

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	February 1937	Change from January
Bank debits to individual accounts (18 cities)	\$780,316,000	- 12.9%
Department store sales		+ 5.8%
Wholesale trade sales (five lines)		- 4.7%
Reserve bank loans to member banks at end of month	\$ 223,247	+ \$201,375
Valuation of building permits (14 cities)	\$ 4,093,928	- 25.9%
Cement production at Texas mills (barrels)	469,000	- 15.0%
Cement shipments from Texas mills (barrels)	491,000	+ 32.0%
Commercial failures (number)	18	+ 7
Commercial failures (liabilities)	\$ 218,000	+ \$176,000
Daily average oil production (barrels)	1,493,773	+ 5.0%

Business activity in the Eleventh District continued at a high level in February. Department store sales registered more than the usual gain from January to February, and exceeded those in the corresponding month last year by 11 per cent. Wholesale distribution, although declining seasonally as compared with the previous month, was 12 per cent higher than in February, 1936. Business failures were more numerous and liabilities were greater than in the preceding month, yet in comparison with the February figures of other years they were at a low level. Bank debits showed a seasonal recession of 13 per cent from January, but the month's volume was 14 per cent above that in the same month of 1936.

The daily rate of petroleum production in this district increased further in February and the first half of March, and is now at the highest level in the history of the industry. In the western portion of the district many of the copper mines are operating at full capacity and operations at other mines are being increased.

The total value of construction contracts awarded in the Eleventh District, according to the F. W. Dodge Corporation, was 23 per cent lower in February than in the same

month of 1936, but residential awards showed a year-to-year gain of 86 per cent. As compared with the previous month total contracts increased 26 per cent and residential contracts were up 30 per cent. The valuation of building permits issued at fourteen of the district's principal cities was down 26 per cent from the preceding month and 47 per cent from February last year.

The outlook for agriculture and livestock improved somewhat in the past thirty days. Land preparation was advanced rapidly and a good start has been made with the planting of spring crops. Small grains, benefited by the better moisture supply and higher temperatures, made satisfactory growth and are now in fair to excellent condition. Recent rains were very beneficial generally, but the excessive fall in some parts of the eastern portion of the district further retarded field operations which were already behind schedule. Livestock came through the winter in fine shape, and prospects are favorable for early spring grazing. Indications point toward large marketings of grass-fat cattle and sheep during the spring and early summer months. Market prices for livestock have recently shown considerable strength.

Total loans and investments of weekly reporting member banks in the district's leading cities declined \$1,647,000 in the four weeks ending March 10, as the reduction in holdings of direct and fully guaranteed obligations of the United States Government more than offset the rise in loans and the increase in other investments. Although the daily average gross demand and time deposits of all member banks declined \$14,994,000 from January to February, they were \$145,441,000 higher than the February, 1936, average. Federal Reserve note circulation rose \$1,460,000 between February 15 and March 15, and in the same period member bank reserve deposits increased \$11,042,000.

BUSINESS

Wholesale Trade
Wholesale distribution, as indicated by the dollar value of sales in five reporting lines, declined by about the usual amount from January to February, but remained 12.0 per cent above the total for February, 1936. Among the individual lines, however, mixed trends were in evidence. Following the unusually heavy business in January, sales of dry goods

fell off 6.4 per cent, which is contrary to seasonal, and the February increase of 4.2 per cent over a year ago was considerably smaller than the similar percentage gain in January. The decline of 18.5 per cent in the farm implement business was larger than the average for this season, but sales were up 21.6 per cent from last year. Distribution of groceries was only 1.0 per cent lower than in January

and exceeded that in February last year by 16.8 per cent. The drug business, while unchanged from the previous month, was 6.7 per cent higher than a year ago. Hardware sales showed a decline of 4.3 per cent from January, but evidenced a gain of 14.3 per cent over the year. Inventories at the end of February continued appreciably higher than a year ago in all reporting lines of trade except farm implements. Collections evidenced the usual decline at this season.

CONDITION OF WHOLESALE TRADE DURING FEBRUARY, 1937

	Percentage of increase or decrease in—						
	Net Sales		Net Sales		Stocks		Ratio Feb. collections to accounts outstanding Jan. 31
	February, 1937 compared with Feb. 1936	Jan. 1937	Jan. 1 to date compared with same period last year	Feb. 28, 1937 compared with Feb. 29, Jan. 31, 1936	Jan. 31, 1937	Jan. 31	
Groceries.....	+16.8	- 1.0	+17.7	+14.0	- 2.5	83.8	
Dry goods.....	+ 4.2	- 6.4	+ 9.1	+36.7	+ 4.5	30.2	
Farm implements.....	+21.6	-18.5	+19.0	+ 1.0	- 1.8	8.2	
Hardware.....	+14.3	- 4.3	+18.1	+16.6	+ 5.6	50.3	
Drugs.....	+ 6.7	+ .1	+ 4.9	+11.7	- 2.2	66.4	

Retail Trade

Retail sales of reporting department stores in larger cities increased 5.8 per cent in February as compared with January, which was greater than seasonal, and maintained a

gain of 11.0 per cent over the corresponding month of 1936. The improvement over the year occurred in spite of one less business day and one less Saturday in this February. Featuring the month's trade was the heavy demand for women's and children's apparel, indicating in part the early purchases of spring merchandise. Other departments showing large sales gains over the year were: domestic floor coverings; draperies, curtains, upholstery; silverware; gift shop; and luggage. Consumer preference for better quality merchandise continues to broaden.

Reflecting the stocking of merchandise for the spring trade, the dollar value of inventories held by reporting department stores increased 12.7 per cent between January 31 and February 28, and was 14.2 per cent higher than at the end of February last year. The rate of stock turnover in the first two months of 1937 dropped slightly below that for a like period in 1936.

