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DISTRICT SUMMARY

Production of crude petroleum and refinery operations in the Eleventh District declined considerably during March, when shortages of transportation facilities restricted the movement of crude oil and refined products from this area to other sections of the country. Proration authorities made a further reduction in allowables for the production of crude oil in Texas for April. Drilling operations continued to decline and the rate of well completions during March was 40 per cent smaller than in the final quarter of 1941. In contrast with the curtailment of operations in the petroleum industry, building activity remained in large volume, due largely to the construction of projects for military purposes. Operations at lumber mills were well sustained and unfilled orders continued to expand. Activity at cotton textile mills in Texas increased seasonally, and the volume of cotton consumed exceeded that in March, 1941, by 7 per cent. The value of department store sales in this district during March was at the highest level of record for that month. The distribution of merchandise through wholesale channels during March exceeded that in the corresponding month of 1941 by 15 per cent.

BUSINESS

Consumer buying at retail trade establishments in this district continued in heavy volume during March, apparently reflecting in part fears of shortages of some commodities and in part large pre-Easter purchases. At reporting department stores, sales increased by more than the average seasonal amount and exceeded those in March, 1941, by 15 per cent. This bank's index of department store sales, which is adjusted for average seasonal changes and the variable date of Easter, rose from 127 per cent of the 1923-1925 average in February to 133 per cent in March. During the fore part of April department store trade, as represented by sales at weekly reporting firms, was below that in the corresponding period a year earlier, due apparently to the fact that Easter fell one week earlier this year than in 1941. Nevertheless, the total volume of pre-Easter business during 1942 was well above that of a year ago. The value of department store sales during the first quarter of 1942 averaged 18 per cent greater than in that period last year. It is significant to note that, on the basis of the retail price index compiled by *Fairchild Publications*, most of the gain in dollar sales thus far in 1942 as compared with a year ago is accounted for by higher prices.

Stocks of merchandise at reporting department stores were increased further during March, and at the month-end inventories were valued 36 per cent higher than on the corresponding date a year earlier. The seasonally adjusted index of department store stocks stood at 98 per cent of the 1923-1925 average for March as against 72 per cent for March, 1941.

The business of reporting wholesale firms in eight lines of trade in this district was well sustained in March, though the gain over the corresponding month a year earlier was somewhat smaller than that recorded during the first two months of the current year. The narrowing of the spread as compared with a year ago may be accounted for in part by a slowing down in sales of groceries at wholesale. During the first quarter of 1942, sales at all reporting wholesale firms averaged about one-fifth higher than in that period of 1941. Among the individual lines of trade pronounced increases occurred in the distribution of drugs, groceries, hardware, and surgical equipment. Sales of electrical goods and tobacco and tobacco products during the three-month period were moderately smaller

than a year earlier. Inventories of merchandise at reporting firms were increased slightly further in March, and at the month-end their value was about 15 per cent higher than a year ago, reflecting in substantial part increased prices.

Employment and payrolls in nonagricultural businesses in Texas, as reported by the Bureau of Business Research of the University of Texas, showed little change from February to March, as slight declines at manufacturing establishments were offset by gains in nonmanufacturing trades, including quarrying, public utilities, retail trade, and hotels. In comparison with March, 1941, employment for the State as a whole was 19 per cent higher and payrolls were up 46 per cent. Since the beginning of the National defense program in June, 1940, the number of persons employed in nonagricultural trades in Texas has increased by about one-fourth and payrolls have risen nearly 60 per cent.

The number and liabilities of business failures in the Eleventh District during March were much smaller than in the preceding month and the corresponding month of 1941. According to figures of Dun & Bradstreet there were 13 insolvencies in March with a total indebtedness of \$133,000. During the first quarter of 1942, liabilities of defaulting firms were less than one-half those in the corresponding period a year earlier.

AGRICULTURE

Dry weather during March caused a further deterioration in livestock ranges and retarded crop growth and field operations. However, heavy rains throughout most of the district during the first half of April relieved the deficiency in surface moisture, stimulated the growth of early planted crops, and checked insect damage to small grains. The rains also stimulated the germination of early planted seed, resulting in better stands of cotton and corn in south and central Texas. Seeding of summer crops in those areas where operations had been delayed because of poor moisture conditions is expected to make rapid progress. The growth of commercial vegetable crops in the truck growing area of south Texas showed a noticeable improvement during the first half of April.

