

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

	July 1934	Change from June
Bank debits to individual accounts (at 17 cities).....	\$525,733,000	— 7.7%
Department store sales.....		— 24.2%
Reserve bank loans to member banks at end of month.....	\$ 374,875	— 35.5%
Reserve bank ratio at end of month.....	60.4%	+ .2 points
Building permit valuation at larger centers....	\$ 932,005	— 14.7%
Commercial failures (number).....	22	+ 29.4%
Commercial failures (liabilities).....	\$ 361,166	+ 25.0%
Oil production (barrels).....	34,628,950	+ 1.7%

Business and industrial activity in the Eleventh Federal Reserve District reflected a noticeable recession during the past month, due largely to the effects of the unusually high temperatures and the severe drouth which have prevailed for this summer throughout the major portion of the district. Retail sales in July at department stores in larger centers showed a decline of 24 per cent from the previous month, and the increase of 13 per cent over the corresponding month last year was the smallest of any month of the current year. Wholesale distribution was also smaller than in the previous month and the margin of gain over a year ago considerably reduced. Due to the uncertainties created by the drouth, merchants are exercising caution in making commitments, but the firmness in commodity markets is stimulating purchases for immediate requirements. While both the number and liabilities of commercial failures were slightly larger than in June, they were about half those in July, 1933. Debits to individual accounts at banks in larger cities declined 8 per cent as compared with June, but were 11 per cent above those in the same month last year. The latter figure, however, was considerably smaller than the gain shown for June.

The most tangible effects of the drouth upon the agricultural and livestock industries were indicated by the

August 1 report of the Department of Agriculture. Prospective production of most crops in the states attached to this district, excepting Louisiana, are sharply under the five-year average and in some instances they are the smallest in many years. Unusually low yields are forecast for feed crops and some areas will be seriously affected by the shortage before next year's crops are harvested. The forecasted production of cotton is materially under last year's harvest, due both to the sharp curtailment of acreage and the effects of the drouth. The condition of livestock and their ranges is very poor over most of the territory and in many areas ranchmen are finding it difficult to supply water and feed for stock. There has been a heavy movement of cattle from the stricken areas for better pasturage, and large numbers are being sold to the Government for slaughter.

The deposits of member banks reflected a further gain in July, the daily average of combined net demand and time deposits aggregating \$719,023,000 as compared with \$712,177,000 in June, and \$587,838,000 in July last year. The demand for Federal reserve bank credit continued light. The reserve deposits of member banks on August 15 were approximately the same as a month earlier. Federal reserve notes in actual circulation increased seasonally between July 15 and August 15 and on the latter date were substantially larger than a year ago. The loans and investments of reporting member banks in selected cities showed a moderate gain during the four-week period ending August 8. As compared with the corresponding date last year, the investments of these banks were \$72,137,000 larger, but their loans were \$20,952,000 smaller.

The valuation of building permits issued during July at principal cities reflected a decline of 15 per cent as compared with the previous month and was 54 per cent under that in the corresponding month last year. Shipments of cement from Texas mills, while smaller than in June, exceeded those in July, 1933.

BUSINESS

Wholesale Trade

Business activity in wholesale channels of distribution during July was on a generally smaller scale than in the preceding month. Reports received from firms in this district show that material declines occurred in the lines of farm implements, groceries, hardware, and drugs, only one of which was partly seasonal in nature. While the demand for dry goods at wholesale registered a larger than seasonal

increase, the comparison with a year ago was less favorable than in the previous month, sales being 27.9 per cent less than a year ago. In the other lines business continued to exceed that of the same month last year, but by a smaller margin than in June. Adverse effects were felt as a result of the drouth, which retarded buying in wide areas. Stocks on hand at the close of July were larger than either a month earlier or a year ago. Collections in all lines except farm

implements showed substantial declines, which were to some extent seasonal.

Despite the fact that dry goods sales at wholesale in July were 27.9 per cent below the volume of the same month last year they reflected an expansion of 20.4 per cent over the previous month, which is a somewhat larger gain than usually occurs at this season. While merchants incline toward conservatism in making fall commitments and are placing current orders largely on the basis of present needs, current reports indicate that August business at wholesale is in large volume. Total collections reported in July were 9.9 per cent below those in June.

A contrary to seasonal decrease of 6.0 per cent occurred in the demand for drugs at wholesale during July, although several firms reported larger sales than in June. Business was 11.0 per cent greater than in the same month last year. Stocks held by reporting firms were increased 6.5 per cent during the month, and at the close of July showed a gain of 14.2 per cent over a year ago. Collections declined somewhat from the volume of the preceding month.

The distribution of hardware during July, as reported by wholesale firms in this district, was on a reduced scale, being 15.7 per cent smaller than in June. As compared with July, 1933, there was an increase of 6.9 per cent, whereas sales in the first half of the current year were 57.1 per cent above those in the same period last year. In spite of the substantial decline from the previous month, several of the firms experienced a pick-up in business during July. Collections reflected a decrease of 11.8 per cent.

Total July sales of groceries by wholesale distributors in the Eleventh District reflected a decrease of 3.5 per cent from the previous month, and were on a scale only 6.4 per cent larger than in the same month last year, as compared with an average increase of 20.9 per cent in the first six months of this year. Nevertheless, the general sentiment was reported to be good, and business in certain localities appeared to be on the up-grade. Collections during the month were 7.7 per cent less than in June.

