

MONTHLY BUSINESS REVIEW

OF THE

FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

THE SITUATION AT A GLANCE
Eleventh Federal Reserve District

	July 1935	Change from June
Bank debits to individual accounts (at 18 cities).....	\$742,808,000	+ 25.3%
Department store sales.....	—	- 17.5%
Reserve bank loans to member banks at end of month.....	\$ 606,935	+ \$243,200
Reserve bank ratio at end of month.....	67.5%	+ 5.0 points
Building permit valuation at larger centers....	\$ 2,005,697	+ 2.4%
Commercial failures (number).....	19	- 9.5%
Commercial failures (liabilities).....	\$ 196,834	- 38.6%
Oil production (barrels).....	35,153,150	+ 3.9%

A betterment in the condition of the agricultural and livestock industries and a broadening demand for merchandise in wholesale and retail channels were constructive developments in the Eleventh District during the past thirty days. Sales of department stores in principal cities showed less than the usual seasonal decline, and the gain of 15 per cent as compared with a year ago was the largest similar increase reported during the current year. Distribution of merchandise at wholesale was also in large volume for this season. Sales in most lines reflected a greater than seasonal expansion between June and July, and the volume of business was substantially larger than a year ago. Trade reports indicate that the growing optimism occasioned in part by the favorable agricultural prospects is being reflected in the heavier forward orders being placed by retailers in some lines and the expanding volume of consumer buying. Payments on accounts at wholesale and retail establishments were well in line with those of the previous month.

The position of agriculture was strengthened by favorable weather conditions, which were conducive to larger

yields of most crops. On the basis of the August 1 report of the Department of Agriculture, the production of feed crops in this district will be the largest in several years, and farmers generally will have ample supplies to meet next year's requirements. The indicated yields of most minor crops are also considerably larger than a year ago. The cotton crop has made good progress and the August 1 report of the Department of Agriculture forecasts a substantial increase in the per acre and total productions. The most serious deterrent to the crop is the heavy infestation by boll weevils and other insects. In some sections weather conditions have been conducive to their propagation and have counteracted efforts to control them. Except in limited areas where moisture is still deficient, ranges are in good condition and livestock generally are improving.

The loans and investments of member banks in selected cities reflected an expansion between July 10 and August 8 and on the latter date were substantially larger than a year ago. The daily average of combined net demand and time deposits amounted to \$812,870,000 in July, which was \$10,357,000 larger than in June, and \$93,847,000 in excess of the average in July, 1934. While member bank borrowings at the Federal Reserve Bank increased during the past month, the volume of these loans continued small. Federal reserve notes in actual circulation totaled \$61,044,000 on August 15, as compared with \$53,643,000 on July 15, and \$42,121,000 on the same date last year.

Following the decline in June, there was a slight increase in valuation of building permits issued at principal cities in July. The value of permits issued was 2 per cent above the June volume and exceeded that in the corresponding month last year by 115 per cent.

BUSINESS

Wholesale Trade

Favorable comparisons with both the previous month and the same month last year were shown in the combined sales

of reporting wholesale firms in this district during July. Only one line reported a less favorable comparison with June than is usual at this season, and with one exception all lines reflected a better comparison with the same month last year than was registered in June. Increases as compared with July, 1934, ranged from 1.0 per cent in the case of

dry goods to 111.9 per cent in the case of farm implements. The favorable agricultural outlook has stimulated buying in most lines and has created a more optimistic sentiment in trade circles. A larger volume of collections than in the previous month was reported in July in the case of all lines except hardware.

A somewhat larger than seasonal improvement was reflected during July in the demand for dry goods at whole-

sale, the total sales of nine firms in this district being 18.7 per cent greater than in the preceding month, and 1.0 per cent above those reported in the same month last year. Recent reports indicate a large volume of early fall buying, with business during the first part of August continuing to reflect heavy seasonal purchases. Inventories on July 31 were 18.0 per cent smaller than on that date a year ago. As compared with the previous month, July collections showed an increase of 2.7 per cent.

A majority of reporting wholesale grocery firms in this district reported an improvement in the demand for merchandise during July. Total sales were well sustained at a level 0.1 per cent above the previous month's volume, and a gain of 16.7 per cent over July last year was reflected. In June the increase as compared with a year ago amounted to 12.7 per cent. A further material reduction in stocks on hand was shown during the month. July collections were in somewhat larger volume than those of the preceding month.

Distribution of hardware at wholesale turned upward in July. Wholesalers in the Eleventh District reported more business than in June, despite the contrary-to-seasonal increase which occurred in that month, and their sales showed an expansion of 18.2 per cent as compared with July a year ago. This is in contrast to the trend during the first half of the current year, when aggregate sales were slightly below those reported in the first six months of 1934. A seasonal decrease was reflected in the amount of collections during July.

Having shown a substantial decline in June, the distribution of drugs through wholesale channels picked up appreciably during July, and recorded an increase of 24.7 per cent over the same month in 1934. The increase over the previous month amounted to 19.5 per cent. In the case of both comparisons the improvement was general throughout the district. The rate of collections on outstanding accounts was about the same as in June.

While the demand for farm implements reflected a partly seasonal decline during July, it showed the most favorable comparison with a year ago that has been reported since January. The decrease from June amounted to 25.3 per cent, and the gain over July, 1934, amounted to 111.9 per

cent. There was a further substantial gain in the volume of collections as compared with the previous month.