Although small grain crops in large areas of north and central Texas had suffered severe damage from insects and drouth prior to the end of March, considerable improvement occurred following the abundant rainfall during the fore part of April. Nevertheless, much acreage seeded to small grains had already been plowed for planting to other crops. On the basis of April 1 conditions, the Department of Agriculture estimated that 37,842,000 bushels of wheat would be harvested in Texas during 1942, but in view of the improvement that has recently taken place in crop prospects the next forecast may be revised upward. Physical conditions in the heavy wheat producing area of northwest Texas have been generally favorable throughout the season, and the larger prospective crop in that area largely accounts for the expected 10,700,000 bushel increase over the 1941 harvest in the State's wheat production. The condition of wheat in Texas on April 1 was placed at 78 per cent of normal, which indicates an average per acre yield of 10.5 bushels as against 6.9 bushels in 1941. The indicated production of wheat in Oklahoma was placed at 55,600,000 bushels on April 1, which compares with a 1941 harvest of 48,600,000 bushels.

According to the Department of Agriculture's March 1 survey of intentions to plant, farmers in the five states wholly or partially included in the Eleventh District indicated that they

would utilize approximately 29,400,000 acres of farm land during 1942 in the production of eleven principal summer crops other than cotton. If that acreage is utilized, it will exceed the 1941 total by 134,000 acres and will be 5,000,000 acres in excess of the 1930-1939 average. In Texas, farmers estimated that they would utilize 17,800,000 acres in the production of these crops, which would be an increase of 4 per cent over the area planted a year earlier and a gain of 35 per cent as compared with the ten-year average. Among the individual crops, it is estimated that as compared with a year ago larger acreages will be planted to corn, oats, barley, rice, Irish potatoes, tame hay and legume crops. The indicated acreage to be planted to grain sorghums is about 6 per cent smaller than the 1941 seedings.

The condition of livestock ranges in this district, which had shown a further decline in March, responded favorably to the improved moisture conditions during the first half of April. Additional rains are needed, however, in portions of the Edwards Plateau and Trans-Pecos areas in order to sustain the growth of range feed. The sharp deterioration in ranges that had taken place during the initial three months of 1942 necessitated widespread supplemental feeding to sustain livestock. Although feed supplies in most areas were depleted, cattle emerged from the winter in strong condition and in above-average flesh. On the other hand, sheep are thin and death losses among spring lambs have been heavy. According to the Department of Agriculture, contracting for cattle and calves, which had been slow prior to April 1, showed a noticeable upturn during the subsequent two weeks. Marketings of livestock in Texas during February, 1942, numbered 200,000 head as against 160,000 head in that month a year earlier.

FINANCE

On March 26, 1942, the President of the United States issued an Executive Order authorizing the War Department, Navy Department, and Maritime Commission to guarantee loans made by financing institutions to contractors, sub-contractors, and others engaged in operations deemed by the War Department, Navy Department, or Maritime Commission to be necessary, appropriate, or convenient for the prosecution of the war, or to enter into contracts to make, or to participate with financing institutions, including Federal Reserve banks, in making

WHOLESALE AND RETAIL TRADE STATISTICS

Retail trade:	Number of reporting firms	Percentage change in:				
		Net sales		Stocks†		
		March, 1942 from 1941	February, 1942	Jan. 1, to Mar. 31, 1942 from 1941	March, 1942 from 1941	
Department stores:						
Total 11th Dist.	48	+15	+28	+18	+36	+10
Dallas.	7	+14	+20	+13	+27	+ 8
Fort Worth.	4	+15	+29	+22	+36	+ 7
Houston.	7	+18	+36	+20	+40	+10
San Antonio.	5	+18	+28	+24	+40	+13
Shreveport.	3	+23	+28	+28	....	....
Other cities.	22	+11	+31	+15	+48	+12
Independent stores:*						
Arizona.	242	+15	+12	+15	....	....
New Mexico.	181	+ 1	+18	- 1	....	....
Oklahoma.	511	+ 5	+21	+ 6	....	....
Texas.	1,136	+11	+20	+ 7	....	....
Wholesale trade:*						
Machinery, eqpt. & supplies.	4	+20	- 3	+ 6	....	....
Automotive supplies	3	- 4	No chg.	+ 4	....	....
Drugs (incl. liquors).	10	+ 9	+ 5	+13	+20	+ 6
Electrical supplies.	4	- 4	+ 3	- 6	....	....
Groceries.	25	+16	+ 1	+27	+27	+ 6
Hardware.	16	+23	+ 6	+27	+ 4	+ 2
Surgical eqpt.	5	+13	+ 1	+23	+14	+ 6
Tobacco & products.	4	- 9	- 4	- 2	....	....

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

†Stocks at end of month

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

	March 1942	February 1942	January 1942	March 1941
Sales (daily average):				
Without seasonal adjustment.	129	108	122	112
With seasonal adjustment.	133	127	161	118
Stocks (end of month):				
Without seasonal adjustment.	101	91r	82	74
With seasonal adjustment.	98	95r	94	72

r-Revised.

loans, discounts, or advances, or commitments in connection therewith, for such purposes.

