1952. Each month thereafter, with but one exception, the gain over the comparable month in 1952 was somewhat less. By the end of the year, nonagricultural employment, estimated at 3,910,000, was 7,700 more than a year earlier. This larger number of employed workers indicates a higher volume of business activity — a condition that is supported, in general, by other data drawn from banking sources, from retail trade, and from such indexes as that of business activity published by the Bureau of Business Research of the University of Texas.

Perhaps one of the most significant features of the trends that have developed in employment, hours worked, and weekly earnings is the absence of any sharp or seriously cumulative declining movement during the year. In other words, such adjustments as have been taking place in the economy of the area have not tended to "feed upon themselves" in a serious manner. Moreover, elements of resistance to decline and, in some cases, factors of actual strength have tended to moderate or to prevent a downward movement of the indexes. In effect, it appears that the business and industrial system has been operating at higher levels but is reflecting in less rapid growth some of the effects of economic adjustments.

The petroleum industry in the District in 1953 achieved new gains in terms of output but, at the same time, faced certain problems of adjustment. New record levels were reached in daily average crude production, daily average crude runs to refinery stills, and total well completions. As the accompanying chart on crude oil production shows, strength was most notable during the first half of the year, whereas in 1952, daily average production was largest during the last 4 months. In 1952, following settlement of the refinery strike, production rose sharply, reaching a peak in December. As the months passed in 1953, inventories of both crude and refined products began to accumulate. In addition, despite an increase in the price of crude at midyear, prices of petroleum products began to show easing tendencies.

CRUDE OIL PRODUCTION

ELEVENTH FEDERAL RESERVE DISTRICT



Estimated
 SOURCES: U. S. Bureau of Mines
 American Petroleum Institute.

TOTAL WELL COMPLETIONS

ELEVENTH FEDERAL RESERVE DISTRICT



Estimated
 SOURCE: Oil and Gas Journal

At no time, however, did either the inventory or the price situation threaten to get beyond control or manageable proportions.

Total production and daily average production of crude oil in the District were approximately 1 percent larger than in 1952. It is estimated that production totaled about 1,135,400,000 barrels, as compared with 1,127,700,000 barrels in 1952. Daily average production followed a declining trend during most months of the past year, with output of the District's wells averaging an estimated 2,910,000 barrels daily in December, or 322,000 less than the January daily average. Refinery activity, as reflected by crude runs to stills, was more than 5 percent above the 1952 figure. Output of refined products was larger between January and June than in subsequent months, reflecting in considerable part the unfavorable inventory situation which developed.

In fact, refinery activity during both 1952 and 1953 reflected the effect of inventory developments in the industry. During the last 6 months of 1952, refining was stepped up to replenish inventories that had been reduced by the strike which occurred in the second quarter of the year. On the other hand, during the last half of 1953, refinery operations were cut back in an attempt to improve inventory positions that had become somewhat excessive. Month-to-month fluctuations in refinery activity during 1953 were comparatively small — the largest being 85,000 barrels daily average. This tendency toward stability in output, together with an over-all increase in refinery runs for the year, seems to confirm the view that the inventory problem is not unduly serious.

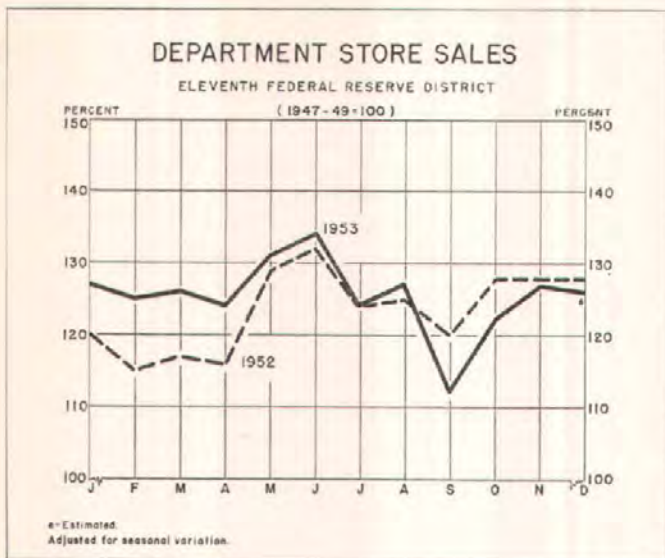
The search for oil in the District, stimulated at midyear by the increase in the price of crude, was very active during 1953, with the result that very large-scale drilling activity prevailed. New well completions are estimated at more than 20,000 for the 12-month period, exceeding the 1952 total by about 5 percent.

The widespread distribution of petroleum operations over large parts of the District has had a stabilizing effect upon the economy in several respects. In the first place, the petro-

leum industry in all its ramifications certainly represents a major source of income and a strong economic support in the District. Secondly, it provides the basic raw materials for an important segment of the industrial development that has been taking place in the Southwest. Third, the industry's demand for a multitude of products tends to help support a substantial industrial structure. Fourth, it is a major source of tax receipts to governmental bodies. Finally, through its production, refining, leasing, and drilling activities in 1953, the industry supplied a substantial offset to declining agricultural income, especially in the western part of the District where the drought was so severe and livestock and agricultural losses were heavy.

The value of construction contract awards in the District fell below the \$1,454,500,000 reported in 1952 by perhaps 8 percent, judging from preliminary and incomplete figures. Following over-all strength during January and February, total awards declined under comparable 1952 monthly data until September, when the declining trend was reversed. Residential awards showed a larger decrease during 1953 than other types of construction. As was the case with respect to total awards, weakness was most pronounced during the late spring and summer months. A tighter mortgage money market probably accounts, at least in part, for the midyear trend. Later in the year, as the mortgage market eased somewhat and money became more available, conditions in the residential field showed improvement. Construction — even at the somewhat lower levels of 1953, when awards probably exceeded \$1,300,000,000 — has been a very strong support of economic activity in the Southwest.

For several years, very large consumer expenditures have been especially important in maintaining a high and expanding level of economic activity. Full employment at relatively high wages has contributed to a high level of income, and the broadening of the income base has strengthened total consumer spending power. The year 1953 was no exception in this respect. Total retail trade is estimated to have run slightly above the 1952 volume, with the increase probably being in the neighborhood of from 3 to 4 percent.



