

MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

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DISTRICT SUMMARY

Frequent rains throughout most of the district during February and the first half of March have interfered with the completion of soil preparation and the planting of early crops, which is already behind schedule; a period of clear, dry weather is urgently needed to enable farmers to proceed rapidly with seeding operations. On the other hand, the excellent moisture situation and the generally mild temperatures have stimulated the growth of small grains and of range vegetation. Livestock have wintered well and should gain flesh rapidly with the improvement in range conditions.

Reflecting the letting of contracts for new facilities for war production, the value of awards in February increased over that in the preceding month and was more than double that in February last year. Reports indicate that employment in many war industries is expanding and that over-all production is increasing. Daily average production of crude petroleum increased further and was about 11 per cent larger than a year ago; allowable production for March indicates a continued expansion in output. Drilling operations are on a substantially larger scale than a year ago. After allowance for the short month, cotton consumption at Texas mills increased substantially in February and was the largest in several months. Consumer buying at department stores increased by more than the usual amount from January to February and was substantially larger than a year ago. The deposits and loans and investments at weekly reporting member banks increased during the four weeks ended March 14, recovering most of the decline that occurred during the preceding five weeks.

BUSINESS

Buying at department stores in this district continued in exceptionally large volume during February. Daily average sales during the month were about 13 per cent higher than in January and exceeded those in February last year by 20 per cent. Total sales during the first two months of 1945 were 19 per cent greater than those during the corresponding period of 1944. During the two weeks ended March 17, the margin of increase in sales as compared with a year ago has continued to widen, reflecting in part buying in anticipation of Easter, which occurs earlier this year than in 1944.

The aggregate stocks at reporting department stores at the end of February were 7 per cent larger than those a month earlier but were 4 per cent below those at the end of February last year. Reports indicate that merchants are experiencing increasing difficulty in obtaining certain types of merchandise to maintain inventories in the face of expanding sales. At the end of February, stocks of piece goods and house furnishings were substantially smaller than a year earlier and those of many other departments were also at a lower level. On the other hand, inventories of such items as small wares, infants' wear, and toilet articles and drugs are sharply higher than a year ago. Sales of women's and misses' ready-to-wear continue to show the most pronounced gains over a year ago.

Department stores continued to collect approximately two-thirds of their open accounts outstanding on the first of the month and approximately one-third of their instalment accounts outstanding.

After having declined substantially in January, the sales of reporting furniture firms increased slightly during February and were 16 per cent greater than in February, 1944. Inventories showed a further expansion during February but were about 7 per cent lower than on the corresponding date last year.

AGRICULTURE

Heavy rains in recent weeks throughout most sections of this district, except in portions of southern New Mexico and Arizona, were beneficial to ranges, small grains and other growing crops, but further delayed plowing and the seeding of spring crops, which is considerably behind schedule in many areas. Winter wheat, which was seeded under ideal conditions last fall, has developed rapidly under mild temperatures and good moisture supplies, and the general condition is reported much better than at this time last year. Range feeds and pasturage are in good condition in all areas with ample stock water supplies available. Livestock have wintered well and losses have been comparatively small. The mild temperatures which prevailed throughout most of the winter caused fruit trees to start growth earlier than usual in this district, exposing them to danger from late frosts. Some damage to fruit was caused in north Texas by sleet and ice during the first week in March but losses appear to have been comparatively light. A considerable period of warm, dry weather is now urgently needed to enable farmers to complete land preparation and to plant crops before the season is too far advanced.

Above normal rainfall in most of the commercial vegetable areas of Texas during February and the first half of March had retarded planting and harvesting operations, resulting in only fairly satisfactory crop conditions. Shortage of transportation facilities and market conditions curtailed shipments of early beets, brocolli, cabbage and spinach. Planting of most spring vegetable crops made good progress and a large acreage of cantaloupes, cucumbers and watermelons has been planted in the earliest Texas districts. Transplanting of tomatoes has started in the early districts outside of the Rio Grande Valley and planting of potatoes is well under way. The green corn crop in the lower Rio Grande Valley is in excellent condition and a large acreage of sweet corn was planted in later producing areas. Blight infestation is rather general but is not considered serious except in the Raymondville district where some fields are a total loss.

