

Monthly Business Review

OF THE FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

Distribution of commodities to consumers in the Eleventh District and activity in some lines of industry showed a further expansion in November after allowance is made for average seasonal changes. Employment and payrolls were maintained at a considerably higher level than a year ago. Daily average sales at reporting department stores and business at wholesale trade firms showed little change from October to November, although a decline ordinarily occurs at that time. Production of crude oil and lumber during November was maintained at about the October rate and continued in larger volume than a year ago. Operations at cotton textile mills in Texas continued to expand, the amount of cotton consumed being the largest in several years. The value of construction contracts awarded declined further to a level sharply lower than in the corresponding month of 1938, and activity at cottonseed oil mills was much smaller than a month earlier or a year ago. The outlook for the agricultural and livestock industries is being affected adversely by the severe moisture deficiency in the major portion of the district. Loans at weekly reporting member banks increased further between November 15 and December 13, the total on the latter date being at the highest level since the fall of 1931.

BUSINESS

The business of department stores in principal cities of the Eleventh District declined by less than the average seasonal amount from October to November, but sales were about 2 per cent lower than in the corresponding month of 1938. On a seasonally adjusted basis, consumer buying at reporting firms during the past three months—September through November—averaged 103 per cent of the 1923-1925 average. This figure is the same as that recorded for the corresponding period of 1938, but 6 points lower than in that period of 1937. With respect to the latter comparison, however, it may be noted that, after allowance is made for the lower retail price level, the physical volume of merchandise purchased by consumers in the fall of 1939 probably approximated very closely that purchased in the comparable period of 1937. Preliminary reports indicate that Christmas trade at reporting firms during the first two weeks of December compared favorably with that in the corresponding period in each of the years 1938 and 1937.

Inventories at reporting department stores were increased further during November, and at the close of the month they were 6 per cent greater than on that date last year. This bank's seasonally adjusted index of department store stocks has risen sharply during the past four months, increasing from 63 per cent of the 1923-1925 average in July to 72 per cent in November. Although the latter figure is the highest recorded since the spring of 1931, it is still at a comparatively low level in relation to sales.

The distribution of merchandise through wholesale channels in this district was well sustained during November, reflecting numerous fill-in orders by retail merchants. Although buying at wholesale ordinarily declines in November, aggregate sales at 80 reporting firms in nine lines of trade showed virtually no change from October to November this year, and exceeded those in November last year by 6 per cent. Substantial increases over the preceding month were recorded in the sale of drugs, tobacco and tobacco products, surgical equipment and automotive supplies, and the distribution of dry

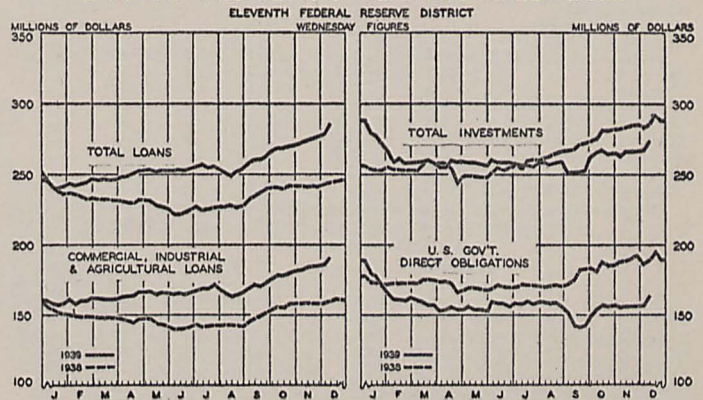
goods declined by less than the average seasonal amount. Sales at wholesale grocery firms, which had declined sharply in October following the exceptionally heavy buying movement in September, showed a contra-seasonal increase in November. In comparison with November, 1938, sales in all reporting lines of trade except dry goods showed an improvement, the increases ranging from 2 per cent for groceries to 59 per cent for surgical equipment. Inventories at reporting firms were reduced about 2 per cent during November, but stocks on hand at the close of the month were still 8 per cent greater than on the corresponding date last year. In most lines of trade, however, the increases in inventories over the past year have been moderate in comparison with the expansion in sales.

The number and liabilities of commercial failures in the Eleventh District were smaller during November than in the corresponding month of 1938 and were also considerably below the respective averages for the first ten months of the current year. According to Dun and Bradstreet, there were 24 insolvencies during the month with liabilities aggregating \$293,000.

