

MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

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DISTRICT SUMMARY

The demand for merchandise at wholesale and retail trade establishments in the Eleventh District remained at a high level in February. On a seasonally adjusted basis, department store sales were at an all-time peak for that month, and the distribution of commodities through wholesale channels exceeded that of a year ago by 14 per cent. In the industrial field, the value of construction contracts awarded was at a much higher rate than a month earlier or a year ago, due to increased awards for publicly-financed projects. Daily average petroleum output was the largest since May, 1940, and crude oil runs to refinery stills rose further to a new high level. The outlook for agriculture and livestock in this district is generally satisfactory, but warm, sunny weather is needed over a large portion of the district to stimulate the growth of plants and range vegetation and to permit farmers to proceed rapidly with plowing and seeding operations.

BUSINESS

The expansion in purchasing power, resulting from increased payrolls and higher farm income, is being reflected in consumer purchases at retail establishments in the Eleventh District. During the first two months of 1941, the sale of merchandise at representative firms operating in seventeen lines of retail trade other than department stores averaged about 16 per cent higher than in that period of 1940. Department store sales at reporting firms have likewise shown a pronounced gain over those of a year ago. In February, daily average sales increased less than the average seasonal amount but were 14 per cent greater than in the corresponding month last year. This bank's seasonally adjusted index of department store sales stood at 118 per cent of the 1923-1925 average in February as against 126 per cent in January, and 107 per cent in February, 1940. During the first two months of the current year, the distribution of merchandise through reporting department stores was at the highest level of record for that period. Weekly reports indicate that department store trade during the first half of March was about the same as in that period of 1940, which is significant in view of the fact that sales in March last year were augmented considerably by the early date of Easter.

Stocks of merchandise at department stores were increased by about the average seasonal amount in February, and at the close of the month their dollar value closely approximated that of a year ago. On a seasonally adjusted basis, inventories have shown little change since last October, their value fluctuating around 71 per cent of the 1923-1925 average.

Sales at reporting wholesale firms in eight lines of trade in this district showed wide variations from January to February due chiefly to seasonal factors, but the aggregate dollar value of sales evidenced little change over the month. In comparison with the corresponding month of 1940, sales in only two lines, drugs and tobacco, failed to participate in the average gain of 14 per cent. A greater distribution of durable goods, including hardware, surgical equipment, automotive and electrical supplies, and machinery and equipment, was chiefly responsible for the large gain over the same month last year, although sales at wholesale grocery firms were up 8 per cent. Cumulative sales at all reporting firms during the first two months of 1941

averaged 15 per cent higher than in that period a year earlier. The value of merchandise stocks at wholesale establishments showed an average increase of 3 per cent during February, and at the month-end the total was 7 per cent higher than a year earlier.

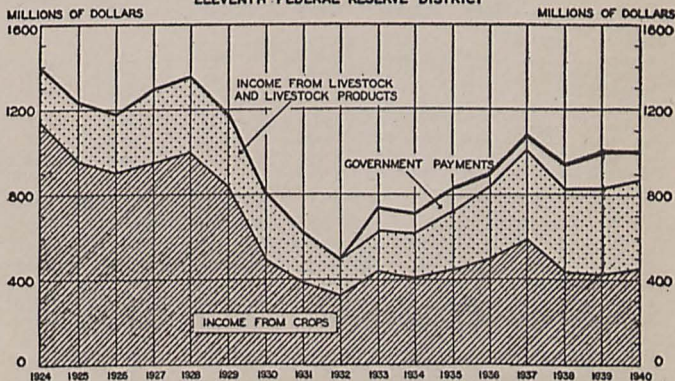
Employment and payrolls in Texas, as reported by the Bureau of Business Research of the University of Texas, showed moderate advances in February, reflecting chiefly increases at wholesale and retail trade establishments and at plants manufacturing food, textile and forest products. As compared with February, 1940, employment was 4 per cent higher and payrolls were up 8 per cent.

The number of business failures in the Eleventh District among manufacturing, trade, construction and commercial service establishments declined from 41 in January to 33 in February. On the other hand, the average liability of defaulting firms increased considerably, with the result that their aggregate indebtedness rose 50 per cent to \$415,000, which was more than double that in February, 1940.

