

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

The agricultural outlook was improved further by heavy rains that fell over the major portion of the Eleventh District during June and the first half of July. Although department store sales declined by more than the usual seasonal amount in June, they were about as large as in that month in 1938. Wholesale distribution was well sustained and the volume of sales was 5 per cent in excess of that for the same month last year. The value of construction contracts awarded declined further by 15 per cent from May to June due chiefly to the smaller volume of residential building, but total awards for all classes of construction during June were 6 per cent larger than in the corresponding month last year. Daily average production of crude oil declined moderately in June and then increased somewhat during the first half of July; nevertheless, production during the six-week period was at a substantially higher level than in that period of 1938. At weekly reporting member banks in leading cities in this district, loans on July 12 were in larger volume than at any other time in recent years and deposits rose to an all-time high level.

BUSINESS

The sales of reporting department stores in principal cities of the Eleventh District, which had shown a considerable expansion in May, declined by more than the average seasonal amount in June, and were in about the same volume as in the corresponding month of 1938. On a daily average basis sales during June were 15 per cent smaller than in May; whereas, the average decline is only 11 per cent. Reflecting the larger-than-average May to June decline, this bank's seasonally adjusted index of department store sales declined from 104.7 per cent of the 1923-1925 average in May to 101 per cent in June. Although the latter figure is the same as that for June, 1938, it is the lowest recorded for any month during the current year. The distribution of merchandise during the first half of 1939 was about 1 per cent larger than in the corresponding period last year, indicating that business for the half-year was maintained at a higher level than during any corresponding period in ten years.

Inventories at reporting firms were reduced seasonally in June, and at the close of the month they were in about the same volume as a year ago. The rate of stock turnover thus far in 1939 has been at a record high level. Collections on outstanding accounts showed the usual seasonal decline from May to June, and were at about the same rate as a year ago.

The demand for merchandise at wholesale in this district was well sustained during June, aggregate sales of all reporting firms being only slightly smaller than in the preceding month. The decline from May to June is accounted for chiefly by a sharp reduction in sales at drug firms which maintain liquor departments, but decreases in sales were also reported by distributors of dry goods and of tobacco and tobacco products. On the other hand, sales in six reporting lines were higher in June than in May. Sales in all reporting lines except drugs were larger than in June, 1938, the increases ranging from 3.2 per cent in groceries to 32.4 per cent in electrical goods. During the first six months of 1939 the volume of merchandise distribution through wholesale channels exceeded that in the corresponding period of 1938 by about 4 per cent. Farm machinery and equipment firms

recorded a decline in sales for the six-month period, but business in this line of trade has shown considerable improvement during the past two months. The dollar value of inventories at reporting firms showed little change from May to June, but at the close of the latter month stocks were in excess of those a year earlier for the first time since November, 1937. Collections at reporting firms continued at a higher rate than a year ago.

The Bureau of Business Research of the University of Texas reported that employment in Texas increased further by 0.6 per cent in June and was 2.9 per cent larger than a year earlier. Payrolls showed a rise of 0.5 per cent from May to June and exceeded those in June last year by 1.9 per cent.

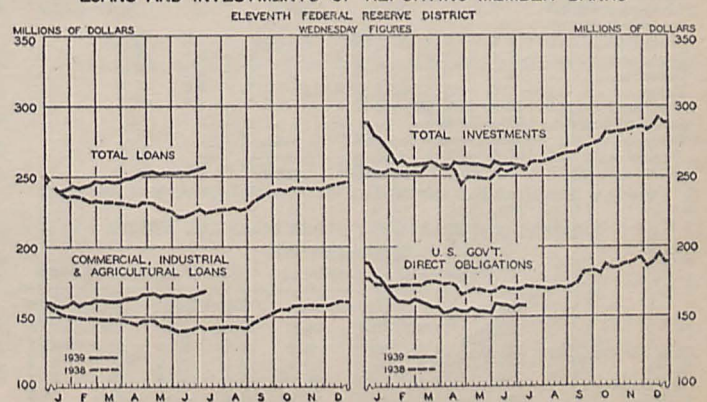
Commercial failures in this district increased moderately from May to June and the total for the latter month was double that in June last year. Liabilities of defaulting firms, although registering a further substantial decline from the preceding month, were considerably larger than in June, 1938. Dun & Bradstreet reported 30 insolvencies in June this year, having an indebtedness of \$265,000. During the first half of 1939 the number and liabilities of commercial failures were the largest for any similar period in several years, and they exceeded those in the corresponding six months of 1938 by 44 and 54 per cent, respectively.

