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THE 1945 RETAIL CREDIT SURVEY IN THE ELEVENTH FEDERAL RESERVE DISTRICT

The Research Department of the Federal Reserve Bank of Dallas, having completed the tabulation and summary of data obtained from retail firms in the Eleventh Federal Reserve District in connection with the Fourth Annual Retail Credit Survey conducted by the Federal Reserve System, here presents an analysis of significant developments occurring during the past year in the retail trade of the district. In this survey, covering the year 1945, and, for purposes of comparison, the year 1944, data were obtained from representative firms in those lines of trade in which the extension of credit to consumers is normally of sizable volume, namely: automobile dealers, auto tire and accessory stores, department stores, furniture stores, hardware stores, household appliance stores, jewelry stores, men's clothing stores, and women's apparel stores.

The survey embraced sales (total, cash, charge, and instalment), accounts receivable, inventories, and other current balance sheet items of each reporting business establishment. Reports were obtained from approximately 450 firms located in 23 cities throughout the district, accounting for total net sales in 1945 of \$244,000,000. The reporting firms are fairly well distributed among the several lines of trade and are located in widely separated geographical areas, although the major portion of the reports were received from establishments operating in the principal cities of the district.

Since the activities of most of the national chain store outlets are reported in consolidated form to the Board of Governors of the Federal Reserve System, the sample of business firms covered in the Eleventh District survey consists essentially of independent stores and of local outlets of chains operating in limited areas. Moreover, because the major purpose of the survey was to study developments relating to consumer credit in retail trade, all reporting firms are retailers who do some credit business. Firms selling only for cash were omitted from the sample.

ANNOUNCEMENT

FEDERAL RESERVE BANK OF DALLAS INITIATES RADIO SERIES

The Federal Reserve Bank of Dallas will present a series of weekly broadcasts entitled "Your Southwest Business Review" each Saturday evening from 6:15 to 6:30, Central Standard Time, over Radio Station KGKO (570 on your dial). This program will present a review of current developments in the fields of business, industry, finance, and agriculture as they affect the Southwest.

Total sales. The total of all sales reported for 1945, without reference to separate lines of trade, represents an increase of 12 per cent over total sales of the same stores in 1944. Likewise, composite figures of all firms in each type of business show that every reporting line of trade experienced an increase in sales in 1945, as compared with the previous year, even though, as shown in Table I, some individual stores in each line experienced decreases. The rate of expansion in total sales during the year was not so great in the case of automobile dealers, auto tire and accessory stores, jewelry stores, and men's clothing stores as in the other five lines of trade. For the most part, this difference may be attributed to more acute shortages of merchandise in those lines in which the rate of increase in sales was less rapid. This was especially true of automobile dealers and men's clothing stores. On the other hand, the more rapid rise in total sales of furniture, hardware, and household appliance stores reflects the reappearance of some consumer durable goods after the close of the war.

Cash sales. Reflecting the large volume of consumer incomes and of liquid resources held by individuals, there was a further increase over 1944 of 14 per cent in dollar volume of cash sales for all lines combined, although the upward trend was not quite so strong as in the preceding year. Cash sales accounted for approximately 52 per cent of total sales of all reporting stores during 1945, as compared with 51 per cent during 1944. In most individual lines, the percentage of expansion in cash sales was as great as, or greater than, in total sales.

TABLE I. SALES AND STOCKS BY KIND OF BUSINESS
Eleventh Federal Reserve District

Kind of business	No. of firms	Number of firms showing total sales—		Percentage change 1945 from 1944—	
		Increase	Decrease	Total sales*	Stocks at end of year†
Automobile dealers	65	46	18	8	-13
Auto tire and accessory stores...	56	29	25	8	43
Department stores...	30	13	1	13	1
Furniture stores...	45	23	11	11	-2
Hardware stores...	26	22	2	20	15
Household appliance stores.....	20	8	2	20	41
Jewelry stores....	31	23	8	8	12
Men's clothing stores.....	32	20	10	7	-44
Women's apparel stores.....	33	22	7	8	-6

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

†Dollar value figured at cost.

from 1944 in percentage relationship to total sales. In three lines of trade, namely, furniture, jewelry, and men's clothing stores, there were decreases of varying magnitude in the respective volume of charge account sales as well as in the ratio of such transactions to total sales. In household appliance stores, although the volume of charge sales increased slightly, the ratio to total sales dropped from 37 per cent in 1944 to 33 per cent in 1945.

Major increases in cash sales ranged from 13 per cent for automobile dealers and 16 per cent for men's clothing stores to 30 per cent for furniture stores. Only auto tire and accessory stores and hardware stores showed any falling off in the ratio of cash transactions to total sales, and in each of these the decline was only one per cent. The greatest increase in the ratio of cash to total sales occurred in men's clothing stores, where cash transactions rose from 57 per cent of total sales in 1944 to 62 per cent in 1945, with a corresponding decline in the percentage of charge account sales.

Charge account sales. Charge account sales showed an increase of 12 per cent in volume for all reporting lines taken together, but were unchanged

TABLE II. BALANCE SHEET ITEMS BY KIND OF BUSINESS
Percentage change in amounts reported December 31, 1945, over December 31, 1944
Eleventh Federal Reserve District

Kind of business	No. firms	Cash and Bank deposits	United States securities	Accounts receivable	Stocks†	Accounts and notes payable*	Other liabilities	Working capital	Current ratios#	
									1945	1944
Automobile dealers.....	54	27	17	18	-10	4	69	8	5.0	5.6
Auto tire and accessory stores...	17	23	-10	24	38	21	43	28	3.4	3.3
Department stores.....	27	23	17	14	†	11	11	15	3.2	3.1
Furniture stores.....	44	18	2	7	-2	1	16	6	10.3	10.6
Hardware stores.....	22	27	24	26	15	102	51	17	11.3	17.6
Household appliance stores.....	7	16	21	4	57	101	60	17	8.7	13.0
Jewelry stores.....	30	-2	22	23	13	52	23	8	4.5	5.2
Men's clothing stores.....	29	88	26	-13	-42	15	-5	14	4.2	3.8
Women's apparel stores.....	21	33	19	-3	-1	8	-9	23	3.6	3.0
Total.....	251	27	17	11	-4	11	13	12		

*Includes trade payables and notes payable to banks.

†Dollar value figures at cost.

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

#Ratio of current assets to current liabilities.

Instalment sales. Despite increases in the dollar volume of instalment sales in six lines of trade, ranging from 4 per cent in hardware stores to 31 per cent in household appliance stores, sharp declines in the volume of such sales by automobile dealers, auto tire and accessory stores, and men's clothing stores brought down combined instalment sales to a negligible percentage increase over 1944. The only

lines in which instalment sales constituted a larger per cent of total sales in 1945 than in 1944 were household appliance and jewelry stores, and here the increase both dollar-wise and percentage-wise were very slight. Except in furniture, household appliance, jewelry, and automobile stores, instalment sales constituted insignificant percentages of total sales, and among these four lines, only furniture maintained an instalment ratio at all comparable with prewar sales patterns.

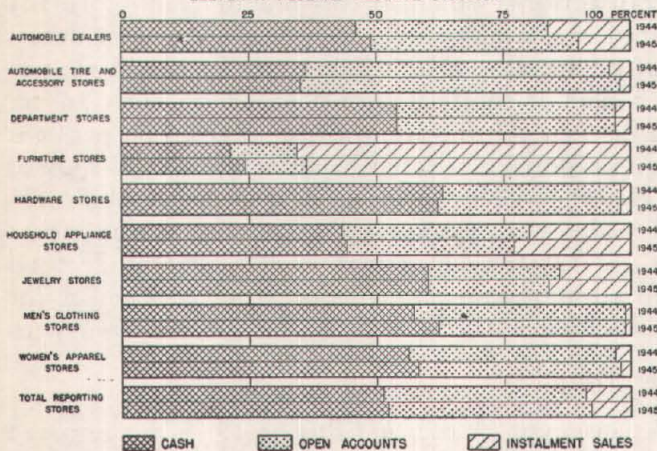
Receivables. Total year-end receivables on charge accounts and instalments combined of all stores reporting on that item increased 11 per cent over 1944, while total credit sales for the year were rising 10 per cent. This suggests very little change in the average collection period. There were, however, some sharp deviations from the over-all pattern in the case of several individual lines of trade, as can be seen from Tables II and III.

Inventories. Year-end inventories showed diverse trends in relation to those of a year earlier, there being five lines in which increases were registered and four lines in which there were decreases. Percentage-wise, the greatest increases were in auto tire and accessory, household appliance, and hardware stores, and are attributable to a mild upswing in civilian production in the last quarter of the year. Dollar-wise, however, the increases over the low stocks at the end of the previous year were not so impressive. The most marked decline occurred in the case of men's clothing stores, where restricted production of shirts and suits and the heavy demand from discharged servicemen were major factors.

End-of-year financial position. Total current assets of the 251 stores in all lines combined

which reported selected balance sheet items increased from \$48.2 million in 1944 to \$54.1 million in 1945, or 12 per cent. Total current liabilities increased by the same percentage, from \$11.7 million to \$13.1 million. Consequently, the combined working capital of all stores reporting on these items rose 12 per cent, and the composite current ratio of 1944 was unchanged at the end of 1945. All asset items except stocks registered gains. Total cash and bank deposits increased 27 per cent, holdings of United States securities, 17 per cent, and accounts receivable, 11 per cent. Total dollar value of stocks (at cost) declined 4 per cent. On the liability side, accounts and notes payable increased 11 per cent, and other liabilities, 13 per cent.

