

MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

Volume 27, No. 6

Dallas, Texas, August 1, 1942

This copy is released for publication in afternoon papers—July 31

DISTRICT SUMMARY

Divergent trends in business and industry continued to characterize developments in the Eleventh District during June and the early part of July. Production of war materials expanded further, reflecting the bringing of new plants into operation and progress with conversion operations at existing plants. The letting of numerous contracts for war projects maintained the value of awards near the peak level established in May, and the June volume was four times that in the corresponding month of 1941. The daily average crude oil production in this district increased further in June, but production allowables for July were reduced substantially. Crude oil stocks in this district increased 3 per cent during June to the highest level in about four years. Cotton consumption at Texas mills during June was larger than in any other month of the current season and exceeded that in June last year by 17 per cent. Sales at reporting department stores declined by more than the usual seasonal amount, but were about 7 per cent higher than in June last year. Developments in the agricultural and livestock industries during the past month reflected the varying effects of weather conditions, but on the whole crop prospects showed an improvement. Loans at weekly reporting member banks showed a further sharp decline during the four weeks ended July 8, but investments showed a sharp increase, reflecting purchases of short-term Government securities.

BUSINESS

The downward trend in consumer buying at department stores in the Eleventh District continued during June when sales declined by more than the usual seasonal amount. The dollar volume of sales was 10 per cent lower than in the preceding month but was 7 per cent larger than in the corresponding month of 1941. During the first half of July, sales of a smaller number of weekly reporting stores showed a gain of 3 per cent over that period last year.

In recent months, the ratio of cash sales to total sales has been increasing and the trend during June was even more pronounced. The increase in the proportion of cash sales has been accompanied by larger collections with the result that the outstanding accounts of department stores have declined sharply. The acceleration of collections during May, June and the first half of July reflected in part the efforts of customers to place their regular accounts on a current basis in conformity with the provisions of the amendment to Regulation W, which became effective on May 6, 1942. During the first half of 1942, the volume of regular accounts outstanding declined nearly 40 per cent to the lowest level since the summer of 1940. The amount of instalment accounts outstanding, which has been declining since last September, is now about one-third lower than the peak reached last fall and is about the same as in the early part of 1940. The ratio of collections during June on regular accounts outstanding at the beginning of the month rose to 52 per cent as compared with 45 per cent in May, 43 per cent in April, and 40 per cent in June, 1941. The ratio of June collections on instalment accounts outstanding on the first of the month amounted to 18 per cent, the same as in May, but somewhat higher than a year ago.

The dollar value of inventories of reporting department stores declined 3 per cent during June but was still 46 per cent higher than a year earlier. The reduction during June was smaller than the average seasonal amount with the result that the seasonally adjusted index of department store stocks rose further to 110 per cent of the 1923-1925 average. The volume of outstanding

orders, which had increased sharply between April, 1941, and March, 1942, declined by about one-half during the second quarter, and on June 30 was about one-sixth lower than a year earlier.

Merchandise distribution in wholesale channels, as reflected by sales of 75 firms in six lines of trade in the Eleventh District, rose 5 per cent from May to June and was 9 per cent larger than in June last year. In comparison with June last year, sales of wholesale drug firms were exceptionally heavy, while those of tobacco and tobacco products showed approximately the same year-to-year gain as in the previous month. On the other hand, distribution of electrical supplies declined sharply as compared with both the preceding month and the same month last year. Inventories of reporting wholesale firms declined further during June and at the end of the month were only slightly larger than on the corresponding date last year.

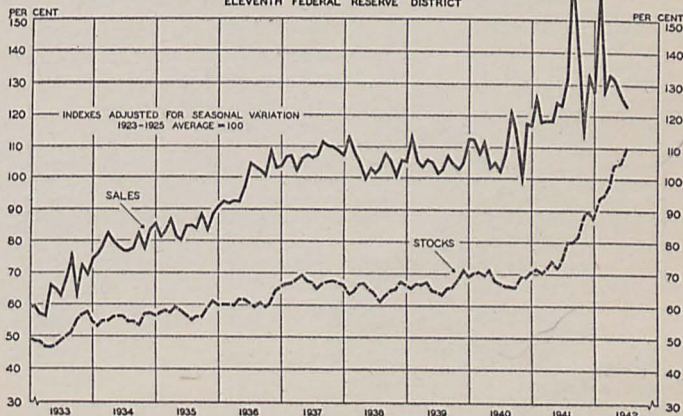
According to the report of Dun and Bradstreet, there were only 10 commercial failures in the Eleventh District during June as compared with 21 in May this year and in June last year. The indebtedness of defaulting firms declined from \$253,000 in May to \$210,000 in June, but the total in the latter month was nearly one-third higher than in the corresponding month last year.

