

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

Business activity in the Eleventh District was well sustained during October and operations in some lines of industry increased further, though the rate of expansion appears to have been less pronounced than that for the country as a whole. The demand for merchandise at department stores increased by slightly less than the average seasonal amount from September to October, but exceeded that in October, 1938, by 3 per cent. Following sharp increases in August and September, business at reporting wholesale firms declined substantially in October, but sales continued at a higher level than a year ago. The value of construction contracts awarded was much smaller than in either comparative month, and was sharply lower than the average value of contracts awarded during the first nine months of 1939. On the other hand, operations in the petroleum industry continued to expand, exceeding those in October last year by a wide margin. The consumption of cotton at textile mills in Texas was at the highest level in more than two years, and the production of products at cottonseed oil mills increased sharply further to a level much higher than a year ago. Total loans and investments at weekly reporting member banks continued to expand between October 11 and November 15.

BUSINESS

Consumer buying at department stores in principal cities of the Eleventh District increased by slightly less than the average seasonal amount from September to October, but the dollar value of purchases exceeded that of a year ago by about 3 per cent. This bank's seasonally adjusted index of department store sales declined slightly to 103 per cent of the 1923-1925 average in October, which compares with 104 per cent in September, and 100 per cent in October, 1938. Distribution of merchandise during the first ten months of 1939 was about 1 per cent greater than in the corresponding period of 1938, but approximately 2 per cent smaller than in that period of 1937. On the basis of preliminary data, it appears that department store sales during the first half of November were about 2 per cent higher than in the corresponding two weeks of 1938.

The dollar value of stocks at the close of October was 6 per cent greater than a month earlier and 5 per cent larger than on October 31 last year. On a seasonally adjusted basis, inventories of merchandise at reporting department stores on October 31 were at the highest level for any month-end since the spring of 1937.

The aggregate volume of sales during October at 79 reporting wholesale firms in nine lines of trade in this district was sharply lower than in the preceding month, but sales were at a level 7 per cent higher than in the corresponding month of 1938. The recession from the preceding month was due chiefly to a marked decline in the distribution of groceries, sales of which had shown an abnormal expansion during September in consequence of heavy consumer buying at retail following the outbreak of war. Business at reporting dry goods and drug firms was also below that of a month earlier, but the declines in these lines were seasonal in character and sales were considerably higher than a year ago. The distribution of machinery and equipment and automo-

tive supplies increased sharply in October, exceeding that of a year ago by a wide margin. Substantial increases over October, 1938, were also recorded in the sales of hardware and electrical supplies. During the first ten months of 1939, total sales of reporting firms averaged 5 per cent greater than in that period of 1938, the most pronounced gain for this comparison being in the distribution of hardware. Inventories at reporting firms were increased considerably during October, and at the close of the month they were 10 per cent greater than on that date last year. The rate of collections during October on accounts outstanding at the beginning of the month was somewhat higher than a month earlier or a year ago.

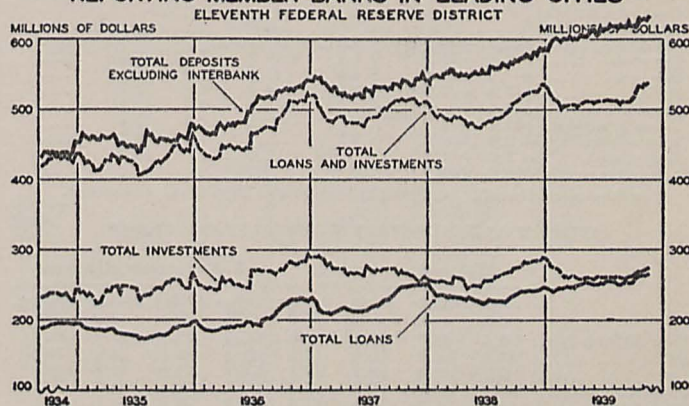
Employment and pay rolls in Texas expanded further in October, reflecting the increasing business and industrial activity. The data compiled by the Bureau of Business Research of the University of Texas show that employment and pay rolls were 1.8 per cent and 3.8 per cent, respectively, greater than in the preceding month and in comparison with a year ago employment was 4.9 per cent higher and pay rolls were up 7.4 per cent. Among manufacturing industries, pronounced increases over the preceding month and the same month last year occurred at establishments producing textiles, forest products, and iron and steel products.

