

MONTHLY BUSINESS REVIEW

of the FEDERAL RESERVE BANK of Dallas

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DISTRICT SUMMARY

Weather conditions continued to have diverse effects upon agricultural developments in this district during April and the first half of May, field operations and crop growth generally being retarded by excessive rainfall in the eastern half of the district and by moisture deficiency over a large part of the western half. Prospective production of wheat in Texas decreased sharply, the May 1 estimate being about 25 per cent lower than a month earlier. Despite a moisture deficiency in some areas, ranges on the whole are in better than average condition. Live-stock have made good gains and are moving to market in substantial volume at higher prices than a year ago. The value of construction contracts awarded declined 17 per cent from the large March volume but were more than double that in April last year. Daily average petroleum production in April reached a new all-time peak at a level 12 per cent higher than a year ago. Drilling activity continued to expand. Consumer buying at department stores declined more than seasonally in April and was only slightly larger than in the corresponding month last year.

BUSINESS

Sales at reporting department stores in this district during April were at approximately the same level as a year ago and 21 per cent lower than the March sales to which Easter buying contributed so heavily. Indications from weekly reporting firms seem to allay any fears that V-E Day would bring about immediately a substantial change in consumer demand at department stores. Sales during the first two weeks of May this year were 9 per cent higher than a year ago. Among the principal cities in which gains in April sales over a year ago were reported were San Antonio, Dallas, and Fort Worth, while decreases were reported in Shreveport and Houston. During the first four months of this year, sales in the district were 15 per cent higher than those for the comparable period a year ago.

In April the ratio of cash sales to total sales was 52 per cent, and the ratio of collections during the month to outstandings at the first of the month was 65 per cent. Neither ratio changed significantly from that of a month ago or a year ago.

Sales at reporting furniture firms in April were at approximately the same level as last year but were 11 per cent less than in the preceding month. On the other hand, inventories at the end of the month were 1 per cent lower than last year and 5 per cent higher than a month earlier. Cash sales during both March and April represented 23 per cent of total sales, whereas in April of 1944 this ratio stood at 19 per cent.

The furniture trade represents an important type of business in which credit plays a very significant role. As a result of the marked expansion in consumer incomes, as well as Government credit regulations, during the war years, cash sales increased approximately four-fold from 1939 to 1944, whereas total sales in 1944 were only about one and one-half times the amount in 1939. In other words, the tremendous percentage increase in cash sales becomes less significant when the ratio of cash sales to total sales is analyzed. This ratio, which stood at approximately 7 per cent in 1939, had increased to 19 per cent in 1944. Although there has been a considerable expansion in cash sales over the past five years, roughly four-fifths of every dollar spent on furniture in this district during 1944 involved a credit transaction, but credit regulations have shortened considerably the time

element involved in credit transactions. Year-end accounts receivable have shown a marked downward trend since 1941 and at the end of 1944 were approximately 45 per cent lower than at the close of 1939.

The dollar value of year-end inventories at a selected group of reporting firms, after rising sharply in 1941, declined in subsequent years and in 1944 was 11 per cent below those reported in 1939. The decrease in the physical volume of inventories between the end of 1939 and the close of 1944 was probably much larger than the decline in dollar value, since prices have increased considerably during the war period.

According to Dun and Bradstreet, Incorporated, no business failures were reported in the Eleventh Federal Reserve District during the month of April, and only one such failure has been reported during the first four months of this year.

AGRICULTURE

Excessive rains continued during April over most of the eastern half of the district, further delaying necessary spring field work which is behind schedule for the district as a whole, although more favorable weather during the first half of May permitted considerable progress in all areas. Rainfall in mid-May over the northern and eastern areas, while temporarily retarding field work, was generally beneficial to growing crops, but some fields in the lowlands are still too wet to work. In a considerable part of the western half of the district, continued dry weather, especially in northwestern and western areas, further threatened the wheat crop; and in many western and southwestern counties additional moisture is needed for both land preparation and growing crops. Considerable hail damage was reported from many sections of Texas, other than the High Plains and far western areas. Range conditions are favorable except in local areas, with cattle and sheep in good condition and moving to market in volume.

The May 1 estimate of the 1945 Texas wheat crop, as reported by the Department of Agriculture, is now placed at 56,562,000 bushels, as compared with an indicated yield of 75,420,000 bushels on April 1, representing a decline during the month of about 19,000,000 bushels. Adverse weather during April, with excessive rainfall in north-central wheat districts, freezes in the southern counties of the High Plains, and continued dry weather in the heavy producing areas of the northern High Plains, caused heavier damage than had been anticipated and accounted for the sharp reduction in the over-all forecast for the State. The indicated yield on May 1 was 12.5 bushels per acre, as compared with 15.0 bushels a month earlier and an actual yield of 19.0 bushels in 1944. Although the indicated production of 56,562,000 bushels is nearly double the 10-year (1934-1943) average of 30,377,000 bushels, it represents a decline of approximately 25 per cent from last year's record crop of 74,746,000 bushels. Some wheat acreage in the Low Rolling Plains is being grazed or plowed under; and total abandonment is now indicated at 10 per cent of seeded acreage, leaving 4,028,000 acres for harvest this year, as compared with 3,934,000 acres in 1944 and 2,954,000 acres for the 10-year average. Stocks of wheat at interior Texas mills on April 1, 1945 were estimated by the Department of Agriculture at 7,520,000 bushels, as compared with 1,305,000 bushels a year earlier and 4,381,000 bushels for the 9-year (1934-1943) average. Farm stocks of wheat in Texas on April 1

