



TEXAS BUSINESS REVIEW

A Monthly Summary of Business and Economic Conditions in Texas and the Southwest

Bureau of Business Research

The University of Texas

VOLUME VI, NUMBER 8

September 27, 1932

WHILE the business horizon is still far from clear, cheerful news bearing on a variety of business items and covering many sections of the country is becoming more and more common. For example, railway carloadings have shown more than seasonal gain for five successive weeks. Electric power production is making an increasingly favorable showing compared with last year, and the textile industry has been showing marked improvement. In New York State, factories have run counter to the August seasonal down trend with a gain of 3.7 per cent in payroll and 2.9 per cent in employment. Further substantial decline has occurred in the seasonally adjusted daily average of money in circulation. The trend of bank failures continues downward, and the downward trend of total deposits of closed banks is even more pronounced.

"Under normal conditions," quoting from the Standard Statistics Company, "the improvement thus far witnessed could confidently be expected to broaden out and build up. This, however, is a presidential year when not only personalities but fundamental policies hang in balance. The tariff has been injected into the situation. A powerful bloc of ex-soldier citizens is demanding a bonus of \$2,300,000,000 from the federal treasury which is already running at a deficit of more than \$200,000,000 monthly."

A number of other disquieting problems still await solution on a fundamental basis; among them are those relating to transportation, finance, labor, and agriculture. So far only palliatives have been applied for tiding over immediate emergencies and providing breathing spells for inaugurating more permanent policies.

A widening circle of public opinion in each of the industrial countries of the world is coming to realize that what appear at first sight to be local or at most national problems, are in reality international problems and must be attacked from that angle. The full significance of the disruption during the war of the delicate mechanism of international trade and finance which had gradually evolved during many decades, is just now becoming apparent. It is also becoming more clear that although international trade constitutes only 10 per cent of our total business, its significance to industry is far greater than this percentage would imply. If there are profits at all in industry it is the final sales that determine the amount of that profit. Moreover, staple commodity prices are determined on the world market.

In August 1931, following the financial crisis in Europe and Hoover's announcement of a one year moratorium on European political debts to this country, a committee of financiers and economists headed by Albert H. Wiggin made the following statement. "In recent years the world has been endeavoring to pursue two contradictory policies in permitting the development of an international financial system which involves the annual payment of large sums by debtor to creditor countries while at the same time putting obstacles in the way of free movement of goods. So long as these obstacles remain such movements of capital must necessarily throw the world's financial balance out of equilibrium. Financial remedies alone will be powerless to restore the world's economic prosperity until there is a radical change in this policy of obstruction, and international commerce—on which depends the progress of civilization—is allowed to resume its natural development. We therefore conclude by urging most earnestly upon all governments concerned that they lose no time in taking the necessary measures."

The diagnosis made by the Wiggin's committee was confirmed by the Special Advisory Committee convoked by the Bank of International Settlement December, 1931. A most emphatic warning of danger, unless immediate steps were taken, was also given in this report.

Last June at Lausanne a great forward step was taken in that a new reparations settlement was arrived at, bringing in sight at last the end of that tragic problem which has worked untold mischief during the post-war years. In the final act of this conference it was decided unanimously that much more comprehensive action was imperatively needed. Out of this decision has grown the forthcoming world economic, financial, and monetary conference in London. This conference will undertake to solve two sets of problems. First, monetary and credit policy, foreign exchange difficulties, the level of prices and movement of capital. Second, improved conditions of production and interchange of commodities with particular attention to tariff policy, prohibitions and restrictions of imports and exports, quotas and other barriers to trade and producers' agreements. It is expected that out of this conference will also come a final solution of reparations and war debts.

The degree of success of the conference will determine in large measure the speed and extent of world economic recovery.

FINANCIAL

The general banking situation continued to improve throughout August. Short term rates in the New York money markets remained consistently low, fewer bank failures were reported, the volume of currency in circulation (adjusted) decreased measurably, and gold continued to flow in at a fairly rapid rate. From July 23 to September 3, the average daily volume of currency in circulation, (adjusted for seasonal variations) decreased by \$123,000,000, thus cancelling about 36 per cent of the increase which occurred between April 30 and July 23. Gold imports, chiefly in the form of metal released from earmark, have aggregated \$137,340,000 from June 15 to September 7. The most favorable development of the summer months, however, is to be found in the tremendous increase in value of commercial bank bond portfolios as a result of the marked improvement in the bond market. The New York Times average of 40 bond prices rose from 51.94 on May 31 to 71.16 on September 7, a net gain of almost 20 points.

Despite the general improvement in the banking situation, however, commercial banks continued throughout August to be very chary with new lending. Total loans of the reporting member banks decreased almost continuously from \$10,992,000,000 on July 27 to \$10,796,000,000 on August 31, a net decline of \$196,000,000. During the same period, on the other hand, bond holdings of the reporting banks increased by \$401,000,000, practically all of the gain resulting from increased holdings of United States Government securities. Apparently, any material increase in bank lending depends upon more definite indications of business recovery and greater assurance that another wave of small bank failures will not be experienced this autumn.

