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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

	January 1937	Change from Dec., 1936
Bank debits to individual accounts (at 18 cities).....	\$895,895,000	- 6.2%
Department store sales.....		- 56.0%
Wholesale trade sales (five lines).....		+ 5.5%
Reserve bank loans to member banks at end of month....	\$ 21,872	+ \$18,797
Valuation of building permits (14 cities).....	\$ 5,524,395	- 10.2%
Commercial failures (number).....	11	- 2
Commercial failures (liabilities).....	\$ 42,000	- \$129,000
Oil production (barrels).....	44,094,950	+ 3.8%

Notwithstanding the deterrent effects of adverse weather conditions, general business activity in the Eleventh District during January was substantially higher than in the opening month of the preceding year. The volume of merchandise distribution at wholesale, although showing less than the usual increase from December to January, exceeded that of the corresponding month last year by 14 per cent. Retail trade, as reflected by sales of department stores in larger cities, decreased 56 per cent from the large December volume, but registered a gain of 12 per cent over January last year when there was one additional shopping day. Bank debits at eighteen cities, which were seasonally 6 per cent smaller than in December, reflected an increase of 19 per cent over the same month last year.

The valuation of construction contracts awarded in the Eleventh District, as reported by the F. W. Dodge Corporation, rose 4 per cent from December to January, but fell 13 per cent under the total for January, 1936. Residential contracts awarded had a value 11 per cent higher than in December and 25 per cent higher than a year ago. The

January valuation of building permits issued at fourteen cities reporting to this bank, although 10 per cent below the previous month, was 29 per cent above the aggregate for the same month last year.

Reserve balances of member banks in this district, after reaching a record total of \$173,905,000 at mid-January, decreased approximately \$13,000,000 during the subsequent two weeks, but by February 15 they had risen to \$169,061,000. At the weekly reporting member banks in leading cities, loans and investments declined \$28,094,000 in the four weeks ending February 10, reflecting a net reduction of \$11,822,000 in investments and a contraction of \$16,272,000 in loans. As compared with February 12, 1936, there was an expansion of \$23,589,000 in loans and an increase of \$32,501,000 in investments. The daily average of combined gross demand and time deposits of member banks was \$14,657,000 lower in January than in December but exceeded the average of a year ago by \$173,082,000.

Weather conditions during January were unfavorable for the agricultural and livestock industries. Farmers have made poor to only fair progress with winter plowing, and land preparation is very backward with the spring planting season close at hand. Small grains continue in fair to good condition, but to stimulate plant growth rains are needed in the western portion of the district and sunshine in other areas. Ranges reflected a general decline during the month and livestock showed some shrinkage, yet conditions in most sections remained above the average. The Department of Agriculture reported that prospects for spring grazing are good and that the outlook for the industry in most sections is favorable.

BUSINESS

Wholesale Trade

Buying at wholesale through the five lines of trade surveyed by this bank continued in good volume during January despite

the retarding effects of the adverse weather prevailing during much of the month. Sales in all lines remained appreciably above those in the corresponding month a year ago, ranging from 3.0 per cent in the case of drugs to 22.0 per cent in the case of hardware. Total sales of reporting firms showed

a gain of 13.7 per cent over a year ago and 5.5 per cent over the previous month.

Reflecting a strong demand by retailers for early spring merchandise, the sales of wholesale dry goods firms in this district during January rose 61.9 per cent above those in December, and were 14.2 per cent greater than in January, 1936. The business of wholesale grocery firms was likewise

heavy in the past month. The increase in sales, which was general over the district, averaged 8.9 per cent as compared with the preceding month, and 18.6 per cent as compared with the January, 1936, volume. The latter gain is the largest for that comparison in recent months. The demand for hardware at wholesale declined somewhat more than seasonal during January, due in part to the retarding effects of unfavorable weather conditions upon building and other outside activities. Sales averaged 4.7 per cent less than in December, but continued 22.0 per cent above those in the like month a year ago. The distribution of drugs evidenced a recession of 11.8 per cent from December to January, which is partially accounted for by a reduction in the demand for liquors. An increase of 3.0 per cent was registered as compared with sales in January, 1936. Following the record-breaking demand for farm implements during the past few months, sales fell off somewhat in January and reflected a contrary to seasonal decrease of 9.8 per cent. Notwithstanding this decline, sales remained at a comparatively high level and were 16.9 per cent greater than in the same month last year.

The dollar value of inventories on hand January 31 was larger than a year ago in all reporting lines of trade, due

both to the higher prices of commodities and the larger volume of goods. A general increase was reflected in the collections on accounts by wholesale drug firms, but in other lines of trade payments evidenced a seasonal recession.

Retail Trade

Consumer demand for merchandise at department stores in eleven of the larger cities of this district during January continued to show a wide margin of gain over the corresponding month of the preceding year. This increase was significant in view of the fact that the weather prevailing during a considerable portion of the month was unfavorable for shopping. Total sales of reporting firms were seasonally 56.0 per cent smaller than in the preceding month, but exceeded the volume in January, 1936, which had one additional business day, by 11.7 per cent. Based on daily average sales, business in January was 16.2 per cent greater than in the like month a year ago.

Inventories of department stores declined 1.0 per cent in January, which was seasonal, and reflected the clearance of winter merchandise. Stocks at the end of the month, however, were 13.6 per cent larger than on the same date in 1936. The rate of stock turnover was .26 in January, which was the same as that in January last year.

