Monthly Business Review

OF THE **FEDERAL RESERVE BANK** OF DALLAS

(Compiled September 15, 1936)

Volume 21, No. 8 — Dallas, Texas, October 1, 1936 — This copy is released for publication in morning papers— Oct. 1

DISTRICT SUMMARY

THE SITUATION AT A GLANCE
Eleventh Federal Reserve District

	August 1936	Change from July
Bank debits to individual accounts (at 18 cities)	$708,804,000	— 6.4%
Department store sales	....	+ 9.0%
Reserve bank loans to member banks at end of month	$ 729,120	+$344,190
Building permit valuation at larger centers	$ 4,661,117	+ 16.9%
Commercial failures (number)	20	+ 8
Commercial failures (liabilities)	$ 270,000	+$207,000
Oil production (barrels)	41,117,050	+ 2.2%

A generally active demand for merchandise at retail and wholesale was in evidence in this district during August. The dollar volume of department store sales in principal cities reflected an expansion of 9 per cent as compared with the previous month, and recorded a gain of 18 per cent over the same month last year. The increase from July to August was larger than the average and this bank's adjusted index of department store sales rose to 107.2 per cent of 1923-25 average, the highest figure reached since early in 1930. The combined sales of reporting wholesale firms in five lines of trade were 18 per cent higher than in July, and 18 per cent greater than in August, 1935. Debits to individual accounts at banks in larger centers declined 6 per cent in August as compared with the previous month, but they were 9 per cent larger than in August last year.

Offsetting to some extent the favorable trade situation was the sharp deterioration in the condition of ranges and growing crops which followed in the wake of the drought and intense heat prevailing over most of the district during August. According to the September 1 report of the Department of Agriculture, the prospective yields of some crops were materially reduced. Of major importance was the reduction of 871,000 bales in the indicated production of cotton in this district between August 1 and September 1. While the moderate to excessive rains which fell late in August and the first half of September have relieved the drought in most areas and will be beneficial to late maturing crops, the effect upon the cotton crop is still problematical. Livestock ranges are greening and should provide fair to good fall and winter pasturage.

The loans of reporting member banks in leading cities reflected a further seasonal expansion during the four-week period ended September 9, and on that date amounted to $211,695,000. This figure was $19,193,000 higher than the mid-summer low figure on July 15, and $32,083,000 higher than on the corresponding date a year ago. Practically all of the expansion during the eight weeks occurred in "all other" loans which includes loans for agricultural, commercial, and industrial purposes, as the increase in loans on securities amounted to only $1,069,000. During the eight-week period these banks reduced their investments $7,534,000. Federal Reserve Bank loans to member banks continued in relatively small volume, the total on September 15 being $523,000 as compared with $597,000 on August 15, and $643,000 on the corresponding date last year. The fifty per cent increase in member banks' reserve requirements, which became effective August 15, necessitated only a very moderate amount of borrowing from the Federal Reserve Bank of Dallas and its branches. Only seven member banks used reserve bank credit to adjust their position to the new requirements, and the aggregate amount so used was approximately $100,000. A comparison of the reserve position of the district's member banks immediately before and immediately after the higher requirements went into effect indicates that the higher requirements were followed by a net decrease of only twenty-five per cent in the aggregate amount of excess reserves carried by the member banks.

The volume of construction work increased somewhat in August and continued at a relatively high level. The valuation of building permits issued at principal cities was 17 per cent greater than in July, and exceeded by 3 per cent the large total of August, 1935. The total for the eight months of the current year was about double that in the corresponding period last year, and was the largest for any similar period since 1930.

BUSINESS

Wholesale Trade

The volume of business handled during August by reporting firms in the five lines of wholesale trade investigated by this bank reflected a substantial increase over both the previous month and the corresponding month last year. While the increases in sales from July to August in most lines were smaller than the average changes at this season, due in part to the heavier purchases earlier in the season, business was maintained at a relatively high level. Inventories at wholesale establishments at the close of August were moderately larger than a month earlier and substantially greater than those a year ago. Collections showed little change from July to August.

Coincident with the opening of the fall marketing season, the demand for dry goods at wholesale reflected a noticeable expansion. Sales of reporting firms were 56.0 per cent larger than in July and exceeded those of August last year by 23.8 per cent. The increased volume of business was well distributed over the district. Collections during August were in about the same volume as in July.

The sales of reporting wholesale grocery firms evidenced a further expansion of 1.8 per cent as compared with July, and were 12.4 per cent larger than in August last year. While the gain from July to August was less than usual at this season, there was a substantial non-seasonal gain in July. Wholesalers increased their stocks 8.1 per cent during August, and at the close of the month inventories were 13.1 per cent higher than a year ago.

While the trend of the wholesale hardware business continued upward during the past month, business was somewhat spotty. Sales of reporting firms were 3.0 per cent higher than in July, and exceeded the volume of August, 1935, by 19.6 per cent. August collections were in approximately the same volume as in the previous month.

Following the decline in July, the wholesale farm implement business showed a large increase in August. Sales were 78.2 per cent larger than in the previous month, and evidenced a gain of 46.5 per cent over the same month last year. The gain over a year ago is more impressive by reason of the fact that business was very active in August, 1935.

The distribution of drugs at wholesale showed an expansion of 2.2 per cent from July to August, and was 7.6 per cent larger than a year ago. While the comparison with a year ago was much less favorable than in other months of the current year, it was due in large part to the fact that the insecticide business was very small in August this year and was very heavy in that month of 1935. Late reports indicate that business in the first half of September was very active.

