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BUSINESS LOANS AT ELEVENTH DISTRICT MEMBER BANKS

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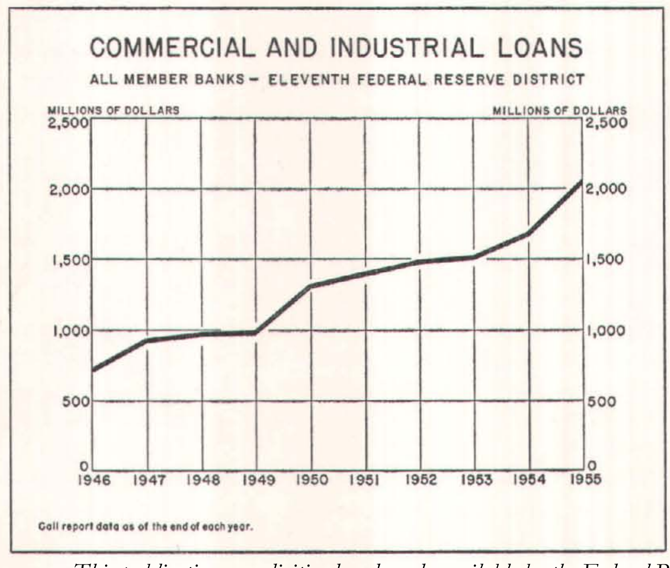
The post-World War II decade has witnessed a growth in the southwestern economy which confirmed the most optimistic expectations. The evidence is particularly striking in the field of banking, in which deposits, loans, and capital structures have expanded impressively, thus contributing to and also reflecting the economic vitality of the period. The accompanying chart, which shows the uninterrupted growth in commercial and industrial loans of Eleventh District member banks since 1946, illustrates the hand-in-hand growth of bank lending and economic well-being in the area.

Broad developments in the southwestern economy and the characteristics of the growth can be seen in the results of a survey of business loans outstanding at member banks on October 5, 1955. The survey in this District was part of a nationwide project undertaken by the Federal Reserve banks and the Board of Governors, with the cooperation of the American Bankers Association, the Reserve City Bankers Association, and the Robert Morris Associates. The previous such survey covered loans outstanding as of November 20, 1946 — a time when the southwestern economy was completing the first step of its exciting postwar ascent.



On October 5, 1955, Eleventh District member banks had an estimated 101,244 loan accounts recorded on their books, excluding open market paper, of which 15,194 — or 15 percent — were included in the sample. The banks were asked to include all loans to business, including real-estate loans secured by mortgages and those ordinarily classed as commercial and industrial loans. The survey was designed to get reports from all the larger banks and to choose randomly a progressively declining sample of smaller banks.

The data yielded by this inquiry permit the construction of District estimates which reveal the characteristics of borrowers and their interrelationship with the volume and type of credit outstanding at the various size classes of member banks. However, the results of this survey — like those of all surveys — must be stated in terms of probabilities, the reliability of which falls within limits determined by the statistical procedures involved. The data revealed by the survey highlight many of the features of member bank lending to business.

The results of the 1955 survey indicate a shifting pattern of business borrowing since the last such inquiry late in 1946, when the first full postwar year was nearing its close. The effects of the growth of industry and trade in the Southwest and the shifting pattern of consumer spending are inescapably reflected in the relevant banking statistics, as new firms and expanding established businesses increased their use of credit facilities. Many business firms discovered that, during the prolonged period of growth and prosperity, retained earnings did not supply all of their requirements in financing the expansion induced by the favorable economic climate. This need for capital funds contributed, therefore, to the increased volume of business borrowing at Eleventh District member banks and, indeed, throughout the country.

The Borrowers

The expansion of business loans at District member banks is indicated by the estimated $1,950,593,000 of commercial and industrial loans outstanding on October 5, 1955, an amount which is triple the total shown by the 1946 survey. This rate compares favorably with the increase of 2⅓ times

BUSINESS LOANS OF MEMBER BANKS, 1955 AND 1946 BY BUSINESS OF BORROWER

Eleventh Federal Reserve District

(Estimates of outstanding loans)

Business of borrower	Amount of loans (In thousands of dollars) 1955	1946	Percentage distribution 1955	1946	Number of loans 1955	1946	Percentage distribution 1955	1946
MANUFACTURING AND MINING	611,037	231,605	31.3	35.5	18,471	6,800	18.3	15.6
Food, liquor, and tobacco	37,441	37,145	1.9	5.7	1,787	990	1.8	2.3
Textiles, apparel, and leather	17,853	9,716	.9	1.4	858	464	.9	1.1
Metals and metal products	81,311	27,326	4.2	4.2	3,477	1,243	3.4	2.8
Petroleum, coal, chemicals, and rubber	400,571	131,388	20.5	20.2	8,604	2,778	8.5	6.4
Other	73,861	26,030	3.8	4.0	3,745	1,325	3.7	3.0
TRADE	358,907	207,420	18.4	31.8	32,970	19,069	32.6	43.6
Wholesale	155,824	133,205	8.0	20.4	7,600	5,060	7.5	11.6
Retail	203,083	74,215	10.4	11.4	25,370	14,009	25.1	32.0
OTHER	980,649	190,307	50.3	29.2	49,803	14,588	49.1	33.3
Sales finance companies	131,792	36,996	6.8	5.7	2,336	777	2.3	1.8
Transportation, communication, and other public utilities	64,292	40,770	3.3	6.3	2,118	1,721	2.1	3.9
Construction	231,485	46,491	11.9	7.1	10,881	3,444	10.7	7.9
Real estate[1]	245,958	—	12.6	—	7,411	—	7.3	—
Services	144,921	35,119	7.4	5.4	19,639	4,361	19.4	9.9
Other nonfinancial	162,201	30,931	8.3	4.7	7,418	4,285	7.3	9.8
UNCLASSIFIED	0	22,494	.0	3.5	0	3,298	.0	7.5
ALL BUSINESSES	1,950,593	651,826	100.0	100.0	101,244	43,755	100.0	100.0

[1]These loans were included in "all other" in 1946 and were not reported separately.

recorded for the entire Nation. In the 9-year interval between surveys, growth permeated all categories, as every class of business borrower increased its volume of bank indebtedness; however, the extent to which bank loans increased was not constant among classifications, the rate of growth depending upon the nature and composition of the particular industry. The number of business loans in the District in 1955 was about 2⅓ times as large as in 1946, but the rate of growth varied widely among the various types of business. The average size of loan increased nearly one-third, and some gain was reflected in most categories, the notable exception being manufacturers of food, liquor, and tobacco.

Manufacturing and mining firms accounted for about 31.3 percent of all business borrowing in 1955. Despite the industrial growth in the Eleventh District during the 9 years between the surveys, borrowed funds originating from this source declined in relative importance; in 1946, their bank indebtedness was 35.5 percent of all business loans. The petroleum, chemicals, and related industries category — representing the lion's share of southwestern industrial activity — maintained its relative importance in all business loans in the Eleventh District during the period, being responsible for 20.5 percent of the total in the 1955 survey and 20.2 percent in 1946. The metals and metal products group, which ranked second in importance in the volume of loans, also maintained its relative growth, having 4.2 percent of total business loans on each survey date. In both these categories, the number of loans increased sharply during the 9-year period and showed gains relative to the total number of manufacturing and mining loans. These industries were also among those showing dynamic growth during the period.

The decreased proportion of manufacturing and mining loans in the Southwest arose principally from the slower than average growth in bank indebtedness by food, liquor, and tobacco manufacturers and textiles and related industries. Loans to manufacturers of food, liquor, and tobacco were in about the same volume in 1955 as in 1946, and the size of the average loan was reduced about 40 percent. A similar situation prevailed nationally and in some other Federal Reserve districts.

The total value of retail loans reached an estimated $203,-083,000, or 10.4 percent of the dollar value of commercial loans, although this class had the largest number of individual loan items — one-quarter of the total number. With respect to both the number of loans and their value, retailers did not match the average gain of all business borrowers — not because retailers failed to expand their operations, but, rather, because there was a heavier growth in credit uses by other borrowers. The amount of loans to retailers advanced about 2.7 times in the period — or substantially more than the national average for all retailers. Since the number of loans showed a much smaller increase, the average size of loans increased substantially. Nevertheless, the average size of loans to retailers in 1955 was next to the smallest among the several types of businesses.

In wholesale trade (including commodity dealers), the number and amount of loans increased moderately between the two survey dates, but, as a percentage of the total, both declined sharply. The relative decline in the wholesale function and the large operations of the Commodity Credit Corporation in financing the movement and storage of agricultural commodities in 1955 were partly responsible for this showing.

District banks made $980,649,000 of loans to "other" borrowers — the catchall classification which includes such diverse industrial groups as service firms and public utilities. Increasing almost five times in dollar volume in the 9 years, "other" loans rose in value from 29.2 percent to 50.3 percent of the total, with loans to real-estate, construction, and service firms and sales finance companies pacing the list.

Loans for construction and real-estate purposes, spurred by the growth in construction activity, advanced more in relative importance as sources of demand for bank credit than any of the remaining borrowing categories. In 1946, construction loans outstanding equaled $46,491,000, or 7.1 percent of the total; but this amount increased almost fivefold by 1955 to $231,485,000, which is about 12 percent of all business loans. Bank loans for real-estate purposes expanded even more rapidly, inasmuch as in 1946 these loans were included in the residual category, all components of which used only 4.7 percent of all business loans. The 1955 survey indicates, however, that loans to business for real-estate purposes took 12.6 percent of all commercial loans, the amount of indebtedness being more than $245,000,000. Real-estate and construction, by their very nature, are industries requiring substantial amounts of external financing.

