

TEXAS BUSINESS REVIEW

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

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Business men are more interested than ever before in information regarding such matters as changes in employment, payrolls, department store sales, and related facts showing current conditions of business in Texas.

No other publication offers the Texas man of commercial affairs such complete information along these lines as is carried in the TEXAS BUSINESS REVIEW, the official monthly publication of The University of Texas Bureau of Business Research.

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NOTWITHSTANDING the many uncertainties which still confront all lines of Texas industry, there is evidence of much greater public confidence in the future than prevailed a year ago.

Perhaps the most optimistic feature of the current business situation is the moderation of the seasonal decline in industrial activity which has taken place in recent weeks after the abrupt rise of the previous four months. This fact seems further to confirm the opinion that business recovery has thus far been based primarily upon fundamental factors rather than upon the novel economic experiments which are now being formulated and rapidly being put into effect. As the belief grows that resort to radical inflationary measures may not after all be found necessary, it is probable that private enterprise will become more aggressive and direct public participation in industry less necessary.

Standing in the background as great potential sources of demand, as the business outlook clears up, are the construction industries and the railroads. So far, both residential and commercial construction have lagged far behind many other lines of industry and the railroads only recently have given signs of placing substantial orders for various types of equipment. Moreover, the potential demand for the products of the motor industry is still far from exhausted and the same is

doubtless true of many other industries which have so far been chiefly responsible for the rise in industrial activity which has taken place since the middle of March.

The business outlook for the immediate future is clouded by the conflicting forces inherent in the National Recovery program. The basic objectives of this program are to abruptly raise commodity prices and increase employment and pay rolls. At the same time retail prices are to be held in check so that the rank and file of citizens may have increasing command over goods and services. Necessarily such a program involves many painful readjustments and contains apparent inconsistencies. Important features of the administration program as embodied in the codes of ethics for the various industries have for years been recognized as essential to ameliorate the evils of wasteful competition. Many of these features which are being urged most strongly now in the recovery program appear to be definitely in conflict with the anti-trust laws of both Federal and state governments. Should the administration program finally result in the removal of the shackles imposed upon industry, it may reasonably be expected that business will be able to successfully absorb those elements of the program as may prove to have been ill advised.

Texas, for example, stands to gain immeasurably from the more rational control of the oil situation as contemplated in the code of fair practices recently adopted. On the other hand there are doubtless features in the code that will work hardships upon individuals and groups within the industry. The best that can be hoped from the recovery program in all its phases is that the constructive features will more than offset the unfavorable ones and that there will be a net balance of gain resulting from human effort which will supplement the natural forces which are so obviously making for industrial recovery.

Both the immediate and longer time outlook for agriculture is decidedly spotted and obscure and a number of knotty problems illustrate the composite character of this industry. The sharp rise in the price of wheat and commercial feeds while beneficial to the agricultural regions that have a surplus of these products has brought about a critical situation for livestock feeders, dairymen and poultrymen. Even within these smaller subdivisions of agriculture sharp conflicts of

interest are appearing between those who produce the raw materials and those who convert them into manufactured products. Processing taxes are further complicating the situation by imposing extra costs upon manufacturers which, in the present state of the public mind cannot always readily be passed on to the consumer. Especially will this be a hardship upon small operators with inadequate reserves and poor credit standing.

These farm price maladjustments present special problems for Texas farmers, cattlemen, and the manufacturers of Texas farm products. With the emphasis placed upon raising the price of cotton, the problem of maintaining interest in livestock and many comparatively new manufacturing industries based upon livestock and its products, becomes increasingly more difficult. And yet the livestock industries in Texas must be expanded since the nationalistic agricultural policy upon which the country appears to be launched calls for severe restriction of the acreage of Texas cotton and wheat and correspondingly greater emphasis upon feed crops for livestock. Assuming that this nationalistic policy will be carried to its logical conclusion, stupendous efforts will need to be put forth by the leaders of Texas agriculture and industry in reducing costs of production and in securing profitable markets for the greatly increased supply of animal products which this policy implies. Livestock feeding and packing, dairy manufacturing and enterprises based upon poultry production will need to be greatly expanded.

Evidence of business improvement is reflected in the July employment figures covering 926 establishments which were 3 per cent above those for June and more than 8 per cent larger than for July 1932; in merchandise retail sales figures showed an increase of 9.5 over July last year and a considerably smaller seasonal decline from June than in any of the preceding three years; and new passenger car registrations were 109 per cent greater than in July, 1932, while total sales for the first seven months were 47 per cent above those for the corresponding period last year.

