

# MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

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## DISTRICT SUMMARY

A heavy commercial demand for industrial products, supplemented by additional orders incident to the National Defense Program, were sustaining factors in industrial activity in the Eleventh District during October. Consumer purchases at department stores fell off considerably from September to October, but heavy buying was resumed during the first half of November. Distribution of merchandise through wholesale channels increased further to a level 8 per cent higher than a year ago. The value of construction contracts awarded in October was the largest of record for that month, and operations in closely allied industries, including lumber, brick and tile, and structural steel, also increased and were at a higher rate than a year earlier. Daily average petroleum production was curtailed slightly, but refinery operations showed a moderate increase. Cotton textile mill activity in Texas continued at the sharply advanced rate prevailing in the preceding two months. Employment and payrolls in Texas expanded further, following a substantial increase in September. Total loans at weekly reporting member banks in this district rose sharply during the five weeks ended November 13 to the highest level in nine years.

## BUSINESS

Consumer buying at reporting department stores in this district fell off sharply in October from the high level prevailing in the preceding three months. Daily average sales declined contra-seasonally from September to October and were 2 per cent smaller than in October, 1939. This bank's seasonally adjusted index of sales stood at 99 per cent of the 1923-1925 average for October, which is the lowest figure recorded since April, 1938, and compares with 103 per cent in October last year. Factors contributing to the reduction in consumer purchases during October include a reaction from the exceptionally heavy buying in July, August and September, and the absence of cold weather. Despite the decline in October, aggregate sales during the first ten months of 1940 averaged 4 per cent higher than in that period of 1939. During the first half of November, when lower temperatures prevailed, buying showed a marked increase, the sales of reporting firms exceeding those in the corresponding period of 1939 by 25 per cent.

Merchandise inventories at reporting department stores were increased more than seasonally during October, but at the month-end the total was only 1 per cent higher than on that date last year. The rate of collections during October on open accounts outstanding at the beginning of the month increased seasonally over that a month earlier and was about 5 per cent higher than in October last year.

Purchases by retail merchants at reporting wholesale firms in eight lines of trade in this district increased seasonally from September to October and exceeded those in the corresponding month of 1939 by about 8 per cent. The expansion over October last year was especially pronounced in the distribution of automotive supplies, groceries, and drugs, including liquors. The business of wholesale hardware firms was off 3 per cent and sales of surgical equipment were down 6 per cent as compared with October last year. Cumulative sales of merchandise through wholesale channels during the ten months of 1940 ended October 31 averaged 6 per cent higher than in that period of 1939. Stocks of merchandise at reporting firms were increased 5 per cent in October to a level 3 per cent

higher than a year ago. Collections on accounts outstanding continued at a much lower rate than in 1939.

Employment and payrolls in Texas, which had expanded by considerably more than the average seasonal amount in September, showed a further gain in October, reflecting continued advances in business and industrial activity. According to the Bureau of Business Research of the University of Texas, employment was up 2 per cent as compared with that a month earlier and a year ago and payrolls were 1 per cent higher than in September this year and 5 per cent greater than in October, 1939.

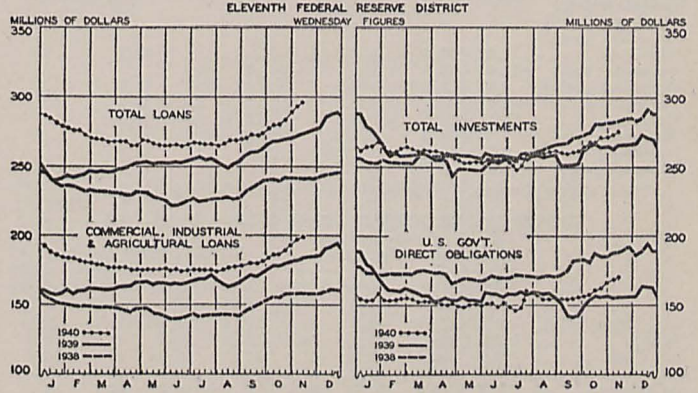
The number and liabilities of commercial failures in this district, which had shown declines in August and September, increased by considerably more than the average amount in October and exceeded the respective totals of a year ago by a wide margin. Dun & Bradstreet reported 33 bankruptcies during the month and the defaulting firms had liabilities totaling \$720,000.

## AGRICULTURE

Harvesting of agricultural crops made rapid progress during October under the stimulus of generally favorable weather conditions. The indicated harvest of grain sorghums was reduced during the month due chiefly to inadequate rainfall, but the estimated production of Irish potatoes, rice, peanuts, pecans and oranges was increased, as yields are apparently turning out better than had been expected earlier. The production forecast for virtually all crops on November 1 was well above the 1939 harvest, and with the exception of cotton and potatoes the indicated harvests were above the ten-year, 1929-1938, average production.

