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of the FEDERAL RESERVE BANK of Dallas

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NOTICE

On December 31, 1940, a Special Report was submitted to the Congress by the Board of Governors of the Federal Reserve System, the Presidents of the Federal Reserve banks, and the Federal Advisory Council. Copies of this report may be obtained from R. R. Gilbert, President, Federal Reserve Bank of Dallas.

DISTRICT SUMMARY

Industrial production in the Eleventh District expanded further in December and consumer purchases at retail establishments increased seasonally. Employment and payrolls continued to expand as a result of the increased business activity and higher industrial output. Distribution of merchandise through reporting department stores was at an all-time peak in December and sales during the first half of January, 1941, were considerably higher than in the corresponding period last year. December business at wholesale firms in six lines of trade exceeded that of a year ago by 10 per cent. The value of construction contracts awarded during the past month was more than double that in December, 1939, and exceeded the previous record established in June, 1940, by 12 per cent. Petroleum production decreased somewhat in December, but refinery operations continued at the November rate, which exceeded that in December last year by a wide margin. Total loans at weekly reporting member banks increased further in December and at the year-end they were \$32,000,000 in excess of those a year earlier. The outlook for the agricultural and livestock industries continues favorable, with the moisture supply generally good throughout the district.

During 1940, industrial activity in this district showed a further increase, reflecting in a large measure the direct and indirect effects of the National Defense Program. Between the middle of June and the end of December, National Defense contracts totaling nearly \$200,000,000 were awarded in Texas and that total was augmented by awards in other sections of the district. A large proportion of the total was for the construction of defense projects, such as army camps, shipbuilding yards, airports and air training bases, housing facilities and manufacturing plants. This huge construction program has created a heavy demand for various types of building materials produced or fabricated in this district. Contracts have also been awarded for a large variety of other products, the production of which has greatly increased the operating schedules of many manufacturing plants and in some instances has necessitated the construction of additional plant facilities. The general increase in industrial activity has been accompanied by a rise in employment and payrolls and in business. Likewise, the expansion of industrial production in the United States has resulted in a stronger demand for many commodities produced in this district, particularly some agricultural and livestock products. It should be noted, however, that the rise in industrial activity in this district has been unevenly distributed and that it has been accompanied by some unfavorable developments, including a marked reduction in the foreign demand for some agricultural commodities, especially cotton, and smaller exports of petroleum and petroleum products.

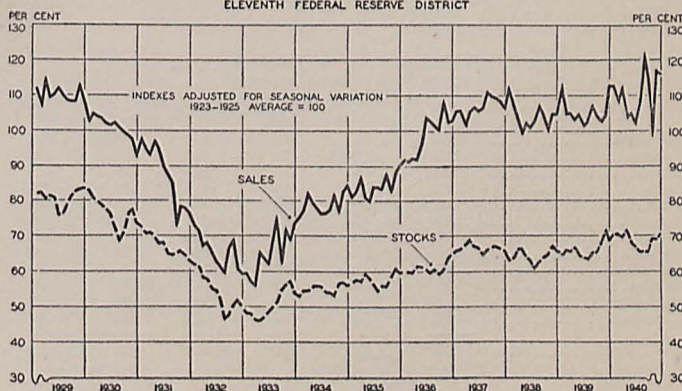
BUSINESS

Augmented by a heavy Christmas trade, the dollar value of merchandise sold at reporting department stores in the Eleventh District during December was the highest for any month of record, exceeding that in December, 1939, by 4 per cent. On a seasonally adjusted basis, sales showed little change from the high level attained in November. This bank's adjusted index of sales averaged 116 per cent of the 1923-1925 average in December, which compares with 117 per cent in November and 113 per cent in the corresponding month a year earlier.

An increase in and a wider distribution of income resulting from larger business earnings, higher farm income and increased employment and payrolls in business and industry were reflected in a further expansion in consumer buying in this district during 1940. Virtually all branches of retail trade experienced an increase in sales over those in 1939. Department store trade at reporting establishments averaged 5 per cent greater than in 1939 and the aggregate dollar value of sales closely approximated that in 1929. Consumer purchases at independent retail outlets other than department stores also rose by about 5 per cent during the past year. In Texas the 6 per cent increase was fairly general among the 33 reporting lines of trade, with the most outstanding expansion occurring in the distribution of automobiles and automobile accessories. It is significant, moreover, that the gain in sales over those in 1939 was widely distributed among rural as well as urban centers. Sales at independent retail establishments in Oklahoma and New Mexico during 1940 were about 2 per cent higher than in the preceding year and in Arizona they were up 5 per cent. In New Mexico, sales of nondurable goods, including wearing apparel and foods, showed the most pronounced gain over the year; whereas, in Oklahoma and Arizona the distribution of durable goods, such as motor vehicles, furniture, and building materials, evidenced the largest increase as compared with 1939.

Department stores in this district continued to follow conservative inventory policies during 1940. Stocks at reporting firms during 1940 averaged higher than those in 1939, but the increase in stocks was smaller than that in sales with the result that stocks were turned over at a slightly faster rate in 1940 than in the preceding year. Although the value of stocks at the end of 1940 was 3 per cent greater than a year earlier, a portion of this gain may be accounted for by higher retail prices, which, according to Fairchild Publications, were 2 per cent higher in December, 1940, than a year earlier.

DEPARTMENT STORE SALES AND STOCKS
ELEVENTH FEDERAL RESERVE DISTRICT



The rate of collections on accounts receivable at department stores in this district during 1940 showed little change from that recorded in each of the preceding four years. During the past year collections averaged about 40 per cent monthly on regular accounts and 15 per cent on instalment accounts.

Reflecting the heavy demand at retail establishments during the past year, the distribution of merchandise through wholesale channels exceeded that of a year earlier by about 7 per cent. Business at representative firms in eight lines of trade was generally active throughout 1940 with unusually heavy sales taking place toward the latter part of the year. This development apparently reflects a heavier year-end trade than had been anticipated by retailers, thereby necessitating substantial fill-in orders to replenish depleted inventories. In comparison with 1939, the distribution of surgical equipment was the only reporting line of trade to experience a decline. Sales of tobacco and tobacco products closely approximated those of a year ago, and the distribution of groceries and drugs, including liquors, averaged about 7 per cent higher than in 1939. The business of automotive supply firms expanded sharply and showed the most pronounced increase over 1939 of any reporting line of trade. The distribution of other durable goods, including electrical supplies, hardware, and machinery, reflected increases over 1939, ranging from 3 to 10 per cent.