CONDITION OF WHOLESALE TRADE DURING JULY, 1935
Percentage of increase or decrease in—

	Net Sales July, 1935 compared with July, 1934		Stocks July, 1935 compared with July, 1934		Ratio of collec- tions during July to accounts and notes outstanding on June 30
	July, 1934	June, 1935	July, 1934	June, 1935	
Groceries.....	+ 16.7	+ .1	+ 3.5	- 4.0	79.1
Dry goods.....	+ 1.0	+18.7	-18.0	+ 5.3	34.8
Farm implements.....	+111.9	-25.3	+29.0	+12.6	9.5
Hardware.....	+ 18.2	+ 3.1	- .3	+ .5	42.4
Drugs.....	+ 24.7	+19.5	+ .7	+ 2.4	52.0

Retail Trade

The mid-summer recession in the business of department stores in principal cities of the Eleventh District was less pronounced than usual. Despite the deterring effects of high temperatures, the demand for merchandise was active as is evidenced by the fact that total dollar volume of sales reflected an increase of 14.7 per cent over that in July, 1934, and the 17.5 per cent decline as compared with the previous month was considerably smaller than the average for July. Reflecting the smaller than seasonal decline in business during the month, this bank's seasonally adjusted index of department store sales rose from 80.5 per cent of the 1923-25 average in June to 83.7 per cent in July, and compares with 76.0 per cent in July, 1934. Total distribution of merchandise during the first seven months of the current year was 5.6 per cent greater than in the corresponding period of 1934.

Inventories of merchandise at reporting stores on July 31 were practically the same in dollar volume as on the corresponding date last year, but a seasonal decline of 6.8 per cent was reflected as compared with the holdings on June 30. The rate of stock turnover during the seven months ending July 31 was 1.76, as compared with 1.71 in the same period of 1934.

Collections on both open and installment accounts during July were at approximately the same rate as in June. The ratio of collections to open accounts outstanding on July 1 was 38.4 per cent, as against 38.6 per cent in June, and 35.3 per cent in July, 1934.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
July, 1935, compared with July, 1934.....	+22.0	+ 6.0	+10.8	+13.8	+13.3	+14.7
July, 1935, compared with June, 1935.....	-15.1	-16.7	-17.0	-20.9	-20.1	-17.5
January 1 to date compared with same period last year.....	+10.4	+ 2.9	- 1.2	+ 7.5	+ 4.6	+ 5.6
Credit sales (percentage):						
July, 1935, compared with July, 1934.....	+27.0	+13.8	+15.6	+14.1	+17.7	+19.9
July, 1935, compared with June, 1935.....	-14.7	-16.5	-18.8	-23.4	-23.6	-18.3
January 1 to date compared with same period last year.....	+14.4	+ 7.6	+ 3.9	+10.2	+ 7.2	+ 9.9
Stocks on hand at end of month (percentage):						
July, 1935, compared with July, 1934.....	- 2.6	- 1.9	- 2.1	+13.5	- 2.4	- .3
July, 1935, compared with June, 1935.....	- 7.6	- 4.8	-14.7	+ .3	- 6.6	- 6.8
Stock turnover (rate):						
Rate of stock turnover in July, 1934.....	.21	.18	.18	.23	.16	.19
Rate of stock turnover in July, 1935.....	.26	.19	.21	.24	.18	.22
Rate of stock turnover January 1 to July 31, 1934.....	1.88	1.43	1.72	2.09	1.42	1.71
Rate of stock turnover January 1 to July 31, 1935.....	2.02	1.47	1.66	1.97	1.49	1.76
Ratio of July collections to open accounts receivable outstanding July 1, 1935.....	38.3	32.5	40.4	43.2	37.8	38.4
Ratio of July collections to installment accounts receivable outstanding July 1, 1935.....	14.7	11.2	.....	16.6	16.5	13.9
Indexes to department store sales:						
Unadjusted—June, 1935.....	74.8	79.2	76.4	69.4	.....	74.1
Unadjusted—July, 1935.....	61.9	63.4	62.8	50.3	.....	58.6
Adjusted—June, 1935.....	86.0	84.3	72.1	70.8	.....	80.5
Adjusted—July, 1935.....	92.4	84.5	89.7	74.0	.....	83.7
Indexes of department store stocks:						
Unadjusted—June, 1935.....	48.6	63.6	42.9	42.3	.....	53.1
Unadjusted—July, 1935.....	44.3	60.5	38.7	42.0	.....	49.8
Adjusted—June, 1935.....	50.6	66.9	47.7	48.1	.....	56.5
Adjusted—July, 1935.....	47.6	65.8	43.5	49.3	.....	54.7

Commercial Failures The past month witnessed a decline in both the number and liabilities of commercial failures in the Eleventh Federal Reserve District. According to the report of Dun and Brad-

street, Inc., there were 19 commercial failures in July with a combined indebtedness of \$196,834, as compared with 21 defaults in June involving \$320,409, and 22 insolvencies in July, 1934, with total liabilities of \$361,166.

