

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

Construction activity in the Eleventh District showed a further counter-to-seasonal decline in February, but the value of contracts awarded during the month was nearly double that in the corresponding month of 1938 and the largest for that month of any year since 1931. The daily average production of crude petroleum increased about 2 per cent from January to February and exceeded the average in February last year by 6 per cent. Drilling operations were accelerated during the four weeks ended February 25, with well completions during the period moderately larger than a year ago. Daily average sales of department stores increased less than seasonally in February, and were 3 per cent smaller than in February last year. The business of independent retail firms and the distribution of merchandise through wholesale channels showed slight gains as compared with February, 1938. The loans of weekly reporting member banks rose during the four weeks ended March 15 to the level obtaining at the end of 1938, but investments showed a further decline.

BUSINESS

The business of department stores in principal cities of the Eleventh District was 2.5 per cent smaller in February than in either the preceding month or the corresponding month last year. The decline from January to February is accounted for, however, by the fact that the latter month had one less business day than January. On a daily average basis sales during February were 2 per cent larger than in the initial month of 1939. Although the dollar volume of department store sales during the first two months of 1939 averaged 2 per cent smaller than a year earlier, it should be recalled that the dollar volume of business during January and February, 1938, was the largest for that period since 1929. Preliminary reports from a smaller number of firms indicate that daily average sales during the first half of March were maintained at a level about 2 per cent under those in the same period last year.

In anticipation of the customary spring demand for merchandise, merchants increased their inventories sharply during February, and at the close of the month they were 2 per cent greater than a year earlier.

In relation to accounts outstanding at the beginning of the month, collections during February on both open and installment accounts were seasonally smaller than a month earlier, and the rate of payments on regular accounts was down about 2 per cent from that a year earlier.

The aggregate demand for merchandise at wholesale firms in eight lines of trade in this district was well sustained during February. Sales were only 1 per cent smaller than in the preceding month, and they continued fractionally higher than in the corresponding month a year earlier. Dealers in automobile supplies, dry goods, and tobacco and tobacco products reported gains over both comparative months, and although the distribution of hardware was 7 per cent smaller than in January, it exceeded that in February, 1938, by 10 per cent. Sales of drugs, electrical goods, groceries, and machinery and equipment continued smaller than in the corresponding month of 1938, but the business of grocery and machinery and equipment firms showed

counter-to-seasonal increases over that in January. The dollar value of inventories on hand February 28 at reporting firms was about the same as that at the close of January, but 7 per cent smaller than a year ago. The ratio of collections during February to accounts outstanding at the beginning of the month closely approximated that a month earlier and a year ago.

The number of commercial failures in the Eleventh District showed little change from January to February, but liabilities of defaulting firms decreased sharply from the comparatively high level recorded in the preceding month. The number of defaults and the amount of liabilities, however, were considerably higher than in February, 1938. According to Dun and Bradstreet, there were 34 insolvencies during the month having liabilities totaling \$333,000.

AGRICULTURE

The growth of winter crops in the Eleventh District was affected adversely by unfavorable weather conditions during February, but little damage occurred except in some areas of the western portion of the district where sand storms were severe. High winds are depleting surface moisture, and additional rains are needed in many sections to prevent soil shifting. Subsoil moisture is still deficient in north and west-central Texas and in portions of south Texas. Farmers made rapid progress with plowing operations during February preparatory to spring planting. Seeding of corn and cotton has begun in south Texas.

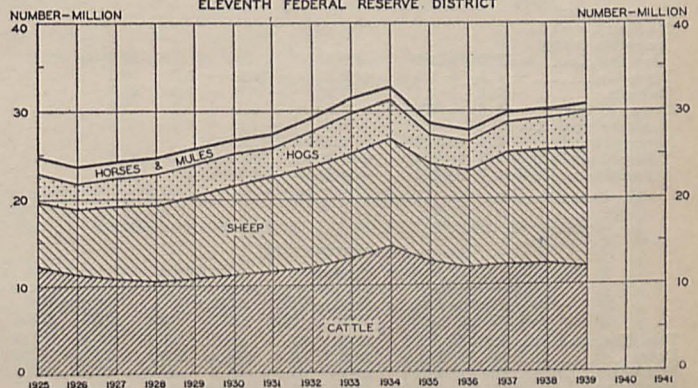
The progress of small grain crops was retarded during February by cold weather and high winds. Prospects are still favorable, however, for a good wheat yield in New Mexico and northwest Texas, but in some other wheat growing areas the continued moisture deficiency has been unfavorable to plant growth with the result that the outlook for production is still uncertain.