This bank, which has been designated by the Secretary of the Treasury as a fiscal agent of the United States for the purpose of carrying out any authority granted to it by, or pursuant to, the Executive Order, will cooperate and assist in every possible way in carrying out the provisions of the Executive Order in accordance with the regulations of the Board of Governors of the Federal Reserve System and the instructions of the War Department, Navy Department, or Maritime Commission. It is contemplated that the new plan of financing will not in any manner take the place of normal extensions of credit by commercial banks and that such banks will continue to grant credit to the fullest possible extent in the prosecution of the war, just as they have done in the past. However, when additional financing is necessary for additional production, this bank will arrange loans and guarantees wherever it is believed that they will contribute to the obtaining of maximum war production expeditiously. Efforts will be made to arrange such financing, where practicable, including direct and participating loans, through commercial banks, whether or not members of the Federal Reserve System, or through the Federal Reserve Bank under the provisions of Section 13-b of the Federal Reserve Act, without any loan or guarantee or participation therein by the War Department, Navy Department, or Maritime Commission. Where the assets of the applicant are not sufficient to justify a loan by a commercial bank, by the Federal Reserve Bank, or by other lending agencies under normal credit standards, steps will be taken to arrange for a guarantee by the War Department, Navy Department, or Maritime Commission.

The reserve balances of member banks in this district, after declining during the last half of March, rose substantially during the first half of April, reaching a new all-time peak of \$323,557,000 on April 14. On the following day, however, there was a decline of \$15,623,000 reflecting largely payments in cash for allotments of the new issue of Treasury Certificates of Indebtedness and Treasury withdrawals from its accounts at depository banks.

Federal Reserve notes of this bank in actual circulation again rose to a new peak of \$145,626,000 on April 3, due to heavy month-end and pre-Easter demands, but the return flow of currency from circulation had reduced the total circulation on April 15 to \$142,441,000, which was \$2,231,000 higher than a

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

	January, 1942			Total receipts	
	Receipts from:		Government payments	January 1942	January 1941
	Crops	Livestock*		January 1942	January 1941
Arizona.	8,165	2,548	577	11,290	7,191
Louisiana.	5,285	6,859	622	12,766	9,201
New Mexico.	2,210	1,813	388	4,411	3,672
Oklahoma.	7,477	11,222	1,974	20,673	15,552
Texas.	27,867	23,478	8,440	59,785	43,903
Total.	51,004	45,920	12,001	108,925	79,519

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

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	March 1942	March 1941	February 1942	March 1942	March 1941	February 1942
Cattle.	49,868	33,175	38,795	17,736	13,589	15,748
Calves.	19,835	16,390	15,122	18,183	13,340	13,275
Hogs.	60,626	53,837	50,923	13,469	14,171	10,862
Sheep.	77,967	45,439	37,599	9,951	7,994	7,899

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	Fort Worth			San Antonio		
	March 1942	March 1941	February 1942	March 1942	March 1941	February 1942
Beef steers.	\$12.50	\$11.50	\$12.00	\$11.25	\$10.00	\$11.00
Stocker steers.	12.00	11.00	11.50	....	....	....
Heifers and yearlings.	12.85	11.50	12.75	12.00	10.50	13.25
Butcher cows.	9.25	7.50	9.25	9.25	7.50	9.00
Calves.	12.50	10.50	12.50	12.00	11.00	11.75
Hogs.	13.65	8.00	13.10	13.15	7.75	12.75
Lambs.	13.00	11.75	12.00	11.25	8.25	12.00

month earlier and \$42,874,000 above that on April 15, 1941. In response to the Treasury offering of an issue of 1/2 per cent Treasury Certificates of Indebtedness in the amount of \$1,500,000,000, this bank received subscriptions totaling \$47,634,000 against which allotments of \$24,526,000 were made. Subscriptions up to \$25,000 were allotted in full and other subscribers received allotments of 48 per cent of subscriptions, with a minimum of \$25,000. This issue, which was dated April 15, will mature on November 1, 1942.

The investments of weekly reporting member banks in this district rose to a new peak of \$347,825,000 on April 15, which was \$11,000,000 larger than five weeks earlier, and \$74,300,000 greater than on the corresponding date of 1941. During the five-week period ended April 15, these banks increased their holdings of Treasury bills by \$5,200,000 and purchased \$13,500,000 of the new issue of Treasury Certificates of Indebtedness dated April-15. These additions were partially offset by reductions in holdings of other classes of securities. Total loans at these banks declined \$4,500,000 during the five weeks ended April 15 due chiefly to reductions in loans for commercial, industrial and agricultural purposes. "All other" loans, which include personal and instalment loans, declined further by \$940,000 during the five-week period. Total loans and investments at these banks on April 15 amounted to \$702,000,000, representing increases of \$6,500,000 during the five weeks and \$110,500,000 during the past year.

