

MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

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DISTRICT SUMMARY

Torrential rains and floods over much of the eastern half of the Eleventh District caused widespread damage and delayed further the planting of early crops. In the western part of the district, recent rains were beneficial since the topsoil was drying out in some areas. On the basis of the April 1 condition, a record wheat crop for Texas is forecast. Livestock ranges showed a marked improvement in March and the first half of April. Livestock are gaining flesh rapidly and are in generally good condition. An exceptionally large lamb crop is in prospect. The value of construction contracts awarded increased sharply in March and was at the highest level in about two years. The large total for March represented primarily contracts let for war facility projects which had been approved earlier in the year. Crude petroleum production continued to expand slightly to supply the volume requested by the Petroleum Administrator for War. Well completions in this district during the first quarter of 1945 were about 38 per cent greater than in the same period last year. Consumer buying at department stores during March was 18 per cent larger than in that month last year. This year-to-year increase was slightly less than the average gain for the first quarter.

BUSINESS

The dollar volume of sales at reporting department stores in March was 27 per cent above those in February and 18 per cent higher than those in March last year. Data from a smaller sample of weekly reporting firms show that sales during the first two weeks of April were 6 per cent below those in that period last year, reflecting the effects of the difference in the dates of Easter this year and last year and the closing by many stores on Saturday, April 14, following the death of the President. Sales during the first quarter of this year were 19 per cent above those reported for the same period last year, thus indicating a definite continuation of the upward trend which has been in progress since the beginning of the war. Despite these heavy demands on merchandise, firms have been able to maintain their stocks at approximately the same level of a year ago. The dollar value of stocks at the end of March increased 14 per cent over a month ago which represents a slightly larger than normal expansion at that season.

The ratio of collections during March to regular accounts outstanding at the end of the month was 69 per cent. This ratio has fluctuated between 60 per cent and 69 per cent since the latter part of 1942. About one-half of the sales at reporting department stores in March were on a cash basis, representing approximately the same percentage as in February this year and March last year.

Sales at reporting furniture stores in March increased 13 per cent from a month ago and 4 per cent over a year ago. Although cash sales showed larger percentage increases, the relative importance of these sales continues to be very small since such sales represented only 23 per cent of total sales in March. Stocks on hand at the end of March remained at the same level as those of a month earlier but were 5 per cent lower than a year ago.

According to Dun and Bradstreet, Incorporated, there was only one business failure with liabilities of \$4,000 reported in this district during March. In the first quarter of this year, two

business failures were reported with total liabilities of \$14,000, as compared with no failures reported during the same period last year.

AGRICULTURE

Torrential rains late in March and in early April throughout most of the eastern half of Texas and northern Louisiana caused serious floods in the territory drained by the Trinity, Brazos, Sabine, and Red rivers and their tributaries. While the full extent of the damage is unknown, the situation is critical over large areas in north east Texas and northern Louisiana. Planting operations, which were already behind schedule because of wet soil, have been delayed further and considerable acreage intended for corn and other early crops probably will be abandoned or diverted to other crops. Range conditions throughout most of the district have shown a seasonal improvement brought about by mild temperatures and the ample moisture supply. Livestock are in good flesh and are moving to market in considerable volume. Texas farmers indicated on March 1 that the total acreage to be planted in the State for all major crops, except cotton, would be virtually the same as in 1944, but due to the diminishing supply of farm labor there is a continued tendency to shift to crops that can be planted and harvested largely with machinery. Increases in total acreage planted are indicated for winter wheat, oats, rice, peanuts and all tame hay but significant decreases are in prospect for corn and sorghums with slight reductions indicated in acreage planted to barley, flax, Irish potatoes, sweet potatoes, soybeans and cowpeas. However, acreages actually planted may turn out to be larger or smaller than indicated by reason of weather conditions, sharp price changes, or in response to appeals to meet war production goals.

Reflecting the favorable seeding conditions last fall and the above-normal moisture supplies during the winter, the reported condition of Texas wheat on April 1 was one of the highest of record. Moisture supplies are excessive in north central Texas and are now plentiful in most other wheat producing areas due to the general rains recently in west Texas. The April 1 estimate of the Texas wheat crop indicates a record production of 75,420,000 bushels, which is 1 per cent above the 1944 record crop and 2½ times the 10-year average of 30,337,000 bushels. The estimate for the 1945 wheat crop indicates a yield of 15.0 bushels per seeded acre, as compared with 16.8 bushels last year and 7.2 bushels for the 10-year average.

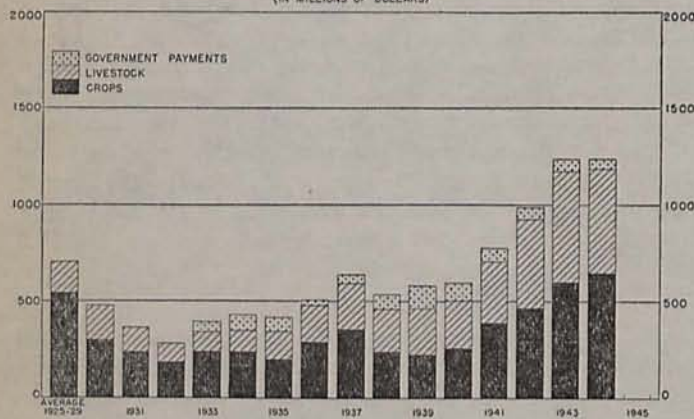
Although some damage was caused by heavy rains and hail late in March in north Texas onion and potato areas; in the east Texas tomato belt; and in the winter garden district, general conditions in the commercial vegetable areas are extremely favorable for most growing crops. Planting operations are well advanced and the mild temperatures and good moisture conditions proved particularly favorable for the development of such crops as snap beans, cantaloups, green corn, cucumbers, tomatoes and watermelons with indications that these crops will reach the market earlier than usual. Production of oranges from the 1944 bloom is now estimated at 4,000,000 boxes, representing an increase of 5 per cent over earlier predictions and is 13 per cent above the record production of 3,550,000 boxes during the previous season. Approximately 90 per cent of the Texas grapefruit crop was reported harvested by April 1, although carlot

movements, which are well above the total of last season, are continuing in considerable volume, and indications are that this season's crop will establish a new production record.

Ranges and farm pastures are above average condition in all major areas of the district, although additional surface moisture is needed in the Panhandle, west Texas, and in local areas in New Mexico. New range grasses and pasture feeds are furnishing from good to excellent grazing throughout most of Texas and prospects for good grazing continue favorable. Although surface moisture is needed over much of the sheep area to revive range feeds which were retarded by low temperatures in early April, winter weeds and grasses provided good early grazing and sheep are generally in good condition, being reported at 87 per cent on April 1, representing an improvement of 2 points over March and 3 points above the 20-year average. The lambing season began early this year and an exceptionally large crop is in prospect. Spring shearing has started in some counties and the movement of fat mutton lambs is expected to reach considerable volume during May. Mohair production in Texas during 1944 is estimated at 18,200,000 pounds by the Department of Agriculture, indicating an increase of 3 per cent over that in 1943 and represents about 88 per cent of the total mohair production in the United States. Reflecting the effect of the near record total production, the record average clip per goat and the record price received per pound, cash income from Texas mohair in 1944, which amounted to approximately \$11,102,000, is the highest of record.

Mid-March prices received by Texas farmers, as reported by the Department of Agriculture showed moderate gains for wheat, grain sorghums, rice, sweet potatoes, cotton, chickens and citrus fruits. Prices received for all meat animals were higher than in the preceding month and considerably above those in March a year earlier. On the other hand, declines were indicated for Irish potatoes, peanuts, eggs and hay, while prices for such items as corn, oats, barley, cottonseed, soybeans, butter and butterfat were about at the same level as in February.

CASH FARM INCOME IN TEXAS
(IN MILLIONS OF DOLLARS)



Cash Farm Income—The cash income of farmers in Texas and the Eleventh Federal Reserve District increased further during 1944, reflecting the continued high production rate and favorable agricultural prices. The accompanying chart illustrates the rapid rise in cash farm income in Texas to an all-time peak of \$1,247,000,000 in 1944, which exceeds that in 1943 by about \$5,000,000, is more than double that in 1940 and is 76 per cent more than the 1925-1929 average. Cash income from crops in Texas was about 8 per cent larger in 1944 than in the preceding year, but income from livestock and livestock products declined about 5 per cent, due to lower prices and

smaller marketings in the earlier months of 1944. Price trends covering farm products since the beginning of the present war have followed about the same broad pattern which developed during World War I, advancing rapidly during the first phases of the war, but after reaching a more favorable relationship to rising retail prices, the increase in farm prices moved at a more moderate pace in 1944.

