

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

Consumer demand at department stores in the Eleventh District was retarded by unseasonably high temperatures during September and the first half of October, but distribution of merchandise through wholesale channels increased more than seasonally from the low level prevailing in the preceding two months. The production of petroleum declined sharply, reflecting the resumption of the five-day production week in Texas at the beginning of September. A general reduction in posted prices of crude oil was effected during the first half of October. Construction activity declined seasonally from August to September, but awards were considerably above those of a year ago. After declining sharply in August, the production of Portland cement in Texas rose in September to about the average level prevailing during the first seven months of the year. The demand for loans from weekly reporting member banks in the district's leading cities increased considerably during the six weeks ended October 12.

BUSINESS

The unseasonably warm weather prevailing in September had a retarding influence on department store trade in principal cities of the Eleventh District. Sales increased considerably less than usual from August to September, and as a result this bank's adjusted index, which had shown an upward trend in the preceding four months, declined to 105 per cent of the 1923-1925 average. This figure compares with 108 per cent in August and 110 per cent in September last year. The actual dollar volume of sales was 34 per cent greater than in August but 5 per cent smaller than in September, 1937. Preliminary reports indicate that business during the first half of October was considerably smaller than a year ago.

The index of department store stocks showed a further increase in September, as inventories were increased more than seasonally between August 31 and September 30. On the latter date, however, the dollar value of stocks was still 6 per cent smaller than a year ago. The rate of collections on open accounts outstanding at the beginning of the month declined to the lowest level in several years.

The demand for merchandise at wholesale in this district increased more than seasonally in September, reflecting in part frequent reorders and delayed buying by retailers. Although business remained considerably below that of a year ago, the comparison was slightly more favorable than in either of the two preceding months. The combined sales of 76 firms in eight lines of trade were 9 per cent greater than in August and the 10 per cent decrease from September, 1937, compares with declines of 11 and 12 per cent, respectively, for similar comparisons in July and August. Sales of drugs, hardware, groceries, and machinery and equipment showed average or above average increases from August to September, whereas the demand for dry goods declined considerably more than is usual at this time. Sales of tobacco and tobacco products continued larger than a year ago. Collections increased seasonally during the month and in relation to accounts outstanding at the beginning of the month they were at the highest level recorded thus far this year.

Liabilities of commercial failures in this district increased slightly from August to September, but they were about one-fourth smaller than a year ago. Dun and Bradstreet, Incorporated, reported 16 insolvencies during the month with liabilities totaling \$203,000.

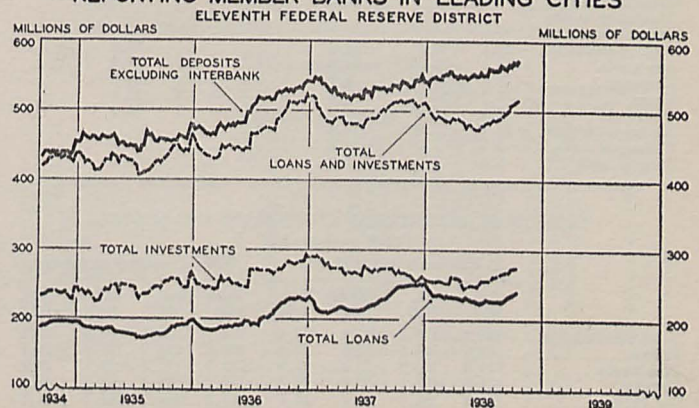
AGRICULTURE

Weather conditions prevailing in the Eleventh District since the early part of September have been favorable for the maturation and rapid harvesting of crops. On the other hand, the lack of moisture, together with the unusually high temperatures for this season, caused a deterioration in some crops. According to the October 1 report of the Department of Agriculture, the production estimates were lower than a month earlier for tame hay, rice, peanuts, sweet potatoes and pecans, but estimates for other crops showed little change with per acre yield and production for most crops exceeding the average. Preparation of land for the seeding of small grains has made rapid progress, and seeding operations are well under way in northwest Texas, where extensive rains fell in the first half of October, supplementing moisture supplies obtained early in September. Early sown grains are up to a good stand and are already furnishing some pasturage. In other areas, seeding operations have been handicapped by the lack of moisture, but some fields are being dry-planted in which instances rain is needed for proper germination.

