

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

Business at wholesale and retail in the Eleventh District, after allowance for seasonal influences, declined in April and was lower than in the same month of 1937. Preliminary reports indicate that department store sales in the first two weeks in May were about 8 per cent under those in that period last year. The value of construction contracts awarded showed a moderate decrease from the heavy March volume, but was nearly one-third greater than a year ago. The valuation of building permits issued at principal cities was larger than in either comparative month. The output of petroleum continued to increase in April and the first week in May but declined in the subsequent week to the lowest level since January.

BUSINESS

The value of department store sales in this district during April was about the same as that in the preceding month and in April, 1937. However, when allowance is made for the usual increase in consumer buying prior to Easter, the volume of business was somewhat smaller than in either of the two comparative months. Reflecting this decline, this bank's adjusted index of department store sales dropped to 99.0 per cent of the 1923-1925 average, which is the lowest figure recorded in nearly two years. The April figure compares with 113.8 per cent in January this year, 104.3 per cent in March, and 106.0 per cent in April last year. Despite the recent decline in business, sales during the first four months of the year were 1.9 per cent larger than those in the comparable period of 1937.

Stocks of merchandise at reporting department stores were increased further by 1.6 per cent in April, but at the close of the month they were 4.7 per cent smaller than on April 30, 1937, when stocks were higher than on any corresponding date in recent years. The rate of stock turnover in the first four months of 1938 was higher than during any similar period for which data are available.

Collections on open accounts increased seasonally during April, but continued in smaller volume than a year ago. Payments on installment accounts were about the same as in April last year.

Following some improvement in March, the business of reporting wholesale trade firms in this district declined more than seasonally in April. Decreases in sales as compared with the preceding month occurred in all reporting lines except electrical goods, but the declines were most pronounced in dry goods and in machinery and equipment. As compared with April, 1937, combined sales were 12 per cent lower, which compares with an average decline of 9 per cent for the first four months of the year. The distribution of drugs was in slightly larger volume than in the corresponding month last year, but the decreases in other reporting lines ranged from 11 per cent for groceries to 36 per cent for machinery and equipment. Inventories of hardware and drug firms continued at a higher level than a year ago, but those of dry goods, electrical supply and grocery firms were substantially lower. Collections in most reporting lines showed a decline during the month.

The number of commercial failures in this district increased from March to April, but the total indebtedness was

smaller, indicating that the failures were confined principally to the smaller firms. According to Dun and Bradstreet, Incorporated, there were 28 insolvencies during the month with liabilities of \$254,000, as compared with 19 failures in March owing \$313,000, and 16 defaulting firms in April last year with an indebtedness of \$344,000.

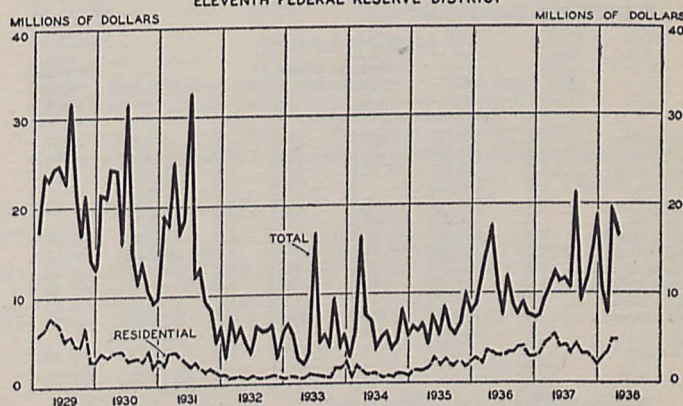
INDUSTRY

The value of new construction work begun in the Eleventh District during April, although 18 per cent below the heavy volume in March, was 29 per cent above that in the same month of 1937. The increase over last year, however, was accounted for by the expansion in public works, as awards for other classes of construction were in smaller volume than in April, 1937. From the accompanying chart it will be noted that residential building in this district showed an upward trend from the end of 1934 to April, 1937, the total for the latter month being the largest for any month since October, 1929. Although there was a substantial decline in awards during the last eight months of 1937, they have increased sharply since the first of this year and in April the volume was only 10 per cent under the peak reached in the same month last year.

The valuation of building permits issued during April at fourteen principal cities in the Eleventh District increased for the third consecutive month and exceeded the total for April last year by 27 per cent. The value of permits issued during the first four months of 1938 was 11 per cent greater than in the corresponding period of 1937.

