MONTHLY BUSINESS REVIEW
of the FEDERAL RESERVE BANK of Dallas

Volume 30 | Dallas, Texas, [redacted] July 1, 1945 | Number [redacted]5

DISTRICT SUMMARY

Light to heavy rains over wide areas in the Eleventh District around mid-June had varying effects upon crop developments. While crops generally were benefited by the rains, there were some areas where the excessive moisture caused damage, and much of the drought-stricken area in the western part of the district received little or no relief. Row crops generally are later than usual and the seeding of crops in parts of the drought area is being delayed beyond the most favorable planting season. The wheat crop has deteriorated sharply and the June 1 estimate of production in Texas is less than one-half of the initial estimate on April 1 and of last year's harvest. Department store sales increased more than seasonally in May and were 9 per cent larger than in May last year. Crude petroleum production rose slightly in May, reaching a new peak at a level about 8 per cent higher than a year ago. Drilling activity was maintained at about the same level as in other recent months. The deposits, loans, and investments of reporting member banks showed large increases between May 9 and April 13, reflecting chiefly factors associated with the Seventh War Loan Drive.

BUSINESS

Consumer buying at department stores in this district, after declining sharply in April, increased by more than the usual seasonal amount in May, and was about 9 per cent higher than in May last year. During the first quarter of the current year, sales ran about 19 per cent ahead of those in the corresponding period last year. The concensus of department stores appears to be that buying during the summer months will be maintained in large volume, and that total sales should equal or exceed those in the same period a year earlier. Factors that may have a retarding effect upon sales are the acute shortages of many types of merchandise that are in strong demand, the greater caution and selectivity being exercised by some customers, due in part to the expectation of the release of better quality merchandise and in part to the uncertainty as to continuance of jobs at the existing wage rates, and the possibility that some unemployment may develop as a result of the cutbacks in war production.

Inventories of department stores increased 4 per cent during May to a level 15 per cent higher than a year earlier. While total inventories have been maintained at a high level, they are badly distributed among departments. Types of merchandise which are especially difficult to obtain include all kinds of piece goods, household linens, men's clothing, certain kinds of men's wear, knit goods, women's lingerie, women's hosiery, china, and glassware. In the case of most items of women's and misses' ready-to-wear and small wares, sales and inventories show substantial increases over those a year ago.

Sales of reporting furniture stores in this district increased about 10 per cent from April to May and were 1 per cent larger than a year ago. Inventories at the end of May showed little change from those a month earlier or a year ago.

AGRICULTURE

Weather conditions have continued to have varied effects upon crops in the Eleventh District during May and the first half of June. In the eastern half of Texas and in north Louisiana, open weather during much of May enabled farmers to make generally good progress with the planting and cultivation of row crops, but in some localities intermittent rains caused considerable damage, retarded cultivation, and necessitated extensive replanting. Heavy rains over most of the eastern half of the district around mid-June were generally beneficial to row crops but retarded field operations. In much of the western half of the district, the continued drought, the persistence of hot winds, and considerable insect activity had an adverse effect upon crops and livestock. Livestock ranges have deteriorated over much of that area with stock water becoming scarce in some sections. Although livestock have been maintained in generally good condition, supplemental feeding is increasing and some stock are being moved to pastures in Oklahoma and Kansas. The recent rains in some sections have only partially relieved the drought. Fruits and commercial vegetables, however, have progressed rapidly and movements are in record volume.

The June 1 estimate of wheat production in Texas was placed at 36,200,000 bushels, which represents a decline of about 20,000,000 bushels from the May 1 estimate and 39,000,000 bushels from the initial estimate on April 1. According to the Department of Agriculture, the rapid deterioriation was caused by excessive moisture in north Texas and lack of moisture in the heavy producing areas of the High Plains. Rains in the Panhandle area during the middle of June, which were very beneficial to ranges and row crops, retarded the harvesting of wheat in that section and may cause a further decline in total wheat production. Another adverse factor in the wheat situation is the serious shortage of cars for moving grain to terminal elevators and since harvesting is well under way, some grain is being dumped in the fields or alongside loading docks, subjecting the grain to damage from exposure to the elements.

The production of oats in Texas as of June 1 was indicated at 43,912,000 bushels, representing the largest crop since 1940 and about 10,000,000 bushels above the 10-year average production. The barley crop, as a result of adverse weather conditions, deteriorated rapidly and the estimated production, amounting to 3,537,000 bushels on June 1, is less than one-third of the relatively large crop of 1944, but slightly larger than the 10-year average.

