

# 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

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## DISTRICT SUMMARY

THE SITUATION AT A GLANCE  
Eleventh Federal Reserve District

	December 1935	Change from November
Bank debits to individual accounts (at 18 cities).....	\$790,541,000	+ 14.8%
Department store sales.....	.....	+ 57.7%
Reserve bank loans to member banks at end of month.....	\$ 2,721	—\$24,311
Reserve bank ratio at end of month.....	65.6%	+ 1.6 points
Building permit valuation at larger centers....	\$ 3,189,874	+ 14.2%
Commercial failures (number).....	15	— 15
Commercial failures (liabilities).....	\$ 193,160	— 38.5%
Oil production (barrels).....	35,972,850	+ 4.5%

November and was 148 per cent larger than in December, 1934.

The agricultural and livestock industries continued in a generally favorable position. While adverse weather conditions in December retarded farming operations, the open weather prevailing in most sections of the district since the turn of the year has enabled farmers to make good progress with field work. Practically all sections have sufficient moisture for current needs and a deep subsoil season obtains in the major portion of the district. Small grains have made good growth and reports indicate that plants are well developed for this season. The condition of ranges and livestock continued above the average, and livestock are expected to go through the winter in good shape due to abundant supply of pasturage and dry feed. Prices have been well sustained at levels considerably higher than a year ago.

The financial situation reflected largely the effect of seasonal factors. The commercial loans of member banks in selected cities showed a further expansion in December, but declined somewhat early in January due to seasonal liquidation. The reserve deposits of member banks with the Federal Reserve Bank were increased further between December 15 and January 15, and on the latter date were moderately higher than a year earlier. Due to the heavy pre-Christmas demand for currency, the actual circulation of Federal reserve notes showed a noticeable expansion between December 15 and 24, but there was a rapid return flow following the latter date, and on January 15 the circulation of these notes was \$1,051,000 lower than a month earlier.

A heavy volume of Christmas buying, an active demand for merchandise in wholesale channels, and an increase in construction work were prominent features of the business and industrial situation in this district during the past month. Sales of department stores in principal cities reflected an increase of 58 per cent over November, and were 7 per cent above those in December, 1934. The adjusted index of department store sales rose to 95.2 per cent of the 1923-25 average, which is a new high point for the recovery period. Distribution at wholesale was unusually active for this season and the sales of all reporting lines exceeded those in the corresponding month last year. Debits to individual accounts at banks in larger cities during December were 15 per cent larger than in November, and 21 per cent greater than a year ago.

The volume of construction work reflected a noticeable expansion in December. The valuation of building permits issued in principal cities was 14 per cent greater than in

## BUSINESS

**Wholesale Trade**  
The sales of reporting wholesale firms located in the Eleventh Federal Reserve District continued in substantial volume during December, and in the case of every line were on a larger scale than a year ago. In the lines of drugs and hardware, comparisons with the previous month were appreciably better than is usual in the closing month of the season. Reports indicate that favorable trade conditions have prevailed in most sections of the district, and a strengthening of confidence has been noted in some quarters. While largely seasonal decreases in collections were shown in three lines during December, jobbers in the lines of drugs and hard-

ware reported a larger volume than that of the preceding month.

A seasonal recession of 29.7 per cent occurred in the business of wholesale dry goods firms in this district in December. There was a gain of 2.9 per cent as compared with the same month a year ago, this comparison being somewhat less favorable than that shown in the two preceding months. Though collections decreased in volume from the level of November, their ratio to accounts and notes outstanding showed an improvement.

The demand for farm implements at wholesale increased

seasonally in December, the month's sales being 11.3 per cent above those of the preceding month and 46.0 per cent greater than in December, 1934. Stocks on hand at the year-end were substantially larger than a month earlier or a year ago. A further falling-off in collections was reported in December, as is usual at this season.

A further decline of less than seasonal proportions was reflected in the demand for hardware at wholesale during December. Despite the 3.9 per cent reduction from the previous month, December business showed the best comparison with the same month a year earlier that has been reported since May, 1934. The percentage gain amounted to 36.9. Collections during the month exceeded those of November by 5.8 per cent.

Reflecting the seasonal trend for December, the distribution of groceries through wholesale channels in this district last month registered a further decline of 10.9 per cent from the previous month. An increase of 5.5 per cent over the corresponding month in 1934 was recorded. The volume of collections on accounts and notes outstanding was 3.5 per cent smaller than in November.

Contrary to the usual downward tendency in the closing month of the year, sales by reporting wholesale drug firms in the Eleventh District showed a sizable expansion over those in November, and were considerably larger than in December a year ago. The percentages of increase amounted

to 20.7 and 19.0, respectively. Inventories were reduced 6.7 per cent during December, but at the end of the month remained 18.3 per cent greater than a year ago. A rise of 9.6 per cent was reflected in the total amount of collections during the month.

**Retail Trade** Stimulated by the greatest volume of Christmas buying in several years, the December distribution of merchandise at department stores in principal cities of the Eleventh District rose to the highest level of any month since December, 1930. The dollar volume of sales was 6.8 per cent greater than in December, 1934, and 57.7 per cent above that in the previous month, which is several points higher than the average increase for December. This bank's index of department store sales, which is adjusted for seasonal variations, also reflected the strong consumer demand during December by rising to the highest level of any month since April, 1931. For December the index stood at 95.2 per cent of the 1923-25 average, and compares with 83.8 per cent in November, and 89.3 per cent in December a year ago. Distribution of merchandise during 1935 was 6.4 per cent greater than in 1934.