Production of petroleum in the Eleventh District continued to expand during April with the result that daily average production during the month, amounting to 1,521,815 barrels, was about 2 per cent higher than in March and was only 2 per cent under the average for April last year. However, in the second week of May the Texas Railroad Commission ordered a shutdown of all fields in the State each Saturday during the remainder of the month, in addition to the Sunday shutdowns which were already in effect. In consequence, the daily average output in this district declined to 1,404,000 barrels in the week ended May 14, which was the lowest weekly figure recorded since the last week in January when the Sunday shutdowns in Texas were put into effect. Drilling activity increased slightly during April, but

CONSTRUCTION CONTRACTS AWARDED
ELEVENTH FEDERAL RESERVE DISTRICT



was lower than a year ago. Completions averaged 38.4 wells daily during the four weeks ended April 23, as compared with 37.5 wells in the preceding period and 45.6 wells in the corresponding period of 1937.

Manufacturers of cotton textiles in the United States curtailed operations by considerably more than the usual seasonal amount during April in an effort to bring production in closer alignment with sales, which apparently have been below output for several months. Actual consumption of raw cotton during April amounted to only 414,392 bales, which was about one-fifth smaller than the amount utilized in March and 42 per cent below consumption in April last year. The percentage decline from a year ago in April is considerably larger than the average decline of 26 per cent shown for the first nine months of the current season. Total consumption so far this season amounted to 4,438,159 bales as compared with 6,016,882 bales in the same period of the

preceding season and an average of 4,693,415 bales during the corresponding period of the five seasons 1932-1937.

The decrease of 10 per cent in the consumption of cotton at mills in Texas during the nine months of the current season was considerably smaller than that at all mills in the United States. In April consumption showed declines of 11 per cent from March this year and 24 per cent from April last year.

Foreign shipments of cotton from the United States during April, although seasonally 11 per cent lower than in March, were slightly larger than those in the corresponding month last year. Exports to Japan, which have been in unusually small volume this season, increased 24 per cent from March to April, and exceeded those in April, 1937, by 8 per cent. Takings by Great Britain continued larger than those a year ago despite the accumulation of heavy stocks of raw cotton and the sharp curtailment of activity at textile mills. Total exports from the United States amounted to 377,250 bales as compared with 425,888 bales in March and 373,158 bales in April, 1937. During the first nine months of the current season, exports exceeded those in the same period of the 1936-1937 season by 6 per cent.

Exports of cotton from the ports of Houston and Galves-

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:			Stocks*		Ratio April collections to accounts outstanding April 1	
	April, 1938 from April, 1937	March, 1938	Jan. 1 to Apr. 30, 1938 from 1937	April, 1938, from April, 1937	March, 1938	Regular	Installment
Retail trade:							
Department stores:							
Total 11th Dist.	— .3	+ .6	+ 1.9	— 4.7	+ 1.6	40.6	14.7
Dallas	— 3.5	— 2.5	+ .5	— .5	— .6	40.5	17.6
Fort Worth	+ 4.8	— 5.9	+ 2.6	— 3.4	+ 7.7	38.5	10.8
Houston	+ 11.2	+ 17.6	+ 5.3	— 2.3	+ 3.0	41.9	—
San Antonio	+ .6	+ 1.7	+ 5.1	— 4.6	+ 1.2	43.0	11.4
Other cities	— 8.4	— 4.3	— 1.8	— 12.7	+ 2.0	40.8	16.1
Independent stores:†							
Arizona	— 16.5	+ 7.4	—	—	—	—	—
Oklahoma	— 6.0	+ 4.2	—	—	—	—	—
New Mexico	— 17.3	+ 13.9	—	—	—	—	—
Texas	— 9.2	— 3.2	—	—	—	—	—
Wholesale trade:†							
Machinery, equipment & supplies (exc'pt electrical)							
Dry goods	— 12.2	— 24.5	— 11.3	— 25.6	+ 1.8	35.2	—
Groceries	— 11.3	— 2.2	— 8.9	— 5.1	— 2.2	94.2	—
Drugs	+ .4	— 9.4	+ 4.1	+ 12.0	— 2.0	74.6	—
Hardware	— 16.1	— 14.2	— 8.2	+ 4.2	+ 4.7	66.4	—
Electrical supplies	— 21.3	+ 2.9	— 13.4	— 17.5	— 8.7	104.7	—

†Compiled by United States Department of Commerce. *Stocks at close of month.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS (1923-25 average = 100)

