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STRUCTURAL CHANGES IN SOUTHWESTERN RETAIL TRADE

The ultimate result of most business activity is the sale of goods and services to the customer. The growth or decline in retail sales and the efficiency of the distribution of goods to the final buyer are of the utmost importance in determining the level of operations of all industries. Consequently, the volume of retail sales is a prime measure of the state of the economy. Moreover, the basic trends in retail sales provide valuable information in analyzing the relative importance of regions and subregions within the Nation. Retail sales also reflect the changing pattern of consumer tastes and the trends in consumer goods marketing. Because of their importance, it is desirable to study the basic trends and changes in retail sales whenever accurate statistical data become available.

At irregular intervals, the Bureau of the Census of the Department of Commerce makes a complete census of retail trade establishments in the United States. Such a census was taken in 1955 to report the level and characteristics of retail trade in the year 1954. The previous census reports on retail trade in 1948. The 1954 census results by state and county or parish have become available in recent months and provide the basic data from which a picture of the trend in retail trade since 1948 can be obtained. A comparison of these two census reports points out some of the major trends and indicates some of the more important reasons for the changes. The basic data to be analyzed are total sales, the number of establishments, the number of employees, and sales and establishments by types of stores.

Before comparing the essential data in the 1948 and 1954 censuses, it is desirable to consider briefly the economic environment within which each census was undertaken and to consider the degree to which the level of economic activity at that time affected the results of the census. In 1948 the economy was riding the crest of the immediate postwar boom. Income, employment, sales, and production were substantially above the levels of the previous year.

In contrast, 1954 was a year of mild readjustment, characterized by recession, stability, and recovery. For the year as a whole, such measures as gross national product and employment declined moderately from the preceding year, while personal income continued to edge upward. This minor readjustment was the first reaction from the peak levels reached after the Korean War. The differences in economic conditions in the two census years may have had the effect of either holding down the size of gains in retail sales or accentuating the size of decreases.

The magnitude and direction of changes in some of the major economic indicators between 1948 and 1954 are indicated in the accompanying table. Gross national product, personal income, employment, and — in fact — all the other major indicators except farm income showed substantial increases; farm income was about the same in the 2 years. Stated in terms of dollars, the measures were affected by substantial increases in prices. Wholesale prices rose from an average of 104.4 in 1948 to 110.3 in 1954 (1947-49 = 100), reflecting an increase of approximately 6 percent; consumer prices moved up from 102.8 to 114.8 for a gain of about 12 percent. These figures suggest that probably 10 percent or more of the gain in retail sales might be attributed to the increase in prices, rather than an increase in the physical volume of goods.

MAJOR INDICATORS OF ECONOMIC ACTIVITY, 1954 AND 1948

(Dollar amounts in billions)

Economic indicator	1954	Change, 1954 from 1953	1948	Change, 1948 from 1947
Total gross national product......	$360.5	—$4.0	$257.3	$25.1
Total industrial production........ (Annual average index)	125	—9	104	4
Total new construction...........	$27.8	$2.0	$17.9	$3.9
Employment....................	61,238,000	—975,000	59,378,000	1,351,000
Unemployment..................	3,230,000	1,628,000	2,064,000	—78,000
Total personal income...........	$287.6	$1.4	$208.7	$18.2
Personal consumption expenditures.	$236.5	$5.9	$177.6	$12.6
Realized gross farm income......	$34.0	—$1.2	$34.6	$.6

SOURCE: Joint Committee on the Economic Report.

Trends in Total Retail Trade

During 1954, total retail sales in the Southwest (which includes the Eleventh District states of Arizona, Louisiana, New Mexico, Oklahoma, and Texas) amounted to $15,191,-548,000, representing a rise of 39 percent over the five-state total in 1948. In the Nation, retail sales increased 32 percent to a 1954 total of $169,672,171,000. The difference in the rates of expansion follows closely the differential between the Southwest and the United States in income and population growth. There has been a marked shift of population

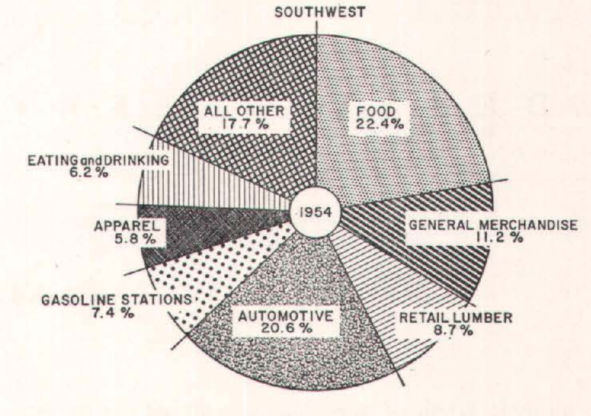
RETAIL SALES, INCOME, AND POPULATION, 1954 AND 1948

Five Southwestern States

Area	RETAIL SALES (In thousands of dollars)		INCOME (In millions of dollars)		POPULATION (In thousands)	
	1954	1948	1954	1948	1954	1948
Arizona......	$ 982,660	$ 654,944	$ 1,468	$ 839	993	704
Louisiana.....	2,337,791	1,677,012	3,751	2,601	2,924	2,591
New Mexico..	733,093	475,512	1,079	650	781	571
Oklahoma....	2,117,346	1,631,182	3,187	2,360	2,268	2,295
Texas........	9,020,658	6,488,175	13,350	9,056	8,468	7,371
SOUTHWEST	$15,191,548	$10,926,825	$22,835	$15,506	15,434	13,532

SOURCES: Bureau of the Census and Office of Business Economics, United States Department of Commerce.

RETAIL SALES BY TYPE OF RETAILER



SOURCE: U.S. Bureau of the Census.

from rural to urban areas, with a consequent decline in the proportion of lower-income rural workers and a gain in higher-income urban residents. This movement also has occasioned a decline in the proportion of the population which obtains its food needs from self-sustaining farms. The rural-to-urban population movement has been more intense in the Southwest than in the Nation. Moreover, as per capita income has risen in the Southwest, the area has become a better market for all types of consumer goods. In turn, this improved market has stimulated the establishment of distribution centers, which also have helped to promote growth.

Consumer buying in the five southwestern states, individually and collectively, and in the United States follows a very similar pattern. Three types of retail outlets — food, automotive, and general merchandise — accounted for more than 50 percent of total retail sales in both the Southwest and the United States in 1954, with the largest proportion of total sales uniformly accounted for by retail food establishments. Sales at automotive establishments ranked a close second, while general merchandise sales were a poor third. Among the major types of retail establishments, the most notable sales gains between 1948 and 1954 were made by gasoline service stations, automotive establishments, and food establishments, in that order.

However, before discussing the growth in sales at the various types of retail establishments, it should be emphasized that the census surveys tabulate sales according to the nature of an outlet, not its product. Thus, general merchandise sales include sales of appliances, furniture, and apparel, even though there are separate groups of stores whose primary business is selling such products. Consequently, it is possible for the total sales of an individual product to rise sharply while the sales at that type of outlet may rise only slightly.

In addition to the rural-to-urban population movement and sharp increases in both population and personal income, many other factors have contributed to the strong increase in sales at retail food outlets. While the proportion of consumer income spent for strictly food items has remained virtually unchanged, there has been a major shift in the type of retail unit, reflecting changes in the kind of merchandise sold and the size of a store. In the past 6 years, retail food stores have greatly expanded their range of merchandise, with many now carrying household appliances and housewares, hardware, garden tools, toilet articles, drugs, and some dry goods. Most of the larger units have added frozen food and luxury food departments. These changes partly account for the better than average gain of 45 percent in sales of retail food stores and also provide a partial answer to the cause of the relatively poor showing of sales at appliance, drug, and hardware stores.

However, there has been an additional shift in the type of merchandising at food establishments. This shift has been toward packaged, higher-priced food and away from the bulk sales of even a few years ago. It is not uncommon for today's housewife to buy frozen, canned, or packaged foods consisting of one or more products, and the only effort required for preparation is heating and serving. These packaged foods generally are more expensive than the bulk foods and thus contribute to the rising dollar volume of retail food sales. There has also been a shift to the consumption of the more expensive fresh foods and to prepared foods for the growing infant population.

Finally, with the development of supermarkets and concentrating suburban populations, the movement toward a larger-sized establishment has accentuated the trends toward greater merchandise coverage in a single establishment and higher sales per establishment.

Sales in the automotive group — which includes dealers selling new and used automobiles, aircraft, motorboats, motorcycles, and automobile trailers — moved up 55 percent

RETAIL SALES AT FOOD OUTLETS, 1954 AND 1948

Five Southwestern States and United States

(Amounts in thousands of dollars)

Area	1954	1948	Percentage increase
Arizona....................	$ 230,110	$ 141,030	63
Louisiana..................	494,190	363,247	36
New Mexico................	159,932	97,740	64
Oklahoma..................	483,611	347,574	39
Texas......................	2,037,541	1,405,169	45
SOUTHWEST..............	$ 3,405,384	$ 2,354,760	45
UNITED STATES............	$39,636,282	$29,265,671	35

SOURCE: United States Bureau of the Census.

