

MONTHLY BUSINESS REVIEW

OF THE

FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

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

	February 1935	Change from January
Bank debits to individual accounts (at 18 "cities").....	\$581,454,000	— 5.0%
Department store sales.....		+ 4.2%
Reserve bank loans to member banks at end of month.....		— 2.1%
Reserve bank ratio at end of month.....	\$ 31,339	+ .7 points
Building permit valuation at larger centers....	\$ 1,503,448	— 57.1%
Commercial failures (number).....	28	+ 16.7%
Commercial failures (liabilities).....	\$ 315,366	— 22.2%
Oil production (barrels).....	30,409,400	— 8.8%

An improvement in the underlying condition of business and industry was evident in the Eleventh Federal Reserve District during the past month. Beneficial rains, which fell over most of the district, have bettered the agricultural outlook, particularly in the western half where the moisture deficiency has been of major concern for some time past. Favorable weather has enabled farmers to proceed rapidly with the preparation of the soil for spring planting, and early spring seeding operations are well under way in the southern part of the district. Small grains have shown a noticeable improvement as a result of favorable growing weather and added moisture. While the condition of ranges and livestock is still very poor over much of the district, the grass and weeds have made a good start and with timely rains should soon furnish considerable grazing, thereby greatly reducing the amount of range feeding. Livestock have come through the winter without serious losses and will mend rapidly as pasturage becomes available. Live-stock prices have risen rapidly since the first of the year, and cattle prices are at the highest level reached in several years.

Distribution movements showed a broadening trend de-

spite some irregularity resulting from the unseasonable weather. Department store sales in larger centers were 4 per cent above those in January, which was greater than seasonal, and exceeded those a year ago by 7 per cent. In practically all reporting lines of wholesale trade distribution showed favorable comparisons with both the previous month and the corresponding month of 1934. Payments on current accounts have been well sustained. Debits to individual accounts at banks in principal cities, while seasonally 5 per cent lower than in January, were 12 per cent larger than in February last year.

Construction activity continued in substantial volume. Although the valuation of building permits issued at larger cities declined 57 per cent as compared with the large January total, it exceeded that of the same month last year by 116 per cent.

The combined net demand and time deposits of member banks in this district rose to the highest level in four years during February. The average for the month amounted to \$806,280,000, which was \$19,385,000 above that for January, and \$77,817,000 higher than in February, 1934. Investments of member banks in selected cities rose moderately during the four weeks ending March 13, and commercial loans, while declining seasonally during the period, were somewhat higher than at this season last year. Federal Reserve Bank loans to member banks increased from \$37,000 on February 15 to \$119,000 on March 15, and this bank's advances to established industrial and commercial businesses for working capital purposes were expanded \$131,000 during the same period. The circulation of Federal reserve notes amounted to \$48,155,000 on March 15, as compared with \$47,966,000 a month earlier, and \$41,169,000 a year ago.

BUSINESS

Wholesale Trade

The demand for merchandise in wholesale channels of distribution was well sustained during the past month. Three reporting lines reflected increases in sales as compared with the previous month and four lines reported gains over the corresponding month last year. While trade in some lines was rather spotty and there was evidence of cautious buying on the part of retailers pending a more definite appraisal of agricultural prospects, an undertone of confidence exists in most quarters. The collection situation was generally favor-

able there being increases over the previous month in three lines. While declines were reported in two lines, this development was due largely to seasonal factors.

The business of reporting wholesale hardware firms in this district evidenced a further contrary to seasonal expansion in February. Sales were 1.6 per cent larger than in January despite the short month and exceeded those of the same month last year by 2.2 per cent. While there was a slowing down in some areas, this was offset by an ex-

pansion in other sections. February collections showed an expansion of 2.1 per cent as compared with January.

A slowing down in the demand for dry goods at wholesale was evidenced by the sales of reporting firms during February. Distribution during the month showed an expansion of 3.4 per cent over the previous month, but this was somewhat less than seasonal, and sales were 11.1 per cent below those in the corresponding month last year. The decline was due in part to the moderate temperatures which restricted the demand for winter goods. Collections reflected a seasonal decline of 14.8 per cent.

While the sales of farm implement firms declined 16.8 per cent from the large January volume, it was seasonal in character, and distribution for the month averaged 85.6 per cent above that in the same month of 1934. The demand for implements has been improving in most parts of the district as the improved financial status of farmers has enabled them to make much needed replacements. There was a gain of 6.0 per cent in collections during the month.

The demand for groceries in February showed a further expansion which was contrary to the usual seasonal trend. Sales of reporting firms were 0.8 per cent larger than in January, and exceeded those in February, 1934, by 15.1 per cent. Business for the two months averaged 13.9 per cent larger than in the same period last year. Inventories carried by these firms at the end of February were approximately 10 per cent larger than a year earlier. February collections were 4.4 per cent larger than in the previous month.

The distribution of drugs at wholesale evidenced a decline of 4.3 per cent between January and February, but this recession was less than seasonal, and February business averaged 10.7 per cent above that in the corresponding month of 1934. This trend was fairly general over the district. Stocks reflected a moderate increase over the previous month and a year ago. A decline of 13.4 per cent was registered in the volume of collections.

