

# 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

	May 1936	Change from April
Bank debits to individual accounts (at 18 cities)	\$692,712,000	— .4%
Department store sales		+ 6.2%
Reserve bank loans to member banks at end of month	\$ 457,590	+\$142,554
Reserve bank ratio at end of month	62.1%	+ .1 point
Building permit valuation at larger centers	\$ 4,867,334	+ 4.1%
Commercial failures (number)	13	— 4
Commercial failures (liabilities)	\$ 76,000	— 85.4%
Oil production (barrels)	40,921,850	+ 7.0%

The breaking of the prolonged drouth by heavy and widespread rains over practically all sections of the Eleventh District was a development of major importance during the past month. Since the rains, row crops have improved rapidly and farmers, aided by dry weather during the first half of June, have made good progress in cleaning the fields of weeds and grass. Additional moisture in the near future would be beneficial for sustaining plant growth and maturing feed crops. Small grains generally were too far advanced to benefit materially from the rains. Ranges and livestock have also shown a marked improvement. The Department of Agriculture reported that the June 1 condition of ranges in Texas was the best since 1932, and that summer and fall grazing is virtually assured. Since the betterment in ranges, livestock have taken on flesh rapidly and are now in generally good condition.

Construction activity, as reflected by the valuation of building permits issued at principal cities, continued at a higher level than during the preceding five years. The total for May was 4 per cent higher than that for the previous

month, and exceeded that of the corresponding month last year by 111 per cent. The aggregate value of permits issued at these cities during the first five months of the current year was 131 per cent larger than in the same period last year.

Retail distribution at department stores in larger cities showed a seasonal increase of 6 per cent in May as compared with the previous month, and was 17 per cent higher than a year ago. While the volume of May sales in most reporting lines of wholesale trade reflected a recession slightly larger than the average at this season, business generally was considerably better than a year ago. Commercial failures were fewer than in either the previous month or the same month last year, and there was a sharp decline in the indebtedness of defaulting firms. Debits to individual accounts at banks in larger cities of this district were maintained at about the April level and were 14 per cent higher than in May, 1935.

Federal Reserve Bank loans to member banks, after rising steadily from early in March to the end of May, declined during the first half of June and at the middle of the month were lower than a month earlier or a year ago. Federal Reserve notes in actual circulation rose to \$79,374,000 on June 15, which was \$3,942,000 higher than the total on May 15. The investments of reporting member banks in leading cities were reduced further between May 13 and June 10, and on the latter date were at about the same level as a year ago. On the other hand, their loans rose to the highest point for the current year on June 10, and exceeded those of June 12, 1935, by a substantial margin.

## BUSINESS

### Wholesale Trade

The volume of sales in reporting lines of wholesale trade reflected a slightly larger than seasonal recession from April to

May, and the comparisons with the corresponding month last year were less favorable than in the preceding month. The smaller volume of business in some lines was due in part to the uncertainty in crop prospects as the drouth in some sections was not effectively broken until the last ten days

of the month. Collections were only slightly smaller than in the previous month.

The May sales of reporting wholesale dry goods firms reflected a decline of 9.6 per cent as compared with April, which was greater than seasonal, but were 9.8 per cent larger than in the same month of 1935. Business during the first five months of the current year was 9.9 per cent above that



in the corresponding period of 1935, and slightly higher than in the same period of 1934. While stocks at the end of May were about the same as a month earlier, they were 15.0 per cent below those on May 31, 1935. Collections during May declined 3.6 per cent as compared with those in April.

For the fourth consecutive month the sales of wholesale hardware firms have shown an increase over the previous month. The gain in May amounted to 5.6 per cent, whereas there is usually little change from April to May. Sales reported for May were 30.0 per cent larger, and for the first five months of 1936, 23.5 per cent larger than in the corresponding periods of 1935. The large volume of building operations in this district continues to stimulate the demand for hardware. There was practically no change in May collections as compared with those in the previous month.

The distribution of farm implements by reporting wholesale firms during May reflected a gain of 5.3 per cent over the April volume and was 2.4 per cent greater than in the corresponding month last year. Sales of these firms during the first five months of the year exceeded those in the same period of 1935 by 49.5 per cent. Collections during the month were substantially lower than in the previous month.

Following the steady expansion during the first four months of the current year, the sales of reporting wholesale grocery firms declined 2.8 per cent between April and May, and were 2.0 per cent smaller than in May, 1935. Business for the period January 1 to May 31 this year showed little change from that during the same period a year earlier. May collections were about the same as in the previous month.

The wholesale drug trade reflected a slightly greater than seasonal decline during the past month. Sales of reporting firms were 4.0 per cent less than in April, and the increase of 13.4 per cent over the corresponding month last year was smaller than similar gains in earlier months of the current year. The declines from the previous month were fairly uniform over the district. There was little change in collections between April and May.