AGRICULTURE

Agricultural conditions in some portions of the Eleventh District were aided by rains in November and early December and farmers are now making good progress with fall plowing operations where soil conditions will permit. Surface moisture is sufficient for current needs in those areas which received good rains recently, but there is a marked deficiency in subsoil moisture over the major portion of the district and additional precipitation is urgently needed to relieve this situation. The condition of winter wheat in Texas is spotty. In portions of central-west and northwest Texas germination of seed was poor and stands are irregular, but stands are generally good in those areas that received rains earlier in the fall. The development of the crop has been retarded by the lack of moisture and the crop is in poor to only fair condition over a considerable part of the wheat growing territory. Weather conditions during November were unfavorable for the advancement of winter truck crops in the dry-land areas of south Texas, but the mild temperatures and generally dry weather prolonged the harvesting season for fall vegetables. Prior to December 15 the number of car-lot shipments of fruit and vegetables from south Texas totaled 6,556 cars, which is only fractionally smaller than in the corresponding period of 1938.

LOANS AND INVESTMENTS OF REPORTING MEMBER BANKS



According to the final estimate of the Department of Agriculture, the 1939 production of cotton in Texas was 2,830,000 bales as against an actual harvest of 3,086,000 bales in 1938. Although the estimated per acre yield of 157 pounds in this State is 7 per cent smaller than in the preceding year, it exceeds the 1928-1937 average yield by 10 pounds per acre. The total cotton area harvested in Texas this year was the smallest since 1905. The indicated production of cotton in other states attached to this district is equal to or above the 1938 and ten-year average harvests, except in Oklahoma where the crop was damaged by drouth. The final estimate for the United States was placed at 11,792,000 bales, which is only slightly smaller than the 1938 production. The quality of cotton grown in Texas was seriously affected by the drouth that prevailed during the growing season. According to the Department of Agriculture, 65 per cent of the cotton ginned in Texas prior to December 1 was shorter than $\frac{1}{8}$ -inch staple, as against only 40 per cent in the corresponding period of 1938. The grade of cotton was also lower than in the preceding year.

Livestock ranges in the western portion of the Eleventh District showed some improvement during November, but a further deterioration elsewhere apparently offset this improvement with the result that the condition of ranges generally showed little or no change from that a month earlier. Moisture supplies are still deficient over the major portion of the district, and the outlook for winter range feed is not generally favorable. It is probable that considerable supplemental feeding will be necessary in some sections during the winter. Mild temperatures thus far this winter have aided the development of livestock. On December 1 cattle and calves were in about average flesh except in a few extremely dry areas, and the condition of sheep and lambs was above the ten-year average for that date. According to the Department of Agriculture, the number of cattle on feed for marketing purposes in Arizona is much greater than a year ago; whereas, in Texas the number appears to be smaller due chiefly to the poor condition of ranges and pastures.

Following substantial increases in the preceding two months, cash income of farmers in this district showed a counter-to-seasonal decline in October. A sharp falling-off

in marketings of cotton was the principal cause for the contraction in income, although Government benefit payments also declined. Receipts from sales of livestock and livestock products continued sharply upward, reaching the highest level in several years. The heavy income from the sale of livestock reflects in part increased marketings occasioned by relatively poor range conditions. Despite the decline from the preceding month in receipts from crop marketings and Government payments, total income from all sources was moderately higher than in October last year.

FINANCE

The reserve balances of member banks in this district, which had reached an all-time high level in November, declined somewhat in the first half of December. The average in the latter period, which amounted to \$216,000,000, was about \$1,600,000 below that for November but higher than that for any other month of record. Excess reserves during the first half of December were slightly lower than the all-time peak recorded in the first half of November but they were still about 60 per cent of required reserves. Holdings of Government securities showed a further decline of \$4,075,000 during the thirty-day period, representing this bank's proportionate share of the reduction in the System's holdings of United States Government securities. Federal Reserve notes of this bank in actual circulation showed little net change during the two months ended December 15, but the daily average volume outstanding over the period was \$3,100,000 greater than the average in the corresponding period of 1938.

Loans for commercial, industrial and agricultural purposes at weekly reporting banks in this district expanded further by \$5,800,000 during the four weeks ended December 13, and in the same period there was a net gain of \$5,100,000 in other types of loans. Between August 16 and December 13 this year, loans for all purposes expanded \$36,300,000 to a total of \$285,600,000. The expansion during the four months was the largest for that period in recent years, and total loans outstanding on December 13 were at the highest level in eight years, exceeding the total on the corresponding date in 1938 by \$41,000,000. Total investments of these banks were increased \$8,200,000 between November 15 and December 13, reflecting an expansion in holdings of direct obligations of the United States Government, occasioned in part by purchases of the new issue of Treasury bonds dated December 8, 1939. Aggregate investments of reporting banks, which amounted to \$274,500,000 on December 13, were approximately \$11,500,000 lower than on the corresponding date last year.

