

MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

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DISTRICT SUMMARY

The initial effects of the outbreak of war upon business and industrial activity in the Eleventh District included an acceleration of activity at plants producing war materials and a temporary curtailment of consumer purchases at retail outlets.

Department store sales during November and the first week of December were exceptionally heavy, exceeding those in the corresponding periods a year earlier by a substantial margin. Although sales increased by less than the usual seasonal amount during the week following the declaration of war, heavy buying was resumed after the middle of the month. The distribution of merchandise through wholesale channels, which declined by about the usual seasonal amount from October to November, maintained a gain of about one-fifth over the corresponding period of 1940. Total freight-car loadings evidenced a counter-to-seasonal gain in November as compared with the preceding month. Building activity in this district, as measured by the value of construction contracts awarded, declined sharply in November, but remained at a much higher level than in the corresponding month a year earlier. Daily average petroleum production increased substantially and operations at refineries in this district were maintained near the peak established last September. The output of lumber was well sustained in November, whereas, shipments declined seasonally. Following a moderate decline during the first two weeks of November, the demand for bank credit resumed an upward trend in the subsequent four weeks. On December 10 total loans at weekly reporting banks were about \$53,400,000 higher than the 1941 low and the total was above that for any other report date since January, 1930.

BUSINESS

Consumer demand for merchandise at reporting department stores in this district, which had declined in October, resumed an upward trend in November. Business was stimulated by more seasonable weather and by price reduction sales, which apparently stimulated purchases of winter merchandise and encouraged some early holiday buying. On a daily average basis, the value of department store sales increased 15 per cent from October to November and was 18 per cent greater than in November last year. The gain over the year extended to virtually all types of merchandise except to some durable types of household appliances. During the first half of December, reports indicate that consumer buying expanded seasonally as the holiday season grew nearer, but the increase over the corresponding period a year earlier amounted to only about 10 per cent, as against an average increase of 18 per cent during the first eleven months of 1941. The decline in the margin of gain over 1940, which occurred in the second week of the month, was apparently due to public reaction to entrance of this country into the war.

The value of merchandise inventories at reporting department stores increased slightly further in November, and this bank's seasonally adjusted index of stocks rose 1 point to 90 per cent of the 1923-1925 average, which compares with 69 per cent recorded for November, 1940. Merchandise orders outstanding on November 30 this year showed a further decline as compared with a month earlier.

The business of 90 reporting wholesale firms in eight lines of trade in this district declined seasonally from October to November, but continued at a sharply higher level than in the corresponding month a year earlier. Dollar sales were 17 per

cent greater than in November, 1940, which compares with an average year-to-year gain of 19 per cent during the first eleven months of 1941. With the exception of the distribution of automotive supplies, which was 3 per cent smaller, sales in all reporting lines of trade recorded gains over November last year. The demand for durable goods, including electrical supplies, general hardware and industrial supplies, machinery, and surgical equipment, registered pronounced gains as compared with a year ago, and sales of nondurable goods, including groceries, drugs and tobacco, showed an average gain of 9 per cent. The dollar value of inventories at reporting firms evidenced little change from October 31 to November 30, but the total remained at a much higher level than a year ago.

Nonagricultural employment in Texas increased moderately further in November due chiefly to a seasonal expansion in the number of persons employed at wholesale and retail trade establishments. According to data compiled by the Bureau of Business Research of the University of Texas, industrial employment declined slightly in November, following increases during each of the preceding nine months. In comparison with November, 1940, total employment was up 16 per cent, and payrolls, which evidenced little change from October to November, were nearly one-third greater.

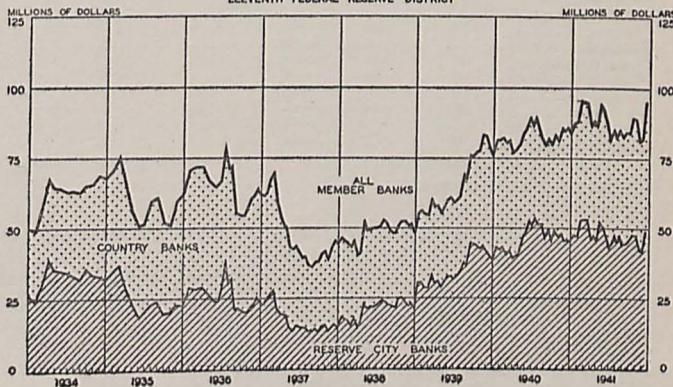
Liabilities of the fifteen business failures that occurred in this district during November totaled \$256,000. The latter figure exceeds the January-November monthly average indebtedness of defaulting firms by about 13 per cent, but is sharply lower than the monthly average of \$705,000 recorded for the year 1940.

AGRICULTURE

Weather conditions were generally favorable for farm work during November, and as a result, seeding of small grain crops, fall plowing operations, and harvesting of crops progressed rapidly, following several weeks of periodic delays caused by intermittent rainfall. The growth of commercial vegetable crops in the truck growing area of south Texas likewise made fair to good progress, and harvesting of fall grown vegetables was stepped up. Shipments of vegetables prior to December 20 averaged about 20 per cent smaller than in the comparable period last year. Moisture supplies are generally ample in all sections of the district except in portions of south Texas where there is a deficiency of surface moisture.

