

MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

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DISTRICT SUMMARY

The distribution of commodities to consumers in the Eleventh District increased sharply during August. On a seasonally adjusted basis, department store sales were at an exceptionally high level, exceeding by a wide margin that for any month during the twenty-two years for which data are available. Retail merchants continued to make heavy purchases of merchandise; wholesale trade expanded in August and averaged about one-third higher than a year ago. Employment and payrolls in Texas rose further during the month. Following a marked increase in July, consumption of cotton at textile mills in Texas declined in August, but remained at a much higher rate than in the corresponding month last year. The production of crude petroleum increased substantially during August, and the output of petroleum products, as measured by crude oil runs to refinery stills, reached a new peak for the second consecutive month. The value of construction contracts awarded in this district during August was exceptionally large, being nearly double the previous peak recorded in April this year. The large total reflected the initiation of numerous large projects, principally in connection with the defense program, that had been in the planning stages for some time. The production of Portland cement in Texas during recent months has been in record proportions and the output of lumber has been well sustained. Shipments of cement and lumber have exceeded production of those products by a substantial margin. Agricultural prospects improved further in August, and the condition of ranges and livestock continued good to excellent.

BUSINESS

Consumer purchases at reporting department stores in the Eleventh District, after declining by less than the usual seasonal amount in July, increased very sharply in August. The buying wave, which was apparently set off by fears of impending shortages following the impounding of raw silk stocks by the Federal Government, gained momentum after the announcement that instalment credit terms would be restricted. While sales of silk merchandise and consumers' durable goods, such as furniture, house furnishings, refrigerators, radios and washing machines, showed the largest increases, reports indicate that substantial gains occurred in sales of a wide range of merchandise. Aggregate sales during August at reporting firms were 35 per cent greater than in that month a year earlier, and this bank's adjusted index of department store sales rose 34 points to a peak of 166 per cent of the 1923-1925 average. The year-to-year gain in sales during August in this district was slightly larger than that for all reporting stores in the United States.

During the first seven months of 1941 sales in this district and in the United States showed average year-to-year increases of 17 per cent and 16 per cent, respectively, which conform rather closely with the 15 per cent increase in national income payments in the United States during that period. Preliminary reports indicate that following the exceptionally heavy buying in August consumer purchases declined somewhat during the first half of September; nevertheless, sales at weekly reporting firms in this district were 18 per cent greater than in the corresponding period a year earlier, or slightly larger than the average gain during the first seven months of the year.

Inventories of merchandise at reporting department stores were increased by about the average seasonal amount in Au-

gust, and this bank's seasonally adjusted index of stocks remained at 80 per cent of the 1923-1925 average. In comparison with a year earlier, the value of inventories on August 31 was one-fifth greater. Merchandise orders outstanding at the close of August were double those a year ago.

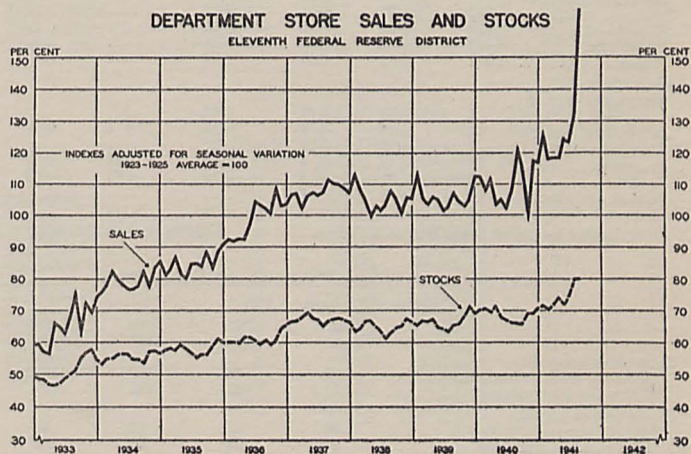
The demand for merchandise at reporting wholesale trade establishments in this district was maintained at an active pace during August. Aggregate sales showed a seasonal gain of 6 per cent over those in July, and exceeded the total for the corresponding month of 1940 by about one-third. The demand for durable goods, particularly electrical supplies, hardware and machinery, continued especially heavy. The distribution of merchandise during the first eight months of 1941 averaged about 20 per cent greater than in the comparable period a year earlier. The value of inventories at reporting wholesale establishments evidenced little change during August, but at the month-end the total was 16 per cent higher than a year ago.

Employment and payrolls in nonagricultural businesses in Texas continued in August the upward trend that has been uninterrupted since last January. According to data compiled by the Bureau of Business Research of the University of Texas, the number of persons employed in August was 15 per cent greater than a year earlier and payrolls were up 28 per cent. The gains were general over the State. Among manufacturing industries, increases in employment occurred at establishments producing food, forest, chemical, stone and clay, iron and steel, and textile products.