Commercial truck crops in the non-irrigated sections of south Texas did not show the expected improvement following the January rains, due largely to adverse weather conditions prevailing during February. On the other hand, planting of spring vegetable crops made rapid progress, and the condition of these crops early in March was reported as favorable.

The condition of ranges in the Eleventh District showed little change during February, whereas, an improvement

LIVESTOCK ON FARMS

JANUARY 1 OF EACH YEAR
ELEVENTH FEDERAL RESERVE DISTRICT



ordinarily occurs in that month. Growth of range vegetation was retarded by below normal temperatures, with the result that spring feeds will be somewhat later than usual. Although surface moisture is ample over most sections of the district to start spring grass, it is being depleted by the dry winds and additional moisture will be needed to insure spring grazing. Cattle have been maintained in good condition by heavy supplemental feeding and are expected to fatten rapidly when spring grass becomes available. The Department of Agriculture reports that restocking of ranges in Texas is almost general with local trading very active. It was pointed out, however, that the supply of cattle for restocking purposes is limited. The condition of sheep and lambs declined during February and on March 1 was considerably below that a year ago. Early lambs are developing slowly and losses in some areas have been fairly heavy. Due to unsatisfactory development of lambs during the winter, the supply of grass-fat yearling lambs available for market in April and May is expected to be much smaller than a year ago.

creased slightly during 1938, aggregating 14,040,000 and 16,762,000 pounds, respectively.

The annual inventory estimates of livestock on farms made by the United States Department of Agriculture show that in states attached to the Eleventh District the numbers of cattle, horses and mules on farms decreased further during 1938, while the numbers of hogs, sheep and goats increased. The decrease in the number of cattle on farms occurred despite the large calf crop in 1938 due to the fact that shipments during the year from Texas, Arizona and New Mexico were of near record size. The number of milk cows on farms, however, was 1.4 per cent higher on January 1, 1939, than a year earlier. Although marketings of sheep and lambs in this district were in record volume during 1938, they were smaller than the estimated production of lambs and in consequence the number of sheep and lambs on farms was about 4 per cent higher on January 1, 1939, than at the beginning of 1938. The supply of hogs on farms increased 17 per cent during the year, reflecting decreased marketings and an expansion in the production of pigs.

Cash farm income from the sale of principal farm products and Government benefit payments during January in the five states attached to the Eleventh District was about one-fourth smaller than in the corresponding month of 1938. The reduction resulted from the sharp decline in income from the sale of crops, as receipts from the marketings of livestock and livestock products and Government benefit payments were larger than a year ago. The decline in income from the sale of crops is accounted for chiefly by smaller marketings of cotton and cottonseed.

FINANCE

The production of wool in Texas, New Mexico and Arizona during 1938 totaled 99,745,000 pounds, which represents an increase of 4 per cent over that a year earlier. The expansion was due entirely to a further increase in Texas, where production established a new high for the second consecutive year. The value of wool produced, however, was sharply lower than in 1937, reflecting a decline of about one-third in the average value per pound. Shorn wool produced in the United States totaled 372,810,000 pounds in 1938, as compared with 366,609,000 pounds in 1937. The production of mohair in Texas and the United States in-

Member bank borrowings from the Federal Reserve Bank of Dallas increased somewhat between February 15 and March 15, but the total volume of borrowings remained small. The reserve balances of member banks, which had showed relatively little fluctuation during February, rose substantially in the first two weeks of March, reaching an all-time high level at \$198,680,000 on March 14. On the following day, reserves declined to \$183,096,000 due chiefly to payments by banks in settlement for purchases of Treasury bills. Total reserves on March 15, however, were approxi-

NUMBER AND VALUE OF LIVESTOCK ON FARMS AS OF JANUARY 1, 1938 AND 1939—(000's omitted)

	Texas				Eleventh District†			
	No. head		Total value		No. head		Total value	
	1939	1938	1939	1938	1939	1938	1939	1938
Horses and colts.....	679	707	\$ 36,871	\$ 44,994	1,384	1,442	\$ 76,407	\$ 89,718
Mules and mule colts.....	687	708	59,212	66,664	1,092	1,125	98,187	108,693
All cattle and calves.....	6,955	7,245	179,348	174,705	12,252	12,653	333,535	317,523
Milk cows.....	1,458	1,444	52,488	49,096	2,615	2,578	99,181	90,685
Hogs, including pigs.....	1,820	1,542	14,319	12,400	3,797	3,249	28,749	25,330
All sheep and lambs.....	9,856	9,320	43,946	45,518	13,650	13,128	62,171	65,241
Goats and kids.....	3,142	3,050	8,798	8,540	3,142	3,050	8,798	8,540
Total.....	23,139	22,572	\$342,494	\$352,821	35,317	34,647	\$607,847	\$615,045

*Cows and heifers two years old and over kept for milk; number and value included in "all cattle and calves." †Eleventh District figures represent combined totals for the five states wholly or partially attached to the Eleventh District. §Texas only, estimates for other states not available.

