

MONTHLY BUSINESS REVIEW

OF THE

FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	February 1934	Change from January
Bank debits to individual accounts (at 17 cities).....	\$513,474,000	— 9.1%
Department store sales.....	.....	+ 5.2%
Reserve bank loans to member banks at end of month.....	\$ 63,334	— 73.7%
Reserve bank ratio at end of month.....	60.7%	+ 1.4 points
Building permit valuation at larger centers....	\$ 696,642	— 8.4%
Commercial failures (number).....	26	— 3.7%
Commercial failures (liabilities).....	\$ 366,937	— 27.0%
Oil production (barrels).....	27,384,000	— 7.6%

early March. The soil in most areas is in good condition for the completion of land preparation and for spring planting operations, and farmers are making good progress with this work. Ranges are responding to the increased supply of moisture, and range vegetation has begun to green. Nevertheless, there is a large area in the western portion of the district where rainfall has been negligible and conditions are becoming critical. Heavy rains are needed immediately to relieve this situation. Considering the poor condition of the ranges, livestock have come through the winter in fairly good condition and are expected to mend rapidly during the spring. Trading activity on the ranges has increased at firm to higher prices and the trend of prices at market centers continued upward.

The financial situation was characterized by a further growth in the deposits of member banks and an increase in reserve deposits at the Federal Reserve Bank. The daily average of combined net demand and time deposits of member banks rose to \$728,463,000 in February, which was \$30,340,000 greater than in the previous month, and \$120,851,000 larger than in February last year. The reserves of these banks with the Federal Reserve Bank totaled \$126,427,000 on March 15, as compared with \$110,622,000 a month earlier, and \$76,622,000 on the corresponding date in 1933. Loans of member banks in selected cities reflected a seasonal decline between February 7 and March 7, but investments showed a further large increase. The return flow of Federal reserve currency from circulation continued during the past month, the total of \$46,024,000 in actual circulation on March 15 being \$4,138,000 less than on February 15, and \$11,621,000 below that on March 15, 1933.

Construction activity in this district during February continued at a low level. The valuation of building permits issued at principal cities was 8 per cent less than in January, and 34 per cent smaller than in the corresponding month last year.

BUSINESS

expansion as compared with February, 1933, was reflected, the increases ranging from 35.2 per cent in the case of drugs to 335.3 per cent in the case of farm implements. A further improvement in business sentiment was reported from several quarters. The price trend continued upward during February, particularly in certain lines, and some anticipatory

Business at wholesale in the Eleventh District was generally well sustained during February. While only one line showed

an increase over the previous month, there were two that reported declines of less than 1 per cent and one other that registered only a seasonal reduction in sales. A considerable

Wholesale
Trade

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buying was in evidence. In every reporting line inventories on hand at the close of the month were larger than either a month earlier or a year ago. Grocery and farm implement firms reported an increase over the preceding month in collections during February; declines which were to some extent seasonal occurred in the other reporting lines.

The demand for groceries at wholesale held up well during February, as evidenced by the fact that despite the shorter month total sales were only 0.7 per cent under those in January. They reflected an increase of 40.7 per cent over the same month last year, as compared with a like expansion of 28.3 per cent in the previous month. Stocks on hand February 28 were 6.0 per cent greater than a month earlier, and 42.8 per cent larger than a year ago. The rate of collections picked up appreciably during the month.

The distribution of farm implements turned upward in February, showing a contrary to seasonal gain of 14.3 per cent over the preceding month. The increase as compared with the same month last year amounted to 335.3 per cent. It is indicated that business was well sustained in the first part of March, despite some advance in prices. Collections during February totaled 50.0 per cent more than in January.

A chiefly seasonal reduction of 10.3 per cent was reflected in the total sales of reporting wholesale drug firms in the Eleventh District during February, and the comparison with the corresponding month a year ago continued to improve. While conditions in some areas were better than in others, a fairly good demand for merchandise was visible in most sections. Because of the shorter month, total collections were 5.7 per cent under those of the previous month.

An active demand for dry goods was reported by wholesalers in this district during February. The month's total sales were in approximately the same volume as in January, and they were more than twice as large as in February last year. While the bulk of purchases represent merchandise to meet the expanding consumer demand, there is some anticipatory buying. Collections declined 12.8 per cent as compared with January.

Although a decline of 9.0 per cent, only partly attributable to seasonal factors, was shown in the distribution of hardware through wholesale channels during February, the comparison with a year ago was somewhat more favorable than in January. Sales during the month were 68.4 per cent

above those in February, 1933. A partly seasonal reduction in collections was witnessed in February.

