

# MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

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## DISTRICT SUMMARY

Sales at department stores in this district increased from September to October and were about 10 per cent higher than in October, 1943. Weekly reports indicate that this margin of gain will be maintained during November. The value of construction contracts awarded in this district, which had risen substantially during August and September, declined sharply in October to approximately the level prevailing during the summer months. Crude petroleum production, after reaching an all-time peak in September, declined fractionally in October and on the basis of allowables should remain at approximately the same level during November. Drilling activity showed little change from other recent months. Weather conditions were favorable for the maturity and harvesting of crops during October and the first half of November but harvesting operations were retarded by labor shortages. The light to heavy rains that fell over most sections of Texas and north Louisiana around the middle of November partially relieved the drought situation in many areas and will be beneficial to small grains and ranges.

## BUSINESS

The dollar volume of sales at reporting department stores in this district increased 2 per cent from September to October, but was 10 per cent larger than in October, 1943. Sales during the first ten months of 1944 were 15 per cent above those during the comparable period in 1943. Indications from weekly reporting firms are that November sales this year will be approximately 10 per cent higher than a year ago. The dollar volume of stocks at the end of October showed a negligible change from that of a month earlier but was approximately 5 per cent higher than a year ago. Average monthly stocks during the first ten months of 1944 were approximately 10 per cent higher than the comparable monthly average of a year ago.

In October, cash and credit sales showed increases of 13 and 8 per cent, respectively, over a year ago. The ratio of cash sales to total sales at department stores has remained at approximately 52 per cent during the past three months, after reaching a peak of 57 per cent in July of this year. During the first ten months of this year, this ratio averaged 53 per cent compared with a monthly average of 50 per cent in 1943 and 32 per cent in 1941.

Indications are that a strong demand still obtains for home furnishings, whereas stocks of such goods are comparatively low. Sales at reporting furniture firms in this district during October were 11 per cent higher than a year ago, but stocks at the end of the month showed practically no change from a year ago. During the past two months, the War Production Board has approved several applications, under the Spot Authorization Plan, for firms in this district to manufacture certain home furnishings products and this action may have the effect of partially relieving the tight supply situation. However, the availability of manpower and the supply of materials for the manufacture of home furnishings constitute two major obstacles which must be surmounted before quantity production of such goods will be achieved.

## AGRICULTURE

The dry, open weather prevailing over a large part of the Eleventh District since early in October was favorable for harvesting operations of remaining crops and especially for cotton. The tight farm labor situation, however, has retarded cotton picking as well as other farm operations. Range feeds and pastures in late October needed moisture in all areas but earlier growth had matured and promised good grazing for some time in most districts. The light to heavy rains which fell throughout Texas and northern Louisiana around the middle of November benefited ranges and small grains. The November 1 crop report for Texas indicates few changes from earlier estimates. Production of most crops, cotton and corn being the principal exception, exceeds last year's production and also the 10-year (1933-1942) average.

On November 1, the 1944 Texas cotton crop was estimated by the Department of Agriculture at 2,600,000 bales, which was 100,000 bales above the October 1 estimate but about 200,000 bales below the 1943 harvest and nearly 700,000 bales below the 1933-1942 average harvest of 3,273,000 bales. The estimate for the Eleventh District was placed at 3,319,000 bales, as compared with actual production of 3,578,000 bales in 1943. The November estimate also indicated cotton production increases over the previous year for Oklahoma, Arizona and New Mexico but a substantial decrease for Louisiana. The cotton crop for the United States was estimated at 12,320,000 bales on November 1 as compared with 11,953,000 bales on October 1 and 12,455,000 bales for the 10-year (1933-1942) average. The indicated per acre yield of approximately 293 pounds in the United States is the highest of record. Total cotton ginnings prior to November 1 for Texas were 1,576,295 bales and for all states were 8,282,000 bales, as compared with 2,154,741 bales and 9,061,000, respectively, prior to the same date last year, reflecting the lateness of the crop and the scarcity of labor for harvesting.

The corn crop in Texas exceeded previous expectations and the estimate of 67,136,000 bushels on November 1 was about 2,500,000 bushels higher than a month earlier but was still about 21,300,000 bushels below last year's harvest. The production of all grain sorghums, now forecast at 82,355,000 bushels, is about 3 per cent below the indicated totals a month ago, but is more than double the 10-year average of 33,790,000 bushels. Peanut production, which is estimated at 323,400,000 pounds, compares with 298,980,000 pounds produced last year. The sweet potato crop, with an indicated production of 4,875,000 bushels, is about 13 per cent below the 1943 harvest but 10 per cent above the 10-year average.

Difficulty is being experienced in obtaining labor to harvest the record Texas pecan crop of 45,000,000 pounds, which is practically double the average production, but some progress is being made and the quality of nuts is reported to be good.

Carlot movements of Texas grapefruit and oranges thus far this season are considerably above those of the same period last year but production estimates for the 1944-1945 season remain

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unchanged at 20,150,000 boxes of grapefruit and 3,750,000 boxes of oranges. The Bureau of Agricultural Economics estimated that the tropical hurricane which struck Florida and the Atlantic Coast on October 19 destroyed 43 per cent of the Florida grapefruit crop and 19 per cent of the orange crop, which may affect the demands placed on Texas citrus growers during the current season.