Collections in February on both regular and installment accounts were down somewhat in comparison with the previous month and the same month last year.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
February, 1937, compared with February, 1936.....	+12.1	+ 8.4	+14.3	+ 7.0	+10.5	+11.0
February, 1937, compared with January, 1937.....	+14.5	+10.0	+ 1.3	- 2.3	- 3.4	+ 5.8
January 1 to February 28, 1937, compared with same period last year.....	+11.8	+10.1	+13.9	+ 7.2	+12.2	+11.3
Credit sales (percentage):						
February, 1937, compared with February, 1936.....	+16.3	+11.7	+19.7	+13.2	+12.3	+15.3
February, 1937, compared with January, 1937.....	+14.7	+14.0	+ .3	- 6.5	- 1.2	+ 6.7
January 1 to February 28, 1937, compared with same period last year.....	+15.5	+12.8	+19.1	+15.2	+12.6	+15.3
Stocks on hand at end of month (percentage):						
February, 1937, compared with February, 1936.....	+14.3	- 6.8	+17.8	+19.0	+21.6	+14.2
February, 1937, compared with January, 1937.....	+13.2	+ 2.8	+14.3	+10.6	+17.6	+12.7
Stock turnover (rate):						
Rate of stock turnover in February, 1936.....	.32	.24	.27	.26	.20	.27
Rate of stock turnover in February, 1937.....	.31	.25	.25	.24	.19	.25
Rate of stock turnover January 1 to February 29, 1936.....	.61	.44	.52	.54	.42	.52
Rate of stock turnover January 1 to February 28, 1937.....	.58	.48	.51	.49	.41	.51
Ratio of February collections to open accounts receivable and outstanding February 1, 1937.....	41.3	31.6	43.2	41.0	37.6	39.6
Ratio of February collections to installment accounts receivable and outstanding February 1, 1937..	15.7	10.6	.....	11.6	15.9	14.0
Indexes of department store sales:						
Unadjusted—January, 1937.....	85.8	75.9	78.4	71.2	.....	78.1
Unadjusted—February, 1937.....	104.7	88.4	84.9	71.8	.....	88.5
Adjusted—January, 1937.....	99.8	102.6	88.1	78.2	.....	93.0
Adjusted—February, 1937.....	119.0	106.5	99.9	86.5	.....	105.4
Indexes of department store stocks:						
Unadjusted—January, 1937.....	56.6	56.7	41.7	55.4	.....	57.8
Unadjusted—February, 1937.....	65.1	58.3	43.5	58.3	.....	64.1
Adjusted—January, 1937.....	65.1	65.9	48.5	60.2	.....	66.4
Adjusted—February, 1937.....	67.8	60.7	46.8	57.7	.....	66.8

Commercial Failures

Although the number and liabilities of commercial failures in the Eleventh District in February were considerably larger than in January, they were at a low level for that

month. The 18 firms defaulting in February had liabilities of \$218,000. In January there were 11 insolvencies with an indebtedness of \$42,000 and in February, 1936, 26 firms failed owing \$281,000.

AGRICULTURE

Crop Conditions

The open weather during February and the early part of March enabled farmers to make rapid progress with land preparation and the planting of early spring crops. Corn planting has become general in south and central Texas and has begun in north Texas. The seeding of cotton is well under way in the Rio Grande Valley and is being extended northward. Toward the middle of March light to heavy rains fell over the major portion of the district, but the heaviest rainfall was in the eastern portion where land preparation was very backward on account of the excessive moisture in January and February. Although precipitation in west and

northwest Texas and eastern New Mexico was not so heavy as in other sections, it relieved the dryness of the top-soil and left the ground in good condition for plowing.

Small grains have shown a noticeable betterment throughout the district. In the western portion the wheat crop has responded to the improved moisture situation, and reports indicate that plants are now making good growth. Wheat and oats in other sections are in fair to excellent condition.

Growing conditions continued generally favorable for commercial vegetable crops in south Texas. Moisture supplies are generally ample in all sections except the Coastal

Bend area where additional rainfall is needed. The cold wave at the close of February caused only slight damage to crops.

PLANTING INTENTIONS OF TEXAS FARMERS, MARCH 1, 1937
(In thousands of acres)

Crop	Acreage harvested			Indicated for harvest in 1937
	Average 1928-1932	1935	1936	
Corn.....	4,823	4,995	4,595	4,411
Oats.....	1,485	1,070	1,219	1,256
Barley.....	190	99	89	111
Tame hay.....	609	799	947	898
Grain sorghums.....	3,621	4,450	3,338	3,338
Rice.....	178	167	200	220
Irish potatoes.....	52	49	44	44
Sweet potatoes.....	64	70	56	48
Peanuts*.....	220	302	310	310
Soybeans*.....	.....	12	80	68
Cowpeas*.....	152	186	710	674

*Grown alone for all purposes. Partly duplicated in hay acreage.

SOURCE: United States Department of Agriculture.

Cash Farm Income

January receipts from the sale of principal farm products in the five states wholly or partially attached to the Eleventh District, as estimated by the United States Department of Agriculture, dropped 12.3 per cent below those in January last year. This decline was due chiefly to the lower marketings of cotton this January in Arizona, New Mexico, Oklahoma, and Texas. Income from marketings of livestock and livestock products was about the same as a year ago. Government payments in the five states aggregated \$3,682,000 in January this year as compared with \$635,000 in January, 1936.