AGRICULTURE

Heavy rains in most sections of Texas during June and the first half of July were very beneficial to growing crops, and agricultural prospects showed a further improvement. The moisture supply in most sections of Texas is now generally adequate for current needs, but there are some localities where additional precipitation is needed to overcome the accumulated moisture deficiency. In much of New Mexico and in southeastern Arizona the shortage in rainfall and high temperatures have resulted in drouth conditions and general rains are urgently needed for ranges and crops.

According to the Department of Agriculture, the area of cotton in cultivation in Texas on July 1 was 8,980,000 acres. This figure represents a decline of 2 per cent from that of a year ago, and is less than two-thirds the average acreage for the 10-year period 1928-1937. If the acreage abandonment this year approximates the average of 3.1 per cent, the area harvested will be the smallest since 1905. Cotton acreage in cultivation on July 1 was 1 per cent larger than a year ago

LOANS AND INVESTMENTS OF REPORTING MEMBER BANKS



in Louisiana; 2 per cent in New Mexico; 7 per cent in Oklahoma; but it was 11 per cent smaller in Arizona. The estimate for the United States was placed at 24,943,000 acres, which is fractionally smaller than a year ago and the lowest in 40 years. Weather conditions during the past several weeks have been generally favorable for the growth and cultivation of cotton in this district with the result that the crop made good progress in most sections. Although the crop is later than usual and the plants are in all stages of growth, the major portion of the crop is fruiting rapidly. Picking has become general in extreme south Texas. Insect infestation is increasing in Texas, but reports indicate that the damage to the crop thus far has been generally light.

The Department of Agriculture estimated the production of wheat in Texas at 29,390,000 bushels on July 1 which is about 1,500,000 bushels smaller than the estimate a month earlier and compares with a harvest of 35,046,000 bushels in 1938. The decrease in prospective production during June resulted from rains in the heavy producing section of north-west Texas which delayed the harvest and did considerable damage in some areas. Winter wheat production in New Mexico is substantially larger than a year ago, but a smaller crop of spring wheat is in prospect. The indicated production of oats in this district is 11 per cent smaller than in 1938 due chiefly to the prolonged drouth during the spring months that caused an almost complete crop failure in some sections. Exceptionally heavy yields, however, were obtained in some parts of central and north Texas.

The production of corn in Texas is forecast at 82,790,000 bushels, which is about 7,000,000 bushels larger than last year's harvest. The increased production is due to the larger acreage and the higher average yield. Although the crop is very poor in south Texas on account of the drouth during the growing season, the condition of the crop is above the average in most other sections and some areas report that yields are expected to be unusually large. The prospective production in Louisiana, although smaller than in 1938, is higher than the average. The indicated production of tame hay in this district is slightly larger than in 1938 and considerably above the 10-year average production.

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:				Ratio June collections to accounts outstanding June 1		
	Net sales		Stocks*		Regular		
	June, 1939 from June, 1938	May, 1939 from June 30, 1938	June, 1939 from Jan. 1 to June 30, 1938	June, 1939 from May, 1939	Regular	Instalment	
Retail trade:							
Department stores:							
Total 11th Dist.	- 4	-18.2	+ .9	+ .4	- 6.7	38.9	13.8
Dallas	- 1.3	-21.6	- .3	+ 2.4	-10.2	37.3	16.4
Fort Worth	+ 5.2	-14.4	+ 2.2	- 1.6	- 3.6	35.8	10.4
Houston	- 1.4	-11.8	+ 1.7	+ 5.3	-12.0	39.2	...
San Antonio	- 4.8	-24.1	- .2	- 4.4	+ 6.3	43.7	11.9
Other cities	+ 1.9	-15.2	+ 2.7	- .8	- 7.2	40.3	12.3
Independent stores:†							
Arizona	+ 6.0	- 5.4	.....	.....	.....	.....	.....
Oklahoma	- .1	-10.0	.....	.....	.....	.....	.....
New Mexico	+ 5.6	+ .3	.....	.....	.....	.....	.....
Texas	+ 8.1	- 9.1	.....	.....	.....	.....	.....
Wholesale trade:‡							
Machinery, eqp't & supplies (except electrical)	+14.9	+ 7.4	-11.2	.....	.....	69.4	.....
Dry goods	+ 5.4	+ 3.9	+ 4.7	+ 7.0	+ 2.9	39.2	.....
Groceries	+ 3.2	+ 4.5	+ 1.7	+ .4	- 5.1	89.3	.....
Drugs	- .6	-22.2	+ 1.9	- 1.5	+ 5.3	67.6	.....
Hardware	+12.6	+ .2	+15.2	+ 2.3	- .9	62.7	.....
Electrical Supplies	+32.4	+ 6.5	.....	.....	.....	.....	.....
Tobacco & prod's	+ 3.4	- 2.6	+ 4.8	.....	.....	86.4	.....
Surgical eqp't	+22.2	+10.0	.....	.....	.....	58.0	.....
Automotive suppl'	+30.0	+18.2	+10.4	- 4.8	- 7.8	64.5	.....

