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DISTRICT SUMMARY

The value of construction contracts awarded in the Eleventh District again rose to a new all-time peak during August and accounted for an unusually large proportion of total awards in the United States. The daily average production of crude petroleum increased substantially from July to August but was still considerably below the record production in February this year. The rate of drilling activity in this district showed the first upturn in eleven months but was less than half as large as in August, 1941. Operations at cottonseed oil mills in Texas during August were nearly double those in the same month last year. Consumer buying at reporting department stores was only slightly below the record purchases in August, 1941. Retail furniture sales, which had declined during the preceding three months, recovered seasonally in August, but were 37 per cent below the exceptionally large volume in August last year. Reflecting improved moisture conditions, the production estimates of the Department of Agriculture as of September 1 were increased substantially for some major crops. Harvesting operations, however, were retarded because of frequent rains and wet soil. Loans of weekly reporting member banks declined further between August 12 and September 9, but their investments continued to expand sharply.

BUSINESS

The value of consumer purchases at reporting department stores in the Eleventh District increased by considerably more than the usual seasonal amount during August and was only slightly smaller than the exceptionally large volume in August, 1941. Sales of mechanical refrigerators, stoves and other household appliances, which were in heavy demand a year ago, were only one-fourth as large as in August last year, and sales of men's and boys' wear, as well as certain other lines, fell off considerably. These declines, however, were nearly offset by large increases in sales of basement stores, piece goods, and certain other nondurable lines. Aggregate sales during August were only 2 per cent below those in August last year, but were about 24 per cent above sales in July. Consequently, this bank's adjusted index of department store sales rose about 22 points to 165 per cent of the 1923-1925 average, and was close to the all-time peak reached in August last year.

The ratio of cash sales to total sales, which had shown a pronounced increase in recent months, continued at about the same level during August. The ratio of collections on regular accounts outstanding at the first of the month declined from 57 per cent in July to 54 per cent in August, and the latter figure compares with 39 per cent in August last year. The ratio of August collections on instalment accounts outstanding at the beginning of the month was 21 per cent, compared with 19 per cent during July, and 14 per cent in August, 1941.

The dollar value of inventories at reporting department stores in this district increased 3 per cent during August and was 29 per cent higher than a year earlier. The increase in dollar value, however, was less than the usual seasonal amount, with the result that the adjusted index of department store stocks dropped 9 points to 105 per cent of the 1923-1925 average. Outstanding orders, which had increased sharply in July following a large decline in the second quarter of the year, decreased about 13 per cent during August and at the end of the month were about 22 per cent smaller than on the corresponding date in 1941.

Reports from 91 representative retail furniture firms in this district indicate that total sales, which had shown a downward

trend from May through July, recovered seasonally in August, although they were still about 37 per cent below the exceptionally large volume in August, 1941. The decline in sales from August last year reflected in part the disappearance from the market of numerous types of goods and in part the restrictions on instalment buying. Cash sales have been increasing and in August were more than 50 per cent above those in the same month last year. In line with this trend, accounts receivable at the end of August were 30 per cent smaller than last year, whereas collections were somewhat greater. Inventories showed only small changes during the past four months but at the end of August were about 28 per cent larger than a year ago.

The demand for merchandise at reporting wholesale trade firms in this district was well sustained during August and was 4 per cent above that of August last year. Aggregate sales of machinery, electrical supplies, and hardware during August this year were considerably below the heavy volume in August last year, but these declines were more than offset by the large increase in sales of drugs and groceries. The value of inventories at reporting wholesale establishments continued to decline during August and at the end of the month was about 5 per cent smaller than a year earlier.

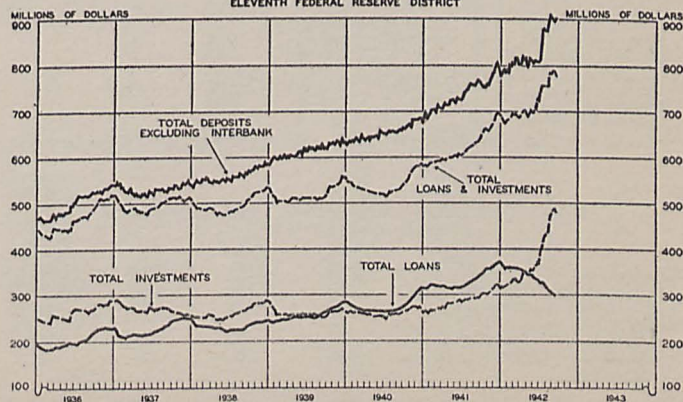
Employment and payrolls in non-agricultural businesses in Texas continued to increase during August. According to data compiled by the Bureau of Business Research of the University of Texas, the number of persons employed in August was about 21 per cent greater than in August last year and payrolls were about 52 per cent higher. Among manufacturing industries substantial increases in employment as compared with a year ago occurred at establishments producing meat, cement, confectionery, ice cream, men's work clothing, cottonseed products, and structural and ornamental iron. The number employed in the production of crude petroleum, however, fell off about 15 per cent during the past year.

