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OF THE FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	July 1937	Percentage change from	
		July, 1936	June, 1937
Bank debits to individual accounts (18 cities)	\$908,085,000	+20.0	+ 4.3
Department store sales		+ 4.6	-20.3
Wholesale trade sales (five lines)		+10.0	+ 5.0
Value of construction contracts awarded	\$ 10,871,000	- 8.7	- 9.1
Valuation of building permits (14 cities)	\$ 3,741,097	- 6.1	-23.3
Commercial failures (number)	16	+33.3	- 5.9
Commercial failures (liabilities)	\$ 87,000	+38.1	-17.1
Daily average crude oil production (barrels)	1,622,740	+25.0	+ 1.4

Agricultural conditions in the Eleventh District continued to improve in July, and the August 1 estimates of the Department of Agriculture indicate that production of major crops and most minor crops will be substantially higher than in 1936. Early feed crops are virtually matured and the increased production, on the whole, is well distributed over the district. The August 1 estimate of the cotton crop is the largest since 1933, but considerable deterioration has occurred in some sections since the first of August, as a result of the extremely high temperatures and dry weather. An adverse factor of major importance to the cotton farmer is the sharp decline in the cotton market which will partially offset the beneficial effects of the larger production. Range conditions have declined, but livestock generally have held up well and are in about average condition.

Distribution of commodities at retail and wholesale was at a more active pace during the past month. Department store sales at principal cities showed a smaller than seasonal decline from June to July and were 5 per cent larger than in July last year. After remaining at about the April level

in May and June, wholesale trade increased in July and registered a gain of 10 per cent over the same month last year when business was very active. Bank debits increased further in July and were a fifth larger than a year ago. Commercial failures were fewer and liabilities were smaller in July than in the preceding month, but both were larger than in the same month last year.

Petroleum production showed a noticeable expansion during the past six weeks, and at the middle of August the daily average output was about 8 per cent above the June average. Most of the increase has occurred at Texas fields, reflecting the higher allowable in effect during the period.

Construction activity in this district declined in July to the lowest level since early this year. The valuation of building permits issued at principal cities and the volume of construction contracts awarded decreased from June to July and were moderately lower than a year ago.

The loans and investments of weekly reporting member banks in this district increased further by \$12,066,000 between July 14 and August 11, and the total on the latter date was only about \$21,000,000 under the peak reached at the middle of December last year. The expansion in recent weeks has been chiefly in commercial, agricultural, and industrial loans and in holdings of Government securities. Gross deposits of all member banks averaged \$16,503,000 higher in July than in June. Member bank reserve balances declined \$2,398,000 between July 15 and August 15, but the average for the period was about the same as in the previous thirty days.

BUSINESS

Wholesale Trade

The demand for merchandise at wholesale in this district turned upward in July and was about 5 per cent above the level obtaining in the preceding three months. The increase of 10.0 per cent over July last year was smaller than the average gain during the first half of the year, but it should be

recalled that business at this season last year also showed a substantial increase.

The distribution of dry goods at wholesale in July reflected a seasonal increase considerably larger than the average. Sales were 28.6 per cent greater than in June, and

3.7 per cent above those in July a year ago. The sales of groceries showed an increase of 3.0 per cent over the June volume, and were 8.1 per cent greater than in July, 1936. The demand for farm equipment reflected the customary decline from June to July, but was maintained at a high level, as is evidenced by the 83.9 per cent increase over the same month last year. Although the sales of wholesale hardware firms fell off 9.4 per cent during July, they were 7.2 per cent greater than a year ago. After declining considerably in June, sales of drugs at wholesale increased 3.3 per cent in July and were in about the same volume as in the corresponding month of 1936.

CONDITION OF WHOLESALE TRADE DURING JULY, 1937

Percentage of increase or decrease in—

	Net Sales		Stocks		Ratio July collections to accounts outstanding June 30
	July 1937 compared with July 1936	June 1937	July 31, 1937 compared with July 31, 1936	June 30, 1937	
Groceries.....	+ 8.1	+ 3.0	+ 3.9	+ 1.2	83.2
Dry goods.....	+ 3.7	+28.6	+29.3	+ 1.5	32.3
Farm implements.....	+83.9	— 5.9	+15.9	+22.7	8.8
Hardware.....	+ 7.2	— 9.4	+23.9	— 3.5	47.8
Drugs*.....	+ .6	+ 3.3	+ 9.7	+ 7.2	81.8

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

Retail Trade

Retail buying in larger cities of the Eleventh District, as measured by the dollar volume of department store sales, declined only 20.3 per cent in July, which is less than the usual seasonal amount, and this bank's adjusted index of department store sales rose to 105.0 per cent of the 1923-25 average as compared with 100.5 per cent in the preceding two months. The increase of 4.6 per cent over July last year is larger than the similar comparison in June. July sales at Dallas were under those a year ago, but appreciable increases were registered at Fort Worth, Houston, San Antonio, and some miscellaneous cities. Cumulative sales in the district for the first seven months of the year were 10.4 per cent above those in the same period of 1936.

Although merchandise stocks were reduced by more than the average amount in July, holdings at the end of the month were 13.1 per cent greater than on the same date last year. The rate of stock turnover continued lower than in 1936.

