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THE PETROLEUM SITUATION

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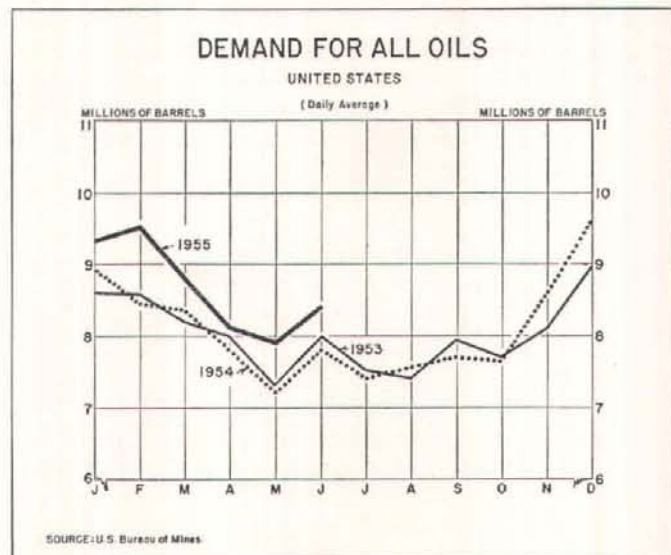
The marked strength in the demand for petroleum products during 1955, which has accompanied the rise in the Nation's economic activity, has provided an encouraging stimulus to the Southwest's oil industry, after its somewhat disappointing showing last year. Both the region's crude oil production and crude runs to its refinery stills this year have registered substantial gains over a year earlier to reach new highs. The rise in drilling activity which persisted in 1954, despite a decline in production, has continued this year with even greater vigor.

These favorable developments, however, do not mean that the major problems facing the region's oil industry have been solved. A considerable excess of crude oil producing capacity continues to exist, with well allowables held to relatively low levels. In the major markets, southwest oil still is meeting strong competition from imported oil, as well as from oil produced in other domestic areas. Although prices of refined products now average somewhat higher than they did a year ago, refiners' gross margins remain thin. The cost of finding new oil pools continues to rise.

The petroleum situation in the Southwest is determined to a considerable extent by developments in the Nation and to some extent by those in the world. A major part of the Southwest's oil is marketed outside the region, and southwest oil has to compete with oil from other areas for these markets. Consequently, in order for a review of the petroleum situation in the Southwest to have significance, it is necessary to consider the petroleum situation in the Nation.

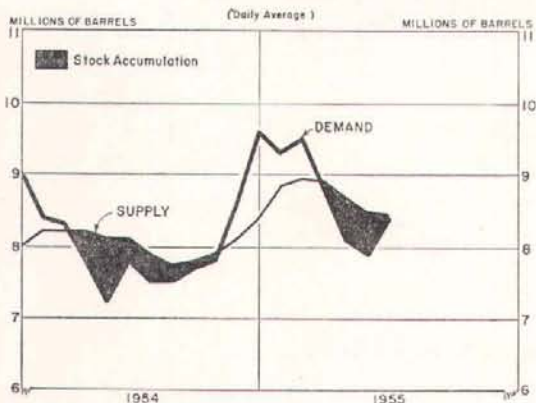
In the late summer and early fall of 1954, the Nation's petroleum industry was in a relatively unfavorable position. Demand was lagging, stocks of both crude and refined products were high, and prices tended to be weak. Crude oil allowables in the major producing southwestern states were down substantially from the levels prevailing during the first part of the year, and crude runs in the Nation's refineries were being curtailed.

With the upturn in the Nation's economic activity in the fall of 1954, the oil industry began making progress in achieving a better balance of its supply and demand position, and petroleum markets took on a firmer tone. The seasonal decline in gasoline consumption was moderated, and the rise in industrial production spurred increased use of residual fuel oil by steel mills and other industrial users. Probably the most important development, however, was the sharp rise in the demand for light heating oils. This rise in demand was primarily the result of two factors: Temperatures in the major heating oil markets in the late fall and early winter approached the normal seasonal pattern more closely than they had in the preceding few years, and the number of burners in use increased, partly because of the high level of building activity. At the same time as demand was strengthening, crude oil production in the Southwest continued to be held down, and restraint was exercised in the Nation's refinery runs.



SUPPLY AND DEMAND FOR ALL OILS

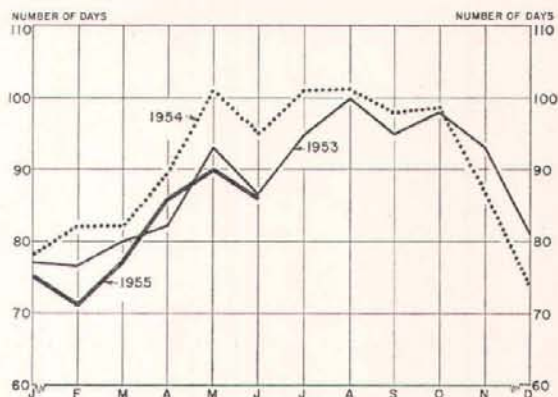
UNITED STATES



SOURCE: U. S. Bureau of Mines.

DAYS' SUPPLY OF STOCKS OF ALL OILS

UNITED STATES



SOURCE: U. S. Bureau of Mines.

By the end of 1954, petroleum stocks were in a reasonably good position. After being substantially higher than a year ago throughout most of 1954, total stocks of all oils at the end of the year declined 10,600,000 barrels below the year-earlier level. Crude stocks, at 258,400,000 barrels, were down 16,100,000 barrels from a year ago. Moreover, except for the concentration of residual fuel oil stocks on the west coast, stocks of all major refined products were generally at a desirable level in relation to demand. Heating oil prices were strengthening, and gasoline prices were holding steady.

The marked improvement in the demand for petroleum products which developed in the late fall of 1954 continued during the winter months, stimulated by the same factors that were evident in the fall upturn — namely, rising industrial activity and more seasonably cold weather. With demand high and stocks generally satisfactory, refiners increased their runs substantially to reach an all-time high. The Southwest, acting as a balance wheel in the Nation's petroleum production, increased allowables, and production rose to a new record. Imports also rose appreciably.

Although refinery yields of gasoline were cut back, the extremely high level of refinery runs during the winter months caused an undue build-up in gasoline stocks and moderated the seasonal decline in heating oil stocks. Moreover, refinery runs began to taper off in late winter and decreased markedly in April, but crude production continued to rise, resulting in a build-up in crude stocks. By the end of the heating oil season, stocks of refined products — primarily gasoline — were considerably larger than was desirable, and crude stocks were tending to become a little heavy. The high gasoline stocks prevented any seasonal strengthening in gasoline prices, which continued at relatively low levels, and distillate prices showed some seasonal weakness.

During the past few months, the demand for petroleum products has continued very strong, generally exceeding expectations. The demand for gasoline has been buoyed by the marked increase in the number of motor vehicles in use, stemming from the tremendous volume of new cars being sold; the

urge to drive new cars; an increase in pleasure driving as a means of obtaining relief from the hot weather which has prevailed throughout large sections of the country; the stimulus to motoring in connection with the rising level of consumer income; and the expanding volume of trucking, resulting from the increasing tempo of economic activity. This last factor, moreover, has been important in promoting the demand for residual fuel oil and, to some extent, distillates. Steel mills, operating at near-capacity levels, have been heavy consumers of residual fuel oil. Railroad traffic has increased, with an accompanying increase in the consumption of diesel fuel oil.