PERCENTAGE OF CASH, OPEN ACCOUNTS, AND INSTALMENT SALES TO TOTAL SALES BY KIND OF BUSINESS
ELEVENTH FEDERAL RESERVE DISTRICT



In each of the separate lines of trade there was an increase in total assets, ranging from 7 per cent for furniture stores to 27 per cent for auto tire and accessory stores. In the case of automobile dealers, furniture, hardware, household appliance, and jewelry stores, these gains in assets were offset by even greater percentage increases in liabilities. Department stores showed the greatest dollar increase and men's clothing stores the greatest percentage increase in cash and bank deposits. All lines, with the

TABLE III. SALES BY TYPE OF TRANSACTION AND BY KIND OF BUSINESS

Eleventh Federal Reserve District

Kind of business	No. of firms	Percentage change, 1945 over 1944			
		Total sales	Cash	Charge accounts	Instalment
Automobile dealers	53	7	13	17	-34
Auto tire and accessory stores...	56	8	4	11	-15
Department stores	43	15	14	15	11
Furniture stores...	51	12	30	*	8
Hardware stores...	25	16	14	20	4
Household appliance stores.....	22	15	17	4	31
Jewelry stores....	21	6	7	-3	20
Men's clothing stores.....	31	7	16	-5	-29
Women's apparel stores.....	23	11	13	8	9
Total.....	325	12	14	12	*

*Change less than on-half of one per cent.

TABLE IV. PERCENTAGE OF CASH AND CREDIT SALES TO TOTAL SALES

Eleventh Federal Reserve District

Kind of business	No. firms	Cash		Charge accounts		Instalment	
		1945	1944	1945	1944	1945	1944
Automobile dealers....	53	49	46	41	38	10	16
Auto tire and accessory stores.....	56	35	36	62	60	3	4
Department stores....	43	54	54	43	43	3	3
Furniture stores.....	51	24	21	12	13	64	66
Hardware stores.....	25	62	63	36	35	2	2
Household appliance stores.....	22	44	43	33	37	23	20
Jewelry stores.....	21	60	60	24	26	16	14
Men's clothing stores..	31	62	57	37	42	1	1
Women's apparel stores	23	58	56	40	41	2	3
Total.....	325	52	51	40	40	8	9

exception of auto tire and accessory stores, enlarged their holdings of Government securities. Accounts receivable also reached higher totals except in the case of men's clothing stores and women's apparel stores. Inventories (based on cost) decreased slightly in women's apparel and furniture stores, moderately in the case of automobile dealers, and very sharply in men's clothing stores. Except in the case of automobile dealers, these declines in stocks were as much the result of above normal buying as of limited production. From the standpoint of current ratios, hardware and household appliance stores experienced the greatest declines from the high levels which they had enjoyed the previous year, but were still in very strong position, ranking above all other lines except furniture stores. Interesting is the fact that the four lines which showed the lowest current ratios at the end of 1944—namely, auto tire and accessory, department, men's clothing, and women's apparel stores—gained moderately on this item in 1945, while the five lines which enjoyed stronger positions the previous year experienced declines of varying degree.

There follows a brief resume of significant developments in each of the nine lines of trade covered by the survey. Tables I, II, III, and IV contain data which may be used with profit to clarify statements contained in the descriptive reports.

AUTOMOBILE DEALERS

The 1945 sales of 53 reporting automobile dealers were 7 per cent larger than in the previous year. The operations of these dealers, especially in instalment selling, were affected by a virtually complete absence of new cars and in most cases by a diminishing volume of used cars available for resale. On the other hand, there was a tendency for repair business to expand, and some firms were able to increase the volume of work in other phases of their business. Cash and charge transactions increased by about equal amounts in volume as well as in relation to total sales, whereas the volume of instalment sales declined 34 per cent from 1944 and constituted only one-tenth of total sales. Cash transactions represented 49 per cent of total sales, and charge accounts 41 per cent. The inventories of automobile dealers showed a further decline of 10 per cent during 1945, reflecting in large part the sharply diminished supply of new and used cars. Despite this decline in stocks, however, total current assets rose 10 per cent due to increases of 27 per cent in cash and bank deposits, 17 per cent in holdings of Government securities, and 18 per cent in accounts receivable. Although accounts and notes payable declined slightly, an increase of 69 per cent in other liabilities resulted in an increase in total current liabilities of 23 per cent and reduced the current operating ratio to 5.0 in 1945 from 5.6 in 1944.

AUTO TIRE AND ACCESSORY STORES

The sales of 56 auto tire and accessory stores increased during 1945 by 8 per cent. The gains in this field were achieved mainly by stores which in previous years had added supplementary lines of merchandise to increase the volume of their business. Tires were not released from rationing in time to affect the 1945 volume of sales, and the increased flow of tires to stores for civilian use was only beginning to be felt as the year ended. Instalment transactions, which in this line of trade normally represent an important element both in total sales and in credit sales, declined to a new low in volume, constituting only 3 per cent of total and 5 per cent of credit sales. Cash transactions increased moderately (4 per cent) in volume and constituted 35 per cent of total sales, in comparison with 36 per cent the year before. Charge account sales rose 11 per cent in volume and moved up from 60 per cent of total sales to 62 per cent. The 17 stores in this group reporting selected balance sheet items showed a gain within the year in inventories of 38 per cent. Dollar-wise, however, or in relation to sales turnover, this improvement in stocks was not impressive. Gains were made in all other asset items except holdings of Government securities. Total assets of these 17 stores increased 27 per cent while total liabilities were rising 25 per cent, resulting in a slight strengthening of the operating position of the group. Working capital increased 28 per cent, and the current ratio rose to 3.4, as compared with 3.3 in 1944.

DEPARTMENT STORES

Sales of 43 department stores showed a further expansion of 15 per cent during 1945, as compared with the preceding year. The volume of cash sales increased moderately in actual amount but remained unchanged at 54 per cent in relation to total sales. Dollar-wise, both charge account sales and instalments increased during 1945 but showed no change in their ratios of 43 per cent and 3 per cent, respectively, to total sales.

Inventories of 27 stores reporting selected balance sheet items increased fractionally (less than $\frac{1}{2}$ of 1 per cent) during 1945. All other asset items, notably cash and bank deposits, made stronger gains,

with the result that working capital increased by 15 per cent and the ratio of current assets to current liabilities rose from 3.1 in 1944 to 3.2 in 1945. Dollar-wise, the over-all improvement in the asset position was approximately four times as great as the increase in current liabilities.

FURNITURE STORES

Despite production restrictions and priorities which curtailed the supply of furniture available for distribution, the 1945 sales of 51 reporting furniture stores were 12 per cent larger than in 1944. Although the increase in volume of business was accounted for largely by the expansion in cash sales, these transactions represented only 24 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 1945, 64 per cent of total sales represented instalment transactions, which was only slightly smaller than the 66 per cent in 1944. Charge account sales, never a major factor in the retail furniture business, declining slightly from the small volume of 1944, constituted only 12 per cent of total sales.

Inventories of furniture stores, which evidenced a sharp downward trend during 1943 and a more moderate decline in 1944, showed a net decrease of only 2 per cent between the end of 1944 and 1945. The inventory position probably 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 furniture becomes available. Dealers report a strong demand for quality furniture as it appears in stores, especially from married veterans seeking to establish homes.

The data on balance sheet items reported by 44 firms reflect a considerable increase in current liabilities, which was only partially offset by improvement in current asset items, mainly cash and bank deposits. The ratio of current assets to current liabilities declined from 10.6 at the end of 1944 to 10.3 at the close of 1945.

HARDWARE STORES

In contrast with a slight decline in 1943 and an upturn of only 5 per cent in 1944, the sales of hardware firms increased by 16 per cent during 1945. Two factors which affected 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 1945 were 15 per cent larger than a year earlier, in comparison with an increase of 13 per cent in 1944 over 1943. Cash sales showed an increase of 14 per cent and constituted about 62 per cent of total sales, as compared with 63 per cent in 1944. Credit transactions, consisting almost entirely of charge account sales, increased moderately in dollar volume but only one per cent in relation to total sales. The 22 firms reporting selected balance sheet items were in a strong current financial position. Although they reduced somewhat the impressive strength of their 1944 position by sharp increases in accounts and notes payable, other liabilities rose only moderately, and all current asset accounts made substantial gains. Cash and bank deposits rose 27 per cent, accounts receivable, 26 per cent, Government securities, 24 per cent, and value of stocks at the end of the year, 15 per cent. The ratio of current assets to current liabilities was 11.3 in 1945, as compared with 17.6 in 1944.

HOUSEHOLD APPLIANCE STORES

From 1942 to the fall of 1945, the production of household appliances was greatly curtailed by priorities and restrictions, and as available supplies dwindled the sales of appliance stores declined sharply. In the fall of 1945, however, the supply situation improved slightly with reference to a few household appliances, and the sales of 22 reporting firms showed an increase of 15 per cent for the year over the relatively small volume experienced in 1944. While increases occurred in all types of transactions, the greatest relative increase, 31 per cent, was in instalment sales, which accounted for 23 per cent of total sales, as compared with 20 per cent in 1944. This may indicate the beginning of a return movement to the prewar pattern of extensive instalment selling in this line of trade. Cash sales rose from 43 per cent of the total in 1944 to 44 per cent in 1945. The inventories of these firms, which had decreased substantially during 1943 and had risen only 10 per cent in 1944, were 41 per cent higher at the end of 1945 than a year earlier. Total current assets of the seven firms reporting selected balance sheet items increased 22 per cent in 1945, and even though their current liabilities increased by 83 per cent, these firms enjoyed a current ratio of 8.7 at the end of the year.

JEWELRY STORES

Sales of jewelry firms, which had risen sharply in 1943 and showed a gain of only 4 per cent in 1944, were up 8 per cent in 1945. Cash and instalment sales increased by 7 per cent and 20 per cent, respectively, over 1944, while charge account sales declined 3 per cent. Cash sales constituted 60 per cent of total sales—unchanged from 1944; charge accounts, 24 per cent—down 2 per cent from 1944; and instalments, 16 per cent—up 2 per cent. The principal increase in sales volume occurred in cash transactions, although these sales constituted the same percentage of total sales in both years. While credit transactions were divided between charge account and instalment sales in a ratio of approximately 3 to 2, instalment sales were about 20 per cent larger in 1945 than in the preceding year. Inventories at the end of 1945 were 12 per cent higher than a year earlier. During the past year, the 30 firms reporting selected balance sheet items increased their accounts receivable by 23 per cent and their holdings of Government securities by 22 per cent, but their cash and bank deposits declined 2 per cent. Their accounts and notes payable increased 52 per cent and other liabilities, 23 per cent. At the end of the year, the ratio of current assets to current liabilities was 4.5 compared with 5.2 a year earlier.