Data on banking conditions in the 11th District continue to reveal disappointing trends. Debits to individual accounts declined substantially as compared with July figures. Demand deposits and total loans extended contracted slightly. However, holdings of government securities remained fairly constant and borrowings from the Reserve Bank were reduced by half. The rise in cotton prices coupled with the normal seasonal increase in business activity should react favorably on Texas banks during the current month.

(In Millions of Dollars)			
	Aug. 1932	July 1932	Aug. 1931
Debits to Individual Accounts.....	\$460*	\$402	\$610*
Condition of Reporting Member Banks on	Aug. 31, 1932	July 27, 1932	Sept. 2, 1931
Deposits (total)	\$345	\$350	\$400
Time	125	125	138
Demand	220	225	262
Borrowings from Federal Reserve	3	6	2
Loans (total)	236	237	293
On Securities	73	74	91
All Other	163	163	202
Government Securities Owned	83	83	61

*Five weeks.

STOCK PRICES

Average prices of securities rose with enthusiasm during August. The 421 stocks included in the Standard Statistics Company's index experienced only a mild drop

during the week ended August 17 and averaged 17.4 points higher for the month of August than in July, a gain of 49 per cent.

The group of railroad stocks, though still being quoted at prices lower than industrials or utilities, made the most impressive relative gains, the index showing an increase of 37 per cent.

	Aug. 1932	July 1932	Aug. 1931
The Standard Indexes of the Security Market:			
421 Stocks Combined	53.3	35.9	95.5
351 Industrials	51.5	35.8	88.5
35 Rails	29.2	15.6	66.2
37 Utilities	84.2	55.4	154.0

WHOLESALE AND RETAIL PRICES

Wholesale prices continued on the upgrade throughout August, and all of the indexes listed below registered gains. Bradstreet's rose from \$6.80 on August 1 to \$7.17 on September 1, a gain of 5.4 per cent; and Dun's gained 4.1 per cent from \$128.76 on August 1 to \$134.10 on September 1. Farm prices made substantial gains; the United States Bureau of Agricultural Economics index of farm prices rose 2 points from 57 in July to 59 in August, and the United States Bureau of Labor Statistics index of 734 wholesale commodity prices increased 1.1 per cent due, to a considerable extent, to the improvement in farm prices.

The United States Bureau of Labor Statistics index of retail prices of food decreased from 101.0 for July to 100.8 for August.

	Aug. 1932	July 1932	Aug. 1931
Bureau of Labor Statistics	65.2	64.5	72.1
Farm Price Index*	59.0	57.0	75.0
The Annalist	94.1	92.1	101.6
Dun's	\$134.10	\$128.76	\$141.72
Bradstreet's	\$7.17	\$6.80	\$8.49

*Bureau of Agricultural Economics.

TEXAS CHARTERS

The Secretary of State granted charters to 138 new corporations during August. Although this number was 4.3 per cent smaller than that for July, authorized capital stock of the new companies was \$2,944,000, or 8 per cent greater than that for the previous month.

Charters granted by the Secretary of State were:

	Aug. 1932	July 1932	Aug. 1931
Authorized Capital Stock	\$2,944,000	\$2,723,000	\$3,185,000
Number	138	145	147
Classification of new corporations:			
Oil	28	32	29
Public Service	---	---	3
Manufacturing	21	18	24
Banking-Finance	12	5	9
Real Estate-Building	10	17	17
Transportation	2	4	8
Merchandising	38	38	29
General	27	31	28
Foreign Permits	18	22	31

There was a sharp reduction in the number of very small companies. Only 36 companies with authorized capital stock of less than \$5,000 received charters, as against 52 in July and 41 in August last year. Four of

the companies had authorized capital stock of \$200,000 or more, one of them, a mortgage loan company, being capitalized at half-a-million dollars.

More new banking and finance companies were incorporated during August than in any other month since April 1931; 12 of the new charters granted were to companies included in this group, as compared with 5 in July and 9 in August a year ago. The number of manufacturing companies increased from 18 in July to 21 in August.

COMMERCIAL FAILURES

An encouraging decline in average liabilities per failure coupled with no gain in the number of bankruptcies resulted in a definitely good showing for commercial failures in Texas during August. The total number of failures in August, as reported weekly to the Bureau of Business Research by R. G. Dun & Co., was 70; in the preceding month 70 insolvencies were also reported and 101 in August last year. Although the average weekly number increased from 14 in July to 17 in August, the comparison with August a year ago, when there was an average of 20 failures per week, showed improvement.

Only two of the firms reported had total liabilities of more than \$100,000; one of these bankruptcies, however, exerted an unusually depressing influence on the State totals because only about \$20,000 assets were offered to offset liabilities approaching half-a-million dollars. Without this latter firm, average liabilities per failure would have been only \$13,000; including it, the average liabilities per failure amounted to \$20,143, a drop of 46 per cent as compared with average liabilities of \$37,071 reported the previous month and an increase of 73 per cent as compared with the average of \$11,594 in August a year ago. Total liabilities of the 70 insolvencies were \$1,410,000 as compared with liabilities of \$2,595,000 for the failures in July and \$1,171,000 for the August 1931 bankruptcies.

Dry goods and clothing stores accounted for 11 of the failures; 9 of the bankruptcies were drug stores, 7 were groceries and meat markets, 6 were women's wear and millinery shops, and 5 were manufacturers.