SOURCE: United States Department of Agriculture.

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

	January, 1939			Total receipts	
	Receipts from:		Government	January	January
	Crops	Livestock*	payments	1939	1938
Arizona.....	1,799	1,955	250	4,004	5,814
Louisiana.....	1,806	2,502	249	4,557	8,489
New Mexico.....	598	1,822	70	2,490	3,426
Oklahoma.....	3,563	5,899	597	10,059	8,840
Texas.....	7,633	10,233	2,847	20,713	29,642
Total.....	15,399	22,411	4,013	41,823	56,211

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

SOURCE: United States Department of Agriculture.

FORT WORTH LIVESTOCK RECEIPTS

	(Number)				
	February	February	Change over	January	Change over
	1939	1938	year	1939	month
Cattle.....	33,584	33,311	+ 273	48,488	-14,904
Calves.....	20,795	20,815	- 20	28,363	- 7,568
Hogs.....	30,667	25,767	+4,900	31,035	- 368
Sheep.....	32,614	35,733	-3,119	46,229	-13,615

COMPARATIVE TOP LIVESTOCK PRICES

	(Dollars per hundredweight)				
	February	February	Change over	January	Change over
	1939	1938	year	1939	month
Beef steers.....	\$10.25	\$7.75	\$2.50	\$10.40	-\$0.15
Heifers and yearlings.....	11.00	8.75	2.25	10.25	0.75
Butcher cows.....	6.50	5.40	1.10	6.75	0.35
Stocker calves.....	9.00	7.25	1.75	10.00	0.75
Calves.....	9.50	8.25	1.25	9.00	0.50
Hogs.....	8.10	8.50	-0.40	7.60	0.50
Lambs.....	8.50	7.25	1.25	8.25	0.25

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:				Ratio Feb. collections to accounts outstanding Feb. 1		
	Net sales		Stocks*		Regular	Installment	
	Feb., 1939 from Feb., 1938	Jan., 1939	Feb., 1939 from Feb., 1938	Jan., 1939			
Retail trade:							
Department stores:							
Total 11th Dist.....	- 2.5	- 2.5	- 1.6	+ 2.4	+12.2	38.7	14.3
Dallas.....	- 6.3	+ 1.8	- 3.3	+ 5.9	+11.5	40.0	16.2
Fort Worth.....	+ 3.4	+ 4.2	- 1.2	+ 2.6	+17.2	31.5	10.9
Houston.....	+ 2.8	- 4.7	+ 1.8	+ 4.1	+17.5	38.8	.....
San Antonio.....	+ 2.1	- 9.0	- 2.7	- 2.4	+ 4.6	42.2	11.7
Other cities.....	- 2.0	- 7.2	- .4	- 1.2	+14.3	38.7	14.3
Independent stores:†							
Arizona.....	+ .6	- 7.9	.....	.....	.....	.....	.....
Oklahoma.....	+ .1	- 3.8	.....	.....	.....	.....	.....
New Mexico.....	+ 4.2	- 7.3	.....	.....	.....	.....	.....
Texas.....	No chg.	- 3.1	.....	.....	.....	.....	.....
Wholesale trade:‡							
Machinery, eqp't & supplies (except electrical).....	-17.0	+16.5	-29.4	.....	.....	65.0	.....
Dry goods.....	+ 4.5	+ 1.5	+ 9.1	-14.3	- 2.7	30.8	.....
Groceries.....	- 1.1	+ 1.1	- 1.8	- 8.0	- 3.0	82.4	.....
Drugs.....	- 2.5	- 4.6	- 2.0	- 4.4	- .5	70.3	.....
Hardware.....	+10.0	- 7.4	+16.3	+ 4.3	+ 4.2	63.7	.....
Electrical supplies.....	- 5.4	- 1.9	- 4.5	.....	.....	85.7	.....
Tobacco & prod's.....	+ 2.6	+ 6.0	+ 5.0	.....	.....	.....	.....
Automotive suppl's.....	+10.0	+ 7.3	+14.7	- 9.2	+ 9.3	.....	.....