The absence of rainfall during the greater part of October in the wheat growing sections of Texas retarded the growth of small grains and further delayed seeding operations in some sections of the State. This situation was partially relieved, however, by fairly general rains in the latter part of October and early November in all areas except the Texas Panhandle. The extended drouth in the latter area also reduced the production of feed crops and has seriously retarded farm work. Plowing operations, which had been delayed in many sections of the district because of dry soil, have progressed rapidly since the early November rains. Although the freeze and frosts around the middle of November caused considerable damage to some tender vegetables, the production outlook for most vegetable crops in South Texas was improved by rains during the past thirty days.

LOANS AND INVESTMENTS OF REPORTING MEMBER BANKS



The indicated production of cotton in four of the five states wholly or partially included in the Eleventh District showed little change in October, but the forecast for Oklahoma was increased to 825,000 bales, which, if realized, will be the largest production for that State since 1933. In Texas the estimated production was reduced slightly to 3,380,000 bales, which compares with a 1939 harvest totaling 2,846,000 bales. The prospective production in New Mexico and Arizona continues at about the same level as that of a year ago. On the other hand, production prospects for Louisiana, despite a moderate improvement during October, indicate the smallest harvest of cotton in that State since 1923. The cotton production forecast for the United States was increased 100,000 bales in October to a total of 12,847,000 bales.

More than 1,000,000 bales of cotton were pledged as collateral for Government loans during the four weeks ended November 12. The Commodity Credit Corporation reported that a total of 1,650,000 bales of the 1940 crop had been placed in the loan stock prior to November 12, including 919,000 bales of the Texas crop.

Livestock ranges in the Eleventh District, which had held up well in October, were benefited greatly by the general rains that fell between October 25 and November 10. Prospects for winter grazing on range feeds are now favorable in virtually all sections except in the northwest portion of the Texas Panhandle and in local areas of southeastern New Mexico. The outlook for winter grazing on small grain fields is also fairly good except in the dry areas of northwest Texas. Livestock continued in good condition during October, with the result that animals are going into the winter in better-than-average flesh. In the dry area of northwest Texas, heavy shipments of livestock have reduced considerably the number of animals on ranges, and the Department of Agriculture reports that supplemental feeds are about adequate to maintain the remaining stock in generally good condition during the winter. Shipments of sheep and lambs from Texas to feeding areas have been in record volume this year, but the number of ewes retained on ranges is larger than a year ago.

### FINANCE

The expansion in loans and investments at weekly reporting member banks in the Eleventh District, which had been

in progress since the middle of July, continued at an accelerated rate during the five weeks ended November 13; the total of \$571,200,000 on that date was an all-time peak, exceeding the previous high established in December last year by \$11,200,000. The expansion in loans during the five-week period was especially heavy, totaling \$16,600,000, and of that amount 82 per cent represented increases in advances for commercial, industrial and agricultural purposes, which reflect the demand for funds to finance the expanding volume of business and industrial activity and the fall movement of agricultural commodities. Total loans amounted to \$295,600,000 on November 13, which was the highest recorded since November, 1931. Investments at these banks were increased \$8,300,000 to the highest level in nearly two years. The expansion is accounted for by additions to holdings of direct obligations of the United States Government.

Reflecting substantial increases in adjusted demand and interbank deposits, total deposits at reporting banks increased \$42,000,000 between October 9 and November 13. In consequence of the rise in deposits these banks added \$12,700,000 to their reserves maintained at the Federal Reserve Bank and \$3,700,000 to their balances on deposit at other domestic commercial banks.

The rapid expansion in deposits at member banks in this district during the past two months has resulted in substantial additions to member bank reserve balances maintained at the Federal Reserve Bank of Dallas. Total reserves, which had registered an all-time high on October 15, continued an irregular upward trend in the subsequent four weeks, reaching a new peak of \$241,000,000 on November 13. Although required reserves expanded considerably between October 15 and November 15, the increase was somewhat smaller than the rise in total reserves, with the result that daily average excess reserves increased substantially during the first half of November to a level only moderately below the all-time peak of \$90,000,000 recorded in the first half of July, 1940.

