

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

(Compiled June 15, 1937)

Volume 22, No. 5

Dallas, Texas, July 1, 1937

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

DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	May 1937	Percentage change from	
		May, 1936	April, 1937
Bank debits to individual accounts (18 cities)	\$837,172,000	+20.9	- 4.9
Department store sales		+12.1	+ 6.2
Wholesale trade sales (five lines)		+16.4	- .9
Value of construction contracts awarded	\$ 11,356,000	+ 4.3	-10.0
Valuation of building permits (14 cities)	\$ 5,622,644	+15.5	- 3.3
Cement production at Texas mills (barrels)	625,000	+36.5	+20.2
Cement shipments from Texas mills (barrels)	683,000	+49.1	+ .3
Commercial failures (number)	13	No change	-18.8
Commercial failures (liabilities)	\$ 84,000	+10.5	-75.6
Daily average crude oil production (barrels)	1,604,708	+21.6	+ 3.0

The outlook for the agricultural and livestock industries was improved materially by the heavy general rains which fell throughout the Eleventh District territory during the latter part of May and the first half of June. The moisture deficiency in April and the greater part of May delayed planting operations, retarded the development of crops, and caused a sharp deterioration in range conditions. Since the rains, however, all field crops are making rapid growth, ranges are improving, and livestock are taking on flesh.

The demand for merchandise was well sustained during May. Sales of department stores increased 6 per cent over those in the previous month and were 12 per cent higher than in the same month of 1936. The volume of distribution through wholesale channels was about the same in May as in April, but the 16 per cent gain over the corresponding month last year was well above the average increase for the first five months of this year. Although bank debits decreased slightly more than usual from April to May, they were 21 per cent greater than in May last year. The number and

liabilities of commercial failures declined during May, though liabilities were moderately larger than a year ago.

Total construction contracts awarded in this district during May, although 10 per cent lower than in April, were 4 per cent above the aggregate for May, 1936. Residential building, which has shown a noticeable expansion in recent months, declined 24 per cent from April to May, but registered a gain of 30 per cent over the same month last year. While the valuation of building permits issued at principal cities was again moderately lower than in the preceding month, it was 16 per cent in excess of the total for May last year.

Petroleum production, after having declined moderately in April, established a new high record in May at a level about 22 per cent above that a year ago. In the first half of June, however, the rate of output showed a considerable decline, reflecting the lower Texas allowable effective at the beginning of the month.

Total loans and investments of weekly reporting member banks in leading cities decreased further by \$6,428,000 between May 12 and June 9. The reduction was chiefly in holdings of United States Government securities, though declines also occurred in other investments and in loans. The daily average gross deposits of all member banks in the district during May were \$8,013,000 lower than in the previous month. Member bank reserve balances on June 15 were only slightly below the total a month earlier. Federal Reserve note circulation increased \$1,830,000 during the month.

BUSINESS

Wholesale Trade

Although the dollar sales of reporting wholesale firms in this district remained at about the April level, they were 16.4 per cent greater than in May, 1936, which is considerably above the average increase for the first five months of the year. Collections showed relatively small changes from April to May.

Following a noticeable decline in April, sales of dry goods firms evidenced a smaller-than-seasonal decline in

May, and an increase of 7.0 per cent over those in the same month last year. While the distribution of groceries dropped 3.2 per cent under the heavy April volume, it continued 19.2 per cent greater than in the corresponding month of 1936. The dollar volume of drug sales reflected a contrary-to-seasonal increase of 1.3 per cent over that in April, and was 11.0 per cent greater than in May last year. After declining for four consecutive months, the May sales of farm implement firms increased 8.1 per cent and exceeded the May, 1936, volume by 55.7 per cent, which is the largest gain

registered for a similar comparison since last December. Hardware sales evidenced an increase of 14.7 per cent over those in the corresponding month a year ago, but showed a recession of 2.2 per cent from those a month earlier, whereas there is usually little change in average sales of hardware from April to May.

CONDITION OF WHOLESALE TRADE DURING MAY, 1937
Percentage of increase or decrease in—

	Net Sales		Net Sales		Stocks		Ratio May collections to accounts outstanding
	May 1937 compared with May 1936	April 1937	Jan. 1 to May 31 compared with same period last year	May 31, 1937 compared with May 31, Apr. 30, 1937	May 31, 1937 compared with May 31, Apr. 30, 1937	April 30	
Groceries.....	+19.2	-3.2	+18.3	+ .5	-3.9	88.6	
Dry goods.....	+7.0	-1.5	+6.2	+51.8	-2.0	35.5	
Farm implements..	+55.7	+8.1	+25.2	+1.8	-1.9	4.1	
Hardware.....	+14.7	-2.2	+19.2	+25.4	-1.0	53.1	
Drugs.....	+11.0	+1.3	+6.6	+8.9	-3.2	66.5	

Retail Trade

The volume of retail trade in this district, as reflected by sales at thirty-one department stores in principal cities, was 6.2 per cent larger in May than in April, and 12.1 per cent in excess of that in May last year. The latter increase compares with an average gain of 13.2 per cent for the first five

months of 1937. The seasonally adjusted index of department store sales, as compiled by this bank, was 100.5 per cent of the 1923-1925 average in May, as compared with 106.1 per cent in April, and 91.2 per cent in May, 1936.

Stocks of merchandise on hand May 31 at reporting firms reflected a decline of 5.7 per cent from the holdings on April 30, but they continued well above those held on the corresponding date last year. Due to a more rapid increase in average end-of-month stocks than in sales of merchandise, the rate of stock turnover in 1937 continues slightly below that of 1936. The rate of turnover during the first five months of 1937 was 1.36 times, as compared with 1.38 times in the corresponding period last year.

