



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, NOVEMBER, 1919

An auspicious opening of fall activities in all lines of trade is the outstanding feature of current reports received from our correspondents throughout the district. In many lines cash sales during the fall and early winter months are expected to exceed previous records, and collections, while showing the unfavorable effect of the lateness of the cotton crop, are generally reported as proceeding at a satisfactory rate. Price levels have continued upward on many commodities during the past month, but in view of the present conditions we believe before many weeks pass a gradual, but noticeable, revision will be generally observed.

Adverse weather conditions which have prevailed in the district for the past thirty days have made for a further deterioration in crops, especially cotton, and in Texas, at any rate, the yield of the staple will be even more disappointing than predicted in earlier letters. It is difficult to approximate the extent of the shortage. The resultant loss to growers, although partially offset by the rising market, will unquestionably necessitate some revision as to the extent of fall liquidations.

The situation, summarized, seems to warrant no ground for pessimism with respect to conditions in the district as a whole. Protracted rains, while doing great damage from an agricultural standpoint, are of incalculable benefit to the livestock interests; the district is apparently free from labor discord, and obtains in many cities in the North and East, and there is a ring of prosperity in the reports at hand.

The excessive rainfall has practically put a stop to all farm work; roads are impassable and fields are too wet to be worked. Clear weather is badly needed for farming. As mentioned in a preceding paragraph, the cotton crop is both late

and short. Picking is progressing in north Texas where the plant is about three weeks late and maturing. In south Texas the crop is almost a total failure both as to quantity and quality. Continuous rains during the past 30 days have seriously affected the plant and it is freely predicted that the yield in Texas will not exceed 2,500,000 bales.

The wheat crop for this year is estimated to be 25,000,000 bushels in excess of that of 1918. The acute car shortage has greatly hindered shipments, but efforts are being made by the railroad administration to relieve the situation, and it is thought that the bulk of the crop will be moved within the next thirty days.

A bountiful corn crop has been harvested, insuring an ample feed supply for farmers and stockmen for the coming winter.

Rice and hay are being harvested under adverse weather conditions, and a fair yield of both is indicated.

Bankers throughout the district report only slight variations from normal transactions

BANKING at this time. The demand for money continues active.

Our total bills discounted and bought on October 23d amounted to \$63,407,982, as compared with \$61,329,115 on September 23d.

Deposits of member banks show a steady growth, as reflected in their reserve balances here, which on October 23d were \$51,776,698, compared with \$43,597,706 on September 23d.

During the same period Federal reserve note circulation increased some \$10,000,000.

Clearings at the principal cities in September, and for the first nine months of the year, as compared with the same period of 1918, were as follows:

SEPTEMBER

	1918	1919	Inc. or Dec.
Austin	\$ 12,327,156	\$ 6,220,227	-49.5
Beaumont	5,098,026	5,371,479	5.4
Dallas	107,789,194	143,617,151	33.2
El Paso	19,524,935	25,157,001	28.6
Fort Worth	60,482,585	70,790,006	17.0
Galveston	32,337,686	37,569,287	16.2
Houston	87,614,995	101,213,740	15.5
Shreveport	13,107,772	15,578,086	18.9
Waco	14,662,131	14,760,000	-0.7
Total	\$352,944,480	\$420,276,977	19.1

NINE MONTHS.

	1918	1919	Inc. or Dec.
Austin	\$149,968,590	\$186,488,243	24.4
Beaumont	49,810,333	51,567,935	3.5
Dallas	727,237,711	1,043,127,010	43.4
El Paso	162,748,257	217,455,104	33.6
Fort Worth	506,666,912	604,533,292	19.1
Galveston	192,085,329	250,370,435	30.3
Houston	567,218,977	675,851,777	19.2
Shreveport	90,306,923	111,857,961	23.9
Waco	102,590,669	92,622,507	-9.7
Total	\$2,548,633,701	\$3,233,874,264	26.9

A comparison of the principal asset and liability items on the books of member banks in the reserve cities of the district, and Shreveport, on the dates shown, follows:

Number of member banks.....	43	43	43
(000 omitted)	Aug. 8	Sept. 12	Oct. 10
U. S. Bonds to secure circulation.....	\$18,727	\$18,923	\$19,203
Other U. S. Bonds, including			
Liberty Bonds	18,418	20,320	19,515
U. S. Victory notes.....	4,289	5,203	4,898
U. S. Certificates of Indebtedness....	31,835	36,146	31,619
Total U. S. Securities.....	\$73,269	\$80,592	\$75,235
Loans secured by U. S. Bonds, etc.	6,984	7,779	7,009
All other loans and investments.....	188,041	163,636	181,282
Reserve balance with F. R. Bank.....	21,630	21,396	23,571
Cash in vault.....	10,299	10,506	10,247
Net demand deposits.....	191,134	192,565	202,153
Time deposits	30,431	30,660	31,224
Government deposits	14,554	24,766	8,348