Collections on open accounts during the past month evidenced more than the usual seasonal recession, declining from 44.7 per cent in December to 41.3 per cent in January. The latter figure compares with a ratio of 39.9 per cent in January, 1936. The ratio of January collections to installment accounts outstanding on January 1 was 14.7 per cent as compared with 16.1 per cent in December, and 14.9 per cent in January last year.

CONDITION OF WHOLESALE TRADE DURING JANUARY, 1937

Percentage of increase or decrease in—

	Net Sales		Stocks		Ratio Jan. collections to accounts outstanding Dec. 31
	January, 1937 compared with Jan. 1936	Dec. 1936	Jan. 31, 1937 compared with Jan. 31, 1936	Dec. 31, 1936	
Groceries.....	+18.6	+ 8.9	+19.4	+ 5.2	89.4
Dry goods.....	+14.2	+61.9	+22.0	+19.5	36.6
Farm implements.....	+16.9	- 9.8	+ 2.2	- 6.7	7.7
Hardware.....	+22.0	- 4.7	+10.2	+15.4	50.6
Drugs.....	+ 3.0	-11.8	+15.9	+ 3.9	69.2

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
January, 1937, compared with January, 1936.....	+11.5	+12.1	+13.6	+ 7.4	+13.9	+11.7
January, 1937, compared with December, 1936.....	-53.8	-63.5	-55.0	-52.6	-57.6	-56.0
Credit sales (percentage):						
January, 1937, compared with January, 1936.....	+14.6	+14.0	+18.5	+17.0	+12.6	+15.3
January, 1937, compared with December, 1936.....	-49.7	-64.9	-49.5	-49.4	-55.1	-52.8
Stocks on hand at end of month (percentage):						
January, 1937, compared with January, 1936.....	+16.0	- 2.2	+16.0	+16.5	+16.5	+13.6
January, 1937, compared with December, 1936.....	- 3.4	- 1.4	- 9.1	+ .7	+ 6.4	- 1.0
Stock turnover (rate):						
Rate of stock turnover in January, 1936.....	.30	.21	.26	.28	.22	.26
Rate of stock turnover in January, 1937.....	.28	.23	.27	.26	.22	.26
Ratio of January collections to open accounts receivable and outstanding January 1, 1937.....	40.3	33.7	43.9	45.8	43.5	41.3
Ratio of January collections to installment accounts receivable and outstanding January 1, 1937.....	16.6	10.2	.....	12.2	18.8	14.7
Indexes of department store sales:						
Unadjusted—December, 1936.....	183.1	204.4	176.4	149.4	.....	175.4
Unadjusted—January, 1937.....	85.8	75.9	78.4	71.2	.....	78.1
Adjusted—December, 1936.....	114.4	115.5	107.6	96.4	.....	107.6
Adjusted—January, 1937.....	99.8	102.6	88.1	78.2	.....	93.0
Indexes of department store stocks:						
Unadjusted—December, 1936.....	58.2	55.2	39.3	53.0	.....	57.1
Unadjusted—January, 1937.....	56.6	56.7	41.7	55.4	.....	57.8
Adjusted—December, 1936.....	66.1	67.3	42.3	59.6	.....	65.6
Adjusted—January, 1937.....	65.1	65.9	48.5	60.2	.....	66.4

Commercial Failures

An improvement in the business mortality rate in the Eleventh Federal Reserve District during January was reported by Dun and Bradstreet, Incorporated. There were 11 failures in January, as compared with 13 insolvencies in the previous

month and 39 bankruptcies in the same month last year. Liabilities of firms defaulting during the month totaled only \$42,000, which compares with \$171,000 in December and \$339,000 in January last year.

AGRICULTURE

Crop Conditions

Field work in the major portion of the Eleventh District has been greatly retarded since the first of the year on account of unfavorable weather conditions, and land prepara-

tion for spring planting is very backward. In much of the eastern half of the district excessive rains accompanied by cloudy weather have kept the soil too wet for plowing. Recently farmers have made some progress with plowing

on uplands, but the bottom lands are still wet. Operations in the western portion of this district have been delayed by the dry, cold weather.

Although small grains show the effects of the adverse weather prevailing during the past six weeks, these crops are in fair to good condition in most sections except the Texas Panhandle and eastern New Mexico. In the latter areas, the dry winds and the deficiency in both surface and subsoil moisture are causing deterioration in the wheat crop. This situation is being aggravated by the recurrence of dust storms which are causing some shifting of soil. Heavy rains are urgently needed in these areas and would be beneficial to most of the western portion of the district.

Commercial vegetable crops made good progress in January. Moisture has been ample in all portions of the truck growing area except the Coastal Bend district, and crops have escaped damage from the low temperatures. The planting of tomatoes and potatoes in the Lower Valley was practically completed by February 1 and these crops are getting an early start. Conditions generally are favorable for the planting of other spring crops.

CONDITION OF COMMERCIAL TRUCK CROPS IN TEXAS

	February 1, 1937 (Per cent)	February 1, 1936 (Per cent)	January 1, 1937 (Per cent)
Beets.....	83	76	86
Broccoli.....	89	79	83
Cabbage.....	80	80	82
Carrots.....	81	80	78
Onions, Bermuda.....	79	83	81
Peas, English.....	72	70	79
Spinach.....	69	66	69
Strawberries.....	82	..	86
Turnips.....	77	81	87

SOURCE: United States Department of Agriculture.

