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THE THIRD WAR LOAN DRIVE

Excess purchasing power, which may be roughly designated as disposable income over and above the available supply of civilian goods at prevailing prices, will amount to approximately \$37,000,000,000 during 1943. The purpose of the third war loan drive, which begins on September 9, is to encourage individuals and other nonbank investors to lend part of that excess purchasing power to the Government rather than to spend it in driving up prices of civilian goods. This is the basis on which the third war loan drive is being launched. It represents no basic change in official policy but follows the same general pattern as the December, 1942 and April, 1943 drives. The most important change from preceding drives is that banks will not be permitted to purchase new Treasury securities during the period of the drive although an offering of Treasury securities will be made to banks shortly after the close of the drive.

The goal of the drive is to raise \$15,000,000,000, all of which is to be borrowed from sources outside the commercial banking system. This figure should be compared with actual subscriptions by nonbank investors of \$8,000,000,000 during the December drive and \$13,000,000,000 in the April drive. It should be noted, however, that in each of the two preceding drives banks purchased approximately \$5,000,000,000 of new Treasury offerings. Consequently, the goal of \$15,000,000,000 to be raised outside the banking system is substantially larger than in the two earlier drives. At present 26,000,000 individuals are purchasing \$400,000,000 of Series E war savings bonds each month and it is expected that as many as 60,000,000 Series E bonds may be sold during the September drive.

The types of securities to be offered are similar to those offered in December and April and consist of the following: Series E, F and G war savings bonds, Series C tax savings notes, 2½ per cent bonds of 1964-69, 2 per cent bonds of 1951-53, and 7/8 per cent certificates of indebtedness. The task of raising this large sum will be handled by new War Finance Committees in each state and the securities will be sold mainly by hundreds of thousands of volunteer salesmen. As part of the sales organization, some 5,000,000 employees in 8,000 retail stores throughout the nation will participate directly in the sale of securities to customers.

The quota for Texas in the approaching drive is \$420,000,000, approximately one-half of which is to be obtained from individuals while the other half is to be obtained from corporations, insurance companies, savings banks and other non-commercial bank investors. Nonbank investors in the entire Eleventh District purchased approximately \$141,000,000 of Treasury securities during the December, 1942 drive and \$350,000,000 during the April, 1943 drive. The Eleventh District includes, in addition to Texas, parts of Louisiana, Oklahoma, Arizona and New Mexico, whereas the quota noted above applies only to Texas. It is anticipated that approximately 100,000 volunteer workers in Texas, or almost one out of every 60 persons in the state, will participate actively in direct selling during the drive. The volunteers will be drawn from virtually all types of organizations in the state including the following: retail stores, schools, boy scouts and girl scouts, the American Legion, labor unions, moving picture theaters, post offices, industrial concerns, women's organizations, and a wide variety of others. Although commercial banks will not participate directly in the purchase of securities, individual bankers throughout the state will contribute to the success of the drive by purchasing securities for themselves, by participating in the sale of securities to their customers, and in many instances by serving as chairmen of local War Finance Committees.

DISTRICT SUMMARY

The daily average production of crude petroleum in the Eleventh District was at an all-time peak during July and a further increase is expected. The August allowable in Texas was larger than actual production during July. Stocks of crude petroleum in the district declined fractionally during July. There was a small increase in the value of awards for construction contracts during July, but it was 85 per cent below that in July, 1942. During the three months, May through July, Texas Gulf Coast shipyards delivered 26 cargo vessels. More cottonseed was crushed at Texas oil mills during the season ended July 31, 1943, than in the preceding season. The hot, dry weather which prevailed in most sections of the district during July and the first half of August was favorable for the harvesting of wheat, hay, and the early feed crops but reduced prospects for corn, sorghums, late hay and sweet potatoes. Although there was a seasonal decline in department store sales during July, sales were still 50 per cent above those in July, 1942. No commercial failures were reported in the district during July. Total loans of weekly reporting member banks in the district fell off moderately during July and the first part of August, but holdings of United States Government securities continued to increase. The Federal Reserve notes of this bank in actual circulation reached a new peak of \$341,000,000 during the first half of August.

BUSINESS

Although the dollar volume of sales at reporting department stores declined for two consecutive months, the decline during June and July was smaller than is usual at this time of the year. Total sales fell off 5 per cent in June and 9 per cent during July. Nevertheless, sales during those two months were 50 per cent above those in comparable months of 1942 and were considerably above the average increase for the first five months of the current year. The rate of increase in sales in the Eleventh District continued to be larger than in other Federal Reserve districts. Weekly reports from a smaller number of firms indicate that during the first two weeks in August sales were 40 per cent above those in the same weeks last year.

Cash sales accounted for about one-half of total sales during July and continued to increase at a faster rate than credit sales. Credit sales during the first seven months of 1943 were only 25 per cent above those last year, whereas total sales were 43 per cent higher. During July regular account sales were 40 per cent above those in July, 1942, but instalment sales were only 9 per cent larger. The ratio of collections on regular accounts outstanding at the first of July amounted to 61 per cent, the same as a month earlier, whereas collections on instalment accounts amounted to 30 per cent. Outstanding orders at the end of July were more than three times as large as those on the comparable date in 1942, but were slightly smaller than at the end of June this year. Inventories at the end of July averaged 7 per cent above those on the corresponding date last year and were 19 per cent above those at the end of June.

The demand for merchandise at reporting wholesale trade firms in the Eleventh District decreased 2 per cent from June to July but was still 7 per cent above that in July, 1942. Sales of machinery, equipment and supplies, drugs and groceries showed the largest percentage gains over the year, but sales of surgical equipment and tobacco were also well above those in July, 1942. On the other hand, sales of automotive supplies and hardware fell off 20 per cent and 11 per cent, respectively. Inventories at all types of reporting wholesale trade firms in the district averaged 13 per cent below those last year. The decline in inventories was general except that the inventories of wholesale drug firms showed an increase of 10 per cent.

Information furnished by Dun and Bradstreet, Incorporated, indicates that there were no commercial failures in the Eleventh District during July. During the first seven months of the cur-

rent year, there were only 11 commercial failures in the district, while the liabilities of defaulting firms amounted to \$263,000. Both the number of failures and the liabilities of defaulting firms were smaller during the first seven months of this year than for any other comparable period of record.