AGRICULTURE

Weather conditions have had varying effects upon agricultural and livestock conditions in the Eleventh District during recent weeks. Rains and snow during the latter part of February and early in March temporarily relieved a deficiency in surface moisture in eastern New Mexico and in the Texas Panhandle and afforded some relief from dust storms, which had caused considerable damage to wheat in local areas. On the other hand, moisture supplies in central and east Texas and northern Louisiana continued excessive and wet fields caused further delays in soil preparation and seeding of crops, particularly corn. Early in March field work in those areas ranged from one to four weeks behind schedule. During the second week of March high winds dried out the topsoil in many areas of Texas, permitting a resumption of planting and plowing operations. In the vegetable growing area of south Texas persistent rains, high winds and frosts during February caused additional damage to truck crops and delayed further the harvesting and shipment of vegetables. Planting of spring vegetable crops throughout most of the commercial producing areas of Texas is also later than usual. According to the Department of Agriculture, unfavorable weather during the past winter reduced considerably the production of some truck

CASH FARM INCOME
ELEVENTH FEDERAL RESERVE DISTRICT



crops, but supplies of winter vegetables were for the most part adequate to meet market demands, and prices received for products have been fairly satisfactory.

The Texas wheat crop made fairly good growth during February and the first half of March, although the crop in some areas was damaged by high winds and dust storms. Rains and snows in the heavy producing sections of the State early in March were beneficial, but additional surface moisture is needed as a considerable acreage of wheat, which is of short, thin growth, is susceptible to further wind damage. The Texas oat crop has shown relatively little growth due to the lack of sunshine, but thus far there has been comparatively little damage from freezes and insects.

Livestock ranges in this district showed a noticeable improvement during February, and their condition on March 1, as reported by the United States Department of Agriculture, was the highest for that date in recent years. Although continued rains and cool weather in the eastern half of the district have delayed the growth of new grass and damaged old feed, prospects are generally favorable for early spring grazing. In the western portion of the district range grass and weeds made good growth during February. Grazing on small grain fields has been limited thus far due to the slow growth of crops and to wet fields. Livestock weights increased during February in virtually all sections except in those areas where excessive rainfall caused further damage to range feed. Losses of animals during the past winter were light because of the generally mild, open weather. Current prospects are good for large spring calf and lamb crops. The demand for cattle has been strong, but trading on the whole has been light. Although the development of early spring lambs in Texas has been slow due to unfavorable weather, animals are expected to mend rapidly with the appearance of clear, sunny weather.

Production of wool in the Eleventh District rose to a new all-time peak of 103,000,000 pounds during 1940, reflecting chiefly an increase of about 5 per cent in the number of sheep shorn in Texas. In that State, the 10,300,000 head of sheep clipped accounted for a total wool output of 80,350,000 pounds. The increase in the production of wool during 1940 was accompanied by an exceptionally heavy demand for and

an increase in the farm price of that product. As a result, cash income of wool producers in this district from the sale of that product rose \$6,000,000 to a total of \$29,100,000. In Texas, cash income from wool marketings amounted to \$23,300,000, which was only fractionally below the all-time peak recorded in 1937. Production of shorn wool in the United States was likewise at an all-time high during the past year, totaling 387,800,000 pounds. Marketing of this wool resulted in a cash income of \$110,000,000 to farmers and ranchmen.

Mohair production in this district rose sharply to a record of 20,000,000 pounds, which was 14 per cent greater than in 1939. Producers' cash income during 1940 from the sale of mohair totaled \$10,100,000 as against \$8,500,000 in 1939. The growth of mohair in this district represented 95 per cent of total production in the United States.

The aggregate income of farmers during 1940 in the five states included in this district, which amounted to \$1,012,000,000, was slightly lower than in the preceding year, reflecting the smaller Government benefit payments to farmers for participation in the program of the Agricultural Adjustment Administration. However, Government benefit payments, which amounted to \$143,000,000 during 1940, were higher than in any year prior to 1939. Income from the sale of farm products, including crops, livestock and livestock products, was 2 per cent greater than in 1939. Moreover, the decline in total receipts, including Government payments, was occasioned by a substantial contraction in income in Louisiana, where unfavorable weather conditions during 1940 caused severe damage to cash crops. In Texas, Oklahoma, New Mexico and Arizona the increase in income from the sale of farm products more than offset the decline in benefit payments received from the Federal Government, with the result that total income in those states averaged 2 per cent higher than in the preceding year.

Among the principal divisions of farm income, receipts from the sale of crops amounted to \$460,000,000 during 1940, which was 6 per cent higher than the revised estimate of \$434,000,000 received in 1939. Although cotton continues to dominate the trend in cash income from the sale of crops, farmers in this district have made some progress in the diversification of agricultural production in recent years. The acreage diverted from cotton production has been utilized largely as pasture for livestock and to increase production of feed and vegetable crops. The growing importance of truck crops as a revenue producing source is indicated by the fact that in 1940 cash income from this source rose to an all-time peak of \$44,000,000, which was \$6,000,000 greater than in 1939 and \$2,000,000 above the previous maximum established in 1937. Cash income from the sale of grain crops, including corn, wheat, oats, barley, rice and grain sorghums, totaled \$98,000,000 as against \$94,000,000 in 1939.