A reduction of 30.9 per cent, only partly due to seasonal influences, was shown in the distribution of farm implements through wholesale channels during July. Sales were 54.6 per cent larger than in the same month last year, as against a like increase of 85.9 per cent in June. There was a further

material gain in the volume of collections during the month.

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

	Net Sales July, 1934 compared with July, 1933		Stocks July, 1934 compared with July, 1933		Ratio of collec- tions during July to accounts and notes outstanding on June 30
	July, 1933	June, 1934	July, 1933	June, 1934	
Groceries.....	+ 6.4	- 3.5	+11.4	+ .8	64.1
Dry goods.....	-27.9	+20.4	+51.9	+ 6.9	27.0
Farm implements.....	+54.6	-30.9	+10.7	+ 1.6	9.9
Hardware.....	+ 6.9	-15.7	+ 1.9	+ 2.0	42.1
Drugs.....	+11.0	- 6.0	+14.2	+ 6.5	44.3

Retail Trade

Despite the deterring factors of a prolonged drouth and extremely high temperatures, the business of department stores in principal cities of the Eleventh District continued fairly active during July. While the dollar volume of sales during the month was 24.2 per cent below that in June, this reduction is slightly smaller than the average decline for that month. Although the increase was somewhat smaller than that recorded in the previous month, sales during July continued 12.9 per cent larger than in the corresponding month of 1933. Reflecting the smaller than seasonal decline that occurred in sales of merchandise, the seasonally adjusted index of department store sales increased from 73.4 per cent of the 1923-25 average in June to 76.0 per cent in July, and compares with an index of 68.1 per cent in July, 1933. Aggregate sales of merchandise during the period from January 1 to July 31 this year were 28.0 per cent greater than in the corresponding seven months of 1933.

Stocks of merchandise at department stores on July 31 reflected a further decline of 6.5 per cent from the previous month, and while they remained substantially above those held on the same date last year, the increase was smaller than any recorded for the past several months. The rate of stock turnover during the first seven months of 1934 was 1.72, as compared with 1.58 in the same period of 1933.

Collections on accounts during July evidenced the usual seasonal decline, but continued above those a year ago. The ratio of collections to open accounts outstanding on July 1 was 35.3 per cent, as against 38.4 per cent in June, and 30.7 per cent in July, 1933. Collections on installment accounts reflected a slight reduction from those in June.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
July, 1934, compared with July, 1933.....	+16.0	+ 4.7	+15.9	+13.3	+10.4	+12.9
July, 1934, compared with June, 1934.....	-22.8	-14.2	-28.4	-24.8	-28.6	-24.2
January 1 to date compared with same period last year.....	+35.2	+18.7	+29.6	+26.1	+21.8	+28.0
Credit sales (percentage):						
July, 1934, compared with July, 1933.....	+17.5	+ 1.2	+24.1	+16.2	+ 5.3	+14.1
July, 1934, compared with June, 1934.....	-22.4	-14.9	-32.8	-25.7	-31.4	-25.4
January 1 to date compared with same period last year.....	+35.3	+19.0	+33.2	+29.0	+19.7	+29.3
Stocks on hand at end of month (percentage):						
July, 1934, compared with July, 1933.....	+15.5	+ 6.1	+16.7	+15.7	+14.5	+13.8
July, 1934, compared with June, 1934.....	- 4.9	- 7.8	-12.0	- 7.7	- 4.0	- 6.5
Stock turnover (rate):						
Rate of stock turnover in July, 1933.....	.21	.19	.19	.25	.16	.20
Rate of stock turnover in July, 1934.....	.21	.18	.18	.23	.15	.19
Rate of stock turnover January 1 to July 31, 1933.....	1.63	1.33	1.67	2.01	1.39	1.58
Rate of stock turnover January 1 to July 31, 1934.....	1.89	1.44	1.72	2.09	1.42	1.72
Ratio of July collections to open accounts receivable outstanding July 1, 1934.....	36.4	28.8	38.5	40.9	30.7	35.3
Ratio of July collections to installment accounts receivable outstanding July 1, 1934.....	14.9	10.0	.....	.....	13.1	13.5
Indexes of department store sales:						
Unadjusted—July, 1934.....	52.7	63.3	59.2	46.3	.....	53.2
Unadjusted—June, 1934.....	65.1	70.9	79.2	61.0	.....	67.5
Adjusted—July, 1934.....	78.7	84.4	84.6	68.1	.....	76.0
Adjusted—June, 1934.....	74.8	75.4	74.7	62.2	.....	73.4
Indexes of department store stocks:						
Unadjusted—July, 1934.....	46.1	61.7	38.9	37.8	.....	49.6
Unadjusted—June, 1934.....	48.4	66.9	42.6	40.8	.....	52.8
Adjusted—July, 1934.....	49.6	67.1	43.7	43.4	.....	54.5
Adjusted—June, 1934.....	50.4	70.4	47.3	46.4	.....	56.2

*Commercial
Failures*

The record of commercial failures in this district during July, though not so favorable as in the two preceding months, was still appreciably better than in any of the first four months of this year. Both the number of insolvencies and the liabilities involved were considerably less than in July, 1933.