Total earning assets of the Federal Reserve Bank of Dallas declined further by \$4,550,000 between October 15 and November 15, reflecting chiefly this bank's proportionate share of a net reduction in the System's holdings of United States Government securities. At the middle of November, this

### WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:				Ratio Oct. collections to accounts outstanding October 1		
	Net sales		Stocks*		Regular		
	Oct., 1940 from 1939	Sept., 1940	Oct., 1940 from 1939	Sept., 1940	Regular	Instalment	
<b>Retail trade:</b>							
Department stores:							
Total 11th Dist.:	+ 1.4	- 3.8	+ 4.1	+ 1.0	+ 7.9	41.5	14.1
Dallas.....	+ 1.2	- .2	+ 4.0	+ 2.8	+ 8.1	42.0	16.9
Fort Worth.....	+ .1	+ 6.0	+ 3.4	- 1.6	+ 6.8	38.9	10.2
Houston.....	- 3.7	- 17.8	+ 2.2	+ .7	+ 15.2	40.4	.....
San Antonio.....	+ 9.2	- 3.6	+ 10.5	+ 9.1	+ 7.2	44.3	11.2
Other cities.....	+ .8	- 2.2	+ .9	- 5.4	+ 5.1	40.9	15.9
<b>Independent stores:†</b>							
Arizona.....	+ 4.0	.....	+ 6.0	.....	.....	.....	.....
New Mexico.....	+ 6.0	.....	+ 1.0	.....	.....	.....	.....
Oklahoma.....	+ 7.0	+ 12.0	+ 2.0	.....	.....	.....	.....
Texas.....	+ 7.0	+ 5.0	+ 5.0	.....	.....	.....	.....
<b>Wholesale trade:†</b>							
Machinery, eqpt & supplies (except electrical).....	+ 1.0	+ 17.2	+ 9.4	.....	.....	54.2	.....
Automotive suppl's.....	+ 14.0	+ 45.3	.....	+ 7.5	+ 3.4	.....	.....
Drugs (incl. liquors).....	+ 9.0	+ 11.9	+ 7.9	+ 5.4	+ 2.1	73.2	.....
Electrical supplies.....	+ 1.3	+ 16.9	+ 1.2	+ 14.7	+ 2.4	86.6	.....
Groceries.....	+ 13.3	- .6	+ 6.7	- 3.2	+ 8.8	85.2	.....
Hardware.....	- 2.6	+ 4.1	+ 4.3	+ 10.1	+ 3.1	61.7	.....
Surgical eqpt.....	- 6.3	- 11.8	.....	.....	.....	64.0	.....
Tobacco & prod's.....	- .6	+ 3.2	+ .7	.....	.....	.....	.....

\*Stocks at close of month. †Compiled by United States Bureau of Census.

### INDEXES OF DEPARTMENT STORE SALES AND STOCKS

	With seasonal adjustment				Without seasonal adjustment			
	Sales—October		Stocks—October		Sales—October		Stocks—October	
	1940	1939	1940	1939	1940	1939	1940	1939
Total Eleventh Dist.	98.6	102.6	69.3	68.1	111.4	115.9	78.3	77.0
Dallas.....	102.8	106.0	73.2	70.4	125.4	129.3	82.0	78.9
Fort Worth.....	103.1	106.5	63.3	64.4	117.5	121.4	72.8	74.1
Houston.....	100.7	108.6	52.8	52.0	104.7	112.9	61.2	60.3
San Antonio.....	89.0	85.9	57.7	51.4	90.7	96.2	65.2	58.1

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

	August, 1940		Total receipts				
	Receipts from:		Government payments	August 1940	August 1939	Jan. 1 to Aug. 31 1940	Jan. 1 to Aug. 31 1939
	Crops	Livestock*					
Arizona.....	865	995	532	2,392	2,801	33,891	31,826
Louisiana.....	1,780	1,925	3,548	7,253	6,814	59,924	56,399
New Mexico.....	1,058	1,555	324	2,937	3,208	23,907	20,858
Oklahoma.....	5,119	9,760	783	15,662	15,159	115,045	115,462
Texas.....	27,079	15,740	1,747	44,566	56,252	284,356	291,249
Total.....	35,901	29,975	6,934	72,810	84,234	517,183	515,794

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

SOURCE: United States Department of Agriculture.

### LIVESTOCK RECEIPTS

	(Number)					
	Fort Worth			San Antonio		Sept. 1940
	October 1940	October 1939	Sept. 1940	October 1940	October 1939	
Cattle.....	58,621	67,202	53,551	16,287	21,875	15,621
Calves.....	57,051	56,815	50,376	30,516	35,908	28,634
Hogs.....	37,300	30,383	34,338	17,196	14,829	14,152
Sheep.....	63,570	69,857	62,104	11,103	8,480	13,518