FINANCIAL

During the past month, the attention of the Administration has been concentrated almost wholly upon the gigantic task of organizing and putting into operation the nation-wide N.R.A. program. It is becoming increasingly evident that this program is to constitute the major attack upon the depression and that drastic inflationary steps will be attempted only as a last resort to bolster up a threatened failure of this offensive. There is a growing feeling in some quarters, however, that a rapid expansion of bank credit will be required in the near future in order to tide over distressed business concerns. The essence of the N.R.A. program is that employers are asked voluntarily to increase their labor costs without immediately raising prices. For many thousands of concerns, this increased operating expense spells disaster unless they can borrow funds with which to carry on until business recovery increases their sales volume sufficiently to permit a profit margin.

It is not unlikely, therefore, that the government will shortly attempt some artificial expansion of bank credit. Such expansion would be expected to take the form of substantial open market purchasing by the Reserve Banks, but it is entirely possible that more drastic steps will be taken. Perhaps the government may go so far as to endorse the short term notes of "deserving" business borrowers. Thus far (August 16) at least, reserve bank open market purchasing has been negligible in amount and has done little more than offset the repayment of borrowings by member banks.

The condition of the reporting member banks has changed but little during the past month. Net demand deposits decreased from \$10,709,000,000 on July 12 to \$10,495,000,000 on August 9, the decline of \$214,000,000 evidently representing a further utilization of funds by depositors since the Glass Bill forbade banks to pay interest on demand deposit balances. During the same period, borrowings from the Reserve Banks increased from \$21,000,000 to \$28,000,000; total loans declined from \$8,642,000,000 to \$8,538,000,000; total investment holdings dropped from \$8,082,000,000 to \$7,986,000,000. Not only was there no expansion of bank credit during the month, but the velocity of circulation, as indicated by debits to individual accounts, declined considerably.

Banking statistics for the Eleventh District show the same general trends for the month as do figures for the country as a whole. Demand deposits declined slightly, as did the total volume of bank credit in use. However, the decline in total loans outstanding and in government securities owned was almost negligible. Borrowing from the Reserve Bank remained constant at \$1,000,000. Debits to individual accounts, although somewhat lower than in June, were substantially ahead of July 1932.

(In Millions of Dollars)

	July 1933	June 1933	July 1932
Debits	\$554*	\$421	\$402
Condition of reporting banks as of	Aug. 2	June 28	July 27
Deposits (total)	335	337	350
Time	127	125	125
Demand	208	212	225
Borrowings from Federal Reserve	1	1	6
Loans (total)	205	207	237
On Securities	60	64	74
All Other	145	143	163
Government Securities Owned	106	108	83

*Five weeks.

WHOLESALE AND RETAIL PRICES

The July record of commodity prices was marked by the increase in farm prices. The farm prices group included in the United States Bureau of Labor Statistics all-commodity index rose practically 7 points during July, and was 12 points higher than it was in July a year ago. Retail prices of food also showed unusually large increases.

During the early weeks of August, the dollar has overcome some of the sharp decline in terms of gold experienced during July; the *Annalist* all-commodity index based on gold had risen from an average of 74.2 for July to 76.3 for the week ending August 15.

	July 1933	June 1933	July 1932
Wholesale Prices:			
U. S. Bureau of Labor Statistics (1926 = 100)	68.9	65.0	64.5
The Annalist (1913 = 100)	103.4	95.4	92.1
	74.2*	77.2*	
Dun's	\$156.13	\$149.18	\$128.76
Bradstreet's	\$ 9.01	\$ 8.34	\$ 6.80
Farm Prices:			
U. S. Department of Agriculture (1910-1914 = 100)	76.0	64.0	57.0
U. S. Bureau of Labor Statistics (1926 = 100)	60.1	53.2	47.9
Retail Prices:			
Food (U. S. Bureau of Labor Statistics) (1913 = 100)	104.8	96.7	101.0

*On gold basis based on exchange quotations for France, Switzerland, Holland, and Belgium.

COMMERCIAL FAILURES

The record of commercial failures so far in 1933 compares favorably with that for more "normal" years. The record for July is certainly noteworthy, for there have been only three cases since 1920 when either liabilities or the number of failures for July were smaller than they have been this year.

According to weekly reports to the Bureau of Business Research from Dun and Bradstreet, there were only 41 commercial failures during the five weeks of July, or an average of about 8 a week; last year during the five weeks in July, 70 failures were reported.

Liabilities reported during July amounted to \$732,000, with two firms having liabilities of over \$100,000. Last year in July, total liabilities reported by the 70 bankruptcies were \$2,595,000, and 7 firms had liabilities over \$100,000. Average liabilities per failure amounted to \$17,844 during July, only 6 per cent greater than the average of \$16,888 for June, and less than half the average liabilities reported for July a year ago, \$37,071.