In appraising the expansion in these loans, consideration should be given to the fact that the postwar building boom was in its initial phase in 1946, whereas in 1955, activity was at an all-time peak. Hence, the high totals in 1955 reflected both the need for interim financing to handle the large volume of work in process and the practice of many permanent lenders on real-estate mortgages to make temporary arrangements (known as "warehousing" arrangements) at banks, pending the receipt of funds to take the mortgage loans in their own portfolios. Subsequent information suggests that mortgage loans under these arrangements probably were near their peak at the time of the survey.

Sales finance companies, service firms, and "other nonfinancial" institutions — three other types of business borrowers — also increased their loans from member banks at a greater rate than the average. In 1955, these businesses accounted for 22.5 percent of total business loans, compared with 15.8 percent in 1946. A significant feature was the sharp increase in the number of loans to service firms, which constituted 19.4 percent of the total number of business loans, or about double the proportion in 1946. In the postwar period, these types of businesses have assumed increasing importance in the economy; and the sharp increase in their borrowing is closely associated with the rising standard of living, the heavy purchase of durable goods and their maintenance, and the increasing use of professional services.

Assets of Borrowers

The increase in the assets of business concerns during the period between the surveys was clearly evident in the results of the October 5, 1955, inquiry. Yet, the survey data indicate that borrowers with total resources below $5,000,000 originated the preponderant majority of the number of loans — about 97 percent — and almost 79 percent of the total amount of business borrowing. In 1946, concerns with total assets of less than $5,000,000 were responsible for about 99 percent of the number of loans and more than 85 percent of the outstanding dollar amount. Despite the almost continuous growth in income and wealth in the District, the smaller firms continued to originate the largest number of loans, but there was an obvious tendency for the median borrower to increase in size.

In the period separating the surveys, the most pronounced shift in the distribution of loan accounts was away from the smallest borrower (those with less than $50,000 of total assets) to the next two higher categories, reflecting primarily

BUSINESS LOANS OF MEMBER BANKS, OCTOBER 5, 1955 BY BUSINESS AND SIZE OF BORROWER

Eleventh Federal Reserve District

(Estimates of outstanding loans. In thousands of dollars)

	Size of borrower (Total assets, in thousands of dollars)						
Business of borrower	100,000 and over	25,000—100,000	5,000—25,000	1,000—5,000	250—1,000	50—250	Under 50
MANUFACTURING AND MINING	26,270	30,843	105,830	223,661	127,768	80,494	16,169
Food, liquor, and tobacco	4,145	1,142	3,953	12,363	8,019	6,377	1,441
Textiles, apparel, and leather	0	47	191	5,852	7,045	4,012	704
Metals and metal products	6,032	11,646	9,692	16,058	21,123	14,210	2,551
Petroleum, coal, chemicals, and rubber	15,730	14,111	87,953	166,158	69,192	39,454	7,974
Other	363	3,897	4,041	23,230	22,389	16,441	3,499
TRADE	13,832	1,728	16,700	50,455	81,403	100,136	34,469
Wholesale	45	1,599	5,977	25,089	32,549	25,461	4,921
Retail	13,787	129	10,723	25,366	48,854	74,675	29,548
OTHER	54,837	40,453	125,300	294,101	245,202	204,148	76,794
Commodity dealers	6,066	990	7,434	19,428	16,176	8,534	1,556
Sales finance companies	23,980	7,123	15,978	53,466	21,160	8,163	1,922
Transportation, communication, and other public utilities	19,894	4,948	11,689	10,439	7,316	7,622	2,385
Construction	0	12,374	17,819	71,264	55,366	57,728	16,934
Real estate	60	5,300	41,256	65,358	59,642	48,037	26,304
Services	3,802	2,377	12,153	25,649	37,341	43,716	19,884
Other nonfinancial	1,035	7,341	18,971	48,497	48,201	30,348	7,809
ALL BUSINESSES	94,939	73,024	247,830	568,217	454,373	384,778	127,432

BUSINESS LOANS OF MEMBER BANKS, 1955 AND 1946
BY SIZE OF BORROWER

Eleventh Federal Reserve District

Size of borrower (Total assets, in thousands of dollars)	Amount of loans (Percentage of total)		Number of loans (Percentage of total)	
	1955	1946	1955	1946
5,000 and over	21.3	14.8	3.0	1.3
250–5,000	52.4	45.3	22.2	9.7
50–250	19.7	23.9	37.0	23.9
Under 50	6.6	12.5	37.8	57.6
Not classified	.0	3.5	.0	7.5
ALL BORROWERS	100.0	100.0	100.0	100.0

a shift in the number of firms included in the various size categories. For instance, the number of firms with assets of less than \$50,000 showed relatively little growth between the survey dates, while the number of firms with assets between \$50,000 and \$5,000,000 expanded sharply. Hence, it would be expected that the most pronounced growth in bank loans would be to firms in those size categories where the greatest growth in the number of firms had occurred. In fact, the percentage growth in bank loans to firms in the various size categories has followed the same general pattern as the growth in the number of firms. Taken as a whole, however, in dollar amounts, firms having assets below \$250,000 decreased their proportion of the total value of loans outstanding, while the increase in the proportion of loans outstanding was shared by firms in the \$250,000-\$5,000,000 category and the \$5,000,000-and-over category.

The largest volume of loans was obtained by firms having gross assets between \$1,000,000 and \$5,000,000, with the volume diminishing as the size of the firms increased or decreased. However, total loans outstanding were divided almost equally between firms having above and below \$1,000,000 in gross assets. The average loan to firms having more than \$100,000,000 in assets was \$159,293, and to firms whose assets were below \$50,000, average borrowings were \$3,329. Save in three instances, the largest dollar volume of indebtedness was generated by firms in one of two gross asset classifications — namely, between \$250,000 and \$1,000,000 and between \$1,000,000 and \$5,000,000. One exception occurred in the field of public utilities, where the largest firms originated the heaviest amount of borrowing. This characteristic of such loans, both nationally and locally, reflects the nature of the firms included in this grouping. Service firms and retailers, which include a large number of relatively small economic units, had the largest amount of borrowing recorded by firms in the \$50,000-\$250,000 class.

BUSINESS LOANS OF MEMBER BANKS, 1955 AND 1946
BY SIZE OF BANK

Eleventh Federal Reserve District

Size of bank (Total deposits, in millions of dollars)	Amount of loans (Percentage of total)		Number of loans (Percentage of total)	
	1955	1946	1955	1946
100 and over	64.4	62.7	23.7	24.4
10–100	27.6	27.9	48.5	43.5
2–10	7.3	7.8	22.6	25.6
Under 2	.7	1.6	5.2	6.5
TOTAL	100.0	100.0	100.0	100.0

Nationwide, enterprises owning assets above \$1,000,000 initiated almost two-thirds of the total loan volume, while in the District, comparable firms originated only one-half of the total loan volume. The rather pronounced difference between the District and the Nation would tend to support the claim that the smaller firms occupy a more prominent place as users of bank credit in the District than in the more highly industrialized sections of the country, which weigh heavily in the national total of business loans. The relative importance of smaller firms in the District results partly from the wider diffusion of population in the Southwest and partly from the location of a smaller percentage of large industry in this part of the country.

Bank Size

The distribution of the number and amount of business loans by the various bank classes changed only slightly in this District between 1946 and 1955. At the date of the earlier survey, banks having more than \$100,000,000 of deposits extended 24.4 percent of the number of loans, while in 1955 the comparable figure was 23.7 percent. These same banks originated 62.7 percent of the dollar volume of loans in 1946, compared with 64.4 percent on October 5, 1955. Only the smallest group of banks — those with deposits of less than \$2,000,000 — decreased their share of outstanding loans significantly. This decrease resulted principally from the fact that many of the smaller banks outgrew the \$2,000,000 deposit

BUSINESS LOANS OF MEMBER BANKS, OCTOBER 5, 1955
BY BUSINESS OF BORROWER AND SIZE OF BANK

Eleventh Federal Reserve District

(Estimates of outstanding loans. Amounts in thousands of dollars)

Business of borrower	Size of bank (Total deposits, in millions of dollars)				
	250 and over	100–250	10–100	2–10	Under 2
MANUFACTURING AND MINING	370,462	73,052	135,086	29,815	2,622
Food, liquor, and tobacco	14,257	6,407	11,613	4,204	959
Textiles, apparel, and leather	8,884	2,626	3,956	2,270	116
Metals and metal products	45,097	14,593	16,905	4,099	618
Petroleum, coal, chemicals, and rubber	272,216	41,750	79,493	6,472	640
Other	30,008	7,676	23,119	12,770	289
TRADE	81,195	33,818	130,459	45,803	7,447
Wholesale	28,327	15,054	42,134	8,968	1,156
Retail	52,868	18,764	88,325	36,835	6,291
OTHER	560,543	136,433	273,452	66,295	4,110
Commodity dealers	36,308	2,147	16,508	4,984	237
Sales finance companies	52,303	29,847	40,040	9,320	282
Transportation, communication, and other public utilities	44,971	4,038	13,389	1,783	111
Construction	137,305	17,356	58,688	17,382	753
Real estate	165,186	17,673	55,480	7,428	191
Services	58,370	13,419	55,164	16,307	1,661
Other nonfinancial	66,100	51,953	34,183	9,091	875
ALL BUSINESSES	1,012,200	243,303	538,997	141,913	14,179
	Percentage distribution within bank size group				
MANUFACTURING AND MINING	36.6	30.1	25.0	21.1	18.5
Food, liquor, and tobacco	1.4	2.6	2.2	3.0	6.8
Textiles, apparel, and leather	.9	1.1	.7	1.6	.8
Metals and metal products	4.4	6.0	3.1	2.9	4.4
Petroleum, coal, chemicals, and rubber	26.9	17.2	14.7	4.6	4.5
Other	3.0	3.2	4.3	9.0	2.0
TRADE	8.0	13.9	24.2	32.2	52.5
Wholesale	2.8	6.2	7.8	6.3	8.1
Retail	5.2	7.7	16.4	25.9	44.4
OTHER	55.4	56.0	50.8	46.7	29.0
Commodity dealers	3.6	.9	3.1	3.5	1.7
Sales finance companies	5.2	12.3	7.4	6.6	2.0
Transportation, communication, and other public utilities	4.4	1.6	2.5	1.3	.8
Construction	13.6	7.1	10.9	12.2	5.3
Real estate	16.3	7.3	10.3	5.2	1.3
Services	5.8	5.5	10.2	11.5	11.7
Other nonfinancial	6.5	21.3	6.4	6.4	6.2
ALL BUSINESSES	100.0	100.0	100.0	100.0	100.0

limit; there were only 165 banks in this category on October 5, 1955, compared with 208 in 1946. Within the whole array of loans by bank size, the 9-year comparison is marked by such little variation as to lend credence to the view that one of the most significant characteristics of the period was an almost universal participation by banks of various sizes in the increase in the volume of loans to commercial and industrial enterprises.

