

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 September 15, 1934)

Volume 19, No. 8

Dallas, Texas, October 1, 1934

This copy is released for publication in morning papers—

Oct. 1

DISTRICT SUMMARY

THE SITUATION AT A GLANCE
Eleventh Federal Reserve District

	August 1934	Change from July
Bank debits to individual accounts (at 17 cities).....	\$550,632,000	+ 4.7%
Department store sales.....		+ 20.8%
Reserve bank loans to member banks at end of month.....	\$ 213,096	— 43.2%
Reserve bank ratio at end of month.....	59.8%	— .6 points
Building permit valuation at larger centers....	\$ 1,353,712	+ 45.2%
Commercial failures (number).....	17	— 22.7%
Commercial failures (liabilities).....	\$ 146,426	— 59.5%
Oil production (barrels).....	33,108,000	— 4.4%

The breaking of the long and severe drouth over the major portion of the Eleventh District and the expansion in the demand for merchandise in both wholesale and retail channels of distribution were the outstanding developments in this district during the past month. Sales of department stores in larger cities reflected an expansion of 21 per cent over the previous month and were 4 per cent in excess of those in August, 1933. The small gain over last year is largely accounted for by the unusually large gain in sales between July and August a year ago. This bank's adjusted index of department store sales rose to 81.8 per cent of the 1923-25 average, the highest point reached since the current recovery set in, and compares with 81.1 per cent in August, 1933, the previous high point. Distribution in most lines of wholesale trade showed substantial gains over both the previous month and the same month last year. While merchants are still adhering to a cautious policy in making commitments, larger purchases are being made to supply the expanding consumer demand and to furnish a better assortment of merchandise. Debits to individual accounts at banks in principal centers were 5 per cent larger than in July, and were 26 per cent above those in August, 1933.

While the moderate to heavy rains which fell over the greater portion of the district during the past thirty days came too late to change materially the prospective production of major crops, as reported by the Department of Agriculture for September 1, the outlook for the agricultural and livestock industries is much improved. In many sections, water supplies have been replenished, moisture is sufficient for the planting of fall gardens and feed crops and the seeding of small grains, and ranges are greening. It must be borne in mind, however, that some areas have had only scanty rainfall, if any, and are still suffering from the effects of the drouth. Additional moisture would be beneficial over practically the whole of the district to overcome the accumulated deficiency and to maintain the improvement that has occurred.

The commercial loans of reporting banks in selected cities reflected a substantial increase between August 8 and September 12, and on the latter date reached the highest level since January. The daily average of net demand and time deposits of member banks rose to \$723,879,000 in August, which was \$4,856,000 in excess of that in July and \$143,771,000 above that in August last year. The reserve deposits of member banks amounted to \$120,041,000 on September 15, as compared with \$114,961,000 on August 15, and \$55,225,000 on September 15, 1933. Federal reserve notes in actual circulation on September 15 were substantially larger than those a month earlier or on the same date last year. Member bank borrowings at the Federal Reserve Bank continued in small volume.

Construction activity showed some improvement in August. The valuation of building permits issued at principal cities reflected a gain of 45 per cent over July, and was 39 per cent greater than in August, 1933.

BUSINESS

Wholesale Trade

An active demand for merchandise in most lines of wholesale trade was visible during August. Sales of dry goods, drugs,

farm implements, and groceries registered material gains as compared with both the previous month and the corresponding month of 1933. In the case of farm implements and groceries, the July to August increases were consider-

ably larger than seasonal. While the distribution of hardware showed a tendency to lag, this is not surprising in view of the large gains in the volume of business during the past year. Collections of dry goods and grocery firms reflected large seasonal gains in August, but they were smaller in the other reporting lines.

The distribution of dry goods at wholesale reflected a

further seasonal increase of 65.8 per cent over the previous month, and exceeded that of a year ago by 50.4 per cent. Retailers bought heavily during the month in order to stock fall merchandise and to meet improved consumer demand. Reports indicate buying in rural sections is expanding. While wholesalers' stocks on August 31 declined as compared with those at the end of the previous month, they were 18.3 per cent larger than a year ago. Collections showed an increase of 15.9 per cent over the previous month.

Sales of reporting wholesale drug firms in August increased 14.4 per cent as compared with July, due to seasonal factors, and were 10.0 per cent larger than in August, 1933. The improvement appeared to be general over the district. Collections reflected a further decline as compared with the preceding month.

The business of wholesale farm implement firms during August increased 16.1 per cent as compared with July, which was greater than seasonal, and was 22.7 per cent larger than in the same month last year. While the increase over a year ago was smaller than the same comparison in the preceding month, reports indicate that buying demand is well sustained. Collections showed a substantial decline as compared with July.

An increase considerably larger than seasonal occurred in the sales of reporting wholesale grocery firms during August. The volume of business exceeded that in the preceding month by 23.3 per cent and was 26.6 per cent above that in the same month of 1933. The increase over a year ago was the largest reported since February. Merchants in some sections stated that buying demand is good with indications of further improvement. August collections were materially larger than in the previous month.

A contrary to seasonal decrease of 3.3 per cent occurred in the wholesale hardware business during August. Sales remained, however, 1.3 per cent greater than a year ago despite the fact that there was a heavy demand for hardware at this season last year. Collections during August were on a scale 1.6 per cent below those in the previous month.

