

# Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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## DISTRICT SUMMARY

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

	October 1937	Percentage change from	
		Oct., 1936	Sept., 1937
Bank debits to individual accounts (18 cities) . . . .	\$922,320,000	+ 3.5	+ 2.8
Department store sales . . . . .		+ 1.9	+ 2.0
Wholesale trade sales (five lines) . . . . .		— 3.3	— 5.9
Value of construction contracts awarded . . . . .	\$ 11,771,000	+ 29.8	+ 28.0
Valuation of building permits (14 cities) . . . . .	\$ 3,985,273	— 26.9	— 31.9
Commercial failures (number) . . . . .	19	+ 90.0	+111.1
Commercial failures (liabilities) . . . . .	\$ 205,000	+156.3	— 27.0
Daily average crude oil production (barrels) . . . . .	1,645,802	+ 22.9	— 2.9

Business and industrial activity in the Eleventh Federal Reserve District evidenced a downward trend in October, and in some instances operations were below those of a year ago. Due in part to high temperatures, which retarded consumer buying of fall and winter merchandise, department store business failed to show the customary gain from September to October, increasing only 2 per cent. Daily average sales were about equal to those of a year ago. Distribution of merchandise at wholesale reflected a non-seasonal decline of 6 per cent from that of a month earlier, and was 3 per cent less than in October, 1936. A contraction, contrary to seasonal, was also evidenced in the cotton textile industry, and operations were below those in October last year. Bank debits to individual accounts increased considerably less than seasonally, and the 4 per cent gain over a year ago was somewhat smaller than the average for the year to date. The number of commercial failures increased sharply over the month, but continued in relatively small volume. Liabilities of defaulting firms were reduced 27 per cent from September to October, but they remained in much larger volume than in the same month last year.

While the valuation of building permits issued at fourteen principal cities in October was smaller than a month earlier or a year ago, the value of construction contracts awarded in the Eleventh District as a whole was substantially larger than in either of the two comparative months.

Petroleum output declined further during October and the first half of November to comply with reduced production allowables, effected to meet the seasonal decline in consumption. Following a substantial reduction on November 1, quotas in Texas were again reduced on November 16 in a further effort to balance production and demand. Crude prices continued generally firm through November 15, despite a weak gasoline market.

Except for the declining price level of farm crops, agricultural conditions continued generally favorable. The indicated production of cotton in the Eleventh District was increased further by 92,000 bales to a total of 6,189,000 bales on November 1. The forecast for feed crops was reduced somewhat, but continued well above the 1936 production. A material improvement was indicated for the 1937 pecan crop, and the November 1 estimate for almost all crops, except feed, about equalled or exceeded the 1928-32 average production. Seeding of winter wheat made good progress, and the crop is reported in good condition. Moisture conditions are good except in southern Arizona and south Texas, where more rain is urgently needed. Range conditions continued generally good except in the dry areas. Cattle and sheep are going into the winter in good flesh.

Extension of bank credit continues to expand at weekly reporting member banks in leading cities. Total loans amounted to \$251,331,000 on November 10, which is \$4,368,000 larger than four weeks earlier, and \$21,862,000 greater than a year ago. Investments of these banks declined further by \$1,691,000. The daily average of gross deposits at all member banks in this district rose to the highest level on record in October, totaling approximately one and one-third billion dollars. Coincident with the increase in deposits, member bank reserve balances with the Federal Reserve Bank rose to a new high level of \$189,819,000 on October 19, and during the month these balances averaged \$41,534,000 in excess of legal requirements. There was relatively little change in Federal Reserve note circulation.

## BUSINESS

### Wholesale Trade

With consumer purchases on a lower level, retailers were more cautious in placing orders, and as a result the distribution of merchandise through five principal lines of wholesale trade in this district declined from September

to October, contrary to the established trend at this season. Business was also in smaller volume than a year ago. Collections reflected a large seasonal increase over those of a month earlier, and in most lines of trade were larger than in October, 1936.



Demand for groceries at wholesale declined 7.1 per cent from September to October, but continued 7 per cent greater than a year ago. The latter increase, however, is considerably smaller than the average gain for the first ten months of 1937. Distribution of dry goods was 17.3 per cent less than in September, and 14.6 per cent below that of a year ago. While sales of farm implements were 24.7 per cent smaller than the very heavy volume in October, 1936, they reflected an average seasonal gain over those in September. The business of wholesale hardware firms evidenced a non-seasonal decline of 4.5 per cent from that of a month earlier, but was in slightly larger volume than a year ago. Drug sales were maintained on the high level of the preceding month, and were 6.4 per cent greater than in October last year.

## CONDITION OF WHOLESALE TRADE DURING OCTOBER, 1937

Percentage of increase or decrease in—

	Net Sales		Net Sales	Stocks		Ratio of collection to account outstanding Sept. 30
	Oct., 1937 compared with Oct., 1936		Jan. 1 to Oct. 31 compared with same period last year	Oct. 31, 1937 compared with Oct. 31, Sept. 30, 1936		
Groceries .....	+ 7.0	- 7.1	+14.4	- 4.7	+ 3.4	89.3
Dry goods .....	-14.6	-17.3	+ .8	+14.9	- 8.8	37.8
Farm implements..	-24.7	+13.6	+22.0	+33.8	+ 3.8	15.5
Hardware .....	+ 1.5	- 4.5	+14.4	+11.3	- 4.0	50.3
Drugs* .....	+ 6.4	+ .04	+ 7.5	+17.7	+ 4.0	77.0*

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

*Retail Trade*

Demand for merchandise at department stores in principal cities of the Eleventh District was retarded somewhat in October, due in part to the unseasonably warm weather that prevailed throughout most of the month. The aggregate dollar volume of sales increased considerably less than is usual from September to October, and was below that of a year ago for the first time since March, 1935. With regard to the latter comparison, however, daily average sales were slightly higher than a year ago, as October this year had one less business day than October, 1936. The total value of consumer purchases during the month was 2 per cent larger than in September, but 1.9 per cent less than in October last year. Distribution of merchandise during the first ten months of 1937 was 8.8 per cent greater than in the corresponding period last year.

