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OF THE FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

Activity in most lines of business and industry in the Eleventh District showed some improvement during August, the principal exception being the curtailment of crude oil production resulting from the temporary shutdown of most of the oil wells in the district during the last half of the month. In the third week of September, however, daily average output of petroleum was at a higher level than in the week immediately preceding the shutdown. Department store sales, after having held up better than usual in July, expanded by more than the average seasonal amount in August. In the first half of September buying failed to show the usual seasonal expansion with the result that sales were about 5 per cent lower than in that period of 1938. Wholesale distribution reflected an expansion in August and sales exceeded those in the corresponding month of 1938 by 10 per cent. The value of construction contracts awarded increased further in August and was 10 per cent larger than in the corresponding month last year. During the five weeks ended September 13, the loans at weekly reporting member banks increased considerably, but investments declined somewhat. Their deposits rose to a new high level.

Following the outbreak of the European war early in September, there was a sharp increase in the buying of raw material and finished products. The increased buying was chiefly by manufacturers and distributors for the purpose of building up inventories in anticipation of increased business activity or of higher prices, but consumer purchases of some items, particularly staple food products, were likewise in heavy volume. In some industries the orders received were considerably in excess of current output, necessitating an increase in production schedules and a consequent rise in employment. The heavy buying movement was accompanied by sharp increases in prices of many commodities. The rise in prices of agricultural commodities and livestock and livestock products was particularly beneficial to producers in this district.

BUSINESS

Distribution of merchandise at department stores in principal cities of the Eleventh District increased 25 per cent from July to August, and for the third consecutive month sales were approximately the same as those in the corresponding month of 1938. The expansion over the preceding month was considerably larger than the average gain for this season, with the result that this bank's seasonally adjusted index of department store sales increased further to 107.4 per cent of the 1923-1925 average. This figure is the highest recorded for any month since last January, and compares with an index of 102.6 per cent for July and an average of 105.1 per cent for the first seven months of 1939. Total sales at reporting firms during the first eight months of 1939 were fractionally higher than in the comparable period last year. Preliminary reports indicate that sales during the first half of September were somewhat smaller than a year ago.

Following declines in the preceding three months, inventories at reporting stores were increased sharply in August in anticipation of the customary demand for fall merchandise. The increase during August was the same as that recorded in the same month last year, with the result that stocks were maintained at a level 4 per cent higher than a year ago. The rate of collections on open accounts outstand-

ing declined seasonally in August, but continued about the same as that of a year ago.

Demand for merchandise at 87 wholesale firms in nine lines of trade in this district showed a seasonal increase of 6 per cent from July to August, and business was 10 per cent greater than in August, 1938. The latter increase compares with an average gain of only 3.5 per cent for the first eight months of 1939. With the exception of automotive and electrical supply houses, all lines of trade participated in the gains in sales over both comparative months, and although demand for electrical supplies was 9 per cent smaller than in July, it was sharply higher than in August, 1938. Among the individual lines of trade, the most pronounced increases over a year ago were recorded in the sales of machinery and equipment, hardware, electrical supplies and surgical equipment. The business of wholesale dry goods firms was nearly double that in July and 6.5 per cent larger than in August last year. Inventories were reduced about 2 per cent during August, but at the close of the month they were 7 per cent greater than on that date last year. Collections on outstanding accounts during August were at a much higher rate than a month earlier and a year ago.

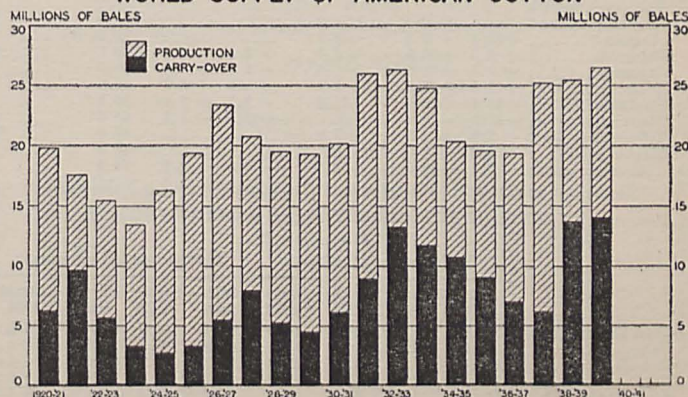
The data compiled by the Bureau of Business Research of the University of Texas show that employment in Texas remained unchanged from July to August and was 2.5 per cent higher than in August, 1938. Payrolls during August were 2.2 per cent larger than in July and 1.8 per cent greater than in the same month last year.

