



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, DECEMBER, 1919.

Improved weather conditions throughout the district have had a very healthy effect on general business in the past month and the volume now being transacted greatly exceeds that of thirty days ago. For some sixty days every section of the district has suffered from excessive rains and while the effects were more seriously felt in the rural communities, in retarding trade with the country merchants and preventing farm work of every character, the larger cities have likewise felt the inactivity, especially in building operations and various construction lines which are dependent upon the climate. Cold weather has been later than usual and the movement of winter stocks of merchandise have not greatly fluctuated during the month, a comparison as of November 15th, with October 15th, showing an advance in the principal foodstuffs, of only 3.3%. There is evidence of advance Holiday trade. Heavy liquidations are noticeable from the marketing of cotton, collections in all lines are fair to good, except in Southwest Texas, where the September floods demoralized business, and, summarized, the outlook is quite satisfactory.

Agricultural conditions in this district are in a somewhat uncertain state. An unusually large crop of wheat was grown. Due to unprecedented

AGRICULTURE and continued rainfall, a large amount of this wheat has not yet been threshed and some of it never will be. Much of the wheat grown in this district has been damaged by rain and exposure and its movement to market greatly delayed. These same weather conditions have to an unusual and regrettable extent prevented the planting of wheat.

The same conditions have injured and adversely affected corn, hay and all forage crops and have destroyed considerable cotton and lowered the grade

and diminished the value of much more. However, after making a due allowance for all such damage, both the volume and value of wheat, oats, corn and forage crops greatly exceeds that of any year in the history of this district.

The peanut and potato crops have suffered very greatly and the damage in the aggregate will run to very heavy figures.

The yield of cotton in the district cannot be very safely or closely estimated. The Texas crop, on October 25th, according to the Government's special report, was estimated at 46%, a decrease of 6% from the estimate of September 25th, and a decrease of 15% from the ten-year average. Based on the condition of September 25th, the Texas crop is estimated at 2,950,000 bales. A singular development is the raising of a fairly large and very profitable cotton crop in the neighborhood of Roswell and Carlsbad, New Mexico, at an elevation of over 3,000 feet above the sea level. The crop in Western Texas is very fine, while the crop in Southern Texas is poor. If the good weather conditions, now prevailing, continue for thirty or forty days the crop in Texas may run to, or slightly above, 3,000,000 bales, although considering all factors, a safer estimate would lower the figures. On the whole, the cotton crop of this district will have the largest money value ever realized.

The financial situation continues on a very satisfactory basis. Outstanding changes

BANKING during the month have been the heavy liquidation from the marketing of cotton and other crops and the general retirement of obligations and the very substantial growth in deposits. Many member banks which a year ago were greatly extended and had large amounts of bills payable, have reduced their loans with the marketing of crops and are now enjoying deposits of unprecedented totals, as disclosed by the called reports of November 17th.

The abnormal credit situation naturally makes a heavy demand with banks but they have been quite able to meet the situation, and, in fact, have a surplus of funds, seeking investments. As a result purchases of Treasury certificates and commercial paper have been very heavy. With this bank the demand is very much lighter than thirty days ago as indicated by a decrease of \$13,797,000 in total bills discounted and bought for the thirty-day period ending November 21st. During the same time Federal Reserve note circulation increased some \$6,300,000 and member banks' reserves increased some \$12,000,000. In fact, this institution finds itself in an easier position than for several months past.

Clearing at the principal cities in October and the first ten months of the year, as compared with the same period of 1918, were as follows:

OCTOBER

	1918	1919	Inc. or Dec. %
Austin	\$ 11,003,491	\$ 8,804,196	-20.0
Beaumont	6,383,789	5,867,773	- 8.1
Dallas	130,964,282	204,861,622	56.4
El Paso	22,257,256	29,460,051	32.4
Fort Worth	69,953,517	92,198,617	31.8
Galveston	34,081,858	47,895,942	40.5
Houston	83,745,929	152,255,751	81.8
Shreveport	15,579,072	20,003,797	28.4
Waco	13,863,868	21,777,600	57.1
Total	\$387,832,666	\$583,125,349	50.3

-Decrease

TEN MONTHS.

