

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

Trade and industrial activity in the Eleventh District improved somewhat in November. Distribution of merchandise at retail and wholesale, after allowance for customary seasonal changes, increased from October to November and the comparisons with the corresponding month last year were more favorable than in October. The value of construction contracts awarded increased further during the month and exceeded the total for November last year by 40 per cent. Petroleum production rose moderately in November but continued lower than a year ago. On the other hand, the agricultural situation is becoming progressively more unfavorable as a result of the widespread deficiency in moisture.

BUSINESS

Retail distribution through department stores in the principal cities of the Eleventh District reflected some improvement in November following two months in which consumer buying had been retarded by unseasonable weather. Daily average sales, which ordinarily decrease slightly from October to November, showed a gain of 4 per cent this year and the decline in sales from a year ago was narrowed from 9.5 per cent in October to 3.2 per cent in November. As a result of the improvement in sales, this bank's adjusted index of department store sales rose to 105.4 per cent of the 1923-1925 average, thereby recovering all of the ground lost in October. At this level the index is higher than in most of the other months of the year and compares with 108.5 per cent in November, 1937.

Inventories of merchandise at reporting firms were increased further during November and at the close of the month they were only 1.9 per cent less than a year ago. The seasonally adjusted index of stocks, which had declined considerably during the spring and early summer, has risen 11 per cent since July, and the November figure was higher than in any other month thus far this year. The rate of collections on regular accounts outstanding increased slightly from October to November, but it continued below that of a year ago.

According to the data compiled by the United States Department of Commerce, consumer buying at independent retail firms in this district increased further in November. The volume of sales during the month was only moderately lower than in November last year, whereas in other recent months sales have shown substantial declines from a year ago.

The better demand for merchandise at retail during November resulted in increased buying at wholesale, as many retailers placed substantial fill-in orders to replenish depleted stocks. Although wholesale distribution usually declines at this season, total sales of 77 reporting firms in eight lines of trade showed little change from October to November this year and they were only about 2 per cent smaller than in the corresponding month last year. This decline from a year ago is the smallest recorded thus far this year and compares with an average decline of 9 per cent during the first eleven months of 1938. Although the betterment in business extended to virtually all lines of trade, the greatest improvement occurred in dry goods and hardware. In these lines sales exceeded those in the same month last year, the increases being the first year-to-year

gains reported since November, 1937. Inventories on November 30 at reporting firms were seasonally smaller than a month earlier and were about 7 per cent less than on that date last year. November collections were at about the same rate as in October.

According to the data compiled by Dun and Bradstreet, commercial failures in the Eleventh District during November were more numerous than in any other month in nearly three years, the total for the month being 36 as compared with 21 in each of the months of October this year and November last year. Liabilities of the firms defaulting in November aggregated \$338,000, which was 7 per cent greater than in October but 11 per cent less than a year ago.

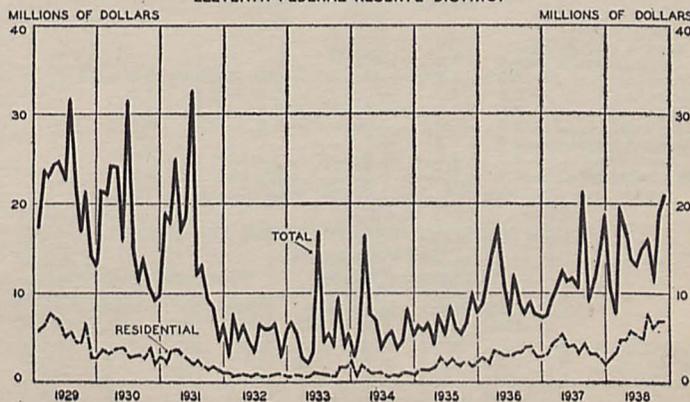
AGRICULTURE

The agricultural outlook in the Eleventh District is becoming more unfavorable. The deficiency in rainfall over most of the district is retarding fall plowing and seeding operations and has affected adversely the growth of small grains. Except in a few areas wheat and oats are in poor condition. The Department of Agriculture reported that the condition of the Texas wheat crop on December 1 was 59 per cent of normal which compares with 66 per cent on that date in 1937. The area seeded to winter wheat in the state during the fall of 1938 totaled 4,026,000 acres, which represents a decline of 24 per cent from the acreage seeded in the fall of 1937 and is the smallest area seeded in any fall since 1930.

