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THE SECOND WAR LOAN DRIVE

Total Treasury expenditures during April amounted to \$7,500,000,000, of which \$7,000,000,000 were for war purposes, and in the fiscal year beginning July 1 are expected to increase further. At present rates, taxes will provide somewhat less than one-third of the needed funds, while the remaining two-thirds must be borrowed. The established policy of the Treasury and the Federal Reserve System is to raise as large a proportion of the funds as possible outside the commercial banking system. With this in mind, commercial bank subscriptions during the Second War Loan Drive were limited to approximately \$5,000,000,000, whereas non-bank subscriptions were allotted in full. In the aggregate, \$18,500,000,000 was raised during the April campaign, which amount was \$5,500,000,000 in excess of the original goal. Non-bank investors purchased \$13,500,000,000 of Treasury issues. The following table shows national sales of Treasury securities to the different groups of investors during the April and December drives.

SALES OF TREASURY SECURITIES DURING THE FIRST AND SECOND WAR LOAN DRIVES CLASSIFIED BY TYPES OF INVESTORS

	April Drive (Millions of Dollars)	December Drive (Millions of Dollars)
Nonbanking Investors		
Individuals, partnerships, and personal trust accounts.....	3,290	1,589
Insurance companies.....	2,408	1,677
Savings banks.....	1,195	609
Eleemosynary institutions.....	117	53
State and local governments.....	503	194
Other corporations and associations.....	5,038	2,599
	12,550	6,721
Other sources		
Dealers and brokers.....	544	881
United States Government agencies and trust funds.....	391	263
Banking sources	5,048	5,072
Total from all sources	18,538	12,937

NOTE: Due to rounding of some amounts, figures do not necessarily add to totals.

It will be observed from the above table that sales to individuals, partnerships and personal trust accounts, insurance companies, savings banks, eleemosynary institutions, state and local governments and corporations were about twice as large during the April drive as in December, 1942.

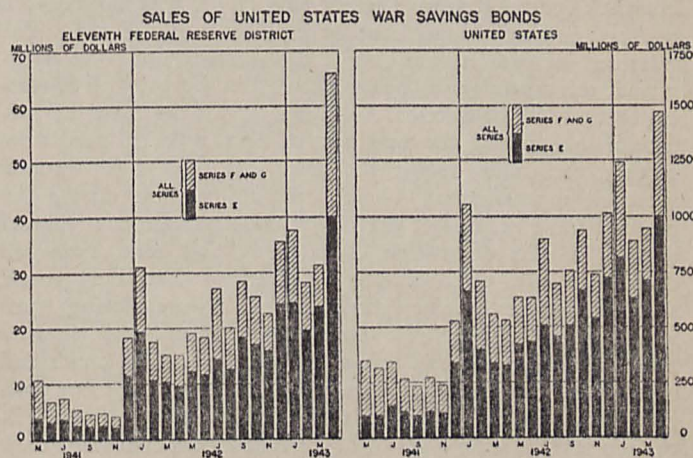
The great success of the biggest money raising campaign in history should not be underestimated. All of the subscriptions in excess of the original goal came from sources outside the commercial banking system. Non-bank subscriptions during April were about twice as large as in December, whereas allotments to banks were limited to about the same volume as in the December drive. Such an accomplishment reflects the combined efforts of the various War Finance Committees, the vast army of volunteer workers who participated in direct selling during the drive, and the growing awareness on the part of the general public of the urgent need to support a policy aimed at preventing a ruinous rise in the cost of living. The only acceptable method of evaluating the success of the Second War Loan Drive is to compare that experience with the December drive, and when such a comparison is made, the April campaign, in a real sense, was highly successful. For example, during the April drive non-bank investors purchased 73 per cent of all securities sold as compared with 61 per cent during the December drive. In future drives greater emphasis will be placed upon sales to non-bank investors and sales to individuals, as distinguished from other non-bank investors, will be stressed even more.

The success of the April drive in the Eleventh District is illustrated by the fact that subscriptions from individuals, partnerships and personal trust accounts were just about double our original goal. In that category, this district led the nation in the percentage of over-subscriptions. Total sales of the various Treasury offerings in the district during April amounted to \$577,000,000, or \$177,000,000 in excess of our goal. Sales to non-bank investors of \$346,000,000 were 73 per cent above our quota of \$200,000,000 and substantially more than double sales to non-bank investors in the district during the December drive.

During the April drive more than 25,000 volunteers contacted personally more than 2,000,000 individuals in the district and it is estimated that more than 500,000 subscriptions were received. Total sales to banks during the April drive were only slightly above those during December, but a much wider distribution among banks was attained during April. More than 500 banks subscribed to the certificate of indebtedness offering during April, as compared with 427 during December. Bank subscriptions to the Treasury bond offerings during the two drives were in greater contrast. During December 552 banks entered subscriptions to the 1¾ per cent Treasury bond offering, whereas during the April drive 817 banks, or about 90 per cent of the banks in the district, entered subscriptions for the 2 per cent Treasury bonds of 1950-1952. The wider distribution during the April drive both among banks and non-bank investors reflects largely the more intensive efforts of the War Finance Committee.

During the December drive 212 non-bank investors purchased \$18,500,000 of the certificate of indebtedness offering, whereas during April 1,420 non-bank subscribers bought almost \$72,000,000 of certificates of indebtedness. In the December drive 479 non-bank investors purchased \$10,000,000 of the 1¾ per cent Treasury bond offering, whereas in April more than 4,250 non-bank investors purchased almost \$67,000,000 of the 2½ per cent bonds of 1964-1969 was almost three times as large in April as in the December drive, while the amount purchased was almost twice as large. The table on the following page shows national and Eleventh District sales during the April and December drives, classified according to types of Treasury securities.

Sales of war savings bonds during April reached a new peak of \$1,500,000,000, exceeding by a wide margin the previous record of \$1,240,000,000 established during January this year.



