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DISTRICT SUMMARY

The buying spree which swept over the nation in the early part of February has apparently about run its course. This applies also to the Eleventh District, although sales during the first half of March continued in substantially larger volume than during the corresponding period of 1942. The number of business failures in the Eleventh District was unusually small during February. Due to the lack of new Treasury offerings, investments of weekly reporting banks in this district showed only small net increases during the latter part of February and the first part of March. Currency in circulation continued to expand and the circulation of Federal Reserve notes of this bank in the early part of March was \$30,000,000 above that at the beginning of the current year. Construction activity in the district during February remained at the relatively high level of other recent months, despite a considerable decline in residential construction from the high levels of December and January. Daily average production of crude petroleum increased slightly during February, but drilling activity declined further and was less than half as large as that in the same month of 1942. The severe cold wave early in March apparently did only minor damage to truck crops and livestock, and subsequent rains in some sections of the district partially relieved the moisture deficiency which had prevailed during February. On January 1, 1943, the number of livestock in the Eleventh District was well above that of a year earlier.

BUSINESS

The buying wave, which swept over the nation in the early part of February after the announcement of shoe rationing, subsided somewhat toward the end of the month and by the middle of March the buying spree, as a national phenomenon, had apparently about run its course. The abnormal volume of buying diminished in all Federal Reserve districts during the latter part of February and the first part of March. Throughout the five-week period ended March 14, the percentage gain in department store sales was substantially higher in this district than in any other Federal Reserve district. During February total net sales at reporting department stores in the Eleventh District were 74 per cent above those during February, 1942, as compared with an increase of about 30 per cent in all Federal Reserve districts. The increase in sales over last year occurred at department stores in all reporting cities in the district, except that in one city the gain over a year ago was less than half as large as the average gain in other sections. During the first two weeks in March, sales at reporting department stores in the district were 43 per cent and 30 per cent, respectively, above those in the corresponding period of 1942 and the gains continued to be widespread. Although sales during the first two weeks in March continued to be substantially above those in the corresponding period last year, the buying spree in this district may be said to have spent its main force.

The most noticeable increases in department store sales during February, as compared with sales during the same month in 1942, both from the viewpoint of dollar volume and percentage increases, occurred in women's and misses' ready-to-wear and accessories, and in all types of piece goods. Sales of this type of goods were substantially more than twice as great

as in February, 1942. The largest percentage increase occurred in sales of women's and misses' coats, the sales of which were almost three times as great as a year earlier. Large increases, however, occurred in virtually all departments. Even in the case of household furnishings, which have shown a downward trend during recent months, sales during February were 8 per cent larger than a year earlier. The sharp declines in sales of some scarce items, such as mechanical refrigerators, stoves, mechanical washers, etc., were more than offset by increased sales of other types of household appliances. Reflecting the trend toward higher-priced goods, basement store sales failed to show percentage increases proportionate to those in the main store. Although sales in basement store departments were considerably larger than a year ago, the average percentage increase in all basement store departments was 20 per cent less than the increase in main store departments.

A large part of the increased buying consisted of a greater volume of cash sales. During February, cash sales, which accounted for approximately one-half of total sales, were two and one-half times as large as in the same month of 1942 and were 21 per cent above those in January this year. Total credit sales during February were 58 per cent above those a year earlier and 29 per cent above those in January. The increase in total credit sales was more than accounted for by a larger volume of regular account sales, since instalment sales were 8 per cent below those in February, 1942.

As a result of the heavy buying during February, stocks at the end of the month were 19 per cent below those of a year earlier and 5 per cent below those at the end of January. The declines were general and with very few exceptions occurred in all departments both in the main store and in the basement store. Although there was considerable variation in the size of the declines among the various departments, in general, of course, the declines were proportionate to the increased sales. A few lines, especially the hard goods lines which require scarce materials, showed the largest percentage drops from the preceding year.

The ratio of collections on regular accounts and on instalment accounts outstanding at the first of February continued at the high level of other recent months, the collection ratios being 63 per cent and 25 per cent, respectively.

The demand for merchandise at reporting wholesale trade firms in this district increased slightly during January and February, but there was little net change from the level of the corresponding period of 1942. Compared with a year ago, however, sales of reporting wholesale drug firms were 40 per cent larger, sales of grocery firms were 20 per cent larger, and tobacco sales were up 13 per cent. These increases were largely offset by a substantial decline in sales of electrical goods, machinery, surgical equipment and hardware. At the end of February, stocks of reporting wholesale firms averaged 20 per cent below those on the corresponding date last year, the declines occurring in all reporting classifications.

Both the number of commercial failures and the liabilities of defaulting firms in the Eleventh District continued at unusually low levels during the first two months of this year. According to Dun and Bradstreet, Incorporated, there were

only seven commercial failures during January and February this year as compared with 29 during the same period of 1942. The liabilities of defaulting firms this year have amounted to only \$43,000 as compared with \$270,000 last year.

AGRICULTURE

Temperatures favorable to growing crops prevailed in most sections of the Eleventh District during the last two weeks of February, but rainfall was confined primarily to the Coastal Bend during the period, and in most other sections deficiency of moisture delayed planting and held back growth on ranges and pastures. The cold wave early in March apparently did only limited damage in this district. Truck crops in the Lower Valley escaped injury, and losses in the Winter Garden and Coastal Bend areas were apparently not serious. Available reports indicate substantial loss of fruit in east and north Texas, and some loss of onions in northern counties. A few calves and lambs were lost during the severe cold, but over-all death losses of livestock were light. During the second week in March, central and north Texas received rains which partially relieved the moisture deficiency, prepared ground for planting and benefited pastures considerably.

