

# Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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## DISTRICT SUMMARY

Agricultural and livestock conditions in the Eleventh District have improved considerably since the middle of June. Petroleum production, after showing a further decline in June, increased substantially in the first three weeks of July and the daily average output for that period was only 4 per cent below the production rate for July last year. The value of construction contracts awarded declined further in June, but the total for the second quarter was about one-fifth larger than in the corresponding period last year. Department store sales declined slightly more than seasonally in June. The loans of weekly reporting member banks in this district showed a moderate seasonal expansion during the four weeks ended July 13.

## BUSINESS

Retail sales of department stores in this district declined 11.9 per cent from May to June and were 4.2 per cent below those in the corresponding month last year. The decline from the preceding month was slightly more than seasonal which was reflected in a decrease in this bank's adjusted index of department store sales from 102.5 per cent of the 1923-1925 average in May to 101.1 per cent in June; in the corresponding month last year the index stood at 106.0 per cent. In comparison with a year ago the sales volume of stores located in the several sections showed a wide variation. The sales of Houston stores were larger than in June last year and those of Fort Worth firms showed a decrease smaller than the district average, while in other cities the decreases in sales were somewhat larger than the average.

Stocks of merchandise at reporting firms declined more than seasonally in June, reflecting in part the early clearance of summer merchandise. At the end of the month inventories were 8.4 per cent lower than a month earlier and 6.5 per cent below those a year ago. Collections on both regular and installment accounts declined seasonally during the month and continued at a slower rate than a year ago.

The dollar value of merchandise distribution by 59 firms in seven lines of wholesale trade in the Eleventh District showed little change from May to June and the decrease of 7 per cent from the corresponding month last year was somewhat smaller than the average decline for the first five months. As in other recent months, the distribution of dry goods, electrical supplies, hardware, and machinery and equipment was considerably under that a year ago. On the other hand, June sales of drugs and tobacco and tobacco products exceeded those in the corresponding month last year, and the business of wholesale grocery firms showed little change. The mid-year inventories in all lines except drugs were lower than at the end of June last year.

Commercial failures in this district decreased considerably from May to June, but liabilities continued above those a year ago. According to Dun & Bradstreet, Incorporated, there were 15 insolvencies during the month with liabilities totaling \$160,000. During the first half of 1938 the number of defaulting firms was almost three times greater than in that period of 1937 and liabilities were 76 per cent larger.

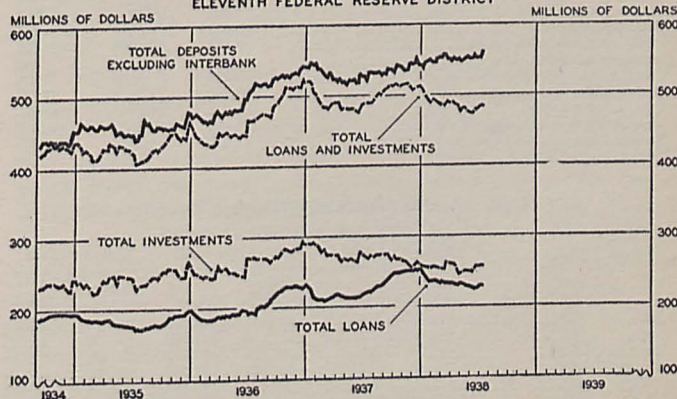
## FINANCE

Total loans of weekly reporting member banks in leading cities of this district, which had shown an almost steady decline since the first of the year due largely to seasonal factors, apparently reached the low point of the season on June 15 at \$222,500,000. During the three weeks ended July 6 loans increased \$4,600,000, and while there was a decline in the subsequent week, the net expansion for the four-week period amounted to \$2,500,000, about one-half of which represented an increase in advances for commercial, industrial and agricultural purposes. Although loans outstanding thus far in 1938 have been in excess of those in 1937, the spread between aggregate loans in the two years has narrowed from \$20,800,000 at the beginning of the year to about \$2,000,000 on July 13. Most of the decline in the spread has occurred in the period since May 1 and is attributable to the fact that a year ago a noticeable expansion in some classes of loans more than counterbalanced the normal seasonal liquidation in other classes, with the result that total loans increased during the period, whereas this year they have followed more closely the usual seasonal pattern. The investments of these banks, after having reached a peak in December, 1936, showed an irregular downward trend until the end of April this year and then increased approximately \$11,600,000 in the subsequent two and one-half months. However, total investments on July 13 were \$12,100,000 lower than a year earlier.