For each class of bank, one of three types of borrowers — petroleum and related industries, other nonfinancial firms, and retailers — ranked first in the volume of borrowed funds. At banks with deposits of $250,000,000 and over, petroleum loans were predominant, accounting for about 27 percent of their business loans, and comprised 68 percent of the petroleum loans at all member banks in the District. However, real-estate and construction firms, in that order, followed petroleum as the principal sources of demand for credit. If these two classifications are combined, they outrank petroleum loans by a substantial margin, constituting about 30 percent of business loans at the largest banks. Real-estate and construction loans at the largest banks also represented 63 percent of the real-estate and construction loans at all member banks.

Other nonfinancial businesses were the most important borrowers at banks with deposits between $100,000,000 and $250,000,000, but petroleum firms were a close second. For institutions having deposits below $10,000,000, the survey revealed that retailers occupied the front rank of borrowers. Indeed, at the smallest banks, retail trade accounted for almost 45 percent of the loan volume. Moreover, the relative importance of retail loans increased steadily as the size of the bank became smaller.

SHORT-TERM BUSINESS LOANS OF MEMBER BANKS, OCTOBER 5, 1955
BY BUSINESS OF BORROWER AND SIZE OF BANK

Eleventh Federal Reserve District

(Estimates of outstanding loans. Amounts in thousands of dollars)

Business of borrower	Size of bank (Total deposits, in millions of dollars)				
	250 and over	100–250	10–100	2–10	Under 2
MANUFACTURING AND MINING	194,587	39,177	90,981	25,148	2,175
Food, liquor, and tobacco	9,170	3,986	9,380	3,841	900
Textiles, apparel, and leather	7,295	2,614	2,747	2,171	116
Metals and metal products	31,166	13,663	12,703	3,291	428
Petroleum, coal, chemicals, and rubber	125,514	11,899	48,886	4,068	462
Other	21,442	7,015	17,265	11,777	269
TRADE	63,846	25,661	108,964	35,887	6,537
Wholesale	24,673	12,699	37,940	7,048	1,112
Retail	39,173	12,962	71,024	28,839	5,425
OTHER	426,780	108,422	217,578	54,617	3,137
Commodity dealers	35,612	2,147	13,965	4,845	237
Sales finance companies	50,408	27,326	38,625	8,655	282
Transportation, communication, and other public utilities	8,292	249	8,864	1,303	92
Construction	123,307	17,050	51,493	15,649	658
Real estate	138,032	12,202	42,661	5,785	167
Services	25,353	9,992	35,607	10,850	947
Other nonfinancial	45,776	39,456	26,363	7,530	754
ALL BUSINESSES	685,213	173,260	417,523	115,652	11,849
	Percentage distribution within bank size group				
MANUFACTURING AND MINING	28.4	22.6	21.8	21.7	18.4
Food, liquor and tobacco	1.3	2.3	2.3	3.3	7.6
Textiles, apparel, and leather	1.1	1.5	.7	1.9	1.0
Metals and metal products	4.6	7.9	3.0	2.8	3.6
Petroleum, coal, chemicals, and rubber	18.3	6.9	11.7	3.5	3.9
Other	3.1	4.0	4.1	10.2	2.3
TRADE	9.3	14.8	26.1	31.0	55.1
Wholesale	3.6	7.3	9.1	6.1	9.4
Retail	5.7	7.5	17.0	24.9	45.7
OTHER	62.3	62.6	52.1	47.3	26.5
Commodity dealers	5.2	1.2	3.4	4.2	2.0
Sales finance companies	7.4	15.8	9.3	7.5	2.4
Transportation, communication, and other public utilities	1.2	.2	2.1	1.1	.8
Construction	18.0	9.8	12.3	13.5	5.5
Real estate	20.1	7.0	10.2	5.0	1.4
Services	3.7	5.8	8.5	9.5	8.0
Other nonfinancial	6.7	22.8	6.3	6.5	6.4
ALL BUSINESSES	100.0	100.0	100.0	100.0	100.0

Short- and Intermediate-Term Loans

About three-fourths of the aggregate loan values outstanding on October 5, 1955, were to be repaid within a year; nationally, two-thirds of the loans had short maturities. The largest bank class granted nearly one-half the total amount of loans, although in number, they represented only about 15 percent of the total. Intermediate-sized banks — those with $10,000,000 to $100,000,000 in deposits — made nearly 50 percent of the number of loans, the dollar value of which was about 30 percent of the District total.

At the largest banks, the business group borrowing the largest amount of short-term credit was real-estate firms. This category included loans secured by liens on real estate but excluded loans which are merely collateralized by real-estate mortgages or kindred liens. Thus, most short-term real-estate loans represent temporary credits — frequently negotiated by repurchase agreement — to mortgage companies, insurance companies, and others who may be the permanent lenders. In 1955, this type of transaction was concentrated at the largest banks, as the volume at all other banks did not equal the short-term real-estate loans of the institutions having deposits of more than $250,000,000. At the largest banks, furthermore, petroleum loans and construction loans, with 18.3 percent and 18.0 percent, respectively, of the loan volume, closely followed real estate in the order of importance. However, the largest average loan at these banks was made to sales finance companies.

SHORT-TERM BUSINESS LOANS OF MEMBER BANKS, OCTOBER 5, 1955
BY SIZE OF BANK

Eleventh Federal Reserve District

Size of bank (Total deposits, in millions of dollars)	Amount of loans	Percentage of total	Number of loans	Percentage of total
250 and over	$ 685,212,980	48.8	11,204	15.1
100–250	173,260,030	12.4	4,038	5.4
10–100	417,523,450	29.7	36,802	49.6
2–10	115,652,190	8.3	17,917	24.2
Under 2	11,848,950	.8	4,257	5.7
TOTAL	$1,403,397,600	100.0	74,218	100.0

INTERMEDIATE-TERM BUSINESS LOANS OF MEMBER BANKS
OCTOBER 5, 1955, BY SIZE OF BANK

Eleventh Federal Reserve District

Size of bank (Total deposits, in millions of dollars)	Amount of loans	Percentage of total	Number of loans	Percentage of total
250 and over	$326,987,050	59.8	6,679	24.7
100–250	70,042,780	12.8	2,054	7.6
10–100	121,473,250	22.2	12,305	45.5
2–10	26,261,620	4.8	4,966	18.4
Under 2	2,330,480	.4	1,020	3.8
TOTAL	$547,095,180	100.0	27,024	100.0

INTERMEDIATE-TERM BUSINESS LOANS OF MEMBER BANKS OCTOBER 5, 1955, BY BUSINESS OF BORROWER AND SIZE OF BANK

Eleventh Federal Reserve District

(Estimates of outstanding loans. Amounts in thousands of dollars)

Business of borrower	Size of bank (Total deposits, in millions of dollars)				
	250 and over	100–250	10–100	2–10	Under 2
MANUFACTURING AND MINING	175,875	33,874	44,105	4,667	448
Food, liquor, and tobacco	5,087	2,421	2,233	363	60
Textiles, apparel, and leather	1,589	12	1,209	100	0
Metals and metal products	13,931	929	4,202	808	190
Petroleum, coal, chemicals, and rubber	146,702	29,851	30,607	2,403	178
Other	8,566	661	5,854	993	20
TRADE	17,349	8,158	21,494	9,915	911
Wholesale	3,654	2,356	4,194	1,920	45
Retail	13,695	5,802	17,300	7,995	866
OTHER	133,763	28,011	55,874	11,680	971
Commodity dealers	695	0	2,543	139	0
Sales finance companies	1,895	2,521	1,416	665	0
Transportation, communication, and other public utilities	36,679	3,789	4,525	480	19
Construction	13,998	306	7,195	1,734	95
Real estate	27,154	5,471	12,819	1,643	23
Services	33,018	3,428	19,556	5,457	714
Other nonfinancial	20,324	12,496	7,820	1,562	120
ALL BUSINESSES	326,987	70,043	121,473	26,262	2,330
	Percentage distribution within bank size group				
MANUFACTURING AND MINING	53.8	48.3	36.3	17.9	19.2
Food, liquor, and tobacco	1.5	3.5	1.8	1.4	2.6
Textiles, apparel, and leather	.5	.0	1.0	.4	.0
Metals and metal products	4.3	1.3	3.5	3.1	8.2
Petroleum, coal, chemicals, and rubber	44.9	42.6	25.2	9.2	7.6
Other	2.6	.9	4.8	3.8	.8
TRADE	5.3	11.7	17.7	37.7	39.1
Wholesale	1.1	3.4	3.5	7.3	1.9
Retail	4.2	8.3	14.2	30.4	37.2
OTHER	40.9	40.0	46.0	44.4	41.7
Commodity dealers	.2	.0	2.1	.5	.0
Sales finance companies	.6	3.6	1.2	2.5	.0
Transportation, communication, and other public utilities	11.2	5.4	3.7	1.8	.8
Construction	4.3	.4	5.9	6.6	4.1
Real estate	8.3	7.8	10.6	6.3	1.0
Services	10.1	4.9	16.1	20.8	30.6
Other nonfinancial	6.2	17.9	6.4	5.9	5.2
ALL BUSINESSES	100.0	100.0	100.0	100.0	100.0

For intermediate-term loans — those with maturities beyond 1 year — the largest banks again had the heaviest concentration, as they extended almost 60 percent of the $547,095,000 of intermediate-term business loans. This was a larger share of the total than was recorded for their short-term credits. With deposits between $100,000,000 and $250,-000,000, the next largest bank size class also had a larger proportion of intermediate-term loans than short-term loans, but for each of the three classes of banks with deposits below $100,000,000, the survey estimates indicate a smaller share of intermediate-term loans than short-term credits. Characteristic of all banks in the Nation also, the larger banks occupy the dominant position in this region in granting intermediate-term loans, many of which require specialized staffs and resources to negotiate.