	Aug. 1932	July 1932*	Aug. 1931*
Number	70	70	101
Liabilities	\$1,410,000	\$2,595,000	\$1,171,000
Assets	\$ 397,000	\$1,171,000	\$ 621,000
Average Liabilities per Failure	\$ 20,143	\$ 37,071	\$ 11,594
Average Weekly Number	17	14	20

*Five weeks.

DEPARTMENT STORE SALES

Partly because a cool August made customers unusually attentive to new fall offerings and partly because of improved business sentiment generally, August sales of the 99 department and clothing stores reporting to the Bureau of Business Research increased by substantially more than the seasonal gain experienced in the years 1927-1930. The 99 stores, which include department stores, dry goods and clothing stores, women's specialty shops, and men's wear shops, had total sales during

August of \$2,663,122, as compared with \$2,389,939 in July, an increase of 11 per cent; the average increase in the years mentioned above was only 3 per cent.

	Number of Stores Report- ing	Percentage Change in Sales Aug. 1932 from Aug. 1931	Aug. 1932 from July 1932	Year-to- date, 1932, from Year-to- date, 1931
Abilene	3	-16.2	+ 2.9	-27.9
Austin	6	-18.1	+ 6.8	-20.0
Beaumont	6	-35.8	- 5.6	-37.8
Corsicana	3	-18.5	+ 4.4	-24.3
Dallas	8	-26.0	+23.2	-24.5
El Paso	4	-27.2	+27.3	-31.9
Fort Worth	5	-26.4	+11.6	-28.8
Galveston	5	-49.1	-16.2	-33.6
Houston	12	-33.0	+ 5.9	-31.8
Lubbock	3	-29.2	-19.4	-18.8
Port Arthur	4	-31.7	+ 0.4	-27.1
San Angelo	3	-22.8	+24.2	-35.0
San Antonio	9	-27.2	+14.1	-34.1
Tyler	3	-25.8	- 4.4	-23.4
Waco	3	-34.7	+15.5	-25.1
All Others	22	-30.6	- 8.5	-29.4
STATE	99	-28.4	+11.4	-29.1
Department Stores (Annual Volume over \$500,000)	17	-27.2	+15.1	-28.8
Department Stores (Annual Volume under \$500,000)	34	-29.1	- 3.2	-30.2
Dry Goods and Apparel Stores	24	-33.2	- 0.5	-31.0
Women's Specialty Shops	11	-33.6	+18.6	-28.1
Men's Clothing Stores	13	-24.0	+13.8	-30.5

As compared with sales in August a year ago, the total sales for August this year were only 28 per cent behind—the first time since last March that sales have been less than 30 per cent below those in the corresponding month in 1931. As confidence among the buying public is restored and as customers begin to take advantage of the undoubtedly good values being offered at prices which are, according to the Fairchild Publications about 20 per cent below last year's, this lag in dollar value of sales as compared with a year ago may be greatly reduced by increased volume before the end of the year.

EMPLOYMENT

There was an increase of 0.7 per cent in the number of workers on payrolls in Texas during August. In view of the fact that this was the first time since 1929 that the number of workers in August exceeded that in the previous month, this increase assumes an unusual interest. The 954 establishments reporting employment to the Bureau of Business Research and the United States Bureau of Labor Statistics had 58,633 workers on their payrolls on August 15 as compared with 58,307 workers on July 15. The number of workers in August was 16 per cent below that in the corresponding month a year ago.

Average weekly wages per worker amounted to \$22.77 in August; in July, the average weekly wages were \$23.15. This decline in average weekly wages for all groups was materially affected by the substantial drop in the average weekly wages of the 5,313 workers in petroleum refineries, of the 638 employees at cotton compresses, of the 2,686 workers at meat slaughtering

and packing plants, of the 590 persons manufacturing women's clothing, and of the 13,216 persons employed in the occupations included in the miscellaneous group.

	No. of Estab- lish- ments	Workers			Percentage Change	
		Aug. 1932	July 1932	Aug. 1931	from July 1932	from Aug. 1931
Austin	30	636	602	848	+ 5.6	- 25.0
Beaumont	28	2,647	2,638	3,092	+ 0.3	- 14.4
Dallas	120	8,833	9,051	10,247	- 2.4	- 13.8
El Paso	41	1,290	1,261	1,715	+ 2.3	- 24.8
Fort Worth	46	4,613	4,486	4,915	+ 2.8	- 6.2
Galveston	25	1,015	1,127	1,025	- 9.9	- 1.0
Houston	74	7,778	7,734	9,424	+ 0.6	- 17.5
San Antonio	73	3,394	3,144	3,689	+ 8.0	- 8.0
Waco	20	728	806	819	- 9.7	- 11.1
Wichita Falls	30	673	713	749	- 5.6	- 10.1
Mis- cellaneous	467	27,081	26,745	33,143	+ 1.3	- 18.3
STATE	954	58,688	58,307	69,666	+ 0.7	- 15.8

BUILDING

Building permits awarded in 37 of the leading cities of the State totalled \$1,324,715 during the month of August, according to reports by chambers of commerce direct to the Bureau of Business Research. While this total was 3.6 per cent larger than that for July, the average gain between July and August during the five years from 1927 through 1931 was 31 per cent. As