Refinery crude runs in the Nation, after a substantial cut-back in April, increased markedly and during the summer months were at very high levels, with July runs setting a new record. Crude production in the Southwest was cut back during late spring and continued in reduced volume during the summer. Imports of refined products, primarily residual fuel oil, have been seasonally lower, but crude imports in recent months have approached the all-time high reached in June.

With refinery runs up and crude production curtailed, crude stocks have shown a declining trend since May and are now below the level generally considered desirable by the industry. On the other hand, refined products stocks have remained a little on the high side, despite the heavy demand for petroleum products. Distillate stocks have built up rapidly, and the danger exists that storage problems may develop before the seasonal peak in stocks is reached this fall. Gasoline stocks, which were unduly high at the beginning of the motoring season, showed an appreciable seasonal decline during April, May, and June, but this decline has slowed somewhat. The gasoline stock situation in the Midwest has improved considerably since early spring, but on the gulf and east coasts, stocks continue on the high side. Supplies of residual fuel oil are relatively tight, with stocks down considerably from a year earlier. Substantial shipments of residual fuel oil from the west coast to the east coast have eliminated the excessive stocks of this product which troubled California refiners last year.

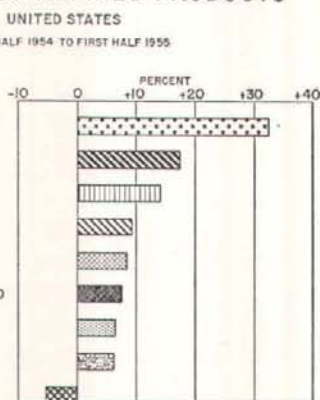
The stock situation tends to be reflected in the current price picture for refined products. Gasoline prices on the east and gulf coasts have continued at the relatively low levels which prevailed during the past year, but gasoline prices in the Middle West and Rocky Mountain areas, where the stock situation has improved, have strengthened. Prices of distillates are down seasonally, although they continue above the depressed levels of a year ago. Meanwhile, residual fuel oil prices, having shown a contraseasonal increase in recent months, are now at the highest level since 1948.

Demand

The total demand for all oils in the Nation during the first 6 months of 1955 averaged 8,696,000 barrels per day, which is higher than in any comparable period of record and 7.5 percent above a year earlier. This increase is the largest since the Korean War-induced expansion of 1951 and is appreciably larger than the average annual increase in the postwar period. The rise was accounted for entirely by domestic demand, which was up 7.9 percent; exports continued the declining trend of the past few years, decreasing about 0.8 percent. All of the decline in exports was in crude oil, with exports of refined products showing a small increase from the year-earlier level.

The increase in domestic demand during the first half of this year was more widespread among the various petroleum products than it has been in most postwar years. The demand for all major products except kerosene registered appreciable gains over a year earlier, but even more impressive increases occurred in the demand for such products as jet fuel, petroleum coke, road oil, liquefied gases, and asphalt. Demand for gasoline averaged 3,525,000 barrels per day, which is 6.5 percent higher than in the first 6 months of last year. Although this increase is high in comparison with the modest 2.1-percent gain in demand for gasoline in the first half of 1954 over the same period of 1953, it is still a little below the average annual increase in the postwar period.

PERCENT CHANGE IN DOMESTIC DEMAND FOR SELECTED REFINED PRODUCTS



SOURCE: U.S. Bureau of Mines.

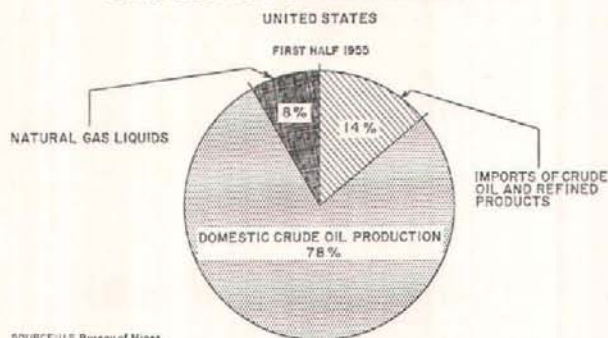
The domestic demand for distillate oils in the first half of this year averaged 1,654,000 barrels per day, up 8.6 percent from the same period of 1954. As in the case of gasoline, the increase in demand for distillate oils was noticeably larger than in the comparable 1954 period but was somewhat less than the average annual increase in the postwar years. Demand for residual fuel oil, after a sharp decline last year, has strengthened this year. At 1,575,000 barrels per day, the domestic demand for residual fuel oil in the first half of 1955 was 6.3 percent higher than a year earlier although 2.3 percent less than in the comparable period of 1953. The demand for kerosene, running counter to the pattern of most other petroleum products, declined 5.3 percent from the level prevailing in the first half of last year, thus continuing the downward trend evident in the past few years.

Supply

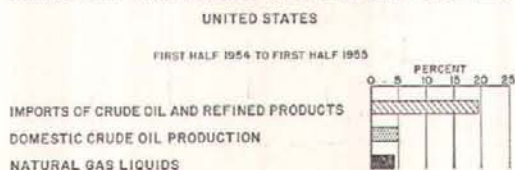
The substantial increase in demand for oil in the first half of this year was accompanied by an almost corresponding increase in the supply of new oil. The total supply of new oil averaged 8,728,000 barrels per day, or 6.9 percent higher than in the first half of 1954. While the major portion of the increase in supply came from domestic crude production, the rise in imports accounted for more than one-third of the aggregate increase. A relatively small part of the gain in the total new oil supply was provided by natural gas liquids. During the first half of 1955, the total supply of new oil in the Nation was derived as follows: Domestic crude production, 77.6 percent; imports, 14.2 percent; and natural gas liquids, 8.2 percent.

Crude oil production in the Nation during the first half of this year averaged 6,776,000 barrels per day compared with 6,452,000 barrels per day during the same period of

COMPOSITION OF NEW OIL SUPPLY

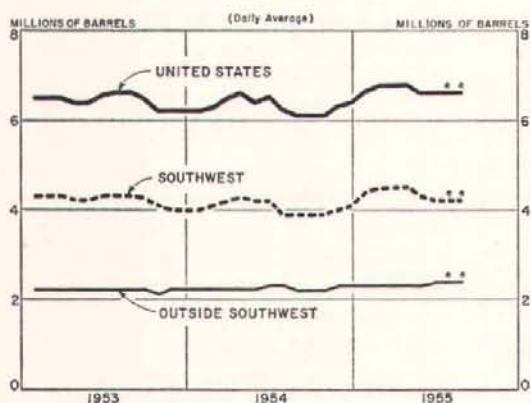


PERCENT INCREASE IN NEW OIL SUPPLY



CRUDE OIL PRODUCTION

SOUTHWEST AND UNITED STATES



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

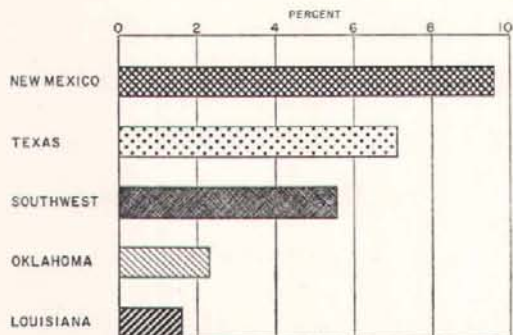
1954, reflecting an increase of 5 percent. The Southwest, which accounted for all of the decline in the Nation's crude oil production last year, has claimed the major share of the increase thus far this year. Crude oil production in the four producing states of the Southwest — Louisiana, New Mexico, Oklahoma, and Texas — in the first 6 months of this year was up 236,000 barrels per day from the same period last year to average 4,422,000 barrels per day. This represented about two-thirds of the Nation's total production. Aggregate production in states outside the Southwest increased 88,000 barrels to 2,353,000 barrels per day. Most of the increase in crude production in states outside the Southwest was accounted for by Illinois, Colorado, Wyoming, and North Dakota, in that order.

