

MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

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DISTRICT SUMMARY

Acceleration of industrial output in this district is indicated by persistent increases in employment at manufacturing establishments, and the rising volume of payrolls, accompanied by increased cash farm income, has created unprecedented consumer demands for merchandise for the season. During September consumer purchases at department stores were at the highest level of record for that particular month, and the distribution of merchandise through wholesale channels continued at a rate about one-third higher than a year earlier. Construction work on national defense projects has been increased by the letting of a large volume of new contracts, and the output of defense goods is expanding. The value of construction contracts awarded during September declined sharply from the exceptionally large August volume, but was at a very high level, reflecting heavy awards for publicly-financed projects. During the first nine months of 1941 the value of construction contracts let in this district was 19 per cent above the total for the entire year of 1940. The daily average rate of petroleum production showed little change from August to September, while refinery operations continued to expand. Consumption of cotton at Texas textile mills averaged one-fourth higher than in September, 1940. Growing crops, as well as harvesting operations, were affected adversely by unfavorable weather in September and the first half of October, and prospective production of some important cash crops declined. Livestock and ranges continued in good to excellent condition.

BUSINESS

Sales at reporting department stores in the Eleventh District, which had increased very sharply in August due chiefly to heavy purchases by consumers in anticipation of future needs, showed less than the usual expansion in September. Nevertheless, the distribution of merchandise during the latter month was 22 per cent greater than in September, 1940, which compares with an average year-to-year gain of 19 per cent for the first nine months of the current year. Reports indicate that trade was especially heavy during the closing days of September when consumers made large purchases of merchandise subject to new or higher Federal excise taxes that became effective on October 1. Sales at weekly reporting firms during the two weeks ended October 18 averaged 13 per cent higher than in that period of 1940. The heavy buying at department stores in recent months has resulted in substantial increases in charge purchases. The gain over a year ago in receivables outstanding on regular accounts closely approximates the average increase in sales, whereas, instalment accounts receivable have risen by a much greater percentage, being 40 per cent greater than a year earlier on September 30. Coincident with these gains, the turnover of receivables has kept pace with that in earlier years, reflecting a proportional increase in collections.

Inventories of merchandise at reporting department stores were increased by about the average seasonal amount in September, and at the close of the month the value of stocks was nearly one-fourth greater than a year earlier.

The distribution of merchandise through wholesale channels in this district evidenced a further seasonal gain in September, and the value of sales remained at a level about one-third higher than in the corresponding month of 1940. Gains over a year ago were recorded in each of the seven reporting lines of trade, the increases ranging from 13 per cent in sales of tobacco and tobacco products to 97 per cent in the distribution of elec-

trical supplies. During the first three quarters of 1941, aggregate sales at all reporting firms averaged nearly one-fourth greater than in the comparable period a year earlier. Distribution of durable goods, including machinery and equipment, electrical supplies, hardware, and surgical equipment, has been especially heavy thus far this year. The value of inventories on September 30 at all cooperating firms showed little change from that a month earlier, but remained at a much higher level than a year ago.

According to data compiled by the Bureau of Business Research of the University of Texas, employment and payrolls in Texas increased further by about 3 per cent from August to September. In the latter month the number employed in non-agricultural trades was 15 per cent higher than a year earlier and payrolls were up 28 per cent. The Bureau of Labor Statistics estimated that employment in non-agricultural businesses and Government establishments in Texas totaled 1,118,000 during August, which exceeded that a year earlier by 130,000 persons, or an increase of 13 per cent.

According to data compiled by Dun and Bradstreet, the number of business failures in this district during September was the smallest for any month in four years and liabilities of the eleven defaulting firms, which totaled \$121,000, were much smaller than a month earlier and a year ago. The indebtedness of the 227 firms that failed during the first nine months of 1941 was nearly 50 per cent smaller than in that period a year earlier.

