

MONTHLY BUSINESS REVIEW

OF THE

FEDERAL RESERVE BANK OF DALLAS

C. C. WALSH

Chairman and Federal Reserve Agent

CHAS. C. HALL—W. J. EVANS

Assistant Federal Reserve Agents

(Compiled November 15, 1935)

Volume 20, No. 10

Dallas, Texas, December 1, 1935

This copy is released for publication in morning papers— Nov. 30

DISTRICT SUMMARY

THE SITUATION AT A GLANCE
Eleventh Federal Reserve District

	October 1935	Change from September
Bank debits to individual accounts (at 18 cities).....	\$726,976,000	+ 18.5%
Department store sales.....		+ 2.4%
Reserve bank loans to member banks at end of month.....	\$ 94,801	—\$545,440
Reserve bank ratio at end of month.....	62.5%	+ 1.1 points
Building permit valuation at larger centers.....	\$ 3,758,078	+ 55.0%
Commercial failures (number).....	13	— 1
Commercial failures (liabilities).....	\$ 151,809	— 22.3%
Oil production (barrels).....	34,507,000	+ 2.9%

Developments in business and industry in the Eleventh Federal Reserve District during the past month were generally favorable. The sales of department stores in principal cities were 2 per cent larger than in September and 8 per cent above the corresponding month last year. The increase between September and October was less than usual due largely to the unseasonable weather prevailing during October and the heavy buying in the two preceding months. Distribution of merchandise in wholesale channels reflected a noticeable expansion over the previous month, and the volume of business was substantially larger than a year ago. Collections at both wholesale and retail evidenced a considerable improvement during the past month. Debits to individual accounts at banks in principal cities rose to \$726,976,000 in October, which was 19 per cent larger than in September, and 14 per cent above those in October last year.

Construction activity reflected a sharp increase in October following the September recession. The valuation of building permits issued at principal cities was 55 per cent larger

than in the previous month and exceeded the total in October last year by 110 per cent. The aggregate for the first ten months of the current year was 124 per cent above that in the same period of 1934.

The agricultural and livestock industries continued in good condition. The November 1 report of the Department of Agriculture made few changes in the estimated production of crops in this district, and it is now evident that production of most crops will greatly exceed that in 1934. Farmers made good progress with harvesting operations during the first three weeks of October, but progress was slow in the subsequent three weeks due to the frequent and widespread rains. The added moisture, however, has been very beneficial to late maturing crops, small grains, and pastures. The condition of livestock and their ranges is considerably above the average for this season. Livestock are expected to go into the winter in good shape, and in view of the abundance of feed they should winter well. Commercial reports indicate that range livestock markets have slowed down recently but that wool and mohair continued in brisk demand at firm prices.

The commercial loans of member banks in selected cities reflected a substantial expansion in the five-week period ending November 13, and on that date were larger than a year earlier. Federal Reserve Bank loans to member banks amounted to only \$50,000 on November 15, as compared with \$465,000 a month earlier, and \$17,000 a year ago. The daily average of combined net demand and time deposits of member banks rose from \$761,937,000 in September to \$775,552,000 in October. Federal reserve notes in actual circulation amounted to \$70,320,000 on November 15, as compared with \$66,760,000 on October 15, and \$54,261,000 on November 15, 1934.

BUSINESS

Wholesale Trade

A good showing was made during October in the distribution of practically all types of merchandise through wholesale trade channels in this district. All reporting lines except hardware showed comparisons with the previous month which were better than is usual at this season, and in the case of every line there was an expansion over a year

ago. These increases ranged from 5.6 per cent in the case of dry goods to 38.2 per cent in the case of farm implements. The favorable comparisons reported were attributable in some measure to the fact that business was retarded earlier in the season by the slow cotton movement. Collections turned noticeably upward in October, as is usual at this time of year, and the gains over the preceding month ranged

from 6.8 per cent in the case of drugs to 55.6 per cent in the case of farm implements.

While varying conditions prevailed in different sections of the district during October, the demand for dry goods at wholesale was generally well sustained. A less than seasonal decline of 3.6 per cent was registered, and in the comparison with the corresponding month last year an increase was again reported after two months in which sales were smaller than a year ago. A large seasonal expansion occurred in the volume of collections during October.

There was a further seasonal increase of 6.7 per cent in the distribution of hardware at wholesale during October. This is the sixth consecutive month in which an improvement has been shown. Total sales recorded a gain of 15.1 per cent over the same month a year ago, and for the period from July 1 to October 31, inclusive, the expansion over last year amounted to 21.2 per cent. As compared with the previous month, October collections reflected an increase of 22.4 per cent.

Having fallen off in the previous month, the business of reporting wholesale drug firms during October showed an increase of 12.4 per cent over September. This gain was caused chiefly by influences other than seasonal, as there is ordinarily but little change in the amount of activity reported in these two months. As compared with October, 1934, there was an expansion of 14.3 per cent. Collections were seasonally larger than in the preceding month.

Sales of groceries at wholesale rose appreciably in October, showing a greater than seasonal gain of 11.3 per cent over the preceding month and a like expansion as compared with the same month last year. Stocks on hand increased 9.7 per cent during the month, but on October 31 were 2.6 per cent less than a year ago. Collections during the month were in 21.4 per cent larger volume than those of September.