In the Southwest, Texas accounted for most of the increase in production, with a daily average volume during the first half of 1955 of 2,935,000 barrels, up 7.1 percent from a year earlier. New Mexico, which in recent years has shown the most rapid rate of growth among the states of the region,

PERCENT INCREASE IN CRUDE OIL PRODUCTION

SOUTHWESTERN STATES

FIRST HALF 1954 TO FIRST HALF 1955



SOURCE: U. S. Bureau of Mines.

ranked second in the increase registered during the first half of this year, with a gain of 19,000 barrels per day. The relative increase in New Mexico's production, 9.6 percent, was the largest of any of the southwestern states. Production in both Louisiana and Oklahoma rose somewhat more than 10,000 barrels per day, or approximately 2 percent.

Although the Southwest's production increased appreciably to reach a new all-time high during the first half of 1955, the region continued to have a substantial amount of unutilized capacity during this period, with well allowables held at relatively low levels. In Texas the number of state-wide producing days in the first 6 months of the year amounted to only 100 out of a possible 181 and was 2 days less than in the same period of 1954. In Louisiana, Oklahoma, and New Mexico, production from prorated wells also has been held down substantially below the maximum efficient rate of production. This situation, in the face of the increase in production, reflects the fact that production capacity in the Southwest has increased perhaps as much as or more than production.

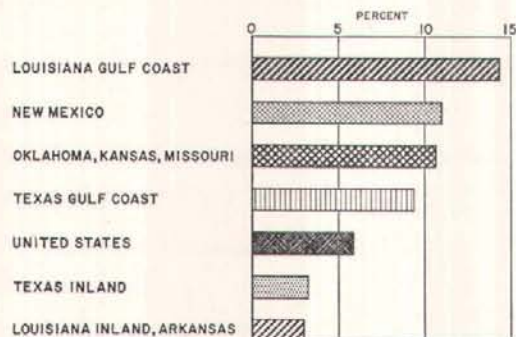
Imports during the first half of 1955 increased at a much faster rate than domestic crude production, showing a 19.8-percent gain over the year-earlier level as compared with the 5.0-percent increase in domestic crude production. Total imports during this period averaged 1,243,000 barrels per day, including 739,000 barrels of crude and 504,000 barrels of refined products — mostly residual fuel oil. Crude imports were 16.6 percent higher than in the first half of 1954, while imports of refined products were 24.8 percent higher. The increase in crude imports was accounted for largely by three countries — Kuwait, Canada, and Venezuela. All of the increased volume of imports of Canadian crude went to the Pacific Northwest.

Production of natural gas liquids, which in the postwar period has been expanding at a substantially faster rate than the Nation's crude oil production, failed to match the relative increase in crude production in the first half of 1955 and posted a noticeably smaller percentage gain than in most previous years. Averaging 707,000 barrels per day, natural gas liquids production was 4.7 percent higher than in the first half of 1954. The Southwest, providing more than three-fourths of the Nation's production, accounted for almost all of the recent increase. Of the southwestern states, New Mexico experienced the largest relative increase, but most of the absolute increase in production occurred in Texas, the dominant producing state in the Nation.

Refinery Activity

The pattern of increased demand and increased crude production naturally was accompanied by a higher level of refinery runs during the first part of 1955. Crude runs to refinery stills in the Nation averaged 7,365,000 barrels per day, which is 5.9 percent higher than in the first half of 1954. Refineries in the Southwest showed a considerably larger relative increase in their runs than refineries in the rest of the Nation. Louisiana and Texas gulf coast refineries, which comprise about one-third of the Nation's refining capacity, accounted

PERCENT INCREASE IN REFINERY CRUDE RUNS

SOUTHWESTERN REFINERY DISTRICTS AND UNITED STATES
FIRST HALF 1954 TO FIRST HALF 1955

SOURCE: U. S. Bureau of Mines.

for almost three-fifths of the total increase in national refinery runs. The decline in the Nation's refinery runs in the first 6 months of last year, however, was borne largely by the Texas gulf coast refineries.

Although capacity has continued to expand, the Nation's refineries have been able to utilize their facilities more fully. During the first half of 1955, the Nation's refineries operated at 91.3 percent of their rated capacity, compared with 89.4 percent in the same period of 1954. Gulf coast refineries operated at a higher percentage of capacity than refineries in the Nation as a whole, but those in the interior of Texas and in New Mexico and Oklahoma generally operated at lower levels.

Profit margins of refiners appear to have improved somewhat during the past year. In August the gross spread between the wholesale price of major refined products and the price of crude oil at the wellhead, as calculated by the Independent Petroleum Association of America, amounted to \$1 per barrel, compared with last year's low of 82 cents per barrel reached in July and with the 5-year (1950-54) average of \$1.01.

Prices

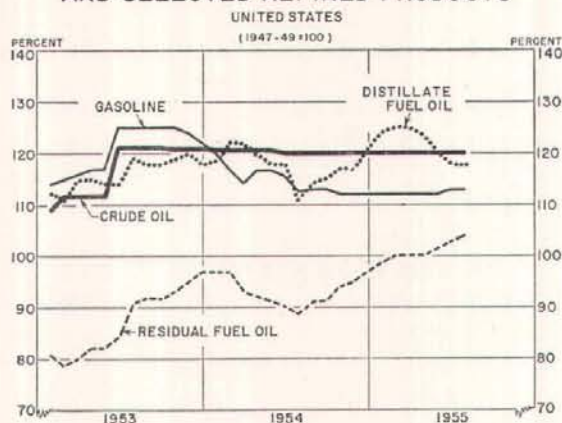
Wholesale prices of crude oil and refined products have strengthened a little during the past year. Minor adjustments have been made in the price of crude in various areas, but crude prices have remained essentially at the level established following the general price increase in June 1953. Although gasoline prices in the Midwest tended to firm during the summer, gasoline prices in the Nation are still noticeably below the level prevailing prior to the rise in crude oil prices 2 years ago. Wholesale prices of distillate oils, although fluctuating seasonally, have moved higher during the past year and are almost at the level established in 1953, following the increase in crude prices. Nevertheless, the only major refined product which has shown marked price strength during the past year has been residual fuel oil. Wholesale prices of residual fuel oil in July were about 16.8 percent higher than a year earlier and were at the highest level since 1948.

Drilling

Drilling activity, which has shown an almost uninterrupted increase in the postwar period, continued to rise to new highs in the first half of 1955. Total wells completed in the Nation amounted to 27,700, or 6.9 percent higher than in the same period last year, according to *The Oil and Gas Journal* data. Over three-fifths of these well completions occurred in the Southwest, which showed a year-to-year increase of 7.5 percent. Texas alone accounted for more than one-third of the southwest total and almost one-half of the increase in the Nation's well completions in the 6-month period in 1955. In terms of relative increase, New Mexico and Louisiana led the Southwest; well completions in Oklahoma showed a small decline as compared with the first half of 1954. In Texas the larger increases in well completions occurred in the west, north-central, and southwest areas—Texas Railroad Commission Districts 8, 7c, 7b, and 1. Illinois and Nebraska were among the states outside the Southwest showing substantial increases.