The livestock industry in this district continued as a major source of revenue during 1940, though a moderate decline in cash income occurred as compared with the preceding year. The contraction is accounted for by a reduction in the marketings of cattle and calves due apparently to the restocking of ranges following heavy sales in 1939. Reports indicate that income from the sale of sheep and wool was at an all-time peak during the past year. Total income from the sale of livestock and livestock products during 1940 amounted to \$410,000,000, which represents a decline of \$5,000,000 from the preceding year.

FINANCE

Member bank reserves maintained at the Federal Reserve Bank of Dallas, which had increased considerably during the

WHOLESALE AND RETAIL TRADE STATISTICS

Retail trade:	Number of reporting firms	Percentage change in:				
		Net sales		Stocks		
		Feb., 1941 from Feb., 1940	Jan., 1941 from Feb. 28, 1941	Jan. 1 to Feb. 28, 1941 from 1940	Feb. 28, 1941 from 1940	Jan. 31, 1941
Department stores:						
Total 11th Dist.	45	+10	-2	+12	-1	+8
Dallas.	7	+6	+1	+8	+3	+8
Fort Worth.	4	+2	-12	+13	-2	+3
Houston.	6	+16	-6	+14	-18	+19
San Antonio.	5	+12	+3	+16	+6	+2
Shreveport.	3	+15	+1	+14	...	...
Other cities.	20	+13	+†	+13	-7	+12
Independent stores*:						
Arizona.	245	+9	-4	+10	...	...
New Mexico.	179	+5	-3	+9	...	...
Oklahoma.	562	+11	-3	+16	...	...
Texas.	1,025	+12	-4	+16	...	...
Wholesale trade*:						
Machinery, eqpt. & supplies.	4	+19	+7	+31	...	...
Automotive supplies.	7	+12	-17	...	+17	+12
Drugs (incl. liquors).	8	-3	-10	+3	+12	-5
Electrical supplies.	4	+63	+9	+59	...	...
Groceries.	32	+8	+†	+10	+4	+3
Hardware.	14	+24	-†	+15	+9	+7
Surgical equipment.	4	+14	+11	...	+7	-3
Tobacco & products.	5	No chg.	+17	-1	...	...

*Compiled by United States Bureau of Census. †Change less than one-half of one per cent.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS (1923-1925 average=100)

	February 1941	January 1941	December 1940	February 1940
Sales (daily average):				
Without seasonal adjustment.	101	96	201	91
With seasonal adjustment.	118	126	116	107
Stocks (end of month):				
Without seasonal adjustment.	68	63*	62	68
With seasonal adjustment.	71	72*	71	71

* Revised

first six weeks of 1941, and reached a record of \$257,000,000 on February 14, showed little net change during the subsequent thirty days and daily average reserve balances during the first half of March were \$33,200,000 greater than in that period of 1940. Required reserves increased further between February 15 and March 15, but the gain was apparently small and daily average excess reserves continued near the peak of \$95,300,000 recorded during the first half of February. Balances of member banks in this district carried with other domestic commercial banks also reached a new high level in February. The average during the first half of the month amounted to \$527,000,000, which was \$30,000,000 above that in the corresponding period of 1940.

Federal Reserve notes of this bank in actual circulation, which had shown a counter-to-seasonal gain during the latter part of January, fluctuated around \$97,000,000 during most of February and then turned upward again toward the end of the month, reaching an all-time high of \$100,900,000 on March 4. Although a moderate decline has occurred since the latter date, Federal Reserve note circulation on March 15 was about the same as the 1940 peak established in December and about \$18,600,000 greater than a year ago. An increasing volume of currency shipments to army camps to meet contractors' pay-rolls and salary payments to soldiers and a greater demand for circulating currency to accommodate the expanding volume of business and industrial activity are the principal factors contributing to the high level of Federal Reserve note circulation in this district.

Loans at weekly reporting member banks in this district on March 12 totaled \$320,300,000, which was only \$1,377,000 lower than the 1941 peak reached four weeks earlier, and was nearly \$50,000,000 greater than a year ago. Moreover, total loans were still higher than at any time during 1940. Although the generally active use of bank credit that has persisted thus far in 1941 may be accounted for in part by the greater demand for funds by business and industrial concerns to carry larger inventories of non-defense goods, it is probable that a substantial portion of the net expansion in loans represents borrowings to finance the purchase of materials and the production of goods incident to the National Defense Program. Investments at reporting banks showed a further expansion of \$3,500,000 during the four-week period ended March 12, due to increases in holdings of direct and guaranteed obligations of the United States Government. Total loans and investments at these banks on March 12 were \$59,000,000 greater than a year earlier. Deposits at reporting banks continued to expand, rising \$19,200,000 during the four-week period.

Debits to individual accounts at banks in eighteen cities of the Eleventh District, which reflect in some degree the trend in employment and in business and industrial activity, were 13 per cent higher in February this year than in the corresponding month of 1940. During the first two months of 1941, charges to depositors' accounts were the highest of record for that period, exceeding the previous maximum established in 1929 by about 5 per cent.