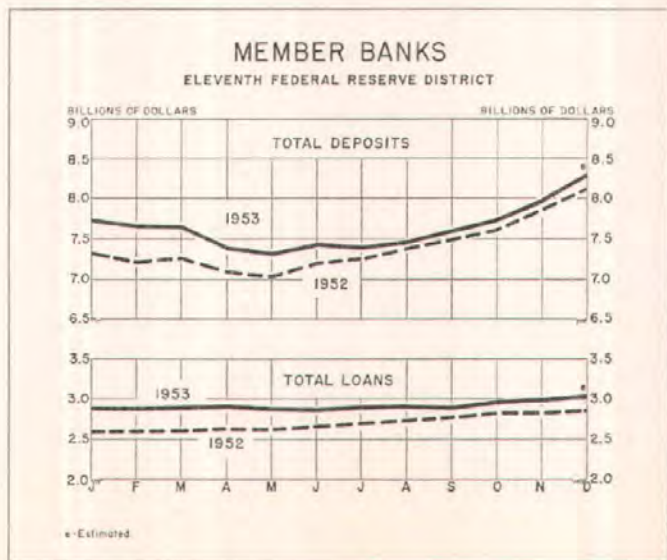
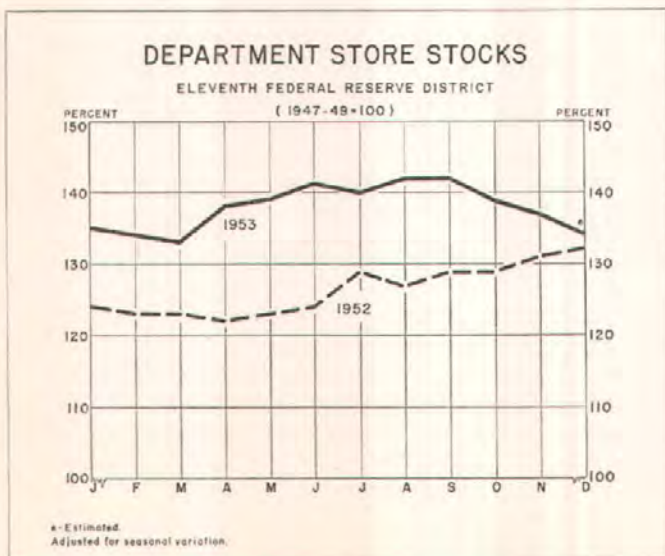
Figures reported by the weekly reporting department stores in the District indicate a gain in department store sales over 1952 of about 1 percent. During the first half of the past year, department store sales ran appreciably above year-earlier figures but then tapered off. Sales during September and October showed the largest monthly declines from a year ago but were followed by satisfactory recovery during the two closing months of the year. On the whole, sales of soft goods held up well during 1953, while hard goods sales were under 1952 levels.

Inventories at department stores rose during the first 8 months of the year and were probably somewhat excessive by August and September. More cautious buying practices on the part of department store managements, together with improved sales results during the closing months of the year, relieved the inventory situation. At the end of 1953, it is estimated that department store inventories were in reasonably good balance and only slightly above the 1952 level, after allowances are made for the necessary seasonal adjustments.

Viewing retail and department store sales as a whole during the year, the conclusion appears to be one of strength and a willingness on the part of consumers to buy the goods and services necessary to meet their requirements. It is true that a buyer's market prevailed, especially during the last 6 months of the year, and sales policies of retail stores necessarily became more aggressive. On the whole, however, consumers responded favorably and maintained their purchases at high levels. No adverse psychological factors appeared in the picture.

Banking developments in the District, as might be expected, reflected the general economic trend. Such important banking items as total resources, total deposits, total loans, and capital accounts are estimated to have risen above 1952 year-end figures. The increase over 1952, however, was somewhat less than that of the preceding year. During the first 5 months of 1953, the demand for bank credit was very strong, and a degree of tightness prevailed. During the remainder of the year, however, a moderate degree of ease developed, as central banking policies designed to make reserves more readily available began to exert their influence.

On the basis of figures through the first 11 months of the year, indications are that total resources of the District's member banks probably were in the neighborhood of about \$8,900,000,000 at the end of 1953, reflecting an increase of between 1 and 2 percent. A similar increase in total deposits probably brought this figure to about \$8,300,000,000 by the year-end. Total loans, which increased during 1952 by about 11 percent, are estimated to have shown a 5-percent rise during the past year, with the total volume somewhat in excess of \$3,000,000,000 on December 31. Perhaps the most significant banking development during 1953 was the less-than-seasonal gain in bank loans during the last 6 months. This should not be surprising, however, for it was consistent with the general economic pattern that prevailed during the period. On the whole, banks in the District proved adequately able to meet the essential growth and seasonal requirements of business, industry, and agriculture and closed the year on a note of strength.



The foregoing review of developments which occurred in various fields of economic activity during 1953 reveals certain features that are of significance as we look ahead into the future. Of course, one of these is that, despite the adjustments that occurred during part of 1953, the over-all level of economic activity showed further growth, even though it was slightly less than the growth experienced in 1952. Another significant factor is that, with the exception of developments in such limited areas as livestock prices and with respect to certain other agricultural factors, there were no sharp or serious declines which threatened the stability of economic activity in the District. Likewise, there were no tendencies apparent for adjustments to cumulate into a downward movement of serious proportions. In fact, on the contrary, factors of strength and support in the economy clearly moderated the effect of such adjustments as were occurring. Evidences of a resistance to decline — such as occurred in the closing months of the year with respect to retail trade, department store trade, and construction — seem to indicate an underlying strength and an absence of fundamental weaknesses.

The economy of the Southwest, of course, must function and operate within the general framework of what is usually referred to as national economic conditions. In this respect, certain tentative estimates of major groups in the economy pointing toward their intentions and plans in 1954 are significant. The Nation's business and industry apparently intend to continue capital expenditures in large volume. Available estimates of these types of expenditures for 1954 place the total for the first quarter of the year slightly above the comparable figures of 1953 and for the year as a whole only 4 percent below the 1953 record level. Private and governmental estimates of total construction expenditures during 1954 also are so large as to indicate virtually full utilization of that major supporting industry's labor and facilities. These estimates indicate that total construction expenditures

in 1954 probably will be no more than 2 or 3 percent under the 1953 figures.

Economy in Federal expenditures undoubtedly will be achieved in some degree, and it now appears that the deficit in the Federal budget during the coming year may be somewhat less than was previously anticipated. Expenditures of the Federal Government for national security and other purposes, however, will be so large as to provide strong support to the economy as a whole, even though the stimulative effect of rising expenditures such as has been experienced during past years will be lacking. Finally, most estimates of consumer expenditures indicate that there will be no weakening in this very important factor — possibly there may be a moderate increase in such expenditures, which would tend to offset contractive influences in other factors.

Early in this article the question was raised whether the transition from economic boom to a different kind of economic situation could be comparatively smooth and lead into satisfactory economic stability at levels, at most, only moderately below current figures. There do not appear to be compelling reasons why this question should not be answered affirmatively; in fact, recent trends of economic activity in the District and estimates of major supporting factors such as those reviewed above point strongly toward that affirmative conclusion. Further adjustments in 1954 are probable; also, economic conditions are likely to become more competitive and a premium will be placed on aggressive merchandising, efficiency, and sound business and financial practices. Nevertheless, the outlook for 1954 should not be regarded as unfavorable. New records of over-all economic activity may not be achieved in 1954, but if there should be net changes from 1953, it appears at this time that they would be comparatively small and capable of being absorbed without too serious difficulty or strain.

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Christmas trade at District department stores is estimated to have fallen slightly below the record total reported during the corresponding period

of 1952, although sales of gift-type merchandise items probably reached a record volume somewhat in excess of those a year ago.

Year-end inventories at department stores indicate a substantial reduction during December; while they are still slightly higher than a year ago, the distribution among departments is better balanced.

Harvest of the large 1953 cotton crop is nearing completion; excellent yields per acre were obtained in most areas. Farm prices are holding relatively steady.

Moisture conditions in the District at the start of 1954 are improved over a year ago. Winter pasture and grain and vegetable crops are making good progress. Planting of early spring crops is expected to begin under generally favorable conditions.

District crude oil production in December declined for the fifth consecutive month. Heavy stocks of refined products and a smaller-than-usual rise in demand stemming from mild fall weather have combined to hold refinery runs to a reduced level. Prices have eased somewhat.

Nonagricultural employment in the District increased in December to a record level, but the gain over a year earlier was less than 1 percent. Manufacturing employment, which increased in November, declined in December but also closed the year slightly above December 1952 figures.