RETAIL SALES AT AUTOMOTIVE ESTABLISHMENTS, 1954 AND 1948

Five Southwestern States and United States

(Amounts in thousands of dollars)

Area	1954	1948	Percentage increase
Arizona	$ 168,416	$ 100,322	68
Louisiana	440,457	276,834	59
New Mexico	145,345	83,531	74
Oklahoma	451,867	336,370	34
Texas	1,918,096	1,219,934	57
SOUTHWEST	$ 3,124,181	$ 2,016,991	55
UNITED STATES	$29,810,125	$20,101,789	48

SOURCE: United States Bureau of the Census.

between 1948 and 1954. In this instance, the product and the type of outlet are nearly identical, since automotive establishments sell very little except the one product and services for that product. Accounting for nearly 21 percent of total retail sales in the Southwest and 18 percent in the Nation, automotive sales were sparked by the sharp increase in the number of new automobiles sold, which expanded in the Nation from nearly 3,900,000 in 1948 to about 5,500,000 in 1954. The used car business has grown at an even greater rate.

The growth in suburban living has brought about pressure for a second automobile in many households. The wife, in a home perhaps miles from the nearest store, wants the family car to be available at home. Her husband, faced with an hour's bus ride to and from town, is equally forceful in his demand for the car. The result often is an additional automobile for the suburban family.

In addition to the actual increase in the number of automobiles sold, some important trends in retailing and consumer buying of new automobiles have had a marked effect upon retail sales in the automotive field. First, there has been a trend toward the purchase of a larger proportion of luxury automobiles, with a consequent increase in the average price. Second, prices of automotive products generally have moved up faster than prices in other fields. Third, buyers have tended to increase the number of accessories placed on their new automobiles, causing a further increase in dollar outlay. Fourth, there has been a trend toward greater reliance upon dealers for repairs. These changes in consumer taste have been reinforced by the change toward mass marketing of automobiles through larger outlets.

Also affecting the total level of retail sales in the automotive category has been the greater interest in private aircraft and motorboats. In recent years, there has been a marked expansion in the number of private aircraft, and sales of nearly all types of boats have increased substantially with the greater leisure time of most Americans.

Primarily connected with the change in automobile sales have been the increased retail sales at gasoline service stations. From 1948 to 1954, retail service stations in the Southwest increased sales 85 percent — the largest increase for any of the major categories of retail trade. Sales have been stimulated by the tendency toward larger establishments with corollary service areas and the addition of other merchandise, but the primary sales remain those most closely associated with this type of outlet — sales of automobile gasoline. Of course, many of the larger service stations now have restaurant and garage facilities, and even the smallest stations handle minor food items and soft drinks, cigarettes, and automobile accessories.

The major reasons for the increase in retail trade at gasoline service stations probably are the larger number of cars on the road and the more intensive use of cars. Part of this last development has resulted from the increased suburban movement of the population and the greater substitution of the private car for city transportation. The suburban housewife — with a multiplicity of circle and club meetings to attend and visits to make and with grocery shopping, transportation for the children, and occasional shopping sprees — can easily use a tank of gasoline a week. Her husband uses an equal amount going to and from work, to say nothing of week-end excursions. In fact, week-end and annual vacation travel by automobile has been accelerating.

Changes in the automobiles themselves also have contributed to higher sales at gasoline service stations. Higher octane ratings in gasoline in response to the higher horsepower ratings of automobiles have boosted the consumption and cost of gasoline. This higher horsepower, as well as more complicated accessories, has increased further the cost of repairs, which account for a sizable share of the business in most service stations.

The 18-percent increase in sales at general merchandise stores from 1948 to 1954 was considerably less than the 39-percent increase in total retail sales in the Southwest, probably because of the development of suburban shopping centers in the larger cities and the increase in the use of specialty stores. Moreover, the importance of the general merchandise store has declined in the rural areas — the stronghold of the general store — because of the tendency toward city shopping. Nevertheless, retail sales at general merchandise outlets have accounted for a large share of appliance, furniture, and apparel sales.

Of the remaining categories in retail trade, sales at all outlets except the nonstore retailers and the "other" retail stores showed smaller gains between the census years than the average increase in total sales for the Southwest. As these stores account for a lower percentage of total sales, the changes are less significant and the causes of the changes are more obscure.

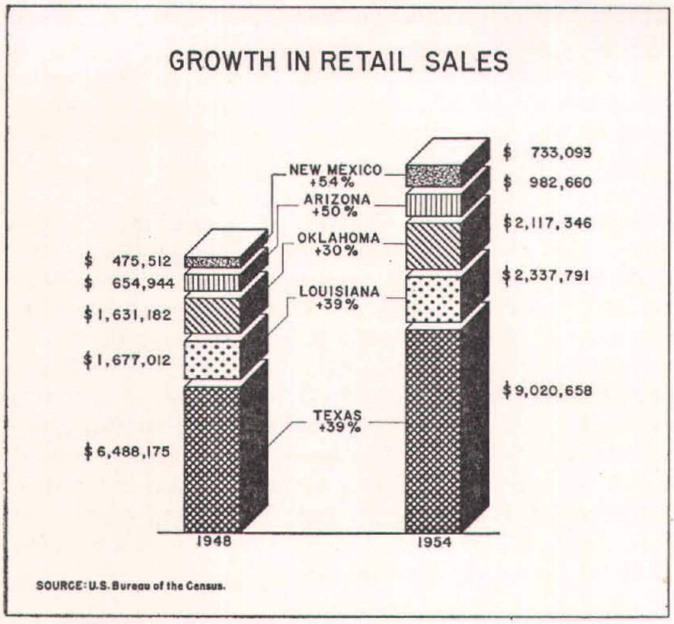
RETAIL SALES AT GASOLINE SERVICE STATIONS, 1954 and 1948

Five Southwestern States and United States

(Amounts in thousands of dollars)

Area	1954	1948	Percentage increase
Arizona	$ 89,485	$ 40,671	120
Louisiana	161,923	79,487	104
New Mexico	67,632	35,682	90
Oklahoma	160,388	100,125	60
Texas	644,149	349,809	84
SOUTHWEST	$ 1,123,577	$ 605,774	85
UNITED STATES	$10,780,052	$6,483,205	66

SOURCE: United States Bureau of the Census.



The slower gain in sales at retail lumber, building materials, and farm implement outlets reflects, in part, the practice of contractors of housing developments to buy direct from mills or wholesalers, rather than through retail outlets. In the case of farm equipment, the generally less favorable position of farmers — arising from a virtually unchanged level of income, rising costs, and (in many parts of the Southwest) the long period of drought — has curtailed the need for equipment and the financial ability to purchase it.

The relatively slower growth in sales at retail furniture and appliance stores reflects partly the initial placement of many major appliances in newly built homes and partly the extensive sales of such items as television sets and room air conditioners at other types of retail outlets. Thus, while nearly all families own radios and millions have purchased television sets, home air conditioners, and a host of small appliances, sales of these items have been spread among food, general merchandise, drug, and other retail outlets, as well as retail furniture and appliance stores.

Nonstore retail sales showed the largest percentage gain of any category in the 6-year period. The 116-percent gain in this type of sale was accounted for largely by the increase in the number of door-to-door salesmen, the larger use of mail-order establishments, and especially the rapid growth in the use of vending machines. Again, the products for sale are of a wide variety, thus reducing the amount sold in the individual specialty store. However, nonstore retail sales constituted less than 2 percent of the total retail sales in the Southwest in 1954.

Because of these comparative rates of growth among the major types of retailers, the automotive, gasoline service station, and food establishments generally assume a higher proportion of retail sales than they did in 1948. In contrast, general merchandise, lumber, and furniture establishments account for a smaller proportion of total sales.

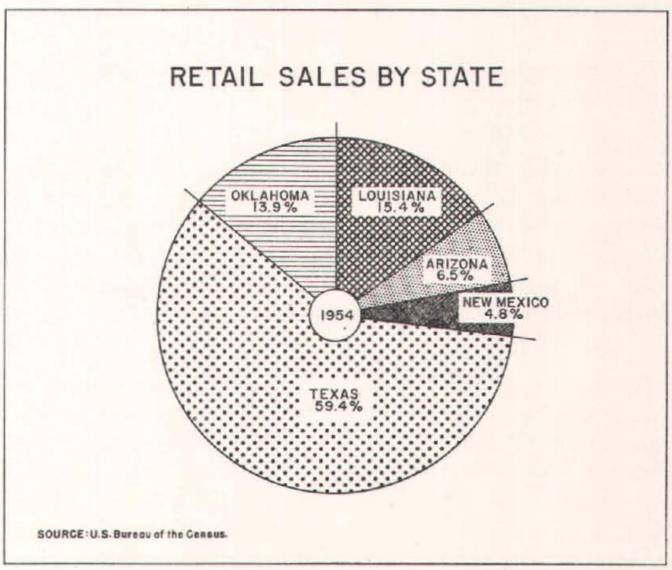
The general growth in sales from 1948 to 1954 was accomplished with only an 8-percent increase in the number of employees in the Southwest and a 4-percent increase in the Nation. As a result, sales per employee moved up sharply, with the southwest average reaching $23,518 in 1954. The southwest average, although closer than in 1948, was still slightly lower than the United States average of $23,826 in sales per employee.

