

# Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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## DISTRICT SUMMARY

### THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	June 1937	Percentage change from	
		June, 1936	May, 1937
Bank debits to individual accounts (18 cities)....	\$870,287,000	+18.9	+ 4.0
Department store sales.....		+ 1.7	-13.0
Wholesale trade sales (five lines).....		+14.0	+ 1.0
Value of construction contracts awarded.....	\$ 11,959,000	+60.5	+ 5.3
Valuation of building permits (14 cities).....	\$ 4,878,490	- 2.2	-13.2
Commercial failures (number).....	17	No change	+30.8
Commercial failures (liabilities).....	\$ 105,000	-29.1	+25.0
Daily average crude oil production (barrels).....	1,600,117	+22.9	- .3

Distribution of merchandise at wholesale and retail in this district continued in large volume during June. The dollar volume of wholesale trade was maintained at about the May level and was 14 per cent higher than in the same month last year. Department store sales showed a seasonal decline of 13 per cent from the preceding month and were slightly above the volume in June last year, when buying was unusually heavy on account of the tourist trade and the distribution of the soldiers' bonus. The adjusted index of department store sales, which stood at 100.5 per cent of the 1923-25 average, was little changed from a month earlier or a year ago. Debits to individual accounts were 4 per cent larger than in May, 19 per cent greater than a year ago, and the highest for any June since 1929. The number and liabilities of commercial failures increased, but liabilities were below those in June last year.

Developments in the agricultural and livestock industries were generally favorable, and, on the basis of the July 1 report of the Department of Agriculture, production of the district's principal cash and feed crops will be larger than in 1936. This district is harvesting its largest wheat crop since 1931, and the crop is being marketed at prices above those obtaining at harvest time last year. Cotton has made rapid growth, and, although late, is in good condition, with the area in cultivation about 7 per cent larger than last

year. Livestock and ranges improved somewhat in June and the forepart of July. Marketings of sheep and cattle continued in large volume.

The valuation of building permits issued at principal cities declined further by 13 per cent from the preceding month and fell slightly under the volume in June, 1936. On the other hand, total construction contracts awarded in this district increased moderately from May to June and were 61 per cent larger than in June last year.

The output of petroleum in this district has shown a rapid expansion since the first of the year, and at the middle of July the daily production was about 18 per cent larger than the December average. Total production for the half-year was 23 per cent in excess of that in the same period of 1936. Although a small portion of the increased production was placed in storage, most of it entered into consumptive channels. Drilling activity, as reflected by the number of wells completed, also increased but by a smaller percentage than production.

Reflecting principally increases in commercial, industrial, and agricultural loans and in holdings of United States Government securities, total loans and investments of weekly reporting member banks in this district rose \$14,762,000 between June 9 and July 14. Total loans on the latter date were the highest since mid-January and about \$30,500,000 higher than a year ago, but investments were approximately \$6,000,000 below the total on the corresponding date last year. Gross deposits of all member banks, which had declined sharply in the first five months of the year, increased slightly in June. Reserve balances of member banks, although fluctuating considerably during the period, were \$2,669,000 higher on July 15 than thirty days earlier. These reserves averaged about 30 per cent in excess of requirements.

## BUSINESS

### Wholesale Trade

Active buying at wholesale in the Eleventh District was apparent during the past month. The usual trend of business from

May to June is downward, but this year the dollar volume of sales showed a slight increase, and, as compared with June, 1936, sales were 14.0 per cent larger.

The demand for dry goods in June reflected a decline of 3.1 per cent from the May volume, and a reduction of 2.3 per cent from a year ago. The latter decline is largely accounted for by unseasonably active business in June last year. Business of reporting wholesale grocery firms was fractionally larger than a month earlier, and 15.3 per cent



greater than a year ago. Reflecting the generally favorable agricultural outlook, sales of farm implements at wholesale were 38.2 per cent and 65.0 per cent, respectively, greater than a month earlier and a year ago. Hardware sales, although somewhat spotty, showed an increase of 9.3 per cent from May to June, and were 15.7 per cent above those in June, 1936. Although drug sales were 11.6 per cent lower than in May, they were 7.7 per cent higher than a year ago.

During the second quarter of 1937 the combined sales of reporting wholesale trade firms were 14.6 per cent greater than in the same period of 1936. This increase compares with a first quarter gain of 12.8 per cent, and an average increase of 13.7 per cent for the first six months of 1937. Stocks of merchandise on hand June 30 at dry goods and hardware firms were considerably larger than a year ago.

#### CONDITION OF WHOLESALE TRADE DURING JUNE, 1937

Percentage of increase or decrease in—

	Net Sales		Net Sales	Stocks		Ratio June collections to accounts outstanding May 31
	June, 1937 compared with June 1936		Jan. 1 to June 30 compared with same period last year	June 30, 1937 compared with June 30, May 31, 1936		
	June 1936	May 1937		1936	1937	
Groceries.....	+15.3	+ .1	+17.8	+ 7.7	— .5	85.8
Dry goods.....	— 2.3	— 3.1	+ 4.8	+52.0	+ 6.9	33.5
Farm implements..	+65.0	+38.2	+30.4	— 2.1	— 5.9	7.5
Hardware.....	+15.7	+ 9.3	+18.4	+32.6	+ 6.0	51.6
Drugs*.....	+ 7.7	—11.6	+ 6.3	+ 4.5	+ 7.4	74.7

\*Drug data compiled by the United States Department of Commerce. Collection ratio represents median percentage.

