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TYLER

Spirited leadership, friendly and progressive citizens, and a diversified economy based on oil, roses, and expanding industry have made Tyler one of the fastest growing cities in Texas. The largest city in northeast Texas, Tyler had a population of over 50,000 in 1955, reflecting a gain of more than 30 percent since 1950. Tyler is an attractive city, old in years but young in the spirit, ideas, and energy of its people. A cooperative approach to industrialization has been uniquely successful; in fact, the unified attack upon most city problems, both economic and social, has been an important factor in the development of Tyler.

Located midway between Dallas and Shreveport, Tyler is in an admirable position to service the large and growing markets both east and west. Moreover, with good transportation facilities to the south, the markets of the Gulf Coast are also available to Tyler distributors and manufacturers.

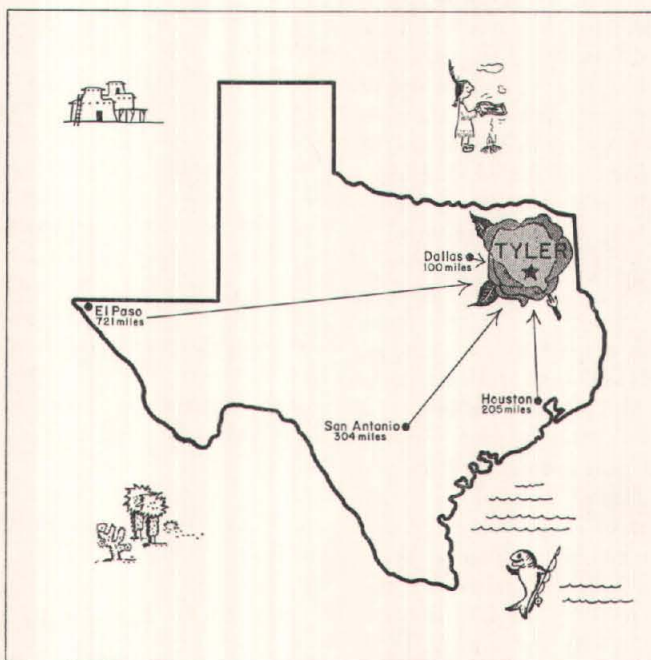
Historical Development

Trade and diversified farming were responsible for the settlement and early development of Tyler, which was incorporated in 1846. Prior to the Civil War, a mail route linked Tyler with the interior of Texas and the eastern part of the country, and the nearby Sabine River supplemented the overland transportation of agricultural produce from the area. Although two railroads bypassed Tyler in the years immediately following the Civil War, connecting rail lines were obtained during the 1870's. Agriculture continued to be a dominant force in the development of the city until around 1930. During the early part of this century, the East Texas Timbered Plains surrounding Tyler produced a large share of the timber and almost one-fifth of the cotton grown in the State.

While these agricultural products have declined in importance, the rose industry has become a basic factor in the Tyler economy. After a slow beginning 75 years ago, Tyler roses received national attention with the city's first Rose Festival in 1933. Since then, the festival has grown in attendance, and the rose and nursery business has become the largest source of agricultural income to the Tyler area.

Oil became a primary force in the Tyler economy with the discovery of the great East Texas Field in 1930. Tyler became the headquarters for many oil field operators, and the demand for oil well equipment furnished the initial impetus to the city's industrial growth. Steel and ordnance developments in northeast Texas were stimulated by World War II, and the post-war construction boom provided a basis for the growth of Tyler's important soil pipe, plumbing supply, and home equipment industries.

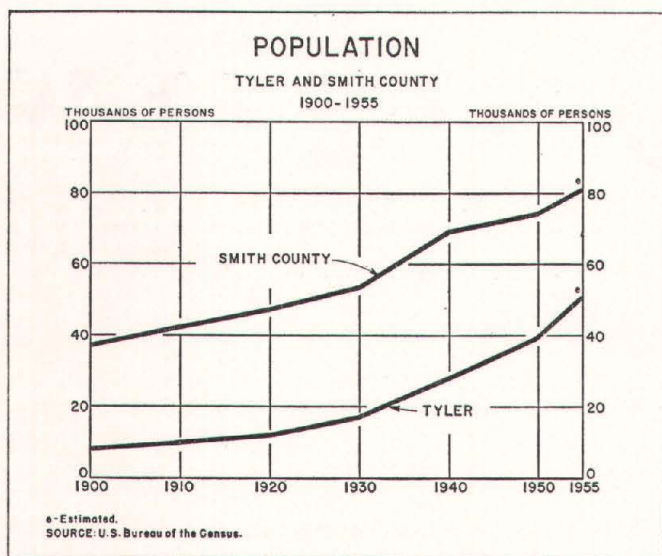
The population of Tyler tripled from 1930 to 1955, compared with a gain of 48 percent for the State. Much of this increase occurred during the oil development period of the 1930's, although the city's population moved up sharply from 1950 to 1956. Currently, Tyler accounts for over one-half of the population in Smith County.



Resources

Minerals

Oil and gas are the greatest natural resources of the Tyler area. The proved oil reserves of the county area are estimated at approximately 25,000,000 barrels; and the reserves in the northeast Texas area (Texas Railroad Commission District



6) are estimated to be about 2,500,000,000 barrels, or one-sixth of the total reserves in the State. Gas reserves in District 6 are estimated to be nearly 13,000 billion cubic feet, or more than a 20-year supply at current levels of production; and new discoveries can be expected to increase the level of known gas reserves in the area.

Other natural resources include large reserves of brick clay, lignite, and iron ore deposits. Iron ore reserves in a 15-county area around Tyler are estimated to exceed 180,000,000 long tons. Ceramics and brick factories make use of the clay resources, and the iron ore deposits within the general area have been developed by mills to the northeast of Tyler. Lignite reserves have not been developed, but continued technological advances in the use of lignite to generate electricity make this a potentially valuable resource.

Water

Tyler is fortunately situated with respect to an adequate basic water supply. Annual precipitation of over 40 inches is above the average for the State, and Tyler lies between two rivers which have large water flows, the Neches and the Sabine. These rivers have had little past development in this area because of the high rainfall. However, bond authority to plan a dam on the Neches River to supply an estimated 196,000 acre-feet of water per year has been voted by three northeast Texas towns. Tyler has been authorized by the State Legislature to join in this project but has not yet decided to participate. In addition to city water supplies, a large quantity of cool water suitable for industrial uses is available from shallow sands in the area.

The water system of Tyler has been adequate to meet the growing demands of the city and is to be expanded to meet future demands. The city provides soft water of low mineral content, drawn from wells and from reservoirs having a total capacity in excess of 43,000 acre-feet. The city water system has a pumping capacity of 22,000,000 gallons per day and a potential yield of approximately 29,000,000 gallons from existing sources. Bonds have been voted for an additional

reservoir which would provide 20,000,000 gallons per day. Actual consumption from the Tyler water system, at 14,337,742 gallons per day during July 1956, is well below available capacity. However, consumption at a rate in excess of 25,000,000 gallons per day during hourly peak periods in the summer of 1956 shows the wisdom of plans under way to expand the capacity of the system.

Human Resources

The supply of labor generally has been adequate to meet the growing needs of Tyler. A good supply of unskilled labor is available from the rural areas, and the increasing city population has provided an expanding supply of generally better-educated employees. The city's colleges have been an important factor in attracting and developing the human resources of Tyler. Local manufacturers have provided an increasing number of workers skilled in industrial activity, such as iron foundry work, metal fabrication, petroleum production and oil field services, and ceramics manufacture. Immigration and highway transportation available for commuting make areas outside Smith County potential sources of labor for Tyler. In the nearby towns, there are skilled workers who produce heavy machinery, oil tools, chemicals, and plumbing fixtures.

Cultural and Recreational Facilities

Among the assets of Tyler are its cultural and recreational facilities. In addition to 15 public schools, its educational facilities include: Tyler Junior College, which has a school of nursing and a coeducational enrollment of above 2,000; two smaller colleges for Negro students; two commercial colleges; and a parochial school. Since 1949, more than \$5,500,000 has been spent for the construction of school facilities. Many churches also have been built in recent years, and there are now 65 churches, representing 15 major denominations. Other cultural assets include a large public library, a symphony orchestra, a local theater group, and numerous civic clubs and associations.

Tyler State Park, several city-owned parks, six lakes in the immediate city area, and golf courses are among the recreational facilities available. Each year, the East Texas State Fair and the Texas Rose Festival attract tourists and trade to the city. In 1955, an estimated 150,000 persons attended the Rose Festival.

Basic Factors in the Tyler Economy

Throughout the development of Tyler, probably the outstanding factor has been the city's ability to shift its income base to take advantage of each successive wave of economic progress. Starting with a diversified agricultural foundation, Tyler moved to the development of oil and then to the growth of manufacturing industries. Nevertheless, there has been a thread of continuity, with each of the basic sources of income sometimes being the dominant factor and at other times a subordinate factor. Today, the structure of the Tyler economy is based upon three major elements — the manufacturing industries, the rose industry, and the oil industry.

Industrial Attractions

The dominant characteristic of the Tyler economy in recent years has been the rapid growth of industrialization, and the city has become one of the important pockets of manufacturing activity in the State. This development has been based primarily upon the industrial advantages of the area, although the city has been quite active in promoting industrial growth.

Tyler is endowed with advantages in nearly all of the major factors influencing industrial location. In the surrounding area, Tyler has a primary market—characterized by its diversity and growth—which is a major attraction to market-oriented industries. The abundance of labor in the Tyler area can be readily trained for nearly any semiskilled job. The transportation and utilities services are adequate to handle most industries, and the water supply is considered adequate for nearly all types of industrial development. In addition, industrial sites are available on railroad spurs and with ready access to highway transportation, with some concentration evident in the nearby Camp Fannin site, now named Owentown. Industrial development has occurred in nearly all directions from the center of the city, and additional land areas are available.

