

# MONTHLY BUSINESS REVIEW

## of the FEDERAL RESERVE BANK of Dallas

Volume 26, No. 6

Dallas, Texas, August 1, 1941

This copy is released for publication in afternoon papers— July 30

### DISTRICT SUMMARY

Consumer purchases at reporting department stores in the Eleventh District were well sustained in June, after allowance for seasonal factors, and buying at weekly reporting firms during the first half of July exceeded that in the corresponding period of 1940 by 27 per cent. Employment and payrolls increased from May to June and were substantially higher than in June last year. The rate of petroleum production expanded further in June, and was above that a year earlier for the first time since August, 1940. Petroleum refining was near the all-time peak attained in May. The value of construction contracts awarded in this district was considerably smaller during June than a month earlier and a year ago, due chiefly to a contraction in awards for publicly-financed projects. Lumber production was well sustained in June and the first half of July, with shipments and unfilled orders expanding sharply. Excessive rainfall during June delayed cultivation of farm crops, interfered with grain harvesting and reduced prospective production of some crops, particularly grains, but weather conditions during the first half of July were more conducive to crop development and to farming operations. Ranges and livestock continued in good to excellent condition. Reflecting in considerable part the higher prices prevailing for farm products, cash income of farmers in this district is showing a substantial increase over that last year.

### BUSINESS

On a seasonally adjusted basis, department store trade in the Eleventh District during June continued at the level attained in May. In both months sales appear to have been the highest of record for the respective months, averaging 23 per cent greater than in the corresponding periods a year earlier. During the first six months of 1941, consumer purchases at reporting department stores averaged 16 per cent larger than in that period a year earlier. While a portion of this gain may be accounted for by price advances that have taken place, it appears that the increase has been largely in the physical volume of goods distributed, reflecting the expanding volume of consumer income and a more extensive use of instalment credit. The gain in sales thus far this year has been general throughout the district and has been distributed among virtually all types of department store goods. The most pronounced increases, however, have occurred in sales of house furnishings, luggage, women's and misses' house-dresses and coats and suits, and several ready-to-wear accessory items. The distribution of men's and boys' wear has also been heavy.

The value of inventories at reporting department stores declined by considerably less than the average seasonal amount in June, and at the close of the month the total exceeded that of a year ago by 10 per cent. This bank's seasonally adjusted index of stocks for June stood at the highest level since 1930. Department stores have increased substantially the volume of outstanding orders for merchandise.

Wholesale distribution in this district during June, as reflected by sales at 93 firms in eight lines of trade, showed a further moderate increase as compared with that for the preceding month, and was 28 per cent above that in June last year. The latter increase compares with an average year-to-year gain of 17 per cent during the first six months of the year. Sales of electrical supplies, hardware and machinery continued to show exceptionally large increases as compared with a year ago. Inventories at reporting wholesale firms showed little change during June and were maintained at a level nearly

one-fifth larger than a year ago.

According to the data compiled by the Bureau of Business Research of the University of Texas, employment in Texas increased 3.1 per cent from May to June and was 11.9 per cent higher than in June, 1940. Payrolls in June showed gains of 5.3 per cent over the preceding month and of 26.6 per cent over the corresponding month last year. Increases in both employment and payrolls as compared with a year ago were fairly well distributed among the leading cities of the State.

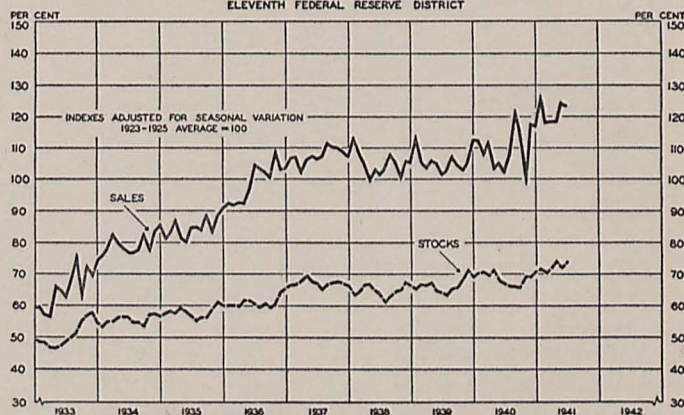
The number and liabilities of business failures in the Eleventh District declined in June to the lowest level for any month thus far this year. Dun & Bradstreet reported 21 insolvencies during the month, with an aggregate indebtedness of \$144,000.