The value of construction contracts awarded in the District during November exceeded by a substantial margin the year-earlier total. Awards for the first 11 months of 1953 trailed the comparable 1952 figure, with most of the 8-percent decline occurring in government outlays.

Loans of weekly reporting member banks rose moderately during the 4 weeks ended December 16, after a much smaller-than-usual expansion during the fall months; CCC operations contributed significantly to the increase.



The 1953 Christmas trade at department stores in the Eleventh Federal Reserve District apparently fell slightly below the record volume of 1952. December sales through

Christmas Eve totaled an estimated 2 percent less than in the comparable period a year earlier.

Sales of gift items (such as jewelry and watches, handbags, wearing apparel, men's furnishings, small appliances, sporting goods, and radios and phonographs, as well as furniture and bedding) were reported near—and, in some cases, above—the 1952 record. Sales of children's toys and games were the most active ever experienced by department stores and probably established a new high for the Christmas season.

On the other hand, sales of floor coverings, television sets, and major appliances were lower than in December 1952, with losses ranging up to 25 percent. In fact, consumer purchases of these items since late spring of 1953 have been below the heavy buying which occurred in corresponding months of 1952, following suspension of Regulation W.

During November, daily average sales at department stores picked up sharply over October. Despite three less business days, total sales for the month equaled the October volume and showed a decline of less than 1 percent from November 1952. Sales recovered in a number of soft goods lines which had been lagging behind year-earlier totals since August and showed moderate to substantial gains. Sales of household textiles rose 5 percent above November 1952; sales of sportswear and girls' wear rose 5 percent and 13 percent, respectively; and sales of men's furnishings rose 8 percent, while boys' wear showed a gain of 4 percent. Basement store sales, which

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS ¹	
	Nov. 1953 from		11 mo. 1953 comp. with 11 mo. 1952	Nov. 1953 from	
	Nov. 1952	Oct. 1953		Nov. 1952	Oct. 1953
DEPARTMENT STORES					
Total Eleventh District.....	-1	-#	1	4	-#
Corpus Christi.....	-7	-12	3	-6	-2
Dallas.....	2	-2	2	6	-1
El Paso.....	-8	-9	2	3	-5
Fort Worth.....	2	10	-3	2	-#
Houston.....	2	3	4	8	1
San Antonio.....	-2	1	-2	3	3
Shreveport, La.....	-2	-1	2	-2	-3
Waco.....	-11	2	-6	2	-3
Other cities.....	-3	-3	2	3	#
FURNITURE STORES					
Total Eleventh District.....	-7	-3	—	-10	-1
Austin.....	-12	2	—	12	#
Dallas.....	-3	-7	—	-20	-10
Houston.....	-1	14	—	—	—
Port Arthur.....	-1	-10	—	—	—
San Antonio.....	-15	2	—	—	—
Shreveport, La.....	-7	-1	—	-17	-3
Other cities.....	-7	-10	—	-10	4
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	-19	20	—	—	—
Dallas.....	-12	42	—	—	—

¹ Stocks at end of month.

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

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED			ADJUSTED ¹				
	Nov. 1953	Oct. 1953	Sept. 1953	Nov. 1952	Nov. 1953	Oct. 1953	Sept. 1953	Nov. 1952
SALES—Daily average								
Eleventh District.....	144	128	119	145r	127	122	112	128r
Dallas.....	141	128	119	138	122	119	108	120
Houston.....	166	142	137	162	148	144	125	145
STOCKS—End of month								
Eleventh District.....	152p	152	148	145r	137p	139	142	131

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

declined in both September and October, rose in November to a level 6 percent above November 1952.

Other gains registered during November over year-earlier totals were in sales of silverware and jewelry, which were up 4 percent; furniture and bedding, up 10 percent; radios and phonographs, 43 percent; and toys and games, 20 percent. The principal losses during the month occurred in the sales of major household appliances and television sets, which were down 32 percent and 26 percent, respectively. For the year 1953 through November, cumulative monthly department store sales for the District showed a gain of 1 percent over the comparable period in 1952. Total sales for 1953 are estimated to have set a new record, although the gain over 1952 was very small.

At reporting stores the proportion of sales for cash during November represented approximately 32 percent of total sales — 1 percent lower than during November 1952. Charge account sales were 58 percent of the total, compared with 54 percent a year earlier; instalment sales represented 10 percent, whereas in November 1952 they represented 13 percent.

Charge accounts receivable rose 10 percent in November as compared with the end of October and were 4 percent above November 1952. Instalment receivables at the end of the month were up only 1 percent from a month earlier but were 14 percent higher than on the same date in 1952. In-

stalment receivables at reporting stores at the end of November were at an all-time high, but the 11-percent increase from January 1, 1953, was considerably lower than the 22-percent rise that occurred during the same period in 1952.

Collections on accounts receivable during November, as related to the amount outstanding at the beginning of the month, showed no appreciable change from recent months and only a slight change from November 1952. On the basis of reported figures, the average collection time on charge accounts was approximately 67 days. On instalment accounts the average pay-out period was about 17 months, compared with 16 months a year earlier.

Department store inventories declined slightly during November and at the end of the month were 4 percent above a year earlier, the increases occurring chiefly in wearing apparel and major appliances. Further improvement in inventory positions occurred during December.

Furniture store sales at reporting stores in the District during November declined only 3 percent from October, despite the fact that November offered three less business days. Compared with the same month a year earlier, however, November sales showed a loss of 7 percent. Collections were off 6 percent from October, while accounts receivable rose 1 percent during the month to a total 4 percent above November 1952. Inventories registered a month-to-month decline of 1 percent and at the end of the month were 10 percent below November 30, 1952.



Agricultural conditions in the District during December generally were favorable for development of small grains, legumes, and commercial winter vegetables. Fog and light rain during the early part of the month delayed completion of cotton harvesting operations. However, extensive use of mechanical strippers, plus an ample supply of labor, enabled farmers to harvest most of the 1953 cotton crop by the end of December.

Generally favorable weather during November resulted in further increases in the estimates of cotton production in the District and the Nation. On December 1 the forecast for Texas was raised by 200,000 bales and that for the District by 233,000 bales. Increases also were indicated for Oklahoma and Louisiana. The national crop, now forecast at 16,437,000 bales, is exceeded only by the crops of 1926, 1931, and 1937.

The 419 pounds of lint harvested per acre in Louisiana in 1953 is a record. In Texas the per acre yield is estimated at 232 pounds — 61 pounds above 1952 and 49 pounds above the 10-year (1942-51) average. The Texas average yield has been exceeded only once since the turn of the century; in 1949, yields per acre averaged 261 pounds. Yields were unusually good in the Blacklands area, with an average of 243 pounds per acre, compared with the 1942-51 average of 152 pounds. In the Pecos and Upper Rio Grande Valleys, the average yield of 587 pounds of lint is more than 100 pounds above that for the 10-year period.

WHOLESALE TRADE STATISTICS
Eleventh Federal Reserve District
(Percentage change)

Line of trade	NET SALES ^p			STOCKS ¹ _p	
	November 1952	October 1953	11 mo. 1953 comp. with 11 mo. 1952	November 1952	October 1953
Drugs and sundries.....	9	3	—	2	-7
Dry goods.....	-24	-22	—	6	-5
Grocery (voluntary group and full-line wholesalers not sponsoring groups).....	5	-2	—	-8	-8
Hardware.....	-7	-4	-2	3	-7
Industrial supplies.....	-11	-8	-3	3	3
Machinery equipment and supplies except electrical.....	16	-2	—	-6	-1
Metals.....	44	77	4	-3	-3
Tobacco products.....	-4	-5	-1	8	#
Wines and liquors.....	-16	-22	—	25	20
Wiring supplies, construction materials distributors.....	-23	-11	—	-11	2

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.