On September 6 this year, total loans at weekly reporting banks exceeded investments for the first time in about six years, and in the subsequent three months the spread widened

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:				Ratio Nov. collections to accounts outstanding November 1		
	Net sales		Stocks*		Regular	Instalment	
	Nov., 1939 from Nov., 1938	Jan. 1 to Nov. 30, 1939 from 1938	Nov., 1939 from Nov., 1938	Oct., 1939			
Retail trade:							
Department stores:							
Total 11th Dist.	- 1.6	- 4.2	+ .4	+ 5.5	+ 3.4	42.2	15.4
Dallas	- 4	- 5.8	+ .3	+ 3.3	+ 2.3	43.1	16.7
Fort Worth	- 3.2	- 6.0	+ .7	+ 12.3	+ 7.7	38.7	11.2
Houston	- 4.1	+ 2.7	+ .1	+ 12.0	+ 1.7	42.1	13.8
San Antonio	+ .6	- 5.6	- .9	+ 1.1	+ 7.0	44.8	21.9
Other cities	- 1.9	- 5.3	+ 1.8	+ 6.0	+ 1.7	40.2	21.9
Independent stores:†							
Arizona	- 1.6	.....	.....	.....	.....	.....	.....
Oklahoma	- 2.5	+ 1.7	.....	.....	.....	.....	.....
New Mexico	- .9	.....	.....	.....	.....	.....	.....
Texas	+ .6	- .8	.....	.....	.....	.....	.....
Wholesale trade:‡							
Machinery, eqpt & supplies (except electrical)	+12.8	-29.1	- 1.6	- 8.4	+ 1.2	47.5	.....
Dry goods	- 3.1	-15.3	+ 5.5	+ 8.5	- 4.4	37.7	.....
Groceries	+ 1.5	+ .9	+ 3.7	+ 12.4	- 4.6	90.7	.....
Drugs	+14.5	+ 9.3	+ 3.1	+ 4.5	+ .5	70.4	.....
Hardware	+15.8	- 7.3	+14.8	+10.5	+ .3	71.6	.....
Electrical supplies	+15.1	-16.3	.....	+ 3.7	+ .9	72.3	.....
Tobacco & prod's	+ 5.0	+15.6	+ 2.4	.....	.....	80.7	.....
Surgical eqpt.	+58.7	+43.1	.....	.....	.....	71.9	.....
Automotive suppl's	+31.1	+31.1	.....	+ 4.7	- .6	69.2	.....

*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—Nov. 1939	Nov. 1938	Stocks—Nov. 1939	Nov. 1938
Total Eleventh Dist.	104.4	105.4	71.6	67.5
Dallas	108.5	108.2	74.1	71.9
Fort Worth	98.9	100.9	70.6	62.6
Houston	107.1	113.6	53.1	46.9
San Antonio	85.0	84.6	58.6	57.4

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

	October, 1939		Government payments	Total receipts		
	Receipts from			Oct. 1939	Oct. 1938	Jan. 1 to Oct. 31 1939
	Crops	Livestock*		1939	1938	1938
Arizona	\$ 2,772	\$ 4,177	\$ 124	\$ 7,073	\$ 5,691	\$ 36,816
Louisiana	13,869	2,236	4,063	20,168	18,462	86,211
New Mexico	1,937	7,665	263	9,865	8,200	34,640
Oklahoma	9,765	9,164	2,204	21,133	17,882	143,982
Texas	36,859	24,000	9,238	70,097	70,016	430,613
Total	\$65,202	\$47,242	\$15,892	\$128,336	\$120,251	\$732,262

*Includes receipts from the sale of livestock and livestock products. SOURCE: United States Department of Agriculture.

FORT WORTH LIVESTOCK RECEIPTS (Number)

	November 1939	November 1938	Change over year	October 1939	Change over month
	1939	1938		1939	
Cattle	54,420	67,097	-12,677	67,202	-12,782
Calves	44,937	53,226	- 8,289	56,815	-11,878
Hogs	25,209	18,908	+ 6,301	30,383	- 5,174
Sheep	38,006	59,117	-21,111	69,857	-31,851

gradually with the result that loans on December 13 were \$11,000,000 greater than investments.