### AGRICULTURE

Continued rainfall over the major portion of the Eleventh District during June was unfavorable to many growing crops and to field work. Harvesting of small grains and hay was further delayed, and the untimely rains interfered with the cultivation of row crops and with the completion of planting operations. The extended period of wet weather that has prevailed this year has in several cases lowered production prospects and caused a reduction from earlier expectations in the acreages planted to cotton, corn, peanuts, tame hay and some other summer crops. Nevertheless, seeded acreages of most crops for which data are available equal or exceed those of 1940, the principal exceptions being the area planted to cotton and tame hay. The July 1 estimates of the Department of Agriculture indicated that production of several principal crops, including wheat, oats, barley, tame hay, Irish and sweet potatoes and rice, will exceed the 1930-1939 average harvests. During the latter part of June and the first half of July dry weather conditions in many areas were more favorable to growing crops, enabling farmers to proceed with crop cultivation and planting operations.

The Department of Agriculture placed the area of cotton in cultivation in Texas on July 1 at 8,352,000 acres, which was 520,000 acres or 6 per cent less than a year earlier, and one-third smaller than the ten-year average. In Louisiana and Oklahoma the acreage of cotton in cultivation on July 1 averaged about 10 per cent smaller than a year earlier, whereas increases of a corresponding amount were reported for New Mexico and Arizona. The estimate for the United States was placed at 23,519,000 acres, which was approximately 5 per cent smaller than a year earlier and the lowest since about 1895.

DEPARTMENT STORE SALES AND STOCKS  
ELEVENTH FEDERAL RESERVE DISTRICT





The condition of the cotton crop in this district is very spotty. In east and northwest Texas and in northern Louisiana, plants have made slow growth due to excessive moisture. Insect activity has been widespread and poisoning operations have been partially ineffective due to frequent rains. On the other hand, the crop is making fairly good growth under favorable weather conditions in the western portion of the district. General improvement in the condition of the crop was apparent during the first half of July.

The heavy and frequent rains that have occurred during the grain harvesting season have reduced materially the production of wheat in this district. According to the Department of Agriculture, severe rust damage has caused the abandonment of some fields, lowered the quality of grain and caused considerable loss in combining. The indicated production of wheat in Texas on July 1 was placed at 40,250,000 bushels, which was nearly 16,000,000 bushels less than the June 1 forecast. The July 1 estimate, however, was still substantially above the 1940 and ten-year average harvests. The prospective production of wheat in Oklahoma was lowered 17,800,000 bushels in June to a total of 53,472,000 bushels. Little change took place during June in the indicated production of wheat in New Mexico and Arizona. The adverse weather conditions prevailing during June are also reflected in the prospective production of oats and barley. In Texas, the indicated harvest of oats was reduced 3,700,000 bushels during June, and that of barley was lowered 1,566,000 bushels.

A late start and poor stands of corn in Texas have resulted in considerably lower indicated per acre yields this year than in 1940, and as a consequence the prospective production of 69,480,000 bushels is sharply lower than the 1940 harvest and 9 per cent smaller than the ten-year average production. A similar situation with respect to growth and stands exists in Oklahoma where the production forecast is 29 per cent smaller than the 1940 harvest. In Louisiana the indicated harvest of corn is smaller than a year ago but moderately higher than the ten-year average production.

Livestock ranges in the Eleventh District continued in good-to-excellent condition during June despite a rank growth of weeds and grass in the sheep growing area of Texas. The outlook for summer range feed on July 1 was very promising in virtually all areas. Although worm infestation of cattle is heavier than usual this year, losses have not been serious, and animals made better-than-average gains in weight during June.

#### WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in:				Stocks	
		June, 1941 from June, 1940	May, 1941	Jan. 1, to June 30, 1941 from 1940	June, 1941 from June, 1940	May, 1941	June, 1941 from May, 1941
<b>Retail trade:</b>							
Department stores:							
Total 11th Dist. ....	47	+ 23	-17	+16	+10	- 3	
Dallas .....	7	+ 21	-23	+13	+ 9	- 8	
Fort Worth .....	4	+ 28	- 3	+16	+ 2	+ 1	
Houston .....	7	+ 20	-12	+14	+ 4	- 9	
San Antonio .....	6	+ 32	-22	+24	+22	+15	
Shreveport .....	3	+ 19	-15	+13	....	....	
Other cities .....	20	+ 20	-21	+17	+14	- 3	
<b>Independent stores:*</b>							
Arizona .....	249	+ 25	- 7	+16	....	....	
New Mexico .....	183	+ 16	- 2	+11	....	....	
Oklahoma .....	547	+ 14	-15	+15	....	....	
Texas .....	1,115	+ 28	-13	+17	....	....	
<b>Wholesale trade:*</b>							
Machinery, eqpt. & supplies .....	7	+102	+18	+40	+16	- 9	
Automotive supplies .....	7	+ 20	+21	....	+11	No chg.	
Drugs (excl. liquors) .....	12	+ 5	-28	+ 8	+ 5	+ 7	
Electrical supplies .....	5	+ 53	- 8	....	....	....	
Groceries .....	34	+ 9	- 1	+11	-22	- 4	
Hardware .....	16	+ 47	+15	+20	+22	+ 3	
Surgical equipment .....	6	+ 26	No chg.	....	+11	+ 1	
Tobacco & products .....	6	- 1	+ 2	- 1	+ 1	+ 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)