were estimated at 5,980,000 bushels, as compared with 16,440,000 bushels held on January 1, 1945, and 2,364,000 bushels held on April 1 a year ago. Combined interior mill and farm stocks on April 1 totaled 13,500,000 bushels, indicating a disappearance during the quarter of about 13,500,000 bushels, as compared with approximately 10,500,000 bushels in the same period last year and an average of about 3,225,000 bushels during the preceding nine years.

Corn planting has been irregular in southern and central counties, and condition of growing crops in these areas is only fair. Much of the acreage intended for corn in the important north-central and eastern areas had not been planted by the middle of May, and considerable abandonment is expected.

Cotton planting, which had been delayed by adverse weather conditions in April, made good progress early in May in northern black land and northeastern counties but had not been started in the High Plains due to the moisture deficiency. Some replanting has been necessary in south-central, central and southern counties, but early cotton is being chopped in the south; squares are reported in the Coastal Bend area, and some cotton is blooming in the Lower Valley, with insect activity in evidence. Planting of such crops as rice, peanuts and sorghums is well advanced, and alfalfa is being cut in western and some eastern counties.

Heavy rains early in the season retarded planting and harvesting operations in the commercial vegetable areas in April, but good weather developed in May and fields are being actively worked and are recovering to some extent from unfavorable conditions caused by excessive moisture. While the rains replenished irrigation water supplies and were beneficial to the Rio Grande Valley tomato crop and south Texas cucumber crop, they were harmful in the late spring onion, potato and tomato areas. Considerable insect damage is reported in the early cantaloupe and watermelon areas, but the green corn crop improved both in the irrigated districts of the Lower Valley and in other early areas. With the exception of the extreme northwestern counties, fruit and nut prospects continued good. Peach production was indicated on May 1 at 2,394,000 bushels, as compared with 1,517,000 bushels last year and 1,567,000 bushels for the 10-year average.

Production of Texas grapefruit during the 1944-45 season is now estimated at 21,800,000 boxes, representing increases of about 4 per cent over earlier estimates and of 23 per cent above the record crop harvested last season. The estimated orange production for the current season indicates a record harvest of 4,000,000 boxes, with favorable prospects for the 1945-1946 crop. Despite the fact that harvest of the Texas grapefruit crop of the 1944-1945 season is practically over, the Office of Price Administration on May 4 changed the basing point on white Texas grapefruit from Homestead, Florida, to Weslaco, Texas, for the remainder of the season, in order to permit shipments into northeastern areas without excessive freight penalties for the purpose of offsetting in part the deficiency in Florida grapefruit caused by the hurricane damage earlier in the season. Carlot shipments have continued in volume, and total movements through May 19 were about 33 per cent above those for the entire preceding season.

Production of eggs during April in Texas was estimated at 436,000,000, a decline of 9 per cent from the record of 480,000,000 eggs produced in April a year earlier. On the other hand, both the number of layers on farms and eggs laid per 100 hens continue at levels well above any pre-war year. The current meat situation has caused an exceptionally strong demand for baby chicks and on April 1 was greater than the ability of commercial hatcheries to supply, due largely to the shortage of satisfactory hatching eggs. The output of Texas hatcheries

CASH FARM INCOME

(Thousands of dollars)

	February 1945		February 1944		Total receipts	
	Receipts from	February 1945	Receipts from	February 1944	Jan. 1 to Feb. 28 1945	1944
	Crops	Livestock*	Crops	Livestock*		
Arizona.....	6,116	2,491	8,607	8,492	21,399	21,180
Louisiana.....	7,358	3,493	10,851	11,445	29,382	30,068
New Mexico.....	3,560	1,715	5,275	4,373	12,109	9,231
Oklahoma.....	11,204	17,456	28,660	21,709	61,762	48,539
Texas.....	46,650	31,395	78,045	67,954	159,479	159,162
Total.....	74,888	56,550	131,438	113,973	281,191	268,210

*Includes receipts from the sale of livestock and livestock products.
SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	April 1945	April 1944	March 1945	April 1945	April 1944	March 1945
Cattle.....	127,483	86,813	56,333	26,328	24,950	20,019
Calves.....	18,068	16,187	22,017	19,599	21,354	13,066
Hogs.....	42,044	112,565	47,067	6,203	13,071	7,181
Sheep.....	179,242	108,332	95,813	43,354	19,073	22,811

COMPARATIVE TOP LIVESTOCK PRICES

(Dollars per hundred weight)