Retail Trade

The business of department stores in leading cities of the Eleventh Federal Reserve District continued very active during the past month. Consumer demand as measured by the sales of reporting stores reflected an increase of 4.2 per cent over those in January, despite the fewer number of business days in the subsequent month, and distribution of merchandise was on a scale 6.5 per cent above that in February a year ago. The index of department store sales, which is adjusted for seasonal variations, likewise reflected the active demand for merchandise that prevailed during the month, increasing 11 points from 71.9 per cent of the 1923-25 average in January to 82.9 per cent in February. The index for February, 1934, stood at 78.2 per cent. Distribution of merchandise during the first two months of 1935 was 7 per cent greater than in the same period last year.

Preparing for the usual movement of spring merchandise, a seasonal increase of 12.4 per cent over the previous month was reported in inventories held by reporting stores on February 28. Stocks were also 6.8 per cent greater than a year ago. The rate of stock turnover thus far this year was .46, which is the same as reported for January and February, 1934.

Collections by department stores on open accounts during February were considerably smaller than a month earlier, while installment account collections showed little change. The ratio of February collections on open accounts outstanding on February 1 was 37.1 per cent, which is the same as that recorded for February, 1934, but compares with a ratio of 40.7 per cent in January this year. The decline from the previous month was partly seasonal in character.

CONDITION OF WHOLESALE TRADE DURING FEBRUARY, 1935

Percentage of increase or decrease in—

	Net Sales compared with Feb., 1934		Net Sales Jan. 1 to date compared with same period last year		Stocks Feb., 1935 compared with Feb., 1934		Ratio of collections during Feb. to accounts and notes outstanding on January 31
	1934	1935	1934	1935	1934	1935	
Groceries.....	+15.1	+ .8	+ 13.9	+10.2	+ .5	77.8	
Dry goods.....	-11.1	+ 3.4	-12.8	+ 2.0	+ .8	32.5	
Farm implements..	+85.6	-16.8	+117.9	+14.9	- 3.8	7.1	
Hardware.....	+ 2.2	+ 1.6	- 2.9	- 1.7	+ 4.6	47.4	
Drugs.....	+10.7	- 4.3	+ 7.1	+ 5.7	+ 3.2	54.2	

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
February, 1935, compared with February, 1934.....	+10.0	+ 3.1	- .7	+11.7	+ 4.8	+ 6.5
February, 1935, compared with January, 1935.....	+14.7	+ 5.5	- 4.6	- .1	- 3.9	+ 4.2
January 1 to date compared with same period last year.....	+10.2	+ 3.0	+ 1.7	+13.1	+ 4.3	+ 7.0
Credit sales (percentage):						
February, 1935, compared with February, 1934.....	+13.4	+ 5.3	+ 4.1	+19.7	+10.2	+11.3
February, 1935, compared with January, 1935.....	+17.3	+ 8.1	- 7.4	+ 4.0	+ 1.9	+ 7.5
January 1 to date compared with same period last year.....	+13.2	+ 5.9	+ 5.9	+18.1	+ 9.6	+11.2
Stocks on hand at end of month (percentage):						
February, 1935, compared with February, 1934.....	+ 6.8	- 1.3	+10.5	+20.1	+ 3.4	+ 6.8
February, 1935, compared with January, 1935.....	+15.0	+10.6	+11.7	+11.5	+10.8	+12.4
Stock turnover (rate):						
Rate of stock turnover in February, 1934.....	.29	.18	.23	.26	.18	.23
Rate of stock turnover in February, 1935.....	.30	.19	.21	.24	.19	.24
Rate of stock turnover January 1 to February 28, 1934.....	.54	.37	.46	.53	.38	.46
Rate of stock turnover January 1 to February 28, 1935.....	.57	.33	.42	.51	.39	.46
Ratio of February collections to open accounts receivable outstanding February 1, 1935.....	38.1	28.8	37.8	42.8	36.9	37.1
Ratio of February collections to installment accounts receivable outstanding Feb. 1, 1935.....	15.6	10.3	.....	.....	19.9	13.8
Indexes of department store sales:						
Unadjusted—January, 1935.....	63.1	60.0	64.6	54.8	.....	60.4
Unadjusted—February, 1935.....	79.3	68.6	68.3	60.4	.....	69.6
Adjusted—January, 1935.....	73.4	81.1	72.6	60.2	.....	71.9
Adjusted—February, 1935.....	90.1	82.7	80.4	72.8	.....	82.9
Indexes of department store stocks:						
Unadjusted—January, 1935.....	44.2	58.8	42.8	45.0	.....	49.8
Unadjusted—February, 1935.....	52.0	65.1	46.6	46.8	.....	55.7
Adjusted—January, 1935.....	50.8	68.4	49.8	48.9	.....	57.2
Adjusted—February, 1935.....	54.2	67.8	50.1	46.3	.....	58.0

Commercial Failures

Although the business mortality rate in this district during February increased over the previous month and was also somewhat higher than a year ago, a decline from both comparative months was reflected in the total liabilities of defaulting firms. Figures released by Dun & Bradstreet, Inc.,

showed a total of 28 insolvencies in the Eleventh District, as compared with 24 in January, and 26 in the corresponding month last year. The indebtedness of defaulting firms during the current month was \$315,366, as compared with \$405,333 in the preceding month, and \$366,937 in February a year ago.