Total deposits at weekly reporting banks, which had risen sharply in the preceding three months, showed little net change between November 15 and December 13. Their balances with other domestic commercial banks declined considerably, reflecting the withdrawal of funds to meet the expansion in loans and investments. Nevertheless, these balances are still at a very high level, exceeding those of a year ago by about \$40,000,000.

Debits to individual accounts at banks in eighteen principal cities of the Eleventh District during November were at the highest rate for that month in several years. The expansion over November, 1938, averaged 9 per cent, which is much higher than the average year-to-year gain during the first ten months of the current year.

INDUSTRY

Construction activity in the Eleventh District, as measured by the value of contracts awarded, declined in November to the lowest level for any month in more than a year. This recession follows a marked decline in the preceding month, and as a consequence the value of awards in November was only about one-half of the unusually large September volume and 25 per cent less than the average for the first ten months of 1939. The sharp contraction in building activity over the past two months reflected chiefly a decline in non-residential building, the value of which decreased from \$12,400,000 in September to \$3,200,000 in November. The major portion of the decline in this type of construction work was in privately-financed building. Following declines in October, the value of awards for residential building and public works construction increased in November, but in both cases the rate of activity was about 15 per cent smaller than the average monthly rate for the year to date. In comparison with November, 1938, awards for all major classes of construction work were smaller, the declines ranging from 12 per cent for residential building to about 54 per cent for non-residential and public works construction.

The valuation of building permits issued at fifteen principal cities in the Eleventh District declined sharply in November from the high level attained in the preceding month; nevertheless, the value of permits was 14 per cent greater than in the corresponding month of 1938.

Production of crude oil in the Eleventh District and the United States has shown an upward trend since the outbreak of war, and in November daily average output exceeded that in the corresponding month of 1938 by 2 per cent and 9 per cent, respectively. The rate of expansion over a year ago in the Eleventh District has not been commensurate with that for the United States due chiefly to extensive development of new fields outside the Eleventh District and the maintenance of conservative production allowables in this district in an effort to maintain a balance between supply and demand. Although refinery operations in the United States declined moderately from October to November, crude oil runs to stills were maintained in large volume, with the consequent heavy production of refined products. The heavy refinery operations reflect the strong demand for heating and industrial oils coincident with low stocks of some grades of heating oil. On the other hand, the expanded operations in the industry have resulted in the output of gasoline in excess of consumption; as a result, gasoline stocks increased further in November to a level 10 per cent higher than a year ago. Inventories of gas and fuel oils declined about 4 per cent during the month and on November 30 were considerably smaller than on the corresponding date last year. Stocks of crude oil in the United States, which had been reduced sharply dur-

ing the preceding five months due almost entirely to a contraction in supplies at mid-continent fields, increased moderately in November but continued near the 17-year low level recorded on October 21 this year.

Prices of gasoline in the mid-continent area have weakened somewhat in recent weeks; whereas, the market for other petroleum products continues strong.

CONDITION OF THE FEDERAL RESERVE BANK

	(In thousands of dollars)		
	Dec. 15, 1939	Dec. 15, 1938	Nov. 15, 1939
Total cash reserves	\$260,098	\$214,310	\$255,853
Discounts for member banks	4	62	6
Other bills discounted	140	None	96
Industrial advances	508	737	510
Bills bought in the open market	None	16	None
United States Government securities	90,875	94,258	94,950
Total earning assets	91,525	95,073	95,562
Member bank reserve deposits	215,606	174,873	217,851
Federal Reserve notes in actual circulation	83,290	81,461	83,555
Commitments to make industrial advances	None	50	None

CONDITION STATISTICS OF MEMBER BANKS IN LEADING CITIES

	(In thousands of dollars)		
	Dec. 13, 1939	Dec. 14, 1938	Nov. 15, 1939
Total loans and investments	\$560,005	\$530,540	\$540,888
Total loans	285,551	244,544	274,681
Commercial, industrial and agricultural loans	190,191	160,487	184,423
Open market paper	1,858	1,215	1,612
Loans to brokers and dealers in securities	5,163	2,568	1,857
Other loans for purchasing or carrying securities	14,036	13,406	13,700
Real estate loans	21,635	20,616	21,670
Loans to banks	246	193	307
All other loans	52,422	46,059	51,112
United States Government direct obligations	164,368	188,189	155,883
Obligations fully guaranteed by United States Govt.	52,209	42,286	52,306
Other securities	57,877	55,521	58,018
Reserves with Federal Reserve Bank	138,860	108,973	134,799
Balances with domestic banks	264,231	222,935	285,584
Demand deposits—adjusted*	472,833	427,826	469,272
Time deposits	135,504	132,662	136,337
United States Government deposits	33,375	30,997	29,692
Interbank deposits	272,431	218,824	279,012
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
November, 1937	\$1,106,106	\$211,488	\$605,120	\$117,133	\$500,986	\$ 94,355
November, 1938	1,188,469	222,920	667,021	122,980	521,448	99,940
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
November, 1939	1,340,118	232,340	777,045	128,081	563,073	104,259