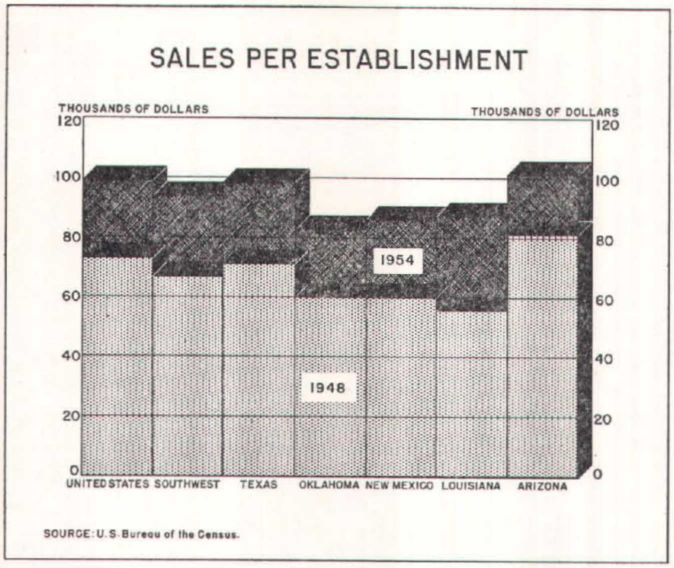
State Trends

Within the southwest total, retail sales in 1954 were distributed among the five southwestern states in the following order: Texas, Louisiana, Oklahoma, Arizona, and New Mexico. The three states of Texas, Oklahoma, and Louisiana generally accounted for over 85 percent of total retail trade in this area. However, between 1948 and 1954, Arizona and New Mexico became more important, while Oklahoma declined in importance. Louisiana and Texas retained their relative positions.

In general, the increases in retail sales, which show that Arizona and New Mexico are well above the southwest average and Oklahoma is below, follow the trends in population and income. Arizona and New Mexico have shown the larger relative increases in population and income among the five southwestern states. In cash receipts from farm marketings between 1948 and 1954, the Southwest showed no net change, but the Oklahoma total declined 19 percent. Arizona and Louisiana showed increases, while Texas and New Mexico reflected small declines.

However, per capita retail sales increases did not show the same relationship to growth in population and income as the increases in total sales. Arizona and New Mexico, with increases of $59 and $106, respectively, in per capita sales between 1948 and 1954, were far below the southwest increase of $177 and the Oklahoma gain of $223. Thus, while growth in population apparently leads to increasing dollar volumes of retail sales, it may not mean proportionate increases in per capita sales. While there are many possible explanations for





this disparity, it is not feasible to isolate one central cause. The age, occupation, marital status, number of dependents, and a large group of other characteristics of the migrating population have an important bearing upon buying habits.

The actual per capita sales level in 1954 reflects a southwest average of \$984, compared with the national average of \$1,053. Within the southwest total, Texas shows the highest per capita sales, \$1,065, and Louisiana the lowest level, \$799.

Sales per establishment in the Southwest during 1954 averaged \$93,876, or somewhat below the \$98,594 average of the United States. Only two states — Texas and Arizona — reflected sales per establishment which were above the United States average, while Oklahoma showed the lowest sales per establishment. These differences can be explained largely by the existence of large concentrations of population in Texas and the concentrating population in Arizona.

Among the five southwestern states, there were two major deviations from the percentage changes in the various types of retail trade. In New Mexico, sales at general merchandise stores showed a sharp increase of 50 percent, compared with the southwest average increase of only 18 percent. This difference is explainable largely by the increase in the number of such establishments in New Mexico, compared with a relatively small increase — or actual decline — in the other southwestern states.

The second major deviation was the decline in lumber, building materials, and farm equipment sales in Oklahoma, as contrasted with an average increase of 10 percent in the Southwest. This decline is also noticeable in the 11-percent decrease in the number of establishments in this category in Oklahoma, compared with a 1-percent increase in the Southwest. Three of the major reasons appear to be the outmigration of the farm population, the shift in population from rural to urban areas, and the movement from crops to livestock farming. Each of these occasioned lessened demand for farm equipment. Moreover, several additional reasons for this decline in Oklahoma include the sharp reduction in farm income, which discouraged replacement demand; and acreage cutbacks under the Government support program, enabling farmers to operate with fewer pieces of farm equipment.

Local Unit Trends

Four metropolitan areas in the Eleventh District have populations of over 500,000 — Dallas, Fort Worth, Houston, and San Antonio. These four areas accounted for 38 percent of total retail sales in Texas during 1954 but only 29 percent of the State's retail establishments. This concentration of sales reflects the greater population growth and more rapid income increases of the urban areas compared with the rural areas. The greater sales increase in the four metropolitan areas also reflects the trend toward more large-city buying on the part of nearby rural residents; density of population and the creation of suburban shopping centers, which makes the stores more accessible; and the location of large mail-order houses in two of these areas.

In general, consumer spending in these large metropolitan areas in 1954 was distributed in approximately the same fash-

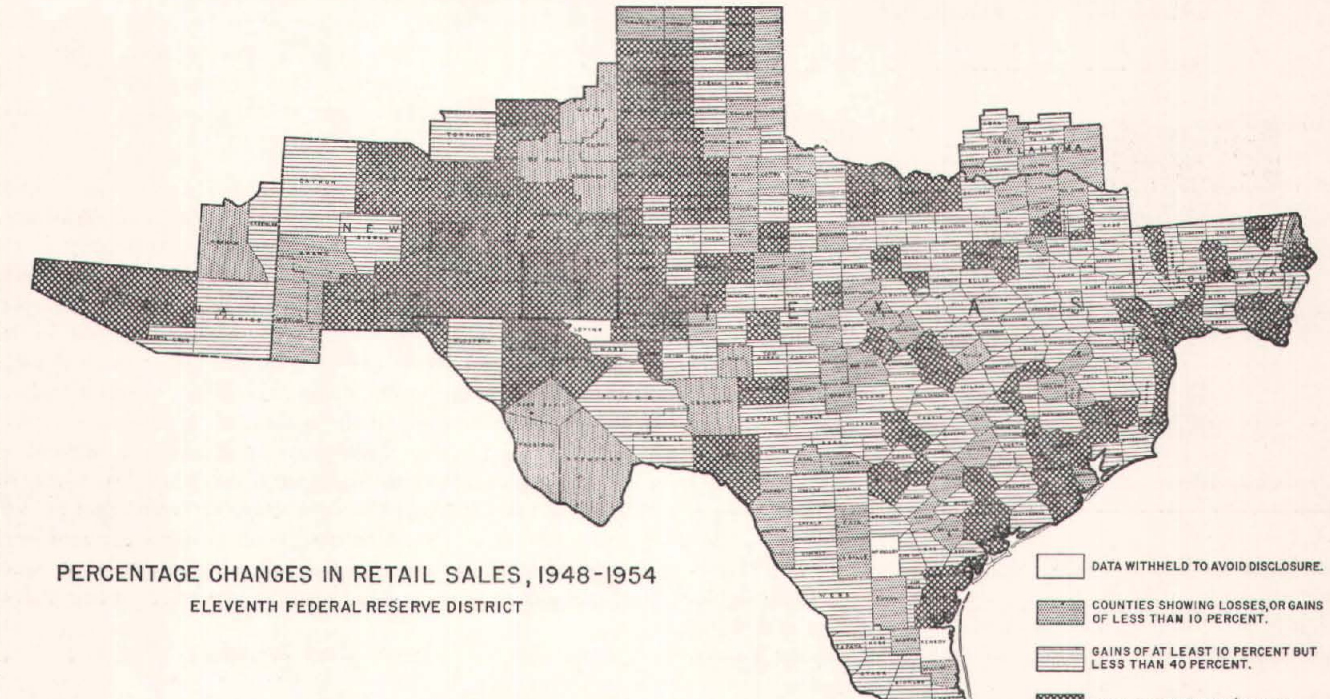
DISTRIBUTION OF RETAIL SALES, 1954

Four Metropolitan Areas

(Amounts in thousands of dollars)

