

# MONTHLY BUSINESS REVIEW

## of the FEDERAL RESERVE BANK of Dallas

Volume 29, No. 4

Dallas, Texas, June 1, 1944

This copy is released for publication in afternoon papers—

June 3

### DISTRICT SUMMARY

Consumer buying at department stores in this district, after increasing substantially in February and March, declined in April but was 10 per cent larger than in the corresponding month of 1943. Available data indicate that nonagricultural employment in this district has declined more than 5 per cent since reaching its all-time peak in November, 1943. In March, 1944 employment in manufacturing establishments was approximately 9 per cent smaller than in November of last year and only fractionally larger than in March, 1943. Agricultural employment in the Southwest has increased less than usual at this season due to delays in field work occasioned by adverse weather conditions and the scarcity of farm laborers, and on May 1 was about 6 per cent smaller than a year earlier. The value of construction contracts awarded in this district continued approximately at 1940 levels in April this year and was about 90 per cent below the peak reached during the autumn of 1942. During recent months awards for public works have accounted for a much larger portion of construction awards than during the 1941-1943 period. Daily average production of crude petroleum in this district increased slightly in April but remained below the all-time peak attained in November, 1943. It appears that daily average production will reach a new all-time peak in May, and allowables for June call for a further increase. Stocks of crude petroleum in this district, which reached an all-time peak in February, declined until mid-April but have increased moderately since that time. The general acceleration of drilling activity continues in most sections of the Eleventh District and in the United States as a whole, but substantially fewer wells are being completed than during comparable periods prior to the war. Consumption of cotton at textile mills in Texas and in the United States declined more than seasonally in April and was considerably smaller than in April, 1943. Extremely varied weather conditions in this district during April and the first two weeks in May had generally adverse effects upon agricultural prospects. Ranges deteriorated during April and field work, particularly in the eastern sections of this district, was delayed by heavy rains and floods late in April and early in May. Prospects for wheat and other small grains have greatly improved.

### BUSINESS

The dollar volume of sales at reporting department stores in this district decreased by more than the usual seasonal amount from March to April, but was 10 per cent larger than in April, 1943. Reflecting the decrease in the dollar volume of sales, this bank's adjusted index of department stores sales declined from the all-time peak of 247 per cent of the 1935-1939 average in March to 232 per cent in April, but the latter figure was well above the 195 per cent registered in April last year. The dollar volume of stocks at the end of April showed a negligible change from that of a month earlier but was 11 per cent higher than that of a year ago. Sales of weekly reporting department stores during the first three weeks of May were 27 per cent above sales for a similar period in 1943, indicating the continuation of the high level of consumer buying during May. Sales of piece goods, including dress and coat yard goods, increased 20 per cent during the first four months of this year over the same period a year ago. This increase was recorded despite the exceptionally

large volume of sales during February, 1943. Sales of several lines which had increased sharply in March as a result of consumer anticipation of new and high excise tax levies, declined substantially in April. As compared with March, the reporting department stores showed a 45 per cent decrease in sales of toilet articles and drugs, and a 41 per cent decrease in sales of jewelry and silverware. Nevertheless, total sales of department stores during the first four months of 1944 were 14 per cent higher than sales during the same period in 1943.

In April, both cash and credit sales at department stores showed decreases from the high March volume. However, cash sales decreased only 4 per cent whereas charge account and instalment sales showed decreases of 18 and 17 per cent, respectively. Cash sales accounted for 54 per cent of the total sales in April and were approximately one-fifth larger than a year ago. Charge account and instalment sales also showed a slight increase over those for the corresponding month of 1943.

Sales at reporting furniture stores in April declined 5 per cent from the moderately high volume of a month ago and were in approximately the same volume as in April, 1943. Stocks at the end of the month remained at approximately the same level maintained during the past two months. Cash sales during April were 16 per cent higher than those of a year ago, while credit sales showed a decrease of 4 per cent. This is further evidence of the increase in the ability of the consumer to pay cash and to liquidate his obligations while income is high.

According to Dun and Bradstreet, Incorporated, there have been no business failures in this district since December, 1943. Although the business mortality record throughout the United States has been favorable, this district is the only one in which no failure has been reported thus far this year.

### AGRICULTURE

Varied weather conditions prevailed during April and the first half of May in the Eleventh District. Heavy rains late in April and early in May provided much needed moisture to all parts of this district except the southwestern and western sections, but flooded the lowlands in central, southeast and east Texas, damaging growing crops and necessitating considerable replanting in those areas. Cool nights throughout this district have retarded development of crops and the shortage of irrigation water in the lower Rio Grande Valley, where little rain has been received, has been detrimental to growing truck crops and to progress of the new citrus crop. The corn crop in Texas was planted later than usual, and thin stands are reported to be fairly common in some areas. Some acreage in east Texas was lost as a result of the recent rains and floods, but the crop in Blackland and southern sections of the State was growing well at the middle of May. The cultivation and chopping of cotton are under way in southern Texas, with a portion of the crop in bloom. In other sections, much cotton planting remains to be done and replanting will be necessary in the lowlands of central and east Texas. At mid-May, preparations for the cotton crop were at least three weeks late throughout most of Texas. Prospects for the Texas wheat crop were greatly improved during April, and a 1944 crop of 52,949,000 bushels is now indicated, as compared with 36,366,000 bushels produced in 1943, and the 1933-1942 average of 28,195,000 bushels. If the indi-



