

# MONTHLY BUSINESS REVIEW



FEDERAL RESERVE BANK OF DALLAS

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May 1, 1956

## Texas

SALES in 1955 — \$193,154,377 — up 19%.

GOAL for 1956 — \$217,500,000.

## United States

SALES in 1955 — \$5,368,335,000 — up 10%.

GOAL for 1956 — \$5,650,000,000.



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Personal Income

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Means By Which We Can Meet These Goals.

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## TRENDS IN SOUTHWESTERN CONSTRUCTION — 1950-55

ROBERT B. WILLIAMSON, *Industrial Economist*  
Federal Reserve Bank of Dallas

The value of construction reached new highs for the Eleventh District and the Nation around mid-1955. In the latter part of the year, however, indicators of construction activity showed a fairly steady downward movement; new construction expenditures in the Nation declined from a seasonally adjusted annual rate of almost \$43,000,000,000 in September to a level of \$41,600,000,000 in March 1956. Signs of renewed expansion are beginning to appear, and in the District, present trends suggest the possibility of another record year for construction.

Construction comprises a large segment of the Nation's economy (new construction being nearly 11 percent of the value of all goods and services produced during 1955), and changes in construction activity have a very significant influence on the remainder of the economy. Sales of construction materials are affected directly by the volume of construction, and sales of appliances—in fact, sales of all home furnishings—are closely related to it. Furthermore, construction is an important outlet for savings and investment, and its variations can greatly influence general monetary conditions.

During recent years, construction has been of even greater relative importance in the District than in the Nation as a whole. In the five southwestern states lying wholly or partly within the District, contract construction employment has been around 7 to 8 percent of total nonagricultural employment during the past 5 years, compared with about 5 percent in the Nation.

Total construction activity in the District generally has changed in the same direction as the major construction movements in the Nation. Also, the relative importance of the major categories—namely, residential building, nonresidential building, and heavy engineering construction—appears to be roughly the same at present. However, significant differences in the construction patterns of the District and the Nation do exist. There have been different rates of growth for the various types of construction activity, and the timing and size of short-term fluctuations often have been dissimilar.

### Construction Trends in Perspective

Total construction activity since 1950 has grown at an average rate of around 10 percent per year in both the District\*

\*This review of District construction is based primarily on the value of construction contracts as reported by the F. W. Dodge Corporation. The major types of construction awards are estimated for the area within District boundaries. Dodge construction data used to represent the United States are for the 37 states east of the Rocky Mountains.

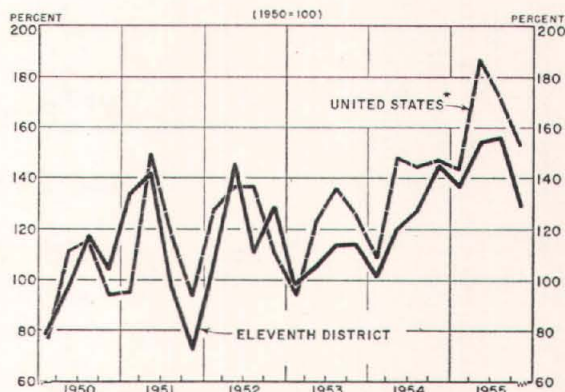
and the Nation, or approximately half the average rate prevailing in the 1946-50 period. However, it should be recognized that 1950 was a boom year for construction, with District contract awards more than 50 percent above those in 1949. The war-bred backlog of demand for construction (partly deferred by the recession of 1949), the business recovery, favorable conditions for financing new homes, and the stimulus of the Korean War occasioned this large increase during 1950.

The value of construction awards in the District continued to increase in 1951, but—understandably—at a slower rate. Throughout most of 1951, there were gains in capital expenditures, employment, and income. The year 1952 was one of moderate but steady growth in construction and most other segments of the economy.

During the latter part of 1953 and early 1954, there was a mild economic recession, related to a decline in Government expenditures and inventory liquidation. In 1953 the value of both residential construction and the total of all other types of construction declined in the District and decreased relative to national levels.

Starting in 1954, the value of District construction contract awards began to increase; by the end of the year, employment and other economic indicators had shown an upturn consistent with that in the Nation. During 1955, most segments of the District economy, including construction, were at record levels, with the total value of construction awards at \$1,700,000,000—or more than 16 percent above 1954. In the second half of the year, while other economic indicators

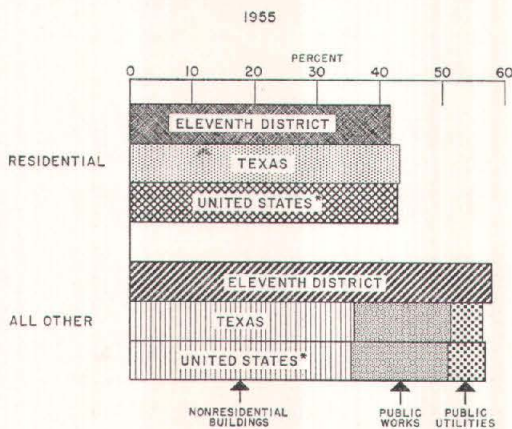
### INDEX OF CONSTRUCTION CONTRACTS AWARDED



\* - 37 states east of the Rocky Mountains.  
SOURCE: F. W. Dodge Corporation.



## DISTRIBUTION OF CONTRACTS AWARDED



continued to rise, construction began a more than seasonal decline as residential building turned downward. However, the decline appears to have halted, since awards in the first quarter of 1956 were substantially above those in both the first quarter and the final quarter of 1955.

Contract construction employment in the Southwest has grown during the past 5 years at the relatively slow rate of 2.3 percent per year, but even this growth was faster than the 1.6-percent rate per year in the Nation. This trend reflects a leveling off in growth compared with earlier postwar years and a lag in construction employment growth relative to total employment gains. This decline in the relative importance of construction employment is in contrast to the increasing importance of construction, as reflected by the higher average gain in the value of District awards.

A partial explanation for the small gain in construction employment since 1950 may be found in the way in which employment in this industry responded to variations in building activity during this period. The industry's employment expanded rapidly during 1950 and 1951 to meet the enlarged demand and then declined as the rate of growth lessened. A lag in employment adjustments to changes in construction activity probably accounted for the continued decline in employment during 1954, after the value of awards had shown an upturn. Contract awards always predate construction and, therefore, tend to lead changes in actual construction activity and employment. The inflation of construction values and the increased physical productivity per worker were additional reasons why the value of awards rose faster than employment. Short-term variations in employment in this industry have been smaller than variations in the value of awards partly as a result of the relative inelasticity of labor supply to changes in demand and partly because construction activity tends to fluctuate less than the value of awards.

## Residential Construction

The value of residential awards comprises approximately two-fifths of the value of all construction awards in the Dis-

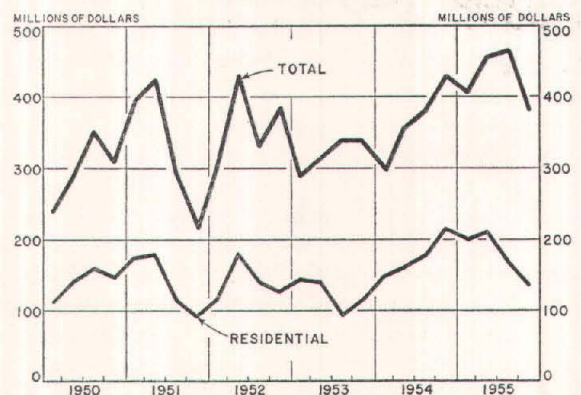
trict and in the Nation. During the early postwar years (1946-50), residential awards rose an average of 28 percent per year, a larger gain than for other types of construction. Since 1950, however, the relative importance of residential construction has declined, as the value of residential awards increased an average of only 8 percent per year, compared with an average annual increase of 11 percent for the total value of all other awards. A similar reversal in the relative growth of residential and all other awards occurred in the Nation.