Cattle and sheep in the Eleventh District came through February in fair to good condition. Feeding of roughage and grains held shrinkage to a minimum in Texas except in the eastern and southern counties, where feeds were scarce. The shortage of cottonseed cake and meal became more acute during February, and oat pastures in the Edwards Plateau and north central counties did not supply the usual feed. Although the condition of ranges in Texas and New Mexico deteriorated during the month, ranges were providing fair to good feed at the beginning of March except in south Texas.

The abundant supply of feed and the good condition of ranges during the fall of 1942 fostered an increase of livestock in the Southwest. On January 1, 1943, there were 10,677,000 head of sheep and lambs in Texas, the largest number of record, and the number of hogs was only fractionally below the all-time recorded high reached on January 1, 1921. The number of cattle and calves in the State continued the upward trend of the preceding three years and totaled 7,518,000 head on January 1, 1943, as compared with the preceding peak of 7,547,000 in 1937 and the all-time recorded high of 8,410,000 head attained on January 1, 1934. Slight declines occurred in the sheep and lamb population of Arizona, Louisiana, New Mexico and Oklahoma, but Arizona was the only one of those states to experience a decline in the number of cattle and calves from January 1, 1942, to January 1, 1943, and there was a substantial increase in the number of hogs on farms in Arizona, New Mexico and Oklahoma.

On January 1, 1943, there were 62,000,000 chickens on farms in the five states covered in whole or in part by the Eleventh District, as compared with 53,000,000 a year before. The number of chickens on Texas farms on January 1, 1943, totaled approximately 37,000,000 fowls, as compared with 32,000,000 a year earlier and 22,000,000 on January 1, 1935. The turkey population of the five states has declined each year since 1940, and on January 1 of this year was substantially smaller than a year before, totaling 1,030,000 as compared with 1,230,000 on January 1, 1942. The number of turkeys in Texas dropped from 875,000 on January 1, 1942, to 744,000 on January 1 this year.

The production of wool in the five-state area was slightly smaller in 1942 than in 1941. Wool production in Texas declined from 80,250,000 pounds in 1941 to 74,994,000 pounds

in 1942, although a larger number of sheep was shorn in the State in the latter year. Cash income from the Texas wool crop increased, however, rising from \$29,692,000 in 1941 to \$30,748,000 in 1942. As a result of a decline in the number of goats clipped, mohair production in Texas, New Mexico and Arizona was somewhat smaller in 1942 than in 1941. Texas produced 17,856,000 pounds of mohair in 1942 as compared with 18,750,000 pounds in the preceding year. Cash income from mohair also declined in Texas, falling from \$10,875,000 in 1941 to \$8,928,000 in 1942. There were 3,465,000 goats in the State on January 1, 1943, the same number as on January 1, 1942, and a somewhat greater number than on the comparable dates in preceding years.

The Secretary of Agriculture has announced that farmers may exceed their individual cotton acreage allotments by 10 per cent without being liable for cotton marketing quota penalties and without loss of conservation program payments and cotton loan privileges. Cotton marketing quotas have not been increased, and the requirement that farmers plant 90 per cent of the special war crop goals allocated to them in order to receive maximum payments under the agricultural adjustment program is retained.

On February 15, 1943, many prices received by Texas farmers for agricultural products were more than 65 per cent greater than on the same date in 1940, and several, such as those for hogs, chickens and turkeys, were substantially more than 100 per cent greater. Average prices received by Texas farmers on February 15, 1943, were also considerably greater than a year earlier. The prices of hogs, beef cattle, milk cows, butter and corn were up approximately 25 per cent, and the increases in prices of butterfat, chickens, eggs, oats, sorghums and hay were even greater. Average farm prices received in Texas rose from January 15 to February 15, 1943. Substantial increases occurred in the average prices of hogs, beef cattle, veal calves, sheep and lambs, and prices of grains and other feeds increased moderately. The average price of butterfat remained unchanged and the price of eggs and milk-at-wholesale declined slightly.

Recent reports on planting intentions indicate that acreages of major food and feed crops will be somewhat greater in 1943 than they were in 1942, both in Texas and in the United States. Prospective acreages of peanuts, corn, sorghum and tame hay in Texas, as reported on March 1, were substantially greater than those reported at the same time last year. However, yields per acre in 1943 may not be as great as in 1942, when record yields were realized for many crops as a result of the exceptionally favorable weather which prevailed. The indicated increase in acreage therefore may not be reflected in a proportionate increase in production.

Reports on breeding intentions indicate 350,000 sows farrowed in Texas this spring as compared with 270,000 in the spring of 1942. Texas turkey growers also intend to increase the number of turkeys raised to 3,798,000 birds as compared with 3,724,000 last year, in spite of a decline in the number of turkey hens on farms.

FINANCE

The reserve balances of member banks in the Eleventh Federal Reserve District, after declining somewhat during the first half of February, increased during the latter part of the month and rose to a new high of \$509,000,000 around the middle of March. Although average reserve balances of \$495,000,000 during the first half of March were \$15,000,000 above the average for the first half of February, they were approximately the same as those during the first part of January. Due to the decline in reserve balances and a further increase in customer

deposits during February, excess reserves declined \$10,000,000 during the month. At the end of February, excess reserves of \$134,000,000 were almost \$20,000,000 below the all-time peak reached during the first half of January this year.

Gross deposits of 33 weekly reporting member banks in the district, after falling off during the latter part of February and the first week in March increased \$30,000,000 during the week ended March 10, on which date they were at a new peak of \$1,582,000,000. United States Government deposits have continued to decline from the high level reached during the December financing period. During the four weeks ended March 10, the Treasury withdrew approximately one-third of its deposits with weekly reporting member banks in this district, thereby reducing these deposits to \$62,000,000 on March 10. These withdrawals, however, were more than offset by an increase of \$56,000,000 in adjusted demand deposits and by smaller increases in interbank deposits and time deposits.

