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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

	September 1937	Percentage change from	
		Sept., 1936	Aug., 1937
Bank debits to individual accounts (18 cities)	\$897,204,000	+ 13.3	+ 6.4
Department store sales		+ 11.6	+ 41.4
Wholesale trade sales (five lines)		+ 11.8	+ 3.8
Value of construction contracts awarded	\$ 9,196,000	+ 18.1	+ 57.3
Valuation of building permits (14 cities)	\$ 5,852,325	+ 50.7	+ 35.4
Commercial failures (number)	9	- 18.2	- 35.7
Commercial failures (liabilities)	\$ 281,000	+160.2	+279.7
Daily average crude oil production (barrels)	1,695,252	+ 28.7	- 1.7

Trade and industrial activity in the Eleventh District continued active during September. The business of department stores in leading cities increased 41 per cent from August to September, and their gain of 12 per cent over the corresponding month last year was larger than the average for the year to date. Distribution of merchandise in most lines of wholesale trade was active, and the combined sales of reporting firms reflected increases of 4 per cent over those in August, and 12 per cent over the volume for September, 1936. According to Dun and Bradstreet, Incorporated, the number of commercial failures in this district declined to the March, 1937, level, which was the lowest recorded since September, 1919. Liabilities of defaulting firms, however, increased sharply from August to September, and were more than two and one-half times larger than in September, 1936. Debits to individual accounts at banks in principal cities increased less than seasonally in September, and the gain of 13 per cent over the corresponding month of 1936 was the smallest recorded for a year-to-year comparison during 1937.

Following large increases during August, all classes of building activity in this district declined, according to the report of the F. W. Dodge Corporation covering new contracts awarded. The value of residential building started was the lowest since last January, and 11 per cent smaller than a year ago. Total contracts awarded, however, were 18 per cent larger than in September, 1936. On the other hand, the valuation of building permits issued at principal cities was much higher than a month earlier or a year ago, due

mainly to the large value of permits issued at Galveston.

The production of crude oil in this district continued at a high level in September, but declined considerably from the record established in August. Further declines were evidenced in the first half of October, as production allowables were again reduced in Texas and New Mexico.

The generally dry weather in September was very favorable for the harvesting of crops, but the lack of moisture in Texas damaged late feed crops and in most instances the Department of Agriculture reduced the prospective yields for 1937. Conditions continued favorable for cotton, and the indicated production for the Eleventh District was increased 505,000 bales to a total of 6,097,000 bales on October 1. During the second week of October most sections of the district received good rains, which did some damage to cotton remaining in the fields, but provided good subsoil moisture for small grains, and prepared the soil for fall plowing and seeding operations. There was little change in the condition of ranges during September, but the October rains brought about a considerable improvement. Cattle and sheep continued in good flesh except in the formerly dry areas of south and central Texas.

Between September 8 and October 13 there was a further increase of \$11,420,000 in loans of reporting member banks in leading cities. These advances totaled \$246,963,000 on the latter date, which is the highest level reached since June, 1932, and exceeds that a year ago by \$23,740,000. Investments of these banks in United States Government securities were reduced \$9,044,000 during the five-week period, but other investments were increased \$2,139,000. Adjusted demand deposits totaled \$398,183,000 on October 13, which is only \$4,210,000 below the all-time record established in July of this year. The daily average of gross demand and time deposits of all member banks in this district rose \$34,188,000 during September to a level relatively near the peak of last December. Member bank reserve balances with the Federal Reserve Bank rose to a new high level of \$188,347,000 on October 14.

BUSINESS

Wholesale Trade

The demand for merchandise in most lines of wholesale trade investigated by this bank held up well in September.

The combined sales of all reporting firms were 3.8 per cent

above those in August, and 11.8 per cent greater than in September, 1936. Collections on accounts outstanding August 31 reflected a large seasonal increase in all lines of trade except hardware.

Distribution of groceries at wholesale in September reflected a seasonal increase considerably larger than the average. Sales were 15.8 per cent higher than in August, and 17.2 per cent above those in September a year ago. The demand for dry goods, however, registered a decline that was considerably more than seasonal. Sales were also 3 per cent smaller than a year ago. While distribution of farm equipment declined 20.1 per cent over the month, business continued in relatively good volume and was 5.6 per cent above that in September, 1936. The demand for hardware at wholesale improved appreciably, as sales reflected increases of 11 per cent and 15.5 per cent, respectively, over those in August this year and September last year. Drug sales turned sharply upward, averaging 23 per cent greater than in both the previous month and the corresponding month of 1936.

During the third quarter of 1937 the combined sales of reporting wholesale firms were 10.5 per cent above those in the corresponding period of 1936. This increase compares with a gain of 12.8 per cent for the first quarter of the

CONDITION OF WHOLESALE TRADE DURING SEPTEMBER, 1937

Percentage of increase or decrease in—

	Net Sales		Net Sales Jan. 1 to Sept. 30 compared with same period last year	Stocks		Ratio Sept. collections to accounts outstanding Aug. 31
	Sept., 1937 compared with Sept., 1936	Aug., 1937		Sept. 30, 1937 compared with Sept. 30, Aug. 31, 1936	1937	
Groceries.....	+17.2	+15.8	+15.4	- 2.1	+ 5.3	90.3
Dry goods.....	- 3.0	-15.4	+ 3.0	+16.0	- 5.9	33.2
Farm implements..	+ 5.6	-20.1	+32.3	+28.3	+12.1	10.6
Hardware.....	+15.5	+11.0	+16.4	+12.2	- 5.1	48.5
Drugs*.....	+23.1	+23.0	+ 8.1	+11.3	+ 5.2	83.9

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

year, 14.6 per cent for the second quarter, and an average gain of 12.6 per cent for the first nine months of 1937.