Collections on open accounts outstanding declined from 41.4 per cent in June to 40.4 per cent in July. A slight decline was also shown in collections on installment accounts.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
July, 1937, compared with July, 1936.....	— 1.5	+ 6.5	+ 8.8	+ 6.6	+ 9.5	+ 4.6
July, 1937, compared with June, 1937.....	—20.4	—17.5	—21.6	—19.8	—21.2	—20.3
January 1 to July 31, 1937, compared with same period last year.....	+ 8.7	+ 8.2	+14.1	+ 9.7	+12.5	+10.4
Credit sales (percentage):						
July, 1937, compared with July, 1936.....	+ 3.0	— 4.2	+15.3	+13.7	+12.5	+ 6.9
July, 1937, compared with June, 1937.....	—20.6	—29.3	—23.0	—20.2	—25.4	—22.9
January 1 to July 31, 1937, compared with same period last year.....	+11.8	+10.0	+19.6	+11.4	+12.2	+12.8
Stocks on hand at end of month (percentage):						
July, 1937, compared with July, 1936.....	+ 8.4	0.0	+17.4	+20.6	+22.7	+13.1
July, 1937, compared with June, 1937.....	— 6.0	— 3.5	—14.1	— 2.9	— 5.9	— 6.0
Stock turnover (rate):						
Rate of stock turnover in July, 1936.....	.27	.23	.25	.28	.21	.25
Rate of stock turnover in July, 1937.....	.24	.23	.24	.25	.18	.23
Rate of stock turnover January 1 to July 31, 1936.....	2.15	1.74	2.03	2.15	1.65	1.97
Rate of stock turnover January 1 to July 31, 1937.....	2.05	1.86	1.92	1.99	1.54	1.88
Ratio of July collections to open accounts receivable and outstanding July 1, 1937.....	41.1	37.8	42.6	43.0	36.6	40.4
Ratio of July collections to installment accounts receivable and outstanding July 1, 1937.....	15.6	11.3	.....	12.3	12.3	13.8
Indexes of department store sales:						
Unadjusted—June, 1937.....	93.1	103.1	93.8	89.4	.....	92.5
Unadjusted—July, 1937.....	75.1	84.3	76.2	70.4	.....	73.5
Adjusted—June, 1937.....	107.0	109.7	88.5	91.2	.....	100.5
Adjusted—July, 1937.....	112.1	112.4	108.9	103.5	.....	105.0
Indexes of department store stocks:						
Unadjusted—June, 1937.....	61.5	64.5	41.8	55.6	.....	63.0
Unadjusted—July, 1937.....	56.4	62.2	36.8	53.9	.....	59.1
Adjusted—June, 1937.....	64.1	67.9	46.4	63.2	.....	67.0
Adjusted—July, 1937.....	60.6	67.6	41.3	62.0	.....	64.9

AGRICULTURE

Crop Conditions

Favorable growing conditions over most sections of the Eleventh District during July resulted in a further improvement in crop conditions, and, on the basis of the August 1 estimates of the Department of Agriculture, the physical volume of agricultural production will be considerably higher than in 1936.

The substantial betterment in the cotton crop during July was reflected in the high condition figures reported on August 1. The indicated per acre yields are considerably above the 1923-32 average yields, and prospective production exceeds that in 1936 by a wide margin. In Texas the indicated

production of 4,314,000 bales compares with a harvest of 2,933,000 bales in 1936, and is the largest crop since 1933. Since August 1 temperatures have been unusually high and commercial reports indicate sharp deterioration in the crop in some portions of the State. The deterioration has been particularly noticeable in north Texas where there are widespread complaints of excessive shedding and premature opening of bolls. Picking is well advanced in South Texas and is becoming general in all other sections of the State except west and northwest Texas. Estimated production of cotton in Louisiana, Oklahoma, Arizona, and New Mexico is also considerably above last year's harvest, with the largest increase reported for Oklahoma where the severe drouth re-

duced 1936 production to a very low level. The official estimate of 15,593,000 bales for the United States is about a fourth larger than the 1936 crop.

July rains improved the condition of the district's corn crop. Most of the increase occurred in Texas where the prospective production of 76,551,000 bushels is 7,626,000 bushels above the 1936 harvest. Despite a 7 per cent reduction in acreage, grain sorghums production in Texas, on the basis of the August 1 condition, is indicated at 52,768,000 bushels, as compared with 31,711,000 bushels last year. In New Mexico the estimate of 5,625,000 bushels is nearly three times greater than last year's production on a fourth larger acreage. Indicated production of tame hay on August 1 was above that a month earlier and considerably larger than last year's harvest.

Minor crops generally have made good progress. Indicated production of sweet potatoes increased in Texas during July and remained unchanged in Louisiana and Oklahoma. The condition of peanuts also improved in these states and was higher on August 1 than a year ago. Estimated production of rice in Texas, on the basis of the August 1 condition, was 12,444,000 bushels, which, on account of the larger acreage, is 22 per cent greater than the 1936 harvest and 38 per cent above the 1928-32 average production. The August 1 condition of the Texas pecan crop indicated a production of 24,000,000 pounds as compared with 10,400,000 pounds in 1936. Peaches and pears in Texas improved during July with present prospects indicating a larger production than a year ago.

