

MONTHLY BUSINESS REVIEW

OF THE

FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	January 1936	Change from Dec. 1935
Bank debits to individual accounts (at 18 cities).....	\$754,731,000	- 4.5%
Department store sales.....		- 53.1%
Reserve bank loans to member banks at end of month....	\$ 146,900	+\$144,179
Reserve bank ratio at end of month.....	63.8%	- 1.8 points
Building permit valuation at larger centers.....	\$ 4,271,546	+ 33.9%
Commercial failures (number).....	39	+ 24
Commercial failures (liabilities).....	\$ 339,000	+ 75.5%
Oil production (barrels).....	35,498,100	- 1.3%

Sales of department stores in principal cities of the Eleventh Federal Reserve District during January, while evidencing a seasonal decline of 53 per cent as compared with the large December volume, were 14 per cent above those in January, 1935. Distribution of merchandise at wholesale reflected a seasonal increase as compared with the previous month and exceeded that of the corresponding month last year by a substantial margin. Collections at both wholesale and retail have been well sustained. Charges to depositors' accounts at banks in larger cities registered a seasonal decline of 5 per cent as compared with December, but were 23 per cent above those in January, 1935.

Construction activity reflected a further expansion during the past month. The valuation of building permits issued at principal cities which, with one exception, was the highest monthly total reported since 1931, was 34 per cent larger than the December total and exceeded that of a year ago by 22 per cent. Reports covering the first half of February indicate that the upward trend continues.

Farmers in most sections made good progress with field work during the past month, despite the long period of severely cold weather. Rainfall has been light since the first of the year, and, while a good subsoil season obtains generally, a heavy general rain will be needed prior to spring planting to replenish topsoil moisture. The freezes were beneficial in pulverizing the soil and destroying insect life. Small grains have withstood the freezes and are in good condition generally. Ranges deteriorated considerably as a result of the low temperatures due to the killing of winter weeds, but the Department of Agriculture reported that the February 1 condition remained above the average. While livestock showed considerable shrinkage during the cold weather, reports indicate that they have held up unusually well. There is a broad demand for wool and mohair at firm to higher prices and buyers have been active in contracting for the spring crop.

The demand for Federal Reserve Bank credit by member banks continued light during the past month. Commercial loans of member banks in selected cities declined seasonally between January 8 and February 12, but on the latter date were substantially higher than a year earlier. The daily average of combined net demand and time deposits of member banks increased slightly between December and January. Federal Reserve notes in actual circulation showed little change between January 15 and February 15, but the total of \$72,505,000 on the latter date was \$24,539,000 larger than on the corresponding date in 1935.

BUSINESS

Wholesale Trade
Business at wholesale in this district was well sustained during January, and seasonal increases over the previous month were shown in the lines of dry goods, farm implements,

and groceries. An improvement as compared with the corresponding month a year ago continued to be reflected in the case of every reporting line, the gains ranging from 0.6 per cent in the case of groceries to 69.3 per cent in the

case of farm implements. For the lines of dry goods, drugs and farm implements, this comparison was more favorable than the average reported during the last six months of 1935. Stocks on hand followed their usual upward tendency during January. While the collections of hardware, grocery, and dry goods firms were seasonally less than in the previous month, those in the lines of drugs and farm implements registered a general expansion.

As is usually the case in the opening month of the year, an appreciable gain was reflected in the demand for dry goods at wholesale last month. The combined sales of reporting firms were 52.3 per cent above those in December, and 7.0 per cent larger than the total for January, 1935. While inventories were increased considerably during January, at the close of the month they were 18.5 per cent smaller than a year ago. Collections during the month registered a decline of somewhat less than the usual seasonal amount.

There was a seasonal upturn in the demand for groceries at wholesale in this district during January. Sales totaled 4.6 per cent more than in the previous month, and were 0.6 per cent above those reported for the same month a year ago. A substantial decline from December occurred in the month's total collections.

The distribution of drugs at wholesale continued in good volume during January, although there was a slight decrease from the previous month due to the large counter-to-seasonal expansion shown in December. Business was 22.1 per cent greater than in January, 1935. Stocks on hand increased during the month, and on January 31 were 23.4 per cent larger than a year ago. A further gain of 18.0 per cent over the preceding month was recorded in the volume of collections.

Sales of hardware by reporting wholesale firms in this district reflected a seasonal decrease of 5.2 per cent in January as compared with December, but were on a scale 19.9 per cent above the same month a year ago. A sizeable reduction from the previous month was also recorded in the amount of collections during January.

A large expansion, due chiefly to seasonal influences,

was witnessed in the business of wholesale farm implement firms during January. The volume of distribution was 83.0 per cent greater than in the previous month, and exceeded that of the corresponding month last year by 69.3 per cent. There was a material increase in the month's collections as compared with December.