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

	Receipts from:					
	Farm crops		Livestock and livestock products		Total receipts	
	January 1937	January 1936	January 1937	January 1936	January 1937	January 1936
Arizona.....	\$ 2,752	\$ 3,578	\$ 1,414	\$ 1,409	\$ 4,166	\$ 4,987
Louisiana.....	6,356	2,518	889	1,032	7,245	3,550
Oklahoma.....	1,641	6,181	6,322	6,241	7,963	12,422
New Mexico.....	1,334	1,739	2,331	2,418	3,665	4,157
Texas.....	13,245	17,931	10,560	10,348	23,805	28,279
Total five states....	\$ 25,328	\$ 31,947	\$ 21,516	\$ 21,448	\$ 46,844	\$ 53,395

SOURCE: United States Department of Agriculture.

Livestock

Favorable prospects for early spring grazing obtain in virtually all sections of the Eleventh District. During the first half of March rainfall over west and northwest Texas and eastern New Mexico was sufficient to relieve the dryness of the top-soil and to give grass and weeds a good start. In the eastern half of the district there has been an excess of moisture, and dry, warm weather is needed for the best growth of weeds and grass. The Department of Agriculture reported that cattle ranges in Texas were 76 per cent of normal on March 1, which was 1 point lower than a month earlier and the same as a year ago. At 81 per cent the March 1 condition of sheep and goat ranges was unchanged from February 1 and was 4 points higher than a year ago. During February ranges improved 2 points in New Mexico and 3 points in Arizona.

Livestock came through the winter in good shape and losses were few. The March 1 condition of livestock was reported by the Department of Agriculture to be about the

same as on February 1 this year and March 1 last year. Breeding animals were reported to be strong and prospects indicate a large crop of calves, lambs, and kids. According to the Department of Agriculture the carryover of wether lambs in Texas from the 1936 lamb crop was very large and a heavy marketing of these grass-fat yearlings in April, May, and June is in prospect.

Wool and Mohair Production

Wool production in Texas during 1936, which was estimated by the Department of Agriculture at 64,265,000 pounds, is the second largest crop on record and compares with 59,220,000 pounds produced in 1935 and 74,800,000 pounds shorn in 1933. The 1936 production represented 18 per cent of all wool shorn in the United States as compared with 16 per cent of the total in 1935. Production in Arizona and New Mexico amounted to 4,536,000 and 15,904,000 pounds, respectively, representing moderate declines from the previous year. Texas mohair production totaled 13,400,000 pounds in 1936, which was 400,000 pounds larger than the 1935 clip and 84 per cent of the United States production of 15,986,000 pounds. Production in New Mexico amounted to 860,000 pounds in 1936 as compared with 920,000 pounds in 1935.

Livestock on Farms

The estimated number of livestock on Texas farms on January 1, 1937, was 13.8 per cent larger than a year earlier. The number of sheep, estimated at 8,920,000 head, exceeded last year's total by 21.2 per cent, and was the highest for any year on record. During 1936 the number of goats increased 12 per cent; hogs, 14 per cent; cattle, 10 per cent; and horses, 2 per cent. The number of mules declined 6 per cent. The total value of all classes of Texas livestock showed an increase of 7.7 per cent over a year ago, the higher values of cattle, sheep, and goats accounting for most of the gain. In Louisiana the number of livestock was 4.8 per cent higher, and livestock values increased 8.7 per cent. The total number and aggregate value of livestock on New Mexico farms showed only small changes as compared with a year ago.

NUMBER AND VALUE OF LIVESTOCK ON FARMS AS OF JANUARY 1, 1936 AND 1937

	Number (000's omitted)		Average price (per head)		Total value (000's omitted)	
	1937	1936	1937	1936	1937	1936
Texas:						
Horses and colts.....	707	693	\$ 67.00	\$64.00	\$ 47,144	\$ 44,255
Mules and mule colts.....	787	837	102.00	96.00	80,586	80,214
All cattle and calves.....	7,547	6,861	21.80	22.20	164,690	152,158
Milk cows*.....	1,402	1,388	31.00	29.00	43,462	40,252
Hogs, including pigs.....	1,658	1,455	8.60	10.20	14,185	14,809
All sheep and lambs.....	8,920	7,359	5.40	5.70	47,771	41,764
Goats and kids.....	3,024	2,700	3.80	2.40	11,491	6,480
Total, six classes....	22,043	19,905	.....	.....	\$365,867	\$339,680
Louisiana:						
Horses and colts.....	123	122	\$ 65.00	\$ 56.00	\$ 7,951	\$ 6,843
Mules and mule colts.....	201	199	110.00	99.00	22,132	19,791
All cattle and calves.....	1,045	1,035	19.40	18.60	20,225	19,237
Milk cows*.....	298	304	32.00	29.00	9,536	8,816
Hogs, including pigs.....	818	730	7.20	7.90	5,889	5,782
All sheep and lambs.....	260	248	3.10	3.20	812	788
Total, five classes....	2,447	2,334	.....	.....	\$ 57,009	\$ 52,441
New Mexico:						
Horses and colts.....	138	141	\$ 62.00	\$ 53.00	\$ 8,490	\$ 7,496
Mule and mule colts.....	16	17	85.00	85.00	1,360	1,448
All cattle and calves.....	1,039	1,039	27.40	28.00	28,460	29,139
Milk cows*.....	76	76	43.00	45.00	3,268	3,420
Hogs, including pigs.....	72	64	11.20	10.60	808	681
All sheep and lambs.....	2,477	2,450	5.30	5.50	13,224	13,378
Total, five classes....	3,742	3,711	.....	.....	\$ 52,342	\$ 52,142

*Cows and heifers two years old and over kept for milk.

SOURCE: United States Department of Agriculture.

Movements and Prices

Cattle and calf supplies at Fort Worth for February were seasonally 25 and 30 per cent, respectively, lower than in January and the cattle run was down 28 per cent from a year ago. Sheep receipts continued in large volume, being 25 per cent above the previous month's supply and nearly double those in February last year. Hog arrivals were up 13 per cent from January and were in about the same volume as a year ago.