The number of commercial failures in this district showed little change from July to August, but continued more numerous than a year ago. Liabilities of defaulting firms rose considerably in August, exceeding those a month earlier and a year ago by a wide margin. Dun and Bradstreet reported 23 insolvencies during the month with liabilities totaling \$340,000.

AGRICULTURE

Growing crops were benefited considerably by general rains which fell over the major portion of the Eleventh District during the first three weeks of August. Since that time rainfall has been light except in south Texas and in scattered localities elsewhere, and temperatures have been unusually high with the result that in some sections the soil has again dried out and crops have deteriorated. The deterioration has been most noticeable in north-central and west-central Texas. Additional rainfall is needed for fall plowing and the seed-

WORLD SUPPLY OF AMERICAN COTTON



ing of small grains. According to the September 1 report of the Department of Agriculture, there were material increases during August in the prospective production of cotton and grain sorghums in this district. The outlook for other crops showed comparatively little change during the month. On September 1 the prospective production of most summer crops was about equal to or above the 1938 harvest, and with the exception of cotton, the indicated harvest compared favorably with the 1928-1937 average production.

The production of cotton in this district is estimated at 3,866,000 bales, which is 553,000 bales higher than the estimate a month earlier and slightly larger than the 1938 harvest. An improvement in the crop occurred in all states attached to this district except New Mexico where the indicated production declined slightly. In Texas, the estimated production was increased 495,000 bales to a total of 3,072,000 bales which is about the same as production last year. This amount, however, is about one-fourth smaller than average production during the ten years, 1928-1937. The forecast indicates a per acre yield of 170 pounds from the 8,666,000 acres left for harvest. Ginnings prior to September 1 in Texas, Louisiana and Oklahoma totaled 1,030,000 bales, which is about one-third larger than in the same period last year.

The condition of livestock ranges in most sections of the Eleventh District showed an improvement during August, although a decline ordinarily occurs at this season. Rainfall was fairly general during August but it was unevenly distributed with the result that many local areas scattered throughout the district did not receive adequate moisture. At the close of the month prospects were generally favorable except in portions of south-central Texas, central New Mexico, and scattered areas elsewhere. Although beneficial rains fell over some parts of the dry territory during the first half of September, ranges in other areas were affected adversely by high temperatures and the lack of rainfall. Additional moisture is needed throughout the district to insure fall and winter range feeds. Reflecting the improvement in ranges, livestock made good gains in August, and on September 1 their condition was above the average for that date. The Department of Agriculture reported that marketings of

livestock during August were probably below those of a year ago, but contracting of cattle for fall delivery was general at satisfactory prices.

Heavy buying of wool and mohair during the first half of September was accompanied by sharp advances in prices. Wool and mohair prices rose to the highest level since the spring of 1937. There was also a heavy demand for lambs for restocking purposes and for shipment to feed lots, and the range market rose to a new peak for the current season. Prices of all classes of livestock showed a substantial rise on the Fort Worth market.

FINANCE

On September 1 the Board of Governors of the Federal Reserve System announced that the Federal Reserve banks are prepared to make advances to member and nonmember banks on Government obligations at par and at the same rate of discount. At that time this bank's rate on such advances was 1½ per cent per annum, but effective September 16, 1939, this bank established a rate of 1 per cent per annum on advances to member banks secured by direct and such fully guaranteed Government obligations as are eligible for collateral purposes under the provisions of Section 13 of the Federal Reserve Act, and a rate of 1 per cent per annum on advances to nonmember banks secured by direct obligations of the United States as provided in the same section.

Total earning assets of the Federal Reserve Bank of Dallas increased substantially between August 15 and September 15, reflecting an expansion of \$11,700,000 in holdings of United States Government securities. The increase in investments represents this bank's participation in the Federal Reserve

CROP PRODUCTION
(In thousands of units)

Crop	Unit	Texas		Eleventh District	
		Estimated	1938	Estimated	1938
		Sept. 1, 1939	1938	Sept. 1, 1939	1938
Cotton	Bales	3,072	3,086	3,866	3,819
Winter wheat	Bushels	29,390	35,046	30,402	36,020
Corn	Bushels	80,355	75,048	94,690	91,577
Oats	Bushels	32,660	36,920	35,355	39,563
Grain sorghums	Bushels	48,087	46,951	66,101*	63,744*
Barley	Bushels	3,304	2,363	11,836*	6,757*
Timothy hay	Tons	993	1,012	1,398	1,403
Rice	Bushels	13,155	13,005	13,158†	13,005†
Irish potatoes	Bushels	2,666	2,950	3,377	3,778
Sweet potatoes	Bushels	4,032	4,350	13,158†	12,750†
Peanuts	Pounds	128,700	117,000	154,700†	142,000†
Pecans	Pounds	20,160	23,000	35,093†	28,500†

