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BEEF CATTLE SITUATION

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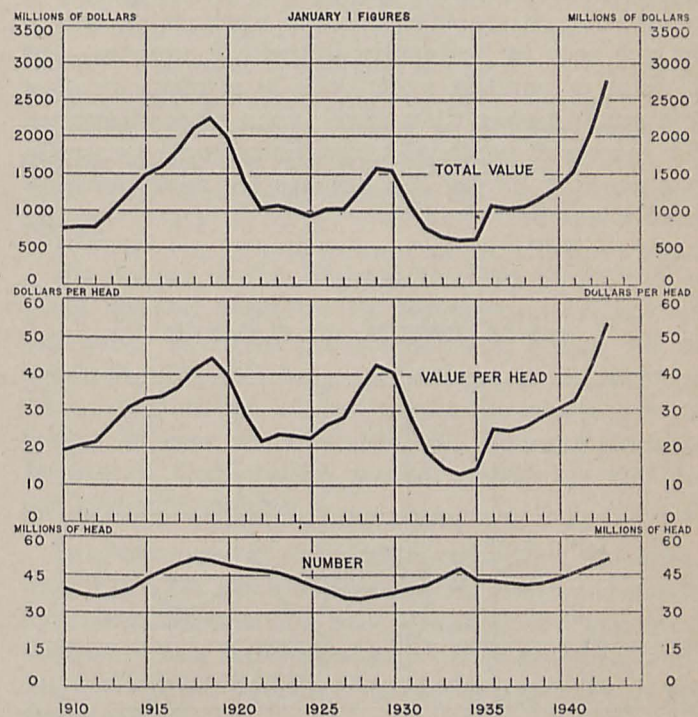
The outstanding features of the current beef cattle situation are: (1) a continuing increase in the number of cattle on farms and ranches to record heights, notwithstanding some decline from last year in the number in feed lots; (2) a prevailing level of beef cattle prices generally about 50 per cent above 1939 in wholesale markets and considerably more than that at the farm; (3) a volume of slaughter for the year to date larger than in 1939, but not above last year; (4) a potential consumer demand for beef greatly in excess of current supplies in the market, with rationing of limited supplies left after military needs are met; (5) a growing shortage of feeds brought about by a general rapid expansion in livestock numbers without a corresponding increase in feed supplies; (6) a total value of beef cattle on farms probably above \$2.8 billion, as compared with \$1.2 billion in 1939 and an earlier peak of \$2.3 billion in 1919; (7) sharply rising land values in the range country.

Examination of the current position and also of past developments indicates a need for consideration by cattle growers and others of possible action to increase slaughter, thereby meeting more fully the current demand for beef and at the same time improving the basic position of the cattle industry. Adjustment in cattle numbers is necessarily a slow process and it appears that unless special wartime demands are to be replaced by special peacetime demands there should be some downward adjustment in cattle numbers, beginning in the near future. Increased marketings, within limits set by available transport and packing facilities, would certainly help to meet the food requirements of the war period and would not reduce numbers on farms enough to jeopardize meat supplies after the war. At a later date new developments could be taken into account in deciding how far the readjustment should go for the long-time good of the industry and of the consuming public.

The total number of cattle on farms has risen from 66.0 million in 1939 to 78 million in January this year and, according to a Department of Agriculture estimate, may show a further increase to 80.8 million by the beginning of next year. For cattle other than milk cows the number on farms

last January was 51.2 million head, an increase of 10 million, or 24 per cent, over 1939. This increase was nearly as large as the expansion from 1914 to 1918, as indicated in the Table and in Chart 1. Since January there has been further growth in numbers in contrast with 1918 when there was some decline. The number in feed lots August 1, however, was 11 per cent smaller than a year earlier, as feed conditions and price relationships have become less favorable for feeding operations.

CHART 1
CATTLE NUMBERS AND VALUES
CATTLE OTHER THAN MILK COWS ON FARMS



BEEF CATTLE ON FARMS, FIRST AND SECOND WORLD WARS

	January				Per Cent Change	
	1939	1943	1914	1918	1939-1943	1914-1918
Number (millions)	41.4	51.2	39.6	51.5	+ 24	+30
Average Value (dollars per head)	28.18	53.90	31.50	41.39	+ 91	+31
Total Value (billions of dollars)	1.2	2.8	1.2	2.1	+136	+71

Note: To make later data comparable with 1914 figures, dairy heifers and calves are included. From 1939 to 1943 the number of beef cattle, excluding dairy heifers and calves, rose by 26 per cent, from 30.4 million head to 38.4 million head.

The volume of cattle slaughter, including non-inspected slaughter, so far this year has been small, considering the number of beef cattle on farms and the strong demand for beef. Despite an increase in recent months, total slaughter for 1943 is estimated to be at a level which will permit an increase this year of 2.7 million head in number of all cattle on farms. Currently prices of cattle are somewhat under the peak reached in the spring but are roughly 50 per cent above those of 1939 at wholesale and 70 per cent higher than in 1939 at the farm.

Supplies of grain available in the coming year will be about 7 to 10 per cent less than the amount available for feeding last year, while the number of animal units (including hogs, chickens, sheep, horses and dairy cattle, as well as beef cattle) will be about 10 per cent larger. Cattle growers will be more dependent than this year on pastures to maintain their herds.

Demand for beef, as for other meats, in the current period is much higher than ever before. The armed forces are taking large amounts of beef—30 per cent in Federally inspected plants—and civilian demand is exceptionally strong; incomes are much higher than usual, even after allowance for increased personal taxes, and people generally are working harder. Consumers are eating considerably less beef than they would if larger supplies were available on the market and if, as a result, the

number of ration points required for the purchase of beef could be reduced.