The value of inventories on hand October 31 at reporting firms was 4 per cent and 14 per cent, respectively, greater than on September 30 this year and October 31 last year. The rate of stock turnover continued lower than in 1936.

Collections on outstanding open accounts evidenced an appreciable improvement during the month, increasing from 38.0 per cent in September to 41.6 per cent in October. A small increase was also shown in collections on installment accounts.

## BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	San Antonio	Others	Total District
Total sales (percentage):						
October, 1937, compared with October, 1936 .....	- 5.8	- 3.9	+ 3.0	+ 2.1	+ .8	- 1.9
October, 1937, compared with September, 1937 .....	+ 2.5	+19.4	- 9.0	- .1	+ 2.7	+ 2.0
January 1 to October 31, 1937, compared with same period last year .....	+ 7.3	+ 5.3	+13.4	+ 9.0	+10.5	+ 8.8
Credit sales (percentage):						
October, 1937, compared with October, 1936 .....	- 2.1	+ .8	+ 3.3	+ 5.9	+ 2.5	+ .8
October, 1937, compared with September, 1937 .....	+ .9	+20.2	-12.6	+ 2.1	+ 1.6	+ .7
January 1 to October 31, 1937, compared with same period last year .....	+10.8	+ 5.8	+17.2	+11.0	+11.0	+11.3
Stocks on hand at end of month (percentage):						
October, 1937, compared with October, 1936 .....	+18.6	- 1.0	+18.1	+12.0	+16.8	+14.4
October, 1937, compared with September, 1937 .....	+ 2.6	+ 7.4	+12.3	+ 1.4	+ 2.9	+ 4.0
Stock turnover (rate):						
Rate of stock turnover in October, 1936 .....	.44	.32	.30	.35	.29	.36
Rate of stock turnover in October, 1937 .....	.35	.31	.27	.31	.25	.31
Rate of stock turnover January 1 to October 31, 1936 .....	3.23	2.60	2.82	3.14	2.43	2.90
Rate of stock turnover January 1 to October 31, 1937 .....	3.02	2.70	2.68	2.90	2.23	2.74
Ratio of October collections to open accounts receivable and outstanding October 1, 1937 .....	42.1	38.0	40.5	45.2	41.2	41.6
Ratio of October collections to installment accounts receivable and outstanding October 1, 1937 .....	16.4	9.7	.....	14.0	17.3	14.7
Indexes of department store sales:						
Unadjusted—September, 1937 .....	136.2	105.3	134.4	101.7	.....	121.0
Unadjusted—October, 1937 .....	140.6	127.6	114.1	101.8	.....	122.2
Adjusted—September, 1937 .....	128.5	108.6	133.1	99.7	.....	114.2
Adjusted—October, 1937 .....	115.2	111.9	109.7	90.9	.....	106.3
Indexes of department store stocks:						
Unadjusted—September, 1937 .....	76.7	69.8*	45.3	61.8	.....	73.9*
Unadjusted—October, 1937 .....	77.9	75.0	49.6	62.4	.....	76.2
Adjusted—September, 1937 .....	70.4	62.9*	40.8	56.7	.....	67.2*
Adjusted—October, 1937 .....	69.6	65.2	42.8	55.2	.....	67.4

\*Revised.

## AGRICULTURE

*Crop Conditions*

Heavy rains during the first half of October delayed harvesting operations in the Eleventh District somewhat, but thereafter conditions were generally favorable, and this work progressed rapidly. Seeding of winter wheat made good progress, and in the principal producing areas of north and northwest Texas it was reported in good condition. Additional rains are needed, however, for the germination and growth of late planted seed. Moisture conditions elsewhere are generally good except in southern Arizona and south Texas, where rainfall has been mostly light to moderate.

Conditions continued generally favorable for cotton, and

the prospective production for 1937 was again increased by the Department of Agriculture. There was little change in the indicated yield per acre in Texas during October, but the November 1 production forecast was placed at 5,050,000 bales, which is 25,000 bales larger than the estimate a month earlier, and compares with an actual harvest of 2,933,000 bales in 1936, and a 1928-32 average production of 4,580,000 bales. Light frosts covered the northern portions of Texas prior to November 1, and the Department of Agriculture stated that they are believed to have benefitted the cotton crop, as plants were partially defoliated, thus permitting sun rays to penetrate to the unopened bolls and providing them with warmth necessary for maturation. From the appended table, which shows the estimated production



of cotton by districts in Texas, it will be noted that the principal increases during the month occurred in the northern sections of the state.

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

	Indicated		Production 1936	Five-year average 1928-1932
	Nov. 1, 1937	Oct. 1, 1937		
N. W. High Plains .....	820	808	403	416
N. W. Rolling Plains .....	940	953	375	749
North Central Plains .....	81	89	70	124
North Black Lands .....	1,350	1,315	1,008	1,349
East Texas .....	700	697	460	775
Trans-Pecos .....	80	76	66	57
Edwards Plateau .....	100	95	75	108
Southern Prairies .....	580	581	282	643
Coastal Plains .....	217	229	85	210
South Texas .....	182	182	109	149
Total State .....	5,050	5,025	2,933	4,580

SOURCE: United States Department of Agriculture.

The indicated harvest of cotton in Louisiana was raised 8 per cent during October, and the forecast of 1,080,000 bales on November 1 was only 10,000 bales under the record growth in 1904. The estimated yield per acre in this state was increased from the record level of 309 pounds on October 1 to 334 pounds one month later. The forecast for Oklahoma and Arizona crops remained unchanged at 858,000 bales and 260,000 bales, respectively. A moderate increase was indicated for the New Mexico crop, where the 136,000 acres estimated for harvest are expected to yield one bale to the acre. Ginnings prior to November 1 in the five states attached to this district amounted to 5,222,000 bales, which is approximately 71 per cent of the indicated production on November 1. Last year, 79 per cent of the crop had been ginned prior to this date. The November 1 cotton estimate for the United States as a whole points to a record harvest of 18,243,000 bales.

