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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

	August 1937	Percentage change from	
		Aug., 1936	July, 1937
Bank debits to individual accounts (18 cities)	\$843,250,000	+ 19.0	— 7.1
Department store sales		+ 11.1	+16.0
Wholesale trade sales (five lines)		+ 9.4	+18.2
Value of construction contracts awarded	\$ 21,531,000	+139.5	+98.1
Valuation of building permits (14 cities)	\$ 4,323,618	— 7.2	+15.6
Commercial failures (number)	14	— 30.0	—12.5
Commercial failures (liabilities)	\$ 74,000	— 72.6	—14.9
Daily average crude oil production (barrels)	1,725,185	+ 30.1	+ 6.3

Business and industrial activity in the Eleventh District increased substantially during August. Department store sales in principal cities registered an increase of 16 per cent over July, which is more than seasonal, and the gain over a year ago widened to 11 per cent, the largest increment shown by a year-to-year comparison since May. Wholesale distribution, after holding up well during the late spring and early summer months, increased less than usual from July to August, but maintained a margin of 9 per cent over a year ago. Bank debits, while 7 per cent smaller than in the previous month, exceeded the total in August, 1936, by 19 per cent. The number of commercial failures and the amount of liabilities involved, as compiled by Dun and Bradstreet, Incorporated, were lower than in either July this year or August last year.

The largest monthly volume of new construction work in more than six years was started in this district during August. According to the F. W. Dodge Corporation, residential building increased, but the expansion was chiefly in public works and public utility construction. The valuation of building permits issued at principal cities, although seasonably larger than in July, was smaller than in the corresponding month of 1936.

The output of petroleum, which had increased somewhat in July, rose to a new high level in August, but declined in the first half of September when allowables in Texas were reduced. Nevertheless, the daily production rate at mid-September was higher than in any month prior to August.

Despite the effects of the hot, dry weather prevailing in the forepart of the month, weather conditions in August were generally favorable for crops in this district. Department of Agriculture estimates as of September 1 reflected upward revisions in the prospective production of several crops. The major increase was in the indicated production of cotton, which, on the basis of the September 1 estimate, is the largest crop since 1931. Cotton prices declined further between August 16 and September 16, reaching the lowest level since 1933. Ranges deteriorated in August, but the outlook for fall pasturage was improved by the heavy rains which have fallen in most sections since the middle of August. Livestock generally are in good flesh except in the dry areas.

Daily average gross deposits of member banks in this district rose \$8,646,000 during August, principally at country banks. The loans of weekly reporting member banks increased further by \$6,820,000 in the four weeks ended September 8, but their investments were reduced by \$1,140,000. Federal Reserve Bank loans to member banks, which averaged about \$1,450,000 from the middle of August through the first week in September, declined to less than one-third of that amount on September 15. Member bank reserve balances declined in the third week of August, but by September 15 they had risen to \$182,493,000, which is \$2,833,000 higher than a month earlier. Effective August 31, 1937, the discount rate of the Federal Reserve Bank of Dallas was reduced from 2 per cent to 1½ per cent.

BUSINESS

Wholesale Trade

Although smaller than seasonal increases occurred in most lines of wholesale trade from July to August, distribution of commodities remained relatively heavy, the combined sales of

reporting firms showing an increase of 18.2 per cent over the previous month and a gain of 9.4 per cent over the same month last year. Collections on outstanding accounts declined moderately in a majority of reporting lines.

The sales of groceries and hardware in August were maintained at about the July level, but gains of 7.6 per cent and 8.9 per cent, respectively, were registered in comparison with a year ago. Coincident with the demand for fall merchandise, the business of wholesale dry goods firms increased 53.8 per cent in August, but the expansion was somewhat less than the average, due in part to the heavy shipments in July. Sales were only 2.2 per cent larger than in August last year. Buying of farm implements continued in large volume, being 37.4 per cent greater than in July and 41.8 per cent in excess of that in August, 1936. Distribution of drugs increased further by 9.5 per cent from July to August and showed a gain of 8.4 per cent over August last year.

CONDITION OF WHOLESALE TRADE DURING AUGUST, 1937

Percentage of increase or decrease in—

	Net Sales		Net Sales	Stocks		Ratio Aug. collections to accounts outstanding
	Aug., 1937 compared with Aug., 1936		Jan. 1 to Aug. 31 compared with same period last year	Aug. 31, 1937 compared with Aug. 31, 1936		July 31,
Groceries.....	+ 7.6	+ .9	+15.1	+ 2.1	+ 6.4	80.1
Dry goods.....	+ 2.2	+53.8	+ 4.1	+17.8	+ 7.8	34.7
Farm implements..	+41.8	+37.4	+36.6	+22.3	+ 2.7	7.7
Hardware.....	+ 8.9	+ 2.6	+17.0	+18.4	+ 2.3	46.3
Drugs.....	+ 8.4	+ 9.5	+ 5.9	+12.2	+ 3.5	89.4

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

Retail Trade

Merchandise distribution at department stores in eleven principal cities of the Eleventh District was in heavy volume during August. The dollar value of sales showed an expansion of 16.0 per cent from July to August, which is somewhat larger than the average for this season, and exceeded the August, 1936, volume by 11.1 per cent. Individual departments registering sizable increases in sales as compared with a year ago included the following: Woolen dress goods; Millinery; Women's and misses' suits, dresses, and shoes; Juniors' and girls' wear; Men's clothing; and boys' wear. According to late reports buying of fall merchandise continued brisk in the first two weeks of September.

