

# MONTHLY BUSINESS REVIEW

## OF THE FEDERAL RESERVE BANK OF DALLAS

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### INTERPRETATIONS OF THE FEDERAL RESERVE ACT, AS AMENDED

The Federal Reserve Act was amended in numerous particulars by the Banking Act of 1935. The latter Act was approved by the President and became a law on August 23, 1935.

Any reader of this Review who desires an interpretation of any part of the Federal Reserve Act, as amended

by the Banking Act of 1935, or an interpretation of the regulations issued in pursuance thereto by the Board of Governors of the Federal Reserve System, should submit his request for same to the Federal Reserve Agent in care of the Federal Reserve Bank of Dallas, rather than to the Board of Governors of the Federal Reserve System at Washington, D. C.

### DISTRICT SUMMARY

THE SITUATION AT A GLANCE  
Eleventh Federal Reserve District

	August 1935	Change from July
Bank debits to individual accounts (at 18 cities).....	\$652,654,000	- 12.1%
Department store sales.....	.....	+ 13.1%
Reserve bank loans to member banks at end of month.....	\$ 686,704	+\$79,769
Reserve bank ratio at end of month.....	57.5%	- 10.0 points
Building permit valuation at larger centers.....	\$ 4,533,833	+126.0%
Commercial failures (number).....	37	+ 94.7%
Commercial failures (liabilities).....	\$ 1,098,907	+458.3%
Oil production (barrels).....	33,904,000	+ 3.6%

The continuance of generally favorable conditions in the agricultural and livestock industries, a further expansion in retail and wholesale trade, and a sharp increase in construction activity were constructive forces in evidence in the Eleventh District during the past month. Retail buying at larger cities, as reflected by department store sales, was 13 per cent above the July volume and exceeded that of the corresponding month last year by 8 per cent. This bank's index of department store sales, adjusted for seasonal variations, rose to 88.3 per cent of the 1923-25 average in August, which was the highest level recorded during the current year. Wholesale distribution reflected a seasonal expansion over the previous month, and in a majority of reporting lines the volume of business exceeded that of a year ago by a wide margin. While there was a seasonal recession in collections at retail establishments and in some lines of wholesale trade, the volume of payments compared favorably with a year ago.

Construction activity during August rose to the highest level in several years. The valuation of building permits at

leading cities was 126 per cent greater than in July, and 235 per cent larger than in August, 1934. The aggregate value of permits issued in the first eight months of the current year was 129 per cent above that for the same period last year and was the largest for any similar period in four years.

Despite the deterioration in some crops during August, the physical volume of agricultural production in this district, as estimated by the Department of Agriculture in its September 1 report, will greatly exceed that of 1934 and in the case of some crops production will be the largest in several years. The prospective production of cotton was reduced in August as a result of depredations by insects and the lack of moisture in some areas, and the continuance of insect activity remains as a potential danger to the crop, particularly in those sections where the crop is later than usual. The heavy rains which have fallen in practically all sections during the past three weeks provided moisture for the maturity of late crops and for fall seeding operations. Ranges and livestock are in good condition generally and indications are that there will be sufficient range and dry feed to carry stock through the winter in good shape. There is a broad demand for young stock for restocking purposes.

Financial statistics reflected no important changes. The commercial loans of member banks in selected cities showed a seasonal expansion between August 7 and September 11, and their investments were increased substantially during the same period. Federal Reserve Bank loans to member banks on September 15 were moderately higher than the low volume a month earlier. The daily average of combined net demand and time deposits of member banks amounted to \$825,316,000 in August, as compared with \$812,870,000

in July, and \$723,879,000 in August, 1934. Federal reserve notes in actual circulation totaled \$60,843,000 on September

15, which was practically the same as a month earlier, and \$12,077,000 greater than a year ago.

## BUSINESS

### Wholesale Trade

While varying trends characterized the wholesale trade situation during August, reports received from wholesale firms in most sections of this district compared favorably with those of other recent months and in many cases continued to show better business than in the same month a year ago. The total volume of sales in all lines was larger than in July, but in the case of groceries and dry goods the percentage of increase was less than is usual at this season. These two lines were the only ones reporting a decline as compared with August, 1934. In the lines of hardware and farm implements the comparisons with a year ago were the most favorable recorded in a number of months. Inventories which were materially larger than a month earlier or a year ago were reported on August 31 in the case of all lines except dry goods. Total collections during August in the lines of drugs, hardware, and dry goods were greater than in July, but in the case of the other two reporting lines seasonal decreases were registered.

The combined sales during August of reporting wholesale dry goods firms in this district, while 64.2 per cent greater than those in July, were still 0.7 per cent below the volume of the same month last year. The gain over the previous month was not participated in by all firms, and was somewhat smaller than seasonal. Stocks on hand declined 2.6 per cent in August, and on the last day of the month were 14.8 per cent less than a year ago. There was a moderate gain over July in the amount of collections during the month.

Distribution of groceries at wholesale increased by less than the usual seasonal amount last month and was on a scale 3.4 per cent smaller than that of August, 1934. In this connection it should be recalled that an appreciable pick-up in business occurred at this time last year. The volume of sales during July and August of the current year was 4.3 per cent larger than in the same two months a year ago. While a decrease from the previous month was shown in total collections, a number of firms reported an improvement.

The upward trend in the distribution of hardware through wholesale channels, which started in May, continued to be in evidence last month. August business registered a gain of 7.3 per cent over that of the preceding month, which was to a large extent seasonal. There was an expansion of 32.7 per cent as compared with the same month last year, whereas the corresponding increase in July amounted to 18.2 per cent. A general improvement over the previous month's collections was reported in August.

