

MONTHLY BUSINESS REVIEW

OF THE

FEDERAL RESERVE BANK OF DALLAS

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(Compiled January 15, 1935)

Volume 19, No. 12

Dallas, Texas, February 1, 1935

This copy is released for publication in morning papers—

Feb. 1

DISTRICT SUMMARY

THE SITUATION AT A GLANCE
Percentage of increase or decrease in—

	December 1934	Change from November
Bank debits to individual accounts (at 17 cities).....	\$644,806,000	+ 17.5%
Department store sales.....	.....	+ 57.1%
Reserve bank loans to member banks at end of month.....	\$ 12,000	— 20.0%
Reserve bank ratio at end of month.....	64.2%	— .3 points
Building permit valuation at larger centers....	\$ 1,288,937	— 37.6%
Commercial failures (number).....	21	+ 23.5%
Commercial failures (liabilities).....	\$ 553,571	+147.2%
Oil production (barrels).....	31,978,650	+ 4.0%

A strong demand for merchandise at retail and sustained activity in wholesale distribution were constructive features of the business situation in this district during December. Following the heavy consumer buying in November, the December sales of department stores in principal cities reflected a seasonal rise of 57 per cent over the previous month, and were 15 per cent above those in the corresponding month a year earlier. The seasonally adjusted index of department store sales for December rose to the highest point recorded since the low point in January, 1933. Wholesale distribution, while showing the usual decline from November, was maintained at a higher level than a year ago. Several wholesalers reported a considerable volume of fill-in business. Debits to individual accounts at larger centers in December exceeded those of November by 18 per cent, and were 9 per cent above those in the corresponding month of 1933.

The agricultural and livestock situation continues to be affected adversely by the lack of moisture. Over the major portion of the district there is a deficiency of subsoil moisture and in some areas there is no surface moisture.

BUSINESS

Wholesale Trade

While seasonal decreases were registered in several lines, the demand for merchandise at wholesale in this district was well sustained during December. In every reporting line except one the comparison with the same month a year ago was more favorable than in November. Distribution of dry goods during the month reflected a decline from November which was apparently less than is usual at this season, and the sales of drugs and farm implements were on a larger scale than in the previous month. Because of the active consumer demand and the generally conservative inventories of retail

Small grains, which showed considerable improvement following the rains early in December, are now showing a tendency to deteriorate. Heavy rains are needed to sustain plant growth. On the other hand, the mild temperatures and open weather have enabled farmers to make good progress with farming operations and have been favorable to livestock. The condition of ranges and livestock over much of the district continues poor to only fair. The absence of adequate pasturage has necessitated heavy feeding in some areas to sustain the condition of livestock. After the turn of the year, market prices of most classes of livestock reflected a noticeable advance.

Financial statistics reflected changes largely of a seasonal nature. The commercial loans of member banks in selected cities showed the usual decline between December 12 and January 9, and on the latter date were in about the same volume as a year ago. The combined net demand and time deposits of member banks in this district averaged \$793,025,000 in December, as compared with \$792,953,000 in November, and \$680,863,000 in the corresponding month of 1933. Member bank borrowings from the Federal Reserve Bank were in nominal amount, but this bank's advances to industrial and commercial businesses for working capital purposes had risen to \$1,102,000 on January 15. While the return flow of currency after the holidays reduced the circulation of Federal reserve notes, the total on January 15 was substantially larger than a year earlier.

Although the valuation of building permits issued at principal cities declined 38 per cent from November, the month which established a record volume for the year, the total for December was 62 per cent larger than in the same month of 1933. The aggregate volume for 1934 was 22 per cent larger than that for the previous year.

merchants, frequent replacement orders have been necessary to keep stocks from becoming depleted. Total sales of reporting firms during the last half of 1934 were materially larger than in the same period in 1933, the increases ranging from 3.5 per cent in the case of hardware to 65.1 per cent in the case of farm implements. Collections during December, in all lines except drugs and hardware, were seasonally smaller than in the preceding month.

While a further considerable reduction usually occurs in the demand for dry goods at wholesale during December,

the decline reflected last month was appreciably smaller than seasonal and a favorable comparison with a year ago was shown. The sales of reporting firms totaled 24.8 per cent less than in November, but reached a volume 15.0 per cent in excess of that in December, 1933. The month's collections were somewhat less than those in November.

The distribution of farm implements through wholesale channels in this district turned seasonally upward in December and registered a gain of 17.1 per cent over the previous month. An improvement was shown in the comparison with a year ago, the December increase amounting to 61.8 per cent as against a similar expansion of 49.5 per cent in November. Inventories on hand at the year-end were substantially larger than at the close of 1933. The volume of collections during the month reflected a material decline from November, but it was attributable chiefly to seasonal influences.

For the second consecutive month a contrary to seasonal increase occurred in the demand for drugs at wholesale during December. Business was 3.8 per cent larger than in November, and it showed a gain of 14.7 per cent over that in December, 1933. Reports coming from some portions of the district indicated the existence of a better sentiment. Total collections were slightly larger than in the preceding month.

Business in the wholesale hardware line declined somewhat more than seasonally in December, and was 11.0 per cent below the volume of the same month a year ago. The decrease from November amounted to 12.3 per cent. Despite the retarding influences which were visible in many portions of the district, some improvement was reported in certain localities. Little change from the previous month was reflected in December's volume of collections.

The sales of groceries by fourteen reporting wholesale firms during December showed a further decline of 10.4 per cent as compared with the preceding month. However, the decrease was due principally to seasonal factors, and the comparison with a year ago was somewhat better than that registered in either of the two preceding months. A general reduction of 10.3 per cent in stocks on hand was made in December, but at the close of the month most firms held substantially larger inventories than a year ago. A decline of only 1.3 per cent was reported in collections during the month.