	Aug. 1932	July 1932	Aug. 1931
Abilene	\$ 2,490	\$ 1,325	\$ 8,365
Amarillo	35,675	10,932	363,387
Austin	72,654	91,392	124,188
Beaumont	19,696	12,135	75,726
Brownsville	3,397	2,920	46,066
Brownwood	7,200	2,000	7,400
Cleburne	4,025	2,570	1,800
Corpus Christi	14,098	11,026	61,950
Corsicana	10,345	21,975	7,800
Dallas	255,339	201,831	293,005
Del Rio	3,485	4,215	1,427
Denison	3,840	1,940	9,395
Eastland			3,700
El Paso	93,001	19,906	80,193
Fort Worth	78,480	158,245	403,223
Galveston	36,562	41,089	56,092
Harlingen*	6,025	4,250	†
Houston	183,480	135,088	812,185
Jacksonville	3,600	2,050	15,000
Laredo	5,000	400	1,300
Longview	48,784	166,658	110,460
Lubbock	3,397	1,400	23,520
McAllen	200	185	11,500
Marshall	6,310	6,052	5,258
Paris	7,065	10,798	5,914
Plainview	95,000	152,000	13,200
Port Arthur	8,349	5,696	14,876
Ranger	500		
San Angelo	4,330	3,840	15,755
San Antonio	122,643	120,516	361,033
Sherman	5,745	32,170	19,325
Snyder	500	100	980
Sweetwater	4,275	4,800	1,800
Temple	9,930	9,425	51,630
Tyler	72,104	21,548	212,867
Waco	26,738	16,887	29,060
Wichita Falls	76,478‡	4,953	13,580
TOTAL	\$1,324,715	\$1,278,067	\$3,263,500

*Not included in total.

†No report.

‡Includes one suburban permit for \$73,000.

compared with the total for August a year ago, building permits in the month just past were 59 per cent smaller.

Total construction contracts awarded in Texas during August according to the F. W. Dodge Corporation were valued at \$5,562,600, of which \$664,700 was for residential building, \$1,606,700 for non-residential building, \$2,966,100 for public works, and \$325,100 for public utilities: in August a year ago, total construction contracts awarded were valued at \$11,586,000, of which \$1,818,000 was for residential building, \$2,579,300 for non-residential building, \$4,527,700 for public works, and \$2,661,600 for public utilities.

LUMBER

An unusual speeding up of lumber activity, not what might be termed "in line" with the continued pessimism in the building industry, occurred in the southern pine mills reporting to the Southern Pine Association. During the past five years there has been little or no change in production schedules between July and August; yet this year, average weekly output per mill rose from 153,920 feet in July to 163,615 feet in August and had reached 173,844 feet for the week ending August 27. The average for August was only 17 per cent under that for August last year, by far the most active showing which has been made in many months.

This extra-seasonal increase in production was not the only sign of increased activity at southern pine mills. Average weekly shipments per unit, for instance, were greater by 24 per cent in August than in July; and, at 218,045 feet, average weekly shipments during August were 45,000 feet greater than average weekly output.

Unfilled orders on August 27 amounted to an average of 592,344 feet per unit, an increase of 39 per cent as compared with bookings a month earlier and only 3 per cent below those at the close of August a year ago. Unfilled orders were only 8,000 feet below the high established on March 26.

The Southern Pine Association reports the following data for its member mills:

(In Board Feet)			
	Aug. 1932	July 1932	Aug. 1931
Average Weekly Production per Unit	163,615	153,920	197,632
Average Weekly Shipments per Unit	218,045	176,137	255,243
Average Unfilled Orders per Unit, End of Month	592,344	427,327	611,489

CEMENT

The same stepping up of activity which was experienced in the lumber industry in August was manifested in the Texas portland cement industry also. Production at Texas mills, which normally changes very little between July and August, rose this year from 276,000 barrels in July to 325,000 barrels in August, a gain of practically 18 per cent, according to the United States Bureau of Mines. Last year in August, 644,000 barrels of cement were produced at Texas mills.

Shipments increased by 26 per cent over July and totaled 386,000 barrels, the highest for any one month

since last October, and made a drain of 62,000 barrels on existing stocks at mills. At 603,000 barrels, stocks at Texas mills were 10 per cent less than those at the close of July and equalled those at the close of August a year ago.

According to the Bureau of Mines, activity in Texas cement mills was as follows:

(In Thousands of Barrels)			
	Aug. 1932	July 1932	Aug. 1931
Production	325	276	644
Shipments	386	307	667
Stocks	603	667	603

PETROLEUM

Just at present the oil industry is greatly concerned over the fact that while production of crude has been thus far maintained through 1932 on a much lower level than was the case for most of 1931, and while at the same time the volume of crude runs to stills has been considerably lower through 1932 than in 1931, yet gasoline stocks at refineries since the middle of July this year have continued to be higher than they were for the same period of 1931. One expression of the influence of these excess stocks is the lowering of retail prices of gasoline in certain sections of the country.