Seeding of winter wheat and oats was virtually completed in most grain producing areas of Texas during November, and the growth of those crops continued good to excellent. In fact, the

EXCESS RESERVES OF MEMBER BANKS
ELEVENTH FEDERAL RESERVE DISTRICT



growth of some early sown and volunteer grains is too rank for the best development of plants.

The prospective harvest of cotton in this district was lowered further in November due chiefly to a further reduction in the indicated production in Texas. Low temperatures late in November stopped plant growth and caused considerable damage to unmaturing bolls in the northwest High Plains, the deterioration more than offsetting an increase in prospective production in the northern Low Plains. The December 1 production forecast for Texas totaled 2,745,000 bales, which was 26,000 bales less than the November 1 estimate and compares with the 1940 and the 1930-1939 average harvests of 3,234,000 bales and 3,766,000 bales, respectively. The indicated per acre yield of cotton in Texas declined from 184 pounds in 1940 to an estimated 169 pounds in 1941, due chiefly to extensive insect and weather damage. This development, together with a reduction of 8 per cent in the acreage harvested, accounted for the decline in production of cotton as compared with 1940. The prospective production of cotton in Arizona was lowered 15,000 bales in November to a total of 203,000 bales. On the other hand, the crop showed a further improvement in Oklahoma, and the production forecast was raised 3 per cent to 750,000 bales, which is the same as the 1930-1939 average harvest. The final production forecast for the United States was placed at 10,976,000 bales, as against a 1940 harvest of 12,566,000 bales.

A substantial increase occurred during November and the first half of December in the amount of cotton from the 1941 crop placed in Government loan stocks. Through December 13 the Commodity Credit Corporation had made loans against 1,495,000 bales, which compares with 425,500 bales at the beginning of November and about 2,500,000 bales from the 1940 crop prior to the same date last year.

Livestock ranges in the Eleventh District deteriorated by more than the usual seasonal amount in November. Nevertheless, their average condition on December 1 was still far above the average for that date, and the outlook for winter range feed continued good to excellent except in scattered local areas where excessive rainfall had rotted grass. Winter wheat pastures in north and northwest Texas are providing excellent grazing, and the movement of cattle into those areas has been much greater

than a year ago. Livestock continued in good to excellent condition. Marketings of cattle, calves and sheep continued considerably smaller than the relatively large movement a year ago, reflecting in part the reluctance of ranchmen to sell present holdings and a widespread disposition to build up herds of cattle to take advantage of the excellent range conditions. The prospect of high wool prices next spring is retarding marketings of slaughter lambs and sheep. According to the Department of Agriculture, the market movement of sheep totaled only 184,000 head in October as against 426,000 head in the corresponding month a year earlier.

Cash income of farmers in the Eleventh District increased by considerably more than the usual seasonal amount during the third quarter of 1941, reflecting chiefly sharp advances in prices of farm products. Cash receipts from the sale of crops were nearly double those in the corresponding quarter of 1940 and income from the sale of livestock and livestock products was up 35 per cent, despite the substantially smaller number of livestock marketed in that period this year. Total cash receipts during the third quarter were \$141,000,000 higher than a year earlier but Government payments were \$10,000,000 smaller. During the first nine months of 1941 cash income of farmers in the five states wholly or partially included in this district totaled \$855,600,000 as against cash receipts of \$617,700,000 in the comparable period of 1940, an increase of 39 per cent.

FINANCE

On December 4, the Secretary of the Treasury invited cash subscriptions to two issues of Treasury bonds in the amount of \$1,500,000,000. One was an issue of \$500,000,000 of 2 per cent Treasury bonds dated December 15, 1941, and due December 15, 1955, but callable on or after December 15, 1951. The other, in the amount of \$1,000,000,000, was an addition to and formed a part of the series of 2½ per cent Treasury bonds of 1967-1972, dated October 20, 1941. In this district, cash subscriptions to the two issues aggregated \$255,846,800 against which allotments of \$35,247,600 were made.

Reserve balances of member banks in this district increased sharply during November and the first part of December, reaching a new all-time peak of \$320,335,000 on December 12. Although reserve balances declined in the subsequent three days, reflecting largely cash payments for allotments of the

WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in:				
		Net sales			Stocks†	
		November, 1940	October, 1941	Jan. 1, to Nov. 30, 1941 from 1940	November, 1940	October, 1941
Retail trade:						
Department stores:						
Total 11th Dist.	48	+13	+2	+18	+29	+1
Dallas	7	+6	-2	+16	+26	+2
Fort Worth	4	+15	-6	+20	+20	+4
Houston	7	+16	+12	+16	+31	+3
San Antonio	5	+20	+8	+25	+33	+†
Shreveport	3	+31	+7	+21	....	....
Other cities	22	+11	-3	+17	+44	-1
Independent stores:						
Arizona	244	+5	-4	+19	....	....
New Mexico	181	+2	-†	+10	....	....
Oklahoma	535	+4	-19	+14	....	....
Texas	1,110	+7	+1	+17	....	....
Wholesale trade: *						
Machinery, eqpt. & supplies	6	+64	-22	+40	+20	-4
Automotive supplies	3	-3	No chg.	....	....	....
Drugs (incl. liquors)	17	+14	No chg.	+13	+18	+3
Electrical supplies	6	+46	-14	....	+42	+14
Groceries	35	+8	-9	+12	+35	-2
Hardware	15	+23	-7	+32	+16	-1
Surgical equipment	4	+43	-15	....	+4	+5
Tobacco & products	4	+3	+28	+1	....	....