The number and indebtedness of business failures in the Eleventh District increased somewhat from July to August, but remained considerably smaller than a year ago. Dun and Bradstreet reported 20 insolvencies during the month, with liabilities totaling \$210,000.

AGRICULTURE

Agricultural prospects showed some further improvement during August and the first half of September, as physical conditions were generally favorable for the development of growing crops. Timely rains in the western portion of the district replenished surface moisture and virtually assured large crop yields, and dry, hot weather in many areas that had received excessive rainfall earlier in the season enabled crops to make good growth and to partially overcome the lateness of the season. As the season progressed, it became appar-



ent that yields of several crops, including cotton, grain sorghums, tame hay, sweet potatoes, rice and peanuts, would be larger than had been anticipated earlier. Prospective production of virtually all summer crops except cotton is now equal to or above the 1930-1939 average production. Seeding of fall sown grain crops is progressing under favorable conditions in Northwest Texas.

Prospects for the production of grain sorghums in this district showed a marked improvement during August; in Texas the indicated production of 70,660,000 bushels is the highest of record. The September 1 production forecast for rice in Texas is likewise at an all-time peak of 17,920,000 bushels, which compares with a previous high of 16,000,000 bushels harvested in 1940. Harvesting of corn in this district is making rapid progress, but operations have revealed some damage by heat and insects; in consequence, production prospects were lowered 2 per cent in August to 88,322,000 bushels, which compares with a harvest of 105,113,000 bushels in 1940. The indicated production of pecans in Texas was lowered 3,450,000 pounds in August, and the estimated crop of 26,220,000 pounds represents a 36 per cent decline from the 1940 harvest.

The cotton crop in this district made good progress during August under weather conditions that were conducive to rapid plant growth and better insect control. In consequence, prospective production was raised 10 per cent to 3,436,000 bales. In Texas hot, dry weather in those areas infested by insects enabled farmers to poison more effectively; at the same time, opportune rains were received where most needed in the west and northwest portions of the State. The indicated production of cotton in the Southern High Plains and Northwestern Low Plains of Texas is now well above average. For the State as a whole the Department of Agriculture placed the September 1 estimate of cotton production at 2,888,000 bales, which is 316,000 bales higher than the August 1 forecast, and compares with a harvest of 3,234,000 bales in 1940. The indicated yield per acre in Texas was increased nearly 25 pounds in August to 175 pounds, which compares with a yield of 184 pounds in 1940 and a 1930-39 average of 154 pounds. Cotton prospects for the State of Oklahoma likewise improved during August. The September 1 forecast of 627,000

bales compares with an estimate of 537,000 bales as of August 1 and a 1940 harvest of 802,000 bales. Little change occurred in the anticipated production in New Mexico and Arizona, but heavy insect activity in Louisiana caused further damage to the crop, which reduced the indicated production to 384,000 bales as against a ten-year average harvest of 703,000 bales.

Prospective production of cotton in the United States was placed at 10,710,000 bales on September 1, which indicates a decline of 1,856,000 bales from the 1940 harvest. Despite the anticipated decline in production, the 1941-1942 domestic supply of cotton is expected to be only fractionally smaller than in the preceding season due to the fact that an increase in the carryover of cotton largely offsets the indicated decline in production. On the basis of the carryover from the 1940-1941 season and the September 1 forecast of production in 1941, the domestic supply of cotton this season will aggregate about 22,900,000 bales, as against 23,000,000 bales in the preceding season. The anticipated supply of cotton this year compares with a distribution of 10,870,000 bales during the twelve months ended July 31. According to data compiled by the New York Cotton Exchange, the world supply of American cotton during the 1941-1942 season will approximate 23,500,000 bales, which represents a decline of 1,600,000 bales from that in the preceding season. A substantial decline occurred in foreign stocks of American cotton during the past season, reflecting chiefly the inability or unwillingness of foreign countries to replace American cotton that was consumed.

The condition of livestock and their ranges in the Eleventh District continued good to excellent during August, and the outlook for fall and winter range feed is promising. Prospects are also good for an abundant supply of supplemental feeds, including grain, hay, forage and silage. The reported condition of ranges at the beginning of September was the highest of record for that date. Cattle made about average gains in weight during August, and their condition on September 1 was well above average. The development of sheep and lambs has improved under more favorable range conditions. The Department of Agriculture reports that a strong demand for livestock persisted in August. Contracting of fall-shorn wool and mohair was active at slightly higher prices during the first half of September. Prices are somewhat above those prevailing a year ago.

WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in:			
		Net sales		Stocks†	
		August, 1941	July, 1941	August, 1941	July, 1941
Retail trade:					
Department stores:					
Total 11th Dist.	47	+35	+34	+19	+20
Dallas.	7	+38	+47	+17	+15
Fort Worth.	4	+31	+28	+10	+7
Houston.	7	+34	+28	+17	+20
San Antonio.	5	+38	+39	+26	+30
Shreveport.	3	+39	+18	+17	..
Other cities.	21	+29	+22	+19	+24
Independent stores:*					
Arizona.	248	+25	-1	+19	..
New Mexico.	180	+10	-5	+12	..
Oklahoma.	550	+17	+7	+15	..
Texas.	1,121	+28	+13	+20	..
Wholesale trade:*					
Machinery, eqpt. & supplies.	5	+42	+10	+48	..
Drugs (incl. liquors).	10	+14	+3	+10	+5
Electrical supplies.	5	+88	+13	..	+3
Groceries.	28	+16	+4	+12	+2
Hardware.	12	+51	+6	+35	+11
Surgical equipment.	4	+35	+19	..	..
Tobacco & products.	4	-1	+3	-1	..

*Compiled by United States Bureau of Census.

†Stocks at close of month.

FINANCE

Earning assets of the Federal Reserve Bank of Dallas increased slightly between August 15 and September 15, reflecting a further seasonal gain in discounts for member banks, but the total of such discounts is very small. Member bank reserves maintained at this bank fluctuated widely during the month ended September 15, with daily average reserves recording a new high at \$251,000,000 during the initial half of September. Despite these variations, the net increase in daily average reserves was comparatively small, and excess reserves showed little change over the month.

Federal Reserve notes of this bank in actual circulation have risen to successive peaks each month since January this year, and on September 4 were at the record level of \$115,360,000. This amount is \$20,300,000 above the low point in January and \$30,000,000 higher than a year earlier. The gain this year has occurred despite the fact that note circulation ordinarily declines during the first half of the year. During the last half of the year circulation normally expands partly on account of the large amount of currency used in connection with the harvesting and marketing of crops. The currency withdrawn from banks for those purposes usually remains in circulation for a considerable period since much of it is not immediately redeposited in banks but is held by laborers

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

	August 1941	July 1941	June 1941	August 1940
Sales (daily average):				
Without seasonal adjustment.	128	93	110	94
With seasonal adjustment.	166	132	123	122
Stocks (end of month)				
Without seasonal adjustment.	81	73	70	67
With seasonal adjustment.	80	80	75	66

and tenants until spent, and considerable amounts received by banks are paid out again in the normal course of business. The higher level of business and industrial activity that prevails during the fall months also increases the demand for currency. During the past three years Federal Reserve notes of this bank in actual circulation showed an average expansion of about \$9,300,000 between the end of August and Christmas and last year the increase amounted to \$13,500,000.

Total loans and investments at weekly reporting member banks in the Eleventh District continued to expand during the four weeks ended September 10. For more than a year the total of these assets has followed an upward trend, recording a new high in each successive month since last January. On September 10 aggregate loans and investments, which amounted to \$634,600,000, were \$102,400,000 greater than a year earlier. Approximately two-thirds of the gain over the year was in loans, with the remainder representing an increase in security holdings. On September 10 investments of these banks were slightly above the previous peak recorded near the close of 1936 and loans were at the highest level since the closing months of 1930. While it is customary for loans and investments at reporting banks to rise at this season of the year, the upward trend in evidence during the first half of the current year was contrary to the usual movement, reflecting a sustained demand for loans coincident with increased purchases of securities.

Although the expansion in loans and investments at weekly reporting banks during the past year was marked, the gain was about \$42,000,000 less than the increase in deposits at these banks. The latter amount has been utilized by building up reserves with the Federal Reserve Bank and balances with other domestic commercial banks.

The high level of business and industrial activity and expanded consumer purchases resulting from higher incomes have brought about a pronounced increase in debits to individual accounts at banks in eighteen cities of the Eleventh District. During each of the past ten months charges to depositors' accounts have been at a rate in excess of one billion dollars, and in August they exceeded those of a year earlier by 34 per cent. Indicating the extent to which bank deposits are being employed by individuals, partnerships and corporations, the deposit turnover at weekly reporting member banks, which is computed by dividing total debits during a given period by the average volume of deposits over the same period, was 12.26 times during the first eight months of 1941 as against 11.49 times in the corresponding period a year earlier, representing an increase of 7 per cent. This increase in turnover occurred despite the substantial expansion in deposits.