Conditions in the Texas commercial vegetable areas were mostly favorable, the principal exception being insect damage and shortage of moisture in the Coastal Bend section. Crops in the irrigated sections, which constitute most of the acreage for early production, made fairly good progress. Despite the heavy toll taken by insects, growing conditions have been generally favorable and good progress is being made in preparing and planting additional large tracts of land. Some areas in the Rio Grande Valley have been too wet for weeks and even though losses of early plantings have been heavy, most crops that survived the insect damage are now growing nicely and fields are well cultivated.

Continued dry weather during October depleted top-soil moisture on most Texas ranges, and rains are needed in all areas. In all except a few south Texas counties, however, earlier growths of range feeds had matured and promise continued good grazing. Range conditions for the State on November 1 were still 8 points higher than a year ago and 4 points above the 20-year (1923-1942) average. Livestock improved during October and are in much better condition than a year ago. Herds have been culled rather closely and, according to the Department of Agriculture, inventories on January 1 should consist of a larger than usual proportion of younger and better animals. Even though movement of cattle into areas with small grain pastures has been fairly heavy, full utilization of grazing possibilities will not be possible unless considerable additional moisture is received within the next few weeks. A considerable increase in cattle feeding in Texas feed lots is in prospect for the coming winter.

The average farm prices received by Texas farmers between September 15 and October 15, as reported by the Department of Agriculture, reflected significant increases in prices for poultry and poultry products, milk, butterfat, sheep and hogs, and moderate gains were indicated for small grains. On the other hand, continued declines were shown for grain sorghums and corn, and sweet potatoes declined sharply for the second consecutive month. Prices received for such items as cotton, cottonseed, hay, peanuts and potatoes remained unchanged from the previous month, while citrus prices, at the opening of the season, were slightly higher than those of a year ago. Prices received for beef cattle and calves declined during the month.

The Surplus Property Act, approved by the President on October 3, stated that the Commodity Credit Corporation "may dispose of . . . for cash or its equivalent in goods or for adequately secured credit, for export only, and at competitive world prices, any farm commodity or product thereof . . ." In accordance with the authority granted under the provisions of that Act, the War Food Administration announced on November 15 that it will offer a subsidy of 4 cents per pound, gross weight, on export sales of American cotton until further notice. It also announced subsidies on wheat, for export by water from the Atlantic or the Gulf ports, of 34 cents per bushel and on wheat for export by rail of 6 cents per bushel. The War Food Administration also offered subsidies for flour exports based on the wheat subsidies with manufacturing differentials. The export subsidy payments are designed to make American cotton and wheat competitive in world markets.

## CASH FARM INCOME—(Thousands of dollars)

|            | August 1944        |            | Total receipts |         |           |           |
|------------|--------------------|------------|----------------|---------|-----------|-----------|
|            | Receipts from Crop | Livestock* | 1944           | 1943    |           |           |
| Arizona    | 1,537              | 2,311      | 3,848          | 4,284   | 87,249    | 84,648    |
| Louisiana  | 4,698              | 4,751      | 9,449          | 17,589  | 92,874    | 91,302    |
| New Mexico | 3,939              | 2,330      | 6,269          | 6,698   | 41,291    | 46,955    |
| Oklahoma   | 30,694             | 28,148     | 58,842         | 39,993  | 280,186   | 224,542   |
| Texas      | 50,610             | 41,023     | 91,633         | 94,671  | 655,055   | 625,627   |
| Total      | 91,478             | 78,563     | 170,041        | 163,505 | 1,156,655 | 1,073,074 |

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

SOURCE: United States Department of Agriculture.

## LIVESTOCK RECEIPTS—(Number)

|        | Fort Worth   |              |                | San Antonio  |              |                |
|--------|--------------|--------------|----------------|--------------|--------------|----------------|
|        | October 1944 | October 1943 | September 1944 | October 1944 | October 1943 | September 1944 |
| Cattle | 117,182      | 91,579       | 104,567        | 34,441       | 25,939       | 22,622         |
| Calves | 79,207       | 70,331       | 56,687         | 50,261       | 32,701       | 30,561         |
| Hogs   | 54,495       | 88,921       | 67,512         | 12,937       | 12,546       | 11,986         |
| Sheep  | 166,802      | 199,796      | 177,204        | 49,172       | 48,050       | 51,653         |

## COMPARATIVE TOP LIVESTOCK PRICES

(Dollars per hundred weight)

|                       | Fort Worth   |              |                | San Antonio  |              |                |
|-----------------------|--------------|--------------|----------------|--------------|--------------|----------------|
|                       | October 1944 | October 1943 | September 1944 | October 1944 | October 1943 | September 1944 |
| Beef steers           | \$15.00      | \$14.00      | \$14.25        | \$12.75      | \$12.50      | \$12.25        |
| Stocker steers        | 12.50        | 11.50        | 12.00          | 12.00        | 11.00        | 10.50          |
| Heifers and yearlings | 15.00        | 14.00        | 14.00          | 12.75        | 13.00        | 12.25          |
| Butcher cows          | 11.50        | 11.50        | 12.25          | 11.00        | 10.50        | 10.50          |
| Calves                | 13.00        | 12.75        | 13.25          | 12.90        | 12.50        | 13.25          |
| Hogs                  | 14.55        | 14.55        | 14.55          | 14.25        | 14.25        | 14.25          |
| Lams                  | 13.50        | 13.50        | 14.00          | 13.00        | 11.00        | 12.50          |