*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—June		Stocks—June		Sales—June		Stocks—June	
	1939	1938	1939	1938	1939	1938	1939	1938
Total Eleventh Dist.	101.0	101.1	64.0	63.5	89.9	90.0	60.2	59.7
Dallas	101.7	102.4	64.7	62.9	88.5	89.1	62.1	60.4
Fort Worth	114.1	108.1	62.9	62.9	107.3	101.6	59.8	59.8
Houston	80.2	91.7	47.2	42.8	95.6	97.2	42.5	38.5
San Antonio	79.9	83.6	58.3	60.3	78.3	81.9	51.3	53.1

The Texas rice crop made a poor start but it has shown a remarkable improvement since the rains, and the prospective per acre yield is as high as that last year. Estimated production is slightly larger than a year ago due to the increased acreage. The acreage planted to peanuts this year is larger than in 1938 and the condition of the crop on July 1 was slightly better than a year ago.

Livestock ranges in Texas improved further in June, but drouth conditions continued over much of the Edwards Plateau, west and south-central sections of the State. Toward the middle of July heavy rains fell over most of the drouth area and range prospects are greatly improved. Ranges deteriorated sharply in New Mexico and southeastern Arizona due to the high temperatures and lack of moisture, and conditions in some portions of these states are becoming acute. Although livestock have held up fairly well in these states, they are beginning to show the effects of poor ranges. In Texas, cattle made good gains except in the dry areas, and prospects are now favorable for a good supply of grass-fat cattle but the movement will be later than usual. The condition of sheep declined and lambs have not made satisfactory growth. Since the July rains, however, prospects are much improved.

The demand for wool in this district slackened somewhat in June, following active sales at advancing prices in May, and prices apparently declined somewhat from the level attained early in the month. Trade reports indicate that buying became more active around the middle of July and prices again strengthened.

Cash farm income from the sale of principal farm products in the five states attached to the Eleventh District increased further by 6 per cent from April to May, but the total for the latter month was 14 per cent smaller than in May, 1938. The gain over the preceding month was due to a sharp increase in receipts from the sale of livestock and livestock products, which more than offset a 27 per cent decrease in income from crop marketings. Despite the decline from a year ago in receipts from the sale of farm products, aggregate income, including Government benefit payments, exceeded that in May, 1938, by 11 per cent. During the month, Government payments to farmers amounted to \$23,786,000, which is the largest amount paid out in any month since the fall of 1933, and is more than double that in May last year. During the first five months of 1939 income from the sale of farm products was one-fifth smaller than in that period of 1938, but total receipts including Government payments were only 7 per cent smaller.

CROP PRODUCTION

(In thousands of units)

Crop	Unit	Texas		Eleventh District	
		Estimated July 1, 1939	1938	Estimated July 1, 1939	1938
Winter wheat	Bushels	29,390	35,046	30,624	36,020
Corn	Bushels	82,790	75,648	97,540	91,577
Oats	Bushels	32,660	36,920	35,367	39,563
Barley	Bushels	3,304	2,363	11,814*	6,757*
Rice	Bushels	13,158	13,005	13,158†	13,005†
Tame hay	Tons	1,024	1,012	1,430	1,403
Irish potatoes	Bushels	2,666	2,950	3,380	3,778
Sweet potatoes	Bushels	4,200	4,350	13,552‡	12,750‡

*Texas, Oklahoma, New Mexico and Arizona. †Texas only. ‡Texas, Oklahoma and Louisiana. Other data for Eleventh District derived from estimates by states.

SOURCE: United States Department of Agriculture.

