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## WICHITA FALLS

*This is the eleventh of a series of articles on cities in the Eleventh Federal Reserve District. Additional copies of this article may be obtained by addressing a request to:*

*Research Department  
Federal Reserve Bank of Dallas  
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Wichita Falls — home of the independent oil operator and site of Sheppard Air Force Base, the largest aircraft mechanic training school in the world — is located in the southeastern corner of Wichita County in northcentral Texas near the confluence of the Red and Wichita Rivers. The metropolitan area of Wichita Falls (Wichita County) has an estimated population of 120,000, with approximately 103,000 living in Wichita Falls and its suburbs. Most of the people in the city are of native stock; about 6 percent are Negro.

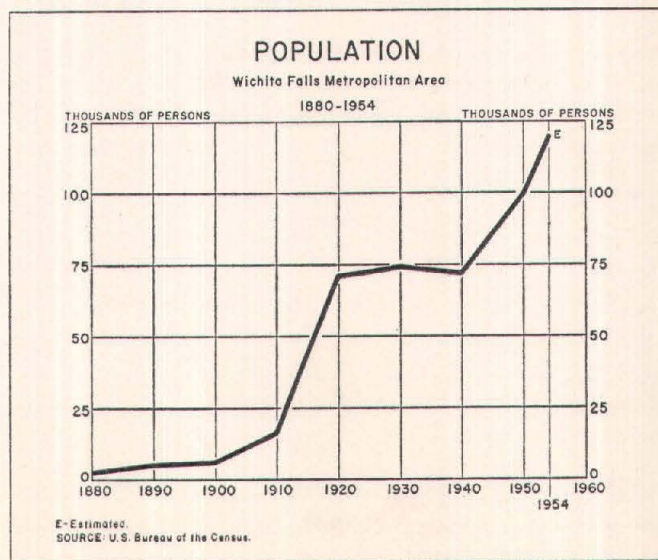
The economic life of the city is dominated by oil. Exploration, drilling, production, transportation, refining, and marketing of crude oil, natural gas, and their products — together with the associated service industries — provide a substantial portion of the payrolls and proprietary income of the city. From 1942 through 1946 and from 1948 to date, the activities at nearby Sheppard Air Force Base have been an important stimulus to business activity in the city. Wichita Falls serves as the major retail and wholesale trading center for an area in Texas and Oklahoma within a radius of more than 100 miles of the city. The population in this area is estimated at approximately half a million persons. The city is surrounded by a large, productive agricultural region devoted primarily to the production of beef cattle, wheat, cotton, and feed crops.

### Early History

Unlike many Texas cities, Wichita Falls was not prominent in the early history of the State. In fact, it is one of the younger cities of Texas, being less than 75 years old. It generally is accepted that the city was first organized in 1882, when the Fort Worth and Denver Railroad reached the city. Its name probably was taken from the Wichita Indians, the aborigines of the area, and the small falls that at one time existed in the Wichita River near the present site of the city.

Railroads played an important part in the early development of Wichita Falls. Shortly after 1882, the Fort Worth and Denver extended its tracks northwestward, and Wichita Falls lost its status as a railhead. Much of its population moved northwestward with the railroad. However, through an unusual business arrangement, citizens of the city built an 18-mile railroad line to connect Wichita Falls with the Missouri-Kansas-Texas Railroad, giving the city rail connections with St. Louis and points beyond.

The discovery of oil in the county in the early part of the century was a new stimulus to the city's growth. In 1903, oil was discovered at Petrolia, some 15 miles to the east, and in 1905, on the Waggoner Ranch to the west. In 1911 and 1912, the large fields at Electra and Burkburnett were





brought in, although major development of these fields did not occur until around 1918. These discoveries placed Wichita Falls in the role of one of the early oil cities, and the ensuing boom boosted the county population from 5,806 in 1900 to 16,094 in 1910 and 72,911 by 1920. Growth continued during the decade of the 1920's, as additional fields were developed. However, cheap oil and the general economic depression of the early 1930's dealt a serious blow to Wichita Falls and the surrounding communities. Many people moved to other areas, and there was little to encourage even the most optimistic businessmen.

About 1937, a cooperative venture by several Wichita Falls oilmen proved the presence of oil at deeper levels in several fields in Wichita County and brought about a renewed interest in the area. As a result, the city of Wichita Falls again asserted itself as a leader in the oil business.

In 1941 the Federal Government established Sheppard Field about 4 miles north of the city. This served as a training field for Air Force personnel throughout World War II and, except for a brief period from August 1946 to August 1948, has remained an important part of the economic life of Wichita Falls. When it was reactivated in 1948, the field was renamed Sheppard Air Force Base and in 1950 was designated a permanent installation of the United States Air Force.

The impetus given to the city by developments during World War II is indicated by the growth in population from 73,604 in 1940 to 98,493 in 1950. Developments during this period which affected Wichita Falls included not only the establishment of the air base but also an urgent need for crude petroleum and heavy demands upon agriculture to produce food and fiber to carry on the war.

## Resources

### Land

About 90 percent of the 612 square miles in the Wichita Falls metropolitan area is in farms and ranches. The soil varies from a sandy loam to a heavy, sticky clay and generally is productive when managed properly. The topography is level to gently rolling prairies. The area is crossed by two rivers — the Wichita and the Little Wichita, both tributaries of the Red River. Man-made reservoirs on the Wichita provide sufficient water for irrigating about 40,000 acres in the Wichita River Valley; approximately 25,000 acres are being irrigated.

### Minerals

The greatest natural resource of Wichita Falls is crude petroleum. It is estimated that, in the 14-county area surrounding the city (Texas Railroad Commission District 9), there are oil reserves of about 500,000,000 barrels. Production is being obtained from several geological formations, including the Ellenburger, Mississippian, Caddo, Strawn, and Cisco. The most satisfactory production thus far has been

in the Strawn and Cisco formations. Early production in the area was from very shallow wells — only a few hundred feet deep; today, wells range in depth from around 1,000 to 6,000 feet, with the deeper ones extending through the Ellenburger formation. On January 1, 1954, there were 24,465 producing wells, of which 18,552 were strippers — defined in this area as wells producing fewer than 10 barrels per day.

Natural gas is produced in the area, and Wichita Falls is reported to be the first city to tap natural gas as a source of municipal fuel. A substantial portion of the production in the area today is casing-head gas, which usually is reinjected into oil-producing formations or used as a fuel in connection with the pumping of wells. However, recent gas discoveries in nearby Wise, Jack, and Montague Counties provide some export gas, and through various pipeline connections, the city of Wichita Falls has access to large quantities of natural gas from other areas of the Southwest.

### Water

Annual rainfall in the area is about 28 inches, and, like many areas of the Southwest, the region is subject to occasional prolonged droughts. Relatively high temperatures during the summer months, averaging 85 degrees in July and exceeding 100 degrees on many days, give the area a high rate of evaporation and emphasize the importance of a reliable supply of water for municipal and industrial uses. There are no large natural reservoirs nearby — surface or underground — to meet the city's needs. The first efforts to build reservoirs for water storage were made around 1890.

Water needs of the city are now met by supplies from two reservoirs — Lake Wichita on Holiday Creek (with a usable capacity of 14,000 acre-feet) and Lake Kickapoo on the Little Wichita River (with a usable capacity of 108,000 acre-feet). The water from a third reservoir, Lake Kemp (438,000 acre-feet usable capacity) — the largest of the three — is relatively high in minerals and not suitable for processing by the usual municipal purification systems. However, this reservoir provides a large supply of water suitable for irrigation and many industrial uses. Water from Lake Kemp is distributed through irrigation ditches by the Wichita County Irrigation District.

With present water treatment and distribution facilities, the city's water system has a daily capacity of approximately 24,000,000 gallons. This volume could be raised substantially by increasing the capacity of conduits bringing water to the treatment plants. In addition, elections have been called to decide whether or not bonds shall be issued to provide funds for the construction of another dam and reservoir on the Little Wichita and for necessary distribution facilities. If authorized and completed, this project would increase the volume of water available to the city by 55,000,000 gallons daily. The proposed reservoir would have a capacity of about 250,000 acre-feet.

All dams in the area have been constructed with local capital or by floating revenue bonds.



**Other**

The Wichita Falls labor force includes more than the usual proportion of workers who are familiar with, and skilled in, the trades associated with handling heavy machinery, fabricating metals, and welding. Approximately one-third of all the manufacturing employment in the city is in these trades because of the high proportion of manufacturing industries and service institutions located in Wichita Falls and associated with the oil industry.

Another resource that is plentiful in the Wichita Falls area is a high-quality burning clay. Although no use is being made of it at this time, the clay could provide the raw material for the manufacture of brick, tile, and other ceramics. The agriculture of the area provides substantial quantities of grains (particularly wheat), cotton, and cattle, which serve as raw materials for numerous processing industries in the city.

**Economic Activity**

The stream of personal income—including wages, salaries, net profits of proprietors, rents, royalties, dividends, and pensions—paid to residents of a city provides the fuel for its economic life. This income is the source of purchasing power to buy goods and services and pay taxes and, to a great extent, provides the capital for increased building and expansion. The trend of personal income and the sources from which it is derived reflect the economic make-up of a community and provide a realistic basis for analyzing its growth and development.

**Trends in Personal Income**

Except in 1946, 1947, and 1948, total personal income in Wichita Falls has followed the upward trend evident in both the State and the Nation. Sheppard Air Force Base was closed during most of this period, and the decrease in income largely reflects the loss in payrolls from the base. Since 1939, personal income in the Wichita Falls metropolitan area has in-

creased 412 percent, reaching a peak of \$194,980,000 in 1953. The percentage increase from 1939 to 1953 is somewhat greater than the 381-percent increase that occurred in Texas during the same period. Income from all categories in Wichita Falls rose sharply in dollar amounts, but the larger percentage gains were in government payrolls and in wages, salaries, and net income of proprietors in trade and services and construction.