CONDITION OF WHOLESALE TRADE DURING AUGUST, 1934

Percentage of increase or decrease in—

	Net Sales		Net Sales	Stocks		Ratio of collec-
	August, 1934	August, 1934	July 1 to date	August, 1934	August, 1934	tions during Aug.
	compared with	compared with	same period	compared with	compared with	to accounts and
	Aug., 1933	July 1934	last year	Aug., 1933	July 1934	notes outstanding
	1933	1934		1933	1934	on July 31
Groceries.....	+26.6	+23.3	+16.6	+3.1	+3.5	70.4
Dry goods.....	+50.4	+65.8	+6.9	+18.3	-7.8	28.6
Farm implements..	+22.7	+16.1	+35.6	+15.3	6	6.2
Hardware.....	+1.3	-3.3	+5.0	-4.3	-1.3	42.2
Drugs.....	+10.0	+14.4	+10.9	+14.2	-2.8	42.6

Retail Trade

An increase in department store sales between July and August of greater than the usual seasonal amount was an important development in the retail trade situation in this district. While sales were only 3.5 per cent greater in August this year than in the same month last year, it should be borne in mind that a very large increase in retail business occurred at this season a year ago. This bank's adjusted index of department store sales rose from 76.0 per cent of the 1923-25 average in July to 81.8 per cent in August, and the latter figure compares with 81.3 per cent in August, 1933. Sales for the first eight months of the current year averaged 24.5 per cent larger than in the corresponding period last year. Reports indicate that there was good consumer response to offerings of fall merchandise in the first half of September, stimulated in part by the noticeably cooler weather.

Reflecting the receipts of fall merchandise, stocks of goods at department stores were 12.3 per cent greater on August 31 than a month earlier, and were 10.8 per cent larger than on the corresponding date last year. The rate of stock turnover in the first eight months of 1934 was 1.93 as compared with 1.82 in the same period of 1933.

There was a slight decline in August in the collections on open accounts. The ratio of collections during August to open accounts outstanding on August 1 was 34.4 per cent, as compared with 35.3 per cent in July, and 28.8 per cent in August last year. Collections on installment accounts reflected a slight increase.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
August, 1934, compared with August, 1933.....	+1.9	-5.9	+6.0	+8.6	+7.2	+3.5
August, 1934, compared with July, 1934.....	+31.0	+6.9	+15.1	+22.9	+16.0	+20.8
January 1 to date compared with same period last year.....	+30.0	+15.2	+26.6	+23.7	+20.1	+24.5
Credit sales (percentage):						
August, 1934, compared with August, 1933.....	— .7	-6.7	+5.8	+9.7	+5.3	+1.8
August, 1934, compared with July, 1934.....	+35.3	+11.8	+18.7	+26.5	+28.0	+26.8
January 1 to date compared with same period last year.....	+29.4	+15.3	+29.5	+26.3	+18.2	+25.3
Stocks on hand at end of month (percentage):						
August, 1934, compared with August, 1933.....	+15.9	+1.9	+12.6	+10.6	+8.9	+10.8
August, 1934, compared with July, 1934.....	+15.8	+5.8	+12.0	+13.4	+11.0	+12.3
Stock turnover (rate):						
Rate of stock turnover in August, 1933.....	.20	.21	.22	.29	.19	.25
Rate of stock turnover in August, 1934.....	.26	.19	.21	.28	.18	.23
Rate of stock turnover January 1 to August 31, 1933.....	1.91	1.53	1.90	2.28	1.56	1.82
Rate of stock turnover January 1 to August 31, 1934.....	2.13	1.63	1.92	2.35	1.59	1.93
Ratio of August collections to open accounts receivable outstanding August 1, 1934.....	35.4	28.2	35.9	40.2	31.6	34.4
Ratio of August collections to installment accounts receivable outstanding August 1, 1934.....	15.2	10.4	.....	.....	19.1	14.0
Indexes of department store sales:						
Unadjusted—August, 1934.....	62.0	62.7	62.4	51.3	.....	58.9
Unadjusted—July, 1934.....	52.7	63.3	59.2	46.3	.....	53.2
Adjusted—August, 1934.....	86.1	88.3	90.4	72.3	.....	81.8
Adjusted—July, 1934.....	78.7	84.4	84.6	68.1	.....	76.0
Indexes of department store stocks:						
Unadjusted—August, 1934.....	54.1	65.3	43.6	40.3	.....	55.6
Unadjusted—July, 1934.....	46.1	61.7	38.9	37.8	.....	49.6
Adjusted—August, 1934.....	52.0	64.0	42.7	40.7	.....	54.5
Adjusted—July, 1934.....	49.6	67.1	43.7	43.4	.....	54.5

Commercial Failures

Following a slight increase in the previous month, the business mortality rate in this district during August dropped back to the level of June, and continued to show a considerable decrease as compared with the same month last year. The total indebtedness of insolvent firms was the smallest re-

ported since April, 1920. According to the figures issued by Dun & Bradstreet, Inc., there were 17 commercial failures in August with liabilities of \$146,426, as against 22 insolvencies in the preceding month, owing \$361,166, and 53 defaulting firms in the corresponding month a year ago, whose liabilities totaled \$1,559,123.

