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RECENT INCOME TRENDS IN THE SOUTHWESTERN STATES

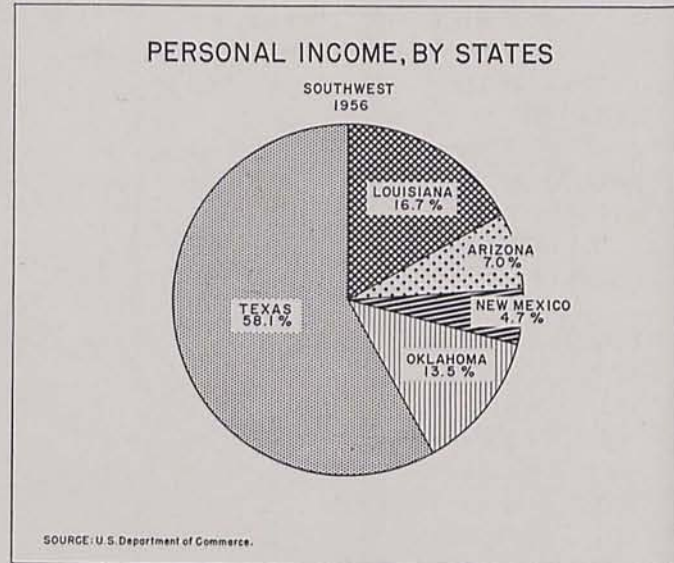
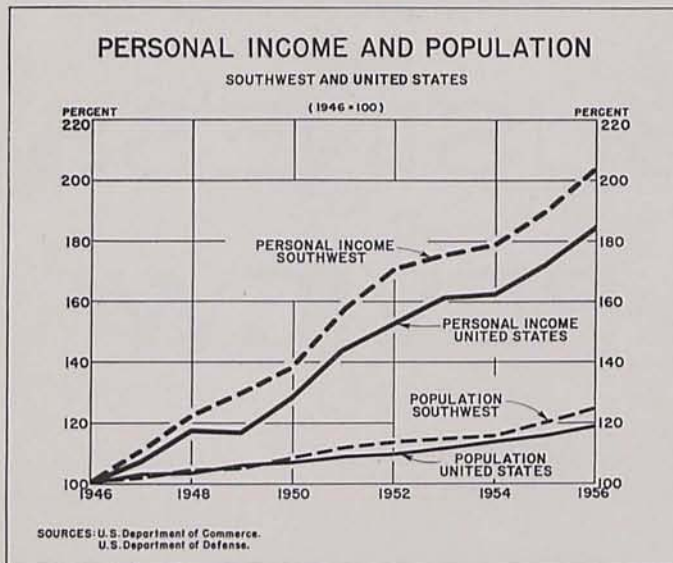
Perhaps no single economic indicator reflects the rapid growth of the Southwest more accurately than the personal income of its people. Income data for individual industries also reveal changes in the structure of the economy — changes which have been especially significant in the Southwest during recent years. The dynamic, expansive industrialization, the growth in Government activities, and the relative weakening of agriculture are mirrored in the trends in personal income of this area. Expanding personal income not only reflects the general economic change but also becomes, in its role as consumer buying power, a factor fostering further growth.

The outstanding characteristic of personal income changes in the Southwest during the postwar years has been rapid growth. Over the 1946-56 period, the Southwest led all other regions, with an income gain of more than 100 percent.* However, the relative growth of southwest income slowed markedly in the closing 5 years of this period; in fact, some income sectors of the southwestern economy showed actual declines.

From 1946 to 1951, every major source of income reflected rates of gain exceeding those of the Nation. Among these major sources, manufacturing, mining, trade and services, government, and farming all showed substantial increases, with the sharpest

* The United States Department of Commerce, Office of Business Economics, is the basic source of the income data in this article. The agency publishes annual estimates of personal income, by states, in the August issue of its *Survey of Current Business*.

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS



income gains occurring in manufacturing and mining. During this period, the southwestern economy expanded to meet the pent-up consumer demands accumulated during World War II, and in 1950 and 1951, there was the additional stimulus of the Korean War effort. The 1951-56 period reflects a more normal course of the southwest economy, but because of the unusually high level in the beginning year, comparisons over this 5-year span tend to understate the long-term growth rate.

Total personal income in the Southwest increased from \$20.0 billion in 1951 to \$25.9 billion in 1956. This 29-percent increase compared with a 28-percent gain in the Nation and reflected a smaller margin of improvement than from 1946 to 1951. The real income gains have been less in both the Southwest and the Nation because of rising prices, but the increase in average retail prices over the recent 5-year period was under 5 percent. Consequently, most of the increase in money incomes in the Southwest from 1951 to 1956 was in real terms. Adjustment for price changes reveals that the real gain of 23.5 percent exceeded the real income growth of the earlier 5 years, which amounted to 18.7 percent.

Among the underlying forces which affected the size and composition of the income flow in the Southwest during the recent period were a 10-percent gain in population, the strength in general economic conditions throughout the Nation, and a rising volume of investment for development of the region's industries. Total employment was expanded, and as the changing struc-

ture of the southwest economy moved toward a greater concentration of skilled workers in manufacturing, there was an upgrading of wage levels. The region's large volume of minerals production continued to make a significant contribution — both directly and indirectly through the attraction of other industries—to income growth in the Southwest.

The five southwestern states share the region's total income roughly in proportion to their populations, with Texas accounting for \$15 billion, or 58 percent, of the southwest total during 1956. This State also accounted for over one-half the region's income gain from 1951 to 1956.

Distribution of Income

The major source of income in the southwestern states is the trade and service group, which accounts for more than one-fourth of the total. The largest share of income to workers and proprietors in the trades and services in 1956 originated in wholesale and retail trade. From 1951 to 1956, rising population and purchasing power provided a strong gain in retail sales, and wholesale trade expanded even more rapidly as an increasing number of manufacturers' sales offices and wholesale establishments located in the Southwest to serve the growing regional market.

Service incomes showed high rates of growth in both the Southwest and the Nation. Industrial and commercial expansion in the 5-year period resulted in rising demands and outstanding income gains for professional services — including engineering, legal, private educa-

PERSONAL INCOME

Five Southwestern States and United States

(In millions of dollars)

Year	Arizona	Louisiana	New Mexico	Oklahoma	Texas	Southwest	United States
1946.....	\$ 669	\$2,106	\$ 509	\$2,000	\$ 7,400	\$12,684	\$175,701
1947.....	749	2,272	575	2,166	8,332	14,094	189,077
1948.....	839	2,601	650	2,360	9,056	15,506	207,417
1949.....	889	2,789	717	2,432	9,778	16,605	205,452
1950.....	979	2,937	798	2,514	10,375	17,603	225,464
1951.....	1,227	3,248	935	2,806	11,826	20,042	252,960
1952.....	1,395	3,540	1,005	3,060	12,712	21,712	269,050
1953.....	1,441	3,721	1,055	3,161	13,013	22,391	283,140
1954.....	1,497	3,751	1,073	3,156	13,366	22,843	284,823
1955.....	1,623	3,944	1,129	3,312	14,179	24,187	303,268
1956.....	1,816	4,338	1,218	3,491	15,044	25,907	324,281

SOURCE: United States Department of Commerce.

manufacturing. Aircraft employment was curtailed in 1953 and 1954, after the Korean War, but showed renewed growth in 1955 and 1956. Automobiles and equipment manufacturing increased its payrolls significantly during the past few years, and there has been increased activity at shipyards building chemical vessels and barges for offshore oil development.