Cash Farm Income

In the first half of 1937 cash income from marketings of principal farm products in the five states attached to the Eleventh District increased 10.2 per cent, and Government payments 119.0 per cent, over the same period last year. Combined receipts from sales and Government payments for the six months aggregate \$324,649,000 as compared with \$268,253,000 in the first half of 1936, an increase of 21.0 per cent.

June receipts from farm marketings were 4.4 per cent higher than a year ago, reflecting the increase of 11.5 per cent in cash income from livestock and livestock products which more than offset the decrease of 4.6 per cent in receipts from the sale of farm crops. Government payments to farmers totaled \$2,455,000 in June, which was less than half of those in May, and only a third of those in June, 1936.

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

State	Receipts from:					
	Farm crops		Livestock and livestock products		Total receipts	
	June 1937	June 1936	June 1937	June 1936	June 1937	June 1936
Arizona.....	\$ 765	\$ 719	\$ 1,224	\$ 1,069	\$ 1,989	\$ 1,788
Louisiana.....	2,307	2,168	2,712	2,461	5,019	4,629
New Mexico.....	167	186	1,325	1,577	1,492	1,763
Oklahoma.....	4,265	4,556	7,076	6,405	11,341	10,961
Texas.....	11,419	12,203	15,506	13,467	26,925	25,670
Total five states....	\$18,923	\$19,832	\$27,843	\$24,979	\$46,766	\$44,811

SOURCE: United States Department of Agriculture.

Livestock

High temperatures and the lack of rainfall over most of the Eleventh District in the latter part of July and the first half of August caused a

decline in range conditions. According to the Department of Agriculture, the drouth situation is becoming critical in the extreme south Texas section and it is getting very dry in the northern half of the Texas Panhandle, and in portions of eastern and southwestern New Mexico. In most other sections the top-soil is drying out, but sub-soil moisture is generally adequate. Range feed is still fair to good except in the very dry areas.

Cattle, sheep, and goats have held up well in most sections, and, on the whole, are in about average condition. The Department of Agriculture reported that 1,213,000 head of cattle and calves in Texas were marketed in the first six months of the year, as compared with 888,000 head in 1936, and that marketings continued heavy during July. Sales of Texas sheep and lambs exceeded 1,500,000 head in the first half of 1937, the largest movement for any six-month period on record.

The preliminary estimate by the Department of Agriculture placed the 1937 production of wool in Texas at the record figure of 75,538,000 pounds, which exceeds by a narrow margin the 74,800,000 pounds produced in 1933. This year's production is 11,273,000 pounds larger than that in 1936, and is more than one-fifth of the total United States production of shorn wool. Further slight declines in production were reported for New Mexico and Arizona, the 1937 estimates being 15,394,000 pounds for New Mexico and 4,286,000 pounds for Arizona. Estimated production of 367,359,000 pounds of shorn wool in the United States is about 2 per cent more than in 1936.

The number of lambs docked in 1937 in Texas is estimated at 4,158,000 head, which is an increase of 310,000 head over last year's crop, and the largest crop on record. The increase was due chiefly to the larger number of breeding ewes in the State. The lamb crop of 1,315,000 head in New Mexico, while slightly smaller than in 1936, is well above the average, but in Arizona the crop is the smallest in 13 years.

Movements and Prices

Supplies of cattle, calves, and sheep on the Fort Worth market in July continued greatly in excess of those a year ago, but receipts of cattle and sheep were sharply lower than in the previous month. Marketings of hogs were considerably smaller than in either June this year or July last year.

FORT WORTH LIVESTOCK RECEIPTS

	(Number)				
	July 1937	July 1936	Change over year	June 1937	Change over month
Cattle.....	86,110	42,496	+43,614	112,164	-26,054
Calves.....	38,489	21,191	+17,298	35,090	+3,399
Hogs.....	15,481	18,104	-2,623	17,655	-2,174
Sheep.....	63,871	37,121	+26,750	145,262	-81,391

COMPARATIVE TOP LIVESTOCK PRICES

	(Dollars per hundredweight)		
	July 1937	July 1936	June 1937
Beef steers.....	12.50	7.75	11.85
Stocking steers.....	8.00	7.00	7.50
Heifers and yearlings.....	12.00	9.00	12.00
Butcher cows.....	7.65	5.10	8.00
Calves.....	8.75	7.25	9.00
Hogs.....	12.55	10.40	11.60
Lambs.....	9.50	9.00	10.25

Reflecting the light receipts and the seasonal upturn in prices, the hog market reached an eleven-year high at \$12.60 per hundredweight early in August. Most classes of cattle sold at higher prices during the past thirty days. Quality

offerings, particularly steers and yearlings, were in light supply and usually met with a broad demand. Following the decline at mid-July, the lamb market showed some price advances and then remained generally steady.

FINANCE

Condition of Member Banks in Leading Cities

Weekly reporting member banks in leading cities of the Eleventh District increased their holdings of direct and fully guaranteed obligations of the United States Government \$6,425,000, and total loans \$5,718,000, between July 14 and August 11, bringing total loans and investments on the latter date to \$502,554,000, the highest since late in January, and \$29,007,000 greater than on the corresponding date in 1936. Commercial, agricultural, and industrial loans, which have shown a steady expansion during the past three months, were \$3,949,000 greater on August 11 than four weeks earlier, and \$16,770,000 above those on May 19.