Since the spring of 1937, deposits, exclusive of interbank deposits, of these banks have shown an upward trend and reached an all-time high level on July 13. The total on that date was \$26,700,000 greater than a year earlier. Interbank deposits, contrary to the usual trend, have increased about \$21,100,000 since the end of March and at the middle of July were \$9,100,000 higher than on the corresponding date in 1937.

The earning assets of the Federal Reserve Bank of Dallas showed a decline of \$12,544,000 during the month ended July 15, due chiefly to a reduction of \$12,320,000 in United States Government securities which resulted from a reallocation of the System's open market holdings among the sev-

REPORTING MEMBER BANKS IN LEADING CITIES  
ELEVENTH FEDERAL RESERVE DISTRICT





eral Federal Reserve banks. Discounts for member banks, which had increased in the preceding period, declined \$210,000 between June 15 and July 15, reflecting in large part a seasonal liquidation incident to the marketing of wheat, wool and livestock. The reserve balances of member banks, after having declined somewhat during the latter part of June, increased about \$9,000,000 in the first half of July and at the middle of the month were approximately \$5,500,000 higher than at mid-June. Federal Reserve notes in actual circulation declined further by \$1,147,000 between June 15 and July 15, and the total of \$75,629,000 on the latter date was \$16,327,000 lower than a year earlier.

AGRICULTURE

The outlook for agricultural production in the Eleventh District was improved materially in the past six weeks by the generally favorable weather prevailing during that period. With the exception of a few limited areas, the moisture supply is sufficient for current needs. Summer crops, on the whole, have about overcome the handicap of an unfavorable start, and according to the July 1 report of the Department of Agriculture, prospective production and per acre yields of field crops generally are above the average.

The Department of Agriculture estimated the acreage of cotton in cultivation on July 1 at 9,960,000 acres for Texas and 26,904,000 acres for the United States, the decrease from a year ago being 22 per cent in each instance. The Texas acreage is the smallest in thirty years. In other states attached to this district the decreases in acreage as compared with a year ago are as follows: Louisiana, 21 per cent; Oklahoma, 23 per cent; Arizona and New Mexico, 29 per cent. In recent weeks cotton plants have made rapid growth and are fruiting satisfactorily in most sections but the widespread insect infestation is still a serious potential menace to the cotton crop.

With the harvesting of small grains about completed, it appears that wheat yields in some sections are lower than earlier expectations. The July 1 forecast by the Department of Agriculture placed the Texas crop at 35,397,000 bushels, as compared with an indicated yield of 39,860,000 bushels a month ago, and an actual harvest of 41,690,000 bushels in

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:				Ratio June collections to accounts outstanding June 1		
	Net sales		Stocks*		Regular	Installment	
	June, 1938, from June, 1937	May, 1938	Jan. 1 to June 30, 1938 from 1937	June, 1938, from June, 1937			May, 1938
<b>Retail trade:</b>							
<b>Department stores:</b>							
Total 11th Dist.	-4.2	-11.9	- .5	- 6.5	- 8.4	39.0	13.5
Dallas	- 5.6	-15.1	- 1.4	- 1.6	- 9.9	38.0	15.7
Fort Worth	- 2.3	-10.2	- .1	- 7.0	- 5.3	37.0	9.9
Houston	+ 3.1	- 7.1	+ 3.0	- 9.1	-17.0	39.7	
San Antonio	- 8.1	-15.0	+ 1.0	- 3.2	- 1.2	42.0	11.2
Other cities	- 6.2	- 9.1	- 3.7	-14.3	- 8.2	39.6	14.8
<b>Independent stores:†</b>							
Arizona	-17.9	- 3.4					
Oklahoma	-12.8						
New Mexico	-21.2	- 1.5					
Texas	-11.6						
<b>Wholesale trade:†</b>							
<b>Machinery, equipment &amp; supplies (exc'pt electrical)</b>							
	-26.5	+16.6	-33.2			28.3	
Dry goods	-16.0	- 2.9	-12.8	-34.6	- 1.0	30.5	
Groceries	- 1.2	+ 4.9	- 7.5	-11.6	- 4.7	93.4	
Drugs	+ 3.4	- 7.9	+ 3.3	+ 3.6	+ .6	63.9	
Hardware	-14.6	- 4.2	-12.6	- 5.3	+ .9	55.7	
Electrical supplies	-24.3	- 5.1	-17.8	-19.2	- 7.0		
Tobacco & prod.	+ 8.6	+ 2.0		- 5.0	- 7.0	91.4	