AGRICULTURE

Crop Conditions Favorable weather during the past month was very beneficial to growing crops and the present outlook is unusually promising. The Department of Agriculture in its August 1 report stated that the indicated production of all Texas crops except wheat is much larger than in 1934, and increased production is forecasted for most crops in other states attached to this district. The figures compiled by the Department show that the indicated yield per acre of 32 important crops combined, August 1, 1935, (expressed as a percentage of the ten-year (1921-30) average yield) was as follows for states attached to this district: Texas—123.1; Louisiana—121.2; Arizona—116.8; New Mexico—105.1; and Oklahoma—101.3.

The cotton crop made good progress in most sections of the district during the past month. The estimated production for the Eleventh District, as compiled by the Federal Reserve Board from the August 1 report of the Department of Agriculture, was placed at 4,561,000 bales, which compares with 2,934,000 bales harvested in 1934. The per acre yield in Texas was estimated by the Department at 168 pounds, whereas the yield was only 112 pounds in 1934. Aggregate production was placed at 3,851,000 bales as against 2,406,000 bales last year. The Department indicated that prospects are for a below average yield in south and southeast sections due to insect damage and the detrimental effects of rains in May and June. Efforts to combat the boll weevil and other insects in the east and north Blackland sections were hampered by frequent showers in July, but the crop is in generally good condition. In the Northwest and North-Central Plains areas, which were most severely affected by the drouth of 1934, the crop is late but the present outlook is for a good to excellent yield. The Louisiana crop promises a production of 611,000 bales as compared with an output of 485,000 bales last year. In Oklahoma the indicated yield was estimated at 827,000 bales, whereas the poor crop of 1934 produced only 317,000 bales. There is little change from a year ago in the estimated production in Arizona and New Mexico as the larger acreage is offset by the lower yield per acre.

An unusually large volume of feed has been produced in this district during the current year. The Texas corn crop reflected a further improvement in July and the August 1 forecast was for a production of 111,326,000 bushels, which compares with a harvest of 45,873,000 bushels in 1934. The current crop is the largest produced since 1910 and there were only a few years in which the per acre yield was higher than the 19.5 bushels estimated for this year. Large increases in the production of corn were also forecast for other states attached to this district. The area planted to grain sorghum in Texas was increased from 4,482,000 acres in 1934 to 5,378,000 this year. The crop has made excellent growth and indicates a production of 86,048,000 bushels, which is nearly five times larger than last year's harvest and the largest ever produced in the State. The indicated production of this crop in New Mexico and Oklahoma is also much larger than in 1934. The prospective production of

hay is considerably larger than a year ago in all states attached to this district. The largest increases were shown for Texas and Oklahoma where production of tame hay for the current year was estimated at 626,000 tons and 647,000 tons, respectively. The estimate for the Eleventh District, as compiled by the Federal Reserve Board from the August 1 report of the Department of Agriculture, was 1,020,000 tons, as compared with a harvest of 724,000 tons in 1934.

The condition of the rice crop in Texas was estimated at 92 per cent on August 1, indicating a production of 8,910,000 bushels as compared with an actual yield of 7,738,000 bushels last year. Sweet potatoes in Texas reflected a further improvement in July and the August 1 estimate of 5,822,000 bushels compares with a production of 3,300,000 bushels in 1934, when the crop was injured by the prolonged drouth. A substantially larger production was also forecast for Oklahoma and Louisiana. The production of fruits in Texas and Oklahoma was substantially larger than a year ago. The outlook is for a large harvest of broom-corn in Texas, Oklahoma, and New Mexico due to the increased acreage and better growing conditions than in the previous season.

Livestock The condition of livestock and their ranges continued generally favorable throughout most of the territory of the Eleventh District during the past month. The Department of Agriculture reported that Texas ranges are in good condition, except in the northwestern portion of the Panhandle and in the western portion of the Trans-Pecos area; that prospects for fall and winter range feed are very favorable; and that there will be a tendency to hold and restock except in limited dry areas. Portions of New Mexico are still suffering from a deficiency of moisture, particularly the southeast and southwest sections. In Arizona, the late July and early August rains were beneficial to ranges and supplied needed stock water. Livestock generally are in good condition, but are beginning to show the effects of short feed in the dry areas. The Department of Agriculture estimated that the lamb crop in New Mexico and Arizona would be approximately the same as in 1934, but in Texas there was a further substantial decline due to the fewer breeding ewes and the smaller percentage of lambs docked. The estimated production of wool was smaller than last year in all three states.

The condition of cattle ranges in Texas, as estimated by the Department of Agriculture, failed to show the usual seasonal decline in July and the August 1 figure of 86 per cent of normal compared with 50 per cent on that date in 1934. Sheep and goat ranges reflected a smaller than seasonal decline, the condition figure being 87 per cent on August 1 as compared with 89 per cent a month earlier, and 55 per cent a year ago. The condition of cattle showed a counter-to-seasonal rise of 2 points, the August 1 rating being 86 per cent as against 60 per cent on the same date in 1934. Sheep improved 1 point in July and the August 1 figure of 87 per cent compares with 68 per cent on that

date last year. While the condition of goats remained unchanged between July 1 and August 1 the 89 per cent condition figure was 16 points higher than on the same date last year. The condition of ranges in Arizona and New Mexico declined during July but continued noticeably better than a year ago.

Movements and Prices

The Fort Worth receipts of cattle and calves in July were larger than in June, but fell considerably short of a year ago.

