



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, NOVEMBER, 1918.

Unseasonably warm weather, accompanied by the influenza epidemic, has had a very serious effect on business in nearly all parts of the District during the past thirty days, and trade has been generally inactive as the result. In the larger cities, authorities have closed the schools on account of the influenza scare and placed a ban on moving picture shows and theatres, as well as public meetings where crowds might congregate. This, of course, has resulted in people staying closely at home and made for a general dullness in business. Retail trade has suffered most. It is expected that this slump in trade will be only temporary; in fact, reports now indicate that the situation is somewhat improved, and we believe the worst of the danger is over.

Our correspondents in all communities have been so thoroughly absorbed in the Fourth Liberty Loan campaign that replies to inquiries regarding business conditions have not been as numerous or satisfactory as would otherwise have been the case. Conservatism in all lines is still very pronounced. Outside of the developments above noted, but little change has occurred in trade conditions since a month ago. Wholesale dry goods firms report that the volume of business in September was unusually heavy. In fact, some of the largest wholesalers advise that the month's business was the greatest in their history. At the present writing there is a temporary lull, as with Fall shipments out of the way, and the Winter purchasing period later than usual, on account of warm weather, it is "between seasons" with them and some inactivity is reported. Cooler weather is badly needed to stimulate trade. The volume of orders with the large mail order houses also reflects the effect of warm weather and the influenza epidemic, and a decrease is reported

over the same period a month ago. In other wholesale lines, such as groceries, hardware and drugs, business is very good, and the volume exceeds last year. Collections in the wholesale trade are fair to good, and should greatly improve as cotton and other Fall crops are marketed. Manufacturing is active.

Agricultural conditions continue to improve, as the result of fine rains over a large area of the district, especially those counties of Central and West Texas, which have been heavy sufferers from the drouth. This condition is particularly true in such counties as Jones, Taylor, McCulloch, Menard, San Saba, and Tom Green, where advices within the past week indicate a rainfall averaging from one to three inches. Nearly all of Central and West Texas have received good rains during the past week. This will permit of extensive preparations for next year's crops, and our correspondents advise that an unusually large acreage of wheat and oats will be sown. Prospects for a top crop of cotton have been somewhat improved during the past thirty days, by rains in North, Northeast and East Texas, as the moisture greatly revived the plant, permitting of the maturity of bolls and stimulated the growth generally. While over most of the district the top crop will be negligible, it is a fact that in the Red River counties, and other favored sections, there will be a considerable yield. The agitation over Government price-fixing has had a demoralizing effect on the movement, and at this writing very few sales are being made. In a bulletin issued by the Texas representative of the United States Department of Agriculture on October 2nd, the condition of the Texas crop is esti-

mated at 44 per cent of normal, against a condition at the same period last year, of 43 per cent. Based on this estimate Texas will produce 2,820,000 equivalent 500 pound bales.

The sweet potato crop of East Texas is now being marketed, and the yield promises to be generally satisfactory. Our correspondent at Winnsboro, which is one of the principal potato producing centers, advises that owing to the scarcity of plants in the Spring the production there will be materially curtailed. Farmers who were able to secure plants are selling to their less fortunate neighbors, and as a result up to the present writing only three cars have moved.

Our correspondents in some of the principal feed producing counties of the "Panhandle," such as Wheeler, Gray and Swisher, report that the crop of maize, kaffir and sorghum will not average one-tenth of normal. The feed crop is very light on account of the protracted dry weather.

The Liberty Loan campaign has overshadowed all other financial matters during the month. At this writing figures indicate a large over-subscription.

When the final returns are received, the total should be materially increased. It is quite gratifying to report that many of the counties in the drouth-stricken sections were the first to raise their quota. Other counties in more favored sections, where it was expected the quotas would be quickly raised, have seemingly found it difficult to do so. The influenza epidemic and rumors of peace seriously retarded the campaign, as the impression generally prevailed that if the war ended quickly there would be no necessity to subscribe to the loan. The announcement that the Government is already making preparations for the Fifth campaign early in 1919 should, and no doubt will, dispel this feeling. Of the six series of Treasury Certificates (not including that of October 1st) issued in anticipation of the Fourth Liberty Loan, of which this district's allotment was \$86,400,000, we have subscribed \$73,863,000; or a deficit of 14½ per cent of the total allotment. When it is considered that conditions in the Eleventh District are not 85 per cent of normal, we think the showing made is an excellent one. The demand for funds is very heavy, and although at this season a general liquidation is to be expected, the same has not taken place up to this time. This is attributable to the slow marketing of the cotton crop. As a result, the loans and discounts of member banks have decreased but slightly, and deposits have not appreciably increased. Interest rates are firm, and the majority of loans are being made at prevailing rates of 6 to 8 per cent. This institution is encouraging in every possible way the policy of member banks in discriminating between essential and non-essential credits, and this counsel, according to our information, is being pretty generally followed. The demand on this bank