A better than seasonal improvement was registered in the demand for farm implements at wholesale during October, the volume of sales being 54.8 per cent higher than in the previous month and 38.2 per cent greater than a year ago. Business in most sections of the district benefited from favorable crop conditions. A large gain in collections was reported.

CONDITION OF WHOLESALE TRADE DURING OCTOBER, 1935

Percentage of increase or decrease in—

	Net Sales Oct., 1935 compared with Oct., 1934	Net Sales Sept., 1935 compared with Sept., 1934	Net Sales July 1 to date compared with same period last year	Stocks Oct., 1935 compared with Oct., 1934	Ratio of collec- tions during Oct. to accounts and notes outstanding on Sept. 30
Groceries.....	+11.3	+11.3	+ 2.9	- 2.6	+9.7
Dry goods.....	+ 5.6	- 3.6	- 3.4	-13.9	- 9.8
Farm implements..	+38.2	+54.8	+52.5	+54.3	-1.1
Hardware.....	+15.1	+ 6.7	+21.2	+ 4.8	- 5
Drugs.....	+14.3	+12.4	+17.4	+11.3	+4.1

Retail Trade

Although the rate of increase in business of department stores located in principal cities of the Eleventh District showed a noticeable slowing down in October, the unfavorable aspect of this trend is minimized when allowances are made for the unseasonable weather during the month and for the fact that business in both August and September reflected larger than seasonal increases. Total dollar volume of sales during October was 2.4 per cent greater than in September, and 8.2 per cent above that in October, 1934. The latter increase compares with a gain of 7 per cent recorded for a similar comparison in September. As a result of the small seasonal increase in business during the past month this bank's seasonally adjusted index of department store sales declined from 91.7 per cent of the 1923-25 average in September to 79.9 per cent in October, which compares with an index of 74.3 per cent in October, 1934. During the first ten months of 1935 distribution of merchandise was 6.3 per cent greater than in the corresponding period of 1934.

The dollar volume of stocks of merchandise held by reporting firms on October 31 was seasonally 8.1 per cent greater than a month earlier, and 2.9 per cent larger than on the same date last year. The rate of stock turnover during the first ten months of 1935 was 2.56, as compared with 2.47 in the like period of 1934.

Seasonal increases were reflected during October in the collections of both open and installment accounts. The ratio of October collections to open accounts outstanding on October 1 was 40.5 per cent, as against 35.4 per cent in September, and 40.4 per cent in October, 1934. Collections on installment accounts increased from 13.9 per cent in September to 15.0 per cent in October.

BUSINESS OF DEPARTMENT STORES

Total sales (percentage):	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
October, 1935, compared with October, 1934.....	+10.4	+12.8	+ 4.0	+ 6.0	+ 6.7	+ 8.2
October, 1935, compared with September, 1935.....	+ 8.2	+ 4.2	- 5.9	- 4.7	+ 4.0	+ 2.4
January 1 to date compared with same period last year.....	+10.1	+ 5.3	+ .3	+ 7.7	+ 4.9	+ 6.3
Credit sales (percentage):						
October, 1935, compared with October, 1934.....	+13.7	+18.4	+12.5	+ 8.2	+11.6	+13.0
October, 1935, compared with September, 1935.....	+ 6.0	+ 1.8	- 6.7	- 9.0	+ 1.3	+ .3
January 1 to date compared with same period last year.....	+14.3	+10.1	+ 6.8	+11.1	+ 8.4	+11.1
Stocks on hand at end of month (percentage):						
October, 1935, compared with October, 1934.....	+ 7.1	+ 1.3	- 6.5	+ 8.5	- .2	+ 2.9
October, 1935, compared with September, 1935.....	+ 7.8	+ 7.9	+ 9.8	+10.3	+ 6.6	+ 8.1
Stock turnover (rate):						
Rate of stock turnover in October, 1934.....	.32	.23	.23	.31	.23	.27
Rate of stock turnover in October, 1935.....	.34	.25	.25	.30	.24	.29
Rate of stock turnover January 1 to October 31, 1934.....	2.77	2.08	2.37	2.99	2.05	2.47
Rate of stock turnover January 1 to October 31, 1935.....	2.95	2.15	2.35	2.88	2.15	2.56
Ratio of October collections to open accounts receivable outstanding October 1, 1935.....	40.9	34.6	42.6	44.6	39.0	40.5
Ratio of Oct. collections to installment accounts receivable outstanding Oct. 1, 1935.....	16.1	9.3	.....	18.8	19.8	15.0
Indexes of department store sales:						
Unadjusted—September, 1935.....	104.6	98.0	106.2	83.1	.....	97.2
Unadjusted—October, 1935.....	105.0	95.5	88.4	73.6	.....	91.9
Adjusted—September, 1935.....	98.7	101.0	105.1	81.5	.....	91.7
Adjusted—October, 1935.....	86.1	83.8	85.0	65.7	.....	79.9
Indexes of department store stocks:						
Unadjusted—September 1935.....	60.4	70.3	45.1	47.2	.....	61.6
Unadjusted—October 1935.....	64.7	75.9	50.1	52.5	.....	66.5
Adjusted—September 1935.....	55.4	63.3	40.6	43.3	.....	56.0
Adjusted—October, 1935.....	57.8	66.0	43.2	46.5	.....	58.8

Commercial Failures

The past month witnessed a further decline in the number of commercial failures and in the amount of indebtedness involved. According to the report of Dun & Bradstreet, Incorporated, there were 13 failures in the Eleventh Fed-

eral Reserve District with liabilities of \$151,809, as compared with 14 insolvencies in September, involving an indebtedness of \$195,426, and 20 defaults in October last year owing \$189,152.