Dun and Bradstreet, Incorporated, reported that there were 12 business failures in the Eleventh District during August as compared with 8 in July and 20 in August, 1941. While the indebtedness of defaulting firms rose from \$33,000 in July to \$84,000 in August, the latter figure is substantially lower than the \$210,000 for August last year.

AGRICULTURE

Weather conditions during August and the first half of September have had varying effects upon crops in the several sections of the Eleventh District. Heavy rains which fell over most of the district between August 15 and September 15 benefited

REPORTING MEMBER BANKS IN LEADING CITIES
ELEVENTH FEDERAL RESERVE DISTRICT



growing crops in the drier areas but interfered with harvesting operations over large areas. Due largely to improved moisture conditions in north and northwest Texas, the Department of Agriculture's September 1 estimates of production were increased for cotton, grain sorghums, and peanuts. The estimates for most other major crops, with the exception of the storm-damaged rice and pecan crops, were unchanged from those of a month earlier.

Conditions in the principal wheat growing areas have been favorable for soil preparation and the seeding of wheat. In the early seeded fields, wheat is up to a good stand. Much volunteer wheat is furnishing grazing for livestock.

The cotton crop in most sections of the Eleventh District showed a further improvement during August. The Department of Agriculture estimated production in Texas as of September 1 at 3,484,000 bales, which represents an increase of 307,000 bales over the August 1 forecast and 832,000 bales above production in 1941. The indicated yield per acre of 206 pounds, if realized, would be considerably higher than the 165 pounds in 1941 and the highest since 1912. The greatest improvement in the crop during August occurred in the northwest portion of the State but production is expected to be larger than in 1941 in nearly all major producing sections. Ginnings in Texas prior to September 1 totaled 397,000 bales as compared with 118,000 in the corresponding period of 1941. The tropical storms in south Texas late in August did considerable damage to unpicked cotton and heavy rains throughout the State since mid-August have seriously interfered with the harvesting of the crop and have lowered the grade of cotton. Picking of cotton, which has been nearly completed in south Texas, has been extended to nearly all sections of the State. Leaf worms have been active in fields of virtually all areas but damage in most areas has been relatively light. The prospective yields in Louisiana, New Mexico and Oklahoma increased slightly during August, while a decline occurred in Arizona. In all these states, however, the indicated production on September 1 was substantially higher

than actual production in 1941. The September 1 estimate of cotton production in the United States totaled 14,028,000 bales, as compared with the production of 10,744,000 bales in 1941.

The prospective production of peanuts in Texas showed a further improvement during August and the September 1 estimate of 583,000,000 pounds is more than three times the previous record production of 1940, and more than three and one-half times the 156,040,000 pounds produced in 1941. The increase reflects higher per acre yields, as well as a sharp expansion in acreage. If realized, this record production will reach the goal set in the Government's war program.

The September 1 estimate of corn production in Texas remained at 81,270,000 bushels as improvement in north Texas was offset by damage in south Texas from high winds and excessive moisture. High winds also caused damage to grain sorghums in south Texas but the crop showed a noticeable improvement in the heavy producing area of northwest Texas. The grain sorghum crop in Texas was estimated at 75,635,000 bushels on September 1 and was exceeded only by the record production of 79,724,000 bushels during 1941. The per acre yield at 17.5 bushels is 40 per cent above the 1930-1939 average of 12.5 bushels, but below last year's per acre yield of 19 bushels. Indicated production of tame hay in Texas remained at the previous record estimate of 1,617,000 tons, and with the indicated production of 216,000 tons of wild hay, the total roughage supplies will exceed by a substantial margin those of previous years.

The estimate for the Texas rice crop was reduced to 19,968,000 bushels on September 1, reflecting the severe damage caused by two tropical storms in the latter part of August. The indicated production, however, still represents a record crop, being 20 per cent larger than the previous record of 16,643,000 bushels produced in 1940. Indicated pecan production of 10,350,000 pounds, the smallest in recent years, represented a decrease of 17 per cent from the August 1 estimate of 12,420,000 pounds, reflecting extensive damage in August from pests and storms.

Above normal rainfall in August and early September improved range conditions in nearly all areas of the district and prospects for fall and winter grazing are good. A new growth of range vegetation is reported over most of the range territory of the district. Cattle and calves have continued in very good flesh. The tendency for ranchers to cull their herds continued as old cows moved to market and good heifers were retained for replacement purposes. Reflecting the improvement in ranges, the lambs previously in fair-to-poor condition are gaining weight rapidly. Most herds are being culled of old ewes and ewe lambs are being retained.

The War Production Board issued a statement on September 1, indicating that meat production (beef, veal, lamb and mutton, and pork, excluding lard) in the United States is expected to reach a record total of 23,600,000,000 pounds in the year ending June 30, 1943, which compares with a production of 20,740,000,000 pounds in the preceding twelve months and a ten year (1931-1940) average production of 16,736,000,000 pounds. It is anticipated, however, that military and lend-lease requirements will amount to about 6,000,000,000 pounds which would leave approximately 17,600,000,000 pounds for civilian consumption. While that amount is larger than the average supply during the period of 1931 to 1940, it is estimated that it is about 3,000,000,000 pounds below prospective consumer demand on the basis of the current ceiling prices and anticipated consumer incomes.

WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in:				
		Net sales		Stocks†		
	August, 1942 from August, 1941	July, 1942	Jan. 1 to Aug. 31, 1942 from 1941	August, 1942 from August, 1941	July, 1942	
Retail trade:						
Department stores:						
Total 11th Dist.	47	- 2	+ 24	+ 7	+ 29	+ 3
Dallas	7	-13	+ 30	+ 4	+ 28	+ 7
Fort Worth	4	+ 7	+ 27	+ 8	+ 46	+ 1
Houston	7	- 3	+ 20	+ 8	+ 33	+ 2
San Antonio	4	+ 1	+ 17	+15	+ 38	- 5
Shreveport	3	-14	+ 12	+11	.....	.....
Other cities	22	+13	+ 27	+ 9	+16	- 3
Retail furniture:						
Total 11th District.	91	-37	+ 11	.....	+28	- 1
Dallas	8	-43	+ 34	.....	+44	- 5
El Paso	5	-35	+ 3	.....	+21	- 2
Fort Worth	4	-20	+ 56	.....	+28	- 4
Houston	12	-43	+ 7	.....	+24	+ 3
San Antonio	6	-36	+ 4	.....	+30	+ 2
Independent stores:*						
Arizona	208	+14	- 6	+11	.....	.....
New Mexico	149	- 3	+ 4	- 1	.....	.....
Oklahoma	457	+ 1	+ 9	- 2	.....	.....
Texas	1,029	- 6	+11	+ 2	.....	.....
Wholesale trade:*						
Machinery, eqp't & supplies	3	-47	- 7	.....	.....	.....
Automotive supplies	4	+ 2	No chg.	.....	+10	+ 1
Drugs (incl. liquors)	10	+36	+ 9	+22	+13	- 1
Electrical supplies	4	-17	+ 21	-10	.....	.....
Groceries	30	+13	+ 4	+17	- 4	- 1
Hardware	13	-12	- 5	+13	-14	- 6
Surgical eqp't	4	- 7	- 22	+16	.....	.....
Tobacco & products	3	- 5	- 2	+ 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)

	August 1942	August 1941	July 1942	June 1942
Sales (daily average):				
Without seasonal adjustment	127	128	100	109
With seasonal adjustment	165	166	143	123
Stocks (end of month):				
Without seasonal adjustment	107	81	104	103
With seasonal adjustment	105	80	114	110

p-Preliminary.

FINANCE

The reserve balances of member banks in the Eleventh District, which had declined moderately in the last half of August, rose sharply during the first half of September, reaching an all time peak of \$384,200,000 at the middle of the month. Average reserve balances during the first half of September totaled \$373,700,000 which was \$15,000,000 higher than the average

for August and \$122,600,000 higher than the first half of September, 1941.

The average excess reserves of member banks in this district, which had reached a peak of \$112,000,000 during the first half of August, declined moderately during the last half of the month, due partly to the decline in reserve balances and partly to an expansion in customer deposits at member banks which increased required reserves. It is estimated that average excess reserves during the first half of September were in excess of the previous peak. The increase in the reserve balances with the Federal Reserve Bank of Dallas reflected in part the increasing deposits at member banks and in part the shifting of balances with correspondents to the Federal Reserve Bank.

Demands for currency in this district showed a further noticeable expansion during the past month. The actual circulation of Federal Reserve notes of this bank on September 15 amounted to \$188,100,000, which was \$11,100,000 higher than at the middle of August and \$74,300,000 higher than at the middle of September last year.

The loans of 33 weekly reporting banks in this district showed a further contra-seasonal contraction during the four weeks ended September 9. The total of \$300,836,000 on the latter date was \$13,667,000 lower than on August 12 and \$37,692,000 lower than on the corresponding date last year. Total loans are now at the lowest level since November, 1940. Although there was a further decline in all types of loans, advances for commercial, industrial, and agricultural purposes accounted for 60 per cent of the decrease, whereas that type of loans showed a sharp increase in the corresponding period last year. "All other" loans, which include personal and installment loans, continued the downward trend that has been in progress for nearly a year. The decline in that class of loans has accounted for nearly one-half of the decrease in total loans from September last year.

The investments of reporting member banks, which have been increasing sharply since June this year, rose by approximately \$48,000,000 between August 12 and September 9 and total investments of \$490,583,000 on the latter date represented an increase of about 65 per cent above those on the corresponding date last year. In this district holdings of Treasury bills by reporting member banks increased each week during July and August, reaching a new peak of \$74,523,000 on September 2. Although holdings declined slightly during the following week, they were still 50 per cent greater than on July 1 and more than double holdings on the corresponding date last year. These banks have also bought large amounts of Certificates of Indebtedness and current holdings of such securities are nearly as large as their holdings of Treasury bills.