The October 1 estimate of cotton production in Texas remained unchanged from the forecast of 3,200,000 bales a month earlier and compares with a harvest of 5,154,000 bales in 1937. In all districts of the state the indicated production is substantially below that of a year ago and is smaller than the ten-year average production in all districts except the northwest High Plains and South Texas. In Louisiana the production forecast was increased 53,000 bales, but this gain was more than offset by a reduction in the estimated production for Oklahoma. The indicated production in the United States was raised 387,000 bales to a total of 12,212,000 bales. Picking and ginning made rapid progress during September throughout the cotton growing territory. Ginnings in Texas prior to October 1 totaled 1,909,000 bales, which represents nearly two-thirds of the indicated production.

Weather conditions generally have been favorable for citrus fruits in Texas, but rains would be beneficial to the

REPORTING MEMBER BANKS IN LEADING CITIES



crops in some areas. The fruit has sized well and the trees are in good condition. The initial estimate of the current season placed the production of grapefruit at 15,000,000 boxes, which is 27 per cent larger than the previous record crop of 11,800,000 boxes produced last year. The orange crop, which is estimated at 2,000,000 boxes, is more than one-third larger than in the preceding season.

Heavy rains during the past month in New Mexico, in west and northwest Texas and in portions of the Coastal Plains section of Texas improved range conditions in those areas. Elsewhere in the Eleventh District, ranges deteriorated as a result of the hot, dry weather prevailing during most of the period, and widespread rains are needed to insure winter pasturage. Despite this deterioration, ranges generally are in about average condition for this season of the year and are better than a year ago. In practically all sections of the district ranges are still furnishing pasturage and most areas are harvesting good feed crops which will furnish supplemental feeding during the winter. Cattle and sheep continued in better than average flesh. According to the Department of Agriculture, marketings of cattle during September were fairly liberal and local demand was good, but the September sales of sheep and lambs were rather slow.

Receipts of cattle and calves at the Fort Worth market during September were considerably smaller than in the corresponding month last year, whereas arrivals of sheep were much larger. Livestock prices followed an irregular downward trend during the three weeks ended October 8; in the subsequent week, the market for cattle, calves and sheep strengthened somewhat, but hog prices continued downward, declining to the lowest level since last May.

Cash income from the marketings of principal farm products in states attached to the Eleventh District failed to show the usual seasonal increase from July to August and was 22 per cent lower than in August last year. Although receipts from the sale of livestock and livestock products were about one-fourth larger than in August, 1937, this gain was more than counterbalanced by a decline of 44 per cent in receipts from the sale of crops. The principal cause of the decline in

cash income from the sale of crops was the smaller marketings of cotton combined with the lower prices. Ginnings of cotton were sharply lower than in August last year and a larger proportion of the cotton ginned was withheld from the market, awaiting placement in the Government loan. Government payments to farmers in July and August this year aggregated \$9,700,000, which compares with payments of only \$1,582,000 in the same period last year.

FINANCE

The total earning assets of the Federal Reserve Bank of Dallas rose \$9,039,000 between September 15 and October 15, reflecting an increase in holdings of United States Government securities which was brought about by a reallocation of the System's open market holdings among the several Federal Reserve banks. Reserves of member banks at the Federal Reserve Bank of Dallas increased by about \$10,000,000 in the thirty days ended October 15, but the total on that date was \$11,000,000 lower than a year earlier. Excess reserves which had declined in September rose about \$4,000,000 in the first half of October to the level that had obtained in the first half of August. The circulation of Federal Reserve notes reflected a further seasonal increase of \$2,200,000 between September 15 and October 15, but continued \$12,300,000 smaller than a year ago.

In the four weeks ended October 12 total loans and investments of weekly reporting member banks in this district increased \$17,248,000 continuing the steady expansion in evidence since early in June. The increase in the past five and one-half months has amounted to about \$43,000,000, bringing the total on October 12 to \$516,662,000, which is approximately \$3,900,000 higher than on the corresponding date last year and only about \$6,500,000 under the all-time high level established toward the end of 1936. These banks have been adding to their investments steadily since the end of April, but the expansion in loans occurred mostly after the first of September. In the six weeks ended October 12, total loans rose by about \$14,000,000, the increase being due chiefly to the expansion in loans for commercial, industrial and agricultural purposes. This increase, which was widely distributed among reporting banks, was slightly larger than