The number of commercial failures in the Eleventh District during October showed little change from that a month earlier or a year ago, but liabilities increased sharply, being about three-fourths larger than in October, 1938. Dun and Bradstreet reported 22 bankruptcies during the month with liabilities totaling \$555,000.

AGRICULTURE

Harvesting of crops in the Eleventh District made rapid progress during October under the stimulus of weather conditions favorable for such operations. As harvesting proceeded, however, it became apparent that yields of some crops would be lower than had been expected earlier in the season, the smaller outturn reflecting chiefly the effects of inadequate moisture during the growing season in many sections of the district. The indicated production of cotton, corn, grain sorghums, peanuts and pecans on November 1 was below that of a month earlier, and it now appears that the 1939 harvest of most major crops will be smaller than in the preceding year. Per acre yields of a majority of crops

REPORTING MEMBER BANKS IN LEADING CITIES



are below those a year ago and the ten-year average. Rains during October and the first half of November stimulated the growth of winter wheat and oats, which are up to a fairly good stand in most areas, but more precipitation is needed to maintain plant growth and to establish a good root system.

Cotton production in Texas was estimated by the Department of Agriculture at 2,890,000 bales on November 1, which compares with an actual harvest of 3,086,000 bales in 1938. The smaller harvest this year is due chiefly to substantial declines in production in northwest and south central Texas, where drouth conditions were severe during the growing season. Production in virtually all sections of the State is below the ten-year, 1928-1937, average harvest, due principally to the smaller acreage in cultivation. In other states attached to this district, the indicated production of cotton showed little change during October.

Production of grapefruit in Texas from the 1939 bloom is estimated at 15,200,000 boxes and the indicated production of oranges totals 2,650,000 boxes. Harvests of these crops from the 1938 bloom amounted to 15,670,000 boxes and 2,815,000 boxes, respectively. Harvesting of fall vegetable crops in south Texas is making rapid progress and yields are satisfactory, but prospects for winter truck crops on November 1 in the dry-land areas were not as promising as a month earlier due to moisture deficiency.

Livestock ranges in most sections of the Eleventh District showed a slight improvement during October and the first half of November, as fairly general rains partially relieved the drouth and stimulated the growth of grass and weeds. Nevertheless, additional rainfall is needed throughout the district, as some sections are still very dry and in most other areas subsoil moisture is inadequate. Prospects for winter wheat grazing are still uncertain in some areas due to a poor root system occasioned by inadequate rainfall. The condition of livestock showed little or no change during October, and except in the dry areas, they are going into the winter in about average flesh. Shipments of livestock to northern feed lots continued heavy in October, and according

to estimates of the Department of Agriculture, total marketings during 1939 will probably exceed those in the preceding year.

Cash income received by farmers in this district from the sale of principal farm products showed sharp seasonal increases during August and September, and in both months receipts exceeded those of a year earlier by a substantial margin. The gains over a year ago resulted largely from heavier marketings of cotton and livestock. During the first nine months of 1939 income from the sale of principal farm products was 5 per cent smaller than in the corresponding period last year due entirely to a reduction in receipts from the marketings of crops. Total farm income during the period, however, was 5 per cent greater than in the first nine months of 1938, as a marked increase in Government benefit payments more than offset the decline in receipts from the sale of farm products.

FINANCE

The accumulation of idle funds at member banks in this district continued to be reflected in reserve balances at the Federal Reserve Bank of Dallas, the total of which reached a new high level of \$222,000,000 on November 9. Although a reduction in these balances occurred in the subsequent week, the aggregate on November 15 was much higher than a month earlier and daily average reserve balances for the first half of November were also at an all-time peak. Required reserves increased by a much smaller amount than total reserves; in consequence, daily average excess reserves of member banks rose to a new high record during the first half of November. Total earning assets of the Federal Reserve Bank of Dallas were reduced further by \$3,500,000 between the middle of October and the middle of November, reflecting chiefly this bank's proportionate share of a net reduction in the System's holdings of United States Government securities. Borrowings by member banks from the Dallas Reserve Bank were virtually liquidated during the past month.

