

# MONTHLY BUSINESS REVIEW

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## DEFENSE SAVINGS BONDS



The Purchase of Defense Savings bonds by the public assumed a new significance after the Japanese attack upon Pearl Harbor. The public response was immediate and as a result tremendous increases in the sales of Defense Savings bonds and stamps occurred throughout the country. The Secretary of the Treasury announced that sales of Series E Defense Savings bonds in the United States during December amounted to \$341,000,000, or more than three times sales during November. The response in the Eleventh Federal Reserve District was even more pronounced, as sales by this bank and by qualified issuing agents, other than post offices, totaled approximately \$11,000,000, which was nearly five times the amount sold during November; moreover, sales during the first three weeks of January exceeded by a substantial margin total sales during December. This patriotic effort on the part of the public is most gratifying, yet it must be recognized that the enlarged production of war materials for the successful prosecution of the war has just begun. Since sales of Defense Savings bonds in large volume will contribute much to the financing of the war on a sound basis, it devolves upon the public to purchase increasing amounts of them during each succeeding month until the war has been successfully terminated.

The President's budget message of January 7, 1942, which calls for the expenditure of more than \$50,000,000,000 for war purposes during the fiscal year ending June 30, 1943, emphasizes the tremendous task facing this country and the far-reaching sacrifices which individual citizens must make. The production of war materials in such a huge volume will utilize an increasing proportion of our manpower and resources, thereby necessitating a curtailment of goods produced for civilian consumption. At the same time, income payments to individuals are expected to increase further as the country's manpower is more fully utilized. Under conditions of increasing incomes and decreasing supplies, if the public uses its funds to bid for available supplies of goods, the inevitable result will be rising unit costs of merchandise purchased thereby reducing the value of money income in terms of goods. Hence, it is of vital importance that our national income should be utilized in a manner that will assist in combating inflationary tendencies and will contribute toward financing the war effort. Both of these objectives can be attained through the purchase of Defense Savings bonds in increasing amounts. To be most effective, it is essential that every salary or wage earner should regularly invest a portion of his current income in Defense Savings bonds and stamps. In other words, it behooves every one to adopt as his motto the slogan, "MAKE PAY DAY BOND DAY," so that he may make his contribution toward financing the war and at the same time assist in protecting the value of his income.

Every possible facility for the distribution of Defense Savings bonds and stamps should be placed at the disposal of individuals in order to encourage regular and systematic purchases. Several steps in that direction have been taken since the inauguration of the sale of Defense Savings bonds on May 1, 1941. At the outset, financial institutions were authorized to qualify as issuing agents and approximately 1,100 such institutions in the Eleventh Federal Reserve District who have so qualified are aiding greatly in the sale of Defense Savings bonds. For several months increasing numbers of businesses and corporations have been adopting payroll allotment plans that involve regular savings for investment in Defense Savings bonds and stamps. That is a service which every business organization should perform not only for the convenience of its employees but also to stimulate the sale of securities. To facilitate the expansion and operation of payroll allotment plans, the Secretary of the Treasury has now authorized the Federal Reserve banks to designate corporations, which have payroll allotment plans, to act as issuing agents of Defense Savings bonds, Series E, purchased by their employees; corporations so designated may also sell bonds to the general public. These corporations are urged to qualify as soon as possible to insure the prompt issuance and delivery of bonds to their employees and to contribute in that manner to the success of this important undertaking. The Federal Reserve banks have also been authorized to designate and qualify, subject to certain conditions, as issuing agents for Defense Savings bonds, Series E, the Treasurer or Treasury Department, or other appropriate officer or office of each State and of each County and Municipality thereof, making application for such designation.



## DISTRICT SUMMARY

Developments in business and industry in the Eleventh Federal Reserve District during December and the first half of January reflected readjustments to new conditions created by the outbreak of war. Some business and industrial establishments have been adversely affected through the curtailment of supplies, but most of the establishments directly or indirectly associated with the production or handling of war materials have either accelerated operations or are rearranging facilities for their more effective use in the war effort. Production of crude petroleum and of refined products rose to new peaks in December and a further gain in the output of crude oil is indicated for January as a result of increased production allowables. Operations at cotton textile mills were maintained at a high level with some mills increasing output through a longer work week. The value of construction contracts awarded, which had been exceptionally large during the fall, declined sharply in December, reflecting a temporary lull in the awarding of Government contracts and the curtailment of non-essential building. Department store sales increased by less than the usual seasonal amount in December, but were substantially higher than in the corresponding month of 1940 and have held up much better than usual during the first half of January. The distribution of merchandise through wholesale channels was considerably larger in December than a year earlier, and the movement of agricultural and manufactured products, as reflected by freight-car loadings, also showed a substantial increase over the December, 1940, volume. The outlook for the agricultural and livestock industries is generally favorable; moisture conditions are good to excellent throughout the greater portion of the district.

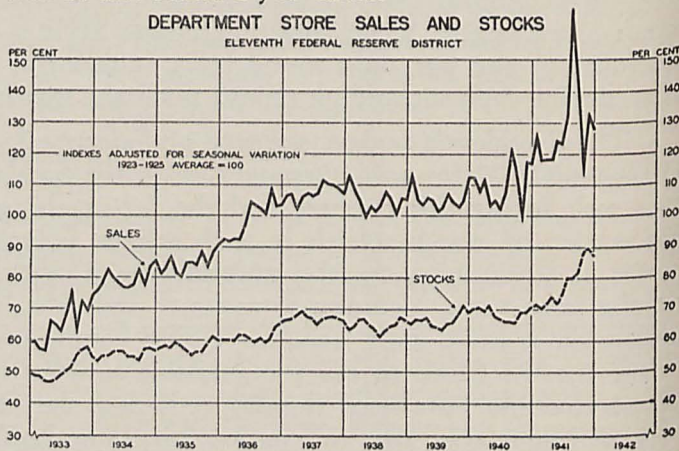
## BUSINESS

Following a temporary slackening in buying during the second and third weeks of December, due apparently to public apprehension over the outbreak of war, consumer purchases at reporting department stores in this district were resumed in heavy volume. Daily average sales for December were 12 per cent higher than the previous all-time peak established in December, 1940, and at weekly reporting stores, sales during the first half of January, 1942, averaged about one-fourth higher than in the corresponding period a year earlier. Reflecting the immediate effects of this country's entry into war upon consumer buying, the increase in department store sales from November to December, 1941, was somewhat less than the average seasonal gain for that period. Hence, this bank's seasonally adjusted index of sales declined from 134 per cent of the 1923-1925 average in November to 128 per cent in December. Nevertheless, the latter figure is the highest recorded for that month and compares with 116 per cent for December, 1940. Available information indicates that sales, which have declined less than usual since the turn of the year, are being augmented by a considerable volume of anticipatory buying of a wide range of merchandise.