The February 1 report of the Department of Agriculture stated that the weather during the winter had been very favorable for citrus fruits in Texas. The temperature averaged above normal, and the ample supply of moisture helped the trees to carry the large crop of fruit. The quality of the fruit was reported to be excellent. The indicated production of oranges was placed at 1,800,000 boxes on February 1, as compared with 1,600,000 boxes on January 1 and a harvest of 747,000 boxes in the previous season. Although the estimated production of grapefruit remained unchanged at 6,790,000 boxes, the report stated that the fruit is "sizing" better than growers had expected.

Cash Farm Income According to the estimate of the United States Department of Agriculture, receipts from the sale of principal farm products in the five states wholly or partially attached to the Eleventh District amounted to \$720,466,000 in 1936, an increase of 7.2 per cent over the estimated total for 1935. The income from the sale of crops increased 11.8 per cent, and the receipts from the sale of livestock and livestock products rose 1.3 per cent. In Arizona and Oklahoma, total income was lower in 1936 than in 1935. Due to the larger receipts from the sale of both crops and livestock products, total income showed a gain of 15.4 per cent in New Mexico and 15.5 per cent in Texas. In Louisiana, the increase in total receipts was only 2.4 per cent as the gain in income from the sale of crops was nearly offset by a decrease in receipts from livestock and livestock products.

Government payments in these states totaled \$47,699,000 in 1936 as compared with \$120,392,000 in 1935.

RECEIPTS FROM THE SALE OF PRINCIPAL FARM PRODUCTS
(In thousands of dollars)

State	Receipts from:					
	Farm crops		Livestock and livestock products		Total receipts	
	1936	1935	1936	1935	1936	1935
Arizona.....	\$ 21,806	\$ 24,020	\$ 22,249	\$ 24,598	\$ 44,055	\$ 48,618
Louisiana.....	82,608	77,249	17,354	20,417	99,962	97,666
Oklahoma.....	49,043	57,716	82,677	82,762	131,720	140,478
New Mexico.....	13,138	9,221	28,159	26,569	41,297	35,790
Texas.....	257,769	211,245	145,663	138,037	403,432	349,282
Total five states.....	\$424,364	\$379,451	\$296,102	\$292,383	\$720,466	\$671,834

SOURCE: United States Department of Agriculture.

Livestock Despite the general decline in the condition of ranges and livestock in this district during January, the outlook for the livestock industry was reported by the Department of Agriculture to be favorable in most areas. Cattle ranges in Texas declined 4 points in January, but the 77 per cent of normal condition obtaining on February 1 was the same as a year earlier and 2 points higher than the ten-year average. The decline in west and northwest Texas was due to the dry, cold weather, and in the other portions of the State it resulted from the wet weather and lack of sunshine which caused matured grass to decay. In New Mexico, the 75 per cent condition of ranges on February 1 was 1 point lower than a month earlier and 11 points below that on the same date in 1936. The condition of sheep and goat ranges in Texas was rated at 81 per cent of normal on February 1 as compared with 86 per cent on January 1 and 80 per cent on February 1 last year. Although the January freezes killed the green grass and weeds which were furnishing good grazing for sheep, ranges carry a good supply of matured grass.

Livestock showed some shrinkage in January due to the cold, wet weather, but the loss in flesh was comparatively small and animals are in generally good condition. Losses of cattle and sheep were light, and losses of calves and lambs were confined largely to new-born animals in the regions where the weather was most severe. Supplemental feeding was necessary in some sections during the severe weather. Feed supplies are ample in most sections to carry livestock through the winter. The February 1 condition of cattle in Texas, as reported by the Department of Agriculture, was 79 per cent of normal as compared with 84 per cent on January 1 and 81 per cent a year ago. Sheep and goats in Texas declined 3 points in January, and the February 1 condition figure was 1 point lower than on the same date last year. In New Mexico the condition of cattle and sheep dropped 2 points between January 1 and February 1 and on the latter date was considerably lower than a year earlier.

Movements and Prices The January receipts of sheep at the Fort Worth market were nearly double the December supply, the increase being considerably larger than the average for that season. The supply was also sizably larger than a year ago. The arrivals of cattle and calves reflected a seasonal decline from December and were smaller than in the same month last year. Contrary to the usual trend, hog receipts decreased from December to January, and fell considerably below those in January, 1936.

The cattle market held generally steady in the last half of January; declined in the first week of February; and

then advanced in the subsequent week. Although quality offerings were scarce, the available supply was in good demand. Hog prices showed considerable fluctuation during the period, but at the middle of February they were only

slightly lower than a month earlier. There was a good demand for lambs, and prices showed an upward trend.

FORT WORTH LIVESTOCK RECEIPTS
(Number)

	January 1937	January 1936	Change over year	December 1936	Change over month
Cattle.....	51,324	73,247	-21,923	60,385	- 9,061
Calves.....	29,814	31,105	- 1,291	43,868	-14,054
Hogs.....	37,672	44,068	- 6,396	43,626	- 5,954
Sheep.....	34,526	29,727	+ 4,799	18,543	+15,983

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	January 1937	January 1936	December 1936
Beef steers.....	\$ 9.75	\$ 9.35	\$ 9.00
Stocker steers.....	7.15	7.60	7.35
Heifers and yearlings.....	9.85	9.50	11.00
Butcher cows.....	6.00	6.00	6.00
Calves.....	7.65	7.00	7.60
Hogs.....	10.35	10.25	9.95
Lambs.....	10.00	10.00	8.25

FINANCE

Operations of the Federal Re- serve Bank

On January 30 the Board of Governors of the Federal Reserve System announced a further increase of 33 1/3 per cent in the reserve requirements for member banks, one-half of the increase to become effective as of the opening of business on March 1, 1937, and the remaining half to become effective as of the opening of business on May 1.