	Fort Worth			San Antonio		
	April 1945	April 1944	March 1945	April 1945	April 1944	March 1945
Beef steers.....	\$16.50	\$15.50	\$16.25	\$15.75	\$14.50	\$15.25
Stocker steers.....	14.50	14.00	14.00	.....	.....	.....
Heifers and yearlings.....	16.50	15.50	16.50	15.00	14.50	14.75
Butcher cows.....	13.00	12.50	12.75	12.50	12.00	12.00
Calves.....	15.00	14.50	14.50	14.50	13.50	14.75
Hogs.....	14.55	13.65	14.55	14.55	13.55	14.55
Lambs.....	15.75	15.00	10.00	14.50	13.65	15.00

COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to April 30	August 1 to April 30	This season	Last season
Cottonseed received at mills (tons).....	931,170	905,481	4,253,901	3,889,185
Cottonseed crushed (tons).....	830,455	892,821	3,773,857	3,691,255
Cottonseed on hand April 30 (tons).....	132,361	57,329	591,620	286,706
Production of products:				
Crude oil (thousand lbs.).....	254,020	268,578	1,169,147	1,152,131
Cake and meal (tons).....	392,775	424,186	1,732,321	1,712,526
Hulls (tons).....	193,387	210,930	873,766	863,301
Linters (running bales).....	253,332	267,076	1,104,828	1,102,558
Stocks on hand April 30:				
Crude oil (thousand lbs.).....	8,964	10,724	29,860	24,375
Cake and meal (tons).....	20,867	15,270	104,345	59,205
Hulls (tons).....	21,491	4,292	66,935	25,711
Linters (running bales).....	19,528	58,979	79,855	216,663

SOURCE: United States Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	April 1945	April 1944	March 1945	August 1 to April 30	August 1 to April 30
	This season	This season	This season	Last season	Last season
Consumption at:					
Texas mills.....	15,282	15,533	17,641	141,808	154,919
United States mills.....	769,678	775,617	857,693	7,286,111	7,581,333
U.S. stocks—end of month:					
In consuming establs.....	2,187,916	2,221,530	.....	.....	.....
Public stg. & compresses.....	11,025,514	10,272,200	.....	.....	.....

during March was estimated at 11,800,000 chicks, as compared with 13,300,000 in March, 1944, and the record high of 15,985,000 during March, 1943.

Range feeds and pasture grasses continued to make seasonal improvements throughout the district as a whole during April although some counties of the High Plains, western counties of the Edwards Plateau, and parts of the Trans-Pecos country and of southern New Mexico were still without effective rainfall needed to revive range vegetation and to replenish stock water supplies. The condition of Texas ranges on May 1, at 88 per cent, increased 1 point during April and was 6 points above the 20-year (1924-1943) average for that date. Cattle made good gains and were generally in good flesh with a good calf crop reported in all areas, and the May 1 condition of 86 per cent for Texas cattle was slightly above that a month earlier and the 20-year average. Sheep and lambs have made good gains, and the condition of 90 per cent on May 1 represented a gain of 3 points during the month and was 5 points above the 20-year average. A much better than average lamb crop is reported from virtually all areas and, despite delays occasioned by frequent rains and cool weather, shearing is under way in most sections. Marketings of early lambs, yearlings and sheep were larger in April than a year ago.

During April, total receipts of cattle, calves, hogs and sheep at the Fort Worth and San Antonio markets increased about 62 per cent over those in the previous month and were 12 per cent more than those in April a year earlier. Despite a decline of 58 per cent in hog marketings, total receipts of livestock at the two markets for the first four months of 1945 exceeded those for the same period last year by about 2 per cent.

Prices received in April by Texas farmers, as reported by the Department of Agriculture, showed moderate gains for grain sorghums, Irish potatoes, sweet potatoes, beef cattle, veal calves, sheep, chickens, eggs, wool, and citrus fruits. On the other hand, slight seasonal declines were indicated for oats, barley, rice, cotton, cottonseed, peanuts, butterfat, lambs and all hay, while prices for such products as wheat, corn, cowpeas, hogs and butter remained at about the same level as in March. Prices for meat animals and most livestock products were considerably higher than those in April last year, but most farm products were at a lower level.

FINANCE

The reserve balances of member banks in this district, which had risen substantially in March, remained at the higher level in April and then increased sharply in the first half of May, reaching an all-time peak on May 15 at \$680,000,000. Average reserve balances during the first half of May totaled \$652,000,000, which was \$20,000,000 above the April average and \$130,000,000 above that in May last year. As is customary during periods between war loan drives, when reserve-exempt war loan deposits of the Treasury are being converted into private deposits which require reserves, the required reserves of member banks have increased sharply since the first of the year and excess reserves have shown a substantial decline. On May 15, war loan deposits at banks in this district totaled \$208,000,000, as compared with \$520,000,000 at the beginning of the year.

The circulation of Federal Reserve notes of this bank has continued to expand during the current year but at a much slower rate than in the preceding two years. Total circulation on May 15 amounted to \$565,000,000, which was about \$7,000,000 higher than a month earlier and \$116,000,000 above that a year ago.

