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OF THE FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	Total 1936	Pctg. change from 1935
Bank debits to individual accounts (at 18 cities)	\$9,167,513,000	+16.6%
Department store sales		+18.5%
Wholesale trade sales (five lines)		+19.0%
Valuation building permits at larger centers	\$ 59,930,685	+84.5%
Cement production at Texas mills (barrels)	5,840,000	+53.5%
Cement shipments from Texas mills (barrels)	5,853,000	+57.2%
Commercial failures (number)	218	-22.4%
Commercial failures (liabilities)	\$ 2,479,000	-38.5%
Oil Production (barrels)	470,950,200	+15.8%

Recovery of business and industry in the Eleventh District continued at an accelerated rate in 1936, and the level of activity was higher than in any year since 1930. The distribution of commodities reflected a marked expansion, and the improvement was evident in virtually all lines of business. Consumer buying at department stores in principal cities averaged 19 per cent better than in 1935. This bank's adjusted index of department store sales evidenced an upward trend during the year and the December figure, which stood at 107.6 per cent of the 1923-25 average, was higher than in any corresponding month since 1929. Wholesale distribution, as represented by the combined sales of reporting firms in the five lines surveyed by this bank, also increased 19 per cent as compared with the preceding year. Payments on accounts at both wholesale and retail establishments showed a material improvement. Debits to individual accounts at banks in eighteen leading cities of the district exceeded the 1935 volume by 17 per cent. The betterment in the financial status of business was reflected in the lower business mortality rate, there being fewer failures and smaller liabilities than in any previous year for which district figures are available.

The volume of construction work evidenced a further marked increase, and there was a strong demand for the products of allied industries. The valuation of building permits issued at the district's principal cities was 85 per cent larger than in 1935. An important feature of the building situation was the noticeable expansion in residential construction, which is indicative of the increase in consumer purchasing power and the larger volume of funds available for financing these projects. The production and shipments of lumber and cement were materially higher than in the preceding year.

The production of petroleum established a new high record in 1936 and exceeded the previous year's output by 16 per cent. This increase was absorbed by an expansion

in the demand for petroleum and its products, and the industry operated throughout the year on a generally stable and profitable basis. Mining operations in the western portion of the district increased during the latter part of the year when many of the larger copper mines reopened after several years of inactivity.

Agricultural production declined in 1936 as a result of the drought which affected crops at the critical periods of growth. The effects of the diminished production, however, were more than offset by higher unit prices received for practically all field crops, and the total farm value of all crops was somewhat larger than in the previous year. The cotton crop, which accounts for the major portion of the district's cash farm income, was moderately larger than in 1935. Wheat production, while sharply lower than the average, exceeded the previous year's low harvest by a wide margin. The largest reduction occurred in the principal feed crops which are used on farms and do not enter directly into the farmers' cash income, but the effects of the lower production will be reflected in the increased cost of producing 1937 crops in those areas where supplies are insufficient for feeding requirements. Although a large area of the district's range territory was affected adversely by the severe drought in the spring and late summer months, the physical condition of the livestock industry was generally favorable at the close of the year. The calf, lamb, and kid crops were large and losses generally were few. Wool and mohair production was larger than in 1935, and market prices were considerably higher. Marketings of cattle and sheep were smaller than in the previous year, and toward the end of the year range trading was very active.

The deposits of member banks increased considerably in 1936, and after the middle of June there was a sharp upward movement in member bank reserve balances. During the closing month of the year, both deposits and reserves were at record high levels. Excess reserves were reduced at the middle of August by the 50 per cent increase in required reserves, but there was a noticeable increase during the latter part of the year. The loans of reporting member banks in leading cities showed a noticeable expansion, reflecting principally the increased demand from agriculture, commerce, and industry. These banks also greatly increased their investments in United States Government securities. Federal Reserve Bank loans to member banks were in small volume throughout the year.

BUSINESS

Wholesale Trade

The distribution of merchandise through wholesale channels declined less than usual in December, reflecting chiefly the substantial replacement orders by retail merchants necessitated by the unusually heavy consumer buying. Sales of wholesale dry goods firms were 7.1 per cent greater than in December, 1935, and the decline of 26.6 per cent from November was considerably less than the average recession for that season. The large distribution of food products during the Christmas season was a sustaining factor in the wholesale grocery trade. The decline in business from November to December was only 6.4 per cent, and the increase of 14.2 per cent in sales as compared with the previous December was considerably larger than the average gain for the entire year. The business of wholesale drug firms was unusually heavy during the month, sales being 15.1 per cent greater than in November, and 16.2 per cent above the level in December, 1935. While this improvement is accounted for in part by the growth in the liquor trade, the distribution of other items also increased. Although the sales of hardware at wholesale usually show a substantial year-end decline, the recession from November to December this year was small, and the volume of business was 34.4 per cent greater than a year ago. The record-breaking demand for farm implements evident in recent months continued unabated in December. Sales for the month were 9.5 per cent larger than in November and 137.2 per cent above those in the corresponding month of 1935.

Wholesale trade in this district showed a distinct improvement during 1936. The combined sales of all wholesale firms reporting to this bank were 19.0 per cent greater than in 1935, the increases in individual lines of trade ranging from

5.9 per cent for groceries to 70.7 per cent for farm implements. Inventories at the end of the year were materially higher than those a year earlier.

Retail Trade

The volume of department store trade was unusually heavy in December and exceeded that of any corresponding month since 1929. The sales of firms reporting to this bank were 67.9 per cent in excess of those in November and were 18.9 per cent higher than in the closing month of 1935. Although this December had one additional shopping day, the daily average sales showed a gain of 14.3 per cent over those a year ago. The adjusted index of department store sales, which makes allowances for average seasonal changes, rose to 107.6 per cent of the 1923-25 average in December, which was a new high for the recovery period, and compared with 97.2 per cent in November and 95.2 per cent in December, 1935.