INDUSTRY

Building activity in the Eleventh District and operations at processing and manufacturing establishments in allied industries, including lumber, cement, structural iron and steel, and brick and tile, have been well sustained since the beginning of 1941. Production and shipments of cement at Texas mills during the first two months of the current year were at the highest level of record for that period. On the basis of employment at establishments producing structural iron and steel

products and brick and tile, it appears that operating schedules were maintained in January and February at a level sharply higher than in the corresponding period a year earlier. Produc-

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

	March 12, 1941	March 13, 1940	Feb. 12, 1941
Total loans and investments	\$591,360	\$532,227	\$589,238
Total loans	320,300	270,566	321,677
Commercial, industrial and agricultural loans	220,946	179,521	222,975
Open market paper	1,650	1,812	1,413
Loans to brokers and dealers in securities	3,854	3,642	4,676
Other loans for purchasing or carrying securities	11,895	13,303	12,186
Real estate loans	23,471	22,234	22,509
Loans to banks	640	235	686
All other loans	57,844	49,819	57,232
United States Government direct obligations	169,004	152,901	166,872
Obligations fully guaranteed by United States Govt.	40,385	51,036	38,855
Other securities	61,671	57,724	61,834
Reserves with Federal Reserve Bank	161,057	140,532	159,837
Balances with domestic banks	307,499	301,021	291,896
Demand deposits—adjusted*	556,706	483,687	542,989
Time deposits	137,990	136,593	136,957
United States Government deposits	22,420	31,117	22,787
Interbank deposits	294,526	272,484	289,715
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 the process of collection.

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

	March 15, 1941	March 15, 1940	Feb. 15, 1941
Total cash reserves	\$311,806	\$249,959	\$311,696
Discounts for member banks	None	131	None
Other bills discounted	None	60	None
Industrial advances	277	491	278
United States Government securities	86,834	94,362	86,834
Total earning assets	87,112	95,034	87,112
Member bank reserve deposits	255,005	219,002	256,005
Federal reserve notes in actual circulation	98,705	80,064	97,225

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	February 1941	February 1940	Pctg. change over year	January 1941	Pctg. change over month
Abilene	\$ 12,224	\$ 8,068	+52	\$ 11,552	+ 6
Austin	34,088	31,392	+ 9	38,416	-11
Beaumont	27,193	23,242	+17	27,136	+ 7
Corpus	3,373	3,357	+ 7	4,310	-22
Dallas	266,539	246,780	+ 8	304,493	-12
El Paso	46,800	29,231	+60	49,584	- 6
Fort Worth	83,361	71,651	+16	100,418	-17
Galveston	24,449	30,075	-19	26,790	- 9
Houston	260,147	227,069	+15	280,528	- 7
Port Arthur	10,188	9,175	+11	10,919	- 7
Roswell	4,577	3,953	+16	4,855	- 6
San Antonio	78,347	66,023	+19	84,657	- 7
Shreveport	45,716	42,964	+ 6	53,227	-14
Texarkana*	8,406	6,813	+23	10,002	-16
Tucson	13,387	11,368	+18	14,360	- 7
Tyler	11,439	11,081	+ 3	14,438	-21
Waco	14,606	14,424	+ 1	15,896	- 8
Wichita Falls	15,508	16,420	- 6	17,650	-12
Total	\$960,348	\$853,086	+13	\$1,069,181	-10

*Includes figures of two banks in Texarkana, Arkansas, located in the Eighth District.
†Change less than one-half of one per cent.

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
February, 1939	\$1,193,160	\$225,328	\$674,977	\$124,975	\$518,183	\$100,353
February, 1940	1,355,474	234,306	785,130	129,055	570,344	105,251
February, 1941	1,408,515	233,323	814,555	128,295	593,960	105,028
October, 1940	1,469,895	233,412	842,576	128,213	627,319	105,199
November, 1940	1,474,217	237,308	841,903	131,622	632,314	105,686
December, 1940	1,495,852	239,594	856,234	133,199	639,618	106,395
January, 1941	1,538,864	241,491	876,181	134,206	657,683	107,285

SAVINGS DEPOSITS

	Number of reporting banks	February 28, 1941		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	Feb. 29, 1940	Jan. 31, 1941
Beaumont	3	10,283	\$ 4,251,192	+ 7.6	+ .7
Dallas	8	91,542	26,671,914	+ 1.3	+ .01
El Paso	2	19,544	8,343,080	+ .4	+ .8
Fort Worth	3	35,143	13,128,532	+ .2	+ .2
Galveston	4	18,825	12,130,624	+ .7	+ .3
Houston	10	77,926	32,418,263	+ 4.2	+ .4
Port Arthur	2	5,992	3,265,804	+ 2.8	+ .9
San Antonio	5	23,231	18,064,659	+ .9	+ .7
Shreveport	3	25,331	12,309,593	+ 2.2	+ .8
Waco	3	8,129	4,510,332	+ 2.9	+ .6
Wichita Falls	3	7,113	3,655,702	+ 1.2	+ .4
All others	69	62,542	30,823,145	+ 1.5	+ .3
Total	115	385,601	\$169,572,840	+ 1.6	+ .11

tion and shipments of lumber at pine mills in this district, which had increased sharply in January following the usual year-end decline, showed a moderate recession during February, but continued at a much higher level than a year ago.