*Compiled by United States Bureau of Census.

†Stocks at close of month.

‡Less than half of one per cent.

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

	November, 1941	October, 1941	September, 1941	November, 1940
Sales (daily average):				
Without seasonal adjustment	153	127	151	131
With seasonal adjustment	137	113	136	117
Stocks (end of month):				
Without seasonal adjustment	101	100	90	77
With seasonal adjustment	90	89	82	69

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

	September, 1941		Sept., 1941	Total receipts		
	Crops	Livestock*		Sept., 1940	Jan. 1 to Sept. 1941	Sept. 30, 1940
Arizona	1,817	1,429	527	3,773	52,545	37,477
Louisiana	9,913	3,324	993	14,230	89,212	69,452
New Mexico	1,629	2,410	150	4,189	32,175	28,045
Oklahoma	15,601	15,046	986	31,633	16,020	177,821
Texas	83,161	24,962	4,672	112,795	512,815	351,639
Total	112,121	47,171	7,328	166,620	855,568	617,678

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

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	November 1941	November 1940	October 1941	November 1941	November 1940	October 1941
Cattle	58,341	47,103	65,256	17,158	16,066	16,067
Calves	48,650	42,722	64,617	28,904	25,555	28,817
Hogs	38,113	35,594	33,178	11,555	13,650	14,607
Sheep	33,624	44,654	42,250	7,589	4,446	11,908

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	Fort Worth			San Antonio		
	November 1941	November 1940	October 1941	November 1941	November 1940	October 1941
Beef steers	\$11.25	\$10.50	\$12.00	\$ 9.85	\$ 9.00	\$10.40
Stocking steers	10.25	9.75	10.50	....	....	11.25
Heifers and yearlings	11.75	10.50	12.00	10.50	11.00	7.50
Butcher cows	7.75	6.50	8.00	7.50	6.15	11.00
Calves	10.00	9.00	10.50	10.25	9.00	10.75
Hogs	10.80	6.80	11.20	10.60	6.50	9.50
Lambs	10.50	9.00	11.00	9.50	8.00	....

new issues of Government securities, the average for the first half of December was the highest for any semi-monthly period of record and was \$22,772,000 greater than in the corresponding period of November. Average excess reserves of member banks, which had declined to \$81,985,000 during the first half of November, rose sharply during the first half of December, and were at a considerably higher level than during the period immediately preceding the increase in reserve requirements on November 1.

Total earning assets of the Federal Reserve Bank of Dallas were increased \$1,577,000 between November 15 and December 15, reflecting chiefly this bank's pro rata share of United States Government securities purchased by the Federal Open Market Committee for the System's Account. Federal Reserve notes of this bank in actual circulation expanded further during the past thirty days and on December 16 were at a new high of \$134,668,000.

Loans at weekly reporting member banks in this district, which had declined moderately between October 29 and November 12, resumed an upward trend during the four weeks ended December 10. On that date, loans aggregated \$367,000,000, which was \$11,926,000 greater than four weeks earlier and \$58,358,000 higher than a year earlier. The expansion occurred largely in loans for commercial, industrial and agricultural purposes and in "all other" loans, comprising chiefly personal and instalment loans. Investments of these banks were increased by \$19,944,000 during the four weeks ended December 10, representing the largest gain for any monthly period this year. Although additions to holdings of Government direct securities accounted for the major portion of the increase, holdings of Government guaranteed obligations and of corporate and municipal securities were increased \$1,000,000 and \$1,800,000, respectively.

Deposits at reporting banks rose further by \$28,164,000 between November 12 and December 10, reflecting principally increases in adjusted demand and United States Government deposits. Balances with correspondent banks were reduced \$7,900,000 during the four-week period to about the same level that prevailed at the middle of October.

During November, the combined total of daily average gross demand and time deposits of all member banks in the Eleventh District amounted to \$1,980,502,000, which was more than \$80,000,000 above the average for the preceding month and \$277,195,000 greater than in the corresponding month last year.

INDUSTRY

The value of construction contracts awarded in this district declined sharply in November, following three months in which awards were at exceptionally high levels. Contracts let in November were valued at approximately \$30,000,000, as against a monthly average rate of \$70,000,000 during the preceding three months. The contraction was due chiefly to a decline in awards for government-financed projects incident to the defense program. Despite the marked decline from October to November, the value of contract awards continued to show an appreciable gain as compared with the corresponding month a year earlier. Awards for residential building were 5 per cent larger than in November, 1940, and the value of contracts let for non-residential and engineering projects averaged 46 per cent higher than a year ago. During the first eleven months of 1941 total awards for construction work were valued at \$426,000,000 as against \$232,500,000 in that period of 1940. The aggregate value of privately-financed construction started during the first eleven months of 1941 was about 14 per cent greater than in that period a year earlier, and publicly-financed construction was nearly two and one-half times that during the initial eleven months of 1940.