Sales at reporting department stores during 1941 averaged 18 per cent greater than in 1940, and the distribution of merchandise through a wide variety of retail outlets other than department stores showed a similar gain. In Texas, sales at independent retail stores, as reported by the Department of Commerce, recorded gains over 1940 ranging from 3 per cent for florists to 29 per cent for jewelers. Sales of men's clothing at specialty stores were especially heavy, and the distribution of consumers' durable goods, including furniture, radios, hardware, and building materials, registered a substantial gain over that in 1940. Sales of automobiles, which had increased sharply during the first eight months of the year, were much smaller during the last four months of 1941 than in that period of 1940, reflecting in part higher prices, increased taxes, and the tightening of instalment credit terms; nevertheless, sales for the year averaged nearly one-fourth higher than

in 1940. Increases in sales over a year earlier at retail stores in three states partially included in this district averaged as follows: New Mexico—10 per cent; Oklahoma—13 per cent; and Arizona—19 per cent. Gains were general among the various lines of trade in each state, with the largest increase occurring in sales of durable goods. The gain in retail sales in this district during 1941 was widely distributed among rural as well as urban centers, and reflected the marked increase in income payments and a more extensive use of instalment credit.

After several years in which inventories had been maintained at a comparatively low level, available data indicate that retailers made heavy purchases of supplies in 1941 due apparently to the growing difficulties in obtaining prompt delivery on certain products and to potential shortages. The value of stocks on hand at reporting department stores in this district at the year-end was 30 per cent greater than a year earlier. This bank's seasonally adjusted index of department store stocks stood at 88 per cent of the 1923-1925 average for December, which compares with 71 per cent for the corresponding month a year earlier. A portion of the gain in inventory values may be accounted for by higher retail prices, which, according to *Fairchild Publications*, were 15 per cent higher in December, 1941, than in that month a year earlier.



A substantial increase during 1941 in the distribution of merchandise through wholesale trade channels in the Eleventh District corresponded closely with the expansion in the volume of business at retail establishments. With the exception of sales of tobacco and tobacco products, which showed virtually no change over the year, each of the reporting lines of wholesale trade participated in an average gain of 22 per cent in sales as compared with 1940. Purchases of durable goods at wholesale were especially heavy, increases over 1940 ranging from 24 per cent for surgical equipment to 68 per cent for electrical supplies. In non-durable lines, sales of groceries and drugs, including liquors, averaged about 13 per cent greater than in the preceding year. The value of inventories at reporting wholesale firms on December 31, 1941, was nearly one-third greater than on that date a year earlier.

Reflecting the marked increases in business and industry during 1941, non-agricultural employment in Texas rose sharply. The expansion in payrolls was even more pronounced due to increases in wage rates and overtime payments as well as the larger volume of employment. Among the State's manufacturing industries substantial increases in both employment and payrolls were recorded at petroleum refineries, cotton textile mills and at those establishments producing food products, furniture, paper boxes, cement, and iron and steel products. Sizable increases in the number of persons employed and in payrolls also occurred at establishments operating in several non-manufacturing lines, including quarrying, public utilities, wholesale and retail trade, dyeing and cleaning, and power laundries. Employment and payrolls were also augmented by



the opening of new plants for the production of war materials and by increased construction activity.

The financial condition of business and industrial concerns operating in the Eleventh District appears to have shown considerable improvement in 1941 coincident with the increased demand for consumers' and capital goods and rising commodity prices. Evidence of this development is suggested by the insolvency record among manufacturing, trade, construction, and commercial service establishments. Business failures during 1941 numbered 273, which was 15 per cent fewer than in the preceding year, and the liabilities of defaulting firms, which totaled \$2,705,000, were less than one-third those in 1940. The average liabilities of defaulting business establishments amounted to only \$99,100 in 1941 as against \$270,200 in 1940.

### AGRICULTURE

Developments in the agricultural and livestock industries in this district during 1941 were characterized by a variety of contrasting conditions. Production of several important crops was greatly reduced by unfavorable weather conditions and widespread insect activity. On the other hand, climatic conditions were exceptionally favorable to livestock and ranges, and to the production of some feed crops. Moreover, sharply increased prices of farm products raised cash farm income to the highest level in many years, in spite of reduced marketings of several important cash crops.

Grain sorghums produced in 1941 were in record volume and the production of hay and potato crops, as well as citrus fruit, was appreciably above the 1940 and the 1930-1939 average harvests, but the production of several important cash crops, including cotton, corn, wheat, oats, rice and some truck crops, was smaller in 1941 than in the preceding year due to reduced acreages and lower yields. In Texas, the cotton acreage harvested was 8 per cent smaller than in 1940 and the low-

est since 1900. Although the acreage planted to wheat in Texas during the fall of 1940 was larger than a year earlier, the acreage harvested was nearly 300,000 acres smaller due to heavy abandonment. The acreage of all agricultural crops harvested in Texas during the past year aggregated 26,836,000 acres, or nearly 1,000,000 acres less than in 1940. In the four states partially included in the Eleventh District, the total acreage harvested in 1941 was fractionally higher than in the preceding year.

Average prices of farm products rose by more than one-third during the past year, and on December 15 the index of prices of farm products for the United States as a whole was at the highest level since January, 1930. It is significant to note that the ratio of prices received by farmers in the United States to prices paid for goods purchased stood at 100 for December, which was the highest year-end figure recorded since 1928. For this district as a whole, the rise in farm prices more than compensated for the lower crop production, but the marked increase in the value of crops produced was unevenly distributed among the several sections of the district. The aggregate value of all crops produced in Texas is estimated at \$547,400,000, which represents a gain of 37 per cent over 1940 crop values. Cash farm income from the sale of crops for the five states wholly or partially included in this district during the first ten months of 1941 was 44 per cent greater than in that period a year earlier.

In contrast with the difficulties experienced by farmers in the production of many crops during 1941, weather conditions were exceptionally favorable for the development of livestock and ranges. Intermittent rainfall sustained the growth of weeds and grasses, and the condition of ranges and livestock remained well above average throughout the year. The 1941 calf crop was probably larger than in the previous year and the estimated lamb crop exceeded the previous high established in 1940 by 5 per cent. The 1941 production of wool likewise registered a new peak. There was an apparent disposition on the part of livestock producers in Texas to take advantage of the favorable range conditions to build up their herds. As a consequence, the number of range animals marketed was about 11 per cent smaller in 1941 than in the preceding year. Despite the decline in marketings of livestock, cash income of livestock producers from the sale of livestock and livestock products is expected to reach a new all-time peak as a result of higher prices. During the first ten months of 1941, cash receipts of livestock producers in this district were one-third greater than the previous peak established in that period of 1940.