These basic industrial location advantages, coupled with a moderate tax rate and a high quality of local government services to industry, have been influential in attracting new firms to the area. Industrial agents for railroads and utilities, as well as a regional and local chamber of commerce, have developed industrial contacts for the area with considerable success. However, beyond these attractions is an important intangible advantage in the recreational and cultural facilities and the general attractiveness of the city itself. The wide, tree-shaded streets, the well-kept appearance of homes and surroundings, and the modern commercial facilities all contribute to the beauty of the city.

These advantages and efforts to attract new industry are not peculiar to the Tyler area and, by themselves, are insufficient to explain the rapid industrial development in Tyler. Many other towns throughout the State have industrial advantages comparable to, or perhaps even exceeding, those in Tyler; yet, industrialization in these towns has not been as rapid as in Tyler. The factors which have pushed Tyler ahead are its strong leadership and the progressive outlook of its citizens. The cooperation of the people of Tyler in backing moves toward further industrialization, as well as their adaptability in shifting their outlook to take advantage of newer types of income-producing industries, is a major factor in the attraction of industry to this area.

Reflecting this attitude toward new industry is a developmental organization called the Tyler Industrial Foundation. The foundation, established in 1946, was an outgrowth of the organized efforts of bankers and businessmen to meet the challenge of postwar problems, particularly the declining Government expenditures occasioned by the closing of Camp Fannin and Pounds Air Force Base. The foundation started with a capitalization of \$100,000; with public subscription

providing strong financial support, capitalization quickly grew to \$300,000 and has now been authorized to \$400,000. Undoubtedly, the tax-exempt status of the foundation has been important to its drive for public subscriptions. The foundation operates through a board of directors, with the manager of the local chamber of commerce handling the detail work. There is no formally organized staff, and all individuals working for the foundation do so without pay.

It has been the feeling of most people connected with the foundation that its work should be confined to aiding an industry which has already selected the Southwest as a possible point for a new plant to narrow its selection to the Tyler area. For this reason, the foundation does very little advertising and makes no attempt to solicit industrial prospects. When the foundation learns that a firm is interested in locating a plant in the general southwestern region, the board carefully investigates the history of the company, its financial resources, and its management. If the foundation board is satisfied on these points and believes that the Tyler area has sufficient advantages to warrant the location of such an industry in this area, steps are taken to point out and emphasize the advantages—from the standpoint of both raw materials and markets—which would accrue to the industry from a Tyler location.

Upon occasion, the foundation has constructed and leased the plant to the new industry with a purchase option. The industrial site and buildings are leased for a stated period of years, with lease payments made to cover amortization and interest on the investment. If the tenant uses its option to purchase the facilities, previous lease payments are credited on the purchase price, except an amount equal to the interest on the property. The foundation has accumulated—through cash subscription, revenues, and borrowing—an investment of approximately \$1,500,000 in industrial sites and manufacturing buildings. Currently, six manufacturing firms are located in foundation buildings; and another firm, exercising the purchase option, bought its property from the foundation.

This lease-purchase arrangement undoubtedly has been effective in attracting manufacturing firms to the Tyler area. Its importance lies largely in the freedom given the new manufacturer, enabling him to have an established plant without absorbing a large portion of his working capital. Sometimes, the foundation board has been asked to go further and provide cash, tax rebates, or other special inducements to new industries. The board has been opposed to such provisions and has insisted that the original lease-purchase arrangement be the only special inducement to new industry. It is the board's feeling that the basic economic advantages of the Tyler location, plus the lease-purchase facility (when needed), should be sufficient for a stable, dependable concern. The board is not interested in the attraction of firms which would expect to take advantage of the Tyler location and special inducements and then leave in a short period.

The basic objective of the foundation is to attract industries which will provide employment and payrolls and contribute to the further development of the Tyler economy. In the 10-year period, the foundation has succeeded in attract-

ing eight new firms to Tyler through its lease-purchase arrangement. Seven of these firms continue in operation and provide employment to nearly 1,000 workers. In addition, the foundation has been important in attracting other industries which did not wish to use the lease-purchase arrangement.

The foundation's primary role has been as a collective instrument through which the people of Tyler lend their support to industrial development and through which the city's leadership influences and directs the efforts of the entire city in this work. The combination of strong leadership and the support of an adaptable, progressive citizenry has been and continues to be the strongest asset of Tyler.

Growth and Development

The growth and development of manufacturing in the Tyler area is measurable by the number of manufacturing establishments, the employees of those establishments, and the value added by the manufacturing process. The Census of Manufactures reports a gain of 12 manufacturing establishments in the Tyler metropolitan area between 1947 and 1954 for a total of 102. In the same period, the number of employees increased 1,467 to total 3,926, and value added rose 107 percent, reflecting a 1954 level of \$24,208,000. Since 1954, a number of large manufacturers have located in the area, including two whose potential employment total exceeds 2,000 workers. By mid-1956, manufacturing employment in the Tyler area was estimated to total nearly 5,000 workers.

A recent survey of major manufacturers in Tyler and its immediate environs reflects a doubling of the sales of these manufacturers between 1950 and 1955 and a substantial gain in employment. The growth of manufacturing in the Tyler area has been most significant since 1950, although its original impetus came from the development of oil, supplemented by the growth of a few industries during World War II. The recent industrial growth appears to be accelerating, as the development of a few industries has attracted others and the rewarded efforts of the foundation and the Tyler citizens in backing industrial work have stimulated further efforts. The fact that two of the potentially largest industries in the city, which are branches or divisions of national corporations, have located in Tyler within the past 2 years is evidence of the growing importance of the Tyler area as a center of industrialization.

Perhaps reflecting not only the work of the Industrial Foundation but also the growth and development of existing industries, approximately three-fourths of the manufacturing employees in the Tyler area work for manufacturers who hire 50 or more employees. This concentration in the larger manufacturing establishments indicates the size of the firms which have been attracted to the Tyler area and the development which is possible under the favorable locational and environmental advantages of Tyler.

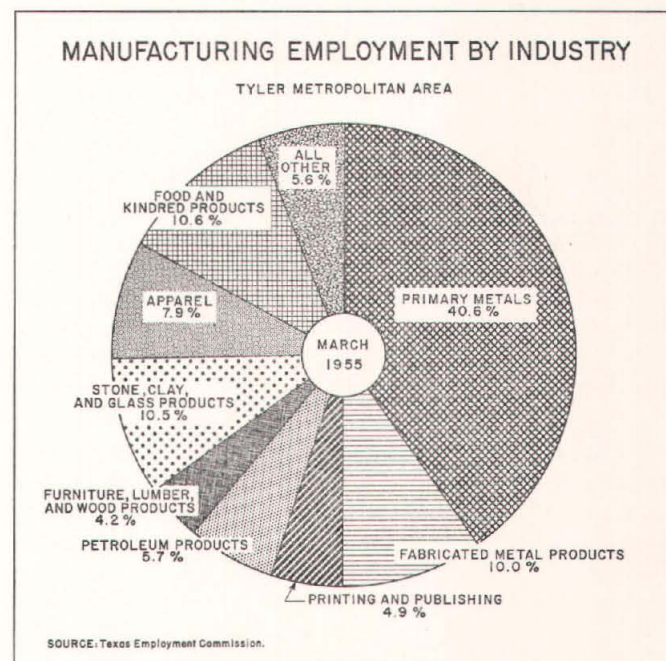
Nearly three-fourths of the manufacturers in Tyler sell their products beyond the local area, with many of the larger firms selling beyond the State's boundaries — and more than

half of these, in a national or international market. A major portion of the basic raw materials and supplies is obtained within the State by approximately one-half of the larger manufacturers — including food processors, furniture manufacturers, refineries, and metal fabricators.

Manufacturing industries in and near Tyler reflect considerable diversification in products but specialization in relation to the type of industry. Primary metal and metal products firms account for over 50 percent of the manufacturing employment of the area; food-processing plants and stone, clay, and glass companies each provide approximately 10 percent. The specialization in metals and fabricated metal products reflects the existence of two major pipe and foundry companies, which manufacture cast-iron soil pipe and plumbing items. In addition, major producers of heating and cooling equipment, crushers, grinders, and cooking equipment are prominent in the area. In fact, manufacturing firms within a radius of 30 miles of Tyler, including those in the city, produce every plumbing, heating, and air-conditioning item used in the home except copper and steel pipe. Poultry and egg processors, dairies, bakeries, bottling works, and candy manufacturers are important segments of the food-processing industry in Tyler.

Stone, clay, and glass products (particularly asbestos, pipe insulation, concrete products, and battery containers) and apparel and other finished textile products (including work clothes, sportswear, and canvas products) also rank high in the industrial output of the city. With a major manufacturer of prefabricated homes recently locating in the area near Tyler and with the existing furniture, mattress, and box spring manufacturers, another major segment of industrial production is likely to become increasingly important.

Total manufacturing accounts for over 15 percent of employment in Tyler and is estimated to provide a monthly pay-



roll of approximately \$1,200,000. In terms of personal income to individuals living in the Tyler area, over \$15,500,000 accrued during 1955 from manufacturing activities, or more than double the amount in 1948. Manufacturing accounted for 12 percent of total income in Tyler, second only to trade and services as a basic income source.

Manufacturing activity is also important to Tyler because of the secondary and corollary activities which it supports and stimulates. Not only have the Tyler residents and commuting workers obtained jobs with steady incomes, but the city has obtained major new tax sources and the transportation agencies have received new business from this area. Furthermore, the development of manufacturing has improved the structure of the Tyler economy, lessening the reliance previously placed upon agriculture and oil. In fact, the growth of industrialization has had an important impact upon nearly every phase of economic activity in the Tyler area.

