

MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

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DISTRICT SUMMARY

Business and industrial activity in the Eleventh Federal Reserve District continued at a high level during January 1944 although there were declines in some fields. The value of construction contracts awarded was smaller than during the preceding month and 78 per cent smaller than in January 1943. Drilling activity, as measured by oil well completions, also declined, but remained above the level of January last year. Daily average production of crude oil increased slightly, approaching the all-time high attained in November 1943 and stocks of crude oil in this district reached a new peak at the end of January. Department store sales in this district declined more than seasonally in January, but they were 12 per cent larger than in the corresponding month last year. The moisture situation was improved during December and January, contributing to more favorable range prospects in this district. Severe cold and excessive moisture caused considerable shrinkage of cattle in some sections during January and retarded development of commercial vegetables. Livestock losses, however, were light and a large output of truck crops and citrus fruit is still in prospect. The loans, investments and deposits of weekly reporting member banks in this district showed a noticeable expansion between January 12 and February 16.

BUSINESS

Sales of department stores in this district showed a greater than usual seasonal decline from December to January, but they were substantially larger than in January 1943. The increase in sales as compared with a year ago was much smaller than in other recent months, but it continued larger than that registered in most other Federal Reserve districts. This bank's adjusted index of department store sales, after reaching 231 per cent of the 1935-1939 average last October, declined steadily in subsequent months and amounted to 206 per cent in January. This figure, however, was substantially higher than the 184 per cent recorded in January last year. During the first two weeks of February, sales of weekly reporting department stores increased considerably but were only 3 per cent higher than in the corresponding period last year when sales were exceptionally large due to the frantic buying that occurred following the announcement of shoe rationing in the early part of February 1943. The ratio of cash sales to total sales, which amounted to 55 per cent during January, was sustained at the December level but showed a substantial rise over the 48 per cent in January 1943 and 35 per cent in January 1942. The increase in cash sales reflects primarily the large increase in consumer incomes over the past two years.

The adjusted index of department store stocks, which showed a substantial decline during the last half of 1943, increased substantially during January and at the end of the month was 112 per cent of the 1923-1925 average as compared with 95 per cent at the end of January last year. During recent months stocks of women's and misses' ready-to-wear have shown larger increases over the corresponding period in the previous year than the increases of sales of those departments. On the other hand, stocks of men's and boys' wear have been consistently smaller than a year ago, while sales have shown substantial increases.

The sales and stocks of many items of durable house-furnishings have been considerably smaller than in the corresponding months of the preceding year due largely to the scarcity of this

type of merchandise. While increased quantities of materials have been released for the production of some items of civilian goods, the War Production Board is apparently proceeding cautiously in that direction, pending a more accurate appraisal of the probable demand for war requirements during the months immediately ahead.

Payments on accounts at department stores continued at a high level in relation to the volume outstanding. The ratio of January collections on regular accounts amounted to 65 per cent as compared with 66 per cent in December and 61 per cent in January last year.

The sales of reporting furniture stores in this district, which increased substantially during the last four months of 1943, declined sharply during January and were slightly below those in January last year. Reports indicate that consumer demand for some items of furniture manufactured for war-time use has declined and that consumers are showing a disposition to defer purchases of those items until a better type of goods becomes available. The inventories of reporting furniture firms declined further during January and were considerably lower than in January last year.

AGRICULTURE

The widespread rain and snow throughout the Eleventh Federal Reserve District during January and the first two weeks of February, although delaying the preparation of soil, brought about a marked improvement in the moisture situation which will be favorable to spring planting operations. Snow storms which blanketed parts of New Mexico and the Texas Panhandle early in January caused considerable shrinkage of cattle but contributed to a general improvement in range prospects in those areas. Shrinkage of cattle also occurred during January in the southeastern and coastal counties of Texas, where heavy rainfall made ranges soggy and damaged range feed. Frosts and excessive moisture reduced prospective output of vegetables in the Lower Valley and in other truck crop producing sections of the State, but a record tonnage of commercial vegetables during the 1944 winter season is still in prospect.

The present condition of winter wheat in northwest Texas is below normal, reflecting the effects of the extended drought during the fall of 1943 which retarded planting and delayed germination of seed. In Texas, as in the nation as a whole, a larger acreage was seeded to winter wheat in the fall of 1943 than in either of the two preceding seasons in response to the growing need for additional feed supplies and the anticipated large demand for grains for conversion into industrial alcohol. Approximately 4,630,000 acres were seeded to winter wheat in the State during the fall of 1943, as compared with 3,560,000 acres in 1942. The abandonment of acreage has apparently been heavier than last season, however, and yields per seeded acre are expected to be smaller. Consequently, the 1944 winter wheat crop in Texas may be somewhat smaller than the crop of 1943. A high level of grain production for this year may be attained, despite a poor winter wheat crop, if the experience with plantings of spring wheat, barley, oats and grain sorghums, which will apparently be larger than usual, is favorable. The present outlook for these grains promises satisfactory yields.