The current outlook for the agricultural and livestock industries in this district is generally favorable. Moisture conditions are good to excellent and farmers have made fair to good progress in the preparation of land for 1942 crops. After a slow start, due to delayed seeding operations, the 1942 wheat crop has developed a good root system and top growth had been excellent prior to the severe freezes in January, 1942. According to the Department of Agriculture, the acreage seeded to wheat in Texas was reduced from 3,900,000 acres in 1940 to 3,600,000 acres in 1941. The latter figure compares with 1930-1939 average annual seedings of 4,740,000 acres. The condition of wheat in Texas was placed at 85 per cent of normal on December 1, the highest recorded for that date since 1931. On the basis of the December 1 condition and other factors measurable at that time, 1942 production was forecast by the Department of Agriculture at 50,456,000 bushels, which, if realized, would be the second largest crop of record, exceeding the 1941 and ten-year average harvests by a wide margin. The December 1 condition of wheat in Oklahoma and New Mexico was likewise well above average.

Commercial vegetable crops in the Rio Grande Valley of Texas made good progress during December and while low temperatures retarded crop growth during the first half of

### WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in:			
		Net sales		Stocks†	
		December, 1941 from 1940	Nov., 1941 from 1940	December, 1941 from 1940	Nov., 1941 from 1940
<b>Retail trade:</b>					
Department stores:					
Total 11th Dist. ....	47	+17	+54	+18	+20
Dallas .....	7	+12	+54	+20	+19
Fort Worth .....	4	+18	+85	+19	+11
Houston .....	7	+17	+44	+16	+19
San Antonio .....	5	+23	+44	+27	+31
Shreveport .....	3	+23	+45	+21	....
Other cities .....	21	+16	+58	+17	+18
<b>Independent stores:*</b>					
Arizona .....	247	+14	+33	+19	....
New Mexico .....	181	+11	+17	+10	....
Oklahoma .....	531	+11	+13	+38	....
Texas .....	983	+14	+16	+36	....
<b>Wholesale trade:*</b>					
Machinery, eqpt. supplies .....	3	+97	+3	+50	....
Automotive supplies .....	3	-31	+9	....	....
Drugs (incl. liquors) ..	15	+5	+6	+12	+2
Electrical supplies ..	4	+51	+11	....	....
Groceries .....	28	+29	+17	+13	+8
Hardware .....	9	+23	+12	+32	+7
Surgical equipment ..	5	+31	-1	+8	+4
Tobacco & products ..	4	-9	-19	+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)

	December 1941	November 1941	October 1941	December 1940
<b>Sales (daily average):</b>				
Without seasonal adjustment .....	222	150*	127	201
With seasonal adjustment .....	128	134*	113	116
<b>Stocks (end of month)</b>				
Without seasonal adjustment .....	77	101	100	62
With seasonal adjustment .....	88	90	89	71

\*Revised.

### COMMERCIAL FAILURES IN THE ELEVENTH DISTRICT

(Liabilities in thousands of dollars)

(Liabilities in thousands of dollars)									
	1941		1940		1941		1940		
	No.	Liabilities	No.	Liabilities	No.	Liabilities	No.	Liabilities	
January...	41	\$ 272	23	\$ 286	August...	20	\$ 210	34	\$ 384
February...	33	415	23	200	September...	11	121	23	159
March...	30	366	22	167	October...	12	72	33	720
April...	22	196	23	215	November...	15	256	26	3,145
May...	35	371	24	316	December...	19	213	26	380
June...	21	144	18	166					
July...	14	69	38	2,320	Total...	273	\$ 2,705	313	\$ 8,455



January, crop losses were negligible. Although frequent rains have retarded planting of some crops, moisture supplies are abundant in virtually all areas. The quality of some important crops, including beets, carrots, cauliflower, cabbage and green peas, has improved as a result of the good moisture conditions. Shipments of vegetable crops increased somewhat in December and the first half of January; nevertheless, total movements prior to January 17 were still 3 per cent smaller than in the corresponding period a year earlier.

Although the condition of livestock and livestock ranges in the Eleventh District and particularly Texas declined by more than the usual seasonal amount in December, conditions on January 1, 1942, were still well above average and the outlook for the industry was generally favorable. The Department of Agriculture has reported that prospects are fair to good for large calf and lamb crops in 1942. It is also probable that the production of wool will reach a new peak. According to the Department of Agriculture, ranchmen are withholding ewes and ewe lambs from the market and the demand for cows and heifers is especially active.

### FINANCE

Financial developments in the Eleventh District during 1941 were closely associated with the marked expansion in business and industrial activity. The investments of member banks reached a new peak and loans rose to the highest level in more than a decade. Deposits at member banks continued the upward movement that has been in progress since the middle of 1933. The volume of money in circulation showed a further pro-

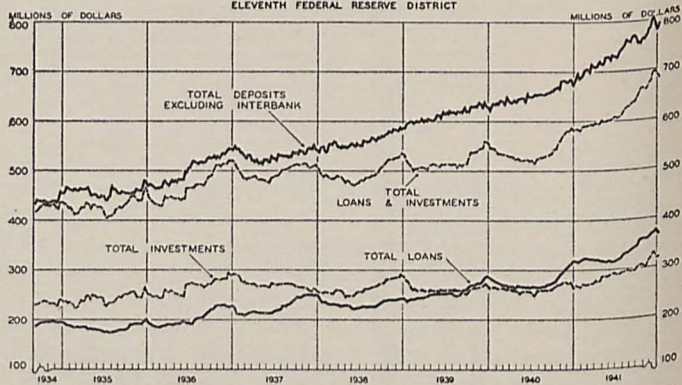
nounced gain and debits to individual accounts at reporting banks increased sharply.

At weekly reporting member banks in leading cities of the district, total loans and investments showed a steady upward trend throughout most of the year, reaching an all-time peak at \$697,000,000 on December 17. Although a slight decline occurred in the subsequent two weeks, the year-end total was \$106,200,000 greater than a year earlier.

Although a substantial seasonal contraction in loans is ordinarily experienced in the early months of each year, advances showed little net change during the first half of 1941, reflecting in part the demand for bank credit to finance defense projects awarded to manufacturers and contractors in this district. After the middle of June, loans increased sharply and the total of \$373,800,000 at the year-end was \$55,100,000 greater than a year earlier. Advances for commercial, industrial, and agricultural purposes accounted for two-thirds of the increase in total loans during the year, and "all other" loans, which include personal and instalment loans, rose further by \$13,200,000. Loans on securities fluctuated within narrow limits during the first eleven months of 1941 but increased substantially during December, and at the year-end were at the highest point in recent years, exceeding the total on December 31, 1940, by \$5,800,000.

Following a period of two years in which investment holdings had shown little net change, reporting banks made heavy purchases of securities in 1941, an all-time peak of \$327,300,000 being reached on December 17. Despite a substantial decline in security holdings during the final two weeks of 1941, reflecting chiefly year-end adjustments, total investments on December 31 were still \$51,100,000 greater than a year earlier. The gain during 1941 was the largest for any twelve-month period of record.

