

# Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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## DISTRICT SUMMARY

The value of construction contracts awarded in the Eleventh District declined further from April to May, but was about one-fifth larger than in the corresponding month of 1937. An important factor in the maintenance of construction activity was the expansion in residential building, which in May reached the highest level in several years and constituted about 45 per cent of the total volume of construction in the district. The output of petroleum declined considerably following the reduction in production allowances effected during May, and the daily average production in the first three weeks of June was about 15 per cent lower than the average for June last year. Refinery operations were apparently maintained at about the same level as in other recent months. The dollar volume of sales at department stores and at wholesale establishments increased slightly from April to May, but continued lower than a year ago.

## BUSINESS

Retail buying at department stores in principal cities of the Eleventh District was well sustained during May. Although sales declined somewhat in the first half of the month, this decrease was more than offset by the expansion in business in the last half of the month when buying was stimulated by more seasonable temperatures and the inauguration of price reduction sales. Total sales for the month were 1 per cent larger than in April, but were 5.3 per cent below those in May, 1937. The decreases in sales from a year ago at most of the reporting cities showed comparatively small deviations from the district average, indicating that the decline was fairly uniform throughout the district. In the first five months of the year sales were about the same as those in the corresponding period of 1937, but in view of the lower level of prices, it is probable that the volume of goods sold has been larger.

Following larger than seasonal increases during the three preceding months, stocks of merchandise at reporting firms declined considerably in May. At the close of the month inventories were 6.6 per cent less than a month earlier, and 5.5 per cent smaller than on May 31, 1937.

Collections on regular accounts failed to register the usual seasonal increase in May, and they were at a rate somewhat below that of a year ago. The rate of payments on installment accounts was also below that in either comparative month.

Distribution of merchandise through wholesale channels showed considerable irregularity during May. Although combined sales of reporting firms were slightly larger than in the preceding month, they were 13 per cent smaller than in May last year. The May comparison with a year ago is the most unfavorable reported this year, and compares with an average decline of 10 per cent for the five months. The small expansion in combined sales from April to May was brought about by substantial increases in the distribution of hardware, electrical supplies and machinery and equipment, which more than offset the declines in other lines. Inventories in nearly all lines declined during May, and as

compared with a year ago the decreases were particularly large for dry goods and electrical supplies. The rate of collections on outstanding accounts showed a further decline.

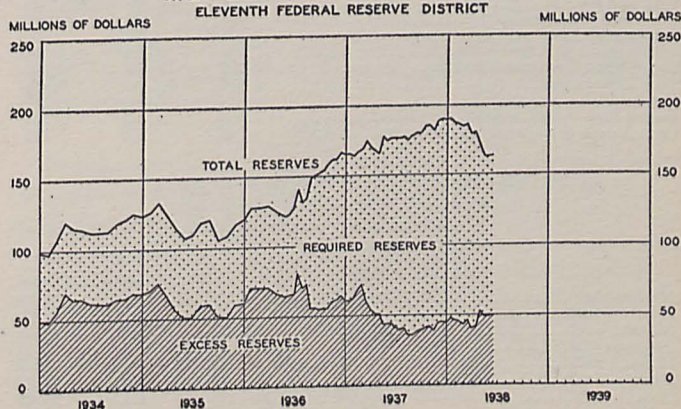
According to figures of Dun and Bradstreet, Incorporated, the number of commercial failures in this district declined from April to May, but liabilities of defaulting firms rose sharply to the highest level since August, 1935. There were 21 insolvencies during the month with an indebtedness of \$437,000, which compares with 13 failures in May last year owing \$84,000.

## FINANCE

The reserves of member banks in the Eleventh Federal Reserve District, which had shown a substantial decline between the first of the year and the middle of May, fluctuated within a relatively narrow range during the month ended June 15. During this period reserves averaged approximately \$163,800,000; at this level they were about \$27,000,000 lower than the average during the first half of January and the lowest for any semi-monthly period since the latter part of 1936. Although required reserves have declined by nearly \$30,000,000 since the first of the year, the major portion of the reduction resulted from the decrease in reserve requirements which became effective at the middle of April. Other factors contributing to the lower required reserves have been the decrease in member bank deposits and a substantial increase in their balances with other commercial banks. After declining moderately in the first quarter of the year, excess reserves increased substantially and for the past six weeks have averaged close to \$50,000,000, or about \$3,000,000 higher than in the first half of January.