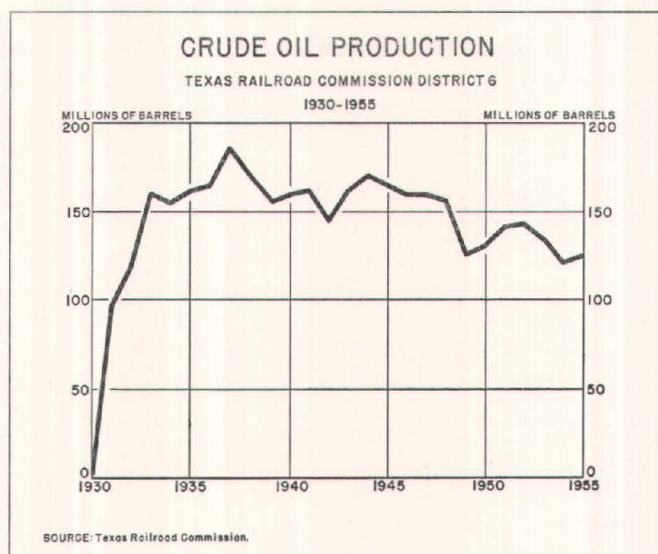
Oil

A second important source of income and a basic factor in Tyler's development has been the oil activities in Smith County and the surrounding counties. The discovery of the east Texas oil field brought with it a demand for services, both manufacturing and nonmanufacturing types, which was satisfied, in some measure, by developments in Tyler. However, of greater importance to Tyler's economic development has been the location of the offices and central headquarters of a number of oil operators, as well as the location of an oil refinery adjacent to the city. Although Tyler is not within the actual producing area, a large number of the city's residents own lands or leases on producing properties which provide rents and royalties.

The importance of the regional offices and headquarters of independent and major oil producers in the Tyler area can scarcely be overestimated. Some of the most modern office buildings in the city are devoted largely to servicing these companies, and the trade from their employees is of considerable benefit to the area.

The East Texas Field, extending to Gregg, Cherokee, Rusk, Upshur, and Smith Counties, has accounted for 17 percent of all the oil produced in Texas, although its production has declined fairly steadily since the late 1930's. Total output in District 6 in 1955 was about 65 percent of its 1937 peak, and production in Smith County was less than 15 percent of the 1937 level. In contrast, the production of natural gas in District 6 has expanded more than four times its pre-World War II level and in 1955 was more than 10 percent of total Texas production.

Fortunately for Tyler, all of the income derived from services and oil production is not geared solely to developments in the East Texas Field. For example, some of the drilling companies located in Tyler are directing activities on an international basis. Independent oil operators, while maintaining their primary offices in Tyler, have moved into such areas as Syria, Saudi Arabia, Canada, and Venezuela. Consequently, income from oil has not declined as rapidly as pro-



duction in the East Texas Field. The various facets of the oil industry undoubtedly will continue to be important to Tyler.

Roses

Another major support in the Tyler economy is the rose and nursery business, which has grown rapidly since World War II. Farm sales of roses and other horticultural specialties in Smith County increased from around \$1,000,000 at the end of the war to over \$2,500,000 in 1954, or from 15 percent to 40 percent of total farm sales in the county. It is estimated that 60 percent of the garden rose bushes produced in the Nation are raised in northeast Texas, and most of these are grown within 50 miles of Tyler. In Smith County and nearby areas, there are approximately 350 nurserymen with estimated total nursery sales of more than \$7,000,000.

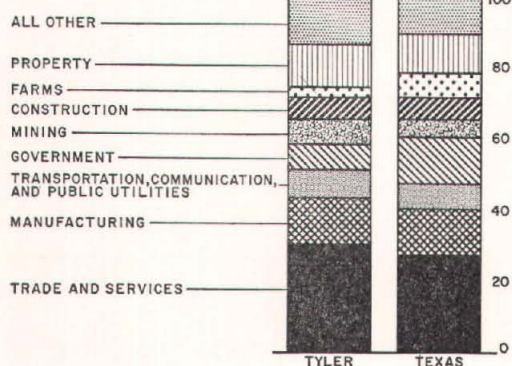
About 600 carloads of rose bushes are shipped from Tyler each year to all parts of the Nation and overseas. Most of these bushes are sold to wholesale distributors, but a significant number are processed locally and sold at retail or directly to retail outlets. Local packaging of rose bushes for long-distance shipment has been a recent development, with special processing plants being constructed in the Tyler area. These plants are another contribution of the industry to the income of Tyler citizens. A potentially important development is the increasing shipment of rose blooms by air express.

The quality of Tyler roses is advanced by the Rose Research Foundation, an organization sponsored by local nurseries to make studies of rose culture, pathology, and marketing. The Rose Festival has promoted the commercial aspect of the industry, which, in turn, has promoted Tyler and its other products and services.

Other Sources of Income

Although the manufacturing, oil, and rose industries represent a major segment of the Tyler economy, its structure is characterized by considerable diversity. Trade and services, government, transportation, and construction contribute

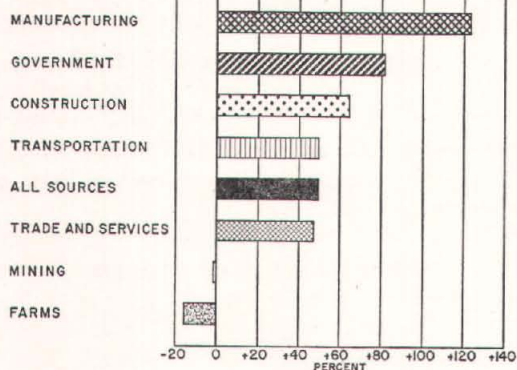
DISTRIBUTION OF PERSONAL INCOME

TYLER METROPOLITAN AREA AND TEXAS
1955

a large share of the personal income of the residents of the metropolitan area. The proportions of income from these and other major industrial groups correspond generally with those in the State, indicating the breadth of the Tyler economy. The principal differences between Tyler and the State in the broad outlines of their economies are the greater relative importance of oil and gas and transportation in Tyler and the smaller importance of government and agriculture.

Total personal income in the Tyler metropolitan area (Smith County) increased nearly 50 percent between 1948 and 1955. With the exception of agriculture and petroleum production, all the major income sources have shown increases in the postwar period, although manufacturing income has achieved the largest gain. Of the \$123,700,000 total personal income received by residents of the metropolitan area in 1955, trade and services—including large wholesale and service firms in the oil and rose industries—accounted for the greatest share, about 30 percent.

PERCENT CHANGE IN PERSONAL INCOME, BY MAJOR SOURCE

TYLER METROPOLITAN AREA
1948-1955

Trade and Services

Personal income from trade and services in the Tyler area totaled \$37,300,000 in 1955, or 47 percent more than in 1948. Retail trade at food, automotive, and hardware and appliance stores and the wholesale trades were among the major sources of this income.

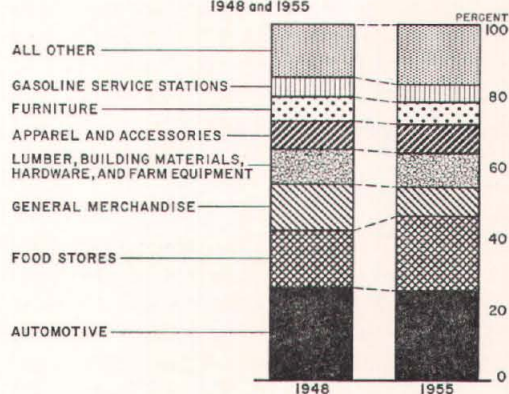
Retail sales in Tyler during 1955, estimated at \$86,500,000, showed a gain of 57 percent over the 1948 level, or somewhat above the rate of increase estimated for the State. Further gains during 1956 are expected by most Tyler merchants. In 1955, sales at automotive stores accounted for the largest share of retail sales in Tyler, closely followed by sales at food stores. The trend toward larger, more expensive cars and multiple car ownership and the growth in suburban shopping centers having modern food outlets which contain a wide range of merchandise largely account for the strength and rapid growth in sales at these two types of establishments since 1948.

The retailers in Tyler serve a wide area. Department stores, clothing stores, and merchants selling major consumer durables have, in some instances, up to one-quarter of their business with out-of-town customers. Wholesalers in the city serve even a wider area, with some supplying markets in nearly all of northeast Texas.

The service industries have added greatly to the attractiveness and economic development of the city. Tyler has excellent hotels and tourist courts. A \$2,000,000 hotel with 150 rooms, a project initiated by business and civic leaders, was completed in 1954. Another hotel has been completely remodeled at a cost of around \$1,400,000. With these and other accommodations, Tyler is well-equipped to provide for the many businessmen and tourists who visit the city.

The medical services of Tyler are also outstanding and, in part, represent another of the many examples of cooperative financial backing of civic projects by Tyler citizens. There are two major hospitals in the city, the Mother Frances Hos-

DISTRIBUTION OF RETAIL SALES

TYLER
1948 and 1955

pital and Medical Center Hospital. The establishment of the Medical Center Hospital, completed in 1951 at a cost of around \$1,500,000, was initiated by local doctors and business leaders, who organized the East Texas Hospital Foundation to purchase land for the hospital and then backed a bond issue to finance its construction. A 350-bed tuberculosis hospital now being built by the State near Tyler is still another step in the development of the city as a medical center. Over 1,000 persons are engaged in hospital and medical services in the Tyler metropolitan area.

Transportation, Government, and Construction

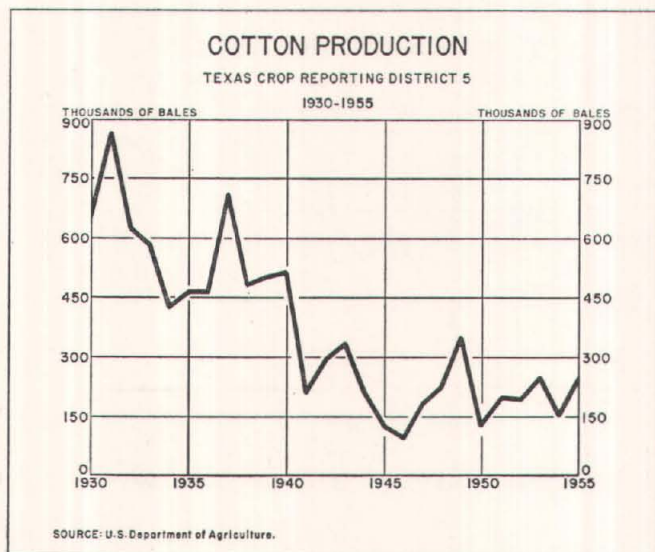
Transportation, communication, and public utilities accounted for 8 percent of personal income in Tyler during 1955. Over three-fourths of the income from this source was derived from the transportation industry alone. Tyler is served by a network of highways and rail lines which radiates from the city to the major interstate routes passing along the edges of the county. A scheduled airline also serves the city. An important source of direct personal income is the main office and shops of the St. Louis Southwestern Railway Company. The "Cotton Belt" offices, which had been located in Tyler once before, returned in early 1955 to a new \$1,500,000 office building.