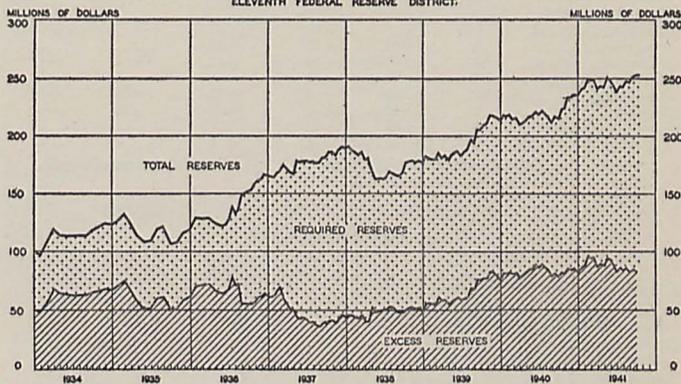
AGRICULTURE

After showing some improvement in August, prospective production of several important cash crops in this district was lowered during September and the first half of October by unfavorable weather and insect activity. The widespread rains, together with the tropical storm along the Texas Gulf Coast, also seriously interfered with harvesting operations and other farm work, and caused deterioration in the quality of unharvested crops. During September, pecan and rice crops sustained heavy damage and prospective production of cotton, corn, and Irish potatoes was reduced considerably. Nevertheless, the indicated production of virtually all crops except cotton, corn, and pecans on October 1 was still well above the 1930-1939 average production. Physical conditions in the wheat growing area of Texas have been generally favorable for land preparation and seeding operations. Wheat pastures are reported to be the best for this season in several years.

The indicated production of cotton in the United States was raised 351,000 bales in September, but the forecast for the

MEMBER BANK RESERVES

ELEVENTH FEDERAL RESERVE DISTRICT



Eleventh District was lowered 121,000 bales as a consequence of the adverse physical conditions prevailing during the month. With the exception of Oklahoma, the prospective production was reduced in each individual state included in this district. The October 1 forecast for Texas was placed at 2,800,000 bales, or 88,000 bales less than the September 1 estimate and 434,000 bales below the 1940 harvest. In New Mexico and Arizona prospective production declined about 6 per cent, and in Louisiana the forecast was reduced further by 13 per cent to 335,000 bales, indicating the smallest crop for that State since 1919. In Oklahoma, production was placed at 710,000 bales as against a 1940 crop of 802,000 bales. Reflecting the lateness of this year's cotton crop, ginnings in Texas prior to October 1 totaled only 810,000 bales as compared with 1,480,000 bales ginned to the same date last year. Prior to October 1 the Commodity Credit Corporation had made loans on only 89,600 bales of the 1941 cotton crop, including 37,000 bales of Texas grown cotton.

The estimated production of rice was reduced about 2,400,000 bushels during September, principally as a result of the tropical storm; harvesting conditions have been unfavorable since October 1. The Texas pecan crop deteriorated further in September and the October 1 production forecast of 21,390,000 pounds was about one-half the 1940 harvest. The Eleventh District corn crop was estimated at 85,292,000 bushels at the beginning of October, which compares with a production of 105,113,000 bushels last year. The initial estimates on the production of citrus fruit in Texas from 1941 blooms were placed at 15,100,000 boxes of grapefruit and 3,100,000 boxes of oranges. These estimates are considerably higher than the respective harvests in 1940.

Ranges and livestock remain in good to excellent condition, and prospects for fall and winter range feed are very good. The supply of supplemental feed is also abundant except in local areas. The demand for livestock has been very strong generally, but Texas producers have shown some reluctance to sell due to the favorable range conditions and to large feed supplies. Marketings of sheep and lambs in that State during September were much smaller than the heavy shipments in that month of 1940.

FINANCE

On September 23, the Board of Governors of the Federal Reserve System increased reserve requirements for member

banks to the present statutory limit, as a further step in the Government's program for combating inflation. The increase amounts to about one-seventh and will become effective November 1, 1941. The new rates will be 6 per cent for time deposits at all member banks, 26 per cent for demand deposits at member banks in central reserve cities, 20 per cent for demand deposits at member banks in reserve cities, and 14 per cent for demand deposits at "country" member banks. The Board of Governors' announcement stated that "the action will leave the banks as a whole with ample funds to meet all bank credit needs of the defense program and all legitimate requirements of their customers."

During the last half of September, net demand and time deposits of all member banks in this district averaged \$1,263,783,000, against which the banks were required to maintain average reserves of \$168,300,000. In that period, however, member bank reserve deposits with the Federal Reserve Bank of Dallas averaged \$253,000,000, which was about \$84,700,000 in excess of requirements. On the basis of average deposits during the last half of September, the higher reserve percentages would increase required reserves by about \$26,000,000 and would decrease excess reserves by a corresponding amount. From the accompanying chart, it will be noted that reserve deposits of member banks ordinarily rise during the fall months when crop marketings and other factors cause an increase in member bank deposits. In the first half of October this year, the rise in average reserve deposits amounted to about \$7,000,000, reaching a new high level of approximately \$260,000,000.

