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DISTRICT SUMMARY

The influence of the war effort upon the National economy and the attendant readjustments necessary to effect a coordinated program of production and distribution are having an increasing effect upon operations in some lines of industry in this district. In the petroleum industry, production of crude oil and refinery operations are being curtailed substantially in order to bring about a better alignment between supplies and the effective demand. Drilling of new oil wells has also been reduced in order to conserve strategic materials. At the same time, construction activity is being well sustained due chiefly to large awards for publicly-financed defense projects. In February, the value of construction contracts let in this district was more than three-fourths greater than a month earlier and a year ago. Shipments of lumber continued to expand coincident with substantial increases in the volume of new orders. Production and shipments of cement were sustained at a much higher level than a year ago. Cotton consumption at processing establishments in Texas during February was at a slightly slower rate than in that month a year earlier. Although the volume of sales at retail outlets in this district declined somewhat from January to February, consumer purchases continued well above those of a year ago. Distribution of merchandise through wholesale channels during February was nearly one-fourth higher than in February, 1941.

BUSINESS

The wave of anticipatory buying at retail outlets that swept the country in January appears to have subsided to some extent during February. Nevertheless, consumer purchases were maintained at a high level. In this district, the value of sales during February at reporting department stores was 10 per cent greater than in the corresponding month a year earlier, and this bank's seasonally adjusted index of sales stood at 127 per cent of the 1923-1925 average, which closely approximates the average for the four months preceding the marked increase recorded in January. Department store sales appear to have increased more than seasonally during the first half of March, and in comparison with that period of 1941 the distribution of merchandise at weekly reporting firms was up 16 per cent.

Department store inventories were increased by more than the average seasonal amount in February, and at the month-end the value of stocks was 37 per cent greater than a year earlier. It is probable that about one-half of the increase over the year is accounted for by the higher prices of goods carried at department stores. Merchandise orders outstanding on February 28 were 10 per cent higher than a month earlier and about two-thirds greater than on that date of 1941.

The distribution of merchandise through most reporting lines of wholesale trade in this district declined seasonally from January to February, but sales continued at a level about one-fourth higher than in the corresponding month a year earlier. Among the individual lines of trade, the most pronounced increase over a year ago occurred in the distribution of drugs, groceries, machinery and equipment, hardware, and surgical equipment. Stocks of goods on hand at reporting wholesale firms on February 28 were valued about one-fifth higher than on that date in 1941.

Following a seasonal decline in January, employment in non-agricultural businesses in Texas resumed the upward trend in February that was in evidence throughout 1941, and payrolls

continued the rise that has been uninterrupted since January last year. According to the Bureau of Business Research of the University of Texas, employment during February was one-fifth greater than a year earlier and payrolls were 47 per cent higher.

The number and liabilities of business failures in the Eleventh District continued in comparatively small volume in February, notwithstanding an increase as compared with a month earlier. Dun and Bradstreet reported 19 insolvencies in February with a total indebtedness of \$253,000.

AGRICULTURE

Weather conditions during February continued generally favorable for field work, with the result that farmers in the Eleventh District made further progress in the preparation of soil for spring planting. At the same time, seeding of cotton and corn made considerable headway in south Texas, and is being gradually extended northward. Snows in north and northwest Texas and fairly general rains in several areas elsewhere early in March partially relieved a deficiency in surface moisture, which was becoming serious in some localities. Additional rains in most areas, particularly southwest Texas, would be very beneficial to growing crops and to livestock ranges.

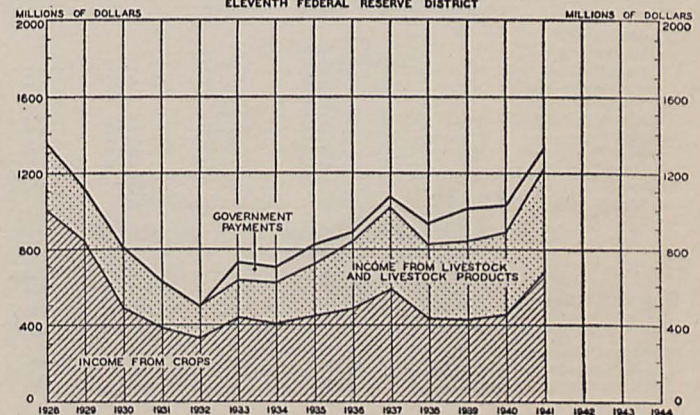
The growth of winter wheat and oats in central and north Texas, which had been retarded by the lack of adequate moisture, was stimulated by the widespread rains and snows in early March. Reports indicate, however, that the condition of the crops in those areas is below normal and that insects have caused considerable damage. On March 1, the condition of wheat in the heavy producing area of the Texas Panhandle was reported to be generally good, with prospects favorable for above-average yields.

Growth of commercial vegetable crops in the truck growing area of south Texas, which had been good in February, was retarded by low temperatures early in March and some crop damage resulted from frosts and high winds. These unfavorable factors were accompanied by generous rains in virtually all dry-land areas, however, and the outlook for the production of spring truck crops is still good, though harvesting may be later than was anticipated earlier.

