

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

Volume 24, No. 9

Dallas, Texas, November 1, 1939

This copy is released for publication in afternoon papers— Oct. 30

DISTRICT SUMMARY

Industrial activity and buying at wholesale establishments in the Eleventh District increased substantially during September, but consumer buying expanded by less than the average seasonal amount. The value of construction contracts awarded rose to the highest level for any month in several years, being more than double that in September, 1938. Petroleum production increased sharply following the termination of the fifteen-day shutdown of most oil wells in the district, and daily average output during September exceeded that of a year ago by about 6 per cent. Orders received by lumber, flour and cotton textile mills and meat-packing establishments increased sharply during September, but the volume of incoming orders was at a diminishing rate toward the close of the month. Production schedules at some mills were increased appreciably to supply the heavy demand. Distribution of merchandise through wholesale channels expanded by more than the average amount from August to September, and sales were 16 per cent greater than in September last year. Business at retail establishments increased less than seasonally during September, but with cooler weather prevailing during the first two weeks of October a noticeable expansion in consumer buying occurred. Agricultural prospects were affected adversely by the hot, dry weather prevailing during September. Loans and investments at weekly reporting member banks increased considerably between September 13 and October 11, and the total on the latter date was only slightly below the all-time record established last December.

BUSINESS

Sales at reporting department stores in principal cities of the Eleventh District expanded by less than the average seasonal amount during September, and they were 2 per cent less than in the corresponding month last year. On a daily average basis the distribution of merchandise was 36 per cent greater than in August, which compares with an average gain of 44 per cent from August to September. In consequence of the less-than-seasonal expansion in consumer buying, the seasonally adjusted index of department store sales declined to 104 per cent of the 1923-1925 average, which compares with 107 per cent in August, and the 1939 low of 101 per cent recorded in June. According to reports received from representative firms, it appears that the September business in related lines of trade was also lower than in the corresponding month last year. The unusually hot weather prevailing in September appears to have been the principal retarding factor in consumer buying. Sales increased sharply at the turn of the month when this section experienced its first cold wave of the season, and reports indicate that buying during the first half of October was much heavier than in the corresponding period last year.

Stocks of merchandise at reporting department stores were increased by about the usual seasonal amount during September. On September 30 inventories were 9 per cent greater than a month earlier, and only 2 per cent in excess of those on the corresponding date last year. Retail prices of merchandise sold at department stores apparently showed little change during the month.

The rate of collections on both open and instalment accounts increased by more than the average seasonal amount in September, and exceeded that of a year ago by a substantial margin.

The distribution of merchandise through wholesale channels in this district increased sharply from August to September, as retailers in some lines of trade apparently expanded purchases to meet an increase in consumer buying or to build up inventories in anticipation of increased consumer demand and higher prices. Aggregate sales at 76 wholesale firms in eight lines of trade were 17 per cent greater than in August, and exceeded those in the corresponding month of 1938 by 16 per cent. A pronounced increase in business over both comparative months occurred at grocery and hardware establishments, and sales of dry goods and electrical supplies were greatly in excess of those a year ago. The value of purchases during September at wholesale drug and tobacco firms was about the same as that a year earlier. During the first nine months of 1939, sales in all reporting lines of wholesale trade, except machinery and equipment, exceeded those in the corresponding period last year, the most outstanding increase being in the sale of hardware which reflects in part the heavy building activity in the district. Inventories at reporting grocery firms were increased sharply during September, but on the whole the expansion in stocks at wholesale firms was moderate. In relation to sales during the preceding month, the rate of collections in September was about the same as that a year earlier.

The increase in industrial activity and the expansion in some lines of business resulted in substantial gains in employment and payrolls. The Bureau of Business Research of the University of Texas reported that employment and payrolls at Texas establishments rose 2.4 per cent and 1.0 per cent respectively, from August to September. As compared with September last year, employment increased 3.0 per cent and payrolls were 2.3 per cent higher.