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

	Net Sales Dec., 1934 compared with Dec., 1933	Net Sales Nov., 1934 compared with Nov., 1933	Net Sales July 1 to date compared with same period last year	Stocks Dec., 1934 compared with Dec., 1933	Ratio of collec- tions during Dec. to Nov., notes outstanding on November 30
Groceries.....	+11.8	-10.4	+14.6	+15.7	-10.3
Dry goods.....	+15.0	-24.8	+8.4	+3.3	.9
Farm implements..	+61.8	+17.1	+65.1	+32.0	.2
Hardware.....	-11.0	-12.3	+3.5	-7.4	-4.7
Drugs.....	+14.7	+3.8	+10.5	+5.7	-2.4

Retail Trade

Stimulated by widespread Christmas shopping, the December demand for merchandise at department stores in principal cities of the Eleventh District rose to the highest level for that month since 1930. Sales were 15.2 per cent greater than in December, 1933, and exceeded the November, 1934, business by 57.1 per cent, which is considerably larger than the average seasonal increase for that month. The significance of the increase over December, 1933, is greater when allowances are made for the fact that department store business had shown substantial recovery by December, 1933. This bank's seasonally adjusted index of department store sales for December also reached a new high level for the current recovery period. The index, which stood at 89.3 per cent of the 1923-1925 average for December, was 10 points higher than in the previous month, 11.1 points above December, 1933, and 35.6 points higher than the low point in January, 1933. For 1934 the average increase in department store sales was 21.2 per cent above that for the preceding year.

Inventories held on December 31 reflected a seasonal decline of 23.1 per cent from those a month earlier, but remained 4.7 per cent greater than the stocks held on the same date of 1933. The rate of stock turnover during 1934 was 3.28, as compared with 3.02 in 1933.

December collections on both open and installment accounts evidenced a slight increase over the previous month. The ratio of collections in December to open accounts outstanding at the beginning of the month was 41.1 per cent, as against 39.8 per cent in November, and 36.8 per cent in December a year ago. Collections on installment accounts increased from 14.4 per cent in November to 15.6 per cent in December.

BUSINESS OF DEPARTMENT STORES

Total sales (percentage):	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
December, 1934, compared with December, 1933.....	+19.4	+11.6	+9.6	+21.2	+12.6	+15.2
December, 1934, compared with November, 1934.....	+53.7	+80.5	+48.2	+49.8	+63.8	+57.1
January 1 to date compared with same period last year.....	+26.6	+13.4	+20.4	+22.7	+17.2	+21.2
Credit sales (percentage):						
December, 1934, compared with December, 1933.....	+20.9	+12.9	+14.1	+23.5	+17.1	+18.3
December, 1934, compared with November, 1934.....	+45.3	+69.6	+43.1	+47.9	+59.7	+50.4
January 1 to date compared with same period last year.....	+26.6	+14.0	+23.2	+23.3	+17.4	+22.4
Stocks on hand at end of month (percentage):						
December, 1934, compared with December, 1933.....	+5.3	-1.6	+8.3	+13.7	+1.1	+4.7
December, 1934, compared with November, 1934.....	-23.9	-24.2	-23.8	-21.3	-21.7	-23.1
Stock turnover (rate):						
Rate of stock turnover in December, 1933.....	.46	.42	.43	.47	.38	.43
Rate of stock turnover in December, 1934.....	.52	.49	.43	.52	.43	.48
Rate of stock turnover January 1 to December 31, 1933.....	3.23	2.62	3.08	3.62	2.60	3.02
Rate of stock turnover January 1 to December 31, 1934.....	3.64	2.85	3.11	3.87	2.74	3.28
Ratio of December collections to open accounts receivable outstanding December 1, 1934..	41.6	35.1	41.0	47.0	39.9	41.1
Ratio of Dec. collections to installment accounts receivable outstanding Dec. 1, 1934.....	16.9	10.6	.....	.....	27.8	15.6
Indexes of department store sales:						
Unadjusted—November, 1934.....	94.6	96.4	105.9	79.4	.....	92.0
Unadjusted—December, 1934.....	143.7	173.9	155.1	123.3	.....	145.6
Adjusted—November, 1934.....	80.2	80.3	90.5	69.0	.....	79.3
Adjusted—December, 1934.....	89.8	98.2	94.6	79.5	.....	89.3
Indexes of department store stocks:						
Unadjusted—November, 1934.....	60.0	76.3	56.7	51.2	.....	64.2
Unadjusted—December, 1934.....	45.3	58.5	42.7	39.4	.....	46.1
Adjusted—November, 1934.....	55.0	67.5	49.3	46.1	.....	57.3
Adjusted—December, 1934.....	51.5	71.3	45.9	44.3	.....	50.4

Commercial Failures

As is often the case in the closing month of the year, commercial failures in this district during December reflected an increase both in number and liabilities as compared with the preceding month. While the business mortality rate was lower than in the same month a year ago, the amount of indebtedness involved was larger. According to the re-

port compiled by Dun & Bradstreet, Incorporated, there were 21 defaulting firms during the month, as against 17 in November, and 33 in December a year ago. Total liabilities amounted to \$553,571 in December, which compares with \$223,903 in the previous month, and \$303,290 in the same month in 1933.

AGRICULTURE

Crop Conditions

The mild temperatures and the generally open weather which prevailed in this district during the past month enabled farmers to make rapid progress with field work. On the other hand, there is a deficiency of subsoil moisture over a very large area of the district and heavy general rains are needed to overcome this condition and to sustain the growth of winter crops. Beneficial moisture in South Texas was favorable to the development of commercial vegetable crops in that area.