Building activities as reported in our last letter continue unabated. Construction work is still severely handicapped by the shortage of labor, and some interruptions from strikes and labor disturbances have been reported. Comparative statistics covering building permits issued in the principal cities in September are given below:

	1918		1919		Inc. %
	No.	Valuation.	No.	Valuation.	
Austin	9	\$ 13,595	15	\$ 25,910	90.5
Beaumont	44	65,953	100	157,000	138.0
Dallas	24	39,262	129	1,076,118	2,640.8
El Paso	74	29,464	95	206,547	261.6
Fort Worth	79	85,792	184	2,115,187	2,365.4
Galveston	388	15,286	423	92,191	503.1
Houston	251	205,400	409	864,255	320.7
San Antonio	203	242,680	146	549,048	126.2
Shreveport	55	73,940	152	306,636	314.7
Total	1,127	\$771,372	1,653	\$5,392,892	599.1

Exports of cotton are moving through the Galveston district in increasing volume and despite the congestion at the wharves, naturally to be expected at this season, the movement is, on the whole, considered satisfactory.

The export of wheat from Galveston shows the effect of shortage in both rail and marine transportation. Some relief, however, is expected to result from the Railroad Administration's recent order increasing the number of cars permitted to be loaded daily for shipment to Galveston, and the allocation of additional bottoms to that port.

Exports of various commodities to Mexico are in increasing volume and from Beaumont especially the service continues without interruption. Shipment of all classes, regardless of size, are accepted from that port to points in Mexico, and three to four sailings per month are maintained to Tampico, with occasional trips to Vera Cruz and other ports. Exports valued at \$38,010,999 moved from Galveston in August as compared with \$43,043,274 in July and \$35,308,850 in June.

Another excellent showing is made in the record of business reverses in the district during the month of September. The number of failures, and amount involved, were conspicuously less than the same month of 1918. The figures as compiled by Dun's Review, were:

	1918	1919
No.	Liabilities.	No. Liabilities.
33	\$272,521	7 \$48,883
	Decrease in number—26	
	Decrease in liabilities—\$223,638	

Recent rains in west Texas have relieved conditions there appreciably and placed the ranges in excellent condition. Both grass and feedstuffs are reported as plentiful and stockmen are well prepared for the winter. Breeding herds, however, are greatly depleted, and unless the breeders are able to obtain needed financial assistance, further sacrifices of herds are inevitable. With the exception of "stockers," prices on all classes of livestock are reported as declining, although receipts at Fort Worth continue to show a loss in all classes except sheep, as compared with the corresponding period last year. Comparative figures for the period from October 1st to 27th, and from January 1st to October 27th, 1919, are shown below:

Receipts from January 1:

	1919	1918	Loss
Cattle	\$821,054	\$1,139,464	\$318,410
Calves	196,818	233,591	36,773
Hogs	515,898	583,176	67,278
Sheep	395,705	301,259	*94,446
Horses and Mules.....	42,036	64,239	22,203
			*Gain

October receipts:

	1919	1918	Loss
Cattle	\$ 79,662	\$ 128,181	\$ 48,519
Calves	23,139	32,937	9,789
Hogs	19,633	34,642	15,009
Sheep	55,250	24,345	*30,905
Horses and Mules	6,433	11,475	5,042
			*Gain

The demand for lumber is diminishing, as is usual at this period of the year. In the retail trade prices are reported stationary, and in the wholesale, falling.

LUMBER

Manufacturers are decreasing their output with the approach of the winter season. All authorities seem to agree that the crest of high prices has been reached, and that from now on a more stabilized level of prices will be maintained. Complaints are numerous with reference to the scarcity of labor and shortage of transportation facilities, and with a continuance of these restricting factors, it is expected that a decline in prices will result. This decline, however, will probably be a gradual one, enabling all concerned to absorb without undue hardship the losses due to a falling market.

Labor and transportation facilities, always the principal problems confronting the two most promising "infant industries" of the Eleventh District—

MINING AND MANUFACTURING

manufacturing and mining—present increased difficulties in the existing abnormal situation. Coal and ore mines continue practically at a standstill, while textile plants are pursuing a "hand to mouth" policy with respect to output until some improvement is shown with respect to these disturbing influences and prices on raw material return to something like a stabilized basis.

There have been no material changes in the oil situation during the past thirty days.