After rising to a new peak of \$1,000,000,000 on January 27, total loans and investments of 33 weekly reporting member banks continued to increase moderately during the following six weeks. On March 10, total loans and investments amounted to \$1,035,000,000, which was \$19,500,000 larger than four weeks earlier. The increase continued to be accounted for entirely by larger holdings of United States Government securities, while loans continued to fall off moderately.

The decline in loans during the four weeks ended March 10, however, amounted to less than \$300,000. A decline of \$1,300,000 in commercial, industrial and agricultural loans during that period was about offset by an increase in loans for security trading. Real estate loans, loans to banks, and "all other" loans, which include personal and instalment loans, fell off moderately during the four weeks whereas, holdings of open market paper and loans to brokers and dealers in securities registered small net gains.

During the four weeks ended March 10 weekly reporting member banks continued to increase their holdings of United States Government securities. For the past two months most of the increase in holdings of Government securities has consisted of Treasury bills and Treasury bonds. On March 10 weekly reporting member bank holdings of Treasury bills were \$47,800,000 larger than at the beginning of the current year, while during the same period these banks increased their holdings of Government bonds by \$25,300,000. Since the beginning of the year holdings of Treasury certificates of indebtedness and Treasury notes have both shown small net declines. On March 10 holdings of Government guaranteed securities amounted to \$47,000,000, an increase of approximately \$7,500,000 since the beginning of the year.

Currency in circulation has continued to expand. The average circulation of Federal Reserve notes of this bank during the first half of March was \$30,000,000 larger than during December, 1942, and \$15,000,000 above that during February. In the first part of March, Federal Reserve notes of this bank in actual circulation rose to a new high of \$276,000,000, which was almost double that on the corresponding date in 1942.

CONDITION OF THE FEDERAL RESERVE BANK
(Thousands of dollars)

	March 15, 1943	March 15, 1942	February 15, 1943
Total cash reserves	\$573,132	\$308,105	\$580,515
Discounts for member banks	125	103	125
Industrial advances	29	238	29
United States Government securities	229,350	87,797	193,710
All other investments	75	None	120
Total earning assets	229,579	88,138	193,984
Member bank reserve deposits	503,388	316,625	480,507
Federal Reserve notes in actual circulation	273,950	140,210	259,485

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

	March 10, 1943	March 11, 1942	February 10, 1943
Total loans and investments	\$1,036,430	\$695,683	\$1,016,913
Total loans	287,203	358,886	287,495
Commercial, industrial and agricultural loans	208,660	255,433	209,943
Open market paper	1,194	2,460	1,087
Loans to brokers and dealers in securities	1,766	4,637	1,379
Other loans for purchasing or carrying securities	13,522	12,244	12,239
Real estate loans	18,948	21,680	19,218
Loans to banks	108	391	110
All other loans	43,005	62,041	43,519
Total investments	749,227	336,797	729,418
United States Treasury bills	109,276	29,068	97,494
United States Treasury certificates of indebtedness	119,763	None	123,202
United States Treasury notes	105,626	41,768	104,033
United States Government bonds	308,893	163,039	299,504
Obligations guaranteed by United States Gov't.	47,151	38,169	46,215
Other securities	58,518	64,753	58,970
Reserves with Federal Reserve Bank	302,693	190,187	287,527
Balances with domestic banks*	293,222	302,910	292,031
Demand deposits—adjusted†	934,229	645,933	878,035
Time deposits	137,860	129,582	136,668
United States Government deposits	62,071	44,185	93,961
Interbank deposits*	447,999	319,293	438,119
Borrowings from Federal Reserve Bank	None	None	None

*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)

	February 1943	February 1942	Pctg. change over year	January 1943	Pctg. change over month
Abilene	\$ 14,715	\$ 12,445	+18	\$ 16,800	-12
Amarillo	37,171	41,175	+66	39,898	-7
Austin	68,406	41,175	+66	62,705	+9
Beaumont	44,296	32,413	+37	45,932	-9
Corpus Christi	38,263	.....	.....	41,059	-7
Corseana	5,102	4,155	+23	7,333	-30
Dallas	378,936	354,133	+7	421,033	-10
El Paso	51,928	41,911	+24	54,061	-4
Fort Worth	139,119	109,990	+26	155,580	-11
Galveston	37,475	26,671	+41	35,051	+7
Houston	373,434	322,120	+16	418,229	-11
Laredo	8,903	.....	.....	9,853	-10
Lubbock	21,888	.....	.....	23,901	-8
Monroe, La.	13,786	.....	.....	17,012	-19
Port Arthur	18,749	13,061	+44	19,370	-3
Roswell, N. M.	6,122	4,605	+31	7,300	-16
San Angelo	11,023	.....	.....	12,796	-14
San Antonio	110,426	89,943	+23	109,580	+1
Shreveport, La.	55,855	58,500	-5	68,960	-19
Texarkana*	13,288	26,451	-60	15,070	-12
Tucson, Ariz.	21,729	15,419	+41	22,289	-3
Tyler	13,910	12,750	+9	14,534	-4
Waco	22,495	19,078	+18	24,272	-7
Wichita Falls	21,776	20,078	+8	20,549	+6
Total—18 cities	\$1,397,761	\$1,204,958	+16	\$1,521,747	-8
Total—24 cities	1,528,795	.....	.....	1,666,266	-8

*Includes the figures of two banks in Texarkana, Arkansas, located in the Eighth District.
†New reporting center; data prior to May, 1942, not available.