#### Retail Trade

Consumer demand for merchandise at department stores in principal cities of the Eleventh District showed the average seasonal recession from May to June, as is evidenced by this bank's seasonally adjusted index of department store sales which remained unchanged from that in May, being 100.5 per cent of the 1923-25 average. On a dollar basis, sales were 13.0 per cent less than in May, and 1.7 per cent above those in June, 1936. While the gain over the corresponding month a year ago is the smallest recorded during the current year, this feature of the situation is minimized when allowance is made for the fact that business in June last year was stimulated considerably by the distribution of Adjusted Service bonds and a good volume of tourist trade. The extent of the improvement in department store business during the first half of the current year is shown by the 11.2 per cent increase over the same period of 1936.

Inventories on hand June 30 showed the usual clearance of summer merchandise, stocks being 7.4 per cent less than a month earlier. As compared with a year ago, however, inventories continued 13.2 per cent greater. The rate of stock turnover during the first half of 1937 was 1.64 times, as compared with 1.70 times in the corresponding period of 1936.

Collections on both open and installment accounts showed very little change from those in May, but were somewhat less than in June a year ago.

#### BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
June, 1937, compared with June, 1936.....	— 3.8	+ 2.5	+ 6.9	+ 5.6	+ 3.9	+ 1.7
June, 1937, compared with May, 1937.....	—14.6	—13.9	—13.1	—11.4	—10.6	—13.0
January 1 to June 30, 1937, compared with same period last year.....	+10.1	+ 8.4	+14.9	+10.2	+12.9	+11.2
Credit sales (percentage):						
June, 1937, compared with June, 1936.....	— 1.0	+ 7.3	+15.9	+ 7.2	+ 6.6	+ 5.1
June, 1937, compared with May, 1937.....	—15.8	—14.2	—12.8	— 9.3	—12.9	—13.7
January 1 to June 30, 1937, compared with same period last year.....	+13.0	+12.1	+20.2	+11.1	+12.2	+13.6
Stocks on hand at end of month (percentage):						
June, 1937, compared with June, 1936.....	+ 7.8	— .9	+19.2	+20.7	+23.7	+13.2
June, 1937, compared with May, 1937.....	— 8.4	— 1.3	—13.2	— 6.8	— 6.8	— 7.4
Stock turnover (rate):						
Rate of stock turnover in June, 1936.....	.32	.28	.33	.34	.27	.31
Rate of stock turnover in June, 1937.....	.28	.29	.29	.31	.22	.27
Rate of stock turnover January 1 to June 30, 1936.....	1.87	1.51	1.76	1.87	1.43	1.70
Rate of stock turnover January 1 to June 30, 1937.....	1.80	1.62	1.66	1.73	1.35	1.64
Ratio of June collections to open accounts receivable and outstanding June 1, 1937.....	41.4	35.4	45.4	42.9	41.2	41.4
Ratio of June collections to installment accounts receivable and outstanding June 1, 1937.....	15.2	10.6	.....	12.0	21.4	14.2
Indexes of department store sales:						
Unadjusted—May, 1937.....	109.0	113.4	106.3	95.8	.....	104.5
Unadjusted—June, 1937.....	93.1	103.1	93.8	89.4	.....	92.5
Adjusted—May, 1937.....	112.4	118.4	106.3	90.4	.....	100.5
Adjusted—June, 1937.....	107.0	109.7	88.5	91.2	.....	100.5
Indexes of department store stocks:						
Unadjusted—May, 1937.....	66.8	65.4	49.7	61.8	.....	68.2
Unadjusted—June, 1937.....	61.5	64.5	46.9	55.6	.....	63.0
Adjusted—May, 1937.....	65.5	64.8	48.7	62.4	.....	67.5
Adjusted—June, 1937.....	64.1	67.9	52.1	63.2	.....	67.0

#### Commercial Failures

According to Dun and Bradstreet, Incorporated, commercial failures in the Eleventh District rose from 13 in May to 17 in June, the same as in the corresponding month of 1936.

Liabilities of defaulting firms amounted to \$105,000 in June as compared with \$84,000 in the previous month and \$148,000 in June last year.

## AGRICULTURE

#### Crop Conditions

Crop prospects in the Eleventh District showed a further improvement during the past thirty days, reflecting the better moisture conditions obtaining throughout most of the district. Since the recent rains all sections except a few locally

dry areas have an adequate supply of surface and subsoil moisture for current needs and in many areas it is sufficient to sustain crop growth during the summer. The July 1 report of the Department of Agriculture indicates that production of major crops for which estimates were made will be higher



than in 1936 in states wholly or partially attached to this district. The report also reveals substantial increases over a year ago in acreages planted to principal cash crops but moderate declines in acreages planted to important feed crops.

The area of cotton in cultivation on July 1 in the five states of this district is estimated at 17,519,000 acres, which is an increase of 7 per cent over the area in cultivation on the same date last year. The increases in the individual states range from 3 per cent in Oklahoma to 30 per cent in Arizona. For the United States the increase is 10 per cent. Growing conditions in this district were generally favorable during the past month; plants have made rapid growth and have a healthy appearance. The older cotton appears to be fruiting normally but a considerable portion of the crop is later than usual. Hot, dry weather is needed to check the spread of insect activity which, according to commercial reports, is gaining rapid headway in central and south Texas and in scattered localities elsewhere.