Total deposits at reporting banks increased further by \$12,900,000 between March 11 and April 15, and on the latter date were \$130,000,000 higher than a year earlier. The adjusted demand deposits of these banks declined moderately from the all-time peak established on March 11, but this decrease was more than counterbalanced by increases in interbank and United States Government deposits.

INDUSTRY

In order to conserve materials and equipment urgently needed in the war effort and to release labor for more essential activities, the War Production Board on April 9 issued an order providing that no construction except for maintenance and repair work may be started without permission if its estimated cost exceeds a specified maximum amount for various types of building, ranging from \$500 to \$5,000. Specific types of construction that are exempt from the order include: (1) projects for the Army, Navy, Coast Guard, Maritime Commission, and certain other agencies of the Federal Government, (2) projects to restore residential property damaged or destroyed by some means beyond the control of the owner, and (3) projects of the type under the jurisdiction of the National Petroleum Coordinator covering the production and distribution of crude oil. Although the order will have the effect of curtailing construction work, prospects indicate that activity in the building industry as a whole may be fairly well sustained during the next few months under the impetus of construction contracts to be awarded for war purposes.

As in other recent months, construction during March of projects for use directly or indirectly in the war effort represent a significant proportion of the activity in the building industry of this district. Publicly-financed construction, a major portion of which represents construction for military purposes, accounted for approximately three-fourths of the total value of all building contracts awarded during the month. The value of awards, which amounted to \$47,000,000, was 9 per cent greater than in February and more than double that in the corresponding month last year. During the first quarter of 1942, the value of construction contracts awarded in this district reached an all-time peak of \$113,200,000, which was 71 per cent greater than in that period of 1941. During the three-month period, the value of awards for projects incident to the war effort accounted for more than 50 per cent of the total, and closely approximated the value for all construction

work initiated during the first quarter of 1941.

Operations in the petroleum industry in this district were curtailed sharply in March, reflecting the effects of shortages in transportation facilities to move crude petroleum and refined products from the Gulf Coast to the Atlantic Seaboard. Since stocks of crude oil and gasoline in this district continued to

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

	April 15, 1942	April 15, 1941	March 15, 1942
Total cash reserves	\$410,122	\$323,408	\$308,105
Discounts for member banks	147	53	103
Industrial advances	230	277	238
United States Government securities	89,027	88,046	87,797
Total earning assets	89,404	88,376	88,138
Member bank reserve deposits	307,934	253,164	316,625
Federal Reserve notes in actual circulation	142,441	99,567	140,210

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

	April 15, 1942	April 16, 1941	March 11, 1942
Total loans and investments	\$702,208	\$591,731	\$695,683
Total loans	354,883	318,252	358,886
Commercial, industrial and agricultural loans	251,599	217,451	255,433
Open market paper	3,204	2,093	2,460
Loans to brokers and dealers in securities	3,977	3,259	4,637
Other loans for purchasing or carrying securities	12,438	11,819	12,244
Real estate loans	21,787	23,774	21,680
Loans to banks	277	532	391
All other loans	61,101	59,324	62,041
United States Government direct obligations	245,737	175,396	233,875
Obligations fully guaranteed by United States Govt.	37,746	36,481	38,169
Other securities	64,342	61,602	64,753
Reserves with Federal Reserve Bank	190,781	159,032	190,187
Balances with domestic banks	310,205	321,270	302,910
Demand deposits—adjusted*	642,285	556,362	645,293
Time deposits	130,473	137,382	129,582
United States Government deposits	52,176	27,261	44,185
Interbank deposits	326,314	300,363	319,293
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.

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
March, 1940	\$1,350,015	\$235,036	\$782,012	\$129,589	\$568,003	\$105,447	
March, 1941	1,529,028	244,006	879,948	136,089	649,080	107,017	
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	
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	
March, 1942	1,804,123	227,091	1,036,318	126,307	767,805	100,784	

DEBITS TO INDIVIDUAL ACCOUNTS
(In thousands of dollars)

	March 1942	March 1941	Pctg. change over year	February 1942	Pctg. change over month
Abilene	\$ 12,636	\$ 14,297	- 12	\$ 12,445	+ 2
Austin	62,514	33,773	+ 85	41,175	+52
Beaumont	33,917	28,202	+ 20	32,413	+ 5
Corsicana	4,736	3,701	+ 28	4,155	+14
Dallas	367,002	303,792	+ 21	354,133	+ 4
El Paso	46,495	44,647	+ 4	41,911	+11
Fort Worth	119,960	87,700	+ 37	109,990	+ 9
Galveston	33,469	28,149	+ 19	26,671	+25
Houston	344,537	278,724	+ 24	322,120	+ 7
Port Arthur	14,245	9,914	+ 44	13,061	+ 9
Roswell	6,176	4,579	+ 35	4,665	+32
San Antonio	98,989	84,433	+ 17	89,943	+10
Shreveport	62,134	52,718	+ 18	58,500	+ 6
Texarkana*	29,171	8,800	+231	26,451	+10
Tucson	17,337	15,342	+ 13	15,419	+12
Tyler	12,398	11,393	+ 9	12,750	- 3
Waco	21,104	16,556	+ 27	19,078	+11
Wichita Falls	19,988	17,750	+ 13	20,078	- 0.4
Total	\$1,306,808	\$1,044,470	+ 25	\$1,204,958	+ 8

