

MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

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DISTRICT SUMMARY

For the third consecutive month there were no commercial failures in the Eleventh District. Department store sales during September were well above those last year and during the first nine months of 1943 averaged 39 per cent above the corresponding period in 1942. At the end of September inventories were 15 per cent above those of a year earlier. Agricultural production goals for 1944 announced by the War Food Administration call for cultivation of the largest acreage ever planted in this country and for an all-time peak production of meat. Food and feed crop goals in Texas are larger than actual production during any previous year. As the result of record purchases of new Treasury securities by nonbank investors during the Third War Loan drive, deposits in war loan accounts exceeded \$500,-000,000 at the middle of October. Since June, 1940 Texas has received 3 per cent of the major war contracts and allocations in the United States and ranks tenth among the 48 states in the value of war contracts received. Daily average production of crude oil in the district rose to an all-time peak during September.

BUSINESS

Department store sales in the Eleventh District during September were 31 per cent above those in September, 1942 and during the first nine months of 1943 have averaged 39 per cent above those last year. The larger volume of sales has prevailed continuously since February and has occurred in virtually all sections of the district. The percentage gain over last year in this district has been consistently larger than in other Federal Reserve districts and substantially above the average increase in the nation. Preliminary reports indicate that these trends continued during the first two weeks in October. Piece goods, women's and misses' ready-to-wear and ready-to-wear accessories have accounted for the largest part of the gains both from a dollar viewpoint and on a percentage basis. With the exception of some types of house furnishings and other scarce items, virtually all departments have registered gains during the year.

During the first nine months of the year cash sales have been in record volume and have accounted for an increasing proportion of total sales. Credit sales averaged only 23 per cent above those of last year, whereas the percentage gain in total sales has been almost twice as great. During September cash sales accounted for about one-half of total sales. For about a year the ratio of collections on regular accounts outstanding at the first of each month has averaged slightly above 60 per cent. During September the ratio was 61 per cent. Collections on instalment accounts outstanding at the first of the month have averaged between 25 and 30 per cent during the past twelve months but increased to 33 per cent in September. Despite the large increase in sales, inventories at reporting department stores at the end of September were 15 per cent larger than a year earlier. Orders outstanding at the end of the month were 10 per cent smaller than at the end of August but were 168 per cent greater than at the end of September, 1942.

For the third consecutive month no commercial failures were reported in the Eleventh Federal Reserve District by Dun and Bradstreet, Incorporated. During the first nine months of this year there have been only 11 commercial failures in the district while the liabilities of defaulting firms have amounted to \$263,000.

AGRICULTURE

Agricultural production goals for 1944 announced by the War Food Administration call for cultivation of 380,000,000

acres of crop land, the largest acreage ever planted in the United States, and for an all-time peak production of 30,690,000,000 pounds of meat, or 2,000,000,000 pounds more than the indicated record slaughter for 1943. The program places emphasis upon cultivation of food crops and reduces goals for certain feed crops and some types of livestock. Increased production of milk, eggs, beef cattle, hay, corn, wheat, soybeans, peanuts and vegetables and decreased production of fowls, hogs, oats and some other products are recommended. The goals for cotton and rice production are unchanged. If Texas farmers attain the 1944 goals set for them, they will produce the largest food and feed crops in the history of the State. Substantial increases in production of virtually all grains and feeds and moderate increases in production of milk, eggs and chickens are desired. Sweet potato and Irish potato acreages are to be increased, but the peanut acreage goal for the State is set somewhat below that of 1943. The cotton acreage goal of 8,050,000 acres recommended for 1944 is the same as that of 1943.

Widespread rains during September relieved drought conditions in all sections of the Eleventh District except northwest Texas. Range feed prospects were improved and stock water supplies were increased in New Mexico, Arizona and most of Texas and fall feed crops, citrus fruits and fall and winter truck crops were benefited.

On October 1, the 1943 Texas cotton crop was estimated at 2,850,000 bales, as compared with 3,038,000 bales produced in 1942 and the 1932-1941 average of 3,419,000 bales. The indicated cotton production in Oklahoma and Arizona is smaller than the production in 1942 or the 10-year average, but the crop in Louisiana and New Mexico is expected to be substantially larger than during those periods. A United States cotton crop of 11,478,000 bales is indicated for 1943, as compared with 12,-824,000 bales produced in 1942 and the 1932-1941 average of 12,474,000 bales. The indicated yield of cotton per acre in 1943 is smaller in Texas, Oklahoma and Arizona but substantially greater in Louisiana than in 1942. Cotton in the northwestern districts of Texas deteriorated during September due to continued drought conditions, and the rains came too late in other sections of the State to benefit the crop. By the end of September, cotton picking was almost complete in the southern half of the State and was well past the peak in central, northern and eastern counties. In the northwestern area, unfavorable weather conditions and shortage of pickers caused some delay in harvesting.

The indicated production of corn in Texas on October 1 was 86,688,000 bushels, or approximately 8,000,000 bushels greater than the actual production in 1942. The indicated grain sorghum production of 59,475,000 bushels is fractionally smaller than the crop of 1942 but substantially greater than the 1932-1941 average. The rice, Irish potato and sweet potato crops are expected to be considerably larger than in 1942 or the 10-year average. Fall and winter commercial vegetable areas in south Texas are in excellent condition as a result of the general rains received in September and a large acreage of truck crops will probably be planted. Production of 16,800,000 boxes of grapefruit is indicated in Texas this year, as compared with 17,510,-000 boxes produced in 1942. Production of oranges is expected to total 3,000,000 boxes, or about 18 per cent more than was produced last year. Wheat seeding has been delayed in the important northwest Texas area by moisture deficiency, and at mid-October a large acreage remained to be seeded.

The condition of ranges improved during September in all sections of the Eleventh District except northwest Texas and eastern Oklahoma, but at the end of the month the ranges were providing less feed than at the same time in 1942. The condition of livestock in this district is generally good, although considerably less favorable than at the same time in 1942 and somewhat below the 20-year average. The Department of Agriculture reports that there will probably be a sharp reduction in the number of cattle, sheep and lambs fed during the coming winter and spring as compared with the preceding year. Shipments of livestock in Texas were relatively large during September but slackened early in October.

