

Monthly Review of Business and Industrial Conditions in the Eleventh Federal Reserve District, Federal Reserve Bank of Dallas

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The month of June witnessed a number of developments that produced a favorable and clarifying effect upon the business situation in the Southwest.

Improved crop conditions, the passing of the spirit of hesitancy and suspense with respect to the outcome of the Chicago and San Francisco conventions, and the growth of a more optimistic view on the part of business and banking interests of the policy of loan restrictions inaugurated under the counsel and advice of the Federal Reserve Board, have all contributed to the development of a brighter outlook.

Industrial and business enterprises which at first were inclined to "view with alarm" the discrimination applied by the banks in apportioning credit, as during the war, on a basis of essential needs, are finding that most of their fears were groundless, and as a general rule are accepting the new order of finance not only willingly but with a conviction that the ultimate result will be to secure for business a firmer foundation and a sounder basis for building up an enduring prosperity.

A quiet tone continued to dominate mercantile transactions in June. Buying, in the retail as well as primary markets, was conducted with the same spirit of caution and controlled by the same discrimination in favor of immediate needs as obtained in May, although towards the end of the month increased interest was displayed in the matter of future requirements. No price fluctuations of major importance were recorded during the month.

Agricultural and livestock conditions were on the whole satisfactory. A larger yield of grain than was anticipated seems to be assured. Cotton, though favored by a marked improvement in growing conditions, was in many sections of the district attacked by the boll weevil and other insects, and the size of this year's crop, already conceded to be a short one, will depend upon the extent to which it is favored by hot, dry weather during the remainder of the season.

Labor conditions have been gradually improving, according to reports received. The slackening in construction work and various other industrial activities has had a tendency to stimulate competition for employment, resulting in a greater efficiency as well as supply of labor.

One problem of immediate and pressing importance confronting the district at this time is the matter of obtaining freight cars to move the new grain crop. With an estimated production of 17,000,000 bushels of wheat in the Panhandle alone, the demand for prompt action

in providing transportation facilities to move it is dictated both by the danger of losses from weather damage and the necessity for releasing credit tied up in the crop.

AGRICULTURE

Favorable weather conditions were responsible for a very marked advance in the growth and condition of all crops throughout the Eleventh Federal Reserve District during the month of June. Copious and well distributed rains, alternating with abundant sunshine, contributed to the general improvement of conditions and went far towards overcoming the effects of the late and unfavorable start of agricultural operations this year.

Both in Arizona and New Mexico general crop conditions, according to reports, continue favorable and the outlook is promising. In Southern Oklahoma some damage is reported as a result of hail and excessive rains.

Condition of Cotton The excellent progress made by the cotton crop during the past month is typical of the improvement in general crop conditions. Chopping is practically completed, and the plant is generally free of grass and is fruiting in a satisfactory manner. According to the government estimate, the condition of Texas cotton on June 25th was 71%, which compares with 60% on May 25th. For the United States the condition figure on June 25th is practically the same as for the state of Texas.

Boll Weevil a Menace Despite the favorable physical development of the plant, the situation is not wholly encouraging. Reappearance of the boll weevil to a serious extent has been reported to the Federal Reserve Agent by 54 Texas counties, whose cotton production usually comprises about 40% of the state's total production. The ultimate extent of the loss from this source will depend largely upon weather conditions prevailing during the remainder of the growing season. Wet or cloudy weather will unquestionably tend to multiply the weevils in the already infested areas and probably cause an invasion of additional territory. Just what the extent of the loss will be it is impossible to say at this time. That the inroads of the weevil can be curbed by cultural and other measures has been established by practical tests, and a vigorous campaign along this line is already under way in many parts of the district. According to reports received from Texas points, West Texas seems to enjoy the greatest freedom from insect damage, while the section most seriously involved appears to be the Southern portion of the state.

**Survey of Texas
Crop by Sections**

In response to inquiries sent to 158 counties in the Texas cotton belt, concerning the status of the cotton

crop, replies received from 125 counties have been analyzed for this issue of the Monthly Business Review, the results being set forth in the table appended below.