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

SAVINGS DEPOSITS

	Number of reporting banks	March 31, 1942		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	Mar. 31, 1941	Feb. 28, 1942
Beaumont	3	10,325	\$ 4,241,659	- 1.1	+ .4
Dallas	8	90,167	24,992,776	- 6.5	- .7
El Paso	2	18,382	6,790,937	-19.4	- 1.2
Fort Worth	3	33,218	12,340,160	- 6.0	- .9
Galveston	4	18,303	10,800,746	-11.6	- .4
Houston	10	74,720	30,834,697	- 5.3	- 1.1
Lubbock	3	1,387	645,010	- .9	- .7
Port Arthur	2	5,444	3,005,900	- 7.1	+ .9
San Antonio	5	22,909	17,406,433	- 3.4	- 1.1
Shreveport	3	25,702	11,976,491	- 3.2	- .2
Waco	3	7,342	4,062,839	-10.1	- .5
Wichita Falls	3	7,129	3,331,285	- 7.8	- 1.6
All others	64	53,218	27,322,187	- 9.2	- .7
Total	113	368,246	\$157,651,120	- 7.1	- .8

expand, the April production allowables were reduced sharply further to bring about a better alignment between supply and demand. In Texas, proration authorities ordered eighteen shut-down days for a majority of producing fields, which indicates that daily average production in that State may be the lowest for any month since the Mid-Continent shutdown in August, 1939.

During March, the rate of crude oil production in the Eleventh District was reduced to a level 7 per cent below that in March, 1941. Although refinery operations were curtailed, activity remained at a moderately higher level than a year ago. In the United States, daily average petroleum production and crude oil runs to refinery stills declined from February to March, due chiefly to the marked curtailment in operations in the Eleventh District, but activity in both branches of the industry was maintained at about the same level as in the corresponding month a year earlier. In contrast with further gains in stocks of crude oil and gasoline in this district during March, inventories on the East Coast continued to decline. Although the inter-district movement of crude oil and gasoline has been curtailed, available data indicate that shipments of fuel oils were stepped up during March to meet the unprecedented demand created by the expanding volume of industrial production, increased requirements for railroad and marine transportation and for military purposes. In Texas, stocks of fuel oil declined 19 per cent between February 28 and April 4, but at the same time inventories were reduced further by 1,660,000 barrels on the East Coast where the supply situation is critical. Since the beginning of 1942, stocks of fuel oil on the East Coast have been reduced 6,700,000 barrels, or by more than one-half. In an attempt to improve the supply situation in that area, the National Petroleum Coordinator has requested East Coast refiners to increase yields of fuel oil at the expense of gasoline, and has urged increased shipments of fuel oils into that area by railroad tank cars and ocean tankers.

Drilling activity in this district and in the United States showed a further pronounced drop during March, the daily average number of wells completed being about 27 per cent less than in March, 1941. In both this district and the United States the number of drilling rigs in place at the beginning of April showed little change from that a month earlier, which may indicate drilling operations are beginning to stabilize at the lower level.

BUILDING PERMITS

	March, 1942		Percentage change valuation from		Jan. 1 to Mar. 31, 1942		Percentage change valuation from 1941	
	No.	Valuation	Mar., 1941	Feb., 1942	No.	Valuation		
Abilene.....	53	\$ 84,535	- 68	- 17	146	\$ 284,654	- 27	
Amarillo.....	63	183,060	+ 1	+ 96	121	324,211	- 41	
Austin.....	122	447,425	+ 1	+ 55	382	984,947	- 39	
Beaumont.....	191	245,767	+ 62	- 23	513	731,937	+ 34	
Corpus Christi.....	165	262,382	- 72	- 78	552	1,813,439	- 49	
Dallas.....	769	659,894	- 38	- 27	2,098	3,998,630	+ 29	
El Paso.....	70	933,758	+348	+ *	215	1,132,417	+58	
Fort Worth.....	396	834,094	+ 46	+ 86	884	1,775,021	+25	
Galveston.....	129	237,715	- 60	+ 55	337	580,338	- 27	
Houston.....	411	1,486,210	- 43	+ 6	1,325	4,367,635	- 23	
Lubbock.....	165	851,453	+278	+ 51	455	1,600,032	+96	
Port Arthur.....	44	44,633	- 40	- 35	191	178,306	- 33	
San Antonio.....	1,006	776,225	+ 63	+ 7	2,477	2,079,798	+ 7	
Shreveport.....	145	416,272	+ 54	+ 127	329	872,638	- 2	
Waco.....	79	172,388	- 28	- 22	220	469,709	- 16	
Wichita Falls.....	48	144,155	- 29	+ 160	111	224,251	- 35	
Total.....	3,856	\$7,780,566	- 8	+ 15	10,356	\$21,417,963	- 8	