United States Government deposits at these banks increased further by \$7,448,000 in the four weeks, but other classes of deposits declined. Adjusted demand deposits, after increasing substantially in the forepart of July, declined to \$390,187,000 on August 11, which is about the average level obtaining in the first half of the year. Interbank deposits declined \$5,428,000 in the four weeks.

To meet the decline in deposits and the expansion in loans and investments between July 14 and August 11, these banks reduced their reserves with the Federal Reserve Bank \$7,652,000, and withdrew \$14,716,000 of their balances with other domestic banks.

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

	Aug. 11, 1937	Aug. 12, 1936	July 14, 1937
Total loans and investments.....	\$502,554	\$473,547	\$490,488
Total loans.....	228,723	203,601	223,005
Commercial, industrial, and agricultural loans.....	143,456	*	139,507
Open market paper.....	3,422	*	2,877
Loans to brokers and dealers in securities.....	2,858	2,561	3,187
Other loans for purchasing or carrying securities.....	15,234	*	15,415
Real estate loans.....	21,316	23,146	21,166
Loans to banks.....	881	437	1,102
All other loans.....	41,556	*	39,721
United States Government direct obligations.....	193,629	189,914	189,112
Obligations fully guaranteed by U. S. Gov't.....	29,935	31,363	28,027
Other securities.....	50,267	48,669	50,344
Reserves with the Federal Reserve Bank.....	108,256	88,748	115,908
Balances with domestic banks.....	142,765	179,981	157,481
Demand deposits—adjusted†.....	390,187	361,562	402,393
Time deposits.....	121,578	120,155	121,796
United States Government deposits.....	18,075	37,174	10,627
Interbank deposits.....	176,727	180,816	182,155
Borrowings from the Federal Reserve Bank.....	None	None	None

*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.

Operations of the Federal Reserve Bank

Federal Reserve Bank discounts for member banks continued to expand during the past thirty days, reaching a total of \$1,329,000 at the middle of August. This amount, while still relatively small, was more than double that a month earlier or a year ago. Industrial advances declined \$41,000 between July 15 and August 15, and holdings

of bills bought in the open market were off \$12,000, while holdings of United States Government securities remained unchanged. Reserve deposits of member banks were \$2,398,000 lower on August 15 than a month earlier, but were \$35,550,000 higher than a year ago. The circulation of Federal Reserve notes continued to fluctuate around the \$92,000,000 level.

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

	Aug. 15, 1937	Aug. 15, 1936	July 15, 1937
Total cash reserves.....	\$199,622	\$168,905	\$195,560
Discounts for member banks.....	1,329	597	624
Industrial advances.....	1,196	1,560	1,237
Bills bought in the open market.....	87	87	99
United States Government securities.....	98,634	93,570	98,634
Total earning assets.....	101,246	95,814	100,594
Member bank reserve deposits.....	179,660	144,110	182,058
Federal Reserve notes in actual circulation.....	91,841	84,628	91,956
Commitments to make industrial advances.....	302	536	302

Debits to Individual Accounts

Debits to individual accounts increased further by 4.3 per cent from June to July, and exceeded those in July last year by 20.0 per cent. The month's total of \$908,085,000 was the highest for the current year, and the largest of any corresponding month since 1929. Debits at banks in all of the eighteen reporting cities showed increases over a year ago and at eleven cities they were larger than in the preceding month.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	July 1937	July 1936	Percentage change over year	June 1937	Percentage change over month
Abilene.....	\$ 8,644	\$ 7,466	+15.8	\$ 9,377	- 7.8
Austin.....	27,724	25,024	+10.8	29,081	- 6.6
Beaumont.....	25,984	21,683	+19.8	25,591	+ 1.5
Corsicana.....	3,241	2,818	+15.0	3,262	- 0.6
Dallas.....	242,058	218,477	+10.8	231,952	+ 4.4
El Paso.....	26,110	23,221	+12.4	27,019	- 3.4
Fort Worth.....	112,250	80,016	+40.3	100,915	+11.2
Galveston.....	30,053	24,800	+20.9	26,048	+15.4
Houston.....	235,347	180,601	+30.3	218,359	+ 7.8
Port Arthur.....	9,838	8,066	+22.0	8,353	+17.8
Roswell.....	3,638	2,708	+34.3	3,548	+ 2.5
San Antonio.....	68,958	62,618	+10.7	73,357	- 6.0
Shreveport.....	48,136	40,583	+18.6	46,317	+ 3.9
Texarkana*.....	8,414	6,312	+33.3	7,339	+14.6
Tucson.....	10,904	9,954	+ 9.5	11,649	- 6.4
Tyler.....	15,686	15,254	+ 2.8	15,428	+ 1.7
Waco.....	13,669	12,737	+ 7.3	13,510	+ 1.2
Wichita Falls.....	17,431	14,903	+17.0	18,582	- 6.2
Total.....	\$908,085	\$757,001	+20.0	\$870,287	+ 4.3

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

Acceptance Market

Outstanding acceptances executed by accepting banks in this district continued in small volume during July. The total outstanding at the close of the month aggregated \$475,214 as compared with \$492,489 a month earlier.