The value of construction contracts awarded in this district, which had shown a substantial decline in January from the record total reported in December, 1940, advanced 14 per cent in February and the total exceeded that of a year ago by about 43 per cent. On a daily average basis the value of contracts awarded in February was one-third higher than in the preceding month and nearly 50 per cent greater than in February, 1940. The expansion in the rate of awards over both the preceding month and the corresponding month a year earlier extended to each of the principal classes of building, with the most pronounced gain occurring in awards for public utilities construction. During the initial two months of the current year the aggregate value of construction contracts awarded in this district was 39 per cent greater than in that period of 1940.

The marked expansion in building activity during the past year, with the consequent increase in demand for labor and building materials, has been accompanied by a rise in building costs. Wage rates have increased and prices of building materials, particularly lumber, have shown noticeable advances. According to data compiled by the Federal Home Loan Bank Board, construction costs in 25 key cities of the United States for a standard residence rose from 106 per cent of the 1936 average in July, 1940, to 112.5 per cent in December.

Daily average crude oil production in the United States, which had followed a moderate downward trend during the preceding four months, increased 3 per cent in February due chiefly to a substantial gain in output in Texas. In the Eleventh District, daily average production rose 6 per cent in February to the highest level since last May. However, in comparison with the corresponding month a year earlier, when the heavy production of crude oil was causing substantial additions to above-ground stocks, the February daily average output in this district was 3 per cent smaller and production in the United States was down 2 per cent. Crude oil inventories showed only moderate increases in February this year.

Refinery operations in this district increased further to a new all-time peak in February, and crude oil runs to stills in the nation as a whole were only fractionally below the peak established in June, 1940. Production of gasoline in the United States since the turn of the year has exceeded distribution by a wide margin. Inventories have shown an average gain of 1,500,000 barrels weekly and on March 1 they were only 2 per cent below the volume on hand a year earlier.

Following a substantial decline in January, preliminary reports indicate that the rate of drilling activity in the Eleventh District showed a pronounced increase in February, reflecting chiefly increased operations in north and east Texas. In contrast with the sharp gain in this district the rate of drilling activity in the United States was only moderately higher than a month earlier. In comparison with February last year, the daily average number of wells completed in both this district and the nation was slightly smaller.

The rate of operations at cotton textile mills in the United States increased by more than the average seasonal amount from January to February, and the Board of Governors' adjusted index of cotton consumption, which had declined in January, rose 4 points to 142 per cent of the 1935-1939 av-

erage, which compares with the peak level of 145 per cent attained in December, 1940. The volume of cotton consumed during the month totaled 794,000 bales, which was the highest of record for that month and 20 per cent greater than in February, 1940. During the first seven months of the current season, domestic consumption of cotton totaled 5,221,000 bales, which was at a rate of about 9,000,000 bales annually. Such a figure, if realized this season, would be the highest of record, exceeding the previous maximum established in the 1936-1937 season by about 1,000,000 bales. Although purchases of cotton textiles from processing establishments during much of February were on a smaller scale than in January, the heavy buying that developed in the last week of the month apparently brought total mill sales well above the month's output. During the first week of March, the commercial demand for textiles continued heavy and the Government entered the market for a substantial volume of goods for defense purposes. Prices of cotton goods have continued to show some advances. Purchases of raw cotton by consuming establishments during February exceeded by a small margin the amount consumed, and mill stocks at the end of the month were 12 per cent higher than a year earlier. Between the middle of February and the middle of March the average price of cotton, middling, 15/16-inch staple, at ten spot markets rose 68 points to the season's high of 10.68 cents per pound. According to trade reports, the recent strength in the raw cotton market was apparently due to the heavy demand from domestic consuming establishments, the scarcity of "free" cotton in trade channels, and the uncertainty with respect to probable changes in the farm program. Repossession of cotton in the Government loan is proceeding at a fairly substantial rate. The Commodity Credit Corporation reported that on February 28 there were approximately 11,026,000 bales of cotton in Government loan stocks, consisting of 6,183,000 bales owned outright by the Corporation and 4,843,000 bales held as collateral for loans.