With respect to the immediate production situation in Texas, in spite of the dominance of the position in oil production held some time now by the East Texas field and its three large pools, exploration and discovery continue in other sections of the State. For instance, during the past month only, 7 oil wells were completed in the Conroe field, making a total of 11 successful completions in that field. The choked-in potential of this field is around 11,000 barrels a day, while the open-flow potential is estimated at around 30,000 barrels a day. In addition to these recent completions, there are now 13 drilling operations at work in the Conroe field. Other recent completions have occurred in Bee County, 3 miles south of the Pettus field and 3 miles north of the Normanna field. Still another is the Coyle-Concord No. 1 in Colorado County; this is a gas producer with an estimated 50,000,000 cubic feet per day, which is obtained at a depth of a little more than 4,000 feet.

Continued successful exploration and the reasons for such operations need not be confused with the significance of the great East Texas field; during the first half of this year the Longview pool of this field produced 22,345,000 barrels, Kilgore 19,745,000 barrels, and Joiner 18,662,000 barrels, or a total of 60,752,000 barrels. The dominance of these pools stands out in comparison with production from other big fields of the country; for example, during the first half of 1932 the Oklahoma City field produced 18,187,300 barrels, or a little less than the smallest pool of the East Texas field; during the same period Long Beach, California, furnished 14,458,600 barrels; Santa Fe Springs, California, 11,740,000; Yates, Texas, 11,288,300; Kettleman Hills, California, 10,891,600; Van pool in Van Zandt County, Texas, 8,821,000 barrels. During this same period of the first half of the year the dozen pools that comprise the greater Seminole field of Oklahoma produced a total

of 18,110,300 barrels, which again is less than the reported production of the smallest of the East Texas pools. It is true that all of these great fields which produce so large a share of the American output are pinched-in, and the proper pinching-in in controlled production in a field should be as a rule in direct relation to the potentials of the field.

With these vast potentials present in Texas and as oil constitutes one of the major natural resources of the State, the question of the successful and effective operation of the oil industry forces itself into the position of one of the really big economic questions confronting the people of the State of Texas.

Daily average production as reported by the American Petroleum Institute was as follows:

(In Barrels)			
	Aug. 1932	July 1932	Aug. 1931
Panhandle	53,980	53,712	57,725
North Texas	49,860	49,975	55,800
West Central Texas	24,590	24,563	23,387
West Texas	173,620	178,475	204,587
East Central Texas	56,640	57,337	52,787
East Texas	328,000	337,363	746,900*
Southwest Texas	54,640	55,937	57,175
Coastal Texas	124,280	118,650	130,512
STATE	865,610	876,012	1,141,650
UNITED STATES	2,133,630	2,162,687	2,353,462
Imports	91,686	77,750	178,571

*Average for three weeks only.

New developments in Texas as reported by the *Oil Weekly* were:

	Aug. 1932*	July 1932	Aug. 1931
Permits for New Wells	905	870	514
Wells Completed	1,011	878	414
Producers:			
Oil Wells	828	721	321
Gas Wells	17	16	7
Initial Production (In Thousands of Barrels)	5,286	4,874	2,105

*Five weeks.

Gasoline sales, according to taxes collected by the State Comptroller, amounted to 66,136,000 gallons in July, as compared with 68,926,000 gallons in June and 80,127,000 gallons in August a year ago.

COTTON MANUFACTURING IN TEXAS

With the materializing into actual orders of what evidently was deferred demand, Texas cotton mills experienced a much more animated month during August than had prevailed in many months. More than seasonal gains as compared with the previous month were made in all phases of production and sales: in amount of cotton consumed, cotton goods sales, unfilled orders, and spindle hours operated. August activity was well ahead of that for the corresponding month a year ago.

Cotton goods sales followed up the improvement made during July with a gain of 72 per cent for August, to reach 5,400,000 yards, the highest figure with only one exception since November, 1929.

Unfilled orders more than doubled during August: at the end of the month, unfilled orders amounted to 7,580,000 yards as against 3,265,000 yards at the end of

July. In the years 1927-1931, there was an average drop of 29 per cent in unfilled orders from July to August. Bookings were 4,017,000 yards in August last year.

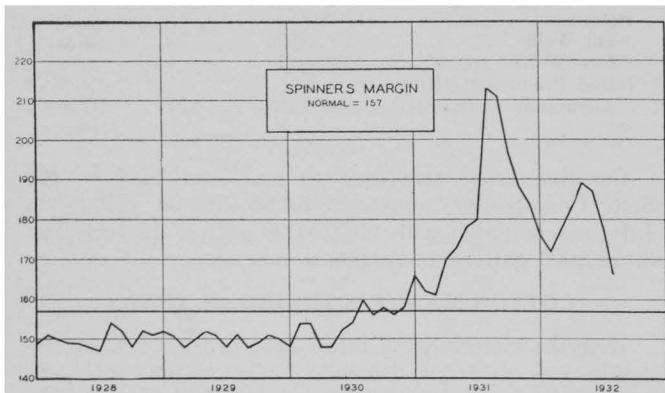
One mill which had been closed down during the latter part of July was reopened, and the total number of spindles active rose from 128,719 in July to 139,426 in August.