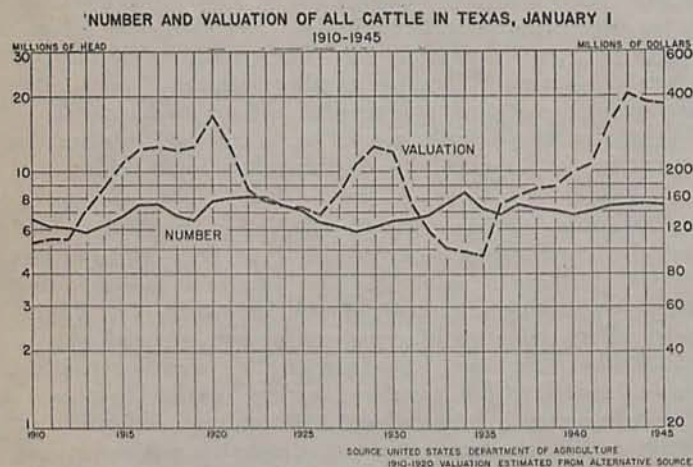
The citrus crop in the Rio Grande Valley developed rapidly and the bloom this season averaged about three weeks earlier than usual. Growing conditions have continued favorable and trees were holding a heavy set of new fruit at the end of February. The production of grapefruit is now estimated at 21,000,000 boxes, representing an increase of 4 per cent over earlier predictions and 19 per cent above the crop harvested last season. The orange crop is estimated at 3,850,000 boxes, indicating an increase of approximately 9 per cent over the production last season.

During 1944, a record volume of 3,475,000,000 eggs was produced in Texas, representing increases of about 8 per cent over 1943 and of approximately 64 per cent over the 10-year (1933-1942) average. During the first two months of 1945, the number of laying hens was about 10 per cent below the same period a year ago but egg production for the period declined

only 4 per cent. Production at Texas commercial hatcheries in January was estimated at 3,300,000 chicks, which was about the same as in January last year, and about 4 per cent above the 5-year (1939-1943) average. The output of turkey poults was much greater than during January a year earlier, reflecting an increased interest in turkey raising.

Range conditions are above average in all major areas of the district, reflecting the favorable moisture conditions which have greatly improved range feeds and pasture grasses. The condition of ranges in Texas on March 1 was reported at 82 per cent, an increase of 1 point during February and 4 points above the 20-year (1924-1943) average. The mild weather during the winter, together with good small grain pastures, made it possible to handle livestock with lighter than usual supplemental feeding, although feed supplies are reported plentiful in virtually all areas. Due to favorable moisture supplies, mild temperatures and rapid growth of winter grasses and weeds, prospects for spring grazing are good. The condition of Texas cattle and calves on March 1 was 81 per cent, an improvement of 1 point over the preceding month and 5 points over a year earlier. Cattle in good flesh are in demand but the number being offered for sale are few. Reflecting the favorable moisture conditions which provided ample grass and weeds for winter grazing, the March 1 condition of Texas sheep at 85 per cent was 1 point higher than a month earlier and 3 points above that a year ago. Lambing started earlier in some sections than a year ago, and with ewes reported in good flesh, a large lamb crop is in prospect. Comparatively heavy marketings of good weight lambs from grain pastures are under way, but since herds were closely culled in 1944, shipments of grass fat sheep and yearlings are not expected to reach last year's record volume. There appears to be little demand for stock sheep and some sheep ranches are shifting to cattle.

The number of meat animals on farms and ranches in the Eleventh District and in the nation as a whole decreased during 1944, due largely to the record slaughter, resulting from the heavy demand for all types of meat and a close culling of herds. The tight feed situation during the first half of 1944 and the less favorable relationship existing between livestock prices and feed prices contributed to the heavy marketings of livestock but the feed situation improved considerably during the latter part of the year and is now much more favorable than a year ago.



The United States Department of Agriculture reported that the number of cattle, sheep, hogs, horses and mules on Texas farms and ranches on January 1, 1945 was smaller than a year earlier, but the number of goats showed a further increase. Marketings of cattle and sheep during 1944 reached record proportions and resulted in substantial reductions in numbers. The

CASH FARM INCOME

(Thousands of dollars)

	December 1944		Total receipts	
	Receipts from Crops	Livestock*	December 1944	December 1943 Jan. 1 to Dec. 31 1944
Arizona.....	\$ 9,839	\$ 2,991	\$ 12,740	\$ 15,088 \$ 121,136 \$ 128,735
Louisiana.....	22,467	5,505	27,972	30,148 237,802 233,422
New Mexico.....	5,931	4,789	10,720	9,063 100,899 106,877
Oklahoma.....	14,910	16,047	30,957	30,514 471,634 384,481
Texas.....	72,893	36,568	109,461	97,178 1,208,898 1,163,920
Total.....	\$126,040	\$65,810	\$191,850	\$181,991 \$2,140,369 \$2,017,435

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

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth		San Antonio	
	February 1945	February 1944	January 1945	February 1945
Cattle.....	38,271	36,824	62,892	17,503
Calves.....	21,450	15,334	39,605	15,576
Hogs.....	35,805	108,529	70,147	6,867
Sheep.....	62,092	35,121	93,963	18,560

LIVESTOCK ON FARMS, JANUARY 1, 1944 AND 1945
Number—(Thousands of head)