The petroleum products and chemicals industries, with their large proportions of skilled workers, pay the highest average wages in manufacturing and rank high in total factory payrolls. Rising oil and gas production and the growing concentration of chemicals production in the resources-rich Texas gulf coast area have provided substantial gains in petrochemical payrolls. In addition, the needs of the petroleum and chemicals industries have helped support high rates of growth in the region's machinery, metal-fabricating, and steel industries.

Primary metals production has increased sharply with the progress of a new steel producer and the growth of the aluminum industry, new to the region in 1950. Of course, the gains in machinery production have reflected the rise of the electronics industry, as well as the southwest location of a number of plants producing air-conditioning equipment and industrial machinery.

Wages and salaries from food processing are relatively important in the region, and income from this source has shown normal growth corresponding to the gain in total personal income. Population increases have greatly influenced this sector of southwest industry,

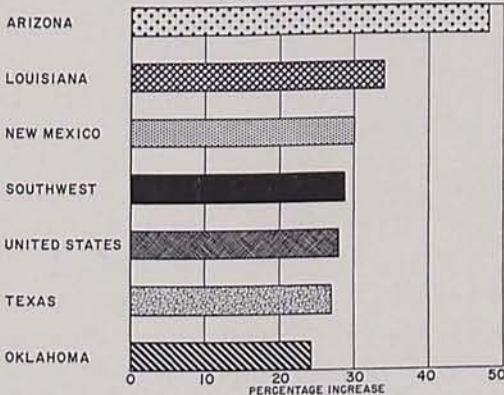
tional, and medical services — and for miscellaneous business and repair services. Tourists, conventions, and business travel in the region brought a significant rise in income accruing to lodging places and provided additional business to other services and also retail trade.

Manufacturing ranks second as a source of income in the Southwest, and its growth has been a major expansionary force in the regional economy. The relative importance of manufacturing income to total income in 1956 ranged from 8 percent in New Mexico to 15 percent in Texas and Louisiana.

Five industry groups — transportation equipment, petroleum products, food processing, chemicals, and nonelectrical machinery—account for over one-half of the region's manufacturing payrolls. The transportation equipment industry, the largest source of manufacturing wages and salaries, showed strong over-all expansion from 1951 to 1956, led by gains in aircraft

PERCENTAGE INCREASE IN PERSONAL INCOME

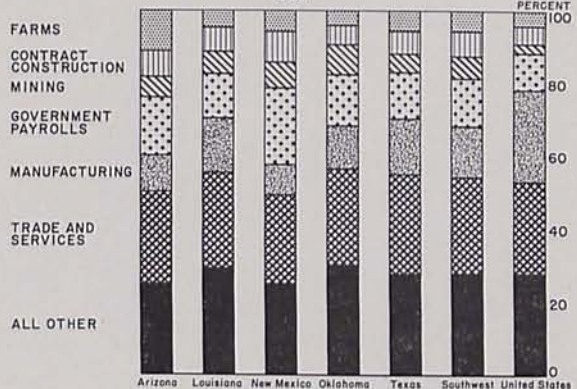
SOUTHWEST AND UNITED STATES
1951-1956



SOURCE: U.S. Department of Commerce.

PERSONAL INCOME, BY MAJOR SOURCES

SOUTHWEST AND UNITED STATES
1956



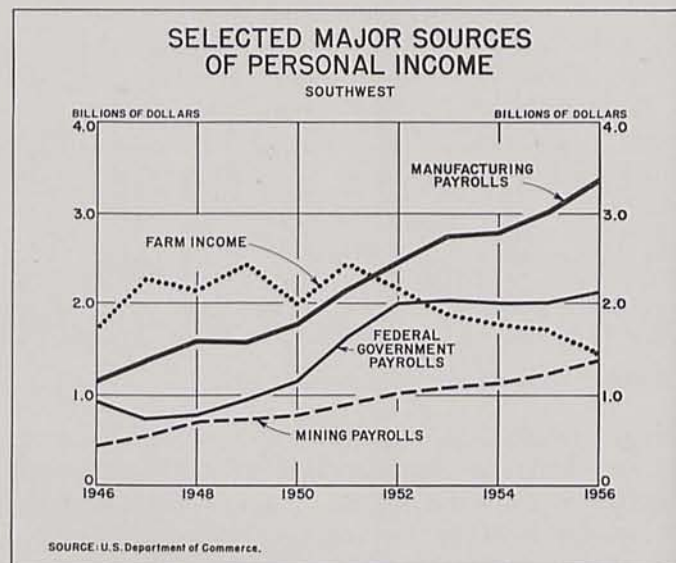
SOURCE: U.S. Department of Commerce.

but the drought probably has reduced output in some processing plants while increasing it in others.

The recent advance in manufacturing income was broadly distributed—a development which contributes to the strength and stability of the southwestern economy. Available data for the recent period reveal that 14 of the 20 standard industry classifications showed payroll growth exceeding the average rate of gain for all nonfarm wages and salaries in the region. Furthermore, all except the lumber and wood products industry reflected rates of gain greater than the corresponding increases in the Nation.

Government payrolls ranked a close third to manufacturing as a source of personal income in the Southwest in 1956. Government wages and salaries were the second largest source of income in Arizona, New Mexico, and Oklahoma, accounting for as much as 21 percent of total income in New Mexico. Although the Southwest's lead over the Nation in government payroll growth was narrowed in the 1951-56 period (mainly as a result of changes in the military component), the region continued to show a lead.

Federal payrolls, military and civilian, comprised well over one-half of all government wages and salaries in the Southwest in 1956 and a greater share of total personal income than in the Nation. The growth of Federal civilian wages and salaries, after adjustment for consumer price changes, showed marked acceleration in the recent period. This devel-



opment reflected, to a large extent, the growing concentration of Government defense establishments. Civilian employees of the United States Department of Defense accounted for over 55 percent of Federal civilian employment in the Southwest. While this type of employment declined in the Nation from 1951 to 1956, civilian defense employment increased in the region. All other Federal civilian employment in the region declined and in 1956 was smaller relative to population than in the Nation. Military payrolls also increased, although the growth was not as fast as for the Government civilian earnings total nor as striking, compared with the national gain, as in the 1946-51 period.