Compared with other awards, the recent smaller rate of expansion in residential awards reflected the relatively high level of residential building in 1950 and the greater stimulus to nonresidential construction in 1950-52 as a result of the Korean defense program. The number of housing units built during 1950 has not been surpassed in any other year in either the Southwest or the United States. Data available for Texas show that 55,284 dwelling units were provided in new residential building awards during 1950. Although this level was approached twice during subsequent years, only 48,801 new dwelling units were placed under contract in 1955.

Nevertheless, the demand for new housing has been maintained at advanced levels, stimulated by high marriage rates and household formation, population shifts, the growth in suburban development, generally prosperous economic conditions, and favorable credit terms. Indicative of basic demand conditions during the period 1950-55 were the continued large population gains. Since 1950, the total population in the United States has increased an average of 1.6 percent per year, but the comparable gain in the five District states was 1.8 percent per year, or a total gain of 1,323,000 persons. Total personal income in the Southwest showed an average gain of 7.2 percent per year from 1950 through 1954, compared with an average increase of 6.2 percent in the Nation. These data on population and income growth provide some indication that the basic demand for housing in the Southwest has continued on at least a par with that of the Nation.

## CONSTRUCTION CONTRACTS AWARDED

ELEVENTH FEDERAL RESERVE DISTRICT



SOURCE: F.W.Dodge Corporation.



The terms and use of mortgage financing may have been a strategic influence on the growth of total demand for housing—perhaps as important as the changes in income and other economic conditions. The value of loans made for residential building and the volume of mortgage debt outstanding continued the upward climb begun after World War II, and both reached record levels each year from 1950 to 1955. During this period, the value of nonfarm mortgage recordings of \$20,000 or less increased an average of more than 10 percent per year to the 1955 level of approximately \$2,500,000,000 in the southwestern area, including Arkansas and Mississippi.

Outstanding mortgage debt also has increased relative to personal income. In 1950, mortgage debt outstanding on one- to four-family nonfarm houses in the Nation was 22 percent of personal disposable income but by 1955 was equal to one-third of such income. Fragmentary data indicate a similar, but perhaps smaller, increase in the Southwest. Institutions providing the largest amounts of mortgage credit for southwestern residential building during this period were savings and loan associations, commercial banks, and insurance companies.

Government programs have had an important effect on residential mortgage financing in recent years. Major agencies and programs related to private credit for housing include the Veterans Administration program of guaranteeing home loans made to veterans; the Federal Housing Administration programs of insuring home loans; the Federal National Mortgage Association's market for VA-guaranteed and FHA-insured home loans; and the Federal Home Loan Bank System with its credit reserve for member institutions, chiefly savings and loan associations. The total value of home loans underwritten in the Nation by the VA and FHA increased from \$5,565,000,000 in 1950 to \$10,241,000,000 in 1955. VA loans were one-fourth the amount of all home loans made during 1955, and FHA loans comprised 11 percent.

#### Decline and Recovery

The description of changes in residential construction activity since 1950 by reference to an average rate of gain over the period conceals important variations. Major variations in District residential awards during the period were the sharp decline in late 1951, followed by recovery early in the next year; a slump beginning in the second quarter of 1953; and the upturn to record levels during 1954 and 1955.

During 1950, large competing demands on the economy arose from the housing boom, the defense production build-up, and the rapid growth of consumer durable sales. In the fall of that year, when new housing starts and home loans were reaching peaks amid mounting inflationary pressures, the Board of Governors of the Federal Reserve System, pursuant to legislation enacted during the late summer, imposed Regulation X on mortgage credit. This and companion regulations issued by the FHA and VA reduced maximum loan-to-value ratios and maturities on home loans. Despite these restrictions, the value of residential construction awards in the District continued to increase into the first part of 1951.

The backlog of mortgage purchase commitments made by the FNMA before its commitment authority was limited in 1950 was not exhausted until early 1951. However, there was a slowdown by the middle of 1951, and a decline occurred during the second half of the year.

Recovery from the decline in residential awards began in the District during the first quarter of 1952. Regulation X was terminated and down payment requirements on VA and FHA loans were relaxed in September 1952. Accompanied by general economic gains, such awards resumed a relatively stable growth until May 1953.

A slump in residential building started during the second quarter of 1953, preceding a general business recession. Residential awards declined more in the District than in the Nation, partly because decreases in national defense spending had a more concentrated effect upon the southwestern economy. The number of dwelling units placed under contract in Texas declined more than 25 percent to a 1953 total of 40,542 units. A greatly intensified competition for long-term funds characterized this period, and mortgage financing became more difficult. However, the change in terms on VA and FHA loans, the ability of builders to absorb the full discount on Government-backed mortgages, and the authorization of the FNMA to make advance commitments to purchase mortgages at par, in amounts equal to the mortgages which lenders would buy from the FNMA, provided the needed steps to improve the attractiveness of mortgage loans. The slump in residential construction was not immediately reversed by these measures, but a subsequent lessening in the competition for long-term funds and a decreased demand for mortgage funds led to an easing of the mortgage market by the end of 1953.

The upturn in District construction awards, led by gains in residential building early in 1954, was followed by an improvement in general business levels during the last half of the year. Influenced by the change in Federal housing regulations which provided longer maturities and lower down payments on VA and FHA home loans, residential awards during 1954 increased 42 percent in the District and 28 percent in the Nation.

The value of residential awards in 1955 rose to record levels, with a 2-percent increase in the District and a 20-percent gain in the Nation. District residential awards reached a peak earlier than those in the Nation, and the District decline during the second half of 1955 was sharper than the national decline.

The high levels of residential construction during 1955 were accompanied by record mortgage lending, record business levels, and increasing prices for construction materials and other industrial commodities. A general tightening of terms on VA and FHA loans and restrictions on borrowings of member banks from the Federal Home Loan Bank were imposed to reduce speculative construction. Shortages of construction materials, rising construction costs, and some overbuilding discouraged continuation of the rapid growth in



residential construction, with the result that residential awards declined from midsummer through the end of the year.

Signs of renewed expansion in housing appeared with gains in the value of residential awards during December in the District and by early 1956 in the Nation. The Federal Home Loan Bank System's relaxation of its restrictions on member borrowings, the restoration of 30-year maturities on Government-backed mortgages, and the increase in FNMA purchases of mortgages were partly responsible for the improvement.

During the variations since 1951, growth in the value of District residential awards generally has lagged behind that of the Nation, reversing the pattern of the earlier postwar period. Residential (and other) construction awards had expanded more in the District during the defense production build-up (1950-52), and the subsequent decline during 1953 was greater for the District. Average growth over the 1954-55 period was also smaller in the District. However, there do not appear to be any strong underlying reasons why District residential construction awards should continue to fall behind the national growth, and the recent upturn for District residential awards reflects greater strength than in the Nation.

### Nonresidential Construction

Awards for nonresidential construction account for roughly 60 percent of the value of total awards in the District. Detailed reports for Texas show that, of this "all other" construction investment, over 60 percent is for nonresidential buildings; more than one-fourth, for public works; and around 10 percent, for public utilities construction. The relative importance of the major types of nonresidential construction is about the same for the Nation.

Total nonresidential construction investments over the past 5 years have grown at about the same rate in the Southwest as in the Nation, a gain of slightly less than 11 percent per

PERCENTAGE DISTRIBUTION OF THE VALUE OF NONRESIDENTIAL CONSTRUCTION AWARDS, BY MAJOR TYPES, 1950-55

Texas						
Type	1950	1951	1952	1953	1954	1955
BUILDINGS.....	66	71	61	69	64	64
Manufacturing.....	11	22	25	20	8	16
Commercial.....	23	18	9	17	20	17
Public and institutional.....	29	23	21	24	31	26
Other.....	3	8	6	8	5	5
PUBLIC WORKS.....	25	20	22	20	25	27
Street and highway.....	15	11	15	13	19	19
Other.....	10	9	7	7	6	8
PUBLIC UTILITIES.....	9	9	17	11	11	9

SOURCE: F. W. Dodge Corporation.

year in the District and 12 percent per year in the Nation, although the District awards have varied more widely. Available data indicate that District nonresidential building construction and public works construction have increased at rates slightly below those of the Nation, while public utilities construction has expanded a little faster.