	With seasonal adjustment				Without seasonal adjustment			
	Sales—April, 1938	1937	Stocks—April, 1938	1937	Sales—April, 1938	1937	Stocks—April, 1938	1937
Total Eleventh Dist.	99.0	106.0	66.9	69.4	100.0	101.8	69.6	72.2
Dallas	105.9	116.3	68.6	69.1	104.8	109.3	70.7	71.2
Fort Worth	99.0	98.8	64.9	67.3	99.0	93.9	67.5	70.0
Houston	110.5	103.3	49.8	49.2	111.6	99.2	51.3	50.7
San Antonio	89.4	95.3	56.9	62.4	92.1	93.4	60.3	66.1

VALUE OF CONSTRUCTION CONTRACTS AWARDED

	April, 1938			April, 1937			March, 1938			January 1 to April 30, 1938		
	No.	Valuation	Percentage change valuation from April, 1937	No.	Valuation	Percentage change valuation from April, 1937	No.	Valuation	Percentage change valuation from April, 1937	No.	Valuation	Percentage change valuation from April, 1937
Eleventh District—total	33	\$ 16,207		33	\$ 12,617		33	\$ 19,763		33	\$ 54,455	
Residential	4,888			5,431			4,759			16,209		
All other	11,319			7,186			15,004			38,246		
United States*—total	222,016			269,534			226,918			763,444		
Residential	74,577			107,813			79,396			230,203		
All other	147,439			161,721			147,522			533,241		

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	April, 1938			Jan. 1 to Apr. 30, 1938			Percentage change valuation from April, 1937		
	No.	Valuation	Percentage change valuation from April, 1937	No.	Valuation	Percentage change valuation from April, 1937	No.	Valuation	Percentage change valuation from April, 1937
Amarillo	33	\$ 223,770	+125.0	—	54.2	119	\$ 838,739	+180.5	
Austin	177	421,501	— 35.5	—	33.1	741	2,225,189	+ 55.5	
Beaumont	128	83,101	— 14.8	—	67.2	516	486,187	+ 10.8	
Corpus Christi	163	344,525	— .6	—	30.0	619	1,200,994	+ 8.4	
Dallas	709	1,186,742	— 9.9	—	19.1	2,582	3,961,331	+ 13.3	
El Paso	78	160,879	+ 34.4	—	52.5	282	435,130	— .2	
Fort Worth	214	898,949	— 27.0	—	225.0	808	2,216,115	— 35.4	
Galveston	150	177,662	+ 59.8	—	70.5	657	1,145,563	+ 111.4	
Houston	438	2,480,330	+ 75.9	—	22.8	1,660	8,466,275	+ 16.1	
Port Arthur	113	75,255	— 41.8	—	6.8	492	689,451	+ 85.6	
San Antonio	298	315,518	+ 13.9	—	2.9	1,120	1,214,584	— 31.4	
Shreveport	170	1,390,482	+ 406.0	—	400.7	555	2,556,349	+ 99.5	
Waco	59	131,954	— 10.1	—	66.7	224	348,772	— .6	
Wichita Falls	98	52,419	+ 1.5	—	15.5	245	188,586	+ 81.0	
Total	2,828	\$ 7,946,087	+ 27.0	+ 4.0	10,620	\$ 25,972,265	+ 10.9		

*Includes Highland Park and University Park.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to April 30 This season	Last season	August 1 to April 30 This season	Last season
Cottonseed received at mills (tons)	1,665,740	905,477	6,393,166	4,415,982
Cottonseed crushed (tons)	1,535,358	906,424	5,839,749	4,280,927
Cottonseed on hand April 30 (tons)	153,254	8,929	594,992	156,746
Production of products:				
Crude oil (pounds)	452,476,343	257,966,828	1,797,603,640	1,292,718,670
Cake and meal (tons)	717,157	423,329	2,603,141	1,923,688
Hulls (tons)	402,447	239,377	1,496,566	1,089,369
Linters (running bales)	320,899	195,688	1,348,218	1,065,814
Stocks on hand April 30:				
Crude oil (pounds)	16,516,548	926,770	47,724,452	15,438,556
Cake and meal (tons)	76,066	21,908	284,672	101,422
Hulls (tons)	48,736	18,686	175,984	95,363
Linters (running bales)	123,569	28,995	553,652	150,348

SOURCE: Bureau of Census.