AGRICULTURE

Hot, dry weather prevailed in most sections of the Eleventh District throughout July and the first two weeks of August. By mid-August, the shortage of moisture was critical in the north, west central and extreme southwest portions of Texas and was becoming serious in all other sections of the State except in the High Plains, which received rains early in July, and in the Upper Coastal and southeastern counties, where excessive rainfall accompanied the tropical hurricane late in July. The high temperatures and the lack of rain favored harvesting of wheat, hay and the early feed crop but reduced prospects for corn, sorghum, late hay and sweet potatoes and held back range growth in most sections. Cotton matured rapidly in the Coastal and central counties of Texas and a near record yield of cotton per acre was in prospect in the State on August 1. Although the tropical storm late in July was severe, it affected only a small area and apparently did relatively little damage to crops.

The acreage of cotton remaining for harvest in Texas on August 1, which amounted to 7,830,000 acres, was smaller than the acreage harvested in any year since 1900. Spring and summer weather in Texas has been favorable for successful development of the crop and a near record yield of 201 pounds per acre is in prospect. Despite the smaller acreage, cotton production in the State is expected to total 3,275,000 bales this season, or 237,000 bales more than was produced last year and only 144,000 bales less than average production for the ten-year period 1932-1941. Prospective yields of cotton per acre in Louisiana and New Mexico are substantially greater than the actual yields last year. Indicated 1943 production of cotton in the five states covered in whole or in part by the Eleventh District is 4,753,000 bales, as compared with 4,643,000 bales last season and the 1932-1941 average of 5,002,000 bales. Production in the United States is expected to total 12,558,000 bales this year, as compared with 12,824,000 bales last season and the 1932-1941 average of 12,474,000 bales. The hot, dry weather in Texas has limited insect infestation of cotton, stimulated fruiting, and favored successful harvesting. Cotton picking has progressed rapidly in the southern counties of the State and has apparently not been delayed substantially by shortage of labor. Early ginnings indicate that the cotton is of somewhat higher grade than last year.

Yields of early corn in Texas have been somewhat above average, but lack of moisture reduced prospects for late corn. The indicated production of corn in the State was reduced by 3,709,000 bushels during July, but the August 1 forecast of 89,397,000 bushels is somewhat larger than production in 1942 or the 1932-1941 average. Although insufficient moisture during the maturing stage reduced the prospects for grain sorghums in much of the southern half of Texas, production for the State is forecast at 75,335,000 bushels as compared with 59,675,000 bushels last year and the 1932-1941 average of 31,243,000 bushels. A tropical hurricane passed over about one-half of the Texas rice acreage late in July and lowered yield prospects about 4 per cent from the July 1 forecast, but a rice crop of 19,800,000 bushels was indicated in Texas on August 1, which is approximately 4,300,000 bushels greater than the crop of 1942 and substantially greater than the 1932-1941 average. The largest Texas peanut crop of record is in prospect as a result of a marked expansion of acreage, although the yield per acre is expected to be about 6 per cent lower than in 1942. Indicated production of wheat, barley, rye and hay in the State is smaller than last year.

During July, range feeds improved in New Mexico and in the Texas High Plains, Panhandle and Coastal counties as a result of

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rains received early and late in the month, but west central Texas and Oklahoma ranges and pastures continued to suffer from lack of moisture and Arizona ranges remained dry. Cattle continued in good condition in most sections of Texas and in New Mexico, but deteriorated in Oklahoma. On August 1, the condition of cattle in this district was somewhat less favorable than at the same time last year. Marketing of cattle in Texas increased moderately in July but was smaller than during the same month in 1942. Reports from stockmen indicate, however, that shortage of feeds and dry conditions on ranges may result in fall marketing attaining a level above that of last year. The number of cattle on feed in the eleven Corn Belt States on August 1 was 11 per cent smaller than at the same time in 1942. Estimated marketing dates for cattle on feed indicate a heavy national movement to market during the period from August through October but a very limited supply of long-fed cattle during the last months of this year. The lamb crop was somewhat smaller in Texas, Arizona and New Mexico this year than in the preceding two years, although the number of breeding ewes on January 1, 1943 was at a new high level in Texas and only slightly smaller than a year earlier in the other two states. The condition of sheep in Texas deteriorated during July, but at the end of the month lambs and sheep were still in good condition. There was a heavy movement of sheep and lambs in Texas during July which was characterized by heavy marketing of ewes.

Average farm prices of all types of meat animals, corn, rice, hay and cotton declined slightly in Texas between June 15 and July 15 this year. The increases in the average prices of some small grains, peanuts and cottonseed which occurred were moderate. The decline in farm prices between June 15 and July 15 this year was more general and somewhat more pronounced than the decline which occurred during the comparable period of 1942. However, the recent declines did not offset the increases which had taken place during the winter and spring of this year, with the result that on July 15 average prices at Texas farms of all principal agricultural products, except hogs, were appreciably higher than on the comparable date in 1942.

FINANCE

The reserve balances of member banks in the Eleventh Federal Reserve District declined to \$441,000,000 on June 29, the lowest level reached during the current year. During July and the first half of August reserve balances increased substantially, averaging \$477,000,000 in July and \$482,000,000 during the first half of August. That amount was \$138,000,000 above the average in July, 1942. The Treasury withdrew substantial amounts from its balances in war loan accounts during July and the conversion of the funds disbursed by the Treasury into customer deposits at banks had the effect of increasing the required reserves of member banks. Required reserves increased slightly more than average reserve balances with the result that during the last half of July excess reserves of \$116,000,000 were slightly below the average during June, although they were still \$16,000,000 above those in July, 1942.

Total loans of 33 weekly reporting member banks in the Eleventh District fell off \$2,800,000 during the five weeks ended August 11 and amounted to \$274,000,000 at the end of that period. Most of the decline was accounted for by a smaller volume of commercial, industrial and agricultural loans which fell off \$2,760,000. "All other" loans which include personal and instalment loans declined \$870,000. These declines were partially offset by relatively small increases in loans to brokers and dealers in securities, other loans for security trading and real estate loans.