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:				Ratio Sept. collections to accounts outstanding Sept. 1		
	Net Sales		Stocks*		Regular	Installment	
	Sept., 1938 from Sept., 1937	Jan. 1 to Sept. 30, 1938, from 1937	Sept., 1938 from Sept., 1937	Aug., 1938			
Department stores:							
Total 11th Dist.	- 5.2	+33.5	- 1.6	- 6.1	+11.6	35.0	13.8
Dallas	-10.3	+33.2	- 3.3	- 3.7	+12.1	33.6	15.8
Fort Worth	+ 5.5	+26.1	+ .8	- 9.1	+ 4.7	33.9	9.9
Houston	+ .8	+48.8	+ 1.7	- 6.4	+26.5	35.9	...
San Antonio	- 6.7	+14.7	- .2	- 4	+10.5	37.8	12.0
Other cities	- 6.1	+43.1	- 4.3	-11.7	+ 9.5	36.7	16.8
Independent stores:†							
Arizona	-16.2	+ 5.3	.....	.....	.....	.....	.....
Oklahoma	-11.8	+10.5	.....	.....	.....	.....	.....
New Mexico	-13.6	- 9.8	.....	.....	.....	.....	.....
Texas	-11.3	+11.5	.....	.....	.....	.....	.....
Wholesale trade:†							
Machinery equipment & supplies (exc'pt electrical)	-33.7	+19.4	-37.3	.....	.....	24.4	.....
Dry goods	-17.4	-17.2	-15.8	-14.0	- 3.2	47.6	.....
Groceries	- 8.4	+11.1	- 6.9	- 6.4	+ 5.4	104.8	.....
Drugs	- 5.7	+16.5	+ .5	- 4.8	+ 2.3	73.0	.....
Hardware	- 7.9	+11.4	-12.2	-10.3	- 4.1	59.7	.....
Electrical supplies	-26.4	- 7.2	-17.7	.....	.....	.....	.....
Tobacco & prod's	+ 3.6	+ 2.2	+ 9.4	.....	.....	105.4	.....
Surgical equip't	0.0	+ 6.3	+ 5.1	.....	.....	43.8	.....

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

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

	(1923-25 average=100)							
	With seasonal adjustment			Without seasonal adjustment				
	Sales—Sept. 1938	Sept. 1937	Stocks—Sept. 1938	Sept. 1937	Sales—Sept. 1938	Sept. 1937		
Total Eleventh Dist.	105.1	110.0	64.5	67.2	116.7	122.1	70.9	73.9
Dallas	116.6	128.5	67.8	70.4	123.6	136.2	73.9	76.7
Fort Worth	116.0	108.6	57.2	62.9	112.5	105.3	63.5	69.8
Houston	136.3	133.1	43.6	40.8	137.7	134.4	48.4	45.3
San Antonio	92.4	99.7	56.1	56.7	94.2	101.7	61.1	61.8

CROP PRODUCTION

(In thousands of units)

Crop	Unit	Texas		Eleventh District	
		Estimated 1938	1937	Estimated 1938	1937
		Cotton	Bales	3,200	5,154	3,956	6,329
Corn	Bushels	82,740	72,048	98,343	86,945
Wheat (all)	Bushels	35,397	41,690	36,465	42,912
Oats	Bushels	34,875	30,432	37,510	33,087
Barley	Bushels	2,224	1,706	6,522*	4,541*
Rice	Bushels	13,600	12,250	13,000†	12,250†
Grain sorghums	Bushels	54,777	52,336	74,177*	71,758*
Tame hay	Tons	981	831	1,361	1,211
Peanuts	Pounds	129,000	100,760	154,700†	115,785†
Irish potatoes	Bushels	2,950	3,456	3,765	4,268
Sweet potatoes	Bushels	4,500	3,744	12,744†	11,364†
Pecans	Pounds	18,711	27,000	25,795†	46,009†
Grapefruit	Boxes	15,000	11,800	15,000†	11,800†
Oranges	Boxes	2,000	1,400	2,000†	1,400†

*Oklahoma, Texas, New Mexico and Arizona. †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)

	August, 1938			Total receipts†			
	Receipts from:		Government's payments*	August 1937	1938	1937	
	Crops	Livestock	August 1938	1937	1938	1937	
Arizona	\$ 560	\$ 1,156	\$ 53	\$ 1,716	\$ 1,813	\$ 28,746	\$ 24,141
Louisiana	3,026	1,294	5,576	4,320	5,149	47,289	50,342
New Mexico	541	1,529	211	2,070	2,468	16,829	19,719
Oklahoma	3,762	8,018	1,559	11,780	18,433	106,354	115,519
Texas	20,644	18,471	2,301	39,115	47,714	265,922	262,493
Total	\$28,533	\$30,468	\$ 9,700	\$59,001	\$75,577	\$465,140	\$472,214

*Government payments during July and August, 1938.