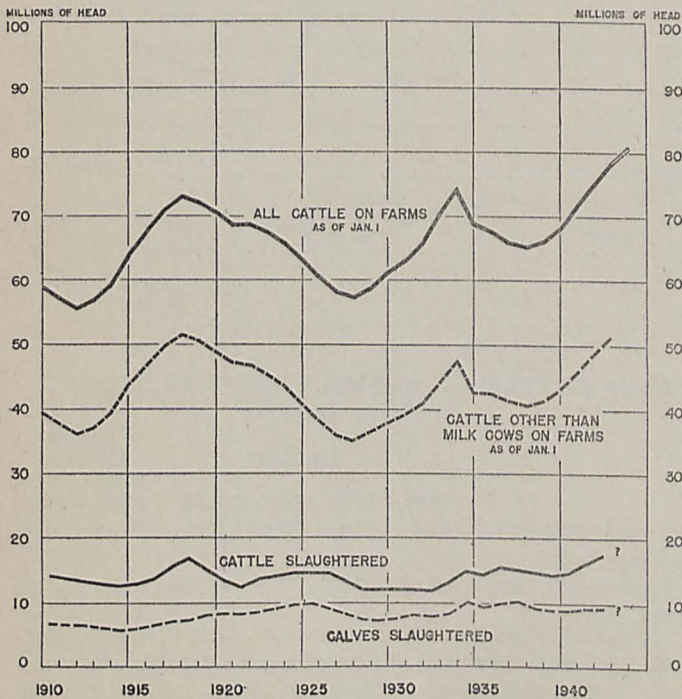
With a rise of one-fourth in beef cattle numbers from January, 1939, to January this year and a doubling of average value per head in this same period, total value was up from \$1.2 billion to \$2.8 billion. This level, as indicated in Chart 1, was substantially above that of any previous January, including the peak year 1919. The increase from 1939 to 1943 was \$1.6 billion, nearly twice as much as from 1914 to 1918.

These higher values, together with higher current incomes, have contributed greatly to a rise in land values, which recently has been rapid in many areas. For the Mountain States as a group, farm land values in July averaged 10 per cent higher than a year earlier and a fourth higher than in 1939. In the Southwest, values have gone up 10 per cent during the past year and 20 per cent since 1939. These increases have been similar, in percentage terms, to those in the 1914 to 1918 period, although more of the purchases have been on a cash basis this time.

In view of these developments in recent years, what is the prospect for the cattle industry in the years ahead? How long will demand be sustained at current levels? How will numbers on farms change and what will the volume of slaughter be? What is the probable course of cattle prices and values? How much will farm land in the range country be worth in the market?

CATTLE NUMBERS AND SLAUGHTER

CHART 2

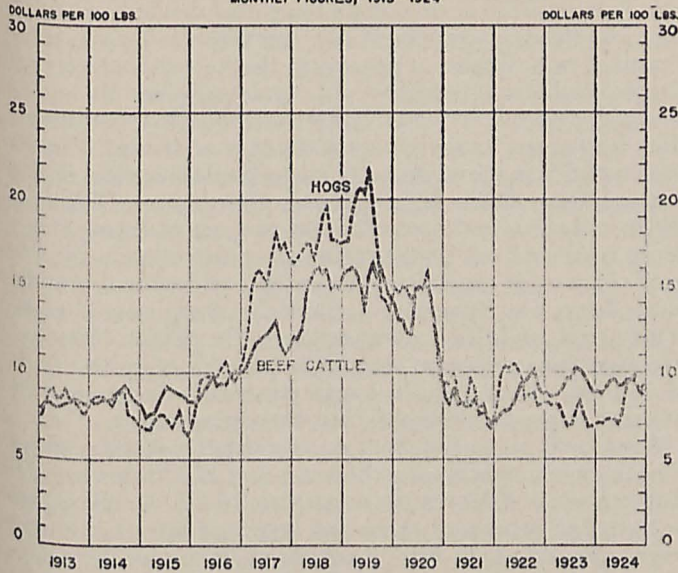


These important questions cannot be answered with any precision, but it is possible to review what has happened after previous periods of expansion in cattle numbers and values, and to consider how new conditions may lead to different developments—and what it all means for current marketing decisions. The first conclusion from such a review is that the situation of the cattle industry will depend in considerable part on demand conditions largely beyond the control of cattle growers. The biggest decline in prices after the last war came in the autumn and winter of 1920-21, when demand was sharply curtailed, and while slaughter was substantially below the wartime peak. The other important, although temporary, decline occurred in late 1919, following a break of \$7 a hundred in hog prices when export demand for pork products was cut in half. The record clearly suggests the desirability, from the point of view of cattle growers, of marketing substantial numbers in a period of strong demand such as the present.

PRICES OF CATTLE AND HOGS AT CHICAGO

CHART 3

MONTHLY FIGURES, 1913 - 1924



Another conclusion is that expansion in numbers and values beyond levels that can be reasonably maintained greatly intensifies the effects of any slackening of demand. The collapse in the industry in 1920-21 reflected not only reduced urban incomes, but large herds on farms and high valuations previously placed on cattle and on land.

Price declines at that time were drastic and their effects spread throughout the range country, resulting in heavy losses to growers, lending institutions and the community generally. Value per head declined 50 per cent, from \$44 to \$22, between January, 1919, and January, 1922. With a 7 per cent decline in cattle numbers in this period total value was down from \$2.3 billion to \$1.0 billion, a level lower than in 1914. Land values in the Mountain States and the Southwest declined a fourth from January, 1920, to January, 1923, and an important part of this decline was due to the decline in cattle prices.

Current receipts from sale of cattle were sharply reduced and cattle growers generally were hard

pressed to meet payments due on debts incurred when prices were much higher. Many old loans were extended and new loans were made to help growers through this period. But even so the immediate and ultimate losses were large and conditions were depressed in the range country for years. Bank failures, which had been few during the period of rising cattle and land prices, increased sharply. In a group of eight states, including the Mountain States, Texas, Nebraska and Oklahoma, the rate of bank suspensions was more than twice that for the United States as a whole from 1921 through 1923 and continued at a high level for years afterward. The widespread effects of this rapid lowering of values extended through the whole decade—and beyond. The housewife at the meat counter as well as the cattle grower would have benefited by more orderly developments in the cattle industry.

In considering what this experience means for present planning, it is important to note that there has been real improvement in the banking situation in the cattle country. Assets are now more diversified, with a larger proportion in Government securities and a smaller proportion in loans to customers. Loans are more adequately secured and supervision is generally on a higher plane. In addition, whereas at the end of the last war banks were heavily in debt, they now hold reserves in excess of their needs.

Furthermore, the Federal Reserve System now gives greater liquidity to Government securities and other assets in the portfolios of banks. All of these factors will help to prevent excessive and untimely pressure on borrowers for repayment of loans. In case of difficulty, the Federal Deposit Insurance Corporation would provide protection for many depositors.

Improvement in the banking situation, however, does not alter the basic facts with respect to cattle numbers, demand for beef, cattle prices and land values or their implications for cattle growers, lending institutions and the community generally in the years ahead.

