

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

Distribution of merchandise at wholesale and retail in the Eleventh District increased from April to May and was substantially larger than in May, 1938. Daily average production of crude petroleum declined during May and the first half of June, but was at a level about 8 per cent higher than in the corresponding period last year. Drilling activity during May was nearly one-third lower than a year earlier. Although the value of construction contracts awarded was 13 per cent below the April volume, it was 17 per cent above that in May, 1938. Conditions in the agricultural and livestock industries have been greatly improved by heavy rains throughout most of the district. The loans of weekly reporting member banks on June 14 were slightly lower than five weeks earlier.

BUSINESS

Consumer demand for merchandise at department stores in this district reflected a considerable expansion during May. Although buying was stimulated to some extent by clearance sales, there was a heavy demand for seasonal merchandise. Sales were 9.4 per cent larger than in April and exceeded those in the corresponding month last year by 7.4 per cent, the latter increase being the highest recorded for a year-to-year comparison since January, 1938. The increase over last year, however, was occasioned in part by the fact that May this year had one more business day. On a seasonally adjusted basis, the trend in department store sales in this district during the first five months of 1939 has been similar to that in the same period of 1938. In each year the trend was downward from January through April, then turned upward in May. The decline from January through April was less marked this year than in 1938 and the improvement in May was not as pronounced as a year earlier. As a result, this bank's adjusted index of department store sales stood at 104.7 per cent of the 1923-1925 average in May as compared with 103.6 per cent in April and 102.5 per cent in May, 1938. Total sales during the first five months of 1939 were 1.2 per cent larger than in the corresponding period of 1938 and the highest for any similar period since 1929. In the first two weeks of June sales were at about the same level as in that period last year.

Inventories of reporting department stores declined 6.9 per cent during May and at the close of the month were 1.3 per cent lower than a year earlier. The rate of stock turnover during the first five months of 1939 was slightly higher than in that period of 1938, reflecting the increase in sales and a decrease in average end-of-month stocks. The rates of collections on regular and instalment accounts were higher in May than in April this year and May last year.

Distribution of merchandise through wholesale channels in this district reflected a substantial upturn during May. The combined sales of 82 reporting firms in nine lines of trade were 6 per cent greater than in the preceding month and exceeded those in the corresponding month of 1938 by 11 per cent. Increases over both comparative months were registered by all reporting lines of trade but the most pronounced improvement was in the distribution of machinery and equipment. Inventories of reporting firms declined about 5 per cent during May and at the end of the month were 3 per cent smaller than on the corresponding date last year.

Collections showed a further improvement during the month and were better than in May last year.

The data compiled by the Bureau of Business Research of the University of Texas showed that employment in Texas rose 0.6 per cent from April to May and was 2.8 per cent higher than in May, 1938. Although payrolls increased 2.3 per cent over the preceding month, they were 0.6 per cent lower than a year earlier. Factory employment and payrolls were at the highest levels of the year.

Commercial failures in the Eleventh District declined further in May and were fewer than in any other month of the current year. The 26 firms defaulting in May had liabilities aggregating \$370,000.

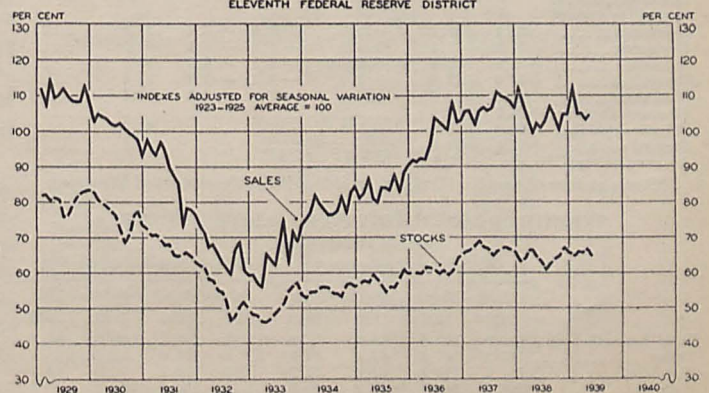
AGRICULTURE

Since the first of May heavy rains have fallen over most of the Eleventh District, and in consequence, the outlook for crops and livestock ranges is much more promising. Nevertheless, there are still several localities where the moisture supply is inadequate due either to the light precipitation or to the accumulated deficiency of moisture resulting from the extended drouth. The situation in central-west, south and southwest Texas is greatly improved, but in a considerable portion of those areas additional moisture would be beneficial and a prolonged period of favorable weather will be necessary to overcome the effects of the extended drouth. Some parts of the territory received heavy rains in the third week of June. There are some areas in northwestern Texas and southeastern Arizona where moisture conditions are unsatisfactory.

