

MONTHLY BUSINESS REVIEW

OF THE

FEDERAL RESERVE BANK OF DALLAS

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(Compiled October 15, 1932)

Volume 17, No. 9

Dallas, Texas, November 1, 1932

This copy is released for publication in afternoon papers— October 31

DISTRICT SUMMARY

THE SITUATION AT A GLANCE
Eleventh Federal Reserve District

| | September 1932 | Change from August |
|---|----------------|--------------------|
| Bank debits to individual accounts (at 17 cities)..... | \$430,598,000 | + 2.7% |
| Department store sales..... | | + 54.8% |
| Reserve bank loans to member banks at end of month..... | \$ 11,197,365 | - 28.9% |
| Reserve bank ratio at end of month..... | 52.5% | - 1.2 points |
| Building permit valuation at larger centers.... | \$ 808,014 | - 20.4% |
| Commercial failures (number)..... | 65 | - 29.3% |
| Commercial failures (liabilities)..... | \$ 1,237,934 | - 46.8% |
| Oil production (barrels)..... | 23,191,500 | + 1.8% |

A stronger demand for merchandise in both wholesale and retail channels and increased activity in some lines of manufacturing were significant developments in this district during the past month. Sales of department stores in larger cities reflected a gain of 55 per cent over those of August, which was considerably more than seasonal, and were only 8 per cent below sales in September, 1931. Distribution at wholesale, likewise, showed a larger than usual seasonal expansion, and comparisons with the corresponding month of the previous year were the most favorable reported in many months. In fact, sales in some reporting lines closely approximated those in September last year. Although retailers are buying a wider assortment of goods, they are continuing the policy of holding commitments to well defined needs, and are making frequent reorders in small volume as consumer demand arises. The decline in the price of cotton tempered the enthusiasm evident in late August and early September, yet late reports indicate that October business has been very good.

The business mortality rate in this district evidenced a material betterment. Both the number of failures and the amount of liabilities declined sharply in September and were lower than in any month in more than a year.

The past month witnessed a seasonal liquidation of in-

debtedness at the Federal Reserve Bank, and an expansion in the loans and investments of member banks in selected cities. Federal Reserve Bank loans declined from \$12,891,000 on September 15 to \$10,331,000 on October 15, and on the latter date were \$9,008,000 lower than a year ago. The loans and investments of member banks in larger cities rose to \$388,043,000 on October 12, which was the highest level reached since early in July. The daily average of combined net demand and time deposits of member banks amounted to \$600,331,000 in September, as compared with \$597,162,000 in August, and \$724,824,000 in September, 1931. The strong demand for the 3 per cent United States Treasury Notes dated October 15 was manifested in subscriptions of \$98,886,400, against which allotments of only \$3,617,300 were made.

Agricultural prospects showed no material change during the past month. Heavy rains damaged crops in some areas but the improvement which occurred in other sections as a result of the additional moisture was an offsetting factor. While harvesting operations were retarded during September by excessive moisture, farmers have made rapid progress with this work since the advent of favorable weather early in October. There is an excellent season in the ground and the fall seeding of small grains is well under way. Reports indicate that the portion of the crop now up is looking fine. Ranges have shown a marked improvement and are now in the best condition for this season reported in several years. Livestock are, likewise, showing noticeable improvement and are expected to go into the winter in fine shape. The local demand for livestock is becoming stronger.

Construction activity, as measured by the valuation of building permits issued at principal cities, declined to a low level, the September total being 20 per cent below August, and 68 per cent under a year ago. The production of cement reflected a substantial increase as compared with the previous month, but was smaller than in the same month last year. Shipments were less than in either comparative month.

BUSINESS

Wholesale Trade

The improvement in business at wholesale, which began in August, continued to be in evidence during September.

Further substantial increases were reported in all lines except farm implements. The sales of dry goods showed a 20.4 per cent increase which was contrary to seasonal tendency; and in the case of hardware and drugs, the pick-up was ap-

preciably larger than is usual at this season. More favorable comparisons with a year ago were recorded for the second consecutive month, the decreases from September, 1931, ranging from 1.2 per cent in the case of hardware to 14.5 per cent in the case of drugs. As retailers generally are adhering to the policy of ordering in small lots and for immediate shipment, it appears that the heavier demand is

traceable directly to actual movement of goods into the hands of consumers. Business was reported to be fairly well sustained in the early part of October. The volume of collections turned upward in September and was seasonally larger than in the preceding month.

Following the large increase of 153.5 per cent, which was reflected in the August business of wholesale dry goods firms, there was a further gain of 20.4 per cent in the volume of sales during September. The latter increase was particularly encouraging, in view of the fact that a seasonal decline in distribution is usually visible in this month. The demand during September was only 3.6 per cent less than in the corresponding month last year, as compared with a similar decline of 12.4 per cent in August, and 44.1 per cent in July. Purchases by retailers were for the most part necessitated by current requirements, there being little disposition to buy in anticipation of possible future needs. Collections reflected a further increase of 28.9 per cent over August.

A considerable improvement in the sales of reporting wholesale hardware firms occurred during September, as evidenced by an increase of 19.8 per cent over the previous month, and a dollar volume only 1.2 per cent under that of September, 1931. Only part of the business gain was attributable to seasonal influences. Indications are that consumer demand is expanding, and as merchants generally are carrying moderate stocks, they are finding it necessary to replenish supplies at frequent intervals. There was a seasonal pick-up of 9.6 per cent in collections.

Although the demand for groceries at wholesale during September showed somewhat less expansion than usually occurs at this season, the comparison with the same month a year ago continued to improve. The total sales of reporting wholesale grocery firms were 6.5 per cent greater than in August, but 7.3 per cent under the volume of September, 1931. During the third quarter of the current year, they averaged 13.9 per cent less than a year ago. Indications are that business is more satisfactory in some sections than in others. September witnessed an improvement of 21.7 per cent in collections, as compared with the previous month.

A rather general increase of 14.5 per cent was shown in the demand for drugs at wholesale during September, this gain being substantially larger than seasonal. The month's sales were 14.5 per cent below the level of September, 1931; yet this comparison was the most favorable recorded in the past fourteen months. The volume of collections increased seasonally.

The distribution of farm implements at wholesale during September was 13.0 per cent less than the volume of the preceding month; yet the decline from the corresponding month a year ago amounted to only 6.0 per cent, as against a like decrease of 45.3 per cent in August. Collections during September showed a slight increase.