	June 1941	May 1941	April 1941	June 1940
<b>Sales (daily average):</b>				
Without seasonal adjustment .....	110	124	117	90
With seasonal adjustment .....	123	124	118	102
<b>Stocks (end of month):</b>				
Without seasonal adjustment .....	70	73	77	63
With seasonal adjustment .....	75	72	74	67

On the other hand, the rank growth of range vegetation, stomach worms and wet weather prevented the best development of sheep in Texas, but in New Mexico and Arizona animals showed good gains. According to the Department of Agriculture, there was a good demand for cattle at very satisfactory prices during June, but sales were relatively small due to a limited supply placed on the market. Shipments of sheep, on the other hand, were comparatively heavy. The June 1 report of the Department of Agriculture indicates that hog production in Texas this year may be moderately larger than in 1940, due to an expected increase in the number of sows to farrow during the fall season.

#### FINANCE

Loans and investments at weekly reporting member banks in this district showed a further moderate expansion during the first half of 1941, and the total of \$607,600,000 on July 9 was \$93,500,000 higher than a year earlier. In contrast with the substantial seasonal decline that ordinarily occurs during the first half of the year, total loans showed little net change between December 31, 1940, and July 9 this year, as the heavy demand for loans to finance the expanding volume of defense and civilian activities offset in large part the usual seasonal liquidations. Moreover, there was a substantial demand for personal and instalment loans at banks, reflecting in part the increasing volume of consumer purchases of durable and semi-durable goods on the time-payment plan. Commercial, industrial and agricultural loans, which include advances for defense work, showed a net decline considerably smaller than is ordinarily experienced during the initial half of the year, and on July 9 the total of \$211,800,000 was \$36,900,000 larger than on that date last year. "All other" loans, representing chiefly personal and instalment loans, have followed an upward trend since last August, with the most pronounced gains occurring during the past three months. On July 9 these loans were \$5,750,000 larger than at the beginning of April, and

#### CROP PRODUCTION—(In thousands of units)

Crop	Unit	Texas		Eleventh District—	
		Estimated July 1, 1941	1940	Estimated July 1, 1941	1940
Winter wheat .....	Bushels	40,250	29,355	40,900	29,957
Corn .....	Bushels	69,480	90,324	82,976	105,113
Oats .....	Bushels	36,100	37,125	39,287	40,507
Barley .....	Bushels	7,884	3,825	16,811*	11,053*
Tame hay .....	Tons	1,212	1,341	1,699	1,781
Potatoes, Irish .....	Bushels	6,758	3,200	7,579	3,949
Potatoes, sweet .....	Bushels	4,774	4,335	13,243†	10,923†
Rice .....	Bushels	16,640	16,005	16,640†	16,005†

\*Texas, Oklahoma, New Mexico and Arizona. †Texas, Oklahoma and Louisiana.

†Texas only. Other data for Eleventh District derived from estimates by states.

SOURCE: United States Department of Agriculture.

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

	April, 1941		Government payments	Total receipts		Jan. 1 to Apr. 30 1940
	Crops	Livestock*		April 1941	April 1940	
Arizona .....	4,877	2,707	41	7,715	6,570	25,969
Louisiana .....	5,338	1,290	1,682	8,310	8,926	32,369
New Mexico .....	259	3,623	101	3,983	3,384	13,305
Oklahoma .....	1,266	9,253	1,498	12,017	10,860	58,964
Texas .....	12,221	29,636	2,579	44,436	36,152	158,904
<b>Total .....</b>	<b>23,961</b>	<b>46,599</b>	<b>5,901</b>	<b>76,461</b>	<b>65,892</b>	<b>289,511</b>

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

SOURCE: United States Department of Agriculture.

#### LIVESTOCK RECEIPTS—(Number)

	Fort Worth		May 1941	San Antonio	
	June 1941	June 1940		June 1941	May 1941
Cattle .....	47,257	40,534	47,419	25,043	11,328
Calves .....	18,716	24,594	21,816	16,704	16,832
Hogs .....	35,427	28,217	49,392	9,577	6,079
Sheep .....	174,440	152,896	259,243	9,985	5,294

#### COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	Fort Worth			San Antonio	
	June 1941	June 1940	May 1941	June 1941	May 1941
Beef steers .....	\$11.00	\$9.75	\$10.75	\$10.00	\$ 9.25
Stocker steers .....	11.25	9.50	11.00	....	....
Heifers and yearlings .....	11.35	10.25	10.85	10.50	10.25
Butcher cows .....	8.00	7.25	8.10	7.50	7.50
Calves .....	11.00	10.00	10.50	11.00	11.00
Hogs .....	10.60	5.60	9.25	10.50	5.80
Lambs .....	10.75	9.50	10.75	9.50	8.50



\$12,900,000 higher than on the corresponding date of 1940. Other classes of loans, although fluctuating considerably, have shown comparatively little net change during the past year. Investments at reporting banks showed a further upward trend during the past six months, reflecting chiefly purchases of United States Treasury bonds. Total investments on July 9 were \$26,400,000 larger than six months earlier and \$41,300,000 greater than the three-year low recorded on June 10 last year.

