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THE SOUTHWESTERN ECONOMY IN 1955

In nearly every phase of the southwestern and national economies, with the exception of agriculture, 1955 was a year in which new records of production, consumption, income, credit, and employment were established. More people were employed at higher levels of income for steadier periods of time and were more productive than in any previous year. From the early days in January (with economic recovery well under way) through the closing days of December (with a strong economic boom in evidence), the attitude of both consumers and businessmen became more and more optimistic. Not even the shock of the President's illness could long restrain the broad wave of confidence.

This exuberance was manifest in the willingness of consumers to buy unprecedented amounts, either with their own expanding incomes or with borrowings. While consumer buying spread throughout the market, its strength was most noticeable in consumer durable goods, where it was supported by a substantial expansion of consumer instalment credit.

Industrial production in both the Southwest and the Nation rose steadily throughout the year, and although manufacturing employment remained below its 1953 peak, the physical output of goods was higher than in 1953. Durable goods manufacturing industries, which experienced the greatest declines in 1954, showed the sharpest increases in 1955. Nondurable goods industries showed smaller production increases but, as a whole, reached record levels before the durable goods industries. Shortages of many basic raw materials (such as steel and copper), as well as shortages of other factors of production, hampered output in a few industries in the last half of the year.

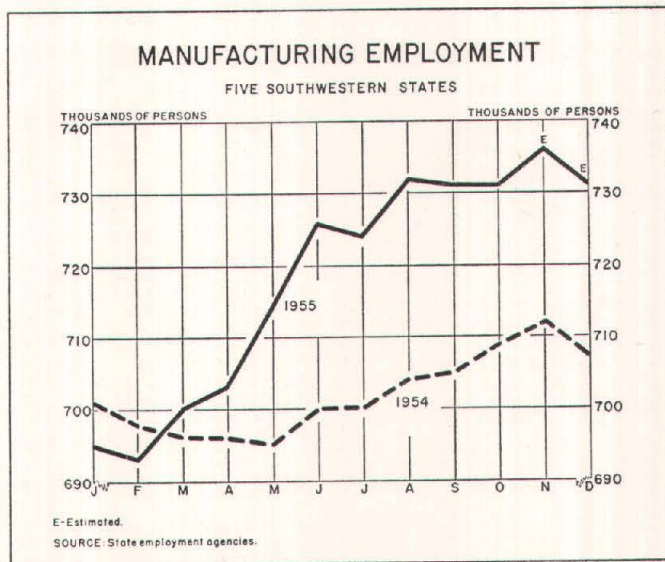
The only segment which did not participate in this new expansion was agriculture. Although total agricultural production in 1955 was comparable to that of 1954, there were still large differences among areas and among crops. Moreover, price declines caused a further contraction of cash farm income. The trends toward a smaller agricultural population and an enlarging farm size continued in 1955, although the number of farm workers employed was about the same as in the previous year.

In the Southwest, 1955 will be remembered as one of the best years for the majority of consumers and businessmen. In order to take a closer look at the individual areas of the Southwest and their particular changes, it is necessary to consider the various facets of the economy and the relative changes in those areas since 1954.

Production

While there is no comprehensive measure of industrial production for the Southwest, the measurement of changes in output can be obtained by consideration of the major components where direct production data are available and by an analysis of the level of employment for the remaining sectors of our industrial complex.

Manufacturing employment in the five southwestern states in 1955 averaged more than 2 percent above that of 1954, and, at an estimated total of 736,600 in November, was within 4,000 of the record established in 1953. The majority of the gain was in Texas and Oklahoma, although marked increases occurred in certain categories of manufacturing employment in all District states except Louisiana.



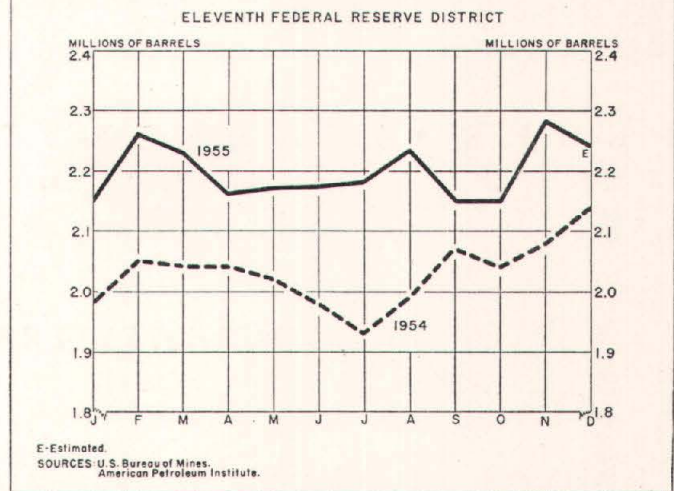
As measured by manufacturing employment, the major gains in 1955 occurred in lumber and wood products, primary metals, machinery, printing and publishing, and chemicals and allied products. The tremendous demand for steel, stemming from the continued growth in oil activities, steadily expanded the demand for labor in the primary metals industry. The gains in machinery employment stemmed largely from increased plant and equipment expenditures, particularly in the latter half of the year. The improved demand for lumber and other building materials occasioned an increase in lumber and wood products employment, which reversed the long-term decline in such employment. Increased employment in the chemical and allied products industry reflected the enlargement of existing plants and the construction and operation of new plants.

Employment in transportation equipment industries in 1955 was virtually unchanged from a year earlier. The Texas aircraft industry maintained a relatively steady level of activity, but aircraft manufacturing employment rose markedly in the Tucson, Arizona, area. Automobile manufacturing employment increased, while shipbuilding fluctuated considerably during 1955.

Activity in the Nation's oil industry was particularly strong in 1955, and every major phase—from drilling through production, refining, and marketing—set new records of performance. Moreover, domestic production was supplemented by a higher level of imports, which was 15 percent above the 1954 total. Demand for petroleum products increased 4 percent; demand for gasoline and residual fuel oil was especially strong. The growth in the number of automobiles and trucks and their more intensive use were the major causes of the increased use of gasoline, while the greater demand for residual oil stemmed from improved operations of factories, power plants, and transportation agencies.

The improvements in the Nation's oil industry were reflected in similar gains in the District. As demand increased, District crude oil production also rose and for the year as a

DAILY AVERAGE CRUDE RUNS TO REFINERY STILL



whole averaged nearly 3,200,000 barrels per day, or 194,000 barrels more than in 1954. However, the number of statewide producing days in Texas, at 194, was unchanged from a year earlier, indicating a further noticeable rise in productive capacity.

Crude oil production and refining activity reached new records early in 1955 and, after a slight cutback in late spring and summer, rebounded to even higher levels in November and December. District refinery runs averaged 2,190,000 barrels per day, which is nearly 156,000 barrels—or 8 percent—above the 1954 average. This District percentage increase is slightly above the gain registered for the Nation, reflecting the improvement in refining activity along the Texas Gulf Coast.

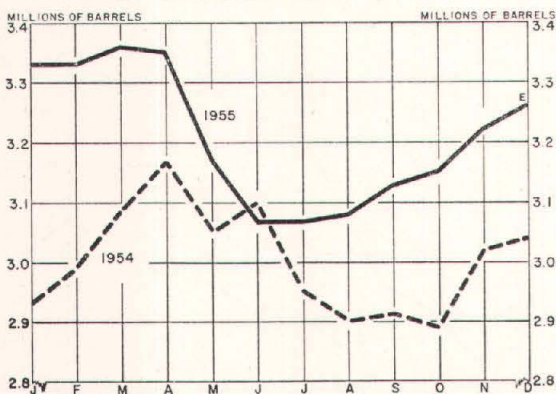
The stronger demand situation and strengthening prices, coupled with increases in production and refining, stimulated drilling during 1955. Total well completions in the District reached a new record and were about 3 percent above those of 1954, compared with a nationwide increase of 1 percent. The major gain in the District was in development drilling, while in the Nation, wildcat drilling showed the sharpest increase. Although no major fields were discovered in the District in 1955, there was considerable activity in extending existing fields into new pay sands.

The marketed production of natural gas in the four producing states lying wholly or partially within the District continued to expand in 1955, and it appears that such production may exceed that of 1954 by nearly 15 percent. Demand also increased appreciably, as new consuming areas were connected by pipelines and existing customers increased consumption.

