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THE EMPLOYMENT SITUATION

To the majority of the people in the Southwest and in the Nation, the primary measure of prosperity in a given economic situation is the ability to obtain a job at a reasonably good level of pay. Even to trained observers, the composition and utilization of the labor force is a vital measure in the progress of any economy. In fact, to many in the latter group, the starting point for prosperity throughout the economic structure is more jobs at higher rates of pay. Thus, in a period of growth in most lines of economic activity, as has been evidenced in 1955, it is probably worth while to analyze in some detail the current employment situation. Included within this general framework are the changes in the over-all employment record and any significant differences which may have occurred within the major components of the labor force. The relationship of such changes to the trends which have been apparent since 1950 will provide some insight into the employment situation today and the outlook for the near future.

The data used in the following discussion are based on nonagricultural wage and salary employment as reported by the employment security agencies of the five states lying wholly or partially within the Eleventh Federal Reserve District. These data exclude agricultural workers, proprietors, firm members, self-employed persons, independent contractors, and unpaid family workers. The five-state area including Arizona, Louisiana, New Mexico, Oklahoma, and Texas will be referred to as the Southwest.

A Background of Progress

Economic conditions and their effects upon employment during late 1953 and throughout 1954 have a distinct bearing upon the basic interpretations which should be placed upon the employment data for 1955. The mild recessionary movement which commenced in 1953 and terminated in mid-1954 caused a slight contraction in employment totals for the early months of 1954. The decline in employment in the Southwest was both smaller and of shorter duration than that which occurred in the Nation. Inspecting the details of this brief recession in total employment, it is significant that most of the decline occurred because of the de-

crease in Government operations, particularly ordnance. Manufacturing employment declined contraseasonally during the latter part of 1953 and more than seasonally in early 1954. Nonmanufacturing employment, which took a sharper downturn in the first quarter of 1954 than could be expected seasonally, turned upward in the second quarter. On balance, total employment declined until the April-June period in 1954.

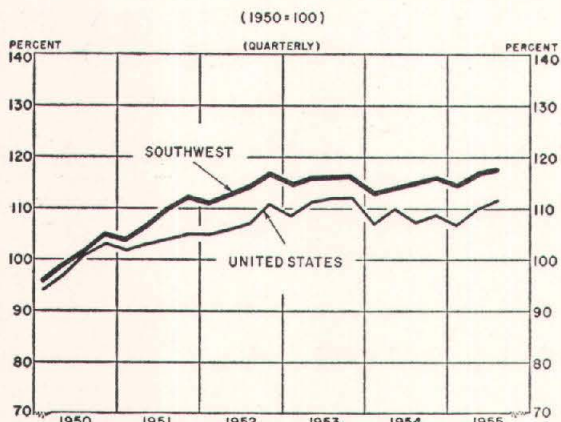
Thus, in calculating the year-to-year gains in 1955, some allowance must be made for the slightly lower levels of employment in early 1954. However, this adjustment need not be considered a major factor and will be ignored in discussing the recent trends in relation to the 5-year average.

The Current Situation

As the southwestern and national economies continued their recovery into 1955, most major indexes of economic activity showed rather marked increases over their comparable levels in 1954. However, as is characteristic of a recovery period, nonagricultural employment lagged behind because there was sufficient flexibility in the utilization of the basic labor force to allow sizable increases in production and hours of work before there was need for additional workers. Hence, it was not until the third quarter of this year that employment advanced appreciably over the year-earlier totals. During the third quarter of 1955, nonagricultural wage and salary employment in the five southwestern states established a new record, with employment in September totaling 3,924,700. This is the first new record to be established since December 1952, although seasonal gains should cause record totals for each succeeding month through the remainder of 1955.

During the first 8 months of this year, nonagricultural employment averaged 3,848,400, or 2.1 percent more than in the comparable period of 1954. In the same period, average nonagricultural employment in the Nation was only 1.5 percent above the corresponding 1954 figure. Over both the past year and the 5-year period, the growth in employment has progressed more rapidly in the Southwest than in the Nation. Between 1950 and 1955, total employment in the

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SOURCES: State employment agencies; U.S. Bureau of Labor Statistics.

Nation increased 13 percent, whereas employment in the southwestern states increased 19 percent.

To compare the recent gains in southwestern employment against the average rate of growth during the past 5 years, it is important to have a clear understanding of the factors affecting that average rate. Very sharp increases occurred in nearly all categories of employment at the start of the Korean War, with more moderate gains coming after the initial impact. Most categories showed losses between 1953 and 1954 as a result of the mild recession. Therefore, the average annual rate of growth between 1950 and 1955 is an average of extremes combined with moderate net gains in the intervening years. Since the war-induced gains were much larger than the recession-bred losses, the average rate generally is higher for most employment categories than either the 1954-55 rate or the expected rate over the coming years. In fact, the rates of growth shown in total nonagricultural employment averaged 3.2 percent over the past 5 years and only 2.1 percent in the most recent period.

Within the southwest total, Texas accounts for about 58 percent of nonagricultural employment and the remainder is distributed among the four other states in this order: Louisiana, Oklahoma, Arizona, and New Mexico. This order of distribution has remained the same since 1950, although the relative percentages are under constant change. Employment has been most dynamic in the States of Arizona, New Mexico, and Texas over both the 5-year period and the 1954-55 period. Between 1954 and 1955, Arizona employment showed the largest relative gain, followed by New Mexico, Texas, and Oklahoma, with Louisiana showing a loss in employment.

Over the 5-year period in Arizona, much of the growth has been associated with developments in the electronic and aircraft industries, while New Mexico growth in nonagricultural employment has stemmed largely from the atomic energy program in that State.

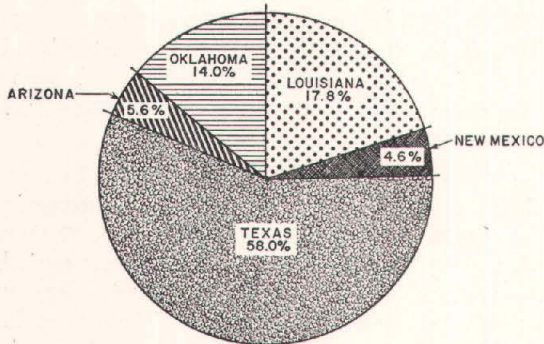
In Texas, employment growth has been more widely diffused. Important factors accounting for the improved level of employment in this State have been the high level of construction; a significant increase in industrialization, particularly in chemicals, metals, and transportation equipment; and the growth of a widespread market requiring distribution facilities.

Employment gains in Louisiana and Oklahoma have lagged substantially behind those of the other southwestern states. Louisiana employment during 1955 has been retarded by sharp cutbacks in shipbuilding and heavy industrial construction, as well as by strikes in transportation and utilities. However, in August, Louisiana employment totaled 693,900, or .4 percent more than in August 1954. In Oklahoma, a sharp gain in manufacturing employment was not sufficient to maintain a growth comparable with the more western states because nonfactory employment showed only slight increases.

In both the Southwest and the Nation, the largest number of wage and salary workers are employed in the nonmanufacturing industries. During the first 8 months of 1955, non-

DISTRIBUTION OF NONAGRICULTURAL WORKERS, BY STATE

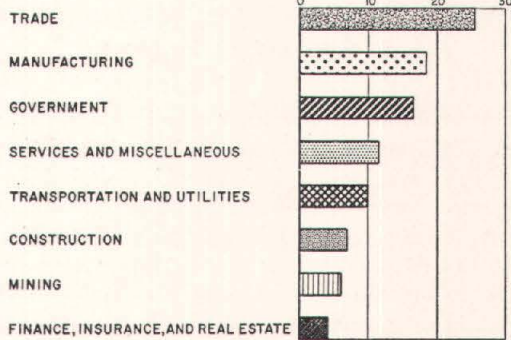
SOUTHWEST
FIRST EIGHT MONTHS OF 1955



SOURCE: State employment agencies.

SOURCES OF NONAGRICULTURAL EMPLOYMENT

SOUTHWEST
FIRST EIGHT MONTHS OF 1955



SOURCE: State employment agencies.