Although production costs have increased considerably since the start of the war due to the sharp upward swing in farm wage rates and the relatively high average prices paid for commodities, the net farm income in the State has increased substantially. The greatly improved cash position of Texas farmers is reflected in rising bank deposits in agricultural areas; in a general reduction of farm debt; in an advance in farm values and an increase in farm sales, especially for cash; and in a marked increase in sales of rural retail stores.

The major sources of cash income in Texas have been relatively the same since 1940. The portion of cash farm income derived from livestock increased from 41 per cent in 1940 to 44 per cent in 1944. Government payments further declined in importance, representing only 4 per cent of the total in 1944, as compared with 15 per cent in 1940. The record wheat crop of the past year, raised the food grains group to a position of major importance as a source of income from field crops, with income

CASH FARM INCOME
(Millions of dollars)

| | Texas | | | | Five States* | | | |
|-------------------------------------|---------|---------|-------|-------|--------------|---------|---------|---------|
| | 1944 | 1943 | 1942 | 1940 | 1944 | 1943 | 1942 | 1940 |
| Total farm income.... | 1,246.8 | 1,242.0 | 989.8 | 596.9 | 2,207.7 | 2,138.8 | 1,759.5 | 1,045.6 |
| Crops..... | 654.8 | 608.7 | 465.7 | 263.1 | 1,143.5 | 1,037.2 | 846.5 | 462.5 |
| Livestock and livestock products... | 547.8 | 579.0 | 463.9 | 247.3 | 975.6 | 1,010.3 | 810.9 | 440.4 |
| Government payments..... | 44.2 | 54.3 | 60.2 | 86.5 | 88.6 | 91.3 | 102.1 | 142.7 |
| Principal crops: | | | | | | | | |
| Cotton..... | 267.0 | 266.0 | 228.8 | 139.0 | 424.1 | 413.7 | 357.1 | 214.0 |
| Cottonseed..... | 38.9 | 44.5 | 44.7 | 21.1 | 61.4 | 68.7 | 69.5 | 31.1 |
| Food grains†..... | 116.6 | 76.5 | 67.5 | 33.1 | 241.0 | 164.2 | 162.0 | 80.9 |
| Wheat..... | 86.4 | 39.9 | 44.5 | 20.0 | 173.5 | 74.4 | 102.7 | 52.1 |
| Feed crops‡..... | 65.4 | 69.7 | 27.9 | 15.8 | 98.8 | 103.6 | 53.8 | 30.2 |
| Corn..... | 11.8 | 18.5 | 11.0 | 5.5 | 18.3 | 26.1 | 18.1 | 10.0 |
| Oil bearing crops§..... | 26.1 | 19.9 | 18.6 | 5.4 | 38.2 | 28.3 | 27.2 | 7.6 |
| Peanuts..... | 25.0 | 18.9 | 17.9 | 5.1 | 33.7 | 24.1 | 25.3 | 6.6 |
| All vegetables¶..... | 82.4 | 75.9 | 44.0 | 29.4 | 148.6 | 153.1 | 88.1 | 51.1 |
| Irish potatoes..... | 7.5 | 4.8 | 5.4 | 1.8 | 13.6 | 12.8 | 9.2 | 4.1 |
| Truck crops..... | 71.0 | 65.5 | 35.3 | 25.4 | 121.2 | 120.9 | 67.3 | 41.4 |
| Fruits..... | 47.7 | 40.5 | 25.6 | 8.9 | 75.6 | 62.0 | 42.9 | 17.6 |
| Citrus fruits..... | 34.8 | 32.3 | 21.2 | 6.5 | 45.6 | 39.2 | 27.2 | 9.1 |

*Arizona, Louisiana, New Mexico, Oklahoma and Texas. †Includes wheat, rye, rice and buckwheat. ‡Includes corn, oats, barley, grain sorghums and hay. §Includes flaxseed, peanuts and soybeans. ¶Includes truck crops, potatoes, sweet potatoes, dry deible beans and dry field peas.

SOURCE: United States Department of Agriculture.

PLANTED ACRES—TEXAS AND FIVE STATES
(Thousand acres)

| | Texas | | | Five States* | | |
|----------------------|-----------------|-------|----------------|-----------------|--------|----------------|
| | Average 1934-43 | 1944 | Indicated 1945 | Average 1934-43 | 1944 | Indicated 1945 |
| Corn..... | 5,172 | 5,074 | 4,668 | 9,000 | 8,521 | 7,812 |
| Winter wheat..... | 4,549 | 4,450 | 5,028 | 4,549† | 4,450† | 5,028† |
| Oats..... | 1,792 | 1,063 | 1,996 | 3,465 | 3,446 | 3,698 |
| Barley..... | 282 | 414 | 393 | 766† | 815† | 734† |
| Flax..... | 32‡ | 36 | 60 | 65‡ | 121‡ | 118‡ |
| Rice..... | 275 | 392 | 404 | 782‡ | 960‡ | 966‡ |
| All sorghums..... | 6,459 | 8,318 | 7,632 | 9,088 | 11,268 | 10,264 |
| Irish potatoes..... | 54 | 67 | 63 | 140 | 178 | 154 |
| Sweet potatoes..... | 59 | 65 | 60 | 177* | 190* | 183* |
| Soybeans alone*..... | 30 | 13 | 7 | 137* | 115* | 94* |
| Cowpeas alone*..... | 528 | 282 | 259 | 774* | 423* | 383* |
| Peanuts alone*..... | 496 | 860 | 886 | 686* | 1,161* | 1,206* |
| All tame hay..... | 1,135 | 1,623 | 1,639 | 2,605 | 3,384 | 3,401 |

‡Short-time average. *Grown alone for all purposes; partly duplicated in hay acreage. †Arizona, Louisiana, New Mexico, Oklahoma, Texas. ‡Texas only. †Arizona, New Mexico, Oklahoma, Texas. ¶Texas, Arizona, Oklahoma. *Louisiana and Texas. *Texas, Louisiana, Oklahoma.

SOURCE: United States Department of Agriculture.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

| | March 1945 | March 1944 | February 1945 | August 1 to March 31 This season | Last season |
|------------------------------|-----------------|------------|---------------|----------------------------------|-------------|
| | Consumption at: | | | | |
| Texas mills..... | 17,641 | 17,927 | 15,636 | 126,526 | 139,386 |
| United States mills..... | 857,693 | 903,538 | 781,559 | 6,516,433 | 6,805,716 |
| U.S. stocks—end of month: | | | | | |
| In consuming establm'ts.... | 2,237,465 | 2,290,108 | ..... | ..... | ..... |
| Public stg. & compresses.... | 11,724,034 | 10,890,959 | ..... | ..... | ..... |

CASH FARM INCOME
(Thousands of dollars)

| | January 1945 | | Total receipts | |
|-----------------|---------------|------------|----------------|---------|
| | Receipts from | | January | January |
| | Crops | Livestock* | 1945 | 1944 |
| Arizona..... | 9,827 | 2,965 | 12,792 | 12,588 |
| Louisiana..... | 12,052 | 6,479 | 18,531 | 18,653 |
| New Mexico..... | 4,694 | 2,200 | 6,894 | 4,858 |
| Oklahoma..... | 14,092 | 19,010 | 33,102 | 26,890 |
| Texas..... | 45,851 | 32,583 | 78,434 | 91,208 |
| Total..... | 86,516 | 63,237 | 149,753 | 154,237 |

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

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS—(Number)

| | Fort Worth | | | San Antonio | | |
|-------------|------------|---------|----------|-------------|--------|----------|
| | March | March | February | March | March | February |
| | 1945 | 1944 | 1945 | 1945 | 1944 | 1945 |
| Cattle..... | 56,333 | 41,284 | 38,271 | 20,019 | 14,037 | 17,503 |
| Calves..... | 22,017 | 13,394 | 21,450 | 13,606 | 15,606 | 15,576 |
| Hogs..... | 47,097 | 127,837 | 35,805 | 7,181 | 13,276 | 6,867 |
| Sheep..... | 95,813 | 55,321 | 52,092 | 22,811 | 9,371 | 18,560 |

