

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

Volume 24, No. 3

Dallas, Texas, May 1, 1939

This copy is released for publication in afternoon papers—May 1

DISTRICT SUMMARY

Retail and wholesale trade in the Eleventh District increased seasonally from February to March, and was slightly larger than in the corresponding month of 1938. Although the value of construction contracts awarded during March was moderately higher than in February, the total was considerably smaller than the heavy volume in March last year. The aggregate volume for the first quarter, however, exceeded that in the initial quarter of 1938 by nearly one-third, and was larger than that in the corresponding period of any year since 1931. The daily average production of petroleum showed comparatively little change from that of a month earlier or a year ago, but drilling operations were sharply lower than in either comparative month. Total loans at weekly reporting member banks showed a further increase during the four weeks ended April 12, and on that date they were at the highest level since the end of 1937.

BUSINESS

Stimulated by pre-Easter buying the March business at department stores in principal cities of the Eleventh District showed an increase of 25 per cent over that in the preceding month, which was slightly more than the usual seasonal amount, and was approximately 2 per cent higher than in March, 1938. This bank's index of department store sales, which is adjusted for average seasonal changes and the variable date of Easter, rose to 105.3 per cent of the 1923-25 average in March, as compared with 104.8 per cent in February and 104.3 per cent in March, 1938. During the first quarter of 1939 distribution of merchandise by reporting firms was fractionally smaller than in the corresponding period last year. Although this comparison is less favorable than that for the United States, allowance should be made for the fact that department store business in the nation as a whole during the first three months of 1938 was 9 per cent smaller than in the corresponding quarter of 1937; whereas, in this district sales averaged 3 per cent higher than in the initial three months of 1937, and were the largest for any corresponding quarter since 1929. According to preliminary reports business during the first two weeks of April this year was in about the same volume as a year ago.

On a seasonally adjusted basis, inventories at reporting department stores have shown comparatively little change during the past four months, but at the close of March they were 2 per cent smaller than on that date last year. The rate of collections on both open and installment accounts increased seasonally from February to March and was about the same as in March last year.

The distribution of merchandise through wholesale channels in this district showed a seasonal increase of 11 per cent from February to March and continued in about the same volume as a year ago. The expansion over the preceding month was general among the reporting lines of trade, the only exception being a seasonal decline in the sales of machinery and equipment. In comparison with March last year, sales of dry goods, machinery and equipment and surgical equipment registered substantial declines, but moderate increases were reported by other lines of trade. Business of machinery and equipment firms during the first quarter of 1939 was about one-fourth smaller than in that

period of 1938, but sales in other lines were about as large or larger than a year ago. The rate of collections on outstanding accounts during March was about the same as that a month earlier and a year ago.

According to Dun and Bradstreet, there were 35 commercial failures in the Eleventh District during March with liabilities totaling \$368,000. During the first quarter of 1939 both the number of insolvencies and the indebtedness involved were the largest for that period in any year since 1933.

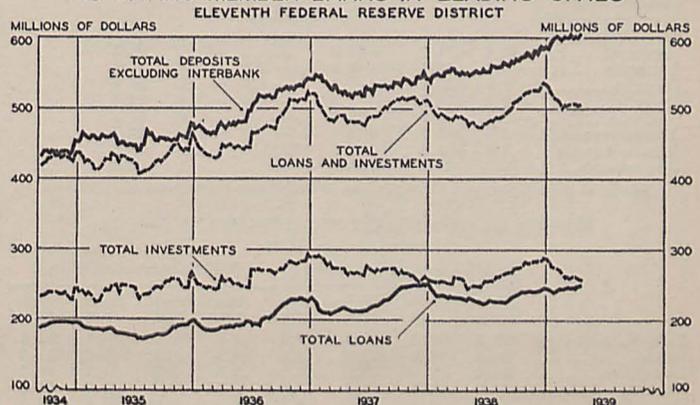
AGRICULTURE

Farmers have made good progress with soil preparation and seeding operations in most sections of the Eleventh District, but operations in some areas have been retarded either by the lack of moisture or by wet soil. Much of the corn crop is up to a good stand and the seeding of cotton is becoming general. Recent rains have greatly improved the moisture situation over the major portion of the district but the precipitation was light over considerable areas in south, southwest and central-west Texas, with the result that additional moisture is urgently needed in these sections for crops and ranges.