Livestock ranges, particularly in the sheep producing area of southwest Texas, deteriorated further in February as a result of insufficient rainfall and cold nights, which retarded the growth of range feeds. Nevertheless, the Department of Agriculture

CASH FARM INCOME

ELEVENTH FEDERAL RESERVE DISTRICT



reports that on the whole the outlook for spring ranges is favorable due to the abundant supply of subsoil moisture in most areas. Wheat pastures in north and northwest Texas are still supplying feed for livestock, though not to the extent that was anticipated earlier. The condition of cattle showed little change in February and it is probable that animals will emerge from the winter in above-average flesh. Demand for cattle, especially feeders and stockers, has been strong. Prospects indicate a large 1942 calf crop. The deterioration of ranges in the Edwards Plateau region of Texas has had a very adverse effect upon the condition of sheep, with the result that prospects are unfavorable for a large supply of grass-fat lambs for spring marketing. In some areas the lamb crop is expected to be short. Moreover, the development of early lambs generally has been unsatisfactory. The condition of sheep and their ranges in New Mexico and Arizona continues generally good.

Increased production of livestock in this district during 1941 was accompanied by reduced marketings due in part to the fact that generally favorable range conditions and ample feed supplies were conducive to an expansion in the number of animals retained on farms and ranches. In consequence of these developments, the number of livestock on farms and ranches in this district at the beginning of 1942 was 1,267,000 head greater than a year earlier and only fractionally below the total on January 1, 1934, when the all-time peak for that date was established. In the five states wholly or partially included in the Eleventh District, the inventory of cattle and calves on January 1 this year was 680,000 head greater than a year earlier, and the number of sheep and lambs increased 450,000 head. The number of hogs on farms, which had shown a pronounced decline in 1940, increased considerably during the past year. Marketings of hogs also increased, reflecting rising prices and a favorable hog-corn ratio. The aggregate value of livestock on farms and ranches in the five states at the beginning of the current year amounted to \$852,000,000 as against \$647,000,000 a year earlier.

Production of wool during 1941 in the five states wholly or partially included in this district showed little change from that a year earlier, despite an increase in Texas, Oklahoma and Louisiana. Production in New Mexico fell off nearly 600,000 pounds and a small decline was recorded for Arizona. In Texas, wool

production rose moderately to a new peak of 80,250,000 pounds, and cash income from the disposition of the clip rose 28 per cent to \$29,700,000, reflecting chiefly a substantial increase in the average price received for wool. The wool clip in the five states as a whole totaled 104,300,000 pounds and cash receipts from wool sales amounted to \$37,290,000.

Mohair production in Texas, New Mexico and Arizona during the past year increased 3 per cent to a peak of 20,800,000 pounds, and cash income of farmers and ranchmen from that source totaled \$12,000,000, as against \$10,140,000 in 1940.

Cash income of farmers in the five states wholly or partially included in the Eleventh District evidenced a pronounced increase during 1941, reflecting chiefly higher prices received for farm products. Government benefit payments to farmers in this district declined further by \$34,000,000 as compared with a year earlier; nevertheless, cash income from all sources for 1941 was placed at \$1,340,000,000, which was about \$305,000,000 greater than the revised estimate for 1940. Income during 1941 from the sale of cotton and cottonseed increased \$160,900,000 over that a year earlier, which accounts for three-fourths of the total gain in receipts from the sale of all agricultural crops. Aggregate receipts from the latter source amounted to \$679,000,000 as against \$463,000,000 in 1940. The livestock

NUMBER AND VALUE OF LIVESTOCK ON FARMS
AS OF JANUARY 1, 1942 AND 1941

	Texas				Eleventh District*			
	No. head		Total Value		No. head		Total Value	
	1942	1941r	1942	1941r	1942	1941r	1942	1941r
Horses and colts.....	600	638	\$ 28,142	\$ 30,270	1,290	1,340	\$ 61,215	\$ 63,704
Mules and colts.....	484	526	34,568	39,390	821	868	63,174	68,599
All cattle and calves.....	7,444	7,090	318,641	223,078	13,653	12,972	585,793	419,167
Milk cows†.....	1,473	1,444	81,015	59,204	2,790	2,701	154,075	113,982
Hogs, including pigs.....	2,042	1,926	23,246	12,530	4,110	3,878	44,498	23,231
All sheep and lambs.....	10,349	9,831	69,810	51,359	14,035	13,584	97,138	72,731
Total.....	20,919	20,011	\$474,407	\$356,627	33,909	32,642	\$851,818	\$647,432

*Eleventh District figures are combined totals for the five states wholly or partially included in the Eleventh District.

†Cows and heifers two years old and over kept for milk; number and value included in "all cattle and calves."