AGRICULTURE*Crop Conditions*

While the prospective production of major crops in the states attached to the Eleventh District, as estimated by the United States Department of Agriculture, showed no material changes during August, the moderate to heavy rainfall over most of the district between the middle of August and the middle of September was beneficial to some of the late maturing crops, provided moisture for the planting of fall gardens and feed crops and the seeding of fall grains, replenished water supplies, and improved pastures. There are, however, many localities which have had no or only meager rainfall, and except in the more favored sections additional moisture will be needed to sustain the improvements that have occurred.

The indicated production of cotton in this district showed a further decline during August. The production for the Eleventh Federal Reserve District, as derived from the estimates, by states, of the Department of Agriculture on September 1, was placed at 2,878,000 bales as compared with 2,905,000 bales on August 1, and an actual production of 5,114,000 bales in 1933. The reduction was accounted for by the smaller forecast for Louisiana, Oklahoma, and New Mexico. Only minor changes were made in estimates of the Texas and Arizona crops. The forecast for cotton in Texas was 2,383,000 bales as compared with 4,428,000 bales harvested last year. The per acre yield was placed at 110 pounds as against 185 pounds a year ago. In the Department's September 1 report, the per acre yield for Oklahoma was revised downward to 80 pounds and compares with 208 pounds in 1933. The per acre yield in New Mexico and Arizona is likewise substantially lower than last year, but it is only slightly lower in Louisiana. Picking and ginning in the older cotton areas have proceeded at a rapid rate and are rapidly nearing completion in the southern half of Texas. Ginnings prior to September 1 in states attached to this district, as reported by the Bureau of the Census, are as follows: Arizona—6,000; Louisiana—94,000; Oklahoma—14,000; and Texas—936,000.

The prospective yields for feed crops were slightly less favorable on September 1 than a month earlier. The Texas corn crop did not turn out as well as expected, and the Department of Agriculture estimated the total production as 54,084,000 bushels, as compared with the August 1 estimate of 56,930,000 bushels. While the crop for Louisiana and New Mexico showed a slight improvement, it was more than offset by the decline in Arizona and Oklahoma. In all states, except Louisiana, the indicated production for the current year is materially lower than in either 1933 or for the five-year period, 1927 to 1931. There was no change in the estimate for grain sorghums in Texas, which was 33,824,000 bushels. The Department of Agriculture stated that the August and September rains may result in a larger production of roughage, but that it is extremely doubtful if additional grains can be matured before frost. A slight decline in the production of this crop was indicated for

New Mexico, but an improvement occurred in Arizona and Oklahoma. The yield in all states is materially smaller than in 1933. There was little change in the indicated production of hay crops, but production is falling considerably short of a year ago.

The Texas rice crop showed an improvement following the rains late in July, and on September 1 the production was estimated at 7,590,000 bushels as compared with 7,314,000 bushels indicated on August 1, and an actual production of 7,473,000 bushels in 1933. The preliminary estimate on the acreage of Texas peanuts to be harvested for nuts is 160,000 acres as compared with 167,000 acres last year, but the indicated production is only 48,000,000 pounds of nuts as against a harvest of 103,540,000 pounds in 1933. A substantial reduction in yield is also reported for Louisiana and Oklahoma. The sweet potato crop in Texas promises a production of 4,140,000 bushels, whereas 6,240,000 bushels were harvested last year. In Louisiana prospects for this crop declined from 5,320,000 bushels on August 1 to 5,092,000 bushels on September 1, and the latter figure compares with a harvest of 5,180,000 bushels in 1933. While there was some improvement in this crop in Oklahoma, the 640,000 bushels indicated on September 1 were substantially under the 1,404,000 bushels harvested in 1933. The indicated production of pecans in Louisiana, Oklahoma, and Texas is materially below the harvest of 1933.

Livestock

The long and severe drouth over the range territory in this district was partially relieved by the light to heavy rains which fell during the latter part of August and the first half of September. Stock water has been replenished in most sections, range vegetation in many areas has begun to green, and there is sufficient moisture to permit soil preparation and seeding of winter grains. There are some sections, however, which have had little or no precipitation, and practically all the district's range area will need additional rainfall to make range feed. The best condition obtains in the Texas coastal area where rains late in July brought about an improvement in range feed. Livestock in this area have also shown a marked improvement, but there was a further deterioration in most other areas.

The condition of cattle ranges in Texas on September 1 was rated by the Department of Agriculture at 50 per cent of normal, which was the same as a month earlier, but 27 points lower than a year ago. While the condition of cattle on September 1 showed no change from the 60 per cent on August 1, it was 28 points below that obtaining last year at this season. The condition of sheep and goat ranges declined 5 points during August, and at 50 per cent of normal condition was 21 points below that on September 1, 1933. Rains have been very spotty in the sheep and goat territory and there are some sections where conditions continue very acute. The condition of sheep declined 4 points in August, and that of goats declined 3 points.

Movements and Prices

Receipts of cattle and calves at the Fort Worth market showed further large increases during August due to the continued heavy purchases by the Federal Government. The number of hogs yarded, while greater than in the previous month, dropped considerably under that in August, 1933. The arrivals of sheep reflected a large decline as compared with both the previous month and the corresponding month last year.

