

# BUSINESS REVIEW

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## REGIONAL TRENDS IN RETAIL TRADE

Consumer buying is the basic objective of all manufacturing, wholesaling, and retailing activity. The volume, composition, and trend of retail trade reflect changes in economic activity of the particular region, as well as those at the national level, and are influenced by broad changes in consumer preferences and specific changes in price levels. With the rapidly changing economic situation in the Southwest, it is desirable occasionally to review the general developments in retail trade, particularly when certain benchmark figures become available. Within the past few months, the Bureau of the Census of the United States Department of Commerce published another in its series of retail trade censuses in the postwar period. The data provided by these censuses cover the years 1948, 1954, and 1958. In the June 1956 issue of this Bank's *Monthly Business Review*, the changes from 1948 to 1954 in retail trade in the Eleventh Federal Reserve District were analyzed. The following article extends this analysis from 1954 through 1958, with some references to 1959 developments.

Of special importance to the retail trade pattern of the District was the economic situation of the census years 1954 and 1958. In each year, a business recession was evident, although the particular stage of the recession and the rate of recovery were somewhat different. For example, in 1954 the depth of the recession occurred in late summer, while in 1958 the trough of the recession occurred in April. Also, the rate of recovery from the trough in 1958 was substantially more rapid than in late 1954. Nevertheless, the 1954-58 increases in the various statistical

**FEDERAL RESERVE BANK OF DALLAS**  
**DALLAS, TEXAS**



indicators can be attributed largely to growth in the economy and, in cases where the statistical measure is expressed in terms of dollars, possibly to price changes. From 1954 to 1958, the gross national product of the United States advanced from \$363 billion to \$442 billion, showing an increase of more than 21 percent. Similarly, industrial production, as measured by the Board of Governors' index (based on 1947-49 = 100), rose from 130 to 141, reflecting an improvement of over 8 percent. Total retail trade in the Nation increased about 18 percent between the two census years. However, price changes in this period accounted for approximately 8 percent of the gains in dollar volume of retail trade. Thus, the average advance in the 4-year period was around 10 percent.

#### MAJOR ECONOMIC INDICATORS, 1958 AND 1954

(Dollar amounts in millions)

Indicator	Southwest		United States	
	1958	1954	1958	1954
Industrial production index (1947-49 = 100).....	1159	1141	141	130
Crude oil production (Barrels per day)...	2,938,000	3,006,000	6,709,000	6,342,000
Nonagricultural employment.....	4,220,700	3,817,000	50,543,000	48,431,000
Personal income.....	\$29,634	\$22,892	\$359,000	\$289,800
Cash farm income.....	\$4,238	\$3,438	\$34,649	\$30,210
Bank deposits.....	\$18,612	\$15,357	\$216,017	\$184,757
Bank loans.....	\$7,931	\$5,628	\$98,214	\$70,619

<sup>1</sup> Texas only.

<sup>2</sup> All commercial banks in Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

<sup>3</sup> All commercial banks in the United States.

SOURCES: Board of Governors of the Federal Reserve System.

Federal Reserve Bank of Dallas.

State employment agencies.

United States Bureau of Mines.

United States Department of Agriculture.

United States Department of Commerce.

Against this background of national economic conditions, one may consider how comparable changes in District conditions might have affected retail trade in this area. Although industrial production indexes for the District are limited to Texas, a 1954-58 increase of nearly 13 percent was recorded for this State alone. The broader measure of employment in the five District states — Arizona, Louisiana, New Mexico, Oklahoma, and Texas (hereinafter called the Southwest)—showed a comparable increase. The composition of the industrial production sector of the District economy was substantially different between 1954 and 1958, as evidenced by the relatively small gain in crude oil refinery runs, which rose only 5 percent, and the actual decline of 2.5 percent in crude oil production. The major increases in industrial production in this period were in the transportation equipment, metal and metal-fabricating, instruments and electronics, chemicals, and textile and apparel industries. District employment

changes reflected an actual decline in mining and transportation and public utilities but strong advances in manufacturing, government, trade, services, and finance. The Southwest's construction industry also showed substantial improvement over the 4-year period, as did the agricultural industry. Cash receipts from farm marketings advanced nearly 19 percent, and cash farm income, including Government payments, rose 23 percent during the 4 years.

#### RETAIL SALES, 1958 AND 1954

(Amounts in thousands of dollars)

Area	1958	1954	Percent increase
Arizona.....	1,337,286	1,001,004	33.6
Louisiana.....	2,819,980	2,339,289	20.5
New Mexico.....	922,638	673,729	25.9
Oklahoma.....	2,319,985	2,101,041	10.4
Texas.....	10,412,737	9,032,371	15.3
Total.....	17,812,626	15,206,798	17.1

SOURCE: United States Bureau of the Census.

The basic growth of the southwestern region was somewhat faster than that of the Nation. However, the rate of growth to which the Southwest had become accustomed in the postwar period was no longer as dynamic or spectacular in relation to the growth rate of the Nation. Thus, with the slower rate of expansion of the southwestern economy and with comparable gains in many of the basic economic indicators between the two census years, it might be anticipated that the rate of increase in retail trade in the Southwest would be more nearly the same as in the Nation between 1954 and 1958.

#### Trends in Total Retail Trade

This seeming consistency in the rates of growth between the Southwest and the Nation is confirmed by the Census of Business, which shows that total retail trade in the five southwestern states rose 17 percent from 1954 to 1958. Among the five southwestern states, the fastest growth rate, 34 percent, occurred in Arizona, while the slowest gain, 10.4 percent, occurred in Oklahoma. These figures reflect, of course, not only the relative changes in population and rate of growth in economic activity but also the relative size of total retail trade in the individual states. The advance of nearly 15 percent for Texas outweighed only the gain in Oklahoma, as the rates of advance in New Mexico, Louisiana, and Arizona exceeded 21 percent. For the five states as a whole, the general improvement of 17 percent must be related to the individual gains reflected at the major types of establishments.



It should be noted that the business census is reported on the basis of establishments, rather than product lines. This fact has considerable significance in that a number of separate types of retail trade outlets have been expanding their coverage of retail items, while others have been moving toward a specialty area. For example, the food stores, which not too many years ago carried largely perishable food commodities, today sell a wide range of products; some of the larger stores even sell consumer durables. Similarly, drugstores and proprietary stores have markedly expanded their range of items offered for sale. Consequently, gains by type of outlet may not truly reflect gains by type of commodity, but, in a broad context, developments in separate types of retail trade outlets do give some indication of the relative standing of sales by type of commodity.

Leading the sales increases by type of outlet from 1954 to 1958 were the drugstores and proprietary stores, with an improvement of more than 31 percent.