CONDITION OF WHOLESALE TRADE DURING FEBRUARY, 1934
Percentage of increase or decrease in—

	Net Sales Feb., 1934 compared with Feb., 1933		Net Sales Jan. 1 to date compared with same period last year		Stocks Feb., 1934 compared with Feb., 1933		Ratio of collec- tions during Feb. to accounts and notes outstanding January 31
	1933	1934			1933	1934	
Groceries.....	+ 40.7	— .7	+ 38.0	+ 42.8	+ 6.0	78.7	
Dry goods.....	+104.4	— .6	+107.1	+65.8	+ 4.5	32.3	
Farm implements..	+335.3	+14.3	+272.0	+ 5.1	+ 5.6	7.5	
Hardware.....	+ 68.4	— 9.0	+ 68.0	+ 2.1	+ 1.0	42.0	
Drugs.....	+ 35.2	—10.3	+ 30.8	+ 3.6	+ 4.2	45.2	

Retail Trade

Consumer buying at department stores in leading cities of the Eleventh District remained very active during February. The aggregate sales for the month evidenced a counter to seasonal gain, being 5.2 per cent greater than in the previous month. This development is more significant when allowance is made for the fact that February had two less business days than January. Sales also registered an increase of 34.9 per cent over those in February, 1933, which is the largest increase over the corresponding month a year earlier since the recovery set in last spring. Reflecting the favorable increase in business this bank's seasonally adjusted index of department store sales increased from 67.5 per cent of the 1923-25 average in January to 78.2 per cent in February, which was 20.2 points in excess of that in February last year. The movement of spring merchandise during the early part of March was reported to be in good volume.

Stocks of merchandise held on February 28 by reporting firms were seasonally larger than those on January 31, and reflected an increase of 16.5 per cent over those held on the same date a year ago. The rate of stock turnover during the two months of 1934 was .47, as against .40 in the same period last year.

Collections on open accounts during the past month were well sustained as compared with the preceding month, and they continued in much larger volume than a year ago. The ratio of February collections to accounts outstanding on the first of the month was 37.1 per cent, which was the same as that in January, and compared with 30.9 per cent in February, 1933.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
February, 1934, compared with February, 1933.....	+44.1	+26.7	+40.3	+30.4	+20.0	+34.9
February, 1934, compared with January, 1934.....	+15.1	+ 5.3	+ 1.1	+ 2.3	— 7.7	+ 5.2
January 1 to date compared with same period last year.....	+43.3	+26.5	+36.4	+25.1	+22.7	+33.3
Credit sales (percentage):						
February, 1934, compared with February, 1933.....	+46.9	+32.2	+42.0	+34.0	+35.5	+40.7
February, 1934, compared with January, 1934.....	+17.5	+ 9.5	— 5.0	+ 1.1	— 1.1	+ 7.4
January 1 to date compared with same period last year.....	+45.2	+31.3	+41.5	+27.9	+19.6	+36.2
Stocks on hand at end of month (percentage):						
February, 1934, compared with February, 1933.....	+14.5	+ 7.3	+28.8	+22.4	+17.8	+16.5
February, 1934, compared with January, 1934.....	+13.3	+13.9	+11.4	+10.7	+11.1	+12.3
Stock turnover (rate):						
Rate of stock turnover in February, 1933.....	.22	.16	.21	.24	.17	.20
Rate of stock turnover in February, 1934.....	.29	.18	.23	.26	.18	.24
Rate of stock turnover January 1 to February 28, 1933.....	.42	.32	.42	.49	.36	.40
Rate of stock turnover January 1 to February 28, 1934.....	.55	.38	.46	.53	.38	.47
Ratio of February collections to accounts receivable outstanding February 1, 1934.....	38.3	30.8	38.9	41.7	34.2	37.1
Ratio of Feb. collections to installment accounts receivable outstanding Feb. 1, 1934.....	16.5	10.2	.....	.....	19.8	15.0
Indexes of department store sales:						
Unadjusted—February, 1934.....	72.9	66.5	71.7	53.5	.....	65.7
Unadjusted—January, 1934.....	58.0	53.3	64.1	47.8	.....	56.7
Adjusted—February, 1934.....	82.8	80.1	84.4	64.4	.....	78.2
Adjusted—January, 1934.....	67.4	78.8	72.0	52.5	.....	67.5
Indexes of department store stocks:						
Unadjusted—February, 1934.....	49.3	65.9	43.7	39.1	.....	52.6
Unadjusted—January, 1934.....	41.2	57.9	38.7	37.4	.....	46.1
Adjusted—February, 1934.....	51.4	68.6	47.0	38.7	.....	54.8
Adjusted—January, 1934.....	47.4	67.3	45.0	40.7	.....	53.0

Commercial Failures

An improvement was shown in the record of commercial insolvencies in this district during February, both the number of failures and the indebtedness involved being smaller than in either the previous month or the same month last year.

The report of Dun & Bradstreet, Incorporated, shows that 26 defaults occurred last month, as compared with 27 in January and 93 in February a year ago. Total liabilities amounted to \$366,937, as against \$502,373 in the preceding month, and \$1,665,933 in February, 1933.