Petroleum and related industries borrowed $146,702,000, or 45 percent, of all intermediate-term credit at the largest banks. At the next largest class of bank, longer-dated petroleum loans also led the various categories of intermediate-term borrowers; of the total volume of loans to the petroleum industry, more than 70 percent was for a period of longer than 1 year. Public utilities borrowing at longer term amounted to about four times their short-term borrowing. In both instances, the national data showed a broadly comparable situation.

In the Eleventh District, service firms had 57 percent of their borrowing in the form of intermediate-term loans; however, nationwide, these borrowers had a smaller percentage of intermediate-term loans. The reason for the high percentage of intermediate-term borrowing by service firms is to be found in the fact that the volume of business handled by these firms has expanded rapidly in the postwar period; since such firms are predominantly small and do not have normal access to national capital markets, they have obtained from commercial banks not only the funds for working capital purposes but also, in many instances, the funds to cover their rapidly expanding capital requirements. In the latter case, the borrowing has taken the form of term loans with maturities in excess of 1 year and with the principal repayable in periodic instalments.

True also for the Nation, the largest firms in the District tended to obtain their intermediate-term loans from the largest banks. For example, firms with assets of $5,000,000 and over had an estimated 85 percent of their loans with the largest bank class; this proportion was 95 percent for banks holding deposits of $100,000,000 and over. Furthermore, at the largest institutions, less than 25 percent of all intermediate-term business borrowing came from firms whose total resources were below $1,000,000. As the banks decreased in size, the percentage of loans going to these smaller firms increased rapidly. This trend is exemplified by the situation at the smallest banks, where no borrower had assets above $5,000,000 and the overwhelming majority of loans — 87.3 percent — went to firms whose total assets were below $250,000.

For all banks, the largest volume of borrowing originated from the $1,000,000-$5,000,000 class, the firms immediately above and below forming the next largest users of intermediate-term credit and the least volume coming from the smallest class and the two largest classes of borrowers. To the extent that this relationship accurately represents the District economy, such evidence is indicative of the wide participation of various sized firms in the pool of credit managed by member banks in the Eleventh District.

INTERMEDIATE-TERM BUSINESS LOANS OF MEMBER BANKS OCTOBER 5, 1955, BY SIZE OF BUSINESS AND SIZE OF BANK

Eleventh Federal Reserve District

(Estimates of outstanding loans. Amounts in thousands of dollars)

Size of business (In thousands of dollars)	Size of bank (Total deposits, in millions of dollars)					
	250 and over	100–250	10–100	2–10	Under 2	Total
100,000 and over	29,820	4,502	1,321	202	0	35,845
25,000–100,000	19,799	2,619	1,212	0	0	23,630
5,000–25,000	91,659	8,941	5,851	0	0	106,451
1,000–5,000	106,364	20,058	22,144	534	150	149,250
250–1,000	50,479	16,099	35,559	2,919	145	105,200
50–250	23,312	12,086	42,989	14,080	1,009	93,476
Under 50	5,554	5,738	12,398	8,527	1,026	33,243
TOTAL	326,987	70,043	121,474	26,262	2,330	547,095
	Percentage distribution within bank size group					
100,000 and over	9.1	6.4	1.1	0.8	0.0	6.6
25,000–100,000	6.1	3.7	1.0	.0	.0	4.3
5,000–25,000	28.1	12.8	4.8	.0	.0	19.4
1,000–5,000	32.5	28.6	18.2	2.0	6.5	27.3
250–1,000	15.4	23.0	29.3	11.1	6.2	19.2
50–250	7.1	17.3	35.4	53.6	43.3	17.1
Under 50	1.7	8.2	10.2	32.5	44.0	6.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

Interest Rates

The historic relationship between high-level economic activity and a rising structure of interest rates was observed once again during the prosperous postwar decade, as the heavy capital requirements associated with full production and economic growth outdistanced the more slowly rising supply of loanable funds. On October 5, 1955, the rate of interest on all business loans at District member banks averaged 4.7 percent, compared with a national average of 4.2 percent. In both the District and the Nation, these rates stood above their 1946 levels, reflecting the substantially larger business loan volume, but the increase was greater in the Nation than in the District. In the 9-year interval between surveys, however, the gap was narrowed; the average rate nationally rose 1.3 percentage points, while the average loan rate in the District increased from 3.7 percent to 4.7 percent, or only 1 percentage point.

Higher interest rates charged in the Eleventh District reflect many different factors. Virtually all of them are related to the characteristics of the region and its rapid economic development. Traditionally, the region has had a dynamic economy, and its growth and development have required more capital than could be provided from local savings. Hence, through the years, the Southwest has been a large importer of capital; and, under the persistent conditions of a strong demand for and scarcity of capital, the price of money has remained higher than in sections of the country which have long been exporters of capital. Another reason closely associated with the foregoing is the smaller average size of borrower in the region than in the Nation; the evidence in the survey tends to confirm the traditional relationship between the size of borrower or size of loan and the average interest rate. The availability of alternative methods of finance, including access to national capital markets, is another relevant factor.

Perhaps of greater significance to the District, however, than the gap between rates here and in the country as a whole is the reduction of this differential during the 9 years, which, in a broad sense, is evidence of the economic progress in this region. In the postwar period, the rapid growth of income has permitted a substantial increase in the volume of savings and the availability of local capital, which helped to limit the difference between average interest rates in the District and the Nation. Again, the banks in the region have grown in size and greatly augmented their capital funds, making it possible to accommodate more adequately the increasing credit demands of business institutions. At the same time, the vitality of the region and the growing stature of its business concerns, together with expanding opportunities for investment, have attracted a large volume of investment funds from other areas at favorable rates of interest. Moreover, a large segment of business firms has grown in size and financial soundness and, hence, has become better credit risks. For that reason, many of these firms have been able to obtain interest rates locally which are competitive with those in national markets.

While the level of rates changes in reaction to the supply of and demand for loanable funds (which themselves are determined by forces emanating from the level of saving, the productivity of capital, the availability of bank reserves, the size of national income — to mention some of the more prominent), changes within the pattern of rates are almost continuously taking place. Thus, industries having rapid growth rates and showing almost uniformly excellent earnings are likely to be more favored than those whose future is less promising, although the stability of the industry in question powerfully qualifies the outcome. Moreover, the level of rates may be affected by the development of techniques of credit investigation and of lending on a basis to facilitate repayment, both of which may reduce greatly the risk of lending. Within many industries, moreover, some firms may be improving their credit rating, while others may have passed their prime.

As further evidence of the importance of changes within the pattern, from 1946 to 1955, borrowers with assets of more than $5,000,000 showed a much larger increase in the average cost of loans than did concerns with below $50,000, whose average cost of credit in 1955, in fact, was unchanged from the 1946 level. The larger firms, whose borrowing costs are tied closely to changes in the prime rate, were affected more noticeably in this respect by the rising pattern of interest rates than were the very smallest. In the case of the latter group, loan rates tended to be sticky and only slowly responsive to changes in the interest rate structure.

Commodity dealers paid the lowest average rate of interest on loans, 3.9 percent, and service firms, paying 5.5 percent, ranked at the top. Loans to enterprises specializing in commodity dealings are typically secured by title to physical goods, which reduces the risk and helps to minimize their interest charge. Service firms, on the other hand, are characterized by small units, and their average loan is the smallest among the borrowers surveyed. Retailers paid an average rate of 5 percent, which happened to be the representative rate on both intermediate- and short-term loans. At a cost below the average for all borrowers, petroleum and related industries paid an average of 4.4 percent on all loans, with short-term rates fractionally above the charge for loans of longer than 1 year. In general, all categories of manufacturing and mining companies were charged less than the average rate on loans; trade and other borrowers tended to pay more,

AVERAGE INTEREST RATES ON
MEMBER BANK BUSINESS LOANS, OCTOBER 5, 1955
BY MATURITY OF LOAN AND BUSINESS OF BORROWER

Eleventh Federal Reserve District

(Percent per annum)

Business of borrower	All loans	Short-term loans (1 year or less)	Intermediate-term loans (Over 1 year)
MANUFACTURING AND MINING...	4.5	4.5	4.4
Food, liquor, and tobacco........	4.4	4.2	4.8
Textiles, apparel, and leather.....	4.6	4.5	4.9
Metals and metal products.......	4.5	4.4	4.9
Petroleum, coal, chemicals, and rubber.....................	4.4	4.5	4.4
Other........................	4.7	4.7	4.6
TRADE........................	4.9	4.9	5.0
Wholesale....................	4.7	4.7	4.8
Retail........................	5.0	5.0	5.0
OTHER........................	4.7	4.7	4.9
Commodity dealers.............	3.9	3.8	4.9
Sales finance companies.........	4.1	4.1	4.8
Transportation, communication, and other public utilities.......	4.1	4.4	4.0
Construction....................	5.1	5.0	5.5
Real estate....................	4.8	4.8	4.4
Service firms....................	5.5	5.1	5.8
Other nonfinancial..............	4.4	4.4	4.5
ALL BUSINESSES.................	4.7	4.7	4.6

AVERAGE INTEREST RATES ON
MEMBER BANK BUSINESS LOANS, OCTOBER 5, 1955
BY MATURITY OF LOAN AND SIZE OF BUSINESS

Eleventh Federal Reserve District

(Percent per annum)

Size of business (In thousands of dollars)	All loans	Short-term loans (1 year or less)	Intermediate-term loans (Over 1 year)
100,000 and over	3.4	3.4	3.4
25,000–100,000	4.0	4.2	3.8
5,000–25,000	4.2	4.3	4.1
1,000–5,000	4.5	4.4	4.8
250–1,000	4.7	4.8	4.6
50–250	5.2	5.2	5.3
Under 50	5.6	5.4	6.3
ALL BUSINESSES	4.7	4.7	4.6

although these latter classifications include the relatively low interest-paying commodity dealers and public utilities.