Retail Trade

Consumer demand for merchandise at thirty reporting department stores located in principal cities of the Eleventh District continued in good volume during September. The dollar value of sales was 41.4 per cent larger than in August, reflecting the usual purchases of fall and winter merchandise, and continued 11.6 per cent larger than in the corresponding month of 1936. Although the gain from August to September was slightly less than the average, this circumstance is in part accounted for by the fact that August business increased more than seasonally. The aggregate value of merchandise sold during the first nine months of 1937 was 10.6 per cent larger than in the corresponding period of 1936.

Merchants increased their inventories considerably during the month and on September 30 the value of stocks was 10.2 per cent larger than on August 31, and 15.5 per cent greater than a year ago. During the first three quarters of 1937 merchants turned their inventories 2.43 times as compared with 2.53 times in the same period of 1936.

Collections on outstanding open accounts increased from August to September, as is usual for this season, but little change was noted in collections on installment accounts. The ratio of September collections to open accounts outstanding on September 1 was 38.6 per cent, as against 37.3 per cent in August, and 37.0 per cent in September last year.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
September, 1937, compared with September, 1936.....	+14.4	+ .2	+15.2	+ 9.3	+12.4	+11.6
September, 1937, compared with August, 1937.....	+43.9	+28.8	+46.5	+28.0	+53.1	+41.4
January 1 to September 30, 1937, compared with same period last year.....	+ 9.6	+ 6.8	+15.0	+10.0	+12.0	+10.6
Credit sales (percentage):						
September, 1937, compared with September, 1936.....	+19.1	+ 1.8	+17.8	+10.2	+15.2	+14.9
September, 1937, compared with August, 1937.....	+45.0	+46.7	+45.7	+33.7	+61.8	+45.7
January 1 to September 30, 1937, compared with same period last year.....	+13.1	+ 7.2	+19.4	+11.8	+12.4	+13.1
Stocks on hand at end of month (percentage):						
September, 1937, compared with September, 1936.....	+16.7	+ .5	+17.1	+18.6	+19.5	+15.5
September, 1937, compared with August, 1937.....	+11.9	+ 9.2	+15.7	+ 6.5	+ 8.3	+10.2
Stock turnover (rate):						
Rate of stock turnover in September, 1936.....	.35	.26	.26	.35	.28	.31
Rate of stock turnover in September, 1937.....	.35	.26	.28	.33	.25	.31
Rate of stock turnover January 1 to September 30, 1936.....	2.77	2.26	2.52	2.79	2.13	2.53
Rate of stock turnover January 1 to September 30, 1937.....	2.67	2.39	2.43	2.58	1.97	2.43
Ratio of September collections to open accounts receivable and outstanding September 1, 1937.....	38.4	35.4	40.8	40.4	37.8	38.6
Ratio of Sept. collections to installment accounts receivable and outstanding Sept. 1, 1937.....	15.6	9.1	.....	12.4	15.9	13.7
Indexes of department store sales:						
Unadjusted—August, 1937.....	92.1	83.3	89.7	82.2	.....	84.9
Unadjusted—September, 1937.....	136.2	105.3	134.4	101.7	.....	121.0
Adjusted—August, 1937.....	127.9	117.3	130.0	115.8	.....	117.9
Adjusted—September, 1937.....	128.5	108.6	133.1	99.7	.....	114.2
Indexes of department store stocks:						
Unadjusted—August, 1937.....	68.7	66.1	42.9	57.4	.....	67.8
Unadjusted—September, 1937.....	76.7	71.9	45.3	61.8	.....	74.2
Adjusted—August, 1937.....	66.1	64.8	42.1	58.0	.....	66.5
Adjusted—September, 1937.....	70.4	64.8	40.8	56.7	.....	67.5

AGRICULTURE

Crop Conditions

Harvesting of crops in practically all sections of the Eleventh District made rapid progress in September, as weather conditions were very favorable for this work. On the other hand, late feed crops in Texas were damaged considerably by the lack of moisture, and in most instances the indicated production for 1937 was reduced. Since the first of October light to heavy rains have fallen throughout most of the district, and while they caused some damage to open cotton

remaining in the fields and came too late to be of much benefit to feed crops, they relieved a serious drouth in south Texas, provided good subsoil moisture for small grains, and enabled farmers to proceed with fall plowing and seeding operations.

The generally dry weather in September was especially favorable for the maturation and picking of cotton, with the result that prospective production for 1937 was again in-

creased by the Department of Agriculture. The indicated harvest for Texas on October 1 was placed at 5,025,000 bales, which is 403,000 bales above the September 1 forecast, and 2,092,000 bales, or 71 per cent, above the 1936 production. The estimated yield per acre was increased from 175 pounds on September 1 to 190 pounds on October 1, and the latter figure compares with a per acre harvest of 121 pounds last year. Since 1909 there have been only two years in which the Texas lint yield per acre exceeded that indicated for 1937. The Department of Agriculture stated that a good crop was made in all sections of the State, and that insect damage and shedding of young bolls were held to a minimum.

The following table shows, by districts, the estimated production of cotton in Texas, with comparisons for 1936 and the 1928-32 average.

TEXAS—PRODUCTION OF COTTON BY DISTRICTS
(In thousands of 500-pound gross weight bales)

Districts	Indicated 1937	Production 1936	Five-year average 1928-1932
N. W. High Plains.....	808	403	416
N. W. Rolling Plains.....	953	375	749
North Central Plains.....	89	70	124
North Black Lands.....	1,315	1,008	1,349
East Texas.....	697	460	775
Trans-Pecos.....	76	66	57
Edwards Plateau.....	95	75	108
Southern Prairies.....	581	282	643
Coastal Plains.....	229	85	210
South Texas.....	182	109	149
Total State.....	5,025	2,933	4,580

SOURCE: United States Department of Agriculture.