Total deposits of reporting banks increased \$22,412,000 between August 12 and September 9 and on the latter date the total of \$1,245,126,000 was about \$195,000,000 higher than on the corresponding date in 1941. During the four-week period ended September 9 the increases of \$29,000,000 in adjusted demand deposits and of \$21,000,000 in interbank deposits was partly offset by a net decline of \$28,400,000 in United States Government deposits. While Government deposits reached a new peak of \$67,429,000 around the middle of August, the Treasury withdrawals from its accounts with depository banks during the subsequent three weeks greatly reduced the amount of those deposits. Reporting banks made net withdrawals of \$22,000,000 from their balances with correspondents and increased their reserve balances with the Federal Reserve Bank by \$11,247,000.

INDUSTRY

The value of construction contracts awarded in the Eleventh District, which had been at an exceptionally high level during May, June and July, rose to a new peak of \$106,000,000 during

CONDITION OF THE FEDERAL RESERVE BANK
(Thousands of dollars)

	Sept. 15, 1942	Sept. 15, 1941	August 15, 1942
Total cash reserves	\$450,550	\$347,004	\$438,112
Discounts for member banks	1,173	673	156
Other bills discounted	None	6	None
Industrial advances	138	298	141
United States Government securities	143,895	85,229	131,209
All other investments	73	None	43
Total earning assets	150,279	80,805	131,549
Member bank reserve deposits	384,159	258,356	358,799
Federal Reserve notes in actual circulation	188,009	113,744	176,994

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

	Sept. 9, 1942	Sept. 10, 1941	August 12, 1942
Total loans and investments	\$791,419	\$634,626	\$757,013
Total loans	300,836	338,528	314,503
Commercial, industrial and agricultural loans	217,455	229,277	225,545
Open market paper	1,749	2,263	1,973
Loans to brokers and dealers in securities	2,207	4,146	3,325
Other loans for purchasing or carrying securities	11,631	13,052	13,540
Real estate loans	20,576	23,296	21,119
Loans to banks	276	820	322
All other loans	46,942	64,774	48,679
Total investments	490,583	296,098	442,510
United States Treasury bills	74,179	31,727	65,356
United States Treasury Certificates of Indebtedness	69,568	None	41,187
United States Treasury notes	44,797	34,831	43,422
United States Government bonds	204,221	121,957	196,239
Obligations guaranteed by United States Gov't	39,602	47,534	37,292
Other securities	58,216	60,049	59,014
Reserves with Federal Reserve Bank	244,739	157,712	233,492
Balances with domestic banks	259,609	308,801	281,433
Demand deposits—adjusted*	743,137	592,050	714,101
Time deposits	131,734	131,736	130,943
United States Government deposits	21,340	40,641	49,736
Interbank deposits	348,915	285,343	327,934
Borrowings from Federal Reserve Bank	None	None	None

Note: Beginning July 8, 1942, reciprocal interbank demand balances reported on net basis. *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
(Thousands of dollars)

	August 1942	August 1941	Pctg. change over year	July 1942	Pctg. change over month
Abilene	\$ 13,841	\$ 11,413	+21	\$ 14,174	- 2
Amarillo	42,616	.....	.....	40,532	+ 5
Austin	61,076	37,583	+63	45,374	+35
Beaumont	37,458	30,514	+23	34,718	+ 8
Corsicana	4,134	3,673	+13	4,367	- 5
Corpus Christi	39,013	.....	.....	34,901	+11
Dallas	395,291	319,332	+24	388,716	+ 2
El Paso	49,493	38,720	+28	46,012	+ 8
Fort Worth	130,948	98,533	+33	134,983	- 3
Galveston	34,004	30,258	+12	36,269	- 6
Houston	372,215	314,488	+18	374,132	- 1
Laredo	8,008	.....	.....	7,622	+ 5
Lubbock	16,241	.....	.....	17,353	- 6
Monroe, La.	14,345	.....	.....	14,016	+ 2
Port Arthur	15,822	10,948	+45	15,747	+ 1
Roswell, N. M.	5,498	4,621	+19	6,981	-21
San Angelo	13,717	.....	.....	14,825	- 7
San Antonio	105,832	87,953	+20	103,996	+ 2
Shreveport, La.	62,657	50,399	+24	64,003	- 2
Texarkana*	15,556	8,942	+74	17,150	- 9
Tucson, Ariz.	21,183	12,924	+64	21,407	- 1
Tyler	12,704	12,606	+ 1	13,101	- 3
Waco	25,093	17,496	+43	24,635	+ 2
Wichita Falls	19,554	20,459	- 4	19,736	- 1
Total—18 cities	\$1,382,359	\$1,110,931	+24	\$1,364,901	+ 1
Total—24 cities	1,516,299	.....	.....	1,494,240	+ 1

*Includes the figures of two banks in Texarkana, Arkansas, located in the Eighth District. †New reporting center; data for year ago not available. ‡Less than one-half of one percent.