Output of lumber in this district showed little change

from October to November, but shipments declined seasonally to a level about 17 per cent lower than in the corresponding month last year. Despite recent declines in operations, production and shipments of lumber during the first eleven months of 1941 averaged appreciably higher than in the corresponding

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

	Dec. 15, 1941	Dec. 15, 1940	Nov. 15, 1941
Total cash reserves.....	\$425,850	\$204,542	\$408,831
Discounts for member banks.....	200	17	314
Other bills discounted.....	None	28	None
Industrial advances.....	272	82	273
United States Government securities.....	78,243	84,923	76,551
Total earning assets.....	78,715	85,050	77,138
Member bank reserve deposits.....	298,152	242,800	297,873
Federal Reserve notes in actual circulation.....	134,064	95,257	126,917
Commitments to make industrial advances.....	23	4	23

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

	Dec. 10, 1941	Dec. 11, 1940	Nov. 12, 1941
Total loans and investments.....	\$690,362	\$580,037	\$658,492
Total loans.....	367,011	308,653	355,085
Commercial, industrial and agricultural loans.....	252,855	209,133	244,608
Open market paper.....	1,565	1,611	1,554
Loans to brokers and dealers in securities.....	5,447	4,004	5,483
Other loans for purchasing or carrying securities.....	13,903	13,337	13,921
Real estate loans.....	23,429	23,833	23,362
Loans to banks.....	262	552	443
All other loans.....	69,550	56,183	65,714
United States Government direct obligations.....	220,810	171,245	203,660
Obligations fully guaranteed by United States Govt.....	39,649	41,987	38,651
Other securities.....	62,892	58,152	61,096
Reserves with Federal Reserve Bank.....	188,962	145,846	184,026
Balances with domestic banks.....	295,286	277,402	303,229
Demand deposits—adjusted*.....	632,476	519,015	613,057
Time deposits.....	133,336	135,264	132,460
United States Government deposits.....	31,855	25,479	21,166
Interbank deposits.....	324,870	274,807	327,690
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)

	November 1941	November 1940	Pctg. change over year	October 1941	Pctg. change over month
Abilene.....	\$ 15,411	\$ 9,081	+ 54	\$ 18,447	+16
Austin.....	38,031	32,794	+ 16	43,985	+14
Beaumont.....	30,077	27,279	+ 10	32,932	+ 9
Corsicana.....	4,496	3,550	+ 27	5,690	+21
Dallas.....	371,839	281,346	+ 32	423,238	+12
El Paso.....	46,450	42,569	+ 9	46,189	+ 1
Fort Worth.....	118,626	87,810	+ 35	128,079	+ 7
Galveston.....	32,095	38,463	- 17	31,025	+ 3
Houston.....	323,975	270,900	+ 20	362,294	+11
Port Arthur.....	11,577	10,033	+ 15	12,412	+ 7
Roswell.....	6,535	7,048	- 7	5,475	+19
San Antonio.....	94,720	76,946	+ 23	102,676	+ 8
Shreveport.....	58,370	46,063	+ 27	64,697	+10
Texarkana.....	16,858	8,278	+104	16,973	+ 1
Tucson.....	15,293	12,942	+ 18	16,163	+ 5
Tyler.....	13,858	12,023	+ 15	15,013	+ 8
Waco.....	18,126	14,753	+ 23	21,978	+18
Wichita Falls.....	21,915	17,588	+ 25	26,230	+16
Total.....	\$1,238,252	\$1,000,366	+ 24	\$1,373,496	+10

*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
November, 1939.....	\$1,340,118	\$232,340	\$777,045	\$128,081	\$563,073	\$104,259
November, 1940.....	1,469,895	233,412	842,576	128,213	627,319	105,199
July, 1941.....	1,555,000	239,153	912,591	133,588	642,409	105,565
August, 1941.....	1,567,402	233,939	921,863	133,758	645,539	105,181
September, 1941.....	1,618,651	237,509	950,967	132,164	667,684	105,345
October, 1941.....	1,662,466	237,667	962,113	132,050	700,353	105,617
November, 1941.....	1,742,346	238,156	998,310	132,532	744,036	105,624

