

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

(Compiled April 15, 1937)

Volume 22, No. 3

Dallas, Texas, May 1, 1937

This copy is released for publication in afternoon papers— April 30

DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	March 1937	Percentage change from	
		Mar., 1936	Feb., 1937
Bank debits to individual accounts (18 cities)	\$890,905,000	+21.5	+14.2
Department store sales		+18.9	+25.3
Wholesale trade sales (five lines)		+12.6	+5.5
Value of construction contracts awarded	\$ 11,000,000	-24.1	+14.0
Valuation of building permits (14 cities)	\$ 6,319,163	+10.1	+54.4
Commercial failures (number)	9	-64.0	-50.0
Commercial failures (liabilities)	\$ 129,000	-41.1	-40.8
Daily average crude oil production (barrels)	1,564,661	+26.8	+4.7

Eleventh District trade and industrial activity reflected an expansion in March, and the volume for the first quarter of 1937 in most lines was appreciably higher than in the corresponding period of 1936. Wholesale trade was seasonably larger than in the preceding month and exceeded the volume for March last year by 13 per cent, which is about the average gain for the first quarter. Retail distribution, as measured by the dollar value of department store sales, increased 25 per cent over the month; 19 per cent over the year; and 14 per cent for the first quarter. The February to March increase, however, was smaller than usual, and this bank's adjusted index of department store sales, which makes allowances for seasonal factors and the variable date of Easter, declined somewhat. Commercial failures were only half as numerous as in February and liabilities declined 41 per cent. Both the number of failures and the volume of liabilities for the first quarter of 1937 were lower than in any corresponding period for which district figures have been compiled. Debits to individual accounts increased by more than the usual seasonal amount from February to March, and the gain of 22 per cent over a year ago was better than the average for the first three months.

Building permits issued at principal cities in March had a value 54 per cent higher than in February and 10 per cent greater than a year ago. The total value of construc-

tion contracts awarded in the Eleventh District evidenced a further increase of 14 per cent over the preceding month but failed by 24 per cent to equal the total in March last year. Residential awards were larger than in either comparative period. Building permits issued and total contracts awarded in the first quarter of 1937 were in smaller volume than in the same period of 1936.

Petroleum production in this district established a new all-time high record in March, but there was a decline in the first half of April following a reduction in the Texas allowable at the beginning of the month.

Weather conditions were unfavorable for farm work and for the growth of early planted crops. Planting operations generally have made slow progress and the cool weather has interfered with seed germination. Freezes late in March damaged the fruit and tender vegetable crops. On the other hand, small grains showed a further improvement. Department of Agriculture estimates, based on the April 1 condition, indicate that winter wheat production in this district will be about double the poor harvest of 1936. Ranges and livestock are in better than average condition and the prospects for spring grazing continue very favorable. An increasing volume of grass-fat stock is being marketed at prices considerably higher than those obtaining a year ago.

The daily average of combined gross demand and time deposits of member banks decreased \$28,550,000 from February to March and the margin of gain over the corresponding month last year dropped to \$121,779,000. At weekly reporting member banks loans showed a further expansion of \$3,185,000 in the five weeks ended April 14, but investment holdings were reduced \$4,889,000 in the same period. Federal Reserve Bank discounts for member banks rose from \$120,000 on March 15 to \$626,000 on April 15. Member bank reserve deposits were \$11,536,000 lower at mid-April than a month earlier.

BUSINESS

Wholesale Trade

The demand for merchandise in wholesale channels of distribution, as measured by the dollar volume of sales in five re-

porting lines of trade, was well sustained during March. Aggregate sales were 5.5 per cent in excess of the February

volume and 12.6 per cent greater than in March, 1936. Collections in the grocery, dry goods, and drug lines increased during March both in dollar amounts and in relation to accounts outstanding at the beginning of the month.

In contrast with the non-seasonal decline in February, the purchases of dry goods at wholesale picked up in March. Sales at reporting firms averaged 8.0 per cent higher than in February and 7.4 per cent above those in March last year. Distribution of groceries rose 6.0 per cent from February to March, which was greater than the average seasonal gain, and exceeded the volume of a year ago by 17.2 per cent. A general increase occurred in the business of wholesale drug firms, the average for the month being 4.8 per cent larger than in the preceding month and 7.2 per cent above that in March last year. A further seasonal recession of 11.1 per cent was evidenced in the sales of farm equipment at wholesale, but with demand continuing at a relatively high rate sales remained 12.5 per cent above those in the like month of 1936. Sales at wholesale hardware firms continued upward in March, reflecting gains of 24.0 per cent and 22.2 per cent over the respective figures in February this year and March last year.

During the first quarter of 1937 the combined business of reporting wholesale firms showed an increase of 12.8 per cent over that in the corresponding period of 1936. The gains ranged upward from 5.6 per cent for drugs to 19.5 per cent for hardware. Inventories of grocery and farm implement firms on March 31 evidenced a further decline from the previous month, while at dry goods and hardware establishments they continued upward. In comparison with a year ago, stocks in all reporting lines except farm implements were considerably higher.

CONDITION OF WHOLESALE TRADE DURING MARCH, 1937

Percentage of increase or decrease in—

	Net Sales		Net Sales		Stocks		Ratio Mar. collections to accounts outstanding Feb. 28
	March, 1937 compared with Mar. 1936	Feb. 1937	Jan. 1 to date compared with same period last year		Mar. 31, 1937 compared with Mar. 31, Feb. 28, 1936	Feb. 28, 1937	
Groceries.....	+17.2	+6.0	+17.6		+5.7	-3.1	87.9
Dry goods.....	+7.4	+8.0	+8.5		+43.4	+5.2	32.1
Farm implements..	+12.5	-11.1	+17.1		-2.8	-12.3	7.6
Hardware.....	+22.2	+24.0	+19.5		+16.0	+4.0	48.0
Drugs.....	+7.2	+4.8	+5.6		+10.5	-.2	67.7

Retail Trade

Augmented by pre-Easter buying and the longer month, the business of thirty-one department stores in principal cities of the Eleventh District witnessed a February to March expansion of 25.3 per cent and exceeded the volume of March last year by 18.9 per cent. The volume of pre-Easter business, however, did not measure up to earlier expectations, attributable largely to the unseasonable temperatures which had a retarding effect upon purchases of spring merchandise. Based on daily average sales, the March increases over the preceding month and the like month a year ago were 11.4 per cent and 14.5 per cent, respectively. This bank's adjusted index of department store sales, which makes allowances for average seasonal changes and the variable date of Easter, declined from 105.4 per cent of the 1923-1925 average in February to 97.6 per cent in March, and compares with 90.5 per cent for March last year. During the first quarter of 1937 sales of reporting firms showed a gain of 14.2 per cent over those in the corresponding three months of 1936.