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS
(Average of daily figures—Thousands of dollars)

	Combined total		Reserve city banks		Country banks	
	Gross demand	Time	Gross demand	Time	Gross demand	Time
August, 1940	\$1,315,554	\$234,123	\$ 768,031	\$128,963	\$547,523	\$105,160
August, 1941	1,567,402	238,939	921,863	133,758	645,589	105,181
April, 1942	1,803,410	227,515	1,033,595	127,278	769,815	100,237
May, 1942	1,820,563	227,607	1,039,887	127,432	780,676	100,175
June, 1942	1,856,567	226,503	1,058,847	127,416	797,720	99,087
July, 1942	1,914,513	226,947	1,095,607	127,615	818,006	99,332
August, 1942	1,985,128	226,916	1,137,687	127,231	847,441	99,685

SAVINGS DEPOSITS

	Number of reporting banks	August 31, 1942		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	August 31, 1941	July 31, 1942
Beaumont	3	10,601	\$ 4,186,618	- 1.6	- 1.0
Dallas	8	89,078	25,776,709	- 1.5	+ 0
El Paso	2	18,267	7,136,751	- 1.9	+ 2.5
Fort Worth	3	32,312	12,581,804	- 2.5	+ 1.2
Galveston	4	18,201	10,760,244	- 7.0	+ 1.1
Houston	10	74,122	32,361,149	- 2	+ 1.7
Lubbock	3	1,326	570,063	+ 3.5	+ 1
Port Arthur	2	5,290	3,207,170	+ 5.1	+ 2.0
San Antonio	5	23,213	17,912,668	+ 7	+ 0.9
Shreveport, La.	3	24,870	12,028,590	+ 4	+ 0.6
Waco	3	7,351	4,123,398	- 6.2	+ 3
Wichita Falls	3	6,671	3,351,958	- 2.6	+ 1.1
All other	62	51,870	27,336,790	- 5.3	+ 0
Total	111	363,172	\$161,333,912	- 2.0	+ 1.0

August. That amount was 7 per cent larger than the previous record established in July and 20 per cent above the total in August last year. During the past month awards in this district constituted about 15 per cent of all contracts awarded in the United States, which compares with an average of 9 per cent for the first seven months of the year. During August substantial increases in awards occurred in all the major classifications of construction except utilities which declined about 25 per cent from the exceptionally high level prevailing in the preceding three months. Publicly financed construction, which accounted for more than 95 per cent of all contracts during May, June and July, amounted to about 98 per cent during August. During the first eight months of the current year construction contracts in this district were 85 per cent above those in the same period last year, due in large part to the unusually large volume of construction for war and essential civilian purposes.

The movement of petroleum and petroleum products to the East Coast by railroad tank cars established another record during August, averaging about 820,000 barrels daily. All movements of petroleum by domestic water carriers have been brought under wartime control of the Office of Defense Transportation. Iron and steel have been set aside for the manufacture of equipment needed for the conversion of oil burning furnaces to coal. After October 10 railroads will not be permitted to accept any loaded tank cars for a haul of less than 200 miles, compared with the prevailing minimum of 100 miles. Through these activities and a continuation of policies previously adopted, it is hoped that the fuel oil shortage on the East Coast will be partially relieved. Another development affecting the petroleum industry during August was the inauguration of a program under Government auspices of converting idle or partially used refinery equipment to the production of such materials as high octane gasoline, toluene and raw materials for synthetic rubber. It is contemplated that the plan will enable many small producers to play a part in the war program.

Although the daily average of crude petroleum production in the Eleventh District increased 22 per cent during August, it was still slightly below the level of August, 1941, and 12 per cent below the peak reached in February this year. More than a third of the increase during the month occurred in the East Texas field. Daily average production outside the Eleventh District showed virtually no change either from July this year or August, 1941.

Stocks of crude petroleum at the end of August in this district and in other sections of the United States were unchanged from a month earlier. Stocks in this district, however, continued near the record level of recent months and were 18 per cent higher than at the end of August, 1941, whereas in other sections of the United States stocks were about 10 per cent below those last year, reflecting principally the difficulties of moving crude petroleum to market outlets. Fuel oil stocks in the United States at the end of August were unchanged from a month earlier, but were 18 per cent below those at the end of August last year.

A gain of 15 per cent in the rate of drilling activity in this district during August was the first since September, 1941, but it was still less than one-half of that in August last year. Outside the Eleventh District drilling activity fell off about 10 per cent from July to August and was about one-third less than in August, 1941.

Cotton consumption by domestic mills, which was close to the all-time peak in July, fell off about 7 per cent during August but was at the highest level of record for that particular month. Part of the decline from July to August was due to the smaller number of working days in the latter month. According to the Bureau of the Census, 925,089 bales were consumed in August as compared with 995,092 bales in July and 872,035 bales in

August, 1941. Inventories of raw cotton at consuming establishments declined seasonally during August but at the end of the month were about 15 per cent above those a year ago.