COTTON PRODUCTION

Texas Crop Reporting Districts

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

Crop reporting district	1951	1952	1953	1953
			Indicated December 1	as percent of 1952
1-N.....	351	467	540	116
1-S.....	941	1,005	835	83
2-N.....	288	182	155	85
2-S.....	218	59	320	542
3.....	33	12	35	292
4.....	608	610	1,095	180
5-N.....	113	95	130	137
5-S.....	85	96	122	127
6.....	192	240	275	115
7.....	25	17	35	206
8-N.....	192	200	210	105
8-S.....	86	222	76	34
9.....	256	231	230	100
10-N.....	79	62	32	52
10-S.....	607	310	260	84
State.....	4,074	3,808	4,350	114

SOURCE: United States Department of Agriculture.

Winter wheat acreage in District states for harvest in 1954 is estimated by the United States Department of Agriculture at 10,946,000 acres, which reflects a decrease of 16 percent from the acreage seeded for harvest in 1953 but is 31 percent above the acreage actually harvested in 1953. Texas acreage is placed at 4,731,000 acres—13 percent below the acreage seeded in the fall of 1952 but nearly double the acreage actually harvested. Acreage in all areas is about in line with acreage allotments issued for the 1954 crop, with allowances for permissible overplanting under specified conditions. National winter wheat acreage, estimated at 46,575,000 acres, is about 20 percent below a year ago and the smallest since 1943.

Condition of the present winter wheat crop is reported to be good to excellent, with moisture supplies generally ample. Production in District states in 1954, presently indicated at 128,139,000 bushels, is highly dependent on weather conditions between now and harvest time, but if the crop indicated should materialize, it would be 35 percent larger than the relatively small production in 1953. The Texas crop is estimated at 52,041,000 bushels, which, if realized, would be the largest crop since 1949.

Year-end range and pasture conditions in the District are reported to be substantially better than a year earlier and generally favorable, except in southwestern areas of Texas and in southern New Mexico and Arizona. In those areas, cured range feed is extremely short, and supplemental feeding is being continued on a large scale. Despite heavy feeding, cattle and calves are reported to be losing some weight.

WINTER WHEAT

State	ACREAGE SEEDED (In thousands of acres)		PRODUCTION (In thousands of bushels)	
	Crop of 1953	Crop of 1954	Crop of 1953	Crop of 1954
	Arizona.....	25	23	598
New Mexico.....	611	550	515	2,200
Oklahoma.....	6,966	5,642	70,776	73,346
Texas.....	5,438	4,731	23,035	52,041
Total.....	13,040	10,946	94,924	128,139

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	November 1953	November 1952	October 1953	November 1953	November 1952	October 1953
Cattle.....	104,818	67,588	111,363	38,027	21,506	24,181
Calves.....	38,896	25,217	44,347	37,029	15,925	18,816
Hogs.....	52,886	57,875	38,872	—	—	—
Sheep.....	40,155	49,535	60,016	124,979	116,022	130,651

¹ Includes goats.

In the eastern two-thirds of the District and in northwestern Texas counties, small grains, winter pastures, and legumes are providing abundant grazing, and cattle are making excellent gains. Sheep are entering the winter in fair to good condition in most of the sheep-producing areas.

Marketings of cattle and calves during November were in relatively large volume, but the increase over a year ago was much smaller than in earlier months of the year. Incomplete figures indicate that slaughter of cattle and calves in Texas in 1953 was nearly 50 percent higher than in 1952. For the Nation, slaughter probably exceeded the volume of 1952 by as much as 30 percent.

Commercial production of winter vegetables in Texas is expected to be 7 percent greater than in the 1952-53 season and one-fifth larger than the 1949-52 average. Total acreage planted is 8 percent larger than a year ago, but per acre yields are not expected to equal those of last season for all crops. Freezing temperatures around the 15th of December extended into the Winter Garden Area and the Lower Rio Grande Valley of Texas, causing damage to both mature and young vegetable plants.

At 259 percent of the 1910-14 average, the index of prices received by Texas farmers was unchanged from mid-October to mid-November but was 14 percent (42 index points) below November 1952. Reports from spot commodity markets indicate only minor changes since mid-November. Hogs and feeder cattle generally are selling for somewhat higher prices than 6 weeks ago, while prices of cotton and rice have declined slightly.

The moisture situation over the District at the beginning of 1954 is considerably better than that at the same time last year. Planting of spring crops in south Texas is expected to be made under generally favorable moisture conditions. Cot-

CITRUS FRUIT PRODUCTION

(In thousands of boxes)

	Average of 10 seasons ended 1952		1951-52	1952-53	Indicated 1953-54
	1953	1954			
ARIZONA					
Oranges.....	1,000	730	900	1,200	
Grapefruit.....	3,220	2,140	3,000	3,300	
LOUISIANA					
Oranges.....	300	50	50	85	
TEXAS					
Oranges.....	3,366	300	1,000	1,300	
Grapefruit.....	15,342	200	400	1,100	

SOURCE: United States Department of Agriculture.

FARM COMMODITY PRICES
Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended	Comparable	Comparable
		Dec. 21, 1953	last month	last year
COTTON, Middling 15/16-inch, Dallas....	lb.	\$.3210	\$.3235	\$.3220
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.65½	2.67	2.70¼
OATS, No. 2 white, Fort Worth.....	bu.	1.04½	1.03½	1.13¼
CORN, No. 2 yellow, Fort Worth.....	bu.	1.85¼	1.77½	1.87
SORGHUMS, No. 2 yellow, Fort Worth....	cwt.	2.30	2.77	3.43
HOGS, Choice, Fort Worth.....	cwt.	25.00	21.75	17.50
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	24.00	23.50	28.00
SLAUGHTER CALVES, Choice, Fort Worth...	cwt.	18.50	17.00	25.00
STOCKER STEERS, Choice, Fort Worth....	cwt.	19.00	18.00	21.00
HENS, 4 pounds and over, Fort Worth.....	lb.	.25	.25	.24
FRYERS, Commercial, Fort Worth.....	lb.	.28	.26	.32
BROILERS, south Texas.....	lb.	.27	.29	.32
EGGS, Graded and candled, Fort Worth...	case	14.00	14.50	13.50
TURKEYS, No. 1 hens, Fort Worth.....	lb.	.39	.36	.37

ton, wheat, and peanut crops will be under production controls in 1954, and growers must be in compliance with acreage allotments and marketing quotas for these crops to be eligible for price support benefits. However, a recent ruling by the Secretary of Agriculture states that failure to comply with production controls on any one crop makes a grower ineligible to receive price support only on that crop and does not affect his eligibility with respect to others.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

State	September		October		Cumulative receipts January—October	
	1952	1953	1952	1953	1952	1953
Arizona.....	\$ 17,403	\$ 16,804	\$ 29,853	\$ 45,783	\$ 280,396	\$ 304,002
Louisiana....	85,503	56,763	77,843	77,204	330,430	276,155
New Mexico..	12,724	10,759	42,637	38,137	149,911	143,904
Oklahoma....	76,477	56,740	75,692	66,693	569,223	483,401
Texas.....	260,649	208,787	298,252	272,600	1,729,184	1,438,348
Total.....	\$452,756	\$349,853	\$524,277	\$500,417	\$3,059,144	\$2,645,810

SOURCE: United States Department of Agriculture.