Government wages and salaries provided a stimulus to the Tyler economy during World War II; with the closing of Camp Fannin and Pounds Air Force Base at the end of the war, the loss of military payrolls caused a sudden decline in Government income in the area. Since then, income from local government activity has expanded with the growth in public educational and medical facilities and other government services. In 1955, total payrolls of local, state, and Federal government units amounted to \$9,000,000, or 7 percent of the personal income of Tyler residents.

Construction activity in Tyler — reflecting and, in part, creating the general economic expansion — reached boom levels after the war. In 1955 the value of building permits in Tyler was nearly triple the 1947 level. Moreover, the major industrial construction projects built outside the city limits are not included in the permit totals. Construction payrolls and net income of unincorporated construction firms during 1955 provided \$7,800,000 in personal income, or 6 percent of the total. Many of the projects, such as the new county courthouse and the commercial construction in both downtown and suburban areas, have enhanced the appearance of the city. Construction activity beyond the immediate area is also of considerable importance to Tyler in providing a market for the products of many local manufacturers.

Agriculture

Production of cotton and lumber, basic agricultural products of northeast Texas during an earlier period, began to decline in the Tyler area around 1930; since then, the importance of agriculture to the city's economy has followed a downward trend. Declines since 1948 in crop production, the land area in farms, and the level of farm prices have reduced net agricultural income in the area by more than 16 percent.



By 1955, farming provided \$4,100,000, or only 3 percent, of the total personal income in Smith County. Horticultural specialties, principally nursery products and flowering plants, now account for the largest share of agricultural income, although livestock has become another major source of farm income within recent years. Other important agricultural products are peaches, pecans, and plums; dairy products; poultry; corn; and vegetables. While direct income from agriculture has declined, agricultural products form the basis of a number of local industries which make substantial contributions to the income of the area. Moreover, the rose industry has become a symbol of Tyler, much more important than just the income it provides.

Organizations and programs to promote agricultural development in the Tyler area are large in number and cover a wide range of activities. Organizations furthering the rose industry, farmers' marketing groups, and the regular county offices of the state and Federal agricultural agencies provide assistance to farmers. In addition, a substation of the Texas Agricultural Experiment Station and a Federal soil conservation demonstration project are located near Tyler. The East Texas Agricultural Council, formed in 1947 by bankers and businessmen of the area, works to coordinate and supplement existing farm programs throughout the east Texas area. Moreover, the Tyler school system has a large agricultural laboratory, sponsored by private donations, for its vocational agriculture program.

Banking

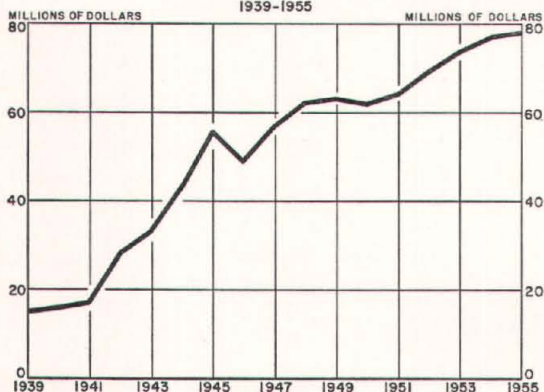
Bankers and banking institutions are of significant importance to Tyler far beyond their usual services. Their willingness to back local projects has been of inestimable value to the city. In addition, personnel of the Tyler banks have been prominent in the leadership of the city, serving on the board of the Industrial Foundation, as well as sponsoring many other cooperative projects.

The growth of banking institutions in Tyler reflects the expansion of the total economy of the city. There are three

BANK DEPOSITS

TYLER

1939-1955



banks and three savings and loan associations in Tyler. Total deposits in the commercial banks increased from about \$14,900,000 in 1939 to over \$56,100,000 in 1945 and to nearly \$78,500,000 by the end of 1955. Total loans more than doubled during the past 10 years to reach \$35,185,000 by the close of 1955. The combined assets of the commercial banks and the savings and loan associations in Tyler totaled \$117,241,000 on December 31, 1955.

The distribution of bank loans by borrower indicates the importance of commerce and manufacturing in Tyler. As of December 31, 1955, commercial and industrial loans accounted for 58 percent of the total, consumer loans represented 23 percent, and real-estate loans accounted for 10 percent.

Summary and Outlook

With its abundant natural and human resources and energetic leadership, Tyler has capitalized on each successive wave of technological and economic development in its area. Benefits from the growth of agriculture and oil production in east Texas were directed toward Tyler through its com-

mercial, banking, and other service facilities. As these sources of income declined, industrial development was encouraged as a replacement. The Tyler Industrial Foundation provided leadership and methods to attract industry, and the community continued to improve its facilities and to develop its basic industrial advantages. As a result, the growth of manufacturing has been the most prominent feature of the Tyler economy in recent years.

There does not appear to be any serious fundamental problem which would limit the future growth of the Tyler economy. A minor (and perhaps temporary) problem is the inadequacy, in some aspects, of intercity passenger transportation. Passenger rail service to the city has been suspended, air service is limited with respect to the frequency and direction of flights from Tyler, and the main highways bypass the city. However, good motor transportation via access highways and adequate highway and railroad freight service make these transportation problems appear relatively unimportant.

There is a prospect of some temporary shortage of highly skilled labor when recently established industries expand their work forces. However, adequate numbers of unskilled and semiskilled workers are available within the immediate area and probably can be trained to handle nearly all jobs through industry educational programs.

In the trades and services, there is some concern about the possibility of overexpansion in particular lines as Tyler grows. There undoubtedly will be periods of temporary overexpansion and miscalculations by some businessmen, but, in the aggregate, necessary adjustments can be made.

Greatly outweighing these minor problems are the resources of Tyler and its well-developed services. The community has been progressive in providing modern educational, medical, and recreational facilities. Hotel and office accommodations, banking, and other business services also have kept pace. These advantages and the more specific industrial attractions of good markets, an intelligent work force, adequate utilities services, satisfactory transportation facilities, good industrial sites, and the strong backing of its leaders and citizens point toward further industrial growth.

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REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Department store sales in the Eleventh District declined 4 percent from June to July, or less than seasonally, and were 3 percent higher than in July

last year. Sales of soft goods items accounted for the largest percentage gains over a year earlier. Furniture store sales during July showed a sharp decline of 11 percent from June and were 5 percent smaller than in July 1955.

Crop and range prospects over most of the District deteriorated during August as a result of high temperatures and lack of moisture. Based on August 1 conditions, production of all major feed crops in the District states in 1956 is indicated to be below output in 1955. Prospects for peanuts, rice, and pecans also are below year-earlier levels; and cotton production is estimated to be 7 percent smaller. Ranges are in poor condition, and livestock marketings are heavy.

Declining demand for petroleum products, stemming from the decrease in gasoline demand, featured the oil industry picture in July and early August. Crude oil production in the District and the Nation was steady but was up sharply from a year ago. Although Texas allowables for September production have been cut, allowables for new wells may rebuild the total to the August level. Refinery crude runs in the District in early August were slightly above the July average.

Nonagricultural employment in the District states during July reflected a month-to-month decline of 8,500 to reach a level of 4,087,000 workers. A seasonal decrease in government employment and work stoppages in manufacturing accounted for most of the decline.

The value of construction contracts awarded in the District during July decreased 4 percent from June and was 28 percent below the year-earlier level. Nonresidential awards rose 8 percent from June to July, but residential awards declined 22 percent.

Influenced by the terms of a Treasury offering of Tax Anticipation certificates in mid-August, assets of weekly reporting member banks in the District rose \$93,789,000 during the 4 weeks ended August 15. This expansion featured a \$63,173,000 increase in investments and a \$26,237,000 increase in loans.



Sales at reporting department stores in this District in July were approximately 3 percent above July last year but were down 4 percent from the preceding month. This

month-to-month decline was less than normal as the index of department store sales (1947-49=100), adjusted for seasonal variation, rose from 143 percent in June to a record high of 152 percent in July, compared with 148 in July 1955. Cumulative sales at department stores in the first 7 months of this year were about 5 percent higher than in the corresponding period last year.

Department store sales during the first half of August showed about the normal increase for this time of year and were approximately 7 percent above the comparable period in 1955.

July sales by departments indicate that, compared with last year, business was much better in soft goods than in home-furnishings. The demand for soft goods was the principal feature of District department store sales during the month and appears to have accounted for the largest percentage gains over a year earlier. Among the soft goods departments, sales of women's and misses' ready-to-wear apparel were 11 percent above a year ago, sales of small wares were up 8 percent, and sales of men's and boys' wear were up 3 percent. Year-to-year declines in sales of the larger home-furnishings departments ranged from 2 percent for furniture and bedding to 5 percent for major household appliances. However, sales of home-furnishings were at unusually high levels in July last year. On the other hand, sales of television sets, after showing year-to-year decreases since September 1955, were up 12 percent over a year ago.

RETAIL TRADE STATISTICS

(Percentage change)

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

¹ Stocks at end of month.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED ¹			
	July 1956	June 1956	May 1956	July 1955	July 1956	June 1956	May 1956	July 1955
SALES—Daily average								
Eleventh District.....	129	130	143	125r	152	143	145	148r
Dallas.....	120	112	128	117	145	131	130	141
Houston.....	150	145	164	139	170	160	168	158
STOCKS—End of month								
Eleventh District.....	149p	144	155	139r	157p	155	154	147r

¹ Adjusted for seasonal variation.

r—Revised.

p—Preliminary.