	Texas		Five States*		United States	
	1944	1945	1944	1945	1944	1945
Horses and colts.....	576	559	1,268	1,244	9,302	8,897
Mules and colts.....	400	372	706	667	3,531	3,408
All cattle and calves.....	7,745	7,590	14,696	14,369	82,364	81,760
Milk cows†.....	1,593	1,593	2,994	2,985	27,656	27,785
Hogs, including pigs.....	3,106	2,019	5,804	3,964	83,852	60,660
All sheep and lambs.....	10,363	10,091	13,721	13,178	51,769	47,945
Goats‡.....	3,316	3,500	.....	.....	.....	.....
Total, above species.....	25,506	24,131	36,195	33,422	230,818	202,670
Chickens.....	38,495	33,972	64,289	56,477	576,441	511,130
Turkeys.....	848	856	1,133	1,109	7,572	7,491

Valuation—(Thousands of dollars)

	Texas		Five States*		United States	
	1944	1945	1944	1945	1944	1945
Horses and colts.....	\$ 35,024	\$ 30,713	\$ 73,078	\$ 65,041	\$ 732,865	\$ 578,649
Mules and colts.....	30,098	29,597	67,902	58,573	505,710	453,581
All cattle and calves.....	386,922	376,241	721,888	723,034	5,061,097	5,805,410
Milk cows†.....	108,324	103,545	200,720	202,887	2,822,040	2,755,870
Hogs, including pigs.....	36,535	32,182	64,276	58,409	1,470,533	1,262,057
All sheep and lambs.....	61,776	60,673	87,021	84,311	451,383	411,220
Goats‡.....	14,425	15,050	.....	.....	.....	.....
Total, above species.....	\$570,780	\$544,456	\$1,014,765	\$989,368	\$8,821,588	\$8,208,917
Chickens.....	38,880	34,651	66,204	59,613	675,408	616,445
Turkeys.....	3,646	4,152	4,829	5,346	40,091	43,075
Total farm value, including chickens and turkeys.....	613,306	583,259	1,085,798	1,054,327	9,537,087	8,868,437

*Texas, Arizona, Louisiana, New Mexico, and Oklahoma. †Cows and heifers 2 years old and over kept for milk, included in "All cattle and calves." ‡Goats numbers and value shown for Texas only, and not included in U. S. totals. Estimates for Arizona, Louisiana, New Mexico, and Oklahoma not available.

SOURCE: United States Department of Agriculture.

COMPARATIVE TOP LIVESTOCK PRICES

(Dollars per hundred weight)

	Fort Worth		San Antonio	
	February 1945	February 1944	January 1945	February 1945
Beef steers.....	\$16.35	\$15.25	\$16.00	\$15.00
Stocker steers.....	13.50	14.00	13.00	.....
Heifers and yearlings.....	16.00	15.00	15.25	15.00
Butcher cows.....	13.00	12.00	12.75	12.25
Calves.....	14.50	14.25	14.25	14.50
Hogs.....	14.55	13.65	14.55	14.55
Lambs.....	15.25	15.50	15.00	15.00

COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to February 28 This season	Last season	August 1 to February 28 This season	Last season
Cottonseed received at mills (tons).....	903,761	888,793	4,087,220	3,816,827
Cottonseed crushed (tons).....	680,483	803,785	3,131,825	3,237,728
Cottonseed on hand Feb. 28 (tons).....	254,924	129,677	1,067,151	667,875
Production of products:				
Crude oil (thousand lbs.).....	206,508	239,931	965,422	1,004,891
Cake and meal (tons).....	321,146	379,195	1,436,878	1,497,929
Hulls (tons).....	153,950	188,870	725,460	755,316
Linters (running bales).....	209,208	240,530	915,390	964,351
Stocks on hand Feb. 28:				
Crude oil (thousand lbs.).....	12,061	12,262	47,684	42,654
Cake and meal (tons).....	22,516	15,571	94,327	69,414
Hulls (tons).....	18,489	5,316	50,826	19,595
Linters (running bales).....	34,492	81,026	113,177	207,329

SOURCE: United States Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	February 1945	February 1944	January 1945	August 1 to February 28 This season	Last season
	Consumption at:				
Texas mills.....	15,536	15,971	16,161	108,885	121,459
United States mills.....	781,559	811,062	849,945	5,658,740	5,902,178
U.S. stocks—end of month:					
In consuming establm'ts.....	2,278,052	2,350,819	.....	.....	.....
Public stg. & compresses.....	12,400,392	11,521,058	.....	.....	.....

most drastic reduction, however, in Texas livestock numbers was in hogs, with the number reported on January 1, 1945 being more than 1,000,000 head, or 35 per cent, less than on the same date a year earlier. The reduction reflected primarily the decrease in pig production which was 1,733,000 smaller in 1944 than in 1943.