During August the Office of Price Administration applied ceiling prices to about 700 additional manufactured textile products, broadened the classes of textiles for which a premium may be charged on exports, and also announced new maximum price regulations for ginning services. To assure adequate supplies of linters for the manufacture of explosives, plastics and other vital war materials, the War Production Board required that the entire supply of cotton linters be sold to the Commodity Credit Corporation, and minimum prices were immediately established for cottonseed. Cotton mills are experiencing difficulty in operating at capacity, mainly because of the loss of skilled workers to armament and shipbuilding plants and the inability of the industry to replace machinery.

Reflecting the forecast of a large cotton crop this year and the uncertainty of price control measures which might include farm commodities, cotton prices declined somewhat during the first part of August and the average price of middling 15/16-inch staple in the ten spot markets dropped to 18.23 cents per pound on August 10, the lowest since January 2 this year. Although prices recovered slightly thereafter, fluctuations were confined within a relatively narrow range. On September 15 the price was 18.91 cents compared with 18.46 cents on August 15 and 17.54 cents on September 15, 1941. Since prices of cotton cloth were at or near the ceilings and the price of raw cotton averaged somewhat lower in August than in July, mill margins on seventeen constructions of unfinished cotton cloth were correspondingly wider, averaging 22.17 cents per pound during August, which was slightly above the previous record average during June this year, and compares with 20.53 cents per pound during August, 1941, and a ten year (1931-1940) average for August of 12.49 cents.

Due to the large ginnings prior to September 1, 1942, as compared with the same period in 1941, receipts of cottonseed at mills, which were about 50 per cent larger than last year for the United States as a whole, were more than three times as large in Texas. Operations at cottonseed mills in Texas during August were nearly double those in August, 1941, whereas in other sections of the United States operations were substantially lower.

BUILDING PERMITS

	August, 1942		Percentage change valuation from		Jan. 1 to Aug. 31, 1942		Percentage change valuation from 1941
	No.	Valuation	Aug., 1941	July, 1942	No.	Valuation	
Abilene.....	11	\$ 4,280	-96	-94	247	\$ 1,183,503	+ 34
Amarillo.....	37	57,800	-69	-11	298	592,468	- 68
Austin.....	70	59,442	-86	+ 32	749	1,495,892	- 61
Beaumont.....	116	36,384	-89	- 33	1,338	2,318,400	+ 41
Corpus Christi.....	142	236,870	-77	+ 29	1,085	9,116,084	- 13
Dallas.....	595	206,324	-91	+ 12	5,424	5,464,190	- 46
El Paso.....	23	13,969	-96	-77	482	1,909,340	- 9
Fort Worth.....	393	794,882	+33	+573	2,244	9,617,439	+105
Galveston.....	102	31,317	-83	+ 9	858	2,306,698	- 37
Houston.....	137	181,985	-87	+ 63	2,145	10,803,460	- 22
Lubbock.....	59	15,095	-96	- 68	801	2,016,236	- 17
Port Arthur.....	48	7,291	-93	- 58	551	3,200,089	- 61
San Antonio.....	816	291,874	-53	+ 4	6,405	3,646,712	- 24
Shreveport, La....	57	47,043	-85	- 84	824	1,830,334	- 27
Waco.....	60	92,352	-46	+ 15	481	944,327	- 73
Wichita Falls.....	24	47,725	-96	+ 7	255	466,841	- 78
Total.....	2,690	\$2,124,633	-78	+ 26	24,197	\$54,032,013	- 22

VALUE OF CONSTRUCTION CONTRACTS AWARDED
(Thousands of dollars)

	August 1942	August 1941	July 1942	January 1 to August 31 1941
Eleventh District—total....	\$105,720	\$ 93,599	\$ 98,350	\$ 516,901
Residential.....	11,908	16,476	10,441	91,873
All other.....	93,812	77,123	87,909	425,028
United States*—total.....	721,028	760,233	943,796	5,388,549
Residential.....	100,551	231,529	127,382	1,213,513
All other.....	620,477	528,704	816,414	4,175,036

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

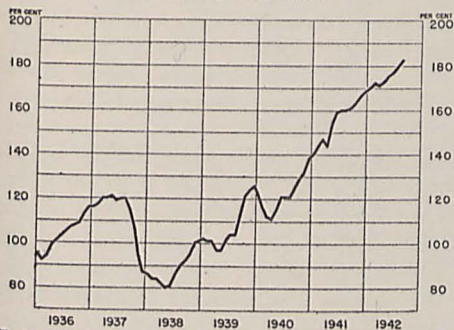
MONTHLY BUSINESS REVIEW

OCTOBER 1, 1942

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 August, 1942

Industrial output continued to rise in August and the first half of September and retail distribution of commodities also increased. Prices of farm products and foods advanced further.

PRODUCTION

Industrial output increased in August and the Board's seasonally adjusted index rose 3 points to 183 per cent of the 1935-1939 average. There were further marked increases in activity in the machinery, transportation equipment, and other armament industries. Crude petroleum production increased considerably from the reduced level of recent months and output of manufactured food products rose more than is usual at this time of year. Production of materials, such as steel, nonferrous metals, coal, and lumber, continued in large volume.