COMPARATIVE TOP LIVESTOCK PRICES
(Dollars per hundred weight)

| | Fort Worth | | | San Antonio | | |
|----------------------------|------------|---------|----------|-------------|---------|----------|
| | March | March | February | March | March | February |
| | 1945 | 1944 | 1945 | 1945 | 1944 | 1945 |
| Beef steers..... | \$16.25 | \$16.00 | \$16.35 | \$15.25 | \$14.50 | \$15.00 |
| Stocker steers..... | 14.00 | 14.00 | 13.50 | ..... | ..... | ..... |
| Heifers and yearlings..... | 16.50 | 15.75 | 16.00 | 14.75 | 15.00 | 15.00 |
| Butcher cows..... | 12.75 | 12.25 | 13.00 | 12.00 | 12.00 | 12.25 |
| Calves..... | 14.50 | 14.25 | 14.50 | 14.75 | 14.25 | 14.50 |
| Hogs..... | 14.55 | 13.75 | 14.55 | 14.55 | 13.65 | 14.55 |
| Lambs..... | 16.00 | 16.00 | 15.25 | 15.00 | 14.50 | 15.00 |

COTTONSEED AND COTTONSEED PRODUCTS

| | Texas | | United States | |
|--|----------------------|-------------|----------------------|-------------|
| | August 1 to March 31 | | August 1 to March 31 | |
| | This season | Last season | This season | Last season |
| Cottonseed received at mills (tons)..... | 922,989 | 898,721 | 4,191,922 | 3,863,222 |
| Cottonseed crushed (tons)..... | 765,736 | 851,846 | 3,507,787 | 3,505,510 |
| Cottonseed on hand March 31 (tons)..... | 188,899 | 91,544 | 795,741 | 446,488 |
| Production of products: | | | | |
| Crude oil (thousand lbs.)..... | 233,847 | 255,339 | 1,084,116 | 1,091,396 |
| Cake and meal (tons)..... | 361,897 | 493,910 | 1,609,479 | 1,625,847 |
| Hulls (tons)..... | 178,570 | 290,368 | 812,547 | 818,887 |
| Linters (running bales)..... | 234,827 | 255,081 | 1,025,063 | 1,040,821 |
| Stocks on hand March 31: | | | | |
| Crude oil (thousand lbs.)..... | 11,553 | 10,577 | 36,770 | 33,437 |
| Cake and meal (tons)..... | 26,007 | 14,540 | 104,593 | 63,687 |
| Hulls (tons)..... | 19,638 | 4,379 | 60,511 | 21,554 |
| Linters (running bales)..... | 27,446 | 68,758 | 98,759 | 260,028 |

SOURCE: United States Bureau of Census.

from food grains representing approximately 9 per cent of the total. As indicated by the accompanying table, the amount of cash income from truck crops, oil bearing crops and fruits increased substantially and accounted for 13 per cent of the total income in 1944, as compared with 7 per cent in 1940.

FINANCE

The Seventh War Loan Drive will open on May 14 and extend through June 30, although sales of all series of war savings bonds and Series C savings notes processed through Federal Reserve banks between April 9 and July 7 will be counted in the drive figures. The goal for the drive has been set at \$14,000,000,000, of which \$7,000,000,000 is to be raised through the sale of Government securities to individuals, the largest goal ever set for individuals during a war loan drive. One of the primary objectives of the drive is to sell the largest possible amount of securities to individuals in order to minimize the dangers of inflation. The goal for individuals includes a quota of \$4,000,000,000 to be obtained from the sale of Series E war savings bonds. There will be an intensification of efforts to increase sales of Series E war savings bonds through enlarged participation in payroll savings plans, as well as through direct sales to individuals.

The over-all quota for Texas during the Seventh War Loan Drive has been set at \$430,000,000, as compared with \$414,000,000 in the previous drive. The quota of \$312,000,000 for individuals is \$87,000,000 larger than in the previous drive, while that for corporations, amounting to \$118,000,000, is

\$71,000,000 smaller. The goal of \$168,000,000 for Series E war savings bonds, which constitutes a part of the total quota for individuals, exceeds that in the previous drive by \$63,000,000.

The daily average reserve balances of member banks in this district, after declining temporarily during February, rose to a new all-time peak of \$631,000,000 in March and remained at the higher level during the first half of April. Due to the conversion of reserve-exempt war loan deposits into private deposits which require reserves, the required reserves of member banks have been rising steadily and in March averaged about \$30,000,000 more than in December, 1944 when they were at a low point following the Sixth War Loan Drive. Despite the increase in reserve balances during this period, average excess reserves in March were about \$18,000,000 lower than in December.

The circulation of Federal Reserve notes of this bank, which rose substantially during February, showed little net change between the end of February and the middle of April. On April 15 total circulation of \$557,000,000 was \$125,000,000 above that a year ago.

The deposits of the weekly reporting member banks, after increasing substantially during the first half of March, showed a net decline of \$23,200,000 during the four weeks ended April 11. During this period, these banks had withdrawals of \$33,000,000 from Government accounts and of \$3,000,000 from inter-bank deposits, but these withdrawals were offset in part by an increase of \$13,000,000 in adjusted-demand and time deposits. The funds to meet this decline were obtained principally through a reduction of \$11,400,000 in balances with correspondent banks, a decline of \$5,000,000 in reserves with the Federal Reserve Bank and a decrease of \$3,100,000 in loans and investments.

Total loans of the weekly reporting banks, which followed an irregular downward trend the first two months of the year and then increased sharply early in March, have declined steadily in recent weeks. The net decrease over the period from March 14 to April 11 of \$6,000,000 reflected declines of \$5,000,000 in commercial, industrial and agricultural loans, which usually decrease during the early months of the year, and of \$1,600,000 in loans to others for security trading, which were offset only in small part by increases in other classes of loans.

During the four-week period between March 14 and April 11, these banks made net additions of \$2,900,000 to their holdings of investments and made several shifts in their investment portfolios. The shifts were accomplished through reduction of \$1,400,000 in holdings of Treasury notes and of \$900,000 in Treasury bills and an addition of \$4,300,000 to holdings of Treasury bonds. The total investment holdings of these banks on April 11 amounted to \$1,270,000,000, which was approximately the same as at the end of 1944. The principal net changes during the period have been a substantial reduction in Treasury notes and a corresponding increase in certificates of indebtedness brought about by the exchange of the maturing and called Treasury notes for the new issue of certificates.

INDUSTRY

Due largely to such factors as machine failures, unusually large rejections of inferior materials, lack of experienced supervisory personnel and skilled workers, lags in war production programs have been experienced in a number of Texas industrial plants since the middle of December, 1944. On the other hand, a large percentage of the "must" plants have accelerated production in recent weeks and are now either meeting production quotas or are materially reducing accumulated lags by better

utilization of available men and machines. The total over-all employment in the major Texas industries and in military establishments showed a slight increase in February over that in the preceding month, with indications that additional workers will be needed within the next four months in all industries except shipbuilding. Significant employment gains were reported for plants producing aircraft, ordnance, and petroleum products and moderate gains were shown for the lumber industry, machinery manufacturers, synthetic rubber plants, cotton mills, and in civilian employment in military establishments. On the other hand, a sharp decline in employment was reflected at shipyards and small declines were indicated for plants producing nonferrous metals, iron and steel, and chemicals. Continued declines in employment in shipyards are anticipated as existing contracts covering dry cargo vessels are being completed rapidly and concentration on tanker construction will require fewer employees.

Reflecting the effect of continued expansion of ordnance and other plants producing essential war supplies, the value of construction contracts awarded in this district rose sharply in March. The aggregate value of awards, amounting to \$38,000,000, was approximately \$20,000,000 more than in the preceding month, nearly double that for March, 1944, and represents the highest total awards since February, 1943. The value of all types of construction showed marked increases over that in February except utility construction, which continued at about the same level. The value of construction contracts awarded in the district during the first quarter of 1945 totaled \$71,000,000, as compared with \$47,819,000 for the same period a year earlier. Awards for manufacturing buildings accounted for the major portion of the increase, although moderate gains were indicated for utility construction. On the other hand, residential and public works construction during the period declined 61 per cent and 10 per cent, respectively, as compared with the first quarter last year. During the first quarter of 1945 slightly over 56 per cent of the total construction in Texas was privately financed, as compared with 27 per cent in the first quarter of 1944 and only 3 per cent in 1943, indicating a sharp movement away from publicly financed construction.

All types of construction material except cement and cement products continue in short supply. Due to manpower shortages and lack of sufficient logging and transportation equipment, lumber production in this district was 20 per cent less in 1944 than in the preceding year and in the United States it was 6 per cent less. Production of 465,000 barrels of Portland cement at Texas mills during February was 88,000 barrels less than the output for January. Shipments of cement during February exceeded output, but as production in recent months has exceeded shipments, stocks on hand at the end of the month remained relatively high.