### Nonresidential Buildings

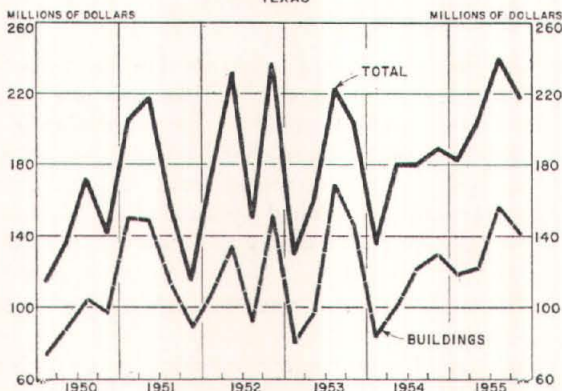
Awards for nonresidential building have increased in the southwestern area an average of 9 percent per year since 1950, based on data for Texas. Manufacturing and industrial buildings have accounted for most of this growth, with an average increase in value of nearly 25 percent per year—or about the same as for the Nation. However, manufacturing employment in the five District states increased at a pace nearly double the national rate, indicating more rapid industrialization in the Southwest and the continuing support for industrial building.

Most of the recent gain in District manufacturing construction occurred in 1951 and 1952. Under the impact of defense programs and general business gains, the value of manufacturing awards in Texas rose to almost two and one-half times the level of 1950. The highest level of Texas manufacturing building awards between 1950 and 1955 was the \$202,245,000 awarded in 1952, which compares with the record \$247,403,000 in 1942. The floor area provided in Texas manufacturing awards during the past 5 years was also at its peak in 1952 but was well below the high levels during World War II and the early postwar years. In both 1953 and 1954, sharp declines occurred in the value of manufacturing awards in Texas, but there was a noticeable upturn in 1955.

Other types of nonresidential building tended to move inversely with manufacturing building during the 1950-55 period and smoothed out the year-to-year fluctuations. During the rapid increases in manufacturing building construction in 1951 and 1952, construction of commercial buildings and of public and institutional buildings showed losses or only minor gains. On the other hand, when construction of manufacturing facilities declined during 1953 and 1954, these other types of nonresidential construction showed substantial increases. The imposition and removal of Government materials controls during this period undoubtedly contributed to these changes. However, in the peacetime year 1955, these offsetting tendencies appeared again, with awards

### NONRESIDENTIAL CONSTRUCTION CONTRACTS AWARDED

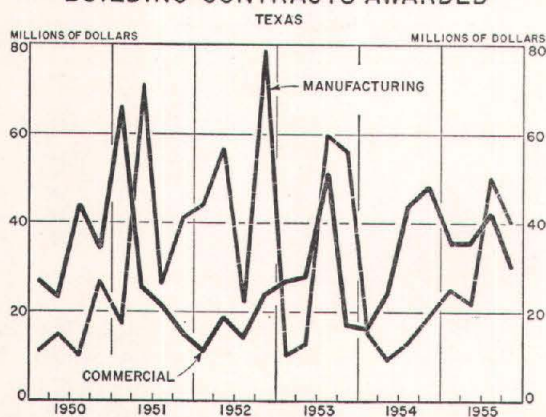
TEXAS



SOURCE: F.W. Dodge Corporation.

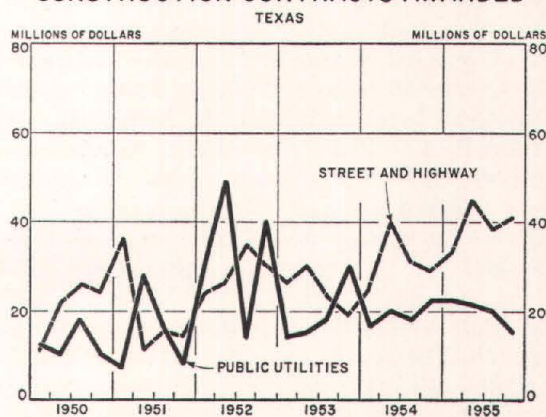


### MANUFACTURING AND COMMERCIAL BUILDING CONTRACTS AWARDED



SOURCE: F.W. Dodge Corporation.

### STREET AND HIGHWAY AND PUBLIC UTILITIES CONSTRUCTION CONTRACTS AWARDED



SOURCE: F.W. Dodge Corporation.

for Texas manufacturing construction increasing 40 percent compared with an increase of only 7 percent for commercial buildings and a gain of less than 2 percent for public and institutional buildings.

The largest share of nonresidential building awards in Texas during 1955—\$215,000,000—was for public and institutional buildings. Of this amount, educational and science building investments have been the largest, setting records in 4 of the past 5 years. The value of Texas school and college building construction awards was \$112,684,000 in 1955, or over one-half of total public and institutional building awards and more than 20 percent of all nonresidential building awards. The prospect of continued expansion in the school-age population and the increasing awareness of school building needs make it likely that this type of construction will become even more important.

#### Public Works and Utilities

Heavy engineering construction (for public works and public utilities) has increased an average of 12 percent per year since 1950, or more rapidly than either residential or nonresidential building. Highway construction, a large part of which is financed with Federal aid, comprises the greatest share of public works construction. Total street and highway construction awards in Texas set records in 1952, 1954, and 1955. Last year, these awards, which amounted to \$157,000,000, represented two-thirds of all public works awards in the State. The recent and prospective growth in street and road building reflects the rapid expansion of major cities and the backlog of highway construction needs. Other important public works in terms of expenditure are sewerage systems, dams-reservoirs, and bridges. The total value of public works in Texas has been growing at an increasingly faster rate during the past 2 years, rising 33 percent last year.

District public utilities construction increased at a high rate from 1950 to 1955 compared with other types of construction. In Texas the value of public utilities construction

awards rose 20 percent per year over this period, or approximately double the average rate of gain for total construction. The largest expenditures for public utilities construction during the past few years have been for airports and water supply systems.

#### Public Versus Private Financing

Government expenditures are an important segment of construction activity. During 1955, total public construction expenditures by Federal, state, and local governments accounted for 30 percent of total construction in Texas. Government construction projects in the Southwest accounted for approximately 90 percent of total expenditures for public works and utilities construction in the past 2 years and about one-third of nonresidential building. Large expenditures on Air Force bases were partly responsible for these relatively high percentages. In addition, prospects for increased Government expenditures (including a large-scale highway program), as well as further gains in local and state government construction expenditures, should mean continued increases in public award construction in 1956. Public awards for residential construction in Texas were almost 17 percent of all residential construction in the State in 1950 but by 1955 amounted to less than 3 percent of all residential building. This item is primarily responsive to Congressional action.

The total amount of public construction has been fairly stable in the Southwest since 1951, based on the value of these awards in Texas. During 1951 the proportion of total construction awards accounted for by public construction was at its highest point in recent years, but the absolute amount of these awards reached a peak for the period during 1955, with total awards of nearly \$459,000,000.

#### Summary and Outlook

Although there has been a tapering off since the early post-war period, construction growth continues to be high, and construction continues to be of major importance to the economy.



Residential construction is the largest single type of construction in the District, as in the Nation, and has accounted for much of the variation in total construction levels over the past 5 years. Changes in demand for housing and fluctuations in speculative construction projects have had an important influence on these variations. Trends in population and income, continued high mobility of population, and relatively liberal financing terms are expected to maintain a high long-term rate of growth for District residential construction.

Total nonresidential construction in the District has grown faster than residential building over the past 5 years. Although much of this growth occurred with the expansion of southwestern defense production and general business gains prior to 1952, District nonresidential construction resumed its rapid growth last year and has continued strong thus far in 1956.

Types of nonresidential construction important to the expanding levels of District construction since 1950 are manufacturing building, school and college building, and street

and highway construction. Plans of businesses to continue large investments for District plants indicate continued growth in manufacturing building and other business construction. Increasingly larger demands for educational buildings and highway construction in the Southwest also are expected. Although Government defense construction expenditures in the Southwest have declined since the Korean War peak, government expenditures for public works generally are continuing at high levels.

Indicative of the potential demand for nonresidential construction is the large backlog of plans under way but not yet under construction. According to *Engineering News-Record*, the backlog of proposed nonresidential construction in the five District states exceeded \$14,000,000,000 at the end of 1955, reflecting a gain of 8 percent over the backlog in 1954.