## COTTONSEED AND COTTONSEED PRODUCTS

|                                      | Texas                              |                        | United States                      |                        |
|--------------------------------------|------------------------------------|------------------------|------------------------------------|------------------------|
|                                      | August 1 to October 31 This season | October 31 Last season | August 1 to October 31 This season | October 31 Last season |
| Cottonseed received at mills (tons)  | 477,651                            | 625,938                | 2,392,073                          | 2,646,204              |
| Cottonseed crushed (tons)            | 210,682                            | 339,703                | 976,685                            | 1,266,948              |
| Cottonseed on hand October 31 (tons) | 298,615                            | 330,904                | 1,533,644                          | 1,469,592              |
| Production of products:              |                                    |                        |                                    |                        |
| Crude oil (thousand lbs.)            | 61,220                             | 97,526                 | 294,261                            | 385,186                |
| Cake and meal (tons)                 | 99,260                             | 157,601                | 441,934                            | 578,058                |
| Hulls (tons)                         | 48,959                             | 80,811                 | 227,978                            | 297,059                |
| Linters (running bales)              | 64,874                             | 102,012                | 281,734                            | 377,000                |
| Stocks on hand October 31:           |                                    |                        |                                    |                        |
| Crude oil (thousand lbs.)            | 13,026                             | 17,116                 | 56,105                             | 56,148                 |
| Cake and meal (tons)                 | 25,226                             | 20,781                 | 69,977                             | 56,406                 |
| Hulls (tons)                         | 18,793                             | 19,467                 | 46,658                             | 37,738                 |
| Linters (running bales)              | 29,708                             | 71,905                 | 101,891                            | 234,258                |

SOURCE: United States Bureau of Census.

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

|                           | October 1944    | October 1943 | Sept. 1944 | August 1 to October 31 This season |           |
|---------------------------|-----------------|--------------|------------|------------------------------------|-----------|
|                           | Consumption at: |              |            |                                    |           |
| Texas mills               | 14,941          | 17,254       | 15,415     | 48,334                             | 55,239    |
| United States mills       | 795,379         | 846,993      | 793,086    | 2,429,955                          | 2,562,335 |
| U.S. stocks—end of month: |                 |              |            |                                    |           |
| In consuming estab'm'ts   | 1,076,720       | 2,206,448    | .....      | .....                              | .....     |
| Public stg. & compresses  | 11,991,770      | 12,273,785   | .....      | .....                              | .....     |

## CROP PRODUCTION—(Thousands of units)

| Crop            | Unit    | Texas                  |        | Eleventh District      |         |
|-----------------|---------|------------------------|--------|------------------------|---------|
|                 |         | Estimated Nov. 1, 1944 | 1943   | Estimated Nov. 1, 1944 | 1943    |
| Winter wheat    | Bushels | 77,071                 | 36,366 | 78,111                 | 37,142  |
| Cotton          | Bales   | 2,600                  | 2,823  | 3,319                  | 3,578   |
| Corn            | Bushels | 67,136                 | 88,416 | 79,782                 | 102,083 |
| Oats            | Bushels | 42,471                 | 21,780 | 47,995                 | 26,111  |
| Tame hay        | Tons    | 1,331                  | 1,469  | 1,910                  | 2,018   |
| Potatoes, Irish | Bushels | 5,016                  | 6,450  | 5,995                  | 7,504   |
| Potatoes, sweet | Bushels | 4,875                  | 5,616  | 14,540*                | 15,072* |
| Rice            | Bushels | 19,208                 | 20,196 | 41,477†                | 44,104† |

\*Louisiana, Oklahoma and Texas.

†Texas and Louisiana.

SOURCE: United States Department of Agriculture.

## FINANCE

The gross deposits of the weekly reporting member banks declined further by \$18,300,000 during the four weeks ended November 8; however, this reduction is very small when compared with the net increase of about \$240,000,000 during the period from late June to the peak reached on September 13. Between October 11 and November 8, the Treasury made withdrawals of \$59,200,000 from war loan accounts, which were only partially offset by increases of \$18,200,000 in interbank deposits, of \$16,500,000 in adjusted demand deposits and of \$6,200,000 in time deposits. The funds to meet deposit withdrawals were obtained principally from a reduction of \$17,700,000 in balances with correspondents and a decline of \$5,500,000 in reserves with the Federal Reserve Bank.

Total loans of the weekly reporting member banks were affected largely by changes in commercial, industrial and agricultural loans, in loans on Government securities to borrowers other than brokers and dealers and in "all other" loans. During the period from October 11 to November 8, commercial, industrial and agricultural loans showed a further increase of \$15,500,000, and on the latter date amounted to \$251,000,000, the highest level since April, 1942 with the exception of a brief period during the Fifth War Loan Drive. "All other" loans also increased further by \$1,800,000. On the other hand, loans to others than brokers and dealers for purchasing or carrying securities were reduced by \$2,400,000 and on November 8 were \$36,400,000, as compared with a peak during the Fifth War Loan Drive of \$74,400,000 and a low point just before that drive of \$28,700,000. The reporting member banks made a net reduction of \$12,300,000 in their investments and made substantial switches in their portfolios over the four-week period. Treasury bill holdings were reduced by \$34,300,000, but there were increases of \$12,500,000 in holdings of certificates of indebtedness and of \$9,600,000 in Treasury bonds.

Federal reserve notes of this bank in actual circulation, which showed an average monthly increase of \$10,000,000 during the past ten months, rose sharply between October 15 and November 15. Total circulation of \$531,500,000 on the latter date was approximately \$22,800,000 higher than a month earlier. Although an increase usually occurs in note circulation before war loan drives, this expansion was the largest for any 30-day period since September, 1943.

