

# 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

	June 1936	Change from May
Bank debits to individual accounts (at 18 cities)	\$732,035,000	+ 5.7%
Department store sales		- 4.0%
Reserve bank loans to member banks at end of month	\$ 348,413	-\$109,177
Building permit valuation at larger centers	\$ 4,987,002	+ 2.5%
Commercial failures (number)	17	+ 4
Commercial failures (liabilities)	\$ 148,000	+\$ 72,000
Oil production (barrels)	39,073,100	- 4.5%

Business and industry in the Eleventh Federal Reserve District were generally active during the past month. Retail distribution in larger cities during June, as measured by department store sales, reflected a gain of 30 per cent over the same month of 1935, and the decline of 4 per cent from May was less than the usual recession at this season. This bank's seasonally adjusted index of department store sales rose to 99.6 per cent of the 1923-25 average in June, which compares with 91.2 per cent in the previous month. Wholesale distribution evidenced a counter-to-seasonal increase from May to June, and exceeded that in the corresponding month last year by a wide margin. Debits to individual accounts at banks in principal cities in June reflected a gain of 6 per cent over those in May and 24 per cent over the June, 1935, volume.

Building operations during the past month continued to expand. The valuation of building permits issued at principal cities was 3 per cent above the May level and exceeded

the June, 1935, figure by 155 per cent. Increases over a year ago were general throughout the district.

Agricultural conditions have improved since the rains set in late in June, offsetting in part the effects of dry, hot weather in the second and third weeks of that month. Frequent and excessive rainfall in some portions of the district have caused considerable damage to crops. Most sections of the district have ample moisture to carry crops through the summer. According to the July 1 report of the Department of Agriculture, the per acre yield of most crops will be smaller than in 1935. Commercial reports indicate that cotton has made unusually rapid growth and that plants are fruiting satisfactorily, but dry weather is needed for the best development of the crop. While ranges deteriorated somewhat in June, recent reports are to the effect that substantial improvement has occurred since the rains. Livestock generally are in good condition.

Member bank borrowings at the Federal Reserve Bank increased moderately from June 15 to July 15. The loans of reporting member banks in leading cities declined between June 10 and July 8, but the total on the latter date was materially higher than a year earlier. On the other hand, these banks greatly increased their investments. Reflecting the demand for currency resulting from the redemption of Adjusted Service bonds, Federal Reserve notes in actual circulation rose from \$79,374,000 on June 15 to \$85,602,000 on July 15.

## BUSINESS

### Wholesale Trade

Buying at wholesale was at a more active pace during June. While sales in reporting lines usually show a recession from

May to June, there was an increase this year in all lines except drugs. In a majority of reporting lines the increases over a year ago were the most favorable reported during the current year, and were substantially larger than the average gains for the half year. Late reports indicate that July business is generally satisfactory.

A fairly general increase in the demand for dry goods at

wholesale occurred during June. Sales were 6.2 per cent larger than in the previous month and exceeded those of the corresponding month last year by 26.6 per cent. Distribution in the first half of the year averaged 12.2 per cent above that for the same period of 1935. Collections in June were slightly better than in the previous month.

The expansion in the buying of hardware at wholesale, which has been in evidence since early this year, continued during June. Sales for the month were 4.1 per cent above those in May and the margin of gain over the previous year,



which has been gradually widening this year, rose to 35.1 per cent in June. Business for the first six months of 1936 was 25.5 per cent larger than during the same period last year. Stocks at the end of June were larger than a month earlier or a year ago. Collections declined 3.7 per cent between May and June.

A sharp increase in the buying of farm implements was in evidence during the past month. June sales reflected a further increase of 30.6 per cent as compared with the preceding month, and were 9.0 per cent in excess of those in June last year. There was also a substantial improvement in collections from May to June.

Business of reporting wholesale drug firms in this district reflected a seasonal decline of 7.3 per cent in June as compared with May, but the increase as compared with the corresponding month of the previous year rose to 34.2 per cent. Sales for the first half of 1936 were 24.8 per cent higher than in the same period of the preceding year. Stocks on hand at the end of the month were moderately larger than a month earlier, and substantially higher than a year ago. While June collections declined 9.7 per cent as compared with May, they exceeded those of June, 1935, by 25.7 per cent.

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

	Net Sales June, 1936 compared with		Net Sales Jan. 1 to date compared with same period last year	Stocks June 30, 1936 compared with		Ratio of collections during June to accounts and notes outstanding on May 31
	June 1935	May 1936		June 30, 1935	May 31, 1936	
Groceries .....	+ 3.0	+ 3.5	+ .4	- 1.4	- 7.3	79.9
Dry goods .....	+26.6	+ 6.2	+12.2	- 8.4	+ 6.7	37.1
Farm implements .....	+ 9.0	+30.6	+42.7	+26.6	- 2.1	6.7
Hardware .....	+35.1	+ 4.1	+25.5	+ 3.1	+ 2.5	48.4
Drugs .....	+34.2	- 7.3	+24.8	+24.4	+ 4.1	58.6

Following the decline in May, the sales of reporting wholesale grocery firms showed a moderate improvement in June. There was a gain of 3.5 per cent as compared with the previous month, and 3.0 per cent over a year ago. Collections showed no change from May to June.

