



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, OCTOBER, 1919.

The recent gulf storm which wrought death and destruction to the Corpus Christi section has badly demoralized business there. It is impossible to estimate the property damage, but it will run into millions of dollars. Crops have been destroyed and the situation generally is extremely bad.

Heavy rains have fallen over a greater part of the district within the past week and while of much benefit to the range, have badly damaged growing crops.

Renewed activities are noted in many lines as the summer passes and the fall season opens. Aside from this increase in business incident to the seasonal transition there have been no outstanding features in the commercial situation since our previous letter.

The liquidation from the movement of cotton has contributed to easier financial conditions and we may expect even more substantial improvement as the fall months advance.

While an atmosphere of conservatism is rather noticeable in business, on account of the uncertainties of the future caused by the labor situation, agitation over the "high cost of living" and other disturbing influences, basic conditions are sound, and at present there is nothing to warrant any alarm over the future.

It is impossible at this time to give any definite or reliable statement with
AGRICULTURE reference to the present cotton crop.

In general, it is not likely that the crop in Texas will much exceed that of last year, and it possible that it may fall slightly below last year's crop. However, with ideal conditions, fair weather and a late frost, it is possible, though not likely, that Texas might make 3,000,000 to 3,250,000 bales of cotton.

A report issued under Government authority estimated the Texas cotton crop at a condition of 61% of normal on August 25th. Undoubtedly, in many sections there has been a heavy loss and deterioration since that time, though in the Western and Northwestern parts of the state there has not been any considerable deterioration, while over great areas of the state, the crop has done very well.

The damage by insects has been very heavy, especially in counties of Central, South and Southeast Texas. Undoubtedly, the crop all over South Texas is going to be very short. There has, too, in recent weeks been great loss in the black waxy belt of North Texas, due to the boll-weevil and army worm. The crop is everywhere late, and there is considerable shortage of labor, and where obtainable, prices being paid are abnormally high.

The crop is very spotted, and the ultimate result will depend very much upon seasonal conditions from this time on.

We have made the heaviest and best corn crop ever raised in the state, and for the first time within recollection the price of corn on the exchange in Chicago has been seriously affected by the heavy receipts of corn from Texas.

The grain crop was also large beyond precedent, though, due to heavy rains and the shortage of labor, a considerable portion of the wheat was damaged, a small portion of it being entirely destroyed.

The crop of other grains was good, while the hay and forage crop pretty well over the state is the best in recent years.

The rice crop is late and has suffered from unfavorable weather conditions. The acreage in Texas and Louisiana is heavier than it was last season and the present condition of the crop, according to government estimates, is above normal. Last year when prices were controlled by the government the

average paid for rough rice was \$7.25 per barrel, whereas, the same production is selling for \$10.50 per barrel. These high prices were brought about by the heavy inquiry for export during the latter part of last season. It is predicted that prices will continue higher than those paid last year for both rough and clean rice, due to the high price of the foreign product.

The demand for funds continues very heavy. Deposits are also gradually increasing, as shown by the reports of condition rendered on the call of September 12th.

This is attributable to the marketing of the season's crops and the distribution of funds from the oil industry. With the continued advance in prices and the necessity for more capital for operating, member banks necessarily are forced to increase their regular lines to customers, and are at the same time enjoying increased deposits. The heavy deposits indicated by the reports of September 12th, reflect the general prosperous conditions obtaining in this district.

The effect of the drought, however, and the slow liquidation of cattle paper, are still reflected by the condition of banks in the West and Southwest sections, and many of them are in rather a badly extended condition. Further liquidation of war obligations seems essential before the financial situation in this district can return to anything like a normal basis.

The various offerings of Treasury certificates have been largely over-subscribed in this district, and the member banks continue to respond liberally to the government's requirements.

Clearing at the principal cities in August show an increase of 31.1% over the same month of 1918. Detailed figures were:

	1918	1919	Inc. or Dec.
Austin	\$ 12,972,847	\$ 5,903,971	-54.5
Beaumont	5,434,897	5,500,000	1.1
Dallas	79,728,613	117,523,111	47.4
El Paso	20,894,249	23,843,875	14.1
Fort Worth	49,701,921	75,982,596	52.9
Galveston	21,644,708	42,543,100	96.5
Houston	79,257,595	88,560,701	11.7
Shreveport	8,992,641	12,775,278	42.0
Waco	12,985,002	9,810,000	-24.4
Total.....	\$291,612,473	\$382,442,632	31.1

A comparison of the principal items of assets and liabilities on the books of member banks in the reserve cities, and Shreveport, on the dates shown below, proves interesting:

	Number of member banks.....		
	July 11	Aug. 8	Sept. 12
(000 omitted)	43	43	43
U. S. Bonds to secure circulation.....	\$18,723	\$18,727	\$18,923
Other U. S. Bonds, including			
Liberty Bonds	17,513	18,418	20,320
U. S. Victory Notes.....	4,231	4,289	5,203
U. S. Certificates of Indebtedness.....	23,600	31,835	36,146
Total U. S. Securities.....	\$64,067	\$73,269	\$80,592