Other basic mining activities in the District—including potash, sulfur, and copper—recorded substantial increases over production in 1954. The recovery of potash from mines near Carlsbad, New Mexico, rose sharply as new producers entered the field and as the demand for fertilizers increased

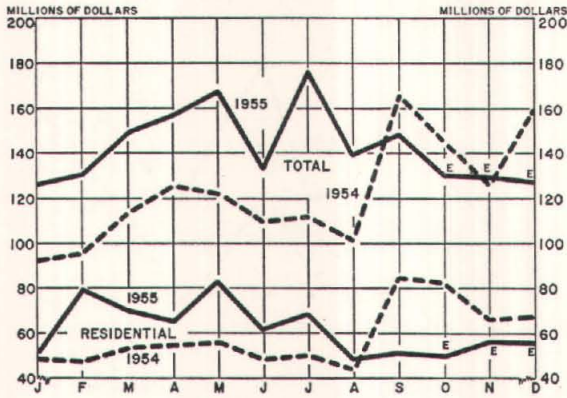
DAILY AVERAGE CRUDE OIL PRODUCTION

ELEVENTH FEDERAL RESERVE DISTRICT



VALUE OF CONSTRUCTION CONTRACTS AWARDED

ELEVENTH FEDERAL RESERVE DISTRICT



E - Estimated.
SOURCE: F. W. Dodge Corporation.

with more intensive farming. Sulfur production likewise expanded in 1955, primarily in response to increased demands from improved industrial activity and the discovery of new sulfur deposits in the Southwest. Copper production, although quite active in most months, did not show the expected gain, largely because of shutdowns due to labor disputes.

In other areas of production, such as building materials, the strong demand for cement caused capacity operations in the Southwest's cement mills during most of 1955. Total production of portland cement in Texas mills increased 12 percent over that of 1954, and with continuing strong demands in prospect, producers are planning substantial increases in capacity during 1956. The demand for and price of cement moved up sharply in the summer months, but seasonal cutbacks eased the cement shortage toward the end of the year. Scattered reports indicate that lumber production increased only slightly in 1955, while industry sources in brick, stone, and clay plants relate a picture of intense activity throughout the year.

Construction activity in the Southwest and in the Nation increased sharply over that in 1954, although the year-to-year comparisons tend to show reverse patterns of development. In 1954, construction activity did not begin developing rapidly until the latter part of the year, whereas in 1955 the greatest growth was evident in the first half of the year. The value of construction contracts awarded in the Eleventh Federal Reserve District was nearly 21 percent above that of 1954; in the Nation, such awards increased nearly 22 percent. Construction employment in the five states of the District in 1955 averaged slightly higher than in 1954.

Most of the regional gain in construction during the first half of 1955 stemmed from an increase in residential construction; in the second half of the year, nonresidential construction was much stronger. In the District and in the Nation, residential construction activity accelerated quickly through the first half of the year but eased to a more moderate

level in the last 6 months. On an annual-rate basis, new housing starts in the Nation began 1955 at about 1,400,000 but by November had declined to 1,200,000, averaging about 1,300,000 for the year. In the Southwest, most of the fluctuation in residential construction activity occurred in or near the larger cities, since construction activity in the smaller areas was relatively stable.

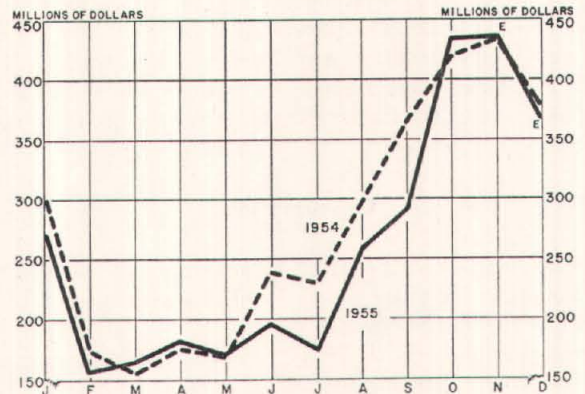
Nonresidential construction, on the other hand, showed fairly consistent gains throughout 1955 and provided most of the stimulus to total construction during the latter half of the year. The principal areas of increase in this activity were commercial, public works, and manufacturing building construction. As reflected by contract awards in Texas, the only District state for which detail is available, the value of construction awards for commercial buildings rose to a new record in 1955, exceeding the 1954 total by more than 13 percent. Similarly, public works construction reached a new high in 1955, with the value of awards increasing 31 percent over the 1954 level, and public and institutional construction contract awards rose 36 percent to a new record. Utility construction, while nearly 5 percent over the previous year, was well below the record established in 1952.

The gain in manufacturing construction, as reflected by a 190-percent increase in the value of contract awards in 1955, shows the continued growth of industrialization in the Southwest. Industrial manufacturing contract awards reached their fourth highest level in the history of Texas. This gain is particularly significant in the face of a nearly 8-percent decline in military construction in the five District states and a 50-percent decline in such construction in Texas. From scattered information, it seems probable that much of the increased construction occurred in those same areas of growth as has been the case in the past few years—i.e., chemical, petroleum, and fabricated metals industries.

Agricultural production in the District states in 1955 was virtually equal to output in 1954, despite drought and unfavorable growing conditions during the early part of the

CASH RECEIPTS FROM FARM MARKETINGS

FIVE SOUTHWESTERN STATES



E - Estimated
SOURCE: U. S. Department of Agriculture.

year—which reduced the production of wheat, oats, barley, and other winter grains. Favorable moisture conditions at critical periods and the increased usage of fertilizers, better seeds, and other improved practices combined to provide record and near-record yields for many spring-planted crops. The 1955 District cotton crop is estimated at approximately the same as the 1954 crop, despite a 14-percent reduction in acreage allotments; while the rice crop was only 11 percent below 1954 output, even with a 21-percent curtailment in acreage. The production of grain sorghums, corn, and peanuts in 1955 was sharply above the levels in the previous year.

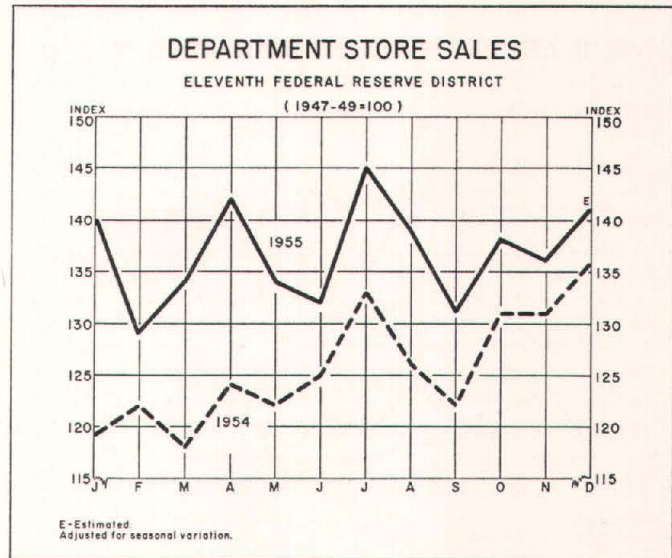
The relative abundance of feed grains at somewhat lower prices, the reduction in acreages of some important crops, and the relative improvement in range conditions after mid-year encouraged high-level output of meat animals and animal products in the District during 1955. Although the production of wool was slightly below that in 1954, the output of poultry products and red meat was sharply above the year-earlier levels. Live-weight cattle and calf slaughter was up about 2 percent from the preceding year; sheep and lamb slaughter, up 12 percent; hogs, up 17 percent; and poultry, up 14 percent.

Although agricultural output in the District in 1955 generally compares favorably with that in 1954, production in a few areas was disappointing. Drought in the early part of the year severely affected the income of farmers in the High Plains wheat area and in south Texas counties. Late-spring freezes damaged citrus fruits and pecans; virtually destroyed other fruit; and necessitated the replanting of cotton, sorghums, corn, and some vegetables in many parts of the District. Moreover, heavy rains and early fall freezes damaged cotton and decreased yields on the South Plains of Texas. Severe insect infestations reduced yields in parts of Texas and Louisiana.

Under the impact of large carry-over supplies, lower support levels for many products, and the high level of production in 1955, prices received by District farmers—as evidenced by Texas midmonthly farm prices—continued to weaken and averaged about 2 percent below the 1954 average, with livestock prices registering the greatest decline. Moreover, production costs rose substantially above those of the previous year. Outlays for replanting, higher labor and equipment costs, and more intensive applications of fertilizer added to out-of-pocket expenses. For ranchers, the cost of providing supplemental feed made livestock operations more expensive. As a result of these increased costs, net farm income was not as satisfactory as the large marketings would indicate.