Total earning assets of the Federal Reserve Bank of Dallas were reduced \$9,400,000 between September 15 and October 15, reflecting chiefly a decline in holdings of United States Government securities occasioned by the quarterly reallocation of the System's investment holdings among the several Reserve banks. This bank's holdings of Government securities at the middle of October amounted to \$76,550,000, which was \$14,600,000 lower than a year earlier. The circulation of Federal Reserve notes of this bank expanded further in September, reaching a new peak at \$124,400,000 on October 6. This figure was about \$35,300,000 higher than a year earlier.

On October 9, the Secretary of the Treasury invited cash subscriptions to an offering of \$1,200,000,000 of 2½ per cent Treasury bonds dated October 20, 1941, and maturing on September 15, 1972. The new bonds were also offered in ex-

WHOLESALE AND RETAIL TRADE STATISTICS

Retail trade:	Number of reporting firms	Percentage change in:					
		Net sales			Stocks†		
		Sept., 1941 from Sept., 1940	August, 1941	Jan. 1 to Sept. 30, 1941 from 1940	Sept., 1941 from Sept., 1940	August, 1941	Sept., 1941 from Sept., 1940
Department stores:							
Total 11th Dist.	47	+22	+11	+19	+23	+11	
Dallas.....	7	+27	+13	+19	+19	+14	
Fort Worth.....	4	+30	+9	+20	+12	+8	
Houston.....	7	+9	+9	+16	+23	+15	
San Antonio.....	5	+29	-2	+27	+29	+6	
Shreveport.....	3	+28	+9	+18	.....	.....
Other cities.....	21	+20	+22	+19	+33	+9	
Independent stores*:							
Arizona.....	261	+26	-9	+20	.....	.....
New Mexico.....	168	+18	-2	+13	.....	.....
Oklahoma.....	534	+16	-1	+15	.....	.....
Texas.....	1,078	+17	-†	+20	.....	.....
Wholesale trade*:							
Machinery, eqpt. & supplies.....	4	+61	+15	+48	.....	.....
Drugs (incl. liquors).....	13	+32	+24	+13	+6	+†	
Electrical supplies ..	12	+97	-6	.....	+8	+†	
Groceries.....	33	+20	+4	+13	+35	+8	
Hardware.....	9	+46	+6	+36	+16	-7	
Surgical equipment ..	4	+53	+15	.....	.....	.....
Tobacco & products.....	4	+13	+4	+1	.....	.....

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

†Stocks at close of month.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1923-1925 average = 100)

	September 1941	August 1941	July 1941	September 1940
Sales (daily average):				
Without seasonal adjustment.....	151	128	93	127
With seasonal adjustment.....	136	166	132	115
Stocks (end of month)				
Without seasonal adjustment.....	88	81	73	72
With seasonal adjustment.....	80	80	80	65

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

(In thousands of dollars)

	July, 1941					
	Receipts from:		Government payments	Total receipts		
	Crops	Livestock*		July 1941	July 1940	Jan. 1 to July 31 1941
Arizona.....	4,500	1,590	104	6,194	3,942	46,132
Louisiana.....	891	2,929	632	4,452	3,573	60,245
New Mexico.....	1,733	1,858	258	3,849	3,541	23,483
Oklahoma.....	11,945	13,467	672	26,084	25,998	114,773
Texas.....	22,334	25,940	1,339	49,613	34,575	315,304
Total.....	41,403	45,784	3,005	90,192	71,629	559,937

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

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	Sept. 1941	Sept. 1940	August 1941	Sept. 1941	Sept. 1940	August 1941
Cattle.....	72,714	53,551	54,579	18,025	15,621	17,741
Calves.....	51,518	50,376	29,702	25,978	28,634	20,053
Hogs.....	28,574	34,338	29,493	13,291	14,152	11,751
Sheep.....	52,982	62,104	42,206	9,179	13,518	9,352

COMPARATIVE TOP LIVESTOCK PRICES

(Dollars per hundredweight)

	Fort Worth			San Antonio		
	Sept. 1941	Sept. 1940	August 1941	Sept. 1941	Sept. 1940	August 1941
Beef steers.....	\$12.00	\$10.75	\$11.25	\$10.40	\$ 8.75	\$10.00
Stocker steers.....	11.00	9.25	10.50	.....	.....	.....
Heifers and yearlings.....	12.25	11.00	12.25	11.25	10.00	10.65
Butcher cows.....	8.50	6.75	8.50	7.75	6.00	7.75
Calves.....	11.00	9.00	10.50	11.00	9.00	11.00
Hogs.....	12.00	7.35	11.85	11.65	7.15	11.50
Lambs.....	11.75	8.00	10.50	8.50	7.75	8.00

change for the Treasury notes maturing on December 15, 1941, outstanding in the amount of \$204,000,000. In this district, cash subscriptions to the new issue of Treasury bonds totaled \$193,407,050 against which allotments of \$24,267,600 were made. Exchange subscriptions and allotments in this district aggregated \$2,351,500.