for the month ending October 21st has continued very heavy, and our loans and discounts have increased during that period approximately \$8,000,000. In order to meet the same, we have found it necessary to rediscount with other Federal Reserve banks. Member banks' reserve deposits have fluctuated but little within the past thirty days. During the same period the Federal Reserve note circulation of this bank has increased some \$6,000,000. We continue to receive additional applications from state banks. At present our state bank membership is 89.

Clearings at the principal cities of the district show an increase of 31 per cent in September over the same month of 1917. Following are figures in detail for that period, also for the first nine months of 1917 and 1918:

	SEPTEMBER		Inc.
	1917	1918	
Austin	\$ 12,165,646	\$ 12,600,000	3.6
Beaumont	4,145,924	5,098,026	23.0
Dallas	69,664,280	107,789,194	54.7
El Paso	16,108,191	19,524,935	21.2
Fort Worth	54,630,339	60,482,285	10.7
Galveston	26,746,643	32,337,686	20.9
Houston	64,078,924	87,614,995	36.7
Shreveport	9,000,000	11,000,000	22.2
Waco	11,252,549	14,662,130	30.3
Total.....	\$267,792,496	\$351,109,551	
	Increase—\$83,317,055—31%		

	NINE MONTHS		Inc.
	1917	1918	
Austin	\$130,047,471	\$150,241,434	15.5
Beaumont	41,993,791	49,810,333	18.6
Dallas	479,469,001	727,237,711	51.7
El Paso	154,202,661	162,748,257	5.5
Fort Worth	437,681,572	506,666,912	15.8
Galveston	186,995,227	192,085,329	2.7
Houston	463,390,426	567,218,977	22.4
Shreveport	64,023,088	88,199,151	37.8
Total.....	\$1,957,803,237	\$2,444,208,104
	Increase—\$486,404,867—24.8%		

Building permits issued at the principal cities of the district in September show an increase of 269 in number, and \$56,554 in valuation, or 7.5 per cent, over the same month of 1917. The building industry shows little change in the past month. Operations are confined strictly to Government demands, and conditions prevailing justify the statement that the industry is due for a long term of dullness. The extreme shortage of labor is preventing the lumber mills from running over half of the time. Added to this situation is the embargo placed by the Government Railroad Administration against the shipment of lumber to points East of the Mississippi River or North of the Ohio River, except on written order, which has largely decreased shipments for that territory. The restrictions placed upon building operations by the War Industries Board, whereby no new buildings shall be started without a permit

from that Board (except farm buildings costing not to exceed \$1,000, and no repairs to existing buildings which shall exceed a cost of \$2,500), are very materially reducing the retail lumber trade. The price of lumber remains steady at the Government maximum list. The clay products industry and other lines of building material are marking time on account of the Government's building regulations. Detailed figures of building permits follow:

	SEPTEMBER 1917		1918	
	No.	Valuation.	No.	Valuation.
Austin	17	14,182	9	13,595
Beaumont	64	65,953	44	60,225
Dallas	44	81,265	24	39,262
El Paso	116	95,790	74	29,464
Fort Worth	24	66,545	79	85,792
Galveston	200	14,326	388	15,286
Houston	164	211,030	251	205,400
San Antonio	169	120,065	203	242,680
Shreveport	67	28,967	55	73,940
Waco	17	56,217	24	45,250
Total.....	882	\$754,340	1,151	\$810,894
Increase in Valuation—\$56,554—7.5%				
Increase in Number—269				

Detailed figures as shown below for the month of September indicate a decrease in number of failures of 9, and an increase of \$49,379 in the amount of liabilities carried, over the same month of 1917:

Number		Liabilities	
1917	1918	1917	1918
42	33	\$223,142	\$272,521

Labor conditions are about the same as previously reported. Little if any change has occurred, except perhaps there is a greater shortage in skilled labor for all classes of work. The influenza epidemic has depleted the organizations of many concerns, and more especially banking institutions. In some instances 50 per cent of the clerical force is short on account of sickness, which has resulted in the work of such institutions getting very badly behind.