The demand for drugs evidenced a seasonal expansion of 14.3 per cent during August, which is considered of favorable significance in view of the sizable gain shown in July. The amount of business reported was 23.1 per cent above that of the same month last year. A substantial increase in collections was reflected as compared with July.

An increase of 38.9 per cent, which was due largely to seasonal influences, occurred in the demand for farm implements at wholesale during August. The sales of reporting firms were more than two and a half times as large as in the corresponding month last year. Favorable crop conditions during August and the early part of September in most sections had a stimulating effect on business. A smaller decline than is usual at this season was witnessed in the month's volume of collections.

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

	Net Sales Aug., 1935 compared with Aug., 1934		Net Sales July 1 to date compared with same period last year		Stocks Aug., 1935 compared with Aug., 1934		Ratio of collections during Aug. to accounts and notes outstanding on July 31
	1934	1935	1934	1935	1934	1935	
Groceries.....	3.4	+ 1.6	+ 4.3	+ 3.2	+ 3.1	74.3	
Dry goods.....	.7	+64.2	— .1	-14.8	- 2.6	34.3	
Farm implements..	+153.6	+38.9	+134.3	+37.4	+ 5.9	8.6	
Hardware.....	+ 32.7	+ 7.3	+ 26.4	+ 2.7	+ 2.2	44.2	
Drugs.....	+ 23.1	+14.3	+ 23.9	+ 6.0	+ 3.4	56.3	

### Retail Trade

Stimulated by the demand for fall merchandise, the August business of department stores located in principal cities of the Eleventh District evidenced a larger than seasonal increase over July, and also continued in substantially larger

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
<b>Total sales (percentage):</b>						
August, 1935, compared with August, 1934.....	+ 8.4	+10.1	+ 5.6	+ 7.4	+ 6.7	+ 7.7
August, 1935, compared with July, 1935.....	+16.5	+12.5	+ 9.8	+16.0	+ 8.1	+13.1
January 1 to date compared with same period last year.....	+10.1	+ 3.7	— .4	+ 7.5	+ 4.9	+ 5.9
<b>Credit sales (percentage):</b>						
August, 1935, compared with August, 1934.....	+11.3	+11.8	+13.2	+10.1	+ 7.8	+11.0
August, 1935, compared with July, 1935.....	+18.5	+12.1	+16.2	+23.0	+15.7	+17.5
January 1 to date compared with same period last year.....	+14.0	+ 8.1	+ 5.0	+10.2	+ 7.3	+10.0
<b>Stocks on hand at end of month (percentage):</b>						
August, 1935, compared with August, 1934.....	+ 1.9	— .1	— 5.0	+15.5	— 1.7	+ 1.7
August, 1935, compared with July, 1935.....	+21.2	+ 7.8	+ 8.6	+15.4	+11.4	+14.4
<b>Stock turnover (rate):</b>						
Rate of stock turnover in August, 1934.....	.26	.19	.21	.28	.18	.23
Rate of stock turnover in August, 1935.....	.28	.21	.23	.26	.19	.24
Rate of stock turnover January 1 to August 31, 1934.....	2.13	1.62	1.92	2.35	1.59	1.92
Rate of stock turnover January 1 to August 31, 1935.....	2.28	1.68	1.88	2.21	1.67	1.99
Ratio of August collections to open accounts receivable outstanding August 1, 1935.....	35.9	28.7	37.9	42.4	34.1	35.7
Ratio of August collections to installment accounts receivable outstanding August 1, 1935.....	14.8	11.8	.....	16.8	15.0	14.0
<b>Indexes of department store sales:</b>						
Unadjusted—July, 1935.....	61.9	63.4	62.8	50.3	.....	58.6
Unadjusted—August, 1935.....	67.1	68.3	65.4	56.2	.....	63.6
Adjusted—July, 1935.....	92.4	84.5	89.7	74.0	.....	83.7
Adjusted—August, 1935.....	93.2	96.2	94.8	79.2	.....	88.3
<b>Indexes of department store stocks:</b>						
Unadjusted—July, 1935.....	44.3	60.5	38.7	42.9	.....	49.8
Unadjusted—August, 1935.....	54.6	65.2	40.1	47.5	.....	57.2
Adjusted—July, 1935.....	47.6	65.8	43.5	49.3	.....	54.7
Adjusted—August, 1935.....	52.5	63.9	39.3	48.0	.....	56.1

volume than in the corresponding month of 1934. Total sales of reporting firms were 13.1 per cent greater than in July, and exceeded those in August, 1934, by 7.7 per cent. The increased activity at retail is also indicated by this bank's seasonally adjusted index of department store sales, which with one exception rose during the past month to the highest point reached since August, 1931. The index stood at 88.3 per cent of the 1923-25 average for August this year, as against 83.7 per cent for July, and 81.8 per cent for August, 1934. Total sales at reporting retail firms during the eight months ended August 31 were 5.9 per cent greater than in the like period of 1934.

Stocks of merchandise at department stores on August 31 reflected the usual purchases of fall merchandise. Dollar volume of inventories was 14.4 per cent greater than on July 31, and 1.7 per cent larger than on August 31, 1934. The rate of stock turnover during the first eight months of

1935 was 1.99, as compared with 1.92 in the same period of 1934.