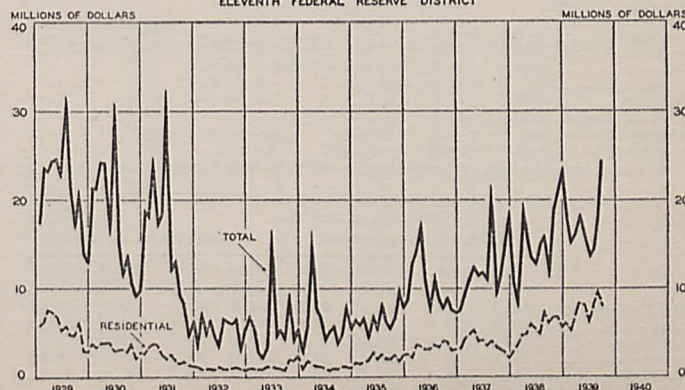
The number and liabilities of commercial failures in this district declined seasonally from August to September, but in both cases the figures remained in excess of those in the corresponding month last year. Dun and Bradstreet reported 21 insolvencies during the month having an aggregate indebtedness of \$257,000.

AGRICULTURE

Growing crops in many sections of the Eleventh District were damaged by the lack of rainfall and extremely high temperatures during September, and as a consequence the prospective production of late maturing crops was reduced considerably. The Department of Agriculture reported sharp declines in the indicated production of sweet potatoes, grain sorghums, and pecans, and moderate reductions in the esti-

CONSTRUCTION CONTRACTS AWARDED

ELEVENTH FEDERAL RESERVE DISTRICT



mated yields of cotton, hay and peanuts. With the exception of peanuts and hay, the indicated production of these crops on October 1 was below the 1938 and the ten-year (1928-1937) average harvests. In the principal grain growing areas of Texas, farmers have made fairly good progress with the preparation of soil for fall planting, but seeding of small grains was delayed because of the dry weather. Although light to heavy rains that fell over the major portion of the district during the first half of October relieved the drouth to some extent and enabled farmers to proceed with fall seeding operations, additional precipitation is needed in most areas to offset the accumulated moisture deficiency. In the former drouth area of south Texas and along the Gulf Coast moisture supplies are adequate for current needs, and the outlook for fall and winter truck crops in these areas is very promising.

The indicated production of cotton in the Eleventh District was placed at 3,684,000 bales on October 1, representing a decline of 5 per cent from that a month earlier. Practically all of this decline is accounted for by the reduction in Texas; nevertheless, the estimated production for Oklahoma was reduced 11 per cent. The October 1 forecast for Texas was placed at 2,900,000 bales, which represents a decline of 172,000 bales from the September 1 estimate and compares with an actual harvest of 3,086,000 bales in 1938. The major portion of the decline in Texas occurred in the northwest section of the State where the hot, dry weather caused shedding and premature opening of bolls. In the United States the indicated production of cotton on October 1 amounted to 11,928,000 bales, or slightly below the 1938 harvest. Ginnings in Texas prior to October 1 totaled 1,969,000 bales as compared with 1,909,000 bales in the corresponding period last year.

Livestock ranges in Texas deteriorated sharply during September as a result of the drouth and excessive heat, and their condition on October 1 was the lowest for that date since 1934. During the first two weeks of October fairly general rains of varying intensity improved the situation in some areas; nevertheless, additional rainfall is needed throughout most of the northern two-thirds of the State to overcome the damaging effects of the unfavorable weather during September. Prospects for winter wheat pasturage are not promising

due to the forced delay in seeding of small grains. In south Texas, southern New Mexico and southeastern Arizona rainfall during September was sufficient for current needs, and ranges in these areas are reported to be in good condition. Cattle and sheep were in about average flesh on October 1, and the Department of Agriculture reported that demand for animals has been active with marketings of sheep exceeding those of a year ago by a wide margin. Supplemental feeds are reported to be ample in most areas, and no forced marketings are anticipated because of deficiencies in feed supplies. In consequence of the delay in seeding of winter wheat, the movement of lambs to the wheat growing territory for pasturage this fall and winter will be much smaller than a year earlier.

FINANCE

Total earning assets of the Federal Reserve Bank of Dallas declined \$6,799,000 between September 15 and October 15. This decrease is accounted for largely by a reduction in holdings of United States Government securities occasioned by the quarterly reallocation on October 1 of the System's investment account among the several Federal Reserve Banks and by the net reduction in the System's total holdings of United States Government direct and guaranteed obligations. Despite the decline during the month ended October 15, earning assets at the middle of October were still \$4,800,000 larger than two months earlier, and \$3,700,000 greater than a year ago. Discounts for member banks by the Federal Reserve Bank of Dallas continued downward; on October 15 the four borrowing banks had a total indebtedness of only \$40,000. The reserve balances of member banks in this district, after reaching an all-time peak on September 12, declined steadily during the remainder of the month, but turned upward again after the first of October, with the result that average reserves during the first half of that month were the highest of record. Excess reserves, which had increased substantially in September, continued upward during the first half of October. Average excess reserves during the latter period were about 60 per cent of required reserves, and exceeded the average for any reserve computation period since the first increase in required reserves became effective in August, 1936. Federal Reserve notes of this bank in actual circulation totaled \$33,800,000 on October 15, which represents a further increase of \$3,000,000 over that a month earlier, and a gain of \$4,000,000 as compared with that on October 15 last year.