CONDITION OF WHOLESALE TRADE DURING SEPTEMBER, 1932
Percentage of increase or decrease in—

| | Net sales Sept., 1932 compared with 1931 | | Net sales July 1 to date compared with same period last year | Stocks Sept., 1932 compared with 1931 | | Ratio of collec- tions during Sept. to accounts outstanding on August 31 |
|-------------------|---|---------------|--|--|---------------|--|
| | 1931 | Aug., 1932 | | 1931 | Aug., 1932 | |
| Groceries..... | - 7.3 | + 6.5 | -13.9 | -13.6 | + 5.4 | 71.7 |
| Dry goods..... | - 3.6 | +20.4 | -16.1 | -34.2 | + 1.2 | 26.9 |
| Farm implements.. | - 6.0 | -13.0 | -41.2 | - 5.0 | - 1.3 | 2.7 |
| Hardware..... | - 1.2 | +19.8 | -17.0 | -12.1 | - 3 | 27.0 |
| Drugs..... | -14.5 | +14.5 | -22.3 | -18.5 | - .9 | 34.2 |

Retail Trade

A pronounced upturn was witnessed during September in the business of department stores located in principal cities of this district. The better public sentiment, together with the long delayed purchases of consumer needs, stimulated the demand for fall merchandise. Sales of the following items were above those a year ago: women's and children's gloves, neckwear and scarfs, children's shoes, all items of women's and misses' ready-to-wear, and men's and boys' shoes. The gain in total dollar volume of sales during the month was considerably larger than seasonal, being 54.8 per cent above that in August, and the decline from a year ago, which was only 8 per cent, was the most favorable recorded since October, 1930. This bank's seasonally adjusted index of department store sales also reflected a substantial betterment, increasing from 63.6 in August to 70.1 in September.

Inventories of merchandise held by reporting firms on September 30 showed a further seasonal increase of 9.5 per cent, but continued materially below those a year ago. The rate of stock turnover during the first nine months of 1932 remained below that in the corresponding period of 1931, but for September this year the rate was .30, as against .23 in September last year.

Collections during September evidenced a seasonal increase, and were approximately the same as a year ago. The ratio of charge accounts collected during September to outstanding on the first of the month was 27.7 per cent, as against 26.4 per cent in August, and 27.8 per cent in September, 1931.

BUSINESS OF DEPARTMENT STORES

| | Dallas | Fort Worth | Houston | San Antonio | Others | Total District |
|--|--------|------------|---------|-------------|--------|----------------|
| Total sales (percentage): | | | | | | |
| September, 1932, compared with September, 1931..... | - 2.7 | -12.9 | -12.9 | -13.8 | - .9 | - 8.0 |
| September, 1932, compared with August, 1932..... | +51.7 | +46.6 | +72.6 | +57.9 | +44.4 | +54.8 |
| January 1 to date compared with same period last year..... | -23.8 | -27.3 | -28.0 | -30.4 | -23.1 | -26.1 |
| Credit sales (percentage): | | | | | | |
| September, 1932, compared with September, 1931..... | - 3.1 | - 8.3 | -18.5 | -20.3 | - 2.7 | - 9.4 |
| September, 1932, compared with August, 1932..... | +55.6 | +63.0 | +72.9 | +70.6 | +59.8 | +61.9 |
| January 1 to date compared with same period last year..... | -24.7 | -26.4 | -31.2 | -30.5 | -25.8 | -27.1 |
| Stocks at end of month (percentage): | | | | | | |
| September, 1932, compared with September, 1931..... | -23.3 | -25.8 | -44.8 | -34.8 | -28.0 | -29.9 |
| September, 1932, compared with August, 1932..... | +10.9 | + 7.2 | +10.6 | + 4.3 | +10.5 | + 9.5 |
| Stock turnover (rate): | | | | | | |
| Rate of stock turnover in September, 1931..... | .24 | .17 | .26 | .33 | .18 | .23 |
| Rate of stock turnover in September, 1932..... | .30 | .20 | .38 | .44 | .25 | .30 |
| Rate of stock turnover January 1 to September 30, 1931..... | 2.13 | 1.63 | 2.22 | 2.86 | 1.89 | 2.09 |
| Rate of stock turnover January 1 to September 30, 1932..... | 1.98 | 1.51 | 2.40 | 2.62 | 1.77 | 1.98 |
| Ratio of September collections to accounts receivable outstanding September 1, 1932..... | 28.8 | 21.6 | 30.9 | 31.4 | 25.6 | 27.7 |
| Indexes of department store sales: | | | | | | |
| Unadjusted September, 1932..... | 73.3 | 76.8 | 88.0 | 68.5 | | 74.3 |
| Adjusted September, 1932..... | 69.2 | 79.2 | 87.1 | 67.2 | | 70.1 |
| Indexes of department store stocks: | | | | | | |
| Unadjusted September, 1932..... | 48.5 | 69.7 | 47.0 | 34.1 | | 52.2 |
| Adjusted September, 1932..... | 44.5 | 62.8 | 42.3 | 31.3 | | 47.5 |

Commercial Failures

The improvement in business and industry during the past two months was reflected in a reduction in commercial failures. The September insolvencies record, as reported by R. G. Dun & Company, was more favorable than in any other

month during the past year. There was a total of 65 defaulting firms during the month, as compared with 92 in August, and 93 in September last year. Combined liabilities amounted to only \$1,237,934, as against \$2,327,615 in the previous month, and \$2,229,515 in September, 1931.

AGRICULTURE**Crop Conditions**

There was relatively little change in the crop prospects in the Eleventh Federal Reserve District during September. While frequent heavy rains did some damage to crops in certain areas, this was about offset by the improvement in other crops as a result of the added supply of moisture. Fall plowing and seeding of small grains were retarded by the wet soil, yet there is now ample moisture in the ground and farmers have made fair to good progress with this work since the beginning of October. Reports indicate that the portion of the crop now up is making rapid growth.

