

MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

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DISTRICT SUMMARY

Department store sales in the Eleventh District during June fell off less than is usual at this time of the year and were 50 per cent above those in June, 1942. Commercial failures in the district during the first half of 1943 were fewer than for any other six-month period of record. The value of construction contracts awarded in the district during June was 85 per cent below that in June, 1942, and during the first six months of the year was 24 per cent below the corresponding period last year. Movement of petroleum and petroleum products to the East Coast by rail and via the new pipe line reached a new high during June. Crude oil production in the Eleventh District increased fractionally during the month and was 20 per cent above that in June last year. Consumption of cotton at Texas mills in June established a new high for that month, and during the period from August, 1942 through June, 1943 was 7 per cent greater than the previous record established during the same period last season. Cotton acreage in cultivation in Texas on July 1 was slightly below that in 1942 and was the smallest since 1905. The largest spring pig crop of record was saved on Texas farms this spring. Loans of weekly reporting member banks in the district continued to decline during the first half of the current year but holdings of United States Government securities increased sharply and now account for three-fourths of all their earning assets. The net inflow of deposits into the district, which had been going on for more than three years, apparently ceased during the first half of 1943. Federal Reserve notes of this bank in actual circulation reached a new peak of \$327,000,000 during the first half of July.

BUSINESS

The dollar volume of sales at reporting department stores in the Eleventh District was slightly smaller in June than in May, but the decline was much smaller than is usual at this time of the year. June sales were 50 per cent above those in the corresponding month last year and were substantially higher than the average for the first six months of the current year. In almost all reporting centers in the district the increased volume of sales during June was above the average for the first half of the current year and increases occurred in sales of almost all types of merchandise. There was a spectacular increase in shoe sales, which were 125 per cent above those in June last year. The large increase in shoe sales occurred principally in the main stores, since the increase in shoe sales in the basement store departments was only half as large as that in the main stores. Sales of women's and misses' ready-to-wear and ready-to-wear accessories continued in heavy volume, although there were substantial increases in all departments except some types of house furnishings. Sales of mechanical refrigerators, housewares, musical instruments and household appliances continued to decline, but other types of house furnishings experienced increases.

Cash sales accounted for about one-half of total sales and increased at a faster rate than credit sales. Regular account sales increased 45 per cent over the year but instalment sales were up only 20 per cent. The ratio of collections on regular accounts outstanding at the first of the month amounted to 61 per cent during June as compared with a ratio of 29 per cent on instalment accounts. Orders outstanding at the end of the month were almost four times as large as those last year, but were only 40 per cent above those at the end of May. Inventories at the end of June averaged 9 per cent below

those on the corresponding date last year, but were 7 per cent larger than a month earlier.

According to information furnished by Dun and Bradstreet, Incorporated, there were only 11 commercial failures in the Eleventh District during the first six months of the current year, one of which occurred in June. The liabilities of all defaulting firms during the first half of 1943 amounted to \$263,000. Thus, during the first half of the current year both the number of commercial failures and the liabilities of defaulting firms were smaller than for any similar period of record.

AGRICULTURE

The month of June and the first two weeks of July were characterized by wide variations in the progress of crops and farm work in the Eleventh District. During most of June, rainfall was scattered and light. The hot, dry weather was favorable to the development of cotton and the successful harvesting of wheat, but threatened the development of corn at the critical maturity stage and hindered the growth of range feed. Late in June and during the first two weeks of July, rains were received in many parts of Texas and in scattered areas in New Mexico and Arizona. In the Texas Panhandle, some storm and hail damage to crops occurred and rains delayed the wheat harvest, but on the whole, the outlook for feed crops was improved. Early July rains virtually assured good yields of corn in many sections of the State, but in central and central west Texas lack of moisture reduced prospective yields. On July 1, the 1943 production of winter wheat in the Eleventh District was estimated at 33,868,000 bushels, as compared with the large production of 49,053,000 bushels last year. Production of corn, oats and tame hay in this district are expected to be somewhat greater this year than in 1942. Grain and sweet sorghums have made fair to excellent progress throughout Texas and harvesting of grain sorghums has proceeded rapidly in the southern counties. Fair to good yields of peanuts are anticipated in some sections, but in the important central west Texas area and some south Texas counties the peanut crop needs rain badly. The rice crop in Texas continues in good condition with an indicated production in 1943 of 20,592,000 bushels as compared with production of 15,498,000 bushels last year and the 1932-1941 average of 11,324,000 bushels.

Reports indicate that the 1942-1943 season was, in general, a successful one for producers of truck crops in Texas. Weather conditions during most of the season favored truck crop operations in the important commercial vegetable crop producing sections of the State. Cold weather in January did extensive damage to some of the crops, particularly in the Coastal Bend, where the cabbage crop was almost destroyed. A deficiency of rainfall in the Lower Valley during the winter and early spring reduced crop yields and heavy rains in the Valley late in May caused considerable damage to the tomato crop. With the exception of these periods of unfavorable weather, however, conditions during the season were conducive to satisfactory crop developments and facilitated harvesting operations. The acreage of commercial vegetables was somewhat smaller than in the preceding season, but yields generally were relatively good. Due to the much higher prices received for products, income from truck crops was substantially greater than in preceding years. The production of citrus fruit in Texas was considerably greater in 1942-1943 than in any other season of record and present indications are that

production in the coming season will be equally large if conditions remain favorable. It is estimated that 1943 production of peaches and pears in Texas will total 1,344,000 bushels as compared with 2,118,000 bushels produced last year and the 1932-1941 average of 1,817,000 bushels. Production of deciduous fruit in surrounding states is also estimated to be considerably smaller this year than in 1942. Late spring freezes were responsible for the substantial reduction in fruit yield.

