



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, 1918

The successful termination of the war has created optimism everywhere, as evidenced by the various peace demonstrations, parades and similar gatherings throughout this District. At the same time the sudden end to hostilities brings us face to face with a period of readjustment and industrial changes, and presents economic problems which, at the moment, appear almost as difficult of solution as when the District changed from a peace to a war basis early in 1917. We do not doubt that as these readjustments take place conditions will continue generally satisfactory, but any definite prediction or statement for the distant future would be purely guess-work.

The influenza situation has greatly improved and restrictions as to crowds and amusement places have been raised. More seasonable Fall weather and fine rains over practically every section of the District have greatly improved the general business outlook since our November letter, and in the larger cities especially trade is active. Retail distribution, after a very dull period in October, is again normal. The movement of merchandise has been accelerated by the campaign for early Christmas shopping and the necessity for the prompt buying of presents for the boys in the Expeditionary Force. Now that restrictions on Christmas shopping have been lifted, the holiday season should be one of unusual activity.

The operations of manufacturers are restricted only by the labor situation, and delivery of raw material. Collections are slow.

Outside of the seasonal preparation for next year's crops and the marketing of commodities produced in 1917, farming conditions are practically unchanged during the past month. Very heavy

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and general rains, in many localities averaging from two to six inches, have fallen within the past thirty days, which with lighter rains in the early Fall, have insured excellent range conditions in the west and southwest sections and give promise of a good wheat crop in the northwest and "Panhandle" sections, where an increased acreage, conservatively estimated at 20 per cent., has been sown. The crop is looking especially fine at this writing; in fact, the general rains have created a much better feeling among farmers and stockmen. We are hopeful that these conditions may continue.

The Fall crop of sweet potatoes, peanuts and similar commodities is now being marketed at good prices and the returns from the crops are being felt in trade channels. Over 50 cars of sweet potatoes have already been shipped from Jasper County alone, and 20,000 bushels are in storage at the curing plants at Jasper and Kirbyville. The Government crop report for October estimates the Texas sweet potato yield at 4,900,000 bushels, and the production of peanuts at 15,900,000 bushels.

The pinto bean crop of New Mexico is disappointing, both in yield and quality, and the production is less than two-thirds of that expected. Shipments of ribbon cane syrup are now being made from east Texas, and while the crop is short on account of drouth conditions, the grade is excellent and high prices are being received.

Final tabulation of subscriptions to the Fourth Liberty Loan show a total of approximately \$145,000,000, or an over-subscription of 15 per cent. Considering the unfavorable conditions obtaining in the West on account of the drouth, we think the showing is an excellent one. It is only added evidence

BANKING

of the unselfish support and patriotism of the banking institutions and people of the Eleventh District. Too much praise cannot be given the banks for their efforts in making the loan a success.

The financial situation is quite as active as thirty days ago. The most serious problem which banks in this District now face is that of moving the cotton crop. There is little prospect of immediate relief in this regard. The banks in the interior have made heavy advances on cotton purchased on a high market, and on account of the present unsettled conditions, and lack of transportation facilities, there are very few sales and the general disposition is to hold for higher prices, to avoid heavy loss. With such a large part of their assets tied up in cotton the banks find it extremely difficult to maintain their reserves.

There continues an unprecedented demand for funds. Interest rates are firm to steady, at 6 to 8 per cent for customers' paper. The rediscount facilities of this bank are being freely sought, and while our total loans are slightly decreased over a month ago, attributable mainly to the liquidation of member banks' promissory notes secured by Treasury certificates, the amount of paper rediscounted is unchanged. The report of condition rendered on the call of November 1st show slightly increased deposits and decreased loans. At the same time, the seasonal liquidating period has not yet been developed on account of the light movement of cotton. In a circular issued under date of November 29th, the attention of member banks is directed to the necessity of conserving their resources and carefully scrutinizing new credits. This seems especially important in the reconstruction days to come.