Harvesting of the district's wheat crop is nearing completion and yields in many localities are above earlier expectations. The Department of Agriculture, on the basis of the July 1 condition, estimated the Texas crop at 41,690,000 bushels, an increase of 2,360,000 bushels over the June 1 estimate, more than double last year's production, and slightly larger than the 1928-1932 average harvest. The indicated production in New Mexico was increased 17 per cent in June to 2,952,000 bushels, which is about four times larger than the 1936 production, but somewhat lower than the five-year average production.

The initial estimate of the Texas oat crop is 28,680,000 bushels as compared with 22,552,000 bushels harvested last year and a five-year average yield of 39,032,000 bushels. The year and a five-year average yield of 39,032,000 bushels. The increase over a year ago is due entirely to the larger per acre yield as the acreage harvested was smaller. Substantial increases in total production are also shown for Louisiana, Oklahoma, and New Mexico.

Corn is nearing maturity with prospects for a good crop in most areas. While the acreage planted to corn in Texas is smaller than in 1936, the indicated production is moderately larger. The July 1 estimate is 72,048,000 bushels, whereas the 1936 production amounted to 68,925,000 bushels. The indicated production in Oklahoma and New Mexico is sharply higher than the poor harvest of 1936, and in Louisiana it is moderately larger than the relatively good crop last year.

Tame hay yields are better than a year ago in all states attached to this district and the indicated production of wild hay is larger in all states except Texas. The prospective production of 910,000 tons of tame hay in Texas compares with a harvest of 815,000 tons in 1936, while the estimate for wild hay is 216,000 tons as against 315,000 tons last year.

The acreage planted to rice in Texas shows a further noticeable expansion this year and this increase accounts for the larger indicated production, the total being 12,444,000 bushels as compared with 10,200,000 bushels last year. Increased production of Irish potatoes is shown for Oklahoma, Louisiana, and Texas due to the larger acreage in the latter two states.

The following table shows the estimated production of principal crops in the Eleventh Federal Reserve District, as compiled by the Board of Governors from the July 1 estimates, by states, of the Department of Agriculture.

CROP PRODUCTION—ELEVENTH FEDERAL RESERVE DISTRICT

Crop	Unit	Production 1936	Estimated production July 1, 1937
Corn.....	Bushels	80,623,000	85,690,000
Winter wheat.....	Bushels	19,348,000	42,853,000
Spring wheat.....	Bushels	93,000	102,000
Oats.....	Bushels	24,577,000	31,658,000
Tame hay.....	Tons	1,194,000	1,310,000
Irish potatoes.....	Bushels	3,620,000	4,196,000

### Cash Farm Income

Reflecting the heavy marketings of live-stock and livestock products, cash receipts from sales of principal farm products in the five states wholly or partially attached to this district were 2.6 per cent larger in May than in April and 28.4 per cent greater than in May, 1936. Increases over May last year in receipts from all farm marketings were registered in each of the five states, ranging from 6.5 per cent in New Mexico to 42.7 per cent in Louisiana. The gain over a year ago was the largest reported this year and compares with an average increase of 11.5 per cent for the first five months of 1937. Government payments to farmers declined sharply in May, the total for the month being \$5,275,000 as compared with \$16,265,000 in April, and \$7,234,000 in May, 1936. For the period, January through May, however, Government payments aggregated \$55,967,000 as against \$19,073,000 in the same period of 1936.

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

State	Receipts from:					
	Farm crops		Livestock and livestock products		Total receipts	
	May 1937	May 1936	May 1937	May 1936	May 1937	May 1936
Arizona.....	\$ 357	\$ 471	\$ 2,702	\$ 1,829	\$ 3,059	\$ 2,300
Louisiana.....	5,710	3,823	1,224	1,037	6,934	4,860
New Mexico.....	234	158	1,840	1,790	2,074	1,948
Oklahoma.....	1,767	1,810	7,797	6,408	9,564	8,218
Texas.....	7,452	7,572	20,334	13,601	27,786	21,173
Total five states....	\$ 15,520	\$ 13,834	\$ 33,897	\$ 24,665	\$ 49,417	\$ 38,499

SOURCE: United States Department of Agriculture.

### Livestock

Range conditions throughout the Eleventh District showed a marked improvement following rains late in May and early in June, and range feed in Arizona and New Mexico benefited further from additional moisture later in the month. In much of Texas, however, the high temperatures prevailing during the last half of June depleted surface moisture and checked the growth of range feed. Rains have been fairly general over the State since July 1 and prospects are now favorable for good summer pasturage except in portions of south and southeast Texas and scattered localities in other sections where the moisture supply is still inadequate. The Department of Agriculture reported that range conditions in Arizona and New Mexico were considerably higher on July 1 than a year ago and the ten-year average but somewhat lower in Texas.

Livestock have held up well and both cattle and sheep are in generally good flesh. The movement of grass-fat cattle and sheep from Texas to markets and to other states con-



tinued in large volume in June and was greatly in excess of that in the same month last year. According to the Department of Agriculture, there was some contracting of lambs for fall delivery and considerable selling of wool.

The June 1 report of the Department of Agriculture showed that the number of pigs saved from the spring crop was considerably lower than a year ago in Texas, Oklahoma, and Louisiana but about a fourth larger in Arizona and New Mexico. Pigs saved in the five states numbered 2,155,000 head as compared with 2,522,000 head in the spring of 1936.