The average farm prices of wheat, oats and rice increased moderately in Texas between August 15 and September 15 and the average price of hay increased markedly. The farm price of grain sorghums declined substantially, but on September 15 was still much higher than at the same time last year. The farm prices of beef cattle and veal calves declined slightly in the State and the prices of hogs and sheep increased fractionally. There was little change in the farm prices of the other major agricultural products.

CROP PRODUCTION—(Thousands of units)

Crop	Unit	Texas		Eleventh District	
		Estimated Oct. 1, 1943	Production 1942	Estimated Oct. 1, 1943	Production 1942
Cotton	Bales	2,850	3,038	3,599	3,745
Corn	Bushels	86,688	78,561	100,086	93,887
Winter wheat	Bushels	35,697	47,438	36,386	49,053
Oats	Bushels	15,694	11,210	19,880	15,181
Barley	Bushels	3,682	4,818	10,642*	18,111*
Rice	Bushels	20,196	15,498	20,196†	15,498†
Broomcorn	Pounds	4,400	6,600	28,000†	44,000†
Grain sorghums	Bushels	59,475	59,675	72,330*	75,557*
Hay	Tons	1,219	1,441	1,768	1,989
Peanuts	Pounds	423,200	430,080	592,100†	589,970†
Potatoes, Irish	Bushels	6,450	5,301	7,643	6,068
Potatoes, sweet	Bushels	6,300	3,825	15,280†	10,433†
Peaches	Bushels	900	1,610	1,406*	2,582*
Pecans	Pounds	23,250	10,300	46,690†	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. Other data for Eleventh District derived from estimates by states.

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	Sept. 1943	Sept. 1942	August 1943	Sept. 1943	Sept. 1942	August 1943
Cattle	107,969	95,984	97,106	18,813	24,461	21,270
Calves	42,915	60,909	40,108	27,438	35,369	29,952
Hogs	71,657	56,307	77,545	11,831	13,268	12,185
Sheep	249,355	218,004	406,530	45,887	31,946	63,233

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	Fort Worth			San Antonio		
	Sept. 1943	Sept. 1942	August 1943	Sept. 1943	Sept. 1942	August 1943
Beef steers	\$14.00	\$13.75	\$13.75	\$12.75	\$12.50	\$12.90
Stocker steers	12.50	12.00	13.00	.....	.....	.....
Heifers and yearlings	14.25	14.75	13.50	13.00	13.25	13.00
Butcher cows	11.25	10.25	11.50	11.00	9.75	11.50
Calves	13.00	13.00	13.00	13.00	13.00	13.00
Hogs	14.80	15.00	14.35	14.25	14.25	14.25
Lambs	13.50	14.00	13.50	.....	.....	.....

CASH FARM INCOME
(In thousands of dollars)

	Receipts from:		August 1942	August 1943	Jan. 1 to Aug. 31 1943
	Crops	Livestock†			
Arizona	1,669	2,615	4,284	3,143	84,648
Louisiana	13,110	4,779	17,889	8,813	91,302
New Mexico	3,588	3,110	6,698	4,495	46,955
Oklahoma	10,865	29,098	39,963	38,283	224,542
Texas	52,789	41,882	94,671	90,837	625,627
Total	82,021	81,484	163,505	145,571	1,073,074

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

FINANCE

The Third War Loan drive produced no major changes in the condition of member banks and the shifts that occurred were about in line with expectations. In the Eleventh District, as in other sections of the nation, the increases in loans and investments of weekly reporting member banks reflected principally efforts on the part of nonbank investors to obtain funds for the

CONDITION OF THE FEDERAL RESERVE BANK
(Thousands of dollars)

	Oct. 15, 1943	Oct. 15, 1942	Sept. 15, 1943
Total cash reserves	\$596,062	\$500,038	\$651,853
Discounts for member banks	52	191	127
Industrial advances	16	134	18
United States Government securities	315,142	150,076	270,310
All other investments	None	145	None
Total earning assets	315,210	150,546	270,455
Member bank reserve deposits	491,804	401,350	507,563
Federal Reserve notes in actual circulation	375,282	211,959	365,277

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

	Oct. 13, 1943	Oct. 14, 1942	Sept. 8, 1943
Total loans and investments	\$1,315,988	\$850,748	\$1,220,731
Total loans	329,931	309,052	281,746
Commercial, industrial and agricultural loans	217,592	226,782	203,117
Loans to brokers and dealers in securities	6,175	2,375	2,150
Other loans for purchasing or carrying securities	24,774	12,067	13,273
Real estate loans	19,793	20,028	19,772
Loans to banks	127	241	104
All other loans	61,470	47,559	43,330
Total investments	986,057	541,696	938,985
U. S. Treasury bills	112,087	79,176	93,508
U. S. Treasury certificates of indebtedness	240,768	79,187	235,979
U. S. Treasury notes	144,977	73,919	146,780
U. S. Government bonds	379,173	211,196	353,971
Obligations guaranteed by United States Gov't	56,714	38,685	56,737
Other securities	52,338	59,633	52,010
Reserves with Federal Reserve Bank	279,688	262,612	313,895
Balances with domestic banks	247,843	271,888	230,501
Demand deposits—adjusted*	940,626	776,956	1,049,254
Time deposits	150,241	128,948	150,505
United States Government deposits	255,668	34,201	74,133
Interbank deposits	444,609	396,166	438,437
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.