The arrivals of hogs reflected a further decline from the previous month and were sharply lower than in July, 1934. While the receipts of sheep showed a large seasonal decline from the previous month, they were substantially greater

FORT WORTH LIVESTOCK RECEIPTS
(Number)

	July 1935	July 1934	Change over year	June 1935	Change over month
Cattle.....	70,482	84,813	-14,331	69,309	+ 1,173
Calves.....	29,257	39,082	- 9,825	22,361	+ 6,896
Hogs.....	11,667	33,938	-22,271	12,827	- 1,160
Sheep.....	62,618	43,074	+19,544	110,436	-47,818

than in July last year.

There was a general lowering of values on slaughter cattle during the past month. While prices turned upward late in July, there was a narrowing of demand and a weaker market tone in the subsequent two weeks. The advance in the hog market, which began early in July, has been very rapid. The best offerings on August 15 brought \$11.35, or approximately \$2.00 more than offerings a month earlier. Sheep prices have remained generally steady but lamb prices have shown a slightly upward trend.

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	July 1935	July 1934	June 1935
Beef steers.....	\$ 9.75	\$ 7.85	\$10.50
Stocking steers.....	.....	.....	7.60
Heifers and yearlings.....	10.65	7.00	10.10
Butcher cows.....	6.50	3.50	7.00
Stocking cows.....	.....	.....	.....
Calves.....	8.00	4.50	7.75
Hogs.....	10.60	4.70	9.70
Sheep.....	4.00	3.00	4.50
Lambs.....	7.50	7.00	7.50

FINANCE

Condition of Member Banks in Selected Cities

Following a decline during the previous period, the loans and investments of member banks in selected cities reflected a substantial increase during the four weeks ending August 7. Investments in

United States Government securities were increased \$2,790,000 between July 10 and August 7, and holdings of all other securities rose \$3,627,000 in the same period. As compared with August 8, 1934, holdings of United States Government securities were \$25,175,000 smaller while those of other securities were \$29,877,000 greater. Loans on securities reflected a further decline between July 10 and August 7, and on the latter date were \$16,297,000 below those a year earlier. "All other" loans (largely commercial) totaled \$133,605,000 on August 7, which was \$655,000 greater than on July 10 and \$3,396,000 larger than on the corresponding date in 1934. The net demand deposits of these banks rose \$16,160,000 during the period but the increase resulted principally from the transfer of ownership for a cash consideration of a large corporation. The time deposits of these banks declined \$1,161,000 during the four-week period, and on August 7 were \$1,736,000 lower than a year ago. Their reserve deposits with the Federal Reserve Bank showed a considerable increase over both comparative dates.

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

	August 7, 1935	August 8, 1934	July 10, 1935
United States securities owned.....	\$152,943	\$178,118	\$150,153
All other stocks, bonds, and securities owned.....	83,204	53,417	79,667
Loans on securities.....	42,087	58,384	42,271
All other loans.....	133,605	125,209	132,950
Total loans.....	175,692	183,593	175,221
Net demand deposits.....	349,244	274,054	333,084
Time deposits.....	121,808	123,544	122,969
Reserve with the Federal Reserve Bank.....	78,704	72,837	75,566
Bills payable and rediscounts with the Federal Reserve Bank.....	None	None	None

Operations of the Federal Reserve Bank

The demand from member banks for Federal Reserve Bank funds showed some increase during the past month, but the total volume of such loans outstanding continued small. These loans amounted to \$577,000 on August 15, as compared with \$383,000 on July 15, and

\$398,000 on the corresponding date last year. Member banks borrowing from the Federal Reserve Bank numbered 32 on August 15 as against 23 a month earlier, and 17 at the middle of August, 1934. Outstanding industrial advances to established industrial and commercial businesses for working capital purposes showed a slight decline between July 15 and August 15. This bank's investments in United States securities totaled \$81,475,000 on August 15, which represents an increase of \$5,000,000 over holdings a month earlier, and \$10,000,000 over those a year ago. The reserve deposits of member banks reflected wide fluctuations during the past month. The aggregate of these deposits was \$121,088,000 at the middle of August, as compared with \$113,050,000 on July 15, and \$114,961,000 on the same date last year. Federal reserve notes in actual circulation rose to \$61,044,000 on August 15, which represents an increase of \$7,401,000 during the month, and an increase of \$18,923,000 as compared with a year ago. The recent increase was due to the seasonal demand for currency, the replacement to national bank notes retired from circulation, and the withdrawal of a large volume of currency by the Treasurer of the State of Texas.

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

	August 15, 1935	August 15, 1934	July 15, 1935
Total cash reserves.....	\$110,837	\$ 96,759	\$105,403
Discounts for member banks.....	577	398	383
Other bills discounted.....	None	None	None
Industrial advances.....	1,845	3	1,854
Commitments to make industrial advances.....	448	None	448
Bills bought in the open market.....	122	142	122
United States Government securities owned.....	81,475	71,475	76,475
All other investments.....	None	None	None
Total earning assets.....	84,019	72,018	78,834
Member bank reserve deposits.....	121,088	114,961	113,050
Federal reserve notes in actual circulation.....	61,044	42,121	53,643

Acceptance Market

Reflecting a further increase in the amount of acceptances executed by banks in this district against import and export transactions, the total of outstanding acceptances rose from \$927,553 at the close of June to \$1,013,064 on July 31. The latter figure compares with a total of \$176,019 on the same date last year. Acceptances based on the domestic shipment and storage of goods amounted to \$690,465 on July

31, as against \$706,367 a month earlier, and \$137,253 a year ago.