SAVINGS DEPOSITS

November 30, 1941

	Number of reporting banks	Number of savings depositories	Amount of savings deposits	Percentage change in savings deposits from	
				Nov. 30, 1940	Oct. 31, 1941
Beaumont.....	3	10,609	\$ 4,302,703	+ 4.0	+ .3
Dallas.....	8	92,384	26,461,392	+ .2	+ .8
El Paso.....	2	19,133	7,351,902	-11.5	+ .3
Fort Worth.....	3	34,651	12,896,376	- .9	+ .4
Galveston.....	4	18,881	11,426,413	- 6.1	+ .6
Houston.....	10	78,360	32,892,827	+ 3.4	+ .7
Lubbock.....	3	1,511	581,958	+ 4.5	+ 3.3
Port Arthur.....	2	6,074	3,051,866	- 7.0	+ 2.0
San Antonio.....	5	23,205	18,086,908	+ .7	+ 1.3
Shreveport.....	3	25,774	12,122,771	- 1.4	+ .5
Waco.....	3	7,659	4,366,696	- 5.3	+ .1
Wichita Falls.....	3	7,304	3,461,295	- 5.2	+ .6
All other.....	65	57,637	28,882,256	- 4.9	+ .1
Total.....	114	383,182	\$165,885,363	- 1.6	+ .4

period of 1940. Unfilled orders on the books of reporting mills at the end of November were about one-fifth greater than a year earlier.

Daily average production of crude oil in this district increased further in November, reflecting higher production allowables established to meet the growing demand for crude petroleum without resorting to additional withdrawals from above-ground stocks. Output averaged 1,720,000 barrels daily, which closely approximated the all-time peak recorded in August, 1937, and exceeded daily average production in November last year by 17 per cent. The United States Bureau of Mines estimated that the December demand for Eleventh District petroleum would increase further by about 2 per cent; in consequence, production allowables for that month were raised by a similar amount. In the United States daily average petroleum production in November recorded a new peak for the fourth consecutive month, the gain being due entirely to the increased output in the Eleventh District. Inventories of crude oil in both this district and the United States showed little net change in November.

The rate of refinery operations and the daily average output of petroleum products in this district and in the United States remained virtually unchanged from October to November. In comparison with November, 1940, refinery operations were up about 14 per cent.

Drilling activity in the Eleventh District and in the United States declined seasonally in November, but continued appreciably higher than during the corresponding month last year.

Following approval of the Office of Price Administration, prices of crude oil in north and west-central Texas were increased 3 cents per barrel during the second week of December.

The rate of productive activity at cotton textile mills in the United States continued to expand in November as evidenced by the daily average rate of cotton consumption, which rose to a new all-time high at 43,500 bales. Although the aggregate volume of cotton consumed during the month was smaller than the amount processed in October, the contraction was due entirely to a fewer number of working days in November. Indicative of the heavy demand and increasing production of cotton goods and yarns, the Board of Governors' index of cotton consumption increased in November to the record high of 167 per cent of the 1935-1939 average, which compares with 161 per cent in October and 139 per cent in November, 1940. Trading in cotton textiles was generally active during Novem-

ber and mill sales showed a noticeable upturn during the first week of December, but following the outbreak of hostilities with Japan many producers withdrew previous offerings and deferred long range commitments pending clarification of Government requirements for war purposes. An increased commercial demand for coarse cotton cloth is now in prospect due to the war and the attendant difficulties in obtaining cargo space for imports of burlap from the Far East. During the first four months of the current season domestic consumption of cotton totaled 3,553,100 bales, as against 2,801,100 bales in the corresponding period last season. Textile mills made large purchases of raw cotton in November; month-end stocks of 2,250,000 bales were equivalent to about two and one-half months' operations at the November rate of consumption. The volume of cotton in public storage and compresses on November 30 was 5 per cent smaller than on that date last year.

Consumption of cotton at processing establishments in Texas averaged about 19,200 bales monthly during the first four months of the current season, as against an average of 17,000 bales monthly in the corresponding period last season.

Domestic cotton prices, which had shown an appreciable increase between November 15 and December 6, were affected relatively little by the attack upon the United States by Japan. On December 15 prices at the ten spot markets averaged about 1 per cent lower than a week earlier but were still 5 per cent above the average at the middle of November.

The daily average rate of freight-car loadings in the Southwest increased 4 per cent from October to November, which is in sharp contrast to the decline that ordinarily occurs at that season. Total loadings were also at a 14 per cent higher rate than in November last year.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to November 30 This season	Last season	August 1 to November 30 This season	Last season
Cottonseed received at mills (tons).....	720,351	797,033	3,088,435	2,905,305
Cottonseed crushed (tons)....	440,512	538,834	1,782,028	1,777,216
Cottonseed on hand Nov. 30 (tons).....	307,033	274,611	1,436,936	1,167,596
Production of products:				
Crude oil (thousand lbs.)....	127,300	161,420	550,092	564,630
Cake and meal (tons).....	196,619	251,610	777,544	792,151
Hulls (tons).....	112,739	138,380	447,740	443,387
Linters (running bales).....	120,051	129,409	514,125	462,781
Stocks on hand Nov. 30:				
Crude oil (thousand lbs.)....	26,024	36,649	70,577	111,968
Cake and meal (tons).....	126,734	59,403	356,670	153,688
Hulls (tons).....	113,211	74,081	243,682	144,183
Linters (running bales).....	46,380	66,027	136,921	203,065

SOURCE: Bureau of Census.