*Oklahoma, Texas, 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)

	July, 1939		Government payments		Total receipts	
	Receipts from		July 1939	July 1938	Jan. 1 to July 31 1939	July 1938
	Crops	Livestock*				
Arizona	\$ 1,144	\$ 916	\$ 94	\$ 2,154	\$ 2,400	\$ 23,193
Louisiana	402	1,629	1,952	3,983	6,069	39,862
New Mexico	913	1,319	495	2,727	1,747	15,850
Oklahoma	10,975	7,623	1,554	20,152	24,098	91,760
Texas	9,432	15,933	6,457	31,822	30,231	213,967
Total	\$22,866	\$27,420	\$10,552	\$60,838	\$70,545	\$384,632

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

SOURCE: United States Department of Agriculture.

FORT WORTH LIVESTOCK RECEIPTS
(Number)

	August 1939	August 1938	Change over year	July 1939	Change over month
Cattle	46,538	69,004	-22,466	59,454	-12,916
Calves	40,235	47,720	-7,485	43,592	-3,357
Hogs	20,217	22,202	-1,985	19,883	+ 334
Sheep	45,897	106,573	-60,676	87,779	-41,882

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	August 1939	August 1938	July 1939
Beef steers	\$8.65	\$10.50	\$9.25
Stocker steers	7.50	8.25	8.00
Heifers and yearlings	9.50	10.50	10.00
Butcher cows	6.10	6.25	6.75
Calves	8.50	8.00	8.75
Hogs	6.55	9.60	7.10
Lambs	7.50	7.50	8.00

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:			Ratio Aug. collections to accounts outstanding August 1	
	Net sales			Stocks*	
	Aug., 1939 from August, 1938	July, 1939	Jan. 1 to Aug. 31, 1939 from 1938	Aug., 1939 from August, 1938	July, 1939
Retail trade:					
Department stores:					
Total 11th Dist.	-.3	+24.6	+.7	+4.1	+15.8
Dallas	+3.1	+35.0	+.1	+2.7	+15.9
Fort Worth	-2.0	+15.2	+1.2	+.9	+8.3
Houston	-2.0	+22.9	+1.0	+21.6	+29.1
San Antonio	-5.1	+22.0	-.7	+1.5	+13.6
Other cities	+.3	+15.8	+2.4	+3.4	+15.7
Independent stores:†					
Arizona	+1.6	-2.6	.....	.....	.....
Oklahoma	-1.7	-.9	.....	.....	.....
New Mexico	+1.1	+2.3	.....	.....	.....
Texas	+1.8	+5.3	.....	.....	.....
Wholesale trade:‡					
Machinery, eqpt & supplies (except electrical)	+26.8	+9.1	-5.1	.....	53.0
Dry goods	+6.5	+96.5	+4.9	+2.4	-4.4
Groceries	+3.0	+9.6	+.8	+3.5	+.9
Drugs	+1.3	+7.7	+1.9	+1.0	+4.7
Hardware	+15.9	+19.6	+15.0	+2.2	+2.2
Electrical supplies	+17.9	-9.4	.....	+15.7	-5.5
Tobacco & prod's.	+2.0	+4.1	+3.0	.....	92.4
Surgical eqpt.	+28.6	+12.5	.....	.....	47.9
Automotive suppl's	-18.1	-18.1	+2.5	-2.5	-2.5

*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—August 1939	August 1938	Stocks—August 1939	August 1938	Sales—August 1939	August 1938
	Total Eleventh Dist.	107.4	107.7	65.1	63.0	82.7	82.9
Dallas	124.2	119.6	66.3	63.7	89.4	86.1
Fort Worth	122.4	124.2	60.0	59.4	86.9	88.2
Houston	120.1	122.0	45.6	41.2	82.9	84.2
San Antonio	109.2	114.5	57.0	54.6	77.5	81.3