Due to generally favorable conditions in Texas during 1944, death losses of cattle and calves were comparatively light and as a result of close culling and selling off of old cows, cattle on hand this year are of better grade and quality than those in earlier years. Sheep herds were also culled closely in both 1943 and 1944 and the total inventory on January 1, 1945 was estimated at 10,091,000 as compared with 10,363,000 on the same date a year earlier, representing a decline of approximately 3 per cent.

On January 1, 1945, the total farm value of all Texas livestock, including chickens and turkeys, was estimated at \$583,259,000 as compared with an inventory value on January 1, 1944 of \$613,306,000, representing a decline of 5 per cent. Despite this decline, the present inventory value of Texas livestock is more than 50 per cent above the 10-year (1934-1943) average.

After having increased steadily from 1938 through 1943, livestock numbers in the nation as a whole dropped during 1944 and on January 1, this year, were below either of the past two years. Moreover, the aggregate value of livestock in both the Eleventh District and the nation as a whole was smaller on January 1, 1945 than a year earlier due to the general reduction in numbers and the further fact that, with the exception of hogs, the average value per head of all livestock was lower this year than last.

Farm prices received by Texas farmers and ranchers during February, as reported by the Department of Agriculture, showed significant increases for beef cattle and lambs and moderate increases for grapefruit, sweet potatoes, chickens, feed grains and wool. Prices received for such items as wheat, cotton and cottonseed, peanuts, butterfat, hogs and sheep were at about the same levels as in January. On the other hand, moderate declines were indicated for milk and eggs. With the exception of feed grains, hay and eggs, prices received for most farm products were above the levels obtaining during February last year.

FINANCE

The upward trend in the reserve balances of member banks in this district was halted temporarily in February when average balances declined about \$12,000,000, but the rise was resumed during the first half of March. In that period, average reserve balances were at a new peak of \$635,800,000, which was \$29,200,000 higher than the February average and \$120,000,000 above that in March last year. During February, the gross deposits of member banks declined moderately, since the decline in the Treasury's war loan deposits at banks was only partially offset by a rise in private deposits. Due to this rise in private deposit, the average required reserves of members banks increased moderately and as average reserve balances declined, there was a substantial decline in the excess reserves which dropped to the lowest level since last October.

The circulation of Federal Reserve notes of this bank, which showed little net change during January, rose substantially during February and remained at the high level during the first half of March. Total circulation of \$556,000,000 on March 15 this year was approximately \$10,000,000 higher than at the end of 1944, corresponding closely with the dollar increase that occurred during the same period last year. The rate of expansion, however, was somewhat smaller than a year ago and was lower

than the rate of expansion in the circulation of Federal Reserve notes of all Federal Reserve banks.

The deposits of weekly reporting banks, which had declined sharply from the middle of January to the middle of February, increased by \$63,900,000 during the four weeks ended March 14. Although Government deposits showed a further decline of \$44,200,000, all other classes of deposits increased substantially. These banks utilized the increase in deposits to expand loans and investments by \$20,100,000 and to add \$23,200,000 to their reserves with the Federal Reserve Bank and \$21,400,000 to their balances with correspondents.

The total loans of these banks, which followed an irregular downward trend during the first two months of the year, increased substantially during the first half of March and are now at approximately the same level as at the end of 1944. The net increase of \$7,900,000 during the four weeks ended March 15 consisted chiefly of \$2,300,000 in commercial, industrial, and agricultural loans and \$5,500,000 of "all other" loans. Commercial, industrial, and agricultural loans, which normally decline during the first half of the year, have fluctuated within relatively narrow limits thus far in 1945.

During the four week period between February 14 and March 14, these banks made net additions of \$12,200,000 to their holdings of investments and made substantial shifts in their holdings of various classes of securities. The largest shift represented a reduction of \$51,800,000 in holdings of Treasury notes and an addition of \$72,200,000 to holdings of certificates of indebtedness. A considerable part of this shift represented the exchange of maturing and called Treasury notes for a new issue of certificates of indebtedness. Holdings of Treasury bonds were reduced by \$11,400,000 following a period in which holdings had expanded substantially. Holdings of Treasury bills, which had reached the lowest level in two years toward the end of February, increased moderately during the first half of March.

INDUSTRY

Reflecting the effect of recent War Production Board approvals covering essential construction, the value of construction contracts awarded in this district, after declining sharply in January, resumed an upward trend during February. The aggregate value of awards, amounting to \$17,855,000, was about 17 per cent above that in the preceding month and more than double that for February, 1944. While non-residential construction showed a sharp increase over February, 1944, which was relatively low, the value of awards for all other types of construction was lower than in the same month last year. Moreover, in February, 1945, the value of awards for residential construction was smaller than in any corresponding month since 1933 and 94 per cent below the record volume in February, 1942.

