



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, FEBRUARY, 1919

Readjustments to peace times are being effected in the District without any undue disturbance, and according to the reports received business conditions following the turn of the new year have been fairly satisfactory. With the transition from a war to peace basis it is expected, of course, that conservatism will be exercised, and there is a strong tendency toward caution in entering upon future commitments.

Locally, trade reflects the after-holiday dullness and inventory period. We may expect this condition for thirty or sixty days longer. The lull is, however, no more apparent than in previous years and has been partially offset by other activities, of which the oil industry predominates. The excitement caused by oil operations in Central and Northwest Texas has spread like wild fire and a genuine "boom" exists in many of the smaller towns in Eastland, Erath, Comanche, Wichita and other counties of the State where wells are being brought in daily. All sorts of rumors are being circulated to encourage speculation by the small investor; principally those, of course, which chronicle the making of fortunes over night. As a result of the activities mentioned local business at the smaller towns in the oil fields is the heaviest of record. The influx of oil men and the consequent increase in population of the drilling centers has caused a dearth of housing facilities, and locations for new enterprises are greatly in demand. The overflow has contributed to the business of the larger towns adjacent to the fields and is reflected in Dallas and Fort Worth particularly, in the opening of Boards of Trade and Exchanges for trading in oil stocks.

In some counties of South and East Texas the very heavy rains have interfered with crop preparations and the farmers are badly behind in their work. Over most of the agricultural belt, however, the winter rains insure unusually heavy crops in 1919. Our correspondents are quite optimistic over

the outlook, and farming conditions are very favorable.

Heavy rains and snows, averaging from two to eight inches, have fallen over the wheat belt of the Panhandle, and a bumper crop is assured. The Government report for December—the latest available—estimates the condition of wheat in Texas at 100 per cent, as compared with the ten-year average of 83 per cent. The same report estimates the increased acreage at approximately one-third more than in 1917. If present prospects materialize the State will unquestionably produce the largest wheat crop in its history. While too early to begin preparations for row and feed crops, which contribute to the prosperity of the Panhandle, conditions are very favorable for such crops in 1919.

Banking conditions have not changed materially during the month. The strong demand for funds continues, on account of the slow marketing of cotton

BANKING and the very heavy calls upon banks in the drouth section for financing their customers in another crop year. As a result the member banks continue to seek the facilities of this institution, and our total bills discounted and bought show an increase of over \$6,000,000 in the past 30 days. During the same period the amount of member banks reserve deposits has increased over \$3,000,000. The demand for loans has been so great that many member banks have found it practically impossible to subscribe for the Treasury Certificates of Indebtedness now being issued in anticipation of the Fifth Liberty Loan, and this district has consequently been unable to meet its quotas.

An analysis of the reports of member banks, on the Comptroller's call of December 31st, shows an increase in deposits and a slight decrease in loans over the call of November 1st. Except with banks in the oil producing sections, deposits are still greatly below what they should be for this season, and the deferred liquidating period and unprecedented demand for funds for livestock and agricultural financing have permitted a very small reduction in

the loan account. Interest rates are practically unchanged, and 6 to 8 per cent prevail for customer's paper.

Clearings at the principal cities of the District in December show an increase or 1.9 per cent over December, 1917. For the years of 1917 and 1918 an increase of 15 per cent will be noted. Detailed figures follow:

	1917	1918	Inc. or Dec.
Austin	\$ 17,865,299	\$ 12,975,434	*27.4
Beaumont	5,072,416	6,318,245	24.6
Dallas	92,134,348	110,758,577	20.2
El Paso	17,398,767	20,782,340	19.5
Ft. Worth	74,366,078	58,155,278	*21.8
Galveston	30,036,760	29,096,247	* 3.1
Houston	71,655,205	76,060,650	6.1
Shreveport	12,857,133	13,561,914	5.5
Total.....	\$321,385,996	\$327,708,685	* Decrease.

TWELVE MONTHS

	1917	1918	Inc. or Dec.
Austin	\$182,051,911	\$185,372,224	1.8
Beaumont	58,840,430	68,216,730	15.9
Dallas	790,312,780	1,076,092,264	36.2
El Paso	206,696,077	226,641,693	9.6
Ft. Worth	668,322,419	694,451,202	3.9
Galveston	283,295,093	278,382,862	* 1.7
Houston	703,647,253	796,351,625	13.2
Shreveport	109,023,913	132,002,711	21.1
Total.....	\$3,002,189,876	\$3,457,511,311	* Decrease.
Increase—\$45,321,435—15%			

Weather conditions have been extremely unfavorable for the building industry during January, and temporarily checked any tendency there might have been to re-open operations. Contractors are quite optimistic over the outlook, however, and believe that as the new year advances unprecedented activities will prevail in the building line. Manufacturers of construction materials report increased inquiries, and feel encouraged over the outlook. The high price of labor is affecting operations to a serious extent. Every effort is being made to encourage and promote building activities, in order to provide employment for men discharged from the army. In some of the larger cities of Northern Texas, the influx of the population caused by the oil industry has created a very active demand for business houses and dwellings, and made additional housing facilities absolutely essential.

