

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

Volume 23, No. 10

Dallas, Texas, December 1, 1938

This copy is released for publication in morning papers—November 30

DISTRICT SUMMARY

Building activity in the Eleventh District increased sharply from September to October, reflecting substantial increases in all classes of construction, and the value of awards exceeded that of a year ago by a wide margin. Production of crude oil rose moderately during the month but remained below that of a year ago. Retail distribution of merchandise through department stores in principal cities declined contra-seasonally in October due to the continuance of unusually warm weather, but sales during the first two weeks of November were somewhat larger than in the same period last year. Total loans and investments of weekly reporting member banks in leading cities rose further during the four-week period ended November 9, and on that date were at the highest level of record.

BUSINESS

The persistence of unusually high temperatures during the first half of October resulted in a sharp decline in department store trade and, while cooler weather in the latter part of the month was accompanied by increased buying, total sales for the month showed a counter-to-seasonal decline from the preceding month and were 9.5 per cent under the volume in October last year. The reduced volume of buying for the month as a whole was reflected in a decline of 5.4 points in this bank's adjusted index of department store sales. The index figure for October, which stood at 99.7 per cent of the 1923-1925 average, was close to the low level of the year reached in April and compared with 109.8 per cent in October, 1937. The improvement in buying noted in the latter part of October has extended thus far into November, reflecting consumer reaction to the more seasonable temperatures and to the price reduction sales featured by merchants generally. In the first two weeks of November, sales of representative firms were about 3 per cent higher than in the corresponding period of last year.

The inventories of department stores, which had declined sharply during the late spring and early summer increased more than seasonally during August, September and October. At the close of the latter month, however, stocks were still 6.6 per cent lower than on the corresponding date last year. Although the rate of stock turnover was lower in October this year than last year, the cumulative turnover for the first ten months of 1938 average 2.80 times as compared with 2.73 times in the same period of 1937.

The rate of collections on both regular and installment accounts showed a substantial seasonal improvement in October, but the rate of collections on regular accounts continued lower than a year ago.

The distribution of merchandise by reporting wholesale firms in the Eleventh District, which had increased substantially in September, declined 9 per cent from September to October. Although four of the eight lines reported small increases over the preceding month, those gains were more than counterbalanced by large declines in other lines. Sales in October this year were 6 per cent smaller than in October last year, but the year-to-year comparison was more favorable in October than in the earlier months of 1938. The dollar value of inventories at reporting firms remained at about the same level as that a month earlier and con-

tinued much smaller than a year ago. Collections increased further during October, but in relation to accounts outstanding at the beginning of the month they declined considerably.

The number of commercial failures in this district increased moderately from September to October, and liabilities of defaulting firms rose sharply. The liabilities of these firms exceeded those of firms defaulting in October, 1937, by 56 per cent, which is about the average increase for the first ten months of the year. The 21 insolvencies reported for October by Dun and Bradstreet, Incorporated, had liabilities totaling \$316,000.

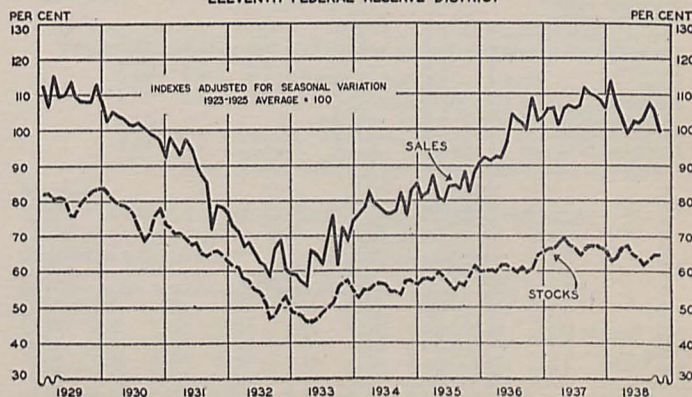
AGRICULTURE

Weather conditions during October continued favorable for harvesting operations and farmers in the Eleventh District have virtually completed this work. However, the dry weather during the fall in most of the district reduced yields of several crops and retarded fall plowing and the seeding of small grains. According to the Department of Agriculture, the production estimates of cotton, corn, grain sorghums and peanuts were lower on November 1 than a month earlier, but with the exception of cotton and pecans, the latest estimates indicate harvests about as large or larger than in 1937. In the extreme northwestern portion of Texas and in eastern New Mexico good rains have been received and moisture conditions are reported to be the best in several years with the result that small grains are up to a good stand and are making rapid growth. Rainfall in most other sections has been insufficient to relieve the moisture deficiency causing further delays in the seeding and germination of grain crops. A heavy general rain is urgently needed to permit soil preparation and to replenish the supply of subsoil moisture.