Market prices for hogs made a sensational advance during

FORT WORTH LIVESTOCK RECEIPTS
(Number)

	August 1934	August 1933	Change over year	July 1934	Change over month
Cattle.....	154,070	34,040	+120,070	84,813	+69,257
Calves.....	72,300	22,131	+ 50,169	39,082	+33,218
Hogs.....	34,834	44,979	- 10,145	33,938	+ 896
Sheep.....	22,474	34,487	- 12,013	43,074	-20,600

the past month. Prices rose approximately \$3.00 in August reaching a top of \$7.75 late in the month, but at the middle of September the best offerings were selling at \$7.15. The market on most classes of cattle held generally firm during the past month, and there was usually a good demand for quality offerings. Sheep and lamb prices were fairly well sustained, but the lack of quality receipts prevented a real test of the market.

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	August 1934	August 1933	July 1934
Beef steers.....	\$6.15	\$5.65	\$7.85
Stocker steers.....	3.50	3.50	3.50
Butcher cows.....	3.50	3.50	3.50
Stocker cows.....	4.50	4.75	4.50
Calves.....	7.75	4.40	4.70
Hogs.....	3.00	3.00	3.00
Sheep.....	6.25	6.80	7.00
Lambs.....			

FINANCE

Condition of Member Banks in Selected Cities

A sharp rise in deposits and a substantial increase in loans were the outstanding features of reports of member banks in selected cities during the five-week period ending September 12. While loans on

securities, which totaled \$50,436,000 on September 12, declined \$7,948,000 during the five-week period "all other" loans (largely commercial) rose steadily throughout the period and on September 12 amounted to \$139,330,000, which was \$14,121,000 greater than five weeks earlier, and the largest total reported since January. As compared with a year ago, total loans were \$18,190,000 smaller, the decline being about equally divided between the two classes of loans. The net demand deposits of these banks increased from \$274,054,000 on August 8 to \$302,077,000 on September 12, and on the latter date, were \$85,722,000 larger than on the corresponding date in 1933. Time deposits declined \$1,251,000 during the five-week period, and on September 12 were \$1,022,000 below those a year earlier. The investments of these banks in United States securities were reduced \$5,680,000 between August 8 and September 12, but on the latter date were \$55,212,000 larger than a year ago. Investments in other stocks and bonds were increased \$4,990,000 in the five-week period, and on September 12 were \$6,305,000 greater than on the same date last year. These banks added \$11,724,000 to their reserves at the Federal Reserve Bank between August 8 and September 12.

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

	Sept. 12, 1934	Sept. 13, 1933	Aug. 8, 1934
United States securities owned.....	\$172,438	\$117,226	\$178,118
All other stocks, bonds, and securities owned.....	58,407	52,102	53,417
Loans on securities.....	50,436	59,689	58,384
All other loans.....	139,330	148,267	125,209
Total loans.....	189,766	207,956	183,593
Net demand deposits.....	302,077	216,355	274,054
Time deposits.....	122,293	123,315	123,544
Reserve with Federal Reserve Bank.....	84,561	32,741	72,837
Bills payable and rediscounts with Federal Reserve Bank.....	None	None	None

Operations of the Federal Re- serve Bank

Member bank borrowings at the Federal Reserve Bank showed a further decline during the past month, the total on September 15 being \$151,000 as compared with \$398,000 on August 15. Total borrowings on Septem-

ber 15, 1933, amounted to \$4,237,000. There were only 8 banks borrowing from the Federal Reserve Bank on September 15 as compared with 17 a month earlier and 129 a year ago. During the past month this bank made Industrial Advances totaling \$44,000 under the legislation enacted during June authorizing the Federal Reserve Banks to make such loans to provide established industrial and commercial businesses with working capital. There was no change in the Federal Reserve Bank's holdings of bills purchased in the open market, and of United States Government securities. While there was considerable fluctuation during the month in the reserve deposits of member banks, the total on September 15 amounted to \$120,041,000, which was \$5,080,000 greater than on August 15, and \$64,816,000 larger than on September 15, 1933. During the past month there was a substantial seasonal increase in the actual circulation of Federal reserve notes. The total on September 15 was \$48,766,000, as compared with \$42,121,000 a month earlier, and \$31,292,000 on the corresponding date last year. On September 15, 1933, however, there were outstanding Federal reserve bank notes of \$10,428,000.

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

	Sept. 15, 1934	Sept. 15, 1933	Aug. 15, 1934
Total cash reserves.....	\$108,631	\$ 54,445	\$ 96,750
Discounts for member banks.....	151	4,237	398
Industrial advances.....	44	None	3
Bills bought in the open market.....	142	177	142
United States securities owned.....	71,475	52,782	71,475
Other investments.....	None	5	None
Total earning assets.....	71,812	57,201	72,018
Member bank reserve deposits.....	120,041	55,225	114,961
Federal reserve notes in actual circulation.....	48,766	31,292	42,121
Federal reserve bank notes in actual circulation.....	None	10,428	None

Acceptance Market

Acceptances executed by accepting banks in this district and outstanding at the end of August totaled \$235,683, as compared with \$176,019 a month earlier, and \$1,955,966 on August 31, 1933. Acceptances based on import and export transactions rose from \$38,766 on July 31 to \$82,641 on August 31, and those executed against the domestic storage and shipment of goods increased from \$137,253 on the former date to \$153,042 on the latter date.