Department store sales for the full year 1936 were 18.5 per cent above those in the preceding year and were the largest since 1930. This expansion in business was well distributed over the district and is indicative of the increased consumer buying power resulting from the general improvement in economic conditions.

Inventories at department stores reflected a seasonal decline of 20.5 per cent during December, but year-end stocks were 11.3 per cent higher than a year earlier. The rate of stock turnover was higher than in any year for which figures are available. During the year 1936 reporting stores turned their stocks 3.71 times as compared with 3.35 times in 1935.

Collections on regular accounts evidenced a substantial improvement during the year. The betterment was particularly noticeable in December when the ratio of collections during the month to accounts outstanding at the first of the month was 44.7 per cent as compared with 42.3 per cent in November and 41.1 per cent in December, 1935. The ratio of payments on installment accounts rose from 14.6 per cent in November to 16.1 per cent in December, and the latter figure compares with 16.2 per cent in the same month last year.

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

	Net Sales Dec., 1936 compared with		Total Sales 1936 compared with 1935	Stocks Dec. 31, 1936 compared with Dec. 31, Nov. 30, 1935		Ratio Dec. collections to accounts outstanding Nov. 30
	Dec. 1935	Nov. 1936		1935	1936	
Groceries.....	+ 14.2	- 6.4	+ 5.9	+14.8	- 7.8	84.2
Dry goods.....	+ 7.1	-26.6	+17.4	+34.6	+ 3.2	40.3
Farm implements..	+137.2	+ 9.5	+70.7	+ 8.3	+ 4.7	11.5
Hardware.....	+ 34.4	- 2.5	+27.5	+ 3.0	- 4.9	52.8
Drugs.....	+ 16.2	+15.1	+21.9	+19.3	- 3.9	64.3

BUSINESS OF DEPARTMENT STORES

	Dallas	Ft. Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
December, 1936, compared with December, 1935.....	+ 21.0	+ 16.6	+ 17.2	+ 18.8	+ 18.4	+ 18.9
December, 1936, compared with November, 1936.....	+ 64.5	+ 87.1	+ 60.8	+ 61.1	+ 73.3	+ 67.9
January 1 to December 31, 1936, compared with same period last year.....	+ 20.9	+ 19.1	+ 14.8	+ 19.2	+ 16.7	+ 18.5
Credit sales (percentage):						
December, 1936, compared with December, 1935.....	+ 21.3	+ 32.4	+ 18.9	+ 18.4	+ 16.4	+ 21.3
December, 1936, compared with November, 1936.....	+ 59.7	+ 86.7	+ 49.2	+ 54.9	+ 66.9	+ 61.7
January 1 to December 31, 1936, compared with same period last year.....	+ 20.3	+ 20.9	+ 17.6	+ 19.3	+ 14.2	+ 18.9
Stocks on hand at end of month (percentage):						
December, 1936, compared with December, 1935.....	+ 17.1	- 6.2	+ 11.0	+ 16.5	+ 10.0	+ 11.3
December, 1936, compared with November, 1936.....	- 16.8	- 27.4	- 19.1	- 19.2	- 23.7	- 20.5
Stock turnover (rate):						
Rate of stock turnover in December, 1935.....	.51	.51	.47	.49	.44	.49
Rate of stock turnover in December, 1936.....	.56	.60	.50	.50	.47	.53
Rate of stock turnover January 1 to December 31, 1935.....	3.81	2.94	3.12	3.66	2.83	3.35
Rate of stock turnover January 1 to December 31, 1936.....	4.15	3.40	3.50	3.98	3.15	3.71
Ratio of December collections to open accounts receivable and outstanding Dec. 1, 1936	45.8	38.2	48.5	46.3	41.8	44.7
Ratio of December collections to installment accounts receivable and outstanding December 1, 1936	18.7	12.6	.....	.....	18.6	16.1
Indexes of department store sales:						
Unadjusted—November, 1936.....	121.4	116.9	120.6	97.8	.....	112.7
Unadjusted—December, 1936.....	183.1	204.4	176.4	149.4	.....	175.4
Adjusted—November, 1936.....	102.9	97.4	103.1	85.0	.....	97.2
Adjusted—December, 1936.....	114.4	115.5	107.6	96.4	.....	107.6
Indexes of department store stocks:						
Unadjusted—November, 1936.....	71.1	76.0	50.1	64.1	.....	72.1
Unadjusted—December, 1936.....	58.2	55.2	39.3	58.0	.....	57.1
Adjusted—November, 1936.....	65.2	67.3	43.6	57.7	.....	64.4
Adjusted—December, 1936.....	66.1	67.3	42.3	59.6	.....	65.6

Commercial Failures

The commercial failure record in the Eleventh Federal Reserve District was very favorable in 1936, when the number of defaults and the amount of indebtedness involved were smaller than in any year for which district figures have been compiled. According to the report of Dun & Brad-

street, Incorporated, there were only 218 failures with liabilities aggregating \$2,479,000, while the 281 insolvencies reported in 1935 had an aggregate indebtedness of \$4,030,000. In December, 1936, there were 13 defaults with liabilities of \$171,000.

AGRICULTURE

Crop Conditions

The agricultural outlook in the Eleventh Federal Reserve District at the opening of the new year was generally favorable.

in the fall of 1936 was 410,000 acres as compared with 360,000 acres in the previous fall.

Widely distributed precipitation during the last days of December and the sleet, snow, and rain during the second week in January greatly improved the moisture situation. While reports indicate that a good surface and subsoil season now obtains in most sections of the district, there are still a few areas which have a scant supply of subsoil moisture. Due to the mild temperatures and open weather prevailing during much of December, farmers made good progress with winter plowing and other farm work except in some localities where wet soil retarded operations. Dry, sunny weather is now needed in most sections for the completion of this work.

The January 1 report of the Department of Agriculture indicated that the 1936 production of oranges in Texas would total 1,600,000 boxes as compared with 747,000 boxes in 1935. The harvest of grapefruit was placed at 6,790,000 boxes as against a production of only 2,741,000 boxes in the previous year.