AGRICULTURE

The wide variations in weather conditions over the Eleventh District were reflected in the continued uneven development of crops, but on the whole, farmers made rapid progress with field work and the condition of most crops showed a considerable improvement. During the early weeks of June, crop growth was retarded to some extent by excessive moisture in some areas and by dry weather in others, but late in June and in the first half of July, weather conditions were more favorable. Heavy rains in the southern third of Texas early in July, while causing considerable damage, were beneficial to growing crops. On the basis of the July 1 estimates of the Department of Agriculture, the production of most Texas crops will be greater than the 1930-1939 average and will about equal or exceed last year's harvest. Substantial increases in acreage were reported for cotton, corn, wheat, rice, tame hay and peanuts.

The harvesting of wheat has proceeded rapidly under generally favorable conditions, with operations nearing completion in most areas. Yields generally exceeded earlier expectations and the quality of the grain was excellent. The July 1 estimate of the Department of Agriculture placed wheat production in Texas at 47,280,000 bushels, which is the second largest crop of record and approximately 20,100,000 bushels above last year's harvest.

DEPARTMENT STORE SALES AND STOCKS
ELEVENTH FEDERAL RESERVE DISTRICT



While insects destroyed most of the wheat crop in north Texas, acreage abandonment in heavy producing sections of northwest Texas was less than usual and yields are well above the average. The problem of storage facilities for the new crop is very acute, and it has been necessary to resort to the use of all types of buildings and of pre-fabricated bins, and to piling grain in the fields. In Oklahoma, wheat production is estimated at 61,792,000 bushels, which is about 13,000,000 bushels above last year's harvest, and one of the State's largest crops.

The Texas oat crop, which had been damaged severely by insects and drouth during the winter and spring months, did not turn out as well as had been expected. The estimated production on July 1 was placed at only 11,837,000 bushels which was about one-half of the estimate a month earlier and less than one-third of last year's harvest. The condition of the Texas corn crop is spotty, due to delayed plantings, poor stands, and to damage caused by hot winds and drouth in some areas. Although the estimated production of 81,270,000 bushels is somewhat higher than last year's harvest of 73,875,000 bushels, the increase is due entirely to the 10 per cent increase in acreage. With excellent growing and harvesting conditions, the production of hay will exceed last year's harvest.

The Texas rice crop has made good growth and estimated production on July 1 was the largest of record and more than double the ten-year average harvest. The large crop reflects the marked expansion in acreage and the high prospective per acre yields. As a result of the Government's efforts to increase the production of peanuts for oil, it is indicated that the area for harvest amounts to 1,134,000 acres as compared with only 398,000 acres last year. Due to the good progress of the crop this season, the condition on July 1 was placed at 73 per cent of normal as compared with a ten-year average of 68 per cent.

The area of cotton in cultivation in Texas on July 1 this year was estimated by the Department of Agriculture at 8,525,000 acres which was 5 per cent larger than the acreage in cultivation a year earlier. The area planted to cotton declined steadily from 1937 to 1941 and the total in the latter year, which was the smallest since 1905, was one-third lower than four years earlier. The cotton acreage was 10 per cent larger than a year ago in Oklahoma and 2 per cent in Louisiana. The 13 per cent increase in the cotton acreage in New Mexico and Arizona is attributable largely to the expansion in the acreage planted to American Egyptian cotton. In the United States as a whole, the area of cotton in cultivation on July 1 was estimated at 24,005,000 acres, which is about 4 per cent higher than the acreage in 1941. The cotton crop in most sections of the district made

generally good growth during June and the first half of July and farmers were able to make rapid progress in ridding the fields of weeds and grass. The crop is nearing maturity in south Texas but much of the crop is later than usual in the eastern portion of Texas and in north Louisiana where planting was delayed on account of wet soil.

The condition of both cattle and sheep ranges declined by more than the average seasonal amount during June due to the deficiency of moisture in large areas of the range territory. The deterioration was most pronounced in Arizona, New Mexico, the Edwards Plateau, and the drouth area of southwest Texas. As a result of heavy rains early in July, which covered most of the previously dry area of southeast Texas and the Edwards Plateau, ranges in those sections are improving, but unsatisfactory conditions still prevail in other dry areas.

Cattle have remained in generally good flesh, although some shrinkage was reported in the previous drouth section of southwest Texas. The condition of sheep and lambs declined during June, reflecting poor grazing conditions in some areas and the effects of needle grass and stomach worm infestations.

The Department of Agriculture reported that the spring pig crop in Texas totaled 1,620,000 head, which was 52 per cent larger than in the spring of 1941 and the largest of record. The spring pig crop in the United States as a whole, which was estimated at 62,000,000 head, was 25 per cent larger than a year earlier.