Deposits of Member Banks

The daily average of combined net demand and time deposits of member banks reflected a further increase during the past month. The average for August rose to \$723,879,000, representing a gain of \$4,856,000 over the previous month, and \$143,771,000 over the corresponding month last year. While the average of both net demand and time deposits of country banks rose slightly, most of the increase occurred in the average of net demand deposits of reserve city banks.

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

	Combined Total		Reserve City Banks		Country Banks	
	Net demand deposits	Time deposits	Net demand deposits	Time deposits	Net demand deposits	Time deposits
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.....	466,198	187,947	228,265	106,914	237,933	81,033
Dec., 1933.....	494,176	186,687	240,971	106,132	253,205	80,555
Jan., 1934.....	505,909	192,214	249,091	108,317	256,818	83,897
Feb., 1934.....	532,717	195,746	261,770	110,348	270,947	85,398
Mar., 1934.....	535,355	192,766	263,291	108,385	272,064	84,381
April, 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
June, 1934.....	519,465	192,712	256,456	109,597	263,009	83,115
July, 1934.....	521,333	197,690	255,210	112,632	266,123	85,058
Aug., 1934.....	527,054	196,825	260,061	111,551	266,993	85,274

Debits to Individual Accounts

There was a seasonal expansion in debits to individual accounts at banks in principal cities in the Eleventh Federal Reserve District during August. The total for the month amounted to \$550,632,000, which was 4.7 per cent greater than in July, and 26.0 per cent above that for

August, 1933. The latter increase was the largest shown for any month since April.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	August 1934	August 1933	Percentage change over year	July 1934	Percentage change over month
Ablene.....	\$ 4,837	\$ 3,834	+26.2	\$ 4,517	+ 7.1
Austin.....	28,668	14,757	+94.3	17,210	+66.6
Beaumont.....	16,130	11,520	+40.0	17,132	+ 5.8
Corsicana.....	2,525	2,297	+ 9.9	2,094	+20.6
Dallas.....	159,124	124,396	+27.9	147,298	+ 8.0
El Paso.....	16,544	12,097	+36.8	15,546	+ 6.4
Fort Worth.....	56,326	46,839	+20.3	60,717	+ 7.2
Galveston.....	20,635	16,145	+27.8	18,145	+13.7
Houston.....	127,589	108,444	+17.7	126,896	+ 5
Port Arthur.....	5,290	4,436	+19.3	5,027	+ 5.2
Roswell.....	1,744	1,714	+ 1.8	1,752	+ 5
San Antonio.....	50,374	39,751	+26.7	48,163	+ 4.6
Shreveport.....	27,747	23,514	+18.0	27,619	+ 5
Texarkana*.....	4,773	4,897	- 2.5	4,683	+ 1.9
Tucson.....	6,607	4,848	+36.3	7,158	+ 7.7
Waco.....	11,192	9,417	+18.8	9,908	+13.0
Wichita Falls....	10,527	8,082	+30.3	11,868	+11.3
Total.....	\$550,632	\$436,988	+26.0	\$525,783	+ 4.7

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

Savings Deposits

The amount of savings deposits of 130 banks in this district totaled \$140,758,748 on August 31, which was 0.1 per cent less than on July 31, but 7.0 per cent larger than on the corresponding date in 1933. Most of the reporting cities reflected increases over both comparative periods. The number of savings depositors at 120 banks showed a slight gain over that a month earlier and was substantially greater than a year ago.

SAVINGS DEPOSITS

	August 31, 1934			August 31, 1933			July 31, 1934		
	Number of reporting banks	Number of savings depositors	Amount of savings deposits	Number of savings depositors	Amount of savings deposits	Percentage change over year in savings deposits	Number of savings depositors	Amount of savings deposits	Percentage change over month in savings deposits
Beaumont.....	3	8,542	\$ 3,409,370	7,870	\$ 3,088,048	+10.4	8,371	\$ 3,432,416	- .7
Dallas.....	9*	75,138	24,492,619	75,461	23,524,270	+ 4.1	75,042	24,491,300	0.0
El Paso.....	2	11,092	4,707,201	9,665	3,980,400	+18.3	10,978	4,623,830	+ 1.8
Fort Worth.....	4	33,113	10,269,124	32,228	10,267,880	0.0	33,173	10,275,357	+ .1
Galveston.....	4	16,708	9,823,815	16,564	9,814,794	+ .1	16,725	9,756,296	+ .7
Houston.....	11*	64,799	28,696,723	63,775	27,887,658	+ 2.9	64,130	28,518,953	+ .6
Port Arthur.....	2	4,846	1,926,961	4,662	1,816,504	+ 6.1	5,122	1,913,713	+ .7
San Antonio.....	6	19,900	15,150,321	17,545	13,107,148	+15.6	19,577	14,956,528	+ 1.3
Shreveport.....	3	21,691	10,211,532	21,336	9,438,992	+ 8.2	21,662	10,125,293	+ .9
Waco.....	3	10,596	5,089,035	10,391	5,556,636	- 8.4	10,563	6,034,127	+15.7
Wichita Falls.....	3	5,756	2,886,707	5,463	2,427,926	+18.9	5,775	2,879,149	+ .3
All others.....	80*	52,995	24,095,340	50,751	20,643,378	+16.7	52,825	23,886,989	+ .9
Total.....	130	325,176	\$140,758,748	315,711	\$131,553,634	+ 7.0	324,943	\$140,893,951	- .1

*Only 8 banks in Dallas, 10 in Houston, and 72 in "All others" reported the number of savings depositors.