cated production is realized, it will represent the second largest crop of record. The May rains also checked deterioration of the Texas oat crop, which is expected to be somewhat larger than the 1933-1942 average and considerably larger than the small 1943 crop. The 1944 Texas peach crop will probably be much larger than the short crop of 1943 but slightly below the 1933-1942 average. The harvest of citrus fruit for the 1943-1944 season is almost complete in the State. The indicated orange crop of 3,300,000 boxes is more than twice the 1932-1941 average and 20 per cent greater than the harvest of 1942-1943, and the indicated grapefruit production of 17,500,000 boxes is only fractionally smaller than the record crop last year and more than twice the 10-year average.

New range growth was retarded by high, drying winds in April, and the condition of ranges in most sections of this district was less favorable on May 1 than a month earlier. Ranges in the eastern half of Texas were benefited by early May rains but ranges in west, south and southwest Texas and in southern New Mexico and Arizona received little moisture. Reflecting the decline in the condition of ranges during April and the shortage of stock water supplies in some sections, the average condition of cattle and sheep in this district was somewhat lower on May 1, 1944, than a month earlier or at the same time in 1943. The lamb crop in New Mexico is expected to be smaller than last year, and heavy death losses among early lambs have occurred in Arizona as a result of an epidemic of black scours, but new lambs are in good condition in Texas. Late feeding of livestock and the large number of animals on farms rapidly depleted hay and other feed stocks in Texas during the early months of this year. Stocks of hay as of May 1 were lower than a year earlier and the lowest for that date since 1938, and a record disappearance of wheat in Texas during the first quarter of 1944 drastically reduced wheat stocks, which on April 1 were more than 25 per cent below the 1935-1942 average in the State and 80 per cent smaller than on April 1, 1943. Present stocks of cottonseed hulls and cake and meal are also low as compared with stocks held in the State on comparable dates in earlier years. Despite the larger number of cattle on farms, total marketings of cattle and calves in Texas during the first four months of 1944 were somewhat lighter than in recent years and movements to feeding areas from the Southwest were much smaller than the heavy movements during the same period in 1943. Larger cattle herds are being retained on farms in this area, apparently in anticipation of better prices for beef and veal. These large herds present a potential threat to orderly marketing during the remainder of this year, since present feed supplies are low and extensive deterioration of range and pasture feeds might necessitate a sudden liquidation of herds.

During March and April of this year, the prices received by Texas farmers for most of their products continued near the high levels attained in 1943. The average farm prices of wheat, corn and oats reached new peaks during March and April, 1944, and prices of grain sorghums and hays were only slightly below the peaks of the 1940-1944 period. Livestock prices, which reached their peaks for the 1940-1944 period during the spring and summer of 1943 and declined steadily until the end of last year, increased moderately from December, 1943 to March, 1944, but were from 5 per cent to 10 per cent lower on April 15, 1944 than a year earlier.

During April and May all frozen foods, many canned foods and all meats except some beef cuts were removed from the list of rationed products. The relaxation of food rationing, which was not generally anticipated, seems to have been motivated by several considerations. Stocks of many foods have been accumulated which are large in comparison with current and anticipated demands, and economies in the utilization of foodstuffs which

## COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to April 30	Last season	August 1 to April 30	Last season
Cottonseed received at mills (tons).....	905,068	1,007,886	3,890,549	4,425,067
Cottonseed crushed (tons).....	892,568	998,252	3,691,616	4,202,208
Cottonseed on hand April 30 (tons).....	57,169	42,589	287,709	294,890
Production of products:				
Crude oil (thousand lbs.)....	268,578	287,380	1,151,990	1,304,631
Cake and meal (tons).....	424,186	446,569	1,712,247	1,859,623
Hulls (tons).....	210,930	247,720	862,606	1,013,131
Linters (running bales).....	267,076	295,444	1,103,397	1,262,276
Stocks on hand April 30:				
Crude oil (thousand lbs.)....	10,724	2,089	24,336	20,086
Cake and meal (tons).....	15,286	6,373	58,121	38,332
Hulls (tons).....	4,288	6,714	23,912	24,602
Linters (running bales).....	58,979	76,752	216,384	285,001

SOURCE: United States Bureau of Census.

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

	April 1944	April 1943	March 1944	August 1 to April 30	Last season
	This season	Last season	This season	Last season	
Consumption at:					
Texas mills.....	15,533	22,993	17,927	154,919	196,314
United States mills.....	776,007	939,178	902,102	7,580,279	8,439,480
U.S. stocks—end of month:					
In consuming estab'ments.....	2,221,800	2,421,094	.....	.....	.....
Public stg. & compresses.....	10,276,595	10,601,339	.....	.....	.....