The Texas wheat crop, which made a poor start last fall on account of the prolonged drouth, has improved materially since the first of this year. In the important northwest wheat area, the condition of the crop is better than in any year since 1931, when production was in record volume. Abandonment in this area has been heavy during recent years, but reports indicate that it will be much lighter this year. The condition of the crop in other areas of the State is spotty with prospects for poor yields and heavy acreage abandonment in some localities. The Department of Agriculture in its April 1 report placed the indicated production of wheat in Texas at 28,182,000 bushels which compares with a harvest of 35,046,000 bushels in 1938 and a ten-year average production of 32,038,000 bushels. The 4,026,000 acres of wheat seeded last fall for harvest in 1939 was 25 per cent smaller than the acreage sown in the preceding fall and the smallest for any year since 1929. Prospective per acre yields of wheat are also larger than last year in Oklahoma and New Mexico, but the estimated production is smaller on account of the reduced acreage.

Weather conditions during the winter and early spring months were favorable for peaches, and in consequence the

REPORTING MEMBER BANKS IN LEADING CITIES



April 1 condition of the crop in Texas and Oklahoma was much better than a year earlier and considerably higher than the average for that date. The early Irish potato crop is in about average condition.

According to the Department of Agriculture, the prospective acreage to be planted to principal crops, except cotton, in 1939 in the five states attached to the Eleventh District is 5 per cent larger than in the preceding year and 4 per cent in excess of the 1929-1938 average. The expansion over 1938 is accounted for largely by increases in the indicated seeding of feed crops, particularly corn, barley and grain sorghums. The expected increase in acreage of these crops, however, will offset somewhat less than one-half the sharp decline in acreage seeded to winter wheat in the fall of 1938. With the exception of peanuts, the indicated plantings of food crops are smaller than a year ago, but considerably larger than the ten-year average.

Range feeds in this district have made slow growth due to the cool weather and lack of sufficient moisture in some areas. Precipitation was light during most of March and the high winds depleted surface moisture. Although light to heavy rains fell over most of the district's range territory in the latter part of March and the first half of April, there is a large area in south, southwest and central-west Texas where drouth conditions still obtain, with the situation becoming acute in some localities. In the dry areas range feeds are very poor and prospects for summer grazing are not promising. Livestock have come through the winter in generally good condition as supplementary feeding has been heavier than usual, particularly in the drouth sections. Cattle were in about average flesh on April 1 but sheep and lambs have mended slowly with the result that marketings of grass-fat animals will be later than usual. A good calf crop is anticipated this year but prospects for lambs are not so favorable as a year ago. The Department of Agriculture reported that there is a strong demand for all classes of cattle but that high prices are a deterrent to local trading. Farm prices of cattle and calves, as reported by the Department of Agriculture, were higher in March than at any time since the spring of 1930.

Cash income derived by farmers in the Eleventh District from the sale of principal farm products during February was nearly one-fourth smaller than in February last year, and the lowest for any corresponding month since 1933. As was the case in January, the decline from a year ago was due to the smaller income from the marketings of crops. Although receipts from the sale of dairy products were considerably smaller than in February last year, aggregate income from livestock and livestock products was 13 per cent greater, reflecting to a considerable extent higher average prices obtaining for meat animals. Government benefit payments increased sharply in February, being about double those in the same month last year. Despite the increased benefit payments and the larger income from livestock and livestock products, total cash receipts were 11 per cent smaller than in February, 1938.

FINANCE

Total earning assets of the Federal Reserve Bank of Dallas declined \$4,054,000 between March 15 and April 15 reflecting a decrease in investments occasioned by a reallocation of the System's holdings of United States Government securities among the several Federal Reserve banks. At the middle of April, however, this bank's earning assets were still \$4,800,000 greater than a year earlier. Discounts for member banks and industrial advances increased moderately during the month ended April 15, but on that date the combined total, amounting to \$1,003,000, was about \$200,000 smaller than a year earlier. During the first half of March daily average excess reserves of member banks in this district rose to \$61,758,000, which was about 50 per cent of required reserves. In the subsequent two weeks, when member bank reserve balances declined considerably, excess reserves averaged somewhat lower, and remained at about the same level during the first half of April. Federal Reserve notes of this bank in actual circulation on April 15 showed comparatively little change from the volume a month earlier, but continued \$2,700,000 smaller than a year ago.