Collections on regular accounts evidenced a small seasonal increase in May. The ratio of collections during the month to accounts outstanding on May 1 was 41.6 per cent, as against 40.9 per cent in April, and 41.5 per cent in May, 1936. Collections on installment accounts in May showed little change from April and were moderately lower than a year ago.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
May, 1937, compared with May, 1936.....	+9.0	+9.2	+19.8	+10.1	+14.7	+12.1
May, 1937, compared with April, 1937.....	+2.1	+25.4	+8.1	+4.2	+1.8	+6.2
January 1 to May 31, 1937, compared with same period last year.....	+13.2	+9.8	+16.0	+11.2	+14.9	+13.2
Credit sales (percentage):						
May, 1937, compared with May, 1936.....	+9.5	+13.0	+26.3	+8.9	+15.2	+13.5
May, 1937, compared with April, 1937.....	-.2	+29.1	+9.7	-1.5	+.5	+4.7
January 1 to May 31, 1937, compared with same period last year.....	+15.9	+13.2	+20.5	+11.9	+13.3	+15.4
Stocks on hand at end of month (percentage):						
May, 1937, compared with May, 1936.....	+10.5	-7.0	+12.5	+15.9	+24.1	+12.1
May, 1937, compared with April, 1937.....	-5.7	-6.6	-1.3	-8.9	-5.1	-5.7
Stock turnover (rate):						
Rate of stock turnover in May, 1936.....	.32	.28	.27	.34	.25	.30
Rate of stock turnover in May, 1937.....	.30	.31	.28	.31	.23	.29
Rate of stock turnover January 1 to May 31, 1936.....	1.54	1.22	1.34	1.51	1.16	1.38
Rate of stock turnover January 1 to May 31, 1937.....	1.51	1.33	1.33	1.42	1.12	1.36
Ratio of May collections to open accounts receivable and outstanding May 1, 1937.....	41.4	35.5	46.0	43.0	41.6	41.6
Ratio of May collections to installment accounts receivable and outstanding May 1, 1937.....	16.5	11.0	.....	12.2	16.9	14.6
Indexes of department store sales:						
Unadjusted—April, 1937.....	109.3	93.9	99.2	93.4	.....	99.7
Unadjusted—May, 1937.....	109.0	118.4	106.3	95.8	.....	104.5
Adjusted—April, 1937.....	116.3	98.8	103.3	95.3	.....	106.1
Adjusted—May, 1937.....	112.4	118.4	106.3	90.4	.....	100.5
Indexes of department store stocks:						
Unadjusted—April, 1937.....	71.2	70.0	50.7	66.1	.....	72.2
Unadjusted—May, 1937.....	66.8	65.4	49.7	61.8	.....	68.2
Adjusted—April, 1937.....	69.1	67.3	49.2	62.4	.....	69.4
Adjusted—May, 1937.....	65.5	64.8	48.7	62.4	.....	67.5

Commercial Failures

In May there were 13 commercial failures in the Eleventh District with combined liabilities of \$84,000, which compares with 16 insolvencies in April having an aggregate indebtedness of \$344,000 and 13 defaults in May, 1936, owing \$76,000. Dun & Bradstreet, Incorporated, reported that 67

firms failed in the first five months of 1937 and that their liabilities amounted to \$817,000, representing a decline of 44.2 per cent in the number of failures and 43.1 per cent in liabilities in comparison with the record for the same period of 1936.

AGRICULTURE

Crop Conditions

The continued moisture deficiency during the first three weeks of May resulted in some deterioration in the condition of field crops and farm pastures over most sections of the Eleventh District. Since late in May, however, heavy rains have fallen throughout the district, greatly improving the condition of growing crops and providing adequate moisture for the completion of planting operations which had been delayed on account of the dry weather. The cotton crop generally withstood the drouth well, and with the betterment

in moisture conditions it has shown a considerable improvement. Outside of South Texas where cotton is nearing maturity, plants generally are small and of uneven growth, as a result of the unfavorable growing conditions earlier in the season. Stands are irregular in some sections on account of poor germination of seed. Chopping is rapidly nearing completion, except in west-central and northwest Texas.

The condition of the Texas wheat crop showed little change during May. Growing conditions in the northwestern

portion of the State were very unfavorable in the early part of the month, but the rains in the second week checked the deterioration of the crop and additional precipitation later in the month brought about an improvement in some areas. Since late in May, heavy rains have fallen over the entire section which may result in some improvement in yields, as the crop is later than usual this year. The north Texas wheat crop matured under favorable conditions and reports indicate that early harvested fields are showing good yields. The June 1 condition of the Texas crop, as reported by the Department of Agriculture, indicated a production of 39,330,000 bushels. This figure represents a reduction of 1,966,000 bushels from the May 1 estimate, and compares with 18,927,000 bushels harvested last year, and a five-year (1928-1932) average production of 41,410,000 bushels. The estimated production of winter wheat in New Mexico remained unchanged at 2,460,000 bushels, and compares with a harvest of 750,000 bushels in 1936. The condition of spring wheat in this State was placed at 88 per cent of normal on June 1 as against 74 per cent a year ago.

The reported condition of the Texas oat crop was 60 per cent of normal on June 1, 6 points lower than a month earlier, but 14 points higher than a year ago; in Louisiana the June 1 figure of 82 per cent, the same as on May 1, was 12 points above that at harvest time last year. Most of the crop has been harvested. Although the condition of hay crops in most sections of the district declined in May, a considerable improvement in the crop has occurred since the rains. The corn crop is also much improved and the condition is reported as fair to good generally, though prospects are poor in some localities where rains came too late to benefit materially the crop.