The dollar value of merchandise stocks at department stores increased by more than the usual seasonal amount in March, the total at the end of the month being 9.0 per cent larger than on February 28 and 15.7 per cent above the March 31, 1936, volume. Average end-of-month merchandise stocks in the first quarter of 1937 increased by a greater amount than sales causing a slight decline in the rate of stock turnover.

Collections on outstanding accounts, both open and installment, evidenced a seasonal increase in March. The ratio of collections during the month to open accounts outstanding on March 1 was 41.3 per cent as compared with 39.6 per cent in February and 39.5 per cent in March, 1936. Collections on installment accounts were 16.2 per cent of outstandings this March as against 14.0 per cent in February and 16.1 per cent last March.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
March, 1937, compared with March, 1936.....	+18.8	+18.6	+22.1	+15.2	+19.8	+18.9
March, 1937, compared with February, 1937.....	+12.5	+29.4	+25.1	+40.0	+40.2	+25.3
January 1 to March 31, 1937, compared with same period last year.....	+14.3	+13.4	+16.9	+10.3	+15.1	+14.2
Credit sales (percentage):						
March, 1937, compared with March, 1936.....	+21.7	+25.8	+24.3	+9.0	+16.6	+19.9
March, 1937, compared with February, 1937.....	+11.4	+25.1	+22.7	+37.1	+36.5	+21.5
January 1 to March 31, 1937, compared with same period last year.....	+17.7	+17.6	+21.0	+12.6	+14.1	+17.0
Stocks on hand at end of month (percentage):						
March, 1937, compared with March, 1936.....	+15.8	-1.2	+9.9	+24.3	+22.9	+15.7
March, 1937, compared with February, 1937.....	+7.0	+9.5	+9.6	+9.8	+10.8	+9.0
Stock turnover (rate):						
Rate of stock turnover in March, 1936.....	.30	.25	.26	.32	.23	.28
Rate of stock turnover in March, 1937.....	.31	.28	.27	.30	.23	.28
Rate of stock turnover January 1 to March 31, 1936.....	.91	.69	.77	.86	.65	.80
Rate of stock turnover January 1 to March 31, 1937.....	.89	.76	.78	.79	.64	.79
Ratio of March collections to open accounts receivable and outstanding March 1, 1937.....	43.6	33.3	43.3	43.3	39.9	41.3
Ratio of March collections to installment accounts receivable and outstanding March 1, 1937.....	17.9	12.1	.....	14.0	20.3	16.2
Indexes of department store sales:						
Unadjusted—February, 1937.....	104.7	88.4	84.9	71.8	.....	88.5
Unadjusted—March, 1937.....	106.0	100.6	97.1	89.4	.....	97.6
Adjusted—February, 1937.....	119.0	106.5	99.9	86.5	.....	105.4
Adjusted—March, 1937.....	102.9	100.6	98.1	88.5	.....	97.6
Indexes of department store stocks:						
Unadjusted—February, 1937.....	65.1	58.3	43.5	58.3	.....	64.1
Unadjusted—March, 1937.....	69.4	65.6	46.7	63.5	.....	69.8
Adjusted—February, 1937.....	67.8	60.7	46.8	57.7	.....	66.8
Adjusted—March, 1937.....	68.7	63.7	46.7	59.9	.....	67.8

Commercial Failures

Commercial failures in the Eleventh District, as reported by Dun and Bradstreet, Incorporated, dropped to a low level in March, when only 9 defaults occurred as against 18 insolvencies in February and 25 failures in March last year. Liabilities of defaulting firms amounted to \$129,000 in

March as compared with \$218,000 in February and \$219,000 in March, 1936. For the first quarter of 1937, there were 38 failures with a combined indebtedness of \$389,000, whereas in the same period last year 90 insolvencies occurred owing \$839,000.

AGRICULTURE

Crop Conditions

Planting and plowing operations were delayed by adverse weather during March, but farmers in most areas have

made fairly satisfactory progress with field work in the past two weeks. While the moisture situation generally was improved by the above normal rainfall in March, high winds have sapped topsoil moisture in some sections with the result that soil conditions are unfavorable for planting and seed germination. Subsoil moisture is adequate except in limited areas. Although considerable replanting of corn was necessary following the March freezes, this work is virtually completed in the major corn-growing areas. The seeding of cotton is nearing completion in south Texas with a large percentage of the crop up to a good stand, and planting is well under way in central Texas. However, the cool weather has been unfavorable for seed germination and plant growth.

Wheat production in Texas was estimated by the Department of Agriculture, in its April 1 report, at 37,205,000 bushels, which is nearly double last year's harvest and larger than production in any year since the record harvest of 65,790,000 bushels in 1931. Although the current estimate is only about 4,000,000 bushels under the 1928-1932 average production, the area seeded last fall is about one-third larger than average seedings in the five-year period, and the April 1 condition indicates a per acre yield considerably below the average. In the principal wheat section of northwest Texas, conditions range from very poor in the northwestern counties to very good in the eastern and southern counties. In practically all other sections of the State, moisture conditions are favorable and the crop is making good growth. The April 1 condition of winter wheat in New Mexico indicates a production of 2,370,000 bushels as compared with 750,000 bushels produced in 1936.