High temperatures and insect damage earlier in the season affected the Texas cotton crop more extensively than was apparent on October 1, resulting in a reduction in prospective production to 3,125,000 bales on November 1, which compares with 3,200,000 bales a month earlier and an actual harvest of 5,154,000 bales in 1937. The indicated production of cotton in Oklahoma on November 1 was 25,000 bales higher than on October 1, but this gain was partly offset by small decreases in Louisiana and Arizona. Reflecting the exceptionally favorable harvesting conditions during the cur-

DEPARTMENT STORE SALES AND STOCKS

ELEVENTH FEDERAL RESERVE DISTRICT



rent season, picking of cotton in Texas has been, with one exception, at the highest rate since 1922. Ginnings prior to November 14, which totaled 2,737,000 bales, represented 92 per cent of the indicated production.

Vegetable crops in south Texas suffered a severe set-back from cold weather and frosts during the first week of November. Snap beans, eggplants, peppers, and tomatoes in the Winter Garden and Laredo sections were severely damaged; the Department of Agriculture reported that, except for harvested crops which were housed and protected from the cold weather, there will be little tonnage available for shipment this fall from the affected areas.

Livestock ranges in the Eleventh District showed a further deterioration during October as a result of the abnormally dry weather prevailing in many areas, but conditions vary considerably in the several sections of the district. Rains during October or early November greatly improved conditions in the Coastal Plains and Northwest High Plains sections of Texas, in most of New Mexico, and in scattered localities elsewhere. In these areas prospects for winter grazing are favorable but there is only a limited supply of green feed in other sections. Ranges in most sections are still furnishing dry feed and there is an amply supply of roughage and grain feeds. Cattle and sheep generally are in good condition and are going into the winter in better than average flesh. The Department of Agriculture reported heavy marketings of livestock in October and the first half of November, and indicated that the heavy movement of lambs may continue during the remainder of the year unless ranges show an improvement.

Receipts of livestock at the Fort Worth market during October were considerably larger than a month earlier and a year ago, due chiefly to the record October marketings of calves and sheep. Prices of sheep and lambs evidenced an increase of about 50 to 75 cents per hundredweight between October 15 and November 15, and on the latter date they were at the highest level since last June. The market for cattle and hogs showed relatively little net change during the

period, and in comparison with a year ago prices of virtually all classes of livestock continued lower.

Receipts from the sale of principal farm products in the five states attached to the Eleventh District increased seasonally from August to September, but continued considerably smaller than in the corresponding month last year. Income from the marketing of crops was 17 per cent under that a year ago, and receipts from the sale of livestock and livestock products were 12 per cent lower. The decline in income from farm crops resulted chiefly from the smaller volume of cotton marketings; whereas, lower prices were largely responsible for the reduction in receipts from the sale of livestock. The decrease in receipts from farm marketings was partially offset by Government benefit payments to farmers, amounting to \$10,527,000 during September. The Government disbursements to farmers in this district represented mostly adjustment payments to farmers on the 1937 cotton crop. Total cash farm income (including Government payments) during the first nine months of 1938 was about 3 per cent smaller than in the same period last year.

FINANCIAL

The condition figures of the Federal Reserve Bank of Dallas showed little change between October 15 and November 15. Total earning assets declined \$123,000 during the period, due chiefly to a seasonal liquidation of discounts for member banks. The circulation of Federal Reserve notes rose slightly to a total of \$80,637,000, which was \$9,706,000 less than a year ago. Member bank reserve balances increased further by \$2,655,000 during the period, but the total on Novem-

TEXAS—PRODUCTION OF COTTON BY DISTRICTS

(In thousands of 500-pound gross weight bales)

District	Indicated 1938	Production 1937	Ten-year average 1927-1936
N. W. High Plains.....	413	1,045	363
N. W. Rolling Plains.....	489	851	685
North Central Plains.....	37	82	116
North Black Lands.....	919	1,308	1,162
East Texas.....	482	715	660
Trans-Pecos.....	62	98	56
Edwards Plateau.....	29	99	92
Southern Prairies.....	422	555	554
Coastal Plains.....	117	222	178
South Texas.....	155	179	131
Total state.....	3,125	5,154	3,997

SOURCE: United States Department of Agriculture.