CONDITION OF WHOLESALE TRADE DURING AUGUST, 1936

Percentage of increase or decrease in—

	Net Sales Aug., 1936 compared with August 1935	Net Sales Aug., 1936 compared with July 1936	Net Sales July 1 to date compared with same period last year	Stocks Aug. 31, 1936 compared with Aug. 31, 1935	Stocks Aug. 31, 1936 compared with July 31, 1936	Ratio of collections during August to accounts and notes outstanding on July 31
Groceries	+12.4	+ 1.8	+12.4	+13.1	+ 8.1	81.3
Dry goods	+23.8	+56.0	+26.2	+ 9.0	+ 1.2	36.6
Farm implements	+46.5	+78.2	+34.6	+ 7.1	— 2.7	6.9
Hardware	+19.6	+ 3.0	+23.2	+ 8.9	+ 3.5	47.8
Drugs	+ 7.6	+ 2.2	+13.7	+26.5	+ 2.6	61.5

Retail Trade

Retail distribution in the principal cities of this district broadened considerably during the past month. The sales of reporting department stores registered a gain of 9.0 per cent as compared with the previous month, and were 18.2 per cent higher than in the corresponding month of 1935. August this year had one less business day than the same month last year. The adjusted index of department store sales, which makes allowances for average seasonal changes, increased from 101.6 per cent of the 1923-25 average in July to 107.2 per cent in August. The index figure for August, 1935, was 88.3 per cent. Sales thus far this year averaged 17.3 per cent greater than those for the corresponding period last year.

Reflecting the purchases of fall merchandise, stocks on hand at department stores on August 31 were 15.5 per cent larger than a month earlier. Inventories were also 9.4 per cent higher than a year ago. The rate of stock turnover during the first eight months of 1936 was 2.19, as compared with 1.99 in the same period of 1935.

Collections reflected a seasonal decline in August. The ratio of August collections to regular accounts outstanding on August 1 was 36.9 per cent, as compared with 40.8 per cent in July, and 35.7 per cent in August last year. There was also a decline in collections on installment accounts.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total Dis't.
Total sales (percentage):						
August, 1936, compared with August, 1935	+ 21.2	+ 14.3	+ 14.1	+ 22.5	+ 15.2	+ 18.2
August, 1936, compared with July, 1936	+ 14.1	+ .3	+ 6.8	+ 10.8	+ 5.9	+ 9.0
January 1 to August 31, 1936, compared with same period last year	+ 19.1	+ 20.4	+ 12.3	+ 20.1	+ 14.3	+ 17.3
Credit sales (percentage):						
August, 1936, compared with August, 1935	+ 17.9	+ 11.5	+ 19.1	+ 20.2	+ 13.4	+ 17.0
August, 1936, compared with July, 1936	+ 19.9	— 1.3	+ 11.7	+ 14.0	+ 16.8	+ 14.3
January 1 to August 31, 1936, compared with same period last year	+ 19.2	+ 18.8	+ 15.9	+ 20.1	+ 12.7	+ 17.8
Stocks on hand at end of month (percentage):						
August, 1936, compared with August, 1935	+ 15.7	+ 5.6	+ 8.2	+ 3.7	+ 6.1	+ 9.4
August, 1936, compared with July, 1936	+ 17.7	+ 9.5	+ 20.2	+ 14.8	+ 13.7	+ 15.5
Stock turnover (rate):						
Rate of stock turnover in August, 1935	.28	.22	.23	.26	.19	.24
Rate of stock turnover in August, 1936	.29	.23	.24	.30	.21	.26
Rate of stock turnover January 1, to August 31, 1935	2.28	1.72	1.88	2.20	1.65	1.99
Rate of stock turnover January 1, to August 31, 1936	2.42	2.00	2.12	2.43	1.83	2.19
Rate of August collections to open accounts receivable and outstanding August 1, 1936	38.1	31.8	39.3	40.5	33.5	36.9
Ratio of August collections to installment accounts receivable and outstanding August 1, 1936	15.0	9.9	......	14.0	14.6	13.6
Indexes of department store sales:						
Unadjusted—July, 1936	76.0	79.4	71.7	66.0	......	71.1
Unadjusted—August, 1936	85.0	79.1	74.7	72.1	......	77.2
Adjusted—July, 1936	113.4	105.9	102.4	97.1	......	101.6
Adjusted—August, 1936	118.1	111.4	108.3	101.5	......	107.2
Indexes of department store stocks:						
Unadjusted—July, 1936	52.2	62.2	36.6	44.6	......	54.0
Unadjusted—August, 1936	62.5	68.2	42.5	48.1	......	61.9
Adjusted—July, 1936	56.1	67.6	41.1	51.3	......	59.3
Adjusted—August, 1936	60.1	66.9	41.7	48.6	......	60.7

Commercial Failures Commercial failures in the Eleventh Federal Reserve District, after declining to a low level in July, showed a substantial increase in August. Dun & Bradstreet, Incorporated, reported that there were 20 failures in August with liabilities of $270,000, as compared with 12 defaults in July with an indebtedness of $63,000. However, the August figures were much more favorable than those in the corresponding month of 1935 when 36 insolvencies occurred having total liabilities of $1,070,000.