The current upturn in total construction awards in the District and the backlog of plans for both public and private nonresidential construction indicate immediate, as well as long-term, strength in District construction activity.



## REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Department store sales in the Eleventh Federal Reserve District in March set a record for the month, being 30 percent above those in February and 10 percent more than in March 1955. The earlier Easter this year contributed to the high sales volume for March. Compared with a year earlier, inventories at the close of the month were up 10 percent; however, stocks on order were at the same level as a year ago.

Although April rains benefited local areas in the eastern third of the Eleventh District, moisture conditions remain critical throughout most of the District. The 1956 winter wheat crop in the District states is indicated to be double the small 1955 output, but stands continue to deteriorate because of the drought.

With the close of the winter heating season, production and refining in the District and the Nation began their seasonal declines. District crude oil production is expected to show a moderate reduction in May as the result of lower Texas oil allowables for that month. Gasoline stocks reached their peak in the week ended March 30 and started downward during the early part of April.

Nonagricultural employment in the District states during March showed a seasonal upturn to an estimated 4,023,600 workers, with gains occurring in nearly all major types of employment. Manufacturing employment continued to increase and, with most factory groups showing gains, reached a total of 753,300.

The value of construction contracts awarded in the District during March declined 12 percent from the previous month but continued above the year-earlier level. Residential construction decreased 36 percent from its high February level, while "all other" construction showed a month-to-month gain of 13 percent.

The weekly reporting member banks increased their cash assets substantially during the 5 weeks ended April 18. On a daily average basis, all member banks in the Eleventh District had more than \$45,000,000 of free reserves during March, representing a substantial increase from the preceding month. The Federal Reserve Bank of Dallas raised its discount rate from  $2\frac{1}{2}$  percent to  $2\frac{3}{4}$  percent, effective April 13.



Consumer buying at department stores in the Eleventh Federal Reserve District increased more than seasonally from February to March, despite the fact that February had one more trading day this year. The dollar value of department store sales set a new record for March, rising 30 percent above February, and was approximately 10 percent above March 1955. A factor contributing to the better showing this year, however, was that all of the pre-Easter sales occurred in March. Pre-Easter sales in the 3 weeks ended March 31 exceeded those for the 3 weeks preceding Easter last year by 3 percent.

In March the adjusted index of department store sales, which makes allowance for seasonal factors and the varying number of business days, rose to 144 percent of the 1947-49 average from 139 percent in February and was much higher than the 137 percent for March of last year.

Partially because all pre-Easter sales occurred in March this year, sales of nondurables during the month were 12 percent greater than a year earlier. The largest increases in nondurables were in the usual "Easter items," with sales of millinery up 30 percent from a year ago; sales of women's and children's shoes, up 21 percent; and sales of women's and misses' ready-to-wear apparel, up 10 percent. Sales of men's and boys' wear registered a gain of 13 percent.

During March, for the first time in over a year, sales of consumer durable goods decreased from the year-earlier levels. Sales of homefurnishings, which were approximately 15 percent of total store sales, declined 7 percent from those

## RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS <sup>1</sup>	
	March 1956 from		3 mo. 1956 comp. with 3 mo. 1955	March 1956 from	
	March 1955	Feb. 1956		March 1955	Feb. 1956
DEPARTMENT STORES					
Total Eleventh District.....	10	30	8	10	6
Corpus Christi.....	13	33	10	12	—1
Dallas.....	6	16	5	8	1
El Paso.....	19	46	8	6	13
Fort Worth.....	20	35	11	12	8
Houston.....	9	30	9	10	8
San Antonio.....	5	45	3	3	4
Shreveport, La.....	11	33	9	12	12
Waco.....	19	35	15	20	12
Other cities.....	18	36	12	21	10
FURNITURE STORES					
Total Eleventh District.....	0	3	3	6	4
Amarillo.....	20	17	—	9	6
Austin.....	3	—10	—3	19	8
Dallas.....	—17	10	—17	1	—3
Houston.....	—2	—10	8	2	5
Lubbock.....	—21	—15	—	—	—
San Antonio.....	—6	20	—6	8	2
Shreveport, La.....	12	7	13	7	6
Wichita Falls.....	15	20	—	—	—
Other cities.....	—2	—9	17	2	3
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District.....	—14	8	—	—	—
Dallas.....	—5	8	—	—	—

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



## INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED <sup>1</sup>			
	Mar. 1956	Feb. 1956	Jan. 1956	Mar. 1955	Mar. 1956	Feb. 1956	Jan. 1956	Mar. 1955
SALES—Daily average								
Eleventh District.....	134	111	114	122 <sub>r</sub>	144	139	144	137 <sub>r</sub>
Dallas.....	122	114	109	116	129	134	136	126
Houston.....	144	120 <sub>r</sub>	129	133	155	156 <sub>r</sub>	163	146
STOCKS—End of month								
Eleventh District.....	163 <sub>p</sub>	153	140	147 <sub>r</sub>	156 <sub>p</sub>	158	158	142 <sub>r</sub>

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

r—Revised.

p—Preliminary.

of March last year. The principal items accounting for the decline were radios and television sets, down 21 percent; domestic floor coverings, down 15 percent; and major household appliances, down 9 percent.

An analysis of District department store operations in March indicates that 33 percent of total sales were cash sales, 53 percent represented regular charge account sales, and 14 percent went to instalment accounts. This distribution in sales is not significantly different from a year ago.

Instalment accounts outstanding at department stores increased 2 percent during March and at the month end were 13 percent above those of a year earlier. Collections during the month amounted to 15 percent of the first-of-month balances outstanding, which is 1 percent higher than a year ago and 2 percent higher than in February. Charge accounts outstanding showed a seasonal decrease of 1 percent during March, although balances at the end of the month were 9 percent more than on the corresponding date last year.

Department store inventories in the District increased less than seasonally from February to March but at the end of the month were 10 percent higher than on the comparable date in 1955. Outstanding orders followed the usual pattern for this time of year, decreasing 13 percent from February; however, at the end of the month, orders were at the lowest point since May 1955.

Furniture store sales in the District during March rose 3 percent over February, or less than seasonally, and were at the same level as in March 1955. Accounts receivable at the end of the month were down 2 percent from February, because of an 8-percent increase in the volume of collections, but were up 9 percent from a year ago. Inventories at District furniture stores at the close of March were 4 percent higher than on February 29 and were 6 percent above a year earlier.

Registrations of new car sales during March in Dallas, Fort Worth, Houston, and San Antonio were down 20 percent from a year earlier but were up 9 percent from February. New car sales in the four cities for the first quarter of 1956 were 11 percent below the comparable period of 1955.



During mid-April, light to heavy rains eastward from a line extending generally from the northern Blacklands to the Coastal Bend area of Texas improved prospects for crops and pastures. However, high winds following the precipitation dissipated much of the moisture, and additional rain is needed in these areas. Although scattered showers in widely separated locations in the western part of the District were beneficial, the amount of precipitation was small, and the area west of the Texas Blacklands is critically short of moisture.

Winter wheat continues to deteriorate in most parts of the High Plains, and additional acreages have been abandoned in New Mexico and the northern Panhandle of Texas. The crop continues to hold up surprisingly well in the southern High Plains of Texas, but moisture is badly needed. Small grains in the Low Rolling Plains and Blacklands of Texas are making little growth, and, as a result of dry weather, some fields are heading out on short straw.

Cotton is making good development in the irrigated sections of the Lower Valley of Texas; but dry soils, strong winds, and cool nights have retarded growth in the early dry-land areas. Cotton planting has been slowed in south Texas by lack of moisture but is under way in the southern Blacklands and south-central counties of the State and in the lower Pecos Valley of New Mexico; however, progress has been slow in these areas.

Early corn and sorghums are being cultivated in south Texas, but dry soils have prevented planting additional acreages. Rain will be needed in some areas to germinate crops sown in dry soils. Rice seeding is progressing rapidly, and some fields are up to a good stand.