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CASH FARM INCOME
(In thousands of dollars)

	Texas			Eleventh District*		
	1941	1940	1939	1941	1940	1939
Cotton.....	\$235,943	\$139,047	\$123,137	\$ 347,292	\$ 214,039	\$ 199,943
Cottonseed.....	38,896	20,826	15,812	58,636	31,030	26,136
Food grains†.....	43,770	32,421	26,326	104,004	80,012	75,630
Wheat.....	27,207	19,631	18,410	68,778	51,980	53,533
Feed crops†.....	19,468	14,930	11,360	34,856	28,532	23,675
Corn.....	6,773	5,435	4,158	11,598	10,011	8,560
All vegetables.....	31,495	30,290	23,795	59,290	53,015	46,911
Irish potatoes.....	2,454	1,540	1,431	4,888	4,091	3,803
Truck crops.....	26,548	26,467	20,519	47,783	44,366	37,693
Fruits.....	16,762	9,350	11,447	26,676	18,100	19,919
Citrus fruits.....	13,127	6,546	8,358	16,381	9,136	9,939
Total income from all crops.....	403,144	262,824	230,209	679,015	462,880	433,424
Livestock*.....	303,331	239,827	233,210	552,712	429,846	415,695
Government income pmts.....	68,647	85,489	110,755	108,532	142,667	170,189
Total farm income.....	770,122	589,140	574,172	1,340,259	1,035,343	1,019,308

*Eleventh District figures are combined totals for the five states wholly or partially included in the Eleventh District.

†Includes corn, oats, barley, grain sorghums and hay.

*Includes Irish and sweet potatoes and truck crops.

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

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	February 1942	February 1941	January 1942	February 1942	February 1941	January 1942
Cattle.....	38,795	26,309	45,682	15,748	12,918	16,967
Calves.....	15,122	16,415	24,691	13,275	15,662	25,829
Hogs.....	50,923	48,359	64,913	10,862	13,877	12,903
Sheep.....	37,599	18,740	43,766	7,899	5,831	9,290

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	Fort Worth			San Antonio		
	February 1942	February 1941	January 1942	February 1942	February 1941	January 1942
Beef steers.....	\$12.00	\$11.50	\$12.50	\$11.00	\$11.75	\$11.50
Stocker steers.....	11.50	11.25	11.50	.....	.....	12.25
Heifers and yearlings.....	12.75	12.00	12.50	13.25	10.00	8.75
Butcher cows.....	9.25	7.50	8.85	9.00	7.00	11.60
Calves.....	12.50	10.50	11.50	11.75	10.50	11.50
Hogs.....	13.10	8.10	11.75	12.75	7.85	11.50
Lambs.....	12.00	10.50	12.25	12.00	9.50	10.50

WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in:				
		Net sales		Stocks†		
		Feb., 1942 from February, 1941	January, 1942 from January, 1941	Jan. 1, to Feb. 28, 1942 from 1941	Feb., 1942 from January, 1942	
Retail trade:						
Department stores:						
Total 11th Dist.....	48	+10	-16	+19	+37	+11
Dallas.....	7	+6	-10	+12	+29	+8
Fort Worth.....	4	+19	-21	+27	+40	+16
Houston.....	7	+7	-23	+21	+49	+21
San Antonio.....	5	+20	-9	+28	+34	+7
Shreveport.....	3	+18	-17	+31	.....	.....
Other cities.....	22	+8	-14	+17	+46	+11
Independent stores*:						
Arizona.....	250	+12	-7	+15	.....	.....
New Mexico.....	190	-6	-12	-1	.....	.....
Oklahoma.....	524	-6	-15	+3	.....	.....
Texas.....	1,195	+4	-13	+5	.....	.....
Wholesale trade*:						
Machinery, eqpt. & supplies.....	4	+18	+7	+2	.....	.....
Automotive supplies.....	5	+2	-19	+6	+17	+3
Drugs (incl. liquors).....	10	+17	-10	+15	+21	+1
Electrical supplies.....	3	-8	-3	-8	.....	.....
Groceries.....	28	+29	-6	+30	+32	+4
Hardware.....	11	+24	-4	+29	+9	-3
Surgical eqpt.....	5	+24	-6	+31	+10	No chg.
Tobacco & products.....	4	-2	+9	+1	.....	.....

*Compiled by United States Bureau of Census. †Stocks at end of month.

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

	February 1942	January 1942	December 1941	February 1941
Sales (daily average):				
Without seasonal adjustment.....	108	122	222	100r
With seasonal adjustment.....	127	161	128	118
Stocks (end of month):				
Without seasonal adjustment.....	94	82	77	67r
With seasonal adjustment.....	98	94	88	70r

r-Revised.

industry in this district has shown rapid growth in recent years, and cash receipts from the sale of livestock and livestock products have been rising. During 1941, total cash receipts amounted to \$552,700,000, which is \$122,900,000 greater than in 1940 and nearly double the annual average cash receipts from that source during the five years 1924-1928, inclusive.

FINANCE

Effective March 21, the Federal Reserve Bank of Dallas reduced from 1½ per cent to 1 per cent per annum the rate on discounts of eligible paper for member banks and advances thereon, under Sections 13 and 13a of the Federal Reserve Act, as amended.