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

(In thousands of dollars)

	September, 1938			Total receipts		
	Receipts from:		Government't payments	Sept., 1938	Sept., 1937	Jan. 1 to Sept. 30
	Crops	Livestock*				1938 1937
Arizona.....	\$ 1,203	\$ 1,815	\$ 4	\$ 3,022	\$ 3,127	\$ 31,768 \$ 27,268
Louisiana.....	12,736	1,414	796	14,946	13,865	62,235 64,207
New Mexico.....	1,880	2,098	96	4,074	3,625	20,903 23,344
Oklahoma.....	8,804	6,744	850	16,398	17,947	122,752 133,466
Texas.....	45,721	14,861	8,781	69,363	77,785	335,285 340,278
Total.....	\$70,344	\$26,932	\$10,527	\$107,803	\$116,349	\$572,943 \$588,503

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

FORT WORTH LIVESTOCK RECEIPTS

	(Number)		Change over year	September 1938	Change over month
	October 1938	October 1937			
Cattle.....	79,175	83,918	- 4,743	71,892	+ 7,283
Calves.....	71,890	62,387	+ 9,503	57,452	+14,438
Hogs.....	18,275	28,967	-10,692	22,307	- 4,032
Sheep.....	87,959	64,149	+23,810	86,814	+ 1,145

COMPARATIVE TOP LIVESTOCK PRICES

(Dollars per hundredweight)

	October 1938	October 1937	September 1938
Beef steers.....	\$ 9.50	\$12.25	\$ 9.35
Stocker steers.....	7.85	7.50	7.50
Heifers and yearlings.....	10.00	12.00	10.25
Butcher cows.....	5.75	7.00	5.75
Calves.....	7.75	7.65	7.50
Hogs.....	8.75	11.30	9.10
Lambs.....	7.25	9.50	7.00

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:			Ratio Oct. collections to accounts outstanding Oct. 1	
	Net Sales			Stocks*	Regular Installment
	Oct., 1938 from 1937	Sept., 1938	Jan. 1 to Oct. 31, 1938 from 1937	Oct., 1938 from 1937	Sept., 1938
Department stores:					
Total 11th Dist.	- 9.5	- 2.8	- 2.5	- 6.6	+ 3.3
Dallas.....	-12.7	- 3	- 4.6	- 3.5	+ 2.8
Fort Worth.....	- 9.0	+ 3.1	+ .6	-11.6	+ 3.1
Houston.....	- 6.3	-15.4	+ .8	- 9.8	+ 8.1
San Antonio.....	- .7	+ 6.3	- .3	- 4.4	- 2.6
Other cities.....	-12.9	- 5.6	- 5.4	- 8.9	+ 6.2
Independent stores:†					
Arizona.....	- 9.7	+ 6.2			
Oklahoma.....	- 8.3	+ 4.9			
New Mexico.....	- 8.6	+ 4.7			
Texas.....	-11.8	+ 2.1			
Wholesale trade:†					
Machinery equip- ment & supplies (exc'pt electrical).	-45.1	+ 7.1	-37.6		
Dry goods.....	- 8.6	-16.9	-15.0	-17.9	- 5.7
Groceries.....	- .6	-11.5	- 6.1	- 3.9	+ 3.5
Drugs.....	-10.4	- 2.4	- .9	- 6.5	+ 2.5
Hardware.....	- 8.8	- 7.2	-11.8	- 9.1	- 2.8
Electrical supplies.....	- 8.5	+ 1.6	-17.5		
Tobacco & prod's.....	+ 6.1	+ .4	+ 9.0		
Surgical equip't.....	+ 8.3	+ 2.0	+ 5.7		

*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—October 1938	October 1937	Stocks—October 1938	October 1937	Sales—October 1938	October 1937	Stocks—October 1938	October 1937
Total Eleventh Dist.	99.7	109.8	65.0	67.4	112.7	124.1	73.4	76.2
Dallas.....	101.2	115.2	67.9	69.6	123.5	140.6	76.0	77.9
Fort Worth.....	101.8	111.9	57.7	65.2	116.0	127.6	66.3	75.0
Houston.....	105.6	109.7	45.9	42.8	109.8	114.1	53.3	49.6
San Antonio.....	92.3	90.9	51.8	55.2	103.4	101.8	58.5	62.4

ber 15 was still \$5,879,000 smaller than on that date in 1937. Although required reserves continued upward in consequence of expanding deposits at member banks, estimated excess reserves during the first half of November were at the highest level since the latter part of April.

