

MONTHLY BUSINESS REVIEW

OF THE

FEDERAL RESERVE BANK OF DALLAS

C. C. WALSH
Chairman and Federal Reserve Agent

CHAS. C. HALL—W. J. EVANS
Assistant Federal Reserve Agents

(Compiled June 15, 1934)

Volume 19, No. 5

Dallas, Texas, July 1, 1934

This copy is released for publication in afternoon papers—

July 2

DISTRICT SUMMARY

THE SITUATION AT A GLANCE
Eleventh Federal Reserve District

	May 1934	Change from April
Bank debits to individual accounts (at 17 cities).....	\$530,099,000	+ 1.0%
Department store sales.....		+ 9.7%
Reserve bank loans to member banks at end of month.....	\$ 565,071	+132.5%
Reserve bank ratio at end of month.....	61.3%	+ .2 points
Building permit valuation at larger centers....	\$ 2,055,395	+104.2%
Commercial failures (number).....	18	- 41.9%
Commercial failures (liabilities).....	\$ 165,927	- 61.0%
Oil production (barrels).....	34,157,350	+ 7.5%

A sharp decline in the business mortality rate, a substantial improvement in merchandise distribution, and a gain in building operations were constructive features of the business and industrial situation in the Eleventh District during the past month. The number of failures in May was at a low level and the indebtedness of defaulting firms was the smallest in any month during the past fourteen years. The sales of department stores in larger cities reflected a gain of 10 per cent over April, and were 22 per cent larger than in May last year. Wholesale distribution was substantially larger than in April and exceeded that in May, 1933, by a wide margin even though business in the latter month was very active. The valuation of building permits issued at principal cities in May was approximately double that in either the previous month or the corresponding month of 1933. Debits to individual accounts at banks in leading centers were slightly above those in April, and 24 per cent in excess of those in May last year.

Tempering to some extent the favorable business situation have been the untoward developments in the agricultural

and livestock industries. The continuance of the drouth over a large area in the western half of the district and subnormal rainfall in some other sections have retarded crop growth. According to the June 1 report of the Department of Agriculture, the yields of small grains will be larger than the small crop of 1933, but will fall considerably below the average. Feed crops are suffering from the dry weather and reduced yields are indicated. While the cotton crop has made fair to good progress generally, growth has been slow, plants are small for this season, and there are some complaints of pre-mature blooming. Heavy rains over much of the cotton territory are needed to sustain crop growth. The presence of insects over a wide area is a potential danger to the crop. Livestock ranges have deteriorated sharply and stock water is scarce in some sections. Livestock have about held their own, but are beginning to feel the effects of poor pasture.

The financial situation reflected no material changes during the month. The deposits of member banks declined seasonally, the daily average of combined net demand and time deposits being \$708,920,000 in May as compared with \$715,945,000 in April, and \$580,932,000 in May, 1933. Member bank borrowings from the Federal Reserve Bank increased considerably between May 15 and June 15, but continued in small volume. The loans of member banks in selected cities reflected a further decline between May 9 and June 13, but their investments increased slightly. While Federal reserve currency in actual circulation reflected a further slight seasonal decline between May 15 and June 15, the figure on the latter date was well above that on the corresponding date last year. Subscriptions to the United States Treasury bonds and notes, bearing 3 per cent and 2½ per cent, respectively, dated June 15, totaled \$344,159,450, against which allotments of \$48,628,700 were made.

BUSINESS

Wholesale Trade

A general improvement in business at wholesale in the Eleventh Federal Reserve District occurred during May.

While the only reporting line which usually shows an expansion in this month is farm implements, substantial gains in all lines were registered in May this year. Sales continued in larger volume than a year ago, the increases ranging from 13.0 per cent in the case of groceries to 168.7 per cent in the case of farm implements. This was particularly en-

couraging in view of the active business in May last year. Reports from various quarters indicate a strengthening of sentiment in both wholesale and retail channels. Stocks on the last day of May were materially smaller than on April 30 in the case of all lines except one. Total collections during May exceeded those of the previous month in the case of groceries, dry goods, and hardware, while declines were reflected in the case of drugs and farm implements.

While the distribution of groceries at wholesale usually continues with little change from April to May, a material expansion was registered in this district last month. Increases of 9.3 per cent and 13.0 per cent, respectively, were reflected in the business of reporting firms as compared with the preceding month and with May, 1933. The latter comparison was more favorable than in April. Stocks on hand at the close of May were 5.3 per cent smaller than a month earlier. Collections reflected a slight gain over the previous month.

An increase of 19.9 per cent, seasonal in character, was recorded in the distribution of farm implements through wholesale channels during May. Sales during the month were 168.7 per cent greater than a year ago. Despite the prevalence of dry weather over a large portion of the Eleventh District an undertone of confidence continues to exist. No material change in the prices of farm implements was reported in May. The month's collections were 25.4 per cent less than those in April.

The business of wholesale dry goods firms in this district during May exceeded that of the previous month by 5.7 per cent and was 16.1 per cent above that of the same month last year. Total sales from January 1 to May 31 were 65.9 per cent greater than in the same period in 1933. While inventories reflected a decline of 3.5 per cent from April 30 to May 31, they were still more than twice as large as a year ago. A further increase in the volume of collections was shown in May.

Sales of drugs by reporting wholesale firms in this district reflected a counter to seasonal upturn in May amounting to 9.9 per cent and were on a scale approximately one-fourth larger than a year ago, this being the same comparison as was shown in April. Stocks at the close of the month were 5.9 per cent less than on April 30, though 10.6 per cent above the level of the same date last year. The volume of collections during May showed a small decline from the previous month.