Total loans at weekly reporting member banks in leading cities of the Eleventh District continued to increase counter-seasonally during the four weeks ended April 12, and on that date they were \$19,280,000 larger than a year ago. The expansion during the four-week period reflected a further increase in commercial, industrial and agricultural loans, the total of which is now higher than at any time during the

WHOLESALE AND RETAIL/TRADE STATISTICS

	Percentage change in:						Ratio Mar. collections to accounts outstanding March 1	
	Net sales			Stocks*			Regular	Installment
	Mar., 1939	Feb., 1939	Jan. 1 to Mar. 31, 1939, from 1938	Mar., 1939	Feb., 1939	Mar., 1939 from 1938		
Retail trade:								
Department stores:								
Total 11th Dist.	+ 1.8	+25.0	— .3	— 1.8	+ 7.1	39.5	15.9	
Dallas	— 1.0	+14.2	— 2.5	+ 1.1	+ 7.8	39.2	18.1	
Fort Worth	— 2.8	+26.7	— 1.9	— 1.9	+ 3.5	36.0	11.8	
Houston	+ 6.7	+19.8	+ 3.5	— 2.4	+13.5	39.7	.. .	
San Antonio	+ 3.0	+37.1	— .5	— 7.9	+ 4.5	43.3	13.5	
Other cities	+ 4.8	+43.1	+ 1.7	— 2.2	+ 6.9	39.7	19.1	
Independent stores†:								
Arizona	+11.9	+22.2	.. .	.. .	.. .	.. .	.. .
Oklahoma	+ 1.7	+27.1	.. .	.. .	.. .	.. .	.. .
New Mexico	+ 3.3	+15.3	.. .	.. .	.. .	.. .	.. .
Texas	+ 5.5	+25.8	.. .	.. .	.. .	.. .	.. .
Wholesale trade:†								
Machinery, eq't & supplies (except electrical)	—13.4	—11.3	—24.0	.. .	.. .	56.3	.. .	
Dry goods	— 5.1	+13.1	+ 3.1	— 2.7	+ 3.4	35.3	.. .	
Groceries	+ 2.9	+12.4	+ .2	— 1.9	— .5	90.6	.. .	
Drugs	+ 3.3	+15.2	— .3	— 4.1	+ 1.4	71.6	.. .	
Hardware	+ .5	+ 8.4	+10.1	+ .6	— .9	63.5	.. .	
Automotive suppl's	+ 2.6	+ 8.3	+10.4	— 7.9	No chg.	56.3	.. .	
Tobacco & prod's	+ 1.6	+ 5.6	+ 3.9	.. .	.. .	86.3	.. .	
Surgical eq't	—12.5	+21.7	.. .	.. .	.. .	56.5	.. .	

*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—March 1939	March 1938	Stocks—March 1939	March 1938	Sales—March 1939	March 1938	Stocks—March 1939	March 1938
Total Eleventh Dist.	105.3	104.3	66.0	66.5	99.0	97.0	68.0	68.5
Dallas	104.5	107.3	72.0	70.8	104.5	105.2	72.7	71.5
Fort Worth	102.2	107.4	59.4	60.9	99.1	102.0	61.2	62.7
Houston	99.7	98.2	49.7	49.8	95.7	92.3	49.7	49.8
San Antonio	95.3	94.3	51.3	55.7	93.4	90.5	54.4	59.0

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

(In thousands of dollars)

	February, 1939			Total receipts		
	Receipts from		Government payments	February 1939	February 1938	Jan. 1 to Feb. 28 1939
	Crops	Livestock*				1938
Arizona	853	1,226	357	2,436	3,526	6,440
Louisiana	1,535	1,989	108	3,632	4,024	8,189
New Mexico	367	1,450	92	1,909	1,370	4,399
Oklahoma	982	5,239	783	7,004	8,567	17,063
Texas	4,032	10,414	6,797	21,243	23,203	41,956
Total	7,769	20,318	8,137	36,224	40,690	78,047

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

SOURCE: United States Department of Agriculture.

FORT WORTH LIVESTOCK RECEIPTS

(Number)

	March 1939	March 1938	Change over year	February 1939	Change over month
Cattle	41,312	48,234	— 6,922	33,584	+ 7,728
Calves	19,384	23,073	— 3,689	21,095	— 1,711
Hogs	39,411	35,888	+ 3,523	30,662	+ 8,749
Sheep	55,552	71,663	— 16,111	33,614	+ 21,938

COMPARATIVE TOP LIVESTOCK PRICES

(Dollars per hundredweight)

	March 1939	March 1938	February 1939
Beef steers	\$11.00	\$9.25	\$10.25
Stocker steers	9.50	8.25	.. .
Heifers and yearlings	11.00	9.00	11.00
Butcher cows	7.00	6.50	6.50
Calves	9.50	8.25	9.00
Hogs	7.70	8.00	8.10
Lamb	9.50	8.50	8.50

past several years. In contrast with the expansion in loans, investments of these banks declined further by \$3,814,000, representing a net decline of \$5,372,000 in direct and guaranteed obligations of the United States Government, which was offset only in part by an increase of \$1,558,000 in holdings of other securities. Total loans and investments on April 12 were \$1,377,000 lower than four weeks earlier, but \$16,869,000 greater than on that date last year.