The Department of Agriculture estimated that cotton acreage in cultivation in Texas on July 1 this year totaled 8,050,000 acres, or 5 per cent less than the 8,430,000 acres planted in 1942. The acreage planted this year was the smallest since 1905 and 56 per cent below that in 1925, when the largest cotton acreage of record was planted in the State. Some of the acreage intended for cotton was apparently transferred to food crops, particularly in east Texas. In the black land area and in the High and Low Plains, the acreage is about as large as last year, but in east and south central Texas, the acreage is considerably smaller. In the United States, the estimated cotton acreage on July 1 was 21,995,000 acres as compared with 23,302,000 acres on July 1 last year and the 1932-1941 average of 29,508,000. The acreage in Oklahoma, which was materially reduced by floods and rains late in May, was 16 per cent smaller on July 1 than last year and the smallest acreage for the State since 1903. In the eastern part of Oklahoma the acreage is approximately 40 per cent smaller than in 1942. The cotton acreage in Louisiana was only slightly below that in 1942. In New Mexico and Arizona the acreage in cotton was substantially reduced from a year ago, but it is still somewhat greater than the 1932-1941 average. Cotton is making favorable progress in most sections of the district. The dry, hot weather in June was favorable to rapid development of the crop and also reduced insect infestation, which had threatened to become serious in the south and central counties of Texas.

Cattle and lamb prices dropped somewhat after reduced ceilings on fresh meat became effective on June 14. Hog prices have continued the decline which began early in April. The program to roll back the price of meat approximately 3 cents per pound was placed in effect in June. Downward revisions in wholesale and retail meat ceilings are accompanied by subsidies to livestock slaughterers of 1.1 cents per pound for cattle and calves, 1.3 cents per pound for hogs and 0.95 cents per pound for sheep and lambs. Concerns which slaughter 4,000 pounds or more per month in any one establishment are eligible for the subsidy payments, which are made by the Defense Supplies Corporation of the Reconstruction Finance Corporation. Following the decline in June, receipts of cattle and calves at representative Texas markets increased substantially during the first two weeks of July but were still somewhat smaller than during the same period last year. The large number of cattle in Texas and the relative shortage of feeds in some areas may result in heavier than normal movement to market during the remainder of the summer and the fall. The condition of ranges declined somewhat in Texas, Oklahoma and Arizona during June and improved only slightly in New Mexico. Oklahoma still has good range and pasture feed and in most sections of Texas there is ample summer range feed and fairly good prospects for improved range conditions later in the season. The dry situation on ranges in west Texas and the Panhandle was partially remedied by rains late in June, and ranges in New Mexico, which had suffered from an extended dry period, received temporary relief from late June rains. Cattle are in good condition in this district, although in several sections range feed has been short and dry. Sheep and lambs are in fair to good condition and recent rains have improved prospects for the development of lambs. Marketings of sheep and lambs were heavy late in June and early in July.

The largest spring pig crop of record, a crop of 2,148,000 head, was saved on Texas farms this spring. This crop was

approximately twice as large as the 1932-1941 average and 33 per cent larger than the 1942 spring crop. The fall crop is expected to be 22 per cent greater than last year and 89 per cent above the ten-year average. If the indicated fall crop materializes, the total Texas pig crop in 1943 will be double the 1932-1941 average and 24 per cent greater than the record crop of 1942. The pig crop in the United States is likewise expected to be substantially larger this year than in 1942 and the 1932-1941 average. Movement of hogs to market throughout the United States continued in record volume during June and the first two weeks in July.

During the first five months of this year, cash farm income in the five states included in whole or in part in the Eleventh District totaled \$665,000,000 and was 41 per cent greater than during the same period last year and more than twice as great as in the comparable period of any of the preceding ten years.

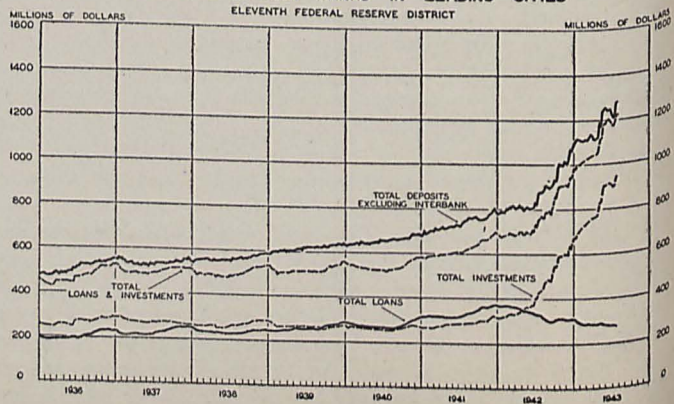
FINANCE

The progress toward complete mobilization of the economy for war during the first half of 1943 is revealed in the changes in the condition of member banks in this district. Comparisons with the end of 1942 and the outbreak of war in Europe in September, 1939 indicate the extent of the changes that have occurred.