*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—Feb.		Stocks—Feb.		Sales—Feb.		Stocks—Feb.	
	1939	1938	1939	1938	1939	1938	1939	1938
Total Eleventh Dist..	104.8	107.2	66.6	64.1	89.1	91.1	63.9	61.5
Dallas.....	114.3	122.0	70.3	66.0	100.6	107.4	67.5	63.4
Fort Worth.....	106.4	109.4	61.9	60.2	88.3	90.8	59.4	57.8
Houston.....	104.5	104.8	49.2	45.9	88.8	89.1	45.8	42.7
San Antonio.....	91.0	88.0	52.8	52.8	75.5	73.0	53.3	53.3

mately \$4,600,000 higher than a month earlier. During the first half of March reserve balances of member banks averaged about \$7,100,000 higher than in February and average excess reserves were larger than in any semi-monthly period since the spring of 1937. Federal Reserve notes of this bank in actual circulation totaled \$76,200,000 on March 15, which is about \$1,000,000 lower than a month earlier and \$4,000,000 smaller than a year ago.

The loans of weekly reporting member banks in the Eleventh District, after having declined less than seasonally in January, rose steadily during February and remained at the higher level during the first half of March. The loans of these banks on March 15 were slightly above those at the close of 1938, and exceeded those on March 16, 1938, by about \$14,400,000. During the first two and one-half months of 1938, the loans of reporting banks declined by about \$20,600,000. The investments of these banks showed a net decline of \$2,988,000 in the four-week period ending March 15, bringing the decrease in holdings since December 21, 1938, to \$33,916,000. In the latest four-week period holdings of obligations guaranteed by the United States Government were increased \$2,505,000 but holdings of direct obligations of the United States Government were decreased \$1,440,000 and holdings of other securities were reduced \$4,053,000. Total loans and investments showed little change between February 15 and March 15 but on the latter date they were \$16,313,000 higher than a year earlier. The deposits of reporting banks showed a further net expansion of \$1,643,000 between February 15 and March 15 as the seasonal withdrawals of interbank deposits were more than offset by increases in other classes of deposits.

Debits to individual accounts at banks in principal cities of the Eleventh District showed a seasonal decline of 12 per cent from January to February, but they were in approximately the same volume as in February last year. The latter comparison contrasts with a gain of 8 per cent for reporting banks in the United States, but it should be recalled that in February last year debits in the United States were 25 per cent lower than in that month of 1937; whereas, the decline was only 3 per cent in this district.

INDUSTRY

Construction activity in the Eleventh District showed a further counter-to-seasonal recession in February, but the value of awards was nearly double that in the corresponding month of 1938. The downward trend in construction activity since the first of the year has been due in substantial part to a sharp reduction in non-residential building, although awards for other classes of construction in February were lower than the large December totals. Residential and public works construction, after having increased in January, declined about 17 and 25 per cent, respectively, in February. The value of contracts awarded for public utility construction increased about 45 per cent from January to February, but the total for the latter month was only about one-half that in December. Since the first of the year, both the number and amount of awards for one-family residences have increased. Privately-financed construction of all types during the first two months of the current year, although much greater in volume than in that period of 1938, has constituted only 50 per cent of the total, as compared with about 63 per cent during the corresponding period last year.

After having shown substantial increases in the two preceding months, the valuation of building permits issued at fifteen cities in this district declined 12 per cent in February. The month's total, however, was 14 per cent higher than in February last year, and the aggregate for the first two months of 1939 exceeded that for the corresponding period

of any other year since 1928.

The daily average production of crude petroleum in the Eleventh District and in the United States rose by about 2 per cent from January to February, reflecting in part the increase in allowables in Texas occasioned by the completion of new wells. In comparison with February a year ago petroleum output in the country as a whole was at about

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

	March 15, 1939	March 15, 1938	Feb. 15, 1939
Total cash reserves	\$230,925	\$190,281	\$204,187
Discounts for member banks	319	313	176
Industrial advances	601	913	621
Bills bought in the open market	16	16	16
United States Government securities	106,419	99,768	106,419
Total earning assets	107,355	101,010	107,232
Member bank reserve deposits	183,096	184,159	178,503
Federal Reserve notes in actual circulation	76,206	80,199	77,208
Commitments to make industrial advances	44	268	44