Following a substantial increase in 1939, employment and payrolls in Texas rose further by about 5 per cent and 10 per

cent, respectively, during the past year, which is indicative of the continued expansion in business and industrial activity. On a seasonally adjusted basis, the number of persons employed in non-agricultural businesses during December, 1940, was above that at any time since the speculative boom in 1937, and payrolls were at the highest level in more than ten years. A large majority of the State's manufacturing trades reported increases in both employment and payrolls during 1940, with the largest gains occurring at cotton textile mills and at those establishments producing food and forest products, men's work clothing, stone and clay products, and structural iron and steel. In non-manufacturing lines sizable increases occurred at wholesale and retail trade establishments, and at public utilities and power laundries. Employment at petroleum refineries declined moderately over the year, but payrolls at these plants expanded by about 4 per cent. Preliminary reports indicate that the number of workers employed in manufacturing and extractive industries and at trade and service establishments in Texas increased by more than 100,000 between January and December, 1940.

The number of commercial failures in the Eleventh District was 3 per cent smaller in 1940 than in 1939, but liabilities of defaulting firms showed a further marked increase, the total being nearly twice that in 1939. The unfavorable liability record is accounted for by the default of two large industrial concerns during the year. According to Dun and Bradstreet, there were 313 failures in 1940 having an aggregate indebtedness of \$8,458,000. The latter figure is the largest recorded in seven years, but is smaller than liabilities of commercial failures during any of the fourteen years from 1920 to 1933, inclusive.

AGRICULTURE

Widespread rains in the Eleventh District during recent weeks have provided good surface and subsoil seasons and improved considerably the general outlook for the agricultural and livestock industries. In some areas, however, excessive rainfall and high winds have caused considerable damage to growing crops and delayed the preparation of land for 1941 crops. Following a very slow start, due to poor moisture conditions, the Texas wheat crop has shown a noticeable recovery since last October, and the outlook is for a better-than-average crop in 1941. On December 1, 1940, the condition of wheat was placed by the Department of Agriculture at 66 per cent of normal, which compares with an average of 47 per cent on that date last year and a 1928-1937 average December 1 condition of 73 per cent. The condition of the crop has apparently improved further during the past six weeks. The acreage seeded to winter wheat in Texas, which had been reduced sharply in 1938, is gradually returning to a more normal level. In 1939 the total acreage planted to wheat was 8 per cent higher than a year earlier and seedings last fall, amounting to 4,360,000 acres, were 3 per cent higher than in 1939 and only 6 per cent under the 1928-1937 average. The prospects for wheat production in Oklahoma have likewise improved considerably over the past two months.

Weather conditions during the latter part of December in south Texas were unfavorable to commercial truck crops and citrus groves in that area. Excessive rainfall, strong winds and hail retarded the growth of crops, delayed harvesting operations and caused considerable damage to some vegetable crops, particularly carrots, cauliflower, English peas, potatoes and spinach. The indicated production of grapefruit and oranges was likewise reduced, as a result of strong winds causing a substantial volume of fruit to fall from trees. It is significant to note, however, that despite the damage that occurred to truck and citrus crops during December, the indicated production of virtually all crops affected still compares favorably with the final harvests in 1940. On January 1 the production

WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in:			Ratio Dec. collections to accounts outstanding December 1	
	Net sales			Stocks*	
	Dec., 1940 from Dec., 1939	Nov., 1940	Jan. 1 to Dec. 31, 1940 from 1939	Dec., 1940 from Dec., 1939	Nov., 1940
Retail trade:					
Department stores:					
Total 11th Dist..	+ 4	+53	+ 5	+ 3	-20
Dallas.....	+ 3	+48	+ 5	+ 3	-21
Fort Worth.....	+ 7	+80	+ 4	+ 1	-19
Houston.....	+ 3	+46	+ 5	+ 2	-16
San Antonio.....	+ 9	+41	+10	+20	-15
Other cities.....	+ 2	+62	+ 1	- 9	-21
Independent stores:†					
Arizona.....	+ 1	....	+ 5	....	....
New Mexico.....	+ 5	....	+ 2	....	....
Oklahoma.....	+ 7	+26	+ 3	....	....
Texas.....	+ 4	+30	+ 6	....	....
Wholesale trade:†					
Machinery, eqpt & supplies (except electrical).....	+12	-18	+10	+10	+ 5
Drugs (incl. liquors).....	+12	+12	+ 8	+16	- 1
Electrical supplies.....	+ 8	+20	+ 3	....	....
Groceries.....	+ 5	- 7	+ 7	+ 5	- 5
Hardware.....	+21	-13	+ 7	+ 6	- 5
Tobacco & prod's..	+ 2	- 2	+	- 2	- 3

*Stocks at close of month. †Less than one-half of one per cent. ‡Compiled by United States Bureau of Census.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

	(1923-25 average=100)			
	With seasonal adjustment		Without seasonal adjustment	
	Sales—Dec. 1940	Stocks—Dec. 1939	Sales—Dec. 1940	Stocks—Dec. 1939
Total Eleventh Dist..	116	113	71	69
Dallas.....	130	127	72	69
Fort Worth.....	140	130	73	73
Houston.....	116	116	52	51
San Antonio.....	115	107	63	50

COMMERCIAL FAILURES IN THE ELEVENTH DISTRICT

	1940		1939		1938	
	Number	Liabilities	Number	Liabilities	Number	Liabilities
January.....	23	\$ 286	35	\$ 754	25	\$ 217
February.....	23	200	34	333	25	245
March.....	22	167	35	368	19	305
April.....	23	215	31	414	28	254
May.....	24	316	26	370	21	414
June.....	18	166	30	265	15	160
July.....	38	2,320	24	223	14	129
August.....	34	384	23	340	19	197
September.....	23	159	22*	259*	16	203
October.....	33	720	23*	557*	21	316
November.....	26	3,145	24	293	36	338
December.....	26	380	17	243	16	95
Total.....	313	\$8,458	324*	\$4,419*	255	\$2,873

*Revised.

forecast for grapefruit and oranges was placed at 14,400,000 boxes and 2,850,000 boxes, respectively, which compares with a 1940 harvest of 14,200,000 boxes of grapefruit and 2,360,000 boxes of oranges.

The condition of livestock ranges in the Eleventh District showed less than the usual seasonal decline in December and continued above the average condition for that season of the year. Heavy and frequent rains in the eastern portion of the district caused a further deterioration in range feeds and prevented grazing on grain pastures. On the other hand, range weeds and grasses in the western portion of the district are making good growth and have furnished considerable grazing. Prospects are favorable for early spring grasses throughout most of the district. Although the prolonged period of wet weather has caused some shrinkage in cattle weights, animals are still in good flesh and losses have been light. Supplemental feeding has been resorted to in those areas where excessive rainfall has caused extensive grass-rot. Sheep continue in better-than-average condition, and prospects are good for another large lamb crop in 1941.