### COMPARATIVE TOP LIVESTOCK PRICES

	(Dollars per hundredweight)					
	Fort Worth			San Antonio		Sept. 1940
	October 1940	October 1939	Sept. 1940	October 1940	October 1939	
Beef steers.....	\$10.75	\$ 9.25	\$10.75	\$ 8.25	\$ 8.50	\$ 8.75
Stocker steers.....	9.25	8.50	9.25	7.25	7.50	9.00
Heifers and yearlings.....	11.00	10.00	11.00	10.25	8.75	10.00
Butcher cows.....	6.50	6.50	6.75	6.00	6.00	6.00
Calves.....	8.75	8.25	9.00	9.00	8.25	9.00
Hogs.....	6.00	7.00	7.35	6.40	6.90	7.15
Lambs.....	8.25	8.50	8.00	7.50	7.75	7.75

bank's participation in the System's open-market account was \$8,000,000 smaller than a year earlier. Discounts for member banks decreased seasonally between October 15 and November 15, and on the latter date the total was at a nominal level of \$58,000. Federal Reserve notes of this bank in actual circulation were increased further by \$3,500,000 between the middle of October and the middle of November, and at the end of the period the total circulation of \$92,700,000 was only \$3,000,000 below the record high established on December 21, 1936.

Following a smaller than average increase from August to September, debits to individual accounts at banks in 18 cities of the Eleventh District expanded sharply in October. Total debits at these banks rose to the highest level for that month since 1929 and exceeded those in October last year by 7 per cent.

INDUSTRY

Construction work initiated in the Eleventh District, as measured by the value of contracts awarded, continued at an active pace during October, exceeding that for any corresponding month for which data are available. Residential building was augmented by the letting of additional contracts for United States Housing Authority projects and for army cantonments, with the result that the total value of residential awards, which rose 10 per cent in October, was near the all-time peak recorded last June. Contracts let for the construction of engineering projects, which include public works and utilities construction, rose 32 per cent to a level nearly three times that in October, 1939. In contrast with the expansion in residential and engineering construction during October, the value of awards for non-residential building, as reported by F. W. Dodge Corporation, was considerably smaller than in either the preceding month or the corresponding month of 1939, reflecting chiefly declines in commercial and manufacturing construction and in miscellaneous non-residential building incident to National Defense work. During the first ten months of 1940, the value of all contracts awarded was about one-fourth higher than in the comparable period of 1939, the increases ranging from 5 per cent for residential building to 66 per cent for public works construction.

A heavy demand for lumber at mills in this district during recent months has brought about a noticeable expansion in operations. Production has risen considerably, but shipments from mills have been greatly in excess of the output, with a consequent decline in mill stocks of lumber. Inventories at the close of October averaged about 13 per cent lower than a month earlier and one-fifth smaller than on the comparable date of 1939. Unfilled orders on the books of reporting mills, which had shown a sharp upward movement in July, August and September, declined seasonally in October but at the close of the month they still averaged 16 per cent greater than on the corresponding date of 1939.

Production and shipments of Portland cement at Texas mills during the third quarter of 1940 were at lower rates than in the first half of the current year, and output was 6 per cent smaller than in the comparable period of 1939. On the other hand, shipments during the three months were 4 per cent larger than in the corresponding period last year and they exceeded output, with the result that mill stocks of cement were reduced by about 6 per cent.

Daily average petroleum production in the Eleventh District and elsewhere in the United States declined moderately from September to October, but the output for the Nation as a whole averaged about the same as that in October, 1939. Despite the decline in production, output in this district during October exceeded the amount utilized, resulting in a noticeable increase in the district's above-ground stocks of crude

petroleum. This increase was caused chiefly by the expanding production in Texas, and in an effort to bring about a better balance between production and consumption, the Texas Railroad Commission early in November issued an order can-

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

	Nov. 15, 1940	Nov. 15, 1939	Oct. 15, 1940
Total cash reserves	\$294,414	\$255,853	\$286,276
Discounts for member banks	58	6	347
Other bills discounted	24	96	16
Industrial advances	222	510	252
United States Government securities	86,923	94,950	91,164
Total earning assets	87,227	95,562	91,779
Member bank reserve deposits	236,350	217,851	230,081
Federal Reserve notes in actual circulation	92,065	83,555	89,133

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

	Nov. 13, 1940	Nov. 15, 1939	Oct. 9, 1940
Total loans and investments	\$571,216	\$540,888	\$546,352
Total loans	295,595	274,681	279,036
Commercial, industrial and agricultural loans	199,064	184,423	185,462
Open market paper	1,611	1,612	1,882
Loans to brokers and dealers in securities	2,836	1,857	1,806
Other loans for purchasing or carrying securities	13,348	13,700	13,529
Real estate loans	23,523	21,670	23,028
Loans to banks	504	307	538
All other loans	54,709	51,112	52,701
United States Government direct obligations	170,533	155,883	160,212
Obligations fully guaranteed by United States Govt.	45,387	52,306	48,246
Other securities	59,701	58,018	58,858
Reserves with Federal Reserve Bank	291,251	285,584	287,580
Balances with domestic banks	515,809	469,272	493,414
Demand deposits—adjusted*	133,877	136,337	135,239
Time deposits	32,386	29,692	32,018
United States Government deposits	283,636	279,012	262,489
Interbank deposits	None	None	None
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)