MEN'S CLOTHING STORES

The upward trend in consumer buying of men's clothing which was conspicuous throughout the war period continued during 1945. The sales of 31 reporting firms were 7 per cent larger in 1945 than during the preceding year, with all the increases occurring in the volume of cash sales. The latter constituted 62 per cent of total sales, as compared with 57 per cent in 1944. Charge account sales dropped from 42 per cent of total sales in 1944 to 37 per cent in 1945. Instalment sales continued negligible in volume, declining 29 per cent from the small 1944 total. Inventories at the end of 1945 were 42 per cent smaller than a year earlier, continuing the trend that developed in 1943 and 1944 and reflecting both shortages in production and abnormally high demand. The 29 firms furnishing data on selected balance sheet items reported very substantial increases in cash and bank deposits and in holdings of Government securities but a drop of 13 per cent in accounts receivable. Current liabilities rose very slightly. Working capital was up 14 per cent, and the ratio of current assets to current liabilities increased from 3.8 in 1944 to 4.2 in 1945.

WOMEN'S APPAREL STORES

The strong demand for merchandise distributed through women's apparel stores continued during 1945, when sales of 23 reporting stores exceeded those in the preceding year by 11 per cent. Cash sales, which comprised about 58 per cent of total sales, showed a larger increase than credit sales. Both charge account and instalment sales increased moderately in volume but declined slightly from the previous year in percentage of total sales. Inventories at the close of 1945 were somewhat less than a year earlier. The financial position of 21 firms reporting balance sheet items improved during 1945, current liabilities showing a mild decrease of 4 per cent, accompanied by a rise of 14 per cent in current assets. The ratio of current assets to current liabilities at the end of the year was 3.6, as compared with 3.0 a year earlier. The improvement reflected primarily increases of 33 per cent in cash and bank deposits and of 19 per cent in holdings of Government securities. Accounts receivable declined 3 per cent during the year.

TABLE V. PERCENTAGE CHANGE IN SALES AND ACCOUNTS RECEIVABLE BY TYPE OF TRANSACTION
1945 over 1944

Kind of business by city	No. firms	Sales				Accounts receivable	
		Total	Cash	Charge accounts	Instalment	Charge accounts	Instalment
Eleventh Federal Reserve District							
Automobile dealers							
Amarillo.....	3	-33	-23	19	-59	*	*
Dallas.....	9	11	14	23	-33	48	92
Houston.....	4	5	31	-2	-41	*	*
Lubbock.....	6	-2	-3	7	-29	17	-8
San Antonio....	4	9	8	16	-21	20	#
Texarkana†....	3	43	45	58	4	*	*
Auto tire and accessory stores							
Dallas.....	4	24	9	27	-19	31	44
El Paso.....	3	21	76	5	-35	-18	-47
Fort Worth....	3	†	-8	14	-52	49	-67
Houston.....	4	-2	-10	11	-50	25	-58
Texarkana....	3	10	3	12	57	*	*
Department stores							
Corpus Christi..	4	13	13	15	‡	17	-42
Dallas.....	6	17	16	18	8	17	9
Fort Worth....	3	10	9	13	7	6	-18
Houston.....	3	7	6	8	#	12	#
San Antonio....	4	25	28	22	‡	19	50
Furniture stores							
Dallas.....	3	14	53	#	6	#	-1
El Paso.....	4	8	9	15	4	*	*
Houston.....	11	23	24	18	22	#	37
Hardware stores							
Houston.....	4	20	11	54	#	51	#
Longview.....	3	13	18	14	-27	4	-19
San Antonio....	4	13	14	10	31	-30	-33
Jewelry stores							
Dallas.....	4	9	10	-12	42	14	48
Fort Worth....	3	11	16	-1	20	-7	34
Men's clothing stores							
Dallas.....	4	4	17	-8	-29	-18	-38
Houston.....	10	11	16	3	#	-5	#
Women's apparel stores							
Houston.....	4	12	16	10	‡	8	-26
Monroe, La....	3	10	14	6	#	-4	#

*Less than three stores reported.

†Two in Texarkana, Arkansas.

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

#No change.

TRENDS IN RETAIL CREDIT DURING THE WAR YEARS

The end of war and the reconversion of industry to civilian production are slowly altering the wartime pattern of supply in retail trade. Changes, therefore, may be anticipated in the volume and pattern of sales of retail credit firms. The 1946 retail credit survey, when taken, will likely disclose a tendency on the part of both merchants and customers to make a more extensive use of consumer credit this year than was done during the war, particularly if sustained production of automobiles, household appliances, and home furnishings can be achieved during the second half of the year. Consequently, now is a proper time to review briefly what happened in the field of retail credit during the war period.

Tables VI and VII are based upon the results of four consecutive annual retail credit surveys made in the Eleventh Federal Reserve District during the period of United States participation in World War II. An examination of them will reveal some significant trends in retail trade that developed under the stress of war conditions. The firms included in each annual survey may be fairly regarded as representative of operations in the several lines of trade for the respective survey years. Since, however, the numbers and the identities of the firms varied somewhat from year to year, analysis and comment must be restricted to the general developments disclosed by percentage changes from one year to the next. Exact measures of change in volume of sales, or of cash and credit transactions, or of accounts receivable, between the first and the last of the war years, cannot be predicated upon the data at hand.

Total sales. The most immediately apparent effect of the change over to war economy in 1942 on the total sales of retail credit dealers is the sharp decline in sales volume experienced during that year by automobile dealers, auto tire and accessory stores, and household appliance firms. These were the lines whose supply of merchandise was most sharply affected by the conversion of factories to war production and by the channeling of vital metals, rubber, and other materials into the making of planes, ships, tanks, guns, and miscellaneous munitions. The same general effect, but in less degree, is noticeable in the case of two other lines of trade, furniture and hardware, whose supply of goods was sharply restricted by the war production program. Furniture stores in 1942 dropped slightly below the total sales figure for the previous year, while hardware firms registered a nominal increase, which was reversed in 1943 by a small decline. At the end of 1943, total sales of hardware stores appear to have stood at practically the 1941 level.

In the four remaining lines of trade, whose stocks were not so quickly affected by wartime dislocations of production and supply, total sales showed substantial increases in 1942 over 1941, and even greater increases in 1943 over 1942. This more rapid rate of expansion of sales in these predominantly "soft" goods lines during 1943 doubtless reflects both the increasing shortages in durable goods and the growing volume of consumer purchasing power resulting from expanded employment at rising wage rates in war plants and civilian industries. In these same four lines, the trend of total sales continued upward during 1944 and 1945 but at a significantly reduced pace. This slowing down was probably due, in part, to the increasing scarcity of some major items sold in these stores, such as women's hosiery, household linens, watches, clocks, silver plate, men's shirts, and both men's and women's suits and coats. Emphasis on purchase of war bonds and other types of wage and salary savings may also have had some restricting effect on the total volume of consumer spending in these lines of trade.

In the case of automobile dealers, auto tire and accessory stores, and furniture establishments, an upward trend of sales manifested itself in 1943 and continued moderately, but at uneven rates, during the next two years. Increased activity in used car selling and in repair and other service functions reversed the rapid down trend which struck automobile dealers in 1942 and enabled them to achieve

TABLE VI. TOTAL SALES AND ACCOUNTS RECEIVABLE BY KIND OF BUSINESS

Four consecutive annual surveys
Eleventh Federal Reserve District

Kind of business	Percentage change from previous year							
	Total sales—Year				Accounts receivable—Year			
	1942	1943	1944	1945	1942	1943	1944	1945
Automobile dealers	-68	25	8	8	-62	-13	10	18
Auto tire and accessory stores...	-23	36	18	8	-59	8	*	24
Department stores.	17	41	14	13	-27	4	16	14
Furniture stores...	-3	21	10	11	-34	-26	8	7
Hardware stores...	4	-2	5	20	-35	-33	8	26
Household appliance stores....	-27	-37	-17	20	-55	-56	-26	4
Jewelry stores....	22	34	4	8	-38	16	-36	23
Men's clothing stores.....	13	30	9	7	-32	-8	13	-13
Women's apparel stores.....	22	43	10	8	-23	7	4	-3

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

by 1945 total sales equivalent to approximately 50 per cent of the high figure reached in 1941. A growing volume of tire repair sales and the stocking of supplementary lines of merchandise by some firms restored auto tire and accessory stores approximately to their prewar volume of sales by the end of 1943. During the next two years, this upturn in total sales of these stores continued, although at a diminishing rate.

Sales of hardware stores showed their most adverse trend in 1943, after resisting in 1942 the downward plunge which characterized sales volume in other lines of "hard" goods. Reflecting a slightly improved supply situation and a rising price level, these stores registered comparative gains in total sales during each of the last two years of the war. Household appliance dealers suffered three consecutive years (1942-1944) of decline in total sales, due to virtual discontinuance of production of such important appliances as refrigerators, radios, washing machines, and vacuum sweepers. Reversal of the down trend came only in 1945, after wartime restrictions on production had been relaxed.