AGRICULTURE

Crop Conditions

Heavy rains over a large area of this district during February and the early days of March added much needed moisture

Livestock

Range prospects over a wide area in this district were improved materially by the

reserves and brightened the agricultural outlook. However, the rainfall in Northwest Texas and Southern New Mexico was light and very scattered. Much of this territory is extremely dry and very little row crop land is prepared for planting. While there is still a deficiency in subsoil moisture over a very large area, topsoil moisture is adequate generally for planting operations in all sections except those suffering from the prolonged drouth. Further general rains would be very beneficial in most sections.

heavy rains which occurred late in February and in the early days of March. Nevertheless, there are portions of West and Northwest Texas and Southern New Mexico which have received little or no rain and in these sections conditions are becoming very critical. In the Northwest Texas wheat areas, grain fields have furnished practically no pasturage, due to the lack of moisture, but in the central and north central grain areas, small grains are supplying much good grazing. The Edwards Plateau region, which suffered from a prolonged drouth, received considerable moisture during the past thirty days but more rain would be welcome. Ranges in this area are expected to improve materially with the appearance of warmer weather. In South and East Texas ranges generally are well supplied with moisture and range vegetation is greening. While there was some shrinkage in livestock during the cold weather in late February and early March, livestock generally have held up much better than would be expected on the poor ranges, and have come through the winter in fairly strong condition in most sections.

The fair weather since early March has enabled farmers to make good headway toward the completion of land preparation and to get under way spring planting operations. Corn planting in the southern half of Texas is progressing rapidly and is gradually being extended northward. This work has been stimulated by the generally mild temperatures. Cotton planting is becoming general in South Texas.

The condition of cattle ranges in Texas was placed at 69 per cent of normal on March 1, the same as a month earlier, and compares with 78 per cent a year ago. Sheep and goat ranges declined 2 points in February and the March 1 condition of 64 per cent was 10 points lower than on the same date in 1933. The condition of cattle was rated at 71 per cent on March 1, which was 2 points lower than on February 1, and 8 points below a year ago. The condition of sheep and goats declined 3 and 2 points, respectively, during the month and was 6 and 3 points, respectively, lower than at the same time in 1933.

Small grains in dry areas of Northwest Texas and Southern New Mexico are in very poor condition and prospects are very discouraging. Elsewhere these crops have made much improvement as plant growth has been stimulated by the better moisture conditions and the moderate temperatures. In most sections the poor condition of the crops during the early part of the growing season prevented the proper stooing of plants, but the improvement recently is partially overcoming this condition in some areas.

Movements and Prices

Cattle receipts at the Fort Worth market in February exceeded those of the previous month and a year ago. While the arrivals of calves and hogs showed a substantial decline as

The condition of some commercial vegetable crops in Texas declined in February due to excessive rains and the appearance of blight on some crops. Other crops showed a further improvement during the month. Spring crops generally have a good start and early maturity is expected unless untoward conditions develop. Practically all crops are in a much better condition than a year ago as the mid-February freeze in 1933 injured severely most growing crops. There are shown below comparative condition figures on principal crops as reported by the United States Department of Agriculture.

FORT WORTH LIVESTOCK RECEIPTS
(Number)

	February 1934	February 1933	Change over year	January 1934	Change over month
Cattle.....	31,394	22,948	+ 8,446	29,523	+1,871
Calves.....	13,834	7,733	+ 6,101	20,252	-6,418
Hogs.....	29,100	26,721	+ 2,379	34,100	-5,000
Sheep.....	25,090	38,819	-13,729	24,798	+ 292

CONDITION OF COMMERCIAL VEGETABLE CROPS IN TEXAS

Crop	March 1, 1934 (per cent)	March 1, 1933 (per cent)	February 1, 1934 (per cent)
Snap beans.....	83	70	..
Beets.....	77	60	80
Broccoli.....	70	33	80
Cabbage.....	89	54	79
Carrots.....	70	58	81
Corn.....	78	75	..
Cucumbers.....	75	91	..
Garlic.....	90	60	..
Lettuce.....	75	31	..
Onions.....	75	58	81
Green peas.....	70	55	71
Potatoes.....	81	65	..
Spinach.....	63	45	79
Strawberries.....	84	60	82
Tomatoes.....	93	76	82
Turnips.....	74	52	65

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	February 1934	February 1933	January 1934
Beef steers.....	\$5.10	\$4.60	\$4.85
Stocker steers.....	4.50	4.10	4.00
Butcher cows.....	3.25	2.50	3.25
Stocker cows.....	..	2.50	2.75
Calves.....	5.00	5.40	4.50
Hogs.....	5.00	3.60	3.90
Sheep.....	4.75	2.65	4.25
Lambs.....	8.75	5.00	8.50

compared with January, they were materially larger than a year ago. The receipts of sheep showed little change from the previous month, but they were much smaller than in February, 1933.

Market prices on all classes of cattle reflected some improvement during the past month with top prices for the

season on some classes being shown at the middle of March. Hog prices showed a sharp rise in February, and at the close of the month the best quality was bringing \$5.00. However, there was a reaction in the first half of March which carried prices down to the \$4.50 level. Sheep and lambs continued to sell to good demand and prices were near the peak at the middle of March.

FINANCE

Operations of the Federal Reserve Bank

The demand from member banks for Federal reserve bank funds continued at a low level during the past month. Total loans amounted to \$66,000 on March 15 as compared with \$32,000 a month earlier, and \$7,253,000 on the same date in 1933. On the other hand, reserve deposits of member banks in this district reached a new high level at \$129,654,000 on March 12, but had declined to \$126,427,000 on March 15. On the latter date these deposits were \$15,805,000 higher than at the middle of February, and \$49,805,000 larger than a year ago. Investments in United States Government securities totaled \$71,475,000 on March 15, which represents an increase of \$5,000,000 over those a month earlier and a gain of \$22,536,000 as compared with the corresponding date in 1933. While holdings of bankers' acceptances declined \$2,676,000 during the month, they still exceeded holdings a year ago by \$5,942,000. There was a further seasonal recession in the circulation of Federal reserve currency. The total circulation on March 15 was \$46,024,000, as compared with \$50,162,000 on February 15, and \$57,645,000 on March 15, 1933.