Ranges are providing only a fair supply of feed in most sections of the Eleventh District and considerably less feed than at the same time in 1943. Moreover, wheat pasturage is more lim-

ited than last year and stocks of protein and other supplemental livestock feeds are apparently large enough to meet only minimum essential needs. On February 1, the average condition of cattle in Texas and other sections of the Eleventh District was only fair and considerably less favorable than on the same date last year; the condition of sheep in this district, which improved slightly in January, was about the same as a year ago. Livestock losses during the severe January storms were light, but the unfavorable weather conditions required extensive supplementary feeding and retarded movement of livestock. Receipts of livestock at representative Texas markets declined during January but were somewhat larger than during the first month of 1943. Movement of hogs continued in near record volume, the decline in livestock receipts occurring principally in cattle and sheep.

The steady increase in the farm prices of most grains continued in Texas between December 15, 1943 and January 15, 1944. On January 15, farm prices of wheat, corn, rice and grain sorghums were at new peaks for the 1940-1944 period and the farm price of hay was \$18.10 per ton as compared with \$10.60 per ton a year earlier. The gradual decline in the farm prices of meat animals which characterized the last six months of 1943 was arrested during the first two weeks of 1944, except in the case of hogs. The farm price of all meat animals, however, was somewhat lower on January 15, 1944 than a year earlier.

FINANCE

Purchases of Government securities by nonbank investors in Texas and in the United States during the Fourth War Loan Drive exceeded by a substantial margin the goals set prior to the Drive, and the Secretary of the Treasury has announced that the current drive was more successful than any of the three preceding drives. In Texas, total subscriptions and subscriptions by individual investors were substantially in excess of the designated quotas. Moreover, individual investors purchased more than their quota of Series E war savings bonds.

The averages of reserve balances, required reserves and excess reserves of member banks in this district were maintained during January at about the same levels reached during December. During the first half of February, average reserve balances increased moderately and excess reserves apparently increased substantially reflecting both the increase in reserve balances and the decrease in required reserves resulting from the shift in deposits at member banks from customer balances to reserve-free war loan accounts on account of payments made for securities purchased during the Fourth War Loan Drive. The circulation of Federal Reserve notes of this bank averaged \$416,000,000 during the first half of February, or about \$4,000,000 higher than the January average. The increase in average circulation during the first half of February was much smaller than in the corresponding period last year and may have reflected in part the use of currency by the public to purchase Government securities during the Fourth War Loan Drive.

The loans and investments of weekly reporting member banks in this district, which increased \$83,000,000 between January 12 and February 16 reached a new high level of \$1,397,000,000 at the close of the period. Although the loans of these banks declined substantially during January, they increased sharply during subsequent weeks, and on February 16 were at the highest level since the spring of 1942. Commercial, industrial and agricultural loans, which ordinarily show a seasonal decline during the early months of the year, continued to expand during January and the first half of February. The principal increase in loans, however, occurred in loans to brokers and dealers in securities and in other loans for security trading. The volume of such loans secured by Government obligations increased approximately \$12,000,000 between January 12 and February 16 reflecting largely the use of bank credit for purchasing Government securities during the Fourth War Loan Drive. While comparable figures are not available for the Third War Loan Drive,

CONDITION OF THE FEDERAL RESERVE BANK (Thousands of dollars)

	Feb. 15, 1944	Feb. 15, 1943	Jan. 15, 1944
Total cash reserves	\$562,728	\$580,515	\$592,857
Discounts for member banks	322	125	322
Industrial advances	12	29	12
U. S. Government securities	427,937	193,710	394,019
All other investments	None	120	None
Total earning assets	428,271	193,984	394,353
Member bank reserve deposits	515,471	480,507	513,808
Federal Reserve notes in actual circulation	413,592	259,485	410,382

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

	Feb. 16, 1944	Feb. 17, 1943	Jan. 12, 1944
Total loans and investments	\$1,397,104	\$1,016,885	\$1,314,057
Total loans	343,191	286,457	325,470
Commercial, industrial, and agricultural loans	227,029	210,392	223,275
Loans to brokers and dealers in securities	7,376	1,494	3,738
Other loans for purchasing or carrying securities	41,892	12,192	30,937
Real estate loans	19,504	19,175	20,293
Loans to banks	95	110	95
All other loans	47,295	43,094	47,132
Total investments	1,053,913	730,428	988,587
U. S. Treasury bills	99,291	97,789	70,540
U. S. Treasury certificates of indebtedness	279,555	123,698	278,336
U. S. Treasury notes	166,035	104,038	142,163
U. S. Government bonds	413,422	306,124	402,694
Obligations guaranteed by United States Gov't	46,536	40,038	45,047
Other securities	49,074	58,741	49,807
Reserves with Federal Reserve Bank	293,754	306,500	292,879
Balances with domestic banks	231,787	305,911	231,781
Demand deposits—adjusted*	991,205	898,334	1,048,919
Time deposits	168,682	137,086	164,454
United States Government deposits	259,129	83,903	143,836
Interbank deposits	448,120	460,467	431,117
Borrowings from Federal Reserve Bank	None	None	None

*Includes all demand deposits other than interbank and United States Government, less cash items reported as on hand or in process of collection.