There was available to creditors on the basis of the book value of assets of the bankrupt firms, an average of 53 cents on the dollar, as compared with 41 cents in June and 45 cents in July last year.

Of the total failures reported, 7 were groceries and meat markets, six were drug stores, five were women's specialty shops, and two each of men's shops, dry goods stores, general stores, manufacturers, and produce merchants.

	July 1933	June 1933	July 1932
Number	41	27	70
Average Weekly Number	8.3	6.7	14
Liabilities	\$ 731,596	\$ 456,000	\$2,595,000
Assets	386,988	189,000	1,171,000
Average Liabilities per Failure	17,844	16,888	37,071

TEXAS CHARTERS

New corporations numbering 150 received charters from the Secretary of State during the month of July. These new corporations had authorized capital stock of \$3,256,700, the highest total for any one month since last December, and substantially above the total for the 145 new firms incorporated last July, \$2,723,000.

Eight of the companies had authorized capital stock of \$100,000 or more, the highest total since January, while 59 were capitalized at less than \$5,000.

Merchandising firms accounted for 37 of the new corporations, 34 were oil companies, and 33 were manufacturers. The number of manufacturing concerns receiving charters was unusually high.

Permits to operate in Texas were granted to 26 out-of-State corporations, as compared with 24 in June and 22 in July a year ago.

	July 1933	June 1933	July 1932
Capitalization	\$3,256,700	\$2,732,000	\$2,723,000
Number	150	187	145
Foreign Permits	26	24	22
Classification of New Corporations:			
Oil	34	49	32
Public Service		2	
Manufacturing	33	29	23
Banking-Finance	6	11	5
Real Estate-Building	11	18	19
Transportation	2	5	4
Merchandising	37	44	38
General	27	29	24
Number Capitalized at less than \$5,000	59	66	52
Number Capitalized at \$100,000 or more	8	6	4

EMPLOYMENT

Apparently, many Texas firms began waging the President's campaign against the depression even before "NRA" signs became the accepted symbol for "open for business". Reports from 926 employers to the Bureau of Business Research of The University of Texas and the United States Bureau of Labor Statistics showed increases in the number of workers on payrolls as of the 15th of July. As of July 15, there were 69,981 workers on payrolls, 8.2 per cent more than on the corresponding date a year earlier. The increase as compared with June 15, a month earlier, was 2.9 per cent—the only increase between these two months since 1929.

The general level of wages, however, continued slightly downward, the average for the 69,981 workers on payrolls on July 15 being \$21.46, as compared with \$21.69 for the 67,986 workers on payrolls of the corresponding firms a month earlier. Because of the increase in the number of workers, however, there was a gain in the total income to all workers from an average per week of \$1,474,616 in June to \$1,501,792 for July.

There were eight employment groups, affecting more than 11,000 workers, in which both the average weekly wages and the number of workers were increased: bakeries, men's clothing manufacturing plants, brick plants, foundries, structural iron works, lumber mills, cotton textile mills, and wholesale stores.

A total of 43,000 workers was included in the fourteen groups in which wages were slightly cut but more men were put back to work: auto and body works, ice cream factories, beverage plants, ice factories, railroad car

shops, petroleum refineries, saw mills, furniture manufacturers, paper box manufacturers, cement plants, commercial printing shops, quarries, public utilities, and the miscellaneous group.

Increased wages but fewer workers were reported at laundries, cotton oil mills, cotton compresses, newspapers and hotels, while cuts both in the number of workers and in wages paid were reported at confectioneries, pure foods plants, flour mills, meat packing plants, women's clothing manufacturers, electric railway car shops, and retail stores.

	No. of Estab- lish- ments	Workers			Percentage Change	
		July 1933	June 1933	July 1932	from June 1933	from July 1932
Amarillo	12	384	378	396	+ 1.6	- 3.0
Austin	28	668	664	606	+ 0.6	+ 10.2
Beaumont	21	2,676	2,575	2,486	+ 3.9	+ 7.6
Dallas	107	9,115	9,536	8,883	- 4.4	+ 2.6
El Paso	40	1,773	1,856	1,982	- 4.5	- 10.5
Fort Worth	46	5,361	4,994	4,451	+ 7.3	+ 20.4
Galveston	27	1,272	1,532	1,556	- 17.0	- 18.3
Houston	78	16,882	16,217	14,178	+ 4.1	+ 17.7
Port Arthur	12	5,413	5,395	4,954	+ 0.3	+ 9.3
San Angelo	7	166	157	159	+ 5.7	+ 4.4
San Antonio	72	4,258	4,157	4,214	+ 2.4	+ 1.0
Waco	23	967	923	930	+ 4.8	+ 4.0
Wichita Falls	29	826	726	765	+ 13.8	+ 8.0
Miscellaneous	424	20,220	18,876	19,102	+ 7.1	+ 5.9
STATE	926	69,981	67,986	64,662	+ 2.9	+ 8.2

DEPARTMENT STORE SALES

Department and clothing stores are apparently reaping the benefits from increased purchasing power made available with increasing employment, for the 92 stores reporting sales to the Bureau of Business Research made a record for July which has not been duplicated in terms of percentage improvement since the Bureau's records began in 1927.