The principal changes in the investments of the 33 weekly reporting member banks reflected purchases of two new Treasury offerings during July. An issue of \$1,600,000,000 of certificates of indebtedness maturing August 1, 1943, was exchanged for a similar amount of new certificates of indebtedness matur-

CONDITION OF THE FEDERAL RESERVE BANK
(Thousands of dollars)

	August 15, 1943	August 15, 1942	July 15, 1943
Total cash reserves	\$653,586	\$438,112	\$622,525
Discounts for member banks*	50	156	None
Industrial advances	18	141	18
United States Government securities	231,620	131,209	230,482
All other investments	None	43	None
Total earning assets	231,688	131,549	230,500
Member bank reserve deposits	493,908	358,799	488,799
Federal Reserve notes in actual circulation	340,898	176,994	323,767

*Including nonmember banks.

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

	August 11, 1943	August 12, 1942	July 7, 1943
Total loans and investments	\$1,230,738	\$757,013	\$1,179,382
Total loans	274,325	314,503	277,141
Commercial, industrial and agricultural loans	199,058	227,518	201,818
Loans to brokers and dealers in securities	1,647	3,225	1,423
Other loans for purchasing or carrying securities	13,626	13,540	13,301
Real estate loans	19,341	21,119	19,121
Loans to banks	132	322	86
All other loans	40,521	48,679	41,392
Total investments	956,413	442,510	902,241
U. S. Treasury bills	114,476	65,356	116,521
U. S. Treasury certificates of indebtedness	230,695	41,187	208,147
U. S. Treasury notes	151,285	43,422	105,323
U. S. Government bonds	351,904	196,239	358,667
Obligations guaranteed by United States Govt.	54,406	37,292	58,514
Other securities	53,647	59,014	55,069
Reserves with Federal Reserve Bank	295,953	233,492	282,950
Balances with domestic banks	238,782	281,433	225,904
Demand deposits—adjusted*	1,011,639	714,101	958,524
Time deposits	147,159	130,943	144,701
United States Government deposits	130,080	49,736	110,620
Interbank deposits	424,128	327,934	421,966
Borrowings from Federal Reserve Bank	None	None	None

*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)

	July 1943	July 1942	Pctg. change over year	June 1943	Pctg. change over month
Abilene	\$ 15,240	\$ 14,174	+ 8	\$ 15,450	- 1
Amarillo	43,004	40,532	+ 6	38,111	+13
Austin	80,118	45,809	+75	164,030	-51
Beaumont	53,761	34,718	+55	52,899	+ 2
Corpus Christi	41,915	34,991	+20	40,657	+ 3
Corsicana	6,135	4,367	+40	6,309	- 3
Dallas	446,883	390,872	+14	447,316	- 1
El Paso	53,298	46,012	+16	58,561	- 9
Fort Worth	237,994	135,595	+76	192,194	+24
Galveston	39,010	36,269	+ 8	40,467	- 4
Houston	456,831	374,132	+22	473,746	- 4
Laredo	10,951	7,622	+44	11,215	- 2
Lubbock	20,553	17,353	+18	21,474	- 4
Monroe, La.	14,488	14,016	+ 3	17,851	-19
Port Arthur	18,959	15,747	+20	19,569	- 3
Roswell, N. M.	7,315	6,981	+ 5	7,163	+ 2
San Angelo	15,484	14,825	+ 4	15,519	- 1
San Antonio	128,401	108,923	+18	144,908	-11
Shreveport, La.	64,554	64,003	+ 1	69,259	- 7
Texarkana*	15,058	17,150	-12	15,599	- 3
Tucson, Ariz.	31,239	21,407	+46	27,366	+14
Tyler	18,488	13,101	+41	19,629	- 6
Waco	23,412	24,635	- 5	25,731	- 9
Wichita Falls	23,866	19,736	+21	24,507	- 3
Total—24 cities	\$1,866,957	\$1,502,970	+24	\$1,949,530	- 4

*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
July, 1941	\$1,555,000	\$239,153	\$ 912,591	\$133,588	\$ 642,409	\$105,565
July, 1942	1,914,513	226,947	1,095,607	127,615	818,906	99,332
March, 1943	2,693,849	232,878	1,484,442	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
July, 1943	2,874,870	241,780	1,562,343	143,301	1,312,528	98,478

SAVINGS DEPOSITS

	July 31, 1943			Percentage change in savings deposits from	
	Number of reporting banks	Number of savings depositors	Amount of savings deposits	July 31, 1942	June 30, 1943
Beaumont	3	10,877	\$ 4,689,910	+11.3	+ 3.7
Dallas	8	94,254	31,519,069	+23.3	+ 2.5
El Paso	2	20,864	9,510,532	+36.5	+ 3.1
Fort Worth	3	32,907	15,188,334	+22.2	+ 2.5
Galveston	4	18,933	12,122,808	+13.9	+ 2.3
Houston	10	77,668	36,672,763	+15.2	+ 6
Lubbock	2	934	461,906	+22.0	- 4
Port Arthur	2	5,067	3,236,200	+ 2.9	+ 3.1
San Antonio	5	27,325	21,209,255	+19.5	+ 1.3
Shreveport, La.	3	26,239	12,772,699	+ 6.8	+ 2.6
Waco	3	7,444	4,740,489	+15.3	- 3.6
Wichita Falls	3	6,848	3,538,942	+ 6.7	+ 1.5
All other	59	50,065	28,622,851	+ 8.3	+ 1.0
Total	107	378,925	\$184,285,758	+16.1	+ 1.6

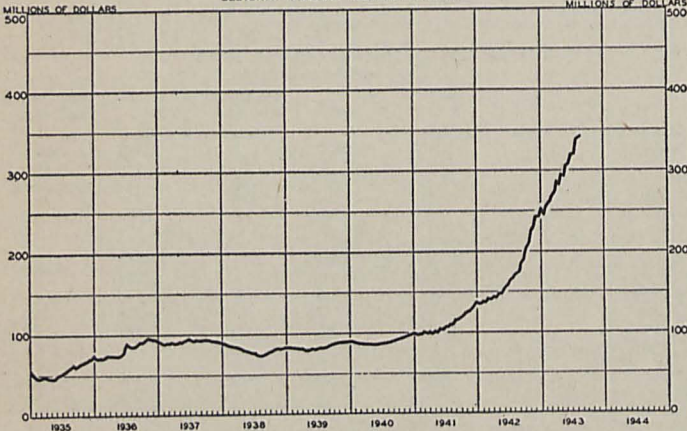
ing August 1, 1944. An additional \$900,000,000 of the same issue of certificates of indebtedness were sold at that time and holdings of certificates by the weekly reporting member banks in this district showed a net increase of \$22,500,000. During the five weeks ended August 11, the weekly reporting member banks in the district increased their net holdings of Treasury notes \$46,000,000, reflecting principally the purchase of the new 1½ per cent Treasury notes of September 15, 1947. There were small net declines in holdings of Treasury bills and bonds, Government guaranteed securities and in nongovernmental securities between July 7 and August 11. On the latter date total investments of the weekly reporting member banks amounted to \$956,000,000, or more than double their holding on the corresponding date last year.