Loans secured by U. S. Bonds, etc.....	6,901	6,984	7,779
All other loans and investments.....	179,339	188,041	163,636
Reserve balances with F. R. Bank....	21,395	21,630	21,396
Cash in vault.....	10,582	10,299	10,506
Net demand deposits.....	179,818	191,134	192,565
Time deposits	30,772	30,431	30,660
Government deposits	6,015	14,554	24,766

Building permits, issued at the principal cities in August, as shown by the table below,

BUILDING continue to reflect an improvement in construction activities; on every hand, but more especially in the larger cities of the district, much building is under way and yet, at the risk of repetition, the situation is far from normal. The situation is unfavorably affected by transportation, and inability of dealers to secure sufficient material to take care of the demand; for this reason the outlook is uncertain and yet the consensus of opinion is that the industry is due for a general revival and present activity is only a forerunner of what the future holds:

	1918		1919		Inc. or Dec.
	No.	Valuation.	No.	Valuation.	
Austin	5	\$ 4,645	19	\$ 16,317	251.2
Beaumont	75	99,836	88	76,913	-22.9
Dallas	49	248,730	174	2,427,865	876.1
El Paso	67	39,135	73	72,866	86.1
Fort Worth	83	206,480	211	3,414,190	1,553.5
Galveston	376	16,036	485	58,370	263.9
Houston	221	278,496	405	744,689	167.3
Shreveport	63	34,450	137	318,980	825.9
Total.....	939	\$927,808	1,592	\$7,130,190	668.4

-Decrease

The volume of exports through the Galveston district is steadily increasing. Present

EXPORTS space is adequate and, in fact on account of the late cotton movement, facilities exceed the demand. As the result, steamers are in port idle waiting for cotton previously booked, to be delivered, and it is estimated that this condition will prevail for the next two weeks. After that time, as the crop matures throughout Texas and Oklahoma, by October 1st, it will be handled in large volume.

The supply of wheat for export to British and French ports is larger than the tonnage so far provided, but it is expected ample space will be provided in the near future, and, as the embargo against grain shipments to Galveston has recently been lifted, it is not anticipated that the export grain movement will be further interrupted.

Exports into Mexico are heavy, and were it not for transportation problems, would be at record volume. Reports from Laredo are that the Mexican Government is unable to furnish necessary facilities, and shipments are being made by privately owned roads.

The record of business suspensions in the district for August continues to make a very favorable showing, as compared with the same month of 1918. The number of failures, and liabilities, as reported to Dun's Review were:

FAILURES

1918		1919	
No.	Liabilities	No.	Liabilities
46	\$293,340	30	\$249,603
Decrease in number—16			
Decrease in liabilities—\$48,737			

Range conditions have been greatly improved by the heavy and general rains of the past ten days. Up to that time practically all of the range country was needing moisture, but more especially the Pecos Valley. The recent rains insure a good supply of water and pasturage for the early winter months.

LIVESTOCK

Shipments during the past month have been only fairly heavy and prices for several classes have shown a decline. The prices of feed are also lower, and on the whole the outlook for the fall and winter in the livestock industry is favorable.

Comparative receipts at Fort Worth from September 1st to 18th and for the period January 1, to September 18, 1919, were as follows:

Receipts from January 1st:

	1919	1918	Loss
Cattle	\$712,151	\$967,902	\$255,751
Calves	158,162	182,842	26,680
Hogs	489,720	533,267	43,547
Sheep	321,007	265,690	*55,317
Horses and mules.....	32,184	45,507	13,323

*Gain
Receipts for September (1st to 18th):

	1919	1918	Loss
Cattle	\$ 44,559	\$ 96,011	\$ 51,542
Calves	25,959	30,719	4,756
Hogs	13,175	26,896	13,721
Sheep	15,016	15,471	455
Horses and mules.....	3,859	7,895	4,036

There has been but slight change in the lumber situation in the past thirty days; prices continue to advance, with heavy demand and somewhat improved labor conditions. Some mills advise that they look for prices to be stabilized at present levels; others advise that the situation, as to labor and transportation is so uncertain that the prices will hardly decline anytime soon.

LUMBER

In manufacturing lines the volume of orders is larger than a year ago, with evidence of lower prices for raw material and inadequate labor supply.

The demand for higher priced products continues heavy and the labor situation is still very unsatisfactory. Manufacturers are confronted with a labor scale twice as high as a year ago, which they report is really creating more dissatisfaction and idleness than any previous time in their experience.

The development in the oil fields of Burkburnett and Ranger continues to increase and new **OIL** wells are being brought in from time to time.

As the result the production is in excess of the pipe line capacity and this has caused a decline in prices. Prices offered by the smaller companies have ranged from \$1.25 to \$1.75 per barrel and those offered by the larger companies, around \$2.25 per barrel.