†Data for August exclude Government payments.

SOURCE: United States Department of Agriculture.

that which occurred in the same period last year. Although total loans on October 12 were \$6,200,000 lower than a year earlier, commercial, industrial and agricultural loans were \$1,400,000 higher.

Total deposits (excluding interbank deposits) at reporting banks showed a continuation of the upward trend in evidence since May, 1937, and the record total of \$573,314,000 on October 12 was \$29,800,000 greater than a year ago. All classes of deposits contributed to the increase over the past eighteen months, but the rise between September 14 and October 12 resulted from an increase in United States Government deposits following the September 15 Treasury financing. Interbank deposits showed a further sharp increase during the four weeks ended October 12, and on that date they were at the highest level since December, 1936.

Gross deposits at all member banks in the Eleventh District have been increasing seasonally during the past four months, the daily average in September being \$1,335,189,000 as compared with an average of \$1,292,761,000 in May. Although the expansion during the period was smaller than that in the same period of 1937, the September average was slightly above the previous high level reached last January. As compared with September, 1937, the average was \$36,700,000 higher, representing increases of \$22,600,000 in gross demand deposits and \$14,100,000 in time deposits.

INDUSTRY

Building activity in the Eleventh District declined sharply in September from the relatively high level prevailing during the two preceding months. Nevertheless, the recession from August to September was largely seasonal and the total value of construction contracts awarded exceeded that in September, 1937, by 24 per cent. The decline from the preceding month was due chiefly to reductions in residential and non-residential building. Although the value of awards for non-residential building was small in comparison with that for other months of the current year, residential construction continued in heavy volume, being more than two-thirds greater than a year ago and larger than in any month thus far this year except August. The aggregate value of contracts awarded during the first nine months of 1938 was 17 per cent greater than in the corresponding period last year.

The value of building permits issued at fourteen principal cities in this district during September was 14 per cent smaller than in either the preceding month or the corresponding month last year. The decline from August to September, however, was less than ordinarily occurs at this time, and the reduction from September, 1937, was accounted for by an exceptionally large decline at Galveston, Texas.

The resumption of the five-day production week in Texas at the beginning of September resulted in a sharp decline in the production of petroleum in the Eleventh District. The output during the month averaged 1,420,292 barrels daily, which was 10 per cent lower than the daily average in August, and 16 per cent under that in September last year. Although the daily average output in the first three weeks of October was slightly higher than the production rate in the preceding month, it was about 13 per cent below the rate in October last year. In the territory outside the Eleventh District, daily average production showed a further increase during September with the result that the decline in the physical production in the United States was smaller than in this district. Refinery operations in the United States, as reflected by crude oil runs to stills, declined moderately from August to September.

Stocks of crude oil and gasoline declined further during the month, while stocks of gas and fuel oil continued to increase. As compared with a year ago, supplies of crude oil on October 1 were 9 per cent lower but those of gasoline and gas and fuel oil were higher by 5 and 30 per cent, respectively.

Drilling operations in this district declined in September to the lowest level during the current year. Completions during the four weeks ended September 24 averaged 34.6 wells daily as compared with 36.4 wells in the preceding four-week period and 47.9 wells in the corresponding period last year. The number of rigs in operation has shown a

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

	Oct. 15, 1938	Oct. 15, 1937	Sept. 15, 1938
Total cash reserves	\$215,607	\$203,317	\$206,786
Discounts for member banks	284	535	529
Industrial advances	819	1,143	830
Bills bought in the open market	16	79	16
United States Government securities	94,258	98,634	84,963
Total earning assets	95,377	100,391	86,338
Member bank reserve deposits	177,028	188,322	167,287
Federal Reserve notes in actual circulation	79,662	91,927	77,477
Commitments to make industrial advances	51	269	51

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

	Oct. 12, 1938	Oct. 13, 1937	Sept. 14, 1938
Total loans and investments	\$516,662	\$512,749	\$499,414
Total loans	240,784	246,963	231,480
Commercial, industrial and agricultural loans	155,966	154,550	147,486
Open market paper	1,349	3,849	1,492
Loans to brokers and dealers in securities	2,652	3,335	2,537
Other loans for purchasing or carrying securities	14,319	16,063	13,998
Real estate loans	20,335	21,155	20,433
Loans to banks	346	259	636
All other loans	45,817	47,752	44,908
United States Government direct obligations	181,112	186,085	175,217
Obligations fully guaranteed by United States Govt.	40,298	28,417	39,693
Other securities	54,468	51,284	53,014
Reserves with Federal Reserve Bank	111,764	114,012	103,816
Balances with domestic banks	208,306	165,970	218,597
Demand deposits—adjusted*	409,837	398,183	412,090
Time deposits	132,198	126,627	132,359
United States Government deposits	31,045	18,505	25,142
Interbank deposits	212,812	202,747	201,762
Borrowings from Federal Reserve Bank	None	120	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)