Loans and investments of weekly reporting member banks turned sharply upward during the four weeks ended October 11, the net expansion of \$22,902,000 comprising increases of \$8,407,000 in loans and \$14,495,000 in investments. The total on October 11, which amounted to \$534,838,000, was also \$18,176,000 higher than on the corresponding date last year, and was only slightly under the all-time peak reached at the middle of December, 1938. The expansion in loans, which has been in progress since the middle

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

(In thousands of dollars)

	August, 1939			Total receipts		
	Receipts from		Government payments	August 1939	August 1938	Jan. 1 to Aug. 31 1938
	Crops	Livestock*				
Arizona	\$ 473	\$ 1,002	\$ 962	\$ 2,437	\$ 1,743	\$ 25,630
Louisiana	3,073	1,470	2,389	6,932	5,845	46,794
New Mexico	534	1,532	479	2,545	2,174	18,395
Oklahoma	3,833	8,077	1,110	13,020	12,480	104,780
Texas	31,722	15,178	5,706	52,606	39,997	266,573

Total

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

SOURCE: United States Department of Agriculture.

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:					Ratio Sept. collections to accounts outstanding September 1	
	Net sales		Stocks*				
	Sept., 1939 from Sept., 1938	Aug., 1939	Jan. 1 to Sept. 30, 1939 from 1938	Sept., 1939 from Sept., 1938	Aug., 1939	Regular	Instal- ment
Retail trade:							
Department stores:							
Total 11th Dist..	- 1.6	+31.4	+ .4	+ 1.9	+ 9.4	37.4	15.0
Dallas.....	- 2.1	+26.4	- .2	+ 2.4	+11.9	35.4	17.1
Fort Worth.....	- 1.2	+23.2	+ .9	+ 1.6	+ 7.0	36.0	10.7
Houston.....	- 4.0	+45.6	+ .2	+ 5.2	+ 9.5	37.0	...
San Antonio.....	+ .5	+21.4	- .6	- 6.7	+ 1.5	42.5	12.6
Other cities.....	+ .3	+43.1	+ 2.1	+ 5.5	+11.7	39.1	19.5
Independent stores:†							
Arizona.....	+ 7.9	+10.3	.....	.....	.....	...	...
Oklahoma.....	+ 3.0	+13.9	.....	.....	.....	...	...
New Mexico.....	+ .3	- 7.6	.....	.....	.....	...	...
Texas.....	+ 3.2	+13.3	.....	.....	.....	...	...

*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—Sept. 1939	Sept. 1938	Stocks—Sept. 1939	Sept. 1938	Sales—Sept. 1939	Sept. 1938	Stocks—Sept. 1939	Sept. 1938
Total Eleventh Dist.:	103.9	105.1	65.5	64.5	115.3	116.7	72.1	71.0
Dallas	115.9	116.6	69.8	67.8	122.9	123.6	76.1	73.9
Fort Worth	115.4	116.0	58.1	57.9	111.9	112.5	64.5	64.3
Houston	131.9	136.3	45.8	43.6	133.2	137.7	50.8	48.4
San Antonio	94.6	92.4	51.3	56.1	96.5	94.2	55.9	61.1

FORT WORTH LIVESTOCK RECEIPTS

(Number)

	September 1939	September 1938	Change over year	August 1939	Change over month
Cattle	62,183	71,995	-9,712	46,538	+15,645
Calves	59,042	57,452	+1,590	40,235	+18,807
Hogs	29,344	22,307	+7,037	20,577	+8,767
Sheep	86,827	86,814	+13	45,697	+41,130

of August, was reflected chiefly in commercial, industrial and agricultural loans and represented largely the seasonal demand for funds to finance business and industry. Total loans on October 11 were \$28,157,000 higher than on the corresponding date a year earlier and were at the highest level in recent years. In the early part of September, reporting member banks in this district sold about \$7,500,000 of their investment securities and made numerous switches among the several classes of investments, but in the three weeks ended October 11 they made substantial net purchases with the result that total holdings on October 11 were nearly \$7,000,000 higher than holdings at the end of August, and the largest since the end of January this year. The net purchases during the four weeks ended October 11 consisted of \$11,157,000 of Government direct obligations, \$2,105,000 of Government guaranteed obligations, and \$1,233,000 of other securities. Total holdings at the end of the period, however, were still approximately \$10,000,000 lower than on the corresponding date last year.