CONDITION OF WHOLESALE TRADE DURING JANUARY, 1936

	Percentage of increase or decrease in—				Ratio of collections during January to accounts and notes outstanding on December 31
	Net Sales January, 1936 compared with		Stocks January, 1936 compared with		
	January 1935	December 1935	January 1935	December 1935	
Groceries.....	+ .6	+ 4.6	- 2.7	+ 1.2	87.1
Dry goods.....	+ 7.0	+52.3	-18.5	+24.1	42.0
Farm implements.....	+69.3	+83.0	+60.6	- 1.1	11.4
Hardware.....	+19.9	- 5.2	+ 8.8	+ 6.5	44.6
Drugs.....	+22.1	- .5	+23.4	+ 7.0	65.1

Retail Trade

The demand for merchandise at department stores in principal cities of the Eleventh District continued very active during the past month. The total dollar volume of sales averaged 13.9 per cent greater than in the initial month of 1935, which is a considerably larger increase for that comparison than was evidenced for any month since last July. While a decrease of 53.1 per cent was recorded as compared with the heavy December volume, this reduction is seasonal in character, and close to the average for that month. The combined daily average sales of reporting firms were greater in January than in any corresponding month since 1931.

The dollar volume of inventories on hand January 31 at reporting firms evidenced a further seasonal decline of 1.8 per cent reflecting the clearance of winter merchandise. Stocks, however, remained 3.3 per cent above those a year ago. The rate of stock turnover during January, 1936 was .26, as compared with .24 in January, 1935.

Collections evidenced a seasonal recession during the month. The ratio of collections during January to open accounts outstanding on January 1 was 39.9 per cent, as against 41.1 per cent in December, and 40.7 per cent in January a year ago. Collections on installment accounts were slightly below those in December, but evidenced an increase over those in January, 1935.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
January, 1936, compared with January, 1935.....	+17.9	+11.9	+ 9.2	+17.5	+ 9.6	+13.9
January, 1936, compared with December, 1935.....	-49.9	-62.1	-53.5	-47.6	-55.5	-53.1
Credit sales (percentage):						
January, 1936, compared with January, 1935.....	+21.6	+13.7	+14.7	+17.5	+13.5	+17.6
January, 1936, compared with December, 1935.....	-46.8	-59.2	-48.5	-49.7	-53.6	-50.3
Stocks on hand at end of month (percentage):						
January, 1936, compared with January, 1935.....	+10.8	- 1.4	- 9.1	+ 7.5	+ 1.1	+ 3.3
January, 1936, compared with December, 1935.....	- 1.7	- 1.4	-10.7	+ 4.2	+ 1.1	- 1.8
Stock turnover (rate):						
Rate of stock turnover in January, 1935.....	.28	.19	.22	.30	.20	.24
Rate of stock turnover in January, 1936.....	.30	.21	.26	.31	.22	.26
Ratio of January collections to open accounts receivable outstanding January 1, 1936.....	37.2	36.0	42.4	45.4	42.0	39.9
Ratio of January collections to installment accounts receivable outstanding January 1, 1936.....	15.8	10.7	.....	16.0	22.5	14.9
Indexes of department store sales:						
Unadjusted—December, 1935.....	.....	.....	.....	.....	.....	155.2
Unadjusted—January, 1936.....	158.0	184.4	161.2	130.2	.....	68.8
Adjusted—December, 1935.....	74.5	65.9	69.7	64.1	.....	95.2
Adjusted—January, 1936.....	98.8	104.2	98.3	84.0	.....	81.9
Indexes of department store stocks:						
Unadjusted—December, 1935.....	.....	.....	.....	.....	.....	52.1
Unadjusted—January, 1936.....	49.6	59.7	38.4	45.0	.....	52.2
Adjusted—December, 1935.....	49.4	58.0	37.2	47.7	.....	59.9
Adjusted—January, 1936.....	56.4	72.8	41.3	50.6	.....	60.0
.....	56.8	67.4	43.3	51.8	.....	.....

Commercial Failures The record of commercial failures during January turned upward from the low level of December, and while total indebtedness of defaulting firms was less than in the opening month of 1935 the number of insolvencies was materially larger. The report compiled by Dun & Bradstreet, Incorporated,

covering the Eleventh Federal Reserve District showed a total of 39 defaults during the month, as compared with 15 in the previous month, and 24 in the same month last year. Combined liabilities of firms becoming insolvent during January amounted to \$339,000, as against \$193,160 in the preceding month, and \$405,333 in January, 1935.