The live stock industry in Arizona is in a serious condition. Ranchmen who are able to do so are shipping their herds to other sections for pasturage, and a large number of cattle have been sent into Mexico. In Texas and New Mexico live stock conditions are somewhat improved, as rains during the past month have relieved range conditions. From Roswell our correspondent advises that within

the next sixty days range conditions will be greatly relieved by the shipment of sheep and cattle, and as a result there should be a general liquidation of indebtedness in that section. It is also expected that in the very near future the deferred payments from the Government for the 1918 wool crop will be made and this should greatly relieve the financial situation. The high price of cake and other feed has made for rather an unfavorable outlook as regards cattle in the Northwestern part of the district. The experiences of last season have made the ranchmen of that section realize that they cannot hold cattle at the present price of feed and make any profit out of them. It is expected that a large shipment of hogs—probably 50 or 75 carloads—will soon move from the Nacogdoches community, and this will ease financial conditions in that section. On account of the drouth, the consequent shortage of cars and the high prices of feed, there has been an unusually large run of cattle to the markets within the past 30 days. They are in an unfit condition and prices received are low.

Post office receipts at the principal cities of the district for September show an increase of \$155,098, or 40.6 per cent, over the same month of 1917. Detailed figures follow:

	1917	1918
Austin	\$ 17,100	\$ 22,463
Beaumont	10,042	14,980
Dallas	114,258	144,044
El Paso	25,796	29,798
Fort Worth	47,609	68,512
Galveston	12,792	21,609
Houston	58,769	85,582
San Antonio	60,997	91,005
Shreveport	15,760	22,295
Waco	18,897	36,830
Total.....	\$382,020	\$537,118
Increase—\$155,098—40.6%		

Business conditions over the Eleventh District may be summarized as generally satisfactory. We believe the present unsettled situation, caused by the epidemic, will soon pass away and as cooler weather approaches conditions should greatly improve. At present the Fall season is rather late, and the weather during October has been warmer than that prevailing in September. This has had an unfavorable tendency, and has checked activities in many lines. Considering the various elements caused by the war the outlook is promising, and with the Liberty Loan campaign over, and the situation on a more even basis, the outlook is encouraging.

**STATEMENT OF CONDITION OF THE
FEDERAL RESERVE BANK OF DALLAS**

At the Close of Business **OCTOBER 25, 1918.**

RESOURCES

Gold coin and certificates in vault.....	\$ 8,032,537.50
Gold settlement fund.....	7,822,254.66
Gold redemption fund.....	2,158,750.00
Gold held with foreign agencies.....	204,010.61
Gold with Agent for retirement of F. R. Notes.....	24,215,195.00
Total	\$42,432,747.77
Legal tender notes, silver, etc.....	935,829.85
Total	\$43,368,577.62
5% redemption fund—F. R. Bank Notes.....	181,700.00
Bills discounted—members	45,677,385.89
Bills bought in open market.....	2,400,000.00
Total Bills on Hand.....	\$48,077,385.89
Investments—U. S. Bonds.....	4,004,800.00
One year Treasury Notes.....	901,000.00
U. S. Certificates of Indebtedness.....	205,500.00
Total earning assets.....	\$53,188,685.89
Federal Reserve Banks—Transfers Bought—(net).....	7,005,633.98
Checks and drafts in process of collection.....	10,204,436.83
Due from other F. R. Banks.....	961,888.72
All other resources.....	4,921,288.32
Total Resources	\$119,832,211.36

LIABILITIES

Capital paid in.....	\$ 3,115,100.00
Government deposits	5,097,976.35
Due to member banks' reserve account.....	37,347,596.09
Deferred credits, account checks and drafts in process of collection	7,262,467.79
Federal Reserve Notes in circulation.....	62,212,120.00
F. R. Bank Note Circulation.....	3,163,900.00
All other liabilities.....	1,633,051.13
Total Liabilities	\$119,832,211.36

OFFICERS

W. F. RAMSEY, Federal Reserve Agent.	R. L. VAN ZANDT, Governor.	
J. W. HOOPES, Deputy Governor.	LYNN P. TALLEY, Cashier.	
CHARLES C. HALL, Ass't Federal Reserve Agent.	R. R. GILBERT, Assistant Cashier.	PAUL G. TAYLOR, Assistant Cashier.
R. BUCKNER COLEMAN, Assistant Cashier.	FRED HARRIS, Assistant Cashier.	