

# MONTHLY BUSINESS REVIEW

## of the FEDERAL RESERVE BANK of Dallas

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### DISTRICT SUMMARY

Business and industrial activity in the Eleventh District during November and early December continued at the high level of other recent months and several new records were established. Department store sales in November were 37 per cent above the large volume in November, 1942, and preliminary reports indicate that December sales were substantially in excess of those in December, 1942. The fact that money in circulation in the district rose to a new all-time level in November may explain in part the record volume of cash sales at department stores. Daily average production of crude petroleum in the district, which has been expanding rather rapidly since April, 1943, rose to another new peak in November. Stocks are being accumulated in anticipation of the increased demand which will arise as additional transportation facilities are completed early in 1944.

### BUSINESS

November witnessed another sharp gain in department store sales in the Eleventh District. Total sales were slightly above those in October and 37 per cent above those in November, 1942. A further indication of the extent of the increase in sales is found in the fact that sales in November, 1942 were 23 per cent above those in November, 1941. The percentage increase in sales in the Eleventh District during November, 1943 was greater than in any other Federal Reserve District and more than twice as great as the average increase in the nation. A large part of the increased volume of sales in this district consisted of cash sales, which accounted for slightly more than half of total sales. On the other hand, credit sales increased at a slower rate than total sales. Regular monthly account sales were 28 per cent above those in November, 1942, while instalment account sales were up 31 per cent. Collections on regular accounts and instalment accounts rose to new peaks during the month. Collections on regular accounts outstanding at the first of November amounted to 66 per cent, while instalment account collections averaged 37 per cent.

Despite the heavy and continuous increase in sales, department store stocks at the end of November averaged 13 per cent above those a year earlier. The larger dollar volume of stocks, however, was not evenly distributed throughout the district. Among the various reporting centers the retail value of inventories at the end of November, 1943, as compared with a year earlier, ranged from a decline of 14 per cent to a gain of 44 per cent. Orders outstanding at the end of the month were 150 per cent above those at the end of November, 1942.

### AGRICULTURE

Generous rains during November and the first half of December contributed to the development of excellent soil conditions in the vegetable producing sections of Texas and favored progress of citrus fruit, but interfered slightly with harvesting and planting operations. Shipments of vegetables through November, 1943 were somewhat below the level of the same period in 1942. Preliminary estimates of the acreage and yields per acre of truck crops as of December 1, 1943 indicate that production of cabbage, beets, carrots and spinach will be larger in Texas during the winter of 1944 than in 1943 or the 1933-1942 average, and that production of most other vegetables will be near average. Production of citrus fruit in Texas during the 1943-1944 season is expected to approach or exceed that of preceding seasons. A crop of 3,100,000 boxes of oranges and 17,200,000 boxes of grapefruit was indicated in the State on December 1, 1943.

The serious drought situation in northwest Texas that had retarded development of small grains and pastures was relieved

early in December by rain and snow. Improvement in the moisture situation may have come too late, however, to offset completely the effects of the drought. Range conditions in most sections of the Eleventh District were much less favorable on December 1, 1943 than at the same time in 1942. Range and pasture feeds are dry and short in Oklahoma, Arizona, New Mexico, much of western, northern and central Texas and in portions of the Edwards Plateau, but are fair to excellent in southern and eastern counties of Texas. The condition of cattle and sheep in the Eleventh District held up well during November and at the end of the month was still fair to good. Livestock in this district, however, entered this winter in less favorable condition than in 1942, and the supply of feed per head is considerably smaller. Livestock receipts at representative Texas markets in November were near the peak for that month. There are indications that the number of cattle and lambs fed this winter may be larger than was anticipated earlier. Sharp drops in the prices of stocker and feeder cattle and of feeder lambs, relative to the prices of finished animals, encouraged feeding operations and stimulated a large movement to feed lots in November. In view of the high prices of feed grains and the general shortage of feed, it is probable that livestock will be marketed after a short feeding period.

The 1943 Texas cotton crop, which the Department of Agriculture estimates will total 2,860,000 bales as compared with 3,038,000 bales produced in 1942 and the 1932-1941 average of 3,419,000 bales, is somewhat higher in grade but shorter in staple length than in 1942. Approximately 8,000,000 acres of cotton were harvested in the State in 1943, or 44,000 acres fewer than were harvested in the preceding year. The indicated yield of 172 pounds of lint cotton per acre in Texas is considerably larger than the 1932-1941 average but 10 pounds smaller than in 1942. The total cotton acreage harvested in the other states partially included in this district was substantially smaller and the lint yield per acre in Arizona and Oklahoma was below that of 1942. Cotton production in Louisiana was somewhat larger than average and production in New Mexico did not vary markedly from earlier years, but the decline in production in Oklahoma and Arizona was pronounced. The 1943 cotton crop of the United States is estimated at 11,478,000 bales, as compared with 12,817,000 bales in 1942 and the 1932-1941 average of 12,474,000 bales. The acreage harvested in the United States was somewhat smaller in 1943 than in preceding years, but the lint yield per acre of 252 pounds, although smaller than in 1942, was considerably larger than the 10-year average.