The Department of Agriculture estimated the area in Texas seeded to winter wheat in the fall of 1934 as 4,373,000 acres, which represents an increase of 7 per cent over the seedings in the fall of 1933. However, it is lower than the areas sown in any of the three preceding falls. Increases in acreage were also reported for Oklahoma and New Mexico, but there was a slight decline for Arizona. The condition of the Texas crop on December 1 was 55 per cent of normal as compared with 66 per cent a year earlier. Drouthy conditions still prevail in the wheat sections of Northwest Texas and crop progress has been affected adversely. The wheat crop in Arizona and New Mexico has been benefited by timely rains and snows.

Harvesting of early fall vegetables in South Texas has continued without any serious frost damage. While shipments have been light as the planting of winter vegetables was late, the Department of Agriculture reported that increased movements are expected late in January.

Grain Stocks on Farms Lower

According to the report of the Department of Agriculture, stocks of wheat, corn and oats on farms in states attached to this district were lower on January 1, 1935, than on the

corresponding date of the three preceding years. The principal exception was the stocks of oats on farms in Texas. While stocks of oats in the State at the beginning of 1935 were 12,986,000 bushels as compared with 7,907,000 bushels a year earlier, the figure is sharply lower than on January 1, 1932 and 1933. On the other hand, stocks of corn on farms in Texas totaled 24,101,000 bushels on January 1, 1935, as compared with 40,580,000 bushels on the same date in 1934, 62,016,000 bushels in 1933, and 59,785,000 bushels in 1932. Large declines were also reported for Oklahoma, New Mexico, and Arizona.

Crop Production and Value in 1934

The appended table, compiled from the December, 1934, report of the Department of Agriculture, gives the comparative figures on the production and value of farm products in Texas and the value of farm products in other states attached to this district. It will be noted that among the major crops in Texas, sharp declines occurred in the production of cotton, corn, and grain sorghums. These declines were due in part to the severe drouth and in part to the smaller acreage. On the basis of the December 1 price, the total farm value of all crops in Texas was placed at \$334,459,000 in 1934 as compared with \$352,339,000 in 1933. The principal factor in the decline was the lower value of the cotton crop. Despite the substantially higher unit price for lint cotton, the value of lint cotton declined \$55,196,000, but this was partially offset by an increase of \$13,398,000 in the value of cottonseed. There was also a decline in the farm value of all crops in Oklahoma, but an increase was shown for Louisiana, New Mexico, and Arizona. These figures do not include the benefit payments to the farmers by the Agricultural Adjustment Administration.

Farm Value
(000's omitted)

COMPARATIVE PRODUCTION AND VALUE OF TEXAS FARM PRODUCTS AS COMPILED BY THE UNITED STATES DEPARTMENT OF AGRICULTURE

Commodity	Quantity Produced		Increase or decrease in quantity produced	Value based on Dec. 1 farm price (000's omitted)		Increase or decrease in value (000's omitted)
	1934	1933		1934	1933	
Cotton (lint).....	2,395,000 bales	4,428,000 bales	- 2,033,000 bales	\$ 148,490	\$ 203,686	- \$55,196
Cottonseed.....	1,066,000 tons	1,973,000 tons	- 907,000 tons	39,442	26,044	+ 13,398
Corn.....	45,873,000 bushels	74,824,000 bushels	-28,951,000 bushels	39,451	38,160	+ 1,291
Wheat.....	25,749,000 bushels	14,008,000 bushels	+11,741,000 bushels	22,917	9,666	+ 13,251
Oats.....	32,466,000 bushels	20,808,000 bushels	+11,658,000 bushels	17,856	7,907	+ 9,949
Barley.....	2,457,000 bushels	1,720,000 bushels	+ 737,000 bushels	1,867	757	+ 1,110
Grain sorghums.....	17,928,000 bushels	46,508,000 bushels	-28,580,000 bushels	15,239	19,068	- 3,829
Rice.....	7,738,000 bushels	7,685,000 bushels	+ 53,000 bushels	6,113	6,225	- 112
Hay (tame and wild).....	509,000 tons	682,000 tons	- 173,000 tons	6,671	5,214	+ 1,457
Broomcorn.....	2,900 tons	1,200 tons	+ 1,700 tons	464	126	+ 338
Potatoes (white).....	3,780,000 bushels	3,648,000 bushels	+ 132,000 bushels	3,402	2,991	+ 411
Potatoes (sweet).....	3,300,000 bushels	6,940,000 bushels	- 3,640,000 bushels	2,640	3,432	- 792
Peanuts (all purposes).....	73,125,000 pounds	128,340,000 pounds	-55,215,000 pounds	2,048	3,080	- 1,032
Pecans.....	13,000,000 pounds	24,000,000 pounds	-11,000,000 pounds	1,465	1,458	+ 7
Texas—Total farm value of 13 crops listed above.....				\$ 308,065	\$ 327,814	- \$19,749
Texas—Total farm value of all crops*.....				334,459	352,339	- 17,880
Oklahoma—Total farm value of all crops*.....				103,228	121,326	- 18,098
Louisiana—Total farm value of all crops*.....				88,294	68,821	+ 19,473
New Mexico—Total farm value of all crops*.....				17,971	17,239	+ 732
Arizona—Total farm value of all crops*.....				23,978	17,471	+ 6,507

*Based on 64 principal crops.