Deposits of Member Banks Daily average gross demand deposits of member banks in this district increased by \$16,410,000 in July to a total of \$1,053,745,000, which is the highest since February but still \$54,665,000 under the peak reached in December, 1936. There was little change in the volume of time deposits.

Savings Deposits

Reflecting the usual mid-year withdrawals, savings deposits at reporting banks declined 0.7 per cent in July, but the total at the end of the month was 3.3 per cent larger than a year ago. The number of savings depositors increased during the month.

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 — 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	621,189	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
June.....	1,037,335	201,800	573,110	110,625	464,225	91,175
July.....	1,053,745	201,893	584,117	110,629	469,628	91,264

SAVINGS DEPOSITS

	Number of reporting banks	July 31, 1937		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	July 31, 1936	June 30, 1937
Beaumont.....	3	9,374	\$ 3,624,282	+ 1.9	— 2.3
Dallas.....	8	80,542	25,577,116	+ .4	— 1.8
El Paso.....	2	14,966	7,885,513	+16.3	— 1.3
Fort Worth.....	3	36,865	12,893,954	+ 5.8	— .4
Galveston.....	4	18,011	11,224,219	+ 5.0	+ 1.0
Houston.....	10	71,187	28,243,364	— 1.2	— .9
Port Arthur.....	2	5,837	2,473,915	+ 8.1	+ .6
San Antonio.....	5	21,711	16,737,351	+ 7.2	+ .9
Shreveport.....	3	24,142	11,141,469	+ 2.8	— .5
Waco.....	3	9,378	4,997,700	— 8.8	— 3.0
Wichita Falls.....	3	6,678	3,348,299	— 2.3	— 2.4
All others.....	69	56,747	28,007,889	+ 6.9	— .3
Total.....	115	355,438	\$156,155,071	+ 3.3	— .7

DISCOUNT RATES CHARGED BY MEMBER BANKS DURING AUGUST, 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	1¼-6	2-7	4-7	4-6
Rate charged on loans to other banks secured by bills receivable.....	3-4	.....	3-6	3-6	6	4
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
Demand.....	2-7	6	4-8	3-7	5-6	0
Time.....	4-8	5-8	4-10	3-7	5-7	5-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	2-8	6-8	1½-8	2-7	6-8	3-8
Rate on cattle loans.....	6-8	5-8	5-10	6-10	7-8	8

INDUSTRY

Cottonseed Products

Reflecting the movement of seed from this year's cotton crop, the receipts of cottonseed at Texas mills showed a sharp increase in July and were about double those a year ago.

The volume of cottonseed manufactured at Texas mills during the 1936-37 season was about 6 per cent smaller than the preceding season, and with the exception of the 1934-35 season was the lowest in fifteen years. The amount of cottonseed crushed at all United States mills increased 18 per cent as compared with the 1935-36 season.

Stocks of crude cottonseed oil and cake and meal at all United States mills on July 31 were considerably smaller than a year ago, but holdings of hulls and linters were substantially higher.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to July 31	August 1 to July 31	August 1 to July 31	August 1 to July 31
Cottonseed received at mills (tons).....	945,089	976,664	4,516,464	3,750,102
Cottonseed crushed (tons).....	934,671	989,200	4,498,372	3,817,751
Cottonseed on hand July 31 (tons).....	20,294	9,876	39,783	21,926
Production of products:				
Crude oil (pounds).....	266,306,445	282,285,886	1,364,361,227	1,163,736,415
Cake and meal (tons).....	439,127	460,463	2,030,698	1,738,883
Hulls (tons).....	246,734	264,044	1,146,329	987,849
Linters (running bales).....	201,796	195,703	1,131,295	876,215
Stocks on hand July 31:				
Crude oil (pounds).....	1,236,295	1,408,052	2,557,298	8,456,614
Cake and meal (tons).....	7,859	8,073	41,084	65,053
Hulls (tons).....	6,940	11,092	43,328	23,893
Linters (running bales).....	11,764	9,990	60,843	43,819

SOURCE: Bureau of Census.

Textile Milling

Cotton mill activity in the United States declined by more than the usual seasonal amount during the closing month of the season. In July the domestic mill consumption of cotton was 14.4 per cent smaller than in June, and 4.0 per cent lower than in July, 1936. However, the 583,066 bales consumed during the month brought the total for the 1936-37 season to 7,944,803 bales, an increase of 25.1 per cent over the amount processed during the 1935-36 season, and the highest on record. The previous record consumption was in the 1926-27 season, when 7,189,585 bales were utilized. Domestic mills reduced their holdings of raw cotton by 260,833 bales in July, lowering the end-of-season total to 1,289,707 bales, as compared with 896,724 bales on July 31, 1936. Stocks of cotton in public storage and compresses aggregated 2,807,798 bales at the close of July, a decline of 1,129,867 bales from those a year ago.