According to data released by the United States Department of Commerce, income payments in Texas during 1940 aggregated \$2,715,000,000. This figure exceeds the 1939 total by \$100,000,000 and is \$79,000,000 greater than in 1929. The gain over the preceding year reflects increases in salaries and wages, other labor income, and dividends, interest, etc. Entrepreneurial income declined \$5,000,000 over the year and was \$68,000,000 less than in 1929. The increase in salaries and wages and other labor income between 1933, the depression low, and 1940 amounted to 78 per cent or \$722,000,000, whereas, the gain in other types of income, including business profits, interest, dividends, etc., was nearly 100 per cent. In the four states partially included in this district income payments during 1940 registered increases ranging from 1 per cent in Louisiana to 9 per cent in New Mexico. The aggregate income for the five states attached to the Eleventh District

was up 4 per cent as compared with the preceding year, whereas, the gain for the nation as a whole amounted to 7

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

	Sept. 15, 1940	Sept. 15, 1941	August 15, 1941
Total cash reserves.....	\$347,004	\$273,972	\$356,437
Discounts for member banks.....	673	697	515
Other bills discounted.....	6	9	None
Industrial advances.....	298	461	333
United States Government securities.....	85,289	94,972	85,830
Total earning assets.....	86,806	96,138	86,678
Member bank reserve deposits.....	253,356	220,951	253,774
Federal Reserve notes in actual circulation.....	113,744	85,321	109,099

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

	Sept. 10, 1941	Sept. 11, 1940	August 13, 1941
Total loans and investments.....	\$634,626	\$532,212	\$624,077
Total loans.....	338,528	272,491	330,346
Commercial, industrial and agricultural loans.....	229,277	179,755	222,419
Open market paper.....	2,203	2,074	2,470
Loans to brokers and dealers in securities.....	4,146	2,049	3,598
Other loans for purchasing or carrying securities.....	13,952	13,634	13,732
Real estate loans.....	23,296	23,121	23,002
Loans to banks.....	820	1,030	616
All other loans.....	64,774	50,828	64,449
United States Government direct obligations.....	188,515	163,886	187,356
Obligations fully guaranteed by United States Govt.....	47,534	48,206	46,143
Other securities.....	60,049	57,629	60,232
Reserves with Federal Reserve Bank.....	157,712	135,745	162,377
Balances with domestic banks.....	308,801	287,780	310,732
Demand deposits—adjusted*.....	592,650	490,613	593,190
Time deposits.....	131,736	134,904	133,555
United States Government deposits.....	40,641	31,851	38,344
Interbank deposits.....	285,343	249,055	280,731
Borrowings from Federal Reserve Bank.....	None	None	None

*Includes all demand deposits other than interbank and United States Government, less cash items reported as on hand or in process of collection.

DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)

	August 1941	August 1940	Pctg. change over year	July 1941	Pctg. change over month
Abilene.....	\$ 11,413	\$ 7,885	+45	\$ 12,429	- 8
Austin.....	37,533	34,543	+ 9	34,338	+ 9
Beaumont.....	30,514	21,835	+40	31,839	- 4
Corsicana.....	3,673	3,136	+17	3,755	- 2
Dallas.....	319,332	227,847	+40	330,799	- 3
El Paso.....	38,729	26,218	+48	41,502	- 7
Fort Worth.....	98,533	74,594	+32	102,823	- 4
Galveston.....	30,258	23,416	+29	30,664	- 1
Houston.....	314,488	230,152	+37	320,572	- 2
Port Arthur.....	10,948	8,990	+21	11,361	- 4
Roswell.....	4,621	3,829	+21	4,538	+ 2
San Antonio.....	87,953	70,021	+26	91,389	- 4
Shreveport.....	50,399	41,152	+22	51,375	- 2
Texarkana*.....	8,942	6,916	+29	9,372	- 5
Tucson.....	12,924	10,329	+25	14,069	- 8
Tyler.....	12,666	10,853	+17	14,427	-12
Waco.....	17,496	13,561	+29	16,754	+ 4
Wichita Falls.....	20,459	15,153	+35	21,700	- 6
Total.....	\$1,110,931	\$831,330	+34	\$1,143,706	- 3

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

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

(Average of daily figures—in thousands of dollars)

	Combined total		Reserve city banks		Country banks	
	Gross demand	Time	Gross demand	Time	Gross demand	Time
August, 1939.....	\$1,208,731	\$232,308	\$701,997	\$128,122	\$506,734	\$104,186
August, 1940.....	1,315,554	234,123	768,031	128,963	547,523	105,160
April, 1941.....	1,541,825	243,942	891,686	135,990	650,139	107,952
May, 1941.....	1,545,384	245,367	901,377	135,697	644,007	109,670
June, 1941.....	1,554,471	242,439	908,683	135,810	645,788	106,629
July, 1941.....	1,555,000	239,153	912,591	133,588	642,409	105,565
August, 1941.....	1,567,402	238,939	921,363	133,758	645,539	105,181