AGRICULTURE

Crop Conditions

The general agricultural situation showed considerable improvement during the past six weeks. The favorable temperatures and open weather prevailing during much of the period enabled farmers to proceed rapidly with the preparation of soil for spring planting, and the general rains added to the subsoil moisture supply. In much of the western portion of the district, however, there is an accumulated moisture deficiency and more rains in the near future would be very beneficial. The planting of corn is practically completed in South Texas and is well under way in Central Texas. Cotton planting has begun in the southern part of the State.

theless, there is a deficiency of subsoil moisture and additional rains over the whole territory would be very beneficial. Livestock in the 1934 drouth area are still in poor condition and considerable supplementary feeding will be necessary until range vegetation gets a good start. Prospects for lambs are good in southeastern Arizona, but poor in Texas and parts of New Mexico.

Small grains have shown a rapid recuperation from the January freeze and are in fair to good condition in most parts of the district. While the dust storms in February damaged a portion of the wheat crop in northwest Texas, the early crop had developed a deep root system which enabled the plants to withstand the effects of shifting soil and the subsequent rains have stimulated plant growth.

The condition of cattle ranges in Texas, as reported by the United States Department of Agriculture, improved 6 points during the month and the March 1 rating of 53 per cent of normal compares with 69 per cent a year ago. Sheep and goat ranges were estimated at 55 per cent of normal on March 1, as compared with 46 per cent on February 1, and 64 per cent on the same date in 1934. The condition of cattle rose from 58 per cent on February 1 to 61 per cent on March 1, but the latter figure was 10 points lower than a year earlier. The condition of sheep and goats rose 6 and 5 points, respectively, during the month, but in each instance, the condition figure on March 1 was 3 points lower than on the same date last year.

Commercial truck crops in South Texas received another setback as a result of the heavy frosts in the last days of February. Much of the spring plantings of tender vegetables were badly damaged and in some instances replantings will be light. Yields on most crops will be reduced. According to the Department of Agriculture, the March 1 condition of truck crops was very low. Shipments of truck from South Texas have been sharply reduced since the January freeze, but the smaller volume has been partially offset by high prices.

Livestock on Farms

The report of the Department of Agriculture relative to the number and value of livestock on farms as of January 1, 1935, reflects a noticeable decline in number and an increase in the value per head for animals in states attached to the Eleventh Federal Reserve District. Reflecting the effects of the 1934 drouth and purchases by the Federal Surplus Relief Corporation, the number of cattle and sheep on farms in Texas and New Mexico was sharply reduced. There was a substantial reduction in the number of hogs in all states. There was a general rise during the year in the value per head of all classes of livestock. The number and value of livestock on farms in Texas, Louisiana, and New Mexico as of January 1, 1935 and 1934 are shown below:

Crop	March 1, 1935	March 1, 1934	February 1, 1935
	(Per cent)	(Per cent)	(Per cent)
Carrots	50	70	49
Spinach	40	63	37
Strawberries	30	84	50
Tomatoes	43	93	..
Snapbeans	20	83	..
Beets	40	77	37
Cabbage	27	89	31
Onions	60	75	68
Potatoes (early)	25	81	..

SOURCE: Department of Agriculture.

Livestock

Noticeable improvement in range and livestock conditions over much of the Eleventh Federal Reserve District occurred during the past six weeks due to the favorable weather and widespread rains. The best conditions obtain in the eastern and southern portions of Texas, southeastern Arizona, and western New Mexico. In eastern New Mexico and in west and north-west Texas range and livestock conditions are very poor as precipitation has been light and cool winds and dust storms have been detrimental to ranges and small grain pastures. There has been considerable rainfall in the Big Bend area of Texas, but due to the long drouth much more moisture will be needed to insure spring and summer grazing. Most of the sheep and goat area has received moisture and warm weather is needed to bring out the weeds and grass. Never-

NUMBER AND VALUE OF LIVESTOCK ON FARMS AS OF JANUARY 1, 1935 AND 1934

	Number (000's omitted)		Average Price (per head)		Total Value (000's omitted)	
	1935	1934	1935	1934	1935	1934
Texas						
Mules	931	960	\$80.00	\$68.00	\$74,223	\$65,217
Horses	712	727	51.00	46.00	36,561	33,430
Milk cows*	1,388	1,461	19.00	18.00	26,372	26,298
All cattle	5,392	6,740	13.60	11.70	73,269	78,852
Swine	1,226	1,830	5.00	3.40	6,154	6,259
Sheep	7,152	8,179	3.40	2.90	24,537	23,838
Goats	2,400	2,910	1.15	1.35	2,760	3,928
Louisiana						
Mules	171	176	83.00	70.00	14,210	12,240
Horses	100	99	45.00	40.00	4,529	3,930
Milk cows*	297	286	24.00	23.00	7,128	6,578
All cattle	872	839	14.70	13.60	12,843	11,380
Swine	569	632	4.90	3.90	2,804	2,461
Sheep	137	137	2.70	2.20	364	304
New Mexico						
Mules	18	19	66.00	54.00	1,184	1,022
Horses	108	114	40.00	39.00	4,324	4,434
Milk cows*	65	75	27.00	25.00	1,755	1,875
All cattle	1,050	1,445	15.80	14.20	16,552	20,544
Swine	34	58	4.80	3.60	162	211
Sheep	2,460	2,757	3.80	3.20	9,356	8,803

*Cows and heifers two years old and over being kept for milk.
SOURCE: United States Department of Agriculture.