Livestock

The range and livestock situation in the Eleventh Federal Reserve District showed some improvement in December, but in many areas the condition continues very unsatisfactory. The late November and early December rains bettered the condition over a large area and temporarily relieved the acute situation in the Northwest District and the Edwards Plateau area of Texas but additional moisture is badly needed, especially for wheat pastures. Wheat pastures are backward and are furnishing only limited grazing. The most critical condition prevails in the extreme western district and the best condition is found in South Texas. Conditions in New Mexico are spotty. Most sections have received moisture, but some areas are still very dry. Rains have fallen over southeastern Arizona and there are good prospects for early feed. Livestock generally have about held their own due largely to the mild, open weather and heavy feeding.

According to the report of the Department of Agriculture, the condition of Texas cattle ranges on January 1, 1935, remained unchanged from a month earlier at 52 per cent of normal and compared with 69 per cent on the same date a year ago. While the condition of sheep and goat ranges advanced 1 point to 46 per cent of normal, it was 14 points lower than on January 1, 1934. There was an increase of 2 points in the condition of cattle, the January 1 figure being 62 per cent as compared with 60 per cent on December 1, and 74 per cent a year ago. The condition of sheep declined 1 point and that of goats remained unchanged. As compared with a year earlier the January 1 condition of sheep was 9 points lower and that of goats 5 points lower.

Movements and Prices

The receipts of cattle, calves, and hogs at the Fort Worth market reflected an increase over both the previous month and the corresponding month last year. The arrivals of cattle

and calves included a substantial volume of Government purchases. The receipts of sheep showed a sharp decline as compared with the previous month and were about the same as in December last year.

Higher prices for all classes of livestock featured trading activities during the past thirty days. During the first half of January, prices on all classes of cattle rose to the higher levels and demand was generally good. Hog prices turned upward about the middle of December and rose rapidly in the first two weeks of January. Toward the middle of the month, the best offerings brought \$8.25, the highest price in several years. Sheep and lamb prices were higher than at any time since last spring.

FORT WORTH LIVESTOCK RECEIPTS
(Number)

	December 1934	December 1933	Change over year	November 1934	Change over month
Cattle.....	62,135	24,415	+37,720	58,410	+ 3,725
Calves.....	34,720	24,520	+10,200	33,546	+ 1,174
Hogs.....	30,878	26,919	+ 3,959	26,485	+ 4,393
Sheep.....	18,406	18,393	+ 13	47,432	-29,026

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	December 1934	December 1933	November 1934
Beef steers.....	\$7.25	\$4.65	\$6.35
Stocker steers.....	4.10	3.00	4.00
Butcher cows.....	3.25	3.00	3.25
Stocker cows.....	2.50	2.50	2.50
Calves.....	5.00	3.75	4.75
Hogs.....	7.10	3.90	6.40
Sheep.....	4.00	3.25	3.25
Lambs.....	7.50	6.25	6.00

FINANCE**Operations of the Federal Reserve Bank**

The demand for Federal reserve bank credit by member banks in this district remained at a low ebb during the past month. Member bank indebtedness at the Federal Reserve Bank was completely liquidated early in December and new borrowing did not occur until the latter part of the month. These loans amounted to \$15,000 on January 15, and compared with \$440,000 a year earlier. Advances by the Federal Reserve Bank to established industrial and commercial businesses for working capital purposes rose from \$708,000 on December 15 to \$1,102,000 on January 15. There were no changes in the bank's holdings of bills bought in the open market and investments in United States securities, which amounted to \$154,000 and \$71,475,000, respectively, on January 15. The reserve deposits

of member banks totaled \$127,164,000 on January 15, which represents an increase of \$1,541,000 over those on December 15 and \$32,721,000 over those a year ago. Federal reserve notes in actual circulation reflected a seasonal decline of \$2,687,000 between December 15 and January 15, but the total circulation of \$50,549,000 on January 15 was \$9,079,000 greater than a year earlier.

Condition of Member Banks in Selected Cities

Reports from member banks in selected cities covering the four-week period ending January 9 reflected a decline in loans and deposits, but an increase in investments. While loans on securities were increased \$940,000 between December 12 and January 9, "all other" loans reflected a seasonal recession of \$2,770,000. As compared with the corresponding date in 1934, security loans on January 9 were \$9,142,000 smaller, while "all other" loans were \$115,000 greater. The net demand deposits of these banks totaled \$296,813,000 on January 9, which was \$14,572,000 less than four weeks earlier, but \$30,097,000 greater than on January 10, 1934. Time deposits rose \$1,878,000 during the four-week period and were \$2,962,000 greater than a year ago. The investments of these banks in United States Government securities were increased \$12,994,000 between December 12 and January 9, and on the latter date were \$41,276,000 greater than a year ago. While investments in other stocks and bonds declined \$1,718,000 during the four weeks, they were still \$4,989,000 larger than on the corresponding date last year. The reserves of these

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

	Jan. 15, 1935	Jan. 15, 1934	Dec. 15, 1934
Total cash reserves.....	\$119,287	\$ 82,468	\$124,082
Discounts for member banks.....	15	440	None
Industrial advances.....	1,102	None	708
Other bills discounted.....	None	617	None
Bills bought in the open market.....	154	10,225	154
United States securities owned.....	71,475	66,475	71,475
Other investments.....	None	5	None
Total earning assets.....	72,746	77,762	72,337
Member bank reserve deposits.....	127,164	94,443	125,623
Federal reserve notes in actual circulation.....	50,549	41,470	53,236
Federal reserve bank notes in actual circulation.....	None	10,439	None

banks with the Federal Reserve Bank totaled \$75,669,000 on January 9, as compared with \$78,330,000 on December 12, and \$56,573,000 on January 10, 1934.