Gross deposits at weekly reporting banks, as well as at all member banks in the Eleventh District, continued to expand during the first half of the year. During June the daily average of combined gross demand and time deposits at all member banks in the district recorded a new peak of \$1,797,000,000.

Following a temporary decline during the last half of June, member bank reserves maintained at the Federal Reserve Bank of Dallas increased during the subsequent two weeks, and on July 15 the total was at approximately the same level as that a month earlier and \$28,800,000 greater than a year ago. Daily average excess reserves, which had declined in the final two weeks of June to the lowest level for any semi-monthly period since last October, increased during the first half of July simultaneously with the gain in total reserves.

Earning assets of the Federal Reserve Bank of Dallas declined \$2,000,000 between June 15 and July 15 due to the quarterly reallocation of the System's holdings of United States Government securities among the twelve Reserve banks. Discounts for member banks increased \$177,000 during the 30-day period to a total of \$251,000. Heavy month-end requirements for currency, combined with currency withdrawals for use over the July 4 holiday, caused Federal Reserve notes of this bank in actual circulation to rise to a new high level of \$109,200,000 on July 5, which was about \$3,500,000 higher than the previous peak reached early in June and approximately \$27,000,000 greater than a year earlier. Although the actual circulation of these notes ordinarily declines during the first half of the year, there was an increase this year of \$14,100,000 from the low point reached in January. On a percentage basis, this increase was nearly as large as the net expansion in money in circulation throughout the country during the same period.

### INDUSTRY

The value of construction contracts awarded in the Eleventh District showed a further substantial decline from May to June and was sharply below the high level of June, 1940, when initial contracts, amounting to nearly \$25,000,000, were let for the construction of the naval air training base at Corpus Christi, Texas. The decline from the preceding month was due to smaller awards for non-residential building and for public works construction, as residential building showed little change and awards for public utilities construction were nearly three times those in May. Although the value of awards for building projects has shown a noticeable contraction since the all-time peak was reached in April this year, reports indicate that plans for the construction of numerous projects, involving large expenditures, have reached or are nearing the contract stage. Most of these projects are for National Defense purposes.

During the first six months of 1941 construction activity in this district was at the highest level of record for that period, exceeding the 1940 total by 36 per cent. Among the principal classes of construction work, increases ranged from 22 per cent for public works construction to 47 per cent for non-residential building, which includes commercial and manufacturing structures. In Texas, publicly-financed building during the initial half of 1941 was 39 per cent higher than in the comparable period of 1940, and privately-financed work showed a gain of about one-fourth.

The petroleum industry has made some progress during the

past two months in relieving the threatened shortages of petroleum and of petroleum products on the East Coast. The movement of supplies has been stepped-up through the full utilization of existing pipe lines, a more effective use of the remaining ocean-going oil tankers in service, and the use of railroad tank cars and barges. In addition, the industry has apparently adopted the policy of transporting products that are in heaviest demand in order to prevent possible shortages in the immediate future. Despite the efforts of the industry to relieve the East Coast supply situation, the possibility of short-

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

	July 15, 1941	July 15, 1940	June 15, 1941
Total cash reserves.....	\$345,304	\$251,549	\$345,495
Discounts for member banks.....	251	336	74
Industrial advances.....	274	465	276
United States Government securities.....	85,829	95,465	88,046
Total earning assets.....	86,354	96,266	88,396
Member bank reserve deposits.....	248,584	219,829	249,222
Federal Reserve notes in actual circulation.....	107,068	81,631	108,763

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

	July 9, 1941	July 10, 1940	June 11, 1941
Total loans and investments.....	\$607,556	\$514,074	\$602,209
Total loans.....	318,951	266,750	314,466
Commercial, industrial and agricultural loans.....	211,796	174,899	211,123
Open market paper.....	2,523	2,035	2,453
Loans to brokers and dealers in securities.....	2,453	2,372	2,888
Other loans for purchasing or carrying securities.....	14,107	12,896	11,831
Real estate loans.....	23,130	22,211	23,116
Loans to banks.....	311	626	462
All other loans.....	64,631	51,711	62,593
United States Government direct obligations.....	183,617	145,828	186,008
Obligations fully guaranteed by United States Govt.....	45,840	45,176	42,393
Other securities.....	59,148	56,320	59,342
Reserves with Federal Reserve Bank.....	155,162	140,600	153,040
Balances with domestic banks.....	308,826	300,480	315,814
Demand deposits—adjusted*.....	558,622	485,550	559,644
Time deposits.....	135,017	136,710	135,853
United States Government deposits.....	37,233	27,102	35,574
Interbank deposits.....	290,429	255,907	288,890
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.