The demand for hardware at wholesale during May evidenced a non-seasonal gain of 7.9 per cent, and was 47.5 per cent larger than in the same month last year. While the improvement was general over most of the district, there were a few scattered sections where buying was somewhat

curtailed. A further expansion in collections was reflected during the month.

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

	Net Sales May, 1934 compared with May, 1933		Net Sales Jan. 1 to date compared with same period last year		Stocks May, 1934 compared with May, 1933		Ratio of collec- tions during May to accounts and notes outstanding on April 30	
	1933	1934	1933	1934	1933	1934		
Groceries.....	+13.0	+9.3	+20.8	+18.2	-5.3	-3.5	77.0	
Dry goods.....	+16.1	+5.7	+65.9	+104.7	-3.5	-3.5	33.2	
Farm implements..	+168.7	+19.9	+224.9	+11.5	+9	+9	4.9	
Hardware.....	+47.5	+7.9	+62.2	+2.3	-3.0	-3.0	53.1	
Drugs.....	+24.8	+9.9	+29.7	+10.6	-5.9	-5.9	46.0	

Retail Trade

The demand for merchandise at department stores in principal cities of the Eleventh District turned upward during May. Sales reflected an increase over the previous month that was somewhat larger than usually occurs in that month, and they continued in much larger volume than in the corresponding month of 1933. Merchandise distribution during the month averaged 9.7 per cent greater than in April, and 22.0 per cent above that in May last year. This bank's seasonally adjusted index of department store sales declined during the month from 80.5 per cent of the 1923-25 average in April to 73.8 per cent in May, but the index remained on a level much higher than a year ago. Sales of merchandise during the first five months of the year were 31.5 per cent greater than in the corresponding five months of 1933.

Inventories of merchandise on May 31 reflected a seasonal decline of 2.4 per cent as compared with those held a month earlier, but they remained 24.8 per cent greater than on the same date a year ago. The rate of stock turnover during the first five months of 1934 was 1.26, as compared with 1.15 in the same period last year.

Collections of both open and installment accounts evidenced an increase during May. The ratio of collections to open accounts outstanding on May 1 was 39.5 per cent, as against 37.3 per cent in April, and 32.4 per cent in May, 1933. Installment account collections increased from 14.8 per cent in April to 15.1 per cent in May.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
May, 1934, compared with May, 1933.....	+29.2	+16.9	+20.0	+22.4	+15.2	+22.0
May, 1934, compared with April, 1934.....	+6.9	+27.0	+6.9	+1	+16.3	+9.7
January 1 to date compared with same period last year.....	+40.6	+22.9	+30.9	+29.5	+23.4	+31.5
Credit sales (percentage):						
May, 1934, compared with May, 1933.....	+27.7	+18.7	+22.0	+21.2	+16.4	+22.6
May, 1934, compared with April, 1934.....	+2.2	+27.0	+7.4	-3.3	+16.1	+7.1
January 1 to date compared with same period last year.....	+41.1	+24.3	+32.1	+31.7	+21.7	+32.7
Stocks on hand at end of month (percentage):						
May, 1934, compared with May, 1933.....	+25.6	+14.3	+29.1	+29.1	+26.8	+24.8
May, 1934, compared with April, 1934.....	-4.8	-2.2	+1.3	+1.7	-3.0	-2.4
Stock turnover (rate):						
Rate of stock turnover in May, 1933.....	.28	.24	.28	.34	.25	.27
Rate of stock turnover in May, 1934.....	.28	.25	.26	.33	.22	.27
Rate of stock turnover January 1 to May 31, 1933.....	1.17	.94	1.25	1.44	1.03	1.15
Rate of stock turnover January 1 to May 31, 1934.....	1.41	.99	1.27	1.55	1.05	1.26
Ratio of May collections to open accounts receivable outstanding May 1, 1934.....	40.2	34.0	42.4	43.1	36.4	39.5
Ratio of May collections to installment accounts receivable outstanding May 1, 1934.....	16.2	11.4	.....	.....	19.5	15.1
Indexes of department store sales:						
Unadjusted—May, 1934.....	75.6	91.7	83.8	65.1	.....	76.7
Unadjusted—April, 1934.....	76.9	78.0	86.5	71.1	.....	75.7
Adjusted—May, 1934.....	77.9	91.7	83.8	61.4	.....	73.8
Adjusted—April, 1934.....	81.8	82.1	90.1	72.6	.....	80.5
Indexes of department store stocks:						
Unadjusted—May, 1934.....	52.4	70.0	48.0	44.5	.....	56.9
Unadjusted—April, 1934.....	55.2	71.6	47.1	41.6	.....	58.2
Adjusted—May, 1934.....	51.4	69.3	47.0	44.9	.....	56.3
Adjusted—April, 1934.....	53.6	68.8	45.7	39.2	.....	56.0

Commercial Failures

The record of commercial failures in this district during May was very favorable.

According to the report compiled by Dun & Bradstreet, Incorporated, only 18 defaults occurred during the month, as against 31 in April, and 63 in May last year. The liabilities of insolvent firms declined to \$165,927,

which is the lowest amount reported since April, 1920, and compares with \$425,629 in the preceding month and \$1,297,219 in the same month a year ago. The average indebtedness of defaulting firms was reduced from \$13,730 in April to \$9,218 in May.