CONDITION OF THE FEDERAL RESERVE BANK
(In thousands of dollars)

	March 15, 1934	March 15, 1933	February 15, 1934
Total cash reserves.....	\$ 109,333	\$ 82,525	\$ 95,163
Discounts for member banks.....	66	7,253	32
Other bills discounted.....	None	None	None
Bills bought in open market.....	9,302	3,450	12,068
United States securities owned.....	71,475	48,939	66,475
Other investments.....	None	5	5
Total earning assets.....	80,933	59,647	78,580
Member bank reserve deposits.....	126,427	76,622	110,622
Federal reserve notes in actual circulation.....	41,169	57,645	41,076
Federal reserve bank notes in actual circulation.....	4,855	None	9,086

Condition of Member Banks in Selected Cities

A further marked increase in the investments of member banks in selected cities was an outstanding feature of reports covering the four-week period ending March 7. Holdings of United States Government securities totaled \$191,977,000 on March 7, which represents a gain of \$21,024,000 as compared with four weeks earlier and an increase of \$104,561,000 as compared with the corresponding date in 1933. Other stocks and bonds owned increased \$2,489,000 during the four-week period and were \$1,592,000 greater than a year ago. While loans on securities increased \$626,000 between February 7 and March 7, there was a decline of \$7,933,000 during the same period in "all other" loans (largely commercial). As compared with a year ago, the total loans of these banks were \$26,653,000 smaller. Their net demand deposits rose \$5,995,000 between February 7 and March 7, but this gain was partially offset by a decline of \$3,407,000 in time deposits. The combined net demand and time deposits of these banks on March 7 were \$48,846,000 larger than on the corresponding date in 1933. The reserve deposits of these banks with the Federal

Reserve Bank totaled \$69,595,000 on March 7, which was \$5,415,000 greater than four weeks earlier and \$15,725,000 greater than on March 8 a year ago.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES
(In thousands of dollars)

	March 7, 1934	March 8, 1933	February 7, 1934
United States securities owned.....	\$ 191,977	\$ 87,416	\$ 170,953
All other stocks, bonds, and securities owned.....	55,951	54,359	53,462
Loans on securities.....	58,567	67,787	57,941
All other loans.....	129,188	146,621	137,121
Total loans.....	187,755	214,408	195,062
Net demand deposits.....	283,783	228,694	277,788
Time deposits.....	120,885	127,128	124,282
Reserve with Federal Reserve Bank.....	69,595	53,870	64,180
Bills payable and rediscounts with Federal Reserve Bank.....	None	781	None

Debits to Individual Accounts

Substantially less than the usual seasonal decrease was reflected in the volume of debits to individual accounts during February at banks in seventeen principal centers located in the Eleventh District. Total charges amounted to \$513,474,000, which compares with \$564,803,000 in the preceding month, and \$400,235,000 in February, 1933. The percentage decline from January amounted to 9.1, and the gain over a year ago was 28.3 per cent.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	February 1934	February 1933	Percentage change over year	January 1934	Percentage change over month
Abilene.....	\$ 5,384	\$ 4,155	+29.6	\$ 5,538	-2.8
Austin.....	18,501	17,027	+8.7	17,016	+8.7
Beaumont.....	15,638	11,704	+33.6	16,594	-5.8
Corsicana.....	2,527	2,083	+21.3	3,031	-16.6
Dallas.....	148,364	109,397	+35.6	162,073	-8.5
El Paso.....	17,151	13,326	+28.7	17,457	-1.8
Fort Worth.....	51,596	39,984	+29.0	56,490	-8.7
Galveston.....	19,640	15,025	+30.7	23,921	-17.9
Houston.....	123,478	101,838	+21.2	140,259	-12.0
Port Arthur.....	4,917	3,501	+40.4	5,530	-11.1
Roswell.....	1,997	1,530	+30.5	2,219	-10.0
San Antonio.....	44,065	33,307	+32.8	47,530	-7.3
Shreveport.....	26,790	18,360	+46.0	30,293	-11.6
Texarkana*.....	4,749	4,857	-2.0	5,915	-19.7
Tucson.....	7,204	6,580	+9.5	8,037	-10.4
Waco.....	11,586	8,215	+41.0	12,500	-7.3
Wichita Falls.....	9,889	7,046	+40.3	10,400	-4.9
Total.....	\$513,474	\$400,235	+28.3	\$564,803	-9.1

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

Deposits of Member Banks

Continuing the expansion which began in September last year, the combined daily average of net demand and time deposits of member banks in the Eleventh District during February rose to \$728,463,000, as compared with \$698,123,000 in January, and \$607,612,000 in the corresponding month a year ago. The chief increase over the previous month was recorded in net demand deposits, and the gain was about equally divided between reserve city banks and country banks. While the time deposits of reserve city banks were

substantially smaller than in February, 1933, those of country banks reflected an increase which more than offset this decline.