State and local government wages and salaries in both the Southwest and the Nation rose at an even faster rate. Contributing factors were the expansion of schools and other public facilities, such as highways and water projects, and some shifting of government responsibilities from the Federal Government to the states. Of perhaps greater importance, however, were the increase in population and the rural-to-urban shift in the place of residence. These required a multitude of expanded municipal services, including enlarged sewer and water facilities and new streets, parks, and airports. These added services and the expansion of existing ones have steadily boosted local government payrolls.

Mining is the fourth largest source of personal income in the Southwest. Wages and salaries and proprietors' income from mining accounted for nearly 6 percent of personal income in 1956, in contrast to

PERSONAL INCOME, BY MAJOR SOURCES

Southwest and United States

(Dollar amounts in millions)

Source	SOUTHWEST			UNITED STATES		
	1956	1951	Percent change	1956	1951	Percent change
WAGES AND SALARIES.....	\$17,397	\$12,316	41.3	\$224,635	\$168,413	33.4
Farms.....	427	447	-4.5	2,761	2,920	-5.5
Mining.....	1,382	895	54.4	4,088	3,584	14.1
Contract construction.....	1,153	928	24.2	13,326	9,785	36.2
Manufacturing.....	3,367	2,148	56.8	77,629	58,232	33.3
Wholesale and retail trade...	3,255	2,340	39.1	39,937	29,982	33.2
Finance, insurance, and real estate.....	695	414	67.9	9,648	6,358	51.7
Transportation.....	1,199	972	23.4	13,344	11,199	19.2
Communications and public utilities.....	615	405	51.9	6,782	4,649	45.9
Services.....	1,690	1,182	43.0	21,417	14,942	43.3
Government.....	3,575	2,555	39.9	35,231	26,404	33.4
Other industries.....	39	30	30.0	472	358	31.8
OTHER LABOR INCOME.....	608	343	77.3	7,519	4,786	57.1
PROPRIETORS' INCOME.....	3,783	4,332	-12.7	39,617	40,809	-2.9
Farm.....	1,039	1,977	-47.5	11,600	16,018	-27.6
Nonfarm.....	2,745	2,355	16.6	28,017	24,791	13.0
PROPERTY INCOME.....	3,030	2,182	38.9	39,795	29,811	33.5
TRANSFER PAYMENTS.....	1,523	1,120	36.0	18,425	12,491	47.5
LESS: PERSONAL CONTRIBUTIONS FOR SOCIAL INSURANCE...	434	252	72.2	5,706	3,353	70.2
PERSONAL INCOME.....	25,907	20,042	29.3	324,281	252,960	28.2

SOURCE: United States Department of Commerce.

less than 2 percent in the Nation. In addition, mining probably accounts for a significant portion of the region's property income, the total of which equaled 12 percent of all personal income. Crude petroleum and natural gas provide more than four-fifths of the mining income.

The increase in payrolls at mining establishments over the past 5 years was one of the largest increases among the major income sources in the region. The mining industry also showed the greatest advance relative to the Nation. Contributing to the growth of the Southwest's mining income during the period was the high level of the national economy in 1955 and 1956. A strong demand for petroleum boosted drilling rates to record levels, and production advanced steadily. In addition, the Suez Canal crisis, which brought a large foreign demand for southwest oil in the fourth quarter of 1956, accentuated the rise in income from mining.

Other factors which played a part in raising mining income in the Southwest included the rapid development of the region's natural gas reserves; the development of new types of mining, such as uranium in New Mexico; and the expansion of established mining industries, such as copper, sulfur, and potash. The petroleum and gas industry and all other mining shared about equally in the income gain of the past 5 years. Louisiana led the region with a doubling of its income from mining, largely reflecting the rapid growth in its oil and gas production — particularly from offshore wells.

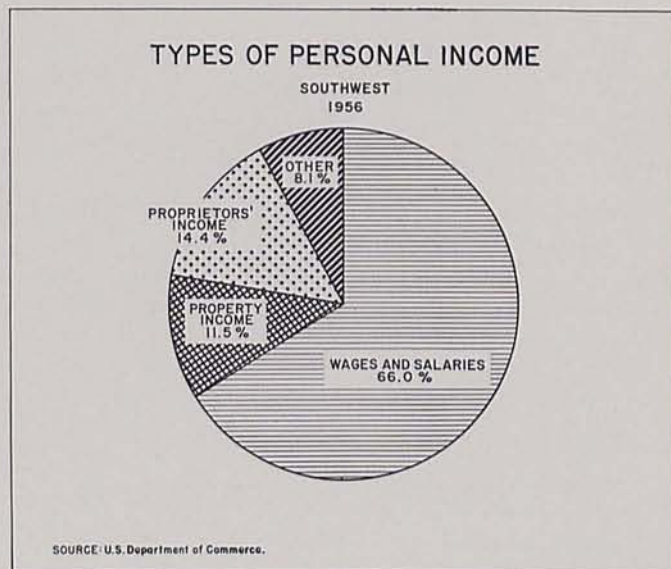
Farm income was at record levels in the Southwest during the early postwar years. Foreign and domestic demands for the region's farm commodities were high, and from 1946 to 1951, farm income showed a substantial rise relative to the Nation. However, in the 1951-56 period, farming was the major drag on personal income growth; because of drought and demand adjustments, gross receipts from farm marketings in the region decreased 18 percent. With prices paid by farmers holding at a high level, net farm income declined 40 percent. This decline reduced the farm share of total personal income in the region to 5.6 percent in 1956, compared with nearly 12 percent in 1951 and over 13 percent in 1946. The losses in real farm income were even greater, considering the sizable increases in consumer prices over the 1946-56 period.

Manufacturing, mining, farming, and Federal expenditures are basic income sources which provide a

large measure of support to trade, services, and other economic activities within the Southwest. Large amounts of value are added by the three commodity-producing industries, and Federal expenditures have drawn in funds from outside the region. Despite the widely divergent trends of each, the combined income from these four sources has maintained a fairly constant one-third proportion to total personal income in the Southwest during the postwar years. Income from these sources comprised 33 percent of the total in 1946, reached its largest proportion of 35 percent in 1951, and then declined gradually to about 32 percent in 1956.

Construction, another important source of personal income, showed below-average income growth from 1951 to 1956. Following the rapid gains of the earlier postwar years, construction activity declined during the 1953-54 recession and did not resume its upward trend until 1955.