In a statement released to the press on the following day, the Board said in part:

"By its present action the Board eliminates as a basis of possible credit expansion an estimated \$1,500,000,000 of excess reserves which are superfluous for the present or prospective needs of commerce, industry, and agriculture and which, in the Board's judgment, would result in an injurious credit expansion if permitted to become the basis of a multiple expansion of bank credit.

"All but a small number of member banks" (in the United States) "have more than sufficient excess reserves and surplus balances with other banks to meet a 33 1/3 per cent increase in reserve requirements.

"It is the Board's expectation that, with approximately \$500,000,000 of excess reserves remaining with the banks, credit conditions will continue to be easy. At the same time the Reserve System will be in a position to take promptly such action as may be desirable to ease or tighten credit conditions through open-market and rate policy."

In the Dallas district, member bank reserve balances averaged \$165,182,000 in January, which was 60.4 per cent larger than average required reserves, and in the first fifteen days of February average balances maintained by these banks rose to \$167,579,000.

Federal Reserve notes in actual circulation reflected a further decline of \$958,000 between January 15 and February 15, but the total of \$87,784,000 on the latter date was \$15,279,000 higher than a year earlier. Discounts for member banks at the middle of February amounted to only \$41,000. Industrial advances outstanding totaled \$1,299,000 on February 15, a decline of \$11,000 as compared with a month earlier and \$436,000 as compared with the corresponding date in 1936. Total reserves of this bank rose to \$194,213,000 on February 15, a new high level and gain of \$52,102,000 over a year ago.

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

	February 15, 1937	February 15, 1936	January 15, 1937
Total cash reserves.....	\$194,213	\$142,111	\$191,604
Discounts for member banks.....	41	89	None
Other bills discounted.....	None	None	None
Industrial advances.....	1,299	1,735	1,310
Bills bought in the open market.....	86	133	87
United States Government securities owned.....	94,966	85,000	95,019
All other investments.....	3	10	6
Total earning assets.....	96,395	86,967	96,422
Member bank reserve deposits.....	169,061	132,040	173,905
Federal Reserve notes in actual circulation.....	87,784	72,505	88,742
Commitments to make industrial advances.....	486	590	489

Condition of Member Banks in Leading Cities

The loans, investments, and deposits of reporting member banks in leading cities showed substantial decreases between January 13 and February 10. Holdings of direct obligations of the United States Government, after reaching a new high level on January 27, reflected a sharp decline during the subsequent two weeks and showed a net decline of \$5,526,000 for the period. Investments in fully guaranteed obligations evidenced a further reduction of \$9,314,000. Holdings of other securities were increased \$3,018,000. During the four weeks loans on securities declined \$827,000 and "all other" loans (agricultural, commercial, and industrial loans) reflected a further recession of \$15,445,000. Total loans and investments of these banks aggregated \$488,540,000 on February 10, which was \$56,090,000 higher than a year earlier. Between January 13 and February 10 adjusted demand deposits declined \$6,142,000 and time deposits dropped \$325,000. During the same period there were withdrawals of \$8,926,000 in United States Government deposits and \$3,555,000 in interbank deposits. Balances with other banks were increased \$12,502,000. Reserves with the Federal Reserve Bank showed a decline of \$2,820,000 from the high level reached on January 13.

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

	February 10, 1937	February 12, 1936	January 13, 1937
United States securities (owned).....	\$192,864	\$147,502	\$198,390
Securities fully guaranteed by United States Government (owned).....	30,129	50,093	39,443
All other stocks, bonds, and securities (owned).....	55,478	45,375	52,460
Loans on securities.....	45,994	42,020	46,821
All other loans.....	164,075	144,460	179,520
Total loans.....	210,069	186,480	226,341
Demand deposits—adjusted*.....	386,667	323,824	392,809
Time deposits.....	120,814	119,769	121,139
United States Government deposits.....	29,482	21,383	38,408
Interbank deposits.....	198,165	187,135	201,720
Balances with domestic banks.....	184,761	186,268	172,259
Reserve with Federal Reserve Bank.....	107,082	76,357	109,902
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.