AGRICULTURE**Crop Conditions**

Farmers throughout this district have made rapid progress with field work during the past six weeks and crops

generally are in a good state of cultivation. On the other hand, sub-normal rainfall over much of the district in May and the first half of June has had an adverse effect upon crops and heavy general rains are needed to prevent crop deterioration. Heavy rains fell over a considerable portion of the drouth area of West and Northwest Texas late in May and early in June, but due to the absence of subsoil moisture more rain will be needed to sustain crop growth. Furthermore, little or no rain has fallen in several counties in West and Northwest Texas, in the southern half of New Mexico, and in Southeastern Arizona, where conditions are very acute.

Harvesting of small grains is practically completed in the southern half of the district and is becoming general in other sections. High temperatures in many sections have ripened grains prematurely and harvesting is proceeding earlier than usual. The Department of Agriculture in its June 1 report estimated the Texas wheat production at 25,749,000 bushels, the same as a month earlier, which indicates a per acre yield of 9 bushels, whereas last year the per acre yield of 6.6 bushels produced a total of 13,022,000 bushels. There was no change in the prospective yield of wheat in Oklahoma in May and the estimated production of 35,880,000 bushels for this year compares with a harvest of 33,095,000 bushels last year. Winter wheat prospects in Arizona and New Mexico were reduced between May 1 and June 1, due to the continuance of the drouth and high temperatures. The condition of the oat crop in states attached to this district declined during May, but the June 1 condition in all states except Oklahoma was higher than on that date last year. The Texas oat crop is very spotted. Reports indicate that yields of some fields are turning out well while low yields are being obtained from other fields. Poor yields are also reported for rye and barley crops.

The corn crop has made fair to good progress in portions of North and East Texas, North Louisiana, and Southeastern Oklahoma where timely rains were received, but in other sections it is suffering from lack of moisture and in most of the southern half of Texas considerable deterioration has already occurred. The Department of Agriculture reported that hay crops in Texas on June 1 were in only fair condition. The condition of tame hay was rated at 69 per cent of normal condition on June 1, as compared with 74 per cent a month earlier, and 73 per cent a year ago. Wild hay was estimated at 72 per cent, as compared with 71 per cent last year. Hay crops in Louisiana are in fair to good condition, but are poor in Arizona and New Mexico.

The planting of cotton is practically completed and most of the crop has been chopped to a stand in practically all sections. Fields generally are clean and well cultivated. The crop is in all stages of growth, ranging from the blooming stage in South Texas to very small plants in Northwest Texas. In West and Northwest Texas, the rains during the past month have given the crop a fair to good start, but dry weather prevails in some counties and additional moisture

will be needed in other counties to sustain growth. In much of the older cotton region reports indicate that the crop averages a little late, with plants small and growth retarded on account of dry weather. In North, East, and Northeast Texas, Southeastern Oklahoma, and North Louisiana cotton has made generally good growth but there are complaints of dry weather in some localities. Insect activity is reported in most sections.

Fruit crop prospects on June 1 were reported by the Department of Agriculture as fair to good and the estimated production is considerably larger than the poor crop of 1933. The condition of the citrus crop in the Rio Grande Valley dropped sharply in May, as rainfall was light in the producing area and growers reported a heavy drop of fruit. The condition of the combined farm and commercial crops of Irish potatoes in Texas was shown as 68 per cent of normal on June 1 as compared with 73 per cent a month earlier and 64 per cent a year ago. While dry weather has affected the crop in some localities, the crop in general is reported as in fairly good condition.

Livestock

The condition of ranges in the Eleventh District is very spotty. In some areas moisture is adequate for the present and ranges are furnishing fair to good grazing. Heavy rains fell over a considerable portion of the drouth area in West and Northwest Texas late in May and early in June and conditions there should show improvement. In several Texas counties bordering on Oklahoma and New Mexico, in the southern half of New Mexico, and in Southeastern Arizona rainfall has been light and of a local nature with the result that ranges are very poor, stock water is scarce, and livestock are becoming thin. Some stock are being moved to other states or to more favored areas. Except in favored localities, the trans-Pecos region is also very dry. The southwestern portion of the Edwards Plateau region is likewise dry and is in need of heavy general rains. Livestock have held up fairly well in all except the driest areas, but they are beginning to feel the effects of adverse conditions.

The Department of Agriculture in its June 1 report rated cattle ranges in Texas at 78 per cent of normal, which was 4 points lower than a month earlier or a year ago. The condition of sheep and goat ranges was likewise placed at 78 per cent, showing a decline of 2 points from the May 1 figure and 6 points from that obtaining on the same date in 1933. The condition of cattle, sheep, and goats reflected no change during May, but as compared with last year, the June 1 figure for cattle was 5 points lower and those for sheep and goats showed a decline of 3 points.

Movements and Prices

The receipts of cattle and sheep at the Fort Worth market during May showed a large seasonal increase over the previous month, but fell considerably under those in the corresponding month last year. While the arrivals of calves were substantially larger than in either comparative period, those of hogs showed large declines from both the previous month and the same month a year ago.

The cattle market during the past month remained generally steady with a firm undertone. There was usually a good demand for choice offerings at higher prices. The hog market fluctuated within a narrow range during May and then showed a rapid advance during the first half of June with prices for best offerings reaching \$4.35 at the middle

of the month, or more than \$1.00 higher than at the low point in May. Sheep and lamb prices showed some recession under the heavier supplies.