Cash and credit sales. The increase in cash sales in all but two of the nine lines of trade in each year of the war, accompanied, for the most part, either by decreases or by less rapid increases in charge accounts and instalment sales, is the most conspicuous fact revealed by Table VII as to wartime changes in the types of retail transactions. In most lines, the sharpest increases in cash sales occurred in 1942 and 1943, while credit selling was adjusting itself to Regulation W. This regulation with its limitations on the use of consumer credit, becoming effective during 1941 and 1942 with reference to nearly all important lines of retail trade, had the double effect of shifting a considerable volume of both types of credit transactions into the category of cash sales and of causing some customers who normally would have paid out their purchases in short-term instalments to change over to charge accounts. At the same time, unaccustomed purchasing power in the form of wartime wages was accumulating in the hands of millions of consumers, enabling them to pay cash for goods which before the war they would have bought on credit. It seems likely that during 1942 Regulation W was the stronger of the two influences affecting the distribution of sales between cash and credit, for in that year every one of the nine lines of trade showed sharp declines in accounts receivable (Table VI), as compared with the previous year; eight lines reported a drop in instalment sales, and four lines experienced a fall in charge accounts. That year, however, the marked drop in total sales of automobile dealers, auto tire and accessory stores, and household appliance firms, resulting from depleted inventories, accentuated the effect of Regulation W on credit sales in those lines. In 1943 and 1944, except in furniture, hardware, and household appliance stores, there was a moderate upward tendency in charge account sales, while instalment sales still lagged in most lines. Alone among establishments traditionally doing a large volume of instalment business, furniture stores registered slight gains in that type of transaction in both 1943 and 1944, while their total sales and cash sales increased somewhat more rapidly. It was not until 1945 that instalment sales showed an upturn in any other lines of trade. In that year, department stores, hardware, household appliance, jewelry, and women's apparel stores joined the furniture dealers in the plus-column. In the case of automobile dealers and auto tire and accessory stores, continuing shortages of the types of merchandise usually sold on terms were doubtless the main obstacle to an increase in instalment sales. Cash purchases by returning veterans appear to have dominated the 1945 sales transactions of men's clothing stores, causing a reversal of a slight two-year upward trend in charge accounts and a sharp decline in instalment (budget) sales.

On the whole, the trend at the close of the war period seemed to be in the direction of a mild resurgence of instalment selling, conditioned by the rate of increase in the supply of consumer goods and by the requirements of Regulation W. A similar trend in charge account sales is discernible in department, hardware, and auto tire and accessory stores, in which charge sales constituted an important part of the total volume of business in prewar days. In three lines of trade, however,—namely, furniture, household appliance, and jewelry stores—in which instalment sales were the dominant type of transaction before the war, charge accounts showed either a net loss or a very small gain in 1945, while instalments were moving significantly upward, as compared with the previous year. Cash sales, for the first time in the war period, showed an increase in all lines during 1945, though the rate of increase slowed perceptibly in department and auto tire and accessory stores.

Any substantial increase in the variety and supply of consumer durable goods during the current year may be expected to bring an increase in instalment sales within the pattern of Regulation W. Charge account sales are not likely to show any marked increase beyond the 1945 level so long as employment, wages, and disposable incomes remain at current high levels.

TABLE VII. SALES BY TYPE OF TRANSACTION AND BY KIND OF BUSINESS

Kind of business	Four consecutive annual surveys Eleventh Federal Reserve District															
	Cash—Year				Percentage change from previous year				Charge accounts—Year				Instalment—Year			
	1942	1943	1944	1945	1942	1943	1944	1945	1942	1943	1944	1945	1942	1943	1944	1945
Automobile dealers.....	-67	44	9	13	-36	15	20	17	-82	*	-18	-34				
Auto tire and accessory stores.....	1	50	17	4	-24	43	21	11	-41	-21	-19	-15				
Department stores.....	46	67	21	14	4	25	10	15	-35	-3	-4	11				
Furniture stores.....	69	56	22	30	7	25	-5	*	-6	15	6	8				
Hardware stores.....	35	30	13	14	-5	-27	-13	20	-45	-11	-17	4				
Household appliance stores.....	32	-14	-3	17	2	-26	-11	4	-51	-70	-39	31				
Jewelry stores.....	74	79	11	7	22	8	4	-3	-4	4	-8	20				
Men's clothing stores.....	48	58	16	16	-1	5	3	-5	-34	-5	-2	-29				
Women's apparel stores.....	35	77	14	13	12	22	7	8	†	†	†	†				

*Change less than one-half of one per cent.]

†No representative figure available.

Accounts receivable. The sudden drop observable from Table VI in accounts receivable in all lines of trade during 1942, ranging from 23 per cent in women's apparel stores to 62 per cent among automobile dealers, should probably be attributed primarily to the influence of Regulation W. For, it will be noted, end-of-year receivables declined almost as sharply in those lines of trade which showed gains in total sales as in those whose sales decreased. Moreover, except for automobile dealers, all groups which suffered declines in total sales during that year experienced even more notable decreases in receivables. The freezing of delinquent customers' charge accounts, the shortening of the period for payment of charges incurred after the advent of Regulation W, and the reduction in the time which instalments could run, together with the required increase in down payments, stimulated prompt liquidation of both types of credit obligation and shortened the average period of collection. Even in those lines, such as department, furniture, jewelry, and women's apparel stores, which made gains in charge accounts in 1942, year-end receivables declined more sharply than charge sales increased.

During 1943, four types of stores (auto tire and accessory, department, jewelry, and women's apparel) experienced a mild reversal of the previous year's downward trend in receivables, and a mitigation of that trend occurred in three other lines (automobile, furniture, and men's clothing). Hardware and household appliance stores, which were hard hit by shortages of merchandise and whose credit sales of both categories dropped sharply, showed about the same percentage of decline in receivables as during the previous year. But in all lines it should be recognized that by 1943 and thereafter a more plentiful supply of cash and other disposable income enabled credit customers in many cases to exceed even the requirements of Regulation W as to promptness in paying charge and instalment accounts, thereby tending to reduce year-end receivables below prewar levels.

In fact, it may be said that Regulation W had its main effect during 1942, and by the end of the following year the new pattern of credit buying induced by the regulation had been established—a pattern of moderate use of credit under terms involving much shorter than prewar periods of collection. Adjustment to this pattern, so far as charge accounts were concerned, appeared in 1944 when both charge sales and accounts receivable increased moderately over the previous year in nearly all lines except those most sharply affected by merchandise shortages. In instalment business a like adjustment was not so evident until 1945, when some of the traditionally heavy instalment lines, such as household appliance, hardware, and jewelry stores, experienced a mild improvement in their stocks of goods.

During 1946 and 1947, it seems reasonable to anticipate that consumers, in an effort to satisfy war-deferred demands for civilian goods, will diversify and enlarge their purchases, with emphasis on durables, as the items of merchandise available in the different lines of trade become more varied and more plentiful. If this happens, the use of consumer credit will almost certainly expand, even under a continuation of Regulation W, and end-of-the-year receivables, especially in instalment accounts, seem likely to increase.

Review of Business, Industrial, Agricultural, and Financial Conditions

DISTRICT SUMMARY

As a result of continued drought over most of northwest Texas, official estimates on May 1 of the yield of the Texas wheat crop were approximately 40 per cent below the high estimate made on April 1. Delay in field work caused by frequent rains during May in the east and south parts of the district, hail and wind storm damage in many localities, retardation of cotton growth by cool, cloudy weather, and deterioration of ranges, cattle, and grain crops in the dry areas of west and northwest Texas constituted additional unfavorable developments in agricultural conditions of the district during the past month. Partially offsetting these adverse factors were an improvement in the supply of moisture over most of the district, good progress in the growth and harvesting of commercial vegetables in the Lower Valley and in south Texas, and the generally satisfactory condition of the corn crop except in the dry areas of the west and northwest.

Industry in the district during May felt indirect effects of the national industrial slow-down induced by six weeks stoppage of soft coal production. On the whole, however, the district appears to have experienced less decline and interruption of activities than occurred in those parts of the nation which depend heavily on coal for industrial fuel and power. Temporary suspension of railway transportation near the end of the month considerably complicated, for a short time, both industrial and business activity. Petroleum production gained moderately during April as a result of increases in allowables authorized by the Texas Railroad Commission. Reflecting the strong current demand of the construction industry for their products, Portland cement mills in Texas increased their production and shipments of cement in March to the highest figures on record for that month and to the highest for any month since December 1943. Additional evidence of the rapid expansion of building activity is derived from the fact that total construction contracts awards in April were 10 per cent higher than in March, and exceeded those of any other month since the spring of 1942, when construction was predominantly for military purposes. Slightly more than one-half of all contract awards were for residential construction, the bulk of which was reported to be in the category of one-family dwellings costing \$7,000 or less.

Pre-Easter shopping and an upsurge of consumer spending, estimated by the Department of Commerce to be at the highest annual rate in the history of the nation, were reflected in April sales of district department stores, which showed substantial gains over the high totals of the previous month and very sharp increases over April a year ago.

BUSINESS

Responding to the stimulus of pre-Easter buying, sales in reporting department stores of this district rose to an all-time seasonal peak in April, exceeding by 53 per cent those of the same month last year. The magnitude of this increase reflects, in part, the later impact of pre-Easter shopping this year, the increase in prices of merchandise, and the reduction of sales in April 1945 caused by the closing of some stores at the time of President Roosevelt's death.

It is notable that while the season's sales peak was reached last year one week before Easter, this year the seasonal rise starting during the week of April 6 continued upward without interruption through the Saturday before Easter, reaching a volume for that week that was 380 per cent of the weekly average in the prewar years of 1935-1939—years when there

were no shortages, incomes in relation to living costs were generally good, and individual income taxes were low.

When department store figures for the two months of March and April this year and last are combined for the respective years in order to provide periods comparably influenced by the Easter season, total sales during the two months this year are found to have exceeded those for the same months of 1945 by 30 per cent. The increase in March and April this year over total sales for the same two months in 1941, the last prewar year, amounted to 169 per cent.

In the last week of April this year, the margin of increase in department store sales over such sales in the comparable period of 1945 declined to 23 per cent, following the customary pattern of post-Easter shopping. In the first two weeks of May, however, sales began to climb again toward a peak which promised to equal, if not exceed, the high mark reached in April. Merchandise stocks in these stores at the end of April were 12 per cent above the previous month and 10 per cent larger than at the close of April 1945.