Inventories on hand December 31 at reporting firms reflected the usual year-end decline, but they continued 4.9 per cent greater than the holdings on the same date a year earlier. The rate of stock turnover during the past year was 3.36, as compared with 3.26 in 1934.

Collections on open accounts during December reflected little or no change from both the previous month and the same month last year. The ratio of December collections to open accounts outstanding on December 1 was 41.1 per cent, as against 41.6 per cent in November, and 41.1 per cent in December, 1934. Collections on installment accounts advanced from 15.3 per cent in November to 16.2 per cent in the subsequent month, which compares with 15.6 per cent a year ago.

#### CONDITION OF WHOLESALE TRADE DURING DECEMBER, 1935

Percentage of increase or decrease in—

	Net Sales compared with Dec., 1934		Net Sales July 1 to date compared with same period last year		Stocks Dec., 1935 compared with Dec., 1934		Ratio of collections during Dec. to accounts and notes outstanding on November 30
	1934	1935	1934	1935	1934	1935	
Groceries.....	+ 5.5	-10.9	+ 4.3	+ 2	-10.3	88.5	
Dry goods.....	+ 2.9	-29.7	— .8	-20.0	- 5.2	41.2	
Farm implements..	+46.0	+11.3	+51.4	+58.1	+ 9.8	10.2	
Hardware.....	+36.9	- 3.9	+24.4	+ 7.5	- 5.1	52.4	
Drugs.....	+19.0	+20.7	+15.0	+18.3	- 6.7	57.9	

#### BUSINESS OF DEPARTMENT STORES

Total sales (percentage):	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
December, 1935, compared with December, 1934.....	+ 9.6	+ 7.2	+ 4.2	+ 6.7	+ 4.2	+ 6.8
December, 1935, compared with November, 1935.....	+57.4	+78.3	+52.8	+43.1	+60.9	+57.7
January 1 to date compared with same period last year.....	+ 9.8	+ 5.8	+ 1.0	+ 8.0	+ 4.9	+ 6.4
Credit sales (percentage):						
December, 1935, compared with December, 1934.....	+13.5	+ 6.3	+ 9.3	+ 6.8	+ 5.1	+ 9.4
December, 1935, compared with November, 1935.....	+49.9	+63.3	+45.3	+39.2	+57.3	+50.2
January 1 to date compared with same period last year.....	+13.7	+ 9.4	+ 7.7	+10.7	+ 7.8	+10.7
Stocks on hand at end of month (percentage):						
December, 1935, compared with December, 1934.....	+10.5	+ 2.2	- 6.6	+11.7	+ .7	+ 4.9
December, 1935, compared with November, 1935.....	-25.0	-23.1	-24.1	-20.7	-23.1	-23.6
Stock turnover (rate):						
Rate of stock turnover in December, 1934.....	.52	.49	.43	.52	.43	.48
Rate of stock turnover in December, 1935.....	.51	.51	.48	.49	.44	.49
Rate of stock turnover January 1 to December 31, 1934.....	3.63	2.83	3.11	3.87	2.74	3.26
Rate of stock turnover January 1 to December 31, 1935.....	3.81	2.94	3.13	3.73	2.86	3.36
Ratio of December collections to open accounts receivable outstanding December 1, 1935..	41.6	37.0	42.9	44.5	39.1	41.1
Ratio of Dec. collections to installment accounts receivable outstanding Dec. 1, 1935.....	17.7	12.2	.....	16.9	22.3	16.2
Indexes of department store sales:						
Unadjusted—November, 1935.....	101.1	100.8	104.9	88.5	.....	97.2
Unadjusted—December, 1935.....	158.0	184.4	161.2	130.2	.....	155.2
Adjusted—November, 1935.....	85.7	84.0	89.7	77.0	.....	83.8
Adjusted—December, 1935.....	98.8	104.2	98.3	84.0	.....	95.2
Indexes of department store stocks:						
Unadjusted—November, 1935.....	66.8	78.0	50.9	56.3	.....	68.4
Unadjusted—December, 1935.....	49.6	59.7	38.4	45.0	.....	52.1
Adjusted—November, 1935.....	61.3	69.0	44.3	50.7	.....	61.1
Adjusted—December, 1935.....	56.4	72.8	41.3	50.6	.....	59.9

#### Commercial Failures

The business mortality rate in this district during December was the smallest reported for any corresponding month in many years, and the indebtedness of defaulting firms was also at a very low level. According to figures released by

Dun & Bradstreet, Inc., 15 insolvencies were reported during the month, with combined liabilities of \$193,160, as against 30 commercial failures in November, owing \$314,248, and 21 defaults in December a year ago with an indebtedness of \$553,571.

AGRICULTURE

Crop Conditions

Weather conditions during December were generally adverse to farming operations, but the open weather and mild temperatures prevailing since the turn of the year have enabled farmers to proceed rapidly toward the completion of harvesting operations and with winter plowing. The rains and snows which fell over northwest Texas and eastern New Mexico were very beneficial, but more rain will be needed to supply a deep subsoil season. In other sections of the district, there is a good surface and subsoil season.

in Texas on the above date amounted to 67,123,000 bushels as compared with 24,101,000 bushels on January 1, 1935, and 49,129,000 bushels for the 1928-32 average. The current figure represents 64 per cent of the 1935 production. Stocks of oats totaled 23,474,000 bushels as against 12,986,000 bushels a year earlier, and 17,067,000 bushels for the 1928-32 average. Stocks of oats and corn on farms in other states attached to this district were also higher than the 1928-32 average, except corn in Oklahoma, and oats in New Mexico. Stocks of wheat on farms in Texas, Oklahoma, and New Mexico on January 1, 1936, were small due to the poor yields in 1935.