CONDITION OF TEXAS COTTON CROP BY SECTIONS

Section:	The Stand:			Probable damage by weevil:			Prospective supply of Pickers:	
	Good	Fair	Poor	Light to None	Serious	Serious unless dry weather prevails	Ample	Short
North Texas:— 24 counties, divided as follows.....	7	13	4	17	3	4	9	15
East Texas:— 34 counties.....	16	15	3	13	8	13	17	17
South Texas:— 27 counties.....	15	10	2	13	10	4	3	24
West Texas:— 13 counties.....	10	3	.....	13	.....	.....	2	11
Central Texas:— 27 counties.....	12	14	1	4	16	7	5	22
Totals, State:— 125 counties.....	60	55	10	60	37	28	36	89

From the above data it will be seen that the stand of cotton in 92% of the reporting counties is fair to good, while in only 8% it is reported poor. In slightly over one-half of the reporting counties the farmers anticipate losses on account of the boll weevil, while in the remaining counties little, if any, loss from that source is expected. From the statistics tabulated above it is apparent that the most unfavorable aspect of the cotton crop situation at this time is the preponderance of districts reporting a shortage in the supply of available pickers, 72% of the counties covered by this survey having reported that the visible labor supply is probably insufficient to gather the crop promptly and properly. The regional analysis reproduced above indicates that the prospective supply of pickers is most favorable in East Texas, and shortest in South Texas.

In addition to the data obtained concerning the condition of the current crop, information elicited by this survey indicates that there was on July 1st, 1920, a total of approximately 300,000 bales of last year's cotton (mostly of low grade) still unsold and in the hands or control of the Texas growers.

Cotton Acreage According to the Bureau of Crop Estimates, the Texas cotton acreage on June 25th was estimated at 11,356,000 acres, or an increase of 331,000 acres over the 1919 acreage. The indicated increase of only 3% is much smaller than was generally anticipated at the beginning of the planting season, the reduction being attributed to adverse weather conditions at seed time, poor germination, and a large abandonment in sections where excessive rains induced a growth of grass and weeds too heavy to be exterminated with the available supply of labor. While the present acreage would seem to indicate a probable yield of 3,173,000 bales for the State of Texas, the ravages of the boll weevil and other pests threaten to cut the production to a figure materially below this amount.

Winter Wheat Harvesting has made good progress in all parts of the district, having been practically completed in some sections. The yields have been excellent and the quality good, although the acreage was extremely short.

Corn The general rainfall of the past month has assured a bumper corn crop in this district. In Texas indications are to a yield equally as good as that last year when the production was 202,000,000 bushels.

Other Crops The season has been favorable for the growth of forage crops, grain sorghums, rice, sugar cane, peanuts and sweet potatoes. East Texas, after suffering a disastrous loss in its fruit production, has produced a splendid tomato crop, the yield being estimated at about 1,500 carloads. Among the crops on which disappointing reports are being received are Irish potatoes and pecans. From the Rio Grande Valley come reports of excellent yields of tomatoes, watermelons and other trucks.

Cotton Movements Exports of cotton through the port of Galveston have moved more freely and in greater volume this season than last. Foreign consignments cleared from this port from August 1, 1919, to June 30, 1920, were more than 500,000 bales in excess of the amount exported to foreign countries during the same period in the season of 1918-1919.

The bulk of the movement, however, was accomplished early in the present season, as the receipts, shipments and stocks on hand in June of 1920 were much smaller than those of the corresponding month last year.

**JUNE COTTON MOVEMENTS
through the Port of Galveston**

	June 1920	June 1919
Receipts.....	35,686	201,746
Exports.....	84,996	169,366
Stocks June 30.....	143,594	274,014

GALVESTON STOCK STATEMENT

	June 30, 1920	June 30, 1919
For Great Britain.....	8,403	53,300
For other foreign ports.....	4,850	42,221
For coastwise ports.....	8,500	10,000
In compresses.....	121,841	177,493
Total.....	143,594	274,014

GALVESTON COTTON EXPORTS

	This Season	Last Season
Total foreign exports to June 30.....	1,899,275	1,371,012
Total coastwise exports to June 30..	328,232	371,765
Total exports to June 30.....	2,227,507	1,742,777

COTTON MOVEMENTS, ALL U. S. PORTS

	This Season	Last Season
Receipts.....	5,940,166	6,187,009
Exports.....	6,059,469	4,952,070
Stocks June 30.....	922,395	1,350,716

Grain Movements June receipts of grain at the principal grain centers showed a substantial falling off as compared with the May movement, according to the reports of grain inspectors. Wheat receipts were 1,690 carloads, or a decrease of 1,079 cars. Corn and oat supplies were also much lighter, as shown in the following comparative statement.

COMPARATIVE GRAIN RECEIPTS

	May (cars)	June (cars)
Wheat.....	2,769	1,690
Corn.....	138	112
Oats.....	294	171

June Grain Prices Grain prices during the month of June underwent a sharp decline at the local markets. No. 1 wheat (delivered at Galveston for export) was quoted in Dallas at \$3.05 early in the month, declining to \$2.81 at the close. No. 2 white corn fell from \$2.12 to \$2.02. Oats (Texas red No. 3, even weight bags) opened at \$1.15 and closed at \$1.06.