### DEBITS TO INDIVIDUAL ACCOUNTS (In thousands of dollars)

	June 1941	June 1940	Pctg. change over year	May 1941	Pctg. change over month
Abilene.....	\$ 13,259	\$ 7,610	+74	\$ 13,060	+ 2
Austin.....	35,050	34,618	+ 1	38,832	+10
Beaumont.....	30,040	22,833	+32	31,627	+ 5
Corpus Christi.....	3,808	2,843	+34	3,694	+ 3
Dallas.....	311,112	238,522	+30	319,750	+ 3
El Paso.....	34,814	26,847	+30	41,346	+16
Fort Worth.....	94,865	80,297	+18	99,813	+ 5
Galveston.....	30,855	25,585	+21	31,010	+ 1
Houston.....	312,493	226,411	+38	307,096	+ 2
Port Arthur.....	10,354	9,484	+ 9	11,173	+ 7
Roswell.....	4,620	4,502	+ 3	4,877	+ 5
San Antonio.....	92,165	73,829	+25	98,698	+ 7
Shreveport.....	51,121	42,480	+20	54,041	+ 5
Texarkana.....	8,422	6,982	+21	8,922	+ 6
Tucson.....	15,518	12,399	+25	16,259	+ 5
Tyler.....	13,388	11,093	+21	12,633	+ 6
Waco.....	15,145	12,436	+22	16,074	+ 6
Wichita Falls.....	18,454	16,585	+11	19,180	+ 4
Total.....	\$1,095,483	\$855,356	+28	\$1,128,085	+ 3

\*Includes figures of two banks in Texarkana, Arkansas, located in the Eighth District.  
†Indicates change of 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	Gross demand	Gross demand
	Time	Time	Time	Time
June, 1939.....	\$1,193,874	\$232,582	\$690,578	\$129,282
June, 1940.....	1,342,591	235,311	782,025	129,216
February, 1941.....	1,533,864	241,491	876,181	134,206
March, 1941.....	1,529,028	244,006	879,948	136,089
April, 1941.....	1,541,825	243,942	891,686	135,990
May, 1941.....	1,545,384	245,367	901,377	135,697
June, 1941.....	1,554,471	242,439	908,683	135,810

### SAVINGS DEPOSITS June 30, 1941

		June 30, 1941		Percentage change in savings deposits from	
	Number of reporting banks	Number of savings depositories	Amount of savings deposits	June 30, 1940	May 31, 1941
Beaumont.....	3	10,397	\$ 4,275,209	+ 6.3	+ 1.1
Dallas.....	8	92,297	26,935,621	+ .9	+ .5
El Paso.....	2	20,068	8,420,426	+ 2.4	+ .7
Fort Worth.....	3	34,910	13,275,390	+ 1.0	+ .9
Galveston.....	4	18,879	11,762,159	+ 4.3	+ .9
Houston.....	10	78,170	32,974,970	+ 3.5	+ .9
Port Arthur.....	2	5,989	3,135,476	+ .3	+ .5
San Antonio.....	5	23,630	18,155,108	+ 1.0	+ 1.2
Shreveport.....	3	25,491	12,006,437	+ 3.7	+ 1.1
Waco.....	3	8,012	4,463,560	+ 4.9	+ .6
Wichita Falls.....	3	7,116	3,478,552	+ 7.6	+ 1.0
All others.....	69	61,584	30,264,435	+ 2.1	+ .3
Total.....	115	386,543	\$169,147,343	+ .1	+ .3

†Indicates change of less than one-half of one per cent.



ages later in the year still exists, and several proposals for relieving a potential deficiency are under consideration, one of which is the construction of additional pipe lines from the Gulf Coast to the New Jersey-New York area.

The production of crude petroleum in this district and in the United States increased moderately further from May to June and was above that of a year earlier. In the United States output was only fractionally below the peak level attained in the spring of 1940. Drilling activity in the United States increased seasonally from May to June, whereas, in the Eleventh District little change occurred in the rate of well completions. However, well completions during June in this district and elsewhere in the United States were fewer than a year ago.