The corn crop, which was planted under adverse weather conditions and is much later than usual, has made poor to only fair progress. In some areas, insect damage has been heavy and stands are poor in other areas. Corn deteriorated sharply during the period of dry weather in May. While the recent rains have been beneficial, the lateness of the crop subjects it to damage from adverse weather later in the season.

Planting and cultivation of cotton made good progress during May and the first half of June in north, east and central Texas and is nearing the maturity stage in southern areas. On the other hand, droughty conditions in the heavy cotton producing areas in west Texas have retarded the seeding of cotton and the crop will be much later than usual.

Preliminary figures indicate that carlot movements of vegetables and citrus fruits from the Rio Grande Valley during the season just ended exceeded all previous records. Conditions during May were exceptionally favorable to the tomato crop in all areas and harvest was well under way by mid-June.

In Texas, the indicated peach crop of 2,394,000 bushels exceeds that of last year by approximately 900,000 bushels and is 53 per cent above the 10-year average. Pear production, estimated at approximately one-half million bushels, is at about the same level as in 1944 and is only slightly above the 10-year average. The new citrus crop prospects continued favorable with fruit reported well sized and trees in generally good condition, but the water supply is declining rapidly in some sections.

Egg production in Texas during May, with an estimated total of 413,000,000, remained at a relatively high level and even though total production was 6 per cent below that of May, 1944, it was 45 per cent above the 10-year average of 285,000,000. The number of laying hens on farms, estimated by the Department of Agriculture at 24,678,000, is slightly under the number reported for the same month last year but is considerably above the average. The number of eggs laid per 100 hens, reported at 1,674, was the highest of record for that month.

Range feeds and pasture grasses deteriorated rapidly during May and the drought assumed serious proportion in many counties in the western half of Texas. Droughty conditions, together with short feed supplies, also prevailed in much of the eastern and southern parts of New Mexico and local areas in southern Arizona. The condition of Texas ranges on June 1, at 81 per cent, indicated a decline of 7 points during May and was 5 points below the 20-year average. The condition of cattle declined 2 points during the month, but despite unfavorable conditions stock have remained in from fair to good flesh with large calf crops reported from practically all sections. The condition of sheep declined 5 points during the month and on June 1 was 2 points below the 20-year average for that date. Movements of cattle and sheep into Fort Worth and San Antonio markets during May were slightly larger than the relatively high seasonal movement in May a year earlier and were more than double the receipts in April this year.

Mid-May prices received by Texas farmers, as reported by the Department of Agriculture, showed very little change from those reported a month earlier. Moderate increases were reported for such items as corn, sweet potatoes, peanuts, chickens, and citrus fruits. On the other hand, seasonal declines were indicated for oats, barley, lambs, eggs, milk and all hay, but prices for wheat, grain sorghums, rice, cottonseed, cowpeas, eggs and butter and most meat animals remained unchanged.

FINANCE

The gross demand and time deposits of member banks in this district increased substantially in May and during the last half of the month averaged $4,507,000,000, which is a new high level and approximately $900,000,000 higher than in the corresponding period last year. Coincident with the expansion in deposits, member banks increased their reserve balances with the Federal Reserve Bank and their balances with correspondents. During the first half of June, reserve balances averaged $676,000,000, as compared with an average of $656,000,000 in May and $632,000,000 in April. In June last year, the average amounted to only $541,000,000.

During May this year, individuals withdrew large sums from their deposit accounts to pay for securities purchased during the Seventh War Loan Drive, and as the payments were made, the funds were credited to the reserve-exempt war loan accounts of the Treasury. In the same period, the member banks also increased their balances with correspondents. As these developments had the effect of holding down the expansion in deposits on which reserves are required, the required reserve of member banks increased by a smaller amount than reserve balances. In consequence, excess reserves of member banks increased considerably and during the last half of May averaged approximately $128,000,000, the highest level reached since the period immediately following the close of the Sixth War Loan Drive.

CASH FARM INCOME

(Thousands of dollars)

	March 1945 — Receipts from — Crops	Livestock*	Total receipts — March 1945	March 1944	Jan. 1 to March 31 — 1945	1944
Arizona	10,523	3,477	14,000	16,043	35,399	37,223
Louisiana	6,830	5,987	12,817	10,861	42,199	40,959
New Mexico	2,144	3,417	5,561	4,180	17,730	13,411
Oklahoma	10,597	18,984	29,581	27,510	91,343	76,049
Texas	34,860	43,656	78,516	68,109	234,995	227,271
Total	64,954	75,521	140,475	126,703	421,666	394,913