DISTRICT SUMMARY

There were no marked changes in the trend of business and industrial activity in the Eleventh District during October and the first half of November. Despite shortages of workers, employment in major war industries continued to expand and is expected to increase still further in 1944. Petroleum production continued at record levels and established another new peak in October. The distribution of merchandise through retail trade channels likewise was maintained at the high level of other recent months and at the end of October inventories at department stores were 16 per cent above those of a year earlier. Weather conditions were generally favorable for harvesting operations and revisions in estimated 1943 production of most crops in

Texas were small. In the field of finance, the principal developments were centered on the successful completion of the major financing program of the Treasury for this calendar year, and this has provided banks a breathing spell for adjustment of portfolios.

BUSINESS

Department store sales in the Eleventh District continued at a high level during October and the first half of November. Total sales in October were 11 per cent above those in September and 28 per cent above those last year. During the first two weeks of November sales were 28 and 44 per cent, respectively, above those in corresponding weeks in 1942. As has been true in other recent months, the percentage increase in sales in the Eleventh

District continued to be substantially above that in other Federal Reserve districts and well above the national average. Cash sales accounted for slightly more than half of total sales and increased at a faster rate than credit sales. Total credit sales during October were 21 per cent above those in October, 1942 while installment sales were only 11 per cent larger. The ratio of collections on instalment accounts outstanding at the first of the month rose to 35 per cent during October, the highest ratio thus far attained. Collections on regular accounts also increased slightly during October, amounting to 63 per cent of the volume outstanding at the first of the month. Despite the persistently heavy volume of sales and the fact that some items are available only in limited quantities, total department store stocks at the end of October were 16 per cent above those last year. Reports indicate, however, that inventories are not evenly distributed throughout the district and that in certain cities stocks are somewhat below those last year.

According to Dun and Bradstreet, Incorporated, there were no commercial failures in the Eleventh Federal Reserve District during October. This is the fourth consecutive month in which no commercial failures have been reported.

AGRICULTURE

Weather conditions in the Eleventh Federal Reserve District during October and the first two weeks of November were favorable for harvesting operations and for maturing late crops but were generally unfavorable for fall-sown grains and pastures. Revisions in estimated 1943 production of most crops in Texas were small between October 1 and November 1. Production estimates for cotton, soybeans, cowpeas and peanuts were lowered and production estimates for grain sorghums, sweet potatoes, broomcorn, pecans and citrus fruits were raised. The only marked change was in the grain sorghum crop estimate, which was increased approximately 4,000,000 bushels, reflecting a substantially larger yield than had been anticipated. Production of corn, grain sorghums, rice, Irish potatoes, sweet potatoes and oranges is expected to be larger in Texas this year than in 1942 or the 1932-1941 average, but production of cotton and deciduous fruits will be smaller. Production of wheat, barley, hay, peanuts and grapefruit will be somewhat smaller than in 1942, but larger than the 1932-1941 average.

WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in:				
		Net sales		Stocks		
		October, 1943 from 1942	Sept., 1943	Jan. 1 to Oct. 31, 1943 from 1942	October, 1943 from 1942	Sept., 1943
Retail trade:						
Department stores:						
Total 11th Dist.	48	+28	+11	+38	+16	+1
Dallas	7	+38	+24	+46	+23	+3
Fort Worth	4	+39	+16	+43	-6	+1*
Houston	7	+26	+1	+33	-10	+7
San Antonio	5	+21	+5	+35	+43	+2
Shreveport, La.	3	+19	+14	+17	.....	.....
Other cities	22	+15	+6	+36	+19	-3
Retail furniture:						
Total 11th Dist.	70	+7	+10	.....	-26	-4
Dallas	7	+16	+21	.....	-24	-4
El Paso	4	+13	+16	.....	-18	-12
Fort Worth	3	+49	+16	.....	.....	.....
Houston	8	+15	+10	.....	-44	-7
Independent stores:*						
Arizona .....	.....	.....	.....	.....	.....	.....
New Mexico	128	+11	+9	+17	.....	.....
Oklahoma	394	+21	+10	+32	.....	.....
Texas	971	+23	+6	+29	.....	.....
Wholesale trade:*						
Automotive supplies	3	+6	-20	.....	.....	.....
Drugs	6	+16	+2	+30	+22	+4
Electrical supplies ..	4	-5	-3	.....	.....	.....
Groceries	28	+13	+4	+18	-4	+6
Hardware	14	-9	+3	-14	-12	+2
Surgical equipment ..	6	+18	No chg.	+6	+2	No chg.
Tobacco & products ..	4	+3	-8	+14	.....	.....

*Compiled by United States Bureau of Census.

†Stocks at end of month.

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

	October 1943	September 1943	August 1943	October 1942
Sales (daily average):				
Without seasonal adjustment	266	251	188	170
With seasonal adjustment	235	226	244	150
Stocks (end of month):				
Without seasonal adjustment	119	119	117	105r
With seasonal adjustment	105	108	115	93r

r-Revised.

Drought conditions have become serious in northwest Texas, and in that area prospects for small grain pastures are poor. After an extended delay, wheat was seeded in the dust, but rainfall has been light since the seeding, and it is reported that only about 25 per cent of the acreage planted in winter wheat in Texas is up to a stand. On November 1, pastures in the State as a whole were in poor condition as compared with a year earlier and the condition of ranges was considerably less favorable than at the same time in 1942 and somewhat below the 20-year average. There is wide variation in the condition of ranges between sections of this district. Range feed is dry and short in New Mexico, Oklahoma and in some areas in Arizona. Ranges deteriorated during October in northwest and southeast Texas but improved on the Edwards Plateau, in the El Paso area and in northeast and extreme south Texas. On November 1, cattle and sheep were in moderately good condition in most sections of the district. However, wheat pasturage prospects are poor and supplies of protein feeds are limited, and as a result it may prove difficult to maintain livestock in good condition during the coming winter.

Receipts of cattle and sheep at representative Texas markets were relatively light during the latter part of October and the first two weeks of November, as compared with the same period in 1942, but receipts of calves and hogs were larger. It is estimated that during the first 10 months of 1943, total shipments of cattle were somewhat heavier than in the same period of 1942, while shipments of calves were lighter. Indications are that the number of cattle and lambs fed during the winter months will be substantially smaller than in 1942. For the four months, July through October, the movement of stockers and feeders to the Corn Belt was the second smallest in five years.