Residential construction showed only a moderate gain in value over the past 5 years; however, the 1951-56 comparison perhaps understates the average rate of growth as the peaks of activity occurred in 1950 and 1955. The large increases in construction activity were in nonresidential building — especially manufacturing and public buildings — and in public works and utilities construction. Nonresidential construction has shown increasing strength since 1954, and current and proposed projects — such as highways, schools, and water developments — indicate further substantial expansion for many types of heavy



PER CAPITA PERSONAL INCOME
Five Southwestern States and United States

Year	Arizona	Louisiana	New Mexico	Oklahoma	Texas	Southwest	United States
1946.....	\$1,083	\$ 829	\$ 906	\$ 939	\$1,028	\$ 972	\$1,249
1947.....	1,149	881	988	1,015	1,128	1,057	1,316
1948.....	1,216	1,002	1,076	1,130	1,188	1,140	1,420
1949.....	1,245	1,059	1,113	1,155	1,283	1,210	1,382
1950.....	1,297	1,089	1,163	1,127	1,340	1,248	1,491
1951.....	1,551	1,176	1,297	1,285	1,447	1,370	1,649
1952.....	1,647	1,250	1,364	1,398	1,519	1,450	1,727
1953.....	1,610	1,296	1,394	1,459	1,550	1,484	1,788
1954.....	1,610	1,299	1,395	1,444	1,580	1,499	1,767
1955.....	1,612	1,344	1,424	1,499	1,621	1,541	1,846
1956.....	1,718	1,444	1,494	1,561	1,686	1,615	1,940

SOURCE: United States Department of Commerce.

construction. The concentrating population has been mainly responsible for the sharp gains in public works and certain types of nonresidential building.

Among the smaller income sources which experienced high rates of growth over the past few years was the finance, insurance, and real-estate group. This source led all others in the relative rate of growth over the 1951-56 period. The banking and finance component and the insurance and real-estate category shared about equally in the gain. The rapidly developing states of Arizona and New Mexico, as might be expected, had the highest relative gains in this type of income, but the largest absolute increases were in Texas and Louisiana, where the Southwest's finance, insurance, and real-estate activities are concentrated. Also showing high rates of gain in the region was income from highway transportation and from public utilities.

Labor income from wages and salaries comprised the largest component of personal income in the

Southwest in 1956, amounting to nearly two-thirds of the total. Proprietors' income from unincorporated business (including farm operator income) ranked second, followed by property income to individuals from dividends, rents, and interest. Transfer payments — comprising mainly government payments from social insurance funds, military pensions, and relief — accounted for most of the remaining 8 percent.

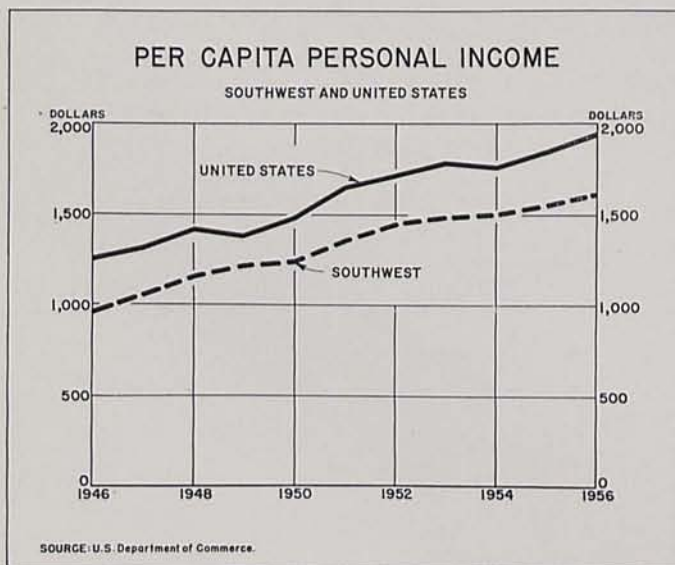
Income per person in the Southwest in 1956 rose to \$1,615, or 83 percent of the national level, with the Arizona average the highest and the Louisiana average the lowest in the region. The postwar trend has been toward equality with the Nation, but from 1951 to 1956, the 17.9-percent increase in southwestern per capita income was only slightly above the national gain. The slowing down in relative growth reflected mainly the dramatic decline in income from the region's important agricultural sector.

Recent Changes

From 1955 to 1956, total personal income in the Southwest increased 7 percent, or the same as the total gain for the country, and was exceeded only by the 8-percent gains in the Rocky Mountain and Far West regions. The strongest growth continued to be concentrated in the private nonfarm sector. Manufacturing and mining payrolls increased 12 percent each, while farm income declined 14 percent. Major industries accounting for the sharpest gains in manufacturing payrolls in the region in 1956 were transportation equipment (other than automobiles), machinery, apparel, and chemicals.

Thus far in 1957, personal income in the Nation has shown a rate of growth slightly below the 7-percent gain in 1956, with the total through September being about 6 percent above the corresponding period of 1956. Available information indicates that the Southwest has probably shown a similar gain. Nonfarm employment in the southwestern states so far during 1957 has averaged about 3 percent above a year ago, and average nonfarm earnings have continued to rise. Cash receipts from farm marketings for the first half of 1957 are estimated at about the same level as in the first half of 1956, but harvesting of crops was later this year and there are good prospects that 1957 farm income will be higher than that last year.

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BUSINESS REVIEW

BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Nonfarm employment in the Eleventh District states reached a new record in September, but the seasonal gain was less than in 1955 and 1956. Unemployment failed to show its usual September decline; instead, available data for Texas indicate a slight rise in the number of unemployed.

Widespread rains fell throughout the District during October. Moisture conditions for small grains and winter legumes are the most favorable in years. Rains lowered grades of open cotton, and cool weather retarded maturing of bolls and harvesting of the crop in western areas. Pasture forage prospects are excellent.

District crude oil production in the first half of October declined to the lowest point in 2 years, and the demand for products was below the year-earlier level. However, as the result of the cutback in crude oil output, the rate of accumulation of petroleum stocks has been greatly reduced. Texas allowables for November production have been increased

Retail sales at department stores in this District in September were 3 percent above September 1956 but 8 percent under August 1957. The decline from August in the September dollar volume was partly accounted for by the difference in the number of trading days. Cumulative sales for the first 9 months of 1957 were approximately 4 percent ahead of the same period last year. Sales during the 3 weeks ended October 19 continued above the year-earlier figure, showing a gain of 2 percent over the comparable 1956 period.

Sales gains during September were reflected in all of the major soft goods lines and in furniture and bedding. Relative to a year ago, the principal weakness was in the sales of laundry equipment, mechanical refrigerators, and television sets.

58,788 barrels per day, while allowables in Louisiana and New Mexico remain steady.

The value of construction contracts awarded in the District states during August showed modest changes—a 2-percent decline from July and a 1-percent gain over a year earlier. Residential awards reflected a year-to-year gain of 9 percent, but “all other” awards were down 5 percent.

Retail sales at District department stores in September were 3 percent above September 1956 but 8 percent below August. The decline from August was partly due to the difference in the number of trading days in the 2 months. Cumulative sales for the first 9 months of 1957 were approximately 4 percent ahead of the same period last year.