Most of the increase over January consisted of sales of Series E bonds and it is estimated that some 26,000,000 individuals are now purchasing these bonds through regular payroll deduction plans. The large volume of sales during April raised the total amount of war savings bonds outstanding at the end of the month to about \$16,250,000,000, of which more than \$10,250,000,000 consisted of Series E bonds. Redemptions of war savings bonds declined from \$131,000,000 in March to \$103,000,000 in April. Total redemptions of war savings bonds from the time they were first offered in May, 1941 through April 30, 1943 amounted to \$603,000,000, or 3.7 per cent of total sales. Monthly sales of war savings bonds in the nation and in the Eleventh District are shown in the chart on the preceding page.

FIRST AND SECOND WAR LOAN DRIVES
(Millions of dollars)

Types of Securities	United States		Eleventh District	
	Second War Loan April, 1943*	First War Loan Dec., 1942	Second War Loan April, 1943†	First War Loan Dec., 1942
Funds from nonbanking sources:				
1/4 per cent certificates.....	3,104	1,682	71.7	18.5
1 3/4 per cent bonds.....		1,004		10.0
2 per cent bonds.....	2,825		69.8	
2 1/2 per cent bonds.....	3,761	2,830	53.0	29.6
War savings bonds:				
Series E.....	1,473	726	71.5	33.2
Series F and G.....	667	288	32.0	12.6
Tax savings notes.....	1,652	1,335	51.2	36.8
Total.....	13,482	7,865	346.1	140.8
Funds from commercial banking sources:				
Treasury bills.....	800	897	27.7	49.9
1/4 per cent certificates.....	2,138	2,117	94.8	74.1
1 3/4 per cent bonds.....		2,058		77.8
2 per cent bonds.....	2,110		105.7	
Total.....	5,048	5,072	228.2	201.8
Total from nonbanking and banking sources.....	18,533	12,937	574.3	342.6

*Allotments through May 10, 1943.

†Includes subscriptions received and allotted through May 11, 1943.

NOTE: Due to rounding of some amounts figures do not necessarily add to totals.

DISTRICT SUMMARY

Department store sales in the Eleventh District during April were 41 per cent above those a year earlier. At the end of the month inventories of department stores in the district were 17 per cent smaller than those last year. Commercial failures during the first four months of the current year continued to be smaller than for any comparable period of record. Currency in circulation during April continued to expand at about the same rate as in other recent months. The value of construction contracts awarded in the Eleventh District during April was 50 per cent larger than in April, 1942. Awards for residential building and utilities construction showed large increases, whereas non-residential building and public works construction continued to fall off. Daily average production of crude petroleum in the district fell off fractionally in April but was substantially larger than in April, 1942. Drilling activity increased moderately, but was considerably below the level of last year.

BUSINESS

Consumer buying at reporting department stores in the Eleventh Federal Reserve District rose 11 per cent from March to April and was 41 per cent larger than in April, 1942. The sustained increase in sales over last year continued to be widespread, substantial gains being recorded in virtually all reporting sections of the district. Although part of the increased volume of sales during the early part of April reflected pre-Easter buying, total sales during the first four months of the year averaged approximately 40 per cent above those during the corresponding period last year. With the exception of a seasonal decline in sales of woolen dress goods, and relatively small declines in sales of silverware, art needlework and art goods, sales of all types of piece goods and small wares during April were well above those of a year earlier. Sales of ready-to-wear accessories, women's and misses' ready-to-wear and men's and boys' wear continued to show relatively large increases both percentagewise and from the viewpoint of dollar volume. Although sales of some types of house furnishings continued their

downward trend during April, these losses were more than offset by substantial gains in other lines with the result that sales of all types of goods in the house furnishings category averaged 14 per cent above those in April, 1942. Compared with a year earlier, sales in all basement store departments showed varying gains during April, but in general the percentage increases were smaller than those in the main store.

It is worthy of note that the rate of expansion in cash sales continued to be about twice as great as the rate of expansion in credit sales. Cash sales during April accounted for just about half of total sales. Regular account sales, which account for the largest part of total credit sales, were 20 per cent larger during April than in the same month last year, while instalment sales showed a decline of 8 per cent.

The ratio of collections on regular accounts outstanding at the first of the month amounted to 63 per cent during April, while collections on instalment accounts continued at the high level of other recent months. Although department store inventories at the end of April were somewhat larger on the average than a month earlier they were still 17 per cent below those at the end of April, 1942. The decline in stocks over the district has not been uniform. In two reporting centers the decline amounted to only 10 per cent, whereas stocks at reporting department stores in another center were 31 per cent below those of a year earlier.

Reports from 70 representative retail furniture firms in the Eleventh District indicate that total net sales during the first four months of this year averaged 12 per cent above those during the corresponding months of 1942. Most of the increase consisted of a larger volume of cash sales which averaged about 75 per cent above those last year. Total credit sales, on the other hand, increased only 3 per cent. A large number of customers of retail furniture firms in the district have shifted from instalment purchases to regular accounts payable monthly. Collections on outstanding accounts were somewhat higher during the first four months of the current year than during the same months of 1942, with the result that at the end of April total

WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in:			Stocks at	
		Net sales	April, 1943 from April, 1942	March, 1943	April, 1943 from April, 1942	March, 1943
Retail trade:						
Department stores:						
Total 11th Dist.....	48	+42	+11	+39	-16	+8
Dallas.....	7	+52	+10	+42	-10	+11
Fort Worth.....	4	+54	+13	+45	-19	+3
Houston.....	7	+32	+9	+30	-31	+8
San Antonio.....	5	+36	+8	+48	-9	+6
Shreveport, La.....	3	+15	+13	+9		
Other cities.....	22	+40	+13	+42	-18	+6
Retail furniture:						
Total 11th Dist.....	68	+27	+2		-16	+2
Dallas.....	9	+42	-8		-15	-4
Fort Worth.....	3	+58	+15		-14	+2
Houston.....	6	+13	-11		-18	-7
San Antonio.....	3	+5	-4		-18	+11
Independent stores:						
Arizona.....	170	+18	†	+18		
New Mexico.....						
Oklahoma.....	391	+37	+7	+33		
Texas.....	962	+39	+8	+33		
Wholesale trade:						
Machinery, eqpt & supplies.....	4	-34	+10	-50		
Automotive supplies.....	3	+64	+18			
Drugs (incl. liquors).....	12	+29	-14	+40	-2	+1
Electrical supplies.....	4	-22	+30	-31		
Groceries.....	26	+20	+4	+17	-21	+1
Hardware.....	13	-12	+9	-16	-23	+†
Surgical eqpt.....	3	No. chg.	+9	-†		
Tobacco & products.....	4	+11	+10	+12		