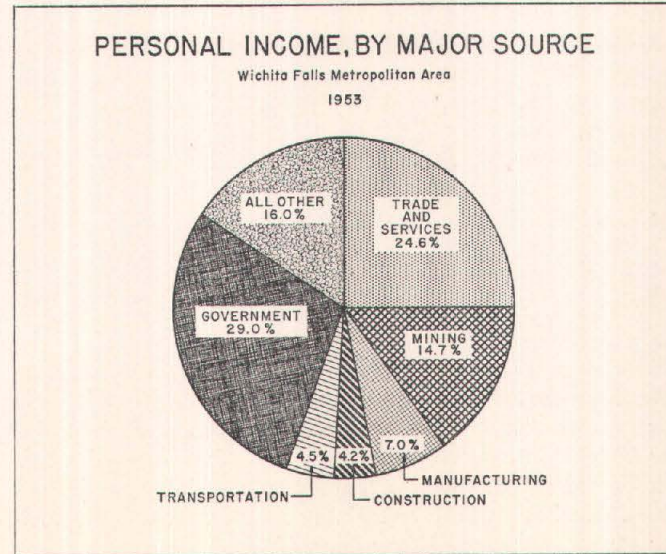
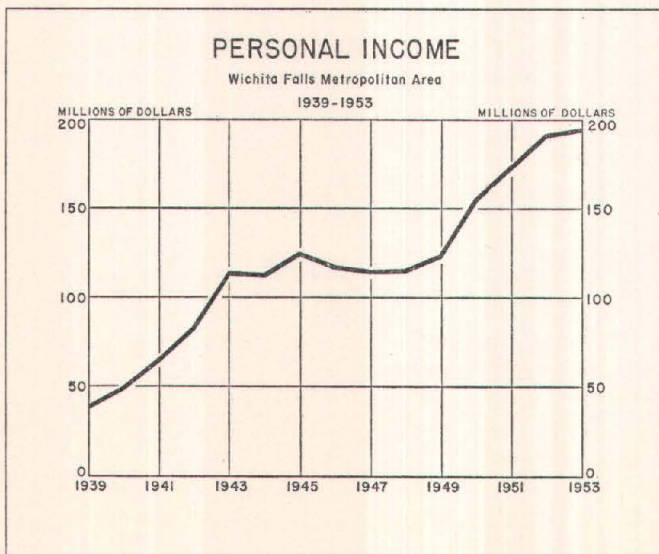
**Sources of Income**

Payrolls of government agencies and other government payments to individuals accounted for 29.0 percent of personal income in Wichita Falls in 1953. Income from trade and services was a close second, contributing 24.6 percent, and mining ranked third with 14.7 percent. Manufacturing, construction, and transportation also made important contributions to the income stream. Comparable figures for Texas were 29.9 percent from trade and services, 17.8 percent from government, and 5.6 percent from mining.

Agriculture is of major importance to the economy of Wichita Falls, as the income of the farmers and ranchers in the surrounding area affects directly the volume of business transacted by trade and services, transportation, and many other segments of economic activity. However, the net income of farmers and ranchers and the wages paid to farm and ranch workers represent a relatively small proportion of total personal income in the metropolitan area of Wichita Falls.

**Government**

Payrolls of Federal, state, and local government units totaled an estimated \$46,815,000 in 1953. These include the payrolls of Sheppard Air Force Base, both military and civilian; Wichita County; independent and common school districts; Wichita Falls State Hospital; Texas State Highway Department; the city of Wichita Falls; and all other government units. In addition to government payrolls, Federal Old-Age and Survivors Insurance pensions, aid to dependent

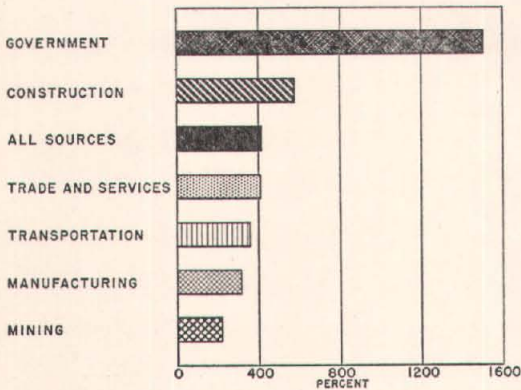




PERCENT INCREASE IN PERSONAL INCOME,  
BY MAJOR SOURCE

Wichita Falls Metropolitan Area

1939-1953



children, veterans' subsistence allowances, and other government payments totaled slightly more than \$10,000,000.

During the past 15 years, government has replaced trade and services as the most important single source of personal income in the Wichita Falls area, increasing from 9.2 percent of the total in 1939 to 29.0 percent in 1953. This change results largely from the development of Sheppard Air Force Base but also reflects the growing demands placed upon local and state government units in providing service to the area. Substantial increases have occurred in the staffs of the schools, the Wichita Falls State Hospital, Midwestern University, and the city government.

The most important development affecting the economic life of Wichita Falls during the decade of the 1940's was the establishment of Sheppard Air Force Base in 1941. In terms of payrolls, the base paid out to military and civilian personnel more than \$102,000,000 during the 57 months of operation from 1941 to 1946. Since reactivation in 1948, the annual payroll of the base has ranged from a few thousand dollars to more than \$45,000,000 and in 1953 totaled nearly \$40,000,000. In addition to payrolls, the base has spent millions of dollars for construction and supplies. Since 1948, construction contracts totaling about \$23,000,000 have been awarded for new facilities and improvement of existing structures, including about \$6,500,000 placed under contract in the last half of 1954.

From its beginning in 1941, Sheppard Air Force Base has been noted as a training center for aircraft mechanics. Thousands of men were trained at its facilities during World War II; since reactivation in 1948, additional thousands have been trained to service today's military airplanes. Since the base was designated a permanent installation of the Air Force in 1950, the training program has been expanded to include Air Force intelligence courses, Air Force comptrollers' training, schools in transportation problems, aircraft repairmen's schools, aircraft hydraulic schools, and training on jet engines. In addition to these training schools, there is a refueling squadron stationed there for training purposes.

Payrolls and expenditures of the air base affect the various economic activities of Wichita Falls in different degrees. For example, such establishments as cleaners, barber shops, amusement places, and certain types of retail stores are quickly aware of changes in the payroll of the air base. Also, rental housing units and other services catering to servicemen's families soon sense changes in the activities at Sheppard Air Force Base. On the other hand, department stores, furniture stores, and others catering to more permanently established families find that the volume of their business bears only a minor direct relationship to the air base payroll. Nevertheless, money spent anywhere in the city by military personnel adds to the income stream and eventually has an important bearing, even though indirectly, upon virtually every phase of economic life in the city. The transition of the air base from a temporary to a permanent installation and the increase in the number of training officers required for the new training program probably will broaden the direct impact of the air base upon business activity in Wichita Falls.

Trade and Services

Personal income from trade and service establishments accounted for 24.6 percent of the total in 1953 — virtually the same as in 1939. However, the dollar amount increased more than 410 percent during the period. Included in this category are retail and wholesale establishments, medical and other professional businesses, laundries, garages, and a great many other business institutions providing goods and services to the people of Wichita Falls and surrounding areas.

Merchants of Wichita Falls serve a rather large area, inasmuch as the city is the major trading center between Amarillo and Fort Worth and between Oklahoma City and Abilene. The degree to which a Wichita Falls merchant serves this territory depends, of course, upon his type of merchandise and method of merchandising. Major department stores of the city serve customers as far north as Lawton, Oklahoma; northwest to Vernon and, to some extent, Childress; and south to Seymour, Olney, and Bowie. Wholesale dealers in

RETAIL SALES

Wichita Falls Metropolitan Area

1939-1953





the city supply a much wider area and, in many cases, have regional and national distribution of their products.

One of the unusual features of service industries in Wichita Falls is the large proportion of establishments serving the needs of the oil industry. Many of these serve not only the immediate north Texas oil-producing region but also oil fields throughout the Southwest. Another important phase of the service industries is the hotel, tourist court, and motel accommodations provided for tourists and other visitors to the area. The network of highways crossing in Wichita Falls makes it a natural stopover point for tourists traveling from the South, East, or Northeast to western United States and the west coast. Moreover, many persons come to the city to visit friends or relatives stationed at Sheppard Air Force Base, enrolled at Midwestern University, or undergoing treatment at the hospitals or clinics. The city will become an even more important terminal for transportation and trading when the proposed toll road from Oklahoma City and the freeway from the Red River to Wichita Falls and from Vernon through Wichita Falls to Fort Worth are completed.

In recent years, Wichita Falls has gained in importance as the medical center for the surrounding area. Wichita General Hospital, with 200 beds, and Bethania Hospital, with 98 beds, provide excellent hospital and clinical facilities. At present, both hospitals are planning additions to accommodate 122 beds. Most types of specialized treatment also are available in the city through its many clinics and medical centers. Moreover, the 1,000-bed hospital at Sheppard Air Force Base is the mid-continent central hospital for the Air Force.

#### *Petroleum*

Since the turn of the century, when the city of Wichita Falls was a trading center of fewer than 6,000 persons, the oil and gas industry has played a dominant role in its life. Establishments concerned with the exploration, drilling, and production of oil and gas contributed 14.7 percent of the total personal income in Wichita Falls in 1953. This is more than

twice the proportion contributed by similar establishments in Texas and substantially higher than that for any other city in the Southwest. Moreover, rents and royalties from the oil industry probably contributed another 10 percent. In addition, the oil industry plays a vital role in many other phases of economic activity in the city. Transportation, manufacturing, trade and services, and virtually every other segment of economic life in Wichita Falls are directly or indirectly affected by the operation of the oil and gas industry of the area.

