



FEDERAL RESERVE BANK OF DALLAS

This summary of agricultural and commercial conditions in the Eleventh Federal Reserve District is issued in the belief that a concise review of trade will be of interest to our member banks, business men of the district and friends of the Federal Reserve System.

The information given is obtained by the Federal Reserve Agent from various sources throughout the district, and in our opinion the same is reliable.

Those desiring the letter furnished them regularly will receive it without charge upon application.

DALLAS, December, 1916.

Since our October letter there have been no material changes in agricultural or commercial conditions in the district. Business continues at a high level, and there is hardly an exception to this situation in any section. Recent cold weather has been an impetus to retail trade, and as the Fall has been rather backward, with more seasonable weather merchants are encouraged over the volume of business. The shortage of freight cars continues to be felt in many lines. There has been some improvement in the situation within the past thirty days, especially in the way of providing equipment for handling cotton, but the dearth of facilities still exists, and railroad officials report that the near future offers no solution of the problem. Advance holiday buying has been in evidence recently, and with the campaign for early Christmas shopping another thirty days should bring heavy trade in this line. Wholesalers are booking orders for Spring goods and report satisfactory business. The scarcity of raw materials and the difficulty in obtaining goods continue to be outstanding features.

Agriculture

The bulk of the cotton crop has been marketed. There are a few scattering lots over the district, the car shortage having caused the concentration of considerable cotton at compress points. Most of the lots, however, are held by exporting firms, and there is little left in the hands of the farmers. Probably never before in the history of the crop has the same moved with such rapidity, which is due, of course, to the high prices. Ideal weather conditions have also contributed to this condition, and prevented loss in the fields.

The rice industry has been unusually active, and reports received indicate that the yield in Texas is the largest in the history of the product. With this bountiful crop, and the good prices obtaining, rice

farmers are realizing more for their efforts this season than ever before, and this in spite of the fact that everything used in the production of the crop has advanced in price from fifty to one hundred per cent. The best grades of rice are bringing around \$3.40 per barrel.

The peanut crop is about sixty per cent. marketed. The quality is considerably better than last year. Excellent prices prevail for the crop and farmers are finding it profitable to increase their acreage and are each year devoting more time to the same, and the industry is annually becoming more important. The pecan crop is almost a total failure, and sections where the returns from the crop contribute to business are feeling the loss of revenue. Such pecans as have been raised, however, are of excellent quality and are bringing good prices, which is offsetting to some extent the short crop.

This has been a very prosperous year for dry farming, especially for the farmers of New Mexico. Heretofore they have found it difficult to make a livelihood out of this vocation and many of them have given up their claims and moved out of the state. This year, however, the raising of frijole beans has been especially profitable and there have been shipped from one point alone in New Mexico over a hundred carloads. The excellent prices which the beans have brought have enabled many of the farmers to pay for their land.

Banking

There has been but slight change in the banking situation in the past month. Rates are easy and demand is light with most of our member banks, which condition, of course, is to be expected at this season. In the West, however, demand is rather active with banks, particularly in Arizona and New Mexico, on account of cattlemen renewing their paper.

Bank deposits remain at record figures, and with the limited demand for loans the question presenting itself at this time is that of investment for the idle funds, and increasing the profit account. It is believed, however, that with the opening of the new year, a stronger and broader demand for money will be felt. There continues to be a good market for bonds and high-class securities, and brokers report that it is difficult to obtain satisfactory offerings. Demand is exceedingly light with this Bank, and our loans have decreased some \$1,200,000 within the past thirty days.

Clearings continue to show large increases, and the six larger cities of the district reporting show an increase of fifty-four per cent. for October over October, 1915. The figures are:

1915	1916	Increase
\$165,977,039	\$254,820,311	\$88,843,272

Dallas reports the largest increase, or eighty per cent.

There were handled through our District Clearing House for the period, October 16 to November 15, 1916 (twenty-five business days), 340,952 items, aggregating \$175,574,192. From September 16 to October 14 (twenty-four business days) there were handled 276,946 items, aggregating \$161,944,813, or an increase within the past twenty-five days of 64,066 items, and an increase in amount of \$13,629,379.

Building Materials

There is a good demand for lumber, at satisfactory prices. On account of the shortage of cars the demand is greater than can be accommodated, and mills are behind with deliveries. Export trade is good, but shipping space is hard to obtain, and rates are almost prohibitive. Retail dealers report a good business, and high prices.

Manufacturers of brick, tile, cement and other building materials report their business as below normal; that shipments were materially affected by the shortage of equipment during the months of August, September and October. There has been some improvement in this respect since November 1st.

