

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

The outlook for the agricultural and livestock industries in the Eleventh District was improved considerably by general rains which relieved the widespread drouth that had prevailed for several months over a large portion of Texas. The value of construction contracts awarded increased further from March to April and exceeded that of a year ago by 13 per cent. Awards for residential building were in the largest volume for any month in about eleven years. Daily average petroleum production increased substantially, being higher than in any month since October, 1937, and exceeding that of a year ago by 6 per cent. Drilling activity was at a much lower level than in April, 1938. Daily average sales at department stores in April were larger than in either the preceding month or the corresponding month last year, and preliminary reports indicate that sales in the first half of May were about 9 per cent higher than in that period of 1938. Although wholesale trade declined seasonally over the month, it was 6 per cent higher than in April last year. The loans of weekly reporting member banks in this district rose further during the four weeks ended May 10, and on that date were at the highest level in recent years.

BUSINESS

Retail buying at department stores in principal cities of the Eleventh District, although showing slightly less than the usual seasonal expansion from March to April, was maintained at a comparatively high level. Daily average sales at reporting firms reflected an increase of 5.6 per cent over the preceding month and a gain of 3.1 per cent over the corresponding month last year. This bank's index of department store sales, which is adjusted for average seasonal changes and the variable date of Easter, declined from 105.3 per cent of the 1923-1925 average in March to 103.6 per cent in April. The latter figure is, however, 4.6 points higher than that for April, 1938. During the first two weeks of April this year daily average sales were approximately the same as in that period a year earlier, but in the following four weeks consumer demand held up better than it did in the same period of 1938, and preliminary reports indicate that department store business in the first half of May was about 9 per cent greater than in the corresponding period last year. Aggregate sales at department stores during the first four months of 1939 were only fractionally smaller than in that period of 1938, and were 1.5 per cent higher than in the initial four months of 1937.

Inventories at reporting firms were increased seasonally during April, but at the close of the month their value was 1 per cent smaller than on April 30, 1938. The rate of collections on both open and installment accounts declined in April, and the rate on regular accounts was considerably smaller than a year ago.

The sales of independent retail firms in this district during the first two months of 1939 were in about the same volume as in that period a year earlier, but in March and April they were substantially higher than in the comparable months of 1938. During the first four months of 1939, the sales of motor vehicles, furniture, lumber and building materials have shown the most pronounced gains as compared with the corresponding period last year.

The aggregate sales of merchandise at reporting whole-

sale firms in nine lines of trade in this district declined seasonally from March to April, but were 6 per cent greater than in the corresponding month last year. The expansion over a year ago was participated in by all reporting lines of trade except machinery and equipment and automotive supply firms, and in these lines sales showed little change from those in April, 1938. The increases over a year ago ranged from 0.5 per cent in the case of drugs to 30.6 per cent for electrical supplies. The outstanding development in wholesale trade thus far this year has been the sharp increase in sales of hardware, reflecting in part the heavy volume of building in this district. During the first four months of 1939 sales of hardware averaged 14 per cent higher than in the same period of 1938; other lines of trade showing favorable comparisons for this period were dry goods, groceries, tobacco and tobacco products, and automotive supplies. The business of wholesale drug firms has been on about the same level as a year ago. Inventories of merchandise at reporting firms showed little change over the month, but on April 30 they were 6 per cent smaller than on that date last year. Collections increased seasonally in April, and in relation to accounts outstanding at the beginning of the month they were substantially higher than a month earlier or a year ago.

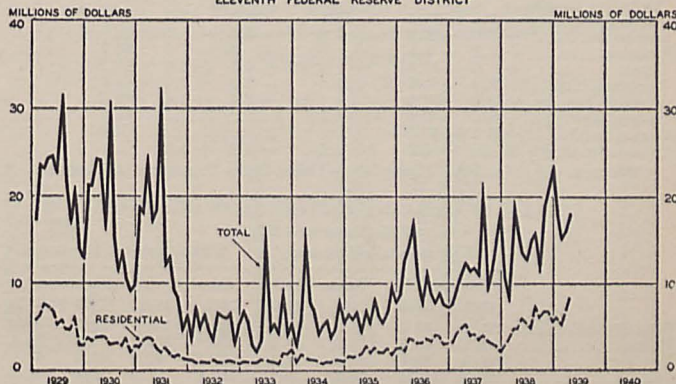
According to the information compiled by the Bureau of Business Research of the University of Texas, employment in Texas increased 1.1 per cent from March to April and was 0.8 per cent larger than a year earlier. Although payrolls increased slightly in April, they were 2.2 per cent lower than in April last year.