Collections on open accounts during August reflected a seasonal decline while collections on installment accounts remained practically the same as a month earlier. The ratio of August collections to open accounts outstanding on August 1 was 35.7 per cent, as against 38.4 per cent in July, and 34.4 per cent in August last year.

#### *Commercial Failures*

The number and liabilities of defaulting firms in this district during August exceeded those of both the previous month and the same month last year, and were at the highest level reached since October, 1933. The report compiled by Dun & Bradstreet, Inc., showed that 37 failures occurred during the month, as against 19 in July, and 17 in August last year. The indebtedness of insolvent firms rose to \$1,098,907 in August, which compares with \$196,834 in the preceding month, and \$146,426 in the same month last year.

## AGRICULTURE

### *Crop Conditions*

Growing conditions for crops in this district were generally favorable during the past month. While dry weather during

August in northwest Texas and in localities elsewhere reduced prospective production for some crops, particularly cotton and grain sorghums, the indicated production for some minor crops was increased. Since the latter part of August heavy rains have fallen in most sections of the district and the improved moisture situation will be of material benefit in maturing late crops and for the fall seeding of small grains.

The cotton crop reflected considerable deterioration in this district during August. The estimated production for the district, as compiled by the Board of Governors of the Federal Reserve System from the reports of the Department of Agriculture, declined from 4,561,000 bales on August 1 to 4,166,000 bales on September 1, but the latter figure is considerably larger than the 2,934,000 bales harvested last year. According to the Department of Agriculture, most of the reduction occurred in northwest and north central areas of Texas where prospects a month ago were for a yield well above average. In the former section crop progress was retarded by lack of moisture and some insect damage, while in the latter area, especially in the Blacklands, insect damage is unusually heavy. The Texas crop was estimated at 3,467,000 bales on September 1 as compared with 3,851,000 bales on August 1 and 2,406,000 bales a year ago. Decreases in prospective production were also reported for Oklahoma and Louisiana, but small increases were forecasted for Arizona and New Mexico. Picking and ginning of cotton have been slow in Texas, due to the lateness of the crop, but have made good progress in Louisiana and Arizona.

While the September 1 report of the Department of Agriculture lowered somewhat the estimated production of feed crops in this district, considerably better than average yields are in prospect. The estimated corn crop for Texas, Louisiana, and Arizona remained unchanged from a month earlier, and the crop in New Mexico showed some improvement. While the forecast for Oklahoma declined 4,488,000 bushels, an average yield is in prospect in the southeastern portion of the State. The Texas crop promised a production of 111,326,000 bushels, whereas only 45,873,000 bushels

were harvested last year. The prospective production of tame hay on September 1 was practically unchanged from a month earlier, while the indicated harvest of wild hay was substantially increased. The estimated yield of grain sorghums was reduced substantially in Texas, Oklahoma, and New Mexico as dry weather in important producing areas affected the crop adversely during August. The forecast for Texas was reduced from 86,048,000 bushels on August 1 to 72,603,000 bushels on September 1. The latter figure compares with a harvest of 17,928,000 bushels in 1934 and a five-year average production of 52,882,000 bushels.

The outlook for minor crops is very favorable. The Department of Agriculture estimated the Texas rice crop on September 1 at 9,072,000 bushels as compared with a forecast of 8,910,000 on August 1, and a harvest of 7,738,000 bushels in 1934. Harvesting of this year's crop, however, has been delayed by intermittent showers. The yield of the Texas peanut crop was placed at 104,500,000 pounds as compared with a production of 51,350,000 pounds in 1934. The production of peanuts in Oklahoma was estimated at 35,750,000 pounds, which is approximately double last year's harvest. The broomcorn crop in Texas, Oklahoma, and New Mexico promises a greatly increased production as compared with a year ago. On the basis of the September 1 estimate, the production of pecans in Texas, Louisiana, and Oklahoma will aggregate 57,600,000 pounds as compared with 25,420,000 pounds harvested in 1934. The most noticeable increase occurred in Texas, where the crop was placed at 36,000,000 pounds as against 13,000,000 pounds produced a year ago. While the estimated production of sweet potatoes was reduced in Texas and Oklahoma, the September 1 forecast was materially higher than last year's production.

### *Livestock*

The condition of ranges and livestock in this district continued generally favorable during the past month. Ranges in the southern half of New Mexico and southeastern Arizona were considerably improved by the August rains and livestock are taking on flesh. While the hot, dry weather during August caused a noticeable deterioration in ranges in much of west and northwest Texas, this situation was partially corrected by the heavy rains late in August and early in September.

Pasturage is limited in those areas, but the prospects for winter range feed are greatly improved. In other sections of the district, ranges and pastures generally carry a good supply of feed and this, together with the large supply of dry feed, should carry livestock through the winter in good shape. Stock water is reported to be ample in all sections. Livestock generally are in good condition. Commercial reports indicate that there is a strong demand for livestock for restocking, and that range trading has been active at higher prices. The Department of Agriculture stated that the tendency to hold young stock for restocking ranges is almost universal. There has also been a good demand for wool and mohair at higher prices.

According to the Department of Agriculture, the condition of cattle ranges in Texas was rated at 80 per cent of normal on September 1 as compared with 86 per cent on August 1, and 50 per cent a year ago. Sheep and goat ranges declined 5 points in August, but the September 1 condition figure of 82 per cent was 32 points higher than on the same date in 1934. While the condition of cattle was 2 points lower on September 1 than a month earlier, it was 24 points higher than the 60 per cent reported for that date last year. There was a decline of 1 point in the condition of sheep and goats during August, but the gains as compared with a year ago were 22 points and 18 points, respectively. The condition of ranges and livestock in New Mexico and Arizona reflected a moderate improvement in August, and on September 1 was materially better than a year ago.