An active demand for all classes of cattle at steady to higher prices featured cattle trading at the Fort Worth market during the past thirty days. In the second week of March choice offerings sold at the best prices in several months. Lamb prices advanced sharply around the middle of March and some good to choice spring lambs cleared at \$11.25

to \$12.00. The hog market was up slightly over the period.

FORT WORTH LIVESTOCK RECEIPTS
(Number)

	February 1937	February 1936	Change over year	January 1937	Change over month
Cattle.....	38,470	53,371	-14,892	51,323	-12,844
Calves.....	20,912	21,244	- 332	29,814	- 8,902
Hogs.....	42,584	42,000	+ 584	37,645	+ 4,939
Sheep.....	43,072	22,084	+20,988	34,516	+ 8,556

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	February 1937	February 1936	January 1937
Beef steers.....	\$ 9.75	\$ 8.25	\$ 9.75
Stocker steers.....	7.50	7.25	7.15
Heifers and yearlings.....	11.00	9.25	8.55
Butcher cows.....	6.00	6.00	6.00
Calves.....	7.65	7.00	7.65
Hogs.....	9.85	10.35	10.35
Lambs.....	10.00	9.50	10.00

FINANCE**Operations of the Federal Reserve Bank**

Discounts for member banks in this district continued in small volume, the total of \$120,000 on March 15 comparing with \$41,000 on February 15 and \$178,000 on the same date last year. Industrial advances declined \$47,000 over the month and \$461,000 from a year ago. Holdings of United States Government securities were unchanged from a month earlier, but exceeded those of a year ago by \$9,966,000. Federal Reserve note circulation continued the usual downward trend until the end of February, but there was an upward movement in the first half of March. Total note circulation of \$39,244,000 at the middle of the month was \$1,460,000 higher than at mid-February and \$14,184,000 above that last year. Member bank reserve deposits increased \$11,042,000 between February 15 and March 15, and the record total of \$180,103,000 on the latter date was \$43,595,000 larger than at this time last year. Due to the large excess reserves member banks apparently had little difficulty in meeting the 16 2/3 per cent increase in reserve requirements which became effective March 1.

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

	March 15, 1937	March 15, 1936	February 15, 1937
Total cash reserves.....	\$202,312	\$148,697	\$194,213
Discounts for member banks.....	120	178	41
Other bills discounted.....	None	None	None
Industrial advances.....	1,252	1,713	1,299
Bills bought in the open market.....	87	133	86
United States Government securities.....	94,966	85,000	94,966
All other investments.....	6	10	3
Total earning assets.....	96,431	87,034	96,395
Member bank reserve deposits.....	180,103	136,508	169,061
Federal Reserve notes in actual circulation.....	89,244	75,060	87,784
Commitments to make industrial advances.....	447	587	486

Condition of Member Banks in Leading Cities

Weekly reporting member banks made a further reduction of \$6,686,000 in their holdings of direct and fully guaranteed obligations of the United States Government in the four weeks ended March 10, but the total of \$216,307,000 on that date was \$19,741,000 greater than a year ago. Investments in other securities on March 10 were \$2,051,000 higher than four weeks earlier and \$10,578,000 greater than on March 11, 1936. Loans on securities were up \$82,000 over the four weeks and \$3,240,000 over the year. "All other" loans (agricultural, industrial, and commercial loans), after

reaching a low point for the year on February 24, turned upward in the subsequent two weeks and on March 10 were \$2,906,000 higher than on February 10, and \$22,648,000 above the total on the corresponding date in 1936. During the four weeks there were further declines of \$409,000 in time deposits, \$11,721,000 in interbank deposits, and \$10,555,000 in United States Government deposits. On the other hand, adjusted demand deposits rose \$5,118,000. Balances with other banks on March 10 were \$23,474,000 lower than on February 10, and \$20,982,000 below those on March 11, 1936. These banks increased their reserves with the Federal Reserve Bank \$7,804,000 during the four-week period, and the record total of \$114,886,000 on March 10 was \$30,128,000 higher than a year earlier.

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

	March 10, 1937	March 11, 1936	February 10, 1937
United States Government securities.....	\$187,116	\$146,692	\$192,864
Securities fully guaranteed by United States Government.....	29,191	49,874	30,129
All other stocks, bonds, and securities.....	57,529	46,951	55,478
Loans on securities.....	46,076	42,836	45,994
All other loans.....	166,981	144,333	164,075
Total loans.....	213,057	187,169	210,069
Demand deposits—adjusted*.....	391,785	357,454	386,667
Time deposits.....	120,405	118,360	120,814
United States Government deposits.....	18,927	21,197	29,482
Interbank deposits.....	186,444	181,543	198,165
Balances with domestic banks.....	161,287	182,269	184,761
Reserve with Federal Reserve Bank.....	114,886	84,758	107,082
Bills payable and rediscounts with Federal Reserve Bank.....	None	None	None

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

Acceptance Market

There was little change between January 31 and February 28 in the volume of outstanding acceptances executed by accepting banks in this district, the total on the latter date being \$1,579,977 as compared with \$1,553,736 on the former date. During the month outstanding acceptances executed against export and import transactions increased \$3,003 and those based on the domestic shipment and storage of goods rose \$23,238.

Deposits of Member Banks

The gross demand deposits of member banks in this district averaged \$1,079,858,000 in February, which represents a further decline of \$14,968,000 as compared with the previous month but a gain of \$142,721,000 over February last

year. Average time deposits were in about the same volume as in the preceding month and were \$2,720,000 higher than a year ago.

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						
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
1937						
January	1,094,826	199,824	621,186	109,726	473,640	90,098
February	1,079,858	199,798	607,432	109,355	472,426	90,443

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	194,014	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	83,049
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
Dec. 31, 1936	761,530	200,780	344,572	110,506	416,958	90,274

*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.