Debits to Individual Accounts

Although debits to individual accounts at banks in eighteen cities in the Eleventh District declined seasonally from December to January, they continued materially higher than in the corresponding month of the previous year. The month's total of \$895,895,000 was 6.2 per cent smaller than in December, but 18.7 per cent above the figure for January, 1936.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	January 1937	January 1936	Pctg. change over year	December 1936	Pctg. change over month
Ablene.....	\$ 7,660	\$ 7,394	+ 3.6	\$ 9,306	-17.7
Austin.....	26,417	20,435	-29.3	30,677	-13.9
Beaumont.....	24,991	22,492	-11.1	25,637	- 2.5
Corsicana.....	3,994	3,389	-17.9	4,028	- 8
Dallas.....	264,167	218,913	-20.7	282,177	- 6.4
El Paso.....	30,368	23,247	-30.6	29,435	+ 3.2
Fort Worth.....	88,394	79,086	-11.8	95,967	- 7.9
Galveston.....	29,583	25,930	-14.1	32,524	- 9.0
Houston.....	222,231	180,492	-23.1	233,876	- 5.0
Port Arthur.....	9,186	7,615	-20.6	9,091	+ 1.0
Roswell.....	3,609	2,721	-23.6	4,188	-13.8
San Antonio.....	70,199	69,463	- 1.1	75,252	- 6.7
Shreveport.....	49,000	37,184	-31.8	52,605	- 6.9
Texarkana*.....	9,163	6,679	-37.2	9,371	- 2.2
Tucson.....	11,560	9,606	-20.3	12,797	- 9.7
Tyler.....	14,138	12,161	-16.3	16,307	-11.8
Waco.....	15,902	13,601	-16.9	17,125	- 7.1
Wichita Falls.....	15,333	14,323	+ 7.1	14,822	+ 3.4
Total.....	\$895,895	\$754,731	+18.7	\$954,915	- 6.2

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

Acceptance Market

Acceptances executed by member banks in this district and outstanding at the end of January totaled \$1,553,736 as compared with \$2,202,277 a month earlier. The volume of outstanding acceptances based on import and export transactions increased from \$483,045 on December 31 to \$489,148 on January 31, while those executed against the domestic shipment and storage of goods declined from \$1,719,232 on the former date to \$1,064,588 on the latter date.

Deposits of Member Banks

The daily average of gross demand deposits of member banks, which reached a high level in December at \$1,108,410,000, declined to \$1,094,827,000 in January. Although the latter figure was \$13,583,000 lower than that for the previous month, it was \$169,023,000 larger than the January, 1936, average. The December to January decline amounted to

\$11,057,000 at reserve city banks and \$2,527,000 at country banks. The daily average of time deposits of these banks was \$1,074,000 lower in January than in December, the loss being about evenly divided between reserve city banks and country banks.

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

Month and Year	Combined Total		Reserve City Banks		Country Banks	
	Gross demand deposits	Time deposits	Gross demand deposits	Time deposits	Gross demand deposits	Time deposits
1936						
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	397,089	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
1937						
January.....	1,094,827	199,824	621,186	109,726	473,640	90,098

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†	
	Demand deposits adjusted*	Time deposits	Demand deposits adjusted*	Time deposits	Demand deposits adjusted*	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	232,891	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	307,088	81,789
Dec. 31, 1935.....	642,167	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

*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.

†Outlying banks in reserve cities which have been authorized to carry country bank reserves are included with country banks.

Savings Deposits

Savings deposits reported by 117 banks in this district totaled \$155,037,495 on January 31, which was 0.3 per cent lower than on December 31, but 4.5 per cent higher than a year ago. The number of savings accounts at these banks increased from 346,140 on December 31 to 348,623 on January 31. The latter figure compares with 333,088 accounts at the end of January, 1936.

SAVINGS DEPOSITS

	January 31, 1937			January 31, 1936			December 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	9,306	3,620,775	9,017	3,537,769	+ 2.3	8,978	3,653,860	- .9
Dallas.....	8	80,188	26,229,733	78,016	24,532,602	+ 6.9	80,710	26,594,620	- 1.4
El Paso.....	2	14,009	7,569,886	12,236	6,101,896	+24.1	13,849	7,536,671	+ .4
Fort Worth.....	3	36,664	12,541,621	34,599	11,518,177	+ 8.9	36,600	12,538,759	+ .02
Galveston.....	4	17,097	10,893,185	16,906	10,593,576	+ 2.8	17,063	10,870,536	+ .2
Houston.....	10	69,420	28,136,887	66,940	29,255,050	- 3.8	68,679	28,464,661	- 1.2
Port Arthur.....	2	5,468	2,344,384	5,620	2,213,868	+ 5.9	5,381	2,334,171	+ .4
San Antonio.....	5	20,230	15,966,766	18,122	15,285,506	+ 4.5	20,077	16,039,144	- .5
Shreveport.....	3	23,891	11,341,730	22,429	10,320,555	+ 9.9	23,884	11,275,973	+ .6
Waco.....	3	9,530	5,335,733	9,534	5,901,530	- 9.6	9,548	5,098,736	+ 4.6
Wichita Falls.....	3	6,604	3,408,764	6,289	3,307,431	+ 3.1	6,545	3,501,112	- 2.6
All others.....	71	56,216	27,648,081	53,380	25,815,645	+ 7.1	54,826	27,543,064	+ .4
Total.....	117	348,623	155,037,495	333,088	148,383,605	+ 4.5	346,140	155,451,307	- .3

DISCOUNT RATES CHARGED BY MEMBER BANKS DURING FEBRUARY, 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.....	2-8	5-8	1½-7	3-7	3-7	2-6
Rate charged on loans to other banks secured by bills receivable.....	.....	.....	4-6	5-6	6	5-6
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
Demand.....	4	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	6-8	2-7	6-8	5-8
Rate on cattle loans.....	6-8	5-8	5-10	7-10	6-8	8