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
September, 1941	\$1,618,651	\$237,509	\$950,967	\$132,164	\$667,684	\$105,345
September, 1942	2,055,183	227,472	1,166,232	127,368	888,951	100,104
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	2,874,871	241,779	1,562,343	143,301	1,312,528	98,478
August, 1943	2,925,647	245,390	1,585,376	145,304	1,340,271	100,086
September, 1943	3,041,896	247,911	1,629,896	147,579	1,412,000	100,332

DEBITS TO INDIVIDUAL ACCOUNTS
(Thousands of dollars)

	September 1943	September 1942	Pctg. change over year	August 1943	Pctg. change over month
Abilene	\$20,022	\$14,977	+34	\$15,085	+33
Amarillo	44,123	45,714	-3	36,781	-20
Austin	112,871	54,157	+108	61,666	+83
Beaumont	58,165	37,608	+55	51,983	+12
Corpus Christi	50,247	37,317	+35	43,190	+16
Corsicana	7,612	5,262	+45	5,713	+33
Dallas	550,366	429,796	+30	434,548	+27
El Paso	54,704	46,635	+17	47,466	+15
Fort Worth	218,767	143,698	+52	177,708	+23
Galveston	52,879	32,439	+63	40,470	+31
Houston	519,684	374,502	+39	452,343	+15
Laredo	11,200	8,695	+29	10,285	+9
Lubbock	26,154	15,514	+69	19,925	+31
Monroe, La.	21,027	17,284	+22	15,051	+40
Port Arthur	24,664	16,698	+48	18,715	+32
Roswell, N. M.	8,107	5,355	+51	6,949	+17
San Angelo	16,883	17,558	-4	12,635	+34
San Antonio	16,883	17,558	-4	12,635	+16
Shreveport, La.	145,874	111,024	+31	126,075	+32
Texasarkana*	84,857	61,313	+38	64,467	+32
Tucson, Ariz.	19,416	14,249	+36	15,614	+22
Tyler	29,422	22,948	+28	24,063	+24
Waco	21,293	13,711	+55	17,208	+40
Wichita Falls	33,670	26,253	+28	23,965	+40
	28,471	22,357	+27	21,570	+32
Total—24 cities	\$2,160,478	\$1,568,954	+38	\$1,743,473	+24

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

SAVINGS DEPOSITS

	September 30, 1943			Percentage change in savings deposits from	
	Number of reporting banks	Number of savings depositors	Amount of savings deposits	Sept. 30, 1942	August 31, 1943
Beaumont	3	10,944	\$4,857,721	+13.9	-1.5
Dallas	8	95,869	32,508,035	+25.1	+1.03
El Paso	2	21,769	9,815,199	+34.6	+4
Fort Worth	3	34,231	15,753,424	+24.0	+3
Galveston	4	19,140	12,411,892	+14.4	+9
Houston	10	78,732	37,157,409	+14.1	-2.4
Lubbock	2	915	457,007	+19.0	-2.4
Port Arthur	2	5,094	3,218,392	+1.5	+8
San Antonio	5	28,309	21,739,607	+20.2	+5
Shreveport, La.	3	26,624	12,987,870	+6.9	-4.0
Waco	3	7,484	4,611,180	+10.6	-2.9
Wichita Falls	3	6,341	3,509,291	+3.4	+1.2
All other	59	50,484	28,702,915	+7.3	+5
Total	107	385,936	\$187,720,942	+16.0	-5

purchase of new Treasury offerings. A record volume of customer deposits was converted into deposits in war loan accounts, thereby freeing them from legal reserve requirements. This tendency was much more pronounced at reserve city banks than at country banks and appeared to gain momentum as the drive progressed. Reserve balances of member banks in the district were at a new peak when the drive opened, and although they declined during subsequent weeks, average excess reserves during September were about the same as those in August.

Although the changes in reserve balances, demand deposits and deposits in war loan accounts were of considerable size, the net effect on the excess reserve position of member banks was relatively small. When the Third War Loan drive opened the reserve balances of member banks in the district were at an all-time peak of \$540,000,000 and averaged \$510,000,000 during the first half of September. Although a large part of the increase in reserve balances during the first half of the month was absorbed by required reserves against an increase of almost \$100,000,000 in demand deposits, excess reserves rose to \$115,000,000 during the first half of September. The increase in deposits in war loan accounts during the first half of the month was moderate. During the second half of September average reserve balances of member banks were \$33,000,000 below those of the first half. Purchases of new Treasury offerings by bank customers, however, were in heavy volume during the latter half of the month and deposits in war loan accounts increased sharply. Consequently, net demand deposits declined more than \$100,000,000 and there was a proportionate decline in required reserves. Nevertheless, reserve balances declined more rapidly than required reserves with the result that excess reserves during the second half of September were below those of the first half of the month. For the entire month excess reserves averaged \$110,000,000, or about the same as in August. Deposits in war loan accounts rose to \$370,000,000 at the end of September and stood at \$502,000,000 at the middle of October.

During September and the first part of October total loans of weekly reporting member banks in the Eleventh District increased about \$50,000,000. One-third of the increase occurred in commercial, industrial and agricultural loans. Another third occurred in loans to brokers and dealers in securities and in other

loans for security trading, principally to facilitate the purchase of new Treasury offerings during the Third War Loan drive. The remainder of the increase occurred largely in "all other" loans, part of which also may have been used for the purchase of new Treasury securities.

During September and the first week in October total investments of weekly reporting banks showed only minor net changes, as small declines in holdings of Treasury bills, certificates of indebtedness and Treasury notes were about offset by increased holdings of Treasury bonds and guaranteed obligations. During the week ended October 13, however, there were increases in holdings of all types of direct Government obligations, the largest gain occurring in Treasury bond holdings which rose \$13,000,000. The increases during the latter week represented purchases of previously outstanding issues, since payment for the new offering of certificates of indebtedness and 2 per cent bonds was not due until October 15.

During September and the first two weeks in October gross deposits of weekly reporting member banks increased \$118,000,000 to a new peak of \$1,791,000,000. United States Government deposits increased \$176,000,000 and interbank deposits rose \$34,000,000, offset in part by a decline of \$94,000,000 in adjusted demand deposits.

INDUSTRY

The value of construction contract awards in the Eleventh Federal Reserve District declined 35 per cent in September after a moderate increase in August. During the period from July through September, awards in this district aggregated \$44,000,000, as compared with \$309,000,000 during the same period in 1942. Production and shipments of Portland cement at Texas mills declined slightly in July and August and were much smaller than during the same months in 1942, but substantially above the 1932-1941 average for those months.