The number of commercial failures in the Eleventh District declined slightly from March to April; whereas, liabilities of defaulting firms increased further, exceeding those of a year ago by 63 per cent. Dun and Bradstreet reported 31 bankruptcies during the month with a total indebtedness of \$414,000.

AGRICULTURE

Agricultural conditions on May 1 in many sections of the Eleventh District continued to reflect the adverse effects of unfavorable weather and inadequate rainfall. The moisture supply was deficient throughout most of central, south and southwest Texas, and in portions of these areas the situation had become acute. Since the first of May general rains have occurred over most sections of Texas, relieving

CONSTRUCTION CONTRACTS AWARDED
ELEVENTH FEDERAL RESERVE DISTRICT



the critical situation prevailing in some areas and improving the agricultural outlook generally. The rainfall in some localities, however, was insufficient to break the drouth, and additional rain would be beneficial in most sections of the district. Unseasonably low temperatures during much of the spring retarded the progress of growing crops and interfered with the germination of seed, with the result that considerable replanting will be necessary. The recent improvement in moisture conditions will enable farmers to make better progress with planting operations.

The 1939 wheat crop in Texas and New Mexico is apparently turning out better than was anticipated earlier. The indicated production of wheat in Texas was placed at 30,860,000 bushels on May 1, which represents an increase of 10 per cent over the April 1 forecast, and compares with a harvest of 35,046,000 bushels in 1938. Reflecting chiefly the higher per acre yield, the estimated production of wheat in Texas is only 12 per cent less than in 1938, whereas, the acreage left for harvest is 25 per cent smaller. Acreage abandonment amounted to 27 per cent of the area seeded last fall, the heaviest abandonment occurring in the South Plains and central-west sections of the State. In these areas, prospects range from fair to an almost complete failure. The prospective yield per acre on the 2,939,000 acres remaining for harvest on May 1 was 10.5 bushels, as against 9 bushels in 1938, and a 1928-1937 average yield of 10.2 bushels. The indicated production of wheat in New Mexico was increased sharply to 3,172,000 bushels on May 1, which is considerably higher than the 1938 and ten-year average harvests. The forecast for Oklahoma was reduced 4 per cent to 44,242,000 bushels. The condition of oats and tame hay in Texas and Oklahoma on May 1 was sharply lower than on that date last year. The condition of oats is very poor in the former drouth area, but fair to good yields are in prospect in other sections of the district.

The cool, dry weather prevailing in April was unfavorable to cotton in most areas, and the crop generally has made only fair progress. Seeding operations are behind schedule in many sections. The progress and condition of corn are fair to good except in the former drouth areas of Texas.

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:				Ratio April collections to accounts outstanding April 1	
	Net sales		Stocks*		Regular	Installment
	April, 1939 from April, 1938	March, 1939	Jan. 1 to Apr. 30, 1939 from 1938	April, 1939 from April, 1938	March, 1939	
Retail trade:						
Department stores:						
Total 11th Dist.	-.8	-2.1	-.5	-1.0	+2.4	38.6
Dallas	-.3	-1.7	-1.9	+3.2	+1.5	38.0
Fort Worth	+.9	-4.7	-1.1	-3.1	+5.9	34.8
Houston	-1.9	+8.1	+1.9	-4.3	+1.0	39.1
San Antonio	-2.0	-3.3	-.9	-4.9	+4.5	42.0
Other cities	-.7	-9.3	+1.0	-2.6	+1.5	39.4
Independent stores†:						
Arizona	+.4	-2.1	.....	.....	.....	.....
Oklahoma	+.4	-1.0	.....	.....	.....	.....
New Mexico	+.2	+5.9	.....	.....	.....	.....
Texas	+4.2	-4.9	.....	.....	.....	.....
Wholesale trade:†						
Machinery, eq't & supplies (except electrical)	-1.5	-22.2	-19.1	-19.5	-1.7	31.9
Dry goods	+2.7	-17.4	+3.0	-5.0	-1.9	35.1
Groceries	+1.2	-6.5	+.5	+.04	-.1	90.7
Drugs	+.5	-12.7	-.1	-4.1	+2.2	69.2
Hardware	+22.6	+7.3	+13.6	-1.8	-2.0	65.8
Electrical Supplies	+30.6	+20.9	.....	-18.6	-1.4	93.6
Tobacco & prod's	+3.2	+7.1	+3.7	.....	.....	91.1
Surgical eq't	+13.3	+17.2	.....	.....	.....	50.0
Automotive suppl's No chg. +4.0	.....	.....	+8.3	.....	+5.0	.....