Member bank borrowings from the Federal Reserve Bank of Dallas increased seasonally by about \$200,000 between May 15 and June 15, bringing the volume of such discounts to \$533,000, which compares with \$434,000 at mid-June last year. Industrial advances, representing loans to industry for working capital purposes, declined \$65,000 during the period and on June 15 were \$460,000 lower than a year ago. Federal Reserve notes in actual circulation amounted to \$76,776,000 on June 15, which reflects a further seasonal decline of \$1,169,000 from that a month earlier and compares with a total of \$91,500,000 on June 15, 1937.

## MEMBER BANK RESERVES



Total loans and investments of weekly reporting member banks in leading cities of the Eleventh District continued downward during the five weeks ended June 15. The loans of these banks declined \$8,332,000 during the period, after having shown little fluctuation in the preceding two months. While the decrease extended to virtually all classes of loans, it occurred chiefly in commercial, industrial and agricultural loans. In the corresponding period last year, the demand for funds to finance the expansion in business and industry brought about a substantial increase in this type of loan but this year repayments exceeded the demand for new loans. During the first two weeks in June, these banks increased their investments considerably, with the result that total holdings on June 15 were \$5,620,000 higher than on May 11; however, investments were still lower than at the middle of April and were \$17,707,000 below those on June 16, 1937.

All classes of deposits at reporting banks showed in-

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:				Ratio May collections to accounts outstanding May 1	
	Net sales		Stocks*		Regular	Installment
	May, 1938, from May, 1937	Jan. 1 to May 31, 1938 from 1937	May, 1938, from May, 1937	April, 1938		
<b>Retail trade:</b>						
<b>Department stores:</b>						
Total 11th Dist.	- 5.3	+ 1.0	+ .2	- 5.5	- 6.6	40.0
Dallas	- 5.0	+ .5	- .7	- .03	- 5.3	39.6
Fort Worth	- 6.4	+12.1	+ .3	- 3.1	- 6.3	37.2
Houston	- 3.5	- 5.7	+ 3.3	- 4.7	- 4.4	40.5
San Antonio	- 4.2	- .8	+ 2.9	- 8.9	-13.0	41.4
Other cities	- 7.7	+ 2.6	- 3.2	-13.0	- 5.4	41.3
<b>Independent stores:†</b>						
Arizona	-25.2	- 2.4				
Oklahoma	-10.7	+ 2.7				
New Mexico	-20.6	+ .6				
Texas	-12.3	+ 1.4				
<b>Wholesale trade:†</b>						
Machinery, equipment & supplies (exc'pt electrical)	-20.7	+47.2	-34.7			
Dry goods	-16.5	- 4.6	-12.3	-29.6	- 4.1	34.2
Groceries	-11.9	- 3.5	- 9.4	- 1.9	- 1.2	92.7
Drugs	- .3	- .1	+ 3.3	+ 7.3	- 6.2	75.8
Hardware	-20.0	+ 5.7	-12.1	- 3.7	- .9	57.3
Electrical supplies	-22.5	+12.9	-16.8	-25.6	-12.7	90.8
Tobacco & prod.	+ 6.6	- 2.3				109.2
Surgical eqpt. & supplies	+ 2.8	- 9.8		+ 5.1	+ 2.5	44.0

†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—May		Stocks—May		Sales—May		Stocks—May	
	1938	1937	1938	1937	1938	1937	1938	1937
Total Eleventh Dist.	102.5	107.2	64.8	67.5	102.5	107.2	65.4	68.2
Dallas	107.8	112.4	65.8	65.5	104.6	109.0	67.1	66.8
Fort Worth	112.2	118.4	62.7	64.8	112.2	118.4	63.3	65.4
Houston	103.8	106.3	49.3	48.7	103.8	106.3	50.3	49.7
San Antonio	84.7	90.4	53.2	62.4	89.8	95.8	52.7	61.8

CONDITION OF THE FEDERAL RESERVE BANK

(In thousands of dollars)