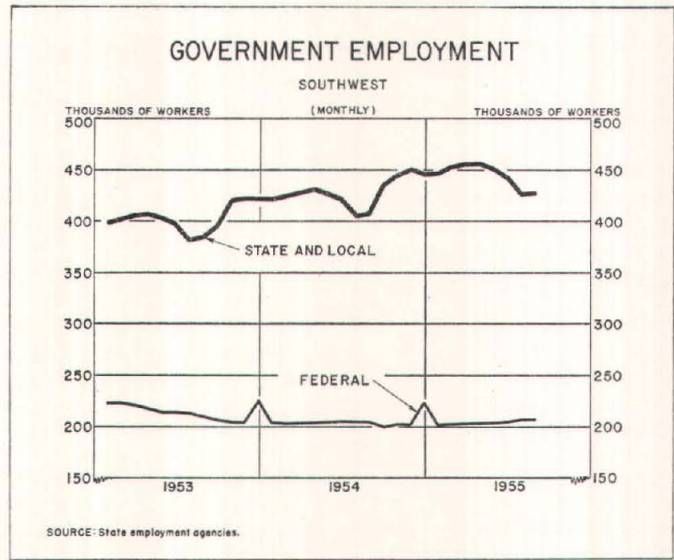
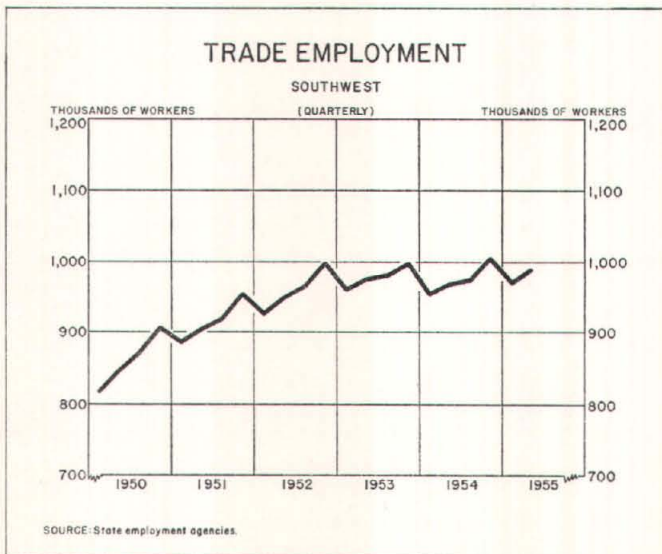
factory employment in the Southwest accounted for 81 percent of total nonagricultural employment and showed a 2.1-percent increase over the comparable figure in 1954. The major segments of nonmanufacturing employment in the order of their importance are trade, government, services, transportation and utilities, construction, mining, and finance. With one exception, this order is the same as in the Nation as a whole; finance outranks mining in the Nation. Between 1954 and 1955, all major employment categories showed increases except transportation and utilities.

Nonmanufacturing Employment

Trade

The wholesale and retail trades of the Southwest, accounting for approximately one-fourth of nonagricultural employment, constitute the largest of the employment categories. Averaging 984,200 during the first 8 months of 1955, trade employment was 18,900, or 2 percent, above the comparable figure a year earlier. In general, this gain represents a continuation of the trend of the past 5 years, in which trade employment has moved up an average of 3 percent per year—except in the recession period of 1953-54. The most important types of establishments in the continued growth of employment in this category have been food stores, general merchandise stores, and wholesale establishments.

The relative importance of trade employment in the five southwestern states does not vary significantly from state to state, with the lowest ratio of trade to total nonagricultural employment—23 percent—occurring in New Mexico and the highest ratio—27 percent—occurring in Texas. The southwestern average so far in 1955 has been 26 percent, compared with a national average of 22 percent. Trade employment is a particularly volatile type of employment, with sharp seasonal peaks during the year. This category requires an especially large degree of flexibility in the labor force to handle the part-time employment in rush periods, such as Easter or Christmas.



Government

With a large number of military and defense installations and with its population increasing rapidly and locating in concentrated industrial areas, the Southwest shows an unusually large percentage of people employed in government positions. In fact, government jobs supply 17 percent of total nonagricultural employment in the Southwest, compared with 14 percent in the Nation as a whole. Between 1954 and 1955, government jobs increased over 4 percent, for the sharpest year-to-year increase since the 9-percent growth between 1950 and 1951. However, this earlier gain—induced by the defense emergency—as well as the sharp decrease following the Korean truce, occurred mainly in Federal Government employment. The recent growth has been attributable largely to the development of activities at the state and local level, where the demand for employees by educational institutions has been the most important factor. In many respects, the 1954-55 gain in government employment probably represents more accurately the type of growth which can be expected in the coming years, because the continuing gain in population in urban areas will require even more local government services.

Within the southwest total, New Mexico, with the smallest employed labor force, depends upon government for 25 percent of its jobs. In Texas, government employment accounts for only 15 percent of total employment. The other states of the Southwest range between these extremes.

Services and Miscellaneous

Services and miscellaneous employment, accounting for 12 percent of total nonagricultural employment, has continued to expand in 1955 under the impetus of enlarging demands of consumers for personal and professional services. Tourist industries, lawyers, doctors, engineers, and such service industries as hotels, laundries, and barber shops have enjoyed a greater demand for their services in line with a concentrating population, nearly full employment, and an increased amount of leisure time for most of the workers in

the Southwest. The increasing use of mechanical equipment in the home, on the farm, and in business has required additional servicing facilities, and the more extensive use of automobiles has boosted gasoline station demands for labor.

During the first 8 months of 1955, service employment increased an average of 1 percent over the comparable period in 1954, whereas during the 1950-55 period, the average yearly rate of gain was more than 2 percent. However, the future looks particularly bright for further gains in service employment as tourist, recreation, and amusement industries are expected to expand sharply. More skilled labor will be required to meet the advance of automation, and professional services, particularly of engineers, will be in even larger demand.

Within the Southwest's service employment gain, Arizona has shown the sharpest relative advance, reflecting chiefly the strong stimulus from the developing tourist industry and the needs of expanding numbers of industrial employees and their families. In terms of absolute numbers, the largest gain has occurred in Texas as the growing trend toward concentrations of population in the larger urban areas has increased the demand for many services. Louisiana has shown only a moderate gain, while New Mexico and Oklahoma have registered small declines.

Transportation and Utilities

Employment in transportation and utility industries has not responded yet to the economic growth of 1955. Although this category accounts for 10 percent of total nonagricultural employment, it has shown practically no growth since 1950 except the temporary gain stimulated by the Korean conflict, which was dissipated rapidly after the truce. Between 1950 and 1955, employment in this category increased only 1 percent, and between 1954 and 1955, average employment decreased by nearly 1.5 percent.

This lack of growth is attributable to a number of factors, some connected with the changing defense situation and others related to internal operating procedures. Certainly, the decline in defense activities has been one of the major causes of the decrease, but the drought in the Southwest also has reduced agricultural demands for freight services. Moreover, the shift to diesel engines has reduced the need for railroad employment, not only the number of crews required but also the number of workers needed for maintenance and repair. Demand for transport facilities has occasioned the construction of alternative means, such as pipelines, which require less manual labor for operations. Moreover, nearly all transportation and utility industries are so mechanized that they can expand or contract their operations without significant changes in employment.

Nevertheless, it is not expected that the declining trend of 1954-55 will be repeated in the coming years. It seems probable that the long-run demands for transportation services will expand as the population grows, and the demands for utility services already are exceeding available capacity.

Eventually, therefore, another increase may occur in such employment.

Contract Construction

The expansion in building activity in both the Southwest and the Nation has supplied a new stimulant to construction employment in 1955. During the first 8 months of this year, southwestern construction employment increased by 11,500 workers, or 4.3 percent above the level in 1954. This increased level of construction employment is particularly significant, as it represents the first large year-to-year gain since 1950-51, when construction employment increased 16 percent. In fact, between 1951 and 1954, construction employment was either stable or declining. Consequently, the present level of construction employment is still below that prevailing in 1951.

The 1954-55 growth in construction employment occurred entirely within the States of Texas, New Mexico, and Arizona. Construction employment declined in Louisiana and remained virtually stable in Oklahoma. The growth in Texas and Arizona stemmed largely from residential building activity, while industrial and heavy engineering construction played a major role in the New Mexico increase.

Mining

Southwestern mining activity and mining employment have increased in response to the upturn in economic activity in 1955, but these gains have been less than those experienced in earlier years. Mining employment, accounting for 6 percent of total nonagricultural employment, has shown strong advances in nearly every year since 1950 as the demand for oil, sulfur, and metals has continued to expand. The 1954-55 increase of 1.5 percent is much smaller than the defense-inspired gains of 1950-51 but is only slightly less than the average gain of 2 percent in 1952 and 1953. The most important industries contributing to the increases in mining employment since 1950 have been those engaged in petroleum, potash, copper, and sulfur mining; however, in 1954-55, the copper strikes had a marked retarding effect upon average mining employment. Future gains in this category are likely to average between 1 and 2 percent per year as exploration becomes more difficult and more labor is required to find the needed reserves of nearly all minerals. On the other hand, mining technology is improving, and operations rapidly are becoming mechanized.