AGRICULTURE*Crop Conditions*

Growing conditions in most sections of this district continued generally favorable during October. Heavy rains have fallen in all sections, except a few counties in the northwestern Panhandle of Texas and portions of eastern New Mexico, and outside of these areas a good surface and subsoil season obtains. The wet weather, however, interfered with the harvesting of crops, the seeding of small grains, and fall plowing operations.

harvest of 3,300,000 bushels in 1934. The per acre yield this year is estimated at 90 bushels as compared with 50 bushels a year ago. The estimated production of pecans was increased substantially. The Texas crop is now placed at 44,000,000 pounds and the Oklahoma crop at 25,000,000 pounds, which represents an increase of 7,000,000 pounds during the month for the two states. In 1934 the combined production of these two states totaled only 23,250,000 pounds. The indicated production of other crops was mostly unchanged from the previous forecast.

Livestock

Ranges and livestock in the Eleventh Federal Reserve District remained in good condition during the past month, which is in direct contrast to the extremely low condition obtaining at this time a year ago. Rainfall has been adequate in all sections except in the northern part of the Texas Panhandle and in portions of eastern New Mexico. The Department of Agriculture states that outside of the above areas and a few other scattered localities where a shortage of grass and feed is reported, range and feed conditions appear to be ideal. There is an adequate supply of stock water in all sections. Livestock are expected to go into the winter in much better than average condition, and should winter well with a minimum loss barring an unusually severe winter. The Department reports that there is a tendency to hold young cattle to restock where cattle were sold close in 1934, and that there has been a very active demand for breeding ewes.

The cotton crop in this district suffered further deterioration during the past month. While the Department of Agriculture reduced the estimated production in Texas, Louisiana, and Oklahoma, the largest decline occurred in the latter state. The production for the district, as compiled by the Board of Governors of the Federal Reserve System from the November 1 estimates, by states, of the Department of Agriculture, was placed at 3,812,000 bales, as compared with 3,963,000 bales on October 1, and an actual harvest of 2,934,000 bales in 1934. The November 1 condition of the Texas crop indicated a production of 3,250,000 bales, which is 25,000 bales lower than the previous forecast and compares with 2,406,000 bales produced in 1934. Most of the increase in production over last year occurred in northwest Texas, while in south and southwest Texas the crop is considerably shorter. Due to the lateness of the crop and unfavorable weather for harvesting, picking and ginning have proceeded slowly throughout the fall. The Bureau of the Census reports the Texas ginnings, in running bales, prior to November 1 at 1,904,000 bales, which represents 61.5 per cent of the estimated production. During the same period last year 88.8 per cent of the crop had been ginned. The November 1 forecast for Oklahoma was for 625,000 bales, or a reduction of 125,000 bales from the October 1 estimate. The Louisiana crop was reduced 25,000 bales from the previous forecast.

The condition of cattle ranges in Texas was rated at 87 per cent of normal on November 1 as compared with 88 per cent on October 1, and 50 per cent a year ago. Sheep and goat ranges were reported at 92 per cent of normal condition on November 1 as compared with 94 per cent a month earlier, and 41 per cent on the same date last year. The condition of cattle and sheep rose 1 point in October, and the November 1 figures were 27 and 31 points, respectively, higher than a year ago. The condition of goats remained unchanged during October, but the 91 per cent rating on November 1 compared with 65 per cent on the same date in 1934.

Movements and Prices

Receipts of cattle at the Fort Worth market in October were lower than in the previous month, but somewhat larger than a year ago. While the arrivals of calves increased substantially between September and October, they were below those in the same month of 1934. Hog receipts were smaller than in either comparative month. Although the number of sheep yarded reflected a noticeable increase over the previous month, a large decrease from October last year was registered.

The Department of Agriculture in its November 1 report reduced somewhat the estimated production of feed crops in Texas. The corn crop was estimated at 108,471,000 bushels, as compared with a forecast of 111,326,000 bushels on October 1, and a harvest of 45,873,000 bushels a year ago. The continued dry weather in portions of the Panhandle further reduced the prospective production of grain sorghums. The November 1 estimate indicates a production of 64,536,000 bushels, as compared with the previous estimate of 75,292,000 bushels, and an actual harvest of 17,928,000 bushels a year ago. The grain sorghum crop was also reduced in Oklahoma and New Mexico. The corn crop in Louisiana, however, showed some improvement.

The prospective production of peanuts was reduced somewhat from the earlier forecast in Texas and Louisiana. The Texas crop on November 1 indicated a production of 112,100,000 pounds as compared with 117,800,000 pounds on October 1, and 51,350,000 pounds produced in 1934. The indicated production of sweet potatoes was increased from 5,893,000 bushels on October 1 to 6,390,000 bushels on November 1, and the latter figure compares with a

The cattle market during the past month was generally slow with a tendency toward lower prices. However, prices strengthened somewhat around the middle of November. Hog prices suffered a considerable loss during October, and in the first week of November the best offerings fell under the \$9.00 level. The market showed some recovery during

the succeeding week. Supplies of sheep and lambs were light for this season and there was a general advance in prices for all classes.