FORT WORTH LIVESTOCK RECEIPTS
(Number)

	May 1934	May 1933	Change over year	April 1934	Change over month
Cattle.....	48,257	52,633	- 4,376	33,768	+ 14,489
Calves.....	18,510	14,378	+ 4,132	11,289	+ 7,221
Hogs.....	37,554	59,014	-21,460	48,616	- 11,062
Sheep.....	140,673	181,226	-40,553	37,125	+103,548

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	May 1934	May 1933	April 1934
Beef steers.....	\$6.60	\$5.60	\$6.00
Stocker steers.....	4.90	5.00	.....
Butcher cows.....	4.25	3.50	4.50
Stocker cows.....	4.50	.....	.....
Calves.....	6.60	5.75	6.00
Hogs.....	3.65	4.65	4.30
Sheep.....	5.25	2.50	5.00
Lambs.....	9.50	6.00	9.50

FINANCE

Operations of the Federal Re- serve Bank

Federal reserve bank loans to member banks reflected a further seasonal expansion during the past month, but remained at a very low level in comparison

with previous years. The total of these loans rose from \$359,000 on May 15 to \$583,000 on June 15, and the latter total compares with \$4,446,000 on the corresponding date in 1933. There were 24 borrowing banks on June 15 as compared with 15 banks a month earlier, and 139 banks a year ago. Investments in bankers' acceptances declined from \$310,000 on May 15 to \$142,000 on June 15. There was no change in holdings of United States Government securities during the period. While the reserve deposits of member banks showed considerable fluctuation during the past month and the total on June 15 was \$6,822,000 lower than on May 15, the average for the period was practically the same as for the previous period. The actual circulation of Federal reserve currency totaled \$41,314,000 on June 15, which represents a further slight seasonal decline as compared with that on May 15, but a gain of \$4,744,000 over the circulation on June 15, 1933.

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

	June 15, 1934	June 15, 1933	May 15, 1934
Total cash reserves.....	\$103,476	\$ 51,657	\$103,176
Discounts for member banks.....	583	4,446	359
Other bills discounted.....	None	None	None
Bills bought in open market.....	142	335	310
United States securities owned.....	71,475	46,440	71,475
Other investments.....	None	5	None
Total earning assets.....	72,200	51,236	72,144
Member bank reserve deposits.....	111,267	51,231	118,089
Federal reserve notes in actual circulation...	39,889	35,595	39,053
Federal reserve bank notes in actual circulation.....	1,425	975	2,775

deposits of these banks totaled \$281,095,000 on June 13, which was \$11,156,000 greater than five weeks earlier, and \$65,425,000 larger than a year ago. Their time deposits rose \$410,000 during the period but were \$2,668,000 under those at this time last year. While the reserve deposits of these banks with the Federal Reserve Bank declined slightly between May 9 and June 13, the total on the latter date was nearly three times as large as that on June 14, 1933.

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

	June 13, 1934	June 14, 1933	May 9, 1934
United States securities owned.....	\$146,485	\$ 93,282	\$149,436
All other stocks, bonds, and securities owned.....	55,610	53,321	51,466
Loans on securities.....	60,118	65,539	59,598
All other loans.....	122,244	143,131	126,531
Total loans.....	182,362	208,670	186,129
Net demand deposits.....	281,095	215,670	269,939
Time deposits.....	121,623	124,291	121,213
Reserve with Federal Reserve Bank.....	73,914	26,706	75,294
Bills payable and rediscounts with Federal Reserve Bank.....	None	790	None

Debits to Individual Accounts

Charges to depositors' accounts at banks located in principal centers in the Eleventh District totaled \$530,099,000 during May, reflecting a contrary to seasonal increase of 1.0 per cent as compared with the previous month. There was a gain of 23.6 per cent over the volume reported in May, 1933, when debits totaled \$428,747,000. While two cities failed to show an increase over a year ago, eight of the seventeen reporting participated in the gains over both comparative months.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	May 1934	May 1933	Percentage change over year	April 1934	Percentage change over month
Abilene.....	\$ 4,541	\$ 3,884	+16.9	\$ 4,756	- 4.5
Austin.....	17,556	15,257	+15.1	21,829	-19.6
Beaumont.....	15,282	11,179	+36.7	14,304	+ 6.8
Corsicana.....	2,268	2,167	+ 4.7	2,380	- 4.7
Dallas.....	156,807	116,262	+34.9	154,178	+ 1.7
El Paso.....	16,838	14,202	+18.6	15,227	+10.6
Fort Worth.....	54,547	45,895	+18.9	51,630	+ 5.6
Galveston.....	16,021	15,762	+ 1.6	17,182	- 6.8
Houston.....	124,231	107,852	+15.2	127,915	- 2.9
Port Arthur.....	4,954	4,142	+19.6	4,800	+ 3.2
Roswell.....	1,986	1,923	+ 3.3	2,069	- 4.0
San Antonio.....	52,822	40,019	+32.0	47,022	+12.3
Shreveport.....	28,459	20,913	+36.1	28,732	- 1.0
Texarkana.....	4,712	5,023	- 6.2	5,122	- 8.0
Tucson.....	8,135	7,691	+ 5.8	7,408	+ 9.8
Waco.....	9,061	9,066	- 1	9,875	- 8.2
Wichita Falls.....	11,879	7,510	+58.2	10,288	+15.5
Total.....	\$530,099	\$428,747	+23.6	\$524,717	+ 1.0