The principal earning assets of weekly reporting banks in the Eleventh District increased at an accelerated rate during the five weeks ended October 15, reflecting substantial additions to both loans and investments. The expansion in loans for commercial, industrial and agricultural purposes, which rose \$12,500,000 during the period, was accompanied by increases of \$1,200,000 in loans to brokers and dealers in securities and of \$4,300,000 in "all other" loans, consisting in large part of personal and instalment loans. Investments of these banks in direct and guaranteed obligations of the United States Government were increased \$5,800,000 between September 10 and October 15, and in the subsequent week these banks were allotted substantial amounts of the new issue of Treasury bonds dated October 20. The total loans and investments of reporting banks at the middle of October were \$25,900,000 greater than five weeks earlier and \$114,000,000 higher than on October 16, 1940. As compared with a year ago the increase consists of \$77,000,000 in loans and of \$37,000,000 in investments.

Deposits at reporting banks continued to expand during the five-week period despite heavy withdrawals of United States Government deposits. During the same period, these banks reduced their balances with other domestic commercial banks by \$13,400,000 and increased their reserve deposits with the Federal Reserve Bank by \$9,800,000. On October 15 total deposits were \$21,800,000 higher than five weeks earlier and \$127,000,000 above those a year earlier. At the middle of October, adjusted demand deposits, which include individual, partnership and corporation deposits, were \$108,000,000 higher than on the comparable date of 1940.

INDUSTRY

The building of defense projects accounted for a substantial portion of the total volume of construction contracts awarded in this district during the first eight months of 1941, and available data indicate that contracts let for this type of construction continued heavy in September. The aggregate value of all contracts awarded in the latter month was nearly \$50,000,000. Although this total was considerably below the peak established in August, it was the highest for any other month of record. In comparison with other recent months, awards for non-residential building and engineering projects continued especially heavy, and residential building was well sustained.

The volume of building contracts awarded for defense projects in Texas during the first eight months of 1941 amounted to \$101,200,000, which represents 41 per cent of the total value of all contracts let during that period. National defense construction accounted for only 17 per cent of the total value of residential building during the eight-month period, whereas, 54 per cent of non-residential building and engineering construction was for defense projects.

Productive activity in the domestic cotton and woolen textile industries has continued in record-breaking proportions in an effort to meet the unprecedented demand for defense and civilian needs. The importance of the high rate of production in those branches of the textile industry to producers in the Eleventh District is apparent from the prices being received by farmers and ranchmen for cotton and wool. The prices of those products are currently at the highest levels in recent years, and the cash income of producers in this district from these sources may reach the largest total since 1929.

According to the Bureau of Census, consumption of cotton in the United States aggregated 875,700 bales in September, which was about the same as in August, and more than one-

third greater than in September last year. During the first two months of the current season domestic consumption of cotton was at the record rate of 10,500,000 bales annually, which compares with 9,700,000 bales consumed during the 1940-1941 season. Although the demand for cotton yarns and textiles continued active, trading during September and early October was restricted further by uncertainties in the price

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

	October 15, 1941	October 15, 1940	Sept. 15, 1941
Total cash reserves.....	\$367,277	\$286,276	\$347,004
Discounts for member banks.....	574	347	673
Other bills discounted.....	None	16	6
Industrial advances.....	284	252	298
United States Government securities.....	76,551	91,164	85,829
Total earning assets.....	77,409	91,779	86,806
Member bank reserve deposits.....	263,090	230,081	258,356
Federal Reserve notes in actual circulation.....	122,373	89,133	113,744

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

	October 15, 1941	October 16, 1940	Sept. 10, 1941
Total loans and investments.....	\$660,504	\$546,533	\$634,626
Total loans.....	356,240	279,687	338,528
Commercial, industrial and agricultural loans.....	241,813	185,316	229,277
Open market paper.....	1,803	1,679	2,263
Loans to brokers and dealers in securities.....	5,334	2,425	4,146
Other loans for purchasing or carrying securities.....	14,101	13,461	13,952
Real estate loans.....	23,807	23,145	23,296
Loans to banks.....	495	531	820
All other loans.....	69,087	53,130	64,774
United States Government direct obligations.....	193,387	161,819	188,515
Obligations fully guaranteed by United States Govt.....	48,511	46,272	47,534
Other securities.....	62,366	58,755	60,049
Reserves with Federal Reserve Bank.....	167,481	142,079	157,712
Balances with domestic banks.....	295,405	307,537	308,801
Demand deposits—adjusted*.....	609,167	501,027	592,650
Time deposits.....	133,007	135,110	131,736
United States Government deposits.....	13,058	31,823	40,641
Interbank deposits.....	316,977	276,999	285,343
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)