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

	Jan. 9, 1935	Jan. 10, 1934	Dec. 12, 1934
United States securities owned.....	\$180,817	\$139,541	\$167,823
All other stocks, bonds, and securities owned.....	58,266	53,277	59,984
Loans on securities.....	49,932	59,074	48,992
All other loans.....	143,042	142,927	145,812
Total loans.....	192,974	202,001	194,804
Net demand deposits.....	296,813	266,716	311,385
Time deposits.....	124,069	122,007	123,091
Reserve with Federal Reserve Bank.....	75,669	56,573	78,330
Bills payable and rediscounts with Federal Reserve Bank.....	None	190	None

Deposits of Member Banks

The combined daily average of net demand and time deposits of member banks in the Eleventh District, which in December amounted to \$793,025,000, was slightly above that of the previous month and continued to show a substantial gain as compared with a year ago. The net demand deposits of country banks reflected a sizable increase over November which more than offset a reduction in these deposits at reserve city banks. On the other hand, the further moderate

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
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
Sept., 1934.....	557,318	194,215	275,831	109,110	281,487	85,105
Oct., 1934.....	583,558	194,618	287,250	109,459	296,308	85,159
Nov., 1934.....	596,441	196,512	292,685	111,082	303,756	85,430
Dec., 1934.....	597,645	195,380	286,965	111,630	310,680	83,750

expansion which occurred in time deposits of reserve city banks was not sufficient to offset the decline at country banks, and average time deposits registered a decline.

Debts to Individual Accounts

A general expansion of larger than seasonal proportions was reflected in the volume of charges to depositors' accounts during December at banks in 17 principal cities located in this district. These debts, which totaled \$644,806,000, were 17.5 per cent larger than those of the preceding month, and 8.5 per cent above the volume of the same month a year ago. With the exception of three cities, the latter increase was also general throughout the district.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	December 1934	December 1933	Percentage change over year	November 1934	Percentage change over month
Abilene.....	\$ 6,039	\$ 6,214	- 2.8	\$ 5,979	+ 1.0
Austin.....	27,896	18,102	+54.1	22,294	+25.1
Beaumont.....	18,823	16,668	+12.9	15,805	+19.1
Corciana.....	3,058	3,084	- .8	2,474	+23.6
Dallas.....	184,704	177,772	+ 3.9	156,891	+17.7
El Paso.....	21,163	17,176	+23.2	20,565	+ 2.9
Fort Worth.....	70,807	63,333	+11.8	57,629	+22.9
Galveston.....	24,165	23,455	+ 3.0	17,611	+37.2
Houston.....	148,388	150,016	- 1.1	130,306	+13.9
Port Arthur.....	6,622	5,364	+23.5	5,123	+29.3
Roswell.....	2,775	2,494	+11.3	2,707	+ 2.5
San Antonio.....	58,830	45,516	+29.2	49,019	+20.0
Shreveport.....	29,987	28,294	+ 6.0	28,210	+ 6.3
Texarkana.....	6,558	5,585	+17.4	5,067	+29.4
Tucson.....	8,212	7,624	+ 7.7	7,825	+ 4.9
Waco.....	14,514	12,884	+12.7	11,418	+27.1
Wichita Falls.....	12,265	10,813	+13.4	9,746	+25.8
Total.....	\$644,806	\$594,394	+ 8.5	\$548,669	+17.5

*Includes the figures of 2 banks in Texarkana, Arkansas, located in the Eighth District.

Savings Deposits

A general increase in savings deposits during December was reported by 129 banks in this district which operate a savings department. The total savings deposits of these banks on December 31 were \$147,371,518, which represents an increase of 1.1 per cent over those a month earlier and 10.7 per cent over those a year ago. There was also a gain in the number of savings depositors.

SAVINGS DEPOSITS

		December 31, 1934		December 31, 1933			November 30, 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	8,656	\$ 3,559,108	8,004	\$ 3,045,032	+16.9	8,534	\$ 3,508,963	+ 1.4
Dallas.....	9*	75,856	25,304,741	72,749	23,619,610	+ 7.1	75,686	25,064,273	+ 1.0
El Paso.....	2	11,489	5,162,740	9,872	4,120,784	+25.3	11,469	4,976,292	+ 3.7
Fort Worth.....	3	34,032	10,245,441	31,598	10,131,829	+ 1.1	33,964	10,477,408	- 2.2
Galveston.....	4	16,696	9,873,821	16,480	9,931,970	- .6	16,800	9,860,113	+ .1
Houston.....	11*	64,410	29,737,900	64,382	27,375,134	+ 8.6	64,601	29,269,666	+ 1.6
Port Arthur.....	2	5,141	2,044,488	4,698	1,920,578	+ 6.5	5,029	1,999,850	+ 2.2
San Antonio.....	6	20,767	16,200,476	17,966	13,613,738	+19.0	20,522	15,803,617	+ 2.5
Shreveport.....	3	20,835	10,720,741	21,229	9,935,137	+ 7.9	20,918	10,640,928	+ .8
Waco.....	3	10,897	6,403,021	10,400	5,831,655	+ 9.8	10,763	6,312,255	+ 1.4
Wichita Falls.....	3	5,924	2,927,009	5,579	2,537,607	+15.3	5,891	2,908,462	+ .6
All Others.....	80*	54,346	25,192,032	50,734	21,008,426	+19.9	54,140	24,953,839	+ 1.0
Total.....	129	329,049	\$147,371,518	313,691	\$133,071,500	+10.7	328,317	\$145,775,666	+ 1.1

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

JANUARY 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.....	4-6	6-8	1½-6	5-6	6-7	3-6
Rate charged on loans to other banks secured by bills receivable.....	4	5-6	4-6	5-6	6	5½
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
Demand.....	5	6-8	5-8	4-7	6-8	6-8
Time.....	4¾-8	6-8	5-7	5-7	6-8	6-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	3½-6	8	2½-6	3-7	6-8	5-6
Rate on cattle loans.....	.....	6-8	6-8	7-10	8-10	8

**Acceptance
Market**

An appreciable expansion in the volume of outstanding bankers' acceptances executed in this district was shown during December. At the close of the month the total outstanding amounted to \$1,458,142, as compared with \$1,151,076 on November 30 and \$3,058,066 on December 31, 1933. Practically all of the increase was reflected in acceptances based

on the domestic shipment and storage of goods, as evidenced by the fact that those in this classification rose from \$981,090 on November 30 to \$1,287,563 on the last day of December, whereas those executed against import and export transactions increased from \$169,986 on the earlier date to \$170,579 on the latter date.