In September, 1939, the earning assets of weekly reporting member banks in this district were about evenly divided between loans and investments. During the next two years, there was an almost continuous expansion in loans which at the end of 1941 stood at the highest level since 1929. During the first year after the outbreak of the European war, the investments of weekly reporting member banks showed virtually no net change, but in 1941 holdings of United States Government securities began to expand slowly. In the early part of 1942 loans began to decline while holdings of United States Government securities began to increase sharply. Total loans of weekly reporting banks have declined almost \$100,000,000 since the beginning of 1942. On the other hand, their holdings of direct and guaranteed Government securities are now more than three times as large as they were on April 1, 1942, and constitute three-fourths of all their earning assets, whereas in September, 1939, less than 40 per cent of earnings assets was in this form.

All types of loans fell off during the first half of 1943. Commercial, industrial and agricultural loans, which normally account for two-thirds of all loans at reporting banks in the district, declined about 10 per cent and in the middle of July amounted to \$200,000,000. Loans to brokers and dealers in securities and other loans for security trading, which are relatively unimportant in this district, usually increase during periods of the big Treasury financing drives and then are liquidated as the securities are placed with more permanent investors. Real estate loans, which account for less than 10 per cent of all loans, declined moderately during the first six

REPORTING MEMBER BANKS IN LEADING CITIES



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months of the current year. Loans to banks, the smallest category of loans, fell off about one-third during the first half of 1943. "All other" loans, which include personal and installment loans and normally account for somewhat less than 20 per cent of total loans, declined to \$43,000,000 during the first half of July.

As an offset to the gradual decline in loan volume, reporting member banks in the district have increased their holdings of direct and guaranteed Government securities at an accelerated rate. At the beginning of the current year holdings of Government securities were about twice as large as loans while at the end of June they were three times as large. The dollar amount of the increase in holdings of Government securities was about eight times as great as the decline in loan volume. During the first six months of the current year holdings of Treasury bills doubled and now amount to \$125,000,000. Holdings of Treasury certificates of indebtedness increased about 60 per cent and now exceed \$200,000,000. Holdings of Treasury notes which showed virtually no net change during the first six months increased \$52,000,000 in the week ended July 14. This increase reflected purchases of the new Treasury note offering of September 15, 1947, payment for which was made on July 12. Holdings of United States Government bonds are the most important single type of asset owned by reporting banks in the district and during the first six and a half months of the year increased \$75,000,000 to a new high of \$359,000,000 on July 14. Despite the decline in the volume of Government guaranteed obligations outstanding, reporting banks in the district increased their holdings of these issues by \$20,000,000 during the first half of the year. On July 14 holdings of direct and guaranteed Government securities by the 33 weekly reporting member banks amounted to \$900,000,000 as compared with total loans of \$275,000,000. Holdings of nongovernmental securities have not changed appreciably since September, 1939, and now account for only about 6 per cent of total investments.

During the first two years of war, deposits of the weekly reporting member banks rose at a substantially faster rate than did the investments of those banks. This was due mainly to the fact that the Treasury disbursed more funds in the district than it withdrew from the district in the form of taxes and from the sale of new securities. During the first half of 1943, however, the rate of increase in investments was much greater than the expansion in deposits. Higher tax rates contributed to the change but it was due mainly to the fact that the weekly reporting banks speeded up the investment of available funds in United States Government securities. Thus, the net inflow of funds into the district arising out of expanding Treasury disbursements, which had been going on since the outbreak of war in Europe, probably ceased during the first half of the year.

Total deposits of the weekly reporting banks now exceed \$1,700,000,000 and are about twice as large as in September, 1939. From the outbreak of war in Europe through the end of 1942 time deposits showed little net change, but increased \$10,000,000 during the first half of 1943. United States Government deposits were relatively unimportant prior to 1942. During the great war loan drives Treasury deposits in war loan accounts increase sharply in very short periods, reflecting the use of the book credit method of paying for new Government securities both for their own account and for that of their customers. During the intervals between major war loan drives the Treasury withdraws most of these deposits, with the result that United States Government deposits generally show much wider fluctuations than other types of deposits. The disbursement of these funds by the Treasury normally has the effect of increasing the adjusted demand deposits of member banks. Adjusted demand deposits, which account for considerably more than half of all deposits, have more than doubled

CONDITION OF THE FEDERAL RESERVE BANK (Thousands of dollars)

	July 15, 1943	July 15, 1942	June 15, 1943
Total cash reserves	\$622,525	\$429,359	\$609,732
Discounts for member banks	None	10	1,450
Industrial advances	18	208	18
United States Government securities	230,482	118,024	227,062
All other investments	None	43	None
Total earning assets	230,500	118,285	228,530
Member bank reserve deposits	488,799	322,261	488,524
Federal Reserve notes in actual circulation	323,767	165,890	310,007