## LIVESTOCK RECEIPTS—(Number)

	Fort Worth		San Antonio	
	April 1944	April 1943	April 1944	April 1943
Cattle.....	88,813	117,026	41,284	24,956
Calves.....	16,187	11,452	13,394	21,354
Hogs.....	112,565	92,359	127,837	13,071
Sheep.....	108,332	76,391	55,321	19,073

COMPARATIVE TOP LIVESTOCK PRICES  
(Dollars per hundred weight)

	Fort Worth		San Antonio	
	April 1944	April 1943	April 1944	April 1943
Beef steers.....	\$15.50	\$16.65	\$16.00	\$14.50
Stocker steers.....	14.00	16.00	14.00	15.00
Heifers and yearlings.....	15.50	16.25	15.75	14.50
Butcher cows.....	12.50	13.25	12.25	13.50
Calves.....	14.50	15.00	14.25	13.50
Hogs.....	13.65	15.20	13.75	13.55
Lambs.....	15.00	15.75	16.00	13.65

have been effected will permit a reduction in the reserve stocks held for contingencies. The large amount of food in storage makes it desirable, furthermore, to accelerate the movement of foods at this time in order to provide storage space for the produce of the current season. It is probable, furthermore, that the current demand for foodstuffs by our military services and by our allies is smaller than anticipated since marine losses have been smaller than expected and since some of the territories recently regained by the United Nations are providing foodstuffs which the United States had planned to supply. The Office of Price Administration has warned, however, that the conditions which made the removal of many of the ration restrictions on foodstuffs possible may be temporary and that it may become necessary to return all items to the ration list within a short time. In appraising the prospective food supplies for the civilian economy, several conditions should be considered. Supplies of many grains are small in relation to the current high level of consumption. Although the large number of livestock on farms may be marketed in an orderly manner if ranges and pastures provide adequate feed, the development of unfavorable grazing and feeding conditions might cause a sudden rush of livestock to market, resulting in a temporary oversupply followed by an acute shortage of meat. Spring planting and field work have proceeded under somewhat unfavorable weather conditions this year and although at this time the prospects for most crops indicate average or better production, an unsatisfactory growing season might result in scarcities of various agricultural products, particularly grains. It should be observed, furthermore, that the supply of farm labor may not be adequate to meet extraordinary demands which might be placed upon it, such as extensive replanting in the event of floods or rapid harvesting in anticipation of early damaging freezes. If satisfactory



to favorable weather conditions prevail throughout the rest of this season and unanticipated military needs do not arise, it is likely that the supplies of most foodstuffs available for civilians will be somewhat greater in the future than during the past year, but changes in the fortunes of war or unfavorable weather conditions could renew the need for widespread rationing.

### FINANCE

Although the reserve balances of member banks in this district have shown wide fluctuations from week to week, the daily average during each of the first four months of the current year has been relatively stable at levels slightly below the all-time peak reached in December last year. During April, daily average reserve balances amounted to \$512,700,000 which was only about \$3,000,000 below that in December, 1943. The relative stability of reserve balances seems to indicate that banks are utilizing existing excess reserves to provide required reserves against the expanding volume of customer deposits. Excess reserves during April averaged approximately \$92,800,000 as compared with \$101,000,000 in December, 1943 and \$141,000,000 in April, 1943.

The circulation of Federal Reserve notes of this bank, which had increased only \$15,000,000 during the first three and one-half months of the current year, rose sharply between April 15 and May 15. Total circulation of \$447,800,000 on the latter date was \$16,300,000 higher than a month earlier. This expansion was the largest during any 30-day period since last November and was considerably larger than that which occurred during the corresponding period of 1943.

The gross deposits of weekly reporting member banks in leading cities of this district showed a further decline between April 12 and May 10 and the total of \$1,799,000,000 on the latter date was \$31,000,000 lower than four weeks earlier and \$69,000,000 below the all-time peak reached at mid-February. During the four-week period, there were withdrawals of approximately \$44,000,000 from Government accounts at these banks and \$9,000,000 from interbank accounts. These withdrawals were partially offset by increases of \$18,000,000 in adjusted demand deposits and \$4,000,000 in time deposits. The funds to meet the deposit withdrawals were obtained principally through a decline in loans and investments of \$13,700,000 and from reductions of \$11,600,000 in reserve balances with the Federal Reserve Bank and of \$2,300,000 in balances with correspondent banks.

The commercial, industrial and agricultural loans of these banks showed a further increase of \$3,700,000 between April 12 and May 10, extending the contraseasonal increase that has been in progress since the first of the year. This increase, however, was more than offset by the declines in other classes of loans. The principal decline occurred in loans for security trading which are now at the lowest level of the current year. During the four weeks ended May 10 these banks made a further reduction of \$11,700,000 in their investments. Although there were moderate increases in holdings of Treasury notes and Government guaranteed obligations, substantial reductions occurred in holdings of all other types of securities. The largest declines occurred in holdings of Treasury bills and certificates of indebtedness.