*Indicates change over 1000 per cent

VALUE OF CONSTRUCTION CONTRACTS AWARDED
(In thousands of dollars)

	March 1942	March 1941	February 1942	January 1942	January 1 to March 31 1941
Eleventh District—total...	\$ 47,000	\$ 21,774	\$ 42,981	\$113,190	\$ 66,123
Residential.....	10,846	7,916	18,564	39,515	23,929
All other.....	36,154	13,858	24,417	73,675	42,194
United States*—total.....	610,799	479,903	433,557	1,361,202	992,451
Residential.....	219,276	147,859	168,014	490,048	375,624
All other.....	391,523	332,044	265,543	871,154	616,827

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation;

The heavy demand for cotton textiles for military purposes and for civilian consumption continued unabated during March. Although the domestic output of cotton textiles, as measured by the volume of raw cotton consumed, reached a new all-time peak, reports indicate that the volume of goods being produced for civilian use declined further. The daily average rate of cotton consumption during March showed a moderate decline as compared with the preceding month, but the 966,600 bales consumed during the month was 13 per cent greater than in March, 1941, and slightly larger than the previous monthly peak established in October, 1941. The principal factors contributing to the unprecedented demand for cotton textiles include (1) Governmental requirements for military purposes, (2) reduced imports of cotton substitutes, (3) increased needs for various types of industrial fabrics, (4) sharply increased civilian demands induced by expanding employment and payrolls.

Stocks of cotton at consuming establishments were increased further during March, and at the month-end the volume on hand represented more than a two month's supply at the March rate of consumption.

Cotton prices, which had been comparatively stable between February 15 and March 15, rose considerably during the three weeks ended April 9, the average price at the ten spot markets reaching a high of 20.47 cents per pound for middling, $\frac{1}{16}$ -inch staple cotton. Although a moderate decline occurred in cotton prices during the subsequent week, prices on April 15 averaged 20.19 cents per pound, which was about three quarters of a cent higher than a month earlier.

Total loadings of revenue freight by railroads in the Southwest during the first quarter of 1942 were at the highest level for that period in recent years, reflecting the heavy demand for agricultural and industrial products produced in that area. In comparison with the corresponding period of 1941, carloadings during the initial three months of the current year showed an increase of 18 per cent.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to March 31 This season	Last season	August 1 to March 31 This season	Last season
Cottonseed received at mills (tons).....	950,196	1,059,789	3,862,795	4,289,200
Cottonseed crushed (tons).....	882,897	992,848	3,490,272	3,710,416
Cottonseed on hand Mar. 31, (tons).....	94,493	82,688	503,052	617,626
Production of products:				
Crude oil (thousand lbs.)....	255,198	303,363	1,081,587	1,188,446
Cake and meal (tons).....	388,323	463,664	1,523,469	1,647,042
Hulls (tons).....	231,422	253,028	868,471	935,010
Linters (running bales).....	241,283	245,102	1,027,011	1,002,743
Stocks on hand March 31:				
Crude oil (thousand lbs.)....	9,973	22,464	30,373	69,591
Cake and meal (tons).....	90,992	64,550	338,711	245,397
Hulls (tons).....	79,665	91,541	160,821	197,865
Linters (running bales).....	36,513	69,429	125,153	257,578

SOURCE: Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	March 1942	March 1941	February 1942	August 1 to March 31 This season	Last season
	Consumption at:				
Texas mills.....	22,567	21,157	18,828	159,039	151,080
United States mills.....	966,631	854,767	893,745	7,246,739	6,071,641
U.S. stocks—end of month:					
In consuming estab'nts.	2,651,614	1,912,750	2,579,789		
Public stg. & compresses.	11,352,967	13,244,740	12,213,134		

CRUDE OIL PRODUCTION—(Barrels)

	March, 1942		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Mar., 1941	Feb., 1942
North Texas.....	7,092,650	228,795	+ 23,329	- 6,943
West Texas.....	6,508,850	209,963	- 27,629	-103,374
East Texas.....	12,067,300	389,268	- 72,198	- 88,594
South Texas.....	5,658,800	182,542	- 25,692	- 47,471
Texas Coastal.....	7,992,000	257,806	+ 3,695	- 51,069
Total Texas.....	39,319,600	1,268,374	- 98,495	-297,451
New Mexico.....	2,841,150	91,650	- 14,985	- 28,800
North Louisiana.....	2,510,700	80,990	+ 10,748	+ 80
Total district.....	44,671,450	1,441,014	-102,732	-326,161

SOURCE: American Petroleum Institute weekly reports.