Commercial and industrial loans declined \$13.6 million, and consumer loans continued to rise at the weekly reporting Eleventh District member banks in the 4 weeks ended October 16. At \$20.9 million in September, average free reserves of the District's member banks reflected a substantial month-to-month decline.

Inventories rose 3 percent during September and at the close of the month were also 3 percent higher than at the same time last year. Orders outstanding increased 2 percent from the preceding month but were

DEPARTMENT STORE SALES AND STOCKS

(Percentage change in retail value)

Area	NET SALES			STOCKS (End of month)	
	Sept. 1957 from		9 mos. 1957 comp. with 9 mos. 1956	Sept. 1957 from	
	Aug. 1957	Sept. 1956		Aug. 1957	Sept. 1956
Total Eleventh District	-8	3	4	3	3
Corpus Christi	-21	-5	1	-2	3
Dallas	-1	6	2	4	6
El Paso	-8	0	3	2	0
Fort Worth	-8	5	5	10	3
Houston	-9	6	10	4	10
San Antonio	-12	3	1	2	0
Shreveport, La.	-14	-8	-6	-1	-7
Waco	-8	-3	-2	3	-8
Other cities	-12	2	2	0	-2

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
Eleventh Federal Reserve District
(1947-49 = 100)

Date	SALES (Daily average)		STOCKS (End of month)	
	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted
1956: September.....	146r	146r	169r	160r
1957: July.....	145	171	162	171
August.....	152	163	168	170
September.....	150	150	174p	164p

r—Revised.
p—Preliminary.

SALES AT FURNITURE STORES AND
HOUSEHOLD APPLIANCE STORES

(Percentage change in retail value)

Line of trade by area	September 1957 from		9 mos. 1957 comp. with 9 mos. 1956
	August 1957	September 1956	
FURNITURE STORES			
Total Eleventh District.....	-14	-1	2
Amarillo.....	-16	-34	—
Austin.....	-19	2	8
Dallas.....	-16	-20	-7
Houston.....	6	17	6
Lubbock.....	-7	4	—
San Antonio.....	-9	-5	0
Shreveport, La.....	-31	-1	7
Wichita Falls.....	24	2	-8
Other cities.....	-20	-4	2
HOUSEHOLD APPLIANCE STORES			
Total Eleventh District.....	-1	4	—
Dallas.....	9	22	—

1 percent lower than a year earlier. New orders mounted 32 percent above August and 7 percent above September 1956, reflecting substantial forward buying of winter and Christmas season merchandise.

Accounts receivable at reporting department stores showed moderate declines from a month ago and a year ago in instalment and other types of deferred-payment plans, but increases were evident in both comparisons for charge accounts and open credit. Compared with the same time last year, instalment receivables were down 3 percent, and charge accounts were up 2 percent. Collections related to outstanding balances reflected no important change in September from those of recent months.

September registrations of new car sales in the four counties comprising Dallas, Fort Worth, Houston, and San Antonio declined 6 percent from August but gained 25 percent over September 1956.



General rains and cool temperatures highlighted weather conditions during October in most of the District. The heaviest rains fell in the eastern half of the District, and in some localities, flooding occurred along

streams and in a few towns and cities. The first major snows this fall blanketed mountains in central and northern New Mexico. Late-October rains in the Trans-Pecos area of Texas were quite general and were the heaviest received there in several years.

The precipitation resulted in both beneficial and harmful effects. Small grains, winter legumes, and pastures throughout the District benefited from the rains, and soil moisture conditions for these crops are the best in many years. In the High Plains of New Mexico and Texas, a large part of 1958-crop wheat is up to good stands and is making rapid growth. In eastern sections, small grain fields drilled early in the month are making good development, and ample moisture is available for planting remaining acreages. Wheat acreage placed in the 1958 Acreage Reserve Program in New Mexico, Oklahoma, and Texas totaled 1,403,556 acres, as of the close of the sign-up date on October 4, for maximum payments of almost \$19 million. At the end of the sign-up period last fall, 2,639,057 acres had been placed under the 1957 program.

Rains lowered grades of open cotton, and in a few localities, some losses of seed cotton occurred. Hail accompanying the thunderstorms resulted in damage to fields in isolated sections of northwestern Texas and in southern New Mexico. The cool weather slowed the progress of the crop in all sections, and time is critically short for optimum development in many northwestern areas.

Production of cotton in the District states is estimated, as of October 1, at 5,945,000 bales, or 6 percent above outturn in 1956. The crop in Texas, placed at 4.1 million bales, is 13 percent larger than output last year, and the indicated production in Oklahoma is 26 percent greater. Prospects in Louisiana are 31 percent smaller than in 1956, and those in New Mexico are 5 percent less; production in Arizona, at 830,000 bales, is about the same as last year.

Wet weather delayed combining of grain sorghums in New Mexico and northwestern areas of Texas and slowed maturity of the late crop in the northern Panhandle. An excellent grain sorghum crop is in prospect as a result of large plantings, favorable moisture conditions in dry-land areas during September and early October, and the higher yields being realized from extensive plantings of hybrid varieties. Output of grain sorghums in the District states is placed, as of October 1, at 75 percent larger than production in 1956.

CROP PRODUCTION
Texas and Five Southwestern States
(In thousands of bushels)

Crop	TEXAS			FIVE SOUTHWESTERN STATES ¹		
	Estimated October 1, 1957	1956	Average 1946-55	Estimated October 1, 1957	1956	Average 1946-55
Cotton ²	4,100	3,615	3,742	5,945	5,587	5,595
Corn.....	39,169	27,465	43,882	61,159	51,995	76,193
Winter wheat.....	35,014	26,388	47,339	81,141	96,908	123,756
Oats.....	37,148	19,170	25,473	58,418	36,527	42,442
Barley.....	5,090	2,320	1,906	23,558	17,146	11,311
Rye.....	304	136	237	1,294	802	794
Rice ³	10,788	11,000	12,491	21,116	22,700	24,566
Sorghum grain.....	213,249	124,202	91,020	241,469	138,289	108,062
Flaxseed.....	119	126	870	157	148	1,221
Hay ⁴	2,142	1,291	1,728	5,744	4,284	5,089
Peanuts ⁵	228,375	87,500	244,274	330,475	145,450	362,045
Irish potatoes ⁶	1,695	1,378	1,515	4,235	3,311	73,439
Sweet potatoes ⁶	1,139	627	1,471	5,899	5,841	76,592
Pecans ⁷	39,500	27,500	31,140	82,250	52,100	68,549

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, 1949-55.

SOURCE: United States Department of Agriculture.

Heavy rains and high winds in coastal areas of Texas resulted in some damage to mature rice, and favorable weather is needed to keep losses to a minimum. This year's rice crop in Texas and Louisiana is estimated to be 7 percent smaller than last year's. Wet weather also resulted in losses to late cuttings of hay in New Mexico and the Trans-Pecos area of Texas; dry weather is needed to harvest the excellent peanut crop in the District states, which is placed at 127 percent more than output in 1956.