DEBITS TO INDIVIDUAL ACCOUNTS

	(In thousands of dollars)				
	November 1939	November 1938	Pctg. change over year	October 1939	Pctg. change over month
Abilene	\$ 8,299	\$ 9,291	-10.7	\$ 10,823	-23.3
Austin	29,250	31,200	-6.3	33,942	-13.8
Beaumont	24,513	22,369	+ 9.6	24,066	+ 1.9
Corsicana	3,315	3,057	+ 8.4	3,726	-11.0
Dallas	254,047	225,887	+12.5	269,817	- 5.8
El Paso	31,808	29,680	+ 7.2	31,595	+ 7.8
Fort Worth	83,037	80,088	+ 3.7	86,594	- 4.1
Galveston	29,452	26,343	+11.8	28,237	+ 4.3
Houston	239,214	210,980	+13.4	248,395	- 3.7
Port Arthur	9,355	8,932	+ 4.7	9,384	- 3.8
Roswell	5,843	6,650	-12.1	5,392	+ 8.4
San Antonio	65,961	62,070	+ 4.7	69,565	- 5.2
Shreveport	45,657	40,359	+13.1	45,033	+ 1.4
Texarkana*	7,304	6,544	+11.6	8,531	-14.4
Tucson	12,055	11,861	+ 1.6	11,623	+ 3.7
Tyler	11,727	10,600	+10.6	12,115	- 3.2
Waco	13,815	13,358	+ 3.4	15,501	-10.9
Wichita Falls	13,031	14,556	-10.5	14,932	-12.7
Total	\$887,683	\$814,725	+ 9.0	\$929,271	- 4.5

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

SAVINGS DEPOSITS

	November, 30, 1939			Percentage change in savings deposits from	
	Number of reporting banks	Number of savings depositors	Amount of savings deposits	Nov. 30, 1938	Oct. 31, 1939
Beaumont	3	9,810	\$ 3,888,313	+ 1.4	+ .02
Dallas	8	89,307	26,504,071	- .8	+ .3
El Paso	2	17,466	8,282,613	+ 4.5	+ .4
Fort Worth	3	35,093	13,567,338	+ .6	- .2
Galveston	4	18,751	12,129,930	+ 2.6	- .3
Houston	10	75,465	30,750,052	+ 4.8	+ .5
Port Arthur	2	5,779	3,052,949	+10.5	- 3.2
San Antonio	5	22,952	17,860,382	- 3.6	- .3
Shreveport	3	25,075	11,905,171	+ 3.9	- .2
Waco	3	8,303	4,729,586	+ .2	+ 2.5
Wichita Falls	3	7,597	3,774,061	- 1.0	- .5
All other	69	60,745	30,165,783	+ 2.2	+ .2
Total	115	377,243	\$166,610,249	+ 1.6	+ .1

The rate of drilling activity in the Eleventh District and the United States showed little change from October to November. For this district the daily average number of wells completed was 6 per cent smaller than in November last year, but in other sections of the United States there was an increase of 9 per cent.

Activity at cotton textile mills in the United States expanded further in November, and the Board's seasonally adjusted index of cotton consumption rose to a point near the peak attained in the 1936-1937 season when cotton consumption was in record volume. Cotton consumed during the month totaled 718,700 bales, which was 5 per cent larger than in October and one-fifth greater than in the corresponding month last year. The expansion in cotton textile manufacturing in recent months reflected chiefly heavy production to fill orders accumulated immediately following the outbreak of war. Although new orders for textile products during October and November were apparently considerably below output, trade reports indicate that there was a marked increase in sales at advancing prices during the first half of December and that unfilled orders on hand at mills continue in large volume. Mills made heavy purchases of raw cotton during November and in consequence stocks at consuming establishments were increased sharply and at the end of the month were 4 per cent larger than a year earlier; whereas, at the beginning of the season, inventories were nearly one-third lower than on the corresponding date in 1938. Stocks in public storage and compresses on November 30 showed virtually no change from those a month earlier.