The final estimate of the cotton crop in the United States was placed at 12,008,000 bales which is slightly lower than the previous estimate and represents a decrease of 37 per cent from the record harvest in 1937. The lower production resulted from a reduction in acreage and a decrease in per acre yield. Nevertheless, the per acre yield of 226.8 pounds was larger than in any year prior to 1937. In the Eleventh District the decrease from last year in total production was 39 per cent, or slightly larger than the national average. Among the states attached to this district the decreases ranged from 26 per cent in Oklahoma to 42 per cent in New Mexico. The final estimate for Texas remained at 3,125,000 bales, or about 39 per cent below last year's harvest of 5,154,000 bales. The estimated lint yield was 164 pounds per acre as compared with 197 pounds in 1937 and a ten-year average yield of 140 pounds. The area har-

CONSTRUCTION CONTRACTS AWARDED

ELEVENTH FEDERAL RESERVE DISTRICT



vented was estimated at 9,153,000 acres which is 27 per cent below that harvested in 1937 and the lowest for any year since 1905. Ginnings prior to December 1 represented approximately 97 per cent of the estimated production.

Cold weather and frosts during November caused extensive damage to vegetable crops in south Texas and greatly reduced the marketings of fall vegetables. However, shipments during the fall were considerably heavier than a year earlier. Winter vegetable crops, which are beginning to move in substantial volume, are reported to be in good condition in irrigated sections of the Lower Valley, but in the dry-land areas of south Texas the condition of crops is poor because of inadequate moisture.

Livestock ranges in this district have deteriorated sharply in recent months, reflecting the continued moisture deficiency. Surface moisture has been depleted in virtually all sections and only a few areas have an adequate supply of subsoil moisture. In consequence, heavy rains are urgently needed to relieve the drouth and start the growth of winter weeds. Grain fields in some parts of northwest Texas are still furnishing pasturage, but reports indicate that the removal of stock from the fields will be necessary unless moisture is obtained in the near future.

Despite the poor condition of the ranges, livestock have held up well and are going into the winter in good flesh. Green feed is scarce but dry range feed is still available in most sections and there is an ample supply of supplemental feed to carry livestock through the winter. Shipments of cattle and sheep from Texas to feed lots and to markets have been heavier than were anticipated earlier in the year. According to the Department of Agriculture, the movement of cattle and calves from the State during the first ten months of 1938 exceeded 2,000,000 head and marketings of sheep and lambs during the same period established a record at approximately 2,700,000 head. Shipments continued in large volume during November and the early part of December. The increased marketings reflect to a considerable extent the unfavorable range conditions, the improvement in demand and the betterment in prices of feeder stock.

WHOLESALE AND RETAIL TRADE STATISTICS

Department stores:	Percentage change in:				Ratio Nov. collections to accounts outstanding Nov. 1		
	Net Sales		Stocks*		Regular	Installment	
	Nov., 1938 from Nov., 1937	Jan. 1 to Nov. 30, 1938 from 1937	Nov., 1938 from Nov., 1937	Oct., 1938			
Total 11th Dist.	- 3.2	0.0	- 2.6	+ 1.9	+ 2.6	41.1	15.1
Dallas	- 1.8	- 1.4	- 4.3	+ .3	+ 2.5	42.6	16.9
Fort Worth	+ 1.2	+ .4	+ .7	- 5.7	+ 6.5	37.7	10.5
Houston	- 4.9	+ 11.5	+ .1	- 9.2	+ 1.1	41.3	...
San Antonio	- 6.5	- 10.0	- .9	+ 3.6	+ 4.2	39.9	14.2
Other cities	- 4.3	+ .5	- 5.7	- 3.5	+ .3	40.7	17.3
Independent stores:†							
Arizona	- 3.8	0.0	.....	.....	.....	.....	.....
Oklahoma	- .5	- 1.8	.....	.....	.....	.....	.....
New Mexico	- 10.2	- 4.9	.....	.....	.....	.....	.....
Texas	- 1.4	+ 4.5	.....	.....	.....	.....	.....
Wholesale trade:‡							
Machinery equipment & supplies (excl't electrical)	- 25.6	+ 9.4	- 37.3	.....	.....	.....	.....
Dry goods	+ 4.5	- 5.8	- 13.4	- 20.4	- 14.4	39.6	.....
Groceries	- 3.0	- 1.8	- 5.8	- 1.4	- 1.1	91.8	.....
Drugs	- 8.5	+ 3.4	- 1.7	- 7.4	- 2.2	68.7	.....
Hardware	+ 3.5	- .6	- 9.8	- 2.0	- 2.8	58.8	.....
Electrical supplies	- 2.9	+ 4.8	- 17.2	.....	.....	.....	.....
Tobacco & prod't	+ 9.9	+ 6.3	+ 9.1	.....	.....	86.3	.....
Surgical equip't	- 3.4	- 6.7	+ 4.8	.....	.....	50.9	.....