The table showing average interest rates by maturity of loan and size of business, which cuts across business classifications, is indicative of the relationship between the size of firm and the average rate of interest. These data illustrate a pattern for intermediate-term and short-term loans which pervades virtually all businesses. As the gross assets of borrowers rose, the average interest charge tended to decline. Two important reasons why interest rates generally increase as the size of the firm declines are that the cost per dollar of servicing smaller loans is considerably greater than is true for larger transactions; and the risk ordinarily involved in smaller loans is greater and is usually compensated for by higher interest charges. With respect to the latter point, however, the rate is also affected by the type of security, which helps to determine the degree of risk and influences the cost of borrowing.

For borrowers using funds longer than a year, there was a somewhat larger spread between the highest and lowest rate than was true for short-term borrowings. This wider gap probably resulted, in a large measure, from the risks involved in lending funds at longer term to smaller enterprises and the fact that many of the longer-term loans to the smaller borrower represent instalment loans, which usually carry a higher average rate.

Summary

Portraying the characteristics of member bank lending to business in this District, the survey yields information helpful to those interested in understanding selected southwestern financial developments. Among the borrowers, the firms showing the most rapid increase in their borrowing between the survey dates were those principally engaged in real-estate and construction activities. Moreover, the size of the typical borrowing firm rose, although the largest dollar amount of indebtedness in both years came from firms whose total assets were between $250,000 and $5,000,000.

Petroleum and related industries were the largest borrowers, while retail trade, followed by service firms, led the categories in the number of borrowers. The largest sized banks held more than one-half the dollar volume of business loans, and banks having deposits between $10,000,000 and $100,000,000 had almost 50 percent of the number of loans. Banks with the largest deposits had a greater proportion of intermediate-term loans than short-term loans.

The average rate of interest on all business loans in the District was 4.7 percent, and the District average was closer to the national average in 1955 than in 1946. Commodity dealers paid the lowest average rates, with public utilities second. Firms in the service industry paid the highest average rate, followed by construction firms and retailers, in that order. There was a tendency for the interest rate to rise as the size of the borrower decreased, and this was generally true for both intermediate-term and short-term loans.

Not only did the survey illustrate what had already been evident — that the southwest economy expanded vigorously between 1946 and 1955 — but also that the growth was widely distributed. The latter development, in particular, should help to strengthen and fortify the regional economy. In a broad sense, however, most of the major changes in southwestern bank loans to business paralleled trends which occurred throughout the Nation, indicating that forces affecting banks throughout the country were also felt in the Eleventh District.

REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS

DISTRICT SUMMARY

Department store sales in the Eleventh District during May were 17 percent above April and 10 percent above May 1955. There was an increase of 5 percent in sales for the first 5 months of 1956 compared with the same months last year. Sales at furniture stores in May were 16 percent higher than in April and 8 percent above May 1955.

Rain is needed throughout most of the District to maintain development of crops. The 1956 winter wheat crop in the District states is estimated, as of June 1, at 82,811,000 bushels, or 11 percent above the month-earlier forecast. Cash receipts from farm marketings during the first quarter of 1956 totaled $582,839,000, or 9 percent below the same period in 1955.

Crude oil production in the District declined slightly in the first half of June, while refinery activity showed a small increase. However, with increased allowables in Texas, production may rise somewhat in July. Crude stocks in the Nation also declined slightly in early June, while stocks of the four major refined products showed a mild increase.

Nonagricultural employment in the District states during May continued its seasonal upswing, increasing 11,900 from April to reach 4,051,300. Manufacturing employment increased 4,500 to a level of 754,500, with important gains reported in the aircraft, shipbuilding, machinery, and food-processing industries. Construction employment showed a sizable increase, as workers idled by labor-management disputes returned to their jobs.

The value of construction contracts awarded in the District during May, at a record high, reflected gains of 17 percent from April and 28 percent from May 1955. Residential awards declined 7 percent from April, but this decrease was more than offset by a 38-percent increase in "all other" awards.

Weekly reporting banks in the District utilized funds from loan and investment liquidation to meet deposit withdrawals and build up cash accounts during the 5 weeks ended June 20; their deposits declined $22,408,000. Daily average gross demand deposits at all member banks declined in May, but time deposits rose above the April average. Bank debits during the month, however, rose in 22 of the District's 24 reporting centers.

TRADE

Consumer buying at department stores in the District was well sustained in May, with the dollar sales of reporting stores 17 percent higher in April and 10 percent larger than in May 1955. These increases were partially accounted for by two more trading days than in April and one more than in May last year. Although total sales increased substantially from April to May, the adjusted index of sales (which makes allowances for the effects of seasonal factors and the number of business days) was 145 percent of the 1947-49 average, compared with 144 in April and 136 in May last year.

Cumulative sales for the first 5 months of 1956 were 5 percent above a year earlier compared with a corresponding increase of 3 percent at the end of April and a peak of 8 percent at the end of the first quarter.

The largest increases in department store sales during May were primarily in the soft goods departments. Sales of women's and misses' ready-to-wear apparel were 13 percent higher than a year ago, and sales of women's accessories were up 10 percent. Men's and boys' clothing sales, increasing more than is usual during May, were 8 percent higher than a year earlier.

Sales in the consumer durable goods departments, after dropping below those of a year earlier during March and April, rose 15 percent during May and at the month end were 6 percent above those of May 1955. Sales of major household appliances rose 46 percent over the comparatively low level of April and were 15 percent more than in May a year ago. Domestic floor coverings sales decreased substantially during the month and were under the year-earlier level

RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS[1]	
	May 1956 from		5 mo. 1956 comp. with 5 mo. 1955	May 1956 from	
	May 1955	April 1956		May 1955	April 1956
DEPARTMENT STORES					
Total Eleventh District	10	17	5	9	—4
Corpus Christi	15	23	6	16	6
Dallas	7	14	2	5	—5
El Paso	10	8	4	3	—5
Fort Worth	14	19	6	19	—6
Houston	15	20	7	13	0
San Antonio	4	23	—1	0	—5
Shreveport, La.	8	13	5	6	—7
Waco	12	26	9	13	—5
Other cities	11	10	7	12	—7
FURNITURE STORES					
Total Eleventh District	8	15	3	3	1
Amarillo	—9	—30	—	15	9
Austin	8	30	—1	18	2
Dallas	—16	11	—19	—4	—3
Houston	18	19	14	—1	2
Lubbock	31	18	—	17	2
San Antonio	4	18	—6	9	—1
Shreveport, La.	13	14	12	11	4
Wichita Falls	—10	1	—	—	—
Other cities	10	6	14	—12	—4
HOUSEHOLD APPLIANCE STORES					
Total Eleventh District	—4	20	—	—	—
Dallas	—13	3	—	—	—

[1] Stocks at end of month.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

	UNADJUSTED				ADJUSTED[1]			
Area	May 1956	Apr. 1956	Mar. 1956	May 1955	May 1956	Apr. 1956	Mar. 1956	May 1955
SALES—Daily average								
Eleventh District	143	132	134	135r	145	144	144	136r
Dallas	128	122	123	125	130	137	130	126
Houston	164	147	144	149	168	160	155	152
STOCKS—End of month								
Eleventh District	155p	162	162	142r	154p	154	156	141r

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

WINTER WHEAT PRODUCTION

Four Southwestern States and United States

(In thousands of bushels)

Area	1956 Indicated June 1	1955	Average 1945-54
Arizona	1,218	1,218	598
New Mexico	840	1,500	2,612
Oklahoma	58,203	23,784	77,872
Texas	22,550	13,464	50,246
Total	82,811	39,966	131,328
United States	670,375	705,372	872,635

SOURCE: United States Department of Agriculture.

by 16 percent. The dollar volume of television sales during May was at the lowest point since February 1954.

Sales of all types at reporting District department stores increased from April to May — cash sales by 18 percent, charge account sales by 19 percent, and instalment sales by 17 percent. Compared with May last year, cash sales were up 8 percent; regular charge sales, up 10 percent; and instalment sales, up 12 percent.

Instalment accounts outstanding at department stores again showed little change during May. Compared with a year ago, however, month-end balances were up 11 percent. The instalment collection ratio in May, at 14 percent, was 1 percentage point above both April and a year ago. Charge accounts outstanding increased 2 percent during May and at the end of the month were 6 percent above a year earlier. Collections during the month amounted to 47 percent of first-of-month balances, or 5 percentage points above the April collection ratio and 1 percentage point above a year ago.

Department store inventories during May declined seasonally by 4 percent and at the end of the month were 9 percent higher than a year earlier. The May adjusted stock index was 154 percent of the 1947-49 average, compared with an average of 156 for the first 4 months of this year and 141 for May 1955. Although orders outstanding increased 27 percent during the month, the total outstanding at the end of May was 2 percent below a year ago.

Sales of reporting furniture stores during May showed a sharp gain of 15 percent over those in April and were 8 percent larger than those in May 1955. This is the largest year-to-year gain reported since November last year. Inventories at the end of the month were 1 percent more than in April and were up 3 percent from the year-earlier figure. Accounts receivable at the close of May were 9 percent above those of a year ago, while collections increased 15 percent.