### FINANCE

The reserve balances of member banks rose gradually during the first half of November and remained at a high level during the second half of the month. Although daily balances did not surpass the record of \$541,000,000 established in the early part of September, the range of fluctuations was narrower than in other recent months and average reserve balances attained a new all-time peak of \$500,000,000. The sustained increase in reserve balances enabled member banks to cushion the effects of the heavy withdrawals from war loan accounts by the Treasury and the subsequent return of the funds to banks in the form of demand deposits. During November the net demand deposits of reserve city banks increased \$100,000,000 while at country banks the increase amounted to \$91,000,000. Although average reserve balances during November were \$19,000,000 above those in October, the increase in required reserves was even larger with the result that excess reserves declined to \$94,-



000,000 during the second half of November, the lowest level in the past year and a half.

The loan volume of weekly reporting member banks in the district was affected by two counteracting developments during November and the early part of December. On the one hand, commercial, industrial and agricultural loans experienced a moderate seasonal increase, rising to \$221,000,000 during the week ended December 8. Because of this gain the present volume of commercial, industrial and agricultural loans is about the same as at the beginning of 1943. The other development exerted a downward influence on the loan volume. During the Third War Loan Drive loans to brokers and dealers in securities, other loans for security trading and "all other" loans increased sharply, both in this district and in other parts of the nation. These loans enabled dealers, individuals and other nonbank investors to enter larger subscriptions for the various Treasury offerings during the drive than would have been possible otherwise. In general, these loans pursued an irregular downward trend during November and early December, and although they are still somewhat above the average for 1943, the decline was more than sufficient to offset the seasonal increase in commercial, industrial and agricultural loans. Consequently, total loans on December 8 of \$322,000,000 were \$16,000,000 below the high level reached during the week ended October 6, but they are still well above the volume outstanding during most of the year.

Recent changes in the investments of weekly reporting banks reflected mainly efforts of individual banks to adjust their portfolios and to bolster their reserve position. Total holdings of direct obligations of the United States Government declined moderately during November and the early part of December, the decline being due largely to a reduction of about \$15,000,000 in holdings of Treasury bills. Holdings of certificates of indebtedness rose to \$278,000,000 on December 8, or \$8,000,000 above the amount held a month earlier. A small increase in holdings of Treasury notes was more than offset by a decline in Treasury bonds. Holdings of guaranteed obligations and non-governmental securities remained fairly stable during November and the first week in December.

The demand for currency in this district continued to increase during November. The average circulation of the Federal Reserve notes of this bank amounted to \$394,000,000 as compared with an average circulation of \$230,000,000 during November, 1942. During the early part of December, the circulation of this bank's Federal Reserve notes attained an all-time peak of \$414,000,000.

### INDUSTRY

Daily average production of crude oil in the Eleventh Federal Reserve District, which has increased rapidly since April, 1943, rose to a new peak of 2,115,000 barrels in November and was 545,000 barrels larger than in the same month in 1942. Approximately 80 per cent of the marked increase in production since April was accomplished by expanding production in coastal, southwest and west Texas. Production rose moderately in New Mexico and in north, east central and east Texas, but declined in the Texas Panhandle and in north Louisiana.

The expansion of production of crude oil in the Eleventh District has been closely related to the improvement in the petroleum transportation situation. As new over-land transportation facilities were brought into operation and the ocean transportation situation improved, fields in the Southwest were called upon to supply increasing quantities of crude oil. During the week ended November 30, 1943, shipments of petroleum and petroleum products to the East Coast averaged 1,704,000 barrels daily, as compared with 1,140,000 barrels during the comparable week in 1942. Shipments by pipe lines were 300,000 barrels larger and shipments by tankers and barges were 280,000 barrels larger. Military demands for petroleum products on the East Coast have likewise increased, and it has not been possible to

### CONDITION OF THE FEDERAL RESERVE BANK (Thousands of dollars)

	Dec. 15, 1943	Dec. 15, 1942	Nov. 15, 1943
Total cash reserves	\$540,791	\$515,135	\$609,497
Discounts for member banks	83	38	25
Industrial advances	15	131	16
U. S. Government securities	438,725	230,964	334,358
All other investments	None	145	None
Total earnings assets	438,823	231,278	334,399
Member bank reserve deposits	525,496	485,746	508,585
Federal Reserve notes in actual circulation	407,607	241,769	393,853