Price supports through the Commodity Credit Corporation will be continued at 90 percent of parity for 1954 crops of cotton, rice, peanuts, and wool; while price supports at 85 percent of parity will be in effect for oats, barley, rye, and grain sorghums. Flaxseed will be supported at 70 percent of parity. Preliminary announcements by the Department of Agriculture indicate the following minimum national average support prices for 1954 farm commodities: wheat, \$2.20 per bushel; oats, 75 cents per bushel; barley, \$1.15 per bushel; grain sorghums, \$2.28 per hundredweight; flaxseed, \$3.14 per bushel; and wool, 52.1 cents per pound.



Treasury cash borrowing in 1953 through the sale of marketable issues amounted to \$12,427,000,000, a postwar record total. In addition to raising \$2,300,000,000 by increasing weekly offerings of 91-day bills, the Treasury entered the market on four other occasions for \$3,426,000,000 through the sale of intermediate- and long-term bonds and for \$6,701,000,000 through tax anticipation certificates and bills. These cash borrowing operations were concentrated rather heavily in May, June, and July, principally in anticipation of a large deficit in the second half of the calendar year.

Marketable issues of Treasury certificates, notes, and bonds amounting to \$35,466,000,000 matured or were called for redemption in 1953. Holders of the maturing or called securities exchanged \$34,023,000,000, or 96 percent, for refunding issues and redeemed the remaining \$1,442,000,000 for cash. Maturities of other marketable issues included approximately \$5,302,000,000 of tax anticipation bills. During 1954, Treasury financing requirements arising from maturities of marketable issues which are currently outstanding will amount to \$53,716,000,000. This total includes the \$5,901,000,000 of Tax Anticipation Series certificates of indebtedness which mature March 22, 1954.

The Commodity Credit Corporation issued approximately \$450,000,000 of 2½-percent certificates of interest to commercial bank purchasers on December 17. The Corporation's offering (announced on December 7) of participations in its price support loans on 1952-crop cotton and a portion of the 1953 crop was oversubscribed by one and two-thirds times the amount of certificates offered. Applications for up to \$50,000 were allotted in full; the basis of allotment for amounts in excess of this total was 34.5 percent. The new certificates mature August 2, 1954. A similar issue of 2½-percent certificates representing participations in a \$360,000,000 pool of crop loans other than on cotton was sold by the CCC on October 28.

On December 11 the Treasury invited holders of approximately \$2,200,000,000 of Series F and G savings bonds which mature in 1954 to exchange them at maturity for

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

(Amounts in thousands of dollars)

City	DEBITS ¹			DEPOSITS ²			
	November 1953	Percentage change from		Nov. 30, 1953	Annual rate of turnover		
		Nov. 1952	Oct. 1953		Nov. 1953	Nov. 1952	Oct. 1953
ARIZONA							
Tucson.....	\$ 92,436	-12	-4	\$ 86,050	13.1	14.4	13.9
LOUISIANA							
Monroe.....	49,872	2	-6	42,205	14.5	14.2	16.1
Shreveport....	193,909	11	-8	175,857	13.9	12.7	16.1
NEW MEXICO							
Roswell.....	27,319	5	-6	29,478	11.3	11.4	12.6
TEXAS							
Abilene.....	52,242	-3	-6	52,565	12.0	12.5	13.1
Amarillo.....	120,895	-9	-8	100,829	14.5	14.9	15.7
Austin.....	104,042	8	-2	97,326	12.8	12.2	13.0
Beaumont....	127,128	-2	-7	97,389	15.7	16.7	17.4
Corpus Christi..	137,209	-3	-8	107,345	15.5	16.0	16.9
Corsicana.....	12,914	2	-30	22,304	7.1	7.3	10.6
Dallas.....	1,623,480	12	-6	890,899	21.8	20.0	23.4
El Paso.....	206,725	3	-5	123,607	20.4	19.6	22.1
Fort Worth....	477,052	-5	-6	332,919	17.3	18.2	18.5
Galveston....	72,495	-3	-8	80,944	10.8	13.9	11.6
Houston.....	1,587,039	1	-11	1,108,418	17.5	18.5	20.0
Laredo.....	18,998	-9	1	18,372	12.5	12.1	12.6
Lubbock.....	110,800	-32	4	81,967	16.7	21.5	17.0
Port Arthur....	41,655	-7	-13	38,475	13.2	13.9	15.5
San Angelo....	35,407	-1	-6	43,794	9.7	9.0	10.4
San Antonio....	356,138	2	-5	315,606	13.7	13.3	14.5
Texarkana ³	17,805	-7	-9	18,113	11.8	10.6	13.0
Tyler.....	52,833	8	-13	57,322	11.2	11.3	12.7
Waco.....	75,057	14	-11	65,727	13.8	12.7	15.8
Wichita Falls..	76,245	-13	-7	99,168	9.2	11.0	10.1
Total—24 cities.....	\$5,669,695	2	-8	\$4,086,679	16.8	16.9	18.5

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 \$37,967,000 for the month of November 1953.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Dec. 15, 1953	Dec. 15, 1952	Nov. 15, 1953
Total gold certificate reserves.....	\$ 744,718	\$ 769,540	\$ 801,205
Discounts for member banks.....	38,238	16,000	45,796
Industrial advances.....	0	0	0
Foreign loans on gold.....	675	1,691	540
U. S. Government securities.....	1,002,715	1,094,074	991,394
Total earning assets.....	1,041,628	1,111,765	1,037,730
Member bank reserve deposits.....	1,003,267	1,060,874	1,031,544
Federal Reserve notes in actual circulation.....	754,458	759,099	742,586

other series of savings bonds. Individual owners of the maturing securities may reinvest in Series E and H bonds up to an annual limit of \$20,000 for each of these series. Any owner (individuals, as well as others) may reinvest in Series J and K bonds, which have a combined annual limitation of \$200,000 issue price. Series E and H savings bonds yield 3 percent, compounded semiannually, if held 9 years, 3 months to maturity; Series J and K bonds yield 2.76 percent, compounded semiannually, if held 12 years to maturity. Of course, owners of Series F and G bonds which mature in 1954 may redeem them for cash.

The volume of spending by individuals and others in the District during November, as reflected by debits to deposit accounts reported by banks in 24 cities, declined 8 percent from October but rose 2 percent over November 1952. The October-to-November reduction is more than accounted for, however, by the fewer business days in November, as daily average charges to deposit accounts in that month were approximately 4 percent above those in October. The annual rate of turnover of deposits in November was 16.8, as compared with 18.5 in October and 16.9 in November 1952.