*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—Nov.		Stocks—Nov.		Sales—Nov.		Stocks—Nov.	
	1938	1937	1938	1937	1938	1937	1938	1937
Total Eleventh Dist.	105.4	108.5	67.5	66.8	118.0	121.5	75.6	74.8
Dallas	108.2	109.6	71.9	70.9	127.7	129.3	78.4	77.3
Fort Worth	100.9	99.8	62.6	66.4	121.1	119.7	70.7	75.0
Houston	113.6	111.3	46.9	42.3	132.9	130.2	53.9	48.6
San Antonio	84.6	88.8	57.4	55.7	97.3	102.1	63.7	61.8

Cash farm income derived from the sale of principal farm products in the five states attached to the Eleventh District increased about 5 per cent from September to October, but was 17 per cent lower than in October, 1937. Heavy sales of meat animals and of livestock products maintained income from these sources at about last year's level, but income from crops was sharply lower than a year ago due largely to smaller receipts from cotton and cottonseed. However, most of the decline in income from the sale of farm products was offset by the unusually large Government benefit payments, which represented chiefly adjustment payments on the 1937 cotton crop. The Agricultural Adjustment Administration reported that about \$19,000,000 of adjustment payments had been made to farmers in Texas prior to November 1, representing about one-half of the estimated total. It was announced that the bulk of the remaining payments would probably be made before January 1, 1939.

FINANCE

The reserve balances of member banks in the Eleventh District declined somewhat around the middle of December, reflecting income tax collections and cash payments for new issues of Government securities. As a result of these transactions the Treasury deposits with the Federal Reserve Bank of Dallas showed a substantial increase. Although total reserve balances of member banks on December 15 were \$4,800,000 lower than a month earlier, the average of balances maintained during the first half of December was about the same as that for November. Excess reserves showed relatively little change, the average during the first half of December being about 41 per cent of required reserves. The earning assets of this bank declined \$181,000 between November 15 and December 15 due to decreases in holdings

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	423	1,045	363
N. W. Rolling Plains	495	851	685
North Central Plains	33	82	116
North Black Lands	910	1,308	1,162
East Texas	480	715	660
Trans-Pecos	62	98	56
Edwards Plateau	31	99	92
Southern Prairies	422	555	554
Coastal Plains	117	222	178
South Texas	152	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)

	October, 1938			Total receipts		
	Receipts from:	Gov't payments	Oct., 1938	Oct., 1937	1938	1937
Arizona	\$ 1,171	\$ 3,862	\$ 658	\$ 5,691	\$ 6,835	\$ 37,459
Louisiana	14,618	1,870	1,974	18,462	15,844	80,697
New Mexico	1,696	5,871	633	8,200	8,476	29,103
Oklahoma	8,898	6,103	2,881	17,882	14,034	151,545
Texas	38,767	18,805	12,444	70,016	73,971	405,301
Total	\$65,150	\$36,511	\$18,590	\$120,251	\$123,205	\$693,194

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

SOURCE: United States Department of Agriculture.

FORT WORTH LIVESTOCK RECEIPTS

(Number)

	November 1938	November 1937	Change over year	October 1938	Change over month
Cattle	67,097	83,820	-16,723	79,175	-12,078
Calves	53,226	60,848	-7,622	71,890	-18,664
Hogs	18,908	21,541	-2,633	18,275	+ 633
Sheep	59,117	52,308	+ 6,809	87,959	-28,842

COMPARATIVE TOP LIVESTOCK PRICES

(Dollars per hundredweight)

	November 1938	November 1937	October 1938
Beef Steers	\$ 9.50	\$10.00	\$ 9.50
Stocker steers	7.75	7.25	7.85
Heifers and yearlings	9.50	9.00	10.00
Butcher cows	5.50	6.25	5.75
Calves	8.00	8.00	7.75
Hogs	8.20	9.10	8.75
Lambs	8.00	9.00	7.25

of discounts for member banks and in industrial advances. Federal Reserve notes in actual circulation showed a further seasonal expansion but the total on December 15 was \$6,700,000 smaller than a year ago.