Since June, 1940 the major war contracts and allocations in the United States have amounted to about \$165,000,000,000, of which Texas has received 3 per cent to rank tenth among the 48 states in the value of war contracts received. The five states covered in whole or in part by the Eleventh Federal Reserve District have received awards aggregating \$8,400,000,000, or about 5 per cent of the total. Texas accounts for more than 2 per cent of the war supply contracts, almost 6 per cent of the industrial facility awards and 7 per cent of the non-industrial facility awards. In the Eleventh District, 80 per cent of the war supply contracts received have been for the production of aircraft and aircraft parts and for ship construction and repair. Awards for construction of industrial facilities for the chemical and petroleum industries represent slightly more than 50 per cent of the total value of industrial facility awards placed in this district, whereas awards for construction of aircraft plants, shipyards and similar facilities amount to only 12 per cent of the total.

A notable characteristic of the war activity in the Eleventh District is its concentration in two areas. North central Texas, which includes the Dallas and Fort Worth metropolitan areas and several other important cities, has received war supply contracts aggregating \$1,600,000,000, or about 51 per cent of the value of contracts awarded in this district. North coastal Texas, including Houston, Beaumont, Galveston and adjacent cities, has received war supply contracts aggregating \$1,360,000,000, or approximately 43 per cent of the total. Industrial facility awards have been concentrated in the north coastal area, which has received awards aggregating \$615,000,000, or 48 per cent of the total. The per capita value of industrial facility awards and war supply contracts amounts to \$1,000 in the north central area and \$1,900 in the north coastal section, as compared with \$575 in the district as a whole. No other section of the district has received war awards aggregating more than \$250 per capita.

WHOLESALE AND RETAIL TRADE STATISTICS

Percentage change in:

	Number of reporting firms	Sept., 1942	Sept., 1943 from August, 1943	Jan. 1, to Sept. 30, 1943 from 1942	Sept., 1942	Sept., 1943 from August, 1943
Retail Trade:						
Department stores:						
Total 11th Dist.	46	+31	+27	+39	+15	+1
Dallas	7	+41	+34	+47	+18	+1
Fort Worth	4	+33	+21	+44	-7	+1
Houston	7	+30	+28	+34	-13	-1
San Antonio	5	+25	+23	+37	+40	+1
Shreveport	3	+19	+26	+16	.....	.....
Other cities	20	+23	+22	+39	+27	+1
Retail furniture:						
Total 11th Dist.	70	+16	-2	.....	-25	-3
Dallas	9	+21	-6	.....	-28	-2
Fort Worth	3	+44	-14	.....	.....	.....
Houston	7	+43	-6	.....	-39	+4
San Antonio	3	+17	+15	.....	.....	.....
Independent stores: *						
Arizona	129	+18	+1	+18	.....	.....
New Mexico	392	+23	+11	+33	.....	.....
Oklahoma	952	+26	+17	+30	.....	.....
Wholesale trade: *						
Machinery, eqpt & supplies	3	+28	-23	.....	.....	.....
Automobile supplies	10	+13	+13	+31	+11	-2
Drugs (incl. liquors)	3	+35	+1	.....	.....	.....
Electrical supplies	30	+9	+6	+18	-11	+1
Groceries	12	-23	-9	-14	-17	+1
Hardware	4	+13	+11	+4	.....	.....
Surgical eqpt	3	+32	-17	+16	.....	.....
Tobacco & products .....	.....	.....	.....	.....	.....	.....

*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)

	September 1943	August 1943	July 1943	September 1942
Sales (daily average)				
Without seasonal adjustment	251	188	163	171
With seasonal adjustment	226	244	233	154
Stocks (end of month)				
Without seasonal adjustment	119	117	111	104
With seasonal adjustment	108	115	121	95

Daily average production of crude oil rose to an all-time peak of 2,019,000 barrels in September, primarily as a result of substantial increases in production in west Texas and south Texas. Daily average production outside this district also increased and total production in the United States attained an all-time peak of 4,337,000 barrels daily. Moderate increases in production in this district are expected in October and November. The rapidity with which further expansion of production can be accomplished will depend largely upon the speed with which transportation facilities can be provided for west Texas and New Mexico crude oil. Crude oil stocks in the Eleventh District increased slightly in September and at the end of the month were approximately 3 per cent larger than at the same time in 1942. Stocks outside this district were reduced, however, and at the end of September stocks in the United States were approximately 3 per cent smaller than at the same time last year.

Drilling activity declined in the Eleventh District and in other areas in September, but in this district was 13 per cent above the level of September, 1942, whereas in other areas it was approximately 20 per cent below the level of that month. Approximately 12,000 wells were completed in the United States during the first nine months of this year, as compared with 16,200 wells completed during the same period in 1942 and 23,600 wells completed during the first nine months of 1941. In the Eleventh District, 3,300 wells were completed during the first nine months of this year, or 32 per cent less than during the comparable period of 1942 and 61 per cent less than during the same period in 1941. Dry wells represented, furthermore, a substantially greater portion of well completions during the first nine months of 1943 than during the comparable periods in the two preceding years.

MAJOR WAR SUPPLY CONTRACTS AND FACILITY AWARDS*

(Millions of dollars)

	Supply Contracts through August 1943†				Facility Awards through May 1943				Grand Total
	Air-craft	Ships	All other	Total	Industrial	Non-industrial	Total	Facility	
Total United States‡	42,202	21,194	68,899	132,295	15,554	12,028	27,582	159,877	
Off Continent and Unassigned.....	2,304	732	8,153	11,189	1,039	3,141	4,180	15,369	
Arizona.....	33	0	11	44	92	125	217	261	
Louisiana.....	168	320	114	602	336	244	580	1,182	
New Mexico.....	0	0	2	2	4	89	93	95	
Oklahoma.....	1,094	1	131	1,226	213	238	451	1,677	
Texas.....	1,338	1,171	663	3,172	866	827	1,693	4,865	
Total five states....	2,633	1,492	921	5,046	1,511	1,523	3,034	8,080	

*By the Army, Navy, Maritime Commission, Treasury and Foreign Purchasing Missions; †Contracts for less than \$50,000 and all foodstuff contracts excluded. ‡Includes "Off Continent and Unassigned."

SOURCE: War Production Board.