#### Movements and Prices

Receipts of cattle, calves, and sheep at the Fort Worth market continued in heavy volume in June and were materially larger than those in that month of other recent years. Calf receipts, however, declined moderately from the previous month, and the supply of sheep was less than half the record May volume. Hog receipts showed a further sharp decline from May and were considerably under the supply in June last year.

Hog prices advanced sharply during the first half of July,

reaching a top of \$11.85, equivalent to the highest price paid on this market since 1928. The large supply of cattle met with a broad demand and prices, on the whole, remained generally steady. Although there was a decline in prices paid for some of the lower classes, the highest prices of the season were paid for some of the quality offerings. Lamb prices were unevenly lower.

#### FORT WORTH LIVESTOCK RECEIPTS

	(Number)				
	June 1937	June 1936	Change over year	May 1937	Change over month
Cattle.....	112,226	53,927	+58,299	106,105	+ 6,121
Calves.....	35,190	25,068	+10,122	37,832	- 2,642
Hogs.....	17,663	24,778	- 7,115	28,320	-10,657
Sheep.....	137,144	87,705	+49,439	312,500	-175,356

#### COMPARATIVE TOP LIVESTOCK PRICES

	(Dollars per hundredweight)			
	June 1937	June 1936	May 1937	1937
Beef steers.....	\$11.85	\$ 8.00	\$11.15	
Stocker steers.....	7.50	7.00	7.85	
Heifers and yearlings.....	12.00	8.50	11.25	
Butcher cows.....	8.00	5.50	8.00	
Calves.....	9.00	8.00	8.60	
Hogs.....	11.60	10.20	11.35	
Lambs.....	10.25	10.00	11.00	

## FINANCE

#### Operations of the Federal Reserve Bank

An increase of \$190,000 in Federal Reserve Bank discounts for member banks between June 15 and July 15 was only partly offset by declines of \$51,000 in industrial advances and \$13,000 in bills purchased in the open market, resulting in a net increase of \$126,000 in total earning assets, as this bank's holdings of United States Government securities remained unchanged at \$98,634,000. Federal Reserve note circulation showed a substantial increase early in July but by the middle of the month it had declined to \$91,956,000, which was only \$456,000 greater than a month earlier. This figure was \$6,354,000 higher than a year ago. Member bank reserve balances declined during the latter part of June and the first week in July, but increased about \$10,000,000 in the subsequent week, reaching a total of \$182,058,000 on July 15, which was \$2,669,000 higher than a month earlier and \$43,396,000 greater than on the same date in 1936.

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

	July 15, 1937	July 15, 1936	June 15, 1937
Total cash reserves.....	\$195,560	\$173,255	\$192,975
Discounts for member banks.....	624	379	434
Industrial advances.....	1,237	1,623	1,288
Bills bought in the open market.....	99	86	112
United States Government securities.....	98,634	93,570	98,634
Total earning assets.....	100,594	95,558	100,468
Member bank reserve deposits.....	182,058	138,662	179,389
Federal Reserve notes in actual circulation.....	91,956	85,602	91,500
Commitments to make industrial advances.....	302	538	302

#### Condition of Member Banks in Leading Cities

The loans, investments, and deposits of reporting member banks in leading cities increased substantially during the five weeks ended July 14. Total loans increased \$9,457,000, owing chiefly to the expansion in commercial, industrial, and agricultural loans, although most other classes also increased. Holdings of di-

rect and fully guaranteed obligations of the United States Government increased \$5,742,000 between June 9 and July 14, as the rise of approximately \$11,000,000 at the time of the June 15 Treasury financing was only partially counteracted by reductions in subsequent weeks. Investments in other securities declined \$437,000 during the period. Deposits of reporting banks increased as follows in the five weeks: adjusted demand deposits, \$12,427,000; interbank deposits, \$9,560,000; United States Government deposits, \$6,348,000; and time deposits, \$253,000. Their balances with domestic banks rose \$7,392,000 and they added \$5,473,000 to their reserves with the Federal Reserve Bank.

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

	July 14, 1937	July 15, 1936	June 9, 1937
Total loans and investments.....	\$490,488	\$465,854	\$475,726
Total loans.....	223,005	192,502	213,548
Commercial, industrial, and agricultural loans.....	139,507	*	130,928
Open market paper.....	2,877	*	2,492
Loans to brokers and dealers in securities.....	3,187	2,378	3,124
Other loans for purchasing or carrying securities.....	15,415	*	14,020
Real estate loans.....	21,196	22,375	20,895
Loans to banks.....	1,102	379	932
All other loans.....	39,721	*	40,257
United States Government direct obligations.....	189,112	195,330	183,149
Obligations fully guaranteed by U. S. Gov't.....	28,027	29,877	28,248
Other securities.....	50,344	48,145	50,781
Reserves with the Federal Reserve Bank.....	115,908	90,201	110,455
Balances with domestic banks.....	157,481	198,395	150,089
Demand deposits—adjusted.....	402,393	363,554	389,966
Time deposits.....	121,796	120,475	121,543
United States Government deposits.....	10,627	36,738	4,279
Interbank deposits.....	182,155	189,578	172,595
Borrowings from the Federal Reserve Bank....	None	None	50

\*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

Debits to individual accounts at banks in eighteen Eleventh District cities during June showed an increase of 4.0 per cent over May this year and 18.9 per cent over June last year. Debits during the first half of 1937,



which aggregated \$5,154,551,000, were 20.2 per cent greater than in the same period of 1936, and exceeded those for any corresponding period since 1930.