AGRICULTURE

Crop Conditions Weather conditions during August were unfavorable to growing crops over the major portion of the Eleventh District. The dry weather and extremely high temperatures caused a decline in the prospective production of some crops with the most marked deterioration occurring in the condition of farm pastures, late feed crops, and cotton. The Department of Agriculture reported that the indicated yield per acre of 33 important crops combined, September 1, 1936 (expressed as a percentage of the 1921-30 average yield) was as follows for states wholly or partially attached to this district: Texas—92; Louisiana—119; Oklahoma—48; New Mexico—99; and Arizona—114. While the figures for all the above states reflect a decline from those a month earlier, the most marked deterioration occurred in Texas and Oklahoma where declines of 20 and 15 points, respectively, occurred. Since late in August, light to heavy rains have fallen in practically all sections of the district, but more rain is needed in the drier areas. The improved moisture situation will be beneficial to late maturing crops and farm pastures, and will facilitate the seeding of small grains.

The condition of the cotton crop in this district reflected a marked decline during August, and the indicated production on September 1 was considerably smaller than the August 1 forecast. The drought and hot weather caused much shedding and premature opening. The production for the Eleventh District, as compiled by the Board of Governors of the Federal Reserve System, from estimates by states as of September 1, by the Department of Agriculture, was placed at 3,697,000 bales as compared with an estimate of 4,568,000 bales on August 1, and an actual production of 3,569,000 bales in 1935. The Texas crop was forecast by the Department of Agriculture at 3,036,000 bales on September 1, as compared with 3,850,000 bales on August 1, and an actual outturn of 2,956,000 bales last year. The indicated per acre yield was reduced from 155 pounds on August 1 to 123 pounds on September 1. The latter figure is 10 pounds lower than the actual yield in 1935 and 16 pounds below the ten-year average yield. While the condition of the crop declined in all districts of the State, it was most pronounced in the northern half. In Oklahoma, the 24 per cent condition on September 1 indicated a per acre yield of only 50 pounds and a total production of 239,000 bales. Actual production in 1935 amounted to 567,000 bales. Despite the decline in the condition of the crop during August in Louisiana, New Mexico, and Arizona, the September 1 forecast indicated a better than average yield for these states. Ginnings prior to September 1, as reported by the Bureau of Census, were as follows: Arizona—4,913 bales; Louisiana—181,092 bales; Oklahoma—14,541 bales; and Texas—460,168 bales.

Prospects for grain sorghums on September 1 were considerably less favorable than a month earlier. The Department of Agriculture placed the crop in Texas at 33,820,000 bushels on September 1, as compared with a forecast of 49,840,000 bushels on August 1, and a harvest of 60,075,000 bushels in 1935. Substantial reductions as compared with a month ago were also forecast for New Mexico and Oklahoma. The Texas corn crop on September 1 was forecast at 66,061,000 bushels, and the indicated yield per acre was 15.5 bushels. This was 2,131,000 bushels lower than the August 1 estimate. In 1935, there was a per acre yield of 19.5 bushels and a total production of 89,368,000 bushels. Moderate declines during August were also reported for Louisiana, Oklahoma, and New Mexico. While prospects for hay crops on September 1 were less favorable than a month earlier, the estimated production is larger than the 1935 harvest.

The Department of Agriculture estimated the production of rice in Texas at 10,764,000 bushels on September 1, as compared with 10,557,000 bushels on August 1 and an output of 8,840,000 bushels in 1935. The Texas sweet potato crop was forecast at 4,575,000 bushels on September 1, which compares with a harvest of 6,300,000 bushels last year. The initial estimate for production of peanuts (for nuts) in Texas was 94,050,000 pounds, as compared with a harvest of 109,250,000 pounds in 1935 on a smaller acreage. The crop in Louisiana and Oklahoma was forecast at 8,000,000 pounds and 17,280,000 pounds, respectively. The pecan crop in Texas and Oklahoma is exceedingly poor this year. The forecast is for a crop of 9,000,000 pounds in Texas and 1,000,000 pounds in Oklahoma, whereas the combined production of these two states in 1935 was 69,000,000 pounds. The Louisiana forecast of 4,600,000 pounds is slightly larger than last year's harvest.

Livestock The unusually high temperatures and the lack of moisture in most areas of this district during the first three weeks of August were very detrimental to ranges, and caused a decline in the condition of livestock. The most serious effects were in the northern half of Texas, southeastern Arizona, and portions of eastern and southwestern New Mexico where poor to only fair feed supplies were available. In other sections, matured range grass and other feed supplies were generally ample. Since late in August light to heavy rains have fallen in most sections of the range territory, which have relieved the shortage of stock water and started a new growth of range vegetation. More rain, however, is needed in the north-central area of Texas and in the drier portions of New Mexico and Arizona. Despite the effects of the intense heat and dry weather, livestock remained in fair to good condition and should mend rapidly with an improvement in range conditions.

The Department of Agriculture reported that range conditions in Texas declined ten points during August. The

September 1 condition of cattle ranges was 75 per cent of normal, which was 5 points lower than a year ago and 2 points below the ten-year average. While the condition of sheep and goat ranges was 4 points lower than on the same date last year, it was 1 point higher than the ten-year average. There was a decline of 6 points in the condition of cattle, and the 82 per cent rating on September 1 was 2 points lower than a year earlier. The condition of sheep declined from 85 per cent on August 1 to 81 per cent on September 1, and the latter figure compares with 86 per cent on the same date last year. Goats declined 3 points during August and on September 1 the condition figure was 2 points lower than a year earlier.