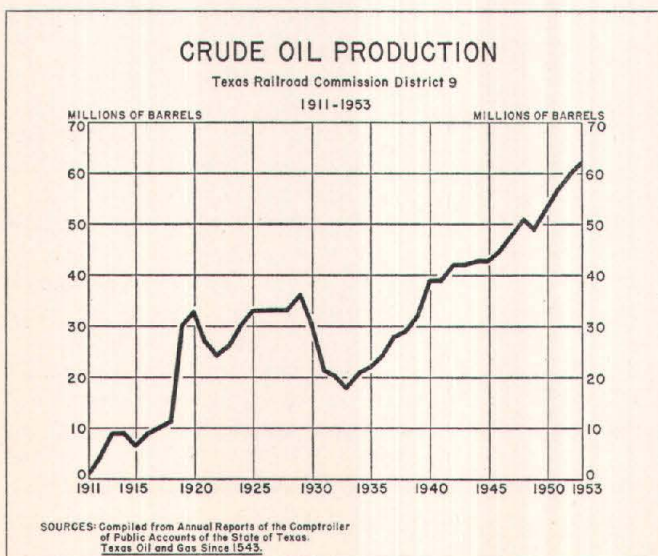
The oil picture of the north Texas area, which centers in Wichita Falls, is characterized by (1) production from a large number of shallow wells and small pools, (2) a high proportion of stripper wells, and (3) development and production mostly by independent oil operators. (It is estimated that there are more than 800 independent operators headquartered in the area.)

As mentioned previously, early wells in the area were only a few hundred feet deep; prior to the late 1930's, virtually all production was from shallow wells. At the present time, even the deeper wells seldom exceed 6,000 feet, and except for a few major fields — such as Electra, Burkburnett, and KMA — production is from small pools. These small deposits of oil are difficult to locate with present geophysical methods. Since they are found over a wide area, the rate of drilling has continued very high as independent operators search for the small pay zones. In 1953, 21 percent of all wells drilled in Texas were in the Wichita Falls area, although production was only 6.1 percent of the state total.

About 75 percent of the wells in the north Texas area are stripper wells. Average production from the more than 18,000 stripper wells is 2.7 barrels per day, with about one-fourth of total output in 1953 coming from these wells. Average production from all wells is 7.5 barrels per day, compared with approximately 18 barrels per well for Texas. The large number of stripper wells results, in part at least, from the fact that production can be obtained from shallow wells which can be completed at a relatively low cost.

The shallow pools of oil, which are relatively inexpensive to tap, also make this area a favorite section for independent oil operators. Drilling costs may be as low as \$1.50 per foot, with total drilling and well completion costs frequently not exceeding \$8,000 to \$10,000. Moreover, in the 1930's, most of the major oil companies reduced sharply their activities in the Wichita Falls area in favor of the east Texas field, the Permian Basin, and other larger discoveries. Immediately following the withdrawal of the companies, many independent operators became established in Wichita Falls. Hence, the city has become their headquarters, and while many have extended their operations to other areas of the Southwest and the Nation, they continue to make their home in Wichita Falls and dominate exploration and production in north Texas.

Crude oil production in the north Texas area totaled 1,335,000,000 barrels from 1903 through 1953. This is equivalent to 6 percent of total production in Texas during that period.





Production in the area in 1953 totaled 62,251,000 barrels — 6.1 percent of the state total. The steady rise in output from the north Texas area since 1933 has resulted from increased drilling; the introduction of new recovery techniques, such as sand fracturing; and the use of secondary recovery methods, primarily water flooding, in some of the larger fields.

In recent years the relative importance of oil and gas exploration and production to Wichita Falls has declined. The dollar volume of personal income to residents of the Wichita Falls metropolitan area from the mining phases of oil and gas increased 223 percent from 1939 to 1953. However, during the same period, the proportion of total personal income from this source declined from 23.3 percent to 14.7 percent, primarily because other economic activities in the area have increased at a faster rate. Despite this change, the industry remains a very important core of the economic life in Wichita Falls, although the more rapid development in other phases of economic activity, in a sense, gives a better balance to the economy of the area.

### Manufacturing

Total wages and salaries and proprietary income from manufacturing industries represented 7.0 percent of personal income of the area in 1953 as compared with 8.6 percent in 1939, although the dollar amount of such income increased 315 percent. The increase in manufacturing in Wichita Falls, which did not share in the general expansion of wartime and postwar industrial plants in the Southwest, was only about one-half as large as the 650-percent increase in the State.

The major types of manufacturing in Wichita Falls include oil refining, the manufacture of oil field equipment, and the processing of food products. The importance of the petroleum industry to manufacturing in Wichita Falls is indicated by the fact that nearly 25 percent of the city's manufacturing employment is in plants manufacturing material for the oil industry, primarily oil drilling equipment. By comparison, less than 4 percent of total Texas manufacturing

employment is in establishments of a similar character. Several firms in the area distribute their products to the oil industry throughout the world.

There are three refineries and seven gasoline plants in Wichita County, with two refineries and one gasoline plant located in Wichita Falls. Between 300 and 400 persons are employed by these 10 plants. Most of the products are distributed in the north Texas area.

Approximately one-fifth of the area's manufacturing employment is in establishments processing food and kindred products. The importance of this sector frequently is overlooked because many of the plants are small, with only a few employees. However, the milk processing plants, bottling companies, bakeries, meat packing plants, and grain and mill products processors provide important sources of employment and income to the community.

Other products manufactured include electrical equipment, house trailers, textiles, and leather goods. Also, there are several small shops engaged in fabricating a variety of metal products.

### Transportation

Payrolls and proprietary income of transportation establishments accounted for 4.5 percent of personal income in 1953. Most of the establishments in this segment of the city's economy are engaged in trucking or warehousing. Of major importance are firms catering to the petroleum industry, particularly those that transport drilling rigs from one site to another. These firms are located in Wichita Falls but operate throughout a major part of the Nation.

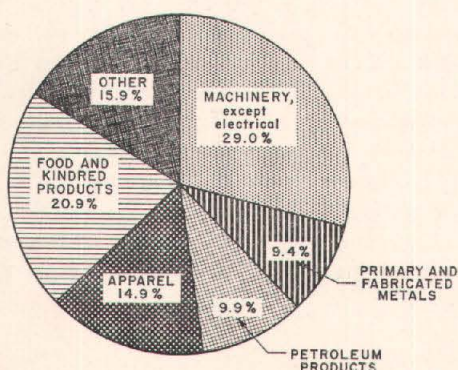
### Construction

Construction activity in the Wichita Falls area during the past 15 years has been somewhat less than in most other cities of comparable size. The lack of growth in manufacturing industries, which tends to bring workers into the area, partially accounts for the relatively small increase in construction activity. Another factor that may have affected the rate of home building was the fact that Wichita Falls probably went into the decade of the 1940's with a larger surplus of homes than many other areas of the Southwest.

Despite these limitations, the construction industry has made a substantial contribution to the income of the Wichita Falls area. Income payments from the construction industry in 1953 are estimated to have been more than \$8,000,000. Much of the construction activity in recent years has been in connection with Sheppard Air Force Base. For example, it is estimated that in 1952, construction contracts for more than \$11,000,000 were awarded in connection with the base. Included in this total was about \$5,500,000 for homes built under the Wherry Housing Act. Additional contracts, valued at nearly \$12,000,000, have been awarded during 1953 and 1954. Moreover, in recent months there has been a renewed interest in construction of new homes and development projects, including from 500 to 600 homes that already are planned or under construction.

### MANUFACTURING EMPLOYMENT, BY INDUSTRY

Wichita Falls Metropolitan Area  
1953



SOURCE: Texas Employment Commission.



Building permit data for the corporate limits of Wichita Falls do not reflect accurately the construction picture in the area. Considerable construction of homes and businesses has taken place outside the city limits in adjoining suburban areas. Although such developments generally have been well planned, with adequate restrictions, permits were not filed with the city government.

Construction activity in the Wichita Falls area will receive a substantial boost from the nearly \$75,000,000 of road construction scheduled in the vicinity during the next 5 years. This amount includes \$15,000,000 scheduled to be used immediately for highway construction in the county and additional amounts committed for extending freeways in Texas and a portion of the cost of the toll road from the Red River to Oklahoma City.

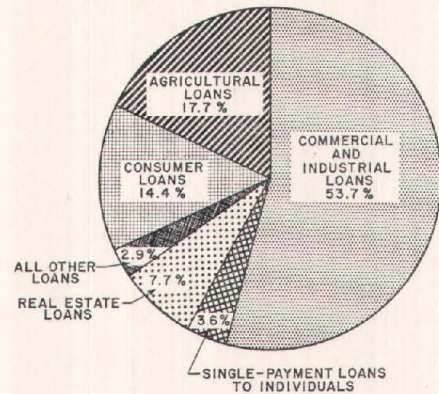
#### Banking

Banks and other financial institutions play a particularly significant role in the economic life of a city, greatly facilitating the transfer of funds and collection of out-of-town accounts and checks, providing a safe depository for money and securities, and frequently offering assistance with business problems. Of equal importance is the multitudes of loans to serve the business and personal needs of the community. In the Wichita Falls metropolitan area, there are six banks—three in Wichita Falls and one each in Iowa Park, Electra, and Burkburnett. Moreover, because Wichita Falls is located in the corner of Wichita County, banks in Byers, Henrietta, and Archer City in adjoining Clay and Archer Counties are closely associated with banking activities in Wichita Falls. There are two savings and loan associations in the area, both of which are in Wichita Falls. Recent remodeling of virtually all banking houses in the area has provided the community with excellent modern banking quarters that offer convenient banking facilities to all residents and business firms.