The demand for credit at weekly reporting member banks in this district to finance the seasonally expanding volume of business activity continued heavy during the five weeks ended November 15. Total loans increased further by \$5,740,000, of which amount about \$5,600,000 represented an expansion in loans for commercial, industrial and agricultural purposes. During the past three months total loans

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:					Ratio Oct. collections to accounts outstanding October 1	
	Net sales			Stocks*		Regular	Instal- ment
	Oct., 1939 from Oct., 1938	Sept., 1939	Jan. 1 to Oct. 31, 1939 from 1938	Oct., 1939 from Oct., 1938	Sept., 1939		
Retail trade:							
Department stores:							
Total 11th Dist..	+ 2.8	+ 1.3	+ .8	+ 4.8	+ 6.2	39.5	15.5
Dallas.....	+ 4.3	+ 6.2	+ .3	+ 3.6	+ 4.0	38.7	17.8
Fort Worth.....	+ 4.6	+ 7.4	+ 2.4	+ 11.7	+ 12.9	36.8	11.1
Houston.....	+ 4.1	- 8.2	+ .6	+ 11.3	+ 14.4	39.6	....
San Antonio.....	- 4.1	+ 1.4	- 1.0	- 1.5	+ 2.8	42.8	13.3
Other cities.....	+ 3.3	- 2.3	+ 2.3	+ 4.6	+ 5.5	40.3	18.9
Independent stores:†							
Arizona.....	+ 5.5	+ 8.1	.....	.....	.....	.....	.....
Oklahoma.....	- 2.4	- .6	.....	.....	.....	.....	.....
New Mexico.....	- 1.8	+ 1.7	.....	.....	.....	.....	.....
Texas.....	+ 5.9	+ 4.5	.....	.....	.....	.....	.....
Wholesale trade:†							
Machinery, eqpt & supplies (except electrical).....	+66.9	+20.3	- 2.2	.....	.....	50.0	.....
Dry goods.....	+ 9.3	-15.5	+ 5.9	+ 1.8	- 1.1	42.2	.....
Groceries.....	+ .8	-27.6	+ 4.0	+17.2	+ 8.9	94.9	.....
Drugs.....	+ 6.0	- 1.9	+ 2.0	+ 4.2	+ 6.9	72.9	.....
Hardware.....	+16.4	+ .8	+14.7	+ 4.3	+ 1.5	63.5	.....
Electrical supplies.....	+22.4	+ 5.7	.....	+22.2	+ 1.3	77.4	.....
Tobacco & prod's.....	- 2.9	No chg.	+ 2.1	.....	.....	90.7	.....
Surgical eqpt.....	- 1.9	+ 4.1	.....	.....	.....	52.4	.....
Automotive suppl's.....	+38.9	+56.3	.....	.....	.....	.....	.....

*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—October 1939	October 1938	Stocks—October 1939	October 1938	Sales—October 1939	October 1938	Stocks—October 1939	October 1938
Total Eleventh Dist..	102.6	99.7	68.1	65.0	115.9	112.7	77.0	73.4
Dallas.....	106.0	101.2	70.4	67.9	129.3	123.5	78.9	76.0
Fort Worth.....	106.5	101.8	64.4	57.7	121.4	116.0	74.1	66.3
Houston.....	108.6	105.6	52.0	45.9	112.9	109.8	60.3	53.3
San Antonio.....	85.9	92.3	51.4	51.8	96.2	103.4	58.1	58.5

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

	September, 1939			Total receipts		
	Crops	Livestock*	Government payments	Sept. 1939	Sept. 1938	Jan. 1 to Sept. 30 1938
Arizona.....	\$ 1,978	\$ 1,633	\$ 502	\$ 4,113	\$ 3,022	\$ 29,743
Louisiana.....	15,854	1,625	1,770	19,249	14,946	66,043
New Mexico.....	1,520	3,268	1,592	6,380	4,074	24,775
Oklahoma.....	7,884	9,518	687	18,069	16,398	122,849
Texas.....	61,862	19,163	12,918	93,943	69,363	360,516
Total ...	\$89,098	\$35,207	\$17,449	\$141,754	\$107,803	\$603,926

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

SOURCE: United States Department of Agriculture.