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

	Dec. 8 1943	Dec. 9 1942	Nov. 3 1943
Total loans and investments	\$1,359,515	\$905,411	\$1,368,610
Total loans	321,960	306,487	322,179
Commercial, industrial, and agricultural loans	221,279	224,701	212,054
Loans to brokers and dealers in securities	2,887	3,700	4,062
Other loans for purchasing or carrying securities	21,037	10,951	24,761
Real estate loans	19,778	20,259	19,575
Loans to banks	93	204	88
All other loans	56,886	46,672	61,599
Total investments	1,037,555	598,924	1,046,431
U. S. Treasury bills	104,809	66,788	119,381
U. S. Treasury certificates of indebtedness	278,147	82,376	269,587
U. S. Treasury notes	146,201	106,196	145,940
U. S. Government bonds	410,597	244,378	414,131
Obligations Guaranteed by United States Gov't.	46,283	39,765	45,574
Other securities	51,518	59,421	51,818
Reserves with Federal Reserve Bank	293,025	296,988	285,276
Balances with domestic banks	227,740	294,510	234,225
Demand deposits—adjusted*	1,044,395	836,697	980,334
Time deposits	159,617	131,173	153,569
United States Government deposits	174,365	50,705	261,706
Interbank deposits	448,352	428,954	438,585
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
November, 1941	\$1,742,346	\$238,156	\$998,310	\$132,532	\$744,036	\$105,624
November, 1942	2,420,463	228,284	1,363,582	127,231	1,056,881	101,053
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
October, 1943	3,181,242	248,607	1,705,587	148,123	1,475,655	100,483
November, 1943	3,289,107	255,839	1,750,074	153,980	1,539,034	101,869

### DEBITS TO INDIVIDUAL ACCOUNTS (Thousands of dollars)

	November 1943	November 1942	Pctg. change over year	October 1943	Pctg. change over month
Abilene	\$ 17,449	\$ 17,478	—†	\$ 17,737	—2
Amarillo	43,372	45,305	—4	40,829	+6
Austin	69,006	67,753	+2	68,984	+†
Beaumont	56,675	43,132	+31	54,431	+4
Corpus Christi	43,059	39,133	+10	45,306	—5
Corsicana	6,564	5,563	+18	6,761	—3
Dallas	478,815	420,494	+14	486,385	+3
El Paso	62,990	58,828	+7	55,650	+12
Fort Worth	200,369	155,543	+29	198,195	+1
Galveston	42,348	34,923	+21	42,995	—2
Houston	481,850	398,626	+21	450,555	+†
Laredo	10,875	9,358	+16	10,424	+4
Lubbock	33,858	25,822	+31	29,386	+15
Monroe, La.	16,410	17,572	—7	18,380	—11
Port Arthur	22,180	15,973	+39	21,493	+3
Roswell, N. M.	8,937	8,196	+9	8,117	+10
San Angelo	13,405	14,125	—5	15,658	—14
San Antonio	134,206	118,243	+14	130,601	+3
Shreveport, La.	70,974	62,654	+13	70,323	+1
Texarkana*	17,326	14,778	+17	18,789	—8
Tucson, Ariz.	26,050	22,369	+16	28,236	—8
Tyler	20,976	14,250	+47	19,119	+10
Waco	25,428	25,676	—1	25,923	—2
Wichita Falls	24,635	21,237	+16	24,777	+1
Total—24 cities	\$1,927,757	\$1,657,031	+16	\$1,918,474	+†

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

### SAVINGS DEPOSITS

	November 30, 1943			Percentage change in savings deposits from	
	Number of reporting banks	Number of savings depositories	Amount of savings deposits	Nov. 30, 1942	October 31, 1943
Beaumont	3	10,994	\$ 4,847,971	+ 8.9	+ 1.8
Dallas	8	94,894	34,319,395	+27.6	+ 3.1
El Paso	2	22,138	10,356,675	+36.8	+ 2.6
Fort Worth	3	34,113	16,549,206	+27.0	+ 2.5
Galveston	4	19,340	12,821,671	+17.4	+ 1.9
Houston	10	78,830	38,717,158	+17.5	+ 2.0
Lubbock	2	896	466,523	+12.0	+ 7
Port Arthur	2	5,132	3,333,521	+12.5	+ 2.3
San Antonio	5	29,366	22,386,733	+19.5	+ 2.0
Shreveport La.	3	26,833	13,464,681	+14.9	+ 1.8
Waco	3	7,519	4,748,218	+ 9.3	+ 1.7
Wichita Falls	3	6,887	3,551,017	+ 2.7	+ 1.8
All other	59	50,513	29,565,917	+ 8.2	+ 1.7
Total	107	386,955	\$195,128,686	+18.4	+ 2.2



accumulate reserves of crude oil in that area. At the end of November, stocks outside this district were somewhat smaller than at the same time in 1942 and were substantially smaller than on comparable dates in preceding years. Stocks of crude oil in the Eleventh District are being accumulated in anticipation of the increased demand for oil which will arise when transportation facilities now under construction are completed early in 1944 and at the end of November were larger than at any time during the last five years. Drilling activity, as measured by daily average well completions, has expanded slightly in this district and in other areas during recent months, but is still below the level maintained prior to 1942.