Crop Results For 1936

The total farm value of principal crops harvested in Texas in 1936 was estimated by the Department of Agriculture at

\$384,052,000, which represents an increase of 5.5 per cent over the 1935 total of \$364,137,000. The increase in farm value was brought about by the higher unit prices of all major commodities which more than offset the decline in production. The sharp decline in the production of corn, oats, grain sorghums, sweet sorghums, peanuts, and sweet potatoes was due both to the lower per acre yield resulting from the summer drought and to the smaller acreage harvested. With the exception of wheat and Irish potatoes, the increases in the production of some crops were caused entirely by the larger acreages. The combined per acre yield of 33 important crops was estimated by the Department at 89 per cent of the 10-year average yield as compared with 104 per cent in 1935. The farm value of crops in New Mexico and Louisiana increased 26.7 per cent and 33.5 per cent, respectively, due principally to the higher income from the cotton crop. The 24.7 per cent decline in Oklahoma resulted from the disastrous drought which greatly reduced crop production.

ACREAGE HARVESTED, PRODUCTION, AND FARM VALUE OF SELECTED CROPS IN TEXAS, AND ACREAGE HARVESTED AND TOTAL FARM VALUE OF ALL CROPS IN STATES ATTACHED TO THE ELEVENTH DISTRICT

	Acreage harvested		Unit	Production		Total farm value			
	(000's omitted)			Total (000's omitted)		In dollars (000's omitted)			
	1935	1936		1935	1936	1935	1936		
Corn (all)	4,632	4,261	Bu.	19.5	15.0	90,324	63,915	\$ 47,872	\$ 58,689
Wheat (all)	1,639	2,458	Bu.	7.0	7.7	11,473	18,927	9,637	17,981
Oats	1,670	1,219	Bu.	23.0	18.5	38,410	22,552	12,291	8,570
Cowpeas (for peas)	111	187	Bu.	8.0	6.0	888	1,122	1,510	1,784
Rice	167	200	Bu.	52.0	51.0	8,684	10,200	6,600	8,874
Grain sorghums (all)	4,450	3,838	Bu.	13.5	9.5	60,075	31,711	30,038	25,369
Tame hay (all)	799	947	Tons	1.065	.861	851	815	6,808	7,742
Wild hay	277	300	Tons	1.10	1.05	305	315	2,044	2,533
Sweet sorghum (forage and hay)	705	606	Tons	1.35	1.05	952	656	7,616	5,724
Peanuts (for nuts)	262	236	Lbs.	560	420	146,720	99,120	4,255	3,073
Potatoes (Irish)	49	44	Bu.	54.0	65.0	2,646	2,860	2,223	3,432
Sweet potatoes	70	56	Bu.	90.0	65.0	6,300	3,640	4,158	3,640
Cotton (lint)	10,657	11,829	Bales	133†	119†	2,956	2,945	162,420	173,755
Cottonseed	.....	.....	Tons	.....	.....	1,316	1,311	40,967	43,263
Total truck crops (except potatoes)	206	269	.....	.....	.....	.....	.....	15,004	12,563
Total all crops*—Texas	25,917	26,116	.....	.....	.....	.....	.....	\$364,137	\$384,052
Oklahoma	12,505	11,745	.....	.....	.....	.....	.....	124,927	94,009
Louisiana	4,233	4,286	.....	.....	.....	.....	.....	101,327	135,309
New Mexico	1,270	1,141	.....	.....	.....	.....	.....	16,958	21,433
Arizona	591	618	.....	.....	.....	.....	.....	28,567	30,779

*Acreage harvested—44 crops; farm value—64 crops; duplications excluded.

†Pounds.

SOURCE: Department of Agriculture.

Livestock

Physical conditions of ranges and livestock in the Eleventh District varied considerably during 1936. While conditions in the eastern half of the district remained generally favorable throughout the year, the major portion of the western half suffered from

the effects of adverse weather conditions. In the latter area, the late winter and spring drought caused a sharp decline in the condition of ranges and livestock and acute conditions developed in some areas. This situation was partially relieved by the heavy May rains, but unfavorable conditions

again developed as a result of subnormal rainfall and the extremely high temperatures during the subsequent three months. The heavy fall rains, however, brought about a marked recovery and conditions in most sections remained generally favorable during the remainder of the year. Live-stock generally entered the winter in good condition, and in all sections of the district except parts of the Panhandle and north Texas and southwestern New Mexico there is an ample to surplus supply of natural range grass and dry feed to carry stock through the winter in good shape.

Despite the adverse effects of drought and the generally lower level of prices, the district's livestock industry as a whole came through the year in good condition, and the outlook for the new year is promising. There was a record lamb crop and a large crop of calves and kids. The relatively large wool and mohair clips were sold at profitable prices, and during the latter part of the year a substantial amount of the 1937 wool clip was placed under contract at favorable prices. The fact that only a small proportion of the large lamb crop was marketed during the year indicates that sheep herds are being increased to take advantage of available supplies of feed. In the cattle division, large numbers of grass fat cattle were shipped to market from the areas unaffected by the drought, and in other areas feed supplies carried over from the previous year were available to meet feeding requirements.

Movements and Prices An unusually large supply of hogs arrived at the Fort Worth market in December due in part to seasonal influences.

The month's receipts were more than double the arrivals in the previous month and were a third larger than the

supply in December last year. Receipts of cattle and calves declined seasonally from November to December and the supply of cattle was materially smaller than a year ago. The arrivals of sheep were very light, being moderately lower than in November and sharply below those in December, 1935.

The market for most classes of cattle reflected an upward trend during the past month and the prices paid for some highly finished offerings were the best recorded in several months. There was a steady improvement in hog prices until toward the middle of January when a sharp reaction wiped out most of the gain. The sheep and lamb market was generally slow during the last half of December but prices reflected a noticeable upturn in the subsequent two weeks. At the middle of the month choice wool lambs cleared at \$9.75.