Collections of accounts receivable of department stores proceeded at a highly satisfactory rate in April, indicating an average collection period of 45 days on charge accounts and of approximately 3 months and 10 days in the case of instalments. These figures may be compared with 46 days for charge account collections and 3 months and 25 days for instalments in April of last year, and with 73 days for charge accounts and 6 months and 20 days for instalments in the same month of the last prewar year. The shorter average period of collection of both types of accounts receivable in recent years reflects the influence of increased spendable incomes and of the limitations imposed by Regulation W upon extension of consumer credit.

WHOLESALE AND RETAIL TRADE STATISTICS

	Number of reporting firms	Percentage change in			Stocks †	
		April 1946 from April 1945	March 1946	Jan. 1 to Apr. 30, 1946 from 1945	April 1946 from April 1945	March 1946
Retail trade:						
Department stores:						
Total 11th Dist.	48	+53	+6	+27	+10	+12
Corpus Christi.	4	+49	+10	+18	+22	+8
Dallas.	7	+57	+3	+32	+16	+16
Fort Worth.	4	+49	+10	+19	+19	+7
Houston.	7	+62	+6	+28	+15	+19
San Antonio.	5	+53	+6	+31	-4	+7
Shreveport, La.	3	+49	+4	+22	...	...
Other cities.	18	+40	+10	+18	+3	+11
Retail furniture:						
Total 11th Dist.	49	+56	+2	...	+13	+10
Dallas.	3	+51	-1	...	...	...
El Paso.	3	+67	-1	...	-5	+12
Houston.	6	+44	-7	...	...	...
Port Arthur.	3	+74	+16	...	...	...
San Antonio.	3	+46	+1	...	...	...
Wholesale trade:*						
Machinery eqp't & supplies.	3	+18	-6	...	...	...
Automotive supplies.	3	+30	-5	...	...	...
Drugs.	7	+37	+9	+26	+18	+1
Groceries.	24	+29	-3	+23	+14	-4
Hardware.	9	+58	+11	+34	+18	+8
Tobacco & products.	4	+72	-1	...	...	...

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

†Stocks at end of month.

‡Indicates change less than one-half of one per cent.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

	Daily average sales—(1935-1939=100)							
	Unadjusted*				Adjusted			
	April 1946	March 1946	February 1946	April 1945	April 1946	March 1946	February 1946	April 1945
District.	335r	316	299	227r	352r	336r	339	256
Dallas.	336	315	325	225	354	335r	339	253
Houston.	326	297	275	210	329	345r	312	236

Stocks—(1935-1939=100)

	Unadjusted*				Adjusted			
	April 1946	March 1946	February 1946	April 1945	April 1946	March 1946	February 1946	April 1945
District.	202	186r	170r	176	208	196r	191r	182

*Unadjusted for seasonal variation.

r-Revised.

Furniture sales of reporting stores in the district increased 2 per cent during April over the previous month and 56 per cent over April a year ago. In stores reporting cash and credit sales separately, cash sales were 2 per cent less than in March of this year but 70 per cent greater than in April 1945. Credit sales increased 5 per cent over the previous month and 48 per cent over April of last year. In these stores cash accounted for 23 per cent of total sales compared with 25 per cent in the previous month and 21 per cent in the corresponding month of last year. Thus no pronounced recent change is observable in the proportions of cash and credit transactions. Stocks, increasing during April at a more rapid rate than sales, were 10 per cent higher than at the end of March and 13 per cent above April 1945.

Two government actions recently taken are expected to improve the flow of clothing to retail stores. These were (1) an order of the Civilian Production Administration directing manufacturers and finishers of lining fabrics to set aside 15 million yards of lining cloth quarterly for garment makers and (2) a 30-day suspension of the OPA penalty order which would have prevented delivery to retailers of several hundred thousand men's high-priced suits and top-coats produced in violation of the Maximum Average Price regulation. Expansion of inventories of consumer durable goods has been delayed by the contracting output of steel and other basic materials resulting from the prolonged labor dispute in the soft-coal industry.

Comparative figures suggest, however, that what have appeared to be shortages in some lines of merchandise have been in reality the consequences of a situation in which a large volume of goods has been inadequate to meet an unprecedented demand. For instance, there has been a shortage in relation to demand of piece goods items such as silks and velvets, woolen dress goods, linens and towels, muslin, and sheeting; yet, the actual purchases of these items during the most recent full year for which data are available ranged from 263 to 332 per cent of the purchases of the same items made in 1939. Buying of women's and misses' ready-to-wear, including accessories, was three times the amount purchased in the earlier period, and in the case of women's and misses' suits, the purchases ran as high as six to one. Sales of men's and boys' wear were more than 200 per cent of the 1939 figure. A similar situation exists in the matter of consumer durable goods, in which deferred demand had reached unprecedented proportions by the end of the war. Shipments from factories of some of these items, such as radios, electric irons, vacuum cleaners, alarm clocks, home laundry equipment, and kitchenware, had reached or were closely approximating prewar volume by March of this year. Yet dealers' shelves and stock rooms are stripped of these articles so quickly that many customers fail to realize the gradual improvement in supply. Thus, while there have been, and are still, acute shortages of a great number of important consumer items and much difficulty has been experienced in obtaining many things desired from retail stores, disappointments in some cases have resulted not from a shorter supply than heretofore but from a demand so great that consumption has more than kept pace with increased production.

AGRICULTURE

Field work was delayed over most of the eastern and southern parts of the district by rains near the end of April and during a considerable part of May. The North High Plains and some other sections of northwest Texas, however, are still in need of moisture to improve ranges and facilitate planting. The continued moisture deficiency in these sections has resulted in short ranges, a sharp downward revision of the estimated wheat

yield, and a heavy abandonment of wheat acreage. Corn and grain sorghums made good progress for the most part in May, but cotton generally needs warmer weather and sunshine. Rains in the southern and eastern areas interrupted the harvest of vegetables, and accompanying hail storms inflicted considerable damage on both vegetables and fruits.

As a result of spring drought conditions in the northwest section of the State, the Texas wheat crop, which is now being harvested, was estimated at 35,666,000 bushels on May 1 by the United States Department of Agriculture. This represents a drop of more than 24,000,000 bushels below the forecast of April 1, and compares with a total production in 1945 of 41,778,000 bushels and a 10-year (1935-1944) average of 34,863,000 bushels. The average yield per harvested acre for the State was forecast at 8.5 bushels on May 1, compared with a yield of 9.0 bushels in 1945 and a 10-year average of 11.1 bushels. Local showers in parts of the South High Plains in the latter part of April and the first part of May resulted in some improvement in small areas, and irrigated acreage and wheat seeded on summer-tilled land were making good progress in mid-May. These areas, however, make up a relatively small fraction of the total wheat acreage and do not offset the decline in prospects over most of the plains section.

It was estimated on May 1 that approximately 30 per cent of the seeded wheat acreage would not be harvested this year, leaving about 4,196,000 acres for harvest. The estimated percentage of seeded acreage that will be abandoned this year is considerably greater than the 10.2 per cent in 1945, but just equals the 10-year average abandonment. Some wheat fields in the High Plains are being grazed in an effort to salvage as much of the crop as possible, while some others have been plowed up.

Reflecting both a considerable use of wheat for stock feeding and the effects of increased exports of grain to alleviate hunger in Europe, total stocks of wheat in all positions in Texas declined almost 60 per cent during the first quarter of 1946, according to estimates of the United States Department of Agriculture, falling from 22,957,000 bushels on January 1 to 9,347,000 bushels on April 1. Stocks at interior mills, elevators, and warehouses on April 1 were estimated at 427,000 bushels, compared with 7,520,000 bushels on the same date last year, and with a 10-year average of 4,073,000 bushels. Estimated stocks on farms were 1,044,000 bushels, compared with 2,364,000 bushels in April 1945.

With the aim of encouraging a rapid movement to market of wheat and other grains as they are harvested, a joint order of the Office of Economic Stabilization, the United States Department of Agriculture, and the Office of Price Administration increased ceiling prices on all grains, effective May 13. The order raised the ceiling price of corn 25c a bushel; wheat, 15c; oats, 5c; barley, 9c; and rye, 10c. On grain sorghums the increase was 18c per hundred-weight.

Corn was up to a stand over most of the district by the latter part of April and has made good progress since that time. Some fields, however, particularly in north central and northeast Texas were grassy at the middle of May due to heavy rains in those areas which delayed cultivation. Grain sorghums in the southern areas made good progress during the month of May, and planting moved ahead rapidly in those areas of the South High Plains and Low Rolling Plains of Texas that have received rain.

The planting of cotton is nearly complete in all sections of the district except in the North High Plains, where drought conditions have caused delay. In the eastern part of the district

some replanting of cotton has been necessary due to damage resulting from hail and excessive rainfall, and sunshine and warmer weather are needed to improve the general condition of the crop in that area. Chopping is underway in most of the cotton-growing sections of the district. By mid-May blooms were reported in the Lower Valley counties, and the formation of squares in the Coastal Bend area.

Commercial vegetable prospects were materially improved during the last two weeks in April. Planting of cantaloupes, green corn, and watermelons progressed under generally favorable conditions during that period. Rains starting near the end of April and continuing in May improved late plantings but caused some interruption of field operations in all early vegetable areas. Nevertheless, the harvest of cucumbers, green corn, onions, potatoes, squash, and tomatoes in the early districts made generally good progress in May.

The fruit and tomato crops of eastern Texas, which had escaped harm from frost, suffered considerable damage in some localities from severe hail and wind storms during the month. The Jacksonville and Tyler, Texas, areas reported particularly heavy damage to vegetables, fruits and berries. At different times during the month, losses of varying degree were inflicted by hail upon garden and field crops in the Lower Valley and in central and north Texas, and by excessive rains and local floods in the southeast and west central sections of the State.

Ranges were reported to be in good condition in the eastern parts of Texas and Oklahoma on May 1, but their condition had declined sharply in the High Plains, Low Rolling Plains, and the northwest counties of the Edwards Plateau. Local showers in parts of these latter areas, and in New Mexico, improved conditions slightly during the first part of May. Additional moisture is needed, however, throughout the west and northwest parts of the district to promote range growth and replenish stock water supplies.