Reserve balances of member banks in this district reached a new all-time peak of \$627,800,000 on November 15 and the average for the first half of the month amounted to \$600,000,000, or about \$22,000,000 higher than the October average and approximately \$100,000,000 above that for November, 1943. Reflecting the expansion in total deposits and the conversion of war loan deposits into private deposits, the required reserves of member banks in this district during September and October rose at a more rapid rate than the increase in reserve balances, with the result that average excess reserves declined from \$125,000,000 in August to \$102,000,000 in October, the lowest level reached since May this year. During the first half of November, however, excess reserves increased somewhat. The war loan deposits of banks in this district have declined from a peak of \$566,000,000 at the close of the Fifth War Loan Drive to a level of \$178,000,000 on November 15, or at a rate of approximately \$22,000,000 per week throughout the period.

INDUSTRY

Employment in Texas war industries declined in September with indications that a further reduction occurred in October. The declines were most pronounced at aircraft plant and shipbuilding establishments, although small declines were reported in other industries. The falling off in employment at shipbuilding yards resulted in considerable part from the regular turnover of employees, while at aircraft plants, the cutbacks in production schedules on some types of planes have necessitated reductions in personnel. In three industrial groups—chemicals, petroleum refining, and machinery—employment increased further in accordance with the upward trend that has been in evidence since the beginning of the current year. Employment in the ordnance industry was well sustained, following increases during other recent months. Employment also increased at miscellaneous plants engaged in the production of a variety of products.

The value of construction contracts awarded in the Eleventh District, which had evidenced an upward trend during August and September, declined sharply in October, resuming the down-

CONDITION OF THE FEDERAL RESERVE BANK

|  | (Thousands of dollars) |               |                  |
|--|------------------------|---------------|------------------|
|  | Nov. 15, 1944          | Nov. 15, 1943 | October 15, 1944 |
| Total cash reserves.....                         | \$562,623              | \$609,497     | \$542,813        |
| Discounts for member banks.....                  | 353                    | 25            | 150              |
| Industrial advances.....                         | None                   | 16            | None             |
| U. S. Government securities.....                 | 631,959                | 334,358       | 621,970          |
| Total earning assets.....                        | 632,312                | 334,399       | 622,120          |
| Member bank reserve deposits.....                | 627,754                | 508,585       | 591,043          |
| Federal Reserve Notes in actual circulation..... | 531,462                | 393,853       | 508,688          |

CONDITION STATISTICS OF 33 MEMBER BANKS IN LEADING CITIES

|  | (Thousands of dollars) |               |                  |
|--|------------------------|---------------|------------------|
|  | Nov. 8, 1944           | Nov. 10, 1943 | October 11, 1944 |
| Total loans and investments.....                       | \$1,554,711            | \$1,364,080   | \$1,552,088      |
| Total loans.....                                       | 355,927                | 322,653       | 341,033          |
| Commercial, industrial, and agricultural loans.....    | 250,535                | 215,045       | 235,044          |
| Loans to brokers and dealers in securities.....        | 2,147                  | 3,764         | 2,176            |
| Other loans for purchasing or carrying securities..... | 36,407                 | 24,900        | 38,814           |
| Real estate loans.....                                 | 20,915                 | 18,805        | 20,872           |
| Loans to banks.....                                    | 160                    | 98            | 190              |
| All other loans.....                                   | 45,763                 | 60,451        | 43,937           |
| Total investments.....                                 | 1,198,784              | 1,041,427     | 1,211,055        |
| U. S. Treasury bills.....                              | 81,284                 | 114,666       | 115,574          |
| U. S. Treasury certificates of indebtedness.....       | 364,963                | 269,971       | 352,510          |
| U. S. Treasury notes.....                              | 218,108                | 145,940       | 217,793          |
| U. S. Government bonds.....                            | 469,248                | 413,372       | 459,644          |
| Obligations guaranteed by United States Gov't.....     | 20,629                 | 45,574        | 20,629           |
| Other securities.....                                  | 44,552                 | 51,904        | 44,905           |
| Reserves with Federal Reserve Bank.....                | 325,483                | 291,766       | 330,940          |
| Balances with domestic banks.....                      | 215,205                | 245,699       | 232,907          |
| Demand deposits—adjusted*.....                         | 1,171,469              | 987,670       | 1,154,672        |
| Time deposits.....                                     | 207,574                | 154,671       | 201,365          |
| United States Government deposits.....                 | 127,194                | 246,551       | 188,381          |
| Interbank deposits.....                                | 526,455                | 458,809       | 508,259          |
| 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) |              |                        |                |                         |
|----------------------|------------------------|--------------|------------------------|----------------|-------------------------|
|                      | October 1944           | October 1943 | Pctg. change over year | September 1944 | Pctg. change over month |
| Abilene.....         | \$ 18,716              | \$ 17,737    | + 6                    | \$ 18,082      | + 4                     |
| Amarillo.....        | 43,856                 | 40,829       | + 7                    | 42,318         | + 4                     |
| Austin.....          | 73,963                 | 68,904       | + 7                    | 78,654         | - 6                     |
| Beaumont.....        | 54,871                 | 54,431       | + 1                    | 56,653         | - 3                     |
| Corpus Christi.....  | 52,726                 | 45,306       | +16                    | 50,569         | + 4                     |
| Corsicana.....       | 7,023                  | 6,761        | + 4                    | 6,372          | +10                     |
| Dallas.....          | 548,691                | 486,385      | +13                    | 549,630        | - 1                     |
| El Paso.....         | 61,520                 | 55,650       | +11                    | 50,029         | +23                     |
| Fort Worth.....      | 207,289                | 198,195      | + 5                    | 246,740        | -16                     |
| Galveston.....       | 43,735                 | 42,995       | + 2                    | 43,960         | - 1                     |
| Houston.....         | 534,674                | 480,555      | +11                    | 522,846        | + 2                     |
| Laredo.....          | 11,472                 | 10,424       | +10                    | 10,920         | + 5                     |
| Lubbock.....         | 29,536                 | 29,386       | + 1                    | 26,007         | +14                     |
| Monroe, La.....      | 18,896                 | 18,380       | + 3                    | 19,221         | - 2                     |
| Port Arthur.....     | 21,873                 | 21,493       | + 2                    | 22,103         | - 1                     |
| Roswell, N. M.....   | 8,788                  | 8,117        | + 8                    | 7,496          | +17                     |
| San Angelo.....      | 14,887                 | 15,658       | - 5                    | 15,389         | - 3                     |
| San Antonio.....     | 140,113                | 130,601      | + 7                    | 136,139        | + 3                     |
| Shreveport, La.....  | 81,373                 | 70,323       | +16                    | 82,141         | - 1                     |
| Texasarkana*.....    | 22,006                 | 18,789       | +17                    | 20,145         | + 0                     |
| Tucson, Ariz.....    | 28,006                 | 28,236       | - 1                    | 25,689         | + 9                     |
| Tyler.....           | 22,702                 | 19,119       | +19                    | 21,960         | + 3                     |
| Waco.....            | 29,872                 | 25,923       | +15                    | 27,867         | + 9                     |
| Wichita Falls.....   | 26,948                 | 24,277       | +11                    | 25,050         | + 8                     |
| Total—24 cities..... | \$2,103,536            | \$1,918,474  | +10                    | \$2,105,489    | - 1                     |