#### *Movements and Prices*

The Fort Worth receipts of cattle, calves, and hogs during August reflected a substantial increase over the preceding month, but were materially lower than a year ago. The heavy receipts of cattle and calves in August, 1934, were due largely to purchases made by the Federal Surplus Re-

#### *Operations of the Federal Reserve Bank*

Federal Reserve Bank loans to member banks reflected a moderate increase during the last half of August, but there was some liquidation during the subsequent

two weeks. At the middle of September there were 33 banks indebted to the Federal Reserve Bank for \$643,000, which compares with borrowings of \$577,000 by 32 banks on August 15, and an indebtedness of \$151,000 by 8 banks on September 15, 1934. During the month there was a decline of \$19,000 in outstanding advances to established industrial and commercial businesses for working capital purposes and \$20,000 in commitments to make such advances. This bank's holdings of United States Government securities were reduced \$5,000,000 between August 15 and September 15, but on the latter date they were \$5,000,000 greater than a year earlier. The reserve deposits of member banks totaled \$108,702,000 on September 15, which represents a recession of \$12,386,000 as compared with a month earlier and \$11,339,000 from those a year ago. Federal reserve notes in actual circulation amounted to \$60,843,000 at the middle of September as compared with \$61,044,000 on August 15, and \$48,766,000 on September 15, 1934. During the past month the seasonal increase in the demand for currency and the replacement of national bank notes retired from circulation were offset by the return of \$4,000,000 in Federal reserve notes previously withdrawn by the Treasurer of the State of Texas.

lief Corporation. The August arrivals of sheep declined seasonally as compared with July, but were approximately double those in the same month last year.

The cattle market displayed considerable irregularity in August. Choice quality steers were usually in demand at strong to higher prices and yearlings held generally firm, but cows and calves tended toward lower levels. With smaller supplies during the first half of September, the market on most classes was steady to higher. Throughout the period, there was a strong demand for young stocker animals at firm to higher prices. The hog market was rather erratic. After reaching the season's high point toward the middle of August, prices declined sharply during the subsequent two weeks but there was some recovery during the first half of September. Sheep and lamb prices were generally firm to higher.

FORT WORTH LIVESTOCK RECEIPTS  
(Number)

	August 1935	August 1934	Change over year	July 1935	Change over month
Cattle.....	79,166	157,284	-78,118	70,043	+ 9,123
Calves.....	35,214	72,286	-37,072	28,042	+ 7,172
Hogs.....	22,282	34,929	-12,647	11,735	+10,547
Sheep.....	44,458	22,533	+21,925	63,286	-18,828

COMPARATIVE TOP LIVESTOCK PRICES  
(Dollars per hundredweight)

	August 1935	August 1934	July 1935
Beef steers.....	\$10.50	\$ 6.15	\$ 9.75
Stocker steers.....	7.25	3.50	.....
Heifers and yearlings.....	9.50	6.25	10.65
Butcher cows.....	5.00	3.50	6.50
Stocker cows.....	4.00	.....	.....
Calves.....	7.25	4.50	8.00
Hogs.....	11.85	7.75	10.60
Sheep.....	4.25	3.00	4.00
Lambs.....	8.00	6.25	7.50

## FINANCE

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

	Sept. 15, 1935	Sept. 15, 1934	August 15, 1935
Total cash reserves.....	\$111,375	\$108,631	\$110,837
Discounts for member banks.....	643	151	577
Other bills discounted.....	None	None	None
Industrial advances.....	1,826	44	1,845
Commitments to make industrial advances..	428	None	448
Bills bought in the open market.....	122	142	122
United States Government securities owned..	76,475	71,475	81,475
All other investments.....	None	None	None
Total earning assets.....	79,066	71,812	84,019
Member bank reserve deposits.....	108,702	120,041	121,088
Federal reserve notes in actual circulation...	60,843	48,766	61,044

#### *Condition of Member Banks in Selected Cities*

The loans and investments of member banks in selected cities reflected a further substantial increase during the five-week period ending September 11. The investments of these banks in the direct obligations of the United States were increased \$4,546,000 between August 7 and September 11, but the total of \$157,489,000 on the latter date was \$14,949,000 less than on the corresponding date in 1934. Holdings of other stocks and bonds on September 11 were \$3,363,000 greater than five weeks earlier, and \$28,250,000 larger than a year ago. Loans on securities declined \$496,000 between August 7 and September 11, and were \$8,845,000 lower than on September 12, 1934. "All other" loans (largely commercial) showed a further seasonal increase of \$4,416,000 during the five-week

period, but were \$1,309,000 lower than a year ago. The net demand deposits of these banks amounted to \$329,538,000 on September 11 as compared with \$349,244,000 on August 7 and \$302,077,000 on September 12, 1934. The current decline was due largely to the change in the method of computing these deposits, necessitated by the Banking Act of 1935, which became effective August 24, 1935. Their time deposits reflected a slight decline from both comparative dates. Reserve balances with the Federal Reserve Bank totaled \$67,257,000 on September 11, which was \$11,447,000 less than five weeks earlier, and \$17,304,000 lower than a year ago.

August, 1934. At all except four of the eighteen reporting cities there were appreciable gains as compared with a year ago, and at six cities the totals exceeded those of July.

**Deposits of Member Banks** Daily average net demand deposits at member banks in this district showed a further sizable increase during August.