Movements and Prices Substantially increased supplies of cattle and calves arrived at the Fort Worth market during August. Receipts, however, were considerably smaller than in the corresponding month of 1935. The supply of hogs was in about the same volume as in July, but was noticeably below that a year ago. The receipts of sheep reflected a large increase over the previous month and the same month last year.

The market for most classes of cattle during the past month was generally steady to slightly higher. Prices for the best quality of hogs reached a top of $11.20 during the third week in August, but the advance was cancelled before the end of the month. At the middle of September the best offerings were bringing $10.40, which was $0.35 lower than the price obtaining on August 15. Sheep and lamb prices reflected a gradual decline during August, but part of the loss was regained during the first half of September.

FORT WORTH LIVESTOCK RECEIPTS
(Number)

	August 1936	August 1935	Change over year	July 1936	Change over month
Cattle	48,267	79,336	—31,069	42,496	+ 5,771
Calves	32,390	36,060	— 3,670	21,191	+11,199
Hogs	18,004	22,432	— 4,428	18,104	— 100
Sheep	72,860	45,592	+27,268	37,121	+35,739

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	August 1936	August 1935	July 1936
Beef steers	$ 8.00	$10.50	$ 7.75
Stocker steers	6.50	7.25	7.00
Heifers and yearlings	8.10	9.50	9.00
Butcher cows	5.00	5.00	5.10
Calves	6.10	7.25	7.25
Hogs	11.20	11.85	10.40
Sheep	5.25	4.25	6.00
Lambs	8.75	8.00	9.00

FINANCE

Operations of the Federal Reserve Bank Member bank borrowings at the Federal Reserve Bank, which amounted to $385,000 on July 31, increased gradually during August, reaching a peak of $747,000 on August 24. Subsequent liquidation brought these borrowings down to $523,000 on September 15, as compared with borrowings of $643,000 on the corresponding date in 1935. The increased borrowings during August were due in part to a seasonal demand for credit and in part to the increase of 50 per cent in the reserve requirements of member banks, which became effective at the close of business on August 15. The increase in reserve requirements, however, had a very negligible immediate effect on the use of this bank's rediscount facilities, as it appears that only seven of the 553 member banks in the district found it necessary to borrow from the Federal Reserve Bank for the purpose of meeting the higher reserve requirements, their aggregate borrowings for this purpose being estimated to amount to only $100,000. During the period from August 1 to August 15, inclusive, the actual reserves maintained by member banks at the Federal Reserve Bank averaged $135,344,000 as compared with average required reserves of $61,923,000. In the subsequent sixteen-day period, actual reserves averaged $149,549,000, as compared with average required reserves of $94,390,000. Between the two periods, there was an increase of $32,467,000 in average required reserves, an increase of $14,205,000 in average reserves carried, and a decrease of $18,262,000 (approximately 25 per cent) in estimated excess reserves. Federal Reserve notes in actual circulation, after remaining generally steady at about $85,000,000 during the last half of August, reflected a seasonal expansion during the subsequent two weeks and stood at $88,641,000 on September 15. On the corresponding date in 1935, the circulation of these notes amounted to $60,843,000.

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

	Sept. 15, 1936	Sept. 15, 1935	Aug. 15, 1936
Total cash reserves	$169,222	$111,375	$168,905
Discounts for member banks	523	643	597
Other bills discounted	None	None	None
Industrial advances	1,542	1,826	1,560
Commitments to make industrial advances	508	428	536
Bills bought in the open market	87	122	87
United States Government securities owned	93,570	76,475	93,570
All other investments	8	None	None
Total earning assets	95,730	79,066	95,814
Member bank reserve deposits	146,131	108,702	144,110
Federal Reserve notes in actual circulation	88,641	60,843	84,628

Condition of Member Banks in Leading Cities. The seasonal demand for credit in this district was reflected in a further expansion in the loans of reporting member banks in leading cities during the four weeks ended September 9. Total loans of these banks at the end of the period amounted to $211,695,000, which was $8,094,000 greater than four weeks earlier, and $32,083,000 in excess of those on the corresponding date in 1935. Loans on securities rose $1,458,000 between August 12 and September 9, and "all other" loans (agricultural, commercial, and industrial loans) reflected an expansion of $6,636,000. As compared with a year ago, there was an increase of $2,749,000 in the former classification and $29,334,000 in the latter classification. The investments of these banks in the direct obligations of the United States were reduced $8,411,000 between August 12 and September 9, but this reduction was partially offset by an increase of $4,960,000 in the holdings of fully guaranteed obligations. The combined holdings of these securities on September 9 were $15,927,000 greater than a year ago. Investments in other securities declined $677,000 during the four weeks, but holdings on September 9 exceeded those on the corresponding date last year by $5,745,000. The demand deposits-adjusted of these banks amounted to $362,573,000 on September 9, which represents a gain of $1,011,000 during the four weeks and $45,066,000 over those on September 11, 1935. Time deposits, while slightly higher than on August 12, were $1,089,000 lower than a year ago. Between August 12 and September 9, interbank deposits rose $5,610,000, but their balances with other banks were reduced $2,695,000. The reserve deposits of these banks with the Federal Reserve Bank totaled $95,845,000 on September 9, which was $7,097,000 greater than on August 12, and $28,588,000 higher than a year ago.