Inventories of reporting department stores were increased 15 per cent during the month and on August 31 were 12.4 per cent larger than a year ago. The rate of stock turnover during the first eight months of 1937 was 2.12 times as contrasted with 2.22 times in the same period last year.

The usual decline from July to August occurred in collections on outstanding accounts. The ratio of August collections to open accounts outstanding on August 1 was 37.3 per cent, as compared with 40.4 per cent in July, and 36.9 per cent in August last year. Collections on installment accounts were 13.6 per cent of those outstanding on the first of the month.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
August, 1937, compared with August, 1936.....	+ 9.2	+ 5.6	+21.0	+12.8	+ 8.3	+11.1
August, 1937, compared with July, 1937.....	+26.5	+ .7	+20.5	+17.2	+ 4.8	+16.0
January 1 to August 31, 1937, compared with same period last year.....	+ 8.8	+ 7.9	+14.9	+10.1	+12.0	+10.4
Credit sales (percentage):						
August, 1937, compared with August, 1936.....	+14.1	+ .4	+20.4	+16.9	+ 9.8	+13.4
August, 1937, compared with July, 1937.....	+32.8	+ 3.1	+26.4	+17.3	+14.1	+22.9
January 1 to August 31, 1937, compared with same period last year.....	+12.1	+ 9.4	+19.7	+12.0	+11.9	+13.0
Stocks on hand at end of month (percentage):						
August, 1937, compared with August, 1936.....	+10.0	+ 2.9	+11.6	+18.8	+21.4	+12.4
August, 1937, compared with July, 1937.....	+19.5	+ 6.0	+19.3	+13.2	+12.7	+15.0
Stock turnover (rate):						
Rate of stock turnover in August, 1936.....	.29	.23	.26	.30	.21	.26
Rate of stock turnover in August, 1937.....	.29	.24	.27	.28	.19	.26
Rate of stock turnover January 1 to August 31, 1936.....	2.42	2.01	2.27	2.44	1.85	2.22
Rate of stock turnover January 1 to August 31, 1937.....	2.32	2.14	2.16	2.26	1.72	2.12
Ratio of August collections to open accounts receivable and outstanding August 1, 1937.....	37.8	34.0	37.5	39.7	36.9	37.3
Ratio of August collections to installment accounts receivable and outstanding August 1, 1937.....	15.5	9.9	.....	12.0	15.0	13.6
Indexes of department store sales:						
Unadjusted—July, 1937.....	75.1	84.3	76.2	70.4	.....	73.5
Unadjusted—August, 1937.....	92.1	83.3	89.7	82.2	.....	84.9
Adjusted—July, 1937.....	112.1	112.4	108.9	103.5	.....	105.0
Adjusted—August, 1937.....	127.9	117.3	130.0	115.8	.....	117.9
Indexes of department store stocks:						
Unadjusted—July, 1937.....	56.4	62.2	36.8	53.9	.....	59.1
Unadjusted—August, 1937.....	68.7	66.1	42.9	57.4	.....	67.8
Adjusted—July, 1937.....	60.6	67.6	41.3	62.0	.....	64.9
Adjusted—August, 1937.....	66.1	64.8	42.1	58.0	.....	66.5

AGRICULTURE

Crop Conditions

According to the estimates of the United States Department of Agriculture, prospective production of most crops in the Eleventh Federal Reserve District on September 1 either remained unchanged from that a month earlier or showed an improvement. Estimated production of corn, grain sorghums, pecans, sweet potatoes, and white potatoes in Texas was the same as on August 1, but was increased elsewhere in the district. Substantial increases were shown in the indicated production of all deciduous fruits and the September

1 estimates were considerably larger than production in 1936. The initial estimate on peanuts was for a production of 107,100,000 pounds in Texas, which is approximately 8,000,000 pounds above last year's harvest and 20,000,000 pounds larger than the 1928-32 average production. Moderate increases in production were also reported for Oklahoma and Louisiana. Acreage planted to this crop was considerably smaller than in 1936 in Texas and Oklahoma. Prospects for tame and wild hay production declined, principally in Texas. Estimated production of rice in Texas was

reduced from 12,444,000 bushels on August 1 to 12,200,000 bushels on September 1, and weather conditions have been unfavorable for harvesting. The condition of citrus fruits in Texas declined on account of the hot, dry weather which prevailed during most of August.

The principal improvement during August occurred in the Texas cotton crop. Estimated production of 4,622,000 bales for the State on September 1 is 308,000 bales higher than that on August 1, and 1,689,000 bales, or 58 per cent, above last year's production. The estimated per acre yield of 175 pounds compares with 121 pounds in 1936 and an average of 139 pounds during the ten years 1923-1932. Considerable premature opening and deterioration over a large area in the State resulted from the dry, hot weather in the first half of August, but rains after the middle of the month brought about a noticeable improvement, particularly in North Texas. Indicated production in Arizona, New Mexico, and Louisiana increased moderately between August 1 and September 1, but declined in Oklahoma. In some sections of the district insect activity has increased since the rains. Ginnings prior to September 1 in Arizona, Oklahoma, and Louisiana were lower than in the same period of 1936, but ginnings in Texas, which amounted to 1,078,604 bales, were the largest for any similar period since 1930. Production of cotton in the United States was estimated at 16,098,000 bales on September 1, an increase of 505,000 bales during August, and 3,699,000 bales larger than last year's production. The estimated per acre yield of 228.5 pounds is the largest on record.