Kind-of-business group	HOUSTON		DALLAS		SAN ANTONIO		FORT WORTH	
	Sales	Percentage of total	Sales	Percentage of total	Sales	Percentage of total	Sales	Percentage of total
Food stores	\$ 291,368	24.0	\$ 214,762	19.6	\$126,973	22.8	\$107,234	19.1
Eating, drinking places	75,455	6.2	66,760	6.1	40,008	7.2	32,008	5.7
General merchandise group	159,676	13.2	138,700	12.7	77,017	13.8	98,867	17.6
Apparel, accessories stores	77,748	6.4	74,840	6.8	48,832	8.8	26,053	4.7
Furniture, homefurnishings, appliance dealers	60,988	5.0	40,255	3.7	21,840	3.9	19,685	3.5
Automotive group	231,049	19.1	247,828	22.6	101,449	18.2	119,127	21.3
Gasoline service stations	78,247	6.5	59,309	5.4	35,441	6.4	32,481	5.8
Lumber, building materials, hardware, farm equipment dealers	82,660	6.8	65,419	6.0	31,809	5.7	35,193	6.3
Drugstores, proprietary stores	38,218	3.2	33,571	3.1	15,878	2.8	21,549	3.8
Other retail stores	98,713	8.1	84,819	7.8	48,535	8.7	38,025	6.8
Nonstore retailers	18,743	1.5	68,173	6.2	9,359	1.7	30,122	5.4
TOTAL	\$1,212,865	100.0	\$1,094,436	100.0	\$557,141	100.0	\$560,344	100.0

SOURCE: United States Bureau of the Census.



ion as in the State or the Nation. However, there are a few differences, such as the fact that retail lumber sales, which include sales of building materials and farm equipment, were less important in the metropolitan areas than in the State as a whole. Nevertheless, most of these differences were a result of heavier concentrations in other types of sales, such as nonstore retailers and general merchandise stores.

Houston showed greater strength in sales at food and furniture outlets than Texas, while in Dallas, sales at automotive stores were above the state average. In San Antonio, sales of apparel establishments were relatively stronger, and in Fort Worth, general merchandise establishments accounted for a higher proportion of retail sales than in the State. Higher sales at food outlets in Houston probably stem from the large fishing industry and nearby concentrations of population. The strength in sales at automotive stores in Dallas results from the existence of a large number of used car and new car dealers servicing a wide area and from the keen competition among these dealers.

Between 1948 and 1954, the increase in retail sales in Dallas, Houston, and San Antonio exceeded the rate of increase in the State; the gain in Fort Worth was equal to the state-wide improvement. Among the various types of retail trade in the four areas, the strongest sales increases were at food and automotive establishments and gasoline service stations — the same general areas of strength in the State. However, there were exceptions among the four cities, as Houston showed greater strength in general merchandise sales; San Antonio, in "other" retail sales; and Fort Worth, in retail drug and proprietary store sales. The smallest gains in the 6-year period were in sales at furniture and lumber establishments.

RETAIL SALES, 1954 AND 1948

Four Metropolitan Areas

(Amounts in thousands of dollars)

Area	1954	1948	Percentage increase
Houston	$1,212,865	$818,603	48
Dallas	1,094,436	704,804	55
San Antonio	557,141	392,717	42
Fort Worth	560,344	402,391	39

SOURCE: United States Bureau of the Census.

The accompanying map of the Eleventh District illustrates the areas of greatest strength and weakness in retail sales between 1948 and 1954. Since there was at least a 10-percent increase in prices, all counties or parishes showing a decrease, or a gain of less than 10 percent were combined into a group showing no increase in actual goods sold. The second group reflects percentage increases of at least 10 percent but less than the southwest average of 39 percent. The third group reflects increases in retail sales over the southwest average.

In the first group are mainly counties in which agricultural income was reduced by drought or crop failure or areas in which extensive farm consolidation occurred, with subsequent declines in population. The eastern Texas Panhandle illustrates the lack of growth in farm income, while the Oklahoma area reflects a loss in rural population.

The areas showing above-average gains are generally those where oil and gas discoveries offset declining farm income; irrigation strengthened farm income; or industrialization or other factors, such as new defense installations, occasioned rapid increases in population and income. The west section of the Texas Panhandle and northeastern New Mexico reflect oil gains, while central New Mexico shows the effect of rising population from defense installations. The Gulf Coast and north-central Texas counties illustrate a gain associated with industrialization. It is not feasible to explain the many factors influencing the rate of gain in each county or parish; however, the major considerations appear to be linked with farm income, population movements, oil and gas discoveries, and industrialization.

Recent Developments

In general, the most prominent trends between the two census years were accentuated in 1955 and early 1956, as economic activity rose to new all-time peaks. In this upsurge, retail sales provided one of the strongest stimulants to production. It is estimated that retail sales in the Nation during 1955 were about 7 percent higher than in 1954 and, on a seasonally adjusted basis, held close to the high reached late in 1955 during the first 4 months of 1956. The performance in the Southwest during the past year was even better, with total sales for 1955 estimated at $16,500,000,000, or 9 percent more than in 1954. The relatively more rapid sales growth in New Mexico and Arizona continued unabated, while the increase in Oklahoma was very moderate. The gains in Texas and Louisiana centered around the southwest average. Among the individual lines, sales at automobile concerns and gasoline service stations experienced sharp increases and accounted for a larger share of total retail sales.

Conclusion

In the foregoing discussion, some of the more important characteristics of retail trade in the two census years and the major trends during the intervening period have been highlighted. The analyses have centered around the relative economic growth of the Southwest and the Nation, population growth and the shift in population within the region and between this region and other parts of the Nation, and the trend toward industrialization in the Southwest. These factors have tended to accentuate the normal trends resulting from a dynamic and rapidly growing economy. Many of these trends point the way toward probable developments in the years ahead.

The census reports which have been or will be published contain a wealth of data pertaining to retail trade at the local, state, and national levels. They provide the basic data which may be used by the retailer, wholesaler, and manufacturer for analyzing competitive positions, markets, and major shifts in consumer habits and preferences, as well as for numerous other purposes. In preparing for the future in a dynamic economy, a careful study of census materials should be most helpful to businessmen in measuring the efficiency of their operations and in charting their course.

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS

DISTRICT SUMMARY

District department store sales in April, adjusted for seasonal variations, were only slightly below the March level. Inventories at department stores at the end of April were higher than a year earlier, while orders outstanding were down slightly. Furniture store sales in April decreased 4 percent from a year earlier but were 3 percent above the previous month.

Rains during the early part of May improved agricultural prospects in the eastern two-thirds of the District, but additional rain is needed to maintain development of crops and pastures. In western areas, little or no precipitation was received, and moisture is urgently needed. Winter wheat prospects declined further. Cash receipts from farm marketings during the first 2 months of 1956 are placed at 9 percent below the January-February total in 1955.

Unseasonably cold weather stimulated refinery activity in early May; but in view of rising crude oil stocks and the anticipated decline in crude oil demand, oil production has been cut back. Further declines are expected in June as a result of reduced oil allowables.

Nonagricultural employment in the District states in April, at 4,038,200, was up 15,400 from March. The less than seasonal increase reflected the early end of the Easter buying season and also labor-management disputes, which caused work stoppages in construction and manufacturing industries. Manufacturing employment was almost unchanged at 750,500.

The value of construction contracts awarded in the District during April declined 1 percent from the previous month but was 17 percent above the year-earlier level. Residential awards turned upward with a 26-percent gain over March, but "all other" awards decreased 17 percent.

District weekly reporting member banks reduced investment holdings and drew down their cash accounts in meeting deposit losses and accommodating loan demand during the 4 weeks ended May 16. Deposits decreased $87,981,000, while gross loans increased $35,104,000. Average member bank reserve balances declined in April, although the free reserves position of country banks showed a slight improvement.

TRADE

Department store sales in the Eleventh Federal Reserve District during April showed a negligible decline from March, after seasonal adjustments. The adjusted index remained at 144, even though the dollar volume of sales declined 9 percent from March and was 8 percent lower than in April 1955. This unfavorable showing with respect to both a month ago and a year ago was accounted for mainly by an earlier Easter date, one less business day than in April 1955, and the fact that Mother's Day was a week later this year. Cumulative sales for 1956 through April showed a year-to-year rise of 3 percent, compared with 8 percent at the end of March. Total sales for the first 2 weeks of May rose 9 percent above the year-earlier level.

Sales in the various soft goods departments during April reflected the post-Easter slump and the later date of Mother's Day with substantial decreases from a year earlier. Sales of women's and misses' ready-to-wear accessories were 16 percent below the April 1955 level, sales of men's and boys' wear were 18 percent less, and sales of women's and misses' ready-to-wear apparel were 7 percent lower. On the other hand, sales of piece goods and household textiles were up 4 percent from a year earlier.

Sales of consumer durable goods, which had experienced moderate to substantial increases for more than a year, decreased during April for the second consecutive month. Sales of major household appliances were down 9 percent from last year, as were sales of furniture and bedding, and sales of domestic floor coverings were down 4 percent. These decreases were partially offset by a 13-percent increase in sales of housewares.