Consumption

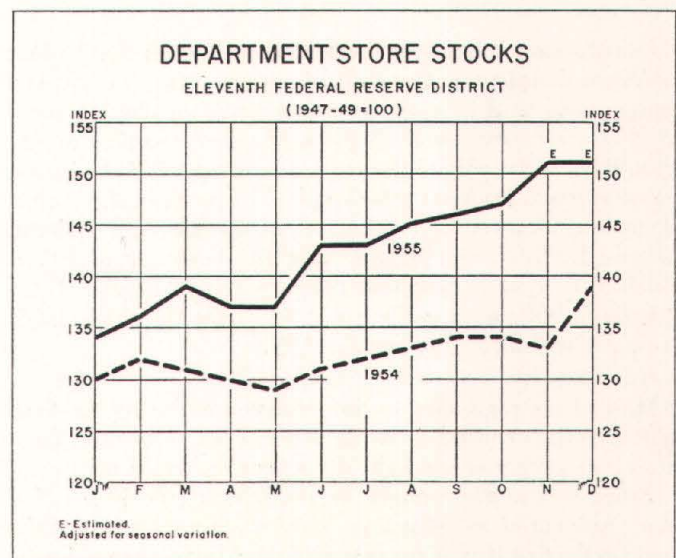
Underlying these production movements was a broad and rising demand for nearly all types of consumer goods. In the Nation and in the Southwest, consumers were willing to buy in increasing amounts the goods produced by the mines and factories. Nevertheless, the liquidation of inventories in 1954 turned to an accumulation in 1955, although at a relatively modest rate. While businessmen adopted fairly tight controls



over inventory buying, consumer demand was so strong that inventories rose more slowly than sales. At the manufacturers' level, shortages of basic raw materials also retarded inventory accumulation.

Department store sales in the District established a new record in 1955 and were nearly 8 percent above those of 1954; the strongest demand centered upon consumer durables, which showed a year-to-year gain of about 15 percent. Soft goods sales were fairly steady until early fall, when an upturn thrust the year-end total to a level nearly 6 percent above that of 1954. Average month-end department store inventories reached a new record in 1955, being 8 percent more than those of 1954 and 2 percent more than the previous record—established in 1953.

Total retail trade apparently was as strong as, if not stronger than, department store trade. New automobile sales in four major cities in the District—Dallas, El Paso, Houston, and San Antonio—increased nearly 45 percent above those



in 1954, compared with a nationwide gain of about 39 percent. Competition among dealers was very strong, thereby reducing profit margins. Moreover, the extension of consumer credit with unusually long maturities and low down payments intensified the competitive efforts.

Scattered information on retail sales outlets in the Eleventh District indicates that total sales increased slightly faster than in the Nation. Sales at District gasoline service stations; automotive stores; and lumber, building materials, and hardware establishments increased much faster than those at comparable stores in the Nation. On the other hand, sales at furniture, furnishings, and appliance stores; food stores; and eating and drinking places in the Nation rose considerably faster than those in the District.

The demand for agricultural products showed some further gain, but with large surpluses and substantial production, demand was insufficient to maintain steady prices. During 1955, consumers continued to spend about one-fourth of their incomes for food, and with higher average incomes, the total expenditures for food were above those in 1954.

Demands for services were at record levels, and nearly all business connected with the tourist industry reported excellent sales in 1955. Transportation companies, except local transit firms, showed substantial increases in business, with motor truck, barge, and tanker traffic reported as being very heavy.

Employment, Income, and Credit

Employment conditions in the five states of the District improved steadily throughout 1955, reaching a new record in September and in each subsequent month of the year. Total nonagricultural employment averaged nearly 3,895,400 workers in 1955, compared with 3,799,300 workers in 1954. Although all major categories of employment had shown some improvement by the end of the year, the primary gains were made in manufacturing, mining, trade, service, and govern-

ment employment. Percentagewise, the greatest increases were in finance, mining, and manufacturing employment. The smallest gain was registered by transportation and utility concerns.

The increase in government employment was primarily at the state and local level. Federal Government employment declined early in the year and then leveled out, except for seasonal fluctuations. The gains in trade and service employment reflected the improved business conditions, as well as the population and suburbanization growth near the larger metropolitan areas. Shortages of skilled workers were common by the end of the year.

Unemployment declined rapidly as workers found new jobs in the expanding economy. In Texas, unemployment decreased from a 1954 average of 128,500 to a 1955 level of 113,600, with all major labor market areas sharing in the decline. The two markets classified as areas of substantial surplus in 1954—San Antonio and Texarkana—made considerable improvement, although Texarkana remained a labor surplus area.

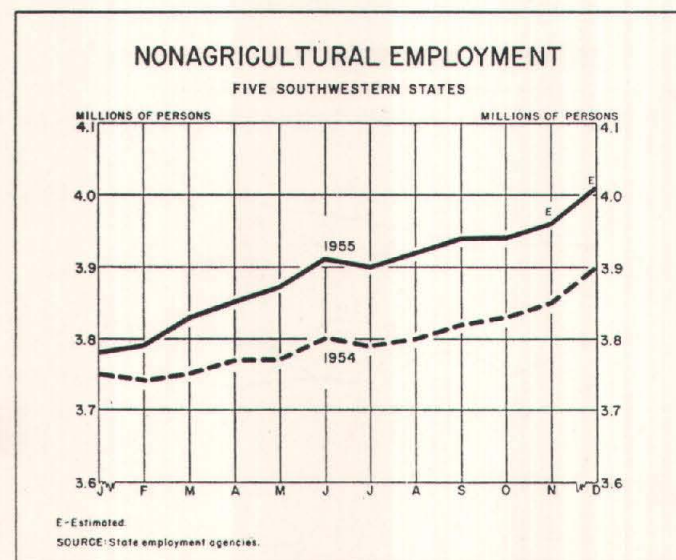
The people of the Southwest and of the Nation received higher incomes in 1955 than in any previous year. The average weekly earnings of southwestern manufacturing workers, including substantial overtime payments, rose to a record level of nearly \$77 in the latter part of the year, or about 7 percent above those in 1954. The highest average weekly earnings were in the durable goods and mining industries, led by petroleum workers—whose earnings averaged in excess of \$100 per week in the last part of 1955. Average hourly earnings of Texas manufacturing workers increased almost 5 percent during the year.

Cash farm income in 1955 declined nearly 5 percent compared with the previous year. However, it should be noted that an increasing number of farmers held nonfarm jobs at least part of the year, and income from such jobs was a valuable addition to their farm income.

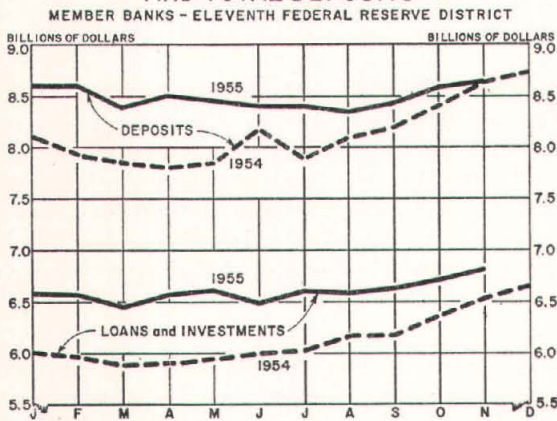
A considerable increase in consumer credit supplemented the generally rising level of income. Southwestern purchasers, along with those in the Nation, bought more and more consumer durables on instalment credit and charge accounts at retail establishments. At the end of 1955, consumer credit outstanding at District department stores was about 8 percent above a year earlier, with instalment credit up 15 percent and charge account credit up 4 percent. During the past year, instalment sales at District department stores were nearly 28 percent above those in 1954, and regular charge accounts increased 6 percent.

Banking and Finance

The economic growth of the Southwest during 1955 was stimulated and facilitated by a large increase in credit. Businessmen required more working capital to produce and distribute a larger volume of goods and also needed loans to finance capital expenditures for plant and equipment. In



TOTAL LOANS AND INVESTMENTS AND TOTAL DEPOSITS



addition, the consumer used larger amounts of credit than in any previous year to buy these goods and services.

The result of all these credit requirements was a very strong loan demand at commercial banks in this District throughout 1955. Total loans and discounts at the end of November were 16 percent above those on the corresponding date in 1954. Much of the increase was attributable to credit demands in the commercial, industrial, and agricultural; real-estate; and "all other" (primarily consumer) categories.

In view of near-capacity industrial production, shortages of raw materials, narrowing margins of unused labor, strong demands for credit, and developing inflationary pressures, the monetary policy of the Federal Reserve System shifted from one of ease at the start of 1955 to mild restraint in the second quarter and, finally, to increasing restraint in the closing 6 months. Four separate increases were made in the Reserve bank discount rates, and System policies limited the amount of reserves supplied through open market operations to meet seasonal demands for credit. Thus, member banks had to rely more extensively upon borrowing from the Federal Reserve bank to provide needed reserves. Most of the pressure on bank reserve positions fell upon the larger reserve city banks, which normally keep only a small amount of excess reserves.