LIVESTOCK

Range Conditions Reports from all sections of the district are to the effect that the steady improvement in range conditions noted in the month of May continued throughout June, and at this writing the situation is better than it has been for many years. Under the influence of ideal weather conditions summer ranges have developed at an excellent rate and our reports show that the major ranges of New Mexico, Arizona and the Panhandle, and the pastures of South Texas are well supplied with grass and water. Livestock of all kinds has fared well during the past month, although an exception to this rule is the fact that in Northern Louisiana considerable losses have been sustained as a result of the ravages of cholera among hogs. In Arizona stock is reported to be in fair to excellent condition and calves are said to be making good progress. Harvesting is progressing well in the Amarillo section.

Livestock Prices Prices at the Fort Worth market registered a sharp recovery during the month of June. From the lowest levels of the year to the highest levels of the year was the range of quotations during the thirty-day period. Among the reasons assigned for the upward swing was the fact that

receipts at all markets throughout the country had dwindled to a very low ebb during the preceding month. In response to the attractive prices offered in the first week of June, shipments began arriving in heavy volume and the movement increased until it raised the totals for the month at the Fort Worth market to the highest point of the year. As a result of this influx the market weakened, and by the end of the month much of the gain previously recorded had been lost. The flurry caused by the dearth of receipts in May carried beef steer values up to a point from two and a half to three dollars above the previous months market, and the top price of \$13.50 was only \$1.25 below the top for the corresponding month last year. Hogs which sold up to \$14.75 in May reached a maximum of \$16.15 in June. In the other divisions the advance was not so noticeable. In fact, stocker cattle and sheep scored a loss. The hog market reached the highest point it has touched since last November, due to the shrinkage in receipts. Top prices of all classes of livestock, except hogs, made a nearer approach to the high levels of last year than has been the case for several months. Comparative maximum quotations at the Fort Worth market for the month of June 1920-1919 are shown below.

TOP LIVESTOCK PRICES IN JUNE

	1920	1919
Beef steers.....	\$13.50	\$14.75
Stocker steers.....	8.50	9.50
Butcher cows.....	10.00	10.25
Stocker cows.....	8.00	8.60
Calves.....	13.00	14.75
Hogs.....	16.15	21.15
Lambs.....	13.25	17.00

June Livestock Movements Livestock inspectors throughout the range country reported a heavy movement of cattle and hogs to the market in the month of June. The records of the Fort Worth market reflect the volume of this movement and show a new high record for one day's receipts, consisting of 14,698 cattle and 3,276 calves. The month's receipts, amounting to 118,000 head of cattle, were the heaviest this market had ever known for the month of June, with the single exception of June, 1917, when receipts reached the record figure of 136,897. On the other hand, receipts of hogs were the lowest of any month during the present year, the total being 24,275. Only five times during the past seventeen years have June hog receipts been less than this total. Arrivals of sheep were also quite moderate, the market being exceedingly dull in this division. South Texas' quota of grass steers greatly exceeded its offerings of any previous month this year, and, but for the car shortage, would have been even larger. The movement of stockers was practically negligible, there being no appreciable demand for this class of stock at this time. There is presented in the following statement a comparative record of receipts at the Fort Worth market for the month of June.

FORT WORTH LIVESTOCK RECEIPTS

	June, 1920	May, 1920	Loss or Gain	June, 1919	Loss or Gain
Cattle.....	118,775	102,981	G 15,794	83,269	G 35,506
Calves.....	26,465	17,229	G 9,236	15,407	G 11,058
Hogs.....	24,275	37,601	L 13,326	28,407	L 4,132
Sheep.....	36,211	88,639	L 52,428	47,694	L 11,483

LUMBER

Production Curtailed

A widespread curtailment of lumber production, which, if continued, may result in a serious shortage in building material this fall, was the most prominent development in the wholesale lumber market last month. Some of the smaller mills have shut down entirely, while a greatly reduced operating schedule has been placed in effect among the mills generally which are still in operation.

Reports received by the Southern Pine Association reflect the reduction in the volume of mill operations in this district during the month of June. The actual weekly production of those mills in June fell to 67% of normal weekly production, which was the lowest production for any month this year. The significance of

the low mark of 67% for the month of June is emphasized by the fact that even during the bad weather period of January, February and March the actual production averaged better than 80% of normal.

While the volume of orders received by these mills dropped to the lowest point of the year in the month of March, and the subsequent weakness of the demand is partially responsible for the curtailment of production, it is apparent that production is not governed wholly by the volume of new orders, as the latter showed an increase in June, while production fell off to a new low mark. As a result of this situation, unfilled orders on hand increased from 167 million feet on May 28th to 186 million on June 25th.