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

	Sept. 9, 1936	Sept. 11, 1935	Aug. 12, 1936
United States securities (owned)	$181,503	$157,489	$189,914
Securities fully guaranteed by United States Government (owned)	36,323	44,410	31,363
All other stocks, bonds, and securities (owned)	47,992	42,247	48,669
Loans on securities	44,340	41,591	42,882
All other loans	167,355	138,021	160,719
Total loans	211,695	179,612	203,601
Demand deposits—adjusted*	362,573	317,507	361,562
Time deposits	120,359	121,448	120,155
United States Government deposits	37,040	18,735	37,174
Interbank deposits	186,426	138,432	180,816
Balances with domestic banks	177,286	145,782	179,981
Reserve with Federal Reserve Bank	95,845	67,257	88,748
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.

Deposits of Member Banks The demand deposits-adjusted of member banks in the Eleventh District rose $35,270,000 between March 4 and June 30, 1936. The increase at reserve city banks amounted to $26,729,000 and that at country banks totaled $8,541,000. During the same period there was an increase of $4,035,000 in time deposits, representing a gain of $1,681,000 at reserve city banks and $2,354,000 at country banks.

DEPOSITS OF MEMBER BANKS
(In thousands of dollars)

	Combined Total		Reserve City Banks		Country Banks (2)	
Call dates:	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
June 30, 1936	697,486	200,661	327,353	110,966	370,133	89,695

(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.

Acceptance Market There was a further increase during the past month in the volume of outstanding bankers' acceptances executed by accepting banks in this district. The total on August 31 amounted to $651,384, as compared with $600,116 on July 31, and $653,466 on the corresponding date in 1935. The increase during the month occurred in acceptances based on the domestic shipment and storage of goods.

Debits to Individual Accounts A general decline in the volume of debits to individual accounts at banks in eighteen reporting centers in the Eleventh District occurred during the past month. The volume for August aggregated $708,804,000, which represents a recession of 6.4 per cent as compared with July, but a gain of 8.6 per cent as compared with the same month last year.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	August 1936	August 1935	Pctg. change over year	July 1936	Pctg. change over month
Abilene	$ 6,969	$ 5,207	+33.8	$ 7,466	— 6.7
Austin	22,701	23,695	— 4.2	25,024	— 9.3
Beaumont	20,099	27,203	—26.1	21,683	— 7.3
Corsicana	2,847	2,250	+26.5	2,818	+ 1.0
Dallas	201,240	173,407	+16.1	218,477	— 7.9
El Paso	21,789	18,488	+17.9	23,221	— 6.2
Fort Worth	71,364	64,505	+10.6	80,016	—10.8
Galveston	22,460	20,586	+ 9.1	24,860	— 9.7
Houston	175,492	167,732	+ 4.6	180,601	— 2.8
Port Arthur	7,701	6,264	+22.9	8,066	— 4.5
Roswell	2,548	2,387	+ 6.7	2,708	— 5.9
San Antonio	59,914	64,241	— 6.7	62,318	— 3.9
Shreveport	40,143	28,745	+39.7	40,583	— 1.1
Texarkana*	6,193	5,688	+ 8.9	6,312	— 1.9
Tucson	8,361	6,869	+21.7	9,954	—16.0
Tyler	14,099	10,460	+34.8	15,254	— 7.6
Waco	12,257	11,185	+ 9.6	12,737	— 3.8
Wichita Falls	12,627	13,742	— 8.1	14,903	—15.3
Total	$708,804	$652,654	+ 8.6	$757,001	— 6.4

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

Savings Deposits Reports from 124 banks in this district which operate savings departments show that savings deposits on August 31 totaled $157,066,500. This figure was 0.4 per cent higher than on July 31, and 2.9 per cent larger than on August 31, 1935. The number of savings depositors in 112 of these banks was 341,692 on August 31, as compared with 339,379 a month earlier, and 327,644 a year ago.

SAVINGS DEPOSITS

		August 31, 1936		August 31, 1935			July 31, 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	9,100	$ 3,593,465	9,082	$ 3,623,438	— .8	8,943	$ 3,555,707	+ 1.1
Dallas	9*	80,512	26,072,349	76,905	25,641,516	+ 1.7	80,116	25,831,620	+ .9
El Paso	2	13,149	6,883,097	11,660	5,714,585	+20.4	13,041	6,782,369	+ 1.5
Fort Worth	3	36,625	12,231,863	34,982	11,192,909	+ 9.3	36,118	12,188,454	+ .4
Galveston	4	17,391	10,768,059	16,978	10,375,893	+ 3.8	17,339	10,693,044	+ .7
Houston	11*	68,300	30,010,910	66,862	32,029,339	— 6.3	68,054	30,155,757	— .5
Port Arthur	2	5,335	2,314,683	5,371	2,113,698	+ 9.5	5,210	2,287,605	+ 1.2
San Antonio	6*	19,982	18,072,221	17,794	16,423,872	+10.0	19,628	17,866,517	+ 1.2
Shreveport	3	23,684	10,979,851	22,282	10,614,287	+ 3.4	23,608	10,837,155	+ 1.3
Waco	3	9,543	5,449,669	9,852	6,283,471	—13.3	9,529	5,481,346	— .6
Wichita Falls	3	6,485	3,440,364	6,096	3,144,691	+ 9.4	6,462	3,427,077	+ .4
All others	75*	51,586	27,249,969	49,780	25,453,602	+ 7.1	51,331	27,317,712	— .2
Total	124	341,692	$157,066,500	327,644	$152,611,301	+ 2.9	339,379	$156,424,363	+ .4

*Only 8 banks in Dallas, 10 in Houston, 5 in San Antonio, and 66 banks in "All others" reported the number of savings depositors.