AGRICULTURE

Crop Conditions The agricultural situation in this district was generally favorable during the past month. Rainfall since the first of the year has been light over most sections, but precipitation has been above normal in much of the west and northwest portions of Texas where it was most needed. A deep subsoil season obtains over the major portion of the district, yet a good general rain will be needed prior to spring planting to place the topsoil in prime condition. The hard freezes were very beneficial in that they pulverized the soil and tended to destroy insect life. While the cold weather retarded outdoor work, farmers in most sections made good progress with field work and reports indicate that the preparation of the soil for spring planting is well advanced.

to insure summer range feeds. Most of the other sections of the district are adequately supplied with moisture, and prospects are generally favorable for early spring and summer range. The cold weather during the month caused some shrinkage in livestock, but on the whole they held up unusually well. Feed supplies in most areas continue abundant and very little supplementary feeding has been necessary so far this winter. The Department of Agriculture reported that prospects are favorable for good lamb and calf crops. Contracting for wool and mohair has been active at firm prices.

Small grain crops continue in a generally good condition. During much of the cold weather the snow cover provided protection for the plants and added to the moisture supply. Commercial reports indicate that plants have a good root system and that roots are deeper in the ground than for several years. Furthermore, there has been less grazing of wheat fields in northwest Texas due to the lateness of the crop. Some damage to the oat crop occurred as a result of the freezes.

The Department of Agriculture reported that the condition of cattle ranges in Texas declined from 82 per cent of normal on January 1, to 77 per cent on February 1, but the latter figure was 30 points higher than a year ago, and 1 point higher than the ten-year average. The February 1 condition of sheep and goat ranges was rated at 80 per cent as compared with 88 per cent on January 1, and 46 per cent a year earlier. The condition of cattle was reported as 81 per cent on February 1, which was 2 points lower than that a month earlier, but 23 points above the condition a year ago, and 3 points higher than the ten-year average. While sheep and goats deteriorated 4 points during the month, the February 1 condition figure of 84 per cent was materially higher than on the same date last year. The condition of ranges and livestock in New Mexico and Arizona is above the average and good range feed was available during the month.

The Department of Agriculture reported that no damage to citrus fruits in Texas is apparent from the low January temperatures. Forecasts of production of oranges and grapefruit on February 1 remained unchanged from those of a month earlier. Commercial vegetable crops in south Texas were in good condition generally on February 1. While cold weather, which prevailed in this area during much of the last half of January, did some damage to growing crops and slowed down shipments, the damage was not as extensive as was first reported. There is given below the condition of principal truck crops:

Movements and Prices The receipts of cattle and calves at the Fort Worth market in January reflected a decline as compared with December, but were considerably larger than a year ago. The arrivals of hogs showed a large seasonal increase over the previous month and were in about the same volume as in January, 1935. The receipts of sheep were greater than in either comparative month.

CONDITION OF COMMERCIAL TRUCK CROPS IN TEXAS

	February 1, 1936 (Per cent)	February 1, 1935 (Per cent)	January 1, 1936 (Per cent)
Cabbage.....	80	31	81
Green peas.....	70	..	82
Beets.....	76	37	72
Broccoli.....	79	..	79
Carrots.....	80	49	78
Onions.....	83	68	82
Spinach.....	66	37	75

SOURCE: Department of Agriculture.

FORT WORTH LIVESTOCK RECEIPTS

	(Number)				
	January 1936	January 1935	Change over year	December 1935	Change over month
Cattle.....	72,905	48,229	+24,676	74,034	- 1,129
Calves.....	30,968	27,909	+ 3,059	42,119	-11,151
Hogs.....	43,870	44,521	- 651	29,245	+14,625
Sheep.....	29,668	19,412	+10,256	28,567	+ 1,101

COMPARATIVE TOP LIVESTOCK PRICES

	(Dollars per hundredweight)		
	January 1936	January 1935	December 1935
Beef steers.....	\$ 9.35	\$ 8.25	\$ 9.90
Stocker steers.....	7.60	5.00	6.75
Heifers and yearlings.....	9.50	9.75	11.00
Butcher cows.....	6.00	4.75	6.00
Calves.....	7.00	6.75	7.00
Hogs.....	10.25	8.25	9.70
Sheep.....	6.50	5.00	5.75
Lambs.....	10.00	8.25	10.00

Livestock Ranges and livestock in this district showed slightly more than the average deterioration in January due to the extreme cold weather during the month, but according to the Department of Agriculture the condition remains above the average for this season of the year. While rainfall in January was above normal in northwestern and western districts of Texas, portions of this area still have insufficient moisture

The cattle market was somewhat irregular during the past month. During the greater part of the period plain and common classes predominated in receipts. There was an active demand at steady to higher prices for cows, calves and low cost steers, but the outlet was narrow for the better grades of fed yearlings and steers with a tendency to lower

prices. The hog market, after reaching a top of \$10.25 during the first week in January, declined considerably but during the first half of February the best offerings sold at or near the \$10.00 level. Sheep and lambs usually found a ready market at generally firm prices.