In meeting the loan demand, banks relied primarily upon an internal shifting of assets, since deposits increased very little. Total loans and investments evidenced only a moderate gain, as an increase in loans was largely counterbalanced by a decrease in investments. When excess reserves declined and credit demands continued, banks liquidated investments, especially short-term Government securities holdings. At the end of November, total investments of member banks were nearly 8 percent below a year earlier, with holdings of Government securities down 11 percent while holdings of other securities increased 10 percent.

At the same time that they liquidated investments, banks also drew down cash and balances at the Federal Reserve and

other banks. Most of the decline came as a result of the withdrawal of interbank deposits, which decreased more than 10 percent. One result of these moves to meet the loan demand was a decline in liquidity. Many large banks used all their excess reserves and had to borrow from the Federal Reserve System in order to maintain the required level of reserves. Borrowings by member banks expanded sharply during 1955, with the larger banks accounting for most of the increase.

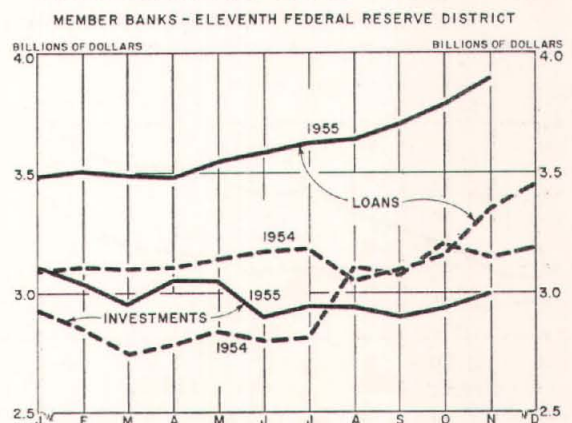
While the totals of the major banking measurements portray most of the significant changes during the year, a breakdown of loans, investments, deposits, and capital accounts reveals certain other important developments. The strong loan demand by business firms was highlighted by the requirements of trade and sales finance concerns, although petroleum, coal, chemical, and rubber; food and liquor; and textile and apparel manufacturers and utilities also expanded their credit demands substantially.

Changes in investment portfolios were selective during 1955; short-term Government holdings generally were liquidated, while holdings of intermediate- and long-term Government securities were fairly stable and holdings of other securities increased. Most issues of intermediate- and long-term bonds sold below par much of the year, and for that reason, banks were reluctant to dispose of them.

Total deposits of member banks at the end of November 1955 showed less than a 1-percent rise from a year earlier, with demand deposits down nearly 2 percent although time deposits gained more than 14 percent. An increase in demand deposits of individuals, partnerships, and corporations was offset by decreases in demand deposits of other banks and the United States Government. However, deposit turnover was more rapid in 1955, indicating a more intensive use of available funds.

Another significant change in banking measurements was the marked increase in capital accounts during the past year.

TOTAL LOANS AND TOTAL INVESTMENTS



The renewed economic growth of the Southwest and the especially high demands for credit induced a large number of banks to expand their capital structures. Capital accounts of member banks in this District increased 12 percent from November 1954 to November 1955. While both large and small banks increased their capital structures, the most substantial gains were at the larger reserve city banks.

Summary and Outlook

In considering the possibilities of economic development during 1956, a number of current trends affecting the entire economy need to be weighed carefully. The inflationary pressures which developed in the latter half of 1955 seem likely to continue into 1956. With a number of basic industries operating near capacity and with shortages of most basic raw materials, as well as other factors of production, a further significant expansion in the physical output of goods and services cannot be expected in the first half of 1956. On the other hand, with a possibility of tax cuts, a rise in the minimum wage, and general increases in most wages, the purchasing power of individual consumers is expected to expand, thus creating further demands upon these short supplies. In addition, the increasing level of plant and equipment expenditures will mean a further drain upon basic raw materials and labor.

However, it should be noted that there are some possibilities of a developing weakness in the economy. A sharp upturn in the rate of inventory accumulation, a continued decline in residential construction, or a further weakening of the agricultural situation could create other destabilizing influences which might disturb the balance within the economy. Nevertheless, at the present time, it appears that the other factors in the economy are sufficiently strong to outweigh these potential weaknesses. In consequence, the economy probably will be faced with problems of further increases in wages and prices and other inflationary pressures, rather than difficulties of a deflationary nature.

In the Southwest, although these trends will set the general economic environment, other trends may be of equal significance to the regional economy. The drought, acreage allotments, and declining agricultural price problems are of particular importance in the Southwest, and with the large crop surpluses, it seems unlikely that either of the latter two will be corrected this year. The construction picture for the Southwest is not markedly different from that of the Nation except in the nonresidential fields, where continued industrial growth is expected to cause a somewhat brighter picture for this area. In fact, the only major differences in outlook between the Southwest and the Nation appear to be a more concentrated effect of the agricultural conditions and an offsetting element of growth in industrial, commercial, and service industries.

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Christmas buying at Eleventh District department stores in 1955 increased moderately above the record-high Christmas volume of 1954. November department store sales were 4 percent above those of November 1954 but showed a less than seasonal gain of 2 percent over October. Inventories at the close of November were 13 percent above a year earlier, and orders outstanding were up 12 percent.

Moisture is needed in much of the District. The 1955 cotton crop in the District states is placed at 6,025,000 bales, or about the same as output in 1954. Cash receipts from farm marketings in the District states during the January-October period in 1955 totaled \$2,292,164,000, or 8 percent less than in the same months in 1954.

The sharply rising demand for heating oil, stimulated by markedly colder weather, caused a moderate increase in crude oil production and a decline in crude stocks during December. Texas oil allowances for January are unchanged from the mid-December level, but total production should increase as new wells are brought in. Refinery activity in the District in December was down slightly from the November level.

Total nonagricultural employment reached its third successive monthly record during November at 3,966,800 workers. The major gains were associated with seasonal increases in trade and government employment. Manufacturing employment rose to 736,600, with transportation equipment and food-processing manufacturers accounting for most of the gain.

District construction activity increased in November, with the value of total awards 9 percent above the October level. Residential awards were down 20 percent, while "all other" awards rose 27 percent. Cumulative total awards through November were 21 percent higher than in the comparable period of 1954.

Gross loans of District weekly reporting member banks increased 1 percent during the 4 weeks ended December 14, with loans to banks and "all other loans" showing the largest gains. Total investments declined 5 percent as holdings of Treasury bills, certificates, and notes were reduced. Bank debits and deposit turnover held steady in November.



Christmas buying at department stores in the Eleventh Federal Reserve District, stimulated by the higher level of incomes and rising employment, increased moderately above the record volume of the 1954 Christmas season. With one more shopping day during Christmas week in 1955 than in 1954, sales reached an all-time high.

The rush of Christmas business at department stores began during the first week of December, when the daily average sales volume rose 55 percent above the previous week. Christmas buying during the week ended December 17 was 5 percent more than the former record sales volume established during the comparable week in 1954.

Department store sales in the District in November showed a small increase over the generally high volume of the previous month, but the rise was less than had been evident from October to November in other recent years. The dollar sales volume was 2 percent higher than in October and was 4 percent higher than in November 1954. Reflecting a less than seasonal gain, the adjusted index of sales declined from 138 in October to 136 in November, compared with 131 for November 1954.

Sales of most consumer durable goods items in November continued to run substantially above the 1954 volumes. Sales of domestic floor coverings showed the principal gain, rising 18 percent above the year-earlier level. Major household appliances showed a year-to-year sales increase of 17 percent; furniture and bedding, a 12-percent increase; and television sets, radios, and phonographs, a 3-percent increase.