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

	July 7, 1943	July 8, 1942	June 9, 1943
Total loans and investments	\$1,179,382	\$723,856	\$1,201,341
Total loans	277,141	325,216	283,911
Commercial, industrial and agricultural loans	201,818	237,261	204,292
Loans to brokers and dealers in securities	1,423	2,788	1,703
Other loans for purchasing or carrying securities	13,301	12,916	15,705
Real estate loans	19,121	21,286	18,882
Loans to banks	86	315	126
All other loans	41,392	50,650	43,203
Total investments	902,241	398,640	917,430
U. S. Treasury bills	116,521	49,104	127,775
U. S. Treasury certificates of indebtedness	208,147	42,322	209,679
U. S. Treasury notes	105,323	45,046	108,281
U. S. Government bonds	358,667	169,042	367,238
Obligations guaranteed by United States Gov't.	58,514	34,846	49,672
Other securities	55,069	58,280	54,785
Reserves with Federal Reserve Bank	282,955	206,497	282,970
Balances with domestic banks*	225,904	264,907	251,567
Demand deposits—adjusted†	958,524	664,549	948,053
Time deposits	144,701	131,484	142,807
United States Government deposits	110,520	27,401	154,749
Interbank deposits	421,966	321,071	439,929
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)

	June 1943	June 1942	Pctg. change over year	May 1943	Pctg. change over month
Abilene	\$ 15,450	\$ 13,163	+ 17	\$ 15,499	—†
Amarillo	38,111	31,346	+ 22	42,975	+ 11
Austin	164,030	45,638	+259	92,471	+77
Beaumont	52,899	36,212	+ 46	52,442	+ 1
Corpus Christi	40,657	31,898	+ 27	41,031	— 1
Corsicana	6,309	4,114	+ 53	9,479	-33
Dallas	447,316	370,609	+ 21	427,725	+ 5
El Paso	58,561	44,223	+ 32	51,301	+ 14
Fort Worth	192,194	127,979	+ 50	176,026	+ 9
Galveston	40,467	33,530	+ 21	36,735	+ 10
Houston	473,746	355,192	+ 33	425,219	+ 11
Laredo	11,215	7,181	+ 56	11,134	+ 1
Lubbock	21,474	17,941	+ 20	20,735	+ 4
Monroe, La.	17,851	15,097	+ 18	15,376	+ 16
Port Arthur	19,569	16,440	+ 19	18,845	+ 4
Roswell, N. M.	7,163	7,669	— 7	7,078	+ 1
San Angelo	15,519	14,532	+ 7	14,286	+ 9
San Antonio	144,908	111,353	+ 30	131,384	+ 10
Shreveport, La.	69,259	60,921	+ 14	72,214	— 4
Texasarkana*	15,599	22,189	— 30	14,006	+ 11
Tucson, Ariz.	27,366	22,042	+ 19	25,132	+ 9
Tyler	19,629	13,988	+ 40	16,418	+ 20
Waco	25,731	22,477	+ 14	25,863	— 1
Wichita Falls	24,507	18,864	+ 30	20,509	+ 19
Total—24 cities	\$1,949,530	\$1,445,498	+ 35	\$1,763,883	+ 11

*Includes the figures of two banks in Texarkana, Arkansas, located in the Eighth District.
†Change less than one-half of 1 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
June, 1941	\$1,554,471	\$242,439	\$ 908,683	\$135,810	\$ 645,788	\$106,629
June, 1942	1,856,567	226,503	1,058,847	127,416	797,720	99,087
February, 1943	2,695,602	231,842	1,479,333	134,674	1,216,270	97,169
March, 1943	2,693,849	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
May, 1943	2,846,872	235,518	1,580,606	139,352	1,266,266	96,166
June, 1943	2,876,672	238,040	1,584,550	141,240	1,292,122	96,800

SAVINGS DEPOSITS

	June 30, 1943			Percentage change in savings deposits from	
	Number of reporting banks	Number of savings depositories	Amount of savings deposits	June 30, 1942	May 31, 1943
Beaumont	3	10,761	\$ 4,521,954	+ 8.0	+ 1.1
Dallas	8	93,318	30,756,734	+ 20.9	+ 2.7
El Paso	2	20,623	9,226,501	+ 33.2	+ 4.4
Fort Worth	3	32,490	14,822,579	+ 18.5	+ 3.0
Galveston	4	18,387	11,844,965	+ 11.5	+ 1.7
Houston	10	76,895	36,451,042	+ 15.6	+ 2.3
Lubbock	2	951	463,634	+ 23.0	+ .7
Port Arthur	2	5,047	3,139,590	+ 1.7	+ 9.0
San Antonio	5	27,032	20,936,695	+ 18.0	+ 2.2
Shreveport, La.	3	25,919	12,458,362	+ 3.9	+ 1.2
Waco	3	7,464	4,917,088	+ 19.4	+ 2.9
Wichita Falls	3	6,606	3,485,917	+ 2.9	+ 2.7
All other	59	49,912	28,328,207	+ 7.0	+ 1.4
Total	107	375,405	\$181,353,268	+ 14.5	+ 2.2

since the outbreak of war in 1939. As the deposits of member banks in this district have expanded, banks have increased their accounts with correspondents. This is reflected in the steady increase in interbank deposits, which are now almost twice as large as they were in September, 1939.