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

SOURCE: United States Department of Agriculture.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth — May 1945	May 1944	April 1945	San Antonio — May 1935	May 1944	April 1945
Cattle	127,625	102,098	127,483	33,757	31,939	26,328
Calves	26,379	25,499	18,068	25,095	25,342	19,569
Hogs	45,312	117,941	42,044	5,382	16,468	6,203
Sheep	653,763	605,432	179,242	131,529	52,343	43,354

COMPARATIVE TOP LIVESTOCK PRICES

(Dollars per hundred weight)

	Fort Worth — May 1945	May 1944	April 1945	San Antonio — May 1945	May 1944	April 1945
Beef steers	$16.25	$16.25	$16.50	$15.50	$13.50	$15.75
Stocker steers	14.00	13.00	14.50	......	......	......
Heifers and yearlings	16.25	16.00	16.50	15.50	14.00	15.00
Butcher cows	13.00	12.50	13.00	12.50	11.40	12.50
Calves	14.50	14.50	15.00	14.50	14.00	14.50
Hogs	14.55	13.65	14.55	14.55	13.55	14.55
Lambs	15.00	14.50	15.75	14.50	13.25	14.50

COTTONSEED AND COTTONSEED PRODUCTS

	Texas — August 1 to May 31 — This season	Last season	United States — August 1 to May 31 — This season	Last season
Cottonseed received at mills (tons)	935,776	909,975	4,287,726	3,915,306
Cottonseed crushed (tons)	879,658	927,410	4,001,520	3,826,293
Cottonseed on hand May 31 (tons)	87,014	27,234	397,062	177,789
Production of products:				
Crude oil (thousand lbs.)	269,687	279,655	1,241,671	1,195,471
Cake and meal (tons)	416,031	440,741	1,837,396	1,775,116
Hulls (tons)	205,165	219,190	927,423	894,911
Linters (running bales)	266,294	277,256	1,171,355	1,142,217
Stocks on hand May 31:				
Crude oil (thousand lbs.)	6,316	7,534	20,526	16,583
Cake and meal (tons)	24,839	13,159	98,989	49,494
Hulls (tons)	21,459	3,086	74,045	26,269
Linters (running bales)	10,787	51,586	55,524	170,820

SOURCE: United States Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	May 1945	May 1944	April 1945	August 1 to May 31 — This season	Last season
Consumption at:					
Texas mills	16,642	17,270	15,282	158,450	172,1[illegible]
United States mills	830,568	832,812	769,678	8,116,679	8,414,1[illegible]
U.S. stocks—end of month:					
In consuming estabm'ts	2,141,193	2,111,207	......	....	......
Public stg. & compresses	10,132,723	9,574,589	......	....	......

The circulation of Federal Reserve notes of this bank continued to expand moderately but at a much slower rate than a year earlier. On June 15, total circulation amounted to $573,000,000, which was $8,000,000 higher than a month earlier and about $112,000,000 higher than on the corresponding date last year. On May 29, the Secretary of the Treasury requested all financial institutions in the United States to report to the Federal Reserve banks currency transactions where the amounts or denominations of the currency involved exceed those commensurate with the legitimate and customary conduct of the business, industry, or profession of the person or industry concerned. The reporting requirement was made because the abnormal use of large denomination currency in business transactions has become one of the principal devices for income tax evasions and concealments, and the reports are expected to assist the Treasury in counteracting the use of abnormal currency transactions for those purposes. The Treasury pointed out that legitimate operators need not be concerned over the matter since it will affect only those who are using such techniques to defraud the Government at a time when millions of honest taxpayers are faithfully contributing their share to war finance.

The changes in the weekly statement of reporting member banks in this district between May 9 and June 13 reflected to a large extent factors associated with the Seventh War Loan Drive. During this period, the deposits of reporting banks increased by approximately $167,000,000, reaching a new high level of $2,336,000,000 on June 13. The increase in deposits represented in considerable part the transfer of funds from other sections of the country in anticipation of entering subscriptions for Government securities offered during the drive. More than one-half of the total increase in deposits occurred in United States Government deposits, consisting largely of war loan deposit accounts, but there were also substantial increases in adjusted-demand and time deposits and in interbank deposits. The banks utilized the increase in deposits by shifting $29,000,000 to their reserves with the Federal Reserve bank and $57,000,000 to balances with correspondents, and by increasing their loans and investments by approximately $80,000,000. The increase in loans occurred principally in loans to others than brokers and dealers secured by U. S. Government securites, reflecting advances in connection with securities purchased during the drive, although sizable increases also occurred in commercial, industrial, and agricultural loans and in "all other" loans. Some of these funds may have been used to purchase Government securities. The investments of these banks increased by approximately $44,000,000 during the five-week period and on June 13 stood at a new high level of $1,310,000,000.