FORT WORTH LIVESTOCK RECEIPTS

	(Number)		Change over year	September 1939	Change over month
	October 1939	October 1938			
Cattle.....	67,202	79,175	-11,973	62,183	+ 5,019
Calves.....	56,815	71,890	-15,075	59,042	+ 2,227
Hogs.....	29,923	18,275	+11,648	29,344	+ 579
Sheep.....	69,853	87,959	-18,106	86,827	-16,974

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	October 1939	October 1938	September 1939
Beef steers.....	\$9.25	\$9.50	\$9.25
Stocking steers.....	8.50	7.85	8.75
Heifers and yearlings.....	10.00	10.00	10.00
Butcher cows.....	6.50	5.75	6.75
Calves.....	8.25	7.75	9.00
Hogs.....	7.00	8.75	8.25
Lambs.....	8.50	7.25	8.50

at reporting banks have risen \$25,500,000, and at the middle of November they were \$32,800,000 greater than on the corresponding date last year. Total investments of these banks showed little change during the period since the reduction in holdings of Government guaranteed obligations was slightly more than offset by an increase in holdings of Government direct obligations and other securities. In comparison with the corresponding date last year, total investments on November 15 were \$18,200,000 smaller due entirely to the smaller holdings of Government direct obligations. Total loans and investments at the middle of November were \$6,000,000 greater than five weeks earlier and \$15,000,000 above those a year ago.

Deposits at reporting banks continued to expand by a greater amount than loans and investments, and in consequence idle funds increased further. Total deposits showed a net increase of \$23,000,000 between October 11 and November 15, reflecting chiefly a further expansion in interbank deposits. Although reserves at the Federal Reserve Bank were reduced \$1,600,000 over the period, balances with other domestic commercial banks were increased \$17,000,000.

INDUSTRY

The value of construction contracts awarded in the Eleventh District, which was in the largest volume in several years during September, declined 40 per cent in October to a level only slightly higher than the 1939 low recorded last June. The value of awards was also about one-fourth smaller than in October last year. Sharp declines from September occurred in all of the major classes of construction work and in both privately-financed and publicly-financed building. Non-residential building, which had shown a marked increase in September, declined sharply in October and was about 2 per cent smaller than in October last year. Nevertheless, awards for this type of building were, with the exception of September, larger than in any other month during the current year. Public works construction has shown a downward trend during 1939, and in October the value of awards was the smallest since February, 1938. Contracts awarded for residential building declined further, with the October volume 38 per cent below the 1939 peak recorded in August and 19 per cent below the average for the first nine months of 1939. Despite the sharp contraction in building activity during October, the value of contracts awarded during the first ten months this year was nearly one-fifth greater than in the corresponding period of 1938.

The value of building permits issued at fifteen principal cities in the Eleventh District increased sharply during October, and was at the highest level since the spring of 1929. The large October volume reflects in part the taking out of permits for some large projects, the contracts for which were let in September. The increases over the preceding month and the same month last year were exceptionally large at San Antonio, Fort Worth, Corpus Christi and Shreveport. During the first ten months of this year, the valuation of permits issued at all reporting cities in the district exceeded that for the same period in 1938 by 20 per cent.

The expansion in building activity during 1939 has resulted in an increase in demand for the products of allied industries. The rate of operations at Portland cement mills in Texas, which had risen to an all-time peak in 1938, showed a further expansion during the first ten months of 1939. Production during the period exceeded that of a year ago by 10 per cent and shipments were up 3 per cent. Activity at southern pine mills, as measured by production and shipments of lumber, was about 5 per cent greater in the first ten months of 1939 than in the corresponding period of the previous year.

Operations in the petroleum industry continued to expand during October. Daily average production of crude oil in both the Eleventh District and the United States increased

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

	Nov. 15, 1939	Nov. 15, 1938	Oct. 15, 1939
Total cash reserves	\$255,553	\$216,463	\$242,623
Discounts for member banks	6	186	40
Other bills discounted	96	None	96
Industrial advances	510	794	534
Bills bought in the open market	None	16	16
United States Government securities	94,950	94,258	98,385
Total earning assets	95,562	95,254	99,071
Member bank reserve deposits	217,851	179,683	211,278
Federal Reserve notes in actual circulation	83,555	80,937	83,761
Commitments to make industrial advances	None	50	None