*Crop
Conditions*

The widespread and prolonged drouth is now affecting nearly all sections of this district, and the production of most crops has been sharply reduced. The heavy rains accompanying the tropical storm late in July relieved the situation in limited areas of South Texas and along the Texas Coast, but elsewhere the drouth together with the abnormally high temperatures has caused heavy acreage abandonment for some crops and low per acre yields are in prospect. While most crops are too far gone to be benefited by rain, adequate moisture in the near future would increase production of some crops and would enable farmers to plant fall feed and to prepare the soil for early seeding of small grains for winter pasturage.

The August 1 report of the Department of Agriculture forecasted low yields for principal feed crops in this district. The indicated production of corn in Texas on August 1 was 56,930,000 bushels as compared with a forecast of 62,623,000 bushels on July 1, and an actual harvest of 74,824,000 bushels in 1933. The forecast for corn in Oklahoma was reduced from 15,274,000 bushels on July 1 to 10,910,000 bushels on August 1. Last year's production amounted to 19,485,000 bushels. The prospective production of corn in Louisiana on August 1 was 15,157,000 bushels as compared with a forecast of 16,475,000 bushels a month earlier, and a harvest of 15,574,000 bushels last year. The indicated production in New Mexico is less than half of that in 1933. The Arizona crop is likewise substantially smaller. Grain sorghum crops in Texas on August 1 promised an outturn of 33,824,000 bushels, whereas 46,508,000 bushels were harvested last year. The indicated production in Oklahoma was 5,040,000 bushels as compared with 11,900,000 bushels in 1933. Grain sorghums in New Mexico promised about half a crop on August 1, while in Arizona the indicated yield was approximately three-fourths of last year's harvest. While this crop has been badly damaged by the drouth, rains would be beneficial to late planted fields and would enable farmers to make new plantings which should mature bundle feed. Hay crops in all states attached to this district indicate yields considerably below those of 1933 or the five-year average.

A sharp reduction in the prospective cotton production for this district, due both to the smaller acreage and the effects of the widespread drouth, was forecast by the Department of Agriculture on August 1. The effects of the drouth are most pronounced in Texas and Oklahoma where the prospective per acre yields are very low. In Texas the per acre yield was estimated at 108 pounds against an actual yield of 185 pounds in 1933. This figure applied to the 10,576,000 acres left for harvest gives an estimated production of only 2,382,000 bales, whereas 4,428,000 bales were harvested last year. The per acre yield in Oklahoma was placed at 95 pounds as against 208 pounds last year. Production for the State was forecasted at 509,000 bales as against an output of 1,266,000 bales a year ago. In Louisiana a per acre yield of 175 pounds is indicated which is ap-

proximately the same as in 1933, but the reduction in acreage will account for a smaller production. The indicated production for New Mexico is also lower than last year, but a larger harvest is forecasted for Arizona. Over most of the district's cotton territory the drouth continued unabated at the middle of August.

AGRICULTURE

The Texas rice crop was materially benefited by the tropical storm on July 25. All rice producing areas now have an ample supply of water to mature the crop. The indicated production was increased from 6,900,000 bushels on July 1 to 7,314,000 bushels on August 1. Last year's harvest totaled 7,473,000 bushels. The July rains also checked the decline in the condition of oranges and grapefruit. All other fruit crops deteriorated during the month, apples and peaches being the most severely damaged. The condition of peanuts on August 1 was materially lower than a year ago in Texas and Oklahoma and moderately lower in Louisiana. While the indicated production of sweet potatoes on August 1 in Louisiana was slightly higher than in 1933, it was substantially lower in Texas and Oklahoma.

The continued drouth over most of this district during the past month caused a further sharp deterioration of both ranges and livestock, and many sections are in a very critical condition. Late in July, moderate to heavy rains fell in the southern part of Texas and along the Sabine River and Coastal sections of the State. Conditions in these sections are showing some improvement, but in some localities more rain will be needed to make winter feed. In most other sections of the district the drouth remained unbroken at mid-August. Range grass is practically exhausted and stock water in many areas is very short. As the drouth has also greatly reduced production of feed crops and as most livestock are now on feed, the feed situation may become very serious in the coming months unless rains occur in the near future that will permit the raising of fall feed crops. There has been a heavy movement of stock from the stricken areas as well as a large number sold to the Federal Government for slaughter.

Livestock

According to the report of the Department of Agriculture, the August 1 condition of cattle ranges in Texas was 50 per cent of normal, the lowest for that date for any year since records have been maintained. This figure compares with 62 per cent on July 1 and 71 per cent on August 1, 1933. Sheep and goat ranges declined from 64 per cent of normal on July 1 to 55 per cent on August 1, the figure on the latter date comparing with 70 per cent on the same date last year. The condition of cattle was rated at 60 per cent of normal on August 1 as compared with 71 per cent a month earlier, and 77 per cent a year ago. There was a decline during July of 6 points in the condition of sheep and 5 points in that of goats. The condition figure for sheep and goats on August 1 was 9 points lower than a year ago. Low condition figures for both ranges and livestock also obtain in Arizona and New Mexico.

Movements and Prices

Due to the heavy purchases by the Federal Government, receipts of cattle and calves at the Fort Worth market reflected a large increase in July as compared with both the previous month and the same month last year. The number of hogs yarded was slightly larger than in the previous month, but fell substantially under that a year ago. The receipts of sheep reflected a sharp seasonal decline as compared to the previous month, and were moderately smaller than in July last year.