The indicated harvest of cotton in Louisiana was increased 127,000 bales in September, and on October 1 the forecast was placed at 1,000,000 bales, the second largest crop in history. Per acre yield in this State was estimated at the record level of 309 pounds. Moderate increases were again indicated for the New Mexico and Arizona crops, while the Oklahoma forecast remained unchanged at 858,000 bales. Ginnings continued heavy in September and by October 1 they had amounted to approximately 50 per cent of the indicated production in the five states attached to this district. Estimated production of cotton in the United States was increased 1,475,000 bales in September, and the forecast of 17,573,000 bales on October 1 indicates a harvest of the second largest crop on record.

While dry weather in September caused some damage to feed crops in Texas, indicated production on October 1 remained considerably above the 1936 harvest. A forecast on that date of 74,300,000 bushels of corn in this State was 2,251,000 bushels below the estimate a month earlier, but 5,375,000 bushels above the 1936 crop. With the exception of a 70,000 bushel reduction in Arizona, moderate increases over the previous month were indicated for other states attached to this district. The October 1 forecast for grain sorghums in Texas and Arizona was smaller than a month earlier, while in Oklahoma and New Mexico the estimate remained unchanged. Prospects for tame hay in Texas were reduced 47,000 tons during the month.

Harvesting of the Texas rice crop has been delayed by unfavorable weather, but the estimated production on October 1 remained the same as that a month earlier at 12,200,000 bushels. There was no change in the indicated production of peanuts in Texas, while in Oklahoma the forecast was reduced 360,000 pounds, as against an increase of 800,000 pounds in Louisiana. The indicated yield of pecans in Texas and Louisiana was increased to 24,940,000

pounds and 4,250,000 pounds, respectively, on October 1, the Texas forecast being slightly larger than the 1928-32 average production.

Weather conditions have been unfavorable for the development of the Texas citrus crop. Indications on October 1 pointed to a production of 1,850,000 boxes of oranges and 8,200,000 boxes of grapefruit. These totals compare with a production of 2,000,000 and 9,231,000 boxes, respectively, in 1936.

Cash Farm Income Reflecting increased sales from the large 1937 crops, farmers' cash income continued to increase during August in the five states attached to this district. Total receipts from farm crops amounted to approximately \$51,000,000, which is 14.4 per cent larger than in July, and more than twice as great as in August last year. Larger receipts from the sale of wheat and cotton were reported as important factors contributing to the increase. Farm receipts from livestock and livestock products were augmented by heavy marketings of cattle and lambs and were relatively high as compared with the same month of other recent years, but a further decline of 4.9 per cent was reflected as compared with the preceding month. The combined receipts from crops and livestock during August were 7.3 per cent and 58.9 per cent, respectively, above those in the previous month and the corresponding month last year. Government payments to farmers in these states declined further in August to \$600,000. During the first eight months of 1937 total farm income, including Government payments, amounted to \$427,214,000, which is 27 per cent larger than in the same period of 1936.

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

State	Receipts from:				Total receipts	
	Farm crops		Livestock and livestock products		August 1937	August 1936
	August 1937	August 1936	August 1937	August 1936	August 1937	August 1936
Arizona.....	\$ 631	\$ 500	\$ 1,182	\$ 1,100	\$ 1,813	\$ 1,600
Louisiana.....	3,828	2,883	1,321	1,192	5,149	4,075
New Mexico.....	661	493	1,807	1,495	2,468	1,988
Oklahoma.....	10,095	2,468	8,338	7,607	18,433	10,075
Texas.....	35,848	18,673	11,866	11,165	47,714	29,838
Total five states....	\$51,063	\$25,017	\$24,514	\$22,559	\$75,577	\$47,576

SOURCE: United States Department of Agriculture.

Livestock General rains during the first two weeks of October in most sections of the Eleventh District were very beneficial to ranges, which had shown little change in September, except in northwest Texas and eastern New Mexico where much improvement was reported following rains early in the month. In south Texas where conditions had become acute, due to the lack of moisture, good to heavy rains were reported in the second week of October. Feed crops in this section were reported as almost a failure, but the recent rains improved range grass and replenished stock water. In other sections of the district early October rains supplied good subsoil moisture for small grain fields, and prospects for fall and winter grazing were improved.

There was little change in the condition of livestock during September. Cattle and sheep were quoted at 79 per cent and goats 81 per cent of normal on October 1, which are about the same as a month earlier, but considerably under the quotations for October 1, 1936. Except in portions of

central Texas and the formerly dry area of south Texas, where some shrinkage was noted, cattle continued in good flesh. Sheep held up very well during the month. The Department of Agriculture reported that the favorable price situation has encouraged ranchers to market some livestock, but shipments to feed lots in northern states have been large, and feeding operations in Texas this fall and winter are expected to be much heavier than a year ago.

Movements and Prices The movement of cattle, hogs, and sheep to the Fort Worth market during September continued substantially higher than in the corresponding month of 1936, and receipts of calves were, with one exception, the largest on record. Supplies of cattle and sheep were 11.6 per cent and 34.1 per cent, respectively, less than the heavy August receipts, but hog marketings were about 11,000 head, or 50 per cent larger.

After regaining about one-half of a sharp decline that occurred in the latter part of August and the first week of September, hog prices remained generally steady until the first week in October when they fell to the lowest level since the middle of May. Choice offerings sold for \$2.50 per

hundredweight under the year's top price and about \$1.50 under the September high. Prices of most classes of cattle remained firm to slightly higher during the first three weeks of September, but thereafter heavy supplies weakened the market and price declines were general with calves and slaughter steers showing good resistance. The lamb market was unevenly strong, and at the close of September prices were about the same as a month earlier.