#### RETAIL SALES AT DRUGSTORES AND PROPRIETARY STORES, 1958 AND 1954

(Amounts in thousands of dollars)

State or major metropolitan area	1958	1954	Percent increase
Arizona.....	56,092	35,183	59.4
Louisiana.....	104,919	80,267	30.7
New Mexico.....	32,468	27,648	17.4
Oklahoma.....	90,482	74,513	21.4
Texas.....	376,406	285,228	32.0
Dallas.....	53,645	33,571	59.8
Fort Worth.....	26,938	21,549	25.0
Houston.....	64,238	38,218	68.1
San Antonio.....	20,496	15,878	29.1

SOURCE: United States Bureau of the Census.

This gain could be traced not only to the broader coverage of items for sale but also to the rapid expansion of suburban areas around the major metropolitan centers, where drugstores and proprietary stores have come to be almost a type of general merchandise store. In addition, this type of outlet generally maintains a much longer workday, ranging to as many as 24 hours in certain areas. Another reason for this particular advance might be the substantial increase in the size of drugstores in suburban areas, as contrasted to the relatively small shops customarily found in the Central Business Districts.

The second largest advance was made in sales at gasoline service stations, which rose 29 percent from 1954 to 1958. The principal factor in this advance was the sharp rise in the demand for gasoline, developing from the steady gain in the number of automobiles,

#### RETAIL SALES AT GASOLINE SERVICE STATIONS, 1958 AND 1954

(Amounts in thousands of dollars)

State or major metropolitan area	1958	1954	Percent increase
Arizona.....	120,200	89,485	34.3
Louisiana.....	213,113	161,923	31.6
New Mexico.....	88,991	67,632	31.6
Oklahoma.....	196,948	160,388	22.8
Texas.....	831,917	643,099	29.4
Dallas.....	94,840	59,309	59.9
Fort Worth.....	49,643	32,481	52.8
Houston.....	112,951	78,247	44.4
San Antonio.....	45,109	35,441	27.3

SOURCE: United States Bureau of the Census.

the increase in travel to and from suburban areas, and the trend toward multiple car ownership. Price changes, resulting primarily from higher taxes on gasoline, appear to have had some effect upon the dollar volume of gasoline sales. A further reason for the sales advance might be found in the steadily increasing size of gasoline service stations to cover automobile repair services and the additional and more expensive servicing required by the growing complexity of modern automobiles. Moreover, a marked increase in the number of outlets, principally those handling a wider variety of products and services, provided further impetus to retail sales at gasoline service stations.

The gains in sales at apparel and accessory stores and at food stores were next in line in the rate of advance from 1954 to 1958. Sales at apparel and accessory stores rose 25 percent, indicating some increase in the number of stores as a result of the establishment of specialty shops in suburban areas but, more importantly, also reflecting an increase in consumer attention to non-durable goods in 1958. The expansion in sales at food stores, totaling 24 percent, could be attributed to the general factors mentioned above, particularly the larger number of items for sale, and to a rather substantial increase of more than 10 percent in retail food prices.

Another major advance was in sales by nonstore retailers, which rose more than 23 percent in the 4-year period. This gain might be assigned to increased telephone retailing and the larger sizes of nonstore retailers; however, the actual number of such retailers declined markedly during this period.

It will be noted that the sales increases indicated above, all of which exceed the average for the entire Southwest, occurred at outlets selling principally non-durable commodities. In the United States between 1954 and 1958, consumer durable goods expenditures gained only \$5 billion, while nondurables sales



advanced \$23 billion. These figures point up the previously mentioned trend of consumer preference for more nondurable goods than durable goods. However, within the period covered by these census years, there was at least one year — 1955 — when durable goods sales showed an exceptionally marked advance. In general though, expenditures for nondurable goods and services have continued to take a steadily larger proportion of total consumer expenditures, and whatever declines have developed in the recession periods have been concentrated in sales of durable goods.

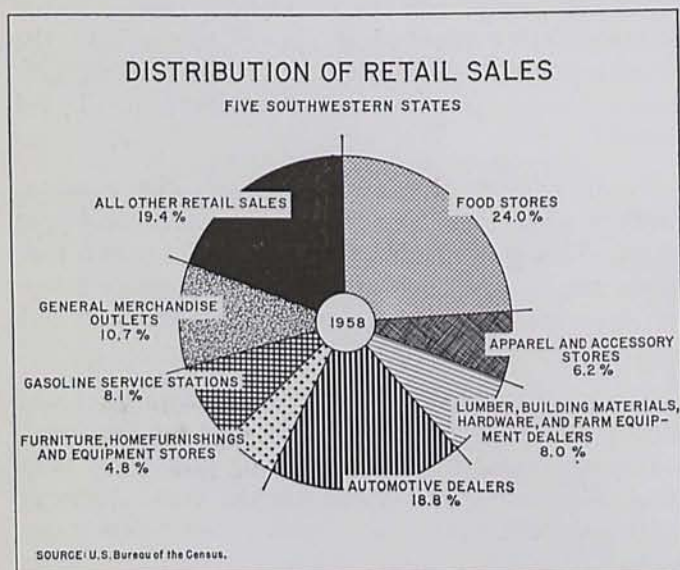
In the Southwest, the fact that all of the outlets with greater than average advances were in the nondurables groupings re-emphasizes this trend. The smallest rates of growth shown by sales at any of the major types of retail outlets were at the lumber, building materials, hardware, and farm equipment stores and at automobile dealers, each category reflecting an improvement of only 7 percent in the 4-year period. Most of the rise in sales at these types of outlets could be attributed to price increases. The impact of recession upon such deferrable consumer durables is especially noticeable in these data; in addition, there has been a substantial increase in wholesale buying by retail customers, particularly of lumber and building materials, with the consequence that retail sales at such outlets no longer reflect actual consumer spending for these products. Furthermore, sales at hardware stores showed a less than average increase of only 4 percent in the 4-year period, perhaps because many of the products formerly sold strictly at hardware stores are now available at several other retail

outlets, including drugstores and food and general merchandise stores. Farm equipment sales, however, reflected a 20-percent gain, as farmers' incomes advanced following the drought years and deferred equipment needs were satisfied.