In the Nation, increasing emphasis on wildcat drilling was apparent during the first 6 months of 1955. The number of wildcat completions, totaling 5,840, was 11 percent higher than in the first half of 1954. The Southwest contributed considerably less to the increase in wildcat completions than other sections of the country. In this region, wildcat completions were up only 3 percent, while they increased 25 percent in other sections of the Nation. Nevertheless, the Southwest continued to claim a major portion of the Nation's wildcat wells. Texas experienced a small decline in the number of wildcat completions and New Mexico showed little change, but Louisiana and Oklahoma registered substantial increases in the number of wildcat completions. The success ratio (the proportion of wildcat wells completed as oil, condensate, or gas producers) has been slightly higher thus far in 1955 than in the same period of 1954 in both the Southwest and the Nation as a whole. For the first half of this year, the Southwest showed a success ratio of 21.7 percent, and the Nation, a success ratio of 18.2 percent.

WHOLESALE PRICES OF CRUDE OIL AND SELECTED REFINED PRODUCTS



SOURCE: U. S. Bureau of Labor Statistics.

Outlook

The outlook for the Nation's petroleum industry, including the major segment located in the Southwest, appears generally favorable for the months ahead. While excess capacity and the accompanying keen competition will persist, difficulties arising from these elements may be moderated by the growth in demand.

The strong demand for petroleum products evident during the first half of 1955 has continued during the third quarter. In fact, the year-to-year increase in the total demand for all oils during July and August, amounting to around 8 percent, was even larger than during the first part of the year.

The continued rise in the demand for petroleum products during the fall and winter months will be heavily dependent upon developments in the Nation's economic activity and upon weather conditions. The breadth and strength of the expansion in economic activity encourage optimism for the future. During the past few winters, temperatures in most sections of the country have been higher than the long-term average, although last year's winter was closer to normal than that of the previous year. If the weather this coming winter is at least as cold as that of last winter, the growth in the number of oil burners which has occurred during the past year should assure a new record in the demand for heating oil. On the other hand, very mild weather might curtail seriously the demand for heating oils and would have its effect on refinery operations and crude production.

Reflecting the seasonal increase in heating oil needs, the aggregate demand for petroleum products in the winter months is usually substantially higher than in the summer months. During the past 5 years, the winter month of peak demand has exceeded the low month of the summer season by 21 percent to 34 percent, the latter difference existing last year. Part of the seasonally increased needs for heating oil is met with stocks accumulated in the off-season and part through higher refinery runs, with an accompanying increase in the demand for crude oil.

Refineries recently have been operating at near-record levels, and the rapid build-up in distillate stocks — which are up substantially from a year earlier — may create storage difficulties before heating season demands cause a reduction in these stocks. It appears likely that some cutback in refinery runs will be required before the heavy winter demand necessitates an expansion in refinery production of heating oils. Nevertheless, unless a mild winter prevails, refinery runs may rise during the winter to a new record high.

Crude production, which was cut back in the Southwest from the record levels reached in late winter and early spring, should show some expansion from the current volume during

the fall and winter as the Nation's oil demands increase seasonally. Crude stocks have been declining since late May, and in view of the currently adequate level of stocks, the meeting of any increase in needs by an expansion of production rather than through a further depletion of stocks would be indicated. Moreover, the Southwest, which bore the cut in production this past spring, probably will account for most of any increase in the Nation during the coming months.

The upturn in crude production has begun already, with a small increase occurring in August and early September. Moreover, an increase in Texas daily allowables foreshadows a further increase in crude production in October.

Imports of crude oil in the last half of 1955 will be moderately higher than they were in the first half of the year, although showing little change from the current rate, according to schedules submitted to the Texas Railroad Commission by importing companies. Residual fuel oil imports are expected to show the normal seasonal rise during the fall and winter months. However, this outlook for oil imports may be altered somewhat by the mid-September warning of the Director of the Office of Defense Mobilization to the principal importing companies to reduce their imports in line with the recommendations of the President's advisory committee on energy supplies and resources.

Price developments in the petroleum industry are always difficult to predict. Costs have been rising in most segments of the industry. General wage increases have been granted by most firms, and the costs of equipment and supplies, led by an increase in steel prices, have tended to move up. The influence of these factors, however, is counteracted at least in part by the existence of excess capacity and very keen competition in the industry. Any significant widespread change in the price of crude oil or the various major refined products does not appear likely in the immediate months ahead. In the latter part of September, the wholesale prices of gasoline on the east coast were raised 0.5 cent per gallon, but this increase merely offset a similar decrease in July. Some seasonal rise in the prices of light heating oils may occur, depending upon weather conditions. With current stocks high, mild weather in the early part of the heating season may tend to deter or postpone such an increase. On the other hand, if normal temperatures prevail, some strengthening in light heating oil prices is likely. Competition from coal will tend to brake further increases in residual fuel oil prices.

The markedly rising trend in drilling activity during the past few years shows no signs of slackening, and both the number of total completions and the number of wildcat completions this year probably will reach new all-time highs. The Southwest apparently will maintain its share of the increased drilling activity.

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



August sales at reporting department stores in the District rose 13 percent, or less than seasonally, above those of July and showed a year-to-year

gain of 15 percent. January-August sales exceeded those in the same period last year by 10 percent. Inventories on August 31 were up seasonally from July and were 9 percent above a year earlier. Merchandise on order showed a seasonal decline of 18 percent during August but at the end of the month was 22 percent above a year ago.

Harvesting of cotton, grain sorghums, and corn dominated District agricultural activities during September. The corn crop in the District states is estimated at 5 percent greater than last month's estimate and 48 percent above 1954. The indicated production of cotton and grain sorghums declined 2 percent and 5 percent, respectively, from the month-earlier estimates. During the first 6 months of this year, cash receipts from farm marketings in the District states were 6 percent less than in the same period in 1954.

Crude oil production in the District during the first part of September increased for the second consecutive month. The magnitude of the increase, however, was held down by cutbacks in crude purchases of a major oil company as a result of a fire and explosion in one of its large midwestern refineries. District refinery crude runs were off moderately, after rising steadily since May.

Nonagricultural employment in the District states during August rose sharply to 3,903,700, or 17,400 over July. Manufacturing employment, rising 8,200 to an August total of 733,000, was the primary stimulant in the employment picture. The largest gains in manufacturing employment occurred in primary metals and transportation equipment categories.

The value of construction contracts awarded in the District during August was 22 percent below that in July. Residential awards declined 30 percent, while all other awards were down 17 percent.

Gross loans of the District's weekly reporting member banks rose 1.4 percent during the 5 weeks ended September 21. Total investments declined 2.6 percent because of smaller holdings of United States Government securities, but discounts and bills payable increased markedly.



The dollar volume of department store sales in the Eleventh District moved up less than seasonally in August. Aided by 2 more trading days, August sales were 13 percent above sales in July and were 15 percent above those in August 1954, compared with a year-to-year gain of 5 percent in July. Cumulative sales for the first 8 months of this year averaged 10 percent higher than during the corresponding period last year.

The department store sales index for August, adjusted for seasonal variation and the number of trading days, was 139, compared with 126 for the same month in 1954 and 145 in July.

Consumer durable goods sales were maintained in good volume during August and showed a 28-percent increase over August last year. The principal items accounting for the increase were major household appliances, up 38 percent; radios and television sets, up 36 percent; and furniture and bedding, up 20 percent.

The heavy consumer buying in August was not confined to the hard goods items, as soft goods sales also showed substantial increases. Sales of household textiles were 19 percent higher than a year earlier and were approximately 32 percent above July, partly as a result of seasonal factors. Sales of women's and misses' coats and suits and sales of women's and misses' dresses were up 17 percent and 8 percent, respectively, from August a year ago. Sales of men's clothing also were strong, with a 14-percent gain over sales in August 1954.