	Sept. 1938	Sept. 1937	Pctg. change over year	August 1938	Pctg. change over month
Abilene	\$ 8,440	\$ 10,427	-19.1	\$ 7,491	+12.7
Austin	29,922	29,818	+ .3	29,385	+ 1.8
Beaumont	22,754	26,447	-14.0	21,399	+ 6.3
Corsicana	4,179	4,631	-9.8	5,065	+36.3
Dallas	238,480	266,084	-10.4	222,102	+ 7.4
El Paso	23,615	25,466	-7.3	23,529	+ .4
Fort Worth	76,225	87,110	-12.5	77,441	+ 1.6
Galveston	26,902	35,566	-19.9	26,636	+ 1.0
Houston	219,477	228,672	-4.0	209,516	+ 9.5
Port Arthur	8,766	9,302	-5.8	8,317	+ 5.4
Roswell	8,737	8,200	+14.6	4,519	+17.3
San Antonio	64,549	67,472	-4.3	61,349	+ 5.2
Shreveport	44,337	48,805	-9.2	40,579	+ 9.3
Texarkana*	7,616	8,591	-11.3	6,069	+25.5
Tucson	9,740	10,507	-7.3	8,967	+ 8.6
Tyler	11,379	14,632	-22.2	10,980	+ 3.6
Waco	14,187	18,041	-21.4	11,747	+20.8
Wichita Falls	13,830	15,255	-9.3	14,196	- 2.6
Total	\$828,135	\$908,086	- 8.8	\$778,287	+ 6.4

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

SAVINGS DEPOSITS

	Number of reporting banks	September 30, 1938		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	Sept. 30, 1937	Aug. 31, 1938
Beaumont	3	9,645	\$ 3,816,129	+ 4.2	+ .3
Dallas	8	90,432	26,458,215	+ 3.0	+ .4
El Paso	2	16,211	7,885,370	- 1.0	- .5
Fort Worth	3	38,429	13,358,586	+ 3.5	- 1
Galveston	4	18,583	11,941,860	+ 6.2	+ 1.4
Houston	10	71,841	28,935,514	+ 2.6	+ .03
Port Arthur	2	6,140	2,745,202	+10.6	+ 1.1
San Antonio	5	24,398	18,156,848	+ 7.9	+ .6
Shreveport	3	24,730	11,401,074	- 1	+ .1
Waco	3	8,171	4,717,217	- 4.8	- .4
Wichita Falls	3	7,820	3,808,047	+12.6	+ 1.1
All other	70	59,365	29,298,463	+ 3.0	+ .1
Total	116	375,265	\$162,522,525	+ 3.4	+ .3

steady decline since March, the decrease over the six months' period being 22 per cent.

Gasoline prices have been declining for about two months and are currently about 20 per cent lower than a year ago. Although the crude oil market has been weak for some time, reductions in posted prices prior to October had been effected in relatively few fields. In the second week of October, however, posted prices were lowered from 12 to 20 cents per barrel at nearly all fields outside of California.

Activity at cotton mills in the United States, after having shown a steady expansion in the preceding four months, declined contra-seasonally in September. Actual consumption during the month totaled 534,037 bales as compared with 561,406 bales in August and 601,305 bales in September, 1937. According to trade reports, sales of cotton textiles by domestic manufacturers were lower than production in the period from early July to the middle of September, as mills had apparently increased operations in July and August to fill the heavy volume of orders placed in June. By September, however, unfilled orders had been greatly reduced, with the result that mills in many quarters curtailed operations somewhat. Since the latter part of September purchases of cotton cloth have increased substantially and re-

ports indicate that mill activity has again turned upward. Cloth prices, which had declined during the period of dullness, were advanced when the expansion in sales occurred. Stocks of cotton goods in several stages of manufacturing and distribution are apparently at moderate levels.