#### DEBITS TO INDIVIDUAL ACCOUNTS (In thousands of dollars)

	June 1937	June 1936	Percentage change over year	May 1937	Percentage change over month
Abilene.....	\$ 9,377	\$ 7,147	+31.2	\$ 8,437	+11.1
Austin.....	29,681	21,871	+35.7	29,464	+7
Beaumont.....	25,591	21,759	+17.6	24,320	+5.2
Corsicana.....	3,262	2,617	+24.6	3,338	-2.3
Dallas.....	231,952	205,943	+12.6	221,786	+4.6
El Paso.....	27,019	23,625	+14.4	27,536	+1.9
Fort Worth.....	100,915	71,392	+41.4	91,361	+10.5
Galveston.....	26,048	25,286	+3.0	25,528	+2.0
Houston.....	218,359	181,956	+20.0	207,708	+5.1
Port Arthur.....	8,353	7,456	+12.0	9,807	+14.8
Roswell.....	3,548	3,148	+12.7	3,956	+10.3
San Antonio.....	73,357	62,921	+16.6	71,285	+2.9
Shreveport.....	46,317	39,445	+17.4	48,564	-4.6
Texarkana.....	7,339	6,733	+9.0	8,056	-8.9
Tucson.....	11,649	10,512	+10.8	13,566	+14.1
Tyler.....	15,428	13,499	+14.3	14,806	+4.2
Waco.....	13,510	12,423	+8.7	12,768	+5.8
Wichita Falls.....	18,582	14,302	+29.9	14,886	+24.8
Total.....	\$870,287	\$732,035	+18.9	\$837,172	+4.0

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

#### Acceptance Market

There was a sharp decline during June in the volume of outstanding acceptances executed by banks in this district. The total of these acceptances outstanding amounted to \$492,489 on June 30 as compared with \$2,328,260 on May 31. The recession occurred in acceptances based on the domestic shipment and storage of goods.

#### Deposits of Member Banks

Following a substantial decline during the first five months of the year, the daily average gross demand deposits of member banks turned slightly upward in June. This increase, which amounted to \$2,202,000, occurred at reserve city banks, as there was a further slight decline at country banks. Time deposits rose further by \$1,507,000, with most of the increase being reported by reserve city 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 — 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	106,355	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
June.....	1,037,335	201,800	573,110	110,625	464,225	91,175

#### Savings Deposits

Savings deposits held by 116 reporting banks in this district showed a further growth of 1.1 per cent in June, due in part to the crediting of semi-annual interest payments. The increase, however, was smaller than the gain in June last year with the result that total savings deposits on June 30 were only 3.9 per cent greater than a year ago, the smallest percentage gain reported this year. There was a further general increase in the number of savings depositors.

#### SAVINGS DEPOSITS

	Number of reporting banks	June 30, 1937		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	June 30, 1936	May 31, 1937
Beaumont.....	3	9,326	\$ 3,708,789	+ 3.7	+ 1.5
Dallas.....	8	80,130	26,035,346	+ 2.4	+ 1.1
El Paso.....	2	14,817	7,986,839	+18.2	+ 2.0
Fort Worth.....	3	36,647	12,951,238	+ 6.8	+ 1.9
Galveston.....	4	17,862	11,112,444	+ 4.8	+ 4
Houston.....	10	70,976	28,512,788	- 1.4	+ 1.0
Port Arthur.....	2	5,718	2,450,151	+ 9.4	+ 2.6
San Antonio.....	5	21,544	16,595,579	+ 6.0	+ 1.3
Shreveport.....	3	24,266	11,191,971	+ 4.8	- 7
Waco.....	3	9,438	5,151,897	- 9.0	+ 5
Wichita Falls.....	3	6,678	3,429,808	0.0	+ 1.9
All others.....	70	56,443	28,090,756	+ 7.1	+ 1.1
Total.....	116	353,845	\$157,226,606	+ 3.9	+ 1.1

#### DISCOUNT RATES CHARGED BY MEMBER BANKS DURING JULY, 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	2-7	3-7	4-6
Rate charged on loans to other banks secured by bills receivable.....	.....	.....	3-6	3-6	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.....	2-5	6	4-8	3-7	5-6	.....
Time.....	4-8	5-8	4-10	3-7	4-7	5-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	1½-8	6-8	4½-8	2-7	5-8	3-8
Rate on cattle loans.....	6-8	5-8	5-10	6-10	7-8	8

## INDUSTRY

#### Textile Milling

After declining in April and May, mill consumption of cotton in the United States increased slightly in June. The amount used during the month totaled 681,394 bales, which compares with 669,460 bales in May and 555,449 bales in June last year. The increase of 22.6 per cent over the same month a year ago, however, was smaller than the average gain of 28.2 per cent for eleven months of the current season. The 7,361,737 bales utilized during the first eleven months of the 1936-37 season exceeds the total consumption in any previous full season. Mill stocks of cotton declined 264,495

#### COTTON CONSUMED AND ON HAND (Bales)

	June 1937	June 1936	August 1 to June 30	
			This season	Last season
Cotton-growing states:				
Cotton consumed.....	568,169	468,198	6,137,558	4,828,221
Cotton on hand June 30 in—				
Consuming establishments.....	.....	.....	1,232,341	806,545
Public storage and com- presses.....	.....	.....	2,990,387	4,462,378
United States:				
Cotton consumed.....	681,394	555,449	7,361,737	5,744,104
Cotton on hand June 30 in—				
Consuming establishments.....	.....	.....	1,550,540	989,426
Public storage and com- presses.....	.....	.....	3,091,797	4,524,371

SOURCE: Bureau of Census.



bales in June, reducing the total to 1,550,540 bales at the end of the month, but holdings were still 56.7 per cent greater than a year ago. Cotton held in consuming establishments, public storage, and compresses aggregated 4,642,337 bales on June 30, a decline of 871,460 bales from holdings on that date in 1936.

