

# Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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## DISTRICT SUMMARY

Business and industry in the Eleventh District declined in February and in several lines the level of activity was lower than in the corresponding month last year. The value of department store sales, after allowance for the usual seasonal variation, decreased considerably from the January volume, but exceeded that in February last year by about 2 per cent. The increase over a year ago was maintained in the first two weeks of March. Wholesale trade showed little change from January to February and continued 10 per cent lower than in the comparable period of 1937. Petroleum production and the value of construction contracts awarded were lower than in either the preceding month or the corresponding month last year. Bank debits declined seasonally from January and showed a moderate decrease from February a year ago.

## BUSINESS

Consumer buying at department stores in this district, which was very active in January, increased by a smaller amount than usual in February. Daily average sales showed an expansion of 3 per cent, whereas an increase of about 12 per cent from January to February is customary. In consequence, this bank's seasonally adjusted index declined from 113.8 per cent of the 1923-1925 average in January to 107.2 per cent in February. However, department store trade in this district continued at a relatively high level. The February index was only slightly under the average for the last quarter of 1937 and was a little higher than in the corresponding month last year. The increase of 2 per cent over a year ago in the value of sales at reporting firms contrasts with a decline of 8 per cent for the country as a whole.

Inventories at department stores were increased more than seasonally in February, following substantial reductions in the preceding three months. Nevertheless, stocks on February 28 were about 6 per cent lower than a year earlier.

The rate of collections on open accounts outstanding declined further during the month, but the percentage of installment accounts collected showed little change.

Since last September buying of merchandise at wholesale has shown a downward trend. This decline reflected in part the effects of seasonal factors and in part the efforts of retailers to reduce inventories to more normal proportions. In February the combined sales of reporting firms in six lines of trade were only fractionally lower than in the preceding month, as the seasonal expansion in sales of dry goods was about offset by moderate declines in the business of other lines. All lines except drugs reported a smaller volume of business in February this year than in that month of 1937, with the decreases ranging from 2.9 per cent for hardware to 32.7 per cent for machinery and equipment. The decline for all reporting firms averaged about 10 per cent, which was the same percentage reported for a similar comparison in January. Stocks of merchandise carried by wholesalers were increased slightly in February. At the close of the month, inventories of hardware and drug firms were larger than a year earlier but those of dry goods and grocery firms were substantially lower. February collections were smaller than in either the preceding month or the same month last year.

According to Dun & Bradstreet, Incorporated, the number of commercial failures in this district during February was 25, the same as that a month earlier, but the liabilities of defaulting firms rose from \$217,000 in January to \$245,000 in the subsequent month. In February, 1937, there were 18 insolvencies owing \$218,000.

## AGRICULTURE

Heavy rains and snows in the Eleventh District during February were generally favorable to the agricultural and livestock industries. Since the breaking of the drouth in the western portion of the district, moisture supplies are normal or above in virtually all areas. Although farmers have made good progress with field work in recent weeks, land preparation is still behind schedule in some areas. Planting of corn has become general in the southern half of Texas and the seeding of cotton is under way in south Texas.

Since the rains, winter wheat in the Texas Panhandle has shown a considerable improvement but it has not recovered fully from the effects of the high winds and moisture deficiency in earlier months. The crop in other sections continued to make rapid growth. The oat crop is in generally good condition in all areas.

Commercial truck crops in south Texas have made good growth under the stimulus of favorable weather. Tomatoes, snap beans, and Irish potatoes in the lower Rio Grande Valley are in good condition, with prospects that they will move to market in volume during April. Bermuda onions in south Texas have made rapid growth and marketings are expected to begin at about the usual time. Fruit and vegetable shipments continued smaller than a year ago.

The Department of Agriculture reported that the condition of ranges in Texas on March 1 was the highest for that date since 1932, and there was a further improvement in the first half of March. Grass and weeds are coming out rapidly,