INDUSTRY

Widespread readjustments in the war production program in this district are taking place in order to bring output in line with the requirements necessitated by the change form a two-front to a one-front war. Although contracts in substantial amounts continued to be awarded in this district, cutbacks have been heavy in recent weeks and are expected to become more widespread. The largest cutbacks thus far have been in connection with aircraft production, building of cargo ships, and output of certain types of munitions not suitable for use in the Pacific Theatre.

In view of the changes in war production and the modification or revocation of many restrictions upon the production of civilian goods, the reconversion program in this district is getting under way and will be accelerated as soon as labor and materials become available in larger quantities. Although producers have been given permission to enter unrated orders for a number of raw materials, the limited supplies available are expected to restrict for some time the volume of civilian goods that can be produced. One important bottleneck in the reconversion program in the United States is the problem of finding storage space for Government-owned machines, machine tools, and inventories of finished parts. Government procurement agencies have estimated that the War Department alone will require approximately 45,000,000 square feet of storage space, of which nearly one-half must be under shelter. The Reconstruction Finance Corporation has estimated that the rate at which items will move into storage will be accelerated rapidly during the next several weeks and that storage centers are expected to absorb about 20,000 tons of equipment daily. The replacing of privately-owned equipment can be expedited as soon as Government-owned equipment is cleared out of plants and manpower becomes more readily available. The problem of equipment removal in this district is expected to be relatively small in comparison with that in some of the heavily industrialized sections.

The cutbacks in war production have created temporary unemployment in some localities but the situation is not expected to become serious in the immediate future. According to available reports, the demand for skilled employees continues to exceed the available supply and it is expected that this situation will prevail for some time. The principal problem of unemployment is expected to develop in connection with unskilled workers; however, the available information indicates that a large percentage of such employees released from war plants disappear from the current market. This disappearance is apparently due to several factors, including the reluctance of employees to accept placement at lower wages in other fields, the finding of jobs in non-essential industries, the return of employees to former homes, or transfer to areas where there are better opportunities for employment in war industries. Special efforts are being made to recruit workers for the textile and lumber industries where the labor shortage persists.

Following the letting of several large contracts for construction of war projects during earlier months of this year, the value of construction contracts awarded in May declined approximately 62 per cent from the heavy awards in the previous month, but the aggregate of $11,752,000 was 18 per cent larger than awards in May last year. A significant development was the substantial increase in awards for residential building, a large share of which represented the construction of privately-financed one-family dwellings. The War Production Board recently released controls covering maintenance and repair work, specifying an exemption of $5,000 to be spent in any one year without War Production Board approval. The construction industry in general appears to be optimistic about its ability to absorb a large number of employees, as many construction companies have a large backlog of work that can be initiated as soon as materials and labor become available. Although production of lumber has apparently increased somewhat in recent months, it is smaller than a year earlier and the demand continues to greatly exceed the supply. Production of 566,000 barrels of Portland cement at Texas mills during April continued at about the same level as the previous month with shipments equal to production, leaving stocks at the end of the month of about 1,000,000 barrels. Supplies of construction materials other than lumber are expected to increase substantially during the remainder of the year.

Production of crude petroleum in the Eleventh District during May again reached an all-time high with a daily average rate of 2,351,000 barrels, representing an increase of 8 per cent over that in May a year earlier. Production outside this district also increased from April to May, reflecting the larger output in the West Coast fields. Although a temporary decrease in the overall military demand for petroleum products will occur while preparations are being made for accelerated activity in the Pacific, the Petroleum Administrator for War has indicated that there will be no let up in the production of crude oil. The July certification for Texas calls for a continued record production. Drilling activity in this district, as measured by the number of well completions, continued at about the same level as in other recent months with a daily average of 21 wells.

The situation in connection with cotton textiles for both military and civilian use has become more critical with an estimated current deficiency of approximately 8,000,000 yards of uniform goods alone. The War Production Board recently called in representatives of the textile industry and members of the Army, Navy, War Labor Board, Office of Economic Stabilization and War Manpower Commission in an effort to formulate plans to greatly stimulate output of cotton textiles and some relief may be expected before the end of the year. Mill consumption of cotton at United States textile mills during May totaled 831,000 bales, representing a seasonal increase of 8 per cent over the consumption in the previous month but was fractionally under that in May a year earlier. Cotton consumption for the first 10 months of the 1944-1945 season totaled 8,117,000 bales, as compared with 8,400,000 bales for the same period last season, indicating a decline of 4 per cent. In Texas, the consumption of cotton in recent months has shown relatively small fluctuations. Total consumption during the first 10 months of the current season amounted to 158,000 bales as compared with 172,000 bales in the corresponding period last season.