	1918	1919	Inc. or Dec. %
Austin	\$160,972,082	\$195,292,439	21.3
Beaumont	56,194,122	57,435,708	2.2
Dallas	858,201,992	1,247,988,632	45.4
El Paso	185,005,513	246,915,155	33.2
Fort Worth	576,620,429	696,731,909	20.8
Galveston	226,167,187	298,266,377	31.9
Houston	650,964,906	828,107,528	27.2
Shreveport	105,885,995	131,861,758	24.5
Waco	116,454,538	114,400,106	-1.8
Total	\$2,936,466,764	\$3,816,999,612	29.9

-Decrease

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

	30 Sept.	12 Oct.	10 Nov.	7 Nov.
Number of member banks.....	43	43	42	
U. S. Bonds to secure circulation.....	\$18,923	\$19,203	\$19,323	
Other U. S. Bonds, including				
Liberty Bonds	20,320	19,515	20,489	
U. S. Victory Notes.....	5,203	4,898	4,427	
U. S. Certificates of Indebtedness....	36,146	31,619	15,642	
Total U. S. Securities.....	\$80,592	\$75,235	\$59,881	
Loans secured by U. S. Bonds.....	7,779	7,009	6,348	
All other loans and investments.....	163,636	181,282	200,233	
Reserve balance with F. R. Bank.....	21,396	23,571	24,530	
Cash in vault.....	10,506	10,247	10,935	
Net demand deposits	192,565	202,153	217,586	
Time deposits	30,660	31,224	31,920	
Government deposits	24,766	8,348	5,215	

Building operations which have for many weeks continued in unprecedented volume, **BUILDING** were somewhat retarded during the month by protracted wet weather.

As this is written, however, the situation is improving and there is renewed activity in this line. There are many complaints of inadequate and inefficient labor and contractors advise that this is greatly interfering with their work.

The statistical table following shows the extent of operations in the district and the recovery from the dullness which prevailed a year ago, on account of the war. Indications are that building during the winter months will be as active as weather conditions, labor situation and the supply of material will permit. Disagreements over the employment of union and non-union laborers have seriously affected the consummation of building projects. Regardless of this situation, however, the shortage of housing facilities, office space and business locations is very acute and it will take more than the present unfavorable factors to hold the movement in anything but a temporary check.

Permits issued at the principal cities in October, as compared with October, 1918, were:

	1918		1919		Inc. or Dec. %
	No.	Valuation.	No.	Valuation.	
Austin	4	\$ 28,400	8	\$ 28,751	1.2
Beaumont	53	48,231	55	67,618	40.1
Dallas	23	14,550	162	1,846,988	12,594.0
El Paso	74	16,396	146	317,784	1,838.1
Fort Worth	29	22,603	196	2,111,065	9,239.7
Galveston	373	21,071	514	47,754	126.6
Houston	136	40,412	428	1,257,324	3,011.2
San Antonio	227	329,938	181	477,170	44.6
Shreveport	44	10,020	146	372,295	30,561.6
Total	963	\$531,621	1836	\$6,526,749	1,127.7

The number of commercial failures in the district in October—the latest figures available **FAILURES**—shows a slight decline compared with the same month of 1918 with a substantial decrease in the amounts involved. The statistics, as compiled by Dun's Review, follows:

	1918	1919
No.	Liabilities	No. Liabilities
30	\$410,202	22 \$263,516
Decrease in number—8		
Decrease in liabilities—\$146,686		

Without exception reports as to the livestock industry are very encouraging. The **LIVESTOCK** range country is in fine shape, feed is plentiful, with some evidence of declining prices; there is an ample supply of water, and stockmen are finding it much easier to secure needed financial assistance. Our correspondents advise that with the available supply of feed and water, herds will go into the cold weather in excellent condition and more stock will be carried over to another season than anticipated.

Buyers report a scarcity of hogs, attributable to the excellent prices which obtained a few months ago and the large supply of feed. This situation is contributing to the present light receipts. Prices on the Fort Worth market have shown no material advances or declines in the month, above the usual daily fluctuations, based mainly on receipts.