Physical conditions were generally favorable to the agricultural and livestock industries in the Eleventh District during 1940. Per acre yields of virtually all major crops were above the ten-year, 1929-1938, average, and in a majority of cases they exceed the 1939 yields. Moreover, the production of most crops was in excess of that in the preceding year and the ten-

year average, the principal exceptions being the smaller-than-average harvests of wheat and cotton, the district's two principal cash crops, as a result of reduced acreages under Government allotment programs. However, production of wheat closely approximated that in 1939 and the cotton harvest was 8 per cent greater. The cotton acreage harvested in Texas during 1940 was about the same as that in 1939 but 4,060,000 acres less than the 1929-1938 average. Although the decline from the average cotton acreage harvested was partially offset by increases in the acreages of other crops harvested in Texas, the total of 25,844,000 acres was still 2,500,000 acres less than the ten-year average. Total acreage harvested during 1940 in states partially included in this district showed comparatively little deviation from that of a year earlier or the ten-year average.

Prices received by Texas farmers for most of their farm products during 1940 were lower than in the preceding year, but the recession in prices was more than offset by the increased production. As a consequence, the total value of crop production, which is estimated by the Department of Agriculture at about \$367,000,000, was \$48,500,000, or 15 per cent, greater than in 1939. The significant feature of the expansion in the value of crops produced in 1940 is that two-thirds of the increase was in cash crops, which indicates that cash income of farmers from the sale of agricultural commodities will probably exceed the 1939 receipts from that source, which amounted to \$424,000,000 in the five states wholly or partially included in the Eleventh District. During the first ten months of 1940, cash receipts from the sale of crops averaged 6 per cent higher than in the corresponding period of 1939.

The livestock industry in this district showed a further growth during the past year. The 1940 calf crop was large and the lamb crop exceeded the previous maximum by about 6 per cent. Production of wool was likewise at an all-time peak. In Texas, average prices received for range animals during the year were above those in 1939, and although shipments of cattle and calves from this State were apparently somewhat smaller than in the preceding year, due in part to a disposition on the part of farmers and ranchmen to increase the stock of animals on farms and ranches, marketings of sheep and lambs exceeded those in 1939 by about 10 per cent. Prices of wool and mohair were strengthened during 1940 by a heavy demand created in part by Governmental purchases for defense purposes, and ranchmen are reported to have disposed of the record growth at considerably higher prices than those obtaining in 1939. Cash income to farmers in the Eleventh District from the sale of livestock and livestock products during 1940 is expected to exceed the 1939 peak of \$405,000,000 by about 3 per cent.

Livestock prices have shown considerable strength in recent weeks. Hog prices, which had declined by less than the usual seasonal amount during the final quarter of 1940, increased sharply on the Fort Worth market in the initial two weeks of the new year and at mid-January they were at the highest level since October, 1938. The seasonal advance last fall in prices of slaughter steers has been well maintained, with some grades of animals showing a further net gain in prices. Lamb prices have followed a moderate upward trend over the past few months.

FINANCE

Significant developments that occurred in the field of finance in this district during 1940 include a further marked expansion in bank loans and deposits, a continued rise in the volume of funds for which there is no effective demand, an increase in debits to individual accounts, and a substantial gain in money in circulation.

Following a seasonal contraction during the first half of

CROP PRODUCTION—(In thousands of units)

Crop	Unit	Texas			Eleventh District*		
		1940	1939	1929-1938 average	1940	1939	1929-1938 average
Cotton	Bales	3,285	2,846	3,876	4,863	4,421	5,650
Cottonseed	Tons	1,463	1,268	1,726	2,166	1,969	2,514
Corn	Bushels	90,324	73,376	75,555	157,546	126,744	132,973
Wheat (all)	Bushels	29,355	29,032	32,958	88,226	94,057	83,483
Oats	Bushels	37,125	28,750	35,299	72,327	52,396	62,858
Barley	Bushels	3,825	2,955	2,445	11,053	10,399	4,885
Rice	Bushels	16,005	15,172	9,770	16,005†	15,172†	9,770†
Grain sorghums	Bushels	46,397	38,115	45,412	67,587	53,148	62,163
Timothy hay	Tons	1,341	1,022	745	3,510	2,939	2,487
Wild hay	Tons	273	257	220	839	779	692
Peanuts	Pounds	166,675	129,480	77,449	204,055	151,190	99,759
Irish potatoes	Bushels	3,200	2,666	3,343	8,788	7,716	9,071
Sweet potatoes	Bushels	4,335	3,780	4,690	10,923	11,660	12,589
Sweet sorghums	Tons	2,475	1,752	752	3,632	2,439	1,203
Oranges	Boxes	2,975	2,360	947	2,975†	2,360†	947†
Grapefruit	Boxes	15,000	14,200	5,029	15,000†	14,200†	5,029†
Pecans	Pounds	41,000	19,000	24,470	66,604	36,104	41,262

*Except where otherwise indicated, Eleventh District figures represent the combined totals for the five states wholly or partially included in the Eleventh District; i.e., Texas, Louisiana, Oklahoma, New Mexico, and Arizona. †Texas only.

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

(In thousands of dollars)

	October, 1940		Government payments	Total receipts			
	Crops	Livestock*		October 1940	October 1939	Jan. 1 to Oct. 31 1940	1939
Arizona	2,945	3,400	322	6,667	8,310	44,144	43,937
Louisiana	12,725	2,090	2,271	17,086	24,103	86,538	98,789
New Mexico	2,015	11,695	177	13,887	10,148	41,932	37,522
Oklahoma	18,380	9,600	1,475	29,455	23,446	160,520	159,561
Texas	71,186	33,360	10,546	115,092	76,083	466,731	449,236
Total	107,251	60,145	14,791	182,187	142,090	799,865	789,045

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

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS (Number)

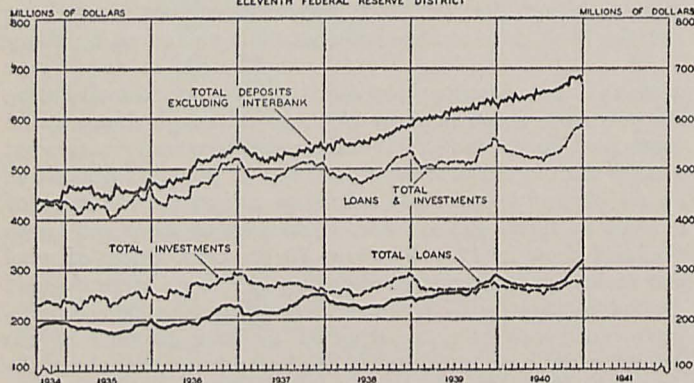
	Fort Worth			San Antonio		
	Dec. 1940	Dec. 1939	Nov. 1940	Dec. 1940	Dec. 1939	Nov. 1940
Cattle	42,181	34,962	47,103	12,720	12,491	16,066
Calves	27,565	23,440	42,722	23,394	21,212	25,555
Hogs	58,867	31,000	35,594	13,500	13,149	13,650
Sheep	28,738	26,867	44,654	4,299	3,791	4,446