FINANCE

Despite wide day-to-day fluctuations, the reserve balances of member banks in the Eleventh District were maintained at a high level during June and expanded sharply during the first half of July. On July 14 reserve balances reached an all-time peak of \$348,000,000, but on the following day there was a decline of \$26,000,000 when payments were made for purchases of the new issue of 2 per cent Treasury bonds dated July 15, 1942. Daily average reserve balances during the first half of July amounted to \$332,000,000, which was about \$14,000,000 higher than that for June, and \$89,000,000 above the average for the first half of July, 1941.

During the past year customer deposits at member banks in this district continued to expand at a substantial rate, reflecting in considerable part the effects of the large volume of funds expended in this district in connection with the war effort. During June the daily average of combined gross demand and time deposits of member banks in this district reached an all-time peak of \$2,083,000,000, which was \$286,000,000 above the average

WHOLESALE AND RETAIL TRADE STATISTICS

Retail trade: Department stores: Total 11th Dist. Dallas Fort Worth Houston San Antonio Shreveport Other cities Independent stores: Arizona New Mexico Oklahoma Texas Wholesale trade: Drugs (incl. liquors) . . . Electrical supplies . . . Groceries Hardware Surgical eq't. Tobacco & products . . .	Number of reporting firms	Percentage change in:					
		Net sales			Stocks †		
		June, 1942 from June, 1941	May, 1942	Jan. 1 to June, 30, 1942 from 1941	June, 1942 from June, 1941	May, 1942	June, 1942 from June, 1941
Total 11th Dist.	47	+ 7	-10	+ 9	+46	- 3	...
Dallas 7	7	+ 1	-14	+ 4	+37	- 5	...
Fort Worth 4	4	+ 8	-19	+ 9	+60	+ 2	...
Houston 7	7	+ 3	- 7	+10	+58	+ 1	...
San Antonio 4	4	+19	- 4	+18	+73	+ 4	...
Shreveport 3	3	+14	-10	+17	...	...	...
Other cities 22	22	+ 9	- 7	+ 8	+42	- 8	...
Independent stores: Arizona 240	240	+ 7	+ 3	+11	...	...	...
New Mexico 179	179	- 2	- 5	- 1	...	...	...
Oklahoma 513	513	- 6	- 2	- 2	...	...	...
Texas 948	948	+ 1	- 7	+ 4	...	...	...
Wholesale trade: Drugs (incl. liquors) . . . 14	14	+37	- 5	+18	+24	+ 8	...
Electrical supplies . . . 6	6	-27	-16	- 6	...	...	...
Groceries 32	32	+10	+ 8	+17	- 3	- 9	...
Hardware 13	13	+ 9	+12	+19	- 3	- 5	...
Surgical eq't. 5	5	+14	No chg.	+20	+10	- 1	...
Tobacco & products . . . 5	5	+17	+ 3	+ 4	...	...	...

*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)

	June 1942	May 1942	April 1942	June 1941
Sales (daily average):				
Without seasonal adjustment	109	126	127	110
With seasonal adjustment	123	126	131	123
Stocks (end of month):				
Without seasonal adjustment	103	106	108	70
With seasonal adjustment	110	105	104	75

CROP PRODUCTION—(In thousands of units)

Crop	Unit	Texas		Eleventh District	
		Estimated July 1, 1942	1941	Estimated July 1, 1942	1941
Winter wheat	Bushels	47,280	27,186	48,534	28,066
Corn	Bushels	81,270	78,875	94,887	87,759
Oats	Bushels	11,837	37,975	15,683	41,748
Barley	Bushels	4,934	9,750	18,109*	20,983*
Tame hay	Tons	1,547	1,330	2,095	1,907
Potatoes, Irish	Bushels	5,520	6,039	6,317	6,760
Potatoes, sweet	Bushels	5,100	5,400	12,143†	12,090†
Rice	Bushels	22,464	13,600	22,464‡	13,600‡

*Texas, Oklahoma, New Mexico, Arizona. †Texas, Oklahoma, Louisiana. ‡Texas only.
Other trade for Eleventh District derived from estimates by states.

SOURCE: United States Department of Agriculture.

CASH FARM INCOME FROM THE SALE OF PRINCIPAL FARM PRODUCTS (In thousands of dollars)

	April, 1942		Total receipts		
	Receipts from:		April	Jan. 1 to April 30	
	Crops	Livestock*	1942	1941	1942
Arizona	6,170	4,474	10,644	7,674	39,507
Louisiana	8,253	3,332	11,585	6,628	43,045
New Mexico	1,320	4,186	5,506	3,882	15,774
Oklahoma	3,236	14,476	17,712	10,519	68,331
Texas	17,483	51,229	68,712	41,857	206,126
Total	36,462	77,697	114,159	70,560	372,783
					235,482

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

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	June 1942	June 1941	May 1942	June 1942	June 1941	May 1942
Cattle	71,163	47,257	52,346	26,291	25,043	19,014
Calves	23,052	18,716	15,742	28,528	16,704	18,773
Hogs	59,447	35,427	60,804	11,131	9,577	11,083
Sheep	173,980	174,440	159,355	14,959	9,985	9,299

for June last year. Due to the expansion in customer deposits and the higher reserve requirements which became effective on November 1, 1941, the required reserves of member banks have also increased sharply during the past year. During June required reserves averaged approximately \$222,000,000, which was \$66,000,000 higher than in the corresponding month of 1941. Nevertheless, average excess reserves during June this year were at a new high level of approximately \$95,000,000.