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
February, 1941	\$1,533,864	\$241,491	\$ 876,181	\$134,206	\$ 657,683	\$107,285
February, 1942	1,805,645	227,543	1,034,477	126,499	771,168	101,044
October, 1942	2,243,675	225,791	1,269,835	125,667	973,840	100,124
November, 1942	2,420,463	228,284	1,363,582	127,231	1,056,881	101,053
December, 1942	2,532,830	227,967	1,409,302	128,431	1,123,528	99,536
January, 1943	2,643,213	227,933	1,468,181	130,904	1,175,032	97,029
February, 1943	2,695,602	231,842	1,479,333	134,674	1,216,270	97,169

SAVINGS DEPOSITS

	February 28, 1943		Percentage change in savings deposits from		
	Number of reporting banks	Number of savings depositors	Feb. 28, 1942	Jan. 31, 1943	
Beaumont	3	10,650	\$ 4,393,808	+ 4.0	+ .1
Dallas	8	91,938	28,619,450	+13.7	+ 1.6
El Paso	2	19,942	8,264,045	+20.2	+ 2.8
Fort Worth	3	35,026	13,709,554	+10.1	+ 1.7
Galveston	4	17,757	11,330,006	+ 4.5	+ 1.4
Houston	10	74,115	34,129,781	+ 9.4	+ 1.0
Lubbock	2	1,001	458,936	+21.8	- 2.5
Port Arthur	2	5,069	3,093,347	+ 8	+ 1.4
San Antonio	5	24,380	19,860,932	+12.9	+ 1.2
Shreveport, La.	3	25,572	12,131,820	+ 1.1	+ 1.2
Waco	3	7,348	4,644,165	+13.7	+ 1.2
Wichita Falls	3	6,587	3,445,009	+ 1.9	+ 1.5
All other	59	49,549	27,734,755	+ 3.8	+ 1.1
Total	107	366,934	\$171,725,658	+ 8.8	+ 1.3

INDUSTRY

The housing shortage has become critical in many communities in Texas and is reported to be a contributing factor in the high rate of turnover of personnel in war industries and a restraining influence on needed migration of workers into labor shortage areas. A substantial amount of repair and modification of dwellings is being conducted under the Government leasing plan in order to supply additional dwelling units for war workers. Construction contracts using private capital have also been awarded for a considerable number of new residential units in selected housing shortage areas in the State.

The value of construction contract awards in the Eleventh District in February established a new high for the month in spite of the elimination of virtually all non-essential construction by the Facilities Review Committee of the War Production Board. Construction awards in the district during the month exceeded \$79,000,000 as compared with the preceding peak for February of \$43,000,000 attained last year. The value of awards for residential construction declined markedly from the level of January, and was somewhat smaller than in February, 1942. It was, however, substantially greater than the value of awards in this district in any month prior to 1941. The value of non-residential construction awards in this district in February was approximately 12 per cent greater than in the preceding month and 140 per cent greater than in February last year.

Employment in war industries in Texas continued to rise during February and the first 15 days of March. The number of employees engaged in the industries increased by 9,000 from January 15 to February 15, and preliminary hiring schedules indicate an addition of approximately 12,000 workers during the following 30 days. Estimates of the eventual peak of employment in war industries in the State have been lowered, but the industries still are expected to add 70,000 persons to their working force between March 15, 1943, and March 15, 1944.

WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in:				
		Net sales			Stocks†	
		February, 1943 from 1942	January, 1943	Jan. 1 to Feb. 28, 1943 from 1942	February, 1943 from 1942	
Retail trade:						
Department stores:						
Total 11th Dist.	46	+74	+24	+45	-19	-5
Dallas.	7	+74	+30	+45	-17	-7
Fort Worth.	4	+80	+19	+45	-12	+2
Houston.	7	+73	+20	+35	-30	-4
San Antonio.	4	+92	+35	+69	-1	-14
Shreveport.	3	+29	+23	+6	...	...
Other cities.	21	+75	+16	+51	-23	+2
Retail furniture:						
Total 11th Dist.	69	+10	+3	...	-12	+1
Dallas.	3	+12	-4	...	-4	-1
Fort Worth.	3	+38	-7	...	-11	-1
Houston.	4	+18	+4	...	-15	-2
San Antonio.	4	+16	+10	...	-7	+3
Independent stores:*						
Arizona.	165	+19	-1	+15	...	...
Oklahoma.	392	+53	+11	+36	...	...
Texas.	968	+63	+17	+37	...	...
Wholesale trade:*						
Machinery, eqpt & supplies.	5	-52	+28	-56	...	...
Drugs (incl. liquors).	12	+41	-4	+36	-7	+5
Electrical goods.	3	-41	-11	-38	...	...
Groceries.	31	+21	+2	+13	-18	-1
Hardware.	14	-16	+5	-17	-21	-3
Surgical eqpt.	4	-3	-13	-9	-4	-3
Tobacco & products.	4	+13	+10	+13	...	...

*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)

	February 1943	February 1942	January 1943	December 1942
Sales (daily average):				
Without seasonal adjustment.	205	108	155	280
With seasonal adjustment.	241	127	204	162
Stocks (end of month):				
Without seasonal adjustment.	78	93r	83	73
With seasonal adjustment.	82	97r	95	84

r-Revised.

Deliveries of petroleum and petroleum products to the East Coast by railroad tank cars fell below 800,000 barrels daily during the last week of February and the first week of March after exceeding that figure by a substantial margin during the three weeks ended February 20. However, for the four weeks ended March 6, 1943, receipts averaged 806,000 barrels daily.

Production of crude oil in the Eleventh District averaged 1,532,945 barrels daily during February as compared with the all-time high of 1,767,175 barrels daily during February, 1942. Increases in daily average production, which occurred in the Texas Coastal section, west Texas and New Mexico in February, were largely offset by declines in other sections of the district. Daily average production outside the Eleventh District during the month was 6 per cent greater than in January and only slightly below the average during February, 1942. Crude oil stocks continued to accumulate in this district and on February 27 were approximately 10 per cent greater than on the comparable date a year ago. Stocks outside the district also increased fractionally during the month, but at the end of February were still approximately 22 per cent smaller than a year before.