Value of construction contracts awarded in August declined from the record high levels of June and July, according to figures of the F. W. Dodge Corporation. The extent to which the continuing large volume of construction reflects the war program is indicated by the fact that in the first eight months of this year 84 per cent of total awards have been for publicly financed projects and in recent months the percentage has been higher.

DISTRIBUTION

Distribution of commodities to consumers increased considerably in August, reflecting particularly marked increases in department store sales and in sales of general merchandise in small towns and rural areas. Dollar value of sales to consumers in August was somewhat lower than the unusually large sales a year ago, when there was a considerable amount of anticipatory buying, while average prices were about 12 per cent higher. On the basis of physical volume, therefore, sales were smaller than a year ago.

Railroad freight-car loadings were sustained at a high level during August and the first half of September, reflecting continued large shipments of most classes of freight.

COMMODITY PRICES

During August and the first half of September the general wholesale price index advanced about half a point to 99.2 per cent of the 1926 average, reflecting chiefly increases in prices of livestock products. Prices of wheat, flour, and some other uncontrolled commodities also advanced. New crop tobacco prices showed sharp increases over last year and a temporary ceiling at current levels was established for flue-cured types.

Retail food prices continued to rise from the middle of July to the middle of August and further increases are indicated in September. Prices of uncontrolled foods in August were 10 per cent higher than in May.

AGRICULTURE

Crop prospects improved considerably during August and aggregate production this year is expected to be about 15 per cent greater than in 1941, which was close to a record year for crops. Unusually high yields per acre are indicated for most major crops and for some others, like oilseed crops, substantially increased acreages are expected to be harvested. Feed grain supplies are expected to be of record proportions, but owing to the growing number of livestock on farms the supply per animal will probably be about the same as last season.

BANK CREDIT

Excess reserves of member banks, which have generally fluctuated between 2.0 and 2.5 billion dollars in recent months, rose temporarily to over 3 billion on September 16. This increase was due partly to a further reduction in reserve requirements on demand deposits at central reserve city banks from 24 to 22 per cent and partly to Treasury disbursements out of its balances with the Reserve Banks in connection with September 15 tax collections and fiscal operations. Funds for these disbursements arose in part from the issuance of special one-day certificates to the Reserve Banks.

Excess reserves of New York City banks have been declining for a number of months owing principally to the excess of funds raised in that city by the Treasury over amounts expended there. The effect of this drain has been offset in part by purchases of Government securities by the Federal Reserve System and by the two successive reductions in reserve requirements.

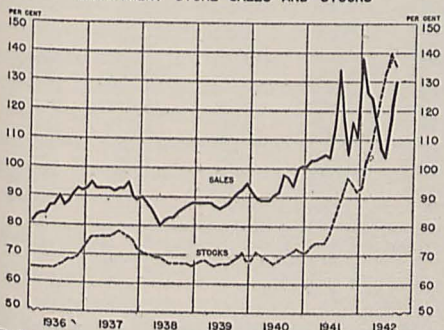
At banks outside New York City excess reserves have shown little change in recent months. These banks have lost reserves through currency drain and their required reserves have increased owing to growth of their deposits; both these factors, however, have been largely offset by transfers of funds from New York.

Holdings of Government securities at New York City banks, which increased substantially in July and August, declined somewhat in the first half of September. At banks outside New York City holdings have continued to increase.

UNITED STATES GOVERNMENT SECURITY PRICES

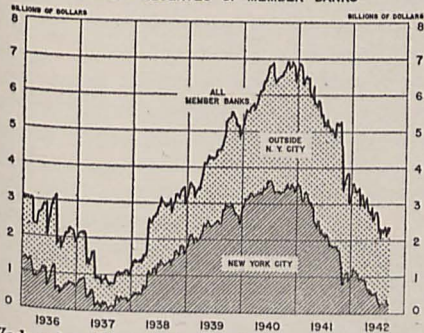
The recent 3 billion dollar Treasury cash financing operation had little effect on the Government securities market, and prices continued steady.

DEPARTMENT STORE SALES AND STOCKS



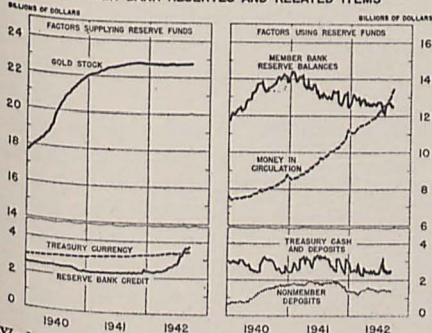
Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for August, 1942

EXCESS RESERVES OF MEMBER BANKS



Wednesday figures. Latest figures shown are for September 9, 1942

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, partly estimated. Latest figures shown are for September 9, 1942

MONTHLY BUSINESS REVIEW

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

	June, 1942		Total receipts			
	Receipts from: Crops	Livestock*	June 1942	June 1941	Jan. 1 to June 30 1942	1941
Arizona.....	4,033	2,881	6,914	7,138	52,567	38,770
Louisiana.....	3,584	3,720	7,304	7,731	59,047	45,138
New Mexico.....	529	2,524	3,053	2,671	23,471	17,568
Oklahoma.....	4,604	16,679	21,283	15,835	107,830	74,470
Texas.....	15,744	41,599	57,343	50,730	325,681	229,806
Total.....	28,494	67,403	95,897	84,105	568,596	405,752

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

SOURCE: United States Department of Agriculture.