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS ¹	
	Aug. 1955 from		8 mo. 1955 comp. with 8 mo. 1954	Aug. 1955 from	
	Aug. 1954	July 1955		Aug. 1954	July 1955
DEPARTMENT STORES					
Total Eleventh District.....	15	13	10	9	6
Corpus Christi.....	0	10	10	10	7
Dallas.....	18	13	11	15	4
El Paso.....	11	16	10	6	9
Fort Worth.....	19	16	10	8	6
Houston.....	9	12	8	3	5
San Antonio.....	15	14	9	7	4
Shreveport, La.....	15	11	7	10	8
Waco.....	27	14	13	9	7
Other cities.....	19	14	13	12	9
FURNITURE STORES					
Total Eleventh District.....	24	6	19	9	-3
Amarillo.....	-13	-16	-	12	6
Austin.....	23	36	15	8	-2
Dallas.....	28	10	18	7	-9
Houston.....	22	-10	29	15	-5
Lubbock.....	60	-15	-	20	6
Port Arthur.....	n.a.	n.a.	n.a.	n.a.	n.a.
San Antonio.....	22	21	12	6	-1
Shreveport, La.....	32	24	17	12	-1
Wichita Falls.....	39	12	-	n.a.	n.a.
Other cities.....	14	8	10	4	-1
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	27	-16	-	-	-
Dallas.....	7	-21	-	-	-

¹ Stocks at end of month.
n.a.—Not available.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED ¹			
	Aug. 1955	July 1955	June 1955	Aug. 1954	Aug. 1955	July 1955	June 1955	Aug. 1954
SALES—Daily average								
Eleventh District.....	129	123	120	117	139	145	132	126r
Dallas.....	123	117	109	107	139	141	128	122
Houston.....	144	139	135	137	153	158	149	145r
STOCKS—End of month								
Eleventh District.....	144p	136	133	132	145p	143	143	133r

¹ Adjusted for seasonal variation.

r—Revised.

p—Preliminary.

Instalment sales showed only a small increase from July to August but were 30 percent above August a year ago. On the other hand, cash sales and charge account sales rose noticeably from July to August and were 13 percent and 11 percent, respectively, higher than in the same month last year.

Department store stocks increased seasonally 6 percent during August and at the end of the month were 9 percent higher than a year earlier. The August adjusted stock index was 145 percent of the 1947-49 average, compared with an average of 138 for the preceding 7 months of 1955 and 133 for August last year. Although orders outstanding declined seasonally 18 percent during August, the total outstanding at the end of the month was 22 percent above that of a year ago.

Furniture store sales at reporting stores in the District during August rose seasonally 6 percent above July and were 24 percent higher than during August 1954. Inventories declined 3 percent during the month and on August 31 were 9 percent more than on the same date last year.



Sharp contrasts characterized weather conditions in the District during the past month, as torrential rains fell in some areas while hot, open weather prevailed in others.

The heaviest precipitation was received in the northeastern, southeastern, and coastal areas of the District, particularly in the Lower Valley of Texas, where severe floods occurred. Although some light to moderate showers fell in the southern High Plains and Trans-Pecos areas of Texas, most of the western portion of the District received only scattered thundershowers.

Harvesting of cotton, sorghums, and corn dominated agricultural activities during September. Most of the cotton crop in the Coastal Bend of Texas has been harvested, but heavy rains in upper coastal and northeastern counties delayed harvest, resulted in some losses of open cotton, and reduced the grade in some areas. Harvesting is under way in the southern High Plains, with some sections reporting premature opening of bolls and shedding of young fruit as a result of continued hot, dry weather.

The 1955 cotton crop in the Nation, as of September 1, is estimated at 12,873,000 bales, or 1 percent larger than a

CROP PRODUCTION

Texas and Five Southwestern States

(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES ¹		
	Estimated Sept. 1, 1955	1954	Average 1944-53	Estimated Sept. 1, 1955	1954	Average 1944-53
Cotton ²	3,850	3,940	3,388	5,560	6,032	5,067
Corn.....	50,196	33,184	47,111	77,274	52,047	84,584
Oats.....	34,615	41,354	28,167	57,324	65,737	47,500
Barley.....	2,208	3,135	2,481	17,776	21,966	9,964
Rice ³	13,552	16,120	10,918	25,819	31,116	21,886
Sorghum grain... 132,132	117,386	77,502	160,790	130,950	93,103	
Flaxseed.....	78	578	879	186	676	1,300
Hay ⁴	1,772	1,389	1,570	5,250	4,476	4,807
Peanuts ⁵	219,000	108,185	272,522	319,750	153,325	390,998
Irish potatoes... 2,772	2,033	3,479	5,607	4,815	7,580	
Sweet potatoes.. 2,470	1,350	3,664	12,602	10,374	13,379	

¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas.² In thousands of bales.³ In thousands of bags containing 100 pounds each.⁴ In thousands of tons.⁵ In thousands of pounds.

SOURCE: United States Department of Agriculture.

month earlier, 6 percent below production in 1954, and 1 percent below the 10-year (1944-53) average. Generally favorable growing conditions during August in California and most of the southeastern states increased prospects and more than offset declines in the Eleventh Federal Reserve District and the Carolinas.

The indicated production of cotton in the District states on September 1 totaled 5,560,000 bales, or 2 percent below the month-earlier estimate, according to the United States Department of Agriculture. A crop of this size would be 8 percent below production last year but 10 percent above the 10-year average. All of the states in the District except Oklahoma showed declines from August. High humidity and rank growth of plants, which made insect control difficult and caused shedding of fruit and rotting of bolls, resulted in the less favorable prospects. Cotton ginnings in the District states this year prior to September 1 totaled 944,143 bales, or 16 percent below those a year earlier, according to the United States Department of Commerce.

In Texas, cotton production in 1955 is indicated at 3,850,000 bales, or 1 percent below the previous month's estimate

COTTON PRODUCTION

Texas Crop Reporting Districts

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

Crop reporting district	1955 Indicated September 1	1954	1953	1955 as percent of 1954
1-N.....	390	512	548	76
1-S.....	1,025	1,098	835	93
2-N.....	235	221	143	106
2-S.....	225	180	285	125
3.....	30	20	39	150
4.....	575	448	1,101	128
5-N.....	115	75	136	153
5-S.....	85	74	119	115
6.....	260	261	253	100
7.....	30	25	39	120
8-N.....	150	142	215	106
8-S.....	75	218	76	34
9.....	230	192	238	120
10-N.....	35	67	32	52
10-S.....	390	407	258	96
State.....	3,850	3,940	4,317	98

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	August 1955	August 1954	July 1955	August 1955	August 1954	July 1955
Cattle.....	79,710	98,467	75,261	37,851	44,646	29,673
Calves.....	24,384	30,923	19,667	30,130	36,587	19,894
Hogs.....	35,615	31,636	27,631	4,573	2,610	2,459
Sheep.....	55,735	44,434	76,632	125,782	136,778	119,824

¹ Includes goats.

and 2 percent below 1954. Yields in southeastern and south-central counties are exceeding preharvest expectations, especially in the upper coastal counties, where record yields are in prospect. However, these more favorable prospects are offset by less favorable indications in central and northern Blackland counties, as a result of insect damage, and in north-western areas, where moisture supplies are short.