The prospects for cotton production showed very little change during September. The indicated production on October 1 for this district, as derived from the estimates, by states, of the Department of Agriculture, was 4,741,000 bales as compared with 4,744,000 bales on September 1. Although the prospective production for Texas was lowered 29,000 bales, this decline was nearly offset by higher estimated yields for Louisiana and Oklahoma. The Department estimated the condition of the Texas crop at 59 per cent on October 1, which indicates a per acre yield of 140 pounds and a total production of 4,063,000 bales. Heavy rains during September were unfavorable to the crop in many sections of the State and in some areas the good effect of favorable weather was offset by boll weevil damage. The best condition obtains in Northwest Texas, where production is expected to about equal that of a year ago, but the crop might be reduced in the event of early freezes and unfavorable harvesting weather. The indicated production in all other sections, except West and West-Central, is somewhat below the five-year average and considerably smaller than the large yield of 1931. There was no change in the forecasted production in Arizona and New Mexico. The production forecast for Louisiana was raised 27,000 bales and that for Oklahoma was increased 31,000 bales. Cotton picking in Texas during September was retarded considerably by the frequent heavy rains. The 1,595,158 bales ginned prior to October 1 was the smallest since 1922 and is materially below the average for the past ten years. Picking and ginning were also slow in Arizona and New Mexico, but in Louisiana and Oklahoma, ginnings exceeded those of the like period in 1931, and compared favorably with previous years. Farmers have made good progress with picking since October 1, due to the open weather.

Ample moisture in most sections of Texas since mid-August improved the production of late corn, and the State's production was estimated by the Department of Agriculture as 108,433,000 bushels on October 1, as compared with 105,580,000 bushels on September 1, and an actual production of 94,248,000 bushels in 1931. Although the estimates for Louisiana, New Mexico, and Oklahoma were reduced slightly, the production for the Eleventh District was placed at 123,558,000 bushels, which was 2,458,000 bushels larger than the estimate a month earlier, and 14,116,000 bushels above the actual production last year. The grain sorghum crops deteriorated somewhat during September in New Mexico and Arizona, but the October 1 estimates in all states attached to this district, except New Mexico, were higher than the 1931 harvests. The Department's forecast for tame

hay production in this district rose from 1,009,000 tons on September 1 to 1,024,000 tons on October 1 as the improvement in the Texas crop more than offset the decline in Louisiana, New Mexico, and Arizona. The final harvest in 1931 was 991,000 tons. The October 1 estimate for wild hay in Texas was 186,000 tons, as against last year's yield of 174,000 tons.

The Texas peanut crop showed an improvement in September, the October 1 estimate being 103,500,000 pounds, as compared with 99,900,000 pounds a month earlier, and an actual production of 85,330,000 pounds last year. The prospects for this crop in Oklahoma declined slightly during the month, but the estimate is still considerably larger than the 1931 yield. The sweet potato crop in Texas showed no change and it declined somewhat in Louisiana and Oklahoma, but in each state the indicated production is considerably higher than a year ago. The Texas rice crop, which received a severe setback in August as a result of the tropical storm, showed a further decline in September due to the unfavorable harvesting weather. This year's production was placed at 8,418,000 bushels, as compared with 10,653,000 bushels last year. The prospects for pecans in Texas, while slightly better on October 1 than a month earlier, are considerably below the large crop of 1931. The outlook for the Oklahoma crop is not only better than on September 1, but also materially larger than the harvest last year. On the other hand, the Louisiana crop showed reduced prospects as compared with both a month ago and last year.

Livestock

Ranges over most of the Eleventh District showed a marked improvement during September, and both ranges and livestock generally are now in good to excellent condition. The outlook for winter range feed is the best in several years, but warm weather is needed to permit the curing of green grass. Winter grains are making good growth and should furnish considerable winter grazing. Due to the large production of feed crops there should be an ample supply of supplementary feed.

According to the Department of Agriculture, the condition of cattle ranges in Texas rose 8 points during September, and the 91 per cent of normal condition reported on October 1 was the highest for that date in any of the past ten years; it was 20 points higher than on the corresponding date in 1931, and was 10 points above the ten-year average. The 96 per cent of normal condition of sheep and goat ranges on October 1 compares with 88 per cent on September 1, and 72 per cent a year ago. The condition of cattle advanced 2 points during September, that of sheep 3 points, and that of goats showed no change. In each instance, the October 1 condition figure was well above that obtaining on the same date last year. The frequent rains during September caused a shrinkage in all classes of livestock, and flies have been bothersome. Spring calves have made good growth this year and are heavier than usual. The Department of Agriculture reported that local trading of cattle has been active and that a large number of young ewes have changed hands due to the good local demand. The fall shearing of sheep has been light and was delayed by

the heavy rains. Goat losses were reported to be heavy following shearing. There was also a substantial improvement in the condition of livestock and ranges in Southern New Mexico and Southeastern Arizona.

Movements and Prices A sharp falling off in the receipts of livestock at the Fort Worth market was in evidence during September. The arrivals of cattle, calves, and sheep were not only substantially smaller than in the previous month but were noticeably below those of September, 1931. While the receipts of hogs were moderately under those in August, they exceeded those of the corresponding month last year by a considerable margin.

Despite the smaller receipts of cattle, market prices on most classes have been weak and have worked gradually to lower levels. Hog values followed an uneven course, but at the middle of October prices were fully \$.50 lower than a month earlier. Sheep and lamb prices tended downward during the last half of September, but were about steady in

the first two weeks of October.

| | September 1932 | September 1931 | Change over year | August 1932 | Change over month |
|-------------|----------------|----------------|------------------|-------------|-------------------|
| Cattle..... | 32,583 | 47,129 | -14,546 | 38,837 | - 6,254 |
| Calves..... | 19,032 | 28,128 | - 9,096 | 22,775 | - 3,743 |
| Hogs..... | 16,877 | 12,247 | + 4,630 | 17,819 | - 942 |
| Sheep..... | 28,591 | 42,239 | -13,648 | 77,199 | -48,608 |

| | September 1932 | September 1931 | August 1932 |
|---------------------|----------------|----------------|-------------|
| Beef steers..... | \$7.75 | \$8.35 | \$8.00 |
| Stocker steers..... | 5.60 | 4.40 | 5.75 |
| Butcher cows..... | 4.00 | 4.25 | 4.00 |
| Stocker cows..... | 3.40 | 3.00 | 3.00 |
| Calves..... | 5.25 | 6.00 | 5.25 |
| Hogs..... | 4.40 | 6.50 | 4.50 |
| Sheep..... | 2.25 | 3.75 | 2.25 |
| Lambs..... | 4.75 | 6.00 | 4.50 |

FINANCE

Operations of the Federal Reserve Bank There was a gradual liquidation of indebtedness of member banks at the Federal Reserve Bank during the past thirty days. Member bank borrowings, which amounted to \$12,891,000 on September 15, had declined to \$10,331,000 on October 15, and on the latter date were \$9,008,000 below those on the same date in 1931. This reduction came from both reserve city and country banks, and at the end of the period reserve city banks were practically out of debt at the Federal Reserve Bank. This was in marked contrast to developments a year ago when reserve city banks were increasing their borrowings. On October 15 this year there were 214 banks indebted to the Federal Reserve Bank, as compared with 255 banks thirty days earlier, and 245 banks on the same date in 1931. Holdings of bills purchased in the open market amounted to \$865,000 on October 15, as compared with \$867,000 on September 15, and \$23,443,000 on the corresponding date last year. Investments in United States securities rose to \$40,721,000 at the middle of October, which was an increase of \$10,000,000 during the month, and \$20,556,000 over those a year ago. The reserve deposits of member banks rose \$1,657,000 between September 15 and October 15, but on the latter date they were still \$9,717,000 lower than last year. Federal reserve notes in actual circulation showed very little change during the month, and continued considerably under a year ago.