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

(In thousands of dollars)

	Receipts from			Government payments	Total receipts		
	May, 1939		May 1939		Total receipts		
	Crops	Livestock*			May 1938	Jan. 1 to May 31 1938	
Arizona	\$ 378	\$ 1,790	\$ 537	\$ 2,705	\$ 3,214	\$ 18,229	\$ 22,086
Louisiana	3,270	2,051	3,368	6,689	5,669	30,506	31,373
New Mexico	116	1,876	421	2,413	2,039	10,540	11,279
Oklahoma	1,835	7,621	5,407	14,863	12,271	54,366	53,792
Texas	3,659	20,695	14,053	38,407	37,201	143,111	156,578
Total	\$ 9,258	\$34,033	\$23,786	\$67,077	\$60,394	\$256,752	\$275,108

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

SOURCE: United States Department of Agriculture.

FINANCE

Total earning assets of the Federal Reserve Bank of Dallas declined \$6,181,000 between June 15 and July 15, after having remained comparatively stable during the preceding two months. The decrease during the past month reflected chiefly the periodic reallocation of the System's holdings of United States Government securities among the several Federal Reserve banks. Member bank borrowings from this bank increased moderately during the period, but industrial advances showed a further slight decline. Daily average excess reserves of member banks in this district, which had shown an increase in May and the first half of June, declined somewhat in the subsequent two weeks, averaging about 47 per cent of required reserves. Federal Reserve notes of this bank in actual circulation increased slightly during the month ended July 15, and on that date the total of \$76,595,000 exceeded that of a year ago by about \$1,000,000.

Following a slight decline in May, loans at weekly reporting member banks in leading cities of the Eleventh District turned upward in June and continued to expand in the first half of July. The increase of \$3,400,000 in loans during the four weeks ended July 12 was larger than in the corresponding four weeks of 1938, with the result that the margin of gain over last year widened further during the period. Total loans on July 12 aggregated \$256,449,000, which was \$31,400,000 larger than a year ago and the highest for any report date in recent years. Investments of these banks declined \$1,380,000 during the four weeks and on July 12 their holdings were only \$1,700,000 larger than a year ago.

Deposits at reporting banks increased further during the four weeks ended July 12 and were at a new high level at the end of the period. Increases during the four weeks in adjusted demand and interbank deposits were responsible for a net expansion of \$4,885,000 over the previous high recorded at the middle of June. On July 12 total deposits exceeded those of a year ago by \$86,862,000. Reserves of these banks at the Federal Reserve Bank and their balances with other domestic commercial banks also rose during the period, reaching all-time high levels. Balances of reporting banks with other domestic commercial banks, which amounted to approximately \$252,000,000 on July 12, constituted 30 per cent of total deposits.

Debits to individual accounts at banks in eighteen cities of the Eleventh District have shown counter-to-seasonal increases during the past two months, and in each of the months of May and June debits exceeded those in the respective months of 1938 by about 6 per cent. These increases were the largest recorded for a year-to-year comparison since November, 1937.

INDUSTRY

Building activity in the Eleventh District, as measured by the value of construction contracts awarded, declined further by 15 per cent in June to the lowest level for any month since last September. Nevertheless, the value of awards was 6 per cent greater than in the corresponding month last year. Non-residential building, which had declined considerably in the preceding two months, registered a substantial increase over both comparative months, and although residential construction showed a further decrease of 26 per cent from the preceding month, the June volume was 8 per cent higher than that a year ago.

During the first half of 1939, the value of construction contracts awarded in this district was larger than in any similar period since 1931, and exceeded that in the corresponding six months of 1938 by 20 per cent. The latter gain was due chiefly to a sharp increase in residential building, which was stimulated by reduced financing costs, small down payments, and low monthly instalments made avail-

able through Federal Housing Administration insured loans. Thus far in 1939 non-residential building has averaged about 6 per cent smaller than in the comparable period of 1938, reflecting principally a reduction in awards for commercial and manufacturing buildings. The volume of Public Works construction has been maintained at about last year's level. Although the value of contracts awarded for public utility construction during the six-month period was small in relation to that for other types of building, it was about

CONDITION OF THE FEDERAL RESERVE BANK

(In thousands of dollars)

	July 15, 1939	July 15, 1938	June 15, 1939
Total cash reserves.....	\$230,650	\$209,651	\$236,818
Discounts for member banks.....	346	323	305
Other bills discounted.....	59	None	None
Industrial advances.....	567	814	591
Bills bought in the open market.....	16	16	16
United States Government securities.....	96,025	84,963	102,282
Total earning assets.....	97,013	86,116	103,194
Member bank reserve deposits.....	185,932	171,607	187,742
Federal Reserve notes in actual circulation.....	76,595	75,629	75,849
Commitments to make industrial advances.....	None	91	None

CONDITION STATISTICS OF MEMBER BANKS IN LEADING CITIES

(In thousands of dollars)