	Number of Stores Report- ing	Percentage		Change in		Dollar Sales Year-to-date 1933 from Year-to-date 1932
		July 1933 from July 1932	June 1933 from July 1932	July 1933 from June 1933	July 1933 from June 1933	
Abilene	3	+ 11.4	- 15.1	+ 2.7		
Austin	6	- 4.6	+ 9.0	- 5.2		
Beaumont	6	- 9.9	- 18.7	- 11.9		
Corsicana	3	- 6.7	- 18.3	- 17.5		
Dallas	8	+ 20.3	- 16.1	- 8.2		
El Paso	3	- 1.4	- 31.2	- 13.8		
Fort Worth	5	+ 22.0	- 9.5	- 8.4		
Galveston	5	- 25.7	- 29.9	- 22.6		
Houston	10	+ 14.0	- 18.7	+ 0.6		
Lubbock	3	+ 18.8	+ 16.5	- 2.8		
Port Arthur	4	+ 37.0	- 11.8	+ 13.1		
San Angelo	3	+ 38.5	- 11.8	+ 3.2		
San Antonio	5	+ 3.2	- 21.5	- 15.3		
Tyler	3	+ 5.1	- 20.6	- 15.6		
Waco	4	+ 4.8	- 23.1	- 15.8		
Wichita Falls	3	- 4.0	- 13.2	+ 0.2		
All Others	18	- 14.8	+ 1.2	- 21.9		
STATE	92	+ 9.5	- 17.1	- 9.1		
Department Stores (Annual Volume over \$500,000)	17	+ 13.8	- 18.5	- 8.1		
Department Stores (Annual Volume under \$500,000)	37	- 2.5	- 11.9	- 10.6		
Dry Goods and Apparel Stores	12	- 24.3	- 0.7	- 25.1		
Women's Specialty Shops	13	+ 17.0	- 17.7	- 10.3		
Men's Clothing Stores	13	+ 2.9	- 19.4	- 5.0		

Whereas there is no case on record when sales in July were less than 20 per cent under those in June, this year July sales were only 17 per cent less than those for the preceding month. Furthermore, total sales for the month of July were greater by 9.5 per cent than were those for July a year ago—the first time in several years that sales have shown an increase when compared with the corresponding month a year earlier. For the year-to-date, sales in 1933 were only 9.1 per cent under those for 1932—a decided improvement over the situation in earlier months.

Abilene, Houston, Port Arthur, San Angelo, and Wichita Falls all showed greater sales for the first seven months of 1933 than for the corresponding months in 1932—an accomplishment worthy of note. In Austin, Dallas, Fort Worth, and Lubbock, the declines were smaller than the average decline for the entire 92 stores.

All factors considered, the group including the large department stores, that is, including only department stores with an annual volume of \$500,000 or more, made the best showing, with the specialty shops, both men's and women's, also showing up well.

The ratio of collections to outstandings at 28.5 was higher than it was a year ago in July, only 26.2, and relatively more goods were sold on charge accounts this year than last. The fact that collections are being maintained with increased sales is a very favorable development.

CEMENT

Production at Portland cement mills in Texas totalled 274,000 barrels during July, a decline of 21 per cent from the total for the preceding month, 347,000 barrels. July output compared quite favorably with that a year ago, 278,000 barrels.

Shipments did not quite come up to production, so that there was an addition of 37,000 barrels to stocks at mills. At the close of July, stocks totalled 765,000 barrels, an increase of 5.1 per cent over the 728,000 barrels on hand at the end of June, and greater by 15 per cent than the 667,000 reported at the close of July a year ago.

	(In Barrels)		
	July 1933	June 1933	July 1932
Production	274,000	347,000	278,000
Shipments	237,000	298,000	307,000
Stocks	765,000	728,000	667,000

The Portland cement industry in the United States operated during July at 27.6 per cent of capacity, an increase over the percentage of 26.0 operated in the preceding month. Last year in July, 34.2 per cent of capacity was in operation.

All of these data are taken from reports to the Bureau of Business Research from the United States Bureau of Mines.