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

Condition of Member Banks in Selected Cities

A slight increase in investments, a large gain in deposits, but a recession in loans was reflected by reports of member banks in selected cities for the period between May 9 and June 13. While the invest-

ments of these banks in United States securities declined \$2,951,000 during the period, their holdings of other securities were increased \$4,144,000. As compared with a year ago, total investments on June 13 were \$55,492,000 greater, but most of the gain was in United States securities. While loans on securities showed an increase of \$520,000 during the five-week period, "all other" loans (largely commercial) declined \$4,287,000, making a net recession of \$3,767,000. Total loans on June 13 were \$26,308,000 below those on the corresponding date in 1933. The net demand

*Deposits of
Member Banks*

Continuing the downward trend which is usually in evidence at this time of year, the combined daily average of net demand and time deposits of member banks in this district during May amounted to \$708,920,000, as against \$715,945,000 in the preceding month, and \$580,932,000 in the same month last year. Net demand deposits decreased from \$523,397,000 in April to \$516,090,000 in the subsequent

month, there being a slight gain in daily average time deposits during May.

*Acceptance
Market*

Acceptances executed by banks in the Eleventh District and outstanding on May 31, which amounted to \$166,367 showed a further decline from the previous month and remained at a level considerably below that of a year ago. The amount reported on April 30 was \$275,675 and on the corresponding date last year it was \$1,127,701. Of the total reported on the last day of May, \$47,437 represented acceptances based on import and export transactions, and \$118,930 was the amount of acceptances executed against the domestic shipment and storage of goods.

*Savings
Deposits*

There was a further increase of 0.9 per cent during May in the savings deposits of 128 reporting banks in the Eleventh District. These deposits at the close of the month totaled \$138,590,627, as compared with \$137,410,775 on April 30, and \$133,762,486 on the last day of May, 1933. The expansion over a year ago amounted to 3.6 per cent, this comparison being somewhat more favorable than that a month earlier.

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
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	197,875	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.....	436,027	186,936	228,285	106,914	237,933	81,033
Dec., 1933.....	460,198	187,947	240,971	106,132	253,205	80,555
Jan., 1934.....	494,176	186,687	249,091	108,317	256,818	83,897
Feb., 1934.....	505,909	192,214	261,770	110,348	270,947	85,398
Mar., 1934.....	532,717	195,746	263,291	108,385	272,064	84,381
April, 1934.....	533,355	192,766	263,291	107,615	265,559	84,933
May, 1934.....	523,397	192,548	257,838	107,615	265,559	84,933
May, 1934.....	516,090	192,830	253,752	108,146	262,338	84,684

SAVINGS DEPOSITS

	Number of reporting banks	May 31, 1934		May 31, 1933		Percentage change over year in savings deposits	April 30, 1934		Percentage change over month in savings deposits
		Number of savings depositors	Amount of savings deposits	Number of savings depositors	Amount of savings deposits		Number of savings depositors	Amount of savings deposits	
Beaumont.....	3	8,250	\$ 3,273,263	7,959	\$ 3,048,132	+ 7.4	8,229	\$ 3,194,372	+ 2.5
Dallas.....	9*	74,558	24,244,430	73,020	24,182,301	+ .3	74,384	24,064,760	+ .7
El Paso.....	2	10,720	4,521,189	10,213	3,384,323	+33.6	10,655	4,429,167	+ 2.1
Fort Worth.....	4	32,086	10,095,319	33,099	10,777,917	- 6.3	32,947	10,065,624	+ .3
Galveston.....	4	16,677	9,655,561	16,444	9,754,547	- 1.0	16,655	9,634,602	+ .2
Houston.....	11*	66,684	28,082,717	65,997	29,304,049	- 4.2	66,440	27,728,101	+ 1.3
Port Arthur.....	2	5,015	1,854,525	4,363	1,932,322	- 4.0	4,968	1,869,176	- .8
San Antonio.....	7*	17,881	14,832,116	16,358	13,651,994	+ 8.6	17,647	14,667,937	+ 1.1
Shreveport.....	3	21,586	10,078,855	21,840	8,979,080	+12.2	21,517	10,197,614	- 1.2
Waco.....	3	10,493	5,886,202	10,427	5,579,835	+ 5.5	10,508	5,834,577	+ .9
Wichita Falls.....	3	5,681	2,762,519	5,537	2,332,652	+18.4	5,691	2,797,178	- 1.2
All others.....	77*	52,627	23,303,931	50,750	20,835,334	+11.8	52,342	22,927,677	+ 1.6
Total.....	128	323,108	\$138,590,627	316,007	\$133,762,486	+ 3.6	321,983	\$137,410,775	+ .9

*Only 8 banks in Dallas, 10 in Houston, 6 in San Antonio, and 70 in "All others" reported the number of savings depositors.

JUNE 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.....	1½-7 6	6-8 5-6	2-6 5-6	5-7 4½-6	4-6 6	3-6 5-5½
Rate charged on loans to other banks secured by bills receivable.....						
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 4½-8	6-8 6-8	5-8 5-8	5-7 5-7	6-8 6-8	6-8 6-8
Time.....	4-7 5-6	8 6-8	6-8 6-8	3-7 7-10	6-8 6-8	5-6 8
Rate charged on commodity paper secured by warehouse receipts, etc.....						
Rate on cattle loans.....						