The level of drilling activity in February in the Eleventh District, as measured by daily average well completions, was slightly below that of the preceding month. Fewer than 350 wells were completed in this district during February, 1943, as compared with approximately 700 completed in the same month last year. Dry holes accounted for 45 per cent of wells drilled in this district during February, 1943, whereas during the same month last year they accounted for 28 per cent. Approximately 30 per cent of the wells completed in the United States during February were in this district. Drilling activity outside the Eleventh District declined 15 per cent in February and was more than 30 per cent below the level of February, 1942. Nearly 30 per cent of the wells completed outside the district during February, 1943, were dry holes as compared with 20 per cent dry holes in February last year.

In a move to expand production of cotton textiles and concentrate mill output in durable and staple goods, the War Production Board has ordered the cotton textile industry to simplify construction of a specified list of fabrics. Approximately 20 per cent of the looms in the industry are affected. Cotton textile mills in the United States continued to operate near capacity on Army, Navy and Lend Lease orders during February. Cotton consumption at mills in February, which totaled 878,000 bales, was 4 per cent smaller than consumption in the preceding month but only slightly below the all-time record for February set last year. Consumption for the seven-month period ended February 28, 1943, exceeded 6,500,000 bales and established a new record for the August 1-February 28 period. Stocks in public storage and compresses at the end of February totaled 12,374,000 bales and were 696,000 bales smaller than a month earlier, and slightly greater than on February 28, 1942.

Cotton prices fluctuated within a narrow range during February and the first two weeks of March. On March 15, 1943, the average price of middling 15/16-inch staple cotton at the ten spot markets, was 21.02 cents per pound as compared with the average price of 20.53 cents on February 15, 1943, and the price of 19.30 on March 16, 1942.

Receipts of cottonseed at Texas mills declined seasonally in February and were 40 per cent smaller than in the same period last year. Receipts of cottonseed at Texas mills during December, January and February were substantially smaller than during the same months of the 1941-1942 season. However, approximately 7 per cent more cottonseed was received during the

seven months ended February 28, 1943, than was received at the Texas mills during the same period last season, and production of cottonseed oil, cake and meal and linters during the August 1-February 28 period was substantially greater this season than last. Stocks of linters on hand in Texas at the end of February were considerably greater than on the same date last year, but stocks of cake and meal and hulls were more than 80 per cent smaller. Operations in United States cottonseed mills have followed approximately the same pattern. Receipts and production were smaller in February than in January and substantially smaller than in February, 1942, but operations during the August 1-February 28 period were greater this season than last. Stocks of cake and meal and hulls on hand at United States mills at the end of February were substantially smaller than at the same time last year.

RETAIL CREDIT SURVEY

Preliminary tabulations have been made of the returns in connection with a survey of retail credit in the Eleventh Federal Reserve District conducted by this bank. In addition to the information already available from this bank's regular series on department stores and retail furniture stores, the survey included reports from more than 325 stores in the following thirteen lines of trade: automobile dealers, automobile tire and accessories stores, coal, fuel oil and wood dealers, grocery stores, hardware stores, heating and plumbing equipment dealers, household appliance stores, jewelry stores, lumber and building material dealers, men's clothing stores, milk dealers, shoe stores, and women's specialty stores. Most of the reports came from firms located in fourteen principal cities in the Eleventh District, but scattered reports were received from firms in other cities. Although the sample was not uniformly representative, a considerable number of reports was received from each line of trade and there was no undue concentration in any one locality or in any individual line of trade.

Total sales of the thirteen lines of trade declined about 10 per cent from 1941 to 1942, but all of the decline was more than accounted for by the greatly reduced volume of sales of automobile dealers and automobile tire and accessories stores. Total sales of these two groups during 1942 were almost 60 per cent below those in 1941. In other lines of trade covered by the survey, however, average sales increased 25 per cent during 1942. Sales of grocery stores, milk dealers, and coal, fuel oil and wood dealers were some 50 per cent greater than in 1941. On the average, the volume of business of heating and plumbing equipment dealers, lumber and building material dealers, and jewelry stores ranged between 20 and 25 per cent above the 1941 level. Men's clothing stores, women's specialty stores and shoe stores generally benefited from a larger volume of business during 1942 whereas, sales of household appliance stores and hardware stores showed little net change from 1941 to 1942. Although there were large variations in the experience of individual firms, broadly speaking, smaller stores apparently suffered most from war time changes, while larger firms in the district enjoyed a greater volume of business.

In all lines of trade covered by the survey, cash sales averaged 6 per cent larger during 1942 than in 1941. Open credit sales increased by slightly less than 10 per cent, but instalment sales fell off 60 per cent during the year. It should be recalled that it is customary to finance automobile sales on an instalment basis and that the scarcity of new cars during 1942 reduced this type of instalment financing to an extremely low level. Instalment sales of automobile dealers in this district during 1942 were scarcely one-fifth as large as those in 1941. In most other lines of trade covered in the survey, instalment sales constituted

a relatively small part of total sales and open account sales constituted most of the credit business. This is especially true in such lines as shoe stores, milk dealers, grocery stores, men's clothing stores, women's specialty stores, and hardware stores.

Two principal factors contributed to a substantial reduction in accounts receivable during 1942. First, the high level of money income enabled purchasers to reduce their instalment indebtedness and to place their accounts on a current basis. Second, the restrictions on consumer instalment credit under

CRUDE OIL PRODUCTION—(Barrels)

	February, 1943		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Feb., 1942	Jan., 1943
North Texas.....	6,278,550	224,234	- 11,504	- 826
West Texas.....	5,916,500	211,304	- 102,033	+10,201
East Texas.....	11,916,650	425,595	- 52,287	- 4,937
South Texas.....	4,546,800	162,386	- 67,627	- 4,834
Texas Coastal.....	9,006,100	321,646	+ 12,771	+12,472
Total Texas.....	37,664,600	1,345,165	-220,660	+1,076
North Louisiana.....	2,542,850	90,816	+ 9,916	- 1,197
New Mexico.....	2,715,000	96,964	- 23,486	+ 169
Total District.....	42,922,450	1,532,945	-234,230	+11,048