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	Fort Worth			San Antonio		
	Dec. 1940	Dec. 1939	Nov. 1940	Dec. 1940	Dec. 1939	Nov. 1940
Beef steers	\$11.00	\$ 9.50	\$10.50	\$11.00	\$ 9.75	\$ 9.00
Stocker steers	9.75	8.50	9.75	7.50	7.25	7.50
Heifers and yearlings	12.00	10.00	10.50	12.50	10.25	11.00
Butcher cows	6.75	6.75	6.50	6.50	5.50	6.15
Calves	9.00	8.75	9.00	9.25	8.90	9.00
Hogs	6.85	6.35	6.80	6.50	6.15	6.50
Lambs	8.75	8.00	9.00	8.00	8.00	8.00

the year, total loans at weekly reporting member banks in this district increased during the subsequent six months at a much faster rate than is ordinarily the case in that period; as a result, the margin of gain over the preceding year widened gradually from month to month and amounted to \$32,000,000 at the year-end. The expansion in loans during 1940 represented chiefly increased demand for funds from commerce, industry and agriculture; however, personal and instalment loans advanced somewhat and loans to brokers and dealers in securities rose by about \$2,000,000. Total loans of \$319,000,000 on December 31, 1940, were the highest in ten years. In contrast with the substantial net increase in loans, investments of reporting banks showed noticeable variations during the course of the year with respect to both the total amount of securities held and the distribution of holdings among the various types of securities, but total holdings of \$262,000,000 on December 31, 1940, were only slightly larger than those at the close of 1939. Over the past five years security holdings at reporting banks in this district have fluctuated mostly between \$250,000,000 and \$300,000,000; whereas, investments at reporting banks in 101 leading cities of the United States increased about \$3,148,000,000 during that period. Over two-thirds of the latter gain was at New York City banks, where the volume of funds redeposited by interior banks has shown a marked increase during the past few years. Despite the small increase in investments at reporting banks in this district during 1940, total loans and investments at the year-end were at an all-time peak, amounting to slightly more than \$580,000,000 and exceeding the total at the end of 1939 by \$33,100,000.

REPORTING MEMBER BANKS IN LEADING CITIES
ELEVENTH FEDERAL RESERVE DISTRICT



Deposits at all member banks in this district showed a further pronounced rise during 1940. The expansion represented chiefly increases in adjusted demand deposits, which include principally individual, corporate and municipal deposits. The daily average of combined gross demand and time deposits recorded new highs in each of the final three months of 1940 and the average of \$1,712,000,000 in December was \$133,000,000 greater than in the closing month of 1939. Since January, 1936, daily average deposits at member banks in this district have risen by nearly \$600,000,000.

As a result of the sharp expansion in deposits at member banks during 1940, which exceeded the increase in loans and investments, banks made substantial additions to their reserves at the Federal Reserve Bank and also increased their balances with other domestic commercial banks. The expansion in reserve balances was especially pronounced during the final quarter of the year, when daily average reserves registered new highs in each succeeding month. Moreover, the trend continued upward during the first two weeks of the new year; on January 15, 1941, reserves totaled \$244,000,000, which was a new all-time peak. Excess reserves of member banks in this district likewise increased during 1940, though at a slower

rate than in the preceding year. A peak of nearly \$90,000,000 was reached during the first half of July, and while a net decline of \$6,000,000 occurred in daily average excess reserves during the remainder of the year, a substantial portion of this

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

	Jan. 15, 1941	Jan. 15, 1940	Dec. 15, 1940
Total cash reserves.....	\$297,081	\$256,177	\$294,542
Discounts for member banks.....	12	4	17
Other bills discounted.....	18	151	82
Industrial advances.....	278	487	28
United States Government securities.....	86,835	94,362	84,923
Total earning assets.....	87,143	95,004	85,050
Member bank reserve deposits.....	244,118	222,741	242,800
Federal Reserve notes in actual circulation.....	95,119	81,386	95,257

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

	Jan. 8, 1941	Jan. 10, 1940	Dec. 11, 1940
Total loans and investments.....	\$582,364	\$548,172	\$580,037
Total loans.....	315,695	283,965	308,653
Commercial, industrial and agricultural loans.....	216,133	188,170	209,133
Open market paper.....	1,517	1,749	1,611
Loans to brokers and dealers in securities.....	5,033	3,033	4,004
Other loans for purchasing or carrying securities.....	12,640	14,145	13,337
Real estate loans.....	23,268	22,416	23,833
Loans to banks.....	598	236	552
All other loans.....	56,506	54,216	56,183
United States Government direct obligations.....	167,218	153,132	171,245
Obligations fully guaranteed by United States Govt.....	40,423	53,596	41,987
Other securities.....	59,028	57,479	58,152
Reserves with Federal Reserve Bank.....	149,204	138,522	145,546
Balances with domestic banks.....	282,598	261,903	277,492
Demand deposits—adjusted*.....	520,377	450,494	519,015
Time deposits.....	138,936	137,122	135,264
United States Government deposits.....	29,609	32,689	25,479
Interbank deposits.....	279,592	270,659	274,807
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
December, 1938.....	\$1,189,670	\$223,336	665,072	123,655	524,598	\$ 99,681
December, 1939.....	1,344,386	234,145	777,931	130,299	566,455	103,846
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
November, 1940.....	1,469,895	233,412	842,576	128,213	627,319	105,199
December, 1940.....	1,474,217	237,308	841,903	131,622	632,314	105,686

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	Petg. change from		Total year		Pctg. change from 1939
	December 1940	December 1939	December 1940	December 1939	
Abilene.....	\$ 10,130	+ 2.1	\$ 105,389	\$ 102,845	+ 2.5
Austin.....	43,056	+ 9.5	419,459	410,405	+ 2.2
Beaumont.....	28,285	+ 5.8	291,177	278,766	+ 4.5
Corpus Christi.....	4,171	- 1.2	42,032	39,780	+ 5.7
Dallas.....	334,728	+ 2.6	3,160,201	2,992,939	+ 5.6
El Paso.....	50,595	+ 41.0	386,009	349,032	+ 10.6
Fort Worth.....	109,502	+ 4.9	1,004,297	973,836	+ 3.1
Galveston.....	32,932	+ 10.9	334,689	302,216	+ 10.7
Houston.....	292,633	+ 3.3	2,993,663	2,729,307	+ 9.7
Port Arthur.....	10,605	- 1.1	116,235	109,301	+ 6.3
Roswell.....	5,744	+ 1.9	57,501	52,816	+ 8.9
San Antonio.....	84,077	+ 7.1	886,588	830,718	+ 6.7
Shreveport.....	53,845	- 2.0	547,183	522,484	+ 4.7
Texarkana*.....	9,951	+ 6.7	92,155	87,896	+ 4.8
Tucson.....	13,120	- 3.3	147,188	139,359	+ 5.6
Tyler.....	13,215	- 3.0	141,516	137,473	+ 2.9
Waco.....	16,267	- 3.9	170,954	166,227	+ 2.8
Wichita Falls.....	17,521	- 2.6	200,027	174,836	+ 14.4
Total.....	\$1,130,377	+ 4.6	\$11,096,263	\$10,400,236	+ 6.7

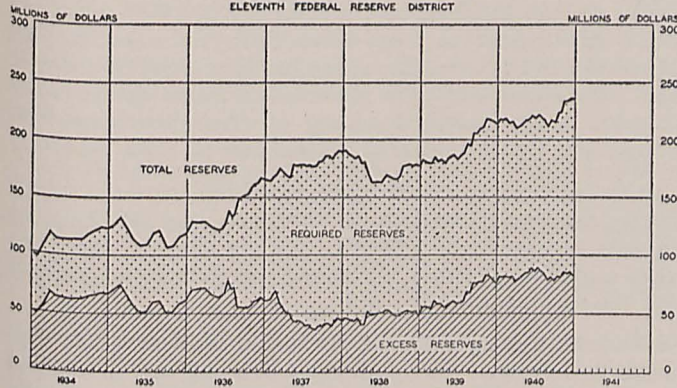
*Includes the figures of two banks in Texarkana, Arkansas, located in the Eighth District.