Member bank reserve balances maintained at the Federal Reserve Bank of Dallas, which had declined substantially in the last half of February, reflecting primarily withdrawals by the Treasury of funds held in depositary banks and payments in cash for Government securities allotted in connection with the recent Treasury offering, rose considerably during the first two weeks of March. Daily average reserve balances in the latter period were \$1,800,000 greater than in the first half of February and only fractionally below the all-time peak of \$311,200,000 recorded during the first half of December, 1941. Daily average excess reserves likewise increased during the initial two weeks of March to a level closely approximating that one month earlier, which averaged nearly \$90,000,000.

Federal Reserve notes of this bank in actual circulation showed a further substantial increase during February and the early part of March, reaching a new all-time peak of \$142,680,000 on March 9. The latter amount is approximately \$4,300,000 higher than the previous peak reached early in February, and \$42,570,000 greater than on the corresponding date in 1941. The increase in this bank's note circulation during February and early March was reflected principally in currency of \$10 and \$20 denominations, but there were also sizable increases in the circulation of currency of some of the larger denominations.

Subscriptions by banks and other investors in this district to the new issue of 2¼ per cent Treasury bonds of 1952-1955, dated February 25, 1942, amounted to \$101,830,000, and allotments, which were at a rate of 32 per cent of subscriptions, totaled \$32,855,300.

Total investments of thirty-three weekly reporting member banks in leading cities of this district rose \$12,900,000 between February 11 and March 11, reflecting chiefly purchases of the new issue of Treasury bonds. Total loans at these banks declined \$1,500,000 during the four-week period due to reductions in loans on securities and in "all other" loans which include instalment and personal loans. Contrary to the usual trend at that season, commercial loans increased moderately, due apparently to the sustained demand for funds generated by the war production program. Aggregate loans and investments showed a net increase of \$11,400,000 during the four weeks ended March 11, and on that date the total of \$695,700,000 was \$104,300,000 higher than a year earlier. The gain over the year comprises increases of \$38,600,000 in loans and \$65,700,000 in investments.

Total deposits at reporting banks increased further by \$11,700,000 during the four weeks ended March 11, reflecting gains in adjusted demand and United States Government deposits. The increase in Government deposits was due chiefly to "book credits" resulting from Government security purchases which were in excess of the Treasury's withdrawals from its accounts at those banks during the four-week period.

INDUSTRY

The value of construction contracts awarded in the Eleventh District expanded sharply from January to February, due entirely to an increase in awards for publicly-financed projects most of which will be used directly or indirectly in the war

effort. In the residential field, awards for the construction of additional army cantonments showed a pronounced increase, and the value of contracts let for one-family dwellings that will

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

	March 15, 1942	March 15, 1941	Feb. 15, 1942
Total cash reserves.....	\$398,105	\$311,806	\$410,999
Discounts for member banks.....	103	None	87
Industrial advances.....	238	277	246
United States Government securities.....	87,797	86,835	87,391
Total earning assets.....	88,138	87,112	87,724
Member bank reserve deposits.....	316,625	255,056	317,310
Federal Reserve notes in actual circulation.....	140,210	98,705	136,492

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

	March 11, 1942	March 12, 1941	Feb. 11, 1942
Total loans and investments.....	\$695,683	\$591,360	\$684,243
Total loans.....	358,886	320,300	360,385
Commercial, industrial and agricultural loans.....	255,433	220,946	255,027
Open market paper.....	2,460	1,650	2,333
Loans to brokers and dealers in securities.....	4,637	3,854	4,051
Other loans for purchasing or carrying securities.....	12,244	11,895	12,882
Real estate loans.....	21,680	23,471	21,617
Loans to banks.....	391	640	327
All other loans.....	62,041	57,844	64,148
United States Government direct obligations.....	233,875	169,004	221,005
Obligations fully guaranteed by United States Govt.....	38,169	40,385	39,123
Other securities.....	64,753	61,671	63,780
Reserves with Federal Reserve Bank.....	190,187	161,057	192,157
Balances with domestic banks.....	302,910	307,499	301,119
Demand deposits—adjusted*.....	645,293	556,706	635,416
Time deposits.....	129,582	137,990	130,131
United States Government deposits.....	44,185	22,420	35,187
Interbank deposits.....	319,293	294,526	325,942
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)