The Department of Agriculture's estimates, as of June 1, for wheat production in Texas, Oklahoma, New Mexico and Arizona were unchanged from those of a month earlier. The indicated yield per acre for the 1939 crop is higher than in 1938 for Texas and New Mexico and the same as a year ago in the other two states. The estimated production for Texas was placed at 30,860,000 bushels as compared with a harvest of 35,046,000 bushels in 1938. The crop deteriorated somewhat during the early part of May in portions of the Panhandle but local rains later in the month were beneficial to the crop in some areas. The condition of the oat crop showed relatively little change during May, but the June 1 condition in Texas and Oklahoma was considerably lower than a year ago. The harvesting of the crop is well advanced in Texas.

The corn crop, although later than usual, has made gen-

DEPARTMENT STORE SALES AND STOCKS
ELEVENTH FEDERAL RESERVE DISTRICT



erally good progress except in the sections affected by the drouth. Hay crops showed considerable improvement in May, but the condition is below that of a year ago. Rice planting is virtually finished and the crop is reported to be in good condition.

Cotton has made fairly good growth during the past six weeks. Stands are fairly regular; chopping has made favorable progress where the soil has not been too wet. Rain is needed for the germination of seed in the late planted fields in some parts of northwest Texas. Early cotton in the extreme south Texas area is nearing maturity.

The peach crop deteriorated somewhat during May in Louisiana and Texas, but prospects indicate a much heavier harvest than a year ago. The June 1 estimate for Texas was placed at 1,884,000 bushels as compared with a forecast of 2,002,000 bushels on May 1 and a production of 964,000 bushels in 1938. The condition of oranges was well below that of a year ago. The Texas grapefruit groves were benefited by heavy rains in May and June. Although the set of the fruit is relatively light in most areas, growers expect this condition to be partially offset by good sizing. Weather conditions during the past thirty days have been favorable for vegetable crops in practically all sections of Texas. Harvesting of the north Texas onion crop is well under way, and indicated production is placed at 67,600,000 pounds, which is one-third larger than in 1938.

Livestock ranges responded quickly to the improved moisture situation. The condition of cattle ranges in Texas on June 1, as estimated by the Department of Agriculture, was 5 points higher than on May 1, but was substantially below that a year earlier and the ten-year average. Range conditions are very spotted throughout the sheep growing area, and ranges in most of this territory would be benefited by additional moisture. Conditions in New Mexico and Arizona are better than at this time last year. Grazing is still very poor in the former drouth areas. Cattle and sheep made about average gains in flesh during the month, but animals in the areas affected by the drouth are still in poor condition. The movement of cattle from areas with poor ranges

has been very heavy during the past three months but the forced movement is greatly diminished. Shipments of grass-fat cattle to markets have been much lighter than a year ago. The marketing of sheep is later than usual this year, but the movement started in volume during the latter part of May. Sales of wool and mohair have been active at advancing prices.

Receipts from the sale of principal farm products in the five states attached to the Eleventh District during April showed a further increase of 13 per cent as compared with the previous month, but were 10 per cent lower than in April last year. Government payments to farmers during April amounted to \$18,859,000 as compared with \$15,758,000 in March, and \$13,223,000 in April last year. Total cash farm income in the five states, including Government benefit payments, was 15 per cent larger than in the preceding month and 2 per cent greater than in April last year. Total income for the four months of 1939 aggregated \$189,675,000, which was 12 per cent lower than in the corresponding period of 1938.

FINANCE

The reserve balances of member banks in the Eleventh Federal Reserve District continued to increase during the last half of May and the first half of June, and the average for the latter period was at the highest level of the year. Required reserves have apparently shown little change with the result that excess reserves have increased substantially. Estimated excess reserves during the first half of June averaged about 49 per cent of required reserves. Federal Reserve Bank loans to member banks, which had declined somewhat after the middle of May, increased toward the middle of June. Total loans on June 15 amounted to \$305,000 as compared with \$359,000 a month earlier and \$533,000 on the corresponding date in 1938. Federal Reserve notes in actual circulation showed comparatively little fluctuation between May 15 and June 15, and the total on the latter date was only \$927,000 lower than a year earlier.

