



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, JANUARY, 1919

Holiday trade has overshadowed other business activities during the month. Advanced reports indicate a very heavy volume, especially in the larger cities. In the smaller towns retail trade was light, on account of the prevalence of the influenza epidemic. Reports received from our correspondents in different sections of the District as to the general business situation are quite at variance. Summarized, they are not altogether encouraging. The general inclination is to await developments after the turn of the new year, and there is a very strong tendency to defer commitments and approach future contracts with caution. Many lines of industry are showing the effect of the quick transition from war to peace, and for this reason the outlook presents uncertain elements. We may expect a rather dull season following the holiday period.

Collections are slow, for which various reasons are assigned, the principal one being that farmers are not selling their cotton at the present market, and the liquidation of obligations is thus deferred.

As this is written the outlook for crops in 1919 is especially encouraging. The

AGRICULTURE reply of one of our correspondents, that "the prospects for another good season could not be more favorable," is typical of similar reports on farming conditions in the district. If present prospects materialize and weather conditions throughout the Winter are favorable, this district will unquestionably produce one of the largest wheat crops in its history. Quite in contrast to a year ago, the planting season has been most favorable. At present the condition of the wheat could hardly be improved upon, and sufficient moisture has fallen to carry it through the entire Winter. Authorities estimate that 500,000

more acres have been sown to wheat this Fall than in 1917.

In a bulletin issued December 11th the United States Department of Agriculture estimates the production of cotton in Texas at 2,580,000 five hundred pound bales, excluding linters. This revised estimate is somewhat lower than previous figures. Shipments of cabbage, in carloads, are being made from the Brownsville section. Prices are around \$25.00 per ton, f. o. b. shipping point.

The financial situation is fully as active as thirty days ago, and there were no special

BANKING developments during December. There is no slackening in the demand for funds, and interest rates, reflecting this condition, continue steady to firm, 6 to 8 per cent prevailing for customers paper.

The demand with this bank is as heavy as thirty days ago, although our total bills discounted and bought showed a slight decrease on December 23rd, as compared with November 23rd. The total amount on December 23rd was \$46,883,873, whereas on November 23rd the total was \$48,954,908. During the same period our reserve deposits show an increase of some \$2,000,000. A statement issued by the Comptroller of the Currency on December 21st shows that Dallas was one of sixteen cities in the United States whose national banks report the greatest increase in total resources between the statement calls of August 31st and November 1st. The increase amounted to \$12,000,000. The same statement shows that Texas was one of seventeen states whose country banks showed an increase in resources of \$10,000,000 or more. The increase in this state was \$18,000,000.

Banks in the interior are still greatly extended on account of the large amount of their resources carried in cotton, and no immediate relief is in sight. Conditions with the smaller banks are very serious as the result. While there has been some liquidation with the seasonal marketing of farm products, cattle and hogs, the amount of loans of member banks secured by cotton is very large, and with the slow movement of the staple the real liquidation period has not taken place.

Clearings at the principal cities of the District for November show a decrease of 13.9% over the same month of 1917. This is the first decrease reported for many months. It indicates that the volume of business has receded somewhat since the war ended, but as the high prices of commodities and the unusual conditions prevailing in financial affairs made for clearings of record proportions for several months past, we do not think the decrease reflects any serious basic conditions. Detailed figures for November, as well as for the first eleven months of 1918, compared with the same period of 1917, were as follows:

NOVEMBER			
	1917	1918	Inc. or Dec.
Austin	\$ 20,759,077	\$ 11,424,708	-45.0
Beaumont	6,129,584	5,704,363	- 6.9
Dallas	100,930,000	107,131,695	6.1
El Paso	17,454,975	21,000,000	20.3
Ft. Worth	77,896,232	59,675,496	-23.4
Galveston	33,367,196	23,119,428	-30.7
Houston	84,024,048	69,326,070	-17.5
Shreveport	14,805,760	12,554,801	-15.2
Waco	17,545,566	10,836,527	-38.2
Total.....	\$372,912,438	\$320,773,088	
Decrease—\$52,139,350—13.9%			