CROP PRODUCTION (In thousands of units)

Crop	Unit	Texas		Eleventh District	
		Forecast 1937	1936	Forecast 1937	1936
Cotton.....	Bales	4,622	2,933	5,592	3,587
Corn.....	Bushels	76,551	68,925	91,003	80,623
Winter wheat.....	Bushels	41,690	18,927	42,811	19,348
Spring wheat.....	Bushels			98	93
Oats.....	Bushels	28,680	22,552	31,647	24,577
Barley.....	Bushels	2,062	1,246	4,752 a	2,878 a
Grain sorghums.....	Bushels	52,768	31,711	73,455 b	41,324 b
Rice.....	Bushels	12,200	10,200	12,200 c	10,200 c
Tame hay.....	Tons	948	815	1,342	1,194
Wild hay.....	Tons	216	315	690 a	604 a
Peanuts (for nuts).....	Pounds	107,100	99,120	125,360 d	116,790 d
Apples.....	Bushels	165	98	1,895 a	1,017 a
Peaches.....	Bushels	1,392	1,156	2,873 a	1,647 a
Pears.....	Bushels	419	360	701 a	588 a
Grapes.....	Bushels	3.1	2.3	8.9a	5.8a
Pecans.....	Pounds	24,000	10,400	39,600 d	16,500 d
Potatoes (white).....	Bushels	3,445	2,860	4,253	3,620
Potatoes (sweet).....	Bushels	3,900	3,640	13,119 d	11,962 d

- (a) Five states including Eleventh District.
(b) Oklahoma, Texas, New Mexico, and Arizona.
(c) Texas only.
(d) Louisiana, Oklahoma, and Texas.

SOURCE: United States Department of Agriculture.

Cash Farm Income

In the five states attached to the Eleventh District, cash income from the sale of principal farm products increased 50.5 per cent from June to July, and was 44.4 per cent larger than in the same month last year. The sharp increase in receipts from farm crops over both comparative months resulted principally from the movement of the large wheat crop at favorable prices. July income from livestock and livestock products, although 7.4 per cent smaller than in June, exceeded that in July last year by 16.9 per cent. Government payments to farmers declined further in July, the total of \$982,000 being the smallest for any month during the current year. For the seven months of 1937,

these payments aggregated \$59,404,000, an increase of 89.6 per cent over those in the corresponding period of 1936.

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

State	Receipts from:				Total receipts	
	Farm crops		Livestock and live-stock products		July 1937	July 1936
	July 1937	July 1936	July 1937	July 1936		
Arizona.....	\$ 1,131	\$ 1,103	\$ 1,256	\$ 1,157	\$ 2,387	\$ 2,260
Louisiana.....	1,121	725	1,575	1,288	2,696	2,013
New Mexico.....	616	563	1,507	1,597	2,123	2,160
Oklahoma.....	22,395	9,881	6,378	6,046	28,773	15,927
Texas.....	19,366	14,417	15,061	11,970	34,427	26,387
Total five states....	\$44,629	\$26,689	\$25,777	\$22,058	\$70,406	\$48,747

SOURCE: United States Department of Agriculture.

Livestock

Following the sharp decline in the latter part of July and the first half of August, range conditions in the Eleventh District were improved in most sections by rains in the last half of August and the first week in September. Prospects are now generally favorable for fall pasturage and late feed crops. However, there are some areas in south Texas, the northwest Texas Panhandle, and eastern New Mexico which are still dry with range feed short.

Livestock, although showing a decline in condition during August, continued in good flesh except in the dry sections, with a good supply of grass-fat cattle available for marketing. The Department of Agriculture reported that contracting of cattle in Texas for fall delivery has been relatively heavy. Contracting of lambs has also been active at higher prices and commercial reports indicate that the out-of-state shipments will be in large volume this fall.

Movements and Prices

Receipts of cattle, calves, and sheep at the Fort Worth market were unusually heavy during August, being substantially larger than in either July this year or August last year. Supplies of hogs were 46 per cent larger than in the previous month and 25 per cent greater than in August, 1936, but receipts were in about the average volume for this season.

After the middle of August hog prices declined sharply and at the low point the best offerings sold at about \$2.00 per hundredweight under the August top price. By mid-September, however, one half of the loss had been regained. Price declines occurred in practically all divisions of the

FORT WORTH LIVESTOCK RECEIPTS

	(Number)				
	August 1937	August 1936	Change over year	July 1937	Change over month
Cattle.....	90,783	48,267	+42,516	86,121	+ 4,662
Calves.....	52,625	32,390	+20,235	38,389	+14,536
Hogs.....	22,533	18,005	+ 4,528	15,481	+ 7,052
Sheep.....	90,134	72,860	+17,274	71,871	+18,263

COMPARATIVE TOP LIVESTOCK PRICES

	(Dollars per hundredweight)		
	August 1937	August 1936	July 1937
Beef steers.....	\$12.50	\$ 8.00	\$12.50
Stocker steers.....	8.25	6.50	8.00
Heifers and yearlings.....	12.50	8.10	12.00
Butcher cows.....	7.25	5.00	7.65
Calves.....	8.35	6.10	8.75
Hogs.....	12.60	11.20	12.55
Lambs.....	9.25	8.75	9.50

cattle market during the last half of August, but in the subsequent two weeks, receipts declined, trading was more active, and prices advanced. The supply of choice slaughter

stock continued generally light and cleared at good prices. The sheep market held generally firm with some classes selling at higher prices.

FINANCE

Changes in Discount Rates

During the past six weeks discount rates were reduced from 2 per cent to 1½ per cent at all Federal Reserve banks except the Federal Reserve Banks of Cleveland and New York, and from 1½ to 1 per cent at the Federal Reserve Bank of New York. A discount rate of 1½ per cent has been in effect at the Federal Reserve Bank of Cleveland since May, 1935. These reductions were made to assist in carrying out the System's policy of monetary ease and to make Federal Reserve bank credit readily available to member banks for the accommodation of commerce, business, and agriculture.