Cattle on the dry ranges of northwest Texas underwent a marked decline during April, but in other parts of the State made satisfactory gains. The average condition of all cattle in the State on May 1 was considerably below that of a year ago, but about equal to the 20-year (1925-1944) average for that date. Some shrinkage was reported also in the dry areas of New Mexico and Arizona. The average condition in Oklahoma on May 1 was somewhat improved over a month earlier, but slightly below the condition on the same date last year.

The condition of sheep in the Edwards Plateau region of Texas was reported to be far below the condition on May 1, 1945, and slightly under the 20-year average. Dry ranges in most grazing areas of New Mexico and Arizona have held down the conditions of sheep in those states also. As a result of the generally short feed supply, marketing of Texas yearling lambs, both shorn and wool, continued heavy throughout April and the early part of May. Many of the lambs marketed, however, though only in stocker or feeder condition, went into slaughter channels. Heavy marketing is expected to continue through June. In Arizona, also, the shortage of range feed caused extensive marketing in April of high grade spring lambs, most of which were shipped to California.

Receipts of cattle and calves at the Fort Worth market increased over those of the previous month but fell considerably below receipts in April 1945. On the San Antonio market, receipts increased moderately over those of the previous month and of the same month last year. The movement of sheep and lambs into these markets more than doubled that of March

and was about 40 per cent greater than the movement in April 1945. Receipts of hogs in April increased over the previous month at Fort Worth and at both markets were well above receipts during the same month last year.

LIVESTOCK RECEIPTS—(Number)

	Fort Worth			San Antonio		
	April 1946	April 1945	March 1946	April 1946	April 1945	March 1946
Cattle.....	88,054	127,483	41,272	31,703	26,328	17,619
Calves.....	14,835	18,068	11,732	21,991	19,569	15,935
Hogs.....	57,549	42,044	58,879	8,011	6,203	8,062
Sheep.....	259,019	179,242	108,742	77,801	43,354	21,225

COMPARATIVE TOP LIVESTOCK PRICES

(Dollars per hundred weight)

	Fort Worth			San Antonio		
	April 1946	April 1945	March 1946	April 1946	April 1945	March 1946
Beef steers.....	\$17.35	\$16.50	\$17.35	16.00	\$15.75	\$16.50
Stocker steers.....	16.50	14.50	15.75	.....	.....	.....
Heifers and yearlings.....	17.35	16.50	17.35	16.25	15.00	16.50
Butcher cows.....	15.00	13.00	13.90	13.60	12.50	14.50
Calves.....	16.50	15.00	16.00	15.75	14.50	16.00
Hogs.....	14.65	14.55	14.65	14.65	14.55	14.65
Lambs.....	15.50	15.75	14.75	14.50	14.50	14.25

CASH FARM INCOME

(Thousands of dollars)

	January 1946		Total receipts		
	Receipts from Crops	Receipts from Livestock*	January 1946	January 1945	Jan. 1 to Jan. 31 1945
Arizona.....	8,050	4,279	12,329	12,792	12,792
Louisiana.....	9,338	6,299	15,637	15,531	15,531
New Mexico.....	2,467	2,434	4,901	6,894	6,894
Oklahoma.....	10,421	16,642	27,063	33,102	27,063
Texas.....	37,803	34,686	72,489	78,434	78,434
Total.....	68,079	64,340	132,419	149,753	132,419

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

SOURCE: United States Department of Agriculture.

The April 15 report of the United States Department of Agriculture indicated that the recent upward trend in prices received by Texas farmers for most field crop and livestock items has continued. Cotton rose 2 cents a pound between March 15 and April 15 to 24.4 cents, which is the highest April level since 1923. The prices of beef cattle, calves, sheep, and lambs advanced moderately during the same period, while hog prices remained stable. A very slight advance was registered in the prices of small grains, sweet potatoes, and citrus fruits. Rice, turkeys, eggs, and wholesale milk prices declined slightly.

FINANCE

Substantial withdrawals by the Treasury from its war loan accounts at depositary banks and a reduction in interbank balances were the principal factors accounting for a decline of \$83,000,000 during April in the daily average of combined gross demand and time deposits of member banks in this district. The April average of these deposits, amounting to \$5,484,000,000, was at the lowest level since November last year, but exceeded by \$1,064,000,000 the average for April 1945.

The reserve balances of member banks also declined moderately during April, the average for the month being the lowest in four months. On the other hand, required reserves continued to increase, due to the fact that the growth in customer deposits, which require reserves, partially counterbalanced the decline in reserve-exempt war loan balances. During the last half of April, excess reserves of member banks dropped to approxi-

mately \$100,000,000, the lowest since April 1945. It is probable, however, that excess reserves increased during the first half of May, in view of the fact that reserve balances rose substantially, averaging about \$15,500,000 higher than those for April.

Federal Reserve notes of this bank in actual circulation showed little change between April 15 and May 15, after having declined substantially during the preceding four months.

The gross deposits of weekly reporting member banks declined \$38,000,000 between April 10 and May 8, due to the fact that the increase of \$31,000,000 in adjusted demand and time deposits was more than counterbalanced by a \$69,000,000 decrease in Government and interbank deposits. In the same period, these banks added \$11,100,000 to their balances with the Federal Reserve Bank. In providing the funds to meet these demands, the reporting banks reduced their loans and investments by \$35,100,000, withdrew \$9,500,000 from their balances with correspondent banks, and borrowed \$2,000,000 from the Federal Reserve Bank.

Although total loans of reporting banks showed little change during the four weeks, there were substantial shifts among the various classes of loans. Loans to others than brokers and dealers for security trading declined by approximately \$5,000,000. This decline, however, was more than offset by increases of \$3,400,000 in real estate loans, of \$1,100,000 in loans to brokers and dealers, and of approximately \$1,000,000 in other classes of loans. The decline of \$17,000,000 in holdings of certificates of indebtedness was associated with the redemption in cash of the issue maturing on May 1, but the banks also reduced their holdings of Treasury bonds by approximately \$21,000,000. Holdings of other securities, which have shown an upward trend in recent months, increased further by \$3,000,000 during the four weeks, and on May 8 were \$20,000,000 higher than a year earlier. The increase over a year ago amounted to 41 per cent as compared with gains of 12 per cent in total investments and 68 per cent in total loans.

CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS
(Thousands of dollars)

	May 15, 1946	May 15, 1945	April 15, 1946
Total cash reserves	\$476,044	\$554,513	\$471,209
Discounts for member banks	1,144	200	50
Foreign loans on gold	1,440	None	1,280
U. S. Government securities	895,880	725,665	877,923
Total earning assets	898,464	725,865	879,253
Member bank reserve deposits	747,266	680,235	728,751
Federal Reserve Notes in actual circulation	588,828	565,363	589,082

CONDITION STATISTICS OF WEEKLY REPORTING MEMBER BANKS
IN LEADING CITIES—Eleventh Federal Reserve District

	May 8, 1946	May 9, 1945	April 10, 1946
Total loans and investments	\$2,097,853	\$1,673,136	\$2,132,987
Total loans	682,741	406,971	682,278
Commercial, industrial, and agricultural loans	403,867	267,427	403,681
Loans to brokers and dealers in securities	7,553	5,957	6,474
Other loans for purchasing or carrying securities	146,389	49,866	151,377
Real estate loans	39,521	22,449	36,101
Loans to banks	285	154	349
All other loans	85,126	61,118	84,296
Total investments	1,415,112	1,266,165	1,450,709
U. S. Treasury bills	55,953	58,039	53,465
U. S. Treasury certificates of indebtedness	437,156	390,176	454,072
U. S. Treasury notes	211,303	220,732	214,739
U. S. Government bonds	642,762	539,341	663,446
Obligations guaranteed by United States Gov't.	145	9,740	145
Other securities	67,793	48,137	64,842
Reserves with Federal Reserve Bank	401,948	349,840	390,834
Balances with domestic banks	225,087	222,527	234,617
Demand deposits—adjusted*	1,422,448	1,274,630	1,394,354
Time deposits	302,870	243,491	299,585
United States Government deposits	352,830	135,129	413,882
Interbank deposits	548,907	516,255	556,987
Borrowings from Federal Reserve Bank	2,000	None	None

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

DEBITS TO INDIVIDUAL ACCOUNTS

(Thousands of dollars)

	April 1946	April 1945	Pctg. change over year	March 1946	Pctg. change over month
Abilene	\$ 22,901	\$ 15,724	+46	\$ 23,477	- 2
Amarillo	54,442	45,481	+20	54,100	+ 1
Austin	84,142	66,252	+27	105,825	-20
Beaumont	56,627	52,777	+ 5	58,774	- 5
Corpus Christi	67,564	51,984	+30	70,547	- 4
Corsicana	7,402	5,840	+27	7,573	- 2
Dallas	699,336	545,684	+28	634,528	+10
El Paso	79,546	56,351	+41	81,172	- 2
Fort Worth	209,835	192,011	+ 9	218,050	- 4
Galveston	50,697	40,865	+24	58,571	-13
Houston	624,524	564,337	+11	666,873	- 6
Laredo	15,495	12,223	+27	14,858	+ 4
Lubbock	38,599	28,667	+35	39,310	- 2
Monroe, La.	22,472	15,959	+41	24,738	- 9
Port Arthur	25,855	23,058	+12	25,899	- 1
Roswell, N. M.	11,424	8,660	+32	12,849	-11
San Angelo	23,920	15,374	+56	21,026	+14
San Antonio	201,146	147,452	+36	205,436	- 2
Shreveport, La.	86,752	84,792	+ 2	93,074	- 7
Texarkana*	20,489	20,391	+ 1	21,185	- 3
Tucson, Ariz.	46,889	32,760	+43	46,509	+ 1
Tyler	31,021	23,627	+31	29,853	+ 4
Waco	37,193	26,063	+43	43,472	-14
Wichita Falls	37,912	29,126	+30	43,440	-13
Total-24 cities	\$2,555,192	\$2,105,458	+21	\$2,601,130	- 2