SOURCE: Estimated from American Petroleum Institute weekly reports.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	February 1943	February 1942	January 1943	August 1 to February 28	
				This season	Last season
Consumption at:					
Texas mills.....	20,990	18,828	20,778	147,946	136,472
United States mills.....	878,154	892,288	915,479	6,505,910	6,283,012
U.S. stocks—end of month:					
In consuming estab'ls.....	2,528,515	2,582,393	2,506,639		
Public stg. & compresses.....	12,373,506	12,211,947	13,069,379		

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to February 28		August 1 to February 28	
	This season	Last season	This season	Last season
Cottonseed received at mills (tons).....	998,806	936,661	4,334,893	3,804,856
Cottonseed crushed (tons).....	895,613	808,849	3,652,728	3,173,391
Cottonseed on hand Feb. 28 (tons).....	136,148	155,506	759,428	761,994
Production of products:				
Crude oil (thousand lbs.)....	258,617	233,804	1,129,816	980,052
Cake and meal (tons).....	401,201	356,611	1,616,320	1,383,780
Hulls (tons).....	220,867	210,885	881,113	789,704
Linters (running bales).....	267,156	221,754	1,099,574	930,750
Stocks on hand February 28:				
Crude oil (thousand lbs.)....	11,342	14,854	46,680	42,679
Cake and meal (tons).....	13,612	111,178	58,800	370,288
Hulls (tons).....	14,983	98,951	34,850	206,805
Linters (running bales).....	80,186	47,398	296,214	148,569

SOURCE: United States Bureau of Census.

BUILDING PERMITS

	February, 1943		Percentage change valuation from		Jan. 1 to Feb. 28, 1943		Percentage change valuation from 1942	
	No.	Valuation	Feb., 1942	Jan., 1943	No.	Valuation	Jan., 1942	Jan., 1943
	Abilene.....	13	\$ 6,647	- 93	+ 66	26	\$ 10,652	- 95
Amarillo.....	30	33,455	- 64	- 60	71	116,465	- 17	- 17
Austin.....	73	18,772	- 93	+ 40	131	32,144	- 94	- 94
Beaumont.....	86	1,820,890	+472	+	169	1,839,717	+278	+278
Corpus Christi.....	53	18,814	- 98	- 86	141	157,323	- 90	- 90
Dallas.....	393	150,874	- 83	- 6	678	311,465	- 91	- 91
El Paso.....	56	32,468	- 57	- 20	95	73,107	- 63	- 63
Fort Worth.....	236	357,355	- 20	+ 94	396	541,316	- 42	- 42
Galveston.....	42	14,447	- 91	- 6	84	29,888	- 91	- 91
Houston.....	98	63,105	- 95	- 50	158	188,670	- 93	- 93
Lubbock.....	60	15,875	- 97	+ 25	123	28,570	- 96	- 96
Port Arthur.....	36	8,840	- 87	+ 57	67	14,488	- 89	- 89
San Antonio.....	537	85,390	- 88	- 32	990	211,794	- 84	- 84
Shreveport, La.....	83	27,276	- 85	+340	112	33,479	- 93	- 93
Waco.....	23	13,526	- 94	- 70	48	59,076	- 80	- 80
Wichita Falls.....	16	9,420	- 83	+ 56	33	15,474	- 81	- 81
Total.....	1,835	\$2,677,154	- 61	+171	3,322	\$3,663,606	- 73	- 73

*More than one thousand per cent.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

	(Thousands of dollars)				
	February 1943	February 1942	January 1943	January 1 to February 28 1943	January 1 to February 28 1942
Eleventh District—total..	\$ 75,360p	\$ 42,981	\$ 77,924	\$153,284p	\$ 66,190
Residential.....	1,6504p	18,564	25,519	42,023p	28,669
All other.....	58,856p	24,417	52,405	111,261p	37,521
United States*—total.....	393,517	433,557	350,661	744,178	750,408
Residential.....	93,294	185,014	110,813	204,107	270,772
All other.....	300,223	248,543	239,848	540,071	479,631

*37 States east of Rocky Mountains. P Preliminary

SOURCE: F. W. Dodge Corporation.

MONTHLY BUSINESS REVIEW

Regulation W of the Board of Governors of the Federal Reserve System limited the amount of credit that could be extended on many articles and encouraged consumers to use their larger incomes to pay off their instalment debts and to keep their regular accounts up to date. Exclusive of automobile dealers and automobile tire and accessories stores, whose instalment receivables at the end of 1942 were only 40 per cent as large as those at the end of the preceding year, total accounts receivable at all reporting firms declined 30 per cent from the end of 1941 to the end of 1942. For those firms reporting a breakdown between open credit and instalment credit business, the rate of decline in instalment receivables was almost twice as large as the decline in regular account receivables during 1942.

Thus, for the year as a whole, the principal developments included the following. For most types of firms covered in the survey, except the automobile and allied lines, total sales were larger during 1942 than in the preceding year. In general larger firms enjoyed a greater percentage increase in business than smaller firms. Cash sales increased during 1942 whereas, total credit sales in most lines of trade declined somewhat. Merchandise sold on open account increased, especially at the larger stores, but instalment sales were uniformly smaller. In virtually all lines of trade and in all sizes of stores, accounts receivable at the end of 1942 were well below those of a year earlier, with instalment accounts receivable showing the principal declines.