The principal changes in the condition of the Federal Reserve Bank of Dallas between November 15 and December 15 included increases in total earning assets and 11-K notes in actual circulation and decreases in gold certificate reserves and member bank reserve deposits. The rise in earn-

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Dec. 16, 1953	Dec. 17, 1952	Nov. 18, 1953
ASSETS			
Commercial, industrial, and agricultural loans....	\$1,249,949	\$1,193,714	\$1,221,493
Loans to brokers and dealers in securities.....	11,985	10,670	11,912
Other loans for purchasing or carrying securities.....	76,016	67,867	77,339
Real estate loans.....	134,687	130,136	134,078
Loans to banks.....	9,039	11,623	16,838
All other loans.....	410,835	363,802	408,325
Gross loans.....	1,892,511	1,777,812	1,869,985
Less reserves and unallocated charge-offs....	17,803	18,655	17,803
Net loans.....	1,874,708	1,759,157	1,852,182
U. S. Treasury bills.....	187,129	243,000	174,596
U. S. Treasury certificates of indebtedness.....	259,150	149,864	263,214
U. S. Treasury notes.....	208,425	216,637	210,386
U. S. Government bonds (inc. gtd. obligations)....	672,627	701,410	661,021
Other securities.....	196,425	180,439	195,862
Total investments.....	1,523,756	1,491,350	1,505,079
Cash items in process of collection.....	342,061	314,916	325,152
Balances with banks in the United States.....	523,406	454,986	484,251
Balances with banks in foreign countries.....	1,331	886	1,350
Currency and coin.....	49,550	47,867	48,586
Reserves with Federal Reserve Bank.....	601,692	619,860	591,233
Other assets.....	106,015	100,161	100,109
TOTAL ASSETS.....	5,022,519	4,789,183	4,907,942
LIABILITIES AND CAPITAL			
Demand deposits			
Individuals, partnerships, and corporations....	2,622,364	2,610,691	2,559,540
United States Government.....	85,787	100,394	126,845
States and political subdivisions.....	242,135	207,066	227,622
Banks in the United States.....	939,891	929,113	909,837
Banks in foreign countries.....	10,931	11,269	11,556
Certified and officers' checks, etc.....	59,063	57,114	57,931
Total demand deposits.....	3,960,171	3,915,647	3,893,331
Time deposits			
Individuals, partnerships, and corporations....	514,957	431,878	501,964
United States Government.....	10,144	10,386	10,144
Postal savings.....	450	450	450
States and political subdivisions.....	108,704	57,765	84,613
Banks in the U. S. and foreign countries.....	1,788	870	1,938
Total time deposits.....	636,043	501,349	599,109
Total deposits.....	4,596,214	4,416,996	4,492,440
Bills payable, rediscounts, etc.....	42,100	14,800	39,500
All other liabilities.....	63,716	61,752	54,937
Total capital accounts.....	320,489	295,635	321,065
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	5,022,519	4,789,183	4,907,942

ing assets reflects principally an increase in holdings of United States Government securities and a less-than-offsetting reduction in discounts for member banks. Federal Reserve notes of this bank in actual circulation on December 15 amounted to \$754,458,000 as compared with \$759,099,000 on December 15, 1952.

Loans of the weekly reporting member banks in the District rose \$22,526,000, or 1.2 percent, between November 18 and December 16, which contrasts with a mild reduction during the comparable 4 weeks of 1952. The expansion in loans for commercial, industrial, and agricultural purposes accounted for somewhat more than the total increase and was weighted heavily by financing related to the price support program of the Commodity Credit Corporation. In most weeks, construction firms, wholesale and retail trade establishments, and manufacturers of metals and metal products repaid substantial amounts of borrowings; other manufacturing firms reduced their outstanding bank indebtedness but on a somewhat smaller scale. On the other hand, sales finance companies, commodity dealers, and a group of miscellaneous borrowers increased their borrowings on balance.

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Nov. 25, 1953	Nov. 26, 1952	Oct. 28, 1953
ASSETS			
Loans and discounts.....	\$2,996	\$2,835	\$2,971
United States Government obligations.....	2,439	2,487	2,367
Other securities.....	454	430	443
Reserves with Federal Reserve Bank.....	1,022	1,067	954
Cash in vault.....	123	132	136
Balances with banks in the United States.....	1,079	1,082	1,073
Balances with banks in foreign countries.....	2	1	2
Cash items in process of collection.....	371	331	306
Other assets.....	147	139	139
TOTAL ASSETS.....	8,633	8,504	8,391
LIABILITIES AND CAPITAL			
Demand deposits of banks.....			
Other demand deposits.....	1,005	1,046	984
Time deposits.....	6,015	6,036	5,811
Total deposits.....	935	782	937
Total deposits.....	7,955	7,864	7,732
Borrowings.....	43	42	32
Other liabilities.....	65	66	59
Total capital accounts.....	570	532	568
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	8,633	8,504	8,391

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Date	COMBINED TOTAL		RESERVE CITY BANKS		COUNTRY BANKS	
	Gross demand	Time	Gross demand	Time	Gross demand	Time
November 1951..	\$6,592,874	\$686,144	\$3,101,804	\$376,802	\$3,491,070	\$309,342
November 1952..	7,025,207	780,156	3,338,376	421,427	3,686,831	358,729
July 1953.....	6,572,440	901,614	3,152,963	495,431	3,419,477	406,183
August 1953....	6,555,188	903,610	3,153,585	495,813	3,401,603	407,797
September 1953.	6,647,956	912,860	3,236,056	501,477	3,411,900	411,383
October 1953...	6,719,484	925,358	3,263,306	508,529	3,456,178	416,829
November 1953..	6,948,849	936,175	3,369,875	516,162	3,578,974	420,013

Other changes in loans during the 4-week period include relatively small increases in real estate and consumer-type loans and reductions in loans to banks and loans for financing security transactions. On December 16, loans of the weekly reporting member banks amounted to \$1,892,511,000, reflecting an increase of \$114,699,000, or 6.5 percent, over the comparable year-earlier total.

The weekly reporting member banks increased their investments \$18,677,000, or 1.2 percent, to a total of \$1,523,756,000 in the 4 weeks ended December 16. Holdings of Treasury bills rose \$12,533,000, or 7.2 percent; investments in Government bonds, which rose by a relatively smaller amount, increased \$11,606,000, or 1.8 percent. Portfolios of Treasury certificates of indebtedness and notes were reduced moderately.

Deposit trends during the 4 weeks included increases of \$66,840,000, or 1.7 percent, in demand deposits and \$36,934,000, or 6.2 percent, in time deposits. The expansion of demand deposits reflects principally gains in the accounts of individuals and businesses and in interbank deposits. Demand deposits of the United States Government were drawn down sharply. The marked rise in time deposits was weighted heavily by an increase in the accounts of states and political subdivisions but also included a substantial increase in deposits of individuals, partnerships, and corporations. On December 16, total deposits of these banks were about 4 percent above a year earlier.

NEW PAR BANK

The Ruidoso State Bank, Ruidoso, New Mexico, a newly organized nonmember bank located in the territory served by the El Paso Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date December 1, 1953. The officers are: T. B. Hood, Executive Vice President and Cashier; O. J. Hull, Vice President; and Lois A. Tucker, Assistant Cashier.

Continued growth in the Nation's petroleum industry in 1954, although at a slower rate than in most other postwar years, is indicated by the recent forecasts of the Bureau of

encouraging in view of the curtailment in crude production and refinery runs which has been necessary during the past several months because of the overstocked position in the industry.

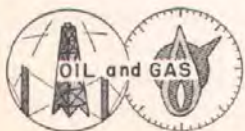
The total demand for petroleum in 1954 is forecast at 3,340,000 barrels per day, or 3.4 percent higher than the estimated 1953 total. In 1953, total demand increased an estimated 4.5 percent. Exports are expected to decline about 20 percent in 1954, but the decrease will be more than offset by a gain of 4.6 percent in the daily average domestic demand. Although 1954 may show a further net increase in stocks, the rise probably will be substantially less than in either of the two preceding years.