Total deposits of reporting member banks increased about \$19,000,000 during the four weeks, but the expansion was due almost entirely to an increase in interbank deposits, which are at an all-time high level and approximately \$46,000,000 higher than on the same date last year. Other classes of deposits showed little net change during the four weeks. Between September 15 and October 11, these banks withdrew \$5,880,000 of their balances with the Federal Reserve Bank but added \$2,704,000 to their balances with other domestic commercial banks.

INDUSTRY

Construction contracts awarded in the Eleventh District increased sharply in September, rising to the highest level for any month in eight years. The value of awards totaled \$24,500,000, which was 37 per cent larger than in the preceding month and more than double that in September last year. The increase in building activity is attributable largely to a marked expansion in non-residential building. Following several months in which this type of construction work had been in moderate volume, the value of awards in September rose to the highest level for any month in recent years, and reflected the letting of contracts for several large commercial and industrial projects. Residential building, which had increased sharply in August as a result of the awarding of contracts for some large United States Housing Authority projects, declined in September, but was maintained at a substantially higher level than a year ago. The decline from the preceding month was due to the smaller volume of publicly-financed projects. In Texas, the number of contracts awarded for single family dwellings to be sold or rented was one-fourth smaller than the average for the first eight months of the year, and the value of these awards was the lowest for any month during the current year. Construction of single family dwellings for owner occupancy was maintained in heavy volume. Public utility construction in September was somewhat smaller than in the preceding month, but continued at a much higher level than in the corresponding month last year.

Petroleum production in both the Eleventh District and the United States rose sharply in September, reflecting the resumption of activity following the termination of the shut-down of oil wells in mid-continent fields during the last half of August. Production was also about 6 per cent in excess of that in the corresponding month of 1938. Stocks of crude petroleum declined further during the month and on September 30 were 17 per cent lower than a year earlier. Refinery operations in the United States, as reflected by crude oil runs to stills, were maintained during September at about the record level of August and were 8 per cent larger than in the same month last year. Although the domestic demand

for gasoline was apparently at an all-time record for this season of the year, stocks have declined by a smaller amount than usual due to the heavy production of this product. In consequence, inventories of gasoline on September 30 remained at a level about 4 per cent higher than on the same date in 1938. The demand for lubricants and fuel oils has also been very heavy in recent weeks. Although exports of refined products apparently declined somewhat in September, trade reports indicate that foreign inquiries for some products have become more numerous. Drilling operations in both the Eleventh District and the United States declined somewhat during September and were considerably lower than in the corresponding month of 1938. Markets for crude oil and refined products strengthened considerably in September and, in some instances, actual price increases were posted.

Consumption of cotton at textile mills in the United States

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

	Oct. 15, 1939	Oct. 15, 1938	Sept. 15, 1939
Total cash reserves.....	\$242,623	\$215,607	\$248,772
Discounts for member banks.....	40	284	237
Other bills discounted.....	96	None	59
Industrial advances.....	534	819	545
Bills bought in the open market.....	16	16	16
United States Government securities.....	98,385	94,258	105,013
Total earning assets.....	99,071	95,377	105,870
Member bank reserve deposits.....	211,728	177,028	211,625
Federal Reserve notes in actual circulation.....	83,761	79,662	80,723
Commitments to make industrial advances.....	None	51	None

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

	Oct. 11, 1939	Oct. 12, 1938	Sept. 13, 1939
Total loans and investments.....	\$534,538	\$516,662	\$511,936
Total loans.....	268,941	240,784	260,534
Commercial, industrial and agricultural loans.....	178,818	155,966	171,628
Open market paper.....	1,718	1,349	1,623
Loans to brokers and dealers in securities.....	2,757	2,652	2,814
Other loans for purchasing or carrying securities.....	13,745	14,319	13,929
Real estate loans.....	21,590	20,335	21,462
Loans to banks.....	411	346	441
All other loans.....	49,902	45,817	48,637
United States Government direct obligations.....	154,021	181,112	142,864
Obligations fully guaranteed by United States Govt.....	54,744	40,298	52,639
Other securities.....	57,132	54,468	55,899
Reserves with Federal Reserve Bank.....	136,389	111,764	142,260
Balances with domestic banks.....	268,495	208,306	265,791
Demand deposits—adjusted*.....	466,808	409,837	465,497
Time deposits.....	134,956	132,198	135,167
United States Government deposits.....	30,664	31,045	30,309
Interbank deposits.....	258,862	212,812	241,003
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.