COTTON CONSUMED AND ON HAND (Bales)

	July 1937	July 1936	August 1 to July 31 This season	August 1 to July 31 Last season
Cotton-growing states:				
Cotton consumed.....	484,747	507,580	6,622,305	5,335,801
Cotton on hand July 31 in—				
Consuming establishments.....	.....	.....	1,010,488	706,506
Public storage and compresses.....	.....	.....	2,725,560	3,893,720
United States:				
Cotton consumed.....	583,066	607,056	7,944,803	6,351,160
Cotton on hand July 31 in—				
Consuming establishments.....	.....	.....	1,289,707	896,724
Public storage and compresses.....	.....	.....	2,807,798	3,937,665

SOURCE: Bureau of Census.

Cotton Movements July receipts and exports of cotton at Houston and Galveston were sharply lower than a year ago, but receipts were about 50 per cent greater than those in the preceding month. For the 1936-37 season, receipts and exports at the two ports declined 10.5 per cent and 9.9 per cent from the respective amounts in the 1935-36 season.

The usual end-of-season decline in cotton exports from the United States occurred in July when shipments aggregated only 124,312 bales as compared with 229,639 bales in June, and 156,262 bales in July last year. Exports during the 1936-37 season, which amounted to 5,440,044 bales, were 8.9 per cent under those in the previous season, and with the exception of the 1933-34 season were the lowest since the 1922-23 season. During the season just closed Japan, the leading purchaser of American cotton, increased takings slightly, but shipments to the United Kingdom, France, Germany, and Spain declined. Exports to Italy increased slightly and those to Canada were the largest on record.

Cotton prices, which had declined considerably during the latter part of July, showed a further recession during the week following the publication of the official estimate of this year's crop on August 9. The average price of spot cotton, middling, $\frac{7}{8}$ -inch staple, at ten designated spot markets was 10.34 cents per pound on August 16, a decline of about two cents per pound since mid-July.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	(Bales)			
	July 1937	July 1936	August 1 to July 31 This season	Last season
Receipts.....	7,852	23,923	1,712,773	1,629,172
Exports.....	32,648	63,844	1,777,658	1,491,610
Stocks, July 31.....			296,980	362,195

COTTON—GALVESTON STOCK STATEMENT

	(Bales)			
	July 1937	July 1936	July 31, 1937	July 31, 1936
For Great Britain.....			1,200	1,000
For France.....				1,400
For other foreign ports.....			1,200	3,200
For coastwise ports.....			500	500
In compresses and depots.....			294,080	356,095
Total.....			296,980	362,195

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	(Bales)			
	July 1937	July 1936	August 1 to July 31 This season	Last season
Receipts.....	12,273	16,984	1,303,248	1,741,105
Exports.....	27,487	52,325	1,155,887	1,764,024
Stocks, July 31.....			225,395	194,952

SEASON'S RECEIPTS, EXPORTS, AND STOCKS OF COTTON AT ALL

	UNITED STATES PORTS—(Bales)			
	August 1 to July 31 This season	Last season	August 1 to July 31 This season	Last season
Receipts.....	6,917,501	7,134,814		
Exports: United Kingdom.....	1,144,362	1,409,547		
France.....	655,248	680,927		
Italy.....	397,636	379,896		
Germany.....	649,697	765,485		
Other Europe.....	662,631	923,587		
Japan.....	1,550,499	1,479,167		
All other countries.....	379,971	333,957		
Total exports.....	5,440,044	5,972,566		
Stocks held at all United States ports, July 31.....	1,108,619	1,221,114		

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

	July, 1937		August 15, 1937
	High	Low	
New York.....	13.05	11.18	10.69
New Orleans.....	12.88	11.12	10.66
Dallas.....	12.66	10.68	10.10
Houston.....	12.76	10.85	10.35
Galveston.....	12.75	10.80	10.39

Petroleum

Following a slight decline in June, the output of crude oil in the Eleventh District showed a steady upward trend in July and the first half of August. Production during July was at a rate of 1,622,740 barrels daily, which represents an increase of 22,623 barrels over the daily average in June and about 325,000 barrels over that in July, 1936. Except in north Texas and New Mexico, where declines occurred, the June to July increase in daily average production was general over the district. The demand for crude oil also increased and was well in line with production, with the result that stocks at the district's fields showed little change during the month.

Field work declined during the four weeks ended July 24, completions during the period being at the rate of 47.3 wells per day as compared with 51 wells per day in the preceding period. However, initial production from producing wells completed in the four weeks ended July 26 was higher than that in the previous four weeks.

OIL PRODUCTION (Barrels)

	July, 1937		Increase or decrease from June, 1937	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	4,687,650	151,214	+ 21,150	— 4,336
West Texas.....	7,318,450	236,079	+ 383,950	+ 4,929
East Texas.....	18,356,700	592,152	+ 740,200	+ 4,935
South Texas.....	7,304,750	235,637	+ 373,000	+ 4,579
Texas Coastal.....	6,343,300	204,623	+ 381,850	+ 5,908
Total Texas.....	44,010,850	1,419,705	+1,900,150	+16,015
New Mexico.....	3,547,350	114,430	+ 109,350	— 170
North Louisiana.....	2,746,750	88,605	+ 291,950	+ 6,778
Total District.....	50,304,950	1,622,740	+2,301,450	+22,623

JULY DRILLING RESULTS

	Number of wells				Initial production (barrels daily)
	Completions	Producers	Gas wells	Failures	
North Texas.....	267	152	19	96	57,754
West Texas.....	283	233	2	48	227,936
East Texas.....	284	262	5	17	1,005,108
South Texas.....	250	175	10	65	73,998
Texas Coastal.....	147	115	5	27	50,622
Total Texas.....	1,231	937	41	253	1,415,418
New Mexico.....	52	46	2	4	31,494
North Louisiana.....	40	27	5	8	14,408
*July totals, district.....	1,323	1,010	48	265	1,461,320
†June totals, district.....	1,427	1,099	65	263	1,421,338

*July figures represent four weeks ended July 24, 1937.
†June figures represent four weeks ended June 26, 1937.