Movements and Prices

Receipts of all classes of livestock at the Fort Worth market reflected a sharp decline in February due in part to seasonal factors. As compared with a year ago, the arrivals of cattle and sheep were considerably smaller, but there was a slight increase in the receipts of calves and hogs.

The cattle market continued upward during the past month and there appeared to be a strong undertone. At

FORT WORTH LIVESTOCK RECEIPTS
(Number)

	February 1935	February 1934	Change over year	January 1935	Change over month
Cattle.....	23,920	31,394	- 7,474	48,229	-24,309
Calves.....	14,040	13,834	+ 206	27,909	-13,869
Hogs.....	29,996	29,100	+ 896	44,521	-14,525
Sheep.....	12,054	25,096	-13,042	19,412	- 7,358

most times there was a scarcity of quality offerings and those which appeared met with a strong demand at higher prices. The hog market rose rapidly in February and reached a top of \$9.60 during the first week of March. Subsequently the market reacted somewhat. Despite the small receipts, the demand for sheep and lambs has been quiet and prices have tended slightly downward.

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	February 1935	February 1934	January 1935
Beef steers.....	\$12.00	\$5.10	\$8.25
Stocker steers.....	7.25	4.50	5.00
Heifers and yearlings.....	11.00	5.85	9.75
Butcher cows.....	5.50	3.25	4.75
Stocker cows.....	.....	.....	.....
Calves.....	8.00	5.00	6.75
Hogs.....	8.85	5.00	8.25
Sheep.....	5.50	4.75	5.00
Lambs.....	7.75	8.75	8.25

FINANCE

Operations of the Federal Reserve Bank

The demand for Federal reserve bank credit increased somewhat during the past month. At the middle of March, there were seven banks borrowing \$119,000 from the Federal Reserve Bank, whereas a month earlier there were two banks borrowing \$37,000. On March 15, 1934, the indebtedness of six banks totaled \$66,000. Industrial advances by the Federal Reserve Bank to established industrial and commercial businesses for working capital purposes increased from \$1,321,000 on February 15 to \$1,452,000 on March 15. This bank's holdings of bills purchased in the open market and of United States Government securities remained unchanged during the period. The reserve deposits of member banks reflected an almost steady decline during the month, the total on March 15 being \$126,233,000 as compared with \$140,583,000 a month earlier, and \$126,427,000 on the same date last year. Federal reserve notes in actual circulation on March 15 amounted to \$48,155,000 which was \$189,000 greater than on February 15, and \$6,986,000 larger than a year ago.

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

	March 15, 1935	March 15, 1934	February 15, 1935
Total cash reserves.....	115,392	109,333	127,890
Discounts for member banks.....	119	66	37
Industrial advances.....	1,452	None	1,321
Bills bought in the open market.....	143	9,392	143
United States securities owned.....	71,475	71,475	71,475
Other investments.....	5	None	None
Total earning assets.....	73,194	80,933	72,976
Member bank reserve deposits.....	126,233	126,427	140,583
Federal reserve notes in actual circulation.....	48,155	41,169	47,966
Federal reserve bank notes in actual circulation.....	None	4,855	None

Condition of Member Banks in Selected Cities

The investments and deposits of member banks in selected cities reflected a moderate improvement between February 13 and March 13, but loans declined seasonally during the same period. Investments in United States securities totaled \$165,876,000 on March 13, which was \$768,000 lower than a month earlier, and \$8,080,000 below those on the corresponding date last year. Holdings of other stocks and bonds were increased \$1,797,000 during the four-week period and were \$15,175,000 in excess of those a year earlier. Loans on securities reflected

a decline of \$412,000 between February 13 and March 13, and on the latter date were \$10,244,000 less than on March 14, 1934. "All other" loans (largely commercial) evidenced a further seasonal recession of \$2,457,000 in the four weeks, but the total on March 13 was \$7,945,000 above that a year earlier. The net demand deposits of these banks rose to \$321,047,000 at the end of the period and were \$32,898,000 larger than on the corresponding date in 1934. Time deposits totaled \$122,498,000 on March 13 as compared with \$124,675,000 on February 13, and \$120,681,000 on March 14 last year.

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

	March 13, 1935	March 14, 1934	February 13, 1935
United States securities owned.....	\$165,876	\$173,956	\$166,644
All other stocks, bonds, and securities owned.....	67,437	52,262	65,640
Loans on securities.....	49,057	59,301	49,469
All other loans.....	135,429	127,484	137,586
Total loans.....	184,486	186,785	187,555
Net demand deposits.....	321,047	288,149	315,608
Time deposits.....	122,498	120,681	124,675
Reserve with Federal Reserve Bank.....	83,495	82,004	85,136
Bills payable and rediscounts with Federal Reserve Bank.....	None	None	None

Acceptance Market

Outstanding acceptances executed by banks in the Eleventh District were in larger dollar volume on February 28 than they were a month earlier, the increase being contrary to seasonal. The amount outstanding was also greater than on the same date last year. The total amount reported by accepting banks as of the close of February was \$1,667,457, as compared with \$1,452,967 on January 31, and \$1,646,029 on February 28 a year ago. Acceptances based on import and export transactions reflected a moderate decrease during the month, while those executed against the domestic shipment and storage of goods rose from \$1,284,871 on January 31 to \$1,535,804 at the close of February.