REPORTING MEMBER BANKS IN LEADING CITIES  
ELEVENTH FEDERAL RESERVE DISTRICT



Total deposits at all member banks in this district, which had shown a marked expansion between June, 1933, and the end of 1940, increased at a greatly accelerated rate during the past year. The daily average of combined gross demand and time deposits at member banks in this district amounted to \$2,040,000,000 in December, which represents a gain of \$328,600,000 over the average in December, 1940. The increase in 1941 was two and one-half times that in the preceding year. Reports indicate that increases were recorded in each of the principal classes of demand deposits, with the most pronounced gains occurring in interbank and adjusted demand deposits, which include individual, corporate and municipal deposits. Although time deposits showed a further net gain during the first five months of 1941, this increase was more than offset by a decline of \$8,500,000 during the remainder of the year. The decline reflected in part the withdrawal of savings deposits for investment in Defense Savings bonds.

The expansion in deposits at member banks during 1941 exceeded by a substantial margin the rise in loans and investments. In consequence, banks made further large additions

CROP PRODUCTION  
(In thousands of units)

Crop	Unit	Texas			Eleventh District*		
		1941	1940	1930-1939 average	1941	1940	1930-1939 average
Cotton.....	Bales	2,745	3,234	3,766	4,128	4,815	5,478
Cottonseed.....	Tons	1,226	1,444	1,677	1,842	2,149	2,439
Corn.....	Bushels	73,875	93,249	75,964	131,103	159,484	131,614
Wheat (all).....	Bushels	27,186	29,911	31,360	78,923	90,661	82,727
Oats.....	Bushels	37,975	44,577	34,980	67,825	83,601	62,866
Barley.....	Bushels	9,750	4,336	2,366	20,983	13,111	5,375
Rice.....	Bushels	13,600	16,645	10,585	13,600†	16,645†	10,585†
Grain sorghums.....	Bushels	79,724	55,666	44,854	103,161	75,196	61,255
Tram hay.....	Tons	1,330	1,480	793	4,073	3,955	2,562
Wild hay.....	Tons	221	187	226	741	635	697
Peanuts.....	Pounds	171,500	184,800	84,433	221,900	242,760	105,954
Irish potatoes.....	Bushels	6,039	3,536	3,312	11,124	8,388	9,042
Sweet potatoes.....	Bushels	5,400	4,080	4,726	12,060	9,462	12,783
Sweet sorghums.....	Tons	4,154	3,392	882	5,599	4,506	1,305
Oranges.....	Boxes	3,100	2,750	1,157	3,100†	2,750†	1,157†
Grapefruit.....	Boxes	15,100	13,800	6,350	15,100†	13,800†	6,350†
Pecans.....	Pounds	22,100	41,000	24,270	55,350	67,744	41,123

\*Except where otherwise indicated, Eleventh District figures represent the combined totals for the five states wholly or partially included in the Eleventh District; i. e., Texas, Louisiana, Oklahoma, New Mexico and Arizona.

†Texas only.

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

	October, 1941		Government payments	Total receipts		
	Receipts from:			Oct., 1941	Oct., 1940	Jan. 1 to Oct. 31, 1941
Arizona.....	Crops	4,625	4,196	8,822	6,667	61,527
Louisiana.....	Livestock*	15,996	3,317	20,280	17,086	100,492
New Mexico.....		2,921	11,862	14,966	27,557	47,141
Oklahoma.....		22,303	13,554	35,810	29,455	214,731
Texas.....		53,199	39,785	100,927	115,092	613,742
Total.....		99,044	72,714	182,065	182,187	1,037,633
						799,865

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

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	December 1941	December 1940	November 1941	December 1941	December 1940	November 1941
Cattle.....	55,142	42,151	58,341	17,602	12,720	17,158
Calves.....	38,496	27,565	48,650	27,334	23,394	28,994
Hogs.....	55,190	58,587	38,113	13,300	13,500	11,555
Sheep.....	34,942	28,738	33,624	7,520	4,299	7,589

COMPARATIVE TOP LIVESTOCK PRICES  
(Dollars per hundredweight)

	Fort Worth			San Antonio		
	December 1941	December 1940	November 1941	December 1941	December 1940	November 1941
Beef steers.....	\$12.00	\$11.00	\$11.25	\$10.50	\$11.00	\$ 9.85
Stocker steers.....	11.25	9.75	10.25	10.25	12.50	10.50
Heifers and yearlings.....	12.50	12.00	11.75	11.25	12.50	10.50
Butcher cows.....	8.25	6.75	7.75	8.00	6.50	7.50
Calves.....	11.00	9.00	10.00	11.50	9.25	10.25
Hogs.....	11.35	6.85	10.80	11.00	6.50	10.60
Lambs.....	12.00	8.75	10.50	11.00	8.00	9.50



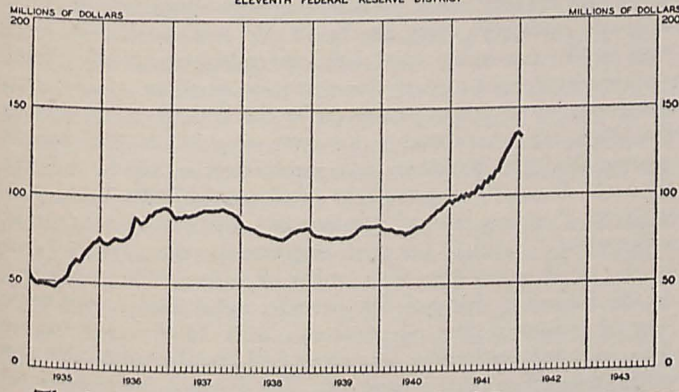
to their reserves with the Federal Reserve Bank and to their balances with other domestic commercial banks. During the first seven months of the year member bank reserve balances fluctuated rather widely but showed little net change over the period. In the subsequent five months, however, the sharpest gain for any corresponding period of record occurred. From July 31 to December 12, member bank reserves maintained at the Federal Reserve Bank of Dallas rose \$81,900,000 to a peak of \$320,300,000. Balances with corresponding banks, which averaged \$560,000,000 during the first half of December, were \$41,000,000 greater than four months earlier and \$72,000,000 larger than the average for the first half of December, 1940.

Required reserves of member banks increased sharply during 1941 due to the rise in deposits and to the percentage increase in reserve requirements, which became effective on November 1. As a consequence, daily average excess reserves evidenced comparatively little net change during the year as a whole. In December, excess reserves averaged \$88,400,000, which was only \$3,600,000 greater than the average for the corresponding month of 1940.