FORT WORTH LIVESTOCK RECEIPTS (Number)

	Dec. 1936	Dec. 1935	Change over year	Nov. 1936	Change over month
Cattle.....	60,385	74,034	-13,649	67,843	- 7,458
Calves.....	43,868	42,119	+ 1,749	53,202	- 9,334
Hogs.....	43,626	29,245	+14,381	20,572	+23,054
Sheep.....	18,543	28,567	-10,024	20,156	- 1,613

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	Dec. 1936	Dec. 1935	Nov. 1936
Beef steers.....	\$ 9.00	\$ 9.90	\$ 8.75
Stocker steers.....	7.35	6.75	7.00
Heifers and yearlings.....	11.00	11.00	10.00
Butcher cows.....	6.00	6.00	5.00
Calves.....	7.00	7.00	6.25
Hogs.....	9.95	9.70	9.45
Sheep.....	6.00	5.75	6.00
Lambs.....	8.25	10.00	8.25

FINANCE

Condition of Member Banks in Leading Cities Reporting member banks in leading cities of this district increased their investments in direct obligations of the United States Government \$14,557,000 in response to the Treasury offerings on December 15, and although there was a moderate reduction in the subsequent four weeks, the net gain for the five-week period ending January 13 amounted to \$11,234,000. During the same period holdings of fully guaranteed obligations were reduced \$3,888,000. Investments in other securities were increased \$501,000. While loans on securities rose \$931,000 between December 9 and January 13, "all other" loans (agricultural, commercial, and industrial loans) reflected a further seasonal decline of \$3,466,000. During the five weeks there was a net withdrawal of \$21,003,000 in interbank deposits and \$854,000 in time deposits, which was partially offset by the expansion of \$10,411,000 in demand deposits-adjusted and \$4,283,000 in United States Government deposits. Reserves with the Federal Reserve Bank rose to a new high point at \$109,902,000 on January 13, which was \$2,626,000 above the level reached five weeks earlier. To meet the decline in deposits and the increase in reserves and investments these banks reduced their balances with other banks \$14,895,000.

During 1936 there was a marked rise in loans, investments, deposits, and reserves of member banks in the district's leading cities. The principal increase in investments occurred in the direct obligations of the United States Government and on January 13, 1937, holdings were \$47,-

887,000 greater than a year earlier. During the first six months of the year investments in fully guaranteed obligations were reduced approximately 50 per cent but holdings of these securities were increased somewhat in subsequent months. There was only a moderate increase in investments in other securities. Agricultural, commercial, and industrial loans evidenced a decline of less than seasonal proportions during the early months of the year and after midsummer there was a rapid expansion, reflecting increased business activity and to some extent the accumulation of inventories and the rise in prices. Demand deposits-adjusted followed an upward trend throughout the year and were maintained at a substantially higher level than in the previous year.

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

	Jan. 13, 1937	Jan. 15, 1936	Dec. 9, 1936
United States securities (owned).....	\$198,390	\$150,503	\$187,156
Securities fully guaranteed by United States Government (owned).....	39,443	52,228	43,331
All other stocks, bonds, and securities (owned).....	52,460	47,786	51,959
Loans on securities.....	46,821	42,252	45,890
All other loans.....	179,520	149,909	182,986
Total loans.....	226,341	192,161	228,876
Demand deposits—adjusted*.....	392,809	328,954	382,398
Time deposits.....	121,139	119,920	121,993
United States Government deposits.....	38,408	26,877	34,125
Interbank deposits.....	201,720	187,480	222,723
Balances with domestic banks.....	172,259	177,885	187,154
Reserves with Federal Reserve Bank.....	109,902	85,569	107,276
Bills payable and rediscounts with Federal Reserve Bank.....	None	40	None

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

Operations of the Federal Reserve Bank

Member bank reserve balances, after showing wide fluctuations over the year-end, rose to a new high level at \$173,905,000 on January 15, representing an increase of \$7,053,000 over the total a month earlier and \$39,199,000 as compared with the aggregate on the corresponding date in 1936. Average reserve balances maintained by member banks in December were 62.3 per cent above requirements, and the volume of excess reserves was larger than in any month since the 50 per cent increase in reserve requirements became effective at the middle of August. Federal Reserve notes in circulation reached a peak of \$95,664,000 on December 21 in response to the pre-holiday demand for currency, but the return flow of these notes in subsequent weeks had reduced the circulation to \$88,742,000 on January 15. The substantial increase during the year in Federal Reserve note circulation was due largely to the higher lever of business activity, larger payrolls, the increase in farm income, and the substitution of Federal Reserve notes for National bank notes. Member bank borrowings from the Federal Reserve Bank continued in small volume throughout 1936 and shortly after the turn of the year these borrowings were completely liquidated. This bank's investments in United States Government securities declined \$5,877,000 at the end of the year due to the reallocation of the Reserve System's holdings among the various Federal Reserve banks.

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

	Jan. 15, 1937	Jan. 15, 1936	Dec. 15, 1936
Total cash reserves.....	\$191,604	\$140,406	\$175,854
Discounts for member banks.....	None	85	6
Other bills discounted.....	None	None	None
Industrial advances.....	1,310	1,771	1,360
Commitments to make industrial advances.....	489	593	492
Bills bought in the open market.....	87	126	87
United States Government securities owned.....	95,019	83,975	100,896
All other investments.....	6	9	14
Total earning assets.....	96,422	85,966	102,363
Member bank reserve deposits.....	173,905	134,706	166,852
Federal Reserve notes in actual circulation.....	88,742	72,643	92,663

Acceptance Market

The usual year-end expansion in the volume of outstanding acceptances executed by accepting banks in this district occurred in December due to the increase in the amount of acceptance credit based on the domestic shipment and storage of goods. Total acceptances outstanding at the close of the month amounted to \$2,202,277 as compared with the revised figure of \$2,136,798 on November 30.