*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)

	April 1943	April 1942	March 1943	February 1943
Sales (daily average):				
Without seasonal adjustment.....	192	127r	160	205
With seasonal adjustment.....	190	131r	172	241
Stocks (end of month):				
Without seasonal adjustment.....	91	110r	86	78
With seasonal adjustment.....	88	106r	83	82

r-Revised.

accounts receivable were almost 40 per cent below those of a year earlier. Inventories of reporting firms at the end of April were 11 per cent below those last year. Last April inventories of reporting retail furniture firms were about eight and one-half times as large as monthly sales, whereas during April this year inventories were only about five times as large.

The demand for merchandise at reporting wholesale trade firms in the Eleventh Federal Reserve District continued to increase moderately during April. During the first four months of the current year total sales averaged 3 per cent above the corresponding period of 1942. Sales of reporting wholesale drug firms during April were about 30 per cent above those in April last year and sales of grocery firms were 20 per cent larger. Reports from a small number of wholesale auto supply firms indicate a substantial increase in sales over April, 1942. Various miscellaneous lines also showed increases during the month. These gains, however, were offset in large part by further declines in sales of electrical goods, hardware, machinery, and equipment. Inventories of reporting wholesale firms in the district showed little net change over the month but were uniformly smaller than those of a year earlier, the average decline being 17 per cent.

The Office of Price Administration has announced that it will establish flat dollar-and-cent ceiling prices by brand and quality on all foods which are important items in the family budget. Early in May, small independent retail food stores in seven metropolitan areas in the Eleventh District were assigned specific ceiling prices on individual items in a selected group of foodstuffs. Other stores having legal ceilings are required to observe those ceilings until the new regulation is extended to them. Retail food stores have been classified into four groups according to their dollar volume of sales and each group has been, or is to be, assigned slightly different maximum markups which may be applied to standardized wholesale prices. Flat dollar-and-cent ceiling prices in most instances will be slightly greater in small stores than in larger ones. The new ceilings make no change in the legal price of groceries, except in a few cases. The Office of Price Administration, however, has announced its intention to reduce retail prices of butter, coffee, beef, veal, pork, lamb and mutton by about 10 per cent effective June 1.

During the first four months of the current year there were only 10 commercial failures in the Eleventh Federal Reserve District as compared with 73 failures during the corresponding period of 1942. The liabilities of defaulting firms thus far this year have amounted to only \$79,000 as compared with \$755,000 last year. According to Dun and Bradstreet, Incorporated, both the number of commercial failures and the liabilities of defaulting firms in this district have been smaller this year than during any four-month period of record.

AGRICULTURE

Rainfall was light in the Eleventh District during much of April and, as a result, planting of cotton and other row crops was delayed by deficiency of surface moisture. Early in May scattered rains in east, central and northwest counties of Texas favored completion of planting and improved the prospect for commercial vegetables. However, rains were badly needed in south and west Texas and in New Mexico and Arizona. Preparation of land progressed satisfactorily during April and the first half of May and favorable temperatures stimulated plant growth in many sections. Green bug infestation in wheat producing areas was reduced by the dry weather in April and by the activity of natural parasites. Leaf rust, although present throughout Texas, did not develop rapidly.

The acreage sown to winter wheat in Texas this season was somewhat greater than last season and the indicated abandonment is substantially smaller. The yield per acre is expected to be much smaller this year, however, than in 1942. On the basis

of condition of the crop on May 1, production this year is estimated at 33,170,000 bushels as compared with the unusually large production of 47,438,000 bushels last year. On April 1, stocks of wheat in interior mills, elevators and warehouses in Texas totaled 12,500,000 bushels as compared with 6,800,000 bushels a year earlier and the April 1, 1935-1941 average of 2,857,000 bushels. Stocks in Oklahoma were likewise larger on April 1 this year than on the same date in 1942, but stocks of wheat in the United States were slightly smaller.

On May 1, 1943 the Texas oat crop was in somewhat better condition than at the same time in 1942, but the crop is not expected to be large. Much of the fall oats was destroyed in the January freeze, and dry weather during February and March hindered the development of spring oats. Tame hay in the State is in fairly good condition, but farm stocks of hay on May 1, 1943 were substantially smaller than on May 1 last year.

A peach crop of 1,332,000 bushels in 1943 is anticipated in Texas as compared with 1,610,000 bushels produced last year. Although the trees weathered the winter in good condition, much of the bloom was killed by March freezes. Harvesting of the Texas grapefruit crop is nearly complete with an indicated crop of 17,100,000 boxes as compared with 14,500,000 boxes produced last season.

Chopping of cotton is under way throughout south, central and east Texas and the early crop is making good progress. Cotton planting has been delayed in northern and western sections of Texas by lack of surface moisture, and in Oklahoma is later than normal. Revised estimates of the cotton crop for 1942 indicate 3,038,000 bales produced in Texas at a yield per acre of 182 pounds as compared with 2,652,000 bales produced in 1941 at a per acre yield of 165 pounds. The acreage of cotton harvested in Texas in 1942 exceeded 8,040,000 acres as compared with 7,700,000 acres harvested the preceding year. The value of lint cotton produced in Texas in 1942 was \$270,340,000 and the value of cottonseed was \$59,664,000. The combined value of lint cotton and cottonseed in 1941 was \$270,910,000. Almost 24 per cent of Texas ginnings during the 1942-1943 season was middling white and better as compared with 19 per cent during the preceding season and 60 per cent in the 1940-1941 season. Reduction from a full yield per acre totaled 32 per cent in 1942 as compared with 42 per cent in 1941. Insect damage, which was the most important factor in both years, was considerably less in 1942 than in 1941. Through May 1, 1943, the Commodity Credit Corporation had made loans on 1,462,000 bales of 1942 Texas cotton of which loans on 1,353,000 bales were outstanding.