SAVINGS DEPOSITS

August 31, 1941

Percentage change in savings deposits from

	Number of reporting banks	Number of savings depositors	Amount of savings deposits	August 31, 1941	
				August 31, 1940	July 31, 1941
Beaumont.....	3	10,536	\$ 4,253,441	+ 4.3	+ .1
Dallas.....	8	92,395	26,159,988	- 1.3	- .7
El Paso.....	2	19,950	7,273,668	-11.1	- 1.9
Fort Worth.....	3	34,718	12,907,854	- .7	- 1.0
Galveston.....	4	18,780	11,564,546	- 5.9	- .2
Houston.....	10	78,214	32,422,720	+ 2.8	- .1
Port Arthur.....	2	6,008	3,050,863	- 6.6	- .1
San Antonio.....	5	23,652	17,795,380	+ .1	- .02
Shreveport.....	3	25,744	11,984,334	- 2.8	+ .3
Waco.....	3	7,897	4,394,353	- 4.8	- .4
Wichita Falls.....	3	7,207	3,441,234	- 5.7	+ .5
All others.....	68	59,135	29,430,057	- 3.7	- .5
Total.....	114	384,236	\$164,678,438	- 1.9	- .4

per cent. A more favorable relationship may be recorded in 1941, in view of the importance of agriculture in this district and the substantial increases in prices of agricultural commodities that have occurred thus far this year.

INDUSTRY

The value of construction contracts awarded in this district during August reached a new peak at \$84,700,000. This total is 87 per cent above the previous high reached in April this year and is equivalent to 31 per cent of the aggregate value of contracts awarded during the year 1940. The heavy volume of work started in August reflects chiefly the letting of contracts for a wide variety of publicly-financed projects incident to the National defense program. Awards for publicly-financed construction during August accounted for about 85 per cent of the total. Among the general classes of construction work, public utilities construction showed the greatest gain during the month, but awards for nonresidential building and public works construction also advanced sharply. Residential building, which does not ordinarily fluctuate to the extent of other classes of construction work, rose 77 per cent from July to August, probably reflecting heavy awards for defense and military housing. The value of contracts awarded in the first eight months of 1941 totaled \$270,201,000, which was about two-thirds greater than in that period a year earlier.

Operations at Portland cement mills in Texas during the first eight months of 1941 followed a marked upward trend. Production recorded new highs in four of the eight months, and aggregate output for the eight months exceeded by 28 per cent that in the same period of 1939, when the previous peak was established. A heavy demand for cement has also been apparent this year. Shipments have been in record volume, exceeding the high rate of production by a substantial margin, with the result that mill stocks were reduced 200,000 barrels between January 1 and August 31 this year. Although production of lumber at pine mills in this district has not shown a continuous upward movement during the current year, output has been well sustained and shipments have been well in excess of those in the first eight months of 1940. Mill stocks of lumber at the close of August averaged nearly one-third smaller than a year earlier.

Activity at domestic cotton mills during August declined moderately from the all-time peak established in July. Nevertheless, the volume of cotton consumed was at the highest level of record for that particular month, exceeding by about one-third the amount utilized in August last year. The Bureau of Census reported cotton consumption at 874,100 bales in August, as against 928,900 bales in the preceding month and 650,900 bales in August last year. Consumption of cotton linters during August amounted to 131,300 bales, as compared with 86,800 bales in the corresponding month last year. Mill sales of cotton fabrics appear to have been smaller in August and early September than in some other recent months due to uncertainties regarding the establishment of ceiling prices on additional constructions of cotton textiles and the reluctance of some mills to make further long-range commitments; nevertheless, the demand outlook for cotton textiles appears to be generally favorable. According to the Department of Agriculture, the principal factors that contributed to the high level of cotton consumption during the past season are still operating. It is probable also that cotton will be substituted to some extent for imported commodities, including silk, jute, hemp, and flax, in the manufacture of certain textile products. In view of these conditions, together with the heavy backlog of orders on the books of processing establishments, consumption of cotton may be expected to remain at a comparatively high level over the next several months. In-

ventories of raw cotton at consuming establishments declined seasonally in August, but at the month-end they were more than double those a year earlier.

Spot cotton prices in the United States showed a pronounced increase between August 15 and September 15. On the latter date the price of cotton, middling, $\frac{1}{8}$ -inch staple, at ten spot markets averaged 17.54 cents per pound, which was nearly two cents per pound higher than a month earlier and eight cents per pound above the average price on September 15, 1940.

The total demand for petroleum products in the United States during the first half of 1941 was at the highest level of record, notwithstanding a sharp contraction in exports. According to data compiled by the United States Bureau of Mines, domestic demand for virtually all petroleum products participated in an average gain of 10 per cent over that in the initial six months of 1940. The aggregate demand, including exports, was up only 6 per cent, however, as a result of a one-third, or 24,000,000-barrel, decline in foreign shipments of crude oil and refined products. Imports of crude petroleum and petroleum products during the first half of 1941 were about one-fifth greater than in that period a year earlier.