On June 1 the prospective production of peaches was lower than a month earlier in Louisiana but higher in other states in this district. Production in Texas was forecast at 1,218,000 bushels which compares with 1,156,000 bushels produced in 1936, and a five-year average of 1,333,000 bushels. The condition of oranges and grapefruit in Texas showed more than the usual decline in May, and was lower on June 1 than a year ago. The sharpest decline occurred in grapefruit, reflecting the heavy "May drop." The citrus fruit section has received good rains with the result that growing conditions are favorable.

Cash Farm Income

An increase of 18.9 per cent over the previous month and the same month last year was registered in the April cash receipts from the marketings of principal farm products in the five states wholly or partially attached to this district. As compared with a year ago, receipts from farm crops were 18.5 per cent higher, and income from marketings of livestock and livestock products rose 19.1 per cent. The increase

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

State	Receipts from:					
	Farm crops		Livestock and livestock products		Total receipts	
	April 1937	April 1936	April 1937	April 1936	April 1937	April 1936
Arizona	2,205	2,173	2,249	2,205	4,454	4,378
Louisiana	4,930	3,032	1,161	996	6,091	4,028
New Mexico	187	250	1,690	1,545	1,877	1,795
Oklahoma	1,243	1,831	7,306	6,742	8,549	8,573
Texas	8,440	7,065	18,770	14,683	27,210	21,748
Total five states	17,005	14,351	31,176	26,171	48,181	40,522

SOURCE: United States Department of Agriculture.

from March to April is accounted for by the sharp rise in receipts from the sale of livestock and livestock products, as there was a moderate decline in cash income derived from the marketings of farm crops. Government payments to farmers in these states aggregated \$16,265,000 in April, as compared with \$22,172,000 in March, and \$6,839,000 in April last year. For the first four months of this year, cash income from all farm marketings and from Government payments totaled \$220,851,000, an increase of 29.8 per cent over the same period of 1936.

Livestock

The heavy general rains which fell over practically all of the Eleventh District territory late in May and in the first half of June relieved the drouthy conditions prevailing in many sections, replenished the supply of stock water, and improved materially the outlook for summer range feed. Prior to the rains, the drouth had become acute in portions of the south Texas area, necessitating the removal of livestock in considerable numbers to other sections where better pasturage was available; in many other areas the lack of moisture had caused a considerable deterioration in ranges. Since the first of June, however, range conditions have shown a marked improvement and prospects for summer grazing are generally favorable.

Except in the extremely dry sections, livestock held up well during May and since the improvement in range conditions they are making good gains. According to the June 1 report of the Department of Agriculture, the condition of cattle and goats in Texas declined one point during the month, while that of sheep decreased four points. In New Mexico, however, there was an improvement of three points in the condition of cattle and sheep. Texas and New Mexico have good lamb and calf crops. Commercial reports indicate that sheep shearing is about completed and that the major portion of the clip has been marketed.

Movements and Prices

Unusually heavy supplies of cattle, calves, and sheep arrived at the Fort Worth market in May. Sheep receipts were at an all-time high level, being approximately 14,000 head in excess of those in May 1931, when the previous high record was established. The supply of calves was 50 per cent greater than in April, and the largest for any May in history. Cattle receipts increased 71 per cent from April to May, the volume being in excess of that for any corresponding month in eleven years. The number of hogs yarded, although 20 per cent lower than in April, was 14 per cent above that in the same month last year.

FORT WORTH LIVESTOCK RECEIPTS
(Number)

	May 1937	May 1936	Change over year	April 1937	Change over month
Cattle	106,099	44,824	+ 61,275	62,128	+43,971
Calves	37,732	20,038	+ 17,694	25,226	+12,506
Hogs	28,121	24,706	+ 3,415	34,962	- 6,841
Sheep	312,499	126,420	+186,079	277,101	+35,398

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	May 1937	May 1936	April 1937
Beef steers	\$11.15	\$ 7.85	\$10.75
Stocker steers	7.85	7.25	7.50
Heifers and yearlings	11.25	8.50	11.50
Butcher cows	8.00	6.25	8.00
Calves	8.60	8.25	8.60
Hogs	11.35	9.65	10.00
Lambs	11.00	10.00	12.00

There was an active demand for all classes of cattle during the past thirty days and prices remained generally steady despite the heavy receipts. The hog market advanced sharply in May, the top price of \$11.35 being the highest recorded since September, 1935. While prices reacted somewhat in

the subsequent two weeks, good to choice butcher hogs were bringing from \$11.00 to \$11.10 per hundredweight at mid-June. Due to the depressing effects of record-breaking receipts, lamb prices evidenced a downward trend.

FINANCE

Operations of the Federal Reserve Bank In the period from May 15 to June 15, discounts for member banks declined \$472,000 and industrial advances were off \$43,000, while this bank's holdings of bills bought and of United States Government securities were unchanged. Industrial advances outstanding on June 15 were \$376,000 lower than a year ago, but there were increases of \$83,000 in discounts for member banks, \$26,000 in holdings of purchased bills, and \$3,634,000 in holdings of United States Government securities. Member bank reserve balances amounted to \$179,389,000 at mid-June, which was about the same as a month earlier, and \$65,292,000 higher than on June 15, 1936. The actual circulation of Federal Reserve notes increased by \$1,830,000 during the month, bringing the total to \$91,500,000 on June 15, which was \$12,126,000 greater than on that date last year.

items in the new schedule for May 12 and June 9 are presented in the following table. Comparable figures for June 10, 1936, are also shown for the items "Real estate loans," "Loans to banks," and "Loans to brokers and dealers in securities."