FORT WORTH LIVESTOCK RECEIPTS

	(Number)				Change over month
	September 1937	September 1936	Change over year	August 1937	
Cattle.....	80,338	55,193	+25,145	90,841	-10,503
Calves.....	71,122	36,965	+34,157	52,946	+18,176
Hogs.....	33,311	15,757	+17,554	22,184	+11,127
Sheep.....	64,667	32,979	+31,688	98,137	-33,470

COMPARATIVE TOP LIVESTOCK PRICES

	(Dollars per hundredweight)		
	September 1937	September 1936	August 1937
Beef steers.....	\$12.25	\$ 9.00	\$12.50
Stocker steers.....	8.50	7.00	8.25
Heifers and yearlings.....	13.00	9.00	12.50
Butcher cows.....	7.50	5.25	7.25
Calves.....	8.50	7.25	8.35
Hogs.....	11.65	10.85	12.00
Lambs.....	9.75	8.50	9.25

FINANCE

Operations of the Federal Reserve Bank Discounts for member banks at the Federal Reserve Bank of Dallas fluctuated considerably between September 15 and October 15. During the first five days of

this period they rose \$833,000, but then turned seasonally downward and on October 1 amounted to \$258,000, the smallest amount outstanding since April 8. In the following two weeks, however, a demand for funds from several country banks increased these borrowings to \$535,000 on October 15, which was \$82,000 larger than a month earlier, and \$390,000 greater than a year ago. The increase over the month in member bank borrowings was more than sufficient to offset small declines in industrial advances and bills bought in the open market, with the result that total earning assets of this bank increased \$51,000, as there was no change in the holdings of United States Government securities or other earning resources. Member bank reserve balances at the Federal Reserve Bank rose \$5,829,000 during the thirty-day period. The total of \$188,322,000 on October 15 was \$32,206,000 greater than a year ago, and the aggregate on October 14, \$188,347,000, was the largest ever recorded.

The increased demand for Federal Reserve currency that usually occurs between the middle of September and the middle of October did not materialize this year, as note circulation declined slightly, but the total of \$91,927,000 outstanding on October 15 was \$899,000 larger than on the same date last year.

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

	Oct. 15, 1937	Oct. 15, 1936	Sept. 15, 1937
Total cash reserves.....	\$203,317	\$164,380	\$202,403
Discounts for member banks.....	535	145	453
Industrial advances.....	1,143	1,482	1,166
Bills bought in the open market.....	79	87	87
United States Government securities.....	98,634	100,637	98,634
All other investments.....	None	12	None
Total earning assets.....	100,391	102,363	100,340
Member bank reserve deposits.....	188,322	156,116	182,493
Federal Reserve notes in actual circulation.....	91,927	91,028	92,571
Commitments to make industrial advances.....	269	498	302

Condition of Member Banks in Leading Cities

A further expansion in loans for commercial, industrial, and agricultural purposes was evidenced at weekly reporting member banks in leading cities from September 8 to October 13. Credit extended for these uses totaled \$154,550,000 on the latter date, which was \$5,566,000 larger than five weeks earlier. Other classes of loans showed a net increase of \$5,854,000 during the five-week period. Of this amount 83 per cent represented an increase in "All other" loans, consisting largely of personal loans. Total advances amounted to \$246,963,000 on October 13, which is the highest level reached since June, 1932, and represents an increase of \$11,420,000 over those on September 8, and \$23,740,000 greater than a year ago.

Investments of these banks in direct and fully guaranteed obligations of the United States Government declined \$9,044,000 during the five-week period, but this reduction was offset in part by an increase of \$2,139,000 in their holdings of other securities. Total investments on October 13 were \$11,853,000 smaller than a year earlier.

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

	October 13, 1937	October 14, 1936	September 8, 1937
Total loans and investments.....	\$512,749	\$500,862	\$508,234
Total loans.....	246,963	223,223	235,543
Commercial, industrial, and agricultural loans.....	154,550	*	148,984
Open market paper.....	3,849	*	3,433
Loans to brokers and dealers in securities....	3,335	2,751	2,975
Other loans for purchasing or carrying securities.....	16,063	*	15,388
Real estate loans.....	21,155	23,032	21,333
Loans to banks.....	259	372	557
All other loans.....	47,752	*	42,873
United States Government direct obligations..	186,085	190,152	193,118
Obligations fully guaranteed by U. S. Gov't..	28,417	38,952	30,428
Other securities.....	51,284	48,535	49,145
Reserves with the Federal Reserve Bank.....	114,012	99,847	115,587
Balances with domestic banks.....	165,970	183,490	143,202
Demand deposits—adjusted.....	398,183	367,648	381,759
Time deposits.....	126,627	120,521	125,404
United States Government deposits.....	18,505	42,521	19,634
Interbank deposits.....	202,747	209,954	192,948
Borrowings from the Federal Reserve Bank....	120	None	400

*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.

Adjusted demand deposits, which had declined considerably from August 11 to September 8, increased \$16,424,000 during the subsequent five weeks, reflecting a large expansion in individual deposits. Other deposits showed a net increase of \$9,893,000 from September 8 to October 13. The volume of funds made available by the decline in investments and the increase in deposits was much larger than the expansion in loans, with the result that these banks increased their balances with domestic banks \$22,768,000.

Debits to Individual Accounts Debits to depositors' accounts at banks in eighteen cities of this district increased from August to September, but the gain was considerably smaller than is usual

for this season. Total charges during the month amounted to \$897,204,000, which represents an increase of 6.4 per cent over those in August, and 13.3 per cent over the aggregate for September, 1936. While all reporting cities participated in the latter increase, it is the smallest gain registered for any year-to-year comparison during 1937.