FORT WORTH LIVESTOCK RECEIPTS
(Number)

	October 1935	October 1934	Change over year	September 1935	Change over month
Cattle.....	77,741	73,376	+ 4,365	78,785	- 1,044
Calves.....	48,618	50,971	- 2,353	36,951	+11,667
Hogs.....	18,087	26,588	- 8,501	19,798	- 1,711
Sheep.....	50,136	98,027	-47,891	38,583	+11,553

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	October 1935	October 1934	September 1935
Beef steers.....	\$ 9.25	\$ 7.25	\$10.00
Stocker steers.....	7.25	4.50	7.00
Heifers and yearlings.....	9.25	7.45	10.00
Butcher cows.....	5.50	3.50	5.50
Stocker cows.....		2.25	
Calves.....	7.50	4.60	7.75
Hogs.....	10.55	6.35	11.50
Sheep.....	5.50	3.25	5.25
Lambs.....	9.25	6.00	8.50

FINANCE

Operations of the Federal Re- serve Bank

Member bank borrowings at the Federal Reserve Bank reflected a steady decline during the past month. Outstanding loans on November 15 amounted to \$50,000, as compared with \$465,000 a month earlier, and \$17,000 on the corresponding date last year. There were only 5 banks indebted to the Federal Reserve Bank at the middle of November as compared with 21 banks on October 15, and 2 banks at this time last year. Outstanding industrial advances to established industrial and commercial businesses for working capital purposes totaled \$1,809,000 on November 15, as compared with \$1,826,000 at the middle of October and \$576,000 a year ago. During the past month this bank increased its investments in United States securities \$2,500,000 and on November 15, holdings were \$7,500,000 in excess of those on the same date in 1934. The reserve deposits of member banks with the Federal Reserve Bank rose steadily during the past month, the total on November 15 being \$12,145,000 greater than on October 15, but \$6,179,000 less than on November 15, 1934. Federal reserve notes in actual circulation totaled \$70,320,000 on November 15, which was \$3,560,000 larger than a month earlier and \$16,059,000 greater than a year ago.

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

	Nov. 15, 1935	Nov. 15, 1934	Oct. 15, 1935
Total cash reserves.....	\$125,706	\$120,364	\$121,722
Discounts for member banks.....	50	17	465
Other bills discounted.....	None	None	None
Industrial advances.....	1,809	576	1,826
Commitments to make industrial advances..	599	None	598
Bills bought in the open market.....	121	154	122
United States Government securities owned..	78,975	71,475	76,475
All other investments.....	3	441	None
Total earning assets.....	80,958	72,663	78,888
Member bank reserve deposits.....	121,491	127,670	109,346
Federal reserve notes in actual circulation...	70,320	54,261	66,760

Condition of Member Banks in Selected Cities

The loans and deposits of member banks in selected cities reflected a further sharp increase during the five-week period ending November 13. Loans on securities were increased \$696,000 between October 9 and November 13, but the total on the latter date was \$7,822,000 lower than on the corresponding date of 1934. "All other" loans (largely commercial) have reflected a noticeable expansion during the past six weeks. The total of these loans on November 13 amounted to \$150,964,000, which was \$3,711,000 larger than that on October 9, and approximately \$19,000,000 above the seasonal low registered late in July. The latest figure is the highest reported since the close of 1933. Net demand deposits rose \$15,520,000 during the five-week period and time deposits increased \$596,000. The investments of these banks in the direct obligations of the United States showed little change between October 9 and November 13, but the total on the

latter date was \$14,745,000 lower than a year earlier. Holdings of securities fully guaranteed by the Government were increased \$308,000 during the five-week period, and were \$32,584,000 greater than on November 14, 1934. Investments in other stocks and bonds were reduced \$691,000 between October 9 and November 13. Their reserve deposits with the Federal Reserve Bank stood at \$69,947,000 on November 13, which was \$7,572,000 larger than five weeks earlier, but \$10,143,000 below those a year ago.

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

	Nov. 13, 1935	Nov. 14, 1934	Oct. 9, 1935
United States securities owned.....	\$157,787	\$172,532	\$157,833
Securities fully guaranteed by U. S. Govt. owned.....	50,507	17,923	50,109
All other stocks, bonds, and securities owned..	43,997	43,922	44,688
Loans on securities.....	41,328	49,150	40,632
All other loans.....	150,964	147,351	142,253
Total loans.....	192,292	196,501	182,885
Net demand deposits.....	351,737	317,623	336,217
Time deposits.....	121,760	122,859	121,164
Reserve with the Federal Reserve Bank.....	69,947	80,090	62,275
Bills payable and rediscounts with the Federal Reserve Bank.....	None	None	None

Deposits of Member Banks

Showing a seasonal increase over the previous month's figure, the combined daily average of net demand and time deposits of member banks in this district during October amounted to \$775,552,000, as compared with \$761,937,000 in September. The gain occurred in net demand deposits, as time deposits fell off slightly.

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
Oct., 1934.....	\$583,558	\$194,018	\$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	83,760
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
Aug., 1935.....	630,736	194,580	326,406	111,826	304,330	82,754
Sept., 1935.....	567,887	194,050	313,465	111,616	254,422	82,434
Oct., 1935.....	581,625	193,927	325,245	110,993	256,380	82,934

NOTE: The method of computing net demand deposits subject to reserve was changed by the Banking Act of 1935 approved August 23, 1935.