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

	Nov. 15, 1939	Nov. 16, 1938	Oct. 11, 1939
Total loans and investments	\$540,888	\$526,219	\$534,838
Total loans	274,681	241,854	268,941
Commercial, industrial and agricultural loans	184,423	158,857	178,818
Open market paper	1,612	1,285	1,718
Loans to brokers and dealers in securities	1,857	2,051	2,757
Other loans for purchasing or carrying securities	13,700	13,250	13,745
Real estate loans	21,670	20,759	21,590
Loans to banks	307	200	411
All other loans	51,112	45,452	49,902
United States Government direct obligations	155,883	189,468	154,021
Obligations fully guaranteed by United States Govt.	52,306	39,209	54,744
Other securities	58,018	55,688	57,132
Reserves with Federal Reserve Bank	134,799	108,997	136,389
Balances with domestic banks	285,584	225,782	268,495
Demand deposits—adjusted*	469,272	422,909	466,808
Time deposits	136,337	131,981	134,956
United States Government deposits	29,692	30,989	30,664
Interbank deposits	279,012	222,159	258,862
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
October, 1937	\$1,110,345	\$210,451	\$613,805	\$116,181	\$496,480	\$ 94,270
October, 1938	1,157,991	224,045	655,665	124,155	502,326	99,890
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
September, 1939	1,255,634	231,820	729,653	128,084	525,981	103,736
October, 1939	1,305,705	231,363	760,455	127,567	545,250	103,796

DEBITS TO INDIVIDUAL ACCOUNTS (In thousands of dollars)

	October 1939	October 1938	Pctg. change over year	September 1939	Pctg. change over month
Abilene	\$ 10,823	\$ 9,523	+13.7	\$ 8,884	+21.8
Austin	33,942	33,939	0.0	33,380	-11.6
Beaumont	24,066	22,261	+ 8.1	21,411	+12.4
Corsicana	3,726	3,746	- .5	4,129	- 9.8
Dallas	269,817	240,403	+12.2	250,017	+ 7.9
El Paso	31,595	26,887	+17.5	27,551	+14.7
Fort Worth	86,594	77,921	+11.1	79,065	+ 9.5
Galveston	28,237	29,830	- 5.3	25,470	+10.9
Houston	248,395	224,406	+10.7	237,861	+ 4.4
Port Arthur	9,384	8,741	+ 7.4	8,847	+ 6.1
Roswell	5,392	4,829	+11.7	4,029	+33.8
San Antonio	69,565	64,728	+ 7.5	67,762	+ 2.7
Shreveport	45,033	44,376	+ 1.5	43,492	+ 3.5
Texarkana*	8,531	7,406	+15.2	8,393	+ 1.6
Tucson	11,623	11,749	- 1.1	10,623	+ 9.4
Tyler	12,115	11,682	+ 3.7	10,798	+12.2
Waco	15,501	14,668	+ 5.7	15,594	- .6
Wichita Falls	14,932	15,024	- .6	13,800	+ 8.2
Total	\$929,271	\$852,119	+ 9.1	\$876,106	+ 6.1

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

SAVINGS DEPOSITS

	October 31, 1939			Percentage change in savings deposits from	
	Number of reporting banks	Number of savings depositors	Amount of savings deposits	Oct. 31, 1938	Sept. 30, 1939
Beaumont	3	9,868	\$ 3,887,237	+ 1.6	+ .7
Dallas	8	89,306	26,427,213	- .8	+ .1
El Paso	2	17,328	8,247,161	+ 4.3	+ .8
Fort Worth	3	36,062	13,588,026	+ 1.1	- .3
Galveston	4	18,714	12,165,240	+ 2.6	- .8
Houston	10	75,418	30,609,215	+ 5.1	+ .6
Port Arthur	2	5,667	3,154,401	+11.6	+ .1
San Antonio	5	23,018	17,917,339	- 2.8	- .4
Shreveport	3	25,082	11,923,507	+ 5.1	+ .4
Waco	3	8,319	4,614,636	- 2.0	- .1
Wichita Falls	3	7,604	3,791,481	- 1.0	- .2
All other	69	60,952	30,096,129	+ 2.5	+ .2
Total	115	877,338	\$166,421,585	+ 1.9	+ .1

further during the month and exceeded that of a year ago by a wide margin. Refinery operations in the United States, as measured by crude oil runs to stills, rose to a new all-time peak for the third consecutive month, the October average exceeding that of a year ago by about 11 per cent. The expansion in refinery runs during the past several weeks has been occasioned in part by the heavy demand for gas and fuel oils, but it has resulted in the production of gasoline in excess of demand. At the close of October, inventories of motor fuel in the United States were at the highest level of record for that date, and were 8 per cent greater than on October 31 last year. Stocks of gas oil at the end of October were about 6 per cent lower than a year earlier, and stocks of fuel oil were down 9 per cent. Crude oil inventories have been maintained at a substantially lower level than a year ago. Prices of crude oil and of refined products have remained firm, and trade reports indicate that the demand for lower grades of crude petroleum has strengthened materially.