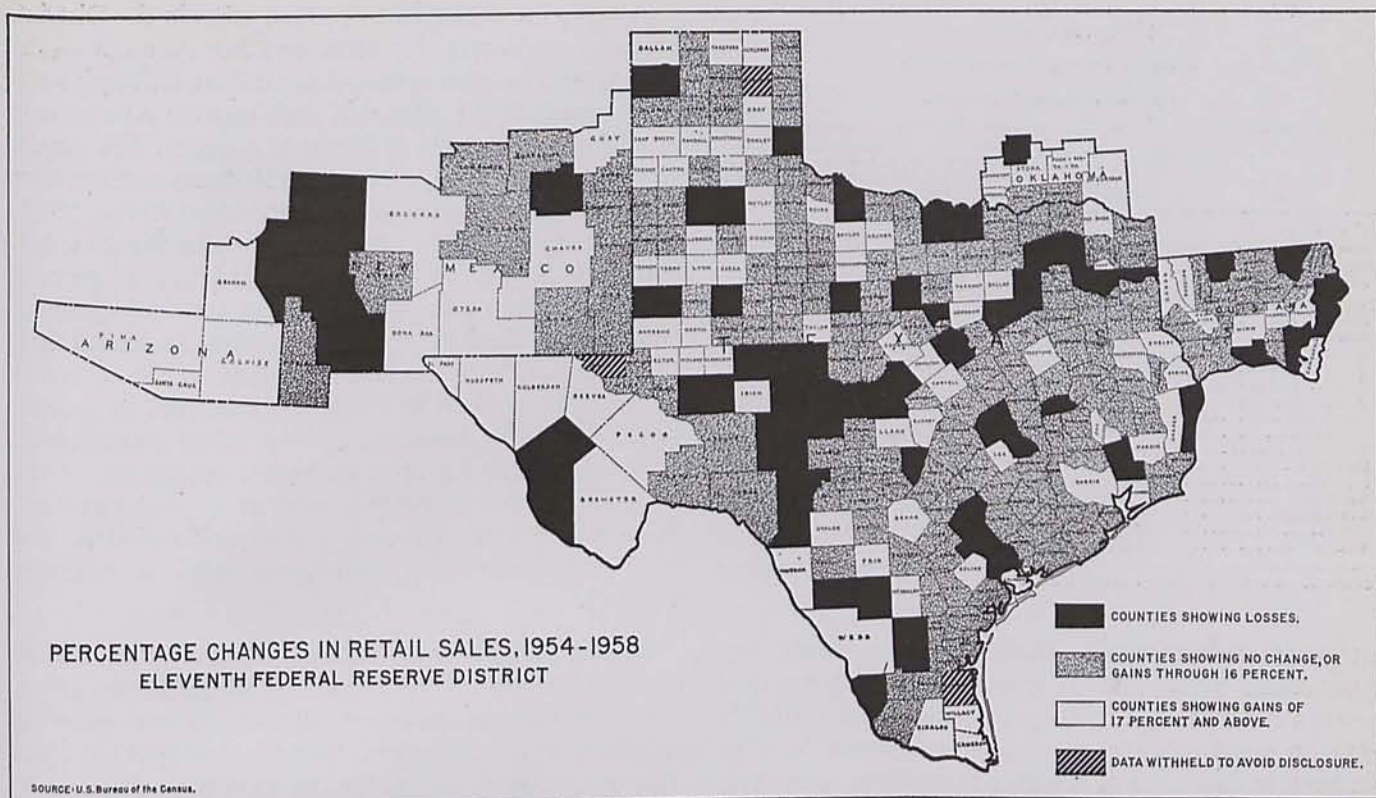
Other outlets selling principally durable goods (especially furniture, homefurnishings, and equipment stores) showed approximately the same gain as total retail trade in the Southwest — namely, slightly above 17 percent. This gain, however, resulted from the combination of the more than one-fifth advance in retail sales at household appliance, radio, television, and music stores and the somewhat lower 15-percent increase in sales at furniture and homefurnishings stores. Of particular importance in the sales improvement at appliance stores was consumer emphasis upon purchases of new high-fidelity and stereophonic radio and phonograph combinations.

The relative changes indicated above made comparable inroads into the percentage distribution of retail sales in the Southwest. In the five southwestern states, sales at automotive establishments, as a percentage of total retail sales, declined from nearly 21 percent in 1954 to about 19 percent in 1958. General merchandise sales decreased from 11.0 percent to 10.7 percent, and sales at lumber, building materials, hardware, and farm equipment dealers decreased from 8.7 percent to 8.0 percent. For these three major categories, the relative share of total retail sales in the Southwest declined from 40.3 percent in 1954 to 37.5 percent in 1958. Major increases in percentage shares of total retail trade occurred in sales at food, apparel and accessory, and drug and proprietary stores and at nonstore retailers. Nevertheless, it is significant that more than 53 percent of total retail trade in 1958 was accounted for by general merchandise, food, and automotive outlets.

The internal composition of total retail trade for the Southwest as a whole was not the same for the individual states. There were some moderate differences in the relative shares, as reported in the most recent Census of Business, although the broad pattern was similar. Foremost among the differences in internal distribution was the relative share of the general merchandise group; sales at such Louisiana stores accounted for 12.2 percent of the total state sales, but sales at Arizona general merchandise stores accounted for only 9.4 percent of the state volume. The margin of difference in relative shares among the five states was more than 2 percent for







food stores, eating and drinking places, and the general "other retail stores" category. One possible reason for these differences could be the varying types of economic development among the states, as well as the timing of the development. Density of population and climate also may be partially responsible for the differing share of sales by general merchandise stores, but local customs are probably an additional primary factor.

During the 4-year period, the number of retail trade establishments advanced from 161,659 in 1954 to 166,177 in 1958. The only declines were in the number of food stores, drugstores and proprietary stores, and nonstore retailers. In all other categories, the number of establishments increased; the largest gain appeared in the number of gasoline service stations, followed by a marked rise in the number of eating and drinking places.

#### Retail Trends in Local Areas

An appraisal of retail trade activity at the county level in the Eleventh District indicates some wide differences, with only a few identifiable patterns. Showing the strongest increases in retail trade were those counties in which the District's largest cities are located

and a large band of counties extending roughly from the Texas Panhandle westward through New Mexico and Arizona. These two patterns of strength can be attributed to (1) the continuing concentration of population and industrial development near the larger cities; (2) the rather rapid development of western sections of the District, especially in terms of irrigated agricultural activity; and (3) some improvement in industrialization at the local level. In addition, however, it should be noted that the western portion of the District has generally been relatively sparsely populated and that even a small improvement in dollar sales would yield a relatively high percentage change. Nevertheless, in terms of these improvements, the pattern is quite marked.