Deposits of Member Banks

A substantial expansion in net demand deposits at both reserve city and country banks in the Eleventh Federal Reserve District brought the combined daily average of net demand and time deposits of these banks during February to the highest point reached in four years. This average amounted to \$806,280,000, as compared with \$786,895,000 in the

previous month, and \$728,463,000 in February last year. An increase over January, which was reflected in the time deposits of country banks, was largely offset by a decline at 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
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	85,169
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
Jan., 1935.....	590,459	196,436	279,110	113,255	311,349	83,181
Feb., 1935.....	609,125	197,155	289,957	112,586	319,168	84,569

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	February 1935	February 1934	Percentage change over year	January 1935	Percentage change over month
Abilene.....	\$ 5,748	\$ 5,384	+ 6.8	\$ 5,782	— .6
Austin.....	31,674	18,501	+71.2	24,261	+30.6
Beaumont.....	18,932	15,638	+21.1	19,253	- 1.7
Coriicana.....	2,554	2,527	+ 1.1	2,940	-13.1
Dallas.....	161,022	148,364	+ 8.5	170,457	- 5.5
El Paso.....	19,306	17,151	+12.6	18,807	+ 2.7
Fort Worth.....	62,114	51,596	+20.4	62,426	— .5
Galveston.....	19,160	19,640	- 2.4	22,706	-15.6
Houston.....	128,689	123,476	+ 4.3	139,151	- 7.5
Port Arthur.....	5,444	4,917	+10.7	5,962	- 8.7
Roswell.....	1,947	1,997	- 2.5	2,417	-19.4
San Antonio.....	52,640	44,065	+19.5	61,533	-14.5
Shreveport.....	26,766	26,790	— .1	29,359	- 8.8
Texarkana*.....	4,846	4,749	+ 2.0	5,637	-14.0
Tucson.....	7,880	7,204	+ 9.4	6,929	+13.7
Tyler.....	9,040	7,904	+14.4	6,614	- 6.0
Waco.....	12,650	11,586	+ 9.2	13,169	- 3.9
Wichita Falls....	11,042	9,889	+11.7	11,808	- 6.5
Total.....	\$581,454	\$521,378	+11.5	\$612,211	- 5.0

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

Debits to Individual Accounts

Debits to individual accounts at banks in 18 principal centers in this district totaled \$581,454,000 during February, which represents a seasonal decline of 5

per cent as compared with January, but a gain of 11.5 per cent as compared with February, 1934. The gain over a year ago was the largest reported in four months. All of the reporting cities except three participated in the increase over last year.

Savings Deposits

The savings deposits reported by 125 banks in this district that operate savings departments totaled \$148,336,567 on February 28, which compared with \$147,297,781 a month earlier, and \$133,954,652 on the same date last year. The percentage increase during February amounted to 0.7. There were 324,782 savings depositors at 114 of these banks on the last day of the month, as against 322,287 on January 31, and 313,073 at the close of February, 1934.

SAVINGS DEPOSITS

	February 28, 1935			February 28, 1934			January 31, 1935		
	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	8,814	\$ 3,534,852	8,215	\$ 3,092,715	+14.3	8,763	\$ 3,516,044	+ .5
Dallas.....	9*	76,831	25,237,046	74,059	23,572,499	+ 7.1	75,953	25,132,189	+ .4
El Paso.....	2	11,919	5,215,358	10,355	4,244,271	+22.9	11,732	5,172,892	+ .8
Fort Worth.....	3	34,509	10,814,889	32,713	9,932,838	+ 8.9	34,285	10,679,437	+1.3
Galveston.....	4	16,844	9,916,207	16,594	10,126,813	- 2.1	16,687	9,916,923	0.0
Houston.....	11*	65,486	30,304,475	65,765	27,449,771	+10.4	64,872	29,953,476	+1.2
Port Arthur.....	2	5,288	2,060,516	4,870	1,854,259	+11.1	5,229	2,046,684	+ .7
San Antonio.....	6*	17,252	16,344,669	15,328	13,891,607	+17.7	17,149	16,322,120	+ .1
Shreveport.....	3	20,900	11,155,976	21,401	10,271,897	+ 8.6	20,872	10,947,214	+1.9
Waco.....	3	11,024	6,422,807	10,425	5,755,888	+11.6	10,979	6,562,729	-2.1
Wichita Falls.....	3	5,969	2,802,749	5,670	2,743,313	+ 2.2	5,949	2,912,009	-3.8
All others.....	76*	49,946	24,527,023	47,678	21,018,781	+16.7	49,717	24,136,064	+1.6
Total.....	125	324,782	\$148,336,567	313,073	\$133,954,652	+10.7	322,287	\$147,297,781	+ .7

*Only 8 banks in Dallas, 10 in Houston, 5 in San Antonio and 68 in "All others" reported the number of savings depositors.