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

	June 15, 1937	June 15, 1936	May 15, 1937
Total cash reserves.....	\$192,975	\$156,987	\$189,250
Discounts for member banks.....	434	351	906
Industrial advances.....	1,288	1,664	1,331
Bills bought in the open market.....	112	86	112
United States Government securities.....	98,634	95,000	98,634
Total earning assets.....	100,468	97,101	100,983
Member bank reserve deposits.....	179,389	114,097	179,930
Federal Reserve notes in actual circulation....	91,500	79,374	89,670
Commitments to make industrial advances....	302	547	302

Condition of Member Banks in Leading Cities Loans and investments of member banks in leading cities in the Eleventh District declined further during the four weeks ended June 9, owing chiefly to the reduction in investments. The decrease in investments amounted to \$5,579,000, of which \$4,187,000 was in holdings of direct and fully guaranteed obligations of the United States Government, and \$1,392,000 was in holdings of other securities. The total loans of these banks declined only \$849,000 in the four weeks, as the decreases of \$4,616,000 in loans for purchasing or carrying securities, and \$18,000 in real estate loans were largely offset by increases in other classes of loans. In comparison with a year ago, total loans and investments on June 9 were \$31,463,000 higher, the increase being about equally divided between loans and investments.

Between May 12 and June 9, time deposits of these banks rose \$972,000, but there were declines in all classes of demand deposits. Their balances with other banks declined by \$4,433,000 to \$150,089,000, which was \$39,742,000 lower than a year ago. Reserves with the Federal Reserve Bank declined \$2,451,000 during the four weeks.

Effective May 12, the Board of Governors revised the classification of loans in the form of the weekly condition report of member banks in leading cities. The new loan classification makes available additional information regarding the purposes for which credit is extended. The figures reported by banks in this district under the several

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

	June 9, 1937	June 10, 1936	May 12, 1937
Total loans and investments.....	\$475,726	\$444,263	\$482,154
Total loans.....	213,548	198,094	214,397
Commercial, industrial, and agricultural loans.....	130,928	*	129,681
Open market paper.....	2,492	*	1,998
Loans to brokers and dealers in securities....	3,124	2,757	2,613
Other loans for purchasing or carrying securities.....	14,920	*	19,536
Real estate loans.....	20,895	21,712	20,913
Loans to banks.....	932	641	896
All other loans.....	40,257	*	38,860
United States Government direct obligations.....	183,149	165,280	187,389
Obligations fully guaranteed by U. S. Gov't..	28,248	31,484	28,195
Other securities.....	50,781	49,405	52,173
Reserves with the Federal Reserve Bank.....	110,435	76,856	112,886
Balances with domestic banks.....	150,089	189,831	154,522
Demand deposits—adjusted†.....	389,966	353,325	395,266
Time deposits.....	121,543	119,594	120,571
United States Government deposits.....	4,279	26,940	7,677
Interbank deposits.....	172,595	166,807	178,724
Borrowings from the Federal Reserve Bank....	50	None	620

*Comparable figures not available.
†Includes demand deposits other than interbank and United States Government, less cash items reported as on hand or in the process of collection.

Debits to Individual Accounts Although debits to individual accounts at banks in eighteen cities of the Eleventh District declined slightly more than usual from April to May, they were 20.9 per cent larger than those in the same month of 1936. Debit figures in every reporting city continued substantially higher than in the comparable month last year.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	May 1937	May 1936	Percentage change over year	April 1937	Percentage change over month
Abilene.....	\$ 8,437	\$ 6,513	+29.6	\$ 8,333	+ 1.3
Austin.....	29,464	24,334	+21.1	33,805	-12.8
Beaumont.....	24,320	20,191	+20.4	26,918	- 9.7
Corsicana.....	3,338	2,586	+29.1	3,595	- 7.1
Dallas.....	221,786	193,665	+14.5	242,752	- 8.6
El Paso.....	27,536	23,186	+18.8	27,333	+ 0.7
Fort Worth.....	91,361	69,955	+30.6	90,240	+ 1.2
Galveston.....	25,528	22,043	+15.8	26,487	- 3.6
Houston.....	207,708	166,802	+24.5	218,662	- 5.0
Port Arthur.....	9,807	7,022	+39.7	9,845	- 0.4
Roswell.....	3,956	2,747	+44.0	3,882	+ 1.9
San Antonio.....	71,285	61,035	+16.8	73,099	- 2.5
Shreveport.....	48,564	38,533	+26.0	46,538	+ 4.4
Texarkana*.....	8,056	6,594	+22.2	9,357	-13.9
Tucson.....	13,566	10,630	+27.6	12,535	+ 8.0
Tyler.....	14,806	12,951	+14.3	15,562	- 4.0
Waco.....	12,768	11,347	+12.5	14,377	-11.2
Wichita Falls.....	14,886	12,577	+18.4	16,654	-10.6
Total.....	\$837,172	\$692,711	+20.9	\$879,974	- 4.9

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

Deposits of Member Banks Gross demand deposits of member banks in this district continued to decrease in May, the average for the month being \$8,623,000 lower than in April. This decrease occurred at reserve city banks and reflected mainly the declines in interbank deposits and in United States Government deposits.

Time deposits averaged slightly higher in May than in April, as the increase at reserve city banks was offset only in part by a decrease at country banks.