These deposits also reflected a larger gain over the same month last year than was reported in July. Average time deposits during the month were somewhat greater than in the preceding month but continued to be smaller than a year ago. The combined daily average of net demand and time deposits amounted to \$825,316,000, as compared with \$812,870,000 in July, and \$723,879,000 in August, 1934.

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

	Sept. 11, 1935	Sept. 12, 1934	August 7, 1935
United States securities owned.....	\$157,489	\$172,438	\$152,943
All other stocks, bonds, and securities owned.....	86,657	58,407	83,294
Loans on securities.....	41,591	50,436	42,087
All other loans.....	138,021	139,330	133,605
Total loans.....	179,612	189,766	175,692
Net demand deposits.....	329,538	302,077	349,244
Time deposits.....	121,448	122,293	121,808
Reserve with the Federal Reserve Bank.....	67,257	84,561	78,704
Bills payable and rediscounts with the Federal Reserve Bank.....	None	None	None

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

	Combined Total		Reserve City Banks		Country Banks	
	Net demand deposits	Time deposits	Net demand deposits	Time deposits	Net demand deposits	Time deposits
Aug., 1934.....	\$527,054	\$196,825	\$260,061	\$111,551	\$266,993	\$85,274
Sept., 1934.....	557,318	194,215	275,831	109,110	281,487	85,105
Oct., 1934.....	583,558	194,618	287,250	109,459	296,308	85,159
Nov., 1934.....	596,441	196,512	292,685	111,082	303,756	85,430
Dec., 1934.....	597,645	195,380	286,965	111,630	310,680	83,750
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	81,507
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
Aug., 1935.....	630,736	194,580	326,406	111,826	304,330	82,754

**Debits to Individual Accounts**

Following the large non-seasonal increase which was reflected in July, a substantial falling-off was witnessed in the volume of debits to individual accounts at banks

in principal cities in this district during August. The month's total charges amounted to \$652,654,000, as against \$742,808,000 in the preceding month, and \$559,017,000 in

**Acceptance Market**

The reports of accepting banks in the Eleventh District as of August 31 showed total acceptances of \$653,466 executed by them and outstanding on that date. This amount represents a decline of 35.5 per cent from the \$1,013,064 outstanding a month earlier, the reduction being proportionately divided between the volume of acceptances based on import and export transactions and that executed against the domestic shipment and storage of goods. On August 31, 1934, the total outstanding was only \$235,683.

**Savings Deposits**

Reports received from 125 banks in the Eleventh Federal Reserve District that have savings departments showed a total of \$152,464,540 in savings deposit accounts on August 31, as compared with \$152,166,127 a month earlier, and \$140,421,445 on the same date last year. An increase in the number of savings depositors was also recorded in the case of both comparisons, there being a total of 329,632 at 114 of the reporting banks on the last day of August, as against 329,608 on July 31, and 319,056 at the close of August, 1934.

DEBITS TO INDIVIDUAL ACCOUNTS  
(In thousands of dollars)

	August 1935	August 1934	Percentage change over year	July 1935	Percentage change over month
Abilene.....	\$ 5,207	\$ 4,837	+ 7.6	\$ 4,815	+ 8.1
Austin.....	23,695	28,668	-17.3	26,661	-11.1
Beaumont.....	27,203	16,130	+68.6	20,181	+34.8
Corsicana.....	2,250	2,525	-10.9	2,480	- 8.5
Dallas.....	173,407	159,124	+ 9.0	168,570	+ 2.9
El Paso.....	18,488	16,544	+11.8	20,306	- 9.0
Fort Worth.....	64,505	56,326	+14.5	66,746	- 3.4
Galveston.....	20,586	20,635	- 0.2	20,651	- 0.3
Houston.....	167,732	127,589	+31.5	266,039	-37.0
Port Arthur.....	6,264	5,290	+18.4	6,061	+ 3.3
Roswell.....	2,387	1,744	+36.9	2,783	-14.2
San Antonio.....	64,241	50,374	+27.5	58,299	+10.2
Shreveport.....	28,745	27,747	+ 3.6	29,408	- 2.3
Texarkana.....	5,688	4,773	+19.2	5,734	- 0.8
Tucson.....	6,869	6,607	+ 4.0	7,436	- 7.6
Tyler.....	10,460	8,385	+24.7	10,957	- 4.5
Waco.....	11,185	11,192	- 0.1	11,010	+ 1.6
Wichita Falls.....	13,742	10,527	+30.5	14,691	- 6.5
Total.....	\$652,654	\$559,017	+16.8	\$742,808	-12.1

