



# 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, MARCH, 1919

The undertone of caution and hesitancy in various lines of business, pending more settled market conditions, price adjustments, and further progress in the transitory period is still conspicuous. There were evidences in February of the return to normal and pre-war conditions in the district, as reflected by the slight reduction in prices of food-stuffs during the month. The decline in the market affected principally dairy products, country produce and certain grocery commodities. Some relief is thus afforded from the abnormal cost of living to which we had become more or less accustomed during the war, and the reduction in prices is quite welcome. It is at least indicative that a start has been made in readjustments, and we look for further favorable developments.

Excellent crop prospects may be considered an accurate barometer as to the future and present indications forecast very heavy yields of farm products. Trade conditions, summarized, continue fair to good, and our correspondents, with few exceptions, are optimistic over the outlook. This is especially true in sections of the West and Southwest where drouth conditions up to a few months ago were extremely bad. There has been little change in the cotton situation during the month, as slow collections in the agricultural belt testify, and trade in those sections plainly shows this situation.

In the towns adjacent to the oil fields—Ranger, Burkburnett and Wichita Falls—conditions are abnormal and business activities are unprecedented.

The prediction of unusually heavy yields in grain and other food crops is amply justified by the advanced reports. It will be gratifying if this condition materializes and the present campaign for a reduction of one-third in the cotton acreage is a success.

Meetings of agricultural and bankers' associations, of farmers unions and commercial organiza-

tions have recently been held for the purpose of effectually securing a reduction in the area planted in cotton the present season. The proposed plan is to secure pledges from cotton planters, agreeing to reduce the acreage at least one-third under that planted in 1918. Increased grain and food production is especially urged, and this of course will automatically decrease the cotton acreage. It is very difficult to prophesy the result of the present campaign. February 22 was designated as "Pledge Day" when farmers and planters gathered in their respective community centers and agreed to support the movement.

The conditions now obtaining on account of the slow marketing of cotton and the fact that another crop will soon be upon us, make it imperative that concerted action be taken, else a very dangerous situation obtain when the new crop is ready for market. As commented upon in a preceding paragraph, prospects for crops in 1919 could hardly be improved upon; there is an excellent season in the ground and good weather alone is needed for farm work. The planting season is at least thirty days late, especially in South and East Texas on account of excessive moisture in those sections. Very little farm work has thus far been attempted.

The excellent crop prospects and improved conditions in the live stock industry make necessary the use of large sums in loans to stockmen and farmers in the West, and the demand for money in those sections, especially, was never heavier. The facilities of this bank are freely sought and the previous heavy demand continues unabated. Our total bills discounted and bought show a slight increase during the month. It has necessitated this institution re-discounting with other Federal Reserve banks. Interest rates have not changed within the past thirty days, and are steady at 6 to 8 per cent. Deposits have increased slightly during the past month. Fed-

## BANKING

eral reserve note circulation decreased \$4,500,000 in the same period. Reserve deposits of member banks increased \$500,000 in the past thirty days. At the risk of repetition it may be stated that on account of member banks of this immediate section carrying large loans against cotton they are finding it extremely difficult to maintain required reserves, and in addition care for their regular customers. A very serious condition exists with some of the banks in the cotton district, and they are badly extended on account of the unusual and abnormal situation. As a consequence, of the quotas of Treasury certificates allotted this district in the several issues recently only 25 to 50 per cent has been subscribed. It is also necessary, as in other districts of course, for our banks to carry a large amount of Liberty bonds for their customers. This demand absorbs funds which would ordinarily be used in commercial channels.

Clearings at the principal cities in January show an increase of 5.2% over the same month of 1918. We consider this an excellent showing, following the holiday period and unsettled conditions since the signing of the armistice. A comparison follows:

	1918	1919	Inc. or Dec.
Austin .....	\$ 25,136,587	\$ 21,231,642	*15.0
Beaumont .....	5,803,764	6,500,000	12.0
Dallas .....	97,213,510	119,925,880	23.4
El Paso .....	17,196,483	22,629,859	31.6
Fort Worth .....	71,336,212	65,625,074	*8.0
Galveston .....	27,949,634	27,252,666	*2.5
Houston .....	76,728,607	75,095,229	*0.8
Shreveport .....	12,804,331	13,370,181	3.9
Total.....	\$334,169,128	\$351,630,531	
	Increase—\$17,461,403—5.2%		* Decrease