Adjusted demand deposits of member banks, which represent principally deposits of individuals, partnerships, corporations, local governmental bodies, etc., increased \$15,929,000 between December 31, 1936, and March 31, 1937.

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 — 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
March	1,051,972	199,134	587,596	108,501	464,376	90,634
April	1,043,756	199,683	578,110	108,562	465,646	91,121
May	1,035,133	200,293	569,613	109,344	465,520	90,949

ADJUSTED DEMAND AND TIME DEPOSITS OF MEMBER BANKS ON SELECTED "CALL" DATES

(In thousands of dollars)

	Combined Total		Reserve City Banks		Country Banks†	
	Demand deposits adjusted*	Time deposits	Demand deposits adjusted*	Time deposits	Demand deposits adjusted*	Time deposits
1934 — March 5	\$489,524	\$193,799	\$216,647	\$108,256	\$272,877	\$85,543
1935 — March 4	572,576	195,056	259,032	111,861	313,544	83,195
1936 — March 4	662,216	196,626	300,624	109,285	361,592	87,341
June 30	697,486	200,661	327,353	110,966	370,133	89,695
Dec. 31	761,530	200,780	344,572	110,506	416,958	90,274
1937 — March 31	777,459	200,060	364,258	108,885	413,201	91,175

*Includes 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.

Acceptance Market Outstanding acceptances executed by banks in this district declined from \$2,454,308 on April 30 to \$2,328,260 on May 31, reflecting a falling off in the volume of acceptances based on the domestic shipment and storage of goods.

Savings Deposits The amount of savings deposits held by 116 reporting banks in this district on May 31 was 0.4 per cent larger than on April 30 and 5.0 per cent above the total on May 31, 1936.

SAVINGS DEPOSITS

May 31, 1937

May 31, 1936

April 30, 1937

	Number of reporting banks	May 31, 1937		May 31, 1936		Percentage change over year in savings deposits	April 30, 1937		Percentage change over month in savings deposits
		Number of savings depositors	Amount of savings deposits	Number of savings depositors	Amount of savings deposits		Number of savings depositors	Amount of savings deposits	
Beaumont	3	9,263	\$ 3,653,848	8,733	\$ 3,537,624	+ 3.3	9,237	\$ 3,635,920	+ .5
Dallas	8	79,996	25,745,161	78,260	24,708,057	+ 4.2	79,964	25,670,180	+ .3
El Paso	2	14,664	7,828,458	12,630	6,479,964	+20.8	14,483	7,740,291	+ 1.1
Fort Worth	3	36,430	12,709,177	35,243	11,784,760	+ 7.8	36,437	12,561,238	+ 1.2
Galveston	4	17,715	11,069,114	16,822	10,503,059	+ 5.4	17,589	11,092,096	— .2
Houston	10	70,580	28,224,777	66,658	28,443,429	— .8	70,213	28,115,976	+ 4.4
Port Arthur	2	5,660	2,397,883	5,092	2,202,137	+ 8.9	5,635	2,381,295	+ 7.0
San Antonio	5	21,068	16,388,277	19,028	15,200,657	+ 7.2	20,940	16,228,837	+ 1.0
Shreveport	3	24,164	11,273,459	22,616	10,535,378	+ 7.0	24,101	11,430,695	— 1.4
Waco	3	9,418	5,126,790	9,466	5,637,816	— 9.1	9,435	5,153,260	— 5.5
Wichita Falls	3	6,651	3,367,056	6,368	3,331,771	+ 1.1	6,635	3,376,245	— .3
All others	70	55,867	27,793,148	53,420	25,727,593	+ 8.0	55,870	27,617,844	+ .6
Total	116	351,476	\$155,577,148	334,336	\$148,182,245	+ 5.0	350,539	\$155,003,886	+ .4

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

INDUSTRY

Cottonseed Products

Although receipts of cottonseed at oil mills located in Texas increased somewhat in May, contrary to the established trend for that month, other mill operations were on a small scale due to the shortage of seed and the usual end-of-season inactivity. The production of products at operating mills was seasonally smaller than in April, and less than one-half the volume in May last year. Mill stocks of cottonseed products declined further during the month, as shipments were considerably larger than production. Operations at Texas mills during the ten months of the current

season were approximately 6 per cent smaller than in the corresponding period last season.

Operations during May at all United States mills continued at a level considerably higher than a year ago. The crushings of seed and production of products evidenced the usual seasonal recession from April, but were about 50 per cent greater than in May, 1936. Reflecting the active demand for cottonseed products, shipments exceeded the month's output by about 22 per cent, with the result that stocks were reduced substantially. According to the United

States Department of Commerce, American imports of cottonseed products from abroad have been heavy during the current season.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to May 31		August 1 to May 31	
	This season	Last season	This season	Last season
Cottonseed received at mills (tons).....	909,318	956,748	4,454,079	3,703,562
Cottonseed crushed (tons).....	910,213	969,138	4,390,612	3,741,013
Cottonseed on hand May 31 (tons).....	8,981	10,022	85,158	52,124
Production of products:				
Crude oil (pounds).....	259,607,550	277,178,827	1,327,768,484	1,138,509,482
Cake and meal (tons).....	426,789	450,681	1,976,029	1,700,106
Hulls (tons).....	240,526	261,997	1,116,744	969,196
Linters (running bales).....	196,468	191,879	1,096,603	853,695
Stocks on hand May 31:				
Crude oil (pounds).....	427,144	14,186,486	7,472,332	46,932,948
Cake and meal (tons).....	15,485	24,426	84,223	164,459
Hulls (tons).....	12,604	39,285	78,006	71,627
Linters (running bales).....	24,561	22,568	112,803	88,595

SOURCE: Bureau of Census.