Debits to Individual Accounts

Charges to depositors' accounts at banks in leading cities in this district rose from a total of \$613,240,000 in September to a total of \$726,976,000 in October, the expansion of 18.5 per cent being due in major part to seasonal influences. In October a year ago, aggregate debits to individual accounts at the same centers amounted to \$637,227,000. All reporting centers participated in the in-

crease over September, and only two failed to register a gain over the same month last year.

DEBITS TO INDIVIDUAL ACCOUNTS (In thousands of dollars)

	October 1935	October 1934	Percentage change over year	September 1935	Percentage change over month
Abilene.....	\$ 9,683	\$ 7,274	+33.1	\$ 5,147	+88.1
Austin.....	25,145	29,993	-16.2	17,520	+43.5
Beaumont.....	19,750	16,858	+17.2	18,412	+ 7.3
Corsicana.....	3,483	3,021	+15.3	3,014	+15.6
Dallas.....	222,167	183,144	+21.3	185,294	+19.9
El Paso.....	22,109	22,618	- 2.3	18,781	+17.7
Fort Worth.....	72,329	63,171	+14.5	61,863	+16.9
Galveston.....	24,097	20,727	+16.3	20,888	+15.4
Houston.....	165,208	147,937	+11.7	141,229	+17.0
Port Arthur.....	6,570	5,702	+15.2	5,886	+11.6
Roswell.....	2,907	2,678	+ 8.6	2,199	+32.2
San Antonio.....	61,144	52,289	+16.9	53,719	+13.8
Shreveport.....	35,351	33,927	+ 4.2	30,912	+14.4
Texarkana*.....	6,966	5,875	+18.6	5,403	+28.9
Tucson.....	8,562	7,053	+21.4	7,141	+19.9
Tyler.....	11,400	10,043	+13.5	10,637	+ 7.2
Waco.....	15,581	13,953	+11.7	12,521	+24.4
Wichita Falls....	14,524	10,964	+32.5	12,674	+14.6
Total.....	\$726,976	\$637,227	+14.1	\$613,240	+18.5

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

Acceptance Market

The amount of acceptances executed by banks in the Eleventh District and outstanding at the close of October was more than twice as large as a month earlier, and also showed a substantial increase over a year ago. The total reported was \$2,019,553, of which \$1,770,942 represented acceptances based on the domestic shipment and storage of goods and \$248,611 was the amount executed against import and export transactions. On September 30 the combined total was \$912,104, and on the last day of October, 1934, it was \$1,639,475.

Savings Deposits

Total savings deposits held by 125 banks in this district on October 31 amounted to \$154,396,468, which compares with \$152,918,815 a month earlier, and \$142,544,280 a year ago. The percentage increase as compared with October 31, 1934, was 8.3 per cent, which is the same comparison as was shown on September 30. The number of savings depositors on record the last day of October was larger than either a month earlier or a year ago.

SAVINGS DEPOSITS

	October 31, 1935			October 31, 1934			September 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	9,197	\$ 3,717,692	8,569	\$ 3,473,482	+ 7.0	9,130	\$ 3,656,713	+ 1.7
Dallas.....	9*	76,767	25,113,461	75,497	24,922,573	+ .8	76,716	25,143,252	- .1
El Paso.....	2	11,854	5,909,997	11,348	4,844,732	+22.0	11,752	5,727,042	+ 3.2
Fort Worth.....	3	35,085	11,391,604	33,830	10,399,948	+ 9.5	34,995	11,225,971	+ 1.5
Galveston.....	4	17,129	10,623,387	16,818	9,768,894	+ 8.7	17,115	10,574,563	+ .5
Houston.....	11*	67,344	32,689,340	64,128	29,024,154	+12.6	67,063	32,295,731	+ 1.2
Port Arthur.....	2	5,422	2,196,818	4,946	2,003,139	+ 9.7	5,355	2,168,821	+ 1.3
San Antonio.....	6*	17,703	16,774,478	16,704	15,596,242	+ 7.6	17,881	16,467,308	+ 1.9
Shreveport.....	3	22,264	10,637,656	22,311	10,511,144	+ 1.2	22,233	10,669,017	- .3
Waco.....	3	10,831	6,283,444	10,749	6,233,307	+ .8	10,863	6,237,030	+ .7
Wichita Falls....	3	6,220	3,274,439	5,870	2,898,314	+13.0	6,183	3,225,457	+ 1.5
All others.....	76*	49,545	25,784,152	48,417	22,868,351	+12.8	49,469	25,527,910	+ 1.0
Total.....	125	329,361	\$154,396,468	319,187	\$142,544,280	+ 8.3	328,755	\$152,918,815	+ 1.0

*Only 8 banks in Dallas, 10 in Houston, 5 in San Antonio, and 67 banks in "All others" reported the number of savings depositors.