	February, 1942	February, 1941	Pctg. change over year	January, 1942	Pctg. change over month
Abilene.....	\$ 12,445	\$ 12,224	+ 2	\$ 15,072	-17
Austin.....	41,175	34,088	+ 21	47,752	-14
Beaumont.....	32,413	27,193	+ 19	37,163	-13
Corpus Christi.....	4,155	3,373	+ 23	5,023	-17
Dallas.....	354,133	266,539	+ 33	397,888	-10
El Paso.....	41,911	46,800	- 10	60,909	-18
Fort Worth.....	109,990	83,361	+ 32	123,521	-11
Galveston.....	26,671	24,449	+ 9	87,011	-23
Houston.....	322,120	260,147	+ 24	371,392	-13
Port Arthur.....	13,061	10,188	+ 28	14,197	- 8
Roswell.....	4,665	4,577	+ 2	5,351	-13
San Antonio.....	89,943	78,347	+ 15	97,038	- 7
Shreveport.....	58,500	45,716	+ 28	69,994	-16
Texarkana*.....	26,451	8,406	+215	22,304	+19
Tucson.....	15,419	13,387	+ 15	17,595	-12
Tyler.....	12,750	11,439	+ 11	15,151	-16
Waco.....	19,078	14,606	+ 31	21,644	-12
Wichita Falls.....	20,078	15,508	+ 29	24,280	-17
Total.....	1,204,958	960,348	+25	1,373,284	-12

*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
February, 1940.....	\$1,355,474	\$ 234,306	\$ 785,130	\$ 129,055	\$570,344	\$ 105,251
February, 1941.....	1,533,864	241,491	876,181	134,206	657,683	107,285
October, 1941.....	1,662,466	237,667	962,113	132,050	700,353	105,617
November, 1941.....	1,742,346	238,156	998,810	132,532	744,036	105,624
December, 1941.....	1,803,330	236,819	1,028,881	131,948	774,449	104,871
January, 1942.....	1,801,210	231,871	1,026,567	128,427	774,643	103,444
February, 1942.....	1,805,645	227,543	1,034,477	126,499	771,168	101,044

SAVINGS DEPOSITS

	Number of reporting banks	February 28, 1942		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	Feb. 28, 1941	Jan. 31, 1942
Beaumont.....	3	10,368	\$ 4,224,706	- 6	- 8
Dallas.....	8	90,507	25,176,641	- 5.6	- 9
El Paso.....	2	18,514	6,873,529	-17.6	- 3.4
Fort Worth.....	3	33,461	12,450,783	- 5.2	- 8
Galveston.....	4	18,353	10,844,745	-10.6	- 9
Houston.....	10	75,353	31,192,357	- 3.8	- 1.2
Lubbock.....	3	1,403	548,601	+ 1.3	- 1.2
Port Arthur.....	2	5,513	2,979,076	- 8.8	+ .6
San Antonio.....	5	22,792	17,593,578	- 2.6	- 1
Shreveport.....	3	25,834	12,004,801	- 3.0	- .03
Waco.....	3	7,397	4,084,114	- 9.4	- 7
Wichita Falls.....	3	7,171	3,882,406	- 7.5	- 1
All other.....	64	53,927	27,502,078	- 8.8	- 1.1
Total.....	113	370,593	158,857,415	- 6.3	- .9

be placed on the "for sale" or "for rent" market when completed rose by about one-third. The value of awards for private one-family dwellings for owner occupancy declined to the lowest level since December, 1938. Non-residential building, including commercial, manufacturing, and military facilities buildings, was nearly two and one-half times that in January and about two-thirds greater than in February, 1941. Engineering construction, comprising public works and public utilities construction, totaled \$11,000,000 during the month, virtually all of which was publicly-financed work. The aggregate value of contracts awarded in February totaled \$43,000,000, which was about 82 per cent greater than a month earlier and year ago. Only one-fifth of the total value of awards in February this year was privately-financed.

The demand for lumber at pine mills in this district, which had shown a substantial gain in the initial month of 1942, increased sharply further in February, and at the month-end unfilled orders on the books of reporting mills averaged one-fourth higher than a month earlier and 71 per cent greater than a year ago. Mill shipments of lumber during February exceeded production by a wide margin, with a consequent decline in inventories.

Further dislocations in the distribution of petroleum and refined products, as a result of tanker sinkings by enemy submarines and the diversion of many additional tankers for military purposes, are having pronounced effects upon operations in the petroleum industry in the southwest. In view of the increases in above-ground stocks of crude oil in recent months and the current decreases in the use of crude oil in this area, proration authorities in Texas and New Mexico reduced substantially production allowances for March, and the National Petroleum Coordinator has recommended a further curtailment for April. In February the daily average output of crude oil in the Eleventh District had risen to a new all-time peak, which was 17 per cent higher than a year ago. The high rate of production during February, and the decreased use of crude oil resulted in a 7,000,000 barrel increase in stocks of crude petroleum in this district, and at the month-end, inventories were the highest since the spring of 1939. In contrast with the gain in this district, crude oil inventories elsewhere in the United States showed little change in February.