Deposits of Member Banks

A further sizable increase over the preceding month was recorded in the combined daily average of net demand and time deposits of member banks in the Eleventh District during July. This figure amounted to \$812,870,000, which compares with an average of \$802,513,000 in June, and the July, 1934, average of \$719,023,000. The expansion over the same month a year ago, which amounted to \$93,847,000 was the largest gain reflected since last December.

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

	Combined Total		Reserve City Banks		Country Banks	
	Net demand deposits	Time deposits	Net demand deposits	Time deposits	Net demand deposits	Time deposits
July, 1934.....	\$521,333	\$197,690	\$255,210	\$112,632	\$266,123	\$85,058
Aug., 1934.....	527,054	196,825	260,061	111,551	266,093	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	195,880	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
Mar., 1935.....	605,672	193,394	294,281	112,019	311,391	81,375
April, 1935.....	606,348	193,849	299,163	112,252	307,185	81,597
May, 1935.....	603,787	194,524	296,770	113,128	307,017	81,396
June, 1935.....	609,260	193,253	300,625	112,838	308,635	80,415
July, 1935.....	618,475	194,395	308,892	112,752	309,583	81,643

Debits to Individual Accounts

A marked increase occurred in the volume of charges to depositors' accounts at banks in leading cities in this district during July. The total reported was \$742,808,000, which compares with \$592,726,000 in the previous month, and \$534,678,000 in the same month a year ago. Although the major portion of the gain over both comparative months was reflected at one city as a result

of transactions incident to the transfer of ownership of a large corporation, very favorable comparisons were also shown at most of the other reporting cities. Increases over the corresponding month last year ranged from 3.9 per cent in the case of Tucson, Arizona, to 109.7 per cent in the case of Houston.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	July 1935	July 1934	Percentage change over year	June 1935	Percentage change over month
Abilene.....	\$ 4,815	\$ 4,517	+ 6.6	\$ 4,987	+ 3.4
Austin.....	26,661	17,210	+ 54.9	27,550	+ 3.3
Beaumont.....	20,181	17,132	+ 17.8	17,203	+17.3
Coriscana.....	2,460	2,084	+ 17.5	2,219	+10.9
Dallas.....	168,570	147,298	+ 14.4	153,957	+ 9.5
El Paso.....	20,306	15,546	+ 30.6	19,593	+ 3.6
Fort Worth.....	66,746	60,717	+ 9.9	65,893	+ 1.3
Galveston.....	20,651	18,145	+ 13.8	20,951	+ 1.4
Houston.....	266,039	126,896	+109.7	142,881	+86.2
Port Arthur.....	6,061	5,027	+ 20.6	5,791	+ 4.7
Roswell.....	2,783	1,752	+ 58.8	2,507	+11.0
San Antonio.....	58,299	48,163	+ 21.0	55,374	+ 5.3
Shreveport.....	29,408	27,619	+ 6.5	25,737	+14.3
Texaskana*.....	5,734	4,683	+ 22.4	5,637	+ 1.7
Tucson.....	7,436	7,158	+ 3.9	8,882	+16.3
Tyler.....	10,957	8,945	+ 22.5	11,435	+ 4.2
Waco.....	11,010	9,908	+ 11.1	10,293	+ 7.0
Wichita Falls....	14,691	11,868	+ 23.8	11,806	+24.4
Total.....	\$742,808	\$534,678	+ 38.9	\$592,726	+25.3

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

Savings Deposits

The savings deposits of 124 banks in this district which operate savings departments reflected a slight decline during July. These deposits on July 31 aggregated \$152,115,613, which was 0.6 per cent lower than on June 30, but 8.8 per cent larger than on the same date in 1934. There was an increase in the number of savings depositors over both comparative dates.

SAVINGS DEPOSITS

	July 31, 1935			July 31, 1934			June 30, 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	9,029	\$ 3,613,674	8,486	\$ 3,432,416	+ 5.3	8,708	\$ 3,551,373	+ 1.8
Dallas.....	9*	77,106	25,514,321	74,861	24,491,300	+ 4.2	77,044	25,763,879	+ 1.0
El Paso.....	2	12,299	5,685,394	10,978	4,623,830	+23.0	12,195	5,724,224	+ .7
Fort Worth.....	3	34,868	11,175,568	33,173	10,275,435	+ 8.8	34,726	11,364,530	+ 1.7
Galveston.....	4	16,935	10,329,040	16,725	9,756,296	+ 5.9	16,852	10,246,327	+ .8
Houston.....	11*	66,584	31,780,799	64,722	28,715,583	+10.7	66,444	31,796,990	+ .1
Port Arthur.....	2	5,343	2,107,116	5,122	1,913,713	+10.1	5,293	2,109,619	+ .1
San Antonio.....	6	21,769	16,313,980	19,577	14,956,529	+ 9.1	21,562	16,540,905	+ 1.4
Shreveport.....	3	22,255	10,570,274	23,141	10,125,293	+ 4.4	22,234	10,479,577	+ .9
Waco.....	3	10,846	6,346,330	10,524	6,072,711	+ 4.5	10,890	6,527,645	+ 2.8
Wichita Falls.....	3	6,077	3,104,651	5,772	2,879,149	+ 7.8	6,069	3,063,526	+ 1.3
All others.....	75*	50,375	25,574,466	48,172	22,511,967	+13.6	50,358	25,841,659	+ 1.0
Total.....	124	333,486	\$152,115,613	321,253	\$139,754,222	+ 8.8	332,375	\$153,010,254	+ .6

*Only 8 banks in Dallas, 10 in Houston, and 67 in "All others" reported the number of savings depositors.