CONSUMPTION, STOCKS AND EXPORTS OF COTTON

	(Bales)		August 1 to April 30	
	April 1938	April 1937	This season	Last season
Consumption at:				
Texas mills	9,356	12,362	10,551	86,712
United States mills	414,392	718,975	510,941	4,438,159
U.S. Stocks—end of month:				
In consuming estab'ts	1,703,045	1,986,694	1,771,937	—
Public stg., compresses	10,485,880	4,214,825	10,956,051	—
Exports from U. S. to:				
United Kingdom	78,540	64,406	101,389	1,472,659
France	20,904	11,955	33,140	693,610
Italy	28,973	38,415	42,181	438,063
Germany	25,845	74,065	18,459	615,156
Other Europe	62,848	47,775	85,516	781,079
Japan	120,996	112,217	97,605	554,984
All other countries	39,144	24,325	47,598	478,578
Total exports	377,250	373,158	425,888	5,034,129

RECEIPTS, EXPORTS, AND STOCKS OF COTTON AT THE PORTS OF HOUSTON AND GALVESTON

	(Bales)		August 1 to April 30	
	April 1938	April 1937	This season	Last season
Receipts	61,333	51,219	121,015	3,640,166
Exports	201,832	148,653	226,266	2,608,227
Stocks, end of month	1,527,372	745,953	1,068,971	2,673,443

CRUDE OIL PRODUCTION

	April, 1938		Increase or decrease in daily average production from:	
	Total Production	Daily Avg. Production	Apr., 1937	Mar., 1938
North Texas	4,218,100	140,603	— 5,519	+ 3,537
West Texas	6,737,950	224,598	— 8,732	+ 9,897
East Texas	15,996,000	533,200	— 41,777	+ 7,516
South Texas	6,962,450	232,082	+ 6,580	+ 5,556
Texas Coastal	6,175,550	205,852	+ 5,774	+ 6,652
Total Texas	40,090,050	1,336,335	— 43,674	+ 33,158
New Mexico	3,189,800	106,327	+ 817	+ 1,372
North Louisiana	2,374,600	79,153	+ 7,220	+ 456
Total district	45,654,450	1,521,815	— 35,637	+ 34,986

SOURCE: The Oil Weekly, Houston, Texas.

ton showed a gain of 36 per cent over April last year, bringing the total for the season to date to 2,608,227 bales, or 2 per cent under those in the same period last season. Receipts at these ports declined seasonally in April, but continued larger than a year ago.

FINANCE

Since the reduction in reserve requirements became effective on April 16, member banks in the Eleventh District have withdrawn a portion of their reserve balances with the Federal Reserve Bank and have increased substantially their balances with other commercial banks. In the first half of May the reserve balances of member banks in this district averaged \$163,903,000, which was \$17,145,000 lower than the average in the first half of April. Nevertheless, excess reserves during the past month were at a higher level than at any time during the past year due to the fact that required reserves declined considerably more than reserve balances. Estimates based on the latest available figures indicate that excess reserves in the first half of May were approximately \$48,000,000 which was 41 per cent of required reserves. This figure compares with 29 per cent in the first half of April when the higher reserve requirements were in effect. Total earning assets of the Federal Reserve Bank of Dallas amounted to \$98,521,000 on May 15, which was about the same as on April 15, but \$2,462,000 less than on the corresponding date last year. Federal Reserve notes in actual circulation declined slightly between April 15 and May 15, and on the latter date were \$11,725,000 lower than a year ago.

The loans of weekly reporting member banks in leading cities of this district, which had shown a steady decline from last December to the middle of April, increased about \$2,000,000 in the subsequent three weeks. The expansion in loans from April 20 to May 11 was chiefly in commercial,

industrial and agricultural loans and in loans to banks. Total loans on May 11 were \$16,429,000 higher than on the corresponding date in 1937. Last September these banks began reducing their investments and total holdings showed an irregular decline until about the middle of March when they were increased somewhat. After remaining relatively steady during the subsequent four weeks, investments were reduced sharply between April 13 and April 27 and on the latter date were at the lowest level since the middle of 1936. Although investment holdings were increased about \$6,000,000 in the two weeks ended May 11, the total on that date was \$8,397,000 lower than four weeks earlier, and \$18,050,000 below that on the corresponding date last year.

Adjusted demand deposits of reporting member banks declined \$3,547,000 between April 13 and May 11, but this decrease was more than offset by an increase of \$5,154,000 in other deposits, principally in interbank deposits. During the four weeks these banks reduced their reserve balances with the Federal Reserve Bank by \$18,162,000 and increased their balances with other banks by \$28,553,000. On May 11 the reserves of these banks with the Federal Reserve Bank

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

(Average of daily figures—in thousands of dollars)

		Combined total		Reserve city banks		Country banks	
		Gross demand	Time	Gross demand	Time	Gross demand	Time
April, 1936	.....	\$ 927,928	\$195,575	\$527,743	\$107,560	\$400,185	\$88,015
April, 1937	.....	1,043,756	199,683	578,110	108,562	465,646	91,121
December, 1937	.....	1,117,735	211,810	607,769	116,993	509,966	94,817
January, 1938	.....	1,116,242	215,115	608,048	119,174	507,594	95,941
February, 1938	.....	1,113,919	216,344	606,222	119,587	507,697	96,757
March, 1938	.....	1,096,362	218,188	601,354	121,102	495,008	97,086
April, 1938	.....	1,074,855	217,942	592,059	120,896	482,796	97,046