*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—April		Stocks—April		Sales—April		Stocks—April	
	1939	1938	1939	1938	1939	1938	1939	1938
Total Eleventh Dist.	103.6	99.0	67.0	66.9	103.6	100.0	69.7	69.6
Dallas	113.1	105.9	71.5	68.6	109.7	104.8	73.6	70.7
Fort Worth	106.0	99.0	62.9	64.9	103.9	99.0	65.4	67.5
Houston	112.0	110.5	49.3	49.8	110.9	111.6	50.8	51.3
San Antonio	92.3	89.4	54.7	56.9	93.2	92.1	58.0	60.3

The peach crop in the western portion of Texas was damaged by low temperatures during April, but the crop escaped serious injury in the heavy producing areas of east Texas and the northern half of Louisiana. The indicated production of peaches in Texas on May 1 was 2,002,000 bushels, as compared with a harvest of 964,000 bushels in 1938, and an average yield of 1,278,000 bushels. The early bloom of citrus trees in the Rio Grande Valley of Texas was fairly heavy, but the set of the fruit was irregular due to unfavorable weather during the spring months. Truck crops in some parts of south Texas have been affected adversely by the lack of moisture.

Although some improvement in ranges occurred during April in the northwest and central portions of Texas, the condition of livestock ranges for the State as a whole was spotty at the beginning of May. Deterioration in some sections during April was so severe that the average May 1 condition for the State was the third lowest of record for that date. The most serious conditions prevailed in south and central-west Texas where a drouth has persisted for several months. Light to heavy rains have fallen over most of the drouth areas since the first of May, but additional rain is urgently needed in some localities. According to the Department of Agriculture a prolonged period of favorable weather will be necessary to overcome the effects of the extended drouth in south Texas. In other dry areas, grazing conditions should improve rapidly with the betterment in the moisture situation. The condition of ranges in Arizona and New Mexico continued generally good, but additional moisture is needed to stimulate the growth of weeds and grasses. In consequence of the poor range conditions in Texas, livestock have not made the usual gains in weight this spring. Heavy supplemental feeding has continued, and the movement of cattle to pastures in other states has been heavy. Restocking of cattle ranges continues light due to high prices of breeding animals and unfavorable range conditions. The condition of sheep is considerably below the average, and losses of spring lambs have been heavy. A good calf crop has been dropped, but the lamb crop is smaller than a year ago. The supply of grass-fat cattle and lambs available for marketing is considerably below the average for this season.

Cash income of farmers in the five states attached to the Eleventh District increased by more than the average seasonal amount from February to March, but in comparison with the corresponding month a year earlier total receipts continued much smaller, reflecting the lower income from the sale of farm crops. Income during March from marketings of livestock and livestock products and from Government benefit payments was moderately larger than a year ago. During the first quarter of 1939 income derived by farmers from the sale of principal farm products was 17 per cent smaller than in the corresponding period of 1938. This reduction is accounted for by a decline of 54 per cent in receipts from crops, due largely to smaller marketings of cotton, wheat, corn and some minor crops. Total income from the sale of livestock and livestock products exceeded that of a year ago by 6 per cent, reflecting chiefly the larger

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

(In thousands of dollars)

	Mar., 1939		Government payments	Total receipts			
	Receipts from			March 1939	March 1938	Jan. 1 to Mar. 31 1938	
	Crops	Livestock*					
Arizona.....	\$1,524	\$1,720	\$ 613	\$ 3,857	\$ 4,653	\$ 10,297	\$ 13,993
Louisiana.....	1,191	2,964	1,063	5,218	5,355	13,407	17,868
New Mexico.....	223	1,313	144	1,680	2,012	6,079	6,808
Oklahoma.....	1,319	6,678	3,119	11,116	12,535	28,179	29,942
Texas.....	4,527	14,645	10,819	29,991	34,603	71,947	87,448
Total.....	\$ 8,784	\$27,320	\$15,758	\$51,862	\$59,158	\$129,909	\$156,059

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

SOURCE: United States Department of Agriculture.

returns from the sale of meat animals and poultry products. Government benefit payments during the first quarter of the current year totaled approximately \$28,000,000, which represents an increase of 36 per cent over those in the corresponding period last year.