Exports of cotton from the United States remained in small volume during February, totaling only 60,600 bales, which brought total shipments for the first seven months of the current season to 724,700 bales. The latter figure compares with exports totaling 4,917,000 bales in the corresponding period of the preceding season.

VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	February 1941	February 1940	January 1941	January 1 to 1941	February 28 1940
Eleventh District—total...	\$ 23,731	\$ 16,603	\$ 20,768	\$ 44,499	\$ 31,047
Residential.....	7,565	6,615	8,448	16,013	10,981
All other.....	16,166	9,988	12,320	28,486	20,066
United States*—total.....	270,373	200,574	305,205	575,578	396,765
Residential.....	116,459	74,858	111,306	227,765	152,258
All other.....	153,914	125,716	193,899	347,813	244,507

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	February, 1941		Percentage change valuation from		Jan. 1 to Feb. 28, 1941		Percentage change valuation from 1940
	No.	Valuation	Feb., 1940	Jan., 1941	No.	Valuation	
Abilene.....	43	\$ 55,753	+113	-26	88	\$ 130,613	+43
Amarillo.....	58	197,525	+ 43	+14	122	371,485	+37
Austin.....	197	769,188	+ 3	+96	404	1,161,346	- 6
Beaumont.....	119	88,453	- 31	-71	231	395,763	+91
Corpus Christi..	216	1,455,958	+ 4	+21	448	2,658,422	- 2
Dallas*.....	667	971,557	- 14	- 7	1,324	2,020,248	+ 1
El Paso.....	150	285,782	+ 65	+23	287	508,814	+64
Fort Worth.....	216	350,659	- 29	-30	443	851,541	+ 9
Galveston.....	149	96,796	- 37	-13	287	207,825	-57
Houston.....	406	1,116,640	- 26	-44	834	3,120,715	-40
Port Arthur....	92	106,428	+ 22	+26	204	190,844	+25
San Antonio....	560	379,362	- 12	-65	1,060	1,462,447	+68
Shreveport....	112	298,355	+ 7	- 8	238	623,295	+ 6
Waco.....	55	151,566	+ 86	- 8	135	316,651	+35
Wichita Falls..	34	81,120	+ 89	+40	66	139,245	+ 6
Total.....	3,074	\$6,405,142	- 6	-17	6,171	\$14,159,254	- 7

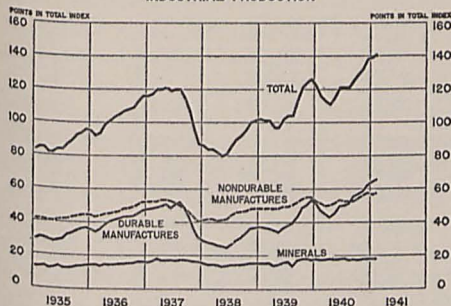
*Includes Highland Park and University Park.

April 1, 1941

NATIONAL SUMMARY OF BUSINESS CONDITIONS

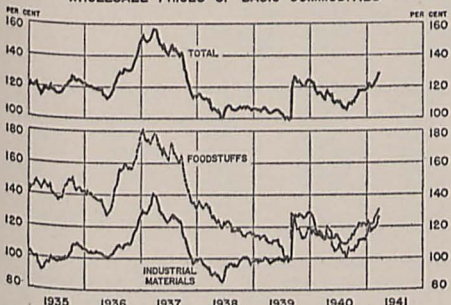
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



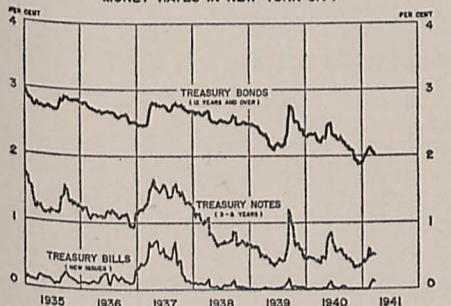
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index by months, January, 1935 to February, 1941.

WHOLESALE PRICES OF BASIC COMMODITIES



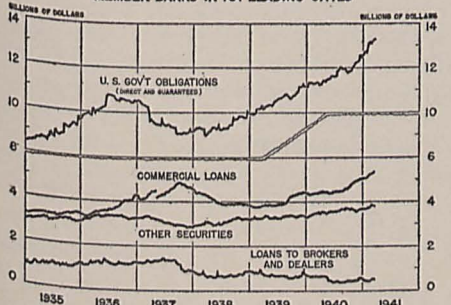
Bureau of Labor Statistics' indexes based on 12 foodstuffs and 16 industrial materials, August, 1939 = 100. Thursday figures, January 3, 1935 to March 13, 1941.

MONEY RATES IN NEW YORK CITY



Weekly averages of daily yields of 3- to 5-year tax-exempt Treasury notes, Treasury bonds callable after 12 years, and average discount on new issues of Treasury bills offered within week. For weeks ending January 5, 1935 to March 15, 1941.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures, January 2, 1935 to March 12, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937 so-called "Other loans" as then reported.