	September 1941	September 1940	Pctg. change over year	August 1941	Pctg. change over month
Ablene.....	\$ 11,919	\$ 8,426	+41	\$ 11,413	+ 4
Austin.....	34,635	30,699	+13	37,583	- 8
Beaumont.....	31,343	21,474	+46	30,514	+ 3
Corsicana.....	4,974	3,853	+29	3,673	+35
Dallas.....	342,143	235,563	+45	319,332	+ 7
El Paso.....	39,647	26,281	+51	38,729	+ 2
Fort Worth.....	106,703	72,685	+47	98,533	+ 8
Galveston.....	29,062	22,348	+30	30,258	- 4
Houston.....	308,736	235,158	+31	314,488	- 2
Port Arthur.....	11,378	9,085	+25	10,948	+ 4
Roswell.....	4,037	4,656	-13	4,621	-13
San Antonio.....	91,457	70,799	+29	87,953	+ 4
Shreveport.....	54,168	41,115	+32	50,399	+ 7
Texarkana*.....	13,260	7,603	+74	8,942	+48
Tucson.....	13,556	10,105	+34	12,924	+ 5
Tyler.....	13,368	10,790	+24	12,666	+ 6
Waco.....	18,991	14,106	+35	17,496	+ 9
Wichita Falls.....	22,084	14,503	+52	20,459	+ 8
Total.....	\$1,151,461	\$839,249	+37	\$1,110,931	+ 4

*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
September, 1939.....	\$1,255,634	\$231,820	\$729,653	\$128,084	\$525,981	\$103,736
September, 1940.....	1,346,346	233,023	783,742	128,161	562,604	104,862
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	921,863	133,758	645,539	105,181
September, 1941.....	1,618,651	237,509	950,967	132,164	667,684	105,345

SAVINGS DEPOSITS

	Number of reporting banks	September 30, 1941		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	Sept. 30, 1940	August 31, 1941
Beaumont.....	3	10,583	\$ 4,276,243	+ 4.2	+ 5
Dallas.....	8	92,120	26,140,028	- 3	- 1
El Paso.....	2	19,044	7,210,757	-12.5	- 9
Fort Worth.....	3	34,569	12,793,721	- 1.2	- 9
Galveston.....	4	18,973	11,632,020	- 5.7	+ 6
Houston.....	10	78,003	32,492,244	+ 2.8	+ 2
Port Arthur.....	2	6,015	3,084,412	- 8.0	+ 1.1
San Antonio.....	5	23,342	17,741,045	+ 1.1	- 3
Shreveport.....	3	25,841	12,049,915	- 2.6	+ 5
Waco.....	3	7,747	4,345,242	- 6.2	- 1.1
Wichita Falls.....	3	7,231	3,402,987	- 6.9	- 1.1
All others.....	68	59,131	29,468,976	- 3.7	+ 1
Total.....	114	382,599	\$164,637,575	- 1.9	- 0.2

situation and the sold-up position of most mills. Inventories of raw cotton at consuming establishments declined further in September, but month-end stocks were still more than twice those a year earlier.

Although advancing prices have had a tendency to retard trading in recent weeks, demand for Texas wool and mohair has continued generally active. According to trade reports, the unsold supplies of wool and mohair in Texas from the 1941 clips are comparatively small due to heavy purchases earlier by consuming establishments. Data compiled by the Department of Agriculture reveal that consumption of apparel wool in the United States during the first eight months of 1941 aggregated 625,000,000 pounds, grease basis, which was about three-fourths greater than in the corresponding period of 1940. For the year 1941 it is estimated that consumption of apparel wool in the United States will exceed 900,000,000 pounds, which is by far the largest of record and about twice as great as domestic production. Imports of apparel wool during the first seven months of 1941 were in record proportions, aggregating about 400,000,000 pounds.