Gross deposits of 33 weekly reporting banks increased \$77,000,000 during the five weeks ended August 11 to a new high level of \$1,713,000,000. All types of deposits increased during that period but most of the increase occurred in adjusted demand deposits and in United States Government deposits.

The demand for currency in the district has continued to expand. The average circulation of the Federal Reserve notes of this bank during July amounted to \$325,000,000 and during the first half of August reached another new peak of \$341,000,000.

FEDERAL RESERVE NOTES IN ACTUAL CIRCULATION

ELEVENTH FEDERAL RESERVE DISTRICT



INDUSTRY

The value of construction contracts awarded in the Eleventh Federal Reserve District increased slightly in July as a result of a small increase in the value of residential awards and a moderate increase in the value of awards for nonresidential building. The value of awards placed in the district during the month was 85 per cent smaller than in July last year and somewhat smaller than in July, 1941. Production of Portland cement at Texas mills averaged 860,000 barrels monthly during the first six months of this year, as compared with 1,070,000 barrels monthly during the last six months of 1942. It was maintained, however, at a substantially higher level than in any comparable period prior to 1942. Shipments from the mills during the first six months of this year were in approximately the same volume as production. At the end of June, stocks of cement at the mills represented somewhat less than one month's supply at current levels of shipment.

Approximately 352,000 workers were employed in July in the major war industries of Texas. Revisions in hiring schedules have recently been made by several important war industries in the State. Aircraft, chemical and ordnance plants have substantially reduced their estimates of additional workers which will be required during the next twelve months, whereas non-ferrous metal works, synthetic rubber plants and shipbuilding yards have increased the estimates of their requirements. Present schedules call for an increase of 50,000 in the labor force in Texas war industries by July, 1944. The civilian employment

at military establishments in the State, which has shown a rapid expansion during the past year and totaled 116,000 in July, has apparently about reached a peak. The potential labor supply in Texas is apparently adequate to meet the demands for additional workers, but intra-state migration of workers, particularly into the north coastal area, will likely be necessary.

The tropical hurricane late in July struck an extensive area along the Texas north coastal district. Industrial damage was, fortunately, not excessive, but temporary disruption of electric power service and transportation slowed production for a short period and the repairing of property damage required diversion of scarce materials and labor for the restoration of dwellings, commercial buildings and other structures.

According to the United States Maritime Commission, Texas Gulf Coast shippers delivered 26 cargo vessels during the period from May through July, as compared with 475 cargo vessels

WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	-Percentage change in-		
		July, 1943 from July, 1942	June, 1943	Jan. 1 to July 31, 1943 from 1942
Retail trade:				
Department stores:				
Total 11th Dist.	46	+ 50	- 9	+43
Dallas	7	+ 59	-10	+50
Fort Worth	4	+ 54	- 8	+47
Houston	7	+ 45	-11	+35
San Antonio	4	+ 37	- 5	+44
Shreveport	3	+ 28	- 5	+14
Other cities	21	+ 54	- 8	+45
Retail furniture:				
Total 11th Dist.	63	+ 34	- 2	....
Dallas	8	+ 51	+ 2	....
Fort Worth	3	+137	+40	....
Houston	9	+ 40	- 5	....
Independent stores:*				
Arizona .....	..	....	....	....
New Mexico .....	..	....	....	....
Oklahoma	397	+ 33	-10	+35
Texas	971	+ 28	- 9	+32
Wholesale trade:*				
Machinery, eqp't & supplies	4	+ 22	- 4	....
Automotive supplies	3	- 20	- 3	....
Drugs (incl. liquors)	9	+ 20	-20	+38
Groceries	27	+ 18	+ 4	+21
Hardware	14	- 11	- 3	-14
Surgical eqp't	5	+ 13	+25	+ 7
Tobacco & products	4	+ 14	-12	+13

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

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

	July 1943	June 1943	May 1943	July 1942
Sales (daily average):				
Without seasonal adjustment	163	183	191	100
With seasonal adjustment	233	206	191	143
Stocks (end of month):				
Without seasonal adjustment	111	91	86	104
With seasonal adjustment	121	97	85	114

VALUE OF CONSTRUCTION CONTRACTS AWARDED (Thousands of dollars)

	July 1943	July 1942	June 1943	January 1 to July 31 1943	1942
Eleventh District—total...	\$ 14,733	\$101,159r	\$ 13,689	\$ 259,769	\$ 422,871
Residential	3,629	10,153r	3,447	63,778	80,396
All other	11,104	91,006r	10,242	195,991	342,475
United States*—total.....	183,661	943,796	229,599	2,034,933	4,667,521
Residential	71,836	127,382	61,508	551,962	1,112,062
All other	111,825	816,414	168,091	1,482,971	3,554,559

*37 states east of the Rocky Mountains.