After declining somewhat during July, the daily average production of crude oil in this district increased considerably during August to a level one-fifth higher than a year ago. Refinery operations rose to a new peak, being 23 per cent higher than in August, 1940. The rate of drilling activity increased slightly further during the month, exceeding that of a year ago by nearly one-fourth. Operations in the petroleum industry outside the Eleventh District also registered gains during August, and although fairly large increases in production, refinery operations, and drilling activity were recorded as compared with a year earlier, the percentage gains were not so large as those recorded in this district.

Although production of gasoline in the United States was near the July peak in August, aggregate inventories of this product declined further during the month, reflecting a sustained demand for motor fuel, and at the month-end stocks were 4 per cent smaller than a year ago. In actual volume inventories of heating oil on August 30 were moderately higher than a year ago, but in relation to current demand they are somewhat smaller. Stocks of industrial fuel oil at the close of August were 13 per cent smaller than a year ago.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

	August 1941	August 1940	July 1941	January 1 to August 31 1941	January 1 to August 31 1940
Eleventh District—total...	\$ 84,660	\$ 26,242	\$ 23,138	\$ 270,201	\$ 164,609
Residential.....	16,476	8,400	9,312	80,935	56,136
All other.....	68,184	17,833	13,826	189,266	108,473
United States*—total.....	760,233	414,041	577,392	3,887,587	2,436,701
Residential.....	231,529	152,988	205,049	1,385,572	983,990
All other.....	528,704	261,053	372,343	2,502,015	1,452,711

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	August, 1941		Percentage change valuation from		Jan. 1 to Aug. 31, 1941		Percentage change valuation from 1940
	No.	Valuation	Aug., 1940	July, 1941	No.	Valuation	
Abilene.....	38	\$ 106,663	- 17	+ 28	370	\$ 884,401	+ 87
Amarillo.....	73	187,244	- 35	+ 24	578	1,829,717	+ 81
Austin.....	212	415,534	+ 22	+ 10	1,525	3,877,389	- 25
Beaumont.....	173	339,665	+ 242	+ 69	1,125	1,644,360	+ 57
Corpus Christi.....	205	1,029,775	- 3	+ 26	1,803	10,530,760	+ 77
Dallas.....	789	2,214,953	+ 52	+ 117	6,191	10,157,980	+ 4
El Paso.....	114	357,683	- 60	+ 13	1,029	2,090,007	- 15
Fort Worth.....	288	598,215	+ 49	+ 1	2,249	4,689,666	+ 42
Galveston.....	185	181,375	- 48	- 26	1,651	3,657,678	+ 131
Houston.....	397	1,369,169	- 53	- 13	3,781	13,851,249	- 16
Port Arthur.....	154	107,573	+ 5	- 13	972	831,309	+ 4
San Antonio.....	1,152	622,128	- 9	+ 7	5,671	4,812,387	+ 3
Shreveport.....	123	323,917	- 33	- 13	993	2,491,227	- 28
Waco.....	73	169,906	+ 114	- 77	563	3,533,100	+ 142
Wichita Falls.....	71	1,154,210	+ 940	+ 395	512	2,125,254	+ 161
Total.....	4,047	\$9,208,010	- 3	+ 22	29,013	\$67,006,484	+ 13

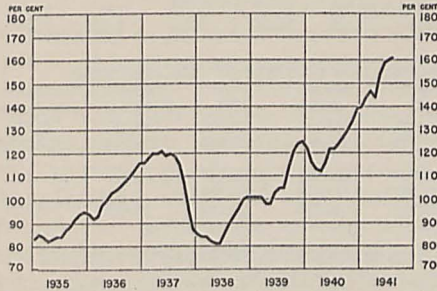
MONTHLY BUSINESS REVIEW

OCTOBER 1, 1941

NATIONAL SUMMARY OF BUSINESS CONDITIONS

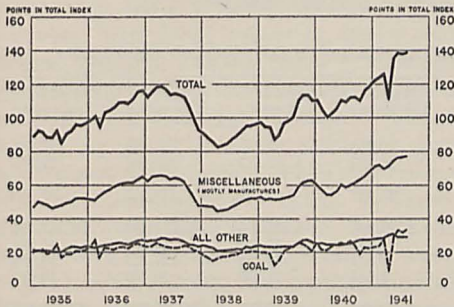
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



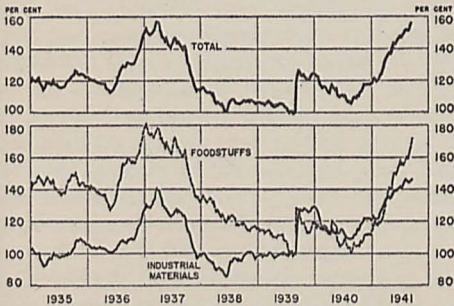
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. By months, January, 1935 to August, 1941.