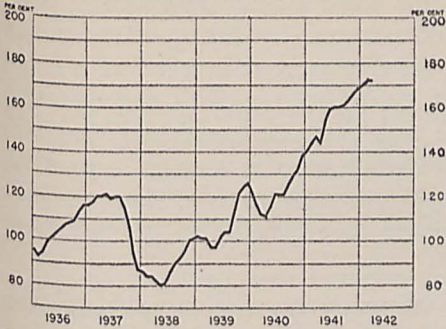
MONTHLY BUSINESS REVIEW

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NATIONAL SUMMARY OF BUSINESS CONDITIONS

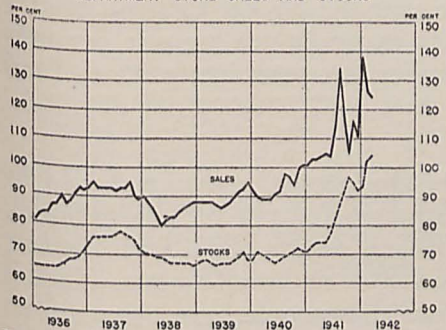
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



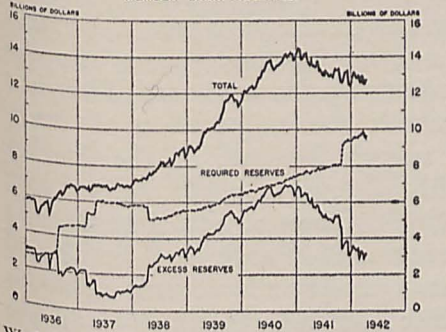
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for March, 1942.

DEPARTMENT STORE SALES AND STOCKS



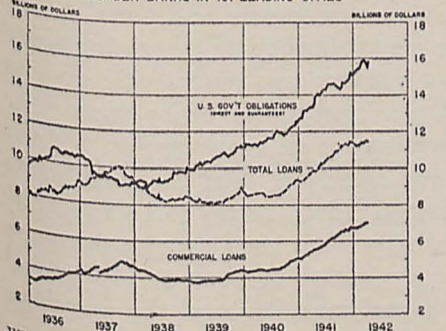
Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for March, 1942.

MEMBER BANK RESERVES



Wednesday figures. Required and excess reserves, but not the total, are partly estimated. Latest figures shown are for April 8, 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 April 8, 1942.

Industrial activity continued at a high rate in March and the first half of April. Distribution of commodities to consumers was maintained in large volume and commodity prices advanced further.

PRODUCTION

Volume of industrial production increased seasonally in March and the Board's adjusted index remained at 172 per cent of the 1935-39 average. Output of durable manufactured products, now mostly war materials, continued to advance, reflecting mainly increased activity in the iron and steel, machinery, aviation, and shipbuilding industries. Production of lumber and cement, which had been maintained at unusually high levels during the winter months, increased less than seasonally in March.

In most industries manufacturing nondurable goods activity was sustained at earlier high levels. In some, however, notably wool textiles and petroleum refining, there were declines owing to restrictions on production for civilian use and, in the case of petroleum products, to transportation difficulties. Mineral production declined in March and the first half of April, reflecting sharp curtailment in output of crude petroleum. Coal production, which usually declines at this season, was maintained in large volume. The Great Lakes shipping season opened in the latter part of March and the first boatload of iron ore reached lower Lake ports 12 days earlier than the record set last year. Shipments during the coming season are expected to exceed considerably the total of 80 million gross tons brought down the Lakes last year.

Value of construction contract awards continued to increase in March according to figures of the F. W. Dodge Corporation, and the level of the first quarter of 1942 was the highest in recent years, being some 30 per cent above that of the corresponding period last year. Awards for public work amounted to close to 80 per cent of the total and in the residential field accounted for 52 per cent of the value of all projects. Publicly-financed contracts for factory construction showed a sharp increase, partly offset in the total by a decline in private factory construction.

On April 9 the War Production Board issued an order which required explicit permission of the Government for initiation of all new private construction involving expenditures in excess of specified small amounts and not covered by specific priority ratings.

DISTRIBUTION

Value of retail trade in March continued at the high level of other recent months, making allowance for customary seasonal changes. Sales at department and variety stores increased by somewhat less than the usual seasonal amount while sales by mail-order houses rose more than seasonally.

On the railroads total loadings of revenue freight were maintained in large volume in March and the first half of April. Shipments of coal and coke declined less than seasonally and ore loadings increased sharply, while grain shipments declined further from the peak reached in January. Loadings of miscellaneous merchandise, which had been unusually large in the preceding three months, increased less than seasonally.