Raw cotton prices continued to decline in the first half of September, the average price of spot cotton, middling, 7/8-inch staple, at the ten designated spot markets, reaching a low point at 7.92 cents per pound around the middle of the month. Since that time, the market has recovered to about 8.60 cents per pound, which is slightly higher than the Government loan level. Nevertheless, a substantial volume of cotton is moving into the Government loan. The Commodity Credit Corporation announced that in the three weeks ended October 20 approximately 1,272,000 bales were placed in the Government loan, bringing the total pledged under the new loan program to 1,392,000 bales, of which 444,000 bales were in Texas.

Exports of cotton from the United States increased by considerably less than the usual seasonal amount in September, and the month's total of 388,658 bales was not only 37 per cent under the 617,444 bales exported in September last year, but was the smallest volume for any corresponding month in sixteen years. The restricted shipments of American cotton to foreign countries during September is attributable in part to reduced activity at cotton mills in Europe and the Orient and in part to the European political crisis.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

	September 1938	September 1937	August 1938	January 1 to September 30 1938	September 30 1937
Eleventh District—total...	\$ 11,415	\$ 9,196	\$ 16,156	\$123,627	\$105,855
Residential.....	6,059	3,585	7,572	46,934	38,146
All other.....	5,356	5,611	8,584	77,293	67,709
United States*—total.....	300,900	207,072	313,141	2,151,446	2,303,128
Residential.....	99,574	65,590	99,732	686,322	736,391
All other.....	201,326	141,482	213,409	1,465,124	1,566,737

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	September, 1938		Percentage change valuation from		Jan. 1 to Sept. 30, 1938		Percentage change valuation from 1937	
	No.	Valuation	Sept., 1937	Aug., 1938	No.	Valuation		
Amarillo.....	58	\$ 194,039	- 12.9	+ 25.1	395	\$ 1,602,032	+ 73.2	
Austin.....	237	590,874	+ 180.7	+ 9.9	1,836	4,462,647	+ 46.1	
Beaumont.....	124	115,495	+ 96.8	- 12.9	1,225	1,045,464	+ 17.4	
Corpus Christi.....	112	177,760	- 22.3	- 15.2	1,208	2,248,047	- 17.7	
Dallas.....	580	884,265	+ 6.7	- 19.2	6,005	8,886,828	+ .6	
El Paso.....	64	144,040	+ 18.8	- 49.7	714	1,321,971	+ 38.1	
Fort Worth.....	264	324,627	+ 12.7	- 25.0	2,008	4,586,004	- 20.1	
Galveston.....	177	80,924	- 96.6	- 85.4	1,411	2,063,939	- 35.9	
Houston.....	517	1,820,210	+ 80.3	+ 11.3	4,157	18,793,640	+ 26.2	
Port Arthur.....	154	109,913	+ 109.6	+ 8.7	1,264	1,247,075	+ 65.7	
San Antonio.....	240	164,372	- 27.1	- 60.3	2,449	3,809,715	+ 3.6	
Shreveport.....	141	327,042	+ 32.6	+ 6.5	1,331	3,848,552	+ 62.4	
Waco.....	59	217,020	- 8.2	- 24.7	485	1,178,923	+ 15.6	
Wichita Falls.....	48	125,503	+ 253.6	+ 11.2	492	665,396	+ 159.2	
Total.....	2,775	\$5,276,084	- 14.6	- 14.2	24,980	\$55,760,233	+ 13.1	

*Includes Highland Park and University Park.

CRUDE OIL PRODUCTION

(Barrels)

	September, 1938		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Sept., 1937	Aug., 1938
North Texas.....	4,078,300	135,944	- 17,089	- 12,274
West Texas.....	6,586,350	219,545	- 38,482	- 29,413
East Texas.....	13,997,750	466,592	- 128,660	- 72,008
South Texas.....	6,451,150	215,038	- 53,195	- 22,402
Texas Coastal.....	6,015,100	200,503	- 17,527	- 17,589
Total Texas.....	37,128,650	1,237,622	- 254,953	- 153,686
New Mexico.....	3,179,900	105,997	- 8,500	- 868
North Louisiana.....	2,300,200	76,073	- 11,507	- 3,427
Total District.....	42,608,750	1,420,292	- 274,960	- 157,981

CRUDE OIL PRICES

(Price per barrel)

	Oct. 13, 1938	Sept. 30, 1937	Sept. 30, 1938
North and west central Texas.....	\$ 1.03	\$ 1.20	\$ 1.20
East central Texas.....	1.12	1.27	1.27
Texas Gulf Coast.....	1.28	1.41	1.41
West Texas—New Mexico.....	.95	1.08	1.08
North Louisiana.....	1.05	1.22	1.22
East Texas (flat price).....	1.10	1.35	1.25

NOTE: Prices quoted apply to oil 40 gravity and above for all fields except East Texas.