FINANCE

Operations of the Federal Reserve Bank Member bank borrowings at the Federal Reserve Bank increased somewhat late in January and early in February, but the total on February 15 had declined to \$89,000 which was only slightly higher than a month earlier. Borrowings on the same date in 1935 totaled \$37,000. Outstanding advances to established industrial and commercial businesses for working capital purposes and commitments to make such advances reflected a further slight decline during the month. Investments of this bank in United States securities were increased \$1,025,000 between January 15 and February 15, and on the latter date were \$13,525,000 larger than a year ago. The reserve deposits of member banks with the Federal Reserve Bank on February 15 were \$2,666,000 less than a month earlier, and \$8,543,000 lower than on the same date in 1935. Federal Reserve notes in actual circulation at the middle of February amounted to \$72,505,000, which was approximately the same as on January 15, but \$24,539,000 greater than a year ago.

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

	Feb. 15, 1936	Feb. 15, 1935	Jan. 15, 1936
Total cash reserves	\$142,111	\$127,890	\$140,406
Discounts for member banks	89	37	85
Other bills discounted	None	None	None
Industrial advances	1,735	1,321	1,771
Commitments to make industrial advances	590	None	593
Bills bought in the open market	133	143	126
United States Government securities owned	85,000	71,475	83,975
All other investments	10	None	9
Total earning assets	86,967	72,976	85,966
Member bank reserve deposits	132,040	140,583	134,706
Federal reserve notes in actual circulation	72,505	47,966	72,643

Condition of Member Banks in Selected Cities During the five-week period ended February 12, 1936, the reports of member banks in selected cities reflected a substantial decline in loans, investments, and deposits. The investments of these banks in the direct obligations of the United States totaled \$147,502,000 on February 12, which was \$2,112,000 lower than five weeks earlier, and \$19,142,000 below that a year ago. While their holdings of fully guaranteed securities declined \$2,293,000 between January 8 and February 12, the total on the latter date was \$25,502,000 larger than on February 13, 1935. Investments in other securities rose \$785,000 during the five-week period and were \$7,326,000 greater than a year ago. Loans on securities declined \$711,000 from January 8 to February 12, and continued substantially lower than in the previous year. "All other" loans (largely commercial) reflected a seasonal recession. These loans totaled \$144,460,000 on February 12 which represented a decline of \$9,106,000 from that on January 8, but an increase of \$6,574,000 over the total on February 13 last year. Their

net demand deposits declined \$22,384,000 during the five-week period, but on February 12 were \$33,619,000 greater than a year ago. Time deposits reflected a decline from both comparative dates. Their reserve deposits with the Federal Reserve Bank on February 12 were somewhat lower than on January 8 this year or February 13 last year.

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

	Feb. 12, 1936	Feb. 13, 1935	Jan. 8, 1936
United States securities owned	\$147,502	\$166,644	\$149,614
Securities fully guaranteed by the United States Government (owned)	50,093	24,591	52,386
All other stocks, bonds, and securities owned	48,375	41,049	47,590
Loans on securities	42,020	49,469	47,731
All other loans	144,460	137,886	153,566
Total loans	186,480	187,355	196,297
Net demand deposits	349,227	315,698	371,611
Time deposits	119,769	124,675	120,665
Reserve with Federal Reserve Bank	76,357	85,136	85,330
Bills payable and rediscounts with Federal Reserve Bank	None	None	None

Deposits of Member Banks The daily average of both net demand and time deposits of member banks in this district during January registered an increase over the previous month, although a decline in the former classification occurred at country banks and a reduction in the latter classification was shown at reserve city banks. The combined daily average of these deposits during the month amounted to \$782,745,000 as compared with \$780,124,000 in December.

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

	Combined Total		Reserve City Banks		Country Banks	
	Net demand deposits	Time deposits	Net demand deposits	Time deposits	Net demand deposits	Time deposits
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	308,822	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	82,634
Nov., 1935	589,245	194,841	332,345	111,867	256,900	82,974
Dec., 1935	585,599	194,525	340,708	111,682	244,891	82,843
Jan., 1936	586,980	195,765	345,049	110,051	241,931	85,714

Acceptance Market As is usually the case at this season of the year, a material decline in outstanding bankers' acceptances was registered during January. Accepting banks in the Eleventh District reported the total volume executed by them and outstanding on the last day of the month as \$1,767,116, which compares with \$2,574,194 on December 31, and \$1,452,967 on January 31, 1935. The decrease during the month was reflected in the volume of acceptances based on the domestic shipment and storage of goods.