r-Revised.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	No.	Valuation	Percentage change valuation from		Jan. 1 to July 31, 1943	Valuation	Percentage change valuation from 1942
			July, 1942	June, 1943			
Abilene	38	\$ 11,699	- 83	- 60	162	\$ 124,849	-89
Amarillo	41	37,502	- 42	- 46	313	463,773	-13
Austin	72	18,991	- 42	+ 4	543	180,896	-87
Beaumont	123	62,189	+ 15	+258	774	2,119,829	- 7
Corpus Christi	134	1,385,746	+656	+597	738	2,632,143	-70
Dallas	559	622,518	+237	+124	3,044	1,704,626	-68
El Paso	37	55,967	- 10	+187	842	304,025	-84
Fort Worth	276	453,514	+284	- 48	2,075	3,940,425	-55
Galveston	130	295,788	+931	+562	470	630,452	-72
Houston	218	364,225	+226	- 37	1,121	5,268,605	-50
Lubbock	81	31,428	- 33	+ 50	484	122,065	-94
Port Arthur	32	16,351	- 6	- 59	304	207,724	-52
San Antonio	667	320,913	+ 15	- 34	4,355	1,606,824	-89
Shreveport, La.	111	26,931	- 91	- 18	541	187,615	-84
Waco	70	100,253	+ 24	+ 24	350	558,174	-76
Wichita Falls	32	17,220	- 61	+568	141	100,293	-61
Total	2,821	\$3,821,235	+127	+ 37	15,757	\$20,152,318	-61

delivered by all other shipyards in the nation during the same period. Contracts for construction of an additional 108 Liberty ships were placed with a Texas shipyard in July.

During July, production of crude petroleum averaged 1,796,000 barrels daily in the Eleventh District, as compared with the previous all-time peak of 1,767,000 barrels daily attained in February, 1942. The facilities for the overland distribution of petroleum and its products have been greatly increased during the past year by expanding railway shipment of petroleum and by providing pipe line connections between the Southwest and the Eastern Seaboard. As a result, it has been possible to ship increasing quantities of petroleum and petroleum products from Southwestern fields. Since April this year, crude petroleum production has risen markedly in west, eastern, central and coastal sections of Texas and has increased slightly in all other sections of the Eleventh District except north Louisiana. Further increases in production in this district will be required, however, in order to meet essential civilian and military demands during the coming winter. The August crude petroleum allowable for Texas of 1,813,000 barrels daily was the largest production authorized in the State since proration was initiated about 12 years ago. Subsequently, the August allowable was increased and the September allowable for the State has been set at 1,940,000 barrels daily. According to recent estimates of the oil producing capacity of Texas made by the Texas Railroad Commission, approximately 2,189,000 barrels can be produced daily in the State without violating sound conservation practices, which indicates that daily production in the Eleventh District can be raised to approximately 2,375,000 barrels, or 580,000 barrels above the level attained in July this year. Stocks of crude oil declined fractionally in the Eleventh District during July and at the end of the month totaled 115,678,000 barrels, as compared with the 1942-1943 high of 120,911,000 barrels on May 29 this year and the 1942-1943 low of 92,678,000 barrels on January 10, 1942. Stocks outside this district also declined slightly in July and at the end of the month totaled 122,742,000 barrels as compared with 136,117,000 barrels a year earlier. Refinery operations have again been adjusted in order to expand production of residual fuel oil and some important petroleum fractions which are needed in high octane gasoline and in chemical production. In April, 1943 the gasoline yield was 35.3 per cent of each barrel of crude petroleum refined, as compared with 39.9 per cent in April, 1942, and 43.7 per cent in April, 1941. The yield of residual fuel oil in April this year was, on the other hand, 30.5 per cent per barrel of crude petroleum, as compared with 24.6 per cent in April, 1941.

The average price of middling 15/16-inch staple cotton at the ten spot markets was 20.36 cents per pound on August 14, as compared with 18.53 cents per pound on August 14, 1942. The average price of 15/16-inch staple at the ten spot markets increased gradually from 18.62 cents per pound on August 1, 1942 to the season's peak of 21.43 cents per pound on April 1, 1943. Thereafter, it declined slightly and fluctuated within a relatively narrow range for the duration of the season. On July 31, 1943, it was 20.54 cents per pound, or 1.87 cents per pound higher than at the end of the preceding season and 4.66 cents per pound higher than on July 31, 1941.

Consumption of cotton at United States mills, which totaled 11,099,000 bales between August 1, 1942, and July 31, 1943, was fractionally smaller than during the preceding season. On the other hand, consumption of cotton at Texas mills was somewhat larger, amounting to 267,400 bales, as compared

with the previous recorded high of 252,200 bales during the 1941-1942 season. Demand for cotton textiles for military and lend-lease purposes was sustained in large volume throughout

STATISTICS OF COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to July 31 This season	Last season	August 1 to July 31 This season	Last season
Cottonseed received at mills (tons).....	1,054,627	982,979	4,514,728	3,959,835
Cottonseed crushed (tons).....	1,042,924	974,814	4,496,942	4,008,436
Cottonseed on hand July 31 (tons).....	44,658	35,359	89,817	81,928
Production of products:				
Crude oil (thousand lbs.)....	300,051	280,607	1,400,259	1,249,872
Cake and meal (tons).....	466,592	426,202	1,994,053	1,752,610
Hulls (tons).....	258,956	251,652	1,084,755	991,521
Linters (running bales).....	308,190	265,063	1,355,221	1,188,963
Stocks on hand July 31:				
Crude oil (thousand lbs.)....	1,378	1,568	6,440	7,858
Cake and meal (tons).....	5,916	43,599	15,593	190,100
Hulls (tons).....	2,208	15,226	11,986	44,118
Linters (running bales).....	42,427	17,103	135,116	43,295

SOURCE: United States Bureau of Census.

CRUDE OIL PRODUCTION—(Barrels)

	July, 1943		Increase or decrease in daily average production from	
	Total production	Daily avg. production	July, 1942	June, 1943
North Texas.....	7,000,300	227,752	+ 7,215	+ 5,455
West Texas.....	7,585,100	244,681	+ 57,650	+ 14,886
East Texas.....	15,399,700	496,704	+144,753	+ 35,773
South Texas.....	7,092,800	228,800	+ 93,734	+ 19,673
Texas Coastal.....	12,744,100	411,100	+184,524	+ 29,253
Total Texas.....	49,882,000	1,609,097	+487,876	+105,040
New Mexico.....	3,154,850	101,769	+ 34,313	+ 4,691
North Louisiana.....	2,634,750	84,992	- 9,239	- 426
Total District.....	55,671,600	1,795,858	+512,950	+109,305