Debts to Individual Accounts

Debts to individual accounts at banks in eighteen reporting cities in this district were 14.4 per cent higher in February this year than in the same month of the preceding year. As compared with January, however, there was a decline of 12.9 per cent because of the short month and seasonal factors.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	February 1937	February 1936	Pctg. change over year	January 1937	Pctg. change over month
Abilene	\$ 7,249	\$ 6,623	+ 9.5	\$ 7,660	- 5.4
Austin	29,080	22,959	+26.7	26,417	+10.1
Beaumont	23,300	22,241	+ 4.8	24,991	- 6.8
Corsicana	3,430	2,611	+31.4	3,994	-14.1
Dallas	223,589	192,931	+15.9	264,167	-15.4
El Paso	26,074	22,942	+13.7	30,368	-14.1
Fort Worth	74,492	67,225	+10.8	88,394	-15.7
Galveston	26,448	21,233	+24.6	29,583	-10.6
Houston	192,317	165,970	+15.9	222,231	-13.5
Port Arthur	8,114	6,817	+19.0	9,186	-11.7
Roswell	2,734	2,287	+19.5	3,609	-24.2
San Antonio	63,360	60,203	+ 5.2	70,199	- 9.7
Shreveport	40,698	35,486	+14.7	49,000	-16.9
Texarkana*	7,405	5,658	+30.9	9,163	-19.2
Tucson	12,256	9,287	+32.0	11,560	+ 6.0
Tyler	13,831	11,807	+17.1	14,138	- 2.2
Waco	13,344	12,577	+ 6.1	15,902	-16.1
Wichita Falls	12,595	12,977	- 2.9	15,333	-17.9
Total	\$780,316	\$681,834	+14.4	\$895,895	-12.9

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

Savings Deposits

Although savings deposits at 117 reporting banks in this district showed little change during February, the aggregate of \$155,098,136 on February 28 was 4.9 per cent greater than on the corresponding date in 1936.

SAVINGS DEPOSITS

	February 28, 1937		February 29, 1936		Percentage change over year in savings deposits	January 31, 1937		Percentage change over month in savings deposits
	Number of reporting banks	Amount of savings deposits	Number of savings depositors	Amount of savings deposits		Number of savings depositors	Amount of savings deposits	
Beaumont	3	9,088	3	9,065	+ 2.7	9,306	\$ 3,620,775	- .4
Dallas	8	79,870	8	77,204	+ 5.9	80,188	26,229,733	- 1.1
El Paso	2	14,214	2	12,368	+22.9	14,009	7,569,886	+ .5
Fort Worth	3	36,917	3	34,704	+ 8.6	36,664	12,541,621	- .1
Galveston	4	17,199	4	16,921	+ 4.9	17,097	10,893,185	+ .5
Houston	10	69,791	10	66,488	- 2.7	69,420	28,136,887	+ .1
Port Arthur	2	5,566	2	5,654	+ 6.4	5,468	2,344,384	+ .5
San Antonio	5	20,515	5	18,261	+ 5.6	20,203	15,966,766	+ 1.1
Shreveport	3	23,895	3	22,367	+10.4	23,863	11,341,730	0.0
Waco	3	9,495	3	9,494	- 8.9	9,530	5,335,733	- 1.4
Wichita Falls	3	6,625	3	3,371,977	+ 1.6	6,604	3,408,704	- 1.1
All others	71	56,347	71	52,629	+ 7.6	56,705	27,648,031	+ .7
Total	117	349,522	117	\$155,098,136	+ 4.9	349,057	\$155,037,495	+ .03

DISCOUNT RATES CHARGED BY MEMBER BANKS DURING MARCH, 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	2½-8	5-6	1½-7	4-7	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	4½	6	4-8	3-7	6	6
Time	4-6	5-8	4-8	3-7	6-7	6
Rate charged on commodity paper secured by warehouse receipts, etc.	2-8	6-8	5-8	2-7	6-8	5-8
Rate on cattle loans	6-8	5-8	5-10	7-10	6-8	8

INDUSTRY

Cottonseed Products

February operations of Texas cottonseed oil mills declined sharply as compared with the previous month and the same month last year. Cottonseed crushed dropped 49.6 per cent

from January to February and fell 47.8 per cent below the February, 1936, volume. Declines from the previous month in the production of products ranged from 45.1 per cent for cake and meal to 53.4 per cent for linters; over

the year the decreases in output were from 42.1 per cent for linters to 53.9 per cent for hulls. Shipments of products from Texas mills were lower than in either comparative period. Due to the large scale operations during the fall months, cottonseed crushed and products produced in the first seven months of the current season exceeded by a small margin similar operations in the corresponding period last season. The excess of shipments over production during February caused a decline in mill supplies of products; and stocks of crude oil, cake and meal, and hulls on February 28 were sharply lower than a year ago. Operations at all United States mills declined seasonally from January to February, but exceeded those of the same month last year by about 20 per cent. End-of-month stocks of crude oil and cake and meal at these mills were materially lower than a year earlier despite the substantial increases in production during the current season.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to February 28		August 1 to February 28	
	This season	Last season	This season	Last season
Cottonseed received at mills (tons).....	893,855	942,744	4,328,703	3,565,444
Cottonseed crushed (tons).....	862,054	858,568	3,780,419	3,283,214
Cottonseed on hand Feb. 28 (tons).....	41,677	106,588	570,210	371,805
Production of products:				
Crude oil (pounds).....	244,572,109	242,543,369	1,132,769,388	989,491,414
Cake and meal (tons).....	400,269	396,776	1,692,566	1,485,591
Hulls (tons).....	228,833	232,644	963,519	848,353
Linters (running bales).....	185,900	168,437	927,523	743,379
Stocks on hand Feb. 28:				
Crude oil (pounds).....	8,375,320	33,985,061	38,917,724	89,497,926
Cake and meal (tons).....	57,168	70,668	193,768	321,843
Hulls (tons).....	43,094	86,066	149,604	154,085
Linters (running bales).....	59,987	56,580	210,641	176,016

SOURCE: Bureau of Census.