Building Operations

Building operations of the district are normal for this season, it naturally being a period of the year when there is less construction than at other times. The following figures show the number and valuation of permits issued in the principal cities of the district during the month of October, as compared with the same period last year:

1915		1916	
No.	Valuation	No.	Valuation
1,663	\$1,244,501	1,158	\$1,613,992

A substantial reduction in the number of permits issued, but an increase in the valuation of the same, will be noted.

Exports

Exports from the district of Galveston for the month of October aggregated \$31,038,796; in October, 1915, the value of such exports was \$24,008,140, an increase of \$7,030,656. The largest part of the increase is made up of shipments of cotton to England, Spain, Italy and France. It is also noted that exports to Mexico in October were very heavy, while in 1915 the amount was negligible.

Failures

The number of failures in the district, for the period from October 16 to November 15, 1916, were forty-seven, with liabilities aggregating \$471,510.

For the same period in 1915 there were fifty, with liabilities aggregating \$445,352.

While a decrease in number is noted, there is a small increase in the amount of liabilities.

Labor Employment

Labor employment is normal in all occupations. It is expected that employment in the building trade during the months of December and January will be dull, as that is the season when there is a marked decrease in building operations. As in other sections of the South, there has been a considerable movement of colored and Mexican laborers to Northern states during the past sixty days. Colored laborers are promised various lines of occupation such as hotel, restaurant and yard work, while Mexican laborers are engaged for railroad and mining work.

Live Stock

Receipts of cattle and calves at the Fort Worth market for the month of October were the heaviest on record, over one hundred thousand head being received. Prices were somewhat lower during the latter part of October, on account of substantial receipts of common and poor grade stock. Heavy runs of hogs have continued from all sections, but particularly from the Panhandle and Southern Oklahoma. The market has held up excellently, despite large receipts.

Following are the figures for the Fort Worth market for October, 1916, as compared with October, 1915, and also for the period from January 1st to November 1st:

	October		January 1st to November 1st	
	1915	1916	1915	1916
Cattle	76,960	100,876	651,317	713,937
Calves	16,494	26,765	116,070	129,015
Hogs	52,029	67,851	382,147	805,142
Sheep	15,079	25,276	340,292	378,856
Horses and Mules	3,357	11,686	43,248	63,588

The demand for good stocker cattle has held up, and the ranges of South Texas are again well filled. Range conditions throughout Texas are generally satisfactory, except in the San Angelo country, where, on account of lack of rain during the Spring and Summer months, there is little grass. Ranchmen are, therefore, finding it necessary to buy feed, and on account of the high prices for the same are shipping their cattle as rapidly as fattened.

Range conditions in New Mexico are reported as excellent, and unless there is a very severe Winter there will be few losses by cattlemen.

At the present time the outlook is excellent for plenty of water and grass throughout the Winter.

There have been some recent heavy sales of wool in New Mexico, which has brought considerable money to growers, and been a stimulus to business generally. This is the season when deliveries are being made of lambs contracted for in the Spring, and while the lambs are weighing less than they have for several years, the exceptionally high price the raisers are getting more than offsets the loss in weight, and sheepmen are reported as prosperous.

At the present time there is a large movement of turkeys to the North and East, and shipments are heavy. At prices of eighteen to twenty-two cents per pound, approximately double last year, farmers are receiving good returns. This is a source of revenue each Fall that is growing to large proportions.

Country produce, especially eggs, is commanding very high prices, and the market is absorbing all offered. This is incident to the approaching holidays, and on account of heavy shipments to Northern markets there is always a scarcity at this season.

Mining

Mining conditions are practically the same as a month ago. Copper prices are even higher and the same activity is reported. Demand for the output is heavier than can be met, and the mines are giving employment to all the workmen they can secure. The copper mines are working to their fullest capacity, and a few new mines are being developed.

The New Mexico coal mines are having a heavier demand than can be met, and the industry is particularly prosperous in that section.

Oil

New territory is being opened up in the oil fields and the outlook is encouraging. Wholesalers and distributors of oil are enjoying a good business and report an increase in volume of from thirty-five to forty per cent. over last year.

Transportation

Business with railway companies is above normal. While officials report that the freight traffic is slightly below the volume handled thirty days ago, yet figures show a substantial increase over the same period of 1915. Passenger traffic shows a good increase, while interurban business, especially excursion traffic and local travel, is exceedingly heavy and increases for the month of October very from five to seventy-five per cent.