In furtherance of this policy, the Federal Open Market Committee announced on September 13 that it had authorized its Executive Committee to purchase in the open market from time to time sufficient amounts of short term United States Government obligations to provide funds to meet seasonal requirements. The Committee also recommended that the Board of Governors of the Federal Reserve System request the Secretary of the Treasury to release approximately \$300,000,000 of gold from the Treasury's inactive account.

In a statement released to the press the Federal Open Market Committee said in part:

"This action is in conformity with the usual policy of the System to facilitate the financing of orderly marketing of crops and of autumn trade. Together with the recent reductions of discount rates at the several Federal Reserve banks, it will enable the banks to meet readily any increased seasonal demands for credit and currency and contribute to the continuation of easy credit conditions."

Operations of the Federal Reserve Bank

Member bank borrowing from the Federal Reserve Bank of Dallas increased considerably after mid-year and averaged about \$1,450,000 during the last half of August and the first week of September, but declined in the following week. On September 15 total discounts for member banks amounted to \$453,000, which compares with \$1,329,000 on August 15, and \$523,000 a year ago. During June, July, and August average reserve balances of member banks remained relatively steady but average required reserves increased, resulting in a gradual decline in excess reserves. Thus, in the last half of August reserve balances averaged about 25 per cent in excess of requirements in contrast with an excess of 33 per cent in the first half of June. After the first of September, reserve balances increased and averaged about \$4,000,000 above those in August. In response to the seasonal demand for currency incident to the harvesting and movement of crops, Federal Reserve note circulation increased from \$91,841,000 on August 15 to \$92,571,000 on September 15.

CONDITION OF THE FEDERAL RESERVE BANK

(In thousands of dollars)

	Sept. 15, 1937	Sept. 15, 1936	Aug. 15, 1937
Total cash reserves.....	\$202,403	\$169,222	\$199,622
Discounts for member banks.....	453	523	1,329
Industrial advances.....	1,166	1,542	1,198
Bills bought in the open market.....	87	87	87
United States Government securities.....	98,634	93,570	98,634
All other investments.....	None	8	None
Total earning assets.....	100,340	95,730	101,246
Member bank reserve deposits.....	182,493	146,131	179,660
Federal Reserve notes in actual circulation.....	92,571	88,641	91,841
Commitments to make industrial advances.....	302	508	302

Condition of Member Banks in Leading Cities

The loans of reporting member banks in leading cities of the Eleventh District increased \$6,820,000 between August 11 and September 8, and the total of \$235,543,000 on the latter date was \$23,848,000 larger than on September 9, 1936. Most of the expansion in the four weeks occurred in commercial, industrial, and agricultural loans, but all other classes of loans except loans to banks also increased. While the investments of these banks in United States securities remained virtually unchanged between August 11 and September 8, their holdings of other securities declined by \$1,122,000. On September 8 their investments were \$6,873,000 larger than on the corresponding date last year, reflecting increases of \$5,720,000 in holdings of United States Government securities and \$1,153,000 in holdings of other securities.

Adjusted demand deposits declined \$8,428,000 from August 11 to September 8, but other deposits increased by \$21,606,000, three-fourths of which was in interbank deposits. In the same period these banks increased their reserve balances with the Federal Reserve Bank by \$7,331,000, bringing the total to \$115,587,000 on September 8, which was \$19,742,000 higher than a year ago.

CONDITION STATISTICS OF MEMBER BANKS IN LEADING CITIES

(In thousands of dollars)

	Sept. 8, 1937	Sept. 9, 1936	Aug. 11, 1937
Total loans and investments.....	\$508,234	\$477,513	\$502,554
Total loans.....	235,543	211,695	228,723
Commercial, industrial, and agricultural loans.....	148,984	*	143,456
Open market paper.....	3,433	*	3,422
Loans to brokers and dealers in securities.....	2,975	3,927	2,858
Other loans for purchasing or carrying securities.....	15,388	*	15,234
Real estate loans.....	21,333	23,056	21,316
Loans to other banks.....	557	557	881
All other loans.....	42,878	*	41,556
United States Government direct obligations.....	193,118	181,503	193,629
Obligations fully guaranteed by U. S. Govt.....	30,428	36,323	29,935
Other securities.....	49,145	47,992	50,267
Reserves with the Federal Reserve Bank.....	115,587	95,845	108,256
Balances with domestic banks.....	143,202	177,286	142,765
Demand deposits—adjusted†.....	381,759	362,573	390,187
Time deposits.....	125,404	120,359	121,578
United States Government deposits.....	19,634	37,040	18,075
Interbank deposits.....	192,948	186,426	176,727
Borrowings from the Federal Reserve Bank.....	400	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.

Deposits of Member Banks Gross deposits of member banks in the Eleventh District averaged \$8,646,000 higher in August than in July, comprising increases of \$6,835,000 in gross demand deposits and \$1,811,000 in time deposits. The average of gross deposits amounted to \$1,264,284,000 in August, which is \$76,139,000 above the average in the same month of 1936.

The call reports of condition of member banks in this district as of June 30, 1937, show that adjusted demand deposits totaled \$788,639,000 on that date, an increase of \$11,180,000 over the total on March 31 this year. The expansion in the second quarter occurred at country banks, whereas the increase in the first quarter of the year was at reserve city banks. There has been a steady growth in these deposits since the middle of 1933, and the total on June 30 was more than double that four years earlier.