†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—June		Stocks—June		Sales—June		Stocks—June	
	1938	1937	1938	1937	1938	1937	1938	1937
Total Eleventh Dist.	101.1	106.0	63.5	67.0	90.0	94.3	59.7	63.0
Dallas	102.4	107.0	62.9	64.1	89.1	93.1	60.4	61.5
Fort Worth	108.1	109.7	63.2	67.9	101.6	103.1	60.0	64.5
Houston	91.7	88.5	42.8	46.4	97.2	93.8	38.5	41.8
San Antonio	83.6	91.2	60.3	63.2	81.9	89.4	53.1	55.6

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

	June 15, 1938	July 15, 1937	June 15, 1938
Total cash reserves	\$209,651	\$195,560	\$190,847
Discounts for member banks	323	624	533
Industrial advances	814	1,237	828
Bills bought in the open market	16	99	16
United States Government securities	84,963	98,634	97,283
Total earning assets	86,116	100,594	98,660
Member bank reserve deposits	171,607	182,058	166,108
Federal Reserve notes in actual circulation	75,629	91,956	76,776
Commitments to make industrial advances	91	302	92

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
	June, 1938	June, 1937	February, 1938	February, 1937	April, 1938	April, 1937
June, 1938	\$ 943,139	\$196,703	\$540,958	\$108,065	\$402,181	\$88,638
June, 1937	1,037,335	201,800	573,110	110,625	464,225	91,175
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
June, 1938	1,077,586	220,991	605,323	121,945	472,263	99,046

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

	July 13, 1938	July 14, 1937	June 15, 1938
Total loans and investments	\$480,388	\$400,488	\$477,821
Total loans	225,015	223,005	222,494
Commercial, industrial and agricultural loans	142,081	139,507	140,784
Open market paper	1,562	2,877	1,656
Loans to brokers and dealers in securities	2,723	3,187	2,304
Other loans for purchasing or carrying securities	13,725	15,415	13,665
Real estate loans	20,633	21,196	20,147
Loans to banks	445	1,102	521
All other loans	43,846	39,721	43,417
United States Government direct obligations	172,783	189,112	172,080
Obligations fully guaranteed by the U. S. Government	31,323	28,027	33,023
Other securities	51,267	50,344	50,224
Reserves with Federal Reserve Bank	102,997	115,908	98,445
Balances with domestic banks	218,931	157,481	222,563
Demand deposits—adjusted	406,069	402,939	400,862
Time deposits	130,394	121,796	131,567
United States Government deposits	25,016	10,627	25,032
Interbank deposits	191,234	182,155	189,833
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

	Number of reporting banks	Number of savings depositors	Amount of savings deposits	Percentage change in savings deposits from	
				June 30, 1937	May 31, 1938
Beaumont	3	9,662	\$ 3,794,529	+ 2.3	+ .6
Dallas	8	90,615	26,220,983	+ .7	+ 1.2
El Paso	2	16,169	8,171,794	+ 2.3	+ 1.7
Fort Worth	3	38,022	13,563,957	+ 4.7	+ 1.9
Galveston	4	18,394	11,560,331	+ 5.5	+ 1.0
Houston	10	71,852	29,088,211	+ 2.0	+ .3
Port Arthur	2	6,122	2,623,770	+ 8.9	+ 2.4
San Antonio	5	23,751	18,013,475	+ 8.5	+ .4
Shreveport	3	24,762	11,390,582	+ 1.8	+ .5
Waco	3	9,224	4,864,560	+ 5.6	+ 2.1
Wichita Falls	3	7,278	3,665,399	+ 6.9	+ 1.0
All others	70	59,255	29,573,571	+ 4.9	+ 1.0
Total	116	375,106	\$162,531,162	+ 3.4	+ 1.0