\$91,401,000 which was \$8,808,000 greater than five weeks earlier, and \$15,796,000 larger than a year ago. Holdings of other stocks and bonds were increased \$1,340,000 during the period, but were \$1,820,000 below those held on October 14, 1931. While loans on securities declined \$710,000 between September 7 and October 12, "all other" loans rose \$4,400,000 and reached the highest figure recorded since early in July. Total loans of these banks on October 12, however, were still \$52,811,000 lower than on the corresponding date last year. While their net demand deposits declined \$4,554,000 during the five-week period, this recession was nearly offset by a rise of \$3,233,000 in time deposits. Combined net demand and time deposits on October 12 were \$43,856,000 lower than on the corresponding date last year. These banks have practically liquidated their indebtedness at the Federal Reserve Bank, total borrowings on October 12 amounting to only \$40,000 as against \$2,143,000 on September 7, and \$6,634,000 on October 14, 1931.

| | Oct. 15, 1932 | Oct. 15, 1931 | Sept. 15, 1932 |
|--|---------------|---------------|----------------|
| Total cash reserves..... | \$ 41,952 | \$ 56,251 | \$ 47,576 |
| Discounts for member banks..... | 10,331 | 19,339 | 12,891 |
| Other bills discounted..... | None | 31 | None |
| Bills bought in the open market..... | 865 | 23,443 | 867 |
| United States securities owned..... | 40,721 | 20,165 | 30,721 |
| Other investments..... | 5 | 7 | 5 |
| Total earning assets..... | 51,922 | 62,985 | 44,484 |
| Member bank reserve deposits..... | 43,691 | 53,408 | 42,034 |
| Federal reserve notes in actual circulation... | 37,841 | 51,396 | 37,714 |

| | Oct. 12, 1932 | Oct. 14, 1931 | Sept. 7, 1932 |
|--|---------------|---------------|---------------|
| United States securities owned..... | \$ 91,401 | \$ 75,605 | \$ 82,593 |
| All other stocks, bonds, and securities owned..... | 57,233 | 59,053 | 55,893 |
| Loans on securities..... | 71,907 | 82,900 | 72,617 |
| All other loans..... | 167,502 | 209,320 | 163,102 |
| Total loans..... | 239,409 | 292,220 | 235,719 |
| Net demand deposits..... | 219,182 | 258,163 | 223,736 |
| Time deposits..... | 128,016 | 132,891 | 124,783 |
| Reserve with Federal Reserve Bank..... | 26,764 | 33,623 | 27,284 |
| Bills payable and rediscounts with Federal Reserve Bank..... | 40 | 6,634 | 2,143 |

Condition of Member Banks in Selected Cities A substantial rise in the loans and investments of member banks in selected cities of the Eleventh District occurred during the five-week period ending October 12. The investments of these banks in Government securities at the close of the period totaled

Acceptance Market A material increase, seasonal in nature, was reflected during September in the volume of bankers' acceptances executed by banks in this district and outstanding at the close of the month. The total amounted to \$1,570,872, as against \$869,655 on August 31, and \$1,370,181 on September 30 a year ago. The major part of the expansion during the month was shown in the acceptances based on domestic shipment and storage of goods, which rose from \$740,000 at the end of August to \$1,362,000 on the last day of September.

Deposits of Member Banks Combined daily average net demand and time deposits of member banks in the Eleventh District during September, which amounted to \$600,331,000, reflected an increase of

\$3,169,000 over the previous month. The decline from a year ago amounted to \$124,493,000, this being the smallest such reduction that has been recorded since September, 1931. The greater part of the month's increase was in the net demand deposits of country banks.

DAILY AVERAGE DEPOSITS OF MEMBER BANKS
(In thousands of dollars)

| | Combined Total | | Reserve City Banks | | Country Banks | |
|------------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| | Net demand deposits | Time deposits | Net demand deposits | Time deposits | Net demand deposits | Time deposits |
| Sept., 1931..... | \$508,850 | \$215,974 | \$242,731 | \$129,116 | \$266,119 | \$86,858 |
| Oct., 1931..... | 487,314 | 202,524 | 232,544 | 119,826 | 254,770 | 82,698 |
| Nov., 1931..... | 483,979 | 203,719 | 231,919 | 121,817 | 252,060 | 81,902 |
| Dec., 1931..... | 474,935 | 202,094 | 226,397 | 122,674 | 248,538 | 79,420 |
| Jan., 1932..... | 468,172 | 196,782 | 221,799 | 118,475 | 246,373 | 78,307 |
| Feb., 1932..... | 469,110 | 196,572 | 222,116 | 118,993 | 246,994 | 77,579 |
| Mar., 1932..... | 461,557 | 194,887 | 221,835 | 117,339 | 239,722 | 75,548 |
| April, 1932..... | 445,050 | 191,293 | 216,649 | 115,732 | 228,401 | 75,561 |
| May, 1932..... | 434,865 | 190,729 | 212,117 | 115,372 | 222,748 | 75,357 |
| June, 1932..... | 422,594 | 189,066 | 207,155 | 115,634 | 215,439 | 73,432 |
| July, 1932..... | 421,727 | 186,995 | 209,225 | 114,505 | 212,502 | 72,490 |
| Aug., 1932..... | 409,254 | 187,908 | 201,130 | 114,532 | 208,124 | 73,376 |
| Sept., 1932..... | 413,291 | 187,040 | 202,121 | 113,937 | 211,170 | 73,103 |