The month-end demand for currency for use in handling payrolls, business transactions, and the public requirements over the Fourth of July holiday raised the actual circulation of Federal Reserve notes of this bank to a new peak of \$167,760,000 on July 6. The exceptionally large increase of approximately \$10,000,000 around the turn of the month reflected in part the effects of the initial payments to soldiers under the increased compensation schedule. While there was a moderate return flow of currency from circulation during the subsequent few days, the total circulation on July 15 was approximately \$8,000,000 higher than a month earlier, and \$58,000,000 above that at the middle of July last year. The net expansion in Federal Reserve note circulation during the first six and one-half months of 1942 amounted to approximately \$30,000,000, whereas, ordinarily a decline occurs during that period.

The investments of weekly reporting member banks in the Eleventh District, which had shown a gradual expansion throughout 1941, have increased sharply during the current year. The increase was exceptionally large during the four weeks ended July 8 when reporting banks added \$37,550,000 to their investment holdings. These purchases, consisting mostly of Treasury bills and Certificates of Indebtedness, served to increase substantially the banks' investments in short term Government securities. During the past year, the investments of these banks have increased \$110,000,000, but \$85,000,000 of that amount has occurred since the first of the current year. The loans of reporting banks continued to decline during the four weeks ended July 8. While the contraction occurred in virtually all classes of loans, it was exceptionally pronounced in advances for commercial, industrial and agricultural purposes and in "all other" loans, which includes personal and instalment loans. After remaining generally steady during the first quarter of this year, commercial, industrial and agricultural loans declined approximately \$20,000,000 between the end of March and July 8, but the total on the latter date was still approximately \$22,000,000 higher than a year earlier.

INDUSTRY

The volume of construction contracts awarded in the Eleventh District, which rose to an all-time peak in May, was maintained near that level during June, and the value of awards during the month, amounting to approximately \$87,400,000, was four times that in June last year. The high rate of activity in the building industry during May and June reflected the letting of numerous contracts for war projects, including flying fields, army cantonments, housing facilities, and ordnance and industrial plants. During the first four months of 1942 when the value of contracts awarded was 18 per cent above that in the corresponding period of 1941, publicly-financed construction constituted 73 per cent of the total. After the War Production Board issued an order limiting non-essential building, privately-financed construction declined sharply, with the result that during May and June about 96 per cent of the expanded volume of awards represented publicly-financed projects. Contracts awarded during the first half of 1942 showed substantial increases in each of the major classifications of construction work, the percentage gains over the corresponding period a year ago ranging from 26 per cent for residential building to 348 per cent for utilities construction. The total value of contracts awarded was nearly double the previous record volume established during the first half of 1941.

Production of lumber at pine mills in this district increased

slightly in June but continued below the level of a year ago. Shipments of lumber, which had dropped to the lowest level of

CONDITION OF THE FEDERAL RESERVE BANK

(In thousands of dollars)

	July 15, 1942	July 15, 1941	June 15, 1942
Total cash reserves.....	\$429,359	\$345,304	\$409,973
Discounts for member banks.....	10	251	110
Industrial advances.....	208	274	210
United States Government securities.....	118,024	85,829	99,143
All other investments.....	43		14
Total earning assets.....	118,285	86,354	99,477
Member bank reserve deposits.....	322,261	248,584	318,564
Federal Reserve notes in actual circulation.....	165,390	107,068	157,146

CONDITION STATISTICS OF MEMBER BANKS IN LEADING CITIES

(In thousands of dollars)

	July 8, 1942	July 9, 1941	June 10, 1942
Total loans and investments.....	\$723,856	\$607,556	\$699,028
Total loans.....	325,216	318,951	337,938
Commercial, industrial and agricultural loans.....	234,287	211,796	241,597
Open market paper.....	2,974	2,523	3,483
Loans to brokers and dealers in securities.....	2,788	2,453	3,442
Other loans for purchasing or carrying securities.....	12,916	14,107	13,313
Real estate loans.....	21,286	23,130	21,471
Loans to banks.....	315	311	249
All other loans.....	50,650	64,631	54,383
United States Government direct obligations.....	305,514	183,617	263,311
Obligations fully guaranteed by United States Gov't.....	34,846	45,840	35,931
Other securities.....	58,280	59,148	61,848
Reserves with Federal Reserve Bank.....	206,497	155,162	194,414
Balances with domestic banks.....	264,907	308,826	305,354
Demand deposits—adjusted*.....	664,549	558,622	655,731
Time deposits.....	131,484	135,017	131,312
United States Government deposits.....	27,401	37,233	20,663
Interbank deposits.....	321,071	290,429	340,019
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.