To meet the expected increase in demand, a further expansion in total new supplies of 173,000 barrels per day will be required, which is less than half the rise that occurred in 1953. The Bureau of Mines anticipates that 90,000 barrels per day of the additional new supplies will come from domestic crude production; 45,000 barrels per day, from natural gasoline and other light oils; and the remaining 38,000 barrels per day from imports. Thus, domestic crude production will increase 1.4 percent in 1954, or to 6,556,000 barrels per day; production of natural gasoline and other light oils will rise 6.8 percent, or to 710,000 barrels per day; and imports will increase 3.6 percent, or to 1,096,000 barrels per day.

Despite the outlook for further growth next year, the petroleum situation in November and early December continued to be characterized by relatively heavy stocks and price easiness. Mild weather in November held down the demand for heating oils, although demand picked up substantially around mid-December under the stimulus of markedly colder weather in the North and East.

Demand for the four major refined products at refineries and bulk terminals during the 5 weeks ended December 19 averaged an estimated 6,761,000 barrels per day. Although, at this level, demand was down about 3 percent from the corresponding weeks of 1952, the decrease from a year earlier was smaller than that of the preceding 5-week period. During the 5 weeks ended December 19, gasoline was the only product to show a year-to-year increase, with a 4-percent gain. The demand for distillate fuel oil was off 7 percent from a year earlier; kerosene demand was down 6 percent; and residual fuel oil showed a 10-percent loss.

Prices of refined products, with the exception of residual fuel oil, continued to show weakness during November and early December. Gulf Coast refineries posted small reductions in their prices for regular gasoline. Marketers on the Atlantic seaboard generally announced decreases in the prices of both regular and premium gasoline, while shading of gasoline prices in midwestern markets continued. Moreover, distillate fuel oil and kerosene prices were reduced about 1/2 cent per gallon in east coast markets. However, residual fuel oil prices in the Middle West rose appreciably. The price of No. 6 fuel oil, Oklahoma Group 3 basis, has increased about 50 cents per barrel since June.



Mines. The outlook for continued expansion, however, is

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	November 1953 ¹	November 1952 ²	October 1953 ¹	Change from	
				November 1952	October 1953
ELEVENTH DISTRICT.....	2,931.1	3,244.6	3,046.2	-313.5	-115.1
Texas.....	2,622.9	2,959.7	2,740.9	-336.8	-118.0
Gulf Coast.....	584.8	667.2	610.7	-82.4	-25.9
West Texas.....	969.3	1,184.9	1,031.7	-215.6	-62.4
East Texas (proper).....	238.6	253.4	244.9	-14.8	-6.3
Panhandle.....	76.6	72.7	75.4	3.9	1.2
Rest of State.....	753.6	781.5	778.2	-27.9	-24.6
Southeastern New Mexico.....	201.4	170.6	200.5	30.8	.9
Northern Louisiana.....	106.7	114.3	104.8	-7.6	1.9
OUTSIDE ELEVENTH DISTRICT.....	3,275.9	3,242.4	3,194.5	33.5	81.4
UNITED STATES.....	6,207.0	6,487.0	6,240.7	-280.0	-33.7

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

Aggregate stocks of major refined products declined moderately during the first week of December, but stocks at mid-December were still substantially higher than a year earlier. Both gasoline and distillate stocks on December 19 were 17 percent above a year earlier, and stocks of kerosene and residual fuel oil were up 13 percent and 3 percent, respectively.

Crude oil stocks, after reaching a peak at mid-October, subsequently have shown a declining trend. On December 19, crude stocks in the Nation amounted to 277,200,000 barrels, or about 10,700,000 barrels less than the October high. Almost one-half of the decrease was in stocks of District origin. Despite the recent decline, the Nation's crude stocks at mid-December were still 5,400,000 barrels higher than a year earlier. Stocks of District origin, however, were 3,800,000 barrels less than a year ago.

Crude oil production in the District during the first part of December continued the downward trend which has been evident since August. District production in the first 19 days of December averaged an estimated 2,906,000 barrels per day, which is 26,000 barrels less than the November rate and 392,000 barrels less than in December 1952. It appears, however, that the declining trend will be halted in January. Although the Texas Railroad Commission held the number of permitted state-wide producing days in January at 17, the same as in December, an increase in the number of producing days in the Spraberry trend from 11 to 17, together with new wells coming into production, may be expected to raise District output moderately.

The downward movement in crude production in the Nation apparently ceased in December, with daily average production during the first part of the month amounting to 6,222,000 barrels, or 15,000 barrels more than in November. This rate, however, is 412,000 barrels per day less than in December 1952. The year-to-year decline in the Nation's production is largely accounted for by the decrease in District production.

Imports of crude oil and refined products during the 5 weeks ended December 19 were at about the same level as in the preceding 5 weeks. Residual fuel oil imports were up, but crude imports declined for the second successive 5-week period and averaged lower than at any time since February.

Crude imports during the 5 weeks amounted to 592,000 barrels per day, as compared with 615,000 barrels per day in the corresponding 5 weeks a year earlier.

After rising somewhat in November, refinery runs in both the District and the Nation were at a reduced level during the first part of December. Crude runs to refinery stills in the District during the first 19 days of December averaged an estimated 1,995,000 barrels per day, as compared with 2,039,000 barrels per day in November and 2,076,000 barrels per day in December 1952. In the Nation, refinery crude runs in the first part of December averaged 6,929,000 barrels. This is about 83,000 barrels less than the November average and 23,000 barrels less than in December a year earlier.

Operable refining capacity (that is, refining capacity exclusive of that which is shut down in need of major repairs) in this District rose 6.5 percent during the year ended September 30, 1953, and on that date totaled 2,300,000 barrels per day, according to a recent survey of the American Petroleum Institute. In the Nation the increase amounted to 6.9 percent. Further substantial growth in refining capacity in both the District and the Nation during the next 12 months is indicated by the survey. Nevertheless, the projected expansion in each case is somewhat less than in the period just completed.

Most of the additions to the refining capacity in the District during the past year, as well as the anticipated gains in 1954, center on the Texas Gulf Coast. On September 30, 1953, the Texas Gulf Coast had an operable refining capacity of 1,867,000 barrels daily, which accounted for the major portion of the District's refining capacity and represented the largest concentration of refining capacity in the Nation. The operable refining capacity on the Texas Gulf Coast constituted 24 percent of the national total.

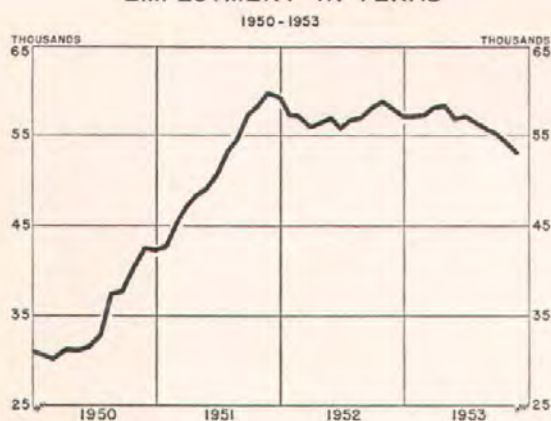


As 1953 came to an end, the states in the Eleventh Federal Reserve District could look back upon another year of industrial advancement. While there were fewer multimillion-dollar plants established in 1953 than in 1952, there was a steady gain in small-plant development. It also is significant that many of these small plants were located in towns where there had been few, if any, industrial facilities. Of course, this situation has diversified the economic base of such towns.