	June 15, 1938	June 15, 1937	May 15, 1938
Total cash reserves	\$196,847	\$192,975	\$205,539
Discounts for member banks	533	434	329
Industrial advances	828	1,288	893
Bills bought in the open market	16	112	16
United States Government securities	97,283	98,634	97,283
Total earning assets	98,660	100,468	98,521
Member bank reserve deposits	166,108	179,389	164,479
Federal Reserve notes in actual circulation	76,776	91,500	77,945
Commitments to make industrial advances	92	302	244

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
	May, 1938	1937	May, 1938	1937	May, 1938	1937
May, 1938	\$ 926,927	\$194,692	\$529,858	\$107,863	\$397,069	\$86,829
May, 1937	1,035,133	200,293	569,613	109,344	465,250	90,949
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
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
May, 1938	1,073,302	219,459	599,164	121,153	474,138	98,306

creases during the five weeks, but most of the gain occurred in adjusted demand and interbank deposits. The funds made available by the increase in deposits and the net decline in loans and investments were utilized to increase their reserves with the Federal Reserve Bank and to build up their balances with other domestic banks. In the five weeks these banks redeposited approximately \$16,500,000 with other commercial banks, bringing the total increase in such balances since the middle of April to about \$45,000,000.

AGRICULTURE

The condition of growing crops in the major portion of the Eleventh District has shown some improvement in recent weeks. In the first three weeks of May frequent showers over much of Texas delayed the seeding of summer crops and resulted in grassy fields in the principal farming areas. Since that time, however, weather conditions have been more favorable and farmers generally have made excellent progress in cleaning fields and with the completion of seeding operations. The moisture deficiency in the western half of

CONDITION STATISTICS OF MEMBER BANKS IN LEADING CITIES

(In thousands of dollars)

	June 15, 1938	June 16, 1937	May 11, 1938
Total loans and investments	\$477,821	\$487,054	\$480,533
Total loans	222,494	214,020	230,826
Commercial, industrial and agricultural loans	140,784	131,527	147,210
Open market paper	1,656	2,542	1,683
Loans to brokers and dealers in securities	2,304	2,772	2,494
Other loans for purchasing or carrying securities	13,665	14,895	14,276
Real estate loans	20,147	20,819	20,021
Loans to banks	521	975	1,174
All other loans	43,417	40,490	43,968
United States Government direct obligations	172,080	194,266	170,862
Obligations fully guaranteed by the U. S. Government	33,023	27,944	29,675
Other securities	50,224	50,824	49,170
Reserves with Federal Reserve Bank	98,445	112,811	92,786
Balances with domestic banks	222,563	156,648	206,078
Demand deposits—adjusted†	400,862	397,007	393,237
Time deposits	131,567	121,748	130,224
United States Government deposits	25,032	12,241	24,742
Interbank deposits	189,833	175,416	180,460
Borrowings from Federal Reserve Bank	None	None	None

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

SAVINGS DEPOSITS

May 31, 1938

Percentage change in savings deposits from

	Number of reporting banks	Number of savings depositors	Amount of savings deposits	Percentage change in savings deposits from	
				May 31, 1937	April 30, 1938
Beaumont	3	9,520	\$ 3,773,298	+ 3.3	+ 1.4
Dallas	8	90,386	26,200,424	+ 1.8	+ 4.1
El Paso	2	16,091	8,074,450	+ 3.1	- 1.8
Fort Worth	3	37,809	13,333,741	+ 4.9	+ 8.6
Galveston	4	18,281	11,462,133	+ 3.6	+ 6.6
Houston	10	71,787	28,793,878	+ 2.0	+ 7.7
Port Arthur	2	6,113	2,632,551	+ 9.8	- 5.6
San Antonio	5	23,478	17,585,414	+ 7.3	+ 1.4
Shreveport	3	24,442	11,340,264	+ .6	+ 4.4
Waco	3	9,206	4,839,220	- 5.6	No chg.
Wichita Falls	3	7,154	3,589,524	+ 6.6	+ 1.7
All others	70	63,933	29,294,886	+ 5.1	+ 1.0
Total	116	373,700	\$160,919,783	+ 3.4	+ .5

DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)