NOTE: Beginning July 8, 1942, reciprocal interbank demand balances were reported on net basis.

DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)

	June 1942	June 1941	Pctg. change over year	May 1942	Pctg. change over month
Abilene.....	\$ 13,163	\$ 13,259	— 1	\$ 12,966	+ 2
Amarillo.....	31,346			28,671	+ 9
Austin.....	45,352	35,050	+ 29	58,880	— 23
Beaumont.....	36,212	30,040	+ 21	35,557	+ 2
Corsicana.....	4,114	3,808	+ 8	4,015	+ 2
Corpus Christi.....	31,898			28,902	+ 10
Dallas.....	368,500	311,112	+ 18	373,376r	— 1
El Paso.....	44,223	34,814	+ 27	43,653	+ 1
Fort Worth.....	127,433	94,805	+ 34	118,052	+ 8
Galveston.....	33,530	30,855	+ 9	33,356	+ 1
Houston.....	355,192	312,493	+ 14	339,467	+ 5
Laredo.....	7,181			7,990	— 10
Lubbock.....	17,941			18,564	— 3
Monroe.....	15,097			11,805	+ 28
Port Arthur.....	10,440	10,354	+ 59	15,065	+ 9
Roswell.....	7,669	4,620	+ 66	6,479	+ 18
San Angelo.....	14,532			11,681	+ 24
San Antonio.....	106,098	92,165	+ 15	103,584r	+ 2
Shreveport.....	60,921	51,121	+ 19	57,744r	+ 6
Texarkana.....	22,189	8,422	+ 163	23,476	— 5
Tucson.....	22,942	15,518	+ 48	19,090	+ 20
Tyler.....	13,988	13,388	+ 4	11,504	+ 22
Waco.....	22,477	15,145	+ 48	22,020	+ 2
Wichita Falls.....	18,864	18,454	+ 2	17,933	+ 5
Total—18 cities.....	\$1,319,307	\$1,095,483	+ 20	\$1,296,217r	+ 2
Total—24 cities.....	1,437,302			1,403,830r	+ 2

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

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	Gross demand	Gross demand
June, 1940.....	\$1,342,591	\$235,311	\$782,025
June, 1941.....	1,554,471	242,439	908,683
February, 1942.....	1,805,645	227,543	1,034,477
March, 1942.....	1,804,123	227,091	1,036,318
April, 1942.....	1,803,410	227,515	1,033,595
May, 1942.....	1,820,563	227,607	1,039,887
June, 1942.....	1,856,567	226,503	1,058,847
			129,216
			\$560,566
			135,810
			126,499
			771,168
			767,805
			769,815
			780,676
			797,720
			\$106,095
			106,629
			101,044
			100,784
			100,237
			100,175
			99,087

SAVINGS DEPOSITS

June 30, 1942

	Number of reporting banks	Number of savings depositors	Amount of savings deposits	June 30, 1941	Percentage change in savings deposits from
Beaumont.....	3	10,379	\$ 4,186,613	— 2.1	+ .7
Dallas.....	8	88,990	25,441,558	— 5.5	+ 1.4
El Paso.....	2	18,194	6,927,504	— 17.7	+ 2.0
Fort Worth.....	3	32,985	12,506,577	— 5.8	+ 1.5
Galveston.....	4	18,156	10,627,430	— 9.6	+ 1.2
Houston.....	10	73,881	31,529,555	— 4.4	+ 1.4
Lubbock.....	3	1,332	559,810	— 1.6	+ 1.5
Port Arthur.....	2	5,394	3,085,915	— 1.6	+ 2.4
San Antonio.....	5	22,934	17,746,609	— 2.3	+ 1.4
Shreveport.....	3	25,304	11,988,998	— 1.1	+ .3
Waco.....	3	7,309	4,117,804	— 7.7	+ .2
Wichita Falls.....	3	6,729	3,387,270	— 2.6	+ .5
All other.....	63	52,200	27,210,242	— 8.2	+ .03
Total.....	112	363,787	\$159,315,891	— 5.8	+ 1.1

the year during May, increased somewhat in June and were about 20 per cent above those in June, 1941. The volume of unfilled orders on the books of reporting mills at the end of June was about the same as a month earlier but substantially larger than that on the corresponding date last year.