If breeding intentions are realized, the large number of live-stock in the Southwest will be augmented by a substantial increase in hogs and moderate increases in other livestock. The requirements for feed are therefore likely to be great, particularly in view of the heavy feeding encouraged by favorable prices. Reserve stocks of hays and roughage in Texas on May 1 were substantially below a year ago although 8 per cent above the 10-year average. The acreage of feedstuff is somewhat larger than last year, but the yield per acre is likely to be smaller, and feed grain supplies per animal unit for 1943-1944 may be smaller than in preceding years.

Rains over much of Texas early in May materially benefited ranges, which were held back during April by deficiency of surface moisture. Ranges and pastures in the State were generally in good condition at the beginning of May but they were providing less feed than at the same time last year. The condition of ranges in New Mexico and Arizona declined during April and at the beginning of May ranges in both states were dry and the feed situation was becoming critical in some areas. Although the condition of cattle improved only slightly during April, cattle were in good flesh in Texas at the end of the month, except in the southern counties and in some Trans-Pecos areas

where ranges were dry and range feeds scarce. Market movement of Texas cattle and calves during March was 243,000 head as compared with 148,000 head in the same month last year and the previous record for March of 154,000 established in 1939. Sheep in this district were in fair to good flesh on May 1. The market movement of Texas sheep during March, 1943 was 170,000 head as compared with 160,000 in March, 1942.

Farm cash income in Texas totaled \$223,400,000 in the first quarter of this year and exceeded by \$86,000,000 the previous record for the first three months of a year set in 1942. Receipts from the sale of livestock and livestock products accounted for 55 per cent of the total and were 64 per cent greater than during the first quarter last year. Income from the sale of principal farm crops was 61 per cent greater.

Average prices received by Texas farmers for farm products continue to advance. On April 15, 1943, Texas farm prices of grain sorghums, peanuts, hay and potatoes were considerably higher than a month earlier. The average farm price of hogs declined from \$14 per 100 pounds on March 15 to \$13.80 on April 15, but the prices of beef cattle and other livestock advanced moderately. Farm prices of livestock products in Texas did not change appreciably between March 15 and April 15.

On March 1, 1943, the estimated value per acre of farm real estate in Texas, including improvements, was a little less than 4 per cent greater than at the same time the preceding year and approximately 10 per cent above the average on March 1, 1940. The per acre value was still almost 40 per cent below the peak of 1920 and approximately 20 per cent below the level of 1930. The value per acre of farm real estate in Louisiana and Oklahoma has risen somewhat more rapidly and in Louisiana is greater than in 1930, but in both states is still substantially smaller than at the peak of 1920. Reports indicate that the supply of land for sale is decreasing and that the land holdings of lending institutions are nearly liquidated.

FINANCE

After reaching a new high level of \$514,000,000 about the middle of April, the reserve balances of member banks in the Eleventh Federal Reserve District declined sharply during the latter half of the month and the first half of May. Average reserve balances during the first half of May, amounting to \$483,000,000, were \$9,000,000 below those during the first half of April. The exemption of deposits in war loan accounts from reserve requirements and the large increase in deposits in war loan accounts arising out of purchases of Government securities during the Second War Loan drive had the effect of reducing required reserves of member banks substantially during the latter half of April and the first half of May. During the Second War Loan drive most banks made payment for their own subscriptions to Treasury offerings as well as those of their customers through the mechanism of war loan accounts. The extent to which member banks in this district availed themselves of this method of making payment for subscriptions to Treasury securities is indicated by the fact that United States Government deposits increased \$164,000,000 at the 33 weekly reporting banks during the Second War Loan drive. Despite the exemption of this large volume of deposits from reserve requirements, excess reserves of member banks probably did not increase proportionately since their reserve balances declined during the drive. The sharp increase in Government deposits between the middle of April and the middle of May raised gross deposits of the 33 weekly reporting banks to a new peak of almost \$1,700,000,000. During the four-week period ended May 12, however, adjusted demand deposits fell off \$40,000,000 and there were smaller declines in interbank deposits and time deposits.

Now that the Second War Loan drive is over, excess reserves of member banks may be expected to decline during the next few months. The decline will occur because the Treasury will

CONDITION OF THE FEDERAL RESERVE BANK (Thousands of dollars)

	May 15, 1943	May 15, 1942	April 15, 1943
Total cash reserves.....	\$607,033	\$417,235	\$608,641
Discounts for member banks.....	225	246	125
Industrial advances.....	19	212	28
United States Government securities.....	195,458	96,020	205,221
All other investments.....	None	None	30
Total earning assets.....	195,702	96,478	205,404
Member bank reserve deposits.....	480,470	315,236	506,928
Federal Reserve notes in actual circulation.....	292,132	147,717	280,797

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

	May 12, 1943	May 13, 1942	April 14, 1943
Total loans and investments.....	\$1,178,441	\$691,612	\$1,047,257
Total loans.....	283,849	344,959	284,354
Commercial, industrial and agricultural loans.....	198,318	244,688	205,789
Open market paper.....	531	3,210	775
Loans to brokers and dealers in securities.....	2,406	3,276	1,648
Other loans for purchasing or carrying securities.....	17,914	12,591	14,744
Real estate loans.....	18,737	21,832	18,674
Loans to banks.....	151	288	154
All other loans.....	45,792	50,074	42,570
Total investments.....	894,592	346,653	762,903
U. S. Treasury bills.....	125,125	35,817	107,215
U. S. Treasury certificates of indebtedness.....	196,999	13,687	130,931
U. S. Treasury notes.....	107,819	41,565	106,296
U. S. Government bonds.....	357,974	153,839	311,328
Obligations guaranteed by United States Gov't.....	40,285	37,744	49,028
Other securities.....	57,890	64,001	58,105
Reserves with Federal Reserve Bank.....	278,433	200,831	299,713
Balances with domestic banks*.....	291,075	301,640	285,654
Demand deposits—adjusted.....	906,003	650,820	945,700
Time deposits.....	139,099	130,423	139,168
United States Government deposits.....	203,642	29,280	40,027
Interbank deposits.....	448,976	332,141	458,432
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)