SAVINGS DEPOSITS

April 30, 1938

Percentage change in savings deposits from

	Number of reporting banks	Number of savings depositors	Amount of savings deposits	April 30, 1937		March 31, 1938	
				1937		1938	
Beaumont	3	9,580	\$ 3,770,410	+ 3.7		+ .6	
Dallas	8	90,304	26,096,451	+ 1.7		+ .2	
El Paso	2	16,028	8,084,540	+ 4.4		+ 1.8	
Fort Worth	3	37,820	13,228,428	+ 5.4		+ .7	
Galveston	4	18,247	11,396,464	+ 4.2		+ .2	
Houston	10	71,665	28,605,513	+ 1.7		+ .4	
Port Arthur	2	5,986	2,645,854	+ 11.1		+ 2.6	
San Antonio	5	23,318	17,572,768	+ 8.3		+ 1.5	
Shreveport	3	24,450	11,298,092	+ 1.2		+ .3	
Waco	3	9,222	4,839,336	+ 6.1		+ 2.0	
Wichita Falls	3	7,137	3,528,689	+ 4.5		+ 3.0	
All others	70	59,379	29,004,604	+ 4.7		+ .5	
Total	116	373,136	\$160,071,149	+ 3.3		+ .4	

CONDITION OF THE FEDERAL RESERVE BANK

(In thousands of dollars)

	May 15, 1938	May 15, 1937	April 15, 1938
Total cash reserves	\$205,539	\$189,250	\$229,631
Discounts for member banks	329	906	292
Industrial advances	893	1,331	908
Bills bought in the open market	16	112	16
United States Government securities	97,283	98,634	97,283
Total earning assets	98,521	100,983	98,499
Member bank reserve deposits	164,479	179,930	180,916
Federal Reserve notes in actual circulation	77,945	89,670	78,524
Commitments to make industrial advances	244	302	268

CONDITION STATISTICS OF MEMBER BANKS IN LEADING CITIES

(In thousands of dollars)

	May 11, 1938	May 12, 1937	April 13, 1938
Total loans and investments	\$480,533	\$482,154	\$487,905
Total loans	230,826	214,397	229,801
Commercial, industrial and agricultural loans	147,210	129,581	146,232
Open market paper	1,683	1,998	2,070
Loans to brokers and dealers in securities	2,494	2,613	2,113
Other loans for purchasing or carrying securities	14,276	19,536	14,406
Real estate loans	20,021	20,913	20,119
Loans to banks	1,174	896	250
All other loans	43,968	38,860	44,611
United States Government direct obligations	170,862	187,389	174,883
Obligations fully guaranteed by the U. S. Government	29,675	28,195	33,768
Other securities	49,170	52,173	49,453
Reserves with Federal Reserve Bank	92,786	112,886	110,948
Balances with domestic banks	206,078	154,522	177,525
Demand deposits—adjusted†	393,237	395,266	396,784
Time deposits	130,224	120,571	130,009
United States Government deposits	24,742	7,677	24,610
Bank deposits	180,460	178,724	175,653
Borrowings from Federal Reserve Bank	None	620	None

†Includes all demand deposits other than interbank and United States Government, less cash items reported as on hand or in process of collection.

DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)

	April 1938	April 1937	Pctg. change over year	March 1938	Pctg. change over month
Abilene	\$ 8,314	\$ 8,333	— .2	\$ 9,054	— 8.2
Austin	35,970	33,805	+ 6.4	34,170	+ 5.3
Beaumont	23,048	26,918	—14.4	25,938	—11.1
Corpus Christi	3,071	3,595	—14.6	3,450	—11.0
Dallas	220,353	242,752	— 9.2	238,343	— 7.5
El Paso	26,307	27,333	— 3.8	27,529	— 4.4
Fort Worth	76,054	90,240	—15.7	78,117	— 2.6
Galveston	26,574	26,487	+ .3	26,822	— .9
Houston	201,139	218,662	— 8.0	211,678	— 5.0
Port Arthur	9,547	9,845	— 3.0	9,994	— 4.5
Roswell	3,992	3,882	+ 2.8	3,799	+ 5.1
San Antonio	64,068	73,099	—12.4	67,523	— 5.1
Shreveport	41,510	46,538	—10.8	43,711	— 5.0
Texarkana*	6,476	9,357	—30.8	9,778	—33.8
Tucson	11,977	12,535	— 4.5	11,439	+ 4.7
Tyler	13,045	15,562	—16.2	13,804	— 5.5
Waco	12,801	14,377	—14.4	13,390	— 8.1
Wichita Falls	16,873	16,654	+ 1.3	17,966	— 6.1
Total	\$800,619	\$879,974	— 9.0	\$846,505	— 5.4