## WHOLESALE AND RETAIL TRADE STATISTICS

		Percentage change in:				Ratio Feb. collections to accounts outstanding Feb. 1	
		Net sales		Stocks*		Regular	Installment
Feb., 1938	Jan., 1938	Jan. 1 to Feb. 28, 1938	Feb., 1938	Jan., 1938	Feb., 1937		
<b>Retail trade:</b>							
Total 11th Dist.	+ 2.1	- 1.3	+ 5.7	- 5.5	+12.1	39.3	14.0
Dallas	+ 1.9	+ 8.5	+ 4.5	- 2.7	+12.8	39.4	16.1
Fort Worth	+ 1.4	+ 5.6	+ 3.4	- 2.3	+12.1	35.2	11.0
Houston	+ 2.6	- 6.7	+ 7.2	- 9.2	+ 8.3	40.7	.....
San Antonio	+ 2.8	-16.8	+11.9	- 3.8	+ 9.5	41.0	10.9
Other cities	+ 2.1	- 5.7	+ 3.2	-10.8	+14.5	38.9	16.8
<b>Wholesale trade:</b>							
Machinery, or equipment & supplies (exc'pt electrical)	-32.7	- 6.5	-37.5	.....	+ 1.6	.....	22.7
Dry goods	-10.3	+17.8	-15.2	-16.3	+ 1.8	.....	31.8
Groceries	-10.9	- 4.4	- 9.0	-11.1	+ 1.8	.....	92.0
Drugs	+ 2.6	- 3.3	+ 6.5	+10.9	+ 1.4	.....	68.7
Hardware	- 2.9	- 3.3	- 4.7	+ 5.7	+ .5	.....	53.6
Electrical supplies	-22.2	- 3.8	- 3.4	.....	.....	.....	.....

\*Stocks at close of month.

†Wholesale trade data compiled by United States Department of Commerce.

## INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1923-25 average=100)

	With seasonal adjustment			Without seasonal adjustment		
	Sales—Feb., 1938	Sales—Feb., 1937	Stocks—Feb., 1938	Sales—Feb., 1938	Sales—Feb., 1937	Stocks—Feb., 1937
Total Eleventh Dist.	107.2	106.4	64.1	66.8	91.1	90.4
Dallas	122.0	119.0	66.0	67.8	107.4	104.7
Fort Worth	109.4	106.5	60.2	60.7	90.8	88.4
Houston	104.8	99.9	45.9	46.8	89.1	84.9
San Antonio	88.0	86.5	52.8	57.7	73.0	71.8



with grazing already available in some areas. Due to the favorable moisture conditions, good spring pasturage is virtually assured throughout the district.

Livestock have come through the winter in better than average flesh; with good pasturage they should take on weight rapidly during the spring. According to the Department of Agriculture, good range prospects may cause a noticeable curtailment in the spring shipments of cattle to northern feed lots, and may stimulate local trading for restocking purposes. Sheep are in very good condition; ewes are strong; and the lamb crop, while later than usual, is expected to equal last year's record crop.

February receipts of livestock at the Fort Worth market were seasonally smaller than in the preceding month, and they were considerably below the heavy volume in February last year. Market prices advanced somewhat between February 15 and March 15; at the close of the period most classes of livestock were bringing the highest price of the year.

Although cash farm income in the five states wholly or partially attached to the Eleventh District declined more than seasonally from December to January, it continued well above that of a year ago. Receipts from the sale of farm crops, which accounted for the gain over last year, were augmented by relatively large marketings of cotton, including the amount placed in Government loan stocks. Income from the sale of livestock and livestock products was about the same as that in January, 1937. Although Government benefit payments increased from \$517,000 in December to \$2,006,000 in January, they were 46 per cent smaller than a year ago. Total cash income, including Government benefit payments, aggregated \$56,000,000 in January, as against \$82,000,000 in December, and \$51,000,000 in January a year ago.

The Department of Agriculture reported that the index of prices received by farmers during the month ended February 15 declined to 97 per cent of the pre-war average. This figure was 30 points below that a year earlier and the lowest recorded since August, 1934. Average prices received by Texas farmers for corn, cotton and cottonseed, and livestock increased slightly between January 15 and February 15. The principal price declines recorded during the month were for wheat, wool, hay, dairy and poultry products.

Wool production in Texas, Arizona and New Mexico during 1937 totaled 96,279,000 pounds as compared with 84,705,000 pounds in 1936. The increase over the preceding year occurred largely in Texas where production reached a new high level at 75,835,000 pounds. The production of 366,344,000 pounds of shorn wool in the United States was 6,017,000 pounds larger than that in the preceding year. The production of mohair in the United States during 1937 amounted to 16,558,000 pounds, an increase of about 4 per cent over the preceding year. Texas produced 14,000,000 pounds, or 85 per cent of the total output.