Registration of new car sales during May in Dallas, Fort Worth, Houston, and San Antonio was down 21 percent from a year earlier but was up 10 percent from April. New car sales for the four cities for the first 5 months of 1956 were 16 percent below the comparable period of 1955.

AGRICULTURE

Following rather general rains over the major portion of the District during late May and early June, precipitation has been limited to local areas, and crops and pastures are suffering from lack of moisture. The major portion of the Trans-Pecos area of Texas, parts of the southern High Plains, and adjacent Low Rolling Plains and Plateau counties received only negligible rainfall, and moisture conditions are extremely poor. Early June rains improved agricultural prospects in many drought-stricken sections of eastern New Mexico and northwestern and southern parts of Texas, but more precipitation is needed. Some crops were damaged by hail and washing rains during mid-June in a few counties in the Panhandle and southern High Plains of Texas; downpours measured up to 5 inches in local areas. In the eastern third of the District, crops are at a critical stage of growth, and soaking rains are needed to maintain development.

Considerable acreage of sorghums has been seeded in the northwestern portion of the District; however, soils are too dry for planting in some areas. Feed crops in eastern and central Texas are suffering from lack of moisture, and some corn which failed to make grain in south-central counties has been cut for silage or forage. Harvest of wheat is virtually complete throughout the District, and yields are higher than anticipated.

The indicated production of 1956-crop winter wheat in the four principal wheat-producing states of the District is placed, as of June 1, at 82,811,000 bushels, according to the United States Department of Agriculture. A crop this size would be twice the small output in 1955 but 37 percent below the 10-year (1945-54) average. The June 1 forecast of winter wheat in the District states is 11 percent larger than the previous estimate, while the indicated production for the Nation — at 670,375,000 bushels — is 2 percent smaller than the May 1 estimate.

The first bale of 1956-crop cotton was ginned in the Lower Valley of Texas on June 8 — the same date the first bale was ginned in 1955. Planting and cultivation are active throughout the District. The crop made good growth during most of

LIVESTOCK RECEIPTS

(Number)

	FORT WORTH MARKET			SAN ANTONIO MARKET		
Class	May 1956	May 1955	April 1956	May 1956	May 1955	April 1956
Cattle	70,743	101,246	52,063	29,720	34,833	36,520
Calves	13,418	21,508	10,146	11,415	17,902	14,630
Hogs	53,508	48,377	57,785	3,958	3,588	3,946
Sheep	183,596	229,849	131,748	[1]28,276	[1]40,240	[1]26,072

[1] Includes goats.

the past month, but inadequate moisture has recently slowed development. Prospects remain promising in north Texas, the Lower Valley, Coastal Bend, and irrigated areas in the western part of the District. However, late cotton is developing slowly in south Texas.

Field work is active in most commercial vegetable areas. Cantaloupes are moving in volume from the Laredo and Winter Garden areas of Texas, and the crop is developing satisfactorily in later areas. Most watermelons are being shipped from irrigated areas in south Texas; melons from later plantings in dry-land areas are becoming available. Sweet corn is being shipped from south-central Texas, and the crop is nearing maturity in east Texas.

The output of 1956-crop spring vegetables and melons is estimated, as of June 1, to be 19 percent larger than a year earlier and 23 percent above average. Increased production of cantaloupes, honeydew melons, early and late-spring onions, early spring tomatoes, late-spring potatoes, and watermelons is offsetting the smaller crops of sweet corn, peppers, summer potatoes, and late-spring tomatoes.

The condition of the Texas orange and grapefruit crop as of June 1 was considerably above both a year ago and the 10-year average. Trees are in good condition, and the set of the fruit is exceptionally good. In early June, the use of water from Falcon Reservoir was restricted to nonagricultural purposes, and a lack of irrigation water could reduce the present favorable outlook.

Range and pasture forage made good progress in the High Plains area as a result of improved moisture conditions, and supplemental feeding is tapering off. Pastures in the other portions of the District are in need of additional moisture to promote growth.

Ranges in New Mexico, Oklahoma, and Texas were in poorer condition as of June 1 than at the same time a year earlier, while those in Arizona were somewhat better, according to the Department of Agriculture. Generally, cattle and sheep are also in poorer condition than a year earlier, although they have been maintained in fairly good condition with almost continuous supplemental feeding.

Shipments of cattle and calves to principal livestock markets in Texas during May were 29 percent smaller than during the same month last year. Marketings of sheep and lambs were 22 percent smaller, but hog receipts were 11 percent greater than in May 1955.

CASH RECEIPTS FROM FARM MARKETINGS

Five Southwestern States

(In thousands of dollars)

Area	March 1956	March 1955	January—March 1956	January—March 1955
Arizona	$ 19,816	$ 18,844	$ 77,570	$ 98,302
Louisiana	16,976	19,130	66,696	64,974
New Mexico	6,745	7,133	27,632	28,752
Oklahoma	23,599	28,337	83,096	94,699
Texas	79,609	87,359	327,845	353,439
Total	$146,745	$160,803	$582,839	$640,166

SOURCE: United States Department of Agriculture.

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended June 20, 1956	Comparable week, previous month	Comparable week, previous year
COTTON, Middling 15/16-inch, Dallas	lb.	$ .3545	$ .3545	$ .3345
WHEAT, No. 1 hard, Fort Worth	bu.	2.37½	2.53½	2.64½
OATS, No. 2 white, Fort Worth	bu.	.90	.91¾	1.00
CORN, No. 2 yellow, Fort Worth	bu.	1.90¾	1.85¾	1.84½
SORGHUMS, No. 2 yellow, Fort Worth	cwt.	2.44	2.47	2.55
HOGS, Choice, Fort Worth	cwt.	16.50	16.50	21.50
SLAUGHTER STEERS, Choice, Fort Worth	cwt.	21.50	21.00	23.50
SLAUGHTER CALVES, Choice, Fort Worth	cwt.	20.50	22.00	21.50
STOCKER STEERS, Choice, Fort Worth	cwt.	18.50	19.00	23.00
SLAUGHTER SPRING LAMBS, Choice, Fort Worth	cwt.	22.50	23.00	22.50
BROILERS, south Texas	lb.	.22	.24	.28

The index of prices received by Texas farmers and ranchers increased 2 points (less than 1 percent) during the month ended May 15, according to the Department of Agriculture. At mid-May the index was 252 percent of the 1910-14 average, compared with 250 a month earlier and 260 at the same time a year ago.

Cash receipts from farm marketings in the District states totaled $582,839,000 during the first quarter of 1956, reflecting a decline of 9 percent from the January-March period in 1955. Receipts from crops were 14 percent below those of a year earlier, and livestock receipts were 4 percent less.

FINANCE

During the 5 weeks ended June 20, weekly reporting member banks in the District utilized funds from loan and investment liquidation, supplemented with proceeds from additional borrowings, to meet deposit withdrawals and build up cash accounts. Gross loans were reduced $13,842,000; this decline featured a reduction of $9,775,000 in commercial, industrial, and agricultural loans and a $7,090,000 decrease in real-estate loans. Loans to banks declined $1,685,000. Loans to finance securities transactions rose $4,240,000, however, and the residual category "all other loans" increased $468,000.

Investment liquidation during the period was concentrated in Treasury bills and notes, as these investments declined $12,120,000 and $16,860,000, respectively. Holdings of non-Government securities were reduced $2,991,000, and Government bonds declined $415,000. Reporting banks added $2,050,000 to their holdings of Treasury certificates of indebtedness.

Deposit withdrawals amounted to $22,408,000 during the 5-week period, representing a $35,585,000 decline in demand deposit balances and a $13,177,000 increase in time accounts. Individuals and businesses increased their holdings of both demand and time balances, but in the demand deposit category, the increase was more than offset by the withdrawals of other depositors — principally governments.

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	June 20, 1956	June 22, 1955	May 16, 1956
ASSETS			
Commercial, industrial, and agricultural loans	$1,530,161	$1,447,337	$1,539,936
Commercial and industrial loans[1]	1,501,479	—	1,512,306
Agricultural loans[1]	28,682	—	27,630
Loans to brokers and dealers in securities	23,112	20,435	21,733
Other loans for purchasing or carrying securities	131,404	120,629	128,543
Real-estate loans	202,757	192,213	209,847
Loans to banks	12,165	14,030	13,850
All other loans	580,272	493,599	579,804
Gross loans	2,479,871	2,288,243	2,493,713
Less reserves and unallocated charge-offs	32,242	23,352	31,243
Net loans	2,447,629	2,264,891	2,462,470
U. S. Treasury bills	24,817	75,452	36,937
U. S. Treasury certificates of indebtedness	40,825	29,989	38,775
U. S. Treasury notes	226,971	282,025	243,831
U. S. Government bonds (inc. gtd. obligations)	809,517	844,450	809,932
Other securities	237,185	247,001	240,176
Total investments	1,339,315	1,478,917	1,369,651
Cash items in process of collection	402,698	360,378	429,081
Balances with banks in the United States	489,840	447,982	433,705
Balances with banks in foreign countries	1,601	1,556	1,823
Currency and coin	46,369	46,289	44,317
Reserves with Federal Reserve Bank	541,684	567,504	535,710
Other assets	131,269	119,095	133,970
TOTAL ASSETS	5,400,405	5,286,612	5,410,727
LIABILITIES AND CAPITAL			
Demand deposits			
Individuals, partnerships, and corporations	2,824,982	2,835,309	2,775,569
United States Government	97,571	84,039	114,916
States and political subdivisions	162,753	179,878	197,581
Banks in the United States	843,979	854,184	844,924
Banks in foreign countries	15,192	18,679	16,923
Certified and officers' checks, etc.	59,121	66,131	89,270
Total demand deposits	4,003,598	4,038,220	4,039,183
Time deposits			
Individuals, partnerships, and corporations	723,455	658,968	712,559
United States Government	12,146	12,462	12,229
Postal savings	452	451	452
States and political subdivisions	136,396	122,184	135,632
Banks in the U. S. and foreign countries	2,405	1,785	805
Total time deposits	874,854	795,850	861,677
Total deposits	4,878,452	4,834,070	4,900,860
Bills payable, rediscounts, etc.	53,700	29,900	35,500
All other liabilities	49,411	44,005	56,455
Total capital accounts	418,842	378,637	417,912
TOTAL LIABILITIES AND CAPITAL	5,400,405	5,286,612	5,410,727

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

Daily average gross demand deposits at member banks in the District declined $240,360,000 to a level of $7,132,519,000 in May. About three-fifths of the decline occurred at reserve city banks. Daily average time deposits, however, rose $7,065,000 above the April level, as a small decline at reserve city banks was more than offset by an increase at country banks. Average gross demand deposits in May were $108,749,000 below May 1955, while average time deposits exceeded the year-earlier level by $136,881,000.