SOURCE: Estimated from American Petroleum Institute weekly reports.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	July 1943	July 1942	June 1943	July 1943	July 1942	June 1943
Cattle.....	65,432	76,540	50,284	14,763	15,938	12,455
Calves.....	24,646	28,352	14,189	17,696	17,786	13,561
Hogs.....	84,912	44,872	86,484	9,409	8,072	8,658
Sheep.....	280,538	122,808	211,972	37,809	11,856	33,201

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	Fort Worth			San Antonio		
	July 1943	July 1942	June 1943	July 1943	July 1942	June 1943
Beef steers.....	\$15.50	\$13.75	\$16.00	\$14.50	\$12.50	\$13.60
Stocker steers.....	13.50	12.50	15.50	.....	.....	.....
Heifers and yearlings.....	15.25	14.00	16.00	14.00	13.50	15.00
Butcher cows.....	12.25	10.00	13.50	12.00	9.65	13.00
Calves.....	14.00	12.75	15.00	14.00	13.00	15.00
Hogs.....	14.50	14.60	14.35	14.25	14.25	14.25
Lambs.....	14.00	13.00	14.50	13.00	10.00	12.00

CROP PRODUCTION (Thousands of units)

Crop	Unit	Texas		Eleventh District	
		Estimated Aug. 1, 1943	Production 1942	Estimated Aug. 1, 1943	Production 1942
Cotton.....	Bales	3,275	3,038	4,046	3,745
Corn.....	Bushels	89,397	78,561	102,093	93,887
Winter wheat.....	Bushels	35,697	47,438	36,386	49,053
Oats.....	Bushels	15,694	11,210	19,850	15,181
Barley.....	Bushels	3,682	4,818	10,564*	18,111*
Rice.....	Bushels	19,800	15,498	19,800†	15,498†
Broomcorn.....	Pounds	5,200	6,600	34,800‡	44,000‡
Grain sorghums.....	Bushels	75,335	59,675	91,875§	75,557§
Tame hay.....	Tons	1,338	1,441	1,872	1,989
Peanuts.....	Pounds	476,100	430,080	712,450¶	589,970¶
Potatoes, Irish.....	Bushels	6,450	5,301	7,538	6,068
Potatoes, sweet.....	Bushels	7,200	3,825	16,310¶	10,433¶
Peaches.....	Bushels	792	1,610	1,230§	2,582§
Pecans.....	Pounds	20,250	10,300	44,170¶	22,200¶

*Arizona, New Mexico, Oklahoma and Texas. †Texas only. ‡New Mexico, Oklahoma and Texas. §Arizona, Louisiana, New Mexico, Oklahoma and Texas. ¶Louisiana, Oklahoma and Texas.

SOURCE: United States Department of Agriculture.

CASH FARM INCOME (Thousands of dollars)

	June, 1943		June 1943	Total receipts	
	Receipts from: Crops	Livestock*		June 1942	Jan. 1 to June 30 1942
Arizona.....	6,137	2,716	8,853	6,914	73,684
Louisiana.....	2,576	4,933	7,509	7,304	66,459
New Mexico.....	622	3,564	4,186	3,053	34,281
Oklahoma.....	7,465	18,584	26,049	21,283	142,952
Texas.....	21,228	46,359	67,587	57,343	461,633
Total.....	38,028	76,156	114,154	95,897	779,009

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

SOURCE: United States Department of Agriculture.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

Consumption at:	July 1943	July 1942	June 1943	August 1 to July 31	
	1943	1942	1943	This season	Last season
Texas mills.....	24,319	25,184	23,258	267,406	252,237
United States mills.....	839,705	994,552	916,789	11,098,513	11,170,106
U.S. stocks—end of month:					
In consuming establm'ts.	2,117,343	2,251,549	.....	.....	.....
Public stg. & compresses.	7,704,181	7,648,742	.....	.....	.....

the past season and at the end of the season a substantial backlog of orders was still on hand. On July 31, 1943, stocks of cotton at consuming establishments in the United States totaled 2,117,000 bales, as compared with 2,252,000 bales a year earlier and 1,877,000 bales at the end of July, 1941. Approximately 7,704,000 bales of cotton were in public storage and compresses on July 31 this year, or 55,000 bales more than at the end of the 1941-1942 season and 2,000,000 bales fewer than on July 31, 1941.

Approximately 7 per cent more cottonseed was received and crushed at Texas cottonseed oil mills during the period from August 1, 1942 to July 31, 1943 than during the preceding season. Crude cottonseed oil and cake and meal output increased 7 per cent and 10 per cent, respectively. At the end of July, stocks of crude oil at Texas mills were somewhat smaller than at the end of the preceding season and stocks of cake, meal and hulls were substantially smaller.

RESIDENTIAL CONSTRUCTION IN TEXAS

The Bureau of the Census reports that at the beginning of the National Defense Program in June, 1940, there were 1,800,000 dwelling units in Texas, of which 850,000 were in urban areas. Approximately 130,000 of the units were over 40 years old and only about 500,000 units were 10 years old or less. Furthermore, one-sixth of the urban dwelling units and one-third of the rural dwelling units were in a state of disrepair which threatened to impair the soundness of the structures. In order to supply replacements for units which were too old to provide satisfactory living accommodations, it would probably have been necessary to construct 100,000 or more new units and in addition, substantial repairs and improvements would have been required to raise many of the remaining dwellings to reasonably habitable standards.

The rise in family income and the shift of population within the State which accompanied the progress of the National Defense Program stimulated a large volume of residential building. During the three years from 1940 through 1942, approximately 62,500 residential units were provided in Texas, or 25,000 units more than were built during the preceding three-year period. Nearly 10,000 of the units constructed between January, 1940 and December, 1942, are, however, temporary units. The 52,500 permanent structures represent gross additions to the long-term supply of housing, but it is doubtful that their construction much more than offsets the depreciation in housing which occurred during the same period. The majority of the dwelling units completed since April, 1942, when the War Production Board issued the "Stop Construction Order" prohibiting the initiation of unauthorized construction, are temporary units and have not increased appreciably the long-term supply of housing.