INDUSTRY

Cottonseed Products

The receipts of cottonseed at Texas mills in January were 74.2 per cent smaller than in December and 59.5 per cent below those in January last year. Due to the small January volume, total receipts for the first six months of the current season fell 3.7 per cent below those for the corresponding period of the previous season. January crushings of cottonseed at these mills declined 20.4 per cent from December and were 12.9 per cent lower than a year earlier. Shipments of manufactured products from Texas mills reflected a substantial decline as compared with the previous month, but they closely approximated the month's production. Stocks on hand at the mills on January 31 were considerably lower than a year earlier, the decreases ranging from 12.5 per cent for linters to 59.9 per cent for crude oil. At all United States mills, the crushings of cottonseed and the production of products were moderately smaller in January than in December, but continued approximately a fourth larger than a year earlier.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to January 31		August 1 to January 31	
	This season	Last season	This season	Last season
Cottonseed received at mills (tons).....	884,318	918,358	4,226,126	3,481,658
Cottonseed crushed (tons).....	804,369	747,964	3,362,666	2,935,861
Cottonseed on hand Jan. 31 (tons).....	89,825	192,806	885,386	635,372
Production of products:				
Crude oil (pounds).....	226,663,685	210,451,042	1,003,457,968	882,925,512
Cake and meal (tons).....	370,915	343,968	1,500,692	1,324,216
Hulls (tons).....	214,372	201,287	858,489	755,018
Linters (running bales).....	173,041	146,245	817,763	661,462
Stocks on hand January 31:				
Crude oil (pounds).....	13,363,505	33,302,419	49,753,944	88,338,751
Cake and meal (tons).....	78,733	92,769	224,460	362,509
Hulls (tons).....	55,733	94,312	164,038	190,443
Linters (running bales).....	61,151	69,906	209,036	201,687

SOURCE: Bureau of Census.

Textile Milling

Although the consumption of cotton by domestic mills registered a counter-to-seasonal decline of 2.1 per cent from December to January, the total for the latter month was 14.8 per cent larger than a year earlier and set a new high record for that month. Consumption for January amounted to 678,064 bales, which compares with 692,921 bales in December and 590,484 bales in January last year. The aggregate for the first six months of this season reached 3,848,195 bales, which exceeds the 3,014,381 bales consumed in the corresponding period of the previous season by 27.7 per cent, and is larger than for any similar period on record. Stocks of raw cotton held by consuming establishments rose from 2,001,378 bales on December 31 to 2,066,302 bales on January 31, and on the latter date were at an all-time high level.

COTTON CONSUMED AND ON HAND

	(Bales)		August 1 to January 31	
	January 1937	January 1936	This season	Last season
	Cotton-growing states:			
Cotton consumed.....	564,874	497,054	3,319,162	2,527,342
Cotton on hand Jan. 31 in—				
Consuming establishments.....			1,748,008	1,212,587
Public storage and compresses.....			6,690,474	7,719,203
United States:				
Cotton consumed.....	678,064	590,484	3,848,195	3,014,381
Cotton on hand Jan. 31 in—				
Consuming establishments.....			2,066,302	1,436,418
Public storage and compresses.....			6,779,351	7,844,547

SOURCE: Bureau of Census.

Cotton Movements

The receipts of cotton at the ports of Houston and Galveston were unusually small in January, the combined total for the two ports registering a decline of 67.0 per cent from the previous month and 57.4 per cent from a year earlier. Exports reflected the usual seasonal decline from December to January and were moderately smaller than in the same month last year. For the first six months of the current season, however, shipments from the two ports were in about the same volume as in the same period of the previous season.

Exports of cotton from the United States in January amounted to 538,280 bales, which represents a recession of 9.4 per cent from the 593,860 bales shipped in December, and a slight decline from the 542,776 bales exported in January last year. Total exports for this season to January 31 aggregated 3,435,082 bales as compared with 4,003,597 bales during the same period last season.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	(Bales)			
	January 1937	January 1936	August 1 to January 31	
	This season	Last season	This season	Last season
Receipts.....	66,991	105,616	1,576,202	1,402,532
Exports.....	221,591	168,065	1,215,723	877,563
Stocks, January 31.....			723,038	749,622

COTTON—GALVESTON STOCK STATEMENT

	(Bales)		
	January 31, 1937	January 31, 1936	January 31, 1936
For Great Britain.....	10,000	2,300	
For France.....	7,000	5,600	
For other foreign ports.....	58,000	40,700	
For coastwise ports.....	6,500	2,000	
In compresses and depots.....	641,538	699,022	
Total.....	723,038	749,622	

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	(Bales)			
	January 1937	January 1936	August 1 to January 31	
	This season	Last season	This season	Last season
Receipts.....	43,605	153,899	1,179,207	1,507,059
Exports.....	120,139	202,577	820,784	1,154,646
Stocks, January 31.....			489,361	643,659

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

	August 1 to January 31	
	This season	Last season
Receipts.....	5,543,745	5,974,222
Exports: United Kingdom.....	753,021	918,511
France.....	538,545	498,023
Italy.....	202,229	213,236
Germany.....	395,012	484,165
Other Europe.....	424,937	622,944
Japan.....	914,308	1,059,547
All other countries.....	207,030	207,171
Total exports.....	3,435,082	4,003,597
Stocks held at all United States ports, January 31.....	2,488,798	2,608,756

SPOT COTTON PRICES—(Middling basis)
(Cents per pound)

	January, 1937			February 15, 1937
	High	Low		
	New York.....	13.33	12.91		13.15
New Orleans.....	13.40	12.78		13.00
Dallas.....	12.67	12.29		12.45
Houston.....	12.89	12.53		12.67
Galveston.....	12.82	12.46		12.68

Petroleum

A further expansion in the production of petroleum in the Eleventh Federal Reserve District occurred during January when allowables were again raised to meet the increased market demand. The output for the month rose to 44,094,950 barrels, which was only moderately lower than the previous record established in May, 1933. The January figure compares with a production of 42,464,200 barrels in December, and an output of 35,498,100 barrels in January, 1936. During the four weeks ended January 23 there were fewer new wells completed and smaller initial production of producing wells than in the previous four-week period. Completions in the latest period totaled 1,016 wells of which 766 were producers of oil yielding an initial flow of 1,027,426 barrels of oil.