Aggregate deposits at reporting banks declined seasonally between March 15 and April 12, but on the latter date they were \$85,500,000 greater than a year earlier. During the four weeks these banks transferred a portion of their idle funds from correspondent banks to the Federal Reserve Bank, but on April 12 balances with other domestic banks were still \$61,400,000 greater than a year ago, while their reserves with the Federal Reserve Bank were only \$5,556,000 higher than on the corresponding date in 1938.

Debits to individual accounts at banks in eighteen cities of the Eleventh District increased by more than the usual seasonal amount from February to March, and exceeded those in the corresponding month of the preceding year by 1 per cent. The latter increase is the first recorded for a year-to-year comparison since December, 1937. The increase over March, 1938, however, was not general as is indicated by the fact that gains were shown by less than one-half of the reporting cities.

INDUSTRY

The value of construction contracts awarded in the Eleventh District, after having declined in January and February, increased during March, but by a smaller amount than is usual at this season. Awards during the month were 19 per cent smaller than the unusually large total in March last year when the volume was augmented by the letting of contracts for some large privately-financed commercial and manufacturing projects. Although non-residential building increased considerably in March, the volume of this type of construction initiated during the first quarter of 1939 was about one-fifth smaller than in the corresponding period of 1938. The outstanding development during March in the building industry in this district was the pronounced increase in residential building. Although residential construction has been very active since last spring, the value of awards in March was, with one exception, at the highest level in about ten years, and exceeded the respective amounts in the previous month and the corresponding month last year by 36 and 47 per cent. The aggregate value of construction contracts awarded in this district during the first quarter of 1939 was 29 per cent greater than in the corresponding period of 1938, reflecting the sharp increases in residential building and in public works and utilities construction. Although this gain over the first three months of 1938 is somewhat smaller than the 44 per cent increase recorded for the 37 states east of the Rocky Mountains, it should be recalled that building activity in the latter area declined substantially during the first quarter of 1938 as compared with that period of 1937; whereas, in the Eleventh District it increased 35 per cent.

The valuation of building permits issued at fifteen cities in this district increased less than seasonally from February to March, but the total was 7 per cent larger than a year ago and about the same as in April, 1938 when the monthly volume was at the highest level since 1929. The value of permits issued during the first quarter of the current year exceeded that in the same period of 1938 by 27 per cent.

The daily average production of crude oil in the Eleventh District during March showed comparatively little change from that in the preceding month and it was only slightly

higher than in March last year. During the first half of April, however, the output in this district showed a noticeable increase, reflecting chiefly the higher production allowable in Texas. The proration order of the Texas Railroad Commission placed the State's basic allowable for April, considering the Sunday shutdown, at 1,386,000 barrels daily which represents an increase of about 50,000 barrels

CONDITION OF THE FEDERAL RESERVE BANK

(In thousands of dollars)

	April 15, 1939	April 15, 1938	March 15, 1939
Total cash reserves	\$225,101	\$229,631	\$230,925
Discounts for member banks	390	292	319
Industrial advances	613	908	601
Bills bought in the open market	16	16	16
United States Government securities	102,282	97,283	106,419
Total earning assets	103,301	98,499	107,355
Member bank reserve deposits	185,027	180,916	183,096
Federal Reserve notes in actual circulation	75,808	78,524	76,206
Commitments to make industrial advances	None	268	44

CONDITION STATISTICS OF MEMBER BANKS IN LEADING CITIES

(In thousands of dollars)