Textile Milling

The domestic consumption of cotton was maintained at a high rate in February. Although total consumption dropped from 678,064 bales in January to 664,439 bales in February, due to the smaller number of working days, there was a small gain in the daily rate. As compared with February last year aggregate consumption was up 28.8 per cent. Total consumption for the first seven months of the 1936-37 season amounted to 4,512,634 bales, a gain of 27.8 per cent over the same period of the 1935-36 season. Domestic mills continued to make large purchases of raw cotton. Consuming establishments held 2,056,144 bales at the end of February, a decline of only 10,158 bales as compared with stocks a month earlier and an increase of 650,815 bales over holdings a year ago.

COTTON CONSUMED AND ON HAND

	(Bales)			
	February		August 1 to February 28	
	1937	1936	This season	Last season
Cotton-growing states:				
Cotton consumed.....	553,553	431,387	3,772,715	2,958,729
Cotton on hand Feb. 28 in—				
Consuming establishments.....			1,719,741	1,181,055
Public storage and compresses.....			5,856,188	7,124,409
United States:				
Cotton consumed.....	664,439	515,977	4,512,634	3,530,358
Cotton on hand Feb. 28 in—				
Consuming establishments.....			2,056,144	1,405,329
Public storage and compresses.....			5,965,789	7,247,508

SOURCE: Bureau of Census.

of 1936. Combined receipts were down 39.1 per cent from the previous month and 52.4 per cent from a year ago. Exports decreased 25.4 per cent as compared with January and were 9.1 per cent lower than in February, 1936.

Although the foreign exports of cotton from the United States decreased from 538,280 bales in January to 462,517 bales in February, the latter figure was 56,495 bales, or 13.9 per cent, larger than in February last year. Total shipments for the first seven months of the 1936-37 season amounted to 3,897,599 bales, a decline of 11.6 per cent from the corresponding period of the previous season, but a gain of 19.8 per cent over the same period two years ago. Shipments to Japan in February were noticeably larger than in either January this year or February last year.

Following the decline during the first three weeks of February, the price of cotton rose rapidly during the subsequent three weeks and at the middle of March was at the highest level since 1930.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	(Bales)			
	February		August 1 to February 28	
	1937	1936	This season	Last season
Receipts.....	33,537	59,594	1,609,739	1,462,126
Exports.....	153,831	134,696	1,369,554	1,012,259
Stocks, February 28.....			602,377	674,520

COTTON—GALVESTON STOCK STATEMENT

	(Bales)	
	February 28, 1937	February 29, 1936
For Great Britain.....	7,700	9,000
For France.....	1,700	1,800
For other foreign ports.....	48,900	30,700
For coastwise ports.....	5,000	2,500
In compresses and depots.....	539,077	630,520
Total.....	602,377	674,520

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	(Bales)			
	February		August 1 to February 28	
	1937	1936	This season	Last season
Receipts.....	33,779	81,742	1,212,986	1,588,801
Exports.....	101,156	145,849	921,940	1,300,495
Stocks, February 28.....			413,489	572,641

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

	August 1 to February 28	
	This season	Last season
Receipts.....	5,843,544	6,276,029
Exports: United Kingdom.....	859,260	999,810
France.....	582,305	558,002
Italy.....	234,972	252,040
Germany.....	453,283	552,500
Other Europe.....	472,702	696,798
Japan.....	1,057,625	1,114,938
All other countries.....	237,452	235,531
Total exports.....	3,897,599	4,409,619
Stocks held at all United States ports, February 28.....	2,158,500	2,420,775

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

	February, 1937		March 15, 1937
	High	Low	
New York.....	13.34	12.95	14.85
New Orleans.....	13.34	12.79	14.60
Dallas.....	12.65	12.33	14.20
Houston.....	12.92	12.55	14.40
Galveston.....	12.91	12.56	14.36

Cotton Movements

Seasonal declines in the receipts and exports of cotton at Houston and Galveston were in evidence during February, and the month's totals were smaller than in the same month

Petroleum

Reflecting the continued heavy demand for petroleum products, the daily average production of crude oil in the Eleventh District rose

to a record high level during February. On February 1 production allowables were raised 80,698 barrels in Texas and 4,800 barrels in New Mexico, and further increases were put into effect in these states on March 1, foreshadowing an even higher output of crude oil in March. The district's daily average production in February rose to 1,493,773 barrels, a gain of 71,355 barrels over January this year and 304,873 barrels over February last year. The daily production rate in Texas during February was 71,719 barrels greater than in the preceding month, most of the increase occurring in the west Texas, south Texas, and Texas Coastal fields. The daily output in New Mexico averaged 4,531 barrels higher than in January, but a further decline of 4,895 barrels occurred in north Louisiana.

Drilling activity in this district showed a further contraction. Well completions in the four weeks ending February 20 numbered 961 as against 1,016 in the preceding four weeks. Despite the larger percentage of failures in the latest period, initial production from successful oil wells amounted to 1,143,497 barrels as compared with 1,027,426 barrels in the previous period.

Commercial reports indicate that the crude oil market has remained firm.