INDUSTRY**Cottonseed
Products**

Operations of cottonseed oil mills in both Texas and the United States remained at low levels during December. Declines of a seasonal nature were evidenced during the month, and with the exception of the output of linters at all United States mills, activities continued below those in the corresponding month of 1933. During the first five months of the current season, August through December, the receipts and crushings of seed and the production of all products at Texas mills remained substantially below those in the same period of 1933, while at United States mills the production of linters evidenced an increase. Stocks of cottonseed on December 31 at both Texas and United States mills were less than the holdings a month earlier or a year ago, while supplies of all cottonseed products reflected an increase over those held on November 30. The stocks of oil at crushing establishments remained in much smaller volume than a year ago.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to December 31 This season	Last season	August 1 to December 31 This season	Last season
Cottonseed received at mills (tons).....	645,821	1,160,110	3,077,654	3,503,827
Cottonseed crushed (tons).....	514,169	798,762	2,183,177	2,426,991
Cottonseed on hand Dec. 31 (tons).....	234,413	460,651	1,117,238	1,297,774
Crude oil produced (pounds)...	147,929,778	234,971,057	671,571,981	750,349,682
Cake and meal produced (tons)...	244,856	372,087	989,030	1,096,102
Hulls produced (tons).....	135,761	221,236	564,134	652,336
Linters produced (running bales).....	106,782	127,353	474,715	437,433
Stocks on hand Dec. 31:				
Crude oil (pounds).....	13,128,068	41,604,021	46,641,157	131,954,331
Cake and meal (tons).....	84,035	81,328	320,322	312,458
Hulls (tons).....	60,824	57,525	185,797	124,427
Linters (running bales).....	44,116	45,084	166,142	161,681

**Textile
Milling**

Although a decline somewhat larger than seasonal was reflected in the consumption of cotton at all United States mills during December, activities were on a substantially higher scale than in the corresponding month of 1933. Consumption in December aggregated 413,535 bales, as compared with 477,060 bales in November, and 347,524 bales in December, 1933. During the five months of the current season, ending December 31, there were 2,127,814 bales of cotton consumed in the United States, as against 2,415,210 bales in the corresponding period last season. Mill stocks of raw cotton at the close of 1934 were in practically the same volume as

a month earlier, but remained in considerably smaller volume than on the same date a year ago.

Activities of reporting Texas textile mills also reflected the seasonal recession that is customarily witnessed in December, and while consumption of cotton was slightly above that in December last year, the output of cloth was lower. Orders for finished products on hand December 31, as well as stocks of cloth, were below those a month earlier or a year ago.

**Cotton
Movements**

The combined exports of cotton through the ports of Houston and Galveston reflected an upward trend during December despite the fact that they remained at a low level. Shipments were greater than in the previous month, contrary to the usual seasonal trend, and while the comparison with the corresponding month of 1933 again showed a substantial falling-off, the percentage decline was the smallest recorded for that comparison since last August. Receipts of cotton, on the other hand, remained in considerably smaller volume than a month earlier or a year ago. Stocks of cotton on hand at both ports on December 31 were less than the holdings on either November 30 or December 31, 1933.

Total foreign exports of American cotton from all United States ports reflected a decline during December, slightly larger than the average for that month, and remained on a level far below those a year ago. There were 504,185 bales of domestic cotton exported during the month, as compared with 572,359 bales in November, and 820,099 bales in December, 1933. Exports of cotton during the first five months of the current season were 42.6 per cent below those in the same period of 1933. According to the United States Department of Agriculture, mill activity and cotton consumption in Great Britain and some Continental countries are considerably lower this season than was the case a year ago, which together with the smaller proportions of American cotton being used, account largely for the noticeable declines in takings of American staple. Mill activity in the Orient, however, has been substantially larger than a year ago, but due to smaller takings of American cotton, exports to Japan and China thus far this season have been less than to the same date last season.

**COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON
(Bales)**

	December 1934	December 1933	August 1 to This season	December 31 Last season
Receipts.....	122,652	284,001	744,741	1,557,562
Exports.....	150,705	280,357	630,351	1,090,707
Stocks, December 31.....			625,883	901,852

**COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON
(Bales)**

	December 1934	December 1933	August 1 to This season	December 31 Last season
Receipts.....	81,236	242,838	901,545	1,853,455
Exports.....	153,722	247,019	668,599	1,433,037
Stocks, December 31.....			1,055,735	1,571,311

**COTTON CONSUMED AND ON HAND
(Bales)**

	December 1934	December 1933	August 1 to This season	December 31 Last season
Cotton-growing states:				
Cotton consumed.....	329,636	282,091	1,704,791	1,932,643
On hand December 31 in—				
Consuming establishments.....			1,045,841	1,291,053
Public storage and compresses.....			9,418,041	9,950,404
United States:				
Cotton consumed.....	413,535	347,524	2,127,814	2,415,210
On hand December 31 in—				
Consuming establishments.....			1,299,554	1,641,839
Public storage and compresses.....			9,640,558	10,334,998