DEBITS TO INDIVIDUAL ACCOUNTS (Thousands of dollars)

	January 1944	January 1943	Pctg. change over year	December 1943	Pctg. change over month
Abilene	\$ 17,095	\$ 16,809	+ 2	\$ 17,856	- 4
Amarillo	42,491	39,898	+ 6	44,754	- 5
Austin	60,169	63,181	- 5	101,885	-41
Beaumont	58,676	48,932	+20	62,959	- 7
Corpus Christi	49,489	41,059	+21	46,110	+ 7
Corsicana	6,935	7,333	- 5	7,243	- 4
Dallas	501,569	424,053	+18	570,528	-12
El Paso	61,179	54,051	+13	65,747	- 7
Fort Worth	225,297	156,727	+44	235,150	- 4
Galveston	44,308	35,051	+26	48,470	- 9
Houston	520,935	418,229	+25	572,163	- 9
Laredo	11,196	9,853	+14	12,109	- 8
Lubbock	32,036	23,901	+34	32,528	- 2
Monroe, La.	17,660	17,012	+ 4	19,112	- 8
Port Arthur	24,316	19,370	+26	25,638	- 5
Roswell, N. M.	8,070	7,300	+11	9,409	-14
San Angelo	14,528	12,796	+14	15,471	- 6
San Antonio	138,220	115,882	+19	155,194	-11
Shreveport, La.	75,128	68,960	+ 9	85,787	-12
Texarkana*	18,502	15,070	+23	21,321	-13
Tucson, Ariz.	27,467	22,289	+23	29,917	- 8
Tyler	20,318	14,534	+40	20,772	- 2
Waco	27,255	24,272	+12	29,367	- 7
Wichita Falls	26,899	20,549	+31	29,870	-10
Total—24 cities	\$2,029,738	\$1,677,111	+21	\$2,259,360	-10

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

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
January, 1942	\$1,801,210	\$231,871	\$1,026,567	\$128,427	\$ 774,643	\$103,444
January, 1943	2,643,213	227,933	1,468,181	130,904	1,175,032	97,029
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	100,485
November, 1943	3,289,107	255,839	1,750,074	153,980	1,539,034	101,859
December, 1943	3,285,642	263,522	1,731,939	160,223	1,553,704	103,299
January, 1944	3,242,366	270,576	1,699,310	165,973	1,543,056	104,603

SAVINGS DEPOSITS

	Number of reporting banks	January 31, 1944		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	Jan. 31, 1943	Dec. 31, 1943
Beaumont	3	11,107	\$ 4,985,034	+13.5	+ 1.5
Dallas	8	95,887	36,287,868	+28.8	+ 2.0
El Paso	2	22,633	11,025,477	+37.2	+ 2.3
Fort Worth	3	34,072	17,301,231	+28.3	+ 3.8
Galveston	4	19,267	13,215,539	+18.2	+ 1.5
Houston	10	80,990	40,228,471	+19.0	+ 1.9
Lubbock	2	884	484,211	+ 2.9	+ 1.9
Port Arthur	2	5,149	3,485,906	+17.7	+ 1.9
San Antonio	5	30,012	23,789,597	+21.2	+ 3.4
Shreveport, La.	3	27,398	14,177,529	+18.3	+ 2.5
Waco	3	7,699	4,962,981	+ 8.1	+ 1.8
Wichita Falls	3	6,493	3,602,958	+ 6.2	+ 1.8
All other	58	50,972	30,393,744	+11.0	+ 1.1
Total	106	392,563	\$203,940,636	+20.4	+ 2.1

it appears that the use of bank credit during the current drive was considerably smaller than in the preceding drive. The investments of these banks rose \$65,000,000 during the five weeks ended February 16, and the total of \$1,054,000,000 on that date was approximately \$6,000,000 higher than the previous peak reached on October 20 last year. The increase represented principally an expansion in holdings of Treasury bills and of Treasury notes. The increase in holdings of Treasury notes was due to the exchange of certificates of indebtedness which matured on February 1 for the new issue of 13-month Treasury notes. Holdings of Treasury bills, which had declined sharply from the middle of October to the middle of January, increased about \$29,000,000 between January 12 and February 16, when the reserve positions of the banks were improved because of the large decline in adjusted demand deposits occasioned by the transfer of customer deposits to reserve-free war loan accounts.

The gross deposits of these banks reached a new peak of \$1,867,000,000 on February 16 which was approximately \$80,000,000 higher than five weeks earlier. While there was a decrease of approximately \$58,000,000 in adjusted demand deposits, there were increases of \$116,000,000 in Government deposits, of \$17,000,000 in interbank deposits, and of \$4,000,000 in time deposits.

INDUSTRY

The level of industrial activity in the Eleventh Federal Reserve District has changed very little during recent months. Total employment in the major war industries in Texas, which increased only moderately from June to November 1943, has declined slightly since the latter month. Production of crude oil in this district has been maintained at about 2,090,000 barrels daily since reaching the all-time peak of 2,115,000 barrels daily in November 1943, while construction activity has been approximately at pre-war (1936-1939) levels for six months. A gradual easing of several of the difficulties which complicated the transition from peace-time to war-time operations is occurring in this district. Labor turnover is apparently declining and much less delay is being encountered in obtaining many mate-

rials. Consequently, it has been possible to reduce inventories relative to work in process and to effect additional economies in the utilization of labor and equipment in many plants.