The growth of financial institutions in metropolitan Wichita Falls during the past 15 years has kept pace with the expansion in other areas of business. The extent of this

#### MEMBER BANK LOANS

Wichita Falls Metropolitan Area  
1953  
(End of Year)



growth is indicated by the more than fivefold increase in bank deposits during the period and similar gains in resources and the loan and investment portfolios of individual banks. The progressive attitude of banks in Wichita County in dealing with requests for commercial, industrial, agricultural, and personal loans has been an important factor in the growth of the city. As shown in the accompanying chart, the distribution of bank loans at the end of 1953 reflects the importance of business and industry to the economy of the city.

As of June 30, 1954, the six banks in the metropolitan Wichita Falls area had total deposits of \$138,825,076, total resources of \$146,885,410, and loans of \$48,797,274. The two savings and loan associations in Wichita Falls also have shown substantial gains during the past decade and on June 30, 1954, had assets of \$9,694,820, an increase of nearly \$1,000,000 since December 31, 1953.

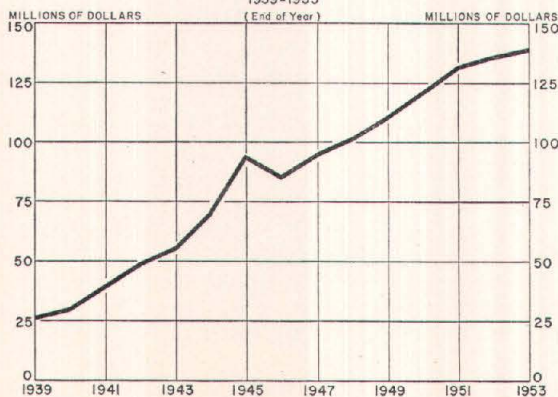
#### Agriculture

Net income of farmers and ranchers in Wichita County, plus wages paid to farm and ranch workers, is estimated to have totaled slightly less than \$2,000,000 in 1953, or about 1 percent of total personal income in the county. The severe drought and lower prices for major agricultural commodities caused this figure to be considerably below some other postwar years. For example, the comparable figure for 1950 is estimated at around \$3,000,000. Total income from the sale of crops and livestock in the 13-county retail trade territory of Wichita Falls in 1953 probably approached \$100,000,000.

Principal crops grown in the area are wheat, cotton, grain sorghums, and hay. In 1954, wheat production in Wichita County is estimated at 900,000 bushels; cotton, 2,000 bales; and grain sorghums, 16,000 bushels. Twenty-five thousand acres in the Wichita River Valley are irrigated with water stored in Lake Kemp and the Diversion Reservoir on the Wichita River. The water is high in minerals, and for many years its use presented difficult problems in land management.

#### BANK DEPOSITS

Wichita Falls Metropolitan Area  
1939-1953  
(End of Year)

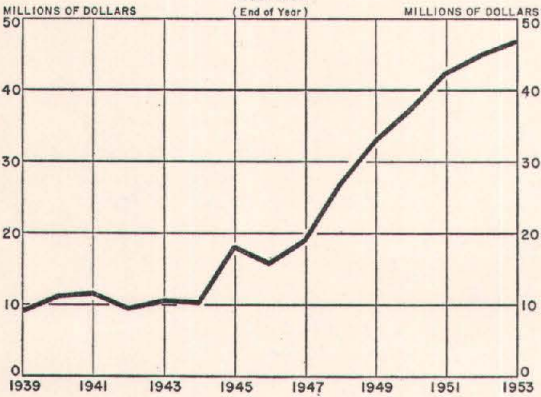


SOURCE: Rand McNally Bankers Directory.



MEMBER BANK LOANS

Wichita Falls Metropolitan Area  
1939-1953  
(End of Year)



However, studies within the past 3 years have revealed that improved methods of handling the soil to increase its organic matter content, plus the liberal use of fertilizers—well-known principles also recommended for dry-land farming—are ample to eliminate difficulties with the irrigation water. An estimated 36,000 cattle and calves are found on Wichita County farms and ranches. Beef cattle are the predominant livestock enterprise, although dairying and poultry are important near Wichita Falls.

Because of their proximity to Wichita Falls, the agriculture of Clay and Archer Counties has a direct influence upon the city. In the tri-county area of Wichita, Clay, and Archer, estimated agricultural production in 1954 was 1,600,000 bushels of wheat, 7,000 bales of cotton, and 65,000 bushels of grain sorghums. Cattle and calves probably numbered nearly 200,000 head.

Evidence of the progressiveness of agriculture in the area is found in the fact that virtually all farms are now operated with tractors and that approximately 95 percent of the farms are now served by electricity. The increase in the average size of farms in Wichita County from 179 acres in 1939 to 320 acres in 1949 is indicative of the trend toward mechanization of agriculture and large-scale operations.

An excellent spirit of teamwork exists among the agricultural, business, and industrial interests of the Wichita Falls metropolitan area. Five years ago the agricultural leaders of Wichita, Clay, and Archer Counties formed the District Agriculture Workers Council to coordinate and strengthen the various agricultural programs in the area. The Farm and Ranch Club in Wichita Falls has served as a vehicle for coordinating efforts of the city and rural areas to improve the standard of living in both city and county. Several cooperative projects have been carried out, with soil conservation and soil-building programs receiving major emphasis.

In reviewing the economic history of Wichita Falls, the contribution of oil stands out as the primary stimulant to

growth. Agriculture also has made a valuable contribution, but it has been the oil industry, together with the railroads and highways, that has brought more people to the city; stimulated the development of related manufacturing and service concerns; and, in doing so, brought new sources of income to the city.

Since 1940 the activities of government agencies, particularly Sheppard Air Force Base, have played an increasingly important role in the city's economy. At the same time, the contributions of oil and agriculture have increased, but because their growth has been at a slower pace, their relative positions have tended to decline.

Undoubtedly, these three industries—oil, agriculture, and the air base—will continue to contribute to the normal growth of Wichita Falls, although at a slower rate than in the most recent years. One specific contribution may be the opportunity for larger agricultural output through an expansion of acreage under irrigation and, on all irrigated land, more effective operations resulting from information gained from recent studies. However, even these developments would not indicate a great increase in economic activity in the area in the near future.

These facts would suggest that the future economic growth of Wichita Falls may be relatively slow, although steady, unless additional economic activities are introduced which could cause a further stimulus to expansion.

With the passing of the bond issue in early November, Wichita Falls has been assured a more prominent position in the network of highways intersecting in northcentral Texas. Completion of the highways anticipated as a result of the favorable vote on the bond issue will place the city in the hub of a larger volume of transportation. This development will stimulate increased trade and transportation activities in the city. Moreover, tourist traffic undoubtedly will increase, and many transportation, service, and trade organizations will find it increasingly advantageous to locate their headquarters in Wichita Falls.

Other assets of Wichita Falls include the large quantities of crude petroleum available in the area, the access to large quantities of natural gas through pipeline connections throughout the Southwest, and a relatively ample supply of water for industrial purposes. To these natural resources could be added the stable labor force, composed largely of native-born persons, with a substantial portion trained in skilled and semiskilled occupations.

The city has much to offer in the way of cultural advantages, with a public, elementary, and secondary school system that has kept pace with the growth of enrollment in recent years and offers high-caliber instruction and adequate physical facilities. Midwestern University, offering both junior and senior college instruction, provides ready access to college-level work for residents of the area. Churches representing 22 denominations, a symphony orchestra and civic music association, municipal swimming pool, and numerous parks and picnic areas are other cultural assets of Wichita Falls.



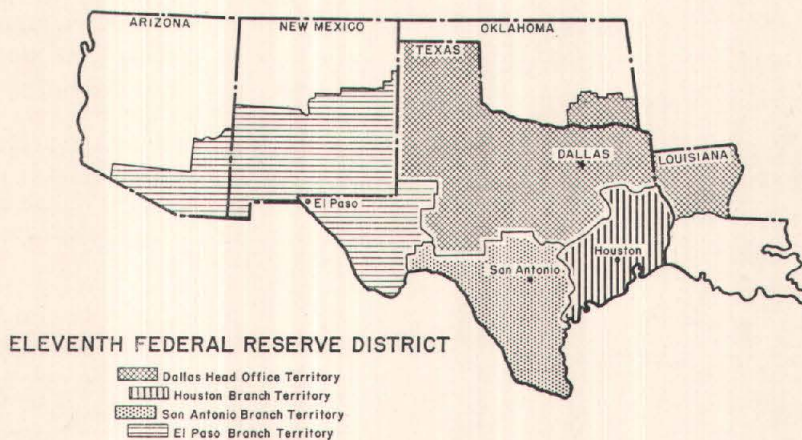
The combination of these assets of location, natural resources, and labor force would appear to be attractive to many types of industries desiring to locate in the Southwest. An increase in manufacturing industries would give the city a better-balanced economy.

From an economic point of view, two problems appear to be paramount in the city's ability to capitalize on these advantages during the coming years. Both are being given top priority by civic leaders, and much progress has been made toward their solution.

The problem of an adequate municipal water supply is not difficult, in that adequate sources are available. However, construction must be started soon if necessary facilities are to be available to meet the demands of increased growth, as several years will be required for construction. The rate of water use in the city, excluding industrial uses, rapidly is

reaching the capacity of present distribution facilities. A larger quantity of water could be drawn from Lake Kickapoo, and perhaps from Lake Wichita, if additional conduits were constructed. However, the quantity available from these sources probably will be inadequate to meet the long-run needs of the city. Unless additional sources are tapped, lack of adequate municipal water may become a deterrent to the city's growth. Construction of another reservoir on the Little Wichita, together with facilities for treatment and distribution, could triple the existing supply of water, according to engineers' reports.

A second problem of vital economic importance to the city's future is that of an adequate zoning ordinance and city plan. With the installation of a planning and zoning board in the city administration and the employment of a city-plan engineer, the first steps have been taken in coping with this problem.





## REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Sales at department stores in the Eleventh District increased more than seasonally from September to October, establishing a new high for that

month. Contributing to the increase in October sales was the large gain in sales of major household appliances, which were 24 percent higher than in the same month last year. Cumulative sales for 1954 through October were 2 percent under the comparable 10 months of 1953. Inventories at the end of October were down 4 percent from a year earlier.

Agricultural production in District states in 1954 is expected to be only slightly lower than in 1953. General rains were received during November in most sections of the District east of a line through Laredo, Abilene, and Wichita Falls, Texas. Ranges and pastures in the eastern half of the District and most of south Texas have shown considerable improvement. Elsewhere, winter range feed generally is in short supply.

Crude oil production in the District rose moderately in November, with daily average production during the first part of the month reported at the highest level in several months. Refinery activity also showed a moderate upturn, following the decline in October.

Nonagricultural employment in the District states rose seasonally in October; manufacturing employment also increased.

The value of construction contracts awarded in the District during October was 16 percent below September but 25 percent above October last year. Residential awards remain the strongest factor.

Total loans of the District's weekly reporting member banks rose 6.9 percent during the 4 weeks ended November 17, primarily because of heavy bank purchases of CCC certificates of interest. Although investments of the banks declined, total deposits, reflecting a net growth in earning assets, rose 3.3 percent.



For the second successive month, consumer buying at department stores in the Eleventh District during October showed an increase over the same period a year earlier. The

dollar volume of sales increased 12 percent over September and was at a level 2 percent above that of October 1953. The year-to-year increase is impressive because of the fact that there was one less business day in October of this year. The adjusted sales index (which makes allowances for normal seasonal influences, as well as for variations in the number of trading days) rose from 114 in September to 129 in October, a new high for that month, and compares with 122 in October 1953. Cumulative sales for 1954 through October showed a year-to-year decrease of 2 percent, compared with a 3-percent decline at the end of September. In the first 2 weeks of November, department store sales increased 3 percent over the comparable period a year ago.

The improvement in October sales at District department stores was due largely to the strong showing made by consumer durable goods. Major appliances sales in October, which increased over year-earlier sales for the first time this year, were 24 percent higher than in the same month a year ago and 40 percent higher than in September of this year. In the home furnishings line, the items having the greatest gains were laundry equipment, with an increase of 53 percent; refrigerators, 34 percent; and radios and television sets, 13 percent. These increases were offset partially by decreases in furniture and bedding, down 6 percent, and floor coverings, down 10 percent.

Sales of women's and misses' coats, suits, and dresses and ready-to-wear accessories showed declines from a year earlier, although they registered the usual seasonal increases from September. Piece goods and household textiles were down

## RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS <sup>1</sup>	
	Oct. 1954 from		10 mo. 1954 comp. with 10 mo. 1953	Oct. 1954 from	
	Oct. 1953	Sept. 1954		Oct. 1953	Sept. 1954
DEPARTMENT STORES					
Total Eleventh District.....	2	12	—2	—4	3
Corpus Christi.....	11	27	0	4	2
Dallas.....	-1	9	-1	-3	2
El Paso.....	-3	18	-5	-7	3
Fort Worth.....	5	17	-3	-3	8
Houston.....	6	12	-2	-7	2
Shreveport, La.....	0	3	-2	-4	-1
Waco.....	6	10	-1	-4	4
Other cities.....	-1	12	-4	-1	7
FURNITURE STORES					
Total Eleventh District.....	0	11	—	-9	-1
Austin.....	12	10	—	-11	3
Dallas.....	3	10	—	-6	3
Houston.....	0	10	—	-9	-9
Port Arthur.....	17	26	—	—	—
San Antonio.....	-7	9	—	—	—
Other cities.....	-3	10	—	-7	3
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	11	8	—	—	—
Dallas.....	21	-11	—	—	—

<sup>1</sup> Stocks at end of month.



## INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED <sup>1</sup>			
	Oct. 1954	Sept. 1954	Aug. 1954	Oct. 1953	Oct. 1954	Sept. 1954	Aug. 1954	Oct. 1953
<b>SALES—Daily average</b>								
Eleventh District.....	135	121	115	128	129	114	127	122
Dallas.....	131	120	107	128	122	109	122	119
Houston.....	156	140	137	142	158	128	152	144
<b>STOCKS—End of month</b>								
Eleventh District.....	144p	139	129	152	132p	134	132	139

<sup>1</sup> Adjusted for seasonal variation.

p—Preliminary.

9 percent from October of last year. October sales of men's and boys' wear were larger in dollar volume than for any other month this year, experiencing an increase of 6 percent over the same month in 1953 and a 34-percent rise from September.

Department store stocks increased in October for the fourth successive month, although they continued to be under the all-time high figures of 1953. At the end of October, inventories were 4 percent below those of a year earlier but were 3 percent above those in September. The month-to-month increase in inventories is a normal development in preparation for Christmas sales. Receipts of merchandise at District department stores, which usually reach a seasonal peak during October, were slightly higher than in September but were 3 percent under a year ago. New orders placed during the month were 5 percent greater than in September and 3 percent more than in October last year. Merchandise on order at the end of October was 3 percent above September and 8 percent above a year earlier.

At reporting department stores, instalment sales in October increased 24 percent over September and were 18 percent higher than in October 1953. Both regular charge account sales and cash sales showed small declines from year-earlier figures but increased 11 percent and 25 percent, respectively, over September. Cash sales represented 33 percent of total sales, while charge account and instalment account transactions represented 55 percent and 12 percent, respectively.

Charge accounts receivable at District department stores were up 10 percent from September, while instalment accounts rose 3 percent. At the end of the month, charge accounts outstanding were 1 percent over a year earlier, and instalment accounts were up 6 percent. Compared with September, collections on charge accounts gained 13 percent and those on instalment accounts rose 5 percent during October.

At reporting furniture stores in the District during October, sales rose 11 percent above those in September but were down less than 1 percent from October 1953. Accounts receivable showed virtually no change from either September or October of last year. So far this year, end-of-month inventories at reporting furniture stores have not equaled those of comparable months of 1953 and at the end of October were 9 percent below those of a year earlier.



As the harvesting of 1954 crops nears completion, it appears that total agricultural production in the District states in 1954 will be only slightly lower than in 1953. Nearly offsetting the estimated 18-percent decline in cotton production and a 50-percent decline in the output of peanuts will be increases in the production of wheat, grain sorghums, oats, barley, rice, and vegetables. Little change is anticipated in the output of livestock and livestock products, although actual marketings of cattle and calves will be higher. With agricultural prices averaging slightly below those prevailing in 1953, cash farm income is likely to decrease about 5 percent.

Production estimates for many late-harvested crops were increased compared with October estimates, as favorable weather in late October benefited cotton, grain sorghums, and most commercial vegetables. General rains were received over sections of the District east of a line extending from Laredo to Abilene and Wichita Falls, Texas. In that area, surface moisture generally is adequate for growing crops, and in some communities where moderately heavy rains were received, the subsoil moisture situation is improved. In other sections of the District, rains are needed to replenish surface moisture and to maintain the growth of fall-planted crops, particularly wheat.

Seeding of the 1955 winter wheat crop was rushed to completion late in November in the Low Rolling Plains of Texas, as additional moisture was received. Even though most of the acreage in northwestern counties of the State was seeded earlier, some additional acreage may be seeded if moisture is received during December.

Harvest of the 1954 cotton crop was in full swing in western areas of the District during November, with harvest in all other sections virtually completed. Frost in the High Plains of Texas early in November aided defoliation, and mechanical harvesting was proceeding rapidly by midmonth. Production in that important producing area is expected to exceed that of 1953, when both acreage and yield were reduced by lack of moisture. Largely because of improvement in that area, the estimate of Texas cotton production as of November 1 was raised by the United States Department of

## CROP PRODUCTION

Texas and Five Southwestern States

(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES <sup>1</sup>		
	Estimated Nov. 1, 1954	1953	Average 1943-52	Estimated Nov. 1, 1954	1953	Average 1943-52
Cotton <sup>2</sup> .....	3,850	4,317	3,239	5,730	6,957	4,791
Corn.....	35,152	33,874	51,266	53,166	52,991	91,286
Rice.....	16,430	14,924	10,162	30,759	27,080	20,839
Sorghum grain...	95,298	55,198	79,379	104,460	66,156	94,745
Peanuts <sup>3</sup> .....	92,295	179,400	282,635	135,795	299,890	395,214
Irish potatoes....	2,100	2,484	3,818	4,850	6,099	8,303
Sweet potatoes...	1,485	2,550	4,047	10,735	11,511	13,894

<sup>1</sup> Arizona, Louisiana, New Mexico, Oklahoma, and Texas.<sup>2</sup> In thousands of bales.<sup>3</sup> In thousands of bags, 100 pounds each.<sup>4</sup> In thousands of pounds.

SOURCE: United States Department of Agriculture.



COTTON PRODUCTION

Texas Crop Reporting Districts

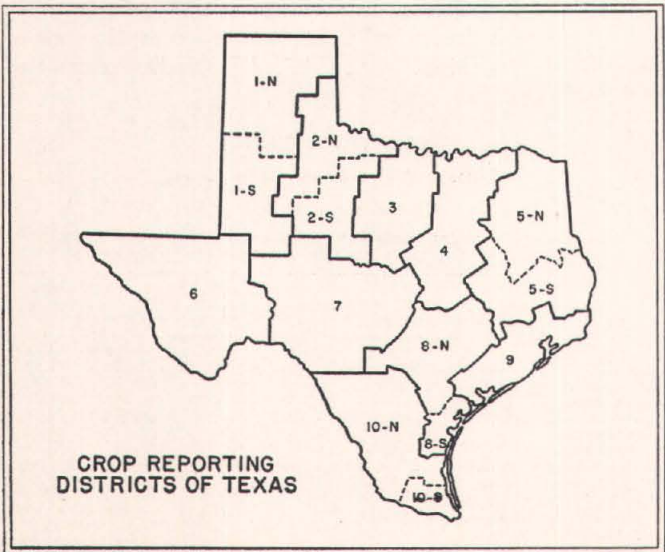
(In thousands of bales—500 lb. gross wt.)