The production of citrus fruits was larger than indicated earlier in the season. The April 1 estimate by the Department of Agriculture placed the harvest of grapefruit at 8,300,000 boxes and oranges at 2,000,000 boxes for the 1936-1937 season. In the previous season grapefruit and orange production amounted to 2,741,000 boxes and 747,000 boxes, respectively.

Commercial vegetable crops in the early producing areas of Texas made fair progress in March. Although subnormal temperatures and lack of sunshine retarded the development of some crops, most crops remained in fairly good condition with some crops showing an improvement. The south Texas onion crop needs moisture, while the north Texas crop would be benefited by warmer weather. The condition of early Irish potatoes in Texas was below average on April 1 due to the cold, wet weather in the principal producing areas. Freezes late in March caused considerable damage to the peach crop, resulting in an April 1 condition in Louisiana and Texas considerably below that obtaining a year ago and the ten-year average condition.

Cash Farm Income

An increase of 29.0 per cent in receipts from marketings of principal farm products more than offset an 8.3 per cent

decline in receipts from the sale of livestock and livestock products in the five states attached to this district, and resulted in a gain of 5.7 per cent in total receipts for February this year as compared with February last year. February receipts from the sale of farm products were considerably lower than a year ago in New Mexico and Oklahoma, but they were substantially higher in Arizona, Louis-

iana, and Texas. While cash income from the marketings of livestock and livestock products increased slightly over February, 1936, in Arizona and New Mexico, receipts declined in Louisiana, Oklahoma, and Texas. Government payments in these states this February aggregated \$3,688,000, whereas no payments were made in February last year. With Government payments included total cash farm income for each state showed a gain over a year ago, ranging from 17.0 per cent in Oklahoma to 112.7 per cent for Louisiana. The average gain for the group as a whole amounted to 32.4 per cent.

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

	Receipts from:				Total receipts	
	Farm crops		Livestock and livestock products			
	February 1937	February 1936	February 1937	February 1936	February 1937	February 1936
Arizona.....	\$ 862	\$ 526	\$ 980	\$ 973	\$ 1,842	\$ 1,499
Louisiana.....	4,167	1,878	913	978	5,080	2,856
New Mexico.....	506	638	1,368	1,327	1,874	1,965
Oklahoma.....	1,520	2,079	5,287	6,340	6,807	8,419
Texas.....	8,819	7,187	10,095	10,719	18,914	17,906
Total five states....	\$15,874	\$12,308	\$18,643	\$20,337	\$34,517	\$32,645

SOURCE: United States Department of Agriculture.

Livestock

Although the growth of range feeds was retarded by cold weather in the latter part of March, rains and snows supplied sufficient moisture in most areas to give range vegetation a good start and prospects for spring grazing are very favorable. Nevertheless, there is still a deficiency of subsoil moisture in that portion of Texas north of the Canadian river, in the high plains area, and in limited areas in south Texas; ranges are dry in portions of southwestern New Mexico. The condition of cattle and sheep ranges in Texas, as reported by the Department of Agriculture, rose 4 and 5 points, respectively, during March, and the April 1 ratings were higher than a year ago. Ranges also improved in New Mexico and Arizona, but the April 1 condition was not so favorable as on that date last year.

In most areas cattle and sheep are in better than average condition and with an improvement in ranges they should take on flesh rapidly. The Department of Agriculture rated the condition of cattle in Texas at 80 per cent of normal on April 1, which is 2 points higher than a month earlier and a year ago. The April 1 condition of sheep in Texas was 86 per cent of normal, the highest rating reported for that date since 1931. Both cattle and sheep are in good condition in New Mexico and Arizona. The movement of grass-fat yearlings and wethers from Texas is well under way and marketings should increase in volume as the spring advances. The Department of Agriculture reported that the spring shipments of cattle from Texas and New Mexico are expected to be larger than a year ago. Although the movement of cattle from south Texas will be larger than last spring, there will be fewer grass-fat cattle from that area. For the State as a whole the spring movement is expected to include a larger percentage of calves and light weight cattle as there is a short supply of old steers.

Movements and Prices

March receipts of sheep at Fort Worth exceeded those in the preceding month by 92 per cent and were more than double arrivals in March, 1936. Supplies of cattle and calves registered further increases of 39 and 18 per cent, respectively, from February to March, which are considerably more than the average gains, and were substantially

larger than a year ago. The 13 per cent increase in hog receipts was smaller than usual at this season and supplies fell 19 per cent under those in March last year.

Trading in all divisions of the cattle market was active during March and prices on most classes advanced to the highest levels of the year. Heavier supplies early in April, however, slowed down trading and weakened the market, particularly on the lower grades, but some of the loss on the better grades of cattle had been regained by the middle of the month. Prices for choice hogs fluctuated between \$9.50 and \$10.10 with the lower level prevailing at the end of the period. At the market-peak choice spring lambs sold up to \$12.50 and good quality old crop woolled lambs moved at \$11.00 and \$12.00, but the market reacted as a result of the heavy receipts in the first half of April and

at the middle of the month values were \$1.00 to \$2.00 under the March top prices.