Permits issued at the principal cities of the District in December, and during 1918, as compared with

the same periods a year ago, are shown below:

	DECEMBER				Inc. or Dec.
	1917		1918		
	No.	Valuation.	No.	Valuation.	
Austin	11	\$ 15,035	7	\$ 3,400	*77.3
Beaumont .....	.....	60,602	.....	35,583	*41.2
Dallas	28	128,115	33	61,635	*51.8
El Paso	78	58,700	65	52,668	*10.3
Ft. Worth	26	136,345	38	53,312	*60.9
Galveston	171	4,051	415	15,062	271.8
Houston	120	712,683	172	149,784	*78.9
San Antonio.....	204	234,945	118	82,963	*64.6
Shreveport	37	17,605	54	18,024	2.3
Total.....	675	\$1,368,151	902	\$472,431	
* Decrease—\$895,720—65.4%					* Decrease.

TWELVE MONTHS

	1917		1918		Inc. or Dec.
	No.	Valuation.	No.	Valuation.	
Austin	289	\$347,561	102	\$252,615	*27.3
Beaumont .....	.....	1,066,331	.....	1,304,421	22.3
Dallas	807	3,575,259	555	1,667,729	*53.3
El Paso	1,785	3,469,507	1,030	646,149	*81.3
Fort Worth	524	1,790,612	630	2,067,887	15.4
Galveston	1,818	226,610	3,957	175,614	*22.5
Houston	2,388	3,129,246	2,227	2,222,151	*28.9
San Antonio.....	2,004	2,134,868	2,612	3,756,344	75.9
Shreveport	707	915,112	593	552,257	*39.6
Total.....	10,322	\$16,655,106	11,706	\$12,645,167	
Decrease—\$4,005,939—24%					
Increase in number—1,384.					* Decrease.

Continued rains have curtailed production and shipments of lumber fully 50 per cent during the past two months. As this is written January promises no improvement. The demand is very light, although no decline in prices is noticeable. On the contrary, prices are somewhat higher than were Government schedules in effect up to December 23rd. Stocks in the hands of manufacturers are very low and badly broken, and, on account of weather conditions, are not being replenished at the normal rate. Manufacturers are hopeful that Spring trade will be very active, as it is expected the railroads will shortly resume buying on a large scale, and that the export demand will be limited only by the bottoms that may be available for shipments. The Government will soon place a large quantity of lumber (estimated at 400,000,000 feet) on the market, but it is expected it will be offered in such a manner as to not unduly disturb prices. On the whole, it is anticipated that the lumber industry, for the next two years at least, will enjoy the greatest prosperity in its history.

Exports from the Galveston District in November—the latest month for which figures are available, — aggregated \$15,050,744, a decrease of \$14,884,770—or 49.7 per cent over October.

EXPORTS

The record of commercial suspensions for December shows a slight decrease in number, but a substantial increase in the amount involved, as compared with December, 1917.

The record for the year is an excellent one, considering the uncertain conditions as a result of the country being at war. The figures which follow show, by months, the number of failures in the Eleventh District, and amount involved, in 1918, as compared with 1917:

	1917		1918	
	No.	Liabilities.	No.	Liabilities.
January	58	\$498,256	48	\$455,538
February	50	518,042	41	288,227
March	90	310,418	31	192,997
April	44	228,577	32	251,858
May	58	503,691	31	262,671
June	66	376,200	33	470,752
July	61	292,589	33	311,032
August	56	344,273	46	298,340
September	42	223,142	33	272,521
October	52	392,822	30	410,202
November	57	421,936	32	293,019
December	50	380,506	33	1,191,850
Total.....	684	\$4,490,452	423	\$4,699,007

Decrease in number—261—38.1%
 Increase in liabilities—\$208,555—4.6%

The labor situation in the District is becoming complicated by the rapid demobilization of soldiers. A large number of the men are unable to find employment, as many concerns are refusing to re-employ soldiers formerly in their service. This, of course, has resulted in a large surplus of labor, skilled and unskilled, and the situation is becoming very acute.

LABOR

The severe weather during the month has caused some heavy losses in cattle in the Panhandle, and northern and eastern New Mexico; in the latter section especially losses will be heavier than for several Winters past. The heavy snows remained on the ground for several days and necessitated large quantities of high-priced feed. The extremely cold weather, coming as it did rather early in the winter, caused cattle to lose in flesh and strength and will make it necessary to feed heavily until Spring opens. The Winter rains and snows insure fine range conditions in the Spring and will more than offset any temporary damage to stockmen. Receipts at the principal markets in January have been heavy, though a slight decrease is shown in the number of cattle, and a substantial increase in hogs.