MARCH DISCOUNT RATES

Prevailing rates:

	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as that now eligible for rediscount under the Federal Reserve Act.....	4-6	6-8	3½-6	4-7	5-6	3-6
Rate charged on loans to other banks secured by bills receivable.....	6	5-6	6	5-6	6	5½-6
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
Demand.....	6	6-8	5-10	5-7	6-8	6-8
Time.....	6-8	6-8	5-10	4-7	6-8	6-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	1¾-6	8	6-8	3-7	6-8	5-6
Rate on cattle loans.....	6	6-8	6-10	7-10	8-10	7-8

INDUSTRY

Cottonseed Products

Declines of a seasonal nature were reflected in the operations of cottonseed oil mills located in both Texas and the

United States during the past month, and activities remained on a scale much lower than in the corresponding month a year ago. February activities did not affect the relative position of the various functions performed by the cottonseed

oil industry for the season as a whole; the receipts and crushings of seed and the production of all products during the first seven months of the current cotton year continued substantially below those in the same period of the previous year with the exception of the output of linters at all United States mills. Stocks of cottonseed oil held by crushing establishments on February 28 were considerably below

those a month earlier and a year ago, while supplies of cake and meal, hulls, and linters evidenced an increase over the holdings on February 28, 1934.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to February 28 This season	Last season	August 1 to February 28 This season	Last season
Cottonseed received at mills (tons).....	696,673	1,247,127	3,279,701	3,854,609
Cottonseed crushed (tons).....	718,687	1,115,254	2,927,623	3,333,709
Cottonseed on hand Feb. 28 (tons).....	80,647	230,659	574,739	741,321
Crude oil produced (pounds)...	206,188,741	329,460,064	904,325,490	1,031,305,697
Cake and meal produced (tons).....	339,627	517,635	1,327,631	1,505,098
Hulls produced (tons).....	190,484	306,959	755,449	888,268
Linters produced (running bales).....	152,395	185,993	650,381	618,337
Stocks on hand February 28:				
Crude oil (pounds).....	13,194,855	42,114,550	45,564,941	133,741,745
Cake and meal (tons).....	83,354	71,443	346,876	289,156
Hulls (tons).....	59,922	40,076	180,950	89,745
Linters (running bales).....	56,111	32,698	196,902	142,118

Textile Milling

The consumption of cotton during February at textile mills located throughout the United States was in slightly larger volume than in February a year ago, but on the other hand, a decrease somewhat larger than seasonal was reflected as compared with the preceding month. Consumption during February totaled 478,291 bales, as against 546,787 bales in January, and 477,046 bales in February, 1934. During the seven-month period ended February 28 consumption at these mills aggregated 3,152,892 bales, as compared with 3,400,277 bales in the corresponding period of the previous season. Stocks of cotton held at the close of the month were again below those a month earlier and a year ago.

Activities at reporting Texas textile mills showed a general slowing down during the past month. Both the consumption of cotton and the production of cloth were in smaller volume than in either the preceding month or the same month last year, and the demand for finished products as measured by orders on hand at the end of the month, was less than at the close of either comparative month. Stocks of cotton goods on hand February 28 were greater than on January 31 or on February 28, 1934.

COTTON CONSUMED AND ON HAND (Bales)

	February		August 1 to February 28	
	1935	1934	This season	Last season
Cotton-growing states:				
Cotton consumed.....	380,643	375,109	2,521,654	2,714,141
On hand February 28 in—				
Consuming establishments.....			927,792	1,302,358
Public storage and compresses.....			8,166,905	8,271,026
United States:				
Cotton consumed.....	478,291	477,046	3,152,892	3,400,277
On hand February 28 in—				
Consuming establishments.....			1,161,117	1,656,776
Public storage and compresses.....			8,373,059	8,636,596

Cotton Movements

The exports of cotton from the port of Houston during February continued in substantially smaller volume than a year ago, and the decrease from the preceding month was somewhat larger than usually occurs at that time. On the other hand, exports from Galveston, while remaining below those in the like month a year ago, evidenced a contrary to seasonal increase over the January shipments. Exports of cotton during the current season continued materially below those

in the first seven months of the previous season. February cotton receipts at both concentration points were seasonally smaller than in January, and remained considerably below those last year. Stocks of cotton held at these ports on February 28 were less than the holdings a month earlier or a year ago.

Total foreign exports of American cotton during February remained on the low level that has prevailed throughout the current season. Shipments during the month amounted to only 390,294 bales, which compares with 465,711 bales in January, and 628,457 bales in February a year ago. The decrease from the previous month was seasonal. Exports during February this year were considerably below the average for that month, and were the smallest for any corresponding month since 1923. During the first seven months of the present season shipments amounted to 3,254,832 bales or 41.3 per cent less than in the corresponding period of the 1933-34 season. The largest declines in exports of domestic cotton during the current season as compared with the previous season are as follows: Germany, 77 per cent; France, 57 per cent; China, 55 per cent; and the United Kingdom, 48 per cent.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON (Bales)

	February 1935	February 1934	August 1 to February 28	
			This season	Last season
Receipts.....	41,880	106,511	866,281	1,854,523
Exports.....	108,044	238,174	943,246	1,599,828
Stocks, February 28.....			534,348	689,692

COTTON—GALVESTON STOCK STATEMENT (Bales)

	Feb. 28, 1935	Feb. 28, 1934
	For Great Britain.....	3,300	6,000
For France.....	1,300	8,000
For other foreign ports.....	16,300	38,500
For coastwise ports.....	1,000	3,500
In compresses and depots.....	512,248	633,692
Total.....	534,348	689,692