FORT WORTH LIVESTOCK RECEIPTS

	(Number)				
	March 1937	March 1936	Change over year	February 1937	Change over month
Cattle.....	53,382	47,700	+ 5,682	38,489	+14,893
Calves.....	24,587	21,451	+ 3,136	20,912	+ 3,675
Hogs.....	48,245	59,567	-11,322	42,584	+ 5,661
Sheep.....	82,690	40,158	+42,532	43,072	+39,618

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	March 1937	March 1936	February 1937
Beef steers.....	\$11.00	\$ 8.50	\$ 9.75
Stocker steers.....	7.50	6.75	7.50
Heifers and yearlings.....	11.00	8.50	11.00
Butcher cows.....	7.00	6.00	6.00
Calves.....	8.00	7.50	7.65
Hogs.....	10.10	10.30	9.85
Lambs.....	12.50	9.50	10.00

FINANCE

Operations of the Federal Reserve Bank

Member bank reserve balances fluctuated widely during the past thirty days. In the last half of March there was a decline of approximately \$16,000,000 due in part to tax payments and the withdrawal of Treasury deposits from member banks, but these balances rose somewhat in the subsequent two weeks. Total reserves on April 15 aggregated \$168,567,000, representing a recession of \$11,536,000 over the month but a gain of \$40,984,000 as compared with the same date in 1936. Reflecting the decline in reserve balances and an increase in reserve requirements, excess reserves in the last half of March, which averaged \$54,628,000 for the period, were down about \$5,000,000 as compared with average excess reserves in the preceding fifteen-day period. Earning assets of this bank increased \$3,009,000 between March 15 and April 15 and the total on the latter date was \$2,279,000 higher than on the same date last year. Holdings of United States securities were up \$2,519,000 over the month and \$2,485,000 over the year. Discounts for member banks aggregated \$626,000 on April 15, an increase of \$506,000 as compared with the March 15 volume and \$344,000 over the total at mid-April last year. Outstanding industrial advances showed a further decline of \$16,000 between March 15 and April 15 and were \$505,000 lower than a year ago. Federal Reserve note circulation fluctuated within a narrow range during the past month and the total of \$88,878,000 at mid-April was \$14,353,000 above the circulation on April 15, 1936.

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

	April 15, 1937	April 15, 1936	March 15, 1937
Total cash reserves.....	\$178,844	\$148,197	\$202,312
Discounts for member banks.....	626	282	120
Other bills discounted.....	None	None	None
Industrial advances.....	1,236	1,741	1,252
Bills bought in the open market.....	87	133	87
United States Government securities.....	97,485	95,000	94,966
All other investments.....	6	5	6
Total earning assets.....	99,440	97,161	96,431
Member bank reserve deposits.....	168,567	127,583	180,103
Federal Reserve notes in actual circulation.....	88,878	74,525	89,244
Commitments to make industrial advances....	444	584	447

Condition of Member Banks in Leading Cities

Total loans and investments of weekly reporting member banks declined further by \$1,704,000 in the five weeks ended April 14, when the reduction in investments more than offset the expansion in loans. Holdings of direct and fully guaranteed obligations of the United States Government totaled \$213,012,000 on April 14, which was \$3,295,000 lower than five weeks earlier and approximately \$29,000,000 under the high point

at the middle of last December. Investments in other securities increased further in the first three weeks of the period, but the decline in the following two weeks more than offset this gain, resulting in a net reduction of \$1,594,000 for the five weeks. After reaching a low level for the year on February 24, total loans increased for six consecutive weeks, and, although there was a decline of approximately \$1,800,000 in the week ended April 14, the total on that date amounted to \$216,242,000, which represents a net gain of \$7,484,000 for the seven-week period. This expansion occurred chiefly in "all other" loans (commercial, agricultural, and industrial loans). On April 14 these banks had loans and investments \$37,460,000 in excess of those on the corresponding date last year. Of this increase \$25,658,000 was in loans, \$3,029,000 in direct and fully guaranteed obligations of the United States Government, and \$8,773,000 in holdings of other securities.

During the period between March 10 and April 14, adjusted demand deposits rose \$2,259,000, but other deposits declined \$8,241,000, reflecting chiefly the withdrawal of \$7,756,000 of United States Government deposits. On April 14 United States Government deposits held by these banks amounted to \$11,171,000, which was \$16,057,000 smaller than a year earlier, and the lowest total for any report date since the spring of 1933. As compared with April 15, 1936, other classes of deposits showed increases as follows: Adjusted demand deposits, \$23,512,000; time deposits, \$2,534,000; and interbank deposits, \$10,905,000. Their balances with other domestic banks, although fluctuating widely during the period, were \$6,266,000 larger on April 14 than five weeks earlier but were \$3,468,000 below those on the corresponding date in 1936. While reserves with the Federal Reserve Bank were reduced \$8,855,000 during the period, they were \$24,948,000 larger than a year ago.

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

	April 14, 1937	April 15, 1936	March 10, 1937
United States Government securities.....	\$183,422	\$174,224	\$187,116
Securities fully guaranteed by United States Government.....	29,590	35,759	29,191
All other stocks, bonds, and securities.....	55,935	47,162	57,529
Loans on securities.....	46,161	43,646	46,076
All other loans.....	170,081	146,938	166,981
Total loans.....	216,242	190,584	213,057
Demand deposits—adjusted*.....	394,044	370,532	391,785
Time deposits.....	120,231	117,697	120,405
United States Government deposits.....	11,171	27,228	18,927
Interbank deposits.....	186,133	175,228	186,444
Balances with domestic banks.....	167,553	171,021	161,287
Reserve with Federal Reserve Bank.....	106,031	81,083	114,886
Bills payable and rediscounts with Federal Reserve Bank.....	350	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

A better than average increase in debits to individual accounts at banks in eighteen cities of this district occurred from February to March, due chiefly to the large income tax payments and the expansion in business and industrial activity. Total charges to depositors' accounts amounted to \$890,905,000, which is 14.2 per cent larger than the February total and 21.5 per cent greater than in March, 1936. Debits at all reporting cities showed gains over both comparative periods.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	March 1937	March 1936	Percentage change over year	February 1937	Percentage change over month
Abilene.....	\$ 8,474	\$ 6,823	+24.2	\$ 7,249	+16.9
Austin.....	29,477	24,462	+20.5	29,080	+ 1.4
Beaumont.....	25,256	22,405	+12.7	23,300	+ 8.4
Corpus Christi.....	3,879	2,691	+44.1	3,430	+13.1
Dallas.....	255,053	223,142	+14.3	223,589	+14.1
El Paso.....	30,909	22,623	+36.6	26,074	+18.5
Fort Worth.....	85,490	71,340	+19.8	74,492	+14.8
Galveston.....	26,630	22,573	+18.0	26,448	+ 7
Houston.....	225,983	176,985	+27.7	192,317	+17.5
Port Arthur.....	9,565	7,057	+35.5	8,114	+17.9
Roswell.....	3,217	2,513	+28.0	2,734	+17.7
San Antonio.....	73,328	59,474	+23.3	63,360	+15.7
Shreveport.....	48,375	36,909	+31.1	40,698	+18.9
Texarkana.....	8,276	6,094	+35.8	7,405	+11.8
Tucson.....	12,957	9,995	+29.6	12,256	+ 5.7
Tyler.....	14,803	12,195	+21.4	13,831	+ 7.0
Waco.....	14,279	13,159	+ 8.5	13,344	+ 7.0
Wichita Falls.....	14,954	12,855	+16.3	12,595	+18.7
Total.....	\$890,905	\$733,295	+21.5	\$780,316	+14.2