COTTON—GALVESTON STOCK STATEMENT
(Bales)

	Dec. 31, 1934	Dec. 31, 1933
For Great Britain.....	2,800	8,500
For France.....	2,200	7,000
For other foreign ports.....	27,000	48,000
For coastwise ports.....	1,000	5,000
In compresses and depots.....	502,883	833,352
Total.....	625,883	901,852

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

	August 1 to December 31 This season	Last season
Receipts.....	3,438,904	5,625,952
Exports: United Kingdom.....	346,580	727,710
France.....	211,648	496,528
Italy.....	214,601	371,059
Germany.....	179,085	757,378
Other Europe.....	373,171	519,920
Japan.....	909,750	1,018,750
All other countries.....	163,492	288,753
Total foreign ports.....	2,398,327	4,180,098
Stocks held at all United States ports, December 31.....	3,077,416	4,151,802

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

	December, 1934		Jan. 15, 1935
	High	Low	
New York.....	12.85	12.65	12.55
New Orleans.....	12.91	12.65	12.56
Dallas.....	12.45	12.30	12.20
Houston.....	12.90	12.60	12.60
Galveston.....	12.85	12.60	12.60

Petroleum

Crude oil production in the Eleventh District during December was on a larger scale than in the preceding month and continued substantially higher than a year ago. Total output reported was 31,978,050 barrels, which compares with 30,762,000 barrels in November, and 29,720,550 barrels in December last year. Field activity increased during the month and was more successful than in November. This is evidenced by the fact that 963 wells were completed in December, including 711 oil producers, as against 796 wells in the previous month, of which 552 were successful.

The total daily output of Texas fields amounted to 962,700 barrels in December, being 7,400 barrels larger than that of the preceding month and 71,976 barrels above the daily yield reported in the final month of 1933. While the

moderate increase over November was rather general over the State, an appreciable reduction was shown in the south-western section. In New Mexico and North Louisiana small declines occurred.

OIL PRODUCTION—(Barrels)

	December, 1934		Increase or decrease over November, 1934	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	3,565,000	115,000	+ 229,000	+3,800
Central West Texas.....	5,259,150	169,650	+ 252,150	+2,750
East Texas.....	14,123,600	455,800	+ 617,100	+2,050
South Texas.....	1,698,800	54,800	— 65,200	—4,000
Texas Coastal.....	5,197,150	167,650	+ 251,650	+2,800
Total Texas.....	29,843,700	962,700	+1,184,700	+7,400
New Mexico.....	1,398,100	45,100	+ 15,100	—1,000
North Louisiana.....	736,250	23,750	+ 16,250	— 250
Total District.....	31,978,050	1,031,550	+1,216,050	+6,150

DECEMBER DRILLING RESULTS

	Com- pletions	Pro- ducers	Gas Wells	Fail- ures	Initial production
North Texas.....	215	140	4	71	25,302
Central West Texas.....	85	62	3	20	25,679
East Texas.....	388	362	..	26	2,340,275
South Texas.....	132	71	14	47	18,266
Texas Coastal.....	85	46	5	34	18,546
Total Texas.....	905	681	26	198	2,428,068
New Mexico.....	23	19	..	4	59,375
North Louisiana.....	35	11	11	13	261
December totals, district....	963	711	37	215	2,487,704
November totals, district....	796	552	31	213	1,801,590

CRUDE OIL PRICES

	January 11, 1935	January 12, 1934
Texas Coastal (34 gr. and above).....	\$1.12	\$1.12
North Texas (40 gr. and above).....	1.03	1.03
North Louisiana (40 gr. and above).....	1.08	1.03

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

Building

While building permits issued at fourteen cities in this district during December registered a decline of 37.6 per cent from the previous month, they were in 61.6 per cent larger volume than a year ago. The total valuation reported was \$1,288,037, as compared with \$2,065,288 in November, and \$797,213 in December, 1933. Construction permits issued at these cities during the twelve months of 1934 totaled \$15,208,857, exceeding the volume of 1933 by 22.0 per cent.

BUILDING PERMITS

	December, 1934		December, 1933		Percentage change valuation over year	November 1934		Percentage change valuation over month	January 1 through December 31				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1934		1933		
									No.	Valuation	No.	Valuation	
Amarillo.....	22	\$ 8,363	17	\$ 4,521	+ 85.0	28	\$ 23,676	— 64.7	347	\$ 405,414	199	\$ 156,995	+158.2
Austin.....	94	165,302	36	27,356	+504.3	92	163,303	+ 1.2	1,031	1,126,545	959	1,345,109	— 16.3
Beaumont.....	78	21,821	57	90,661	— 75.9	89	22,883	— 4.6	1,079	327,507	982	278,617	+ 17.5
Corpus Christi..	25	26,580	13	7,710	+244.7	31	93,780	— 71.7	328	433,743	281	164,489	+163.7
Dallas.....	290	138,625	238	109,039	+ 27.1	342	713,840	— 80.6	4,416	2,822,567	3,903	1,959,774	+ 44.0
El Paso.....	35	28,314	24	48,498	— 41.6	33	8,314	+240.6	493	260,107	407	248,666	+ 4.6
Fort Worth.....	60	30,000	56	70,184	— 57.3	105	538,463	— 94.4	1,068	1,323,050	1,003	2,688,160	— 50.8
Galveston.....	82	18,037	85	74,086	— 75.7	128	40,247	— 55.2	1,519	515,330	1,125	472,070	+ 9.2
Houston.....	185	287,185	117	281,722	+ 1.9	145	252,675	+ 13.7	2,169	4,772,485	2,038	3,188,739	+ 49.7
Port Arthur.....	53	11,554	41	9,643	+ 19.8	55	52,466	— 78.0	581	249,438	554	109,667	+127.5
San Antonio.....	125	108,650	80	32,775	+231.5	160	51,458	+111.1	1,743	944,349	1,543	1,003,215	— 5.9
Shreveport.....	135	275,148	56	25,551	+976.9	143	65,034	+317.3	1,862	1,321,805	1,248	441,201	+199.6
Waco.....	12	19,066	11	13,967	+ 36.5	18	32,827	— 41.9	212	321,303	259	332,080	— 3.2
Wichita Falls...	14	149,392	4	1,500	*	21	5,422	*	693	385,214	293	80,031	+381.3
Total.....	1,210	\$1,288,037	835	\$ 797,213	+ 61.6	1,390	\$2,065,288	— 37.6	17,541	\$15,208,857	14,794	\$12,468,816	+ 22.0