Refinery operations in the United States rose to a new peak in June and in the Eleventh District were about 4 per cent higher than a year earlier. Reports indicate that refinery operations on the East Coast have been maintained at a high rate by drawing on crude oil in storage. During May and June gasoline stocks in that area showed a contra-seasonal rise, while inventories of heating and fuel oils increased by less than the usual seasonal amount. This condition reflects efforts to accumulate ample supplies of gasoline to meet the needs during the heavy consuming season and the deferment until a later date of a portion of shipments of other products from the Gulf Coast. In the latter area, stocks of gasoline have declined sharply despite heavy production, as large supplies of that product are being moved to the Atlantic seaboard. Heating and fuel oil stocks in Texas are increasing more rapidly than is usual at this season. Stocks of crude oil in the Eleventh District continued to increase in June, whereas, a further contraction in inventories of petroleum took place in the Nation as a whole. According to the United States Bureau of Mines, the aggregate demand for crude oil and refined products in the United States during the first four months of 1941 was at an all-time peak, exceeding the previous record established in

#### VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

	June 1941	June 1940	May 1941	Jan. 1 to June 30 1941	Jan. 1 to June 30 1940
Eleventh District—total...	\$ 21,831	\$ 37,963	\$ 29,215	\$ 162,403	\$ 119,356
Residential.....	9,456	10,728	9,522	55,147	41,211
All other.....	12,375	27,235	19,693	107,256	78,145
United States*—total.....	539,106	324,726	548,700	2,549,962	1,623,087
Residential.....	205,634	135,274	201,274	948,994	690,572
All other.....	333,472	189,452	347,426	1,600,968	932,515

\*37 states east of the Rocky Mountains.

r-Revised.

SOURCE: F. W. Dodge Corporation.

#### BUILDING PERMITS

Percentage change valuation from Jan. 1 to June 30, 1941

	June, 1941	June, 1940	May, 1941	June, 1941	June, 1940	May, 1941	June, 1941	June, 1940	May, 1941
No.	Valuation	No.	Valuation	No.	Valuation	No.	Valuation	No.	Valuation
Abitene.....	37	\$ 57,555	+ 3	- 67	295	\$ 694,363	+136	440	\$ 1,397,085
Amarillo.....	84	236,199	+ 29	- 26	440	1,397,085	+ 4	440	1,397,085
Austin.....	191	519,658	+ 17	+ 12	1,116	3,082,503	+ 29	783	1,103,786
Beaumont.....	156	169,613	+ 6	+ 25	783	1,103,786	+ 46	4,609	6,920,254
Corpus Christi.....	209	1,144,926	+360	- 42	1,373	8,682,539	+112	799	1,360,283
Dallas.....	796	1,160,812	- 21	- 24	4,609	6,920,254	+ 2	1,659	3,500,256
El Paso.....	133	191,322	+ 43	+ 3	799	1,360,283	+ 42	1,254	3,232,509
Fort Worth.....	257	1,067,503	+242	+103	1,659	3,500,256	+191	2,841	10,903,349
Galveston.....	195	217,880	+ 21	- 88	1,254	3,232,509	- 5	683	599,766
Houston.....	481	2,278,905	+ 92	+ 48	2,841	10,903,349	+ 15	3,438	3,607,218
Port Arthur.....	147	83,461	- 16	- 47	683	599,766	- 24	728	1,796,840
San Antonio.....	814	798,128	+ 81	+ 89	3,438	3,607,218	+270	409	2,628,943
Shreveport.....	125	320,557	+ 19	- 6	728	1,796,840	+ 21	332	737,929
Waco.....	66	526,382	+326	+161	409	2,628,943			
Wichita Falls.....	44	67,359	- 44	- 57	332	737,929			
Total.....	3,735	\$8,840,260	+ 62	- 12	20,759	\$50,248,123	+ 21		

#### STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

August 1 to June 30 This season Last season

	August 1 to June 30 This season	Last season	August 1 to June 30 This season	Last season
Cottonseed received at mills (tons).....	1,088,274	910,239	4,470,613	4,051,896
Cottonseed crushed (tons).....	1,070,744	948,869	4,319,409	4,109,255
Cottonseed on hand June 30 (tons).....	33,277	16,438	190,046	63,267
Production of products:				
Crude oil (pounds).....	329,273,077	278,020,059	1,398,657,366	1,311,118,146
Cake and meal (tons).....	500,006	457,136	1,917,714	1,862,551
Hulls (tons).....	272,934	244,688	1,086,835	1,043,780
Linters (running bales).....	255,408	222,451	1,183,725	1,061,906
Stocks on hand June 30:				
Crude oil (pounds).....	5,070,905	9,968,786	15,130,263	24,832,952
Cake and meal (tons).....	40,468	25,592	225,744	110,909
Hulls (tons).....	70,323	7,938	181,539	33,825
Linters (running bales).....	37,729	46,312	179,459	178,483

SOURCE: Bureau of Census.

1940 by 6 per cent.

The market for virtually all refined products continued strong during June and the first half of July, with further advances being recorded in the prices of gasoline, lubricants and heavy fuel oil.