Industrial activity and employment increased further in February and the first half of March. Buying by producers and consumers continued in large volume and wholesale commodity prices, particularly of imports, advanced.

PRODUCTION

In February volume of industrial output, on a daily average basis, rose more than seasonally, and the Board's adjusted index advanced from 139 to 141 per cent of the 1935-39 average.

Increases in February, as in other recent months, were largest in the durable goods industries where a large proportion of defense program orders have been placed. Activity continued to rise sharply at machinery plants, aircraft factories, shipyards, and in the railroad equipment industries. Steel production fluctuated around 96 per cent of capacity in January and February and rose to 99 per cent in the first half of March. New orders for steel continued large and, despite the high rate of output, unfilled orders increased further. Many orders have been placed for delivery in the second half of this year, reflecting the prospect of heavy consumption and some uncertainty on the part of steel users regarding future availability of supplies. Output of pig iron, coke, and nonferrous metals was likewise at near capacity rates in February and unfilled orders for these products, too, were at exceptionally high levels. Demand for lumber continued large owing to a high rate of construction activity and output was sustained in large volume for this time of year. Automobile production increased in February and the first half of March to about the peak rate attained last November. Retail sales of new and used cars advanced to unusually high levels.

In industries manufacturing nondurable goods, activity continued at the record levels reached in the latter part of 1940. There were further increases in the cotton textile, rubber, and chemical industries and activity at woolen mills also increased, following a temporary reduction in January. In most other lines activity was maintained at the high levels of other recent months.

Coal production rose less than seasonally in February but increased considerably in the first half of March when, according to trade reports, there was some inventory accumulation in anticipation of a possible shutdown on April 1 at the expiration of the present contract between the mine operators and the miners' union. Copper and zinc production increased in February and recently domestic supplies of copper have begun to be supplemented by imports from South America. Output of crude petroleum continued at about the rate that had prevailed during the three preceding months.

Value of construction contract awards in February declined somewhat more than seasonally, reflecting decreases in both public and private work, according to reports of the F. W. Dodge Corporation. Awards for public construction, although sharply reduced from the high levels reached in the latter half of 1940, were somewhat above those of a year ago, and awards for private construction were nearly half again as large as in February of last year.

DISTRIBUTION

Distribution of commodities to consumers increased more than seasonally from January to February. Sales at variety stores and by mail-order houses were the largest on record, making allowance for usual seasonal changes, and department store sales were also at a high level.

Freight-car loadings increased by about the usual seasonal amount. Shipments of miscellaneous freight, consisting mostly of manufactured products, showed an increase while loadings of forest products rose less than seasonally and grain shipments declined.

WHOLESALE COMMODITY PRICES

Prices of a number of basic imports rose sharply from the early part of February to the middle of March. Cotton yarns and gray goods and nonferrous metal scrap showed further increases in this period and there were also advances in prices of some other domestic commodities, including lead, wheat, cotton, and oils and fats.

BANK CREDIT

Commercial loans continued to increase at member banks in 101 leading cities in February and the first half of March and these banks also purchased additional Treasury notes and bills issued in connection with the defense program. As a result of the increase in loans and investments, bank deposits showed a further marked advance.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of Government securities increased after February 15, following a sharp decline in the preceding ten weeks. The 1960-65 bonds on March 15 were about 3 1/4 points above their price on February 15 and about 1 1/4 points below the all-time peak of December 10. The yield on this issue, which increased from 2.03 per cent at the peak in prices on December 10 to 2.30 per cent on February 15, had declined to 2.14 per cent on March 15.

MONTHLY BUSINESS REVIEW

CASH FARM INCOME (In thousands of dollars)

	Texas			Eleventh District*		
	1940	1939	1938	1940	1939	1938
Cotton.....	\$139,828	\$128,137	\$131,017	\$ 213,463	\$ 199,943	\$204,822
Cottonseed.....	21,894	16,347	21,604	32,358	26,831	32,787
All grains†.....	41,692	36,616	38,836	97,735	94,273	94,530
Corn.....	4,026	4,158	4,654	7,640	8,560	8,133
Wheat.....	17,775	16,309	18,411	51,436	52,508	53,643
All vegetables‡.....	30,375	23,772	21,353	53,189	46,649	42,840
Irish potatoes.....	1,584	1,569	1,286	3,591	3,945	3,654
Truck crops.....	26,378	20,519	17,985	44,329	37,693	33,606
Fruits and nuts.....	13,765	13,436	11,561	24,244	22,869	20,447
Total income from all crops.....	262,653	231,546	237,468	459,926	434,372	438,101
Livestock§.....	230,050	233,160	217,075	409,040	414,540	388,730
Government income pmts.....	86,489	110,755	68,814	142,667	170,189	113,245
Total farm income.....	\$579,192	\$575,461	\$523,357	\$1,012,233	\$1,019,101	\$940,076