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

GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

|                     |  | (Average daily figures—Thousands of dollars) |           |                    |           |               |           |
|---------------------|--|--|-----------|--------------------|-----------|---------------|-----------|
|                     |  | Combined total                               |           | Reserve city banks |           | Country banks |           |
|                     |  | Gross demand                                 | Time      | Gross demand       | Time      | Gross demand  | Time      |
| October 1942.....   |  | \$2,243,675                                  | \$225,791 | \$1,269,835        | \$125,687 | \$ 973,840    | \$100,124 |
| October 1943.....   |  | 3,181,242                                    | 248,606   | 1,705,587          | 148,123   | 1,475,655     | 100,483   |
| June 1944.....      |  | 3,361,412                                    | 296,955   | 1,749,241          | 184,628   | 1,612,171     | 112,327   |
| July 1944.....      |  | 3,601,462                                    | 303,719   | 1,900,222          | 187,985   | 1,701,240     | 115,734   |
| August 1944.....    |  | 3,655,893                                    | 307,179   | 1,925,789          | 192,204   | 1,730,104     | 114,975   |
| September 1944..... |  | 3,666,145                                    | 315,611   | 1,915,677          | 198,204   | 1,750,468     | 117,407   |
| October 1944.....   |  | 3,705,142                                    | 324,328   | 1,920,004          | 203,792   | 1,785,138     | 120,536   |

SAVINGS DEPOSITS

|                    |     | October 31, 1944          |                              | Percentage change in savings deposits from |                |
|--------------------|-----|---------------------------|------------------------------|--|----------------|
|                    |     | Number of reporting banks | Number of savings depositors | October 31, 1943                           | Sept. 30, 1944 |
| Beaumont.....      | 3   | 11,601                    | \$ 5,965,588                 | +25  | + 2            |
| Dallas.....        | 8   | 103,279                   | 47,690,048                   | +43  | + 4            |
| El Paso.....       | 2   | 24,652                    | 14,537,966                   | +44  | + 3            |
| Fort Worth.....    | 3   | 36,100                    | 22,139,341                   | +37  | + 3            |
| Galveston.....     | 4   | 21,009                    | 15,470,701                   | +23  | + 2            |
| Houston.....       | 10  | 86,063                    | 48,906,258                   | +29  | + 3            |
| Lubbock.....       | 2   | 819                       | 534,977                      | +15  | + 1            |
| Port Arthur.....   | 2   | 5,453                     | 4,140,672                    | +27  | + 3            |
| San Antonio.....   | 5   | 34,333                    | 29,585,372                   | +35  | + 3            |
| Shreveport.....    | 3   | 29,960                    | 17,904,703                   | +35  | + 3            |
| Waco.....          | 3   | 8,289                     | 6,081,313                    | +30  | + 3            |
| Wichita Falls..... | 3   | 6,440                     | 3,937,388                    | +12  | + 1            |
| All other.....     | 58  | 54,512                    | 36,448,954                   | +26  | + 3            |
| Total.....         | 106 | 422,510                   | \$253,343,281                | +33  | + 3            |

ward trend which started early in 1943. Total awards during October amounted to \$10,650,000, as compared with \$17,247,000 for September and \$23,347,000 for October a year earlier, and the aggregate awards of \$134,500,000 for the first ten months of the year were 57 per cent below those for the same period in 1943. All classes of construction awards declined with the exception of residential construction which rose sharply. Total residential awards for the month, however, amounted to only \$1,619,000, which is considerably below the monthly average thus far this year.

Daily average production of crude oil in the Eleventh District, after reaching new peaks for five consecutive months, declined slightly in October. However, the daily production of 2,311,000 barrels was only fractionally below that in September, and was 11 per cent above that in October a year ago. Production of crude oil outside this district remained at about the same level as the previous month and was slightly more than 4 per cent above the production for October, 1943. All producing areas in the district showed declines in daily average production with the exception of north Texas and east Texas fields, where moderate increases occurred.