The gross deposits at weekly reporting member banks in this district, after having declined sharply in January, have shown an irregular upward trend since that time. Despite a net decline of \$13,200,000 between April 11 and May 9, the total on the latter date was still about \$38,000,000 above the low point in January. During the past three months Government deposits have declined sharply, reflecting Treasury withdrawals from war loan accounts, but all other deposits have increased.

Since the beginning of 1945, the loans of these banks have followed an irregular downward trend, representing in large part the seasonal liquidation of commercial, industrial, and agricultural loans, and the repayment of loans secured by Government securities. During the four weeks ended May 9, there was an increase of \$2,900,000 in loans to brokers and dealers and in "all other" loans, but this increase was largely offset by declines in other types of loans. On May 15, total loans of these banks, amounting to \$407,000,000, were \$76,000,000 greater than a year earlier.

During the past four weeks, the reporting banks, in order to provide funds to meet deposit withdrawals, reduced their reserves with the Federal Reserve Bank by \$6,000,000, their balances with correspondents by \$3,000,000, and their holdings of securities by \$3,200,000. These banks continued to liquidate their holdings of Treasury bills and to add to holdings of other securities.

INDUSTRY

The termination of the war in Europe is expected to bring about substantial readjustments in the economy of the district, as well as the nation, within a reasonable period. The volume of production cutbacks is still uncertain, but they are expected to be in large volume as soon as requirements can be more definitely estimated. The cutbacks will be of three kinds, all of which will involve cancellation of advance orders for raw materials: (1) reduction or cancellation of contracts on which production has not yet started, (2) runoff of contracts without replacement orders, and (3) cancellation of work now in process. Substantial cutbacks, largely of the first and second kinds, have already been made in aircraft, combat and cargo ships, heavy artillery, and certain types of ammunition; and it is probable that many other products will be affected in the near future. In this district, reports have indicated that in recent months some prime contractors, chiefly in aircraft and shipbuilding, have not been renewing contracts with subcontractors as existing contracts were completed. Although some of the aircraft companies have already shifted to products that will be used in the Pacific war, some reductions in personnel are being made. Early in May, some cutbacks in ordnance were announced. It is possible, however, that the southwest may not experience as drastic cutbacks in the immediate future as some other sections of the country, in view of the fact that the products of some industries, such as petroleum, rubber, carbon black, textiles, chemicals and lumber, are likely to be in heavy demand throughout the Pacific phase of the war.

Reconversion preparations are proceeding rapidly, and the policies covering the period between V-E Day and V-J Day have been set in motion by the War Production Board, suggesting a transition period extending progressively through the remainder of 1945.

Effective July 1, 1945, manufacturers of civilian durable goods will be permitted to enter orders for steel, copper and aluminum without Controlled Materials Plan allotments where delivery can be made without interference with previously authorized C.M.P. orders. The War Production Board warns, however, that permission to place unrated orders does not guarantee delivery of the material, and even though manufacturing controls have been lifted to permit manufacture of substantial quantities of household appliances such as vacuum cleaners, washing machines, sewing machines and electric toasters, it may be some months before such items appear on the market in appreciable quantities. Moreover, due to continued shortages of such important items as textiles, rubber, lumber, tin and many others, manufacturing controls will be continued, at least for the present, on such items as trucks, passenger automobiles, domestic mechanical refrigerators, electric ranges and cooking appliances, farm machinery, wood and steel furniture, and radios.

The general over-all plan of the War Production Board is either to relax or to revoke completely controls covering output of civilian goods as rapidly as war production cutbacks release resources of materials, manpower and facilities. It is emphasized, however, that the removal of W.P.B. controls in no way affects the validity of the continuing controls of other war agencies. W.P.B. officials further point out that in resuming or expanding civilian production, manufacturers remain subject to all applicable regulations of the Office of Price Administration, the War Manpower Commission, and other Federal agencies.

The value of construction contracts awarded in this district during April, amounting to \$31,402,000, declined 17 per cent from the relatively high awards of \$38,000,000 in March, but was more than double that for April, 1944. Although non-residential construction in April showed a decline of 37 per cent from the preceding month, this decrease was partially offset by

marked increases in awards for residential, public works and utility construction. Moreover, total construction awards in this district for the first four months of the year, amounting to \$102,476,000, were 69 per cent above the total of \$60,684,000 in the same period a year earlier. Lumber continues in tight supply; and as direct military demands for crating and shipping purposes will increase greatly during the period of redeployment of men and materials from the European theatre to the Pacific, the War Production Board will continue to exercise rigid controls until lumber production is materially increased. On the other hand, the supply of steel, copper, aluminum and other construction materials should become more plentiful before the end of the year. Production of 576,000 barrels of Portland cement at Texas mills during March exceeded that in February by 100,000 barrels and was the largest output since September, 1944. Shipments of 600,000 barrels of cement during March exceeded production and caused stocks to decline at the end of the month to about 1,000,000 barrels, or less than two months' supply at the current rate of shipments.