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	September 1937	September 1936	Percentage change over year	August 1937	Percentage change over month
Abilene.....	\$ 10,427	\$ 8,088	+28.9	\$ 8,421	+23.8
Austin.....	29,818	22,410	+33.1	28,585	+4.3
Beaumont.....	26,447	20,560	+28.6	27,083	-2.3
Corsicana.....	4,631	3,993	+16.0	3,456	+34.0
Dallas.....	255,202	247,229	+3.2	230,077	+10.9
El Paso.....	25,466	22,415	+13.6	23,983	+6.2
Fort Worth.....	87,110	73,731	+18.1	85,097	+2.4
Galveston.....	33,566	28,737	+16.8	28,404	+10.7
Houston.....	228,672	189,676	+20.6	224,406	+1.9
Port Arthur.....	9,302	7,569	+22.9	9,256	+5
Roswell.....	3,260	2,798	+16.5	3,089	+5.5
San Antonio.....	67,472	61,190	+10.3	67,055	+6
Shreveport.....	48,805	44,323	+10.1	44,788	+9.0
Texarkana*.....	8,591	8,445	+1.7	7,600	+13.0
Tucson.....	10,507	8,675	+21.1	10,062	+4.4
Tyler.....	14,632	13,237	+10.5	13,345	+9.6
Waco.....	18,041	15,789	+14.3	14,037	+28.5
Wichita Falls.....	15,255	12,755	+19.6	14,870	+2.6
Total.....	\$897,204	\$791,620	+13.3	\$843,250	+6.4

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

Deposits of Member Banks A large increase during September, which carried the total to a point relatively near the record established in December, 1936, was reflected in the combined daily average of gross demand and time deposits of member banks in this district. Total deposits averaged \$1,298,472,000 during the month, which is \$34,188,000 greater than in August, and \$31,684,000 larger than in September last year. Demand deposits accounted for 86 per cent of the increase over the month. The gain was about evenly divided between reserve city and country banks.

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

(Average of daily figures—in thousands of dollars)

Month and Year	Combined Total		Reserve City Banks		Country Banks	
	Gross demand deposits	Time deposits	Gross demand deposits	Time deposits	Gross demand deposits	Time deposits
1936 — 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	470,404	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	108,355	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
August.....	1,060,580	203,704	586,477	111,312	474,103	92,392
September.....	1,089,891	208,581	601,677	114,828	488,214	93,753

Acceptance Market A further sharp seasonal increase was reflected during September in the volume of outstanding acceptances executed by banks in this district. The total on September 30 amounted to \$3,329,563, which is the largest volume outstanding at the close of any month since December, 1931, and compares with \$1,700,561 on August 31 this year, and \$899,508 on September 30, 1936. The gain over August was due entirely to an increase in acceptances based on the domestic shipment and storage of goods, as those executed against import and export transactions declined from \$445,710 on August 31 to \$440,147 on September 30.

Savings Deposits The number of savings depositors and the amount of savings deposits at 115 reporting banks in this district showed relatively little change during September. The increase in deposits from August 31 to September 30 was small, and the gain of 3.3 per cent as compared with a year ago is about the same as that recorded for a similar comparison in August.

SAVINGS DEPOSITS

	Number of reporting banks	September 30, 1937		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	Sept. 30, 1936	Aug. 31, 1937
Beaumont.....	3	9,573	\$ 3,661,427	+ 1.3	+ .3
Dallas.....	8	88,983	25,678,528	- .4	+ .2
El Paso.....	2	15,214	7,964,443	+15.1	+ .2
Fort Worth.....	3	37,063	12,963,505	+ 4.9	- .4
Galveston.....	4	18,122	11,395,877	+ 5.1	+ .8
Houston.....	10	71,577	28,212,334	- .1	- .8
Port Arthur.....	2	5,784	2,482,580	+ 7.5	+ .2
San Antonio.....	5	22,194	16,825,342	+ 6.4	+ .5
Shreveport.....	3	24,451	11,418,505	+ 3.1	+ 2.0
Waco.....	3	9,414	4,953,081	- 8.5	- .4
Wichita Falls.....	3	6,708	3,380,503	- 1.2	- .5
All others.....	69	56,780	28,346,125	+ 7.1	+ .2
Total.....	115	365,863	\$157,222,250	+ 3.3	+ .1

DISCOUNT RATES CHARGED BY MEMBER BANKS DURING OCTOBER, 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	1½-6 3-6	1½-6 3	5-8 6	4-6 .....
Rate charged on loans to other banks secured by bills receivable.....	.....	.....	.....	.....	.....	.....
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	3-6	6-8	5½
Time.....	4-8	5-8	4-10	3-7	3-8	5-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	2-8	6-8	4½-8	1½-6	5-8	3-8
Rate on cattle loans.....	5½-8	5-8	5-10	6-8	6-8	8

INDUSTRY

Cottonseed Products Coincident with the heavy ginnings of the 1937 cotton crop, the receipts, crushings, and production of cottonseed products at oil mills in the United States increased to record or

near record levels in September, and at Texas mills activities were large but somewhat less than established records. Operations at the latter mills reflected average seasonal gains over the heavy activities in August, and as compared

with September last year receipts of seed, which amounted to 419,374 tons, were 77 per cent larger, while crushings and the production of products were about two-thirds larger. At all mills in the United States records were established in the receipts and crushings of seed and the production of cake and meal, hulls, and linters, with operations exceeding those a year ago by about 30 per cent.