Retail  
Trade

An active demand for merchandise at department stores in larger centers of this district, stimulated by the redemption of Adjusted Service bonds and tourist trade, was in evidence during June. Sales, which were 4 per cent less than in May, showed a considerably smaller than seasonal decline, and exceeded those in June, 1935, by 30.1 per cent. This increase was larger than any similar comparison since early in 1934. This bank's adjusted index of department store sales, which makes allowances for seasonal changes, rose from 91.2 per cent of the 1923-25 average in May to 99.6 per cent in June, and the latter figure compares with 80.5 per cent in June last year. Business during the first half of 1936 was 16.2 per cent larger than that in the same period of 1935.

Stocks on hand at reporting department stores reflected a further decline of 7.5 per cent during June, but the total at the end of the month was 7.6 per cent greater than a year ago. The rate of stock turnover during the six months was 1.69 as compared with 1.53 in the corresponding period last year.

Collections on regular accounts showed a counter-to-seasonal increase in June. The ratio of June collections to accounts outstanding on June 1 amounted to 42.6 per cent as compared with 41.5 per cent in May and 38.6 per cent in June, 1935. There was a small decline in collections on installment accounts in June as compared with May.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total Dist't.
Total sales (percentage):						
June, 1936, compared with June, 1935	+ 35.2	+ 33.5	+ 23.8	+ 27.6	+ 26.6	+ 30.1
June, 1936, compared with May, 1936	- 3.2	- 8.2	- 1.1	- 7.5	- 1.6	- 4.0
January 1 to June 30, 1936, compared with same period last year	+ 18.1	+ 19.1	+ 11.3	+ 18.7	+ 13.5	+ 16.2
Credit sales (percentage):						
June, 1936, compared with June, 1935	+ 32.7	+ 32.8	+ 22.3	+ 29.4	+ 21.4	+ 28.7
June, 1936, compared with May, 1936	- 6.8	- 9.6	- 3.7	- 7.8	- 5.8	- 6.7
January 1 to June 30, 1936, compared with same period last year	+ 19.7	+ 18.0	+ 14.4	+ 19.1	+ 12.6	+ 17.4
Stocks on hand at end of month (percentage):						
June, 1936, compared with June, 1935	+ 17.8	+ 2.3	- 2.3	+ 7.6	+ 1.6	+ 7.6
June, 1936, compared with May, 1936	- 6.1	- 7.5	- 10.2	- 10.5	- 6.5	- 7.5
Stock turnover (rate):						
Rate of stock turnover in June, 1935	.27	.21	.24	.29	.21	.25
Rate of stock turnover in June, 1936	.32	.28	.31	.34	.27	.30
Rate of stock turnover January 1, to June 30, 1935	1.75	1.27	1.44	1.72	1.28	1.53
Rate of stock turnover January 1, to June 30, 1936	1.87	1.51	1.65	1.86	1.41	1.69
Ratio of June collections to open accounts receivable and outstanding June 1, 1936	43.0	39.2	44.0	47.1	39.4	42.6
Ratio of June collections to installment accounts receivable and outstanding June 1, 1936	16.3	10.9	.....	16.4	15.7	15.1
Indexes of department store sales:						
Unadjusted—May, 1936	101.0	109.1	90.0	88.8	.....	94.8
Unadjusted—June, 1936	96.1	101.1	90.0	83.9	.....	91.6
Adjusted—May, 1936	104.1	109.1	90.0	83.8	.....	91.2
Adjusted—June, 1936	110.5	107.6	84.9	85.6	.....	99.6
Indexes of department store stocks:						
Unadjusted—May, 1936	60.4	70.3	45.9	53.2	.....	62.1
Unadjusted—June, 1936	56.3	65.1	40.3	46.0	.....	57.1
Adjusted—May, 1936	59.2	69.6	45.0	53.7	.....	61.5
Adjusted—June, 1936	58.6	68.5	44.8	52.3	.....	60.7

Commercial  
Failures

The number and liabilities of commercial failures in the Eleventh Federal Reserve District during June, as reported by Dun and Bradstreet, Incorporated, were larger than in May, but were smaller than in June last year. There were 17 defaults in June with liabilities of \$148,000, as compared with 13

failures in May with an indebtedness of \$76,000, and 21 insolvencies in June, 1935, owing \$320,000. During the first half of 1936 there were 137 failures with an aggregate indebtedness of \$1,583,000, as against 154 insolvencies in the same period of 1935 with liabilities aggregating \$1,909,000.



## AGRICULTURE

### *Crop Conditions*

Some improvement in the condition of growing crops occurred in most sections of the Eleventh District following the heavy general rains in the last ten days of May. During most of June there was little rainfall and farmers were able to complete planting operations and to place fields in a good state of cultivation, but the dry, hot weather and hot winds during the second and third weeks of the month depleted surface moisture and reduced the prospects for many row crops. Since late June, rains have fallen at frequent intervals over much of the district, but precipitation has been very spotted in west and northwest Texas and in portions of New Mexico and Arizona. Over a large area in the southern half of Texas rains have been excessive causing considerable damage from overflows and washing of fields. Except for the locally dry areas in the western part of the district clear, dry weather is needed for the best development of crops.