FEbruary DRILLING RESULTS

	Completions	Producers	Gas Wells	Failures	Initial Production
North Texas.....	181	95	9	77	23,631
West Texas.....	206	163	5	38	359,591
East Texas.....	193	186	2	5	601,619
South Texas.....	247	164	11	72	71,754
Texas Coastal.....	80	58	4	18	19,676
Total Texas.....	907	666	31	210	1,076,271
New Mexico.....	39	35	..	4	64,807
North Louisiana.....	15	7	3	5	2,419
*February totals, district.....	961	708	34	219	1,143,497
†January totals, district.....	1,016	766	35	215	1,027,426

*February figures represent four weeks ended February 20, 1937.
†January figures represent four weeks ended January 23, 1937.

CRUDE OIL PRICES
(Price per barrel)

	February 27, 1937	February 27, 1936
North and west central Texas.....	\$1.20	\$1.08
East central Texas.....	1.27	1.15
Texas Gulf coast.....	1.41	1.41
West Texas—New Mexico.....	1.08	..
North Louisiana.....	1.22	1.10

NOTE: Prices quoted apply to oil 40 gravity and above.

*Price for a comparable grade of oil is not available.

SOURCE: "The Oil Weekly", Houston, Texas.

Building

The value of construction contracts awarded in this district in February, as reported by the F. W. Dodge Corporation, totaled \$9,645,600, an increase of 25.6 per cent over January but a decline of 23.4 per cent from February last year. Residential awards in February showed a gain of 30.3 per cent as compared with the preceding month and 85.9 per cent over a year ago, and the February total of \$4,403,700 exceeded that for any other month since October, 1929.

Building permits issued at fourteen Eleventh District cities in February had an estimated value of \$4,093,928, reflecting a falling off of 25.9 per cent from January and 47.0 per cent from a year ago. These declines, however, were due principally to the smaller figures reported for Dallas and Houston. The number of permits issued was considerably larger than in either comparative month.

OIL PRODUCTION
(Barrels)

	February, 1937		Increase or decrease over January, 1937	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	3,954,200	141,221	- 172,400	+ 8,105
West Texas.....	6,113,300	218,332	- 188,450	+16,050
East Texas.....	15,640,850	558,602	-1,415,950	+ 8,383
South Texas.....	6,029,100	215,325	+ 252,600	+28,986
Texas Coastal.....	5,328,250	190,295	- 223,850	+11,195
Total Texas.....	37,065,700	1,323,775	-1,748,050	+71,719
New Mexico.....	2,713,100	96,896	- 150,200	+ 4,531
North Louisiana.....	2,046,850	73,102	- 371,050	- 4,895
Total District.....	41,825,650	1,493,773	-2,269,300	+71,355

BUILDING PERMITS

	February, 1937		February, 1936		Percentage change valuation over year	January, 1937		Percentage change valuation over month	January through February		Percentage change valuation over period		
	No.	Valuation	No.	Valuation		No.	Valuation		1937	1936			
	Amarillo.....	28	\$ 93,662	26		\$ 43,295	+116.3		19	\$ 45,978		+103.7	47	$ 139,640	48	$ 86,629	+ 61.2
Austin.....	114	266,254	142	456,432	- 41.7	127	220,092	+ 21.0	241	486,346	296	1,255,777	- 61.3
Beaumont.....	137	117,801	78	102,232	+ 15.2	92	42,260	+178.8	229	160,061	175	322,070	- 50.3
Corpus Christi.....	145	247,726	78	257,060	- 3.6	101	305,481	- 18.9	246	553,207	159	382,590	+ 44.6
Dallas.....	383	435,318	347	2,149,091	- 79.7	301	579,753	- 24.9	684	1,015,071	766	3,148,366	- 67.8
El Paso.....	85	117,998	50	53,171	+121.9	85	119,349	- 1.1	170	237,347	97	95,264	+149.1
Fort Worth.....	170	275,805	118	284,975	- 3.2	124	280,231	- 1.6	294	556,036	220	867,375	- 35.9
Galveston.....	84	103,962	74	20,013	+419.5	80	155,717	- 33.2	164	259,679	156	45,574	+469.8
Houston.....	435	1,347,210	387	3,961,612	- 66.0	241	2,906,605	- 53.7	676	4,253,815	656	4,755,533	- 10.6
Port Arthur.....	131	82,465	112	48,344	+ 70.6	99	52,124	+ 58.2	230	134,589	181	73,753	+ 82.5
San Antonio.....	248	578,339	191	149,012	+288.1	187	415,652	+ 39.1	435	993,991	386	638,901	+ 55.6
Shreveport.....	134	350,823	92	136,650	+156.7	110	353,157	- 7	244	703,980	165	220,853	+218.8
Waco.....	49	51,695	34	39,896	+ 29.6	27	39,046	+ 32.4	76	90,741	61	67,649	+ 34.1
Wichita Falls.....	15	24,870	10	18,575	+ 33.9	7	8,950	+177.9	22	33,820	17	31,570	+ 7.1
Total.....	2,158	\$4,093,928	1,739	\$7,720,358	- 47.0	1,600	\$5,524,395	- 25.9	3,758	\$9,618,323	3,383	\$11,991,904	- 19.8

Cement Although the February production of Portland cement at Texas mills declined 15.0 per cent as compared with the previous month, it was 25.1 per cent larger than in the same month of 1936. Shipments for the month increased 32.0 per cent over January and 23.7 per cent over February last year. For the first two months of 1937 production and shipments were 60.8 per cent and 9.0 per cent, respectively, larger than in the same period of 1936. Stocks on hand at the mills declined 2.4 per cent from Janu-

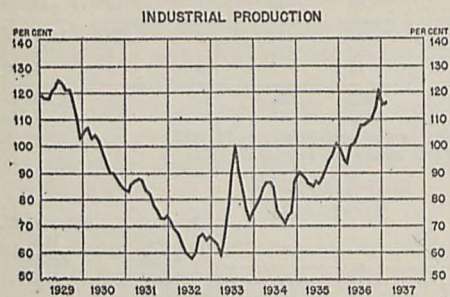
ary 31 to February 28, but the total on the latter date exceeded that a year ago by 51.5 per cent.