DEBITS TO INDIVIDUAL ACCOUNTS (In thousands of dollars)

	September 1939	September 1938	Pctg. change over year	August 1939	Pct g. change over month
Abilene.....	\$ 8,884	\$ 8,440	+ 5.3	\$ 7,607	+16.8
Austin.....	38,380	29,922	+28.3	32,373	+18.6
Beaumont.....	21,411	22,754	- 5.9	20,969	+ 2.1
Corsicana.....	4,129	4,179	- 1.2	3,142	-31.4
Dallas.....	250,017	238,480	+ 4.8	241,709	+ 3.4
El Paso.....	27,551	23,615	+16.7	24,678	+11.6
Fort Worth.....	79,065	76,225	+ 3.7	74,967	+ 5.5
Galveston.....	25,470	26,902	- 5.3	23,189	+ 9.8
Houston.....	237,861	219,477	+ 8.4	214,064	+11.1
Port Arthur.....	8,847	8,766	+ 0.9	8,874	- 1.2
Roswell.....	4,029	3,737	+ 7.8	3,868	+ 4.2
San Antonio.....	67,762	64,549	+ 5.0	65,317	+ 3.7
Shreveport.....	43,492	44,337	- 1.9	43,068	+ 1.0
Texarkana*.....	8,393	7,616	+10.2	6,191	+35.6
Tucson.....	10,623	9,740	+ 9.1	9,697	+ 0.3
Tyler.....	10,798	11,379	- 5.1	10,713	+ 0.8
Waco.....	15,594	14,187	+ 9.9	12,759	+22.2
Wichita Falls.....	13,800	13,830	- 0.2	14,014	- 1.5
Total.....	\$876,106	\$828,135	+ 5.8	\$817,200	+ 7.2

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

SAVINGS DEPOSITS

		September 30, 1939		Percentage change in savings deposits from	
	Number of reporting banks	Number of savings depositors	Amount of savings deposits	Sept. 30, 1938	Aug. 31, 1939
Beaumont.....	3	9,816	\$ 3,862,078	+ 1.2	+ .5
Dallas.....	8	89,184	26,394,236	- .2	- .5
El Paso.....	2	17,187	8,182,038	+ 3.8	- .5
Fort Worth.....	3	35,676	13,623,089	+ 2.0	- .5
Galveston.....	4	18,668	12,265,252	+ 2.7	+ .9
Houston.....	10	75,219	30,435,328	+ 5.2	- .4
Port Arthur.....	2	5,772	3,151,047	+11.8	+ 3.6
San Antonio.....	5	23,340	17,997,652	- .9	- .8
Shreveport.....	3	25,260	11,881,159	+ 4.2	+ .2
Waco.....	3	8,330	4,620,377	- 2.1	+ .2
Wichita Falls.....	3	7,535	3,797,255	- .3	- 1.5
All other.....	69	60,810	30,049,172	+ 2.6	- .1
Total.....	115	376,797	\$166,258,683	+ 2.3	- .2

during September was maintained at about the same level as in August, and the volume continued much greater than in the corresponding month of 1938. There were 625,000 bales of cotton consumed during the month, as compared with 628,000 bales in August, and 533,000 bales in September last year. Mill sales of cotton goods increased sharply during the first half of September, and although sales were at a diminished rate in the subsequent two weeks, they continued in substantial volume. Reports indicate that total sales during September were far in excess of production, with the result that mill stocks of cotton goods were reduced sharply and mills generally built up a heavy backlog of forward business. On the other hand, stocks at distributors have increased substantially from the low level at the beginning of September. Since the outbreak of the European war, foreign inquiries for textile products have increased. Following substantial increases in prices of cotton cloth and yarn during the first three weeks of September, the market stabilized and prices on most constructions were maintained at or near the higher levels through the first half of October. Raw cotton prices fluctuated within a comparatively narrow range during the month ended October 15, the average at the ten designated spot markets being nearly one-half cent per pound higher than a year ago. Stocks of raw cotton at consuming establishments were increased about one-third during September, but the volume on hand at the close of the month was still 21 per cent less than on that date last year.