FREIGHT-CAR LOADINGS



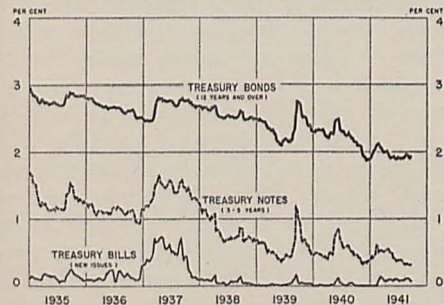
Federal Reserve index of total loadings of revenue freight, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. By months, January, 1935 to August, 1941.

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 September 11, 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 September 13, 1941.

Industrial activity increased further in August and the first half of September, and commodity prices continued to advance. Distribution of commodities to consumers expanded considerably.

PRODUCTION

In August industrial output increased somewhat more than seasonally and the Board's adjusted index advanced from 160 to 161 per cent of the 1935-39 average. There were sharp further advances in activity in the machinery, aircraft, shipbuilding, and railroad equipment industries. Lumber production also increased, while furniture production, which had been unusually large in July, showed less than the customary seasonal rise in August. Output of steel and nonferrous metals continued at near-capacity rates.

In the automobile industry output of finished cars declined sharply as plants were closed during the changeover to new model production and output in factories producing bodies and parts also was reduced considerably. In the first half of September automobile assemblies increased as production of new models was begun but from now on, owing to Government restriction on passenger car production, output will be considerably below that during the previous model year.

In most nondurable goods industries production in August continued around the high levels reached earlier this year. At cotton mills activity declined slightly from the record level reached in July, while at woolen mills there was some increase. Rayon output continued at peak levels. In the silk industry operations were curtailed sharply, as the Government requisitioned all supplies of raw silk, and deliveries of silk to mills declined from 28,000 bales in July to 2,000 in August. Rubber consumption also decreased, owing to a Government curtailment program. Shoe production, which had been unusually large, increased less than seasonally in August, and output of manufactured food products and chemicals showed seasonal increases from the high levels prevailing in June and July.

At mines coal production in August, as in other recent months, was unusually large for the season, and output of crude petroleum rose to a record level of 4,000,000 barrels daily in the latter part of the month. Iron ore shipments down the Lakes amounted to 11,500,000 tons, the largest monthly total on record.

Value of construction contract awards showed a further sharp increase in August and was about four-fifths larger than a year ago, according to F. W. Dodge Corporation reports. The rise from July was substantial for all general types of construction but was most pronounced for publicly-financed projects. Awards for residential building continued to increase.

DISTRIBUTION

Sales of general merchandise rose sharply in August and were at an extremely high level for this time of year. The Board's seasonally adjusted index of department store sales advanced to 133 per cent of the 1923-25 average as compared with 115 in July and an average of 103 in the first half of this year. In the early part of September department store sales declined from the peak reached in the latter part of August.

Railroad freight-car loadings in August were maintained in the large volume reached in June and July. Coal shipments increased, following some reduction in July, while loadings of grain, which had been large since last spring, declined.

COMMODITY PRICES

Wholesale prices of most groups of commodities continued to advance from the middle of August to the middle of September. Prices of grains, other foodstuffs, and cotton showed large increases and there were advances also in prices of a number of industrial commodities not covered by Federal price ceilings. Fragmentary data available indicate that retail prices of foods and other commodities rose further during this period.

AGRICULTURE

The outlook for agricultural production in 1941 showed little change during August. Crop prospects were reduced slightly by drought but aggregate crop production is expected to be two per cent larger than last year and the largest for any year except 1937. Total marketings of livestock and livestock products will probably be the largest on record. Preliminary estimates of the Department of Agriculture indicate that cash farm income, including Government payments, will be about \$10,700,000,000, compared with \$9,120,000,000 in 1940.

BANK CREDIT

Commercial loans at reporting member banks in 101 cities continued to rise substantially during the four weeks ending September 10. Bank holdings of United States Government securities showed little net change, while holdings of other securities increased somewhat at New York City banks. As a result of the expansion in loans and investments bank deposits continued to increase.

UNITED STATES GOVERNMENT SECURITY MARKET

Prices of Treasury bonds increased in the latter part of August but subsequently declined somewhat in the first part of September. On September 15, the partially tax-exempt 2¾ per cent 1960-65 bonds were yielding 2.06 per cent compared with the record low yield of 2.02 per cent. Yields on Treasury notes showed little change in the period.