The loans and investments of weekly reporting member banks in the Eleventh District declined \$866,000 between May 10 and June 14, but the total on the latter date was \$33,703,000 higher than a year earlier. In the five weeks ended June 14, these banks reduced their investments in obligations guaranteed by the United States Government by

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:				Ratio May collections	
	Net sales		Stocks*		to accounts outstand-	
	May, 1939 from May, 1938	April, 1939 from 1938	Jan. 1 to May 31, 1939 from 1938	May, 1939 from May, 1938	April, 1939 from 1938	Regular Instal-
Retail trade:						
Department stores:						
Total 11th Dist..	+ 7.4	+ 9.4	+ 1.2	- 1.3	- 6.9	40.9 14.8
Dallas.....	+ 6.9	+ 7.8	- .1	+ 2.7	- 5.8	39.6 17.4
Fort Worth.....	+12.3	+26.1	+ 2.0	- 2.1	- 5.2	37.1 11.0
Houston.....	+ 3.9	- .1	+ 2.4	- 6	- 6	40.9
San Antonio.....	+ 6.6	+ 7.8	+ .7	-11.1	-18.7	46.2 13.2
Other cities.....	+ 9.3	+12.8	+ 2.8	- 1.9	- 4.7	42.3 13.0
Independent stores:†						
Arizona.....	+ 7.5	+ 2.8	.....	.....	.....	.....
Oklahoma.....	+ 3.9	+ 5.9	.....	.....	.....	.....
New Mexico.....	+14.8	+12.6	.....	.....	.....	.....
Texas.....	+10.4	+ 7.3	.....	.....	.....	.....
Wholesale trade:†						
Machinery, eqpt & supplies (except electrical).....	+21.1	+52.9	-12.9	-16.8	- 8.4	22.9
Dry goods.....	+11.8	+ 3.1	+ 4.6	- 5.5	- 4.3	41.2
Groceries.....	+ 3.9	+ 1.6	+ 1.3	+ 2.1	- 3.7	89.5
Drugs.....	+16.0	+12.8	+ 2.4	- 1.1	- 8.3	77.4
Hardware.....	+22.9	+ 6.8	+15.8	- 2.5	- 1.2	70.3
Electrical Supplies.....	+14.7	+27.9	.....	.....	.....	.....
Tobacco & prod's.....	+10.0	+ 2.6	+ 5.2	.....	.....	97.3
Surgical eqpt.....	+15.4	+20.0	.....	.....	.....	56.8
Automotive suppl No chg.....	+ 7.1	+ 6.8	.....	.....	.....	.....

*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—May 1939 1938	Stocks—May 1939 1938	Sales—May 1939 1938	Stocks—May 1939 1938
Total Eleventh Dist..	104.7 102.5	64.4 64.8	104.7 102.5	65.0 65.4
Dallas.....	111.1 107.8	67.8 65.8	107.8 104.6	69.2 67.1
Fort Worth.....	121.3 112.2	61.4 62.7	121.3 112.2	62.0 63.3
Houston.....	101.3 103.8	51.2 49.3	101.3 103.8	52.2 50.3
San Antonio.....	88.6 84.7	47.0 53.2	93.9 89.8	46.5 52.7

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

	Receipts from April, 1939		Govern- ment payments	Total receipts	
	Crops	Livestock*	April 1939	April 1938	Jan. 1 to April 30 1939 1938
Arizona.....	\$ 2,300	\$ 2,468	\$ 459	\$ 5,227	\$ 4,879 \$15,524 \$ 18,872
Louisiana.....	4,543	1,844	2,023	8,410	7,836 21,817 25,704
New Mexico.....	217	1,659	172	2,048	2,432 8,127 9,240
Oklahoma.....	1,009	6,326	3,989	11,324	11,579 39,503 41,821
Texas.....	4,577	15,964	12,216	32,757	31,929 104,704 119,377
Total.....	\$12,646	\$28,261	\$18,859	\$59,766	\$58,655 \$189,675 \$214,714

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

SOURCE: United States Department of Agriculture.

FORT WORTH LIVESTOCK RECEIPTS (Number)

	May 1939	May 1938	Change over year	April 1939	Change over month
Cattle.....	65,265	74,824	- 9,559	52,310	+ 12,955
Calves.....	29,126	26,678	+ 2,448	22,714	+ 6,412
Hogs.....	34,862	24,447	+ 10,415	34,048	+ 814
Sheep.....	211,209	325,272	-114,063	101,901	+109,308

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	May 1939	May 1938	April 1939
Beef steers.....	\$10.50	\$9.50	\$10.50
Stocker steers.....	9.50	7.65	9.50
Heifers and yearlings.....	10.50	9.75	10.35
Butcher cows.....	7.50	6.25	7.25
Calves.....	9.50	8.25	9.25
Hogs.....	6.70	8.60	6.85
Lambs.....	9.25	7.50	9.50