Since mid-1942, progressively larger military demands for petroleum products have required large withdrawals of crude petroleum from the natural reservoir which discoveries of new oil fields and extensions of partly developed fields apparently have not offset. The several available estimates of proven reserves differ appreciably, but all indicate that reserves declined in the United States during 1943 and that the increases during the preceding five years were small. As the accompanying chart illustrates, nearly 60 per cent of the proven oil reserves of the United States is located in the Eleventh Federal Reserve District. During recent years, improvements in production techniques have made it possible to produce a larger proportion of the oil in the reservoir than formerly and the effective reserve of oil has therefore been increased substantially, but since 1939 exploration in most sections of the United States has tended to be progressively less successful. The importance of the Eleventh District as a potential source of crude oil as compared with the rest of the United States has changed very little during this period. There have been no discoveries in this district during the last six years comparable to those during the first half of the 1930's, and total discoveries and extensions since 1938 have barely exceeded total withdrawals. Proven reserves of crude petroleum in the Eleventh District are located principally in west, east and coastal Texas, the three areas which at present are supplying 74 per cent of the crude oil produced in this district. There has been no striking expansion of proven reserves in any section of this district during the past five years. The principal discoveries since 1938 have been in the upper coastal section of Texas, while extension of known fields has added the largest reserves in west Texas and smaller reserves in all other sections of the district.

The year 1943 was apparently the least successful discovery period in the United States in ten years. Production seems to

WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in:			
		Net sales		Stocks †	
		January 1944 from January 1943	Dec. 1943 to Jan. 31, 1944 from 1943	January 1944 from January 1943	Dec. 1943
Retail trade:					
Department stores:					
Total 11th Dist.	48	+12	-50	+20	+16
Dallas	7	+17	-49	+25	+16
Fort Worth	4	+13	-52	+11	-22
Houston	7	+9	-50	+5	+7
San Antonio	5	+9	-51	+29	+42
Shreveport, La.	3	+24	-54	.....	.....
Other cities	22	+9	-51	+18	-2
Retail furniture:					
Total 11th Dist.	63	-7	-40	-17	-4
Dallas	7	-6	-19	-36	-19
El Paso	3	-10	-50	-20	+1
Fort Worth	3	-22	-59	.....	.....
Houston	8	-1	-44	-33	+12
San Antonio	3	-7	-38	.....	.....
Independent stores:*					
Arizona	161	-3	-33	.....	.....
New Mexico	127	+6	-24	.....	.....
Oklahoma	388	+10	-38	.....	.....
Texas	897	+10	-39	.....	.....
Wholesale trade:*					
Automotive supplies	3	+43	+15	.....	.....
Drugs	6	+13	+2	.....	.....
Groceries	25	+8	-1	+14	+6
Hardware	12	+10	-6	-11	+ †
Surgical equipment ..	4	+16	+11	.....	.....
Tobacco & products ..	4	+10	-7	.....	.....

*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

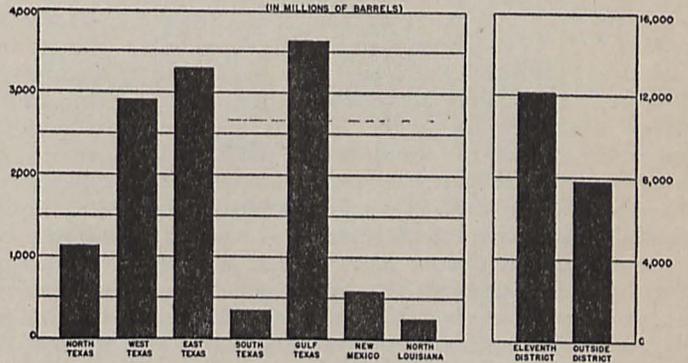
	January 1944	December 1943	November 1943	January 1943
Sales (1935-1939=100):				
Without seasonal adjustment	177	346	269	155
With seasonal adjustment	206	215†	226	204
Stocks (1923-1925=100):				
Without seasonal adjustment	98	82	111	83
With seasonal adjustment	112	95	99	95

r-Revised.

PROVEN OIL RESERVES, JANUARY 1, 1944

ELEVENTH FEDERAL RESERVE DISTRICT

(IN MILLIONS OF BARRELS)



ESTIMATED IN THE OIL AND GAS JOURNAL

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	January 1944	January 1943	December 1943	January 1944	January 1943	December 1943
Cattle	46,294	42,562	59,579	16,000	15,645	18,102
Calves	28,386	17,904	35,359	19,170	19,187	17,913
Hogs	131,943	95,361	104,359	20,662	12,462	14,694
Sheep	60,419	76,319	88,881	14,259	28,268	20,049

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundredweight)

	Fort Worth			San Antonio		
	January 1944	January 1943	December 1943	January 1944	January 1943	December 1943
Beef steers	\$14.60	\$14.75	\$15.00	\$12.60	\$12.75	\$13.00
Stocker steers	12.50	13.00	11.50	.....	.....	.....
Heifers and yearlings ..	14.25	15.00	14.25	14.00	13.75	13.00
Butcher cows	11.00	11.50	10.50	11.50	12.00	10.50
Calves	13.50	14.00	12.75	13.50	13.50	12.50
Hogs	13.65	15.15	13.70	13.55	14.50	13.65
Lambs	14.75	15.00	14.00	12.00	12.50	.....