	July 12, 1939	July 13, 1938	June 14, 1939
Total loans and investments.....	\$513,540	\$480,388	\$511,524
Total loans.....	256,449	225,015	253,051
Commercial, industrial and agricultural loans.....	169,856	142,081	165,476
Open market paper.....	1,652	1,562	1,160
Loans to brokers and dealers in securities.....	5,125	2,723	4,400
Other loans for purchasing or carrying securities.....	13,582	13,725	14,837
Real estate loans.....	21,061	20,633	20,953
Loans to banks.....	346	445	392
All other loans.....	44,827	43,846	45,833
United States Government direct obligations.....	158,185	172,753	168,964
Obligations fully guaranteed by United States Govt.....	44,078	31,323	41,765
Other securities.....	54,828	51,267	57,744
Reserves with Federal Reserve Bank.....	121,714	102,997	120,656
Balances with domestic banks.....	251,946	218,931	251,265
Demand deposits—adjusted*.....	458,737	406,069	451,843
Time deposits.....	135,207	130,394	136,491
United States Government deposits.....	31,115	25,016	33,480
Interbank deposits.....	214,516	191,234	212,876
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
June, 1937.....	\$1,037,335	\$201,800	\$573,110	\$110,625	\$464,225	\$ 91,175
June, 1938.....	1,077,586	220,091	605,323	121,945	472,263	99,046
February, 1939.....	1,193,160	225,328	674,977	124,975	515,183	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
June, 1939.....	1,193,874	232,582	690,578	129,282	503,296	103,300

DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)

	June 1939	June 1938	Pctg. change over year	May 1939	Pctg. change over month
Abilene.....	\$ 8,158	\$ 7,934	+ 2.8	\$ 8,359	- 2.4
Austin.....	34,295	31,872	+ 7.6	34,979	- 2.0
Beaumont.....	22,713	22,456	+ 1.1	23,343	- 2.7
Corsicana.....	2,826	2,772	+ 1.9	2,770	+ 2.0
Dallas.....	245,569	227,403	+ 8.0	230,726	+ 6.4
El Paso.....	25,521	24,324	+ 4.9	27,767	- 8.1
Fort Worth.....	84,088	87,157	- 3.5	77,523	+ 8.5
Galveston.....	22,541	25,794	-12.6	21,729	+ 3.7
Houston.....	220,186	198,222	+11.1	208,470	+ 5.6
Port Arthur.....	9,567	8,999	+ 6.3	8,819	+ 8.5
Roswell.....	4,499	3,988	+12.8	4,215	+ 6.7
San Antonio.....	75,392	69,817	+ 8.0	74,140	+ 1.7
Shreveport.....	41,868	41,479	+ .9	41,976	- .3
Texarkana*.....	6,340	7,023	- 9.7	6,481	- 2.2
Tucson.....	11,546	11,819	- 2.3	12,996	-11.2
Tyler.....	12,221	11,418	+ 7.0	11,296	+ 8.2
Waco.....	13,474	11,943	+12.8	12,530	+ 7.5
Wichita Falls.....	15,065	16,680	- 9.7	14,478	+ 4.1
Total.....	\$855,869	\$811,100	+ 5.5	\$822,597	+ 4.0

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

SAVINGS DEPOSITS

June 30, 1939

	Number of reporting banks	Number of savings depositors	Amount of savings deposits	Percentage change in savings deposits from	
				June 30, 1938	May 31, 1939
Beaumont.....	3	10,046	\$ 3,924,002	+ 3.4	+ .7
Dallas.....	8	89,521	27,616,488	+ 5.3	+ 1.0
El Paso.....	2	17,049	8,351,019	+ 2.2	+ 1.7
Fort Worth.....	3	36,066	14,316,277	+ 5.5	+ 2.2
Galveston.....	4	18,602	12,106,966	+ 4.7	+ .5
Houston.....	10	74,731	30,414,929	+ 4.6	+ 1.2
Port Arthur.....	2	5,884	2,923,282	+11.4	+ 1.7
San Antonio.....	5	24,350	19,124,471	+ 6.2	+ .6
Shreveport.....	3	25,375	11,586,628	+ 1.7	+ 1.3
Waco.....	3	8,356	4,630,246	- 4.8	+ .3
Wichita Falls.....	3	7,579	3,978,888	+ 8.6	+ 1.6
All other.....	69	60,498	30,348,427	+ 2.8	+ .8
Total.....	115	378,057	\$169,321,623	+ 4.2	+ 1.1

two and one-half times that in the first half of 1938, and represented chiefly awards for electric light and power projects. Privately-financed construction in Texas during the first half of 1939 was 13 per cent greater than in that period last year and publicly-financed work increased 22 per cent.