Reports from 21 Texas cotton mills were as follows:

	Aug. 1932	July 1932	Aug. 1931
Bales of Cotton Used.....	4,817	3,234	4,176
Yards of Cloth:			
Produced	3,552,000	2,485,000	3,930,000
Sold	5,400,000	3,141,000	4,851,000
Unfilled Orders	7,580,000	3,265,000	4,017,000
Active Spindles	139,426	128,718	173,729
Spindle Hours	42,311,000	29,523,000	33,158,000

SPINNERS MARGIN

The rise in the price of both cotton and yarn lowered the average spinners ratio margin from 178 in July to 166 during August. It is significant to note that the pence or absolute margin actually widened from an average of 3.72d in July to 3.81d during August. It is also significant to note that the pence margin was higher at the end of the month than at the beginning. The advance in the price during August was due largely to the Government report on the prospective crop, but in the face of that, yarn prices went up more in pence than did cotton. During the first week in August, the pence margin was 3.68d and the last week it was 3.92d. During August 1931, the ratio margin reached its peak for this swing at 213 and the pence margin was 4.25d.



TEXTILE SITUATION

Sales of cotton carded cloth during August were 510,531,000 yards; this was 282.4 per cent of production, according to the report of the Association of Cotton Textile Merchants of New York. Stocks on hand decreased from 281,249,000 yards August 1 to 209,407,000 yards August 31, and unfilled orders jumped from 227,952,000 yards August 1 to 485,860,000 yards August 31.

Last year during August, sales amounted to only 167,555,000 yards and unfilled orders at the end of August were only 217,508,000 yards. These figures indicate that cotton is in a stronger position now than it was on this date in 1931 due to stronger demand.

COTTON BALANCE SHEET

According to official figures the indicated supply of cotton in the United States on September 1 was 20,171,000 bales. This is 1,253,000 bales less than the supply on September 1, 1931. The estimated crop this year is 4,375,000 bales less than last year on September 1, but unfortunately the carryover in America was increased by over 3,200,000 bales.

Total changes in supply during the previous seven years as of September 1 equalled 12,230,000 bales. The total corresponding changes in the New Orleans index price for middling spot cotton as of the close of August 8 was 2.777 points, or an average change of 22.71 points in the price for each change of 100,000 bales in supply. If this rate of change in price to changes in supply holds good now, this figure alone would indicate an index price some 284 points above last year's. European port stocks are 105,000 bales above last year and the Bureau of Labor Statistics wholesale price index has gone down from 71.2 last year to 65.2 September 1 this year. When the price is adjusted for these and also the spinners margin, the final calculated New Orleans spot price based on this method of calculation is 7.99 cents.

As has been pointed out before, when the supply is above average, a change of 100,000 bales in supply causes less than average change in price. When that is taken into account, the indicated price is 7.17 cents for New Orleans middling spots.

When the price calculation is based on average percentage change in price corresponding to percentage changes in supply, the indicated price is only 6.84 cents. The supply price chart for September indicates a price of between 6.50 cents and 7 cents.

COTTON BALANCE SHEET IN THE UNITED STATES

AS OF SEPTEMBER 1

(In Thousands of Running Bales)

Year	Carry-over	Imports*	Sept. 1 Estimate*	Total	Consumption	Exports	Total	Balance
1925-1926	1,610	9	13,740	15,359	451	313	764	14,595
1926-1927	3,543	13	15,166	18,722	500	385	885	17,837
1927-1928	3,762	28	12,692	16,482	635	322	957	15,525
1928-1929	2,536	25	14,439	17,000	526	253	779	16,221
1929-1930	2,313	25	14,825	17,163	559	226	785	16,378
1930-1931	4,530	6	14,340	18,876	352	366	718	18,158
1931-1932	6,369	7	15,685	22,061	426	211	637	21,424
1932-1933	9,682	7	11,310	20,999	403	425	828	20,171

*In 500-pound bales.

The cotton year begins on August 1.

COTTON

The prospective crop of the United States still holds the center of the stage in so far as cotton market news is concerned. Most private estimates have been shooting wide of the mark if the Government is right. On an average, private estimates were much larger than the Government report on August 8. On September 3, the consensus of opinion among private estimators indicated a decline of at least 500,000 bales from the August report. The Government estimate was 11,310,000 bales, or an increase over August of 4,000 bales. Opinion now is divided as to whether the crop as a whole has made a net gain or loss. The prevailing opinion among traders now seems to be "stay on the conservative side, or wait and see."

This conservative attitude has also been strengthened by the increasing attention being given to cotton crop prospects outside the United States, especially in India and China. World supply of cotton for the year 1932-1933 bids fair to be approximately the same as that last year. In other words, the large increase in the carryover of American cotton over August 1 last year plus increased prospects in India and China just about offset the indicated decline in American, Egyptian, and sundries production for this year.