DISCOUNT RATES CHARGED BY MEMBER BANKS DURING SEPTEMBER

Prevailing Rates

	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	2–8	5–8	1½–6	4–7	3–7	6
Rate charged on loans to other banks secured by bills receivable	5	4–5	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	4	5–8	4–10	3–7	6–7	6–8
Time	4–8	5–8	4–10	3–7	5–8	6–8
Rate charged on commodity paper secured by warehouse receipts, etc.	2–8	6–8	5–8	2–7	5–8	3–7
Rate on cattle loans	7–8	5–8	5–10	7–10	7–8	8

INDUSTRY

Cottonseed Products

Reflecting the movement of the 1936 cotton crop, the August receipts of cottonseed at cottonseed oil mills reflected a sharp increase over the previous month, and were materially larger than in the same month last year. The volume of cottonseed crushed at Texas mills was about the same as in August, 1935. At all United States mills the crushing of seed and the production of products were on a smaller scale than a year ago. Supplies of crude oil on hand at United States mills increased during the month and on August 31 were larger than a year earlier. Stocks of cake and meal, hulls, and linters at the end of the month were smaller than on July 31, and were sharply lower than on the same date in 1935.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to August 31		August 1 to August 31	
	This season	Last season	This season	Last season
Cottonseed received at mills (tons)	81,280	68,636	252,834	201,921
Cottonseed crushed (tons)	43,224	43,141	102,451	143,385
Cottonseed on hand Aug. 31 (tons)	45,437	47,907	168,145	148,111
Crude oil produced (lbs.)	12,406,942	....	29,768,952	43,122,688
Cake and meal produced (tons)	20,536	....	46,774	64,597
Hulls produced (tons)	10,929	....	27,615	38,273
Linters produced (running bales)	8,499	....	22,109	28,470
Stocks on hand Aug. 31:				
Crude oil (pounds)	4,336,174	....	15,289,516	12,157,239
Cake and meal (tons)	8,656	....	45,561	177,489
Hulls (tons)	10,268	....	24,872	71,037
Linters (running bales)	12,995	....	37,100	61,219

Source: Bureau of Census.

Textile Milling

While the domestic consumption of cotton declined from 603,203 bales in July to 574,289 bales in August, it remained at a relatively high level. The August figure was 40.6 per cent larger than that for the same month last year, and with the exception of 1933, was higher than for any August in recent years. Mill purchases of raw cotton were on a smaller scale than consumption with the result that stocks on hand at the end of August were 16.2 per cent lower than on July 31, but they were 16.0 per cent higher than a year earlier.

COTTON CONSUMED AND ON HAND

(Bales)

	August 1936	August 1935	August 1 to August 31 This season	Last season
Cotton-growing states:				
Cotton consumed	480,546	342,899	480,546	342,899
Cotton on hand Aug. 31 in—				
Consuming establishments	....	....	580,818	481,354
Public storage and compresses	....	....	4,300,101	5,765,393
United States:				
Cotton consumed	574,289	408,325	574,289	408,325
Cotton on hand Aug. 31 in—				
Consuming establishments	....	....	752,219	648,533
Public storage and compresses	....	....	4,336,724	5,895,412

Source: Bureau of Census.

Cotton Movements

The receipts of cotton at the ports of Houston and Galveston showed a noticeable pickup in August as the marketing of the 1936 crop got well under way, but the movement of cotton to these concentration points was considerably smaller than in August, 1935. While exports from these ports reflected a further decline from those in the previous month, they were larger than in the corresponding month last year. Stocks of cotton at these ports on August 31 were smaller than those a month earlier.

The exports of cotton from all United States ports increased from 156,262 bales in July to 182,487 bales in August, but the latter figure was 24.4 per cent smaller than in the corresponding month of 1935 and was the lowest for any August since 1920. While August exports of cotton to the United Kingdom exceeded those of a year ago by a substantial margin, shipments to Japan, Germany, Italy, and France reflected a noticeable decline.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

(Bales)

	August 1936	August 1935	August 1 to August 31 This season	Last season
Receipts	36,813	81,414	36,813	81,414
Exports	46,717	18,823	46,717	18,823
Stocks, August 31	....	....	352,291	287,244

COTTON—GALVESTON STOCK STATEMENT

(Bales)

	August 31, 1936	August 31, 1935
For Great Britain	300	200
For France	400	900
For other foreign ports	3,400	2,900
For coastwise ports	2,000	500
In compresses and depots	346,191	282,744
Total	352,291	287,244

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

(Bales)

	August 1936	August 1935	August 1 to August 31 This season	Last season
Receipts	36,488	48,859	36,488	48,859
Exports	48,924	47,303	48,924	47,303
Stocks, August 31	....	....	168,234	311,922

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

(Bales)

	August 1 to August 31 This season	Last season
Receipts	386,507	422,969
Exports:		
United Kingdom	61,159	41,474
France	29,968	34,052
Italy	10,922	22,990
Germany	18,216	28,275
Other Europe	25,819	43,553
Japan	24,215	57,220
All other countries	12,188	13,920
Total exports	182,487	241,484
Stocks held at all United States ports, Aug. 31	1,314,099	1,224,454