MAJOR WAR SUPPLY CONTRACTS AND ALLOCATIONS

JUNE 1940-AUGUST 1943

(Millions of dollars)

	Military Agencies	Dept. of Com'rce		Federal Works Agency	War Training Agencies†	Housing Agencies‡	Total Reported
		CAA	RFC				
Total United States*	159,877	138	1,910	786	449	1,997	165,157
Off Continent and Unassigned.....	15,369	19	641	48	2	41	16,120
Arizona.....	261	2	1	6	2	21	293
Louisiana.....	1,182	2	43	16	8	9	1,260
New Mexico.....	95	2	*	4	2	6	109
Oklahoma.....	1,677	3	1	10	9	9	1,709
Texas.....	4,865	11	7	48	21	84	5,036
Total five states....	8,080	20	52	84	42	129	8,407

*Army, Navy, Maritime Commission, Treasury, and Foreign Purchasing Missions. †The United States Office of Education and the National Youth Administration. ‡The Federal Public Housing Authority operating under the National Housing Administration. *Includes "Off Continent and Unassigned." *Less than \$500,000.

SOURCE: War Production Board.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(Thousands of dollars)

	September 1943	September 1942	August 1943	January 1 to September 1943	September 1942
Eleventh District—total...	\$ 11,571	\$101,955	\$ 17,814	\$ 288,833	\$ 630,868
Residential.....	4,590	10,606	4,851	72,859	103,116
All other.....	6,981	91,349	12,963	215,944	527,752
United States*—total.....	175,115	723,216	413,791	2,623,839	6,111,765
Residential.....	54,080	126,708	67,493	673,535	1,340,221
All other.....	121,035	596,508	346,298	1,950,304	4,771,544

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

Consumption of cotton at Texas textile mills declined 7 per cent in September and was 16 per cent smaller than the record for the month established last year. Consumption of cotton at United States textile mills increased slightly in September but was at the lowest level for the month since 1940. Stocks of cotton increased markedly, reflecting record ginnings during the month. At the end of September, cotton stocks in consuming establishments in the United States were at an all-time high for that date of 1,930,000 bales and stocks in public storage and compresses were at the highest level for that date since 1940. The average 10-spot market price of 15/16-inch middling cotton fluctuated in a very narrow range during September and the first half of October and on October 15 was 20.38 cents per pound as compared with 18.91 cents per pound a year earlier.

Cottonseed receipts and crushings at Texas mills during September were the largest for that month since 1939. Production of oil, cake and meal and linters was somewhat larger than during September, 1942 and shipments of cake, meal and hulls were markedly greater. At the end of September, stocks of cottonseed cake and meal in Texas mills were the smallest for that date since 1924. Cottonseed on hand at the mills was, however, at the highest level for that date since 1938.

BUILDING PERMITS

	September, 1943		Percentage change valuation from		Jan. 1 to Sept. 30, 1943		Percentage change valuation from 1942
	No.	Valuation	Sept., 1942	Aug., 1943	No.	Valuation	
Abilene.....	16	\$ 3,588	— 68	— 92	200	\$ 171,405	— 86
Amarillo.....	68	44,975	+ 31	+ 284	424	520,448	— 18
Austin.....	104	64,653	+ 279	+ 130	781	273,656	— 82
Beaumont.....	106	25,019	— 41	+ 4	957	2,168,988	— 8
Corpus Christi.....	110	147,265	+ 164	+ 76	962	2,863,174	— 69
Dallas.....	504	359,791	+ 88	— 52	4,188	2,819,767	— 50
El Paso.....	43	27,807	— 38	— 19	434	806,303	— 81
Fort Worth.....	404	750,935	+ 448	+ 11	2,891	5,369,050	— 45
Galveston.....	110	70,667	+ 205	+ 9	685	765,916	— 67
Houston.....	289	673,520	+ 991	— 18	1,616	6,768,400	— 38
Lubbock.....	98	27,283	+ 96	— 24	685	185,065	— 91
Port Arthur.....	68	19,348	+ 52	+ 128	425	235,575	— 44
San Antonio.....	764	296,492	+ 63	+ 16	5,916	2,159,909	— 29
Shreveport, La.....	110	33,392	— 53	— 52	751	290,052	— 37
Waco.....	41	37,397	— 50	— 11	450	637,549	— 70
Wichita Falls.....	37	16,817	— 67	— 54	198	153,425	— 53
Total.....	2,872	\$2,598,949	+ 153	— 13	21,563	\$25,748,682	— 53

CRUDE OIL PRODUCTION—(Barrels)

	September, 1943		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Sept., 1942	August, 1943
North Texas.....	7,327,200	244,240	+ 22,165	+ 7,240
West Texas.....	9,867,200	328,907	+ 126,199	+ 66,404
East Texas.....	15,305,700	510,190	+ 84,484	+ 8,761
South Texas.....	7,852,400	261,747	+ 100,897	+ 21,618
Texas Coastal.....	14,517,500	483,916	+ 172,928	+ 9,087
Total Texas.....	54,870,000	1,829,000	+ 506,673	+ 113,110
North Louisiana.....	2,457,950	81,932	— 16,391	+ 1,137
New Mexico.....	3,233,200	107,773	+ 10,601	+ 3,197
Total District.....	60,561,150	2,018,705	+ 500,883	+ 115,170

SOURCE: Estimated from American Petroleum Institute weekly reports.

COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to September 1943	September 1942	August 1 to September 1943	September 1942
Cottonseed received at mills (tons).....	400,871	324,499	1,549,263	1,260,053
Cottonseed crushed (tons).....	171,955	165,581	638,177	625,322
Cottonseed on hand Sept. 30 (tons).....	273,585	194,277	1,001,422	716,661
Production of products:				
Crude oil (thousand lbs.)....	48,735	48,155	192,871	190,852
Cake and meal (tons).....	79,378	72,720	288,576	267,205
Hulls (tons).....	40,599	41,375	151,939	153,825
Linters (running bales).....	52,220	47,945	190,036	181,631
Stocks on hand Sept. 30:				
Crude oil (thousand lbs.)....	14,609	13,444	53,003	56,462
Cake and meal (tons).....	17,359	49,889	48,512	144,361
Hulls (tons).....	12,964	20,265	31,024	63,499
Linters (running bales).....	55,543	31,506	178,711	97,983