Clearings at the principal cities of the district in October show an increase of 2.3 per cent. over the same month of 1917. For the first ten months of the present year, as compared with 1917, an increase of 21.3 per cent. is shown. The figures in detail follow:

	OCTOBER		Inc. or Dec.
	1917	1918	
Austin	\$ 13,380,064	\$ 11,003,491	-17.8
Beaumont	5,644,638	6,383,789	13.1
Dallas	116,000,000	130,964,281	12.9
El Paso	17,639,674	22,257,256	26.2
Ft. Worth	78,378,536	69,953,516	-10.7
Galveston	32,895,920	34,081,858	3.6
Houston	84,977,974	83,745,529	- 1.4
Shreveport	16,884,027	15,579,071	7.7
Total	\$365,800,833	\$373,968,791	
	Increase—\$8,167,958—2.3%		

	TEN MONTHS		Inc. or Dec.
	1917	1918	
Austin	\$143,427,535	\$161,244,925	11.8
Beaumont	47,638,429	56,194,122	17.9
Dallas	595,469,001	858,201,992	44.1
El Paso	171,842,335	185,005,513	8.2
Ft. Worth	516,060,108	576,620,488	11.7
Galveston	219,891,147	226,167,187	2.8
Houston	548,368,400	650,964,506	18.7
Shreveport	80,907,115	103,778,222	28.3
Total	\$2,323,604,070	\$2,818,176,955	
	Increase—\$494,572,885—21.3%		

Building permits issued at the principal cities of the district in October show a decrease of 164 in number, and \$314,528 in valuation—or 38.2%—over the same month of 1917. As compared with October, 1916, the decrease is over 50 per cent.

Detailed figures follow:

	1917		1918	
	No.	Valuation.	No.	Valuation.
Austin	11	\$ 22,912	4	\$ 28,200
Beaumont	71	105,855	53	48,231
Dallas	40	68,120	23	14,550
El Paso	124	92,372	74	16,396
Galveston	341	11,629	373	21,071
Houston	228	162,100	136	40,412
San Antonio	224	239,035	227	329,938
Shreveport	59	121,323	44	10,020
Total	1,098	\$823,346	934	\$508,818
	Decrease in number—164			
	Decrease in valuation—\$314,528—38.2%			

With the end of the war it is anticipated that the building industry will soon be very active. A much better feeling prevails among the trade, both with manufacturers of materials and construction firms, and it is expected that operations will be rapidly restored to normal now that the Government regulations have been removed. Projects which have been held up during the war will to a large extent be released. Space is in great demand both for dwelling and commercial purposes, and the trade reports that there is evidence of an immediate renewal of operations limited in extent only by the ready supply of material and labor.

Pending the resumption of various manufacturing plants to peace time industry, the reserve stock of building materials will prove no more than adequate for the increasing demand. Manufacturers of lumber hesitate to predict the developments of the immediate future. The present effect of the end of the war is that a large number of Government orders are being cancelled or held up, and as one manufacturer reports, "the mills are entirely up in the air as to what the result will be."

The stock of lumber on hand at the mills is low and badly broken, and with the present labor shortage and other contributing factors, there is no immediate prospect for early replenishment. The cancellation of building restrictions will have the effect of creating a sufficient demand to use such lumber as may be available for several months to come, or until such time as our allies and the European countries come into the market for the enormous amount of lumber they will unquestionably need in the reconstruction period to follow.

Exports from the Galveston district in September—the latest figures available—aggregated \$26,410,000; an increase of 40.7 per cent. over the same month of 1917 when the value of such exports was \$18,765,000.

EXPORTS

The October record of failures in the Eleventh District shows a decrease of 22 in number, but a slight increase in amount of liabilities, over the same month of 1917. The figures are:

No.	1917 Liabilities	No.	1918 Liabilities
52	\$392,822	30	\$410,202
	Decrease in number—22		
	Increase in Liabilities—\$17,380		

It is too early to make any statement as to the effect the end of the war will have on labor conditions. It seems to be the general impression, however, that an immediate

improvement will be the result, as with the rapid demobilization of troops and their return to civil life, the scarcity of all classes of labor should be greatly reduced. Owing to the fact that many of our large enterprises will have to be converted from a war to peace basis, the labor turn-over will be necessarily large and no doubt will result in considerable economic loss. We believe, however, this will be only temporary and confidently expect a rapid recovery to normal labor conditions.

The area of this district devoted to the cattle industry is so extensive that reports in hand as to live stock conditions at present are quite at variance. We believe, on the whole, that the cattle industry is much improved over thirty days ago, as the heavy rains recently have helped grazing.