The rates of growth in mining employment have varied sharply among the five states, both during the longer and shorter periods. The most rapid gains over the long run have occurred in New Mexico, Louisiana, and Arizona. Mining employment in New Mexico has been stimulated not only by increased potash mining but also by the discovery and development of new oil reserves. In Louisiana, offshore drilling in the Tidelands has had an appreciable effect, and in Arizona the opening of new copper mines has been largely responsible for the sharp gain in mining employment. Mining employment in Oklahoma has shown the slowest rate of growth of any southwestern state over the past 5 years, and

an actual decline has occurred in the past year, largely in response to a reduction in the number of drilling rigs in operation.

Finance, Insurance, and Real Estate

Although finance, insurance, and real-estate employment accounts for only 4 percent of total nonagricultural employment, it has consistently been among the most rapidly growing categories of employment. In the first 8 months of 1955, employment in these industries advanced 3.9 percent over the average in 1954. This rate of growth is substantially below the 5.8-percent average annual rate since 1950, but future gains probably will average nearer the 4-percent level. The stimulus to finance employment from expanding savings and loan and consumer finance companies is expected to continue. However, the impetus from new insurance institutions may have been dampened by the new Texas law.

Much of the recent gain stemmed from the same factors; but, in addition, new suburban communities needed banking, insurance, and real-estate facilities. Over the past 5 years, the ease with which insurance companies could be started in Texas and the passage of the driver responsibility law tended to stimulate employment in the category.

Among the southwestern states, the largest absolute gain in finance, insurance, and real-estate employment occurred in Texas. Louisiana also showed a moderate gain, but New Mexico, Oklahoma, and Arizona gained only slightly.

Manufacturing Employment

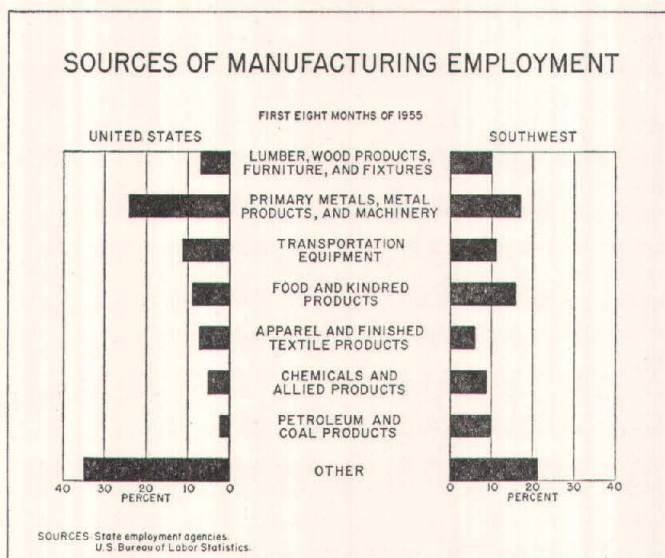
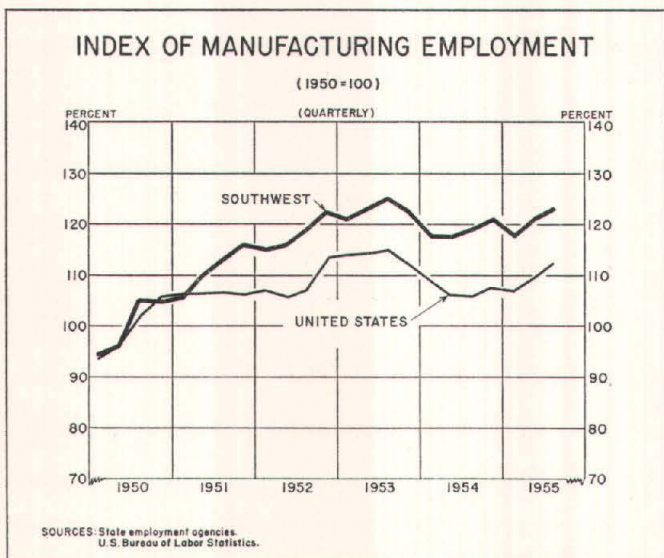
The economic growth in 1955 has been reflected in an upturn in manufacturing employment in both the Southwest and the Nation, although nonmanufacturing employment in the Southwest has responded more rapidly than factory employment. In contrast, growth in manufacturing employment in the Nation in 1955 has exceeded nonmanufacturing growth by nearly one-third. The major reason for this difference is

the fact that the recession was concentrated in durable goods manufacturing, which accounts for a much smaller part of total manufacturing in the Southwest than in the Nation. Consequently, the recession had a sharper effect upon the number of manufacturing employees in the Nation than upon the number in the Southwest.

Manufacturing employment during the first 8 months of 1955, averaging 712,400, accounted for 19 percent of non-agricultural employment in the Southwest, compared with 34 percent in the Nation as a whole. During these months of 1955, manufacturing employment in the five states increased 13,400, or nearly 2 percent, over the same period of 1954. The growth between 1954 and 1955 has not yet fully recovered the 3.5-percent decline in average employment in the previous year. Comparing the 1954-55 rate of gain with that of the 1950-55 period, the recent growth has not measured up to the average 4-percent gain in the 5-year span. Nevertheless, the increase this year probably is more truly reflective of the gains which can be expected over the coming years as manufacturing growth develops at a more moderate rate. The stimulant of defense-induced manufacturing gains is past, and, unless a stronger wave of industrialization stemming from market industries develops, the future rate of growth is more likely to be similar to that of 1954-55.

Among the several states of the Southwest, the largest average 1954-55 increases occurred in Texas, Oklahoma, and Arizona. New Mexico showed only a moderate gain, and Louisiana manufacturing employment declined slightly.

The most important segment of manufacturing employment in the Southwest is the nondurable goods industries, which account for 53 percent of total manufacturing employment, compared with only 42 percent nationally. The average level of nondurables manufacturing employment during the first 8 months of 1955 increased 1.7 percent over a year earlier; a large part of the gain occurred in apparel employment, which showed a 3-percent increase. The next largest increase was in employment in the chemical and allied products industries, which averaged 1.4 percent above the first 8 months



of 1954. A minor gain in food processing offset a similar decline in petroleum refining employment.

Durable goods manufacturing, which is currently of less importance in the Southwest than in the Nation, has been the most dynamic manufacturing field in recent years. However, the industries which were most important in the 2.2-percent increase in average durable goods manufacturing employment during the first 8 months of 1955 over the same period of 1954 were not the same industries that were mainly responsible for the nearly 50-percent increase from 1950 to 1955.

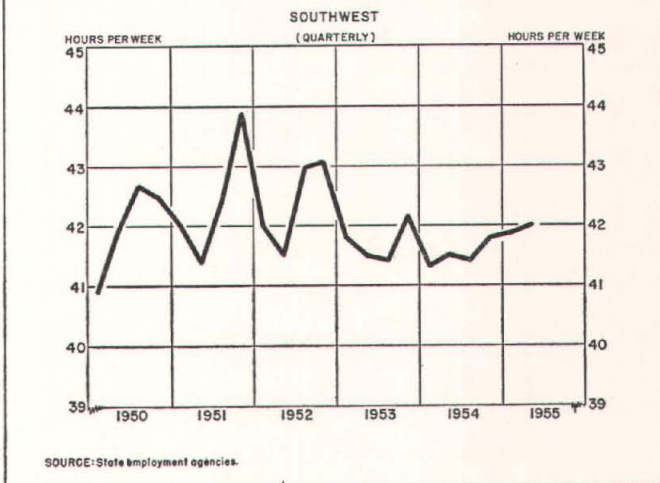
The most rapid rate of growth between 1954 and 1955 was reflected in the lumber, wood products, and furniture industries, which showed only an insignificant rate of growth over the longer period. Contributing a smaller number of jobs over the past year have been the metal industries (primary metals, fabricated metals, and nonelectrical machinery), which combine to account for almost one-sixth of manufacturing employment. Over the longer trend, the metals industries have been a dynamic force behind the growth in durable goods manufacturing employment. Similarly, the transportation equipment industry, plagued with sharp changes in military aircraft orders, has reduced its average employment this year, although it gained substantially over the 5-year period. This particular industry in the Southwest—at its point of greatest concentration, the Dallas-Fort Worth area—has only held its own as increases in automobile assembly employment have failed to compensate fully for reductions in aircraft industry employment. The only District state showing a manufacturing employment decrease between 1954 and 1955—Louisiana—experienced this loss almost entirely in transportation equipment manufacturing. However, the overall southwestern decrease in transportation equipment jobs would have been greater if it had not been for an expansion in the aircraft industry near Tucson and the generally accelerated pace in the automotive field.