*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

Eleventh Federal Reserve District

(Average of daily figures—Thousands of dollars)

		Combined total		Reserve city banks		Country banks	
		Gross demand	Time	Gross demand	Time	Gross demand	Time
April 1944		\$3,292,252	\$284,539	\$1,709,275	\$175,621	\$1,582,977	\$108,918
April 1945		4,039,267	380,585	2,030,429	242,778	2,008,838	137,807
December 1945		5,109,360	451,887	2,634,630	285,371	2,474,730	166,516
January 1946		5,215,222	452,353	2,681,476	286,583	2,533,746	165,770
February 1946		5,097,096	457,348	2,620,309	293,575	2,476,787	163,773
March 1946		5,101,702	465,564	2,592,431	296,725	2,509,271	168,839
April 1946		5,012,062	472,155	2,520,721	300,908	2,491,341	171,247

SAVINGS DEPOSITS

	Number reporting banks	April 30, 1946		Percentage change in savings deposits from	
		Number of savings depositors	Amount of savings deposits	April 30, 1945	March 30, 1946
Beaumont	3	12,542	\$ 7,782,612	+ 16.3	+ 4
Dallas	8	129,309	70,478,557	+ 26.2	+ 1.7
El Paso	2	28,799	22,903,307	+ 33.7	+ 1.4
Fort Worth	3	40,114	31,704,351	+ 22.7	+ 1.3
Galveston	4	23,979	19,890,860	+ 17.7	+ 7
Houston	8	94,958	64,034,617	+ 16.3	- 7
Lubbock	2	907	2,507,072	-34.0	+141.4
Port Arthur	2	6,116	5,496,910	+ 19.7	+ 4
San Antonio	5	35,907	42,185,063	+ 23.1	+ 9
Shreveport, La.	3	33,232	25,654,108	+ 21.9	- 2
Waco	3	9,311	8,851,286	+ 25.7	+ 1.6
Wichita Falls	3	7,260	4,744,356	+ 13.7	+ 7
All other	57	60,478	49,968,494	+ 22.3	+ 1.3
Total	103	482,912	\$356,201,593	+ 22.8	+ 1.5

INDUSTRY

The rate of crude petroleum production in this district during April increased 9 per cent over March to a daily average of 2,298,000 barrels. This was only 47,000 barrels per day less than during April 1945, when the nation was still engaged in a two-front war. Production outside the district during April increased only slightly, as compared with the preceding month, to a daily average rate of 2,435,000 barrels. Stocks of Eleventh District crude declined fractionally during the five weeks period ended May 4, to 111,002,000 barrels, while stocks outside the district declined 2 per cent. As of the first week end in May, United States crude stocks stood at 221,911,000 barrels, representing a very slight increase over the same date last year but a decline of about 7,000,000 barrels below the figure for early March of this year. This decline in stocks, in the face of increased production, reflects the rising demand for both gasoline and residual fuel oil.

District crude runs to refinery stills during April averaged 1,415,000 barrels daily, an increase over the March average of 8,000 barrels per day, which was offset by a decrease outside

the district of 9,000 barrels daily, leaving the total for the nation practically unchanged. For the first time since early October, gasoline stocks for the nation as a whole have declined substantially in recent weeks, reflecting a seasonal increase in demand. The decline, amounting to 6,500,000 barrels since March 30, brought total United States gasoline stocks down to 98,158,000 barrels on May 11. This total, however, is 9,200,000 barrels larger than the figure for a year ago, when gasoline was still under rationing.

The rate of production and shipment of Portland cement by Texas mills gives indication of the expanding program of civilian construction, both residential and non-residential. Production at these mills increased sharply during March to 998,000 barrels, a gain of 35 per cent and 73 per cent, respectively, over February 1946 and March 1945. This was the highest production for March on record and the highest for any month since December 1943. Shipments, likewise, increasing 32 per cent over the previous month and 79 per cent over March 1945, rose to 1,072,000 barrels, the highest March figure on record and the highest monthly figure since August 1942. Excess of shipments over production in two consecutive months reduced stocks at the mills at the end of March to 595,000 barrels, the lowest point since November of last year. The high levels of both production and shipments and the decline in stocks clearly reflect the strong current demand.

Construction contracts awarded in this district during April increased 10 per cent over March to a total of \$68,518,000, according to F. W. Dodge Corporation reports. This is the highest total of awards attained since the spring of 1942, when construction was geared to the war program, and exceeds April 1945 awards by 119 per cent. Residential awards increased 24 per cent above the March 1946 total, to an all-time high of \$35,945,000. An indication of the dominant price type of residential construction now under way in this area is found in data compiled by the *Texas Contractor*, which shows that 82 per cent of the residential awards in Texas during April were for one-family dwellings costing \$7,000 or less, with a per-unit average cost of \$5,375.

Significant, also, for residential construction was the final enactment of national housing legislation which includes a provision for \$400,000,000 to subsidize increased production of building materials in an effort to stimulate the flow of materials to building sites. It also authorizes an increase of \$1,000,000,000 in government funds for insuring home mortgage loans; continues the priorities and allocation authority of the Civilian Production Administration to December 31, 1947; provides for price ceilings on new houses; gives veterans preference in procurement of new housing for ownership or tenancy; and confers upon the housing expediter broad authority to channel the flow of materials and to issue orders to other government agencies relative to adjustments of building material prices.

The Southwest, due to its supply and extensive use of petroleum products for power, has been relatively fortunate in the industrial and transportation crisis brought on by stoppage and temporary resumption of coal production. Coal consumption in this area being limited, it is difficult to appraise the impact of reduced coal production upon industry and business in the Eleventh District. The effects are indirect. Nevertheless, the industrial and economic interdependence of all sections of the United States is well understood. Even though only a few of its processing or assembly plants have been closed and only a few thousand of its workers made idle, this district is not immune to the creeping paralysis of industry and transportation engendered by a disruption of output in the basic

coal industry. Anticipated expansion of employment is postponed, if only because of apprehensiveness; completion of partially fabricated products or of houses under construction is held up because some vital items are unavailable; and oil-burning locomotives of the Southwest haul diminished loads because coal-burning engines on connecting lines from the East and North remain idle for lack of fuel.

COTTONSEED AND COTTONSEED PRODUCTS

	Texas		United States	
	August 1 to April 30 This season	April 30 Last season	August 1 to April 30 This season	April 30 Last season
Cottonseed received at mills (tons).....	618,851	931,279	3,084,004	4,252,284
Cottonseed crushed (tons).....	681,262	830,820	3,061,791	3,774,102
Cottonseed on hand April 30 (tons).....	21,788	132,105	240,561	589,788
Production of products:				
Crude oil (thousand lbs.)....	205,123	254,114	953,722	1,169,525
Cake and meal (tons).....	315,302	392,925	1,347,715	1,733,412
Hulls (tons).....	158,497	194,005	734,438	874,373
Linters (running bales).....	214,806	253,437	928,640	1,105,289
Stocks on hand April 30:				
Crude oil (thousand lbs.)....	1,848	8,879	12,898	29,802
Cake and meal (tons).....	12,236	27,249	48,616	106,183
Hulls (tons).....	6,144	21,721	40,818	69,454
Linters (running bales).....	8,123	19,238	57,067	78,992

SOURCE: United States Bureau of Census.

DOMESTIC CONSUMPTION AND STOCKS OF COTTON—(Bales)

	April 1946	April 1945	March 1946	August 1 to April 30 This season	April 30 Last season
Consumption at:					
Texas mills.....	17,656	15,282	17,854	147,296	141,808
United States mills.....	813,732	769,209	803,937	6,771,882	7,278,600
U. S. stocks—end of month:					
In consuming establm'ts....	2,387,882	2,188,220	.....	.....	.....
Public stg. & compresses....	7,605,701	11,025,486	.....	.....	.....

CRUDE OIL PRODUCTION—(Barrels)

	April 1946		Increase or decrease in daily average production from	
	Total production	Daily avg. production	April 1946	March 1946
North Texas.....	7,189,700	239,657	— 603	+ 11,735
West Texas.....	14,623,300	487,443	— 2,444	+ 46,153
East Texas.....	15,054,700	501,824	— 19,816	+ 55,072
Southwest Texas.....	9,573,400	319,113	— 39,270	+ 24,481
Texas Coastal.....	14,080,900	469,363	— 95,757	+ 42,124
Total Texas.....	60,522,000	2,017,400	—151,890	+179,565
New Mexico.....	2,873,850	95,795	— 8,921	— 7
North Louisiana.....	2,565,800	85,527	+ 14,425	+ 2,672
Total District.....	65,961,650	2,198,722	—146,386	+182,230

SOURCE: Estimated from American Petroleum Institute weekly reports.

BUILDING PERMITS

	April 1946		Percentage change valuation from		Jan. 1 to Apr. 30, 1946		Percentage change valuation from 1945
	No.	Valuation	Apr. 1945	Mar. 1946	No.	Valuation	
Abilene.....	159	\$ 460,178	*	-32	433	\$ 2,282,950	*
Amarillo.....	210	605,077	+481	-45	899	3,280,320	+457
Austin.....	379	1,648,116	*	-14	1,703	6,538,795	+862
Beaumont.....	216	211,136	+146	-62	945	1,274,247	+218
Corpus Christi.....	236	561,985	+174	-68	1,058	3,621,859	+356
Dallas.....	1,391	4,295,400	+566	-34	5,352	21,460,920	+942
El Paso.....	96	286,338	+489	-18	419	1,313,091	+567
Fort Worth.....	624	2,079,378	+282	-41	2,577	10,595,955	+469
Galveston.....	136	155,766	+190	-55	444	872,534	+299
Houston.....	741	4,219,706	+258	-73	2,958	33,138,374	+314
Lubbock.....	182	300,699	+126	-60	835	2,040,893	+258
Port Arthur.....	172	115,785	+ 74	-61	751	928,410	+546
San Antonio.....	1,278	1,829,732	+322	-61	4,893	11,029,256	+533
Shreveport, La.....	295	511,368	+241	-76	1,349	4,089,771	+470
Waco.....	144	379,565	+566	-27	533	1,357,453	+398
Wichita Falls.....	66	202,135	+764	- 4	295	893,727	+731
Total.....	6,325	\$17,862,364	+360	-56	25,444	\$104,718,555	+469

*Over 1,000 per cent.