System's open market purchases of Government securities, which were made in pursuance of the System's policy of endeavoring to maintain orderly conditions in the money market. Discounts by this bank for member banks declined seasonally during the month, the total on September 15 being at a nominal level of \$237,000. The reserve deposits of member banks in this district rose sharply between August 15 and September 15, but the total at the close of the period was moderately lower than the all-time high of \$215,300,000 recorded on September 12. Reserves during the first half of September averaged \$205,558,000, as compared with an average of \$197,125,000 in the first half of August. Although required reserves have also risen due to the seasonal expansion in member bank deposits, the increase was smaller than that in total reserves. As a result excess reserves rose to the highest level since July, 1936, and the average during the first half of September was about 58 per cent of required reserves. Federal Reserve notes of this bank in actual circulation increased \$3,450,000 between August 15 and September 15, and the total of \$80,723,000 on the latter date was \$3,246,000 greater than on that date last year.

Loans at weekly reporting member banks in this district, after having declined between July 12 and August 16, rose to a new high level for the year during the subsequent four weeks. Most of the increase occurred during the first two weeks of September and was reflected chiefly in commercial, industrial and agricultural loans. Although loans usually increase at this season, due to the expansion in business and industry, the volume this year was probably augmented to some extent by the demand for credit in connection with the heavy purchases of commodities and merchandise and the pick-up in industrial activity following the outbreak of the European war. At the middle of September total loans at reporting banks exceeded those of a year ago by about \$29,000,000 and were higher than at any other time since the spring of 1932. For several months the reporting banks had maintained their investments in a fairly stable volume around \$258,000,000, but in the first two weeks of September holdings were reduced approximately \$7,700,000. The reduction was effected in holdings of United States Treasury bills and Treasury notes, as holdings of United States Treasury bonds and Government guaranteed obligations were increased. Total holdings of Government direct and guaranteed obligations on September 13 were at the lowest level since the early part of 1936. Total loans and investments on September 13 aggregated \$512,000,000, which is about the average volume maintained during the past several months.

Total deposits of these banks increased moderately during August and then rose sharply during the first half of September. The total expansion between August 9 and September 13 amounted to \$38,600,000 and was reflected in adjusted demand deposits and in interbank deposits. During the five-week period, these banks added \$17,300,000 to their reserve balances at the Federal Reserve Bank and \$19,400,000 to their balances with other domestic commercial banks. Their balances with other domestic commercial banks and their reserves with the Federal Reserve Bank were at all-time high levels on September 13.

INDUSTRY

Construction activity in the Eleventh District increased further in August, reflecting an expansion in all major types of construction work. The value of contracts awarded was the largest since April and exceeded that in August last year by 10 per cent. Awards for residential building were valued at \$9,750,000, which is the largest amount recorded for any month in more than eleven years. Although awards for United States Housing Authority projects contributed substantially to the heavy volume, privately-financed residential building in August was larger than in the preceding month

and was only about 10 per cent under the average for the first seven months of the year. The value of both non-residential building and public works construction increased substantially in August but the volume in each case continued smaller than the respective total a year earlier. The value of commercial and industrial building in August was

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

	Sept. 15, 1939	Sept. 15, 1938	Aug. 15, 1939
Total cash reserves	\$248,772	\$206,788	\$243,564
Discounts for member banks	237	529	375
Other bills discounted	59	None	59
Industrial advances	545	830	552
Bills bought in the open market	16	16	16
United States Government securities	105,013	84,963	93,291
Total earning assets	105,870	86,338	94,293
Member bank reserve deposits	211,625	167,287	195,803
Federal Reserve notes in actual circulation	80,723	77,477	77,273
Commitments to make industrial advances	None	51	None

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

	Sept. 13, 1939	Sept. 14, 1938	Aug. 9, 1939
Total loans and investments	\$511,936	\$499,414	\$510,859
Total loans	260,534	231,490	250,993
Commercial, industrial and agricultural loans	171,628	147,486	164,490
Open market paper	1,623	1,492	1,687
Loans to brokers and dealers in securities	2,814	2,537	3,515
Other loans for purchasing or carrying securities	13,929	13,998	13,807
Real estate loans	21,462	20,433	21,231
Loans to banks	441	636	448
All other loans	48,637	44,908	45,815
United States Government direct obligations	142,364	175,217	159,481
Obligations fully guaranteed by United States Govt.	52,639	39,693	45,127
Other securities	55,899	53,014	55,258
Reserves with Federal Reserve Bank	142,269	103,816	124,972
Balances with domestic banks	265,791	215,597	246,369
Demand deposits—adjusted*	465,497	412,090	448,533
Time deposits	135,167	132,359	135,562
United States Government deposits	30,309	25,142	31,841
Interbank deposits	241,003	201,762	217,397
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
August, 1937	\$1,060,580	\$203,704	\$586,477	\$111,312	\$474,103	\$ 92,392
August, 1938	1,092,082	222,104	617,125	123,057	474,957	99,047
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
July, 1939	1,202,570	232,020	698,173	128,203	504,397	103,817
August, 1939	1,208,731	232,308	701,997	128,122	506,734	104,186