Total loans and investments of weekly reporting member banks in leading cities of the Eleventh District rose \$9,080,000 between October 12 and November 9, establishing a new high level at \$525,742,000. This increase resulted chiefly from a further expansion of \$7,914,000 in holdings of direct obligations of the United States Government. Although commercial, industrial and agricultural loans rose by \$2,510,000 during the four weeks, the increase was offset in part by decreases in other classes of loans. As compared with a year ago, total loans on November 9 were \$9,141,000 lower but investments were \$19,457,000 higher. The deposits of these banks continued to expand during the four weeks, the principal increases being in adjusted demand and interbank deposits. On November 9 total deposits were \$74,467,000 higher than a year earlier.

Daily average gross demand deposits at all member banks in this district rose considerably in October, reflecting increases in both individual and interbank deposits, and time deposits increased moderately. The daily average of combined gross demand and time deposits during October exceeded that of a month earlier by \$46,847,000 and was \$61,240,000 greater than in October, 1937.

INDUSTRY

The value of construction contracts awarded in the Eleventh District, which had declined considerably in September, increased sharply in October, the total for the month being 67 per cent above that in September and 62 per cent larger than that in October last year. The expansion in activity extended to virtually all classes of construction, but the most significant increase was in non-residential building where the October total was about 75 per cent higher than the average for the preceding six months. Awards for commercial buildings accounted for most of the expansion in non-residential building, though there was a considerable increase in institutional building. In Texas the value of contracts awarded during October for privately-financed projects constituted 61 per cent of the total, which was the same proportion as that in the first nine months of the year.

Augmented by the exceptionally large valuation of permits issued at Houston, Texas, the aggregate value of building permits issued at fourteen principal cities in the district increased 20 per cent from September to October, and was 51 per cent larger than a year ago. During the first ten months of 1938, the valuation of permits issued at these cities totaled approximately \$62,000,000, which was 16 per cent larger than in the corresponding period of 1937.

The daily average production of crude petroleum in the Eleventh District showed a moderate expansion from September to October due to the temporary abandonment of the Saturday and Sunday shutdowns in the final week of the month and to the increase in allowables occasioned by the completion of new wells. The increased output at fields in this district also accounted for the slightly higher average daily production in the United States, as production outside this district declined fractionally. The October production rate was 12 per cent lower than a year ago in the Eleventh District and 9 per cent smaller in the United States. In both the Eleventh District and the United States production during the first half of November was at a slightly lower rate than in October.

Despite some curtailment in refinery operations in the

United States after the middle of October, the demand for crude oil exceeded production with the result that crude oil in storage declined further to a level 10 per cent under the

CONDITION OF THE FEDERAL RESERVE BANK

(In thousands of dollars)

	Nov. 15, 1938	Nov. 15, 1937	Oct. 15, 1938
Total cash reserves.....	\$216,463	\$199,072	\$215,607
Discounts for member banks.....	186	374	284
Other bills discounted.....	None	None	None
Industrial advances.....	794	1,107	819
Bills bought in the open market.....	16	80	16
United States Government securities.....	94,258	99,461	94,258
All other investments.....	None	None	None
Total earning assets.....	95,254	101,022	95,377
Member bank reserve deposits.....	179,683	185,562	177,028
Federal Reserve notes in actual circulation.....	80,637	90,343	79,662
Commitments to make industrial advances.....	50	269	51

CONDITION STATISTICS OF MEMBER BANKS IN LEADING CITIES

(In thousands of dollars)

	Nov. 9, 1938	Nov. 10, 1937	Oct. 12, 1938
Total loans and investments.....	\$525,742	\$515,426	\$516,662
Total loans.....	242,190	251,331	240,784
Commercial, industrial and agricultural loans.....	158,476	158,962	155,966
Open market paper.....	1,332	3,543	1,349
Loans to brokers and dealers in securities.....	2,304	2,971	2,652
Other loans for purchasing or carrying securities.....	13,499	15,822	14,319
Real estate loans.....	20,555	20,692	20,335
Loans to banks.....	227	1,451	346
All other loans.....	45,797	47,890	45,817
United States Government direct obligations.....	189,026	185,325	181,112
Obligations fully guaranteed by United States Govt.....	39,214	28,260	40,298
Other securities.....	55,312	50,510	54,468
Reserves with Federal Reserve Bank.....	109,051	109,996	111,764
Balances with domestic banks.....	210,998	143,961	208,306
Demand deposits—adjusted*.....	413,622	390,961	409,837
Time deposits.....	131,350	126,754	132,198
United States Government deposits.....	31,257	15,912	31,045
Interbank deposits.....	218,588	186,723	212,812
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.