Foreign shipments of American cotton during November failed to maintain the rate prevailing in the preceding month, and although exports were far in excess of those in November last year, they were about one-third lower than the 1929-1938 average for that month. Shipments to England

and continental European countries declined sharply in November, but movements to Japan showed a noticeable upturn. Department of Agriculture reports indicate that cotton exporters are experiencing considerable difficulty in obtaining cargo space in ocean-going vessels.

The domestic price of raw cotton witnessed a sharp upward trend between November 6 and December 15, rising to the highest level since the summer of 1937. Factors contributing to the advance included the announcement of a Government loan to producers on the 1939 cotton crop, an increased demand from Japan for short staple American cotton, the large domestic demand for raw cotton, and heavy contracting of cotton for shipment to foreign countries under the export subsidy program. Between November 6 and December 15 the price of cotton, middling, $\frac{1}{8}$ -inch staple, showed a net advance of 1.90 cents per pound, or nearly \$10.00 per bale. The advance in the market was accompanied by the withdrawal of a substantial volume of 1938-1939 cotton from the Government loan stock. The December 15 price of spot cotton, middling, $\frac{7}{8}$ -inch staple, was about 30 per cent higher than the basic loan rate. During the first half of December the Government export subsidy on cotton was reduced in successive steps from 1.50 cents per pound to .20 cents per pound. The Department of Agriculture reported that 5,782,000 bales of cotton, including cotton products equivalent to 269,000 bales, had been sold prior to December 15 under the export subsidy program.

Operating schedules at cottonseed oil mills in Texas were reduced by considerably more than the average seasonal amount in November, due in part to the small supply of seed at crushing establishments. The manufacture of cottonseed products was the smallest for that month in several years, averaging about 14 per cent less than in November, 1938. Mill stocks of cottonseed and cottonseed products on November 30 were considerably lower than a year ago. Prices of cottonseed and cottonseed products strengthened somewhat during the past month and are now sharply higher than those prevailing prior to the outbreak of the European war.

VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	November 1939	November 1938	October 1939	January 1 to November 30 1939	January 1 to November 30 1938
Eleventh District—total...	\$ 12,672	\$ 21,034	\$ 14,690	\$ 181,507	\$ 163,707
Residential.....	6,186	6,999	6,019	78,672	60,212
All other.....	6,486	14,035	8,671	102,835	103,495
United States*—total.....	299,847	301,679	261,796	3,196,445	2,807,459
Residential.....	116,588	95,253	118,303	1,245,591	894,248
All other.....	183,259	206,426	143,493	1,950,854	1,913,211

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	November, 1939		Percentage change valuation from		Jan. 1 to Nov. 30, 1939		Percentage change valuation from 1938	
	No.	Valuation	Nov., 1938	Oct., 1939	No.	Valuation	Nov., 1938	Oct., 1939
Abilene.....	19	\$ 28,892	-58.4	-28.6	275	\$ 560,580	-25.6	-25.6
Amarillo.....	66	180,915	+51.5	+4.8	682	2,527,611	+17.2	+17.2
Austin.....	253	344,704	-33.1	-31.6	2,929	6,902,818	+26.4	+26.4
Beaumont.....	93	323,320	+301.0	+75.9	1,577	1,628,945	+36.9	+36.9
Corpus Christi.....	179	1,356,177	+175.9	+9	1,758	6,419,274	+119.7	+119.7
Dallas.....	511	691,228	+40.5	-55.7	6,641	12,215,868	+10.8	+10.8
El Paso.....	79	137,922	+56.5	+14.4	1,074	2,411,830	+49.4	+49.4
Fort Worth.....	225	403,491	+42.6	-78.9	2,613	6,713,732	+30.7	+30.7
Galveston.....	133	74,143	-72.2	-39.6	1,667	1,328,938	-45.3	-45.3
Houston.....	508	1,387,550	-17.4	-29.7	5,660	23,433,500	-4	-4
Port Arthur.....	131	121,362	+76.6	+30.4	1,437	1,074,096	-23.1	-23.1
San Antonio.....	545	1,055,905	+461.2	-65.3	4,339	7,959,358	+86.5	+86.5
Shreveport.....	133	279,188	-23.5	-73.0	1,679	5,598,987	+26.1	+26.1
Waco.....	54	60,170	-39.4	-15.3	718	1,438,808	+5.8	+5.8
Wichita Falls.....	36	112,500	+33.0	-1.1	514	1,017,537	+14.0	+14.0
Total.....	2,965	\$6,557,465	+14.4	-46.7	33,563	\$81,231,882	+19.8	+19.8

*Includes Highland Park and University Park.