FINANCE

Loans of weekly reporting member banks in the Eleventh District showed a further expansion of \$4,871,000 during the four weeks ended May 10, continuing the upward trend in evidence since the latter part of January. Total loans of these banks aggregated \$253,952,000 on May 10, which represented an increase of \$14,100,000 during the past four months, and a gain of \$23,126,000 during the past year. The expansion in loans in recent months has occurred chiefly in commercial, industrial and agricultural loans, but increases have also been recorded in other classes of loans. The investments of these banks were increased \$2,745,000 during the four weeks ended May 10 to about the average level prevailing in the latter part of February and during March. During the four weeks these banks reduced their holdings of United States Treasury notes and of obligations guaranteed by the United States Government and increased their holdings of United States Treasury bonds and of other securities. Although total investments of \$258,438,000 on May 10 were about \$8,700,000 higher than a year ago, they were approximately \$35,000,000 lower than the peak reached in the latter part of December, 1938.

The deposits of these banks showed comparatively little change during the four weeks but total deposits, which aggregated \$810,400,000 on May 10, were approximately \$81,750,000 higher than on the corresponding date in 1938. The balances of these banks maintained with other domestic commercial banks were reduced further by \$9,100,000 during the four-week period and the total of \$229,834,000 on May 10 was \$19,750,000 lower than the peak reached at the middle of February, but it was still \$23,750,000 higher than a year earlier. Reserve balances maintained with the Federal Reserve Bank showed little change during the four weeks but at the end of the period were \$23,400,000 higher than a year ago.

Although the reserves of member banks in the Eleventh District maintained with the Federal Reserve Bank fluctuated widely between April 15 and May 15, the total on the latter date was \$4,560,000 higher than a month earlier. Average excess reserves, which had risen to \$61,750,000 in the first half of March, declined to \$54,450,000 in the last half of April, reflecting a decrease in average reserve balances. In the first half of May reserves increased somewhat and it is estimated that average excess reserves rose about \$3,000,000 for the period to a total that was about 46 per cent of required reserves. Total earning assets of the Federal Reserve Bank of Dallas showed little change during the month ended May 15. Federal Reserve notes of this bank in actual circulation have remained relatively stable since the end of January this year; whereas, in the comparable period last year there was a decline of about \$4,350,000, with the result that total circulation on May 15 this year was only \$1,630,000 lower than a year earlier.

INDUSTRY

Construction activity in the Eleventh District reflected a further expansion during April. The value of contracts awarded showed a counter-to-seasonal increase of 14 per cent over the preceding month and exceeded that in April last year by 13 per cent. Residential building, which had risen sharply in March, increased further in April to a level more than two-thirds higher than that of a year ago. The April volume was above that for any other month since the spring of 1928. Although construction of single-family

dwelling still constitutes the bulk of residential building, the value of awards for apartment houses increased considerably in April, due chiefly to the contract awarded for one large project in Houston, Texas. Thus far in 1939, awards for residential building have accounted for 40 per cent of total construction as compared with 30 per cent in the corresponding period in 1938. The ability of prospective home owners to obtain convenient financing arrangements through

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

	May 15, 1939	May 15, 1938	April 15, 1939
Total cash reserves.....	\$223,170	\$205,539	\$225,101
Discounts for member banks.....	359	329	390
Industrial advances.....	599	893	613
Bills bought in the open market.....	16	16	16
United States Government securities.....	102,282	97,283	102,282
Total earning assets.....	103,256	98,521	103,301
Member bank reserve deposits.....	189,586	164,479	185,027
Federal Reserve notes in actual circulation.....	76,314	77,945	75,808
Commitments to make industrial advances.....	None	244	None