The Department of Agriculture reported that 4,648,000 acres in Texas were sown to wheat in the fall of 1935, as compared with 4,469,000 acres in 1934, and 4,087,000 acres in the fall of 1933. The condition of the crop was estimated at 70 per cent of normal on January 1 and commercial reports indicate that the crop has improved since that date due to the substantial rainfall over the heavy producing area in northwest Texas. The condition of other small grain crops continued good and indications are that there is sufficient moisture to carry them through the winter. Increases in the acreage sown to wheat in the fall of 1935 were also reported for Oklahoma and New Mexico.

Crop Production and Value in 1935 Increases

The Department of Agriculture in its December 1 report estimated that the total value of principal crops, based on the seasonal average farm prices, was greater in 1935 than in 1934 for all states attached to this district. The estimated value is exclusive of money received from the Government on acreage adjustment contracts. In Texas the estimated value of crops was placed at \$375,298,000 for 1935, as compared with \$330,127,000 in 1934, or an increase of 13.7 per cent. The price per unit of all Texas crops, excepting wheat and peanuts, in 1935 was lower than in 1934, but the increased production of most crops more than offset the lower prices on total values. While the increased acreage in the case of some crops partially accounted for the larger production, the per acre yield of all field crops with the exception of wheat, rice, Irish potatoes, and broomcorn was higher than in the drouth year of 1934. Of particular importance to Texas farmers was the heavy production of important feed crops in 1935. The appended table gives the comparative figures on the production and value of 13 crops in Texas and the comparative value of all crops in states attached to this district.

According to the report of the Department of Agriculture, conditions continued favorable for citrus fruits in Texas during December, with trees in excellent condition and the moisture supply very good. The indicated production on January 1 was the same as a month earlier, when it was estimated at 627,000 boxes of oranges and 3,080,000 boxes of grapefruit.

Farm Stocks of Oats and Corn Higher

The Department of Agriculture reported that January 1, 1936 stocks of oats and corn on farms in states attached to this district were materially higher than on the same date a year earlier. The stocks of corn on farms

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

Commodity	Quantity Produced		Increase or decrease in quantity produced	Farm value (000's omitted)		
	1935	1934		1935	1934	Inc. or dec. in value
Cotton (lint).....	3,050,000 bales	2,406,000 bales	+ 644,000 bales	\$166,835	\$150,469	+ \$16,366
Cottonseed.....	1,359,000 tons	1,071,000 tons	+ 288,000 tons	42,401	37,817	+ 4,584
Corn.....	105,358,000 bushels	45,873,000 bushels	+59,485,000 bushels	52,679	38,075	+ 14,604
Wheat.....	10,010,000 bushels	25,749,000 bushels	-15,739,000 bushels	8,408	20,084	- 11,676
Oats.....	39,123,000 bushels	32,466,000 bushels	+ 6,657,000 bushels	12,911	13,960	- 1,049
Barley.....	2,646,000 bushels	2,457,000 bushels	+ 189,000 bushels	1,217	1,400	- 183
Grain sorghums.....	65,760,000 bushels	17,928,000 bushels	+47,832,000 bushels	29,592	17,390	+ 12,202
Rice.....	8,632,000 bushels	7,738,000 bushels	+ 894,000 bushels	5,697	6,423	- 726
Hay (tame and wild).....	886,000 tons	509,000 tons	+ 377,000 tons	6,764	6,671	+ 93
Broomcorn.....	12,000 tons	2,900 tons	+ 9,100 tons	900	450	+ 450
Potatoes (white).....	3,240,000 bushels	3,780,000 bushels	- 540,000 bushels	3,402	4,234	- 832
Potatoes (sweet).....	6,390,000 bushels	3,300,000 bushels	+ 3,090,000 bushels	4,154	3,234	+ 920
Peanuts (all purposes).....	134,550,000 pounds	73,125,000 pounds	+61,425,000 pounds	4,036	2,194	+ 1,842
Pecans.....	44,000,000 pounds	13,000,000 pounds	+31,000,000 pounds	2,201	1,465	+ 736
Texas—Total farm value of 13 crops listed above.....				\$341,197	\$303,866	+ \$37,331
Texas—Total farm value of all crops*.....				375,298	330,127	+ 45,171
Oklahoma—Total farm value of all crops*.....				122,221	101,335	+ 20,886
Louisiana—Total farm value of all crops*.....				92,500	87,519	+ 4,981
New Mexico—Total farm value of all crops*.....				18,999	18,031	+ 968
Arizona—Total farm value of all crops*.....				26,563	24,350	+ 2,213

\*Based on 64 principal crops.