The wheat crop in Texas, New Mexico, and Arizona showed some improvement in June. The Department of Agriculture in its July 1 report estimated the Texas production at 17,672,000 bushels, as compared with the June 1 estimate of 13,598,000 bushels, and a revised production figure of 11,473,000 bushels in 1935. The increased output this year is due principally to the larger acreage available for harvest as the per acre yield was estimated at 7.7 bushels for the current year as against 7.0 bushels in 1935. The indicated production in Oklahoma was reduced from 29,358,000 bushels on June 1 to 26,992,000 bushels on July 1. The forecasted production of oats in Texas, Oklahoma, and New Mexico is sharply lower than in 1935, and it is only slightly larger in Louisiana. The July 1 estimate of the Department of Agriculture placed the Texas production at 25,326,000 bushels as compared with last year's harvest of 38,410,000 bushels. The per acre yield was shown as 18.5 bushels as against 23.0 bushels last year, but part of the reduced output is due to smaller acreage for harvest. The indicated production for Oklahoma was 20,640,000 bushels, whereas 35,825,000 bushels were harvested in 1935.

The outlook for the corn crop is decidedly less favorable than in 1935. The Department of Agriculture's July 1 estimates on corn production in Texas, Oklahoma, Louisiana, and Arizona were sharply lower than last year's harvest, and much of the increase in production in New Mexico is accounted for by the larger acreage. The July 1 estimate for Texas was 57,537,000 bushels, whereas the harvest last year was 89,368,000 bushels. This year's crop in Oklahoma promises a production of less than half of the poor harvest of 1935, and approximately one-fourth of the 1928-32 average production. While the estimated output in Louisiana is about 60 per cent of the 1935 crop, it is only moderately lower than the 1928-32 average. The July 1 estimates for tame hay were higher for Texas and New Mexico, but moderately lower for Arizona, Louisiana, and Oklahoma, with the largest decline in the latter state. The prospects are for a smaller harvest of wild hay in all states attached to this district.

The Department of Agriculture estimated that the area of cotton in cultivation in Texas on July 1 was 12,280,000 acres, or an increase of 12 per cent over the 10,964,000 acres in cultivation on that date in 1935. It was stated that

all sections of the State showed increased acreage as compared with a year ago, but that the largest increases were indicated for the High Plains and the area immediately south and east of the Plains. Increases in other states partially attached to this district were as follows: Arizona—24 per cent; Louisiana—9 per cent; New Mexico—18 per cent; and Oklahoma—6 per cent. The acreage for the United States was 10 per cent larger. The cotton plants in most sections of this district made unusually rapid growth during the past six weeks, and commercial reports indicate that plants generally are fruiting satisfactorily. In those sections which have had frequent and excessive rainfall there are numerous complaints of insect activity. Fields generally are clean and well cultivated. The moisture supply is ample except in scattered areas in west and northwest Texas. Hot, dry weather is now needed to enable the plants to develop a good tap root and to reduce the hazards of root rot and insect activity.

The indicated production for Irish potatoes in Texas on July 1 was 2,925,000 bushels as compared with 2,646,000 bushels in 1935. The increase was due to the higher per acre yield. Decreased production of this crop was indicated for Louisiana and Oklahoma. A considerably smaller crop of sweet potatoes than a year ago was forecasted for the above states. The July 1 estimate for rice production in Texas was 10,350,000 bushels as against a harvest of 8,840,000 bushels last year, but the increase is more than accounted for by the increased acreage in cultivation.

### *Livestock*

While the hot, dry weather during the second and third weeks of June caused some deterioration in livestock ranges in the Eleventh District, conditions on July 1, as reported by the Department of Agriculture, were generally good. During late June and the first half of July heavy rains occurred over the major portion of the district, but additional moisture is needed in the northern part of the Panhandle and the Trans-Pecos region of Texas, southwestern New Mexico, and southeastern Arizona. Prospects are generally good for summer and fall grazing. Livestock were maintained in good flesh during the past month, and commercial reports indicate that some improvement occurred during the first half of July. The Department of Agriculture reported that cattle are in a healthy condition and that screw worm infestation is less than usual. Feed supplies are ample in most sections of the district.

The condition of cattle ranges in Texas on July 1 were rated by the Department of Agriculture at 82 per cent of normal, as compared with 88 per cent a month earlier, and 86 per cent a year ago. Sheep and goat ranges declined from 90 per cent on June 1 to 85 per cent on July 1, and the latter figure compares with 89 per cent on the same date in 1935. The condition of cattle remained unchanged during June and the 85 per cent figure on July 1 was 1 point higher than a year ago. There was a slight decline in the July 1 condition of sheep and goats as compared with June 1 this year and July 1 last year.

### *Movements and Prices*

The June receipts of cattle and calves at the Fort Worth market showed a substantial increase over the previous month and those of calves were larger than a year ago. The arrivals of cattle were considerably below those in June, 1935. The number of hogs yarded in June was about the same as in



May, but was nearly double that in June last year. The receipts of sheep declined sharply from May to June and continued materially lower than a year ago.