CONDITION OF THE FEDERAL RESERVE BANK

(Thousands of dollars)

	June 15, 1945	June 15, 1944	May 15, 1945
Total cash reserves	$521,427	$512,387	$554,513
Discounts for member banks	None	None	200
U. S. Government securities	748,151	542,922	725,665
Total earning assets	748,151	542,922	725,865
Member banks reserve deposits	673,687	555,779	680,235
Federal Reserve Notes in actual circulation	573,255	461,644	565,363

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

(Thousands of dollars)

	June 13, 1945	June 14, 1944	May 9, 1945
Total loans and investments	$1,752,584	$1,382,170	$1,673,136
Total loans	442,561	327,938	406,971
Commercial, industrial, and agricultural loans	275,949	232,659	267,427
Loans to brokers and dealers in securities	5,077	2,387	5,957
Other loans for purchasing or carrying securities	74,964	28,191	49,866
Real estate loans	22,982	19,533	22,449
Loans to banks	214	177	154
All other loans	63,375	44,991	61,118
Total investments	1,310,023	1,054,232	1,266,165
U. S. Treasury bills	73,719	89,035	58,039
U. S. Treasury certificates of indebtedness	376,003	275,922	390,176
U. S. Treasury notes	249,698	203,371	220,732
U. S. Government bonds	561,821	412,361	539,341
Obligations guaranteed by United States Gov't.	190	29,719	9,740
Other securities	48,592	43,824	48,137
Reserves with Federal Reserve Bank	379,136	320,954	349,840
Balances with domestic banks	279,855	215,445	222,527
Demand deposits—adjusted*	1,295,044	1,124,693	1,274,630
Time deposits	240,274	184,366	243,491
United States Government deposits	222,786	97,707	135,129
Interbank deposits	569,249	451,384	516,255
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)

	May 1945	May 1944	Pctg.change over year	April 1945	Pctg.change over month
Abilene	$ 17,075	$ 16,252	+11	$ 15,724	+14
Amarillo	49,680	41,751	+19	45,481	+ 9
Austin	63,495	76,106	—17	66,252	— 4
Beaumont	58,094	51,155	+14	52,777	+10
Corpus Christi	55,121	45,938	+20	51,984	+ 6
Corsicana	7,264	5,263	+38	5,840	+24
Dallas	590,447	511,070	+16	545,684	+ 8
El Paso	64,342	56,883	+13	56,351	+14
Fort Worth	224,200	204,004	+10	192,011	+17
Galveston	43,577	40,140	+ 9	40,865	+ 7
Houston	588,885	525,668	+12	564,337	+ 4
Laredo	14,024	12,834	+ 9	12,223	+15
Lubbock	30,593	24,374	+26	28,667	+ 7
Monroe, La.	18,697	16,718	+12	15,959	+17
Port Arthur	23,506	21,802	+ 8	23,058	+ 2
Roswell, N. M.	9,280	8,232	+13	8,660	+ 7
San Angelo	17,595	14,286	+23	15,374	+14
San Antonio	173,716	148,585	+17	147,452	+18
Shreveport, La.	88,583	78,704	+13	84,792	+ 4
Texarkana*	22,759	17,452	+30	20,391	+12
Tucson, Ariz.	36,313	29,072	+25	32,760	+11
Tyler	25,181	20,849	+21	23,627	+ 7
Waco	27,923	22,131	+26	26,063	+ 7
Wichita Falls	33,386	28,030	+19	29,126	+15
Total—24 cities	$2,284,636	$2,017,299	+13	$2,105,458	+ 9

*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
May 1943	$2,846,872	$235,518	$1,580,606	$139,352	$1,266,266	$ 96,166
May 1944	3,275,467	291,239	1,694,017	180,464	1,581,450	110,775
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
April 1945	4,039,267	380,585	2,030,429	242,778	2,008,838	137,807
May 1945	4,092,587	393,090	2,044,524	249,140	2,048,063	143,950