ELEVEN MONTHS			
	1917	1918	Inc. or Dec.
Austin	\$164,186,612	\$172,396,790	5.0
Beaumont	53,768,014	61,898,485	15.1
Dallas	698,178,432	965,333,687	38.3
El Paso	189,297,310	206,005,513	8.8
Ft. Worth	593,956,341	636,295,925	7.1
Galveston	253,258,343	249,286,615	- 1.6
Houston	631,992,048	720,200,976	14.0
Shreveport	96,166,780	118,440,797	23.2
Total.....	\$2,680,803,880	\$3,129,858,788	
Increase—\$449,054,908—16.7%			

The showing made in the issuance of building permits at the larger cities of the District in November is one of the poorest since war was declared, when the dullness in construction lines became ap-

parent. Sufficient time has not elapsed since the close of the war to make any definite prophecy as to building operations. Our correspondents report, however, that the outlook is very promising, and we believe the extent of operations during 1919 will be limited only by the supply of labor and construction materials. With the rapid release of men from military service to civil life, there is already considerable evidence that building projects are getting under way, and everything is indicative of unusual activity in the construction of dwellings and commercial space, in order to meet the present deficiency. The figures following show the number, and valuation, of permits issued at the principal cities of the District in November, 1917 and 1918:

	1917		1918	
	No.	Valuation.	No.	Valuation.
Austin	6	\$ 5,225	3	\$ 1,270
Beaumont	76	112,565	42	25,517
Dallas	41	119,436	20	25,210
El Paso	96	68,755	70	49,990
Galveston	208	20,832	365	7,284
Houston	189	141,654	148	38,437
Shreveport	38	13,350	36	15,910
Total.....	654	\$481,817	684	\$163,618

Increase in number—30
Decrease in valuation—\$318,199—66%

Exports from the Galveston district in October,—the latest month for which figures are available, — aggregated \$29,935,523. In October, 1917, the value of such exports was \$33,849,541—or a decrease of 11.5 per cent. In September, 1917, the value of such exports was \$26,410,000.

The record made in the number of commercial failures in the District in November is an excellent one, and is added evidence that business was conducted without undue disturbance. During the period mentioned, the number of business suspensions in the eleventh district was 32, as compared with 57 in November 1917; while the amount of liabilities involved in November, this year, was \$293,019 against \$421,936 in November 1917.

The cancellation of Government contracts and discontinuance of Government construction work has had the effect of causing considerable unemployment, especially in skilled lines. While the demand for common labor is still about equal to the supply, the number of skilled workmen, especially in the building trade,

BUILDING

is considerably in excess of present demands. It is expected that this condition will continue for sometime because of the demobilization of troops, and the fact that readjustment of industries can hardly take care of the increased supply of labor.

During the past month fairly good rains and heavy snows have fallen over a large area of the cattle raising section, and livestock conditions are much improved as the result. With few exceptions, and these obtaining in counties where the drouth situation has not improved, the range is in good condition and the supply of water is sufficient to last several weeks. Our correspondents report that cattle will go through the season in fair shape; this, of course, depending upon their condition before the real severe weather of the winter sets in. In Arizona the outlook in the cattle industry is especially encouraging. Plenty of rain has fallen, feed is good, and cattlemen look forward to a prosperous year.

Receipts at the principal livestock markets in December were very heavy, attributable to a desire on the part of stockmen to liquidate accounts and reduce their herds by January 1st.

Conditions in the copper mining districts of Arizona are somewhat disturbed on account of the uncertainty as to prices for the metal after January 1st. If the market is well maintained, as anticipated, conditions should continue good. If, however, there should be any decline in the price of the commodity, we anticipate a season of inactivity in the Douglas and Clifton districts.

Our correspondent at Coalgate, Oklahoma, at which place the coal mining industry is one of great importance, advises that the operations of the mines in that section have decreased about 25 per cent in the past two weeks, and conditions are unfavorable as the result.