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
May 1954	$6,752,376	$1,073,865	$3,263,439	$599,299	$3,488,937	$474,566
May 1955	7,241,268	1,226,177	3,541,867	704,826	3,699,401	521,351
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
April 1956	7,372,879	1,355,993	3,603,370	766,864	3,769,509	589,129
May 1956	7,132,519	1,363,058	3,454,927	766,439	3,677,592	596,619

CHANGES IN FACTORS AFFECTING MEMBER BANK RESERVE BALANCES

Eleventh Federal Reserve District

(In thousands of dollars)

		CHANGE[1] 5 weeks ended June 20, 1956	CHANGE[1] Dec. 28, 1955— June 20, 1956
FACTORS			
Federal Reserve credit—local		—$ 7,706	+$ 22,387
Interdistrict commercial and financial transactions		— 60,561	— 655,795
Treasury operations		+ 92,379	+ 572,493
Currency transactions		— 9,963	+ 50,784
Other deposits at Federal Reserve Bank		+ 17	— 40
Other Federal Reserve accounts		+ 115	+ 6,905
RESERVE BALANCES		+$14,281	—$ 3,266
June 20, 1956	$943,794		
May 16, 1956	$929,513		

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

Member banks in the District gained $14,281,000 of reserves during the 5 weeks ended June 20, bringing reserve balances to a total of $943,794,000. The largest reserve contribution during the period stemmed from Treasury operations, which added $92,379,000, while the most important reserve drain resulted from a $60,561,000 excess of payments over receipts in connection with interdistrict commercial and financial transactions. Currency transactions and a contraction of local Federal Reserve credit absorbed smaller amounts of reserve funds. Since the end of 1955, Treasury operations have added $572,493,000 to reserve balances, while settlement for interdistrict commercial and financial transactions has absorbed $655,795,000.

Member bank reserve balances averaged $984,053,000 in May, representing a decline of $22,148,000 from the previous month. Reserve city banks and country banks shared about equally in the decline. Required reserves declined by a smaller amount, causing a $12,654,000 reduction in excess reserves to $49,765,000. Reflecting a tightening of reserve pressures

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	May 30, 1956	May 25, 1955	April 25, 1956
ASSETS			
Loans and discounts	$3,935	$3,558	$3,915
United States Government obligations	2,276	2,502	2,298
Other securities	575	548	573
Reserves with Federal Reserve Bank	909	968	971
Cash in vault[e]	92	127	119
Balances with banks in the United States	858	960	1,009
Balances with banks in foreign countries[e]	2	2	2
Cash items in process of collection	327	376	442
Other assets[e]	190	169	198
TOTAL ASSETS[e]	9,164	9,210	9,527
LIABILITIES AND CAPITAL			
Demand deposits of banks	881	980	1,063
Other demand deposits	6,081	6,275	6,252
Time deposits	1,362	1,223	1,359
Total deposits	8,324	8,478	8,674
Borrowings[e]	54	24	76
Other liabilities[e]	69	57	70
Total capital accounts[e]	717	651	707
TOTAL LIABILITIES AND CAPITAL ACCOUNTS[e]	9,164	9,210	9,527

e—Estimated.

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	May 1956	May 1955	April 1956
RESERVE CITY BANKS			
Reserve balances	$543,549	$ 570,245	$ 554,801
Required reserves	537,489	556,749	545,862
Excess reserves	6,060	13,496	8,939
Borrowings	47,443	6,760	20,272
Free reserves	—41,383	6,736	—11,333
COUNTRY BANKS			
Reserve balances	440,504	443,293	451,400
Required reserves	396,799	387,795	397,920
Excess reserves	43,705	55,498	53,480
Borrowings	5,863	3,064	2,187
Free reserves	37,842	52,434	51,293
MEMBER BANKS			
Reserve balances	984,053	1,013,538	1,006,201
Required reserves	934,288	944,544	943,782
Excess reserves	49,765	68,994	62,419
Borrowings	53,306	9,824	22,459
Free reserves	—3,541	59,170	39,960

during the month, borrowings rose to an average of $53,306,000, which is more than double the April borrowings. As a result of increased borrowings and smaller excess reserve balances, the free reserve position of member banks (excess reserves minus borrowings) moved from a positive level of $39,960,000 in April to a negative level in May, when net borrowed reserves averaged $3,541,000.

Country banks continued to maintain fairly comfortable reserve positions, holding almost 90 percent of the excess reserves while accounting for less than 11 percent of average borrowings. Nevertheless, the free reserve position of these banks showed some decline during the month, with free reserves of $37,842,000 reflecting a decline of $13,451,000 from the April average. The reserve position of reserve city banks was considerably tighter, and net borrowed reserves of $41,383,000 in May represented an increase of $30,050,000 over the previous month.

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

(Amounts in thousands of dollars)

Area	DEBITS[1] May 1956	Percentage change from May 1955	Percentage change from April 1956	DEPOSITS[2] May 31, 1956	Annual rate of turnover May 1956	Annual rate of turnover May 1955	Annual rate of turnover April 1956
ARIZONA							
Tucson	$ 160,735	22	—7	$ 106,580	18.2	16.8	20.0
LOUISIANA							
Monroe	61,948	8	8	46,597	15.7	16.0	14.4
Shreveport	285,299	21	23	192,184	18.2	15.8	15.6
NEW MEXICO							
Roswell	27,252	1	2	26,914	12.1	11.5	12.0
TEXAS							
Abilene	76,546	10	6	55,178	16.4	14.2	15.5
Amarillo	160,255	8	6	108,431	17.3	16.6	16.2
Austin	155,079	9	2	114,227	15.8	14.6	15.1
Beaumont	136,539	6	2	101,622	15.6	15.5	14.8
Corpus Christi	167,507	4	5	103,947	19.1	18.2	18.2
Corsicana	14,659	11	—5	21,343	8.2	7.3	8.4
Dallas	2,126,432	8	5	950,650	26.3	24.0	24.7
El Paso	248,210	15	6	130,985	22.2	20.0	20.9
Fort Worth	654,153	9	2	354,008	21.8	20.0	21.5
Galveston	84,599	9	11	67,248	14.9	13.3	13.3
Houston	2,349,713	20	14	1,190,909	23.4	20.3	20.5
Laredo	24,454	4	1	19,554	14.9	14.9	14.5
Lubbock	120,359	0	2	86,942	16.2	14.6	15.5
Port Arthur	57,695	0	4	42,699	15.7	16.2	15.0
San Angelo	45,310	3	5	44,146	12.2	11.4	11.4
San Antonio	512,409	8	12	338,385	17.9	17.0	15.8
Texarkana[3]	19,870	14	4	16,815	13.9	12.0	13.1
Tyler	75,431	11	6	57,574	15.6	14.0	14.6
Waco	89,926	9	6	64,081	16.6	14.5	15.5
Wichita Falls	103,060	10	3	103,453	11.6	10.7	11.2
Total—24 cities	$7,757,440	12	8	$4,344,472	21.1	19.1	19.4

[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 $42,409,000 for the month of May 1956.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	June 20, 1956	June 22, 1955	May 16, 1956
Total gold certificate reserves	$ 711,449	$ 731,083	$ 701,182
Discounts for member banks	41,270	10,950	36,950
Other discounts and advances	0	2,507	0
U. S. Government securities	933,651	944,461	923,048
Total earning assets	974,921	957,918	959,998
Member bank reserve deposits	943,794	968,483	929,513
Federal Reserve notes in actual circulation	691,331	706,012	681,656

Reflecting System purchases of Treasury bills in late May and early June, this bank's holdings of Government securities rose $10,603,000 between May 16 and June 20. Discounts for member banks increased $4,320,000. As a result of changes in these two asset categories, earning assets rose $14,923,000 to a total of $974,921,000. Gold certificate reserves increased $10,267,000. On June 20, this bank's Federal Reserve notes in actual circulation amounted to $691,331,000, representing an increase of $9,675,000 since May 16.

Bank debits during May rose in 22 of the District's 24 reporting centers, with Shreveport and Houston showing the largest gains. For all 24 cities, bank debits in May exceeded those in April by 8 percent; May debits this year exceeded those in 1955 by 12 percent. The annual rate of deposit turnover was 21.1 in May, compared with 19.4 in April and 19.1 in May 1955.

NEW MEMBER BANKS

The First National Bank of Stafford, Stafford, Texas, a newly organized institution located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, opened for business June 1, 1956, as a member of the Federal Reserve System. The new bank has capital of $100,000, surplus of $100,000, and undivided profits of $50,000. The officers are: J. S. Downs, Chairman of the Board; A. K. Jacobs, President; W. K. Boots Helmcamp, Executive Vice President; and August S. Eder, Cashier.