Field work continues active in most Texas commercial vegetable areas. Some early fields of cantaloupes and tomatoes in the Lower Valley were damaged by high winds during April, but most early planted vegetables in irrigated areas are in good condition. Recent precipitation improved the outlook for spring vegetables in the Coastal Bend and east Texas counties.

In the eastern portions of the District, pastures are responding to warmer weather and the mid-April showers. Light to heavy supplemental feeding continues in Arizona, New Mexico, and the western parts of Texas. Livestock

## LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	March 1956	March 1955	Feb. 1956	March 1956	March 1955	Feb. 1956
Cattle.....	43,179	53,452	40,519	20,997	18,857	19,220
Calves.....	9,935	15,004	10,197	9,586	11,261	8,217
Hogs.....	71,737	67,274	67,924	4,561	5,584	4,375
Sheep.....	99,560	138,923	59,622	125,712	120,078	112,604

<sup>1</sup> Includes goats.



## WINTER WHEAT PRODUCTION

Four Southwestern States

(In thousands of bushels)

Area	1956 Indicated April 1	1955	Average 1945-54
Arizona.....	1,144	1,218	598
New Mexico.....	1,350	1,500	2,612
Oklahoma.....	60,252	23,784	77,872
Texas.....	28,314	13,464	50,246
Total.....	91,060	39,966	131,328

SOURCE: United States Department of Agriculture.

remain in fair to good condition, and lambing and calving are progressing under favorable weather conditions.

Range conditions as of April 1 were below those of a month earlier in all range states of the District except Oklahoma, where they remained unchanged, according to the United States Department of Agriculture. However, range conditions were as good as or better than those at the same time a year ago in all the District states except Texas.

Winter wheat production in the important wheat-producing states of the Eleventh District (Arizona, New Mexico, Oklahoma, and Texas) is indicated, as of April 1, at 91,060,000 bushels, according to the Department of Agriculture. A crop this size would be more than double the small output in 1955 but would be 31 percent less than the 10-year (1945-54) average. Production in Arizona and New Mexico is indicated to be below last year's outturn, but the crop in Oklahoma and Texas is expected to be more than double the 1955 production. The 1956 winter wheat crop in the Nation is placed at 716,477,000 bushels, or 2 percent larger than the output in 1955 but 18 percent below the 10-year average.

Total commercial production of spring vegetables in Texas this year is estimated to be substantially above that in 1955. Most of the increase is accounted for by the much larger early spring onion crop and a moderate increase in the Lower Valley tomato crop. The output of cucumbers and potatoes is expected to be larger than last year's production, but prospective output of snap beans, sweet corn, and strawberries is below last year's crops.

The USDA index of prices received by Texas farmers and ranchers declined 2 points during the month ended March 15, 1956. The index at mid-March is placed at 247 percent of the

## CASH RECEIPTS FROM FARM MARKETINGS

Five Southwestern States

(In thousands of dollars)

Area	January	
	1956	1955
Arizona.....	\$ 40,831	\$ 59,004
Louisiana.....	32,653	29,454
New Mexico.....	11,287	11,697
Oklahoma.....	35,018	37,428
Texas.....	174,600	183,538
Total.....	\$294,389	\$321,121

SOURCE: United States Department of Agriculture.

## FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended April 19, 1956	Comparable week, previous month	Comparable week, previous year
COTTON, Middling 15/16-inch, Dallas....	lb.	\$ .3555	\$ .3555	\$ .3260
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.64	2.57	2.68
OATS, No. 2 white, Fort Worth.....	bu.	.88½	.87	.98¾
CORN, No. 2 yellow, Fort Worth.....	bu.	1.86½	1.68¼	1.84½
SORGHUMS, No. 2 yellow, Fort Worth....	cwt.	2.40	2.30	2.73
HOGS, Choice, Fort Worth.....	cwt.	15.75	14.50	18.25
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	21.00	19.50	25.00
SLAUGHTER CALVES, Choice, Fort Worth...	cwt.	22.00	20.00	22.50
STOCKER STEERS, Choice, Fort Worth....	cwt.	19.00	20.00	22.50
SLAUGHTER SPRING LAMBS, Choice, Fort Worth.....	cwt.	21.50	21.50	22.00
BROILERS, south Texas.....	lb.	.22	.24	.31

1910-14 average, compared with 266 at the same time last year. Although prices for most meat animals increased slightly, declines in prices for eggs, milk, and wool were sufficient to lower the livestock and livestock products index 7 points from the February 15 level. The crops index increased 1 point during the month, as slightly higher prices for most crops were partly offset by lower feed grain and hay prices.

Cash receipts from farm marketings in the District states totaled \$294,389,000 during January 1956, reflecting a decline of 8 percent from a year earlier. Receipts from crops were 11 percent below those in January last year, and livestock receipts were 3 percent less.

On April 17 the United States Department of Agriculture announced that the minimum level of price support for the 1956 crop of upland cotton, basis Middling 7/8-inch, will be 28.85 cents per pound. This level is 82½ percent of the current parity price for upland cotton. The 1956 crop of extra-long staple cotton will be supported at 55.65 cents per pound, or 75 percent of the current parity price. The support levels for the 1955 crops of upland and extra-long staple cotton were 31.70 cents per pound and 55.20 cents per pound, respectively.



In the 5 weeks ended April 18, the weekly reporting member banks in the Eleventh Federal Reserve District used a \$69,185,000 increase in assets primarily to build up their cash accounts. These funds had their origin in an expansion of more than \$60,600,000 in deposits and a rise of \$10,500,000 in bills payable and rediscounts.

Net loans increased about \$10,500,000. The most substantial increase came from the residual category "all other loans," primarily loans to consumers — which showed a gain of more than \$14,500,000, a typical development at this season. The principal decreasing item was commercial, industrial, and agricultural loans, as the total was down about \$3,400,000 during the 5-week period — reflecting generally small but largely offsetting changes in the various components. Loans to banks declined \$2,550,000, but other loans for purchasing securities rose about \$1,175,000. The latter increase may be associated with the buoyant condition of the stock market.



## CONDITION STATISTICS OF ALL MEMBER BANKS

## Eleventh Federal Reserve District

(In millions of dollars)

Item	March 28, 1956	March 30, 1955	Feb. 29, 1956
<b>ASSETS</b>			
Loans and discounts.....	\$3,881	\$3,495	\$3,885
United States Government obligations.....	2,334	2,421	2,327
Other securities.....	562	550	569
Reserves with Federal Reserve Bank.....	932	951	940
Cash in vault <sup>e</sup> .....	137	135	129
Balances with banks in the United States.....	974	1,031	910
Balances with banks in foreign countries <sup>e</sup> .....	2	2	2
Cash items in process of collection.....	384	333	412
Other assets <sup>e</sup> .....	204	176	201
<b>TOTAL ASSETS<sup>e</sup>.....</b>	<b>9,410</b>	<b>9,094</b>	<b>9,375</b>
<b>LIABILITIES AND CAPITAL</b>			
Demand deposits of banks.....	1,012	1,045	940
Other demand deposits.....	6,259	6,134	6,284
Time deposits.....	1,354	1,210	1,337
<b>Total deposits.....</b>	<b>8,625</b>	<b>8,389</b>	<b>8,561</b>
Borrowings <sup>e</sup> .....	3	6	35
Other liabilities <sup>e</sup> .....	81	67	84
Total capital accounts <sup>e</sup> .....	701	632	695
<b>TOTAL LIABILITIES AND CAPITAL<sup>e</sup>.....</b>	<b>9,410</b>	<b>9,094</b>	<b>9,375</b>

<sup>e</sup>—Estimated.

Total investments declined \$20,280,000 during the period. The Treasury bill portfolio, which accounted for most of the change, was off more than \$19,300,000, resulting in large measure from the redemption of Tax Anticipation bills. The banks added almost \$9,450,000 to their holdings of certificates, which was more than offset by the diminution of their Treasury notes and United States Government bonds. Other securities rose \$884,000.

Balances with United States correspondents rose more than \$88,600,000, as they continued to build up this account following the substantial reduction earlier in the year. The banks also increased their reserve balances more than \$5,100,000, while cash items in process of collection declined almost \$9,500,000.