Crop reporting district	1954 Indicated November 1	1953	1952	1954 as percent of 1953
1-N.....	480	548	469	88
1-S.....	1,125	835	1,005	135
2-N.....	205	143	182	143
2-S.....	185	285	59	65
3.....	18	39	12	46
4.....	440	1,101	610	40
5-N.....	70	136	95	51
5-S.....	75	119	95	63
6.....	215	253	239	85
7.....	20	39	17	51
8-N.....	140	215	201	65
8-S.....	215	76	222	283
9.....	190	238	231	80
10-N.....	67	32	61	209
10-S.....	405	258	310	157
State.....	3,850	4,317	3,808	89

SOURCE: United States Department of Agriculture.

Agriculture 275,000 bales over the October 1 estimate. The estimated yield of 242 pounds of lint per acre for the State is 9 pounds higher than last year and the second highest yield in the past 60 years. Production in Texas is estimated at 3,850,000 bales, and output in the five District states, at 5,730,000 bales—380,000 bales higher than the October 1 forecast but still 18 percent below production in 1953. The national cotton crop is estimated at 13,206,000 bales.

Commercial production of vegetables in the District was hampered slightly by frost early in November, but moisture conditions generally are favorable and most crops are growing satisfactorily. Carlot movement of eggplant, peppers, squash, and snap beans was active from southern areas during the month. Harvest of the 1954-55 citrus crop is getting under way slowly in the Lower Rio Grande Valley of Texas. Production is estimated at 6,000,000 boxes—3,700,000 boxes of grapefruit and 2,300,000 boxes of oranges—an increase of 186 percent over 1953. Some young groves are coming into production, and many older trees have shown a marked recovery from the freeze damage of 1949 and 1950.



LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	October 1954	October 1953	Sept. 1954	October 1954	October 1953	Sept. 1954
Cattle.....	73,746	111,363	104,562	27,886	24,181	40,006
Calves.....	28,604	44,347	36,338	31,789	18,816	39,506
Hogs.....	41,088	38,872	36,180	2,052	—	2,597
Sheep.....	58,776	60,016	72,536	118,251	130,651	134,017

<sup>1</sup> Includes goats.

Ranges and pastures in the eastern half of the District and most of south Texas have shown considerable improvement during the past month. Small grains, legumes, and winter grasses and weeds are providing considerable pasturage in that region, while in the Trans-Pecos area of Texas, a moderate amount of cured range feed is available. In much of the northern and western Panhandle of Texas, wheat is furnishing some pasturage, but a rapid deterioration of this wheat is expected unless additional moisture is received. Elsewhere in the District, winter range feed is very short. The recent rains in the Low Rolling Plains of Texas will bring small grains up to a stand, but additional moisture will be required for growth and development.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended Nov. 18, 1954	Comparable week last month	Comparable week last year
COTTON, Middling 15/16-inch, Dallas....	lb.	\$ .3345	\$ .3400	\$ .3225
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.72	2.65	2.69
OATS, No. 2 white, Fort Worth.....	bu.	1.05 1/4	1.00 1/2	1.01
CORN, No. 2 yellow, Fort Worth.....	bu.	1.86 1/2	1.96 1/4	1.77
SORGHUMS, No. 2 yellow, Fort Worth....	cwt.	2.62	2.62	2.78
HOGS, Choice, Fort Worth.....	cwt.	19.75	19.75	21.25
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	25.00	25.00	25.00
SLAUGHTER CALVES, Choice, Fort Worth...	cwt.	19.00	21.00	17.00
STOCKER STEERS, Choice, Fort Worth....	cwt.	20.00	21.00	18.50
SHORN LAMBS, Choice, Fort Worth.....	cwt.	18.50	18.00	17.50
BROILERS, south Texas.....	lb.	.21	.23	.27
WOOL, 12-months, west Texas.....	lb.	(1)	21.60	(1)
MOHAIR, adult, west Texas.....	lb.	.65	.66 1/2	.75

<sup>1</sup> No sales reported.  
<sup>2</sup> Clean basis.

Prices received for most agricultural commodities in the District declined slightly during November, with the sharpest decrease recorded for cotton lint. Grain sorghums declined seasonally, while prices of other grains have shown some strengthening. Despite heavy marketings, cattle prices remain steady, although lower-quality stocker and feeder cattle are showing some weakness.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

State	July		August		Cumulative receipts January—August 31	
	1954	1953	1954	1953	1954	1953
Arizona.....	\$ 19,189	\$ 19,057	\$ 10,071	\$ 10,093	\$ 189,431	\$ 222,064
Louisiana.....	11,516	11,661	25,915	27,182	153,148	150,996
New Mexico.....	6,919	6,594	4,841	4,573	73,765	84,184
Oklahoma.....	61,272	61,555	73,949	63,776	356,073	355,804
Texas.....	133,967	132,852	188,586	153,391	978,984	960,963
Total.....	\$232,863	\$231,719	\$303,362	\$259,015	\$1,751,401	\$1,774,011

SOURCE: United States Department of Agriculture.





During the 4 weeks ended November 17, gross loans of weekly reporting member banks in the Eleventh Federal Reserve District rose \$135,375,000, or 6.9 percent,

to a total of \$2,096,888,000. Although seasonal factors accounted for some of the increase, by far the larger part of the expansion arose from purchases by banks of the 1½-percent certificates of interest sold by the Commodity Credit Corporation on November 12, of which banks in the District were allotted \$107,000,000. As a consequence, commercial, industrial, and agricultural loans of the reporting banks increased \$125,142,000, or 9.8 percent, during the 4-week period. The rise in this category of loans also reflected substantial increases in the borrowings of dealers in cotton; manufacturers in the fields of petroleum, coal, chemicals, and rubber; and grain and milling concerns.

Changes in other loan categories included increases of \$742,000 in loans connected with security transactions, \$5,868,000 in real estate loans, and \$6,423,000 in "all other" loans (primarily consumer). Loans to banks declined \$2,900,000.

#### CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Nov. 17, 1954	Nov. 18, 1953	Oct. 20, 1954
<b>ASSETS</b>			
Commercial, industrial, and agricultural loans....	\$1,407,902	\$1,221,493	\$1,282,760
Loans to brokers and dealers in securities.....	10,037	11,912	14,789
Other loans for purchasing or carrying securities.....	100,368	77,339	94,774
Real estate loans.....	161,229	134,078	155,361
Loans to banks.....	6,234	16,838	9,134
All other loans.....	411,118	408,325	404,695
Gross loans.....	2,096,888	1,869,985	1,961,513
Less reserves and unallocated charge-offs..	18,092	17,803	17,965
Net loans.....	2,078,796	1,852,182	1,943,548
U. S. Treasury bills.....	144,904	174,596	160,101
U. S. Treasury certificates of indebtedness.....	130,881	263,214	151,461
U. S. Treasury notes.....	271,145	210,386	287,250
U. S. Government bonds (inc. gtd. obligations)...	890,428	661,021	879,014
Other securities.....	230,074	195,862	227,025
Total investments.....	1,667,432	1,505,079	1,704,851
Cash items in process of collection.....	347,169	325,152	332,192
Balances with banks in the United States.....	542,600	484,251	541,351
Balances with banks in foreign countries.....	1,519	1,350	1,657
Currency and coin.....	45,137	48,586	45,277
Reserves with Federal Reserve Bank.....	639,641	591,233	616,227
Other assets.....	116,100	100,109	115,641
<b>TOTAL ASSETS.....</b>	<b>5,438,394</b>	<b>4,907,942</b>	<b>5,300,744</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Demand deposits</b>			
Individuals, partnerships, and corporations....	2,755,610	2,559,540	2,731,362
United States Government.....	199,674	126,845	136,730
States and political subdivisions.....	184,894	227,622	156,975
Banks in the United States.....	1,045,713	909,837	1,012,704
Banks in foreign countries.....	14,215	11,556	14,717
Certified and officers' checks, etc.....	77,550	57,931	73,194
Total demand deposits.....	4,277,756	3,893,331	4,125,682
<b>Time deposits</b>			
Individuals, partnerships, and corporations....	615,856	501,964	606,376
United States Government.....	13,369	10,144	13,369
Postal savings.....	451	450	452
States and political subdivisions.....	106,199	84,613	105,475
Banks in the U. S. and foreign countries.....	1,278	1,938	1,278
Total time deposits.....	737,153	599,109	726,950
Total deposits.....	5,014,909	4,492,440	4,852,632
Bills payable, rediscounts, etc.....	2,600	39,500	30,000
All other liabilities.....	64,201	54,937	63,422
Total capital accounts.....	356,684	321,065	354,690
<b>TOTAL LIABILITIES AND CAPITAL.....</b>	<b>5,438,394</b>	<b>4,907,942</b>	<b>5,300,744</b>

#### CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Oct. 27, 1954	Oct. 28, 1953	Sept. 29, 1954
<b>ASSETS</b>			
Loans and discounts.....	\$3,160	\$2,971	\$3,100
United States Government obligations.....	2,695	2,367	2,600
Other securities.....	512	443	492
Reserves with Federal Reserve Bank.....	994	954	961
Cash in vault.....	146	136	125
Balances with banks in the United States.....	1,138	1,073	1,102
Balances with banks in foreign countries.....	2	2	2
Cash items in process of collection.....	315	306	329
Other assets.....	166	139	158
<b>TOTAL ASSETS.....</b>	<b>9,128</b>	<b>8,391</b>	<b>8,869</b>
<b>LIABILITIES AND CAPITAL</b>			
Demand deposits of banks.....	1,142	984	1,148
Other demand deposits.....	6,151	5,811	5,957
Time deposits.....	1,129	937	1,089
Total deposits.....	8,422	7,732	8,194
Borrowings.....	10	32	1
Other liabilities.....	72	59	67
Total capital accounts.....	624	568	607
<b>TOTAL LIABILITIES AND CAPITAL.....</b>	<b>9,128</b>	<b>8,391</b>	<b>8,869</b>

e—Estimated.

