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of the FEDERAL RESERVE BANK of Dallas

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DISTRICT SUMMARY

The value of construction contracts awarded in this district dropped 75 per cent during March, reflecting a substantial decline in awards for all categories of construction and was smaller than in any other month since the beginning of the National Defense Program. During the first quarter of 1943, total sales of reporting department stores in the district were 40 per cent larger than those in the corresponding period of 1942. Daily average production of crude petroleum in the district increased slightly during March, but drilling activity continued to decline. Cotton consumption during the August 1, 1942-March 31, 1943 period exceeded the preceding record established during the comparable period of last season by 250,000 bales. Commercial failures in the Eleventh District during the first quarter of 1943 were the smallest of record. As the result of general rains late in March followed by warm weather, conditions were excellent in the commercial vegetable areas of Texas and truck crops made good progress. Since the beginning of the current year the average circulation of Federal Reserve notes of this bank has increased about \$10,000,000 per month and now exceeds \$280,000,000.

BUSINESS

During the first quarter of 1943 total sales at reporting department stores in the Eleventh Federal Reserve District were 40 per cent above those in the corresponding period of 1942. The large increase in sales began in the early part of February after the announcement of shoe rationing. Consumers apparently interpreted this announcement as the forerunner of rationing in other lines and total sales at department stores in this district during February were 75 per cent above those in that month last year. The unusually large volume of buying subsided somewhat toward the end of February. Although buying during March was 7 per cent below that in February, it was still 28 per cent larger than in March, 1942. The increase in sales during March was widespread and occurred in virtually every section of the district from which reports are received. Weekly reports from a smaller number of firms indicate that the abnormal volume of purchases again subsided somewhat toward the end of March, but during the week ended April 10 sales were about 75 per cent above those in the corresponding week in 1942. A large part of the increase in sales during the week ended April 10 was due to the shift in pre-Easter buying. Last year the week ended April 11 came immediately after Easter when sales would normally be small, whereas this year the week ended April 10 reflected pre-Easter purchases. It may also be noted that some part of the increase over the corresponding period last year is due to higher prices for many types of goods and a large part of the sustained increase in department store sales reflects the expanding incomes arising out of war expenditures.

Throughout the period of heavy buying there were particularly large increases in sales of most types of piece goods, ready-to-wear accessories, women's and misses' ready-to-wear, and to a lesser extent in men's and boys' wear. Sales of many types of house furnishings registered increases, while others, such as mechanical refrigerators, stoves, cleaners and other appliances which are difficult to replace, showed substantial declines and total house furnishings sales were slightly below those in 1942. Basement store sales and miscellaneous departments generally also showed substantial increases over the pre-

ceding year, although basement store sales did not show as large a percentage increase as did most main store departments. A large part of the increase in total sales during the first quarter of this year consisted of cash sales since credit sales increased only about half as fast as total sales. During the first three months of the current year cash sales accounted for almost half of total sales, as compared with slightly more than one-third of total sales during the corresponding period of 1942.

The ratio of collections on regular accounts outstanding at the first of the month averaged somewhat higher than 60 per cent during the first three months of 1943, while collections on instalment accounts ranged between 25 and 30 per cent. At the end of March inventories at reporting department stores in the district averaged 10 per cent above those at the end of February, but were 17 per cent below those at the end of March, 1942.

The demand for merchandise at reporting wholesale trade firms in the Eleventh District increased slightly from February to March and was 5 per cent above that in March last year. As compared with a year earlier, there was an increase of 57 per cent in the sales of wholesale drug firms. Sales of wholesale grocery firms increased 21 per cent over the year and there were small increases in other lines of wholesale trade. These gains, however, were largely offset by declines of 46 per cent in sales of machinery, equipment and supplies, 36 per cent in electrical goods, and 18 per cent in hardware. At the end of March, stocks of reporting wholesale trade firms were uniformly smaller than those of a year earlier, the average decline being 18 per cent over the year.

During the first quarter of the current year both the number of commercial failures and the liabilities of defaulting firms were the smallest for the comparable period of any year since records became available in 1916. According to Dun and Bradstreet, Incorporated, there were only nine commercial failures in the Eleventh District during the first three months of 1943 as compared with 42 in the same period of 1942. The liabilities of defaulting firms declined from \$503,000 in 1942 to \$64,000 in 1943.

AGRICULTURE

Favorable weather which prevailed during the last half of March and the first half of April improved the outlook for crops and ranges in most sections of the Eleventh District. General rains late in March which relieved the moisture shortage in many sections of Texas were followed by warm weather and scattered showers during the first half of April. As a result, conditions were excellent in the commercial vegetable areas of Texas and truck crops made good progress. Plowing and preparation of land for spring planting were further advanced by April 1 than usual, and planting, after being slightly delayed by cold, dry weather early in March progressed rapidly. By mid-April, planting of cotton, corn and feed crops was almost completed in southern sections of the district and progressing rapidly under favorable conditions in others.

Wheat was seeded under favorable conditions last fall and came through the winter with very little loss. The late March rains further improved prospects, and on April 1, the indicated Texas wheat crop was 31,419,000 bushels, as compared with the 1932-1941 average of 26,434,000 bushels. The indicated production for 1943 is, however, 34 per cent below the 47,438,000 bushels produced in the State in 1942. Indicated

United States production of winter wheat in 1943 is likewise above the 1932-1941 average and considerably smaller than the 1942 production. Farm stocks of wheat in Texas were somewhat smaller on April 1, 1943 than a year earlier and substantially below the 1932-1941 average.

The condition of livestock and ranges in the Eleventh District did not change appreciably during March. However, rains late in March and early in April stimulated a rapid growth of new range feed over most of Texas, and the condition of livestock should improve rapidly. On April 1, sheep and cattle in Texas were in fair to good condition. Death losses of fresh shorn goats and new born kids were heavy during the unseasonable cold early in March, but losses of calves and lambs were relatively light. Lambing was well advanced by April 1, with a fair to good crop indicated.

WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in:				
		Net sales			Stocks	
		March, 1943 from March, 1942	February, 1943	Jan. 1 to Mar. 31, 1943 from 1942	March, 1943 from March, 1942	February, 1943
Retail trade:						
Department stores:						
Total 11th Dist.	46	+29	-8	+40	-17	+10
Dallas	7	+27	-12	+39	-16	+7
Fort Worth	4	+36	-3	+42	-13	+5
Houston	6	+29	-8	+36	-31	+7
San Antonio	5	+31	-12	+52	-1	-13
Shreveport, La.	3	+8	+6	+7	....	....
Other cities	21	+30	-3	+43	-21	+17
Retail furniture:						
Total 11th Dist.	70	+10	+17	....	-14	+4
Dallas	8	+26	+31	....	-8	+8
Fort Worth	3	+54	+17	....	-12	+5
Houston	6	+3	+33	....	-15	+1
San Antonio	4	+1	+15	....	-17	+2
Independent stores: *						
Arizona	175	+16	+11	+16	....	....
New Mexico	131	+23	+15	+16	....	....
Oklahoma	397	+24	+5	+32	....	....
Texas	943	+24	-1	+32	....	....
Wholesale trade: *						
Machinery, eqp't & supplies	3	-46	+23	-55	....	....
Drugs (incl. liquors) ..	12	+57	+18	+44	-10	-1
Electrical supplies ..	5	-36	-6	-37	....	....
Groceries	26	+21	-2	+16	-19	+4
Hardware	14	-18	+4	-17	-21	+1
Surgical eqp't.	4	+13	+8	-1	....	....
Tobacco & products ..	4	+12	-5	+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)

	March 1943	March 1942	February 1943	January 1943
Sales (daily average):				
Without seasonal adjustment	160	129	205	155
With seasonal adjustment	172	133	241	204
Stocks (end of month):				
Without seasonal adjustment	86	103r	78	83
With seasonal adjustment	83	100r	82	95

r-Revised.

CASH FARM INCOME (Thousands of dollars)

	January, 1943		Total receipts	
	Crops	Livestock*	January 1943	January 1942
Arizona	\$ 9,241	\$ 2,732	\$ 11,973	\$ 10,811
Louisiana	9,362	3,798	13,160	12,291
New Mexico	3,976	2,186	6,162	4,100
Oklahoma	8,977	14,312	23,289	19,246
Texas	47,433	32,703	80,136	52,605
Total	78,989	55,731	134,720	99,053

*Includes receipts from the sale of livestock and livestock products.
SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	March 1943	March 1942	February 1943	March 1943	March 1942	February 1943
Cattle	63,745	49,868	42,410	16,442	17,736	12,218
Calves	18,832	19,835	15,095	20,914	18,183	15,973
Hogs	92,765	60,626	78,046	14,120	13,419	11,917
Sheep	76,348	77,967	64,225	21,438	9,951	24,055

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	Fort Worth			San Antonio		
	March 1943	March 1942	February 1943	March 1943	March 1942	February 1943
Beef steers	\$15.50	\$12.50	\$15.00	\$13.50	\$11.25	\$13.75
Stocker steers	15.50	12.00	15.00	....	....	....
Heifers and yearlings ..	15.00	12.85	15.00	14.00	12.00	14.00
Butcher cows	13.50	9.25	12.50	12.50	9.25	12.25
Calves	15.00	12.50	14.50	14.50	12.00	14.00
Hogs	15.25	13.65	15.25	14.75	13.15	14.50
Lambs	16.00	13.00	15.25	13.50	11.25	14.00

Movement of stocker and feeder cattle into the Corn Belt states was at a high level during the first quarter of the year and at the end of the quarter the number of cattle on feed for market was slightly greater than at the same time last year. Receipts of livestock at representative Texas markets were somewhat heavier in March than in February and slightly greater than in March, 1942.

In its report of March 20, the Bureau of the Census reports 2,916,000 running bales of cotton ginned from the 1942 Texas crop, as compared with 2,558,000 bales from the preceding crop and 3,111,000 bales from the crop of 1940. Ginnings from the 1942 United States crop totaled 12,438,000 running bales, and were 1,900,000 bales larger than those from the crop of 1941 and somewhat larger than those from the crop of 1940. The Commodity Credit Corporation announced that through March 27, 1943, loans had been made on 1,449,000 bales of the 1942 Texas crop, of which loans on 1,419,000 bales were outstanding. In the United States, loans had been made on 2,913,000 bales of the 1942 crop.

Prices for farm products received by Texas farmers continued to advance from February 15 to March 15. On the latter date, the average farm prices of livestock were considerably higher than a month earlier and average prices of most other farm products were somewhat higher. Prices of eggs and milk-at-wholesale declined, however, and prices of butterfat and wool did not change. Cash income from farm marketings was higher in all states in January, 1943, than in the same month last year. In Texas, cash farm income exceeded \$80,000,000 in January as compared with \$53,000,000 in January, 1942. The substantial increase was largely attributable to the increase in cash income from crops, although income from livestock and livestock products also rose.

FINANCE

The reserve balances of member banks in the Eleventh District, which were at a new peak in the middle of March, fell off about \$50,000,000 during the latter part of the month and then increased sharply during the first part of April, reaching another new high level of \$514,000,000 on April 16. Average reserve balances of member banks during the first half of April, however, amounted to only \$492,000,000, which was somewhat below the average during the first half of March. Due to the decline in reserve balances during the last half of March and a further increase in customer deposits, excess reserves of member banks in this district declined to \$124,000,000 during the latter half of the month, which was almost \$30,000,000 below the all-time peak reached in January this year.

Gross deposits of 33 weekly reporting member banks in this district, which were at a new high level of \$1,582,000,000 on March 10, increased \$25,000,000 in the following week and declined thereafter. On April 14 gross deposits of the 33 weekly reporting member banks were only \$1,000,000 above those on March 10, but the conversion of United States Government deposits into private deposits continued. Reflecting principally the Treasury withdrawals from war loan accounts in depository banks, United States Government deposits declined \$22,000,000 in the five weeks ended April 14. On the other hand, adjusted demand deposits of weekly reporting banks increased \$11,000,000 to a total of \$946,000,000 on April 14; interbank deposits increased \$10,000,000 during the five weeks, and there was a small increase in time deposits.

Total loans and investments of the 33 weekly reporting member banks in this district continued to increase moderately during the latter part of March and the first half of April. The expansion in holdings of United States Government securities continued to be much more than sufficient to offset a further decline in loans. On April 14 total loans and investments of the 33 weekly reporting banks amounted to \$1,047,000,000

which was \$11,000,000 above that on March 10 and \$345,000,000 larger than a year earlier.

During the five weeks ended April 14 total loans of weekly reporting member banks declined \$3,000,000. The decline consisted mainly of a decrease in commercial, industrial and agricultural loans, but there were also small declines in most other classifications of loans, except loans for security trading and loans to banks which increased slightly.

During the five weeks ended April 14 total investments of weekly reporting banks increased \$14,000,000 to a total of \$763,000,000. Holdings of nongovernmental securities fell off about \$500,000 and there was a decline of \$2,000,000 in holdings of Treasury bills. Holdings of all other types of Government securities, however, increased during the five-week period. A year ago when the Treasury made its first offering of certificates of indebtedness after a lapse of 8 years, the 33 weekly reporting banks in this district held only \$33,000,000 of Treasury bills. Since that time, however, the weekly reporting banks have increased substantially their holdings of Treasury bills and Treasury certificates of indebtedness, the aggregate amount of these holdings being \$238,000,000 on April 14. Thus, while Treasury bonds and notes continue to account for the major proportion of total holdings of United States Government securities, holdings of short-term Treasury issues now account for more than 30 per cent of total holdings of United States Government securities, as compared with 17 per cent a year earlier.