Increased military demands have resulted in a marked reduction in the supply of all types of construction materials with the exception of cement and concrete products. The lumber supply is extremely critical due to a drop in production brought about by difficulties in obtaining logging and transportation equipment, shortage of manpower and tires, and unusually bad weather that has prevailed in the major lumber producing regions. As war demands for lumber and steel are expected to increase, the War Production Board has ruled that even for authorized essential construction, extreme caution must be exercised in specifying the use of these materials. Production of 553,000 barrels of Portland cement at Texas mills during January was about 50,000 barrels above the output for December and the largest since September, 1944. Shipments of cement in January increased sharply over the preceding month but as

production in recent months has exceeded shipments, stocks at the end of January had increased to 1,050,000 barrels, the largest since February, 1944.

Cotton consumption at United States textile mills reached a record rate of approximately 1,000,000 bales in April, 1942, but since that date, despite the greatly increasing military and civilian requirements and the concerted efforts of several government agencies to maintain output at high levels, the general consumption trend has been downward. Although total cotton consumption during February of 781,500 bales was 8 per cent below that in January, and about 4 per cent under that in February last year, daily average consumption in February increased substantially and was at the highest level since November, 1943. Total consumption for the first seven months of the 1944-1945 season was 4 per cent or approximately 241,000 bales less than in the same period last season.

The War Production Board recently announced that good progress had been made in stepping-up the production of vitally needed cotton duck for military use but that the greatly expanded military requirements for textiles and textile products, coupled with continued labor shortages and inventory depletions, have resulted in a serious reduction in the total textile supply for civilian consumption. Continued efforts are being made to divert a substantial proportion of the remaining available supply of cotton textiles to producers of the most essential items of everyday wearing apparel for all age groups, at prices that normally meet the greatest demand.

Cottonseed receipts at Texas cottonseed oil mills during February totaled 35,000 tons, or about 53 per cent less than in the preceding month but were more than three times the receipts in February a year earlier. Shortage of manpower necessary to process the cottonseed is reflected in an average decline of about 24 per cent in the volume of cottonseed crushed and in the production of cottonseed products. Stocks of cottonseed on hand at the end of February totaled 255,000 ton, as compared with 130,000 tons held at the same time last year. Stocks of linters and crude oil were less than a year ago due to the continued heavy demand for these products. On the other hand, stocks of hulls, cake and meal were much larger than at the same time last season as supplies of grain sorghums and other supplemental feeds have been much more plentiful.

Production of crude petroleum in the Eleventh District increased further in February and the daily rate of 2,320,000 barrels was approximately 11 per cent above that for February last year. Production of crude oil outside this district also increased slightly above January levels and was approximately 6 per cent above the production in February, 1944, reflecting the continued increase in production activities on the West Coast.

For the second consecutive month, the Petroleum Administration for War has certified all-time high production schedules for the various oil producing states with a daily average crude production rate for March of 4,756,800 barrels, representing an increase of 36,550 barrels daily over that for February, the previous all-time high. The March certification for Texas calls for a daily production rate of 2,310,000 barrels of crude oil, representing an increase of 20,000 barrels daily over the previous month; the increase to come entirely from west Texas fields.

The step-up in production of west Texas crude oil is to increase the movement of crude oil to West Coast refineries where it is urgently needed. The immediate goal is to increase the current movement of west Texas crude oil to California refineries from 14,500 barrels daily to 20,000 barrels daily and to eventually increase the movement to 42,000 barrels daily, provided transportation facilities are obtainable.

Despite the near record production schedules being maintained, stocks of above ground crude oil in this district declined approximately 2 per cent during February and the 119,256,000 barrels on hand at the end of the month was about 6 per cent below the stocks held at the end of February, 1944. Stocks outside this district amounted to only approximately 99,000,000 barrels at the end of February and were 10 per cent smaller than a year earlier.

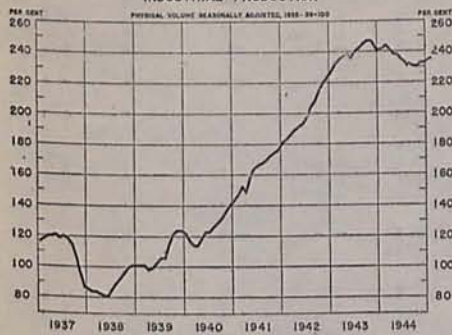
Drilling activity, as measured by total well completions, was at a much higher level in the Eleventh Federal Reserve District and in the nation as a whole during the first two months of 1945 than during the same period in 1944. Approximately 1,300 wells were completed in this district during January and February of this year as compared with 880 wells during the first two months of 1944. Dry wells were encountered in about 40 per cent of the completions during the first two months of 1944, as compared with 35 per cent for the same period this year. The greatest drilling activity in this district during the first two months of 1945 was concentrated mostly in proven territories in west Texas, north Texas and south Texas fields. The Petroleum Administration for War has arranged to increase the supply of tubular steel so vitally needed in drilling operations, and the present daily average of 20 well completions is expected to increase during the summer months.