The various deposit accounts showed wide variation, resulting primarily from cash flows for tax purposes. Thus, demand deposits of individuals and businesses declined more than \$85,800,000, while the United States Government increased its demand deposits over \$28,500,000. Local governmental units decreased their demand deposits more than \$29,000,000 but built up their time accounts about \$14,750,000. Demand deposits of banks in the United States increased

CONDITION STATISTICS OF WEEKLY REPORTING  
MEMBER BANKS IN LEADING CITIES

## Eleventh Federal Reserve District

(In thousands of dollars)

Item	April 18, 1956	April 20, 1955	March 14, 1956
<b>ASSETS</b>			
Commercial, industrial, and agricultural loans...	\$1,521,062	\$1,414,217	\$1,524,453
Commercial and industrial loans <sup>1</sup> .....	1,491,946	—	1,482,956
Agricultural loans <sup>1</sup> .....	29,116	—	41,497
Loans to brokers and dealers in securities.....	21,649	15,910	21,819
Other loans for purchasing or carrying securities.....	130,056	109,227	128,884
Real-estate loans.....	208,633	179,876	208,812
Loans to banks.....	7,100	6,855	9,650
All other loans.....	570,109	473,099	555,562
<b>Gross loans.....</b>	<b>2,458,609</b>	<b>2,199,184</b>	<b>2,449,180</b>
Less reserves and unallocated charge-offs..	30,759	23,022	31,817
<b>Net loans.....</b>	<b>2,427,850</b>	<b>2,176,162</b>	<b>2,417,363</b>
U. S. Treasury bills.....	43,768	83,494	63,079
U. S. Treasury certificates of indebtedness.....	48,518	78,127	39,079
U. S. Treasury notes.....	232,611	272,987	238,842
U. S. Government bonds (inc. gtd. obligations)...	809,582	877,791	814,643
Other securities.....	241,745	256,426	240,861
<b>Total investments.....</b>	<b>1,376,224</b>	<b>1,568,825</b>	<b>1,396,504</b>
Cash items in process of collection.....	397,871	388,086	407,364
Balances with banks in the United States.....	551,166	445,781	462,563
Balances with banks in foreign countries.....	1,753	1,809	1,783
Currency and coin.....	45,450	46,583	45,528
Reserves with Federal Reserve Bank.....	544,204	623,259	539,087
Other assets.....	141,278	123,438	146,419
<b>TOTAL ASSETS.....</b>	<b>5,485,796</b>	<b>5,373,943</b>	<b>5,416,611</b>
<b>LIABILITIES AND CAPITAL</b>			
Demand deposits			
Individuals, partnerships, and corporations...	2,804,401	2,833,406	2,890,223
United States Government.....	81,731	97,900	53,205
States and political subdivisions.....	175,652	165,430	204,663
Banks in the United States.....	962,654	947,241	850,125
Banks in foreign countries.....	17,475	18,320	17,009
Certified and officers' checks, etc.....	80,391	66,274	61,473
<b>Total demand deposits.....</b>	<b>4,122,304</b>	<b>4,128,571</b>	<b>4,076,698</b>
Time deposits			
Individuals, partnerships, and corporations...	709,294	658,550	709,008
United States Government.....	12,229	13,662	12,079
Postal savings.....	452	452	452
States and political subdivisions.....	143,757	128,233	129,005
Banks in the U. S. and foreign countries.....	805	1,210	955
<b>Total time deposits.....</b>	<b>866,537</b>	<b>802,107</b>	<b>851,499</b>
<b>Total deposits.....</b>	<b>4,988,841</b>	<b>4,930,678</b>	<b>4,928,197</b>
Bills payable, rediscounts, etc.....	23,500	20,000	13,000
All other liabilities.....	60,853	53,359	63,955
Total capital accounts.....	412,602	369,906	411,459
<b>TOTAL LIABILITIES AND CAPITAL.....</b>	<b>5,485,796</b>	<b>5,373,943</b>	<b>5,416,611</b>

<sup>1</sup> Prior to January 4, 1956, agricultural loans were not reported separately. Comparable year-earlier figures will be shown as they become available.

over \$112,500,000, as banks expanded their cash assets. Certified and officers' checks outstanding rose more than \$18,900,000. Total demand deposits rose \$45,606,000, and time deposits advanced \$15,038,000.

In the 5 weeks ended April 18, reserve balances of all Eleventh District member banks rose \$5,742,000. Commercial and financial transactions initiated a net outflow of \$227,430,000 to other districts, but Treasury operations resulted in an increase of \$210,336,000 in reserve balances. Local Federal Reserve credit increased more than \$20,250,000, reflecting an increase in float and member bank borrowings. The return flow of currency added almost \$2,200,000 to member bank reserve balances.

Total earning assets of the Federal Reserve Bank of Dallas increased \$8,062,000 during the 5-week period ended April 18, reflecting an increase of \$18,350,000 in member bank borrowing and a decrease of about \$10,300,000 in holdings of Government securities. Currency in actual circulation de-

## CHANGES IN FACTORS AFFECTING MEMBER BANK RESERVE BALANCES

## Eleventh Federal Reserve District

(In thousands of dollars)

FACTORS	CHANGE <sup>1</sup>	
	5 weeks ended April 18, 1956	Dec. 28, 1955— April 18, 1956
Federal Reserve credit—local.....	+\$ 20,268	+\$ 14,529
Interdistrict commercial and financial transactions...	— 227,430	— 522,935
Treasury operations.....	+ 210,336	+ 446,400
Currency transactions.....	+ 2,187	+ 63,855
Other deposits at Federal Reserve Bank.....	+ 18	+ 21
Other Federal Reserve accounts.....	+ 399	+ 3,163
<b>RESERVE BALANCES</b>	<b>+\$ 5,742</b>	<b>+\$ 4,991</b>
April 18, 1956.....	\$952,051	
March 14, 1956.....	\$946,309	

Sign of change indicates effect on reserve balances.



## 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
March 1954...	\$6,821,245	\$1,031,005	\$3,277,128	\$579,324	\$3,544,117	\$451,681
March 1955...	7,237,908	1,202,162	3,485,392	682,916	3,752,516	519,246
Nov. 1955....	7,409,551	1,275,205	3,586,763	747,023	3,822,788	528,182
Dec. 1955....	7,541,113	1,309,060	3,656,903	764,200	3,884,210	544,860
Jan. 1956....	7,592,370	1,320,779	3,668,786	763,407	3,923,584	557,372
Feb. 1956....	7,257,906	1,333,369	3,464,715	767,155	3,793,191	566,214
March 1956...	7,281,949	1,342,450	3,528,707	762,057	3,753,242	580,393

clined slightly during the 5 weeks, and the total of \$680,295,000 on April 18 was about \$30,000,000 lower than a year earlier.

From February to March, daily average gross demand deposits at all Eleventh District member banks rose about \$24,000,000, as a \$40,000,000 decline at country banks was more than offset by an increase at reserve city banks. Time deposits increased about \$9,000,000.

In March, daily average reserve balances of all Eleventh District member banks were about \$11,500,000 greater than in February, and required reserves rose approximately \$2,500,000. Excess reserves grew about \$9,000,000, despite an \$18,500,000 decrease in daily average borrowing. Free reserves (excess reserves minus borrowings) advanced from approximately \$17,500,000 in February to \$45,250,000 in March — a movement contrary to the tightening recorded nationally. In March 1955, total free reserves of District member banks averaged about \$57,800,000.

Reserve city banks accounted for most of the improvement, resulting in part from their month-to-month deposit gain. They added about \$10,000,000 to their daily average reserve balances and simultaneously decreased their average borrowings from \$36,300,000 to \$16,500,000. The final result was that net borrowed reserves declined from about \$30,300,000 in February to \$5,500,000 in March. Country banks in March, with average excess reserves of almost \$54,000,000 and with average borrowings of only \$3,100,000, maintained comfortable reserve positions throughout the month.

## RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	March 1956	March 1955	February 1956
<b>RESERVE CITY BANKS</b>			
Reserve balances.....	\$ 555,420	\$ 557,101	\$ 545,212
Required reserves.....	544,442	546,506	539,201
Excess reserves.....	10,978	10,595	6,011
Borrowings.....	16,468	9,561	36,288
Free reserves.....	-5,490	1,034	-30,277
<b>COUNTRY BANKS</b>			
Reserve balances.....	456,742	450,954	455,661
Required reserves.....	402,868	393,846	405,731
Excess reserves.....	53,874	57,108	49,930
Borrowings.....	3,133	303	1,970
Free reserves.....	50,741	56,805	47,960
<b>MEMBER BANKS</b>			
Reserve balances.....	1,012,162	1,008,055	1,000,873
Required reserves.....	947,310	940,352	944,932
Excess reserves.....	64,852	67,703	55,941
Borrowings.....	19,601	9,864	38,258
Free reserves.....	45,251	57,839	17,683

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

(Amounts in thousands of dollars)

Area	DEBITS <sup>1</sup>			DEPOSITS <sup>2</sup>		
	Percentage change from			Annual rate of turnover		
	March 1956	Mar. 1955	Feb. 1956	March 31, 1956	Mar. 1955	Feb. 1956
ARIZONA						
Tucson.....	\$ 168,603	24	14	\$ 103,632	19.7	17.3
LOUISIANA						
Monroe.....	67,160	19	18	47,216	16.2	15.8
Shreveport.....	274,763	9	17	174,018	18.1	15.8
NEW MEXICO						
Roswell.....	27,325	-8	13	26,470	12.2	12.0
TEXAS						
Abilene.....	77,846	18	12	55,092	16.8	13.2
Amarillo.....	160,459	1	17	110,456	17.8	17.3
Austin.....	146,878	7	8	119,493	15.0	14.4
Beaumont.....	133,374	7	4	108,657	14.9	14.8
Corpus Christi.....	179,891	7	12	104,309	20.5	18.6
Corpus Christi.....	15,368	6	15	22,109	8.3	7.9
Dallas.....	2,131,514	4	8	974,572	26.2	25.7
El Paso.....	256,883	3	11	133,033	23.2	23.0
Fort Worth.....	644,910	2	13	351,051	22.0	21.5
Galveston.....	86,883	7	19	68,810	15.0	13.9
Houston.....	2,246,040	11	12	1,181,391	22.7	20.6
Laredo.....	23,100	13	14	19,954	14.0	13.0
Lubbock.....	138,359	0	13	91,971	17.8	16.6
Port Arthur.....	54,648	2	5	44,064	14.8	16.0
San Angelo.....	45,811	-1	13	45,661	12.0	12.1
San Antonio.....	494,217	3	10	342,513	17.0	16.9
Texarkana.....	20,036	13	14	17,420	13.7	12.4
Tyler.....	78,285	5	17	58,012	16.2	15.7
Waco.....	90,345	3	11	65,784	16.1	15.2
Wichita Falls.....	98,504	2	8	106,129	11.3	11.0
Total—24 cities.....	\$7,661,202	6	11	\$4,371,817	20.9	19.8

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

<sup>2</sup> Demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.

<sup>3</sup> These figures include only one bank in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including two banks located in the Eighth District, amounted to \$41,459,000 for the month of March 1956.

In each of the reporting centers in the District, bank debits showed a gain from February to March; for all 24 cities, the increase measured 11 percent. This month-to-month increase is explicable largely in seasonal terms, although the year-to-year data also reveal an increased level of checking account activity. The velocity of bank deposits during March was 20.9.

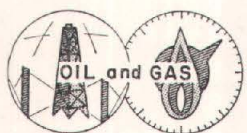
The Federal Reserve Bank of Dallas increased its discount rate from 2½ percent to 2¾ percent, effective April 13; the latter rate now prevails at nine other Federal Reserve banks. The Federal Reserve Banks of San Francisco and Minneapolis, however, boosted their discount rates from 2½ percent to 3 percent. Following the increase in the Federal Reserve discount rate, commercial banks increased their prime lending rate from 3½ percent to 3¾ percent, and rates on bankers' acceptances and commercial paper also advanced. The average issuing rate on Treasury bills in the weekly auction of Monday, April 16, reached 2.769 percent, the highest level in 23 years.

## CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	April 18, 1956	April 20, 1955	March 14, 1956
Total gold certificate reserves.....	\$721,400	\$ 817,677	\$731,260
Discounts for member banks.....	23,900	12,080	5,550
Other discounts and advances.....	0	4,387	0
U. S. Government securities.....	928,397	946,497	938,685
Total earning assets.....	952,297	962,964	944,235
Member bank reserve deposits.....	952,051	1,021,203	946,309
Federal Reserve notes in actual circulation.....	680,295	710,159	681,205





The Nation's petroleum industry began its seasonal reductions in crude oil production and refining during April as the winter heating season finally closed. The primary factors influencing the current trends are the high level of gasoline stocks, the continued strong demand for most products, and strong drilling activity.

District crude oil production during early April averaged 3,401,000 barrels per day, which is unchanged from March and is 1 percent above April 1955. The reduction of May allowables for Texas by 79,331 barrels per day will cause a decline in District crude oil production. In the United States, crude oil production during April totaled 7,163,000 barrels per day, which is the same as the March level and is 4 percent above April 1955.

Crude runs to refinery stills in both the District and the Nation declined during April, with the District average of 2,320,000 barrels per day reflecting a 1-percent decline from March while the Nation's total of 7,535,000 barrels per day showed a 5-percent decline. Compared with a year earlier, the District average was 7 percent higher, while the Nation showed a 6-percent increase.

Crude stocks on April 14 totaled 267,085,000 barrels, or 5,019,000 barrels above the level on March 31 but 2 percent below the level on April 16, 1955. Refined products stocks—at 306,286,000 barrels on April 13—were 2 percent below the total on March 30 and 1 percent below the year-earlier level. However, this outward stability was achieved only by strong declines in kerosene and distillate and residual fuel oil stocks. Gasoline stocks on April 13, at 195,059,000 barrels, were 2 percent below the level on March 30 but 7 percent above the level on April 15 last year. The build-up in gasoline stocks apparently has ceased; the peak, 198,209,000 barrels, was reached in the week ended March 30.

The downturn in gasoline stocks which commenced in the first week of April was a result of the cutback in refinery runs and the steady increase in demand. Total demand for the four major products in the 5 weeks ended April 13 was 7,299,000 barrels per day, or 3 percent below the level in the previous 5 weeks but 10 percent above the comparable period a year earlier. However, gasoline demand in the same

## NATURAL GAS: MARKETING PRODUCTION

## Four Southwestern States

(In millions of cubic feet)

Area	Fourth quarter 1955	Fourth quarter 1954	Third quarter 1955	1955p	1954
Louisiana.....	446,300	365,300	360,500	1,565,000	1,399,222
New Mexico.....	134,400	133,500	124,100	511,700	449,346
Oklahoma.....	139,700	145,800	145,400	639,100	616,355
Texas.....	1,258,400	1,204,000	1,132,100	4,786,800	4,551,232
Total.....	1,978,800	1,848,600	1,762,100	7,502,600	7,016,155

p—Preliminary.

SOURCE: United States Bureau of Mines

5-week period showed a seasonal gain of 9 percent over the preceding 5 weeks and was 6 percent above the average in the comparable 1955 period.

Imports of crude oil and refined products in the 5 weeks ended April 13 averaged 1,317,000 barrels per day, which is 3 percent below the previous 5-week period and 8 percent above the 5-week period ended April 15, 1955. All of the recent decline stemmed from the decrease in refined products imports, which decreased 18 percent, while the year-to-year gain was accounted for by increased imports of crude oil, which were 19 percent above the comparable year-earlier figure. A large percentage of the rise in crude imports originated in increased imports to California.

Marketed production of natural gas in the four producing states lying wholly or partly within the Eleventh District—Louisiana, New Mexico, Oklahoma, and Texas—increased from 1,762 billion cubic feet in the third quarter of 1955 to 1,979 billion cubic feet in the fourth quarter. Compared with a year earlier, fourth-quarter production increased 130 billion cubic feet. Preliminary figures indicate that total marketed production in 1955 reached 7,503 billion cubic feet, or 486 billion cubic feet above the total in 1954. All four states showed increases during 1955, with the largest gains occurring in Texas and Louisiana.