The average farm prices of several agricultural commodities changed noticeably between September 15 and October 15 in Texas. Wheat, corn, and small grain prices rose moderately; hay

CROP PRODUCTION—TEXAS—(Thousands of units)

Crop	Units	Production		Average 1932-1941
		Estimated Nov. 1, 1943	1942	
Cotton	Bales	2,825	3,038	3,419
Corn	Bushels	86,688	78,561	77,609
Wheat	Bushels	35,697	47,438	26,434
Oats	Bushels	15,694	11,210	36,472
Barley	Bushels	3,682	4,818	3,009
Rice	Bushels	20,196	15,498	11,324
Broomcorn	Pounds	4,800	6,600	8,400
Grain sorghums	Bushels	63,440	59,675	31,243
Tame hay	Tons	1,219	1,441	961
Peanuts	Pounds	396,750	430,080	108,912
Potatoes, Irish	Bushels	6,450	5,301	3,414
Potatoes, sweet	Bushels	6,840	3,825	4,710
Peaches	Bushels	900	1,610	1,456
Pecans	Pounds	24,050	10,300	25,730

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	October 1943	October 1942	Sept. 1943	October 1943	October 1942	Sept. 1943
Cattle	91,579	101,259	107,969	28,939	31,450	18,813
Calves	70,331	65,942	42,015	32,701	44,896	27,438
Hogs	88,921	46,844	71,657	12,546	11,340	11,831
Sheep	199,796	220,036	249,355	48,050	37,229	45,887

COMPARATIVE TOP LIVESTOCK PRICES (Dollars per hundredweight)

	Fort Worth			San Antonio		
	October 1943	October 1942	Sept. 1943	October 1943	October 1942	Sept. 1943
Beef Steers	\$14.00	\$14.00	\$14.00	\$12.50	\$12.75	\$12.50
Stocker steers	11.50	12.00	12.50	.....	.....	.....
Heifers and yearlings ..	14.00	14.65	14.25	13.00	13.00	13.25
Butcher cows	11.50	10.75	11.25	10.50	11.00	9.75
Calves	12.75	12.75	13.00	12.50	13.00	12.50
Hogs	14.55	15.00	14.80	14.25	14.25	14.65
Lambs	13.50	13.50	13.50	11.00	.....	12.00

CASH FARM INCOME FROM THE SALE OF PRINCIPAL FARM PRODUCTS (Thousands of dollars)

	September, 1943		Total receipts			
	Receipts from Crops	Receipts from Livestock*	Sept. 1943	Sept. 1942	January 1 to Sept. 1943	Sept. 1942
Arizona	1,060	3,520	5,480	3,605	90,128	64,640
Louisiana	25,840	5,205	31,045	25,326	122,347	97,361
New Mexico	3,701	3,507	7,208	5,081	54,163	37,995
Oklahoma	9,686	28,015	37,701	38,231	262,243	233,410
Texas	66,567	43,836	110,403	117,058	736,030	590,288
Total	107,754	84,083	191,837	189,301	1,264,911	1,023,694

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

SOURCE: United States Department of Agriculture.

increased \$1.50 per ton, cottonseed \$2.00 per ton, and grain sorghum 10 cents per 100 pounds. Farm prices of most livestock products increased, but the prices of beef cattle, veal calves, sheep and lambs continued the declines which began in July.

FINANCE

The offering of Treasury certificates of indebtedness and bonds to commercial banks, payment for which was made on October 15, completed the major financing program of the Treasury for this calendar year. Inasmuch as Treasury financing operations have been responsible for the major changes in the condition of commercial banks, the present period may be regarded as a breathing spell in which banks will have an opportunity for adjustment of portfolios. During the five weeks ended November 10 there were small reductions in all major classifications of loans at weekly reporting member banks in the Eleventh District. Loans to brokers and dealers in securities and other loans for security trading declined further as dealers continued the process of disposing of their purchases of Government securities to more permanent investors. Commercial, industrial and agricultural loans declined \$2,500,000 and there were minor reductions in other types of loans. Total loans declined \$7,275,000 to \$322,650,000 on November 10. During the five-week period holdings of all types of direct United States Government securities increased, although most of the increase reflected the purchase of the new issues of Treasury certificates of indebtedness and bonds. Holdings of certificates of indebtedness rose \$29,000,000 and Treasury bond holdings increased \$34,000,000. On the other hand, holdings of Government guaranteed securities declined \$11,000,000 and there was a small decline in holdings of non-governmental securities.

Total deposits of weekly reporting banks in the Eleventh District rose \$57,000,000 to \$1,848,000,000 on November 10. There were small increases in time deposits and interbank deposits but most of the increase occurred in adjusted demand deposits which rose \$47,000,000. These increases were offset in part by a decline of \$9,000,000 in United States Government deposits.

Excess reserves of member banks in the Eleventh District averaged \$105,000,000 during October, which amount was slightly less than during the last half of September. Deposits in war loan accounts rose to a peak of more than \$500,000,000 around the middle of October and then declined \$50,000,000 during the following two weeks. As deposits in war loan accounts declined there was a corresponding increase in net demand deposits of member banks which averaged \$2,100,000,000 during the latter half of the month. The increase in net demand deposits had the effect of increasing required reserves but average reserve balances increased by about the same amount, with the result that excess reserves showed little net change.

The circulation of the Federal Reserve notes of the Federal Reserve Bank of Dallas continued to increase during October and the first half of November. At the middle of November the circulation of the Federal Reserve notes of this bank amounted to \$394,000,000, an increase of \$175,000,000 during the past year.

INDUSTRY

No marked changes have occurred recently in the trend of industrial activity in the Eleventh District. Although the shortage of workers continues to be a serious problem, the major war industries have been able to expand employment rapidly. The number of women employed has increased in all war industries except ordnance and chemicals and is expected to expand until peak employment is attained in 1944. The largest proportional gains in employment in the war industries in this district during October occurred in aircraft, ordnance and synthetic rubber plants. Civilian employment at military establishments declined slightly.