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

	March 15, 1939	March 16, 1938	Feb. 15, 1939
Total loans and investments	\$506,151	\$489,838	\$506,428
Total loans	246,644	232,239	243,933
Commercial, industrial and agricultural loans	161,778	148,847	160,243
Open market paper	921	1,848	833
Loans to brokers and dealers in securities	3,313	2,205	2,943
Other loans for purchasing or carrying securities	14,239	14,374	14,462
Real estate loans	19,844	20,550	19,373
Loans to banks	273	286	224
All other loans	46,276	44,069	45,855
United States Government direct obligations	159,745	175,205	161,185
Obligations fully guaranteed by United States Govt.	47,594	31,393	45,089
Other securities	52,168	51,001	56,221
Reserves with Federal Reserve Bank	111,054	113,221	107,938
Balances with domestic banks	248,858	194,351	249,590
Demand deposits—adjusted*	438,788	403,589	430,472
Time deposits	136,469	130,559	134,499
United States Government deposits	34,385	24,360	33,894
Interbank deposits	208,036	188,062	217,170
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
February, 1937	\$1,079,858	\$199,798	\$607,432	\$109,355	\$472,426	\$90,443
February, 1938	1,113,919	216,344	606,222	119,587	507,697	96,757
October, 1938	1,157,991	224,045	655,665	124,155	502,326	99,890
November, 1938	1,188,469	222,920	667,021	122,980	521,448	99,940
December, 1938	1,189,670	223,336	665,072	123,655	524,598	99,681
January, 1939	1,192,054	223,681	672,652	123,805	519,402	99,876
February, 1939	1,193,160	225,328	674,977	124,975	518,183	100,353

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	February 1939	February 1938	Pctg. change over year	January 1939	Pctg. change over month
Abilene	\$ 7,320	\$ 7,957	- 8.0	\$ 8,571	-14.6
Austin	31,677	28,736	+10.2	31,487	+ .6
Beaumont	22,565	23,339	- 3.3	23,106	- 2.3
Corsicana	3,210	2,848	+12.7	3,477	- 7.7
Dallas	215,529	219,181	- 1.7	246,274	-12.5
El Paso	28,681	26,806	+ 7.0	30,220	- 5.1
Fort Worth	67,544	68,107	- .8	83,877	-19.5
Galveston	22,876	24,444	- 6.4	28,403	-19.5
Houston	199,348	193,004	+ 3.3	230,312	-13.4
Port Arthur	8,060	8,518	- 5.4	9,266	-13.0
Roswell	3,391	3,208	+ 5.7	4,164	-18.6
San Antonio	60,474	57,525	+ 5.1	67,880	-10.9
Shreveport	39,285	43,669	-10.0	45,205	-13.1
Texasarkana*	6,245	6,142	+ 1.7	7,160	-12.8
Tucson	11,386	10,951	+ 4.0	11,905	- 4.4
Tyler	9,680	11,405	-15.1	12,143	-20.3
Waco	12,835	12,702	+ 1.0	14,177	- 9.5
Wichita Falls	13,198	15,639	-15.6	14,149	- 6.7
Total	\$763,304	\$764,181	- .1	\$871,776	-12.4

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

SAVINGS DEPOSITS

	February 28, 1939		Percentage change in savings deposits from		
	Number of reporting banks	Number of savings depositors	Amount of savings deposits	Feb. 28, 1938	Jan. 31, 1939
Beaumont	3	9,907	\$ 3,926,877	+ 5.5	+ .9
Dallas	8	89,409	27,040,768	+ 3.8	+ .7
El Paso	2	16,707	8,136,743	- 2.2	- .1
Fort Worth	3	38,949	13,764,994	+ 5.2	+ .5
Galveston	4	18,534	12,020,019	+ 6.0	+ .4
Houston	10	74,025	29,607,363	+ 4.0	+ .6
Port Arthur	2	6,302	2,908,300	-12.1	+ 1.6
San Antonio	5	24,439	18,964,423	+ 9.9	+ .4
Shreveport	3	24,941	11,508,960	+ 3.0	+ .4
Waco	3	8,341	4,657,183	- 4.4	- .5
Wichita Falls	3	7,479	3,848,881	+13.2	+ .5
All other	69	60,605	29,576,917	+ 3.2	+ .5
Total	115	379,638	\$165,970,428	+ 4.4	+ .5

the same level, but in this district it was 6 per cent higher. Stocks of crude oil in the United States showed a slight increase in the five weeks ended March 4, but the total on that date was 10 per cent smaller than a year ago. Refinery operations, as measured by crude oil runs to stills, declined somewhat from January to February but were at about the same level as a year ago.

Stocks of gasoline at the close of February were approximately 8 per cent greater than a month earlier, but still 7 per cent less than a year ago. On the other hand, inventories of gas and fuel oil continued seasonally downward, and at the close of the month were only 8 per cent higher than a year earlier.