CRUDE OIL PRODUCTION—(Barrels)

	August, 1942		Increase or decrease in daily average production from	
	Total production	Daily avg. production	August, 1941	July, 1942
North Texas.....	7,120,200	229,684	+19,386	+ 9,147
West Texas.....	6,944,450	224,015	-44,096	- 36,984
East Texas.....	14,097,350	454,753	+ 8,117	+102,742
South Texas.....	5,770,400	186,142	-28,966	- 51,076
Texas Coastal.....	9,160,450	295,498	+11,437	+ 68,922
Total Texas.....	43,092,850	1,390,092	-34,122	+268,871
New Mexico.....	2,604,250	84,008	+ 6,364	+ 16,552
North Louisiana.....	3,011,450	97,144	-14,530	+ 2,913
Total district.....	48,708,550	1,571,244	-42,288	+288,336

SOURCE: Estimated from American Petroleum Institute weekly reports.

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to August 31 This season	Last season	August 1 to August 31 This season	Last season
Cottonseed received at mills (tons).....	100,947	30,960	157,203	107,259
Cottonseed crushed (tons).....	41,806	23,277	93,395	108,810
Cottonseed on hand August 31: (tons).....	94,529	34,877	145,231	128,978
Production of products:				
Crude oil (thousand lbs.)....	12,477	6,894	28,233	34,121
Cake and meal (tons).....	18,881	11,161	40,845	47,185
Hulls (tons).....	9,877	5,222	23,331	28,273
Linters (running bales).....	11,660	6,136	26,772	30,497
Stocks on hand August 31:				
Crude oil (thousand lbs.)....	4,934	3,837	12,956	15,122
Cake and meal (tons).....	36,289	27,246	133,495	132,323
Hulls (tons).....	10,527	56,354	26,309	134,707
Linters (running bales).....	23,036	23,913	51,002	69,314

SOURCE: United States Bureau of Census.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	August 1942	August 1941	July 1942	August 1942	August 1941	July 1942
Cattle.....	108,010	54,579	76,540	20,618	17,741	15,938
Calves.....	45,872	29,702	28,352	31,490	20,053	17,786
Hogs.....	44,029	29,493	44,872	8,919	11,751	8,072
Sheep.....	161,840	42,206	122,808	16,370	9,332	11,856

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	Fort Worth			San Antonio		
	August 1942	August 1941	July 1942	August 1942	August 1941	July 1942
Beef steers.....	\$13.75	\$11.25	\$13.75	\$12.75	\$10.00	\$12.50
Stocker steers.....	12.50	10.50	12.50	.....	.....	.....
Heifers and yearlings.....	14.00	12.25	14.00	13.00	10.65	13.50
Butcher cows.....	10.00	8.50	10.00	10.00	7.75	9.65
Calves.....	12.75	10.50	12.75	13.00	11.00	13.00
Hogs.....	14.85	11.85	14.60	14.40	11.50	14.25
Lambs.....	14.00	10.50	13.75	10.50	8.00	10.00

CROP PRODUCTION—(Thousands of units)

Crop	Unit	Texas		Eleventh District	
		Estimated Sept. 1, 1942	Production 1941	Estimated Sept. 1, 1942	Production 1941
Cotton.....	Bales	3,484	2,652	4,321	3,139
Corn.....	Bushels	81,270	73,875	96,034	87,759
Winter wheat.....	Bushels	47,280	27,186	48,576	28,066
Oats.....	Bushels	11,837	37,975	15,683	41,748
Barley.....	Bushels	4,934	9,750	18,033*	20,983*
Rice.....	Bushels	19,968	13,600	19,968†	13,600†
Broomcorn.....	Tons	3,200	4,400	20,900‡	25,800‡
Grain sorghums.....	Bushels	75,635	79,724	98,961*	103,161*
Tame hay.....	Tons	1,617	1,330	2,171	1,907
Peanuts.....	Pounds	583,000	156,040	775,150*	202,240*
Potatoes, Irish.....	Bushels	5,520	6,039	6,320	6,760
Potatoes, sweet.....	Bushels	5,100	5,400	12,420†	12,090†
Peaches.....	Bushels	1,610	2,475	2,617‡	3,760‡
Pecans.....	Pounds	10,350	22,100	24,742*	58,300*

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

SOURCE: United States Department of Agriculture.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	August 1942	August 1941	July 1942	August 1 to August 31	
				This season	Last season
Consumption at:					
Texas mills.....	20,207	20,233	25,184	20,207	20,233
United States mills.....	925,089	872,035	995,092	925,089	872,035
U.S. stocks—end of month:					
In consuming estab'm'ts.	1,949,295	1,694,557	2,252,690	.....	.....
Public stg. & compresses.	7,546,268	9,297,607	7,632,193	.....	.....