CONDITION OF WHOLESALE TRADE DURING MAY, 1936  
Percentage of increase or decrease in—

	Net Sales May, 1936 compared with		Net Sales Jan. 1 to date compared with same period last year	Stocks May 31, 1936 compared with		Ratio of collections during May to accounts and notes outstanding on April 30
	May 1935	April 1936		May 31, 1935	Apr. 30, 1936	
Groceries .....	— 2.0	— 2.8	— 0.2	+ 1.5	— 1.8	79.0
Dry Goods .....	+ 9.8	— 9.6	+ 9.9	—15.0	— .8	35.4
Farm implements .....	+ 2.4	+ 5.3	+49.5	+27.0	— 3.2	4.7
Hardware .....	+30.0	+ 5.6	+23.5	— 1.5	— 4.4	52.3
Drugs .....	+13.4	— 4.0	+23.3	+21.9	— 4.2	61.9

Retail  
Trade

The consumer demand for merchandise at department stores in larger cities of the Eleventh Federal Reserve District was well sustained during the past month. Sales of reporting firms during May reflected a seasonal gain of 6.2 per cent as compared with April, and were 17.4 per cent larger than in the corresponding month last year. The increase over a year ago was the most favorable for any similar comparison since late in 1934. The adjusted index of department store sales, which makes allowances for average seasonal changes, was 91.2 per cent of the 1923-1925 average in May, as compared with 91.7 per cent in April, and 75.3 per cent in May, 1935. There was one less business day in May this year than in that month a year ago. Sales during the five months of the current year averaged 13.6 per cent greater than in the same period of 1935.

The value of department store stocks at the end of May was 3.9 per cent lower than a month earlier, but was 5.6 per cent higher than a year ago. The rate of stock turnover during the period January 1 through May 31, 1936, was 1.37 as compared with 1.27 in the same period of 1935, due to the fact that sales have shown a considerably larger increase than average end-of-month stocks.

Collections reflected a seasonal increase in May. The ratio of May collections to regular accounts outstanding on May 1 amounted to 41.5 per cent as compared with 40.7 per cent in April this year, and in May last year. The ratio of collections on installment accounts during the month to accounts outstanding at the beginning of the month was 15.7 per cent in May, as against 15.5 per cent in April, and 14.6 per cent in May, 1935.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total Dis't.
Total sales (percentage):						
May, 1936, compared with May, 1935.....	+ 22.0	+ 19.4	+ 9.7	+ 19.0	+ 13.9	+ 17.4
May, 1936, compared with April, 1936.....	+ 7.2	+ 16.3	- .9	+ 8.5	+ 1.9	+ 6.2
January 1 to May 31, 1936, compared with same period last year.....	+ 15.0	+ 16.2	+ 8.9	+ 16.9	+ 10.9	+ 13.6
Credit sales (percentage):						
May, 1936, compared with May, 1935.....	+ 25.4	+ 16.4	+ 11.7	+ 24.9	+ 12.2	+ 19.7
May, 1936, compared with April, 1936.....	+ 7.4	+ 17.2	- 1.5	+ 2.3	+ 4.3	+ 4.5
January 1 to May 31, 1936, compared with same period last year.....	+ 17.2	+ 15.0	+ 12.8	+ 17.1	+ 11.0	+ 15.3
Stocks on hand at end of month (percentage):						
May, 1936, compared with May, 1935.....	+ 12.0	+ 2.3	- 3.5	+ 10.7	+ .4	+ 5.6
May, 1936, compared with April, 1936.....	- 2.6	- 3.2	- 1.9	- 6.7	- 5.6	- 3.9
Stock turnover (rate):						
Rate of stock turnover in May, 1935.....	.29	.24	.24	.31	.22	.26
Rate of stock turnover in May, 1936.....	.32	.28	.27	.34	.25	.30
Rate of stock turnover January 1, to May 31, 1935.....	1.47	1.05	1.18	1.42	1.06	1.27
Rate of stock turnover January 1, to May 31, 1936.....	1.54	1.22	1.33	1.51	1.14	1.37
Ratio of May collections to open accounts receivable and outstanding May 1, 1936.....	40.4	38.3	44.7	47.1	38.9	41.5
Ratio of May collections to installment accounts receivable and outstanding May 1, 1936.....	17.0	12.8	.....	16.1	17.1	15.7
Indexes of department store sales:						
Unadjusted—April, 1936.....	94.5	93.7	93.0	80.6	.....	89.9
Unadjusted—May, 1936.....	101.0	109.1	90.0	88.8	.....	94.8
Adjusted—April, 1936.....	96.4	94.6	93.0	79.0	.....	91.7
Adjusted—May, 1936.....	104.1	109.1	90.0	88.8	.....	91.2
Indexes of department store stocks:						
Unadjusted—April, 1936.....	62.2	72.7	46.5	55.4	.....	64.4
Unadjusted—May, 1936.....	60.4	70.3	45.9	53.2	.....	62.1
Adjusted—April, 1936.....	60.4	69.9	45.1	52.3	.....	61.9
Adjusted—May, 1936.....	59.2	69.6	45.0	53.7	.....	61.5



*Commercial Failures*

A further decline in the business mortality rate in the Eleventh Federal Reserve District between April and May was reported by Dun and Bradstreet, Incorporated. The report

showed that there were 13 failures in May with liabilities of \$76,000, as compared with 17 defaults in April owing \$520,000, and 30 insolvencies in May, 1935, with an indebtedness of \$335,000.

**AGRICULTURE***Crop Conditions*

The agricultural outlook was materially improved by the heavy rains which fell over practically all sections of the Eleventh District during the last ten days of May. The first half of June was generally clear and dry with the result that farmers have been able to make rapid progress in cleaning fields of grass and weeds and placing crops in a fairly good state of cultivation. Row crops generally have made rapid improvement, but additional moisture in the near future would be very beneficial for softening the top soil, sustaining plant growth, and maturing feed crops.