*Increase over one thousand per cent.

Cement

While the production of Portland cement at mills in Texas increased somewhat further in December and continued on a considerably larger scale than a year ago, the volume of shipments reflected a partly seasonal decline of 12.3 per cent and was 16.2 per cent smaller than in December, 1933. Output during the month totaled 264,000 barrels, and total shipments were

186,000 barrels. Both production and shipments, as reported by these mills during 1934, were appreciably larger than they were in the previous year. Stocks on hand at the year-end amounted to 672,000 barrels, as compared with 594,000 barrels a month earlier, and 557,000 barrels at the close of 1933.

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

	Dec., 1934	Percentage change over Dec., 1933	Nov., 1934	January 1 through Dec. 31, 1934	Percentage change over year
Production at Texas mills.....	264	+74.8	+ 1.1	3,537	+19.0
Shipments from Texas mills.....	186	-16.2	-12.3	3,419	+10.6
Stocks at end of month at Texas mills.....	672	+20.6	+13.1	.....	.....

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board, January 26, 1935)

In December the Federal Reserve Board's seasonally adjusted indexes of industrial production and factory employment increased sharply. Wholesale prices of farm products and foods showed a considerable advance in the latter part of the month and in the early part of January, while prices of other commodities as a group showed little change.

PRODUCTION AND EMPLOYMENT

Output of basic industrial products increased in December, when it usually declines, and the Federal Reserve Board's index, which makes allowance for the usual seasonal variations increased from 74 per cent of the 1923-25 average in November to 85 per cent in December. Activity at steel mills increased, contrary to the usual seasonal tendency, and output at automobile factories rose rapidly. In both of these industries there were further sharp increases in activity in the first three weeks of January. At woolen mills and silk mills activity increased in December, contrary to seasonal tendency, and at cotton mills and tobacco factories it declined by less than the usual seasonal amount. Output of petroleum increased somewhat in December and the first half of January.

Factory employment increased between the middle of November and the middle of December, contrary to seasonal tendency, and there was a considerable growth in factory payrolls. Substantial increases were reported for the automobile, textile, shoe, and tire industries, while in the meat-packing industry there was a further decline from recent high levels. Employment in retail trade showed an increase largely of a seasonal character. Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a decline in December, partly seasonal in nature, followed by an increase in the first half of January. For the fourth quarter as a whole the value of contracts for privately-financed projects was about the same as in the corresponding period of 1933, while the volume of publicly-financed projects was considerably smaller than last year.

DISTRIBUTION

Volume of freight-car loadings declined less in December than is usual at that season. Sales of merchandise by department stores showed an increase of more than the estimated seasonal amount and were approximately 11 per cent larger than in the corresponding month a year earlier.

COMMODITY PRICES

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced considerably during the latter part of December and the early part of January, reflecting chiefly marked increases in the prices of farm products and foods. Scrap steel prices also increased. In the third week of January prices of grains, cotton, hides, and rubber showed a decline from the level of the preceding week. Currently wholesale prices are 9 per cent higher than a year ago, reflecting an increase of 30 per cent for farm products, an increase of 24 per cent for foods, and little change for other commodities. Retail prices of foods, as reported by the Bureau of Labor Statistics, increased considerably in the latter part of December, following three months of gradual decline.

BANK CREDIT

During the six weeks ending January 23, seasonal return flow of currency from circulation, further imports of gold, and disbursement by the Treasury of funds previously held as cash or on deposit with the Reserve banks were reflected in a growth of member bank balances with the Reserve banks to \$4,500,000,000, the highest figure on record, and in an increase of their excess reserves to the high level of \$2,160,000,000. Loans and investments of reporting member banks in leading cities increased by \$350,000,000 in the 5 weeks ended January 16. Holdings of United States Government obligations rose \$420,000,000 and an increase was shown also in holdings of obligations guaranteed by the Government and in other security holdings, while loans declined by \$130,000,000. Commercial paper rates, which had been reported at a range of $\frac{3}{4}$ to 1 per cent since June, declined to a general level of $\frac{3}{4}$ per cent early in January. Other short-term open-market money rates showed little change, while yields on long-term United States Treasury bonds declined from 3 to $2\frac{3}{4}$ per cent. In December and January discount rates were lowered from 3 to $2\frac{1}{2}$ per cent at the Federal Reserve Banks of Richmond, Minneapolis, Kansas City, and Dallas, and from $2\frac{1}{2}$ to 2 per cent at Philadelphia, Chicago, and St. Louis. At the Federal Reserve Bank of Atlanta the discount rate was lowered to $2\frac{1}{2}$ per cent in December and to 2 per cent in January.