The table following shows comparative receipts at Fort Worth from January 1st to November 24th, 1918 and 1919, and from November 1st to 24th, both years, inclusive.

Receipts from January 1:			
	1918	1919	Loss
Cattle	1,263,391	931,356	332,035
Calves	257,129	221,314	35,815
Hogs	630,708	538,518	92,190
Sheep	316,527	424,289	*107,762
Horses and mules	73,239	50,675	33,564
			*Gain
November receipts:			
Cattle	103,613	93,762	9,851
Calves	20,894	25,980	*5,086
Hogs	44,108	22,851	21,257
Sheep	12,180	28,857	*16,677
Horses and mules.....	6,795	8,448	*1,653
			*Gain

The lumber mills advise that owing to continued rains it has been impossible to get production back to normal and at the present time the output is only 75% of capacity. The demand, while not as strong as in the late summer, is, nevertheless, sufficiently heavy to more than absorb present production. This situation is expected to continue for the remainder of the year and be accentuated in the spring months provided the strikes and other industrial disturbances subside. The mills report that labor is more plentiful but the quality is very unsatisfactory.

LUMBER

The increase in retail volume is conservatively estimated at from 25 to 75%

RETAIL TRADE

over the same period a year ago. This volume is attributable to the high prices of goods and more than offsets the decrease in the number of orders or purchases. Specific reports on dry goods, men's and women's apparel, drugs, furniture, groceries and hardware are of the same character, and indicate heavy volume, an increasing demand for the better grade of merchandise and no evidence that high prices are causing any hesitancy in buying. Luxuries and so-called "non-essentials" are in heavy demand and the shortage of goods, which obtains in practically every line, is the problem which dealers are facing.

In wholesale lines and especially mail-order business, the volume being trans-

WHOLESALE TRADE

acted is very heavy, with collections good. Prices continue to advance. The poor cotton crop and damage from floods in the South and Southwest coast countries has made for slow business in that section but reports from every other part of the district indicate that wholesale sale is excellent and if dealers were able to secure goods would be even greater.

Inadequate stocks and lessened production, on account of the labor disturbances, are proving a great handicap in wholesale and jobbing trade. It is impossible to fill the orders received and many firms have reduced their traveling force on account of inability to supply various numbers and lines.

STATEMENT OF CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS

At the close of Business NOVEMBER 21, 1919

RESOURCES

Gold coin and certificates in vault.....	\$ 6,823,233.00
Gold settlement fund.....	24,277,524.98
Gold redemption fund.....	3,008,304.90
Gold held with foreign agencies.....	3,697,084.97
Gold with Agent for retirement of F. R. Notes.....	25,491,600.00
Total	\$63,297,747.85
Legal tender notes, silver, etc.....	1,584,474.80
Other cash and cash items.....	796,327.00
Total	\$65,678,549.65
5% redemption fund—F. R. Bank Notes.....	559,200.00
Bills discounted—members	41,977,211.80
Bills bought in open market.....	7,829,534.49
Total Bills on Hand.....	\$49,806,746.29
Investments—U. S. Bonds.....	3,966,000.00
U. S. Certificates of indebtedness.....	11,310,000.00
Total earning assets.....	\$65,082,746.29
Federal Reserve Banks—Transfers Bought —(net).....	5,175,152.66
Checks and drafts in process of collection.....	39,167,601.51
Due from other F. R. Banks.....	4,591,280.91
All other resources.....	829,750.65
Total Resources	\$181,084,281.67

LIABILITIES

Capital paid in.....	\$ 3,437,250.00
Surplus	2,028,868.33
Government deposits	3,270,748.53
Due to member banks' reserve account.....	60,729,430.59
Foreign Government credits	1,879,645.46
Deferred credits, account checks and drafts in process of collection	29,739,735.05
F. R. Bank Notes secured by U. S. Bonds.....	10,187,692.00
Federal Reserve Notes in circulation.....	67,779,675.00
All other liabilities.....	2,031,236.71
Total Liabilities	\$181,084,281.67

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.	