SPOT COTTON PRICES
Middling Basis
(Cents per pound)

	August, 1936 High	August, 1936 Low	Sept. 15, 1936
New York	12.89	11.70	12.40
New Orleans	12.71	11.68	12.38
Dallas	12.34	11.27	11.85
Houston	12.64	11.65	12.29
Galveston	12.61	11.69	12.35

Petroleum A general expansion in the production of crude oil in the Eleventh Federal Reserve District occurred during August. The output for the month totaled 41,117,050 barrels, as compared with 40,230,250 barrels in July, and 33,904,000 barrels in August, 1935. The daily average production of 1,326,356 barrels exceeded that in July by 28,606 barrels, and was 232,679 barrels higher than in the corresponding month last year. The rate of drilling activity showed no material change. During the five-week period ending August 29, 1,382 wells were completed, which included 1,061 oil producers having an initial flow of 1,631,834 barrels. There were 1,060 wells completed during the four weeks ended July 25, of which 795 were successful with an initial flow of 1,321,527 barrels.

The daily average production from Texas fields amounted to 1,166,564 barrels in August, as compared with 1,142,690 barrels in July, and 1,014,092 barrels in August, 1935. While all fields participated in the gains over the previous month, the largest increases occurred in the Texas Coastal and east Texas fields. Production in north Louisiana and New Mexico reflected a further expansion over the previous month and was materially higher than a year ago.

OIL PRODUCTION
(Barrels)

	August, 1936 Total	August, 1936 Daily Avg.	Increase or decrease over July, 1936 Total	Increase or decrease over July, 1936 Daily Avg.
North Texas	3,807,350	122,818	+ 58,000	+ 1,871
West Texas	6,417,250	207,008	+ 65,050	+ 2,098
East Texas	15,259,500	492,242	+ 296,000	+ 9,549
South Texas	2,677,950	86,385	+ 58,600	+ 1,890
Texas Coastal	8,001,450	258,111	+ 262,450	+ 8,466
Total Texas	36,163,500	1,166,564	+ 740,100	+23,874
New Mexico	2,416,350	77,947	+ 122,200	+ 3,942
North Louisiana	2,537,200	81,845	+ 24,500	+ 790
Total District	41,117,050	1,326,356	+ 886,800	+28,606

AUGUST DRILLING RESULTS

	Completions	Producers	Gas Wells	Failures	Initial Production
North Texas	273	156	12	105	37,436
West Texas	211	161	5	45	207,190
East Texas	351	325	1	25	1,096,522
South Texas	310	240	14	56	106,324
Texas Coastal	119	85	5	29	32,400
Total Texas	1,264	967	37	260	1,479,872
New Mexico	57	55	....	2	97,602
North Louisiana	61	39	14	8	54,360
*August totals, District	1,382	1,061	51	270	1,631,834
**July totals, District	1,060	795	28	237	1,321,527

*August figures represent five weeks ended August 29, 1936.
**July figures represent four weeks ended July 25, 1936.

CRUDE OIL PRICES
(Price per barrel)

	Sept. 11, 1936	Sept. 13, 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 of Portland cement at Texas mills during August amounted to 581,000 barrels, which was 29.4 per cent larger than in July and 122.6 per cent greater than that in the same month of 1935. August shipments of 509,000 barrels exceeded those in the previous month by 2.6 per cent, and were 43.8 per cent higher than a year ago. Production and shipments during the first eight months of the year averaged 50.2 per cent and 55.2 per cent, respectively, greater than those in the corresponding period of 1935. While stocks on hand at the mills at the close of August were 14.0 per cent above those on July 31, they were 8.4 per cent lower than a year earlier.

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

	August 1936	Percentage change from August 1935	Percentage change from July 1936	January 1 through Aug. 31, 1936	Percentage change over year
Production at Texas mills	581	+122.6	+29.4	3,757	+50.2
Shipments from Texas mills	509	+ 43.8	+ 2.6	3,913	+55.2
Stocks at end of month at Texas mills	587	— 8.4	+14.0	....	......

Source: United States Bureau of Mines.

Building The estimated value of building permits issued in fourteen cities in the Eleventh District amounted to $4,661,117 during August. This total was 16.9 per cent greater than that in the previous month, and 2.8 per cent above the large volume of August, 1935. Permits issued at these cities during the first eight months of 1936 had a valuation of $40,905,678, which was slightly more than double the value of permits issued during the corresponding period of the previous year.