On the other hand, the counties generally reporting declines in retail sales between 1954 and 1958 were, with only a few exceptions, rather scattered. One fairly large block of about 16 counties in south-central Texas showed absolute declines in this period, reflecting, first, the retrenchment in ranching activity which had been caused by the long drought and, second, the rather sharp cutback in oil production and drilling activity, including curtailments in related maintenance and



RETAIL SALES, BY STANDARD METROPOLITAN AREAS,  
1958, 1954, AND 1948

Eleventh Federal Reserve District

(Amounts in thousands of dollars)

Area	1958	1954	1948	Percent change	
				1958 from 1954	1954 from 1948
ARIZONA					
Tucson.....	270,918	204,206	134,841	32.7	100.9
LOUISIANA					
Shreveport.....	290,323	246,370	166,799	17.8	74.1
TEXAS					
Amarillo.....	202,131	174,543	118,418	15.8	70.7
Austin.....	213,935	187,432	138,055	14.1	55.0
Beaumont-Port Arthur...	329,338	285,146	218,882	15.5	50.5
Corpus Christi.....	240,266	224,775	141,181	6.9	70.2
Dallas.....	1,408,013	1,202,585	785,324	17.1	79.3
El Paso.....	309,674	245,403	158,672	26.2	95.2
Fort Worth.....	689,550	588,890	418,595	17.1	64.7
Galveston.....	145,348	126,450	116,033	14.9	25.3
Houston.....	1,568,665	1,213,580	809,805	29.3	93.7
Laredo.....	56,874	47,280	38,956	20.3	46.0
Lubbock.....	208,148	171,913	116,116	21.1	79.3
San Angelo.....	79,411	82,081	62,455	-3.3	27.1
San Antonio.....	653,338	552,653	385,657	18.2	69.4
Waco.....	159,151	149,018	114,364	6.8	39.2
Wichita Falls.....	152,772	135,464	90,222	12.8	69.3

SOURCE: United States Bureau of the Census.

equipment requirements. This territory generally has experienced some loss of population, as farms and ranches have been consolidated into larger units. In addition, some military installations have been closed or cut back in this section. Another fairly large area comprising four counties in New Mexico and Arizona also showed declining retail trade in the 4-year period, not only because of lower mining activity but also because of some reductions in ranching.

The only other identifiable areas of decline included a nine-county area in northeast Texas and a six-parish (-county) section in the Louisiana portion of the District. The decrease in the first of these sections can be attributed primarily to the concentration of the population in the larger metropolitan areas nearby; the consolidation of farms into larger units and the resulting exodus from farms; and, to a minor extent, the cutback in oil production. Declining retail trade in the Louisiana section would appear to have been principally a matter of decreasing population, as well as a result of relatively low cotton production in 1958, which had a severe effect upon farmers' incomes in this area. The remaining scattered counties that showed declines in retail trade were also likely affected by one or more of the major influences mentioned above, with perhaps the strongest factors being the cutback in oil production and the continuous concentration of population in suburban areas.

Among the major metropolitan areas in the District, Dallas, Fort Worth, Houston, and San Antonio — the four largest — also reflected somewhat differing rates of change in retail sales, but each showed a faster rate of gain than the State of Texas as a whole. The largest improvement was apparent in the Houston metropolitan area, where sales rose 29 percent from 1954 to 1958; however, there was an 18-percent gain in San Antonio, and both Dallas and Fort Worth marked 17-percent increases. The more rapid gains in the major metropolitan areas than in the State as a whole increased their share of the State's total retail trade from 39 percent in 1954 to 41 percent in 1958. With respect to specific types of outlets, moreover, the individual metropolitan areas accounted for an even higher percentage of the State's total, particularly of sales at general merchandise, apparel and accessory, eating and drinking, and drug and proprietary stores and sales at nonstore retailers.

However, there was further evidence of continued decentralization of retail trade to the suburban areas, with the Central Business District section showing relatively less improvement than the metropolitan area. The well-known reasons for this gain will not be elaborated upon at this point, but it should be noted that, in particular lines of retail trade activity, the Central Business District still maintains a relatively large share of the total metropolitan area trade, especially sales at general merchandise, apparel, and eating and drinking establishments.

#### Recent Developments

Economic activity during the past year, recovering from the recession, was at a relatively high rate, stimulated in part by continued strength in consumer buying. Further gains in retail trade occurred in the Eleventh District states, with a 1959 gain of approximately 7 percent in the District as a whole. This improvement parallels the nationwide gain in retail trade and reflects the consumer's increased attention to durable goods during the past year. Retail trade in 1959 showed a more rapid gain in sales at automobile dealers and eating and drinking outlets than in sales at the other principal types of retail trade establishments. Additional increases in various consumer prices were reflected in the advances during 1959, but some major price decreases were also evident for food and farm products.



# BUSINESS REVIEW

BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Nonagricultural employment in the Eleventh District states rose further during December, as trade employment advanced seasonally and manufacturing

and construction employment declined less than seasonally. In Texas, unemployment decreased to 4.5 percent of the work force in December; and the index of Texas industrial production rose to 170, the highest level since September. Construction contract awards in the District states declined sharply during November.

District crude oil production and refining continued to increase in December and the first half of January. Although crude oil stocks at the middle of January were below a year ago, heating oil inventories were considerably above both the year-earlier level and normal seasonal requirements. Daily average crude oil production in Texas is scheduled to rise 4 percent in February, although the 10-day allowable schedule has been continued.

Moisture conditions in most sections of the District are generally adequate, and warm weather is needed

to promote growth of small grains, winter legumes, and grasses. Indicated winter wheat production in the District states is below that of last season, but expected output in Texas is larger. Prospects for winter vegetables and citrus production in Texas continue favorable. Numbers of cattle on feed are larger than a year earlier.

Christmas buying pushed District department store sales in December to a record level for the month. The usual seasonal decline followed Christmas, but sales remained higher than a year ago. Some groups of both durable goods and soft goods scored good gains over December 1958, but other groups showed lower sales. Department store inventories declined more than seasonally but were still higher than at the end of 1958.

Following the customary year-end expansion at weekly reporting banks in the District, seasonal declines in early January reduced both loans and deposits to levels below those recorded for mid-December. Investments also declined between December 16 and January 20.



The Christmas-season sales volume at department stores in the Eleventh District exceeded all previous years, as December 1959 sales scored a 5-percent gain over December 1958. The seasonally adjusted index for the month was 168 percent of the 1947-49 average, compared with the near-peak level of 182 in November and 160 a year ago. Total sales for the year 1959 were 8 percent more than in 1958. As usual, sales declined sharply during the weeks following Christmas but were still above the year-earlier level.

Sales of both durable goods and soft goods participated in the year-to-year gain during December, although increases were not general in either group. Year-to-year changes in District department store sales

of consumer durable goods during the month ranged from an 18-percent increase in sales of radios, television sets, and musical equipment to a 4-percent decrease in sales of major household appliances. Sales of domestic floor coverings rose 13 percent, while furniture and bedding sales advanced 4 percent. In the soft goods lines, the best showing was made by sales of women's and misses' dresses, which rose 14 percent over December 1958. On the other hand, sales of men's clothing declined 1 percent.