LIVE STOCK

The unsettled condition of the copper market and the high price of labor and material have greatly restricted mining operations in the Tucson, Clifton and Douglas sections. The volume of business in this particular line has been substantially reduced as a

MINING

result, and the prospects for the immediate future in the industry are not good. Coal mines in the Albuquerque section are having a very heavy demand for their output, and orders greatly exceed the production. The Oklahoma mines are also running on full time.

Post office receipts at the principal cities of the District in December show a decrease of 1.4 per cent. Several of the cities report substantial decreases, as will be disclosed by the figures following:

POST OFFICE RECEIPTS

	1917		1918		Inc. or Dec.
Austin	\$ 22,788	\$ 24,789			8.7
Beaumont	17,627	16,450			* 6.6
Dallas	167,647	179,909			7.3
El Paso	42,967	41,288			* 3.9
Fort Worth	82,934	68,650			*17.2
Galveston	23,370	24,044			2.8
Houston	106,702	104,604			* 1.8
San Antonio	108,217	105,740			* 2.2
Shreveport	25,272	26,347			4.2
Waco	50,456	33,808			*32.9
Total.....	\$565,046	\$556,979			

Decrease—\$8,067—1.4% * Decrease.

A comparison of 1917 and 1918 at the same cities shows an increase of 35.3 per cent. The increases were especially conspicuous at the cantonment cities. The figures in detail were:

	1917	1918	Inc.
Austin	\$209,185	\$268,167	28.2
Beaumont	126,145	171,261	34.9
Dallas	1,499,260	1,849,146	23.3
El Paso	365,490	400,543	9.5
Fort Worth	582,551	842,180	44.5
Galveston	182,300	232,349	27.4
Houston	772,981	1,029,550	33.1
San Antonio	682,830	1,145,426	67.7
Shreveport	221,708	278,269	25.5
Waco	256,650	416,075	62.1
Total.....	\$4,899,100	\$6,632,966	

Increase—\$1,733,866—35.3%

Retail trade during the month has been only fairly active. The lull is especially noticeable following the holidays. The inauguration of bargain sales, the demand for civilian clothing by demobilized soldiers, and concessions made in the prices of merchandise for quick turn-over, incident to the stock taking period, have partly offset this seasonal dullness.

WHOLESALE AND RETAIL TRADE

Wholesale trade is unsettled and cancellations of orders are quite numerous. While a good business is expected in 1919, for the present at least merchants are restricting their purchases to actual requirements, are careful not to over-stock, and are awaiting more settled market conditions before

placing large contracts. This is very noticeable in the grocery trade, and dealers report that orders for future delivery are being cancelled and contracts repudiated. The grocery trade is therefore not brisk and is less active than a month ago. There seems to be no immediate prospect that prices of goods will decline. They certainly will not until labor gets cheaper, and as long as living costs are abnormal, as at present, the wage scale will be well maintained.

Collections are slow, on account of the cotton situation and bad weather.

Due to the relaxation of passport restrictions with Mexico, and the elimination by the War Trade Board of a great many articles from the export conservation list, retail trade with the Republic is improving rapidly. Wholesale business, however, is practically at a standstill, as the merchants below the border seem to expect an early return to pre-war prices from the present abnormal market. They are therefore purchasing from "hand to mouth." This has curtailed local business to a considerable extent and necessitated merchants at border points holding large stocks of goods.

STATEMENT OF CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

At the Close of Business JANUARY 24, 1919.

RESOURCES

Gold coin and certificates in vault.....	\$ 5,883,385.00
Gold settlement fund.....	6,625,757.35
Gold redemption fund.....	2,184,450.00
Gold held with foreign agencies.....	204,010.61
Gold with Agent for retirement of F. R. Notes.....	22,246,995.00
Total	\$37,144,597.96
Legal tender notes, silver, etc.....	1,745,084.50
Total	\$38,889,682.46
5% redemption fund—F. R. Bank Notes.....	314,200.00
Bills discounted—members	48,702,103.10
Bills bought in open market.....	2,625,000.00
Total Bills on Hand.....	\$51,327,103.10
Investments—U. S. Bonds.....	3,973,025.00
U. S. Certificates of Indebtedness.....	4,400,000.00
Total earning assets.....	\$59,700,128.10
Federal Reserve Banks—Transfers Bought—(net).....	3,572,635.53
Checks and drafts in process of collection.....	11,780,363.25
Due from other F. R. Banks.....	3,511,005.59
All other resources.....	3,519,412.52
Total Resources	\$121,287,427.45

LIABILITIES

Capital paid in.....	\$ 3,169,750.00
Surplus	592,204.25
Government deposits	5,277,246.06
Due to member banks' reserve account.....	38,484,403.66
Deferred credits, account checks and drafts in process of collection	10,739,479.28
Federal Reserve Notes in circulation.....	55,980,390.00
F. R. Bank Note Circulation.....	5,791,400.00
All other liabilities.....	1,252,554.20
Total Liabilities	\$121,287,427.45

OFFICERS

W. F. RAMSEY,
Federal Reserve Agent.

R. L. VAN ZANDT,
Governor.

LYNN P. TALLEY,
Deputy Governor-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.