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

	May 10, 1939	May 11, 1938	April 12, 1939
Total loans and investments.....	\$512,390	\$480,533	\$504,774
Total loans.....	253,952	230,826	249,081
Commercial, industrial and agricultural loans.....	167,363	147,210	164,389
Open market paper.....	1,337	1,683	1,247
Loans to brokers and dealers in securities.....	3,710	2,494	2,760
Other loans for purchasing or carrying securities.....	14,388	14,276	14,331
Real estate loans.....	20,646	20,021	20,151
Loans to banks.....	385	1,174	285
All other loans.....	46,123	43,968	45,908
United States Government direct obligations.....	155,767	170,862	153,816
Obligations fully guaranteed by United States Govt.....	45,667	29,675	48,161
Other securities.....	57,004	49,170	53,726
Reserves with Federal Reserve Bank.....	116,198	92,786	116,504
Balances with domestic banks.....	229,834	206,078	238,931
Demand deposits—adjusted*.....	434,329	393,237	436,142
Time deposits.....	135,999	130,224	136,214
United States Government deposits.....	34,024	24,742	34,402
Interbank deposits.....	206,048	180,400	205,821
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
April, 1937.....	\$1,043,756	\$199,683	\$578,110	\$108,562	\$465,646	\$91,121
April, 1938.....	1,074,855	217,942	592,059	120,896	482,796	97,046
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
April, 1939.....	1,178,066	229,697	672,316	127,813	505,750	101,884

DEBITS TO INDIVIDUAL ACCOUNTS (In thousands of dollars)

	April 1939	April 1938	Pctg. change over year	March 1939	Pctg. change over month
Abilene.....	\$ 8,157	\$ 8,314	- 1.9	\$ 8,905	- 8.4
Austin.....	36,920	35,970	+ 2.6	35,063	+ 5.3
Beaumont.....	22,933	23,048	- .5	24,156	- 5.1
Corsicana.....	2,859	3,071	- 6.9	3,265	- 12.4
Dallas.....	227,487	220,353	+ 3.2	246,851	- 7.8
El Paso.....	28,142	26,307	+ 7.0	31,544	- 10.8
Fort Worth.....	72,218	76,054	- 5.0	76,737	- 5.9
Galveston.....	22,501	26,574	- 15.3	26,265	- 14.3
Houston.....	207,593	201,139	+ 3.2	226,117	- 8.2
Port Arthur.....	8,595	9,547	- 10.0	9,116	- 5.7
Roswell.....	3,662	3,992	- 8.3	3,831	- 4.4
San Antonio.....	66,872	64,068	+ 4.4	71,141	- 6.0
Shreveport.....	39,465	41,510	- 4.9	41,558	- 5.0
Texarkana*.....	7,079	6,476	+ 9.3	8,219	- 13.9
Tucson.....	11,558	11,977	- 3.5	13,223	- 12.6
Tyler.....	10,607	13,045	- 18.7	11,651	- 9.0
Waco.....	12,178	12,301	- 1.0	13,758	- 11.5
Wichita Falls.....	15,091	16,873	- 10.6	14,688	+ 2.7
Total.....	\$ 803,917	\$ 800,619	+ .4	\$ 866,088	- 7.2

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

SAVINGS DEPOSITS

	April 30, 1939			Percentage change in savings deposits from	
	Number of reporting banks	Number of savings depositories	Amount of savings deposits	April 30, 1938	March 31, 1939
Beaumont.....	3	10,010	\$ 3,935,302	+4.4	+ .4
Dallas.....	8	89,398	27,130,867	+4.0	+ .1
El Paso.....	2	16,893	8,184,396	+1.2	+ .7
Fort Worth.....	3	39,086	13,804,693	+4.8	+ .5
Galveston.....	4	18,549	12,055,780	+5.8	- 1.1
Houston.....	10	74,908	29,840,611	+4.3	+ .5
Port Arthur.....	2	5,903	2,895,021	+9.4	- .5
San Antonio.....	5	24,639	18,992,804	+8.1	- .1
Shreveport.....	3	25,018	11,590,142	+2.6	+ .1
Waco.....	3	8,324	4,611,373	-4.7	+ .1
Wichita Falls.....	3	7,526	3,868,318	+9.6	+ .8
All other.....	69	61,054	29,870,763	+3.1	+ .2
Total.....	115	381,308	\$166,840,071	+4.3	+ .1

Federal Housing Administration loans continues to be an important factor in stimulating residential construction. Following a decline in March, public utility construction increased sharply in April, the volume being several times larger than in the corresponding month last year. Non-residential building and public works construction declined somewhat from March to April, and the value of awards for public works was only about one-third of the comparatively large total in April, 1938. During April this year, privately-financed construction in Texas constituted 73 per cent of the total as compared with 53 per cent in that month last year. For the first four months of 1939, however, privately-financed construction represented about 61 per cent of the total in contrast with 64 per cent in the same period of 1938.

The valuation of building permits issued at fifteen principal cities in the Eleventh District was maintained in large volume during April, notwithstanding a reduction of 11 per cent from the high level obtaining a month earlier and a year ago. The value of permits issued during the first four months of 1939 was 15 per cent greater than in that period of 1938.