SOURCE: United States Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	September 1943		August 1943		August 1 to September 1943	
	Sept. 1943	Sept. 1942	Sept. 1943	Sept. 1942	This season	Last season
Consumption at:						
Texas mills.....	18,294	21,669	19,691	37,985	41,876	41,876
United States mills.....	872,109	959,732	842,280	1,714,399	1,884,647	1,884,647
U.S. stocks—end of month:						
In consuming establishments.....	1,930,298	1,786,153				
Public stg. & compresses.....	10,432,611	9,713,415				

THE OWNERSHIP OF BANK DEPOSITS

Demand deposits of banks have increased at an unprecedented rate since the outbreak of the war. These increases have occurred in all parts of the nation, but the rate of growth has varied between one section and another. In this district the deposits of member banks at the end of June, 1943 were more than twice as large as four years earlier. Heretofore, little has been known about the distribution of these deposits among various groups. In an effort to throw light on this important question, the Federal Reserve Bank of Dallas, in cooperation with the Board of Governors of the Federal Reserve System, conducted a survey of the distribution of demand deposits of individuals, partnerships and corporations at a selected group of banks in this district at the end of July. The generous cooperation on the part of banks which were requested to participate in the survey produced results which are representative of the distribution of deposits at all member banks. Reports were received from each of our 33 weekly reporting member banks and from 77 other member banks in the district. The banks which participated in the survey hold more than half of all such deposits at member banks in the district. Reports were received from virtually all size groups of banks and the banks were located in more than 80 cities and towns throughout the district. An analysis of the results of the survey on a national basis appeared in the October, 1943 issue of the Federal Reserve Bulletin. A summary of the results of the survey in the Eleventh District is presented below.

The survey indicates clearly that a large proportion of the deposits in the district are concentrated in a relatively few large accounts. Although accounts above \$100,000 each accounted for only a fraction of 1-per cent of the number of accounts, they constituted about 40 per cent of the dollar amount of all demand deposits at the 110 banks participating in the survey. Deposit accounts above \$10,000 each constituted less than 3 per cent of the number of accounts but about 70 per cent of the dollar amount of deposits at cooperating banks. The percentage of total deposits in large accounts was much greater at the larger banks than at the smaller banks in the district. In dollar amount by far the most important group of large deposits (those above \$100,000) belong to manufacturing and mining concerns, followed in the order of their importance by public utilities, retail and wholesale trade, personal accounts, including those of farmers, and insurance companies.

Manufacturing and mining concerns account for a substantial part of large deposits in the district but for only a minor part of the small deposit accounts. At banks participating in the survey these concerns owned approximately one-third of all deposit accounts of more than \$100,000 each and about one-fourth of all deposit accounts above \$10,000 each. At the smaller banks, however, manufacturing and mining concerns accounted for less than 3 per cent of the deposits in the \$3,000 to \$10,000 classification.

Personal accounts, including those of farmers, ranked second among large deposit groups. Individual deposits, although large in the aggregate, were more widely distributed than those of other groups. At larger banks individuals owned only slightly more than 10 per cent of the deposits in excess of \$100,000 but owned about one-third of the deposits in the \$10,000 to \$100,000 classification and at smaller banks owned a greater share of total deposits than at larger banks. At the smaller banks farmers accounted for 18 per cent of the deposits above \$10,000 and 21 per cent of the deposits between \$3,000 and \$10,000 each. Individuals other than farmers accounted for an additional 26 per cent of deposits in excess of \$10,000 and 40 per cent of the

deposits between \$3,000 and \$10,000. Consequently, more than half of the number of accounts in the \$3,000 to \$10,000 range at smaller banks belonged to individuals and farmers.

Retail and wholesale trade and dealers in commodities accounted for the next largest group of deposits. This group accounted for slightly less than one-fourth of all deposits between \$3,000 and \$100,000 and 15 per cent of the deposits above \$100,000.

Large deposits of public utilities, transportation and communication industries account for about 12 per cent of all deposits in excess of \$10,000. Financial businesses, including insurance companies, trust funds of banks, loan and real estate businesses are next in importance and large deposits of these firms account for more than 11 per cent of all such deposits. Large deposits of nonprofit associations, clubs, and churches are relatively unimportant. These deposits are located principally in the larger cities of the district, and account for less than 3 per cent of all large deposits.

The combined results of the survey are indicated in the following tables. Table I is a summary of reports received from the smaller banks, while Table II is a summary of the reports obtained from the 33 weekly reporting banks located in the larger cities of the district.

TABLE I
DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS AND CORPORATIONS
AT 77 BANKS HAVING DEMAND DEPOSITS OF LESS THAN \$5,000,000

July 31, 1943—(Thousands of dollars)

Class of Account	Deposit Accounts between \$3,000 and \$10,000		Deposit Accounts over \$10,000	
	Number of accounts	Dollar Am't of deposits	Number of accounts	Dollar Am't of deposits
1. Manufacturing and mining.....	99	567	85	2,667
2. Public utilities, transportation and communications.....	129	660	33	857
3. Retail and wholesale trade and deal- ers in commodities.....	1,013	5,425	302	5,870
4. All other nonfinancial business, in- cluding construction and services..	180	918	81	3,401
5. Financial business.....	141	743	46	1,078
6. Nonprofit associations, clubs, churches, etc.....	79	385	16	384
7. Personal (including farmers):				
a. Farmers.....	927	4,580	180	4,445
b. Other personal accounts.....	1,835	8,828	295	6,505
Total—all accounts classified as to ownership.....	4,403	22,106	1,038	25,207
Grand Total—all demand deposits of individuals, partnerships and corporations.....		Number	Amount	
		158,563	95,301	

TABLE 2
DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS AND CORPORATIONS
AT 33 WEEKLY REPORTING MEMBER BANKS

July 31, 1943—(Thousands of dollars)