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

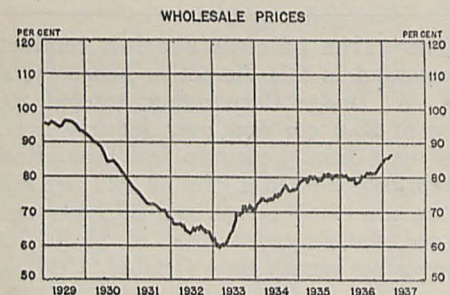
	February 1937	Percentage change from		January 1 through February 1937	Percentage change over year
		February 1936	January 1937		
Production at Texas mills.....	469	+25.1	-15.0	1,021	+60.8
Shipments from Texas mills.....	491	+23.7	+32.0	863	+ 9.0
Stocks at end of month at Texas mills.....	888	+51.5	- 2.4	....	....

SUMMARY OF NATIONAL BUSINESS CONDITIONS

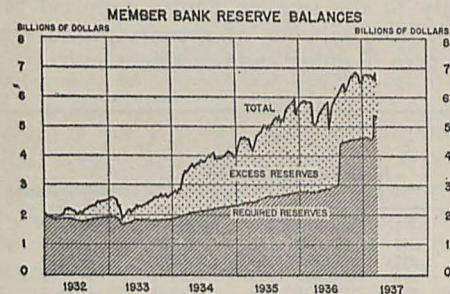
(Compiled by the Board of Governors of the Federal Reserve System)



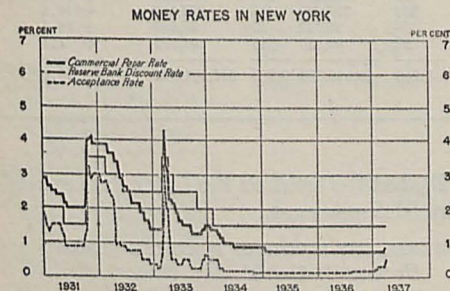
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to February, 1937.



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By months, 1929 to 1931; by weeks, 1932 to date. Latest figure is for week ending March 20, 1937.



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required reserves, January 6, 1932, to March 24, 1937.



Minimum rate on rediscounts for and advances to member banks by Federal Reserve Bank, and weekly prevailing rates on prime commercial paper, 4 to 6 months, and prime bankers' acceptances, 90 days. For weeks ending January 3, 1931, to March 27, 1937.

Volume of production, employment, and trade increased more than seasonally in February and wholesale prices of industrial commodities continued to advance.

PRODUCTION AND EMPLOYMENT

The Board's index of industrial production, which makes allowance for changes in the number of working days and for usual seasonal variations, was 116 per cent of the 1923-1925 average in February as compared with 114 in January and an average of 115 in the last quarter of 1936. At steel mills activity continued to increase in February and the first three weeks of March and, although the growth was somewhat less than seasonal, output currently is about the peak level reached in the summer of 1929. Automobile production, while fluctuating considerably with strikes at important plants, has been larger for the year to date than in the corresponding period last year. Output of plate glass in February showed a sharp rise from the low level of the two preceding months when strikes curtailed production. At textile mills and shoe factories activity continued at a high level, while output at meat-packing establishments declined somewhat further. Mineral production increased, reflecting chiefly greater output of coal and a further rise in crude petroleum production.

Value of construction contracts awarded this year, according to the F. W. Dodge Corporation, has been considerably larger than a year ago, reflecting an increased volume of private residential building and other types of private construction, while the volume of publicly-financed work has been smaller.

Factory employment and payrolls increased from the middle of January to the middle of February by more than the usual seasonal amount. The number employed in the machinery industries increased considerably and there were smaller increases at automobile and plate glass factories. In the non-durable goods industries as a group there was a seasonal rise in employment.

DISTRIBUTION

Department store sales increased from January to February and the Board's seasonally adjusted index advanced from 93 to 95 per cent of the 1923-1925 average. Sales at variety stores also increased more than seasonally, while mail-order sales, largely in rural areas, showed less expansion than is usual at this time of year. Total freight-car loadings increased in February and the first half of March, owing in part to seasonal influences.

COMMODITY PRICES

The general level of wholesale commodity prices advanced from the middle of February to the third week of March, reflecting principally further substantial increases in the prices of industrial materials. Prices of iron and steel, nonferrous metals, lumber, cotton, rubber, and hides advanced considerably and there were also increases in the prices of cotton goods, paper, and furniture. Wheat prices have advanced in recent weeks following a decline in the latter part of February.

BANK CREDIT

On March 1, when the first half of the recent increase in reserve requirements went into effect, excess reserves of member banks declined from \$2,100,000,000 to about \$1,300,000,000. In the next three weeks, which included the March tax collection period, excess reserves showed moderate fluctuations around the new level. In connection with the increase in reserve requirements there were some withdrawals of bankers' balances from city banks but practically no borrowing by member banks from the Reserve banks.

Holdings of United States Government obligations at reporting member banks in leading cities declined by \$280,000,000 in the four weeks ending March 17, a part of the decline reflecting large maturities of Treasury bills. Commercial loans increased further at reporting banks and on March 17 were above last year's high level reached on December 30. Loans to brokers and dealers in securities increased sharply.

MONEY RATES

Since the beginning of March the rate on 90-day bankers' acceptances advanced from 5/16 of 1 per cent to 9/16 of 1 per cent, and commercial paper rose from a flat 3/4 per cent to a range of between 3/4 and 1 per cent.

Bond yields, which until recently had been near the extreme low point reached last December, advanced by between 1/4 and 1/2 per cent and on March 24 were at about the levels prevailing early in 1936.