Nonagricultural employment in the five states lying wholly or partly within the District increased during March to a level of 4,023,600, which is 30,400 more than in February and 159,300 above a year earlier. Manufacturing employment provided 4,600 of the workers added from February to March to reach a level of 753,300. Manufacturing industries showing the greatest gains were transportation equipment, machinery, and fabricated metals. Trade and construction accounted for most of the seasonal increase in nonmanufacturing employment.

Unemployment in March showed a seasonal decline. In Texas, the only District state for which data are available, unemployment declined from 120,600 in February to 113,500 in March.

Work stoppages which began in the first week of April are reported to have idled up to 10,000 workers in the petroleum

## CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	March 1956 <sup>1</sup>	March 1955 <sup>2</sup>	February 1956 <sup>1</sup>	Change from	
				March 1955	February 1956
ELEVENTH DISTRICT.....	3,388.4	3,360.9	3,380.3	27.5	8.1
Texas.....	3,026.1	3,022.3	3,026.3	3.8	—2
Gulf Coast.....	614.9	640.7	625.6	—25.8	—10.7
West Texas.....	1,233.4	1,189.8	1,232.2	43.6	1.2
East Texas (proper).....	220.5	238.5	223.6	—18.0	—3.1
Panhandle.....	94.1	90.1	93.1	4.0	1.0
Rest of State.....	863.2	863.2	851.8	0	11.4
Southeastern New Mexico.....	241.1	218.6	234.1	22.5	7.0
Northern Louisiana.....	121.2	120.0	119.9	1.2	1.3
OUTSIDE ELEVENTH DISTRICT.....	3,769.0	3,524.7	3,736.5	244.3	32.5
UNITED STATES.....	7,157.4	6,885.6	7,116.8	271.8	40.6

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



## NONAGRICULTURAL EMPLOYMENT

Five Southwestern States<sup>1</sup>

Type of employment	Number of persons			Percent change Mar. 1956 from	
	March 1956e	March 1955r	February 1956	March 1955	Feb. 1956
Total nonagricultural					
wage and salary workers..	4,023,600	3,864,300	3,993,200	4.1	.8
Manufacturing.....	753,300	710,200	748,700	6.1	.6
Nonmanufacturing.....	3,270,300	3,154,100	3,244,500	3.7	.8
Mining.....	252,500	239,600	249,200	5.4	1.3
Construction.....	275,600	264,200	268,200	4.3	2.8
Transportation and public utilities.....	394,700	386,800	395,100	2.0	-.1
Trade.....	1,026,800	992,100	1,017,300	3.5	.9
Finance.....	170,300	162,300	169,100	4.9	.7
Service.....	465,000	451,600	462,800	3.0	.5
Government.....	685,400	657,500	682,800	4.2	.4

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

e—Estimated.

r—Revised.

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

industries along the Gulf Coast, as picket lines of strikers were honored by other unions. Nearly 30 major plants were affected, and construction on projects valued at several million dollars was halted.

Construction contracts awarded in the District during March declined 12 percent from the February level, but the \$185,447,000 value of March awards was 24 percent above the level of a year earlier. The month-to-month decline resulted from a 36-percent decrease in residential construction; "all other" construction increased 13 percent. The year-to-year gain came from a 49-percent increase in "all other" awards; residential contract awards were down 4 percent from a year earlier.

In the Nation the value of construction contract awards during March, contrary to the District pattern, showed an over-all increase of 28 percent from February and was only 12 percent above the year-earlier value. Residential awards showed a strong gain of 38 percent from February, and "all other" awards increased 20 percent. Compared with March 1955, both residential and "all other" construction awards were up 12 percent.

Cumulative construction awards during the first quarter of 1956 showed a greater expansion in the District than in the Nation, with increases of 35 percent and 17 percent, respectively, from the same quarter a year earlier. District increases of 22 percent for residential construction and 48 percent for "all other" construction compared with national

## VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	March 1956	March 1955	February 1956	January—March	
				1956	1955
ELEVENTH DISTRICT....	\$ 185,447	\$ 149,738	\$ 209,877	\$ 550,303	\$ 407,246
Residential.....	68,119	70,988	106,164	245,045	201,670
All other.....	117,328	78,750	103,713	305,258	205,576
UNITED STATES.....	2,381,907	2,134,819	1,859,737	6,099,872	5,201,412
Residential.....	1,105,365	989,730	799,271	2,599,028	2,405,187
All other.....	1,276,542	1,145,089	1,060,466	3,500,844	2,796,225

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

## BUILDING PERMITS

3 months 1956

Area	March 1956		Percentage change in valuation from		3 months 1955		Percentage change in valuation from 3 months 1955
	Number	Valuation	Mar. 1955	Feb. 1956	Number	Valuation	
ARIZONA							
Tucson.....	419	\$ 1,106,720	-2	-60	1,107	\$ 4,734,734	51
LOUISIANA							
Shreveport....	461	2,168,678	-16	-30	1,322	7,908,444	32
TEXAS							
Abilene.....	216	4,321,221	151	101	603	8,279,827	68
Amarillo.....	252	1,710,582	-51	4	583	5,151,665	-30
Austin.....	310	7,506,106	-65	243	846	13,531,156	29
Beaumont....	284	506,055	-28	13	793	4,150,802	95
Corpus Christi.	344	2,693,727	-14	50	1,140	6,347,206	-23
Dallas.....	2,455	10,037,386	-44	-18	5,642	46,642,654	-7
El Paso.....	478	2,527,056	-30	-1	1,203	7,869,413	-18
Fort Worth....	788	3,818,490	-41	12	1,958	9,581,169	-36
Galveston....	105	182,210	-28	-62	277	1,038,561	72
Houston.....	1,161	15,092,148	-3	-7	2,819	41,521,444	13
Lubbock.....	282	2,014,300	-39	2	744	5,587,532	-28
Port Arthur....	200	653,142	6	162	509	1,253,578	-24
San Antonio..	2,142	5,056,673	-4	-50	5,381	21,344,108	29
Waco.....	363	1,691,118	17	67	829	3,760,859	-15
Wichita Falls..	147	563,364	-49	-27	367	2,012,520	-34
Total—17 cities..	10,407	\$61,852,976	-15	-2	26,123	\$190,715,672	2

gains of only 8 percent for residential awards and 25 percent for "all other" construction.

The five District states have programs under way to spend a total of more than \$1,500,000,000 in building nearly 54,000 new classrooms during the 5-year period ending September 1959. Based on survey results recently released by the United States Office of Education, it is estimated that Texas expenditures will be over \$862,000,000 for approximately 28,000 new classrooms.

Manufacturing facilities have been expanding at a high rate in the District this year. The value of construction contracts awarded for manufacturing buildings in Texas increased 51 percent from February to March, and the total value of these awards during the first 3 months of 1956 was over two and one-half times the level of the first quarter of 1955. Among the major new manufacturing plants and additions reported for the District during March were 13 expansions proposed, 16 begun, and four completed. Investments in these projects will exceed \$100,000,000. Of the 33 major expansions proposed, begun, or completed during March, chemical manufacturing led with 12 expansions, followed by transportation equipment manufacturing with six major expansions.

## DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	February 1956 <sup>1</sup>	February 1955	January 1956 <sup>2</sup>	August—February	
				This season	Last season
CONSUMPTION					
Total					
Texas mills.....	12,220	10,631	11,577	84,259	78,962
U. S. mills.....	760,590	720,591	746,996	5,433,600	5,133,756
Daily average					
Texas mills.....	611	532	579	562	526
U. S. mills.....	38,030	36,030	37,350	36,224	34,225
STOCKS, U.S.—End of period					
Consuming establishments.	1,759,389	1,879,040	1,712,495	—	—
Public storage and compresses.....	16,524,478	12,818,464	17,289,089	—	—

<sup>1</sup> Four weeks ended February 25.<sup>2</sup> Four weeks ended January 28.

SOURCE: United States Bureau of the Census.