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A SUMMARY OF FARM RECORDS FROM SELECTED TEXAS COUNTIES

CARL H. MOORE, *Agricultural Economist*
Federal Reserve Bank of Dallas

Much has been said about the changes that have taken place in southwestern agriculture during the past 15 to 20 years. Such changes as the mechanization of farming operations, adoption of new crops, the expansion of the broiler industry, and a greater interest in and more widespread use of soil conservation practices have become common knowledge to most people who have contact with agriculture.

Other changes in the operation of a farm business that, in many cases, have been equally revolutionary are not as widely recognized. One such change has occurred in the business side of farming. Compared with the farm business of 20 years ago, today's southwestern farming operation involves ten or fifteen times as much dollar volume of income, expenses, and investment. Items of production expense—such as gasoline, oil, fertilizer, seed, and hired labor—require cash outlays, whereas farmers of earlier years grew feed for horses and mules, used little fertilizer or insecticides, used largely home-grown seed, and paid much of their hired labor in food and shelter.

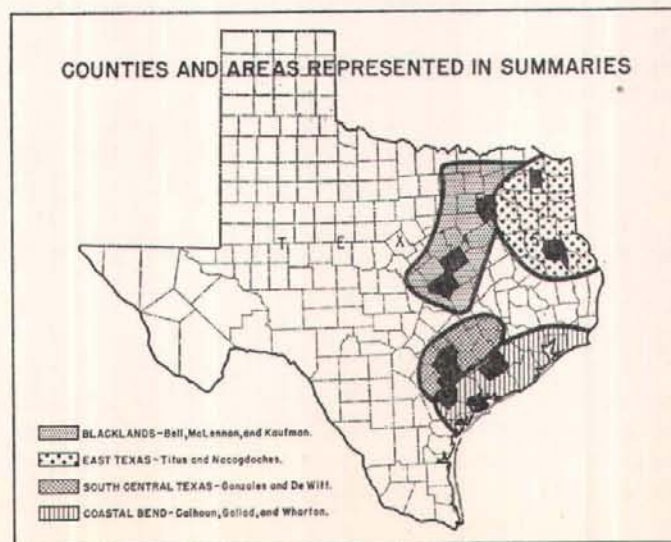
Fertilizers, insecticides, improved seeds, power machinery, and many other items are now considered necessities for efficient crop and livestock production. As a result, it is not uncommon to find even a smaller southwestern farm with a gross income in excess of \$5,000, cash expenses of more than \$3,000, and an investment in land, buildings, and equipment of nearly \$30,000. The investment on many farms exceeds \$100,000. A business involving figures of such magnitude is subject to financial hazards that were unknown to the farmer a generation ago. It has been said that 40 years ago a farmer seldom became insolvent as he could almost always tighten his belt and operate another year, even if his income was very low.

This is not true today, for only a year or two of reduced income because of crop failure or sharp price declines can wipe out a farmer's equity in his business. Many of the costs

of operating today's farm must be paid, even in the event of complete crop failure. Hence, cash operating costs pose a constant threat to the solvency of the farm business. Today's farmer must be not only technically trained in the latest methods of producing crops and livestock but also acquainted with such tasks as bookkeeping, marketing, and management of financial resources.

A more detailed picture of the business side of farming is provided by a summary of records kept in 1952 on 250 farms by farm-ownership clients of the Farmers Home Administration. Farm-ownership clients are farmers who have obtained loans from the Farmers Home Administration for the purpose of buying farms. These loans are separate and apart from other loans made by the Farmers Home Administration, such as production and subsistence loans and disaster loans.

In general, farm-ownership loans are made only to those who have all of the qualifications for farming except the



MONTHLY BUSINESS REVIEW

SELECTED FARM RECORDS DATA, 1952

Three Blacklands Counties¹

(General farming — row crops, livestock, and poultry)

Item	Average of 142 farms	Average of 71 most profitable farms	Average of 71 least profitable farms	Farms with 60 to 99 acres of cropland			Farms with 100 to 139 acres of cropland		
				Average of 69 farms	Average of 35 most profitable farms	Average of 34 least profitable farms	Average of 39 farms	Average of 20 most profitable farms	Average of 19 least profitable farms
CROPLAND ACREAGE	105	110	100	79	80	77	116	113	119
COTTON ACREAGE	44	54	34	35	39	32	39	41	37
Yield per acre (pounds of lint) ²	129	148	110	117	128	106	128	139	116
CHATEL INVENTORY	\$6,389.00	\$6,774.00	\$6,004.00	\$5,534.00	\$6,026.00	\$5,028.00	\$6,858.00	\$7,166.00	\$6,535.00
Per acre of cropland	60.84	61.82	59.77	70.45	75.32	65.25	59.25	63.53	54.99
Feed and supplies	856.00	1,010.00	663.00	706.00	848.00	560.00	949.00	1,077.00	815.00
Per acre of cropland	7.96	9.22	6.60	8.99	10.60	7.27	8.20	9.55	6.86
Productive livestock	2,538.00	2,518.00	2,557.00	2,203.00	2,299.00	2,103.00	2,879.00	2,878.00	2,881.00
Per acre of cropland	24.17	22.98	25.46	28.04	28.73	27.30	24.87	25.51	24.24
Work stock and farm equipment	3,015.00	3,246.00	2,784.00	2,625.00	2,879.00	2,365.00	3,030.00	3,211.00	2,839.00
Per acre of cropland	28.71	29.62	27.71	33.42	35.99	30.68	26.18	28.47	23.89
GROSS CASH INCOME ³	4,249.00	5,457.00	3,040.00	3,084.00	3,647.00	2,505.00	4,296.00	5,303.00	3,236.00
Per acre of cropland	40.46	49.80	30.27	39.27	45.58	32.51	37.12	47.01	27.23
Livestock income	2,223.00	2,632.00	1,813.00	1,514.00	1,689.00	1,335.00	2,420.00	3,093.00	1,712.00
Per acre of cropland	21.17	24.02	18.05	19.28	21.12	17.32	20.91	27.42	14.41
Crop income	1,922.00	2,695.00	1,149.00	1,441.00	1,856.00	1,014.00	1,809.00	2,145.00	1,457.00
Per acre of cropland	18.30	24.60	11.43	18.35	23.20	13.16	15.63	19.01	12.26
CASH OPERATING EXPENSES	2,853.00	3,160.00	2,547.00	2,276.00	2,277.00	2,275.00	2,980.00	3,149.00	2,803.00
Per acre of cropland	27.17	28.84	25.36	28.97	28.46	29.52	25.75	27.91	23.59
NET FARM INCOME ⁴	1,784.00	2,973.00	595.00	472.00	1,762.00	-856.00	976.00	2,686.00	-824.00
Per acre of cropland	16.99	27.13	5.92	6.01	22.02	-11.11	8.43	23.81	-6.94
MAJOR ITEMS OF OPERATING EXPENSES									
Feed bought	876.00	949.00	803.00	663.00	567.00	761.00	934.00	1,123.00	735.00
Per acre of cropland	8.34	8.66	8.00	8.44	7.09	9.88	8.07	9.95	6.18
Crop expense	333.00	302.00	364.00	263.00	240.00	287.00	407.00	295.00	525.00
Per acre of cropland	3.17	2.76	3.62	3.35	3.00	3.73	3.52	2.62	4.42
Livestock expense	94.00	90.00	99.00	92.00	69.00	116.00	69.00	42.00	97.00
Per acre of cropland	.90	.82	.99	1.18	.86	1.51	.59	.37	.82
Auto and truck expense	255.00	272.00	238.00	237.00	235.00	239.00	258.00	274.00	241.00
Per acre of cropland	2.42	2.48	2.37	3.02	2.94	3.10	2.23	2.43	2.02
Tractor expense and hire	313.00	343.00	284.00	269.00	282.00	257.00	339.00	338.00	339.00
Per acre of cropland	2.98	3.13	2.83	3.43	3.52	3.33	2.93	3.00	2.86
Machinery repair and hire	127.00	167.00	87.00	86.00	116.00	56.00	125.00	141.00	108.00
Per acre of cropland	1.21	1.52	.87	1.10	1.45	.73	1.08	1.25	.91
Hired labor	561.00	748.00	373.00	418.00	535.00	297.00	543.00	665.00	414.00
Per acre of cropland	5.34	6.82	3.72	5.32	6.69	3.86	4.69	5.90	3.48
Farm building and fence repair	54.00	47.00	61.00	41.00	31.00	50.00	66.00	44.00	90.00
Per acre of cropland	.51	.42	.61	.52	.39	.65	.57	.39	.76
FAMILY LIVING EXPENSES	1,391.00	1,514.00	1,268.00	1,208.00	1,217.00	1,198.00	1,542.00	1,656.00	1,421.00
TOTAL VALUE OF FOOD AND FUEL FURNISHED FROM THE FARM FOR FAMILY USE	642.00	645.00	640.00	618.00	615.00	622.00	695.00	703.00	687.00

¹ Bell, Kaufman, and McLennan.² Cotton yields in the Blacklands were unusually low because of adverse weather.³ Total cash receipts from farm operations — does not include off-farm income.⁴ Gross cash income less cash operating expenses plus or minus chattel inventory change.

SOURCE: Compiled from Farmers Home Administration records.

necessary capital and who are unable to secure adequate credit for the purchase of farms from other lending agencies. The farmer who desires a farm-ownership loan must have had practical experience in the operation of a farm; must intend to operate the farm himself; and must give evidence of high character, good morals, and a sincere desire to own and manage a farm business. Moreover, the farm to be purchased must be large enough to provide reasonably full utilization of the farm family's labor but not so large as to require an unusual amount of hired labor. It is generally believed that this group of farmers represents about the average in managerial ability. In some cases, they may be above average, because many are young men who have had the advantage of vocational training in high school and, in some cases, additional instruction at agricultural colleges.

All farm-ownership clients are required to keep financial records of their operations. Summaries of the farm records kept by farm-ownership clients in 10 Texas counties have been compiled from data furnished by the Farmers Home Administration. Choice of the counties was made with the aim of showing the operations of farms in several of the major types

of farming areas in Texas. A few records from other areas were reviewed, but the sample was not large enough to give significance to the data. No attempt was made to select farms which would provide a statistically reliable sample; therefore, the figures shown in the accompanying tables should be considered as applicable only to the group of farms included in the study. However, a comparison between the farm records included in the summaries and census data on all farms in the respective counties suggests that the farms selected are fairly representative of the areas with respect to size of farm and type of farming operations. Census data indicate a slightly smaller average acreage of cropland per farm for each of the areas. The accompanying map shows the location of the counties and the types of farming areas represented in this study.