FORT WORTH LIVESTOCK RECEIPTS
(Number)

	July 1934	July 1933	Change over year	June 1934	Change over month
Cattle.....	80,014	36,645	+45,369	64,289	+15,725
Calves.....	38,917	16,728	+22,189	21,978	+16,939
Hogs.....	33,192	37,139	- 3,947	32,479	+ 713
Sheep.....	42,074	44,637	- 2,563	64,774	-22,700

During the past month there was a narrow demand for nearly all classes of slaughter cattle and there was a general lowering of prices, but the losses were less on the better grade of offerings. Hog prices remained generally steady during July and then advanced sharply in the first half of August, reaching the highest level for the current year. Sheep and lamb prices were reduced further during the month.

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	July 1934	July 1933	June 1934
Beef steers.....	\$7.85	\$6.15	\$8.00
Stocker steers.....	5.50	5.50	4.50
Butcher cows.....	3.50	3.25	3.65
Stocker cows.....	4.50	5.00	5.00
Calves.....	4.70	4.60	4.85
Hogs.....	3.00	3.25	3.50
Sheep.....	7.00	6.75	8.00

FINANCE

Operations of the Federal Reserve Bank

The demand for Federal reserve bank credit during the past month continued at a low level. Member bank borrowings on August 15 amounted to \$398,000 as compared with \$439,000 a month earlier, and \$3,993,000 a year ago. There were 17 banks indebted to the reserve bank at the middle of August as against 18 on July 15 and 138 on August 15, 1933. Holdings by this bank of United States Government securities and of bills purchased in the open market showed no change during the month. While there was considerable fluctuation in the reserve deposits of member banks during the past month, the total of \$114,961,000 on August 15 was practically the same as on July 15. They were, however, approximately double those on the corresponding date last year. Federal reserve notes in actual circulation reflected a seasonal increase during the month, the total of \$42,121,000 on August 15 being \$1,215,000 greater than on July 15 and \$3,981,000 larger than on August 15, 1933. On the latter date there were \$5,538,000 Federal reserve bank notes of this bank in circulation.

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

	Aug. 15, 1934	Aug. 15, 1933	July 15, 1934
Total cash reserves.....	\$ 96,759	\$ 59,135	\$ 94,254
Discounts for member banks.....	398	3,993	439
Industrial advances.....	3	None	None
Bills bought in open market.....	142	198	142
United States securities owned.....	71,475	49,124	71,475
Other investments.....	None	5	None
Total earning assets.....	72,018	53,320	72,056
Member bank reserve deposits.....	114,961	57,234	114,784
Federal reserve notes in actual circulation.....	42,121	33,140	40,906
Federal reserve bank notes in actual circulation.....	None	5,538	None

Condition of Member Banks in Selected Cities

A moderate increase in deposits and investments and a slight gain in loans occurred at reporting member banks in selected cities between July 11 and August 8. While their investments in United States securities were increased only \$282,000 during the period, these banks added \$2,270,000 of other securities to their portfolios. As compared with the corresponding date last year, holdings on August 8 of the former classification were \$72,137,000 greater, and those of the latter classification rose \$2,779,000. While their loans on securities declined \$301,000 between July 11 and August 8, "all other" loans rose \$439,000, mak-

ing a net increase of \$138,000 in total loans. Total loans on the latter date were \$20,952,000 lower than on August 9, 1933. The net demand deposits of these banks totaled \$274,054,000 on August 8, which was \$3,516,000 larger than four weeks earlier, and \$67,061,000 in excess of those a year ago. Their time deposits declined \$965,000 between July 11 and August 8 and on the latter date were \$3,831,000 below those on August 9, 1933. The reserves of these banks with the Federal Reserve Bank showed little change during the four-week period, but continued considerably in excess of those a year ago.

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

	August 8, 1934	August 9, 1933	July 11, 1934
United States securities owned.....	\$178,118	\$105,981	\$177,836
All other stocks, bonds, and securities owned.....	53,417	50,638	51,147
Loans on securities.....	58,384	59,748	58,685
All other loans.....	125,209	144,797	124,770
Total loans.....	183,593	204,545	183,455
Net demand deposits.....	274,054	206,993	270,538
Time deposits.....	123,544	127,375	124,509
Reserve with Federal Reserve Bank.....	72,837	36,435	73,480
Bills payable and rediscounts with Federal Reserve Bank.....	None	610	None

Deposits of Members Banks The daily average of net demand and time deposits of member banks in this district during July, amounting to \$719,023,000, registered an increase of \$6,846,000 over the previous month. There was a gain over July last year of \$131,185,000, which is a larger increase than was shown in either

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
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	110,140	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	83,897
Jan., 1934.....	505,909	192,214	249,091	108,317	256,818	85,398
Feb., 1934.....	532,717	195,746	261,770	110,348	270,947	84,381
Mar., 1934.....	535,355	192,766	263,291	108,385	272,064	84,933
April, 1934.....	523,397	192,548	257,838	107,615	265,559	84,684
May, 1934.....	516,090	192,830	253,752	108,146	262,338	83,115
June, 1934.....	519,465	192,712	256,456	109,597	263,009	85,058
July, 1934.....	521,333	197,690	255,210	112,632	266,123	

of the two preceding months. While most of the expansion over June occurred in time deposits, there was also a sizable gain in the net demand deposits of country banks.