The market on practically all classes of cattle worked to a lower level during the past month. Hog prices rose steadily during the last half of June, and the best offerings brought \$10.35 on July 1 to equal top price of February this year.

#### FORT WORTH LIVESTOCK RECEIPTS (Number)

	June 1936	June 1935	Change over year	May 1936	Change over month
Cattle.....	53,927	69,309	-15,382	44,824	+ 9,103
Calves.....	25,068	22,861	+ 2,707	20,038	+ 5,030
Hogs.....	24,778	12,827	+11,951	24,706	+ 72
Sheep.....	87,604	110,486	-22,882	126,420	-38,816

The market remained steady at this level for several days and then declined with the best offerings bringing \$9.75 on July 15, which was about the same level obtaining a month earlier. Sheep and lamb prices during the greater part of the month ruled weak to lower.

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

	June 1936	June 1935	May 1936
Beef steers.....	\$ 8.00	\$10.50	\$ 7.85
Stocker steers.....	7.00	7.60	7.25
Heifers and yearlings.....	8.50	10.10	8.50
Butcher cows.....	5.50	7.00	6.25
Calves.....	8.00	7.75	8.25
Hogs.....	10.20	9.70	9.65
Sheep.....	6.00	4.50	6.50
Lambs.....	10.00	7.50	10.00

## FINANCE

### Operations of the Federal Reserve Bank

There was a moderate increase in the demand from member banks for Federal Reserve Bank funds between June 15 and July 15. Member bank borrowings on the latter date amounted to \$379,000, as compared with \$351,000 a month earlier, and \$383,000 a year ago. During the month there was a further decline of \$41,000 in the volume of outstanding industrial advances. On July 1 Government securities previously held in the separate investment accounts of individual Federal Reserve banks were transferred to the System Open Market Account and there was a reallocation of participation in this account among Federal Reserve banks. As a result of this transaction, this bank's holdings of Government securities were reduced from \$95,000,000 to \$93,570,000. This amount was \$17,095,000 higher than on July 15, 1935. The reserve deposits of member banks, which had been reduced to \$114,097,000 on June 15 on account of cash settlement for United States bonds and notes issued on that date, rose rapidly during the succeeding weeks and stood at \$138,662,000 on July 15. This increase was due in part to the Treasury disbursements in connection with the redemption of Adjusted Service bonds. As these bonds were redeemed there was an increased demand for currency. Federal Reserve notes in actual circulation rose from \$79,374,000 on June 15 to a high point of \$88,692,000 on July 2 and then declined steadily to \$85,602,000 on July 15. The total cash reserves of this bank amounted to \$173,255,000 on July 15 as compared with \$156,987,000 on June 15 and \$105,403,000 on the same date last year.

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

	July 15, 1936	July 15, 1935	June 15, 1936
Total cash reserves.....	\$173,255	\$105,403	\$156,987
Discounts for member banks.....	379	383	351
Other bills discounted.....	None	None	None
Industrial advances.....	1,623	1,854	1,664
Commitments to make industrial advances.....	538	448	547
Bills bought in the open market.....	86	122	86
United States Government securities owned.....	93,570	76,475	95,000
All other investments.....	None	None	None
Total earning assets.....	95,658	78,834	97,101
Member bank reserve deposits.....	138,662	113,050	114,097
Federal Reserve notes in actual circulation.....	85,602	53,643	79,374

### Condition of Member Banks in Leading Cities

The investments of reporting member banks in leading cities of this district in direct obligations of the United States were increased sharply during the four weeks ending July 8. Total holdings, which stood at \$165,280,000 on June 10, rose to \$193,038,000 on June 17, largely on account of purchases in connec-

tion with Treasury financing on June 15, and amounted to \$195,030,000 on July 8. The total on the latter date was \$44,927,000 higher than a year ago. On the other hand, investments in the fully guaranteed obligations of the United States on July 8 were \$2,133,000 lower than four weeks earlier, and \$8,110,000 below those on July 10, 1935. The loans of these banks declined \$4,712,000 between June 10 and July 8, but the total on the latter date was \$18,161,000 higher than on the corresponding date in 1935. During the four-week period there was a decline of \$1,085,000 in loans on securities and \$3,627,000 in "all other" loans (agricultural, commercial, and industrial loans). Their demand deposits-adjusted amounted to \$351,991,000 on July 8, which was \$1,334,000 less than four weeks earlier, but \$49,873,000 higher than on July 10, 1935. Time deposits rose \$734,000 between June 10 and July 8, but continued smaller than a year ago. The reserve deposits of these banks with the Federal Reserve Bank amounted to \$95,377,000 on July 8, which was \$18,521,000 higher than four weeks earlier, and \$19,811,000 above those on the corresponding date last year.