CRUDE OIL PRODUCTION

	November, 1939		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Nov., 1938	Oct., 1939
North Texas.....	4,877,200	162,573	+22,133	+10,896
West Texas.....	7,851,300	261,710	+16,552	-25
East Texas.....	15,249,700	508,323	+19,450	-21,239
South Texas.....	6,203,500	206,783	-29,100	-1,665
Texas Coastal.....	6,672,400	222,413	+3,799	+11,948
Total Texas.....	40,854,100	1,361,802	+32,534	-85
New Mexico.....	3,019,500	100,650	-6,438	-12,265
North Louisiana.....	2,025,400	67,513	-4,517	+1,384
Total District.....	45,899,000	1,529,965	+21,879	-10,966

SOURCE: The Oil Weekly, Houston, Texas.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to November 30 This season	Last season	August 1 to November 30 This season	Last season
Cottonseed received at mills (tons).....	756,769	840,663	3,196,779	3,330,669
Cottonseed crushed (tons).....	543,617	568,236	2,030,186	2,098,658
Cottonseed on hand Nov. 30 (tons).....	268,220	454,500	1,287,219	1,564,621
Production of products:				
Crude oil (pounds).....	155,988,729	164,285,303	629,852,040	646,680,185
Cake and meal (tons).....	256,852	262,961	909,558	937,581
Hulls (tons).....	142,810	151,887	516,029	542,568
Linters (running bales).....	121,635	122,590	496,941	506,362
Stocks on hand Nov. 30:				
Crude oil (pounds).....	25,542,545	33,154,683	86,899,372	98,416,463
Cake and meal (tons).....	81,892	100,983	208,391	315,102
Hulls (tons).....	71,918	82,555	159,342	183,243
Linters (running bales).....	113,003	123,105	369,285	521,275

SOURCE: Bureau of Census.

CONSUMPTION, STOCKS AND EXPORTS OF COTTON

	(Bales)			
	November 1939	November 1938	October 1939	August 1 to November 30 This season
Consumption at:				
Texas mills.....	12,800	9,887	12,149	47,126
United States mills.....	718,721	596,416	686,936	2,659,007
U.S. stocks—end of month:				
In consuming estab'ts.....	1,782,949	1,714,312	1,465,228	42,886
Public stg. & compresses.....	15,484,508	15,591,629	15,468,299	2,233,081
Exports from U. S. to:				
United Kingdom.....	158,364	71,963	298,378	790,725
France.....	49,378	65,190	111,909	240,564
Italy.....	30,819	33,475	59,887	114,807
Germany.....	None	33,956	None	144,122
Other Europe.....	124,594	105,664	177,663	539,533
Japan.....	116,707	120,956	104,394	298,239
All other countries.....	103,782	49,180	134,101	344,560
Total exports.....	583,644	480,384	886,332	2,337,825
Total consumption.....	1,841,341	1,792,748	1,742,466	5,342,439

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

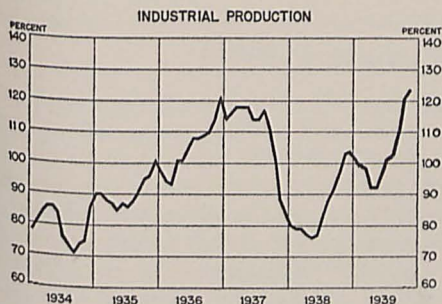
	November 1939		November 1938	
	November 1939	November 1938	October 1939	August 1 to November 30 This season
Receipts.....	541,267	289,006	684,439	2,228,721
Exports.....	350,357	274,506	588,620	1,535,967
Stocks, end of month.....	1,752,323	1,826,939	1,676,400	1,439,113