Farm records are subject to certain errors and limitations. In the first place, many farmers do not keep daily written records on their business transactions; consequently, a certain number of entries at the end of the year are based on memory. Moreover, the allocation of various expense items to the several categories may differ somewhat from farmer to

farmer, causing a variation in the coverage of each category. Also, since many farmers are not experienced or skilled in keeping record books, their records are subject to additional errors.

Despite these limitations, the records of these farm-ownership clients likely reflect a fairly accurate picture of each farm business. Each record book is checked by a Farmers Home Administration county supervisor at the end of the year and corrections made whenever advisable, thus adding to the accuracy of the reports and providing more consistency in the information included. Such farm records probably are more accurate than those kept by many other farmers, since the entire farm operation is budgeted each year by the farmer and the county supervisor and debt payment is based, in part, on the profitableness of the year's operations.

Summaries of these farm records are shown by type of farming area in the accompanying tables. Not all items of the farm business are included, but sufficient data are presented to give an over-all picture. Most of the terms used in the tables are self-explanatory, but a comment or two about each may prevent possible misunderstanding.

"Cropland" is all land in the farm suitable for cultivated crops, including rotation pastures. "Chattel inventory," as used in this study, is all chattels owned by the farmer, excluding household items. "Feed and supplies" includes feed, seed, fertilizer, and miscellaneous supplies, as well as crops unsold at the end of the year. "Productive livestock" is all livestock and poultry, except horses and mules. "Work stock and farm equipment" includes all field machinery, feed grinders, elevators, trucks, horses and mules, and other items of farm equipment that may be used in the productive activities of the farm business. Inventory values of marketable items usually are estimated on the basis of current market prices, but machinery, equipment, and breeding stock are evaluated primarily on the basis of original cost less depreciation.

"Gross cash income" includes income from the sale of crops, livestock, livestock products, and other farm income. Every effort has been made to exclude oil and gas rents and royalties and income received by the farm operator or his family for labor performed off the farm. If nonfarm income accounted for as much as half of the total income of the farm family, the farm was not included in the summary. "Gross cash income" is only the cash income actually received by the farmer. It does not take into consideration the value of unsold crops or livestock or the value of food and fuel produced on the farm. The value of unsold crops or livestock appears as an increase or decrease in inventory, while the contribution of the farm to family living is carried as a separate nonbusiness item.

"Cash operating expenses" includes the cost of seed, fertilizer, oil, fuel, insecticides, hired labor, purchased feed,

machinery expense and repairs, insurance, taxes, and minor repairs to buildings and equipment. Capital expenditures for new machinery or equipment are not a part of this item but are included in the inventory summary of chattels. The breakdown of expense items is somewhat arbitrary but follows a logical division of expenses. "Crop expense" includes cost of seed, fertilizer, insecticides, and any other costs (excluding hired labor) pertaining directly to the production of crops. No attempt is made to allocate the cost of fuel or depreciation on equipment to the various crops. "Livestock expense" includes veterinary fees, sprays for insects, registration fees for pure-bred livestock, bull service, and similar items. It includes the cost of feeder cattle but does not include the cost of breeding stock or replacement stock, which is reflected in the inventory picture. "Auto and truck expense," "tractor expense and hire," and "machinery repair and hire" reflect the cost of operating these pieces of equipment, including minor repairs, oil, fuel, and other servicing costs. They do not include the cost of replacements or major overhauls, as this also is reflected in the inventory summary.

It will be noted that in several areas the net change in the inventory value of chattels was a substantial amount in 1952,

SELECTED FARM RECORDS DATA, 1952

Two South Central Texas Counties¹

(General farming — row crops, livestock, and poultry)

Item	Average of 41 farms	Average of 20 most profitable farms	Average of 21 least profitable farms
CROPLAND ACREAGE	78	80	76
COTTON ACREAGE	24	27	21
Yield per acre (pounds of lint).....	167	171	163
CHATEL INVENTORY	\$5,638.00	\$6,837.00	\$4,495.00
Per acre of cropland.....	72.23	85.20	59.18
Feed and supplies.....	797.00	973.00	629.00
Per acre of cropland.....	10.21	12.13	8.28
Productive livestock	2,392.00	2,699.00	2,100.00
Per acre of cropland.....	30.65	33.63	27.65
Work stock and farm equipment.....	2,449.00	3,165.00	1,766.00
Per acre of cropland.....	31.37	39.44	23.25
GROSS CASH INCOME ²	4,828.00	5,346.00	4,334.00
Per acre of cropland.....	61.85	66.61	57.07
Livestock income	3,129.00	3,190.00	3,080.00
Per acre of cropland.....	40.09	39.63	40.55
Crop income	1,454.00	1,829.00	1,096.00
Per acre of cropland.....	18.63	22.79	14.44
CASH OPERATING EXPENSES.....	2,832.00	2,730.00	2,928.00
Per acre of cropland.....	36.28	34.02	38.56
NET FARM INCOME ³	1,937.00	3,238.00	698.00
Per acre of cropland.....	24.82	40.34	9.19
MAJOR ITEMS OF OPERATING EXPENSES			
Feed bought	1,072.00	1,097.00	1,049.00
Per acre of cropland.....	13.74	13.67	13.81
Crop expense	240.00	281.00	202.00
Per acre of cropland.....	3.08	3.50	2.66
Livestock expense	96.00	66.00	125.00
Per acre of cropland.....	1.23	.82	1.64
Auto and truck expense.....	223.00	242.00	204.00
Per acre of cropland.....	2.85	3.02	2.68
Tractor expense and hire.....	239.00	263.00	217.00
Per acre of cropland.....	3.06	3.28	2.85
Machinery repair and hire.....	90.00	85.00	95.00
Per acre of cropland.....	1.15	1.05	1.25
Hired labor	253.00	290.00	219.00
Per acre of cropland.....	3.25	3.61	2.88
Farm building and fence repair.....	78.00	71.00	85.00
Per acre of cropland.....	1.00	.88	1.11
FAMILY LIVING EXPENSES.....	1,223.00	1,287.00	1,162.00
TOTAL VALUE OF FOOD AND FUEL FURNISHED FROM THE FARM FOR FAMILY USE.....	943.00	992.00	896.00

¹ DeWitt and Gonzales.² Total cash receipts from farm operations — does not include off-farm income.³ Gross cash income less cash operating expenses plus or minus chattel inventory change.

SOURCE: Compiled from Farmers Home Administration records.

SELECTED FARM RECORDS DATA, 1952

Three Coastal Bend Counties¹

(Primarily cotton — some livestock and poultry)

Item	Average of 31 farms	Average of 16 most profitable farms	Average of 15 least profitable farms
CROPLAND ACREAGE	102	130	73
COTTON ACREAGE	63	88	39
Yield per acre (pounds of lint).....	291	318	264
CHATEL INVENTORY	\$8,647.00	\$10,643.00	\$6,518.00
Per acre of cropland	84.59	82.03	89.45
Feed and supplies	1,614.00	2,301.00	881.00
Per acre of cropland	15.79	17.74	12.08
Productive livestock	2,128.00	1,771.00	2,509.00
Per acre of cropland	20.81	13.64	34.43
Work stock and farm equipment	4,905.00	6,571.00	3,128.00
Per acre of cropland	47.99	50.65	42.94
GROSS CASH INCOME ²	8,241.00	10,899.00	5,406.00
Per acre of cropland	80.62	84.00	74.19
Livestock income	1,232.00	645.00	1,858.00
Per acre of cropland	12.05	4.97	25.52
Crop income	6,694.00	9,964.00	3,206.00
Per acre of cropland	65.48	76.79	44.00
CASH OPERATING EXPENSES	4,412.00	5,620.00	3,124.00
Per acre of cropland	43.16	43.32	42.88
NET FARM INCOME ³	5,272.00	8,165.00	2,187.00
Per acre of cropland	51.57	62.93	30.01
MAJOR ITEMS OF OPERATING EXPENSES			
Feed bought	496.00	382.00	618.00
Per acre of cropland	4.85	2.94	8.48
Crop expense	595.00	898.00	273.00
Per acre of cropland	5.83	6.92	3.75
Livestock expense	80.00	71.00	89.00
Per acre of cropland78	.55	1.22
Auto and truck expense	304.00	302.00	306.00
Per acre of cropland	2.97	2.33	4.20
Tractor expense and hire	393.00	450.00	331.00
Per acre of cropland	3.84	3.47	4.55
Machinery repair and hire	197.00	255.00	135.00
Per acre of cropland	1.92	1.96	1.85
Hired labor	1,849.00	2,610.00	1,038.00
Per acre of cropland	18.09	20.12	14.25
Farm building and fence repair	117.00	141.00	92.00
Per acre of cropland	1.15	1.09	1.27
FAMILY LIVING EXPENSES	1,563.00	1,817.00	1,309.00
TOTAL VALUE OF FOOD AND FUEL FURNISHED FROM THE FARM FOR FAMILY USE	834.00	823.00	846.00

¹ Calhoun, Goliad, and Wharton.² Total cash receipts from farm operations — does not include off-farm income.³ Gross cash income less cash operating expenses plus or minus chattel inventory change.

SOURCE: Compiled from Farmers Home Administration records.

reflecting partly an adjustment of inventory values as a result of declining prices of farm products but also differences in the amount of crops unsold and carried over into the following calendar year. Variations in methods of estimating inventory values from county to county also account for some unusual fluctuations in this item.

"Net farm income," as shown in these studies, is gross cash income plus or minus the inventory change in the chattels during the year, less cash operating expenses. Stated another way, it is the net cash position of the farm business prior to the payment of any debts, family living expenses, or capital expenditures for major improvements on land and buildings, with an adjustment to take into account the net change in the inventory picture. This method of computing net farm income does not include a charge for interest on the farmer's investment nor for unpaid family labor that may have been used in the farming operation. Also, it does not include a managerial wage to the farm operator. Data available from the farm records were insufficient to permit accurate allowances for such charges.

Summaries of these farm records provide interesting and concise information pertaining to the size and nature of the

farming business on these farms. For example, the summary of records for 142 farms in the Blacklands section shows that in 1952 the average farm-ownership client in this group had 105 acres of cropland, a chattel inventory of \$6,389, a gross cash income of approximately \$4,200, cash operating expenses of about \$2,800, and a net farm income of slightly more than \$1,800. Also, the accompanying table shows that the 71 most profitable farms were slightly larger and had higher average chattel inventories, gross incomes, and cash operating expenses than the 71 least profitable ones. Data on individual farms vary considerably from these averages; however, figures for most individual farms included in the summaries fall fairly close to the averages shown in the tables. Similar information is shown for the other Texas areas.