	October 1940	October 1939	Pctg. change over year	September 1940	Pctg. change over month
Abilene	\$ 10,788	\$ 10,823	- .3	\$ 8,426	+28.0
Austin	33,575	33,942	- 1.1	30,699	+ 9.4
Beaumont	24,912	24,066	+ 3.5	21,474	+16.0
Coriicana	4,882	3,726	+31.0	3,853	+26.7
Dallas	293,501	269,817	+ 8.8	235,503	+24.6
El Paso	33,482	31,595	+ 6.0	26,281	+27.4
Fort Worth	87,898	86,594	+ 1.5	72,685	+20.9
Galveston	29,588	28,237	+ 4.8	22,348	+32.4
Houston	265,575	248,395	+ 6.9	235,158	+12.9
Port Arthur	10,324	9,384	+10.0	9,085	+13.6
Roswell	5,758	5,392	+ 6.8	4,656	+23.7
San Antonio	78,126	69,565	+12.3	70,799	+10.3
Shreveport	46,691	45,033	+ 3.7	41,115	+13.6
Texarkana*	9,064	8,531	+ 6.2	7,603	+19.2
Tucson	13,354	11,623	+14.9	10,105	+32.2
Tyler	13,594	12,115	+12.2	10,790	+26.0
Waco	16,748	15,501	+ 8.0	14,106	+18.7
Wichita Falls	17,831	14,932	+19.4	14,503	+22.9
Total	\$995,691	\$929,271	+ 7.1	\$839,249	+18.6

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

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, 1938	\$1,157,991	\$224,045	\$655,665	\$124,155	\$502,326	\$ 99,890	
October, 1939	1,305,705	231,363	760,455	127,567	545,250	103,796	
June, 1940	1,342,591	235,311	782,025	129,216	560,566	106,095	
July, 1940	1,332,386	234,758	778,481	129,001	553,905	105,757	
August, 1940	1,315,554	234,123	768,031	128,963	547,523	105,160	
September, 1940	1,346,346	233,023	783,742	128,161	562,604	104,862	
October, 1940	1,408,515	233,323	814,555	128,295	593,960	105,028	

SAVINGS DEPOSITS

	Number of reporting banks	October 31, 1940		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	Oct. 31, 1939	Sept. 30, 1940
Beaumont	3	9,914	\$ 4,103,334	+ 5.6	No chg.
Dallas	8	90,522	26,252,050	- .7	+ .1
El Paso	2	18,551	8,262,993	+ .2	+ .3
Fort Worth	3	35,082	12,973,154	- 4.5	+ .2
Galveston	4	18,961	12,193,538	+ .2	- 1.2
Houston	10	77,203	31,679,270	+ 3.5	+ .2
Port Arthur	2	6,037	3,363,107	+ 6.6	+ .3
San Antonio	5	22,744	17,925,862	+ .04	+ 1.2
Shreveport	3	25,079	12,328,385	+ 3.4	+ .4
Waco	3	8,169	4,637,832	+ .5	+ .1
Wichita Falls	3	7,240	3,655,552	- 3.6	No chg.
All others	69	61,449	30,672,166	+ 1.9	- .1
Total	115	380,951	\$168,047,243	+ 1.0	+ .1

celling for the remainder of that month the shutdown exemptions previously granted to a large number of fields. This action resulted in a decline in the State's daily average output during the first half of November, and also reduced the November production allowable to the level of estimated demand as computed by the United States Bureau of Mines. Crude oil stocks in the United States showed little net change during October.

Crude oil runs to refinery stills in the Eleventh District were increased in October, but this expansion was more than offset by a curtailment in refinery operations outside this district. Although the production of gasoline and fuel oils in the Eleventh District greatly exceeded the demand, output in the Nation as a whole was in close alignment with the amount consumed. Gasoline inventories in the United States, which ordinarily increase in October and early November, declined contra-seasonally during the six weeks ended November 9 this year, reflecting chiefly a sustained demand for that product; nevertheless, stocks on the latter date were still considerably above those of a year ago.

Drilling activity in the Eleventh District expanded in October, whereas, operations in the United States declined for the fourth consecutive month. In comparison with a year ago the number of wells completed during October in both this district and the United States was slightly smaller.