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

DISCOUNT RATES CHARGED BY MEMBER BANKS DURING MAY, 1938

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	2½-8	5-6	1½-6	3-6	5-7	4-6
Rate charged on loans to other banks secured by bills receivable	.....	6	3-6	.....	6	.....
Rate on loans secured by prime stock exchange or other current collateral (not including loans placed in other markets through correspondent banks)	5-6	6	3½-8	3-6	5-6	6
Demand	4-8	5-8	4-8	3-7	4-7	5-8
Time	2-8	6-8	4½-8	1½-6	5-8	3-8
Rate charged on commodity paper secured by warehouse receipts, etc.	6-8	5-8	5-10	6-8	7-8	8
Rate on cattle loans	.....	.....	.....	.....	.....	.....

were at the lowest level since August, 1936, while their balances with other banks were at the highest level on record.

Gross demand deposits held by member banks in this district declined for the fourth consecutive month, the daily average in April being \$42,900,000 below the record established last December, but \$31,100,000 greater than the average in the corresponding month of 1937. Time deposits, which had shown a steady expansion over the preceding twelve months, declined slightly in April.

AGRICULTURE

Weather conditions during April and the first half of May were unfavorable for agriculture in many sections of the Eleventh District. Frequent and excessive rains in a considerable portion of the eastern half of the district have delayed planting operations and have caused extensive damage to growing crops. Furthermore, wet soil and subnormal temperatures prevailing during a part of the period interfered with seed germination, necessitating considerable replanting of corn and cotton in some areas. In portions of west and northwest Texas and southern New Mexico, high winds have depleted surface moisture.

Despite the unfavorable developments during April, fair to good yields are still in prospect for grain crops in Texas. The May 1 estimate of wheat production in Texas was placed by the Department of Agriculture at 39,860,000 bushels, which is the same as the April 1 estimate and 1,830,000 bushels lower than the 1937 harvest. The ten-year average (1927-1936) production for the State amounted to 29,984,000 bushels. The Department estimated that acreage abandonment was 25 per cent of the total area seeded in the fall of 1937. The heaviest abandonment occurred in the High Plains section of the Texas Panhandle where moisture deficiency, high winds, dust storms and green-bug infestation have caused extensive damage. The indicated per acre yield on the 3,936,000 acres remaining for harvest on May 1 was 10 bushels, which compares with a harvest of 10.6 bushels per acre last year and an average per acre yield of 10.1 bushels. The estimated production of wheat in New Mexico was reduced 50 per cent during April and the May 1 forecast of 1,904,000 bushels is considerably smaller than the 1937 production. The condition of oats on May 1 in Texas and Oklahoma was considerably higher than on the same date in 1937, but in Louisiana the condition was slightly lower than a year ago.

Prospects for peaches and pecans were reduced materially by freeze and wind damage during the early part of April. The most serious damage apparently occurred in the western part of the district. On May 1 the peach crop in Texas was forecast at 1,080,000 bushels as compared with 1,392,000 bushels produced last year. Although the growth of spring vegetable crops was retarded somewhat during April, present indications are that a fair supply of all vegetables should be available at about the usual time. Growing conditions have been generally favorable for citrus fruits in Texas.

Livestock ranges in Texas showed a further improvement during the past month and, due to the favorable moisture conditions prevailing in most sections of the State, good to excellent summer grazing is in prospect. In New Mexico and southern Arizona the deficiency of moisture and low temperatures retarded the growth of range grass and caused some shrinkage in livestock. Cattle and sheep in Texas have made good gains with some stock already in marketable flesh. According to the Department of Agriculture the move-

ment of cattle to northern feed lots will be relatively light this year but shipments direct to market are expected to be comparatively heavy. Marketings of sheep will likely be considerably smaller than the record volume a year ago. Sales of wool have been fairly active at prices considerably under those prevailing in the spring of 1937.

In contrast with a sharp seasonal increase in the marketings of sheep, receipts of cattle and calves at the Fort Worth market declined moderately from March to April, whereas substantial increases usually occur at this time. As compared with the heavy receipts in April last year, marketings of all classes of livestock were much smaller. Livestock prices showed unevenly lower trends during April and the first week in May. In the subsequent week, however, the market evidenced a stronger undertone as lighter supplies and a broader demand brought about price increases of 25 to 50 cents per hundredweight on cattle and hogs.