Dry weather in most sections of Texas prior to October 1 damaged feed crops more than earlier conditions indicated, and the Department of Agriculture again reduced prospective yields for 1937. The Texas corn crop was placed at 72,048,000 bushels on November 1, which is 2,252,000 bushels smaller than the estimate a month earlier, and 12 per cent less than the 1928-32 average production. While a small reduction was also made in the forecast for New Mexico, corn prospects in Louisiana, Oklahoma, and Arizona remained unchanged from those a month earlier. The November 1 estimate for all states attached to the Eleventh District was larger than the 1936 harvest. The indicated yield of grain sorghums in Texas and New Mexico was reduced during October, but the November 1 forecast remained above last year's production by a wide margin.

The peanut crop in states attached to this district, particularly Texas, is not turning out as well as had been expected. The Texas crop was reduced 19,950,000 pounds, and while the November 1 estimate of 87,150,000 pounds is about equal to the 1928-32 average production, it is 12 per cent below last year's yield. In Louisiana and Oklahoma this crop was reduced 800,000 pounds and 900,000 pounds, respectively. A larger pecan crop than had been expected is being revealed by the current harvest. The November 1 forecast showed an increase of 2,420,000 pounds in Texas, 1,728,000 pounds in Oklahoma, and 935,000 pounds in Louisiana. In each instance, the estimated growth of pecans about equals or exceeds the five-year average yield. The indicated harvest of sweet potatoes in this district is somewhat larger than a year ago.

Growing conditions during October were generally favorable for the Texas citrus crop and the prospective production of both oranges and grapefruit was increased slightly. The November 1 forecast, however, remained below the 1936 yield.

### Cash Farm Income

Declining price levels of farm products were reflected in the cash income of farmers in this district during September. Despite heavy marketings of the large 1937 farm crops, cash income was only 5 per cent larger than in September last year, whereas the average gain over 1936 for the first nine months of the current year was 23.4 per cent. September receipts from the sale of crops in Arizona and Louisiana were less than a year ago, in Texas they were about the same, and in New Mexico and Oklahoma there was an increase, the latter being largely due to poor harvests in 1936 following a severe drouth.

The lower prices for farm crops were offset to some extent, however, by heavy marketings and higher prices of livestock and livestock products. Cash income from these sales was 25 per cent greater than a year ago, as against an average gain of 14 per cent for the year to date. As compared with the preceding month seasonal increases were reflected in the receipts from the sale of both crops and livestock. Government payments to farmers in the five states attached to this district increased from August to September, but they continued relatively small, amounting to only \$686,000. Total farm income during September aggregated \$116,000,000 as against \$76,000,000 in August, and \$106,000,000 in September a year ago. Cash receipts during the first three-quarters of 1937 were well in excess of one-half billion dollars, and were 23 per cent greater than in the corresponding period of 1936.

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

State	Receipts from:					
	Farm crops		Livestock and livestock products		Total receipts	
	Sept., 1937	Sept., 1936	Sept., 1937	Sept., 1936	Sept., 1937	Sept., 1936
Arizona .....	\$ 1,598	\$ 1,635	\$ 1,515	\$ 1,424	\$ 3,113	\$ 3,059
Louisiana .....	11,731	13,717	2,074	1,723	13,805	15,440
New Mexico .....	1,835	1,521	1,722	1,453	3,557	2,974
Oklahoma .....	8,866	3,385	8,989	8,283	17,855	11,668
Texas .....	61,105	60,669	16,408	11,658	77,513	72,327
Total five states ..	\$84,955	\$80,927	\$30,708	\$24,541	\$115,663	\$105,468

SOURCE: United States Department of Agriculture.

### Livestock

While range conditions in the Eleventh District were reported as "spotted" on November 1, the Department of Agriculture stated that the outlook is generally favorable for livestock producers. In south Texas cattle ranges continued poor, as October rainfall was insufficient to offset the adverse effects of the prolonged drouth. Pastures in the northern Panhandle section of Texas and southern Arizona are also in need of additional moisture. Elsewhere, however, cattle ranges received good rains, and their condition on November 1 was about equal to the average. In the South Plains area of Texas, where a surplus of dry feed is available, the present moisture supply is ample to furnish livestock good winter grazing from small grain fields. In the North Plains section, however, grain fields need additional rainfall to assure winter pasturage. Sheep ranges in Texas evidenced a considerable improvement during October, as a good growth of weeds and winter grasses was started by heavy rains.



Cattle held up well during October, despite the spotted condition of ranges. Supplemental feeding was started earlier than usual, with the result that in most areas cattle will go into the winter in good condition. The movement of livestock from dry areas continued heavy, and shipments from all areas exceeded those of a year ago. The condition of sheep and goats in Texas improved somewhat during the month, and they were reported as going into the winter in very good flesh. In New Mexico and Arizona, however, their condition declined slightly, but continued generally good.

#### *Movements and Prices*

The movement of livestock to the Fort Worth market continued in good volume during October despite declines from the preceding month in the receipts of calves, hogs, and sheep. Cattle marketings were 5.6 per cent greater than a month earlier, and as compared with October, 1936, receipts of cattle and calves registered a gain of about 38 per cent, and hogs a gain of 49 per cent. Sheep receipts continued more than twice as great as a year ago.

A narrow demand characterized the cattle market during the greater part of October, with the result that prices of most classes fell sharply, and in some instances were forced to the lowest levels of the current marketing season. Beef steers and yearlings suffered the greater losses, with butcher

cows and calves generally showing better resistance. During the first two weeks of November the market was uneven, but demand for the most part remained dull and prices were lower. The hog market continued downward in October, and toward the latter part of the month choice offerings sold for \$8.70 per hundredweight, which is the lowest price obtained since May, 1936. Unevenness was the rule in the subsequent two weeks, and on November 15 the price was but slightly higher than the October low. The lamb market was lower but generally steady.