AGRICULTURE

Estimated production of Texas crops for 1932 is less than was actually harvested in 1931 with the exception of corn, grain sorghums, peanuts for nuts, sweet potatoes, and apples, according to the United States Bureau of Agricultural Economics. The following tabulation gives the estimated production of the various crops for 1932 in Texas and the United States and the actual production in 1931 for comparison:

	Production (In Thousands)*			
	Texas		United States	
	Estimated 1932	Actual 1931	Estimated 1932	Actual 1931
Cotton	4,092	5,320	11,300	17,100
Corn	105,580	94,248	2,854,000	2,563,000
Winter Wheat	29,779	57,572	442,000	789,000
All Wheat	29,779	57,572	715,000	894,000
Oats	43,659	59,976	1,245,000	1,112,000
Barley	4,218	5,194	303,000	198,000
Rice	8,601	10,653	37,700	45,200
Grain Sorghums	66,896	60,000	118,000	105,000
Peanuts for Nuts	99,900	85,330	1,026,000	1,083,000
All Tame Hay	616	606	68,600	64,200
Wild Hay	186	174	11,400	8,100
Sweet Potatoes	6,391	4,968	76,200	62,900
Broom Corn	1.4	1.5	37	45
Apples	158	150	138,000	202,000
Peaches	792	1,500	46,400	76,600
Pears	224	383	22,200	23,300
Grapes	1.8	1.8	2,090	1,620
Grapefruit .....	.....	2,480	.....	14,700
Oranges .....	.....	520	.....	49,500
Pecans	19,500	32,000	.....	76,700

*Cotton in bales. Peanuts and Pecans in pounds. Tame Hay, Wild Hay, Broom Corn, and Grapes in Tons. All others in bushels.

FRUIT AND VEGETABLE SHIPMENTS

With the season for Texas fruits and vegetables just about over, a summary of the daily reports of the United States Department of Agriculture shows that 50,165 carloads of Texas fruits and vegetables were

shipped during the twelve months ending September 1, 1932, as compared with 55,972 carloads during the previous season. No records are available at this time on shipments by truck.

The freeze last March, which caused considerable damage to fruit and truck gardens in widely scattered sections of the State, resulted in reduction of close to 50 per cent in shipments of tomatoes, peaches, strawberries, and early summer vegetables such as string beans and peppers. Whereas 8,563 carloads of tomatoes were shipped during 1930-1931, only 4,197 carloads were shipped during the season just past. Mixed vegetables dropped from 8,069 cars in 1930-1931 to 7,284 cars in 1931-1932; only 6,371 carloads of spinach and 6,135 carloads of cabbage were shipped during the past season as compared with 7,100 carloads and 8,565 carloads respectively in the 1930-1931 season. Watermelon loadings amounted to only 3,117 cars as compared with 4,023 cars the preceding year. Potato shipments dropped from 5,022 cars in 1930-1931 to 3,435 cars in 1931-1932. Only about half as many cars of beets and green corn were shipped in 1931-1932 as in the preceding year.

Most notable among the gains in shipments were those for grapefruit, which accounted for 5,230 cars as compared with only 2,096 cars during the preceding season, and for onions, which totalled 8,039 carloads as against 5,562 carloads in the 1930-1931 season. Unusually large relative gains were made in all other citrus fruits, cauliflower, green peas, carrots, turnips and rutabagas, and greens.

Although there is not available at the present time an index of the returns to producers of Texas fruits and vegetables, the United States Department of Agriculture index of prices paid to producers of farm products in the entire United States shows that prices of fruits and vegetables rose gradually throughout the shipping season, as indicated by the gain in the index of fruit and vegetable prices from 62 in February to 83 in July.

Shipments of fruits and vegetables during August were as follows:

	(In Carloads)		
	Aug. 1932	July 1932	Aug. 1931
Mixed Vegetables .....	.....	1	.....
Sweet Potatoes	5	8	3
Onions	3	151	8
Tomatoes .....	.....	280	.....
Potatoes	2	26	4
Watermelons	108	1,451	402
Cantaloupes	309	245	153
Peaches	1	19	.....
Grapes	1	4	.....
Pears	44	50	56
Deciduous Fruit .....	.....	.....	1
TOTAL	473	2,235	627

POULTRY AND EGGS

Total interstate rail shipments of poultry and eggs amounted to 99 cars during August, compared with 111 cars during the corresponding month last year. Poultry shipments declined from 82 cars a year ago to 58 cars during the month under review, while egg shipments of 41 cars were more than 40 per cent greater than the 29 cars shipped August 1931.

Interstate rail receipts of eggs during August amounted to 21 cars or five times the volume brought in last year. Ten cars came from Kansas, 7 from Missouri, 3 from Oklahoma, and 1 from Wisconsin.

Cold storage holdings of frozen and shell eggs combined on September 1 amounted to 8,609,000 cases compared with 12,167,000 cases a year ago and 12,231,000

cases the five-year average, a decline of 41 and 42 per cent respectively. This favorable statistical position of storage eggs together with the pick-up in demand which seems to be under way gives a more favorable outlook for egg prices unless excessive current receipts should offset these advantages.

LIVESTOCK CONDITION AND MOVEMENTS

The United States Bureau of Agricultural Economics in its September 12 release reports condition of ranges well above average and feed supplies abundant in practically all feed-producing areas. Reflecting the favorable feed and range situation, the condition of both cattle and sheep was higher than during August 1931.

The following tabulation gives condition of ranges and livestock in Texas as of September 1.

	Condition of Ranges Per Cent of Normal			Condition of Livestock Per Cent of Normal		
	Cattle	Sheep & Goats		Cattle	Sheep	Goats
September 1, 1932	83	88		86	85	86
One Month Ago	85	85		86	85	86
One Year Ago	79	82		84	84	85
5-Year Average	78	78.6		84.2	83.8	86.2

Ranges in the western range states are in much better condition than a year ago due to the severe drouth last year.