**Cottonseed Products** Operations of cottonseed oil mills in Texas continued on a small scale during June but they were sharply higher than in May this year or June last year. While crushings of seed and production of products at all United States mills declined seasonally from May, they were materially larger than a year ago. Shipments of products from both Texas and United States mills continued to exceed production and stocks showed a further decline.

#### STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to June 30		August 1 to June 30	
	This season	Last season	This season	Last season
Cottonseed received at mills (tons).....	917,608	962,510	4,484,972	3,727,770
Cottonseed crushed (tons).....	921,774	974,622	4,460,823	3,781,296
Cottonseed on hand June 30 (tons).....	5,710	10,300	45,840	36,049
Production of products:				
Crude oil (pounds).....	262,858,345	278,963,616	1,350,662,832	1,152,679,606
Cake and meal (tons).....	432,658	454,384	2,010,544	1,720,377
Hulls (tons).....	243,690	262,333	1,135,422	981,167
Linters (running bales).....	199,324	192,720	1,119,991	865,101
Stocks on hand June 30:				
Crude oil (pounds).....	684,646	2,901,879	5,382,593	17,776,062
Cake and meal (tons).....	12,793	14,066	73,169	117,004
Hulls (tons).....	9,690	24,243	63,465	46,050
Linters (running bales).....	16,503	16,501	87,742	65,859

SOURCE: Bureau of Census.

**Cotton Movements** The movement of cotton through the ports of Houston and Galveston in June continued the sharp downward trend in evidence during May. The combined receipts at these concentration points amounted to 12,760 bales, which is less than one-half the amount received in May, and only 37 per cent of the June, 1936, total. Shipments of cotton to coastwise ports and foreign countries were 23 per cent smaller than in the preceding month, and about one-half the volume in June last year. Port stocks of cotton were approximately 12 per cent smaller on June 30 than those a month earlier or a year ago.

Exports of cotton from the United States declined from 323,736 bales in May to 229,639 bales in June, the latter total being 22.8 per cent lower than a year ago and the smallest for that month in seven years. The 29.1 per cent decline from May to June was considerably larger than the average in the ten-year period, 1927-1936. June shipments to the United Kingdom, Italy, and Germany were larger than in May and those to Italy and Germany were greater than in June last year. Total exports for the period August 1, 1936, to June 30, 1937, amounted to 5,315,732 bales, a decline of 8.6 per cent from shipments in the same period of the previous season.

#### COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	(Bales)		August 1 to June 30	
	June		This season	
	1937	1936	Last season	
Receipts.....	4,395	20,833	1,704,921	1,605,249
Exports.....	54,664	99,820	1,745,010	1,427,766
Stocks, June 30.....	.....	.....	322,106	402,136

#### COTTON—GALVESTON STOCK STATEMENT

	(Bales)	
	June 30, 1937	June 30, 1936
For Great Britain.....	1,700	5,300
For France.....	200	2,000
For other foreign ports.....	10,700	6,900
For coastwise ports.....	500	500
In compresses and depots.....	309,006	389,236
Total.....	322,106	402,136

#### COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	(Bales)		August 1 to June 30	
	June 1937	June 1936	This season	Last season
Receipts.....	8,365	14,054	1,290,975	1,724,121
Exports.....	31,969	65,960	1,128,400	1,711,699
Stocks, June 30.....	.....	.....	257,279	258,735

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

	August 1 to June 30	
	This season	Last season
Receipts.....	6,769,237	7,020,447
Exports: United Kingdom.....	1,120,026	1,349,334
France.....	652,640	668,181
Italy.....	387,033	373,757
Germany.....	626,661	740,608
Other Europe.....	649,456	899,250
Japan.....	1,522,499	1,463,297
All other countries.....	357,417	321,879
Total exports.....	5,315,732	5,816,304
Stocks held at all United States ports, June 30.....	1,193,677	1,411,369

#### SPOT COTTON PRICES—(Middling basis)

	June, 1937		July 15, 1937
	High	Low	
New York.....	13.25	12.36	12.60
New Orleans.....	13.04	12.16	12.44
Dallas.....	12.65	11.81	12.11
Houston.....	13.00	12.11	12.33
Galveston.....	12.97	12.09	12.30

**Petroleum** Daily average production of crude oil in the Eleventh District declined slightly in June, but increased substantially during the first half of July. The average daily output in June amounted to 1,600,117 barrels, a decrease of 4,591 barrels from the preceding month. Declines from May were registered in the west Texas, south Texas, and Texas Coastal fields but increases occurred in the north Texas, east Texas, New Mexico, and north Louisiana fields. Drilling operations were at a moderately higher rate in the four weeks ended June 26 than in the preceding five-week period.