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS ¹	
	Nov. 1955 from		11 mo. 1955 comp. with 11 mo. 1954	Nov. 1955 from	
	Nov. 1954	Oct. 1955		Nov. 1954	Oct. 1955
DEPARTMENT STORES					
Total Eleventh District.....	4	2	9	13	3
Corpus Christi.....	-4	-12	6	33	5
Dallas.....	4	5	10	19	5
El Paso.....	2	-5	8	6	-5
Fort Worth.....	6	13	9	12	4
Houston.....	5	2	7	12	4
San Antonio.....	1	-2	7	4	2
Shreveport, La.....	5	-1	6	9	-4
Waco.....	8	-3	13	11	0
Other cities.....	7	0	11	15	4
FURNITURE STORES					
Total Eleventh District.....	9	-3	16	4	-1
Amarillo.....	13	-5	-	18	3
Austin.....	18	0	15	13	0
Dallas.....	1	-13	17	10	3
Houston.....	17	1	23	-11	-12
Lubbock.....	-9	6	-	10	8
Port Arthur.....	6	-4	9	-7	0
San Antonio.....	-14	-4	8	6	2
Shreveport, La.....	14	7	15	13	6
Wichita Falls.....	18	-10	-	-	-
Other cities.....	10	0	11	5	-1
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	3	-4	-	-	-
Dallas.....	0	-2	-	-	-

¹ Stocks at end of month.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED ¹			
	Nov. 1955	Oct. 1955	Sept. 1955	Nov. 1954	Nov. 1955	Oct. 1955	Sept. 1955	Nov. 1954
SALES—Daily average								
Eleventh District.....	155	146r	131	149	136	138	131	131
Dallas.....	152	140	131	146	132	130	125	127
Houston.....	175	165	149	168	154	160	147	147
STOCKS—End of month								
Eleventh District.....	167p	162	155	148r	151p	147	146	133

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

In the soft goods departments during November, sales of piece goods and household textiles made the strongest showing, with a 4-percent gain over those of November 1954. Sales of women's and misses' ready-to-wear apparel and accessories were up 3 percent and 1 percent, respectively. On the other hand, sales of men's and boys' wear and small wares did not change from the year-earlier levels.

Instalment sales during November declined 5 percent from October but were 21 percent above those in November 1954. However, cash and charge account sales increased 3 percent and 9 percent, respectively, from October and were slightly higher than in November 1954. The proportion of instalment sales to total store sales rose during 1955 and in November was 13 percent, compared with 11 percent a year earlier. The increase in the proportion of instalment sales has offset the reduction in the proportion of charge sales, which was down to 55 percent in November, compared with 57 percent in November 1954.

Charge accounts receivable at department stores followed the usual pattern during November, rising 8 percent above October, and at the end of the month were 4 percent above the amount outstanding on the same date of 1954. Instalment accounts showed little change from October but were 15 percent above a year earlier.

Department store inventories rose 3 percent during November to reach another new high and were 13 percent higher than on the corresponding date of 1954. Orders outstanding declined 3 percent during November, in line with the pattern which normally prevails at this time of year. At the end of November, however, orders outstanding were 12 percent higher than a year earlier, as compared with a 21-percent year-to-year gain at the end of October.

Sales at District furniture stores during November continued to show a substantial gain over a year earlier, with a 9-percent increase over November 1954, but were down 3 percent from October 1955. Inventories at the end of the month were 1 percent less than in October but were up 4 percent from the year-earlier figure. Accounts receivable at the close of November were 16 percent above those of a year ago, while collections showed an increase of 19 percent.

Registrations of new cars during November in Dallas, Fort Worth, Houston, and San Antonio were up 18 percent from

a year earlier but were down 15 percent from October. New car sales in the four cities for the January-November period in 1955 were 45 percent more than in the comparable period of 1954.



Field work is seasonally slow in most parts of the District except the winter vegetable areas of south Texas and the late cotton-growing regions of west Texas, New Mexico, and Arizona. Harvesting in these cotton regions is virtually complete. During the first part of December, rains and snow fell over many sections of the District, with the largest amounts occurring in the eastern third. Only light and ineffectual precipitation was received in the western parts of the District.

Small grains, winter legumes, and pastures responded to the improved moisture conditions in the eastern sections of the District; but strong, dry winds have dissipated much of the moisture. Rain is especially needed in north and north-eastern Texas to maintain development of these crops. Crop and weather conditions in the High Plains area of Texas and New Mexico are following a pattern similar to that which prevailed during the fall of 1954. Winds depleted the moisture provided by light snows early in December, and recurring freezing and thawing, winds, and blowing dust are combining to damage wheat. In many northern Plains counties, fields are being chiseled to retard soil erosion.

Commercial vegetables in south Texas—particularly hardy-type vegetables and early spring onions—are making good progress. Moisture conditions remain favorable, and most of the crops have escaped damage from low temperatures. Cabbage, cauliflower, and spinach are being shipped; and citrus fruits are moving in volume, with a substantial part of the shipments in mid-December comprising gift packages for the holiday trade.

In the Nation the 1955 cotton crop is forecast, as of December 1, at 14,663,000 bales, or 180,000 bales below the month-earlier estimate but 7 percent larger than production in 1954, according to the United States Department of Agriculture. Cotton production in the District states in 1955 is placed at 6,025,000 bales, or 4 percent below the November 1 estimate and 7,000 bales less than output in 1954. The reduction from the November 1 estimate occurred primarily in the High Plains area of Texas, where yields were considerably below preharvest expectations. The estimates for Louisiana, New Mexico, and Texas showed declines from a month earlier, while the forecast for Oklahoma was unchanged and the Arizona estimate was increased slightly.

In Texas the 1955 cotton crop is forecast at 4,025,000 bales, or 5 percent below the November 1 estimate but 2 percent larger than production in 1954. With less favorable crop prospects in the High Plains area, the estimated average yield per harvested acre for the State is placed at 282 pounds—25 pounds below the November 1 forecast but 37 pounds more than in 1954. It is estimated that all crop reporting districts

COTTON PRODUCTION
Texas Crop Reporting Districts

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

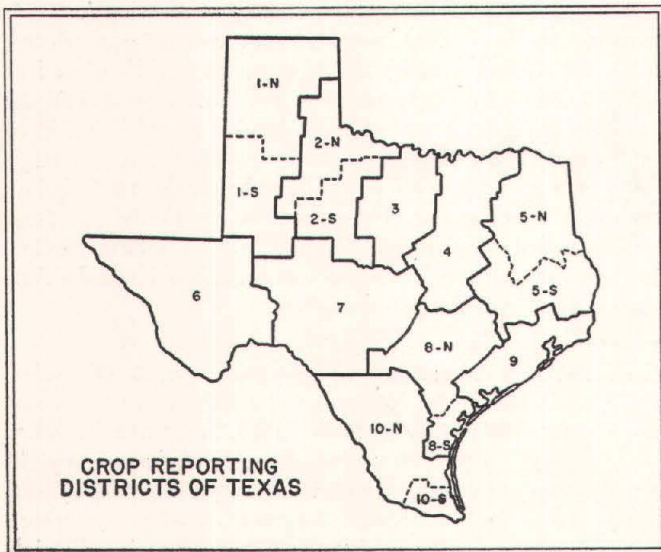
Crop reporting district	1955 Indicated December 1	1954	1953	1955 as percent of 1954
1-N.....	405	512	548	79
1-S.....	1,005	1,098	835	92
2-N.....	270	221	143	122
2-S.....	255	180	285	142
3.....	21	20	39	105
4.....	640	448	1,101	143
5-N.....	145	75	136	193
5-S.....	95	74	119	128
6.....	270	261	253	103
7.....	32	25	39	128
8-N.....	160	142	215	113
8-S.....	69	218	76	32
9.....	235	192	238	122
10-N.....	36	67	32	54
10-S.....	387	407	258	95
State.....	4,025	3,940	4,317	102

SOURCE: United States Department of Agriculture.

in Texas except Districts 1, 8-S, and 10 produced more cotton, with higher yields, during 1955 than in the previous year.

In the Nation, cotton ginnings prior to December 1, 1955, totaled 13,052,006 bales, or 5 percent more than during the same period in 1954, according to the United States Department of Commerce. In the District states, 5,149,153 bales of cotton had been ginned prior to December 1, or 2 percent fewer than a year earlier. Approximately 85 percent of the 1955 cotton crop had been ginned by December 1. In the Nation, approximately 89 percent of the cotton had been ginned.

The production of winter vegetables in Texas during the 1956 season is estimated, as of December 1, 1955, at 7 percent above output in the previous season and 21 percent more than the 6-year (1949-54) average, according to the United States Department of Agriculture. Although the estimated acreage of principal winter vegetables is only slightly larger than it was a year earlier, higher per acre yields are indicated for most of the vegetable crops.



CITRUS FRUIT PRODUCTION

(In thousands of boxes)

State	Indicated 1955-56	1954-55	1953-54	Average of 10 seasons ended 1944-53
ARIZONA				
Oranges.....	1,000	1,130	1,170	1,024
Grapefruit.....	2,400	2,470	2,670	3,119
LOUISIANA				
Oranges.....	215	175	100	257
TEXAS				
Oranges.....	1,800	1,500	900	2,946
Grapefruit.....	2,200	2,500	1,200	11,980

SOURCE: United States Department of Agriculture.