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

	HOUSTON AND GALVESTON—(Bales)				
	November 1941	November 1940	October 1941	August 1 to November 30 This season	Last season
Receipts.....	241,041	320,964	250,492	735,998	1,189,007
Exports (foreign and coast wise).....	90,455	131,441	76,301	291,447	428,329
Stocks, end of month.....	1,974,094	1,895,820	1,903,190		

CONSUMPTION AND STOCKS OF COTTON—(Bales)

	November 1941	November 1940	October 1941	August 1 to November 30 This season	Last season
Consumption at:					
Texas mills.....	16,337	20,583	19,893	76,778	67,774
United States mills.....	849,733	741,170	953,600	3,553,128	2,801,125
U.S. stocks—end of month:					
In consuming estab'ls.....	2,249,638	1,684,018	1,993,293		
Public stg. & compresses.....	13,964,018	14,726,496	13,342,123		

CRUDE OIL PRODUCTION—(Barrels)

	November, 1941		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Nov., 1940	Oct., 1941
North Texas.....	5,783,400	192,780	+16,110	+8,582
West Texas.....	9,869,050	328,968	+80,740	+21,689
East Texas.....	14,168,800	472,293	+26,181	+27,353
South Texas.....	6,770,600	225,687	+24,919	+11,814
Texas Coastal.....	9,047,150	301,572	+65,600	+14,709
Total Texas.....	45,639,000	1,521,300	+213,550	+83,647
New Mexico.....	3,510,950	117,032	+15,944	+1,387
North Louisiana.....	2,458,950	81,965	+15,217	+1,425
Total District.....	51,608,900	1,720,297	+244,711	+86,459

SOURCE: Estimated from American Petroleum Institute weekly reports.

BUILDING PERMITS

	November, 1941		Percentage change valuation from		Jan. 1 to Nov. 30, 1941		Percentage change valuation from 1940	
	No.	Valuation	Nov., 1940	Oct., 1941	No.	Valuation		
Abilene.....	52	\$ 109,438	+192	+5	498	\$ 1,193,321	+98	
Amarillo.....	59	281,140	+70	+18	785	2,599,410	+11	
Austin.....	129	433,637	-41	+28	1,988	5,084,247	-24	
Beaumont.....	199	134,611	-17	-35	1,649	2,193,745	+46	
Corpus Christi.....	155	302,119	+8	-46	2,418	11,814,576	+51	
Dallas.....	844	1,706,197	+149	-39	8,851	15,763,294	+19	
El Paso.....	94	204,142	+55	-55	1,302	2,897,807	-1	
Fort Worth.....	211	311,086	-24	-58	3,100	6,126,446	+31	
Galveston.....	188	901,162	+290	+37	2,244	5,347,363	+161	
Houston.....	384	1,178,341	+9	-28	5,089	18,173,521	+14	
Lubbock.....	127	468,487	+213	+239	1,493	3,286,966	-19	
Port Arthur.....	93	58,513	-18	-59	1,292	1,147,337	+6	
San Antonio.....	785	395,672	-82	-40	8,443	7,288,110	-14	
Shreveport.....	90	226,315	-39	+2	1,301	3,264,483	-29	
Waco.....	57	107,093	+4	-32	771	3,956,091	+59	
Wichita Falls.....	48	127,425	+72	-84	699	3,313,461	+155	
Total.....	3,515	\$6,945,378	+1	-30	41,924	\$93,390,178	+16	

VALUE OF CONSTRUCTION CONTRACTS AWARDED

	(In thousands of dollars)				
	November 1941	November 1940	October 1941	January 1 to November 1941	January 1 to November 1940
Eleventh District—total...	\$ 29,091	\$ 22,500	\$ 70,101	\$ 424,563	\$ 232,471
Residential.....	7,974	7,636	18,021	117,321	83,077
All other.....	21,087	14,864	52,080	307,242	148,494
United States*—total.....	458,020	380,347	606,349	5,575,848	3,547,768
Residential.....	116,468	152,838	171,772	1,849,525	1,437,669
All other.....	342,152	227,509	434,577	3,726,323	2,110,099

*37 states east of the Rocky Mountains.

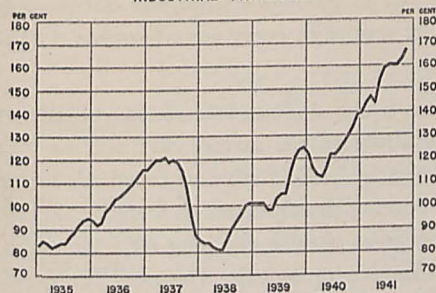
SOURCE: F. W. Dodge Corporation.

JANUARY 1, 1942

NATIONAL SUMMARY OF BUSINESS CONDITIONS

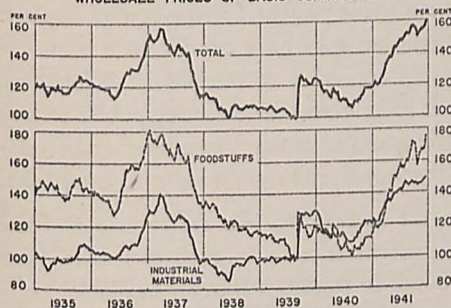
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



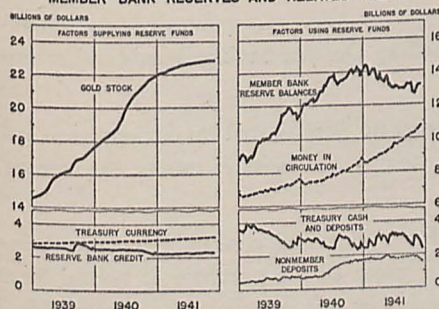
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. By months, January, 1935 to November, 1941.