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES: April 1956 from April 1955	NET SALES: April 1956 from March 1956	NET SALES: 4 mo. 1956 comp. with 4 mo. 1955	STOCKS[1]: April 1956 from April 1955	STOCKS[1]: April 1956 from March 1956
DEPARTMENT STORES					
Total Eleventh District	—8	—9	3	8	—1
Corpus Christi	—12	—12	3	8	—1
Dallas	—9	—9	1	5	0
El Paso	—9	—12	2	3	—4
Fort Worth	—11	—6	4	18	2
Houston	—4	—6	5	12	—2
San Antonio	—15	—22	—2	—3	—5
Shreveport, La.	—7	—2	4	9	—4
Waco	—8	—7	7	13	0
Other cities	—5	—3	6	16	—2
FURNITURE STORES					
Total Eleventh District	—4	3	1	3	2
Amarillo	25	45	—	10	—1
Austin	—3	—6	—3	19	5
Dallas	—28	—5	—20	—13	—2
Houston	11	19	9	1	1
Lubbock	—5	—11	—	24	3
San Antonio	—17	—12	—9	7	—3
Shreveport, La.	7	4	12	9	8
Wichita Falls	45	5	—	—	—
Other cities	6	6	14	—4	2
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District	—10	—2	—	—	—
Dallas	—4	—7	—	—	—

[1] Stocks at end of month.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED[1]			
	April 1956	Mar. 1956	Feb. 1956	April 1955	April 1956	Mar. 1956	Feb. 1956	April 1955
SALES—Daily average								
Eleventh District	132	134	111	139r	144	144	139	145r
Dallas	122	123r	114	129	137	130r	134	140
Houston	147	144	120	148	160	155	156	157
STOCKS—End of month								
Eleventh District	160p	162	153	147r	152p	156	158	140r

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

Instalment accounts outstanding at District department stores were practically unchanged during April but at the month end were 12 percent above a year earlier. Collections during the month amounted to 13 percent of the first-of-month balances outstanding, the same collection ratio as in April last year and 2 points lower than at the end of March.

Charge accounts outstanding decreased 2 percent during April, when some decrease is usual because of the Easter date. Balances outstanding at the end of the month were 3 percent above a year ago. Charge account collections during the month amounted to 42 percent of first-of-month balances, the lowest of record and 6 points below the March collection ratio.

Department store sales of all types decreased sharply from March to April and were down substantially from a year ago. Cash sales were down 14 percent from April last year, while charge account sales and instalment sales were down 11 percent and 7 percent, respectively.

Inventories at District department stores decreased 1 percent from March to April but at the end of April were 8 percent greater than a year earlier. The adjusted index of department store stocks, which makes allowances for the usual seasonal variations, decreased from 156 percent of the 1947-49 average in March to 152 percent in April. Orders outstanding, following the usual pattern, reached the low point of the year at the end of April and were down 24 percent from the end of March.

April sales of reporting furniture stores in the District showed a year-to-year decrease of approximately 4 percent but were 3 percent above the previous month's total. April was the first month since June 1954 in which sales were below the level of a year earlier. Accounts receivable (which have been showing the usual seasonal declines since the first of the year) on April 30 were slightly below those at the end of March but were 8 percent more than a year earlier. Inventories registered a month-to-month increase of 2 percent and at the end of April were 3 percent above April 30, 1955.

Registration of new car sales during April in Dallas, Fort Worth, Houston, and San Antonio was down 24 percent from a year earlier and 11 percent from March. New car sales in the four cities for the January-April period were 15 percent lower than in the comparable period of 1955.

AGRICULTURE

Light to heavy rains over the major portion of the District during the last week in April and the first half of May substantially improved crop and pasture prospects. In the early part of May, effective rains were received eastward of a line extending from the Cap Rock in the High Plains of Texas through San Angelo, Menard, and San Antonio and southward into the Lower Valley of Texas. At mid-May, light to heavy rains occurred in the Edwards Plateau of Texas and extended generally northeastward to the Red River and southeastward to Corpus Christi. Little or no precipitation was received during the past month in Arizona, New Mexico, and the Trans-Pecos and northwestern Panhandle areas of Texas. Additional rain is needed in most parts of the District to maintain development of crops.

The improved moisture conditions in the eastern two-thirds of the District resulted in a sharp increase in farm activity. Additional acreages of sorghums and cotton were planted, and some acreages which had been washed by the rains or had failed to emerge in even stands were replanted. The variable growing conditions and spotty moisture situation resulted in a lack of uniformity in the development of crops within the same areas, as well as in different regions. Cool weather during May hindered cotton development in the early areas of Louisiana and Texas. Early cotton is blooming in the Lower Valley of Texas, and the first plantings of grain sorghums are nearing maturity. At midmonth, cotton planting was active from the south Texas dry-land areas northwestward into the irrigated High Plains. Rice planting is complete in most parts of the District.

Corn has been laid by in the upper coastal counties of Texas, and the crop is making good development in the Blacklands and northern parts of the State. Oats and oat-hay mixtures have been cut for feed in central and eastern counties of Texas and in northern Louisiana. Combining of small grains is under way in some fields of central and northern Texas; yields are low. Irrigated wheat in the High Plains is in fair to good condition, but strong winds and high temperatures during May resulted in additional acreage abandonment in northern and western Panhandle counties of Texas and in eastern New Mexico.

As of May 1, production of 1956-crop winter wheat in the four major wheat-producing states of the District is indicated at 74,543,000 bushels, or 87 percent larger than the

WINTER WHEAT PRODUCTION

Four Southwestern States and United States

(In thousands of bushels)

Area	1956 Indicated May 1	1955	Average 1945-54
Arizona	1,134	1,218	598
New Mexico	770	1,500	2,612
Oklahoma	54,189	23,784	77,872
Texas	18,450	13,464	50,246
Total	74,543	39,966	131,328
United States	681,432	705,372	872,635

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET April 1956	April 1955	March 1956	SAN ANTONIO MARKET April 1956	April 1955	March 1956
Cattle	52,063	67,378	43,179	36,520	30,604	20,997
Calves	10,146	13,768	9,935	14,630	15,494	9,586
Hogs	57,785	55,629	71,737	3,946	2,844	4,561
Sheep	131,748	156,860	99,560	[1]26,072	[1]36,305	[1]25,712

[1] Includes goats.

extremely small 1955 crop but one-fifth below the 10-year (1945-54) average. The May 1 indicated output is 18 percent smaller than the month-earlier estimate.

On May 15 the Secretary of Agriculture proclaimed the national marketing quota for the 1957 wheat crop, subject to the approval of growers voting in a referendum on July 20, 1956. The national acreage allotment was set at 55,000,000 acres, or the same as for the 1956 crop.

Vegetables are making satisfactory progress in most commercial areas, although rain damaged some fields in irrigated areas of south Texas. Cantaloupes, watermelons, and tomatoes are moving in volume from the Lower Rio Grande Valley. East and northeast Texas tomatoes are making good development, and onions and potatoes in most north Texas and Panhandle counties are making satisfactory growth.

Pastures and ranges in the eastern two-thirds of the District responded to the May rains, but additional moisture is needed to maintain development of grasses. In the western parts of Texas and in Arizona and New Mexico, range moisture conditions remain poor, and rains are needed to stimulate forage growth. As of May 1, ranges in Texas and Oklahoma were in poorer condition than at the same time a year earlier, while ranges in Arizona and New Mexico were somewhat better. Livestock remain in fair to good condition; supplemental feeding continues in areas missed by the recent rains.

Cattle and calf receipts at the principal terminal markets in Texas during April totaled 113,359, or 11 percent below the year-earlier level. Hog receipts of 61,731 were 6 percent higher, while sheep and lamb supplies (including goats) totaled 157,820, which is 18 percent below those in April 1955.

COTTON ACREAGE, PRODUCTION, AND VALUE OF PRODUCTION

Five Southwestern States and United States

(In thousands)

Area	Acreage harvested 1955	1954	Bales produced[1] 1955	1954	Value of lint and seed 1955	1954
Arizona	355	420	728	911	$ 133,494	$ 178,337
Louisiana	615	688	582	572	105,165	110,939
New Mexico	185	204	266	316	49,663	63,975
Oklahoma	790	930	463	293	75,662	52,750
Texas	6,900	7,730	4,039	3,940	688,821	740,290
Total	8,845	9,972	6,078	6,032	$1,052,805	$1,146,291
United States	16,928	19,251	14,721	13,696	$2,651,371	$2,645,387

[1] 500 pounds gross weight.
SOURCE: United States Department of Agriculture.