The demand for currency in this district has continued to expand. The average circulation of Federal Reserve notes of this bank during the first half of April amounted to \$284,000,000, an average increase of \$10,000,000 per month since the first half of December, 1942. During the early part of April the Federal Reserve notes of this bank in actual circulation were at a new high of \$287,000,000, which was about double the circulation on the corresponding date last year.

EARNINGS OF MEMBER BANKS

The first year of war brought about significant shifts in the operations of member banks in the Eleventh District. During 1942 loans fell off about 10 per cent, investments in United States Government securities, direct and guaranteed, increased 150 per cent, deposits increased 40 per cent, and the ratio of capital funds to deposits declined from 17.5 per cent in 1941 to 13.7 per cent in 1942.

Member banks in this district continued to derive a major proportion of total earnings from interest and discounts on loans. The percentage of total earnings derived from loans during 1942 was highest among banks with less than \$250,000 of deposits. As the size of the banks increased, the percentage of total earnings derived from interest and discounts on loans declined. Among the smallest group of member banks interest and discounts on loans provided 80 per cent of total earnings during 1942, whereas among banks with deposits of more than \$5,000,000 only about one-half of total earnings were derived from that source. All groups of banks, however, derived a smaller percentage of total earnings from interest and discounts on loans during 1942 than they derived from that source in 1941. Thus, interest and discounts on loans declined both in dollar amount and as a percentage of total earnings.

The decline in earnings from loans, however, was about offset by larger earnings from interest and dividends on securities. Member banks increased their holdings of United States Government securities, direct and guaranteed, from \$370,000,000 at the end of 1941 to \$940,000,000 at the end of 1942, while holdings of nongovernmental securities declined about \$10,000,000 during the year. All groups of banks derived a larger percentage of their earnings from securities in 1942 than they did in 1941. In general, the percentage increase in earnings from securities varied directly with

CONDITION OF THE FEDERAL RESERVE BANK (Thousands of dollars)

	April 15, 1943	April 15, 1942	March 15, 1943
Total cash reserves.....	\$608,641	\$410,122	\$573,132
Discounts for member banks.....	125	147	125
Industrial advances.....	29	230	29
United States Government securities.....	205,221	89,027	229,350
All other investments.....	30	None	75
Total earning assets.....	205,404	89,405	229,579
Member bank reserve deposits.....	506,928	307,934	503,388
Federal Reserve notes in actual circulation.....	280,797	142,441	273,950

CONDITION STATISTICS OF 33 MEMBER BANKS IN LEADING CITIES (Thousands of dollars)

	April 14, 1943	April 15, 1942	March 10, 1943
Total loans and investments.....	\$1,047,257	\$702,208	\$1,036,430
Total loans.....	244,354	354,383	287,203
Commercial, industrial and agricultural loans.....	205,789	251,599	208,660
Open market paper.....	775	3,204	1,194
Loans to brokers and dealers in securities.....	1,648	3,977	1,766
Other loans for purchasing or carrying securities.....	14,744	12,438	13,522
Real estate loans.....	18,674	21,787	18,948
Loans to banks.....	154	277	108
All other loans.....	42,570	61,101	43,005
Total investments.....	762,903	347,825	749,227
U. S. Treasury bills.....	107,215	34,227	109,276
U. S. Treasury certificates of indebtedness.....	130,931	13,489	119,763
U. S. Treasury notes.....	106,296	41,990	105,626
U. S. Government bonds.....	311,328	156,031	308,893
Obligations guaranteed by United States Gov't.....	49,028	37,746	47,151
Other securities.....	58,105	64,342	58,518
Reserves with Federal Reserve Bank.....	299,713	190,781	302,693
Balances with domestic banks*.....	286,654	310,205	293,222
Demand deposits—adjusted†.....	945,709	642,285	934,229
Time deposits.....	139,168	130,473	137,860
United States Government deposits.....	40,027	52,176	62,071
Interbank deposits.....	458,432	326,314	447,999
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)

	March 1943	March 1942	Pctg. change over year	February 1943	Pctg. change over month
Abilene.....	\$ 17,266	\$ 12,636	+ 37	\$ 14,715	+17
Amarillo.....	49,019	.....	.....	37,171	+32
Austin.....	127,925	62,514	+105	68,406	+87
Beaumont.....	51,494	33,917	+ 52	44,296	+16
Corpus Christi.....	40,772	.....	.....	38,263	+ 7
Corsicana.....	6,323	4,736	+ 34	5,102	+24
Dallas.....	466,029	367,002	+ 27	378,936	+23
El Paso.....	57,438	46,495	+ 24	51,928	+11
Fort Worth.....	188,292	119,960	+ 57	139,119	+35
Galveston.....	39,107	33,469	+ 17	37,475	+ 4
Houston.....	452,161	344,537	+ 31	373,434	+21
Laredo.....	10,844	.....	.....	8,903	+22
Lubbock.....	26,049	.....	.....	21,888	+19
Monroe, La.....	17,104	.....	.....	13,786	+24
Port Arthur.....	21,068	14,245	+ 48	18,749	+12
Roswell, N. M.....	8,345	6,176	+ 35	6,122	+36
San Antonio.....	14,559	.....	.....	11,023	+32
San Antonio.....	128,988	98,989	+ 30	110,426	+17
Shreveport, La.....	70,704	62,134	+ 14	55,855	+27
Texas.....	10,039	29,171	- 35	13,288	+43
Tucson, Ariz.....	27,493	17,337	+ 59	21,729	+27
Tyler.....	17,002	12,398	+ 38	13,910	+23
Waco.....	35,205	21,104	+ 67	22,495	+57
Wichita Falls.....	24,482	19,988	+ 22	21,776	+12
Total—18 cities.....	\$1,758,451	\$1,306,808	+ 35	\$1,397,761	+26
Total—24 cities.....	1,916,828	.....	.....	1,528,795	+25

*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	Gross demand	Gross demand
	Time	Time	Time
March, 1941.....	\$1,529,028	\$244,006	\$ 879,948
March, 1942.....	1,804,123	227,091	1,036,318
November, 1942.....	2,420,463	228,284	1,363,582
December, 1942.....	2,532,530	227,967	1,409,302
January, 1943.....	2,643,213	227,933	1,468,181
February, 1943.....	2,695,602	231,842	1,479,333
March, 1943.....	2,693,840	232,878	1,464,442
March, 1942.....	.....	.....	136,259
March, 1943.....	.....	.....	1,229,407