	May 1938	May 1937	Pctg. change over year	April 1938	Pctg. change over month
	Abilene	\$ 8,346	\$ 8,437	- 1.1	\$ 8,314
Austin	28,400	29,464	- 3.6	35,970	-21.0
Beaumont	22,142	24,320	- 9.0	23,048	- 3.9
Corpuscular	2,917	3,338	-12.6	3,071	- 8.0
Dallas	212,808	231,737	- 8.2	231,231	- 8.0
El Paso	24,527	27,536	-10.9	26,307	- 6.8
Fort Worth	76,434	91,361	-16.3	76,054	+ .5
Galveston	22,448	25,528	-12.1	26,574	-15.5
Houston	192,610	207,708	- 7.3	201,139	- 4.2
Port Arthur	9,439	9,807	- 3.8	9,547	- 1.1
Roswell	4,038	3,956	+ 2.1	3,992	+ 1.2
San Antonio	66,691	71,285	- 6.4	64,068	+ 4.1
Shreveport	40,879	48,564	-15.8	41,510	- 9.1
Texarkana*	5,889	8,056	-26.9	6,476	- 9.1
Tucson	11,815	13,566	-12.9	11,977	- 1.4
Tyler	11,182	14,806	-24.5	13,045	-14.3
Waco	11,239	12,768	-12.0	12,301	+ 4.0
Wichita Falls	17,648	14,886	+18.6	16,873	+ 8.6
Total	\$769,452	\$847,123	- 9.2	\$811,497	- 5.2

\*Includes the figures of two banks in Texarkana, Arkansas, located in the Eighth District. †Figures for Dallas include debits of five additional banks. Data previously published have been revised back through January, 1937.

the Texas Panhandle, in portions of west and south Texas, and in southern New Mexico and southeastern Arizona has been only partially relieved by the recent rains and crops in most of these areas are making poor to only fair progress. Rain is needed for practically all crops in north Louisiana.

The spread of insect infestation over a considerable area of this district is causing increasing concern. Commercial reports indicate that boll weevils, leaf worms, and flea hoppers are damaging to some extent the cotton crop in a large number of counties in the Gulf Coast section. The grasshopper infestation covers an extensive area of the district, but it is most serious in the Texas Panhandle and in New Mexico; in those areas large scale poisoning operations are being carried on in an effort to bring the pests under control.

The estimated production of wheat in Texas on June 1 was 39,860,000 bushels, the same as a month earlier, but prospects within the State have changed somewhat. Although the crop has continued to deteriorate in the western half of the Panhandle as a result of the inadequate moisture supply, conditions have improved considerably in the northeastern Plains counties. Prospects for winter wheat in New Mexico declined further during May, the June 1 production estimate being 1,785,000 bushels as compared with 2,829,000 bushels in 1937.

The district's corn crop, although late in many areas, has made generally satisfactory progress. An excellent crop of oats has been produced and harvesting is well advanced. Hay crops are in better than average condition with prospects particularly favorable in those sections which have had an abundance of rainfall.

The Texas cotton crop has made generally good progress since the latter part of May. Although an unusual amount of replanting has been necessary this spring, seeding operations are about completed except in portions of northwest Texas. Stands are reported to be fair to good, and chopping has progressed rapidly. The crop is nearing maturity in the lower Rio Grande Valley.

The estimated production of peaches in Texas on June 1 remained unchanged at 1,080,000 bushels, but reductions

were made in the estimates for Louisiana and Oklahoma. The Texas citrus fruits are making rapid growth and with a continuation of favorable weather the crop is expected to be earlier than usual. Commercial truck crops made fair progress during the month, although harvesting was delayed and some damage resulted from excessive rainfall and wet soil.

Range conditions in most sections of Texas are well above the average and prospects for summer pasturage continue favorable. However, there are some areas in northwest, west and south Texas where the lack of moisture has retarded the growth of range vegetation and rains are badly needed to insure summer feed. Continued dry weather has damaged ranges considerably in New Mexico and southeastern Arizona and the situation is becoming serious in some parts which have been overstocked.

Reflecting the abundant supply of range feed in most sections of Texas, livestock in the State have fattened rapidly and are in better than average condition. Marketings of grass-fat cattle and yearling lambs have been heavier than usual, while shipments to pastures outside the State have been light. Although livestock in New Mexico and southeastern Arizona are still mostly in fair to good condition, they are showing the effects of the continued dry weather.