Textile Milling The consumption of cotton by United States mills in May, although showing a decline of 6.9 per cent from April, was 26.1 per cent above that in May, 1936, and the largest for any corresponding month in history. Total mill consumption of 669,460 bales during the month compares with 718,947 bales in April this year, 530,894 bales in May last year, and 668,650 bales in May, 1929, the previous high record for the month. The amount of cotton used by American mills in the first ten months of the 1936-37 season was 6,680,343 bales, an increase of 28.7 per cent over the amount processed in the same period of the previous season. Mill takings of raw cotton also continued in large volume. Stocks of cotton on hand at the mills on May 31 aggregated 1,815,035 bales, which compares with holdings of 1,987,280 bales on April 30, and 1,089,784 bales at the close of May, 1936. The heavy consumption of cotton during the current season, together with the accumulation of large stocks by consuming establishments, has resulted in a substantial reduction in the supply of cotton held in public storage and compresses. On May 31 stocks of cotton in warehouses and compresses totaled 3,587,788 bales, which is 31.5 per cent less than a year ago and the smallest for any month-end since August, 1930.

COTTON CONSUMED AND ON HAND (Bales)

	May		August 1 to May 31	
	1937	1936	This season	Last season
Cotton-growing states:				
Cotton consumed.....	558,626	447,822	5,569,389	4,360,023
Cotton on hand May 31 in—				
Consuming establishments.....			1,474,396	895,080
Public storage and compresses.....			3,482,826	5,152,116
United States:				
Cotton consumed.....	669,460	530,894	6,680,343	5,188,655
Cotton on hand May 31 in—				
Consuming establishments.....			1,815,035	1,089,784
Public storage and compresses.....			3,587,788	5,238,974

SOURCE: Bureau of Census.

Cotton Movements Receipts and exports of cotton at the ports of Houston and Galveston were sharply lower in May than in either April this year or May last year. Combined receipts at these ports declined 41.3 per cent from April to May and were 68.7 per cent below those in the corresponding month of 1936. The decline in exports was 24.0 per cent over the month, and 43.6 per cent over the year.

The movement of cotton into export channels from all United States ports during May was also in smaller volume than in either comparative period. Exports for the month amounted to 323,736 bales, comparing with 373,158 bales in April, and 351,734 bales in May last year. Total shipments to foreign countries in the first ten months of this season, which aggregated 5,086,093 bales, were 7.8 per cent smaller than in the corresponding ten months of the 1935-36 season.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	(Bales)		August 1 to May 31	
	May 1937	May 1936	This season	Last season
Receipts.....	16,363	54,862	1,700,526	1,584,416
Exports.....	75,238	109,560	1,690,346	1,327,946
Stocks, May 31.....			372,379	481,123

COTTON—GALVESTON STOCK STATEMENT

	(Bales)		May 31, 1937	May 31, 1936
	For Great Britain.....			4,300	3,000
For France.....			700	3,200
For other foreign ports.....			16,900	21,000
For coastwise ports.....			2,000	1,500
In compresses and depots.....			348,479	452,423
Total.....			372,379	481,123

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	(Bales)		August 1 to May 31	
	May 1937	May 1936	This season	Last season
Receipts.....	13,701	41,225	1,282,610	1,710,067
Exports.....	37,796	90,917	1,096,431	1,645,739
Stocks, May 31.....			284,684	324,780

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

	August 1 to May 31	
	This season	Last season
Receipts.....	6,662,170	6,874,177
Exports: United Kingdom.....	1,069,321	1,265,720
France.....	644,109	636,800
Italy.....	347,108	349,925
Germany.....	598,620	716,113
Other Europe.....	616,633	850,677
Japan.....	1,478,438	1,397,050
All other countries.....	331,864	302,519
Total exports.....	5,086,093	5,518,804
Stocks held at all United States ports, May 31.....	1,390,007	1,646,886

SPOT COTTON PRICES—(Middling basis)

	(Cents per pound)		June 15, 1937
	May, 1937		
	High	Low	
New York.....	13.65	13.12	12.30
New Orleans.....	13.34	12.80	12.25
Dallas.....	13.54	12.91	11.84
Houston.....	13.34	12.81	12.18
Galveston.....	13.05	12.52	12.12

Petroleum

The daily average production of crude oil in this district, after declining moderately in April, rose again to a new high level in May. The output of 1,604,708 barrels daily exceeded that in the previous month by 47,256 barrels and was 284,649 barrels above the daily average production in May last year. The increase from April to May was well distributed among the major fields of the district. Production continued in excess of demand, with the result that stocks of crude oil at the district's fields increased further but by a smaller amount than in April. To bring about a better balance between demand and supply, the allowable production in Texas for

June was reduced considerably, and the district's output dropped to 1,525,725 barrels daily during the week ended June 12, the lowest figure for any week since early in April.

Drilling operations during the five weeks ended May 29 were at approximately the same rate as in the preceding period.

In the latter part of May, the posted price of east Texas crude oil was raised eight cents per barrel, bringing the new price to \$1.35 per barrel.

CRUDE OIL PRICES
(Price per barrel)

	May 31, 1937	May 31, 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 not available.