Drilling operations in both the Eleventh District and the United States increased sharply in February and were higher than in the corresponding month last year. In this district completions averaged 39.1 wells daily as compared with an average of 26.6 wells in the preceding five weeks, and 36.9 wells in the corresponding period of 1938. Due to the low rate of activity in January, well completions during the first two months of 1939 were 11 per cent fewer than in the corresponding period of 1938.

The rate of cotton mill activity in the United States was well sustained during February. On a daily average basis the consumption of cotton showed a small increase over that in the preceding month, and the total was almost one-third greater than in February last year. According to trade reports, there was a decline in mill sales of cotton goods during the first three weeks of February accompanied by a weakening of prices on some constructions, but in the subsequent three weeks sales expanded considerably due to Government purchases for relief purposes and a heavy demand from trade sources. Prices strengthened somewhat following the improvement in demand for cotton goods. Mill stocks of raw cotton were again reduced by more than the usual seasonal amount, and at the close of February they were 14 per cent less than a year ago.

Foreign takings of American cotton showed a further de-

VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	February		January		January 1 to February 28	
	1939	1938	1939	1938	1939	1938
Eleventh District—total...	\$ 15,022	\$ 7,939	\$ 18,221	\$ 33,243	\$ 18,485	
Residential.....	5,167	3,618	6,227	11,394	6,562	
All other.....	9,855	4,321	11,994	21,849	11,923	
United States*—total.....	220,197	118,945	251,673	471,870	311,176	
Residential.....	79,020	40,023	80,163	159,183	76,230	
All other.....	141,177	78,922	171,510	312,687	234,946	

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	February, 1939		Percentage change valuation from Feb., 1938 Jan., 1939		Jan. 1 to Feb. 28, 1939		Percentage change valuation from 1938	
	No.	Valuation	Feb., 1938	Jan., 1939	No.	Valuation	1938	1939
Abilene.....	12	\$ 11,990	-32.4	-85.0	45	\$ 92,120	+105.6	
Amarillo.....	58	115,478	+54.0	-32.8	170	287,418	+127.2	
Austin.....	247	698,922	+3.7	-17.1	454	1,541,563	+31.4	
Beaumont.....	118	102,662	+49.4	+11.8	273	194,469	+29.8	
Corpus Christi.....	124	201,625	-47.6	-79.4	239	1,180,322	+99.5	
Dallas.....	536	1,272,984	+56.7	-13.7	1,136	2,748,598	+54.6	
El Paso.....	71	140,725	+18.5	-41.5	165	381,424	+126.0	
Fort Worth.....	187	1,139,205	+255.7	+243.0	368	1,471,299	+41.4	
Galveston.....	129	112,609	-53.7	-16.4	263	247,381	+32.2	
Houston.....	466	1,814,155	+12.9	-11.1	899	3,854,530	+38.9	
Port Arthur.....	108	47,159	-89.5	-65.9	211	185,484	-65.2	
San Antonio.....	224	328,950	+3.9	-47.6	426	957,144	+63.2	
Shreveport.....	150	784,412	+8	+142.5	274	1,107,839	+24.7	
Waco.....	61	97,253	-3	-67.8	110	399,360	+100.1	
Wichita Falls.....	29	61,040	+67.9	+4.5	54	119,435	+61.0	
Total.....	2,585	\$6,929,169	+14.0	-11.6	5,142	\$14,768,386	+41.6	

*Includes Highland Park and University Park.

PRODUCTION, SHIPMENTS AND STOCKS OF PORTLAND CEMENT AT TEXAS MILLS—(In thousands of barrels)

	February		January		January 1 through Feb. 28, 1939		Percentage change over year
	1939	1938	1939	1938	1939	1938	
Production.....	570	+28.4	-15.3	1,243	+59.8		
Shipments.....	545	+2.4	-13.2	1,173	+10.5		
Stocks at end of month.....	851	+28.2	+3.0				

cline in February. Exports from the United States totaled only 263,922 bales, as against 289,514 bales in January, and 398,744 bales in February, 1938. Shipments of cotton to foreign countries during the first seven months of the current season aggregated 2,456,207 bales, as compared with 4,230,991 bales in the corresponding period of the preceding season and a ten-year average for that period of 5,029,399 bales.

Although exports of cotton through the ports of Houston and Galveston thus far this season have been comparatively light, the decline as compared with the corresponding period last season has been much smaller than that for the United States due chiefly to increased shipments to Japan, a major portion of which passes through Texas ports. During the first seven months of the current season exports of cotton from Houston and Galveston were 23 per cent less than in that period a year earlier; whereas, the decline for the United States was 42 per cent.