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
Feb., 1933.....	\$415,200	\$192,412	\$199,397	\$118,756	\$215,803	\$73,656
Mar., 1933.....	413,776	188,547	202,276	115,737	211,500	72,810
April, 1933.....	394,790	186,161	193,431	113,723	201,359	72,438
May, 1933.....	394,336	186,596	191,847	113,101	202,489	73,495
June, 1933.....	395,983	186,405	192,396	113,390	203,587	73,015
July, 1933.....	396,783	191,055	196,040	113,908	200,743	77,147
Aug., 1933.....	389,177	190,931	191,302	112,665	197,785	78,266
Sept., 1933.....	400,597	187,508	195,145	110,146	205,452	77,362
Oct., 1933.....	436,027	186,936	210,987	109,264	225,040	77,672
Nov., 1933.....	466,198	187,947	228,265	106,914	237,933	81,033
Dec., 1933.....	494,176	186,687	240,971	106,132	253,205	80,555
Jan., 1934.....	505,909	192,214	249,091	108,317	256,818	83,897
Feb., 1934.....	532,717	195,746	261,770	110,348	270,947	85,398

Acceptance Market

A small reduction was shown during February in the volume of outstanding bank acceptances issued in this district. The total on the last day of the month amounted to \$1,646,029, which compares with \$1,822,684 outstanding on January 31, and \$910,500 on February 28 last year. Both classifications of acceptances participated in the decrease from January, but were larger than a year ago.

Savings Deposits

The amount of savings deposits held by 130 reporting banks rose from \$133,759,694 on January 31 to \$135,449,231 on February 28, registering an increase of 1.3 per cent. On the latter date the total was 0.8 per cent less than a year ago, whereas on January 31 a similar decrease of 3.2 per cent was reflected. Savings depositors at 119 of these banks numbered 319,469 at the close of the month, as against 316,928 on the last day of January, and 321,994 on February 28, 1933.

SAVINGS DEPOSITS

	February 28, 1934			February 28, 1933			January 31, 1934		
	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	8,189	\$ 3,092,715	8,081	\$ 3,041,809	+ 1.7	8,096	\$ 2,999,843	+ 3.1
Dallas.....	9*	73,695	23,572,499	74,529	25,188,016	- 6.4	73,101	23,356,196	+ .9
El Paso.....	2	10,355	4,244,271	10,615	3,336,475	+27.2	10,102	4,183,375	+ 1.5
Fort Worth.....	4	32,713	9,932,838	33,565	11,381,444	-12.7	32,471	9,890,547	+ .4
Galveston.....	4	16,594	10,126,813	16,810	9,776,165	+ 3.6	16,524	9,992,802	+ 1.3
Houston.....	11*	65,755	27,449,771	66,642	29,989,250	- 8.5	65,591	27,223,671	+ .8
Port Arthur.....	2	4,870	1,854,259	4,252	1,851,371	+ .2	4,822	1,939,878	- 4.4
San Antonio.....	7*	17,208	14,308,628	16,953	14,092,992	+ 1.5	17,008	14,199,770	+ .8
Shreveport.....	3	21,465	10,291,367	22,236	9,143,426	-12.6	21,284	10,116,812	+ 1.7
Waco.....	3	10,421	5,755,888	10,310	5,608,586	+ 2.6	10,409	5,717,518	+ .7
Wichita Falls.....	3	5,702	2,761,313	5,630	2,375,707	-16.2	5,654	2,708,557	+ 1.9
All others.....	79*	52,502	22,058,869	52,371	20,767,630	+ 6.2	51,866	21,430,725	+ 2.9
Total.....	130	319,469	\$135,449,231	321,994	\$136,552,871	- .8	316,928	\$133,759,694	+ 1.3

*Only 8 banks in Dallas, 10 in Houston, 6 in San Antonio, and 71 in "All others" reported the number of savings depositors.

MARCH DISCOUNT RATES

Prevailing rates:

	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as that now eligible for rediscount under the Federal Reserve Act.....	2½-7	6-8	2-8	5-7	6-8	3-6
Rate charged on loans to other banks secured by bills receivable.....	6	6-8	6	5-6	6	5½
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
Demand.....	5-6	6-8	5-10	5-7	6-8	6-8
Time.....	5-8	6-8	5-10	5-7	6-8	6-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	4-7	8	6-8	5-7	6-8	5-6
Rate on cattle loans.....	6-8	6-8	6-10	7-10	8-10	8

INDUSTRY

The consumption of cotton at domestic textile mills during February continued in larger volume than in the corresponding month a year earlier, but on the other hand, it reflected the usual seasonal decline as compared with the previous month. There were 447,890 bales of cotton consumed in February, as against 508,034 bales in January, and 441,203 bales in the corresponding month of 1933. Consumption during the current season remained appreciably above that in the previous season, being 4.6 per cent greater for the seven-month period. Supplies of raw cotton held by consuming establishments on February 28 were in greater volume than those a month earlier or a year ago.

finished products on hand February 28 were much larger than a year ago, but they were below those held on January 31. Stocks of cotton goods held by these mills at the close of the month were less than those on both comparative dates.