INDUSTRY

*Cottonseed
Products*

With the exception of the receipts of cottonseed, which were somewhat larger than those in the previous month, and approximately the same as in May, 1933, operations at cottonseed oil mills in Texas during the past month declined to a level far below the average for that month. Crashings of seed and the production of all products reflected larger than seasonal declines as compared with April, and they were also materially below those a year ago. With one exception, the output of linters, operations during the current season, August 1 through May 31, continued considerably below those in the corresponding ten months of the preceding season.

The trend of activities during May at cottonseed oil mills located throughout the United States was similar to that in Texas. Receipts of seed at these mills reflected a decline as compared with May a year ago but they were greater than those a month earlier. The production of all products and the crashings of seed showed large declines as compared with both the previous month and the same month of 1933. Operations during the current season remained below those of the previous season with the exception of linters. Stocks of cottonseed products on hand May 31 were less than those a month earlier at both Texas and United States mills. Inventories of cake and meal, hulls, and linters at Texas mills on May 31 were smaller than on the same date a year ago,

while at United States mills stocks of cake and meal were larger.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to May 31 This season	Last season	August 1 to May 31 This season	Last season
Cottonseed received at mills (tons).....	1,309,725	1,423,130	4,062,803	4,440,915
Cottonseed crushed (tons).....	1,290,534	1,449,649	3,964,294	4,292,150
Cottonseed on hand May 31 (tons).....	117,977	148,749	318,930	447,759
Crude oil produced (pounds)....	382,214,240	441,820,230	1,241,408,300	1,339,256,463
Cake and meal produced (tons)....	602,351	668,611	1,801,370	1,941,916
Hulls produced (tons).....	353,176	433,796	1,056,192	1,221,888
Linters produced (running bales).....	222,019	172,868	759,491	681,581
Stocks on hand May 31:				
Crude oil (pounds).....	24,905,160	16,614,099	56,382,174	53,557,659
Cake and meal (tons).....	47,263	54,146	219,748	205,609
Hulls (tons).....	23,863	33,045	57,201	87,029
Linters (running bales).....	33,045	44,033	133,013	172,295

Textile Milling

Activities at cotton textile mills in the United States evidenced a contrary to seasonal increase during May as measured by the consumption of cotton. While a substantial decline was registered as compared with the corresponding month of 1933, the reduction is minimized when it is recalled that operations in May last year were on an unusually high level. The 519,765 bales of cotton consumed last month compares with a consumption of 512,703 bales in April, and 620,651 bales in May, 1933. Notwithstanding the large decline in May as compared with a year ago, consumption of cotton during the current season, which aggregated 4,977,772 bales on May 31, continued in excess of that in the corresponding ten months of the previous season. Stocks of raw cotton held by consuming establishments on May 31 were smaller than a month earlier, but remained above those on the same date of 1933.

The consumption of cotton at reporting Texas textile mills during May evidenced a decline as compared with both the previous month and the same month a year ago. On the other hand the production of cloth, while showing a smaller volume than in May, 1933, was in excess of that in April. Orders for finished products held on May 31 were smaller than a month earlier, and materially below those a year ago. Stocks of cloth on hand at the end of the month were greater than on either comparative date.

COTTON CONSUMED AND ON HAND (Bales)

	May 1934	May 1933	August 1 to May 31 This season	Last season
Cotton-growing states:				
Cotton consumed.....	416,911	513,954	3,968,670	4,036,776
On hand May 31 in—				
Consuming establishments.....			1,098,945	1,104,000
Public storage and com- presses.....			6,240,663	6,851,011
United States:				
Cotton consumed.....	519,765	620,651	4,977,772	4,839,493
On hand May 31 in—				
Consuming establishments.....			1,421,428	1,392,209
Public storage and com- presses.....			6,570,664	7,323,146

Cotton Movements

Exports of cotton through the ports of Houston and Galveston remained at a very low level during May notwithstanding the fact that an increase over the previous month was reflected at Galveston. Shipments were also materially below those in May, 1933. Despite the large declines that have been witnessed during the past two months, however, exports during the current cotton season continue in greater volume than those in the corresponding ten months of the previous

season. Receipts of cotton at these ports during May reflected further seasonal declines, and they were also materially below those in May a year ago. Stocks of lint held on May 31 were seasonally smaller than a month earlier at both ports, but at Galveston they were greater than the holdings on May 31 last year.

Total foreign exports of cotton from the United States showed a further large decline during May. Shipments were considerably smaller than those in the previous month, and noticeably below the exports in May, 1933. There were 284,764 bales of cotton exported during May, as against 386,594 bales in April, and 591,647 bales in the like month of 1933. Shipments during the 1933-34 season remained considerably below those in the corresponding ten months of the previous season. Although there is usually a general slowing-down in the takings of American cotton by foreign countries at this season, the large declines in exports during the past two months are attributable only in part to this factor.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON (Bales)

	May 1934	May 1933	August 1 to May 31 This season	Last season
Receipts.....	84,066	102,155	2,169,609	2,004,236
Exports.....	95,061	171,730	1,956,965	1,838,741
Stocks, May 31.....			647,641	627,674

COTTON—GALVESTON STOCK STATEMENT (Bales)

	May 31, 1934	May 31, 1933
For Great Britain.....	2,000	4,000
For France.....	3,000	2,000
For other foreign ports.....	28,700	23,000
For coastwise ports.....	1,000	2,500
In compresses and depots.....	612,941	596,174
Total.....	647,641	627,674

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON (Bales)