Total interstate (plus Fort Worth) shipments of livestock from Texas amounted to 2,154 cars, a decline of almost 31 per cent from the 3,108 cars shipped during August last year. The decline in shipments was due mainly to the sharp slump of cattle shipments to Fort Worth, which were less than half those last year. Shipments of calves were only slightly less than those of last year, while hogs and sheep showed a substantial increase. Almost ten times as many cattle and three times as many sheep were shipped from Texas to Los Angeles as were destined for that market August 1931.

Interstate (plus Fort Worth) rail and truck shipments of all classes of cattle during the first eight months of the year amounted to 33,668 cars or practically the same as the 33,870 cars shipped during the corresponding period last year. The small decrease was due to smaller shipments of cattle, which were not quite offset by the larger shipments of the other classes of livestock.

AUGUST CARLOAD MOVEMENT OF POULTRY AND EGGS*

Shipments from Texas Stations

Destination	Cars of Poultry								Cars of Eggs	
	Live				Dressed					
	Chickens		Turkeys		Chickens		Turkeys		1932	1931
	1932	1931	1932	1931	1932	1931	1932	1931	1932	1931
TOTAL	---	9	---	---	61	75	---	2	55	39
Intrastate	---	---	---	---	3	4	---	---	14	10
Interstate	---	9	---	---	58	71	---	2	41	29
New York	---	5	---	---	32	26	---	---	1	2
Illinois	---	---	---	---	1	9	---	---	4	5
Massachusetts	---	---	---	---	---	---	---	---	1	---
New Jersey	---	---	---	---	3	12	---	---	---	---
Pennsylvania	---	---	---	---	12	9	---	---	3	---
Louisiana	3	4	---	---	3	1	---	---	11	9
Connecticut	---	---	---	---	4	10	---	---	---	---
Missouri	---	---	---	---	2	2	---	1	3	1
Georgia	---	---	---	---	---	---	---	---	7	---
Michigan	---	---	---	---	---	---	---	1	---	1
California	---	---	---	---	1	---	---	---	3	---
Alabama	---	---	---	---	---	---	---	---	1	4
Florida	---	---	---	---	---	---	---	---	1	---
Rhode Island	---	---	---	---	---	1	---	---	---	---
Ohio	---	---	---	---	---	---	---	---	1	---
Tennessee	---	---	---	---	---	---	---	---	---	1
Maryland	---	---	---	---	---	1	---	---	1	---
Mississippi	---	---	---	---	---	---	---	---	1	5
Kansas	---	---	---	---	---	---	---	---	1	1
Iowa	---	---	---	---	---	---	---	---	1	---
Kentucky	---	---	---	---	---	---	---	---	1	---

Receipts at Texas Stations

Origin						
TOTAL	---	---	1	---	33	16
Intrastate	---	---	1	---	12	12
Interstate	---	---	---	---	21	4
Kansas	---	---	---	---	10	4
Missouri	---	---	---	---	7	---
Oklahoma	---	---	---	---	3	---
Wisconsin	---	---	---	---	1	---

*These data are furnished the U. S. Department of Agriculture, Division of Crop and Livestock Estimates, by railway officials through agents at all stations which originate and receive carload shipments of poultry and eggs. The data are compiled by the Bureau of Business Research.

AUGUST CAR-LOT† SHIPMENTS OF LIVESTOCK*

	Cattle		Calves		Swine		Sheep		Total	
	1932	1931	1932	1931	1932	1931	1932	1931	1932	1931
Total Interstate Plus Fort Worth‡	1,209	2,322	441	460	156	93	348	233	2,154	3,108
Total Intrastate Omitting Fort Worth	759	952	179	171	51	70	69	64	1,058	1,257
TOTAL SHIPMENTS	1,968	3,274	620	631	207	163	417	297	3,212	4,365

AUGUST CAR-LOT‡ RECEIPTS OF LIVESTOCK*

	Cattle		Calves		Swine		Sheep		Total	
	1932	1931	1932	1931	1932	1931	1932	1931	1932	1931
Total Interstate Plus Fort Worth‡	156	141	14	28	56	98	3	9	229	276
Total Intrastate Omitting Fort Worth§	586	802	166	145	43	66	59	52	854	1,065
TOTAL RECEIPTS	742	943	180	173	99	164	62	61	1,083	1,341

*These data are furnished the United States Bureau of Agricultural Economics by railway officials through more than 1,500 station agents, representing every livestock shipping point in the State; the data are compiled by the Bureau of Business Research.

†Rail-car basis: cattle, 30 head per car; calves, 60; swine, 80; and sheep, 250.

‡Includes receipts at "other" Texas points from Fort Worth.

§Represents all intrastate receipts, except those received at Fort Worth.

¶Fort Worth shipments are combined with interstate forwardings in order that the bulk of market disappearance for the month may be shown.

Those wishing the Texas Business Review regularly will receive it without charge upon application

Entered as second-class matter on May 7, 1928, at the postoffice at Austin, Texas, under the Act of August 24, 1912.