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON (Bales)

	February 1935	February 1934	August 1 to February 28	
			This season	Last season
Receipts.....	36,814	89,332	992,233	2,071,407
Exports.....	96,396	176,981	841,170	1,775,577
Stocks, February 28.....			876,815	1,300,260

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

	August 1 to February 28	
	This season	Last season
Receipts.....	2,949,664	6,514,618
Exports: United Kingdom.....	506,932	971,945
France.....	274,982	632,980
Italy.....	308,180	488,103
Germany.....	233,216	1,023,127
Other Europe.....	508,775	710,742
Japan.....	1,157,508	1,322,639
All other countries.....	265,239	398,371
Total foreign ports.....	3,254,832	5,547,907
Stocks held at all United States ports, February 28.....	2,581,716	3,415,381

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

	February, 1935		March 15, 1935
	High	Low	
New York.....	12.80	12.45	11.50
New Orleans.....	12.79	12.43	11.33
Dallas.....	12.35	11.95	11.05
Houston.....	12.85	12.45	11.45
Galveston.....	12.85	12.45	11.40

Petroleum The output of petroleum in the Eleventh Federal Reserve District amounted to 30,409,400 barrels in February, as compared with 33,331,200 barrels in January and 27,384,000 barrels in February, 1934. The decline between January and February was due entirely to the shorter month as there was a moderate gain in daily average production. Drilling operations continued active, there being 806 wells completed during the month as compared with 807 in January. Successful producers of oil totaled 585 wells, with initial production amounting to 2,349,728 barrels, as compared with 556 wells in January making a test yield of 1,959,469 barrels.

The daily average yield of Texas fields totaled 1,016,200 barrels, which was 12,000 barrels greater than in the previous month and 107,950 barrels above that in the corresponding month of 1934. While gains were registered in all Texas

OIL PRODUCTION—(Barrels)

	February, 1935		Increase or decrease over January, 1935	
	Total	Daily Avg.	Total	Daily Avg.
	North Texas.....	3,326,400	118,800	- 264,950
Central West Texas.....	4,926,600	175,950	- 690,600	- 5,250
East Texas.....	13,626,200	486,650	-1,139,100	+10,350
South Texas.....	1,654,800	59,100	- 107,550	+ 2,250
Texas Coastal.....	4,919,600	175,700	- 474,400	+ 1,700
Total Texas.....	28,453,600	1,016,200	-2,676,600	+12,000
New Mexico.....	1,314,600	46,950	- 153,250	- 400
North Louisiana.....	641,200	22,900	- 91,950	- 750
Total District.....	30,409,400	1,086,050	-2,921,800	+10,850

fields, except Central West Texas, the major increase was in East Texas. Daily average production in New Mexico and North Louisiana was slightly lower than in the previous month.

FEBRUARY DRILLING RESULTS

	Com-pletions	Pro-ducers	Gas Wells	Fail-ures	Initial production
North Texas.....	171	110	5	56	30,500
Central West Texas.....	74	35	4	35	158,390
East Texas.....	328	316	1	11	2,079,402
South Texas.....	121	63	6	52	24,541
Texas Coastal.....	75	44	3	28	18,950
Total Texas.....	769	568	19	182	2,311,783
New Mexico.....	18	10	1	7	37,590
North Louisiana.....	19	7	2	10	355
February totals, district.....	806	585	22	199	2,349,728
January totals, district.....	807	556	32	219	1,959,469

CRUDE OIL PRICES

	March 8, 1935	March 9, 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 the number of construction permits issued at principal cities in this district during February was about the same as in the previous month, their value showed a sharp decline from the high January total. The comparisons with the corresponding month a year ago, however, continued to show substantial increases in both the number and valuation of permits. There were 1,457 permits issued during February with a total valuation of \$1,503,448, as compared with 1,451 permits in January, amounting to \$3,501,663, and 1,135 permits in February a year ago, which aggregated only \$696,642 in valuation. Construction activity during the first two months of 1935 showed an increase of 243.5 per cent over that in the like period of 1934.