	May 1934	May 1933	August 1 to May 31 This season	Last season
Receipts.....	23,756	103,411	2,196,655	2,717,655
Exports.....	93,227	230,521	2,304,238	2,259,125
Stocks, May 31.....			1,003,712	1,526,012

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

	August 1 to May 31	
	This season	Last season
Receipts.....	7,411,367	8,327,285
Exports: United Kingdom.....	1,169,973	1,225,260
France.....	691,990	768,269
Italy.....	601,984	691,272
Germany.....	1,227,656	1,596,921
Other Europe.....	934,006	885,599
Japan.....	1,637,020	1,454,295
All other countries.....	506,740	491,215
Total foreign ports.....	6,769,389	7,112,831
Stocks held at all United States ports, May 31.....	2,833,265	3,871,769

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

	May, 1934		June 15, 1934
	High	Low	
New York.....	11.70	10.75	12.15
New Orleans.....	11.65	10.85	12.07
Dallas.....	11.25	10.45	11.65
Houston.....	11.65	10.85	12.10
Galveston.....	11.70	10.85	12.05

Petroleum

The output of crude oil in this district during May was appreciably larger than in the preceding month, but because of the marked expansion which occurred in this month last year there was a sizable reduction as compared with a year ago. The month's total yield amounted to 34,157,350 barrels, as against 31,767,000 barrels in April, and 44,730,500 barrels in May, 1933. Daily average production rose from 1,058,900 barrels in April to 1,101,850 barrels in the succeeding month, this being the fourth consecutive monthly increase that has been registered. A moderate decline in drilling activity was reported, and the initial output of producing wells completed in May amounted to 2,504,760 barrels, as compared with 2,734,842 barrels in the previous month.

Daily yield in Texas during May amounted to 1,030,200 barrels, which compares with 987,700 barrels in the preceding month, and 1,379,719 barrels in the same month last year. The larger increases over April were shown in the East Texas and Gulf Coastal areas, and a small decline occurred in South Texas. The daily production of fields in

New Mexico continued its upward trend in May, while that of North Louisiana reflected a further decline.

MAY DRILLING RESULTS

	Completions	Producers	Gas wells	Failures	Initial production
North Texas.....	248	149	11	88	35,783
Central West Texas.....	87	49	4	34	140,687
East Texas.....	336	323	2	11	2,256,465
South Texas.....	112	49	9	54	18,370
Texas Coastal.....	83	63	..	20	51,205
Total Texas.....	866	633	26	207	2,502,510
New Mexico.....	7	5	1	1	1,195
North Louisiana.....	26	12	1	13	1,055
May totals, district.....	899	650	28	221	2,504,760
April totals, district.....	989	714	24	251	2,734,842

CRUDE OIL PRICES

	June 8, 1934	June 9, 1934
Texas Coastal (34 gr. and above).....	\$1.12	\$.30*
North Texas (40 gr. and above).....	1.03	.25*
North Louisiana (40 gr. and above).....	1.08	.25*

*Flat price.

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

OIL PRODUCTION—(Barrels)

	May, 1934		Increase or decrease over April, 1934	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	3,551,050	114,550	+ 198,550	+ 2,800
Central West Texas.....	5,287,050	170,550	+ 340,050	+ 5,650
East Texas.....	16,276,550	525,050	+1,278,050	+25,100
South Texas.....	1,478,700	47,700	+ 16,200	+ 1,050
Texas Coastal.....	5,342,850	172,350	+ 472,350	+10,000
Total Texas.....	31,936,200	1,030,200	+2,305,200	+42,500
New Mexico.....	1,424,450	45,950	+ 75,950	+ 1,000
North Louisiana.....	796,700	25,700	+ 9,200	— 550
Total District.....	34,157,350	1,101,850	+2,390,350	+42,950

Building

Building permits issued at principal cities in this district during May totaled \$2,055,395, which compares with \$1,006,538 in the previous month, and \$1,068,342 in the same month a year ago. While the greater part of the large increase over both months occurred at Houston, most of the other reporting cities also participated in the gain. The number of construction permits issued during May, though slightly in excess of the April figure, was smaller than in the corresponding month last year.

BUILDING PERMITS

	May, 1934		May, 1933		Percentage change valuation over year	April, 1934		Percentage change valuation over month	January 1 through May 31				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1934		1933		
									No.	Valuation	No.	Valuation	
Amarillo.....	19	\$ 13,918	25	\$ 37,838	— 63.2	24	\$ 52,797	— 73.6	91	\$ 143,030	83	\$ 69,214	+106.6
Austin.....	73	58,395	98	111,655	— 47.8	81	67,116	— 13.1	349	270,945	420	743,149	— 63.5
Beaumont.....	90	46,911	97	15,530	+202.1	105	15,233	+208.0	414	100,719	380	59,772	+ 68.5
Corpus Christi.....	32	16,590	18	7,230	+129.5	16	25,790	— 35.7	116	135,854	96	68,923	+ 97.1
Dallas.....	445	256,029	604	246,714	+ 3.8	409	202,786	+ 26.3	1,937	1,068,489	1,649	939,228	+ 13.8
El Paso.....	35	28,413	27	7,128	+298.6	42	18,550	+ 53.2	184	120,529	153	85,110	+ 41.6
Fort Worth.....	78	76,250	87	256,356	— 70.3	70	63,800	+ 19.5	397	316,070	411	1,051,879	— 70.0
Galveston.....	134	28,295	100	32,264	— 12.3	131	55,252	— 48.8	587	177,321	429	168,378	+ 5.3
Houston.....	211	1,263,190	207	173,938	+626.2	199	262,845	+380.6	904	2,240,715	862	882,333	+154.0
Port Arthur.....	37	14,340	45	6,032	+137.7	42	13,819	+ 3.8	196	62,368	184	28,912	+115.7
San Antonio.....	140	55,956	166	82,190	— 31.9	130	48,122	+ 16.3	656	308,796	693	457,091	— 32.4
Shreveport.....	212	132,661	141	41,663	+218.4	228	90,932	+ 45.9	742	337,936	492	130,002	+159.9
Waco.....	22	33,440	26	32,562	+ 2.7	28	80,387	— 58.4	100	163,948	133	137,514	+ 19.2
Wichita Falls...	47	31,067	19	17,237	+ 80.2	55	9,109	+241.1	130	60,656	133	35,113	+ 72.7
Total....	1,575	\$2,055,395	1,660	\$1,068,342	+ 92.4	1,560	\$1,006,538	+104.2	6,803	\$5,507,376	6,118	\$4,856,618	+ 13.4