Debits to Individual Accounts

A heavy, general increase in debits to individual accounts at reporting banks in eighteen cities of this district was registered during December, reflecting the large volume of business, increased bonus and dividend payments, and heavy year-end withdrawals. The aggregate for the month was \$954,915,000, which exceeded the previous month's volume by 23.3 per cent and that of the corresponding month a year earlier by 20.8 per cent. The year's volume, which amounted to \$9,167,513,000, was 16.6 per cent larger than in 1935, and was the heaviest since 1930. During the early months of 1936, the monthly totals were considerably lower than the corresponding figures in 1930, but there was a narrowing of the margin during the summer months and in the final quarter there was a considerable increase.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	Pctg. change from			Total 1936	Total 1935	Pctg. change from 1935
	Dec. 1936	Dec. 1935	Nov. 1936			
Abilene.....	\$ 9,306	+ 6.3	+ 8.3	\$ 91,833	\$ 75,936	+20.9
Austin.....	30,677	+26.8	+35.5	293,334	319,569	- 8.2
Beaumont.....	25,637	+13.8	+25.1	261,933	240,136	+ 9.1
Corsicana.....	4,028	+24.8	+17.0	38,403	32,432	+18.4
Dallas.....	282,177	+22.2	+26.0	2,671,096	2,161,880	+23.6
El Paso.....	29,445	+19.5	+ 8.2	294,228	248,351	+18.5
Fort Worth.....	95,967	+ 5.3	+20.4	914,355	809,595	+12.9
Galveston.....	32,524	+16.1	+ 4.6	312,489	260,425	+20.0
Houston.....	233,876	+27.5	+23.4	2,222,895	1,922,388	+15.6
Port Arthur.....	9,091	+20.6	+19.4	92,012	74,120	+24.1
Roswell.....	4,188	+37.8	+15.2	35,821	30,015	+19.3
San Antonio.....	75,252	+ 7.7	+26.9	757,187	723,360	+ 4.7
Shreveport.....	52,605	+51.5	+31.0	488,859	358,298	+36.4
Texarkana*.....	9,371	+35.3	+24.2	84,744	67,917	+24.8
Tucson.....	12,797	+30.3	+29.0	120,553	101,523	+18.7
Tyler.....	16,037	+38.3	+25.0	162,582	127,943	+27.1
Waco.....	17,125	+ 8.5	+19.5	164,441	151,233	+ 8.7
Wichita Falls.....	14,822	+ 2.0	+20.4	160,743	154,755	+ 3.9
Total.....	\$954,915	+20.8	+23.3	\$9,167,513	\$7,859,376	+16.6

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

Deposits of Member Banks

The gross demand deposits of member banks rose to a new high level during 1936. After showing relatively small fluctuations during the first five months of the year, these deposits reflected a marked upturn which continued with little interruption until the end of the year. The daily average of gross demand deposits increased from \$925,804,000 in January to \$1,108,410,000 in December for a net gain of \$182,606,000. Of this amount, \$73,483,000 occurred at country banks and \$109,123,000 at reserve city banks. The January to December expansion in average time deposits amounted to \$5,133,000 and was due entirely to the growth at country banks.

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS
(Average of daily figures—in thousands of dollars)

1936	Combined Total		Reserve City Banks		Country Banks	
	Gross demand deposits	Time deposits	Gross demand deposits	Time deposits	Gross demand deposits	Time deposits
January.....	\$ 925,804	\$195,765	\$523,120	\$110,051	\$402,684	\$85,714
February.....	937,137	197,078	530,276	109,664	406,861	87,414
March.....	933,523	195,804	531,473	108,414	402,050	87,390
April.....	927,928	195,575	527,743	107,560	400,185	88,015
May.....	926,927	194,692	529,858	107,863	397,069	86,829
June.....	943,139	196,703	540,958	108,065	402,181	88,638
July.....	999,460	199,576	578,721	109,652	420,739	89,924
August.....	988,321	199,824	570,488	109,534	417,833	90,290
September.....	1,017,186	199,602	585,513	109,364	431,673	90,238
October.....	1,061,297	200,763	608,277	109,623	453,020	91,140
November.....	1,097,227	200,783	627,187	110,105	470,040	90,678
December.....	1,108,410	200,898	632,243	110,280	476,167	90,618

ADJUSTED DEMAND AND TIME DEPOSITS OF MEMBER BANKS ON SELECTED "CALL" DATES
(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.....	\$379,662	\$189,863	\$176,729	\$114,301	\$202,933	\$75,562
Dec. 30, 1933.....	444,205	190,000	194,914	107,497	249,291	82,503
June 30, 1934.....	495,520	197,280	232,911	111,854	262,609	85,426
Dec. 31, 1934.....	551,276	196,066	242,422	112,117	308,854	83,949
June 29, 1935.....	583,644	195,210	276,556	113,421	127,943	81,789
Dec. 31, 1935.....	642,187	198,495	292,629	111,851	349,538	86,644
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.

Savings Deposits

There was a further growth during December in the number of savings depositors and in the amount of savings deposits at 118 reporting banks in this district. Savings deposits, which aggregated \$157,051,643 on December 31, reflected an increase of 0.7 per cent as compared with those a month earlier, and 2.3 per cent over the total at the close of 1935.