Department store inventories in the District decreased more than seasonally during December but at the year end were 10 percent higher than at the end of 1958. The seasonally adjusted stock index fell to 180 percent of the 1947-49 average from 188 in November; for December 1958, the index was 163. Orders outstand-



# 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
1958: December.....	276r	160	152	163
1959: October.....	177	170	203	185
November.....	208	182	207	188
December.....	291	168	167p	180p

r — Revised.  
p — Preliminary.

## DEPARTMENT STORE SALES AND STOCKS

(Percentage change in retail value)

Area	NET SALES			STOCKS (End of month)	
	Dec. 1959 from		12 months, 1959 from 1958	Dec. 1959 from	
	Nov. 1959	Dec. 1958		Nov. 1959	Dec. 1958
Total Eleventh District.....	52	5	8	-19p	10p
Corpus Christi.....	67	2	3	-22	3
Dallas.....	55	10	12	-18	18
El Paso.....	41	-4	2	n.a.	n.a.
Fort Worth.....	52	0	5	-23	2
Houston.....	60	9	12	-17	20
San Antonio.....	47	0	4	-16	3
Shreveport, La.....	33	1	6	-31	2
Waco.....	45	0	6	-19	3
Other cities.....	45	9	10	-20	8

p — Preliminary.  
n.a. — Not available.

ing were seasonally lower at the end of the month but were 21 percent above a year earlier. New orders placed recorded similar movements, declining seasonally but remaining well above December 1958.

New car registrations during December in the four most populous metropolitan areas in the District (Dallas, Fort Worth, Houston, and San Antonio) rose 7 percent above November but were 15 percent below those a year ago. Cumulative registrations for the whole year were 31 percent higher than in 1958.



Wet, cold, and generally disagreeable weather was the dominant factor affecting agriculture in the District during the past month. In several sections of the District, particularly in northern Texas, moisture conditions are the wettest for this time of year in the memory of many persons. Snow and sleet have occurred over wide areas in northwestern Texas and the higher elevations of Arizona and New Mexico. In other sections, rain and drizzle have provided adequate to excessive moisture supplies, except in parts of south Texas. In some Arizona and New Mexico regions, the heaviest winter moisture supplies in several years have been received.

Winter wheat prospects continue on the upgrade as a result of the abundant moisture supplies, although cold weather has retarded growth of the plants. Acreage seeded to winter wheat in the District states is placed at 9,817,000 acres, or fractionally larger than the seeded acreage for the 1959 crop. Indicated production, as of December 1, 1959, is placed at 147,656,000 bushels, or 6 percent below the outturn last season. Prospective production in Texas is 2 percent larger than the 1959 harvest, but declines in other states of the District, particularly Oklahoma, are responsible for the anticipated lower District output.

## WINTER WHEAT

Area	ACREAGE SEEDED (In thousands of acres)			PRODUCTION (In thousands of bushels)		
	Crop of 1960	Crop of 1959	Crops of 1949-58	Crop of 1960 <sup>1</sup>	Crop of 1959	Crops of 1949-58
Arizona.....	40	109	44	1,360	3,672	1,229
Louisiana.....	90	84	74	1,170	1,200	772
New Mexico.....	280	280	490	3,360	3,791	1,678
Oklahoma.....	5,034	5,034	5,720	80,544	89,174	66,759
Texas.....	4,373	4,287	4,962	61,222	59,850	36,751
Total.....	9,817	9,794	11,290	147,656	157,687	107,189

<sup>1</sup> Indicated December 1, 1959.

<sup>2</sup> Short-time average.

SOURCE: United States Department of Agriculture.

Movement of winter vegetables from the Lower Valley continues, although poor weather conditions have resulted in some delays. Planting of spring tomatoes, sweet corn, and cantaloupes is under way in the Lower Valley, and some watermelons have been planted in the Falfurrias area. The important onion crop in south Texas is in good condition. Rains were generally beneficial to plantings, but sunny weather is needed to help reduce possible blight. Production of winter vegetables in Texas is estimated, as of January 1, at 37 percent above output in 1959. The 1959-60 citrus production in Texas is estimated at 9 million boxes, or 38 percent above the 1958-59 season.

The cool, damp weather has resulted in a step-up in the feeding of cottonseed cake and hay to livestock. Livestock in some areas are having to be held off small grain pastures until fields dry. Widespread precipitation has sharply boosted grazing prospects in native grass areas, and forage supplies should increase rapidly as temperatures rise. Range feed conditions in the District states, as of January 1, were slightly poorer than a year earlier, except in Arizona. Livestock remain in good condition as a result of supplemental feeding. A record number of cattle and calves were in feed lots in Texas on January 1, totaling 239,000 head — or 30



percent above a year earlier. The number of cattle on feed in 21 major feeding states was 9 percent larger.

Cash receipts from farm marketings in the District states during January-November 1959 totaled \$3,386,720,000, or 3 percent below the same period in 1958. Slight gains in cash receipts in Louisiana and New Mexico were more than offset by decreases in the other three states.



Loan repayment, investment liquidation, and deposit contraction were the prominent features of District banking activity during the 5 weeks ended January

20. However, most of the changes recorded in loan and deposit accounts were of roughly seasonal proportions.

Loan expansion at the weekly reporting member banks during the last half of December was more than offset by the reduction during the first 3 weeks of January, and gross loans (excluding loans to domestic banks) declined \$27.8 million during the 5-week period. The prime factor accounting for the loan decline was a \$38.4 million decrease in commercial and industrial loans, which had risen steadily during the previous period. Loans to nonbank financial institutions also registered a moderate decline, reflecting primarily repayments by sales finance companies. Agricultural loans and real-estate loans declined slightly. The remaining loan categories showed gains, the largest increase being a \$15.4 million expansion in loans to finance securities transactions. Consumer-type loans rose nominally, and loans to foreign banks also registered a small increase.

Substantial liquidation of Treasury notes and Government bonds during the 5-week period provided the principal contractive influence on investment accounts, which were \$22.3 million lower. Treasury bill holdings and holdings of non-Government investments expanded over the period, but the increases in these categories were only moderate.