Livestock

Ranges and livestock in most sections of this district remained in better than average condition during December in contrast to the poor condition prevailing at this season a year earlier. While there was a slightly greater than seasonal decline in the condition in all sections of Texas except the Trans-Pecos and north-

west regions between December 1 and January 1, conditions remained unchanged in other states. The Department of Agriculture reported that most sections have adequate pasturage and an ample supply of dry feed. Reports indicate that there is a plentiful supply of stock water in all sections. Livestock are wintering in good condition due to ample

feed and the absence of severe weather, and losses have been below average. Feeding on the range for maintenance has been generally light on account of the open weather and ample supply of range grass and browse.

The January 1 condition of cattle ranges in Texas was rated by the Department of Agriculture as 82 per cent of normal as compared with 85 per cent on December 1, and 52 per cent a year ago. Sheep and goat ranges declined 2 points in December and the 88 per cent condition on January 1 compared with 46 per cent on the same date last year. The condition of cattle declined from 86 per cent on December 1 to 83 per cent on January 1, but the condition figure at the opening of 1935 was only 62 per cent. While the condition of sheep and goats at 88 per cent of normal was 2 points lower than a month earlier, it was materially better than a year ago and 5 points higher than the ten-year average.

#### Movements and Prices

The December receipts of cattle at the Fort Worth market were slightly higher than in November and materially larger than a year earlier. The arrivals of calves and sheep reflected a substantial decline from the previous month, but were somewhat higher than in the closing month of 1934. The receipts of hogs in December showed a sharp increase over those in November and were the largest for any month since April. The total, however, was smaller than in the corresponding month of 1934.

#### Operations of the Federal Reserve Bank

Federal Reserve Bank loans to member banks, which amounted to \$174,000 on December 15, were practically liquidated before the year-end, but the total had risen to \$85,000 at the middle of January, 1936, as compared with \$15,000 a year earlier. Outstanding industrial advances to established industrial and commercial businesses for working capital purposes and commitments to make such advances declined slightly between December 15 and January 15. This bank's investments in United States securities amounted to \$83,975,000 on January 15, which was \$5,000,000 greater than a month earlier, and \$12,500,000 in excess of holdings a year ago. The total cash reserves of this bank reflected a further increase of \$7,455,000 during the month and at the middle of January were \$21,119,000 greater than on the same date in 1935. The reserve deposits of member banks with the Federal Reserve Bank totaled \$134,706,000 on January 15, as compared with \$126,746,000 on December 15, and \$127,164,000 on January 15 last year. Due to the seasonal return flow of currency following the Christmas season, Federal reserve notes in actual circulation had declined to \$72,643,000 on January 15, as compared with a high point of \$77,819,000 on December 24, 1935.

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

	Jan. 15, 1936	Jan. 15, 1935	Dec. 15, 1935
Total cash reserves.....	\$140,406	\$119,287	\$132,951
Discounts for member banks.....	85	15	174
Other bills discounted.....	None	None	None
Industrial advances.....	1,771	1,102	1,812
Commitments to make industrial advances..	593	None	596
Bills bought in the open market.....	126	154	121
United States Government securities owned..	83,975	71,475	78,975
All other investments.....	9	None	7
Total earning assets.....	85,966	72,746	81,089
Member bank reserve deposits.....	134,706	127,164	126,746
Federal reserve notes in actual circulation...	72,643	50,549	73,694

The cattle market during December was generally steady to higher but prices declined on most classes toward the middle of January. Hog prices reflected a wide variation. Prices declined irregularly during December and at the close of the month were around the \$9.00 level. Early in the second week of January the market rose to a high of \$10.25, but had declined to \$9.25 at the middle of the month. Sheep and lamb prices reflected a further improvement.

#### FORT WORTH LIVESTOCK RECEIPTS (Number)

	December 1935	December 1934	Change over year	November 1935	Change over month
Cattle.....	74,068	63,578	+10,490	73,159	+ 909
Calves.....	38,874	35,516	+ 3,358	43,729	- 4,855
Hogs.....	27,618	31,149	- 3,531	15,475	+12,143
Sheep.....	28,558	19,095	+ 9,463	29,990	- 1,432

#### COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	December 1935	December 1934	November 1935
Beef steers.....	\$ 9.00	\$ 7.25	\$ 9.00
Stocker steers.....	6.75	4.10	7.10
Heifers and yearlings.....	11.00	7.15	9.25
Butcher cows.....	6.00	3.25	5.50
Calves.....	7.00	5.00	7.00
Hogs.....	9.70	7.00	9.65
Sheep.....	5.75	4.00	5.50
Lambs.....	10.00	7.50	9.75

## FINANCE

#### Condition of Member Banks in Selected Cities

The loans, investments, and deposits of member banks in selected cities reflected an increase between December 11 and January 8. The investments of these banks in the direct obligations of the United States showed a sharp increase following the December 15 Government financing, but the total on January 8 had declined to \$149,614,000, which was slightly lower than four weeks earlier, and \$31,203,000 below that a year ago. On the other hand, investments in securities fully guaranteed by the United States Government were increased \$1,027,000 between December 11 and January 8, and on the latter date were \$34,438,000 larger than on the corresponding date in 1935. Holdings of other stocks and bonds amounted to \$47,590,000 on January 8, which was \$2,633,000 greater than four weeks earlier, and \$7,272,000 larger than a year ago. Their loans on securities were increased \$843,000 during the four-week period, but the total on January 8 was \$7,201,000 below that on January 9, 1935. "All other" loans (largely commercial) reflected a substantial increase during the last three weeks of 1935 and then showed a seasonal recession during the first week of 1936. The total on January 8, however, was \$1,785,000 greater than on December 11, 1935.