Production of crude petroleum in the Eleventh District expanded further in March and the near record output of 2,333,000 barrels daily was about 14 per cent above that in March last year. Moreover, crude oil production in Texas during the month reached an all-time high with a daily rate of 2,158,000 barrels. Daily average production outside this district remained at about the same level as in February but was about 5 per cent above that in March, 1944. The Petroleum Administrator's April certification for Texas calls for a new high in crude oil output with a daily rate of 2,170,000 barrels, an increase of 10,000 barrels daily over the March certification; the increase to again come from west Texas fields. The increased production is con-

CONDITION OF THE FEDERAL RESERVE BANK

(Thousands of dollars)

| | April 15, 1945 | April 15, 1944 | March 15, 1945 |
|---|----------------|----------------|----------------|
| Total cash reserves | \$554,359 | \$547,389 | \$515,654 |
| Discounts for member banks | None | None | 346 |
| Industrial advances | None | 3 | None |
| U. S. Government securities | 699,005 | 460,997 | 710,694 |
| Total earning assets | 699,005 | 461,000 | 711,040 |
| Member bank reserve deposits | 644,547 | 526,389 | 634,639 |
| Federal Reserve Notes in actual circulation | 550,966 | 431,884 | 555,947 |

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

(Thousands of dollars)

| | April 11, 1945 | April 12, 1944 | March 14, 1945 |
|---|----------------|----------------|----------------|
| Total loans and investments | \$1,676,312 | \$1,382,028 | \$1,679,458 |
| Total loans | 406,407 | 333,295 | 412,451 |
| Commercial, industrial, and agricultural loans | 269,225 | 232,453 | 274,209 |
| Loans to brokers and dealers in securities | 4,702 | 2,477 | 4,387 |
| Other loans for purchasing or carrying securities | 50,527 | 32,404 | 52,139 |
| Real estate loans | 22,366 | 19,825 | 21,639 |
| Loans to banks | 154 | 101 | 129 |
| All other loans | 59,433 | 46,035 | 59,948 |
| Total investments | 1,269,905 | 1,048,733 | 1,267,007 |
| U. S. Treasury bills | 71,892 | 92,983 | 72,750 |
| U. S. Treasury certificates of indebtedness | 388,445 | 258,845 | 383,320 |
| U. S. Treasury notes | 219,816 | 195,865 | 221,241 |
| U. S. Government bonds | 533,231 | 413,918 | 528,889 |
| Obligations guaranteed by United States Gov't. | 9,981 | 39,496 | 9,981 |
| Other securities | 46,540 | 47,584 | 45,826 |
| Reserves with Federal Reserve Bank | 355,825 | 302,857 | 360,443 |
| Balances with domestic banks | 225,485 | 202,035 | 226,912 |
| Demand deposits—adjusted* | 1,252,969 | 1,055,979 | 1,252,311 |
| Time deposits | 238,744 | 174,252 | 226,464 |
| United States Government deposits | 177,873 | 180,107 | 210,913 |
| Interbank deposits | 513,089 | 419,667 | 516,145 |
| 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)

| | March 1945 | March 1944 | Pctg. change over year | February 1945 | Pctg. change over month |
|-----------------|-------------|-------------|------------------------|---------------|-------------------------|
| Abilene | \$ 19,740 | \$ 17,016 | +16 | \$ 17,213 | +15 |
| Amarillo | 51,084 | 42,241 | +21 | 41,937 | +22 |
| Austin | 97,966 | 103,455 | -5 | 61,833 | +58 |
| Beaumont | 61,893 | 53,505 | +16 | 57,087 | +8 |
| Corpus Christi | 57,713 | 44,948 | +28 | 48,617 | +19 |
| Corsicana | 6,746 | 6,687 | +1 | 5,200 | +30 |
| Dallas | 583,680 | 517,331 | +13 | 510,804 | +14 |
| El Paso | 66,170 | 64,607 | +2 | 59,383 | +11 |
| Fort Worth | 224,125 | 195,958 | +14 | 227,965 | -2 |
| Galveston | 50,266 | 43,789 | +15 | 37,267 | +35 |
| Houston | 634,393 | 554,375 | +14 | 503,157 | +26 |
| Laredo | 12,604 | 11,448 | +10 | 10,522 | +20 |
| Lubbock | 33,339 | 28,959 | +15 | 30,166 | +11 |
| Monroe, La. | 18,973 | 18,683 | +2 | 17,106 | +11 |
| Port Arthur | 26,410 | 25,034 | +5 | 21,610 | +22 |
| Roswell, N. M. | 9,444 | 8,584 | +10 | 7,797 | +21 |
| San Angelo | 16,008 | 14,003 | +14 | 13,900 | +15 |
| San Antonio | 164,177 | 143,081 | +15 | 140,739 | +17 |
| Shreveport, La. | 84,828 | 81,602 | +4 | 73,172 | +16 |
| Texarkana* | 23,260 | 18,496 | +26 | 19,324 | +20 |
| Tucson, Ariz. | 35,295 | 29,284 | +21 | 33,429 | +6 |
| Tyler | 24,207 | 21,172 | +14 | 21,420 | +13 |
| Waco | 29,419 | 26,872 | +9 | 25,309 | +16 |
| Wichita Falls | 30,262 | 27,696 | +9 | 28,550 | +14 |
| Total—24 cities | \$2,362,002 | \$2,098,886 | +13 | \$2,001,507 | +18 |

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

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 |
| March 1943 | | \$2,693,849 | \$232,879 | \$1,464,442 | \$136,259 | \$1,229,407 | \$ 96,620 |
| March 1944 | | 3,320,226 | 277,705 | 1,725,356 | 171,392 | 1,594,870 | 106,313 |
| November 1944 | | 3,844,475 | 333,158 | 1,977,295 | 210,317 | 1,867,180 | 122,841 |
| December 1944 | | 4,024,828 | 338,689 | 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 |
| March 1945 | | 4,050,000 | 367,380 | 2,045,585 | 232,600 | 2,004,415 | 134,780 |

SAVINGS DEPOSITS

March 31, 1945

| Number of reporting banks | Number of savings depositors | Amount of savings deposits | Percentage change in savings deposits from | | |
|---------------------------|------------------------------|----------------------------|--|-------------------|-------|
| | | | March 31, 1944 | February 28, 1945 | |
| Beaumont | 3 | 11,961 | \$ 6,588,004 | +28.3 | + 2.3 |
| Dallas | 8 | 105,409 | 54,360,977 | +43.3 | + 2.6 |
| El Paso | 2 | 25,012 | 10,649,445 | +43.8 | + 3.0 |
| Fort Worth | 3 | 37,788 | 25,265,846 | +40.5 | + 3.1 |
| Galveston | 4 | 21,081 | 16,038,332 | +21.4 | + 1.8 |
| Houston | 9 | 89,271 | 53,794,950 | +30.0 | + 2.2 |
| Lubbock | 2 | 798 | 543,556 | +14.4 | - 2.1 |
| Port Arthur | 2 | 5,570 | 4,459,416 | +24.9 | + 1.1 |
| San Antonio | 5 | 31,924 | 33,259,487 | +35.4 | + 2.1 |
| Shreveport, La. | 3 | 31,318 | 20,300,265 | +36.8 | + 2.8 |
| Waco | 3 | 8,630 | 6,783,220 | +31.3 | +10.1 |
| Wichita Falls | 3 | 6,719 | 4,145,686 | +14.9 | + 2.3 |
| All other | 58 | 56,062 | 40,562,128 | +30.2 | + 2.2 |
| Total | 105 | 431,543 | \$283,351,312 | +34.2 | + 2.6 |

sidered necessary in order to maintain stocks of west Texas crude oil at flexible operating levels. The Texas Railroad Commission set effective crude oil allowables for April to meet the production requests of the Petroleum Administrator for War.

Reflecting the continued expansion of production, stocks of above ground crude oil in this district increased about 3 per cent during March and the 122,319,000 barrels on hand at the end of the month was only slightly under stocks held at the same time a year earlier. Stocks outside this district also increased moderately during the month, but the 101,463,000 barrels on hand at the end of March were 7 per cent smaller than at the same period last year.

Following the usual seasonal trend, drilling activity in the United States increased in March, with total well completions for the first quarter of 1945 exceeding those in the same quarter last year by about 13 per cent, which represents approximately the increase in drilling requested by the Petroleum Administrator for War. Although drilling activity in the Eleventh District continued at about the same level in March as in the preceding month, well completions for the first quarter, which totaled 1,841, represented an increase of 38 per cent over the 1,333 wells completed during the same period in 1944. Increased drilling activity in this district during the first three months of the year as compared with last year, occurred in all oil producing sections except in east Texas and south central Texas fields. The greatest drilling activity was concentrated in the Upper Gulf Coast and southwest Texas fields with increases of 66 per cent and 40 per cent, respectively, over that for the same quarter a year ago. Daily completions for the district as a whole averaged 20 wells during the first three months of this year, as compared with 15 wells daily for the same period in 1944.