The demand for cotton textile products in the United States continued heavy at rising prices in October, and activity at cotton mills expanded sharply. Cotton consumed during the month totaled 770,700 bales, which was 12 per cent greater than in October, 1939, and only slightly below the all-time peak record in March, 1937. Despite the near-record output of

cotton textiles in October, reports indicate that mill sales of products continued in excess of production, with the result that unfilled orders increased further. The Federal Government has placed large additional orders for cotton textiles in connection with the defense program, and a strong commercial demand for cotton goods continued. Mill margins rose for the fourth consecutive month to a level slightly above the 1930-1939 average for October. Mills greatly increased their stocks of raw cotton during October but at the end of the month total holdings were still smaller than a year earlier and were equivalent to less than two months' requirements at the current rate of consumption.

Exports of cotton from the United States increased somewhat from September to October, but the volume of such shipments continued at an exceptionally low level for this season. Total exports for the first quarter of the 1940-1941 season amounted to only 350,000 bales, or about one-fifth of shipments during the corresponding period of the preceding season. Takings by Great Britain and Russia constituted about 85 per cent of total shipments during October. Purchases by Japan remained on a small scale, reflecting in part the reduced activity at textile mills in that country; military operations continued to prevent shipments to Continental European countries. The disparity between prices of American cotton and prices of foreign grown cotton in foreign markets widened further during October, thereby placing American cotton at a greater disadvantage in consuming countries.

Receipts and crushings of cottonseed at mills in both Texas and the United States increased by considerably more than the average seasonal amount during October, but operations for the first quarter of the current season were sharply lower than in the corresponding period last season, reflecting in part the lateness of the cotton crop this year. The demand for products, as evidenced by shipments from mills, has been considerably smaller this season than a year earlier.

#### VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	October	October	September	Jan. 1 to Oct. 31	Jan. 1 to Oct. 31
	1940	1939	1940	1940	1939
Eleventh District—total...	22,798	14,690	22,564	209,971	168,835
Residential.....	10,560	6,019	9,645	76,341	72,486
All other.....	12,238	8,671	12,919	133,630	96,349
United States*—total.....	383,069	261,796	347,651	3,167,421	2,896,598
Residential.....	148,469	118,303	152,372	1,284,531	1,129,003
All other.....	234,600	143,493	195,279	1,882,890	1,767,595

\*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

#### BUILDING PERMITS

	October, 1940		Percentage change valuation from		Jan. 1 to Oct. 31, 1940		Percentage change valuation from	
	No.	Valuation	Oct., 1939		No.	Valuation	1939	
			Sept., 1940	Oct., 1939			Sept., 1940	1939
Abilene.....	27	\$ 61,391	+ 51.6	+102.4	250	\$ 563,929	+12.2	
Amarillo.....	79	151,286	- 12.3	- 31.0	780	2,183,745	+ 7.4	
Austin.....	188	506,128	+ 4	+ 62.9	2,642	5,978,972	+ 9.2	
Beaumont.....	165	126,480	- 31.2	+ 8.4	1,397	1,293,507	+10.8	
Corpus Christi.....	236	449,846	- 67.1	- 61.9	2,076	7,564,814	+ 6.3	
Dallas*.....	695	1,160,150	- 25.6	- 28.7	6,682	12,574,955	+10.2	
El Paso.....	83	135,057	+ 12.1	- 32.8	898	2,791,230	+ 5.1	
Fort Worth.....	286	514,064	- 73.1	+ 17.4	2,648	4,256,434	+13.7	
Galveston.....	159	118,171	- 3.7	+ 4.8	1,482	1,814,301	+ 7.0	
Houston.....	492	1,912,352	- 3.1	+ 20.3	4,961	20,014,680	+10.6	
Port Arthur.....	301	102,982	+ 10.7	+ 2.7	2,036	1,006,382	+11.4	
San Antonio.....	673	1,174,695	- 61.4	+156.8	6,642	6,284,506	+23.0	
Shreveport.....	157	264,982	- 74.4	- 47.2	1,823	4,222,097	+ 6.7	
Waco.....	120	831,631	**	+830.0	748	2,379,402	+53.7	
Wichita Falls.....	75	269,519	+136.9	+ 91.5	486	1,224,186	+28.2	
Total.....	3,736	\$7,778,734	- 36.8	+ 9.3	35,551	\$74,153,140	+11.7	

\*Includes Highland Park and University Park. \*\*Increase over 1,000 per cent.