4 have exceeded additions to proven reserves in all states, except Wyoming, Colorado and Arkansas. This unfavorable discovery experience cannot be attributed solely to reduced drilling activity, since a record number of wildcats was drilled during the year and developmental drilling was concentrated primarily in areas where large additional reserves were almost certain to be tapped. The drilling experience in 1943 may indicate that exploration with existing techniques will be less fruitful than in the past. In that event, continuation of crude oil production at the present high level would reduce reserves. During the past decade, crude oil reserves in the Eleventh District have been drawn upon less heavily than have those outside this district. All major producing sections outside this district have apparently reached optimum production on the basis of proven reserves, however, and the Eleventh District will be called upon to supply a large part of the increase in needs for petroleum which may arise as the war continues. It is possible, therefore, that the reserves in this district will be produced more rapidly in the future.

In view of the significance of the petroleum industry in almost all sections of the Eleventh Federal Reserve District, a steady reduction of proven oil reserves in this district would give cause for general concern. No other area in the United States depends to an equal extent upon petroleum as a source of revenue or as a stimulus to industry and trade. It should be observed, however, that new techniques of drilling and new exploration methods might reveal new reservoirs of crude oil which are not now thought to exist and that improved techniques of production could expand the effective reserve substantially. Furthermore, the present known reserves in this district will yield crude for several decades and could probably continue producing at present levels for several years. Nevertheless, the petroleum reserve situation deserves close attention.

Consumption of cotton at United States textile mills during the first six months of the 1943-1944 season was 9 per cent smaller than during the same period in 1942-1943 but approximately 25 per cent larger than during the first six months of the 1939-1940 season. If consumption continues at present levels, approximately 10,000,000 bales will be consumed this season as compared with 11,100,000 bales in 1942-1943 and 7,784,000 bales in 1939-1940. Throughout the first six months of the current season, the activity of cotton mills was limited by shortage of labor and difficulties in replacing equipment rather than by limited demand for the product. Demand for cotton textiles to supply the needs of the armed services and Lend-Lease requirements has remained quite large and civilian demand continues at a very high level. Stocks of cotton at United States consuming establishments at the end of January 1944 were approximately 5 per cent smaller than at the same time in either of the two preceding years but larger than at the same time in any other year of record. Stocks in public storage and in compresses, which totaled 12,120,000 bales at the end of January, were approximately 900,000 bales smaller than a year earlier and somewhat smaller than at the same time in any year since 1938. Cotton consumption at textile mills in Texas was smaller during the first six months of the current season than during the same period in any of the three preceding seasons, but about 50 per cent larger than during the first six months of the season of 1939-1940.

The average 10-spot market price of middling 15/16-inch cotton has risen fairly steadily since early in December 1943 and on February 14, 1944, when it was 20.82 cents per pound, was at the highest level attained during the current season and only .61 cents per pound below the peak of the preceding season attained on April 1, 1943.

Activity at Texas cottonseed mills during the first six months of the current season was about 10 per cent below that of the comparable period of the season of 1942-1943, reflecting the

smaller cotton crop. Stocks of cottonseed on hand at Texas mills at the end of January 1944 were smaller than at the same time in any year since 1940 and stocks of cake and meal and hulls were the smallest of record for that date. The experience of cottonseed mills in the United States as a whole during the first six months of the current season was similar to that of the Texas mills. Operations were down about 10 per cent as compared with the first six months of the preceding season and at the end of the period stocks of cake and meal and hulls were at all-time lows for the date.

VALUE OF CONSTRUCTION CONTRACTS AWARDED
(Thousands of dollars)

	January 1944	January 1943	December 1943
Eleventh District—total.....	\$ 17,635	\$ 78,921	\$ 38,704
Residential.....	4,454	25,493	7,570
All other.....	13,181	53,428	31,134
United States*—total.....	159,238	350,661	252,223
Residential.....	40,997	110,813	66,157
All other.....	118,241	239,848	186,066

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

	January 1944		Percentage change valuation from	
	Number	Valuation	Jan. 1943	Dec. 1943
Abilene.....	62	\$ 130,200	↑	↑
Amarillo.....	31	73,900	— 11	+481
Austin.....	63	31,528	+136	— 66
Beaumont.....	73	18,920	+*	+ 21
Corpus Christi.....	112	101,675	— 27	+124
Dallas.....	718	1,367,372	+751	+171
El Paso.....	61	37,830	— 7	— 11
Fort Worth.....	206	284,456	+ 44	+ 29
Galveston.....	83	117,016	+659	— 17
Houston.....	202	488,200	+289	— 2
Lubbock.....	65	18,008	+ 42	— 52
Port Arthur.....	40	41,798	+640	+252
San Antonio.....	556	269,989	+114	— 33
Shreveport, La.....	82	49,027	+690	+ 57
Waco.....	37	17,527	— 62	— 69
Wichita Falls.....	40	18,790	+210	— 77
Total.....	2,431	\$3,046,236	+209	+ 39

*Change less than one-half of one per cent.

†Indicates over 1,000 per cent.