COTTON CONSUMED AND ON HAND
(Bales)

	February 1934	February 1933	August 1 to February 28 This season	February 28 Last season
Cotton-growing states:				
Cotton consumed.....	376,211	369,805	2,715,640	2,720,635
On hand February 28 in—				
Consuming establishments.....			1,300,893	1,155,736
Public storage and compresses.....			8,273,424	8,879,704
United States:				
Cotton consumed.....	447,890	441,203	3,401,614	3,253,390
On hand February 28 in—				
Consuming establishments.....			1,654,369	1,449,413
Public storage and compresses.....			8,638,995	9,377,783

Textile Milling

Operations of reporting Texas textile mills during February were likewise on a scale higher than in the same month last year, and the consumption of cotton and production of cloth was in such volume as to show an increase over the previous month, contrary to the usual trend. Orders for

Cottonseed Products

Developments in the Texas cottonseed oil industry during February were along the usual seasonal lines for that month. The receipts and crushings of seed and the production of all products evidenced normal declines as compared with the preceding month. Receipts together with the output of oil and hulls were on levels below those in February, 1933. The production of cake and meal, linters, and the crushings of cottonseed were, however, slightly larger than a year ago. The aggregates of all operations, except the output of linters, during the first seven months of the 1933-34 season remained smaller than in the same period of the previous season.

Operations at cottonseed oil mills throughout the United States during February were also smaller than in January with one exception. The production of oil witnessed a material increase over the previous month contrary to the usual trend. Output of oil was also substantially above that in February, 1933, as were the crushings of seed and the production of cake and meal and linters. Although the percentage decline was reduced the operations of these mills during the current season continued below those of the previous season. Stocks of cottonseed products held by both Texas and United States mills on February 28 were less than the holdings on January 31, and with the exception of oil they were smaller than those held a year ago.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to February 28 This season	Last season	August 1 to February 28 This season	Last season
Cottonseed received at mills (tons).....	1,252,673	1,344,188	3,858,892	4,125,802
Cottonseed crushed (tons).....	1,121,048	1,162,989	3,337,064	3,454,982
Cottonseed on hand Feb. 28 (tons).....	230,411	356,467	742,249	970,094
Crude oil produced (pounds).....	329,460,064	349,876,177	1,031,984,313	1,068,889,671
Cake and meal produced (tons).....	517,635	535,884	1,506,848	1,557,566
Hulls produced (tons).....	306,959	342,259	889,634	979,072
Linters produced (running bales).....	185,993	137,821	617,488	544,748
Stocks on hand Feb. 28:				
Crude oil (pounds).....	42,114,550	38,057,633	133,741,745	116,562,069
Cake and meal (tons).....	71,443	81,483	279,103	331,572
Hulls (tons).....	40,076	64,774	90,022	145,612
Linters (running bales).....	32,698	88,954	142,166	287,828

Cotton Movements

The customary seasonal declines were evidenced during February in the exports of cotton through the ports of Houston and Galveston, and at the former of these two shipping centers they were below those in the corresponding month last year. On the other hand, shipments from Galveston were in materially larger volume than in February, 1933. The irregular trends in exports during the past few months, however, have had little effect upon the favorable balance in the cumulative shipments for the season. This is evidenced by the fact that the combined exports of cotton from Houston and Galveston totaled 3,505,879 bales during the first seven months of the current season, which represents an increase of 12.8 per cent over the 3,108,561 bales exported in the same period of the previous season. Receipts of cotton at these two ports during February were seasonally smaller than in January, but at Galveston they showed a small increase over those in February a year ago. Stocks held on February 28 were in smaller volume than a month earlier or a year ago at both ports.

Although aggregate exports of cotton from all United States ports showed a further seasonal decline, they turned upward as compared with the corresponding month a year earlier and evidenced an increase during February after

three consecutive months of declines. There were 628,457 bales of American cotton imported by foreign countries during the month, as against 739,352 bales in January, and 557,022 bales in February, 1933. Shipments during the fiscal cotton season continued below those in the first seven months of the previous season despite the substantial increase in February exports over those a year ago. Japan and some of the smaller European countries continue to show increased takings for the season as a whole, while exports to Germany remain on a reduced scale.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON (Bales)

	February 1934	February 1933	August 1 to February 28 This season	February 28 Last season
Receipts.....	106,511	98,560	1,854,523	1,753,057
Exports.....	238,174	151,912	1,599,828	1,409,051
Stocks, February 28.....			689,692	806,185

COTTON—GALVESTON STOCK STATEMENT (Bales)

	Feb. 28, 1934	Feb. 28, 1933
For Great Britain.....	6,000	12,500
For France.....	8,000	3,500
For other foreign ports.....	38,500	41,000
For coastwise ports.....	3,500	500
In compresses and depots.....	633,692	748,685
Total.....	689,692	806,185

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON (Bales)

	February 1934	February 1933	August 1 to February 28 This season	February 28 Last season
Receipts.....	89,332	161,060	2,071,407	2,434,303
Exports.....	198,400	203,980	1,906,051	1,699,510
Stocks, February 28.....			1,300,260	1,805,086