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

SAVINGS DEPOSITS

	Number of reporting banks	August 31, 1935		August 31, 1934		Percentage change over year in savings deposits	July 31, 1935		Percentage change over month in savings deposits
		Number of savings depositors	Amount of savings deposits	Number of savings depositors	Amount of savings deposits		Number of savings depositors	Amount of savings deposits	
Beaumont.....	3	8,996	\$ 3,649,303	8,642	\$ 3,397,136	+ 7.4	8,998	\$ 3,613,674	+ 1.0
Dallas.....	9*	76,905	25,241,344	75,138	24,481,433	+ 3.1	77,106	25,515,649	- 1.1
El Paso.....	2	11,660	5,714,585	11,092	4,707,201	+21.4	12,299	5,685,394	+ 0.5
Fort Worth.....	3	34,971	11,184,657	33,113	10,269,124	+ 8.9	34,866	11,175,568	+ 0.1
Galveston.....	4	16,978	10,375,893	16,808	9,823,815	+ 5.6	16,935	10,329,400	+ 0.5
Houston.....	11*	66,862	32,029,338	64,799	28,696,723	+11.6	66,543	31,779,890	+ 0.8
Port Arthur.....	2	5,371	2,113,698	4,846	1,926,962	+ 9.7	5,343	2,107,116	+ 0.3
San Antonio.....	6*	17,810	16,423,872	16,236	15,150,322	+ 8.4	17,652	16,313,980	+ 0.7
Shreveport.....	3	22,264	10,614,187	23,203	10,183,954	+ 4.2	22,255	10,570,274	+ 0.4
Waco.....	3	10,852	6,283,471	10,587	6,089,443	+ 3.2	10,846	6,346,330	- 1.0
Wichita Falls.....	3	6,196	3,144,691	5,761	2,886,707	+ 8.9	6,077	3,104,651	+ 1.3
All others.....	76*	50,767	25,689,501	48,831	22,808,625	+12.6	50,688	25,624,561	+ 0.3
Total.....	125	329,632	\$152,464,540	319,056	\$140,421,445	+ 8.6	329,608	\$152,166,127	+ 0.2

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

## SEPTEMBER DISCOUNT RATES

Prevailing rates:

	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as that now eligible for re-discount under the Federal Reserve Act.....	1½-6	5-8	1½-8	3-7	5-6	3-6
Rate charged on loans to other banks secured by bills receivable.....	4-5	5-6	4-6	4-6	6	5-5½
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	5-10	3-7	6-8	6-8
Time.....	5-8	6-8	5-10	4-7	6-8	6-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	2½-8	7-8	1-8	3-7	6-8	5-6
Rate on cattle loans.....	5	6-8	6-10	5-10	8-10	8

## INDUSTRY

*Cottonseed Products*

Coincident with the movement of the new 1935 cotton crop the receipts and crushings of cottonseed at both Texas and

United States mills in August reflected a substantial seasonal increase over July, but these activities continued on a smaller scale than a year ago. Output of cottonseed products at all domestic mills during the month evidenced a seasonal increase over the previous month, and while a reduction was witnessed as compared with August, 1934, production compared favorably with the ten-year (1925-34) average. Demand for cottonseed products, as measured by shipments during the month, evidenced a trend similar to that in the production of products, increasing seasonally over the previous month, but showing a decline as compared with August, 1934. Stocks of cake and meal, hulls, and linters at all United States mills were in smaller volume than on July 31, and supplies of the latter were less than those held on August 31, 1934.

consumption with the result that stocks of cotton held by consuming establishments on August 31 were unseasonably smaller than a month earlier, and less than on any corresponding date since 1924.

Operations at Texas cotton textile mills during August were on a slightly higher scale than a month earlier, but they remained considerably below those a year ago. Orders for finished products on hand August 31, while continuing relatively light, were slightly greater than in July. Stocks of goods held at the close of the month were less than a month earlier or a year ago.

*Cotton Movements*

Contrary to the usual seasonal trend, exports of cotton through the ports of

Houston and Galveston showed a further material decline during the initial month of the 1935-36 season. This was especially true at the latter port where August shipments totaled only 18,823 bales of which 4,486 bales were consigned to coastwise ports. Exports from both shipping centers were also substantially below those in August, 1934. Receipts of cotton during the month reflected a large seasonal increase over July, and at Galveston they were in substantially larger volume than a year ago. Stocks of cotton at these ports on August 31 were much smaller than the holdings on the corresponding date a year ago, and while a seasonal increase was evidenced at Galveston, there was practically no change from the previous month at Houston.

Total foreign exports of American cotton during August also reflected a contrary to seasonal decline from the previous month, and continued in smaller volume than in the like month of 1934. There were 241,484 bales of domestic cotton exported to foreign countries during August, as against 276,622 bales in July, and 252,531 bales in August, 1934. Despite an appreciable increase in shipments to France during the past month the small volume of exports of American cotton continues to be due to reduced takings by most of the major importing countries.

## STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to August 31 This season	Last season	August 1 to August 31 This season	Last season
Cottonseed received at mills (tons).....	68,197	178,391	203,442	274,207
Cottonseed crushed (tons).....	43,141	99,932	145,115	198,193
Cottonseed on hand August 31 (tons).....	49,468	181,220	149,446	298,775
Crude oil produced (pounds).....			43,659,577	59,534,151
Cake and meal produced (tons).....			65,380	89,980
Hulls produced (tons).....			38,806	54,154
Linters produced (running bales).....			28,683	38,285
Stocks on hand August 31:				
Crude oil (pounds).....			178,358	94,595
Cake and meal.....			72,007	42,327
Hulls (tons).....			63,424	70,352
Linters (running bales).....				