The daily average production of crude petroleum in the Eleventh District, which had reached an all-time peak in February this year, declined sharply during March and April and then increased moderately during May and June due to the increase in production allowables in Texas. During June daily average output was still about 21 per cent lower than in February this year and approximately 12 per cent smaller than in June, 1941. Daily average output in other sections of the United States showed little change from May to June, and was in about the same volume as in June last year.

Although stocks of crude petroleum in the United States during June continued the decline which had been in progress since the end of March, stocks in this district continued to increase and at the end of June were at the highest level in about four years.

Transportation difficulties have continued as the principal deterrent to an expansion of operations in the petroleum industry in this district, but some progress is being made in efforts to relieve the situation. The movement of petroleum and petroleum products by railroad tank cars reached a new record level during June and further steps were taken to provide additional pipe line facilities. The War Production Board has given formal approval for the use of necessary materials for the relocation of some pipe lines and arrangements have been made for the financing of the 24-inch pipe line from Longview, Texas, to Salem, Illinois, the construction of which is now under way. Prior to the completion of the pipe lines, it may be necessary to place greater emphasis upon the utilization of available transportation facilities for the purpose of providing adequate supplies of fuel oils on the East Coast to meet heating and industrial needs. To assist the industry in meeting higher transportation costs, the Office of Price Administration recently approved for the East Coast increases of 2½ cents per gallon in the price of gasoline and of 2 cents per gallon in the price of kerosene and fuel oils.

The rate of drilling activity in this district declined slightly from May to June and continued about 50 per cent below that in June last year. On the other hand, the number of drilling permits issued in Texas increased sharply in the latter part of June and early in July.

VALUE OF CONSTRUCTION CONTRACTS AWARDED (In thousands of dollars)

	June 1942	June 1941	May 1942	January 1 to June 30 1942	January 1 to June 30 1941
Eleventh District—total...	\$ 87,385	\$ 21,831	\$ 94,143	\$ 313,339	\$ 162,403
Residential.....	15,403	9,456	10,213	69,524	55,147
All other.....	71,982	12,375	83,930	243,815	107,256
United States*—total.....	1,190,264	539,106	673,517	3,723,725	2,486,932
Residential.....	185,471	205,634	147,964	985,580	948,994
All other.....	1,004,793	333,472	525,553	2,738,145	1,537,938

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	No.	Valuation	Percentage change valuation from		No.	Valuation	Percentage change valuation from	
			June, 1941	May, 1942			Jan. 1 to June 30, 1942	1941
Abilene.....	24	\$ 32,387	—44	—91	216	\$ 1,108,411	+60	
Amarillo.....	26	17,296	—93	—13	217	470,024	—66	
Austin.....	47	48,177	—91	—78	609	1,403,878	—54	
Beaumont.....	118	1,059,381	+525	+341	1,080	2,227,863	+102	
Corpus Christi.....	108	5,344,857	+367	+900	817	8,695,817	+	
Dallas.....	791	348,770	—70	+19	4,167	5,073,243	—27	
El Paso.....	41	16,110	—92	—97	403	1,833,397	+35	
Fort Worth.....	197	3,207,607	+200	+551	1,661	8,704,529	+149	
Galveston.....	80	609,477	+180	—39	658	2,246,691	—30	
Houston.....	117	91,250	—96	—98	1,872	10,509,755	—4	
Lubbock.....	54	97,488	—81	—54	673	1,954,023	—4	
Port Arthur.....	74	15,427	—82	—76	435	295,416	—51	
San Antonio.....	748	289,868	—64	—9	4,865	3,075,189	—15	
Shreveport.....	98	218,662	—32	+68	674	1,483,305	—17	
Waco.....	33	40,375	—92	—50	372	771,408	—71	
Wichita Falls.....	19	16,853	—75	—58	204	374,701	—49	
Total.....	2,575	\$11,453,985	+22	+14	18,923	\$50,227,650	—4	

+Change less than one-half of one per cent.

Operations at textile mills in the United States were maintained during June near the high level of other recent months. Since the beginning of 1942, the daily average consumption of cotton has fluctuated within a narrow range from month-to-month at a level considerably higher than in the corresponding period last year. Actual consumption during June totaled 967,000 bales as compared with 957,000 bales in May and 876,000 bales in June, 1941. During recent months, an increasing proportion of production facilities has been converted to war work and many mills are now operating seven days per week on a three-shift basis. The heavy deliveries for military and essential civilian uses have continued to restrict the volume of goods moving into trade channels. Government orders for various types of cotton products continued to dominate the market during June and early July, while civilian demand continued at a generally low level.

Stocks of raw cotton at textile mills showed a further seasonal decline during June but mill supplies at the end of the month were 27 per cent higher than on the corresponding date of 1941. Current stocks are equivalent to about two and one-half months' consumption at the current rate of utilization.