The relative importance of cash and credit sales at department stores in the District showed no significant change during July as credit sales represented 67 percent of total sales, which is the same as in July last year and is 1 percent more than in June 1956. Compared with July last year, cash sales were up 1 percent; instalment sales, 3 percent; and charge sales, 6 percent.

Instalment accounts outstanding at department stores continued to show little change during July, remaining at about the same level as in the preceding 4 months. Compared with a year ago, month-end balances were up 9 percent. The instalment collection ratio, at 14 percent, was up 1 percent from a year ago but was unchanged from the previous month.

Charge accounts outstanding declined less than seasonally during July, reducing month-end balances 6 percent below June. Compared with a year earlier, however, charge accounts were up 8 percent. Collections during the month amounted to 45 percent of first-of-month balances outstanding, or 2 points above the June collection ratio but 2 points below July a year ago.

Inventories at department stores in this District, which usually increase seasonally in the latter part of July, rose 3 percent during July and at the end of the month were 7 percent greater than at the end of July 1955. Although inventories continue to show record highs, seasonally adjusted monthly totals have shown little change since the first of the year. It appears that some merchants have reduced their inventory buying as orders outstanding at District department stores showed no change during July, a month in which an increase usually occurs. Orders outstanding at the end of the month were 5 percent below a year earlier, compared with a year-to-year increase of 6 percent at the end of the preceding month.

Furniture store sales in this District, after increasing steadily since the first of the year, declined noticeably in July and were down 11 percent from June and 5 percent from the year-earlier level. End-of-month inventories were 2 percent above those held on the same date last year. Accounts receivable remained unchanged from June but were 6 percent higher than a year ago, and collections were 12 percent above those of July 1955.

New car registrations in four large Texas cities — Dallas, Fort Worth, Houston, and San Antonio — amounted to about

73,000 during the first 7 months of 1956, compared with 91,000 in the corresponding period of 1955. Sales of new cars in the four cities during July were down 9 percent from June and 27 percent from a year earlier.



Agricultural prospects over most of the District deteriorated during August, as crops and pastures wilted or were forced to early maturity because of high temperatures and lack of moisture. Scattered thundershowers benefited local areas in many parts of Texas, Oklahoma, and New Mexico, but rains are urgently needed throughout the District.

Feed grain and hay crops continue on the downgrade in most nonirrigated areas. Harvest of corn and grain sorghums is in progress in northern and northeastern parts of Texas, and yields are low. In the Cross Timbers and Low Rolling Plains, many fields will make little grain, and some acreage is being grazed or cut for bundle feed. Dry-land sorghums in the High Plains of Texas and New Mexico are well advanced, but moisture will be needed soon to maintain development. Sorghums in irrigated western areas are making good growth, and yields are promising. Prospects are poor for making late hay in dry-land areas, while irrigated hay is producing good yields.

According to the United States Department of Agriculture, production of corn in the District states is indicated, as of August 1, at 49,164,000 bushels, or 36 percent below output in 1955. Prospective outturn of grain sorghums — estimated at 118,395,000 bushels — is 32 percent below last year's production. The 1956 crops of oats and barley are estimated to be 4 percent and 3 percent, respectively, below a year earlier. Hay output is indicated to be almost a fifth smaller than the tonnage produced in 1955.

Peanut harvest is virtually complete in southern counties of Texas, and yields are low; because of lack of moisture,

CROP PRODUCTION

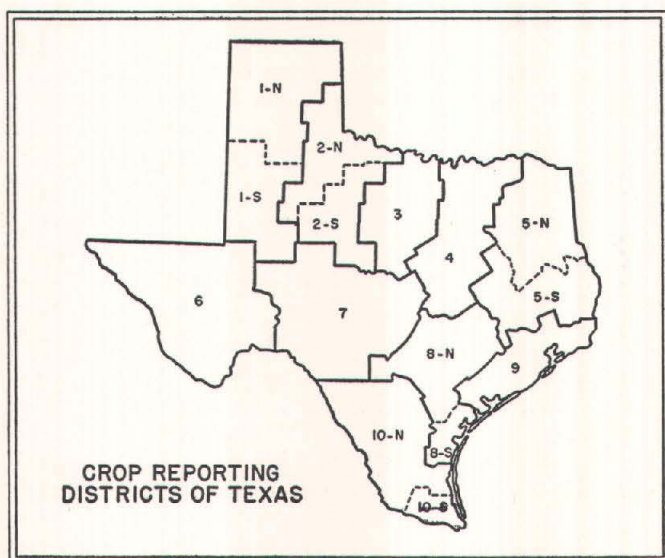
Texas and Five Southwestern States

(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES ¹		
	Estimated August 1, 1956	1955	Average 1945-54	Estimated August 1, 1956	1955	Average 1945-54
Cotton ²	3,600	4,039	3,518	5,675	6,078	5,256
Corn.....	25,528	48,288	44,209	49,164	77,273	78,089
Winter wheat....	28,275	14,326	50,722	95,129	41,204	131,765
Oats.....	21,998	23,590	27,090	38,950	40,518	44,837
Barley.....	2,480	2,072	2,040	16,737	17,181	10,589
Rye.....	184	124	244	910	691	822
Rice ³	11,977	14,880	11,837	23,668	28,030	23,476
Sorghum grain...	96,007	148,309	82,103	118,395	175,296	97,420
Flaxseed.....	95	96	911	147	174	1,293
Hay ⁴	1,541	2,261	1,660	5,086	6,255	4,951
Peanuts ⁵	88,550	239,235	252,600	168,350	374,055	366,517
Irish potatoes ⁶ ..	1,232	1,760	1,474	3,101	3,787	13,382
Sweet potatoes ⁶ ..	660	1,914	1,397	4,815	7,932	16,369
Pecans ⁵	26,800	38,000	30,565	60,930	99,460	65,595

¹ Arizona, Louisiana, New Mexico, Oklahoma, and Texas.² In thousands of bales.³ In thousands of bags containing 100 pounds each.⁴ In thousands of tons.⁵ In thousands of pounds.⁶ In thousands of hundredweight.⁷ Average, 1949-54.

SOURCE: United States Department of Agriculture.



prospects are deteriorating in the Cross Timbers and northern and eastern Texas. The indicated production of peanuts in the District states, as of August 1, is placed at 168,350,000 pounds, or less than half the production in 1955. Rice harvest is under way; a few fields in Texas were lost as a result of shortages of irrigation water. Rice output in the District states is placed at 23,668,000 bags, or about 16 percent less than last year.

Cotton harvest is about complete in the Lower Valley of Texas, and final picking is under way throughout most of the Coastal Bend. Bolls are opening rapidly along the upper coast and in south-central and northern Blacklands counties as a result of hot, dry weather, and harvest of the crop is active. First bales have been reported in many northeastern sections of the District and as far west as the southern High Plains of Texas. Poor growing conditions continue to lower prospects in all nonirrigated late-cotton areas. On the other hand, irrigated cotton in west Texas, New Mexico, and Arizona continues to make satisfactory development, and prospects are good.

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

Crop reporting district	1956 Indicated August 1	1955	1954	1956 as percent of 1955
1-N.....	450	379	512	119
1-S.....	1,150	1,024	1,097	112
2-N.....	210	273	221	77
2-S.....	100	264	179	38
3.....	10	23	21	43
4.....	375	642	447	58
5-N.....	95	145	76	66
5-S.....	75	94	75	80
6.....	315	269	261	117
7.....	10	33	26	30
8-N.....	80	163	142	49
8-S.....	120	69	217	174
9.....	160	238	192	67
10-N.....	55	40	67	138
10-S.....	395	383	407	103
State.....	3,600	4,039	3,940	89

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	July 1956	July 1955	June 1956	July 1956	July 1955	June 1956
Cattle.....	119,734	75,261	99,210	37,728	29,673	32,825
Calves.....	30,351	19,667	19,899	26,542	19,894	18,754
Hogs.....	37,438	27,631	40,736	5,029	2,459	4,210
Sheep.....	90,422	76,632	139,574	128,596	119,824	130,798

¹ Includes goats.

On the basis of August 1 conditions, the 1956 cotton crop in the Nation is placed at 13,552,000 bales, or about 8 percent below last year's output, according to the Department of Agriculture. Cotton production in the District states is indicated at 5,675,000 bales, or 7 percent below output in 1955. The indicated yields per acre in Arizona, Louisiana, and New Mexico are higher than the 1955 yields.

In Texas the 1956 cotton crop is indicated at 3,600,000 bales, or 11 percent below the 4,039,000 bales produced in 1955 but 2 percent above the 1945-54 average. The prospective yield is 250 pounds of lint per acre, which is 11 percent smaller than in the previous year but is substantially above the 10-year average. A record crop is in prospect in the Trans-Pecos area, and irrigated cotton in the High Plains is promising. Yields are extremely low in south-central, lower Blacklands, southern Low Rolling Plains, and adjacent counties, and only fair yields are indicated in much of the northern and eastern sections.

Range feed supplies continued to dwindle during the past month, and movement of cattle and sheep to markets accelerated as shortages of grass and stock water became more acute. Range feed conditions in Texas on August 1 were 53 percent of normal, compared with 76 percent on the same date a year earlier, according to the Department of Agriculture. The conditions were the poorest for any August 1 in the 34 years of record, except in 1934. Range feed conditions in Arizona, New Mexico, and Oklahoma were below both a year ago and the 1945-54 average. Marketings of cattle and calves on the major southwestern markets in July were 48 percent larger than in the same month a year earlier, and sheep receipts were 23 percent greater. The condition of cattle and sheep in the range states of the District is generally poorer than it was a year ago.