During the past year, the reporting banks increased their total loans by \$47,400,000 and their investments by \$142,500,000, or an increase in total loans and investments of \$189,900,000, while deposits during the year increased by only \$101,000,000. These figures indicate that the reporting banks have been moving toward the policy of full investment. The banks have shown a tendency to utilize the excess reserves with the Federal Reserve Bank to meet the increase in required reserves from the

increase in customer deposits and to draw down their balances with correspondents for investment.

### INDUSTRY

During March and April, representatives of the Federal Reserve Bank of Dallas interviewed executives of a large number of war supply contractors in the Eleventh Federal Reserve District in connection with a study of recent industrial developments and the problems which might be encountered by industry during the reconversion period. Executives of 180 industrial organizations in Dallas, Fort Worth and Waco, Texas, and in the principal cities of the north coastal area of Texas have contributed to the study. Since these organizations account for approximately 80 per cent of the value of war contracts received in this district, it is believed that a study of their experience provides a comprehensive and representative picture of the problems which industrial plants in this area will encounter in shifting from war work to production of civilian goods. Much of the information which was collected is confidential and a great portion of it cannot be released at this time because of restrictions as to the distribution of data concerning the war effort. A few brief comments upon the apparent situation in several industries in the Eleventh District, however, will reveal some important developments. Information concerning the operations and prospects of the major industrial classifications in the Eleventh District is now being assembled and analyzed. It is hoped that more detailed reports concerning the situation in specific industries can be released through this publication in the future.

#### The Problems of Mechanical Reconversion

The consensus among managers of plants which operated in this area before the war is that mechanical reconversion of their plants from production of war goods to production of civilian products will require only a short period. In the textile industry, reconversion will involve little more than minor changes in the layout of machinery and construction of new cutting tables and can be accomplished virtually overnight. In iron and steel products plants mechanical readjustments will likewise be accomplished quickly, although in some instances they may require a month to a month and one-half. Furthermore, it appears that plants in both of these industries are likely to reconvert gradually rather than suddenly, since it is probable that they will experience a gradual decline of their war business accompanied by a proportionate acceleration of their civilian business. Manufacturers of agricultural machinery began shifting back toward normal operations early in 1943, producers of oil field equipment began reconverting during the fall of 1943 and a partial "reconversion" also seems to have occurred in garment factories.

On the other hand, the problems of mechanical reconversion seem likely to be extremely difficult in the aircraft plants, in the plants closely associated with them, and in the large ordnance plants. Most of these organizations and their facilities were established solely to perform war contracts. Their technicians have had only limited experience in manufacturing goods for the civilian market and the plants are poorly adapted to produce anything other than their present products. It seems likely that mechanical conversion of these plants would require at least six months and perhaps much longer. These plants, which are almost certain to close down for a relatively long time when their war contracts are completed or terminated and which may find it difficult to convert to production of civilian goods at all, employ in the aggregate approximately 110,000 people in Texas, or about one-fourth of the persons engaged directly in war work in the State.

Mechanical reconversion does not appear to present a problem in either shipyards or chemical plants. Most chemical plants apparently can be diverted from producing one type of product



to producing another with little change in equipment, and since shipyards seem limited to performing only the services of shipbuilding and ship repair, a "conversion" of them to other types of activity will not be feasible. Chemical plants probably will be able to accomplish the shift from war production to production of civilian products very rapidly if such a course seems desirable. The rapidity with which they make the shift, however, will depend on the volume of demand for their services. The chemical plants seem to have excellent prospects. Executives in the industry are optimistic concerning the ability of the industry to maintain employment close to the present high level of approximately 12,000 workers in Texas, including about 5,500 workers in synthetic rubber plants. On the other hand, the prospect of the shipyards is considerably less favorable. Shipbuilding capacity on the Texas Coast has been expanded phenomenally since 1939. In 1939 there were 10 yards on the Texas Coast employing about 1,500 persons, while in January this year, there were 25 yards employing 76,000 persons. All of the larger yards and most of the smaller ones are concentrated in four north coastal counties and the effect of their rapid growth upon the commercial businesses and community life in that small area has been extensive. The ultimate level of shipbuilding activity, therefore, is a matter of concern. Plans in the yards do not seem to have been crystallized as yet. Many of the facilities are Government-owned and the disposition of them has not been determined. Furthermore, those yards cannot develop a demand for their own products but must await the growth of a need for their services, which will depend upon the volume of international trade and a variety of international decisions which cannot be anticipated at this time. The smaller yards hope to continue in operation, building pleasure craft, barges and small commercial vessels and repairing craft which use the intracoastal canal, on which a large volume of traffic is expected. It seems likely, however, that most of the yards will close down in the event of a sudden termination of war contracts and it is quite probable that there will be a substantial reduction of activity in all of them. It is noteworthy that the Texas shipbuilding industry also received a great stimulus during World War I. Between 1914 and 1919 employment at Texas shipyards rose from approximately 200 persons to a little more than 6,000 persons, but between 1919 and 1921, 11 Texas yards went out of existence and employment in the 10 yards which survived declined to approximately 250 persons. A comparable readjustment in the Texas shipbuilding industry after this war would occasion a net discharge of approximately 72,000 workers, most of whom are employed in four north coastal counties.