NOVEMBER 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.....	3-6	5-8	1½-6	3-7	5-7	6
Rate charged on loans to other banks secured by bills receivable.....	.....	5	4-6	5-6	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	4-10	4-7	6	6-8
Time.....	4-8	6-8	4-10	4-7	6-8	6-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	1½-8	7-8	5-8	3-7	6-8	3-7
Rate on cattle loans.....	5-8	6-8	5-8	7-10	7-8	8

INDUSTRY

Textile Milling

A further sharp increase was witnessed in the domestic consumption of cotton at all United States mills during the

past month. There were 552,187 bales of cotton consumed, which represents a large seasonal increase over the previous month, a gain of 5.6 per cent over October, 1934, and an increase of 2 per cent over the ten year (1925-34) average. Consumption amounted to 449,126 bales in September this year and 523,032 bales in October, 1934. Another significant feature of the October consumption is that it was the largest for any corresponding month since 1929. During the first quarter of the current cotton year, August through October, domestic consumption amounted to 1,409,723 bales, as compared with 1,236,669 bales in the corresponding three months of 1934. Stocks of cotton on hand at consuming

establishments on October 31 were seasonally greater than the holdings on the final day of September, but they remained in smaller volume than on the same date last year.

COTTON CONSUMED AND ON HAND (Bales)

	October 1935	October 1934	August 1 to This season	October 31 Last season
Cotton-growing states:				
Cotton consumed.....	459,176	412,302	1,180,513	987,693
On hand October 31 in—				
Consuming establishments.....			932,648	893,298
Public storage and com- presses.....			8,376,848	9,152,003
United States:				
Cotton consumed.....	552,187	523,032	1,409,723	1,236,669
On hand October 31 in—				
Consuming establishments.....			1,074,405	1,140,493
Public storage and com- presses.....			8,481,901	9,380,804

Cottonseed Products

A noticeable increase in activities of the cottonseed oil industry was witnessed during the past month in both Texas and the entire United States. The receipts and crushings of cottonseed at both Texas and United States mills reflected large seasonal increases over September, and were substantially above those in October, 1934. Likewise the production of all cottonseed products during October was in much greater volume than a month earlier or a year ago. The demand for products, as measured by shipments during the month, also evidenced a material increase in October. Despite the fact that receipts of cottonseed during the first three months of the current season were smaller than in the like period of the 1933-34 season, the crushings of seed and the production of all products at United States mills exceeded those a year ago, and at Texas mills they were on approximately the same level as in 1934. Stocks of cottonseed held by crushing establishments on October 31 were seasonally larger than a month earlier, but substantially below those on the same date last year. Supplies of cottonseed products held on the final day of October were also greater than a month earlier, and inventories of crude oil showed an increase over a year ago.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to October 31 This season	Last season	August 1 to October 31 This season	Last season
Cottonseed received at mills (tons).....	489,246	533,749	2,060,891	2,248,332
Cottonseed crushed (tons).....	308,535	305,709	1,322,437	1,238,989
Cottonseed on hand Oct. 31 (tons).....	203,123	330,801	828,029	1,232,104
Crude oil produced (pounds)....	86,610,227	86,756,669	398,643,829	377,778,488
Cake and meal produced (tons)....	143,902	143,190	595,801	554,918
Hulls produced (tons).....	82,278	81,049	338,050	324,847
Linters produced (running bales).....	59,214	60,274	287,951	262,351
Stocks on hand October 31:				
Crude oil (pounds).....	19,456,215	18,789,360	64,704,874	59,843,100
Cake and meal (tons).....	61,971	65,682	253,294	258,923
Hulls (tons).....	57,460	46,169	121,502	139,137
Linters (running bales).....	38,206	42,300	140,874	145,889

Cotton Movements

While the October exports of cotton from the port of Galveston remained below those a year ago, shipments from Houston continued in greater volume than in the corresponding month of 1934. The latter increase, however, was insufficient to offset the decline at Galveston; consequently the combined shipments from both ports reflected a net decrease of 6.5 per cent from October last year. A seasonal increase over the preceding month was evidenced at both shipping centers. During the first quarter of the current season exports from Galveston were materially below those in the like period of 1934, while shipments from Houston during that period showed a slight increase. Receipts of cotton at these ports during October reflected a substantial increase over both the previous month and the same month of 1934. Stocks of cotton held on October 31 were seasonally greater than a month earlier, and at Galveston they were somewhat larger than a year ago.

Although total exports of cotton from the United States during October remained on a relatively low level as compared with earlier years, a large increase, seasonal in character, was evidenced over the previous month, and an appreciable increase was again reflected as compared with the like month of 1934. There were 711,664 bales of cotton shipped during the past month, as against 486,764 bales in September, and 615,593 bales in October, 1934. The 1925-34 average exports for October amount to 1,109,655 bales. Exports during the first three months of the current

season totaled 1,439,912 bales, which represents an increase of 8.9 per cent over the 1,321,783 bales shipped in the same period of 1934. Increases over a year ago in the takings of American cotton were shown for Great Britain, France, and Germany, while declines were registered for Italy, Japan, and China.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON (Bales)

	October 1935	October 1934	August 1 to This season	October 31 Last season
Receipts.....	397,558	229,880	733,688	457,774
Exports.....	129,508	162,918	190,807	363,905
Stocks, October 31.....			767,534	605,362

COTTON—GALVESTON STOCK STATEMENT (Bales)

	Oct. 31, 1935	Oct. 31, 1934
For Great Britain.....	3,000	1,500
For France.....	2,400	3,000
For other foreign ports.....	48,300	19,000
For coastwise ports.....	1,200	500
In compresses and depots.....	712,634	581,362
Total.....	767,534	605,362

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON (Bales)