The estimated number of livestock on farms January 1, 1938, in the five states wholly or partially attached to the Eleventh District was slightly in excess of that a year earlier, as the increase in the number of sheep and goats more than offset the decline in the number of other classes of livestock. On the other hand, the total value of livestock, which amounted to \$608,000,000, was 1.4 per cent less than a year ago, reflecting a decline in the average value per head of all classes of stock except cattle. The sheep industry in Texas continued the almost steady expansion in evidence in recent years; the number on farms and in feed lots on January 1, 1938, was larger than on the corresponding date of any pre-

ceding year. This increase occurred in spite of the record marketings during 1937 and resulted from the unusually heavy lamb crop last year. The number of sheep and lambs in Texas on January 1, 1938, represented 18 per cent of the total in the United States as compared with 10 per cent fifteen years earlier. Although Texas had a large calf crop in 1937, it was insufficient to offset the heavy shipments of cattle, with the result that the number on Texas farms declined 4 per cent over the year. The total value of cattle rose 6 per cent, however, as the estimated value per head increased from \$21.80 to \$24.10. While the supply of horses increased slightly, the number of mules on Texas farms continued the decline that began in 1926, being 6 per cent smaller than a year earlier and 40 per cent below the peak level on January 1, 1926.

## FINANCE

Reserve balances of member banks in this district increased in the first half of March, after having declined considerably in the preceding six weeks. In the latest period they averaged about \$186,500,000 daily as compared with \$184,000,000 in the last half of February, and \$191,000,000 in the first half of January. Excess reserves also increased in the first half of March and averaged about 33 per cent of

### CASH FARM INCOME FROM SALE OF PRINCIPAL FARM PRODUCTS AND GOVERNMENT BENEFIT PAYMENTS

(In thousands of dollars)

	January, 1938			Total Receipts	
	Receipts from:		Government payments	January 1938	January 1937
	Crops	Livestock*			
Arizona.....	\$ 3,684	\$2,014	\$ 116	\$ 5,814	\$ 4,418
Louisiana.....	6,243	2,219	27	8,489	7,756
New Mexico.....	1,678	1,652	96	3,426	4,009
Oklahoma.....	2,840	5,931	69	8,840	9,025
Texas.....	18,043	9,901	1,698	29,642	25,318
Total.....	\$32,488	\$21,717	\$2,006	\$56,211	\$50,520

\*Includes receipts from sale of livestock and livestock products.

SOURCE: United States Department of Agriculture.

### NUMBER AND VALUE OF LIVESTOCK ON FARMS AS OF JANUARY 1, 1937 and 1938

(000's omitted)

	Texas				Eleventh District**			
	Number head		Total value		Number head		Total value	
	1938	1937	1938	1937	1938	1937	1938	1937
Horses and colts.....	714	707	\$ 45,373	\$ 47,144	1,449	1,457	\$ 90,014	\$ 97,388
Mules and mule colts.....	740	787	69,684	80,586	1,159	1,219	111,941	124,783
All cattle and calves.....	7,245	7,547	174,705	164,690	12,258	12,726	306,186	288,104
Milk cows*.....	1,444	1,402	49,096	43,462	2,582	2,549	90,793	80,671
Hogs, including pigs.....	1,542	1,658	12,400	14,185	3,249	3,277	25,427	27,012
All sheep and lambs.....	9,400	8,920	45,830	47,771	13,258	12,782	65,840	68,005
Goats and kids.....	3,050	2,890	8,540	10,982	13,050	12,890	18,540	10,982
	22,691	22,509	\$356,532	\$365,358	34,423	34,351	\$607,948	\$616,274

\*Cows and heifers two years old and over kept for milk. \*\*Eleventh District includes figures for Texas, Louisiana, Oklahoma, New Mexico and Arizona. †Texas only, estimates for other states not available.

SOURCE: United States Department of Agriculture.

### FORT WORTH LIVESTOCK RECEIPTS

(Number)

	February 1938	February 1937	Change over year	January 1938	Change over month
Cattle.....	33,311	38,489	- 5,178	53,550	-20,239
Calves.....	21,115	20,912	+ 203	26,716	- 5,601
Hogs.....	25,787	42,584	-16,797	27,619	- 1,832
Sheep.....	35,733	43,072	- 7,339	34,587	+ 1,146

### COMPARATIVE TOP LIVESTOCK PRICES

(Dollars per hundredweight)

	February 1938	February 1937	January 1938
Beef Steers.....	\$7.75	\$9.75	\$7.85
Stoker steers.....	6.85	7.50	7.25
Heifers and yearlings.....	8.75	11.00	8.00
Butcher cows.....	5.40	6.00	5.35
Calves.....	8.25	7.65	7.50
Hogs.....	8.50	9.85	8.50
Lambs.....	7.25	10.00	7.50



required reserves. Earning assets of the Federal Reserve Bank showed little change between February 15 and March 15. Federal Reserve notes in actual circulation continued downward; on March 15 they were \$1,125,000 smaller than a month earlier and \$9,045,000 below those on the corresponding date in 1937.