Crude oil production in this district during the first half of 1937 exceeded the output in the same period of 1936 by 23 per cent, and well completions showed a gain of 17 per

#### OIL PRODUCTION

	(Barrels)		Increase or decrease from May, 1937	
	June, 1937		Total	Daily Avg.
North Texas.....	4,666,500	155,550	— 69,900	+ 2,763
West Texas.....	6,934,500	231,150	— 544,350	— 10,103
East Texas.....	17,616,500	587,217	— 480,000	+ 3,459
South Texas.....	6,931,750	231,058	— 276,350	— 1,461
Texas Coastal.....	5,961,450	198,715	— 398,150	— 6,434
Total Texas.....	42,110,700	1,403,680	— 1,768,750	— 11,776
New Mexico.....	3,438,000	114,600	— 42,950	+ 2,311
North Louisiana.....	2,454,800	81,827	+ 69,250	+ 4,874
Total District.....	48,003,500	1,600,117	— 1,742,450	— 4,591



cent. The largest increases in drilling activity occurred in west Texas and in east Texas outside the East Texas field.

## JUNE DRILLING RESULTS

	Number of wells				Initial production (barrels daily)
	Completions	Producers	Gas wells	Failures	
North Texas.....	300	164	17	119	40,754
West Texas.....	296	258	2	36	257,548
East Texas.....	289	268	8	13	902,368
South Texas.....	308	224	18	66	86,347
Texas Coastal.....	120	89	11	20	41,012
Total Texas.....	1,313	1,003	56	254	1,328,029
New Mexico.....	61	57	3	1	79,069
North Louisiana.....	53	39	6	8	14,240
*June totals, district.....	1,427	1,099	65	263	1,421,338
†May totals, district.....	1,620	1,244	61	315	1,801,326

\*June figures represent four weeks ended June 26, 1937.

†May figures represent five weeks ended May 29, 1937.

CRUDE OIL PRICES  
(Price per barrel)

	June 30, 1937	June 30, 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.

## Building

Building permits issued at fourteen cities in this district were valued at \$4,878,490 in June. This amount was 13.2 per cent below the May total and 2.2 per cent lower than that in June, 1936. The value of permits issued in the first half of 1937 was about the same as in the corresponding period last year.

Construction contracts awarded in the Eleventh District, after declining in May, increased 5.3 per cent in June to a total of \$11,959,000, which exceeds by 60.5 per cent the volume in June, 1936. Residential awards increased 5.2 per cent from May to June and were 36.8 per cent greater than in the same month last year. For the first six months of the year total contracts awarded were 10.6 per cent lower, but residential contracts were 41.9 per cent higher than in the corresponding period of 1936.

## VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

	June 1937	June 1936	May 1937	January 1 to June 30 1937	January 1 to June 30 1936
Eleventh District—total...	\$ 11,959	\$ 7,450	\$ 11,856	\$ 64,257	\$ 71,856
Residential.....	4,368	3,194	4,152	26,625	18,767
All other.....	7,591	4,256	7,704	37,632	53,089

SOURCE: F. W. Dodge Corporation.

## BUILDING PERMITS

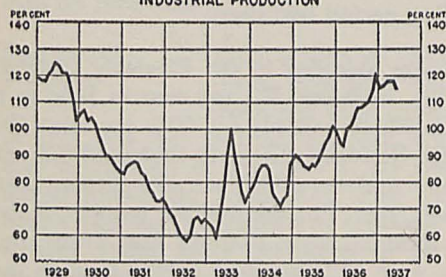
	June, 1937		June, 1936		Percentage change valuation over year	May, 1937		Percentage change valuation over month	January 1 through June 30				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1937		1936		
									No.	Valuation	No.	Valuation	
Amarillo.....	34	\$ 102,620	45	\$ 50,808	+102.0	24	\$ 43,873	+133.9	195	\$ 445,535	181	\$ 349,685	+ 27.4
Austin.....	161	379,189	181	378,005	+ .3	175	321,769	+ 17.8	901	2,131,542	946	2,596,391	- 17.9
Beaumont.....	145	116,584	139	96,687	+ 20.6	141	64,217	+ 81.5	857	619,444	676	690,277	- 10.3
Corpus Christi.....	171	407,990	132	104,038	+292.2	173	358,355	+ 13.9	879	1,874,687	578	930,925	+101.4
Dallas.....	456	574,849	542	387,097	+ 48.5	460	701,780	- 18.1	2,727	4,175,090	3,062	6,860,701	- 39.1
El Paso.....	122	177,087	60	144,291	+ 22.7	85	108,389	+ 63.4	576	721,279	370	501,789	+ 43.7
Fort Worth.....	160	788,601	176	1,457,652	- 45.9	170	567,119	+ 39.1	1,087	4,786,191	913	4,961,959	- 3.5
Galveston.....	103	62,956	130	235,465	- 73.3	94	63,279	- .5	588	668,187	636	532,754	+ 25.4
Houston.....	428	1,502,900	432	1,176,380	+ 27.8	421	2,350,465	- 36.1	2,392	11,146,100	2,188	10,575,533	+ 5.4
Port Arthur.....	155	69,039	144	79,103	- 12.7	195	119,321	- 42.1	967	559,326	699	465,913	+ 20.0
San Antonio.....	290	397,002	286	532,627	- 25.5	254	516,502	- 23.1	1,584	2,682,860	1,449	2,255,850	+ 18.9
Shreveport.....	113	129,868	133	155,746	- 16.6	149	265,663	- 51.1	830	1,676,809	722	965,876	+ 73.6
Waco.....	50	138,800	45	75,923	+ 82.8	55	107,090	+ 29.6	291	596,776	219	331,099	+ 80.2
Wichita Falls.....	12	31,005	21	113,180	- 72.6	21	34,822	- 11.1	98	170,046	101	240,153	- 29.2
Total.....	2,400	\$4,878,490	2,466	\$4,987,002	- 2.2	2,417	\$5,622,644	- 13.2	13,972	\$32,253,872	12,740	\$32,258,905	- .01