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 — 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	472,428	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	108,344	465,520	90,949
June.....	1,037,535	201,800	573,110	110,625	464,225	91,175
July.....	1,053,745	201,893	584,117	110,629	469,628	91,264
August.....	1,060,580	203,704	586,477	111,312	474,103	92,392

\$1,700,561 as compared with \$475,214 a month earlier. The increase was principally in acceptances based on the domestic shipment and storage of goods.

Debits to Individual Accounts

After increasing in June and July, debits to individual accounts at banks in eighteen cities in this district declined 7.1 per cent in August, which was greater than the average for that month. The increase of 19.0 per cent over August, 1936, was about the same as the average gain for the eight months of 1937.

DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)

	August 1937	August 1936	Percentage change over year	July 1937	Percentage change over month
Ableno.....	\$ 8,421	\$ 6,969	+20.8	\$ 8,644	— 2.6
Austin.....	28,585	22,701	+25.9	27,724	+ 3.1
Beaumont.....	27,083	20,099	+34.7	25,984	+ 4.2
Corsicana.....	3,456	2,847	+21.4	3,241	+ 6.6
Dallas.....	230,077	201,240	+14.3	242,058	— 4.9
El Paso.....	23,983	21,789	+10.1	26,110	— 8.1
Fort Worth.....	85,097	71,364	+19.2	112,250	—24.2
Galveston.....	28,040	22,460	+24.8	30,053	— 6.7
Houston.....	224,406	175,492	+27.9	235,347	— 4.6
Port Arthur.....	9,256	7,701	+20.2	9,838	— 5.9
Roswell.....	3,089	2,548	+21.2	3,638	—15.1
San Antonio.....	67,055	59,914	+11.9	68,958	— 2.8
Shreveport.....	44,788	40,143	+11.6	48,136	— 7.0
Texarkana.....	7,600	6,193	+22.7	8,414	— 9.7
Tucson.....	10,062	8,361	+20.3	10,904	— 7.7
Tyler.....	13,345	14,099	— 5.3	15,686	—14.9
Waco.....	14,037	12,257	+14.5	13,669	+ 2.7
Wichita Falls.....	14,870	12,627	+17.8	17,431	—14.7
Total.....	\$843,250	\$708,804	+19.0	\$908,085	— 7.1

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

ADJUSTED DEMAND AND TIME DEPOSITS OF MEMBER BANKS ON

SELECTED "CALL" DATES

(In thousands of dollars)

Call dates	Combined Total		Reserve City Banks		Country Banks†	
	Demand deposits adjusted*	Time deposits	Demand deposits adjusted*	Time deposits	Demand deposits adjusted*	Time deposits
1933—June 30.....	\$379,662	\$189,863	\$176,729	\$114,301	\$202,933	\$75,562
1934—June 30.....	495,520	197,280	232,911	111,854	262,609	85,426
1935—June 29.....	583,644	195,210	276,556	113,421	307,088	81,789
1936—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—Mar. 31.....	777,459	200,060	364,258	108,885	413,201	91,175
June 30.....	788,639	203,741	363,374	111,911	425,265	91,830

*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, which had reached a low level for the year in July, increased sharply in August, the total at the close of the month being

Savings Deposits

Savings deposits at reporting banks increased seasonably by 0.5 per cent in August and maintained a gain of 3.4 per cent over those a year ago.

SAVINGS DEPOSITS

	Number of reporting banks	August 31, 1937		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	August 31, 1936	July 31, 1937
Beaumont.....	3	9,475	\$ 3,649,922	+ 1.6	+ .7
Dallas.....	8	88,892	25,627,232	— .3	+ .2
El Paso.....	2	15,141	7,946,934	+15.5	+ .8
Fort Worth.....	3	37,040	12,950,598	+ 5.9	+ .4
Galveston.....	4	18,091	11,305,026	+ 5.0	+ .7
Houston.....	10	71,328	28,446,218	+ .1	+ .7
Port Arthur.....	2	5,877	2,478,379	+ 7.1	+ .2
San Antonio.....	5	21,993	16,754,866	+ 6.2	+ .1
Shreveport.....	3	24,284	11,199,744	+ 2.0	+ .5
Waco.....	3	9,379	4,972,426	— 8.8	— .5
Wichita Falls.....	3	6,737	3,396,554	— 1.3	+ 1.4
All others.....	69	56,792	28,278,885	+ 7.8	+ .7
Total.....	115	365,029	\$157,006,754	+ 3.4	+ .5

DISCOUNT RATES CHARGED BY MEMBER BANKS DURING SEPTEMBER, 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	1-6	2-6	5-7	4-6
Rate charged on loans to other banks secured by bills receivable.....	2½-3	.....	3-6	3	6	4-5
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
Demand.....	4½	6	4-8	3-6	6-7	6
Time.....	4-8	5-8	4-8	3-7	5-7	5-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	2-8	6-8	4-8	1½-6	5-8	3-8
Rate on cattle loans.....	6-8	5-8	5-10	6-8	6-8	6-8