#### FORT WORTH LIVESTOCK RECEIPTS

	(Number)				
	October 1937	October 1936	Change over year	September 1937	Change over month
Cattle .....	85,918	61,652	+24,266	81,373	+ 4,545
Calves .....	62,385	45,212	+17,173	71,144	- 8,759
Hogs .....	28,968	19,439	+ 9,529	32,963	- 3,995
Sheep .....	56,149	26,773	+29,376	72,678	-16,529

#### COMPARATIVE TOP LIVESTOCK PRICES

	(Dollars per hundredweight)		
	October 1937	October 1936	September 1937
Beef steers.....	\$12.25	\$ 8.25	\$12.25
Stocker steers.....	7.50	7.00	8.50
Heifers and yearlings.....	12.00	10.00	13.00
Butcher cows.....	7.00	5.00	7.50
Calves.....	7.65	6.35	8.50
Hogs.....	11.30	10.35	11.65
Lambs.....	9.50	8.50	9.75

## FINANCE

#### *Operations of the Federal Reserve Bank*

Total earning assets of the Federal Reserve Bank of Dallas rose \$631,000 between October 15 and November 15, but they continued \$1,165,000 less than a year ago. The gain over the month was due almost entirely to an increase of \$827,000 in the holdings of United States Government securities, this amount representing this bank's proportionate share of the additions to the Federal Reserve System's investment account. Discounts for member banks declined \$161,000 during the month, and industrial advances were reduced further by \$36,000. Member bank reserve balances with the Federal Reserve Bank rose to a new high level of \$189,819,000 on October 19, but thereafter these balances declined somewhat and on November 15 were \$2,760,000 less than a month earlier. During October excess reserves of member banks in this district averaged \$41,534,000, which is \$3,045,000 greater than those in September. Federal Reserve notes in actual circulation on November 15 were \$1,584,000 less than a month earlier and \$1,816,000 below those of a year ago.

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

	Nov. 15, 1937	Nov. 15, 1936	Oct. 15, 1937
Total cash reserves.....	\$199,072	\$173,777	\$203,317
Discounts for member banks .....	374	39	535
Industrial advances .....	1,107	1,410	1,143
Bills bought in the open market .....	80	87	79
United States Government securities .....	99,461	100,637	98,634
All other investments.....	None	14	None
Total earning assets.....	101,022	102,187	100,391
Member bank reserve deposits .....	185,562	162,397	188,322
Federal Reserve notes in actual circulation .....	90,343	92,159	91,927
Commitments to make industrial advances.....	269	495	269

#### *Condition of Member Banks in Leading Cities*

Demand for bank credit to finance the seasonal movement of commodities continues to expand at weekly reporting member banks in leading cities of this district. During the four weeks ending November 10 credit extended for commercial, industrial, and agricultural purposes rose further by \$4,412,000 to a

total of \$158,962,000. With only minor interruptions this group of loans has increased steadily since early last summer. "All other" loans, representing largely personal advances, and loans to banks also increased between October 13 and November 10, but these gains were more than offset by declines in other classes of loans. Total advances amounted to \$251,331,000 on November 10, which is \$4,368,000 larger than four weeks earlier, and \$21,862,000 greater than a year ago.

Representing further liquidations of United States Government obligations and a decline in the holdings of other securities, investments of these banks were reduced \$1,691,000 between October 13 and November 10, and on the latter date were \$13,946,000 smaller than a year ago. Total earning assets of these banks on November 10 were \$2,677,000 and \$7,916,000, respectively, greater than on October 13 this year and November 11 last year.

Adjusted demand and United States Government deposits declined \$9,815,000 during the four-week period, and inter-

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

	Nov. 10, 1937	Nov. 11, 1936	Oct. 13, 1937
Total loans and investments.....	\$515,426	\$507,510	\$512,749
Total loans .....	251,331	229,469	246,963
Commercial, industrial, and agricultural loans.....	158,962	*	154,550
Open market paper .....	3,543	*	3,849
Loans to brokers and dealers in securities .....	2,971	2,918	3,335
Other loans for purchasing or carrying securities.....	15,822	*	16,063
Real estate loans.....	20,692	23,275	21,155
Loans to banks .....	1,451	265	269
All other loans.....	47,890	*	47,752
United States Government direct obligations.....	185,325	184,674	186,085
Obligations fully guaranteed by U. S. Gov't.....	28,260	42,061	28,417
Other securities.....	50,510	51,306	51,284
Reserves with the Federal Reserve Bank.....	109,996	103,931	114,012
Balances with domestic banks .....	143,691	185,095	165,970
Demand deposits—adjusted.....	390,961	372,669	398,183
Time deposits .....	126,754	121,295	126,627
United States Government deposits .....	15,912	37,786	18,505
Interbank deposits .....	186,723	219,787	202,747
Borrowings from the Federal Reserve Bank .....	None	None	120

\*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.



bank deposits were reduced \$16,024,000, reflecting a heavy demand for funds at correspondent banks. To offset the decline in deposits and the net increase in total loans and investments, these banks reduced their reserves with the Federal Reserve Bank \$4,016,000 and withdrew \$22,279,000 of their balances with domestic banks.

### Debits to Individual Accounts

Reflecting more cautious policies of buying and spending, debits to individual accounts at banks in eighteen cities of this district again increased somewhat less than is usual at this season, and the gain over the corresponding month of 1936 was considerably smaller than the average year-to-year comparison for the first ten months of 1937. Despite the reductions in the rate of increase during the past two months, however, debits have continued in larger volume than in any corresponding month since 1929. Total charges to depositors' accounts aggregated \$922,320,000 in October, which represents an increase of 2.8 per cent and 3.5 per cent, respectively, above those of a month earlier and a year ago.

### DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)

	October 1937	October 1936	Percentage change over year	September 1937	Percentage change over month
Abilene.....	\$ 10,624	\$ 10,341	+ 2.7	\$ 10,427	+ 1.9
Austin.....	32,251	28,906	+11.6	29,818	+ 8.2
Beaumont.....	26,454	22,640	+16.8	26,447	+ .02
Corsicana.....	4,018	4,554	-11.8	4,631	-13.2
Dallas.....	258,782	266,366	- 2.8	255,202	+ 1.4
El Paso.....	29,053	32,064	- 9.4	25,466	+14.1
Fort Worth.....	90,190	83,412	+ 8.1	87,110	+ 3.5
Galveston.....	37,079	34,874	+ 6.3	33,566	+10.5
Houston.....	232,480	214,824	+ 8.2	228,672	+ 1.7
Port Arthur.....	9,568	8,434	+13.4	9,302	+ 2.9
Roswell.....	3,894	3,931	- .9	3,260	+19.4
San Antonio.....	69,024	67,521	+ 2.2	67,472	+ 2.3
Shreveport.....	50,997	47,894	+ 6.5	48,805	+ 4.5
Texarkana*.....	8,597	9,055	- 5.1	8,591	+ .1
Tucson.....	12,375	10,651	+16.2	10,507	+17.8
Tyler.....	14,847	15,195	- 2.3	14,632	+ 1.5
Waco.....	16,242	16,775	- 3.2	18,041	-10.0
Wichita Falls.....	15,845	13,441	+17.9	15,255	+ 3.9
Total.....	\$922,320	\$890,878	+ 3.5	\$897,204	+ 2.8

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

### Deposits of Member Banks

The combined daily average of gross demand and time deposits at member banks in this district rose to the highest level on record in October, exceeding the previous high mark established in December, 1936, by \$11,488,000. Deposits averaged \$1,321,000,000 daily during the month, which is \$22,000,000 greater than in September, and \$59,000,000 larger than in October, 1936. Increased deposits at country banks accounted for 79 per cent of the gain over October last year, while the increase over the month was

more evenly divided between country and reserve city banks.

### GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

(Average of daily figures—in thousands of dollars)

Month and Year	Combined Total		Reserve City Banks		Country Banks	
	Gross demand deposits	Time deposits	Gross demand deposits	Time deposits	Gross demand deposits	Time deposits
1936 — October.....	\$1,061,297	\$200,763	\$608,277	\$109,623	\$453,020	\$91,140
November.....	1,097,227	200,783	627,187	110,105	470,040	90,678
December.....	1,108,410	200,898	632,243	110,280	476,167	90,618
1937 — January.....	1,094,826	199,824	621,186	109,726	473,640	90,098
February.....	1,079,858	199,798	607,432	106,355	472,426	90,443
March.....	1,051,972	199,134	587,596	108,501	464,376	90,634
April.....	1,043,756	199,683	578,110	108,562	465,646	91,121
May.....	1,035,133	200,293	569,613	109,344	465,520	90,949
June.....	1,037,335	201,800	573,110	110,625	464,225	91,175
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
October.....	1,110,345	210,451	613,865	116,181	496,480	94,270

### Acceptance Market

A further seasonal expansion was evidenced during October in the volume of acceptances executed by banks in this district. The value of those outstanding on October 31 was \$3,516,171, as compared with \$3,329,563 on September 30, and \$2,136,813 on October 31 last year. While acceptances based on both foreign and domestic transactions shared in the increase over the month, the gain in the former classification accounted for three-fourths of the total. On the other hand, 83 per cent of the value of acceptances outstanding on October 31 was supported by domestic shipment and storage of goods.

### Savings Deposits

The aggregate volume of savings deposits at 115 reporting banks in this district showed little change from September 30 to October 31 this year, whereas in 1936 it evidenced an appreciable increase, with the result that the 1937 gain over a year ago was reduced from 3.3 per cent on September 30 to 2.6 per cent on October 31. On the latter date there were 366,862 savings depositors at these banks having deposits totaling \$157,040,585.

### SAVINGS DEPOSITS

	Number of reporting banks	October 31, 1937		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	Oct. 31, 1936	Sept. 30, 1937
Beaumont.....	3	9,612	\$ 3,668,664	+ .8	+ .2
Dallas.....	8	89,020	25,779,711	- 1.0	+ .4
El Paso.....	2	15,414	7,989,442	+11.3	+ .3
Fort Worth.....	3	37,203	12,964,168	+ 4.8	+ .5
Galveston.....	4	18,147	11,163,045	+ 4.4	- 2.0
Houston.....	10	71,883	28,293,462	+ .4	+ .3
Port Arthur.....	2	5,629	2,441,561	+ 5.3	- 1.7
San Antonio.....	5	22,348	16,870,696	+ 6.0	+ .3
Shreveport.....	3	24,314	11,107,296	- .6	- 2.7
Waco.....	3	9,396	4,951,230	- 8.5	- .03
Wichita Falls.....	3	6,773	3,383,318	- 1.3	+ .1
All others.....	69	57,123	28,427,992	+ 6.6	+ .3
Total.....	115	366,862	\$157,040,585	+ 2.6	- .1

### DISCOUNT RATES CHARGED BY MEMBER BANKS DURING NOVEMBER, 1937

Prevailing rates

	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as is now eligible for rediscount under the Federal Reserve Act.....	1½-8	5-6	1-7	2-6	5-7	4-6
Rate charged on loans to other banks secured by bills receivable.....	.....	6	3-6	3	6	.....
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks):						
Demand.....	2-4	6	4-10	3-6	5-6	.....
Time.....	4-8	5-8	4-10	3-7	5-8	5-8
Rate charged on commodity paper secured by warehouse receipts, etc.....	2-6	6-8	4½-8	1½-6	5-8	3-8
Rate on cattle loans.....	6-8	5-8	5-10	6-8	7-8	6-8

## INDUSTRY

### Cottonseed Products

Coincident with an active demand for cottonseed products and heavy ginnings of the large 1937 cotton crop, operations of cottonseed oil mills were maintained at a high level in

October, both in Texas and the United States as a whole. The crushings of seed and the output of products were seasonally larger than in September, and exceeded those of a year ago by a wide margin. During the first quarter



of the current cotton season operations at Texas mills were approximately 60 per cent greater than in the same period last season, and at United States mills they were at record levels, exceeding those of a year ago by about 30 per cent. Stocks of cottonseed products continue to increase seasonally, and while supplies of crude oil and linters on October 31 were considerably larger than a year ago, stocks of cake and meal and hulls were noticeably smaller. Shipments of products continued in much heavier volume than a month earlier or a year ago.

## STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to October 31 This season	Last season	August 1 to October 31 This season	Last season
Cottonseed received at mills (tons).....	979,482	593,016	3,374,986	2,724,374
Cottonseed crushed (tons).....	602,492	378,049	1,936,899	1,444,693
Cottonseed on hand Oct. 31 (tons).....	399,862	224,843	1,480,481	1,301,607
Production of products:				
Crude oil (pounds).....	170,548,631	105,608,849	573,358,088	430,257,248
Cake and meal (tons).....	279,081	172,342	854,288	644,804
Hulls (tons).....	158,058	100,457	501,594	372,214
Linters (running bales).....	123,156	80,008	437,341	344,289
Stocks on hand Oct. 31:				
Crude oil (pounds).....	26,490,450	17,856,641	77,896,414	56,308,247
Cake and meal (tons).....	48,963	69,163	136,542	192,085
Hulls (tons).....	41,748	50,246	103,332	118,281
Linters (running bales).....	66,833	38,671	249,531	124,373

SOURCE: Bureau of Census.

*Textile  
Milling*

The domestic consumption of cotton declined from September to October, contrary to the usual trend at this season, and the total was considerably below the heavy volume utilized in October, 1936. There were 526,464 bales consumed during the month, as compared with 601,837 bales in September, and 651,086 bales in October last year. During the first quarter of the current season consumption totaled 1,732,681 bales, which is 6.6 per cent smaller than in the same period last season. Stocks of raw cotton on hand October 31 at consuming establishments were about the same as a year ago, but the total of 1,418,602 bales represents a seasonal increase of 43 per cent over that of a month earlier. The supply of cotton in public storage and compresses on October 31 was with one exception the largest for that date on record.

## COTTON CONSUMED AND ON HAND

	(Bales)			
	October 1937	October 1936	August 1 to October 31 This season	Last season
Cotton-growing states:				
Cotton consumed.....	449,797	546,129	1,467,084	1,553,316
Cotton on hand Oct. 31 in—				
Consuming establishments.....			1,216,736	1,249,847
Public storage and compresses.....			9,693,248	7,986,914
United States:				
Cotton consumed.....	526,464	651,086	1,732,681	1,855,867
Cotton on hand Oct. 31 in—				
Consuming establishments.....			1,418,602	1,412,603
Public storage and compresses.....			9,758,419	8,034,194

SOURCE: Bureau of Census.

*Cotton  
Movements*

A slowing down in shipments of cotton to concentration points, despite heavy ginnings, was evidenced during October, due in part to the declining price level, which influenced producers to hold their cotton pending a decision as to whether they would sell or store it for a Government loan. Subsequently, however, large quantities were pledged and loans obtained thereon, spot sales being considerably less than a year ago. The concentration of cotton at Houston and Galveston ordinarily shows a large increase from September to October, but this year receipts at these ports were 5 per cent smaller than in the preceding month and 7.4

per cent less than in October, 1936. On the other hand, exports from these centers continued in good volume, being 65 per cent greater than in September and 2.2 per cent larger than a year ago.

At all United States ports receipts and exports of cotton rose considerably less than is usual during October, and in both cases the totals were below those of a year ago. Shipments amounted to 798,921 bales, which is 19 per cent less than the average for this month, and compares with exports totaling 617,444 bales in September, and 861,016 bales in October, 1936. Shipments during the first quarter of the current season, however, were slightly larger than in the corresponding period a year ago.

Spot cotton prices declined further during the month, and on November 15 the average price for middling,  $\frac{7}{8}$  inch staple, at ten spot markets was 7.79 cents per pound, or about \$2.00 per bale under that of a month earlier. According to the United States Department of Agriculture, the major price-depressing influences include, in addition to the large crop prospects in the United States, a large prospective yield in foreign countries, reduced consumption in the Orient, declining unfilled orders and increasing mill stocks of cotton goods, and lower prices of securities and other commodities. The average Government loan price for all grades of cotton through November 11 was 8.48 cents per pound.

## COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	(Bales)			
	October 1937	October 1936	August 1 to October 31 This season	Last season
Receipts.....	463,678	527,307	1,036,664	940,202
Exports.....	268,850	274,457	425,499	473,681
Stocks, October 31.....			908,145	828,716

## COTTON—GALVESTON STOCK STATEMENT

	(Bales)			
	October 31, 1937	October 31, 1936	October 31, 1937	October 31, 1936
For Great Britain.....	23,800	3,500		
For France.....	8,000	9,000		
For other foreign ports.....	43,000	36,100		
For coastwise ports.....	2,000	4,000		
In compresses and depots.....	831,345	776,116		
Total.....	908,145	828,716		

## COTTON MOVEMENTS THROUGH THE PORT OF HOUSTON

	(Bales)			
	October 1937	October 1936	August 1 to October 31 This season	Last season
Receipts.....	415,503	422,420	1,017,775	706,337
Exports.....	211,733	195,653	401,741	355,447
Stocks, October 31.....			832,229	517,216

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

	August 1 to October 31 This season	Last season	August 1 to October 31 This season	Last season
Receipts.....	3,965,291	3,419,549		
Exports: United Kingdom.....	474,614	344,313		
France.....	282,779	288,190		
Italy.....	158,722	72,675		
Germany.....	279,450	200,683		
Other Europe.....	266,848	185,115		
Japan.....	68,673	441,398		
All other countries.....	105,694	80,753		
Total exports.....	1,636,780	1,613,127		
Stocks held at all United States ports, October 31.....	3,229,337	2,733,011		

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

	October, 1937		Nov. 15, 1937
	High	Low	
New York.....	8.78	8.05	7.93
New Orleans.....	8.48	7.74	7.97
Dallas.....	7.85	7.14	7.23
Houston.....	8.25	7.55	7.68
Galveston.....	8.25	7.54	7.62



**Petroleum**

Anticipating the customary decline in the demand for crude oil, proration officials reduced production allowables in October, with the result that daily average output of oil in the Eleventh District declined to a level in close conformity with market requirements, as stocks showed little change. Production during the month averaged 1,645,802 barrels daily, which is 49,450 barrels less than the average for September, but 306,575 barrels greater than the daily output in October, 1936. While the increase over a year ago continues large, it is about in line with the increase in demand. Effective November 1, production allowables were again reduced in Texas and Louisiana, and during the week ended November 6 daily average output declined 1.4 per cent below that in October. The November allowable for Texas was also considerably below the expected demand as estimated by the United States Bureau of Mines. Despite recent declines in the price of many commodities, the crude oil market has remained firm due largely to a sustained demand and a strong control of oil production by proration authorities.