LUMBER

Southern pine mills kept production schedules on the increase, average weekly production per unit having increased from 236,234 feet in June to an average of 256,786 feet during July. July average production per week was higher by 66.8 per cent than it was last year.

Although shipments did not keep pace with those a month ago, average weekly shipments per unit during July, at 265,808 feet, were 51 per cent greater than those for the corresponding weeks a year ago, 176,137 feet. Even so, shipments exceeded production during July by an average per unit of about 10,000 feet a week.

The Southern Pine Association makes the following report regarding the southern pine lumber industry:

	(In Board Feet)		
	July 1933	June 1933	July 1932
Average Weekly			
Production per Unit.....	256,786	236,234	153,920
Average Weekly			
Shipments per Unit.....	265,808	310,593	176,137
Average Unfilled Orders			
per Unit, End of Month.....	717,088	827,867	427,327

For the first time in several months, unfilled orders showed a decline. Average unfilled orders per unit at the close of July were 717,088 feet as against 827,867 feet four weeks earlier, a decline of 13.4 per cent. Last year at the close of July, average unfilled orders per unit were only 427,327 feet.

BUILDING PERMITS

The building industry in Texas showed unusual vigor for the mid-summer month of July by showing a gain over June of 32 per cent in building permits awarded as against a "normal" seasonal decline (based on experience since 1926) of 1.7 per cent. Reports to the Bureau of

	July 1933	June 1933	July 1932
Abilene	\$ 16,615	\$ 1,975	\$ 1,325
Amarillo	35,233	5,972	10,932
Austin	138,514	157,684	91,392
Beaumont	40,269	11,984	12,135
Brownsville	975	784	2,920
Brownwood	1,468	1,467	2,000
Cleburne	—	450	2,570
Corpus Christi	11,633	17,299	11,026
Corsicana	9,200	15,000	21,975
Dallas	267,242	247,244	201,831
Del Rio	2,620	1,045	4,215
Denison	5,000	20,600	1,940
El Paso	22,944	10,580	19,906
Fort Worth	473,140	796,110	158,245
Galveston	54,940	39,443	41,089
Harlingen	20,170	2,319	4,250
Houston	1,032,329	273,420	135,088
Jacksonville	1,838	2,400	2,050
Laredo	1,500	700	400
Longview	52,000	22,526	166,658
Lubbock	82,055	9,020	1,400
McAllen	1,115	2,500	185
Marshall	12,500	10,726	6,052
Paris	5,375	10,685	10,798
Plainview	15,000	6,500	152,000
Port Arthur	7,299	9,227	5,696
San Angelo	15,920	3,165	3,840
San Antonio	78,165	117,214	120,516
Sherman	4,274	4,817	32,170
Snyder	1,950	—	100
Sweetwater	600	1,587	4,800
Temple	14,000	10,500	9,425
Texarkana	2,290	2,125	2,090
Tyler	49,051	33,505	21,548
Waco	23,033	35,772	16,887
Wichita Falls	7,652	11,102	4,953
TOTAL	\$2,507,909	\$1,897,447	\$1,284,407

Business Research from 38 chambers of commerce showed that building permits totalling \$2,507,909 were awarded during July as against \$1,897,447 during the preceding month. It was the first time since April 1932 that building permits exceeded \$2,000,000.

Encouraging as is the seasonal increase in building permits, the comparison with a year ago is still more favorable. The total value of the building permits awarded in July is practically double that for July a year ago—a new experience since the slump in the building industry started. Three-fourths of the cities showed increases as compared with a year ago.

Much of the improved showing in the building record of the State is due to the increase in Houston, where building permits totalling \$1,032,329 were awarded; however, Fort Worth with a total of \$473,140, Dallas with \$267,242 and Austin with \$138,514, also made excellent records.

PETROLEUM

Trade reports indicate that sentiment in the oil industry is generally more optimistic than it has been for months. Trade reports indicate also expectations for a rise in price of crude oil. While the oil code, recently signed by the President, and which goes into effect September 2, does not fix retail prices, trade reports show that a sharp rise in gasoline prices may be expected.

Total oil production in May, June and July was considerably greater than the average of a year ago. In June, 1933, domestic production amounted to 85,636,000 barrels as against 67,728,000 barrels for June 1932. Oil exports are somewhat less than they were a year ago; crude oil exports were considerably greater in June 1933 than they were in June 1932, but exports of refined products have fallen off considerably. This means of course a loss to the American refining industry.

National consumption of refined products is apparently somewhat greater than that of a year ago.

During the current year Texas production of oil has averaged around 42% of the national output—a percentage increase over the 40% of recorded production for 1932. Production in East Texas, and Conroe is considerably greater than that of a year ago; other sections of the State register declines. It should be noted, however, that Oklahoma's production is considerably greater than it was a year ago, and that there have been recent rather large increases in drilling permits.