Operations at Portland cement mills in Texas during the first two months of 1939 were at record levels for that period. However, production exceeded shipments by 6 per cent, with the result that stocks of cement have risen considerably, the total at the end of February being 28 per cent greater than a year earlier.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to February 28 This season	Last season	August 1 to February 28 This season	Last season
Cottonseed received at mills (tons).....	969,499	1,595,898	3,895,112	6,076,969
Cottonseed crushed (tons).....	962,345	1,364,840	3,446,107	4,957,773
Cottonseed on hand Feb. 28 (tons).....	189,227	253,930	781,615	1,160,771
Production of products:				
Crude oil (pounds).....	281,353,921	399,587,374	1,070,339,900	1,512,448,711
Cake and meal (tons).....	448,260	636,698	1,548,333	2,207,326
Hulls (tons).....	255,764	357,973	894,415	1,266,126
Linters (running bales).....	210,804	281,018	848,292	1,130,722
Stocks on hand February 28:				
Crude oil (pounds).....	42,815,515	26,207,147	121,278,013	203,900,988
Cake and meal (tons).....	62,789	77,423	245,221	251,789
Hulls (tons).....	67,878	50,248	141,467	146,646
Linters (running bales).....	152,912	120,819	562,133	515,410

SOURCE: Bureau of Census.

CONSUMPTION, STOCKS AND EXPORTS OF COTTON (Bales)

	February 1939	February 1938	January 1939	August 1 to February 28 This season	February 28 Last season
	Consumption at:				
Texas mills.....	9,785	8,964	10,378	71,540	66,805
United States mills.....	562,293	426,866	591,991	3,954,101	3,504,538
U.S. stocks—end of month:					
In consuming estab'nts.....	1,558,818	1,808,467	1,626,593		
Public stg. & compresses.....	14,068,684	11,474,802	14,782,233		
Exports from U. S. to:					
United Kingdom.....	33,805	97,610	41,465	319,263	1,292,730
France.....	10,348	24,753	20,741	304,132	639,566
Italy.....	24,392	33,641	22,036	197,542	366,834
Germany.....	25,872	23,535	31,399	226,007	568,903
Other Europe.....	80,979	61,854	59,646	567,289	634,739
Japan.....	65,963	107,878	70,954	594,314	336,383
All other countries.....	22,563	49,473	43,273	247,660	391,836
Total exports.....	263,922	398,744	289,514	2,456,207	4,230,991

RECEIPTS, EXPORTS, AND STOCKS OF COTON AT THE PORTS OF HOUSTON AND GALVESTON—(Bales)

	February 1939	February 1938	January 1939	August 1 to February 28 This season	February 28 Last season
	Receipts.....	55,564	213,694	104,540	1,868,801	3,466,818
Exports.....	208,233	270,176	237,303	1,677,297	2,180,129
Stocks, end of month.....	1,397,308	1,778,778	1,557,085		

CRUDE OIL PRODUCTION (Barrels)

	February, 1939		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Feb., 1938	Jan., 1939
North Texas.....	4,053,250	144,759	+17,257	+327
West Texas.....	6,778,750	242,098	+37,023	+3,856
East Texas.....	13,371,250	477,545	-37,619	+5,006
South Texas.....	7,038,900	251,389	+39,862	+14,100
Texas Coastal.....	6,124,500	218,732	+34,821	+3,730
Total Texas.....	37,366,650	1,334,523	+91,344	+27,019
New Mexico.....	2,853,350	101,905	-3,598	+3,207
North Louisiana.....	1,983,150	70,827	-8,102	-718
Total District.....	42,203,150	1,507,255	+79,644	+29,508

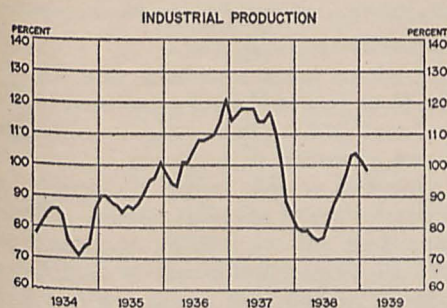
SOURCE: The Oil Weekly, Houston, Texas.