SAVINGS DEPOSITS

	March 31, 1943		Percentage change in savings deposits from			
	Number of reporting banks	Number of savings depositors	March 31, 1942	Feb. 28, 1943		
		Amount of savings deposits				
Beaumont.....	3	10,590	\$ 4,368,554	+ 3.0	—	6
Dallas.....	8	93,095	29,144,214	+16.6	+ 1.8	
El Paso.....	2	19,978	8,459,796	+24.6	+ 2.4	
Fort Worth.....	3	33,260	13,892,032	+12.6	+ 1.3	
Galveston.....	4	17,873	17,396	+ 6.3	+ 1.3	
Houston.....	10	74,592	34,618,298	+12.3	+ 1.2	
Lubbock.....	2	999	457,063	+24.0	+ 3	
Port Arthur.....	2	5,020	3,014,272	+ 3	+ 4	
San Antonio.....	5	24,713	20,081,760	+15.4	+ 1.1	
Shreveport, La.....	3	25,049	12,131,955	+ 1.3	+ 1.3	
Waco.....	3	7,385	4,731,788	+16.5	+ 1.9	
Wichita Falls.....	3	6,598	3,447,308	+ 3.5	+ 1	
All other.....	59	49,624	27,994,183	+ 5.4	+ .9	
Total.....	107	368,776	\$173,819,119	+10.9	+ 1.3	

the size of the banks. For all member banks in the district interest and dividends on securities increased 28 per cent from 1941 to 1942. "All other" earnings increased slightly in all groups of member banks. Service charges on deposit accounts continued to account for a relatively small proportion of total earnings, averaging about 7½ per cent for all size groups of banks in 1942, which was a slight increase from the two preceding years.

Gross earnings of member banks having deposits of more than \$5,000,000 were fractionally higher in 1942 than in 1941, but were slightly smaller for banks having deposits of less than that amount. The higher earnings among banks with deposits of more than \$5,000,000 were just about sufficient to offset the decline in other groups of banks.

Total expenses, excluding taxes, were slightly higher in 1942 than in 1941, the increase averaging 3 per cent for all member banks. All expenses, including taxes, absorbed 78 per cent of all earnings during 1942 as compared with 69 per cent during 1941. Salaries and wages, the largest single item of expenses, increased somewhat, while taxes rose from 6 per cent of total earnings in 1941 to 12.5 per cent in 1942. After making provision for taxes, net current earnings during 1942 were about one-fourth smaller than those in the preceding year. The decline in net earnings was general and occurred in all size groups of banks. Net profits declined from 28.5 per cent of total earnings in 1941 to 22 per cent in 1942 and the decline would have been even greater except for the fact that net charge-offs on loans and securities declined from 2.8 per cent of total earnings in 1941 to .2 per cent in 1942. In general, banks followed a conservative dividend policy in 1942 but the reduction in cash dividends was not proportionate to the decline in net profits.

INDUSTRY

The war boom in construction in the Eleventh Federal Reserve District has apparently run its course. The value of construction awards in the district dropped more than 75 per cent in March as a result of substantial declines in awards for all categories of construction and was smaller than in any month since the beginning of the National Defense Program. Awards for the month totaled \$16,000,000 as compared with \$47,000,000 in March last year. Elsewhere in this issue, the pattern of construction activity in Texas during the boom is reviewed in detail.

Production of Portland cement at Texas mills declined in January and February and in the latter month was substantially smaller than in the same month last year, although somewhat greater than in February, 1941. Shipments of cement from the mills declined considerably in January but increased the following month. At the end of February, cement stocks at Texas mills were somewhat smaller than on the corresponding date in other recent years. The Bureau of Mines estimates 1943 requirements for Portland cement in Louisiana, Texas and Oklahoma to be 35 per cent to 50 per cent below requirements last year. Operations at pine mills were maintained at a relatively high level during the first quarter of this year. Shipments continued to exceed production and at the end of the quarter stocks were much smaller than at the same time in 1942. The backlog of unfilled orders at pine mills is still quite large.

War industries in Texas added more than 11,000 workers to their force between February 15 and March 15, and preliminary hiring schedules indicate an addition of 13,000 more workers during the following 30 days. On April 15, 1943, an estimated 235,000 workers were engaged in war industries in Texas. Lack of housing and transportation facilities is reportedly interfering with recruitment and occasioning absenteeism and labor turnover. In some of the industries turnover has exceeded 10 per cent monthly in recent months, but in others it has been substantially reduced and is not excessive.

Daily average crude oil production in the Eleventh District increased slightly in March and was at the highest level for that month since 1940. Production increased moderately in all sections of the district except East Texas, North Louisiana and New Mexico. Daily average production outside this district declined fractionally but was somewhat greater than during March last year.

Substantial quantities of crude oil from this district are now being transported to Norris City, Illinois, in the War Emergency Pipe Line and then shipped to the East Coast in railroad tank cars. Receipts of petroleum and petroleum products on the East Coast via railroad tank car averaged 840,000 barrels daily during the four-week period ended April 3, 1943, and attained the all-time peak of 913,000 barrels daily during the last week of the period. Work on the extension of the pipe line from Norris City to the Eastern Seaboard is progressing rapidly, and deliveries through that section may be made as early as July. Construction of a 20-inch products line from Texas to the East Coast was recently begun and the first section of the line, which will connect the Beaumont-Houston area with Seymour, Indiana, may be in operation by mid-summer. By the fourth quarter of this year it is anticipated that daily average receipts of petroleum and petroleum products on the East Coast by pipe line and other media will be greater than before the war.

Increases in crude oil production which will be required as new transportation facilities come into operation are likely to be allocated largely to Coastal Texas, West Texas and New Mexico, since they are apparently the only producing areas in the United States which can expand production appreciably without reducing ultimate recovery. However, the improved transportation situation may not be reflected in a substantial increase in production in this district until the abundant crude stocks in this area are reduced. On March 27, 1943, stocks of crude oil in this area totaled approximately 117,000,000 barrels and were over 8 per cent greater than on the comparable date last year. Stocks outside this district increased

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to March 31		August 1 to March 31	
Cottonseed received at mills (tons).....	This season 1,005,883	Last season 946,763	This season 4,396,273	Last season 3,858,085
Cottonseed crushed (tons).....	960,164	884,269	3,984,986	3,492,109
Cottonseed on hand March 31 (tons).....	78,674	89,688	483,318	496,505
Production of products:				
Crude oil (thousand lbs.)....	276,195	255,800	1,234,649	1,082,501
Cake and meal (tons).....	429,762	388,999	1,762,713	1,624,058
Hulls (tons).....	237,453	230,897	960,899	867,516
Linters (running bales).....	285,018	241,834	1,108,354	1,027,629
Stocks on hand March 31:				
Crude oil (thousand lbs.)....	8,910	9,690	30,238	29,938
Cake and meal (tons).....	7,148	89,149	39,853	337,796
Hulls (tons).....	9,912	78,481	25,876	159,406
Linters (running bales).....	81,398	38,065	298,801	124,741

SOURCE: United States Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	March 1943	March 1942	February 1943	August 1 to March 31 This season	Last season
Consumption at:					
Texas mills.....	25,375	22,567	20,990	173,321	159,039
United States mills.....	995,512	967,406	878,154	7,501,422	7,250,418
U.S. stocks—end of month:					
In consuming establm'ts.....	2,488,771	2,653,569	2,528,515	.....	.....
Public stg. & compresses.....	11,469,546	11,349,293	12,373,506	.....	.....