During the four weeks ended March 9, the loans and investments of reporting member banks in this district declined further by \$5,422,000, comprising decreases of \$3,485,000 in loans and \$1,937,000 in investments. Although commercial, industrial and agricultural loans and loans to brokers and dealers in securities showed a moderate decline, the principal decrease occurred in "all other" loans which consist in considerable part of personal advances. The reduction in investments was made chiefly in holdings of guaranteed obligations of the United States Government. Since the first of the year loans have shown the same percentage decline as in the comparable period of 1937, but the reduction in investments has been much smaller. Consequently, total loans and investments on March 9 were only \$1,653,000 lower than a year earlier, whereas at the beginning of the year they showed a decrease of \$12,346,000.

Deposits at reporting banks rose \$10,500,000 in the four weeks, reflecting increases in adjusted demand and time deposits and in balances of the United States Government. The funds made available by the contraction of loans and investments and the rise in deposits were used to increase their reserves with the Federal Reserve Bank and to build up their balances with other domestic banks.

The daily average of combined gross demand and time deposits of all member banks in the Eleventh District during February was slightly under the high level reached in January, but it was \$51,000,000 above that in February last year.

INDUSTRY

The total valuation of construction contracts awarded in this district declined further in February, due principally to reductions in the value of awards for industrial and educational buildings and for public work projects. The value of awards, which amounted to \$7,939,000 during February, was 25 per cent smaller than in January and 18 per cent less than in February, 1937. The unfavorable comparison with a year ago resulted chiefly from a smaller volume of residential and public utility construction. However, residential building showed a further expansion of 23 per cent over the preceding month and was at the highest level since last August. The construction of one-family dwellings continued to account for most of the residential building.

Following the sharp decline in January, the valuation of building permits issued at fourteen principal cities of the district rose substantially in February, and was 34 per cent greater than a year ago. Three-fourths of the reporting cities showed an increase over each comparative period.

Following the reduction in production allowable in the latter part of January, the output of crude oil in the Eleventh District declined substantially, but since that time the daily production rate has increased moderately from week to week as new wells were completed. Nevertheless, the daily average output of 1,427,611 barrels in February was 7 per cent lower than in January and 4 per cent below that in February last year. This was the first time since June, 1935, that the daily production rate for the current month fell below that for the corresponding month of the preceding year. In the first half of March the decrease from a year ago was slightly larger than in February. Drilling continued active in February. The number of completions during the four weeks ended February 26 averaged 36.9 wells daily as com-

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

	March 15, 1938	March 15, 1937	Feb. 15, 1938
Total cash reserves	\$190,281	\$202,312	\$191,745
Discounts for member banks	813	120	242
Other bills discounted	None	None	2
Industrial advances	913	1,252	930
Bills bought in the open market	16	87	16
United States Government securities	99,768	94,966	99,768
All other investments	None	6	None
Total earning assets	101,010	96,431	100,958
Member bank reserve deposits	184,159	180,103	189,555
Federal Reserve notes in actual circulation	80,199	89,244	81,324
Commitments to make industrial advances	268	447	269

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

	March 9, 1938	March 10, 1937	February 9, 1938
Total loans and investments	\$485,240	\$486,893	\$490,662
Total loans	232,330	213,057	235,815
Commercial, industrial and agricultural loans	148,620	*	149,311
Open market paper	2,167	*	2,223
Loans to brokers and dealers in securities	2,212	2,908	2,745
Other loans for purchasing or carrying securities	14,534	*	14,508
Real estate loans	20,372	22,768	20,399
Loans to banks	269	285	230
All other loans	44,156	*	46,299
United States Government direct obligations	173,915	187,116	173,640
Obligations fully guaranteed by the U. S. Government	27,892	29,191	29,839
Other securities	51,103	57,529	51,368
Reserves with Federal Reserve Bank	113,289	114,886	109,017
Balances with domestic banks	193,551	161,287	181,798
Demand deposits—adjusted†	402,981	391,785	395,254
Time deposits	130,550	120,405	128,658
United States Government deposits	25,512	18,927	20,815
Interbank deposits	183,932	186,444	187,786
Borrowings from Federal Reserve Bank	None	None	None

\*Comparable figures not available. †Includes all demand deposits other than interbank and United States Government, less cash items reported as on hand or in process of collection.