	April 1943	April 1942	Pctg. change over year	March 1943	Pctg. change over month
Abilene.....	\$ 17,489	\$ 13,170	+33	\$ 17,266	+1
Amarillo.....	44,276	.....	.....	49,019	+10
Austin.....	80,288	42,020	+91	127,925	+37
Beaumont.....	59,963	33,591	+79	51,494	+16
Corpus Christi.....	43,730	.....	.....	40,772	+7
Corsicana.....	7,730	4,547	+70	6,323	+22
Dallas.....	480,428	360,953	+33	466,029	+3
El Paso.....	65,503	43,813	+50	57,438	+14
Fort Worth.....	181,365	109,049	+66	188,292	+4
Galveston.....	41,099	32,192	+28	39,107	+5
Houston.....	464,138	343,953	+35	452,161	+3
Laredo.....	11,483	.....	.....	10,844	+6
Lubbock.....	29,083	.....	.....	26,049	+12
Monroe, La.....	16,992	.....	.....	17,104	+1
Port Arthur.....	20,474	14,936	+37	21,068	+3
Roswell, N. M.....	8,136	6,237	+30	8,345	+3
San Angelo.....	15,011	.....	.....	14,589	+3
San Antonio.....	131,919	97,984	+35	128,988	+2
Shreveport, La.....	69,669	58,807	+18	70,704	+1
Texarkana.....	19,235	26,021	-29	19,039	+1
Tucson, Ariz.....	26,061	17,413	+50	27,493	+5
Tyler.....	18,804	12,703	+48	17,092	+10
Waco.....	31,018	19,760	+57	35,205	+12
Wichita Falls.....	25,778	18,779	+37	24,482	+5
Total—18 cities.....	\$1,749,005	\$1,256,833	+39	\$1,758,451	+1
Total—24 cities.....	1,909,670	.....	.....	1,910,828	+1

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

†New reporting center; data prior to May, 1942, not available.

‡Change less than one-half of one percent.

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

		Combined total		Reserve city banks		Country banks	
		Gross demand	Time	Gross demand	Time	Gross demand	Time
April, 1941.....		\$1,541,825	\$243,942	\$ 891,686	\$135,990	\$ 650,139	\$107,952
April, 1942.....		1,803,410	227,515	1,033,595	127,278	769,815	100,237
December, 1942.....		2,532,830	227,967	1,400,302	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
March, 1943.....		2,693,349	232,878	1,464,442	136,259	1,229,407	96,620
April, 1943.....		2,718,086	234,791	1,482,955	138,031	1,235,132	96,760

SAVINGS DEPOSITS

	Number of reporting banks	Number of savings depositors	Amount of savings deposits	April 30, 1942	Percentage change in savings deposits from
				1942	March 31, 1943
Beaumont.....	3	10,623	\$ 4,393,610	+ 4.7	+ .6
Dallas.....	8	92,639	29,304,031	+17.3	+ .5
El Paso.....	2	20,116	8,409,057	+25.3	+ .1
Fort Worth.....	3	33,432	14,118,442	+14.6	+ 1.6
Galveston.....	4	17,973	11,408,738	+ 7.2	+ .6
Houston.....	10	75,722	34,792,181	+12.3	+ .5
Lubbock.....	2	990	458,907	+25.4	+ .3
Port Arthur.....	2	5,018	3,045,896	+ 6	+ 1.0
San Antonio.....	5	25,006	20,247,147	+16.4	+ .8
Shreveport, La.....	3	25,660	12,183,662	+ 1.6	+ .9
Waco.....	3	7,388	4,712,398	+14.8	+ .5
Wichita Falls.....	3	8,673	3,338,078	+ 1	+ 3.2
All other.....	59	49,582	27,680,457	+ 5.0	+ 1.1
Total.....	107	370,722	\$174,153,204	+11.3	+ .1

withdraw its deposits in war loan accounts and as it disburses these funds they will return to the banks in the form of deposits of individuals and businesses against which legal reserves must be maintained with the Federal Reserve banks. The real significance in exempting deposits in war loan accounts from reserve requirements is that it enables banks to enter large subscriptions for new Treasury offerings during major financing drives, both for themselves and for their customers, with a minimum dislocation of bank reserves.

The Second War Loan drive had its effect both on loans and investments of member banks in this district. During the drive total loans of the 33 weekly reporting member banks in the district declined \$500,000, and amounted to \$284,000,000 on May 12. Commercial, industrial and agricultural loans declined \$7,500,000 and there were small declines in open market paper and in loans to banks. On the other hand, loans to brokers and dealers in securities and other loans for security trading increased \$4,000,000 and "all other" loans increased more than \$3,000,000 during the four-week period ended May 12. A large part of the increase in the latter categories was brought about by loans to enable brokers, dealers and others to enter subscriptions for new Treasury offerings during the April drive.

Total investments of the 33 weekly reporting banks increased \$132,000,000 to a total of \$895,000,000 on May 12. All of the increase was more than accounted for by larger holdings of United States Government securities, since holdings of non-governmental securities fell off slightly. Although total bank subscriptions to the 2 per cent Treasury bonds of 1950-1952 were larger than subscriptions to the certificates of indebtedness offering, the larger banks in the district, which report weekly, apparently showed a preference for the certificates of indebtedness. During the four-weeks ended May 12 the 33 weekly reporting banks increased their holdings of Treasury certificates of indebtedness by \$66,000,000 as compared with an increase of only \$47,000,000 in holdings of Treasury bonds. Weekly reporting banks also increased their holdings of Treasury bills by \$18,000,000, while holdings of United States Treasury notes and guaranteed obligations showed only minor increases.