The Petroleum Administration for War announced on October 16 that a production rate of 5,023,900 barrels daily of all petroleum liquids had been certified to the various oil producing states for November. This amount represents an increase of 13,100 barrels daily over the rate certified for October but it is still below the all-time peak of 5,051,000 barrels certified for September. Although the quantity of crude oil certified for November production in Texas was unchanged, a request was made for an additional 22,000 barrels daily of east Texas sweet crude oil to supply requirements for refinery runs and for a corresponding reduction of sour crude from west Texas.

Stocks of above-ground crude oil increased about 2 per cent in the Eleventh District during October and at the end of the month totaled 120,000,000 barrels, as compared with the 1943-1944 high of 127,165,000 barrels on February 19 this year and the 1942-1943 low of 92,678,000 barrels on January 10, 1942. Stocks of crude oil outside this district declined slightly in October and at the end of the month totaled 103,164,000 barrels, as compared with 118,400,000 barrels a year earlier.

Well drilling activity in the Eleventh District was maintained at about the same rate in October as in the previous month, with an average of approximately 20 completions daily. The total completions for the first 10 months amount to 5,460 wells, representing an increase of 1,700 wells over the same period last year.

Cotton consumed at United States textile mills in October, which totaled 795,000 bales, was about the same as in September but was 6 per cent below the 847,000 bales consumed in October a year ago. Stocks of cotton on hand in consuming establishments at the end of October totaled 1,977,000 bales, as compared with 2,206,000 bales in October last year, indicating a decrease of about 10 per cent. Stocks held in public storage and compresses on October 31 were 11,992,000 bales, as compared with 12,274,000 bales held at the end of October last year.

Despite abundant supplies of raw cotton and the large number of available looms, production of cotton goods continues to decline. The declining production of cotton goods reflected chiefly the acute labor shortages at cotton mills and converting establishments and this situation, together with the large Government orders, is restricting the volume of goods available for civilian consumption. It is estimated that at the present rate of production, cotton goods generally will be available to consumers in quantities equal to about 35 per cent of pre-war consumption. Shortages in textiles are apparently at a very critical

stage and in view of Government requirements, it appears likely to obtain for some months. Department stores have been asked by the Government to minimize promotional sales of cotton textiles and textile products until this condition eases.

## WHOLESALE AND RETAIL TRADE STATISTICS

|                          | Number of reporting firms | Percentage change in— |              |                                   |                                     |
|--------------------------|---------------------------|-----------------------|--------------|-----------------------------------|-------------------------------------|
|                          |                           | October 1943          | October 1944 | Net sales Oct. 31, 1944 from 1943 | Stocks October 1944 from Sept. 1944 |
| <b>Retail trade:</b>     |                           |                       |              |                                   |                                     |
| Department stores:       |                           |                       |              |                                   |                                     |
| Total 11th Dist. ....    | 49                        | +10                   | +2           | +15                               | +3                                  |
| Dallas .....             | 7                         | +6                    | -2           | +19                               | +8                                  |
| Fort Worth .....         | 4                         | +7                    | -1           | +13                               | +1                                  |
| Houston .....            | 7                         | +15                   | +9           | +14                               | +4                                  |
| San Antonio .....        | 5                         | +12                   | +3           | +12                               | +6                                  |
| Shreveport .....         | 3                         | +6                    | +10          | +17                               | ....                                |
| Other cities .....       | 23                        | +12                   | +3           | +13                               | -4                                  |
| Retail furniture:        |                           |                       |              |                                   |                                     |
| Total 11th Dist. ....    | 63                        | +11                   | +10          | ....                              | +1                                  |
| Dallas .....             | 5                         | +4                    | -1           | ....                              | -2                                  |
| Houston .....            | 9                         | +12                   | +4           | ....                              | +7                                  |
| Port Arthur .....        | 4                         | +22                   | +33          | ....                              | -9                                  |
| San Antonio .....        | 5                         | +12                   | +20          | ....                              | +3                                  |
| Shreveport, La. ....     | 3                         | +14                   | +8           | ....                              | +15                                 |
| Wichita Falls .....      | 3                         | +8                    | +4           | ....                              | +10                                 |
| Independent stores:*     |                           |                       |              |                                   |                                     |
| Oklahoma .....           | 387                       | +6                    | +1           | +12                               | ....                                |
| Texas .....              | 987                       | +7                    | +3           | +11                               | ....                                |
| <b>Wholesale trade:*</b> |                           |                       |              |                                   |                                     |
| Automotive supplies      | 5                         | +12                   | +8           | ....                              | +27                                 |
| Drugs .....              | 7                         | +8                    | +4           | +10                               | ....                                |
| Electrical supplies ..   | 4                         | -24                   | -6           | ....                              | ....                                |
| Groceries .....          | 31                        | +2                    | +1           | +5                                | +7                                  |
| Hardware .....           | 9                         | +22                   | +2           | +8                                | +2                                  |

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

†Stocks at end of month.

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

## INDEXES OF DEPARTMENT STORE SALES AND STOCKS

|                                   | October 1944 | September 1944 | August 1944 | October 1943 |
|-----------------------------------|--------------|----------------|-------------|--------------|
| Sales (1935-1939=100)*            |              |                |             |              |
| Without seasonal adjustment ..... | 272          | 265            | 220         | 250          |
| With seasonal adjustment .....    | 252          | 241            | 250         | 231          |
| Stocks (1923-1925=100)            |              |                |             |              |
| Without seasonal adjustment ..... | 125          | 122            | 123         | 119          |
| With seasonal adjustment .....    | 110          | 111            | 121         | 105          |

\*Sales index revised.