The amount of wool shorn and to be shorn in the District states in 1956 is estimated at 57,784,000 pounds, or 5 percent

SHORN WOOL PRODUCTION

Five Southwestern States

(In thousands of pounds)

Area	1956p	1955	Average 1945-54	1956 as percent of 1955
Arizona.....	2,933	3,006	2,925	98
Louisiana.....	413	440	416	94
New Mexico.....	10,714	11,111	12,000	96
Oklahoma.....	1,786	1,436	1,105	124
Texas.....	41,938	45,137	54,942	93
Total.....	57,784	61,130	71,388	95

p—Preliminary.

SOURCE: United States Department of Agriculture.

FARM COMMODITY PRICES
Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended Aug. 22, 1956	Comparable week, previous month	Comparable week, previous year
COTTON, Middling 15/16-inch, Dallas....	lb.	\$.3250	\$.3400	\$.3320
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.46	2.41½	2.40
OATS, No. 2 white, Fort Worth.....	bu.	.97¾	.97½	.80
CORN, No. 2 yellow, Fort Worth.....	bu.	1.95½	1.98¾	1.60
SORGHUMS, No. 2 yellow, Fort Worth....	cwt.	2.48	2.60	2.05
HOGS, Choice, Fort Worth.....	cwt.	17.50	16.00	17.50
SLAUGHTER STEERS, Choice, Fort Worth....	cwt.	25.00	22.50	23.50
SLAUGHTER CALVES, Choice, Fort Worth....	cwt.	19.00	18.50	20.00
STOCKER STEERS, Choice, Fort Worth.....	cwt.	19.50	18.00	21.00
SLAUGHTER SPRING LAMBS, Choice, Fort Worth.....	cwt.	19.00	20.00	18.50
BROILERS, south Texas.....	lb.	.20	.21	.27

below production in 1955. Output has declined in each of the District states except Oklahoma. In the Nation, 1956 shorn wool production is estimated at 231,754,000 pounds, which is 1 percent below last year's outturn and 5 percent less than the 1945-54 average.

The index of prices received by Texas farmers and ranchers as of July 15 was 255 percent of the 1910-14 average, reflecting an increase of 3 points from the previous month but 2 points below the July 1955 level. Crop prices were 2 percent higher than a year earlier, while livestock prices were 5 percent less.



Changes in District banking statistics between July 18 and August 15 were influenced heavily by exchange and cash offerings of securities by the United States Treasury. Treasury offerings of new securities during July and August included a 2¾-percent note dated July 16, to mature August 1, 1957, and a 2¾-percent Tax Anticipation certificate of indebtedness dated August 15, to mature March 22, 1957. The 2¾-percent note was offered to holders of the 2-percent Treasury notes which matured August 15 and to holders of the 1½-percent notes maturing October 1.

Subscriptions to the new note issue amounted to \$12,056,465,000, leaving \$881,878,000 of the maturing issues for cash redemption. Cash subscriptions to the 2¾-percent Tax Anticipation certificate amounted to approximately \$10,611,000,000, while allotments totaled \$3,220,017,000. Qualified depositaries were permitted to make payment for the new certificate by Treasury Tax and Loan Account credit for not more than 80 percent of certificates received in the allotment.

Weekly reporting member banks in the District added \$93,789,000 to asset accounts in the 4 weeks ended August 15. Approximately two-thirds of this increase, or \$63,173,000, occurred in investment accounts, reflecting in large part allotment of the Treasury's cash offering of 2¾-percent certificates of indebtedness dated August 15. Holdings of certificates of indebtedness increased \$58,236,000 during the period. Treasury bill accounts rose \$18,326,000, and non-Government investments increased \$3,346,000. Treasury note

**CONDITION STATISTICS OF WEEKLY REPORTING
MEMBER BANKS IN LEADING CITIES**

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Aug. 15, 1956	Aug. 17, 1955	July 18, 1956
ASSETS			
Commercial, industrial, and agricultural loans...	\$1,529,755	\$1,474,693	\$1,519,668
Commercial and industrial loans¹.....	1,501,688	—	1,489,915
Agricultural loans¹.....	28,067	—	29,753
Loans to brokers and dealers in securities.....	26,905	18,186	26,997
Other loans for purchasing or carrying securities.....	142,082	123,204	136,727
Real-estate loans.....	213,168	207,856	209,211
Loans to banks.....	18,140	10,555	16,640
All other loans.....	575,259	494,885	569,829
Gross loans.....	2,505,309	2,329,379	2,479,072
Less reserves and unallocated charge-offs..	32,621	25,225	32,450
Net loans.....	2,472,688	2,304,154	2,446,622
U. S. Treasury bills.....	55,975	61,041	37,649
U. S. Treasury certificates of indebtedness.....	93,578	23,462	35,342
U. S. Treasury notes.....	213,091	279,517	228,855
U. S. Government bonds (inc. gtd. obligations)...	806,440	848,005	807,411
Other securities.....	238,808	251,700	235,462
Total investments.....	1,407,892	1,463,725	1,344,719
Cash items in process of collection.....	409,094	363,963	406,123
Balances with banks in the United States.....	427,303	444,584	478,451
Balances with banks in foreign countries.....	1,885	2,376	1,781
Currency and coin.....	46,123	45,559	47,412
Reserves with Federal Reserve Bank.....	583,002	573,287	543,778
Other assets.....	154,662	122,597	139,974
TOTAL ASSETS.....	5,502,649	5,320,245	5,408,860
LIABILITIES AND CAPITAL			
Demand deposits			
Individuals, partnerships, and corporations....	2,803,801	2,794,954	2,800,421
United States Government.....	140,226	97,809	78,872
States and political subdivisions.....	157,382	173,400	177,480
Banks in the United States.....	914,824	875,878	905,716
Banks in foreign countries.....	19,441	19,598	15,564
Certified and officers' checks, etc.....	67,394	81,702	66,258
Total demand deposits.....	4,103,068	4,043,341	4,044,311
Time deposits			
Individuals, partnerships, and corporations....	717,660	695,787	721,791
United States Government.....	12,229	12,159	12,229
Postal savings.....	452	452	452
States and political subdivisions.....	137,169	134,895	136,495
Banks in the U. S. and foreign countries.....	2,185	1,625	2,455
Total time deposits.....	869,695	844,918	873,422
Total deposits.....	4,972,763	4,888,259	4,917,733
Bills payable, rediscounts, etc.....	31,440	3,700	16,700
All other liabilities.....	74,010	44,605	55,583
Total capital accounts.....	424,436	383,681	418,844
TOTAL LIABILITIES AND CAPITAL.....	5,502,649	5,320,245	5,408,860

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

holdings, influenced by the exchange and refunding operation in mid-July, decreased \$15,764,000, while Government bond holdings were reduced \$971,000.

Loan expansion at reporting banks during the 4-week period amounted to \$26,237,000. Commercial, industrial, and agricultural loans, which rose \$10,087,000, registered the largest gain, while loans to finance securities transactions increased

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Date	COMBINED TOTAL		RESERVE CITY BANKS		COUNTRY BANKS	
	Gross demand	Time	Gross demand	Time	Gross demand	Time
July 1954....	\$6,874,500	\$1,081,651	\$3,349,903	\$600,870	\$3,524,597	\$480,781
July 1955....	7,218,169	1,273,423	3,545,239	753,896	3,672,930	519,527
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
June 1956....	7,150,377	1,369,915	3,493,663	767,137	3,656,714	602,778
July 1956....	7,271,859	1,380,093	3,579,411	770,067	3,692,448	610,026

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	July 25, 1956	July 27, 1955	June 27, 1956
ASSETS			
Loans and discounts.....	\$3,939	\$3,637	\$3,883
United States Government obligations.....	2,242	2,407	2,241
Other securities.....	579	553	576
Reserves with Federal Reserve Bank.....	898	981	909
Cash in vault ^e	127	139	123
Balances with banks in the United States.....	991	904	1,051
Balances with banks in foreign countries ^e	1	2	2
Cash items in process of collection.....	425	359	386
Other assets ^e	204	173	190
TOTAL ASSETS^e.....	9,406	9,155	9,361
LIABILITIES AND CAPITAL			
Demand deposits of banks.....	1,013	965	1,024
Other demand deposits.....	6,180	6,186	6,162
Time deposits.....	1,380	1,270	1,370
Total deposits.....	8,573	8,421	8,556
Borrowings ^e	36	24	23
Other liabilities ^e	75	50	63
Total capital accounts ^e	722	660	719
TOTAL LIABILITIES AND CAPITAL^e.....	9,406	9,155	9,361

e—Estimated.

\$5,263,000 and real-estate loans rose \$3,957,000. Other changes included a \$1,500,000 increase in loans to banks and a \$5,430,000 increase in "all other" loans — primarily consumer loans.

Deposits at reporting banks in the District rose \$55,030,000 during the 4 weeks ended August 15, featuring a \$58,757,000 increase in demand deposits and a \$3,727,000 decline in time deposits. A \$61,354,000 increase in United States Government demand deposits more than accounted for the over-all increase, as Government deposit balances were swelled by credits to Tax and Loan Accounts in payment for the allotment of new certificates. Except for state and local government deposits, demand deposit balances of other groups also registered gains. The reduction in time deposits during the 4-week period was heavily weighted by a decline in the time balances of individuals and businesses, which were reduced \$4,131,000.