DEBITS TO INDIVIDUAL ACCOUNTS (In thousands of dollars)

	June 1938	June 1937	Pctg. change over year	May 1938	Pctg. change over month
Abilene	\$ 7,934	\$ 9,377	-15.4	\$ 8,346	- 4.9
Austin	31,872	29,681	+ 7.4	28,400	+12.2
Beaumont	22,456	25,591	-12.3	22,142	+ 1.4
Coriscans	2,772	3,262	-15.0	2,917	+ 6.9
Dallas†	227,403	242,306	- 6.2	212,808	+ .8
El Paso	24,324	27,019	-10.0	24,527	+14.0
Fort Worth	87,157	100,915	-13.6	76,434	+14.9
Galveston	25,794	26,048	- 1.0	22,448	+ 2.9
Houston	198,222	218,359	- 9.2	192,610	- 4.7
Port Arthur	8,999	8,353	+ 7.7	9,439	- 1.2
Roswell	3,988	3,548	+12.4	4,038	+ 4.7
San Antonio	69,817	73,357	- 4.8	66,891	+ 1.5
Shreveport	41,479	46,317	-10.4	40,879	+19.3
Texarkana*	7,023	7,339	- 4.3	5,889	+ .03
Tucson	11,819	11,649	+ 1.5	11,815	+ 2.1
Tyler	11,418	15,428	-26.0	11,182	+ 6.3
Waco	11,943	13,510	-11.6	11,239	+ 5.5
Wichita Falls	16,680	18,582	-10.2	17,648	
Total	\$811,100	\$880,641	- 7.9	\$769,452	+ 5.4

\*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.



1937. The initial estimate of the 1938 oat crop is larger than the 1937 production for Texas and Oklahoma, and only slightly smaller for Louisiana.

As a consequence of an increase in the acreage planted to corn and a higher estimated yield per acre, the indicated production of this crop in the principal producing states attached to the Eleventh District is considerably higher than in 1937. The prospective production of hay crops is also substantially larger than last year. The Texas rice crop is in generally good condition, and growth was stimulated by timely rains during June. The indicated production of Irish potatoes in Texas is 15 per cent smaller than in 1937, but there is a substantial increase in the prospective yield of sweet potatoes.

Livestock ranges in most sections of Texas continued in good condition during June, and much improvement occurred in the western part of the district where heavy rains broke the extended drouth that had prevailed in that section. However, subsoil moisture is still deficient in parts of this section and additional rain is needed to assure summer grazing. Furthermore, there are a few locally dry areas in south and northwest Texas and in southwestern New Mexico. Livestock in Texas continued in good condition and in practically all areas grass-fat cattle are available for market. In New Mexico and Arizona livestock have taken on flesh since the improvement in range conditions, but they still show the effect of the recent drouth. Losses of cattle were very small during the spring and early summer and reports indicate that a good spring calf crop has been dropped.

According to the Department of Agriculture a sharp increase in hog production during 1938 is indicated for the five states attached to the Eleventh District as the number of pigs saved from the spring crop was 12 per cent greater than in the spring of 1937, and the estimated number of sows to farrow during the fall of 1938 is 9 per cent larger than a year ago. Pigs saved from the spring crop in the United States totaled 43,384,000 head, which is the largest number in five years.

Receipts of livestock at the Fort Worth market declined seasonally during June, but they were in excess of the large volume in June, 1937, due principally to heavy marketings of sheep. Although receipts during the first half of 1938 were smaller than the record total in the corresponding period of 1937, they were maintained well above those in other recent years. Cattle prices, which had shown an irregular downward trend in June, turned noticeably upward in the first week of July when several classes reached the highest level in 1938; in the subsequent week, however, the market was depressed somewhat by heavy receipts. At the middle of July hogs were bringing the best prices since last October, following an almost steady advance in quotations in the preceding two and one-half months.