While the rains came too late for any general improvement in small grains, they checked deterioration. The prospective production of wheat showed little change from that a month earlier. The Department of Agriculture estimated the Texas crop at 13,598,000 bushels on June 1, as compared with 13,389,000 bushels on May 1, and an actual production of 10,010,000 bushels in 1935. The prospective per acre yield of 6.5 bushels is the lowest since 1925. The estimates for Oklahoma and New Mexico were lowered slightly. The condition of the Texas oat crop rose from 38 per cent on May 1 to 46 per cent on June 1, and the latter figure compares with 72 per cent a year ago, and 71 per cent for the ten-year average. While fall sown oats were too far advanced to derive much benefit from the rains, spring sown oats showed some improvement in most districts. Harvesting of oats is now well under way. The condition of the oat crop in Oklahoma and Louisiana also showed some betterment.

The hay crops in Texas, which were in very poor condition on May 1, showed a marked recovery during the month. On June 1 the condition of tame hay was rated at 72 per cent, and that of wild hay at 77 per cent, which figures compare favorably with those a year ago. The corn crop had a very poor start but rapid plant growth occurred following the rains and the crop is reported in fair to excellent condition in most sections. As the crop is maturing rapidly additional moisture would be very beneficial.

The progress of the cotton crop has been generally good. Planting is practically completed in northwest Texas and chopping has progressed rapidly in other sections. Due to late plantings and replantings, the plants are in all stages of growth. Fields generally have been cleaned of weeds and grass, but stands in some sections are irregular.

The Department of Agriculture reported that the condition of the combined farm and commercial crops of Irish potatoes on June 1 was 67 per cent of normal as compared with 66 per cent on May 1, and 70 per cent a year ago. The commercial crop in some sections was damaged by the heavy rains late in May, but the improvement of the crop in other sections offset this damage.

The condition of peaches, pears, and apples on June 1 was poor to only fair and the Department of Agriculture esti-

mated production considerably under that last year in states attached to this district, except Louisiana. On the other hand, the condition of oranges and grapefruit in Texas showed only average deterioration in May, and the June 1 figures were materially higher than a year ago and slightly above the five-year average.

*Livestock*

The heavy, general rains received during May by practically all sections of the Eleventh Federal Reserve District were very beneficial to ranges. The Department of Agriculture reported that range conditions in Texas on June 1 were the best since 1932, and that summer and fall grazing is virtually assured in most sections of the State. Surface stock water and soil moisture are ample in most sections of Texas, but the Department reported that subsoil moisture may be a little short in some areas of the northwest Panhandle, the Trans-Pecos region and southwest Texas. Due to the excessive rainfall in parts of the Texas Coastal region, dry weather is needed for the production of a better quality of grass. Additional rain is needed in southwestern New Mexico and southeastern Arizona to make feed and to supply stock water. Livestock generally have taken on flesh rapidly and are now in good condition. Good calf and lamb crops are reported for states attached to this district. Commercial reports indicate that the wool and mohair markets, which had been rather quiet during the spring months, became more active late in May and substantial sales occurred at firm to higher prices.

Reflecting the heavy May rains, the condition of cattle ranges in Texas, as rated by the Department of Agriculture, rose from 74 per cent of normal on May 1 to 88 per cent on June 1. The latter figure compares with 79 per cent on the same date in 1935, and 86 per cent for the ten-year average. The June 1 condition of sheep and goat ranges was shown as 90 per cent of normal, representing a gain of 17 points during the month, 11 points over a year ago, and 2 points over the ten-year average. The condition of cattle and goats rose 5 points during the month, and that of sheep gained 6 points. In each instance, the June 1 condition figure was better than a year ago. In New Mexico ranges and livestock on June 1 were in a better condition than a month earlier or a year ago. Ranges in Arizona declined during May, but livestock showed little change. The condition of both ranges and livestock was lower than a year ago.

*Movements and Prices*

The supplies of cattle and calves on the Fort Worth market in May were noticeably smaller than in either April this year or May last year. The arrivals of hogs declined sharply as compared with the previous month, but were somewhat larger than a year ago. While the receipts of sheep reflected a large seasonal increase from April to May, they were considerably short of those in May, 1935.

While the cattle market evidenced considerable irregularity during the past month, the trend was toward higher



levels. During the second week of June there was an active demand for most classes of cattle at firm to higher prices. There was a substantial advance in hog prices during the past month, as the market recovered a portion of the decline in the previous month. The lamb market advanced in the

last half of May, but most of the gain was cancelled in the succeeding two weeks.