	April 12, 1939	April 13, 1938	March 15, 1939
Total loans and investments	\$504,774	\$487,905	\$506,151
Total loans	249,081	229,801	246,644
Commercial, industrial and agricultural loans	164,389	146,232	161,778
Open market paper	1,247	2,070	921
Loans to brokers and dealers in securities	2,790	2,113	3,313
Other loans for purchasing or carrying securities	14,331	14,406	14,239
Real estate loans	20,151	20,119	19,844
Loans to banks	265	250	273
All other loans	45,908	44,611	46,276
United States Government direct obligations	153,816	174,883	159,745
Obligations fully guaranteed by United States Govt.	48,151	33,768	47,594
Other securities	53,726	49,453	52,168
Reserves with Federal Reserve Bank	116,504	110,948	111,054
Balances with domestic banks	238,931	177,525	248,858
Demand deposits—adjusted*	436,142	396,784	438,788
Time deposits	136,214	130,009	136,469
United States Government deposits	34,402	24,610	34,385
Interbank deposits	205,821	175,653	208,036
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
March, 1937	\$1,051,972	\$199,134	\$587,596	\$108,501	\$464,376	\$ 90,634	
March, 1938	1,096,362	218,188	601,354	121,102	495,008	97,086	
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	
March, 1939	1,181,914	228,585	672,995	128,122	508,919	100,463	

DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)

	March 1939	March 1938	Pctg. change over year	February 1939	Pctg. change over month
Abilene	\$ 8,905	\$ 9,054	- 1.6	\$ 7,320	+21.7
Austin	35,063	34,170	+ 2.6	31,677	+10.7
Beaumont	24,156	25,938	- 6.9	22,565	+ 7.1
Corpus	3,265	3,450	- 5.4	3,210	+ 1.7
Dallas	246,851	248,997	- .9	215,529	+14.5
El Paso	31,544	27,529	+14.6	28,681	+10.0
Fort Worth	76,737	78,117	- 1.8	67,544	+13.6
Galveston	26,265	26,822	- 2.1	22,876	+14.8
Houston	226,117	211,678	+ 6.8	109,348	+13.4
Port Arthur	9,116	9,994	- 8.8	8,060	+13.1
Roswell	3,631	3,799	+ .8	3,391	+13.0
San Antonio	71,141	67,523	+ 5.4	60,474	+17.6
Shreveport	41,558	43,711	- 4.9	39,285	+ 5.8
Texarkana*	8,219	9,778	-15.9	6,245	+31.6
Tucson	13,223	11,439	+15.6	11,388	+16.1
Tyler	11,651	13,804	-15.6	9,680	+20.4
Waco	13,758	13,390	+ 2.7	12,835	+ 7.2
Wichita Falls	14,688	17,966	-18.2	13,198	+11.3
Total	\$866,088	\$857,159	+ 1.0	\$763,304	+13.5

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

SAVINGS DEPOSITS

	Number of reporting banks	March 31, 1939		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	March 31, 1938	Feb. 28, 1939
Beaumont	3	9,971	\$ 3,920,479	+ 4.6	- .2
Dallas	8	89,559	27,114,357	+ 4.1	+ .3
El Paso	2	16,819	8,131,374	- 1.2	- .1
Fort Worth	3	39,042	13,795,892	+ 5.0	+ .2
Galveston	4	18,552	12,186,676	+ 6.7	+ 1.3
Houston	10	74,275	29,678,675	+ 4.2	+ .2
Port Arthur	2	6,280	2,910,734	+12.8	+ .1
San Antonio	5	24,584	19,009,119	+ 9.8	+ .2
Shreveport	3	24,991	11,583,295	+ 2.3	+ .6
Waco	3	8,345	4,605,168	- 4.6	- 1.1
Wichita Falls	3	7,488	3,839,157	+12.0	- .3
All other	69	61,057	29,816,966	+ 3.4	+ .8
Total	115	380,993	\$166,591,882	+ 4.5	+ .4

over the daily average production in the last week of March and about 36,000 barrels higher than the average for April last year. The daily allowable, however, is 26,000 barrels under the indicated daily demand for crude oil as estimated by the Bureau of Mines. Actual production, however, will be somewhat higher than the basic allowable due to the output of new wells and the allowables of wells exempted from the Sunday shutdown.

Stocks of crude oil in the United States increased by 2,886,000 barrels between March 4 and April 15, of which 1,299,000 barrels was in the Eleventh District. Total stocks on the latter date, however, were 10 per cent lower than a year earlier. Inventories of gasoline have declined slightly from the seasonal peak reached in March and the total on April 15 was 5 per cent lower than on the corresponding date in 1938. Withdrawals of gas and fuel oil from storage have continued in substantial volume with the result that stocks are currently at about the same level obtaining a year ago.

Following a substantial increase in February, drilling operations in the United States declined considerably in March, reflecting largely the smaller number of completions in the Eleventh District. During the four weeks ended March 25 the number of completions in this district averaged 24.7 wells daily representing a decrease of 37 per cent from the preceding period and 34 per cent from a year ago. During the first quarter of 1939 well completions in this district were 18 per cent fewer than in that quarter last year, as compared with a decrease of 13 per cent for the United States.