\$3,902,000 but this reduction was more than counterbalanced by increases in holdings of direct Government obligations and of other securities. The loans of reporting banks declined by about \$2,000,000 during the week ended May 17 and then showed slight increases during the subsequent four weeks. Although total loans on June 14 were \$900,000 lower than five weeks earlier, they were about \$13,200,000 higher than at the middle of January and approximately \$30,560,000 larger than on the corresponding date in 1938. The counter-to-seasonal increase in loans since the middle of January is accounted for by the expansion of credit in several fields of activity, which has more than offset the customary seasonal liquidation of loans during this period. Although the expansion has occurred chiefly in commercial, industrial and agricultural loans and in loans on securities, other classes of loans have also increased.

The deposits of reporting banks rose to a new high level on June 14, the total on that date being \$24,290,000 higher than five weeks earlier and \$87,396,000 above that on the corresponding date in 1938. During the five weeks ended June 14, these banks increased their balances with other domestic banks by \$21,431,000 and their reserves with the Federal Reserve Bank by \$4,458,000. Balances with other domestic banks amounted to \$251,265,000 on June 14, which is slightly above the previous peak reached at the middle of February this year.

INDUSTRY

The value of construction contracts awarded in the Eleventh District declined 13 per cent from April to May, but the volume was 17 per cent higher than that in May, 1938. Public Works construction, which had declined in the three preceding months, was the only class of construction to register an increase over the April volume, but residential and nonresidential building were responsible for the gain over the corresponding month last year. The decrease in nonresidential building from April to May resulted from the smaller volume of privately-financed projects in the commercial and manufacturing fields. Despite the decline from April, the volume of awards for residential building was higher than in any other month in recent years and was 33 per cent larger than in May, 1938. It should be noted, however, that awards for one-family dwellings were larger in May than in April. During the past three years, residential building in this district has shown a marked expansion. According to the data compiled by the F. W. Dodge Corporation, about 50 per cent of total value of residential contracts awarded in Texas since the beginning of 1937 represented building in the cities of Dallas and Houston; the cities of San Antonio, Fort Worth and El Paso accounted for 16 per cent of the total; and the remainder of the State accounted for 34 per cent.

The valuation of building permits issued at fifteen principal cities in the Eleventh District showed a counter-to-seasonal gain of 2 per cent in May and was 40 per cent larger than in the same month last year. The May volume was larger than that in any corresponding month in ten years. The value of permits issued during the first five months of 1939 aggregated \$37,774,000 which was 19 per cent larger than in the same period of 1938.

Daily average production of crude oil in the United States showed little change from April to May; whereas, in the Eleventh District daily average output declined about 4 per cent. As compared with a year ago, production was substantially higher in both this district and the United States, but it will be recalled that production was reduced sharply in May last year. Late in May the Texas Railroad Commission issued a revised proration order for June, requiring an

eight-day shutdown and setting the basic allowable production at 1,313,000 barrels daily, which is 114,000 barrels under the demand as estimated by the Bureau of Mines. In consequence of this reduction, daily average production in this district during the first half of June was about 6 per cent under the May average, but was still 8 per cent higher than the average in June last year. Drilling activity in the

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

	June 15, 1939	June 15, 1938	May 15, 1939
Total cash reserves.....	\$236,818	\$196,847	\$223,170
Discounts for member banks.....	305	533	359
Industrial advances.....	591	828	599
Bills bought in the open market.....	16	16	16
United States Government securities.....	102,282	97,283	102,282
Total earning assets.....	103,194	98,660	103,256
Member bank reserve deposits.....	187,742	166,108	189,586
Federal Reserve notes in actual circulation.....	75,849	76,776	76,314
Commitments to make industrial advances.....	None	92	None

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

	June 14, 1939	June 15, 1938	May 10, 1939
Total loans and investments.....	\$511,524	\$477,821	\$512,390
Total loans.....	253,051	222,494	253,952
Commercial, industrial and agricultural loans.....	165,476	140,784	167,363
Open market paper.....	1,160	1,656	1,337
Loans to brokers and dealers in securities.....	4,400	2,304	3,710
Other loans for purchasing or carrying securities.....	14,837	13,665	14,388
Real estate loans.....	20,953	20,147	20,646
Loans to banks.....	392	521	385
All other loans.....	45,833	43,417	46,123
United States Government direct obligations.....	158,964	172,080	155,767
Obligations fully guaranteed by United States Govt.....	41,765	33,023	45,667
Other securities.....	57,744	50,224	57,004
Reserves with Federal Reserve Bank.....	120,656	98,445	116,198
Balances with domestic banks.....	251,265	222,563	229,834
Demand deposits—adjusted*.....	451,843	400,862	434,329
Time deposits.....	136,491	131,567	135,999
United States Government deposits.....	33,480	25,032	34,024
Interbank deposits.....	212,876	189,833	206,048
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
May, 1937.....	\$1,035,133	\$200,293	\$569,613	\$109,344	\$465,520	\$90,949
May, 1938.....	1,073,302	219,459	599,164	121,153	474,138	98,306
January, 1939.....	1,192,054	223,681	672,652	123,805	519,402	99,786
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
May, 1939.....	1,182,997	231,079	680,641	128,498	502,356	102,581