#### The Financial Problems of Reconversion

The financial experience of the war contractors who were interviewed has not been uniformly favorable, but the majority seem to have improved their financial positions during the war. Exact quantitative data concerning the improvement in the financial position of the firms have not yet been completely analyzed, but it appears from an initial survey of a representative sample of financial statements that most firms which have operated on prime war supply contracts in this district have placed themselves in a more liquid position, have acquired title to additional fixed assets and have accumulated moderate reserves to meet the costs of reconversion. Nevertheless, the financial position of these organizations is not completely secure, for although most of them are in an excellent position to meet "normal" demands for funds, very few would be able to meet the extraordinary demands for funds which might be placed upon them during the period of reconversion. Several sources of demand for additional capital might arise during the period of reconversion. Funds will be needed to acquire inventories of raw materials, to replace depleted inventories of finished civilian goods, to settle the claims of subcontractors, to meet the expenses arising from mechanical reconversion and to finance the developments of the

civilian market. Furthermore, if activity at these plants should continue at or near present levels after war contracts are terminated, their normal working capital needs might be considerably larger than during the war. Industrial production is currently about 100 per cent above the level maintained in 1939. This expansion of activity has been accomplished without a proportionate increase in working capital, for it has been possible to operate with relatively small inventories of raw materials and finished goods. Furthermore, the Federal Government has met a large portion of the working capital needs of war plants by making advance payments against war contracts and by supplying inventories. In addition, since the gross income of most plants has increased rapidly during the war and the income tax on current earnings has, consequently, exceeded the tax due on income from the preceding year, deferring of income tax payments has provided large amounts which have been used to finance current operations. These conditions which have minimized the need for private capital are not likely to continue after war contracts are terminated or completed, and it is possible, therefore, that during the period of reconversion and for a period thereafter the working capital needs of industries in this area and in other sections of the United States which must be supplied by private sources will be much larger than before the war.

Funds will also be needed to finance acquisition of Government-owned facilities. The investment in war industrial facilities in this district now totals approximately \$1,400,000,000 of which more than 70 per cent is Government-owned. Although many of these facilities will be held in a stand-by condition or dismantled, others will be sold to private interests. The rapidity with which satisfactory purchasing arrangements can be completed may be a significant factor in determining the duration of reconversion unemployment.

#### Postwar Planning

Postwar planning by industrial concerns in the Eleventh District does not seem to be progressing rapidly nor is extensive planning contemplated until the prospects of business are considerably clearer. As has been pointed out, mechanical reconversion is not expected to present serious problems except in aircraft and ordnance plants and will probably be accomplished quickly. Furthermore, many plants expect to be able to accomplish reconversion gradually, effecting an orderly readjustment of operations as the volume of war contracting declines and civilian business becomes proportionately more important. A few firms seem to be developing specific postwar objectives. A number of plants in the iron and steel products industry contemplate manufacturing and marketing a wide variety of products which were not manufactured in volume in this district prior to the war. They have acquired automatic machinery, have gained experience in using assembly line methods and mass production techniques, and have a labor force which is much larger and far more skilled than before the war. These developments are expected to place them in a position in which they can compete successfully with organizations outside this district. The textile and garment plants apparently will operate above prewar levels for some time after the war. Their managers look forward to a large demand for garments and other textiles and expect their competitive position to be satisfactory as compared with organizations outside this district. As has been indicated, the plans and prospects of the shipyards and aircraft plants seem to be very indefinite at this time, whereas the executives of the chemical plants are hopeful that the postwar period will provide a sufficiently large demand for their products to justify continued operation of many of the chemical facilities in this district.



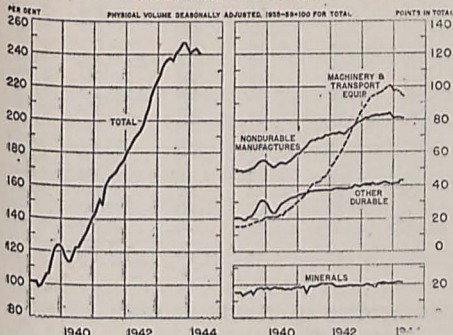
# MONTHLY BUSINESS REVIEW

JUNE 1, 1944

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

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

### INDUSTRIAL PRODUCTION



Federal Reserve Indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for April, 1944.

Industrial production and employment at factories and mines declined somewhat further in April, reflecting principally reduction in output of metal industries. The number of industrial wage-earners was about 6 per cent or 800,000 less than in November 1943.

### INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of output in manufacturing and mining industries was at 240 per cent of the 1935-39 average in April, as compared with 242 in March and 245 in February.

Small declines in output of metals and metal products continued to account for most of the decrease in industrial production. Electric steel production decreased further in April to a level 5 per cent below the same month last year. Production of most nonferrous metals declined, reflecting partly planned curtailments and partly the effects of labor shortages in mines and smelters. A further curtailment of aluminum production was announced in May. Activity at plants producing munitions in the machinery and transportation equipment industries declined somewhat in April. Production under the farm machinery program continued to increase and was reported at a rate above the highest volume recorded in any peacetime year.