Daily average production of petroleum increased in the Eleventh District in October, reaching a new peak of 2,081,000 barrels, or 34 per cent above the level of October, 1942. The

CONDITION OF THE FEDERAL RESERVE BANK
(Thousands of dollars)

	Nov. 15, 1943	Nov. 15, 1942	October 15, 1943
Total cash reserves	\$609,497	\$526,673	\$596,062
Discounts for member banks	25	30	52
Industrial advances	16	133	16
United States Government securities	334,358	179,436	315,142
All other investments	None	145	None
Total earning assets	334,399	179,744	315,210
Member bank reserve deposits	508,585	452,126	491,804
Federal Reserve notes in actual circulation	393,853	228,594	373,282

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

	Nov. 10, 1943	Nov. 11, 1942	October 13, 1943
Total loans and investments	\$1,364,080	\$906,978	\$1,315,988
Total loans	322,653	311,829	329,931
Commercial, industrial and agricultural loans	215,045	228,891	217,592
Loans to brokers and dealers in securities	3,764	3,314	6,175
Other loans for purchasing or carrying securities	24,490	11,656	24,774
Real estate loans	18,805	20,182	19,793
Loans to banks	98	226	127
All other loans	60,451	47,560	61,470
Total investments	1,041,427	595,149	988,057
U. S. Treasury bills	114,666	68,875	112,087
U. S. Treasury certificates of indebtedness	269,971	82,866	240,768
U. S. Treasury notes	145,940	108,000	144,977
U. S. Government bonds	413,372	237,783	379,173
Obligations guaranteed by United States Gov't	45,574	37,936	56,714
Other securities	51,904	59,689	52,338
Reserves with Federal Reserve Bank	291,766	278,765	279,688
Balances with domestic banks	245,699	286,141	247,843
Demand deposits—adjusted*	987,670	807,493	940,626
Time deposits	154,071	130,088	150,241
United States Government deposits	246,561	61,283	255,668
Interbank deposits	458,809	423,322	444,609
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
October, 1941	\$1,662,466	\$237,667	\$ 962,113	\$132,050	\$ 700,353	\$105,617
October, 1942	2,243,675	225,791	1,269,835	125,667	973,840	100,124
June, 1943	2,876,672	238,040	1,584,550	141,240	1,292,122	96,890
July, 1943	2,874,871	241,779	1,562,343	143,301	1,312,528	98,478
August, 1943	2,925,647	245,890	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
October, 1943	3,181,242	248,607	1,705,587	148,123	1,475,655	100,483

DEBITS TO INDIVIDUAL ACCOUNTS
(Thousands of dollars)

	October 1943	October 1942	Pctg. change over year	September, 1943	Pctg. change over month
Abilene	\$ 17,737	\$ 20,843	-15	\$ 20,022	-11
Amarillo	40,829	44,938	-9	44,123	-7
Austin	68,904	65,440	+5	112,871	-39
Beaumont	54,431	42,320	+29	50,165	-6
Corpus Christi	45,306	37,957	+19	58,247	-10
Corpus Christi	6,761	6,822	-1	7,612	-11
Dallas	486,385	471,792	+3	550,366	-12
El Paso	55,650	51,113	+9	54,704	+2
Fort Worth	198,195	158,564	+25	218,767	-9
Galveston	42,995	50,387	-15	52,879	-19
Houston	480,555	429,033	+12	519,684	-8
Laredo	10,424	9,351	+11	11,200	-7
Lubbock	29,386	20,089	+46	26,154	+12
Monroe, La.	18,380	18,298	+1	21,027	-13
Port Arthur	21,493	16,649	+29	24,664	-13
Roswell, N. M.	8,117	6,480	+25	8,107	+1
San Angelo	15,658	17,120	-9	16,883	-7
San Antonio	130,601	155,830	-16	145,874	-10
Shreveport, La.	70,323	68,698	+2	84,857	-17
Texarkana*	18,789	15,590	+21	19,416	-4
Tucson, Ariz.	28,236	23,862	+18	29,422	-4
Tyler	19,119	14,606	+31	21,293	-10
Waco	25,923	29,945	-13	33,670	-23
Wichita Falls	24,277	21,489	+13	28,471	-15
Total—24 cities	\$1,918,474	\$1,797,196	+7	\$2,160,478	-11

*Includes the figures of two banks in Texarkana, Arkansas, located in the Eighth District.
†Indicates change of less than one half of one per cent.

SAVINGS DEPOSITS

	Number of reporting banks	October 31, 1943		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	October 31, 1942	Sept. 30, 1943
Beaumont	3	10,946	\$ 4,768,765	+ 9.0	+ 1.1
Dallas	8	94,318	33,301,312	+25.9	+ 2.4
El Paso	2	21,997	10,090,009	+36.8	+ 2.8
Fort Worth	3	34,505	16,146,964	+25.4	+ 2.5
Galveston	4	19,147	12,576,694	+15.6	+ 1.3
Houston	10	79,303	37,954,767	+16.4	+ 2.1
Lubbock	2	908	463,410	+17.0	+ 1.4
Port Arthur	2	5,090	3,257,066	+ 4.8	+ 1.2
San Antonio	5	28,590	21,939,134	+19.7	+ 0.9
Shreveport, La.	3	26,742	13,220,597	+12.4	+ 1.8
Waco	3	7,487	4,668,149	+ 9.6	+ 1.2
Wichita Falls	3	6,399	3,506,256	+ 1.9	- 1.1
All other	59	50,817	29,140,136	+ 7.7	+ 1.2
Total	107	386,249	\$191,028,259	+17.3	+ 1.8

increase reflected substantial expansion of production in west, south and coastal Texas, where crude oil stocks were increased in anticipation of the heavy demand for petroleum from those sections which will arise when additional transportation facilities now under construction are completed. Moderate declines in production occurred in north and east Texas and north Louisiana. Daily average production of petroleum outside this district declined fractionally in October and was slightly smaller than during the same month in 1942. Crude oil stocks in the Eleventh District continued to increase during October and at the end of the month were approximately 5 per cent greater than on the comparable date a year earlier, whereas outside this district they declined to a level approximately 6 per cent below that of October 31, 1942. Gasoline stocks in the United States at the end of October were approximately 13 per cent smaller than a year earlier and fuel oil stocks were nearly 20 per cent smaller. Drilling activity, as measured by daily average well completions, declined in the Eleventh District in October but was somewhat above the level of October, 1942. In areas outside the Eleventh District drilling increased slightly but was below the level of the same month last year.