VALUE OF CONSTRUCTION CONTRACTS AWARDED

	(Thousands of dollars)				
	April 1946	April 1945	March 1946	Jan. 1 to Apr. 30 1946	1945
Eleventh District—total....	\$ 68,518	\$ 31,242	\$ 62,214	\$ 203,363	\$ 102,292
Residential.....	35,945	3,263	28,954	84,239	7,775
All other.....	32,573	27,979	33,260	119,124	94,517
United States—total.....	734,911	395,798	697,593	2,177,404	1,012,578
Residential.....	370,950	42,745	275,241	837,985	108,524
All other.....	363,961	353,053	422,352	1,339,419	904,054

*37 states east of the Rocky Mountains.

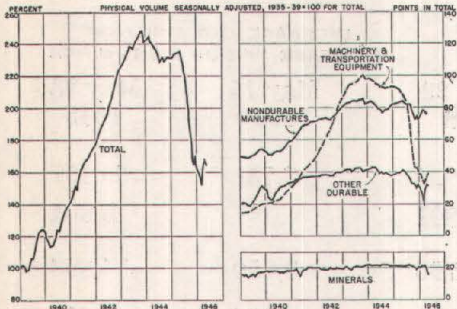
SOURCE: F. W. Dodge Corporation

JUNE 1, 1946

NATIONAL SUMMARY OF BUSINESS CONDITIONS

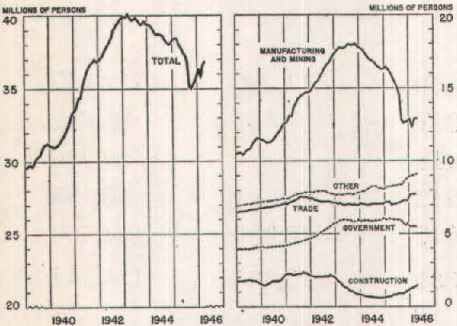
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



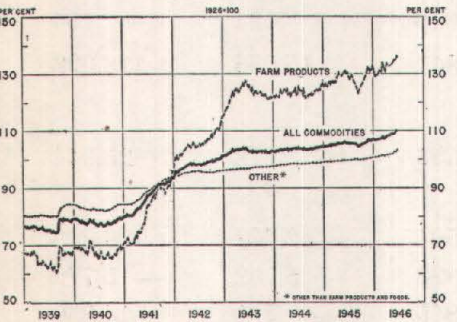
Federal Reserve index. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for April 1946.

EMPLOYMENT IN NONAGRICULTURAL ESTABLISHMENTS



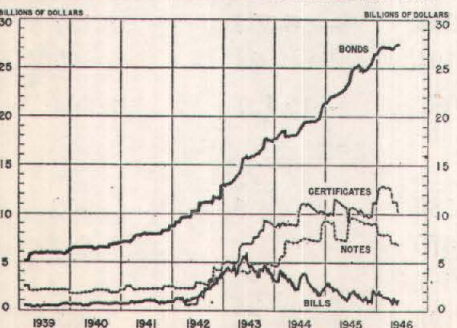
Bureau of Labor Statistics' estimates, adjusted for seasonal variation by Federal Reserve. "Other" includes transportation, public utilities, finance, service and miscellaneous. Proprietors and domestic workers excluded. Latest month shown is April 1946.

WHOLESALE PRICES



Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending May 18, 1946.

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 May 15, 1946.

Industrial output declined somewhat in April and the early part of May owing to the coal strike. Employment in the economy as a whole, however, continued to expand in April. The value of retail trade was maintained at record levels and commodity prices rose further.

INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of industrial production declined 2 per cent in April and was at 164 per cent of the 1935-39 average. The drop in coal output after April 1 and the resultant curtailment in operations in some industries were offset in part by substantial increases in activity in the automobile and electrical machinery industries following settlement of wage disputes in the latter part of March.

Production of durable manufactures as a group rose 3 per cent in April. Iron and steel production declined about 6 per cent; decreased output of pig iron and open hearth and bessemer steel was partly offset by a sharp rise in electric steel production. In May activity at steel mills continued to decline as a result of coal shortages and during the past two weeks has averaged only about 50 per cent of capacity.

The number of passenger cars and trucks assembled in April was 80 per cent greater than in March, and there also were substantial increases in activity in the railroad equipment industry and in output of many types of electrical equipment. Production of lumber and stone, clay, and glass products was maintained at the March level, which was above the same period last year.

Output of most nondurable goods was maintained in April at about the March level. Activity at cotton mills declined slightly, owing to reduced coal supplies, but output at other textile mills advanced further. The number of animals slaughtered under Federal inspection continued to decline sharply in April. Output of flour and bakery products decreased somewhat in April and is expected to decline substantially in May as a result of the stringent wheat supply situation.

Minerals production declined by a fourth from March to April, reflecting primarily the drop in bituminous coal output. There was also a further reduction in output of metals, while crude petroleum production increased in April and early May. On May 13 bituminous coal production was resumed under a temporary work agreement, and during the week ending May 18 output was 70 per cent of the pre-strike weekly rate.

Value of construction contracts awarded rose sharply in April, according to reports of the F. W. Dodge Corporation. The increase reflected a very large expansion in awards for private residential construction to a record level; awards for most other types of private construction were maintained at recent high levels.

EMPLOYMENT

Nonagricultural employment continued to gain in April notwithstanding the bituminous coal strike, and unemployment decreased by about 350,000. Manufacturing employment rose by about 400,000 largely because of settlement of major labor disputes, and construction employment showed a further large gain.

COMMODITY PRICES

Price ceilings on grains were increased substantially on May 13 and ceilings for a number of non-agricultural products have also been raised during the past month. Recent price increases for industrial products have usually been between 10 and 20 per cent. Recent advances announced for automobiles were smaller than these amounts but they were in addition to price increases made earlier this year.

Retail prices of most groups of commodities continued to show small advances in April and the consumers' price index increased 1/2 per cent to a point 3 per cent higher than in April 1945.

DISTRIBUTION

Retail sales continued at a high rate in April and the first half of May. During the past four weeks department store sales have been one-third larger in value than in the corresponding period of 1945.

Freight carloadings declined sharply in April, reflecting chiefly the drop in coal shipments. Shipments of most manufactured products continued to increase until the week ending May 18. In that week interruptions in freight service resulted in large decreases in loadings of manufactured products but bituminous coal shipments were resumed, and total loadings increased slightly.

BANK CREDIT

Treasury deposits declined, reflecting disbursements in excess of receipts, and deposits subject to reserve requirements increased during April and the first three weeks of May. Reserve balances increased less than required reserves, and excess reserves declined to about 700 million dollars on May 22. Federal Reserve holdings of Government securities, which declined substantially in the early months of the year, have increased somewhat since the middle of April.

Member bank holdings of Treasury bills, certificates, and notes declined in April and the first half of May, while holdings of Treasury bonds increased further. Loans at member banks in leading cities declined, reflecting largely reductions in loans for purchasing and carrying Government securities.

In the latter part of April the Reserve Banks, with the approval of the Board of Governors, eliminated the wartime preferential discount rate of about one-half of one per cent on advances to member banks secured by Government obligations due or callable in not more than one year. The regular discount rate on advances secured by Government obligations or eligible paper remains at one per cent.

Yields of Government securities, which declined in the early weeks of the year, rose sharply in the latter part of April and early in May.

FEDERAL RESERVE BANK OF DALLAS
COMPARATIVE STATEMENT
 (IN THOUSANDS OF DOLLARS)

ASSETS

	INCREASE (NO SIGN) OR DECREASE (MINUS SIGN) SINCE		
	May 22 1946	May 15 1946	May 23 1945
Gold Certificates on hand and due from U. S. Treasury.....	453,993	3,750	—60,197
Redemption Fund for F. R. Notes.....	25,801		5,804
Total Gold Certificate Reserves.....	479,794	3,750	—54,393
Other Cash.....	9,149	— 836	— 619
Discounts and Advances.....	2,584		2,384
Industrial Loans.....			
U. S. Government Securities:			
Bills.....	504,850	—11,200	112,847
Certificates.....	268,337	367	21,882
Notes.....	73,618		29,986
Bonds.....	38,242		—10,155
Total U. S. Govt. Securities.....	885,047	—10,833	154,560
Total Loans and Securities.....	887,631	—10,833	156,944
Due from Foreign Banks.....	4		1
F. R. Notes of other Banks.....	3,960	— 149	687
Uncollected items.....	88,870	— 7,181	15,683
Bank premises.....	817		— 56
Other assets.....	2,616	194	— 154
Total assets.....	1,472,841	—15,055	118,093

LIABILITIES

F. R. Notes.....	588,553	— 275	25,544
Deposits:			
Member banks—reserve account.....	744,504	— 2,762	88,828
U. S. Treasurer—General Account.....	16,928	— 5,702	— 5,779
Foreign.....	19,965	— 732	—14,350
Other deposits.....	2,395	914	1,167
Total deposits.....	783,792	— 8,282	69,866
Deferred availability items.....	78,233	— 6,594	18,137
Other liabilities including accrued dividends.....	504	24	57
Total liabilities.....	1,451,082	—15,127	113,604

CAPITAL ACCOUNTS

Capital paid in.....	6,589	8	902
Surplus (Section 7).....	10,670		4,645
Surplus (Section 13b).....	1,307		
Other capital accounts.....	3,193	64	— 1,058
Total Liabilities and Capital Accounts.....	1,472,841	—15,055	118,093
Commitments to make industrial loans	170		— 30