Livestock remain in fair to good condition throughout most of the District. As of December 1, ranges in all of the District states were improved from a year earlier, according to the Department of Agriculture. As a result of the improvement in ranges, cattle and sheep are in better condition than they were at the same time a year earlier. Although supplemental feeding is increasing, ranchers generally are feeding less as compared with the fall of 1954. During December, additional cattle were removed from dry-land wheat pastures in the High Plains, and most of the livestock remaining on wheat pastures are being grazed on irrigated fields. Pasture feed is short in the Plateau area and in a few counties in south Texas, where ranchers are burning prickly pears for feed.

Receipts of cattle, calves, and sheep on local southwestern markets during November and the first part of December were sharply below those during the same period a year earlier. Marketings of cattle and calves from Oklahoma, Texas, and New Mexico during the peak fall shipping months of October and November 1955 were smaller than in the same months in 1954.

The index of prices received by Texas farmers on November 15 was 250 percent of the 1910-14 average, or 1 percent below the mid-October index and about 4 percent lower than a year ago. The crop index increased about 2 percent from mid-October, while the livestock index declined 4 percent. Lower prices for cattle, calves, and hogs contributed heavily to the decline in the livestock price index. Subsequently, grain prices on local southwestern markets have shown slight seasonal increases, while cattle prices have shown mixed trends. Hog prices through mid-December were generally below month-earlier levels.

Cash receipts from farm marketings in District states during the January-October period in 1955 totaled \$2,292,164,000, or 8 percent below the same months in 1954, according

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	Nov. 1955	Nov. 1954	Oct. 1955	Nov. 1955	Nov. 1954	Oct. 1955
Cattle.....	59,709	80,774	72,407	28,525	35,440	39,036
Calves.....	18,123	29,734	22,346	23,011	31,853	28,517
Hogs.....	72,696	49,594	60,022	2,179	2,141	3,826
Sheep.....	45,642	60,353	58,903	114,399	116,339	124,845

¹ Includes goats.

CASH RECEIPTS FROM FARM MARKETINGS

(In thousands of dollars)

Area	September		October		January—October	
	1955	1954	1955	1954	1955	1954
Arizona . . .	\$ 14,136	\$ 19,528	\$ 25,207	\$ 36,902	\$ 212,744	\$ 248,603
Louisiana . . .	45,406	55,332	63,786	60,701	247,989	272,359
New Mexico . . .	8,565	11,090	36,188	41,919	117,979	128,175
Oklahoma . . .	44,783	52,771	66,975	55,022	375,014	457,915
Texas	177,101	194,061	243,840	219,843	1,338,438	1,380,223
Total	\$289,991	\$332,782	\$435,996	\$414,387	\$2,292,164	\$2,487,275

SOURCE: United States Department of Agriculture.

to the United States Department of Agriculture. Receipts from crops were 12 percent smaller than a year earlier, and those from livestock were 3 percent less. In the Nation, cash receipts from farm marketings during the first 10 months of 1955 were about 3 percent below those in the same period a year ago.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Comparable week, previous month		Comparable week, previous year	
		Week ended Dec. 20, 1955	Dec. 13, 1955	Dec. 13, 1954	Dec. 13, 1953
COTTON, Middling 15/16-inch, Dallas	lb.	.3350	.3405	.3380	
WHEAT, No. 1 hard, Fort Worth	bu.	2.44	2.39 1/4	2.70 3/4	
OATS, No. 2 white, Fort Worth	bu.	.90	.88	1.04 1/4	
CORN, No. 2 yellow, Fort Worth	bu.	1.62 1/2	1.52	1.87 1/2	
SORGHUMS, No. 2 yellow, Fort Worth	cwt.	2.24	2.12	2.75	
HOGS, Choice, Fort Worth	cwt.	12.00	13.25	19.00	
SLAUGHTER STEERS, Choice, Fort Worth	cwt.	21.00	21.00	25.00	
SLAUGHTER CALVES, Choice, Fort Worth	cwt.	19.00	19.00	20.00	
STOCKER STEERS, Choice, Fort Worth	cwt.	19.00	19.00	21.00	
BROILERS, south Texas	lb.	.20	.24	.20	

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Dec. 14, 1955	Dec. 15, 1954	Nov. 16, 1955
ASSETS			
Commercial, industrial, and agricultural loans	\$1,588,705	\$1,439,680	\$1,582,281
Loans to brokers and dealers in securities	16,936	15,817	15,979
Other loans for purchasing or carrying securities	117,533	102,689	116,660
Real-estate loans	210,964	166,844	209,648
Loans to banks	14,065	12,429	3,559
All other loans	534,219	416,154	528,526
Gross loans	2,482,422	2,153,613	2,456,653
Less reserves and unallocated charge-offs	25,568	18,040	25,137
Net loans	2,456,854	2,135,573	2,431,516
U. S. Treasury bills	42,601	129,088	60,332
U. S. Treasury certificates of indebtedness	40,494	141,460	64,192
U. S. Treasury notes	241,766	245,518	255,750
U. S. Government bonds (inc. gtd. obligations)	822,932	900,491	828,723
Other securities	241,044	227,774	246,505
Total investments	1,388,837	1,644,331	1,455,502
Cash items in process of collection	431,983	364,844	435,018
Balances with banks in the United States	475,161	487,720	455,687
Balances with banks in foreign countries	2,128	2,174	1,761
Currency and coin	52,554	48,463	46,037
Reserves with Federal Reserve Bank	566,276	613,390	571,931
Other assets	144,733	120,506	142,332
TOTAL ASSETS	5,518,526	5,417,001	5,539,784
LIABILITIES AND CAPITAL			
Demand deposits			
Individuals, partnerships, and corporations	2,862,338	2,826,799	2,841,069
United States Government	49,936	125,903	105,137
States and political subdivisions	186,590	178,885	202,938
Banks in the United States	955,522	1,021,307	939,086
Banks in foreign countries	16,567	14,395	18,753
Certified and officers' checks, etc.	67,275	66,825	104,339
Total demand deposits	4,138,228	4,234,114	4,211,322
Time deposits			
Individuals, partnerships, and corporations	710,922	612,234	701,972
United States Government	11,874	13,369	11,874
Postal savings	452	451	452
States and political subdivisions	142,449	97,861	132,703
Banks in the U. S. and foreign countries	2,025	978	2,025
Total time deposits	867,722	724,893	849,026
Total deposits	5,005,950	4,959,007	5,060,348
Bills payable, rediscounts, etc.	34,950	29,500	5,500
All other liabilities	70,312	70,587	66,674
Total capital accounts	407,314	357,907	407,262
TOTAL LIABILITIES AND CAPITAL	5,518,526	5,417,001	5,539,784



On December 14 the net earning assets of District weekly reporting member banks totaled \$3,845,691,000, reflecting a decrease of \$41,327,000 since November 16, but

gross loans were up \$25,769,000. All of the loan accounts were higher, with loans to banks showing the largest month-to-month gain of \$10,506,000. Commercial, industrial, and agricultural credits registered an increase of \$6,424,000. The reporting banks lent an additional \$1,316,000 for real estate and \$5,693,000 to consumers and others included in the "all other loans" category. Brokers' loans and other credits for purchasing securities rose \$957,000 and \$873,000, respectively.

Each of the investment classifications was below its November 16 level. The banks decreased their Treasury bill and certificate holdings very sharply, the combined reduction being \$41,429,000. In view of their current relatively low level, these assets probably will continue to show rather prominent month-to-month variations compared with total holdings, depending upon the banks' reserve positions and the demands for credit. The weekly reporting banks diminished their stock of Treasury notes by \$13,984,000 and United States Government bonds by \$5,791,000. Other securities declined \$5,461,000.

Demand deposits of District weekly reporting member banks diminished \$73,094,000 during the 4-week period, mainly because United States Government balances in the amount of \$55,201,000 were withdrawn. The other principal declining deposit accounts included local government balances and bank drafts, which decreased \$16,348,000 and \$37,064,000, respectively. The accounts of individuals and business firms grew \$21,269,000. During the 4 weeks, time deposits rose \$18,696,000 and were \$142,829,000 higher than on the corresponding date in 1954. Total deposits showed a monthly decline of \$54,398,000 but a year-to-year increase of \$46,943,000. The banks were using \$34,950,000 of borrowed funds on December 14, in contrast to \$5,500,000 on November 16.