The circulation of Federal Reserve notes of this bank continued to expand during the latter part of April and the first half of May at about the same rate as in other recent months. During the first half of May, the average circulation amounted to \$295,000,000, an increase of about \$11,000,000 from the preceding month. Federal Reserve notes of this bank in actual circulation reached a new peak of \$297,000,000 during the early part of May.

INDUSTRY

Although the value of construction contracts awarded in the Eleventh District in April was considerably smaller than the monthly average during the preceding two years, it was 78 per cent greater than in March, 1943 and 50 per cent greater than in April, 1942. After a marked decline in March, the value of awards for residential building increased substantially in April. Awards for utilities construction increased and accounted for one-half of the total value of awards during the month. The decline in awards for non-residential building and public works continued. Production of Portland cement at Texas mills totaled 996,000 barrels in March to set a new record for that month and reverse the downward trend of the first two months of the year. Shipments of cement declined, however, and stocks increased slightly.

Employment in war industries in Texas continues to expand. Approximately 8,000 were added to the working force of the industries during the month ended April 15, and preliminary hiring schedules indicate addition of 9,000 more workers during the following 30 days. The major war industries of the State employed an estimated 270,000 workers in April as compared with 145,000 a year earlier. The number of workers en-

gaged in the industries is expected to exceed 340,000 by April, 1944. Employment at ordnance and iron and steel plants is apparently nearing its peak in the State, but employment at shipbuilding and aircraft plants is scheduled to increase at a substantial rate for several months to come. The demand for additional workers is being met to a large extent by employment of women and non-whites. In the aircraft industry and in ordnance plants women constitute about 30 per cent of the force. In the other war industries, the number of women employed has increased but still represents only a small percentage of the total. Employment of civilians at military establishments has increased substantially during the past year and is expected to expand further. In April, approximately 100,000 civilian workers were employed at the establishments in Texas as compared with about 38,000 a year earlier.

Daily average production of crude petroleum in the Eleventh District declined fractionally in April but was 29 per cent greater than in April, 1942. The allowable for May was increased in Texas and daily average production for the month in the district will probably be somewhat larger than in preceding months. Increased quantities of oil are being transported from this district by pipe line and other facilities, but current production has been sufficient to meet increased demands, and stocks have continued to accumulate. On May 1, stocks of crude oil in this district were slightly larger than a month earlier, and 10 per cent larger than on May 2, 1942. Stocks outside this district increased slightly during April, but at the beginning of May were still 18 per cent smaller than at the same time last year. Receipts of petroleum and petroleum products on the East Coast via railroad tank car averaged 933,100 barrels daily during the four-week period ended May 1, and reached a new peak of 962,800 barrels daily during the last week of the period. Military demands have increased considerably, however, and the petroleum stock situation in that area has not improved.

Drilling activity as measured by daily average oil well completions increased moderately in the Eleventh District in April

STATISTICS ON COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to April 30 This season	Last season	August 1 to April 30 This season	Last season
Cottonseed received at mills (tons).....	1,007,874	949,844	4,423,914	3,880,588
Cottonseed crushed (tons).....	998,251	925,438	4,197,567	3,715,046
Cottonseed on hand April 30 (tons).....	42,578	51,600	298,378	296,071
Production of products:				
Crude oil (thousand lbs.)....	287,381	267,010	1,302,826	1,154,432
Cake and meal (tons).....	446,592	405,242	1,856,701	1,621,027
Hulls (tons).....	247,672	240,369	1,011,846	921,548
Linters (running bales).....	295,544	252,451	1,260,804	1,094,613
Stocks on hand April 30:				
Crude oil (thousand lbs.)....	2,089	5,571	19,742	19,749
Cake and meal (tons).....	6,327	76,333	37,431	312,038
Hulls (tons).....	6,847	54,894	24,740	125,461
Linters (running bales).....	76,502	31,249	285,073	95,550

SOURCE: United States Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	April 1943	April 1942	March 1943	August 1 to April 30 This season	Last season
Consumption at:					
Texas mills.....	22,993	22,481	25,375	196,314	181,520
United States mills.....	938,989	999,749	995,512	8,440,411	8,250,167
U.S. stocks—end of month:					
In consuming establm'ts.	2,420,737	2,631,016	2,488,771	.....	.....
Public stg. & compresses.	10,596,445	10,490,811	11,469,546	.....	.....

CRUDE OIL PRODUCTION—(Barrels)

	April, 1943		Increase or decrease in daily average production from	
	Total production	Daily avg. production	April, 1942	March, 1943
North Texas.....	6,777,450	225,915	+17,523	+ 855
West Texas.....	6,442,700	214,757	-13,998	- 3,301
East Texas.....	12,596,100	419,870	- 9,027	- 3,330
South Texas.....	5,609,850	186,995	- 7,492	-14,097
Texas Coastal.....	10,255,950	341,865	+89,934	-11,632
Total Texas.....	41,682,050	1,389,402	+76,940	- 3,311
North Louisiana.....	2,660,700	88,690	+18,017	- 505
New Mexico.....	2,902,850	96,762	-12,080	+ 3,543
Total District.....	47,245,600	1,574,854	+82,877	- 273

SOURCE: Estimated from American Petroleum Institute weekly reports.

but was considerably below the level of the same month last year. Outside this district, drilling activity, which also increased in April, was somewhat above the level of April, 1942. During the first four months of this year, wildcats accounted for a larger portion of total well completions in this district than during the comparable period of 1942. However, the number of wildcats completed and the portion of them which were producers were substantially smaller.