Although the prospective production of corn in the Nation declined 10 percent during August and is only 5 percent above last year's output, the expected production of corn in the District states increased. Higher than average yields are reported for all of the states in the District, and the 1955 corn crop is estimated at 77,274,000 bushels, or 5 percent greater than the estimate for August and 48 percent above production in 1954.

On the other hand, hot, dry weather reduced prospects for grain sorghums in both the Nation and the District states. As of September 1, national grain sorghum production is indicated at 226,776,000 bushels, which is 15 percent below the August forecast but 11 percent larger than last year's crop. In the District states, production is placed at 160,790,000 bushels, or 5 percent below the estimate for a month earlier but 23 percent above production last year.

The per acre yields of rice in Texas and Louisiana are the highest of record, and despite severe acreage restrictions, production is estimated at 25,819,000 bags, which is 17 percent

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended Sept. 21, 1955		Comparable week last month	Comparable week last year
		Sept. 21, 1955	Sept. 21, 1955		
COTTON, Middling 15/16-inch, Dallas....	lb.	\$.3190	\$.3320	\$.3425	
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.43	2.41 3/4	2.63	
OATS, No. 2 white, Fort Worth.....	bu.	.84	.80 1/2	1.01 1/2	
CORN, No. 2 yellow, Fort Worth.....	bu.	1.55	1.62	1.94	
SORGHUMS, No. 2 yellow, Fort Worth....	cwt.	2.05	2.03	2.62	
HOGS, Choice, Fort Worth.....	cwt.	17.50	17.50	20.50	
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	23.50	23.50	25.00	
SLAUGHTER CALVES, Choice, Fort Worth...	cwt.	18.50	20.00	17.50	
STOCKER STEERS, Choice, Fort Worth....	cwt.	20.00	21.00	20.00	
SLAUGHTER SPRING LAMBS, Choice, Fort Worth.....	cwt.	18.50	19.50	18.00	
BROILERS, south Texas.....	lb.	.25	.27	.23	

below last year's record crop. Prospective peanut production in the District increased about 5 percent during August and is estimated at 319,750,000 pounds, or more than double last year's short crop.

CASH RECEIPTS FROM FARM MARKETINGS

Five Southwestern States

(In thousands of dollars)

Area	June		January—June	
	1955	1954	1955	1954
Arizona.....	\$ 30,933	\$ 29,923	\$ 150,220	\$ 156,407
Louisiana.....	11,790	11,686	104,050	115,267
New Mexico.....	7,463	9,765	61,495	62,784
Oklahoma.....	44,330	73,918	183,692	214,618
Texas.....	100,606	113,117	638,486	655,920
Total.....	\$195,122	\$238,409	\$1,137,943	\$1,204,996

SOURCE: United States Department of Agriculture.

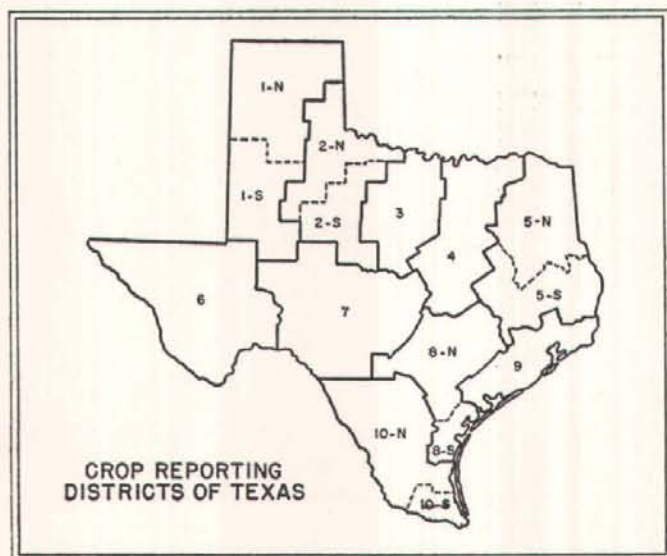


Between August 17 and September 21, the weekly reporting banks increased their commercial, industrial, and agricultural loans by \$21,630,000, a somewhat smaller gain than

during the corresponding period last year. Loans to brokers and dealers in securities, real-estate loans, and all other loans (primarily consumer loans) rose, while interbank loans and other loans for purchasing securities declined.

The weekly reporting member banks recorded decreases in all major categories of United States Government securities. Treasury bill holdings were down \$12,196,000, or 20 percent. Investments in Treasury certificates of indebtedness declined 31 percent, or \$7,266,000. Holdings of Treasury notes and United States Government bonds declined \$7,205,000 and \$15,190,000, respectively. The banks increased their holdings of other bonds, stocks, and securities by \$3,313,000.

Between August 17 and September 21, total deposits of the weekly reporting banks decreased \$8,019,000, with a net demand deposit increase of \$3,102,000 being offset by a decrease of \$11,121,000 in time deposits. The largest increases were shown in demand deposits of individuals, partnerships, and corporations—\$42,977,000—and of states and political subdivisions—\$16,226,000. Demand deposits of the United States Government decreased \$22,833,000, and the other classifications of demand deposits also registered declines during the 5-week period.



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

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Sept. 21, 1955	Sept. 22, 1954	Aug. 17, 1955
ASSETS			
Commercial, industrial, and agricultural loans...	\$1,496,323	\$1,249,161	\$1,474,693
Loans to brokers and dealers in securities.....	20,081	8,787	18,186
Other loans for purchasing or carrying securities.	117,850	89,647	123,204
Real-estate loans.....	209,528	153,394	207,856
Loans to banks.....	8,635	9,258	10,555
All other loans.....	508,832	402,841	494,885
Gross loans.....	2,361,249	1,913,088	2,329,379
Less reserves and unallocated charge-offs..	25,201	17,855	25,225
Net loans.....	2,336,048	1,895,233	2,304,154
U. S. Treasury bills.....	48,845	160,250	61,041
U. S. Treasury certificates of indebtedness.....	16,196	169,664	23,462
U. S. Treasury notes.....	272,312	205,256	279,517
U. S. Government bonds (inc. gtd. obligations)...	832,815	868,676	848,005
Other securities.....	255,013	212,870	251,700
Total investments.....	1,425,181	1,616,716	1,463,725
Cash items in process of collection.....	388,109	334,321	363,963
Balances with banks in the United States.....	453,350	534,373	444,584
Balances with banks in foreign countries.....	2,240	1,822	2,376
Currency and coin.....	47,927	45,442	45,559
Reserves with Federal Reserve Bank.....	587,650	631,897	573,287
Other assets.....	132,154	109,209	122,597
TOTAL ASSETS.....	5,372,659	5,169,013	5,320,245
LIABILITIES AND CAPITAL			
Demand deposits			
Individuals, partnerships, and corporations....	2,837,931	2,718,782	2,794,954
United States Government.....	74,976	79,915	97,809
States and political subdivisions.....	189,628	172,821	173,400
Banks in the United States.....	867,372	1,029,652	875,878
Banks in foreign countries.....	18,562	12,287	19,598
Certified and officers' checks, etc.....	57,974	46,546	81,702
Total demand deposits.....	4,046,443	4,060,003	4,043,341
Time deposits			
Individuals, partnerships, and corporations....	697,898	586,164	695,787
United States Government.....	12,159	13,365	12,159
Postal savings.....	452	451	452
States and political subdivisions.....	121,653	98,640	134,895
Banks in the U. S. and foreign countries.....	1,635	1,203	1,625
Total time deposits.....	833,797	699,823	844,918
Total deposits.....	4,880,240	4,759,826	4,888,259
Bills payable, rediscounts, etc.....	48,500	2,000	3,700
All other liabilities.....	58,536	59,319	44,605
Total capital accounts.....	385,383	347,868	383,681
TOTAL LIABILITIES AND CAPITAL.....	5,372,659	5,169,013	5,320,245

As of September 21, bills payable and rediscounts amounted to \$48,500,000, reflecting an increase of \$44,000,000 from the August 17 figure. In the corresponding period of 1954, no change was recorded in this item. All other liabilities and total capital accounts showed 5-week increases of \$13,931,000 and \$1,702,000, respectively.