Receipts from the sale of principal farm products by farmers in the five states attached to the Eleventh District increased 11 per cent from April to May and exceeded the total in May last year by 2 per cent. Although cash income from crops was 2 per cent lower than a year ago, receipts from marketings of livestock and livestock products was 4 per cent larger due chiefly to the heavier sales of dairy and poultry products. Government benefit payments to farmers declined 24 per cent from April to May, but the total of \$10,028,000 was almost twice as great as in May, 1937. Total income including Government payments during the first five months of 1938 amounted to \$275,100,000, which was about the same as that in the corresponding period last year.

INDUSTRY

Construction contracts awarded in the Eleventh District during the first half of 1938 were 26 per cent larger than in the same period of 1937. Although the trend of awards in the past three months has been downward the total for the second quarter was larger than that for the preceding quarter. Throughout the six months awards for Public Works construction have been much heavier than a year earlier, while public utility construction was considerably lower. Non-residential building, which was unusually heavy in the first quarter due chiefly to the expansion in commercial and industrial building, declined considerably in the second quarter and was lower than in that period last year. After declining to a low level in December, 1937, residential building showed a steady expansion during the first five months of this year and in May reached the highest level in several years. While awards declined moderately in June, due largely to seasonal factors, the month's volume was 26 per cent in excess of that in the corresponding month of 1937. From the available information, it appears that loan applications for the construction of houses continued to expand during the month. Residential construction thus far in 1938 has been confined principally to one-family houses. The most active demand has been for houses in the moderate and lower price ranges and has been stimulated by the lower construction costs, and the smaller initial payments and monthly installments made possible through the Federal Housing Administration amendments.

The valuation of building permits issued at fourteen principal cities in this district, after declining sharply in May,

CROP PRODUCTION  
(In thousands of units)

Crop	Unit	Texas		Eleventh District	
		Estimated 1938	1937	Estimated 1938	1937
Winter wheat	Bushels	35,397	41,690	36,290	42,807
Corn	"	85,104	72,048	101,106	86,945
Oats	"	34,875	30,432	37,510	33,087
Rice	"	13,250	12,250	13,250*	12,250*
Time hay	Tons	1,042	831	1,439	1,211
Irish potatoes	Bushels	2,950	3,456	3,763	4,268
Sweet potatoes	"	5,100	3,744	13,965†	11,364†

\*Texas only. †Louisiana, Oklahoma and Texas.

SOURCE: United States Department of Agriculture. Data for Eleventh District derived from estimates by states.

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

	May, 1938		Government payments	Total receipts	
	Receipts from: Crops	Livestock*		May 1938	May 1937
Arizona	\$ 1,024	\$ 2,057	\$ 133	\$ 3,214	\$ 3,163
Louisiana	3,119	1,633	917	5,669	7,728
New Mexico	190	1,424	425	2,039	2,299
Oklahoma	2,720	6,720	2,831	12,271	9,853
Texas	8,121	23,358	5,722	37,201	31,649
Total	\$15,174	\$35,192	\$10,028	\$60,394	\$54,692

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

SOURCE: United States Department of Agriculture.

FORT WORTH LIVESTOCK RECEIPTS  
(Number)

	June 1938	June 1937	Change over year	May 1938	Change over month
Cattle	86,046	112,164	-25,218	74,824	+12,122
Calves	31,404	35,090	-3,686	26,678	+4,726
Hogs	18,328	17,655	+673	24,447	-6,119
Sheep	242,198	145,262	+96,936	325,272	-83,074

COMPARATIVE TOP LIVESTOCK PRICES  
(Dollars per hundredweight)

	June 1938	June 1937	May 1938
Beef steers	8.00	8.00	7.50
Stocker steers	8.00	8.00	7.50
Heifers and yearlings	9.50	9.50	9.75
Butcher cows	6.75	6.75	6.25
Calves	8.25	8.25	8.25
Hogs	8.90	8.90	8.60
Lambs	8.00	8.00	7.50



increased during June to the high level that had obtained in March and April. While about 45 per cent of the total value of permits issued was accounted for by the city of Houston, several other cities showed sizable increases in comparison with both the preceding month and the same month last year. In the first half of the year the aggregate value of permits issued was 13 per cent in excess of that in the same period last year, with 10 of the 14 reporting cities participating in the increase.