In the Amarillo section our correspondent reports that cattle are in good condition and will go into Winter in fine flesh; also that there is a reasonable amount of grass to tide them over. Reports from other sections in the Panhandle are that cattle are being moved to other ranges or shipped to market with very unsatisfactory results. Our correspondent at Eagle Pass advises that cattle conditions are better than for the past eighteen months; that the rain has filled water tanks and there will be sufficient water to carry the stock through the Winter. In the Beeville section there is an increased number of inquiries for steers of all ages and a fair demand for cows and stockers, at prices ranging from \$65.00 to \$85.00, plus freight.

In Arizona range conditions are bad, and cattle are being moved to other territory for feed.

Post office receipts at the principal cities of the district show an increase of 24.3 per cent. in October over the same month of 1917. Detailed figures follow:

	1917	1918
Austin	\$ 18,968	\$ 25,192
Beaumont	12,003	15,354
Dallas	147,772	179,305
El Paso	29,333	32,688
Fort Worth	55,231	70,001
Galveston	14,630	18,161
Houston	70,351	92,595
San Antonio	75,609	100,303
Shreveport	27,329	28,927
Waco	31,619	37,464
Total	\$482,845	\$599,990
	Increase—\$117,145—24.3%	

Wholesalers of dry goods report very little buying among the country trade at the present time on account of the long period of warm weather and the dull business occasioned by the influenza epidemic.

Wholesalers and jobbers also advise that the sudden termination of the war, and the many adjustments in their line which will be necessary as the result, has caused a condition of unsettlement, and they are "marking time" pending developments. They have large stocks of high priced goods on hand, and until market conditions become more settled and some definite basis can be formed as to future prices, buying will necessarily be curtailed and restricted to actual requirements. Some have already cancelled orders for future delivery. The buying season for Spring and Fall of 1919 will soon be here, but on account of the conditions mentioned above there is little activity.

Large mail order houses report a temporary lull in business and attribute it to the anticipation of greatly reduced prices of merchandise. Their volume of holiday trade, however, has been unusually heavy, and this class of merchandise has been in good demand.

The wholesale grocery trade has been very active in the past few weeks. This activity, however, is attributable mainly to delivery of stocks purchased in the Spring and Summer. There is a very strong tendency on the part of the retailer to withhold purchases and to buy in limited quantities, in anticipation of a drop in prices with the end of the war. Wholesalers are encouraging this practice, in an effort to prevent hoarding, but report that there is probably little basis for expecting any material decline in grocery prices in the near future, as with the extraordinary demand for food, which it now develops will be greatly increased for the devastated European countries, it is not thought there will be any substantial decline, but rather an increase. Collections in the trade are reported as unusually good.

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

At the Close of Business NOVEMBER 29, 1918.

RESOURCES

Gold coin and certificates in vault.....	\$ 5,666,512.50
Gold settlement fund.....	6,514,153.66
Gold redemption fund.....	2,153,150.00
Gold held with foreign agencies.....	204,010.61
Gold with Agent for retirement of F. R. Notes.....	22,500,095.00
Total	\$37,037,921.77
Legal tender notes, silver, etc.....	1,299,981.25
Total	\$38,337,903.02
5% redemption fund—F. R. Bank Notes.....	226,900.00
Bills discounted—members	48,972,698.15
Bills bought in open market.....	4,025,000.00
Total Bills on Hand.....	\$52,997,698.15
Investments—U. S. Bonds.....	4,000,050.00
One year Treasury Notes.....	725,000.00
Special Cert. of Ind. to secure F. R. Bank Notes.....	1,675,000.00
Total earning assets.....	\$59,397,748.15
Federal Reserve Banks—Transfers Bought—(net).....	4,360,669.41
Checks and drafts in process of collection.....	7,927,465.12
All other resources.....	3,407,970.06
Total Resources	\$113,658,655.76

LIABILITIES

Capital paid in.....	\$ 3,141,450.00
Government deposits	3,989,502.72
Due to member banks' reserve account.....	31,705,480.17
Deferred credits, account checks and drafts in process of collection	8,901,735.19
Federal Reserve Notes in circulation.....	59,104,685.00
Due to F. R. Banks (net).....	987,544.46
F. R. Bank Note Circulation.....	2,586,150.00
Federal Reserve Bank Notes (secured by U. S. Bonds).....	1,238,000.00
All other liabilities.....	2,004,108.22
Total Liabilities	\$113,658,655.76

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.
R. BUCKNER COLEMAN, Assistant Cashier.	PAUL G. TAYLOR, Assistant Cashier.
	FRED HARRIS, Assistant Cashier.