Debits to Individual Accounts

The usual seasonal decrease was reflected in debits to individual accounts at leading centers in this district during January. The total amounted to \$754,731,000, as against \$790,541,000 in the preceding month, and \$612,211,000 in January, 1935. Despite the 4.5 per cent decline from December, increases were reported at four of the eighteen cities.

Savings Deposits

A substantial reduction in savings deposits during January was evidenced by reports received from 125 banks in the Eleventh Federal Reserve District. The total savings deposits held by these banks on January 31 amounted to \$152,741,532, which is 2.3 per cent less than the total of \$156,341,446 shown for December 31. As compared with a year ago there was an increase of 3.9 per cent, this being the smallest percentage gain shown for this comparison since May 31, 1934.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	January 1936	January 1935	Percentage change over year	December 1935	Percentage change over month
Abilene.....	\$ 7,394	\$ 5,782	+27.9	\$ 8,752	-15.5
Austin.....	20,435	24,261	-15.8	24,197	-15.5
Beaumont.....	22,492	19,253	+16.8	22,520	-1.1
Corsicana.....	3,389	2,940	+15.3	3,227	+5.0
Dallas.....	218,918	170,457	+28.4	230,883	-5.2
El Paso.....	23,247	18,807	+23.6	24,630	-5.6
Fort Worth.....	79,086	62,426	+26.7	91,137	-13.2
Galveston.....	25,930	22,706	+14.2	28,003	-7.4
Houston.....	180,492	139,151	+29.7	183,361	-1.6
Port Arthur.....	7,615	5,992	+27.7	7,536	+1.0
Roswell.....	2,721	2,417	+12.6	3,040	-10.5
San Antonio.....	69,463	61,533	+12.9	69,830	-6.0
Shreveport.....	37,184	29,359	+26.7	34,713	+7.1
Texarkana*.....	6,679	5,637	+18.5	6,925	-3.6
Tucson.....	9,606	6,929	+38.6	9,822	-2.2
Tyler.....	12,161	9,614	+26.5	11,596	+4.9
Waco.....	13,601	13,169	+3.3	15,790	-13.9
Wichita Falls.....	14,323	11,808	+21.3	14,529	-1.4
Total.....	\$754,731	\$612,211	+23.3	\$790,541	-4.5

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

SAVINGS DEPOSITS

	Number of reporting banks	January 31, 1936		January 31, 1935		Percentage change over year in savings deposits	December 31, 1935		Percentage change over month in savings deposits
		Number of savings depositors	Amount of savings deposits	Number of savings depositors	Amount of savings deposits		Number of savings depositors	Amount of savings deposits	
Beaumont.....	3	9,017	\$ 3,537,769	8,763	\$ 3,505,036	+ .9	9,224	\$ 3,795,521	- 6.8
Dallas.....	9*	77,016	24,814,480	76,367	25,142,058	- 1.3	76,916	25,404,214	- 2.3
El Paso.....	2	12,236	6,101,896	11,732	5,172,892	+18.0	12,094	6,295,288	- 3.1
Fort Worth.....	3	34,599	11,518,177	34,285	10,679,437	+ 7.9	34,633	11,285,508	+ 2.1
Galveston.....	4	16,789	10,354,361	16,497	9,803,222	+ 5.6	16,771	10,506,013	- 1.4
Houston.....	11*	66,940	30,770,251	65,068	29,953,505	+ 2.7	67,439	33,152,354	- 7.2
Port Arthur.....	2	5,620	2,213,887	5,229	2,046,684	+ 8.2	5,599	2,252,945	- 1.7
San Antonio.....	6*	18,099	17,346,771	17,149	16,322,121	+ 6.3	17,923	17,262,923	+ .5
Shreveport.....	3	22,429	10,320,555	22,377	10,808,336	- 4.5	22,268	10,784,938	- 4.3
Waco.....	3	10,631	5,901,530	11,005	6,562,729	-10.1	10,770	5,696,553	+ 3.6
Wichita Falls.....	3	6,289	3,307,431	5,949	2,912,009	+13.6	6,264	3,320,826	- .4
All others.....	76*	50,862	26,554,424	49,723	24,087,889	+10.2	50,573	26,584,363	- .1
Total.....	125	330,527	\$152,741,532	324,144	\$146,995,919	+ 3.9	330,474	\$156,341,446	- 2.3

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

FEBRUARY DISCOUNT RATES

(Prevailing rates)