Drilling activity in this district evidenced little change from the preceding period during the four weeks ended

**OIL PRODUCTION**  
(Barrels)

	October, 1937		Increase or decrease from September, 1937	
	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	4,650,150	150,005	+ 59,150	- 3,028
West Texas.....	7,742,700	249,765	+ 1,900	- 8,262
East Texas.....	18,379,200	592,878	+521,650	- 2,374
South Texas.....	8,177,350	263,785	+130,350	- 4,448
Texas Coastal.....	6,475,850	208,898	- 65,050	- 9,132
Total Texas.....	45,425,250	1,465,331	+648,000	-27,244
New Mexico.....	3,237,650	104,440	-197,250	-10,057
North Louisiana.....	2,356,950	76,031	-288,450	-12,149
Total District.....	51,019,850	1,645,802	+162,300	-49,450

**OCTOBER DRILLING RESULTS**

	Number of wells				Initial production (barrels daily)
	Com- pletions	Pro- ducers	Gas wells	Fail- ures	
North Texas.....	245	163	16	66	50,268
West Texas.....	293	243	1	49	265,422
East Texas.....	300	275	1	24	1,317,343
South Texas.....	272	200	9	63	72,400
Texas Coastal.....	133	103	6	24	49,807
Total Texas.....	1,243	984	33	226	1,755,240
New Mexico.....	58	49	2	7	60,531
North Louisiana.....	46	32	8	6	17,363
*October totals, district.....	1,347	1,065	43	239	1,833,134
†September totals, district.....	1,341	1,058	50	233	1,725,410

\*October figures represent four weeks ended October 23, 1937.

†September figures represent four weeks ended September 25, 1937.

October 23, but productivity of successful wells was 5.5 per cent greater.

**CRUDE OIL PRICES**  
(Price per barrel)

	October 31, 1937	October 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**

An increase in the value of construction contracts awarded for non-residential building accounted for a substantial gain in construction activity in this district during October. Total contracts awarded were valued at \$11,771,000, which represents a seasonal increase of 28 per cent over that of a month earlier, and a gain of 29.8 per cent over the October, 1936, volume. Public works, utility, and other non-residential construction increased 50 per cent from September to October, and the total of \$8,397,000 was two-thirds larger than in the same month last year. Residential building declined 5.9 per cent from September, and was 15.8 per cent smaller than in October a year ago.

On the other hand, the valuation of building permits issued at fourteen principal cities in this district declined 31.9 per cent in October, and was 26.9 per cent smaller than a year ago. While the recession from September to October was contrary to the usual trend at that season, it was largely due to a material decline in the value of permits issued at Galveston, as other cities reflected an average increase of 13.2 per cent. The decline from October, 1936, however, was participated in by all but four of the reporting cities. A total of \$3,985,273 represents the valuation of 2,476 permits issued during the month.

**VALUE OF CONSTRUCTION CONTRACTS AWARDED**  
(In thousands of dollars)

	October 1937	October 1936	September 1937	January 1 to October 31 1937	January 1 to October 31 1936
Eleventh District—total...	\$ 11,771	\$ 9,069	\$ 9,196	\$ 117,626	\$ 109,601
Residential.....	3,374	4,009	3,585	41,520	33,810
All other.....	8,397	5,060	5,611	76,106	75,791
United States*—total.....	202,081	225,839	207,072	2,547,045	2,260,080
Residential.....	65,485	79,736	65,590	809,965	667,993
All other.....	136,596	146,103	141,482	1,737,080	1,592,087

\*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

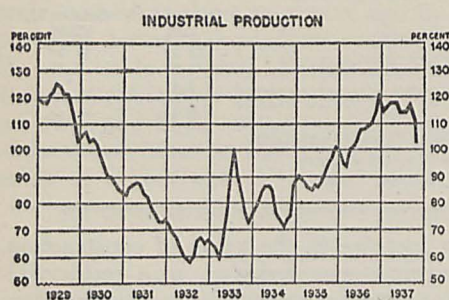
**BUILDING PERMITS**

	October, 1937		October, 1936		Percentage change valuation over year	September, 1937		Percentage change valuation over month	January 1 to October 31				Percentage change valuation over period
	No.	Valuation	No.	Valuation		No.	Valuation		1937		1936		
									No.	Valuation	No.	Valuation	
Amarillo.....	49	\$ 122,370	32	\$ 543,601	- 77.5	32	\$ 222,782	- 45.1	350	\$ 1,047,296	309	\$ 1,055,078	- .7
Austin.....	211	343,366	147	221,696	+ 54.9	143	210,468	+ 63.1	1,599	3,398,656	1,612	3,920,401	- 13.3
Beaumont.....	151	56,244	127	106,447	- 47.2	173	55,687	- 4.2	1,483	947,048	1,186	970,870	- 2.5
Corpus Christi.....	130	180,195	142	248,505	- 27.5	168	228,685	- 21.2	1,402	2,910,317	1,127	2,372,879	+ 22.6
Dallas.....	543	650,814	469	458,247	+ 42.0	436	503,460	+ 29.3	4,487	6,338,888	4,939	8,692,450	- 27.1
El Paso.....	66	383,241	77	103,450	+270.5	72	121,271	+216.0	841	1,340,546	643	808,850	+ 65.7
Fort Worth.....	164	387,161	251	522,533	- 25.9	165	288,026	+ 34.4	1,813	6,124,423	1,796	7,476,622	- 18.1
Galveston.....	157	90,356	128	96,690	- 6.6	132	2,413,087	- 96.3	1,114	3,307,969	1,109	1,440,405	+129.7
Houston.....	399	1,144,990	460	2,296,387	- 50.1	417	1,009,430	+ 13.4	4,002	16,040,005	3,866	15,814,432	+ 1.4
Port Arthur.....	148	64,837	181	79,633	- 18.6	126	52,434	+ 23.7	1,527	817,247	1,405	813,030	+ .5
San Antonio.....	270	259,472	284	428,936	- 39.5	261	225,608	+ 15.0	2,676	3,936,149	2,496	3,770,989	+ 4.4
Shreveport.....	132	228,177	161	265,189	- 14.0	122	246,581	- 7.5	1,378	2,597,308	1,323	2,151,394	+ 20.7
Waco.....	34	63,763	42	60,320	+ 5.7	49	236,313	- 73.0	469	1,083,297	371	612,166	+ 77.0
Wichita Falls.....	22	10,287	21	16,852	- 39.0	24	35,493	- 71.0	179	267,036	187	337,978	- 21.0
Total.....	2,476	\$3,985,273	2,522	\$5,448,486	- 26.9	2,320	\$5,852,325	- 31.9	23,320	\$50,156,185	22,369	\$50,237,544	- .2