During August, banks in 24 cities reported increases in debits to deposit accounts of 5 percent from July and 20 percent from August 1954. Monthly declines occurred in three cities, with Laredo recording the largest decrease — 8 percent. Beaumont and Corsicana led the cities reporting monthly increases. The annual rate of deposit turnover increased to 19.6 in August from 18.5 in July and 17.2 in August 1954.

Gross demand deposits of all member banks in the District averaged \$7,144,992,000 during August, reflecting a decline of \$73,177,000 (approximately 1 percent) from July but an increase of \$152,449,000 (or 2.1 percent) over the August 1954 figure. The July-August decline in demand deposits at reserve city member banks amounted to \$65,081,000,

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
August 1953..	\$6,555,188	\$ 903,610	\$3,153,585	\$495,813	\$3,401,603	\$407,797
August 1954..	6,992,543	1,078,297	3,439,030	600,994	3,553,513	477,303
April 1955....	7,388,996	1,219,764	3,626,058	697,441	3,762,938	522,323
May 1955....	7,241,268	1,226,177	3,541,867	704,826	3,699,401	521,351
June 1955....	7,190,550	1,223,862	3,518,648	704,471	3,671,902	519,391
July 1955....	7,218,169	1,273,423	3,545,239	753,896	3,672,930	519,527
August 1955..	7,144,992	1,276,939	3,480,158	755,284	3,664,834	521,655

or 90 percent of the District decrease. Time deposits for all District member banks rose slightly to \$1,276,939,000, with the reserve city banks and country banks both participating in the increase. Compared with August 1954, time deposits in the District rose \$198,642,000 for an 18.4-percent increase.

Member bank reserve balances rose \$14,547,000 to a level of \$981,492,000 during the 5 weeks ended September 21. Interdistrict commercial and financial transactions had a contractive influence, but the expansion of reserve balances resulting from Treasury operations in the District and the increase in local Federal Reserve credit more than offset this decline. Currency transactions and the increase in other Federal Reserve accounts added to reserve balances by \$1,461,000 and \$558,000, respectively.

Total earning assets of the Federal Reserve Bank of Dallas rose \$34,030,000 during the 5-week period ended September

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

(Amounts in thousands of dollars)

Area	DEBITS ¹			DEPOSITS ¹			
	August 1955	Percentage change from	Annual rate of turnover	August 31, 1955	August 1955	August 1954	July 1955
ARIZONA							
Tucson.....	\$ 134,211	38	9	\$ 94,188	17.2	13.6	16.2
LOUISIANA							
Monroe.....	55,867	27	0	41,252	16.3	12.7	16.1
Shreveport.....	246,542	29	3	183,420	16.1	13.2	15.4
NEW MEXICO							
Roswell.....	27,123	15	3	26,423	12.4	9.8	11.8
TEXAS							
Abilene.....	66,781	25	2	59,071	13.7	12.0	13.6
Amarillo.....	157,336	20	2	108,197	17.5	15.2	17.2
Austin.....	137,767	21	8	116,148	14.2	13.2	13.1
Beaumont.....	125,428	17	11	98,215	15.4	13.8	13.7
Corpus Christi.....	175,796	0	8	108,106	19.3	17.2	18.2
Corsicana.....	16,444	31	11	21,920	8.9	7.3	8.0
Dallas.....	2,024,716	21	6	969,995	25.0	22.0	23.2
El Paso.....	214,158	24	2	130,025	19.8	16.9	19.4
Fort Worth.....	612,448	22	3	359,688	20.4	17.9	19.3
Galveston.....	82,217	13	3	70,917	14.0	13.0	13.7
Houston.....	2,025,951	22	7	1,199,866	20.5	18.2	19.7
Lubbock.....	19,785	21	-8	19,187	12.2	11.2	13.1
Laredo.....	116,232	18	1	93,534	15.1	14.6	14.8
Marshall.....	55,132	21	7	46,009	14.6	14.0	14.2
Port Arthur.....	43,011	10	0	46,340	11.3	10.1	11.2
San Angelo.....	479,472	18	6	341,135	17.2	15.4	16.4
San Antonio.....	17,346	5	-2	17,646	11.9	11.3	12.2
Texarkana ²	71,514	19	-1	56,467	15.1	13.1	15.1
Tyler.....	87,374	5	2	66,147	15.8	15.7	15.5
Waco.....	94,244	13	1	104,081	10.9	9.7	10.7
Wichita Falls.....							
Total—24 cities.....	\$7,086,895	20	5	\$4,377,977	19.6	17.2	18.5

¹ Debits to demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.

² Demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.

³ These figures include only one bank in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including two banks located in the Eighth District, amounted to \$37,785,000 for the month of August 1955.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Sept. 21, 1955	Sept. 22, 1954	Aug. 17, 1955
Total gold certificate reserves.....	\$743,488	\$ 833,390	\$763,516
Discounts for member banks.....	52,482	329	5,893
Other discounts and advances.....	1,253	4,935	2,115
U. S. Government securities.....	944,833	934,042	956,530
Total earning assets.....	998,568	939,306	964,538
Member bank reserve deposits.....	981,492	1,008,035	966,945
Federal Reserve notes in actual circulation....	717,115	724,880	716,532

21. On that date, discounts for member banks reached \$52,482,000, reflecting an increase of \$46,779,000 since August 17, whereas on September 22, 1954, they amounted to \$329,000. Other 5-week changes in this bank's earning assets included a decline of \$11,697,000 in United States Government

NEW MEMBER BANK

The Plains National Bank of Lubbock, Lubbock, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business September 15, 1955, as a member of the Federal Reserve System. The new bank has capital of \$250,000, surplus of \$150,000, and undivided profits of \$100,000. The officers are: Edward W. Napier, Chairman of the Board; Tom Cobb, President; Wilbur R. Slaton, Executive Vice President; Earl Crow, Vice President and Cashier; Frank Walker, Vice President; J. E. Waller, Vice President; and Jack Beeson, Assistant Cashier.

NEW PAR BANKS

The Union State Bank, Florence, 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 September 1, 1955. The officers are: Roy J. Smith, President; B. M. Beck, Executive Vice President; and John T. Atkinson, Vice President and Cashier.

The Bank of Vivian, Vivian, Louisiana, located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, has been acquired by the First National Bank of Shreveport, Shreveport, Louisiana, and, effective September 12, 1955, is being operated as the Vivian Branch of the First National Bank of Shreveport, Vivian, Louisiana. The branch has been added to the Par List.

The Texas State Bank, Victoria, Texas, an insured, nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, September 15, 1955. The officers are: W. M. Noble, President; Wm. S. Fly, Vice President; James Lewis, Cashier; and Jack Wood, Assistant Cashier.