SAVINGS DEPOSITS

	December 31, 1940		Percentage change in savings deposits from	
	Number of reporting banks	Number of savings depositors	Dec. 31, 1939	Nov. 30, 1940
Beaumont.....	3	10,033	\$ 4,243,106	+ 8.2
Dallas.....	8	90,825	26,625,933	+ 3
El Paso.....	2	18,902	8,515,778	+ 4
Fort Worth.....	3	35,221	13,121,803	- 1.1
Galveston.....	4	18,456	12,167,580	+ 3
Houston.....	10	76,238	32,194,350	+ 3.9
Port Arthur.....	2	8,776	3,302,757	+ 6.1
San Antonio.....	5	22,969	18,134,227	+ 3
Shreveport.....	3	24,998	12,255,934	+ 2.7
Waco.....	3	8,115	4,404,109	- 7.5
Wichita Falls.....	3	7,048	3,648,437	- 3.9
All others.....	69	59,753	31,049,378	+ 3.0
Total.....	115	378,334	\$169,661,392	+ 1.3

contraction was offset during the first half of January, when total reserve balances showed a much greater increase than required reserves. Balances with correspondent banks in the United States averaged \$488,000,000 during the first half of December, 1940, which was \$13,000,000 greater than a year earlier.

MEMBER BANK RESERVES
ELEVENTH FEDERAL RESERVE DISTRICT



Federal Reserves notes of this bank in actual circulation showed a seasonal decline during the first five months of 1940, reaching the low point of the year at \$78,028,000 on May 24. During the remainder of the year, however, note circulation showed the largest gain in several years, with the result that this bank's circulation reached an all-time peak at \$98,400,000 on December 23. This figure was about \$12,300,000 above the maximum circulation in 1939. The rise in the latter part of the year, which reflected in part seasonal factors, was intensified by the expansion in business and industry and shipments of currency to army camps.

Total earning assets of the Federal Reserve Bank of Dallas were reduced further by \$7,900,000 during the year ended January 15, 1941. This decline represented chiefly a contraction in holdings of United States Government securities, and reflects this bank's proportionate share of a net liquidation in the System's investment account. Discounts for member banks, which were completely liquidated early in 1940, showed a gradual upward trend until August 23, when total bills discounted amounted to \$877,000. Loans to member banks declined seasonally during the remainder of the year, however, and totaled only \$12,000 on December 31, 1940.

Debits to individual accounts at banks in eighteen cities of the Eleventh District increased seasonally in December to the highest level of record for that month, and the total was only about 4 per cent under the all-time peak recorded in October, 1929, when charges to depositors' accounts were augmented by a heavy volume of security transactions. During the year 1940, total debits averaged 7 per cent higher than in 1939, and the increase was well distributed among cities from which reports are obtained.

INDUSTRY

The value of construction contracts awarded in the Eleventh District during December amounted to approximately \$42,500,000, which was the largest total for any month of record. The figure reflects primarily sharply increased awards for the construction of National Defense and United States Housing Authority projects. The value of awards for non-residential building, which amounted to about one-half of the total, showed the most pronounced gain during the month; nevertheless, contracts let for residential building were at an all-time peak and nearly three times the value of awards in December, 1939.

The awards for National Defense projects also had a marked effect upon construction activity for the year 1940. The total value of new projects initiated during the year amounted to about \$271,000,000, which was 4 per cent greater than the previous maximum recorded in 1926 and nearly 40 per cent higher than in 1939. Although publicly-financed construction accounted for the major portion of the expansion over 1939, privately-financed building increased about 13 per cent, reflecting chiefly a substantial gain in contracts awarded for the erection of non-residential buildings. Publicly-financed construction during 1940 was nearly double that of a year ago, the gain extending to each of the several classes of construction work.

Among the principal classes of building initiated during the past year, marked gains occurred in the construction of non-residential building and of engineering projects, the latter classification including public works and public utilities construction. The value of contracts awarded for engineering projects was about 45 per cent greater than in 1939, reflecting increased awards for streets and highways, dams and reservoirs, water supply systems, railroads and airports. The value of non-residential building during 1940 was nearly 60 per cent larger than in 1939. This expansion was accounted for largely by increases in the construction of aircraft hangers, manufacturing buildings, and facilities at various army camps. In the residential field the number of projects upon which awards were let and the total floor space made available upon completion of the structures were approximately 25 per cent greater than in 1939; whereas, the value of all residential contracts awarded during the year was only 16 per cent greater than

VALUE OF CONSTRUCTION CONTRACTS AWARDED
(In thousands of dollars)

	December 1940	December 1939	November 1940	Jan. 1 to Dec. 31 1940	1939
Eleventh District—total...	42,516	17,603	22,500	271,487	199,110
Residential.....	13,037	4,762	7,636	97,014	83,434
All other.....	29,479	12,841	14,864	174,473	115,676
United States*—total.....	456,189	354,098	380,347	4,003,957	3,550,543
Residential.....	159,275	88,681	152,888	1,596,944	1,334,272
All other.....	296,914	265,417	227,509	2,407,013	2,216,271

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	December, 1940		Percentage change valuation from		Jan. 1 to Dec. 31, 1940		Percentage change valuation from 1939
	No.	Valuation	Dec., 1939	Nov., 1940	No.	Valuation	
Abilene.....	44	\$ 74,855	+340.8	+100.0	311	\$ 676,209	+17.1
Amarillo.....	54	244,614	+128.9	+47.5	883	2,594,179	+1.5
Austin.....	109	646,754	+134.4	+12.3	2,878	7,363,069	+2.6
Beaumont.....	117	83,361	+2.4	+48.9	1,645	1,540,020	+10.2
Corpus Christi..	160	247,070	+38.6	+12.0	2,393	8,092,630	+22.7
Dallas*.....	519	2,959,276	+375.0	+331.0	7,727	16,220,813	+26.3
El Paso.....	106	134,050	+16.8	+1.6	1,091	3,057,179	+18.8
Fort Worth.....	142	186,681	+53.7	+54.2	2,959	4,850,672	+31.8
Galveston.....	121	40,954	+61.8	+82.3	1,741	2,086,569	+45.3
Houston.....	260	3,155,628	+62.7	+191.2	5,537	24,253,888	+4.4
Port Arthur.....	126	49,852	+28.6	+30.4	2,308	1,127,851	+1.4
San Antonio.....	442	904,055	+95.7	+58.0	7,562	9,340,558	+10.9
Shreveport.....	84	220,697	+18.1	+40.9	2,018	4,816,403	+17.9
Waco.....	27	80,867	+41.1	+21.3	837	2,562,982	+71.3
Wichita Falls...	32	1,047,176	+297.6	†	545	2,345,492	+83.1
Total.....	2,343	\$10,075,890	+100.7	+50.4	40,435	\$90,928,514	+5.4

*Includes Highland Park and University Park.