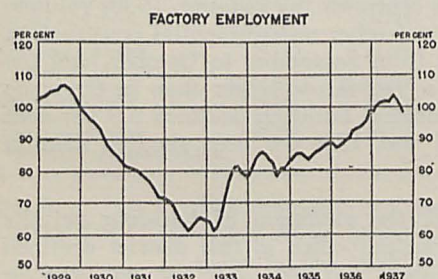


## SUMMARY OF NATIONAL BUSINESS CONDITIONS

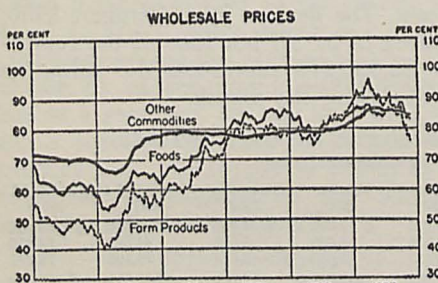
(Compiled by the Board of Governors of the Federal Reserve System)



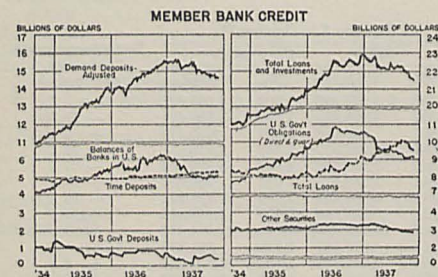
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to October, 1937.



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



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1932 to date. Latest figure is for week ending November 20, 1937.



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934, to November 17, 1937.

Volume of industrial production showed a further sharp decrease in October and the first three weeks of November, and there was a reduction in employment. Commodity prices continued to decline. Distribution of commodities to consumers was maintained at the level of other recent months.

## PRODUCTION AND EMPLOYMENT

In October the Board's seasonally adjusted index of industrial production was 103 per cent of the 1923-1925 average as compared with 111 per cent in September and an average of 116 per cent in the first eight months of this year. There was a marked curtailment of activity in the durable goods industries. Output of steel ingots, which had shown a steady decline since August, was at an average rate of 59 per cent of capacity in October and by the third week in November the rate had declined to 36 per cent. Automobile production increased considerably in October as most manufacturers began assembly of 1938 model cars. In the first three weeks of November output of automobiles showed little change from the level reached at the end of October, with assemblies by one leading manufacturer continuing in exceptionally small volume. Production of lumber and of plate glass declined further in October. In the non-durable goods industries, where output had been declining since the spring of this year, there was a further decrease in October. Cotton consumption showed a sharp reduction and activity at woolen mills and shoe factories continued to decline. There was an increase in output at sugar refineries, where activity had been at a low level in September. In most other lines changes in output were largely seasonal. Mineral production continued at about the level reached at the close of 1936 and maintained throughout this year.

Value of construction contracts awarded in October and the first half of November was smaller than in the preceding six weeks, according to figures of the F. W. Dodge Corporation. The decline was chiefly in private non-residential construction.

Factory employment declined substantially in October and payrolls showed little change, although an increase is usual at this season. Declines in the number employed were reported by factories producing steel, machinery, lumber, and textiles, and in many smaller industries. There was a seasonal increase in employment at automobile factories. Employment and payrolls increased seasonally at mines and at establishments engaged in wholesale and retail trade.

## DISTRIBUTION

Sales at department stores and mail-order sales increased seasonally in October. Throughout the year sales at department stores have been sustained, with seasonal fluctuations, and the Board's adjusted index of these sales has shown little change.

Freight-car loadings declined in October and the first half of November, reflecting smaller shipments of forest products, ore, and miscellaneous freight.

## COMMODITY PRICES

Prices of industrial materials, particularly non-ferrous metals, steel scrap, rubber, and hides, declined further from the middle of October to the third week of November, and there were some decreases in the prices of finished industrial products. Livestock and meat prices declined substantially and coffee prices dropped sharply following the announcement by Brazil of modification of its control policy.

## BANK CREDIT

During the first half of November the Federal Reserve banks purchased \$28,525,000 of United States Government securities, in accordance with the policy adopted in September to provide additional reserves for meeting seasonal currency and other requirements. From the middle of October to November 17, excess reserves of member banks increased from about \$1,000,000,000 to \$1,100,000,000, reflecting the Federal Reserve security purchases and a considerable decline in required reserves at member banks in New York City, caused partly by a reduction in demand deposits arising from a liquidation of brokers' loans.

Loans to brokers and dealers reported by banks in leading cities declined by \$250,000,000 during the four weeks ending November 17. Commercial loans, following a steady increase for several months, declined after the middle of October. Member banks in New York City increased their holdings of United States Government securities by over \$150,000,000 while banks outside New York City showed a further reduction. Deposits continued to show moderate reductions.