SEPTEMBER 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 4-6	6-8 5-6	1½-7 6	5-7 5-6	5-8 6	3-6 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	6-8	5-10	4-7	6-8	6-8
Time.....	4-8	6-8	5-10	5-7	6-8	6-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	2-7	8	6-8	3-7	6-8	5-6
Rate on cattle loans.....	5½-6	6-8	6-10	7-10	8-10	8

INDUSTRY

Cottonseed Products

The August receipts of cottonseed at both Texas and United States mills reflected a large seasonal increase over those in July due to the movement of the new cotton crop, and they were also larger than in August, 1933. The volume of cot-

tonseed crushed and the amount of cottonseed products produced, while substantially greater than in the previous month, reflected a noticeable decline from the corresponding month last year. Stocks of cake and meal on hand on August 31 at United States mills showed a large decline as

compared with those on July 31 and on August 31 last year. Mill stocks of hulls increased in August, but at the close of the month were considerably lower than on the same date last year. Holdings of linters declined in August, but were larger than on August 31, 1933.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to August 31 This season	Last season	August 1 to August 31 This season	Last season
Cottonseed received at mills (tons).....	177,677	157,991	271,145	236,040
Cottonseed crushed (tons).....	98,429	122,908	195,761	235,033
Cottonseed on hand August 31 (tons).....	182,196	134,386	300,023	221,945
Crude oil produced (pounds).....			59,322,191	71,562,448
Cake and meal produced (tons).....			90,633	107,335
Hulls produced (tons).....			54,808	65,966
Linters produced (running bales).....			38,450	38,471
Stocks on hand August 31:				
Crude oil (pounds).....				
Cake and meal (tons).....			96,147	177,948
Hulls (tons).....			42,923	98,205
Linters (running bales).....			73,411	69,657

Textile Milling

The domestic consumption of cotton in the United States amounted to 420,949 bales in August, which reflected a substantial expansion over the 359,372 bales consumed in July, but it fell materially under the consumption of 588,902 bales in August, 1933. It will be recalled, however, that consumption a year ago was exceptionally large, due to unusual conditions. Stocks of cotton on hand in consuming establishments on August 31 showed a further decline from the previous month, and were below those on the corresponding date in 1933.

The August production of cloth at reporting textile mills in Texas reflected a slight gain over that in July, but showed a decline as compared with August last year. Orders on hand at the end of the month were smaller than a month earlier or a year ago. While stocks reflected a substantial decline between July 31 and August 31, they were materially larger than at the end of August last year.

COTTON CONSUMED AND ON HAND

	August 1934	August 1933	August 1 to August 31 This season	Last season
Cotton-growing states:				
Cotton consumed.....	336,159	464,705	336,159	464,705
On hand August 31 in—				
Consuming establishments.....			809,683	582,202
Public storage and com- presses.....			5,550,421	5,414,060
United States:				
Cotton consumed.....	420,949	588,902	420,949	588,902
On hand August 31 in—				
Consuming establishments.....			1,031,218	1,155,556
Public storage and com- presses.....			5,824,025	5,799,467

Cotton Movements Receipts of cotton at Galveston during August were substantially lower than in July and slightly smaller than a year ago; at Houston they were more than double July receipts but fell materially under those in August, 1933. The combined exports of cotton from Houston and Galveston showed a noticeable decline as compared with both July this year and August last year. Stocks of cotton on hand at both ports on August 31 were smaller than a month earlier, and those at Houston continued substantially under those on the corresponding date last year.

Exports from all United States ports reflected a further

decline from the previous month and were only about half those in August, 1933. The total for the month, which amounted to only 267,562 bales, was the lowest for any month in three years. There was a noticeable decline as compared with a year ago in the takings of practically all importing countries.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON (Bales)

	August 1934	August 1933	August 1 to August 31 This season	Last season
Receipts.....	47,738	49,483	47,738	49,483
Exports.....	63,140	52,075	63,140	52,075
Stocks, August 31.....			496,091	432,405

COTTON—GALVESTON STOCK STATEMENT (Bales)

	August 31, 1934	August 31, 1933
For Great Britain.....	2,000	2,000
For France.....	1,900	2,000
For other foreign ports.....	26,600	19,500
For coastwise ports.....	1,000	1,000
In compresses and depots.....	464,591	407,905
Total.....	496,091	432,405

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON (Bales)

	August 1934	August 1933	August 1 to August 31 This season	Last season
Receipts.....	64,431	166,090	64,431	166,090
Exports.....	83,217	185,784	83,217	185,784
Stocks, August 31.....			821,586	1,135,711