Foreign demand for American cotton showed a further sharp expansion during September, and as a consequence exports increased to the highest level for that month since December, 1937. Shipments totaled 649,000 bales, which was nearly three times the volume exported in August and two-thirds greater than in September last year. The Government export subsidy on American grown cotton and the apparent

desire of some importers in foreign countries to build up depleted stocks of American cotton appear to be the major contributing factors to the expansion in cotton exports. Shipments to England and several Continental European countries have accounted for the increase in cotton exports. Although shipments to Japan have declined considerably in comparison with a year ago, the Department of Agriculture reported that there is a strong demand for cotton in that country but that Japanese importers are having difficulty in arranging credits and obtaining dollar exchange for their cotton purchases. The Department of Agriculture announced that sales of cotton and cotton products under the Government's export subsidy program totaled 2,886,000 bales between August 1 and October 14. The sales did not include the cotton now being delivered to Great Britain under the terms of the British-American cotton-rubber barter agreement.

The movement of cottonseed to crushing establishments in Texas during August and September was somewhat smaller than usual in comparison with the supply available from the cotton ginned in the State. Although ginnings prior to October 1 this year were 3 per cent larger than in that period of 1939, cottonseed received at mills was 11 per cent smaller. Crashings of cottonseed and the production of products were likewise substantially lower than a year earlier. During August the demand for cottonseed products, as measured by shipments, was smaller than in that month of 1938, but coincident with advancing prices in September, buying increased sharply with the result that aggregate shipments of all products except linters during the two months were considerably above those in the corresponding period last year. Following the sharp increases in prices during September, the market for cottonseed, cottonseed oil, and cake and meal declined slightly; nevertheless, prices of all products at the middle of October were still higher than at the close of August. Stocks of cottonseed at crushing establishments on September 30 were 39 per cent smaller than a year earlier, and, with the exception of linters, inventories of cottonseed products were below those of a year ago and the ten-year average for that date.

VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	September 1939	September 1938	August 1939	January 1 to September 30 1939	1938
Eleventh District—total	\$ 24,483	\$ 11,415	\$ 17,837	\$ 154,145	\$ 123,627
Residential	7,894	6,059	9,753	66,467	46,334
All other	16,589	5,356	8,084	87,678	77,293
United States*—total	323,227	300,900	312,328	2,634,802	2,148,112
Residential	129,680	99,574	127,163	1,010,700	686,322
All other	193,547	201,326	185,165	1,624,102	1,461,790

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	September, 1939		Percentage change valuation from		Jan. 1 to Sept. 30, 1939		Percentage change valuation from 1938
	No.	Valuation	Sept., 1938	Aug., 1939	No.	Valuation	
Abilene	30	\$ 48,195	+ 67.2	- 33.4	229	\$ 491,205	-21.8
Amarillo	63	271,965	+ 40.2	+ 9.0	561	2,174,112	+35.7
Austin	289	346,133	- 41.4	- 38.1	2,326	6,053,906	+35.7
Beaumont	136	99,241	- 14.1	- 33.6	1,317	1,121,776	- 7.3
Corpus Christi	160	225,700	+ 27.0	- 41.9	1,394	3,094,652	+64.3
Dallas	529	787,276	- 11.0	- 26.7	5,500	9,965,586	-12.1
El Paso	91	871,520	+505.1	+513.0	919	2,153,380	+62.9
Fort Worth	189	254,535	- 18.5	- 30.8	2,135	4,399,598	- 4.1
Galveston	174	112,501	+ 39.0	+ 14.5	1,364	1,132,119	-45.1
Houston	541	2,521,210	+ 38.5	+ 51.2	4,635	20,071,935	+ 6.8
Port Arthur	141	115,090	+ 4.7	- 11.8	1,177	859,665	-31.1
San Antonio	563	423,547	+157.7	- 25.0	3,163	3,890,828	+ 1.3
Shreveport	135	601,631	+ 84.0	+ 64.6	1,400	4,284,684	+11.3
Waco	63	109,850	- 49.4	- 4.2	600	1,307,628	+10.9
Wichita Falls	43	143,965	+ 14.7	+ 35.5	439	791,257	+18.9
Total	3,147	\$6,942,368	+ 31.6	+ 14.5	27,159	\$62,362,337	+11.8

*Includes Highland Park and University Park.