Exports of cotton from the United States during September were small in comparison with the usual volume shipped in that month prior to the European war. Nevertheless, shipments, of 189,200 bales during September were the largest since October last year. Three Government programs have been inaugurated which may have a stimulating effect upon cotton exports during the current season. These measures include, (1) exports of cotton under the lease-lend program, (2) the program of the Commodity Credit Corporation to sell Government stocks of cotton grown in 1937 at 13.25 cents per pound for export provided exporters comply with certain regulations, and (3) a subsidy of 2.50 cents per pound on cotton exported to Canada.

Daily average production of crude petroleum in the Eleventh District showed little change from August to September, but was maintained at a rate 5 per cent higher than a year ago. In the United States, daily average output increased moderately further to a new peak, exceeding that in September last year by 9 per cent. Aggregate production allowables for October in Texas, Louisiana, and New Mexico were set at a rate 5 per cent higher than in September, indicating that petroleum output in this district during that month may reach the highest level since April, 1940.

Since the beginning of the current year the trend in petro-

leum production has been sharply upward in both this district and the United States. Although the increase in production in this district has closely approximated the gain in demand for that product, the distribution of crude oil in the country as a whole has greatly exceeded production, with the consequent decline in inventories. Between January 4 and October 4 this year petroleum inventories in the United States showed a net decline of 6 per cent or 14,000,000 barrels, and on the latter date stocks were at the lowest level in more than eighteen months. Refinery operations in this district and elsewhere in the United States continued to expand in September, and crude oil runs to refinery stills rose to a new all-time peak.

Drilling of new wells was maintained at an active pace in September. The daily average number of wells completed in the Eleventh District and the United States was 4 per cent higher than in August, and as compared with September last year the rate of completions in this district was up nearly 50 per cent as against a 14 per cent gain elsewhere in the United States.

Total loadings of revenue freight by railroads in the Southwest, which had averaged about 48,000 cars weekly in each of the preceding three years, have shown a pronounced increase in 1941 simultaneous with a sharp rise in loadings in the United States as a whole. During the first nine months of the current year the number of freight cars loaded in the Southwestern territory was about 16 per cent greater than in the corresponding period of 1940, which compares with an increase of 20 per cent in total loadings in the United States. Loadings of revenue freight in the Southwest were affected to some extent during August and September by the late maturity and delayed harvesting of some agricultural crops.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to This season	September 30 Last season	August 1 to This season	September 30 Last season
Cottonseed received at mills (tons).....	218,472	306,741	1,145,117	725,422
Cottonseed crushed (tons).....	93,272	167,902	526,663	434,299
Cottonseed on hand Sept. 30 (tons).....	152,394	155,251	748,983	330,630
Production of products:				
Crude oil (pounds).....	27,227,000	49,708,000	163,278,000	135,500,000
Cake and meal (tons).....	43,594	78,931	227,115	193,449
Hulls (tons).....	22,428	42,743	135,737	110,127
Linters (running bales).....	25,898	38,587	150,834	103,418
Stocks on hand Sept. 30:				
Crude oil (pounds).....	8,315,000	19,284,000	39,234,000	57,479,000
Cake and meal (tons).....	42,821	34,146	174,385	96,560
Hulls (tons).....	60,068	26,694	154,100	57,143
Linters (running bales).....	28,828	42,880	103,477	116,007

SOURCE: Bureau of Census.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

	September 1941	September 1940	August 1941	Jan. 1 to Sept. 30 1941	1940
	Eleventh District—total...	46,261	22,564	93,599 ^r	325,401	187,173
Residential.....	10,391	9,645	16,476	91,326	65,781
All other.....	35,870	12,919	77,123 ^r	234,075	121,392
United States*—total.....	623,292	347,651	760,233	4,510,879	2,784,352
Residential.....	175,713	152,372	231,529	1,561,285	1,136,362
All other.....	447,579	195,279	528,704	2,949,594	1,647,990

*37 states east of the Rocky Mountains.