Debits to Individual Accounts

Following two successive months in which non-seasonal increases occurred, there was a larger than seasonal decline in the total debits to individual accounts during

July at banks located in principal centers in this district.

DEBITS TO INDIVIDUAL ACCOUNTS (In thousands of dollars)

	July 1934	July 1933	Percentage change over year	June 1934	Percentage change over month
Abilene.....	\$ 4,517	\$ 3,813	+18.5	\$ 4,889	- 7.6
Austin.....	17,210	14,400	+19.5	18,774	- 8.3
Beaumont.....	17,132	12,662	+35.3	16,922	+ 1.2
Corsicana.....	2,094	2,131	- 1.7	2,175	- 3.7
Dallas.....	147,298	131,765	+11.8	166,229	-11.4
El Paso.....	15,546	13,452	+15.6	16,747	- 7.2
Fort Worth.....	60,717	56,339	+ 7.8	61,801	- 1.8
Galveston.....	18,145	17,290	+ 4.9	19,519	- 7.0
Houston.....	126,896	118,359	+ 7.2	141,151	-10.1
Port Arthur.....	5,027	4,161	+20.8	5,303	- 5.2
Roswell.....	1,752	2,319	-24.5	2,289	-23.5
San Antonio.....	48,163	43,694	+10.3	48,887	- 1.5
Shreveport.....	27,619	23,516	+17.4	28,843	- 4.2
Texarkana*.....	4,683	5,107	- 8.3	4,811	- 2.7
Tucson.....	7,158	7,038	+ 1.7	8,140	-12.1
Waco.....	9,908	9,533	+ 3.9	10,116	- 2.1
Wichita Falls.....	11,868	9,754	+21.7	12,694	- 6.5
Total.....	\$525,733	\$475,333	+10.6	\$569,290	- 7.7

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

The volume reported, which amounted to \$525,733,000, was 7.7 per cent below that of the preceding month but showed an increase of 10.6 per cent as compared with the same month last year. While one city registered an increase over both comparative months, there were three cities that showed declines.

Acceptance Market

Acceptances executed by banks in the Eleventh Federal Reserve District and outstanding on the last day of July, which totaled \$176,019, were somewhat larger than at the close of either of the two preceding months but remained very small as compared with a year ago. The amount reported on June 30 was \$160,330, and on July 31 last year the volume outstanding amounted to \$1,128,966.

Savings Deposits

The total savings deposits of 132 reporting banks located in the Eleventh District showed a further increase of 0.8 per cent in July and at the close of the month amounted to \$141,378,294, as compared with \$140,316,709 on June 30. They reflected a gain of 5.4 per cent over the amount held on July 31 last year, which was reported as \$134,074,501. The number of savings depositors on record at 122 of these banks was above that of the same date a year ago, though smaller than on June 30.

SAVINGS DEPOSITS

	Number of reporting banks	July 31, 1934		July 31, 1933		Percentage change over year in savings deposits	June 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	8,471	\$ 3,432,416	7,881	\$ 3,081,648	+11.4	8,429	\$ 3,368,166	+1.9
Dallas.....	9*	75,042	24,491,300	72,554	23,871,742	+ 2.6	74,966	24,705,208	- .9
El Paso.....	2	10,978	4,623,830	9,663	3,996,610	+15.7	10,812	4,660,073	- .8
Fort Worth.....	4	33,173	10,275,357	32,295	10,587,650	- 2.9	33,123	10,293,725	- .2
Galveston.....	4	16,725	9,756,296	16,287	9,838,354	- .8	16,670	9,732,645	+ .2
Houston.....	11*	64,722	28,715,583	64,239	28,649,419	+ .2	66,798	28,699,622	+ .1
Port Arthur.....	2	5,122	1,913,713	4,353	1,837,388	+ 4.2	5,073	1,889,895	+1.3
San Antonio.....	6	19,569	14,956,528	17,465	13,163,372	+13.6	19,756	14,722,213	+1.6
Shreveport.....	3	21,662	10,125,293	21,844	9,870,967	+ 2.6	21,595	10,043,112	+ .8
Waco.....	3	10,591	6,034,067	10,486	5,583,373	+ 8.1	10,536	6,071,140	- .6
Wichita Falls.....	3	5,775	2,879,149	5,576	2,343,100	+22.9	5,743	2,863,633	+ .5
All others.....	82*	53,653	24,174,762	51,449	21,250,778	+13.8	53,782	23,267,277	+3.9
Total.....	132	325,483	\$141,378,294	314,092	\$134,074,501	+ 5.4	327,283	\$140,316,709	+ .8

*Only 8 banks in Dallas, 10 in Houston, and 74 in "All others" reported the number of savings depositors.

AUGUST 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.....	2-6	6-8	1½-7	5-7	6	3-6
Rate charged on loans to other banks secured by bills receivable.....	4-6	5-6	6	5-7	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.....	5-7	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.....	2-8	8	6-8	3-7	6-8	5-6
Rate on cattle loans.....	6	6-8	6-10	7-10	8-10	8

INDUSTRY

Cottonseed Products

The operations of cottonseed oil mills in Texas during July reflected an appreciable upward trend for that month, being

considerably above the July average, and evidencing an unseasonable increase over the previous month. Operations remained, however, on a lower level than in the corresponding month of 1933. At all mills in the United States operations were likewise in smaller volume than in July, 1933, but

the crushings of seed and the production of oil, cake and meal, and hulls reflected an unseasonable increase over the previous month similar to that witnessed at Texas mills. The receipts of seed and the production of linters at United States mills evidenced a seasonal decline.