#### CRUDE OIL PRODUCTION—(Barrels)

	October, 1940		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Oct., 1939	
			Sept., 1940	Sept., 1940
North Texas.....	5,968,700	192,539	+ 40,862	+ 7,501
West Texas.....	8,062,250	260,073	- 1,662	- 2,104
East Texas.....	13,158,650	424,473	-105,089	- 38,900
South Texas.....	6,740,400	217,432	+ 8,984	- 3,325
Texas Coastal.....	6,979,450	225,143	+ 14,678	+ 7,588
Total Texas.....	40,909,450	1,319,660	- 42,227	- 29,240
New Mexico.....	3,121,050	100,679	+ 12,236	+ 2,539
North Louisiana.....	2,055,100	66,294	+ 165	+ 1,287
Total District.....	46,085,600	1,486,633	- 54,298	- 25,414

SOURCE: Compiled from American Petroleum Institute weekly reports.

#### STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to October 31 This season	October 31 Last season	August 1 to October 31 This season	October 31 Last season
Cottonseed received at mills (tons).....	619,146	641,098	2,130,248	2,552,373
Cottonseed crushed (tons).....	359,746	398,266	1,129,498	1,389,983
Cottonseed on hand Oct. 31 (tons).....	275,812	297,900	1,040,257	1,283,016
Production of products:				
Crude oil (pounds).....	106,684,112	113,023,734	358,374,397	429,564,036
Cake and meal (tons).....	168,371	188,800	503,761	622,086
Hulls (tons).....	92,919	104,187	282,112	353,680
Linters (running bales).....	85,194	88,356	286,017	333,513
Stocks on hand October 31:				
Crude oil (pounds).....	28,159,615	22,527,944	96,392,117	78,939,497
Cake and meal (tons).....	53,157	75,993	130,714	198,853
Hulls (tons).....	53,173	66,657	103,992	147,640
Linters (running bales).....	59,504	127,353	178,903	397,381

SOURCE: United States Bureau of Census.

#### CONSUMPTION, STOCKS AND EXPORTS OF COTTON—(Bales)

	October	October	September	August 1 to October 31	October 31
	1940	1939	1940	This season	Last season
Consumption at:					
Texas mills.....	15,772	12,149	16,206	47,191	34,326
United States mills.....	770,702	686,451	639,252	2,064,457	1,941,301
U. S. stocks—end of month:					
In consuming estab'mts.	1,354,063	1,459,329	788,669		
Public stg. & compresses.	13,848,115	15,504,291	10,733,787		
Exports from U. S. to:					
United Kingdom.....	111,005	298,378	78,418	236,236	632,361
France.....	None	111,059	None	None	192,535
Italy.....	None	59,887	None	None	118,621
Germany.....	None	300	None	None	18,992
Other Europe.....	54,573	177,063	1,308	56,361	414,189
Japan.....	7,956	104,394	4,512	18,004	181,532
All other countries.....	20,717	134,101	6,317	39,570	185,821
Total exports.....	194,251	885,182	90,555	350,231	1,744,051

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

	October	October	September	August 1 to October 31	October 31
	1940	1939	1940	This season	Last season
Receipts.....	346,684	684,439	317,420	868,043	1,687,454
Exports.....	125,079	588,620	98,646	296,888	1,088,756
Stocks, end of month.....	1,723,622	1,566,400	1,527,912		

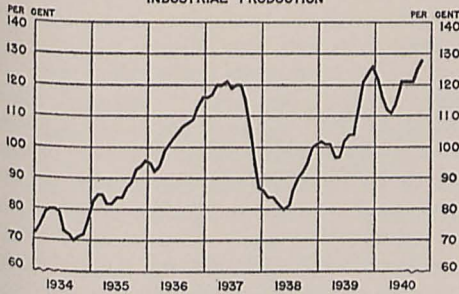
# MONTHLY BUSINESS REVIEW

DECEMBER 1, 1940

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

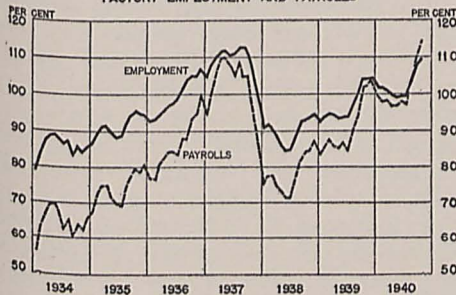
(Compiled by the Board of Governors of the Federal Reserve System)

### INDUSTRIAL PRODUCTION



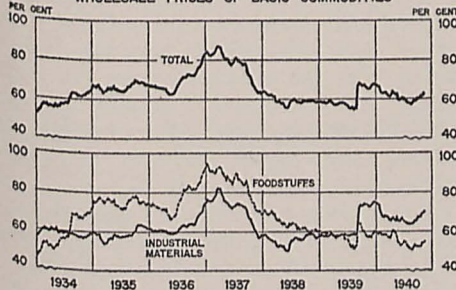
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January, 1934 to October, 1940.