The loans and investments of weekly reporting member banks in the Eleventh District continued upward during the five weeks ended December 14, although the increase was at a slower rate than in other recent months. The expansion in loans reflected chiefly advances for commercial, industrial and agricultural purposes, while additions to investment holdings represented largely purchases of securities guaranteed by the United States Government. During the past year, these banks have added \$25,345,000 to their investment holdings, comprising increases of \$6,212,000 in holdings of direct obligations of the United States Government, \$13,854,000 in holdings of obligations guaranteed by the United States Government, and \$5,279,000 in holdings of other securities. Although total loans on December 14 were \$6,782,000 lower than a year earlier, commercial, industrial and agricultural loans were slightly higher.

Total deposits at reporting banks increased \$15,500,000 during the five weeks, due chiefly to a further expansion in adjusted demand deposits. Since the end of March their deposits have increased by about \$93,600,000 and are currently at the highest level of record. A major factor in the increase in total deposits has been the steady growth in interbank deposits, which accounted for nearly \$50,000,000 of the total expansion. During the same period reporting banks increased their balances with other domestic banks by a corresponding amount. Their reserves with the Federal Reserve Bank have shown relatively little change.

INDUSTRY

Construction activity in the Eleventh District continued to expand during November, although a decline is customary at this season of the year. The aggregate value of contracts awarded, which was at the highest level of the year, exceeded that in the preceding month by 10 per cent and was 40 per cent larger than in November last year. Increases over both comparative periods were registered in all major classifications of construction work, but more than two-thirds of the November volume represented awards for publicly-financed projects. Non-residential building, which had increased sharply in October due to an expansion in commercial building, rose further in November when several large contracts were let for public and institutional buildings. Although contracts awarded for the construction of dormitories constituted a substantial portion of total residential building during November, the value of contracts awarded for the construction of one-family dwellings was more than double the volume in November last year.

The valuation of building permits issued at fourteen principal cities in this district declined less than seasonally from October to November, and showed a gain of 58 per cent over the corresponding month of 1937. Increases over November last year were reported for thirteen cities.

Production of crude petroleum in the Eleventh District and in the United States was at a slightly higher rate in November than in October but was approximately 5 per cent lower than in November last year. Proration schedules for December in the major producing states were maintained at conservative levels with the result that daily average production during the first three weeks of the month showed little change from the November rate. Crude oil runs to stills in the United States, after having been reduced in the latter part of October, increased somewhat in November but by the second week in December they had dropped to the lowest level since July.

The demand for crude petroleum has continued in excess of production, necessitating further withdrawals from storage. Stocks of crude oil in the United States on December 3 were 11 per cent lower than a year earlier. Inventories of gasoline which normally increase during the fall and winter have shown little change since the end of September

CONDITION OF THE FEDERAL RESERVE BANK

(In thousands of dollars)

	Dec. 15, 1938	Dec. 15, 1937	Nov. 15, 1938
Total cash reserves	\$214,310	\$200,632	\$216,463
Discounts for member banks	62	287	186
Industrial advances	737	970	794
Bills bought in the open market	16	80	16
United States Government securities	94,258	99,731	94,258
Total earning assets	95,073	101,068	95,254
Member bank reserve deposits	174,873	189,606	179,683
Federal Reserve notes in actual circulation	81,461	88,191	80,637
Commitments to make industrial advances	50	269	50

CONDITION STATISTICS OF MEMBER BANKS IN LEADING CITIES

(In thousands of dollars)

	Dec. 14, 1938	Dec. 15, 1937	Nov. 9, 1938
Total loans and investments	\$530,540	\$511,977	\$525,742
Total loans	244,544	251,326	242,190
Commercial, industrial and agricultural loans	160,487	159,583	158,476
Open market paper	1,215	3,263	1,332
Loans to brokers and dealers in securities	2,568	3,282	2,304
Other loans for purchasing or carrying securities	13,406	14,915	13,449
Real estate loans	20,616	20,930	20,555
Loans to banks	193	587	227
All other loans	46,059	48,766	45,797
United States Government direct obligations	188,189	181,977	189,026
Obligations fully guaranteed by United States Govt.	42,286	28,432	39,214
Other securities	55,521	50,242	55,312
Reserves with Federal Reserve Bank	108,973	113,211	109,051
Balances with domestic banks	222,935	172,210	210,998
Demand deposits—adjusted*	427,826	406,932	413,622
Time deposits	132,662	126,927	131,350
United States Government deposits	30,997	21,871	31,257
Interbank deposits	218,824	192,021	218,588
Borrowings from Federal Reserve Bank	None	50	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
November, 1938	\$1,097,227	\$200,783	\$627,187	\$110,105	\$470,040	\$90,678
November, 1937	1,108,106	211,488	605,120	117,133	500,986	94,355
July, 1938	1,089,421	220,912	614,076	121,906	475,345	99,206
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
November, 1938	1,188,469	222,920	607,021	122,980	521,448	99,940

DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)

	November 1938	November 1937	Pctg. change over year	October 1938	Pctg. change over month
	Abilene	\$ 9,291	\$ 10,745	-13.5	\$ 9,523	- 2.4
Austin	31,200	28,005	+11.4	33,939	- 8.1
Beaumont	22,369	24,361	- 8.2	22,261	+ .5
Corsicana	3,057	3,312	- 7.7	3,746	-18.4
Dallas	225,887	240,902	- 8.5	240,403	- 6.0
El Paso	29,680	29,871	- .6	26,887	+10.4
Fort Worth	80,088	85,162	- 6.0	77,921	+ 2.8
Galveston	26,343	32,930	-20.0	29,830	-11.7
Houston	210,980	213,103	- 1.0	224,406	- 6.0
Port Arthur	8,932	9,304	- 4.0	8,741	+ 2.2
Roswell	6,650	4,270	+55.7	4,829	+37.7
San Antonio	62,970	64,391	- 2.2	64,728	- 2.7
Shreveport	40,359	45,275	-10.9	44,376	- 9.1
Texarkana*	6,544	7,349	-11.0	7,406	-11.6
Tucson	11,861	12,088	- 1.9	11,749	+ 1.0
Tyler	10,600	12,955	-18.2	11,682	- 9.3
Waco	13,358	14,741	- 9.4	14,668	- 8.9
Wichita Falls	14,556	15,460	- 5.8	15,024	- 3.1
Total	\$814,725	\$860,224	- 5.3	\$852,119	- 4.4

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

SAVINGS DEPOSITS

	Number of reporting banks	November 30, 1938		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	Nov. 30, 1937	Oct. 31, 1938
Beaumont	3	9,717	\$ 3,833,973	+ 3.8	+ .2
Dallas	8	88,552	26,708,520	+ 3.1	+ .3
El Paso	2	16,379	7,923,265	- 1.2	+ .2
Fort Worth	3	38,624	13,492,418	+ 3.7	+ .4
Galveston	4	18,511	11,827,754	+ 6.6	- .2
Houston	10	72,300	29,355,109	+ 3.5	+ .8
Port Arthur	2	6,166	2,762,175	+15.1	+ .5
San Antonio	5	24,820	18,517,436	+ 9.1	+ .5
Shreveport	3	24,773	11,461,895	+ 3.3	+ 1.0
Waco	3	8,289	4,721,517	- 4.8	+ .3
Wichita Falls	3	7,340	3,812,192	+12.6	- .4
All other	70	59,967	29,545,926	+ 3.0	+ .5
Total	116	375,438	\$163,962,180	+ 4.0	+ .4

and on December 10 were 3 per cent lower than on the same date last year. Supplies of gas and fuel oil continued to increase until the middle of November but declined somewhat in the subsequent four weeks. Nevertheless, stocks on December 10 were about one-fourth larger than a year ago.

Drilling activity in the Eleventh District declined in November to the lowest level during the current year and well completions were about one-third fewer than in the same month last year. There was also a decline during the month in the number of drilling rigs in operation.

Consumption of cotton in the United States, which had shown little change in the preceding three months, increased contra-seasonally in November. The 596,289 bales consumed during the month was the largest amount utilized in any month in more than a year and exceeded by 24 per cent the 482,976 bales consumed in November last year. During the first four months of the current season domestic mills processed 2,234,510 bales which is about 1 per cent larger than consumption in the corresponding months of the preceding season and about 9 per cent greater than the ten-year (1927-1936) average for that period. Trade reports indicate that mill sales of cotton textile products were well sustained during most of November but the demand apparently slackened considerably in the first half of December. However, the buying of industrial fabrics has been better sustained than the demand for other goods. The heavy mill purchases of raw cotton during November were reflected in a further increase in stocks. The amount of raw cotton held by consuming establishments on November 30 aggregated 1,714,246 bales, which represents an increase of 14 per cent during the month and a gain of 4 per cent over holdings on the same date in 1937.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