Federal Reserve notes of this bank in actual circulation showed a further sharp increase during 1941. From the accompanying chart, it will be observed that the note circulation of this bank turned sharply upward after the inauguration of the national defense program in the summer of 1940 and showed an almost uninterrupted rise to the end of 1941. The all-time peak was reached on December 23 at \$136,100,000, which was \$37,700,000 above the 1940 high point. The pronounced increase in Federal Reserve note circulation was induced largely by the expanding requirements of business and industry and the need for circulating media to meet the payrolls for the armed forces of the United States quartered in this district.

FEDERAL RESERVE NOTES IN ACTUAL CIRCULATION

ELEVENTH FEDERAL RESERVE DISTRICT



The increase in the circulation of Federal Reserve notes was accompanied by an expansion in the volume of checks drawn against deposit accounts at banks in leading cities of the Eleventh District. The gain in 1941 as compared with 1940 amounted to 26 per cent and was general among the reporting cities in the district. Notwithstanding the marked expansion in bank deposits during the past year, the rate of deposit turnover at weekly reporting banks in leading cities increased in 1941 as a result of the sharp upturn in the volume of debits to accounts of individuals, corporations, and State and local governments. The rate of deposit turnover at reporting banks during 1941 averaged about 18 times as against 17.34 times in the preceding year.

## INDUSTRY

Building activity in this district reached an unprecedented high level during 1941, reflecting chiefly the marked expansion in the construction of publicly-financed projects. The aggregate value of construction contracts awarded during the year approximated \$450,000,000, which was 63 per cent greater

than the previous high established in 1940. Although the volume of privately-financed building amounted to only 32 per cent of the 1941 total, it was 6 per cent greater than in 1940, the gain being due to a greater volume of private residential building. Publicly-financed construction during the past year was augmented by heavy awards for army and naval

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

	Jan. 14, 1942	Jan. 15, 1941	Dec. 10, 1941
Total loans and investments.....	\$678,089	\$583,067	\$690,362
Total loans.....	362,400	314,721	367,011
Commercial, industrial and agricultural loans.....	253,926	216,242	252,855
Open market paper.....	1,754	1,487	1,565
Loans to brokers and dealers in securities.....	6,894	4,487	5,447
Other loans for purchasing or carrying securities.....	12,989	12,578	13,903
Real estate loans.....	21,997	23,523	23,429
Loans to banks.....	196	598	262
All other loans.....	64,644	55,806	69,550
United States Government direct obligations.....	214,732	167,863	220,810
Obligations fully guaranteed by United States Govt.....	39,401	40,427	39,649
Other securities.....	61,556	60,056	62,892
Reserves with Federal Reserve Bank.....	194,547	153,288	188,962
Balances with domestic banks.....	303,630	292,940	295,286
Demand deposits—adjusted*.....	624,012	541,770	632,476
Time deposits.....	131,204	135,558	133,336
United States Government deposits.....	37,407	22,787	31,855
Interbank deposits.....	332,904	279,583	324,870
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.

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

	Jan. 15, 1942	Jan. 15, 1941	Dec. 15, 1941
Total cash reserves.....	\$415,238	\$297,081	\$425,850
Discounts for member banks.....	87	12	200
Other bills discounted.....	None	18	None
Industrial advances.....	247	278	272
United States Government securities.....	87,845	86,835	78,243
Total earning assets.....	88,179	87,143	78,715
Member bank reserve deposits.....	316,891	244,118	298,152
Federal Reserve notes in actual circulation.....	133,213	95,119	134,064

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS  
ELEVENTH FEDERAL RESERVE DISTRICT

(Average of daily figures—in thousands of dollars)

	Combined total		Reserve city banks		Country banks	
	Gross demand	Time	Gross demand	Time	Gross demand	Time
December, 1939.....	\$1,344,386	\$234,145	\$777,931	\$130,299	\$566,455	\$103,846
December, 1940.....	1,474,217	237,308	841,903	131,622	632,314	105,686
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
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
December, 1941.....	1,803,330	236,819	1,028,881	131,948	774,449	104,871

DEBITS TO INDIVIDUAL ACCOUNTS  
(In thousands of dollars)

	Dec., 1941	Dec., 1940	Nov., 1941	Total year 1941	1940	Percentage change from 1940
Ablene.....	\$ 16,485	+ 63	+ 7	\$ 163,194	\$ 105,389	+ 55
Austin.....	45,293	+ 5	+ 19	451,971	419,459	+ 8
Beaumont.....	39,893	+ 41	+ 33	370,965	291,177	+ 27
Corpus Christi.....	5,793	+ 39	+ 29	51,078	42,032	+ 22
Dallas.....	471,787	+ 41	+ 27	4,076,379	3,160,201	+ 29
El Paso.....	53,846	+ 6	+ 16	522,669	386,009	+ 35
Fort Worth.....	160,712	+ 47	+ 35	1,274,074	1,004,297	+ 27
Galveston.....	46,589	+ 41	+ 45	370,223	334,689	+ 11
Houston.....	412,229	+ 41	+ 27	3,756,237	2,993,663	+ 25
Port Arthur.....	14,987	+ 41	+ 29	135,506	116,235	+ 17
Roswell.....	6,046	+ 5	+ 7	59,977	57,501	+ 4
San Antonio.....	116,789	+ 39	+ 23	1,107,280	886,588	+ 25
Shreveport.....	74,372	+ 38	+ 27	660,961	547,183	+ 21
Texas.....	25,362	+155	+ 60	145,153	92,155	+ 58
Tucson.....	17,325	+ 32	+ 13	179,805	147,188	+ 22
Tyler.....	16,605	+ 26	+ 20	161,696	141,516	+ 14
Waco.....	22,642	+ 39	+ 25	209,531	170,954	+ 23
Wichita Falls.....	40,763	+133	+ 86	259,773	200,027	+ 30
Total.....	\$1,587,518	+ 40	+ 28	\$13,956,472	\$11,096,263	+ 26

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

SAVINGS DEPOSITS

December 31, 1941

	Number of reporting banks	Number of savings depositors	Amount of savings deposits	Percentage change in savings deposits from	
				Dec. 31, 1940	Nov. 30, 1941
Beaumont.....	3	10,471	\$ 4,339,365	+ 2.3	+ .9
Dallas.....	8	91,956	26,384,628	- .9	- .3
El Paso.....	2	19,017	7,466,228	-12.3	+ 1.6
Fort Worth.....	3	34,289	12,718,704	- 3.1	- 1.4
Galveston.....	4	18,567	11,194,895	- 8.0	- 2.0
Houston.....	10	76,716	32,735,908	+ 1.7	- .5
Lubbock.....	3	1,491	564,958	+ 5.7	- 2.9
Port Arthur.....	2	5,959	3,014,230	- 9.0	- 1.2
San Antonio.....	5	23,033	18,213,631	+ .4	+ .7
Shreveport.....	3	26,158	12,146,862	- .9	+ .2
Waco.....	3	7,596	4,285,639	- 2.7	- 1.9
Wichita Falls.....	3	7,273	3,478,356	- 4.7	+ .5
All other.....	65	55,497	28,754,462	- 5.4	- .4
Total.....	114	378,023	\$155,297,866	- 2.5	- .4



projects and by the expansion of plant facilities incident to the manufacture and assembly of products used directly or indirectly in the war effort. Major defense projects requiring large expenditures included additions to a naval air base, an air corps technical training school, airplane assembly and steel plants, and ordnance works. During the first eleven months of 1941, the total value of defense projects initiated in Texas amounted to \$187,500,000, which was one-half of the total value of all construction contracts awarded during that period.