*Textile Milling*

A seasonal increase of 4.2 per cent was reflected in the domestic consumption of cotton during August, but a reduction of 2.5 per cent was evidenced as compared with the corresponding month of 1934. Textile mills consumed 408,410 bales of cotton during the month, as compared with 391,771 bales in July, and 418,941 bales in August, 1934. Purchases of raw cotton by textile mills were on a smaller scale than

COTTON CONSUMED AND ON HAND  
(Bales)

	August		August 1 to August 31	
	1935	1934	This season	Last season
Cotton-growing states:				
Cotton consumed.....	342,935	333,977	342,935	333,977
On hand August 31 in—				
Consuming establishments.....			477,626	805,847
Public storage and Compresses.....			5,762,817	5,550,437
United States:				
Cotton consumed.....	408,410	418,941	408,410	418,941
On hand August 31 in—				
Consuming establishments.....			644,926	1,076,982
Public storage and compresses.....			5,892,836	5,823,939

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON  
(Bales)

	August 1935	August 1934	August 1 to August 31	
			This season	Last season
Receipts.....	81,414	47,738	81,414	47,738
Exports.....	18,823	63,140	18,823	63,140
Stocks, August 31.....			287,744	496,091

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON  
(Bales)

	August 1935	August 1934	August 1 to August 31	
			This season	Last season
Receipts.....	48,859	64,431	48,859	64,431
Exports.....	47,303	83,217	47,303	83,217
Stocks, August 31.....			311,922	821,588

COTTON—GALVESTON STOCK STATEMENT  
(Bales)

	August 31, 1935	August 31, 1934
For Great Britain.....	200	2,000
For France.....	900	1,900
For other foreign ports.....	2,900	26,600
For coastwise ports.....	500	1,000
In compresses and depots.....	282,744	464,591
<b>Total.....</b>	<b>287,244</b>	<b>496,091</b>

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

	August 1 to August 31 This season	Last season
Receipts.....	422,969	324,502
Exports: United Kingdom.....	41,474	41,449
France.....	34,052	6,912
Italy.....	22,990	21,679
Germany.....	28,275	42,079
Other Europe.....	43,553	43,686
Japan.....	57,220	64,364
All other countries.....	13,920	32,362
Total foreign ports.....	241,484	252,531
Stocks held at all United States ports, August 31.....	1,224,454	2,445,847

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

	August, 1935		Sept. 14, 1935
	High	Low	
New York.....	12.00	10.65	10.65
New Orleans.....	11.95	10.55	10.57
Dallas.....	11.70	10.34	10.18
Houston.....	11.75	10.50	10.55
Galveston.....	11.80	10.50	10.55

than in either comparative month, and in the eastern and coastal areas of the State there were declines as compared with July. In New Mexico the daily output increased by only a slight margin, but in north Louisiana there was a sizable expansion over the previous month.

OIL PRODUCTION—(Barrels)

	August, 1935		Increase or decrease over July, 1935	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	3,440,850	110,995	- 257,500	- 8,307
West Texas.....	5,455,200	175,974	- 180,000	- 5,807
East Texas.....	15,004,800	484,026	- 832,150	-26,843
South Texas.....	1,792,600	57,826	+ 13,900	+ 449
Texas Coastal.....	5,743,400	185,271	+ 76,000	+ 2,452
<b>Total Texas.....</b>	<b>31,436,850</b>	<b>1,014,092</b>	<b>-1,331,750</b>	<b>-42,960</b>
New Mexico.....	1,679,450	54,176	+ 5,650	+ 183
North Louisiana.....	787,700	25,409	+ 76,950	+ 2,482
<b>Total District.....</b>	<b>33,904,000</b>	<b>1,093,677</b>	<b>-1,249,150</b>	<b>-40,295</b>

AUGUST DRILLING RESULTS

	Com-pletions	Pro-ducers	Gas Wells	Fail-ures	Initial Production
North Texas.....	269	178	5	86	74,215
West Texas.....	105	74	1	30	27,640
East Texas.....	360	320	2	38	1,691,329
South Texas.....	169	105	8	56	47,837
Texas Coastal.....	98	69	5	24	19,567
<b>Total Texas.....</b>	<b>1,001</b>	<b>746</b>	<b>21</b>	<b>234</b>	<b>1,860,588</b>
New Mexico.....	27	22	1	4	36,928
North Louisiana.....	20	9	8	12	3,653
August totals, district.....	1,057	777	30	250	1,901,169
July totals, district.....	1,306	972	40	294	3,313,081

CRUDE OIL PRICES

	Sept. 13, 1935	Sept. 14, 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)

Petroleum

While a substantial reduction from July to August was evidenced in the amount of

crude oil produced in this district, the rate of output continued moderately larger than a year ago. The total yield in August was 33,904,000 barrels, as against 35,153,150 barrels in the previous month, and 33,108,000 barrels in the same month last year. Field operations were reduced from the high level reached in July. There were 1,057 wells completed and their combined initial production amounted to 1,901,169 barrels, whereas in the preceding month 1,306 new wells were reported with a total flush yield of 3,313,081 barrels.

Texas fields yielded an average of 1,014,092 barrels daily during August, which compares with 1,057,052 barrels in the previous month, and 995,950 barrels in August, 1934. In north and west Texas the daily production was smaller

Building

The value of construction permits issued during August at leading cities in the Eleventh District reflected an expansion of 126.0 per cent over the previous month and was the largest reported for any month in more than four years. The total valuation was \$4,533,833 as compared with \$2,005,697 in July, and \$1,353,712 in August last year. While declines were registered in the case of several cities, the increases over both comparative months were nevertheless widely distributed over the district.