According to the American Petroleum Institute, daily average production was:

	(In Barrels)		
	July 1933	June 1933	July 1932
Panhandle	52,100	44,650	55,350
North Texas	50,750	47,300	49,950
West Central Texas	21,800	18,950	24,300
West Texas	158,850	157,350	178,650
East Central Texas	58,350	58,450	57,550
East Texas	565,500	683,500	329,300
Southwest Texas	52,550	50,750	55,900
Coastal Texas	207,150	180,700	123,800
STATE	1,167,050	1,241,650	874,800
UNITED STATES	2,670,900	2,609,200	2,171,900
Imports	146,678	87,000	77,750

New developments in Texas, according to the *Oil Weekly*, were:

	July 1933	June 1933	July 1932
Permits for New Wells	1,106	487	870
Wells Completed	404	310	828
Oil Wells	263	213	721
Gas Wells	10	4	16
Initial Production (In Thousands of Barrels)	960	742	4,874

Gasoline sales, as reported by the State Comptroller, on the basis of taxes collected, amounted to 71,666,000 gallons in June, as compared with 63,058,000 gallons in May and 68,926,000 gallons in June a year ago.

COTTON

American cotton is in the strongest position it has occupied for three years; due to a reduction of the carry-over in the United States of about 1,500,000 bales as of August 1. This drastic reduction in carryover was offset to a considerable extent by a crop estimate as of August 1 of 12,314,000 bales, or 1,008,000 bales more than the estimate on this date last year. The net supply of cotton in the United States for the year 1933-1934 including carry-over plus the estimated crop is 20,490,000 bales. This compares with 20,958,000 bales last year and 21,950,000 bales two years ago.

The plan of the Federal Government to reduce the supply of cotton by leasing growing crops on condition that the farmers destroy the cotton was successful in that it is estimated that about 10,304,000 acres of cotton were destroyed. This represents about 25.3 per cent of the acreage under cultivation as of July 1, 1933, as reported by the Crop Reporting Board. According to these figures, the supply of cotton indicated for the United States August 1 would have been a record had not the Government intervened with its program of crop reduction.

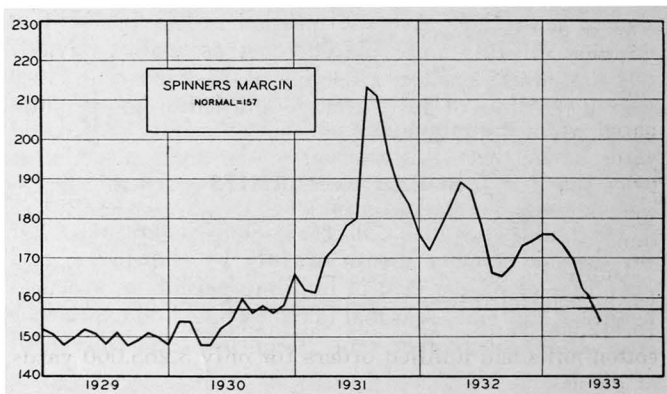
World cotton conditions as a whole have improved largely as a result of the increased consumption of all cotton during the past year. According to Garside of the New York Cotton Exchange Service, the world carry-over of all cotton on August 1 was 15,530,000 bales compared with 17,412,000 bales last year. While it is too early to make reliable forecasts of foreign production it is known that there has been an increase in acreage.

World consumption of all cotton during 1932-1933 was 24,725,000 bales, according to Garside, compared with 23,007,000 bales a year ago. According to the trend

of world cotton consumption, normal consumption is now above 25,500,000 bales. If world economic conditions continue to improve, there seems every reason to expect that the present rate of consumption will be maintained.

SPINNERS MARGIN

Spinners ratio margin declined to 155 for July as compared with 160 during the preceding month. The decline was due to an increase in the price of middling spot cotton in Liverpool to 6.37 d coupled with a decline in the price of 32-twist cotton yarn at Manchester to 9.90 d, as compared with 6.22 d and 9.97 d respectively for the preceding month. The actual pence margin was reduced from 3.75 d for June to 3.53 d in July. Last year the ratio margin was 178, and the actual pence margin was 3.72 d.



COTTON BALANCE SHEET

Indicated supplies of cotton in the United States August 1 were 20,490,000 bales, compared with 20,988,000 bales a year ago and 21,950,000 bales two years ago.

According to the average of the past seven years, a change of 100,000 bales in the indicated supply in the United States as of August 1 causes a change of 14.33 points in the price. Based on the supplies in the United States alone, the gold price of cotton should be about 7.60 cents. The supply-price chart of the Bureau indicates a gold price of 8.12 cents. In terms of the gold franc, the dollar is now worth about 73 cents so that the dollar price of cotton should be about 10.50 cents per pound.