Daily average production of crude petroleum in both the Eleventh District and the United States increased substantially in April and exceeded that in the corresponding month last year by a considerable margin. The expansion over both comparative months is attributable in substantial part to higher production allowables in Texas, though output in several other states also increased. In the nation as a whole the daily average output during the month averaged about 4 per cent larger than in March and 3 per cent higher than in April last year. Petroleum output has shown a sharp upward trend since the beginning of 1939 and in the closing week of April daily average production was, with one exception, higher than for any week since the fall of 1937. Crude oil runs to refinery stills also increased in April, but the heavy demand for gasoline was more than sufficient to absorb the higher output with the result that a moderate amount of gasoline was withdrawn from storage. Crude oil stocks increased somewhat in the last half of April.

Drilling activity in the United States showed little change from March to April, but in the Eleventh District it increased seasonally by about 7 per cent. In the latter area, however, the daily average number of wells completed was 31 per cent lower than in April last year; whereas, in the

VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	April 1939	April 1938	March 1939	January 1 to April 30 1939	1938
Eleventh District—total...	\$ 18,291	\$ 16,207	\$ 16,021	\$ 67,555	\$ 54,455
Residential.....	8,299	4,888	7,001	26,694	16,209
All other.....	9,992	11,319	9,020	40,861	38,246
United States*—total.....	330,030	222,016	300,661	1,102,561	760,110
Residential.....	114,405	74,577	125,225	398,813	230,203
All Other.....	215,625	147,439	175,436	703,748	529,907

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	April, 1939		Percentage change valuation from		Jan. 1 to Apr. 30, 1939		Percentage change valuation from 1938	
	No.	Valuation	Apr., 1938	Mar., 1939	No.	Valuation	Apr., 1938	Mar., 1939
Abilene.....	30	\$ 95,665	-70.8	+74.9	98	\$ 242,470	-43.6	-
Amarillo.....	74	387,505	+73.2	+61.8	283	914,350	+9.0	-
Austin.....	236	656,502	+55.8	-37.0	948	3,239,358	+45.6	-
Beaumont.....	130	110,718	+32.6	-33.8	572	472,477	-2.8	-
Corpus Christi.....	138	204,795	-40.6	-64.0	544	1,953,457	+62.7	-
Dallas.....	676	945,870	-20.3	-34.1	2,540	5,130,665	+29.5	-
El Paso.....	89	176,600	+9.8	+18.9	360	706,551	+62.4	-
Fort Worth.....	260	416,767	-53.6	+3.3	877	2,291,569	+3.4	-
Galveston.....	151	107,271	-39.6	-33.3	578	615,490	-55.0	-
Houston.....	485	3,296,095	+32.9	+9.7	2,008	10,153,921	+19.9	-
Port Arthur.....	118	65,314	-13.2	-25.5	471	338,515	-50.8	-
San Antonio.....	219	353,400	+11.0	-11.8	943	1,711,049	+40.9	-
Shreveport.....	56	315,967	-77.3	+13.9	599	1,701,177	-33.5	-
Waco.....	56	135,695	+2.8	+15.7	232	652,381	+57.1	-
Wichita Falls.....	42	59,486	+13.5	-45.7	149	288,548	+53.0	-
Total.....	2,873	\$7,327,650	-11.4	-10.8	11,202	\$30,311,978	+14.8	-

*Includes Highland Park and University Park.

United States it was only 11 per cent smaller. Drilling operations have continued very active in Illinois and Michigan.

Activity at cotton textile mills in the United States declined substantially in April, reflecting in part the lower manufacturers' sales of cotton textiles and the accumulation of finished goods at mills. During April domestic cotton consumption amounted to 546,702 bales as compared with 649,237 in March, and 413,169 bales in April, 1938, in which month consumption was at the lowest level of that year. The aggregate amount of cotton consumed thus far during the current season is 16 per cent larger than in the corresponding nine months of the preceding season. Mill stocks of raw cotton were reduced further by 9 per cent in April and at the close of the month they were 24 per cent smaller than a year earlier. On the basis of April consumption, current stocks represent a little more than two months' supply. Stocks of cotton in public storage and compresses aggregated 12,968,000 bales on April 30, but the Commodity Credit Corporation holds approximately 11,365,000 bales as collateral against loans to growers, leaving a relatively small supply of "free" cotton.