	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as that now eligible for rediscount under the Federal Reserve Act.....	2-6	5-8	1½-7	3-7	5-7	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.....	5-8	6-8	4-10	4-7	6-7	6-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	1¾-8	8	6-8	3-7	5-8	3-7
Rate on cattle loans.....	5½-8	6-8	6-10	7-10	7-8	8

INDUSTRY

Cottonseed Products

Operations of cottonseed oil mills in both Texas and the United States followed the customary seasonal trends during January, the receipts and crushings of seed and the production of all products being less than in December. On the other hand, the January comparison with activities in the corresponding month a year ago again showed a considerable improvement. With the exception of crude oil at Texas mills, which reflected a slight decrease, shipments of cottonseed products during the past month reflected a further increase over those a year ago, and movements of cake and meal and hulls exceeded those in December. During the first half of the current season the production and shipments of cottonseed products were greater than those in the corresponding

six months of the previous season. Receipts and crushings of seed during the present season have likewise evidenced

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to January 31 This season	Last season	August 1 to January 31 This season	Last season
Cottonseed received at mills (tons).....	917,165	685,614	3,479,335	3,220,153
Cottonseed crushed (tons).....	745,668	621,569	2,932,092	2,586,081
Cottonseed on hand Jan. 31 (tons).....	193,909	166,806	636,818	856,833
Crude oil produced (pounds).....	210,451,042	178,077,532	881,577,071	796,046,265
Cake and meal produced (tons).....	343,968	295,613	1,321,846	1,171,694
Hulls produced (tons).....	201,287	164,767	753,663	668,532
Linters produced (running bales).....	146,245	130,595	660,378	566,912
Stocks on hand January 31:				
Crude oil (pounds).....	33,302,419	14,708,679	88,338,751	52,275,630
Cake and meal (tons).....	92,769	87,241	358,752	340,763
Hulls (tons).....	94,312	64,031	189,133	192,268
Linters (running bales).....	69,906	51,035	199,826	178,993

an increase over those a year ago. Stocks of cottonseed on hand at crushing establishments in both Texas and the United States on January 31 were seasonally smaller than a month earlier, but at Texas mills they remained above those a year ago. Supplies of crude oil, cake and meal, and linters on hand at the close of January were in excess of those held a year ago, and inventories of oil and linters were greater than the holdings a month earlier.

Textile Milling

The consumption of cotton in the United States during January reflected an increase over that in December considerably larger than usually occurs in that month, and the volume continued well above that a year ago. There were 591,309 bales of cotton consumed during the month, as compared with 498,329 bales in December, and 550,553 bales in January, 1935. Consumption during the month was also 8.9 per cent above the 1926-35 average for January, and greater than in any like month since 1929. During the first six months of the 1935-36 cotton season the domestic consumption of cotton totaled 3,007,197 bales, as against 2,684,647 bales in the same period of the previous season. Stocks of cotton held by consuming establishments on January 31 were again in greater volume than a month earlier or a year ago, whereas the supply in public storage and compresses was considerably less than on either comparative date.

Operations at reporting textile mills located in Texas evidenced a decrease in January from the previous month. The consumption of cotton and the production of cloth as well as orders for finished products on hand January 31 were less than a month earlier, but each of these activities continued above those a year ago. Stocks of finished goods on hand at the close of January were slightly greater than a month earlier, but they remained far below those held on the same date last year.

COTTON CONSUMED AND ON HAND

	(Bales)			
	January 1936	January 1935	August 1 to This season	January 31 Last season
Cotton-growing states:				
Cotton consumed.....	497,360	439,507	2,520,581	2,142,130
On hand January 31 in—				
Consuming establishments.....			1,211,212	957,763
Public storage and compresses.....			7,719,103	8,735,778
United States:				
Cotton consumed.....	591,309	550,553	3,007,197	2,684,647
On hand January 31 in—				
Consuming establishments.....			1,434,992	1,192,065
Public storage and compresses.....			7,844,295	8,945,866

Cotton Movements

The receipts and exports of cotton through the ports of Houston and Galveston evidenced the usual seasonal recession during January, but they remained in appreciably greater volume than in the corresponding month of the previous year. January was the third consecutive month that an increase over the same month a year ago was registered in exports of cotton from both distributing points. During the first half of the current season a total of 2,032,209 bales of cotton was shipped from Houston and Galveston, which compares with 1,541,116 bales in the same period of the previous season. Stocks of raw cotton on hand on January 31 at these ports were seasonally smaller than a month earlier, and at Houston they remained below those a year ago.