In addition to the increase that occurred in stocks of crude

BUILDING PERMITS

	February, 1942		Percentage change valuation from		Jan. 1 to Feb. 28, 1942		Percentage change valuation from 1941	
	No.	Valuation	Feb., 1941	Jan. 1942	No.	Valuation	from 1941	from 1941
Abilene.....	41	\$ 101,744	+ 82	+ 3	93	\$ 200,119	+53	
Amarillo.....	*	93,776	- 53	+100	*	140,551	-62	
Austin.....	125	288,301	- 63	+ 16	260	537,522	-54	
Beaumont.....	178	318,528	+260	+ 90	322	486,170	+23	
Corpus Christi.....	155	1,189,417	- 18	+229	287	1,551,057	-42	
Dallas.....	791	904,952	- 7	- 63	1,329	3,338,736	+65	
El Paso.....	64	76,032	- 73	- 38	145	198,659	-61	
Fort Worth.....	256	447,720	+ 28	- 9	488	940,927	+10	
Galveston.....	91	153,336	+ 58	- 19	208	342,623	+65	
Houston.....	404	1,400,890	+ 25	- 5	914	2,881,425	- 8	
Lubbock.....	173	563,894	+ 48	+205	290	748,579	+26	
Port Arthur.....	57	69,118	- 35	+ 7	147	133,673	-30	
San Antonio.....	691	727,429	+ 92	+ 26	1,471	1,303,573	-11	
Shreveport.....	86	183,283	- 39	- 33	184	456,366	-27	
Waco.....	75	219,858	+ 45	+184	141	297,321	- 6	
Wichita Falls..	40	55,339	- 32	+124	63	80,096	-42	
Total.....	3,227*	6,793,617	+ †	- 1	6,342*	14,751,488	- 8	

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

*Number of permits for Amarillo not available.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

	February 1942	February 1941	January 1942	Jan. 1 to Feb. 28 1942	Jan. 1 to Feb. 28 1941
Eleventh District—total..	\$ 42,981	\$ 23,581	\$ 23,209	\$ 66,190	\$ 44,349
Residential.....	18,564	7,565	10,105	28,669	16,013
All other.....	24,417	16,016	13,104	37,521	28,336
United States*—total.....	433,557	270,343	316,846	750,403	512,548
Residential.....	168,014	116,459	102,758	270,772	227,765
All other.....	265,543	153,884	214,088	479,631	284,783

*37 States east of the Rocky Mountains

r—Revised.

SOURCE: F. W. Dodge Corporation.

petroleum in this district during February, inventories of gasoline increased sharply further, notwithstanding a curtailment in crude oil runs to refinery stills. Stocks of motor fuel in Texas increased 18 per cent during February, and inventories in the United States as a whole rose 8 per cent to 106,000,000 barrels, the highest of record. Civilian consumption of gasoline has already declined, reflecting the voluntary decrease in the use of automobiles for the purpose of conserving tires and tubes. The War Production Board, effective March 19, has reduced by 20 per cent the deliveries of gasoline to retail outlets in seventeen states along the East Coast and in the states of Washington and Oregon, so that additional transportation facilities may be utilized in the movement of other essential products. Inventories of fuel oil on the East Coast declined further by about 1,000,000 barrels during the five weeks ended March 7.

The rate of drilling activity in this district and in the United States declined further in February, and although the daily average number of wells completed in the nation as a whole was 5 per cent higher than in February, 1941, the number of completions in the Eleventh District was at a 7 per cent slower rate than a year ago. Since December, 1941, the rate at which new wells are being completed in this district has been reduced 22 per cent due to priority restrictions. The number of drilling rigs in operation in this district and in the United States declined further in February to a level one-fifth smaller than a year ago.

A further expansion in the demand for cotton textiles to supply military requirements was experienced by cotton mills in the United States during February and the first half of March. At the same time, trading for civilian account was again curtailed despite a further increase in the rate of production of cotton cloth and yarns. There were 893,700 bales of cotton consumed during February, which represents a new high for the second consecutive month in the daily average rate of consumption. Mills continued to build up their stocks of raw cotton; at the close of February inventories at mills amounted to 2,580,000 bales which was 3 per cent higher than a month earlier and about one-third greater than a year ago.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to February 28 This season	Last season	August 1 to February 28 This season	Last season
Cottonseed received at mills (tons).....	940,421	1,039,615	3,811,046	4,138,858
Cottonseed crushed (tons).....	808,210	916,718	3,173,236	3,336,295
Cottonseed on hand Feb. 28 (tons).....	159,405	138,644	768,339	841,405
Production of products:				
Crude oil (thousand lbs.)....	233,321	278,598	980,061	1,065,363
Cake and meal (tons).....	356,566	427,474	1,383,727	1,481,955
Hulls (tons).....	211,384	233,896	789,783	837,565
Linters (running bales).....	221,772	225,300	930,748	895,792
Stocks on hand Feb. 28:				
Crude oil (thousand lbs.)....	14,937	29,552	42,760	88,680
Cake and meal (tons).....	113,083	74,595	372,208	253,963
Hulls (tons).....	99,113	97,561	206,627	211,839
Linters (running bales).....	47,370	74,619	148,761	271,349

SOURCE: Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	February 1942	February 1941	January 1942	August 1 to February 28 This season	Last season
Consumption at:					
Texas mills.....	18,828	19,368	21,036	136,472	129,923
United States mills.....	893,745	793,428	945,909	6,280,108	5,216,874
U.S. stocks—end of month:					
In consuming estab'nts.	2,579,789	1,906,835	2,495,186		
Pub. stg. & compresses.	12,213,134	14,045,487	12,857,321		