Total investments of the weekly reporting member banks declined \$37,419,000, or 2.2 percent, during the same period. The decline was more than accounted for by the contraction of \$51,882,000 in holdings of Treasury bills, certificates of indebtedness, and notes. Holdings of Government bonds and other investments increased \$14,463,000.

Expansion in earning assets of the weekly reporting banks was reflected in a rise in total deposits of \$162,277,000, or 3.3 percent. Over one-third of the increase can be attributed to the \$62,944,000 rise in demand deposits of the United States Government, which was related to bank purchases of the CCC certificates. Of the other categories of demand deposits, the largest increases were registered in those of domestic banks, which rose \$33,009,000, and deposits of individuals, partnerships, and corporations, which increased \$24,248,000. Total time deposits, primarily as the result of increases in the accounts of individuals and businesses, rose \$10,203,000, or 1.4 percent, during the October 20-November 17 period.

Gross demand deposits of all member banks in the District averaged \$7,259,916,000 during October, or 2.5 percent more than the September average and 8.0 percent above the October 1953 figure. A little more than half, or 53 percent, of the month-to-month increase was accounted for by reserve city banks. The daily average of time deposits in October,

#### 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
October 1952.....	\$6,828,512	\$ 770,099	\$3,262,180	\$420,233	\$3,566,332	\$349,866
October 1953.....	6,719,484	925,358	3,263,306	508,529	3,456,178	416,829
June 1954.....	6,804,576	1,083,140	3,313,244	605,899	3,491,332	477,241
July 1954.....	6,874,500	1,081,651	3,349,903	600,870	3,524,597	480,781
August 1954.....	6,992,543	1,078,297	3,439,030	600,994	3,553,513	477,303
Sept. 1954.....	7,086,193	1,081,850	3,499,932	600,926	3,586,261	480,924
October 1954.....	7,259,916	1,109,374	3,591,134	622,569	3,668,782	486,805



BANK DEBITS, END-OF-MONTH DEPOSITS  
AND ANNUAL RATE OF TURNOVER OF DEPOSITS  
(Amounts in thousands of dollars)

City	DEBITS <sup>1</sup>			DEPOSITS <sup>2</sup>			
	October 1954	Percentage change from		October 31, 1954	Annual rate of turnover		
		October 1953	Sept. 1954		Oct. 1954	Oct. 1953	Sept. 1954
ARIZONA							
Tucson.....	\$ 110,374	5	—5	\$ 85,684	15.6	13.9	14.9
LOUISIANA							
Monroe.....	51,483	—3	—1	44,265	14.5	16.1	15.1
Shreveport.....	213,774	2	8	175,271	14.6	16.1	13.4
NEW MEXICO							
Roswell.....	28,247	—2	11	28,663	12.1	12.6	10.9
TEXAS							
Abilene.....	61,603	11	8	53,873	13.7	13.1	12.7
Amarillo.....	137,053	5	5	106,530	15.6	15.7	15.0
Austin.....	117,662	11	—5	111,861	12.7	13.0	13.8
Beaumont.....	115,386	—15	4	101,453	14.4	17.4	14.4
Corpus Christi.....	147,792	—1	—6	124,121	14.4	16.9	15.2
Corsicana.....	12,653	—31	—21	20,950	7.3	10.6	9.4
Dallas.....	1,833,473	6	9	936,457	23.5	23.4	21.7
El Paso.....	207,928	—4	11	123,150	20.4	22.1	18.2
Fort Worth.....	531,880	5	1	342,107	18.7	18.5	18.6
Galveston.....	76,592	—3	—1	69,194	13.7	11.6	13.9
Houston.....	1,784,466	0	1	1,133,056	18.8	20.0	18.7
Laredo.....	16,754	—11	—2	18,767	11.0	12.6	11.6
Lubbock.....	135,259	27	30	86,042	19.4	17.0	15.5
Port Arthur.....	46,997	—2	1	39,028	14.5	15.5	14.0
San Angelo.....	41,860	11	0	46,439	10.8	10.4	10.7
San Antonio.....	417,088	11	1	323,949	15.6	14.5	15.6
Texarkana <sup>3</sup> .....	17,954	—9	5	17,336	12.4	13.0	11.6
Tyler.....	60,797	0	—2	56,891	13.0	12.7	13.6
Waco.....	90,581	7	5	67,761	16.3	15.8	16.0
Wichita Falls.....	83,175	2	0	99,475	10.1	10.1	9.8
Total—24 cities.....	\$6,340,831	3	4	\$4,212,323	18.1	18.5	17.5

<sup>1</sup> Debits to demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.  
<sup>2</sup> Demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.  
<sup>3</sup> 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 \$36,886,000 for the month of October 1954.

\$1,109,374,000, was also 2.5 percent above the average for the preceding month and almost 20 percent higher than the year-earlier level. Of the September-to-October rise in time deposits, 79 percent was registered at reserve city institutions.

Debits to deposit accounts at banks in 24 cities in the Eleventh District totaled \$6,340,831,000 in October, up 4 percent from the previous month and 3 percent above the year-earlier amount. Divergent trends were evident, however, with banks in approximately half of the cities showing gains and half reporting declines. The annual rate of deposit turnover increased from 17.5 in September to 18.1 in October but remained slightly below the rate of 18.5 established in October 1953.

Total earning assets of the Federal Reserve Bank of Dallas rose \$6,895,000 between October 15 and November 15 to a level of \$976,897,000. The increase in earning assets was more than accounted for by additions of \$6,955,000 to hold-

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS  
(In thousands of dollars)

Item	Nov. 15, 1954	Nov. 15, 1953	October 15, 1954
Total gold certificate reserves.....	\$ 861,616	\$ 801,205	\$830,233
Discounts for member banks.....	259	45,796	319
Other discounts and advances.....	8,695	540	8,695
U. S. Government securities.....	967,943	991,394	960,988
Total earning assets.....	976,897	1,037,730	970,002
Member bank reserve deposits.....	1,032,241	1,031,544	995,289
Federal Reserve notes in actual circulation.....	744,982	742,586	732,292

ings of Government securities, reflecting allocation of securities purchased for the System account in order to support seasonal expansion of loans and a flow of currency into circulation. The seasonal increase in currency in circulation was reflected in a rise of \$12,690,000 in 11-K notes in actual circulation. During the period October 15-November 15, member bank reserve balances rose \$36,952,000 to a total of \$1,032,241,000.

On November 12 the Commodity Credit Corporation received payment from commercial banks for \$1,150,000,000 of 1½-percent certificates of interest representing a pool of the Corporation's commodity loans. The certificates, which mature on August 1, 1955, may be retired by the CCC at any time and may be presented for redemption by holders up to 9 days before maturity. In view of the heavy oversubscription to the issue, the CCC allotted only 25 percent of that portion of subscriptions in excess of \$50,000. Banks in the Eleventh District subscribed to \$406,000,000 of the certificates and were allotted \$107,000,000.

On November 15 the Treasury called for redemption on March 15, 1955, the 2⅞-percent Treasury bonds of 1955-60. These bonds, dated March 15, 1935, and due March 15, 1960, are outstanding in the amount of \$2,611,090,500. The Treasury advised, however, that holders of the bonds may, in advance of the redemption date, be offered the privilege of exchanging all or any part of the securities for other interest-bearing Government obligations, in which event public notice of the exchange offering will be given.

On November 18 the Treasury announced its plans for refunding \$17,347,000,000 of Government securities maturing on December 15. The maturing issues are to be replaced by a 2½-percent bond maturing on August 15, 1963; a 1¼-percent certificate of indebtedness maturing on December 15, 1955; and an additional amount of 1½-percent certificates maturing on August 15, 1955. Holders of the maturing obligations were given the option of exchanging for any or all of the three issues.

The new bonds and the new certificates will be dated December 15, 1954; exchanges will be made at par for these issues. The offering of 1½-percent certificates represented the reopening of the issue dated August 15, 1954, and interest on this issue from that date to December 15, 1954, will be deducted from the accrued interest on the maturing securities.



Crude oil production in both the District and the Nation as a whole increased moderately during November, and a further rise appears likely during the next few months to help meet the anticipated heavy seasonal demand for heating oils. During the first part of November, District crude production averaged 2,952,000 barrels per day, which is 43,000 barrels above the previous month although 7,000 barrels below November a year ago. Production in the Nation averaged 6,208,000 barrels, or 39,000 barrels higher



## CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	October 1954 <sup>1</sup>	October 1953 <sup>2</sup>	September 1954 <sup>1</sup>	Change from	
				October 1953	September 1954
ELEVENTH DISTRICT.....	2,909.0	3,052.5	2,919.1	-143.5	-10.1
Texas.....	2,599.3	2,740.3	2,606.6	-141.0	-7.3
Gulf Coast.....	557.8	604.2	560.1	-46.4	-2.3
West Texas.....	999.2	1,041.7	1,008.4	-42.5	-9.2
East Texas (proper).....	204.3	244.7	209.0	-40.4	-4.7
Panhandle.....	86.8	77.4	84.1	9.4	2.7
Rest of State.....	751.2	772.3	745.0	-21.1	6.2
Southeastern New Mexico..	203.4	201.5	203.7	1.9	-3
Northern Louisiana.....	106.3	110.7	108.8	-4.4	-2.5
OUTSIDE ELEVENTH DISTRICT.	3,260.6	3,209.0	3,251.1	51.6	9.5
UNITED STATES.....	6,169.6	6,261.5	6,170.2	-91.9	-6

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

than in October but 69,000 barrels less than in November 1953. December daily allowables in Texas have been set at about 2,962,000 barrels, or over 64,000 barrels higher than the mid-November level.