COMMODITY PRICES

The general level of wholesale commodity prices advanced 1½ per cent further from the middle of March to the middle of April. Among manufactured products, finished consumers' goods, such as foods, clothing, and shoes, continued to show the largest price increases. Prices of most raw materials were unchanged or showed increases, which in a number of cases reflected the raising of Federal maximum price levels. There were declines in prices of wheat and of a few other commodities, including gasoline at Gulf ports and turpentine.

In retail markets maximum prices were fixed in this period for a number of electrical products, most of which will no longer be produced for civilian use after May 31. Prices of many other commodities and services advanced further.

BANK CREDIT

During the four weeks ending April 15 holdings of Government securities at banks in leading cities increased by nearly 700 million dollars, while commercial loans declined somewhat, following a rise in previous weeks. Changes in member bank reserves and deposits reflected principally the temporary effects of Treasury operations in connection with income tax collection and the sale of certificates of indebtedness. Money in circulation continued to increase.

UNITED STATES GOVERNMENT SECURITY PRICES

Following an advance from the mid-February low, prices of U. S. Government bonds remained relatively steady in the first half of April.

MEETING THE CHALLENGE

Sales of War Savings bonds in March, which amounted to \$565,000,000, showed a decline of about \$150,000,000 as compared with those in the short month of February, and were a little more than one-half of sales in January. The decline may be explained in part by heavy income tax payments made in March which constituted a drain upon the current income of a large segment of the population. Paying taxes is one way of contributing one's share to the war effort, but it is not the only one, and, in view of the task that confronts the country, it is not sufficient. Even high war-taxes are not enough to finance the war or to protect the country against inflation. It can not be too strongly urged that each of us conscientiously review again the possibility of helping still further to expand the sales of War Savings bonds, regardless of taxes.

FOR DEFENSE



This country is already making rapid strides in stepping up the output of war materials, but the War Production Board is moving swiftly to bring about the conversion of existing facilities to the production of war goods and to rush completion of new plants. It is vital that production be accelerated as much as possible so that the armed forces of this country, as well as those of our Allies, may have materials necessary for a vigorous prosecution of the war during the critical months ahead. The progress being made is suggested by the fact that Government expenditures for war purposes during March totaled \$2,800,000,000, or nearly double those in November last year, just prior to Pearl Harbor, and outlays in the first half of April were at a rate of more than \$100,000,000 per day, indicating that the total for the month may exceed \$3,000,000,000.

Our armed forces are fighting desperately to defend this country; the people at home should be willing to give them support and the least one can do is to purchase his full share of War Savings Bonds. In doing so, he will help to reduce inflation and thereby to protect purchasing power of his own income. The stepping up of war production has had its counterpart in the expansion of national income, which is now running at a rate in excess of 100 billion dollars annually. This means that people have more dollars to spend than ever before in the history of this country, yet the volume of goods that can be purchased is declining. The output of virtually all durable consumers' goods will have been stopped by the middle of this year and the production of many nondurable goods for civilian consumption is being curtailed in order to meet war requirements. In recent months, consumers generally have endeavored to protect their interest by anticipating their needs, but such a course becomes increasingly dangerous as supplies dwindle in volume. Each rush to buy the limited supply merely accentuates price advances. That is a problem which cannot be met entirely by the Government; it demands the coöperation of every individual consumer. If individuals attempt to spend their enlarged money incomes in the market places, the inevitable result will be that the value of incomes will diminish in terms of goods and services. The real means of meeting that problem is for consumers to adjust their purchases to actual needs, and divert the remainder of their salaries from the market places to the purchase of War Savings bonds and stamps. In that way, there can be a balancing of the volume of purchases against the volume of goods available for consumption. By so doing, the public can make significant contributions toward the financing of the war, the control of inflation, and the creation of a backlog of purchasing power for use in the post-war period.

Each individual and each business have important parts to play in this program and they should exert their maximum effort to make it effective. Each business has the responsibility of providing some type of payroll allotment plan so that employees may have facilities for regular and systematic savings and of providing the means by which those savings can be converted promptly and easily into War Savings bonds and stamps. The employees have the responsibility of developing an organization for the promotion of sales among themselves to the end that each employee will purchase War Savings bonds and stamps in proportion to his or her income, after allowances for individual circumstances and responsibilities. It is not enough that each employee simply make a token purchase—it is vital that he purchase bonds and stamps to the full extent of his ability. Thus, through the coöperation of both employer and employee, the slogan "MAKE PAY DAY BOND DAY" can assume a real meaning and the purchase of War Savings bonds will make a vital contribution to the financing of the war effort.

Let each individual meet his challenge as valiantly and as courageously as the defenders of Bataan and Corregidor!