^r—Revised.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	September, 1941		Percentage change valuation from		Jan. 1 to Sept. 30, 1941		Percentage change valuation from 1940	
	No.	Valuation	Sept., 1940	Aug., 1941	No.	Valuation		
Abilene.....	43	\$ 94,852	+213	-11	413	\$ 979,253	+95	
Amarillo.....	75	250,968	+14	+34	653	2,080,685	+2	
Austin.....	164	433,179	+39	+4	1,689	4,310,568	-21	
Beaumont.....	157	148,797	+23	-58	1,282	1,793,157	+54	
Corpus Christi..	299	417,353	-65	-59	2,102	10,048,113	+54	
Dallas.....	857	1,120,644	-31	-49	7,048	11,278,624	-1	
El Paso.....	91	145,534	-28	-62	1,120	2,235,541	-16	
Fort Worth.....	327	386,250	-12	-35	2,576	5,075,916	+36	
Galveston.....	175	132,041	+17	-27	1,826	3,789,719	+123	
Houston.....	436	1,498,866	-6	+9	4,217	15,350,115	-15	
Port Arthur.....	95	113,860	+14	+6	1,067	945,169	+5	
San Antonio.....	944	1,420,688	+211	+128	6,015	6,233,075	+22	
Shreveport.....	113	324,568	-35	+1	1,106	2,815,795	-29	
Waco.....	77	159,086	+78	-6	640	3,692,186	+139	
Wichita Falls..	76	250,723	+78	-78	588	2,375,977	+149	
Total.....	3,929	\$6,897,409	-3	-25	32,942	\$73,903,893	+11	

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

RECEIPTS, EXPORTS, AND STOCKS OF COTTON AT THE PORTS OF

HOUSTON AND GALVESTON—(Bales)

	September 1941	September 1940	August 1941	August 1 to This season	September 30 Last season
	Receipts.....	142,046	317,420	102,409	244,455	521,359
Exports (foreign and coast-wise).....	60,533	100,626	64,158	124,691	173,789
Stocks, end of month.....	1,798,996	1,527,912	1,800,556		

CONSUMPTION, STOCKS AND EXPORTS OF COTTON—(Bales)

	September 1941	September 1940	August 1941	August 1 to This season	September 30 Last season
	Consumption at:				
Texas mills.....	20,315	16,206	20,233	40,548	31,419
United States mills.....	875,682	638,235	874,113	1,749,795	1,289,123
U.S. stocks—end of month:					
In consuming estab'tmts.	1,636,521	784,116	1,697,056		
Public stg. & compresses.	11,523,702	10,747,398	9,296,898		
Total exports.....	189,215	90,555	78,516	267,731	155,980

CRUDE OIL PRODUCTION—(Barrels)

	September, 1941		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Sept., 1940	Aug., 1941
North Texas.....	5,546,350	184,878	-160	+5,246
West Texas.....	8,845,600	294,853	+32,676	-3,925
East Texas.....	12,957,700	431,924	-31,449	-14,712
South Texas.....	6,217,650	207,255	-13,502	+7,853
Texas Coastal.....	8,385,200	279,507	+61,952	-4,554
Total Texas.....	41,952,500	1,398,417	+49,517	-25,798
New Mexico.....	3,422,800	114,093	+15,953	+2,419
North Louisiana.....	2,404,700	80,157	+15,150	+2,514
Total District.....	47,780,000	1,592,667	+80,620	-20,865

SOURCE: Estimated from American Petroleum Institute weekly reports.

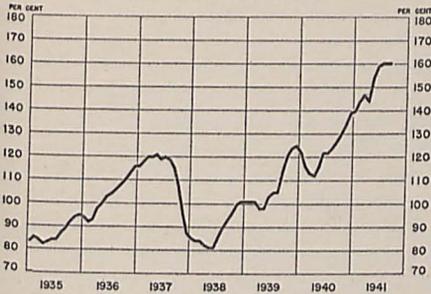
MONTHLY BUSINESS REVIEW

NOVEMBER 1, 1941

NATIONAL SUMMARY OF BUSINESS CONDITIONS

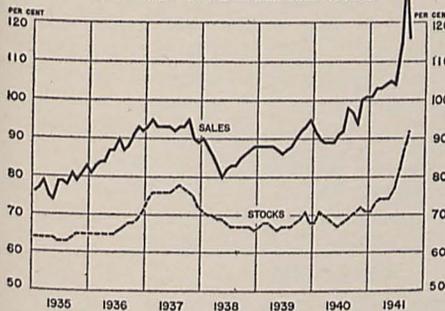
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



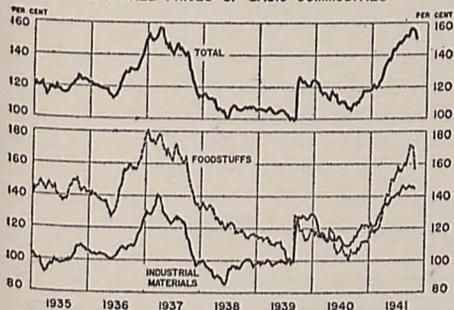
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. By months, January, 1935 to September, 1941.