Production in the Burkburnett field is conservatively estimated at 150,000 barrels per day, of which it is estimated about 95,000 barrels per day is being marketed.

The scarcity of material, such as pipe casing and other machinery necessary in the production has a tendency to slow up the development.

The labor situation is ample, to a great extent attributable to the fact that drilling operations have fallen off in the last thirty days.

Retail trade, given an impetus by cooler weather and the opening of schools, **RETAIL TRADE** continues to be very satisfactory and the outlook for fall

and winter is quite encouraging. The volume of cash sales shows an increase and there is a heavy demand for high priced merchandise. Dealers report that never in their experience have they seen the public more anxious to obtain the better grade of merchandise. The question of price is secondary. Among the principal lines the summary of reports is as follows:

Drugs: Volume very heavy; cash sales increasing; higher priced articles in increasing demand; collections good.

Dry Goods: Measured in dollars the volume is ahead of last year, cash sales heavy and an increasing demand for higher priced goods; collections good.

Furniture: Volume of business satisfactory, good demand for higher priced articles; outlook for fall very good. Dealers handicapped on account of inability to secure satisfactory stocks.

Groceries: Volume heavy, an increase expected with early fall months. Some dealers report business affected by agitation over "high cost of living" and expectation of lower prices; collections good.

Hardware: The volume heavy, cash sales fairly heavy, demand for better grade of material increasing; outlook for fall very satisfactory.

Men's Clothing: Volume heavy; cash sales heavy; quality is first consideration.

Women's Clothing: Volume very heavy; increase in cash sales and an increasing demand for higher priced merchandise.

The volume of wholesale trade being transacted is very heavy, with an increase in **WHOLESALE TRADE** cash sales, good collections and, for the most part, an increasing demand for higher priced goods.

Among the more important lines, replies from correspondents indicate the following:

Automobile Supplies: Heavy volume, prices receding somewhat; with collections normal.

Drugs: Heavy volume, increasing cash sales and an increasing demand for high priced goods.

Dry Goods: Heavy volume, advancing prices, good collections and increasing demand for high priced merchandise.

Furniture: Heavy demand, trend of prices upward, good collections and increasing call for high priced goods. Inability to secure shipments from factories is affecting trade.

Groceries: Heavy volume, trend of prices slightly downward, collections good and an increasing demand for higher priced goods. Outlook for fall very favorable.

Hardware: Volume fair to heavy, slight tendency toward increasing prices, collections fair to good and a growing demand for higher priced merchandise. Outlook for fall favorable.

STATEMENT OF CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

At the close of Business SEPTEMBER 26, 1919

RESOURCES

Gold coin and certificates in vault.....	\$ 6,878,885.00
Gold settlement fund.....	5,210,253.77
Gold redemption fund.....	4,114,950.00
Gold held with foreign agencies.....	2,063,667.98
Gold with Agent for retirement of F. R. Notes.....	16,831,245.00
Total	\$35,099,001.75
Legal tender notes, silver, etc.....	1,826,600.30
Other cash and cash items.....	3,115,774.64
Total	\$40,041,376.69
5% redemption fund—F. R. Bank Notes.....	253,200.00
Bills discounted—members.....	55,701,719.99
Bills bought in open market.....	507,160.00
Total Bills on Hand	\$56,208,879.99
Investments—U. S. Bonds.....	3,966,000.00
U. S. Certificates of indebtedness.....	7,200,000.00
Total earning assets	\$67,374,879.99
Federal Reserve Banks—Transfers Bought —(net).....	5,805,238.61
Checks and drafts in process of collection.....	16,601,792.74
Due from other F. R. Banks.....	2,503,276.16
All other resources.....	921,926.90
Total Resources	\$133,501,691.09

LIABILITIES

Capital paid in.....	\$ 3,320,900.00
Surplus	2,028,868.33
Government deposits	2,532,688.74
Due to member banks' reserve account.....	44,160,287.73
Deferred credits, account checks and drafts in process of collection.....	17,262,365.87
F. R. Bank Notes secured by U. S. Bonds.....	9,097,500.00
Federal Reserve Notes in circulation.....	51,992,260.00
Foreign Government credits	1,958,945.46
All other liabilities.....	1,147,874.96
Total Liabilities	\$133,501,691.09
Rediscounts with other Federal Reserve Banks.....	18,000,000.00

OFFICERS

W. F. RAMSEY, Federal Reserve Agent.	R. L. VAN ZANDT, Governor.
LYNN P. TALLEY, Deputy Governor-Cashier.	
CHARLES C. HALL, Asst. Federal Reserve Agent.	PAUL G. TAYLOR, Assistant Cashier.
FRED HARRIS, Assistant Cashier.	R. BUCKNER COLEMAN, Assistant Cashier.
	DWIGHT P. REORDAN, Assistant Cashier.