Consumption of cotton at United States textile mills during

VALUE OF CONSTRUCTION CONTRACTS AWARDED (Thousands of dollars)

	October- 1943	October 1942	September 1943	January 1 to 1943	October 31 1942
Eleventh District—total...	\$ 23,171	\$132,286	\$ 11,571	\$ 112,004	\$ 763,154
Residential.....	7,075	16,134	4,590	79,964	119,250
All other.....	16,096	116,152	6,981	232,040	643,904
United States*—total.....	213,529	780,396	175,115	3,442,649	6,892,161
Residential.....	69,739	161,206	54,080	850,400	1,501,427
All other.....	143,790	619,190	121,035	2,592,249	5,390,734

*37 states east of the Rocky Mountains.

p—Preliminary.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	October, 1943		Percentage change valuation from		Jan. 1 to Sept. 30, 1943		Percentage change valuation from 1942	
	No.	Valuation	Nov., 1942	Oct., 1943	No.	Valuation		
Abilene.....	29	\$ 32,088	+418	+794	229	\$ 203,493	-83	
Amarillo.....	65	80,912	+ 41	+ 80	489	601,360	-12	
Austin.....	94	35,170	+ 33	+ 46	875	308,826	-80	
Beaumont.....	130	27,157	- 65	+ 9	1,087	2,196,145	-10	
Corpus Christi.....	120	93,153	- 27	- 37	1,082	2,956,327	-68	
Dallas.....	822	1,108,464	+364	+208	5,010	3,928,231	-33	
El Paso.....	48	20,319	- 96	- 27	482	386,622	-84	
Fort Worth.....	288	373,650	+ 10	- 50	3,179	5,742,700	-43	
Galveston.....	130	102,029	+427	+ 44	815	887,945	-63	
Houston.....	240	330,245	+ 97	- 51	1,856	7,098,645	-36	
Lubbock.....	88	22,773	+ 17	- 17	773	207,838	-90	
Port Arthur.....	70	44,909	+476	+132	495	280,484	-18	
San Antonio.....	717	260,701	- 6	- 12	6,633	2,420,610	-41	
Shreveport, La.....	97	32,155	- 68	- 4	848	322,207	-84	
Waco.....	52	32,777	- 74	- 12	502	670,326	-41	
Wichita Falls.....	40	23,699	- 63	+ 41	238	177,124	-70	
Total.....	3,300	\$2,620,201	+ 23	+ 1	24,593	\$28,368,883	-50	

CRUDE OIL PRODUCTION—(Barrels)

	October, 1943		Increase or decrease in daily average production from	
	Total production	Daily avg. production	October, 1942	Sept., 1943
North Texas.....	7,055,800	227,606	- 549	-16,634
West Texas.....	10,940,150	352,908	+145,747	+24,001
East Texas.....	15,647,350	504,753	+ 58,292	- 5,437
South Texas.....	8,893,150	286,876	+123,686	+25,129
Texas Coastal.....	16,037,000	517,323	+206,645	+33,407
Total Texas.....	58,573,450	1,889,466	+533,821	+60,466
New Mexico.....	3,437,850	110,898	+ 12,050	+ 3,125
North Louisiana.....	2,503,500	80,758	- 17,129	- 1,174
Total District.....	64,514,800	2,081,122	+528,742	+62,417

SOURCE: Estimated from American Petroleum Institute weekly reports.

POPULATION SHIFTS, ELEVENTH FEDERAL RESERVE DISTRICT, 1940-1943

Bureau of the Census estimates of the civilian population as of March 1, 1943, based on the number of registrations for War Ration Book Two, indicate that substantial changes in the population of many of the counties in the Eleventh Federal Reserve District have occurred since 1940. Sixty-seven of the 311 counties in the district have experienced increases in civilian population, some ranging above 50 per cent, while the remaining 244 counties have experienced population decreases, 70 of them losing 20 per cent or more of their 1940 population.

As was observed in the October 1, 1943 issue of the Monthly

Business Review, the major increases in population in this district between 1940 and 1943 occurred in the metropolitan counties, whereas the non-metropolitan counties, as a whole, experienced a decline in population. The number of civilians in this district declined from 7,693,000 in April, 1940 to 7,560,000 in March, 1943, which is a somewhat smaller proportional decline than occurred in the United States.

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COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to This season	October 31 Last season	August 1 to This season	October 31 Last season
Cottonseed received at mills (tons).....	621,431	645,236	2,635,412	2,894,071
Cottonseed crushed (tons).....	338,876	353,097	1,262,319	1,368,050
Cottonseed on hand (tons).....	327,224	327,498	1,463,429	1,607,949
Production of products:				
Crude oil (thousand lbs.).....	97,227	104,465	383,675	425,160
Cake and meal (tons).....	157,185	156,545	575,401	599,003
Hulls (tons).....	80,660	88,531	296,393	331,387
Linters (running bales).....	102,001	103,281	375,901	401,968
Stocks on hand Oct. 31:				
Crude oil (thousand lbs.).....	17,383	20,641	55,857	60,540
Cake and meal (tons).....	21,312	62,548	56,692	133,515
Hulls (tons).....	19,582	39,014	37,302	75,380
Linters (running bales).....	72,506	36,722	233,436	101,262

SOURCE: United States Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	October 1943	October 1942	September 1943	August 1 to This season	October 31 Last season
	Consumption at:				
Texas mills.....	17,254	21,904	18,294	55,239	63,780
United States mills.....	846,209	973,086	872,109	2,560,578	2,857,733
U.S. stocks—end of month:					
In consuming establishments.....	2,203,829	2,075,172			
Public stg. & compresses.....	12,264,332	12,651,553			

The accompanying map and table show the percentage changes in the civilian population of counties and sections of the Eleventh District between April, 1940 and March, 1943.

The most noticeable gains in population occurred in the north coastal and south central sections of Texas and in southeastern Arizona. Seven of the 13 counties in north coastal Texas experienced unusually large gains in civilian population. The expansion of shipbuilding, chemical production, and petroleum refining in these counties was largely responsible for a large influx of workers. The largest gains in population in that section occurred around Houston, Galveston, Beaumont, Port Arthur, Orange and Freeport. The increase in population in south central Texas is concentrated in the San Antonio and Corpus Christi areas, where large military installations created a heavy demand for civilian workers. Expansion of civilian employment at military establishments and increased employment in copper mines was responsible for increases in population in southeastern Arizona.

Despite the large volume of war activity in north central Texas and the consequent increases in population in some counties in that area, the percentage decline in the population of the section as a whole was somewhat greater than that of the district. Population increases occurred in Dallas, Fort Worth, and Waco, where large war supply contracts were awarded, and around Brownwood, Mineral Wells, Gainesville, and Temple, where important military establishments are located, but workers were drained from surrounding agricultural areas and the decline in the population of such areas was pronounced.