CRUDE OIL PRODUCTION—(Barrels)

	March, 1943		Increase or decrease in daily average production from	
	Total production	Daily avg. production	March, 1942	Feb., 1943
North Texas.....	6,976,850	225,060	+ 3,735	+ 826
West Texas.....	6,769,800	218,058	+ 8,095	+ 6,754
East Texas.....	13,119,200	423,200	+ 33,932	+ 2,395
South Texas.....	5,359,850	172,898	+ 9,644	+ 10,512
Texas Coastal.....	10,958,400	353,497	+ 95,691	+ 31,851
Total Texas.....	43,174,100	1,392,713	+124,339	+47,548
North Louisiana.....	2,765,050	89,195	+ 8,205	+ 1,621
New Mexico.....	2,889,800	93,219	+ 1,569	+ 3,745
Total District.....	48,828,950	1,575,127	+134,113	+42,182

SOURCE: Estimated from American Petroleum Institute weekly reports.

slightly in March, but at the end of the month were still over 20 per cent smaller than at the same time in 1942.

Drilling activity, as measured by daily average well completions, continued to decline in the Eleventh District in March, but increased slightly in other areas. During the first quarter of this year, approximately 3,500 wells were completed in the United States, of which less than 27 per cent were located in this district, whereas during the same period of 1942, more than 6,000 wells were completed in the United States of which 35 per cent were located in this district. Drilling results were somewhat less satisfactory in this district and other areas during the first quarter than during the same period last year in that a larger percentage of the wells completed were dry holes.

Government orders for cotton textiles were heavy during March and the first two weeks of April. Cotton mills continue to operate near capacity in large part on military and essential civilian orders. Consumption of cotton at United States mills rose to 995,500 bales in March and established a new record high for that month. Cotton consumption during the August 1, 1942-March 31, 1943 period exceeded the preceding record established during the comparable period last season by 250,000 bales. Nevertheless, at the end of March, stocks of cotton in United States consuming establishments were only slightly smaller than at the same time in 1942 and considerably greater than on the same date in any other year of record. Stocks in public storage and compresses totaled 11,470,000 bales at the end of March and were slightly larger than at the same time last year.

The average price of middling 15/16-inch staple cotton at the ten spot markets fluctuated within a narrow range during March and the first half of April. The average price reached 21.43 cents per pound on April 1, 1943, the highest price of the current season, but declined thereafter, and on April 15 was 21.10 cents per pound, as compared with 21.02 cents a month earlier and 20.19 cents on April 15 last year.

Operations at United States and Texas cottonseed mills declined seasonally in March. Seed receipts at Texas mills were 60 per cent smaller than in the preceding month and 30 per cent smaller than in March, 1942. Production and shipments of cottonseed products at Texas mills declined and were considerably smaller than in March last year. On March 31, 1943, stocks of cake, meal and hulls at the mills were approx-

imately 90 per cent smaller than a year earlier and stocks of crude cottonseed oil were somewhat smaller. Stocks of linters were, however, much larger than at the same time last year.

THE CONSTRUCTION INDUSTRY IN TEXAS, 1940-1942

The construction industry in Texas has operated at all-time peaks during the past three years while meeting the demands of the national defense and war programs. Activity in the industry had dropped to a very low level in Texas during the depression in spite of a large program of public works, and although it increased substantially after 1935, it was still below predepression levels at the beginning of the National Defense Program in 1940. The initiation of the defense program set off a boom in construction which was amplified by our entry into the war. Improved business conditions and higher family incomes stimulated non-war commercial and residential building until restrictions were placed upon such construction, and throughout the 1940-1942 period, awards for construction of war facilities increased. The value of construction contract awards in the State rose from \$179,000,000 in 1939 to \$254,000,000 in 1940. In 1941 it increased to \$398,000,000 and in 1942 attained the phenomenal peak of \$838,000,000 and was substantially more than three times as great as in any year prior to 1941.

Residential Construction

The defense and war programs stimulated a boom in residential building which was without precedent in the history of the industry. During the 1940-1942 period more than 62,500 urban dwelling units were constructed in the State as compared with 37,500 constructed during the three-year period ended December, 1939. The value of residential building awards in Texas, which averaged \$54,000,000 annually in 1936-1939, increased to \$90,000,000 in 1940, to \$115,000,000 in 1941, and exceeded \$142,000,000 in 1942.

Much of the residential building during 1940 and 1941 was non-defense construction, but as the National Defense Program progressed, critical material shortages which developed prompted the imposition of rigid restrictions upon such construction. In September, 1941, a defense housing critical list enumerating materials which would henceforth be made available to builders was released and a preference rating system for defense housing was established. Thereafter, the number, location, and type of dwelling unit constructed were determined largely by scarcities of materials and the housing needs of defense workers. Housing costs were also confined within limits suitable for defense workers. Sale prices of defense houses were held to \$6,000 or less and monthly shelter rentals to \$50 or less by withholding priorities assistance from projects which did not conform to those standards. In March, 1942, residential construction was further restricted by limiting the number of new dwellings constructed within quotas assigned to war localities by the National Housing Agency. In April, 1942, Conservation Order L-41 of the War Production Board, the "Stop Construction Order", prohibited initiation of unauthorized construction, repair or modification involving expenditures of more than \$500 in a given year, and thereafter new housing was reserved almost exclusively for defense workers.