A marked decrease from the previous month was evidenced in the exports of cotton from all United States ports during the past month. The reduction amounted to 40.1 per cent which is materially larger than the average seasonal recession for that month. On the other hand, shipments continued well above those a year ago. A total of 525,636 bales of cotton was exported during January which compares with 877,480 bales in December, and 465,711 bales in January, 1935. Exports during the first six months of the current season amounted to 3,977,902 bales, as compared with 2,864,538 bales in the corresponding period of the previous season. The large decrease in exports as compared with the previous month is accounted for largely by a substantial reduction in shipments to Great Britain, Japan, and most of the continental European countries.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	(Bales)			
	January 1936	January 1935	August 1 to This season	January 31 Last season
Receipts.....	132,616	79,660	1,402,552	824,401
Exports.....	168,065	104,851	877,563	735,202
Stocks, January 31.....			749,622	600,692

COTTON—GALVESTON STOCK STATEMENT

	(Bales)	
	Jan. 31, 1936	Jan. 31, 1935
For Great Britain.....	2,300	1,500
For France.....	5,600	2,000
For other foreign ports.....	40,700	20,000
For coastwise ports.....	2,000	800
In compresses and depots.....	699,022	576,392
Total.....	749,622	600,692

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	(Bales)			
	January 1936	January 1935	August 1 to This season	January 31 Last season
Receipts.....	153,899	53,874	1,507,059	955,419
Exports.....	202,577	137,315	1,154,646	805,614
Stocks, January 31.....			643,659	974,223

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

	August 1 to January 31	
	This season	Last season
Receipts.....	5,974,222	3,737,624
Exports:		
United Kingdom.....	918,511	467,089
France.....	498,023	245,796
Italy.....	190,090	249,831
Germany.....	484,165	195,926
Other Europe.....	622,944	442,581
Japan.....	1,059,547	1,059,482
All other countries.....	207,171	203,833
Total foreign ports.....	3,986,457	2,864,538
Stocks held at all United States ports, January 31.....	2,608,756	2,850,844

SPOT COTTON PRICES—(Middling Basis)

	(Cents per pound)		Feb. 15, 1936
	High	Low	
New York.....	12.20	11.60	11.70
New Orleans.....	11.95	11.31	11.36
Dallas.....	11.44	10.81	10.88
Houston.....	11.80	11.25	11.25
Galveston.....	11.80	11.21	11.22

Petroleum

The output of crude oil in the Eleventh District was on a somewhat smaller scale in January than in the preceding month, but still was appreciably larger than a year ago. The total amount reported was 35,498,100 barrels, which compares with an aggregate of 35,972,850 barrels in December, and a total

of 33,331,200 barrels in January of last year. A reduction from the previous month was shown in field operations. Of the 817 wells completed in January, 604 were producers and had a combined initial flow of 1,168,187 barrels. In December there were 1,088 wells completed, of which 773 were successful, having a flush yield of 1,721,272 barrels.

Texas fields produced an average of 1,036,400 barrels daily during January, as against 1,064,585 barrels in the previous month, and 1,004,200 barrels in the corresponding month last year. All sections of the State with the exception of south Texas participated in the reduction from December. The daily output from New Mexico showed a moderate increase and that reported for north Louisiana rose from 38,485 barrels in December to 50,500 barrels in January. The uptrend in the latter area is attributable to the recent active development of the Rodessa field.

JANUARY DRILLING RESULTS

	Completions	Producers	Gas Wells	Failures	Initial Production
North Texas.....	196	111	16	69	28,038
West Texas.....	111	79	2	30	106,070
East Texas.....	222	212	2	8	832,367
South Texas.....	178	124	3	51	71,519
Texas Coastal.....	72	54	4	14	21,906
Total Texas.....	779	580	27	172	1,059,900
New Mexico.....	22	18	2	2	28,212
North Louisiana.....	16	6	4	6	80,075
January totals, district....	817	604	33	180	1,168,187
December totals, district..	1,088	773	49	266	1,721,272

CRUDE OIL PRICES

(Price per barrel)

	Feb. 7, 1936	Feb. 8, 1935
Texas Coastal (34 gravity and above).....	\$1.22	\$1.12
North Texas (40 gravity and above).....	1.08	1.03
North Louisiana (40 gravity and above).....	1.10	1.08

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

OIL PRODUCTION—(Barrels)

	January, 1936		Increase or decrease over December, 1935	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	3,577,400	115,400	-102,400	-3,303
West Texas.....	5,345,950	172,450	-398,100	-12,842
East Texas.....	14,769,950	476,450	-264,800	-8,542
South Texas.....	2,104,900	67,900	+ 79,450	+ 2,563
Texas Coastal.....	6,330,200	204,200	-187,900	-6,061
Total Texas.....	32,128,400	1,036,400	-873,750	-28,185
New Mexico.....	1,804,200	58,200	+ 26,550	+ 855
North Louisiana.....	1,565,500	50,500	+372,450	+12,015
Total District.....	35,498,100	1,145,100	-474,750	-15,315

Building

Construction permits issued at fourteen principal cities in this district during January totaled \$4,271,546, as against \$3,189,874 in December, and \$3,501,663 in January a year ago. More than half the reporting centers participated in the increases over both comparative months. The total number of permits issued during January amounted to 1,644, as compared with 1,296 in the previous month, and 1,451 in the corresponding month last year.