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

	August 1 to February 28 This season	February 28 Last season
Receipts.....	6,514,618	7,220,885
Exports:		
United Kingdom.....	971,945	980,914
France.....	632,980	648,302
Italy.....	488,103	516,969
Germany.....	1,023,127	1,218,704
Other Europe.....	710,742	649,737
Japan.....	1,322,639	1,211,974
All other countries.....	398,371	370,146
Total foreign ports.....	5,547,907	5,596,746
Stocks at all United States ports, February 28.....	3,415,381	4,586,086

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

	February, 1934		March 15, 1934
	High	Low	
New York.....	12.65	11.75	12.45
New Orleans.....	12.59	11.42	12.35
Dallas.....	12.05	11.10	11.95
Houston.....	12.50	11.40	12.35
Galveston.....	12.40	11.45	12.35

Petroleum

Due to the shorter month, a sizable reduction from January was shown in the total output of crude petroleum in the Eleventh Federal Reserve District during February. Production, which amounted to 27,384,000 barrels, was 2,697,800 barrels larger than in the

corresponding month last year, whereas in January there was a like increase of 4,940,250 barrels. Daily yield in the district during February averaged 978,000 barrels, as against 956,289 barrels in the previous month and 881,650 barrels

in the same month a year ago. Drilling activity fell off somewhat during the month but continued on an appreciably larger scale than in February, 1933.

The daily average production from Texas fields amounted to 908,250 barrels, which compares with 887,060 barrels in January, and 814,400 barrels in February last year. A major part of the expansion over both comparative months was registered in East Texas, although certain other sections also reflected gains. Output in New Mexico was at a slightly lower rate than in the previous month, and in North Louisiana it increased somewhat.

OIL PRODUCTION—(Barrels)

	February, 1934		Increase or decrease over January, 1934	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	2,783,200	99,400	— 271,200	+ 871
Central West Texas.....	4,327,400	154,550	— 267,300	+ 6,334
East Texas.....	12,665,800	452,350	— 844,800	+16,524
South Texas.....	1,215,200	43,400	— 159,700	— 952
Texas Coastal.....	4,439,400	158,550	— 524,850	— 1,587
Total Texas.....	25,431,000	908,250	—2,067,850	+21,190
New Mexico.....	1,164,800	41,600	— 128,100	— 106
North Louisiana.....	788,200	28,150	— 65,000	+ 627
Total District.....	27,384,000	978,000	—2,260,950	+21,711

CRUDE OIL PRICES

	March 9, 1934	March 10, 1933
Texas Coastal (34 gr. and above).....	\$1.12	\$.62
North Texas and North Louisiana (40 gr. and above).....	1.03	.52

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

FEBRUARY DRILLING RESULTS

	Completions	Producers	Gas wells	Failures	Initial production
North Texas.....	132	82	6	44	13,678
Central West Texas.....	56	41	2	13	80,396
East Texas.....	256	240	3	13	1,752,205
South Texas.....	72	35	5	32	13,603
Texas Coastal.....	98	70	3	25	66,575
Total Texas.....	614	468	19	127	1,926,457
New Mexico.....	3	1	1	1	10
North Louisiana.....	34	17	2	15	1,365
February totals, district.....	651	486	22	143	1,927,832
January totals, district.....	836	636	21	179	2,764,008

Building

Construction permits issued at leading cities in this district during February totaled 8.4 per cent less than in the preceding month and were about a third smaller than a year ago. Nevertheless, the number of permits issued exceeded that in each of the two comparative months by an appreciable margin. There were 1,135 building permits issued in February with a valuation of \$696,642, as against 1,096 permits in the previous month, amounting to \$760,294, and 873 permits reported in the same month last year, the total value of which amounted to \$1,051,521.

BUILDING PERMITS

	February, 1934		February, 1933		Percentage change valuation over year	January, 1934		Percentage change valuation over month	Two months				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1934		1933		
									No.	Valuation	No.	Valuation	
Amarillo.....	9	\$ 5,083	4	\$ 740	+586.9	22	\$ 62,854	-91.9	31	\$ 67,937	17	\$ 16,251	+318.0
Austin.....	49	29,300	63	385,490	- 92.4	56	30,788	- 4.8	105	60,088	148	436,114	- 86.2
Beaumont.....	68	10,335	75	17,905	- 42.3	57	10,550	- 2.0	125	20,885	131	27,183	- 23.2
Corpus Christi..	28	17,335	13	9,963	+ 74.0	19	62,924	-72.5	47	80,259	30	13,763	+483.2
Dallas.....	322	153,150	211	278,304	- 45.0	377	172,778	-11.4	699	325,923	488	448,310	- 27.3
El Paso.....	32	38,905	23	47,380	- 17.9	35	23,136	+68.2	67	62,041	51	57,649	+ 7.6
Fort Worth.....	82	40,000	58	67,000	- 40.3	70	57,420	-30.3	152	97,420	154	152,400	- 36.1
Galveston.....	80	36,278	59	28,955	+ 25.3	95	20,872	+73.8	175	57,150	133	49,085	+ 16.4
Houston.....	174	252,495	116	123,805	+103.9	127	160,425	+57.4	301	412,920	278	382,352	+ 8.0
Port Arthur.....	54	12,989	27	3,300	+293.6	26	9,814	+32.4	80	22,803	52	8,205	+177.9
San Antonio.....	128	68,990	106	26,317	+162.1	100	69,447	- 7	228	138,437	226	75,188	+ 84.2
Shreveport.....	88	20,715	84	34,247	- 39.5	90	39,819	-48.0	178	60,534	161	49,361	+ 22.6
Waco.....	13	8,907	21	23,453	- 62.0	15	26,147	-65.9	28	35,054	46	48,819	- 23.2
Wichita Falls...	8	2,160	13	4,662	- 53.7	7	13,325	-33.8	15	15,485	36	6,607	+134.4
Total.....	1,135	\$696,642	873	\$1,051,521	- 33.7	1,096	\$760,294	- 8.4	2,231	\$1,456,936	1,951	\$1,771,257	- 17.7