AUGUST DISCOUNT RATES

Prevailing rates:

	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as that now eligible for re-discount under the Federal Reserve Act.....	1½-6	5-8	1½-7	3-7	6	3-6
Rate charged on loans to other banks secured by bills receivable.....	4-5	5-6	4-6	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.....	4	6-8	6-8	4-7	6-8	6-8
Time.....	5-8	6-8	6-8	4-7	6-8	6-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	2-8	6-8	5-8	3-7	6-8	5-6
Rate on cattle loans.....	.....	6-8	6-8	7-10	8-10	8

INDUSTRY

Cottonseed Products

Contrary to the average seasonal trend, activities in the Texas cottonseed oil industry turned upward in July, due in part to an increased demand for cottonseed products as

evidenced by shipments during the month. On the other hand, operations continued below those in the corresponding month of 1934. The July report for all mills in the United States showed further seasonal reductions in the

crushings of seed and the output of oil, cake and meal, and hulls. Operations also continued substantially below those a year ago.

The smaller scale operations in this industry during the 1934-35 season, which ended July 31, is evidenced by the fact that receipts and crushings of seed and the production of all products, with the exception of linters at all domestic mills, were the lowest for any year since the 1923-24 season. This reduction in activities was especially large in Texas where declines from the ten-year average (1924-1933) ranged from 33 per cent in the case of linters produced to 51 per cent in the case of seed receipts. A similar comparison for all mills in the United States reflected declines ranging from 13 per cent in the case of linter output to 35 per cent for hull production. It should be noted that at both Texas and United States mills crushings of seed during the season exceeded receipts, and as a result stocks were materially reduced. Shipments of cottonseed products were sharply lower during the season, and the country imported a substantial quantity of cottonseed oil and cake and meal. Stocks of cottonseed products on hand at crushing establishments on July 31 were seasonally smaller than a month earlier, and crude oil and linters were less than at the close of the previous season.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to July 31 This season	Last season	August 1 to July 31 This season	Last season
Cottonseed received at mills (tons).....	743,709	1,351,208	3,417,841	4,159,251
Cottonseed crushed (tons).....	822,958	1,347,233	3,549,383	4,156,911
Cottonseed on hand July 31 (tons).....	23,412	102,761	91,119	222,761
Crude oil produced (pounds)....	236,348,883	397,743,188	1,108,486,353	1,302,785,815
Cake and meal produced (tons).....	389,588	628,452	1,614,354	1,888,545
Hulls produced (tons).....	218,648	365,497	912,031	1,103,251
Linters produced (running bales).....	175,240	231,362	805,203	800,526
Stocks on hand July 31:				
Crude oil (pounds).....	2,664,149	9,485,576	10,885,604	19,980,290
Cake and meal (tons).....	31,567	19,679	200,851	124,572
Hulls (tons).....	17,744	11,919	78,508	80,958
Linters (running bales).....	22,209	26,250	74,772	75,958

Textile Milling

A contrary to seasonal increase of 1.5 per cent in the domestic consumption of cotton was reflected over the previous month, and consumption continued in larger volume than in the like month of 1934. There were 391,771 bales of cotton consumed during July, as against 385,946 bales in June, and 359,951 bales in July, 1934. Consumption during the twelve months of the 1934-35 season totaled 5,359,838 bales, which compares with 5,700,253 bales in the preceding season, and a high of 7,189,585 bales in the season of 1926-27. Stocks of raw cotton held by consuming establishments on July 31 amounted to 789,373 bales, which was seasonally smaller than a month earlier, and less than the holdings on any corresponding date since 1924.

COTTON CONSUMED AND ON HAND (Bales)

	July 1935	July 1934	August 1 to July 31	
			This season	Last season
Cotton-growing states:				
Cotton consumed.....	322,909	290,010	4,304,131	4,550,037
On hand July 31 in—				
Consuming establishments.....			596,575	933,341
Public storage and com- presses.....			5,594,341	5,275,269
United States:				
Cotton consumed.....	391,771	359,951	5,359,838	5,700,253
On hand July 31 in—				
Consuming establishments.....			789,373	1,227,688
Public storage and com- presses.....			5,739,197	5,566,007

Cotton Movements

Although July exports of cotton from the port of Houston reflected a small increase over those a year ago, the movements of this commodity continued to reflect the smaller volume evident during the 1934-35 season at both Houston and Galveston. During the current season, which ended July 31, the combined shipments from these ports aggregated 2,752,553 bales, which is the lowest volume of exports recorded in more than ten years. Shipments during the 1933-34 season totaled 4,715,882 bales, and the ten-year (1924-33) average amounts to 4,924,436 bales. Due largely to the small cotton crop in 1934, receipts of cotton during the season showed a sharp decline amounting to 2,048,160 bales, which compares with 4,538,920 bales in the previous season, and reflects a decline of 62 per cent from the 1924-33 average. Stocks of cotton on hand at these ports on July 31 were lower than on any corresponding date since 1929.