DEBITS TO INDIVIDUAL ACCOUNTS (In thousands of dollars)

	May 1939	May 1938	Pctg. change over year	April 1939	Pctg. change over month
Abilene.....	\$ 8,359	\$ 8,346	+ .2	\$ 8,157	+ 2.5
Austin.....	34,979	28,400	+23.2	36,920	+ 5.3
Beaumont.....	23,343	22,142	+ 5.4	22,933	+ 1.8
Corsicana.....	2,770	2,917	- 5.0	2,859	- 3.1
Dallas.....	230,726	212,808	+ 8.4	227,487	+ 1.4
El Paso.....	27,767	24,527	+13.2	28,142	+ 1.3
Fort Worth.....	77,523	76,434	+ 1.4	72,218	+ 7.3
Galveston.....	21,729	22,448	- 3.2	22,501	- 3.4
Houston.....	208,470	192,610	+ 8.2	207,593	+ .4
Port Arthur.....	8,819	9,439	- 6.6	8,595	+ 2.6
Roswell.....	4,215	4,038	+ 4.4	3,662	+15.1
San Antonio.....	74,140	66,691	+11.2	66,872	+10.9
Shreveport.....	41,976	40,879	+ 2.7	39,465	+ 6.4
Texarkana*.....	6,481	5,889	+10.1	7,079	- 8.4
Tucson.....	12,996	11,815	+10.0	11,558	+12.4
Tyler.....	11,296	11,182	+ 1.0	10,607	+ 6.5
Waco.....	12,530	11,239	+11.5	12,178	+ 2.9
Wichita Falls.....	14,478	17,648	-18.0	15,091	- 4.1
Total.....	\$822,597	\$769,452	+ 6.9	\$803,917	+ 2.3

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

SAVINGS DEPOSITS

	May 31, 1939			Percentage change in savings deposits from	
	Number of reporting banks	Number of savings depositors	Amount of savings deposits	May 31, 1938	April 30, 1939
Beaumont.....	3	9,982	\$ 3,896,314	+ 3.3	+ 1.0
Dallas.....	8	89,900	27,353,157	+ 4.4	+ .8
El Paso.....	2	16,920	8,213,476	+ 1.7	+ 4.4
Fort Worth.....	3	39,217	14,004,292	+ 5.0	+ 1.0
Galveston.....	4	18,549	12,049,033	+ 5.1	+ .1
Houston.....	10	74,936	30,050,826	+ 4.4	+ .7
Port Arthur.....	2	5,781	2,926,801	+11.2	+1.1
San Antonio.....	5	24,492	19,012,611	+ 8.1	+ .1
Shreveport.....	3	25,084	11,437,477	+ .9	+1.3
Waco.....	3	8,346	4,618,319	- 4.6	+ 2.2
Wichita Falls.....	3	7,548	3,916,754	+ 9.1	+1.3
All other.....	69	60,704	30,117,684	+ 3.8	+ .8
Total.....	115	381,459	\$167,596,744	+ 4.3	+ .4

Eleventh District increased seasonally in May, but the rate of completions was nearly one-third smaller than in the corresponding month of 1938. Well completions in the United States during May showed a decline of only 11 per cent from a year ago, due to the fact that the increase in completions in Illinois and Michigan, resulting from the intense drilling activity, partially offset declines in other areas.

Although the production of petroleum products increased substantially coincident with the higher runs of crude oil to refinery stills, the heavy consumer demand more than absorbed the output of gasoline, necessitating further withdrawals from storage. Stocks of gasoline declined 3,157,000 barrels between April 29 and June 3, and on the latter date were 5 per cent lower than a year earlier. Nevertheless, withdrawals from storage since the end of March have been at a more moderate rate than in that period last year. Crude oil stocks showed little change during the period.