Since the Korean truce, the establishment of new defense facilities has slackened, and production and employment in the existing ones have been reduced. For example, through October the ordnance and aircraft manufacturers in the District had curtailed employment by nearly 11,000 workers. However, gains in the primary metals, apparel, and chemical industries kept District manufacturing employment ahead of 1952 for the first 10 months of 1953.

In Texas, employment in the transportation equipment industry — which includes automobile, aircraft, and ship-building companies — has fluctuated widely over the past

TRANSPORTATION EQUIPMENT EMPLOYMENT IN TEXAS



4 years. From January 1950 to December 1951, employment in this category increased 93 percent, but from the latter date until November 1953, it declined 11 percent. These fluctuations stem primarily from changes in defense contracts and automobile production schedules. Transportation equipment companies employ nearly 13 percent of all manufacturing workers in Texas. In the number of employees, this industry is exceeded only by the food industry, which employs 14 percent.

From September to October, employers in the five states of the District added 9,500 nonagricultural workers, to raise the total to 3,868,500, or 1 percent above October 1952. A gain of nearly 13,000 in government and construction employment more than offset moderate losses in service, mining, and manufacturing employment. Major declines in transportation equipment and machinery, except electrical, industries accounted for most of the decrease of 2,900 in manufacturing employment, but manufacturing employment in October, totaling 728,800, was still 1 percent above October 1952.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change Oct. 1953 from	
	October 1953p	October 1952	September 1953	Oct. 1952	Sept. 1953
Total nonagricultural					
wage and salary workers..	3,868,500	3,828,300	3,859,000	1.1	.2
Manufacturing.....	728,800	719,300	731,700	1.3	-.4
Nonmanufacturing.....	3,139,700	3,109,000	3,127,300	1.0	.4
Mining.....	226,900	221,100	230,200	2.6	-1.4
Construction.....	295,200	298,000	288,700	-.9	2.3
Transportation and public utilities.....	410,100	412,600	409,000	-.6	.3
Trade.....	977,500	971,700	974,100	.6	.3
Finance.....	150,200	142,400	150,200	5.5	0
Service.....	447,100	439,900	449,000	1.6	-.4
Government.....	632,700	623,300	626,100	1.5	1.1

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

p—Preliminary.

SOURCE: State employment agencies.

BUILDING PERMITS

City	November 1953		Percentage change in valuation from		11 months 1953		Percentage change in valuation from 11 months 1952
	Number	Valuation	Nov. 1952	Oct. 1953	Number	Valuation	
	LOUISIANA						
Shreveport....	275	\$ 2,300,170	194	-3	3,674	\$ 21,798,325	20
TEXAS							
Abilene.....	109	2,972,531	244	790	1,147	10,132,825	28
Amarillo.....	154	898,648	-7	-25	2,916	17,934,317	-21
Austin.....	211	1,391,750	-8	-43	2,721	28,611,101	12
Beaumont....	184	489,377	42	-78	2,470	8,156,459	12
Corpus Christi..	381	1,723,945	24	-22	4,996	25,821,829	32
Dallas.....	1,521	9,560,059	-34	35	19,628	105,812,600	-4
El Paso.....	206	834,500	-29	-19	3,152	18,333,799	29
Fort Worth....	544	2,801,418	23	-18	8,538	40,638,502	-3
Galveston....	98	112,912	-63	-55	1,062	4,586,475	-27
Houston.....	811	13,803,091	34	39	10,944	121,223,790	15
Lubbock.....	148	1,649,170	31	59	2,539	15,918,936	-16
Port Arthur...	114	214,094	4	-60	1,675	3,093,955	-19
San Antonio...	1,002	2,674,385	-3	-21	16,716	45,221,865	12
Waco.....	184	495,389	-11	-53	3,435	10,160,325	-20
Wichita Falls..	80	435,806	114	-16	766	6,710,024	-63
Total.....	6,022	\$42,357,245	8	9	86,379	\$484,155,127	2

Unofficial estimates of total nonagricultural employment in District states show further gains in November and December, bringing the end-of-year total to about 3,910,000, or slightly more than a year ago. Manufacturing employment in December is indicated at 727,500, or about 4,600 above a year earlier.

Average weekly earnings of Texas manufacturing employees increased further from September to October, with the figure raised to \$71.40, which is \$2.60 above the average in October 1952. However, November earnings declined to \$71.23, compared with \$69.50 a year earlier. Average weekly hours worked by these employees rose from 41.5 in September to 42.0 in October but decreased to 41.9 in November, compared with 42.9 hours per week in November 1952. Nearly all the October-to-November decline in average weekly earnings occurred in nondurable goods manufacturing. On the other hand, during the past year the largest gains in average weekly earnings were in nondurable goods manufacturing, especially in chemicals and food-processing industries.

Unemployment in Texas remained unchanged from September to October. The total for October was about 107,000 workers, or 3.9 percent of the nonagricultural labor force. As was true in each of the earlier months of 1953, unemployment in October was above that of the comparable month in 1952.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	November 1953p	November 1952	October 1953	January—November	
				1953	1952
ELEVENTH DISTRICT....	\$ 111,977	\$ 99,695	\$ 113,315	\$ 1,174,589	\$ 1,276,360
Residential.....	31,120	39,314	57,386	469,774	527,855
All other.....	80,857	60,381	55,929	704,815	748,505
UNITED STATES ¹	1,394,050	1,243,803	1,892,388	16,143,699	15,307,552
Residential.....	611,857	528,429	634,582	6,173,332	6,228,924
All other.....	782,193	720,374	1,257,806	9,970,367	9,078,628

¹ 37 states east of the Rocky Mountains.

p—Preliminary.

SOURCE: F. W. Dodge Corporation.

Construction activity in the District was at record or near-record levels during 1953, and the volume of construction put in place probably was at an all-time high. However, the value of construction contracts awarded in the first 11 months of the year was 8 percent less than that for the comparable period of 1952, indicating the probability of some slight easing off in construction activity in 1954.

Construction contracts awarded in the District in November are valued at an estimated \$111,977,000; this is about the same as in October and is 12 percent greater than the total for November 1952. Residential awards are valued at \$31,120,000, which is down sharply from October and is one of the three lower monthly totals since 1951. Other awards in November are valued at \$80,857,000, reflecting a year-to-year gain of 34 percent.

Prices of construction materials continued to rise during 1953. Indexes of wholesale prices in September, the latest month for which figures are available, show that gains of 4 percent or more from a year earlier were made by structural clay products, flat glass, building paper and board,

concrete ingredients, concrete products, prepared asphalt roofing, and gypsum products. Smaller increases are reported for millwork, plywood, heating equipment, fabricated structural metal products, and plumbing equipment. Costs of construction machinery and labor also rose further. Lumber prices, on the other hand, were slightly lower than a year earlier.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	October 1953 ¹	October 1952	September 1953 ²	August—October	
				This season	Last season
CONSUMPTION					
Total					
Texas mills.....	14,509	14,735	11,591	38,362	38,116
U. S. mills.....	872,128	915,568	702,425	2,300,402	2,396,224
Daily average					
Texas mills.....	586	595	594	598	594
U. S. mills.....	35,237	36,992	36,022	35,804	37,328
STOCKS, U. S.—End of period					
Consuming establishments...	1,506,192	1,300,832	1,296,811	—	—
Public storage and compresses.....	9,406,484	6,753,266	5,852,917	—	—

¹ Five weeks ended October 31.² Four weeks ended September 26.

SOURCE: United States Bureau of the Census.