†Increase over 1,000 per cent

PORTLAND CEMENT STATISTICS—TEXAS MILLS

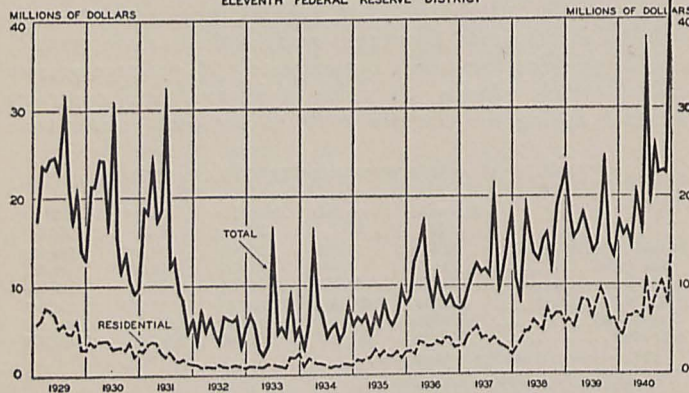
(In thousands of barrels)

	Production		Shipments		Stocks (end of month)	
	1940	1939	1940	1939	1940	1939
January.....	445	673	450	628	906	826
February.....	477	571	533	545	850	852
March.....	589	499	678	697	762	655
April.....	713	720	699	665	775	709
May.....	758	772	712	686	821	795
June.....	672	537	594	644	898	688
July.....	523	667	538	535	883	820
August.....	574	485	595	582	862	722
September.....	631	685	645	585	848	822
October.....	743	704	784	568	807	958
November.....	648	478	563	554	882	882
December.....	602	547	592	518	892	911
Total.....	7,375	7,338	7,383	7,207	....	....

in 1939. There was a marked decline in the value of apartment houses erected during the year, but this recession was more than offset by increases in the value of dormitories, one-family dwellings and army barracks. The construction of one-family dwellings that were placed on the "for sale" or "for rent" markets expanded sharply due in part to the construction of additional slum-clearance projects under the United States Housing Authority. Reports indicate that residential building costs in this district rose somewhat during 1940, reflecting the increased demand for building materials and labor as a result of defense activities.

The valuation of permits issued for building projects within the corporate limits of fifteen principal cities in the Eleventh District increased further in 1940 to the highest level for any year since 1929, the total exceeding that in the preceding year by 5 per cent. The value of permits issued at nine of the reporting cities showed a gain over 1939, with the largest increases being recorded for Dallas, Galveston, Waco, Corpus Christi, and Wichita Falls. Although the value of permits issued at Houston during 1940 was moderately smaller than in 1939, the aggregate for that city accounted for more than one-fourth of the total value of permits issued at all reporting cities.

CONSTRUCTION CONTRACTS AWARDED
ELEVENTH FEDERAL RESERVE DISTRICT



Reflecting the expansion in building activities during 1940 the demand for lumber and cement was heavy, resulting in the maintenance of operations at mills producing those products at a comparatively high level. At Portland cement mills in Texas, production during the year closely approximated the record output in 1929 and shipments were moderately higher than the previous record movement established in 1939. Activity at lumber mills in this district was very irregular during the first half of 1940, with production and shipments averaging somewhat lower than in the corresponding period of 1939. In the second half of the year, however, operations increased noticeably due in part to the acceleration of demand for lumber incident to the National Defense Program. For the year as a whole, output of lumber was about the same as that in 1939, and shipments were 5 per cent greater. Mill stocks of lumber were reduced sharply during 1940.

Daily average output of crude oil in the Eleventh District was curtailed further in December and was 13 per cent below that of a year ago; as a result of this contraction, petroleum production in the United States was fractionally smaller than in November and 5 per cent lower than in December, 1939. Refinery operations both in this district and in the nation as a whole showed little change over the month, but continued at a somewhat higher level than a year ago.

Outstanding developments in the petroleum industry during 1940 include a further expansion in the production and refining of crude oil, increased drilling activity, a record demand

for refined products, increased imports of crude petroleum and refined products, and a sharp curtailment of exports. Production of crude oil and refining operations in the United States were at an all-time peak and drilling activity was at the highest rate since 1937. In the Eleventh District operations were above those in 1939, but the rate of increase was much smaller than that elsewhere in the United States due principally to the resumption of more normal operations in Kansas, where activity had been curtailed sharply in 1939, and to the rapid development of fields in southern Louisiana, Indiana, Mississippi and Illinois. The expansion in imports of crude oil and refined products into the United States during 1940, reflected chiefly increased takings of crude petroleum from Mexico and higher imports of residual fuel oil from Venezuela.

Above-ground stocks of crude petroleum increased sharply during the first six months of 1940, but since the beginning of July inventories have shown little net change, reflecting a close alignment between the amount of petroleum produced and the amount utilized.

Notwithstanding a sharp contraction during 1940 in shipments to foreign countries, total demand for the refined products of petroleum was at an all-time high, exceeding the previous maximum recorded in 1939 by about 2 per cent. Exports declined about 30 per cent due chiefly to the closing of European markets by military operations, but the increased demand in this country more than offset the contraction in foreign buying. The domestic demand for virtually all products was greater than in 1939, with pronounced increases occurring in the consumption of kerosene, heating and distillate fuels and wax. Although a record consumption of gasoline in the United States during the past year aided in reducing gasoline inventories, which had mounted sharply during the winter of 1939-1940, stocks are still heavy, being near the record high for this season of the year. The demand for residual fuel oils during 1940 was about 5 per cent higher than in the preceding year, reflecting the marked expansion in industrial production that occurred during the year.

The existence of heavy inventories of gasoline throughout 1940 had a depressing effect upon the market of that product with the result that prices declined to the lowest level since 1933. Prices of lubricants, which had increased considerably in the latter part of 1939, also declined in 1940 due largely to the contraction in foreign demand. Posted prices for crude oil showed little change during the past year; nevertheless, the market was weak at times and reports indicate that some Mid-Continent crude moved at less-than-posted prices.