Federal price control authorities have announced a program designed to stabilize cotton prices. The Commodity Credit Corporation will offer its stocks of cotton at prices prevailing on April 7, on which date the ten-market average for 15/16-inch middling was 21.38 cents per pound. The Corporation holds approximately 3,300,000 bales of cotton but is permitted to sell not more than 1,500,000 bales in a calendar year. The average price of middling 15/16-inch staple cotton at the ten spot markets rose moderately from 21.02 cents per pound on March 15 to 21.43 cents on April 1. It declined thereafter and on May 15 was 20.87 cents per pound, the lowest price since February 19, when it was 20.75 cents per pound.

Consumption of cotton at United States mills declined 6 per cent in April and was 6 per cent smaller than in the same month last year. Consumption at Texas mills dropped from 25,375 bales in March to 22,993 bales in April, but in the latter month was somewhat greater than in the same month in 1942. During the August 1, 1942-April 30, 1943 period, consumption at Texas mills totaled 196,314 bales to establish a new record high for the first nine months of a season. Consumption of cotton at United States mills during the period was also at a record high. On April 30, stocks of cotton in United States consuming establishments, which totaled 2,421,000 bales, were somewhat smaller than on the comparable date a year earlier, but stocks in public storage and compresses exceeded 10,596,000 bales and were slightly greater than at the same time last year.

Cottonseed receipts at Texas mills declined during April and were the smallest for that month since April, 1922. Crushings did not decline proportionately, however, and the amount of cottonseed products produced was approximately the same as in April last year. Shipments from the mills declined seasonally. The larger cotton crop and increased ginnings of the 1942-1943 season have been reflected in expanded operations at Texas cottonseed mills. During the August 1, 1942-April 30, 1943 period, receipts of cottonseed at Texas mills were 6 per cent greater and cottonseed crushed was 8 per cent greater than during the comparable period of the preceding season. On April 30 this year, stocks of crude oil, cake and meal and hulls on hand at Texas mills were more than 60 per cent smaller than at the same time last year. Stocks of linters, however, were more than twice as large.

CASH FARM INCOME (Thousands of dollars)

	February, 1943		Total receipts	
	Crops	Livestock*	1942†	1943
Arizona.....	5,026	3,971	8,997	7,967
Louisiana.....	6,873	3,565	10,438	11,506
New Mexico.....	2,555	2,489	5,044	3,237
Oklahoma.....	7,642	14,055	21,697	14,769
Texas.....	25,924	37,018	62,942	41,515
Total.....	48,020	61,098	109,118	78,994

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

†Revised.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	April 1943	April 1942	March 1943	April 1943	April 1942	March 1943
Cattle.....	117,026	78,702	63,745	17,132	17,012	16,442
Calves.....	11,452	17,996	18,832	11,905	15,678	20,914
Hogs.....	92,359	62,750	92,765	9,869	11,819	14,120
Sheep.....	76,391	83,202	76,348	16,994	8,870	21,438

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	Fort Worth			San Antonio		
	April 1943	April 1942	March 1943	April 1943	April 1942	March 1943
Beef steers.....	\$16.65	\$13.00	\$15.50	\$14.50	\$13.00	\$13.50
Stocking steers.....	16.00	13.00	15.50	14.50	13.00	13.50
Heifers and yearlings.....	16.25	13.25	15.00	15.00	13.00	14.00
Butcher cows.....	13.25	9.50	13.50	13.50	9.50	12.50
Calves.....	15.00	13.50	15.00	15.00	13.50	14.50
Hogs.....	15.20	14.60	15.25	15.00	14.10	14.75
Lambs.....	15.75	12.75	16.00	14.50	10.50	13.50

BUILDING PERMITS

	April, 1943		Percentage change valuation from		Jan. 1 to Apr. 30, 1943		Percentage change valuation from 1942	
	No.	Valuation	Apr., 1942	Mar., 1943	No.	Valuation	from 1942	from 1942
Abilene.....	27	\$ 6,060	-99	-39	76	\$ 26,652	-	-96
Amarillo.....	42	49,374	-55	+43	148	200,334	-	-54
Austin.....	99	36,767	-76	-22	318	116,139	-	-90
Beaumont.....	132	54,590	-72	+23	413	1,938,684	-	+109
Corpus Christi.....	146	388,406	-61	+10	379	898,692	-	-68
Dallas.....	466	140,637	-67	+3	1,528	587,998	-	-87
El Paso.....	63	46,745	-60	-24	209	181,204	-	-86
Fort Worth.....	387	593,344	-82	+563	963	1,224,121	-	-76
Galveston.....	56	14,560	-73	-94	203	268,820	-	-58
Houston.....	119	173,765	-68	-95	408	3,791,745	-	-23
Lubbock.....	71	11,114	-76	-29	259	55,331	-	-97
Port Arthur.....	58	13,132	-65	+2	176	40,537	-	-81
San Antonio.....	608	173,499	-55	-23	2,270	610,165	-	-75
Shreveport, La.....	80	31,909	-88	-14	235	102,481	-	-91
Waco.....	83	175,708	-2	+182	175	297,082	-	-54
Wichita Falls.....	22	45,298	-51	+645	76	66,854	-	-79
Total.....	2,459	\$1,954,908	-73	-59	7,836	\$10,406,839	-	-54

VALUE OF CONSTRUCTION CONTRACTS AWARDED (Thousands of dollars)

	April 1943		April 1942		March 1943		January 1 to April 30 1943	
	No.	Valuation	No.	Valuation	No.	Valuation	No.	Valuation
Eleventh District—total...	28	\$ 517	18	\$ 687	16	\$ 1,013	196	\$ 131,811
Residential.....	7	994	4	459	—	477†	49	346
All other.....	20	523	14	228	16	490	147	603
United States*—total.....	303	371	498	742	339	698	1,387	247
Residential.....	79	434	162	097	71	786	355	327
All other.....	223	937	336	645	267	912	1,031	920

*37 states east of the Rocky Mountains.