Population declines occurred in all other sections of this district, although scattered counties within sections experienced marked gains in population. Expansion of employment in war plants near Texarkana, Dumas, and Amarillo, and the growth of military camps near El Paso, Abilene, Laredo, and Eagle Pass, Texas, and near several towns in southern New Mexico resulted in rapid increases in the civilian population of those communities.

The movement of workers within the Eleventh District has continued on a large scale since March, 1943. In May this year it was estimated that more than 50 communities in Texas would require immigration in order to meet prospective labor demands of local war plants and military establishments and in October there were still 20 communities which would require immigrants

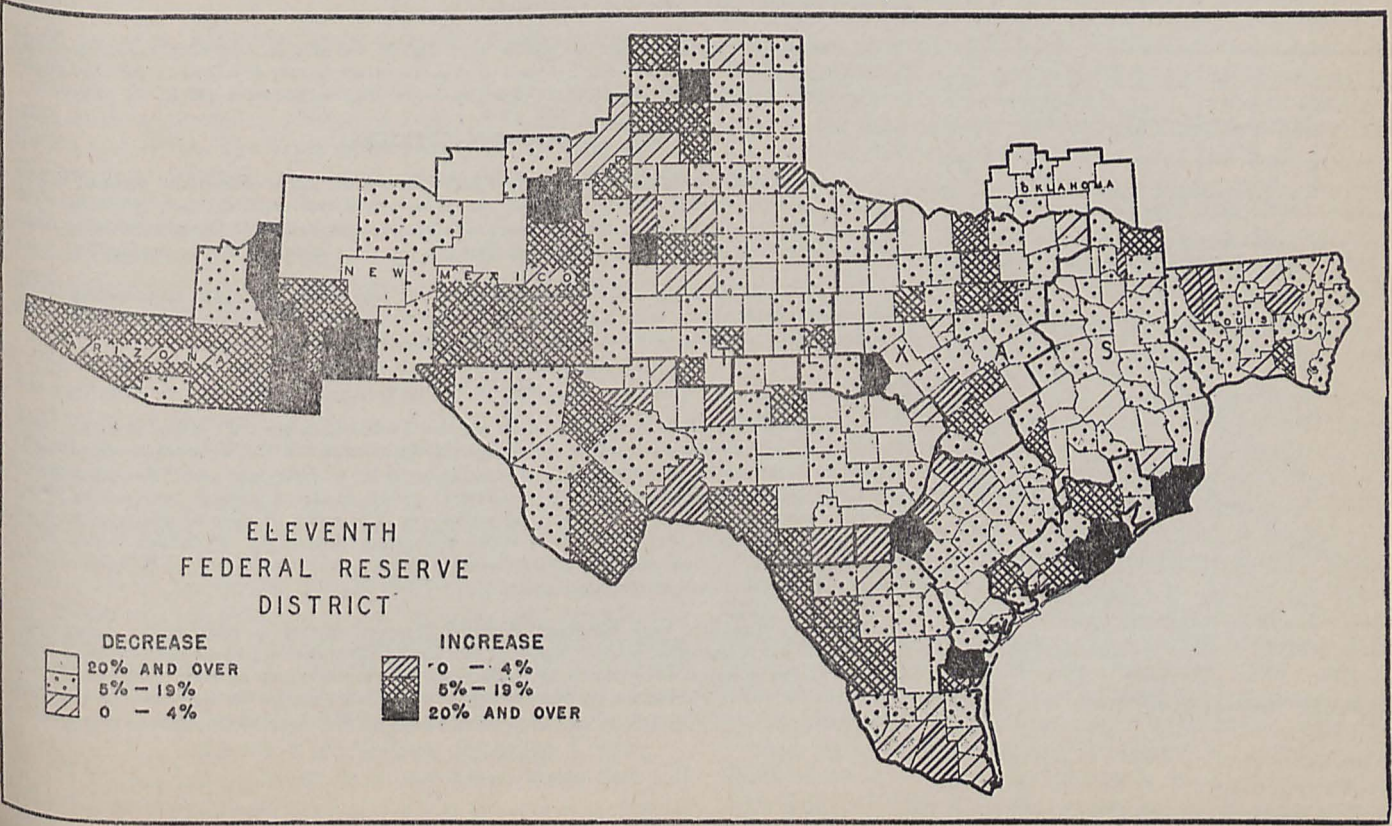
to supply prospective needs for additional workers. Since the March 1, 1943 estimate of population was made by the Bureau of the Census, expansion of war employment and concomitant increases in population have occurred in all of the north coastal cities, in Dallas and Fort Worth and in many other communities in this district. Shifts of population of some magnitude will probably continue in the area until peak war employment is reached early in 1944.

Long-term population trends in the Eleventh District have been accelerated by the war. The metropolitan counties which have experienced the greatest growth since 1940 are those which expanded more rapidly during the preceding three decades. Concentration of population in the north coastal and south central areas, one of the outstanding features of the population shift of 1940-1943, also characterized the 1930-1940 period. Thus the war seems to have speeded rather than diverted the stream of population movement in the district. It is probable, nevertheless, that the movement of persons within the district may be on as large a scale when military personnel is demobilized and readjustments occur in industrial employment as during the 1940-1943 period. Long-term community and business plans should take into account the probability of such a post-war redistribution of population.

ESTIMATED CIVILIAN POPULATION
(In thousands)

	March 1, 1943	April 1, 1940	Percentage Change
United States	128,281	181,323	- 2.4
Eleventh District	7,560	7,693	- 1.7
Metropolitan counties	2,639	2,359	+11.9
Outside metropolitan counties	4,921	5,334	- 7.8
Texas	6,342	6,381	- 0.6
Panhandle	757	793	- 4.6
West	401	411	- 2.4
North Central	1,736	1,782	- 2.4
East	934	1,089	-14.2
North Coastal	1,097	961	+14.1
South Central	1,021	950	+ 8.5
Southwest	386	395	- 2.3
Southeastern Arizona	155	136	+14.4
Southern New Mexico	233	241	- 3.3
Southeastern Oklahoma	146	187	-21.8
North Louisiana	684	748	- 8.5