Operations at cotton textile mills in the United States increased by more than the usual seasonal amount from February to March, and as a result the adjusted index of

VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	March 1939	March 1938	February 1939	January 1 to March 31 1939	March 31 1938
Eleventh District—total...	16,021	19,763	15,022	49,264	38,248
Residential.....	7,001	4,759	5,167	18,395	11,321
All other.....	9,020	15,004	9,855	30,869	26,927
United States*—total.....	300,661	226,918	220,197	772,531	538,094
Residential.....	125,225	79,396	79,020	284,400	155,626
All other.....	175,436	147,522	141,177	488,123	382,468

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	March, 1939		Percentage change valuation from		Jan. 1 to Mar. 31, 1939		Percentage change valuation from 1938	
	No.	Valuation	Mar., 1938	Feb., 1939	No.	Valuation		
Abilene.....	23	\$ 54,685	- 3.9	+356.1	68	\$ 146,805		+ 44.3
Amarillo.....	39	239,427	- 51.0	+107.3	209	526,845		- 14.3
Austin.....	258	1,041,293	+ 65.2	+ 49.0	712	2,582,856		+ 43.2
Beaumont.....	169	167,290	- 33.9	+ 63.0	442	361,759		- 10.3
Corpus Christi.....	167	568,340	+114.5	+181.9	406	1,748,662		+104.2
Dallas*.....	728	1,436,197	+ 44.1	+ 12.8	1,864	4,184,795		+ 50.8
El Paso.....	116	148,527	+ 40.8	+ 5.5	271	529,951		+ 93.2
Fort Worth.....	249	403,503	+ 45.9	- 64.6	617	1,874,802		+ 42.3
Galveston.....	164	160,838	- 73.3	+ 42.8	427	408,219		- 57.8
Houston.....	624	3,003,296	- 6.5	+ 65.5	1,523	6,857,826		+ 14.6
Port Arthur.....	142	87,717	+ 8.6	+ 86.0	353	273,201		- 55.4
San Antonio.....	298	400,505	+ 29.4	+ 21.8	724	1,357,649		+ 51.5
Shreveport.....	156	277,371	- .1	- 64.6	430	1,385,210		+ 18.8
Waco.....	66	117,326	+ 48.3	+ 20.6	176	516,638		+138.3
Wichita Falls...	53	109,627	+ 76.8	+ 79.6	107	229,062		+ 68.2
Total.....	3,252	\$8,215,942	+ 6.8	+ 18.6	8,329	\$22,984,328		+ 26.8

*Includes Highland Park and University Park.

CRUDE OIL PRODUCTION

	March, 1939		Increase or decrease in daily average production from	
	Total production	Daily avg. production	March, 1938	Feb., 1939
North Texas.....	4,540,800	146,477	+ 9,411	+ 1,718
West Texas.....	7,462,200	240,716	+20,015	- 1,382
East Texas.....	14,561,000	469,710	-55,974	- 7,835
South Texas.....	7,723,450	249,144	+22,618	- 2,245
Texas Constal.....	6,749,700	217,732	+18,532	- 1,000
Total Texas.....	41,037,150	1,323,779	+20,602	-10,744
New Mexico.....	3,362,900	108,481	+ 3,526	+ 6,676
North Louisiana.....	2,204,750	71,121	- 7,576	+ 294
Total District.....	46,604,800	1,503,381	+16,552	- 3,874

SOURCE: The Oil Weekly, Houston, Texas.

cotton consumption compiled by the Board of Governors of the Federal Reserve System rose to 114 per cent of the 1923-1925 average, as compared with 111 per cent in February. Actual consumption in March, which amounted to 649,237 bales, was the largest for any month since June, 1937, and, with the exception of 1927 and 1937, it was larger than consumption in the corresponding month of any other year for which records are available. During the season thus far there have been 4,603,338 bales of cotton consumed in the United States, as against 4,017,164 bales in the corresponding eight months of the previous season. Stocks of raw cotton at consuming establishments were reduced further in March and at the close of the month they were one-fifth smaller than a year ago.

Although cotton consumed in the United States during the current season has been well in excess of consumption in the corresponding period of the preceding season, world utilization of American cotton, according to the New York Cotton Exchange, has been smaller, reflecting the sharp decline in foreign consumption of American grown cotton. During the first seven months of the 1938-1939 season foreign mills consumed about 18 per cent less American cotton than in that period of the preceding season, and the total was approximately 34 per cent smaller than the 1932-1937 average for that period.