CRUDE OIL PRICES (Price per barrel)

	July 31, 1937	July 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.

Building

Construction activity in the Eleventh District, as measured by the value of contracts awarded, dropped in July to the lowest level since February. The month's total of \$10,871,000 reflected a decline of 9.1 per cent from June and 8.7 per cent from July, 1936. The volume of residential awards, although 17.9 per cent lower in July than in June, was fractionally larger than a year ago.

The valuation of building permits issued at fourteen Eleventh District cities declined 23.3 per cent from June to July, and was 6.1 per cent below the July, 1936, total. The

number of permits issued was also smaller than in either comparative month.

VALUE OF CONSTRUCTION CONTRACTS AWARDED
(In thousands of dollars)

	July 1937	July 1936	June 1937	January 1 to July 31 1937	January 1 to July 31 1936
Eleventh District—total...	\$ 10,871	\$ 11,902	\$ 11,959	\$ 75,128	\$ 83,758
Residential.....	3,586	3,570	4,368	30,211	22,337
All other.....	7,285	8,332	7,591	44,917	61,421
United States—total*.....	321,603	294,835	317,842	1,816,289	1,524,638
Residential.....	81,046	72,094	93,078	597,844	407,063
All other.....	240,557	222,741	224,764	1,218,445	1,117,575

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

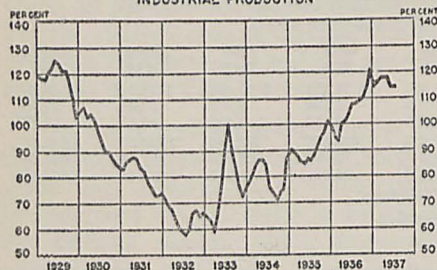
BUILDING PERMITS

	July, 1937		July, 1936		Percentage change valuation over year	June, 1937		Percentage change valuation over month	January 1 through July 31				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1937		1936		
Amarillo.....	37	\$ 79,730	28	\$ 33,092	+140.9	34	\$ 102,620	-22.3	232	\$ 525,265	209	\$ 382,777	+ 37.2
Austin.....	161	435,698	179	249,546	+ 74.6	161	379,189	+14.9	1,062	2,567,240	1,125	2,845,937	- 9.8
Beaumont.....	145	109,890	132	76,189	+ 44.2	145	116,584	- 5.7	1,002	729,334	808	766,466	- 4.8
Corpus Christi.....	105	471,640	157	162,572	+190.1	171	407,990	+15.6	984	2,346,327	735	1,093,497	+114.6
Dallas.....	420	619,246	516	422,980	+ 46.4	456	574,849	+ 7.7	3,147	4,794,336	3,578	7,283,681	- 34.2
El Paso.....	62	64,594	77	101,385	- 36.3	122	177,087	-63.5	638	785,873	447	603,174	+ 30.3
Fort Worth.....	207	340,147	227	761,596	- 55.3	160	788,601	-56.9	1,294	5,126,358	1,140	5,723,555	- 10.4
Galveston.....	118	71,448	124	576,871	- 87.6	103	62,956	+13.5	706	739,655	760	1,109,625	- 33.3
Houston.....	327	922,045	408	857,170	+ 7.6	428	1,502,900	-38.6	2,719	12,068,145	2,596	11,432,703	+ 5.6
Port Arthur.....	135	61,484	167	111,825	- 45.0	155	69,039	-10.9	1,102	620,810	886	577,738	+ 7.5
San Antonio.....	299	282,370	248	310,242	- 9.0	290	397,002	-28.9	1,883	2,965,230	1,697	2,566,092	+ 15.6
Shreveport.....	136	165,910	132	206,575	- 20.0	113	129,868	+27.8	966	1,842,719	854	1,172,451	+ 57.2
Waco.....	51	91,625	35	90,428	+ 1.3	50	138,800	-34.0	342	688,401	254	421,527	+ 63.3
Wichita Falls.....	20	25,270	18	25,185	+ .3	12	31,005	-18.5	118	195,316	119	265,338	- 26.4
Total.....	2,223	\$3,741,097	2,468	\$3,985,656	- 6.1	2,400	\$4,878,490	-23.3	16,195	\$35,994,969	15,208	\$30,244,561	- .7

SUMMARY OF NATIONAL BUSINESS CONDITIONS

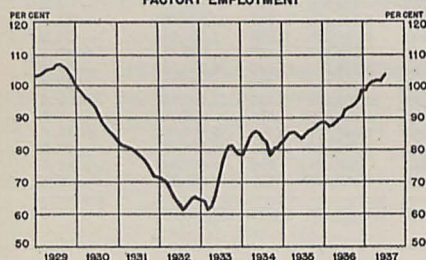
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



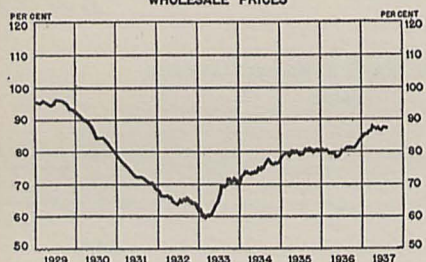
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929 to July, 1937.