Wholesale Trade

Demand for holiday goods is heavy, and the large mail-order houses are booking advance orders in an increased volume over last year. From the reports received, wholesale trade in all lines continues excellent, and collections are reported as good, and much better than last year.

Dealers in leather report that business is unusually heavy, with collections goods. On account of the large export business, it is difficult to obtain raw material and prices have, therefore, steadily advanced.

General

Post office receipts at the principal cities in the district show good increases with one exception. At Dallas, the October receipts were the highest in the history of the post office. The following are the figures at the principal offices for October, 1915-1916, also a comparative statement for the months of August, September and October, 1916, over a similar period last year:

	October		Increase	
	1915	1916	Amount	Per cent.
	\$316,819.94	\$395,027.77	\$78,207.83	24.6
	August—September—October		Increase	
	1915	1916	Amount	Per cent.
Austin	\$ 41,318.72	\$ 44,085.41	\$ 2,766.69	7
Dallas	284,705.31	348,030.85	63,325.54	22
El Paso	53,901.48	103,716.56	49,815.08	93
Fort Worth	115,533.40	128,721.46	13,188.06	11
Galveston	51,706.40	46,167.67	5,538.73*	11*
Houston	144,735.24	165,650.22	20,914.98	14
San Antonio	98,804.97	130,624.59	31,819.62	32
Shreveport	42,898.51	47,352.43	4,453.92	10
Waco	43,068.17	45,134.79	2,066.62	5
	\$876,672.20	\$1,059,483.98	\$182,811.78	
			*Decrease	

The large increase at El Paso—ninety-three per cent.—is especially noticeable. This is doubtless due to the concentration of the Government troops at that point. We have previously commented upon the generally satisfactory business conditions at border towns on account of the mobilization of the soldiers at such points. This condition continues unabated, and all the border towns, from Nogales to Brownsville, report good trade in all lines as a result of the large orders for Government supplies placed in that section.

Summary

While it is probably true that there is less activity in business at the present time than a month ago, mainly on account of the more advanced marketing of the cotton crop and farm products, yet

with the election over and more settled conditions existing, the late Fall and early Winter business should continue satisfactory. The situation in the district may be briefly summed up in the words of a senior officer of one of the largest banks in the district, who, in response to our inquiry about business conditions, stated:

“I take pleasure in stating that business conditions seem exceptionally prosperous, perhaps unprecedentedly so. You sometimes hear the expression, ‘Too good to be true’. This seems almost too good to be good; that is, if the people should allow prosperity to turn their heads. Arising, as it does, however, mainly from the sale of agricultural products at an abnormally high price, our prosperity would seem to be so well distributed and normal in character as to largely do away with such a danger.”

FEDERAL RESERVE BANK OF DALLAS

STATEMENT OF CONDITION AT THE CLOSE OF BUSINESS ON NOVEMBER 24, 1916.

Resources	
Gold Coin and Certificates	\$ 4,338,435.00
Gold Settlement Fund	14,307,500.00
Legal Tender Notes, Silver Certificates and Sub. Coin.....	224,267.40
U. S. Bonds to Secure Circulation	2,000,000.00
Bills Discounted and Bought	2,504,609.24
Investments	3,052,783.34
Deferred Debits	3,384,727.83
Due from Other Federal Reserve Banks (Net).....	913,771.79
Due from Other Resources	646,138.48
Total Resources	\$31,372,233.08
Liabilities	
Capital Paid In	\$ 2,695,050.00
Reserve Deposits (Net)	25,485,251.88
Federal Reserve Notes (Net)	1,549,250.00
Government Deposits	1,642,681.20
Total Liabilities	\$31,372,233.08
Memorandum:	
Federal Reserve Notes Issued	\$24,976,005.00
Federal Reserve Notes on Hand	166,500.00
Federal Reserve Notes Outstanding	24,809,505.00
Gold and Lawful Money with Federal Reserve Agent	23,260,255.00
Net Liability Account Federal Reserve Notes	1,549,250.00
Federal Reserve Bank Notes (Secured by U. S. Bonds).....	2,000,000.00
Federal Reserve Bank Notes on Hand	2,000,000.00

OFFICERS

W. F. RAMSEY, Federal Reserve Agent.	R. L. VAN ZANDT, Governor.
W. B. NEWSOME, Deputy Federal Reserve Agent.	LYNN P. TALLEY, Cashier.
CHAS. C. HALL, Ass't to Federal Reserve Agent.	J. W. HOOPES, Vice-Governor.
	SAM R. LAWDER, Assistant Cashier.