Production of crude petroleum in the Eleventh District during April reached an all-time high with a daily average rate of 2,346,000 barrels, representing an increase of 12 per cent over that in April a year earlier. Production outside this district remained at about the previous month's level, although operators on the West Coast had been requested to materially increase output to partially relieve the transportation bottleneck to that area. During the period of shifting military forces to the Pacific the over-all military demand for petroleum products will decline, but the current high production rates are to be maintained to accumulate supplies needed for intensified activity in the Pacific at a later period and to increase allotments for civilian use as soon as circumstances will permit. The Petroleum Administrator's May certification for Texas calls for the continued high production rate of 2,170,000 barrels of crude oil daily, with a production of 483,000 barrels per day of sour crude requested from west Texas fields.

Reflecting the seasonal trend, drilling activity in the United States and in the Eleventh District increased further in April,

with daily completions representing approximately the rate necessary to reach the 1945 goal of 27,000 wells requested by the Petroleum Administrator for War. Daily well completions during April for the district as a whole averaged 24 wells, as compared with a daily average of 20 wells during the first quarter of 1945. Although Texas showed the greatest gain in the number of completions throughout the United States, with the greatest activity being concentrated in west, north and south Texas fields, most of the other oil producing areas of the Eleventh District also showed gains. As the necessary steel has been set aside to provide drilling equipment and as the most favorable months for drilling are ahead, it is expected that drilling activity will materially increase during the summer months.

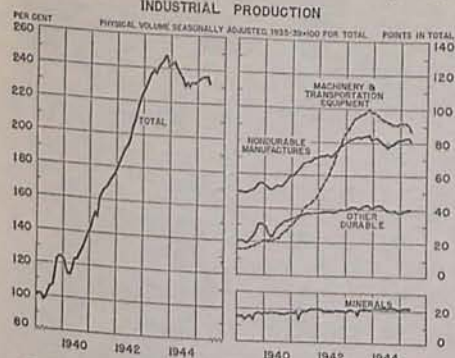
Military and civilian requirements for cotton textiles are larger than at any time during the war and will greatly increase with the transfer of troops to the Pacific theatre, where lightweight cotton uniforms are used. Despite continued efforts of the War Production Board and other Government agencies to increase mill output, the general production trend since April, 1942 has been downward. Mill consumption of cotton at United States textile mills during April totaled 770,000 bales, a decline of 10 per cent from the 858,000 bales consumed in March and fractionally less than the consumption in April a year earlier. Cotton consumption for the first nine months of the 1944-1945 season totaled 7,286,000 bales, as compared with 7,581,000 bales for the same period last season, indicating a decline of 4 per cent. Manpower shortages due to the relatively low wage scales prevailing in the textile industry are given as the chief cause for declining production rates. As textiles have been declared one of the most pressing war needs, the War Production Board announced on May 8 that, in an effort to increase textile production sufficiently to meet the acute shortages, large segments of the textile industry had been given production-urgency rating as munitions producers. The present goal is to increase output by at least 18 per cent, which would bring production back to 1942 and 1943 levels.

JUNE 1, 1945

NATIONAL SUMMARY OF BUSINESS CONDITIONS

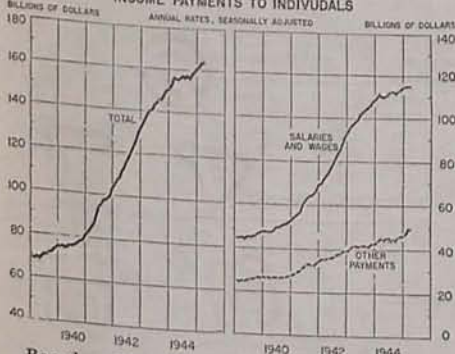
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



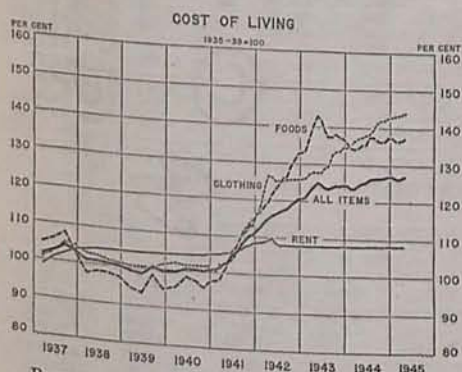
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for April, 1945.

INCOME PAYMENTS TO INDIVIDUALS



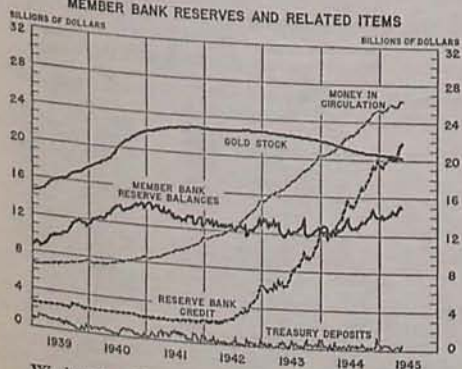
Based on Department of Commerce estimates. Wages and salaries include military pay. Monthly figures raised to annual rates, latest shown are for March, 1945.

COST OF LIVING



Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September, 1940, monthly thereafter. Mid-month figures, latest shown are for April, 1945.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for May 23, 1945.