Exports of cotton from the United States showed a counter-seasonal increase from February to March, but the total remained at a very low level in relation to that of a year ago and the ten-year average for that month. Shipments aggregated 330,370 bales, which was one-fourth greater than in February, but 22 per cent smaller than in March last year. In contrast with the sharp decline from a year ago in exports of cotton from all United States ports, shipments from the ports of Houston and Galveston during the past month were fractionally larger than in March, 1938. This expansion was due chiefly to a substantial increase in exports to Japan.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to March 31 This season	Last season	August 1 to March 31 This season	Last season
Cottonseed received at mills (tons).....	991,444	1,647,047	4,031,150	6,303,165
Cottonseed crushed (tons).....	1,071,358	1,481,119	3,845,336	5,500,950
Cottonseed on hand March 31 (tons).....	102,159	188,800	518,424	843,790
Production of products:				
Crude oil (pounds).....	314,147,548	435,953,273	1,199,604,785	1,687,500,244
Cake and meal (tons).....	501,768	690,209	1,736,384	2,450,430
Hulls (tons).....	284,549	388,979	997,748	1,410,333
Linters (running bales).....	236,759	305,661	954,411	1,260,795
Stocks on hand March 31:				
Crude oil (pounds).....	38,437,434	20,783,782	117,326,378	56,171,861
Cake and meal (tons).....	46,370	82,889	196,544	275,381
Hulls (tons).....	58,840	53,020	125,572	169,402
Linters (running bales).....	157,070	122,137	581,528	537,557

SOURCE: Bureau of Census.

CONSUMPTION, STOCKS AND EXPORTS OF COTTON

	(Bales)		February 1939	August 1 to March 31	
	March 1939	March 1938		This season	Last season
Consumption at:					
Texas mills.....	10,961	10,551	9,785	82,501	77,356
United States mills.....	649,237	512,626	562,293	4,603,338	4,017,164
U.S. stocks—end of month:					
In consuming estab'mts.....	1,415,972	1,768,311	1,558,818		
Public stg. & compresses.....	13,489,173	10,941,503	14,068,684		
Exports from U. S. to:					
United Kingdom.....	31,595	101,389	33,805	350,858	1,394,119
France.....	15,575	33,140	10,348	319,707	672,706
Italy.....	31,500	42,181	24,392	229,021	409,015
Germany.....	28,136	18,159	25,872	254,143	587,062
Other Europe.....	62,780	85,816	80,979	630,090	720,555
Japan.....	126,089	101,917	65,963	720,403	438,300
All other countries.....	34,695	42,986	22,563	281,951	434,822
Total exports.....	330,370	425,588	263,922	2,786,173	4,656,579

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

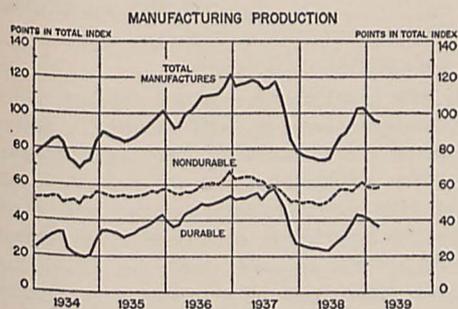
	HOUSTON AND GALVESTON—(Bales)		February 1939	August 1 to March 31	
	March 1939	March 1938		This season	Last season
Receipts.....	63,548	121,015	55,564	1,922,349	3,587,833
Exports.....	227,319	226,266	208,233	1,904,616	2,406,395
Stocks, end of month.....	1,218,533	1,668,971	1,397,308		

MONTHLY BUSINESS REVIEW

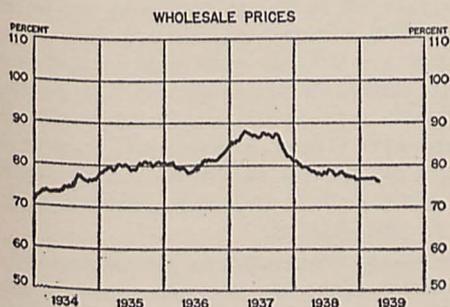
May 1, 1939

NATIONAL SUMMARY OF BUSINESS CONDITIONS

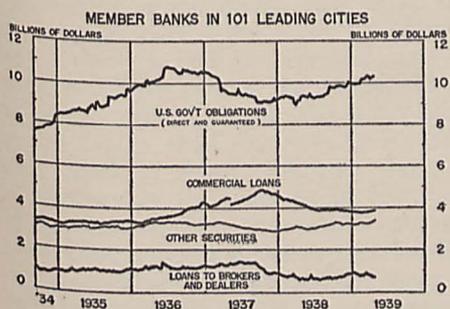
(Compiled by the Board of Governors of the Federal Reserve System)