Following a curtailment in the preceding two years, drilling activity in the Eleventh District, as measured by the number of wells completed, increased 6 per cent during 1940, and completions in the United States rose 11 per cent to a level only moderately below the peak recorded in 1937.

Domestic consumption of raw cotton in the United States continued in record proportions during December. In contrast with a seasonal decline that is usual in December, cotton mill activity was stepped up further during that month of 1940, the volume of cotton consumed totaling 775,500 bales, which was 19 per cent greater than in December, 1939, and only fractionally below the all-time peak of 777,000 bales consumed in March, 1937. The Board of Governors' seasonally adjusted index of cotton consumption increased to 145 per cent of the 1935-1939 average in December, which exceeds the previous peak established in November, 1940, by 10 points. The output of cotton products during December was apparently well in excess of incoming orders; nevertheless, the backlog of unfilled orders remained in large volume, and after the turn of the year, there was a resumption of heavy buying.

Prices of cotton goods have continued generally firm, with quotations on some constructions showing a further advance.

During 1940 consumption of cotton in the United States was at a high rate; the total of cotton consumed during the twelve months amounted to more than 8,000,000 bales, which exceeds that for any calendar year of record. During the early months of the year, the rate of activity declined substantially from the high level prevailing in the latter part of 1939, but operations were expanded rapidly in the last half of the year when heavy Government buying of cotton goods for defense purposes coincided with an increased demand from commercial sources.

Operations at cotton textile mills in Texas, which had been fairly active during the first half of 1940, increased sharply in the final six months of the year, when the strong commercial demand for products was augmented by heavy Governmental purchases. The volume of cotton consumed during 1940 was the highest in recent years, exceeding the amount utilized in 1939 by nearly 35 per cent. Although the expansion in textile mill activity in Texas during the latter half of 1940 coincided with the increase at all such mills in the United States, the gain over 1939 for the country as a whole was much smaller than that at Texas mills.

In addition to the expanded operations in the cotton textile industry during 1940, the production of rayon in the United States established a new high and output of woolen materials was especially heavy during the final quarter of the year when the Government placed large orders for wool clothing for armed forces.

Cotton textile mills continued to make heavy purchases of raw cotton during December. Stocks on hand at the close of the year were 9 per cent greater than a month earlier and only 2 per cent less than on December 31, 1939. Based on the December, 1940, rate of consumption, mill stocks of cotton on December 31 were equivalent to about two and one-third months' operations. At the close of 1940, stocks of cotton in public storage and compresses, the major portion of which represents Government loan stocks, were 3 per cent higher than on December 31, 1939.

In contrast with the prevailing high rate of cotton mill activity in the United States, foreign consumption of cotton is at a comparatively low level, due chiefly to military operations and the loss of export markets. The Department of Agriculture reports that operating schedules at cotton mills in Japan have been reduced sharply in an effort to bring production in line with sales, which are relatively small because of a poor foreign demand. Operations at textile mills in most of the countries of Continental Europe have been curtailed due apparently to their inability to obtain raw cotton, and while activity at English mills has been fairly well sustained, cotton consumption is somewhat smaller than a year ago. As a result of the curtailment in operations at foreign cotton mills together with increased competition from South American countries for the accessible world markets for raw cotton, exports of American cotton have been in small volume for several months. Shipments during December amounted to only 107,400 bales and the total for the first five months of the current season aggregated only about 600,000 bales, which is 80 per cent smaller than exports in the corresponding period of the preceding season and the smallest for any similar period since 1873.

Foreign exports of cotton from the ports of Houston and Galveston during the first five months of the 1940-1941 season amounted to only 262,000 bales, or about one-seventh of those in the corresponding period of the preceding season. This decrease was larger than that in total exports from the United States and reflects the small shipments to the Far East and the transportation difficulties in making direct shipments to Great Britain. The sharp reduction in foreign shipments of cotton from these ports has been offset in part by a 15 per cent increase in coastwise shipments; nevertheless, total movements through these ports during the five months ended December 31 were at a lower level than in any corresponding period for which data are available.

CRUDE OIL PRODUCTION—(Barrels)

	December, 1940		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Dec., 1939	Nov., 1940
North Texas.....	5,639,600	181,923	+ 12,812	+ 5,253
West Texas.....	7,331,700	236,506	+ 48,499	+11,722
East Texas.....	13,401,000	432,290	+115,007	+13,822
South Texas.....	5,809,900	187,416	+ 39,360	+13,352
Texas Coastal.....	7,267,750	234,444	+11,612	+ 1,528
Total Texas.....	39,449,950	1,272,579	+201,666	+35,171
New Mexico.....	3,141,300	101,332	+ 7,784	+ 244
North Louisiana.....	2,125,550	68,566	+ 810	+ 1,818
Total District.....	44,716,800	1,442,477	+210,260	+33,109

SOURCE: Estimated from American Petroleum Institute weekly reports.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to December 31 This season	December 31 Last season	August 1 to December 31 This season	December 31 Last season
Cottonseed received at mills (tons).....	924,073	823,372	3,553,182	3,581,713
Cottonseed crushed (tons)....	662,826	653,968	2,316,980	2,536,934
Cottonseed on hand Dec. 31 (tons).....	277,659	224,472	1,275,709	1,165,405
Production of products:				
Crude oil (pounds).....	200,000,847	188,241,761	737,717,158	789,468,443
Cake and meal (tons).....	308,645	309,962	1,030,026	1,137,074
Hulls (tons).....	169,079	171,486	576,789	643,644
Linters (running bales).....	161,145	148,701	611,415	628,750
Stocks on hand Dec. 31:				
Crude oil (pounds).....	30,167,591	19,670,961	93,183,310	66,721,343
Cake and meal (tons).....	61,085	79,320	175,700	219,412
Hulls (tons).....	84,436	71,633	172,170	167,626
Linters (running bales).....	67,995	112,459	225,396	344,349

SOURCE: Bureau of Census.

COTTON CONSUMPTION AT TEXAS MILLS—Bales

	1940	1939	1938		1940	1939	1938
January.....	12,827	10,378	8,737	August.....	15,213	11,062	11,529
February.....	11,451	9,785	8,964	September.....	16,206	11,115	10,878
March.....	10,507	10,961	10,551	October.....	15,772	12,149	10,992
April.....	10,790	9,240	9,356	November.....	20,583	12,800	9,887
May.....	12,309	11,182	10,622	December.....	22,408	11,049	8,991
June.....	10,759	10,355	10,248	Total.....	171,322	129,258	120,586
July.....	12,497	9,182	10,731				

CONSUMPTION, STOCKS AND EXPORTS OF COTTON—(Bales)