CASH RECEIPTS FROM FARM MARKETINGS

Five Southwestern States

(In thousands of dollars)

Area	February 1956	1955	January—February 1956	1955
Arizona	$ 16,923	$ 20,454	$ 57,754	$ 79,458
Louisiana	17,067	16,390	49,720	45,844
New Mexico	9,600	9,922	20,887	21,619
Oklahoma	24,479	28,934	59,497	66,362
Texas	73,636	82,542	248,236	266,080
Total	$141,705	$158,242	$436,094	$479,363

SOURCE: United States Department of Agriculture.

According to the Department of Agriculture, the value of cotton lint and seed in the United States in 1955 is estimated at $2,651,371,000, or about the same as the 1954 value, although the cotton acreage harvested was 12 percent smaller. In the District states, the value of cotton lint and seed in 1955 is placed at $1,052,805,000, which is 8 percent less than a year earlier; the acreage harvested was 11 percent smaller. The value of the Texas cotton crop is estimated at $688,-821,000, or 7 percent below that in 1954.

The index of prices received by Texas farmers and ranchers increased 1 percent during the month ended April 15, 1956. The index is placed at 250 percent of the 1910-14 average, compared with 267 percent at the same time last year. Slight gains from mid-March levels were reported for most crops and most meat animals, especially hogs. Prices of poultry, eggs, and wholesale milk declined.

Cash receipts from farm marketings in the District states during the first 2 months of this year are placed at $436,-094,000, which is 9 percent below the January-February total in 1955. Receipts from crops were 14 percent below the year-earlier level and accounted for the major part of the decline; livestock receipts were 2 percent lower.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended May 22, 1956	Comparable week, previous month	Comparable week, previous year
COTTON, Middling 15/16-inch, Dallas	lb.	$ .3545	$ .3555	$ .3350
WHEAT, No. 1 hard, Fort Worth	bu.	2.53½	2.64¼	2.78
OATS, No. 2 white, Fort Worth	bu.	.91¾	.90¼	.98¾
CORN, No. 2 yellow, Fort Worth	bu.	1.85	1.87¼	1.84¾
SORGHUMS, No. 2 yellow, Fort Worth	cwt.	2.46	2.42	3.02
HOGS, Choice, Fort Worth	cwt.	17.00	15.75	18.50
SLAUGHTER STEERS, Choice, Fort Worth	cwt.	21.00	21.00	24.00
SLAUGHTER CALVES, Choice, Fort Worth	cwt.	22.00	22.00	22.00
STOCKER STEERS, Choice, Fort Worth	cwt.	19.00	19.00	22.00
SLAUGHTER SPRING LAMBS, Choice, Fort Worth	cwt.	23.00	21.50	22.50
BROILERS, south Texas	lb.	.23	.22	.30

In the 4 weeks ended May 16, weekly reporting member banks in the District increased borrowings, reduced investment holdings, and drew down their cash accounts in meeting deposit losses and accommodating loan demand. The decline in deposits amounted to $87,981,000, representing an $83,121,000 decrease in demand deposits and a $4,860,000 decline in time deposits. The reduction in demand deposits of

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	May 16, 1956	May 18, 1955	April 18, 1956
ASSETS			
Commercial, industrial, and agricultural loans	$1,539,936	$1,439,476	$1,521,062
Commercial and industrial loans[1]	1,512,306	—	1,491,946
Agricultural loans[1]	27,630	—	29,116
Loans to brokers and dealers in securities	21,733	13,753	21,649
Other loans for purchasing or carrying securities	128,543	117,227	130,056
Real-estate loans	209,847	186,370	208,633
Loans to banks	13,850	13,530	7,100
All other loans	579,804	478,453	570,109
Gross loans	2,493,713	2,248,809	2,458,609
Less reserves and unallocated charge-offs	31,243	23,377	30,759
Net loans	2,462,470	2,225,432	2,427,850
U. S. Treasury bills	36,937	67,333	43,768
U. S. Treasury certificates of indebtedness	38,775	41,364	48,518
U. S. Treasury notes	243,831	322,237	232,611
U. S. Government bonds (inc. gtd. obligations)	809,932	867,050	809,582
Other securities	240,176	249,907	241,745
Total investments	1,369,651	1,547,891	1,376,224
Cash items in process of collection	429,081	368,102	397,871
Balances with banks in the United States	433,705	442,004	551,166
Balances with banks in foreign countries	1,823	1,558	1,753
Currency and coin	44,317	46,948	45,450
Reserves with Federal Reserve Bank	535,710	583,383	544,204
Other assets	133,970	117,107	141,278
TOTAL ASSETS	5,410,727	5,332,425	5,485,796
LIABILITIES AND CAPITAL			
Demand deposits			
Individuals, partnerships, and corporations	2,775,569	2,805,572	2,804,401
United States Government	114,916	151,213	81,731
States and political subdivisions	197,581	195,904	175,652
Banks in the United States	844,924	848,061	962,654
Banks in foreign countries	16,923	18,125	17,475
Certified and officers' checks, etc	89,270	72,161	80,391
Total demand deposits	4,039,183	4,091,036	4,122,304
Time deposits			
Individuals, partnerships, and corporations	712,559	655,919	709,294
United States Government	12,229	13,662	12,229
Postal savings	452	452	452
States and political subdivisions	135,632	130,276	143,757
Banks in the U. S. and foreign countries	805	1,210	805
Total time deposits	861,677	801,519	866,537
Total deposits	4,900,860	4,892,555	4,988,841
Bills payable, rediscounts, etc	35,500	14,400	23,500
All other liabilities	56,455	48,509	60,853
Total capital accounts	417,912	376,961	412,602
TOTAL LIABILITIES AND CAPITAL	5,410,727	5,332,425	5,485,796

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

domestic banks was largely responsible for the over-all deposit loss, although demand deposits of individuals and businesses also declined. Individuals and businesses increased their time balances at the weekly reporting banks, but this increase was more than offset by a decline in the time accounts of state and local governments.

In meeting deposit losses during the period, weekly reporting member banks increased borrowings by $12,000,000 and reduced balances with domestic correspondent banks by $117,461,000. Reserves with the Federal Reserve bank declined $8,494,000, while cash items in process of collection increased $31,210,000.

Total investments declined $6,573,000 during the 4-week period, as weekly reporting member banks reduced their holdings of Treasury bills and certificates of indebtedness while adding to their investments in Treasury notes and United States Government bonds. Holdings of Treasury bills declined $6,831,000, and investments in Treasury certificates of indebtedness were reduced $9,743,000. Treasury note

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	April 25, 1956	April 27, 1955	March 28, 1956
ASSETS			
Loans and discounts	$3,915	$3,486	$3,881
United States Government obligations	2,298	2,509	2,334
Other securities	573	552	562
Reserves with Federal Reserve Bank	971	1,004	932
Cash in vault[e]	119	136	137
Balances with banks in the United States	1,009	999	974
Balances with banks in foreign countries[e]	2	2	2
Cash items in process of collection	442	370	384
Other assets[e]	198	176	204
TOTAL ASSETS[e]	9,527	9,234	9,410
LIABILITIES AND CAPITAL			
Demand deposits of banks	1,063	1,036	1,012
Other demand deposits	6,252	6,248	6,259
Time deposits	1,359	1,227	1,354
Total deposits	8,674	8,511	8,625
Borrowings[e]	76	21	3
Other liabilities[e]	70	61	81
Total capital accounts[e]	707	641	701
TOTAL LIABILITIES AND CAPITAL[e]	9,527	9,234	9,410

e—Estimated.

holdings showed the largest change, a gain of $11,220,000, while Government bond holdings increased a nominal $350,000. Other securities declined $1,569,000.

Investment liquidation, along with the reduction in cash accounts, enabled the weekly reporting banks to expand gross loans by $35,104,000 during the 4 weeks. With the exception of loans to finance security transactions, which declined $1,429,000, all major loan categories registered increases. Slightly more than half of the loan expansion occurred in the commercial, industrial, and agricultural loans category, as these loans rose $18,874,000. Real-estate loans increased $1,214,000, while loans to banks increased $6,750,000. All other loans — principally consumer loans — expanded $9,695,000.

At all member banks in the District, daily average gross demand deposits and time deposits during April rose above the March levels, reflecting increases at both reserve city banks and country banks. The monthly increase in gross demand deposits amounted to $90,930,000, with more than three-fourths of the gain occurring at reserve city banks. The daily average of time deposits, continuing to show a gradual increase, rose $13,543,000. Approximately two-thirds of this gain occurred at country banks. Daily average gross demand deposits of all member banks in April were down $16,117,000 from the comparable period last year, while time deposits averaged $136,229,000 above the year-earlier level.