Conditions and Characteristics of Employment

Of perhaps equal interest to workers and to the economy in general are the characteristics and conditions of employment. The southwestern labor force has matured within the past 15 years, with a steady upgrading of skills as a result of the establishment of large wartime industries and rapid industrial progress since then. However, a reserve of unused labor still is concentrated near urban centers but located in rural and semirural areas. This reserve of labor provides a pool from which the Southwest obtains its labor flexibility during periods of full employment or extreme emergency. The steady improvements in agricultural technology are continuing to release farm labor, not only on a permanent basis but also for temporary nonagricultural work.

A second major feature of the labor force is a result of the type of industry developed in this region. In general, the major increases in manufacturing industries have occurred in those industries wherein a large investment per worker is required. This type of industry usually needs skilled or semiskilled employees, as the majority of jobs

AVERAGE WEEKLY HOURS IN MANUFACTURING



require workers with a fairly high degree of intelligence and adaptability. In consequence, labor productivity has been increasing rapidly. Although no statistical proof is available, it would be logical to assume that southwestern industries, particularly chemicals and petroleum, are achieving a higher rate of employee productivity than those in the Nation as a whole.

Thirdly, although a reserve of labor generally has been available, southwestern laborers have been working fairly long hours per week. For example, the average weekly hours of manufacturing workers in the Southwest have not averaged below 41 hours in any quarter since 1950. In contrast, the Nation's manufacturing workers have averaged less than 40 hours per week for three quarters during 1954 and only slightly above 40 hours per week in the fourth quarter of 1954 and the first two quarters of 1955. In other words, the manufacturing workers of the Southwest have been utilized more intensively, with the result that over-all employment growth may have been retarded.

Finally, partially as the result of this relatively high work-week and partly because of the strong demand for skilled labor, average weekly earnings of manufacturing employees in the Southwest have risen quite rapidly. Of course, a large portion of the gain has been the result of wage increases, stemming partially from increases in the cost of living. However, average weekly earnings are substantially above those of 1950; at \$73.45 in the second quarter of 1955, they were \$2 per week above those in the second quarter of 1954. Average weekly earnings gained more rapidly in the District states than in the Nation from 1950 through 1955, although the current level of average weekly earnings for the Nation's manufacturing workers is slightly higher than the average for manufacturing workers in the Southwest.

Outlook

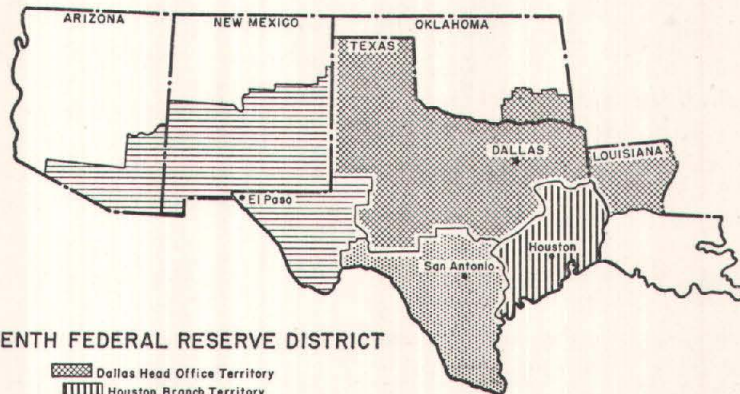
The outlook for nonagricultural employment in the District states is conditioned by the future direction of a number of economic trends. A continued growth in population and

further concentration near the existing centers of trade and industry are expected to exert a strong force toward increases in service, finance, trade, and government employment.





The recent pattern of industrialization centering upon industries with a high ratio of investment per worker probably will be modified as market-oriented industries are attracted to this area. However, improved technology and higher labor productivity are expected in nearly all industries, with a consequent lessening in the rate of growth in demand for unskilled labor and a developing premium for skilled workers. Improved technology also will require additional training and retraining for effective utilization of the available labor force. Nevertheless, in view of the raw material and climatic attractions to industry, further growth is expected in such industries as chemicals, petroleum, and metal refining.

Another major factor affecting future industrial employment prospects is the development of corollary process firms, which are attracted by the presence of other manufacturers. For example, new steel and metal-fabricating industries are being attracted by the oil industry, as well as by other industries. Further gains in durable goods industries, marking a continuation of recent trends, are expected to induce a greater cyclical liability but also will improve the balance of manufacturing facilities, thus reducing the dependence of the area upon an individual industry.

In summary, total nonagricultural employment in the Southwest is expected to increase at an annual rate of nearly 2 percent, and manufacturing employment should gain at a rate of approximately 3 percent per year. In other words, the outlook is very promising, with some growth expected in every major category of employment.



ELEVENTH FEDERAL RESERVE DISTRICT

-  Dallas Head Office Territory
-  Houston Branch Territory
-  San Antonio Branch Territory
-  El Paso Branch Territory

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Department store sales in the Eleventh Federal Reserve District in September declined 2 percent below August sales but were 7 percent more than in September 1954. Sales of homefurnishings continued strong, while the soft goods departments showed slight sales increases from a year earlier. Inventories were 8 percent higher than in August 1955 or September 1954. Sales at District furniture stores during September were 10 percent below those of August but were 15 percent above the year-earlier level.

The indicated production of cotton in the District states, as of October 1, is 5,865,000 bales, or 3 percent below production last year. Estimates of the corn, grain sorghum, peanut, and rice crops are higher than the month-earlier forecasts. Ranges in the District states are in the best condition for this time of the year in several seasons.

Daily average crude oil production in the District rose moderately in October, following small increases in the preceding 2 months. A further rise in production is indicated for November in view of the higher oil allowables announced by the Texas Railroad Commission. On the other hand, District refinery crude runs declined noticeably during the first half of October to extend the decrease which began in September.

Nonagricultural employment in the District states during September rose sharply to 3,924,700, or 17,400 over August. The primary stimulant was an increase in employment by educational institutions and retail trade establishments. Manufacturing employment rose moderately to 733,200.

The value of construction contracts awarded in the District during September was 7 percent more than in August. Residential awards increased 6 percent, while all other awards were up 8 percent. Compared with a year ago, total awards were down 10 percent during September.

Gross loans of the District's weekly reporting member banks rose 1.5 percent during the 4 weeks ended October 19. Total investments increased 2.1 percent, primarily reflecting the added holdings of Treasury certificates following the new Treasury financing. Total deposits increased nearly 1 percent.



The total dollar volume of District department store sales during September declined 2 percent from August, primarily because of one less business day, but was 7 percent above that in the comparable month of 1954. Weekly reports indicate that sales during the first half of October exceeded the year-earlier total by approximately 11 percent.

Normally, the level of consumer buying at department stores in this District, as measured by daily average sales, rises approximately 7 percent from August to September. This year the rise—2 percent—was less than seasonal, but daily average sales during September established a new high. Reflecting the less than seasonal gain, the adjusted index of sales declined from 139 in August to 131 in September, compared with 122 for September 1954.

During the first three quarters of 1955, District department store sales were 10 percent above sales in the first 9 months of 1954 and were 8 percent above the previous high for the January-September period, which was in 1953.

Sales in the individual soft goods departments in September generally showed slight increases from a year earlier, but sales in consumer durable goods departments continued to experience marked gains from last year. Sales of women's and misses' ready-to-wear accessories and apparel were 2 percent higher than in September 1954, while sales of men's and boys' wear were 1 percent lower. In the small wares departments, sales were at the same level as a year ago. Of selected soft goods departments, only piece goods and household textiles experienced a marked change from a year earlier,

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS ¹	
	Sept. 1955 from		9 mo. 1955 comp. with 9 mo. 1954	Sept. 1955 from	
	Sept. 1954	Aug. 1955		Sept. 1954	Aug. 1955
DEPARTMENT STORES					
Total Eleventh District.....	7	-2	10	8	8
Corpus Christi.....	-2	-8	9	25	23
Dallas.....	9	3	11	12	8
El Paso.....	7	2	10	4	7
Fort Worth.....	9	-6	10	9	8
Houston.....	7	0	8	6	11
San Antonio.....	2	-11	8	4	4
Shreveport, La.....	2	0	6	-2	1
Waco.....	18	0	14	6	7
Other cities.....	12	-5	13	9	2
FURNITURE STORES					
Total Eleventh District.....	15	-10	18	5	5
Amarillo.....	9	-14	—	14	4
Austin.....	12	-23	15	9	8
Dallas.....	27	-11	19	-1	-1
Houston.....	12	-7	27	16	12
Lubbock.....	23	-4	—	19	8
Port Arthur.....	9	-4	8	-3	4
San Antonio.....	4	-20	12	4	2
Shreveport, La.....	15	-9	17	-9	3
Wichita Falls.....	25	11	—	—	—
Other cities.....	15	-7	11	7	3
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	-5	-3	—	—	—
Dallas.....	-5	8	—	—	—

¹ Stocks at end of month.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED			ADJUSTED ¹				
	Sept. 1955	Aug. 1955	July 1955	Sept. 1954	Sept. 1955	Aug. 1955	July 1955	Sept. 1954
SALES—Daily average								
Eleventh District.....	131	129	123	122	131	139	145	122
Dallas.....	131	123	117	120	125	139	141	115
Houston.....	149	144	139	140	147	153	158	137
STOCKS—End of month								
Eleventh District.....	155p	144	136	142	146p	145	143	134

¹ Adjusted for seasonal variation.
p—Preliminary.

with sales up 11 percent. Year-to-year increases in sales of homefurnishings ranged from 7 percent for domestic floor coverings to 25 percent for major household appliances.