Information on the size and nature of the farm business can be useful to farmers, bankers, and others in evaluating the farm business and in assisting farmers in planning their operations. It can serve to give a relatively accurate picture of probable income and expenses for a farm of a given size and type of operation. Some bankers in the Southwest have found it profitable to keep a record of the amounts of money used each year by their farm customers in their operations. A few even budget farm loans so that the borrower has available a certain amount of additional credit each month of the season. The size of the monthly addition to the credit line is based upon past experience of the borrower. Planning of the loan on the basis of previous records has proved more accurate than planning on the basis of bankers' and farmers' estimates at the beginning of the loan period.

While the data shown in the accompanying tables cannot be considered precise for individual farms, they can serve as useful guides in making estimates, with due regard for circumstances peculiar to the individual borrower's operation. For example, the data on farms in the Blacklands area suggest that cash operating expenses on a general cotton and livestock farm can be expected to average between \$25 and \$30 per acre of cropland farmed. More efficient operators may spend less, and those with additional costs for extra fertilizer, labor, or other items may spend larger amounts. But an operation that costs more than \$30 per acre of cropland probably should be investigated thoroughly to make certain that the additional expense is justified.

On the other hand, these records suggest that if a farm operation costs less than \$20 per acre of cropland, perhaps too little is being spent for quality seed, fertilizer, insecticides, and other materials that increase per acre yields. It is significant that in these records low expenses per acre are not always associated with high net income. In fact, in four out of the six groups, the most profitable farms spent more per acre, although the increase in income was relatively small, except in east Texas. They also had larger gross incomes, indicating that the additional money spent was used on items yielding a higher return per dollar invested. This increased rate of return

may have resulted from a larger investment in high-income crops or livestock, higher yields or rates of production from each unit, better quality products, or a combination of the three factors. It is evident that the operators of the more profitable farms were more efficient managers of their financial resources.

Another point of interest is that, in four of the six groups, cash operating expenses varied but little between the most profitable and the least profitable groups of farms. This is further evidence of the relatively high "fixed costs" in a farming operation, resulting from the large proportion of expenses required, regardless of the return in crops and livestock. Production expenses per acre frequently are nearly the same, whether yields are high or low.

The higher investment in chattels and the larger operation expenses of the more profitable farms stem primarily from the fact that these farms are operating a larger business. In the Blacklands, evidence of a larger business shows up as a general, over-all increase in most items, while in east Texas it is reflected mostly in larger investments in productive livestock and feed and higher expenses for feed and labor. In the Coastal Bend, where cotton dominates the picture, the larger investments and costs are in equipment, crop expense, and hired labor.

According to these records, the value of food and fuel produced on the farms was virtually the same, regardless of the profitableness of the farm operation. The average dollar amount did vary from a low of \$615 on the most profitable of the smaller Blacklands farms to a high of \$1,059 on the most profitable south central Texas farms. The value of food and fuel produced on the farms of farm-ownership clients probably is above the average of all farms, since the Farmers Home Administration urges its borrowers to make the most of the opportunity to reduce family living costs by the use of home-produced food.

Cash family living expenses show considerable variation between the least profitable and the most profitable groups, with the higher income farms spending from 1 to 38 percent more, probably because they had more available to spend. Variations in this item among the types of farming areas were not as great as those between the two income groups.

These averages also provide farmers with useful yardsticks in evaluating their own businesses. By comparing their own operations with the averages, they may spot weaknesses in their farm business and take steps to improve their earning capacity.

The business aspects of today's farming operation lend emphasis to the need for the application of business principles

to farming. To be profitable, today's farm must be operated in a businesslike manner. It is not enough to do a workmanlike job of performing the customary tasks of plowing, planting, cultivating, and harvesting. Such resources as land, labor, and capital must be allocated to the various phases of the farm operation in such a way as to achieve maximum returns.

Over the years, certain business or farm management principles have been developed by successful farmers. Accurate farm records of thousands of farms in other states, covering as many as 50 years of operations, consistently have proved that the use of certain basic principles is essential to achieve maximum profits in farming. The limited data presented in the accompanying tables suggest that certain of these farm management principles are applicable to Texas agriculture also.

One of the more frequent limitations to farm profits is the lack of an adequate volume of business. This fact is substantiated by many studies of farm records covering a period of several years and virtually all farming sections of the Nation.

SELECTED FARM RECORDS DATA, 1952

Two East Texas Counties¹

(Dairy farming — some row crops)

Item	Average of 36 farms	Average of 18 most profitable farms	Average of 18 least profitable farms
CROPLAND ACREAGE	43	42	43
MILK COWS			
Number	20	24	15
Pounds of milk sold per cow.....	5,056	5,687	4,425
CHATEL INVENTORY	\$9,123.00	\$11,817.00	\$6,428.00
Per acre of cropland.....	214.51	281.72	149.11
Feed and supplies.....	879.00	1,024.00	734.00
Per acre of cropland.....	20.66	24.42	17.02
Productive livestock.....	5,879.00	7,850.00	3,908.00
Per acre of cropland.....	138.25	187.14	90.67
Work stock and farm equipment.....	2,365.00	2,943.00	1,786.00
Per acre of cropland.....	55.60	70.16	41.42
GROSS CASH INCOME ²	7,383.00	10,110.00	4,657.00
Per acre of cropland.....	173.62	241.03	108.02
Livestock income.....	6,733.00	9,609.00	3,857.00
Per acre of cropland.....	158.32	229.09	89.48
Crop income.....	451.00	148.00	754.00
Per acre of cropland.....	10.60	3.52	17.49
CASH OPERATING EXPENSES.....	4,574.00	6,221.00	2,927.00
Per acre of cropland.....	107.55	148.30	67.90
NET FARM INCOMES.....	4,087.00	6,419.00	1,734.00
Per acre of cropland.....	96.09	153.04	40.69
MAJOR ITEMS OF OPERATING EXPENSES			
Feed bought.....	2,883.00	4,049.00	1,717.00
Per acre of cropland.....	69.08	101.22	39.50
Crop expense.....	418.00	450.00	366.00
Per acre of cropland.....	10.02	11.24	8.89
Livestock expense.....	120.00	154.00	86.00
Per acre of cropland.....	2.88	3.66	1.97
Auto and truck expense.....	234.00	250.00	219.00
Per acre of cropland.....	5.62	6.26	5.03
Tractor expense and hire.....	203.00	233.00	174.00
Per acre of cropland.....	4.87	5.82	4.00
Machinery repair and hire.....	75.00	93.00	57.00
Per acre of cropland.....	1.80	2.33	1.31
Hired labor.....	484.00	759.00	209.00
Per acre of cropland.....	11.60	18.97	4.82
Farm building and fence repair.....	49.00	67.00	31.00
Per acre of cropland.....	1.17	1.68	.71
FAMILY LIVING EXPENSES.....	1,222.00	1,288.00	1,157.00
TOTAL VALUE OF FOOD AND FUEL FURNISHED FROM THE FARM FOR FAMILY USE.....	901.00	1,059.00	743.00

¹ Nacogdoches and Titus.² Total cash receipts from farm operations — does not include off-farm income.³ Gross cash income less cash operating expenses plus or minus chattel inventory change.

SOURCE: Compiled from Farmers Home Administration records.

A low volume of farm business stems essentially from a lack of full employment of the farm family's resources.

The most common measure of the size or volume of farming operations is the number of acres in a farm. This measure of volume is satisfactory when comparing farms of a similar character and with essentially the same crop production program. However, a more satisfactory indication of the actual volume of business of a farm each year is gross income. A comparable figure in the merchandising trade is sales volume. Other measures of the farm business, such as the acreage of cotton in a cotton-producing area or the number of milk cows in a dairy area, can be used when comparing farms of similar characteristics. However, in general, gross income provides the most satisfactory and the most easily understood measure of the volume of farm business.

In the accompanying tables, it will be noted that, in each case, the group of most profitable farms had a larger gross cash income than the least profitable group. A review of the records for individual farms shows that it is generally true in the individual cases. These data for Texas farms give support to the fact that increasing the volume of business is one of the more important steps — and perhaps the first step — in improving the profitableness of many Texas farms.

In discussing this problem, A. C. Magee of Texas A. & M. College points out that there are several ways for farmers to increase the volume of their business other than by increasing the size of their farms. One way is to increase per acre yields by more intensive cultivation and by more detailed care of the crops. A second way is to grow crops that give a higher income per acre. For example, wheat and other small grains generally are considered extensive crops that yield a relatively low gross return per acre. On the other hand, vegetables, fruits, and cotton are what might be considered high-income crops, because they yield a high return per acre. The higher value of these crops results, at least in part, from the fact that a larger amount of labor and other resources is required for their production. Dairy farming and poultry raising are other examples of more intensive types of operations that make use of relatively larger amounts of labor and capital with a minimum amount of land.

When climatic conditions or other factors make it impractical to change the crop or livestock program, it is sometimes possible to rent additional land and thus increase the volume

of operations without increasing the amount of labor, machinery, equipment, or investment.

When the farm operation cannot be expanded to provide reasonably full productive employment most of the year for the labor and other resources of the farm family, opportunities for part-time work off the farm should be investigated. Many times, farmers can add to their volume of income by performing custom work for their neighbors. Part-time employment in business and industry offers another opportunity to increase the farm family's income. The industrialization of the Southwest, which has brought manufacturing and processing plants into many agricultural communities, as well as to the major industrial cities, has increased greatly the possibility of off-farm employment.

Another principle of profitable farm operation is that per acre yields of crops and high rates of livestock production are associated with increased net profits from the farming business. It will be noted in the accompanying tables that the yields of cotton in the areas where cotton is one of the major sources of income are substantially higher for the most profitable groups of farms. In the east Texas area, where dairying predominates, figures are shown on production of milk per cow. Here, the importance of high production per animal is emphasized, with the most profitable group showing an average of 5,687 pounds of milk per cow, compared with 4,425 pounds for the least profitable group.

These two basic principles of profitable farm management — adequate volume of business and high yields per unit — would seem to be obvious. At first thought, it might be assumed that all farmers are well aware of these facts. In many cases, the farmers probably do recognize the importance of these two factors in the profitableness of their operation. However, lack of know-how and, in a few cases, lack of adequate capital limit the extent to which some farmers can correct these deficiencies in their farm business. On the other hand, many farmers and others working with farmers are not fully aware of the importance of maintaining an adequate volume of business and high yields in order to obtain the maximum profit from the farm operation. The data presented here on Texas farms cover a very small percentage of the total farms in the areas represented. Nevertheless, the consistency of the data with respect to certain items tends to bear out the application of these basic farm management principles to Texas agriculture.