In areas where the duration of the housing need was indefinite, public housing was constructed. In Texas, awards for construction of approximately 22,000 public housing units were received between June, 1940 and December, 1942, of which about one-half were constructed in 1940-1941 and are predominantly of the permanent type, whereas most of the units built in 1942 are demountable or in temporary dormitory units. Public housing became progressively more important

BUILDING PERMITS

	March, 1943		Percentage change valuation from		Jan. 1 to Mar. 31, 1943		Percentage change valuation from 1942	
	No.	Valuation	Mar., 1942	Feb., 1943	No.	Valuation		
Abilene.....	23	\$ 9,940	- 88	+ 50	49	\$ 20,592	- 93	
Amarillo.....	35	34,495	- 81	+ 3	106	150,960	- 53	
Austin.....	88	47,228	- 89	+152	219	79,372	- 92	
Beaumont.....	112	44,377	- 82	- 98	281	1,884,094	+157	
Corpus Christi.....	92	352,963	+ 35	*	233	510,286	- 72	
Dallas.....	384	135,896	- 79	- 10	1,062	447,361	- 89	
El Paso.....	51	61,352	- 93	+ 89	146	134,459	- 88	
Fort Worth.....	180	89,461	- 89	- 75	576	630,777	- 64	
Galveston.....	63	224,192	- 6	*	147	254,060	- 56	
Houston.....	131	3,420,310	+131	*	289	3,617,950	- 17	
Lubbock.....	65	15,647	- 98	- 1	188	44,217	- 97	
Port Arthur.....	51	12,919	- 71	+ 46	118	27,405	- 85	
San Antonio.....	672	224,872	- 71	+163	1,662	436,666	- 70	
Shreveport, La.....	43	37,093	- 91	+ 36	155	70,572	- 92	
Waco.....	44	62,298	- 64	+361	92	121,374	- 74	
Wichita Falls.....	21	6,082	- 96	- 35	54	21,556	- 90	
Total.....	2,055	\$4,788,125	- 38	+ 79	5,377	\$8,451,731	- 61	

*Increase over one thousand per cent.

VALUE OF CONSTRUCTION CONTRACTS AWARDED (Thousands of dollars)

	March 1943	March 1942	February 1943	January 1 to March 31 1943	1942
Eleventh District—total...	\$ 16,013	\$ 46,934	\$ 73,498	\$ 168,432	\$ 113,124
Residential.....	- 477†	10,780	16,336	41,352	39,449
All other.....	16,490	36,154	57,162	127,080	73,675
United States*—total.....	339,698	610,709	393,517	1,083,376	1,361,202
Residential.....	71,786	219,276	93,294	275,893	490,048
All other.....	267,912	391,523	300,223	807,983	871,154

*37 states east of the Rocky Mountains.

†Negative caused by reason of a prior month's entry.

as the war continued. Nevertheless, private capital played a significant role in financing the defense housing which was needed in the State, for wherever post-war expectancies justified building permanent dwellings, and such construction could be provided with dispatch, quotas for dwellings to be financed by private capital were scheduled. Private financing of defense housing was facilitated by establishing liberal requirements for FHA insurance of mortgages on such properties. Title VI of the National Housing Act, approved in March, 1941, authorized insurance of mortgages up to 90 per cent of FHA valuation on low-cost, one-to-four family properties in defense areas. Somewhat more than 3,900 properties were insured under the Title in Texas in 1941, and probably more than that number in 1942.

As a result of various war restrictions, the type of residential unit constructed in the State changed markedly as the war progressed. In 1942, only 800 one-family, urban dwelling units for owner occupancy were constructed, as compared with nearly 5,900 in 1939 and 6,100 in 1940. Construction of one-family units for rent or sale, on the other hand, increased considerably from 7,500 units in 1939 to 16,000 units in 1941 and totaled 14,000 units in 1942. The number of units provided in two-family dwellings also increased while the number of units provided in apartment buildings declined. The cost of building a standard house increased from \$5,800 in 1939 to \$7,400 in 1942, but the average expenditure on one-family dwellings built for sale or rent fell from \$3,800 in 1939 to \$2,700 in 1942, and expenditures on one-family dwellings built for owner occupancy dropped slightly. The average expenditure on all new urban dwelling units, including those in two-family dwellings and apartments, declined from \$4,180 in 1939 to \$2,790 in 1942.

Federal regulations and the shift of population from rural areas to the metropolitan war centers also resulted in a concentration of residential construction in particular areas. When the priorities system of defense housing was established in September, 1941, 26 cities in the State were listed as critical housing shortage areas and thereafter residential construction was concentrated primarily in those cities or in others which were added to the list. Even before that date, residential construction had been concentrated in areas which were active in war work. Approximately 80 per cent of the new mortgages accepted by the FHA in 1940 were on properties located in defense areas and in 1941 the percentage rose to 90 per cent. Publicly financed housing was, naturally, confined almost entirely to war centers.

Non-Residential Construction

The rapid increase of non-residential construction in Texas during the 1940-1942 period overshadowed the residential building boom in spite of the latter's magnitude. The value of awards of almost all types of non-residential construction increased markedly. Commercial building awards in Texas averaged \$14,000,000 annually during the 1936-1939 period. During the war years they have averaged more than \$25,000,000 annually. Awards for store buildings and office buildings declined from \$13,000,000 in 1939 to \$4,000,000 in 1942, but awards for commercial warehouses, hangars and similar installations increased from \$3,000,000 in the former to \$17,000,000 in the latter year. In spite of the substantial increase in commercial awards, however, commercial building accounted for a smaller portion of total awards during the war years than during the pre-war years.

Awards for manufacturing building increased phenomenally, averaging \$111,000,000 annually during the three war years, as compared with \$13,000,000 annually during the 1936-1939 period. All categories of building within the classification were participants in the increase, although processing buildings ac-

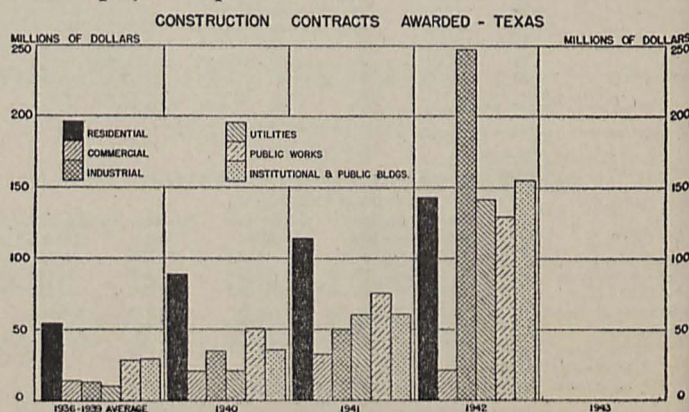
counted for the majority of the awards. The extraordinary stimulus which industrial plant building received from the war is also indicated by the pronounced change in its relative importance from less than 9 per cent of total awards in 1936-1939 to more than 22 per cent of total awards in 1940-1942.

Awards for construction of public buildings and various institutional buildings increased, owing mainly to expanded military and essential civilian requirements. Awards for hospitals and similar buildings, which averaged \$4,000,000 annually from 1936 to 1939, averaged over \$10,000,000 annually during the 1940-1942 period, and awards for educational and science buildings, public buildings and religious buildings increased slightly. The shift in population from rural to urban areas required a substantial public works program and awards for such construction rose from \$33,000,000 in 1939 to \$129,000,000 in 1942. The substantial increase was to a large extent due to an extraordinary increase in awards for streets, highways and sewage systems. Utilities construction was likewise influenced by the expansion of population and military requirements and rose from \$16,000,000 in 1939 to \$142,000,000 in 1942. The increase occurred primarily as a result of expansion in awards for electric light and power installations, water supply systems, and airports.