Private residential building declined sharply late in the spring of 1942 and a period of several months intervened before public housing on a large scale was inaugurated. Nevertheless, the value of residential awards in Texas attained an all-time high in 1942, thus magnifying the stimulus to the construction industry which was derived from the boom in industrial manufacturing building and other non-residential construction. Total construction activity in Texas declined rapidly after reaching an all-time peak during the last quarter of 1942. In June this year, the value of construction contract awards in the State was approximately \$11,000,000, as compared with \$75,000,000 in June, 1942, and \$118,000,000 at the all-time peak attained in October last year. The substantial decline in construction which occurred during the first six months of 1943 was largely the result of the reduction of the volume of construction of industrial manufacturing and other non-residential buildings. Residential building in the State was necessarily sustained at a relatively high level in order to provide adequate shelter for workers who moved into aircraft and shipbuilding centers and into localities which are near the sites of military establishments. Approximately 12,400 dwelling units, exclusive of trailers and

low-cost demountable houses, were provided between January and June, 1943, as compared with 6,600 units during the preceding six months and 13,200 units during the first half of 1942.

The character of residential structures erected in Texas during the first six months of 1943 differs substantially from that of the structures provided earlier in the war period. Approximately 75 per cent of the new units built during the first six months of this year is in apartment buildings, many of which are of the temporary type designed principally for use during the war. One-family dwellings constructed for owner occupancy comprised only a very small fraction of the total number of units constructed and one-family dwellings built for sale or rent number 2,400, as compared with 10,900 built during the first six months of 1942. Expenditures per dwelling unit have

CONSTRUCTION CONTRACT AWARDS, TEXAS—1940-1943 (Value of awards in millions of dollars)

Year	Total Residential	Com'l Bldgs.	Industrial Mfg. Bldgs.	Other Non-Residential Buildings	Public Works	Utilities	Total
1940							
January-June....	38.4	11.7	7.9	17.3	25.0	10.6	110.9
July-December....	51.3	8.8	27.6	18.5	26.4	10.3	142.9
1941							
January-June....	51.0	17.9	17.4	18.7	29.2	13.1	147.3
July-December....	63.7	15.5	33.1	43.2	47.1	47.8	250.4
1942							
January-June....	63.5	9.1	28.3	52.3	64.5	67.0	284.7
July-December....	79.3	12.7	219.2	102.9	64.6	74.8	553.5
1943							
January-June....	57.6	5.9	35.8	50.5	25.6	38.8	214.2

SOURCE: F. W. Dodge Corporation.

DWELLING UNITS IN TEXAS, 1940, BY YEAR BUILT

	Number	Percent of Total
All dwelling units.....	1,804,884	
Number reporting year built.....	1,744,040	100.0
Year built:		
1935 to 1940.....	236,437	16.4
1930 to 1934.....	205,949	11.8
1920 to 1929.....	518,667	29.8
1900 to 1919.....	600,283	34.4
1880 to 1899.....	116,692	6.7
1870 or earlier.....	16,612	.9

SOURCE: United States Bureau of Census.

DWELLING UNITS PROVIDED IN TEXAS—1940-1943*

Year	In Apartment Buildings	One-family Dwellings		All Two-family Dwellings	Total
		For Owner Occupancy	For Sale or Rent		
1940					
January-June.....	635	3,059	3,578	499	7,771
July-December....	560	3,076	6,249	748	10,633
1941					
January-June.....	767	2,832	8,711	904	13,214
July-December....	427	2,717	7,279	791	11,214
1942					
January-June.....	182	786	10,938	1,270	13,176
July-December....	555	36	3,281	2,764	6,636
1943					
January-June.....	9,024	10	2,450	876	12,369
1940		Expenditures per unit (dollars)			
January-June.....	2,414	4,862	3,881	2,645	4,068
July-December....	2,052	5,231	3,249	2,622	3,715
1941					
January-June.....	2,378	4,850	3,374	2,561	3,577
July-December....	1,892	5,203	3,840	2,659	4,012
1942					
January-June.....	2,148	5,178	2,580	2,638	2,735
July-December....	2,245	2,111	3,145	2,771	2,908
1943					
January-June.....	1,653	1,684	2,970	2,721	1,933

SOURCE: F. W. Dodge Corporation.

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

PUBLIC HOUSING CONTRACT AWARDS, TEXAS—1941-1943

Year	Temporary Development*		Permanent Development		Total Development
	No. Units	Cost (thousands of dollars)	No. Units	Cost (thousands of dollars)	
1941					
January-June.....	428	168	2,768	9,430	9,598
July-December....	100	321	1,309	5,925	6,246
1942					
January-June.....	1,639	4,410	1,668	5,122	9,541
July-December....	8,233	17,242	500	2,176	19,418
1943					
January-June.....	14,337	26,096	436	2,000	28,096

SOURCE: Federal Public Housing Authority.

*Includes trailers, demountable housing, dormitories and other temporary dwellings.

dropped markedly, although building costs have not declined appreciably. Average expenditure per unit was \$1,900 during the first six months of 1943, or \$1,000 less than during the preceding six months and \$2,000 less than during the last six months of 1941. The change in the type of residential unit provided in Texas is also indicated by the decline in permanent residential construction and the substantial increase in temporary public housing construction. During the first six months of 1943, awards were placed for only about 400 permanent public housing units in the State as compared with awards for 2,800 permanent public housing units placed during the first six months of 1941. Awards for only 500 temporary public housing units were placed in 1941, whereas awards were placed for construction of 1,600 such units in the first six months of 1942, for 8,200 units in the last six months of 1942 and for 14,300 units during the first six months of this year. Many of the temporary public housing units provided during the last two periods represent trailers and low-cost demountable houses.

As previously pointed out, the net increase in the long-term supply of housing in Texas was probably relatively small between January, 1940 and June, 1942, although a large number of permanent residential units was constructed during that period. Shortly after April, 1942, construction of permanent dwellings was virtually discontinued and emphasis was placed

upon low-cost temporary public housing as the means of alleviating housing shortages in war centers. It is probable, therefore, that the supply of permanent housing in the State declined during the last half of 1942 and the first half of this year. During the same period, depreciation and obsolescence were adding to the backlog of necessary improvement and repair which existed when the defense program began. If the present policy of concentrating on temporary residential building and holding permanent residential construction in abeyance is followed for the duration of the war, the potential demand for new dwellings will probably be quite large in Texas when the war ends. The presence of a large number of temporary dwelling units in the war centers may deter construction of low-cost dwellings for sale or rent after the war, but there may be a substantial demand for new, moderately priced dwellings for owner occupancy, since the construction of that type of dwelling has been in very small volume during the past year. It seems likely, furthermore, that the demand for new residences costing more than \$6,000 will be in large volume when restrictions on building are removed. It was the construction of that type of dwelling which was first discontinued in the State, and for which there was a large demand during the years immediately preceding the outbreak of the war.