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

Acceptance Market

Outstanding acceptances executed by accepting banks in this district totaled \$2,210,634 on March 31 as compared with \$1,579,977 on February 28. Acceptances based on the domestic shipment and storage of goods rose \$635,197 during the month, while those executed against import and export transactions declined \$4,540.

Deposits of Member Banks

The daily average of gross demand deposits of member banks declined \$27,886,000 during March, reflecting in substantial part the withdrawal of bankers' balances and United States government deposits. There was a recession of \$19,836,000 at reserve city banks and \$8,050,000 at country banks. In comparison with March, 1936, average gross demand deposits showed an increase of \$118,449,000 of which \$62,326,000 occurred at country banks and \$56,123,000 at reserve city banks. While time deposits during March averaged \$664,000 lower than in February, they were \$3,330,000 above the average for March last year, the gain occurring almost entirely at 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 — 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	89,294
August.....	988,321	199,824	570,488	109,534	417,833	90,920
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
March.....	1,051,972	199,134	587,596	108,501	464,376	90,634

Savings Deposits

The volume of savings deposits at 116 reporting banks in the Eleventh District on March 31 was about the same as a month earlier, but reflected a growth of 5.2 per cent as compared with a year ago. There was a further increase in the number of savings depositors.

SAVINGS DEPOSITS

	March 31, 1937			March 31, 1936			February 28, 1937		
	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	9,164	\$ 3,612,551	8,758	\$ 3,506,819	+ 3.0	9,088	\$ 3,607,206	+ .1
Dallas.....	8	78,825	25,613,281	77,389	24,412,691	+ 4.9	79,870	25,949,512	+ 1.3
El Paso.....	2	14,337	7,665,953	12,492	6,230,217	+23.0	14,214	7,610,143	+ .7
Fort Worth.....	3	37,001	12,542,270	34,863	11,530,187	+ 8.8	36,917	12,527,138	+ .1
Galveston.....	4	17,604	11,130,193	16,932	10,525,112	+ 5.7	17,199	10,950,828	+ 1.6
Houston.....	10	70,041	27,994,974	66,451	28,368,773	- 1.3	69,791	28,152,524	- .6
Port Arthur.....	2	5,583	2,343,657	5,654	2,268,117	+ 3.3	5,566	2,356,919	- .6
San Antonio.....	5	20,872	16,164,717	18,713	15,251,123	+ 6.0	20,485	16,141,879	+ .1
Shreveport.....	3	23,998	11,545,356	22,515	10,469,044	+10.3	23,895	11,342,572	+ 1.8
Waco.....	3	9,448	5,153,510	9,494	5,615,832	- 8.2	9,495	5,246,586	- 1.8
Wichita Falls.....	3	6,648	3,363,787	6,384	3,294,338	+ 2.1	6,625	3,371,977	- .2
All others.....	70	56,791	27,408,668	52,804	25,452,817	+ 8.0	55,640	27,341,970	+ .6
Total.....	116	350,312	\$154,628,917	332,449	\$146,925,070	+ 5.2	348,785	\$154,599,254	+ .01

DISCOUNT RATES CHARGED BY MEMBER BANKS DURING APRIL, 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.....	1½-8	5-6	1-7	4-7	5-7	2-6
Rate charged on loans to other banks secured by bills receivable.....	.....	.....	4-6	5-6	4-6	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.....	5	6-8	4-10	3-7	6	6
Time.....	4-8	6-8	4-10	3-7	4-7	6
Rate charged on commodity paper secured by warehouse receipts, etc.....	2-8	6-8	5-8	2-7	5½-8	5-8
Rate on cattle loans.....	6-8	5-8	5-10	7-10	7-8	8

INDUSTRY

Cottonseed Products

Receipts and crushings of cottonseed and production of cottonseed products at Texas mills during March reflected further sharp declines from the preceding month and fell considerably under operations in March last year due

largely to the small supply of cottonseed available for manufacture. Stocks of cottonseed on hand at the mills amounted to only 16,087 tons on March 31 as compared with 41,677 tons a month earlier and 56,046 tons a year ago. March shipments of oil, hulls, and cake and meal

were also substantially lower than in either comparative month, but they exceeded production by a wide margin, causing a material reduction in stocks. Shipments of linters in March were 84 per cent larger than in February and 26 per cent above those in March last year. Operations at Texas mills during the eight months of the 1936-1937 season were slightly below those for the same period of the 1935-1936 season.

At all United States mills, March operations evidenced a seasonal recession from the previous month, but they were about 25 per cent larger than in March last year, as compared with an average gain of about 15 per cent for the period August 1 to March 31. Mill stocks of cottonseed products were reduced considerably during the month, and holdings of oil and cake and meal were lower on March 31 than on that date in other recent years.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to March 31		August 1 to March 31	
	This season	Last season	This season	Last season
Cottonseed received at mills (tons).....	902,153	953,454	4,392,789	3,647,196
Cottonseed crushed (tons).....	895,942	919,820	4,100,301	3,537,467
Cottonseed on hand Mar. 31 (tons).....	16,087	56,046	314,179	199,179
Production of products:				
Crude oil (pounds).....	254,077,096	262,062,562	1,232,460,925	1,071,133,084
Cake and meal (tons).....	418,411	425,599	1,837,098	1,601,067
Hulls (tons).....	237,641	249,191	1,045,250	914,642
Linters (running bales).....	193,750	181,695	1,014,145	803,095
Stocks on hand March 31:				
Crude oil (pounds).....	3,485,166	28,976,268	23,657,187	80,670,719
Cake and meal (tons).....	35,802	59,277	138,668	285,387
Hulls (tons).....	28,145	74,073	117,737	131,326
Linters (running bales).....	39,501	48,139	174,218	154,998

SOURCE: Bureau of Census.