SOURCE: The Oil Weekly, Houston, Texas.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to September 30 This season	Last season	August 1 to September 30 This season	Last season
Cottonseed received at mills (tons).....	436,842	639,012	1,535,359	1,928,545
Cottonseed crushed (tons).....	232,547	326,176	799,189	979,107
Cottonseed on hand Sept. 30 (tons).....	386,368	335,708	1,068,788	901,832
Production of products:				
Crude oil (pounds).....	66,797,324	89,750,191	246,234,617	284,265,534
Cake and meal (tons).....	108,566	147,224	356,274	425,434
Hulls (tons).....	60,498	86,130	207,257	259,742
Linters (running bales).....	48,809	65,176	183,915	219,244
Stocks on hand Sept. 30:				
Crude oil (pounds).....	20,448,708	18,559,619	68,688,601	58,150,171
Cake and meal (tons).....	72,298	31,914	259,659	103,903
Hulls (tons).....	53,001	33,234	145,713	97,568
Linters (running bales).....	103,257	46,183	465,964	169,373

SOURCE: Bureau of Census.

CONSUMPTION, STOCKS AND EXPORTS OF COTTON

(Bales)

	September 1938	September 1937	August 1938	August 1 to September 30 This season	September 30 Last season
Consumption at:					
Texas mills.....	10,878	10,912	11,529	22,407	21,395
United States mills.....	534,037	601,305	561,406	1,095,443	1,204,922
U.S. stocks—end of month:					
In consuming estab'nts.....	1,107,388	986,249	1,052,631		
Public stg. & compreses.....	13,013,410	6,880,029	9,825,616		
Exports from U. S. to:					
United Kingdom.....	35,313	207,879	24,033	59,346	255,861
France.....	74,399	113,741	21,833	96,232	143,326
Italy.....	25,886	67,742	14,209	40,095	62,181
Germany.....	36,577	88,959	25,649	62,226	138,970
Other Europe.....	98,682	86,143	43,914	142,596	128,709
Japan.....	96,085	24,837	52,589	148,674	41,936
All other countries.....	21,716	28,093	18,624	40,340	36,876
Total exports.....	388,658	617,444	200,851	589,509	837,859

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

HOUSTON AND GALVESTON

(Bales)

	September 1938	September 1937	August 1938	August 1 to September 30 This season	September 30 Last season
Receipts.....	612,309	924,324	101,124	713,433	1,175,258
Exports.....	211,297	291,414	94,035	305,332	346,657
Stocks, end of month.....	1,634,582	1,343,626	1,238,857		

PRODUCTION, SHIPMENTS AND STOCKS OF PORTLAND CEMENT

(In thousands of barrels)

	September 1938	Percentage change over		January 1 through Sept. 30, 1938	Percentage change over year
		September 1937	August 1938		
Production at Texas mills.....	624	+ 8.7	+ 60.0	5,165	+ 1.3
Shipments from Texas mills.....	601	+ 3.4	+ 3.8	5,251	+ .5
Stocks at end of month at Texas mills.....	862	+ 15.7	+ 2.9		

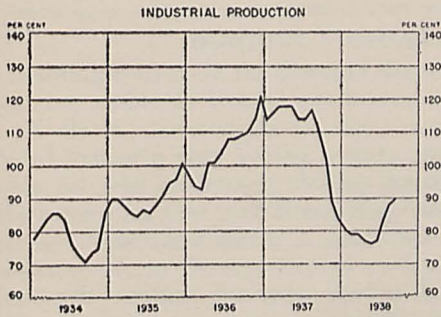
SOURCE: United States Bureau of Mines

MONTHLY BUSINESS REVIEW

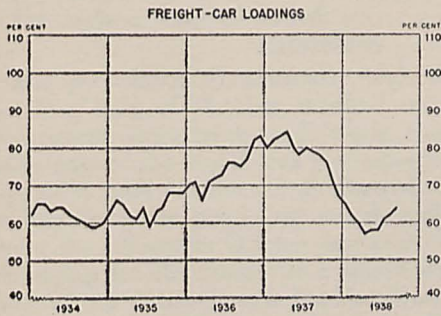
NOVEMBER 1, 1938

NATIONAL SUMMARY OF BUSINESS CONDITIONS

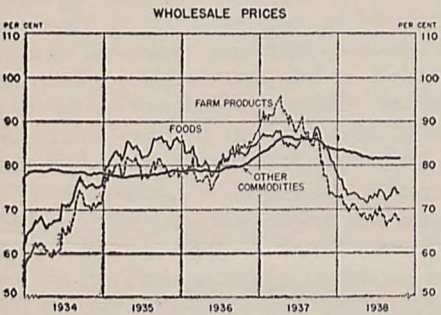
(Compiled by the Board of Governors of the Federal Reserve System)