A comparison of June shipments with those of May shows a decrease proportionate to the decrease in production.

COMPARATIVE PINE LUMBER STATISTICS

	June 1920	May 1920
Number of mills reporting.....	32	32
Average weekly production.....	9,915,874 ft.	11,420,932 ft.
Average weekly shipments.....	7,964,289 ft.	9,239,531 ft.
Average weekly orders received.....	11,109,353 ft.	9,239,531 ft.
Unfilled orders on hand June 25th and May 28th.....	186,115,105 ft.	167,736,325 ft.
Average weekly normal production.....	14,818,196 ft.	15,669,021 ft.

Lumber Price Movements

June was a month of equalization in price currents throughout the lumber trade in this district. In those sections where retail prices had undergone radical reductions in the late spring no revisions of any consequence were made in June. In a few of the larger distribution points, however, where dealers had persistently resisted the first wave of price cutting, some substantial recessions were announced. In the City of Dallas, for example, according to published reports, an average reduction of 20% was made in June on all items except hardwoods.

Opinion is divided as to whether lumber prices have "struck bottom." The weight of authority seems to be on the side of those who see, in the sharp curtailment of mill output, the depleted yard stocks of retailers, and the unfinished building programs of the larger cities, a situation of which the logical outcome would be a renewed buying movement with a general upward revision of prices.

PETROLEUM

Average Daily Output Increases

While the district's total oil output in June was 240,413 barrels less than in May, the actual rate of production showed an increase. The average daily yield for June was 382,467 barrels, which was an increase of 4,583 over May, and exceeded the daily average for April by 14,989 barrels.

Texas fields recorded a gain both in production for the month and daily average production, while in North Louisiana there was a decrease in both items. The best showing was made by the Central-West Texas fields,

which reported a gain of 15,241 barrels, or 17%, in their daily average production. Stephens County wells were the chief contributors to this increase in the West Texas fields.

Interest in the extension of proven fields centered in the developments reported from Stephens County and the territory west of Ranger. Some good producers were also completed in the Kemp-Munger-Allen section of the Iowa Park field.

In the Burkburnett field the month was characterized by a steady rate of settled production, although results from new wells were rather disappointing.

Drilling Results Show Slump

June proved a lean month for drilling activities. For the district as a whole there were 169 less completions than in May, 179 less producers, and 10 more dry holes. Initial production in June was approximately 50% less than in the preceding month. All fields suffered a decline in results of drilling operations for the month. Wildcat operations were generally unfruitful, though in North Louisiana wildcat activities for the month included the production of 55,500,000 cubic feet of gas.

At the close of the month there were 2,837 wells being drilled in the district, as against 2,958 at the end of May. Rigs numbered 716 and locations 347, both showing decreases as compared with May.

Lack of material and labor and a more restricted money market for financing operations, are chief among the causes assigned in explanation of the diminished activity in the drilling of new wells.

OIL PRODUCTION

Field	May		June		Increase or Decrease	
	Total	Daily Av.	Total	Daily Av.	Total	Daily Av.
North Texas.....	3,075,070	99,196	2,983,250	99,442	Dec. 91,820	Inc. 246
Central-West Texas.....	2,665,769	85,992	3,036,990	101,233	Inc. 371,221	Inc. 15,241
Texas Coastal.....	2,102,138	67,811	1,968,760	65,626	Dec. 133,378	Dec. 2,185
Corsicana Misc.....	41,386	1,335	44,000	1,466	Inc. 2,614	Inc. 151
Totals, Texas.....	7,884,363	254,334	8,033,000	267,767	Inc. 148,637	Inc. 13,433
North Louisiana.....	3,830,050	123,550	3,441,000	114,700	Dec. 389,050	Dec. 8,850
Totals, 11th District.....	11,714,413	377,884	11,474,000	382,467	Dec. 240,413	Inc. 4,583

DRILLING RESULTS

Field—	Completions	Producers	Failures	Initial Production
North Texas.....	208	143	65	24,550
Central-West Texas.....	210	129	81	33,680
Texas Coastal.....	73	58	15	12,861
Texas Wildcats.....	31	11	20	705
Totals, Texas.....	522	341	181	71,796
North Louisiana.....	128	97	31	32,577
June totals, District.....	650	438	212	104,373
May totals, District.....	819	617	202	206,394