Spurred by gains in the demand for distillate fuel oil, the demand for major refined products at refineries and bulk terminals moved above year-earlier levels during the 5 weeks ended November 12, after showing year-to-year declines during the summer and early fall. The demand for distillate fuel oil was up 9 percent from a year ago, partly accounted for by the fact that temperatures in major consuming areas of the country thus far in the current heating season have been substantially colder than in the corresponding period last year. The demand for gasoline continued above the year-earlier level, showing a 6-percent gain in the latest period. On the other hand, the demand for residual fuel oil was down 11 percent, reflecting the lower level of industrial activity.

Gasoline stocks, the high level of which has constituted the principal disturbing element in the stock situation in the petroleum industry, have shown some improvement. With demand continuing active and refiners exercising restraint, the decline in gasoline stocks has been maintained longer into the fall this year than in most other recent years. Primary stocks of gasoline declined 4,200,000 barrels from October 1 to November 12; on the latter date, however, they were still 4 percent higher than the relatively high level of a year earlier.

Distillate stocks rose steadily during October and on November 5 were at an all-time high of 137,200,000 barrels, which probably represents the seasonally high point for this year. In the subsequent week, distillate stocks decreased about 1,000,000 barrels, although continuing 1 percent above a year earlier. Residual fuel oil stocks showed little change during October and the first part of November and on November 12 were 8 percent above a year ago. This increase, however, is concentrated on the west coast; in other sections, stocks are lower than a year earlier.

Crude stocks in the Nation registered little net change during October and early November, after successive declines in August and September. The 270,400,000-barrel

level of crude stocks on November 6 was 13,400,000 barrels lower than a year earlier and well within the range generally considered adequate and desirable.

Following the increase in September, refinery activity in October declined in both the District and the Nation. In the District, refinery crude runs averaged 2,046,000 barrels a day, which is 21,000 barrels lower than in September although 47,000 barrels higher than in October a year ago. Refinery crude runs in the Nation averaged 6,838,000 barrels per day, or 142,000 barrels less than September and 34,000 barrels less than October a year earlier. During the first part of November, refinery runs increased in both the District and the Nation.



Nonagricultural employment in District states in October totaled 3,872,100, or 11,600 less than a year earlier but 6,400 more than in September. The largest increase in non-agricultural employment occurred in government, as additional school employees returned to work. Trade employment showed a small seasonal increase and is expected to make even more substantial gains in November and December. All other categories of nonmanufacturing employment decreased from the preceding month.

Manufacturing employment, at 719,100, was up 7,100 from September and 15,600 below October 1953. The September-to-October change reflects primarily increased employment in aircraft manufacture, settlement of labor disputes, and seasonal expansion in food, printing, and leather goods industries.

In the construction industry, both building permits and contract awards point to a continued high level of activity, with some tapering off from the levels indicated by September permits and awards. Building permits issued by 16 District cities in October remained nearly the same as in September but were 87 percent above the level of a year earlier.

The value of construction contracts awarded in the District during October was \$140,885,000. While 16 percent below contract awards during September, this amount was greater

## NONAGRICULTURAL EMPLOYMENT

Five Southwestern States<sup>1</sup>

Type of employment	Number of persons				Percent change Oct. 1954 from	
	October 1954p	October 1953	September 1954p	September 1953	Oct. 1953	Sept. 1954
Total nonagricultural						
wage and salary workers.	3,872,100	3,883,700	3,865,700	3,876,200	-.3	.2
Manufacturing.....	719,100	734,700	712,000	735,400	-2.1	1.0
Nonmanufacturing.....	3,153,000	3,149,000	3,153,700	3,140,800	.1	-0.3
Mining.....	224,800	226,800	227,600	230,400	-9	-1.2
Construction.....	286,900	298,900	296,800	293,100	-4.0	-3.3
Transportation and public utilities.....	392,100	409,600	393,500	409,400	-4.3	-4
Trade.....	988,400	984,700	986,100	984,200	.4	.2
Finance.....	156,700	153,000	157,100	153,100	2.4	-3
Service.....	455,900	445,900	457,000	448,600	2.2	-2
Government.....	648,200	630,100	635,600	622,000	2.9	2.0

<sup>1</sup> Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

p—Preliminary.

SOURCE: State employment agencies.



BUILDING PERMITS

City	October 1954		Percentage change in valuation from		10 months 1954		Percentage change in valuation from 10 months 1953
					Number	Valuation	
	Oct. 1953	Sept. 1954	Number	Valuation			
		Number	Valuation				
LOUISIANA							
Shreveport....	325	\$ 3,252,548	37	—13	3,685	\$ 23,793,264	22
TEXAS							
Abilene.....	163	2,373,115	610	237	1,397	12,523,390	74
Amarillo.....	265	1,419,489	18	30	2,201	15,786,745	—7
Austin.....	247	8,611,858	255	137	2,748	38,059,670	40
Beaumont.....	242	1,125,921	—50	20	2,586	7,947,818	4
Corpus Christi..	485	2,605,814	18	—11	4,740	28,867,712	20
Dallas.....	2,209	12,252,823	73	—32	22,295	125,276,696	30
El Paso.....	449	4,306,031	320	26	4,604	24,527,438	40
Fort Worth.....	655	5,936,109	75	49	7,444	39,357,899	4
Galveston.....	135	1,000,311	300	—35	1,035	6,830,017	53
Houston.....	932	20,118,672	102	—8	10,660	140,598,908	31
Lubbock.....	401	2,357,788	127	22	3,428	22,657,812	59
Port Arthur.....	123	393,142	—26	6	1,391	3,241,321	13
San Antonio....	1,269	3,689,604	10	—41	14,293	43,894,601	3
Waco.....	262	1,722,237	64	35	2,534	13,100,535	36
Wichita Falls...	225	1,762,641	240	38	1,403	8,888,842	42
Total—16 cities..	8,387	\$72,928,103	87	0	86,444	\$555,352,668	26

than any other monthly total since September of last year. Contracts awarded for residential construction declined to \$80,111,000, or 8 percent lower than September awards but 41 percent above those of a year earlier. Nonresidential awards decreased 25 percent from September but remained 9 percent above October 1953.

For the first 10 months of 1954, total contract awards were 11 percent above a year ago, residential awards were up 30 percent, and other awards were down 2 percent. Cumulative awards for the United States during this period were 12 percent higher than last year, residential awards were up 27 percent, and all other contract awards were up 2 percent.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	October 1954p	October 1953	September 1954	January—October	
				1954p	1953
ELEVENTH DISTRICT....	\$ 140,885	\$ 112,361	\$ 168,125	\$ 1,182,812	\$ 1,061,658
Residential.....	80,111	56,762	86,901	571,072	438,030
All other.....	60,774	55,599	81,224	611,740	623,628
UNITED STATES <sup>1</sup> .....	1,965,339	1,892,388	1,816,232	16,442,580	14,749,649
Residential.....	851,824	634,582	777,332	7,048,023	5,561,475
All other.....	1,113,515	1,257,806	1,038,900	9,394,557	9,188,174

<sup>1</sup> 37 states east of the Rocky Mountains.  
p—Preliminary.  
SOURCE: F. W. Dodge Corporation.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	September 1954 <sup>1</sup>	September 1953	August 1954 <sup>2</sup>	August—September	
				This season	Last season
CONSUMPTION					
Total					
Texas mills.....	13,487	11,605	11,240	24,727	23,853
U. S. mills.....	815,315	703,461	667,443	1,482,758	1,430,848
Daily average					
Texas mills.....	551	595	562	556	604
U. S. mills.....	33,278	36,075	33,372	33,320	36,224
STOCKS, U. S.—End of period					
Consuming establishments...	1,107,846	1,296,021	1,025,075	—	—
Public storage and compresses.....	10,894,026	5,912,747	8,340,420	—	—

<sup>1</sup> Five weeks ended October 2.  
<sup>2</sup> Four weeks ended August 28.  
SOURCE: United States Bureau of the Census.

During the first 9 months of 1954, the value of contracts awarded in Texas for one-family residential units to be built for sale or rent averaged \$8.45 per square foot, or 4 percent more than during the same period of 1953. The average size of these houses in 1954 was 1,313 square feet. The average cost of owner-built homes increased 3 percent to \$8.97 per square foot, and the average size was 2,269 square feet.

In contrast to the above increases, highway construction costs are at their lowest level since 1951, according to data released recently by the United States Bureau of Public Roads. Bidding for highway work is proving highly competitive, with the Texas Highway Department receiving an average of 6.5 bids per job in October. The bids averaged approximately 5 percent under estimated costs.

COTTONSEED AND COTTONSEED PRODUCTS

Item	TEXAS *		UNITED STATES	
	August 1 to August 31		August 1 to August 31	
	This season	Last season	This season	Last season
COTTONSEED (tons)				
Received at mills.....	251,508	142,551	449,340	276,415
Crushed.....	78,087	116,515	249,700	181,688
Stocks, end of period.....	278,859	152,595	428,283	250,099
COTTONSEED PRODUCTS				
Production				
Crude oil (thousand pounds).....	36,980	23,700	82,890	57,397
Cake and meal (tons).....	55,655	37,892	121,257	86,379
Hulls (tons).....	26,625	17,443	54,155	38,534
Linters (running bales).....	33,976	24,458	81,534	60,177
Stocks, end of period				
Crude oil (thousand pounds).....	5,416	4,939	14,443	19,206
Cake and meal (tons).....	58,338	25,968	188,910	69,948
Hulls (tons).....	25,837	15,159	78,861	42,162
Linters (running bales).....	32,876	15,581	131,082	58,966

SOURCE: United States Bureau of the Census.