Mill consumption of cotton at United States textile mills during March totaled 858,000 bales, which is an increase of 10 per cent over the consumption in February, but is 5 per cent under that in March a year earlier. Cotton consumption for the first eight months of the 1944-1945 season totaled 6,516,000 bales, as compared with 6,806,000 bales for the same period last season, indicating a decline of 4 per cent.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
Daily average sales—(1935-1939=100)

| | Unadjusted** | | | Adjusted | | | | |
|---------------|--------------|---------------|--------------|------------|------------|---------------|--------------|------------|
| | March 1945 | February 1945 | January 1945 | March 1944 | March 1945 | February 1945 | January 1945 | March 1944 |
| District..... | 269 | 239 | 211 | 227 | 283 | 284 | 261 | 247 |
| Dallas..... | 267 | 248 | 210 | 232 | 276 | 269 | 242 | 252 |
| Houston..... | 255 | 231 | 193 | 225 | 274 | 296 | 241 | 262 |

| | Unadjusted** | | | Adjusted | | | | |
|---------------|--------------|---------------|--------------|------------|------------|---------------|--------------|------------|
| | March 1945 | February 1945 | January 1945 | March 1944 | March 1945 | February 1945 | January 1945 | March 1944 |
| District..... | 106 | 97 | 95 | 101 | 103 | 101 | 109 | 98 |

**Unadjusted for seasonal variation.

BUILDING PERMITS

| | March 1945 | | Percentage change valuation from | | Jan. 1 to Mar. 31, 1945 | | Percentage change valuation from 1944 | |
|---------------------|------------|-------------|----------------------------------|------------|-------------------------|--------------|---------------------------------------|-----------|
| | No. | Valuation | Mar., 1944 | Feb., 1945 | No. | Valuation | No. | Valuation |
| Abilene..... | 13 | \$ 4,065 | - 64 | - 73 | 38 | \$ 32,220 | - | - 78 |
| Amarillo..... | 87 | 221,130 | + 17 | + 97 | 244 | 484,606 | + 80 | + 80 |
| Austin..... | 147 | 187,538 | +227 | - 2 | 369 | 543,788 | +409 | +409 |
| Beaumont..... | 182 | 157,391 | +221 | + 91 | 476 | 314,733 | + 34 | + 34 |
| Corpus Christi..... | 175 | 271,628 | +160 | + 94 | 503 | 589,201 | + 71 | + 71 |
| Dallas..... | 720 | 623,458 | + 44 | +112 | 1,834 | 1,415,168 | - 33 | - 33 |
| El Paso..... | 50 | 26,640 | - 34 | + 30 | 154 | 147,615 | + 41 | + 41 |
| Fort Worth..... | 342 | 567,896 | + 52 | + 46 | 855 | 1,316,675 | + 59 | + 59 |
| Galveston..... | 84 | 45,962 | - 2 | - 30 | 186 | 165,158 | - 38 | - 38 |
| Houston..... | 291 | 5,076,803 | +813 | +353 | 818 | 6,818,950 | +360 | +360 |
| Lubbock..... | 111 | 113,019 | +185 | - 37 | 379 | 437,144 | +386 | +386 |
| Port Arthur..... | 93 | 33,035 | + 7 | + 91 | 222 | 77,157 | - 2 | - 2 |
| San Antonio..... | 996 | 470,787 | + 24 | + 11 | 2,650 | 1,309,070 | + 27 | + 27 |
| Shreveport, La..... | 218 | 124,668 | + 21 | - 43 | 611 | 567,186 | +177 | +177 |
| Waco..... | 68 | 68,433 | - 40 | - 37 | 174 | 214,955 | - 23 | - 23 |
| Wichita Falls..... | 52 | 48,599 | + 45 | +344 | 107 | 84,136 | - 20 | - 20 |
| Total..... | 3,629 | \$8,041,052 | +214 | +137 | 9,620 | \$14,518,062 | + 90 | + 90 |

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(Thousands of dollars)

| | March | | February | | January 1 to March 31 | |
|----------------------------|-----------|-----------|-----------|-----------|-----------------------|-----------|
| | 1945 | 1944 | 1945 | 1944 | 1945 | 1944 |
| Eleventh District—total... | \$ 38,058 | \$ 22,206 | \$ 17,800 | \$ 71,074 | \$ 47,819 | \$ 47,819 |
| Residential..... | 2,482 | 5,423 | 1,103 | 4,536 | 11,562 | 11,562 |
| All other..... | 35,576 | 16,783 | 16,697 | 66,538 | 36,257 | 36,257 |
| United States*—total..... | 328,874 | 176,383 | 146,957 | 616,780 | 472,867 | 472,867 |
| Residential..... | 26,943 | 35,164 | 19,300 | 65,779 | 101,622 | 101,622 |
| All other..... | 301,931 | 141,219 | 127,657 | 551,001 | 371,845 | 371,845 |

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

WHOLESALE AND RETAIL TRADE STATISTICS

| | Number of firms | Percentage change in: | | | Stocks † | |
|-----------------------------|-----------------|-----------------------|-----|-----------------------------------|----------------------|---------------|
| | | Net sales | | Jan. 1 to Mar. 31, 1945 from 1944 | March 1945 from 1944 | February 1945 |
| Retail trade: | | | | | | |
| Department stores: | | | | | | |
| Total 11th Dist..... | 48 | +18 | +27 | +19 | + 2 | +14 |
| Dallas..... | 7 | +15 | +21 | +18 | + 3 | +10 |
| Fort Worth..... | 4 | +24 | +26 | +21 | - 4 | +10 |
| Houston..... | 7 | +13 | +24 | +15 | - 7 | + 4 |
| San Antonio..... | 5 | +26 | +29 | +28 | +18 | +31 |
| Shreveport, La..... | 3 | +15 | +39 | +18 | ..... | ..... |
| Other cities..... | 22 | +20 | +35 | +18 | - 7 | +14 |
| Retail furniture: | | | | | | |
| Total 11th Dist..... | 54 | + 4 | +13 | ..... | - 5 | + 3 |
| Dallas..... | 4 | - 9 | +11 | ..... | ..... | ..... |
| Houston..... | 7 | + 5 | + 4 | ..... | ..... | ..... |
| Port Arthur..... | 3 | - 9 | +18 | ..... | ..... | ..... |
| San Antonio..... | 3 | +12 | +30 | ..... | ..... | ..... |
| Wichita Falls..... | 3 | +36 | +11 | ..... | ..... | ..... |
| Independent stores:* | | | | | | |
| Oklahoma..... | 368 | +24 | +31 | +18 | ..... | ..... |
| Arizona..... | 151 | + 8 | +13 | + 8 | ..... | ..... |
| New Mexico..... | 129 | +14 | +13 | +13 | ..... | ..... |
| Texas..... | 951 | +17 | +25 | +15 | ..... | ..... |

| Wholesale trade:* | | | | | | |
|-------------------------------------|------|---------|-----------|------------|-------|---------------|
| | Year | Arizona | Louisiana | New Mexico | Texas | United States |
| Machinery equip't and supplies..... | 1939 | 119 | 1,037 | 106 | 1,137 | 2,399 |
| Automotive supplies..... | 1940 | 129 | 1,076 | 113 | 1,271 | 2,589 |
| Drugs..... | 1941 | 131 | 1,143 | 115 | 1,330 | 2,719 |
| Groceries..... | 1942 | 143 | 1,232 | 122 | 1,384 | 2,881 |
| Hardware..... | 1943 | 152 | 1,166 | 119 | 1,274 | 2,711 |
| Surgical equipment..... | 1944 | 203 | 962 | 98 | 896 | 2,159 |
| Tobacco & products..... | | | | | | 32,554 |

*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.

CRUDE OIL PRODUCTION—(Barrels)

| | March 1945 | | Increase or decrease in daily average production from | |
|----------------------|------------------|-----------------------|---|---------------|
| | Total production | Daily avg. production | March 1944 | February 1945 |
| North Texas..... | 7,354,800 | 237,252 | + 1,447 | + 982 |
| West Texas..... | 14,700,100 | 476,132 | +134,167 | +10,300 |
| East Texas..... | 16,402,500 | 529,113 | + 45,994 | - 8,875 |
| South Texas..... | 10,901,200 | 351,652 | + 60,275 | + 5,150 |
| Coastal Texas..... | 17,490,900 | 564,222 | + 50,267 | + 3,140 |
| Total Texas..... | 66,909,500 | 2,158,371 | +292,150 | +10,697 |
| New Mexico..... | 3,220,350 | 103,882 | - 8,995 | + 18 |
| North Louisiana..... | 2,179,200 | 70,297 | - 6,145 | + 1,558 |
| Total District..... | 72,309,050 | 2,332,550 | +277,010 | +12,273 |

SOURCE: Estimated from American Petroleum Institute weekly reports.