	December 1940	December 1939	November 1940	August 1 to December 31 This season	December 31 Last season
Consumption at:					
Texas mills.....	22,408	11,049	20,583	90,182	58,175
United States mills.....	775,472	650,123	744,088	3,584,017	3,310,143
U.S. stocks—end of month:					
In consuming estab'mts.....	1,833,864	1,861,406	1,682,278		
Public stg. & compresses.....	15,046,513	14,579,390	14,727,234		
Exports from U. S. to:					
United Kingdom.....	19,564	162,873	51,850	307,650	953,598
France.....	None	67,451	None	None	309,364
Italy.....	None	93,761	None	None	243,201
Germany.....	None	None	None	None	18,992
Other Europe.....	42,129	169,825	44,878	143,368	708,608
Japan.....	8,865	123,932	2,787	29,716	422,171
All other countries.....	36,817	188,878	45,195	122,031	478,481
Total exports.....	107,375	806,720	144,710	602,765	3,134,415

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

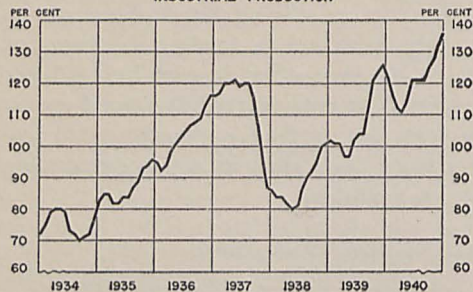
	December 1940	December 1939	November 1940	August 1 to December 31 This season	December 31 Last season
Receipts.....	195,360	493,567	320,964	1,384,367	2,737,165
Exports.....	98,013	460,319	131,441	526,342	1,899,432
Stocks, end of month.....	1,966,926	1,762,336	1,895,820		

FEBRUARY 1, 1941

NATIONAL SUMMARY OF BUSINESS CONDITIONS

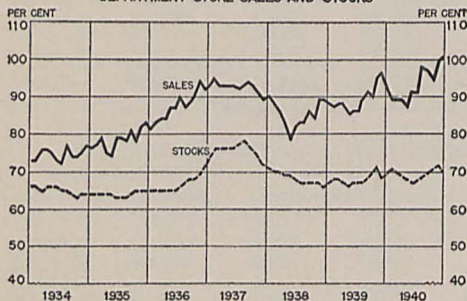
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



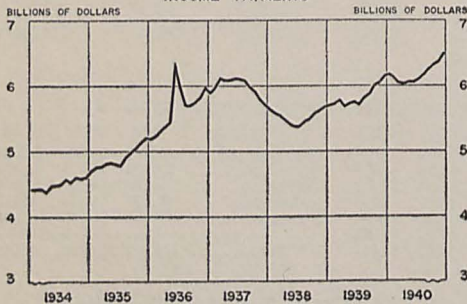
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January, 1934 to December, 1940.

DEPARTMENT STORE SALES AND STOCKS



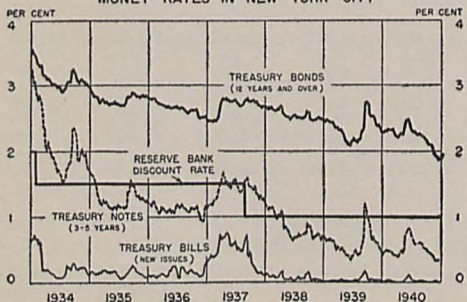
Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934 to December, 1940.

INCOME PAYMENTS



U. S. Department of Commerce estimates of the amount of income payments to individuals, adjusted for seasonal variation. By months, January, 1934 to December, 1940.

MONEY RATES IN NEW YORK CITY



For weeks ending January 6, 1934 to January 11, 1941.

Industrial activity continued at a high rate in December and the first half of January and distribution of commodities to consumers was maintained in large volume. There was some increase in wholesale commodity prices.

PRODUCTION

Volume of industrial production showed little change from November to December, although usually there is a decline at this season, and consequently the Board's adjusted index rose further by four points to 136 per cent of the 1935-39 average. Steel ingot production was sustained at about 96 per cent of capacity. New orders for steel continued large, according to trade reports, and were equal to or slightly greater than production; consequently the volume of unfilled orders remained at about the peak level reached in November. In the first half of January steel output increased to around 98 per cent of capacity. Activity in the machinery, aircraft, and shipbuilding industries continued to increase sharply and working forces were expanded further. In these lines and in some others, such as wool textiles, unfilled orders are exceptionally large, owing in the main to the defense program.

Automobile production declined somewhat more than seasonally in December following an unusually large volume of output in November and October. Retail sales of new cars during the last quarter of 1940 were about one-fourth greater than in the corresponding period last year and used car sales also were large. In the nonferrous metals industries activity increased further in December and output of lumber and cement showed less than the usual seasonal decline.

Textile production, which in November had exceeded the previous record levels reached a year ago, continued at this high rate in December, not showing the usual seasonal decrease. At cotton and rayon mills, activity increased somewhat further and at wool textile mills output was sustained at peak rates. In the shoe industry, where output had been in reduced volume during the first ten months of the year, there was less than the usual seasonal decline in November and December and, on a seasonally adjusted basis, production was close to earlier peak levels.

At mines bituminous coal production declined less than seasonally and anthracite production increased. Output of crude petroleum showed a reduction in December owing mainly to the fact that wells in Texas were closed for ten days as compared with nine days in November. Output of metals continued in large volume.

Value of construction contract awards, as reported by the F. W. Dodge Corporation, increased contraseasonally in December, reflecting further sharp increases in awards for defense construction and private nonresidential building. Contracts for private residential building declined by somewhat less than the usual seasonal amount.

DISTRIBUTION

Distribution of commodities to consumers increased more than seasonally in December. Department and variety store sales showed the customary sharp expansion during the Christmas season and sales at mail-order houses rose more than is usual at this time of year.

Freight-car loadings showed a seasonal decline from November to December. Shipments of forest products and miscellaneous freight decreased less than seasonally, while ore loadings, which had been unusually large in November, declined sharply.

WHOLESALE COMMODITY PRICES

Basic commodity prices generally increased from the middle of December to the middle of January, following little change during the preceding four weeks. Currently these prices are substantially above the level prevailing last summer. Increases in the past month were most marked for foodstuffs, especially hogs, pork, lard, and cottonseed oil, but there were advances also in a number of industrial materials, particularly pig iron, cotton, cotton goods, paint materials, and hides. Steel scrap prices, after increasing during most of the period, subsequently declined and lumber prices also decreased somewhat from the sharply advanced peak reached in November.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities continued to increase substantially during the six weeks ending January 8, reflecting principally increases in holdings of United States Government obligations at New York City banks. Commercial loans rose somewhat further while loans to New York security brokers and dealers, which had increased in December, subsequently declined somewhat.

Excess reserves, after declining during the first half of December, have since increased to about \$6,900,000,000. The increase reflected reductions in Treasury deposits with the Reserve Banks, a continued inflow of gold, and since Christmas a seasonal return flow of currency from circulation.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities reacted somewhat after reaching record high levels early in December. Bonds of 1960-65 showed on January 8 a net decline of about 2½ points from the all-time peak of December 10 but subsequently fluctuated somewhat above this level. The yield on this issue, which was 2.03 per cent at the peak in prices, was 2.16 per cent on January 14.