The valuation of building permits issued at fifteen principal cities in this district declined in June and was smaller than in any other month of the current year. Although the total was 14 per cent smaller than in June, 1938, two-thirds of the reporting cities showed substantial increases over a year ago. The decrease from June last year was due chiefly to a sharp decline in the value of permits issued at Houston, Texas. During the first six months of 1939 the value of permits issued was 13 per cent greater than in that period of 1938.

Crude oil production in both the Eleventh District and the United States declined moderately during June, reflecting chiefly a decrease in output at Texas fields resulting from a reduction in production allowables. Notwithstanding the decline from May to June, production continued at a substantially higher level than in June last year when a drastic curtailment program was in effect. Under the terms of the 90-day proration order issued by the Texas Railroad Commission late in June, the basic production allowable for the State during July was increased 54,000 barrels over that for June and further adjustments in some fields have been made since that time. In consequence, daily average production during the first half of July was 2 per cent higher than the June average, but was 6 per cent less than the demand as estimated by the United States Bureau of Mines. The rate of drilling activity in the Eleventh District showed little change from May to June, and continued about one-fourth smaller than a year ago.

Crude oil runs to refinery stills in the United States, which have shown a sharp upward trend since February this year, reached an all-time high level in June and exceeded the average in that month last year by about 12 per cent. Although estimated consumption of gasoline during June was also at an all-time high level and somewhat in excess of production, withdrawals of gasoline from storage continued much smaller than at this season a year ago. During the second quarter of 1939, gasoline inventories were reduced at an average rate of about 475,000 barrels weekly, which was only about one-half the rate in that period last year. On July 1 stocks of gasoline exceeded those on the cor-

VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	June 1939	June 1938	May 1939	January 1 to June 30 1939	1938
Eleventh District—total...	13,596	12,826	15,977	97,128	80,961
Residential.....	5,945	5,507	8,002	40,641	27,754
All other.....	7,651	7,319	7,975	56,487	53,207
United States*—total.....	288,316	251,006	308,487	1,699,364	1,294,272
Residential.....	111,896	85,682	133,818	644,527	399,038
All other.....	176,420	165,324	174,669	1,054,837	895,234

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	June, 1939		Percentage change valuation from		Jan. 1 to June 30, 1939		Percentage change valuation from 1938	
	No.	Valuation	June, 1938	May, 1939	No.	Valuation		
Abilene.....	24	\$ 39,014	+37.1	-29.0	154	\$ 336,440	-35.9	
Amarillo.....	56	222,360	+46.3	-47.2	394	1,557,786	+40.5	
Austin.....	248	631,557	+61.8	-1.0	1,462	4,508,787	+50.9	
Beaumont.....	155	128,627	+18.1	+4.3	890	724,451	+5.5	
Beaumont.....	159	581,955	+79.2	-79.7	911	2,859,248	+67.3	
Corpus Christi.....	620	1,193,581	+24.6	+20.4	3,814	7,315,670	+20.9	
El Paso.....	136	166,755	-9.6	-13.5	607	1,020,219	+40.0	
Fort Worth.....	259	468,359	-24.5	-12.9	1,490	3,297,952	+3.6	
Galveston.....	132	151,742	+76.3	-13.6	852	800,778	-39.6	
Houston.....	520	2,034,809	-42.6	-13.8	3,049	14,548,295	+5.5	
Port Arthur.....	132	116,722	+44.8	+55.8	741	530,159	-38.1	
San Antonio.....	336	421,198	-57.4	+9.5	1,552	2,516,801	-7.1	
Shreveport.....	145	387,396	+97.7	-60.6	948	3,071,142	-2.5	
Waco.....	66	127,517	+81.9	-26.6	392	953,591	+86.4	
Wichita Falls.....	49	69,214	-33.3	-40.2	249	473,597	+21.7	
Total.....	3,037	\$6,740,806	-14.0	-9.7	17,505	\$44,514,916	+12.5	

*Includes Highland Park and University Park.

responding date in 1938 for the first time this year. Inventories of crude oil on July 1 were about 3 per cent below the 1939 peak, reached on May 6, and were 7 per cent smaller than a year ago.