The increase in building activity in this district during 1941 was evidenced in all of the principal classes of construction work. In the residential field, the value of awards was nearly 30 per cent greater than in the preceding year, reflecting pronounced increases in the number and value of housing projects built for the armed forces and in the construction of one-family dwellings "for sale" or "for rent". Significantly, the number and value of houses built for owner occupancy declined by about 9 per cent as compared with 1940. The value of awards for non-residential building was the largest single component of the 1941 total, accounting for more than one-third of the aggregate and exceeding the 1940 volume by nearly two-thirds. Among the individual types of non-residential building, large gains occurred in the construction of aircraft hangars, bank buildings, commercial warehouses, manufacturing plants, schools, and recreational buildings. The value of heavy engineering projects initiated during the past year, which include public works and public utilities construction, was about double that in 1940, representing chiefly marked increases in the construction of streets and highways, electric light and power projects, and airports.

Construction costs increased further during the past year.

#### VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

	December 1941	December 1940	November 1941	January 1 to December 31 1941	January 1 to December 31 1940
Eleventh District—total...	22,977	41,221	28,464r	446,943	273,692
Residential.....	6,361	11,976	7,974	123,682	95,953
All other.....	16,616	29,245	20,490r	323,261	177,739
United States*—total.....	431,626	456,189	458,620	6,007,474	4,003,957
Residential.....	104,276	159,275	116,468	1,953,801	1,596,944
All other.....	327,350	296,914	342,152	4,053,673	2,407,013

\*37 States east of the Rocky Mountains

r—Revised.

SOURCE: F. W. Dodge Corporation.

#### BUILDING PERMITS

	December, 1941		Percentage change valuation from		Jan. 1 to Dec. 31, 1941		Percentage change valuation from 1940	
	No.	Valuation	Dec. 1940	Nov. 1941	No.	Valuation		
Abilene.....	36	\$ 50,140	— 33	— 54	534	\$ 1,243,461	+	84
Amarillo.....	48	161,200	— 34	— 43	834	2,760,610	+	6
Austin.....	153	330,012	— 49	— 24	2,141	5,414,259	—	26
Beaumont.....	122	106,868	+ 28	— 21	1,771	2,240,613	+	45
Corpus Christi..	109	163,012	— 34	— 46	2,527	11,977,588	+	48
Dallas.....	863	1,501,276	— 49	— 12	9,714	17,264,570	+	6
El Paso.....	73	190,556	+ 42	— 7	1,375	3,088,363	+	1
Fort Worth.....	174	14,553,725*	+	+	3,274	20,680,171	+	326
Galveston.....	104	86,405	+111	— 90	2,348	5,433,768	+	160
Houston.....	303	1,045,155	— 67	— 11	5,392	19,218,676	—	21
Lubbock.....	105	156,994	— 61	— 66	1,598	3,443,960	—	22
Port Arthur.....	72	30,971	— 38	— 47	1,364	1,178,308	+	4
San Antonio.....	702	412,533	— 54	— 4	9,145	7,700,643	—	18
Shreveport.....	86	243,435	+ 10	— 8	1,387	3,507,918	—	27
Waco.....	49	64,257	— 21	— 40	820	4,020,348	+	57
Wichita Falls...	221	866,136	— 17	+580	920	4,179,597	+	78

Total..... 3,220 \$19,962,675 + 91 +187 45,144 \$113,352,853 + 19

\*Includes one permit for national defense project valued at \$14,136,000.

†Increase over one-thousand per cent.

#### PORTLAND CEMENT STATISTICS—TEXAS MILLS

(In thousands of barrels)

	Production		Shipments		Stocks (end of month)	
	1941	1940	1941	1940	1941	1940
January.....	654	445	793	450	764	906
February.....	637	477	628	533	773	850
March.....	742	589	707	678	808	762
April.....	798	713	779	699	827	775
May.....	832	758	895	712	764	821
June.....	806	672	791	594	779	898
July.....	837	523	914	538	702	833
August.....	976	574	975	595	704	862
September.....	930	631	885	645	748	848
October.....	859	743	782	784	825	807
November.....	779	648	850	563	754	882
December.....	829	602	844	592	739	902*

\*Revised.

According to data compiled by the Federal Home Loan Bank Board, material and labor costs for the construction of a standard six-room frame house in three representative Texas cities showed an average increase of about 23 per cent between November, 1940, and November, 1941.

The heavy volume of construction work started in this district during 1941 had its counterpart in the production and demand for building materials, including structural and ornamental iron and steel, hardware, lumber, and cement. Production of Portland cement at Texas mills was 2,300,000 barrels above the previous peak established in 1940, and shipments, which exceeded production by an appreciable margin, were about 2,500,000 barrels greater than the 1940 peak. At the year-end mill stocks of Portland cement were somewhat smaller than the average monthly shipments during 1941. Output of lumber at pine mills in this district during 1941 was at the highest level in recent years, and the demand for that product, as measured by shipments, was 5 per cent greater than in 1940. The volume of unfilled orders for lumber on the books of reporting mills was about one-third greater at the end of 1941 than a year earlier. Reports indicate that the distribution of building materials through retail channels in Texas during the past year was one-fourth greater than in 1940.

Daily average production of crude oil and refinery operations in the Eleventh District recorded new highs in December, as activities were stepped up to meet the growing demand for petroleum products. In the United States, the rate of petroleum production and crude oil runs to refinery stills showed little change from November to December, but operations were maintained at a much higher level than in December, 1940.

During 1941, the petroleum industry in the United States effected a new high in crude oil production and in the output of refined products. In addition, drilling activity was the second highest of record. These developments were accompanied by an unprecedented demand for petroleum products, notwithstanding a further sharp decline in foreign shipments. Exports of crude petroleum were nearly 50 per cent smaller in 1941 than in the preceding year and foreign shipments of refined products evidenced a further contraction of about 11 per cent. Consumption of crude petroleum in the United States during the past year was about 9 per cent or 120,000,000 barrels greater than the previous peak established in 1940, and the domestic demand for petroleum products was even more pronounced. Consumption of gasoline and lubricating oil showed increases of 12 and 30 per cent, respectively, due apparently to a substantial increase in the number of automobiles in use and to the expanded demand for aircraft motor fuels; consumption of industrial fuel oil reached a peak 12 per cent higher than in 1940, reflecting increased fuel requirements for the production of industrial products. The demand for heating oil rose 7 per cent during 1941.