MONTHLY BUSINESS REVIEW

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	Fort Worth			San Antonio		
	August 1941	August 1940	July 1941	August 1941	August 1940	July 1941
Beef steers.....	\$11.25	\$10.60	\$11.50	\$10.00	\$ 8.25	\$ 9.75
Stocker steers.....	10.50	9.25	11.00	.....	.....	.....
Heifers and yearlings.....	12.25	10.00	12.00	10.65	9.00	10.50
Butcher cows.....	8.50	6.50	8.25	7.75	6.00	8.00
Calves.....	10.50	9.00	11.25	11.00	9.00	11.00
Hogs.....	11.85	7.35	11.10	11.50	6.75	11.00
Lambs.....	10.50	8.00	10.50	8.00	7.50	8.50

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

	June, 1941		Govern- ment payments	Total receipts			
	Crops	Livestock*		June 1941	June 1940	Jan. 1 to June 30 1941	1940
Arizona.....	4,774	2,364	114	7,252	3,396	39,938	27,557
Louisiana.....	5,151	2,580	3,725	11,456	9,306	55,793	49,098
New Mexico.....	635	2,036	140	2,811	2,096	19,634	17,489
Oklahoma.....	5,455	10,380	551	16,386	10,977	88,689	73,385
Texas.....	22,803	27,927	1,654	52,384	29,482	265,691	205,215
Total ...	38,818	45,287	6,184	90,289	55,257	469,745	372,744

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

CRUDE OIL PRODUCTION—(Barrels)

	August, 1941		Increase or decrease in daily average production from	
	Total production	Daily avg. production	August, 1940	July, 1941
North Texas.....	5,568,600	179,632	+ 22,153	- 2,957
West Texas.....	9,262,100	298,778	+ 77,055	+ 28,339
East Texas.....	13,845,700	446,636	+ 564	+ 34,612
South Texas.....	6,668,350	215,108	+ 36,931	+ 19,973
Texas Coastal.....	8,805,900	284,061	+ 96,330	+ 23,487
Total Texas ...	44,150,650	1,424,215	+233,033	+103,454
New Mexico.....	3,461,900	111,674	+ 10,519	+ 2,637
North Louisiana.....	2,406,950	77,643	+ 13,070	+ 904
Total District.....	50,019,500	1,613,532	+256,622	+106,995

SOURCE: Estimated from American Petroleum Institute weekly reports.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	August 1941	August 1940	July 1941	August 1941	August 1940	July 1941
Cattle.....	54,579	45,087	53,918	17,741	10,603	23,254
Calves.....	29,702	37,726	22,242	20,053	17,129	17,832
Hogs.....	29,493	30,293	28,926	11,751	11,411	11,700
Sheep.....	42,206	57,279	88,571	9,332	6,890	10,388

CONSUMPTION, STOCKS AND EXPORTS OF COTTON—(Bales)

	August 1941	August 1940	July 1941	August 1 to August 31	
				This season	Last season
Consumption at:					
Texas mills.....	20,233	15,213	29,607	20,233	15,213
United States mills.....	874,113	650,888	928,943	874,113	650,888
U.S. stocks—end of month:					
In consuming estab'mts.....	1,697,056	738,051	1,874,187	.....	.....
Public stg. & compresses.....	9,296,898	9,131,474	9,704,095	.....	.....
Total exports.....	34,977	65,425	32,718	34,977	65,425

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

	August 1941	August 1940	July 1941	August 1 to August 31	
				This season	Last season
Receipts.....	102,409	203,939	150,011	102,409	203,939
Exports (foreign and coast-wise).....	64,158	73,163	67,061	64,158	73,163
Stocks, end of month.....	1,800,556	1,352,366	1,661,367	.....	.....

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to August 31 This season	Last season	August 1 to August 31 This season	Last season
Cottonseed received at mills (tons).....	29,380	96,387	105,489	127,283
Cottonseed crushed (tons).....	21,180	51,277	107,498	79,580
Cottonseed on hand August 31 (tons).....	35,427	61,522	129,367	87,210
Production of products:				
Crude oil (pounds).....	6,286,000	15,025,000	33,779,000	24,133,000
Cake and meal (tons).....	9,909	25,035	46,186	37,206
Hulls (tons).....	4,511	12,211	27,723	19,835
Linters (running bales).....	5,535	11,280	30,226	18,613
Stocks on hand August 31:				
Crude oil (pounds).....	3,476,000	8,125,000	14,705,000	17,184,000
Cake and meal (tons).....	26,308	19,764	131,618	58,069
Hulls (tons).....	55,926	9,920	132,713	18,869
Linters (running bales).....	23,977	38,483	71,485	87,026

SOURCE: Bureau of Census.