BUILDING PERMITS

	August, 1935		August, 1934		Percentage change valuation over year	July, 1935		Percentage change valuation over month	January 1 through August 31				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1935		1934		
									No.	Valuation	No.	Valuation	
Amarillo.....	33	\$ 23,358	20	\$ 16,842	+ 38.7	40	\$ 32,738	- 28.7	232	\$ 184,533	227	\$ 205,771	- 10.3
Austin.....	186	251,234	97	194,514	+ 29.2	188	252,236	- .4	1,236	3,907,803	608	625,583	+524.7
Beaumont.....	92	93,247	116	74,749	+ 24.7	132	41,192	+126.4	901	386,036	710	234,011	+ 64.5
Corpus Christi.....	48	33,040	30	38,735	- 14.7	57	74,405	- 55.6	433	357,090	196	221,455	+ 61.2
Dallas.....	409	316,188	368	195,677	+ 61.6	410	345,454	- 8.5	3,193	2,358,815	3,045	1,607,283	+ 46.8
El Paso.....	32	48,681	67	35,001	+ 39.1	39	22,188	+119.4	350	899,062	327	177,846	+405.5
Fort Worth.....	146	545,080	90	101,430	+437.4	124	221,400	+146.2	925	2,147,630	635	555,578	+286.6
Galveston.....	122	48,843	132	27,433	+ 78.0	92	39,593	+ 23.4	857	476,342	943	366,802	+ 29.9
Houston.....	298	765,380	220	328,350	+133.1	253	597,315	+ 28.1	2,048	4,345,746	1,501	3,197,205	+ 35.9
Port Arthur.....	73	189,482	54	10,023	*	84	33,220	+470.4	590	446,134	368	98,080	+354.9
San Antonio.....	261	2,004,447	144	69,091	*	363	152,222	*	5,241	3,357,150	1,066	514,168	+552.9
Shreveport.....	124	138,413	200	139,546	- .8	108	78,328	+ 76.7	1,053	850,049	1,259	657,184	+ 29.3
Waco.....	33	40,615	21	31,509	+ 28.9	33	76,691	- 47.0	227	349,308	147	226,663	+ 54.1
Wichita Falls.....	23	35,825	82	90,812	- 60.6	26	38,715	+ 7.5	222	256,792	530	197,618	+ 29.9
<b>Total.....</b>	<b>1,880</b>	<b>\$4,533,833</b>	<b>1,650</b>	<b>\$1,353,712</b>	<b>+234.9</b>	<b>1,949</b>	<b>\$2,005,697</b>	<b>+126.0</b>	<b>17,508</b>	<b>\$20,322,490</b>	<b>11,562</b>	<b>\$ 8,885,847</b>	<b>+128.7</b>

\*Increase over one thousand per cent.

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Board of Governors of the Federal Reserve System, September 24, 1935)

Total volume of industrial production increased in August by about the usual seasonal amount. Steel output increased more than seasonally, while the output of automobiles and anthracite declined sharply. Factory employment and payrolls increased. Wholesale prices of farm products and metals advanced during August and the first two weeks of September, and prices of wheat and metals increased further in the third week of the month.

### PRODUCTION AND EMPLOYMENT

Industrial production increased seasonally in August and the Board's index, which is adjusted to allow for usual seasonal variations, remained unchanged at 86 per cent of the 1923-1925 average. Activity at steel mills showed a considerable increase from July to August and in the first three weeks of September was at a level higher than in any other month since February. Automobile assemblies declined by about 30 per cent in August and showed a further sharp reduction in the early part of September, reflecting in part preparations for early introduction of new models. At lumber mills output continued to increase in August. Cotton consumption by domestic mills increased slightly from recent relatively low levels and activity at woolen mills was maintained at a high rate. At mines, output of anthracite decreased sharply in August, while output of bituminous coal showed an increase. Factory employment and payrolls increased between the middle of July and the middle of August by more than the usual seasonal amount. Marked increases in employment were reported for the steel, machinery, lumber, silk, and clothing industries, while at automobile factories employment declined somewhat. The number of wage earners engaged in the production of durable manufactures in August was 6 per cent larger than a year earlier, while the volume of employment in other manufacturing industries as a group showed little change. Total factory employment was 3 per cent larger than in August, 1934. Daily average value of construction contracts, as reported by the F. W. Dodge Corporation, showed little change in August and the first half of September. Contracts for residential building, which earlier in the year had increased considerably, showed a decrease for this period, while the volume of public projects increased. Department of Agriculture estimates based on September 1 conditions indicate a cotton crop of 11,489,000 bales, as compared

with the unusually small crop of 9,636,000 bales last year. The indicated crops of corn, wheat, and other grains are considerably larger than last year, when drought conditions prevailed, and the condition of pastures is above the ten-year average.

### DISTRIBUTION

Freight-car loadings increased considerably in August and the first half of September, partly as a consequence of seasonal factors. Department store sales increased slightly less than seasonally from July to August.

### COMMODITY PRICES

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced from 79.6 per cent of the 1926 average at the beginning of August to 80.8 per cent in the second week of September and prices of many leading commodities, including wheat, silk, copper, lead, and zinc advanced further in the third week of the month. Cotton prices declined considerably in August and showed relatively little change in the first three weeks of September.

### BANK CREDIT

Excess reserves of member banks declined in the five-week period ended September 18, reflecting a temporary increase in the Treasury's total holdings of cash and deposits at Federal reserve banks and a seasonal increase of money in circulation, which was partly offset by an inflow of gold from abroad. Total loans and investments of reporting banks in leading cities increased by \$610,000,000 during the five weeks ended September 18. Loans increased by \$100,000,000, holdings of United States Government direct obligations by \$390,000,000, holdings of United States guaranteed securities by \$70,000,000, and holdings of other securities by \$50,000,000. Adjusted demand deposits of these banks, that is, demand deposits other than Government and bank deposits, adjusted for collection items, increased by \$140,000,000, United States Government deposits by \$160,000,000, and balances due to banks by \$270,000,000. Yields on Government securities rose somewhat further during this period, while other short-term open-market money rates remained at previous low levels.