Output of nondurable manufactured goods showed little change in April. Activity at cotton mills was maintained at the level of recent months, approximately 15 per cent below the peak level of April 1942. As a measure to increase production, a 48-hour work week was ordered in the cotton textile industry, effective May 14.

The number of animals slaughtered continued at an exceptionally high level in April, and effective May 3 most meat products were removed from rationing. Output of dairy products continued to rise seasonally and supplies available for civilians increased.

Mineral production was maintained in large volume in April. Production of both bituminous and anthracite coal for the year through May 6 was approximately 5 per cent more than in the same period in 1943.

Crude petroleum production in April continued at a level about 12 per cent above a year ago. Mine production of iron ore showed a large seasonal rise, reflecting the opening on April 10 of the season for lake shipments.

### DISTRIBUTION

Department store sales declined in April and, after allowance for usual seasonal changes, were about 10 per cent below the high level which prevailed in the first quarter of this year. In the first half of May sales were maintained and were considerably larger than in the corresponding period of 1943.

Carloadings of railroad freight in April and the first half of May were maintained in large volume. Grain shipments continued to decline from the exceptionally high levels of January and February. Ore loadings increased sharply in April and were 60 per cent greater than a year ago.

### COMMODITY PRICES

Wholesale prices of most commodities showed little change from the middle of April to the third week of May. Prices of farm products and foods were slightly lower, while maximum prices of some industrial commodities were raised.

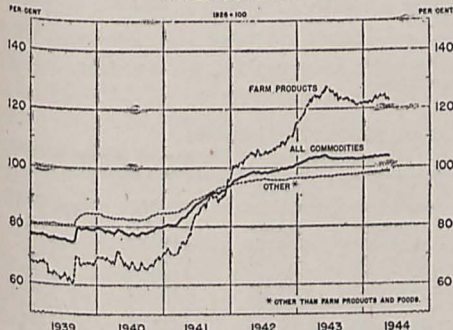
The cost of living index advanced one-half per cent from mid-March to mid-April, reflecting higher retail prices for foods and furniture and increased excise taxes effective April 1.

### BANK CREDIT

From the end of the Fourth War Loan Drive in the second week of February through the middle of May, demand deposits of individuals and businesses at weekly reporting banks increased by about 3 billion dollars. Time deposits also increased appreciably. During the same period war loan accounts at reporting banks declined by more than 6½ billion dollars. Holdings of U. S. Government securities by these banks declined by about 2 billion dollars and loans contracted by more than 1½ billion dollars. A large part of the loan decline was the liquidation of credits extended during the war loan drive. Loans to brokers and dealers are now less than they were before the Fourth War Loan Drive and loans to others for purchasing and carrying U. S. Government securities are down to about pre-drive levels. During the same period commercial loans also declined rapidly.

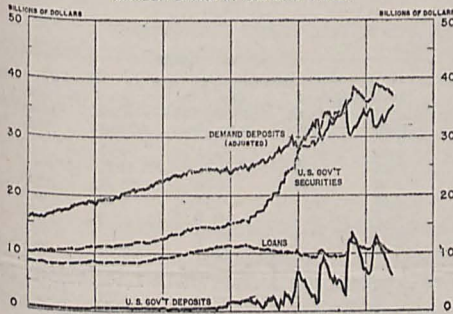
Sales of U. S. Government securities by commercial banks were paralleled by equivalent purchases by the Federal Reserve System. System holdings are now about 2½ billion dollars larger than they were at the end of the Fourth War Loan Drive. These purchases were made to supply member banks with reserve funds needed to meet a continued increase in currency and the growth in required reserves which resulted from shifts of deposits from Treasury war-loan accounts to other accounts. Some of these needs have been met by a decline in excess reserves. Sharp declines in excess reserves at the end of March and April were associated with unexpectedly large tax receipts and the building up of Treasury balances at Reserve Banks. Currency in circulation, which increased somewhat less rapidly during the first quarter of 1944 than in the same period last year, renewed its rapid outflow late in April and during early May. In the four weeks ending May 17 the currency outflow was over 500 million dollars.

### WHOLESALE PRICES



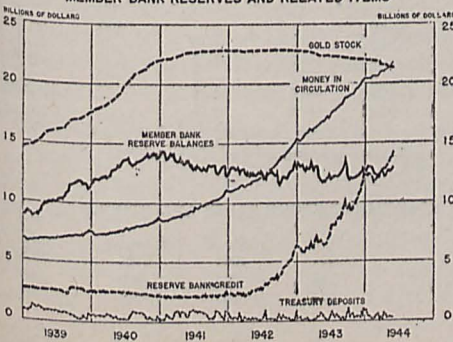
Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending May 13, 1944.