Textile Milling Consumption of cotton by American mills rose to a record total of 779,302 bales in March, reflecting an expansion of 17.3 per cent over the 664,439 bales consumed in February, and a gain of 41.5 per cent as compared with the 550,641 bales consumed in March last year. The previous peak in domestic consumption was established in June, 1933, at 697,261 bales. The heavy consumption in March brought the total for the eight months of the 1936-1937 season to 5,291,936 bales, which is 29.7 per cent in excess of that in the corresponding period of the 1935-1936 season. Despite the heavy consumption, stocks of cotton on hand at the mills at the end of March aggregated 2,079,862 bales, an all-time high record, exceeding the figure a month earlier by 23,718 bales and that a year ago by 743,333 bales.

COTTON CONSUMED AND ON HAND (Bales)

	March 1937	March 1936	August 1 to March 31	
			This season	Last season
Cotton-growing states:				
Cotton consumed.....	642,440	466,775	4,415,155	3,425,504
Cotton on hand Mar. 31 in—				
Consuming establishments.....			1,711,123	1,113,743
Public storage and compresses.....			4,925,740	6,452,752
United States:				
Cotton consumed.....	779,302	550,641	5,291,936	4,080,999
Cotton on hand Mar. 31 in—				
Consuming establishments.....			2,079,862	1,336,529
Public storage and compresses.....			5,036,962	6,570,222

SOURCE: Bureau of Census.

Cotton Movements March receipts of cotton at Houston and Galveston registered an increase of 17.5 per cent as compared with the preceding month, but exhibited a falling off of 20.1 per cent from the same month last year. Exports declined further during the month, being 8.4 per cent lower than in February and 8.9 per cent below those in March, 1936. For the eight months of the 1936-1937 season, receipts and exports fell

7.9 per cent and 1.7 per cent, respectively, under those for a like period of the preceding season. Combined stocks at these ports totaled 851,482 bales on March 31, a reduction of 16.2 per cent from those a month earlier and 20.8 per cent from supplies on the same date last year.

Following a steady decline since last October, foreign shipments of cotton from all United States ports increased slightly in March, which is counter-to-seasonal, and for the second consecutive month evidenced a gain over the corresponding month last year. March exports amounted to 467,706 bales, as compared with 462,517 bales in February and 404,741 bales in March, 1936. During the period from August 1 to March 31 of the current season, exports aggregated 4,389,199 bales, which is 8.8 per cent lower than in the same period of the 1935-1936 season.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON (Bales)

	March 1937	March 1936	August 1 to March 31 This season	August 1 to March 31 Last season
Receipts.....	45,783	47,808	1,655,522	1,509,934
Exports.....	151,094	128,328	1,520,648	1,140,587
Stocks, March 31.....			497,069	594,000

COTTON—GALVESTON STOCK STATEMENT (Bales)

	March 31, 1937	March 31, 1936
For Great Britain.....	2,700	500
For France.....	1,500	700
For other foreign ports.....	19,300	15,400
For coastwise ports.....	2,000	500
In compresses and depots.....	471,569	576,900
Total.....	497,069	594,000

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON (Bales)

	March 1937	March 1936	August 1 to March 31 This season	August 1 to March 31 Last season
Receipts.....	33,345	51,244	1,246,331	1,640,045
Exports.....	82,502	128,116	1,004,442	1,428,611
Stocks, March 31.....			354,413	481,210

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

	August 1 to March 31 This season	August 1 to March 31 Last season
Receipts.....	6,213,199	6,512,235
Exports: United Kingdom.....	962,141	1,085,817
France.....	620,493	581,894
Italy.....	274,887	286,372
Germany.....	500,030	628,670
Other Europe.....	527,720	747,737
Japan.....	1,242,464	1,220,700
All other countries.....	261,464	263,170
Total exports.....	4,389,199	4,814,360
Stocks held at all United States ports, March 31.....	1,856,804	2,101,844

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

	March, 1937		April 15, 1937
	High	Low	
New York.....	15.25	13.50	14.13
New Orleans.....	15.00	13.27	13.80
Dallas.....	14.57	12.85	13.40
Houston.....	14.82	13.08	13.70
Galveston.....	14.75	13.07	13.67

Petroleum For the fourth consecutive month the output of crude oil in the Eleventh District increased in March, establishing a new high production record at 1,564,661 barrels daily. This figure exceeds the previous month's average by 70,888 barrels and that in March last year by 330,346 barrels. The February to March gain in daily average production in Texas amounted to 68,967 barrels and was well distributed among the major fields of the State. March production in New Mexico averaged 5,333 barrels daily above that in February, but there was a further decline of 3,412 barrels in daily average output at north Louisiana fields. The marked uptrend in production in recent months has resulted from higher allowables

in Texas and New Mexico. In Texas the allowable in effect on December 1 was 1,204,395 barrels daily and the successive increases raised the total to the record figure of 1,430,969 barrels on March 18. The allowable in New Mexico amounted to 103,200 barrels on March 1, or 10,400 barrels higher than that in effect at the beginning of the year. Since late in January stocks of crude oil in the United States have shown a substantial increase with the major portion of the gain occurring in Texas. However, the Texas allowable was cut back to 1,348,964 barrels on April 1, which should bring about a better balance between production and market demand. Reflecting this reduction in allowable, production in the State was estimated at 1,347,600 barrels daily in the week ended April 10, or approximately 50,000 barrels lower than in the preceding week and about 45,000 barrels under the March average.