Charge accounts receivable at department stores followed the usual pattern during September, rising 7 percent above August; the end-of-month total was 5 percent above the volume outstanding on the same date last year. Instalment accounts showed virtually no change from August but were 16 percent above a year earlier.

Collections on charge accounts during September were 45 percent of the amount outstanding at the beginning of the month, indicating an average pay-out period of approximately 67 days. Collections on instalment accounts amounted to 12 percent of outstandings at the beginning of September, reflecting an average collection time of about 16 months. These ratios show no significant change from a month ago or a year ago.

The dollar value of inventories of reporting department stores in the District increased further by 8 percent from August to September and at the end of the month was 8 percent greater than in September last year. The adjusted index of department store stocks, which makes allowances for usual seasonal variations, rose from 145 percent of the 1947-49 average in August to 146 percent in September. Orders outstanding, which had increased substantially in June and July, decreased in August but rose in September; at the end of the month, they were 24 percent higher than a year earlier.

New car registrations in three of the larger metropolitan centers of the District declined from August to September; registrations were down 5 percent in Dallas, 8 percent in Fort Worth, and 15 percent in San Antonio. However, registrations in Houston showed a month-to-month increase of 2 percent. Registrations in the four cities ranged from 28 to 70 percent higher than a year ago.

Furniture store sales in this District, after an almost steady increase since the first of the year, declined noticeably in September. Sales were down 10 percent from August but were 15 percent above the year-earlier level. Following three successive monthly declines, stocks rose 5 percent from the end of August and were also 5 percent higher than a year ago.



Rains fell over the major portion of the District during the last week in September and the first part of October, with the heavier amounts occurring in southeastern New Mexico, northwestern sections of Texas and Oklahoma, and the southern and coastal areas of Texas. Light to heavy rains in the High Plains provided needed moisture for planting additional acreages to wheat. Wheat fields which were planted prior to the September rains are up to a uniform stand and are making good growth. Precipitation checked deterioration of dry-land cotton in most of the High Plains area but lowered the grade of open cotton in irrigated sections in much of the western portion of the District. Cool weather during the middle of October retarded development of late cotton and feed crops.

Harvesting of feed crops rapidly is drawing to a close in most of the later areas, and seeding of winter legumes and other small grains is virtually complete in many sections of the District. Showers during the past month have delayed development of commercial vegetables in south Texas, and plantings of additional acreages have been delayed as a result of wet fields.

Cotton harvesting is practically complete in south-central and upper coastal counties of Texas, while activity is reaching a peak in the High Plains, southern valleys of New Mexico and Arizona, and District 6 of Texas. Cotton ginnings in the District states prior to October 1 totaled 1,901,109 bales, or 15 percent less than in the corresponding period last year.

In the Nation the cotton crop is forecast, as of October 1, at 13,928,000 bales, or 8 percent above the month-earlier estimate and 2 percent greater than last year's production, according to the United States Department of Agriculture. The indicated yield per acre is a record 405 pounds, which is 64 pounds above the previous record set in 1954 and is 126 pounds greater than the 10-year (1944-53) average.

The indicated production of cotton in the District states is placed at 5,865,000 bales, or 5 percent higher than on

CROP PRODUCTION

Texas and Five Southwestern States
(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES ¹		
	Estimated Oct. 1, 1955	1954	Average 1944-53	Estimated Oct. 1, 1955	1954	Average 1944-53
Cotton ²	4,000	3,940	3,388	5,865	6,032	5,067
Corn.....	50,196	33,184	47,111	77,879	52,047	84,584
Wheat.....	14,212	30,894	55,404	44,744	102,895	138,465
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	14,036	16,120	10,918	26,564	31,116	21,886
Sorghum grain...	138,424	117,386	77,502	164,765	130,950	93,103
Flaxseed.....	78	578	879	186	676	1,300
Hay ⁴	1,810	1,389	1,570	5,391	4,476	4,807
Peanuts ⁵	237,250	108,185	272,522	341,375	153,325	390,998
Irish potatoes....	2,772	2,033	3,479	5,610	4,815	7,580
Sweet potatoes..	2,600	1,350	3,664	12,715	10,374	13,379

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

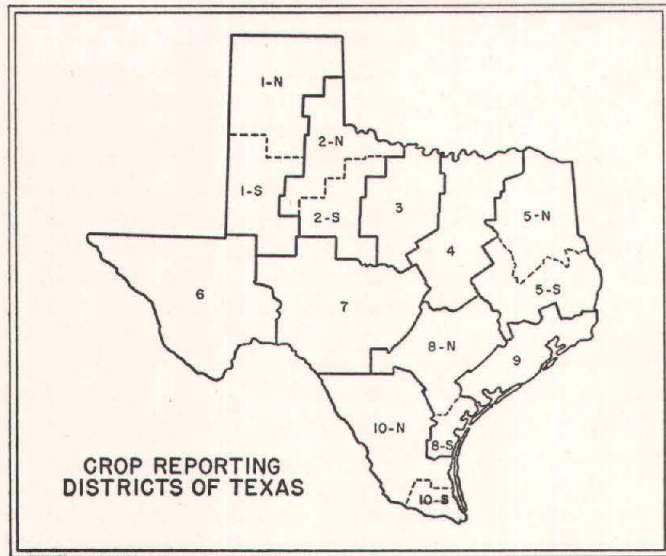
² In thousands of bales.

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.



September 1 but 3 percent below the 1954 crop. The indicated production in each of the District states is higher than the month-earlier estimate.

In Texas the prospective cotton crop is placed at 4,000,000 bales, reflecting an increase of 150,000 bales from a month ago. A crop of this size would be 2 percent above that in 1954 and 18 percent larger than the 1944-53 average. Approximately half of the increase in prospective production from a month earlier occurred in northwestern Texas; about one-third, in the Blacklands; and the remainder, in eastern, south-central, and upper coastal counties. The yield per acre in Texas is indicated at 289 pounds, or 44 pounds more than in 1954 and 101 pounds above the 10-year average.

On October 14 the Secretary of Agriculture proclaimed a national marketing quota of 10,000,000 bales and a national acreage allotment of 17,391,304 acres for the 1956 crop of upland cotton. The upland cotton acreage allotment for 1956 is 4 percent below the 18,113,208 acres allotted for the 1955 crop. The marketing quota for extra-long staple cotton is 35,300 bales and the acreage allotment is 45,305 acres, com-

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

Crop reporting district	1955 Indicated October 1	1954	1953	1955 as percent of 1954
1-N.....	400	512	548	78
1-S.....	1,075	1,098	835	98
2-N.....	245	221	143	111
2-S.....	225	180	285	125
3.....	25	20	39	125
4.....	630	448	1,101	141
5-N.....	130	75	136	173
5-S.....	90	74	119	122
6.....	260	261	253	100
7.....	30	25	39	120
8-N.....	160	142	215	113
8-S.....	70	218	76	32
9.....	235	192	238	122
10-N.....	35	67	32	52
10-S.....	390	407	258	96
State.....	4,000	3,940	4,317	102

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	Sept. 1955	Sept. 1954	Aug. 1955	Sept. 1955	Sept. 1954	Aug. 1955
Cattle.....	68,832	104,562	79,710	26,263	40,006	37,851
Calves.....	21,417	36,338	24,384	18,227	39,506	30,130
Hogs.....	41,840	36,180	35,615	3,873	2,597	4,573
Sheep.....	58,993	72,536	55,735	126,720	134,017	125,782

¹ Includes goats.

pared with a 1955 marketing quota of 30,000 bales and an acreage allotment of 46,154 acres. On December 13 a referendum will be held, in which two-thirds of the growers voting must approve the marketing quotas for both upland and extra-long staple cotton if such quotas are to become effective.