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
October, 1936.....	\$1,061,297	\$200,763	\$608,277	\$109,623	\$453,020	\$91,140
October, 1937.....	1,110,345	210,451	613,865	116,181	496,480	94,270
June, 1938.....	1,077,586	220,991	605,323	121,945	472,263	99,046
July, 1938.....	1,089,421	220,912	614,076	121,906	475,345	99,006
August, 1938.....	1,092,082	222,104	617,125	123,057	474,957	99,047
September, 1938.....	1,112,496	222,693	631,147	122,954	481,349	99,739
October, 1938.....	1,157,991	224,045	655,665	124,155	502,326	99,890

DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)

	October 1938	October 1937	Pctg. change over year	September 1938	Pctg. change over month
Abilene.....	\$ 9,523	\$ 10,624	-10.4	\$ 8,440	+12.8
Austin.....	33,939	32,251	+ 5.2	29,922	+13.4
Beaumont.....	22,261	26,454	-15.9	22,754	- 2.2
Corsicana.....	3,746	4,018	- 6.8	4,179	-10.4
Dallas.....	240,403	258,782	- 7.1	238,480	+ .8
El Paso.....	26,887	29,053	- 7.5	23,615	+13.9
Fort Worth.....	77,921	90,190	-13.6	76,225	+ 2.2
Galveston.....	29,830	37,079	-19.6	26,902	+10.9
Houston.....	224,406	232,480	- 3.5	219,477	+ 2.2
Port Arthur.....	8,741	9,568	- 8.6	8,766	- .3
Roswell.....	4,829	3,894	+24.0	3,737	+29.2
San Antonio.....	64,728	69,024	- 6.2	64,549	+ .3
Shreveport.....	44,376	50,997	-13.0	44,337	+ .1
Texarkana*.....	7,406	8,597	-13.9	7,616	- 2.8
Tucson.....	11,749	12,375	- 5.1	9,740	+20.6
Tyler.....	11,682	14,847	-21.3	11,379	+ 2.7
Waco.....	14,668	16,242	- 9.7	14,187	+ 3.4
Wichita Falls.....	15,024	15,845	- 5.2	13,830	+ 8.6
Total.....	\$852,119	\$922,320	- 7.6	\$828,135	+ 2.9

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

SAVINGS DEPOSITS

October 31, 1938

Percentage change in savings deposits from

	Number of reporting banks	Number of savings depositors	Amount of savings deposits	Oct. 31, 1937	Sept. 30, 1938
Beaumont.....	3	9,683	\$ 3,826,329	+ 4.3	+ .3
Dallas.....	8	88,467	26,628,832	+ 3.3	+ .6
El Paso.....	2	16,291	7,906,235	- 1.0	+ .3
Fort Worth.....	3	38,555	13,442,776	+ 3.7	+ .6
Galveston.....	4	18,532	11,851,859	+ 6.2	- .8
Houston.....	10	71,980	29,118,017	+ 2.9	+ .6
Port Arthur.....	2	6,163	2,749,416	+12.6	+ .2
San Antonio.....	5	24,667	18,429,042	+ 9.2	+ 1.5
Shreveport.....	3	24,752	11,346,713	+ 2.2	- .5
Waco.....	3	8,260	4,709,183	- 4.9	- .2
Wichita Falls.....	3	7,357	3,530,768	+ 4.4	- 7.3
All other.....	70	59,681	29,391,671	+ 3.1	+ .3
Total.....	116	374,388	\$162,930,841	+ 3.7	+ .2

supply a year earlier. The curtailment in refinery operations and the sustained demand for gasoline resulted in continued withdrawals of gasoline from storage, the stocks of which on October 29 were only 1 per cent higher than a year ago. When gasoline stocks were at a peak in March this year, they were 14 per cent higher than on the corresponding date in 1937.