Drilling operations in both the Eleventh District and the United States showed a marked increase during October, and the number of drilling rigs in operation on November 1 was much larger than a month earlier.

Cotton textile manufacturing in the United States, which has been very active in recent months, expanded by about the average seasonal amount in October. The seasonally adjusted index of cotton consumption, as computed by the Board of Governors of the Federal Reserve System, remained at 129 per cent of the 1923-1925 average in October and it was sharply higher than the 104 per cent recorded in October, 1938. Actual consumption of cotton during October was in record volume for that month, totaling 687,000 bales.

VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	October 1939	October 1938	September 1939	January 1 to October 31 1939	January 1 to October 31 1938
Eleventh District—total	\$ 14,690	\$ 19,046	\$ 24,483	\$ 168,835	\$ 142,673
Residential	6,019	6,879	7,894	72,486	53,213
All other	8,671	12,167	16,589	96,349	89,460
United States*—total	261,796	357,698	323,227	2,896,598	2,505,810
Residential	118,303	112,673	129,680	1,129,003	798,995
All other	143,493	245,025	193,547	1,767,595	1,706,815

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	October, 1939			Jan. 1 to Oct. 31, 1939		
	No.	Valuation	Percentage change valuation from Oct., 1938	No.	Valuation	Percentage change valuation from 1938
Abilene	27	\$ 40,483	-27.9	256	\$ 531,688	-22.3
Amarillo	55	172,584	-5.0	618	2,346,696	+31.6
Austin	350	504,208	+4.3	45.7	6,558,114	+32.6
Beaumont	107	183,849	+146.5	85.3	1,305,625	+16.6
Corpus Christi	185	1,368,445	+651.7	1,484	5,063,097	+108.3
Dallas	630	1,559,054	+59.5	1,579	11,524,640	+18.8
El Paso	76	120,522	-41.1	98.0	1,273,908	+49.0
Fort Worth	253	1,910,643	+609.8	995	6,310,241	+30.0
Galveston	170	122,676	+24.8	9.0	1,254,795	+42.0
Houston	517	1,974,015	-35.4	5.152	22,045,950	+9.9
Port Arthur	129	93,089	+15.0	1.306	952,784	-28.3
San Antonio	631	3,042,625	..	3.794	6,903,453	+69.2
Shreveport	146	1,035,117	+352.6	1.546	5,319,801	+30.5
Waco	64	71,010	-13.3	664	1,378,638	+9.3
Wichita Falls	39	113,780	-20.1	478	905,037	+12.0
Total	3,439	\$12,312,080	+94.5	77.3	\$74,674,417	+20.3

*Includes Highland Park and University Park.

**Increase over one thousand per cent.

CRUDE OIL PRODUCTION (Barrels)

	October, 1939		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Oct., 1938	Sept., 1939
North Texas	4,702,000	151,677	+15,130	+9,357
West Texas	8,113,800	261,735	-28,516	-20,852
East Texas	16,416,430	529,562	+58,860	+45,036
South Texas	6,461,900	208,448	-19,523	-18,529
Texas Coastal	6,524,400	210,465	+3,526	-17,708
Total Texas	42,218,530	1,361,887	+86,510	-2,696
New Mexico	3,500,350	112,915	+9,317	+25,825
North Louisiana	2,050,000	66,129	-10,698	+3,056
Total District	47,768,880	1,540,931	+85,128	+26,185

SOURCE: The Oil Weekly, Houston, Texas.

During the first three months of the current cotton season the domestic consumption of cotton amounted to 1,940,000 bales, which is an all-time high for the first quarter of a consuming season. Stocks of raw cotton at consuming establishments, which had been in comparatively small volume for several months, were increased sharply in October, but at the close of the month they were still 3 per cent smaller than a year earlier.

Foreign demand for American cotton continued to expand. Exports from the United States during October were nearly double those in October last year. Shipments during the first quarter of the 1939-1940 season totaled 1,754,000 bales, which exceeds that for any corresponding period since 1933 and compares with 1,054,000 bales in the three months ended October 31 last year; however, exports for the three months were about 9 per cent lower than the average for that period during the ten years, 1928-1937.