Production prospects for grain sorghums and corn in the District showed further improvement during September. The corn crop is estimated, as of October 1, at 77,879,000 bushels, or 50 percent larger than in 1954. Grain sorghum production is indicated at 164,765,000 bushels, which is 26 percent greater than last year's crop and 77 percent more than the 10-year average. Improved grain sorghum prospects in northwestern Texas more than offset the decline in indicated production in Oklahoma, New Mexico, and Arizona, while all of the increase in expected corn production is the result of higher estimates for the Oklahoma crop.

In Oklahoma and Texas, peanut yields are higher than those anticipated earlier; and production in the District is indicated, as of October 1, at 341,375,000 pounds, or 7 percent more than the month-earlier estimate and 123 percent larger than last year's small crop. The prospective output of rice in Texas and Louisiana is placed at 26,564,000 bags, or 3 percent more than the September 1 estimate and only 15 percent below production in 1954.

In Texas, total citrus production in the 1955-56 season is forecast at 4,000,000 boxes. The grapefruit crop is indicated at 2,200,000 boxes, or 12 percent less than that in the preceding season, and the orange crop is placed at 1,800,000 boxes, which reflects an increase of 20 percent from the 1,500,000 boxes harvested last year.

Ranges in the District states as of October 1 were in the best condition for that date in several years, according to

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended Oct. 20, 1955	Comparable week last month	Comparable week last year
COTTON, Middling 15/16-inch, Dallas....	lb.	\$.3270	\$.3195	\$.3400
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.41¼	2.43	2.65
OATS, No. 2 white, Fort Worth.....	bu.	.85	.83	1.00½
CORN, No. 2 yellow, Fort Worth.....	bu.	1.53	1.55	1.96¼
SORGHUMS, No. 2 yellow, Fort Worth....	cwt.	2.05	2.05	2.62
HOGS, Choice, Fort Worth.....	cwt.	15.50	17.50	19.75
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	23.00	23.50	25.00
SLAUGHTER CALVES, Choice, Fort Worth....	cwt.	20.00	18.50	21.00
STOCKER STEERS, Choice, Fort Worth.....	cwt.	21.00	20.00	21.00
SLAUGHTER SPRING LAMBS, Choice, Fort Worth.....	cwt.	19.50	18.50	19.50
BROILERS, south Texas.....	lb.	.25	.26	.24

the Department of Agriculture. In the High Plains, rains increased prospects for winter grazing on wheat fields, and small grains in the eastern part of the District are developing rapidly. Livestock generally are in good condition, and many ranchers are delaying fall marketing to take advantage of the improved feed supply.



In the 4 weeks ended October 19, the weekly reporting member banks in the District showed an increase of \$34,359,000 in their gross loans and discounts, a somewhat smaller increase than during the corresponding weeks last year. Even though brokers' loans and real-estate credits declined, other loans for purchasing securities, loans to banks, "all other" loans, and commercial, industrial, and agricultural loans increased. Last year, all of the loan accounts showed gains except loans to banks, which decreased slightly.

The weekly reporting member banks added \$30,007,000 to their total investments during the 4 weeks. The most substantial increase, \$57,947,000, was registered in holdings

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Oct. 19, 1955	Oct. 20, 1954	Sept. 21, 1955
ASSETS			
Commercial, industrial, and agricultural loans...	\$1,513,515	\$1,282,760	\$1,496,323
Loans to brokers and dealers in securities.....	16,590	14,789	20,081
Other loans for purchasing or carrying securities.	118,763	94,774	117,850
Real-estate loans.....	205,166	155,361	209,528
Loans to banks.....	13,035	9,134	8,635
All other loans.....	528,539	404,695	508,832
Gross loans.....	2,395,608	1,961,513	2,361,249
Less reserves and unallocated charge-offs..	25,226	17,965	25,201
Net loans.....	2,370,382	1,943,548	2,336,048
U. S. Treasury bills.....	39,318	160,101	48,845
U. S. Treasury certificates of indebtedness.....	74,143	151,461	16,196
U. S. Treasury notes.....	258,271	287,250	272,312
U. S. Government bonds (inc. gid. obligations) ..	834,909	879,014	832,815
Other securities.....	248,547	227,025	255,013
Total investments.....	1,455,188	1,704,851	1,425,181
Cash items in process of collection.....	379,441	332,192	388,109
Balances with banks in the United States.....	425,810	541,351	453,350
Balances with banks in foreign countries.....	1,771	1,657	2,240
Currency and coin.....	47,853	45,277	47,927
Reserves with Federal Reserve Bank.....	596,255	616,227	587,650
Other assets.....	139,886	115,641	132,154
TOTAL ASSETS.....	5,416,586	5,300,744	5,372,659
LIABILITIES AND CAPITAL			
Demand deposits			
Individuals, partnerships, and corporations....	2,837,590	2,731,362	2,837,931
United States Government.....	131,640	136,730	74,976
States and political subdivisions.....	180,170	156,975	189,628
Banks in the United States.....	861,131	1,012,704	867,372
Banks in foreign countries.....	18,011	14,717	18,562
Certified and officers' checks, etc.....	66,041	73,194	57,974
Total demand deposits.....	4,094,583	4,125,682	4,046,443
Time deposits			
Individuals, partnerships, and corporations....	698,465	606,376	697,898
United States Government.....	11,874	13,369	12,159
Postal savings.....	452	452	452
States and political subdivisions.....	118,431	105,475	121,653
Banks in the U. S. and foreign countries.....	2,025	1,278	1,635
Total time deposits.....	831,247	726,950	833,797
Total deposits.....	4,925,830	4,852,632	4,880,240
Bills payable, rediscounts, etc.....	40,200	30,000	48,500
All other liabilities.....	61,910	63,422	58,536
Total capital accounts.....	388,646	354,690	385,383
TOTAL LIABILITIES AND CAPITAL.....	5,416,586	5,300,744	5,372,659

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Sept. 28, 1955	Sept. 29, 1954	Aug. 31, 1955
ASSETS			
Loans and discounts.....	\$3,711	\$3,100	\$3,643
United States Government obligations.....	2,337	2,600	2,375
Other securities.....	575	492	565
Reserves with Federal Reserve Bank.....	945	961	938
Cash in vault ^e	159	125	137
Balances with banks in the United States.....	959	1,102	912
Balances with banks in foreign countries ^e	2	2	2
Cash items in process of collection.....	357	329	349
Other assets ^e	186	158	182
TOTAL ASSETS^e.....	9,231	8,869	9,103
LIABILITIES AND CAPITAL			
Demand deposits of banks.....	981	1,148	943
Other demand deposits.....	6,186	5,957	6,129
Time deposits.....	1,292	1,089	1,277
Total deposits.....	8,459	8,194	8,349
Borrowings ^e	34	1	25
Other liabilities ^e	71	67	66
Total capital accounts ^e	667	607	663
TOTAL LIABILITIES AND CAPITAL^e.....	9,231	8,869	9,103

e—Estimated.

of Treasury certificates, reflecting the new issue during the period; holdings of United States Government bonds rose \$2,094,000. The banks' portfolio of Treasury bills, Treasury notes, and other securities declined. During the corresponding period of 1954, the weekly reporting member banks added \$88,135,000 to their investment accounts.

Between September 21 and October 19, the weekly reporting banks showed an increase of \$45,590,000 in their total deposit liabilities. A gain of \$56,664,000 in United States Government balances more than offset declines in most other categories, so that total demand deposits increased \$48,140,000. Time deposits declined \$2,550,000, a decrease of \$3,222,000 in local government balances being the most substantial decline.

As of October 19, bills payable and rediscounts totaled \$40,200,000, reflecting a decrease of \$8,300,000 since September 21. At the same time last year, borrowed funds totaled \$30,000,000.