During June there was a further curtailment in the production of crude petroleum in the United States and refinery operations, as reflected by crude oil runs to stills, declined to the lowest level in more than a year. The output of both crude petroleum and gasoline during June was below demand and resulted in substantial withdrawals of these products from storage. From April 30 to July 2 crude oil in storage showed a decline of 5 per cent and gasoline stocks were reduced by 12 per cent; at the end of the period stocks of crude oil were about 6 per cent lower than a year earlier but the supply of gasoline was 8 per cent higher. By the end of June a considerable improvement in the statistical position of the industry had taken place and in consequence proration officials in some leading producing states increased somewhat production allowables for July. In Texas, the Saturday shutdown was abandoned and basic allowables were readjusted to permit a substantial increase in production and allowables were also increased in New Mexico. As a result production in the Eleventh District averaged about 1,561,000 barrels daily in the first three weeks of

July, which was 15 per cent higher than the daily rate in June but 4 per cent lower than that in July last year. Drilling activity in this district declined in June and in the first three weeks of July; on July 1 there were fewer drilling rigs in operation than a month earlier.

There was a noticeable expansion in the domestic demand for cotton textiles during June and commercial reports indicated that mill sales of cotton goods were greatly in excess of the restricted output. The buying movement was accompanied by price advances in raw cotton, in cotton yarns, and in some constructions of cotton goods. Reflecting the improvement in the demand for cotton goods, mill activity during the month increased counter-seasonally, the adjusted index of cotton consumption, computed by the Board of Governors of the Federal Reserve System, rising to 88 per cent of the 1923-1925 average. While the June figure represents an increase of 11 points in the index from the low level reached in April, it is only slightly higher than the average for the first quarter of 1938 and is 48 points lower than the index for June, 1937. Actual consumption of cotton by domestic mills amounted to 442,742 bales in June as against 425,684 bales in May and 680,521 bales in June, 1937. In the first half of July activity in the cotton goods market slackened considerably but prices remained firm. Prices of raw cotton declined somewhat in the second week of the month.

Exports of raw cotton from the United States declined to a low level in June, the total amounting to 175,878 bales as compared with 193,002 bales in May and 229,639 bales in June last year. Takings by all the major importing countries except Germany were lower than in the preceding month. The export movement through the ports of Houston and Galveston reflected a counter-to-seasonal increase from May to June and were considerably larger than a year ago.

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

	June	June	May	January 1 to June 30	
	1938	1937	1938	1938	1937
Eleventh District—total...	\$ 12,826	\$ 11,959	\$ 13,680	\$ 80,961	\$ 64,257
Residential.....	5,507	4,368	6,038	27,754	26,625
All other.....	7,319	7,591	7,642	53,207	37,632
United States*—total.....	251,006	317,742	283,156	1,297,606	1,493,236
Residential.....	85,682	92,978	83,153	399,038	516,307
All other.....	165,324	224,764	200,003	898,568	976,929

\*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

#### CONSUMPTION, STOCKS AND EXPORTS OF COTTON

	(Bales)			
	June 1938	June 1937	May 1938	August 1 to June 30 This season Last season
Consumption at:				
Texas mills.....	10,248	11,728	10,622	107,582 119,821
United States mills.....	442,742	680,521	425,684	5,306,585 7,367,068
U. S. Stocks—end of month:				
In consuming estab'nts.....	1,416,161	1,549,460	1,585,551	
Public stg., compresses.....	9,696,667	3,090,479	10,058,430	
Exports from U. S. to:				
United Kingdom.....	21,641	50,705	26,836	1,521,136 1,120,026
France.....	7,873	8,531	9,969	711,452 652,640
Italy.....	19,448	39,925	25,709	483,220 387,033
Germany.....	16,021	27,991	14,814	646,591 626,511
Other Europe.....	57,879	32,873	54,363	893,621 649,606
Japan.....	30,286	44,061	31,356	620,938 1,522,499
All other countries.....	21,830	25,553	29,955	525,761 357,417
Total exports.....	175,878	229,639	193,002	5,402,709 5,315,732