COTTON BALANCE SHEET IN THE UNITED STATES AS OF AUGUST 1

(In Thousands of Running Bales)

Year	Carry-over	Imports*	Final Ginnings	Total	Consumption	Exports	Total	Balance
1925-1926	1,610	-----	13,566	-----	-----	-----	-----	15,176
1926-1927	3,543	-----	15,621	-----	-----	-----	-----	19,164
1927-1928	3,762	-----	13,492	-----	-----	-----	-----	17,254
1928-1929	2,536	-----	14,291	-----	-----	-----	-----	16,827
1929-1930	2,313	-----	15,543	-----	-----	-----	-----	17,856
1930-1931	4,530	-----	14,362	-----	-----	-----	-----	18,892
1931-1932	6,369	-----	15,581	-----	-----	-----	-----	21,950
1932-1933	9,682	-----	11,306	-----	-----	-----	-----	20,988
1933-1934	8,176	-----	12,314	-----	-----	-----	-----	20,490

*In 500-pound bales.

The cotton year begins August 1.

COTTON MANUFACTURING IN TEXAS

Although activity at Texas cotton mills is quieting down from the early summer high now that processing taxes are in effect, all phases of cotton mill work are substantially ahead of last year for July.

Reports to the Bureau of Business Research from Texas cotton mills show that 7,048 cotton bales were consumed in the Texas cotton industry in July, more than double the number for July a year ago, 3,234. A total of 6,951,000 yards of cotton goods were produced as compared with 7,375,000 yards in June and 2,485,000 yards in July a year ago.

	July 1933	June 1933	July 1932
Bales of Cotton Used	7,048	7,276	3,234
Yards of Cloth:			
Produced	6,951,000	7,375,000	2,485,000
Sold	5,926,000	8,218,000	3,141,000
Unfilled Orders	9,632,000	13,112,000	3,265,000
Active Spindles	161,827	150,194	128,718
Spindle Hours	53,089,000	58,360,000	29,523,000

Shipments experienced the largest declines as compared with the previous month, with only 5,926,000 yards having been sold; however, this total was almost twice that for July a year ago, 3,141,000 yards. Sales were slightly more than 1,000,000 yards under production.

Unfilled orders at the close of July totaled 9,632,000 yards, one-fourth less than the total at the close of June, 13,112,000 yards. Last year at the close of July, Texas cotton mills had unfilled orders for only 3,265,000 yards of goods.

POULTRY AND EGGS

Interstate rail shipments of poultry and eggs during July totalled 108 cars compared with 96 cars in July, 1932, an increase of nearly 13 per cent. Of this total poultry shipments amounted to 68 cars and egg shipments 40 cars compared with 56 and 38 cars respectively in July 1932. Last July, 13 cars of dressed turkeys were shipped to eastern markets while in July of the current year only two cars were shipped—one to California and the other to New York.

Reports from commercial hatcheries received by the U. S. Bureau of Agricultural Economics indicate an increase of 9 per cent over the corresponding period last year in the number of salable chicks hatched in the season January to June and an 8 per cent increase in deliveries for July or later. There is a strong possibility that unless prices are favorable for the sale of chickens, the laying flocks this winter will be larger than last.

Cold storage holdings of case eggs on August 1 were 9,503,000 cases compared with 6,400,000 cases a year ago and a 5-year average of 9,300,000 cases. Storage stocks at this time of the year greatly affect prices during the next six months. The relatively high prices in the fall of 1932 were largely due to the low storage stocks while the comparatively low prices of the preceding two autumns were due to the large storage stocks.

JULY CARLOAD MOVEMENT OF POULTRY AND EGGS*

Shipments from Texas Stations

	Live				Dressed				Cars of Eggs	
	Chickens		Turkeys		Chickens		Turkeys		1933	1932
	1933	1932	1933	1932	1933	1932	1933	1932		
TOTAL	8	3	1	—	62	42	2	13	46	39
Intrastate	—	—	—	—	5	—	—	—	6	1
Interstate	8	3	1	—	57	42	2	13	40	38
New York	7	3	—	—	33	20	1	6	6	—
Illinois	—	—	1	—	5	1	—	2	2	8
Massachusetts	—	—	—	—	1	1	—	—	—	1
New Jersey	—	—	—	—	2	2	—	—	—	—
Pennsylvania	—	—	—	—	11	11	—	—	—	3
Louisiana	1	—	—	—	—	1	—	—	13	13
Connecticut	—	—	—	—	1	1	—	5	—	—
Missouri	—	—	—	—	1	2	—	—	—	—
Georgia	—	—	—	—	—	1	—	—	3	8
California	—	—	—	—	2	1	1	—	3	—
Alabama	—	—	—	—	—	—	—	—	3	—
Florida	—	—	—	—	—	—	—	—	1	—
Rhode Island	—	—	—	—	—	1	—	—	—	—
Ohio	—	—	—	—	—	—	—	—	5	—
Tennessee	—	—	—	—	—	—	—	—	2	—
Maryland	—	—	—	—	—	—	—	—	—	2
Mississippi	—	—	—	—	—	—	—	—	2	2
South Carolina	—	—	—	—	—	—	—	—	—	1
D. of Columbia	—	—	—	—	1	—	—	—	—	—