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS  
ELEVENTH FEDERAL RESERVE DISTRICT  
(Average of daily figures—in thousands of dollars)

	Combined total		Reserve city banks		Country banks	
	Gross demand	Time	Gross demand	Time	Gross demand	Time
February, 1936	\$ 937,137	\$107,078	\$530,276	\$109,664	\$406,861	\$87,414
February, 1937	1,079,858	199,798	607,432	109,355	472,426	90,443
October, 1937	1,110,345	210,451	613,865	116,181	496,480	94,270
November, 1937	1,106,106	211,488	605,120	117,133	500,986	94,355
December, 1937	1,117,735	211,810	607,769	116,993	509,966	94,817
January, 1938	1,116,242	215,115	608,648	119,174	507,594	95,941
February, 1938	1,113,919	216,344	606,222	119,587	507,697	96,757

SAVINGS DEPOSITS

	Number of reporting banks	February 28, 1938		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	Feb. 28, 1937	Jan. 31, 1938
Beaumont	3	9,713	\$ 3,722,902	+ 3.2	- 4
Dallas	8	89,964	26,038,803	+ 3	+ 2
El Paso	2	16,006	8,322,062	+ 9.4	+ 1.4
Fort Worth	2	37,748	13,055,783	+ 4.5	+ 5
Galveston	4	18,352	11,348,369	+ 3.6	+ 6
Houston	10	71,808	25,477,863	+ 3.2	+ 0.1
Port Arthur	2	5,870	2,594,043	+ 10.1	+ 7.5
San Antonio	5	22,977	17,261,834	+ 0.9	+ 7
Shreveport	3	24,386	11,178,778	+ 1.5	+ 7
Waco	3	9,251	4,872,055	+ 7.4	+ 5
Wichita Falls	3	7,010	3,399,451	+ 8	- 2
All others	70	58,144	28,695,634	+ 4.7	- 1
Total	116	371,229	\$158,997,607	+ 2.8	+ 3

DEBITS TO INDIVIDUAL ACCOUNTS  
(In thousands of dollars)

	February 1938	February 1937	Pctg. change over year	January 1938	Pctg. change over month
Abilene	\$ 7,957	\$ 7,240	+ 9.8	\$ 8,390	- 5.2
Austin	28,736	29,080	- 1.2	29,006	- 9
Beaumont	23,399	23,300	+ 2	25,674	- 9.1
Corsicana	2,848	3,480	- 17.0	3,560	- 20.2
Dallas	210,053	223,589	- 6.1	245,957	- 14.6
El Paso	26,806	26,074	+ 2.8	28,169	- 4.8
Fort Worth	68,107	74,492	- 8.6	95,753	- 28.9
Galveston	24,444	26,448	- 7.6	28,284	- 13.6
Houston	193,004	192,317	+ 4	219,168	- 11.9
Port Arthur	8,518	8,114	+ 5.0	9,682	- 12.0
Roswell	3,208	2,734	+ 17.3	3,456	- 7.2
San Antonio	57,525	63,380	- 9.2	68,095	- 15.5
Shreveport	43,669	40,698	+ 7.3	49,421	- 11.6
Texarkana*	6,142	7,405	- 17.1	7,822	- 21.5
Tucson	10,951	12,256	- 10.6	11,978	- 8.6
Tyler	11,405	13,831	- 17.5	12,940	- 11.2
Waco	12,702	13,344	- 4.8	14,310	- 11.2
Wichita Falls	15,639	12,595	+ 24.2	17,795	- 12.1
Total	\$755,053	\$780,316	- 3.2	\$879,469	- 14.1

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



pared with 35.4 wells in the preceding period and 34.3 wells in the corresponding period last year. Posted prices for crude oil in this district have remained unchanged but trade reports indicate some weakness in the market undertone. Stocks of crude oil, gasoline and fuel oil in the United States continued to increase.

Cotton mill activity in the United States during February showed a slight improvement, after allowance is made for the usual seasonal change. However, the February consumption of 427,528 bales was 36 per cent smaller than a year earlier and the lowest for any corresponding month in about twenty-five years. According to trade reports, sales of cotton textiles by the mills have been smaller than the current output, but distributors have apparently made considerable progress in reducing their inventories of cotton goods. Stocks of raw cotton at the mills increased by 3 per cent during February but the total of 1,814,997 bales held on February 28 was 12 per cent below the near-record holdings on that date in 1937.