Completions of new wells in the Eleventh District during October were at about the same rate as in September, but 29 per cent less than a year ago. The number of drilling rigs in operation was increased slightly during October for the first time since last March.

Since the sharp decline in crude oil prices in the first half of October, the market has been generally steady at the lower level. Changes in the prices of refined products have been limited to a few minor adjustments.

Domestic consumption of cotton increased from September to October by a smaller amount than is usual at this time with the result that the Board of Governors' index declined further to 104 per cent of the 1923-1925 average, which compares with 108 per cent in September. However, consumption during the month exceeded that of a year ago, which is the first increase shown for a similar comparison since August, 1937. There were 542,778 bales consumed during the month, as compared with 534,037 bales in September, and 524,188 bales in October last year. Reports indicate that demand for industrial fabrics has increased considerably coincident with the expanding volume of industrial production. Mill stocks of raw cotton rose sharply during

October, and at the close of the month they were 6 per cent greater than a year ago.

Exports of cotton from the United States during October remained at an exceptionally low figure for this season of the year. Shipments totaled 464,590 bales, which was the smallest volume for that month since 1919, and compares with 388,658 bales in September and 798,921 bales in October last year. During the first three months of the 1938-1939 season takings of American cotton by foreign countries averaged 46 per cent less than the 1927-1936 average for that period.

Operations of cottonseed oil mills in both Texas and the United States during the first quarter of the 1938-1939 season were sharply lower than in the corresponding period last season, reflecting the smaller supply of seed available and the decreased demand for cottonseed products. Receipts of seed at all United States mills during the three-month period were 20 per cent smaller than a year earlier, and the crushings of seed and the production of products averaged about 23 per cent lower; at Texas mills operations averaged about one-third smaller than in the comparable period of 1937. Shipments of cottonseed products from the United States mills during the three-month period, with the exception of linters which increased 25 per cent, declined by a greater percentage than production. In consequence of the substantial carryover of products at mills at the beginning of the season and the smaller percentage of production entering into distributive channels thus far this season, mills stocks of products on October 31 were larger than a year ago, the increase ranging from 5 per cent for crude oil to 111 per cent for cake and meal. Stocks of cottonseed on hand at mills on October 31 were 5 per cent larger than a year ago and the largest of record for that date.

VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	October 1938	October 1937	September 1938	January 1 to October 31 1938	January 1 to October 31 1937
Eleventh District—total...	\$ 19,046	\$ 11,771	\$ 11,415	\$ 142,673	\$ 117,626
Residential.....	6,879	3,374	6,059	53,213	41,520
All other.....	12,167	8,397	5,356	89,460	76,106
United States*—total.....	357,698	202,081	300,900	2,509,144	2,505,209
Residential.....	112,673	65,485	99,574	798,995	801,876
All other.....	245,025	136,596	201,326	1,710,149	1,703,333

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	October, 1938		Percentage change valuation from		Jan. 1 to Oct. 31, 1938		Percentage change valuation from 1937	
	No.	Valuation	Oct., 1937	Sept., 1938	No.	Valuation	Oct., 1937	Sept., 1938
Amarillo.....	56	\$ 181,748	+ 48.5	- 6.3	451	\$ 1,783,780	+ 70.3	
Austin.....	255	483,472	+ 40.8	- 18.2	2,091	4,946,119	+ 45.5	
Beaumont.....	104	74,587	+ 32.6	- 35.4	1,329	1,120,051	+ 18.3	
Corpus Christi.....	105	182,050	+ 1.0	+ 2.4	1,313	2,430,097	- 16.5	
Dallas*.....	658	977,683	+ 13.4	+ 10.6	6,663	9,864,511	+ 1.8	
El Paso.....	105	204,615	- 46.6	+ 42.1	819	1,526,586	+ 13.9	
Fort Worth.....	244	269,193	- 30.5	- 17.1	2,252	4,855,197	- 20.7	
Galveston.....	173	98,320	+ 8.8	+ 21.5	1,584	2,162,259	- 34.6	
Houston.....	504	3,055,045	+ 166.8	+ 67.8	4,661	21,848,685	+ 36.2	
Port Arthur.....	126	80,939	+ 24.8	- 26.4	1,390	1,328,014	+ 62.5	
San Antonio.....	321	269,741	+ 4.0	+ 64.1	2,770	4,079,456	+ 3.6	
Shreveport.....	151	228,717	+ 2.0	- 30.1	1,482	4,076,729	+ 57.0	
Waco.....	50	81,943	+ 28.5	- 62.2	535	1,260,866	+ 16.4	
Wichita Falls.....	46	142,428	+	+ 13.5	538	807,824	+ 202.5	
Total.....	2,898	\$ 6,330,481	+ 50.8	+ 20.0	27,878	\$ 62,090,174	+ 16.0	

*Includes Highland Park and University Park.