BUILDING PERMITS

	January, 1936		January, 1935		Percentage change in valuation over year	December, 1935		Percentage change in valuation over month
	No.	Valuation	No.	Valuation		No.	Valuation	
Amarillo.....	22	\$ 43,334	29	\$ 21,304	+103.4	35	\$ 63,477	- 31.7
Austin.....	154	799,345	131	1,735,803	- 53.9	115	285,250	+180.2
Beaumont.....	97	219,838	92	48,865	+349.9	84	13,810	*
Corpus Christi.....	81	125,530	46	36,081	+247.9	41	23,151	+442.2
Dallas.....	419	999,275	351	379,590	+163.3	309	502,013	+ 99.1
El Paso.....	47	42,093	27	15,557	+170.6	29	13,085	+221.7
Fort Worth.....	102	582,400	86	379,489	+ 53.5	75	386,800	+ 50.6
Galveston.....	82	25,561	82	25,248	+ 1.2	61	588,691	- 95.7
Houston.....	269	793,921	219	521,435	+ 52.3	203	657,485	+ 20.8
Port Arthur.....	69	25,409	40	24,628	+ 3.2	49	24,812	+ 2.4
San Antonio.....	195	489,880	178	214,186	+128.7	170	239,368	+104.7
Shreveport.....	73	84,203	127	60,672	+ 38.8	82	93,682	- 10.1
Waco.....	27	27,753	23	29,254	- 5.1	24	275,213	- 89.9
Wichita Falls.....	7	12,995	20	9,551	+ 36.1	19	23,037	- 43.6
Total.....	1,644	\$4,271,546	1,451	\$3,501,663	+ 22.0	1,296	\$3,189,874	+ 33.9

*Increase over one thousand per cent.

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Total volume of industrial production increased in January, but owing to a decline in activity in the automobile and allied industries from an exceptionally high level in December, the increase was less than is usual at this season.

PRODUCTION AND EMPLOYMENT

Total output at factories increased by a smaller amount than is usual in January, while output at mines showed a seasonal increase. The Board's combined index of industrial production, which makes allowance for seasonal changes, declined from 104 per cent of the 1923-1925 average in December to 99 per cent in January. This decrease reflected chiefly sharp reductions in output of steel and of automobiles from the high levels reached in December. In the first three weeks of February the average rate of operations at steel mills showed a smaller increase over the January average than is usual; at automobile factories output was estimated to be at a lower level than in January. Smaller than seasonal increases in activity were reported at textile mills and at shoe factories, while output of food products was in considerably larger volume in January than a month earlier. Factory employment showed a small seasonal decrease between the middle of December and the middle of January. At automobile factories the number of workers, which usually increases at this season, was unchanged, and at textile mills employment declined. Factory payrolls decreased by more than the usual amount. Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was smaller in January than in December. Awards for publicly-financed projects decreased from the relatively high December figure and there was a seasonal decline in contracts for residential construction.

DISTRIBUTION

Retail trade was reduced more than seasonally in January, reflecting in part the influence of unusually severe weather. Sales by department stores, variety stores and mail-order houses all declined by more than the usual seasonal amount. Freight-car loadings showed little change; loadings of coal increased considerably, while rail shipments of miscellaneous freight declined.

COMMODITY PRICES

The general level of wholesale commodity prices continued to show little change during January and the first three weeks of February. Prices of cotton textiles, flour, wheat, and silk declined, while prices of hogs, petroleum, coffee, and rubber increased considerably. Retail prices of foods decreased somewhat during January.

BANK CREDIT

Excess reserves of member banks fluctuated between January 22 and February 19 near a \$3,000,000,000 level, changes reflecting principally fluctuations in Treasury holdings of cash and deposits with Federal Reserve banks. Investments of weekly reporting member banks in leading cities increased by \$300,000,000 in the four weeks ending February 12, and reached the largest amount ever held by these banks, while loans decreased by \$130,000,000. Holdings of United States Government obligations increased by \$140,000,000, holdings of obligations guaranteed by the Government by \$50,000,000, and other securities by \$110,000,000. Adjusted demand deposits of reporting member banks, which declined somewhat from the middle of December to the middle of January, increased by \$290,000,000 in the four weeks ending February 12, while United States Government deposits declined by \$150,000,000.