A general increase in the rate of drilling activity occurred in the five weeks ended March 27. In this period 1,437 wells were completed, of which 1,092 wells were producers of oil, yielding an initial flow of 1,517,972 barrels.

OIL PRODUCTION (Barrels)

	March, 1937		Increase or decrease over February, 1937	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	4,481,100	144,552	+ 526,900	+ 3,331
West Texas.....	7,399,500	238,694	+1,286,200	+20,362
East Texas.....	17,791,050	573,905	+2,150,200	+15,303
South Texas.....	7,084,250	228,524	+1,055,150	+13,199
Texas Coastal.....	6,419,100	207,067	+1,090,850	+16,772
Total Texas.....	43,175,000	1,392,742	+6,109,300	+68,967
New Mexico.....	3,169,100	102,229	+ 456,000	+ 5,333
North Louisiana.....	2,160,400	69,690	+ 113,550	- 3,412
Total District.....	48,504,500	1,564,661	+6,678,850	+70,888

MARCH DRILLING RESULTS

	Com- pletions	Pro- ducers	Gas Wells	Failures	Initial Production
North Texas.....	306	182	13	111	55,412
West Texas.....	286	224	5	57	280,364
East Texas.....	286	264	..	22	904,114
South Texas.....	344	252	8	84	98,677
Texas Coastal.....	116	86	5	25	33,644
Total Texas.....	1,338	1,008	31	299	1,372,211
New Mexico.....	73	65	4	4	140,534
North Louisiana.....	26	19	1	6	5,227
March totals, district.....	1,437	1,092	36	309	1,517,972
February totals, district.....	961	708	34	219	1,143,497

*March figures represent five weeks ended March 27, 1937.

†February figures represent four weeks ended February 20, 1937.

CRUDE OIL PRICES (Price per barrel)

	April 2, 1937	April 2, 1936
North and west central Texas.....	\$1.20	\$1.08
East central Texas.....	1.27	1.15
Texas Gulf coast.....	1.41	*
West Texas—New Mexico.....	1.08	*
North Louisiana.....	1.22	1.10

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

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

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

Building

The volume of residential contracts awarded in the Eleventh District continued to increase in March, the month's total exceeding by 11.0 per cent and 30.1 per cent the respective figures for February this year and March last year. Although the value of awards for all classes of construction work was 14 per cent above that in the previous month, it fell 24.1 per cent below the aggregate for March a year ago. In the first quarter of 1937 the value of residential contracts increased 43.6 per cent but total contracts declined 20.9 per cent in comparison with the same period of 1936.

Following the sharp decline in February, the valuation of building permits issued at fourteen cities of this district rose to \$6,319,163 in March, which represents a gain of 54.4 per cent over February this year and 10.1 per cent over March last year. Eight of the reporting cities had a larger valuation in March than in the preceding month and all reporting cities except Dallas, Houston, and Port Arthur showed gains over a year ago. There was a further increase over both comparative months in the number of permits issued. The valuation of permits issued at these cities in the first quarter of 1937 aggregated \$15,982,486, a decrease of 9.9 per cent as compared with the same period of 1936.

VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	March 1937	March 1936	February 1937	January 1 to March 31, 1937	January 1 to March 31, 1936
Eleventh District—total....	\$ 11,000	\$ 14,501	\$ 9,046	\$ 28,325	\$ 35,955
Residential.....	4,890	3,759	4,404	12,674	8,824
All other.....	6,110	10,742	5,242	15,651	27,131
United States—total.....	231,246	199,028	188,533	662,606	545,871
Residential.....	90,168	55,271	63,004	231,579	123,911
All other.....	141,078	143,757	125,529	431,027	421,960

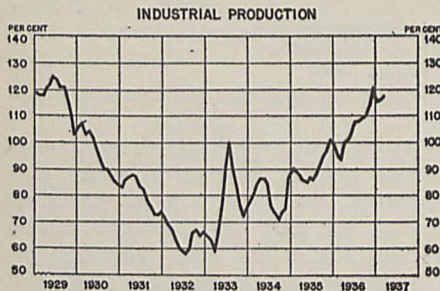
SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

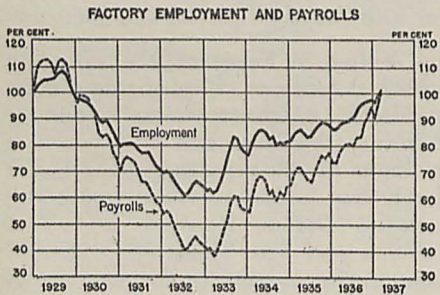
	March, 1937		March, 1936		Percentage change valuation over year	February, 1937		Percentage change valuation over month	January 1 through March 31				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1937	1936	No.	Valuation	
Amarillo.....	40	\$ 59,957	42	\$ 54,111	+ 10.8	28	\$ 93,662	- 36.0	87	\$ 199,597	90	\$ 140,740	+ 41.8
Austin.....	161	290,292	158	241,230	+ 20.3	114	266,254	+ 9.0	402	776,638	454	1,497,007	+ 48.1
Beaumont.....	173	181,039	142	112,784	+ 60.5	137	117,801	+ 53.7	402	341,100	317	434,854	- 21.6
Corpus Christi.....	144	208,560	88	134,542	+ 55.0	145	247,726	- 15.8	390	761,767	247	517,132	+ 47.3
Dallas.....	580	1,009,053	597	1,164,418	- 13.3	333	435,318	+131.8	1,264	2,024,124	1,363	4,312,784	- 53.1
El Paso.....	102	78,774	76	37,303	+111.2	85	117,998	- 33.2	272	361,121	173	132,567	+172.4
Fort Worth.....	226	1,642,244	198	680,848	+148.5	170	275,805	+495.4	520	2,198,280	418	1,528,223	+ 43.8
Galveston.....	103	171,126	125	143,240	+ 19.5	84	103,962	+ 64.6	267	430,805	281	188,814	+128.2
Houston.....	442	1,628,865	392	2,570,890	- 36.6	435	1,347,210	+ 20.9	1,118	5,882,680	1,048	7,326,423	- 19.7
Port Arthur.....	185	107,093	122	135,601	- 21.0	131	82,465	+ 20.9	415	241,682	303	209,354	+ 15.4
San Antonio.....	341	507,497	270	223,780	+126.8	248	578,339	- 12.2	776	1,501,488	656	862,681	+ 74.0
Shreveport.....	165	302,509	137	190,938	+ 58.4	134	350,823	- 13.8	409	1,006,489	302	411,791	+144.4
Waco.....	55	113,420	44	54,938	+106.5	49	51,695	+119.4	131	204,161	105	122,587	+ 66.5
Wichita Falls.....	18	18,734	11	12,858	+ 45.7	15	24,870	- 24.7	40	52,554	28	44,428	+ 18.3
Total.....	2,735	\$6,319,163	2,402	\$5,737,481	+ 10.1	2,158	\$4,093,928	+ 54.4	6,493	\$15,982,486	5,785	\$17,720,385	- 9.9