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

	August 1 to August 31 This season	Last season
Receipts.....	324,502	511,960
Exports:		
United Kingdom.....	43,902	108,722
France.....	7,824	55,613
Italy.....	22,624	32,216
Germany.....	43,980	92,739
Other Europe.....	47,980	81,563
Japan.....	67,779	117,481
All other countries.....	33,473	42,293
Total foreign ports.....	267,562	530,627
Stocks held at all United States ports August 31.....	2,445,847	2,957,552

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

	August, 1934		Sept. 15, 1934
	High	Low	
New York.....	13.95	13.00	12.95
New Orleans.....	13.80	12.93	12.91
Dallas.....	13.35	12.50	12.55
Houston.....	13.70	12.90	12.90
Galveston.....	13.75	12.90	12.90

Petroleum

The production of crude oil in the Eleventh Federal Reserve District reflected a decline in August. The month's output totaled 33,108,000 barrels, as compared with 34,628,950 barrels in July, and 39,604,050 barrels in August last year. The daily average decline between July and August amounted to 49,063 barrels. Drilling activity showed a noticeable curtailment. There were 799 completions in August, of which 581 wells were producers of oil, whereas in July 1,154 wells

were completed with 819 wells producing oil. The initial output declined from 3,205,547 barrels in July to 2,114,607 barrels in August.

OIL PRODUCTION—(Barrels)

	August, 1934		Increase or decrease over July, 1934	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	3,693,650	119,150	— 20,900	— 674
Central West Texas.....	5,617,200	181,200	+ 273,100	+ 8,810
East Texas.....	14,325,100	462,100	—2,004,150	—64,650
South Texas.....	1,765,450	56,950	+ 49,300	+ 1,590
Texas Coastal.....	5,473,050	176,550	+ 210,850	+ 6,802
Total Texas.....	30,874,450	995,950	—1,491,800	—48,122
New Mexico.....	1,474,050	47,550	— 20,700	— 668
North Louisiana.....	759,500	24,500	— 8,450	— 273
Total District.....	33,108,000	1,068,000	—1,520,950	—49,063

The daily average production in Texas fields during August totaled 995,950 barrels, which was 48,122 barrels less than the July average, and 214,950 barrels below that in the corresponding month last year. The major portion of the decline from both comparative months occurred in the East Texas field. There were slight declines in the daily average production in Louisiana and New Mexico as compared with the previous month.

CRUDE OIL PRICES

	Sept. 14, 1934	Sept. 15, 1933
Texas Coastal (34 gr. and above).....	\$1.12	\$.99
North Texas (40 gr. and above).....	1.03	.92
North Louisiana (40 gr. and above).....	1.08	.92

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

AUGUST DRILLING RESULTS

	Completions	Producers	Gas Wells	Failures	Initial production
North Texas.....	182	109	10	63	27,870
Central West Texas.....	90	53	3	34	125,885
East Texas.....	314	297	5	12	1,890,457
South Texas.....	90	47	7	36	15,200
Texas Coastal.....	85	56	3	26	30,014
Total Texas.....	761	562	28	171	2,089,426
New Mexico.....	13	9	..	4	24,540
North Louisiana.....	25	10	3	12	641
August totals, District.....	799	581	31	187	2,114,607
July totals, District.....	1,154	819	34	301	3,205,547

Building

The valuation of building permits issued in August at fourteen principal cities in the Eleventh District not only showed substantial increases over the previous month and the same month last year, but also exceeded, with one exception, the amount reported in any of the preceding twelve months. The total volume was \$1,353,712, as compared with \$932,005 in July, and \$972,107 in August last year. All cities except two participated in the gain over July.

BUILDING PERMITS

	August, 1934		August, 1933		Percentage change valuation over year	July, 1934		Percentage change valuation over month	January 1 through August 31				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1934		1933		
									No.	Valuation	No.	Valuation	
Amarillo.....	29	\$ 16,842	19	\$ 22,714	— 25.9	53	\$ 22,324	— 24.6	227	\$ 205,771	144	\$ 133,133	+ 54.6
Austin.....	97	194,514	88	95,145	+104.4	83	94,427	+106.0	608	625,583	712	1,134,492	— 44.9
Beaumont.....	116	74,749	123	12,114	+517.0	89	39,254	+ 90.4	710	234,611	644	124,139	+ 89.0
Corpus Christi..	30	38,735	28	18,360	+111.0	25	18,505	+109.3	196	221,455	186	116,215	+ 90.6
Dallas.....	368	195,677	373	180,684	+ 8.3	349	155,394	+ 25.9	3,045	1,607,283	2,735	1,457,005	+ 10.3
El Paso.....	67	35,001	48	22,295	+ 57.0	38	13,035	+168.5	327	177,846	295	140,929	+ 26.2
Fort Worth.....	90	101,430	95	105,351	— 3.7	70	53,308	+ 90.3	635	555,578	680	2,426,480	— 77.1
Galveston.....	132	27,433	94	29,636	+ 7.4	103	27,210	+ 8	943	366,802	713	291,897	+ 25.7
Houston.....	220	328,350	261	235,655	+ 39.3	191	259,395	+ 26.6	1,501	3,197,205	1,418	2,320,782	+ 37.8
Port Arthur.....	54	10,023	90	15,821	— 36.6	54	15,948	— 37.2	368	98,080	350	61,259	+ 60.1
San Antonio.....	144	69,091	125	92,880	— 25.6	115	53,358	+ 29.5	1,066	514,168	1,073	745,350	— 31.0
Shreveport.....	200	139,546	155	97,576	+ 43.0	160	130,607	+ 6.8	1,259	657,184	849	322,651	+103.7
Waco.....	21	31,509	22	32,923	+ 4.3	14	19,919	+ 58.2	147	226,663	196	229,242	— 1.1
Wichita Falls...	82	90,812	31	10,953	+729.1	86	29,321	+209.7	530	197,618	236	64,821	+204.9
Total.....	1,650	\$1,353,712	1,552	\$ 972,107	+ 39.3	1,430	\$ 932,005	+ 45.2	11,562	\$8,885,847	10,231	\$ 9,568,395	— 7.1