WELLS, RIGS AND LOCATIONS

	Drilling Wells	Rigs	Locations
North Texas Fields.....	441	76	23
Coastal Fields.....	209	12	22
North Texas Counties.....	224	28	13
Panhandle Counties.....	62	10	5
Central-West Texas Counties.....	300	69	23
Central-West Texas Fields.....	833	322	110
Coastal Counties.....	209	18	45
East Texas Counties.....	67	29	5
Totals, Texas.....	2,345	564	246
North Louisiana Fields.....	365	116	91
North Louisiana Wildcats.....	127	36	10
Totals, North Louisiana.....	492	152	101
Totals, District.....	2,837	716	347
May Totals.....	2,958	784	585

CRUDE OIL PRICES

Texas:		Louisiana (38 gravity and above):	
Corsicana light.....	\$3.50	Caddo.....	\$3.50
Corsicana heavy.....	1.75	Homer.....	3.25
Texas Coastal Fields.....	3.00	Bull Bayou.....	3.15
All other Texas Fields.....	3.50	De Soto.....	3.40

(Oil statistics compiled by The Oil Weekly, Houston, Texas.)

TRADE AND TRANSPORTATION

Wholesale Trade Wholesalers in this district report that retail merchants continued their previous policy of cautious buying during the month of June. Immediate needs of the trade seemed to dominate most transactions, although in some lines renewed interest in "futures" began to be manifested towards the end of the month. Net sales for the month of June, as compared with the preceding month, showed losses in various lines ranging from 6% to 24%, although gains were reported by dealers in groceries and automobile supplies.

As compared with orders booked in June, 1919, the past month's reports show an increase in all lines except furniture and dry goods. The higher price levels of the present, however, must be considered in measuring the physical turnover in June, 1919, and June, 1920, by the dollar volume of sales.

A feature of interest in the June wholesale reports is the evidence they afford of heavy accumulations of

stocks. Both as compared with stocks a year ago and those on hand at the end of May, 1920, a marked increase is shown. This situation seems to reflect a conviction on the part of the wholesalers, based largely on the favorable crop outlook in this district, that despite financial restrictions and price resistance there will be a brisk trade this fall in all lines of business. In fact, many of them are confidently predicting this in their reports to the Monthly Review.

Many complaints are being voiced by wholesale houses on the subject of the transportation service. The slowness and uncertainty of deliveries greatly handicapped operations in June, according to advices from reporting firms. With the approach of the crop moving season it is feared that the situation will become still more acute, and retailers are being advised to anticipate, as far as possible, their merchandise needs for the period in which the roads will be heavily engaged in moving the products of the farm.

Statistical data concerning the condition of wholesale trade for the past month, based on reports from representative firms, appear below.

JUNE 1920 WHOLESALE TRADE, COMPARED WITH MAY, 1920, AND JUNE, 1919.

	Compared with	Sales	Selling Price	Shipments	Stocks at end of month
Groceries.....	May, 1920. June, 1919.	Inc. 4% Inc. 4%	Dec. 2% Inc. 12%	Inc. 5% Inc. 4%	Inc. 6% Inc. 34%
Furniture.....	May, 1920. June, 1919.	Dec. 16% Dec. 2%	Same Inc. 40%	Dec. 16% Dec. 2%	Inc. 26% Inc. 12%
Auto Supplies.....	May, 1920. June, 1919.	Inc. 25% Inc. 50%	Same Inc. 13%	Inc. 20% Inc. 50%	..... .....
Drugs.....	May, 1920 June, 1919.	Inc. 1% Inc. 52%	Dec. 2% Inc. 9%	Inc. 1% Inc. 52%	Inc. 8% Inc. 28%
Dry Goods.....	May, 1920. June, 1919.	Dec. 24% Dec. 32%	Same Inc. 18%	Dec. 24% Dec. 32%	Inc. 40% Inc. 73%
Hardware.....	May, 1920. June, 1919.	Dec. 6% Inc. 16%	Same Inc. 15%	Dec. 7% Inc. 15%	Same Inc. 20%

Retail Trade

Despite the annual June sales in the clothing and dry goods retail trade, the net results for the month in these lines were slightly below the record for May, according to reports at hand. Volume of sales in groceries and shoes was practically unchanged, while hardware and furniture experienced an increased demand. Compared with June, 1919, net sales in all lines recorded a healthy increase not wholly attributable to higher prices. In fact the net return from clothing sales was 32% greater despite a decrease of 20% in prices.

A noteworthy feature of retail price changes last month was the 20% drop in shoe values. At the same time, the close of the month found shoe prices still at substantially higher levels than a year ago, and reports of heavy stocks, cancellations of wholesale orders, and

a continued weakness in the consumers' demand seem to portend a further decline in this line before the fall goods are placed on sale.

Dealers in furniture, dry goods and hardware reported general price levels higher than those which prevailed in June, 1919.