LUMBER PRODUCTION—ARIZONA, LOUISIANA, NEW MEXICO, TEXAS AND UNITED STATES—(Million board feet)

| Year | Arizona | Louisiana | New Mexico | Texas | Total | United States |
|------|---------|-----------|------------|-------|-------|---------------|
| 1939 | 119 | 1,037 | 106 | 1,137 | 2,399 | 24,975 |
| 1940 | 129 | 1,076 | 113 | 1,271 | 2,589 | 28,934 |
| 1941 | 131 | 1,143 | 115 | 1,330 | 2,719 | 33,476 |
| 1942 | 143 | 1,232 | 122 | 1,384 | 2,881 | 36,332 |
| 1943 | 152 | 1,166 | 119 | 1,274 | 2,711 | 34,622 |
| 1944 | 203 | 962 | 98 | 896 | 2,159 | 32,554 |

SOURCE: Bureau of the Census, United States Forest Service.

THE 1944 RETAIL CREDIT SURVEY
ELEVENTH FEDERAL RESERVE DISTRICT

The Research Department of the Federal Reserve Bank of Dallas has completed the tabulation of data obtained from retail firms in the Eleventh Federal Reserve District in connection with the Third Annual Retail Credit Survey conducted by the Federal Reserve System. In this survey, covering the year 1944, data were obtained from firms in nine lines of trade in which the extension of credit to consumers is in sizable volume. The survey covered sales by types of transactions, accounts receivable, inventories, and other current balance sheet items. Reports were obtained from approximately 450 concerns from 23 cities throughout the district. The reporting concerns are fairly well distributed among the reporting lines and are located in widely separated geographical areas, although the major portion of the reports were received from firms operating in the principal cities of the district.

All reporting lines of trade, except household appliance, experienced an increase in sales during 1944, reflecting the continued expansion in consumer incomes and the large volume of liquid resources held by individuals. It should be noted, however, that the rate of expansion in sales showed a marked slowing down during the year. Reflecting the large volume of consumer incomes, there was a further increase in cash sales, although the upward trend was not nearly so marked as in the preceding year. In all lines, except household appliance, the expansion in cash sales was as great as, or greater than, the increase in total sales, the increases ranging from 9 per cent for automobile dealers to 22 per cent for furniture stores. For all reporting lines, cash sales accounted for approximately 53 per cent of total sales during 1944, as compared with 51 per cent during 1943. Charge account sales were increased in the majority of reporting lines, but in all lines, except automobile dealers, auto tire and accessory stores, and household appliance stores, the proportion of charge account sales to total sales was smaller in 1944 than in 1943. There was a general decline in instalment sales; and in all lines, instalment sales constituted a smaller proportion of total sales during 1944 than during 1943. Year-end inventories showed diverse trends in relation to those a year earlier, there being five lines in which decreases were registered and four in which there were increases. The most marked decline occurred in the case of automobile dealers where the diminishing supply of new and used cars was a major factor.

In most lines, the reporting firms improved their current financial position during 1944. The reporting stores in all lines added substantially to their holdings of Government securities and all lines, except jewelry and household appliance stores, had larger accounts receivable at the end of 1944 than a year earlier. The auto tire and accessory stores, household appliance stores, and jewelry stores made a large reduction in their holdings of cash and bank deposits but they also made correspondingly large reductions in accounts and notes payable. The ratio of current assets to current liabilities was especially large in the case of hardware and household appliance stores, but the ratio was above 3 to 1 in all lines.

There is given below a brief resumé of developments in the several lines of trade covered by the survey.

**AUTOMOBILE DEALERS AND AUTO TIRE AND
ACCESSORY STORES**

The sales of reporting stores in these two groups continued to expand in 1944, although at a slower rate than in 1943. The 1944 sales of 60 automobile dealers were 8 per cent larger than in the preceding year while the business of 86 auto tire and acces-

sory stores increased by 18 per cent. The operations of automobile dealers were affected by the diminishing supply of new cars and in many cases by the smaller volume of used cars available for resale. On the other hand, there was a tendency for repair business to expand and many firms were able to increase the volume of work in other phases of their business. The auto tire and accessory stores which in previous years had added supplementary lines of merchandise were able to increase the volume of their business. The changes in the character of their operations were also reflected in changes in the sales by type of transactions and in inventories. In both lines, the proportion of total sales represented by cash transactions was close to 50 per cent. Charge account sales increased substantially in 1944 and represented a somewhat larger percentage of total sales than in 1943. On the other hand, instalment sales showed a noticeable decline both in volume and in relation to total sales. The inventories of automobile dealers showed a further sharp decline during 1944, reflecting in large part the diminishing supply of new and used cars, but the stocks of auto tire and accessory stores increased by 9 per cent.

The firms reporting data on selected balance sheet items evidenced a continued trend toward greater liquidity. The automobile dealers, in addition to experiencing a sharp decline in inventories, reduced substantially their current liabilities, and greatly expanded their assets in the form of cash and bank deposits, holdings of Government securities, and accounts receivable outstanding. At the end of 1944, the ratio of current assets to current liabilities was 5.2 as compared with 3.1 at the end of 1943. At auto tire and accessory stores, the sharp decline in cash and bank deposits was offset largely by the rise in stocks and a decline in accounts and notes payable. The ratio of current assets to current liabilities at the end of 1944 was 5.3 as compared with 4.8 a year earlier.

DEPARTMENT STORES

Sales of 53 department stores showed a further expansion of 15 per cent during 1944 as compared with the preceding year. As has been the case in other recent years, the volume of cash sales increased substantially, both in actual amount and in relation to total sales. During 1944, approximately 56 per cent of the business transacted by department stores was on a cash basis as compared to about 54 per cent in 1943. Charge account sales increased during 1944 but instalment sales showed a moderate decline. In recent years, sales of soft goods and luxury items have reflected a marked upward trend with the most pronounced increases taking place in the various items of ladies ready-to-wear. The diminishing supply of durable consumer goods handled by department stores has been reflected in the decreasing volume of sales of those items. The sharp decreases in the sales of many of these items have offset to some extent the marked expansion in sales of soft goods. Inventories of reporting stores decreased further during 1944 and at the end of the year were 5 per cent below those at the close of 1943.

The 13 stores reporting selected balance sheet items experienced a decline in the ratio of current assets to current liabilities from 3.7 in 1943 to 3.1 in 1944. Holdings of Government securities increased by 130 per cent and there was an improvement in other asset items, but the over-all improvement in the asset position was more than counterbalanced by the sharp rise in current liabilities.

FURNITURE STORES

Despite production restrictions and priorities which curtailed the supply of furniture available for distribution, the 1944 sales of 65 reporting furniture stores were 8 per cent larger than those in 1943. Although the increase in the volume of business was accounted for largely by the expansion in cash sales, these transactions represented only about 20 per cent of total sales. In recent years, cash sales have been increasing in actual volume and in relation to total sales but the major portion of the furniture store business is still handled on an instalment basis. In 1944, 73 per cent of total sales represented instalment business which was only slightly smaller than the 74 per cent in 1943. Inventories of furniture stores, which had evidenced a sharp downward trend during 1943, showed a net decrease of only 7 per cent between the end of 1943 and 1944. The inventory position reflects the scarcity of good quality furniture as well as the reluctance of dealers to build up inventories of merchandise manufactured under wartime restrictions which might be difficult to dispose of when better quality merchandise becomes available.

The data on balance sheet items reported by 16 firms reflect a substantial increase in current liabilities which was only partially offset by the improvement in current asset items. Consequently, the ratio of current assets to current liabilities declined from 4.6 at the end of 1943 to 4.1 at the close of 1944.

HARDWARE STORES

In contrast with a slight decline in 1943, the sales of hardware firms increased by 5 per cent during 1944. Two factors which influenced the trend of business during the year were the increased supply of many items usually handled by hardware stores and the stocking by these stores of a wider variety of merchandise. Inventories at the end of 1944 were 13 per cent larger than a year earlier, whereas a marked decline had occurred during 1943. Cash sales again showed a marked increase and constituted about 63 per cent of the total as compared with 56 per cent in 1943. Credit sales, consisting mostly of charge account sales, declined in volume and in relation to total sales. The eleven firms reporting selected balance sheet items were in a strong current financial position. They not only made a sharp reduction in accounts and notes payable but increased all of the current asset accounts. The ratio of current assets to current liabilities was 27.3 in 1944 as compared with 25.0 in 1943.