A total of 276,622 bales of American cotton was exported to foreign countries from all United States ports during July, which compares with 344,955 bales in June, and 305,820 bales in July, 1934. During the past season exports totaled 4,795,339 bales, which reflects a decrease of 36.4 per cent from the 7,534,415 bales shipped during the 1933-34 season. The largest decreases in takings of American cotton during the past season were in Great Britain and on the Continent of Europe. Smaller reductions were recorded for the Orient due to Japan's consumption being maintained at a high rate.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON (Bales)

	July 1935	July 1934	August 1 to July 31	
			This season	Last season
Receipts.....	18,270	64,676	954,833	2,278,724
Exports.....	51,921	105,625	1,241,653	2,201,708
Stocks, July 31.....			224,653	511,493

COTTON—GALVESTON STOCK STATEMENT (Bales)

	July 31, 1935	July 31, 1934
For Great Britain.....	1,400	2,500
For France.....	100	100
For other foreign ports.....	2,000	26,200
For coastwise ports.....	300	1,000
In compresses and depots.....	220,853	481,693
Total.....	224,653	511,493

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON (Bales)

	July 1935	July 1934	August 1 to July 31	
			This season	Last season
Receipts.....	16,878	31,747	1,093,327	2,260,196
Exports.....	81,088	73,773	1,510,900	2,514,174
Stocks, July 31.....			312,917	844,810

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

	August 1 to July 31	
	This season	Last season
Receipts.....	4,500,347	7,848,337
Exports:		
United Kingdom.....	738,154	1,278,426
France.....	372,656	709,024
Italy.....	474,106	649,041
Germany.....	341,850	1,318,066
Other Europe.....	939,183	1,031,995
Japan.....	1,521,195	1,845,601
All other countries.....	408,195	702,262
Total foreign ports.....	4,795,339	7,534,415
Stocks held at all United States ports, July 31.....	1,084,316	2,441,869

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

	July, 1935		August 15, 1935
	High	Low	
New York.....	12.45	12.00	11.70
New Orleans.....	12.48	11.75	11.55
Dallas.....	12.05	11.55	11.45
Houston.....	12.35	11.60	11.55
Galveston.....	12.25	11.70	11.55

Petroleum

Production of crude oil in this district during July showed an expansion of 1,331,150 barrels over that reported in June, which was principally attributable to the longer month. The total output amounted to 35,135,150 barrels, as compared with 33,822,000 barrels in the preceding month, and 34,628,950 barrels in July, 1934. A considerable expansion in drilling activity was witnessed during the month. The number of new wells completed rose from 978 in June to 1,306 in July, and the combined initial yield of those that were successful increased likewise from 2,571,209 barrels in the earlier month to 3,313,081 barrels in the latter month.

Average daily output from Texas fields during July amounted to 1,057,052 barrels, as against 1,051,600 barrels in the previous month, and 1,044,072 barrels in the same

OIL PRODUCTION—(Barrels)

	July, 1935		Increase or decrease over June, 1935	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	3,698,350	119,302	+ 179,350	+2,002
West Texas.....	5,635,200	181,781	+ 254,700	+2,431
East Texas.....	15,836,950	510,869	+ 490,450	+ 681
South Texas.....	1,778,700	57,377	+ 43,500	+3,373
Texas Coastal.....	5,819,400	187,723	+ 339,900	+5,073
Total Texas.....	32,768,600	1,057,052	+1,220,600	+5,452
New Mexico.....	1,673,800	53,993	+ 85,300	+1,043
North Louisiana.....	710,750	22,927	+ 25,250	+ 77
Total District.....	35,153,150	1,133,972	+1,331,150	+6,572

month last year. A smaller average than in June was reported in South Texas and East Texas, while material gains in daily yield were shown in the Coastal, Western, and Northern portions of the State. In New Mexico there was a further appreciable increase in the rate of production, and a slight gain was shown in that of North Louisiana.

JULY DRILLING RESULTS

	Completions	Producers	Gas Wells	Failures	Initial Production
North Texas.....	307	185	6	116	41,409
West Texas.....	86	59	2	25	30,466
East Texas.....	575	538	5	32	3,118,000
South Texas.....	180	99	10	71	34,462
Texas Coastal.....	103	66	6	31	28,200
Total Texas.....	1,251	947	29	275	3,252,537
New Mexico.....	27	19	1	8	60,394
North Louisiana.....	28	6	11	11	150
July totals, district.....	1,306	972	40	294	3,313,081
June totals, district.....	978	714	23	241	2,571,209

CRUDE OIL PRICES

	August 9, 1935	August 10, 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	1.08

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

Building

Showing an increase over both the previous month and the same month last year, the valuation of construction permits issued during July at fourteen principal cities in this district amounted to \$2,005,697. This figure compares with a total of \$1,959,451 in June and \$932,005 in the corresponding month a year ago. While the increase over the previous month amounted to only 2.4 per cent, it was widely distributed over the district. The percentage gain over July, 1934, amounted to 115.2.