Defense and war facilities naturally accounted for much of the construction during the 1940-1942 period. In 1941, defense construction in Texas amounted to \$191,000,000, or 48 per cent of the total awards, and in 1942 totaled \$753,000,000, or approximately 90 per cent of awards. It should be observed, however, that in 1941 non-defense awards were somewhat greater than the total of all awards in 1939, although in 1942 they were substantially below the value of total construction during any of the four years preceding the National Defense Program.

The shift from private to public financing which accompanied the war was pronounced. Whereas in 1939 approximately 62 per cent of all construction in Texas was privately financed, in 1942 only 6 per cent was thus financed. Awards for privately financed construction increased absolutely through 1941, totaling \$132,000,000 in that year, as compared with \$111,000,000 in 1939, but dropped precipitously to \$51,000,000 in 1942. Awards for publicly financed construction increased from \$68,000,000 in 1939 to \$787,000,000 in 1942.

The acceleration of construction activity in Texas naturally stimulated a rapid expansion of the working force of the construction industry. During 1939 approximately 67,000 persons were engaged, on the average, in new construction in Texas, of whom 34,000 were employed on non-Federal projects. By July, 1942, when peak employment was reached, 152,000 persons were employed in the industry. During 1942 approximately 130,000 persons were engaged in construction in Texas, on the average, of whom a little less than 29,000 were employed on private contracts.



Activity at cement mills, lumber mills and other industrial plants related to the construction industry also increased. Average monthly production of cement at Texas mills rose to successive peaks in 1940, 1941 and 1942, and in the latter year was more than five times greater than at the low point in 1933. In spite of the substantial increase in production, shipments exceeded production and stocks were reduced. Production at pine mills increased only slightly, and the increased demand for lumber was met by depletion of stocks, which were quite low by the end of 1942.

The war boom in construction has apparently passed its peak in Texas. Employment on new construction in the State totaled slightly less than 100,000 in January and is expected to decline further, and the value of awards in January and February, 1943, was 35 per cent below the peak of August, 1942. Acute shortages of housing in several war centers in the State are requiring a substantial volume of residential construction. The Home Owners Loan Corporation, by leasing large dwellings and converting them into multi-family units will add over 2,500 units to the pool of housing. Construction has also recently been started on over 8,000 units in public housing, and quotas for construction of a large number of

privately financed dwellings have been assigned to various cities in the State. Nevertheless, the value of residential construction awards in 1943 is not expected to approach the peak of 1942. Non-residential construction in 1943 is also likely to be considerably below the peak of 1942. The war plant expansion program is apparently nearly complete, and non-essential construction has been virtually terminated since late in 1942. Unless existing restrictions on non-essential construction are relaxed or changes in military needs require a duplication of the 1941-1942 plant building program, non-residential construction during 1943 will probably be limited largely to maintenance, repair and modification of existing facilities. It is probable, therefore, that the construction industry in the State will operate at a level considerably below that attained at the peak of the boom.

CONSTRUCTION CONTRACT AWARDS—TEXAS—1936-1942 (Value of awards—millions of dollars)

Year	Commercial buildings	Industrial Mfg. buildings	Institutional and public buildings	Residential buildings	Public Works	Utilities	Total
1936	\$ 8.3	\$ 15.3	\$ 37.3	\$ 36.3	\$ 8.4	\$ 4.6	\$110.2
1937	14.4	14.2	21.9	42.5	29.4	9.6	132.0
1938	14.8	10.6	31.7	61.0	40.7	9.7	168.5
1939	18.1	12.3	24.2	75.4	33.0	16.3	179.3
1940	20.5	35.5	35.8	89.8	51.3	20.9	253.8
1941	33.4	50.6	61.9	114.6	76.3	60.9	397.7
1942	21.8	247.4	155.2	142.8	129.1	141.8	838.1
1936-1939 average	13.9	13.1	28.8	53.8	27.9	10.1	147.6
1940-1942 average	25.3	111.2	84.3	115.7	85.6	74.6	496.7

SOURCE: F. W. Dodge Corporation.

DWELLING UNITS PROVIDED IN TEXAS—1937-1942*

Year	In apartment buildings	One-family dwellings		All two-family dwellings	Total
		Owner occupancy	Sale or rent		
		Number of units			
1937	1,047	3,707	3,353	1,272	9,379
1938	1,596	5,154	3,859	1,333	11,942
1939	1,746	5,886	7,542	1,056	16,230
1940	1,195	6,135	9,827	1,247	18,404
1941	1,194	5,549	15,990	1,695	24,428
1942	737	822	14,219	4,034	19,812
1937-1939 average	1,463	4,916	4,918	1,220	12,517
1940-1942 average	1,042	4,169	13,345	2,325	20,881
Expenditure per unit (dollars)					
1937	\$2,469	\$5,586	\$3,671	\$2,872	\$4,186
1938	2,470	5,204	4,462	2,889	4,341
1939	3,761	5,054	3,782	2,843	4,180
1940	2,244	5,047	3,479	2,631	3,864
1941	2,204	5,023	3,586	2,606	3,777
1942	2,221	5,044	2,710	2,729	2,793
1937-1939 average	2,983	5,240	3,935	2,870	4,232
1940-1942 average	2,224	5,036	3,249	2,682	3,491

SOURCE: F. W. Dodge Corporation.

*Primarily urban dwellings, exclusive of buildings costing less than \$2,000 to \$2,500. Includes only new residential buildings; combination units in other than residential buildings and new units provided in converted projects are excluded.

PUBLIC AND PRIVATE CONSTRUCTION WORK—TEXAS—1938-1942 (Value of awards—millions of dollars)

Year	Residential building		Non-residential building		Public works and utilities		Total construction	
	Public	Private	Public	Private	Public	Private	Public	Private
1938	\$ 5.6	\$55.4	\$ 24.3	\$32.8	\$ 46.0	\$4.4	\$ 75.9	\$ 92.6
1939	12.0	63.4	10.6	38.0	39.4	9.9	68.0	111.3
1940	27.1	62.7	35.3	56.5	65.4	6.8	127.8	126.0
1941	38.8	75.8	98.0	47.9	129.3	7.9	266.1	131.6
1942	108.5	34.3	413.5	10.9	265.4	5.5	787.4	50.7
1938-1939 average	8.8	59.4	20.4	35.5	42.7	7.1	71.9	102.0
1940-1942 average	58.1	57.6	182.3	38.5	153.4	6.8	393.8	102.9

SOURCE: F. W. Dodge Corporation.