Small grain pastures in the District are expected to be the best in many years, and demand is active for stocker cattle to be put on the rapidly growing forage. Recent rains came too late in many of the higher elevations to promote the development of summer range grasses, although the moisture will promote the growth of winter weeds and other browse. Pasture conditions in all of the District states as of October 1 were substantially improved from those a year ago. Cold rains killed several thousand goats in Texas, but, generally, the livestock situation in the District remains relatively favorable.

Weekly reporting member banks in the Eleventh District experienced a deposit drain of \$15.4 million in the 4 weeks ended October 16, which more than offset

a somewhat smaller increase in the preceding 4 weeks. While reducing their rediscounts and bills payable almost one-half, the banks expanded loan and invest-

ment accounts. As a result, cash assets declined \$81.3 million.

Gross loans rose \$8.5 million during the period, but interbank credits, principally overnight Federal funds transfers, showed an even larger gain. On balance, therefore, the remaining loan categories reflected net repayments, led by the \$13.6 million contraction of commercial and industrial loans, which offset half the increase in the prior 4-week period. Sales finance company borrowings declined \$16.4 million, while changes in the other business loan categories were moderate. Total commercial and industrial borrowings had risen \$28.8 million since midyear, or 44 percent more than the gain in the same period a year earlier. Business loan demand since June 27 showed greatest strength among commodity dealers and petroleum and chemical concerns, but compared with the changes in the corresponding period a year ago, construction and sales finance credits held the strongest relative positions.

In the 4-week period, which featured a sharp decline in stock prices, other loans for purchasing and carrying securities advanced \$8.4 million, but broker and dealer loans declined slightly. "All other loans" — mainly consumer credits — were up \$2.8 million, extending the steady rise in this category.

Investment accounts rose \$34.5 million during the 4 weeks ended October 16. The Treasury's September cash operation was an important factor in the expansion, and the banks acquired \$54.8 million of notes and \$8.3 million of certificates during the period. Treasury bills amounting to \$30.9 million were liquidated, along with a small amount of Government bonds.

Demand deposits in the 4-week period declined \$11.5 million, accounting for almost three-fourths of the net deposit withdrawals. Sight drafts outstanding (officers' checks and kindred instruments) were reduced \$28.9 million, and individual and business accounts declined \$16.4 million. Lesser reductions were shown by deposits of state and local governments and foreign banks. Deposits of the United States Government increased \$33 million as a result of the seasonal financing in September, and correspondent balances rose \$10.7 million. The \$4 million decrease in time deposits stemmed primarily from the decline in state and local government balances. A partially offsetting increase occurred in personal and business accounts. Since midyear, demand and time deposits have each shown increases, although not continuously.



CONDITION STATISTICS OF WEEKLY REPORTING
MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	Oct. 16, 1957	Sept. 18, 1957	Oct. 17, 1956
ASSETS			
Commercial and industrial loans.....	\$1,474,634	\$1,488,207	\$1,486,971
Agricultural loans.....	23,836	23,282	31,474
Loans to brokers and dealers in securities.....	17,394	17,903	28,657
Other loans for purchasing or carrying securities.....	160,110	151,713	145,190
Real-estate loans.....	191,459	191,344	218,221
Loans to banks.....	25,593	14,884	25,832
All other loans.....	628,927	626,135	579,530
Gross loans.....	2,521,953	2,513,468	2,515,875
Less reserves and unallocated charge-offs..	42,984	42,652	35,821
Net loans.....	2,478,969	2,470,816	2,480,054
U. S. Treasury bills.....	84,703	115,591	87,148
U. S. Treasury certificates of indebtedness.....	120,350	112,068	70,949
U. S. Treasury notes.....	212,879	158,099	220,303
U. S. Government bonds (inc. gtd. obligations)...	815,984	816,760	796,930
Other securities.....	281,103	278,001	241,725
Total investments.....	1,515,019	1,480,519	1,417,055
Cash items in process of collection.....	439,754	490,551	442,123
Balances with banks in the United States.....	455,429	454,297	523,437
Balances with banks in foreign countries.....	1,274	1,906	1,704
Currency and coin.....	47,422	48,776	47,523
Reserves with Federal Reserve Bank.....	583,696	613,383	524,651
Other assets.....	172,573	174,041	162,703
TOTAL ASSETS.....	5,694,136	5,734,289	5,599,250
LIABILITIES AND CAPITAL			
Demand deposits			
Individuals, partnerships, and corporations....	2,815,545	2,831,982	2,862,962
United States Government.....	99,501	66,497	127,928
States and political subdivisions.....	154,191	162,394	155,435
Banks in the United States.....	956,027	945,355	953,287
Banks in foreign countries.....	17,499	19,084	19,807
Certified and officers' checks, etc.....	56,327	85,228	70,307
Total demand deposits.....	4,099,090	4,110,540	4,189,726
Time deposits			
Individuals, partnerships, and corporations....	804,442	799,975	724,229
United States Government.....	12,421	12,420	12,240
Postal savings.....	421	421	452
States and political subdivisions.....	198,549	206,983	130,745
Banks in the U. S. and foreign countries.....	6,735	6,750	7,282
Total time deposits.....	1,022,568	1,026,549	874,948
Total deposits.....	5,121,658	5,137,089	5,064,674
Bills payable, rediscounts, etc.....	27,700	54,250	19,700
All other liabilities.....	89,349	89,784	83,216
Total capital accounts.....	455,429	453,166	431,660
TOTAL LIABILITIES AND CAPITAL.....	5,694,136	5,734,289	5,599,250

RESERVE POSITIONS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Item	September 1957	August 1957	September 1956
RESERVE CITY BANKS			
Reserve balances.....	\$ 559,584	\$ 561,449	\$ 564,133
Required reserves.....	553,185	553,268	551,721
Excess reserves.....	6,399	8,181	12,412
Borrowings.....	21,453	18,984	14,420
Free reserves.....	-15,054	-10,803	-2,008
COUNTRY BANKS			
Reserve balances.....	448,759	454,515	444,119
Required reserves.....	402,254	400,662	395,818
Excess reserves.....	46,505	53,853	48,301
Borrowings.....	10,531	10,229	5,356
Free reserves.....	35,975	43,624	42,945
MEMBER BANKS			
Reserve balances.....	1,008,343	1,015,964	1,008,252
Required reserves.....	955,439	953,930	947,539
Excess reserves.....	52,904	62,034	60,713
Borrowings.....	31,984	29,213	19,776
Free reserves.....	20,921	32,821	40,937