MONTHLY BUSINESS REVIEW

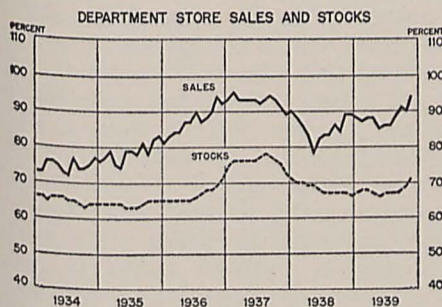
JANUARY 1, 1940

NATIONAL SUMMARY OF BUSINESS CONDITIONS

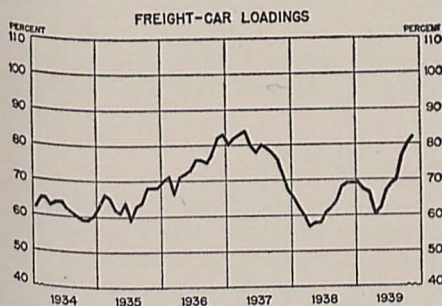
(Compiled by the Board of Governors of the Federal Reserve System)



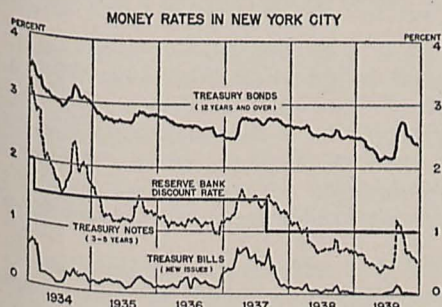
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to November 1939.



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



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



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

Following a rapid rise after the outbreak of the European war industrial activity continued at a high level in November and the first half of December. There was a considerable increase in distribution of commodities to consumers while prices of basic commodities, which had been steady during November, rose somewhat in the first two weeks of December.

PRODUCTION

The Board's seasonally adjusted index of industrial production advanced from 121 to 124 per cent in November, reflecting sustained activity at a period of the year when a decline is usual. Production of durable goods, which had advanced rapidly for several months, showed a further expansion. Record production of steel ingots continued in November and was followed by a less than seasonal decline in the first half of December. Automobile production increased in November, notwithstanding the fact that plants of one important company remained closed pending settlement of an industrial dispute. After this was settled at the end of November assemblies rose sharply. Retail sales of new automobiles were in large volume in November and at the end of the month dealers' stocks of new cars apparently were smaller than at the corresponding time in other recent years. Lumber production declined less than seasonally in November but plate glass production, which had reached a high level in October, showed a reduction.

Output of nondurable goods continued at a high level in November. At cotton and woolen mills activity increased somewhat further and was close to the record levels reached three years ago. Rayon production advanced to new high levels but at silk mills there was a sharp decline following substantial increases earlier this fall. Output of flour and sugar declined further from the levels reached in September while changes in activity at shoe factories and meat-packing establishments were largely seasonal in character.

Coal production in November declined somewhat from the high level reached in October. Output of crude petroleum increased further and iron ore shipments continued in exceptionally large volume until the Great Lakes' shipping season closed in the latter part of the month.

Value of construction contracts, as reported by the F. W. Dodge Corporation, increased in November following a sharp decline in October. In both months changes in total awards reflected principally fluctuations in the volume of contracts for public construction. Private residential awards declined somewhat less than seasonally in November, while awards for other private projects showed little change. Contracts for private work, both residential and nonresidential, were larger than a year ago, while those for public projects were below the high level of that time when contracts under the Public Works Administration program were being awarded in large volume.

EMPLOYMENT

Factory employment and pay rolls continued to increase in November, reflecting chiefly further sharp advances in industries producing steel, machinery, and other durable goods.

DISTRIBUTION

In November distribution of commodities to consumers increased considerably. The Board's seasonally adjusted index of department store sales, which had been around 90 in the three preceding months, advanced to 94, a level about the same as at the peak in 1937 when prices of commodities sold at department stores were generally somewhat higher than at present.

Freight-car loadings showed less than the usual seasonal decrease from October to November and the Board's adjusted index increased from 80 to 82, which was only slightly under the recovery peak reached in the early part of 1937. Shipments of ore and miscellaneous freight declined less than is usual in November, while loadings of coal decreased more than seasonally from the relatively high October level.

COMMODITY PRICES

Prices of both industrial materials and foodstuffs advanced from the latter part of November to the middle of December. Wheat and silk prices rose considerably and there were smaller increases in cotton and hides. Prices of steel scrap and nonferrous metals, on the other hand, showed declines.

GOVERNMENT SECURITY MARKET

Prices of United States Treasury bonds advanced sharply during the last half of November to a level not far below the all-time high point of last June and remained steady during the first half of December.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities rose substantially during November and the first half of December, reflecting largely purchases of new United States Government securities. Commercial loans, which had been increasing since August, continued to rise until the third week in November. Deposits increased further.