Activity at cotton textile mills in the United States declined by a smaller amount than is usual at this season, and on a seasonally adjusted basis, was at the highest level since December, 1938. There were 578,000 bales of cotton processed at domestic mills during June as against 605,000 bales in May, and 443,000 bales in June, 1938. During the first eleven months of the current season cotton consumption exceeded that in the corresponding period last season by 20 per cent. Mill sales of cotton goods, which had increased sharply in the latter part of May, were apparently well sustained during June and the first half of July. According to trade reports, mill sales of cotton goods during June were greatly in excess of production and the ratio of unfilled orders to production at the end of the month was the highest in several months. Mill stocks of raw cotton were reduced by considerably more than the average amount in June, and at the close of the month were 28 per cent less than a year earlier. At the end of June, stocks of cotton held by mills totaled 1,021,000 bales and there were 11,944,000 bales in public storage and compresses. The volume of "free cotton" is small, however, as the amount of cotton in Government loan stocks exceeds 11,000,000 bales.

Exports of cotton from the United States declined further in June to the exceptionally low level of 113,600 bales which compares with 142,600 bales in May, and 175,900 bales in June last year. Shipments of cotton to foreign countries during the first eleven months of the current season aggregated only 3,220,000 bales, which is 40 per cent smaller than in the corresponding period of the preceding season and less than one-half of average exports for that period during the past ten seasons.

Following the increase in April and May, raw cotton prices fluctuated within narrow limits during June and the first half of July. Withdrawals of cotton from Government loan stocks continued in substantial volume.

CRUDE OIL PRODUCTION

	June, 1939		Increase or decrease in daily average production from	
	Total production	Daily avg. production	June, 1938	May, 1939
North Texas.....	4,616,400	153,880	+20,630	-2,114
West Texas.....	7,459,200	248,640	+40,196	+646
East Texas.....	14,165,550	472,185	+17,410	-37,035
South Texas.....	6,788,900	225,630	+20,292	-17,420
Texas Coastal.....	6,461,550	215,385	+27,307	-8,862
Total Texas.....	39,471,600	1,315,720	+125,835	-64,785
New Mexico.....	3,234,150	107,805	+17,087	+1,905
North Louisiana.....	2,195,850	73,195	-5,780	-1,161
Total District.....	44,901,600	1,496,720	+137,142	-64,041

SOURCE: The Oil Weekly, Houston, Texas.

CONSUMPTION, STOCKS AND EXPORTS OF COTTON

	June			August 1 to June 30	
	1939	1938	1939	This season	Last season
Consumption at:					
Texas mills.....	10,355	10,248	11,182	113,278	107,582
United States mills.....	578,448	443,043	605,353	6,333,841	5,299,525
U.S. stocks—end of month:					
In consuming estab'ts.....	1,021,236	1,411,988	1,175,290		
Public stg. & compresses.....	11,943,683	9,725,704	12,369,578		
Exports from U. S. to:					
United Kingdom.....	9,853	21,641	12,822	393,555	1,521,136
France.....	3,234	7,873	5,453	335,131	711,462
Italy.....	9,253	19,448	9,222	261,030	483,145
Germany.....	14,575	16,921	20,822	306,636	644,642
Other Europe.....	17,816	57,879	20,330	697,146	895,645
Japan.....	28,000	30,286	40,590	845,523	620,938
All other countries.....	30,903	21,830	33,338	381,288	555,751
Total exports.....	113,634	175,878	142,577	3,220,309	5,402,709

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

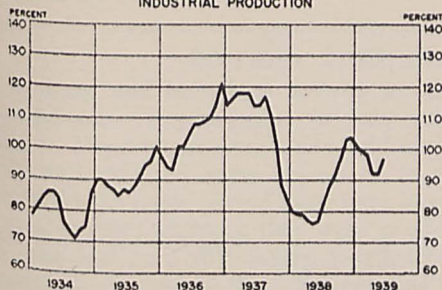
	June		August 1 to June 30	
	1939	1938	1939	This season
Receipts.....	66,500	52,335	35,967	2,045,971
Exports.....	81,558	144,410	110,015	2,212,902
Stocks, end of month.....	1,023,783	1,338,944	1,041,111	3,729,444

August 1, 1939

NATIONAL SUMMARY OF BUSINESS CONDITIONS

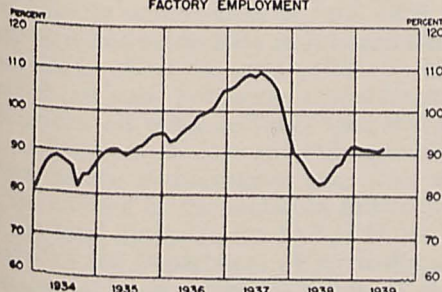
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



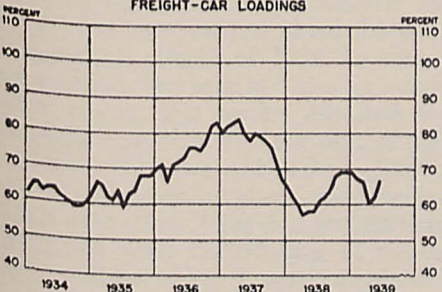
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to June, 1939.