Reporting banks in 24 cities in the District showed an aggregate 2-percent decline in debits to deposit accounts from August to September but a 14-percent increase from September 1954. Approximately the same number of cities reported increases as reported decreases. Lubbock showed the largest monthly increase, 9 percent; and Corpus Christi,

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
Sept. 1953....	\$6,647,956	\$ 912,860	\$3,236,056	\$501,477	\$3,411,900	\$411,383
Sept. 1954....	7,085,193	1,081,850	3,499,932	600,926	3,586,261	480,924
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
Aug. 1955....	7,144,992	1,276,939	3,480,158	755,284	3,664,834	521,655
Sept. 1955....	7,195,579	1,271,089	3,517,182	748,666	3,678,397	522,423

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

(Amounts in thousands of dollars)

Area	DEBITS ¹			DEPOSITS ²			
	September 1955	Percentage change from		Sept. 30, 1955	Annual rate of turnover		
		Sept. 1954	Aug. 1955		Sept. 1955	Sept. 1954	Aug. 1955
ARIZONA							
Tucson.....	\$ 131,479	23	-2	\$ 95,256	16.7	14.9	17.2
LOUISIANA							
Monroe.....	59,532	14	7	45,438	16.4	15.1	16.3
Shreveport.....	241,277	22	-2	187,434	15.6	13.4	16.1
NEW MEXICO							
Roswell.....	26,610	4	-2	25,677	12.2	10.9	12.4
TEXAS							
Abilene.....	67,068	18	0	58,793	13.7	12.7	13.7
Amarillo.....	157,850	21	0	106,404	17.6	15.0	17.5
Austin.....	139,048	12	1	118,528	14.3	13.8	14.2
Beaumont.....	124,766	12	-1	97,416	15.4	14.4	15.4
Corpus Christi.....	156,651	-1	-11	107,707	17.4	15.2	19.3
Corsicana.....	17,481	9	6	22,219	9.5	9.4	8.9
Dallas.....	1,956,668	16	-3	1,012,046	23.6	21.7	25.0
El Paso.....	221,548	19	3	129,670	20.5	18.2	19.8
Fort Worth.....	594,181	13	-3	356,771	19.9	18.6	20.4
Galveston.....	80,508	4	-2	70,433	13.7	13.9	14.0
Houston.....	1,973,058	12	-3	1,206,303	19.7	18.7	20.5
Laredo.....	19,623	14	-1	19,459	12.2	11.6	12.2
Lubbock.....	126,560	22	9	87,603	16.8	15.5	15.1
Port Arthur.....	53,713	16	-3	45,555	14.0	14.0	14.6
San Angelo.....	44,502	7	3	45,366	11.6	10.7	11.3
San Antonio.....	465,250	13	-3	346,968	16.2	15.6	17.2
Texarkana ³	18,665	9	8	17,749	12.6	11.6	11.9
Tyler.....	72,205	17	1	56,448	15.4	13.6	15.1
Waco.....	88,100	2	1	67,850	15.7	16.0	15.8
Wichita Falls.....	97,779	18	4	103,032	11.3	9.8	10.9
Total—24 cities.....	\$6,934,122	14	-2	\$4,430,125	18.8	17.5	19.6

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 \$39,422,000 for the month of September 1955.

with a month-to-month decline of 11 percent, recorded the most substantial decrease. The annual rate of turnover of deposits in the 24 cities also declined during September, from 19.6 in August to 18.8; a year earlier, the rate of turnover was 17.5.

During September, gross demand deposits of all member banks in the District averaged \$7,195,579,000, reflecting increases of \$50,587,000 from August and \$109,386,000 from September 1954. Gross demand deposits at reserve city banks rose \$37,024,000, while those at country banks rose \$13,563,000. Time deposits in the District were \$5,850,000 below their August level, with the decline at reserve city banks more than offsetting the slight increase recorded at country banks, and were \$189,239,000 larger than during September last year.

During the 4 weeks ended October 19, total earning assets of the Federal Reserve Bank of Dallas increased \$4,488,000 to \$1,003,056,000. A \$16,441,000 addition to holdings of

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	October 19, 1955	October 20, 1954	Sept. 21, 1955
Total gold certificate reserves.....	\$ 729,022	\$816,506	\$743,488
Discounts for member banks.....	41,153	318	52,482
Other discounts and advances.....	627	8,695	1,253
U. S. Government securities.....	961,274	960,988	944,833
Total earning assets.....	1,003,056	970,001	998,568
Member bank reserve deposits.....	991,626	976,591	981,492
Federal Reserve notes in actual circulation.....	718,014	733,156	717,115

NEW MEMBER BANKS

The First National Bank of Bovina, Bovina, Texas, a newly organized institution located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, opened for business October 29, 1955, as a member of the Federal Reserve System. The new bank has capital of \$50,000, surplus of \$50,000, and undivided profits of \$25,000. The officers are: J. P. Macon, Chairman of the Board; C. R. Elliott, President; R. A. Jefferies, Vice President; Joe B. Temple, Vice President; and Warren Embree, Vice President and Cashier.

The Citizens National Bank of Gonzales, Gonzales, Texas, located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, opened for business October 31, 1955, as a conversion of the Gonzales State Bank, Gonzales, Texas, which was a member of the Federal Reserve System. The bank has capital of \$140,000, surplus of \$185,000, and undivided profits and reserves of \$71,700. The officers are: M. P. Rochelle, Chairman of the Board; V. S. Marett, President; Horace Wood, First Vice President; F. D. Kokernot, Vice President; George V. Holmes, Vice President and Agriculturist; Herman H. Braley, Cashier; P. L. Crockett, First Assistant Cashier; and Mrs. Marcella Burchard, Assistant Cashier.

NEW PAR BANKS

The Southwest Bank and Trust Company, Irving, Texas, a 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 its opening date, October 13, 1955. The officers are: C. B. Hardee, Chairman of the Board; Carr P. Collins, Jr., President; Hans Mueller, Executive Vice President; and E. B. Wilkins, Cashier.

The Main Bank and Trust, San Antonio, Texas, an insured, nonmember bank located in the territory served by the San Antonio Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, October 17, 1955. The officers are: Jack G. Lawrence, President; Charles B. Cooney, Vice President; and J. A. Potts, Cashier.

Government securities more than offset declines of \$11,327,000 in member bank discounts and \$626,000 in other discounts and advances. By contrast, a year earlier, total earning assets were \$970,001,000, including member bank discounts of \$318,000, other discounts and advances of \$8,695,000, and United States Government obligations of \$960,988,000. Total gold certificate reserves were reduced \$14,446,000 in the 4-week period and were \$87,484,000 below the level on October 20, 1954. Federal Reserve notes in actual circulation on October 19 totaled \$718,014,000,

CHANGES IN FACTORS AFFECTING MEMBER BANK RESERVE BALANCES

Eleventh Federal Reserve District

(In thousands of dollars)

	CHANGE ¹	
	4 weeks ended Oct. 19, 1955	Dec. 29, 1954— Oct. 19, 1955
FACTORS		
Federal Reserve credit—local.....	—\$ 2,998	+\$ 25,595
Interdistrict commercial and financial transactions...	— 47,138	— 376,297
Treasury operations.....	+ 65,247	+ 309,473
Currency transactions.....	— 4,986	+ 16,153
Other deposits at Federal Reserve Bank.....	+ 6	+ 566
Other Federal Reserve accounts.....	+ 3	+ 10,757
RESERVE BALANCES	+\$10,134	—\$ 14,885
October 19, 1955.....	\$991,626	
September 21, 1955.....	\$981,492	

¹ Sign of change indicates effect on reserve balances.

which represents an increase of \$899,000 over a month earlier but a decrease of \$15,142,000 compared with last year's figure.

Member bank reserve balances rose \$10,134,000 in the 4-week period ended October 19 and \$15,035,000 over the corresponding date last year. Treasury operations in the District had an expansive effect of \$65,247,000 on reserve balances, which more than counteracted the \$47,138,000 decline resulting from the interdistrict flow of funds. Currency transactions had the effect of reducing reserve balances by \$4,986,000, and local Federal Reserve credit declined \$2,998,000. For the year through October 19, reserve balances decreased \$14,885,000.

The increase in short-term rates of interest evident throughout the year has continued in recent weeks. Representative of this firmness, the prime rate (the price of direct bank loans to the best credit risks) was increased on October 14 to 3½ percent, which is higher than at any time since 1933.

On October 11 the Treasury issued approximately \$2,900,000,000 of Tax Anticipation certificates bearing a 2¼-percent coupon and maturing June 22, 1956. Subscribers in this District received \$127,980,000.



Demand for petroleum products in the Nation continued very strong during September and the first part of October. Generally favorable driving conditions maintained gasoline consumption, and the demand for light heating oils rose seasonally. In the 5 weeks ended October 14, the demand for major refined products at refineries and bulk terminals was 7 percent higher than in the corresponding period last year, with both gasoline and distillate fuel oil up 9 percent, residual fuel oil practically unchanged, and kerosene down 3 percent.