The action of the Office of Price Administration and Civilian Supply during the final week of May in establishing ceiling prices on combed cotton yarns was followed by an announcement on June 28 of maximum prices applicable to six leading types of cotton goods at levels ranging from 13 per cent to 26 per cent below quotations prevailing at that time. The types of cotton goods affected included print cloths, carded and combed broadcloths, tobacco cloths, sheetings, and osnaburgs. Trading in cotton goods, which had been relatively slow during the last half of June, due apparently to the scarcity of supplies for immediate delivery and to the uncertainty regarding the price situation, was virtually suspended in key fabrics following the announcement of ceiling prices, as mills and wholesalers withdrew offerings at established prices pending a clarification of the effects of new schedules of prices.

Output of cotton textiles during June was maintained at a high level, reflecting efforts of mills to make deliveries against accumulated orders. In fact, the rate of cotton consumption showed less than the average seasonal decline from May to June, and the Board of Governors' adjusted index of cotton consumption advanced further to a new peak. Since last January this index has risen in each successive month, the aggregate gain amounting to 30 points. For June the index stood at 168 per cent of the 1935-1939 average which was 50 per cent higher than for the corresponding month last year. The actual consumption of cotton during June totaled 875,100 bales, as against 918,900 bales in May, and 565,400 bales in June last year. In view of the heavy backlog of orders for both defense and civilian purposes and the strong consumer demand for cotton goods, it is anticipated that mills will maintain operations at a high level during the summer months.

Mills continued to make heavy purchases of raw cotton during June, with the result that stocks at consuming establishments at the end of the month were only slightly lower than at the end of May and were approximately 65 per cent larger than on the corresponding date last year. However, in relation to consumption, stocks are only moderately larger than a year ago.

The price of cotton, middling, 15/16-inch staple, at the ten spot markets averaged 15.61 cents per pound on July 15, which was about 5 cents per pound above that a year ago and the highest in about 11 years.

#### CRUDE OIL PRODUCTION—(Barrels)

	June, 1941	June, 1940	May, 1941	May, 1940
Total production.....	5,370,950	179,032	4,110,222	1,263
North Texas.....	8,691,850	289,728	28,148	8,476
West Texas.....	13,453,550	448,452	—	764
East Texas.....	6,256,800	208,560	-20,242	2,208
South Texas.....	8,285,100	276,170	+50,045	4,080
Texas Coastal.....				
Total Texas.....	42,058,250	1,401,942	+68,209	+19,289
New Mexico.....	3,362,200	112,073	+ 6,071	+ 462
North Louisiana.....	2,276,150	75,872	+ 6,995	+ 3,230
Total District.....	47,696,600	1,589,887	+81,275	+22,981

SOURCE: Estimated from American Petroleum Institute weekly reports.

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

	June 1941	June 1940	May 1941	August 1 to June 30 This season	Last season
Receipts.....	154,345	56,783	158,078	2,102,613	3,880,524
Exports.....	65,655	92,168	93,177	1,029,175	3,521,279
Stocks, end of month.....	1,878,965	1,284,743	1,872,581		

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

	June 1941	June 1940	May 1941	August 1 to June 30 This season	Last season
Consumption at:					
Texas mills.....	19,677	10,754	17,813	212,061	126,813
United States mills.....	875,137	565,416	918,902	8,789,277	7,161,051
U.S. stocks—end of month:					
In consuming estab'ts.....	1,918,335	1,160,912	1,927,939		
Public stg. & compresses.....	10,570,235	9,576,683	11,353,417		
Exports from U. S.....	75,236	133,530	71,539	1,042,253	6,054,961



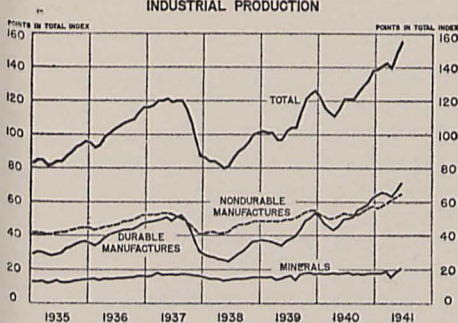
# MONTHLY BUSINESS REVIEW

AUGUST 1, 1941

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

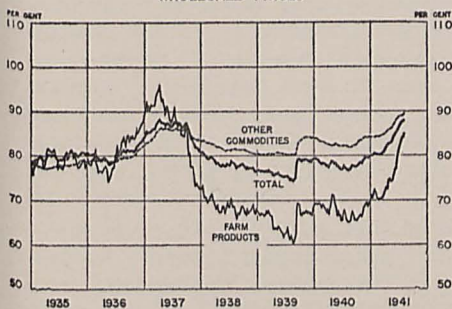
(Compiled by the Board of Governors of the Federal Reserve System)

### INDUSTRIAL PRODUCTION



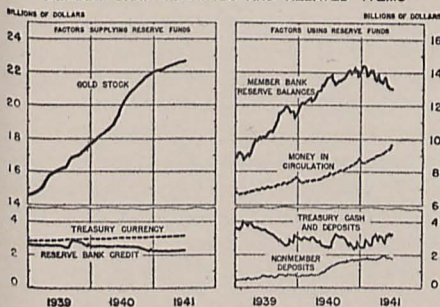
Federal Reserve index of physical volume production, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index by months, January, 1935, to June, 1941.