In contrast to the somewhat easier reserve position nationally in September, Eleventh District member banks operated with daily average free reserves of \$20.9 million, or one-third below the August level and about one-half the total free reserves in September 1956. Daily average borrowings from the Federal Reserve Bank increased \$2.8 million, and excess reserves declined \$9.1 million as a result of decreased reserve balances and a larger volume of required reserves, the latter reflecting mainly the increase in demand deposits.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	October 16, 1957	Sept. 18, 1957	October 17, 1956
Total gold certificate reserves.....	\$799,414	\$ 812,108	\$720,217
Discounts for member banks.....	25,257	38,969	10,361
Other discounts and advances.....	338	312	0
U. S. Government securities.....	911,510	911,059	948,289
Total earning assets.....	937,105	950,340	958,650
Member bank reserve deposits.....	979,893	1,019,972	924,550
Federal Reserve notes in actual circulation....	718,400	712,636	718,531

The \$12.7 million decline in gold certificate reserves of the Federal Reserve Bank of Dallas in the 4 weeks ended October 16 offset about two-thirds of the gain registered in the previous period, but holdings on October 16 were \$79.2 million larger than a year earlier. Member bank reserve accounts declined \$40.1 million in the 4 weeks, but these, too, showed a substantial year-to-year gain. Federal Reserve notes in circulation rose \$5.8 million between September 18 and October 16 and about equaled the amount outstanding in mid-October 1956. Earning assets of the Federal Reserve Bank of Dallas were down \$13.2 million in the 4 weeks, reflecting principally the lower level of discounts for member banks but also the minor decrease in the Bank's participation in the Open Market Account.



District crude oil production in the first part of October declined to the lowest level in 2 years. However, the successive cutbacks in production and, more recently, the drop in imports have been effective in nearly equalizing the supply of and demand for crude oil. In addition, the rate of accumulation of products stocks has lessened substantially.

District crude oil production declined 3 percent in the first half of October and, at 3,028,000 barrels daily, was 8 percent below the comparable period of 1956, while national production was 3 percent less than a year earlier. Crude stocks remained practically unchanged in September and early October. Nevertheless, crude

stocks in the Nation on October 12, totaling 283,314,000 barrels, were 1 percent greater than a year ago; crude stocks of District origin were 2 percent above the prior year. Since the demand for crude oil is expected to show only a slight increase in November, the Texas Railroad Commission has retained the unusually low 12-day producing schedule for the month, resulting in a 58,788-barrel increase in total daily allowables. Louisiana and New Mexico allowables are unchanged.

Total imports during the 5 weeks ended October 18 showed a 4-percent decline from the previous 5-week period, and crude oil imports were only slightly above the level requested by the President. However, at 1,504,000 barrels per day, total imports in the recent 5-week period showed a 5-percent gain over the corresponding period in 1956.

As a result of the demand and inventory situation, District crude runs to refinery stills were reduced 3 percent in early October but, at 2,225,000 barrels per day, were 1 percent above the preceding year. Although national refinery operations were similarly reduced in the first part of October, they showed a year-to-year gain of 2 percent and still exceeded current demand. Consequently, total products stocks rose in early October to total 446,883,000 barrels on October 18, or 9 percent more than last year.

A new nonfarm employment record for the District states was reached in September. However, the 4,329,100 total reflected a smaller seasonal rise than occurred in the same month of 1955 and 1956, and the margin of gain from a year ago was narrowed to 2.2 percent, compared with 2.8 percent in August. Trade and educational employment, expanded by the reopening of schools, accounted for the only major month-to-month increases; the increase in trade was only about one-half the August-September gains in the previous 2 years. Mining and construction showed the largest employment declines from August. The decrease in mining largely reflected the normal seasonal loss of students working in the industry. However, the 4,600 employment decline in construction contrasted with a slight gain at the same time in 1956.

Manufacturing employment at mid-September showed a small decrease of 1,600 workers from August, compared with slight increases in September of last year

NONAGRICULTURAL EMPLOYMENT
Five Southwestern States¹

Type of employment	Number of persons			Percent change Sept. 1957 from	
	September 1957	August 1957	September 1956 ^r	Aug. 1957	Sept. 1956
Total nonagricultural wage and salary workers..	4,329,100	4,319,000	4,233,900	0.2	2.2
Manufacturing.....	785,000	786,600	774,000	-.2	1.4
Nonmanufacturing.....	3,544,100	3,532,400	3,459,900	.3	2.4
Mining.....	266,500	271,600	262,000	-1.9	1.7
Construction.....	320,700	325,300	306,900	-1.4	4.5
Transportation and public utilities.....	407,400	408,100	410,500	-.2	-.8
Trade.....	1,120,900	1,117,300	1,095,100	.3	2.4
Finance.....	184,000	185,800	177,900	-1.0	3.4
Service.....	517,200	518,300	499,100	-.2	3.6
Government.....	727,400	706,000	708,400	3.0	2.7

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

^r—Revised.

SOURCE: State employment agencies.

and 1955. New cutbacks in aircraft employment and a small reduction in shipbuilding employment more than offset seasonal increases in other industries. In the last half of the month, factory employment was further depressed by work stoppages; over 1,600 automobile workers in the region were idled by material shortages resulting from strikes elsewhere in the Nation, and a wildcat strike idled about 3,000 steelworkers in north-east Texas.

The total nonagricultural labor force expanded despite the withdrawal of students returning to school. This increase was sufficient to occasion a contraseasonal rise in unemployment. The Texas unemployment total rose 1,700 from August to reach 131,700, which is 4.2 percent of the labor force, compared with a 4.0-percent rate in September 1956.

Construction contract awards in the District states during August reflected relatively modest changes. The \$259.1 million total was 2 percent less than in July but was 1 percent above August 1956. The value of residential awards, while down 11 percent from July, maintained a 9-percent margin over a year ago. "All other" construction awards, responding to the cement strike settlement in mid-August, increased 6 percent from July but were 5 percent lower than in August last year. For the first 8 months of 1957, the cumulative value of total awards showed a year-to-year gain of 8 percent, shared about equally between residential and "all other" construction. In the Nation, August construction awards totaled 3 percent below July and 5 percent under August 1956, and cumulative awards during the January-August period were only 2 percent above a year earlier.