CRUDE OIL PRODUCTION—(Barrels)

	January 1944		Increase or decrease in daily average production from	
	Total production	Daily avg. production	Jan. 1943	Dec. 1943
North Texas.....	7,388,500	238,339	+ 13,279	+1,055
West Texas.....	11,290,350	364,205	+163,102	+9,476
East Texas.....	15,009,400	484,174	+ 53,642	— 6,220
South Texas.....	9,086,700	293,119	+125,899	+2,009
Texas Coastal.....	16,136,100	520,519	+211,345	— 58
Total Texas.....	58,911,050	1,900,356	+567,267	+5,862
New Mexico.....	3,502,550	112,986	+ 16,191	+ 86
North Louisiana.....	2,402,400	77,497	— 14,516	— 874
Total District.....	64,816,000	2,090,839	+568,942	+5,074

SOURCE: Estimated from American Petroleum Institute weekly reports.

COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to January 31 This season	Last season	August 1 to January 31 This season	Last season
Cottonseed received at mills (tons).....	877,343	980,936	3,744,196	4,228,998
Cottonseed crushed (tons).....	742,392	809,122	2,906,253	3,255,731
Cottonseed on hand Jan. 31 (tons).....	179,620	204,769	926,719	1,050,530
Production of products:				
Crude oil (thousand lbs.)....	220,806	234,070	897,626	1,006,735
Cake and meal (tons).....	349,883	363,438	1,341,881	1,440,182
Hulls (tons).....	174,665	198,840	676,088	784,288
Linters (running bales).....	222,893	242,653	865,221	979,890
Stocks on hand Jan. 31:				
Crude oil (thousand lbs.)....	16,903	14,076	50,134	54,439
Cake and meal (tons).....	17,631	22,280	71,463	75,613
Hulls (tons).....	8,608	15,894	24,883	38,016
Linters (running bales).....	90,293	73,246	309,538	273,917

SOURCE: United States Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	January 1944	January 1943	December 1943	August 1 to January 31 This season	Last season
Consumption at:					
Texas mills.....	17,006	20,778	17,361	105,488	126,956
United States mills.....	819,489	916,785	852,016	5,090,896	5,623,308
U. S. stocks—end of month:					
In consuming establishments.....	2,377,580	2,495,764	.....	.....	.....
Public stg. & compresses.....	12,120,142	13,069,529	.....	.....	.....

CONSTRUCTION ACTIVITY IN TEXAS, 1943

Construction activity in Texas returned approximately to pre-war levels during the last six months of 1943 as the expansion of war industrial and military facilities in the State neared completion. The character of construction differed markedly, however, from that of years prior to the war. All construction was closely controlled by priority restrictions and valuation limits upon non-essential building were continued. Consequently, construction activity was concentrated principally in war centers and in types of construction which could make the greatest contribution to the war program.

During 1943, residential building resumed the position which it had occupied prior to 1942 as the most important category of construction. The value of residential awards in Texas in 1943 was, nevertheless, somewhat smaller than in any of the three preceding years, although it was almost 60 per cent above the 1936-1939 average. All of the dwellings completed are for war purposes and most of them are temporary units. Despite the decline in the value of residential awards in 1943, the number of urban dwelling units constructed in Texas was greater than in 1942 and only slightly smaller than the previous peak of 24,000 units constructed in 1941. The cost of building the same standard house was somewhat higher than the 1940-1942 average and approximately 20 per cent greater than in the immediate pre-war years (1937-1939), but low-cost multi-unit structures for war workers constituted much of the residential construction and the average expenditure per dwelling unit dropped to a new low. War restrictions on private construction contributed to a marked reduction in the number of awards for one-family dwelling units for owner occupancy. During most of 1943, the high building costs and uncertainty as to the level of post-war demand for housing in war-crowded centers also seem to have curbed interest in the construction of permanent dwellings for tenancy by war workers. The number of permits issued by the National Housing Authority for construction of privately financed residential units substantially exceeded the number of such dwellings actually completed.

The value of awards for all types of non-residential construction decreased markedly in Texas in 1943, the drop in the value of awards for manufacturing buildings being the most pronounced. The total value of non-residential construction awards in the State was less than one-third the value of such awards in 1942, when construction of war industrial and military facilities reached a peak, but was still more than twice as great as the 1936-1939 average. Commercial building, which has been declining since 1941, was the only type of construction to fall below the 1936-1939 average. Awards for construction of utilities, which decreased less in 1943 than any other type of non-residential construction, were seven times as large as the 1936-1939 average. The need for additional oil transportation and air training facilities was reflected in large awards for construction of pipelines and airports, which together accounted for almost 75 per cent of the relatively large utility awards in the State.