The utilization of crude oil in the United States during 1941 was considerably greater than domestic production and imports and as a result above-ground stocks were reduced by about 17,500,000 barrels. On January 3, 1942, crude oil in storage in the United States totaled 244,000,000 barrels, which amounted to about 60 days' supply at the December rate of consumption. Inventories of the principal petroleum products, including gasoline and fuel oils, after allowance for seasonal variations, were well sustained during the past year, though some difficulty was experienced during the summer in maintaining a balanced distribution due to transportation difficulties. At the year-end, stocks of motor fuel and heating oil were appreciably higher than a year earlier, but inventories of industrial fuel oil were 7 per cent smaller.

In the Eleventh District, the output of crude oil during 1941 increased at about the same rate as that in the United States; however, total production was still moderately below the all-time peak established in 1937. In the latter year the



volume of crude oil produced in this district accounted for nearly one-half of the total output in the United States, whereas, in 1941 the ratio amounted to only 41 per cent of the total. This decline reflected in large part the efforts of conservation authorities in this district to maintain an alignment between production and the effective demand during a period in which important new discoveries and increasing production were taking place elsewhere in the United States. The production of petroleum products in this district, as measured by crude oil runs to refinery stills, continued the upward trend that had been in progress since 1932. Refinery operations during 1941 were at a rate 7 per cent above the 1940 peak. The rated capacity of petroleum refineries in this district, which had shown substantial increases in earlier years, was increased further by about 30,000 barrels daily in 1941, which was nearly one-third of the total increase for the United States.

Drilling activity in the Eleventh District and in the United States, as measured by the number of new wells completed, increased further by about 7 per cent in 1941. Total completions in the United States aggregated about 32,000 wells, which was only fractionally below the peak recorded in 1937. Oil producing wells completed during the past year totaled 19,500 in the United States and 8,300 in this district.

An important Governmental pronouncement made during December placed in the hands of the National Petroleum Coordinator the responsibility of recommending monthly the daily average crude oil production rate for each producing state. The monthly recommendations will take the place of the demand forecast for each producing state as heretofore released by the Bureau of Mines. Although the recommended production for the United States for January showed little change from the Bureau of Mines' demand forecast for December, there were several significant adjustments made in the production rates for specific states. In comparison with December, the allocation for Texas was raised 93,800 barrels daily. In consequence, the January production allowable for that State was increased 3 per cent, indicating that output will reach a new high during the initial month of 1942. The recommended production rate for New Mexico was increased 4 per cent as compared with December, whereas, a decline of 3 per cent was recommended for Louisiana. A substantial curtailment in production was recommended for the States of Illinois and Oklahoma.

Cotton textile activity in the United States was well sustained in December, though the daily average rate of mill operations was below the all-time peak established in November. December consumption, which aggregated 887,300 bales, was slightly larger than in November due to additional working days. Mill sales of cotton textiles during December are reported to have been below output due in part to an apparent disposition of manufacturers to restrict trade commitments in order to be in a position to accept Government orders for cotton goods, which have shown a pronounced increase since the turn of the year. Reports indicate that cotton textile mills still have a large volume of unfilled orders for civilian goods.

Domestic cotton mills continued to make heavy purchases of raw cotton during December. At the year-end, stocks on hand were 6 per cent larger than the November 30 peak and 30 per cent greater than a year earlier. Cotton in public storage and compresses on December 31, which includes cotton in Government loan stocks, amounted to 13,714,000 bales, a decline of 9 per cent as compared with inventories on December 31, 1940.

During 1941, the domestic production of cotton and woolen textile products was greatly expanded to meet a strong commercial demand and large Government purchases for army and naval requirements. In consequence, consumption of those raw materials was at the highest level of record. During 1941, mills consumed nearly 1,000,000,000 pounds of apparel wool, which

exceeded by a wide margin the amount consumed in 1940. Cotton consumption during 1941 aggregated 10,575,000 bales, as against 8,050,000 bales in 1940. Activity at cotton mills in Texas also increased, total consumption amounting to 248,100 bales during 1941 as against 171,300 bales in 1940.

In order to make available certain grades and staples of cotton, the Commodity Credit Corporation announced early in January that it would offer for sale Government owned cotton from the 1934 and 1937 crops. Under existing laws, the Corporation can dispose of 300,000 bales of Government owned cotton per month but no more than 1,500,000 bales within a twelve-month period. At the close of November, 1941, cotton subject to release under the new program totaled 5,600,000 bales.

Prices of cotton and wool made sharp gains during 1941, reflecting the strong domestic demand, record mill consumption and Governmental action. The average price of cotton, middling, 15/16-inch staple, at the ten spot markets, which amounted to 17.19 cents per pound on December 15, 1941, advanced to 18.88 cents per pound by January 15, 1942. The latter figure is the highest attained since 1929 and compares with 10.10 cents per pound on January 15, 1941. The average price received by wool producers in Texas at mid-December, 1941, was 38 cents per pound, which was one-fifth higher than a year earlier and the highest reported since 1928. On December 18, 1941, the Office of Price Administration established a temporary ceiling price on raw wool, wool tops, and yarns at the highest prices that had prevailed between October 1 and December 6, 1941.

Total loadings of revenue freight by railroads in the Southwest, which on an annual basis had shown little variation during the preceding three years, increased substantially in 1941, reflecting primarily the acceleration of the distribution of goods and commodities to meet increased consumer and industrial demands for the products produced and manufactured in the Southwest. The number of freight cars loaded in that territory during the past year exceeded the 1940 volume by 15 per cent, and was only moderately below the 1937 total.

## STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to December 31 This season	Last season	August 1 to December 31 This season	Last season
Cottonseed received at mills....	845,617	922,932	3,449,192	3,554,328
(tons).....	581,281	663,447	2,286,810	2,319,559
Cottonseed crushed (tons).....	291,530	275,897	1,292,911	1,274,276
Cottonseed on hand (tons).....				
Production of Products:				
Crude oil (thousands of lbs.)..	168,634	200,083	704,542	738,419
Cake and meal (tons).....	258,645	308,323	1,000,077	1,031,130
Hulls (tons).....	150,633	169,055	573,069	576,912
Linters (running bales).....	158,548	161,188	663,626	611,924
Stocks on hand Dec. 31:				
Crude oil (thousands of lbs.)..	18,880	30,045	57,783	93,245
Cake and meal (tons).....	132,236	62,057	380,366	178,554
Hulls (tons).....	118,927	84,256	249,091	172,012
Linters (running bales).....	45,454	65,218	141,308	222,099

SOURCE: Bureau of Census.