#### FORT WORTH LIVESTOCK RECEIPTS

(Number)

	May 1936	May 1935	Change over year	April 1936	Change over month
Cattle.....	44,824	75,182	-30,358	48,760	- 3,936
Calves.....	20,038	25,467	- 5,429	21,054	- 1,016
Hogs.....	23,706	20,533	+ 3,173	41,371	-17,665
Sheep.....	126,320	143,174	-21,854	95,117	+31,203

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

	May 1936	May 1935	April 1936
Beef steers.....	\$ 7.85	\$10.75	\$ 8.50
Stocker steers.....	7.25	7.50	7.60
Heifers and yearlings.....	8.50	12.50	9.00
Butcher cows.....	6.25	8.00	6.50
Calves.....	8.25	8.65	7.50
Hogs.....	9.65	9.65	10.15
Sheep.....	6.50	5.00	6.50
Lambs.....	10.00	8.00	10.25

## FINANCE

### Operations of the Federal Re- serve Bank

Federal Reserve Bank loans to member banks, which amounted to \$413,000 on May 15, showed a further increase during the last half of the month and totaled \$465,000 on June 1. There was a steady liquidation during the subsequent two weeks and these loans stood at \$351,000 on June 15 this year, as compared with \$389,000 on that date in 1935. Outstanding industrial advances reflected a further decline of \$57,000 between May 15 and June 15, and on the latter date were \$117,000 smaller than a year ago. There was no change during the past month in this bank's holdings of United States Government securities. This bank's cash reserves rose to \$156,987,000 on June 15, which compares with \$150,162,000 on May 15, and \$101,077,000 on June 15, 1935. The reserve deposits showed considerable fluctuation between May 15 and June 15. The total on the latter date was \$114,097,000, which was \$10,364,000 lower than a month earlier, but \$1,797,000 larger than on the same date last year. There was a sharp decline in these deposits on June 15 due to the cash settlement for United States bonds and notes issued on that date. The circulation of Federal Reserve notes, after remaining fairly steady during May, rose considerably during the first half of June, the total on June 15 being \$79,374,000, as compared with \$75,432,000 on May 15, and \$50,467,000 on June 15, 1935.

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

	June 15, 1936	June 15, 1935	May 15, 1936
Total cash reserves.....	\$156,987	\$101,077	\$150,162
Discounts for member banks.....	351	389	418
Other bills discounted.....	None	None	None
Industrial advances.....	1,664	1,781	1,721
Commitments to make industrial advances..	547	400	582
Bills bought in the open market.....	87	122	133
United States Government securities owned..	95,000	71,475	95,000
All other investments.....	None	None	None
Total earning assets.....	97,101	73,767	97,267
Member bank reserve deposits.....	114,097	112,300	124,461
Federal Reserve notes in actual circulation..	79,374	50,467	75,432

### Condition of Member Banks in Leading Cities

The loans of reporting member banks in leading cities of this district, which have shown an upward trend since the middle of February, reached the highest point during the current year in June. Total loans of these banks aggregated \$198,094,000 on June 10, which was \$5,082,000 greater than on May 13, and \$19,049,000 higher than on the corresponding date last year. Loans on securities increased \$1,756,000 between May 13 and June 10, and on the latter date were \$2,252,000 above a year ago. "All other" loans (agricultural, commercial, and industrial loans) amounted to \$153,403,000 on June 10,

representing a gain of \$3,326,000 during the four-week period, and an increase of \$16,797,000 over the year. Their demand deposits-adjusted rose from \$338,384,000 on May 13 to \$353,325,000 on June 10. The total on June 13, 1935, amounted to \$293,508,000. The time deposits of these banks, while increasing \$1,549,000 during the four weeks, continued smaller than a year ago. The investments of these banks reflected a further decline during the past month, and on June 10 were at about the same level as on the corresponding date in 1935. Their holdings of direct and fully guaranteed obligations of the United States Government were reduced \$7,353,000 between May 13 and June 10, and on the latter date were \$8,366,000 lower than a year earlier. This reduction was partially offset by an increase in holdings of other securities.

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

	June 10, 1936	June 12, 1935	May 13, 1936
United States securities (owned).....	\$165,280	\$166,311	\$167,676
Securities fully guaranteed by United States Government (owned).....	31,484	38,819	36,441
All other stocks, bonds, and securities (owned).....	49,405	41,515	47,834
Loans on securities.....	44,691	42,439	42,935
All other loans.....	153,403	136,606	150,077
Total loans.....	198,094	179,045	193,012
Demand deposits-adjusted*.....	353,325	293,508	338,384
Time deposits.....	119,594	123,312	118,045
United States Government deposits.....	26,940	32,203	27,479
Interbank deposits.....	166,807	132,500	169,804
Balances with domestic banks.....	139,831	132,523	173,608
Reserve with Federal Reserve Bank.....	76,856	68,068	78,589
Bills payable and rediscounts with Federal Reserve Bank.....	None	None	None

\*Demand deposits other than interbank and United States Government, less cash items reported as on hand or in process of collection.

### Acceptance Market

Bankers' acceptances executed by accepting banks in this district and outstanding at the end of the month reflected a further decline in May. Total acceptances outstanding on May 31 amounted to \$550,047 as compared with \$634,364 on April 30, and \$1,980,543 on May 31, 1935. During the past month there was an increase in outstanding acceptances based on import and export transactions, but it was more than offset by a decline in those based on the domestic shipment and storage of goods.

### Deposits of Member Banks

The table relating to the net demand and time deposits of member banks, segregated according to reserve city and country banks, shown in previous issues of the Review has been discontinued. Beginning with this issue of the Review, a table showing demand deposits-adjusted and time deposits



as of each call date, segregated according to reserve city and country banks, will be presented regularly. The figures of demand deposits-adjusted, which represent in a general way the cash resources of the community on deposit with banks and readily available for use, give a more accurate picture of the trend of demand deposits.