SAVINGS DEPOSITS

		May 31, 1945		Percentage change in savings deposits from	
	Number of reporting banks	Number of savings depositors	Amount of savings deposits	May 31, 1944	April 30, 1945
Beaumont	3	12,075	$ 6,724,898	+23.1	+ .5
Dallas	8	106,434	57,196,089	+40.9	+ 2.4
El Paso	2	25,632	17,509,948	+39.9	+ 2.2
Fort Worth	3	37,917	26,405,983	+38.5	+ 2.2
Galveston	4	21,364	17,068,465	+19.4	+ 1.0
Houston	9	89,900	55,987,973	+28.6	+ 1.7
Lubbock	2	807	611,106	+27.8	+ 7.2
Port Arthur	2	5,625	4,654,126	+23.4	+ 1.4
San Antonio	5	32,859	34,702,355	+34.1	+ 1.3
Shreveport, La.	3	31,917	21,385,479	+34.8	+ 1.6
Waco	3	8,774	7,106,119	+30.9	+ .9
Wichita Falls	3	6,835	4,340,582	+18.2	+ 4.0
All other	58	56,995	42,480,179	+30.5	+ 1.6
Total	105	437,134	$296,173,302	+32.8	+ 1.8

WHOLESALE AND RETAIL TRADE STATISTICS

		Percentage change in: Net sales			Stocks‡	
	Number of firms	May 1945 from May 1944	May 1945 from April 1945	Jan. 1 to May 31, 1945 from 1944	May 1945 from May 1944	May 1945 from April 1945
Retail trade:						
Department stores:						
Total 11th Dist.	48	+ 9	+18	+13	+15	+ 4
Dallas	7	+12	+19	+15	+26	+10
Fort Worth	4	+11	+13	+15	— 5	+11
Houston	7	+ 2	+22	+ 6	+ 3	— 2
San Antonio	5	+20	+19	+22	+27	—15
Shreveport, La.	3	— 2	+24	+ 8	....	....
Other cities	22	+ 4	+12	+11	+ 6	+ 9
Retail furniture:						
Total 11th Dist.	56	+ 1	+10	....	+ 2	+ 2
Dallas	5	— 6	+ 1	....	+54	+ 7
El Paso	3	—10	+26	....	— 2	— 9
Houston	7	+ 4	+10	....	....	....
Port Arthur	3	—22	— 4	....	....	....
San Antonio	3	+ 5	+ 5	....	....	....
Wichita Falls	3	+ 2	+15	....	....	....
Independent stores:*						
Oklahoma	373	+ 8	+13	+13	....	....
Texas	981	+ 6	+14	+10	....	....
Wholesale trade:*						
Automotive supplies	4	+33	— 1	....	....	....
Electrical supplies	3	+68	— 4	....	....	....
Groceries	25	— 1	+ 7	— †	—21	— 5
Hardware	15	+ 9	+ 3	+11	+ 3	+ 1

*Compiled by United States Bureau of Census (wholesale trade figures preliminary).
‡Stocks at end of month. †Change less than one-half of one per cent.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

Daily average sales—(1935-1939=100)

	Unadjusted††				Adjusted			
	May 1945	April 1945	March 1945	May 1944	May 1945	April 1945	March 1945	May 1944
District	248	228	269	228	253	240	283	228
Dallas	247	225	267	221	272	250	276	243
Houston	237	210	255	232	241	233	274	237

Stocks—(1923-1925=100)

	Unadjusted††				Adjusted			
	May 1945	April 1945	March 1945	May 1944	May 1945	April 1945	March 1945	May 1944
District	115	111	106	98	114	107	103	97

††Unadjusted for seasonal variation.

CRUDE OIL PRODUCTION—(Barrels)

	May 1945		Increase or decrease in daily average production from	
	Total production	Daily avg. production	May 1944	April 1945
North Texas	7,560,900	243,900	+ 5,513	+3,640
West Texas	15,354,300	495,300	+ 65,111	+5,413
East Texas	16,058,000	518,000	+ 16,550	—3,640
South Texas	11,025,150	355,650	+ 48,277	+3,267
Texas Coastal	17,462,300	563,300	+ 42,973	—1,820
Total Texas	67,460,650	2,176,150	+178,424	+6,860
New Mexico	3,220,900	103,900	— 5,924	— 816
North Louisiana	2,193,150	70,747	— 3,413	— 355
Total District	72,874,700	2,350,797	+169,087	+5,689

SOURCE: Estimated from American Petroleum Institute weekly reports.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

(Thousands of dollars)

	May 1945	May 1944	April 1945	January 1 to May 31, 1945	January 1 to May 31, 1944
Eleventh District—total	$ 11,752	$ 9,939	$ 31,242	$ 114,044	$ 70,6[illegible]
Residential	4,055	966	3,263	11,830	15,34[illegible]
All other	7,697	8,973	27,979	102,214	55,28[illegible]
United States*—total	242,523	144,202	395,798	1,255,101	796,35[illegible]
Residential	47,206	34,476	42,745	155,730	173,27[illegible]
All other	195,317	109,726	353,053	1,099,371	623,08[illegible]

*37 states east of the Rocky Mountains.