PERCENTAGE CHANGES IN POPULATION, 1940 - 1943



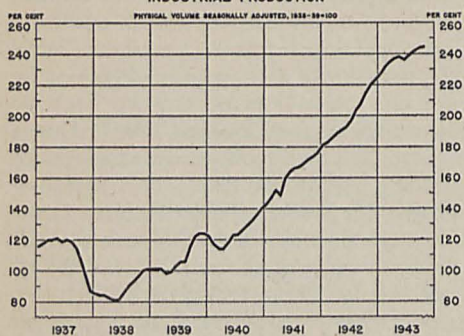
MONTHLY BUSINESS REVIEW

DECEMBER 1, 1943

NATIONAL SUMMARY OF BUSINESS CONDITIONS

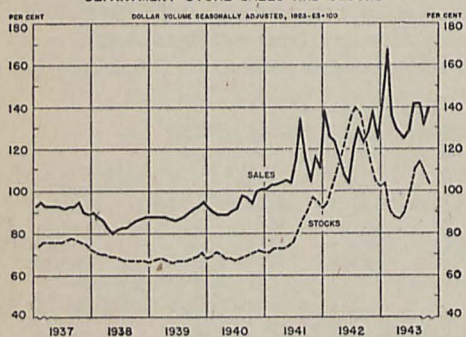
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



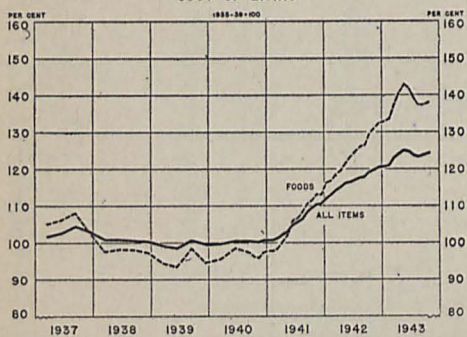
Federal Reserve index. Monthly figures, latest shown is for October, 1943.

DEPARTMENT STORE SALES AND STOCKS



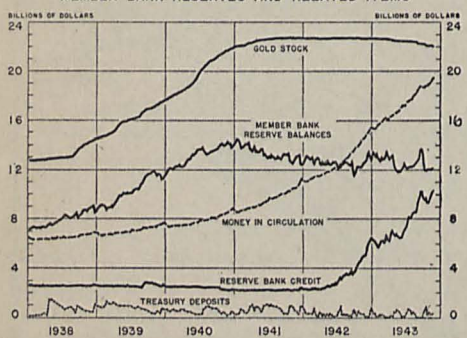
Federal Reserve indexes. Monthly figures, latest shown are for October, 1943.

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 October, 1943.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for November 17, 1943.

Industrial activity was maintained in record volume in October and the early part of November. Value of department store sales continued at an exceptionally high level.

INDUSTRIAL PRODUCTION

The total volume of industrial production continued to increase slightly in October and the Board's seasonally adjusted index was at 245 per cent of the 1935-39 average, as compared with 240 in July and 227 in January. War production in the machinery and transportation equipment industries showed a further rise, reflecting largely a new high level of production of aircraft, aircraft engines, and parts. The total number of planes accepted during the month was 8,362, or 11 per cent more than the average in the third quarter. Deliveries of cargo vessels from merchant shipyards continued at an annual rate of 20,000,000 deadweight tons.

Steel mills operated during October at the highest monthly rate during the war period. Production of nonferrous metals also continued to rise. Announcement of permission to use aluminum in additional types of war products and some essential industrial products followed rapidly increasing output of this metal. Lumber production declined somewhat more than usual at this season and the prospective supply situation remains critical notwithstanding reduced demand for lumber for building purposes. Output of stone, clay, and glass products as a whole showed little change and was at about the level of a year ago. Cement production in October was down 40 per cent from last year but production of other stone, clay, and glass products, like glass containers and asbestos and abrasive products, was considerably higher than last year.

Output of most nondurable goods showed little change from September to October. Food manufacturing as a whole continued in large volume, allowing for seasonal changes, although butter and cheese production declined. Output of butter was 11 per cent below last year in October and declined further in the early part of November. Meatpacking, however, was at an exceptionally high level in October and continued to increase sharply in the first three weeks of November. There was also a rise in production of wheat flour and other manufactured foods in October. Output of textile and leather products remained at the somewhat reduced rate of recent months, while production of rubber products and industrial chemicals increased. Coal production declined 6 per cent in October and dropped sharply further during the first week of November, but increased in the middle of November.

The value of construction contracts awarded in October, according to reports of the F. W. Dodge Corporation, continued at the low level of other recent months. Total awards this year have been 60 per cent smaller than in the corresponding period of 1942, when they were at the highest level of the war period.

DISTRIBUTION

Department store sales in October and the first half of November were 10 per cent larger in dollar volume than in the same period last year, and, allowing for seasonal changes, sales were somewhat higher than in the third quarter this year. Total consumer expenditures for commodities and services in the third quarter were at about the peak level prevailing in the first half of this year and were substantially larger than a year ago.

Carloadings of railway freight in October were slightly less than in September, reflecting chiefly declines in shipments of coal and ore. Loadings of grain increased sharply to a level 20 per cent greater than in October, 1942, and livestock shipments were the highest in recent years.

COMMODITY PRICES

Grain prices advanced in the early part of November, while prices of livestock declined as livestock marketings expanded sharply. Prices of certain industrial raw materials, such as cotton, wool, and nonferrous metal scrap, have also declined somewhat since the middle of October reflecting larger supplies and uncertainties as to the extent of demands for these materials in war production.

The total cost of living which had declined 1.4 per cent during the summer, according to the Bureau of Labor Statistics, rose .8 per cent from mid-August to mid-October. There were increases in prices of food, clothing, and a number of miscellaneous items.

BANK CREDIT

The average level of excess reserves at all member banks was around 1.1 billion dollars in mid-November reflecting some decline from the comparable October period. During the four weeks ending November 17 reserve funds were supplied to member banks by an increase of over 900 million dollars in the Government security portfolio of the Reserve Banks; increased holdings consisted largely of bills purchased under option and in part of certificates. The effect of these security purchases on excess reserve was more than offset, however, by a currency demand of 540 million dollars and a continued increase in required reserves as Treasury disbursements transferred funds from reserve-exempt war loan accounts to private deposits.

Following substantial bank purchases of special Treasury offerings in mid-October, Government security holdings at reporting member banks in 101 leading cities declined somewhat over the following month. The principal decrease was in holdings of bills at banks outside New York. Commercial loans while decreasing during the past two weeks, showed a net gain for the four-week period, while loans on securities, which rose to a high level during the Third War Loan Drive, declined substantially.