INDUSTRY

Cottonseed Products

The movement of cottonseed to Texas mills was in unusually heavy volume in August, and total mill receipts of 210,676 tons represented approximately one-half of the seed obtained from ginnings in Texas during the month. While crushings of cottonseed increased sharply, being more than double the volume crushed in August last year, the amount processed was only 43 per cent of receipts, with the result that stocks of cottonseed on hand at mills increased considerably. Receipts and crushings at all United States mills were also substantially larger than a year ago, but the increases reflected principally the operations at Texas mills. Shipments of crude oil, cake and meal, and hulls, at both Texas and United States mills, showed large increases over those in August last year.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to August 31 This season	Last season	August 1 to August 31 This season	Last season
Cottonseed received at mills (tons).....	210,676	80,475	380,728	252,289
Cottonseed crushed (tons).....	90,930	42,956	179,272	102,644
Cottonseed on hand Aug. 31 (tons).....	140,040	47,395	241,239	171,571
Production of products:				
Crude oil (pounds).....	25,997,460	12,406,942	51,812,215	29,843,939
Cake and meal (tons).....	41,846	20,536	78,442	46,418
Hulls (tons).....	23,930	10,929	48,738	27,426
Linters (running bales).....	18,267	8,499	38,998	22,080
Stocks on hand Aug. 31:				
Crude oil (pounds).....	6,816,026	4,336,174	16,266,073	15,289,516
Cake and meal (tons).....	14,095	8,656	33,700	44,445
Hulls (tons).....	14,631	10,268	43,687	24,235
Linters (running bales).....	22,843	12,995	77,606	36,760

SOURCE: Bureau of Census.

Textile Milling

The utilization of cotton by domestic mills increased 3.7 per cent from July to August and exceeded consumption in August last year by 5.1 per cent. The amount used during the month totaled 604,380 bales in contrast with 583,066 bales consumed in the preceding month, and 575,014 bales processed in the corresponding month of 1936. Stocks of raw cotton on hand at mills declined to 960,899 bales on August 31, which was 328,808 bales lower than a month earlier, but 205,111 bales higher than on the same date last year. While the amount of cotton held in public storage increased 24.8 per cent in August, holdings at the close of the month were 18.7 per cent lower than a year ago.

COTTON CONSUMED AND ON HAND

	(Bales)			
	August 1937	August 1936	August 1 to August 31 This season	Last season
Cotton-growing states:				
Cotton consumed.....	505,449	480,868	505,449	480,868
Cotton on hand Aug. 31 in—				
Consuming establishments.....			732,004	584,893
Public storage and com- presses.....			3,436,855	4,272,372
United States:				
Cotton consumed.....	604,380	575,014	604,380	575,014
Cotton on hand Aug. 31 in—				
Consuming establishments.....			960,899	755,788
Public storage and com- presses.....			3,504,127	4,308,995

SOURCE: Bureau of Census.

Cotton Movements

Coincident with the heavy ginnings in August, the concentration of cotton at Houston and Galveston was in very large volume, receipts being about three and one-half times those

a year ago and the largest since 1930. On the other hand, exports continued to decline and were 42.2 per cent lower than in August, 1936. Reflecting the heavy receipts and small exports, stocks at these ports on August 31 were considerably larger than a month earlier or a year ago.

After showing a steady decline during the preceding four months, exports from the United States increased in August to a total of 220,415 bales, which was substantially larger than in August, 1936, but smaller than exports in that month of other recent years. Shipments to foreign countries amounted to 124,312 bales in July this year and 182,487 bales in August last year. In comparison with a year ago, exports to Italy and Germany showed substantial increases, while those to the United Kingdom and Japan declined.

The downward trend in the cotton market continued during the past month and prices reached the lowest level since 1933. The average price of spot cotton, middling, $\frac{7}{8}$ -inch staple, at ten spot markets was 8.75 cents per pound on September 16, or more than three cents under the average price for September, 1936.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	(Bales)			
	August 1937	August 1936	August 1 to August 31 This season	Last season
Receipts.....	105,126	36,813	105,126	36,813
Exports.....	17,258	46,717	17,258	46,717
Stocks, August 31.....			384,148	352,291

COTTON—GALVESTON STOCK STATEMENT

	(Bales)		
	August 1937	August 1936	August 31, 1936
For Great Britain.....	100	300	
For France.....	400	400	
For other foreign ports.....	3,700	3,400	
For coastwise ports.....	500	2,000	
In compresses and depots.....	380,148	346,191	
Total.....	384,148	352,291	

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	(Bales)			
	August 1937	August 1936	August 1 to August 31 This season	Last season
Receipts.....	145,808	36,488	145,808	36,488
Exports.....	37,985	48,924	37,985	48,924
Stocks, August 31.....			329,197	168,234

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

	August 1 to August 31		
	This season	Last season	
Receipts.....	670,691	386,507	
Exports: United Kingdom.....	47,982	61,159	
France.....	29,585	29,968	
Italy.....	24,439	10,922	
Germany.....	50,261	18,216	
Other Europe.....	42,316	25,819	
Japan.....	17,049	24,215	
All other countries.....	8,783	12,188	
Total exports.....	220,415	182,487	
Stocks held at all United States ports, August 31.....	1,506,998	1,314,099	

SPOT COTTON PRICES—(Middling basis)

	(Cents per pound)		
	August, 1937		September 15, 1937
	High	Low	
New York.....	11.35	9.38	9.21
New Orleans.....	11.28	9.30	8.99
Dallas.....	10.85	8.63	8.35
Houston.....	10.95	9.08	8.73
Galveston.....	10.95	9.07	8.74

Petroleum

The upward trend in crude oil production in the Eleventh District continued throughout August, the daily average output for the month reaching a new all-time peak at 1,725,185 barrels. This figure represents an increase of 102,445 barrels over the daily production in July and is nearly one-third larger than that in the corresponding month last year. While production in all Texas fields was larger than in the preceding month, the expansion was most pronounced in the west Texas, south Texas, and Texas Coastal fields. The output in north Louisiana and New Mexico fell slightly under that in July. Effective September 1, allowable production in Texas was reduced considerably with the result that the daily average output in the district during the week ended September 11 showed a decline of approximately 75,000 barrels from that in the preceding week.