On November 7, the Department of Agriculture announced a loan program on the 1939 cotton crop. The new program, which makes loans available to producers until May 1, 1940, is at a basic rate of 8.3 cents per pound for middling, $\frac{7}{8}$ -inch staple, with allowance for location differentials and also for differentials for grades and staples. After the loan program was announced, the price of raw cotton advanced somewhat. On November 16 the average price of cotton, middling $\frac{1}{8}$ -inch staple, at the ten spot markets was 9.54 cents per pound as compared with 9.02 cents per pound on November 6 and a low of 8.89 cents per pound in October.

Coincident with the expansion in movements of cotton through all United States ports, receipts and exports of cotton at the ports of Houston and Galveston have shown a marked increase during the first quarter of the current cotton season. Receipts of cotton at these ports were 35 per cent greater than in the corresponding period last season, and exports rose by two-thirds.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to October 31 This season	Last season	August 1 to October 31 This season	Last season
Cottonseed received at mills (tons)	638,608	688,561	2,532,522	2,707,635
Cottonseed crushed (tons)	398,367	397,520	1,387,440	1,465,983
Cottonseed on hand Oct. 31 (tons)	295,309	473,114	1,265,708	1,574,270
Production of products:				
Crude oil (pounds)	113,023,734	114,252,008	428,196,285	451,942,888
Cake and meal (tons)	188,800	185,719	621,508	651,889
Hulls (tons)	104,187	107,082	353,512	377,845
Linters (running bales)	88,356	87,468	333,257	349,874
Stocks on hand Oct. 31:				
Crude oil (pounds)	22,527,944	27,695,325	78,939,497	81,546,047
Cake and meal (tons)	75,993	85,669	197,618	291,898
Hulls (tons)	66,657	67,333	147,654	165,286
Linters (running bales)	127,353	113,525	397,888	495,732

SOURCE: Bureau of Census.

CONSUMPTION, STOCKS AND EXPORTS OF COTTON

	(Bales)				
	October 1939	October 1938	September 1939	August 1 to October 31 This season	October 31 Last season
Consumption at:					
Texas mills	12,149	10,092	11,115	34,326	32,499
United States mills	686,936	543,857	624,902	1,940,286	1,656,665
U.S. stocks—end of month:					
In consuming estab'nts.	1,465,228	1,508,813	870,862	..	..
Public stg. & compresses	15,468,299	15,307,727	14,175,815	..	..
Exports from U. S. to:					
United Kingdom	298,378	61,452	261,557	632,361	120,798
France	111,909	79,442	48,739	193,885	175,674
Italy	59,887	40,745	45,663	118,621	80,832
Germany	None	47,940	5,145	27,222	110,166
Other Europe	177,663	104,737	200,677	415,239	247,333
Japan	104,394	74,930	49,152	181,532	223,604
All other countries	134,101	55,193	38,124	185,821	95,533
Total exports	886,332	464,439	649,057	1,754,181	1,053,940

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

	October 1939	October 1938	September 1939	August 1 to October 31 This season	October 31 Last season
Receipts	1,084,771	852,735	783,981	2,087,786	1,566,168
Exports	760,799	488,099	341,439	1,260,935	793,431
Stocks, end of month	1,576,400	1,817,341	1,478,502	..	..

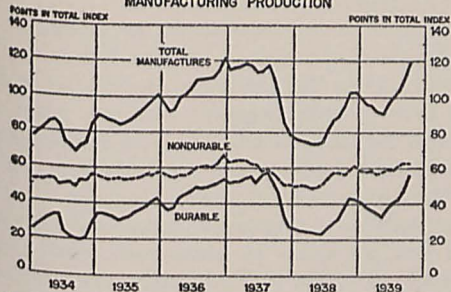
MONTHLY BUSINESS REVIEW

DECEMBER 1, 1939

NATIONAL SUMMARY OF BUSINESS CONDITIONS

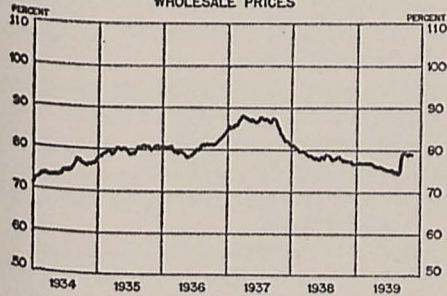
(Compiled by the Board of Governors of the Federal Reserve System)

MANUFACTURING PRODUCTION



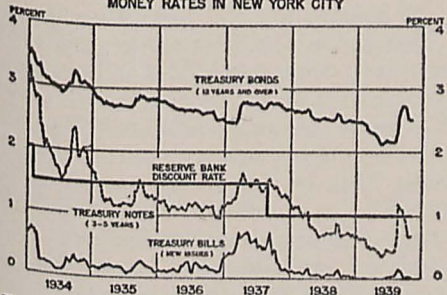
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. Durable and nondurable series expressed in terms of points in the total index. By months, January, 1934, to October, 1939.