WHOLESALE PRICES OF BASIC COMMODITIES



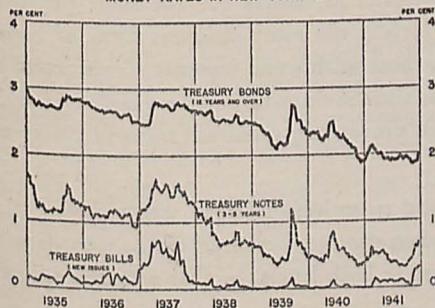
Bureau of Labor Statistics' indexes based on 12 foodstuffs and 16 industrial materials, August, 1939 = 100. Thursday figures, January 3, 1935 to December 11, 1941.

MEMBER BANK RESERVES AND RELATED ITEMS



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 December 13, 1941.

MONEY RATES IN NEW YORK CITY



Wednesday figures, January 4, 1939 to December 10, 1941.

Industrial activity was maintained at a high rate in November and the first half of December and distribution of commodities continued in large volume. Our entry into the war was reflected in a sharp advance in the prices of some commodities, some decline in security prices, and further curtailment of nonmilitary production.

PRODUCTION

Volume of industrial output was sustained in November at the high rate of the previous two months, although a decline is usual at this season. The Board's adjusted index advanced from 163 to 167 per cent of the 1935-39 average. In industries engaged in production of armament and munitions activity continued to increase and in most other lines volume of output was maintained or declined less than seasonally.

Output of materials, such as steel and nonferrous metals, was maintained at about capacity. In the automobile industry activity increased, reflecting larger output of both military and civilian products, and at lumber mills and furniture factories activity declined less than seasonally. At cotton and rayon textile mills activity rose to new record levels, and at woolen mills the high production rate of other recent months was maintained. Less than seasonal declines in output were indicated for shoes and manufactured food products.

Crude petroleum production increased further in November. Bituminous coal production declined somewhat owing to temporary shutdowns at some mines during November, and anthracite production was curtailed as a result of unusually warm weather in some areas and the existence of considerable stocks of coal accumulated in earlier months. Iron ore shipments continued in large volume until the shipping season closed early in December; during 1941 about 80 million tons of ore were brought down the Lakes as compared with the previous record of 65 million tons in 1929. Stocks of ore at lower Lake ports on November 30 amounted to about a seven months' supply at the current consumption rate of around 6.5 million tons a month.

Following a declaration of war by this country in early December further steps were taken to curtail output of nondefense goods using critical materials. Output quotas for passenger cars and household appliances were greatly reduced and cessation of output of some other products was ordered as of the end of January. Also, the production and sale of new automobile tires and tubes for civilian use were halted temporarily, pending establishment of a system for controlling their distribution.

Value of construction contracts awarded in November declined sharply from the high level of other recent months, according to figures of the F. W. Dodge Corporation. Awards for privately-financed construction decreased more than seasonally and contracts for publicly-financed projects also declined following a continued large volume of awards since last spring. Total awards in November were about a fifth larger than a year ago, while for the first ten months of the year they were three-fifths larger.

DISTRIBUTION

Volume of retail trade increased in November following some decline in the previous month. Department store sales, as measured by the Board's seasonally adjusted index, advanced to 115 per cent of the 1923-25 average as compared with 105 in October and 116 in September. Larger sales in November were also reported by variety stores. Sales of automobiles increased somewhat, according to trade reports, but, as in other recent months, new car sales were smaller than output and dealers' stocks rose further.

In the second week of December sales at department stores rose less than seasonally, particularly in the coastal regions.

Freight traffic on the railroads continued in large volume in November and the first half of December. Grain shipments increased considerably and loadings of miscellaneous merchandise, which includes most manufactured products, were maintained at the high level reached several months earlier. Coal loadings declined somewhat, owing in part to temporary shutdowns at some mines. Shipments of most other classes of freight decreased less than is usual at this season.

COMMODITY PRICES

Following the entry of the United States into the war, prices of grains, livestock, and foods rose sharply. Prices of most industrial materials traded in the organized markets, being limited by Federal regulation, showed little change. Additional measures to prevent advances in wholesale prices were soon announced for wool and shellac and for such imported foods as cocoa, coffee, pepper, and fats and oils.

Retail food prices, as measured by the Bureau of Labor Statistics' index, increased 1½ per cent further from the middle of October to the middle of November to a level 18 per cent above a year ago. Indications are that retail prices of both foods and other commodities continued to rise in December.