Production at Texas fields averaged 1,252,056 barrels daily in January, reflecting an increase of 47,485 barrels over December and 215,656 barrels over January last year. As compared with the previous month, production gains were registered at all major fields of the State with the largest increases being shown for the east Texas and Texas Coastal areas. The upward trend of production in New Mexico continued during January, the average daily output for the month rising 6,975 barrels above that in December. Production in north Louisiana averaged 77,997 barrels daily during January, which was 1,855 barrels lower than in the previous month.

	January, 1937		Increase or decrease over December, 1936	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	4,126,600	133,116	+ 188,800	+ 6,090
West Texas.....	6,301,750	203,282	+ 144,600	+ 4,664
East Texas.....	17,056,800	550,219	+ 519,100	+16,745
South Texas.....	5,776,500	186,339	+ 249,200	+ 8,039
Texas Coastal.....	5,552,100	179,100	+ 370,350	+11,947
Total Texas.....	38,813,750	1,252,056	+1,472,050	+47,485
New Mexico.....	2,863,300	92,365	+ 216,200	+ 6,975
North Louisiana.....	2,417,900	77,997	- 57,500	- 1,855
Total District.....	44,094,950	1,422,418	+1,630,750	+52,605

During the latter part of January a general advance of 10 to 15 cents a barrel in the price of crude oil was posted at fields throughout this district. In some instances the gravity schedule was broadened to include a further grading of both the higher and lower gravity oils.

JANUARY DRILLING RESULTS

	Completions	Producers	Gas Wells	Failures	Initial Production
North Texas.....	185	105	8	72	25,584
West Texas.....	185	150	5	30	191,077
East Texas.....	212	194	2	16	625,671
South Texas.....	275	201	11	63	88,662
Texas Coastal.....	96	62	4	30	23,526
Total Texas.....	953	712	30	211	954,520
New Mexico.....	52	48	1	3	68,916
North Louisiana.....	11	6	4	1	3,990
*January totals, district.....	1,016	766	35	215	1,027,426
†December totals, district.....	1,089	822	40	227	1,286,524

*January figures represent four weeks ended January 23, 1937.
†December figures represent four weeks ended December 26, 1936.

CRUDE OIL PRICES (Price per barrel)

	January 31, 1937	January 31, 1936
Texas Coastal (40 gravity and above).....	\$1.41	\$1.22*
North Texas (40 gravity and above).....	1.20	1.08
North Louisiana (40 gravity and above).....	1.22	1.10

*Prices of oil 34 gravity and above.
SOURCE: "The Oil Weekly", Houston, Texas.

Building

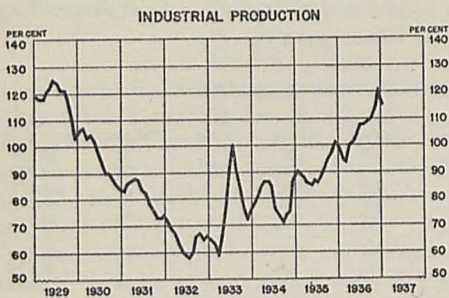
The estimated value of building permits issued during January at fourteen cities in the Eleventh District dropped 10.2 per cent under the large December volume, but exceeded the January, 1936, total by 29.3 per cent. The January valuation of \$5,524,395 was, with the exception of December, larger than in any month since March last year. Although more than half of the month's total was represented by permits issued at one city, there were eight cities which showed increases over the previous month and a like number which registered gains over a year ago. Permits issued numbered 1,600 in January as compared with 1,914 in December and 1,644 in the same month last year.

BUILDING PERMITS

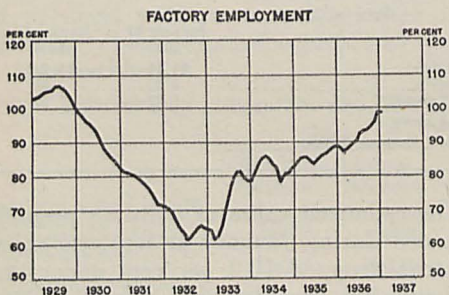
	January, 1937		January, 1936		Percentage change valuation over year	December, 1936		Percentage change valuation over month
	No.	Valuation	No.	Valuation		No.	Valuation	
Amarillo.....	19	\$ 45,978	22	\$ 43,334	+ 6.1	33	\$ 39,607	+ 16.1
Austin.....	127	220,092	154	799,345	- 72.5	143	214,556	+ 2.6
Beaumont.....	92	42,260	97	219,838	- 80.8	97	174,075	- 75.7
Corpus Christi.....	101	305,481	81	125,530	+143.4	132	141,035	+115.7
Dallas.....	301	579,753	419	999,275	- 42.0	357	1,944,439	- 70.2
El Paso.....	85	119,349	47	42,093	+133.5	64	50,601	+135.9
Fort Worth.....	124	280,231	102	582,400	- 51.9	184	614,760	- 54.4
Galveston.....	80	155,717	82	25,561	+509.2	76	43,840	+255.2
Houston.....	241	2,906,605	269	793,921	+266.1	324	1,649,370	+ 78.2
Port Arthur.....	99	52,124	69	25,409	+105.1	126	58,502	- 11.4
San Antonio.....	187	415,652	195	489,889	- 15.2	252	393,178	+ 5.7
Shreveport.....	110	353,157	73	84,203	+319.4	82	135,278	+161.1
Waco.....	27	39,046	27	27,753	+ 40.7	31	144,150	- 72.9
Wichita Falls.....	7	8,950	7	12,995	- 31.1	13	547,577	- 95.4
Total.....	1,600	\$5,524,395	1,644	\$4,271,546	+29.3	1,914	\$6,151,868	- 10.2