FACTORY EMPLOYMENT



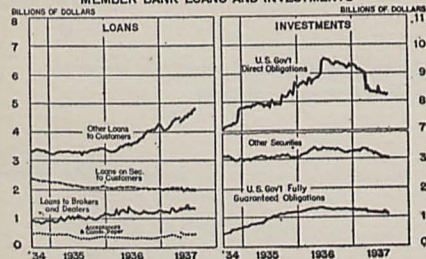
Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929 to July, 1937.

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 August 14, 1937.

MEMBER BANK LOANS AND INVESTMENTS



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934 to August 18, 1937. Loans on real estate and loans to banks excluded.

Total volume of industrial production and distribution of commodities to consumers showed little change from June to July, when allowance is made for the usual summer declines.

PRODUCTION AND EMPLOYMENT

The Board's seasonally adjusted index of industrial production was 114 per cent of the 1923-1925 average in July, the same as in June and 4 points lower than in March, April, and May. At steel mills, where output in June had been curtailed by strikes, activity increased considerably in the early part of July and was maintained at the higher level between the middle of July and the third week of August. Lumber production also increased in July, while output of plate glass showed a substantial decrease. Automobile assemblies declined seasonally. Output of nondurable manufactures decreased considerably, owing largely to a marked decline in activity at cotton and woolen textile mills. Meat packing also declined, while flour milling and sugar refining increased. At mines, output of anthracite was reduced in July, while output of most other minerals showed little change.

Construction contracts awarded, as reported by the F. W. Dodge Corporation, were maintained in July at the level reached in June. Non-residential construction expanded further, reflecting principally a large volume of awards for iron and steel plants and for railroad projects. Residential building showed a seasonal decline.

Factory employment increased somewhat from the middle of June to the middle of July, when a decline is usual, and factory payrolls decreased less than seasonally. The largest increases in employment were in the steel industry and in the food industries, particularly at canning factories. Other manufacturing industries as a group showed somewhat less than the usual seasonal decline.

AGRICULTURE

A cotton crop of 15,593,000 bales, representing an increase of 3,200,000 bales over last season, was forecast by the Department of Agriculture on the basis of August 1 conditions. Official estimates indicate that other major crops will be considerably larger than last season and about equal to the average for 1923-1932. Preliminary estimates by the Department of Agriculture indicate that cash farm income, including Government payments, will total \$9,000,000,000 for the calendar year 1937, an increase of 14 per cent over 1936.

DISTRIBUTION

Distribution of commodities to consumers in July continued at the level of other recent months, when allowance is made for the usual summer decline. Sales at department stores and variety stores showed slightly less than the seasonal decrease in July, while mail-order sales declined somewhat more than seasonally. Freight-car loadings increased, reflecting in part larger shipments of grains and forest products.

COMMODITY PRICES

From the middle of July to the third week of August prices of grains and cotton declined substantially, while livestock and meats showed a further increase. Automobile prices were raised by most producers, carpet prices advanced, and there were increases in several industrial raw materials, including hides, zinc, lead, and steel scrap. Cotton goods and rubber declined somewhat.

BANK CREDIT

From the middle of July to August 4, excess reserves of member banks were sharply reduced from \$960,000,000 to \$700,000,000, but subsequently they increased to \$780,000,000 on August 18. These changes in member bank reserves reflected principally fluctuations in the volume of Treasury deposits at Federal Reserve banks, together with a seasonal increase in money in circulation. Excess reserves at New York City banks declined from \$230,000,000 to about \$40,000,000 and subsequently increased to \$130,000,000.

Total loans and investments of reporting member banks increased somewhat during the four weeks ending August 18, reflecting principally an increase of \$150,000,000 in commercial loans offset in part by a further decline in holdings of United States Government obligations, principally at New York City banks. The growth in commercial loans occurred both in New York City and in other cities and included the purchase by banks of a large portion of the \$60,000,000 of nine-month notes sold by the Commodity Credit Corporation on August 2.

United States Government deposits at reporting banks increased during the period, reflecting purchases by banks of Treasury bills on a book-credit basis. Bankers' balances and other demand deposits showed further declines at New York City banks.

MONEY RATES

Rates on Treasury bills declined slightly after the middle of July, and open-market yields on Treasury notes and bonds also declined until early in August, but later there was a rise in yields. In the latter part of August discount rates were reduced from 2 per cent to 1½ per cent at the Federal Reserve Banks of Atlanta, Chicago, and Minneapolis. The 2 per cent rate had been in effect since early in 1935.