SAVINGS DEPOSITS

	December 31, 1936		December 31, 1935		Percentage change over year in savings deposits	November 30, 1936		Percentage change over month in savings deposits
	Number of reporting banks	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	8,978	\$ 3,653,860	9,224	\$ 3,798,521	8,823	\$ 3,640,115	+ .4
Dallas.....	8	80,710	26,594,620	76,912	25,108,177	80,583	26,142,645	+ 1.7
El Paso.....	2	13,849	7,536,671	12,094	6,295,238	13,630	7,309,630	+ 3.1
Fort Worth.....	3	36,600	12,538,759	34,626	11,648,400	36,534	12,401,051	+ 1.1
Galveston.....	4	17,063	10,864,806	16,905	10,641,372	17,075	10,831,464	+ .3
Houston.....	11	74,552	29,982,650	72,949	33,145,251	73,952	29,701,571	+ .9
Port Arthur.....	2	5,381	2,334,171	5,599	2,259,836	5,359	2,288,857	+ 2.0
San Antonio.....	5	20,077	16,112,654	17,923	15,158,297	19,985	16,020,432	+ .6
Shreveport.....	3	23,884	11,275,973	22,060	10,619,492	23,834	11,255,640	+ .2
Waco.....	3	9,548	5,070,346	9,810	5,679,853	9,567	5,412,134	- 6.3
Wichita Falls.....	3	6,545	3,501,122	6,264	3,320,826	6,467	3,457,313	+ 1.3
All others.....	71	54,824	27,586,011	52,406	25,866,662	54,396	27,449,046	+ .5
Total.....	118	352,011	\$157,051,643	336,772	\$153,541,975	350,205	\$155,909,898	+ .7

DISCOUNT RATES CHARGED BY MEMBER BANKS DURING JANUARY, 1937

	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.....	3-8	5-6	1¼-7	4-7	5-7	2-6
Rate charged on loans to other banks secured by bills receivable.....	-----	5-6	4-6	5-6	6	5
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
Demand.....	4	5-6	4-10	3-7	5-6	6
Time.....	4-8	5-8	4-10	3-7	5-7	6
Rate charged on commodity paper secured by warehouse receipts, etc.....	2-8	6-8	-----	2-7	4½-8	5-8
Rate on cattle loans.....	6-8	5-8	5-10	7-10	5-8	8

INDUSTRY

Cottonseed Products

The December receipts of cottonseed at Texas and United States cottonseed oil mills reflected a seasonal drop as compared with the previous month, and at Texas mills they were sharply lower than a year ago. The crushings of seed and the production of products at United States mills also declined seasonally from November to December, but they were about a fourth larger than in December last year. While operations at Texas mills were lower in December than in the previous month, they closely approximated those in the same month a year ago. During the five months of the current season the production of cottonseed products has been measurably larger than in the corresponding period of the previous season, but the increased shipments made in response to the strong demand for products have held stocks to a relatively low level for this season. Prices of cottonseed and cottonseed products have shown a considerable advance in the past six weeks.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to December 31 This season	December 31 Last season	August 1 to December 31 This season	December 31 Last season
Cottonseed received at mills (tons).....	857,292	851,588	4,016,593	3,245,694
Cottonseed crushed (tons).....	639,967	616,568	2,780,293	2,478,329
Cottonseed on hand.....				
Dec. 31 (tons).....	177,201	257,432	1,258,226	856,940
Crude oil produced (lbs.).....	192,887,716	174,738,642	827,515,649	747,105,188
Cake and meal produced (tons).....	317,472	234,417	1,249,106	1,117,551
Hulls produced (tons).....	184,590	165,753	711,456	635,965
Linters produced (running bales).....	145,443	119,696	671,684	553,041
Stocks on hand December 31:				
Crude oil (pounds).....	13,478,618	25,815,458	51,351,590	80,125,807
Cake and meal (tons).....	33,094	96,751	214,731	358,675
Hulls (tons).....	63,481	92,704	155,830	194,373
Linters (running bales).....	52,170	61,717	183,931	181,198

Source: Bureau of Census.

Textile Milling

The domestic consumption of cotton in the United States in December totaled 692,921 bales, which was a new high figure for that month, and only slightly under the all-time record total of 696,472 bales established in June, 1933. The December consumption exceeded that of the previous month

by 10.6 per cent and was 38.6 per cent above that in the same month of 1935. The amount of cotton used by domestic mills in the five months of the current season aggregated 3,170,131 bales as compared with 2,423,897 bales in the corresponding period of the previous season, or an increase of 30.8 per cent. The stocks of raw cotton on hand at mills, which showed a rapid increase during the fall, amounted to 2,001,378 bales on December 31, representing an increase of 209,128 bales during the month. The December figure was the highest registered since March, 1923, when month-end mill stocks reached a record total of 2,033,837 bales.

COTTON CONSUMED AND ON HAND

	(Bales)			
	Dec. 1936	Dec. 1935	August 1 to December 31 This season	August 1 to December 31 Last season
Cotton-growing states:				
Cotton consumed.....	576,736	416,939	2,654,288	2,030,288
Cotton on hand December 31 in—				
Consuming establishments.....			1,722,138	1,223,430
Public storage and compresses.....			7,706,775	8,267,543
United States:				
Cotton consumed.....	692,921	499,773	3,170,131	2,423,897
Cotton on hand December 31 in—				
Consuming establishments.....			2,001,378	1,431,249
Public storage and compresses.....			7,788,326	8,389,086

Source: Bureau of Census.

Cotton Movements

The combined receipts of cotton at Houston and Galveston reflected a seasonal decline between November and December, and were 28.0 per cent smaller than in the closing month of 1935. The total for the five months of the current season was approximately the same as a year earlier. Exports from these ports, after declining in November, turned upward in December but the aggregate for the month fell 14.8 per cent short of the volume a year ago. Shipments for the period August 1 to December 31 averaged 2.0 per cent greater than those in the same period of the previous season. Stocks of cotton at the two ports on December 31 were 8.6 per cent lower than a month earlier and 3.6 per cent below those a year ago.