WHOLESALE PRICES



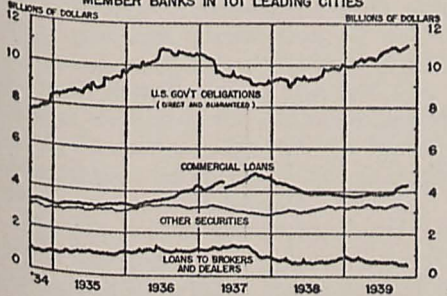
Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending November 11, 1939.

MONEY RATES IN NEW YORK CITY



For weeks ending January 6, 1934, to November 11, 1939.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to November 8, 1939. Commercial loans, which include industrial and agricultural loans, represent, prior to May 19, 1937, so-called "Other loans" as then reported.

Rapid expansion of industrial output continued in October, and employment and pay rolls increased considerably. Distribution of commodities to consumers, which had increased in September, was maintained at the higher level in October. In the first half of November industrial activity increased further but, with production in many industries approaching capacity, the advance was less rapid than in earlier months. Commodity prices generally showed little change during October and the first half of November, following the sharp rise in September.

PRODUCTION

Volume of industrial production showed a further sharp rise in October and the Board's seasonally adjusted index advanced from 111 to 120 per cent of the 1923-1925 average. Marked increases in activity were reported in the steel and steel-consuming industries and at mines. In the steel industry ingot production in October was at a rate of 90 per cent of capacity and actual volume of output was the greatest for any month on record. Some further increase in the rate of output was reported in the first half of November. Pig iron production also advanced sharply and lake shipments of iron ore, which had increased considerably in September, continued in exceptionally large volume. Activity in the machinery and ship-building industries and in most other steel-consuming lines rose in October but by a considerably smaller amount than output of steel. In the automobile industry, however, output showed less than the marked rise usual at this season. This was due to the fact that plants of one large producer were closed during most of the month by an industrial dispute. Mineral production in October was at record levels owing chiefly to a high rate of crude petroleum output.

In the nondurable goods industries activity was generally maintained at the high levels reached in August and September. Flour production declined sharply, however, following an exceptionally large volume of output in September.

Value of construction contracts, as reported by the F. W. Dodge Corporation, decreased considerably in October, reflecting principally a reduction in awards for public construction. Private residential contracts continued in substantial volume while awards for commercial and industrial building declined somewhat following increases in the previous month.

EMPLOYMENT

Reports from leading industrial States indicate that factory employment and pay rolls increased sharply between the middle of September and the middle of October. Increases were particularly large at steel mills and in related industries. There was also a considerable increase in employment on the railroads in October.

DISTRIBUTION

Retail distribution of general merchandise in October showed about the usual seasonal rise from the advanced September level. In the early part of November department store sales increased considerably.

Freight-car loadings rose further from September to October, reflecting a large increase in shipments of miscellaneous freight, which includes most manufactured products, and smaller increases in loadings of coal, forest products, and ore.

COMMODITY PRICES

Price changes that have occurred since the general sharp rise in September have reflected largely particular developments in individual commodities. From the middle of October to the middle of November prices of a number of foodstuffs continued to decline and there were also decreases in some industrial materials, such as print cloths, wool, tin, and steel scrap. Wheat, cotton, and burlap advanced somewhat while prices of most other commodities, including finished industrial products, showed little change.

GOVERNMENT SECURITY PRICES

Following a sharp recovery from the low of September 21, prices of United States Government bonds showed irregular changes during the period from October 24 through the first half of November. On November 15 yields on long-term Treasury bonds were at 2.47 per cent as compared with 2.79 per cent on September 21.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities increased substantially during the six weeks ending November 8, reflecting largely purchases of Treasury bills by New York City banks. Commercial loans continued to show moderate increases. Deposits at these banks rose to new high levels.