CRUDE OIL PRODUCTION (Barrels)

	September, 1939		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Sept., 1938	Aug., 1939
North Texas	4,269,600	142,320	+ 6,376	+ 46,822
West Texas	8,477,600	282,587	+ 63,042	+107,881
East Texas	14,535,800	484,526	+ 17,934	+197,966
South Texas	6,809,300	226,977	+ 11,939	+ 82,806
Texas Coastal	6,845,200	228,173	+ 27,670	+ 75,465
Total Texas	40,937,500	1,364,583	+126,961	+510,940
New Mexico	2,612,700	87,090	- 18,907	+ 24,624
North Louisiana	1,892,200	63,073	- 13,600	+ 9,815
Total District	45,442,400	1,514,740	+ 94,454	+545,379

SOURCE: The Oil Weekly, Houston, Texas.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to September 30 This season	Last season	August 1 to September 30 This season	Last season
Cottonseed received at mills (tons)	395,461	442,224	1,367,947	1,540,231
Cottonseed crushed (tons)	211,255	232,132	675,625	799,396
Cottonseed on hand Sept. 30 (tons)	239,274	392,165	813,048	1,073,453
Production of products:				
Crude oil (pounds)	59,841,220	66,797,324	207,834,742	246,435,970
Cake and meal (tons)	100,194	108,566	300,581	354,112
Hulls (tons)	55,362	60,498	175,441	206,120
Linters (running bales)	45,009	48,809	157,163	185,105
Stocks on hand Sept. 30:				
Crude oil (pounds)	14,477,521	20,448,708	58,439,739	68,688,601
Cake and meal (tons)	39,068	72,298	124,374	259,419
Hulls (tons)	42,925	53,001	103,493	146,654
Linters (running bales)	129,561	103,257	409,271	466,694

SOURCE: Bureau of Census.

CONSUMPTION, STOCKS AND EXPORTS OF COTTON

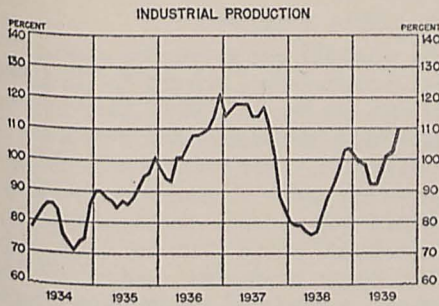
	(Bales)		August 1 to September 30	
	September 1939	September 1938	This season	Last season
Consumption at:				
Texas mills	11,115	10,878	11,062	22,177
United States mills	624,902	533,399	628,448	1,253,350
U.S. stocks—end of month:				
In consuming estab'ts.	870,862	1,107,351	653,874	.....
Public stg. & compresses	14,175,815	13,033,511	11,805,195	.....
Exports from U. S. to:				
United Kingdom	261,557	35,313	72,426	333,983
France	48,739	74,399	32,737	81,470
Italy	45,663	25,886	13,071	58,734
Germany	5,145	36,577	22,077	27,222
Other Europe	200,677	98,682	36,899	237,576
Japan	49,152	96,085	27,986	77,138
All other countries	38,124	21,716	13,596	51,720
Total exports	649,057	388,658	218,792	867,849
RECEIPTS, EXPORTS, AND STOCKS OF COTTON AT THE PORTS OF HOUSTON AND GALVESTON—(Bales)				
	September 1939	September 1938	August 1 to September 30 This season	Last season
Receipts	783,981	612,309	219,034	1,003,015
Exports	381,439	211,297	118,695	713,433
Stocks, end of month	1,478,502	1,634,582	1,091,915	305,332