Although stocks of cottonseed products held on September 30 at both Texas and United States mills were considerably larger than a month earlier, and in most cases a year ago, demand for products was active as is evidenced by shipments during the month, which exceeded those in both August this year and September, 1936, by a wide margin.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to September 30		August 1 to September 30	
	This season	Last season	This season	Last season
Cottonseed received at mills (tons).....	630,050	316,998	1,918,815	1,510,197
Cottonseed crushed (tons).....	319,991	182,880	972,619	697,289
Cottonseed on hand Sept. 30 (tons).....	332,931	143,994	988,590	834,834
Production of products:				
Crude oil (pounds).....	89,750,191	51,283,901	282,117,467	206,643,382
Cake and meal (tons).....	147,224	84,971	422,938	311,173
Hulls (tons).....	86,130	49,071	258,175	181,125
Linters (running bales).....	65,176	39,377	217,610	164,215
Stocks on hand Sept. 30:				
Crude oil (pounds).....	18,559,619	14,243,923	58,150,171	48,794,470
Cake and meal (tons).....	31,914	36,875	103,397	125,212
Hulls (tons).....	33,234	27,223	96,889	70,347
Linters (running bales).....	46,183	25,895	168,954	98,540

SOURCE: Bureau of Census.

Textile Milling

The domestic consumption of cotton continued on a high level in September notwithstanding a slight recession from the volume utilized in August, and a decline of 4.4 per cent as compared with September last year. There were 601,837 bales consumed during the month, as against 604,380 bales in August, and 629,727 bales in September, 1936. Consumption during the first two months of the current season totaled 1,206,217 bales, which is slightly higher than the amount processed in the same period last season. Consuming establishments increased their stocks of raw cotton 3.2 per cent from August 31 to September 30, and the total of 991,224 bales on the latter date was 16.8 per cent larger than a year ago.

COTTON CONSUMED AND ON HAND

	(Bales)			
	September		August 1 to September 30	
	1937	1936	This season	Last season
Cotton-growing states:				
Cotton consumed.....	511,838	526,319	1,017,287	1,007,187
Cotton on hand Sept. 30 in—				
Consuming establishments.....			803,787	702,132
Public storage and compresses.....			6,864,291	6,615,806
United States:				
Cotton consumed.....	601,837	629,767	1,206,217	1,204,781
Cotton on hand Sept. 30 in—				
Consuming establishments.....			991,224	848,431
Public storage and compresses.....			6,926,365	6,652,334

SOURCE: Bureau of Census.

Cotton Movements

The heavy and rapid movement of the 1937 cotton crop is indicated by the receipts and exports at Houston and Galveston during September. Receipts showed a sharp seasonal increase over August, and were greater than in any corresponding month since 1928. The combined exports of cotton from these ports aggregated 291,414 bales, which is 9 per cent smaller than the 1927-36 average, but 10.6 per cent greater than a year ago, and the largest September volume

since 1933. Reflecting the heavy concentration of cotton for export, stocks at these ports on September 30 were 88 and 54 per cent, respectively, above those a month earlier and a year ago.

Total foreign shipments of cotton from all United States ports showed an appreciable increase in September, the gain over August being materially larger than the average. Exports during the month amounted to 617,444 bales, which exceeds the September volume in each of the three preceding years by a substantial margin, and compares with exports totaling 220,415 bales in August, and 569,624 bales in September, 1936. Increased takings by Great Britain and certain other European countries account for the gain over a year ago, as shipments to the Orient declined materially.

The cotton market broke considerably following the October release of the official Government estimate of the 1937 cotton crop, but in the subsequent week demand was active, and prices recovered about \$2.50 per bale to an average of 3.24 cents per pound for spot cotton, middling, 7/8-inch staple at ten designated spot markets on October 15.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	(Bales)			
	September		August 1 to September 30	
	1937	1936	This season	Last season
Receipts.....	467,860	376,082	572,986	412,895
Exports.....	139,391	152,507	156,649	199,224
Stocks, September 30.....			713,317	575,866

COTTON—GALVESTON STOCK STATEMENT

	(Bales)		
	September 30,		September 30,
	1937	1936	1936
For Great Britain.....	6,800	1,600	2,000
For France.....	7,500	19,200	1,500
For other foreign ports.....	30,600	551,566	
For coastwise ports.....	2,000		
In compresses and depots.....	666,417		
Total.....	713,317	575,866	

COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	(Bales)			
	September		August 1 to September 30	
	1937	1936	This season	Last season
Receipts.....	456,464	247,429	602,272	283,017
Exports.....	152,023	110,870	190,008	159,794
Stocks, September 30.....			630,309	296,880

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

UNITED STATES PORTS—(Bales)

	(Bales)			
	September		August 1 to September 30	
	This season	Last season	This season	Last season
Receipts.....	2,286,788	1,690,582		
Exports: United Kingdom.....	255,861	172,658		
France.....	143,326	143,389		
Italy.....	92,331	27,020		
Germany.....	139,170	101,755		
Other Europe.....	128,359	85,544		
Japan.....	41,936	188,367		
All other countries.....	36,876	33,378		
Total exports.....	837,859	752,111		
Stocks held at all United States ports, September 30.....	2,438,839	1,993,328		

SPOT COTTON PRICES—(Middling basis)

	(Cents per pound)		
	September, 1937		October 15,
	High	Low	1937
New York.....	9.56	8.46	8.56
New Orleans.....	9.43	8.26	8.34
Dallas.....	8.81	7.61	7.71
Houston.....	9.25	8.00	8.10
Galveston.....	9.27	8.04	8.12

Petroleum

Although output continued very large, the production of crude oil in the Eleventh District, which had shown an upward trend with only minor interruptions throughout 1937, was reduced consider-

ably in September and in the first ten days of October. Daily average production during the month amounted to 1,695,252 barrels, which is 29,933 barrels less than the daily output in August, but 377,607 barrels greater than in September, 1936. The decline from August to September was due entirely to reductions in Texas fields, where, with few exceptions, production allowables had been reduced. Small increases were recorded in New Mexico and North Louisiana fields. The lower production in September was about in line with crude demand, as stocks showed little change. Effective October 1, production allowables in Texas and New Mexico were reduced, and during the week ended October 9 the district's output declined to 1,635,475 barrels daily, which is 68,075 barrels less than a week earlier, but slightly higher than the volume of production recommended by the United States Bureau of Mines.