Drilling operations during the five weeks ended August 28, as measured by the number of wells completed, were at a slightly higher rate than in the preceding period.

OIL PRODUCTION
(Barrels)

	August, 1937		Increase or decrease from July, 1937	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	4,828,100	155,745	+ 140,450	+ 4,531
West Texas.....	8,412,450	271,369	+1,094,000	+ 35,290
East Texas.....	18,600,100	600,003	+ 243,400	+ 7,851
South Texas.....	8,402,400	271,045	+1,097,650	+ 35,408
Texas Coastal.....	6,983,100	225,261	+ 639,800	+ 20,638
Total Texas.....	47,226,150	1,523,423	+3,215,300	+103,718
New Mexico.....	3,536,000	114,065	- 11,350	- 365
North Louisiana.....	2,718,600	87,697	- 28,150	- 908
Total District.....	53,480,750	1,725,185	+3,175,800	+102,445

AUGUST DRILLING RESULTS

	Number of wells				Initial production (barrels daily)
	Com- pletions	Pro- ducers	Gas wells	Fail- ures	
North Texas.....	307	188	18	101	56,980
West Texas.....	345	280	2	63	335,942
East Texas.....	353	328	4	21	1,345,407
South Texas.....	376	264	4	108	95,672
Texas Coastal.....	163	127	3	33	56,453
Total Texas.....	1,544	1,187	31	326	1,890,454
New Mexico.....	72	61	3	8	37,854
North Louisiana.....	73	41	19	13	20,758
*August totals, district.....	1,689	1,289	53	347	1,949,066
†July totals, district.....	1,323	1,010	48	265	1,461,320

*August figures represent five weeks ended August 28, 1937.
†July figures represent four weeks ended July 24, 1937.

CRUDE OIL PRICES
(Price per barrel)

	August 31, 1937	August 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

Heavy awards for public works and public utility construction and an expansion in residential building increased the total value of construction contracts awarded in the Eleventh District to \$21,531,000 in August, which is the largest for any month since June, 1931, and the heaviest August volume since 1929. Residential contracts were 21.3 per cent higher than in July and 26.7 per cent above those in August, 1936. The volume of all other contracts, including public works and public utilities, increased 135.8 per cent from July to August and was 209.1 per cent larger than a year ago.

Building permits issued in fourteen principal cities in August had a value of \$4,323,618, a seasonal increase of 15.6 per cent over July, but a decline of 7.2 per cent from a year ago. August was the third consecutive month in which the valuation of permits issued fell below the total for the corresponding month of 1936. The number of permits issued was larger than in July and about the same as in August last year.

VALUE OF CONSTRUCTION CONTRACTS AWARDED
(In thousands of dollars)

	August 1937	August 1936	July 1937	January 1 to August 31 1937	1936
Eleventh District—total....	\$ 21,531	\$ 8,990	\$ 10,871	\$ 96,659	\$ 92,748
Residential.....	4,350	3,432	3,586	34,561	25,769
All other.....	17,181	5,558	7,285	62,098	66,979
United States—total*.....	285,104	275,281	321,603	2,137,892	1,799,919
Residential.....	73,448	100,523	81,046	678,890	507,586
All other.....	211,656	174,758	240,557	1,459,002	1,292,333

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

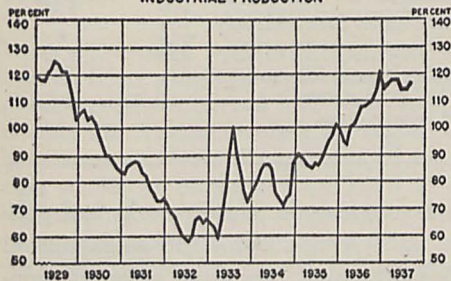
BUILDING PERMITS

	August, 1937		August, 1936		Percentage change valuation over year	July, 1937		Percentage change valuation over month	January 1 through August 31				Percentage change valuation over period
	No.	Valuation	No.	Valuation		1937			1936				
						No.	Valuation		No.	Valuation			
Amarillo.....	37	\$ 176,879	29	\$ 69,141	+155.8	37	\$ 79,730	+121.8	269	\$ 702,144	238	\$ 451,918	+55.4
Austin.....	183	277,582	186	275,887	+ .6	161	435,698	- 36.3	1,245	2,844,822	1,311	3,121,824	- 8.9
Beaumont.....	157	102,783	121	36,320	+183.0	145	109,890	- 6.5	1,159	832,117	929	802,786	+ 3.7
Corpus Christi.....	120	155,110	137	818,572	- 81.1	105	471,640	- 67.1	1,104	2,501,437	872	1,912,069	+30.8
Dallas.....	361	390,278	479	484,079	- 19.4	420	619,246	- 37.0	3,508	5,184,614	4,057	7,767,760	-33.3
El Paso.....	65	50,161	56	46,074	+ 8.9	62	64,594	- 22.3	703	836,034	503	649,248	+28.8
Fort Worth.....	190	322,898	172	815,585	- 60.4	207	340,147	- 5.1	1,484	5,449,236	1,312	6,539,140	-16.7
Galveston.....	119	64,891	106	67,166	- 3.4	118	71,448	- 9.2	825	804,526	866	1,176,701	-31.6
Houston.....	467	1,817,440	400	1,007,748	+ 80.3	327	922,045	+ 97.1	3,186	13,885,585	2,996	12,440,451	+11.6
Port Arthur.....	151	79,166	177	86,140	- 8.1	135	61,484	+ 28.8	1,253	699,976	1,063	663,878	+ 5.4
San Antonio.....	262	485,839	283	517,368	- 6.1	299	282,370	+ 72.1	2,145	3,451,069	1,980	3,083,460	+11.9
Shreveport.....	158	279,831	122	372,578	- 24.9	136	165,910	+ 68.7	1,124	2,122,550	976	1,545,029	+37.4
Waco.....	44	94,820	37	46,616	+103.4	51	91,625	+ 3.5	386	783,221	291	468,143	+67.3
Wichita Falls.....	15	25,940	32	17,843	+ 45.4	20	25,270	+ 2.7	133	221,256	151	283,181	-21.9
Total.....	2,329	\$4,323,618	2,337	\$4,661,117	- 7.2	2,223	\$3,741,097	+ 15.6	18,524	\$40,318,587	17,545	\$40,905,678	- 1.4