PRELIMINARY FINDINGS OF THE 1954 SURVEY OF CONSUMER FINANCES

There are presented for the benefit of the readers of the **Review** some of the preliminary findings of the Ninth Annual Survey of Consumer Finances, conducted by the Board of Governors of the Federal Reserve System in cooperation with the Survey Research Center of the University of Michigan. These Surveys, which are based on field interviews in January and February of each year and cover a representative sample of the consumer population in the United States, are made for the purpose of obtaining information on consumer financial positions, consumer views about their economic prospects, and some indications of consumer plans for purchasing durable goods and houses. Many businessmen have indicated that the information obtained in past Surveys has been very helpful in planning their business operations.

The readers who are interested in more detailed data and analyses are referred to the March 1954 issue of the **Federal Reserve Bulletin** and to articles which will appear in subsequent issues of the **Bulletin** containing information about past purchases and financing of durable goods and housing and distributions of income, liquid assets, and contractual commitments.

The Board states that, in interpreting Survey findings, it is essential to keep in mind that there is no necessary relationship between consumer plans at the beginning of the year and consumer buying behavior during the year. Consumer behavior is influenced by a variety of factors, some of a transient nature and some of a longer run nature. Although the sample is selected on the basis of established scientific principles, the results obtained are subject to sampling and response variation. For these reasons, the Board continues to emphasize the experimental nature of this method of economic research; considerable further testing of results

is needed, especially in view of limited experience in periods of receding general economic activity.

Preliminary findings of the 1954 Survey show that increases in income were frequent in 1953 at all income levels but not as frequent as in 1952. A majority of those expressing an opinion felt that economic prospects for the country for this year were generally good, but a sizable number felt that prospects were unfavorable. Consumers generally expected prices either to remain stable or to decline during the year.

The Survey findings as a whole leave the impression that consumers were somewhat less confident about their personal financial prospects than they were a year ago.

Reflecting the economic climate early in the year as well as their own financial positions, consumers less frequently reported plans to purchase new houses, cars, and other durable goods than 1 year ago. Plans of nonfarm consumers to make expenditures for home improvements and maintenance appeared to be a little more numerous than last year, but the average amount of planned expenditure was a little lower.

The Board indicates that consumer attitudes as to whether it is a good or a bad time to buy durable goods showed little change from a year ago. There appeared to be some tendency for consumers to time their plans to buy more heavily in the latter part of the year than was the case a year ago. This tendency may indicate that consumer buying interest will be more active later in the year, or it may indicate that consumer plans are more tentative than in other recent years.

About two-fifths of the nonfarm consumers sampled reported receiving more income, while about one-fourth reported receiving less. In evaluating their current financial positions, a slightly larger percentage of consumers felt

CONSUMERS' PERSONAL ATTITUDES AND EXPECTATIONS

(Percentage distribution of spending units)

Attitude or expectation	Early 1954p	Early 1953	Early 1952	Early 1951	Early 1950	Early 1949	Early 1948
Evaluation of own financial situation							
Better off than a year ago.....	36	38	33	32	32	33	29
No change.....	32	33	29	29	32	35	28
Worse off than a year ago.....	30	26	35	37	34	30	39
Don't know, not ascertained.....	2	3	3	2	2	2	4
All cases.....	100	100	100	100	100	100	100
Expected change in income							
Making more a year from now.....	29	34	36	39	30	27	28
No change.....	35	33	30	35	43	46	47
Making less a year from now.....	15	10	8	13	16	17	13
Don't know, not ascertained.....	21	23	26	13	11	10	12
All cases.....	100	100	100	100	100	100	100

p—Preliminary.

CONSUMERS' GENERAL ATTITUDES AND EXPECTATIONS

(Percentage distribution of spending units)

Attitude or expectation	Early 1954p	Early 1953	Early 1952	Early 1951	Early 1950	Early 1949	Early 1948
Expected price movements							
Increase during year.....	16	17	53	77	15	8	33
No change.....	41	43	30	16	36	20	24
Decrease during year.....	36	31	7	3	41	55	28
Don't know, not ascertained.....	7	9	10	4	8	17	15
All cases.....	100	100	100	100	100	100	100
Evaluation of durable goods markets							
Good time to buy.....	35	34	22	33	n.a.	n.a.	n.a.
Pro or con, depends, don't know.....	25	28	26	18	n.a.	n.a.	n.a.
Bad time to buy.....	40	38	52	49	n.a.	n.a.	n.a.
All cases.....	100	100	100	100	n.a.	n.a.	n.a.

p—Preliminary.
n.a.—Not available.

SIZE OF LIQUID ASSET HOLDINGS
(Percentage distribution of spending units)

Size of holding	1954 ^p	1953	1952	1951	1950	1949	1948
0.....	26	29	31	28	31	29	27
\$1—\$199.....	15	16	17	16	16	16	15
\$200—\$499.....	13	12	13	14	11	13	13
\$500—\$999.....	13	11	9	11	10	11	12
\$1,000—\$1,999.....	11	12	10	12	10	11	12
\$2,000—\$4,999.....	13	11	12	11	13	12	12
\$5,000—\$9,999.....	5	5	5	5	6	5	5
\$10,000 and over.....	4	4	3	3	3	3	4
All cases.....	100	100	100	100	100	100	100

p—Preliminary.

worse off and a slightly smaller percentage felt better off than a year ago. The proportion feeling better off was, nevertheless, larger than in earlier Survey years, probably reflecting the widespread increases in income and the general stability of consumer prices last year.

With regard to personal financial prospects, the proportion of nonfarm consumers expecting to be making more at the end of the year was a little smaller in early 1954 than in early 1953 but about the same as in each of the 3 years preceding the Korean outbreak. About one-seventh expected income declines during 1954, compared with one-tenth a year ago.

Liquid asset holdings increased and were widely distributed among income classes. The proportion of consumers who reported owning more than \$500 of liquid assets in early 1954 was larger than that shown by any Survey in several years.

More than a third of the consumers interviewed in early 1954 expected prices to decline this year, a somewhat larger proportion than in early 1953. It was very much larger than in early 1952 or 1951, when very few consumers expected prices to fall, but it was considerably smaller than in early 1949. Only a sixth of the consumers interviewed early this year expected price increases, about the same proportion as a year ago and in early 1950 but a larger proportion than in early 1949.

Between last year and this year, there was no over-all change in the proportions of consumers who thought that it was a good or a bad time to make major durable goods purchases, although reasons for their views have changed considerably. The most frequent reasons given this year for believing this is a good time to buy were that prices are lower, stable, or "not too high." A year earlier, the most frequent reason given was good incomes. The feeling that "prices are too high" continued to be the most frequent reason for believing it is an unfavorable time for major purchases, although fewer consumers expressed such a view this year.

The proportion of consumers planning to buy new automobiles within the year was smaller in early 1954 than in early 1953 or 1950 but larger than in early 1952 or 1951.

There was no change from last year in the proportion planning to buy used cars, but lower prices are expected. It may be worthy of note that plans to buy new and used cars in 1954 and 1955, combined, were as frequent in early 1954 as a year ago for a comparable 2-year period.

Plans to buy furniture and major household appliances were less numerous early this year than in early 1953, but the change was not uniform for all items covered by the Survey. Intentions to purchase refrigerators and television sets appeared to be considerably fewer than in 1953, while plans to buy washing machines appeared to be well maintained. For household durable goods as a whole, the frequency of planned purchases of one or more durable items was smaller than in early 1953 but greater than in early 1952.

Fewer consumers planned to buy new and existing nonfarm homes in 1954 than in 1953 but about the same number as in 1952. As in the case of automobiles, if plans for house purchases in 1955 are added to those for 1954, the total is about equal to comparable 2-year plans as of early 1953 and early 1952. Because the number of potential home buyers interviewed was very small, too much significance should not be attributed to minor changes in the proportion planning to buy.

As in several other years, the 1954 Survey of Consumer Finances inquired into investment preferences of consumers with incomes of \$3,000 or more. Each of these consumers was asked the wisest thing to do with money not needed for expenses — whether to put it in a savings account, to buy Government savings bonds, to invest in real estate, or to buy common stock. Answers obtained suggest that the shift in preference toward risk-type assets that had gone on from early 1949 to early 1952 was reversed during 1953. Both Government bonds and savings accounts were more popular at the beginning of 1954 than a year earlier among all income groups asked this question. For savings bonds, this was the first rise in consumer preference found in these postwar Surveys. Some decline in preference for both types of risk assets (real estate and common stock) appears to have taken place during 1953, but it was much greater for real estate than for common stock.

CONSUMERS' PLANS TO PURCHASE HOUSES AND DURABLE GOODS

(Percentage distribution of spending units planning purchase)

Type of purchase	Early 1954 ^p	Early 1953	Early 1952	Early 1951	Early 1950	Early 1949	Early 1948
Houses.....	6.8	8.8	6.4	8.5	8.4	7.0	7.5
Home improvements and maintenance..	19.2	16.9	n.a.	n.a.	n.a.	n.a.	n.a.
New automobiles.....	7.8	9.0	6.8	6.6	10.6	11.8	9.7
Used automobiles.....	6.2	6.2	6.0	5.5	6.9	6.8	4.1
Furniture and major household appliances.....	26.8	31.9	23.2	27.4	28.4	30.9	27.4

p—Preliminary.
n.a.—Not available.

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Retail sales at District department stores in February almost equaled those of January but were only 3 percent below the year-earlier volume; daily average sales showed a 4-percent gain over January. Colder weather brought a sales dip in early March.

An urgent need for general soaking rains is reported from most parts of the District. Land preparation and planting of summer crops have been retarded in many areas because of dry soils. Winter wheat is suffering from drought, and crop outturn hinges on rainfall in the next few weeks. Livestock are in fair condition; heavy supplemental feeding is continuing.

Prices of agricultural commodities generally are holding steady, although cotton and grains scored slight gains in March. Farm prices average about 5 percent below a year ago.

Daily average crude oil production in the District increased in March, the third consecutive monthly gain. Refinery runs were reduced in the first half of March, following an increase in February. Stocks of crude oil of District origin declined in February and early March to a level below a year ago. Total national stocks of major refined petroleum products at mid-March were above a year earlier.

Following seasonal declines in the previous 2 months, estimated nonagricultural employment in District states rose in March to a level 1 percent below a year earlier; manufacturing employment followed a similar pattern.

The value of construction contracts awarded in the District in February was about the same as the total for January; awards in the first 2 months of 1954 trailed the year-earlier figure by 9 percent.

Loans, investments, and deposits of weekly reporting member banks in the District increased substantially during the 4 weeks ended March 17.

On March 17 the larger banks in New York City reduced the prime lending rate from 3¼ to 3 percent. Subsequently, banks in most other major cities made similar reductions.