DEPARTMENT STORE SALES AND STOCKS



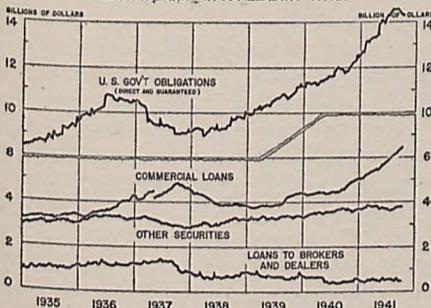
Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. By months, January, 1935, to September, 1941.

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 October 16, 1941.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures, January 2, 1935 to October 3, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

Industrial activity continued at a high rate in September and the first half of October. Further advances in the output of defense products were accompanied by curtailment in some lines of civilian goods, particularly automobiles, rubber, and silk. Prices of industrial products increased further but agricultural prices declined after the middle of September, and on October 16 dropped sharply in response to international developments.

PRODUCTION

Industrial output increased by about the usual seasonal amount in September and the Board's adjusted index remained at 160 per cent of the 1935-1939 average, the same as in July and August. Continued increases in activity were reported in the machinery, aircraft, and shipbuilding industries. At steel mills activity in September and the first half of October was maintained at about 97 per cent of capacity. Output and deliveries of nonferrous metals likewise remained at about capacity levels, while lumber production declined somewhat from the high August rate. Automobile production increased less than seasonally in September, following the changeover to new models, and, according to preliminary estimates, output in September was considerably below the maximum quota that had been authorized by the Government.

In the textile industry activity declined somewhat in September, reflecting mainly a further sharp reduction at silk mills. Activity at wool mills rose to a new high level, while at cotton mills there was little change from a rate slightly below the peak reached last May. Shoe production continued in large volume, and output of manufactured food products was maintained near the peak August level. Output of chemicals likewise continued at earlier high rates, but at rubber plants activity was considerably below the level of last summer owing to curtailment programs ordered by the Government.

Coal production, which during the summer months had been unusually large, increased less than seasonally in September, owing in part to temporary work stoppages at some bituminous and anthracite mines. Crude petroleum production advanced to record levels in September and the first half of October, and output of metals and shipments of iron ore down the Lakes continued at about capacity.

Value of construction contract awards declined in September, according to figures of the F. W. Dodge Corporation, reflecting chiefly decreases in awards for public projects which had been exceptionally large in August. Awards for private residential building also declined, while contracts for other private work increased somewhat further. Total awards in September, as in August, were 80 per cent larger than in the corresponding period last year. This higher level reflected mainly a greater amount of public construction, which was nearly three times as large as a year ago, compared with an increase of about 10 per cent for private construction.

On October 9, the Supply Priorities and Allocations Board announced that, effective immediately, no public or private construction projects which use critical materials could be started during the emergency unless these projects were either necessary for direct national defense or essential to the health and safety of the nation.

DISTRIBUTION

Distribution of general merchandise showed less than the customary seasonal rise in September, following an unusually large volume of sales in August. During the past three months sales have been larger than in the corresponding period of any previous year. In the first half of October sales at department stores declined from the peak reached in late September when there were considerable consumer purchases, particularly of articles subject to higher taxes on October 1.

Loadings of revenue freight in September increased less than seasonally, particularly those of miscellaneous freight, which have been high in recent months, and loadings of coal, which were curtailed during part of the month by work stoppages at some mines. Shipments of forest products declined considerably from the high August level.

COMMODITY PRICES

Prices of industrial products continued to advance in September and the first half of October and Federal price ceilings were announced for additional commodities, including leading types of lumber, coke, wastepaper, paperboard, acetic acid, alcohols, and carded cotton yarns. In some cases these ceilings were below previously existing market quotations. Price advances were permitted, however, for some other commodities under Federal control. Prices of cotton and of foodstuffs increased further in the first half of September, but subsequently declined, owing partly to seasonal influences. On Thursday, October 16, prices of these commodities dropped sharply.

BANK CREDIT

Commercial loans at member banks continued to rise during September and the first half of October, reflecting in part defense demands. Increases were substantial both in New York and in other leading cities. Holdings of United States Government obligations decreased, mainly at banks in leading cities outside of New York. Excess reserves of member banks showed little change in this period.

UNITED STATES GOVERNMENT SECURITY MARKET

Following a slight decline in the first half of September, prices of long-term Treasury partially tax-exempt bonds increased during the latter half of September and in the first part of October. The yield on the 2 3/4 per cent bonds of 1960-65 reached a new record low of 2.01 per cent in October. Prices of taxable bonds moved within a relatively narrow range during the period with yields slightly above previous low levels.