Cotton prices, which had declined sharply during May and the early part of June, recovered a portion of the loss during the subsequent month. On July 15 the average price of middling 1½-inch staple at the ten spot markets stood at 19.86 cents per pound as compared with 18.56 cents on June 15, and 15.61 cents on July 15, 1941. During the early part of June when cotton prices were at the lowest level since early in January this year, mill margins on seventeen constructions of unfinished cotton cloth rose to 22.36 cents per pound which was well above any previous level since the data first became available in August, 1925.

Average daily loadings of revenue freight by railroads in the Southwestern District during June were the largest for any month since September, 1937. According to the data compiled by the Association of American Railroads, total freight-car loadings in the Southwestern District were about 28 per cent greater than in June last year, while for the first six months of 1942 the increase over the corresponding period last year was 23 per cent.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to June 30 This season	Last season	August 1 to June 30 This season	Last season
Cottonseed received at mills (tons).....	960,666	1,088,659	3,932,241	4,470,696
Cottonseed crushed (tons).....	959,515	1,070,753	3,946,664	4,319,107
Cottonseed on hand, June 30 (tons).....	28,345	33,653	116,106	190,431
Production of products:				
Crude oil (thousand lbs.)....	276,059	329,426	1,228,850	1,399,183
Cake and meal (tons).....	418,239	500,221	1,721,279	1,918,086
Hulls (tons).....	248,982	271,912	976,549	1,085,975
Linters (running bales).....	260,648	265,408	1,162,485	1,183,891
Stocks on hand, June 30:				
Crude oil (thousand lbs.)....	1,469	4,668	8,017	14,667
Cake and meal (tons).....	54,827	39,592	250,715	224,275
Hulls (tons).....	26,255	70,136	73,893	181,430
Linters (running bales).....	19,258	37,729	50,645	179,321

SOURCE: United States Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	June 1942	June 1941	May 1942	August 1 to June 30 This season	Last season
Consumption at:					
Texas mills.....	23,005	19,677	22,528	227,053	212,061
United States mills.....	966,940	875,812	957,015	10,169,448	8,791,921
U.S. stocks—end of month:					
In consuming estab'm'ts.	2,441,130	1,920,197	2,589,456		
Public stg. & compresses.	8,458,912	10,574,730	9,402,969		

CRUDE OIL PRODUCTION—(Barrels)

	June, 1942		Increase or decrease in daily average production from	
	Total production	Daily avg. production	June, 1941	May, 1942
North Texas.....	7,163,650	238,788	+29,380	+2,653
West Texas.....	6,166,950	205,565	—53,787	—21,978
East Texas.....	12,630,850	421,029	—27,423	+16,962
South Texas.....	4,219,450	140,648	—67,912	+6,535
Texas Coastal.....	7,341,300	244,710	—31,460	—2,013
Total Texas.....	37,522,200	1,250,740	—151,202	+46,105
New Mexico.....	1,814,950	60,498	—51,575	—2,565
North Louisiana.....	2,670,500	89,017	+13,145	+4,602
Total district.....	42,007,650	1,400,255	—189,632	+48,152

SOURCE: American Petroleum Institute weekly reports.

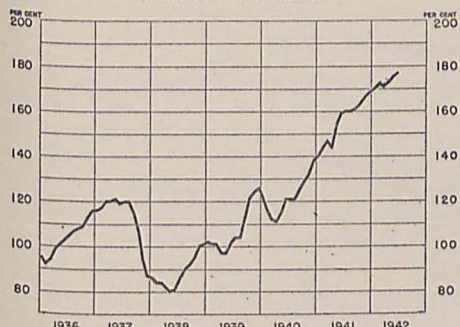
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NATIONAL SUMMARY OF BUSINESS CONDITIONS

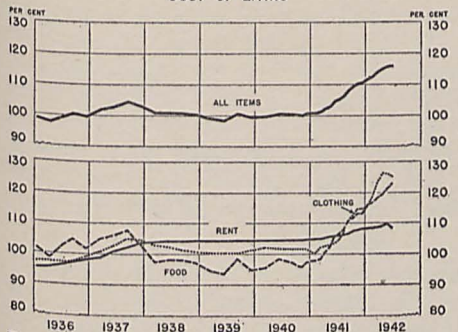
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



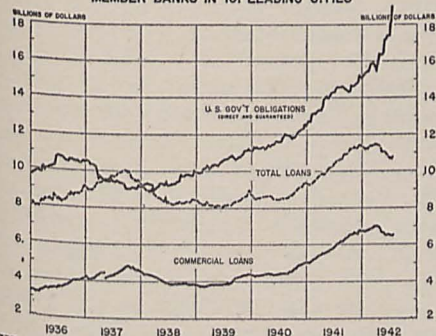
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for June, 1942.