Cement

While a further curtailment in production was made at Portland cement mills in Texas during May, a substantial gain in shipments was reflected and they were also larger than a year ago. Total output amounted to 297,000 barrels, as against 354,000 barrels in April, and 333,000 barrels in May last year. Shipments, which totaled 356,000 barrels, were 12.7 per cent larger than in the previous month, and 11.3 per cent above those made in the same month last year. Inventories, showing a decline of 9.7 per cent during May, amounted to 557,000 barrels on the last day of the month as compared

with 678,000 barrels a year ago.

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

	May 1934	Percentage change from May 1933	April 1934	January 1 through May 31, 1934	Percentage change over year
Production at Texas mills.....	297	—10.8	—16.1	1,559	+ 1.8
Shipments from Texas mills....	356	+11.3	+12.7	1,555	+ 1.6
Stocks at end of month at Texas mills.....	557	—17.8	— 9.7	.....	.....

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board, June 23, 1934)

Industrial production increased slightly in May, while factory employment and payrolls showed little change. The general level of wholesale prices, after remaining practically unchanged since the middle of February, advanced sharply in the middle of June, reflecting chiefly increases in the prices of livestock and livestock products.

PRODUCTION AND EMPLOYMENT

Industrial production, as measured by the Board's seasonally adjusted index, advanced from 86 per cent. of the 1923-1925 average in April to 87 per cent in May, as compared with a recent low level of 72 last November. Activity at steel mills increased further from 54 per cent of capacity in April to 58 per cent in May, while output of automobiles showed a decline. Lumber production continued at about one-third the 1923-1925 level. In the textile industries output declined somewhat, partly as a consequence of seasonal development. At mines coal production showed little change in volume, while output of petroleum continued to increase. In the first three weeks of June activity at steel mills continued at about the May level, although a decline is usual at this season. Maintenance of activity reflected in part, according to trade reports, considerable stocking of steel. Output of automobiles declined somewhat, as is usual at this season. Employment in factories, which usually declines slightly between the middle of April and the middle of May, showed little change, while employment on the railroads, in agriculture, and in the construction industry increased, as is usual at this season. Increased employment was shown at manufacturing establishments producing durable goods, such as iron and steel and non-ferrous metals, while employment declined at establishments producing non-durable manufactures, such as textiles and their products. Value of construction contracts awarded, as reported by the F. W. Dodge Corporation has shown a decline in the spring months, reflecting a reduction in the volume of contracts for public projects. The volume of construction work actually under way has increased as work has progressed on contracts previously awarded. Department of Agriculture estimates based on June 1 conditions indicated unusually small crops of winter wheat and rye and exceptionally poor conditions for spring wheat, oats, hay, and pastures, largely as a consequence of a prolonged drouth. The winter wheat crop was estimated at 400 million bushels as compared

with a five year average of 630 million bushels and an exceptionally small crop of 350 million bushels last season. Rains in early June somewhat improved prospects for forage and grain crops not already matured.

DISTRIBUTION

Total freight traffic increased in May by more than the usual seasonal amount, reflecting in considerable part a larger volume of shipments of miscellaneous products. At department stores the value of sales showed an increase as is usual at this season.

COMMODITY PRICES

During May and the first three weeks of June wholesale prices of individual farm products fluctuated widely, while prices of most other commodities showed little change. Wheat, after advancing rapidly during May declined considerably in the first three weeks of June. Cotton continued to advance in the early part of June. In the middle of the month hog prices increased sharply from recent low levels. Automobile prices were reduced in the early part of June, and copper prices advanced.

BANK CREDIT

During May and the first half of June there was little change in the volume of reserve bank credit outstanding as a consequence of expenditure by the Treasury of cash and deposits with the Federal reserve banks and a growth in the country's monetary gold stock. Member bank reserve balances advanced further to a level \$1,800,000,000 in excess of legal requirements. In the week ending June 20, however, excess reserves dropped to \$1,675,000,000, reflecting an increase in Treasury deposits at the reserve banks in connection with June 15 tax receipts and sales of Government securities. Total loans and investments of reporting member banks increased by \$80,000,000 between May 16 and June 13, reflecting a growth in holdings of investments other than United States Government securities and in open market loans to brokers and dealers, while loans to customers declined. Net demand deposits increased by about \$400,000,000 during the period. Money rates in the open market continued at low levels. The rate on prime commercial paper declined to $\frac{3}{4}$ -1 per cent in June, the lowest figure on record.