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

	(Bales)			
	June 1938	June 1937	May 1938	August 1 to June 30 This season Last season
Receipts.....	48,893	12,760	31,385	3,729,444 2,995,896
Exports.....	137,273	86,633	126,048	2,871,548 2,873,410
Stocks, end of month.....	1,388,944	579,385	1,430,310	

#### STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to June 30 This season	Last season	August 1 to June 30 This season	Last season
Cottonseed received at mills (tons).....	1,703,795	917,671	6,550,925	4,484,291
Cottonseed crushed (tons).....	1,572,034	921,774	6,201,133	4,460,141
Cottonseed on hand June 30 (tons).....	154,633	5,773	391,367	45,841
Production of products:				
Crude oil (pounds).....	464,100,214	262,858,345	1,920,514,856	1,350,589,063
Cake and meal (tons).....	735,537	432,658	2,774,723	2,010,722
Hulls (tons).....	412,167	243,690	1,594,299	1,132,159
Linters (running bales).....	325,902	199,324	1,439,286	1,117,479
Stocks on hand June 30:				
Crude oil (pounds).....	3,898,004	684,646	18,063,100	5,382,593
Cake and meal (tons).....	53,333	12,793	260,168	73,190
Hulls (tons).....	32,445	9,690	155,781	64,240
Linters (running bales).....	113,674	16,503	519,717	86,129

SOURCE: Bureau of Census.

#### CRUDE OIL PRODUCTION

	June, 1938		Increase or decrease in daily average production from:	
	Total Production	Daily Avg. Production	June, 1937	May, 1938
North Texas.....	3,997,500	133,250	-22,300	-6,847
West Texas.....	6,253,300	208,444	-27,706	-7,873
East Texas.....	13,643,250	454,775	-132,442	-38,638
South Texas.....	6,160,150	205,338	-25,720	-12,235
Texas Coastal.....	5,642,350	188,078	-10,637	-7,117
Total Texas.....	35,696,550	1,189,885	-213,805	-72,710
New Mexico.....	2,721,550	90,718	-23,882	-7,824
North Louisiana.....	2,369,250	78,975	-2,852	-328
Total district.....	40,787,350	1,359,578	-240,539	-80,862

SOURCE: The Oil Weekly, Houston, Texas.



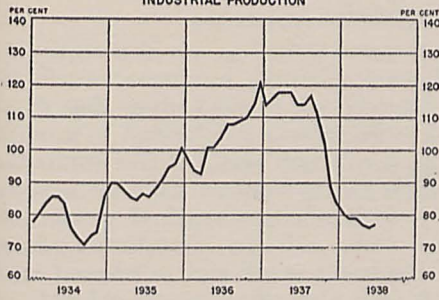
# MONTHLY BUSINESS REVIEW

AUGUST 1, 1938

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

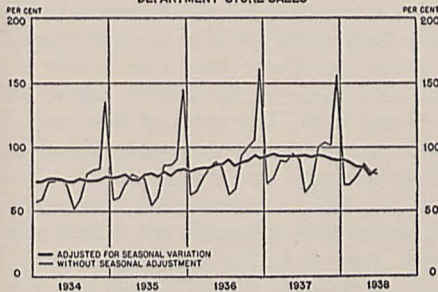
(Compiled by the Board of Governors of the Federal Reserve System)

### INDUSTRIAL PRODUCTION



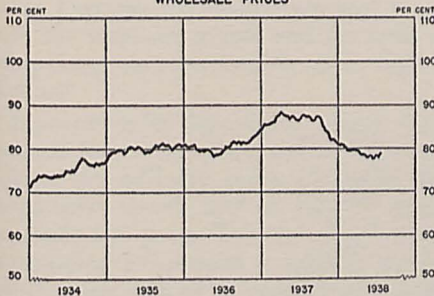
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to June, 1938.

### DEPARTMENT STORE SALES



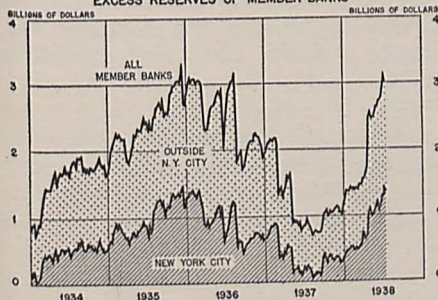
Indexes of value of sales, 1923-1925 average = 100. By months, January, 1934, to June, 1938.