	November		October	January 1 to November 30	
	1938	1937	1938	1938	1937
Eleventh District—total...	\$ 21,034	\$ 15,027	\$ 19,046	\$ 163,707	\$ 132,653
Residential.....	6,999	2,933	6,879	60,212	44,453
All other.....	14,035	12,094	12,167	103,495	88,200
United States*—total.....	301,679	198,401	357,698	2,810,823	2,703,610
Residential.....	95,253	59,938	112,673	894,248	861,814
All other.....	206,426	138,463	245,025	1,916,575	1,841,796

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	November, 1938		Percentage change valuation from		Jan. 1 to Nov. 30, 1938		Percentage change valuation from	
	No.	Valuation	Nov., 1937	Oct., 1938	No.	Valuation	Nov., 1937	Oct., 1938
Amarillo.....	81	\$ 373,255	+407.8	+105.4	532	2,157,035	+ 92.5	+ 46.8
Austin.....	175	515,073	+ 60.4	+ 6.5	2,266	5,461,192	+ 46.8	+ 19.6
Beaumont.....	116	70,139	+ 46.3	+ 6.0	1,445	1,190,190	+ 19.6	+ 5.9
Corpus Christi.....	141	491,461	+151.9	+170.0	1,454	2,921,558	+ 13.1	+ 4.4
Dallas*.....	593	1,161,500	+ 29.6	+ 18.8	7,256	11,026,011	+ 4.1	+ 1.4
El Paso.....	79	88,156	+ 5.1	+ 56.9	898	1,614,742	+ 3.4	+ 18.6
Fort Worth.....	195	282,934	+ 49.9	+ 5.1	2,447	5,138,131	+ 18.6	+ 31.2
Galveston.....	146	266,248	+ 20.4	+170.8	1,730	2,428,507	+ 62.6	+ 37.4
Houston.....	459	1,679,965	+ 55.5	+ 45.0	5,120	23,528,650	+ 37.4	+ 62.6
Port Arthur.....	111	68,725	+ 64.0	+ 15.1	1,501	1,396,739	+ 2.6	+ 6.9
San Antonio.....	253	188,147	+ 15.8	+ 30.2	3,023	4,267,603	+ 2.6	+ 18.1
Shreveport.....	132	364,970	+149.2	+ 59.6	1,614	4,441,099	+ 61.9	+ 18.1
Waco.....	38	99,357	+ 45.7	+ 21.3	573	1,360,223	+ 18.1	+198.4
Wichita Falls.....	41	84,611	+164.3	+ 40.6	579	892,435	+198.4	+ 18.7
Total.....	2,560	\$5,734,541	+ 53.4	+ 9.4	30,438	\$67,824,715	+ 18.7	+ 18.7

*Includes Highland Park and University Park.

CRUDE OIL PRODUCTION

(Barrels)

	November, 1938		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Nov., 1937	Oct., 1938
North Texas.....	4,213,200	140,440	- 4,410	+ 3,893
West Texas.....	7,354,750	245,158	+11,426	+11,939
East Texas.....	14,666,200	488,873	-77,284	+18,171
South Texas.....	7,076,500	235,883	-11,320	+ 7,912
Texas Coastal.....	6,558,400	218,614	+19,758	+11,675
Total Texas.....	39,869,050	1,328,968	-61,830	+53,590
New Mexico.....	3,212,650	107,088	+ 2,400	+ 3,490
North Louisiana.....	2,160,900	72,030	- 497	+ 4,797
Total District.....	45,242,600	1,508,086	-59,927	+52,283

SOURCE: The Oil Weekly, Houston, Texas.

There was little improvement during November in the foreign demand for American cotton. Exports totaled 480,788 bales as compared with 464,590 bales in October and 796,985 bales in November last year. Shipments to foreign countries during the first four months of the current season were 37 per cent below those in the same period last year and the lowest for any similar period since 1918. Takings of American cotton this season by the principal consuming countries of Europe have shown unusually large decreases from those of a year ago. Although purchases by Japan thus far this season have exceeded the small takings of a year ago, they are considerably under the average.

The movement of cotton into Government loan stocks has continued in substantial volume. The Commodity Credit Corporation reported that prior to December 15 loans had been made on 3,436,086 bales of the 1938 cotton crop, bringing the total Government loan stocks to approximately 10,400,000 bales.