Consumption of cotton at United States mills during the period from August 1 to November 30, 1943 was nine per cent smaller than during the same period of 1942, but larger than during the first four months of any other season of record. The decline in consumption of cotton at the mills during the first four months of this season as compared with consumption during the same period in 1942 reflects increased shortage of labor rather than curtailed demand. Although it was anticipated early this season that military demand for cotton textiles would decline considerably, contracting for cotton textiles by the armed services and for Lend-Lease requirements has continued in large volume, with the result that the supply of cotton textiles available for civilians has not increased appreciably. Cotton consumption at Texas mills declined somewhat more than at United States mills as a whole during the first four months of the 1943-1944 season, but was larger than during comparable periods in years prior to 1941.

The value of construction contract awards in the Eleventh Federal Reserve District in November, 1943 was the lowest for that month since 1936 and smaller than in any month since January, 1937. The trend of construction awards in this district has been downward since December, 1942. During the period from March through October, 1943 the value of awards was smaller than during the same period in 1940, 1941 or 1942. November, 1943 was the first month, however, in which awards dropped materially below the levels maintained during the 1937-

1940 period. The marked decline in November was largely attributable to the drop in awards for publicly financed and other war housing. Virtually all major war construction projects in this district were completed or near completion prior to November. Unless additional large war projects are undertaken, construction activity will probably continue at a low level until the rigid restrictions on non-war construction are relaxed.

## LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	Nov. 1943	Nov. 1942	October 1943	Nov. 1943	Nov. 1942	October 1943
Cattle .....	84,972	91,602	91,579	27,364	37,488	28,939
Calves .....	65,704	69,762	70,331	35,263	56,003	32,701
Hogs .....	96,404	55,693	88,921	15,274	11,733	12,546
Sheep .....	176,382	144,879	199,796	46,082	27,712	48,050

VALUE OF CONSTRUCTION CONTRACTS AWARDED  
(Thousands of dollars)

	November 1943	November 1942	October 1943	January 1 to November 30 1943	1942
Eleventh District—total...	\$ 7,763	\$ 55,114	\$ 23,347	\$ 318,718	\$ 818,268
Residential .....	3,080	7,653	6,905	81,648	126,903
All other .....	4,683	47,461	16,442	237,070	691,365
United States*—Total .....	184,399	654,184	213,529	3,627,048	7,546,345
Residential .....	58,384	156,654	69,739	908,784	1,658,081
All other .....	126,015	497,530	143,790	2,718,264	5,888,264

\*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

## BUILDING PERMITS

	November, 1943		Percentage change valuation from		Jan. 1 to Nov. 30, 1943		Percentage change valuation 1942	
	No.	Valuation	Nov., 1942	Oct., 1943	No.	Valuation	1942	
Abilene .....	17	\$ 27,045	—	—	16	246	\$ 230,538	—81
Amarillo .....	39	8,580	—	—	89	528	609,940	—33
Austin .....	91	33,698	+138	—	4	966	342,524	—78
Beaumont .....	129	73,614	+171	+171	1,216	2,269,759	—	8
Corpus Christi .....	89	78,010	—	—	16	1,171	3,034,337	—68
Dallas .....	781	952,364	+144	—	14	5,791	4,880,595	—22
El Paso .....	53	36,041	—	—	77	535	422,663	—83
Fort Worth .....	400	561,875	+280	+ 50	3,579	6,304,575	—	38
Galveston .....	122	90,361	+345	—	11	937	958,306	—60
Houston .....	222	364,035	+ 85	+ 10	2,078	7,462,680	—	34
Lubbock .....	98	25,071	+120	+ 10	871	232,909	—	89
Port Arthur .....	48	18,400	+109	—	59	543	298,884	—14
San Antonio .....	638	152,095	—	—	42	7,271	2,572,705	—42
Shreveport, La. ....	101	50,639	+400	+ 57	959	372,846	—	81
Waco .....	59	66,300	—	+102	561	736,626	—	43
Wichita Falls .....	37	10,665	—	—	55	275	187,789	—71
Total .....	2,924	\$2,548,793	+ 41	— 3	27,527	\$30,917,676	—	48

\*Indicates change over 1000 per cent.

## CRUDE OIL PRODUCTION—(Barrels)

	November, 1943		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Nov., 1942	October, 1943
North Texas .....	6,841,200	228,040	+ 3,695	+ 434
West Texas .....	10,784,100	359,470	+ 61,227	+ 6,562
East Texas .....	15,431,900	514,397	+ 42,104	+ 9,644
South Texas .....	8,926,800	297,560	+ 71,873	+10,684
Texas Coastal .....	15,727,500	524,250	+222,678	+ 6,927
Total Texas .....	57,711,500	1,923,717	+401,577	+34,251
New Mexico .....	3,382,800	112,760	+ 30,795	+ 1,862
North Louisiana .....	2,862,300	78,743	— 38,289	— 2,015
Total District .....	63,456,600	2,115,220	+394,083	+34,098

SOURCE: Estimated from American Petroleum Institute weekly reports.

## COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to November 30 This season	Last season	August 1 to November 31 This season	Last season
Cottonseed received at mills (tons) .....	798,824	862,880	3,309,771	3,710,483
Cottonseed crushed (tons) .....	503,631	533,411	1,884,351	2,074,615
Cottonseed on hand Nov. 30 (tons) .....	339,862	362,424	1,514,196	1,714,639
Production of products:				
Crude oil (thousand lbs.) .....	146,621	155,387	575,722	640,125
Cake and meal (tons) .....	235,552	237,469	865,355	912,999
Hulls (tons) .....	118,901	132,665	439,483	500,583
Linters (running bales) .....	151,090	157,776	560,659	618,143
Stocks on hand November 30:				
Crude oil (thousand lbs.) .....	18,686	20,947	59,954	62,255
Cake and meal (tons) .....	23,051	59,790	65,353	117,440
Hulls (tons) .....	20,284	38,704	39,154	71,848
Linters (running bales) .....	82,561	44,018	259,273	151,430

SOURCE: United States Bureau of Census.

## WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in:				Stocks†	
		Net sales	Nov. 1943 from Nov. 1942	Nov. 30, 1943 from Oct. 1943	Nov. 1943 from Nov. 1942	Nov. 1943 from Oct. 1943	
Retail trade:							
Department stores:							
Total 11th Dist. ....	46	+37	+ 4	+37	+13	— 7	
Dallas .....	7	+52	+ 2	+46	+16	— 8	
Fort Worth .....	4	+41	+ 4	+42	—14	—10	
Houston .....	7	+31	+ 6	+33	— 9	— 5	
San Antonio .....	5	+31	+ 4	+34	+44	— 4	
Shreveport La. ....	3	+23	— 4	+17	—	—	
Other cities .....	20	+26	+ 9	+34	+18	— 6	
Retail furniture:							
Total 11th Dist. ....	71	+14	+ 5	—	—25	— 4	
Dallas .....	9	+16	+ 3	—	—36	— 8	
El Paso .....	3	+31	+21	—	—25	— 8	
Fort Worth .....	3	+36	+ 3	—	—	—	
Houston .....	8	+31	+ 4	—	—44	— 3	
San Antonio .....	3	+ 2	— 1	—	—	—	
Independent stores:*							
Arizona .....	—	—	—	—	—	—	
New Mexico .....	—	—	—	—	—	—	
Oklahoma .....	367	+32	+ 2	+32	—	—	
Texas .....	948	+34	+ 2	+30	—	—	
Wholesale trade:*							
Drugs .....	6	+24	— 5	+30	—	—	
Electrical supplies ..	3	+25	— 5	—	—	—	
Groceries .....	30	+22	— 4	+18	+ 6	+ 6	
Hardware .....	14	+26	+ 5	—11	—10	— 2	
Surgical equipment ..	6	+33	+ 2	+ 9	+ 5	+ 1	
Tobacco & products ..	3	+23	— 5	+15	—	—	

\*Compiled by United States Bureau of Census.

†Stocks at end of month.

## INDEXES OF DEPARTMENT STORE SALES AND STOCKS

	November 1943	October 1943	September 1943	November 1942
Sales (1935-1939=100)				
Without seasonal adjustment .....	269	250	232	204
With seasonal adjustment .....	226	231	211	173
Stocks (1923-1925=100)				
Without seasonal adjustment .....	111	119	119	100r
With seasonal adjustment .....	99	105	108	89r

r-Revised.

## DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	November 1943	November 1942	October 1943	August 1 to November 30 This season	Last season
Consumption at:					
Texas mills .....	15,882	21,048	17,254	71,121	84,828
United States mills .....	858,813	912,920	846,269	3,419,391	3,770,653
U. S. stocks—end of month:					
In consuming establishments .....	2,388,772	2,409,313	—	—	—
Public stg. & compresses .....	12,936,375	13,642,209	—	—	—

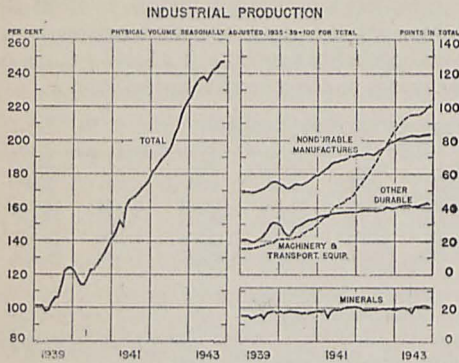


# MONTHLY BUSINESS REVIEW

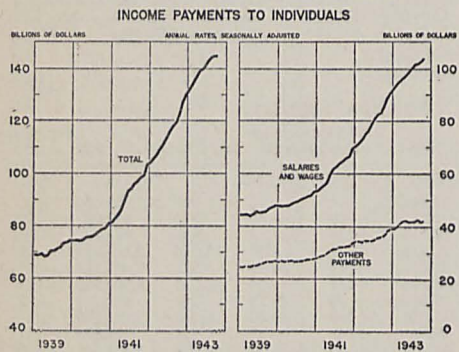
JANUARY 1, 1944

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

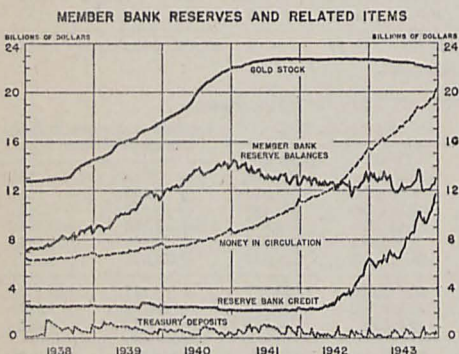
(Compiled by the Board of Governors of the Federal Reserve System)