## CRUDE OIL PRODUCTION—(Barrels)

|                       | October 1944     |                       | Increase or decrease in daily average production from |            |
|-----------------------|------------------|-----------------------|---|------------|
|                       | Total production | Daily avg. production | October 1943  | Sept. 1944 |
| North Texas .....     | 7,671,850        | 247,479               | +19,873   | +962       |
| West Texas .....      | 15,244,550       | 491,760               | +138,852  | -11,016    |
| East Texas .....      | 16,132,100       | 520,390               | +15,637   | +267       |
| South Texas .....     | 10,388,000       | 335,097               | +48,221   | -5,313     |
| Coastal Texas .....   | 16,695,700       | 538,571               | +21,248   | +3,956     |
| Total Texas .....     | 66,132,200       | 2,133,297             | +243,831  | -19,590    |
| New Mexico .....      | 3,238,800        | 104,470               | +6,428  | -1,627     |
| North Louisiana ..... | 2,275,450        | 73,402                | -7,356  | +561       |
| Total District .....  | 71,646,250       | 2,311,169             | +230,047  | -21,778    |

SOURCE: Estimated from American Petroleum Institute weekly reports.

## VALUE OF CONSTRUCTION CONTRACTS AWARDED

|                            | (Thousands of dollars) |              |                |                              |            |
|----------------------------|------------------------|--------------|----------------|------------------------------|------------|
|                            | October 1944           | October 1943 | September 1944 | January 1 to October 31 1944 | 1943       |
| Eleventh District—total .. | \$ 10,650              | \$ 23,347    | \$ 17,247      | \$ 134,516                   | \$ 310,955 |
| Residential .....          | 1,619                  | 6,905        | 388            | 21,629                       | 78,568     |
| All other .....            | 9,031                  | 16,442       | 16,861         | 112,887                      | 232,387    |
| United States*—total ..... | 144,845                | 213,529      | 175,739        | 1,640,685                    | 3,442,649  |
| Residential .....          | 23,805                 | 69,739       | 24,470         | 301,253                      | 850,400    |
| All other .....            | 121,040                | 143,790      | 151,269        | 1,339,432                    | 2,592,249  |

\*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

## BUILDING PERMITS

|                      | Percentage change valuation from |             |                                  |            |                        |              |
|----------------------|----------------------------------|-------------|----------------------------------|------------|------------------------|--------------|
|                      | October 1944                     |             | Percentage change valuation from |            | Jan. 1 to Oct 31, 1944 |              |
|                      | No.                              | Valuation   | Oct. 1943                        | Sept. 1944 | No.                    | Valuation    |
| Abilene .....        | 6                                | 4,750       | -85                              | -61        | 219                    | 332,340      |
| Amarillo .....       | 71                               | 62,842      | -22                              | -35        | 787                    | 1,065,885    |
| Austin .....         | 114                              | 81,961      | +133                             | -16        | 1,021                  | 605,032      |
| Beaumont .....       | 193                              | 83,048      | +206                             | +92        | 1,380                  | 751,788      |
| Corpus Christi ..... | 153                              | 287,834     | +209                             | +110       | 1,284                  | 1,783,616    |
| Dallas .....         | 618                              | 457,399     | -52                              | +82        | 6,125                  | 6,452,009    |
| El Paso .....        | 57                               | 132,872     | +554                             | +91        | 776                    | 1,283,967    |
| Fort Worth .....     | 374                              | 329,476     | -12                              | +12        | 2,469                  | 2,926,404    |
| Galveston .....      | 78                               | 75,276      | -26                              | +33        | 758                    | 943,641      |
| Houston .....        | 292                              | 1,195,000   | +262                             | +77        | 2,508                  | 8,255,574    |
| Lubbock .....        | 118                              | 88,522      | +289                             | -24        | 1,285                  | 954,115      |
| Port Arthur .....    | 67                               | 20,753      | -54                              | +5         | 613                    | 268,047      |
| San Antonio .....    | 953                              | 713,912     | +174                             | +97        | 8,608                  | 3,880,099    |
| Shreveport, La. .... | 181                              | 121,761     | +279                             | -56        | 1,552                  | 1,166,250    |
| Waco .....           | 39                               | 20,834      | -36                              | -62        | 722                    | 1,225,752    |
| Wichita Falls .....  | 26                               | 15,970      | -53                              | -20        | 296                    | 232,027      |
| Total .....          | 3,340                            | \$3,692,210 | +50                              | +43        | 30,353                 | \$32,126,546 |

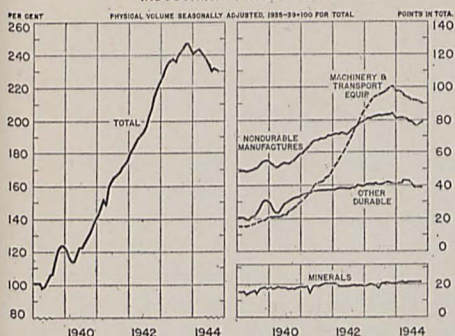
# MONTHLY BUSINESS REVIEW

DECEMBER 1, 1944

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

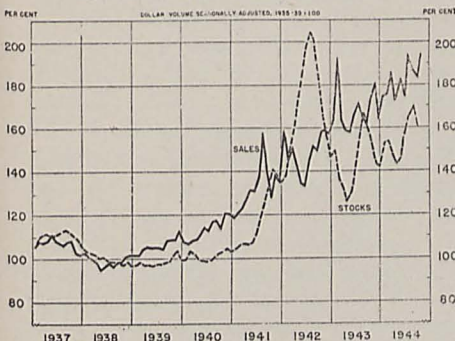
(Compiled by the Board of Governors of the Federal Reserve System)