HOUSEHOLD APPLIANCE STORES

Since 1941, the production of household appliances has been greatly curtailed by priorities and restrictions, and as available supplies dwindled, the sales of appliance stores declined sharply. In 1944, the sales of 40 reporting firms showed a further decline of 17 per cent from the relatively small volume in 1943. While declines occurred in all types of transactions, the most drastic decrease, 39 per cent, was in instalment sales, which represented only about 20 per cent of total sales in 1944 as compared with 28 per cent in 1943. Cash sales rose from 36 per cent of the total in 1943 to 42 per cent in 1944. The inventories of these firms, which had decreased substantially during 1943, were 10 per cent higher at the end of 1944 than a year earlier. The five firms reporting selected balance sheet items greatly improved their current financial positions in 1944, through a reduction of nearly 50 per cent in their current liabilities. These firms also made sharp reductions in accounts receivable and cash and bank deposits while increasing their holdings of Government securities by 54 per cent and their stocks by 19 per cent.

JEWELRY STORES

Sales of jewelry firms, which had risen sharply in 1943, showed a gain of only 4 per cent in 1944. This noticeable slowing down

in the rate of expansion may have resulted in part from a rise in the excise taxes during the early part of 1944. The principal increase in sales occurred in the volume of cash transactions which constituted about 57 per cent of total sales in 1944 as compared with 54 per cent in 1943. While credit transactions were about equally divided between charge account and instalment sales, instalment sales were about 8 per cent smaller in 1944 than in the preceding year. Inventories at the end of 1944 were 9 per cent higher than a year earlier, whereas there has been little net change between the end of 1942 and 1943. During the past year, the sixteen firms reporting selected balance sheet items reduced their accounts receivable by 36 per cent and their cash and bank deposits by 23 per cent. These funds were utilized to reduce their accounts and notes payable by 22 per cent and to increase their holdings of Government securities by 45 per cent. At the end of each year, the ratio of current assets to current liabilities was 5.6.

MEN'S CLOTHING STORES

The upward trend in consumer buying of men's clothing, which has been in progress throughout the war period, continued during 1944 though at a much slower rate than in 1943. The sales of 33 reporting firms were 9 per cent larger in 1944 than those in the preceding year, with virtually all of the increase occurring in the volume of cash sales. The latter constituted nearly 61 per cent of total sales in 1944 as compared with 58 per cent in 1943. Although charge account sales increased slightly, they represented a smaller percentage of total sales than in the preceding year. Instalment sales continued in negligible volume. Inventories at the end of 1944 were 5 per cent smaller than a year earlier, extending the trend that developed in 1943. The 24 firms furnishing data on selected balance sheet items reported a sharp increase in current liabilities and substantial increases in holdings of Government securities and accounts receivable. The ratio of current assets to current liabilities declined from 4.8 in 1943 to 4.2 in 1944.

WOMEN'S APPAREL STORES

The strong demand for merchandise distributed through women's apparel stores continued during 1944 when sales of 20 reporting stores exceeded those in the preceding year by 10 per cent. Cash sales which comprised about 50 per cent of total sales showed a larger increase than credit sales. Inventories at the close of 1944 were slightly smaller than a year earlier. The current financial position of reporting firms improved during 1944, the ratio of current assets to current liabilities at the end of the year being 4.6 as compared with 4.3 a year earlier. Although current liabilities showed a noticeable increase, this expansion was more than counterbalanced by a rise in current assets. The improvement reflected primarily increases of 51 per cent in cash and bank deposits and of 93 per cent in holdings of Government securities.

SALES AND STOCKS BY KIND OF BUSINESS

| Kind of business | No. of firms | Number of firms showing total sales | | Percentage change 1944 from 1943 | |
|----------------------------------|--------------|-------------------------------------|----------|----------------------------------|------------------------|
| | | Increase | Decrease | Total sales* | Stocks at end of year† |
| Automobile dealers..... | 60 | 36 | 24 | + 8 | -33 |
| Auto tire and accessory stores.. | 86 | 71 | 15 | +18 | + 9 |
| Department stores..... | 41 | 41 | None | +14 | - 5 |
| Furniture stores..... | 27 | 20 | 7 | +10 | - 7 |
| Hardware stores..... | 25 | 19 | 6 | + 5 | +13 |
| Household appliance stores.... | 40 | 4 | 36 | -17 | +10 |
| Jewelry stores..... | 25 | 14 | 11 | + 4 | + 9 |
| Men's clothing stores..... | 33 | 25 | 8 | + 9 | - 5 |
| Women's apparel stores..... | 20 | 16 | 4 | +10 | - 1 |

*Percentage changes in some cases differ from those in accompanying table because of different number of firms.

†Dollar value figured at cost.

MONTHLY BUSINESS REVIEW

BALANCE SHEET ITEMS BY KIND OF BUSINESS
Percentage change in amounts reported Dec. 31, 1944 over Dec. 31, 1943

| Kind of business | No. of firms | Cash & Bank Deposits | United States Securities | Accounts Receivable | Stocks† | Accounts and Notes Payable‡ | Other Liabilities | Current ratios* | |
|--------------------------------|--------------|----------------------|--------------------------|---------------------|---------|-----------------------------|-------------------|-----------------|------|
| | | | | | | | | 1944 | 1943 |
| Automobile dealers | 41 | +31 | + 62 | +10 | -35 | -39 | -44 | 5.2 | 3.1 |
| Auto tire and accessory stores | 40 | -24 | + 9 | + 1 | +29 | -39 | + 6 | 5.3 | 4.8 |
| Department stores | 13 | + 3 | +130 | +16 | - 5 | +75 | +34 | 3.1 | 3.7 |
| Furniture stores | 16 | + 3 | + 62 | + 8 | - 5 | +46 | +15 | 4.1 | 4.6 |
| Hardware stores | 11 | +17 | +49 | + 8 | + 0 | -15 | +27 | 27.3 | 25.0 |
| Household appliance stores | 5 | -49 | +54 | -26 | +19 | -51 | -45 | 15.2 | 10.2 |
| Jewelry stores | 16 | -23 | + 45 | -36 | + 5 | -22 | - 2 | 5.6 | 5.6 |
| Men's clothing stores | 24 | - 1 | + 70 | +13 | - 5 | +17 | +43 | 4.2 | 4.8 |
| Women's apparel stores | 17 | +51 | + 93 | + 4 | - 1 | +27 | +10 | 4.6 | 4.3 |

†Change less than one-half of one per cent. *Ratio of current assets to current liabilities.

‡Dollar value figured at cost. §Includes trade payables and notes payable to banks.

SALES BY TYPE OF TRANSACTION AND BY KIND OF BUSINESS

| Kind of business | No. firms | Percentage change, 1944 over 1943 | | | |
|--------------------------------|-----------|-----------------------------------|------|-----------------|------------|
| | | Total sales | Cash | Charge accounts | Instalment |
| Automobile dealers | 48 | + 9 | + 9 | +20 | -18 |
| Auto tire and accessory stores | 81 | +15 | +17 | +21 | -19 |
| Department stores | 53 | +15 | +21 | +10 | - 4 |
| Furniture stores | 65 | + 8 | +22 | - 5 | + 6 |
| Hardware stores | 19 | + 2 | +13 | -13 | -17 |
| Household appliance stores | 39 | -16 | - 3 | -11 | -39 |
| Jewelry stores | 17 | + 5 | +11 | + 4 | - 8 |
| Men's clothing stores | 30 | +10 | +16 | + 3 | - 2 |
| Women's apparel stores | 18 | +10 | +14 | + 7 | * |
| Total | 370 | +13 | +18 | +11 | - 2 |

*These firms reported no instalment sales.

PERCENTAGE OF CASH AND CREDIT SALES TO TOTAL SALES

| Kind of business | No. firms | Cash | | Charge accts. | | Instalment | |
|--------------------------------|-----------|------|------|---------------|------|------------|------|
| | | 1944 | 1943 | 1944 | 1943 | 1944 | 1943 |
| Automobile dealers | 48 | 47 | 47 | 42 | 38 | 11 | 15 |
| Auto tire and accessory stores | 81 | 53 | 52 | 41 | 39 | 6 | 9 |
| Department stores | 53 | 56 | 54 | 42 | 44 | 2 | 3 |
| Furniture stores | 65 | 21 | 18 | 7 | 8 | 73 | 74 |
| Hardware stores | 19 | 63 | 56 | 36 | 42 | 2 | 2 |
| Household appliance stores | 39 | 42 | 36 | 38 | 36 | 20 | 28 |
| Jewelry stores | 17 | 57 | 54 | 22 | 22 | 21 | 24 |
| Men's clothing stores | 30 | 61 | 58 | 38 | 41 | 1 | 1 |
| Women's apparel stores | 18 | 50 | 48 | 50 | 52 | * | * |
| Total | 370 | 53 | 51 | 39 | 40 | 8 | 10 |

*These firms reported no instalment sales.