	October 1935	October 1934	August 1 to This season	October 31 Last season
Receipts.....	463,220	310,399	687,540	664,364
Exports.....	177,777	165,702	354,588	352,087
Stocks, October 31.....			640,006	1,129,163

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

	August 1 to This season	October 31 Last season
Receipts.....	3,214,201	2,237,695
Exports: United Kingdom.....	377,632	162,837
France.....	150,213	121,199
Italy.....	104,545	105,340
Germany.....	174,563	141,822
Other Europe.....	223,294	213,447
Japan.....	348,716	493,318
All other countries.....	60,949	83,820
Total foreign ports.....	1,439,912	1,321,783
Stocks held at all United States ports, October 31.....	2,749,641	3,179,362

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

	October, 1935		Nov. 15, 1935
	High	Low	
New York.....	11.40	11.05	12.35
New Orleans.....	11.45	10.85	12.30
Dallas.....	10.89	10.43	11.87
Houston.....	11.25	10.78	12.20
Galveston.....	11.32	10.77	12.22

Petroleum

Production of crude oil in the Eleventh Federal Reserve District amounted to 34,507,000 barrels in October, as compared with 33,527,400 barrels in the previous month, and 31,757,950 barrels in the same month last year. The increase over September was due to the longer month as the daily average output reflected a slight decline. A perceptible curtailment in field activity was witnessed last month, as evidenced by the completion of 848 new wells in comparison with 1,161 in the preceding month. Of those completed in October, 585 were oil producers with an initial yield of 1,283,354 barrels, whereas 829 successful wells were completed in September and had a flush output of 1,693,623 barrels.

Despite the fact that daily production in all sections of Texas except the east portion was larger in October than in the previous month, the average for the State as a whole decreased from 1,034,380 barrels in the earlier month to 1,022,179 barrels in the latter month. The daily output of New Mexico and north Louisiana continued to show a substantial upward trend.

OIL PRODUCTION—(Barrels)

	October, 1935		Increase or decrease over September, 1935	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	3,550,850	114,543	+147,350	+ 1,093
West Texas.....	5,603,100	180,745	+207,600	+ 895
East Texas.....	14,628,950	471,902	- 25,450	-16,578
South Texas.....	1,893,850	61,092	+ 98,350	+ 1,242
Texas Coastal.....	6,010,800	193,897	+228,300	+ 1,147
Total Texas.....	31,687,550	1,022,179	+656,150	-12,201
New Mexico.....	1,870,800	60,348	+168,300	+ 3,598
North Louisiana.....	948,650	30,602	+155,150	+ 4,152
Total District.....	34,507,000	1,113,129	+979,600	- 4,451

CRUDE OIL PRICES
(Price per barrel)

	Nov. 8, 1935	Nov. 9, 1934
Texas Coastal (34 gr. and above).....	\$1.12	\$1.12
North Texas (40 gr. and above).....	1.03	1.03
North Louisiana (40 gr. and above).....	1.08	1.08

OCTOBER DRILLING RESULTS

	Com- pletions	Pro- ducers	Gas Wells	Fail- ures	Initial Production
North Texas.....	211	129	6	76	43,130
West Texas.....	116	88	1	27	91,518
East Texas.....	260	207	1	52	1,054,759
South Texas.....	141	86	2	53	38,673
Texas Coastal.....	83	53	4	26	15,278
Total Texas.....	811	563	14	234	1,243,358
New Mexico.....	18	16	.	2	35,653
North Louisiana.....	19	6	5	8	4,343
October totals, district.....	848	585	19	244	1,283,354
September totals, district.....	1,161	829	38	294	1,693,623

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

Building
Permits

The value of construction permits issued at principal cities in the Eleventh District during October rose to what was with one exception the highest level for any month since May, 1931. Of the \$3,758,078 reported valuation, \$1,200,000 represented a permit issued at Waco for the construction of a Veterans' Administration hospital. The month's total compared with an aggregate of \$2,425,034 in September, and \$1,790,818 in October a year ago. The sizable increases shown in the case of both comparisons were rather generally distributed among the reporting cities.

BUILDING PERMITS

	October, 1935		October, 1934		Percentage change valuation over year	September, 1935		Percentage change valuation over month	January 1 through October 31				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1935		1934		
									No.	Valuation	No.	Valuation	
Amarillo.....	32	\$ 47,138	42	\$ 139,444	— 66.2	27	\$ 22,721	+107.5	291	\$ 254,392	297	\$ 373,375	— 31.9
Austin.....	183	267,353	128	113,471	+135.6	150	629,318	— 57.5	1,569	4,804,474	845	797,940	+502.1
Beaumont.....	155	68,114	107	34,050	+100.0	109	55,093	+ 23.6	1,165	509,243	912	282,803	+ 80.1
Corpus Christi.....	98	74,120	43	20,211	+266.7	48	40,230	+ 84.2	579	471,440	272	313,383	+ 50.4
Dallas.....	366	533,258	400	217,741	+144.9	377	302,019	+ 76.6	3,936	3,194,092	3,784	1,970,102	+ 62.1
El Paso.....	77	53,823	54	22,222	+142.2	31	18,585	+189.6	458	971,470	425	223,479	+334.7
Fort Worth.....	120	350,775	134	113,309	+209.6	93	324,000	+ 8.3	1,138	2,822,405	903	754,587	+274.0
Galveston.....	174	47,810	187	33,602	+ 42.3	102	46,974	+ 1.8	1,133	571,120	1,309	457,046	+ 25.0
Houston.....	322	663,340	159	715,625	— 7.3	262	554,150	+19.7	2,632	5,563,236	1,839	4,232,625	+ 31.4
Port Arthur.....	91	27,111	54	75,723	— 64.2	103	27,957	— 3.0	784	501,202	473	185,418	+170.3
San Antonio.....	268	220,903	239	211,733	+ 4.3	218	184,783	+19.5	5,727	3,762,836	1,458	784,241	+379.8
Shreveport.....	128	129,955	148	49,912	+160.4	107	96,427	+ 34.8	1,288	1,076,431	1,584	980,723	+ 9.8
Waco.....	30	1,256,933	20	28,234	*	23	121,567	+33.9	280	1,727,808	182	269,410	+541.3
Wichita Falls.....	18	17,445	46	15,541	+ 12.3	3	1,210	*	243	275,447	658	230,400	+19.6
Total.....	2,062	\$3,758,078	1,761	\$1,790,818	+109.9	1,653	\$2,425,034	+ 55.0	21,223	\$26,505,602	14,941	\$11,855,532	+123.6