Member bank reserve balances declined $22,538,000 during the 4 weeks ended May 16. Interdistrict commercial and financial transactions provided the principal drain on reserve funds during the period, as interdistrict payments exceeded receipts by $72,299,000. A smaller drain of $3,108,000 stemmed from currency transactions, while changes in other deposits at the Federal Reserve bank absorbed a nominal $36,000 of reserve funds. Reserves were supplied during the period by Treasury operations, which contributed $33,714,000 to reserve balances, and by a $15,564,000 increase

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Date	COMBINED TOTAL Gross demand	COMBINED TOTAL Time	RESERVE CITY BANKS Gross demand	RESERVE CITY BANKS Time	COUNTRY BANKS Gross demand	COUNTRY BANKS Time
April 1954....	$6,802,386	$1,057,137	$3,295,363	$594,744	$3,507,023	$462,393
April 1955....	7,388,996	1,219,764	3,626,058	697,441	3,762,938	522,323
Dec. 1955....	7,541,113	1,309,060	3,656,903	764,200	3,884,210	544,860
January 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
April 1956....	7,372,879	1,355,993	3,603,370	766,864	3,769,509	589,129

in local Federal Reserve credit. The latter increase featured both an expansion of float and a rise in member bank borrowings. Changes in other Federal Reserve accounts resulted in a reserve contribution of $3,627,000.

Reflecting reserve losses during April, the daily average of member bank reserve balances declined almost $6,000,000 from the March average to a level of $1,006,201,000. Required reserves also declined, but by a smaller amount. Consequently, daily average excess reserves of member banks in the District decreased to $62,419,000 during April, down $2,433,000 from the March average. Member banks made increased use of borrowed funds as reserve positions tightened during the month, and daily average borrowings rose from $19,601,000 in March to $22,459,000 in April. Reflecting the increase in borrowings and the reduction in excess reserves, average free reserves (excess reserves minus borrowings from the Federal Reserve bank) declined to $39,-960,000, or $5,291,000 lower than in the previous month.

The changes which produced a reduction in average free reserves during April occurred almost exclusively at reserve city banks. Although average reserve balances of these banks were smaller in April than in March, required reserves increased, thus inducing a reduction in average excess reserve balances. Borrowings also rose during April; consequently, average net borrowed reserves (borrowings minus excess reserves) of reserve city banks increased from $5,-490,000 in March to $11,333,000 in April. At country banks, on the other hand, the decline in reserve balances was matched roughly by a decrease in required reserves, resulting in only a nominal decline in excess reserves. As these banks reduced average borrowings, their average free reserves increased to $51,293,000, or $552,000 more than in March.

CHANGES IN FACTORS AFFECTING MEMBER BANK RESERVE BALANCES

Eleventh Federal Reserve District

(In thousands of dollars)

		CHANGE[1] 4 weeks ended May 16, 1956	CHANGE[1] Dec. 28, 1955—May 16, 1956
FACTORS			
Federal Reserve credit—local		+$15,564	+$ 30,093
Interdistrict commercial and financial transactions		— 72,299	— 595,234
Treasury operations		+ 33,714	+ 480,114
Currency transactions		— 3,108	+ 60,747
Other deposits at Federal Reserve Bank		— 36	— 57
Other Federal Reserve accounts		+ 3,627	+ 6,790
RESERVE BALANCES		—$22,538	—$ 17,547
April 18, 1956	$952,051		
May 16, 1956	$929,513		

[1] Sign of change indicates effect on reserve balances.

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	April 1956	April 1955	March 1956
RESERVE CITY BANKS			
Reserve balances	$ 554,801	$ 574,428	$ 555,420
Required reserves	545,862	558,976	544,442
Excess reserves	8,939	15,452	10,978
Borrowings	20,272	7,132	16,468
Free reserves	—11,333	8,320	—5,490
COUNTRY BANKS			
Reserve balances	451,400	448,321	456,742
Required reserves	397,920	385,380	402,868
Excess reserves	53,480	62,941	53,874
Borrowings	2,187	1,353	3,133
Free reserves	51,293	61,588	50,741
MEMBER BANKS			
Reserve balances	1,006,201	1,022,749	1,012,162
Required reserves	943,782	944,356	947,310
Excess reserves	62,419	78,393	64,852
Borrowings	22,459	8,485	19,601
Free reserves	39,960	69,908	45,251

Total earning assets of the Federal Reserve Bank of Dallas rose $7,701,000 during the 4 weeks ended May 16, as a $13,-050,000 increase in member bank discounts more than offset the decline in holdings of Government securities. Gold certificate reserves declined $20,218,000 to a total of $701,-182,000. On May 16, this bank's Federal Reserve notes in actual circulation amounted to $681,656,000, reflecting a $1,361,000 increase during the 4 weeks and a decline of approximately $25,000,000 from the year-earlier level.

Bank debits during April decreased in 17 of the 24 reporting centers in the District, resulting in a 6-percent decline from March to April for all 24 cities. This decline reflects pri-

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

(Amounts in thousands of dollars)

Area	DEBITS[1] April 1956	DEBITS[1] Percentage change from April 1955	DEBITS[1] Percentage change from March 1956	DEPOSITS[2] April 30, 1956	DEPOSITS[2] Annual rate of turnover April 1956	DEPOSITS[2] Annual rate of turnover April 1955	DEPOSITS[2] Annual rate of turnover March 1956
ARIZONA							
Tucson	$ 173,740	31	3	$ 104,776	20.0	16.9	19.7
LOUISIANA							
Monroe	57,120	3	—15	48,251	14.4	15.4	16.2
Shreveport	232,694	0	—15	183,006	15.6	15.5	18.1
NEW MEXICO							
Roswell	26,752	—4	—2	27,102	12.0	11.6	12.2
TEXAS							
Abilene	72,288	14	—7	56,712	15.5	13.0	16.8
Amarillo	150,596	0	—6	113,400	16.2	16.7	17.8
Austin	151,638	12	3	120,916	15.1	14.0	15.0
Beaumont	133,508	12	0	108,025	14.8	14.0	14.9
Corpus Christi	160,196	—3	—11	106,831	18.2	18.6	20.5
Corsicana	15,483	11	1	22,032	8.4	7.7	8.3
Dallas	2,026,031	8	—5	989,618	24.7	23.3	26.2
El Paso	235,027	8	—9	137,662	20.9	20.3	23.2
Fort Worth	641,254	14	—1	365,540	21.5	19.2	22.0
Galveston	76,122	—3	—12	68,673	13.3	13.3	15.0
Houston	2,056,935	13	—8	1,219,543	20.5	19.0	22.7
Laredo	24,261	3	5	20,042	14.5	15.0	14.0
Lubbock	118,486	—4	—14	91,223	15.5	15.0	17.8
Port Arthur	55,652	10	2	45,229	15.0	14.5	14.8
San Angelo	42,993	—2	—6	45,036	11.4	11.4	12.0
San Antonio	458,000	2	—7	348,959	15.8	16.1	17.0
Texarkana[3]	19,146	3	—4	17,560	13.1	12.7	13.7
Tyler	71,008	—2	—9	58,827	14.6	14.9	16.2
Waco	85,144	—5	—6	66,273	15.5	15.8	16.1
Wichita Falls	99,767	9	1	108,045	11.2	10.6	11.3
Total—24 cities	$7,183,841	8	—6	$4,473,281	19.4	18.4	20.9

[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 $40,399,000 for the month of April 1956.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	May 16, 1956	May 18, 1955	April 18, 1956
Total gold certificate reserves	$701,182	$755,819	$721,400
Discounts for member banks	36,950	4,850	23,900
Other discounts and advances	0	3,760	0
U. S. Government securities	923,048	946,810	928,397
Total earning assets	959,998	955,420	952,297
Member bank reserve deposits	929,513	989,235	952,051
Federal Reserve notes in actual circulation	681,656	706,684	680,295

marily the smaller number of business days in April. April debits this year exceeded April 1955 debits by 8 percent. The annual rate of deposit turnover in April was below the March figure but was higher than the rate in April 1955.

NEW MEMBER BANK

The Long Point National Bank of Houston, Houston, Texas, a newly organized institution located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, opened for business May 19, 1956, as a member of the Federal Reserve System. The new bank has capital of $250,000, surplus of $100,000, and undivided profits of $50,000. The officers are: Robert V. Moise, President; Robert H. Barry, Jr., Vice President; and George E. Sullins, Cashier.

NEW PAR BANK

The First State Bank, Louise, Texas, an insured, nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, May 7, 1956. The officers are: John Hancock, President; W. M. Crowell, Vice President; and L. S. Stockton, Executive Vice President and Cashier.

OIL and GAS

Several important factors influenced the level of activity in the Nation's oil industry during April and early May. An unseasonable cold wave in the northern sections of the country spurred demand for heating fuels, which, in turn, stimulated refinery activity in early May. On the other hand, the climbing level of crude oil stocks and the high level of gasoline stocks created downward pressures upon production and refinery runs.

Crude oil production in the District in early May averaged 3,350,000 barrels per day, or 1 percent below April but 6 percent above May 1955. However, further reductions in oil allowables for Oklahoma, Texas, and Louisiana will curtail crude oil production during June. In the Nation, crude oil production averaged 7,049,000 barrels per day, which is also 1 percent below April and 6 percent above May last year.