Readjusted war production programs, drastic changes in design, delays in obtaining new machinery and manufacturing equipment, and shortages of trained employees have caused some lags in Texas industrial production in recent months, but the over-all output has apparently been expanding. Total employment in the principal war industries was maintained at about the same level during January this year as in the last few months of 1944, although there has been considerable shifting from plant to plant. Urgent demands for munitions since last June imposed new pressures on ordnance plants in Texas and the number of employees at these plants has increased during the past seven months with further additions to working forces scheduled as plant facilities are expanded. In January, employment at petroleum refineries and at chemical and rubber plants was above that in December and resumed the upward trend which first became pronounced in May, 1944. Slight increases were also indicated in the number of workers in duck mills, machinery, iron and steel plants. On the other hand, employment at aircraft plants continued the decline which has been in evidence during the past nine months, due largely to increased productivity of workers and the severe cut-back in aircraft production, but indications are that an increased number of workers will be needed within the next three months. Further declines are indicated for employment in shipbuilding and in the lumber industry. Although civilian employment at military establishments, which had been well sustained in 1944, declined in January, there seems to be a need for additional workers.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

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

INDUSTRIAL PRODUCTION



Federal Reserve index. Monthly figures, latest shown is for February, 1945.

Industrial activity continued to increase slightly in February and the early part of March. Value of department store sales was one-fifth greater than in the same period last year. Wholesale commodity prices generally showed little change.

INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of industrial production was 235 per cent of the 1935-39 average in February, as compared with 234 in January and 232 in the last quarter of 1944.

Steel production, which declined further in the first part of February as a result of continued severe weather conditions, showed a substantial increase at the end of the month and in the first three weeks of March. Average output of open hearth steel during February was 2 per cent above the January rate, while electric steel production increased 7 per cent. Output of nonferrous metals continued to rise slightly in February, largely reflecting increased military demands. Activity in the machinery and transportation equipment industries was maintained at the level of the preceding month; a decline in shipbuilding offset a slight increase in output of most other munitions industries. Production of lumber and stone, clay, and glass products in February was at about the January level.

Production of most nondurable goods showed little change in February. Output of cotton goods and shoes, however, rose 5 per cent from the preceding month to a level slightly above that of a year ago. Output of explosives and small arms ammunition showed further large gains. Activity at meatpacking establishments continued to decline, as pork and lard production dropped further and was 50 per cent below the peak level reached a year ago. In March it was announced that supplies of meat available for civilians in the second quarter of 1945 would be 12 per cent less than in the first quarter. Activity in rubber products industries in January and February was 6 per cent above last autumn, reflecting chiefly a sharp increase in production of military truck tires.

Minerals output rose slightly in February, reflecting increased output of anthracite and a further gain in crude petroleum production. Anthracite production recovered in February and the first two weeks of March from a large decline during January. Bituminous coal production showed little change in February from the January level and declined slightly in the early part of March.

DEPARTMENT STORE SALES AND STOCKS



Federal Reserve indexes. Monthly figures, latest shown are for February, 1945.

Department store sales in February, which usually show little change from January, increased considerably this year. Value of sales in February and the first half of March was 22 per cent larger than in the corresponding period a year ago, reflecting the earlier date of Easter this year and continuation of the freer spending in evidence since the middle of 1944.

Freight carloadings, which had declined at the end of January and the early part of February owing to severe weather conditions, have increased since that time. Shipments of miscellaneous freight were in larger volume in the five-week period ending March 17 than in the corresponding period of 1944, while loadings of most other classes of freight were less.

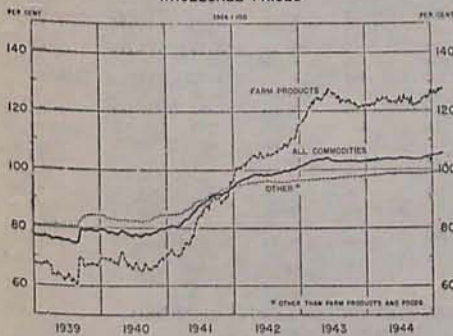
DISTRIBUTION

BANK CREDIT

Treasury expenditures during February and the first half of March continued to increase the total volume of deposits and currency held by the public. Adjusted demand deposits at weekly reporting banks in 101 cities increased 1.4 billion dollars and time deposits rose about 200 million dollars during the four-week period ended March 14. Currency in circulation increased 350 million dollars over the same period, but declined somewhat in the week following. To meet the resulting increase in required reserves as well as the currency drain, Federal Reserve Bank holdings of United States Government securities increased 395 million dollars in the four weeks ended March 14, while reductions in non-member and in Treasury deposits at the Reserve Banks supplied 450 millions of reserve funds to member banks. Excess reserves have remained at an average level of about a billion dollars.