The principal change in crude oil prices during the past month was a reduction of ten cents per barrel in Kentucky and Illinois. In the latter state, production has risen from 135,000 barrels daily at the beginning of the year to about 235,000 barrels daily at the middle of June. According to trade reports, a substantial volume of oil from that state had been moving at lower than posted prices. The gasoline market has evidenced an upward trend during recent weeks.

The consumption of cotton by United States mills increased more than seasonally during May, the amount utilized totaling 605,000 bales as compared with 547,000 bales in April, and 426,000 bales in May last year. The May consumption was 11 per cent higher than in the preceding month and 42 per cent larger than in the corresponding month of 1938. The latter increase compares with an average gain of 19 per cent during the first ten months of the

current season as compared with the same period of the preceding season. During April and the first half of May, there was an accumulation of stocks of finished goods at mills, reflecting the small demand from converters and distributors and the maintenance of productive activity at a comparatively high level. There was also a narrowing of mill margins due to the rise in raw cotton prices. During the latter part of May a heavy buying movement developed and mill sales were greatly in excess of production. Since the latter part of May price increases have been effected by the mills on several constructions and it appears that a broad demand for goods continued during the first half of June. Trade reports indicate that a substantial volume of purchases has been for immediate delivery and that mill stocks of goods have been reduced considerably. The mills reduced their stocks of cotton approximately 117,000 bales during May, and at the end of the month the total on hand amounted to 1,175,000 bales as compared with 1,581,000 bales on the same date in 1938.

Foreign exports of cotton from the United States declined further in May. Total shipments during the month aggregated only 143,000 bales, as against 178,000 bales in April and 193,000 bales in May last year. Exports during the first ten months of the 1938-1939 season, which totaled 3,107,000 bales, were 41 per cent smaller than in the same period of the preceding season. Exports during the comparable period of the ten seasons, 1928-1937, averaged 6,357,000 bales.

The price of raw cotton continued to advance during the past month. The average spot price at the ten markets reached the highest point of the current advance at 9.59 cents per pound on June 8, which was 1.27 cents per pound above the low at the middle of April. During the past week, the market has fluctuated within a narrow range. The rise in prices is apparently attributable in substantial part to the shortage of spot cotton of desirable grades. In recent weeks a substantial volume of cotton has been drawn from the Government loan stocks.

VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	May 1939	May 1938	April 1939	January 1 to May 31 1939	1938
Eleventh District—total...	\$ 15,977	\$ 13,680	\$ 18,291	\$ 83,532	\$ 68,135
Residential.....	8,002	6,038	8,299	34,696	22,247
All other.....	7,975	7,642	9,992	48,836	45,888
United States*—total.....	308,487	283,156	330,030	1,411,048	1,043,266
Residential.....	133,818	83,153	114,405	532,631	313,356
All other.....	174,669	200,003	215,625	878,417	729,910

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

May, 1939		Percentage change valuation from		Jan. 1 to May 31, 1939		Percentage change valuation from 1938	
No.	Valuation	May, 1938	Apr., 1939	No.	Valuation	No.	Valuation
Abilene.....	32	54,956	-16.9	-42.6	130	\$ 297,426	-40.0
Amarillo.....	55	421,076	+256.6	+8.7	338	1,335,426	+39.6
Austin.....	266	637,872	+71.3	-2.8	1,214	3,877,230	+49.3
Beaumont.....	163	123,347	+35.1	+11.4	735	595,824	+3.2
Corpus Christi..	208	323,836	+76.3	+58.1	752	2,277,293	+64.5
Dallas.....	654	991,424	+12.6	+4.8	3,194	6,122,089	+20.1
El Paso.....	111	146,913	+34.6	-16.8	471	853,464	+56.8
Fort Worth.....	354	538,024	+55.1	+29.1	1,231	2,829,593	+10.4
Galveston.....	142	133,546	+42.6	+24.5	720	649,036	-47.6
Houston.....	521	2,359,565	+32.7	-28.4	2,529	12,513,486	+22.2
Port Arthur.....	138	74,922	-14.0	+14.7	609	413,437	-46.7
San Antonio.....	273	384,554	-24.0	+8.8	1,216	2,095,603	+21.8
Shreveport.....	204	982,569	+301.7	+211.0	803	2,683,746	-4.2
Wichita.....	94	173,693	+87.1	+28.0	326	826,074	+87.1
Wichita Falls...	51	115,835	+19.5	+94.7	200	404,383	+41.6
Total....	3,266	\$7,462,132	+40.3	+1.8	14,468	\$37,774,110	+19.1

*Includes Highland Park and University Park.