Retail sales at District department stores in February, boosted by heavy buying in the fourth week, almost equaled the January total and were only 3 percent below the high level of

February 1953. With one less shopping day, daily average sales in February were 4 percent above those of January, compared with the average seasonal rise of 2.5 percent from January to February. The more than seasonal rise in consumer spending was attributed to the unusually mild weather during the month and to intensified selling efforts. Department store sales dipped with the return of cold weather during early March and for the 2 weeks ended March 13 were 8 percent below sales in the comparable weeks last year.

The decline in February sales compared with a year earlier was accounted for mainly by the lower demand for major household appliances and television sets. Sales of major appliances as a group were down 35 percent, while sales of television sets were off 57 percent. On the other hand, furniture and radios registered gains of 6 percent and 33 percent, respectively, and total sales of wearing apparel were in about the same dollar volume as a year ago, despite a loss of 7 percent in the men's and boys' wear departments.

Charge account credit outstanding at reporting department stores declined 14 percent during February but at the end of the month was 1 percent higher than on the same date last year. Charge account collections were substantially above sales during January and February and appear to be following the normal seasonal pattern.

Present information indicates that instalment credit outstanding at department stores will follow a normal seasonal

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS ¹	
	Feb. 1954 from		2 mo. 1954 comp. with 2 mo. 1953	Feb. 1954 from	
	Feb. 1953	Jan. 1954		Feb. 1953	Jan. 1954
DEPARTMENT STORES					
Total Eleventh District.....	-3	-1	-7	-4	10
Corpus Christi.....	-5	2	-10	-8	12
Dallas.....	1	6	-4	-4	9
El Paso.....	-9	-2	-11	#	13
Fort Worth.....	-6	1	-10	-3	7
Houston.....	-2	-4	-5	-5	12
San Antonio.....	-11	-8	-11	-5	10
Shreveport, La.....	2	4	-3	-10	21
Waco.....	-5	1	-10	-4	7
Other cities.....	-1	-2	-3	-2	8
FURNITURE STORES					
Total Eleventh District.....	-12	-3	—	-9	2
Austin.....	-32	-13	—	—	—
Dallas.....	6	12	—	-19	2
Houston.....	-15	-1	—	—	—
Port Arthur.....	13	-13	—	—	—
San Antonio.....	-20	1	—	—	—
Shreveport, La.....	-25	-20	—	-16	2
Other cities.....	-1	3	—	-1	2
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	-12	10	—	—	—
Dallas.....	-10	13	—	—	—

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 ¹ _p	
	February 1954 from		2 mo. 1954 comp. with 2 mo. 1953	February 1954 from	
	February 1953	January 1954		February 1953	January 1954
Automotive supplies.....	-45	32	-36	—	—
Dry goods.....	-9	-1	-10	-16	8
Grocery (full-line wholesalers not sponsoring groups).....	— [†]	6	-8	-12	13
Hardware.....	6	14	2	5	4
Industrial supplies.....	-10	-1	-3	4	72
Metals.....	3	-48	-18	9	23
Tobacco products.....	-9	-10	-9	-6	-4
Wines and liquors.....	-15	10	-10	14	-2
Wiring supplies, construction materials distributors.....	-21	-23	—	—	—

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.

pattern this year, contracting toward a midsummer low. Following the suspension of Regulation W in May 1952, instalment credit at District department stores rose steadily through December 1953. A substantial portion of the expansion was due to smaller down payments and longer credit terms. Sufficient time has now elapsed, however, for the absorption of these influences, as well as for the establishment of a more realistic department store credit policy.

The average collection period for District department store instalment accounts in February appears to have leveled off at around 17 months, compared with 16 months a year earlier and 11 months in February 1952. Instalment sales during January and February were substantially below those for the same months in 1953, and repayments on instalment accounts exceeded new instalment sales. Instalment accounts outstanding declined 3 percent during February and at the end of the month were 6 percent below the peak reached at the close of 1953 but 9 percent above a year ago.

Department store inventories rose seasonally 10 percent during February but remained 4 percent lower than a year earlier. Merchandise on order was 11 percent below a month ago and was down 19 percent from the end of February 1953.

Furniture stores in the Eleventh District reported that net sales during February totaled 3 percent less than in January and 12 percent below February 1953. Repayments on accounts receivable during the month exceeded new credit sales by a margin of 20 percent, resulting in a drop of 2 percent in furniture store credit outstanding. At that level, accounts

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED			ADJUSTED ¹				
	Feb. 1954	Jan. 1954	Dec. 1953	Feb. 1953	Feb. 1954	Jan. 1954	Dec. 1953	Feb. 1953
SALES—Daily average								
Eleventh District.....	98	94	209	101	121	119	125	125
Dallas.....	102	92	203	101	120	115	122	119
Houston.....	110	110	238	112	140	139	141	143
STOCKS—End of month								
Eleventh District.....	126 ^p	115	120	132	129 ^p	128	131	134

¹ Adjusted for seasonal variation.

^p—Preliminary.

receivable were virtually unchanged from a year ago. Inventories rose seasonally 2 percent above January but at the end of the month were 9 percent below a year earlier.



Virtually all parts of the District are urgently in need of general soaking rains to stimulate the growth of fall-sown crops. Moreover, moisture is needed in southern areas for germination of early seeded crops and in northern counties to permit final seedbed preparation for cotton, corn, sorghums, and other spring-planted crops. Unseasonably high temperatures early in March dissipated available moisture, particularly in the western half of the District. Field work was brought to a standstill in many areas by mid-March, as soils became too dry to work. Subsoil moisture supplies, which have been generally adequate in all except southwestern counties, are rapidly disappearing; surface moisture is adequate only in northern Louisiana and extreme northeastern and southeastern counties of Texas.

The District's winter wheat crop has suffered most severely from the dry weather. Some fields have been destroyed by high winds and blowing sand in northwestern counties, and growth has been retarded in all areas. Wheat was jointing in the Low Rolling Plains by mid-March, and the crop in this area must have additional moisture soon if earlier prospects for an average crop are to be realized. In the eastern half of the District, small grains generally are holding their own and will recover rapidly if moisture is received soon.

Planting of the 1954 cotton crop has been completed in the Lower Rio Grande Valley of Texas and is nearing completion in the Coastal Bend section. The acreage allotment for the four counties of the Valley (Cameron, Hidalgo, Starr, and Willacy) is slightly more than 538,000 acres; about one-third of the crop is planted on dry land. Cotton on most irrigated fields is growing fairly well, but on dry-land acreage moisture is needed for seed germination and plant growth. Planting of corn and sorghums is virtually completed in central counties and well advanced in northern sections.

The acreage of commercial vegetables in Texas for spring and summer harvest is estimated to be 13 percent higher than a year ago, with substantial increases in acreages of potatoes, tomatoes, and watermelons. Growth of early vegetables has been retarded by low temperatures and lack of moisture.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	February 1954	February 1953	January 1954	February 1954	February 1953	January 1954
Cattle.....	44,595	42,874	61,461	21,133	18,836	29,408
Calves.....	13,909	11,112	19,587	10,924	8,814	19,925
Hogs.....	43,043	50,109	44,269	—	1,773	—
Sheep.....	50,420	43,008	69,346	110,070	111,257	110,400

¹ Includes goats.

Ranges and pastures in the eastern half of the District provided good to excellent green feed during March, while in western areas there was very little range feed available. Some wheat fields in northwest Texas furnished additional grazing during the month, but, in most areas, ranges were brown and small grain fields were grazed off.

Livestock are in fair to good condition, with heavy supplemental feeding being continued, especially in the Edwards Plateau and Trans-Pecos areas of Texas. The early spring lamb crop in Texas is estimated to be only slightly smaller than a year ago, despite a decline of 5 percent in the number of breeding ewes. If the drought continues, it is expected that a very large proportion of the early lamb crop will have to be sold before the lambs reach slaughter weights.

Total wool production in District states in 1953 is estimated at 57,915,000 pounds, or 7 percent below production in 1952. A decline in the number of sheep shorn more than offset higher average fleece weights. For the Nation, the United States Department of Agriculture estimates that wool production in 1953 was up 2 percent from the previous year, largely as a result of an increase in production of pulled wool. Mohair production in Arizona, New Mexico, and Texas in 1953 was up 12 percent compared with the three-state total in 1952; both the average weight per fleece and the number of goats shorn increased.

Commercial meat production in Texas in January was 4 percent above the same month a year ago, according to the United States Department of Agriculture. January slaughter of cattle, calves, sheep, and lambs was above a year earlier, while hog slaughter was down sharply. In the Nation, total meat production in January was 4 percent below that of December and down 2 percent compared with the January 1953 total.

On the average, prices of District agricultural commodities showed relatively little change during March. Cotton and grain prices advanced seasonally, while prices of most livestock remained generally steady. Broiler prices in Texas made some recovery from recent low levels. The mid-February index of prices received by Texas farmers, as reported by the United States Department of Agriculture, was 272

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended	Comparable	Comparable
		Mar. 18, 1954	week last month	week last year
COTTON, Middling 15/16-inch, Dallas....	lb.	\$.3415	\$.3410	\$.3325
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.73	2.68½	2.67½
OATS, No. 2 white, Fort Worth.....	bu.	1.04	1.04¼	1.05¼
CORN, No. 2 yellow, Fort Worth.....	bu.	1.84	1.81	1.87¾
SORGHUMS, No. 2 yellow, Fort Worth....	cwt.	3.00	2.93	3.20
HOGS, Choice, Fort Worth.....	cwt.	26.50	26.75	22.25
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	22.75	22.75	23.00
SLAUGHTER CALVES, Choice, Fort Worth...	cwt.	20.00	20.00	23.00
STOCKER STEERS, Choice, Fort Worth....	cwt.	19.00	22.00	22.00
SLAUGHTER SPRING LAMBS, Choice, Fort Worth.....	cwt.	25.00	23.75	—
HENS, 4 pounds and over, Fort Worth....	lb.	.23	.23	.25
FRYERS, Commercial, Fort Worth.....	lb.	.24	.23	.30
BROILERS, south Texas.....	lb.	.23	.25	.30
EGGS, Graded and candled, Fort Worth...	case	10.50	15.00	13.00
WOOL, 12-months, west Texas.....	lb.	—	—	11.70
MOHAIR, kid, west Texas.....	lb.	1.90	1.01½	1.16½

¹ Clean basis.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

State	November		December		Cumulative receipts January—December	
	1953	1952	1953	1952	1953	1952
Arizona.....	\$ 65,289	\$ 46,966	\$ 40,953	\$ 54,833	\$ 399,088	\$ 382,195
Louisiana.....	65,788	52,481	54,834	54,246	395,533	437,157
New Mexico...	35,603	38,767	17,724	21,861	195,421	210,539
Oklahoma....	66,580	59,746	45,979	44,282	581,424	673,251
Texas.....	263,585	257,555	236,248	185,319	1,959,072	2,172,058
Total.....	\$496,845	\$455,515	\$395,738	\$360,541	\$3,530,538	\$3,875,200

SOURCE: United States Department of Agriculture.