CRUDE OIL PRODUCTION—(Barrels)

	February, 1942		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Feb., 1941	Jan. 1942
North Texas.....	6,600,650	235,738	+ 33,042	+ 3,464
West Texas.....	8,773,450	313,337	+ 77,576	+ 7,434
East Texas.....	13,380,150	477,862	+ 30,028	+ 6,150
South Texas.....	6,440,350	230,013	+ 26,868	+ 1,158
Texas Coastal.....	8,648,500	308,875	+ 54,815	+ 393
Total Texas.....	43,843,100	1,565,825	+222,329	+ 18,599
New Mexico.....	3,372,600	120,450	+ 18,238	+ 1,510
North Louisiana.....	2,265,200	80,900	+ 11,273	- 1,082
Total District.....	49,480,900	1,767,175	+251,840	+ 19,027

SOURCE: American Petroleum Institute Weekly reports.

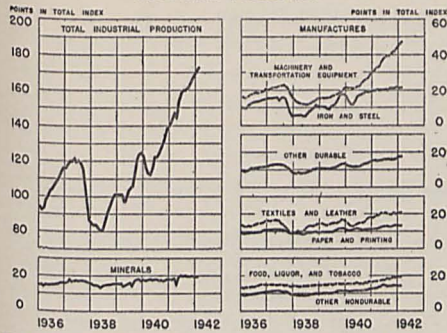
MONTHLY BUSINESS REVIEW

APRIL 1, 1942

NATIONAL SUMMARY OF BUSINESS CONDITIONS

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

INDUSTRIAL PRODUCTION



Industrial activity increased further in February and the first half of March. Retail trade was sustained at high levels and commodity prices continued to advance.

PRODUCTION

In February the Board's seasonally adjusted index of industrial production rose from 171 to 173 per cent of the 1935-39 average. As in other recent months, activity in the durable goods manufacturing industries, where the majority of military products are made, continued to advance, while in industries making nondurable goods and at mines activity was maintained at about the levels reached last autumn.

Steel production rose to 96 per cent of capacity in February and increased further to 98 per cent in the third week of March—which corresponded to an annual rate of nearly 87 million net tons. Lumber production also increased, following less than the usual seasonal decline during the previous two months. In the machinery and transportation equipment industries, now engaged mainly in armament production, activity continued to advance rapidly as plant utilization increased and capacity expanded. Conversion to armament production in the automobile industry, where output of civilian products was discontinued in early February, is apparently being effected much more rapidly than had been anticipated earlier.

There were further increases in output at cotton textile mills and at chemical factories, reflecting an increasing amount of work on military orders. At meatpacking establishments activity was maintained near the high rate reached in January. Shoe production increased by less than the usual seasonal amount. Anthracite production rose sharply in February and bituminous coal production was maintained near the high rate of other recent months. Output of crude petroleum, which had been at record levels in December and January, declined somewhat in the latter part of February and in the first half of March, reflecting transportation difficulties.

CONSTRUCTION

Value of construction contract awards increased considerably in February, according to figures of the F. W. Dodge Corporation, owing mainly to a sharp rise in awards for public projects. Total awards in February were half again as large as last year, and public awards were about three times as large.

In nonresidential building, awards for public projects increased materially, while those for private projects continued to decline. There was a slight rise in awards for public utility construction.

In residential building, contracts for private work changed little from January, while those for publicly-financed projects increased sharply and amounted to about half of the total for the first time on record. For the past six months there has been a noticeable shift in privately-financed housing activity from building for owner-occupancy to building for sale or rent; in February, awards for the former constituted only about one-fifth of the small-homes total. This shift is attributable mainly to the activity in defense areas and to legislation enacted last spring making possible the insurance of mortgages taken out by builders.

DISTRIBUTION

Value of retail trade continued large in February. Sales at general merchandise stores and variety stores increased more than seasonally, while sales at department stores declined. In the first half of March department store sales increased by about the usual seasonal amount.

Freight-car loadings, which in January had been unusually large for this time of year, declined somewhat in February owing to smaller shipments of coal, grain, and miscellaneous freight.

COMMODITY PRICES

Wholesale prices continued to advance from the middle of February to the middle of March, particularly those for finished consumer goods such as meats, fruits and vegetables, shoes, clothing, and household items. Temporary maximum price orders were issued covering wholesale prices of some of these products, including pork, canned fruits and vegetables, finished cotton and rayon fabrics, cotton rugs, and bedding equipment. These orders, according to statute, used as maximums the prices prevailing within five days prior to issuance. They are effective for only 60 days and may be replaced by regular schedules.