Class of Account	Deposit Accounts between \$10,000 and \$100,000		Deposit Accounts over \$100,000	
	Number of accounts	Dollar Am't of deposits	Number of accounts	Dollar Am't of deposits
1. Manufacturing and mining:				
a. Metal mining and metal manufac- tures, including machinery and transportation equipment.....	268	10,469	106	41,239
b. All other manufacturing and min- ing.....	981	32,976	244	93,004
2. Public utilities, transportation and communications.....	349	12,434	173	70,959
3. Retail and wholesale trade and dealers in commodities.....	2,194	65,376	282	63,827
4. All other nonfinancial business, includ- ing construction and services.....	1,116	32,231	154	40,168
5. Financial business:				
a. Insurance companies.....	437	13,764	86	30,530
b. Trust funds in banks.....	64	1,827	17	7,119
c. All other—including investment, loan, and real estate business, etc.	696	19,061	57	12,085
6. Nonprofit associations, clubs, churches, etc.....	326	9,400	26	9,753
7. Personal (including farmers).....	4,007	92,990	182	45,127
Total—all accounts classified as to ownership.....	10,438	290,528	1,327	413,811
Grand Total—all demand deposits of individuals, partnerships and corporations.....		Number	Amount	
		388,016	989,438	

THIRD WAR LOAN DRIVE

Final tabulations on the Third War Loan drive indicate that aggregate sales approached \$19,000,000,000, thereby exceeding the \$15,000,000,000 goal by \$4,000,000,000. The record volume of sales during the September drive was more than twice as large as the amount purchased by nonbank investors during the December, 1942 drive and exceeded nonbank purchases during the April, 1943 drive by almost 50 per cent. Subscriptions from individuals, partnerships and personal trust accounts exceeded their \$5,000,000,000 quota by 8 per cent, while subscriptions from corporations, associations and other investors exceeded their \$10,000,000,000 quota by 29 per cent. Sales of Series E bonds during the drive amounted to slightly less than \$2,500,000,000 as compared with sales of \$726,000,000 during December, 1942 and \$1,007,000,000 during April, 1943. Thus, the amount sold during the Third War Loan drive was substantially in excess of the amount sold during any other comparable period since they were first offered in May, 1941. The following table shows, on a national basis, sales of the various issues during the drive, classified by type of investor.

FINAL TABULATION OF SUBSCRIPTIONS TO THIRD WAR LOAN DRIVE IN THE UNITED STATES

By issues and by classes of investors—(Millions of dollars)

Issue	Individuals	Insurance companies and mutual savings banks	Other corporations, associations and investors	Total
E bonds.....	2,472	....	....	2,472
F and G bonds.....	565	5	261	831
Savings notes.....	193	2	2,288	2,483
Certificates of indebtedness.....	366	255	3,499	4,120
2% bonds.....	1,220	1,926	2,114	5,260
2½% bonds.....	561	1,939	1,277	3,777
Total.....	5,377	4,127	9,439	18,943

In Texas total sales during the drive amounted to \$520,000,000, of which \$262,000,000 were purchased by individuals and \$258,000,000 by corporations, associations and other nonbank investors. Texas exceeded its combined goal by 24 per cent and its quota for sales to individuals by 30 per cent. Only seven other states in the nation exceeded their quota for sales to individuals by a larger percentage than Texas. Sales of Series E bonds in Texas during the drive amounted to \$115,000,000. Total sales in Arizona, Louisiana, New Mexico and Oklahoma, which are partly in the Eleventh District, likewise exceeded their goals by substantial margins. Aggregate sales of the five states, which are wholly or partially in the Eleventh District, amounted to \$842,000,000, or 22 per cent above their goal. The following table shows sales of the various Treasury issues during the drive in Texas classified by type of investor.

FINAL TABULATION OF SUBSCRIPTIONS TO THIRD WAR LOAN DRIVE IN TEXAS

By issues and by classes of investors—(Millions of dollars)

Issue	Individuals	Insurance companies*	Other corporations, associations and investors	Total
E bonds.....	115	....	....	115
F and G bonds.....	24	1	11	35
Savings notes.....	14	1	86	101
Certificates of indebtedness.....	19	5	62	87
2% bonds.....	76	11	49	136
2½% bonds.....	15	19	12	46
Total.....	262	37	221	520

*There are no savings banks in Texas.

Note: Figures are rounded and do not necessarily add to totals.

Although banks were not permitted to participate directly in the purchase of new Treasury offerings during the drive, the Treasury made a cash offering to banks shortly after the close of the drive. The offering consisted of an issue of 7/8 per cent certificates of indebtedness dated October 15, 1943 and maturing October 1, 1944 and an offering of 2 per cent Treasury bonds of 1951-1953. It was announced in advance that the Treasury would limit allotments to approximately \$1,500,000,000 on each of the issues. Total subscriptions amounted to approximately \$5,500,000,000 on each issue against which allotments of approximately \$1,600,000,000 each were made. In the Eleventh District subscriptions to the 2 per cent bonds amounted to \$156,000,000 against which allotments of \$54,000,000 were made, while subscriptions in the district to the 7/8 per cent certificates of indebtedness amounted to \$131,000,000 against which allotments of \$47,000,000 were made.

At the same time the Treasury made an exchange offering for an issue of 3¼ per cent bonds of October 15, 1943-1945 outstanding in the amount of \$1,400,000,000, and an issue of 7/8 per cent certificates of indebtedness maturing November 1, 1943 outstanding in the amount of \$2,000,000,000. Most of the 3¼ per cent bonds were exchanged for 2 per cent bonds of 1951-1953, although nonbank investors exercised the privilege of exchanging a small part of their holdings for 2½ per cent bonds of 1964-1969. Virtually all of the maturing issue of certificates of indebtedness were exchanged for a similar amount of the new issue of 7/8 per cent certificates of indebtedness, dated October 15, 1943 and maturing October 1, 1944.

Thus, sales of Treasury securities to nonbank investors during the Third War Loan drive and the cash offering to commercial banks immediately following the drive provided the Treasury with \$22,000,000,000 of new money.