### WHOLESALE PRICES



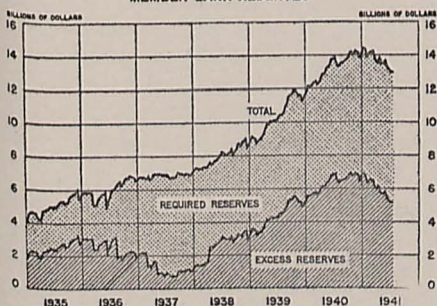
Bureau of Labor Statistics' indexes, 1926 = 100. "Other" includes commodities other than farm products and foods. By weeks, January 5, 1935, to week ending July 12, 1941.

### MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, January 4, 1939, to July 9, 1941.

### MEMBER BANK RESERVES



Wednesday figures, January 2, 1935, to July 9, 1941. Required and excess reserves, but not the total, are partly estimated.

Industrial production increased further in June, continuing the rapid advance that began about a year ago. Commodity prices, both in retail and in wholesale markets, rose considerably between the early part of June and the third week of July.

### PRODUCTION

Reflecting the continued advance in industrial activity at a time when output ordinarily declines, the Board's adjusted index advanced from 150 per cent of the 1935-1939 average in May to 156 in June and preliminary estimates indicate a further rise in July. The current level compares with 104 before the start of the European war and 111 in the spring of 1940, when the current advance in industrial activity began.

Further increases in output were reported in June for a considerable number of industries, particularly those associated closely with the defense program, and there were no important declines. As in other recent months, activity in the aircraft, shipbuilding, machinery, and railroad equipment industries rose sharply. Automobile production was maintained at the high level of May, owing mostly to unusually large retail sales. Output of iron and steel and nonferrous metals, already close to capacity, did not show an increase to correspond with the rise in output of finished metal products and official statements indicated growing concern over shortages of numerous materials. Steel ingot production remained close to 99 per cent of capacity during June, but the rate in the middle of July was slightly lower. For the year to date output of steel has averaged 98 per cent of the rated capacity as of December 1940.

Output of textiles and most other nondurable manufactures in June continued at recent advanced levels, which in some instances represent capacity production. Output of chemicals continued to increase rapidly. Also, there was a sharp rise in rubber consumption, reflecting continued heavy demand for rubber products and the fact that June was the last month before curtailment of rubber consumption by industry was to go into effect and was the month to be used in apportioning July consumption among various manufacturers.

Mineral production increased in June, with a marked rise in output of anthracite, some further increase in output of bituminous coal, and a continued advance in crude petroleum production to a new high level.

Value of construction contract awards in June continued at the high level reached in May and was nearly two-thirds above a year ago, according to figures of the F. W. Dodge Corporation. Awards for public construction again increased sharply, reflecting continued expansion in the volume of defense construction projects. Private residential building contracts declined somewhat more than seasonally, following an increase in May.

### DISTRIBUTION

Sales of general merchandise showed little change from May to June. Department store sales decreased more than seasonally, while rural retail and variety store sales remained at the May level, although a decline is usual at this time of the year. In the early part of July sales at department stores rose somewhat and were 24 per cent higher than a year ago.

Loadings of revenue freight increased further in June, reflecting continued expansion in shipments of coal and miscellaneous merchandise, and by the end of the month were in larger volume than at any time during the seasonal peak last autumn.

### COMMODITY PRICES

Wholesale prices of most groups of commodities continued to advance from the early part of June to the middle of July. Prices of foodstuffs showed large increases and there were substantial advances in prices of a number of industrial raw materials and finished products. Following earlier marked advances, prices of hides and cotton gray goods were reduced by Governmental action. Retail prices for foods and many other commodities have been rising and in June the cost of living was about 4 per cent higher than 4 months earlier. Preliminary figures indicate further advances in July.

### BANK CREDIT

Holdings of United States Government securities by member banks in 101 leading cities increased further during June and early July, reflecting in part new offerings by the Treasury. Commercial loans continued to rise sharply.

Notwithstanding the greater volume of bank loans and investments, deposits of city banks declined somewhat over the period, reflecting mainly a growing demand for currency and a building up of Treasury deposits at the Reserve Banks. These developments also resulted in a decrease in the volume of excess reserves, which amounted to about \$5,300,000,000 on July 16, compared with \$6,900,000,000 a year earlier.

### UNITED STATES GOVERNMENT SECURITY PRICES

United States Government securities advanced further during the latter part of June. Partially tax-exempt 1960-65 bonds on June 26 were at an all-time peak, on a 2.02 yield basis. Since that time they have declined slightly. Taxable bonds generally continued to advance to successive new high levels. Yields on Treasury notes showed little change during the latter part of June and the first half of July.