During the first three weeks of February spot cotton prices rose substantially but about one-half of the advance was lost in the subsequent three weeks. Although the price of American cotton at Liverpool during February was slightly less favorable relative to the price of foreign grown cotton than in other recent months, it continued more favorable than during the past four years. However, the declining mill activity in the United Kingdom and some of the Continental European countries curtailed the demand for raw cotton. Reflecting this situation, United States exports of cotton to these countries dropped sharply in February and were lower than a year earlier. Shipments to Japan, which had been in unusually small volume during the first five months of the current season, increased considerably in January and then were maintained at about the same level in February. However, in comparison with last year, takings by Japan in February showed a decline of 33 per cent and for the seven months of the current season they were 69 per cent smaller. Total exports from the United States aggregated 398,744 bales in February, representing declines of 38 per cent and 18 per cent, respectively, from the preceding month and the corresponding month last year.

Reflecting in part the heavier movement of cotton to Japan, exports from Houston and Galveston showed a

#### VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

	February 1938	February 1937	January 1938	January 1937	January 1 to February 28 1938	January 1 to February 28 1937
Eleventh District—total...	7,939	9,646	10,546	18,485	17,325	17,325
Residential.....	3,618	4,404	2,944	6,562	7,784	7,784
All other.....	4,321	5,242	7,602	11,923	9,541	9,541
United States*—total.....	119,038	188,257	195,472	314,510	430,976	430,976
Residential.....	40,023	63,004	36,207	76,230	141,411	141,411
All other.....	79,015	125,253	159,265	238,280	289,565	289,565

\*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

#### BUILDING PERMITS

	February, 1938		Percentage change valuation from		Jan. 1 to Feb. 28, 1938		Percentage change valuation from 1937	
	No.	Valuation	Feb., 1937	Jan., 1938	No.	Valuation	Feb., 1937	Jan., 1938
Amarillo.....	21	\$ 74,980	- 19.9	+ 45.5	42	\$ 126,498	- 0.4	- 0.4
Austin.....	168	725,807	+172.6	+ 62.1	349	1,173,530	+141.3	+141.3
Beaumont.....	122	68,730	- 41.7	- 15.2	231	149,809	- 6.4	- 6.4
Corpus Christi..	162	384,453	+ 55.2	+ 85.6	282	591,538	+ 6.9	+ 6.9
Dallas*.....	558	812,558	- 5.3	- 15.9	1,053	1,778,201	+ .8	+ .8
El Paso.....	75	118,711	+ .6	+137.2	122	168,760	- 28.9	- 28.9
Fort Worth.....	184	320,272	+ 16.1	- 55.5	372	1,040,561	+ 87.1	+ 87.1
Galveston.....	168	243,471	+134.2	+100.3	315	365,010	+ 40.6	+ 40.6
Houston.....	412	1,606,270	+ 19.2	+ 37.5	646	2,774,065	- 34.8	- 34.8
Port Arthur.....	113	450,093	+445.8	+446.7	223	532,421	+295.6	+295.6
San Antonio.....	223	342,371	+ 40.8	+ 40.2	429	585,593	- 41.0	- 41.0
Shreveport.....	121	778,228	+121.8	+607.8	223	888,178	+ 26.2	+ 26.2
Waco.....	48	97,575	+ 88.8	+143.3	95	137,685	+ 51.7	+ 51.7
Wichita Falls..	32	36,351	+ 46.2	- 3.9	72	74,162	+119.3	+119.3
Total.....	2,407	\$6,059,870	+ 34.2	+ 40.0	4,454	\$10,387,001	+ .2	+ .2

\*Includes Highland Park and University Park.

counter-to-seasonal increase from January to February and exceeded those in the corresponding month last year by 6 per cent. Receipts of cotton at these ports declined less than seasonally in February, reflecting the continued heavy movement of privately-owned cotton to concentration points. There was a further sharp contraction in the shipments of Government-financed cotton.

As a consequence of the large 1937 cotton crop and a sustained demand for cottonseed products, the rate of decline in operating schedules of cottonseed oil mills in both Texas and the United States is much slower than is usual at this season. The increases over a year ago in the crushings of seed and in the production of products were considerably larger during February than the average for the season.

Production of Portland cement at Texas mills during the first two months of 1938 was 24 per cent smaller than in the comparable period a year ago but shipments were 23 per cent larger. Mill stocks of cement on February 28 were one-fourth smaller than a year earlier and the lowest since the summer of 1936.

#### STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to February 28 This season	Last season	August 1 to February 28 This season	Last season
Cottonseed received at mills (tons).....	1,595,674	896,278	6,074,357	4,336,053
Cottonseed crushed (tons).....	1,364,851	864,740	4,956,484	3,784,821
Cottonseed on hand Feb. 28 (tons).....	253,695	41,414	1,159,767	573,158
Production of products:				
Crude oil (pounds).....	399,587,374	244,572,109	1,511,874,381	1,133,999,396
Cake and meal (tons).....	636,898	400,269	2,208,255	1,681,878
Hulls (tons).....	357,973	228,833	1,287,087	964,399
Linters (running bales).....	281,018	185,900	1,130,688	928,133
Stocks on hand February 28:				
Crude oil (pounds).....	26,207,147	8,375,320	77,937,168	38,917,724
Cake and meal (tons).....	77,423	57,168	251,377	198,773
Hulls (tons).....	50,248	43,094	146,670	149,654
Linters (running bales).....	120,819	59,087	513,361	204,945

SOURCE: Bureau of Census.

#### CONSUMPTION, STOCKS AND EXPORTS OF COTTON

(Bales)

	February 1938	February 1937	January 1938	August 1 to February 28 This season	Last season
	Consumption at:				
Texas mills.....	8,964	10,558	8,737	66,805	71,225
United States mills.....	427,528	665,677	434,740	3,512,326	4,520,955
U.S. Stocks—end of month:					
In consuming estab'mts.....	1,814,997	2,061,120	1,762,609	.....	.....
Public stg., compresses.....	11,655,837	5,961,745	11,771,749	.....	.....
Exports from U. S. to:					
United Kingdom.....	97,610	107,378	206,884	1,292,730	860,399
France.....	24,753	46,795	76,144	639,566	585,340
Italy.....	33,641	32,743	53,635	366,909	234,972
Germany.....	23,710	58,271	44,690	572,027	453,283
Other Europe.....	61,679	47,765	86,774	631,540	472,702
Japan.....	107,878	161,937	108,584	336,383	1,076,245
All other countries.....	49,473	31,522	70,770	391,836	238,652
Total exports.....	398,744	486,411	647,481	4,230,991	3,921,493

#### RECEIPTS, EXPORTS, AND STOCKS OF COTTON AT THE PORTS OF

HOUSTON AND GALVESTON

(Bales)

	February 1938	February 1937	January 1938	August 1 to February 28 This season	Last season
	Receipts.....	213,694	67,316	327,573	3,466,818
Exports.....	270,176	254,987	255,185	2,180,129	2,291,494
Stocks, end of month.....	1,778,778	1,015,866	1,839,910	.....	.....

#### CRUDE OIL PRODUCTION

(Barrels)

	February, 1938		Increase or decrease in daily average production from:	
	Total Production	Daily Avg. Production	Feb., 1937	Jan., 1938
North Texas.....	3,570,050	127,502	- 13,719	- 11,589
West Texas.....	5,742,100	205,075	- 13,257	- 18,778
East Texas.....	14,424,600	515,164	- 43,438	- 42,860
South Texas.....	5,922,750	211,527	- 3,798	- 18,539
Texas Coastal.....	5,149,500	189,919	- 6,384	- 9,497
Total Texas.....	34,809,000	1,243,179	- 80,596	- 101,263
New Mexico.....	2,954,100	105,503	+ 8,907	+ 1,607
North Louisiana.....	2,210,000	78,929	+ 5,827	+ 251
Total district.....	39,973,100	1,427,611	- 66,162	- 103,121

SOURCE: The Oil Weekly, Houston, Texas.



## MONTHLY BUSINESS REVIEW

### NATIONAL SUMMARY OF BUSINESS CONDITIONS

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

Volume of manufacturing production showed little change from January to February, while output of minerals declined further. Awards for residential building increased somewhat in February and rose considerably in the first half of March.

#### PRODUCTION

The Board's seasonally adjusted index of industrial production, which includes both manufacturing and mining, was 79 per cent of the 1923-1925 average in February as compared with 80 per cent in January. The decline in the total index was accounted for chiefly by a reduction in output of minerals, particularly of crude petroleum. Steel ingot production showed about the usual seasonal increase and averaged 32 per cent of capacity in February. Automobile production decreased slightly further, and output of plate glass continued to decline. Lumber production rose seasonally. In the first three weeks of March activity at steel mills and automobile factories was at about the same average rate as in February. In the nondurable goods industries there were moderate increases in output in February at textile mills and shoe factories, where production has recently been at low levels, while at meat-packing establishments activity declined.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a sharp decline from January to February, reflecting chiefly a marked reduction in awards for publicly-financed projects. Contracts for residential building increased moderately. In the first half of March there was a considerable further increase reported for residential building and awards for other construction also increased.