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

	Jan. 8, 1936	Jan. 9, 1935	Dec. 11, 1935
United States securities owned.....	\$149,614	\$180,817	\$149,821
Securities fully guaranteed by U. S. Gov't. owned.....	52,386	17,948	51,359
All other stocks, bonds, and securities owned.....	47,590	40,318	44,957
Loans on securities.....	42,731	49,932	41,888
All other loans.....	153,566	143,042	151,781
Total loans.....	196,297	192,974	193,669
Time demand deposits.....	371,611	296,813	351,309
Time deposits.....	120,666	124,969	121,574
Reserve with the Federal Reserve Bank.....	85,360	75,669	74,672
Bills payable and rediscounts with the Federal Reserve Bank.....	None	None	None

and \$10,524,000 above that on January 9, 1935. The net demand deposits of these banks reflected a large increase over both comparative dates, but their time deposits showed a further slight recession.

**Deposits of Member Banks**

A further substantial increase over the previous month occurred in the daily average net demand deposits of reserve city banks during December, but it was more than offset by a decline in the demand deposits of country banks. Time deposits showed a slight reduction in the case of both classifications. The combined net demand and time deposits of all member banks in this district during the month amounted to \$780,124,000, as compared with \$784,086,000 in November.

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

	Combined Total		Reserve City Banks		Country Banks	
	Net demand deposits	Time deposits	Net demand deposits	Time deposits	Net demand deposits	Time deposits
Dec., 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	81,597
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	82,984
Nov., 1935.....	589,245	194,841	332,345	111,867	256,900	82,074
Dec., 1935.....	585,599	194,525	340,708	111,682	244,891	82,843

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

**Acceptance Market**

The seasonal expansion in outstanding bank acceptances which started in September has continued in every subsequent month, and at the close of December accepting banks in this district reported their total acceptances outstanding as \$2,574,194. This figure compares with \$2,373,539 on November 30, and \$1,458,142 a year ago. Both the acceptances based on import and export transactions and those executed

against the domestic shipment and storage of goods showed an increase over both comparative dates.

**Debits to Individual Accounts**

Charges to depositors' accounts at banks in 18 principal cities in this district rose to a total of \$790,541,000 in December, the increase of 14.8 per cent over November being somewhat larger than seasonal. The volume exceeded that of the same month in 1934 by 20.8 per cent. All reporting centers with the exception of two in the case of the former comparison and one in the latter, participated in the increases.

DEBITS TO INDIVIDUAL ACCOUNTS  
(In thousands of dollars)

	December 1935	December 1934	Percentage change over year	November 1935	Percentage change over month
Abilene.....	\$ 8,752	\$ 6,039	+44.9	\$ 8,823	— .8
Austin.....	24,197	27,896	-13.3	20,184	+19.9
Beaumont.....	22,520	18,823	+19.6	20,478	+10.0
Corsicana.....	3,227	3,058	+ 5.5	2,850	+13.2
Dallas.....	230,883	184,704	+25.0	197,966	+16.6
El Paso.....	24,630	21,163	+16.4	23,766	+ 3.6
Fort Worth.....	91,137	70,807	+28.7	71,178	+28.0
Galveston.....	28,003	24,165	+15.9	25,064	+11.7
Houston.....	183,361	148,388	+23.6	160,614	+14.2
Port Arthur.....	7,536	6,622	+13.8	6,391	+17.9
Roswell.....	3,040	2,775	+ 9.5	3,198	- 4.9
San Antonio.....	69,880	58,830	+18.8	62,738	+11.4
Shreveport.....	34,713	29,987	+15.8	31,291	+10.9
Texarkana*.....	6,925	6,558	+ 5.6	6,320	+ 9.6
Tucson.....	9,822	8,212	+19.6	9,406	+ 4.4
Tyler.....	11,596	9,457	+22.6	10,657	+ 8.8
Waco.....	15,790	14,514	+ 8.8	14,188	+11.3
Wichita Falls....	14,529	12,265	+18.5	13,557	+ 7.2
Total.....	\$790,541	\$654,263	+20.8	\$688,669	+14.8

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

**Savings Deposits**

Reports received from 125 banks in this district that operate savings departments showed total savings deposits amounting to \$156,297,694 on December 31. This figure is 0.6 per cent larger than that of November 30, and 6.9 per cent above that a year ago. A small decline was reflected during December in the number of savings depositors.

SAVINGS DEPOSITS

	December 31, 1935			December 31, 1934			November 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	9,224	\$ 3,798,521	8,698	\$ 3,770,840	+ .7	9,224	\$ 3,557,523	+ 6.8
Dallas.....	9*	76,939	25,395,613	75,856	25,304,741	+ .4	76,830	25,197,258	+ .8
El Paso.....	2	12,094	6,295,288	11,489	5,162,740	+21.9	11,967	6,062,619	+ 3.8
Fort Worth.....	3	34,626	11,285,507	34,032	10,245,343	+10.2	35,100	11,474,019	- 1.6
Galveston.....	4	16,905	10,641,372	16,696	9,873,821	+ 7.8	16,945	10,606,418	+ .3
Houston.....	11*	67,439	33,152,354	64,410	29,737,900	+11.5	67,501	32,845,444	+ .9
Port Arthur.....	2	5,599	2,252,945	5,141	2,044,488	+10.2	5,540	2,223,455	+ 1.3
San Antonio.....	6	22,685	17,262,923	20,774	16,122,296	+ 7.1	22,155	16,935,786	+ 1.9
Shreveport.....	3	22,335	10,646,056	22,324	10,864,059	- 2.0	23,361	10,583,524	+ .6
Waco.....	3	10,810	5,696,553	10,882	6,403,021	-11.0	10,845	6,296,748	- 9.5
Wichita Falls.....	3	6,264	3,320,826	5,924	2,927,009	+13.5	6,196	3,283,330	+ 1.1
All others.....	76*	50,629	26,549,736	49,606	23,771,054	+11.7	50,463	26,371,998	+ .7
Total.....	125	335,549	\$156,297,694	325,832	\$146,227,312	+ 6.9	336,127	\$155,438,122	+ .6