SUMMARY OF NATIONAL BUSINESS CONDITIONS

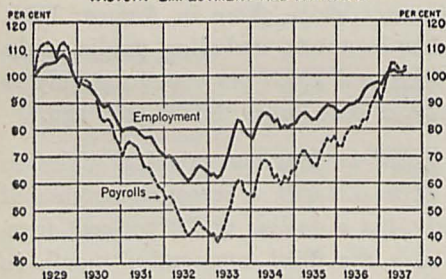
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



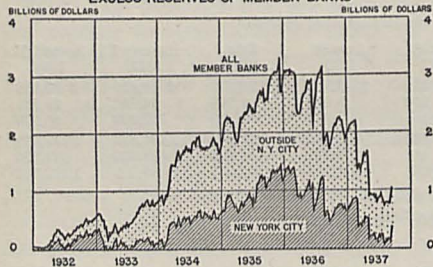
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929 to August, 1937.

FACTORY EMPLOYMENT AND PAYROLLS



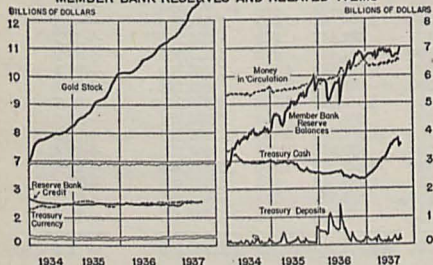
Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months January, 1929 to August, 1937. Indexes compiled by the United States Bureau of Labor Statistics.

EXCESS RESERVES OF MEMBER BANKS



Wednesday figures of estimated excess reserves for all member banks and for New York City, January 6, 1932 to September 22, 1937.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, January 3, 1934 to September 22, 1937.

In August industrial activity advanced from the level of the two preceding months and on a seasonally adjusted basis was close to the volume of last spring. Early reports for September indicate a decline in steel output and a seasonal decrease in the production of automobiles.

PRODUCTION AND EMPLOYMENT

Volume of industrial production, as measured by the Board's seasonally adjusted index, was 117 per cent of the 1923-1925 average in August as compared with a level of 114 per cent in June and July and 118 per cent during the spring. Steel production rose slightly further and was close to the high level prevailing before strikes curtailed output in June. Automobile production was maintained in considerably larger volume than is usual in the month preceding the shift to new model production. Lumber output declined, following a period of increase. In the non-durable goods industries output increased in August, reflecting chiefly increases at cotton and woolen textile mills, following considerable declines in the preceding month. Activity at meat-packing establishments increased somewhat from an extremely low level. Shoe production showed less than the usual seasonal rise. At mines, output of coal increased less than seasonally, while crude petroleum production continued to expand.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined somewhat in August and the first half of September. Awards for private residential building showed little change and were in about the same volume as in the corresponding period of 1936, while publicly-financed residential building declined and was in considerably smaller volume than last year.

Factory employment, which had increased in July, showed less than a seasonal rise in August. Factory payrolls increased by about the usual seasonal amount. The number employed at steel mills increased somewhat further, while at automobile factories, railroad repair shops, and sawmills employment declined. In the textile industries employment in the production of fabrics decreased somewhat, while employment in the production of wearing apparel increased. Changes in employment in most other manufacturing industries were small.

AGRICULTURE

Department of Agriculture crop estimates based on September 1 conditions were about the same as the estimates a month earlier, except for an increase in cotton and a decrease in corn. Output of leading crops is substantially larger than last season. Supplies of livestock and meats are expected by the Department of Agriculture to continue smaller than last year.

DISTRIBUTION

Mail-order sales and sales at department stores showed somewhat less than the usual seasonal increase from July to August. Freight-car loadings continued at the level of the previous month.

COMMODITY PRICES

Cotton prices declined considerably further from the middle of August to the third week of September and there were smaller decreases in cotton goods, silk, hides, steel scrap, copper scrap, and lumber. Prices of livestock and livestock products, after some decline in the latter part of August and the first week of September, advanced sharply in the middle of September.

BANK CREDIT

Excess reserves of member banks increased in the five-week period ending September 22 from \$800,000,000 to \$1,000,000,000 as the result of a release of gold by the Treasury from its inactive account. The bulk of the increase in excess reserves went to New York City banks and on September 22 these banks had excess reserves of \$350,000,000, Chicago banks had \$50,000,000, and banks elsewhere \$600,000,000.

Commercial loans at reporting member banks in 101 leading cities, reflecting in part seasonal demands, continued to increase substantially during the four weeks ending September 15, both in New York City and outside. Holdings of United States Government obligations and of other securities showed a further decrease, with the result that total loans and investments declined somewhat.

MONEY RATES

Rates on nine-month Treasury bills declined from 0.71 per cent early in September to 0.44 per cent later in the month, and average yields on long-term Treasury notes declined from about 1½ per cent to below 1½ per cent.