CHANGES IN FACTORS AFFECTING MEMBER BANK RESERVE BALANCES

Eleventh Federal Reserve District

(In thousands of dollars)

	CHANGE ¹	
	5 weeks ended Sept. 21, 1955	Dec. 29, 1954— Sept. 21, 1955
FACTORS		
Federal Reserve credit—local.....	+\$ 45,329	+\$ 28,593
Interdistrict commercial and financial transactions...	- 101,098	- 329,159
Treasury operations.....	+ 68,297	+ 244,226
Currency transactions.....	+ 1,461	+ 21,139
Other deposits at Federal Reserve Bank.....	0	- 572
Other Federal Reserve accounts.....	+ 558	+ 10,754
RESERVE BALANCES	+\$ 14,547	-\$ 25,019
September 21, 1955.....	\$981,492	
August 17, 1955.....	\$966,945	

¹ Sign of change indicates effect on reserve balances.

securities and a decrease of \$862,000 in other discounts and advances. On September 21, total gold certificate reserves were \$743,488,000, or \$20,028,000 less than the amount owned August 17. Federal Reserve notes in actual circulation increased slightly to \$717,115,000.

Eleven Federal Reserve banks, including the Federal Reserve Bank of Dallas, raised their discount rates to 2¼ percent in late August and early September. The Cleveland bank foreshadowed this movement by raising its rate from 1¾ percent to 2¼ percent in early August. To date, central banks in 10 foreign countries have raised their discount rates in this calendar year, reflecting the increasing level of economic activity being experienced in many parts of the free world.



Crude oil production in the Eleventh District in September apparently showed a small increase for the second consecutive month.

Daily average production during the first half of September amounted to 3,089,000 barrels, which is 12,000 barrels higher than in August and 174,000 barrels above September a year ago.

In the Nation, crude oil production followed the same pattern as in the District. Production during the first part of September averaged 6,669,000 barrels per day — or 3,000 barrels higher than in August and 518,000 barrels above September 1954. A cutback in crude oil purchases by a major oil company, as the result of an explosion and fire which caused extensive damage to a large midwestern refinery of this company, was the dominant factor holding down the increase in September production in the District, as well as in the Nation.

Texas daily oil allowables for October were increased 64,772 barrels over the mid-September level, with the number of state-wide producing days raised from 15 to 16. Although the refinery fire will continue to curtail the needs of one of the major purchasers of Texas oil, other purchasers agreed to take some of this company's excess crude.

Refinery crude runs in the Nation were not affected noticeably by the temporary, fire-induced closing of the midwest-

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	August 1955 ¹	August 1954 ²	July 1955 ¹	Change from	
				August 1954	July 1955
				ELEVENTH DISTRICT.....	3,077.1
Texas.....	2,734.3	2,593.7	2,721.2	140.6	13.1
Gulf Coast.....	574.7	560.3	578.6	14.4	-3.9
West Texas.....	1,081.9	992.4	1,076.4	89.5	5.5
East Texas (proper).....	202.6	205.8	202.2	-3.2	.4
Panhandle.....	92.0	86.4	89.9	3.6	.1
Rest of State.....	785.1	748.8	774.1	36.3	11.0
Southeastern New Mexico.....	226.3	204.6	224.2	21.7	2.1
Northern Louisiana.....	116.5	107.2	117.7	9.3	-1.2
OUTSIDE ELEVENTH DISTRICT.....	3,589.1	3,261.9	3,559.9	327.2	29.2
UNITED STATES.....	6,666.2	6,167.4	6,623.0	498.8	43.2

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

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States¹

Type of employment	Number of persons			Percent change Aug. 1955 from	
	August 1955 ^p	August 1954	July 1955	Aug. 1954	July 1955
	Total nonagricultural wage and salary workers..	3,903,700	3,790,100	3,886,300	3.0
Manufacturing.....	733,000	704,100	724,800	4.1	1.1
Nonmanufacturing.....	3,170,700	3,086,000	3,161,500	2.7	.3
Mining.....	245,400	240,500	242,400	2.0	1.2
Construction.....	282,900	277,600	283,500	1.9	-2
Transportation and public utilities.....	399,300	392,300	395,800	1.8	.9
Trade.....	995,100	971,600	993,700	2.4	.1
Finance.....	163,700	156,600	163,900	4.5	-1
Service.....	453,500	447,600	452,000	1.3	.3
Government.....	630,800	599,800	630,200	5.2	.1

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

^p—Preliminary.

SOURCE: State employment agencies.

ern refinery. The losses at this refinery apparently were made up by increases at other refineries. Nevertheless, during the first part of September, refinery crude runs in the Nation were down moderately from the high August level. August refinery runs averaged 7,579,000 barrels per day, which is down a little from the record July volume but is 717,000 barrels higher than a year earlier. In the District, refinery crude runs also registered a decrease in the first half of September, thus halting the upward trend evident since May. District refinery runs in August averaged 2,238,000 barrels per day, up 244,000 barrels from a year ago.

The declining trend in crude stocks which was evident during June and July continued in August and the first part of September. Crude stocks on September 10 totaled 255,600,000 barrels, which is down 13,500 barrels from the July 30 level and is 17,700,000 barrels lower than a year earlier. On the other hand, refined products stocks continued to rise because of seasonal gains in heating oils. Distillate fuel oil stocks now stand at an all-time high. On September 16, stocks of the major refined products showed the following changes from a year earlier: Gasoline, up less than one-half of 1 percent; distillate fuel oil, up 14 percent; kerosene, down 5 percent; and residual fuel oil, down 18 percent.

Total nonagricultural employment in the five states lying wholly or partly within the District increased in August, following a moderate decline during July. August

employment is estimated at 3,903,700, or 17,400 over July and 113,600 above a year earlier. Important nonfactory employment increases were a gain in mining and seasonal increases in trade and transportation and warehousing. Construction employment declined slightly from the July level but remained above the year-earlier total.

Manufacturing employment was the strongest stimulant to the August employment picture. At 733,000 in that month, manufacturing employment was 8,200 above July and 28,900 above August 1954. Adding to manufacturing gains were

seasonal increases in cotton oil mills, seafood processing in Louisiana, and processing of the early rice crop in Texas and Louisiana. However, the largest gains occurred in primary metals and transportation equipment manufacturing as copper strikes were settled and aircraft, automobile assembly, and shipbuilding employment increased.

Unemployment in Texas during August declined to 107,100, down 9,800 from July and 15,300 below August last year. The decrease was largely due to the gain in farm employment and the withdrawal of students from the labor force.

The value of construction contracts awarded in the District during August totaled \$139,063,000, down 22 percent from July but 37 percent above August 1954. The sharpest decrease occurred in residential awards, which declined 30 percent below the July level. All other awards were down 17 percent from the preceding month. During the first 8 months of 1955, construction contracts awarded in the District were valued at \$1,183,219,000, which is 35 percent above the same period of 1954. Residential awards totaled \$528,968,000 for a year-to-year gain of 31 percent, while all other awards, at \$654,251,000, were up 39 percent. In the Nation during August, contract awards were 17 percent below those in July. From the first of the year, total awards in the Nation were up 25 percent; residential, up 31 percent; and all other awards, up 20 percent compared with the same period last year.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	August 1955	August 1954	July 1955	January—August	
				1955	1954
ELEVENTH DISTRICT....	\$ 139,063	\$ 101,835	\$ 177,998	\$ 1,183,219	\$ 873,802
Residential.....	48,186	43,316	68,708	528,968	404,060
All other.....	90,877	58,519	109,290	654,251	469,742
UNITED STATES ¹	1,894,841	1,572,865	2,271,537	15,827,173	12,661,009
Residential.....	835,418	692,736	959,020	7,108,486	5,418,867
All other.....	1,059,423	880,129	1,312,517	8,718,687	7,242,142

¹ 37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