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	August 1939	August 1938	Pctg. change over year	July 1939	Pctg. change over month
Abilene	\$ 7,607	\$ 7,491	+ 1.5	\$ 7,845	- 3.0
Austin	32,373	29,385	+10.2	32,709	- 1.0
Beaumont	20,989	21,399	- 2.0	22,253	- 5.8
Corsicana	3,142	3,065	+ 2.5	2,841	+10.6
Dallas	241,709	222,102	+ 8.8	238,816	+ 1.2
El Paso	24,678	23,529	+ 4.9	25,948	- 3.8
Fort Worth	74,967	77,441	- 3.2	83,800	-10.5
Galveston	23,189	26,636	-12.9	21,864	+ 6.1
Houston	214,064	200,518	+ 6.8	214,484	- 2.2
Port Arthur	8,874	8,317	+ 6.7	8,695	+ 2.1
Roswell	3,368	4,519	-14.4	4,283	- 9.7
San Antonio	65,317	61,349	+ 6.5	67,706	- 3.5
Shreveport	43,068	40,579	+ 6.1	40,911	+ 5.3
Texarkana*	6,191	6,069	+ 2.0	6,624	- 6.5
Tucson	9,697	8,967	+ 8.1	9,588	+ 1.1
Tyler	10,713	10,980	- 2.4	10,901	- 1.7
Waco	12,759	11,747	+ 8.6	12,680	+ 6.6
Wichita Falls	14,014	14,196	- 1.3	14,393	- 2.6
Total	\$817,199	\$778,287	+ 5.0	\$826,041	- 1.1

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

SAVINGS DEPOSITS

	August 31, 1939			Percentage change in savings deposits from	
	Number of reporting banks	Number of savings depositors	Amount of savings deposits	August 31, 1938	July 31, 1939
Beaumont	3	9,938	\$ 3,843,851	+ 1.0	- .2
Dallas	8	89,320	26,534,998	+ .7	- .7
El Paso	2	17,184	8,221,812	+ 3.8	- .2
Fort Worth	3	35,820	13,694,143	+ 2.5	+ 1.0
Galveston	4	18,702	12,157,985	+ 3.2	+ .3
Houston	10	75,299	30,561,447	+ 5.6	+ .5
Port Arthur	2	6,036	3,041,333	+ 9.2	+ 1.5
San Antonio	5	23,531	18,146,246	+ .5	- 1.0
Shreveport	3	25,365	11,862,553	+ 4.1	- .01
Waco	3	8,349	4,610,506	- 2.7	- 1.3
Wichita Falls	3	7,566	3,853,948	+ 2.3	- 1.2
All other	69	61,092	30,009,447	+ 2.9	+ .4
Total	115	378,202	\$166,598,357	+ 2.8	- .2

considerably larger than in either July this year or August last year.

Daily average production of crude oil in the Eleventh District and in the United States declined in August to the lowest level in several years, reflecting the fifteen-day shut-down of most oil wells in the heavy producing mid-continent area. In the United States production averaged 19 per cent smaller than in August, 1938. This reduction was accounted for almost entirely by a 39 per cent decline in output in the Eleventh District, as the curtailment in other mid-continent areas was about counterbalanced by increased production in some other petroleum producing states, particularly Illinois. In contrast with the reduction in crude oil production, refinery operations rose to the highest level of record, crude oil runs to refinery stills exceeding those in August, 1938, by 7 per cent. In consequence of the heavy refinery runs and the decline in petroleum production, stocks of crude oil were reduced by about 35,000,000 barrels between August 5 and September 9 and on the latter date inventories were 17 per cent below those a year earlier and the lowest in more than seventeen years. Gasoline inventories continued downward despite record refinery operations, but withdrawals from storage continued at a slower rate than in the corresponding period last year. Drilling operations in the Eleventh District during August were substantially lower than in July this year and in August last year; whereas, operations in the United States were only moderately lower than a month earlier and were 2 per cent greater than in August, 1938.