*Increase over one thousand per cent.

Cement

Activity at Portland cement mills in Texas was on a larger scale during October than in either the previous month or the same month last year. Total production amounted to 283,000 barrels, as compared with 259,000 barrels in September, and 164,000 barrels in October a year ago. Shipments from these mills during the month aggregated 314,000 barrels, as against 257,000 barrels in the preceding month, and 297,000 barrels in the corresponding month in 1934. Stocks of cement on hand October 31 amounted to 611,000 barrels, being 5.1

per cent less than a month earlier, but 12.1 per cent larger than a year ago.

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

	Oct., 1935	Percentage change over		January 1 through Oct. 31, 1935	Percentage change over year
		Oct., 1934	Sept., 1935		
Production at Texas mills.....	283	+72.6	+ 9.3	3,043	+ 1.0
Shipments from Texas mills.....	314	+ 5.7	+22.2	3,092	+ 2.4
Stocks at end of month at Texas mills.....	611	+12.1	- 5.1	.....	.....

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(As compiled by the Board of Governors of the Federal Reserve System, Nov. 27, 1935)

Industrial production increased more than seasonally in October and there was also a considerable advance in factory employment and payrolls. There was a continuous inflow of gold from abroad and an increase in bank deposits.

INDUSTRIAL PRODUCTION AND EMPLOYMENT

Volume of output at factories and mines, as measured by the Board's seasonally adjusted index of industrial production, increased from 89 per cent of the 1923-1925 average in September to 94 per cent in October, reflecting larger output in a wide range of industries. Automobile production, which had been at a low level in September when preparations were being made for the manufacture of new models, increased rapidly during October and the early part of November. At steel mills, activity increased slightly in this period, contrary to the usual seasonal tendency, and in the third week of November was at about 54 per cent of capacity. Lumber production showed little change. Among the industries producing nondurable manufactures, the principal changes in output were increases of considerably more than the usual seasonal amount at cotton mills, woolen mills, and meat-packing establishments. At mines output of bituminous coal was in larger volume than in other recent months and output of crude petroleum continued to increase. Factory employment, which ordinarily shows little change at this season, increased considerably between the middle of September and the middle of October, reflecting substantial increases in the industries producing durable manufactures. The most marked expansion was in the automobile industry and there were smaller increases at railroad repair shops and in the iron and steel, machinery, and nonferrous metals industries. Employment at canning factories showed a considerable decline, largely of a seasonal character. Total value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a considerable increase in October followed by a slight decline in the first half of November. In this six-week period total contracts were substantially larger than a year ago, reflecting marked increases both in residential building and in other types of construction, but the volume is still at a relatively low level.

DISTRIBUTION

Railroad freight-car loadings increased by a considerable amount from September to October, reflecting principally larger shipments of coal and miscellaneous freight. In the early part of November car loadings were at a lower level than in October, chiefly as a consequence of seasonal developments. Department store sales, which usually increase at this season, showed little change from September to October on a daily average basis, and the Board's seasonally adjusted index declined from 81 per cent of the 1923-1925 average to 77 per cent.

COMMODITY PRICES

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, was slightly lower in October and the early part of November than in the latter part of September, reflecting reductions in the prices of farm products and foods offset in part in the index by an advance in prices of other commodities, particularly hides and leather products and textiles. Prices of hogs and pork showed a decrease, as is usual at this season, while cotton advanced.

BANK CREDIT

Excess reserves of member banks increased further by \$190,000,000 during the five-week period ended November 20, reflecting a continued inflow of gold from abroad. At the end of the period excess reserves were at a new high level of over \$3,000,000,000. Total loans and investments of reporting banks in 101 leading cities increased by \$190,000,000 during the five weeks ended November 20, reflecting principally an increase in holdings of United States Government securities. Adjusted demand deposits of these banks showed an increase of \$550,000,000 for the period. The call money rate on New York Stock Exchange loans was increased from $\frac{1}{4}$ of 1 per cent to $\frac{3}{4}$ of 1 per cent in the last week of October. At the same time the rate on time loans was increased from $\frac{1}{4}$ of 1 per cent to 1 per cent, but few loans have been made. Other money rates have remained at former low levels.