Debits to Individual Accounts

Total charges to depositors' accounts at banks in leading cities in this district showed a small seasonal up-turn in September and amounted to \$430,598,000, as against \$419,288,000 in the previous month, and \$582,258,000 in the corresponding month last year. The decline from September a year ago amounted to 26.0 per cent, as against 20.8 per cent in August.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

| | September 1932 | September 1931 | Percentage change over year | August 1932 | Percentage change over month |
|-------------------|----------------|----------------|-----------------------------|-------------|------------------------------|
| Abilene..... | \$ 4,197 | \$ 4,567 | - 8.1 | \$ 3,337 | +25.8 |
| Austin..... | 13,318 | 18,626 | -28.5 | 14,073 | - 5.4 |
| Beaumont..... | 12,241 | 17,457 | -29.9 | 11,588 | + 5.6 |
| Corsicana..... | 2,568 | 3,397 | -24.4 | 2,074 | +23.8 |
| Dallas..... | 128,037 | 165,516 | -22.6 | 117,010 | + 9.4 |
| El Paso..... | 12,314 | 18,923 | -34.9 | 13,145 | - 6.3 |
| Fort Worth..... | 43,004 | 62,740 | -31.5 | 44,699 | - 3.8 |
| Galveston..... | 17,311 | 21,248 | -18.5 | 16,123 | + 7.4 |
| Houston..... | 104,282 | 137,632 | -24.2 | 100,720 | + 3.5 |
| Port Arthur..... | 3,691 | 6,389 | -42.2 | 3,902 | - 5.4 |
| Roswell..... | 1,624 | 2,408 | -32.6 | 1,761 | - 7.8 |
| San Antonio..... | 37,452 | 59,823 | -37.4 | 42,085 | -11.0 |
| Shreveport..... | 22,481 | 24,895 | - 9.7 | 20,802 | + 8.1 |
| Texarkana*..... | 5,179 | 8,020 | -35.4 | 4,885 | + 6.0 |
| Tucson..... | 5,326 | 7,943 | -32.9 | 6,619 | -19.5 |
| Waco..... | 9,572 | 12,842 | -22.3 | 8,228 | -21.2 |
| Wichita Falls.... | 7,601 | 9,832 | -22.7 | 8,237 | - 7.7 |
| Total..... | \$430,598 | \$582,258 | -26.0 | \$419,288 | + 2.7 |

*Includes the figures of two banks in Texarkana, Arkansas, located in the Eighth District.

Savings Deposits

The amount of savings deposits on record at 142 banks in this district showed little change during September. The total was \$139,890,650 at the close of the month, as compared with \$139,760,996 on August 31, and \$163,849,208 on the last day of September, 1931. The decrease from a year ago amounted to 14.6 per cent, as against 16.3 per cent on August 31.

SAVINGS DEPOSITS

| | September 30, 1932 | | | September 30, 1931 | | | August 31, 1932 | | |
|--------------------|---------------------------|------------------------------|----------------------------|------------------------------|----------------------------|---|------------------------------|----------------------------|--|
| | Number of reporting banks | Number of savings depositors | Amount of savings deposits | Number of savings depositors | Amount of savings deposits | Percentage change over year in savings deposits | Number of savings depositors | Amount of savings deposits | Percentage change over month in savings deposits |
| Beaumont..... | 3* | 6,012 | \$ 2,969,662 | 4,408 | \$ 3,477,771 | -14.6 | 6,016 | \$ 2,957,332 | + .4 |
| Dallas..... | 9* | 73,729 | 25,208,312 | 76,083 | 27,691,331 | - 9.0 | 73,885 | 25,256,397 | - .2 |
| El Paso..... | 2 | 10,524 | 3,289,891 | 10,400 | 3,165,797 | + 3.9 | 10,524 | 3,243,310 | + 1.4 |
| Fort Worth..... | 4 | 33,745 | 11,162,377 | 34,949 | 12,930,098 | -13.7 | 33,846 | 11,217,608 | - .5 |
| Galveston..... | 4 | 17,283 | 10,139,623 | 17,997 | 12,148,945 | -16.5 | 17,167 | 10,052,365 | + .9 |
| Houston..... | 11* | 53,438 | 30,100,785 | 65,679 | 33,788,406 | -10.9 | 53,511 | 30,139,092 | - .1 |
| Port Arthur..... | 2 | 4,271 | 1,812,305 | 4,688 | 1,921,519 | - 5.7 | 4,268 | 1,774,297 | + 2.1 |
| San Antonio..... | 8* | 16,591 | 14,417,021 | 21,707 | 20,957,699 | -31.2 | 16,719 | 14,373,718 | + .3 |
| Shreveport..... | 4 | 23,060 | 9,998,598 | 25,639 | 11,626,101 | -14.0 | 23,941 | 9,934,262 | + .6 |
| Waco..... | 3 | 10,251 | 5,547,856 | 10,323 | 6,076,507 | - 8.7 | 10,367 | 5,546,274 | 0.0 |
| Wichita Falls..... | 3* | 2,819 | 2,316,685 | 3,313 | 2,775,300 | -16.5 | 2,920 | 2,312,448 | + .2 |
| All others..... | 89* | 54,098 | 22,927,535 | 56,809 | 27,289,734 | -16.0 | 54,251 | 22,953,893 | - .1 |
| Total..... | 142 | 305,821 | \$139,890,650 | 331,995 | \$163,849,208 | -14.6 | 307,415 | \$139,760,996 | + .1 |

*Only 2 banks in Beaumont, 6 in Dallas, 9 in Houston, 7 in San Antonio, 2 in Wichita Falls, and 74 in "all others" reported the number of savings depositors.