Crude oil prices in the mid-continent area, which were reduced about 20 cents per barrel by several major purchasers during the second week of August, have been restored to their former levels. There has also been a strengthening in prices of refined products.

Domestic consumption of cotton increased sharply during August, and on a seasonally adjusted basis was at the highest level in two years. The seasonally adjusted index of cotton consumption rose to 128 per cent of the 1923-1925 average in August, which compares with 117 per cent in July and 115 per cent in August last year. Domestic mills consumed 628,400 bales of cotton during the month, which is with one exception the largest amount consumed in any corresponding month of record. Mill sales of cotton goods were apparently below the heavy output during August but increased sharply following the outbreak of the European war early in September. The increased demand was apparent in all stages of distribution from mills to retailers and

was accompanied by substantial increases in prices of raw cotton and finished goods. Cotton prices reacted later and are now only moderately above the level obtaining early in September. Reports indicate that mill stocks of cotton goods were reduced considerably and many mills built up a heavy back-log of orders for future delivery. Stocks of raw cotton at consuming establishments were again reduced by more than the average seasonal amount. At the close of August, consuming establishments held only 654,000 bales of cotton, which is almost one-third less than the average holdings for that date during the preceding ten years. At the current rate of consumption, stocks represent approximately one month's supply; whereas, holdings on August 31 are ordinarily sufficient for almost two months' operations.

Reflecting in part an increased demand resulting from the Government export subsidy on American grown cotton, foreign shipments in August were more than double those in July, and exceed those of a year ago by 9 per cent. Exports amounted to 218,800 bales as compared with 106,500 bales in the preceding month, and 200,800 bales in August last year. Shipments to the United Kingdom and France were much greater than a year ago, but exports to other major importing countries were smaller. Reports indicate that cotton exports since the outbreak of the European war have been retarded somewhat by the lack of shipping facilities and the sharp increases in insurance and shipping rates.

The indicated world supply of American cotton for the 1939-1940 season totals 26,530,000 running bales, comprising a record carryover of 14,150,000 bales and an estimated production of 12,380,000 bales. This volume represents an all-time high, exceeding the 1933-1939 supply by 3 per cent and the ten-year average supply by 18 per cent. On the basis of average world consumption of American cotton during the past ten seasons, the supply for the 1939-1940 season is sufficient for more than two years' operations. Cotton in Government loan stock totals about 10,870,000 bales, which indicates a supply of "free" cotton of about 15,660,000 bales for the current season unless a Government loan on the current crop is made available to producers.

CONSUMPTION, STOCKS AND EXPORTS OF COTTON

	(Bales)				
	August 1939	August 1938	July 1939	August 1 to August 31 This season	August 1 to August 31 Last season
Consumption at:					
Texas mills.....	11,062	11,529	9,182	11,062	11,529
United States mills.....	628,448	559,409	521,405	628,448	559,409
U.S. stocks—end of month:					
In consuming estab'nts.....	653,874	1,059,052	861,656		
Public stg. & compresses.....	11,805,195	9,825,329	11,620,955		
Exports from U. S. to:					
United Kingdom.....	72,426	24,033	7,815	72,426	24,033
France.....	32,737	21,833	2,892	32,737	21,833
Italy.....	13,071	14,201	14,913	13,071	14,201
Germany.....	22,077	25,649	14,699	22,077	25,649
Other Europe.....	36,899	43,914	24,174	36,899	43,914
Japan.....	27,986	52,589	18,755	27,986	52,589
All other countries.....	13,596	18,624	23,283	13,596	18,624
Total exports.....	218,792	200,843	106,531	218,792	200,843

CRUDE OIL PRODUCTION

	August, 1939		Increase or decrease in daily average production from	
	Total production	Daily avg. production	August, 1938	July, 1939
North Texas.....	2,960,450	95,498	- 52,720	- 60,626
West Texas.....	5,415,900	174,706	- 74,252	- 99,175
East Texas.....	8,883,350	286,560	-252,040	-193,748
South Texas.....	4,469,300	144,171	- 93,269	- 84,037
Texas Coastal.....	4,733,950	152,708	- 65,384	- 75,102
Total Texas.....	26,462,950	853,643	-537,665	-512,688
New Mexico.....	1,936,450	62,466	- 44,309	- 46,282
North Louisiana.....	1,651,000	52,258	- 26,842	- 17,265
Total District.....	30,050,400	969,367	-608,806	-576,235

SOURCE: The Oil Weekly, Houston, Texas.