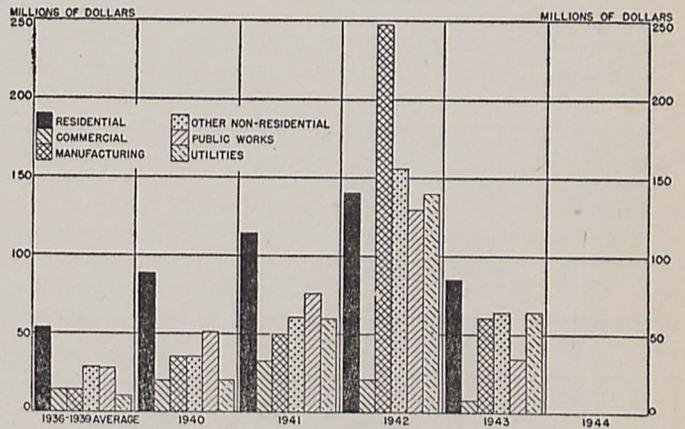
Data provided by the Bureau of Labor Statistics of the United States Department of Labor indicate that the total value of building permits issued in the eleven metropolitan centers in Texas dropped from \$52,000,000 in 1942 to \$29,000,000 in 1943. The number of dwelling units completed in Dallas, Fort Worth, Galveston and Houston, where rapidly expanding war populations had created serious housing shortages, was considerably larger in 1943 than in 1942, but the average expenditure per dwelling unit was much smaller and only Dallas and Galveston showed an increase in the total value of residential permits granted. San Antonio and Waco experienced gains in the value

of non-residential permits issued in 1943, whereas non-residential building in the other nine metropolitan centers declined markedly. Additions, alterations, and repairs constituted a much larger part of the construction activity in metropolitan areas in 1943 than in 1942, reflecting the shift from new construction to maintenance caused by war restrictions and the extensive modification of dwellings undertaken to accommodate in-migrant workers.

Slightly more than 90 per cent of all construction in Texas in 1943 was publicly financed. Public funds were used almost exclusively for construction in Texas from June 1942 through April 1943, but thereafter the percentage of the value of construction awards which was publicly financed declined and by the end of the year was somewhat less than 90 per cent of the total. Residential building was largely financed with public funds during the first six months of 1943, but the peak of publicly financed residential building seems to have been passed by mid-summer. During the last six months of the year there was a slight revival of private financing, and by the end of 1943 privately financed construction was accounting for slightly more than one-half of the residential building awards in the State.

Note: See "The Construction Industry in Texas, 1940-1942" in the *Monthly Business Review*, May 1, 1943, and "Residential Construction in Texas" in the *Monthly Business Review*, September 1, 1943, for additional information concerning the construction industry in Texas.

CONSTRUCTION CONTRACTS AWARDED - TEXAS



PUBLIC AND PRIVATE CONSTRUCTION WORK—TEXAS—1938-1943
(Value of awards—millions of dollars)

Year	Residential Building		Non-Residential Building		Public Works and Utilities		Total Construction	
	Public	Private	Public	Private	Public	Private	Public	Private
1938	5.6	55.4	24.3	32.8	46.0	4.4	75.9	92.6
1939	12.0	63.4	16.6	38.0	39.4	9.9	68.0	111.3
1940	27.1	62.7	35.3	56.5	65.4	6.8	127.8	126.0
1941	38.8	75.8	98.0	47.9	129.3	7.9	266.1	131.6
1942	108.5	34.3	413.5	10.9	265.4	5.5	787.4	50.7
1943	65.7	19.8	129.2	4.2	99.5	.9	294.4	24.9
1938-1939 average	8.8	59.4	20.4	35.5	42.7	7.1	71.9	102.0
1940-1943 average	60.0	48.2	169.0	29.9	139.9	5.3	368.9	83.4

SOURCE: F. W. Dodge Corporation.

CONSTRUCTION CONTRACT AWARDS, TEXAS—1936-1943
(Value of awards—millions of dollars)

Year	Residential Buildings	Commercial Buildings			Other Non-Residential Buildings*	Public Works	Utilities	Total
		Buildings	Buildings	Buildings				
1936	36.3	8.3	15.3	37.3	8.4	4.6	110.2	
1937	42.5	14.4	14.2	21.9	29.4	9.6	132.0	
1938	61.0	14.8	10.6	31.7	40.7	9.7	168.5	
1939	75.4	18.1	12.3	24.2	33.0	16.3	179.3	
1940	89.8	20.5	35.5	35.8	51.3	20.9	258.8	
1941	114.6	33.4	50.6	61.9	76.3	60.9	397.7	
1942	142.8	21.8	247.4	155.2	129.1	141.8	838.1	
1943	85.5	7.7	61.4	64.3	34.8	65.6	319.3	
1936-1939 average	53.8	13.9	13.1	28.8	27.9	10.1	147.6	
1940-1943 average	108.2	20.9	98.7	79.3	72.9	72.3	452.3	

SOURCE: F. W. Dodge Corporation.

*Includes institutional, public and other miscellaneous non-residential buildings.