## CRUDE OIL PRODUCTION—(Barrels)

	December, 1941		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Dec., 1940	Nov., 1941
North Texas*.....	7,209,150	232,553	+ 19,811	+ 8,008
West Texas.....	9,363,600	302,052	+ 96,365	+ 4,849
East Texas.....	14,656,300	472,784	+ 40,494	+ 491
South Texas.....	6,980,750	225,185	+ 37,769	— 502
Texas Coastal.....	9,398,850	303,189	+ 68,745	+ 1,617
Total Texas.....	47,608,650	1,535,763	+263,184	+14,463
New Mexico.....	3,667,900	118,319	+ 16,987	+ 1,287
North Louisiana.....	2,541,950	81,989	+ 13,423	+ 24
Total District.....	53,818,200	1,736,071	+293,594	+15,774

\*Production in west central Texas formerly included in west Texas now included in north Texas.

SOURCE: American Petroleum Institute Weekly reports.

## DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	December 1941	December 1940	November 1941	August 1 to December 31 This season	Last season
Consumption at:					
Texas mills.....	19,830	22,408	16,337	96,608	90,182
United States mills.....	887,326	777,482	849,733	4,440,454	3,578,607
U.S. stocks—end of month:					
In consuming estab'nts.....	2,393,782	1,837,091	2,249,638	.....	.....
Pub. stg. & compresses.....	13,713,773	15,050,823	13,964,018	.....	.....



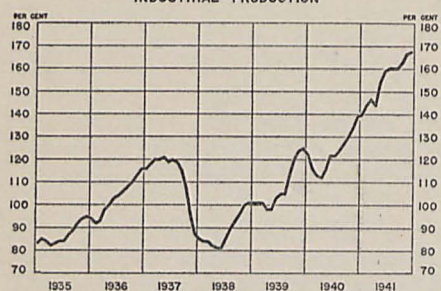
# MONTHLY BUSINESS REVIEW

FEBRUARY 1, 1942

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

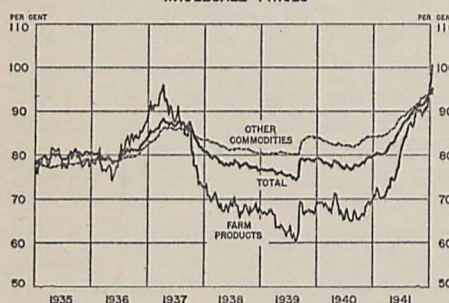
(Compiled by the Board of Governors of the Federal Reserve System)

### INDUSTRIAL PRODUCTION



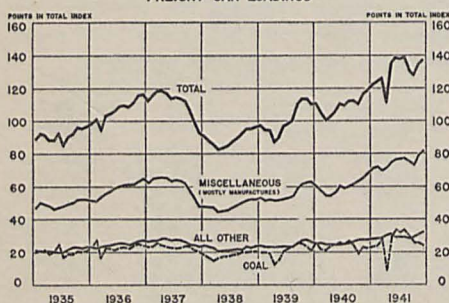
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. By months, January, 1935 to December, 1941.

### WHOLESALE PRICES



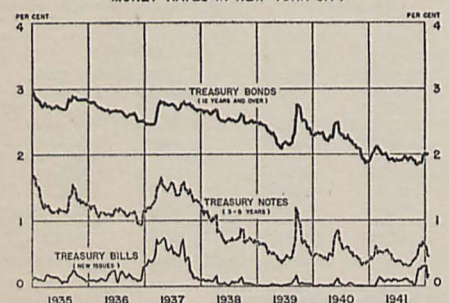
Bureau of Labor Statistics' indexes, 1926 = 100. "Other" includes commodities other than farm products and foods. By weeks, January 5, 1935 to week ending January 17, 1942.

### 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 December, 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 January 17, 1942.

Industrial activity declined less than seasonally in December and the first half of January, retail trade continued in large volume, and prices of many commodities rose further.

### PRODUCTION

In December total volume of industrial output declined less than is usual at this season and the Board's adjusted index rose further to 168 per cent of the 1935-1939 average. In the armament industries output continued to advance and at machinery plants activity rose sharply, following little change in November. Output of materials, such as iron and steel and nonferrous metals, continued at peak levels and lumber production showed less than the usual seasonal decrease. Automobile production declined sharply in the latter half of December, following announcement of sharp reductions in passenger car quotas, but early in January quotas for that month were increased and output rose considerably. Sales of new automobiles to civilians were halted at the beginning of January pending the establishment of a rationing system.

Textile production declined somewhat in December owing to a reduction in activity at cotton mills from the record level reached in November. Output of wool and rayon textiles was sustained at about capacity. Output of manufactured food products and shoe production showed about the customary seasonal declines. Coal output decreased somewhat in December, while petroleum production and mining of nonferrous metals were maintained at the high November rate.

Value of construction contracts awarded in December declined less than is usual at this time of year, according to figures of the F. W. Dodge Corporation. Awards for public projects showed little change, while those for residential construction declined less than seasonally following a considerable reduction in November.

### DISTRIBUTION

Volume of retail trade, which had been large during most of the autumn, increased less than seasonally in December. This reflected to some extent a temporary slackening in sales around the middle of the month following this country's entry into the war. In the first half of January sales at department stores showed less than the customary sharp reduction from the Christmas buying peak and were at a level substantially higher in comparison with a year ago than that prevailing in other recent months.

Freight-car loadings of most products decreased by less than the customary seasonal amount in December. Coal shipments declined considerably in the latter part of the month but then increased sharply in the first half of January. Shipments of miscellaneous freight, which includes most manufactured products, were maintained in large volume for this season of the year.

### COMMODITY PRICES

Wholesale commodity prices increased sharply when this country entered the war early in December and then showed little change during the latter half of the month. In the first half of January prices again advanced, the principal increases being in agricultural commodities and chemicals.

Federal action to impose maximum prices was accelerated with the outbreak of war and applied on a wider scale to industrial products. Ceilings were extended to products in later stages of production and distribution and in most instances covered consumers' goods. Certain of the actions, like those relating to rubber and wool products, were associated with new Federal production restrictions. In this period also there were advances in a number of price ceilings established earlier.

### BANK CREDIT

Total loans and investments of banks in leading cities, which had advanced sharply during the first half of December, have subsequently shown little further change.

Treasury financing in the middle of December and heavy currency withdrawals during the holiday season absorbed close to 700 million dollars of excess reserves during the month. About 500 million of this was recovered in the first half of January, as the result of a decline in Treasury deposits at the Reserve Banks and a return of currency from circulation. Recent changes in excess reserves have been almost entirely at banks outside of New York City.

### UNITED STATES GOVERNMENT SECURITY PRICES

Prices of Government securities were steady in the first half of January, following a decline in December after the entry of the United States into the war.