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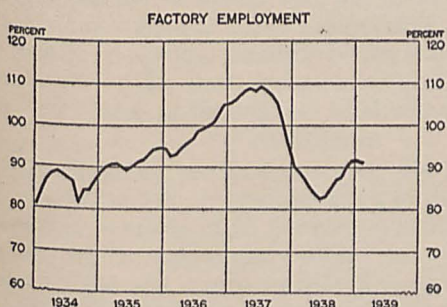
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NATIONAL SUMMARY OF BUSINESS CONDITIONS

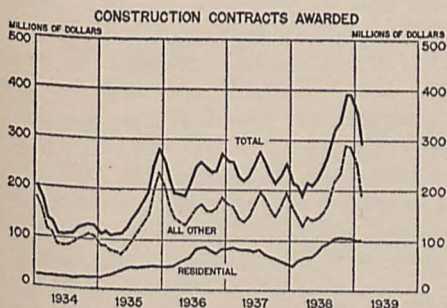
(Compiled by the Board of Governors of the Federal Reserve System)



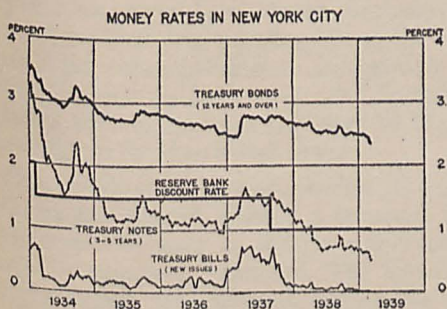
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934 to February, 1939.



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to February, 1939.



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



For weeks ending January 6, 1934 to March 18, 1939.

In February industrial activity continued at the January rate, without showing the usual rise, and retail trade increased less than seasonally. In the first three weeks of March, however, industrial activity and trade showed seasonal increases. Commodity prices continued to show little change.

PRODUCTION

Volume of industrial production was at about the same rate in February as in the two previous months, although usually there is an increase, and the Board's seasonally adjusted index declined further to 98 per cent of the 1923-1925 average. In the steel industry activity did not show the usual seasonal advance. Pig iron production increased, but new orders for steel were in limited volume and ingot production remained at about 54 per cent of capacity throughout the month. There was some decline in automobile assemblies, following a period of considerable increase. Output of lumber and plate glass continued to decrease in February, while cement production, which had been curtailed in January, increased considerably. In the first three weeks of March steel production increased to about 56 per cent of capacity and automobile output was also in somewhat larger volume.

Textile production in February was at about the same rate as in January. At cotton and woolen mills activity increased somewhat but at silk mills there was a marked decline. Output of shoes and tobacco products continued at high levels. In the meat-packing industry activity declined further and there was also a decrease in activity at sugar refineries.

Bituminous coal production was maintained in February, and crude petroleum output likewise continued in substantial volume. Anthracite output declined in February, and in March was reduced further as mine owners and workers agreed on a curtailment program.

Value of construction contracts awarded declined in February, according to F. W. Dodge Corporation figures, owing principally to a further decrease in awards for publicly-financed work. Contracts for privately-financed residential building increased further, while awards for private non-residential building remained at the low level of other recent months.

EMPLOYMENT

Factory employment and payrolls increased somewhat less than is usual between the middle of January and the middle of February. Changes in non-manufacturing lines were largely of a seasonal nature.

DISTRIBUTION

Department store sales were in about the same volume in February as in January, although some increase is usual, and sales at variety stores increased less than seasonally, while mail-order sales rose by slightly more than the seasonal amount. In the early part of March department store sales increased.

Freight-car loadings declined somewhat from January to February, reflecting for the most part reduced shipments of grains, forest products and miscellaneous freight.

COMMODITY PRICES

Wholesale commodity prices were generally maintained with little change during February and the first three weeks of March. As is usual at this season prices of livestock and meats increased while dairy products declined. Silk prices advanced considerably in this period. In the early part of March current prices of pig iron and of semi-finished and finished steel were reaffirmed for the second quarter of this year.

BANK CREDIT

Investments in United States Government obligations by New York City banks increased considerably in February and the first half of March. In this period member banks reduced their holdings of Treasury notes and increased their bonds, reflecting in part exchanges of notes for new bond issues on March 15. Excess reserves of member banks continued somewhat below the high level of \$3,600,000,000 reached at the end of January, fluctuating largely in accordance with changes in Treasury balances at the Federal Reserve banks.

MONEY RATES

Average yields on United States Government securities declined to new record low levels from February 27 to March 10, following the announcement by the Treasury that no cash would be raised in the March financing. Yields rose slightly after the middle of March accompanying renewed tension in Europe. New issues of 91-day Treasury bills continued to sell on practically a no-yield basis during March. Other open-market rates continued unchanged.