#### EMPLOYMENT

Factory employment and payrolls increased by somewhat less than the usual seasonal amount between the middle of January and the middle of February. The Board's seasonally adjusted index of factory employment was at 83 per cent of the 1923-1925 average in February as compared with 84 in January. In the durable goods industries decreases were general in February, though not so large as in preceding months. Employment in nondurable goods industries increased somewhat following a period of rapid decline. Employment in trade, at mines, on the railroads, and in the construction and public utility industries decreased somewhat from the January level.

#### DISTRIBUTION

Value of department store sales, as measured by the Board's seasonally adjusted index, declined from 90 per cent of the 1923-1925 average in January to 88 per cent in February, and in the first three weeks of March there was a further decrease. Sales at variety stores and mail-order houses in February showed somewhat less than the usual seasonal increase.

Freight-car loadings decreased further in February, reflecting chiefly reduced shipments of coal and grain, and showed a seasonal increase in the first two weeks of March. The current level of carloadings is about 25 per cent less than a year ago.

#### COMMODITY PRICES

The general level of wholesale commodity prices, as measured by the Bureau of Labor Statistics' index, showed little change from the middle of February to the third week of March. There were seasonal increases in prices of livestock and meats, while prices of such basic commodities as wheat, cotton, rubber, zinc, and bituminous coal declined.

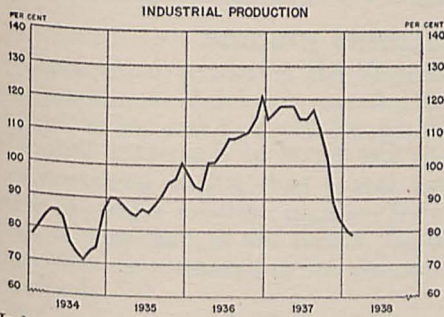
#### BANK CREDIT

Excess reserves of member banks increased during the first three weeks of March to over \$1,500,000,000, the highest level since last April. The bulk of the increase occurred at New York City banks, which in the third week of the month held over \$700,000,000 of excess reserves.

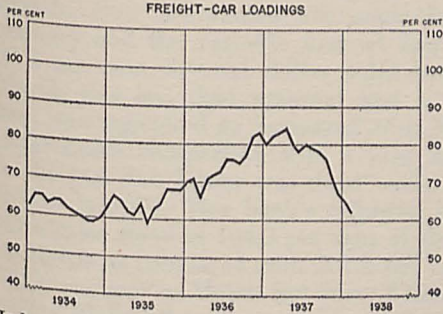
During February and the first half of March, there was little net change in deposits and in total loans and investments at reporting member banks in 101 leading cities. Holdings of United States Government obligations declined at banks in New York but increased in Chicago. Commercial loans, which had decreased sharply in the four preceding months, showed a further moderate decline.

#### MONEY RATES AND BOND YIELDS

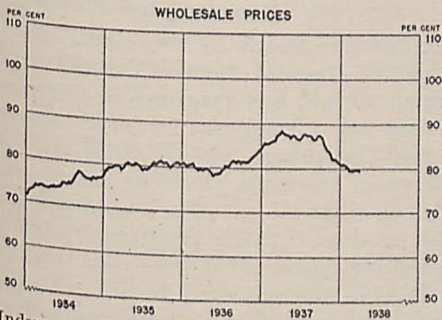
Conditions in the short-term money market continued easy in March. Rates on Treasury bills were slightly lower and prime commercial paper was quoted at a range of from  $\frac{3}{4}$  to 1 per cent as against the flat 1 per cent rate which had prevailed since a year ago. Yields on Treasury bonds and notes, after declining for the past six months, advanced slightly around the middle of March. Yields on corporate bonds also advanced in March, reflecting principal declines in prices of railroad bonds.



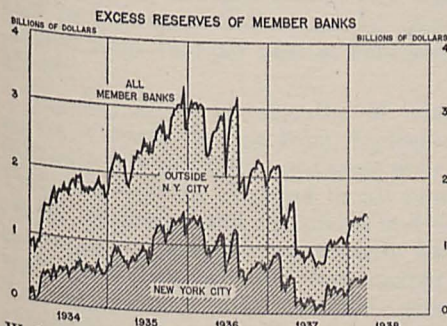
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934 to February, 1938.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934 to February, 1938.



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending March 19, 1938.



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934, to March 16, 1938.