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

OIL PRODUCTION
(Barrels)

	May, 1937		Increase or decrease from April, 1937	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	4,736,400	152,787	+ 352,750	+ 6,665
West Texas.....	7,478,850	241,253	+ 478,950	+ 7,923
East Texas.....	18,096,500	583,758	+ 847,200	+ 8,781
South Texas.....	7,208,100	232,519	+ 443,550	+ 7,017
Texas Coastal.....	6,359,600	205,149	+ 357,250	+ 5,071
Total Texas.....	43,879,450	1,415,466	+2,479,200	+35,457
New Mexico.....	3,480,950	112,289	+ 315,650	+ 6,779
North Louisiana.....	2,385,550	76,953	+ 227,550	+ 5,020
Total District.....	49,745,950	1,604,708	+3,022,400	+47,256

MAY DRILLING RESULTS

	Number of wells				Initial production (barrels daily)
	Completions	Producers	Gas wells	Failures	
North Texas.....	320	197	21	102	49,638
West Texas.....	321	270	2	49	375,005
East Texas.....	344	320	5	19	1,071,113
South Texas.....	334	219	15	100	91,770
Texas Coastal.....	182	132	13	37	46,488
Total Texas.....	1,501	1,138	56	307	1,634,014
New Mexico.....	75	72	3	....	154,428
North Louisiana.....	44	34	2	8	12,884
*May totals, district.....	1,620	1,244	61	315	1,801,326
†April totals, district.....	1,278	973	37	268	1,316,286

*May figures represent five weeks ended May 29, 1937.
†April figures represent four weeks ended April 24, 1937.

Building

After showing a marked increase during the first four months of the year, the total value of construction contracts awarded in the Eleventh District declined 10.0 per cent in May. This decrease, however, was considerably smaller than that in May last year, with the result that total contracts awarded had a value 4.3 per cent larger than a year ago. Although residential building declined 23.5 per cent from April to May, it exceeded by 29.5 per cent the volume in May, 1936.

The valuation of building permits issued at fourteen cities in this district during May registered a further decline of 3.3 per cent from the preceding month, but showed a gain of 15.5 per cent over the same month last year. Although eleven cities reported decreases from April, most of the decline at these cities was offset by the large increases at Houston and San Antonio. Permits issued in the first five months of the year had a value of \$27,375,382, which is practically the same as in the corresponding period of 1936.

VALUE OF CONSTRUCTION CONTRACTS AWARDED
(In thousands of dollars)

	May 1937	May 1936	April 1937	January 1 to May 31 1937	January 1 to May 31 1936
Eleventh District—total...	\$ 11,356	\$ 10,889	\$ 12,617	\$ 52,298	\$ 64,406
Residential.....	4,152	3,207	5,431	22,257	15,573
All other.....	7,204	7,682	7,186	30,041	48,833
United States*—total.....	244,113	216,071	270,125	1,176,844	996,748
Residential.....	83,937	70,253	108,204	423,720	261,364
All other.....	160,176	145,818	161,921	753,124	735,384

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	May, 1937		May, 1936		Percentage change valuation over year	April, 1937		Percentage change valuation over month	January 1 through May 31				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1937		1936		
									No.	Valuation	No.	Valuation	
Amarillo.....	24	\$ 43,873	23	\$ 13,666	+221.0	50	\$ 99,445	-55.9	161	\$ 342,915	136	\$ 298,877	+ 14.7
Austin.....	175	321,769	159	379,272	- 15.2	163	653,946	-50.8	710	1,752,353	765	2,218,386	- 21.0
Beaumont.....	141	64,217	101	92,073	- 30.3	169	97,543	-34.2	742	502,860	537	593,590	- 15.3
Corpus Christi.....	173	358,355	105	148,750	+140.9	145	346,575	+ 3.4	708	1,466,697	446	826,887	+ 77.4
Dallas.....	480	701,780	616	846,192	- 17.1	547	874,337	-19.7	2,271	3,600,241	2,520	6,473,604	- 44.4
El Paso.....	85	108,389	53	107,561	+ .8	97	119,682	- 9.4	454	544,192	310	357,498	+ 52.2
Fort Worth.....	170	567,119	155	1,391,474	- 59.2	237	1,232,191	-54.0	927	3,997,590	737	3,504,307	+ 14.1
Galveston.....	94	63,279	108	37,670	+ 68.0	124	111,147	-43.1	485	605,231	506	297,289	+103.6
Houston.....	421	2,350,465	318	832,525	+182.3	425	1,410,055	+66.7	1,964	9,643,200	1,756	9,399,153	+ 2.6
Port Arthur.....	195	119,321	128	98,609	+ 21.0	202	129,284	- 7.7	812	490,287	555	386,810	+ 26.8
San Antonio.....	254	516,502	249	560,591	- 7.9	264	267,868	+92.8	1,294	2,285,558	1,163	1,723,223	+ 32.7
Shreveport.....	149	265,663	151	228,106	+ 16.5	159	274,789	- 3.3	717	1,546,941	589	810,130	+ 90.9
Waco.....	55	107,090	43	101,320	+ 5.7	55	146,725	-27.0	241	457,976	174	255,176	+ 79.5
Wichita Falls.....	21	34,822	33	29,525	+ 17.9	25	51,665	-32.6	80	139,041	80	126,973	+ 9.5
Total.....	2,417	\$5,622,644	2,242	\$4,867,334	+ 15.5	2,662	\$5,815,252	- 3.3	11,572	\$27,375,382	10,274	\$27,271,903	+ .4

Cement

The production of Portland cement at Texas mills in May amounted to 625,000 barrels, which represents an increase of 20.2 per cent and 36.5 per cent, respectively, over that in the preceding month and the same month last year. Output during May is with one exception the highest for any month since September, 1931. Shipments during the month were slightly higher than in April and exceeded those in May, 1936 by 49.1 per cent. Operations at Texas cement plants during the first five months of 1937 were on levels considerably higher than in the corresponding period last year, production and shipments showing respective increases of 20.8 per cent and

17.3 per cent. Stocks of cement on hand at the mills on May 31 were 7.8 per cent less than a month earlier, but 8.3 per cent greater than a year ago.