Receipts at Texas Stations

TOTAL	—	—	—	—	4	—	—	—	8	5
Intrastate	—	—	—	—	4	—	—	—	4	1
Interstate	—	—	—	—	—	—	—	—	4	4
Kansas	—	—	—	—	—	—	—	—	3	1
Missouri	—	—	—	—	—	—	—	—	—	1
Oklahoma	—	—	—	—	—	—	—	—	1	2

*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.

LIVESTOCK SHIPMENTS

Total shipments of livestock to Fort Worth and interstate points of 3,341 cars were practically the same as the 3,457 cars in July, 1932. For the different classes of livestock in July compared with the same month last year shipments were: cattle, 1942 and 1994 cars; calves 473 and 616 cars; swine 595 and 266 cars; and sheep 331 and 581 cars.

During the first seven months of the year a total of 39,351 cars of Texas livestock was shipped to Texas and interstate points compared with 36,289 cars during the corresponding period in 1932, an increase of 11 per cent.

Shipments from the high plains region of Northwest Texas continued during July at the high rate noted in the previous report for June. From the northern half of the Panhandle, the number of head shipped out in July in comparison with a year ago was as follows: cattle 10,855 and 6,952; calves 3,002 and 2,191; hogs 15,542 and 1,003. From the southern half: cattle 6,027 and 1,593; calves 919 and 1,998; hogs 10,783 and 3,812; and sheep 544 and 3,440.

Relatively heavy shipments of cattle and calves also continued in the Trans-Pecos country.

The abnormally large shipments were doubtless due to the prolonged drouth which caused marked deterioration in ranges and reduced the supply of feed.

Los Angeles continued its large takings of Texas livestock. Compared with July, 1932, more than three times as many cattle and over twice as many calves and hogs were shipped from Texas to this market.

Kansas City and Oklahoma City received a smaller number of each class of Texas livestock in July than a year ago. On the other hand larger shipments especially of sheep were made to Colorado, Chicago and other Illinois points, Kansas, St. Joseph and other Missouri points.

TEXAS CAR-LOT† RECEIPTS OF LIVESTOCK IN JULY

	Cattle		Calves		Hogs		Sheep		Total	
	1933	1932	1933	1932	1933	1932	1933	1932	1933	1932
Total Interstate Plus Fort Worth‡	274	252	32	41	92	45	18	18	416	356
Total Intrastate Omitting Fort Worth§	441	461	121	162	47	31	43	35	652	689
TOTAL RECEIPTS	715	713	153	203	139	76	61	53	1,068	1,045

TEXAS CAR-LOT SHIPMENTS OF LIVESTOCK IN JULY

	Cattle		Calves		Hogs		Sheep		Total	
	1933	1932	1933	1932	1933	1932	1933	1932	1933	1932
Total Interstate Plus Fort Worth	1,942	1,994	473	616	595	266	331	581	3,341	3,457
Total Intrastate Omitting Fort Worth	620	522	128	188	22	32	48	38	818	780
TOTAL SHIPMENTS	2,562	2,516	601	804	617	298	379	619	4,159	4,237

TEXAS CAR-LOT† SHIPMENTS OF LIVESTOCK JANUARY 1 TO AUGUST 1

	Cattle		Calves		Hogs		Sheep		Total	
	1933	1932	1933	1932	1933	1932	1933	1932	1933	1932
Total Interstate Plus Fort Worth	20,653	20,210	4,161	3,458	4,344	1,986	4,092	4,883	33,250	30,537
Total Intrastate Omitting Fort Worth	4,125	3,543	1,250	1,376	261	213	465	620	6,101	5,752
TOTAL SHIPMENTS	24,778	23,753	5,411	4,834	4,605	2,199	4,557	5,503	39,351	36,289

*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. Data on truck shipments to Fort Worth are made possible by the cooperation of the Fort Worth Stock Yards Company.

†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 billed from Fort Worth.

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

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