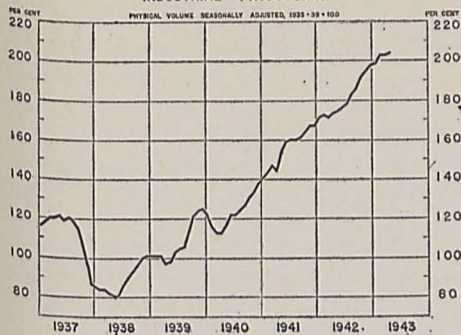
†Negative caused by reason of a prior month's entry.

JUNE 1, 1943

NATIONAL SUMMARY OF BUSINESS CONDITIONS

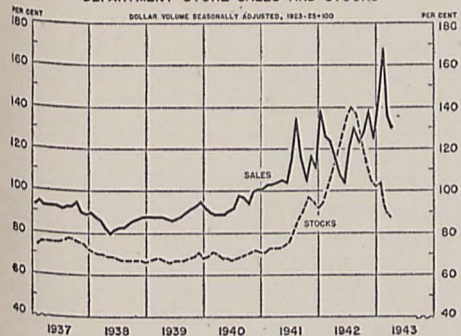
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



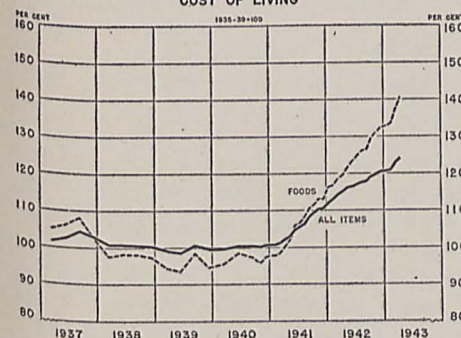
Federal Reserve monthly index. Latest figures shown are for April, 1943.

DEPARTMENT STORE SALES AND STOCKS



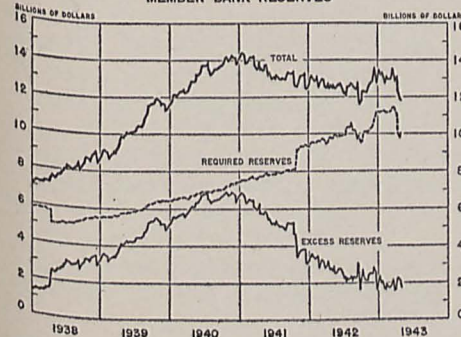
Federal Reserve monthly indexes. Latest figures shown are for April, 1943.

COST OF LIVING



Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September 1940, monthly thereafter. Midmonth figures, latest shown are for April, 1943.

MEMBER BANK RESERVES



Breakdown between required and excess reserves partly estimated. Wednesday figures. Latest shown are for May 12, 1943.

Industrial activity in April and the early part of May increased somewhat further, and retail trade was maintained in large volume.

INDUSTRIAL PRODUCTION

The Board's index of total industrial output rose slightly in April, reflecting further increases in activity in war industries, while output in most other lines showed little change.

Production of armaments in the machinery and transportation equipment industries rose to new high levels. Activity at steel mills increased somewhat further. Lumber production showed the usual seasonal rise in April and was at a level about 10 per cent less than a year ago, when problems of maintaining an adequate labor supply in the industry began to develop. In the cement industry, where production usually advances sharply during the spring months, production has shown little change this year, reflecting chiefly the restricted volume of current construction activity.

Total output of manufactured foods in April continued below the seasonally adjusted peak level reached at the end of last year. Meatpacking and flour production showed decreases in April, while output of dairy products and other manufactured food products was maintained. Volume of output in chemical plants continued to gain. Production of other nondurable manufactures showed little change.

There was a decline in bituminous coal production in the last week of April, following the breaking-off of negotiations for a new wage contract, but output increased in the early part of May. Production of coal in March had been at an exceptionally high level. Stocks on May 1 were considerably higher than a year ago and for bituminous coal were estimated to be equivalent to 55 days' supply for industrial purposes. In May the Government took over the bituminous coal mines.

Value of construction contracts awarded declined in April, reflecting reductions in contracts for Federal work, according to the F. W. Dodge Corporation. Total residential awards in March and April were at the lowest levels for these months in a number of years.

DISTRIBUTION

Sales at department and variety stores increased in April, but the rise was less than usually occurs when Easter falls late in the month. Mail-order sales, principally to persons in small towns and rural areas, showed about the usual seasonal rise. Value of sales in April continued at a level substantially higher than a year ago but, with prices higher, the physical volume of goods sold was probably about the same as in the corresponding period last year.

Carloadings of revenue freight were maintained in large volume in April and the first week of May. Ore shipments showed a seasonal rise beginning in the last half of April, a month later than in 1942 when the movement was unusually early.

COMMODITY PRICES

Wholesale prices of most commodities showed little change from the middle of April to the middle of May. Retail food prices continued to advance sharply in the latter part of March and the early part of April and the indexes showed increases of 6 per cent as compared with January. Retail prices of most other items in the cost of living showed smaller increases in that period. Plans for more effective enforcement of price ceilings have been announced.

BANK CREDIT

During May, as the Treasury made disbursements out of war loan accounts, which had been built up during the recent drive, there was a growth of bank deposits subject to reserve requirements and a decrease in member bank excess reserves. Continued withdrawals of currency also reduced bank reserves. Nevertheless, the reserves of member banks were sufficient to enable them to make substantial repurchases of bills which had been sold to the Reserve Banks under option. In addition, the Federal Reserve System sold some bonds in response to a market demand.

Government security holdings at reporting member banks in 101 leading cities increased by 4.3 billion dollars in the four weeks ending May 12. These increases reflected purchases of new issues during the War Loan drive, as well as substantial market purchases.

In New York City, loans to brokers and dealers for purchasing or carrying securities increased by 860 million dollars during the three weeks of the War Loan drive, and subsequently declined in the first three weeks of May; these changes reflected almost entirely activity in loans for purchasing or carrying Government securities, which on May 19 amounted to 580 million dollars of the total 1,020 million dollars outstanding; other loans to brokers and dealers by New York City banks rose by 90 million dollars from the end of March to May 19.