MONTHLY BUSINESS REVIEW

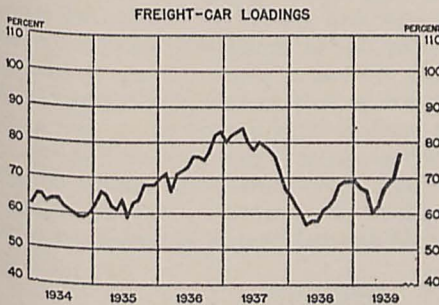
NOVEMBER 1, 1939

NATIONAL SUMMARY OF BUSINESS CONDITIONS

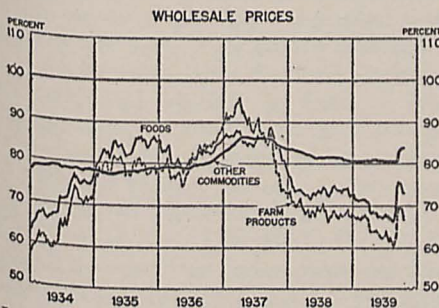
(Compiled by the Board of Governors of the Federal Reserve System)



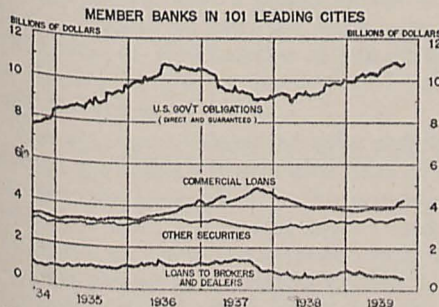
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934 to September, 1939.



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



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending October 14, 1939.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934 to October 11, 1939.

Volume of industrial production, which had turned up sharply last summer, advanced still more rapidly in the six weeks after the outbreak of war. Employment also increased but at a less rapid rate. Consumption of goods by industry and by individuals has not expanded so rapidly as production and orders. Buying of basic commodities, after a burst of activity in early September, has slackened considerably, but orders for many semi-finished goods and for finished products, particularly machinery and railroad equipment, have continued in large volume. Most orders have come from domestic sources. Prices of basic commodities advanced sharply in the early part of September, but in recent weeks prices of foodstuffs have declined while prices of industrial materials in most instances have been maintained. Prices of finished goods have shown a much smaller advance.

PRODUCTION

In September the Board's seasonally adjusted index of industrial production advanced to 110 per cent of the 1923-1925 average as compared with 103 in August and 92 last spring. Increases in output of iron and steel, flour, sugar, meat products, and petroleum were particularly marked in September. In the steel industry ingot production rose from an average rate of 61 per cent of capacity in August to 71 in September. In the first three weeks of October the rate advanced further to 90 per cent and actual volume of output was at the highest level on record. Flour production rose to near record levels and at meat-packing establishments activity was at the highest rate reached in several years. The sharp increase in output of crude petroleum followed a considerable reduction in the previous month and currently production is at about the high rate prevailing before wells were closed in the latter half of August.

In other industries increases in activity, though quite general, were not so marked. Automobile production showed a sharp seasonal rise as volume production of new model cars was begun at most plants, and in related lines, such as plate glass, activity also increased. Textile production increased somewhat further from the high level reached earlier. Shoe production, however, which had been in large volume in the first eight months of the year, decreased in September. Mineral production advanced generally and iron ore shipment schedules were expanded to build up stocks at lower lake ports before the close of the shipping season.

Value of construction contracts, as reported by the F. W. Dodge Corporation, rose further in September, reflecting a contra-seasonal increase in private residential building. Other private construction showed little change and there was some reduction in the volume of new public projects, both residential and nonresidential.

DISTRIBUTION

In September and the early part of October department store sales increased considerably. Freight-car loadings also advanced sharply, with the most marked increases reported in shipments of coal and of miscellaneous freight, which includes most manufactured products.

COMMODITY PRICES

Wholesale prices of foodstuffs declined after the middle of September, following sharp advances earlier in the month. Prices of industrial commodities, which rose considerably until the third week in September, subsequently were generally maintained, although prices of some materials, such as steel scrap, hides, and rubber, declined from earlier peak levels.

BANK CREDIT

Following reductions during the early part of September, Government security holdings by member banks in 101 leading cities increased somewhat during the three weeks ending October 11, reflecting largely the purchase of Treasury bills. Commercial loans continued to increase, but at a less rapid rate than in late August and early September. The volume of demand deposits at city banks also increased further.

Excess reserves, which had increased sharply at member banks during the first half of September, showed further moderate increases during the four weeks ending October 11.

MONEY RATES AND BOND YIELDS

Prices of United States Government securities increased in the latter part of September and the first half of October, following sharp declines early in September. Average yields on long-term Treasury bonds declined from 2.79 per cent on September 21 to 2.62 per cent on October 16. Yields on Treasury notes declined to 0.78 per cent from 1.30 per cent early in September.