Daily average gross demand deposits at all member banks in the District rose to \$7,271,859,000 in July, reflecting a gain of \$121,482,000 over the previous month. More than two-

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	July 1956	July 1955	June 1956
RESERVE CITY BANKS			
Reserve balances.....	\$552,360	\$561,754	\$543,941
Required reserves.....	543,182	549,047	534,835
Excess reserves.....	9,178	12,707	9,106
Borrowings.....	12,861	8,139	39,705
Free reserves.....	—3,683	4,568	—30,599
COUNTRY BANKS			
Reserve balances.....	441,702	436,951	442,213
Required reserves.....	392,325	384,571	393,427
Excess reserves.....	49,377	52,380	48,786
Borrowings.....	5,499	3,958	5,894
Free reserves.....	43,878	48,422	42,892
MEMBER BANKS			
Reserve balances.....	994,062	998,705	986,154
Required reserves.....	935,507	933,618	928,262
Excess reserves.....	58,555	65,087	57,892
Borrowings.....	18,360	12,097	45,599
Free reserves.....	40,195	52,990	12,293

CHANGES IN FACTORS AFFECTING MEMBER BANK RESERVE BALANCES

Eleventh Federal Reserve District

(In thousands of dollars)

	CHANGE ¹	
	4 weeks ended Aug. 15, 1956	Dec. 28, 1955— Aug. 15, 1956
FACTORS		
Federal Reserve credit—local.....	+\$11,124	+\$ 13,785
Interdistrict commercial and financial transactions...	— 61,652	— 748,078
Treasury operations.....	+ 87,392	+ 712,854
Currency transactions.....	— 3,657	+ 37,854
Other deposits at Federal Reserve Bank.....	— 3	— 446
Other Federal Reserve accounts.....	+ 3,701	+ 11,462
RESERVE BALANCES	+\$36,905	+\$ 27,431
August 15, 1956.....	\$974,491	
July 18, 1956.....	\$937,586	

¹ Sign of change indicates effect on reserve balances.

thirds of this increase occurred at reserve city banks. The July average was \$53,690,000 more than the average for July 1955. Daily average time deposits in July rose \$10,178,000 above the June level to an average of \$1,380,093,000. This increase, concentrated at country banks, raised average time deposits to a level which was \$106,670,000 above the average for July last year.

Member bank reserve balances increased \$36,905,000 during the 4 weeks ended August 15. Treasury operations, which contributed \$87,392,000, supplied the largest amount of reserve funds during the period, while an expansion of local Federal Reserve credit added \$11,124,000 to reserve balances. Additional reserves were supplied by a \$3,701,000 decline in "other Federal Reserve accounts." The largest reserve drain during the 4 weeks stemmed from interdistrict commercial and financial transactions, as payments exceeded receipts by \$61,652,000. Smaller reserve drains resulted from currency transactions, which absorbed \$3,657,000 of reserve funds, and from a nominal \$3,000 increase in other deposits at the Federal Reserve bank.

Daily average reserve balances of member banks in the District were \$994,062,000 in July, reflecting an increase of \$7,908,000 over the previous month. The increase was confined to reserve city banks, however, as average reserve balances of country banks declined somewhat. Required reserves rose \$7,245,000 in July; consequently, average excess reserve balances increased \$663,000. At \$18,360,000, average borrowings from the Federal Reserve bank were \$27,239,000 smaller than in June. Reflecting the reduction in borrowings and the increase in excess reserves, free reserves of all member banks in the District rose \$27,902,000 above the average for June to a level of \$40,195,000. Most of the improvement in free reserve positions occurred at reserve city banks, and average net borrowed reserves of these banks declined from \$30,599,000 in June to \$3,683,000 in July. Free reserves of country banks averaged \$43,878,000 in July, or \$986,000 more than in June.

United States Government securities owned by the Federal Reserve Bank of Dallas declined \$2,647,000 during the 4 weeks ended August 15. This decline was more than offset, however, by an \$11,282,000 increase in discounts for member banks, and total earning assets of the Federal Reserve bank rose \$8,635,000 to a level of \$954,059,000. On August 15,

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Aug. 15, 1956	Aug. 17, 1955	July 18, 1956
Total gold certificate reserves.....	\$747,443	\$763,516	\$726,359
Discounts for member banks.....	23,345	5,893	12,063
Other discounts and advances.....	0	2,115	0
U. S. Government securities.....	930,714	956,530	933,361
Total earning assets.....	954,059	964,538	945,424
Member bank reserve deposits.....	974,491	966,945	937,586
Federal Reserve notes in actual circulation.....	707,966	716,532	702,124

gold certificate reserves amounted to \$747,443,000, reflecting an increase of \$21,084,000 over July 18 and a decline of \$16,073,000 from August 17, 1955. This bank's Federal Reserve notes in actual circulation totaled \$707,966,000 on August 15.

Bank debits increased in 18 of the 24 reporting centers in the District from June to July, resulting in a 3-percent increase in the total for all 24 cities. Bank debits in July were 14 percent above those in July 1955. At 20.6, the annual rate of deposit turnover showed both a month-to-month and a year-to-year increase.

Effective August 28, the discount rate of the Federal Reserve Bank of Dallas was increased from 2¾ percent to 3 percent. Three-percent rates also became effective on August 28 at the Federal Reserve Banks of Boston, Atlanta, and St. Louis. This action followed similar rate increases at the Federal Reserve Banks of New York, Chicago, Philadelphia, and

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

(Amounts in thousands of dollars)

Area	DEBITS ¹			DEPOSITS ²			
	July 1956	Percentage change from		July 31, 1956	Annual rate of turnover		
		July 1955	June 1956		July 1956	July 1955	June 1956
ARIZONA							
Tucson.....	\$ 160,891	31	7	\$ 100,878	18.8	16.2	17.0
LOUISIANA							
Monroe.....	61,678	10	1	49,289	14.8	16.1	15.0
Shreveport.....	251,864	5	-7	186,744	16.4	15.4	17.4
NEW MEXICO							
Roswell.....	27,332	4	2	26,825	12.4	11.8	12.0
TEXAS							
Abilene.....	74,292	13	1	57,771	15.7	13.6	16.0
Amarillo.....	164,824	7	2	106,590	18.2	17.2	17.6
Austin.....	162,673	28	21	113,829	16.8	13.1	13.9
Beaumont.....	139,476	24	4	104,542	16.0	13.7	15.6
Corpus Christi.....	180,448	11	3	108,113	20.0	18.2	19.8
Corsicana.....	15,343	4	6	20,801	8.6	8.0	8.2
Dallas.....	2,137,912	12	5	964,665	26.2	23.2	25.2
El Paso.....	231,454	10	-6	130,333	21.5	19.4	22.7
Fort Worth.....	708,500	20	5	371,041	22.7	19.3	22.0
Galveston.....	89,122	11	0	68,872	14.9	13.7	15.1
Houston.....	2,269,622	20	4	1,210,675	22.1	19.7	21.4
Laredo.....	20,553	-4	-14	19,090	13.1	13.1	15.0
Lubbock.....	113,614	-2	-3	87,342	15.6	14.8	16.2
Port Arthur.....	55,353	7	4	44,316	15.2	14.2	14.9
San Angelo.....	44,394	3	3	45,085	11.9	11.2	11.8
San Antonio.....	492,529	9	1	346,537	17.2	16.4	17.2
Texarkana ³	20,068	13	2	16,562	14.2	12.2	13.8
Tyler.....	75,960	5	3	59,002	15.4	15.1	15.0
Waco.....	86,054	1	0	64,232	16.3	15.5	16.3
Wichita Falls.....	101,381	8	3	103,746	11.6	10.7	11.4
Total—24 cities.....	\$7,685,337	14	3	\$4,406,880	20.6	18.5	20.2

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

² Demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.

³ These figures include only one bank in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including two banks located in the Eighth District, amounted to \$41,543,000 for the month of July 1956.

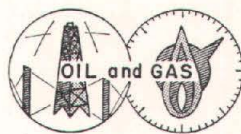
Richmond, effective August 24, and at the Federal Reserve Bank of Cleveland, effective August 27. The Federal Reserve Banks of San Francisco and Minneapolis have maintained 3-percent discount rates since mid-April. The discount rate action was preceded by an increase of one-quarter of 1 percent in the prime commercial loan rate, which was advanced to 4 percent at leading commercial banks across the country on August 21-22.

NEW MEMBER BANK

The First National Bank in Alamogordo, Alamogordo, New Mexico, a newly organized institution located in the territory served by the El Paso Branch of the Federal Reserve Bank of Dallas, opened for business August 25, 1956, as a member of the Federal Reserve System. The new bank has capital of \$200,000, surplus of \$100,000, and undivided profits of \$100,000. The officers are: George Abbott, Chairman of the Board; M. R. Prestridge, President; A. C. Donell, Executive Vice President; Wayne Stewart, Vice President and Cashier; and Harold G. "Red" O'Dell, Assistant Cashier.

NEW PAR BANK

The Southern State Bank, South Houston, 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, August 4, 1956. The officers are: Rex L. Meader, President; R. S. Barr, Executive Vice President; and R. B. Kearby, Cashier.



The demand for petroleum products in the Nation continued to decrease during July and the first part of August, primarily because of the declining demand for gasoline. The decrease in demand, the steady production of crude oil, and a high level of refinery activity resulted in an increase in refined products stocks.

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	July 1956 ¹	July 1955 ²	June 1956 ¹	Change from	
				July 1955	June 1956
ELEVENTH DISTRICT.....	3,359.0	3,069.9	3,318.2	289.1	40.8
Texas.....	3,002.4	2,731.1	2,956.6	271.3	45.8
Gulf Coast.....	611.7	580.3	603.4	31.4	8.3
West Texas.....	1,242.6	1,080.3	1,223.7	162.3	18.9
East Texas (proper).....	210.5	200.1	204.4	10.4	6.1
Panhandle.....	97.3	87.2	95.2	10.1	2.1
Rest of State.....	840.3	783.2	829.9	57.1	10.4
Southeastern New Mexico.....	234.1	219.5	237.1	14.6	-3.0
Northern Louisiana.....	122.5	119.3	124.5	3.2	-2.0
OUTSIDE ELEVENTH DISTRICT.....	3,729.4	3,562.4	3,721.7	167.0	7.7
UNITED STATES.....	7,088.4	6,632.3	7,039.9	456.1	48.5

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

In the 5 weeks ended August 17, the demand for the major refined products was 1 percent below the previous 5-week period but was almost unchanged from the comparable period a year ago. Compared with the preceding 5 weeks, distillate fuel oil demand was up 2 percent, the demand for residual fuel oil was about the same, and gasoline demand was 3 percent lower. The demand for gasoline was 3 percent above the corresponding period of 1955; distillate demand was about the same, and kerosene and residual fuel oil demands were down 10 percent and 8 percent, respectively.