DEFENSE AND WAR CONSTRUCTION CONTRACT AWARDS—TEXAS—1941-1942 (Value of awards—millions of dollars)

Classification	Defense and war		Non-defense		War as percent of total	
	1941	1942	1941	1942	1941	1942
Non-residential building...	\$ 81.4	\$408.9	\$ 64.5	\$15.5	56	96
Commercial.....	14.4	18.4	19.0	3.4	43	85
Manufacturing.....	34.4	243.2	16.2	4.2	68	98
Other non-residential....	32.6	147.3	29.3	7.9	53	95
Total residential.....	29.9	107.7	84.7	35.1	26	75
Public works.....	33.0	104.4	43.3	24.7	43	81
Utilities.....	46.4	131.9	14.5	9.9	76	93
Total all construction.....	190.7	752.0	207.0	85.2	48	90

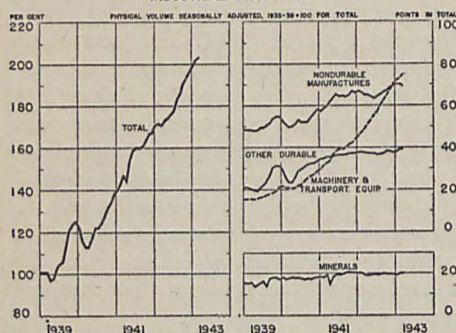
SOURCE: F. W. Dodge Corporation.

MAY 1, 1943

NATIONAL SUMMARY OF BUSINESS CONDITIONS

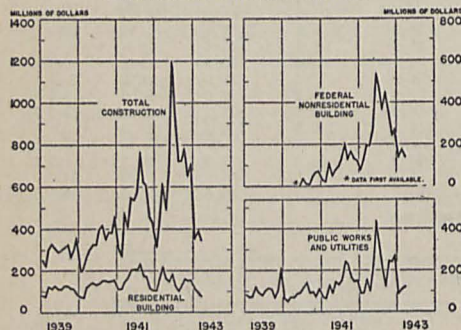
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



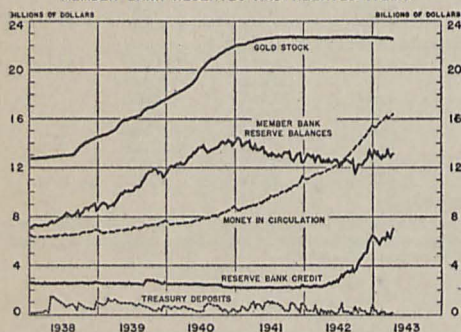
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for March, 1943.

CONSTRUCTION CONTRACTS AWARDED



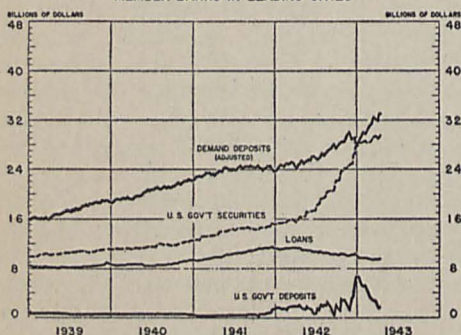
F. W. Dodge data for 37 Eastern states, total includes state and local government and private non-residential building not shown separately. Monthly figures, latest shown are for March, 1943.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for April 14, 1943.

MEMBER BANKS IN LEADING CITIES



Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for April 14, 1943.

Industrial activity increased slightly in March and prices of commodities advanced further. Retail trade in March and the first half of April was in large volume, although reduced from the February peak.

INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of industrial production advanced from 202 per cent of the 1935-39 average in February to 203 in March. The rise in total output continued to reflect chiefly increased production in the machinery and transportation equipment industries producing armaments. At merchant shipyards 146 ships were delivered in March. Completions totaled 1,516,000 deadweight tons, an annual rate of more than 18,000,000 tons.

Steel mills operated at peak levels. Production of lumber, however, increased less than usual in March, continuing the gradual downward trend of production which began a year ago.

Output of fuels reached a new peak in March. Bituminous coal production rose further. Crude petroleum output likewise exceeded the February level as new pipeline facilities for transport of petroleum products to the East Coast were completed.

Output of important nondurable manufactures was maintained in March. In most branches of the wool textile industry production increased to new high levels in February and March following a Federal order allowing an increase in wool consumption for the manufacture of civilian fabrics.

The value of construction contracts awarded in March, according to figures of the F. W. Dodge Corporation, continued at a level considerably lower than that for the year 1942, reflecting chiefly the fact that the construction phase of the war program has been largely completed. Awards for residential building declined for the third consecutive month, while contracts for public works were higher than in February.

DISTRIBUTION

Retail sales, which generally increase from February to March, showed little change this year, following the buying wave that swept the country in February. At department stores, where increases in February had been particularly marked, sales declined in March and the Board's seasonally adjusted index dropped from 167 to 135 per cent of the 1923-25 average. Despite this decline, the index continued above the high level that prevailed in the latter part of last year. In the first half of April department store sales increased by about the usual seasonal amount, making allowance for the late date of Easter this year.

Total carloadings of revenue freight in March remained at the February level and other transportation activity was also maintained in large volume.

COMMODITY PRICES

Wholesale commodity prices averaged higher in March and the early part of April reflecting advances in prices of farm products, foods, and a number of industrial commodities. Prices in retail markets also increased further from February to March, with relatively sharp advances in food prices.

On April 8 an Executive Order was issued directing that ceiling prices be placed on all commodities affecting the cost of living, that further increases in ceilings be prevented except to the minimum extent required by law, and that excessively high prices be reduced. Following this and announcements of particular Federal actions to safeguard the stabilization of prices, including an order reducing railroad freight rates, wholesale prices of some commodities declined and on April 16 were lower than at the beginning of the month.

BANK CREDIT

Excess reserves at all member banks, which decreased during the latter half of March from 2.2 billion dollars to 1.5 billion, subsequently rose to 2.6 billion on April 19. In the first week of April, the increase resulted largely from substantial Reserve Bank purchases of Government securities; subsequently excess reserves were made available by a decline of a billion dollars in required reserves, which resulted primarily from large payments to war loan accounts for Government securities sold to bank customers. This caused a shift from customers' deposits, subject to required reserves, to Government deposits which have recently been exempted from such requirements.

Government security holdings at reporting banks in 101 leading cities increased substantially during the first two weeks of April following declines in the latter part of March, which had resulted mainly from bill sales by banks in New York and Chicago. Holdings of certificates, notes, and bonds increased over the 4-week period ended April 14. Commercial loans at all reporting banks declined by about 210 million over the 4-week period. At New York City banks loans to brokers and dealers increased steadily over the period, especially in the week of the 14th at the beginning of the War Loan Drive. Deposits, other than those of the United States Government, increased further in March and the early part of April, but were drawn down sharply around the middle of April to make payments for purchases of new Government securities.