There was little change from the preceding period in the average number of wells completed during the four weeks ended September 25, and while there was a slight decline in the number of successful completions, initial production of new wells increased 7.9 per cent.

	September, 1937		Increase or decrease from August, 1937	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	4,591,000	153,033	- 237,100	- 2,712
West Texas.....	7,740,800	258,027	- 671,650	-13,342
East Texas.....	17,857,550	595,252	- 742,550	- 4,751
South Texas.....	8,047,000	268,233	- 355,400	- 2,812
Texas Coastal.....	6,540,900	218,030	- 442,200	- 7,231
Total Texas.....	44,777,250	1,492,575	-2,448,900	-30,848
New Mexico.....	3,434,900	114,497	- 101,100	+ 432
North Louisiana.....	2,645,400	88,180	- 73,200	+ 483
Total District.....	50,857,550	1,695,252	-2,623,200	-29,933

	Number of wells				Initial production (barrels daily)
	Completions	Producers	Gas wells	Failures	
North Texas.....	220	141	13	66	48,419
West Texas.....	269	225	2	42	265,367
East Texas.....	312	295	..	17	1,232,133
South Texas.....	291	205	6	80	82,242
Texas Coastal.....	130	109	3	18	49,782
Total Texas.....	1,222	975	24	223	1,677,943
New Mexico.....	47	40	6	1	21,568
North Louisiana.....	72	43	20	9	25,899
*September totals, district.....	1,341	1,058	50	233	1,725,410
†August totals, district.....	1,689	1,289	53	347	1,949,066

*September figures represent four weeks ended September 25, 1937.
 †August figures represent five weeks ended August 28, 1937.

CRUDE OIL PRICES (Price per barrel)

	Sept. 30, 1937	Sept. 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

All classes of construction activity in the Eleventh District declined from August to September, and for the first time since March, 1935, the value of contracts awarded for residential building was smaller than in the corresponding month a year earlier. Total awards in September amounted to \$9,196,000 of which \$3,585,000 was for residential building and \$5,611,000 for public works and utility construction. The total represents a decline of 57.3 per cent from the heavy August volume, but an increase in public works and utility construction was more than enough to offset the decline in residential building with the result that total awards were 18.1 per cent larger than in September, 1936.

The aggregate value of building permits issued at fourteen principal cities in this district turned sharply upward in September due mainly to an unusually large value of contracts at Galveston. The 2,320 permits issued during the month were valued at \$5,852,325, which is the largest September volume since 1930, and represents a nonseasonal increase of 35.4 per cent over that in August. During the third quarter of 1937, construction permits awarded were 12.7 per cent and 14.7 per cent, respectively, under those in the first and second quarters of the year, which are about the average declines for this period.

VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	September 1937	September 1936	August 1937	January 1 to September 30 1937	January 1 to September 30 1936
Eleventh District—total.....	\$ 9,196	\$ 7,784	\$ 21,531	\$ 105,855	\$ 100,532
Residential.....	3,585	4,032	4,350	38,146	29,801
All other.....	5,611	3,752	17,181	67,709	70,731
United States*—total.....	207,072	234,272	285,104	2,344,964	2,034,191
Residential.....	65,590	80,671	73,448	744,480	588,257
All other.....	141,482	153,601	211,656	1,600,484	1,445,934

*37 states east of the Rocky Mountains.
 SOURCE: F. W. Dodge Corporation.

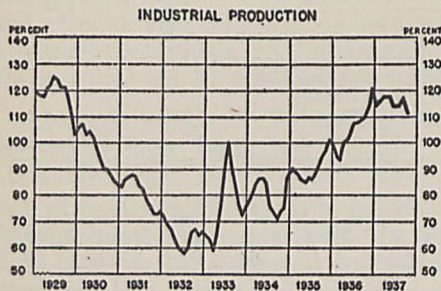
BUILDING PERMITS

	September, 1937		September, 1936		Percentage change valuation over year	August, 1937		Percentage change valuation over month		January 1 through September 30		Percentage change valuation over period	
	No.	Valuation	No.	Valuation		No.	Valuation	No.	Valuation	1937	1936		
Amarillo.....	32	\$ 222,782	39	\$ 59,550	+274.1	37	\$ 176,879	+ 26.0	301	\$ 924,926	277	\$ 511,477	+ 80.8
Austin.....	143	210,468	154	576,881	- 63.5	183	277,582	- 24.2	1,388	3,055,290	1,465	3,698,705	- 17.4
Beaumont.....	173	58,687	130	61,637	- 4.8	157	102,783	- 42.9	1,332	890,804	1,059	864,423	+ 3.1
Corpus Christi.....	168	228,685	113	212,305	+ 7.7	120	155,110	+ 47.4	1,272	2,730,122	985	2,124,374	+ 28.5
Dallas.....	72	121,271	63	56,152	+ 7.9	361	390,278	+ 29.0	3,944	5,688,074	4,470	\$ 2,234,203	- 30.9
El Paso.....	436	503,460	413	466,443	+116.0	65	50,161	+141.8	775	957,305	566	705,400	+ 35.7
Fort Worth.....	165	288,026	233	414,949	- 30.6	190	322,898	- 10.8	1,649	5,737,262	1,545	6,954,089	- 17.5
Galveston.....	132	2,413,087	115	166,924	- *	119	64,891	*	957	3,217,613	981	1,343,715	+139.5
Houston.....	417	1,009,430	410	1,077,594	- 6.3	467	1,817,440	- 44.5	3,603	14,895,015	3,406	13,518,045	+ 10.2
Port Arthur.....	126	52,434	161	69,510	- 24.6	151	79,166	- 33.8	1,379	752,410	1,224	733,397	+ 2.6
San Antonio.....	261	225,608	232	255,393	- 12.8	262	485,839	- 53.6	2,406	3,676,677	2,212	3,342,053	+ 10.0
Shreveport.....	122	246,581	186	341,176	- 27.7	158	279,831	- 11.9	1,246	2,369,131	1,162	1,886,205	+ 25.6
Waco.....	49	236,313	38	83,703	+182.3	44	94,820	+149.2	435	1,019,534	329	551,846	+ 84.7
Wichita Falls.....	24	35,493	15	37,945	- 6.5	15	25,940	+ 36.8	157	256,749	166	321,126	- 20.0
Total.....	2,320	\$5,852,325	2,302	\$3,883,380	+ 50.7	2,329	\$4,323,618	+ 35.4	20,844	\$46,170,912	19,847	\$44,789,058	+ 3.1