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

	July 8, 1936	July 10, 1935	June 10, 1936
United States securities (owned).....	\$195,080	\$150,153	\$165,280
Securities fully guaranteed by United States Government (owned).....	29,351	37,461	31,484
All other stocks, bonds, and securities (owned).....	48,921	42,206	49,405
Loans on securities.....	43,606	42,271	44,691
All other loans.....	149,776	132,950	153,403
Total loans.....	193,382	175,221	198,094
Demand deposits—adjusted*.....	351,991	302,118	353,325
Time deposits.....	120,328	122,969	119,594
United States Government deposits.....	38,347	13,946	26,940
Interbank deposits.....	192,161	136,772	166,807
Balances with domestic banks.....	184,301	134,359	189,331
Reserve with Federal Reserve Bank.....	95,377	75,566	76,856
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

The volume of outstanding bankers' acceptances executed by accepting banks in this district totaled \$501,759 on June 30 as compared with \$550,047 on May 31, and \$927,553 on the corresponding date of 1935. As compared with a year ago, there was an increase in acceptances based on export and import transactions, but a sharp decline in those based on the domestic shipment and storage of goods. During the past month there was a slight decline in both classifications.



**Deposits of Member Banks**

There is presented a table showing the demand deposits-adjusted and time deposits of member banks in the Eleventh District as of each "call" date from June 30, 1933, to March 4, 1936, inclusive, segregated according to reserve city and country banks.

**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	\$202,933	\$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**

A general increase in the debits to individual accounts at banks in eighteen reporting cities in the Eleventh District as compared with both the previous month and the corresponding month last year was registered during the past month. The June volume amounted to \$732,

035,000, which was 5.7 per cent larger than that in May, and 23.5 per cent greater than the June, 1935, total.

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

	June 1936	June 1935	Pctg. change over year	May 1936	Pctg. change over month
Abilene	\$ 7,147	\$ 4,987	+43.3	\$ 6,513	+ 9.7
Austin	21,871	27,580	-20.7	24,334	-10.1
Beaumont	21,759	17,203	+26.5	20,191	+ 7.8
Corsicana	2,617	2,219	+17.9	2,586	+ 1.2
Dallas	205,943	153,957	+33.8	193,665	+ 6.3
El Paso	23,625	19,593	+20.6	23,187	+ 1.9
Fort Worth	71,392	65,893	+ 8.3	69,955	+ 2.1
Galveston	25,286	20,951	+20.7	22,043	+14.7
Houston	181,956	142,881	+27.3	166,302	+ 9.1
Port Arthur	7,456	5,791	+28.8	7,022	+ 6.2
Roswell	3,148	2,507	+25.6	2,747	+14.6
San Antonio	62,921	55,374	+13.6	61,035	+ 3.1
Shreveport	39,445	25,737	+53.3	38,533	+ 2.4
Texarkana*	6,733	5,637	+19.4	6,594	+ 2.1
Tucson	10,512	8,882	+18.4	10,630	- 1.1
Tyler	13,499	11,435	+18.0	12,951	+ 4.2
Waco	12,423	10,293	+20.7	11,347	+ 9.5
Wichita Falls	14,302	11,806	+20.1	12,577	+13.7
Total	\$732,035	\$592,726	+23.5	\$692,712	+ 5.7

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

**Savings Deposits**

A general increase in the volume of savings deposits at 125 banks in this district which operate savings departments occurred during June, due in part to crediting of interest at the end of the month. The total on June 30 was \$156,663,782, which represents a gain of 2.2 per cent over the aggregate on May 31, and 2.3 per cent over the volume on June 30, 1935. There was also a noticeable increase in the number of savings depositors.

**SAVINGS DEPOSITS**

	Number of reporting banks	June 30, 1936		June 30, 1935		Percentage change over year in savings deposits	May 31, 1936		Percentage change over month in savings deposits
		Number of savings depositors	Amount of savings deposits	Number of savings depositors	Amount of savings deposits		Number of savings depositors	Amount of savings deposits	
Beaumont	3	8,837	\$ 3,575,652	8,943	\$ 3,586,306	- .3	8,733	\$ 3,539,707	+ 1.0
Dallas	9*	79,365	25,765,386	83,044	25,781,772	- .1	78,260	25,046,232	+ 2.9
El Paso	2	12,909	6,754,362	12,195	5,724,224	+18.0	12,630	6,479,975	+ 4.2
Fort Worth	3	35,668	12,130,146	34,726	11,364,595	+ 6.7	35,243	11,784,761	+ 2.9
Galveston	4	17,218	10,600,627	16,849	10,246,327	+ 3.5	16,322	10,503,058	+ .9
Houston	11*	67,693	30,502,742	66,340	31,796,990	- 4.1	66,658	29,988,223	+ 1.7
Port Arthur	2	5,177	2,248,422	5,293	2,109,620	+ 6.6	5,092	2,202,138	+ 2.1
San Antonio	6*	19,546	17,880,335	17,568	16,605,971	+ 7.7	19,028	17,427,449	+ 2.6
Shreveport	3	23,204	10,675,075	21,434	10,484,577	+ 1.8	22,671	10,501,791	+ 1.7
Waco	3	9,499	5,662,958	10,884	6,527,645	-13.2	9,477	5,637,817	+ .4
Wichita Falls	3	6,440	3,429,964	6,069	3,063,525	+12.0	6,368	3,331,772	+ 2.9
All others	76*	51,918	27,438,113	50,773	25,881,387	+ 6.0	51,614	26,898,706	+ 2.0
Total	125	337,474	\$156,663,782	334,118	\$153,172,939	+ 2.3	332,596	\$153,341,629	+ 2.2