Receipts of sheep at the Fort Worth market were in record volume during May, but total marketings, which include interstate shipments, were smaller than in May last year. Marketings of other classes of livestock at Fort Worth increased more than seasonally during the month, but were less than a year ago. Cattle prices ruled unevenly lower in the latter part of May, but in the subsequent two weeks the market strengthened somewhat. The hog market has evidenced a slightly upward trend recently, while lamb prices have declined.

Cash income from the sale of principal farm products in this district during the first quarter of 1938 was maintained at a level 11 per cent higher than in the corresponding period of 1937, the principal contributing factors being the sizable marketings of cotton from last year's crop and the heavy sales of livestock and livestock products. In April, however, income from marketings showed a decrease of 6 per cent from a year ago. Although receipts from the sale of crops were 11 per cent higher, this increase was more than counterbalanced by the smaller income from livestock and livestock products, resulting largely from the reduced marketings of meat animals at lower prices. Government payments to farmers continued smaller than a year ago, the April total being 8 per cent lower than in March and 18 per cent below those in April, 1937. During the first four months of 1938 total farm income, including Government payments, was 3 per cent smaller than in the same period last year.

The index of farm prices in the United States, as computed by the Department of Agriculture, declined further during the month ended May 15, 1938. The current figure is about 30 per cent below that a year ago and the lowest since the middle of 1934.

INDUSTRY

Residential construction in the Eleventh Federal Reserve District increased sharply in May, continuing the expansion that has been in evidence since the first of the year. The value of awards in May rose to \$6,038,000 which was nearly three times the small total reported last December and about 45 per cent above that in May, 1937. The awards during the month represented principally the construction of one family dwellings. Although contracts for all classes of construction showed a further decrease of 16 per cent from the pre-

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

	April, 1938			Total receipts			
	Receipts from:		Government payments	April		Jan. 1 to April 30	
	Crops	Livestock*		1938	1937	1938	1937
Arizona.....	\$ 2,615	\$ 2,068	\$ 196	\$ 4,879	\$ 4,547	\$ 18,872	\$ 14,636
Louisiana.....	4,707	1,533	1,596	7,836	7,076	25,704	28,816
New Mexico.....	256	1,431	745	2,432	2,603	9,240	11,221
Oklahoma.....	2,285	5,836	3,458	11,579	9,739	41,521	46,755
Texas.....	9,010	15,691	7,228	31,929	39,765	119,377	119,277
Total.....	\$18,873	\$26,559	\$13,223	\$58,655	\$64,330	\$214,714	\$220,735

\*Includes receipts from sale of livestock and livestock products.  
SOURCE: United States Department of Agriculture.

FORT WORTH LIVESTOCK RECEIPTS (Number)

	May 1938	May 1937	Change over year	April 1938	Change over month
Cattle.....	74,824	106,105	-31,281	47,895	+ 26,929
Calves.....	26,678	37,832	-11,154	21,154	+ 5,524
Hogs.....	24,447	28,320	- 3,873	23,211	+ 1,236
Sheep.....	325,272	312,500	+12,772	166,596	+158,676

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	May 1938	May 1937	April 1938
Beef steers.....	\$9.50	\$11.15	\$9.60
Stocker steers.....	7.65	7.85	7.75
Heifers and yearlings.....	9.75	11.25	9.50
Butcher cows.....	6.25	8.00	6.50
Calves.....	8.25	8.60	8.25
Hogs.....	8.60	11.35	8.25
Lambs.....	7.50	11.00	8.35

ceding month, due chiefly to the smaller awards for public projects, the total was about one-fifth higher than in May last year. During the first five months of the year, the value of contracts awarded was 30 per cent greater than in the comparable period of 1937. Although private construction has shown some expansion, most of the gain has occurred in publicly-financed projects.

After increasing considerably in the preceding three months, the valuation of building permits issued at fourteen principal cities in this district declined somewhat more than seasonally in May and was 12 per cent smaller than a year ago.