SOURCE: F. W. Dodge Corporation.

BUILDING PERMITS

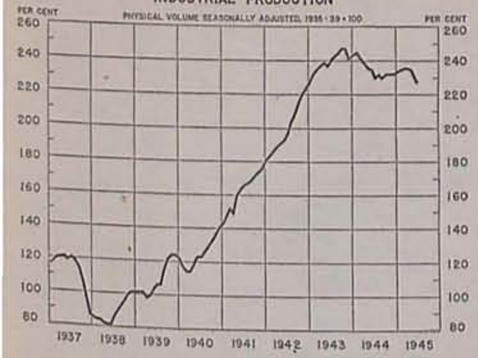
	May, 1945		Percentage change valuation from		Jan. 1 to May 31, 1945		Percentage change valuation from 1944
	No.	Valuation	May 1944	Apr 1945	No.	Valuation	
Abilene	7	$ 16,885	+ 25	— 14	53	$ 68,755	[illegible]
Amarillo	123	245,599	+ 98	+136	445	834,692	[illegible]
Austin	102	140,541	+209	+ 4	604	820,102	[illegible]
Beaumont	198	70,105	+ 69	— 18	828	470,765	[illegible]
Corpus Christi	241	512,057	+343	+149	907	1,306,598	[illegible]
Dallas	749	876,099	— 41	+ 36	3,275	2,936,179	[illegible]
El Paso	68	133,273	— 41	+170	280	330,226	[illegible]
Fort Worth	384	763,284	+138	+ 40	1,600	2,623,958	[illegible]
Galveston	54	98,859	— 23	+ 84	303	317,669	[illegible]
Houston	411	4,736,031	+493	+302	1,617	12,732,757	[illegible]
Lubbock	113	157,881	+ 93	+ 18	626	728,362	[illegible]
Port Arthur	114	62,299	+145	— 6	407	206,063	[illegible]
San Antonio	790	478,697	+ 53	+ 10	4,336	2,221,128	[illegible]
Shreveport, La.	258	225,644	+244	+ 50	1,084	942,871	[illegible]
Waco	177	420,500	+ 62	+627	419	693,295	[illegible]
Wichita Falls	51	135,339	*	+478	203	242,878	[illegible]
Total	3,840	$9,073,093	+124	+134	16,987	$27,476,298	[illegible]

*Over 1,000 per cent.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

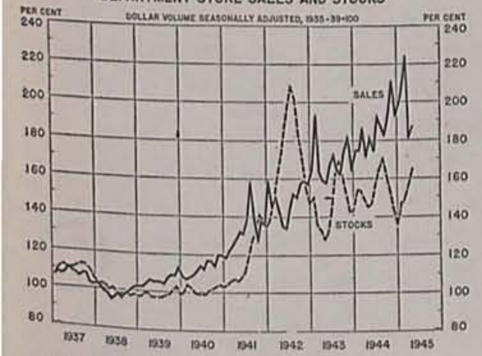
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



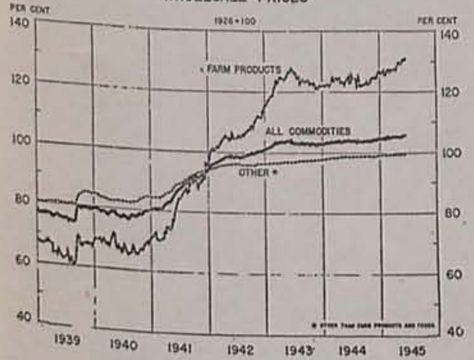
Federal Reserve index. Monthly figures, latest shown are for May, 1945.

DEPARTMENT STORE SALES AND STOCKS



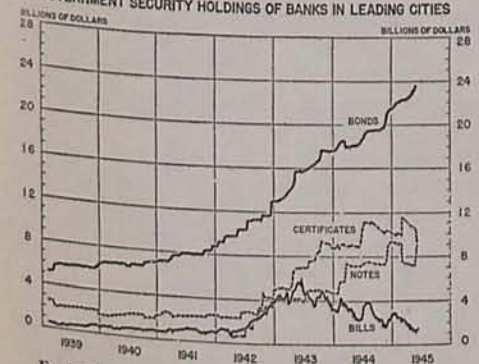
Federal Reserve indexes. Monthly figures, latest shown are for May, 1945.

WHOLESALE PRICES



Bureau of Labir Statistics' indexes. Weekly figures, latest shown are for week ending June 16, 1945.