PERCENTAGE CHANGE IN SALES AND ACCOUNTS RECEIVABLE BY TYPE OF TRANSACTION—1944 over 1943

| Kind of business by city | No. firms | Sales | | | | Accts. Receivable | |
|--------------------------------|-----------|-------|------|-----------------|------------|-------------------|------------|
| | | Total | Cash | Charge Accounts | Instalment | Charge Accounts | Instalment |
| Automobile dealers | 3 | +24 | +29 | +11 | +25 | + 5 | † |
| Dallas | 11 | +19 | +17 | +34 | -36 | +30 | -15 |
| Houston | 7 | -10 | + 5 | -17 | -26 | + 7 | † |
| Lubbock | 3 | -26 | -26 | - 3 | -61 | † | † |
| San Antonio | 4 | +19 | +17 | +37 | -33 | - 1 | † |
| Auto tire and accessory stores | | | | | | | |
| Dallas | 19 | +17 | +17 | +20 | -32 | -15 | +19 |
| Houston | 19 | +12 | +15 | +18 | - 7 | +21 | +54 |
| Department stores | | | | | | | |
| Corpus Christi | 3 | +13 | +17 | +10 | -12 | +20 | - 4 |
| Dallas | 5 | +18 | +28 | +10 | - 2 | +10 | -44 |
| El Paso | 3 | +17 | +22 | + 9 | + 1 | † | † |
| Fort Worth | 3 | +13 | +21 | + 4 | -14 | + 5 | -35 |
| Houston | 4 | +14 | +22 | + 6 | † | +18 | † |
| San Antonio | 4 | +15 | +16 | +16 | - 1 | +77 | + 9 |
| Furniture stores | | | | | | | |
| Dallas | 3 | +17 | +15 | † | +18 | † | +11 |
| Houston | 8 | +12 | +19 | -23 | +11 | † | +80 |
| San Antonio | 5 | +14 | +50 | - 8 | +13 | † | † |
| Men's clothing stores | | | | | | | |
| Dallas | 4 | +13 | +21 | + 7 | - 2 | + 9 | † |
| Houston | 5 | +16 | +23 | + 3 | † | +23 | † |
| Port Arthur | 3 | - 6 | - 2 | -17 | † | +20 | † |
| Shreveport | 3 | +13 | +15 | +10 | † | +18 | † |

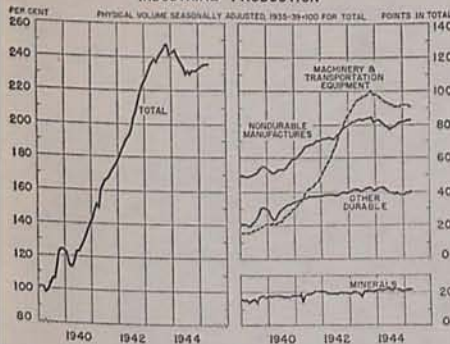
†Less than three stores reported.

Note: Sales figures are based on annual totals; accounts receivable, on end-of-year data.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

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

INDUSTRIAL PRODUCTION



Industrial activity was maintained at a high level in March. Value of retail sales was at a record for this season of the year.

INDUSTRIAL PRODUCTION

Output at factories and mines was maintained in March at the level of the preceding month, which was 236 per cent of the 1935-39 average, according to the Board's seasonally adjusted index.

At iron and steel mills production continued to rise and was at about the same level as a year ago. Production of most nonferrous metals also continued to increase in March in response to military needs; zinc shipments rose to a new record level. Lumber production, however, was 12 per cent smaller in March than in the same month last year. Output of stone, clay, and glass products was maintained at the February level. In the machinery industries activity showed little change in March. Output of transportation equipment continued to decline owing to further curtailment of operations at shipyards. Aircraft production was maintained at the February rate.

In most nondurable goods industries output showed little change from February to March and was at about the same level as in March, 1944. Owing to increased military purchases in recent months, however, supplies available for civilians of such goods as food, textile, leather, and paper products were at the lowest level for the war period. The shortage of carbon black has continued to limit production of essential military and civilian tires and rubber products, but manufacturing facilities are being expanded for output of this critical material. In the chemical industry, production of explosives and small arms ammunition showed less increase than in recent months and output at other chemical plants was maintained at about the February level.

Production of bituminous coal was at a slightly lower rate in March and declined further in the first week of April when wage contract negotiations interrupted mine operations. Output of anthracite increased in March and the early part of April and crude petroleum production was maintained in record volume.

DISTRIBUTION

Department store sales in March showed a further sharp increase and the Board's seasonally adjusted index rose to 224 per cent of the 1935-39 average as compared with 212 in February and 200 in January. In the first half of April sales continued large, after allowance for the usual post-Easter decline.

Freight carloadings continued to rise in March and the early part of April, reflecting increased shipments of most groups of commodities except coal. In recent weeks, as a result of special efforts to move last year's record wheat crop to market before the 1945 harvest, grain loadings have been in much larger volume than in the same period a year ago. Shipments of ore have also been much greater due to an early opening of the Lake shipping season.

COMMODITY PRICES

Prices of cotton, livestock, and some other farm products were higher in the third week of April than during March. Wholesale prices of industrial commodities, as a group, have continued to show slight increases in recent weeks.

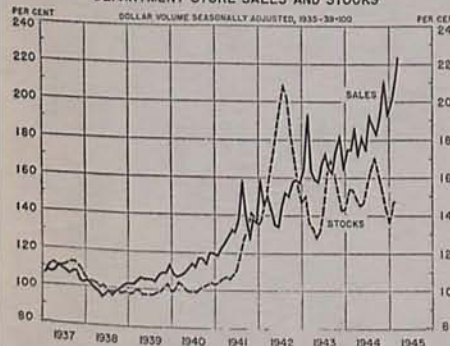
BANK CREDIT

Banking developments during the latter half of March and early April, while following the usual interdrive pattern, were considerably influenced by the large volume of Treasury receipts associated with the March 15 tax date. Adjusted demand deposits at banks in leading cities and currency in circulation both decreased in the latter part of March but resumed their growth in April. The slackened rate of expansion in both deposits and currency was due primarily to tax payments by businesses and individuals.

Required reserves of member banks increased by around 300 million dollars during the five-week period ending April 18. Excess reserves, which were at a temporarily high level in mid-March largely as a result of the reduction of Treasury deposits at the Reserve Banks in anticipation of tax collections, subsequently declined again to less than a billion dollars. An increase in Treasury and other deposits at Federal Reserve Banks in the latter part of March and early April and resumption of the currency outflow caused a drain on reserve funds which was offset by a further increase of nearly 600 million dollars in Reserve Bank holdings of Government securities.

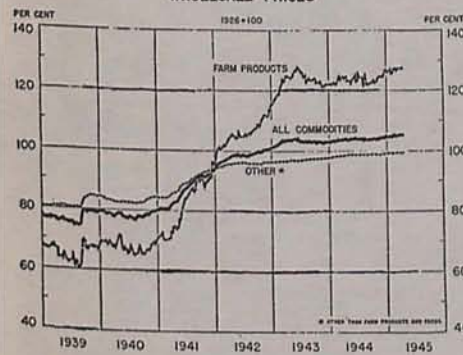
At banks in 101 leading cities, Government security holdings declined during the five weeks ended April 18 by 660 million dollars. Bill holdings were reduced sharply, reflecting to a considerable extent declines in the holdings of Chicago banks associated with the Illinois tax date. Certificate holdings declined generally while bond holdings continued to rise. Loans to others than dealers for purchasing and carrying Government securities were reduced by 180 million dollars and commercial loans declined by 230 million dollars.

DEPARTMENT STORE SALES AND STOCKS



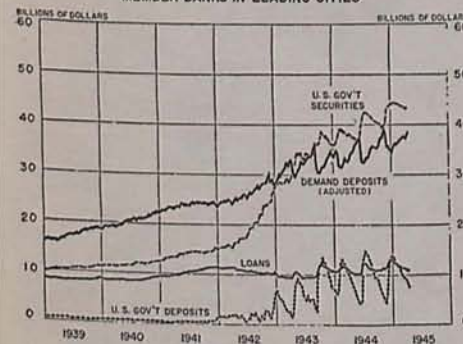
Federal Reserve indexes. Monthly figures, latest shown are for March, 1945.

WHOLESALE PRICES



Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending April 14, 1945.

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 April 18, 1945.