POULTRY ON FARMS—JANUARY 1 OF EACH YEAR—(Thousands)

Year	Chickens		Turkeys	
	Texas	Eleventh District*	Texas	Eleventh District*
1935	21,569	37,813	825	1,145
1936	23,200	39,949	754	1,088
1937	25,800	43,256	913	1,283
1938	24,500	41,157	902	1,272
1939	26,300	44,574	900	1,311
1940	28,122	47,679	1,068	1,569
1941	27,050	45,342	983	1,388
1942	31,681	53,108	875	1,229
1943	36,975	62,149	744	1,026

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

LIVESTOCK ON FARMS—JANUARY 1 OF EACH YEAR—(thousands)

Year	Cattle		Hogs		Sheep		Horses and Mules	
	Texas	Eleventh District*	Texas	Eleventh District*	Texas	Eleventh District*	Texas	Eleventh District*
1930	6,500	11,221	1,673	3,449	6,387	10,357	1,833	3,274
1931	6,604	11,493	1,540	3,155	6,834	11,092	1,762	3,133
1932	6,890	12,082	1,890	3,950	7,212	11,619	1,718	3,032
1933	7,605	13,291	2,260	4,665	7,644	11,772	1,671	2,938
1934	8,410	14,630	2,120	4,187	8,179	12,273	1,659	2,890
1935	7,222	12,921	1,399	3,057	7,152	11,232	1,576	2,821
1936	6,861	12,138	1,455	3,098	7,359	11,147	1,512	2,739
1937	7,547	12,049	1,658	3,277	8,920	12,760	1,463	2,668
1938	7,245	12,674	1,542	3,216	9,320	13,190	1,376	2,528
1939	7,028	12,480	1,820	3,780	9,401	13,243	1,290	2,407
1940	6,817	12,458	2,293	4,630	9,606	13,461	1,236	2,316
1941	7,090	12,972	1,926	3,878	9,831	13,584	1,164	2,208
1942	7,444	13,716	2,042	4,119	10,552	14,269	1,084	2,110
1943	7,518	14,075	2,655	5,172	10,677	14,253	1,037	2,056

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

PLANTED ACRES—TEXAS—(Thousands of acres)

Crops	Average		Indicated March, 1942	Actual Harvest, 1942	Indicated March, 1943
	1932-1941	1941			
Corn	5,172	5,079	5,485	5,638	5,751
Oats	1,858	1,916	1,897	1,897	1,897
Barley	228	392	419	549	571
Flaxseed	-	34	28	20	38
Rice	220	347	389	392	408
All sorghum	5,970	7,228	6,685	6,527	7,249
Potatoes	52	62	63	58	70
Sweet potatoes	64	60	67	46	72
Soy beans	25*	17	30	46	75
Cow peas	476	672	668	610	580
Peanuts	326	398	776	1,134	1,304
Tame hay	960	1,145	1,372	1,558	1,715
Total	15,360	17,320	17,849	18,475	19,730

SOURCE: United States Department of Agriculture.
*Short time average.

CASH FARM INCOME
(Thousands of dollars)

	Texas		Eleventh District*			
	1942	1941	1940	1941		
Total farm income	1,062,301	769,745	596,856	1,859,125	1,329,755	1,045,612
Crops	534,606	385,367	263,112	933,048	651,490	462,511
Livestock and livestock products	467,449	320,731	247,255	823,967	569,733	440,434
Government payments	60,246	63,647	86,489	102,110	108,532	142,667
Principal crops:						
Cotton	310,104	220,431	139,047	464,598	319,552	214,039
Cottonseed	47,358	42,013	21,050	72,349	63,015	31,129
Food grains†	67,816	37,503	33,059	160,900	97,997	80,878
Wheat	42,495	22,368	19,965	104,242	62,021	52,117
Feed Cropst	23,846	21,649	15,821	47,283	35,882	30,163
Corn	9,511	7,471	5,540	15,760	13,283	10,034
Oil-bearing crops*	12,136	6,656	5,366	19,113	9,410	7,589
Peanuts	11,551	6,471	5,091	16,661	8,338	6,582
All vegetables	41,622	31,200	29,449	84,804	57,043	51,091
Irish potatoes	4,363	3,536	1,829	8,385	5,517	4,058
Truck crops	34,213	25,191	25,413	66,451	45,115	41,430
Fruits	21,095	15,856	8,928	36,624	25,558	17,572
Citrus fruits	19,226	13,127	6,546	23,759	16,381	9,136

*Eleventh District figures are totals for the five states wholly or partially included in the Eleventh District. †Includes wheat, rye, rice and buckwheat. ‡Includes corn, oats, barley, grain sorghums, and hay. *Includes peanuts, soybeans and flaxseed.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth		San Antonio			
	February 1943	February 1942	January 1943	February 1943		
Cattle	42,410	38,795	42,562	12,218	15,748	15,645
Calves	15,095	15,122	17,904	15,973	13,275	19,187
Hogs	78,046	50,923	95,361	11,917	10,862	12,462
Sheep	64,225	37,599	76,310	24,055	7,899	28,268

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

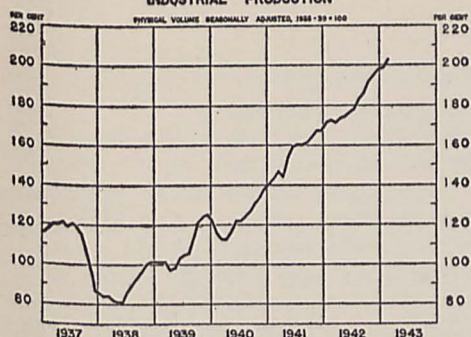
	Fort Worth		San Antonio			
	February 1943	February 1942	January 1943	February 1943		
Beef steers	\$15.00	\$12.00	\$14.75	\$13.75	\$11.00	\$12.75
Stocker steers	15.00	11.50	13.00	.....	.....	.....
Heifers and yearlings	15.00	12.75	15.00	14.00	13.25	13.75
Butcher cows	12.50	9.25	11.50	12.25	9.00	12.00
Calves	14.50	12.50	14.00	14.00	11.75	13.50
Hogs	15.25	13.10	15.15	14.50	12.75	14.50
Lambs	15.25	12.00	15.00	14.00	12.00	12.50