The excess reserves of all member banks in the Eleventh District amounted to about \$75,000,000 in September, 1939. They increased gradually during 1940 and 1941, and averaged \$90,000,000 during the first half of April, 1942. Thereafter, reserve balances increased at a faster rate than required reserves with the result that excess reserves continued to increase. During the first quarter of 1943 this trend was reversed and excess reserves of member banks fell off sharply. Around the middle of April, however, deposits in war loan accounts were exempted from legal reserve requirements and the sharp increase in these deposits during the April war loan drive halted the downward trend temporarily. The importance of this exemption is indicated by the fact that during the first half of May, excess reserves of all member banks in this district were again at an all-time peak of \$157,000,000. During the following two months excess reserves declined \$50,000,000, and a further reduction is anticipated. Country banks normally keep a higher ratio of excess reserves to required reserves than is the case with reserve city banks. For example, in September, 1939, the excess reserves of reserve city banks in the district were about half as large as required reserves, whereas country banks at that time maintained a ratio of about 70 per cent. Although the ratio of excess reserves to required reserves has shown wide fluctuations, it has been declining since the spring of 1941 at reserve city banks, and by the latter half of June, 1943 amounted to only 18 per cent. A somewhat similar trend is noticeable at country banks but the decline began later and has not gone as far as at reserve city banks. In the latter half of June, 1943, the ratio of excess reserves to required reserves was 55 per cent at country banks, or about three times as high as at reserve city banks. It would appear, therefore, that the reserve city banks of the district are approaching a stage of relatively full investment of their available resources in Government securities, but that country banks, although moving in the same direction, are proceeding at a much slower pace.

Expanding business activity and expanding payrolls have called forth a correspondingly greater volume of currency and cash. Seasonal factors have come to exercise less influence, even though they are still at work. There has been an almost continuous expansion in the Federal Reserve notes of this bank in actual circulation since September, 1939. During the first half of July the note circulation of this bank averaged \$325,000,000, a new all-time peak, and about four times as large as at the outbreak of war in Europe.

INDUSTRY

In June the value of construction contracts awarded in the Eleventh District continued the downward trend which first became pronounced in March of this year. The June volume was substantially below the relatively low level of May and 85 per cent below the all-time peak for the month of June attained last year. The value of awards in the Eleventh District during the first six months of this year was 24 per cent below that of the same period in 1942, but substantially greater than during the first six months of any other year of record. It seems likely that the value of awards for military and industrial facilities in this district during the last six months of this year will be substantially smaller than during the comparable periods of 1941 and 1942.

Rail movement of petroleum and petroleum products to the East Coast reached a new high during the last week of June, when it averaged 1,060,000 barrels daily. The extension of the War Emergency Pipeline to Philadelphia was completed in mid-July and shipments through the line have begun. According to estimates of the Petroleum Industry War Council,

receipts of petroleum on the East Coast via the pipeline will average 175,000 barrels daily during August and will increase to 300,000 barrels daily in September. Total receipts of petroleum and petroleum products on the East Coast will continue to increase during the remainder of this year, but growing military demands are expected to absorb most of the additional supplies with the result that the quantity available for civilian use may not increase appreciably.

Daily average crude oil production in the Eleventh District increased fractionally to 1,687,000 barrels in June and was 20 per cent greater than in the same month last year and 5 per cent above the previous all-time high for June recorded in 1937. Daily average production outside this district during June was slightly below the level of May and only moderately greater than in June, 1942. The production allowable in Texas was increased somewhat in July and the Petroleum Administrator for War has recommended further increases in August. Daily average production in this district in the latter month is expected to exceed the all-time peak attained in February, 1942. Crude oil stocks in the Eleventh District declined 4 per cent between May 29 and July 3 and on the latter date were only 1 per cent greater than a year earlier. Outside this district, stocks on July 3 were fractionally larger than on May 29 but were still 10 per cent smaller than on the comparable date last year.

During the second quarter of this year, more than 1,000 wells were completed in the Eleventh District, representing an increase of 14 per cent over the number completed during the first quarter. A similar increase in drilling activity occurred outside this district. Nevertheless, drilling operations throughout the United States are still considerably below the level of last year, especially in this district, where the number of well completions during the first six months of 1943 was 43 per cent smaller than during the comparable period in 1942 and 60 per cent smaller than in the first six months of 1941. Dry holes accounted for approximately 45 per cent of the wells completed in the Eleventh District during the first half of 1943, as compared with 28 per cent during the same period last year. Daily average well completions in this district increased only fractionally in June and were 18 per cent below the number of completions during June last year. Outside this district, drilling activity increased 10 per cent in June and was 2 per cent below the level of June, 1942.

Consumption of cotton at Texas mills totaled 23,258 bales in June to set a new high for the month, but was slightly smaller than in May and 8 per cent below the peak for this season recorded in March. Consumption of cotton at Texas mills during the period from August, 1942 through June, 1943 totaled 243,000 bales which was 7 per cent greater than the previous record established during the same period last season. Mill consumption of cotton in the United States was slightly smaller in June than during the same month last year, but total consumption from August, 1942 through June, 1943 set a new record of 10,259,000 bales. At the end of June, stocks of cotton in consuming establishments in the United States were 9 per cent smaller than a year earlier, but stocks in public storage and compresses were somewhat larger. The average price of middling 15/16-inch staple cotton at the ten spot markets continued to fluctuate within a very narrow range during June and the first two weeks of July. On July 15 it was 20.94 cents per pound, as compared with 21.07 cents per pound a month earlier and 19.86 cents per pound on July 15 last year.