BANK CREDIT

Total loans and investments at banks in leading cities continued to advance during November and the first two weeks of December, owing mostly to increased holdings of Government securities at banks outside New York City. Commercial loans, after showing little net change in November, again increased sharply in the first two weeks of December.

Excess reserves increased through most of the period as a result of Treasury expenditures from Reserve Bank balances, but declined sharply on December 15 when these balances were replenished in connection with the issue of 1.6 billion dollars of new Government securities. Money in circulation has continued to show a marked increase.

YIELDS ON UNITED STATES GOVERNMENT SECURITIES

The yield on 2½ per cent United States Government bonds of 1967-72, which reached a record low level of 2.32 per cent on November 5, advanced somewhat in November and, after the entry of the United States into the war, rose to 2.50 per cent. Yields on short-term Government securities increased further. The yield on Treasury notes of December 1945 advanced to 0.93 per cent on December 17, compared with 0.62 per cent on September 15, and the rate on three-month bills rose to .295 per cent.

DEFENSE SAVINGS BONDS

An article in the preceding issue of the *Review* outlined the progress that had been made in promoting plans to encourage sales of Defense Savings bonds and some of the results obtained. During the past month, the setting-up of payroll deduction plans in the offices and plants of additional concerns has been accelerated and retail merchants throughout Texas have organized programs for the sale of Defense Savings stamps. Many retail stores, in addition to the sale of Savings stamps, are distributing literature pertaining to them and are promoting their sale by mentioning Defense Savings stamps in every advertisement. Other agencies are cooperating in a like manner.

Since the attack upon the United States by Japan on December 7, there has been a tremendous increase in the sale of Defense Savings bonds and stamps, as the public was aroused to its duties and responsibilities in the matter of financing this country's efforts to win a decisive victory over the enemy. In addition to large purchases by individuals and corporations for their own accounts, many business concerns paid all or a portion of the usual year-end bonuses to employees in Defense Savings bonds and stamps. Although the initial response has been excellent, it is essential to recognize that in the long struggle ahead, the ultimate success of the program depends upon regular and systematic support from month to month. The need for funds will increase rapidly as our war efforts are accelerated, and to keep pace with that demand, the public should step up its investments in Defense Savings bonds and stamps in each succeeding month. Every one should adopt for his personal guide the Treasury slogan, "*Make Pay Day Bond Day.*" Preparations for carrying out the program demand immediate action along several lines:

(1) Every financial institution, which has not already done so, should qualify as an issuing agent for the sale of Defense bonds and stamps and actively promote their distribution. Heretofore, many such institutions may have considered it unnecessary to take that step because they operated in small towns where post offices are readily accessible to the public. While that viewpoint may have some merit, it should be recognized that any outlet which makes it more convenient for the public to buy Defense Savings bonds and stamps will increase their sale. The amount sold by qualified agents in many localities may be relatively small, yet the aggregate amount of sales by those agencies throughout the country would add significantly to total sales.

(2) Each individual and corporation throughout the country should convert, so far as feasible, idle funds into Defense Savings bonds, and plan a systematic program for investing a designated portion of current income in such securities. Any additional savings that might be effected out of current income should be invested in bonds or stamps whenever available.

(3) To encourage and facilitate systematic savings, every business and industrial organization throughout the country should institute some form of payroll deduction plan for the purchase of Defense Savings bonds and stamps. Such plans have distinct advantages to employees by enabling them to work out a regular program of savings in addition to other purchases that might be made from time to time. Moreover, many employees, who are now working long hours, may not have the opportunity of contacting regular issuing agents to purchase Defense Savings bonds and stamps.

(4) Every citizen should understand fully the objectives of the Government in selling Defense Savings bonds and stamps to the public. These objectives may be stated briefly as follows:

(a) To assist the Government in meeting the cost of the huge production program necessitated by our entrance into the war. Every dollar of savings invested in Defense Savings bonds and stamps will assist in raising the tremendous sums required.

(b) To check inflationary tendencies through the diversion of a portion of the increased consumer incomes being earned by a large segment of the population from the purchase of certain goods to the purchase of bonds. Since increasing amounts of many vital raw materials are needed in the production of war materials, the production of numerous civilian goods will be curtailed sharply, thereby reducing the supply that may be purchased by consumers. Consumer income is now at the highest level in the history of the country and will probably increase further as production of war materials expands. If that income were permitted to actively compete in the market place for the acquisition of civilian goods, the supply of which is limited, the inevitable result would be sharp price advances making it necessary for consumers to pay increasing amounts in dollars for the same physical volume of goods. Hence, there develops what is known as inflation, which is the most insidious form of compulsory restriction upon consumption and which falls most heavily upon those with small incomes. Consequently, individuals who voluntarily restrict purchases of consumer goods and use their savings to purchase Defense bonds and stamps aid in financing the war effort and at the same time assist in preventing rapid advances in prices of the things they must buy.

(c) To build up a huge reservoir of savings, which may be used after the war to satisfy deferred wants during the period when production of war materials will be curtailed sharply and when the production of civilian goods will need to be greatly expanded to maintain total production and employment at high levels. In that way the adjustments to a peacetime economy after the war will be greatly facilitated.