### INDUSTRIAL PRODUCTION



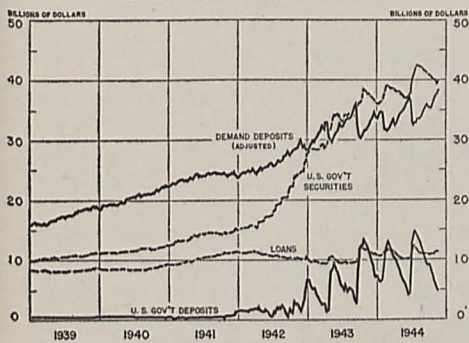
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for October, 1944.

### DEPARTMENT STORE SALES AND STOCKS



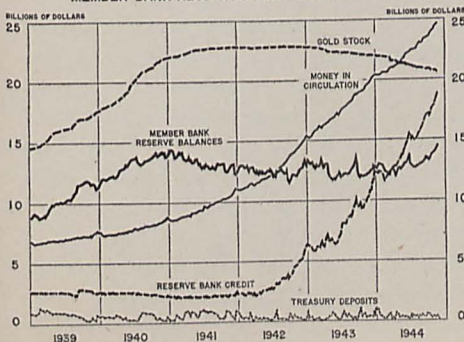
Federal Reserve indexes. Monthly figures, latest shown are for October, 1944.

### 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 November 15, 1944.

### MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for November 15, 1944.

Output and employment at factories and mines showed little change from September to October. Value of department store trade increased further in October and the early part of November, while commodity prices were stable.

### INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of industrial production was 230 per cent of the 1935-39 average in October as compared with 231 in September. Output of durable manufactures continued to decline slightly, while production of nondurable goods and minerals was maintained at the level of the preceding month.

At steel mills production increased slightly in October but for the month was 7 per cent below the peak of a year ago. Production of copper and other nonferrous metals continued to decline, with output of aluminum and magnesium curtailed more than 50 per cent from the peak rates reached at the end of last year. In the machinery and transportation equipment industries activity declined slightly in October. Lumber production showed little change in October from the September rate, which was 10 per cent above the pre-war level. Output of lumber and also pulpwood has been limited during the past two years because of the difficulty of recruiting labor in these industries.

Activity at cotton textile mills and at shoe factories declined in October, while output of manufactured food products increased, after allowance for the customary seasonal changes. The rise in food manufacturing was mainly at canneries and was made possible by increased farm production of fruits and vegetables. Newsprint consumption showed a greater than seasonal increase in October. Output of chemicals, rubber products, and other nondurable goods continued at about the level of the preceding month.

Output of coal and crude petroleum was maintained, while production of iron ore continued to decline seasonally.

### DISTRIBUTION

Department store sales increased considerably in October and were 13 per cent larger than last year, which is about the same year-to-year increase that has prevailed in recent months. In the first half of November sales rose further and exceeded by 8 per cent the exceptionally high level of a year ago.

Railroad freight traffic was maintained at a high level during October and the early part of November.

### BANK CREDIT

On the eve of the opening of the Sixth War Loan Drive bank deposits and currency owned by individuals, partnerships, and corporations were larger than at any previous time. Such holdings of deposits and currency have increased in recent months as the Treasury expended funds raised during the Fifth War Loan Drive.

Adjusted demand deposits of individuals, partnerships, and corporations at reporting banks in 101 cities increased by around six billion dollars between July 12 and November 15; this brought the total outstanding to a level about a billion dollars above that reached before the Fifth War Loan Drive. Time deposits increased by about a billion dollars. At country banks outside the leading cities it is estimated that demand and time deposits are slightly more than three billion dollars larger than they were prior to the Fifth Drive. Currency in circulation has increased by about 2.5 billion since the middle of June.

As a result of the deposit expansion, the average level of reserves required by all member banks rose sharply during the inter-drive period and are about a billion dollars greater than at the beginning of the Fifth Drive. Reserve funds to meet the increasing requirements, as well as a currency outflow, were supplied largely through substantial additions to the Government security portfolio of the Reserve Banks; holdings were increased by over three billion dollars between July 12 and November 15. Member bank borrowings at the Reserve Banks also increased as they had done prior to the Fifth Drive. Excess reserves, which increased during the war loan drive, declined at a fairly rapid rate immediately following the close of the drive and then fluctuated generally around a billion dollars. About three-fourths of these excess reserves are held by country banks.

At reporting banks in 101 cities, bill and certificate holdings declined by around 2¼ billion dollars during the inter-drive period reflecting sales largely to the Reserve Banks, as member banks adjusted their reserve positions. Bond holdings were increased by around 800 million dollars.

Loans to brokers and dealers for purchasing or carrying Government securities, which had declined in August to a level comparable to that prevailing prior to the Fifth Drive, fluctuated somewhat over the following period but began to increase early in November. Other loans for purchasing or carrying Government securities continued to decline. Loans for handling other securities, reflecting substantial flotations of new corporate issues, increased during the late fall. Commercial loans also rose.