Cottonseed receipts at Texas cottonseed oil mills increased in June but were 45 per cent smaller than during the same month last year. Operations at the mills declined seasonally. At the end of the month, the stocks of cottonseed oil at Texas mills were the smallest since June 30, 1937, and the stocks of cake and meal and hulls were smaller than at the same time in any other year of record.

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WHOLESALE AND RETAIL TRADE STATISTICS

Retail trade: Department stores: Total 11th Dist. Dallas Fort Worth Houston San Antonio Shreveport Other cities	Number of reporting firms	Percentage change in:				Stocks †	
		Net sales			June, 1943 from June 30, 1942	June, 1943 from May, 1943	June, 1943 from May, 1943
		June, 1943	May, 1943	June, 1943 from June 30, 1942			
Total 11th Dist.	45	+ 50	- 5	+42	- 9	+ 7	
Dallas	7	+ 69	- 3	+48	- 8	+ 2	
Fort Worth	3	+ 71	- 3	+47	.....	.....
Houston	7	+ 42	- 5	+34	-34	+ †	
San Antonio	4	+ 34	- 7	+46	.....	.....
Shreveport	3	+ 18	-10	+10	.....	.....
Other cities	21	+ 48	- 6	+44	- 2	+ 5	
Retail furniture: Total 11th Dist. Dallas Fort Worth Houston San Antonio	63 9 3 6 5	+ 36 + 68 +109 + 21 + 26	- 7 -17 - 1 -11 - 1	..... ..... ..... ..... .....	-23 -32 -17 -37 -17	- 6 -12 - 3 - 7 - 9
Independent stores: Arizona New Mexico Oklahoma Texas	..... ..... 387 952	..... ..... + 51 + 39	..... ..... + 8 - 2	..... ..... +36 +33	..... ..... ..... .....	..... ..... ..... .....
Wholesale trade: Machinery, eqpt' & supplies Drugs (incl. liquors) Electrical supplies Groceries Hardware Surgical eqpt. Tobacco & products	3 10 3 23 14 3 4	+ 10 + 62 - 44 + 31 + 9 - 10 + 18	+ 6 +34 + 7 + 7 + 7 -10 + 5	..... +41 -36 +22 -14 - 2 +13	..... - 3 -19 -21 ..... .....	..... -10 - 2

*Compiled by United States Bureau of Census. †Change less than one-half of one per cent.
†Stocks at end of month.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS (1923-1925 average=100)

	June 1943	June 1942	May 1943	April 1943
Sales (daily average): Without seasonal adjustment With seasonal adjustment	183 206	109 123	191 191	192 190
Stocks (end of month): Without seasonal adjustment With seasonal adjustment	91 97	106r 113r	86 85	91 88

BUILDING PERMITS

	June, 1943		Percentage change valuation from		Jan. 1 to June 30, 1943		Percentage change valuation from 1942
	No.	Valuation	June, 1942	May, 1943	No.	Valuation	
Abilene	26	\$ 29,367	- 9	- 49	124	\$ 113,150	-90
Amarillo	55	69,979	+305	- 55	272	426,271	- 9
Austin	88	18,292	- 62	- 33	471	161,905	-88
Beaumont	125	17,363	- 98	- 83	651	2,057,640	- 8
Corpus Christi	115	198,925	- 96	+ 34	604	1,246,397	-86
Dallas	491	277,761	- 20	+ 28	2,485	1,082,108	-79
El Paso	45	19,480	+ 21	- 59	305	248,058	-86
Fort Worth	372	879,274	- 73	- 36	1,799	3,480,911	-60
Galveston	79	44,709	- 93	+110	340	334,664	-85
Houston	281	577,020	+532	+ 8	903	4,904,380	-53
Lubbock	82	21,017	- 78	+ 47	403	90,637	-95
Port Arthur	53	39,924	+159	- 64	272	191,373	-55
San Antonio	762	484,881	+ 67	+154	3,688	1,285,911	-58
Shreveport, La.	97	32,974	- 85	+ 31	430	160,684	-89
Waco	59	80,968	+101	+ 1	280	487,921	-41
Wichita Falls	15	2,579	- 85	- 81	109	83,073	-78
Total	2,745	\$2,794,513	- 76	- 11	13,136	\$16,331,083	-67

VALUE OF CONSTRUCTION CONTRACTS AWARDED (Thousands of dollars)

	June 1943	June 1942	May 1943	January 1 to June 30 1943	January 1 to June 30 1942
Eleventh District—total	\$ 13,978	\$ 90,583	\$ 25,548	\$ 245,325	\$ 321,712
Residential	3,447	15,688	7,340	60,149	70,243
All other	10,531	74,895	18,208	185,176	251,469
United States*—total	229,599	1,190,264	234,426	1,851,272	3,723,725
Residential	61,508	185,471	63,291	480,126	985,580
All other	168,091	1,004,793	171,135	1,371,146	2,738,145

*37 states east of the Rocky Mountains.
SOURCE: F. W. Dodge Corporation.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	June 1943		June 1942		May 1943	August 1 to June 30	
	1943	1942	1942	1943	1943	This season	Last season
Consumption at: Texas mills United States mills	23,258 916,789	23,005 907,523	23,515 901,608	243,087 10,258,808	227,053 10,175,554		
U.S. Stocks—end of month: In consuming estab'ns. Public stg. & compresses	2,222,391 8,549,749	2,443,069 8,456,927	..........	..........	..........	..........	..........