BUILDING PERMITS

	August, 1936 No.	August, 1936 Valuation	August, 1935 No.	August, 1935 Valuation	Pctg. change valuation over year	July, 1936 No.	July, 1936 Valuation	Pctg. change valuation over month	January 1 through August 31, 1936 No.	January 1 through August 31, 1936 Valuation	January 1 through August 31, 1935 No.	January 1 through August 31, 1935 Valuation	Pctg. change valuation over period
Amarillo	29	$ 69,141	33	$ 23,358	+196.0	28	$ 33,092	+108.9	238	$ 451,918	232	$ 184,533	+144.9
Austin	186	275,887	186	251,234	+ 9.8	179	249,546	+ 10.6	1,311	3,121,824	1,236	3,907,803	— 20.1
Beaumont	121	36,320	92	93,247	— 61.0	132	76,189	— 52.3	929	802,786	901	386,036	+108.0
Corpus Christi	137	818,572	48	33,040	*	157	162,572	+403.5	872	1,912,069	433	357,090	+435.5
Dallas	479	484,079	409	316,188	+ 53.1	516	422,980	+ 14.4	4,057	7,767,760	3,193	2,358,815	+229.3
El Paso	56	46,074	32	48,681	— 5.4	77	101,385	— 54.6	503	649,248	350	899,062	— 27.8
Fort Worth	172	815,585	146	545,080	+ 49.6	227	761,596	+ 7.1	1,312	6,539,140	925	2,147,630	+204.5
Galveston	106	67,166	122	48,843	+ 37.5	124	576,871	— 88.4	866	1,176,791	857	476,342	+147.0
Houston	400	1,007,748	298	765,380	+ 31.7	408	857,170	+ 17.5	2,996	12,440,451	2,048	4,345,746	+186.3
Port Arthur	177	86,140	73	189,482	— 54.5	187	111,825	— 23.0	1,063	663,878	590	446,134	+ 48.8
San Antonio	283	517,368	261	2,004,447	— 74.2	248	310,242	+ 66.8	1,980	3,083,460	5,241	3,357,150	— 8.2
Shreveport	122	372,578	124	138,413	+169.2	132	206,575	+ 80.4	976	1,545,029	1,053	850,049	+ 81.8
Waco	37	46,616	33	40,615	+ 14.8	35	90,428	— 48.4	291	468,143	227	349,308	+ 34.0
Wichita Falls	32	17,843	23	35,825	— 50.2	18	25,185	— 29.2	151	283,181	222	256,792	+ 10.3
Total	2,337	$4,661,117	1,880	$4,533,833	+ 2.8	2,468	$3,985,656	+ 16.9	17,545	$40,905,678	17,508	$20,322,490	+101.3

*Increase over one thousand per cent.

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Board of Governors of the Federal Reserve System as of September 25, 1936)

Industrial activity increased seasonally in August and there was a substantial increase in factory employment and payrolls. Commodity prices, which had advanced for three months, showed little change after the middle of August.

PRODUCTION AND EMPLOYMENT

The Board's index of industrial production, which makes allowance for usual seasonal movements, remained unchanged in August at 107 per cent of the 1923-1925 average. Output of steel increased by more than the seasonal amount and the higher level was maintained in the first three weeks of September. Production of automobiles was sharply reduced as plants were closed for inventory taking and for mechanical changes in connection with the introduction of new models. Output of nondurable manufactures increased further in August, reflecting chiefly continued expansion in activity at textile plants and shoe factories. At bituminous coal mines output increased less than is usual at this season and at anthracite mines production declined. Output of petroleum showed an increase.

Factory employment rose further between the middle of July and the middle of August by an amount larger than is usual at this season. There were substantial increases in working forces at establishments producing textiles and wearing apparel and smaller increases in most other lines, partly offset in the total by a decline in employment in the automobile industry. Factory payrolls increased.

Value of construction contracts, which had increased sharply in July, declined somewhat in August, according to the figures of the F. W. Dodge Corporation. The value of non-residential projects was smaller than in July but larger than in other recent months. Residential building increased considerably, reflecting a marked increase in contracts for apartments, several of which were publicly-financed projects. Awards for single-family houses, which have accounted for most of the increase in residential building during the past year and a half, showed little change in August.

AGRICULTURE

Department of Agriculture crop estimates based on September 1 conditions were about the same as the estimates made a month earlier, except for a sharp decline in prospects for cotton. Prospective output of leading crops, with the exception of cotton and winter wheat, is considerably smaller than last year, but, in comparison with the drought year 1934, it is larger, except for corn and potatoes.

DISTRIBUTION

Freight-car loadings of most classes of commodities showed about the usual seasonal increase from July to August. Shipments of grain, however, declined sharply and the increase in total loadings was less than seasonal. Department store sales increased by less than the usual amount and the Board's seasonally adjusted index was 86 per cent of the 1923-1925 average as compared with 91 per cent in July and 87 per cent in June.

COMMODITY PRICES

Wholesale commodity prices showed little change between the middle of August and the third week of September, following three months of advance. Prices of steel scrap and chemicals and drugs continued to advance and there were also increases in the prices of hides and nonferrous metals. There was a seasonal decline in hog prices. Cotton, which advanced in price early this month at the time of the official crop report, declined after the middle of the month.

BANK CREDIT

Demand deposits of reporting member banks in leading cities increased somewhat further in the four weeks ending September 16, reflecting gold imports, Treasury expenditures, and an increase in bank loans. Growth in loans was principally in so-called "other" loans which include loans to customers for agricultural, commercial, and industrial purposes. These loans are now at the highest level since early in 1933. Loans to security dealers showed an increase, as is usual, prior to flotation of the new issue of Treasury bonds on September 15. A part of the new Treasury issue was purchased by reporting banks, principally by drawing upon their balances with the Reserve banks.

Largely as a consequence of payments to the Treasury, excess reserves of member banks showed a decrease of $280,000,000 in the week ending September 16. This decline followed an increase of nearly $200,000,000 in the preceding three weeks, when the Treasury was reducing its deposits with the Reserve banks. Since early in August there has been a renewed inflow of gold and the country's monetary gold stock has increased by about $100,000,000 in the past month.