†Increase over one thousand per cent.

CRUDE OIL PRODUCTION

	October, 1938		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Oct., 1937	Sept., 1938
North Texas.....	4,232,950	136,547	- 13,458	+ 603
West Texas.....	7,229,800	233,219	- 16,546	+ 13,674
East Texas.....	14,591,750	470,702	- 122,177	+ 4,110
South Texas.....	7,067,100	227,971	- 35,814	+ 12,933
Texas Coastal.....	6,415,100	206,939	+ 1,959	+ 6,435
Total Texas.....	39,536,700	1,275,377	- 189,954	+ 37,755
New Mexico.....	3,211,550	103,598	- 842	+ 2,399
North Louisiana.....	2,381,650	76,827	+ 796	+ 154
Total District.....	45,129,900	1,455,803	- 190,000	+ 35,510

SOURCE: The Oil Weekly, Houston, Texas.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	—Texas—		—United States—	
	August 1 to October 31 This season	Last season	August 1 to October 31 This season	Last season
Cottonseed received at mills (tons).....	688,585	973,740	2,690,490	3,372,244
Cottonseed crushed (tons).....	401,679	595,386	1,464,564	1,930,994
Cottonseed on hand Oct. 31 (tons).....	468,979	401,226	1,558,544	1,483,644
Production of products:				
Crude oil (pounds).....	114,252,008	170,548,631	449,980,922	572,280,756
Cake and meal (tons).....	185,719	279,081	650,682	851,678
Hulls (tons).....	107,082	158,058	378,193	498,707
Linters (running bales).....	87,468	123,156	350,239	435,982
Stocks on hand October 31:				
Crude oil (pounds).....	27,695,325	26,490,450	81,546,047	77,896,414
Cake and meal (tons).....	85,669	48,993	295,380	139,760
Hulls (tons).....	67,333	41,748	166,148	104,366
Linters (running bales).....	113,525	66,833	499,284	250,228

SOURCE: Bureau of Census.

CONSUMPTION, STOCKS AND EXPORTS OF COTTON

	(Bales)		August 1 to October 31	
	October 1938	October 1937	This season	Last season
Consumption at:				
Texas mills.....	10,092	9,435	10,878	32,499
United States mills.....	542,778	524,188	534,037	1,638,221
U.S. stocks—end of month:				
In consuming estab'ls.....	1,507,245	1,419,039	1,107,388	
Public stg. & compresses.....	15,312,719	9,794,861	13,013,410	
Exports from U. S. to:				
United Kingdom.....	61,452	218,753	35,313	120,798
France.....	79,442	139,453	74,399	175,674
Italy.....	40,745	66,391	25,886	80,832
Germany.....	47,940	140,280	36,577	110,166
Other Europe.....	104,888	138,489	98,682	247,484
Japan.....	74,930	26,737	96,085	223,604
All other countries.....	55,193	68,818	21,716	95,533
Total exports.....	464,590	798,921	388,658	1,054,091

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

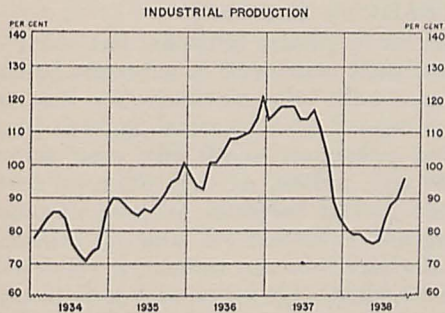
	(Bales)		August 1 to October 31	
	October 1938	October 1937	This season	Last season
Receipts.....	533,528	879,181	612,309	1,240,961
Exports.....	348,183	480,583	211,297	653,515
Stocks, end of month.....	1,817,341	1,740,374	1,034,682	2,054,439