### FACTORY EMPLOYMENT AND PAYROLLS



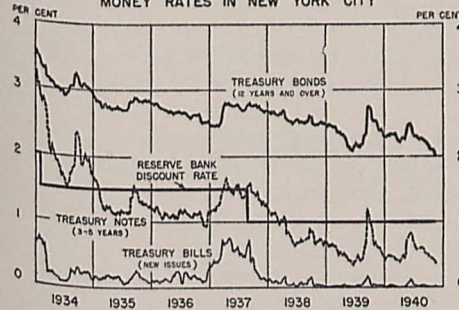
Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1934 to October, 1940. Indexes compiled by the United States Bureau of Labor Statistics.

### WHOLESALE PRICES OF BASIC COMMODITIES



Federal Reserve groupings of Bureau of Labor Statistics' data. Thursday figures, January 4, 1934 to November 7, 1940.

### MONEY RATES IN NEW YORK CITY



For weeks ending January 6, 1934 to November 9, 1940.

Industrial output rose sharply in October and the first half of November and prices of basic commodities advanced further. New orders both for defense purposes and for civilian needs continued in large volume.

### PRODUCTION

Volume of industrial production, as measured by the Board's seasonally adjusted index, rose further in October to about 128 per cent of the 1935-1939 average as compared with 125 in September and 126 at the peak reached last December.

Increases in output were marked in the automobile and textile industries. In the rayon industry, where production in September had been curtailed by a strike, activity increased considerably and cotton textile mills were also more active. Mill sales of cotton goods have been large since the middle of August, reflecting increased civilian and military demand, and have been in excess of production during most of this period. At wool textile mills, where activity had risen sharply in September, there was a further increase in October. Backlogs of orders in this industry are now of considerable size owing to a large volume of orders received during the past two months, particularly from the Government. Automobile production rose to about 500,000 cars and trucks, the largest monthly total since the spring of 1937, and retail sales of both new and used automobiles were reported to be large for this time of year.

In the steel and machinery industries activity continued at a high rate in October. In the first half of November steel ingot production advanced slightly further and was at about 96 per cent of capacity. This high rate of output is expected to be maintained for some time to come, according to trade reports, as new orders for steel have continued large. Lumber production, which had risen sharply since mid-summer, declined less than seasonally in October. New orders for lumber were somewhat below the high rate of August and September but remained above production, reflecting in part continued Government demands.

Bituminous coal production declined sharply in October but in the first half of November showed some increase. In this industry output had been maintained in large volume during the summer owing in part to considerable stocking of coal in anticipation of higher prices. Anthracite production also declined in the first half of October but rose sharply in the latter part of the month owing in part to seasonal influences. Crude petroleum production, which had been curtailed during most of the summer, increased further in October.

Value of construction contract awards increased in October, following a decline in the previous month, according to figures of the F. W. Dodge Corporation and the Federal Reserve Bank of San Francisco. Changes in the amount of contract awards in recent months have reflected principally fluctuations in contracts for public projects. Awards for private construction have shown about the usual seasonal changes, following a sharp rise in July and August.

### DISTRIBUTION

In October department store sales declined considerably from the advanced level of the two preceding months, while sales at variety stores, which also had been large in August and September, increased seasonally. In the early part of November department store sales increased somewhat.

Total loadings of revenue freight in October were maintained at about the level reached in September. Shipments of miscellaneous merchandise increased further, while loadings of coal showed a sharp decrease. In the first week of November freight-car loadings declined by less than the usual seasonal amount.

### WHOLESALE COMMODITY PRICES

Prices of basic commodities continued to advance from the middle of October to the middle of November, with the chief increases in industrial materials, particularly lead, hides, wool, and textile yarns. The general index of wholesale commodity prices rose further by about 1 per cent in this period, reflecting increases in prices of some finished goods as well as of materials.

### BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities have increased substantially since the end of September. Commercial loans showed sizable increases both in New York City and in other leading cities. Following reductions during August and September, holdings of United States Government obligations at these banks also increased. Federal Reserve System holdings of Government obligations were reduced by \$180,000,000 between September 25 and November 13.

### UNITED STATES GOVERNMENT SECURITY PRICES

After rising moderately during the latter part of October prices of United States Government securities advanced sharply in the early part of November. The quotation on the 1960-65 bonds reached a new high level at about 110 $\frac{1}{4}$ , and the yield on this issue declined to 2.12 per cent compared with 2.25 per cent in October and 2.26 per cent in June 1939 and again in April, 1940. The average yield on 3 to 5 year Treasury notes declined to less than  $\frac{3}{8}$  of 1 per cent.