During the 1933-34 season, which ended July 31, all operations of cottonseed oil mills in both Texas and the United States were below the yearly average, and were also

in smaller volume than in the 1932-33 season. While shipments of all cottonseed products were considerably smaller during the past twelve months than in the preceding year, stocks of all commodities except linters were in smaller volume at the close of the current season than a year earlier. This decrease in both stocks and shipments is due to the curtailment of production. Inventories of cottonseed on July 31 were slightly larger than a year earlier at both Texas and United States mills.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to July 31 This season	Last season	August 1 to July 31 This season	Last season
Cottonseed received at mills (tons).....	1,349,717	1,482,184	4,155,276	4,542,622
Cottonseed crushed (tons).....	1,345,555	1,558,149	4,151,058	4,620,558
Cottonseed on hand July 31 (tons).....	102,948	99,303	224,639	220,938
Crude oil produced (pounds)...	397,743,188	474,080,191	1,301,789,405	1,445,681,407
Cake and meal produced (tons).....	628,452	720,311	1,887,299	2,093,168
Hulls produced (tons).....	365,497	463,655	1,102,185	1,312,435
Linters produced (running bales).....	231,362	187,484	800,178	741,401
Stocks on hand July 31:				
Crude oil (pounds).....	9,485,576	10,816,563	19,980,290	33,013,337
Cake and meal (tons).....	19,679	41,794	128,379	160,874
Hulls (tons).....	11,919	25,480	31,425	76,686
Linters (running bales).....	26,250	15,125	77,159	70,786

Textile Milling

Due in part to the fact that operations of domestic cotton textile mills were on a very low level during June, the usual

curtailment of activities during the month of July did not materialize, the consumption of cotton being approximately the same as in June. The comparison with the corresponding month of 1933 was very unsatisfactory, but due allowance should be made for the fact that cotton consumption in July last year reached an all time high level for that month. There were 359,372 bales of cotton consumed during July, as compared with 363,414 bales in June, and 600,641 bales in July, 1933. Total cotton consumed in the United States during the 1933-34 season, which ended July 31, was 5,700,558 bales, compared with a total consumption of 6,137,395 bales in the previous season. Inventories of raw cotton held on July 31 by textile mills were considerably smaller than at the close of the 1932-33 season.

The customary seasonal recession was witnessed during July in the consumption of cotton and production of cloth at Texas textile mills, and these operations were also below those in the like month of 1933. The demand for finished products, as measured by orders on hand July 31, was considerably better than in the previous month, and was about the same as a year ago. Stocks of products held at the close of July were slightly less than a month earlier, but much greater than a year ago.

COTTON CONSUMED AND ON HAND (Bales)

	July 1934	July 1933	August 1 to July 31	
			This season	Last season
Cotton-growing states:				
Cotton consumed.....	289,557	483,846	4,550,848	5,086,573
On hand July 31 in—				
Consuming establishments.....			935,636	1,030,635
Public storage and compresses.....			5,274,402	5,325,208
United States:				
Cotton consumed.....	359,372	600,641	5,700,558	6,137,395
On hand July 31 in—				
Consuming establishments.....			1,230,369	1,348,236
Public storage and compresses.....			5,565,140	5,736,398

Cotton Movements

Exports of cotton during July witnessed the usual seasonal decline at the ports of Houston and Galveston, and they remained in substantially smaller volume than in the corresponding month of 1933. During the twelve months of the past season exports from Galveston aggregated 2,201,708 bales, which represents an increase of 2 per cent over the previous year's shipments. This increase was more than offset, however, by a sizable decline in the total exports of lint from Houston, the net result for both ports combined reflecting a recession of 4.4 per cent. The receipts of cotton at Galveston during July were in larger volume than a month earlier or a year ago, while at Houston they were practically the same as in the previous month, but continued below those a year ago. The combined stocks of cotton on July 31 at these ports were 14.8 per cent smaller than the holdings at the close of the preceding season.

Although total foreign exports of cotton from the United States during July were equal to the average for that month,

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON (Bales)

	July 1934	July 1933	August 1 to July 31	
			This season	Last season
Receipts.....	64,676	57,153	2,278,724	2,131,579
Exports.....	105,625	158,618	2,201,708	2,158,611
Stocks, July 31.....			511,493	434,997

COTTON—GALVESTON STOCK STATEMENT (Bales)

	July 31, 1934	July 31, 1933
For Great Britain.....	2,500	600
For France.....	100	3,000
For other foreign ports.....	26,200	22,500
For coastwise ports.....	1,000	1,000
In compresses and depots.....	481,693	407,897
Total.....	511,493	434,997

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON (Bales)

	July 1934	July 1933	August 1 to July 31	
			This season	Last season
Receipts.....	31,747	68,197	2,260,196	2,882,801
Exports.....	73,773	244,389	2,514,174	2,775,660
Stocks, July 31.....			844,810	1,156,132

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

	August 1 to July 31	
	This season	Last season
Receipts.....	7,848,056	9,124,025
Exports: United Kingdom.....	1,278,426	1,491,853
France.....	709,024	863,832
Italy.....	649,041	803,857
Germany.....	1,318,066	1,848,864
Other Europe.....	1,031,995	1,069,757
Japan.....	1,845,601	1,743,302
All other countries.....	702,262	597,934
Total foreign ports.....	7,534,415	8,419,399
Stocks held at all United States ports July 31.....	2,444,406	3,023,954