Spot cotton prices have shown an upward trend since the middle of April. The average price of middling, 7/8-inch staple, at the ten spot markets rose to 9.15 cents per pound on May 16, which is the highest price recorded in more than a year. The price of American cotton in London has also risen in relation to the price of foreign grown cotton.

Exports of cotton from the United States, after having increased somewhat in March, turned sharply downward in April, declining to the lowest level for that month in many years. Shipments amounted to only 178,225 bales, which represents declines of 46 and 53 per cent, respectively, from that a month earlier and a year ago. While takings by virtually all major importing countries were lower than in either comparative month, the major portion of the decline resulted from a sharp decrease in exports to Japan. Exports during the first nine months of the current season were 41 per cent less than in that period last year.

CRUDE OIL PRODUCTION (Barrels)

	April, 1939		Increase or decrease in daily average production from	
	Total production	Daily avg. production	April, 1938	March, 1939
North Texas.....	4,654,830	155,160	+14,557	+ 8,683
West Texas.....	7,095,800	250,527	+31,929	+ 15,811
East Texas.....	16,477,170	549,239	+16,039	+ 79,529
South Texas.....	7,512,900	250,430	+18,348	+ 1,286
Texas Coastal.....	6,653,900	221,797	+15,945	+ 4,065
Total Texas.....	42,994,600	1,433,153	+96,818	+109,374
New Mexico.....	3,282,900	109,430	+ 3,103	+ 949
North Louisiana.....	2,234,050	74,468	- 4,685	+ 3,347
Total District.....	48,511,550	1,617,051	+95,236	+113,670

SOURCE: The Oil Weekly, Houston, Texas.

CONSUMPTION, STOCKS AND EXPORTS OF COTTON (Bales)

	April 1939	April 1938	March 1939	August 1 to April 30 This season	Last season
Consumption at:					
Texas mills.....	9,240	10,551	10,961	91,741	86,712
United States mills.....	546,702	413,169	649,237	5,150,040	4,430,333
U.S. stocks—end of month:					
In consuming estab'ls.....	1,292,349	1,699,827	1,415,972		
Public stg. & compresses.....	12,968,295	10,487,001	13,489,173		
Exports from U. S. to:					
United Kingdom.....	20,022	78,540	31,595	370,880	1,472,659
France.....	6,787	20,904	15,575	326,444	693,610
Italy.....	13,534	28,973	31,500	242,555	437,988
Germany.....	15,332	25,845	28,136	271,089	612,907
Other Europe.....	30,924	62,848	62,780	659,150	783,403
Japan.....	56,530	120,996	126,089	776,933	559,296
All other countries.....	35,096	39,144	34,695	317,047	473,966
Total exports.....	178,225	377,250	330,370	2,964,098	5,033,829

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

	April 1939	April 1938	March 1939	August 1 to April 30 This season	Last season
Receipts.....	21,155	61,333	53,548	1,943,504	3,649,186
Exports.....	116,713	201,832	227,319	2,021,329	2,608,227
Stocks, end of month.....	1,119,540	1,527,372	1,218,533		

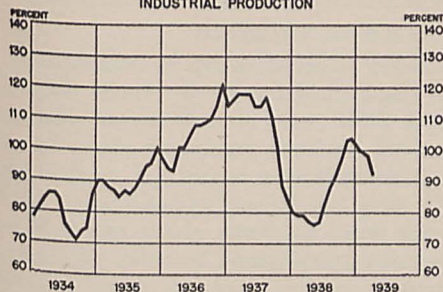
MONTHLY BUSINESS REVIEW

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NATIONAL SUMMARY OF BUSINESS CONDITIONS

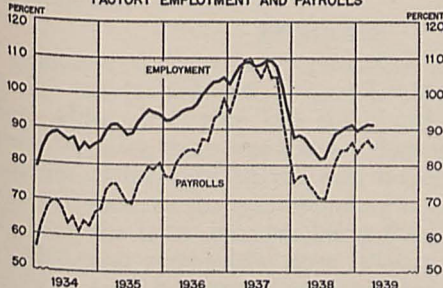
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



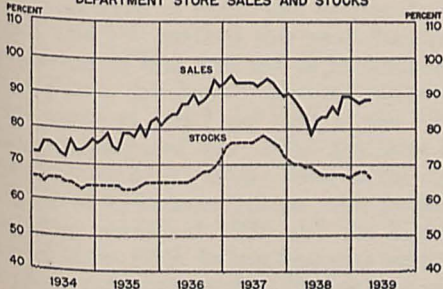
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to April, 1939.