The year-end expansion in deposits at the weekly reporting member banks was considerably smaller than withdrawals during the subsequent 3 weeks, and total deposits showed a decline of \$187.7 million during the 5 weeks ended January 20. Most of this contraction reflected substantial decreases in interbank balances and balances of individuals and businesses, but other deposit categories also declined. Individuals and businesses reduced their time balances by \$23.1 million

**CONDITION STATISTICS OF WEEKLY REPORTING  
MEMBER BANKS IN LEADING CITIES**  
Eleventh Federal Reserve District  
(In thousands of dollars)

Item	Jan. 20, 1960	Dec. 16, 1959	Jan. 21, 1959
<b>ASSETS</b>			
Commercial and industrial loans.....	1,499,480	1,537,854	—
Agricultural loans.....	31,244	31,825	46,252
Loans to brokers and dealers for purchasing or carrying:			
U. S. Government securities.....	13,383	5,298	
Other securities.....	12,517	12,439	22,887
Other loans for purchasing or carrying:			
U. S. Government securities.....	8,605	8,942	
Other securities.....	191,212	183,645	185,474
Loans to nonbank financial institutions:			
Sales finance, personal finance, etc.....	138,091	142,085	—
Savings banks, mtge. cos., ins. cos., etc.....	113,201	113,011	—
Loans to foreign banks.....	466	440	30,431
Loans to domestic commercial banks.....	15,165	52,215	221,029
Real-estate loans.....	206,095	207,211	—
All other loans.....	724,919	724,252	—
Gross loans.....	2,954,378	3,019,217	2,809,684
Less reserves and unallocated charge-offs..	53,523	49,774	49,167
Net loans.....	2,900,855	2,969,443	2,760,517
Treasury bills.....	77,291	58,852	76,919
Treasury certificates of indebtedness.....	38,863	39,568	145,480
Treasury notes and U. S. Government bonds, including guaranteed obligations, maturing:			
Within 1 year.....	80,162	99,168	
After 1 but within 5 years.....	746,895	776,550	1,231,653
After 5 years.....	326,939	320,853	
Other securities.....	363,680	361,152	332,684
Total investments.....	1,633,830	1,656,143	1,786,736
Cash items in process of collection.....	483,545	538,627	491,840
Balances with banks in the United States.....	489,876	515,669	461,617
Balances with banks in foreign countries.....	2,086	1,953	1,883
Currency and coin.....	50,542	52,600	49,458
Reserves with Federal Reserve Bank.....	561,140	546,917	577,077
Other assets.....	229,210	219,829	200,029
<b>TOTAL ASSETS.....</b>	<b>6,351,084</b>	<b>6,501,181</b>	<b>6,329,157</b>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>			
Demand deposits			
Individuals, partnerships, and corporations....	2,959,524	3,010,552	3,005,308
United States Government.....	103,264	127,834	98,294
States and political subdivisions.....	241,912	237,064	216,421
Banks in the United States.....	959,125	1,049,768	1,002,286
Banks in foreign countries.....	15,550	16,100	17,379
Certified and officers' checks, etc.....	51,593	74,085	65,289
Total demand deposits.....	4,330,968	4,515,403	4,404,977
Time deposits			
Individuals, partnerships, and corporations....	1,033,589	1,056,733	1,074,863
United States Government.....	6,255	6,255	7,130
Postal savings.....	394	421	421
States and political subdivisions.....	178,687	158,797	179,024
Banks in the U. S. and foreign countries.....	6,640	6,612	6,870
Total time deposits.....	1,225,565	1,228,818	1,268,308
Total deposits.....	5,556,533	5,744,221	5,673,285
Bills payable, rediscounts, etc.....	115,625	93,253	46,500
All other liabilities.....	138,089	123,006	94,539
Capital accounts.....	540,837	540,701	514,833
<b>TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....</b>	<b>6,351,084</b>	<b>6,501,181</b>	<b>6,329,157</b>

NOTE.—Effective July 1, 1959, this series was revised. The revised form includes several new items, the most important of which is loans to financial institutions, previously reported against other loan categories. Comparable year-earlier figures for the new items will be shown when they become available.

during the 5 weeks, but this reduction was almost offset by expansion in the time deposits of state and local governments. Consequently, total time deposits moved downward by only a small amount. On January 20, 1960, total deposits at weekly reporting banks in the District were 2 percent below the year-earlier level.



## NEW MEMBER BANK

The County National Bank of Orange, Orange, Texas, a newly organized institution located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, opened for business January 25, 1960, as a member of the Federal Reserve System. The new member bank has capital of \$150,000, surplus of \$150,000, and undivided profits of \$75,000. The officers are: B. L. Morris, Chairman of the Board; L. Slade Brown, Chairman of the Executive Committee and Vice President; L. J. Lewis, President; H. T. Edwards, Executive Vice President and Cashier; and Garrett P. Rawson, Assistant Vice President and Assistant Cashier.

## NEW PAR BANKS

The First State Bank, Paint Rock, Texas, an insured nonmember bank located in the territory served by the Head Office of the Federal Reserve Bank of Dallas, was added to the Par List on January 2, 1960. The officers are: J. M. Patton, President; J. A. Waide, Vice President; O. L. Sims, Vice President; P. W. Williams, Cashier; and Imogene Waide, Assistant Cashier.

The Pearland State Bank, Pearland, 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, January 6, 1960. The officers are: Waddell Moursund, President; A. L. Poe, Vice President and Cashier; and C. L. Spears, Assistant Cashier.

The Chelmont State Bank, El Paso, Texas, an insured nonmember bank located in the territory served by the El Paso Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, January 18, 1960. The officers are: A. C. Donell, President; H. P. James, Vice President; D. W. Cary, Cashier; and G. G. Dalby, Assistant Cashier.

The Sharpstown State Bank, Houston, Texas, a 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, January 21, 1960. The officers are: B. D. Tucker, Chairman of the Board; C. E. McLean, President; Nelson Long, Vice President; and Oliver Kneisley, Cashier.

The Citizens State Bank, Tenaha, Texas, a 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, January 26, 1960. The officers are: Jeff Austin, Chairman of the Board; Mason Weesner, President; B. J. Dunklin, Vice President; J. I. Weatherby, Vice President; and Sant Perry, Jr., Cashier.

## CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

(In thousands of dollars)

Item	Jan. 20, 1960	Dec. 16, 1959	Jan. 21, 1959
Total gold certificate reserves.....	671,094	711,271	741,224
Discounts for member banks.....	64,126	24,305	27,691
Other discounts and advances.....	174	260	952
U. S. Government securities.....	1,018,254	1,083,313	1,000,122
Total earning assets.....	1,082,554	1,107,878	1,028,765
Member bank reserve deposits.....	974,765	959,739	997,076
Federal Reserve notes in actual circulation.....	803,352	821,355	783,224

Earning assets of the Federal Reserve Bank of Dallas declined \$25.3 million during the 5 weeks ended January 20, influenced mainly by the large seasonal System liquidation of Treasury bills. Government security holdings of the Dallas Bank decreased \$65.1 million over the 5-week period, and this decrease was only partially offset by an increase in discounts for member banks. The Bank's gold certificate reserves also declined, and the seasonal return of currency produced a reduction in Federal Reserve notes in actual circulation from the record level established in December.