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

JANUARY DISCOUNT RATES

	Prevailing rates:					
	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as that now eligible for re-discount under the Federal Reserve Act.....	3-6	5-8	1½-7	3-7	6-7	6
Rate charged on loans to other banks secured by bills receivable.....	.....	5	4-6	4½-6	6	.....
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
Demand.....	5	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	2-7	3-7	5-8	3-7
Rate on cattle loans.....	6	6-8	6-10	7-10	7-8	8

## INDUSTRY

**Cottonseed Products** Further seasonal declines were reflected in the receipts and crushings of seed and the production of all cottonseed products at both Texas and United States mills during December. Despite these seasonal recessions, activities remained in good volume, and all operations continued at a rate considerably above that in 1934. The demand for cottonseed products, as measured by shipments during the month, was also greater than in the corresponding month last year, and at Texas mills shipments of hulls and linters were greater than in November, which is contrary to the usual seasonal trend. Activities during the five months of the current season continued substantially in excess of those in the same period last year. Stocks of cottonseed on hand December 31 at Texas mills were greater than a month earlier or a year ago, while at United States mills they were smaller than on either comparative date. Supplies of cottonseed products held at the year-end were greater than on November 30 or December 31 last year at both Texas and American mills.

The consumption of cotton and production of cloth at reporting textile mills in Texas were greater in December than in either the previous month or the same month a year ago. On the other hand, orders for finished products on hand December 31 were somewhat less than a month earlier, but continued in excess of those on the same date last year. Supplies of finished goods held by these mills on the final day of December were less than at the close of either comparative month.

**Cotton Movements** Exports of domestic cotton through the ports of Houston and Galveston continued in good volume during December despite a seasonal decline at Houston. Shipments from Galveston were slightly greater than in November, which is contrary to the usual trend, and at both ports large increases were witnessed over the corresponding month of the previous year. Exports during the five months of the current cotton season, August through December, continued in substantially greater volume than in the like period of 1934 at both distributing points. Receipts of cotton during December were seasonally smaller than a month earlier, but were noticeably larger than in the same month last year. Stocks of cotton on hand December 31 were also seasonally smaller than a month earlier, but at Galveston they remained above those a year ago.

Total exports of American cotton from all United States ports reflected an unusually large seasonal decline during December, due in part to the marked increase registered in the previous month. As compared with the same month of 1934, however, exports again showed a substantial increase. Shipments during December totaled 877,480 bales, as compared with 1,134,874 bales in November, and 504,685 bales in December, 1934. The ten-year (1925-34) average exports for December amounts to 956,294 bales. During the period from August 1 to December 31 exports amounted to 3,452,266 bales, which is 43.9 per cent greater than the 2,398,827 bales exported in the same period of 1934.

## STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to December 31 This season	Last season	August 1 to December 31 This season	Last season
Cottonseed received at mills (tons).....	848,298	649,437	3,235,291	3,092,248
Cottonseed crushed (tons).....	617,717	512,629	2,475,436	2,183,966
Cottonseed on hand Dec. 31 (tons).....	252,993	239,569	849,430	1,131,043
Crude oil produced (pounds).....	174,738,642	147,929,778	745,954,242	671,648,622
Cake and meal produced (tons).....	284,417	244,856	1,114,500	988,490
Hulls produced (tons).....	165,753	135,761	635,956	565,233
Linters produced (running bales).....	119,696	106,782	551,536	474,538
Stocks on hand December 31:				
Crude oil (pounds).....	25,815,458	13,128,068	80,125,807	46,641,157
Cake and meal (tons).....	96,751	84,035	355,432	325,123
Hulls (tons).....	92,704	60,824	192,437	187,668
Linters (running bales).....	61,717	44,116	181,161	168,356

**Textile Milling** The consumption of cotton in the United States during December, which reflected a less-than-seasonal decline from November, was on a relatively high level. Consumption continued considerably larger than in the corresponding month of 1934, and was 4 per cent greater than the December average for the preceding ten years. There were 498,329 bales of cotton consumed during the month, as compared with 507,836 bales in November, and 417,344 bales in December, 1934. The month's consumption was also greater than for any corresponding month since 1928. During the first five months of the 1935-36 cotton season there were 2,415,888 bales of cotton consumed, which represents an increase of 13.2 per cent over consumption in the same period of the previous season. Stocks of raw cotton held by consuming establishments on December 31 remained in greater volume than a month earlier or a year ago.