GOVERNMENT SECURITY HOLDINGS OF BANKS IN LEADING CITIES



Excludes guaranteed securities. Data not available prior to February 8, 1939; certificates first reported on April 15, 1942. Wednesday figures, latest shown are for June 13, 1945.

Industrial activity and factory employment continued to decline slightly in May. Value of department store sales increased in May and the early part of June, following the sharp decline in April.

INDUSTRIAL PRODUCTION

As a result of further decreases in activity at munitions plants, the Board's seasonally adjusted index of industrial production declined in May to 227 per cent of the 1935-39 average as compared with 231 in April.

A further reduction in operations at shipyards accounted for most of the decrease in activity at munitions plants, although there were small decreases in activity in the machinery and aircraft and other transportation equipment industries. The decline in aircraft was in accordance with reductions in schedules made prior to V-E day. At the end of May the Army Air Forces announced a cutback in procurement which will reduce total military aircraft production in the last quarter of the year to a level 30 per cent below that of March.

Steel production was maintained at a high level in May but declined somewhat during the first three weeks of June. Production of nonferrous metal products showed a sharp drop in May following a large rise earlier this year. In June brass mill products and aluminum were made available for general civilian use and after July 1 some steel also will be released.

Production of textile, leather, paper, chemical, and petroleum products showed little change in May and total output of nondurable goods was at a level 3 per cent above that of a year ago.

Coal production declined 8 per cent in May as anthracite output dropped sharply due to interruptions in mine operations in the first three weeks of the month. In the early part of June, production of both anthracite and bituminous coal increased to about the level that prevailed earlier in the year but was still somewhat below the rate of output in June 1944. Output of crude petroleum was maintained in record volume in May and the early part of June.

DISTRIBUTION

Department store sales, which had declined sharply in April, increased in May and the first half of June, after allowance is made for the usual seasonal change. In May sales were 4 per cent larger than in May 1944, while sales during the first two weeks of June were 16 per cent greater than in the corresponding period last year.

Most classes of freight carloadings showed seasonal increases in May and the early part of June and remained at a level slightly above last year's high level. Railroad shipments of manufactured goods, which reached a record volume in March of this year, have declined only slightly since that time.

COMMODITY PRICES

Wholesale prices of consumer goods continued to advance from the middle of May to the middle of June. Anthracite was raised $1 a ton, food prices increased somewhat further, and various miscellaneous products were higher. On the other hand, it was announced that maximum prices on used cars would be reduced 4 per cent on July 1 and additional new regulations have been issued recently covering prices of clothing, automobile repairs, and some consumer durable goods.

AGRICULTURE

Prospects for major crops have deteriorated somewhat in the past month, but still compare favorably with the past three years of generally abundant harvests. A record wheat crop of over a billion bushels was indicated by June 1 conditions; cold, wet weather in May has delayed most other crops.

Milk production was at a record level in May and 6 per cent larger than last year, while marketings of meat animals and poultry products were in smaller volume.

BANK CREDIT

During the four weeks ending June 13, covering the period of intensified sales of securities to individuals in the Seventh War Loan, loans and investments at reporting banks in leading cities increased by close to 1.7 billion dollars. Loans for purchasing and carrying Government securities rose by 620 million dollars, as investors adjusted their portfolios in anticipation of security purchases. Advances to brokers and dealers accounted for 360 million of the increase and loans to others for 260 million. Government security holdings of reporting banks rose by 825 million dollars, reflecting continued purchases of bonds.

Deposits of individuals and businesses at weekly reporting banks increased by about 1.3 billion dollars during the first four weeks of the Drive. U. S. Government deposits at these banks declined by 300 million dollars. The time deposit expansion slackened, presumably due to the War Loan Drive. As a result of these developments the weekly average level of required reserves at all member banks increased by around 200 million dollars during the first four weeks of the Drive.

Reserve funds to meet the increase in required reserves and a reduced currency drain of 160 million dollars were supplied through an increase of 435 million in the Government security portfolios of Reserve Banks and by substantial member bank borrowing from the Reserve Banks shortly prior to and early in the Drive. Borrowing from the Reserve Banks rose in early June to over 900 million dollars outstanding, the largest amount since the spring of 1933. The total increase in Reserve Bank credit more than offset reserve needs and the average level of excess reserves rose by about 350 million dollars to close to 1.4 billion outstanding in mid-June.

In the week ending June 20, when large payments were made by corporations and others for securities purchased in the Drive, there was a shift of deposits from private accounts to reserve free war loan accounts and a consequent reduction of 440 million dollars in required reserves of member banks. Member bank borrowings declined in the week by nearly 550 million dollars. Reserve bank holdings of Government securities, however, increased further.