Stocks on hand at the end of June, although heavier than those carried a year ago, showed little change as compared with the previous month.

All lines of retail trade seem to hold an optimistic view of the outlook for fall business. Detailed statistics of the condition of six lines of retail trade in this district, as shown by the reports of selected firms, are presented in the table below.

JUNE, 1920, RETAIL TRADE, COMPARED WITH MAY, 1920, AND JUNE, 1919.

	Compared with	Sales	Selling Price	Stocks at end of month
Groceries.....	May, 1920, June, 1919.	Same Inc. 67%	..... .....	..... .....
Furniture.....	May, 1920. June, 1919.	Inc. 27% Inc. 41%	Same Inc. 12%	Inc. 10% Inc. 42%
Shoes.....	May, 1920. June, 1919.	Inc. 1% Inc. 34%	Dec. 20% Inc. 15%	Dec. 2% Inc. 19%
Clothing.....	May, 1920. June, 1919.	Dec. 10% Inc. 32%	Same Dec. 20%	Inc. 10% Inc. 27%
Dry Goods.....	May, 1920. June, 1919.	Dec. 5% Inc. 44%	Dec. 5% Inc. 21%	Dec. 1% Inc. 8%
Hardware.....	May, 1920. June, 1919.	Inc. 16% Inc. 37%	Same Inc. 21%	Same Inc. 3%

Transportation

The problem of securing cars to move the 1920 grain crop is occupying the attention of Southwestern grain, railway and financial interests as this is written. The most acute situation is in the Texas Panhandle, where \$3,000,000 worth of last year's wheat crop is reported to be held in elevators awaiting cars. The 1920 crop, which in that section is almost as large as last year's production, is being harvested in the face of such a serious car shortage that it is feared a considerable portion of the crop will be forced to remain in the open, subject to heavy loss from exposure, unless the transportation crisis is promptly relieved.

Plans have been made to meet the emergency, both by temporary relief and permanent additions to the car supply. One of the principal carrier systems serving the

grain belt has recently ordered \$18,000,000 of new equipment. In the Panhandle alone it is estimated that 12,000 to 15,000 cars are needed to take care of the movement of 20,000,000 bushels of wheat during the next 90 days.

FINANCIAL

Federal Reserve Bank Condition

Loans made to member banks during June amounted to \$117,249,753.46, against which retirements aggregated \$122,317,205.95, or a net decrease of \$5,067,452.47. At the close of the month rediscounts for member banks outstanding totalled \$48,515,582.53, as compared with \$38,543,075.30 on May 29th, the increase of \$9,972,507.23 being due to the seasonal demand from member banks. This increase, however, was

more than offset by decreases in other loans. Member banks' collateral notes receded from a total of \$35,696,784.00 on May 29th to \$29,181,504.30 on June 30th, while in the same period rediscounts with other federal reserve banks declined from \$13,000,000 to \$4,475,000, making a total liquidation of \$15,040,279.70 in the two classes of paper, due to the redemption of Treasury Certificates maturing June 15th.

The number of banks accommodated during the month was 488, as against 404 in May.

At the close of the month the total amount of outstanding loans to member banks was \$78,102,086.83, of which \$65,633,226.91, or 84%, was due to mature in 90 days or less.

Federal Reserve Notes outstanding on June 30th aggregated \$85,740,220, compared with \$85,664,350 on May 29th.

Member banks' reserve deposits totalled \$52,278,848.37, which was \$3,272,608.77 less than the total on May 29th.

Condition of Member Banks in Selected Cities Banks in the reserve cities reduced their United States securities from \$61,394,000 to \$50,293,000, and their loans secured by U. S. war obligations from \$10,251,000 to \$8,391,000 in the period from May 28th to June 25th, as a result of the retirement of the Certificate issue maturing June 15th. Other loans and investments exhibited a slight decrease, as did deposits, reserves, and bills payable with Federal Reserve Bank.

The percentage of loans to net demand deposits was 121% on June 30th, as against 120% May 29th and 119% on April 30th. This ratio at the close of June, 1919, stood at 110%.

The leading resource and liability items of the reporting group for the closing weeks of May and June, 1920, and June, 1919, are quoted below.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	June 25, 1920.	May 28, 1920.	June 27, 1919.
Number of reporting banks.....	48	46	46
U. S. Securities owned.....	\$ 50,293,000	\$ 61,394,000	\$ 60,490,000
Loans secured by U. S. War Obligations.....	8,391,000	10,251,000	7,239,000
All other loans and investments.....	262,098,000	267,103,000	182,547,000
Net demand deposits.....	223,285,000	230,948,000	171,721,000
Reserve with Federal Reserve Bank.....	23,968,000	25,805,000	21,024,000
Bills Payable with F. R. Bank.....	31,757,000	51,341,000	22,459,000

Bank Clearings Clearing House reports from eleven of the larger cities show that bank clearings in June exceeded those of May, 1920, by 4%, and were 22% larger than for the month of June,

1919. These figures include for the first time the clearings at San Antonio. For the first six months of the year the total clearings were \$3,233,405,045, which was an increase of 38% over the corresponding period a year ago.