OCTOBER DISCOUNT RATES

Prevailing rates:

| | Dallas | El Paso | Fort Worth | Houston | San Antonio | Waco |
|--|--------|---------|------------|---------|-------------|------|
| Rate charged customers on prime commercial paper such as is now eligible for rediscount under the Federal Reserve Act..... | 3½-7 | 6-8 | 5-8 | 5-7 | 5-6 | 6-8 |
| Rate charged on loans to other banks secured by bills receivable..... | 5-6 | 5-6 | 5-6 | 5-6 | 6 | 5½-6 |
| Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks): | | | | | | |
| Demand..... | 6 | 6-8 | 6-8 | 5-7 | 6-8 | 8 |
| Time..... | 6-8 | 6-8 | 6-8 | 5-7 | 6-8 | 8 |
| Rate charged on commodity paper secured by warehouse receipts, etc..... | 5-7 | 8 | 6-8 | 5-7 | 6-8 | 6-7 |
| Rate on cattle loans..... | 6-8 | 6-8 | 6-8 | 7-8 | 7-10 | 7 |

INDUSTRY

Cottonseed Products

The operations of cottonseed oil mills in both Texas and the United States evidenced a large seasonal increase during September, and activities at the latter mills were substantially greater than those in the corresponding month of 1931. On the other hand, the receipts of seed at Texas mills continued below those a year earlier, while crushings showed a further gain. During the initial two months of the 1932-33 season the production of all cottonseed products at both

Texas and American mills was well above the output during the same period of the previous season. Stocks of cottonseed held by all crushing establishments on September 30 were exceptionally high, being with one exception the largest of any like date during the past decade. Inventories of all products at both the State and Nation's mills were seasonally larger on September 30 than those a month earlier, and were also considerably above those held on the same date of 1931.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

| | Texas | | United States | |
|--|--------------------------|-------------|--------------------------|-------------|
| | August 1 to September 30 | | August 1 to September 30 | |
| | This season | Last season | This season | Last season |
| Cottonseed received at mills (tons)..... | 333,248 | 488,037 | 1,088,693 | 966,753 |
| Cottonseed crushed (tons)..... | 288,176 | 241,368 | 721,840 | 508,896 |
| Cottonseed on hand Sept. 30 (tons)..... | 219,774 | 260,162 | 666,877 | 482,641 |
| Crude oil produced (pounds)... | 83,489,481 | 71,376,600 | 218,737,550 | 153,241,233 |
| Cake and meal produced (tons)..... | 135,592 | 113,938 | 326,826 | 229,069 |
| Hulls produced (tons)..... | 84,294 | 69,307 | 204,792 | 142,032 |
| Linters produced (running bales)..... | 33,498 | 32,757 | 108,486 | 77,593 |
| Stocks on hand September 30: | | | | |
| Crude oil (pounds)..... | 26,033,955 | 19,024,658 | 64,158,654 | 44,591,452 |
| Cake and meal (tons)..... | 68,323 | 30,398 | 201,421 | 118,885 |
| Hulls (tons)..... | 76,253 | 57,569 | 201,622 | 101,582 |
| Linters (running bales)..... | 63,671 | 53,836 | 228,636 | 200,297 |

Textile Milling

A further strong demand for textiles was reflected during the past month in the domestic consumption of cotton. An increase appreciably larger than seasonal was shown as compared with the previous month, and for the first time since last February consumption was greater than that in the corresponding month of 1931. There were 491,655 bales of cotton consumed in the United States during September, as against 402,601 bales in August, and 464,335 bales in September a year ago. Consumption during the first two months of the present season was slightly larger than that in the same period last season. Stocks of cotton held on September 30 at consuming establishments were less than a month earlier, but were again well above those a year ago.

Although some of the reporting textile mills in Texas continued inactive during September, those mills that were operating showed a further increase in activities. Both the consumption of cotton and the production of cloth were above the previous month, and the corresponding month of 1931. Orders for finished products on the books of reporting mills were above a year ago, but slightly less than those recorded a month earlier. Stocks of products held on September 30 were smaller than those on hand on August 31 or September 30, 1931.

COTTON CONSUMED AND ON HAND (Bales)

| | September | | August 1 to September 30 | |
|------------------------------------|-------------|---------|--------------------------|-------------|
| | This season | | Last season | |
| | 1932 | 1931 | This season | Last season |
| Cotton-growing states: | | | | |
| Cotton consumed..... | 407,966 | 377,531 | 746,136 | 719,296 |
| On hand Sept. 30 in— | | | | |
| Consuming establishments..... | | | 832,288 | 511,671 |
| Public storage and compresses..... | | | 7,540,477 | 5,959,281 |
| United States: | | | | |
| Cotton consumed..... | 401,655 | 464,335 | 894,256 | 889,365 |
| On hand Sept. 30 in— | | | | |
| Consuming establishments..... | | | 1,087,286 | 777,858 |
| Public storage and compresses..... | | | 7,969,280 | 6,298,408 |

Cotton Movements

The customary seasonal movements of cotton to concentration points were reflected during the past month by the increased receipts at the ports of Houston and Galveston; however, they were considerably smaller than a year ago. The combined exports of cotton from both ports likewise showed a large seasonal increase, but were smaller than those in September, 1931. Despite this decline from a year ago, shipments during the current season continued above those in the 1931-32 season. Stocks of cotton held on September 30 at both ports were above those on hand a month earlier or a year ago.

Total foreign exports of cotton from all United States ports witnessed a large seasonal increase during September, and were noticeably greater than those a year ago. There were 733,665 bales of cotton shipped during the month, as against 452,154 bales in August, and 588,192 bales in September, 1931. Exports during the first two months of the current season were 54.2 per cent above those in the like period of the preceding season. Shipments of cotton to Great Britain and the Continent continued materially above a year ago, while takings by the Orient showed a perceptible decline.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON (Bales)

| | September 1932 | September 1931 | August 1 to September 30 This season | September 30 Last season |
|---------------------------|----------------|----------------|--------------------------------------|--------------------------|
| | Receipts..... | 206,854 | 228,973 | 239,884 |
| Exports..... | 83,724 | 83,008 | 143,250 | 105,061 |
| Stocks, September 30..... | | | 558,813 | 530,437 |

COTTON—GALVESTON STOCK STATEMENT (Bales)

| | Sept. 30, 1932 | Sept. 30, 1931 |
|-------------------------------|----------------|----------------|
| For Great Britain..... | 4,000 | 600 |
| For France..... | 3,500 | 700 |
| For other foreign ports..... | 20,500 | 15,200 |
| For coastwise ports..... | 500 | 500 |
| In compresses and depots..... | 530,313 | 513,437 |
| Total..... | 558,813 | 530,437 |

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON (Bales)

| | September 1932 | September 1931 | August 1 to September 30 This season | September 30 Last season |
|---------------------------|----------------|----------------|--------------------------------------|--------------------------|
| | Receipts..... | 385,933 | 437,693 | 470,214 |
| Exports..... | 210,847 | 228,514 | 390,762 | 310,041 |
| Stocks, September 30..... | | | 1,151,623 | 892,806 |