OIL

Such slight falling off in the production as is reported from certain sections of the Ranger field has been more than offset by increases elsewhere, including production from new wells in recent extensions of the proven field. Prices remain stationary, and a movement has been organized among the smaller producers (who have heretofore had difficulty in disposing of their production) to hold their oil for prices posted by the larger companies.

Congestion of freight traffic at the principal centers is still acute, though some relief is gradually being effected through improvements and extension of railroad facilities.

Although the labor supply is reported to be plentiful, wages continue high, being quoted in one field at twelve dollars to twenty dollars per day for experienced field workers. This, however, is not to be regarded as the standard scale for all fields.

An exceptionally heavy volume of sales is reported in all lines of retail trade and the call for high-priced merchandise shows no sign of diminishing. The volume of cash sales shows a steady increase. In the larger cities merchants have enjoyed an especially satisfactory business, partly attributable to the large attendance at the fall fairs and exhibitions held over the district.

RETAIL TRADE

While returns from the cotton crop have not been received in sufficient volume to reflect its full effect upon trade, there is renewed evidence of a steady increase in the prosperity previously reported in all lines of retail merchandising.

Wholesale houses throughout the district report a continuance of an almost unprecedented volume of fall trade, many complaining of inability to maintain stocks to supply the demand. Some mills are reported to be cancelling or reducing orders previously accepted. Apparently the retailers are buying with full confidence as to the future and no fear of losses from an early depression of prices.

WHOLESALE TRADE

Outstanding features of the situation as reported by representative groups in leading lines are as follows:

Hardware: A heavy volume of orders is being handled, particularly in building materials. Collections are satisfactory and prospects encouraging.

Groceries: Sales are much larger than usual, with some commodities showing a slight reaction in price, while others are in strong demand at higher prices. Some hesitancy is noticed in the general attitude of the trade with respect to the immediate future on account of the uncertainty of prices, labor troubles and fall conditions, and a policy of caution and conservatism is being adopted for these reasons. Collections have not yet received the full benefit of returns from the current cotton crop.

Furniture: The volume of trade exceeds that of the same month in 1918, but dealers are handicapped by inability to obtain goods from the factories. Collections are good, with prices showing an upward trend, and the fall outlook is favorable. The demand for high-priced furnishings continues to grow.

Dry Goods: Sales are universally larger than in corresponding month of last year. Collections are good, though retarded by lateness of crop movement. An unusual scarcity of merchandise prevails, and indications point to a heavy and sustained de-

mand for some months to come, with no material recession in prices, which are at present exhibiting a slightly upward trend.

Millinery: Volume is large at present, but some decline is anticipated during the remaining fall months.

Drugs: A satisfactory increase in orders is shown

over 1918, and in some quarters the volume is double that of the corresponding month two years ago. Collections throughout the black land belt are falling slightly below those in other sections, due to crop-moving conditions, and although there is some curtailment of business on account of the shortage in transportation facilities, the general outlook for the fall appears favorable.

STATEMENT OF CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

At the close of Business OCTOBER 24, 1919

RESOURCES

Gold coin and certificates in vault.....	\$ 7,200,640.00
Gold settlement fund.....	5,589,351.40
Gold redemption fund.....	2,778,990.00
Gold held with foreign agencies.....	3,457,547.92
Gold with Agent for retirement of F. R. Notes.....	22,027,605.00
Total	\$41,054,134.32
Legal tender notes, silver, etc.....	1,821,551.46
Other cash and cash items.....	1,772,134.00
Total	\$44,647,819.78
5% redemption fund—F. R. Bank Notes.....	526,200.00
Bills discounted—members	62,727,913.05
Bills bought in open market.....	1,640,000.00
Total Bills on Hand.....	\$64,367,913.05
Investments—U. S. Bonds.....	3,966,000.00
U. S. Certificates of indebtedness.....	8,200,000.00
Total earning assets.....	\$76,533,913.05
Federal Reserve Banks—Transfers Bought —(net).....	\$ 5,314,108.95
Checks and drafts in process of collection.....	27,380,520.34
Due from other F. R. Banks.....	2,178,667.97
All other resources.....	2,100,844.86
Total Resources	\$158,682,074.95

LIABILITIES

Capital paid in.....	\$ 3,326,800.00
Surplus	2,028,868.33
Government deposits	2,913,562.63
Due to member banks' reserve account.....	53,156,172.18
Foreign Government credits	1,914,745.46
Deferred credits, account checks and drafts in process of collection	23,330,506.66
F. R. Bank Notes secured by U. S. Bonds.....	9,750,700.00
Federal Reserve Notes in circulation.....	60,930,240.00
All other liabilities.....	1,330,479.69
Total Liabilities	\$158,682,074.95
Rediscounts with other Federal Reserve Banks.....	\$15,900,000.00

OFFICERS

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