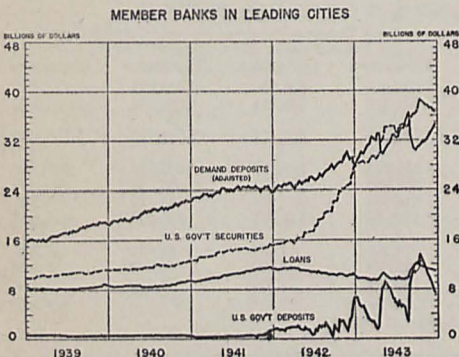
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for November, 1943.



Based on Department of Commerce estimates. Wages and salaries include military pay. Monthly figures raised to annual rates, latest shown are for October, 1943.



Wednesday figures, latest shown are for December 15, 1943.



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 December 15, 1943.

Industrial activity was maintained at a high level in November and the early part of December. Value of retail sales during the Christmas buying season has been larger than last year's record sales.

### INDUSTRIAL PRODUCTION

Industrial production in November was at 247 per cent of the 1935-39 average, the same as in October and 2 points higher than in September according to the Board's seasonally adjusted index. Further increases in munitions production in November were offset in the total index by smaller output of coal and steel.

The reduction in steel output from the high October rate was small and reflected partly a decline in war orders for some types of steel products. Activity in the machinery and transportation equipment industries continued to rise in November. The Board's machinery index, which had been stable from April to August, advanced 5 per cent in the past 3 months as a result of increases in output of electrical equipment and other machinery, which includes aircraft engines.

Total output of nondurable goods in November continued at the level of recent months. Activity in woolen mills showed little change as increased production of civilian fabrics, resulting from the lifting of restrictions on the use of wool, offset-reduced output of military fabrics. Production of manufactured food products continued at a high level. Federally inspected meat production in November was one-fourth larger than a year ago. Newsprint consumption in November declined to a level 15 per cent below the same month last year. Output in the rubber products and petroleum refining industries continued to increase.

Coal production increased sharply in the latter part of November but for the month as a whole bituminous coal output was down 9 per cent from October and anthracite 19 per cent. In the early part of December output of bituminous coal was at the highest rate in many years.

### DISTRIBUTION

Notwithstanding a reduced selection of merchandise, department store sales in November were about 10 per cent greater than the large volume of sales in November 1942, and in the first three weeks of December sales were about the same as a year ago. Value of department store stocks at the end of October was reported to be 9 per cent smaller than a year ago and it is estimated that, contrary to the usual seasonal movement, stocks declined in November.

Freight carloadings were maintained in large volume in November and in the first half of December. Loadings of coal during the four weeks ending December 11 were at the highest rate in many years, following a sharp drop in the first half of November. Shipments of grain and livestock were in unusually large volume for this time of year.

### COMMODITY PRICES

Grain prices continued to advance from mid-November to mid-December and reached levels more than one-fourth higher than a year ago. Wholesale prices of other farm and food products showed little change, while prices of various industrial commodities, including coal, were increased somewhat.

The cost of living, which had increased .4 per cent in October, declined .2 per cent in November, according to the Bureau of Labor Statistics index.

### BANK CREDIT

Excess reserves at all member banks fluctuated around one billion dollars in November and December, maintaining an average level slightly below that which prevailed during the previous month. During the five weeks ending December 22, reserve funds were absorbed by a pre-holiday rise in money in circulation of about 800 million dollars, and required reserves continued to increase as Treasury expenditures transferred funds from Government accounts to private deposits. Needed reserves were supplied to member banks through an increase of 1.7 billion dollars in Government security holdings at the Reserve Banks. Additions to Treasury bill holdings accounted for the larger part of the increase, but certificate holdings also rose substantially.

During November and the first half of December, loans and investments at reporting member banks in 101 leading cities declined by around 2½ billion dollars, after increasing by 6¼ billion in September and October. Holdings of all types of Government securities decreased. Bill holdings, mainly because of sales to the Reserve Banks, showed the largest decline. Loans for purchasing or carrying securities continued to decline over the period.