BANK CLEARINGS

	June, 1920	May, 1920	Inc. or Dec.	June, 1919	Inc. or Dec.	Six Months 1920	Six Months 1919	Inc. or Dec.
Austin.....	5,343,319	6,032,441	-11.4%	12,632,153	-57.7%	43,935,852	168,534,858	-73.9%
Beaumont.....	6,564,143	6,000,000	+9.4%	5,528,325	+18.7%	40,324,804	35,890,463	+12.4%
Dallas.....	145,590,235	111,222,333	+30.9%	122,077,540	+19.2%	993,562,115	664,682,619	+49.5%
El Paso.....	27,000,000	29,877,553	-9.6%	25,166,362	+7.3%	173,841,340	145,271,922	+19.7%
Fort Worth.....	86,462,003	80,562,628	+7.3%	62,081,394	+39.3%	517,400,518	383,843,198	+34.8%
Galveston.....	25,886,800	30,688,889	-15.6%	26,279,600	-1.5%	182,477,221	134,383,248	+35.8%
Houston.....	109,120,805	110,305,085	-1.1%	74,448,399	+47.9%	705,602,347	409,293,989	+72.4%
San Antonio.....	36,708,566	33,473,413	+9.6%	31,292,188	+17.3%	215,984,215	171,622,204	+25.8%
Shreveport.....	21,661,360	23,446,079	-7.6%	12,208,492	+77.4%	139,670,980	70,458,663	+98.2%
Waco.....	11,205,300	15,000,000	-25.3%	9,981,631	+12.3%	85,103,602	58,744,472	+44.9%
Wichita Falls.....	18,247,055	27,822,205	-34.4%	20,108,155	-9.3%	135,502,071	88,438,749	+53.2%
Total.....	493,789,586	474,430,626	+4.1%	401,804,239	+22.9%	3,233,405,045	2,331,164,385	+38.7%

MONTHLY TOTALS FOR THE HALF YEAR

January.....	\$555,539,695
February.....	450,506,070
March.....	531,142,565
April.....	508,064,734
May.....	474,430,626*
June.....	493,789,586*

*Includes San Antonio.

Discount and Interest Rates Discount rates in the larger cities of the district showed only slight variations in the 30-day period ending July 15th, as compared with the preceding 30 days. In the cities of Dallas and Waco the trend of rates was upward, while in Houston, Shreveport and San Antonio

there were small reductions on certain classes of paper. Rates quoted by the banks in Fort Worth and El Paso were substantially the same as for the period ending June 15th. The following table shows the maximum, minimum and customary rates current in the cities named.

JUNE DISCOUNT RATES

	Dallas			El Paso			Ft. Worth			Houston			San Antonio			Shreveport			Waco					
	H	L	C	H	L	C	H	L	C	H	L	C	H	L	C	H	L	C	H	L	C			
Prime Commercial Paper:																								
Customers' 30 to 90 days.....	8	6	7½	10	6	8	8	6	7½	8	6	6½	8	6	6¾	8	6	7½	8	7	7½	8	7	7½
Customers' 4 to 6 mos.....	8	7	7½	10	6	8	8	6	7½	8	6	7	8	6	6¾	8	6	7½	8	7	8	8	7	8
Open Market 30 to 90 days.....	8	6	7¼	9	6½	8	7	7	7	.....	.....	.....	.....	.....	.....	8	6	7½	8	8	8	8	8	8
Open Market 4 to 6 mos.....	8	7	7¼	9	8	8	7	7	7	.....	.....	.....	.....	.....	.....	8	6	7	8	8	8	8	8	8
Interbank loans.....	7	6	6¾	8	7	8	6	6	6	6	6	6	7	6	6	8	6	7	7	6	7	7	6	7
Collateral loans, demand.....	8	6½	7½	8	8	8	6	8	8	8	7	7	8	6	6¾	8	7	8	8	7	8	8	7	7½
Collateral loans, 3 mos.....	7	7	7	9	8	8	6	8	8	8	7	7	8	6	6¾	8	7	8	8	7	8	8	8	8
Collateral loans, 3 to 6 mos.....	7	7	7	10	8	8	6	8	8	.....	.....	.....	8	6	6¾	8	7	8	8	8	8	8	8	8
Cattle loans.....	8	6½	7¼	10	8	6	9	7	8	8	7	8	8	7	7¼	8	7	8	.....	.....	.....	.....	.....	.....
Loans secured by warehouse receipts, Bs-L, etc.....	8	7	7½	8	8	8	6	7½	7	7	7	8	6	7½	8	6	7½	8	6	7½	8	8	8	
Loans secured by Government securities.....	8	6	6¾	10	7	8	8	6	7	8	6	6½	8	6	6¾	8	6	7	8	6	8	8	6	8