#### DEPOSITS OF MEMBER BANKS (In thousands of dollars)

Call dates:	Combined Total		Reserve City Banks		Country Banks (2)	
	Demand deposits adjusted (1)	Time Deposits	Demand deposits adjusted (1)	Time Deposits	Demand deposits adjusted (1)	Time Deposits
June 30, 1933 (3).....	\$379,662	\$189,863	\$176,729	\$114,301	\$202,938	\$75,562
Oct. 25, 1933.....	405,974	189,949	181,897	108,733	224,077	81,216
Dec. 30, 1933.....	444,205	190,000	194,914	107,497	249,291	82,503
Mar. 5, 1934.....	489,524	193,799	216,647	108,256	272,877	85,543
June 30, 1934.....	495,520	197,280	232,911	111,854	262,609	85,426
Oct. 17, 1934.....	542,021	195,992	246,436	109,410	295,585	86,582
Dec. 31, 1934.....	551,276	196,066	242,422	112,117	308,854	83,949
Mar. 4, 1935.....	572,576	195,056	259,032	111,861	313,544	83,195
June 29, 1935.....	583,644	195,210	276,556	113,421	307,088	81,789
Nov. 1, 1935.....	628,988	194,362	294,456	111,373	334,532	82,989
Dec. 31, 1935.....	642,167	198,495	292,629	111,851	349,538	86,644
Mar. 4, 1936.....	662,216	196,626	300,624	109,285	361,592	87,341

- (1) Demand deposits other than interbank and United States Government, less cash items in process of collection and, prior to December 31, 1935, less cash items reported on hand but not in process of collection.  
(2) Outlying banks in reserve cities which have been authorized to carry country-bank reserves are included with country banks.  
(3) Beginning June, 1933, figures relate to licensed banks only.

#### Debits to Individual Accounts

The volume of debits to individual accounts at banks in eighteen reporting cities of this district during May was maintained at about the April level.

Debits during the month aggregated \$692,712,000, which

compares with \$695,328,000 in April, and \$605,449,000 in the corresponding month of 1935. The increase over a year ago amounted to 14.4 per cent and was participated in by seventeen of the reporting cities.

#### DEBITS TO INDIVIDUAL ACCOUNTS (In thousands of dollars)

	May 1936	May 1935	Pctg. change over year	April 1936	Pctg. change over month
Ablene.....	\$ 6,513	\$ 5,152	+26.4	\$ 6,570	— .9
Austin.....	24,334	29,932	—18.7	26,921	—9.6
Beaumont.....	20,191	18,654	+ 8.2	21,740	—7.1
Corsicana.....	2,586	2,129	+21.5	2,830	—8.6
Dallas.....	193,665	159,694	+21.3	196,996	—1.7
El Paso.....	23,187	19,819	+17.0	22,467	+3.2
Fort Worth.....	69,955	63,654	+ 9.9	71,167	—1.7
Galveston.....	22,043	18,911	+16.6	20,888	+5.5
Houston.....	166,802	144,138	+15.7	166,706	+ .1
Port Arthur.....	7,022	5,857	+19.9	7,573	—7.3
Roswell.....	2,747	2,335	+17.6	2,597	+5.8
San Antonio.....	61,035	58,024	+ 5.2	58,573	+4.2
Shreveport.....	38,533	29,021	+32.8	35,595	+8.3
Texarkana*.....	6,594	4,809	+37.1	6,064	+8.7
Tucson.....	10,630	9,351	+13.7	10,167	+4.6
Tyler.....	12,951	11,482	+12.8	13,313	—2.7
Waco.....	11,347	10,536	+ 7.7	12,317	—7.9
Wichita Falls.....	12,577	11,951	+ 5.2	12,854	—2.2
Total.....	\$692,712	\$605,449	+14.4	\$695,328	— .4

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

#### Savings Deposits

The past month witnessed a further slight gain in the savings deposits of 125 banks in this district which operate savings departments. The total amounted to \$153,231,092 on May 31, which was 0.5 per cent larger than on April 30, and 1.8 per cent above May 31, 1935.

#### SAVINGS DEPOSITS

	May 31, 1936			May 31, 1935			April 30, 1936		
	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	8,733	\$ 3,537,624	8,928	\$ 3,532,460	+ .1	8,737	\$ 3,489,879	+ 1.4
Dallas.....	9*	78,260	25,046,232	77,019	25,248,080	— .8	77,694	24,834,638	+ .9
El Paso.....	2	12,630	6,479,965	12,188	5,594,265	+15.8	12,554	6,379,937	+ 1.6
Fort Worth.....	3	35,243	11,784,761	34,660	11,101,651	+ 6.2	34,937	11,666,713	+ 1.0
Galveston.....	4	16,822	10,503,058	16,930	10,113,452	+ 8.9	16,923	10,466,267	+ .4
Houston.....	11*	66,658	29,993,438	66,072	31,272,598	— 4.1	64,098	29,967,661	+ .1
Port Arthur.....	2	5,092	2,202,138	5,244	2,074,379	+ 6.2	5,128	2,205,663	— .2
San Antonio.....	6*	19,023	17,427,449	17,453	16,271,220	+ 7.1	18,851	17,433,796	0.0
Shreveport.....	3	22,616	10,501,791	22,269	10,616,912	— 1.1	22,605	10,458,255	+ .4
Waco.....	3	9,477	5,637,817	10,883	6,449,361	—12.6	9,555	5,597,918	+ .7
Wichita Falls.....	3	6,368	3,331,772	6,082	2,988,229	+11.5	6,308	3,306,327	+ .8
All others.....	76*	51,575	26,785,047	51,358	25,321,370	+ 5.8	51,282	26,610,348	+ .7
Total.....	125	332,497	\$153,231,092	329,086	\$150,583,977	+ 1.8	328,672	\$152,417,402	+ .5