FACTORY EMPLOYMENT AND PAYROLLS



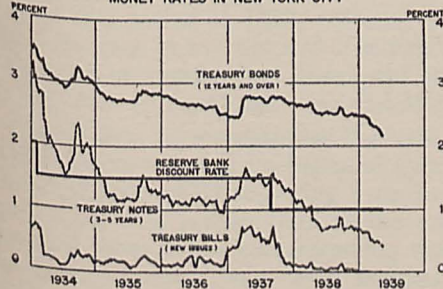
Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to April, 1939. Indexes compiled by the United States Bureau of Labor Statistics.

DEPARTMENT STORE SALES AND STOCKS



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to April, 1939.

MONEY RATES IN NEW YORK CITY



For weeks ending January 6, 1934, to May 20, 1939.

Volume of industrial production declined sharply in April reflecting chiefly shutdowns at bituminous coal mines and reduction in activity at textile mills. Retail purchases by consumers were maintained.

PRODUCTION

In April the Board's seasonally adjusted index of output at factories and mines was at 92 per cent of the 1923-1925 average, compared with 98 in March and 77 a year ago. In the steel industry, production declined in April and the first three weeks of May but in the fourth week ingot output increased to 48.5 per cent of capacity, about the rate prevailing a month earlier. Around the middle of May substantial concessions were made in prices of some types of steel and it is reported that a considerable volume of orders for steel was placed during this period. Automobile production in April was at about the same rate as in March, although there usually is some increase, and in May output declined owing in part to the fact that stocks of new cars were larger than is usual at this time of the year. Plate glass production decreased sharply in April following smaller declines earlier in the year. In the lumber industry output increased somewhat in April, while cement production, which had risen sharply in February and March, showed less than the usual increase.

Textile production declined sharply in April, particularly at woolen mills, where output had been at a high level, and in the silk goods industry where further curtailment reflected in part recent high prices for raw silk. Output of shoes showed a decrease from the high level maintained during the first quarter of this year. At flour mills and sugar refineries activity increased further, while in most other non-durable goods lines changes in output were largely seasonal in character.

Bituminous coal production was in small volume during April and the first half of May as most mines were closed pending settlement of contract negotiations between mine operators and workers. After the middle of May agreements were reached at most mines and output began to increase rapidly. Production of anthracite, which had been reduced in March, increased sharply in April and crude petroleum production rose further. In the first half of May anthracite production was maintained but petroleum output declined somewhat.

Value of construction contracts awarded, according to the F. W. Dodge Corporation, was larger in April than in March, owing chiefly to a rise in awards for public projects. Contracts for private construction showed little change in the aggregate as private residential contracts declined, contrary to seasonal tendency, while contracts for commercial, factory and other private construction increased. In the first half of May awards for private work increased somewhat, while the volume of public contracts declined.

EMPLOYMENT

Employment in non-agricultural pursuits declined somewhat from the middle of March to the middle of April reflecting a sharp drop at bituminous coal mines offset in part by seasonal increases in construction and trade. At factories the number employed showed little change while payrolls declined considerably because of fewer hours of work.

DISTRIBUTION

In April distribution of commodities to consumers showed about the usual seasonal increase. The Board's adjusted index of department store sales remained at 88 per cent of the 1923-1925 average, about the level that has prevailed since last autumn.

Railroad freight-car loadings declined sharply owing mainly to a reduction in shipments of coal. Loading of miscellaneous freight showed less than the usual seasonal rise.

COMMODITY PRICES

Prices of grains and cotton advanced from the middle of April to the third week of May and there were also increases in prices of silk, hides, and bituminous coal. Prices of copper and steel scrap, on the other hand, were reduced and substantial concessions were granted in prices of several leading steel products.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities, which had increased in April, declined during the first half of May. The decline was at New York City banks and reflected a reduction in loans to security brokers and dealers and redemption of obligations of New York State and City governments. After increasing substantially in April, demand deposits at banks in leading cities showed little change in the first half of May. Bank reserves increased further in May to a new high level.

MONEY RATES

Prices of United States Government bonds and notes increased sharply during the last half of April and the first three weeks of May to new high levels. The average yield on long-term Treasury bonds declined from 2.34 per cent on April 11 to 2.13 per cent on May 22. Other money rates showed little change.