SEASON'S RECEIPTS, EXPORTS, AND STOCKS OF COTTON AT ALL UNITED STATES PORTS—(Bales)

| | August 1 to September 30 | |
|---|--------------------------|-------------|
| | This season | Last season |
| Receipts..... | 1,523,967 | 1,267,329 |
| Exports: United Kingdom..... | 154,172 | 35,276 |
| France..... | 187,480 | 28,072 |
| Italy..... | 110,864 | 61,942 |
| Germany..... | 357,847 | 97,555 |
| Other Europe..... | 148,973 | 215,429 |
| Japan..... | 161,871 | 188,692 |
| All other countries..... | 64,612 | 769,222 |
| Total foreign ports..... | 1,185,819 | 769,222 |
| Stocks at all United States ports September 30..... | 3,637,265 | 3,210,860 |

SPOT COTTON PRICES—(Middling basis) (Cents per pound)

| | September, 1932 | | Oct. 15, 1932 |
|------------------|-----------------|------|---------------|
| | High | Low | |
| New York..... | 9.00 | 6.80 | 6.50 |
| New Orleans..... | 8.88 | 6.61 | 6.45 |
| Dallas..... | 8.40 | 6.20 | 5.95 |
| Houston..... | 8.80 | 6.65 | 6.30 |
| Galveston..... | 8.80 | 6.65 | 6.30 |

Petroleum

Total production of crude oil in this district during September, amounting to 29,191,500 barrels, was on a scale somewhat higher than in either the previous month or the same month last year. Daily average yield reflected an increase of 47,823 barrels, which was largely attributable to the shorter month. The volume of field operations receded somewhat from the high level of

the previous month. Of the 752 new wells completed during September, 612 were producers with an initial flush output of 3,662,063 barrels. In August there were 1,062 wells completed, of which 861 were successful and had an initial yield of 5,560,240 barrels.

While most of the increase in daily production, as compared with August, occurred in East Texas, there was also a sizable gain in the Gulf Coast region. The total daily output in Texas amounted to 912,000 barrels during September, as against 864,500 barrels in August, and 886,898 barrels in September a year ago. Daily yield in New Mexico during September averaged 31,850 barrels, and in North Louisiana it amounted to 29,200 barrels.

Effective October 15, a number of the major companies announced an advance in the posted schedule of crude petroleum prices. The increases varied from \$.09 to \$.12 per barrel.

| | Completions | Producers | Gas wells | Failures | Initial production |
|--------------------------------|-------------|-----------|-----------|----------|--------------------|
| North Texas..... | 82 | 37 | 1 | 44 | 8,144 |
| Central West Texas..... | 42 | 23 | 1 | 18 | 1,847 |
| East Central Texas..... | 475 | 462 | .. | 13 | 3,593,090 |
| South Texas..... | 71 | 43 | 3 | 25 | 17,349 |
| Texas Coastal..... | 43 | 26 | 2 | 15 | 25,060 |
| Total Texas..... | 713 | 591 | 7 | 115 | 3,645,490 |
| New Mexico..... | 8 | 7 | .. | 1 | 14,719 |
| North Louisiana..... | 31 | 14 | 2 | 15 | 1,854 |
| September totals, district.... | 752 | 612 | 9 | 131 | 3,662,063 |
| August totals, district..... | 1,062 | 861 | 17 | 184 | 5,560,240 |

| | Oct. 15, 1932 | Oct. 13, 1931 |
|---|---------------|---------------|
| Texas coastal (40 gr. and above)..... | \$1.10 | \$.66* |
| North Texas and North Louisiana (40 gr. and above)..... | 1.12 | .70 |

*Price paid for oil, 35 gr. and above.

(Oil statistics compiled by The Oil Weekly, Houston, Texas)

| | September, 1932 | | Increase or decrease over August, 1932 | |
|-------------------------|-----------------|------------|--|------------|
| | Total | Daily avg. | Total | Daily avg. |
| North Texas..... | 2,883,000 | 96,100 | -353,400 | - 8,300 |
| Central West Texas..... | 5,719,000 | 193,300 | -366,900 | - 5,600 |
| East Central Texas..... | 12,834,000 | 427,800 | +939,300 | +44,100 |
| Texas Coastal..... | 4,204,500 | 140,150 | +394,600 | +17,250 |
| South Texas..... | 1,639,500 | 54,650 | - 53,100 | + 50 |
| Total Texas..... | 27,360,000 | 912,000 | +560,500 | +47,500 |
| New Mexico..... | 955,500 | 31,850 | - 50,450 | - 600 |
| North Louisiana..... | 876,000 | 29,200 | - 590 | + 923 |
| Total District..... | 29,191,500 | 973,050 | +509,460 | +47,823 |

Building After having turned upward in August, the volume of construction permits issued at principal centers in this district showed a reduction and amounted to \$808,014 during September. This figure compares with a total valuation of \$1,014,495 in August, and \$2,528,059 in the corresponding month last year. Building permits issued during the first nine months of the current year aggregated \$14,487,341, as against \$31,661,941 in the like period a year ago.