SUMMARY OF NATIONAL BUSINESS CONDITIONS

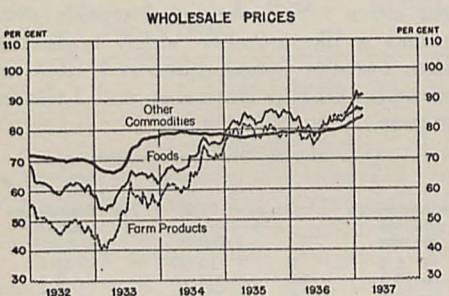
(Compiled by the Board of Governors of the Federal Reserve System)



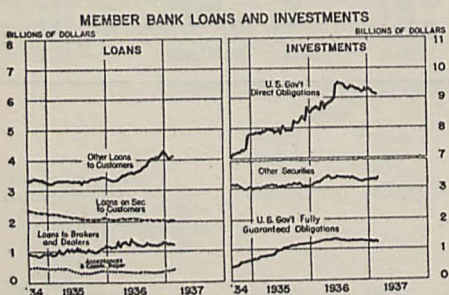
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to January, 1937.



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to January, 1937.



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1932 to date. Latest figure is for week ending February 20, 1937.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to February 17, 1937. Loans on real estate and loans to banks excluded.

Industrial activity, adjusted for seasonal changes, showed a decline in January following a rapid rise in November and December. Distribution of commodities to consumers declined more than seasonally.

PRODUCTION AND EMPLOYMENT

Volume of industrial production, which usually increases at this time of year, declined from December to January, and the Board's seasonally adjusted index was 115 per cent of the 1923-1925 average, as compared with 121 in December and 114 in November. Steel production increased, though by less than the usual seasonal amount, and was larger in January than at any other time during the recovery period. In the first three weeks of February output of steel increased somewhat further. Output of automobiles was curtailed by strikes in January and the first half of February but after the strikes were settled production rose sharply. At lumber mills there was a considerable decrease in activity in January, reflecting in part the effects of unusually cold weather in the western lumber regions. Production of plate glass declined further in January but toward the end of the month the strikes which had restricted output since October were settled. At textile mills activity declined from the exceptionally high level reached in December, and in the meat-packing industry there was also a decrease, while output at shoe factories increased. Mineral production was smaller in January than in December, reflecting a reduction in output of coal. There was a further rise in output of crude petroleum.

Value of construction contracts awarded showed a considerable rise in January, according to figures of the F. W. Dodge Corporation, and was substantially larger than a year ago. The most marked increases over December were in factory building, which recently has been in larger volume than at any time since 1930, and in residential building. The increase in residential building was largely in publicly-financed apartment construction.

Factory employment and payrolls showed about the usual seasonal decline between the middle of December and the middle of January. Among the durable goods industries there were increases in employment at blast furnaces and steel mills and at foundries and machine shops, while in the automobile industry there was a considerable decline. In industries producing nondurable goods employment declined by less than the usual seasonal amount, with increases at textile mills and in the chemical industries, and seasonal reductions in working forces in most other lines.

DISTRIBUTION

Department store sales showed the usual seasonal decrease in January, while sales at variety stores and mail-order houses declined considerably more than is usual. Car loadings of revenue freight also declined in January, reflecting in part the effects of floods. There were substantial declines in shipments of forest products, coal, and miscellaneous freight.

COMMODITY PRICES

The general level of wholesale commodity prices, which, according to the Bureau of Labor Statistics, had advanced more than 5 per cent from the end of October to the middle of January, showed little change from the middle of January to the third week of February. Prices of agricultural commodities declined slightly, while industrial commodities as a group continued to advance. There were substantial increases in nonferrous metals, lumber, and petroleum and smaller increases in a wide variety of finished products, while prices of glass and certain cotton textiles declined, following rapid increases in other recent months.

BANK CREDIT

Total loans and investments of weekly reporting member banks in leading cities declined somewhat further during the four weeks ending February 17, reflecting principally a decrease in holdings of United States Government obligations. Commercial loans, following a seasonal decline in January, increased at reporting banks outside New York City and remained practically unchanged in New York.

On January 31 the Board of Governors raised reserve requirements for member banks by 33½ per cent, half of the increase to become effective on March 1 and half on May 1. This action completes the use of the Board's authority under the law to raise reserve requirements.

Excess reserves of member banks showed little change in the five weeks ending February 24; there was a further increase at New York City banks and a decline at banks elsewhere.

The rate on bankers' acceptances was raised 1/16 of 1 per cent on February 1, following a similar increase on January 16. Market yields on short and medium term Treasury obligations also increased slightly in January and the early part of February, while yields on long-term Government bonds showed little change.