# A SUPPLEMENT TO THE MONTHLY BUSINESS REVIEW

of the

Federal Reserve Bank of Dallas

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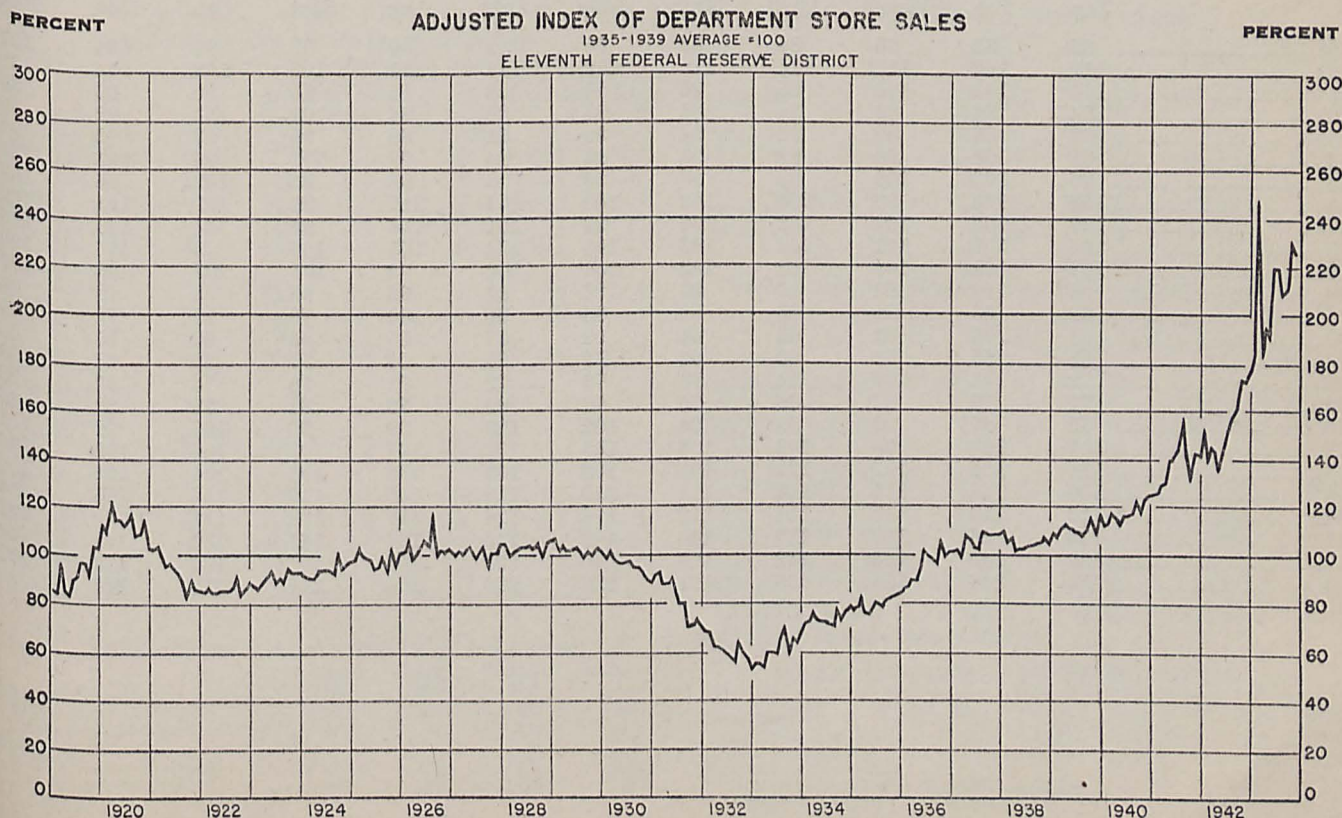
## *Revised Index of Eleventh Federal Reserve District Department Store Sales*

The Research and Statistical Department of the Federal Reserve Bank of Dallas has completed a revision of its index of department store sales in the Eleventh Federal Reserve District. The revision was undertaken as a part of a general revision of the department store sales indexes prepared by the Federal Reserve System, and the new Eleventh District index will be used along with comparable indexes for other Federal Reserve districts in the revision of the national index of department store sales compiled by the Division of Research and Statistics of the Board of Governors of the Federal Reserve System. The sales of the larger number of department stores now reporting to this Bank are included in the index and the series has been adjusted to reflect the sales trend indicated by the Census department store sales data for 1929 and 1939 recently made available to the Bank on a District basis. The new index has been computed on a 1935-1939 base and the seasonal adjustment factors have been revised and brought up to date.

The Bank's reporting sample was increased to obtain a more adequate coverage of the sales of independent and chain department stores and to add a representative group of the retail outlets of Sears, Roebuck and Company, Montgomery Ward and Company, and J. C. Penney Company. In 1939, the last Census year, the Bank's sample of all department store sales constituted approximately 55 per cent of the total department store sales in the district.

One of the problems involved in handling a voluntary reporting system is the maintenance of continuity of data for cooperating stores. Moreover, developments in certain sections of the district make it desirable to add new stores to the reporting list from time to time in order to give adequate representation to those areas where significant changes are taking place. In revising the index a technique was adopted which permits the use of a changing sample. Appropriate adjustments are made in the base when new stores, or stores previously in business, begin reporting, when stores cease reporting but continue in business, and when reporting stores are liquidated. The revised index of sales is based on data from the 48 reporting stores at the present time, and the method used for adjusting the base makes it possible to add other monthly reporting department stores to the sample at any time provided sales figures are available for the year preceding the date of entry.