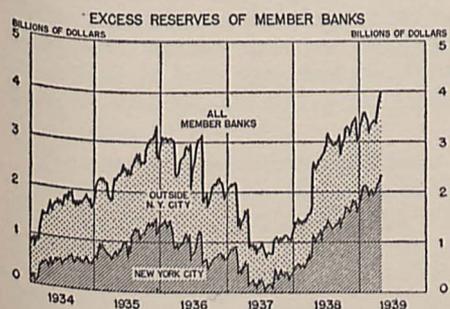
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. Durable and nondurable series expressed in terms of points in the total index. By months, January, 1934, to March, 1939.



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending April 15, 1939.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to April 19, 1939. Commercial loans, which include industrial and agricultural loans, represent, prior to May 19, 1937, so-called "other loans" as then reported.



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934, to April 19, 1939.

In April manufacturing production was maintained at about the same rate as in March but mineral production declined, reflecting a sharp reduction in output of bituminous coal pending settlement of negotiations between operators and miners. In the first quarter of this year industrial output, after a rapid rise in the latter half of 1938, increased less than is usual at this season.

PRODUCTION

Volume of industrial production showed little change in March and the Board's seasonally adjusted index remained at 98 per cent of the 1923-1925 average. The index for the first quarter averaged 99, compared with 101 in the final quarter of last year. Activity at steel mills in March was set at 54 per cent of capacity, a slightly higher level than in January and February. Automobile production increased less than seasonally. Retail sales of cars continued to fluctuate around a level considerably higher than last year but lower than in 1936 and 1937. Dealers' stocks of new cars began to decline in March, following an increase to a seasonally high level. Activity in the machinery industries increased further in March, continuing the rise that began last summer. Lumber production increased less than seasonally from the relatively low level of other recent months.

Production of nondurable goods in March continued at about the level that has prevailed since last autumn. In the woolen textile industry activity showed a decrease from the high level of recent months, while at cotton mills and shoe factories output was maintained in large volume. At meat-packing establishments and sugar refineries increases in activity were reported, following earlier declines.

Value of construction contract awards increased in March, according to F. W. Dodge Corporation figures, reflecting a seasonal rise in residential and other private building. Awards for public projects showed little change.

In the first three weeks of April bituminous coal production declined to a low level as most mines were closed, pending the settlement of biennial contract negotiations between mine operators and workers. Steel ingot production was reduced somewhat, averaging about 52 per cent of capacity, and automobile production showed little change from the rate reached in the latter part of March.

DISTRIBUTION

Sales at department stores and mail-order houses increased somewhat more than seasonally in March, while variety store sales showed about the usual rise. For the first quarter as a whole retail sales were in about the same volume as in the final quarter of 1938, after allowance for seasonal changes.

Freight-car loadings showed less than the customary advance from February to March as loadings of coal declined and shipments of miscellaneous freight increased less than seasonally. In the first half of April there was a marked decrease in freight traffic, reflecting in large part a sharp decline in coal shipments.

COMMODITY PRICES

Prices of steel scrap, copper, hides and some other industrial raw materials declined from the middle of March to the third week of April, and there were decreases also in prices of livestock and dairy products. Silk prices rose considerably. The general level of wholesale prices, as measured by the index of the Bureau of Labor Statistics, declined to 76 per cent of the 1926 average as compared with 77 in the middle of March and at the beginning of the year.

BANK CREDIT

Reflecting continued heavy gold imports and Treasury disbursements from its balances at the Reserve banks, member bank reserves and deposits increased sharply during the four weeks ending April 19. Excess reserves rose to a record high level of \$4,000,000,000. Total loans and investments at banks in 101 leading cities, which had shown little change during March, increased somewhat during the first three weeks of April, reflecting principally continued purchases of United States Government obligations by New York City banks. Loans to brokers and dealers in securities declined.

MONEY RATES AND SECURITY PRICES

Prices of Government bonds and of other bonds of highest grades continued firm at high levels during March and the first three weeks of April, while prices of the lower-grade corporate bonds and of corporate stocks declined. The average discount rate on new issues of 91-day Treasury bills continued at a low level and other open-market rates remained unchanged.