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

#### DISCOUNT RATES CHARGED BY MEMBER BANKS DURING JUNE

	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.....	3½-8	5-8	5-8	3-7	4½-7	6
Rate charged on loans to other banks secured by bills receivable.....	5-6	5-6	3½-6	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.....	5-8	5-8	4-10	3-7	6	6-8
Time.....	5-8	5-8	4-10	3-7	5-7	6-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	2-8	7-8	5-8	3-7	6-8	3-7
Rate on cattle loans.....	.....	5-8	5-10	7-10	7-8	7-8

## INDUSTRY

#### Cottonseed Products

The operations of cottonseed oil mills in Texas and the United States during May were on a smaller scale than in either the previous month or the same month last year. The receipts of cottonseed at mills in May were considerably below the average and stocks at the end of the month were

the lowest for any similar date since 1931. Crushings of cottonseed and the production of cottonseed products for the first ten months of the current season have exceeded by a substantial margin those during the corresponding period of the previous season. The stocks of cottonseed products at mills were reduced materially between April 30 and May



31 at both Texas and United States mills, but the holdings of cottonseed oil were considerably larger than a year ago. Stocks of all other products (except hulls at Texas mills) were materially smaller on May 31 than on that date in 1935.

#### STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to May 31		August 1 to May 31	
	This season	Last season	This season	Last season
Cottonseed received at mills (tons).....	956,672	714,183	3,701,197	3,362,800
Cottonseed crushed (tons).....	968,825	799,441	3,739,429	3,416,414
Cottonseed on hand May 31 (tons).....	10,259	17,403	51,343	169,047
Crude oil produced (lbs.).....	277,178,827	229,735,377	1,138,304,204	1,065,192,577
Cake and meal produced (tons).....	450,681	378,865	1,699,445	1,554,900
Hulls produced (tons).....	261,997	212,889	969,549	878,107
Linters produced (running bales).....	191,879	170,303	854,585	771,308
Stocks on hand May 31:				
Crude oil (pounds).....	14,186,486	4,488,060	46,932,948	20,496,844
Cake and meal (tons).....	24,426	38,048	166,272	242,204
Hulls (tons).....	39,285	24,325	71,919	103,441
Linters (running bales).....	22,568	30,710	89,856	125,903

Source: Bureau of Census.

**Textile Milling** The domestic consumption of cotton at all United States mills reflected a larger than average decline from April to May, but the margin of gain over a year ago was maintained at about the average for the season. Cotton consumed during May totaled 530,799 bales, as compared with 576,762 bales in April, and 470,412 bales in May last year. The decline from April amounted to 8.0 per cent. During the ten months ended May 31, the domestic consumption of cotton aggregated 5,180,320 bales, representing an increase of 13.0 per cent over the 4,586,173 bales consumed during the corresponding period of the previous season. While consuming establishments again reduced their stocks of raw cotton, holdings on May 31 this year were larger than on that date a year ago.

#### COTTON CONSUMED AND ON HAND

	(Bales)			
	May 1936	May 1935	August 1 to May 31 This season	Last season
Cotton-growing states:				
Cotton consumed.....	447,936	380,038	4,351,791	3,672,911
Cotton on hand May 31 in—				
Consuming establishments.....			895,325	760,334
Public storage and compresses.....			5,150,224	6,413,767
United States:				
Cotton consumed.....	530,799	470,412	5,180,320	4,586,173
Cotton on hand May 31 in—				
Consuming establishments.....			1,090,077	974,754
Public storage and compresses.....			5,237,082	6,580,599

Source: Bureau of Census.

**Cotton Movements** The May receipts of cotton at the ports of Houston and Galveston reflected a large increase over both the previous month and the corresponding month last year. While the exports of cotton from Houston showed a further decline between April and May and were materially lower than a year ago, shipments from Galveston evidenced a substantial increase over both comparative months. Stocks of cotton on hand at these ports reflected a further seasonal decline during May.

The past month witnessed only a small decline in the foreign exports of cotton from United States ports. The May total amounted to 351,734 bales, as compared with 352,710 bales in April, and 277,977 bales in the same month

of 1935. For every month since last August the exports of cotton have exceeded those in the corresponding month of the previous year, and for the first ten months of the 1935-36 season this increase has averaged 32.2 per cent. This increase is accounted for in part by the larger foreign consumption of American cotton during the current season, and the reduced stocks of American cotton abroad at the beginning of the season.

#### COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	(Bales)		August 1 to May 31	
	May 1936	May 1935	This season	Last season
Receipts.....	54,862	17,031	1,584,416	923,183
Exports.....	109,560	87,174	1,327,946	1,115,472
Stocks, May 31.....			481,123	319,204

#### COTTON—GALVESTON STOCK STATEMENT

	(Bales)		May 31, 1936	May 31, 1935
	May 1936	May 1935		
For Great Britain.....			3,000	3,700
For France.....			3,200	1,000
For other foreign ports.....			21,000	16,100
For coastwise ports.....			1,500	800
In compresses and depots.....			452,423	297,604
Total.....			481,123	319,204

#### COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	(Bales)		August 1 to May 31	
	May 1936	May 1935	This season	Last season
Receipts.....	41,225	20,408	1,710,067	1,066,200
Exports.....	90,917	142,060	1,645,739	1,296,476
Stocks, May 31.....			324,780	534,181

#### SEASON'S RECEIPTS, EXPORTS, AND STOCKS OF COTTON AT ALL UNITED STATES PORTS

	(Bales)		August 1 to May 31	
	This season	Last season		
Receipts.....	6,861,767	4,305,723		
Exports:				
United Kingdom.....	1,265,720	659,838		
France.....	636,800	333,302		
Italy.....	349,925	412,843		
Germany.....	716,113	286,910		
Other Europe.....	850,677	742,126		
Japan.....	1,397,050	1,375,296		
All other countries.....	302,519	363,447		
Total foreign ports.....	5,518,804	4,173,762		
Stocks held at all United States ports May 31.....	1,650,401	1,673,069		

#### SPOT COTTON PRICES

	Middling Basis		June 15, 1936	
	(Cents per pound)		May, 1936	1936
	High	Low		
New York.....	11.77	11.61		11.79
New Orleans.....	11.81	11.37		11.89
Dallas.....	11.29	11.03		11.82
Houston.....	11.70	11.40		11.70
Galveston.....	11.67	11.32		11.70

**Petroleum** A substantial increase in the output of crude oil in the Eleventh Federal Reserve District occurred during May. The production for the month totaled 40,921,850 barrels, as compared with 38,253,450 barrels in April, and 34,371,250 barrels in May, 1935. The daily average production, which has been rising steadily since January, amounted to 1,320,059 barrels in May, and was the largest figure reported in three years. Increased field activity was also in evidence. During the four weeks ending May 23, there were 1,235 wells completed of which 926 were producers of oil, as compared with 1,112 completions in the previous four weeks including 844 oil producers. Initial production, however, dropped from 1,352,428 barrels in the four-week period ending April 25 to 1,255,349 barrels in the four weeks ending May 23.



The daily average production of oil at Texas fields amounted to 1,165,711 barrels in May, which was 20,924 barrels larger than in the previous month. While all major fields shared in the increased output, the largest gain occurred in the Texas Coastal region. The daily average output in New Mexico rose 11,021 barrels between April and May, and that for north Louisiana increased 12,999 barrels.

#### OIL PRODUCTION (Barrels)

	May, 1936		Increase or decrease over April, 1936	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	3,784,350	122,076	+ 186,550	+ 2,149
West Texas.....	6,495,750	209,540	+ 351,850	+ 4,743
East Texas.....	15,481,200	499,394	+ 584,200	+ 2,827
South Texas.....	2,506,450	80,853	+ 174,750	+ 3,130
Texas Coastal.....	7,869,300	253,848	+ 496,100	+ 8,075
<b>Total Texas.....</b>	<b>36,137,050</b>	<b>1,165,711</b>	<b>+1,793,450</b>	<b>+20,924</b>
New Mexico.....	2,314,800	74,671	+ 405,300	+11,021
North Louisiana.....	2,470,000	79,677	+ 469,650	+12,999
<b>Total District.....</b>	<b>40,921,850</b>	<b>1,320,059</b>	<b>+2,668,400</b>	<b>+44,944</b>

#### MAY DRILLING RESULTS

	Completions	Producers	Gas Wells	Failures	Initial Production
North Texas.....	261	158	15	88	34,130
West Texas.....	168	115	3	50	89,552
East Texas.....	289	269	1	19	802,712
South Texas.....	294	223	12	59	115,500
Texas Coastal.....	110	76	3	31	35,668
<b>Total Texas.....</b>	<b>1,122</b>	<b>841</b>	<b>34</b>	<b>247</b>	<b>1,077,562</b>
New Mexico.....	54	49	...	5	73,552
North Louisiana.....	59	36	15	8	104,235
*May totals, district.....	1,235	926	49	260	1,255,349
**April totals, district.....	1,112	844	44	224	1,352,428

\*May figures represent four weeks ended May 23, 1936.

\*\*April figures represent four weeks ended April 25, 1936.

#### CRUDE OIL PRICES

	June 5, 1936	June 7, 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)

#### Cement

The production and shipments of cement at Texas mills, after showing very large increases in April, declined during May. The production of cement amounted to 458,000 barrels in May, which was 30.1 per cent lower than in April, but 29 per cent larger than in May, 1935. The decline in shipments from April to May was 21.4 per cent, while the increase over the corresponding month last year was 34.7 per cent. Due to the balancing of production and shipments during the month, stocks on May 31 remained at 636,000 barrels, which was 7.6 per cent lower than a year earlier.

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

	May 1936	Percentage change over May 1935	April 1936	January 1 through May 31, 1936	Percentage change over year
Production at Texas mills.....	458	+29.0	—30.1	2,283	+52.7
Shipments from Texas mills.....	458	+34.7	—21.4	2,390	+62.9
Stocks at end of month at Texas mills.....	636	— 7.6	No change	.....	.....

Source: Bureau of Census.

#### Building

Following declines in the two preceding months, the valuation of building permits issued at principal cities in the Eleventh District during May reflected an increase of 4.1 per cent over the April total. The value of permits issued during the month, which aggregated \$4,867,334, was 110.5 per cent above the figure for the corresponding month of 1935, and was the largest total reported for any May since 1930. As compared with the same month last year, there were eleven of the fourteen cities which reported increases. During the first five months of the current year the valuation of permits issued amounted to \$27,271,903, an increase of 130.7 per cent as compared with the same period of 1935.