### 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 May 17, 1944.

### MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for May 17, 1944.



# MONTHLY BUSINESS REVIEW

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

	May 15, 1944	May 15, 1943	April 15, 1944
Total cash reserves.....	\$572,949	\$607,033	\$547,389
Discounts for member banks.....	250	225	None
Industrial advances.....	2	19	3
United States Government securities.....	483,645	195,458	460,997
All other investments.....	None	None	None
Total earning assets.....	483,897	195,702	461,000
Member bank reserve deposits.....	535,101	480,470	526,389
Federal Reserve Notes in actual circulation.....	447,485	292,132	431,884

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

	May 10, 1944	May 12, 1943	April 12, 1944
Total loans and investments.....	\$1,368,296	\$1,178,441	\$1,382,028
Total loans.....	331,244	283,849	333,295
Commercial, industrial, and agricultural loans.....	236,105	198,849	232,453
Loans to brokers and dealers in securities.....	2,852	2,406	2,477
Other loans for purchasing or carrying securities.....	27,324	17,914	32,404
Real estate loans.....	19,713	18,787	19,825
Loans to banks.....	92	151	101
All other loans.....	45,057	45,792	46,035
Total investments.....	1,037,052	894,592	1,048,733
U. S. Treasury bills.....	88,339	125,125	92,983
U. S. Treasury certificates of indebtedness.....	254,213	196,999	258,887
U. S. Treasury notes.....	199,163	107,319	195,865
U. S. Government bonds.....	410,064	357,974	413,918
Obligations guaranteed by United States Gov't.....	39,931	49,285	39,496
Other securities.....	45,342	57,890	47,584
Reserves with Federal Reserve Bank.....	291,300	278,433	302,857
Balances with domestic banks.....	199,993	291,075	202,035
Demand deposits—adjusted*.....	1,073,578	906,003	1,055,979
Time deposits.....	178,747	139,009	174,252
United States Government deposits.....	136,256	203,642	180,107
Interbank deposits.....	410,094	448,976	419,667
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)

	April 1944	April 1943	Pctg. change over year	March 1944	Pctg. change over month
Abilene.....	\$ 16,738	\$ 17,489	-4	\$ 17,016	-2
Amarillo.....	39,623	44,276	-11	42,241	-6
Austin.....	86,977	80,829	+8	103,455	-16
Beaumont.....	54,501	59,963	-9	53,565	+2
Corpus Christi.....	46,961	43,730	+7	44,948	+4
Corsicana.....	5,830	7,730	-25	6,687	-13
Dallas.....	509,363	483,987	+5	517,331	-2
El Paso.....	61,220	65,503	-7	64,607	-5
Fort Worth.....	185,423	182,555	+2	195,958	-5
Galveston.....	41,432	41,099	+1	43,789	-5
Houston.....	500,232	464,138	+8	554,375	-10
Laredo.....	11,458	11,483	-1	11,448	+1
Lubbock.....	25,874	29,083	-11	28,959	-11
Monroe, La.....	16,322	16,992	-4	18,683	-13
Port Arthur.....	22,237	20,474	+9	25,034	-11
Roswell, N. M.....	7,685	8,136	-6	8,584	-10
San Angelo.....	12,709	15,011	-15	14,003	-9
San Antonio.....	142,357	138,991	+2	143,081	-1
Shreveport, La.....	73,200	69,669	+5	81,602	-10
Texarkana*.....	17,457	19,235	-9	18,496	-6
Tucson, Ariz.....	27,735	26,061	+6	29,284	-5
Tyler.....	20,241	18,804	+8	21,172	-4
Waco.....	24,844	31,018	-20	26,872	-8
Wichita Falls.....	23,885	25,778	-7	27,696	-14
Total—24 cities.....	\$1,974,304	\$1,922,034	+3	\$2,098,886	-6

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

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

## 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
April 1942.....	\$1,803,410	\$227,515	\$1,033,595	\$127,278	\$ 769,815	\$100,237
April 1943.....	2,718,086	234,791	1,482,955	138,031	1,235,132	96,760
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
February 1944.....	3,277,127	274,586	1,698,429	169,105	1,578,698	105,481
March 1944.....	3,320,227	277,705	1,725,356	171,392	1,594,870	106,313
April 1944.....	3,292,252	284,538	1,709,275	175,621	1,582,977	108,918

## SAVINGS DEPOSITS

	April 30, 1944		Percentage change in savings deposits from	
	Number of reporting banks	Amount of savings deposits	April 30, 1943	March 31, 1944
Beaumont.....	3	\$ 11,256	\$ 5,267,543	+19.9
Dallas.....	8	98,976	39,202,751	+33.8
El Paso.....	2	23,491	12,068,353	+42.5
Fort Worth.....	3	34,829	18,474,843	+30.9
Galveston.....	4	20,531	13,978,251	+22.5
Houston.....	10	82,521	42,393,039	+21.8
Lubbock.....	2	852	474,726	+3.4
Port Arthur.....	2	5,259	3,661,153	+20.2
San Antonio.....	5	30,874	25,135,250	+24.1
Shreveport, La.....	3	28,276	15,330,895	+25.8
Waco.....	3	7,975	5,258,404	+11.6
Wichita Falls.....	3	6,591	3,620,998	+8.5
All other.....	58	52,251	31,758,266	+15.1
Total.....	106	403,682	\$216,624,472	+24.4