The data on all District member banks disclose a monthly increase of \$104,743,000 in gross demand deposits in November. At reserve city banks, gross demand deposits declined nominally from the October level and were \$63,591,000 below the November 1954 total. The District country banks recorded an increase of \$107,725,000 in gross demand deposits between October and November, but the November

MONTHLY BUSINESS REVIEW

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Nov. 30, 1955	Nov. 24, 1954	Oct. 26, 1955
ASSETS			
Loans and discounts.....	\$3,892	\$3,351	\$3,782
United States Government obligations.....	2,345	2,649	2,373
Other securities.....	570	519	572
Reserves with Federal Reserve Bank.....	969	1,050	968
Cash in vault ^e	148	132	142
Balances with banks in the United States.....	1,009	1,137	950
Balances with banks in foreign countries ^e	2	2	2
Cash items in process of collection.....	414	352	402
Other assets ^e	199	170	195
TOTAL ASSETS^e.....	9,548	9,362	9,386
LIABILITIES AND CAPITAL			
Demand deposits of banks.....	1,002	1,121	1,001
Other demand deposits.....	6,381	6,394	6,315
Time deposits.....	1,287	1,123	1,267
Total deposits.....	8,670	8,638	8,583
Borrowings ^e	96	20	34
Other liabilities ^e	82	79	74
Total capital accounts ^e	700	625	695
TOTAL LIABILITIES AND CAPITAL^e.....	9,548	9,362	9,386

e—Estimated.

total was only slightly above that of a year earlier. The monthly change in time deposits at all member banks in November was an increase of \$14,456,000.

The November records of reporting banks in 24 District cities indicate virtually no change in total debits to deposit accounts from the preceding month but a 12-percent increase from a year earlier. Individual cities, as usual, exhibited variations around the District trend. The range of monthly fluctuations for each city is affected by economic conditions and money flows peculiar to the reporting center; hence, the District total is probably a more reliable guide in evaluating monthly changes in deposit activity. For the 24 centers, the rate of deposit turnover in November was 19.1, compared with 19.2 in October and 17.9 in November 1954.

In the 4 weeks ended December 14, member bank reserve balances declined \$16,858,000; for the year to date, they had decreased \$38,071,000. The transactions having the largest quantitative influence in the period arose from interdistrict money flows, which resulted in a net movement of \$122,737,000 of funds away from the District, and Treasury operations, which increased member bank reserve accounts by \$87,932,000. Changes in local Federal Reserve credit—namely, float and member bank borrowing—added \$16,922,000 to reserve accounts. These accounts were expanded further by the net return of currency amounting to \$1,118,000.

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
Nov. 1953....	\$6,948,849	\$ 936,175	\$3,369,875	\$516,162	\$3,578,974	\$420,013
Nov. 1954....	7,464,379	1,126,793	3,650,354	635,036	3,814,025	491,757
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
Oct. 1955....	7,304,808	1,260,749	3,589,745	736,233	3,715,063	524,516
Nov. 1955....	7,409,551	1,275,205	3,586,763	747,023	3,822,788	528,182

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

(Amounts in thousands of dollars)

Area	DEBITS ¹			DEPOSITS ²			
	November 1955	Percentage change from		Nov. 30, 1955	Annual rate of turnover		
		Nov. 1954	Oct. 1955		Nov. 1955	Nov. 1954	Oct. 1955
ARIZONA							
Tucson.....	\$ 137,823	18	-1	\$ 99,212	17.0	16.1	17.4
LOUISIANA							
Monroe.....	62,384	26	0	48,512	15.6	13.2	16.2
Shreveport.....	236,011	12	-3	188,988	15.0	14.4	15.5
NEW MEXICO							
Roswell.....	30,431	4	8	27,798	13.2	11.9	12.7
TEXAS							
Abilene.....	73,375	9	7	68,417	13.8	14.3	13.9
Amarillo.....	159,015	13	-2	108,975	17.4	15.5	17.9
Austin.....	129,841	15	-7	116,357	13.4	12.0	14.3
Beaumont.....	131,648	7	6	106,129	15.1	14.5	14.9
Corpus Christi.....	160,174	1	-3	111,314	17.4	15.6	18.2
Corsicana.....	15,111	24	-12	22,413	8.2	6.8	9.4
Dallas.....	2,055,169	11	-2	993,860	24.7	23.4	24.8
El Paso.....	241,829	9	7	130,963	22.3	21.0	21.0
Fort Worth.....	599,466	15	0	374,060	19.4	17.9	19.9
Galveston.....	78,019	2	-1	71,618	13.0	13.1	13.2
Houston.....	1,981,107	14	-1	1,196,594	19.7	18.2	19.9
Laredo.....	20,341	7	-1	19,386	12.6	12.1	12.7
Lubbock.....	159,510	-3	22	94,431	20.6	21.4	17.6
Port Arthur.....	53,543	14	-1	46,157	14.0	14.3	14.2
San Angelo.....	43,668	9	-1	45,900	11.4	10.3	11.6
San Antonio.....	446,277	10	-1	345,059	15.5	15.0	15.6
Texarkana ³	19,394	14	-1	17,791	13.1	11.9	13.3
Tyler.....	69,881	12	1	57,224	14.8	13.3	14.8
Waco.....	86,257	6	-6	68,972	14.8	14.4	15.8
Wichita Falls.....	101,524	15	8	105,371	11.6	10.3	10.8
Total—24 cities.....	\$7,091,798	12	0	\$4,465,501	19.1	17.9	19.2

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 \$41,990,000 for the month of November 1955.

The Federal Reserve Bank of Dallas owned \$1,009,075,000 in earning assets on December 14, representing a growth of about \$40,000,000 since November 16. The volume of member bank discounts, which fluctuated within wide limits in the 4 weeks, expanded to \$30,415,000, reflecting a \$22,719,000 increase. Federal Reserve notes of this bank in actual circulation rose \$5,132,000.

The United States Treasury refinanced \$12,213,000,000 of the Federal debt, consisting of the 1¼-percent certificate and 1¾-percent note maturing December 15. These securities were replaced by a 2½-percent certificate maturing December 1, 1956, and a 2⅞-percent note expiring June 15, 1958. Maturing securities amounting to \$847,438,000 were re-

CHANGES IN FACTORS AFFECTING MEMBER BANK RESERVE BALANCES

Eleventh Federal Reserve District

(In thousands of dollars)

FACTORS	CHANGE ¹	
	4 weeks ended Dec. 14, 1955	Dec. 29, 1954— Dec. 14, 1955
Federal Reserve credit—local.....	+\$ 16,922	+\$ 5,650
Interdistrict commercial and financial transactions...	- 122,737	- 597,092
Treasury operations.....	+ 87,932	+ 526,881
Currency transactions.....	+ 1,118	+ 15,183
Other deposits at Federal Reserve Bank.....	- 203	- 629
Other Federal Reserve accounts.....	+ 110	+ 11,936
RESERVE BALANCES	-\$ 16,858	-\$ 38,071
November 16, 1955.....	\$985,298	
December 14, 1955.....	\$968,440	

¹ Sign of change indicates effect on reserve balances.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Dec. 14, 1955	Dec. 15, 1954	Nov. 16, 1955
Total gold certificate reserves.....	\$ 717,402	\$ 804,153	\$781,301
Discounts for member banks.....	30,415	14,000	7,696
Other discounts and advances.....	0	8,115	0
U. S. Government securities.....	978,660	977,963	961,827
Total earning assets.....	1,009,075	1,000,078	969,523
Member bank reserve deposits.....	968,440	1,002,441	985,298
Federal Reserve notes in actual circulation.....	727,096	751,315	721,964

deemed for cash; subscriptions of \$9,082,247,000 were made for the new certificate; and an exchange of \$2,283,165,000 for the 1958 note also was effected. In the Eleventh Federal Reserve District, \$57,080,000 of the new certificate and \$75,006,000 of the note were taken.

The Treasury subsequently borrowed about \$1,500,000,000 in new money through the issuance of a 99-day Tax Anticipation bill dated December 15. This issue was offered with two features designed to increase its attractiveness: Qualified depository banks were permitted to credit up to 60 percent of their purchases to the Tax and Loan Account; and these securities can be offered for redemption at par on March 15 (8 days prior to maturity) in payment for taxes. In the Eleventh Federal Reserve District, subscribers applied for \$160,727,000 of these bills and were awarded \$79,067,000. For the country as a whole, the corresponding figures were \$4,129,518,000 and \$1,500,689,000. The average issuing rate was 2.465 percent.

NEW PAR BANK

The Idalou State Bank, Idalou, 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 its opening date, November 28, 1955. The officers are: G. L. Haley, President, and Jerry Denny, Cashier.



The outstanding developments in the petroleum industry during late November and early December were the sharply rising demand for heating oil, resulting from markedly colder weather throughout most of the eastern two-thirds of the United States, and the continuing demand for residual fuel oil. In the 5 weeks ended December 16, the demand for distillate fuel oil was 15 percent greater than on the comparable date a year earlier. Kerosene demand was also strong in early December. Total demand for the four major refined products was 18 percent above that in the previous 5-week period and was 9 percent more than in the same period of 1954.