Conditions surrounding the oil industry in the Coleman field, while not as active as earlier in the year, have greatly improved during the last 30 days. In the Electra field, our correspondent reports that the situation is hardly normal, and there are no developments of moment. In the Ranger district, business continues in unprecedented volume on account of the renewed activities of oil operators and the rapid extension of the

field. Oil men predict that the Ranger territory is destined to become one of the most important oil fields in the United States.

Post office receipts at the principal cities of the District in November show a decrease of 5.9 per cent over November, 1917. The figures follow:

	1917	1918
Austin	\$ 20,052	\$ 19,295
Beaumont	11,746	13,312
Dallas	160,605	157,792
El Paso	34,263	31,883
Fort Worth	72,835	63,735
Galveston	18,364	19,121
Houston	93,937	79,928
San Antonio	85,985	87,926
Shreveport	22,920	22,257
Waco	39,971	32,348
Total.....	\$560,678	\$527,597
Decrease—\$33,081—5.9%		

This decrease is very unusual and is difficult of analysis, unless it be that the end of the war caused a slump in postal business. The small number of troops at cantonment cities unquestionably accounts for a portion of the decrease. In November 1917 the number of men at the camps in this District was probably the largest since war was declared.

Wholesale trade during December was only fairly active, but there is always a period of dullness immediately preceding the holidays. As the annual inventory season is approached, this will be more pronounced. Reports of cancellation of orders are numerous, and in the wholesale dry goods trade especially, business is quiet. Dealers attribute this, in a large measure, to very light orders from the country trade, on account of the influenza epidemic and the anticipated reduction in prices of merchandise. The large mail order houses had a very heavy holiday trade, and their volume of business in December was larger than for the preceding 30 days. Collections in wholesale mercantile lines are slow, on account of the light movement of cotton.

The wholesale grocery trade is fairly satisfactory, with collections slow. There was a very heavy demand for confectionery lines, candies and fruits for the holiday trade. On account of the expected decline in prices of grocery staples, current orders are not what should be expected, and cancellations for future delivery are being daily received. Wholesale drugs and sundries are active, and collections in the trade are fair.

STATEMENT OF CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

At the Close of Business DECEMBER 27, 1918.

RESOURCES

Gold coin and certificates in vault.....	\$ 5,717,802.50
Gold settlement fund.....	3,615,257.95
Gold redemption fund.....	2,195,350.00
Gold held with foreign agencies.....	204,010.61
Gold with Agent for retirement of F. R. Notes.....	22,391,295.00
Total	\$34,123,716.06
Legal tender notes, silver, etc.....	1,229,760.25
Total	\$35,353,476.31
5% redemption fund—F. R. Bank Notes.....	311,600.00
Bills discounted—members	50,934,433.67
Bills bought in open market.....	2,678,000.00
Total Bills on Hand	53,612,433.67
Investments—U. S. Bonds.....	3,999,550.00
One year Treasury Notes.....	725,000.00
Special Cert. of Ind. to secure F. R. Bank Notes.....	3,175,000.00
Total earning assets	\$61,511,983.67
Federal Reserve Banks—Transfers Bought—(net).....	4,253,097.53
Checks and drafts in process of collection.....	8,334,783.29
Due from other F. R. Banks.....	3,794,100.49
All other resources.....	3,346,914.79
Total Resources	\$116,905,956.08

LIABILITIES

Capital paid in.....	3,154,300.00
Government deposits	2,116,402.39
Due to member banks' reserve account.....	33,064,813.57
Deferred credits, account checks and drafts in process of collection	11,063,034.68
Federal Reserve Notes in circulation.....	59,825,405.00
F. R. Bank Note Circulation.....	4,847,900.00
Federal Reserve Bank Notes (secured by U. S. Bonds).....	692,000.00
All other liabilities.....	2,142,100.44
Total Liabilities	\$116,905,956.08

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