Reflecting the larger receipts from marketings of livestock and livestock products, cash income of farmers in this district from the sale of principal farm products rose more than seasonally in March and continued in excess of that a year ago, notwithstanding the lower level of commodity prices obtaining this year. Government benefit payments increased from \$4,200,000 in February to \$14,300,000 in March, but the latter figure was 35 per cent less than in the same month last year. This decline from a year ago in the amount of Government payments more than offset the increase in receipts from the sale of farm products, with the result that total receipts this March were 6 per cent smaller than in March, 1937. Aggregate income during the first quarter of 1938 amounted to \$156,000,000 which was about equal to that in the same period of 1937.

Following slight increases between the middle of February and the middle of March, average prices received by farmers in Texas decreased in the subsequent thirty days. The index of farm prices in the United States declined further by 2 points during the month, the mid-April figure being 94 per cent of the pre-war average as compared with 130 per cent on the same date in 1937.

CASH FARM INCOME FROM SALE OF PRINCIPAL FARM PRODUCTS AND GOVERNMENT BENEFIT PAYMENTS
(In thousands of dollars)

	March, 1938		Government payments	Total receipts		March 1937	March 1938
	Crops	Livestock*		Receipts from:			
Arizona.....	\$ 2,474	\$ 1,957	\$ 222	\$ 4,653	\$ 3,563	\$ 13,993	\$ 10,089
Louisiana.....	2,524	2,037	794	5,355	7,315	17,868	21,140
New Mexico....	266	1,472	274	2,012	1,713	6,808	8,618
Oklahoma.....	2,956	7,441	2,138	12,535	18,168	29,942	37,046
Texas.....	9,331	13,751	10,921	34,603	31,915	87,448	79,512
Total.....	\$18,151	\$26,658	\$14,349	\$59,158	\$62,674	\$156,059	\$156,405

*Includes receipts from sale of livestock and livestock products.

SOURCE: United States Department of Agriculture.

FORT WORTH LIVESTOCK RECEIPTS

	(Number)		Change over year	March 1938	Change over month
	April 1938	April 1937			
Cattle.....	47,895	62,128	— 14,233	48,234	— 339
Calves.....	21,154	25,226	— 4,072	23,073	— 1,919
Hogs.....	23,211	34,962	— 11,751	35,883	— 12,672
Sheep.....	166,596	277,101	— 110,505	71,663	+94,933

COMPARATIVE TOP LIVESTOCK PRICES

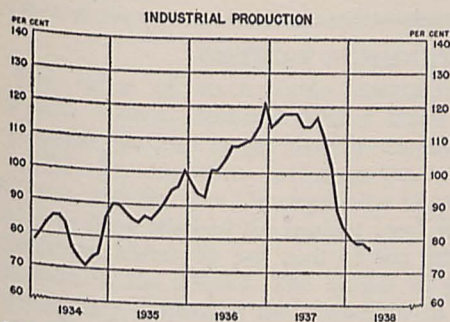
	(Dollars per hundredweight)		April 1937	April 1938
	1938	1937		
Beef steers.....	\$9.60	\$10.75	\$9.25	\$9.25
Stocker steers.....	7.75	7.50	8.25	8.25
Heifers and yearlings.....	9.50	11.50	9.50	9.50
Butcher cows.....	6.50	8.00	6.00	6.00
Calves.....	8.25	8.60	8.25	8.25
Hogs.....	8.25	10.00	8.90	8.90
Lambs.....	8.35	12.00	8.50	8.50

MONTHLY BUSINESS REVIEW

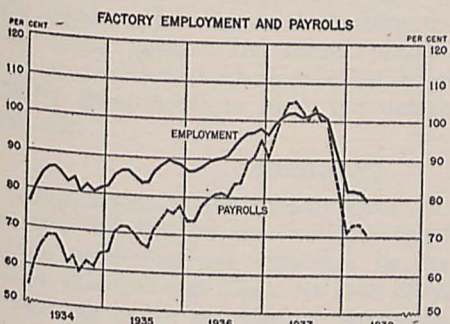
JUNE 1, 1938

NATIONAL SUMMARY OF BUSINESS CONDITIONS

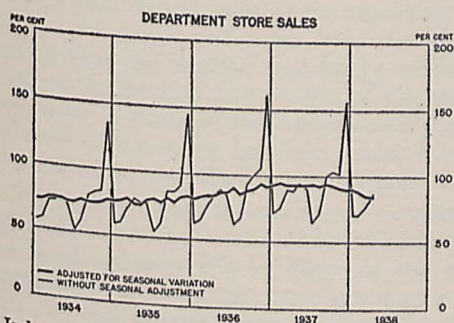
(Compiled by the Board of Governors of the Federal Reserve System)