Production and shipments of Portland cement at Texas mills remained at an exceptionally high level during the past three months, reflecting the continuation of heavy building activity. During the first eleven months of 1938 production was 1 per cent less than the near-record output in the corresponding period last year, but shipments exceeded those in the same period of 1937 by 4 per cent and were 3 per cent larger than the current year's production. Mill stocks of cement on November 30 were 12 per cent smaller than a year ago.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	—Texas—		—United States—	
	August 1 to November 30		August 1 to November 30	
	This season	Last season	This season	Last season
Cottonseed received at mills (tons).....	839,039	1,288,820	3,321,353	4,520,859
Cottonseed crushed (tons).....	567,633	836,787	2,094,082	2,821,058
Cottonseed on hand Nov. 30 (tons).....	453,479	474,905	1,559,881	1,741,876
Production of products:				
Crude oil (pounds).....	164,285,303	241,301,051	645,790,092	846,541,974
Cake and meal (tons).....	262,961	390,682	935,140	1,250,310
Hulls (tons).....	151,837	219,521	542,329	718,834
Linters (running bales).....	122,590	173,191	504,958	639,711
Stocks on hand November 30:				
Crude oil (pounds).....	33,154,683	28,247,140	98,416,463	88,518,795
Cake and meal (tons).....	100,983	68,042	313,538	170,307
Hulls (tons).....	82,555	54,512	183,667	116,135
Linters (running bales).....	123,105	86,001	519,898	322,762

SOURCE: Bureau of Census.

CONSUMPTION, STOCKS AND EXPORTS OF COTTON

(Bales)

	November 1938	November 1937	October 1938	August 1 to This season	November 30 Last season
	Consumption at:				
Texas mills.....	9,887	8,757	10,092	42,386	39,587
United States mills.....	596,289	482,976	542,778	2,234,510	2,212,086
U.S. stocks—end of month:					
In consuming estab'nts.....	1,714,264	1,653,651	1,507,245	.....	.....
Public stg. & compresses.....	15,577,526	11,553,358	15,312,719	.....	.....
Exports from U. S. to:					
United Kingdom.....	71,963	269,179	61,452	192,761	743,793
France.....	65,190	129,777	79,442	240,864	412,556
Italy.....	33,475	59,420	40,745	114,307	217,992
Germany.....	33,956	119,156	47,940	144,122	398,406
Other Europe.....	105,664	116,514	104,888	353,148	383,712
Japan.....	120,956	15,234	74,930	344,590	83,907
All other countries.....	49,584	87,705	55,193	145,117	193,399
Total exports.....	480,788	796,985	464,590	1,534,879	2,433,765

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

HOUSTON AND GALVESTON—(Bales)

	November 1938	November 1937	October 1938	August 1 to This season	November 30 Last season
	Receipts.....	289,006	477,344	533,528	1,535,967	2,531,783
Exports.....	274,506	446,384	343,183	928,021	1,273,624
Stocks, end of month.....	1,826,939	1,763,865	1,817,341	.....	.....

PRODUCTION, SHIPMENTS AND STOCKS OF PORTLAND CEMENT AT

TEXAS MILLS—(In thousands of barrels)

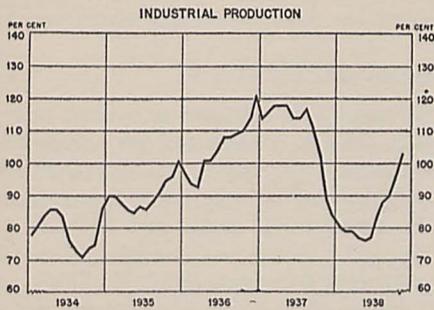
	November 1938	—Pctg. change over—		January 1 through Nov. 30, 1938	Percentage change over year
		November 1937	October 1938		
Production.....	648	+12.1	+20.9	6,349	- 1.0
Shipments.....	636	+26.4	- 2.2	6,537	+ 4.0
Stocks at end of month....	760	-12.1	+ 1.6	.....	+ 4.0