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

**DISCOUNT RATES CHARGED BY MEMBER BANKS DURING JULY**

	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as is now eligible for rediscount under the Federal Reserve Act	3½-8	5-8	4-8	3-7	3-7	6
Rate charged on loans to other banks secured by bills receivable	5	5	3½-6	4½-6	6	6-8
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
Demand	5	5-8	4-8	3-7	6	6-8
Time	6-8	5-8	4-8	3-7	5-8	6-8
Rate charged on commodity paper secured by warehouse receipts, etc.	2-8	8	6-8	3-7	6-8	3-7
Rate on cattle loans	6-8	5-8	5-8	7-10	7-8	8

**INDUSTRY**

**Cottonseed Products**

There was a further seasonal recession during June in the crushings of cottonseed and the production of cottonseed products, and mill operations were at a lower level than in June, 1935. Due to the excess crushings of seed over receipts during the month at all United States mills, stocks of cotton-

seed at mills on June 30 were reduced as compared with those a month earlier and were considerably lower than a year ago. Operations at both Texas and United States mills during the eleven months of the current season were substantially larger than during the same period of the 1934-35 season. Shipments of crude oil from the mills in June were



larger than in May and greatly exceeded those in June last year with the result that mill stocks at the end of the month were sharply lower than on May 31 and moderately below those on June 30, 1935. Stocks of other products (except hulls at Texas mills) were considerably smaller at the close of June than a month earlier or a year ago.

#### STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to June 30		August 1 to June 30	
	This season	Last season	This season	Last season
Cottonseed received at mills (tons).....	962,481	720,328	3,727,028	3,387,267
Cottonseed crushed (tons).....	974,572	806,435	3,781,682	3,484,589
Cottonseed on hand				
June 30 (tons).....	10,321	16,554	34,921	125,339
Crude oil produced (lbs.).....	278,963,616	231,772,769	1,152,711,790	1,087,809,891
Cake and meal produced (tons).....	454,384	381,889	1,719,399	1,585,213
Hulls produced (tons).....	262,333	214,889	980,310	895,453
Linters produced (running bales).....	192,720	171,694	864,775	789,110
Stocks on hand June 30:				
Crude oil (pounds).....	2,901,879	3,936,588	17,776,062	18,474,064
Cake and meal (tons).....	14,066	33,853	118,886	223,893
Hulls (tons).....	24,243	19,987	46,762	91,395
Linters (running bales).....	16,501	26,970	67,938	97,118

Source: Bureau of Census.

#### Textile Milling

A counter-to-seasonal increase in the domestic consumption of cotton was registered in June. The amount consumed during the month totaled 556,323 bales, which was 4.8 per cent larger than in May, and 44.9 per cent greater than in June, 1935. The latter increase was the largest shown for any similar comparison since September last year. The domestic consumption of cotton during the first eleven months of the 1935-36 season amounted to 5,736,643 bales as compared with 4,970,155 bales in the same period of the previous season, or a gain of 15.4 per cent. Mill stocks of raw cotton reflected a further decline during the month, but supplies on June 30 were larger than on the same date in 1935.

There was likewise a substantial increase in activity at reporting textile mills in Texas. Cotton consumption, the production of cloth, and orders on hand at the end of the month were greater in June than in either May this year or June last year.

#### COTTON CONSUMED AND ON HAND

	(Bales)			
	June 1936	June 1935	August 1 to June 30	
			This season	Last season
Cotton-growing states:				
Cotton consumed.....	469,617	311,569	4,821,408	3,984,480
Cotton on hand June 30 in—				
Consuming establishments.....			805,748	681,942
Public storage and compresses.....			4,462,120	5,913,672
United States:				
Cotton consumed.....	556,323	388,982	5,736,643	4,970,155
Cotton on hand June 30 in—				
Consuming establishments.....			987,112	884,600
Public storage and compresses.....			4,525,711	6,068,852

Source: Bureau of Census.

#### Cotton Movements

A sharp decline in the receipts of cotton, due in part to seasonal influences, occurred at Houston and Galveston from May to June, but the volume in the latter month was considerably larger than in the same month of 1935. Exports of cotton from these ports were smaller in June than in May, and at Houston they were only approximately half as large as in June, 1935. Shipments from Galveston, however, were noticeably larger than a year ago. There was a further decline in stocks at both ports between May 31 and June 30.

The foreign exports of cotton from all United States ports amounted to 287,336 bales in June as compared with 351,734 bales in May and 344,955 bales in June last year. The

May to June decline of 18.3 per cent was larger than the average for the preceding ten years. Since last August the monthly exports have consistently exceeded those of the corresponding month of the previous year, but in June there was a recession of 16.7 per cent due in part to the pickup in exports in June, 1935. Aggregate shipments during the eleven months of the current season average 28.5 per cent larger than in the corresponding period of the previous season.

#### COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	(Bales)			
	June 1936	June 1935	August 1 to June 30	
			This season	Last season
Receipts.....	20,833	13,380	1,605,249	936,563
Exports.....	99,820	74,260	1,427,766	1,189,732
Stocks, June 30.....			402,136	258,324

#### COTTON—GALVESTON STOCK STATEMENT

	(Bales)		June 30, 1936	June 30, 1935
	June 1936	June 1935		
For Great Britain.....			5,300	1,400
For France.....			200	700
For other foreign ports.....			6,900	15,000
For coastwise ports.....			500	1,000
In compresses and depots.....			389,236	240,224
Total.....			402,136	258,324

#### COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	(Bales)			
	June 1936	June 1935	August 1 to June 30	
			This season	Last season
Receipts.....	14,054	10,249	1,724,121	1,076,449
Exports.....	65,960	133,336	1,711,699	1,429,812
Stocks, June 30.....			258,735	394,852

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

	(Bales)		August 1 to June 30
	This season	Last season	
Receipts.....	7,020,447	4,374,576	
Exports:			
United Kingdom.....	1,349,334	707,787	
France.....	668,181	353,201	
Italy.....	363,593	454,785	
Germany.....	740,606	319,891	
Other Europe.....	899,250	836,474	
Japan.....	1,463,297	1,467,902	
All other countries.....	321,879	379,177	
Total exports.....	5,806,140	4,518,717	
Stocks held at all United States ports June 30.....	1,411,369	1,296,345	

#### SPOT COTTON PRICES

	Middling Basis (Cents per pound)			
	June, 1936		July 15, 1936	
	High	Low		
New York.....	12.49	11.77	13.43	
New Orleans.....	12.55	11.80	13.06	
Dallas.....	11.94	11.25	12.70	
Houston.....	12.25	11.60	13.12	
Galveston.....	12.70	11.59	13.08	

#### Petroleum

The June production of crude oil in the Eleventh Federal Reserve District, while smaller than in the previous month, remained at a high level and exceeded that of the corresponding month last year by a wide margin. The output during the month amounted to 39,073,100 barrels as compared with 40,921,850 barrels in May, and 33,822,000 barrels in June, 1935. The daily average production for June was 1,302,436 barrels, which represents a decline of 17,623 barrels as compared with the previous month, but a gain of 175,036 barrels as compared with the same month last year. There was also a decline in the rate of drilling activity. During the five-week period ending June 27 there were 1,384 wells completed including 1,054 oil producers, as compared with 1,235 completions with 926 producing oil in the four-week period ending May 23. Initial production of successful wells



amounted to 1,614,023 barrels in the period ending June 27 as compared with 1,255,349 barrels in the period ending May 23.

The daily output of Texas fields averaged 1,152,873 barrels in June as against 1,165,711 barrels in May. All major fields shared in the decline except the south Texas field where there was a daily average increase of 4,490 barrels. There was also a decline in the daily average production in New Mexico and north Louisiana.

OIL PRODUCTION  
(Barrels)

	June, 1936		Increase or decrease over May, 1936	
	Total	Daily Avg.	Total	Daily Avg.
North Texas	3,618,400	120,613	- 165,950	- 1,463
West Texas	6,149,000	204,967	- 346,750	- 4,573
East Texas	14,725,200	490,840	- 766,000	- 8,554
South Texas	2,560,300	85,343	+ 53,850	+ 4,490
Texas Coastal	7,533,300	251,110	- 336,000	- 2,738
Total Texas	34,586,200	1,152,873	-1,550,850	-12,838
New Mexico	2,191,000	73,033	- 123,800	- 1,638
North Louisiana	2,295,900	76,530	- 174,100	- 3,147
Total District	39,073,100	1,302,436	-1,848,750	-17,623

CRUDE OIL PRICES  
(Price per barrel)

	July 11, 1936	July 12, 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

JUNE DRILLING RESULTS

	Completions	Producers	Gas Wells	Failures	Initial Production
North Texas	276	154	14	108	37,088
West Texas	210	161	3	46	215,869
East Texas	333	306	1	26	1,006,185
South Texas	320	251	9	60	136,234
Texas Coastal	118	85	4	29	35,060
Total Texas	1,257	957	31	269	1,430,436
New Mexico	66	60	1	5	122,242
North Louisiana	61	37	14	10	61,345
*June totals, district	1,384	1,054	46	284	1,614,023
**May totals, district	1,235	926	49	260	1,255,349

\*June figures represent five weeks ended June 27, 1936.

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

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

Building

The valuation of building permits issued at fourteen principal cities in the Eleventh District reflected a further increase from May to June, whereas a decline usually occurs. The volume for June totaled \$4,987,002, which represents a gain of 2.5 per cent as compared with the previous month and 154.5 per cent as compared with the corresponding month last year. The value of permits issued at these cities during the first half of 1936 aggregated \$32,258,905, which was 134.0 per cent larger than the total for the same period of the previous year. At six of the reporting cities the value of permits issued during the half year exceeded that for the full year of 1935.