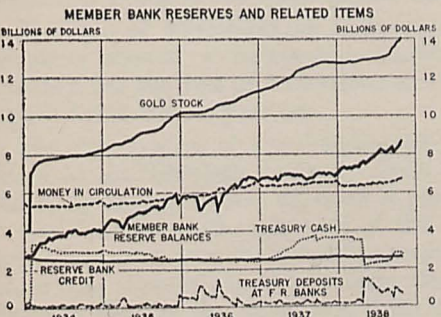
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934 to September, 1938.



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



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending October 15, 1938.



Wednesday figures, January 3, 1934 to October 19, 1938.

In September industrial production and employment continued to advance, and there was also an increase in the volume of retail trade. Building activity continued at the increased level reached in August, reflecting a large volume of awards for publicly-financed projects.

PRODUCTION

Volume of industrial production increased further in September and the Board's seasonally adjusted index advanced to 90 per cent of the 1923-1925 average as compared with 88 per cent in August. There was a substantial rise in pig iron production and output of steel ingots continued to increase, averaging 45 per cent of capacity. In the first three weeks of October activity at steel mills showed a further increase and was at a rate of about 50 per cent of capacity. Plate glass production continued to advance rapidly in September. Output of lumber and cement was maintained, although at this season activity in these industries usually declines. Automobile production in September remained at about the same low rate as in August. In October, however, output increased rapidly as most manufacturers began the assembly of new model cars. In the nondurable goods industries there were substantial increases in activity at meat-packing establishments, sugar refineries, and tire factories. Output of shoes declined somewhat. Textile production, which had been rising sharply since spring, showed little change in September, although an increase is usual. Activity increased further at silk mills but at woolen mills there was a decline, and at cotton mills output did not show the usual seasonal rise.

At mines, coal production increased considerably in September and there was also an increase in output of copper. Crude petroleum output declined as wells in Texas were shut down on both Saturdays and Sundays, whereas in August only Sunday shutdowns had been in effect.

Value of construction contracts awarded which had increased considerably in August, showed little change in September, according to figures of the F. W. Dodge Corporation. Awards for private residential building continued at the advanced level prevailing since early summer and contracts for public residential projects were also maintained following a rise in the previous month. Other public projects continued in substantial volume.

EMPLOYMENT

Employment and payrolls increased further between the middle of August and the middle of September, reflecting principally increases at manufacturing concerns. Employment rose sharply at automobile factories and increased moderately in other durable goods industries. At factories producing nondurable goods there was slightly more than the usual seasonal rise in the number employed.

DISTRIBUTION

Distribution of commodities to consumers showed a more than seasonal rise in September. There were increases in sales at department and variety stores and mail-order sales also increased. Department store sales for the first three weeks of October showed somewhat less than the usual seasonal rise.

Freight-car loadings continued to increase in September and the first half of October, reflecting chiefly a further rise in shipments of coal and miscellaneous freight.

COMMODITY PRICES

Prices of a number of industrial raw materials, particularly hides and copper, advanced from the middle of September to the third week of October. Crude oil and gasoline prices, on the other hand, were reduced. Livestock and meat prices showed large seasonal declines in this period. In the first half of October there were sales of many finished steel products at prices below those announced for the fourth quarter, but in the third week of the month it was reported that prices had been restored to former levels.

BANK CREDIT

During the four weeks ended October 19 there were further substantial increases in the gold stock of this country. As a result largely of these gold acquisitions and of net expenditures by the Treasury from its deposits with the Reserve banks, excess reserves of member banks increased to a total of \$3,270,000,000 on October 19.

Demand deposits at reporting member banks in 101 leading cities were also increased by the inward gold movement and on October 19 amounted to \$15,750,000,000, the largest volume ever reported by these banks. Following substantial increases during September, reflecting purchases of new issues of United States Government obligations, total loans and investments at reporting banks showed little change during October.

MONEY RATES AND BOND YIELDS

The average yield on long-term Treasury bonds declined from 2.48 per cent on September 27 to 2.28 on October 21. Yields on Treasury notes and Treasury bills also declined in the period.