MONTHLY BUSINESS REVIEW

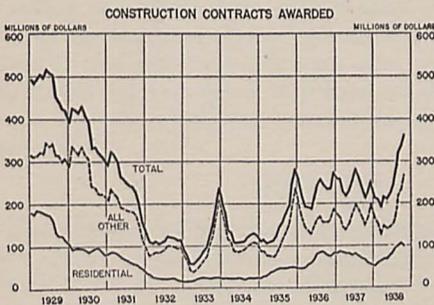
January 1, 1939

NATIONAL SUMMARY OF BUSINESS CONDITIONS

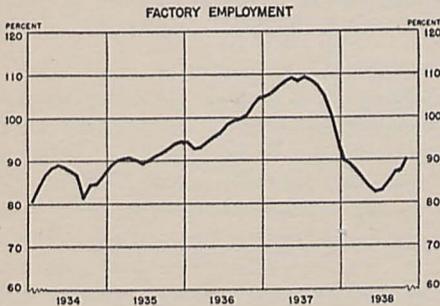
(Compiled by the Board of Governors of the Federal Reserve System)



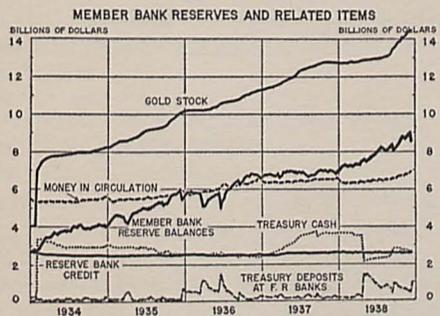
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934 to November, 1938.



Three-month moving averages of F. W. Dodge data for value of contracts awarded in 37 eastern states, adjusted for seasonal variation. Latest figures based on data for October and November and estimate for December.



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934 to November, 1938.



Wednesday figures, January 3, 1934 to December 21, 1938

The sharp rise in industrial production, which began early last summer, continued in November. Preliminary reports for the first three weeks of December indicate some slowing down in the advance. Employment also increased in November and payrolls showed little change, although a decline is usual at this season. Distribution of commodities to consumers increased considerably.

PRODUCTION

The Board's seasonally adjusted index of industrial production, in November rose to 103 per cent of the 1923-1925 average from 96 per cent in October. Output of steel continued to increase, contrary to the seasonal trend, and there was a further sharp rise in automobile production. In the first three weeks of December activity at steel mills declined somewhat more than seasonally, while output of automobiles continued at the high level reached at the end of November. Lumber production in November decreased by more than the usual seasonal amount. In the nondurable goods industries, shoe production declined seasonally, while output of textiles showed a considerable expansion, with increased activity at cotton, wool, and silk mills. At mines, bituminous coal output increased further and production of anthracite showed less than the usual seasonal decline. Output of petroleum showed little change.

Value of construction contracts awarded in November showed a decline from the high level reached in October, according to the F. W. Dodge figures for 37 eastern states. Private and public projects both declined, following increases in October. The decline in contracts for private residential building was less than seasonal.

EMPLOYMENT

Employment increased somewhat further and payrolls showed little change between the middle of October and the middle of November, although declines are usual at this time of year. In manufacturing the number employed continued to rise, reflecting principally a further sharp increase at automobile factories and substantial increases in the machinery, steel, and textile industries.

Employment declined seasonally at establishments producing clothing and shoes; in most other industries employment increased somewhat. In lines other than manufacturing, employment showed some increase, when allowance is made for usual seasonal changes.

DISTRIBUTION

Distribution of commodities to consumers showed a considerable increase in November. Department store sales and mail-order sales, which had been retarded in October by unseasonably warm weather, rose sharply, and sales at variety stores also increased in November. Sales of automobiles to consumers expanded sharply following the introduction of new models and in November were larger than a year earlier.

Freight-car loadings, which had increased considerably in previous months, showed a slightly less than seasonal decline in November.

COMMODITY PRICES

Prices of some industrial materials, such as nonferrous metals, hides, and cotton goods, decreased somewhat from the middle of November to the third week of December. Sugar prices also declined, while grains advanced somewhat. Prices of most other agricultural and industrial commodities continued to show little change.

BANK CREDIT

In connection with pre-holiday trade, there was a sharp increase in money in circulation and as the result of this increase in the demand for currency, together with Treasury operations around December 15, there was a temporary decline in member bank reserves.

Following declines during November, total loans and investments of reporting member banks in 101 leading cities increased during the first three weeks of December, largely reflecting operations of the Treasury. Loans to security dealers by New York banks increased sharply, reflecting temporary borrowing for the purpose of carrying Government securities exchangeable for new issues on December 15. Adjusted demand deposits rose to a new high level in the first half of December.