(1910-14 = 100), up 5 points from a month earlier but 15 points below February 15, 1953. The commodities showing increases over a year ago included cotton, hogs, lambs, turkeys, and eggs.

Cash receipts from farm marketings in District states in 1953 were 9 percent below those of 1952, according to estimates by the United States Department of Agriculture; the United States showed a decline of 4 percent. Declines of 14 percent in Oklahoma, 10 percent in Texas and Louisiana, and 7 percent in New Mexico were recorded, while Arizona reported an increase of 4 percent. Lower income from cotton, wheat, and cottonseed more than offset increases for cotton, grain sorghums, and peanuts.



On March 17 the prime lending rate charged by commercial banks on advances to business borrowers with the best credit ratings was reduced from 3¼ to 3 percent by the larger banks in New York City. Subsequently, banks in most other major cities made similar reductions. General ease in the money market and a somewhat slackened demand for funds were reported to be the principal factors prompting the rate decrease.

Between February 17 and March 17, most of the principal categories of assets and liabilities of the weekly reporting member banks in the District increased. The net effect of these changes was reflected in a rise of \$42,630,000, or almost 1 percent, in total resources to a sum of \$4,897,156,000 on March 17.

Commercial, industrial, and agricultural loans increased \$13,511,000, or 1.1 percent, during the 4 weeks, due principally to a rather sharp rise in the week ended March 17. The expansion contrasts with a substantial volume of repayments during the comparable weeks of last year and probably includes borrowing for payment of income taxes which were due March 15. In most weeks commodity dealers, sales finance companies, and manufacturing firms in the food and liquor lines repaid substantial amounts. On the other hand, wholesale and retail trade establishments and manufacturing firms in the transportation and the petroleum and related products industries increased the amount of their borrowings.

Changes in other loan categories included increases in loans for financing security transactions, loans on real estate,

CONDITION STATISTICS OF WEEKLY REPORTING
MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	March 17, 1954	March 18, 1953	Feb. 17, 1954
ASSETS			
Commercial, industrial, and agricultural loans....	\$1,299,014	\$1,186,815	\$1,285,503
Loans to brokers and dealers in securities.....	11,537	10,627	10,782
Other loans for purchasing or carrying securities.	77,229	71,699	74,499
Real estate loans.....	131,863	135,341	131,051
Loans to banks.....	6,509	9,950	16,908
All other loans.....	401,674	383,377	399,729
Gross loans.....	1,927,826	1,797,809	1,918,472
Less reserves and unallocated charge-offs..	17,205	18,657	17,106
Net loans.....	1,910,621	1,779,152	1,901,366
U. S. Treasury bills.....	151,637	129,158	90,852
U. S. Treasury certificates of indebtedness.....	216,640	149,640	203,135
U. S. Treasury notes.....	158,621	210,383	160,083
U. S. Government bonds (inc. gtd. obligations)...	781,914	707,196	783,572
Other securities.....	203,221	179,281	200,684
Total investments.....	1,512,033	1,375,658	1,438,326
Cash items in process of collection.....	298,813	312,949	325,501
Balances with banks in the United States.....	461,900	456,111	445,450
Balances with banks in foreign countries.....	1,083	1,255	1,202
Currency and coin.....	45,192	45,405	44,764
Reserves with Federal Reserve Bank.....	566,950	595,079	589,123
Other assets.....	100,564	96,290	108,794
TOTAL ASSETS.....	4,897,156	4,661,899	4,854,526
LIABILITIES AND CAPITAL			
Demand deposits			
Individuals, partnerships, and corporations....	2,651,582	2,558,678	2,584,421
United States Government.....	96,531	69,251	94,898
States and political subdivisions.....	185,601	237,388	203,104
Banks in the United States.....	844,588	833,190	853,841
Banks in foreign countries.....	8,686	9,946	9,653
Certified and officers' checks, etc.....	58,506	57,669	45,145
Total demand deposits.....	3,845,494	3,766,122	3,791,062
Time deposits			
Individuals, partnerships, and corporations....	537,184	458,095	527,767
United States Government.....	9,812	10,393	10,142
Postal savings.....	450	450	450
States and political subdivisions.....	126,552	56,787	106,338
Banks in the U. S. and foreign countries.....	2,083	953	1,388
Total time deposits.....	676,081	526,678	646,085
Total deposits.....	4,521,575	4,292,800	4,437,147
Bills payable, rediscounts, etc.....	0	16,500	32,250
All other liabilities.....	48,460	52,534	59,845
Total capital accounts.....	327,121	300,065	325,284
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	4,897,156	4,661,899	4,854,526

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Feb. 24, 1954	Feb. 25, 1953	Jan. 27, 1954
ASSETS			
Loans and discounts.....	\$3,120	\$2,876	\$3,082
United States Government obligations.....	2,400	2,395	2,483
Other securities.....	457	414	460
Reserves with Federal Reserve Bank.....	898	1,036	1,019
Cash in vault.....	132	123	139
Balances with banks in the United States.....	1,048	957	1,092
Balances with banks in foreign countries ^a	2	2	2
Cash items in process of collection.....	394	344	320
Other assets ^a	160	138	157
TOTAL ASSETS^a.....	8,611	8,285	8,754
LIABILITIES AND CAPITAL			
Demand deposits of banks.....	967	923	1,052
Other demand deposits.....	5,955	5,934	6,057
Time deposits.....	1,017	813	1,001
Total deposits.....	7,939	7,670	8,110
Borrowings ^a	28	22	8
Other liabilities ^a	71	65	70
Total capital accounts ^a	573	528	566
TOTAL LIABILITIES AND CAPITAL ACCOUNTS^a..	8,611	8,285	8,754

^a—Estimated.

Gross demand deposits of all member banks in the District averaged \$6,886,847,000 during February, reflecting a decline of \$345,810,000 from January to a level slightly above February 1953. The rather sharp reduction was weighted heavily by the decrease at reserve city member banks and reflected principally deposit losses due to Treasury operations and District net payments to other parts of the country. Time deposits averaged \$1,008,497,000 in February, up \$15,002,000 from January. Country member banks accounted for about 71 percent of the increase. Reflecting a sustained 3-year rise, time deposits in February accounted for slightly less than 13 percent of total deposits, as compared with the February 1951 proportion of almost 10 percent.

The volume of spending by individuals, businesses, and others in the District during February showed a rather sharp seasonal drop from the January level, as reflected by a 14-percent decrease in debits to deposit accounts reported by banks in 24 cities. Debits in February were up 1 percent, however, as compared with the February 1953 total. Banks in each of the 24 centers reported a January-to-February decline; half of the cities showed a volume lower than a year earlier. The annual rate of turnover of deposits in February was 16.0, as compared with 18.0 in January and 16.1 in February 1953.

Total earning assets of the Federal Reserve Bank of Dallas declined \$23,707,000 between February 15 and March 15,

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
February 1952..	\$6,567,846	\$ 721,578	\$3,030,813	\$395,992	\$3,537,033	\$325,586
February 1953..	6,850,152	808,429	3,223,325	433,931	3,626,827	374,498
October 1953..	6,719,484	925,358	3,263,306	308,529	3,456,178	416,829
November 1953.	6,948,849	936,175	3,369,875	516,162	3,578,974	420,013
December 1953.	7,104,841	971,988	3,453,418	545,675	3,651,423	426,313
January 1954...	7,232,657	993,495	3,517,349	561,053	3,715,308	432,442
February 1954..	6,886,847	1,008,497	3,277,961	565,389	3,608,886	443,108

and "all other" loans. The reduction in loans to banks, however, was somewhat greater than these increases. On March 17, loans totaled \$1,927,826,000, as compared with \$1,797,809,000 a year earlier.

Total investments of the weekly reporting member banks registered a substantial gain of \$73,707,000, or 5.1 percent, during the 4 weeks. Holdings of Treasury bills rose sharply, while somewhat smaller additions were made to investments in certificates and non-Government securities. Government bond and note portfolios showed moderate decreases. The \$1,512,033,000 of investments of these banks on March 17 represented 44 percent of total loans and investments.

Deposit trends included gains of \$54,432,000 in demand deposits and \$29,996,000 in time deposits. The more notable change among the principal categories of demand accounts was reflected in the expansion of \$67,161,000 in deposits of individuals and businesses, a rise which was due in part to Treasury spending in the District and a build-up of private deposit accounts in connection with the payment of income taxes on March 15. The increase in time deposits reflected principally a rise in deposits of states and political subdivisions.

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

(Amounts in thousands of dollars)

City	DEBITS ¹			DEPOSITS ²			
	February 1954	Percentage change from		Feb. 28, 1954	Annual rate of turnover		
		Feb. 1953	Jan. 1954		Feb. 1954	Feb. 1953	Jan. 1954
ARIZONA							
Tucson.....	\$ 94,520	-11	-12	\$ 87,156	13.2	13.4	15.0
LOUISIANA							
Monroe.....	41,150	-8	-20	43,692	11.4	12.8	13.9
Shreveport.....	187,862	3	-14	167,306	13.6	13.1	15.5
NEW MEXICO							
Roswell.....	25,043	3	-9	29,417	10.1	10.4	10.9
TEXAS							
Abilene.....	52,520	13	-13	51,992	11.9	10.7	13.2
Amarillo.....	117,175	-6	-6	96,984	14.3	14.2	14.9
Austin.....	107,534	6	-4	97,627	13.0	12.7	13.0
Beaumont.....	108,543	-13	-11	100,445	13.0	15.2	14.3
Corpus Christi.....	134,766	-1	-11	102,378	15.8	15.6	17.4
Corsicana.....	12,665	4	-18	21,493	7.0	7.0	8.3
Dallas.....	1,518,118	5	-20	895,110	20.0	19.8	24.2
El Paso.....	191,724	-3	-9	121,197	18.6	17.8	19.4
Fort Worth.....	463,411	-2	-13	322,157	16.8	16.8	18.8
Galveston.....	72,041	5	-8	80,525	10.8	11.6	11.6
Houston.....	1,526,055	1	-11	1,072,081	16.9	17.4	18.4
Laredo.....	18,779	-10	-13	18,805	12.1	12.0	13.7
Lubbock.....	99,605	-15	-26	86,233	13.3	14.2	17.8
Port Arthur.....	42,054	-2	-8	39,543	13.0	13.3	14.3
San Angelo.....	34,973	5	-11	44,786	9.2	8.4	10.3
San Antonio.....	354,025	2	-7	308,284	13.8	13.1	14.6
Texarkana.....	16,478	-9	-9	17,873	10.9	10.4	11.9
Tyler.....	53,965	3	-8	55,510	11.5	12.2	12.1
Waco.....	73,501	6	-3	65,300	13.4	13.8	15.6
Wichita Falls.....	79,188	-1	-3	99,086	9.4	9.8	9.5
Total—24 cities.....	\$5,425,695	1	-14	\$4,025,980	16.0	16.1	18.0

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 \$33,528,000 for the month of February 1954.

reflecting reductions of \$14,825,000 in discounts for member banks and \$8,882,000 in holdings of United States Government securities. Other changes during the month included a decrease of \$2,393,000 in gold certificate reserves and an increase of \$14,971,000 in member bank reserve deposits. Federal Reserve notes of this bank in actual circulation on March 15 amounted to \$708,757,000, as compared with \$726,500,000 a year ago.