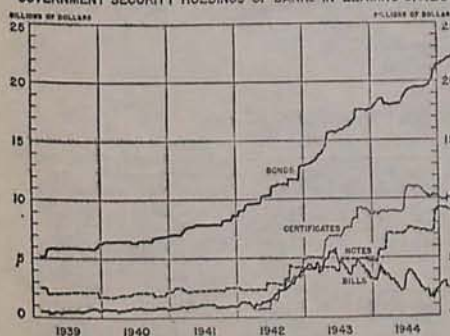
The increase in Federal Reserve holdings of Government securities roughly paralleled the decline in commercial bank holdings. Reporting banks reduced their portfolios by 260 million dollars in the four weeks. Holdings of Treasury notes declined by 1.7 billion dollars while certificate holdings increased by 1.4 billion dollars, reflecting the March 1 Treasury exchange offer. Bill holdings were reduced by 210 million dollars. Bond holdings, however, continued to increase. Total loans for purchasing and carrying Government securities declined by 230 million dollars and commercial loans by 185 million.

WHOLESALE PRICES



Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending March 17, 1945.

GOVERNMENT SECURITY HOLDINGS OF BANKS IN LEADING CITIES



Excludes guaranteed securities. Data not available prior to February 8, 1939; certificates first reported on April 15, 1942. Wednesday figures, latest shown are for March 14, 1945.

MONTHLY BUSINESS REVIEW

CONDITION OF THE FEDERAL RESERVE BANK

(Thousands of dollars)

	March 15, 1945	March 15, 1944	February 15, 1945
Total cash reserves.....	\$515,654	\$557,390	\$533,697
Discounts for member banks.....	346	2,422	275
Industrial advances.....	None	12	None
U. S. Government securities.....	710,694	430,324	669,274
Total earning assets.....	711,040	432,758	669,549
Member bank reserve deposits.....	634,639	527,764	608,005
Federal Reserve Notes in actual circulation.....	555,947	426,240	547,326

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

(Thousands of dollars)

	March 14, 1945	March 15, 1944	February 14, 1945
Total loans and investments.....	\$1,679,458	\$1,403,029	\$1,659,374
Total loans.....	412,451	337,898	404,517
Commercial, industrial, and agricultural loans.....	274,209	226,846	271,896
Loans to brokers and dealers in securities.....	4,887	5,276	3,392
Other loans for purchasing or carrying securities.....	52,139	38,488	52,158
Real estate loans.....	21,639	18,971	22,485
Loans to banks.....	129	109	139
All other loans.....	59,948	48,208	54,447
Total investments.....	1,267,007	1,065,131	1,254,857
U. S. Treasury bills.....	72,750	98,072	65,245
U. S. Treasury certificates of indebtedness.....	388,320	267,042	316,141
U. S. Treasury notes.....	221,241	190,040	273,046
U. S. Government bonds.....	528,889	421,183	540,243
Obligations guaranteed by United States Gov't.....	9,981	40,435	14,201
Other securities.....	45,826	47,995	45,981
Reserves with Federal Reserve Bank.....	360,443	298,078	337,268
Balances with domestic banks.....	236,912	207,225	215,534
Demand deposits—adjusted*.....	1,252,311	1,043,176	1,163,155
Time deposits.....	226,464	170,705	220,588
United States Government deposits.....	210,913	208,968	255,162
Interbank deposits.....	516,145	429,795	502,992
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)

	February 1945	February 1944	Pctg. change over year	January 1945	Pctg. change over month
Abilene.....	\$ 17,213	\$ 19,128	-10	\$ 20,988	-18
Amarillo.....	41,937	40,673	+3	47,780	-12
Austin.....	61,833	79,409	-22	102,109	-39
Beaumont.....	57,087	56,977	+1	64,572	-12
Corpus Christi.....	48,617	43,450	+12	57,878	-16
Coricanna.....	5,200	6,185	-16	7,082	-27
Dallas.....	510,804	546,209	-6	633,803	-19
El Paso.....	59,383	62,053	-4	71,484	-17
Fort Worth.....	227,965	190,510	+20	227,576	+1
Galveston.....	37,267	47,267	-21	45,290	-18
Houston.....	503,157	479,857	+5	588,434	-14
Laredo.....	10,522	11,901	-12	12,391	-15
Lubbock.....	30,166	30,522	-1	38,395	-21
Monroe, La.....	17,106	18,593	-8	21,869	-22
Port Arthur.....	21,610	24,060	-10	24,279	-11
Roswell, N. M.....	7,797	10,580	-26	9,630	-19
San Angelo.....	13,900	12,706	+9	18,169	-23
San Antonio.....	140,739	139,499	+1	163,360	-14
Shreveport, La.....	73,172	78,004	-6	96,455	-24
Texarkana.....	19,324	18,754	+3	22,158	-13
Tucson, Ariz.....	33,429	27,811	+20	33,090	+1
Tyler.....	21,420	20,729	+3	25,402	-16
Waco.....	25,309	25,010	+1	32,165	-21
Wichita Falls.....	26,550	25,385	+5	32,425	-18
Total—24 cities.....	\$2,001,507	\$2,015,272	-1	\$2,396,784	-16