CRUDE OIL PRODUCTION—(Barrels)

	June, 1943		Increase or decrease in daily average production from	
	Total production	Daily avg. production	June, 1942	May, 1943
North Texas	6,688,900	222,297	- 16,491	- 679
West Texas	6,839,850	229,795	+ 24,230	+ 3,342
East Texas	13,829,750	460,991	+ 39,962	- 951
South Texas	6,273,800	209,127	+ 68,479	+ 3,789
Texas Coastal	11,455,400	381,847	+137,137	+ 7,526
Total Texas	45,121,700	1,504,057	+253,317	+ 5,449
New Mexico	2,912,350	97,078	+ 36,580	+ 97
North Louisiana	2,592,550	85,418	- 3,599	- 1,616
Total District	50,596,600	1,686,553	+286,298	+ 3,930

SOURCE: Estimated from American Petroleum Institute weekly reports.

STATISTICS OF COTTONSEED AND COTTONSEED PRODUCTS

	Texas—August 1 to June 30		United States—August 1 to June 30	
	This season	Last season	This season	Last season
Cottonseed received at mills (tons)	1,015,485	960,574	4,467,382	3,931,878
Cottonseed crushed (tons)	1,028,616	957,514	4,436,374	3,944,463
Cottonseed on hand June 30 (tons)	19,824	30,254	103,039	117,944
Production of products: Crude oil (thousand lbs.) Cake and meal (tons) Hulls (tons) Linters (running bales)	296,133 460,897 250,083 304,242	275,520 417,316 248,469 259,899	1,380,491 1,965,912 1,070,277 1,355,217	1,228,340 1,720,527 976,015 1,161,745
Stocks on hand June 30: Crude oil (thousand lbs.) Cake and meal (tons) Hulls (tons) Linters (running bales)	1,038 6,075 2,074 53,710	1,469 55,188 25,072 19,108	11,294 29,629 17,315 188,900	6,692 249,452 17,619 50,422

SOURCE: United States Bureau of Census.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	June 1943	June 1942	May 1943	June 1943	June 1942	May 1943
Cattle	50,284	71,163	56,402	12,455	26,291	16,432
Calves	14,189	23,052	13,971	13,561	28,828	19,941
Hogs	86,484	59,447	88,255	8,658	11,131	11,539
Sheep	211,972	173,980	193,344	33,201	14,959	27,710

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	Fort Worth			San Antonio		
	June 1943	June 1942	May 1943	June 1943	June 1942	May 1943
Beef steers	\$16.00	\$13.50	\$16.60	\$13.60	\$11.75	\$13.60
Stocker steers	15.50	13.00	16.00	.....	.....	.....
Heifers and yearlings	16.00	13.75	16.50	15.00	13.50	14.75
Butcher cows	13.50	10.25	13.25	13.00	9.50	12.50
Calves	15.00	13.00	15.00	15.00	13.00	15.00
Hogs	14.35	14.25	14.50	14.25	14.00	14.50
Lambs	14.50	13.75	15.00	12.00	12.00	.....

CROP PRODUCTION (Thousands of units)

Crop	Unit	Texas		Eleventh District	
		Estimated July 1, 1943	1942	Estimated July 1, 1943	1942
Winter wheat	Bushels	33,170	47,438	33,868	49,053
Corn	Bushels	92,106	78,561	105,283	93,887
Oats	Bushels	15,694	11,210	19,838	15,181
Barley	Bushels	3,682	4,818	10,564*	18,111*
Tame hay	Tons	1,487	1,441	2,019	1,989
Potatoes, Irish	Bushels	6,450	5,301	7,543	6,068
Potatoes, sweet	Bushels	7,740	3,825	16,753†	10,433†
Rice	Bushels	20,592	15,498	20,592†	15,498†

*Arizona, New Mexico, Oklahoma and Texas. †Louisiana, Oklahoma and Texas.
†Texas only. Other data for Eleventh District derived from estimates by states.
SOURCE: United States Department of Agriculture.

CASH FARM INCOME (Thousands of dollars)

	May, 1943		Total receipts			
	Receipts from Crops	Receipts from Livestock*	May 1943	May 1942	Jan. 1 to May 31 1943	May 1942
Arizona	\$ 3,250	\$ 5,115	\$ 8,365	\$ 6,146	\$ 64,831	\$ 45,053
Louisiana	9,778	4,730	14,508	8,698	58,950	51,743
New Mexico	1,077	4,872	5,949	4,644	30,005	20,418
Oklahoma	8,173	18,741	21,914	18,216	116,903	86,547
Texas	20,255	68,053	78,308	62,212	394,046	268,343
Total	\$37,533	\$ 91,511	\$129,044	\$ 99,916	\$664,825	\$472,699

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

AUGUST 1, 1943

NATIONAL SUMMARY OF BUSINESS CONDITIONS

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

Manufacturing activity was maintained at a high level in June while mineral production declined reflecting mainly reduced output of coal. In the early part of July coal production was resumed in large volume. The value of retail trade continued large.

INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of total industrial production declined slightly in June from the high level of other recent months. Activity continued to increase at plants producing war products in the chemical, rubber, and transportation equipment industries. These increases were more than offset by a sharp drop in coal production and a temporary reduction in output of coke, pig iron, and steel.