On March 10 the Treasury offered investors about \$1,500,000,000 of 94-day Tax Anticipation Series bills for cash subscription. The bills are dated March 22 and mature June 24. They may be used at par, however, in payment of income and profits taxes due on June 15. The new bills were sold at an average rate of discount of 0.956 percent. In this District, applications were received for \$33,164,000 of the tax bills, of which \$18,354,000 was accepted.

In connection with the announcement of the offering of tax bills, the Treasury noted that approximately \$5,900,-

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	March 15, 1954	March 15, 1953	Feb. 15, 1954
Total gold certificate reserves.....	\$ 787,085	\$ 682,812	\$ 789,478
Discounts for member banks.....	10,175	21,000	25,000
Industrial advances.....	0	0	0
Foreign loans on gold.....	705	990	705
U. S. Government securities.....	976,484	1,151,613	985,366
Total earning assets.....	987,364	1,173,603	1,011,071
Member bank reserve deposits.....	1,016,009	1,087,035	1,001,038
Federal Reserve notes in actual circulation.....	708,757	726,500	712,860

NEW PAR BANK

The Malone State Bank, Malone, Texas, an insured nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on March 15, 1954. The officers are: Gene Taylor, President; R. J. Cernosek, Cashier; and Mrs. Pauline Moore, Assistant Cashier.

000,000 of tax certificates would mature on March 22 and that these securities would be paid off with tax receipts and the proceeds from the sale of tax bills. Accordingly, tax and loan account credit could not be given on subscriptions to the new bills. The Treasury also noted that its decision to offer tax bills would postpone consideration of longer term financing until later in the fiscal year.

Sales of Series E and H savings bonds in the Nation during the first 2 months of this year amounted to \$906,000,000, as compared with redemptions of \$731,000,000. With respect to all series of savings bonds, however, redemptions of \$1,264,000,000 during January and February were \$187,000,000 in excess of sales. Rather heavy maturities of Series F and G bonds have tended to hold total redemptions at a relatively high level.

It may be recalled that on December 11 the Treasury invited holders of approximately \$2,200,000,000 of Series F and G savings bonds maturing in 1954 to exchange them at maturity for 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, 8 months to maturity; Series J and K bonds yield 2.76 percent, compounded semiannually, if held 12 years to maturity.

In March the Reconstruction Finance Corporation invited banks and other investors to apply for participations in a pool of RFC business loans amounting to about \$77,000,000. The public was offered a \$50,000,000 participation in the pool of loans in the form of 3½-percent certificates of interest, with the RFC retaining a \$27,000,000 interest. Subscription books for the offering closed March 25, and April 5 is the settlement date on allotments.



Daily average crude oil production in the Eleventh District rose appreciably during March to mark the third successive monthly increase. Production in the first 2 weeks of the month averaged 3,091,000 barrels per day, which is 113,000 barrels higher than the February rate although 76,000 barrels less than in March a year ago. The Nation's crude oil production, averaging 6,447,000 barrels

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	February 1954 ¹	February 1953 ²	January 1954 ¹	Change from	
				Feb. 1953	Jan. 1954
ELEVENTH DISTRICT.....	2,977.8	3,220.6	2,968.2	-242.8	9.6
Texas.....	2,666.4	2,922.3	2,663.5	-255.9	2.9
Gulf Coast.....	581.4	646.9	582.4	-65.5	-1.0
West Texas.....	1,026.7	1,153.8	1,016.3	-127.1	10.4
East Texas (proper).....	227.5	259.6	230.9	-32.1	-3.4
Panhandle.....	80.7	77.1	78.6	3.6	2.1
Rest of State.....	750.1	784.9	755.3	-34.8	-5.2
Southeastern New Mexico..	201.1	180.4	195.8	20.7	5.3
Northern Louisiana.....	110.3	117.9	108.9	-7.6	1.4
OUTSIDE ELEVENTH DISTRICT	3,330.7	3,341.4	3,341.1	-10.7	-10.4
UNITED STATES.....	6,308.5	6,562.0	6,309.3	-253.5	-8

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

per day during the first part of March, followed a pattern similar to that of the District, with output above the February level but continuing below the year-earlier rate.

A further increase in the daily average crude oil production rate in the District and the Nation appears probable for April. Both Texas and Louisiana permitted significant increases in their April oil allowables. The number of producing days remains unchanged in Texas at 18. However, since April has one less day than March, the Texas daily average allowable for April is about 73,205 barrels above the mid-March level.

Imports during February were substantially in excess of 1,000,000 barrels per day for the fourth consecutive month. Total imports in the 5 weeks ended March 13 averaged 1,107,000 barrels per day, compared with 1,071,000 barrels per day in the same weeks a year earlier. The year-to-year gain was entirely in refined products; crude imports were unchanged.

Refinery activity in both the District and the Nation showed considerable increases during February. Crude runs to refinery stills in the District averaged an estimated 2,050,000 barrels per day, which is 56,000 barrels higher than in January and is the highest level since June 1953. Refinery crude runs in the Nation, estimated at 7,050,000 barrels per day, were the highest in 6 months. Despite the increase, District crude runs remained 93,000 barrels below a year earlier, although crude runs in the Nation were 81,000 barrels above a year ago. In early March, refineries in both the District and the Nation curtailed runs.

The decline in the Nation's crude stocks, which began in the latter part of October 1953, continued during February and the first week in March. Stocks on March 6 totaled 261,900,000 barrels, which is 8,300,000 barrels less than at the end of January and 10,500,000 barrels lower than a year ago. Most of the recent decline occurred in crude of District origin. On March 6, crude stocks of District origin, at 129,800,000 barrels, stood 16,400,000 barrels below a year earlier and were at the lowest level in almost 2½ years.

A further seasonal build-up in gasoline stocks has occurred, although the increase during the first 2 weeks of March was negligible. Heating oil stocks continued to decline in February and early March but at a considerably slower

rate than in January. On March 13, gasoline stocks in the Nation were 12 percent higher than a year earlier, stocks of distillate fuel oil and residual fuel oil were up 5 percent and 9 percent, respectively, and kerosene stocks were 2 percent higher. Year-to-year increases in refined products stocks were particularly sharp in California.

Current stocks of crude oil and major refined products, with the exception of gasoline, appear to be at desirable levels, according to results of a survey of major oil companies conducted recently by the Texas Railroad Commission. Ranging from 260,000,000 barrels to 276,000,000 barrels, estimates as to the proper level of crude stocks on May 1 averaged 268,000,000 barrels. Current stocks of gasoline were generally considered to be too high. Replies to the question of what would be considered an ample level of gasoline stocks on May 1 ranged from 150,000,000 barrels to 166,000,000 barrels; the average of all replies was 157,000,000 barrels.

Relatively mild weather during February and early March held down the demand for heating oils. Demand for distillate fuel oil at refineries and bulk terminals during the 5 weeks ended March 13 was 4 percent lower than a year ago, while demand for kerosene and for residual fuel oil showed year-to-year declines of 6 percent and 13 percent, respectively. The decline in residual fuel oil demand reflects, in part, the slower pace of industrial activity this year. Gasoline, on the other hand, has continued to show increases over year-earlier levels and in the 5 weeks ended March 13 was up 3 percent. The aggregate demand for the four major products was 3 percent below a year ago.

Under the pressure of heavy stocks, Gulf Coast cargo prices of 83 and 87 octane gasoline dropped 1 cent per gallon near the middle of March and reflected the weakness which has been characteristic of wholesale gasoline prices in recent months. Meanwhile, prices of heating oils in primary Gulf Coast markets continued steady. In the East Coast markets, distillate fuel oil prices registered small increases early in February, but these gains were more than offset by voluntary discounts instituted by major suppliers later in the month. Residual fuel oil prices have weakened in the Mid-Continent markets, with No. 6 fuel oil, Oklahoma Group 3, Northern Shipment, being quoted as low as \$1.30 per barrel

CRUDE OIL AND NATURAL GAS LIQUIDS
ESTIMATED PROVED RESERVES

(In millions of barrels of 42 U. S. gallons)

Area	1953					Changes in reserves
	Reserves Dec. 31, 1952	New supplies added		Production	Reserves Dec. 31	
		Extensions and revisions	Discoveries of new fields and new pools			
Louisiana ¹	3,271	460	125	283	3,573	302
New Mexico.....	885	317	15	81	1,136	251
Oklahoma.....	1,843	397	44	227	2,056	214
Texas ¹	18,041	1,058	331	1,164	18,266	225
Total Eleventh District states...	24,040	2,232	514	1,755	25,031	991
United States....	32,957	3,352	688	2,615	34,383	1,426

¹ Includes offshore reserves.

NOTE: Detail will not necessarily add to total, due to rounding.

SOURCES: American Petroleum Institute, American Gas Association.

NATURAL GAS: ESTIMATED PROVED RESERVES

(In billions of cubic feet — 14.65 psia, at 60° F)

Area	1953						
	New supplies added			Net change in underground storage	Net production	Reserves Dec. 31	Changes in reserves
	Reserves Dec. 31, 1952	Extensions and revisions	Discoveries of new fields and new pools				
Louisiana ¹ ...	31,452	3,144	1,294	0	1,431	34,459	3,007
New Mexico...	14,039	3,540	301	78	436	17,522	3,483
Oklahoma.....	11,765	875	428	26	865	12,228	464
Texas ¹	105,733	2,592	2,868	5	4,668	106,530	797
Total Eleventh District states.	162,988	10,151	4,892	110	7,401	170,739	7,751
United States.	199,716	13,371	7,082	516	9,239	211,447	11,731

¹ Includes offshore reserves.
NOTE: Detail will not necessarily add to total, due to rounding.
SOURCE: American Gas Association.

in early March, as compared with the low of \$1.50 per barrel prevailing at the end of January.