Cement

While the manufacture of Portland cement at mills in Texas was appreciably curtailed in August, it showed a large increase over a year ago, and the amount of shipments reported was larger than in either the previous month or the same month last year. Production totaled 267,000 barrels, as compared with 321,000 barrels in July, and 153,000 barrels in August,

1933. There were 292,000 barrels of cement shipped from these mills during the month, as against 288,000 barrels in the preceding month, and 198,000 barrels in the corresponding month last year. Stocks on hand at the close of August, which amounted to 603,000 barrels, were 4.0 per cent less than a month earlier and 16.1 per cent below the level of a year ago.

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

	August 1934	August 1933	Percentage change from July 1934	January 1 through August 31, 1934	Percentage change from year
Production at Texas mills.....	267	+74.5	—16.8	2,524	+9.5
Shipments from Texas mills.....	292	+47.5	+ 1.4	2,474	+9.3
Stocks at end of month at Texas mills.....	603	—16.1	— 4.0	.....	.....

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board, September 26, 1934)

Total output of industry, which usually increases at this season, showed little change in August. Factory employment and payrolls increased between the middle of July and the middle of August by about the usual seasonal amount. Distribution of commodities at department stores showed a more than seasonal growth.

PRODUCTION AND EMPLOYMENT

Output of basic industrial products, as measured by the Board's index, which makes allowance for usual seasonal changes, declined from 75 per cent of the 1923-1925 average in July to 73 per cent in August. At steel mills production continued to decline during August and the early part of September, contrary to seasonal tendency; in the middle of September a slight increase in activity was reported. Output of automobiles, which had been maintained at a relatively high rate during the spring and early summer, declined in August. Lumber production showed an increase. In the cotton textile industry production was in larger volume in August than in July, but was retarded by the strike in the first three weeks of September. At meat packing establishments output in August was larger than in any other recent month, accompanying heavy marketings of cattle from drought areas. Factory employment showed a seasonal increase between the middle of July and the middle of August, reflecting considerable growth in employment in the wearing apparel, canning, and meat packing industries, while employment in the iron and steel industries and at railroad repair shops declined. The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was about the same in August as in each of the four preceding months. Department of Agriculture estimates as of September 1 indicate a corn crop 40 per cent smaller than the average for the five years 1927-1931, and other feed crops also are expected to be unusually small. The condition of pastures on September 1 was poorer than in any other recent year but some improvement has been reported in the early part of September. The spring wheat crop, estimated at 93,000,000 bushels, is about one-third of the five-year average and the winter wheat crop is also small. The cotton crop is estimated at 9,300,000 bales, a sharp reduction from other recent years.

DISTRIBUTION

Volume of freight-car loadings, which usually increases

at this season, showed little change in August. Shipments of miscellaneous freight showed no seasonal expansion, while shipments of livestock increased considerably. Department store sales increased by an amount substantially larger than is usual in August, and were 2 per cent higher than a year ago.

COMMODITY PRICES

Wholesale prices of commodities increased in August and the first week of September, reflecting sharp advances in the prices of farm products and foods. Hog prices advanced rapidly during the month of August, and in the latter part of the month cattle prices also showed a marked increase. Since the beginning of September, prices for both hogs and cattle have declined somewhat, and in the middle of the month there have also been decreases in the prices of wheat and cotton. In August, as in other recent months, there was little change in prices of commodities other than farm products and foods.

BANK CREDIT

A seasonal increase in demand for currency by the public and an increase in government deposits at the reserve banks were reflected in a decline in member bank reserve balances between the middle of August and the middle of September. On September 19 reserve balances were about \$1,700,000,000 in excess of legal requirements. There was little change in the volume of reserve bank credit during August and September. Total loans and investments of reporting member banks showed little change between August 15 and September 19; loans, other than security loans, increased by \$170,000,000, and holdings of securities by \$50,000,000, while security loans declined by \$200,000,000. The increase in loans other than on securities occurred largely at banks in New York City and in the western districts, and reflected chiefly a growth in direct loans to customers for ordinary commercial purposes and for financing the harvesting of crops. The banks' holdings of acceptances and commercial paper, which also reflect current business financing, increased during the period. Short-term money rates continued at low levels. Yields on both United States Governments and corporate bonds increased during August and the first half of September.