The movement of cotton into export channels from all United States ports during December was in light volume

for that month. Exports amounted to 593,860 bales, reflecting a decline of 13.9 per cent from shipments in November and 32.3 per cent from those in the corresponding month last year. Exports thus far this season, which aggregated 2,896,802 bales, were 16.1 per cent lower than the 3,452,266 bales shipped in the corresponding period of the previous season. With the exception of the 1934-35 season, exports during the five months were smaller than in any similar period since 1920.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	(Bales)		August 1 to December 31	
	Dec. 1936	Dec. 1935	This season	Last season
Receipts.....	185,139	242,081	1,509,211	1,296,916
Exports.....	294,954	259,429	994,132	709,498
Stocks, December 31.....			877,274	812,071

COTTON—GALVESTON STOCK STATEMENT

	(Bales)	
	Dec. 31, 1936	Dec. 31, 1935
For Great Britain.....	20,500	7,000
For France.....	11,800	9,000
For other foreign ports.....	57,200	41,900
For coastwise ports.....	4,000	600
In compresses and depots.....	783,774	753,571
Total.....	877,274	812,071

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	(Bales)		August 1 to December 31	
	Dec. 1936	Dec. 1935	This season	Last season
Receipts.....	150,309	250,574	1,135,602	1,353,160
Exports.....	164,369	279,920	700,645	952,069
Stocks, December 31.....			580,265	699,804

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

	(Bales)	
	August 1 to This season	December 31 Last season
Receipts.....	5,218,152	5,496,499
Exports:		
United Kingdom.....	618,771	797,227
France.....	467,848	430,027
Italy.....	148,878	192,070
Germany.....	353,275	426,735
Other Europe.....	346,358	540,266
Japan.....	780,745	903,646
All other countries.....	180,927	162,295
Total exports.....	2,896,802	3,452,266
Stocks held at all United States ports, Dec. 31.....	2,866,148	2,808,130

SPOT COTTON PRICES

Middling Basis
(Cents per pound)

	December, 1936		Jan. 15, 1937
	High	Low	
New York.....	13.11	12.56	13.04
New Orleans.....	12.96	12.44	12.99
Dallas.....	12.56	12.01	12.37
Houston.....	12.77	12.28	12.63
Galveston.....	12.68	12.25	12.53

Petroleum

Crude oil production in the Eleventh District rose to the highest level of the year in December, reflecting the continued heavy market demand and increased allowab'les. The month's output of 42,464,200 barrels represented a daily average increase of 57,711 barrels over November and 209,398 barrels as compared with December, 1935. Production for 1936 reached the record total of 470,950,200 barrels, which was 16 per cent larger than in the previous year. There was also a substantial increase in drilling activity, the number of wells completed showing a gain of 12 per cent. The expansion in new development was particularly marked in north Louisiana, south and west Texas, and New Mexico due to the extension of producing areas, and the discovery of new sands and new pools at deeper levels. These areas were responsible

for the major portion of the increase in crude oil production.

The posted prices for crude oil at major fields, after advancing slightly early in 1936, remained steady during the remainder of the year, but toward the year-end the heavy demand for products and the difficulty of obtaining sufficient crude oil resulted in the payment of small premiums in some fields.

OIL PRODUCTION
(Barrels)

	December, 1936		Increase or decrease over November, 1936	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	3,937,800	127,026	+ 121,400	- 187
West Texas.....	6,157,150	198,618	+ 616,700	+13,936
East Texas.....	16,537,700	533,474	+1,128,050	+19,819
South Texas.....	5,527,300	178,300	+ 502,000	+10,790
Texas Coastal.....	5,181,750	167,153	+ 436,550	+ 8,980
Total Texas.....	37,341,700	1,204,571	+2,804,700	+53,338
New Mexico.....	2,647,100	85,890	+ 144,150	+ 1,958
North Louisiana.....	2,475,400	79,852	+ 152,300	+ 2,415
Total District.....	42,464,200	1,369,813	+3,101,150	+57,711

DECEMBER DRILLING RESULTS

	Completions	Producers	Gas Wells	Failures	Initial Production
North Texas.....	238	135	16	87	34,596
West Texas.....	132	146	2	34	265,861
East Texas.....	257	241	1	15	800,220
South Texas.....	254	185	5	64	89,747
Texas Coastal.....	80	59	3	18	20,824
Total Texas.....	1,011	766	27	218	1,211,248
New Mexico.....	43	41	2	.....	65,690
North Louisiana.....	35	15	11	9	9,586
*Dec. totals, district.....	1,089	822	40	227	1,286,524
**Nov. totals, district.....	1,393	1,057	44	292	1,514,131

*December figures represent four weeks ended December 26, 1936.

**November figures represent five weeks ended November 28, 1936.

CRUDE OIL PRICES

(Price per barrel)

	Jan. 9, 1937	Jan. 10, 1936
Texas Coastal (34 gravity and above).....	\$1.22	\$1.22
North Texas (40 gravity and above).....	1.08	1.08
North Louisiana (40 gravity and above).....	1.10	1.10

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

Cement

The December production of cement at Texas mills registered an increase of 12.8 per cent as compared with the previous month and was 15.2 per cent larger than in the same month of 1935. Although shipments declined 5.1 per cent from November to December, the total for the latter month exceeded that a year earlier by 46.9 per cent. There was a noticeable expansion in the activities of these mills during 1936. Production and shipments reflected increases of 53.5 and 57.2 per cent, respectively, as compared with the previous year. Stocks on hand at the close of the year were 1.7 per cent lower than on the corresponding date in 1935.

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

	Percentage change over			Total 1936	Percentage change from 1935
	Dec. 1936	Dec. 1935	Nov. 1936		
Production at Texas mills.....	501	+15.2	+12.8	5,840	+53.5
Shipments from Texas mills.....	467	+46.9	- 5.1	5,853	+57.2
Stocks at end of month at Texas mills.....	730	- 1.7	+ 4.9	.....	.....

Source: United States Bureau of Mines.

Building

There was a sharp upturn during December in the valuation of building permits issued at fourteen reporting cities in this district due in part to the issuance of permits for the construction of public projects. Permits issued during the month had an estimated value of \$6,151,868, which was 73.7 per cent greater than in November and 92.9 per cent higher than in the corresponding month last year. Augmented by the large

December total, the dollar volume of permits issued at these cities during 1936 aggregated \$59,930,685, which represents a gain of 84.5 per cent over 1935, and is the largest figure recorded since 1930. There was an increase during

the year of 8.6 per cent in the number of permits issued. The revival in residential construction, which began in 1935, continued at an accelerated rate in 1936. There was also a large volume of public construction.