TREASURY FINANCING AND BANK CREDIT

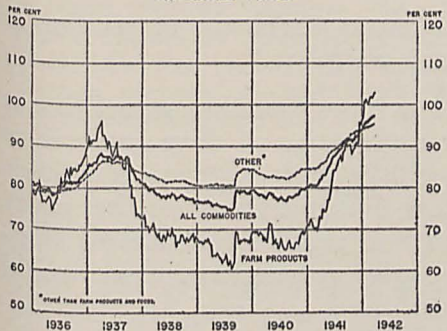
In March income tax receipts by the Treasury for the first time reflected the higher schedule of rates. The effect of these receipts on the money market was largely offset by redemption of Treasury bills previously issued to mature during the tax collection period, by tax-anticipation notes turned in on payment of taxes, and by continued heavy Treasury expenditures. As a consequence a record volume of Treasury operations was effected with little influence on conditions in the market. Excess reserves of member banks showed no large change and on March 18 amounted to about \$3.2 billion.

United States Government obligations held by member banks in leading cities showed little change during the first three weeks of March following a sharp rise in February. Commercial loans increased further.

UNITED STATES GOVERNMENT SECURITY PRICES

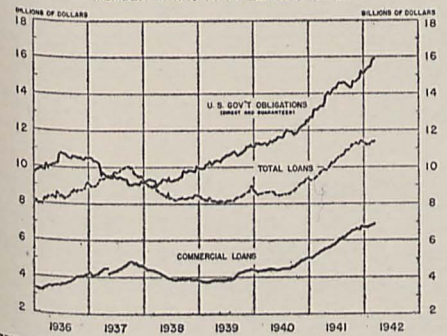
Prices of United States Government bonds advanced steadily from the middle of February to the middle of March. Long-term taxable bonds yielded 2.35 per cent compared with an average of 2.39 per cent in February. Prices of short-term securities have held steady since the first of the year, with Treasury bills selling at around .20 per cent.

WHOLESALE PRICES



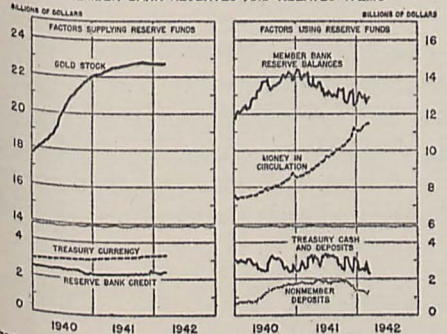
Bureau of Labor Statistics' weekly indexes, 1926 average = 100. Latest figures shown are for week ending March 21, 1942.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported. Latest figures shown are for March 11, 1942.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures. Latest figures shown are for March 11, 1942.

THERE MUST NOT BE A LET-DOWN IN SALES OF DEFENSE SAVINGS BONDS

General Douglas MacArthur, in assuming command of the Allied Forces in the Far East, said in part:

FOR DEFENSE



"I have every confidence in the ultimate success of our joint cause. But success in modern war requires something more than courage and willingness to die. It requires careful preparation.

"This means the furnishing of sufficient troops and sufficient materiel to meet the known strength of the potential enemy. No general can make something of nothing.

"My success or failure will depend primarily on the resources which the respective governments place at my disposal. My faith in them is complete."

That statement emphasizes a condition that requires speed, speed and more speed in converting our tremendous resources into airplanes, tanks, guns, and ships and the transportation of those implements of war to the places of action where their use by our fighting forces will be most effective in administering a disastrous defeat to the enemy. The need is urgent; the task is difficult. It means that every individual must do his utmost and make whatever sacrifices are necessary to protect our national security. In performing that duty we must not spare time, energy, or money for none of these would have value without liberty and freedom of action.

An essential factor in that effort is providing the funds to pay for the materials produced. The President has estimated that war expenditures during the fiscal year ending June 30, 1943, will rise to 56 billion dollars, and only a part of that enormous sum can be raised through taxation. The remainder, of course, must be obtained by borrowing, but so far as possible, it should be provided by the public out of current income, as that method of borrowing will create the least disturbance to our economy. That means that sales of Defense Savings bonds must rise to higher and higher levels as war expenditures increase and as national income expands.

Prior to December, 1941, sales of Defense Savings bonds had averaged less than \$300,000,000 per month, but after Pearl Harbor sales rose sharply and exceeded a billion dollars in January this year. Sales declined to about \$700,000,000 in February, and amounted to only \$300,000,000 in the first half of March. While this decline may be attributable in part to the need of individuals for funds to pay the quarterly instalment of income taxes due this month, it does not constitute a valid reason for individuals to diminish their purchases of Defense Savings bonds. Even higher taxes must be paid at the same time that more Defense Savings bonds must be bought. It does emphasize the need for budgeting savings on a monthly basis so as to provide funds for paying taxes as well as buying Defense Savings bonds.

In recent months, more and more business institutions have been inaugurating the voluntary payroll deduction plan so that their employees may set set aside regular amounts each pay day for the purchase of Defense Savings bonds, and it is estimated that more than one-half of all persons working in trade and industry have that method for buying Defense Savings bonds available to them. To discharge our full responsibility to the Government and to the men in our fighting forces, it is essential that every person save something each month for investment in Defense Savings bonds and that that amount should be as large as individual circumstances will permit.

There must not be a let-down in the sale of Defense Savings bonds! MAKE PAY DAY BOND DAY!