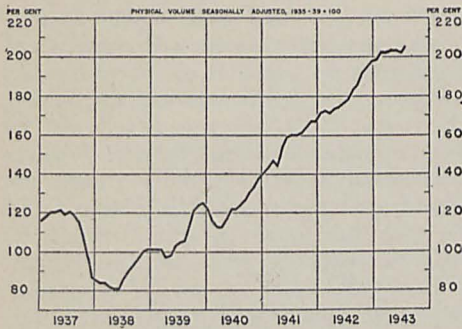
MONTHLY BUSINESS REVIEW

SEPTEMBER 1, 1943

NATIONAL SUMMARY OF BUSINESS CONDITIONS

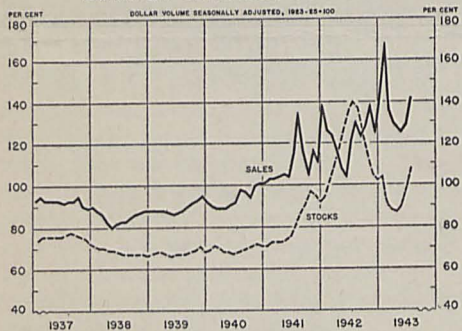
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



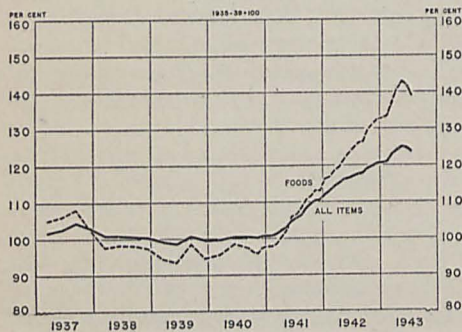
Federal Reserve index. Monthly figures, latest shown is for July, 1943.

DEPARTMENT STORE SALES AND STOCKS



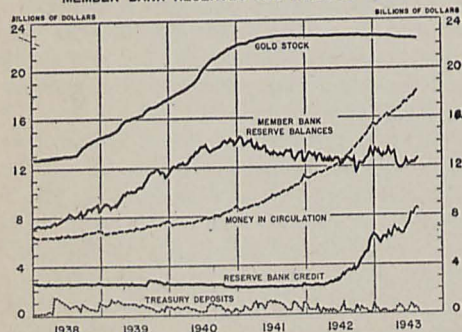
Federal Reserve indexes. Monthly figures, latest shown are for July, 1943.

COST OF LIVING



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

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for August 18, 1943.

Industrial production advanced to a new high level in July following a slight decline in June, both of the changes reflecting chiefly fluctuations in coal production. Maximum food prices were reduced recently with a consequent slight decline in cost of living in July. Retail sales continued in large volume.

INDUSTRIAL PRODUCTION

Industrial activity increased in July, reflecting a large rise in mineral production. Output at coal mines advanced sharply from the reduced level in June, production of crude petroleum increased, and iron ore shipments reached the highest monthly rate on record.

In manufacturing industries, output of most durable products and chemicals continued to increase in July, reflecting chiefly a further rise in production of munitions. At meat packing plants and cigarette factories production was also larger in July. Output of leather and textile products had shown small decreases in June and further declines occurred in July. Activity in most other non-durable goods industries showed little change from June to July.

The decline in the value of construction contracts awarded continued during July, according to reports of the F. W. Dodge Corporation. Most of the decline is accounted for by a drop in awards for publicly-financed industrial facilities and for public works and utilities.

DISTRIBUTION

Value of retail sales declined less than seasonally in July and continued substantially larger than a year ago. During the first six months of this year sales had averaged about 12 per cent larger than in the corresponding period of 1942 and in July the increase was somewhat greater. The higher level of sales this year as compared with last year reflects for the most part price increases. In the first half of August sales at department stores increased by about the usual seasonal amount.

Freight carloadings rose sharply in July and were maintained at a high level during the first half of August. Total loadings were 10 per cent higher than the previous month owing to the largest volume of coal transported in many years and shipments of grain and livestock showed a considerable increase over June.

COMMODITY PRICES

The general level of wholesale commodity prices showed little change in July and the early part of August.

The cost of living declined somewhat from June 15 to July 15, according to Bureau of Labor Statistics data. Food prices declined by 2 per cent as a result of reductions in maximum prices for meats and seasonal declines in prices of fresh vegetables from earlier high levels.

AGRICULTURE

General crop prospects improved somewhat during July according to Department of Agriculture reports. Forecasts for the corn and wheat crops were raised 6 per cent. Production expected for corn and other feed grains, however, is 10 per cent less than last year and for wheat is 15 per cent less than the large crop of 1942. Milk production in July was as large as the same period a year ago, while output of most other livestock products was greater.

BANK CREDIT

The average level of excess reserves at all member banks, which had been about 1.5 billion dollars in mid-July, declined to 1.2 billion in the latter part of the month and continued at that level during the first two weeks of August. There was some further decrease of excess reserves at reserve city banks, but most of the decline occurred at country banks, where there had previously been little change. Two factors were principally responsible for the decline in excess reserves: an increase in deposits subject to reserve requirements, as funds expended by the Treasury from war loan accounts returned to the banks in other accounts; and a growth of over 500 million dollars in money in circulation. During the four weeks ending August 18 additional reserve funds were supplied to member banks by an increase of 580 million dollars in Reserve Bank holdings of Government securities, principally Treasury bills bought with option to repurchase.

During the four weeks ending August 11, member banks in 101 leading cities increased their holdings of Government securities other than Treasury bills by almost 800 million dollars. Of this amount, 570 million represented allotments to banks of new certificates of indebtedness issued in early August. Bill holdings declined as member banks made sales to adjust their reserve positions. Commercial loans increased somewhat over the four week period, but other loans declined.