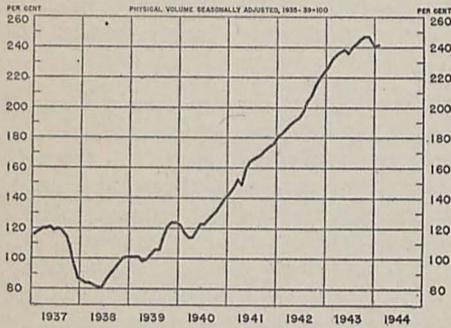
MONTHLY BUSINESS REVIEW

MARCH 1, 1944

NATIONAL SUMMARY OF BUSINESS CONDITIONS

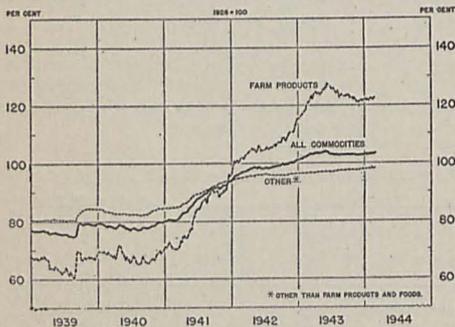
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



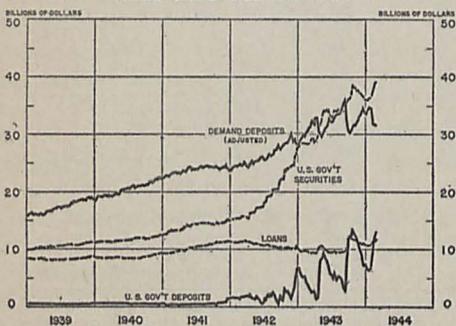
Federal Reserve index. Monthly figures, latest shown is for January, 1944.

WHOLESALE PRICES



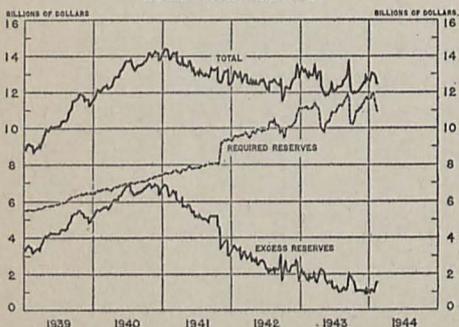
Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending February 19, 1944.

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 February 16, 1944.

MEMBER BANK RESERVES



Breakdown between required and excess reserves partly estimated. Wednesday figures, latest shown are for February 16, 1944.

Industrial activity was maintained in January following a decline from November to December. Commodity prices were steady and retail sales continued in large volume in January and the first three weeks of February.

INDUSTRIAL PRODUCTION

In January the Board's seasonally adjusted index of industrial production stood at 242 per cent of the 1935-39 average as compared with the peak level of 247 in October and November 1943.

Steel production increased 4 per cent in January and continued to rise in the first three weeks of February, reflecting large military requirements for landing craft and other invasion equipment as well as increasing use of steel for farm machinery and railroad equipment. Aluminum production was curtailed in January from the peak rate in the last quarter of 1943.

Activity in the transportation equipment group was 5 per cent lower in January than at the peak in November. The largest decline occurred in commercial shipyards, many of which were changing from the production of Liberty ships to Victory and other types of ships. In the automobile industry production of 3,000 trucks was reported during the month under the greatly enlarged civilian truck program for 1944 which calls for the production of 92,000 mediumweight and 31,500 heavy trucks during the year.

Output of textiles, shoes, and manufactured foods rose slightly in January, following small declines in December. Chemicals production continued to decline, reflecting a further curtailment of small arms ammunition output. Output of petroleum and rubber products showed little change.

Production of coal increased and crude petroleum output continued at a high level in January and the early part of February. Sunday work was instituted in anthracite mines during February as a measure to increase production, and output for the week ending February 12 was 13 per cent higher than the preceding week.

The value of construction contracts awarded in January, according to reports of the F. W. Dodge Corporation, declined to the lowest level for the month since 1935.

DISTRIBUTION

Value of department store sales in January and the first three weeks of February was maintained at a high level for this season of the year. Sales in January exceeded the large volume of a year ago by about 6 per cent but in February sales were somewhat smaller than last year when a buying wave developed following the announcement of shoe rationing.

Freight carloadings declined less than usual in January and the first half of February, owing chiefly to the heavy volume of coal shipments. Movement of grain continued at the high level of last fall and livestock and lumber shipments were in large volume.

COMMODITY PRICES

Wholesale prices of most commodities continued to show little change in January and the early part of February. Maximum prices for coke, wood pulp, furniture, and certain other products were increased moderately.

The cost of living index of the Bureau of Labor Statistics declined from 124.4 per cent of the 1935-39 average in December to 124.1 in January.

BANK CREDIT

Purchases of securities in the Fourth War Loan Drive by corporations and individuals resulted in a release of required reserves of member banks because funds were drawn from private deposit accounts, which require reserves, to the Government war loan accounts, which are exempt from reserve requirements. As a consequence, member banks repurchased bills from the Reserve Banks, and the latter's holdings of Government securities declined by 520 million dollars.

At reporting member banks in 101 leading cities, adjusted demand deposits decreased by 3.4 billion dollars in the four weeks ending February 16, while U. S. Government deposits increased by 6.9 billion, reflecting purchases of Government securities by bank customers during the war loan drive. Government security holdings at reporting member banks increased 2.8 billion dollars over the four weeks.

Loans to brokers and dealers increased by 320 million during the drive which was substantially less than in either of the two previous campaigns. Loans to others for purchasing or carrying Government securities rose by about 610 million, two-thirds of which was at New York City banks. Commercial loans, which had increased substantially during the Third War Loan Drive, showed little increase during the current period.