#### BUILDING PERMITS

	May, 1936		May, 1935		Pctg. change valuation over year	April, 1936		Pctg. change valuation over month	January 1 to May 31				Pctg. change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1936		1935		
Amarillo.....	23	\$ 13,666	27	\$ 25,211	— 45.8	23	\$ 144,471	— 90.5	136	\$ 298,877	128	\$ 105,634	+182.9
Austin.....	159	379,272	158	658,030	— 42.4	152	342,107	+ 10.9	765	2,218,386	706	3,084,873	— 28.1
Beaumont.....	101	92,073	115	61,843	+ 48.9	119	66,663	+ 38.1	537	593,590	573	208,336	+184.9
Corpus Christi.....	105	148,750	76	72,275	+105.8	94	161,005	— 7.6	446	826,887	280	214,465	+285.6
Dallas.....	616	846,192	433	304,105	+178.3	541	1,314,628	— 35.6	2,520	6,473,604	2,025	1,424,634	+354.4
El Paso.....	53	107,561	56	24,747	+334.6	84	117,370	— 8.4	310	357,498	235	781,897	— 51.2
Fort Worth.....	155	1,391,474	142	115,200	*	164	584,610	+138.0	737	3,504,307	533	1,188,447	+194.9
Galveston.....	108	37,670	120	43,811	— 14.0	117	70,805	— 46.8	506	297,289	543	359,948	— 17.4
Houston.....	318	832,525	301	644,974	+ 29.1	390	1,240,205	— 32.9	1,756	9,399,153	1,263	2,431,936	+286.5
Port Arthur.....	128	98,609	76	29,057	+239.4	124	78,847	+ 25.1	555	386,810	347	133,816	+189.1
San Antonio.....	249	560,591	524	201,991	+177.5	258	299,951	+ 86.9	1,163	1,723,223	4,295	1,080,865	+ 59.4
Shreveport.....	151	228,106	130	72,417	+215.0	136	170,233	+ 34.0	589	810,130	710	514,504	+ 57.5
Waco.....	43	101,320	27	38,567	+162.7	26	31,269	+224.0	174	255,176	140	177,229	+ 44.0
Wichita Falls.....	33	29,525	16	19,717	+ 49.7	19	53,020	— 44.3	80	126,973	128	166,925	— 23.9
Total.....	2,242	\$4,867,334	2,201	\$2,311,945	+110.5	2,247	\$4,675,184	+ 4.1	10,274	\$27,271,903	11,906	\$11,823,509	+130.7

\*Increase over one thousand per cent.



## SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Board of Governors of the Federal Reserve System as of June 24, 1936)

Volume of industrial production, which had increased sharply in April, was maintained in May, and there was an increase in distribution of commodities to consumers.

### PRODUCTION AND EMPLOYMENT

The Board's seasonally adjusted index of industrial production in May was 101 per cent of the 1923-1925 average, as compared with 100 per cent in April. Production of durable manufactures increased further, reflecting larger output of steel and lumber, partly offset in the total by a reduction in the output of automobiles from the high level of April. At steel mills the rate of activity in May was higher than at any other time since the spring of 1930. This level has been maintained in June, reflecting in part some accumulation of steel by fabricators in advance of the effective date of recently announced price increases. Declines in production were reported for many nondurable manufactures; at woolen mills, however, activity increased. Output of bituminous coal declined from April to May, while output of crude petroleum continued in large volume. Factory employment increased slightly between the middle of April and the middle of May, contrary to the usual seasonal tendency. Increases were reported at plants producing iron and steel products, machinery, and most other durable manufactures. Changes in employment in industries producing nondurable manufactures were largely of a seasonal nature. Factory payrolls were somewhat larger in the middle of May than a month earlier. Total value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, declined slightly from April to May. Awards for residential building continued to increase and in May, as in other months this year, were substantially larger than a year ago when residential building was first beginning to increase from the extreme low level of the depression.

### DISTRIBUTION

Department store sales, which usually decline at this season, increased from April to May and there was also a rise in sales at variety stores and mail order houses. Freight-car loadings increased by slightly more than the usual seasonal amount.

### COMMODITY PRICES

Wholesale prices of commodities, which had declined from the middle of April to the middle of May, have advanced somewhat since that time and in the week ending June 20 were at 78.7 per cent of the 1926 average, according to the index of the Bureau of Labor Statistics. In recent weeks prices of livestock and livestock products, grains and flour, and textile raw materials and finished products have advanced. For many steel products price increases have been announced to take effect early in the third quarter.

### BANK CREDIT

Excess reserves of member banks, after a slow increase in May and the early part of June, declined by \$900,000,000 in the week ending June 17. The reduction in excess reserves was due principally to an increase in the deposits maintained at the reserve banks by the Treasury, which received large payments for new securities issued, as well as quarterly tax installments. At that time the Treasury began to distribute checks and adjusted service bonds to veterans and there was an increase in the demand for currency in connection with the cashing of these bonds and checks. United States Government obligations held by reporting member banks in leading cities, which had increased somewhat in May and early June showed a further sharp increase in the week ending June 17 in connection with the new issue of Government securities. Bank loans also increased.