As a consequence of this sharp increase in demand, crude stocks continued to decline and on December 10 were 2 percent lower than in November and 4 percent lower than in

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	November 1955 ¹	November 1954 ²	October 1955 ¹	Change from	
				November 1954	October 1955
ELEVENTH DISTRICT.....	3,225.6	3,025.7	3,155.8	199.9	69.8
Texas.....	2,882.5	2,698.0	2,815.0	184.5	67.5
Gulf Coast.....	592.5	580.0	583.9	12.5	8.6
West Texas.....	1,139.8	1,037.4	1,101.4	102.4	38.4
East Texas (proper).....	219.3	213.0	212.9	6.3	6.4
Panhandle.....	90.2	89.9	90.2	0.3	0
Rest of State.....	840.7	777.7	826.6	63.0	14.1
Southeastern New Mexico..	226.9	219.2	225.0	7.7	1.9
Northern Louisiana.....	116.2	108.5	115.8	7.7	.4
OUTSIDE ELEVENTH DISTRICT.	3,604.9	3,319.9	3,575.6	285.0	29.3
UNITED STATES.....	6,830.5	6,345.6	6,731.4	484.9	99.1

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

December a year earlier. Stocks of major refined products on December 16 were 5 percent below the November level but 1 percent above those in December 1954. In a year-to-year comparison, gasoline stocks were up 6 percent and distillate fuel oil stocks were up 7 percent, while kerosene and residual fuel oil stocks were down 6 percent and 22 percent, respectively.

Crude oil production in the first 16 days of December averaged 3,276,000 barrels per day, or 50,000 barrels above November and 232,000 barrels above December a year earlier. In the Nation, crude oil production averaged 6,922,000 barrels per day, or 1 percent above November production and 8 percent over production in December 1954.

Texas allowables for January, at 3,275,891 barrels daily, remain unchanged from the mid-December level and are 2 percent higher than a year earlier. The number of producing days is unchanged at 17, indicating a slight rise in total production for January as new wells are brought in. Louisiana allowables also are expected to remain unchanged between December and January.

Refinery activity in the District was down slightly in the first 16 days of December but, at 2,242,000 barrels per day, was 97,000 barrels—or 5 percent—above the level of December 1954. Refinery runs in the Nation followed a similar pattern, with a slight decline in early December from the November level. At 7,670,000 barrels per day, national runs were 6 percent above the average in December 1954.

Imports in the 5 weeks ended December 16 reached 1,336,000 barrels per day, or 193,000 barrels above the average for the previous 5 weeks and 166,000 barrels above the average in December 1954. Most of the month-to-month increase came from larger imports of refined products, which rose 35 percent; crude oil imports were up 9 percent.



During November, total nonagricultural employment in the five states lying wholly or partly within the District established an all-time record for the third successive month. November employment of 3,966,800 was nearly 20,000 above the October level and almost 115,000 more than in

NONAGRICULTURAL EMPLOYMENT
Five Southwestern States¹

Type of employment	Number of persons			Percent change Nov. 1955 from	
	November 1955e	November 1954r	October 1955	Nov. 1954	Oct. 1955
	Total nonagricultural				
wage and salary workers..	3,966,800	3,851,900	3,947,200	3.0	.5
Manufacturing.....	736,600	712,500	731,300	3.4	.7
Nonmanufacturing.....	3,230,200	3,139,400	3,215,900	2.9	.4
Mining.....	245,100	233,500	242,700	5.0	1.0
Construction.....	269,800	269,700	275,700	0	-2.1
Transportation and public utilities.....	399,000	390,600	397,400	2.2	.4
Trade.....	1,024,700	996,000	1,013,200	2.9	1.1
Finance.....	164,200	156,200	163,700	5.1	.3
Service.....	458,300	445,500	458,300	2.9	0
Government.....	669,100	647,900	664,900	3.3	.6

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

e—Estimated.

r—Revised.

SOURCES: State employment agencies.
Federal Reserve Bank of Dallas.

November 1954. The sharpest seasonal gain occurred in trade employment, which was stimulated by the pre-Christmas season. Significant increases also occurred in mining and government employment. Construction employment showed a sharp seasonal decline.

Manufacturing employment during November increased to 736,600; most of the gain occurred in transportation equipment manufacturing, as aircraft factories expanded employment. Increases also occurred in the major manufacturing groups—food processing and textile mill products.

Unemployment during November remained near the seasonal low reached in October. In Texas, the only District state for which data are available, unemployment declined from 98,300 in October to 97,400 in November, the lowest level for that month since 1952.

Construction contracts awarded in the District during November were moderately above those in the preceding month and in November 1954. The value of awards during the month totaled \$134,931,000, which is 9 percent above October and 6 percent above the level of a year ago. Sharp, offsetting changes for the major types of construction underlay the upward movement in the total value of awards. Resi-

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	November 1955p	November 1954	October 1955	January—November	
				1955p	1954
ELEVENTH DISTRICT..	\$ 134,931	\$ 127,115	\$ 123,602	\$ 1,590,714	\$ 1,312,264
Residential.....	38,382	67,417	47,768	666,306	638,277
All other.....	96,549	59,698	75,834	924,408	673,987
UNITED STATES ¹	1,796,787	1,498,850	1,862,692	21,843,523	17,941,430
Residential.....	725,712	708,691	782,791	9,493,053	7,756,714
All other.....	1,071,075	790,159	1,079,901	12,350,470	10,184,716

¹ 37 states east of the Rocky Mountains.

p—Preliminary.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

Area	November 1955		Percentage change in valuation from		11 months 1955		Percentage change in valuation from 11 months 1954
	Number	Valuation	Nov. 1954	Oct. 1955	Number	Valuation	
	LOUISIANA						
Shreveport....	544	\$ 2,226,115	-5	-7	5,330	\$ 33,887,072	30
TEXAS							
Arlene.....	161	1,413,775	58	-21	1,799	18,513,503	38
Amarillo.....	226	1,135,254	-64	5	2,777	20,064,177	6
Austin.....	221	2,384,125	-39	-50	3,327	38,844,323	-7
Beaumont.....	260	438,707	-26	-16	3,413	8,211,141	-4
Corpus Christi..	330	1,188,787	-59	-25	4,661	27,382,956	-14
Dallas.....	1,869	10,683,173	-15	-22	24,977	163,117,446	18
El Paso.....	339	2,420,047	-2	-15	4,760	32,274,519	20
Fort Worth.....	675	3,025,679	1	-51	8,573	54,178,066	28
Galveston.....	92	406,112	1	54	1,157	4,820,142	-33
Houston.....	763	8,231,044	-33	-19	11,435	131,477,852	-14
Lubbock.....	175	1,067,533	-33	-57	3,098	26,038,467	7
Port Arthur.....	141	336,055	27	-47	1,745	5,053,330	44
San Antonio....	1,251	4,195,450	-52	-4	18,786	53,950,401	3
Waco.....	231	1,184,957	20	7	3,238	14,401,367	2
Wichita Falls..	150	1,259,417	129	23	1,584	12,768,099	35
Total—16 cities..	7,428	\$41,596,230	-27	-24	100,660	\$644,982,861	5

dential awards continued to decline and were down 20 percent from October and 43 percent from a year earlier. Awards for "all other" construction increased 27 percent from the previous month and were up 62 percent from November 1954.

In the Nation, the value of construction contract awards during November was 4 percent less than in October but 20 percent above a year ago. Residential awards declined 7 percent from October but were 2 percent more than a year earlier. "All other" awards decreased 1 percent but were up 36 percent from November 1954.

Cumulative construction awards between January 1 and November 30, 1955, were 21 percent higher in the District and 22 percent higher for the Nation than in the comparable period a year earlier. Residential awards showed a 4-percent increase in the District and a 22-percent increase in the Nation. However, "all other" awards in this same period were 37 percent higher in the District, compared with a 21-percent gain in the Nation.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	October 1955 ¹	October 1954	September 1955 ²	August—October	
				This season	Last season
CONSUMPTION					
Total					
Texas mills.....	11,504	11,519	12,966	35,679	36,373
U. S. mills.....	737,056	706,936	874,837	2,329,120	2,192,157
Daily average					
Texas mills.....	575	576	519	549	560
U. S. mills.....	36,853	35,347	34,994	35,833	33,725
STOCKS, U. S.—End of period					
Consuming establishments.	1,362,267	1,392,963	1,209,252	—	—
Public storage and compresses.....	14,543,307	12,845,924	11,796,569	—	—

¹ Four weeks ended October 29.

² Five weeks ended October 1.

SOURCE: United States Bureau of the Census.