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

(Dollar amounts in thousands)

Area	Debits to demand deposit accounts ¹			Demand deposits ¹			
	September 1957	Percentage change from		Sept. 30, 1957	Annual rate of turnover		
		Aug. 1957	Sept. 1956		Sept. 1957	Aug. 1957	Sept. 1956
ARIZONA							
Tucson.....	\$ 154,055	0	11	\$ 99,509	19.0	19.2	17.0
LOUISIANA							
Monroe.....	69,549	2	8	55,778	15.5	15.8	15.7
Shreveport.....	271,835	-1	11	191,842	17.0	17.3	15.8
NEW MEXICO							
Roswell.....	27,877	-6	6	26,926	12.4	13.0	11.9
TEXAS							
Abilene.....	83,477	-2	18	59,011	16.8	16.8	14.6
Amarillo.....	168,644	-7	17	106,680	19.2	20.5	16.7
Austin.....	169,153	-1	15	121,537	16.9	16.7	15.7
Beaumont.....	150,285	-2	12	106,201	17.0	17.3	15.6
Corpus Christi.....	183,847	-11	7	112,764	19.6	22.0	18.8
Corsicana.....	15,836	-5	-4	21,851	8.8	9.2	9.2
Dallas.....	2,123,249	-8	12	987,459	25.9	27.8	23.3
El Paso.....	272,685	0	26	143,572	22.9	23.5	19.9
Fort Worth.....	660,606	-3	5	358,946	22.3	22.7	20.3
Galveston.....	90,858	-14	7	66,901	16.2	18.6	13.9
Houston.....	2,261,645	-1	7	1,198,721	22.7	22.7	20.6
Laredo.....	22,926	-5	10	19,251	14.0	14.4	13.3
Lubbock.....	126,507	-5	5	98,897	15.7	16.8	16.6
Port Arthur.....	66,862	-3	29	46,036	17.5	18.6	14.0
San Angelo.....	50,548	7	14	41,074	14.6	13.4	11.6
San Antonio.....	495,166	-7	15	344,572	17.3	18.6	15.0
Texarkana ²	19,148	-2	2	16,121	14.0	14.3	13.4
Tyler.....	80,814	-1	8	60,728	16.2	16.1	15.5
Waco.....	88,754	-5	5	63,015	16.9	17.9	15.6
Wichita Falls.....	98,428	-1	8	105,283	11.3	11.4	10.7
Total—24 cities.....	\$7,752,754	-4	10	\$4,452,675	21.0	21.8	19.0

¹ Deposits of individuals, partnerships, and corporations and of states and political subdivisions.

² These figures include only one bank in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including one bank located in the Eighth District, amounted to \$39,494,000 for the month of September 1957.

NATURAL GAS: MARKETED PRODUCTION

(In millions of cubic feet)

Area	Second quarter 1957	First quarter 1957	Second quarter 1956
Louisiana.....	480,000	518,600	418,800
New Mexico.....	157,900	196,300	139,800
Oklahoma.....	166,600	185,300	168,900
Texas.....	1,277,600	1,430,500	1,239,400
Total.....	2,082,100	2,330,700	1,966,900

SOURCE: United States Bureau of Mines.

CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	September 1957 ¹	August 1957 ¹	September 1956 ¹	Change from	
				August 1957	September 1956
ELEVENTH DISTRICT.....	3,136.7	3,161.5	3,364.3	-24.8	-227.6
Texas.....	2,765.5	2,791.0	3,000.2	-25.5	-234.7
Gulf Coast.....	551.2	559.3	592.9	-8.1	-41.7
West Texas.....	1,157.0	1,172.0	1,264.1	-15.0	-107.1
East Texas (proper).....	169.6	171.8	204.2	-2.2	-34.6
Panhandle.....	107.1	106.6	102.6	.5	4.5
Rest of State.....	780.6	781.3	836.4	-7	-55.8
Southeastern New Mexico.....	246.8	244.8	239.2	2.0	7.6
Northern Louisiana.....	124.4	125.7	124.9	-1.3	-5
OUTSIDE ELEVENTH DISTRICT.....	3,685.0	3,639.0	3,689.6	46.0	-4.6
UNITED STATES.....	6,821.7	6,800.6	7,053.9	21.1	-232.2

SOURCES: ¹ Estimated from American Petroleum Institute weekly reports.

² United States Bureau of Mines.

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Sept. 25, 1957	Aug. 28, 1957	Sept. 26, 1956
ASSETS			
Loans and discounts.....	\$4,020	\$3,984	\$3,893
United States Government obligations.....	2,385	2,492	2,312
Other securities.....	665	659	600
Reserves with Federal Reserve Bank.....	969	1,004	940
Cash in vault ^e	151	132	109
Balances with banks in the United States.....	993	938	1,158
Balances with banks in foreign countries ^e	2	2	2
Cash items in process of collection.....	436	404	506
Other assets ^e	243	241	218
TOTAL ASSETS^e.....	9,864	9,856	9,738
LIABILITIES AND CAPITAL			
Demand deposits of banks.....	1,048	1,011	1,179
Other demand deposits.....	6,204	6,266	6,309
Time deposits.....	1,684	1,651	1,388
Total deposits.....	8,936	8,928	8,876
Borrowings ^e	39	41	28
Other liabilities ^e	100	103	101
Total capital accounts ^e	789	784	733
TOTAL LIABILITIES AND CAPITAL^e.....	9,864	9,856	9,738

e—Estimated.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	August 1957	July 1957	August 1956	January—August	
				1957	1956
FIVE SOUTHWESTERN STATES¹.....	\$ 259,086	\$ 265,359	\$ 257,541	\$ 2,412,873	\$ 2,238,210
Residential.....	115,789	129,808	106,641	900,735	837,617
All other.....	143,297	135,551	150,900	1,512,138	1,400,593
UNITED STATES.....	2,817,966	2,900,681	2,953,309	22,676,652	22,159,571
Residential.....	1,283,513	1,286,937	1,224,465	9,053,764	9,165,970
All other.....	1,534,453	1,613,744	1,728,844	13,622,888	12,993,601

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

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER				Percentage change		
	Sept. 1957	9 mos. 1957	Sept. 1957	9 mos. 1957	Sept. 1957 from		9 mos. 1957 comp. with 9 mos. 1956
					Aug. 1957	Sept. 1956	
ARIZONA							
Tucson.....	360	3,752	\$ 3,409	\$ 17,067	236	254	-2
LOUISIANA							
Shreveport.....	482	4,006	1,738	18,430	15	26	-12
TEXAS							
Abilene.....	145	1,153	1,294	11,349	-3	28	-38
Amarillo.....	280	2,152	1,781	20,404	-7	22	31
Austin.....	235	2,076	4,302	35,716	-25	-18	-2
Beaumont.....	332	3,159	1,068	14,046	-35	-41	23
Corpus Christi.....	297	2,970	1,383	12,432	-8	44	-19
Dallas.....	2,026	17,872	13,951	105,464	44	30	-10
El Paso.....	471	3,758	3,378	26,304	37	76	25
Fort Worth.....	648	5,640	3,232	40,020	-8	-12	16
Galveston.....	118	1,261	829	3,480	361	12	-14
Houston.....	1,331	12,515	17,165	176,200	-20	51	46
Lubbock.....	232	1,876	2,709	21,411	77	59	24
Port Arthur.....	271	2,217	454	4,463	35	-17	13
San Antonio.....	1,346	13,565	2,921	39,170	-40	-19	-19
Waco.....	309	3,583	1,898	12,167	66	-18	-7
Wichita Falls.....	139	1,280	1,669	10,353	225	213	43
Total—17 cities.....	9,022	82,835	\$63,181	\$568,476	5	26	9