Cement

Both the production of Portland cement at Texas mills and the shipments from these mills during February rose above the level of a year ago, and also showed material gains over the preceding month. February output totaled 280,000 barrels, which compares with 195,000 barrels in January, and 197,000 barrels in the corresponding month last year. There were 273,000 barrels of cement shipped from Texas mills during the month, as against 264,000 barrels in the previous month, and 203,000 barrels in February, 1933. Inventories at the close of February were slightly larger than on January 31,

but reflected a decrease of 23.0 per cent from a year ago.

PRODUCTION, SHIPMENTS, AND STOCKS OF PORTLAND CEMENT (In thousands of barrels)

	Feb., 1934	Percentage change from Feb., 1933	Jan., 1934	January 1 through Feb. 28	Percentage change over year
Production at Texas mills.....	280	+42.1	+43.6	475	+ 5.1
Shipments from Texas mills....	273	+34.5	+ 3.4	537	+10.0
Stocks at end of month at Texas mills.....	492	-23.0	+ 1.7	.....	.....

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board, March 24, 1934)

Volume of industrial activity increased in February for the third consecutive month and there was a considerable growth in factory employment and payrolls. Wholesale commodity prices, after advancing for two months, showed little change between the middle of February and the middle of March.

PRODUCTION AND EMPLOYMENT

Output of manufactures and minerals as measured by the Board's seasonally adjusted index of industrial production, increased from 78 per cent of the 1923-1925 average in January to 81 per cent in February. The advance reflected chiefly increases of considerably more than the usual seasonal amount in the output of steel and automobiles, while activity at meat packing establishments declined. Activity at textile mills, which in January had increased from the low level prevailing at the end of the year, showed a further moderate increase in February partly of a seasonal character. In the first week of March, steel production showed a further increase and in the following two weeks remained unchanged. Factory employment and payrolls increased substantially between the middle of January and the middle of February to a level higher, on a seasonally adjusted basis, than at any other time since the summer of 1931. Working forces on railroads also showed an increase, while at mines there was little change in the volume of employment. The number on the payrolls of the Civil Works Administration declined from about 4,000,000 in January to about 2,900,000 in the week ending March 1. At automobile factories there was a large increase in the number employed to approximately the level prevailing four years ago. Substantial increases were reported also for the textile, clothing, shoe, and tobacco industries. Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a decline in February, followed by an increase in the first half of March. The total volume indicated for the first quarter is somewhat smaller than in the last quarter of 1933, but considerably larger than in the first quarters of 1932 and 1933.

DISTRIBUTION

Freight traffic increased seasonally during February and the early part of March. Dollar volume of department store

sales on a daily average basis showed little change in February.

DOLLAR EXCHANGE

The foreign exchange value of the dollar in relation to gold currencies declined in the second week of February to within two per cent of its new parity, and in the latter part of February and the first three weeks of March showed a further slight decline.

COMMODITY PRICES

Wholesale prices of commodities showed little change from the middle of February to the middle of March after a considerable increase earlier in the year. The index of the Bureau of Labor Statistics for the week ending March 17 was at 73.7 per cent of the 1926 average, compared with 73.8 per cent the week before, and 72.4 per cent at the end of January.

BANK CREDIT

Between the middle of February and the third week of March imports of gold from abroad resulted in a growth of about \$550,000,000 in the country's monetary gold stock. Funds arising from these imports of gold and from expenditure by the Treasury of about \$140,000,000 of its cash and deposits with the Federal reserve banks were for the most part added to the reserves of member banks, which consequently increased by \$600,000,000 during the four-week period. At the close of the period member bank reserves were nearly \$1,500,000,000 in excess of legal requirement. Total deposits of reporting member banks increased by about \$1,000,000,000 between the middle of February and the middle of March, reflecting the imports of gold, purchases by the banks of United States Government and other securities, and a growth of bankers' balances. During March money rates in the open market declined further. Rates on 90-day bankers' acceptances were reduced from $\frac{1}{2}$ per cent to $\frac{1}{4}$ per cent, and rates on prime commercial paper were reduced by $\frac{1}{4}$ per cent to a range of $1\frac{1}{4}$ per cent. Yields on United States Government securities also declined considerably. On March 16, the Federal Reserve Bank of Minneapolis reduced its discount rate from $3\frac{1}{2}$ to 3 per cent.