Improved weather conditions obtained during February and created renewed activity in the building industry. We do not expect any general recovery in operations until the Spring and Summer months. The present outlook, however, is very encouraging. The greatest activity is reported from the cities in the oil fields. At Wichita Falls, particularly, contracts aggregating over \$1,000,000 have recently been let. Locally, the construction of residences of the better class has been resumed and some small contracts for improvements have been made. Architects, and dealers in lumber and building material, report an increased number of inquiries, and predict that as Spring opens the building industry will again become very active. The labor situation, and inability to fill orders for materials are restricting operations. A comparison of the permits issued at the principal cities of the district in January shows an increase in number, but a decrease

in valuation, over January 1918. The showing is better than for December 1918, however, and not altogether disappointing. Detailed figures follow:

	1918		1919	
	No.	Valuation.	No.	Valuation.
Austin .....	11	\$ 26,355	4	\$ 2,450
Beaumont .....	.....	78,757	.....	28,956
Dallas .....	55	381,941	46	109,820
Fort Worth .....	24	55,550	59	92,725
Galveston .....	189	11,285	548	61,108
Houston .....	168	378,555	140	152,507
San Antonio .....	233	302,210	211	127,942
Shreveport .....	38	17,883	72	82,215
El Paso .....	72	56,340	75	39,250
Total.....	790	\$1,308,876	1,155	\$696,973
		Increase in number—365		
		Decrease in valuation—\$611,903—46.7%		

Exports from the Galveston district during December, the last month for which figures are available, were valued at \$40,910,428, an increase of \$25,859,684, or 171.8%, over November.

Better shipping facilities are now available and the early resumption of export trade is expected.

The record of business mortalities in the district in January shows the same number as in January, 1918, but an increase in the amount involved. The figures, as furnished by R. G. Dun & Company, are:

	1918		1919	
	No.	Liabilities.	No.	Liabilities.
	48	\$455,538	48	\$695,082
		Increase in liabilities—\$239,544		

Indications of labor troubles are much stronger than a month ago. The unemployment situation is becoming serious in many parts of the district. There does not seem to be any considerable disposition on the part of employers to reduce wages at this time, but the general trend is in that direction. This movement will, of course, be strongly resisted by the laborer, and we may shortly witness some disturbances caused by strikes and lock-outs. One of the principal difficulties now being encountered is the apparent disinclination of men released from the army to accept positions at the prevailing wages.

The cattle industry throughout the district continues to improve. Abundant rains and snows have fallen over the range country within the past month. Losses during that period have been light; grass is starting in good shape and prospects for early feed are therefore excellent. A large number of ranchmen are feeding weak and thin cattle, and total losses have so far been nominal. Receipts at the markets are limited and the qual-

**LIVE STOCK** The cattle industry throughout the district continues to improve. Abundant rains and snows have fallen over the range country within the past month. Losses during that period have been light; grass is starting in good shape and prospects for early feed are therefore excellent. A large number of ranchmen are feeding weak and thin cattle, and total losses have so far been nominal. Receipts at the markets are limited and the qual-

ity is very poor. Prices are high and entirely satisfactory. It is anticipated that the number of cattle coming to the markets for some months yet will be quite limited. In about thirty days shipments from South Texas will be received and while this will relieve the scarcity to some extent large runs are not expected. It has been necessary for the past thirty or sixty days for packers to ship hogs and furnish meats from the Northern markets to care for needs in this district, and prices are therefore materially advanced. They will probably remain at a high level for sometime yet.

In the Arizona section there is a brisk demand for steers for Spring shipment, but few contracts have been made, as dealers are awaiting definite indications as to prevailing prices and the condition of cattle at shipping time. While we may not expect the cattle industry to become normal at a very early date, it is a fact that conditions have generally improved in the past few weeks.

Manufacturers of lumber report that since the first of February the number of inquiries has greatly increased and during that time they have received more requests for prices of materials of all classes than for many months past. In addition to the increased activities locally, there is a great demand for export material, and European prime, saps, deals and sawn lumber are readily salable in almost any quantity. Exporters are still speculating, as the actual orders placed with them by foreign buyers are light, but as stocks on hand are very low they are buying them up and expecting a large business.

Stocks in retail yards throughout the district are below normal, while stocks on hand at mills in the producing territory are only sixty per cent. of normal. In addition to this the weather during the past sixty to ninety days has been such that production was greatly curtailed. Very little lumber was accumulated during the Winter, as the mills entered the season with large orders. This condition seems to be general, as excessive rains have prevented the mills from keeping supplied with logs. With indications for a rather limited lumber production for the next few months, the outlook is for good demand and higher prices, especially in view of the fact that building operations have been necessarily curtailed for the past two years. Prices have been practically at a standstill since December last, and the mere fact that they have not appreciably declined is ample indication that the market is strong.