FACTORY EMPLOYMENT



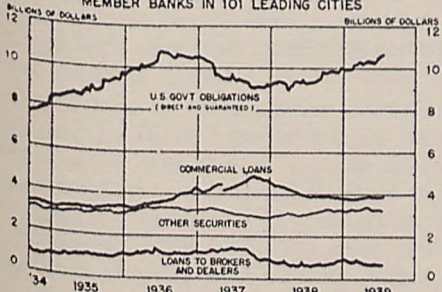
Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to June, 1939.

FREIGHT-CAR LOADINGS



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

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to July 12, 1939. Commercial loans, which include industrial and agricultural loans, represent, prior to May 19, 1937, so-called "other loans" as then reported.

Output of factories and mines increased in June, reflecting chiefly sharp expansion at steel mills and bituminous coal mines. In the first half of July, industrial activity was generally maintained.

PRODUCTION

The Board's seasonally adjusted index of industrial production advanced to 97 in June as compared with 92 in April and May.

At steel mills output increased from a rate of 45 per cent of capacity in the third week of May to 54 at the end of June and to 56 in the third week of July.

Automobile production, which had declined in May, showed some increase in June when a decline is customary. In the first three weeks of July automobile output was at a lower rate, reflecting in part curtailment preparatory to the change-over to new models. Plate glass production rose considerably in June. Output of lumber, which usually shows some increase over May, was unchanged. Among non-durable goods industries woolen mills showed increased activity in June, and activity at cotton and silk mills was maintained though declines are usual at this season. Meat-packing was lower than in May.

Mineral production increased considerably in June reflecting a sharp rise in output at bituminous coal mines which had been closed during April and the first half of May. Production of anthracite declined from May to June and there was some reduction in output of petroleum.

Value of construction contracts awarded declined in June, according to F. W. Dodge Corporation figures, reflecting chiefly a greater than seasonal decrease in private residential building. Contracts awarded for public residential construction, principally for United States Housing Authority projects, were maintained at the advanced level reached in May, while public construction other than residential showed a small decline.

EMPLOYMENT

Factory employment and payrolls increased somewhat from the middle of May to the middle of June according to reports from a number of important industrial states. There was a sharp expansion in employment at bituminous coal mines following the reopening of the mines in the middle of May, and the number employed on the railroads increased more than seasonally from May to June.

DISTRIBUTION

Department store sales showed a less than seasonal decline from May to June and the Board's adjusted index advanced from 85 to 86, which compares with a level of 88 during the first four months of the year. Sales at variety stores and by mail-order houses showed little change.

Freight-car loadings increased more than seasonally in June reflecting a sharp rise in shipments of coal and smaller increases in shipments of grain and miscellaneous freight.

COMMODITY PRICES

Prices of hides, silk, steel scrap, copper, and some other industrial materials advanced from the middle of June to the third week of July, while some farm products, particularly grain, declined. Prices of most other commodities showed little change.

AGRICULTURE

A total wheat crop of 716,655,000 bushels was indicated on the basis of July 1 conditions. According to the Department of Agriculture, this would be much smaller than last year's large crop and somewhat below the 1928-1937 average. Cotton acreage in cultivation was estimated to be about the same as last year but one-third less than the 10-year average. A record tobacco crop is indicated. Most other major crops are expected to approximate last year's harvests and are generally larger than average.

BANK CREDIT

Total loans and investments of member banks in 101 leading cities continued to increase during the four weeks ending July 12, reflecting largely purchases of United States Government securities. Commercial loans, which had shown little change in recent months, increased slightly. Deposits and reserves at these banks rose to new high levels in July, reflecting continued gold imports and Treasury disbursements from its balances at the Reserve banks.

MONEY RATES

Prices of United States Government securities, which had declined somewhat during June, recovered part of the loss in July. The longest-term Treasury bond outstanding showed a yield of 2.31 per cent on July 20, as compared with a record low of 2.26 on June 5. Open-market money rates showed little change.