The output of crude oil in this district, which had been maintained at a level only slightly under that a year ago during the first four months of 1938, was reduced sharply in May when production allowables were cut in an effort to bring production in closer alignment with demand. The curtailment was more drastic than in other sections of the country and was effected largely in Texas where the two-day shutdown each week was inaugurated. As the shutdown was extended through June, the district's daily average production during the first half of the month was about 10 per cent lower than early in May, and was at a rate about 15 per cent below that in June last year. Drilling activity, as measured by the number of wells completed, increased seasonally during May, but showed a decline of about 9 per cent from the comparable period in 1937. On June 1, there were 7 per cent fewer rigs in operation than a month earlier.

Operations at cotton textile mills in the United States during May showed a slight improvement over the restricted

activity in April, but the decrease from a year ago was about in line with the average decline for the first five months of 1938. Trade reports indicate that mill sales of cotton goods also increased, particularly around mid-May, and probably resulted in some reduction of mill inventories. Cotton consumption during the month totaled 425,684 bales, which represents a decline of 36 per cent from the amount used in May last year. Although mill stocks of raw cotton were reduced 7 per cent further during the month to a level 13 per cent below those a year ago, they continued higher than in other recent years.

Consumption of cotton by mills in Texas increased 14 per cent between April and May, but was 11 per cent lower than in May last year.

The foreign demand for American cotton reflected a sharp decline during May, when exports totaled only 193,002 bales. This amount was 49 per cent smaller than in April and 40 per cent lower than a year ago. Decreases from both comparative months occurred in shipments to all countries which are major importers of American cotton. During the first nine months of the season exports to Great Britain and Continental European countries were considerably heavier than in the corresponding period of the preceding season, but takings were used in part to build up stocks of American cotton which are now considerably higher than a year ago. In recent months textile mill activity in these countries has slackened perceptibly and prices of American cotton in relation to foreign growths have become much less favorable. In reflection of these conditions, buying of American cotton has diminished. Takings by Japan, which had increased somewhat in April, declined considerably during May. Exports to Japan during the ten months of the current season have amounted to only about 40 per cent of those in the same period of the 1936-1937 season, and stocks of American cotton in that country have been reduced to a low level.

#### VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

	May 1938	May 1937	April 1938	January 1 to May 31 1938	1937
Eleventh District—total.....	\$ 13,680	\$ 11,356	\$ 16,207	\$ 68,135	\$ 52,298
Residential.....	6,038	4,152	4,888	22,247	22,257
All other.....	7,642	7,204	11,319	45,888	30,041
United States*—total.....	283,156	244,113	222,016	1,046,600	1,175,869
Residential.....	83,153	83,937	74,577	313,356	423,320
All other.....	200,003	160,176	147,439	733,244	752,549

\*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

#### BUILDING PERMITS

	May, 1938		Percentage change valuation from		Jan. 1 to May 31, 1938		Percentage change valuation from 1937	
	No.	Valuation	May, 1937	Apr., 1938	No.	Valuation	1937	
Amarillo.....	47	\$ 118,083	+169.1	-47.2	166	\$ 956,822	+179.0	
Austin.....	213	372,357	+ 15.7	-11.7	954	2,597,546	+ 48.0	
Beaumont.....	141	91,318	+ 42.2	+ 9.9	657	577,505	+ 14.8	
Corpus Christi.....	134	183,670	- 48.7	-46.7	753	1,384,664	- 5.6	
Dallas*.....	777	1,134,065	+ 8.7	- 4.4	3,359	5,095,396	- 9.2	
El Paso.....	78	109,127	+ 7.0	-32.2	360	544,257	+ .01	
Fort Worth.....	237	346,894	-38.8	-61.4	1,045	2,563,009	-35.9	
Galveston.....	158	93,664	+ 48.0	-47.3	815	1,239,227	+104.8	
Houston.....	461	1,777,745	-24.4	-28.3	2,121	10,244,020	+ 6.2	
Port Arthur.....	163	87,120	-27.0	+15.8	655	775,571	+ 58.2	
San Antonio.....	366	505,780	- 2.1	+58.8	1,486	1,720,364	-24.7	
Shreveport.....	162	244,626	- 7.9	-82.4	717	2,800,975	+ 81.1	
Waco.....	50	92,823	-13.3	-29.7	274	441,595	- 3.6	
Wichita Falls.....	81	96,904	+178.3	+84.9	326	285,490	+105.3	
Total.....	3,068	\$5,254,176	-11.9	-33.9	13,688	\$31,226,441	+ 6.3	

\*Includes Highland Park and University Park.

#### STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to May 31 This season	Last season	August 1 to May 31 This season	Last season
Cottonseed received at mills (tons).....	1,681,442	909,718	6,471,021	4,448,375
Cottonseed crushed (tons).....	1,550,804	910,411	6,041,681	4,384,738
Cottonseed on hand May 31 (tons).....	153,510	9,183	470,915	85,328
Production of products:				
Crude oil (pounds).....	457,412,546	259,607,550	1,866,947,207	1,326,379,858
Cake and meal (tons).....	725,083	426,789	2,698,895	1,975,255
Hulls (tons).....	406,988	240,526	1,554,356	1,113,641
Linters (running bales).....	321,888	196,468	1,398,202	1,095,615
Stocks on hand May 31:				
Crude oil (pounds).....	9,127,026	427,144	30,799,208	7,472,332
Cake and meal (tons).....	61,949	15,485	281,107	83,790
Hulls (tons).....	39,229	12,604	172,892	77,041
Linters (running bales).....	121,950	24,561	547,270	108,286

SOURCE: Bureau of Census.

#### CONSUMPTION, STOCKS AND EXPORTS OF COTTON

	(Bales)		August 1 to May 31	
	May 1938	May 1937	1938	This season Last season
Consumption at:				
Texas mills.....	10,622	11,864	9,356	97,334 108,093
United States mills.....	425,684	669,665	414,392	4,863,843 6,686,547
U. S. Stocks—end of month:				
In consuming estab'nts.....	1,585,551	1,814,701	1,703,045	
Public stg., compresses.....	10,058,430	3,583,781	10,485,880	
Exports from U. S. to:				
United Kingdom.....	26,836	42,774	78,540	1,499,495 1,069,821
France.....	9,969	11,661	20,904	703,579 644,109
Italy.....	25,709	33,806	28,973	463,772 347,108
Germany.....	14,814	24,725	25,845	629,670 598,620
Other Europe.....	54,363	40,938	62,848	835,742 616,633
Japan.....	31,356	123,757	120,996	590,652 1,478,488
All other countries.....	29,955	46,075	39,144	503,921 331,564
Total exports.....	193,002	323,736	377,250	5,226,831 5,086,093

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

	(Bales)		August 1 to May 31	
	May 1938	May 1937	1938	This season Last season
Receipts.....	31,385	30,064	61,333	3,680,551 2,983,136
Exports.....	126,048	113,034	201,832	2,734,275 2,786,777
Stocks, end of month.....	1,430,310	657,063	1,527,372	

#### CRUDE OIL PRODUCTION

	May, 1938		Increase or decrease in daily average production from:	
	Total Production	Daily Avg. Production	May, 1937	Apr., 1938
North Texas.....	4,343,000	140,097	-12,690	- 506
West Texas.....	6,705,850	216,317	-24,936	- 8,281
East Texas.....	15,295,800	493,413	-90,345	-39,787
South Texas.....	6,744,750	217,573	-14,946	-14,509
Texas Coastal.....	6,051,050	195,195	- 9,954	-10,657
Total Texas.....	39,140,450	1,262,595	-152,871	-73,740
New Mexico.....	3,054,800	98,542	-13,747	- 7,785
North Louisiana.....	2,458,400	79,303	+ 2,350	+ 150
Total district.....	44,653,650	1,440,440	-164,268	-81,875

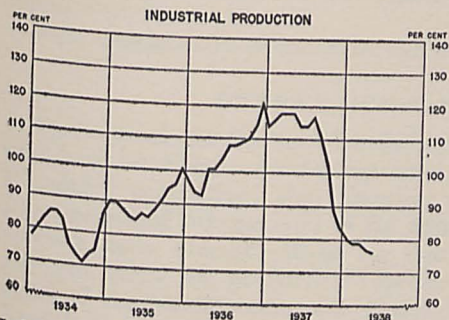
SOURCE: The Oil Weekly, Houston, Texas.

# MONTHLY BUSINESS REVIEW

JULY 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 May, 1938.