Output and employment at factories declined somewhat in April. Department store sales showed a marked decline and wholesale commodity prices continued to advance slightly.

INDUSTRIAL PRODUCTION

Industrial production, which had advanced earlier this year, declined in April to the same general level that prevailed during the last half of 1944. The Board's seasonally adjusted index was 231 per cent of the 1935-39 average as compared with 235 in the first quarter.

Activity in the machinery and transportation equipment industries declined about 3 per cent in April, reflecting curtailed munitions production; the largest part of the decrease was accounted for by a further reduction in operations at shipyards. As a result of the decline in shipbuilding during the last 12 months, activity in the transportation equipment industries in April was 10 per cent below a year ago.

Steel production was maintained at the March level as a decline in output at open hearth furnaces was offset by a further rise in steel produced in electric furnaces. Production of nonferrous metals, which had increased somewhat during the first quarter of this year, showed little change in April. Output of stone, clay, and glass products was maintained at the first quarter level, while lumber production continued to decline.

Production of textiles and manufactured food products declined slightly in April and was at the level of a year ago. Cotton consumption showed a decrease of 5 per cent from March but rayon shipments rose further to a record level. Activity at meatpacking establishments, which had shown little change during the first quarter after allowing for seasonal fluctuations, declined 10 per cent in April. Output of rubber products decreased as the shortage of carbon black continued to limit production despite measures to stretch available supplies. Production of most other nondurable goods showed little change.

Bituminous coal production recovered in the latter part of April from a substantial decline earlier in the month due to work interruptions accompanying contract negotiations. Output for the month was 8 per cent below that of March and in the first two weeks of May continued at this lower rate. Anthracite production in April was 14 per cent higher than in the preceding month but declined sharply in May prior to agreement on a new wage contract on May 19. Output of crude petroleum has been maintained at record levels and iron ore production has shown an exceptionally large increase this spring due to early opening of the navigation season on the Great Lakes.

DISTRIBUTION

Department store sales declined sharply in April and the Board's seasonally adjusted index was 181 per cent of the 1935-39 average as compared with an average of 211 in the first quarter and with 172 in April, 1944. Sales in the first half of May were only slightly larger than in the corresponding period a year ago. Owing to unseasonably warm weather and expectations of shortages, much spring shopping, which would usually be done in April and May, occurred this year in February and March. In mid-April many stores were closed immediately following the death of President Roosevelt. Also, in particular cities part of the recent decrease in sales appears to have been associated with actual or anticipated income declines resulting from cutbacks in war production.

Freight carloadings of most manufactured products were maintained at a high level in April and the early part of May and were above the same period a year ago. Shipments of coal and lumber, however, were in smaller volume, reflecting reductions in output of these commodities.

COMMODITY PRICES

Wholesale prices of farm products advanced in April and then showed little change in the first three weeks of May. Maximum prices for coal, steel products, and various other industrial commodities have been raised somewhat in recent weeks.

Retail price changes for foods and other commodities apparently have continued to be small in April and the early part of May.

BANK CREDIT

During the four weeks ended May 16 total deposit and currency holdings of businesses and individuals increased by nearly 3 billion dollars. Increases of about 300 million in currency and of over 400 million in reserves required to be held against expanding deposits at member banks resulted in an increased demand for reserve funds by member banks. This demand was supplied largely by an increase of about 500 millions of dollars in Reserve Bank holdings of Government securities, mostly bills and certificates, and in part by a temporary decline in Treasury deposits at the Reserve Banks. Excess reserves rose slightly to around a billion dollars.

In the five months between war loan drives, December 20 to May 16, reporting banks in 101 cities reduced their holdings of short-term Government securities by around 2.3 billion dollars in order to maintain adequate reserve balances. But during the same period bond holdings of these banks were increased by 1.6 billion dollars.

Loans to brokers and dealers for purchasing or carrying Government securities, which had declined in early April to a level comparable with that reached before the Sixth War Loan Drive, rose substantially during the three weeks immediately preceding the Seventh War Loan Drive. Commercial loans declined during the interdrive period, reaching a level about 500 million dollars lower than that prevailing just before the Sixth War Loan Drive.

CONDITION OF THE FEDERAL RESERVE BANK

(Thousands of dollars)

	May 15, 1945	May 15, 1944	April 15, 1945
Total cash reserves.....	\$554,513	\$572,949	\$554,359
Discounts for member banks.....	200	250	None
Industrial advances.....	None	2	None
U. S. Government securities.....	725,665	483,645	699,005
Total earning assets.....	725,865	483,897	699,005
Member banks reserve deposits.....	680,235	535,101	644,547
Federal Reserve Notes in actual circulation.....	565,363	447,485	556,966

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS
IN LEADING CITIES

(Thousands of dollars)