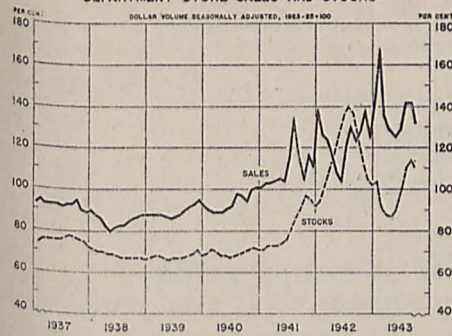
MONTHLY BUSINESS REVIEW

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NATIONAL SUMMARY OF BUSINESS CONDITIONS

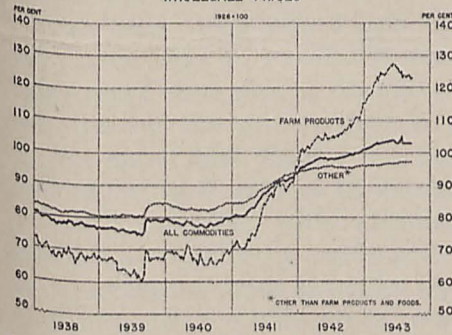
(Compiled by the Board of Governors of the Federal Reserve System)

DEPARTMENT STORE SALES AND STOCKS



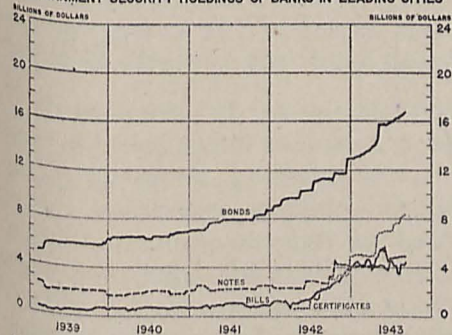
Federal Reserve indexes. Monthly figures, latest shown are for September, 1943.

WHOLESALE PRICES



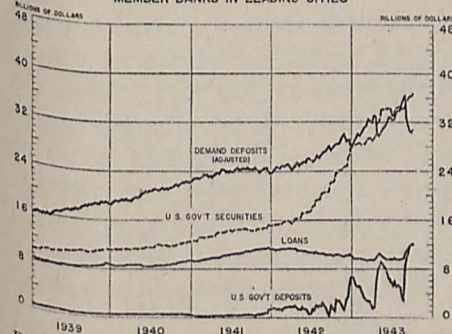
Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending October 16, 1943.

GOVERNMENT SECURITY HOLDINGS OF BANKS IN LEADING CITIES



Excludes guaranteed securities. Data not available prior to February 8, 1939; certificates first reported on April 15, 1942. Wednesday figures, latest shown are for October 13, 1943.

MEMBER BANKS IN LEADING CITIES



Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for Oct. 13, 1943.

Industrial activity showed little change in September and in the first half of October. Distribution of commodities continued in large volume and prices remained steady.

INDUSTRIAL PRODUCTION

Physical volume of industrial production as measured by the Board's seasonally adjusted index, as recently revised, was 243 per cent of the 1935-39 average in September, compared with 242 in August and 239 in July.

There were increases in output in the iron and steel and transportation equipment industries while activity in other durable goods industries showed little change or declined slightly. Open hearth and Bessemer steel production exceeded its previous peak level, reached in March of this year, and output of pig iron likewise established a new record. In the machinery industry as a whole activity was maintained at the level of recent months although there was some further curtailment of output of machine tools and machine tool accessories.

Total output of nondurable manufactures continued at the August level. Cotton consumption, which had been declining since May, rose 6 per cent from August to September, but was 9 per cent below the high level of a year ago. Shoe production was maintained at the level of recent months and was slightly larger than a year ago. The output of manufactured food products rose seasonally.

Petroleum refining continued to rise in September and was at a rate about double the 1935-39 average. The Board's index of this industry is substantially higher than the old index because greater weight is given to aviation gasoline and other special war products. Output in the chemical industry as a whole declined in August, as some further expansion in industrial chemicals was more than offset in the total by reductions elsewhere, reflecting readjustment of the war program. Newsprint consumption rose less than is usual at this season, in the face of increasing supply difficulties, and a further 5 per cent cut in permitted consumption of newsprint was ordered, beginning October 1.

Crude petroleum production continued to rise in September, reflecting further improvement of transportation facilities for petroleum products. Output of crude petroleum in August and September exceeded the earlier peak levels reached in December 1941 and January 1942. Coal production continued at a high level.

In September the value of construction contracts awarded in 37 Eastern states was at about the same low level as in July, according to reports of the F. W. Dodge Corporation, and was considerably smaller than in August when there was a temporary increase because one exceptionally large contract was placed in that month.

DISTRIBUTION

Department store sales increased less than seasonally in September, following an unusually large volume of sales in July and August, and the Board's seasonally adjusted index declined from 142 to 131. During the first half of October sales showed a gain over September although usually there is some decline at this season.

Railroad freight traffic in September and the first part of October was maintained at the high level of previous months. Coal shipments exceeded the record movement of last July and loadings of grain and livestock were 10 per cent higher than a year ago.

COMMODITY PRICES

Prices of grains advanced from the middle of September to the middle of October. Livestock prices were slightly lower, reflecting partly the establishment of Federal maximum prices for live hogs and sharply increased marketings of cattle. Wholesale prices of most other commodities continued to show little change.

AGRICULTURE

Crop prospects showed little change during September, according to official reports. There was a further small improvement in prospects for the corn and potato crops, while the previous forecast for cotton production was lowered slightly. Aggregate crop production is expected to be 7 per cent below the peak volume of last season but higher than in any other previous year.

BANK CREDIT

During the five weeks ending October 13, Government security holdings at reporting banks in 101 leading cities increased by about 2.5 billion dollars reflecting substantial open-market purchases during the Drive, and also, some purchases of bills on subscription from the Treasury. Loans showed a net increase of 2.2 billion dollars over the same period. Over two-thirds of the total amount represented loans to brokers, dealers, and customers for purchasing or carrying securities; in the last week of the period there were some declines, however, as repayments were made on the liquidation of the securities. Commercial loans, which have been increasing steadily since June, rose further by 540 million over the five weeks.

Holdings of Government securities by the Federal Reserve System showed little change from the end of September to the third statement date of October, but there were some shifts among the kinds of securities held. Treasury bills held under option declined by 200 million dollars between September 30 and October 20, while holdings of certificates of indebtedness and of Treasury bills outside of the option accounts increased by about 200 million. Total holdings of United States Government securities by the Reserve System on October 20 were 8.9 billion dollars.