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

	August, 1939			August 1 to August 31	
	August 1939	August 1938	July 1939	This season	Last season
Receipts.....	219,034	101,124	76,173	219,034	101,124
Exports.....	118,695	94,035	82,277	118,695	94,035
Stocks, end of month.....	1,091,916	1,238,857	1,002,360		

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

	August		July		January 1 to August 31	
	1939	1938	1939	1938	1939	1938
Eleventh District—total.....	\$ 17,837	\$ 16,156	\$ 14,697	\$ 129,662	\$ 112,212	
Residential.....	9,753	7,572	8,179	58,573	40,275	
All other.....	8,084	8,584	6,518	71,079	71,937	
United States*—total.....	312,328	313,141	299,883	2,311,575	1,847,212	
Residential.....	127,163	99,732	109,330	881,020	586,748	
All other.....	185,165	213,409	190,553	1,430,555	1,260,464	

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	August, 1939		Percentage change valuation from		Jan. 1 to Aug. 31, 1939		Percentage change valuation from 1938	
	No.	Valuation	Aug., 1938	July, 1939	No.	Valuation	Aug., 1938	July, 1939
	Abilene.....	27	\$ 72,375	+63.3	+111.7	199	\$ 443,010	-26.1
Amarillo.....	62	249,425	+60.8	+162.7	498	1,092,147	+35.1	
Austin.....	331	558,983	+ 4.0	- 12.7	2,037	5,707,773	+47.4	
Beaumont.....	149	149,368	+12.7	+ 4	1,181	1,022,535	+10.0	
Corpus Christi.....	183	388,190	+85.2	+ 75.3	1,234	3,468,943	+67.6	
Dallas*.....	626	1,073,767	- 1.9	+ 36.1	4,971	8,178,310	+14.7	
El Paso.....	92	142,163	-50.4	+ 19.0	828	1,281,806	+ 8.8	
Fort Worth.....	243	382,114	-11.8	- 16.0	1,946	4,135,063	- 3.0	
Galveston.....	183	98,281	-82.3	- 18.5	1,190	1,019,618	-48.6	
Houston.....	581	1,667,065	+ 2.0	+ 24.8	4,094	17,550,725	+ 3.4	
Port Arthur.....	159	130,537	+29.1	+ 55.6	1,036	744,575	-34.5	
San Antonio.....	625	594,741	+36.5	+ 58.8	2,600	3,437,281	- 5.7	
Shreveport.....	176	365,411	+19.0	+ 48.2	1,265	3,683,053	+ 4.6	
Waco.....	72	114,659	-34.1	- 11.5	537	1,197,778	+24.5	
Wichita Falls.....	41	106,220	- 5.9	+ 57.4	386	647,292	+19.9	
Total.....	3,550	\$8,063,294	- 2.1	+ 25.2	24,002	\$55,419,969	+ 8.5	

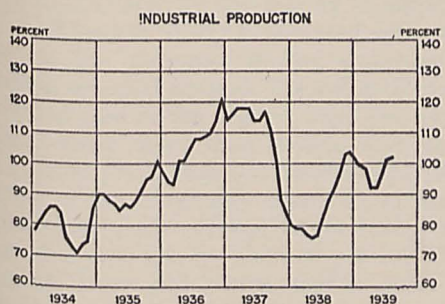
*Includes Highland Park and University Park.

MONTHLY BUSINESS REVIEW

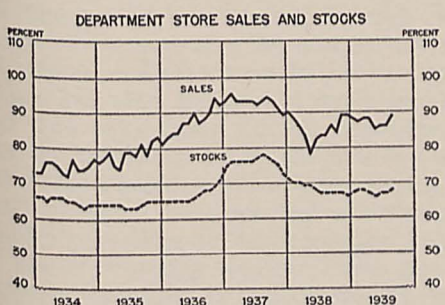
OCTOBER 1, 1939

NATIONAL SUMMARY OF BUSINESS CONDITIONS

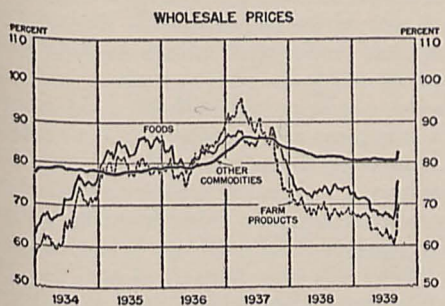
(Compiled by the Board of Governors of the Federal Reserve System)



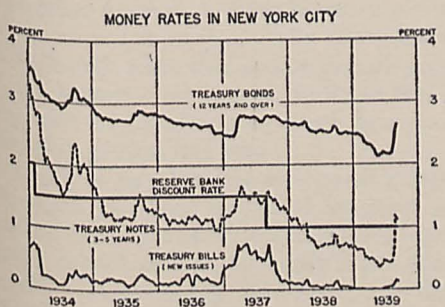
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934 to August, 1939.