District crude oil production advanced slightly less than 1 percent during January. Although Texas continued to limit production to 10 days, allowables were expanded slightly to provide for discovery wells; and production allowables in New Mexico and Louisiana were increased 3 percent and 5 percent, respectively. Total District crude oil output averaged 3,035,000 barrels daily in January, or 8 percent lower than a year earlier. Crude oil production outside the District again registered a year-to-year gain during the month.

Imports of crude oil declined during December and early January, but imports of refined products rose modestly. Total petroleum imports in the 5 weeks ended January 15, 1960, averaged 1,732,000 barrels daily, contrasted with 1,972,000 barrels daily a year ago.

Crude oil stocks continued to decline during the first part of January and totaled 250,013,000 barrels on January 16, or 4 percent below the year-earlier level. Both District and national crude runs to refinery stills rose more than seasonally during the first half of January. District crude runs, which averaged 2,348,000 barrels daily, were 1 percent greater than in December and were slightly above a year ago.

Demand for major refined petroleum products advanced considerably less than seasonally during December.



ber and early January as unseasonably warm weather prevailed in major oil-heated areas. December temperatures, measured in degree-days, averaged about 14 percent warmer than normal and much warmer than a year ago. As a result, demand for distillate fuel oil rose only moderately during the 5 weeks ended January 15 and averaged 20 percent lower than a year earlier. Demand for kerosene and residual fuel oils also rose less than seasonally to average well below the year-earlier levels. Demand for gasoline declined seasonally; and prices were notably weak, particularly in the Midwest. Total demand for the major refined products, increasing less than 1 percent during the 5-week period, was 10 percent under a year ago.

The combination of rising refinery production and unseasonably weak demand for major petroleum products severely limited the normally expected decline in stocks of refined products during December and the first half of January. On January 15, major product stocks totaled 412,899,000 barrels, or only slightly less than at the end of December and 8 percent greater than a year ago.

Despite mounting stocks of light heating oils and a recent minor reduction in the price of crude oil in an important upper Texas Gulf Coast area, crude oil production in Texas is scheduled for a 4-percent increase during February. Output will continue to be limited to 10 days, but the shorter month and new discovery wells will boost production. Allowable crude oil production will not increase significantly in either Louisiana or southeastern New Mexico during February.



Nonagricultural employment in the District states rose rapidly during December, following a more than seasonal increase in November, to total 4,403,300,

compared with 4,347,700 in the previous month. Trade employment advanced seasonally, but manufacturing employment declined less than seasonally as automobile plants and other steel fabricators rehired workers after the resumption of near-normal steel deliveries. Manufacturing employment was increased in early January by the settlement of a strike at a major Gulf Coast refinery which had been partially shut down for 191 days because of a work rules dispute.

Unemployment in Texas declined 2,700 workers during December to total 159,400, or 4.5 percent of the labor force. Insured unemployment rose seasonally

## NONAGRICULTURAL EMPLOYMENT

Five Southwestern States<sup>1</sup>

Type of employment	Number of persons			Percent change Dec. 1959 from	
	December 1959e	November 1959	December 1958r	Nov. 1959	Dec. 1958
Total nonagricultural					
wage and salary workers..	4,403,300	4,347,700	4,335,600	1.3	1.6
Manufacturing.....	774,300	776,200	768,900	-.2	.7
Nonmanufacturing.....	3,629,000	3,571,500	3,566,700	1.6	1.7
Mining.....	244,700	245,700	251,500	-.4	-2.7
Construction.....	300,300	303,600	314,400	-1.1	-4.5
Transportation and public utilities.....	402,300	401,800	396,500	.1	1.5
Trade.....	1,131,300	1,080,900	1,094,100	4.7	3.4
Finance.....	192,000	191,500	187,000	.3	2.7
Service.....	519,700	519,700	502,300	.0	3.5
Government.....	838,700	828,300	820,900	1.3	2.2

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

e — Estimated.

r — Revised.

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

during the first half of January from 58,500 to 73,000, partially because of a decrease in trade employment.

Industrial production in Texas moved up further during December, reflecting greater than seasonal gains in crude oil production and refining and in metalworking industries. The index of Texas industrial production rose to 170, the highest level in 3 months. In New Mexico, mining activity advanced slightly, following the settlement of a labor dispute involving a large copper company, but several other copper mines remain strike-bound.

Construction contract awards in the District states declined more than seasonally from October to November, with residential awards down 22 percent and non-residential awards down 25 percent. In addition, FHA applications for proposed new construction in the District states decreased 20 percent to a level of 3,600 units in November.

## INDUSTRIAL PRODUCTION

(Seasonally adjusted indexes, 1947-49 = 100)

Area and type of index	December 1959p	November 1959	October 1959	December 1958
TEXAS				
Total industrial production....	170	168	169r	167
Total manufactures.....	208	208	206	197r
Durable manufactures.....	242	244	243	228r
Nondurable manufactures....	193	191	190r	183r
Mining.....	133	130	132r	139
UNITED STATES				
Total industrial production....	165	156	154r	151r
Total manufactures.....	164	154	153r	149r
Durable manufactures.....	174	156	155r	155r
Nondurable manufactures....	157	157	156r	147r
Mining.....	129	125	120r	129r
Utilities.....	283	277	275	253

p — Preliminary.

r — Revised.

NOTE.—The Board of Governors' industrial production index has been revised substantially to include output of utilities and to take into account certain other developments of the past few years.

SOURCES: Board of Governors of the Federal Reserve System.  
Federal Reserve Bank of Dallas.



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

(Dollar amounts in thousands)

Area	Debits to demand deposit accounts <sup>1</sup>			Demand deposits <sup>1</sup>			
	Percent change from			Annual rate of turnover			
	December 1959	Nov. 1959	Dec. 1958	Dec. 31, 1959	Dec. 1959	Nov. 1959	Dec. 1958
ARIZONA							
Tucson.....	\$ 247,780	12	9	\$ 156,259	19.8	18.6	22.9
LOUISIANA							
Monroe.....	86,611	4	4	57,396	18.7	18.7	19.7
Shreveport.....	356,899	18	13	205,605	21.2	18.7	20.6
NEW MEXICO							
Roswell.....	43,957	3	7	32,785	16.1	16.1	15.7
TEXAS							
Abilene.....	107,653	11	3	65,550	19.8	18.1	19.7
Amarillo.....	237,234	2	7	120,574	23.8	23.6	21.7
Austin.....	213,663	5	11	168,367	15.8	16.1	16.7
Beaumont.....	179,763	21	3	107,801	19.7	16.9	18.6
Corpus Christi.....	186,890	7	—4	119,296	19.7	19.1	19.4
Corsicana.....	19,455	12	1	20,822	11.4	10.3	10.2
Dallas.....	3,262,774	22	8	1,252,726	32.8	28.2	30.0
El Paso.....	399,340	8	5	172,234	28.2	26.3	26.5
Fort Worth.....	873,436	19	—1	375,447	27.5	23.3	27.6
Galveston.....	102,415	13	1	64,168	19.2	17.4	18.8
Houston.....	2,927,523	22	4	1,327,215	27.1	23.0	25.9
Laredo.....	28,818	9	0	22,899	15.4	14.3	15.6
Lubbock.....	292,978	15	28	134,119	27.5	26.5	22.2
Port Arthur.....	72,417	24	10	45,853	19.3	16.2	16.8
San Angelo.....	53,751	3	0	47,251	13.9	13.8	14.8
San Antonio.....	648,737	13	3	371,664	20.9	18.6	19.2
Texarkana <sup>2</sup> .....	24,945	20	15	16,359	18.4	15.6	15.4
Tyler.....	88,197	8	—6	64,091	17.2	16.4	17.8
Waco.....	114,391	16	7	71,400	19.6	17.2	17.6
Wichita Falls.....	130,948	9	7	120,157	13.9	13.7	12.7
Total—24 cities.....	\$10,700,575	18	6	\$5,140,038	25.7	22.6	24.4