The Montrose 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 June 2, 1956, as a member of the Federal Reserve System. The new bank has capital of $500,000, surplus of $300,000, and undivided profits of $200,000. The officers are: L. E. Cowling, President and Chairman of the Board; George R. Traylor, Executive Vice President; Joseph N. Mullan, Vice President; M. H. Sorrell, Vice President; Richard M. Cobb, Cashier; and B. E. Sweeton, Jr., Assistant Cashier.

The Nation's oil industry continued to adjust to the changing demand and stock situation stemming from the close of the winter heating season. However, the adjustment has been more prolonged than usual and relatively mild thus far because of recurring cold weather in the northern part of the country. Most of the current adjustments in the industry appear to be tied to the high level of imports, as well as to recent gains in crude runs to refinery stills.

Crude oil production in the District averaged 3,319,000 barrels per day during the first half of June, or 1 percent lower than in the previous month but 8 percent more than in June last year. Production allowables in Texas, having been cut back for 2 months, were increased approximately 71,000 barrels per day for the month of July. It has been customary during the past 2 years to reduce allowables during the summer months. In the Nation, crude production averaged 7,032,000 barrels per day at mid-June, which is unchanged from the May figure but is 6 percent above the average in June 1955.

Supplementing crude production has been a rather sharp increase in imports, which averaged 1,313,000 barrels per day in the 5 weeks ended June 15. This volume is 2 percent higher than in the preceding 5-week period and 13 percent above the comparable average a year earlier.

Crude oil stocks declined slightly during the first half of June and on June 16 totaled 274,075,000 barrels, or 1 percent below the total at the close of May and the level on June 18, 1955. In contrast to declining crude oil production, crude runs to refinery stills in the District during the first half of June, averaging 2,428,000 barrels per day, were up 1 percent from May and 12 percent from June last year. In the Nation, crude runs averaged 7,996,000 barrels per day, which is 2 percent above the previous month and 7 percent above a year ago.

Stocks of the four major refined products increased 2 percent from the end of May and on June 15 totaled 327,595,000 barrels. However, this total is 1 percent below the level on June 17, 1955.

The demand for the four major products decreased substantially during the 5 weeks ended June 15, with sharp declines in kerosene and distillate and residual fuel oil demand and a small increase in gasoline demand. Compared with a year earlier, only residual fuel oil demand was lower.

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

				Change from	
Area	May 1956[1]	May 1955[2]	April 1956[1]	May 1955	April 1956
ELEVENTH DISTRICT	3,342.3	3,174.2	3,398.8	168.1	—56.5
Texas	2,977.2	2,836.8	3,029.8	140.4	—52.6
Gulf Coast	608.2	609.5	612.5	—1.3	—4.3
West Texas	1,233.3	1,112.9	1,253.2	120.4	—19.9
East Texas (proper)	209.8	215.3	214.7	—5.5	—4.9
Panhandle	94.2	90.0	95.0	4.2	—.8
Rest of State	831.7	809.1	854.4	22.6	—22.7
Southeastern New Mexico	241.2	217.2	248.1	24.0	—6.9
Northern Louisiana	123.9	120.2	120.9	3.7	3.0
OUTSIDE ELEVENTH DISTRICT	3,714.4	3,502.7	3,744.6	211.7	—30.2
UNITED STATES	7,056.7	6,676.9	7,143.4	379.8	—86.7

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

Nonagricultural employment in the five states lying wholly or partly within the District continued its seasonal upswing during May to reach a level of 4,051,300, which is 11,900 more than in April and 125,900 above the level of May 1955. Manufacturing employment renewed its upward climb to account for the largest month-to-month gain. The May total of 754,500 workers reflected an increase of 4,000 from the previous month. Manufacturing employment continued to be stimulated by Government orders for aircraft, the building of offshore drilling barges, and the manufacture of oil well machinery. Settlement of a dispute in the chemical industry and seasonal increases in food-processing activity added to the manufacturing employment gain.

Construction accounted for 3,300 of the month-to-month gain in nonmanufacturing employment. Settlement of labor-management disputes in the gulf coast area returned some construction workers to their jobs during May. Another dispute in the construction industry was reported in the San Antonio area during early May, but workers idled by this dispute returned to their jobs by May 15. Additional construction workers in the gulf coast area are reported to have returned to their jobs since the middle of June.

Unemployment continued to decline in May, as increased job openings more than offset additions to the labor force. In Texas, the only District state for which data are available, unemployment declined from 108,700 in April to 108,100 in May.

The value of construction contracts awarded in the District during May totaled $215,511,000, a record high. This amount reflects gains of 17 percent from April and 28 percent from May 1955. Nonresidential construction awards, with increases of 38 percent from April and 60 percent from a year earlier, more than offset the downward movement of residential awards, which declined 7 percent from April and 4 percent from a year earlier.

NONAGRICULTURAL EMPLOYMENT

Five Southwestern States[1]

	Number of persons			Percent change May 1956 from	
Type of employment	May 1956e	May 1955r	April 1956r	May 1955	April 1956
Total nonagricultural wage and salary workers	4,051,300	3,925,400	4,039,400	3.2	0.3
Manufacturing	754,500	725,100	750,500	4.1	.5
Nonmanufacturing	3,296,800	3,200,300	3,288,900	3.0	.2
Mining	251,900	243,900	251,600	3.3	.1
Construction	281,600	276,700	278,300	1.8	1.2
Transportation and public utilities	394,900	387,400	394,900	1.9	.0
Trade	1,033,500	1,008,100	1,029,700	2.5	.4
Finance	171,800	164,000	171,000	4.8	.5
Service	473,800	461,000	473,000	2.8	.2
Government	689,300	659,200	690,400	4.6	—.2

[1] Arizona, Louisiana, New Mexico, Oklahoma, and Texas.
e—Estimated.
r—Revised.
SOURCES: State employment agencies.
Federal Reserve Bank of Dallas.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	May 1956	May 1955	April 1956	January—May 1956	January—May 1955
ELEVENTH DISTRICT...	$ 215,511	$ 168,169	$ 183,657	$ 949,471	$ 732,682
Residential........	80,229	83,665	85,824	411,098	350,927
All other..........	135,282	84,504	97,833	538,373	381,755
UNITED STATES[1].....	2,479,775	2,185,065	2,421,497	11,001,144	9,708,562
Residential........	1,129,262	1,011,310	1,144,160	4,872,450	4,486,626
All other..........	1,350,513	1,173,755	1,277,337	6,128,694	5,221,936

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

In the Nation the value of construction contract awards continued an upward seasonal trend to show a 2-percent gain over April and a year-to-year increase of 14 percent. Although residential awards declined 1 percent from the previous month, they set a record for May and were 12 percent above the level of a year ago. "All other" awards increased 6 percent over the preceding month and were 15 percent above the level in May 1955.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	April 1956[1]	April 1955	March 1956[2]	August—April This season	August—April Last season
CONSUMPTION					
Total					
Texas mills...........	12,122	10,447	14,281	110,662	102,075
U. S. mills............	721,577	695,188	916,396	7,071,573	6,722,182
Daily average					
Texas mills...........	606	522	571	567	523
U. S. mills............	36,079	34,759	36,656	36,264	34,473
STOCKS, U.S.—End of period					
Consuming establishments.	1,585,268	1,811,937	1,730,102	—	—
Public storage and compresses..........	14,681,596	11,223,126	15,462,034	—	—

[1] Four weeks ended April 28.
[2] Five weeks ended March 31.
SOURCE: United States Bureau of the Census.

Cumulative construction awards during the first 5 months of 1956 were 30 percent higher than in the corresponding period of last year in the District and 13 percent higher in the Nation. "All other" awards continued to lead the gains, with increases of 41 percent in the District and 17 percent in the Nation. Cumulative residential awards showed a year-to-year gain of 17 percent in the District, compared with an increase of only 9 percent in the Nation.

Expansion of manufacturing facilities in the District has continued at a high rate this year. During the past few weeks, construction was begun on expanded cement production facilities in the Houston area; an aircraft parts manufacturing firm began operation in the Dallas-Fort Worth area; a plant to manufacture home heating and cooling equipment neared completion at Tyler, Texas; and plans were announced for a new $2,000,000 electric-powered sawmill in east Texas.

BUILDING PERMITS

Area	May 1956 Number	May 1956 Valuation	Percentage change in valuation from May 1955	Percentage change in valuation from April 1956	5 months 1956 Number	5 months 1956 Valuation	5 months 1956 Percentage change in valuation from 5 months 1955
ARIZONA							
Tucson........	523	$ 2,292,668	138	132	2,099	$ 8,014,322	60
LOUISIANA							
Shreveport....	467	1,615,468	—19	—32	2,212	11,909,974	—28
TEXAS							
Abilene.......	185	2,004,728	47	33	951	11,791,037	46
Amarillo......	234	1,742,070	—28	—7	1,100	8,773,263	—25
Austin........	245	3,151,600	—26	—43	1,328	22,226,589	21
Beaumont.....	330	817,169	—2	—3	1,462	5,810,043	39
Corpus Christi..	252	1,555,612	—19	5	1,755	9,383,310	—33
Dallas........	2,448	14,993,106	13	39	10,622	72,398,619	—7
El Paso.......	515	2,732,234	2	23	2,075	12,824,813	—20
Fort Worth....	787	5,699,007	36	62	3,501	18,807,289	—25
Galveston.....	113	257,281	—21	—80	487	2,575,461	104
Houston.......	980	11,181,138	—37	—27	4,766	68,100,341	—3
Lubbock.......	278	3,355,736	10	95	1,222	10,667,728	—16
Port Arthur....	180	405,704	12	5	909	2,046,120	—8
San Antonio...	1,785	3,601,328	—8	—30	9,059	30,076,027	18
Waco........	315	1,148,752	33	—51	1,430	7,334,891	15
Wichita Falls..	210	1,138,500	—6	59	687	3,865,300	—31
Total—17 cities..	9,847	$57,692,101	—6	—1	45,665	$306,605,127	—4