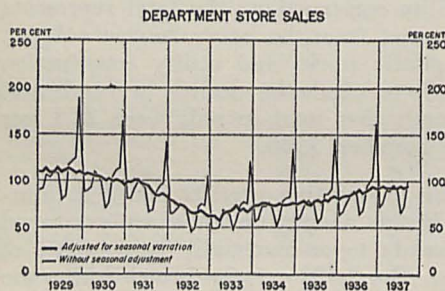
*Increase over one thousand per cent.

SUMMARY OF NATIONAL BUSINESS CONDITIONS

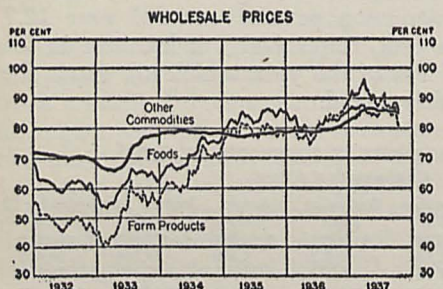
(Compiled by the Board of Governors of the Federal Reserve System)



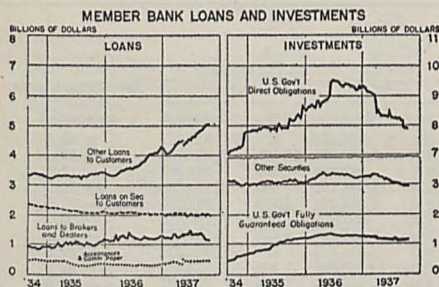
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to September, 1937.



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



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1932 to date. Latest figure is for week ending October 16, 1937.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to October 20, 1937. Loans on real estate and loans to banks excluded.

Declines in industrial production in September and the first part of October reduced output to the level of a year ago, and commodity prices continued to decline. The volume of distribution to consumers was maintained at the level of previous months.

PRODUCTION AND EMPLOYMENT

Volume of industrial production, as measured by the Board's seasonally adjusted index, declined in September to 111 per cent of the 1923-1925 average as compared with 114 in June and July and 117 in August. At steel mills, where output in August had been at a high level, partly on the basis of orders placed earlier in the year, activity was reduced to an average rate of 75 per cent of capacity in September. This decline continued in October, as new orders were in limited volume, and the rate of steel output in the fourth week of the month is estimated at about 52 per cent of capacity. There were also declines in September in activity at woolen mills, shoe factories, and at sugar refineries, and activity at cotton mills showed little change, although an increase is usual at this season. Increases in output were reported at silk mills and meat-packing establishments where activity recently has been at a low level. Automobile production showed a decline from the high level of August, but in the first three weeks of October output advanced sharply as most manufacturers began assembling 1938 models.

Mineral output increased in September, reflecting an expansion in coal production. Output of crude petroleum declined somewhat but continued in large volume.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was smaller in September and the first half of October than in the preceding six weeks, with a moderate decline in private residential building and sharp declines in awards for other private work and for publicly-financed work. Currently the dollar volume of private work is about the same as a year ago, while awards for public works are in smaller volume.

Factory employment showed little change from August to September, although an increase is usual at this season. There were declines in the number employed at textile mills, shoe factories, railroad repair shops, and lumber mills. At canning establishments employment increased seasonally. Factory payrolls, which usually expand in September, declined substantially, reflecting principally a reduction in the average number of hours worked by those employed. The levels of employment and payrolls continued to be considerably above last year.

DISTRIBUTION

Distribution of commodities to consumers by department stores and mail-order houses increased more than seasonally in September, and variety store sales showed about the usual seasonal expansion. Freight-car loadings increased by the usual seasonal amount from August to September.

COMMODITY PRICES

The general level of wholesale commodity prices, according to the Bureau of Labor Statistics' index, declined from 87.5 per cent of the 1926 average in the latter part of September to 85.2 per cent in the middle of October. During that period price declines occurred in most commodities traded in on organized exchanges and in some manufactured products. In the ten days ending October 25 commodity markets were steadier. New models of automobiles are currently being introduced at higher prices.

BANK CREDIT

Excess reserves of member banks, after increasing in September from \$750,000,000 to over \$1,000,000,000, showed little further change in October.

Total loans and investments of reporting member banks in 101 leading cities declined somewhat in the four weeks ending October 20, reflecting chiefly a steady reduction throughout the period in loans to security brokers and dealers. Commercial loans increased further.

MONEY RATES AND SECURITY PRICES

Rates on 9-month Treasury bills in October declined to about $\frac{1}{8}$ of one per cent, the lowest since last January. Prices of high-grade bonds showed little change in September and October, while prices of lower-grade bonds and of common stocks declined sharply to the lowest levels since the middle of 1935.