## SUMMARY OF NATIONAL BUSINESS CONDITIONS

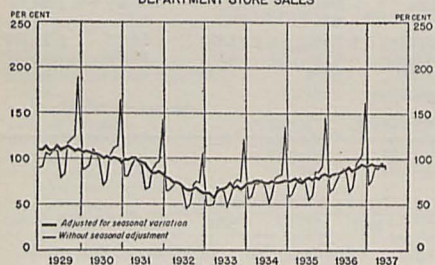
(Compiled by the Board of Governors of the Federal Reserve System)

## INDUSTRIAL PRODUCTION



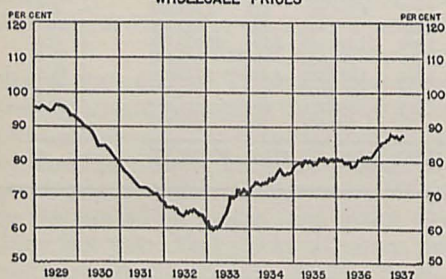
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to June, 1937.

## DEPARTMENT STORE SALES



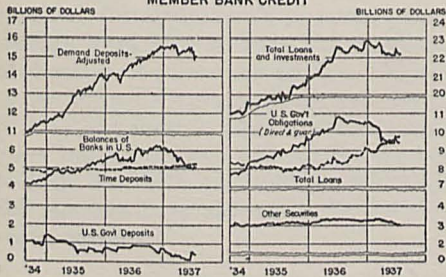
Indexes of value of sales, 1923-1925 average = 100. By months, January, 1929, to June, 1937.

## WHOLESALE PRICES



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By months, 1929 to 1931; by weeks, 1932 to date. Latest figure is for week ending July 17, 1937.

## MEMBER BANK CREDIT



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934, to July 21, 1937.

Activity in most manufacturing industries and at mines continued in June at the May level, with allowance for seasonal influences, but the total output was decreased by labor difficulties in steel mills. In July, production at these mills increased.

## PRODUCTION AND EMPLOYMENT

Volume of industrial output, as measured by the Board's seasonally adjusted index, was 115 per cent of the 1923-1925 average in June as compared with 118 per cent maintained in the preceding three months. The decrease was largely accounted for by the decline in steel production. Automobile production declined seasonally and lumber output showed little change. There was considerable reduction in activity at shoe factories and at sugar refineries, while textile production was close to the level of other recent months. At mines output continued in about the same volume as in May.

Value of construction contracts awarded, which had declined in May, increased considerably in June, according to figures of the F. W. Dodge Corporation. There was a marked rise in contracts for public projects, and awards for private building increased somewhat, reflecting chiefly a large volume of contracts for factories and for apartments.

Factory employment and payrolls declined more than seasonally from the middle of May to the middle of June, largely as a result of strikes in the iron and steel industry. In most other manufacturing industries and also in non-manufacturing lines changes in employment were chiefly of a seasonal nature.

## AGRICULTURE

The July 1 cotton report of the Department of Agriculture showed an acreage of 34,192,000, which is larger than in any year since 1933, but considerably smaller than the average of 41,424,000 acres for the five years 1928-1932. Reports on other major crops indicate larger production than last season and about equal to the average for 1928-1932.

## DISTRIBUTION

Distribution of commodities to consumers was maintained in June at the level of other recent months, with allowance for seasonal influences. Department store sales showed a seasonal decline and there was little change in mail-order business. Sales at variety stores increased somewhat. Department store trade in the mid-western industrial area in June and in the first half of the year showed larger increases over a year ago than did sales in other parts of the country.

Freight-car loadings declined somewhat further in June, reflecting largely a decrease in shipments of miscellaneous freight.

## WHOLESALE COMMODITY PRICES

The general level of wholesale commodity prices, which had declined gradually from the beginning of April to the middle of June, advanced somewhat after that time. Prices of hogs and pork rose considerably and grain prices advanced during most of the period. Steel scrap prices increased sharply and prices of tin, zinc, and hides also advanced, while cotton goods and rubber continued downward. In the past week prices for grains declined and cotton prices also moved lower.

## BANK CREDIT

In the four-week period ending July 21 the volume of excess reserves of member banks increased from \$810,000,000 to \$870,000,000, owing principally to a decline in the amount of required reserves resulting from a decrease in deposits at member banks in leading cities.

Commercial loans of reporting member banks continued to increase both in New York City and in other leading cities during the five weeks ending July 21. There was a substantial decline in adjusted demand deposits, mostly at New York City banks. This decline corresponded to decreases in holdings of United States Government obligations, following increases at the time of new Treasury note issues at the middle of June, and in holdings of other securities. Loans to brokers and dealers in securities, which increased in June, declined during the first three weeks of July.

## MONEY RATES

Open-market rates on Treasury bills and yields on Treasury notes and bonds declined in July to the lowest levels since March.