MONTHLY BUSINESS REVIEW

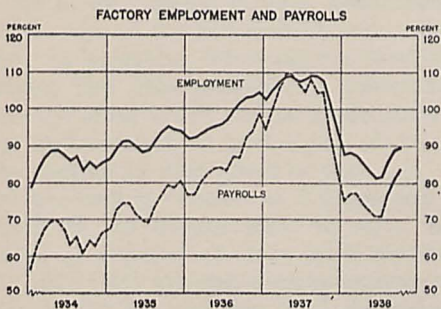
DECEMBER 1, 1938

NATIONAL SUMMARY OF BUSINESS CONDITIONS

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



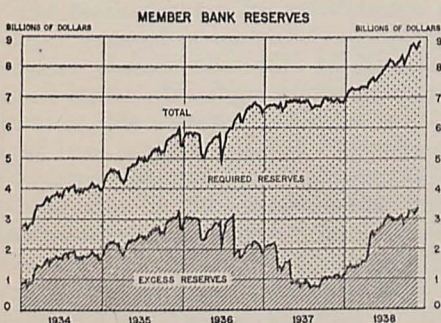
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934 to October, 1938.



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



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



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required and excess reserves, January 3, 1934 to November 23, 1938.

Industrial production continued to increase sharply in October and the first three weeks of November, reflecting principally larger output of steel and automobiles. Wholesale commodity prices showed little change in this period. Volume of employment and national income increased in October.

PRODUCTION

In October the Board's seasonally adjusted index of industrial production was at 96 per cent of the 1923-1925 average, as compared with 90 per cent in September. Steel ingot production increased considerably, averaging 53 per cent of capacity in October, and in the first three weeks of November there was a further substantial advance. In the automobile industry output was increased rapidly during October and the first three weeks of November both to stock dealers with new model cars and to meet the increased volume of retail demand accompanying the introduction of new models. Production, which in the first nine months of 1938 had been at a considerably lower level, was at nearly the same rate as in the corresponding period in other recent years; output of plate glass also increased sharply further in October. Cement production showed a considerable increase, while lumber production declined slightly.

Activity at textile mills, which had risen sharply during the summer, continued at about the August and September rate, although usually there is an increase at this time of the year. Shoe production declined somewhat further in October, and there was a decrease in output of tobacco products, while in most other industries manufacturing nondurable goods changes in output were largely seasonal in character. Mineral production showed a further moderate rise, reflecting in large part increased output of crude petroleum and nonferrous metals. Lake shipments of iron ore also were in larger volume, although a decrease is usual in October. Coal production increased seasonally.

Value of construction contracts awarded in 37 eastern states increased considerably in October, according to figures of the F. W. Dodge Corporation, reflecting chiefly a sharp rise in awards for public projects. Contracts for hospital, educational, and other public buildings included in the Public Works Administration program were in large volume, and there was a further increase in contracts awarded for slum clearance projects of the United States Housing Authority.

EMPLOYMENT

Employment and payrolls increased somewhat further between the middle of September and the middle of October. At automobile factories employment continued to rise sharply and there were further moderate increases in most other durable goods industries. The number employed at canning establishments declined and in other nondurable goods industries showed little change. Employment increased somewhat at mines, on the railroads, and in the construction industry, while in trade the rise was less than seasonal.

DISTRIBUTION

Sales at department and variety stores and by mail-order houses showed less than the usual seasonal increase in October, partly because consumer buying of winter merchandise was retarded by unseasonably warm weather during most of the month. In the first two weeks of November department store sales increased moderately.

Freight-car loadings rose considerably further in October, owing largely to increased shipments of grains, coal and miscellaneous freight. In the first half of November loadings showed a seasonal decline.

COMMODITY PRICES

Wholesale commodity prices generally showed little change from the middle of October to the third week of November. Prices of steel scrap and leather advanced. Tin plate prices, on the other hand, were reduced, and there were also decreases in zinc, hides, and rubber. Prices of farm products and foods showed small fluctuations in this period.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities declined by about \$150,000,000 during the first half of November following a substantial increase during October. The decline in November was almost entirely at New York City banks and reflected the retirement of state and local government obligations held by these banks. Adjusted demand deposits, which reached an all-time peak of \$16,000,000,000 at reporting banks in the last week in October, also decreased somewhat in the first half of November. Member bank reserves at the middle of November were at about the high level reached a month earlier.

MONEY RATES AND BOND YIELDS

The prevailing rate on open-market commercial paper declined slightly in November to 5/8 of 1 per cent, a new low level. Other short-term open-market rates were unchanged. Yields on United States Government securities and on high-grade corporate bonds showed only small changes during November, continuing close to the low levels reached in October.