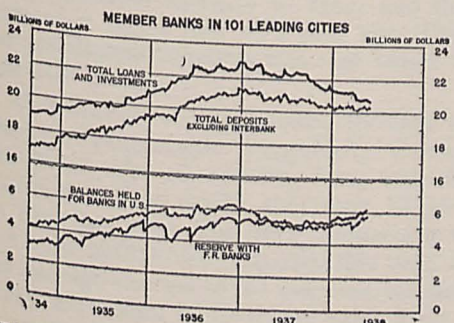
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934 to April, 1938.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1934 to April, 1938. Indexes compiled by the United States Bureau of Labor Statistics.



Indexes of value of sales, 1923-1925 average = 100. By months, January, 1934 to April, 1938.



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934 to May 18, 1938. Total deposits, excluding interbank, are adjusted to exclude "float."

Industrial production declined in April, reflecting chiefly reduced activity in the cotton textile and lumber industries. Distribution of commodities increased less than seasonally but continued to be somewhat in excess of production. Commodity prices showed a further decrease.

PRODUCTION

In April volume of industrial production, as measured by the Board's seasonally adjusted index, was at 77 per cent of the 1923-1925 average as compared with the level of about 79 per cent maintained during the first quarter of the year. The decline reflected chiefly considerable reductions in output at cotton textile mills and lumber mills, where there had been moderate increases in production in March. In most other manufacturing industries changes in activity were largely seasonal in character. Output at steel mills continued at around 33 per cent of capacity and in the automobile industry showed little change, amounting in April to about 40 per cent of the volume of a year ago. In the first three weeks of May production of steel and automobiles was at a lower rate than in April. At mines there was a considerable decline in output of anthracite in April while bituminous coal production showed somewhat less than the usual seasonal decrease. Crude petroleum production continued in large volume.

Value of construction contracts awarded, which had increased considerably in March, showed little change in April, according to figures of the F. W. Dodge Corporation. Awards usually increase somewhat further in April. In the first four months of this year private residential building was about one-fourth less than in the corresponding period last year, while other private work, particularly industrial and utility construction, was only about one-half as large as a year ago. Awards for public projects were somewhat larger than last year.

EMPLOYMENT

Factory employment and payrolls declined from the middle of March to the middle of April, and the Board's seasonally adjusted index of employment was at 79 per cent of the 1923-1925 average as compared with 82 in March and 84 at the beginning of the year. The number employed at automobile factories declined sharply and there were further substantial decreases in the steel and machinery industries and at railroad repair shops. Smaller declines were reported in most other manufacturing industries. Employment at mines and on the railroads also decreased, while in trade there was some increase in the number employed, reflecting partly increased business at the Easter season.

DISTRIBUTION

Distribution of commodities to consumers showed less than the usual seasonal rise in April. The Board's adjusted index of department store sales was 83 in April compared with 86 in March and 90 at the beginning of the year, and figures for the first half of May indicate a further decrease.

Freight-car loadings also declined from March to April, reflecting largely reduced shipments of miscellaneous freight, and were about 30 per cent less than in April, 1937.

COMMODITY PRICES

Wholesale prices of industrial commodities continued to decline from the middle of April to the third week of May and prices of agricultural products also decreased somewhat further. Steel scrap, copper, and rayon showed considerable declines and there were reductions in prices of some finished industrial products. It was announced that prices of most finished steel products would be unchanged for third quarter delivery.

BANK CREDIT

Total loans and investments of reporting member banks in 101 leading cities showed little change during April and the first half of May. Holdings of United States Government obligations increased somewhat, while holdings of other securities and loans declined. Adjusted demand deposits in leading cities increased during the period as a result of expenditures by the Treasury from its balances with the Reserve banks. Interbank deposits also increased substantially.

Member bank reserves increased further, reflecting principally Treasury disbursements from its deposits at the Reserve banks, including retirement of \$50,000,000 of Treasury bills each week.

MONEY RATES AND BOND YIELDS

Yields on Government securities declined slightly further in the four weeks ending May 21 to an average on longer-term Treasury bonds of 2.28 per cent. The average yield on 3-to-5 year Treasury notes declined to a new low of 0.73 per cent. The rate on three-month Treasury bills continued at record low levels, and other open-market money rates remained unchanged.