Crude runs to refinery stills in the District averaged 2,374,000 barrels per day during early May, or 4 percent above the April level and 9 percent more than in May a year ago. This contraseasonal gain in refinery runs was evident throughout the Nation, as national crude runs averaged 7,821,000 barrels per day — which is 4 percent above April and 7 percent above the year-earlier average.

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	April 1956[1]	April 1955[2]	March 1956[1]	Change from April 1955	Change from March 1956
ELEVENTH DISTRICT	3,398.8	3,353.3	3,388.4	45.5	10.4
Texas	3,029.8	3,016.5	3,026.1	13.3	3.7
Gulf Coast	612.5	646.8	614.9	—34.3	—2.4
West Texas	1,253.2	1,187.5	1,233.4	65.7	19.8
East Texas (proper)	214.7	234.6	220.5	—19.9	—5.8
Panhandle	95.0	91.5	94.1	3.5	.9
Rest of State	854.4	856.1	863.2	—1.7	—8.8
Southeastern New Mexico	248.1	220.2	241.1	27.9	7.0
Northern Louisiana	120.9	116.6	121.2	4.3	—.3
OUTSIDE ELEVENTH DISTRICT	3,744.6	3,533.4	3,769.0	211.2	—24.4
UNITED STATES	7,143.4	6,886.7	7,157.4	256.7	—14.0

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

Stocks of crude oil in the Nation on May 12 totaled 273,606,000 barrels, or almost the same as on April 28 but 2 percent below May 14, 1955. Crude stocks have risen sharply in recent weeks, as production has been maintained at high levels in relation to refinery runs. Stocks of the four major refined products on May 11 were 1 percent above April 27 but 2 percent less than a year earlier. The recent increase stemmed entirely from gains in kerosene and distillate and residual fuel oil stocks, as gasoline stocks declined 1 percent. Gasoline inventories on May 11 totaled 187,708,000 barrels, or about 11,000,000 barrels below the peak reached in March this year but 10 percent above the level of stocks on May 13, 1955.

Total demand for the four major products in the 5 weeks ended May 11 was 7 percent below the previous 5-week period but 9 percent above the comparable period a year earlier. Kerosene and distillate and residual fuel oil demand declined seasonally until very recently, while gasoline demand showed a 7-percent gain from the previous 5-week period.

Imports in the 5 weeks ended May 11 averaged 1,282,000 barrels per day, or 2 percent below the level in the previous 5 weeks but 19 percent more than in the corresponding period of 1955. Most of the recent loss stemmed from a decline in crude imports; moreover, a large portion of the year-to-year gain was occasioned by a 25-percent increase in crude oil imports. Refined products imports were 1 percent below the previous 5-week period and 8 percent above the corresponding period a year earlier.

INDUSTRY

Nonagricultural employment in the five states lying wholly or partly within the District increased less than seasonally during April to 4,038,200, which is 15,400 more than in March and 144,900 above a year earlier. Service and government employment accounted for the largest month-to-month increases; the below-normal gain in trade employment reflected the earlier closing of the pre-Easter buying season this year. Construction employment rose less than seasonally because 3,000

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States[1]

Type of employment	Number of persons			Percent change April 1956 from	
	April 1956	April 1955r	March 1956	April 1955	March 1956
Total nonagricultural wage and salary workers..	4,038,200	3,893,300	4,022,800	3.7	.4
Manufacturing...........	750,500	712,000	750,800	5.4	0
Nonmanufacturing........	3,287,700	3,181,300	3,272,000	3.3	.5
Mining................	251,500	240,500	251,500	4.6	0
Construction...........	278,500	271,100	276,100	2.7	.9
Transportation and public utilities.............	394,400	378,900	395,300	4.1	—.2
Trade................	1,028,900	1,008,600	1,026,200	2.0	.3
Finance...............	171,000	163,700	170,100	4.5	.5
Service...............	473,100	459,200	465,300	3.0	1.7
Government...........	690,300	659,300	687,500	4.7	.4

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
r—Revised.
SOURCE: State employment agencies.

construction workers were idled by labor-management disputes in April.

Manufacturing employment was almost unchanged at 750,500. The chemical industry, affected by a work stoppage of 700 employees, accounted for one of the largest declines in manufacturing employment. Transportation equipment manufacturing showed the largest employment gain, as increases in aircraft and shipbuilding employment more than offset layoffs in automobile assembly work.

Unemployment continued to decline in April as a result of the increase in jobs and the temporary out-migration of seasonal farm and construction workers. In Texas, the only District state for which data are available, unemployment declined from 113,500 in March to 108,700 in April.

Labor-management disputes which began the first week of April continued through the month to idle a large number of construction and operating petroleum and chemical workers along the Gulf Coast. A wage increase granted during the first week in May resulted in the return of some of the operating workers to their jobs. However, disputes in other areas are reported to have idled additional construction workers during May.

Total construction contracts awarded in the District during April declined 1 percent from the March level. The value of residential awards turned upward with a 26-percent gain, but

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	April 1956	April 1955	March 1956	January—April 1956	January—April 1955
ELEVENTH DISTRICT....$	183,657	$ 157,267	$ 185,447	$ 733,960	$ 564,513
Residential.........	85,824	65,592	68,119	330,869	267,262
All other...........	97,833	91,675	117,328	403,091	297,251
UNITED STATES[1]......	2,421,497	2,322,085	2,381,907	8,521,369	7,523,497
Residential.........	1,144,160	1,070,129	1,105,365	3,743,188	3,475,316
All other...........	1,277,337	1,251,956	1,276,542	4,778,181	4,048,181

[1] 37 states east of the Rocky Mountains.
SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

Area	April 1956		Percentage change in valuation from		4 months 1956		
	Number	Valuation	April 1955	Mar. 1956	Number	Valuation	Percentage change in valuation from 4 months 1955
ARIZONA							
Tucson.......	469	$ 986,920	7	—11	1,576	$ 5,721,654	41
LOUISIANA							
Shreveport....	423	2,387,212	—72	10	1,745	10,294,506	—29
TEXAS							
Abilene.......	163	1,506,482	—16	—65	766	9,786,309	46
Amarillo......	283	1,879,528	2	10	866	7,031,193	—24
Austin........	237	5,543,833	50	—28	1,083	19,074,989	35
Beaumont.....	339	842,072	—32	68	1,132	4,992,874	49
Corpus Christi.	363	1,480,492	62	—45	1,503	7,827,698	—36
Dallas........	2,532	10,762,859	—22	7	8,174	57,405,513	—11
El Paso.......	357	2,223,166	—41	—12	1,560	10,092,579	—24
Fort Worth....	756	3,527,113	—41	—8	2,714	13,108,282	—38
Galveston.....	97	1,279,619	282	602	374	2,318,180	147
Houston......	949	15,397,759	—4	2	3,768	56,919,203	8
Lubbock......	200	1,724,460	—13	—14	944	7,311,992	—24
Port Arthur....	220	386,838	85	—41	729	1,640,416	—12
San Antonio...	1,893	5,130,591	2	1	7,274	26,474,699	23
Waco........	290	2,327,405	107	30	1,115r	6,186,139r	12
Wichita Falls..	110	714,280	—47	22	477	2,726,800	—38
Total—17 cities..	9,681	$58,100,629	—19	—6	35,800r	$248,913,026r	—4

r—Revised.

"all other" awards decreased 17 percent. However, the $183,657,000 value of April awards was 17 percent above the level of a year earlier. Residential awards reflected a year-to-year gain of 31 percent, and "all other" awards were up 7 percent.

In the Nation, as in the District, the value of construction contract awards showed little change from March to April. Total awards increased only 2 percent, residential awards rose 4 percent, and "all other" awards increased less than 1 percent. April awards maintained a narrow lead of 4 percent over the April 1955 level. Residential awards were up 7 percent and "all other" awards were up 2 percent from the year-earlier values.

Cumulative construction awards during the first 4 months of 1956 were 30 percent higher than in the corresponding period last year in the District and were up 13 percent in the Nation. In the District, "all other" construction led the gains with an increase of 36 percent, while residential awards were up 24 percent. "All other" awards also led the national gains, but with an increase of only 18 percent. Cumulative residential awards in the Nation showed an 8-percent increase.

Prospects for increased District sulfur and sulfuric acid production are indicated by expansion programs announced during the past 2 months. Two sulfur companies have plans under way for expanded mine production in the gulf coast area; and two petrochemical companies, one in west Texas and one along the coast, plan increased sulfur recovery from refinery gases. District sulfur production has been enlarged in response to the increased industrial use of sulfuric acid and the greater use of sulfur in fertilizers. Taxed production in Texas amounted to 953,417 long tons during the first quarter of 1956, reflecting an increase of 9 percent over the corresponding period a year earlier.

11TH FEDERAL RESERVE DISTRICT