	May 9, 1945	May 10, 1944	April 11, 1945
Total loans and investments.....	\$1,673,136	\$1,368,296	\$1,676,312
Total loans.....	406,971	331,244	406,407
Commercial, industrial, and agricultural loans.....	267,427	236,106	269,225
Loans to brokers and dealers in securities.....	5,657	2,952	4,702
Other loans for purchasing or carrying securities.....	49,866	27,324	50,527
Real estate loans.....	22,449	19,713	22,366
Loans to banks.....	154	92	154
All other loans.....	61,118	45,057	59,433
Total investments.....	1,266,165	1,037,052	1,269,905
U. S. Treasury bills.....	58,039	83,339	71,892
U. S. Treasury certificates of indebtedness.....	390,176	254,213	383,445
U. S. Treasury notes.....	220,782	199,163	219,816
U. S. Government bonds.....	539,341	410,064	533,231
Obligations guaranteed by United States Gov't.....	9,740	39,931	9,981
Other securities.....	48,137	45,342	46,540
Reserves with Federal Reserve Bank.....	349,840	291,300	355,825
Balances with domestic banks.....	222,527	199,693	225,455
Demand deposits—adjusted*.....	1,274,630	1,073,578	1,252,969
Time deposits.....	243,491	178,747	238,744
United States Government deposits.....	135,129	136,256	177,873
Interbank deposits.....	516,255	410,094	513,059
Borrowings from Federal Reserve Bank.....	None	None	None

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

DEBITS TO INDIVIDUAL ACCOUNTS

(Thousands of dollars)

	April 1945	April 1944	Pctg. change over year	March 1945	Pctg. change over month
Abilene.....	\$ 15,724	\$ 16,738	-6	\$ 19,740	-20
Amarillo.....	45,481	39,623	+15	51,084	-11
Austin.....	66,252	86,977	-24	97,966	-32
Beaumont.....	52,777	54,501	-3	61,893	-15
Corpus Christi.....	51,984	46,961	+11	57,713	-10
Corsicana.....	5,840	5,830	+1	6,746	-13
Dallas.....	545,684	509,363	+7	583,680	-7
El Paso.....	56,351	61,220	-8	66,170	-15
Fort Worth.....	192,011	185,423	+4	224,125	-14
Galveston.....	40,865	41,432	-1	50,266	-19
Houston.....	564,337	500,232	+13	634,393	-11
Laredo.....	12,223	11,458	+7	12,604	-3
Lubbock.....	28,667	25,874	+11	33,339	-14
Monroe, La.....	15,959	16,322	-2	18,973	-16
Port Arthur.....	23,058	22,327	+4	26,410	-13
Roswell, N. M.....	8,660	7,685	+13	9,444	-8
San Angelo.....	15,374	12,709	+21	16,008	-4
San Antonio.....	147,452	142,357	+4	164,177	-10
Shreveport, La.....	84,792	73,200	+16	84,828	-1
Texarkana.....	20,391	17,457	+17	23,260	-12
Tucson, Ariz.....	32,760	27,735	+18	35,295	-7
Tyler.....	23,627	20,241	+17	24,207	-2
Waco.....	26,063	24,844	+5	29,419	-11
Wichita Falls.....	20,126	23,585	+22	30,262	-4
Total—24 cities.....	\$2,105,458	\$1,974,304	+7	\$2,362,002	-11

*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
April	1943.....	\$2,718,087	\$234,791	\$1,482,955	\$138,031	\$1,235,132	\$ 96,760
April	1944.....	3,292,252	284,539	1,709,275	175,621	1,582,977	108,918
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	2,045,685	232,600	2,004,415	134,780
April	1945.....	4,039,267	380,585	2,030,429	242,778	2,008,838	137,807

SAVINGS DEPOSITS

April 30, 1945

Percentage change in savings deposits from

	Number of reporting banks	Number of savings depositors	Amount of savings deposits	April 30, 1944	March 31, 1945
Beaumont.....	3	12,029	\$ 6,694,105	+27.1	+ 1.6
Dallas.....	8	105,951	55,829,972	+42.4	+ 2.7
El Paso.....	2	25,356	17,133,358	+42.0	+ 2.9
Fort Worth.....	3	37,566	25,832,288	+39.8	+ 2.2
Galveston.....	4	21,246	16,899,806	+20.9	+ 1.6
Houston.....	9	88,080	55,075,031	+29.9	+ 2.4
Lubbock.....	2	801	569,842	+20.0	+ 4.8
Port Arthur.....	2	5,622	4,590,415	+25.4	+ 2.9
San Antonio.....	5	32,444	34,272,799	+36.4	+ 3.0
Shreveport, La.....	3	31,614	21,049,203	+37.2	+ 3.7
Waco.....	3	8,712	7,040,035	+33.9	+ 3.8
Wichita Falls.....	3	6,705	4,172,471	+15.2	+ 0.6
All other.....	58	56,493	41,819,508	+31.7	+ 2.8
Total.....	105	432,559	\$290,978,833	+34.3	+ 2.7

WHOLESALE AND RETAIL TRADE STATISTICS

Percentage change in:

	Number of firms	April 1945 from April 1944	March 1945	Jan. 1 to Apr. 30, 1945 from 1944	April 1945 from April 1944	March 1945
Retail trade:						
Department stores:						
Total 11th Dist.....	48	+ 2	-21	+15	+ 6	+ 9
Dallas.....	7	+ 6	-22	+16	+11	+ 7
Fort Worth.....	4	+ 5	-24	+17	+15	+ 1
Houston.....	7	- 7	-24	+ 8	+ 3	+14
San Antonio.....	5	+11	-18	+23	.....	.....
Shreveport, La.....	3	- 8	-25	+11	.....	.....
Other cities.....	22	+ 2	-18	+13	- 3	+ 7
Retail furniture:						
Total 11th Dist.....	56	+ 3	-11	.....	- 1	+ 5
Dallas.....	6	- 1	- 6	.....	+31	- 2
Houston.....	7	+ 9	- 6	.....	.....	.....
Port Arthur.....	4	- 8	- 5	.....	+ 7	- 1
San Antonio.....	3	+15	-16	.....	.....	.....
Wichita Falls.....	3	+14	-20	.....	.....	.....
Independent stores:						
Arizona.....	142	+ 2	- 2	+ 8	.....	.....
New Mexico.....	115	+ 4	- 4	+11	.....	.....
Oklahoma.....	359	+ 3	-16	+15	.....	.....
Texas.....	944	+ 2	-18	+12	.....	.....
Wholesale trade:						
Automotive supplies.....	4	+30	-15	.....	.....	.....
Drugs.....	4	+ 3	- 6	.....	.....	.....
Groceries.....	29	- 7	- 7	- 1	-18	- 2
Hardware.....	14	+13	- 4	+12	+ 5	+ 6

†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)

	April 1945	March 1945	February 1945	April 1944	March 1944	February 1944	April 1944
District.....	228	269	239	228	240	283	232
Dallas.....	225	267	248	214	250	276	225
Houston.....	210	255	231	226	233	274	233

Stocks—(1923-1925=100)

	April 1945	March 1945	February 1945	April 1944	March 1944	February 1944	April 1944
District.....	111	106	97	99	107	103	96

††Unadjusted for seasonal variation.

CRUDE OIL PRODUCTION—(Barrels)

April 1945

Increase or decrease in daily average production from

	Total production	Daily avg. production	April 1944	March 1945
North Texas.....	7,207,800	240,260	+ 5,185	+ 3,008
West Texas.....	14,696,600	489,887	+115,152	+13,755
East Texas.....	15,649,200	521,640	+ 31,968	+ 7,473
South Texas.....	10,591,500	353,050	+59,585	+ 1,398
Texas Coastal.....	16,953,600	565,120	+ 46,452	+ 898
Total Texas.....	65,098,700	2,169,957	+258,342	+11,586
New Mexico.....	3,141,500	104,716	- 7,772	+ 834
North Louisiana.....	2,133,050	71,102	- 4,793	+ 805
Total District.....	70,373,250	2,345,775	+245,777	+13,225

SOURCE: Estimated from American Petroleum Institute weekly reports.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(Thousands of dollars)

	April 1945	April 1944	March 1945	January 1 to April 30 1945	January 1 to April 30 1944
Eleventh District—total..	\$ 31,402	\$ 12,865	\$ 38,058	\$ 102,476	\$ 60,684
Residential.....	3,283	2,815	2,482	7,848	14,377
All other.....	28,119	10,050	35,576	94,614	46,307
United States*—total.....	395,798	179,286	328,874	1,012,578	652,153
Residential.....	42,745	37,772	26,943	108,524	138,794
All other.....	353,053	141,514	301,931	904,054	513,359

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

April 1945

Percentage change valuation from

Jan. 1 to Apr. 30, 1945

	No.	Valuation	Apr. 1944	Mar. 1945	No.	Valuation	Percentage change valuation from 1944
Abilene.....	8	\$ 19,650	+ 59	+383	46	\$ 51,870	- 68
Amarillo.....	78	104,187	+ 10	- 63	322	559,093	+ 62
Austin.....	133	135,773	+213	- 23	502	679,591	+352
Beaumont.....	154	85,927	- 16	- 45	630	400,660	+ 19
Corpus Christi.....	163	205,340	+ 47	- 24	665	794,541	+ 64
Dallas.....	692	644,912	- 9	+ 3	2,526	2,060,080	- 27
El Paso.....	58	49,338	- 75	+ 85	212	196,953	- 34
Fort Worth.....	361	543,999	+ 19	- 4	1,216	1,860,674	+ 45
Galveston.....	63	53,652	+135	+ 17	249	218,810	+ 25
Houston.....	388	1,177,776	+219	- 77	1,206	7,996,726	+332
Lubbock.....	134	133,337	+105	+ 18	513	570,481	+268
Port Arthur.....	71	66,807	+ 82	+102	293	143,764	+ 24
San Antonio.....	896	433,361	+ 12	- 8	3,546	1,742,431	+ 23
Shreveport, La.....	215	150,041	+180	+ 20	826	717,227	+177
Waco.....	68	57,840	- 76	- 15	242	272,795	- 48
Wichita Falls.....	45	23,403	+ 3	- 62	152	107,539	+ 16
Total.....	3,527	\$3,885,143	+ 32	- 62	13,147	\$18,403,205	+ 73