FAILURES

During the month of June there were 35 business failures in the Eleventh District, with liabilities amounting to \$278,668, as against 15 for the previous month with the debts aggregating \$168,165, and 31 in June,

1919, with liabilities amounting to \$210,440. The June record for liabilities of failed firms compare favorably with the monthly average for the year 1919, which was \$322,866. Comparative totals by months are shown below.

	NUMBER		LIABILITIES	
	1920	1919	1920	1919
January.....	33	48	\$ 284,096	\$ 695,082
February.....	31	41	1,850,522	930,894
March.....	19	17	203,445	252,971
April.....	16	24	100,582	226,206
May.....	15	35	168,165	304,739
June.....	35	31	278,668	210,444

BUILDING

Construction work initiated in the larger cities during the month of June showed an increase of 15% over the month of May, as measured by the total valuations rep-

resented by building permits issued in those months. The record, however, was 16% lower than that of June, 1919. For the first six months of the year, the 1920 valuations exceeded those of 1919 by 147%.

BUILDING PERMITS

	JUNE				Inc. or Dec.	SIX MONTHS				
	No.	1919 Valuation	No.	June 1920 Valuation		No.	1919 Valuation	No.	1920 Valuation	
Austin.....	27	80,654	17	107,957	+33.9%	67	123,844	86	410,027	+231.0%
Beaumont.....	88	161,180	175	76,000	-52.9%	533	568,408	632	685,456	+20.6%
Dallas.....	142	935,480	180	891,570	-4.7%	632	2,284,084	1,472	8,413,677	+268.4%
El Paso.....	97	221,297	83	134,924	-39.0%	639	738,418	931	1,733,702	+134.8%
Fort Worth.....	202	755,963	175	684,271	-9.5%	902	3,975,825	1,454	7,857,967	+97.6%
Galveston.....	453	91,914	282	51,095	-44.4%	3,081	369,261	1,667	417,116	+13.0%
Houston.....	347	598,552	347	374,084	-37.5%	1,662	2,178,396	2,075	5,660,259	+159.8%
San Antonio.....	234	291,990	186	218,140	-25.3%	1,529	1,461,811	1,232	2,380,005	+62.0%
Shreveport.....	138	174,673	184	243,228	+39.2%	648	904,143	1,290	3,591,613	+297.2%
Total.....	1,728	3,311,703	1,629	2,781,269	-16.0%	9,693	12,604,190	10,839	31,149,822	+147.1%

POST OFFICE RECEIPTS

Eleven cities in the district reported postal receipts aggregating \$1,896,710 for the three months ending June 30th. This compares with \$1,703,175 for the corre-

sponding period in last year, or a gain of 11.5%. A similar increase was shown in the receipts for the first six months of the year. As compared with the first three months of 1920, however, the figures for the second quarter show a loss of \$42,207, or about 2%.

RECEIPTS

	Second Quarter		Inc. or Dec.	Six Months		Inc. or Dec.
	1919	1920		1919	1920	
Austin.....	61,166	60,686	-8	128,512	121,591	-5.4
Beaumont.....	43,731	44,962	+2.8	92,120	88,085	-4.4
Dallas.....	533,329	573,651	+7.8	1,068,617	1,166,148	+9.1
El Paso.....	101,302	108,809	+7.4	204,688	225,478	+10.2
Fort Worth.....	216,556	313,481	+44.8	442,744	599,711	+35.5
Galveston.....	51,903	49,245	-5.1	109,468	103,542	-5.7
Houston.....	297,846	338,929	+13.8	570,804	669,709	+17.3
San Antonio.....	198,232	199,002	+4	430,952	420,913	-2.3
Shreveport.....	84,264	84,451	+2	166,050	191,478	+15.3
Waco.....	61,566	61,178	-6	129,534	120,332	-7.1
Wichita Falls.....	53,280	62,316	+17.0	101,940	128,640	+26.2
Total.....	1,703,175	1,896,710	+11.5	3,445,429	3,835,627	+11.3