BUILDING PERMITS

	June, 1936		June, 1935		Pctg. change valuation over year	May, 1936		Pctg. change valuation over month	January 1 through June 30 1936		January 1 through June 30 1935		Pctg. change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		No.	Valuation	No.	Valuation	
	Amarillo	45	\$ 50,808	31		\$ 22,803	+122.8		23	\$ 13,666	+271.8	181	
Austin	181	378,005	156	319,460	+ 18.3	159	379,272	- .3	946	2,596,391	862	3,404,333	- 23.7
Beaumont	139	96,687	104	43,261	+123.5	101	92,073	+ 5.0	676	690,277	677	251,597	+174.4
Corpus Christi	132	104,038	48	35,180	+195.7	105	148,750	- 30.1	578	930,925	328	249,645	+272.9
Dallas	542	387,097	349	272,539	+ 42.0	616	846,192	- 54.3	3,062	6,860,701	2,374	1,697,173	+304.2
El Paso	60	144,291	44	96,296	+ 49.8	53	107,561	+ 34.1	370	501,789	279	828,193	- 39.4
Fort Worth	176	1,457,652	122	192,703	+656.4	155	1,391,474	+ 4.8	913	4,961,959	655	1,381,150	+259.3
Galveston	130	235,465	100	27,958	+742.2	108	37,670	+525.1	636	532,754	643	387,906	+ 37.3
Houston	432	1,176,380	234	551,115	+113.5	318	832,525	+ 41.3	2,188	10,575,533	1,497	2,983,051	+254.5
Port Arthur	144	79,103	86	89,616	-11.7	128	98,609	-19.8	699	465,913	433	223,432	+108.5
San Antonio	286	532,627	322	119,616	+345.3	249	560,591	- 5.0	1,449	2,255,850	4,617	1,200,481	+ 87.9
Shreveport	133	155,746	111	118,804	+ 31.1	151	223,106	- 31.7	722	965,876	821	633,308	+ 52.5
Waco	45	75,923	21	54,773	+ 38.6	43	101,320	- 25.1	219	331,099	161	232,002	+ 42.7
Wichita Falls	21	113,180	45	15,327	+638.4	33	29,525	+283.3	101	240,153	173	182,252	+ 31.8
Total	2,466	\$4,987,002	1,773	\$1,959,451	+154.5	2,242	\$4,867,334	+ 2.5	12,740	\$32,258,905	13,679	\$13,782,960	+134.0



# SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Volume of production, employment, and trade was sustained in June at the May level, although usually there is a decline at this season. Wholesale prices of commodities advanced between the middle of May and the third week of July, reflecting in part the effects of the drought.

## PRODUCTION AND EMPLOYMENT

The Board's seasonally adjusted index of industrial production increased from 101 per cent of the 1923-25 average in May to 103 per cent in June. Steel production continued at about 70 per cent of capacity in June and the first three weeks of July, although a considerable decline is usual at this season. Output of automobiles declined seasonally. The cut of lumber showed a seasonal rise in June following a substantial increase in the preceding month. Production increased at woolen mills and was sustained at cotton mills where a decline is usual in June. Output of foods increased. Factory employment and payrolls showed a slight increase between the middle of May and the middle of June, contrary to seasonal tendency. Steel mills and plants producing machinery employed more workers, and at automobile factories there was less than the seasonal decline. At textile mills employment was unchanged, although a decline is usual in June, while the clothing industries reported a decrease in the number employed. Total value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased somewhat from May to June and continued to be substantially larger than a year ago. There was a further increase in residential building.

## AGRICULTURE

Crop estimates by the Department of Agriculture on the basis of July 1 conditions indicated little change from last year for wheat and corn and considerable declines for oats, hay, potatoes, and tobacco. Since July 1 prospects have been reduced by extreme drought over wide areas. Cotton area in cultivation on July 1 was estimated by the Department of Agriculture at 30,600,000 acres compared with 27,900,000 acres last year, and an average of 41,400,000 acres in the years 1928-1932.

## DISTRIBUTION

Freight-car loadings increased seasonally in June, and the distribution of commodities to consumers was maintained at the May level. In recent months retail trade as measured by sales of automobiles and by the volume of business of department, variety, and mail order stores has expanded considerably.

## COMMODITY PRICES

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced by about 3 per cent between the middle of May and the third week of July, following a decline of about the same amount earlier in the year. Prices of wheat, flour, feed grains, and dairy products advanced sharply, owing primarily to the drought, and there were increases also in the prices of hogs and pork, cotton and cotton textiles, silk, rubber, copper, and finished steel.

## BANK CREDIT

Gold imports, which had been in large volume in May and June, declined in July. Funds held by the Treasury as cash and on deposit with Federal Reserve banks declined, as the result of disbursements in connection with the cashing of veterans' service bonds. Consequently reserve balances of member banks, which had declined in June, rose once more to their previous level. Total loans and investments of reporting member banks in leading cities, after increasing sharply at the end of May and the early part of June, declined somewhat in the four weeks ending July 15, reflecting largely a reduction in loans to security brokers and dealers in New York City. Balances held for domestic banks increased by \$800,000,000 during the period, as a consequence of redeposit with reporting banks of a considerable part of funds acquired by banks through Treasury disbursements.