BUILDING PERMITS

	December, 1936		December, 1935		Pctg. change valuation over year	November, 1936		Pctg. change valuation over month	Total year				Pctg. change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1936		1935		
Amarillo.....	33	\$ 39,607	35	\$ 63,477	- 37.6	24	\$ 45,777	- 13.5	866	\$ 1,140,462	353	\$ 336,944	+288.5
Austin.....	143	214,556	115	285,250	- 24.8	114	256,172	- 16.2	1,869	4,391,129	1,301	5,411,128	- 18.9
Beaumont.....	97	174,075	84	13,810	*	117	51,784	+236.2	1,400	1,196,729	1,337	563,610	+112.3
Corpus Christi.....	132	141,635	41	23,151	+511.8	126	204,245	- 30.7	1,385	2,718,759	689	555,156	+389.7
Dallas.....	357	1,944,439	309	502,013	+287.3	414	351,386	+453.4	5,710	10,988,275	4,614	4,328,103	+153.9
El Paso.....	64	50,601	29	13,085	+286.7	74	81,162	- 37.7	781	940,613	553	1,085,552	- 13.4
Fort Worth.....	184	614,760	75	386,800	+ 58.9	185	434,733	+ 41.4	2,165	8,526,115	1,294	3,324,855	+156.4
Galveston.....	76	43,840	61	588,691	- 92.6	94	60,664	- 27.7	1,279	1,544,909	1,296	1,220,077	+ 26.6
Houston.....	324	1,649,370	203	657,485	+150.9	348	1,302,445	+ 26.6	4,538	18,766,247	3,098	6,961,396	+169.6
Port Arthur.....	126	58,802	49	24,812	+137.0	119	40,725	+ 44.4	1,650	912,557	905	554,511	+ 64.6
San Antonio.....	252	393,178	170	239,368	+ 64.3	216	380,458	+ 3.3	2,964	4,544,625	6,136	4,191,522	+ 8.4
Shreveport.....	82	135,278	82	93,682	+ 44.4	113	231,399	- 41.5	1,518	2,518,071	1,507	1,286,464	+ 95.7
Waco.....	31	144,150	24	275,213	- 47.6	31	91,180	+ 58.1	433	847,496	327	2,359,781	- 64.1
Wichita Falls.....	13	547,577	19	23,037	*	25	9,143	*	225	894,698	289	310,169	+188.5
Total.....	1,914	\$6,151,868	1,296	\$3,189,874	+ 92.9	2,000	\$3,541,273	+ 73.7	26,283	\$59,930,685	24,199	\$32,489,268	+ 84.5

*Increase over one thousand per cent.

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Board of Governors of the Federal Reserve System)

The Board's index of industrial production showed a sharp advance in December after allowance is made for the usual seasonal changes. There was a marked expansion in employment and payrolls and retail trade continued at high levels.

PRODUCTION AND EMPLOYMENT

Actual volume of industrial production showed little change from November to December, at a time when a sharp seasonal decline is usual, and the Board's adjusted index advanced from 114 to 121 per cent of the 1923-1925 average. There was a further rise in activity at textile mills to the highest level on record and output of other nondurable manufactures was maintained. Declines in production of steel and lumber were smaller in December than are usual in that month. At automobile factories there was a marked increase in output. In the first three weeks of January activity at steel mills increased somewhat, but there was a decline in assemblies of automobiles as a result of shutdowns occasioned by strikes. Coal production declined seasonally from November to December, while output of crude petroleum increased, contrary to seasonal tendency.

Value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, showed a seasonal decrease in December.

Factory employment expanded further between the middle of November and the middle of December, contrary to the usual seasonal movement. Increases were general among the durable goods industries, with the largest advances at plants producing automobiles and machinery. In the nondurable goods industries there were marked increases in the number employed at textile mills and at shoe factories. Reflecting principally the higher level of employment and advances in wage rates, factory payrolls increased sharply in December, particularly at steel mills and in the textile industries. In retail trade, employment rose more than seasonally and in most other non-agricultural pursuits there were increases, when allowance is made for seasonal changes.

DISTRIBUTION

Retail sales in December increased seasonally at depart-

ment stores and by more than the usual seasonal amount at variety stores and mail-order houses serving rural areas.

Freight-car loadings showed a smaller decrease than is usual in December, and the Board's seasonally adjusted index advanced further.

COMMODITY PRICES

Wholesale prices, for both industrial and agricultural commodities, continued to advance in the second half of December and the first half of January. There were marked increases in prices of industrial raw materials, particularly nonferrous metals, lumber, hides, and wool, and prices of a number of finished goods, such as steel products, paper, and textiles, also advanced. Since the middle of January there has been a decline in prices of commodities traded in on the organized exchanges.

BANK CREDIT

Loans and investments of reporting member banks in leading cities declined in the first three weeks of January, as a result of reductions in commercial loans and in loans to brokers. The decrease in loans reflected in part the retirement of notes issued by the Commodity Credit Corporation last July and in part repayment of other loans, which had increased sharply in preceding weeks. Holdings of Government obligations declined further at New York City banks but increased at banks in other leading cities. Demand deposits decreased at the turn of the year, but thereafter increased somewhat, reflecting chiefly the return of currency from holiday use.

The rate on 90-day bankers' acceptances was raised 1/16 of 1 per cent on January 13 and now stands at 1/4 of 1 per cent. Market discount rates on Treasury bills have also increased, with bills offered in the week ending January 16 selling at a discount of over 1/3 of 1 per cent, as compared with a rate of about 1/10 of 1 per cent early in December.

Excess reserves of member banks increased from \$1,880,000,000 to \$2,130,000,000 in the four weeks ending January 20, reflecting largely the post-holiday return flow of currency from circulation.