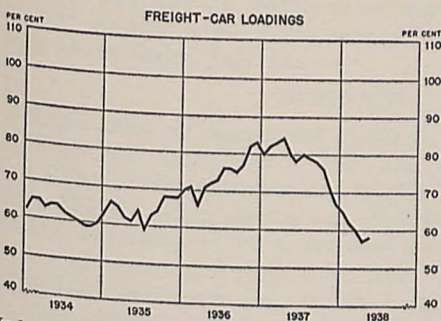
In May and the first three weeks of June industrial activity showed little change from the April level. Wholesale commodity prices generally declined further, but in June wheat and cotton prices advanced and at the end of the period some other staple commodities showed increases.

### PRODUCTION

In May the Board's seasonally adjusted index of industrial production was at 76 per cent of the 1923-1925 average as compared with 77 in April and an average of 79 in the first quarter of the year. Steel ingot production, which in March and April had been at a rate of 33 per cent of capacity, averaged about 31 per cent in May, and automobile output also showed a decrease. Textile production increased in May. Activity at woolen mills rose sharply and there was some increase at cotton mills, while silk mills showed a decline. Changes in output in most other manufacturing industries were largely seasonal in character. Output of crude petroleum was curtailed sharply in May, and bituminous coal production declined somewhat, while anthracite production increased considerably. Lake shipments of iron ore were in very small volume, reflecting both the low rate of activity in the iron and steel industry and the large supply of ore remaining from the previous season.

In the first three weeks of June output of steel and petroleum increased somewhat, but the rate of activity in these industries remained below the average for May. Automobile production showed a further decline and continued below sales, so that stocks of new cars were further reduced.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a substantial increase in May, reflecting chiefly a marked rise in awards for publicly-financed projects. Contracts for residential building increased moderately and were in about the same amount as in May a year ago. Other privately-financed work remained in small volume.



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

### EMPLOYMENT

Factory employment and payrolls continued to decline from the middle of April to the middle of May. There were further decreases in employment in the machinery, steel, and automobile industries, and a sharp decrease in the number employed in the men's clothing industry. In most other manufacturing lines changes in employment were small in amount. The number employed at mines and on the railroads continued to decline.

### DISTRIBUTION

Department store sales declined considerably in May and the Board's seasonally adjusted index was at 79 per cent of the 1923-1925 average as compared with 83 in April. Sales at variety stores and by mail-order houses also decreased from April to May. Reports for the first half of June indicate about the usual seasonal decline in department store sales.

The volume of railroad freight traffic showed little change in May following sharp declines in previous months.

### COMMODITY PRICES

Prices of both agricultural and industrial commodities decreased in the latter part of May. In the first three weeks of June wheat and cotton prices advanced, while prices of industrial products generally continued to decline.

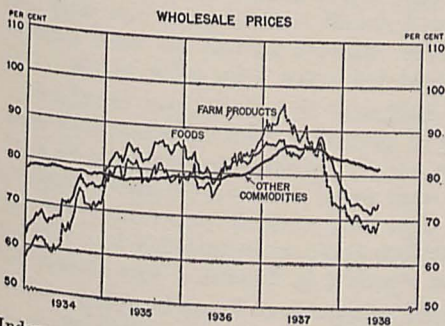
### BANK CREDIT

Reserves of member banks continued to increase in May and June, largely as the result of Treasury disbursements from its deposits with the Reserve banks. Excess reserves increased chiefly at city banks, reflecting retirement of Treasury bills and further expansion of bankers' balances.

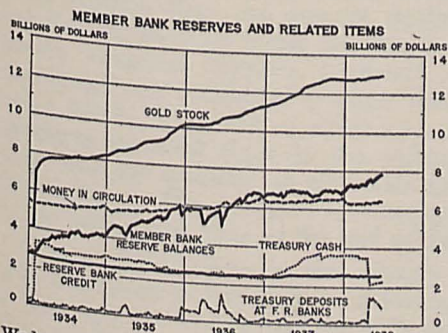
Demand deposits at reporting member banks in 101 leading cities increased further during the first half of June, and total loans and investments, which had declined in May, also increased, reflecting substantial purchases of United States Government obligations by New York City banks.

### MONEY RATES

Yields on Treasury bonds declined further in the four weeks ending June 18, and those on Treasury notes reached new low levels. Rates on open-market commercial paper declined somewhat about the middle of June.



Indexes compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ending June 18, 1938.



Wednesday figures, January 3, 1934 to June 15, 1938.