CRUDE OIL PRODUCTION

May, 1939		Increase or decrease in daily average production from	
Total production	Daily avg. production	May, 1938	April, 1939
North Texas.....	4,835,800	155,994	+15,897
West Texas.....	7,687,800	247,994	+31,677
East Texas.....	15,785,850	509,220	+15,807
South Texas.....	7,534,550	243,050	+25,477
Texas Coastal.....	6,951,650	224,247	+29,052
Total Texas.....	42,795,650	1,380,505	+117,910
New Mexico.....	3,282,900	105,900	+7,358
North Louisiana.....	2,305,050	74,356	-4,947
Total District.....	48,383,600	1,560,761	+120,321

SOURCE: The Oil Weekly, Houston, Texas.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas August 1 to May 31		United States— August 1 to May 31	
	This season	Last season	This season	Last season
Cottonseed received at mills (tons).....	1,014,363	1,683,073	4,162,345	6,473,156
Cottonseed crushed (tons).....	1,157,681	1,551,317	4,300,768	6,042,983
Cottonseed on hand May 31 (tons).....	38,755	154,628	194,187	471,748
Production of products:				
Crude oil (pounds).....	343,816,761	457,412,546	1,352,680,308	1,867,297,915
Cake and meal (tons).....	548,897	725,083	1,945,958	2,699,605
Hulls (tons).....	307,702	406,988	1,116,136	1,554,657
Linters (running bales).....	257,613	321,888	1,070,574	1,397,554
Stocks on hand May 31:				
Crude oil (pounds).....	21,750,233	9,127,026	87,987,172	30,799,208
Cake and meal (tons).....	40,017	61,949	173,019	280,848
Hulls (tons).....	42,643	39,229	113,481	173,572
Linters (running bales).....	155,820	121,950	579,266	555,663

SOURCE: Bureau of Census.

CONSUMPTION, STOCKS AND EXPORTS OF COTTON

	May		April		August 1 to May 31	
	1939	1938	1939	1938	This season	Last season
Consumption at:						
Texas mills.....	11,182	10,622	9,240	102,923	97,334	
United States mills.....	605,353	426,149	546,702	5,755,393	4,856,482	
U. S. stocks—end of month:						
In consuming establm'ts.....	1,175,290	1,581,433	1,292,349			
Public stg. & compresses.....	12,369,578	10,051,704	12,968,295			
Exports from U. S. to:						
United Kingdom.....	12,822	26,836	20,022	383,702	1,499,495	
France.....	5,453	9,969	6,787	331,897	703,579	
Italy.....	9,222	25,709	13,534	251,777	463,697	
Germany.....	20,822	14,814	15,332	291,961	627,721	
Other Europe.....	20,330	54,363	30,924	679,480	837,766	
Japan.....	40,590	31,356	56,530	817,523	590,652	
All other countries.....	33,338	29,955	35,096	350,385	503,921	
Total exports.....	142,577	193,002	178,225	3,106,675	5,226,831	

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

	May		April		August 1 to May 31	
	1939	1938	1939	1938	This season	Last season
Receipts.....	35,967	27,943	21,155	1,979,471	3,677,109	
Exports.....	110,015	118,911	116,713	2,131,344	2,727,138	
Stocks, end of month.....	1,041,111	1,434,005	1,119,540			

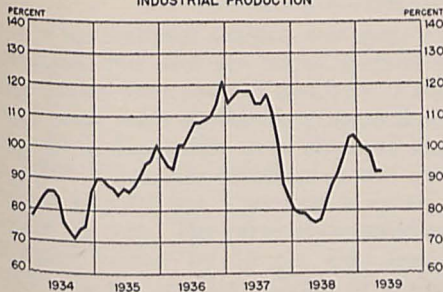
MONTHLY BUSINESS REVIEW

July 1, 1939

NATIONAL SUMMARY OF BUSINESS CONDITIONS

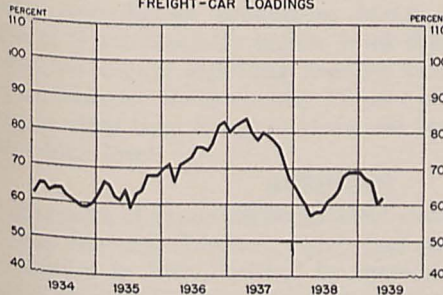
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



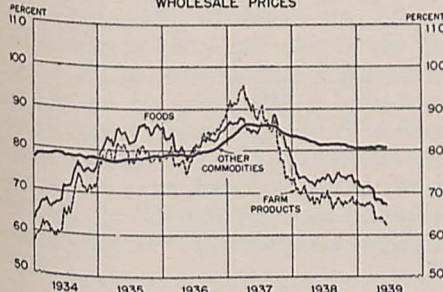
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to May, 1939.