BUILDING PERMITS

	July, 1935		July, 1934		Percentage change valuation over year	June, 1935		Percentage change valuation over month	January 1 through July 31				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1935		1934		
									No.	Valuation	No.	Valuation	
Amarillo.....	40	\$ 32,738	53	\$ 22,324	+ 46.6	31	\$ 22,803	+ 43.6	199	\$ 161,175	198	\$ 188,929	- 14.7
Austin.....	188	252,236	83	94,427	+167.1	156	319,460	+ 21.0	1,050	3,656,569	511	431,069	+748.3
Beaumont.....	132	41,192	89	39,254	+ 4.9	104	43,261	+ 4.8	809	292,789	594	159,862	+ 83.2
Corpus Christi.....	57	74,405	25	18,505	+302.1	48	35,180	+111.5	385	324,050	166	182,720	+ 77.3
Dallas.....	410	345,454	349	155,394	+122.3	349	272,539	+ 26.8	2,784	2,042,627	2,677	1,411,606	+ 44.7
El Paso.....	39	22,188	38	13,035	+ 70.2	44	96,296	+ 77.0	318	850,381	260	142,845	+405.3
Fort Worth.....	124	221,400	70	53,308	+315.3	122	192,703	+ 14.9	779	1,602,550	545	454,148	+252.9
Galveston.....	92	39,593	103	27,210	+ 45.5	100	27,958	+ 41.6	735	427,499	811	339,369	+ 26.0
Houston.....	253	597,315	191	259,395	+130.3	234	551,115	+ 8.4	1,750	3,580,366	1,281	2,868,855	+ 24.8
Port Arthur.....	84	33,220	54	15,948	+108.3	86	89,616	+ 62.9	517	256,652	314	88,057	+191.5
San Antonio.....	363	152,222	115	53,358	+185.3	322	119,616	+ 27.3	4,980	1,352,703	922	445,077	+203.9
Shreveport.....	108	78,328	160	130,607	- 40.0	111	118,804	- 34.1	929	711,636	1,059	517,638	+ 37.5
Waco.....	33	76,091	14	19,919	+285.0	21	54,773	+ 40.0	194	308,693	126	195,154	+ 58.2
Wichita Falls.....	26	38,715	86	29,321	+ 32.0	45	15,327	+152.6	199	220,967	448	106,806	+106.9
Total.....	1,949	\$2,005,697	1,430	\$ 932,005	+115.2	1,773	\$1,959,451	+ 2.4	15,628	\$15,788,657	9,912	\$ 7,532,135	+109.6

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board, August 24, 1935)

Factory employment and output were maintained in July at the June level, though usually there is a considerable decline at this season. Activity at mines showed a substantial decrease, reflecting a sharp reduction in output of coal.

PRODUCTION AND EMPLOYMENT

The Federal Reserve Board's seasonally adjusted index of manufactures showed an increase in July, while the index of mineral production showed a marked decline, with the consequence that the index of industrial production remained unchanged at 86 per cent of the 1923-25 average. For the first seven months of the year industrial output was 6 per cent larger than a year ago. Activity at steel mills, which had declined during June, advanced considerably during July and the first three weeks of August and there was also a substantial increase in the output of lumber. Automobile production showed a decrease from the high level prevailing earlier in the year, reflecting in part seasonal developments. Output of textiles increased somewhat in July, owing chiefly to increased activity at silk mills. In the woolen industry the recent high rate of activity continued, while at cotton mills daily average output declined by about the usual seasonal amount. Meatpacking remained at an unusually low level. At mines, output of bituminous coal decreased sharply in July, following an advance in the preceding month, and there was also a sharp reduction in output of anthracite. Factory employment, which usually declines at this season, showed little change from the middle of June to the middle of July. Employment increased somewhat in the machinery, lumber, furniture, and silk industries and there was a large seasonal increase in the canning industry. Decreases of a seasonal character were reported for establishments producing cotton goods and women's clothing, while in the automobile industry employment declined by more than the usual seasonal amount. At coal mines employment showed a marked decrease in July. The total value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased further in July and the first half of August, reflecting an increase in non-residential projects. Residential building continued in considerably larger volume than a year ago, with increases from last

year reported for most sections of the country. Department of Agriculture estimates as of August 1 indicated a cotton crop of 11,800,000 bales, about 2,200,000 bales larger than the unusually small crop last year. The indicated wheat crop, while larger than a year ago, is considerably smaller than the five-year average for 1928-32. Crops of corn and other feed stuffs are substantially larger than last season.

DISTRIBUTION

Daily average volume of freight-car loadings declined in July, reflecting a marked decrease in shipments of coal. Department store sales showed a seasonal decline and the Board's adjusted index remained unchanged at 80 per cent of the 1923-25 average.

PRICES

The general level of wholesale commodity prices showed little change during July and advanced slightly in the first three weeks of August. For the seven-week period as a whole, there were substantial increases in the prices of hogs, lard, silk, and scrap steel, while cotton declined. Wheat, after advancing considerably during the latter part of July, declined somewhat in the early part of August.

BANK CREDIT

Excess reserves of member banks increased by \$340,000,000 in the five-week period ended August 21 as a consequence principally of a reduction in the balances held by the Treasury with Federal Reserve Banks. There were also moderate imports of gold from abroad. Total loans and investments of reporting member banks in leading cities showed a net decline of \$290,000,000 during the four weeks ended August 14. Holdings of direct obligations of the United States Government decreased by \$220,000,000 following a substantial increase in the middle of July. Loans declined by \$180,000,000 in the latter part of July but subsequently advanced by \$40,000,000, while holdings of Government guaranteed and other securities increased by \$70,000,000 in the four-week period. Yields on Government securities rose slightly during this period, while other short-term open market money rates remained at low levels.