Crude oil production in the District in the first half of August, at 3,379,900 barrels per day, was up 1 percent from July and 10 percent from a year earlier. Texas allowables for September production have been cut 73,505 barrels a day, with 15 operating days for the month as compared with 16 days for August. However, new well completions are likely to rebuild total allowables at the end of September to approximately the August level. Crude oil production in the Nation during the first part of August was almost the same as in July but showed a substantial increase over August 1955. Production during the first 17 days of August averaged 7,097,200 barrels per day, which is 6 percent above the level of a year earlier.

Imports in the 5 weeks ended August 17 averaged 1,292,000 barrels a day, or 8 percent below the previous 5-week period but 21 percent above the comparable period of 1955.

Crude runs to refinery stills in the District in early August, at 2,357,000 barrels per day, were 1 percent above July and 5 percent above the average for August 1955. Refinery crude runs in the Nation continued at a high level but were about 1 percent below those in July; at 7,946,000 barrels per day, they were 5 percent greater than a year earlier. Reflecting the steady production and refining activity, crude stocks on August 18, at 277,065,000 barrels, were 1 percent above the June 30 level.

The decrease in demand and the high level of refinery activity caused stocks of the four major refined products to increase during the first half of August. Stocks of these products totaled 380,849,000 barrels on August 17, or 12 percent above the June 29 level and 6 percent above the level in August last year. Inventory gains in distillate and residual fuel oil and kerosene were responsible for the recent growth in stocks, since gasoline stocks declined 3 percent. However, gasoline stocks, at 176,202,000 barrels, were 20,639,000 barrels — or 13 percent — above the level in August 1955. Residual fuel oil stocks were 3 percent below the year-earlier level, but distillate fuel oil stocks were 3 percent larger.

NATURAL GAS: MARKETED PRODUCTION

(In millions of cubic feet)

Area	First quarter 1956	First quarter 1955	Fourth quarter 1955
Louisiana.....	479,500	403,000	446,300
New Mexico.....	149,000	129,900	134,400
Oklahoma.....	195,700	181,000	139,700
Texas.....	1,324,700	1,252,600	1,258,400
Total.....	2,148,900	1,966,500	1,978,800

SOURCE: United States Bureau of Mines.

Marketed production of natural gas in the four producing states lying wholly or partly within the Eleventh District — Louisiana, New Mexico, Oklahoma, and Texas — increased from 1,979 billion cubic feet in the fourth quarter of 1955 to 2,149 billion cubic feet in the first quarter of 1956. Compared with a year earlier, first-quarter production rose 182 billion cubic feet.



Nonagricultural employment in the District states during July reflected a month-to-month decline of 8,500 to reach a level of 4,087,000 workers. A seasonal decrease in government employment and work stoppages in manufacturing accounted for most of this decline. A total of more than 10,000 workers was idled by the steel strike and by a dispute at a major chemical plant in the Houston area. In addition, the end of the canning season in the Rio Grande Valley reduced food-processing employment by 2,500. On the other hand, construction employment increased nearly 9,000 over June as a result of seasonal gains and the end of labor-management disputes in the construction industry. The disputes in the steel and chemical industries continued through July but were settled in early August. Work stoppages begun in the aluminum industry after the first of August also were ended by midmonth.

Unemployment in the District showed a modest change from June to July, with insured unemployment in the District states declining less than 1 percent. Total unemployment in Texas showed a decline of 9 percent from June, reflecting greater seasonal strength in this State than in the other District states.

The value of construction contracts awarded in the District during July decreased 4 percent from June — compared with last year's gain of 33 percent between June and July — and was 28 percent below the level of a year earlier. Although nonresidential construction awards increased 8 percent from June to July, both these awards and residential awards showed less strength than in the corresponding period last year and were well below the levels of July 1955. Some con-

NONAGRICULTURAL EMPLOYMENT Five Southwestern States¹

Type of employment	Number of persons			Percent change July 1956 from	
	July 1956e	July 1955r	June 1956	July 1955	June 1956
Total nonagricultural					
wage and salary workers..	4,087,000	3,961,800	4,095,500	3.2	— .2
Manufacturing.....	756,800	734,000	765,500	3.1	— 1.1
Nonmanufacturing.....	3,330,200	3,227,800	3,330,000	3.2	.0
Mining.....	262,800	248,300	262,100	5.8	.3
Construction.....	296,200	290,100	287,400	2.1	3.1
Transportation and public					
utilities.....	404,900	401,100	403,500	.9	.3
Trade.....	1,043,600	1,017,500	1,041,400	2.6	.2
Finance.....	175,600	167,200	174,700	5.0	.5
Service.....	478,900	465,100	476,400	3.0	.5
Government.....	668,200	638,500	684,500	4.7	— 2.4

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	July 1956	July 1955	June 1956	January—July	
				1956	1955
ELEVENTH DISTRICT...	\$ 127,712	\$ 177,998	\$ 133,426	\$ 1,210,609	\$ 1,044,156
Residential.....	43,191	68,708	55,458	509,747	480,782
All other.....	84,521	109,290	77,968	700,862	563,374
UNITED STATES ¹	2,148,559	2,271,537	2,197,815	15,347,518	14,235,308
Residential.....	757,919	959,020	826,218	6,456,587	6,396,750
All other.....	1,390,640	1,312,517	1,371,597	8,890,931	7,838,558

¹ 37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

struction delays resulting from steel shortages were reported during July, and this situation, plus uncertainties regarding future steel prices, may have caused some lag in bids and contract awards during the month. However, residential construction, which is less affected by steel shortages, displayed greater weakness during July than nonresidential construction, and the value of residential awards declined 22 percent from June and was 37 percent below a year ago.

The cumulative value of construction awards in the District during the first 7 months of 1956 reflected a 16-percent gain over the corresponding period of 1955. Nonresidential construction accounted for most of this total gain with an increase of 24 percent, while the year-to-year increase in cumulative residential awards narrowed to 6 percent.

Available data for Texas show that, during the first 7 months of this year, the number of awards for new one-family dwellings was 2 percent below the number during the same period of 1955; during July the number was 49 percent below the volume of July 1955. The total floor area in these awards showed similar declines. While volume declined, costs in-

creased; during the January-July 1956 period, the average value of such awards — both per unit and per square foot — was 5 percent above the levels during the corresponding period of 1955.

Value added by manufacturing in the District states increased 95 percent from 1947 to 1954 to reach a total of \$5,604,458,000, and manufacturing employment increased 35 percent, according to preliminary reports from the 1954 Census of Manufactures. The largest gains among these states were in Texas, where value added totaled \$3,508,133,000. However, the greatest rates of increase in both value added and employment occurred in New Mexico, the least industrialized of the District states. The three major manufacturing centers in the District — Houston, Dallas, and Fort Worth — retained their 1947 rankings with respect to manufacturing employment and value added, and each of them showed greater relative gains than the Southwest.

Among the major manufacturing industries in the Southwest, chemicals provided \$1,070,424,000 in value added by manufacturing during 1954, replacing food and kindred products as the largest industry. However, food and kindred products industries continued to provide the largest manufacturing employment. Transportation equipment manufacturing ranked second in employment and showed the greatest relative gains in employment and value added from 1947 to 1954.

Expansion of manufacturing facilities in the District continues, and recently announced plans include a program to increase by one-half the capacity of the world's largest butadiene plant at Port Neches, Texas; plans to increase steel production in northeast Texas; and major expansions in food processing. Other important plant expansions are now under way in the electric utilities industry; according to a recent survey, generating capacity in major power plants (those with 25,000 kilowatts or more) in the District is to be increased 1,806,250 kilowatts, to reach a total capacity of 5,762,530 kilowatts by the end of 1958.

BUILDING PERMITS

Area	7 months 1956					
	July 1956		Percentage change in valuation from		Percentage change in valuation from 7 months 1955	
	Number	Valuation	July 1955	June 1956	Number	Valuation
ARIZONA						
Tucson.....	398	\$ 3,144,645	194	23	2,946	\$ 13,715,066
LOUISIANA						
Shreveport....	428	1,828,873	-34	-51	3,107	17,482,159
TEXAS						
Abilene.....	170	2,292,349	37	42	1,315	15,692,532
Amarillo.....	241	2,275,457	34	42	1,595	12,647,347
Austin.....	239	2,811,105	7	-3	1,837	27,941,590
Beaumont....	94	503,277	-7	-71	1,845	8,045,142
Corpus Christi..	255	1,663,700	-39	-29	2,351	13,400,512
Dallas.....	2,057	14,034,911	6	12	14,829	98,946,893
El Paso.....	492	2,498,047	-40	38	2,905	17,134,329
Fort Worth.....	547	2,449,019	-66	-29	4,678	24,708,401
Galveston....	100	231,476	-67	-26	692	3,121,425
Houston.....	874	13,792,700	11	5	6,520	94,976,721
Lubbock.....	227	1,650,460	-43	4	1,649	13,908,063
Port Arthur....	199	596,185	115	103	1,252	2,936,343
San Antonio...	1,537	3,901,093	-21	-30	12,260	39,543,458
Waco.....	336	896,809	-60	-45	2,043	9,871,981
Wichita Falls..	172	1,161,172	-24	8	1,038	6,106,204
Total—17 cities..	8,366	\$55,731,278	-11	-4	62,862	\$420,178,166

DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	June 1956 ¹	June 1955	May 1956 ²	August—June	
				This season	Last season
CONSUMPTION					
Total					
Texas mills.....	13,281	13,047	10,905	134,848	125,963
U. S. mills.....	812,330	849,413	713,940	8,597,843	8,275,624
Daily average					
Texas mills.....	531	533	545	562	525
U. S. mills.....	32,493	33,977	35,697	35,824	34,482
STOCKS, U.S.—End of period					
Consuming establishments.	1,151,929	1,515,297	1,420,476	—	—
Public storage and compresses.....	13,213,888	9,736,121	13,908,773	—	—

¹ Five weeks ended June 30.² Four weeks ended May 26.

SOURCE: United States Bureau of the Census.