Crude oil production in the District during the first half of October rose moderately, following small increases during August and September. Production during the first 2 weeks of October averaged 3,151,000 barrels per day, which is 63,000 barrels higher than in the preceding month and 259,000 barrels more than a year earlier. The pattern in the

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	Sept. 1955 ¹	Sept. 1954 ²	August 1955 ¹	Change from	
				Sept. 1954	August 1955
ELEVENTH DISTRICT	3,088.5	2,914.5	3,077.1	174.0	11.4
Texas.....	2,745.7	2,606.9	2,734.2	138.8	11.5
Gulf Coast.....	572.6	552.9	574.7	19.7	—2.1
West Texas.....	1,073.9	1,011.2	1,081.9	62.7	—8.0
East Texas (proper).....	206.9	212.6	202.6	—5.7	4.3
Panhandle.....	90.1	86.1	89.9	4.0	.2
Rest of State.....	802.2	744.1	785.1	58.1	17.1
Southeastern New Mexico.....	227.1	201.1	226.3	26.0	.8
Northern Louisiana.....	115.7	106.5	116.5	9.2	—8
OUTSIDE ELEVENTH DISTRICT	3,578.9	3,236.4	3,589.1	342.5	—10.2
UNITED STATES	6,667.4	6,150.9	6,666.2	516.5	1.2

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

Nation was similar to that in the District, with production in the first half of October averaging 6,702,000 barrels per day—or 34,000 barrels higher than in September and 567,000 barrels more than in October a year ago.

A further rise in District crude oil production is indicated for November in view of the increased allowables scheduled for Texas. While the number of state-wide producing days in Texas remains unchanged at 16, the effect of the one less calendar day in November is to raise allowables 74,389 barrels over the mid-October level.

Refinery crude runs in the Nation declined substantially during the first half of October but continued noticeably above the year-earlier level. This decrease followed a moderate decline in September, when the Nation's refinery crude runs averaged 7,484,000 barrels per day—or 95,000 barrels less than in August but 545,000 barrels higher than in September 1954. In the District, crude runs to refinery stills also were down in the first part of October, extending the decline which occurred in September. District refinery crude runs in September averaged 2,183,000 barrels per day, down 55,000 barrels from August but 112,000 barrels above a year earlier.

The declining trend in the Nation's crude stocks, evident since June, continued during September but halted in early October. Crude stocks on October 15 totaled 255,100,000 barrels, which is 15,900,000 barrels less than a year ago and is below the range generally considered desirable. On the other hand, refined products stocks have been rising because of the seasonal build-up in heating oils and, east of California, may be considered a little on the high side. As of mid-October, distillate fuel oil stocks were at a record high, up 15,600,000 barrels from a year earlier. Residual fuel oil

NATURAL GAS: MARKETED PRODUCTION

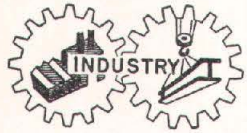
(In millions of cubic feet)

Area	Second quarter 1955	Second quarter 1954	First quarter 1955
Louisiana.....	355,200	281,600	403,000
New Mexico.....	123,300	105,200	129,900
Oklahoma.....	173,000	153,800	181,000
Texas.....	1,143,700	1,106,500	1,252,600
Total.....	1,795,200	1,647,100	1,966,500

SOURCE: United States Bureau of Mines.

stocks were noticeably higher than a year ago in all areas east of California. Gasoline stocks, however, were slightly below the year-earlier level.

Marketed production of natural gas in the major producing states lying wholly or partly within this District—Louisiana, New Mexico, Oklahoma, and Texas—declined seasonally during the second quarter of 1955 but continued to show an appreciable gain over the year-earlier period. At 1,795 billion cubic feet, marketed production in the District states comprised 81 percent of the national total.



During September, total nonagricultural employment in the five states lying wholly or partially within the District established the first all-time record since December 1952. September employment, at 3,924,700, reflected a seasonal gain of 17,400 above August and was 108,100 more than in September 1954. The most important factor in the month-to-month increase was the reopening of schools, which not only caused educational employment to rise but also stimulated employment in the retail trades. Construction declined sharply, as an increase in Arizona was more than offset by losses in the other states. Mining employment declined moderately as students left their summer jobs to return to school.

Manufacturing employment during September increased to 733,200; most of the gain occurred in transportation equipment manufacturing, although gains also were experienced in cotton oil mills, segments of food processing, printing and publishing, and apparel manufacturing. Scattered information indicates that textile factories in the District are operating at sustained high levels as orders are running well ahead of last year.

Unemployment during September decreased sharply as students withdrew from the labor force and winter school employees returned to their regular jobs. In Texas, the only state for which data are available, unemployment during the month totaled 103,000. Texarkana continued to be the

NONAGRICULTURAL EMPLOYMENT
Five Southwestern States¹

Type of employment	Number of persons			Percent change Sept. 1955 from	
	September 1955p	September 1954	August 1955	Sept. 1954	Aug. 1955
Total nonagricultural					
wage and salary workers..	3,924,700	3,816,600	3,907,300	2.8	.4
Manufacturing.....	733,200	705,300	732,500	4.0	.1
Nonmanufacturing.....	3,191,500	3,111,300	3,174,800	2.8	.5
Mining.....	243,500	233,400	245,200	4.3	-.7
Construction.....	278,400	272,800	285,200	2.1	-2.3
Transportation and public utilities.....	397,900	392,200	399,100	1.5	-.3
Trade.....	1,003,800	978,400	997,100	2.6	.7
Finance.....	162,700	156,100	163,600	4.2	-.6
Service.....	452,500	446,900	453,600	1.3	-.2
Government.....	652,700	631,500	631,000	3.4	3.4

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

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	September 1955	September 1954	August 1955	January—September	
				1955	1954
ELEVENTH DISTRICT...	\$ 148,962	\$ 166,118r	\$ 139,063	\$ 1,332,181	\$ 1,039,920
Residential.....	51,188	84,569r	48,186	580,156	488,629
All other.....	97,774	81,549r	90,877	752,025	551,291
UNITED STATES ¹	2,034,895	1,816,232	1,894,841	18,184,044	14,477,241
Residential.....	733,382	777,332	835,418	7,984,550	6,196,199
All other.....	1,301,513	1,038,900	1,059,423	10,199,494	8,281,042

¹ 37 states east of the Rocky Mountains.

r—Revised

SOURCE: F. W. Dodge Corporation.

only major labor market in the District with a substantial labor surplus; however, unemployment in the city has decreased considerably from a year earlier.

The value of construction contracts awarded in the District during September totaled \$148,962,000, or 7 percent above August but 10 percent below September 1954. The year-to-year decline was accounted for by residential awards, which were down 39 percent, although they demonstrated a 6-percent gain above the August level. All other awards during September were up 8 percent from the preceding month and were 20 percent more than a year earlier. During the first three quarters of 1955, total awards in the District exceeded those of a year ago by 28 percent; residential awards were up 19 percent; and all other awards were up 36 percent.

In the Nation during September, the value of construction contract awards was 7 percent above the preceding month and 12 percent above a year earlier. However, residential awards were down 12 percent from August and 6 percent from September 1954, while all other awards were up 23 percent from the previous month and 25 percent from last year. Compared with the first 9 months of 1954, total awards in the Nation rose 26 percent during the same period in 1955; residential awards, 29 percent; and all other awards, 23 percent.

BUILDING PERMITS

Area	9 months 1955						Percentage change in valuation from 9 months 1954
	September 1955		Percentage change in valuation from				
	Number	Valuation	Sept. 1954	Aug. 1955	Number	Valuation	
LOUISIANA							
Shreveport....	459	\$ 1,986,924	-47	-58	4,309	\$ 29,261,391	42
TEXAS							
Abilene.....	176	1,440,629	104	-42	1,484	15,320,450	51
Amarillo.....	201	1,754,511	61	31	2,323	17,848,567	24
Austin.....	266	2,910,050	-20	-18	2,827	31,707,136	8
Beaumont....	338	1,051,783	12	29	2,849	7,247,838	6
Corpus Christi..	278	1,681,179	-42	-23	3,941	24,606,483	-6
Dallas.....	2,089	14,035,240	-22	-28	20,964	138,756,784	23
El Paso.....	482	2,556,652	-25	41	4,003	27,011,589	34
Fort Worth....	687	4,079,937	3	0	7,057	44,969,623	35
Galveston....	87	552,665	-64	-56	955	4,150,150	-29
Houston.....	848	9,036,732	-59	3	9,791	113,133,041	-6
Lubbock.....	251	1,885,961	-2	-22	2,650	22,471,835	11
Port Arthur....	199	590,453	60	2	1,406	4,082,857	43
San Antonio... 1,675	4,603,864	-27	0	16,000	45,394,626	13	
Waco.....	413	1,046,490	-18	-28	2,737	12,106,525	6
Wichita Falls..	111	1,658,875	30	105	1,284	10,486,421	47
Total—16 cities..	8,560	\$50,871,945	-30	-16	84,580	\$548,555,316	14

11 TH
FEDERAL RESERVE
DISTRICT
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