<sup>1</sup> Deposits of individuals, partnerships, and corporations and of states and political subdivisions.

<sup>2</sup> These figures include only two banks in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including one bank located in the Eighth District, amounted to \$51,752,000 for the month of December 1959.

# MARKETED PRODUCTION OF NATURAL GAS

(In millions of cubic feet)

Area	Third quarter 1959	Second quarter 1959	Third quarter 1958
Louisiana.....	580,800	573,000	475,500
New Mexico.....	173,900	165,400	154,000
Oklahoma.....	148,600	165,800	158,100
Texas.....	1,376,900	1,336,300	1,292,300
Total.....	2,280,200	2,240,500	2,079,900

SOURCE: United States Bureau of Mines.

# DAILY AVERAGE PRODUCTION OF CRUDE OIL

(In thousands of barrels)

Area	Change from				
	December 1959 <sup>1</sup>	November 1959 <sup>1</sup>	December 1958 <sup>2</sup>	November 1959	December 1958
ELEVENTH DISTRICT.....	3,009.0	2,849.1	3,211.2	159.9	—202.2
Texas.....	2,640.1	2,527.0	2,851.9	113.1	—211.8
Gulf Coast.....	489.5	467.8	529.4	21.7	—39.9
West Texas.....	1,188.8	1,126.5	1,282.4	62.3	—93.6
East Texas (proper).....	140.6	133.5	165.1	7.1	—24.5
Panhandle.....	108.9	107.1	107.9	1.8	1.0
Rest of State.....	712.3	692.1	767.1	20.2	—54.8
Southeastern New Mexico.....	255.3	255.5	248.6	1.8	6.7
Northern Louisiana.....	113.6	113.5	110.7	.1	2.9
OUTSIDE ELEVENTH DISTRICT.....	4,091.3	4,036.8	3,924.6	54.5	166.7
UNITED STATES.....	7,100.3	6,930.9	7,135.8	169.4	—35.5

SOURCES: <sup>1</sup> Estimated from American Petroleum Institute weekly reports.

<sup>2</sup> United States Bureau of Mines.

# CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	Dec. 30, 1959	Nov. 25, 1959	Dec. 31, 1958
ASSETS			
Loans and discounts.....	4,840	4,755	4,604
United States Government obligations.....	2,605	2,535	2,716
Other securities.....	860	850	827
Reserves with Federal Reserve Bank.....	922	975	965
Cash in vault.....	159	141	151
Balances with banks in the United States.....	1,139	1,063	1,321
Balances with banks in foreign countries.....	2	3	3
Cash items in process of collection.....	583	542	666
Other assets.....	354	319	302
TOTAL ASSETS.....	11,464	11,183	11,555
LIABILITIES AND CAPITAL ACCOUNTS			
Demand deposits of banks.....	1,253	1,167	1,428
Other demand deposits.....	6,900	6,719	7,044
Time deposits.....	2,111	2,096	2,088
Total deposits.....	10,264	9,982	10,560
Borrowings.....	116	122	1
Other liabilities.....	138	134	125
Total capital accounts.....	946	945	869
TOTAL LIABILITIES AND CAPITAL ACCOUNTS.....	11,464	11,183	11,555

e — Estimated.

# VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	November 1959	October 1959	November 1958	January—November	
	1959	1959	1958	1959	1958
FIVE SOUTHWESTERN STATES <sup>1</sup> .....	239,916	313,069	239,959	3,635,190	3,690,711
Residential.....	108,348	138,423	123,502	1,714,275	1,566,248
All other.....	131,568	174,646	116,457	1,920,915	2,124,463
UNITED STATES.....	2,372,826	3,116,977	2,593,855	34,069,330	32,888,692
Residential.....	1,092,379	1,509,766	1,205,712	16,164,806	13,746,245
All other.....	1,280,447	1,607,211	1,388,143	17,904,524	19,142,447

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

SOURCE: F. W. Dodge Corporation.

# BUILDING PERMITS

VALUATION (Dollar amounts in thousands)

Area	NUMBER				Percent change		
	Dec. 1959	12 mos. 1959	Dec. 1959	12 mos. 1959	Dec. 1959 from Nov. 1959	Dec. 1958	12 months, 1959 from 1958
ARIZONA							
Tucson.....	731	8,398	\$ 5,474	\$ 42,036	92	295	173
LOUISIANA							
Shreveport.....	388	5,733	1,743	27,694	—20	—10	—11
TEXAS							
Abilene.....	154	2,583	3,348	29,388	83	23	28
Amarillo.....	220	3,675	5,858	39,591	203	300	49
Austin.....	222	3,652	2,056	55,990	—19	—61	12
Beaumont.....	220	4,106	812	21,133	—38	—53	3
Corpus Christi.....	45	935	955	19,381	20	—22	—13
Dallas.....	1,598	25,958	10,216	168,686	—2	3	10
El Paso.....	309	7,066	3,890	64,881	—23	—40	—3
Fort Worth.....	447	9,177	2,564	58,409	—58	—29	9
Galveston.....	59	1,312	576	4,198	488	11	—5
Houston.....	876	16,758	22,705	227,439	62	20	—3
Lubbock.....	187	3,749	2,306	55,369	—19	—21	30
Port Arthur.....	120	2,194	343	9,575	—17	—48	—10
San Antonio.....	876	16,431	5,360	60,632	103	85	3
Waco.....	173	2,675	725	17,182	—25	—46	14
Wichita Falls.....	144	2,059	698	13,687	102	46	48
Total—17 cities.....	6,769	116,461	\$69,629	\$915,271	24	10	9