*Eleventh District figures represent combined totals for the five states wholly or partially included in the Eleventh District. †Includes corn, wheat, oats, barley, rice and grain sorghums. ‡Includes Irish and sweet potatoes and truck crops. §Includes receipts from the sale of livestock and livestock products.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	February 1941	February 1940	January 1941	February 1941	February 1940	January 1941
Cattle.....	26,309	30,530	39,521	12,918	11,679	15,726
Calves.....	16,415	18,445	24,952	15,662	11,993	26,721
Hogs.....	48,359	37,937	67,438	13,877	10,081	15,993
Sheep.....	18,740	29,604	26,223	5,831	6,317	6,908

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	Fort Worth			San Antonio		
	February 1941	February 1940	January 1941	February 1941	February 1940	January 1941
Beef steers.....	\$11.50	\$ 9.25	\$11.50	\$11.75	\$ 7.50	\$12.00
Stocker steers.....	11.25	9.00	11.50	.....	.....	.....
Heifers and yearlings.....	12.00	10.00	11.50	10.00	9.00	11.50
Butcher cows.....	7.50	6.50	7.25	7.00	6.00	6.85
Calves.....	10.50	8.50	10.00	10.50	8.25	9.75
Hogs.....	8.10	5.50	8.45	7.85	5.50	8.25
Lambs.....	10.50	8.75	9.75	9.50	7.50	8.50

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

	February 1941	February 1940	January 1941	August 1 to February 28 This season	February 28 Last season
Receipts.....	100,143	330,887	96,141	1,580,651	3,368,441
Exports.....	74,749	396,519	85,679	686,770	2,815,191
Stocks, end of month.....	1,961,039	1,495,844	1,967,962	.....	.....

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to February 28 This season	February 28 Last season	August 1 to February 28 This season	February 28 Last season
Cottonseed received at mills (tons).....	1,039,582	883,778	4,139,744	3,885,591
Cottonseed crushed (tons).....	916,548	865,924	3,335,075	3,485,370
Cottonseed on hand Feb. 28 (tons).....	138,781	72,922	843,511	520,847
Production of products:				
Crude oil (pounds).....	278,404,249	250,461,341	1,064,893,291	1,095,635,500
Cake and meal (tons).....	426,360	412,504	1,480,764	1,569,864
Hulls (tons).....	233,967	223,791	839,100	879,842
Linters (running bales).....	225,325	200,282	895,119	885,354
Stocks on hand February 28:				
Crude oil (pounds).....	30,098,388	25,102,170	89,221,337	79,652,434
Cake and meal (tons).....	74,405	61,369	252,947	200,275
Hulls (tons).....	96,890	43,884	211,243	104,787
Linters (running bales).....	75,458	96,829	271,837	324,665

SOURCE: Bureau of Census.

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

	February 1941	February 1940	January 1941	August 1 to February 28 This season	February 28 Last season
Consumption at:					
Texas mills.....	19,368	11,451	20,373	129,923	82,453
United States mills.....	793,626	661,771	843,274	5,220,917	4,703,707
U.S. stocks—end of month:					
In consuming estab'ts.....	1,905,413	1,700,394	1,874,611	.....	.....
Publicstg. & compresses.....	14,038,917	12,176,733	14,668,189	.....	.....
Exports from U. S. to:					
United Kingdom.....	12,920	192,631	18,218	339,988	1,525,928
France.....	None	130,230	None	None	617,904
Italy.....	None	74,404	None	None	385,132
Germany.....	None	None	None	None	18,992
Other Europe.....	8,435	102,307	5,305	164,042	917,832
Japan.....	9,986	91,990	9,754	49,456	675,180
All other countries.....	29,256	155,118	18,907	171,243	775,543
Total exports.....	60,597	746,680	52,184	724,729	4,916,511

CRUDE OIL PRODUCTION—(Barrels)

	February, 1941		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Feb., 1940	Jan., 1941
North Texas.....	4,830,000	172,500	- 2,524	+ 1,434
West Texas.....	7,446,800	265,957	+ 1,110	+ 27,304
East Texas.....	12,539,350	447,834	-46,978	+17,861
South Texas.....	5,688,050	203,144	-16,725	+17,497
Texas Coastal.....	7,113,700	254,061	+22,506	+18,256
Total Texas.....	37,617,900	1,343,496	-42,611	+82,352
New Mexico.....	2,861,950	102,213	- 8,654	+ 1,378
North Louisiana.....	1,949,550	69,627	+ 1,008	+ 669
Total District.....	42,429,400	1,515,336	-50,257	+84,399

SOURCE: Estimated from American Petroleum Institute weekly reports.