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



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending September 16, 1939.



For weeks ending January 6, 1934, to September 16, 1939.

Industrial activity, which had increased substantially during the summer, showed a sharp advance in the first half of September after the outbreak of war in Europe. Prices of basic commodities and equity securities rose sharply while prices of high-grade bonds declined.

PRODUCTION

In August, the Board's seasonally adjusted index of industrial production was at 102 per cent of the 1923-1925 average as compared with 101 per cent reached in July. Volume of manufacturing production increased further, but mineral production declined, owing to a temporary curtailment in output of crude petroleum. In the iron and steel industry output increased somewhat further in August and rose sharply in the first half of September, steel ingot production reaching a rate of 70 per cent of capacity in the week ending September 16 as compared with about 63 per cent at the beginning of the month. Automobile production showed about the usual sharp seasonal changes in this period as the shift to new model production was being made. Output of plate glass increased sharply. Production of non-durable manufactures advanced in August, reflecting chiefly increased activity at cotton and woolen textile mills. At meat-packing establishments activity declined less than seasonally, while at flour mills, where output has been at a high rate in recent months, there was not the usual large seasonal increase. Shoe production advanced seasonally. At coal mines output increased by about the usual seasonal amount and shipments of iron ore were at the highest rate of this season. Petroleum production declined sharply during the latter half of August, reflecting shutdowns of wells in most of the principal oil producing states, but increased rapidly in the first half of September when the wells were reopened.

Value of construction contracts, as reported by the F. W. Dodge Corporation, increased somewhat in August, owing to larger awards for publicly-financed projects, including several large dams and an increased volume of United States Housing Administration projects. Private residential building showed little change, although there is usually some seasonal decline. Other private construction, which in July had been the highest for any month in two years, declined in August.

DISTRIBUTION

Department store sales increased more than seasonally from July to August. The Board's adjusted index advanced from 86 to 89 per cent of the 1923-1925 average and was at about the level reached in the latter part of last year. Sales at variety stores showed little change in August.

Freight-car loadings rose somewhat further in August, reflecting chiefly continued increases in shipments of coal and miscellaneous freight.

COMMODITY PRICES

Prices of most basic foodstuffs and industrial materials advanced sharply in the first half of September. Prices of wheat, corn, sugar, cocoa, and vegetable oils as well as of hides, rubber, wool, zinc, and tin showed the largest increases. The general level of wholesale commodity prices as measured by the Bureau of Labor Statistics index rose 3.1 points and in the week ending September 9 was at 78.4 per cent of the 1926 average, about the same level as a year ago.

AGRICULTURE

Crop prospects showed some improvement on September 1 over a month earlier, according to the Department of Agriculture. Indications are that production of all leading crops except cotton will be average or above average in volume. A cotton crop of 12,380,000 bales, about 10 per cent below the 1923-1937 average, is forecast. This compares with a crop of 11,940,000 bales in 1938 and an estimated world consumption of 11,265,000 bales of American cotton during the past season.

GOVERNMENT SECURITY MARKET

Average yields on long-term Treasury bonds, which had advanced fractionally since last June, increased sharply by about $\frac{1}{2}$ of 1 per cent in the latter half of August and early September. In pursuance of the System's policy of endeavoring to maintain orderly conditions in the money market, the Federal Reserve banks during the first half of September increased their holdings of Government securities by about \$400,000,000. On September 1 the Board of Governors of the Federal Reserve System announced that the Federal Reserve banks are prepared at this time to make advances on Government obligations to member and nonmember banks at par and at the same rate of discount.

BANK CREDIT

Total investments held by reporting member banks in 101 leading cities declined during the first half of September. At New York City banks the decline represented the redemption at maturity of Federal Farm Mortgage Corporation bonds and at banks in other leading cities it represented the sale of Treasury bills and bonds. Commercial loans of city banks showed a substantial growth during August and the first half of September.