## BUILDING PERMITS

	April 1944		Percentage change valuation from		Jan. 1 to Apr. 30, 1944		Percentage change valuation from 1943
	No.	Valuation	Apr. 1944	Mar. 1943	No.	Valuation	
Abilene.....	24	\$ 12,380	+104	+10	110	\$ 161,475	+506
Amarillo.....	86	94,505	+91	+50	244	363,917	+82
Austin.....	107	43,309	+18	+25	367	150,239	+29
Beaumont.....	127	102,873	+88	+110	492	337,673	+53
Corpus Christi.....	125	139,880	+64	+34	480	484,742	+46
Dallas.....	725	708,292	+404	+63	2,458	2,822,250	+380
El Paso.....	99	194,301	+316	+382	285	299,062	+65
Fort Worth.....	308	455,880	+23	+22	970	1,286,513	+5
Galveston.....	54	22,863	+57	+51	357	290,376	+8
Houston.....	220	368,957	+112	+34	879	1,851,529	+51
Lubbock.....	106	64,937	+484	+64	389	154,877	+180
Port Arthur.....	58	36,646	+179	+19	173	115,632	+185
San Antonio.....	1,100	387,814	+124	+2	3,154	1,419,894	+133
Shreveport, La.....	136	53,565	+68	+48	501	258,548	+122
Waco.....	101	239,920	+37	+109	321	519,787	+75
Wichita Falls.....	27	22,658	+50	+32	136	92,645	+89
Total.....	3,403	\$2,948,780	+51	+15	11,316	\$10,009,159	+2

## VALUE OF CONSTRUCTION CONTRACTS AWARDED (Thousands of dollars)

	April 1944	April 1943	March 1944	Jan. 1 to April 30 1944	1943
Eleventh District—total.....	\$ 13,640	\$ 37,383	\$ 22,206	\$ 61,459	\$ 205,799
Residential.....	2,830	8,026	5,423	14,392	49,362
All other.....	10,810	29,357	16,783	47,067	156,437
United States*—total.....	179,286	303,371	176,383	652,163	1,387,247
Residential.....	37,772	79,434	35,164	138,794	355,327
All other.....	141,514	223,937	141,219	513,359	1,031,920

\*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

## CRUDE OIL PRODUCTION—(Barrels)

	April 1944	Increase or decrease in daily average production from	
	Total production	Daily avg. production	April 1943 March 1944
North Texas.....	7,052,250	235,075	+ 9,160 — 730
West Texas.....	11,242,050	374,735	+159,978 +32,770
East Texas.....	14,690,150	489,672	+ 69,802 + 6,553
South Texas.....	8,803,950	293,465	+106,470 + 2,088
Texas Coastal.....	15,560,050	518,668	+170,803 + 4,713
Total Texas.....	57,348,450	1,911,615	+522,213 +45,394
New Mexico.....	3,374,650	112,488	+ 15,726 — 389
North Louisiana.....	2,276,850	75,895	— 12,795 — 547
Total District.....	62,999,950	2,099,998	+525,144 +44,458

SOURCE: Estimated from American Petroleum Institute weekly reports.

## WHOLESALE AND RETAIL TRADE STATISTICS

	Percentage change in		Stocks †	
	Number of reporting firms	Net sales	April 1944 from April 1943	March 1944
Retail trade:				
Department stores:				
Total 11th Dist....	48	+10	+9	+11
Dallas.....	7	+16	+15	+17
Fort Worth.....	4	+4	+10	+21
Houston.....	7	+12	+7	+14
San Antonio.....	5	+7	+7	+6
Shreveport, La.....	3	+17	+1	+21
Other cities.....	22	+7	+2	+9
Retail furniture:				
Total 11th Dist....	63	-2	-5	-13
Dallas.....	8	+9	-9	-30
Fort Worth.....	3	-11	-16	-
Houston.....	10	+1	-10	-34
San Antonio.....	3	-6	-11	-2
Independent stores:*				
Arizona.....	163	+5	-2	+3
New Mexico.....	141	+1	+2	+8
Oklahoma.....	378	+7	+3	+9
Texas.....	923	+5	-8	+9
Wholesale trade:				
Automotive supplies	4	+40	-1	+33
Drugs (incl. liquors)	9	+19	-9	+15
Groceries.....	29	+8	-7	+7
Hardware.....	10	+6	+3	+1
Surgical equipment.	5	+21	-6	-1
Tobacco & products.	4	+11	-8	+15

\*Compiled by United States Bureau of Census (wholesale trade figures preliminary).

†Stocks end of month.

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

## INDEXES OF DEPARTMENT STORE SALES AND STOCKS

	April 1944	March 1944	February 1944	April 1943
Sales (1935-1939=100)				
Without seasonal adjustment.....	228	227	200	193
With seasonal adjustment.....	232	247	241	195
Stocks (1923-1925=100)				
Without seasonal adjustment.....	99	101	97	91
With seasonal adjustment.....	96	98	101	88