Production by natural gasoline and cycling plants in the Eleventh District in 1953 was 9 percent higher than in the previous year, according to annual totals recently released by the Bureau of Mines. While this appreciable increase represents a continuation of the long-term trend which has been evident in this District, it is relatively smaller than in any other postwar year. The major portion of the increased production last year occurred in liquified petroleum gases, although natural gasoline also showed a sizable gain. Production by natural gasoline and cycling plants in the District in 1953 constituted about 63 percent of the total production of such plants in the Nation.

Proved reserves of crude oil and natural gas liquids in the four producing states lying wholly or partly within the District—Louisiana, New Mexico, Oklahoma, and Texas—increased almost 1,000,000,000 barrels during 1953, accounting for about 70 percent of the 1,426,000,000-barrel gain in the Nation's reserves. At the year-end, total proved reserves in District states amounted to 25,031,000,000 barrels, or 73 percent of the Nation's total.

Louisiana led the Nation in net increase in reserves in 1953, with a gain of 302,000,000 barrels, or 9 percent. New Mexico, with the second largest increase, gained 251,000,000 barrels, or 28 percent. Texas and Oklahoma ranked third and fourth in that order, with increases of 225,000,000 barrels and 214,000,000 barrels, respectively.

Natural gas proved reserves in District states at the end of 1953 totaled 170,700 billion cubic feet, or about 81 percent of the Nation's total reserves of 211,400 billion cubic feet. The District states showed an increase in proved reserves of 7,800 billion cubic feet, with most of this increase occurring in New Mexico and Louisiana.



Seasonal factors were chiefly responsible for the December-to-January decline in total nonagricultural employment in the five states of the District. The January total of 3,808,800 was 117,900 less than the December estimate, with sharp seasonal reductions in food-processing, construction, trade,

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change	
	January 1954 ^p	January 1953	December 1953	Jan. 1954 from Jan. 1953	Dec. 1953
	Total nonagricultural wage and salary workers..	3,808,800	3,806,600	3,926,700	.1
Manufacturing.....	713,700	715,800	722,700	-.3	-1.2
Nonmanufacturing.....	3,095,100	3,090,800	3,204,000	.1	-3.4
Mining.....	226,600	225,900	227,000	.3	-.2
Construction.....	271,500	285,900	287,400	-5.0	-5.5
Transportation and public utilities.....	403,300	414,500	407,600	-2.7	-1.1
Trade.....	969,700	963,100	1,032,600	.7	-6.1
Finance.....	151,800	146,100	153,800	3.9	-1.3
Service.....	442,300	434,000	445,300	1.9	-.7
Government.....	629,900	621,300	650,300	1.4	-3.1

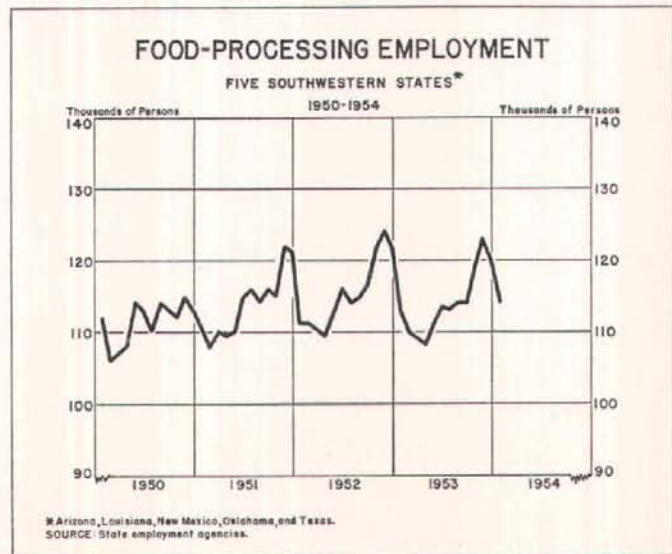
¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
^p—Preliminary.
SOURCE: State employment agencies.

and government employment—as well as unexpected declines in several manufacturing industries—contributing to the decrease. However, January employment was 2,200 more than in the same month last year.

Manufacturing employment in the District declined 1 percent from December to January, despite small increases in machinery (except electrical), apparel, and lumber employment and the return to work of striking fabricated metals workers in Texas. However, the January manufacturing employment total of 713,700 was only 2,100 below a year earlier.

Unofficial estimates of total nonagricultural and manufacturing employment indicate continued declines in the District in February and slight upturns in March. The March estimates of 3,790,000 nonagricultural workers and 711,000 manufacturing workers are less than 1 percent below comparable figures of a year ago.

Substantial labor force reductions at ordnance and Government installations have caused relatively large unemployment increases in Texarkana and San Antonio, Texas. The Texas Employment Commission reported that unemployment



VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	February 1954 ^p	February 1953	January 1954	January—February	
				1954p	1953
ELEVENTH DISTRICT....	\$ 93,472	\$ 105,871	\$ 93,709	\$ 187,181	\$ 205,196
Residential.....	47,498	49,279	51,282	98,780	97,683
All other.....	45,974	56,592	42,427	88,401	107,513
UNITED STATES ¹	1,221,260	1,021,310	1,151,987	2,373,247	2,097,178
Residential.....	508,773	418,568	462,482	971,255	878,604
All other.....	712,487	602,742	689,505	1,401,992	1,218,574

¹ 37 states east of the Rocky Mountains.^p Preliminary.

SOURCE: F. W. Dodge Corporation.

in January in each of these cities exceeded 8 percent of its total labor force. In contrast, the percentages in other Texas cities were: Beaumont and Corpus Christi, 6 percent each; Fort Worth, 5 percent; Houston, El Paso, and Austin, 4 percent each; and Dallas, 3 percent. The comparable figure for the State was 4 percent. Returning migratory workers, mid-year graduations, and seasonal declines further increased total unemployment in the District during February, but a slight reduction was indicated for March.

The rather large degree of seasonal fluctuation in employment in certain industries is well illustrated by the pattern of employment in the food-processing industry during the year. In the District, two major peaks occur—one during June or July and the other during November or December. The months of March and April are the points of least activity. In 1953 the highest level of food-processing employment, reached in November, was nearly 14 percent greater than the lowest level, which occurred in April.

Throughout the five states, this industry accounts for more manufacturing employment than any other industry. At its peak last year, food-processing employment accounted for 17 percent of manufacturing employment, while at its lowest point it was still responsible for nearly 14 percent of the total. Food processing—which includes such activities as meat packing, baking, and canning—has lost some of its dominance as other industries have expanded rapidly during the past 4 years. In January 1950, food processing accounted for over 20 percent of manufacturing employment, while in

BUILDING PERMITS

City	2 months 1954				Number	Valuation	Percentage change in valuation from 2 months 1953
	February 1954		Percentage change in valuation from				
	Number	Valuation	Feb. 1953	Jan. 1954			
LOUISIANA							
Shreveport....	332	\$ 1,439,740	-5	-11	581	\$ 3,051,160	-25
TEXAS							
Abilene.....	171	1,099,755	35	139	262	1,560,646	14
Amarillo.....	148	833,591	-60	-17	285	1,836,740	-54
Austin.....	268	3,466,375	46	154	450	4,832,714	-7
Beaumont.....	159	478,961	-4	-69	339	2,029,364	9
Corpus Christi..	430	1,971,205	-44	-19	794	4,398,396	-30
Dallas.....	1,927	8,986,000	9	-15	3,175	19,563,802	2
Galveston.....	89	106,228	-92	-36	185	272,761	-88
Houston.....	1,050	10,854,318	39	-8	1,934	22,593,740	30
Lubbock.....	256	3,199,703	120	52	477	5,298,146	49
Port Arthur.....	148	251,605	-39	150	188	352,130	-45
San Antonio....	1,251	3,277,441	-17	19	2,333	6,037,012	-18
Waco.....	250	915,618	9	-31	429	2,237,747	56
Wichita Falls..	106	930,012	-16	149	174	1,304,128	-22
Total.....	7,609	\$42,519,046	2	2	13,373	\$84,407,402	-4

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	January 1954 ¹	January 1953	December 1953 ²	August—January	
				This season	Last season
CONSUMPTION					
Total					
Texas mills.....	11,547	13,268	11,952	73,384	73,655
U. S. mills.....	678,827	902,674	757,152	4,421,371	4,747,248
Daily average					
Texas mills.....	577	541	509	578	580
U. S. mills.....	33,941	36,844	32,219	34,745	37,313
STOCKS, U. S.—End of period					
Consuming establishments.	1,736,445	1,736,184	1,681,272	—	—
Public storage and compresses.....	12,083,258	7,288,514	11,952,783	—	—

¹ Four weeks ended January 30, 1954.² Five weeks ended January 2, 1954.

SOURCE: United States Bureau of the Census.

January 1954 it accounted for only 16 percent. In fact, food-processing employment in January 1954 was only 1 percent above January 1950, while total manufacturing employment in the five states increased 28 percent during the same period.

The value of construction contracts awarded in the District in February is estimated at \$93,472,000, which is about the same as the total for January but 12 percent below the value of awards in February 1953. Both residential awards and nonresidential awards in February were below a year earlier.

Total construction contracts awarded in the first 2 months of 1954 were valued at 9 percent less than those for the comparable period a year ago. Most of the decline was in utilities and commercial buildings; awards for manufacturing buildings and residential units showed gains. Contracts awarded in the United States in the first 2 months of the year were valued 13 percent higher than those awarded a year earlier and were at a record high for the period.

The high rate of residential construction in the District is reflected in reports on the number of units for which construction contracts have been awarded. For example, the total for Texas in the first 2 months of 1954 was 7,712 units, which has been exceeded in the same period in only 2 years of record. Moreover, reports indicate that on March 6 there were 3,215 residential units under construction in Dallas; this is a record high and compares with 1,734 units a year earlier.

COTTONSEED AND COTTONSEED PRODUCTS

Item	TEXAS		UNITED STATES	
	August 1 to January 31		August 1 to January 31	
	This season	Last season	This season	Last season
COTTONSEED (tons)				
Received at mills.....	1,598,456	1,335,554	5,904,273	5,181,498
Crushed.....	962,015	938,159	3,662,146	3,490,899
Stocks, end of period.....	724,572	459,417	2,390,245	1,827,497
COTTONSEED PRODUCTS				
Production				
Crude oil (thousand pounds).	311,616	296,163	1,183,351	1,107,754
Cake and meal (tons).....	462,387	460,655	1,736,599	1,673,340
Hulls (tons).....	217,117	213,829	802,970	747,428
Linters (running bales).....	282,835	281,445	1,161,695	1,121,525
Stocks, end of period				
Crude oil (thousand pounds).	24,410	22,955	108,889	82,480
Cake and meal (tons).....	32,259	46,862	109,229	194,047
Hulls (tons).....	27,137	14,959	64,737	53,247
Linters (running bales).....	47,366	72,788	216,728	289,672

SOURCE: United States Bureau of the Census.