*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 daily figures—Thousands of dollars)

	Combined total		Reserve city banks		Country banks	
	Gross demand	Time	Gross demand	Time	Gross demand	Time
February 1943.....	\$2,695,603	\$231,843	\$1,479,333	\$134,674	\$1,216,270	\$ 97,169
February 1944.....	3,277,127	274,589	1,898,429	169,105	1,578,698	105,481
October 1944.....	3,705,142	324,328	1,920,004	203,792	1,785,138	120,536
November 1944.....	3,844,475	333,158	1,977,295	210,317	1,867,180	122,841
December 1944.....	4,024,828	338,669	2,066,946	213,069	1,957,882	125,620
January 1945.....	4,104,746	345,591	2,090,671	218,338	2,014,075	127,253
February 1945.....	4,016,752	354,586	2,020,660	224,548	1,996,092	130,038

SAVINGS DEPOSITS

February 28, 1945

	Number of reporting banks	Number of savings depositors	Amount of savings deposits	Percentage change in savings deposits from	
				Feb. 29, 1944	Jan. 31, 1945
Beaumont.....	3	11,893	\$ 6,439,568	+27.9	+2.1
Dallas.....	8	106,239	52,971,797	+43.3	+2.8
El Paso.....	2	24,679	16,164,352	+43.8	+3.3
Fort Worth.....	3	37,110	24,507,487	+39.5	+3.0
Galveston.....	4	20,899	16,346,474	+22.0	+1.2
Houston.....	9	87,751	52,933,502	+29.6	+2.4
Lubbock.....	2	802	555,087	+16.9	+4.4
Port Arthur.....	2	5,515	4,410,147	+25.7	+3.1
San Antonio.....	5	31,493	32,500,760	+35.6	+3.2
Shreveport, La.....	3	31,035	19,754,642	+36.7	+2.9
Waco.....	3	8,503	6,162,020	+23.8	+4.8
Wichita Falls.....	3	6,681	4,055,109	+13.2	+1.1
All other.....	58	55,739	39,693,717	+29.7	+2.4
Total.....	105	428,330	\$276,255,662	+33.8	+2.4

WHOLESALE AND RETAIL TRADE STATISTICS

Percentage change in:

	Number of firms	Net sales			Stocks †	
		February 1944	February 1945	Jan. 1 to Feb. 28, 1945 from 1944	February 1944	February 1945
Retail trade:						
Department stores:						
Total 11th Dist.....	49	+14	+4	+19	-4	+7
Dallas.....	7	+14	+9	+19	-6	-1
Fort Worth.....	4	+16	+14	+17	-3	+2
Houston.....	7	+11	+11	+13	-7	+10
San Antonio.....	5	+22	-3	+29	+19	+10
Shreveport, La.....	3	+8	-13	+20	-20	-12
Other cities.....	33	+11	-6	+16	-12	+4
Retail furniture:						
Total 11th Dist.....	53	+16	+2	.....	-7	+4
Dallas.....	4	+7	-5	.....	.....	.....
Houston.....	7	+27	+2	.....	.....	.....
Port Arthur.....	4	-2	-9	.....	+1	+9
San Antonio.....	3	+31	+2	.....	-6	+10
Wichita Falls.....	3	+38	+11	.....	.....	.....
Independent stores:*						
Oklahoma.....	364	+8	-8	+16	.....	.....
Texas.....	956	+11	-1	+14	.....	.....
Wholesale trade:*						
Automotive supplies.....	4	-4	-28	.....	.....	.....
Groceries.....	27	-2	-10	+6	-18	-2
Hardware.....	14	+10	-2	+10	+1	+1
Tobacco & products.....	3	-11	-5	-10	.....	.....

*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

Daily average sales—(1935-1939=100)

	Unadjusted**			Adjusted		
	Feb. 1945	Jan. 1945	Dec. 1944	Feb. 1944	Feb. 1945	Jan. 1945
District.....	238	211	421	200	283	261
Dallas.....	248	210	399	207	269	242
Houston.....	231	193	412	200	296	241

Stocks—(1923-1925=100)

	Unadjusted**			Adjusted		
	Feb. 1945	Jan. 1945	Dec. 1944	Feb. 1944	Feb. 1945	Jan. 1945
District.....	98	95	91	97	102	109
Dallas.....	98	95				