COTTON CONSUMED AND ON HAND  
(Bales)

	December 1935	December 1934	August 1 to December 31	
			This season	Last season
Cotton-growing states:				
Cotton consumed.....	415,914	329,993	2,023,221	1,702,623
On hand December 31 in—				
Consuming establishments.....			1,220,758	1,045,879
Public storage and compresses.....			8,265,241	9,345,419
United States:				
Cotton consumed.....	498,329	417,344	2,415,888	2,134,094
On hand December 31 in—				
Consuming establishments.....			1,427,484	1,301,217
Public storage and compresses.....			8,386,784	9,567,935

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON  
(Bales)

	December 1935	December 1934	August 1 to December 31 This season	December 31 Last season
	Receipts.....	215,081	122,652	1,269,916
Exports.....	259,429	150,705	709,498	630,351
Stocks, December 31.....			812,071	625,883

COTTON—GALVESTON STOCK STATEMENT  
(Bales)

	Dec. 31, 1935	Dec. 31, 1934
For Great Britain.....	7,000	2,800
For France.....	9,000	2,200
For other foreign ports.....	41,900	27,000
For coastwise ports.....	600	1,000
In compresses and depots.....	753,571	592,883
Total.....	812,071	625,883

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON  
(Bales)

	December 1935	December 1934	August 1 to December 31 This season	December 31 Last season
	Receipts.....	250,574	81,236	1,353,160
Exports.....	279,920	153,722	952,069	668,599
Stocks, December 31.....			699,804	1,055,735

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

	August 1 to December 31	
	This season	Last season
Receipts	5,406,499	3,438,904
Exports:		
United Kingdom	797,227	346,580
France	430,027	211,648
Italy	192,070	214,601
Germany	426,735	179,085
Other Europe	540,266	373,171
Japan	903,646	910,250
All other countries	162,295	163,492
Total foreign ports	3,452,266	2,398,827
Stocks held at all United States ports December 31	2,808,130	3,077,416

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

	December, 1935		Jan. 15, 1936
	High	Low	
New York	12.35	11.65	11.85
New Orleans	12.27	11.47	11.78
Dallas	11.70	11.03	11.24
Houston	12.16	11.50	11.70
Galveston	12.16	11.48	11.61

DECEMBER DRILLING RESULTS

	Com-pletions	Pro-ducers	Gas Wells	Fail-ures	Initial Production
North Texas	250	140	21	89	49,784
West Texas	123	77	4	42	53,201
East Texas	302	281	2	19	1,260,364
South Texas	229	154	8	67	69,531
Texas Coastal	99	63	3	33	25,735
Total Texas	1,003	715	38	250	1,458,615
New Mexico	36	30		6	68,048
North Louisiana	49	28	11	10	194,609
December totals, district	1,088	773	49	266	1,721,272
November totals, district	895	655	20	220	1,450,441

CRUDE OIL PRICES  
(Price per barrel)

	Jan. 10, 1936	Jan. 11, 1935
Texas Coastal (34 gr. and above)	\$1.22	\$1.12
North Texas (40 gr. and above)	1.08	1.03
North Louisiana (40 gr. and above)	1.10	1.08

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

Petroleum

An expansion over both the previous month and the same month last year was witnessed in the production of crude oil in this district during December. The total yield amounted to 35,972,850 barrels, as compared with 34,414,500 barrels in November, and 31,978,050 barrels in December a year ago. Drilling activity increased further, as evidenced by the completion of 773 producing wells during the month with a combined initial yield of 1,721,272 barrels. In the preceding month

OIL PRODUCTION—(Barrels)

	December, 1935		Increase or decrease over November, 1935	
	Total	Daily Avg.	Total	Daily Avg.
North Texas	3,679,800	118,703	+ 60,300	- 1,947
West Texas	5,744,050	185,292	+ 41,050	- 4,808
East Texas	15,034,750	484,992	+ 682,750	+ 6,592
South Texas	2,025,450	65,337	+ 132,450	+ 2,237
Texas Coastal	6,518,100	210,261	+ 368,100	+ 5,261
Total Texas	33,002,150	1,064,585	+1,284,650	+ 7,335
New Mexico	1,777,650	57,345	+ 57,150	- 5
North Louisiana	1,193,050	38,485	+ 216,550	+ 5,935
Total District	35,972,850	1,160,415	+1,558,350	+13,265

Building

The total valuation of construction permits issued at fourteen leading cities in this district during December, which amounted to \$3,189,874, was 14.2 per cent larger than in the previous month, and exceeded that of a year ago by 147.7 per cent. The cities of Amarillo, Fort Worth, Galveston, and San Antonio, however, were the only ones reporting a gain over both comparative months. Building permits issued during the year 1935 aggregated \$32,489,268, as compared with the 1934 total of \$15,208,857.