COST OF LIVING



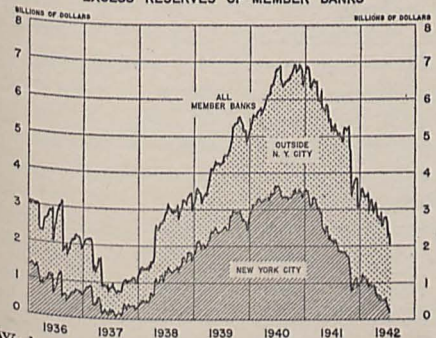
Bureau of Labor Statistics' indexes, 1935-39 average = 100. Fifteenth of month figures. Last month in each calendar quarter through September, 1940, monthly thereafter. Latest figures shown are for June, 1942.

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 July 15, 1942.

EXCESS RESERVES OF MEMBER BANKS



Wednesday figures, partly estimated. Latest figures shown are for July 15, 1942.

Industrial activity continued to advance during June and the first half of July. Volume of goods distributed to consumers continued substantially below a year ago and commodity prices generally showed little change.

PRODUCTION

Industrial output increased further in June and the Board's seasonally adjusted index rose from 174 to 177 per cent of the 1935-39 average. Production in the machinery, transportation equipment, and other armament industries continued to advance, reflecting further progress toward meeting the requirements of the war production program. Steel production declined somewhat in June but increased to earlier high levels in the first three weeks of July. Lumber production increased seasonally in June, while in the furniture industry, where activity usually rises at this time of year, there was a decline, reflecting in part the fact that a number of plants in the industry are being converted to the manufacture of war products.

In industries manufacturing nondurable goods, output as a whole showed little change from May to June. Textile production declined somewhat, reflecting a reduction in activity at cotton mills from earlier peak levels. Paperboard production decreased sharply further and there was also a decline in activity in the printing industry. On the other hand, output of manufactured food products increased and shoe production showed less than the customary seasonal decline.

Mineral production continued large in June. Coal production was maintained at peak levels; output of crude petroleum showed little change, following the sharp decline that occurred during March and April. Lake shipments of iron ore in June amounted to 12,600,000 gross tons and at the month end stocks at lower Lake ports totaled 31,000,000 tons as compared with 26,600,000 tons a year ago.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, continued to increase in June and was 57 per cent above the previous record high month of August, 1941. The sharp rise in June reflected a continued increase in awards for public projects, which accounted for about 93 per cent of all contracts let during the month.

DISTRIBUTION

Distribution of commodities to consumers declined somewhat further in June. Smaller sales were reported by both department stores and mail-order houses, while sales at variety stores were maintained at about the May rate. In the first half of July department store sales showed less than the customary sharp seasonal decline.

Volume of railroad freight traffic was maintained in large volume during June and the first half of July. The number of cars loaded was below the level that prevailed a year ago, however, reflecting a sharp reduction in carloadings in less-than-carload lots as a result of orders by the Coordinator of Transportation which raised the minimum permissible weights for such loadings and thereby effected a fuller utilization of existing equipment.

COMMODITY PRICES

Prices of most commodities both at wholesale and retail continued to show little change from the middle of June to the middle of July. Prices of cotton, wool, and some other agricultural commodities, which had declined in the early part of June, advanced in this period.

About twenty additional maximum price schedules were announced covering a wide variety of products and in some cases requiring price reductions. On the other hand, Federal approval was given for higher prices on various processed fruits and vegetables, textile products, petroleum products sold on the East Coast, and services supplied to consumers.

Retail prices of uncontrolled foods advanced sharply from May to June and the Bureau of Labor Statistics' price index for all foods rose 1½ points to 123 per cent of the 1935-39 average—an increase of one-fourth since the beginning of the current advance in March, 1941.

BANK CREDIT

Member banks in leading cities increased their holdings of Government securities sharply during the first half of July. Purchases included portions of increased Treasury bill issues and of the new 2 per cent 7- to 9-year bond. This followed a substantial growth in the second quarter of the year when member banks absorbed about 3.3 billion dollars, or more than half of the increase in Treasury open-market issues. All classes of banks showed large increases, the largest percentage increases being in Chicago and at reserve city banks.

Excess reserves of member banks have been at a lower level in July than in June, because of increased need for reserves arising out of deposit growth, the continued currency drain, and a large temporary increase in Treasury deposits at Reserve banks. Substantial System open-market operations partially offset the loss of reserves from these sources. The decrease in excess reserves was concentrated in New York and Chicago, reducing excess funds in those cities to low levels. Adjusted demand deposits continued to rise at reporting banks in leading cities except in New York.

Yields on United States Government securities and other money rates have shown little change in recent weeks.