BUILDING PERMITS

	February, 1935		February, 1934		Percentage change valuation over year	January, 1935		Percentage change valuation over month	January 1 through February 28				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1935		1934		
									No.	Valuation	No.	Valuation	
Amarillo.....	20	\$ 10,307	9	\$ 5,083	+102.8	29	\$ 21,304	- 51.6	49	\$ 31,611	31	\$ 67,937	- 53.5
Austin.....	121	176,590	49	29,300	+502.7	131	1,735,803	- 89.8	252	1,912,393	105	60,088	*
Beaumont.....	93	14,270	68	10,335	+ 38.1	92	48,865	- 70.8	185	63,135	125	20,885	+202.3
Corpus Christi.....	47	23,487	28	17,335	+ 35.5	46	36,081	- 34.9	93	59,568	47	80,259	- 25.8
Dallas.....	383	225,479	322	153,150	+ 47.2	351	379,500	- 40.6	734	605,069	699	325,923	+ 85.6
El Paso.....	39	42,390	32	38,905	+ 9.0	27	15,557	+172.5	66	57,947	67	62,041	- 6.6
Fort Worth.....	90	49,400	82	40,000	+ 23.5	86	379,489	- 87.0	176	428,889	157	97,420	+340.2
Galveston.....	101	209,658	80	36,278	+477.9	82	25,248	+730.4	183	234,906	175	57,150	-311.0
Houston.....	197	443,179	174	252,495	+ 75.5	219	521,435	- 15.0	416	964,614	301	412,920	+133.6
Port Arthur.....	51	31,247	54	12,989	+140.6	40	24,628	+ 26.9	91	55,875	80	22,803	+145.0
San Antonio.....	128	45,241	128	68,990	- 34.4	178	214,186	- 78.9	306	259,427	228	138,437	+ 87.4
Shreveport.....	150	148,507	88	20,715	+616.9	127	60,672	+144.8	277	209,179	178	60,534	+245.6
Waco.....	16	13,834	13	8,907	+ 55.3	23	29,254	- 52.7	39	43,088	28	35,054	+ 22.9
Wichita Falls.....	21	69,859	8	2,160	*	20	9,551	+631.4	41	79,410	15	15,485	+412.8
Total.....	1,457	\$1,503,448	1,135	\$696,642	+115.8	1,451	\$3,501,663	- 57.1	2,908	\$5,005,111	2,236	\$ 1,456,936	+243.5

*Increase over one thousand per cent.

Cement

A reduction in activity at Portland cement mills in Texas was witnessed during February. Total output was reported as 221,000 barrels, which compares with 294,000 barrels in January, and 280,000 barrels in the corresponding month last year. Shipments during the month totaled 229,000 barrels, being 4.6 per cent less than in the previous month, and 16.1 per cent under the volume of a year ago. Stocks on hand declined somewhat but on February 28 were 45.7 per cent larger than on the same date in 1934.

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

	Feb., 1935	Percentage change over		January 1 through Feb. 28, 1935	Percentage change over year
		Feb., 1934	Jan., 1935		
Production at Texas mills.....	221	-21.1	-24.8	515	+ 8.4
Shipments from Texas mills.....	229	-16.1	- 4.6	469	-12.7
Stocks at end of month at Texas mills.....	717	+45.7	- 1.1	.....	.....

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board, March 25, 1935)

In February industrial production increased by less than the usual seasonal amount, following sharp advances in December and January. Wholesale prices of many leading commodities showed little change in February and declined in the early part of March. Prices of livestock and meats, however, advanced further in February and continued at relatively high levels during the first three weeks of March.

PRODUCTION AND EMPLOYMENT

Daily average output of basic industrial commodities increased in February by an amount smaller than is usual at this season and the Federal Reserve Board's index, which makes allowance for seasonal variations, declined from 91 per cent of the 1923-25 average in January to 89 per cent in February. At steel mills activity increased further during the early part of February; later in the month and in the first three weeks of March, however, activity declined, contrary to seasonal tendency. In the automobile industry production continued to increase and the output indicated for the first quarter is larger than in the corresponding period of any other year since 1929. Lumber production remained at a low level. At textile mills activity in February declined somewhat from the relatively high rate of the preceding month. In the meat-packing industry output continued to decline. Factory employment increased between the middle of January and the middle of February by more than the usual seasonal amount, reflecting substantial increases in working forces in the automobile, machinery, iron and steel, and wearing apparel industries and smaller increases in many other lines. At meat-packing establishments employment continued to decline and at tobacco factories it showed less than the usual seasonal growth. Payrolls at manufacturing establishments also increased considerably in February. In non-manufacturing industries employment and payrolls showed little change. Total value of construction contracts awarded in the period from January 1 to March 15, as reported by the F. W. Dodge Corporation, was smaller than in the corresponding period last year, reflecting a reduction in the volume of public projects. The value of contracts awarded for residential building during this period showed a slight increase over the low level of a year ago.

DISTRIBUTION

Daily average volume of revenue freight-car loadings showed a seasonal increase in February and little change in the first half of March. Department store sales increased in February, a month when there is usually little change, and the combined total for the first two months of the year was larger than a year ago by 5 per cent.

WHOLESALE COMMODITY PRICES

During the period from the beginning of February to the middle of March, there were wide movements in prices of many individual commodities while the general level of wholesale prices, as measured by the Bureau of Labor Statistics index, showed little change. In the third week of March prices of cotton and other textiles, grains other than wheat, coffee, rubber and tires, scrap steel, and tin were considerably lower than at the beginning of February while prices of livestock, meats, and sugar were higher.

BANK CREDIT

During the four weeks ended March 20 member bank reserve balances declined by \$280,000,000, principally in consequence of an increase in Treasury deposits with Federal reserve banks built up in connection with March 15 fiscal operations. Excess reserves of member banks declined to about \$1,950,000,000. Demand deposits (net) of weekly reporting member banks in leading cities increased further by \$380,000,000 during the four weeks ended March 13. The balances of other banks with reporting banks increased by \$100,000,000 while Government deposits declined, reflecting the withdrawal of funds from depository banks. Loans and investments of reporting banks increased by \$275,000,000. There was a further growth of \$85,000,000 in holdings of direct obligations of the United States Government and a smaller increase in obligations guaranteed by the Government. Loans to brokers and dealers in securities increased by \$130,000,000 while other loans showed little change. Yields on United States Government obligations declined slightly further, and open-market money rates continued at a low level.