SUMMARY OF NATIONAL BUSINESS CONDITIONS

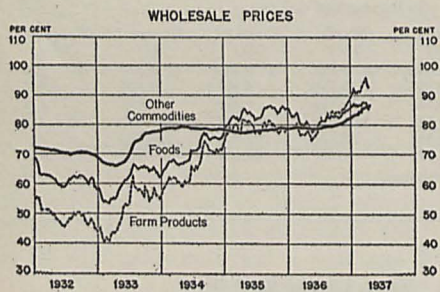
(Compiled by the Board of Governors of the Federal Reserve System)



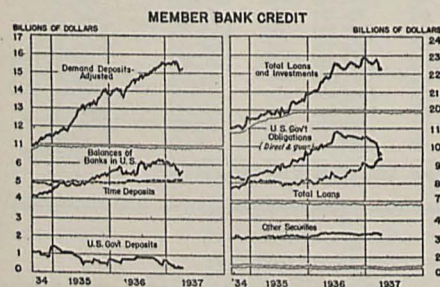
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to March, 1937.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to March, 1937. Indexes compiled by the United States Bureau of Labor Statistics.



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1932 to date. Latest figure is for week ending April 17, 1937.



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934, to April 14, 1937.

In March industrial activity continued to increase and payrolls at factories and mines showed a substantial rise. Prices of basic commodities after advancing rapidly in March declined in the first half of April.

PRODUCTION AND EMPLOYMENT

Industrial production increased from February to March and the Board's seasonally adjusted index advanced from 116 per cent of the 1923-1925 average to 118 per cent. The rise reflected a sharp increase in output of minerals, chiefly coal, and an increase of somewhat more than the usual seasonal amount in manufacturing. The larger output of coal in March was due in part to stocking by consumers in anticipation of a possible strike at bituminous coal mines on April 1 when the agreement between mine operators and the miners' union expired. A new agreement was reached April 2 but, owing partly to the previous accumulation of stocks, production in the first ten days of April showed a sharp decline. During March activity at steel mills increased seasonally and in the first three weeks of April was over 90 per cent of capacity. In the automobile industry output showed about the usual seasonal increase in March and the first three weeks of April, considerable fluctuations during this period being largely in response to developments in the labor situation. Lumber production expanded considerably in March, and there was a sharp rise in output of nonferrous metals. Cotton consumption, which has been at an unusually high level in recent months, increased further in March and in actual amount was larger than in any previous month. Production at woolen mills and shoe factories continued in large volume.

Value of construction contracts awarded in March, as reported by the F. W. Dodge Corporation, was at about the same level as in February and substantially higher than a year ago. Privately-financed work increased, while the amount of publicly-financed work continued to decline. The increase in privately-financed projects reflected a larger volume of residential building and of factory and commercial construction.

Employment and payrolls increased by considerably more than the usual seasonal amount between the middle of February and the middle of March. The expansion in payrolls was larger than in employment, reflecting in part a further rise in wage rates. In manufacturing, the principal increases in employment were in industries producing durable goods, particularly steel, machinery, and lumber. The number employed in the production of nondurable manufactures showed slightly more than the usual seasonal rise.

DISTRIBUTION

Distribution of commodities to consumers showed about the usual seasonal increase from February to March. Mail-order sales expanded considerably but the rise in department store sales was less than seasonal, considering the early date of Easter this year.

COMMODITY PRICES

Prices of nonferrous metals, steel scrap, rubber, cotton, and wheat, which had advanced rapidly in March, declined considerably in the first half of April. Since the middle of March prices of coke, tin plate, and rayon have advanced and there have been smaller increases in a wide variety of other industrial products. Dairy products have declined, reflecting in part seasonal developments.

BANK CREDIT

In the four-week period from March 24 to April 21 excess reserves of member banks increased from \$1,270,000,000 to \$1,590,000,000 reflecting principally disbursements by the Treasury from balances with Federal Reserve banks and purchases of United States Government obligations by the Federal Reserve System. The bulk of the increase in excess reserves was at banks in New York City and Chicago. Total loans and investments of reporting member banks, which had declined sharply in March, reflecting sales of United States Government obligations, showed little change in the two weeks ending April 14. Loans to brokers and dealers in securities declined from the middle of March to the middle of April, while other loans, which include loans for commercial, industrial, and agricultural purposes, showed a substantial increase. These loans have increased almost continuously over the past year. Demand deposits, after declining in March, increased somewhat in the first half of April, and there was an increase in foreign bank balances, reflecting an inward movement of short-term funds from abroad.

MONEY RATES

The rate on prime commercial paper advanced from $\frac{3}{4}$ per cent to 1 per cent in the latter part of March. Bond yields, which had advanced sharply in March, showed no pronounced change in the first three weeks of April.