FREIGHT-CAR LOADINGS



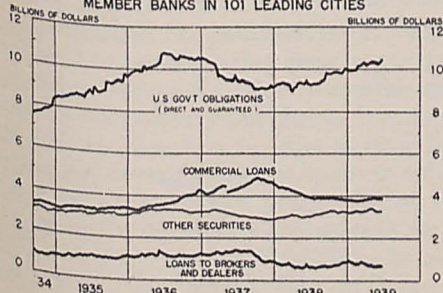
Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to May, 1939.

WHOLESALE PRICES



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending June 17, 1939.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to June 14, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

Industrial production, which has been receding on a seasonally adjusted basis during the first four months of this year, showed little change in May and increased considerably in the first three weeks of June. The advance reflected principally larger output of steel and coal, which had previously shown considerable declines.

PRODUCTION

In May the Board's seasonally adjusted index of industrial production was at 92 per cent of the 1923-1925 average, the same as in April. Volume of manufacturing production declined somewhat further, owing chiefly to reductions in output of steel and automobiles, but mineral production increased as most bituminous coal mines were reopened after the middle of the month.

Steel ingot production, which had been at an average rate of 52 per cent of capacity in April, declined to 45 per cent in the third week of May. About this time prices of some types of steel were reduced considerably and orders were placed in substantial volume. Subsequently, steel output increased and the current rate is about 55 per cent of capacity, approximately the level maintained during the first quarter of this year.

In the automobile industry output was reduced by about one-fifth at the beginning of May and in the latter part of the month there was further curtailment partly as a result of a strike at a body plant which led to the closing of most assembly lines of one major producer. In the early part of June the strike was settled and by the middle of the month output had risen to a level higher than that prevailing during most of May. Lumber production increased further in May following less than the usual seasonal rise during the first quarter of this year.

Output of nondurable manufactures in the aggregate was at about the same rate in May as in April. At woolen mills activity increased sharply, following a decline in April, and at cotton and rayon mills output was maintained. Mill consumption of raw silk showed a further sharp decline. At meat-packing establishments output increased more than seasonally, and as in March and April was considerably larger than a year ago, reflecting a sharp increase in the number of hogs slaughtered. Flour production continued in larger volume than is usual at this season, while at sugar refineries there was a decrease in output.

Mineral production increased in May owing chiefly to the reopening of most bituminous coal mines. Anthracite production, which had been in large volume in April, declined in May, while output of crude petroleum increased somewhat further.

Value of residential building contracts, which had shown a considerable decline in April, increased in May, according to the figures of the F. W. Dodge Corporation. Public residential awards were higher owing to a greater volume of United States Housing Authority projects. Private awards also increased but on a seasonally adjusted basis were below the high level reached in February and March. Contracts for both public and private non-residential construction declined in May, following increases in the preceding two months.

EMPLOYMENT

Factory employment and payrolls showed little change from the middle of April to the middle of May, according to reports from a number of states.

DISTRIBUTION

Department store sales declined from April to May, while sales at variety stores and by mail order houses showed little change. In the first two weeks of June department store sales increased.

Freight-car loadings increased in the latter half of May, reflecting chiefly expansion in coal shipments. In the first half of June loadings of coal increased further and shipments of other classes of freight also were in larger volume.

COMMODITY PRICES

Prices of industrial materials, such as steel scrap, hides, wool, and print cloths, advanced somewhat from the middle of May to the third week of June. Wheat, silk, and coal prices declined early in June, following increases in May, and there were further declines in prices of livestock and meats.

BANK CREDIT

During the four weeks ending June 14 total loans and investments at member banks in 101 leading cities increased by \$270,000,000, following a decline of \$200,000,000 in the preceding four weeks. The major increase was in holdings of Treasury notes and bonds at New York City banks. Demand deposits increased sharply to new high levels both in New York City and in the leading cities outside New York.

During the first three weeks of June excess reserves of member banks showed little change from the new high level of \$4,300,000,000 reached on May 24. Continued gold imports largely went into earmarked gold and into balances held for foreign account at the Federal Reserve banks.

MONEY RATES

Prices of United States Government securities, which had advanced sharply from April 11 to June 5, reaching a new high level, eased slightly during the next two weeks. The yield on the longest-term Treasury bond outstanding declined from 2.49 per cent on April 11 to 2.26 per cent on June 5 and increased to 2.32 per cent on June 19. Other money rates showed little change.