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

	July, 1934		Aug. 15, 1934
	High	Low	
New York.....	13.35	12.10	13.60
New Orleans.....	13.22	11.97	13.43
Dallas.....	12.80	11.60	13.20
Houston.....	13.15	12.00	13.40
Galveston.....	13.10	11.95	13.35

they reflected a large seasonal decline from the previous month, and were less than half the volume in July, 1933. It should be considered, however, that movements in July last year were on an abnormally high scale. Total shipments during July were 305,820 bales, as compared with 459,226 bales in June, and 692,007 bales in July, 1933. Due principally to sharp reductions in the takings of American cotton by Great Britain, France, Italy, and Germany, aggregate foreign exports during the 1933-34 cotton year were much smaller than in the previous year. Shipments during the past season amounted to 7,534,415 bales, as against 8,419,399 bales in the preceding season.

Petroleum

Total crude oil output in the Eleventh District in July was somewhat larger than in June, because of the longer month, but it continued to show a substantial decline from the volume of a year ago. The production reported in July amounted to 34,628,950 barrels, as against 34,035,000 barrels in June, and 37,691,200 barrels in the same month last year. On a daily average basis the yield amounted to 1,117,063 barrels, being less than in either the previous month or the corresponding month a year ago. A further expansion in drilling activity occurred in July, there being 1,154 new wells completed, of which 819 were successful, as against 923 completions in June, including 685 producers. The initial output rose from 3,027,834 barrels in the earlier month to 3,205,547 barrels in the latter month.

OIL PRODUCTION—(Barrels)

	July, 1934		Increase or decrease over June, 1934	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	3,714,550	119,824	+255,550	+ 4,524
Central West Texas.....	5,344,100	172,390	+181,100	+ 290
East Texas.....	16,329,250	526,750	+337,250	+28,800
South Texas.....	1,716,150	55,360	+262,650	+ 6,910
Texas Coastal.....	5,262,200	169,748	+168,200	— 52
Total Texas.....	32,366,250	1,044,072	+530,250	+17,128
New Mexico.....	1,494,750	48,218	+ 54,750	+ 218
North Louisiana.....	767,950	24,773	+ 8,950	+ 527
Total District.....	34,628,950	1,117,063	+593,950	+17,437

Daily production from Texas wells during the month averaged 1,044,072 barrels, which is 17,128 barrels less than in June, and 107,723 barrels below the level of July, 1933. In East Texas there was a decrease from the previous month of 28,800 barrels, which was partially offset by increases of 6,910 barrels and 4,524 barrels in South Texas and North Texas, respectively. The daily yield in New Mexico and North Louisiana reflected but little change as compared with June.

JULY DRILLING RESULTS

	Com- pletions	Pro- ducers	Gas wells	Fail- ures	Initial production
North Texas.....	304	187	10	107	47,353
Central West Texas.....	94	54	4	36	28,531
East Texas.....	460	432	3	25	3,029,803
South Texas.....	133	63	5	65	12,730
Texas Coastal.....	107	65	2	40	23,485
Total Texas.....	1,098	801	24	273	3,151,902
New Mexico.....	10	9	1	1	52,960
North Louisiana.....	46	9	10	27	685
July totals, district.....	1,154	819	34	301	3,205,547
June totals, district.....	923	685	27	211	3,027,834

CRUDE OIL PRICES

	August 10, 1934	August 11, 1933
Texas Coastal (34 gr. and above).....	\$1.12	\$.62
North Texas (40 gr. and above).....	1.03	.52
North Louisiana (40 gr. and above).....	1.08	.62

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

Building

Building permits issued during July at leading cities in this district reflected a further decrease of 14.7 per cent from the valuation of the previous month, and were less than half as large as in the same month last year. The total reported was \$932,005, as against \$1,092,754 in June, and \$2,009,479 in July a year ago. Despite the unfavorable comparisons, seven of the fourteen cities registered substantial gains over the preceding month, and five recorded increases over the corresponding month in 1933.