BUILDING PERMITS

	December, 1935		December, 1934		Percentage change valuation over year	November, 1935		Percentage change valuation over month	Total Year				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1935		1934		
									No.	Valuation	No.	Valuation	
Amarillo	35	\$ 63,477	22	\$ 8,363	+659.0	27	\$ 19,075	+232.8	353	\$ 336,944	347	\$ 405,414	- 16.9
Austin	115	285,250	94	165,302	+ 72.6	117	321,404	- 11.2	1,801	5,411,128	1,031	1,126,545	+380.3
Beaumont	84	13,810	78	21,821	- 36.7	88	40,557	- 65.9	1,337	563,610	1,079	327,507	+ 72.1
Corpus Christi	41	23,151	25	26,550	- 12.9	69	60,555	- 61.8	689	555,156	328	433,743	+ 28.0
Dallas	309	502,013	290	138,625	+262.1	369	631,998	- 20.6	4,614	4,328,103	4,416	2,822,567	+ 53.3
El Paso	29	13,085	35	28,314	- 53.8	66	100,997	- 87.0	553	1,085,552	493	260,107	+317.3
Fort Worth	75	386,800	60	30,000	*	81	115,650	+234.5	1,294	3,324,855	1,068	1,323,050	+151.3
Galveston	61	588,691	82	18,037	*	102	60,260	+876.9	1,296	1,220,077	1,519	515,330	+136.8
Houston	203	657,485	185	287,185	+128.9	263	740,675	- 11.2	3,098	6,961,396	2,169	4,772,485	+ 45.9
Port Arthur	49	24,812	53	11,554	+114.7	72	28,497	- 12.9	905	554,511	581	249,438	+122.3
San Antonio	170	239,368	125	108,650	+120.3	239	189,318	+ 26.4	6,136	4,191,522	1,743	944,349	+343.9
Shreveport	82	93,682	135	275,148	- 66.0	137	116,351	- 19.5	1,507	1,286,464	1,862	1,321,805	- 2.7
Waco	24	275,213	12	19,066	*	23	356,760	- 22.9	327	2,359,781	212	321,303	+634.4
Wichita Falls	19	23,037	14	149,392	- 84.6	27	11,685	+ 97.2	289	310,169	693	385,214	- 19.5
Total	1,296	\$3,189,874	1,210	\$1,288,037	+147.7	1,680	\$2,793,792	+ 14.2	24,199	\$32,489,268	17,541	\$15,208,857	+113.6

\*Increase over one thousand per cent.

**Cement**

Activity at Portland cement mills in Texas was on a larger scale in December than in either the previous month or the same month in 1934. Production rose to 435,000 barrels, which is with one exception the largest monthly total reported in four years. It compared with an output of 327,000 barrels in November, and 264,000 barrels in December a year ago. Total shipments amounted to 318,000 barrels, as against 313,000 barrels in the preceding month, and 186,000 barrels in the corresponding month a year ago. A further increase of 18.9 per cent in stocks on hand was reflected during December. Inventories at the close of the month

totalled 743,000 barrels, being 10.6 per cent greater than on December 31, 1934.

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

	Percentage change over			January 1 through Dec. 31, 1935	Percentage change over year
	Dec., 1935	Dec., 1934	Nov., 1935		
Production at Texas mills.....	435	+64.8	+33.0	3,805	+ 7.6
Shipments from Texas mills....	318	+71.0	+ 1.6	3,723	+ 8.9
Stocks at end of month at Texas mills.....	743	+10.6	+18.9	.....	.....

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

(As Compiled by the Board of Governors of the Federal Reserve System, January 25, 1936)

Industrial production and employment showed a further increase in December, when allowance is made for the usual seasonal changes, and distribution of commodities to consumers was in increased volume.

### PRODUCTION AND EMPLOYMENT

The Board's seasonally adjusted index of industrial production which takes account of the considerable decline that usually occurs in December, advanced from 98 per cent of the 1923-1925 average in November to 103 per cent in December, the highest level reached by this index since the spring of 1930. As in other months during the last half of 1935, the rise in the index was due in large part to increases in output of durable manufactures, particularly iron and steel and automobiles. During the first half of January production of steel and automobiles increased somewhat following declines in the holiday period. Output at mines was also larger in December than in November. Activity at cotton and silk textile mills declined less than is usual in December, while at woolen mills there was a more than seasonal decrease in operation. Output at shoe factories increased. Factory employment showed little change between the middle of November and the middle of December, when a slight decline is customary. The number employed continued to increase at steel mills, automobile factories, foundries and machine shops, and at railroad car building plants. There was also an increase in employment at shoe factories. Seasonal declines were reported by many other important industries. Factory payrolls were larger in the middle of December than a month earlier. The value of construction contracts awarded increased sharply in December, according to figures of the F. W. Dodge Corporation, although a decline is usual in that month. There was a further

substantial growth in the volume of awards for publicly-financed projects, and residential building also increased.

### DISTRIBUTION

Sales at department stores and variety stores, as well as sales by chain stores and mail order houses serving rural areas, showed larger increases than are usual in December. Freight-car loadings decreased by less than the usual seasonal amount in December, and the Board's adjusted index increased from 66 per cent of the 1923-1925 average in November to 71 per cent, continuing the advance begun last August.

### COMMODITY PRICES

The general level of wholesale prices showed little change during December. In the first three weeks of January there was some decline in the general index, reflecting in part lower prices for cotton gray goods, flour, pork, and silk. Prices of hogs, rubber, and petroleum increased.

### BANK CREDIT

Excess reserves of member banks, which declined by \$600,000,000 in the third week of December, increased by \$320,000,000 during the following five weeks, reflecting the usual seasonal return flow of currency from circulation, a decline in Treasury balances with the Federal Reserve banks, and a small increase in monetary gold stock. On January 22, excess reserves totalled \$3,030,000,000, as compared with the peak of \$3,300,000,000 on December 11, 1935. Changes in the condition of reporting member banks in leading cities between December 18 and January 15 reflected largely the influences of seasonal factors.