Production in the copper mining district of Arizona is not more than one-half normal, and all development work has been closed down.

No labor troubles have been experienced thus far.

The activities in the oil fields of the district are reflected in many cities in the North, Northwest and Central Texas. The production is increasing daily and confidence in the permanency of the fields appears justified by recent developments. Large and small wells are being added to the already long list of producers, and new wells are being rapidly sunk. Authorities concede that the Texas fields compare favorably with the largest in the country.

Post office receipts at the principal cities of the district in January show a decrease of .3 per cent., as shown by the figures below:

**POST OFFICE RECEIPTS**

	1918	1919
Austin .....	\$ 22,641	\$ 22,184
Beaumont .....	13,944	16,214
Dallas .....	156,567	174,551
El Paso .....	36,102	35,461
Fort Worth .....	71,116	74,263
Galveston .....	16,809	20,076
Houston .....	90,023	93,145
San Antonio .....	93,959	83,664
Shreveport .....	23,582	24,300
Waco .....	46,029	24,935
Total.....	\$570,772	\$568,793
	Decrease—\$1,979—.3%	

Business in wholesale and jobbing lines continues to be affected by uncertain prices and disturbed market conditions. There have been no developments of interest during the month. The policy of buying for immediate necessities only is being strictly followed, according to our reports.

In the mail order trade, and wholesale dry goods and notions, orders are light. The demand for farm implements and machinery and articles necessary for the planting season is very active, and dealers report a satisfactory trade. The same is also true in seeds and bulbs. Some improvement is noted in wholesale drugs. The revival in building operations has also created a good demand for paints and wall paper. While some commodities in the grocery line have shown a sharp reaction in prices, other staples have advanced, and there seems to be no indication of a general reduction. Wholesale grocers advise that attempts are being made among the trade to cancel and repudiate contracts previously entered into, on account of a decline in some commodities. These measures are being vigorously opposed by the wholesaler.

Retail trade is only fair. Unseasonable weather during February has contributed to this condition, and while the distribution is generally satisfactory, it has been mainly stimulated by clearance sales and the disposition of retail merchants to reduce stocks of Winter merchandise. There is some advanced activity in goods for Spring, principally millinery. There is also reported a fairly active business in men's wearing apparel, with the return of troops to civil life.

**MINING**

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

At the Close of Business February 28, 1919.

**RESOURCES**

Gold coin and certificates in vault.....	\$ 6,012,627.50
Gold settlement fund.....	7,464,482.25
Gold redemption fund.....	1,879,990.00
Gold held with foreign agencies.....	204,010.61
Gold with Agent for retirement of F. R. Notes.....	19,764,805.00
<b>Total</b> .....	<b>\$35,325,915.36</b>
Legal tender notes, silver, etc.....	1,979,976.00
<b>Total</b> .....	<b>\$37,305,891.36</b>
5% redemption fund—F. R. Bank Notes.....	323,700.00
Bills discounted—members .....	56,587,862.57
Bills bought in open market.....	1,758,000.00
<b>Total Bills on Hand</b> .....	<b>\$58,345,862.57</b>
Investments—U. S. Bonds.....	3,967,250.00
U. S. Certificates of Indebtedness.....	3,900,000.00
<b>Total earning assets</b> .....	<b>\$66,213,112.57</b>
Federal Reserve Banks—Transfers Bought—(net).....	2,754,982.53
Checks and drafts in process of collection.....	7,766,534.71
All other resources.....	3,121,872.75
<b>Total Resources</b> .....	<b>\$117,486,093.92</b>

**LIABILITIES**

Capital paid in.....	\$ 3,199,800.00
Surplus .....	592,204.25
Government deposits .....	7,863,246.14
Due to member banks' reserve account.....	38,780,266.67
Deferred credits, account checks and drafts in process of collection .....	7,441,898.33
Federal Reserve Notes in circulation.....	51,167,235.00
F. R. Bank Note Circulation.....	6,212,100.00
Due to other Federal Reserve Banks (net).....	747,438.53
All other liabilities.....	1,481,905.00
<b>Total Liabilities</b> .....	<b>\$117,486,093.92</b>

**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.