BUILDING PERMITS

	July, 1934		July, 1933		Percentage change valuation over year	June, 1934		Percentage change valuation over month	January 1 through July 31				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1934		1933		
									No.	Valuation	No.	Valuation	
Amarillo.....	53	\$ 22,324	22	\$ 35,233	— 36.6	54	\$ 23,575	— 5.3	198	\$ 188,929	125	\$ 110,419	+ 71.1
Austin.....	83	94,427	86	138,514	— 31.8	79	65,697	+ 43.7	511	431,069	624	1,039,347	— 58.5
Beaumont.....	89	39,254	57	40,269	— 2.5	91	19,889	+ 97.4	594	159,862	521	112,025	+ 42.7
Corpus Christi..	25	18,505	31	11,633	+ 59.1	25	28,361	— 34.8	166	182,720	158	97,855	+ 86.7
Dallas.....	349	155,394	215	154,091	+ 8	391	187,723	— 17.2	2,677	1,411,606	2,362	1,276,321	+ 10.6
El Paso.....	38	13,035	48	22,944	— 43.2	38	9,281	+ 40.4	260	142,845	247	118,634	+ 20.4
Fort Worth.....	70	53,308	78	473,140	— 88.7	78	84,770	— 37.1	545	454,148	585	2,321,129	— 80.4
Galveston.....	103	27,210	94	54,440	— 50.0	121	134,838	— 79.8	811	339,369	619	262,261	+ 29.4
Houston.....	191	259,395	158	932,329	— 72.2	186	368,745	— 29.7	1,281	2,868,855	1,157	2,085,127	+ 37.6
Port Arthur.....	54	15,948	38	7,299	+118.5	64	9,741	+ 63.7	314	88,057	260	45,438	+ 93.8
San Antonio.....	115	53,358	108	78,165	— 31.7	151	82,923	— 35.7	922	445,077	948	652,470	— 31.8
Shreveport.....	160	130,607	88	30,736	+324.9	157	49,095	+166.0	1,059	517,638	694	225,075	+130.0
Waco.....	14	19,919	19	23,033	— 13.5	12	11,287	+ 76.5	126	195,154	174	196,319	— .6
Wichita Falls...	86	29,321	43	7,653	+253.1	232	16,829	+ 74.2	448	106,806	205	53,868	+ 98.3
Total....	1,430	\$ 932,005	1,085	\$2,009,479	— 53.6	1,679	\$1,092,754	— 14.7	9,912	\$7,532,135	8,679	\$ 8,596,288	— 12.4

Cement

While both production and shipments of Portland cement, as reported in July for Texas mills, were substantially smaller than in the previous month, they reflected larger increases over the same month

last year than were shown in June. The month's output amounted to 321,000 barrels, as against 377,000 barrels in June and 274,000 barrels in July a year ago. Shipments totaled 288,000 barrels, which compares with 339,000 bar-

rels in the preceding month and 237,000 barrels in July, 1933. Inventories on July 31, which aggregated 628,000

barrels, were 5.5 per cent higher than at the close of June but 17.9 per cent below the level of a year ago.

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

	July 1934	Percentage change from July 1933 June 1934		January 1 through July 31, 1934	Percentage change over year
Production at Texas mills.....	321	+17.2	-14.9	2,257	+ 4.8
Shipments from Texas mills.....	288	+21.5	-15.0	2,182	+ 5.7
Stocks at end of month at Texas mills.....	628	-17.9	+ 5.5	.....	.....

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

DISTRIBUTION

Total volume of freight-car loadings declined in July, reflecting chiefly a reduction in miscellaneous freight, including steel shipments, offset in part by an increase in shipments of livestock. Department store sales showed a decrease of somewhat more than the estimated seasonal amount.

PRODUCTION AND EMPLOYMENT

Volume of industrial output, as measured by the Board's seasonally adjusted index, decreased from 83 per cent of the 1923-25 average in June to 76 per cent in July. This decline reflected chiefly a sharp reduction in the output of steel, due in part to previous accumulation of stocks by consumers; and there was a further decline in steel operations during the first three weeks in August. Activity in the automobile industry decreased and there were considerable reductions in the output of pig iron and anthracite. At textile mills, where operations had been at a low level in June, activity showed little change in July. Output of shoes showed a seasonal increase. Accompanying heavy marketings of cattle from drouth areas there was a considerable increase in activity at meat packing establishments. Factory employment decreased between the middle of June and the middle of July by 3 per cent, an amount larger than is usual at this season. There were reductions in many industries producing durable manufactures, such as iron and steel products and building materials, and also at establishments producing knit goods and women's clothing. At canning establishments the number of employees increased by less than the usual seasonal amount. Employment on public projects increased further in July. Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was about the same in July as in June. Department of Agriculture estimates, based on August 1 conditions, indicate that yields per acre for principal crops are 22 per cent smaller than the ten-year average, reflecting the effects of the drouth. The wheat crop is estimated at 491,000,000 bushels, 37,000,000 bushels less than last year's small harvest, and the corn crop at 1,607,000,000 bushels, as compared with a five-year average of 2,516,000,000 bushels. The cotton crop estimate is 9,195,000 bales, about 4,000,000 bales less than last season and smaller than in any other year since 1921.

COMMODITY PRICES

Wholesale prices of farm products, after fluctuating widely in July, advanced considerably in the first three weeks of August. Between the beginning of July and the third week of August, cotton, wheat, and hog prices showed substantial increases while cattle prices declined somewhat. During this period prices of commodities other than farm products and foods as a group showed little change.

BANK CREDIT

Member bank reserve balances increased further between the middle of July and the middle of August, and on August 15 were about \$1,900,000,000 in excess of legal requirements. The increase in reserve balances reflected principally a further growth in monetary gold stock offset in part during the first half of August by a seasonal increase in the total volume of money in circulation. The volume of reserve bank credit showed little change. In the four weeks ending August 15, loans and investments of New York City banks decreased by \$141,000,000, while those of weekly reporting banks in other leading cities increased by \$116,000,000. The decrease at New York banks reflected a reduction of nearly \$200,000,000 in loans to brokers and dealers in securities, following a sharp decline in security prices in the latter part of July, and a decline of \$52,000,000 in holdings of United States Government securities. All other loans and holdings of securities other than United States Government obligations increased substantially at New York banks and at banks outside New York City. At outside banks holdings of United States Government securities also increased. Average rates of discount on United States Treasury Bills issued rose from .07 per cent in July to .23 per cent on August 22. Other open market money rates remained unchanged at low levels.