APRIL 1, 1943

NATIONAL SUMMARY OF BUSINESS CONDITIONS

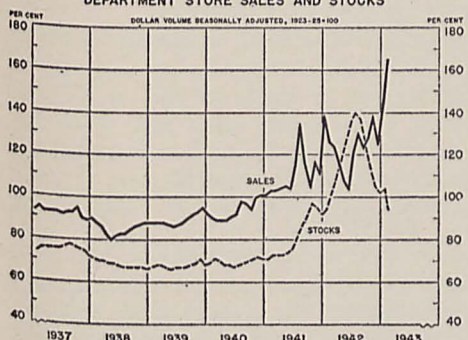
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



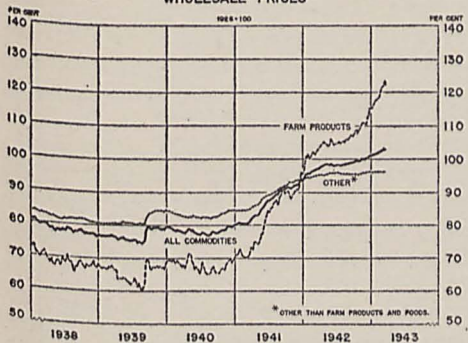
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Latest figures shown are for February, 1943.

DEPARTMENT STORE SALES AND STOCKS



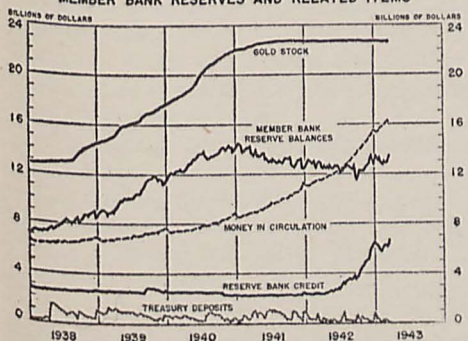
Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average=100. Latest figures shown are for February, 1943.

WHOLESALE PRICES



Bureau of Labor Statistics' weekly indexes, 1926 average=100. Latest figures shown are for week ending March 20, 1943.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures. Latest figures shown are for March 24, 1943.

Industrial activity continued to advance in February and the early part of March. Retail sales of merchandise, particularly clothing, were exceptionally large in February but declined somewhat in March. Wholesale prices, particularly of farm products, advanced further.

PRODUCTION

Total industrial output continued to increase in February and the Board's adjusted index rose to 203 per cent of the 1935-1939 average as compared with 199 in January. Larger output at coal mines, steel mills, and armament plants was chiefly responsible for the rise in the index. February deliveries of finished munitions, including a record of 130 merchant ships, considerably exceeded the previous month.

Activity at steel mills reached the peak set last October. Operations averaged 98 per cent of the mills' capacity, which has been increased since that time to a figure above 90 million tons of ingots annually.

Lumber production, which declined in January owing largely to unfavorable weather, increased in February somewhat more than is usual at this season.

Output of textile products remained at the high level of other recent months. Cotton consumption was slightly lower than the corresponding month of the previous year, while rayon and wool consumption were somewhat higher than last year. Shoe production, unchanged from January, was close to the level set by the War Production Board order which limits output of shoes for civilians in the six months beginning March 1 to the number produced in the last half of 1942. Meatpacking declined less than seasonally after a reduction in January, while output of most other foods was lower.

Coal output rose sharply in February with the general adoption of the six-day work week in the mines. Operations in the anthracite mines increased to the high level of last summer while output of bituminous coal was the highest in many years.

The value of construction contracts awarded in February was about the same as in January, according to reports of the F. W. Dodge Corporation. Total Federal awards for war construction remained at a level about one-third as large as during last summer. Federal awards for housing continued to decline in February.

DISTRIBUTION

Department store sales increased considerably in February and the Board's seasonally adjusted index rose to a new high level of 165 per cent of the 1923-25 average. Previous peaks had been 143 in January and 138 in January and November, 1942. The increase in February reflected a new buying wave that began early in the month and centered chiefly in clothing items. In the first half of March the buying wave subsided somewhat and sales declined from the high level reached during February.

Freight carloadings showed more than a seasonal rise in February and the first two weeks of March and the Board's adjusted index averaged 4 per cent higher than in January. Large off-seasonal movements of grain continued to be the most unusual feature of carloadings.

COMMODITY PRICES

Prices of a number of commodities advanced further in February and in the early part of March. Farm products have continued to show the largest increases and prices received by farmers in the middle of March are estimated to be about 30 per cent higher than a year ago. Fruit and vegetable prices are considerably higher now than during the same season last year. Prices of bread grains and grains used for livestock feeding have advanced sharply in recent months and livestock prices have also risen further.

In retail markets the largest advances have continued to be in food prices. In the latter part of February maximum levels were established for leading fresh vegetables following sharp price increases resulting in part from the restrictions on retail sales of canned and dried vegetables and fruits.

BANK CREDIT

Excess reserves of member banks remained generally above two billion dollars during the first two weeks of March, compared with an average of about 1.8 billion during the latter part of February. During the four weeks ending March 17 total Reserve Bank holdings of Government securities showed an increase of 470 million dollars. Purchases of special Treasury one-day certificates moderated the effect of large scale shifts of funds over the tax payment period. These purchases began early in March and on March 17 the certificate outstanding was 980 million dollars. Holdings of other United States Government securities declined by 510 millions.

Reflecting the payment of taxes in cash, money in circulation rose less rapidly early in March and declined slightly around the middle of the month.

The gain in reserve funds occurred mainly at banks outside the central reserve cities; at New York City and Chicago banks reserves remained close to requirements.

In the four week period ending March 17 member banks in 101 leading cities increased their holdings of Government securities by 920 million dollars. Prices of Government securities continued steady.

Demand deposits at banks in leading cities increased sharply over the four week period. There were also increases in interbank deposits, indicating accumulation of funds by country banks.