In the construction of the index, daily average sales were used and were computed by dividing the monthly sales totals by the appropriate number of trading days in the respective months. Sundays, New Year's Day, Independence Day, Thanksgiving, and Christmas were considered as nontrading days. A special study showed that, in general, Saturday had no special importance as a trading day and, consequently, no special allowance was made in the computation of the number of trading days in months having five Saturdays.





# MONTHLY BUSINESS REVIEW

The index has been adjusted to levels indicated in the 1929 and 1939 Census reports of department store sales. District totals of department store sales which were necessary for this adjustment were made available through a special tabulation by the Bureau of the Census. The trend of sales as shown by the Bank's sample corresponded very closely with that indicated by Census data with the result that only a small adjustment was necessary.

The principal revision in the index was for the period from 1929 to 1943 inclusive. The index prior to 1929 represents a

recomputation of the old index on a 1935-1939 base.

Seasonal adjustment factors were computed using the method described in the Federal Reserve Bulletin for June, 1941. Special adjustments were necessary for the months of March and April to make allowance for the change in the date of Easter.

The accompanying chart and tables show the movements of department store sales in the Eleventh Federal Reserve District from 1919 to date.

## UNADJUSTED INDEX OF DEPARTMENT STORE SALES (1935-1939 average=100)

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Year
1919	73	70	90	83	85	86	66	68	101	106	120	165	93
1920	96	92	119	109	118	108	83	82	111	126	132	164	112
1921	88	87	99	90	98	91	68	61	87	104	99	137	92
1922	71	72	79	83	88	80	61	59	97	96	99	142	86
1923	74	72	87	85	97	85	65	61	102	108	108	149	91
1924	78	76	85	91	97	89	66	63	108	109	112	155	94
1925	84	88	96	97	102	88	66	68	100	119	111	162	98
1926	88	90	96	96	108	96	71	81	106	118	117	167	103
1927	84	86	94	102	109	98	68	72	102	117	117	177	101
1928	86	85	98	99	108	92	70	72	113	112	122	180	103
1929	83	84	107	96	102	93	69	74	105	114	124	173	104
1930	76	85	91	99	96	87	66	72	101	107	108	149	96
1931	70	77	83	88	89	75	55	61	75	83	86	121	81
1932	52	56	60	60	61	52	39	43	69	73	65	90	61
1933	41	46	48	62	60	52	45	55	64	78	73	119	62
1934	54	61	75	72	73	64	50	56	86	81	87	137	76
1935	58	65	76	78	75	72	58	63	91	89	94	144	80
1936	65	72	83	88	94	93	73	79	107	121	111	170	97
1937	76	84	94	100	106	94	75	86	119	125	120	177	105
1938	81	87	95	100	101	91	76	85	116	119	120	176	106
1939	84	89	101	111	110	97	82	90	121	129	124	200	112
1940	89	94	115	107	111	99	86	102	134	127	141	210	117
1941	100	105	119	128	140	119	105	141	156	143	166	234	138
1942	128	116	137	137	136	122	112	138	177	188	204	287	157
1943	158	204	168	193	191	183	160	183	232	250	269		

## ADJUSTED INDEX OF DEPARTMENT STORE SALES (1935-1939 average=100)

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
1919	85	83	96	84	82	90	91	97	97	91	104	103	
1920	113	109	122	115	115	112	114	117	107	108	114	102	
1921	103	104	100	95	96	94	92	88	83	90	86	85	
1922	84	86	84	84	85	85	85	86	91	83	86	89	
1923	87	86	88	91	94	89	91	89	95	93	93	93	
1924	91	90	90	92	94	94	94	92	101	94	96	97	
1925	98	103	100	99	98	94	95	99	93	102	95	101	
1926	102	106	98	100	103	106	104	117	99	102	101	102	
1927	100	102	100	102	103	99	101	104	95	101	101	105	
1928	105	100	101	102	103	103	104	103	105	99	105	106	
1929	107	102	104	102	102	103	102	99	101	100	102	102	
1930	98	102	98	97	96	96	97	95	95	93	90	88	
1931	92	93	88	88	89	83	80	80	70	71	73	71	
1932	68	68	62	62	61	59	57	55	64	60	57	53	
1933	55	55	53	60	60	59	65	70	59	66	64	68	
1934	72	73	77	74	73	73	72	71	78	73	77	79	
1935	77	78	82	76	75	79	80	79	81	82	83	84	
1936	86	87	90	89	94	102	100	99	96	106	99	101	
1937	101	102	99	108	106	103	102	107	107	106	106	106	
1938	107	105	107	101	102	102	103	103	104	104	106	104	
1939	109	108	111	113	111	110	110	108	110	115	109	116	
1940	112	113	117	115	112	116	116	117	122	117	122	125	
1941	125	126	129	130	140	140	144	157	141	132	143	142	
1942	152	140	145	143	136	145	153	157	161	174	173	177	
1943	184	246	185	195	191	220	220	208	211	231	226		