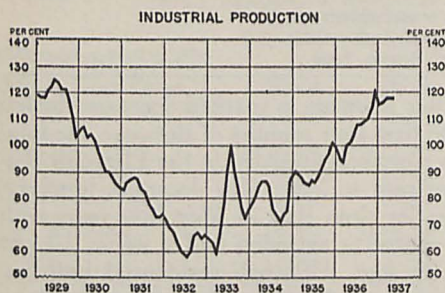
PRODUCTION, SHIPMENTS, AND STOCKS OF PORTLAND CEMENT
(In thousands of barrels)

	May 1937	Percentage change from		January 1 through May 31, 1937	Percentage change over year
		May 1936	April 1937		
Production at Texas mills..	625	+36.5	+20.2	2,758	+20.8
Shipments from Texas mills	683	+49.1	+ .3	2,803	+17.3
Stocks at end of month at Texas mills.....	688	+ 8.3	- 7.8	.....	.....

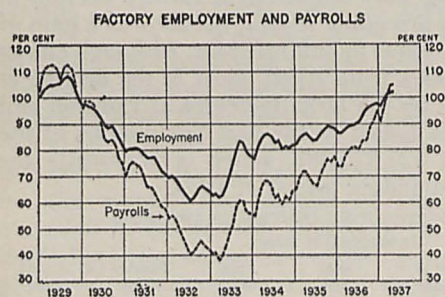
SOURCE: United States Bureau of Mines.

SUMMARY OF NATIONAL BUSINESS CONDITIONS

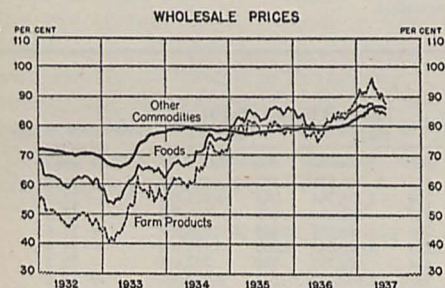
(Compiled by the Board of Governors of the Federal Reserve System)



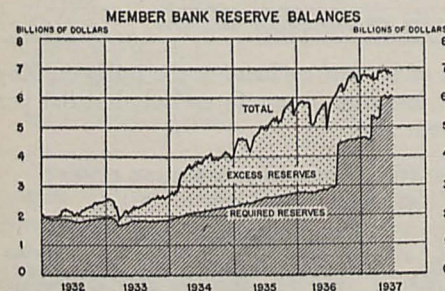
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to May, 1937.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to May, 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 June 19, 1937.



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required reserves, January 6, 1932, to June 23, 1937.

Volume of industrial production in May continued at the level of the two preceding months. Commodity prices declined slightly in May and the first three weeks of June.

PRODUCTION, EMPLOYMENT, AND TRADE

In May the Board's seasonally adjusted index of industrial production remained unchanged at 118 per cent of the 1923-1925 average. Output of iron, steel, automobiles, and lumber increased further. At cotton and woolen mills and at shoe factories activity continued at a high level, while at silk mills, meat-packing establishments, and sugar refineries there were considerable decreases. Crude petroleum production continued to rise and output of bituminous coal increased somewhat, following a sharp decline in April. Shipments of iron ore in May were larger than in the corresponding month of any previous year. In the first three weeks of June automobile production declined seasonally and, largely owing to labor disturbances, steel output was reduced to 77 per cent of capacity as compared with 90 per cent in May.

Value of construction contracts awarded in May was smaller than in April, according to figures of the F. W. Dodge Corporation. There were declines in awards for residential and other private projects, while contracts for public projects increased. In the first half of June awards for both private and public works were at a somewhat higher rate than in May.

Factory employment which usually declines at this season showed little change from April to May and the Board's adjusted index advanced somewhat further. Employment in the durable goods industries continued to increase while employment in other lines declined seasonally. Factory payrolls remained at the April level, following sharp increases in earlier months.

Distribution of commodities to consumers continued in May at the level of other recent months. Sales at department stores and at variety stores showed a seasonal rise and mail-order sales were maintained.

COMMODITY PRICES

Between the middle of May and the third week of June prices of grains, except spring wheat, declined considerably and there were smaller declines in cotton, cotton goods, wool, rubber, and steel scrap, while prices of most other commodities showed little change.

BANK CREDIT

Excess reserves of member banks, which had been about \$900,000,000 after the May 1 increase in reserve requirements, declined by about \$180,000,000 during the week ending June 16, in connection with Treasury operations, but increased in subsequent days and on June 23 were at a level of \$810,000,000.

At reporting member banks in leading cities holdings of United States Government obligations, after several weeks of little change, increased sharply during the week ending June 16, reflecting purchases of the new issues of Treasury notes.

Commercial loans at member banks continued to increase in the four weeks ending June 16. This increase was largely at banks in New York City, which also showed a growth in loans to other New York banks and to brokers and dealers in securities.

MONEY RATES

The open-market rate on 90-day bankers' acceptances, which had been reduced from 9/16 to 1/2 of 1 per cent on May 7, was further reduced to 7/16 of 1 per cent on June 22. Other money rates have shown little change in recent weeks.