| | Sept., 1932 | | Sept., 1931 | | Percentage change valuation over year | August, 1932 | | Percentage change valuation over month | Nine months | | | | Percentage change valuation over period |
|------------------|-------------|------------|-------------|-------------|---------------------------------------|--------------|-------------|--|-------------|--------------|--------|---------------|---|
| | No. | Valuation | No. | Valuation | | No. | Valuation | | 1932 | | 1931 | | |
| | | | | | | | | | No. | Valuation | No. | Valuation | |
| Amarillo..... | 26 | \$ 20,702 | 35 | \$ 248,769 | -91.7 | 14 | \$ 34,340 | - 39.7 | 201 | \$ 270,449 | 426 | \$ 2,572,058 | - 89.5 |
| Austin..... | 100 | 102,353 | 92 | 88,196 | +16.1 | 83 | 72,654 | + 40.9 | 821 | 4,980,421 | 800 | 1,751,100 | +184.4 |
| Beaumont..... | 92 | 15,244 | 110 | 33,425 | -54.4 | 85 | 19,696 | - 22.6 | 769 | 258,265 | 932 | 973,681 | - 73.5 |
| Corpus Christi.. | 29 | 11,129 | 35 | 23,550 | -52.8 | 36 | 14,098 | - 21.1 | 298 | 127,010 | 452 | 440,320 | - 71.2 |
| Dallas..... | 243 | 191,231 | 369 | 368,377 | -48.1 | 335 | 255,399 | - 25.1 | 2,480 | 2,064,048 | 2,907 | 3,802,982 | - 45.7 |
| El Paso..... | 54 | 34,135 | 102 | 47,460 | -28.1 | 44 | 93,001 | - 63.3 | 363 | 287,707 | 665 | 889,251 | - 67.6 |
| Fort Worth..... | 157 | 84,628 | 175 | 386,694 | -78.1 | 117 | 78,480 | + 7.8 | 1,171 | 1,147,803 | 1,700 | 3,842,827 | - 70.1 |
| Galveston..... | 184 | 27,107 | 124 | 117,384 | -76.9 | 239 | 36,562 | - 25.9 | 1,267 | 440,205 | 1,123 | 1,914,226 | - 77.0 |
| Houston..... | 190 | 174,737 | 307 | 846,723 | -79.4 | 208 | 183,480 | - 4.8 | 1,850 | 2,316,826 | 2,885 | 9,672,817 | - 76.0 |
| Port Arthur..... | 26 | 4,792 | 58 | 17,276 | -72.3 | 39 | 8,349 | - 42.6 | 336 | 77,004 | 545 | 872,308 | - 91.2 |
| San Antonio..... | 184 | 62,054 | 234 | 227,501 | -72.7 | 144 | 122,643 | - 49.4 | 1,625 | 1,383,257 | 2,055 | 2,261,055 | - 38.8 |
| Shreveport..... | 132 | 32,172 | 145 | 55,123 | -41.6 | 136 | 65,577 | - 50.9 | 1,096 | 351,168 | 1,339 | 817,514 | - 57.0 |
| Waco..... | 28 | 36,407 | 26 | 61,709 | -41.0 | 29 | 26,738 | + 36.2 | 279 | 296,358 | 243 | 1,711,865 | - 82.7 |
| Wichita Falls... | 19 | 11,323 | 8 | 5,832 | +94.2 | 18 | 3,478 | +225.6 | 145 | 486,220 | 99 | 139,937 | +247.5 |
| Total..... | 1,464 | \$ 808,014 | 1,820 | \$2,528,059 | -68.0 | 1,527 | \$1,014,495 | - 20.4 | 12,701 | \$14,487,341 | 16,231 | \$ 31,661,941 | - 54.2 |

Cement Despite an increase of 31.4 per cent in the production of Portland cement in Texas during September, shipments from Texas mills showed a largely seasonal reduction of 18.4 per cent. Total output rose from 325,000 barrels in August to 427,000 barrels in September, the latter figure being 31.7 per cent less than

that of the same month a year ago. The volume of shipments decreased to 315,000 barrels, as compared with 386,000 barrels in August, and 688,000 barrels in September last year. Stocks on hand September 30 aggregated 717,000 barrels, being 18.5 per cent larger than on August 31, and 33.0 per cent above the level of a year ago.

| | Sept. 1932 | % change from August 1932 | Sept. 1931 | % change from Sept. 1931 | Jan. 1 through Sept. 30, 1932 | % change from year |
|--|------------|---------------------------|------------|--------------------------|-------------------------------|--------------------|
| Production at Texas mills..... | 427 | +31.4 | -31.7 | 2,892 | -40.1 | |
| Shipments from Texas mills..... | 315 | -18.4 | -54.2 | 2,900 | -43.1 | |
| Stocks at end of month at Texas mills..... | 717 | +18.5 | +33.0 | | | |

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board, October 24, 1932)

Industrial activity and shipments of commodities by rail increased from August to September by considerably more than the usual seasonal amount. There was also a more than seasonal increase in the volume of factory employment and payrolls. The general level of prices, after advancing for three months, showed a decline beginning in the early part of September.

PRODUCTION AND EMPLOYMENT

Volume of industrial production, as measured by the Board's seasonally adjusted index, based on the 1923-1925 average, increased from a low point of 58 in July to 60 in August and 66 in September. The advance in September reflected chiefly large increases in activity at textile mills, shoe factories, meat packing establishments, and coal mines. In the steel industry, where activity had shown none of the usual seasonal increase in August, operations expanded considerably during September and the first three weeks of October to about 20 per cent of capacity. Daily average output of automobiles and lumber in September showed little change from recent low levels. Factory employment increased from 58.8 per cent of the 1923-1925 average in August to 60.3 per cent in September, according to the Board's seasonally adjusted index. Considerable increases were reported in the cotton, woolen, silk, hosiery, and clothing industries, and smaller increases at car-building shops, foundries, cement mills, and furniture factories; in the automobile, tire, and electrical machinery industries, employment declined. During the three months ending with September, value of building contracts awarded, as reported by the F. W. Dodge Corporation, was about the same as in the preceding three months, although awards are usually smaller in the third quarter. In the first half of October, the daily average of contracts declined somewhat.

DISTRIBUTION

Volume of freight-car loadings increased by considerably more than the usual seasonal amount in September, reflecting chiefly larger shipments of coal and miscellaneous freight. Department store sales increased from the low level of August by somewhat more than the usual seasonal percentage.

WHOLESALE PRICES

Wholesale commodity prices, as measured by the monthly index of the Bureau of Labor Statistics, showed little change from August to September. During August and early September there was a general advance in prices followed by a decline which continued through the first half of October, when the average was 2 per cent below the high point in early September and 1 per cent above the low point of early summer. Substantial decreases occurred after the beginning of September in the prices of many domestic agricultural commodities, including cotton, grains, and livestock, and also in prices of gasoline, non-ferrous metals, and imported raw materials, while prices of wool, worsted yarns, coal, and lumber increased somewhat during this period.

BANK CREDIT

During September and the first three weeks of October there were further additions to the reserve funds of member banks, arising from increases in the country's stock of monetary gold, from an unseasonal return flow of currency, and from issues of additional national bank notes. Member bank indebtedness to the reserve banks declined by more than \$100,000,000 from September 7 to October 19, and the reserve balances increased by \$180,000,000. During September and the first two weeks of October reporting member banks in leading cities showed a further growth in investment holdings, largely of United States Government securities, but to some extent of other investments. Loans of reporting banks declined further in September. In the early part of October, loans at banks in New York City showed an increase. There was considerable growth in Government deposits and in bankers' balances during the period; time deposits also increased. Money rates in the open market declined to lower levels during the first half of October, the rate on prime commercial paper being reduced from a range of 2-2 $\frac{1}{4}$ to a range of 1 $\frac{3}{4}$ -2 per cent, and the rate on 90-day bankers' acceptances from $\frac{3}{4}$ of 1 per cent to $\frac{1}{2}$ of 1 per cent. Rates for call loans on stock exchange collateral declined from 2 per cent to 1 per cent.