### WHOLESALE PRICES



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending July 16, 1938.

### EXCESS RESERVES OF MEMBER BANKS



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934, to July 20, 1938.

Industrial activity showed little change in June and increased in the first three weeks of July, although there is usually a considerable decline at this season. Prices of most staple commodities advanced sharply in the latter part of June and early July and there were substantial increases in prices of stocks and lower grade bonds.

### PRODUCTION

Volume of industrial production, as measured by the Board's seasonally adjusted index, was at 77 per cent of the 1923-1925 average in June as compared with 76 in May and an average of 79 in the first quarter of the year. Available data indicate that in July the index will show a considerable rise.

In June activity in the textile industry increased, reflecting chiefly a further rise at woolen mills. Output at cotton and silk mills, which usually declines at this season, showed little change. Shoe production declined, following a considerable increase earlier in the year.

Automobile output decreased further in June. Sales of new cars continued in excess of production, however, and stocks were further reduced. Steel production declined seasonally in June, and lumber production showed little change, although some increase is usual. Output of plate glass rose sharply from an exceptionally low level. Coal production remained in small volume in June, while output of crude petroleum, which had been sharply reduced in May, declined somewhat further.

In the first three weeks of July activity at steel mills increased, although there is usually a decline in that period, and in the third week of the month ingot production was estimated at 36 per cent of capacity as compared with an average rate of 28 per cent in June.

Crude petroleum output also rose sharply, reflecting chiefly a return to production on a six-day week basis in Texas. Automobile production declined seasonally.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a decline in June, following a considerable increase in May. Changes in both months reflected chiefly fluctuations in awards for publicly-financed construction. Awards for private residential building were maintained in June at about the same daily rate as in May, although there is usually some decline at this season, and were in slightly larger volume than a year ago. Other private construction work remained at recent low levels.

### EMPLOYMENT

Factory employment and payrolls decreased further from the middle of May to the middle of June. Employment in the automobile, steel, machinery, and clothing industries continued to decline, while at woolen mills there was an increase and in most other manufacturing lines changes were small. In trade employment was reduced, while in other non-manufacturing industries changes in the number employed were largely seasonal.

### AGRICULTURE

A total wheat crop of 967,000,000 bushels was indicated by July 1 conditions, according to the Department of Agriculture. A crop of this size would be considerably larger than average and a Government program was announced for loans at close to current market prices. Cotton acreage on July 1 was estimated at 26,900,000 acres as compared with 34,500,000 acres last year when, with exceptionally high yield per acre, a record crop was harvested. Production estimates for most other major crops were slightly under the large harvests of last season.

### DISTRIBUTION

Distribution of commodities to consumers was maintained in June at about the May level, although a decline is usual at this season. Sales at department and variety stores showed little change and mail-order sales increased. In the first half of July department store sales decreased less than seasonally.

Freight-car loadings showed little change from May to June and were slightly above the low level of April.

### COMMODITY PRICES

Prices of industrial materials, particularly rubber, hides, nonferrous metals, and steel scrap, showed advances from the middle of June to the third week of July, and there were also increases in prices of livestock and products. Wheat prices declined, following a rise early in June. Prices of iron and steel were reduced and there were also declines in some other industrial products.

### BANK CREDIT

Excess reserves of member banks increased substantially in June and the first half of July, rising to above \$3,000,000,000, as compared with \$1,730,000,000 just prior to the reduction in reserve requirements the middle of April. The largest gain in excess reserves occurred at city banks through the retirement of Treasury bills and the continued growth of bankers' balances.

Total loans and investments of reporting member banks in 101 leading cities, which had increased sharply in the first week of June, declined during the remainder of June, reflecting largely redemption of Treasury bills held by New York City banks and a decrease in loans to security brokers and dealers. During the first three weeks of July total loans and investments at reporting banks showed little net change.

### MONEY RATES

Rates on Treasury bills and notes were slightly firmer in July but continued at exceedingly low levels. Yields on Treasury bonds showed little change.