Finished aircraft production, in terms of airframe weight, was 3 per cent higher in June than in May. Delivery of supplies for the Army ground forces rose 1 per cent over May. Tonnage of cargo vessels delivered from merchant shipyards was not up to the record May level; it was, however, higher than in any other month.

In industries manufacturing nondurable goods output as a whole showed little change from May to June. Activity at cotton mills declined—consumption of 917,000 bales of cotton was 50,000 less than in June, 1942.

Output at coal mines in June was 30 per cent below May due to the work stoppages, but early in July both anthracite and bituminous coal production recovered to above the levels prevailing a year ago. Crude petroleum production was maintained in June and moved upward in July partly in anticipation of the completion of the pipeline from Texas to the East Coast. Lake shipments of iron ore in June were 6 per cent below the same month last year due to unfavorable weather conditions.

The volume of construction contracts awarded in June was about the same as in May. The value of awards in June was at the lowest level for this month since 1936, according to the F. W. Dodge Corporation.

DISTRIBUTION

Value of consumer nondurable goods sold at retail was in near-record volume in June and the early part of July, while sales of durable goods, many of which are becoming increasingly scarce, were generally below previous peak levels.

Car loadings of revenue freight declined in June, reflecting the drop in coal shipments. Loadings of grain showed the usual increase at this season and the movement of most other commodities was maintained in large volume.

COMMODITY PRICES

Wholesale prices of most commodities showed little change in the early part of July, following a decline during June of 1 per cent in the general index. This decline reflected chiefly reductions ordered in maximum prices of butter and meat and seasonal decreases in prices of fresh fruits and vegetables.

AGRICULTURE

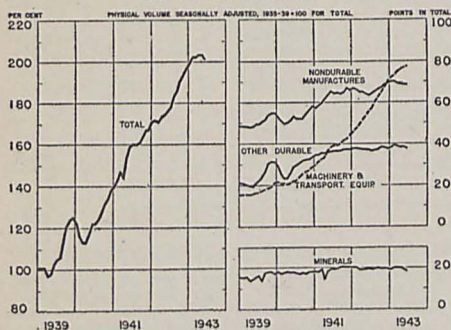
Aggregate crop production this year is expected to be 10 per cent smaller than last year but 5 per cent above the average of the preceding 5 years, according to the July 1 official report. Of the major crops, production prospects for grains are the lowest compared with last season, while there are indications of considerably larger harvests for dry beans and peas, flaxseed, and potatoes. Output of livestock products has continued in larger volume than a year ago.

BANK CREDIT

During June and the first three weeks of July there was an increase of about 1.4 billion dollars in Reserve bank holdings of United States Government securities. Continued currency outflow, and increase in required reserves due to the growth of deposits, were reflected in the increased demand for Reserve bank credit. The expansion in Reserve bank credit was in the form of Treasury bills sold by member banks to the Federal Reserve banks under options to repurchase. Holdings of bills showed wide fluctuations during the period as member banks adjusted their reserve positions through sales and repurchases. A large part of the Treasury bills came from New York City banks where excess reserves continued to be low. Total loans and investments of New York City banks have declined recently. Other reporting member banks have shown a continued growth in deposits and U. S. Government securities.

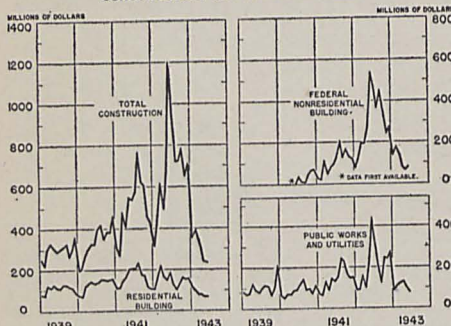
The quarterly report of customer rates at commercial banks for the middle of June showed a further rise in rates charged on loans by large banks throughout the country.

INDUSTRIAL PRODUCTION



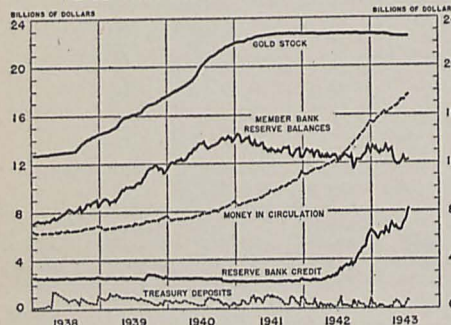
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for June, 1943.

CONSTRUCTION CONTRACTS AWARDED



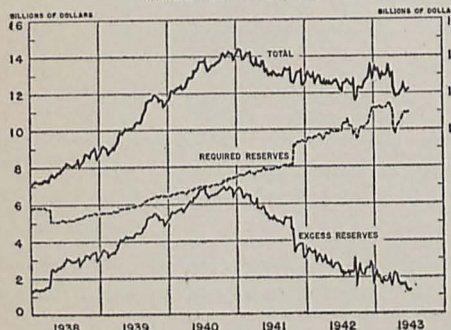
F. W. Dodge data for 37 Eastern states, total includes state and local government and private nonresidential building not shown separately. Monthly figures, latest shown are for June, 1943.

MEMBER BANK RESERVES AND RELATED ITEMS



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

MEMBER BANK RESERVES



Breakdown between required and excess reserves partly estimated. Wednesday figures, latest shown are for July 14, 1943.