

Monthly Review of Business and Industrial Conditions

in the Eleventh Federal Reserve District, Federal Reserve Bank of Dallas

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So far as the Southwest is concerned the credit situation, which in this district, as elsewhere, is the most widely discussed phase of the business situation, exhibited but little change in the month of August, although there was another moderate increase in the volume of bank loans and some decline in deposits. Despite this condition, however, a spirit of unyielding optimism still pervades in most quarters concerning the outlook for the immediate future, based on the strong position which the district is believed to hold on account of its crop prospects. Trade authorities are counting strongly upon a heavy fall business, which in turn is largely predicated upon the outcome of the cotton crop.

Excessive rains and the decline in the cotton market which occurred in August created for a time widespread pessimism among the cotton growers and not a little apprehension on the part of business and financial circles. Since the advent of a period of clear weather, however, which began about September 10th, the crop outlook and business situation have exhibited a steady improvement, and, while the district's cotton crop will undoubtedly be materially smaller than was generally expected thirty days ago, it is still possible to produce a fair sized crop provided weather conditions from now on are propitious. Since the Government report of August 25th, showing the condition of the Texas cotton crop to be 7 points below the July 25th condition, reports from many North Texas and East Texas counties indicate that deterioration continued in those sections through the first ten days in September. This year, however, is no exception to the rule that crop results vary radically in different geographical sections of the district, and, as in previous years, while the 1920 cotton crop will be considered a failure in some sections, in others (notably South and West Texas) a good yield seems to be assured.

As a result of the recent depression in the cotton market, efforts are being made to perfect an organization among the cotton growing interests to foster a general holding movement for the purpose of obtaining a much higher price for the staple. There appears to be some difference of opinion as to the extent to which this holding movement should, or can, be carried out. There is a sentiment among some of the growers, particularly those who are financially independent, in favor of warehousing the crop for an indefinite period of time, or until they are able to practically dictate the price of cotton. On the other hand there is a well organized group of producers, who are apparently in the majority, whose program contemplates not an indefinite holding of the crop, but a gradual marketing of their product distributed practically throughout the year, releasing from time to time only a sufficient amount to liquidate the indebtedness incurred to finance the planting and growing of the crop, and to prevent any general dumping on the market of cotton for which there is little or no demand.

With the latter plan the Federal Reserve Bank of Dallas is in entire accord and sympathy, and believes that its position is generally shared by its member banks. In other words, it favors ordinarily only such extension of credit as will assist the growers to realize a normal price, that is to say, such a price as would naturally follow the operation of the laws of supply and demand where the crop is marketed gradually and over a series of months, as distinguished from allowing it to be either unloaded upon the market too precipitately or indefinitely withheld from the market for the purpose of obtaining an arbitrary price. Any other course is not only clearly incompatible with the present credit and warehouse situation, but would be inconsistent and indefensible in a period of readjustment such as the present time, when each industry is entitled to receive its share of available credit in return for bearing its share of the common burden.

The harvesting of the cotton crop, delayed by wet weather, is now making good progress. There is a scarcity of labor for picking, but complaints on this score have not reached alarming proportions. The movement of the grain crop is proceeding slowly. Range conditions in most sections of the district were improved by the August rainfall.

The transportation situation has showed considerable improvement during the past 30 days, but our reports would indicate that this improvement is traceable not so much to an enlargement of the car supply as to a slackening in the volume of goods offered for shipment. This is especially true with respect to livestock and lumber traffic. Building activity was notably quiet during the past month, due in part to an acute scarcity of many classes of building material, particularly cement and builders' hardware.

Retail trade is still quiet and seems to be "marking time" pending the marketing of the district's crops. On the other hand wholesale houses, despite the unsettled status of prices and other disturbing influences, report a heavy increase in orders booked during the month of August, as compared with the previous month, a great deal of their transactions representing eleventh hour orders for fall merchandise placed by retailers who, though still inclined to postpone buying until they could recover their confidence in prices, found further postponement impossible on account of the increasing pressure of their immediate needs for the fall trade.

The August failure record shows excellent improvement over that of the previous month, the decrease in number of business failures being 24%, while liabilities involved show a decrease of 17%.

AGRICULTURE

August weather conditions in the Eleventh District were generally adverse to those crops and farming operations which demand dry weather at this period, thus

counteracting to a considerable degree the excellent progress made in the month of July. On the other hand conditions were propitious for the best growth of such crops as corn and grain sorghums.

Cotton Deteriorates The average condition of the Texas cotton crop on August 25, 1920, was placed at 67 per cent of normal, compared with 74 on July 25th, or a net loss of 7 points, according to the official estimate of the Bureau of Crop Estimates. Excessive rains and subnormal temperatures in North and East Texas during August and the first two weeks in September resulted in a slow but steady deterioration in the condition of the cotton crop in those sections.

The wet weather not only gave an impetus to the activities of worms and weevils, but also interfered with picking and retarded the opening of bolls, so that the present outlook is for a much later harvest season than was indicated at the end of July. The lateness of the crop has necessarily contributed more than usual uncertainty to the estimates of the 1920 production. Ordinarily it is possible to make these estimates with reasonable accuracy by the first of September. This year, however, September would seem to be the critical period in the fruition of the plant, and the unofficial reports coming in from the leading cotton counties since the end of August indicate such a spotted and rapidly shifting situation with respect to the condition of the crop that probably no reliable estimates of the final outcome can be made until October 1st. For example, from a number of North and East Texas counties, where on August 25th, the prospects were for a crop as good or better than normal, have recently come reports that their outlook now is for a production of one-half to a third of a normal yield, due to the recent heavy rains.

In other states partially included in the Eleventh District the condition of cotton during the past month has exhibited a less noticeable change. From New Mexico reports are to the effect that the drought which locally had begun to assume serious proportions in July had been broken by fairly abundant rainfall during August, particularly in Luna, Hidalgo and Grant counties. In Luna County, where the staple is being grown this year for the first time, prospects are for a successful year, which will tend to encourage the further spread of the cotton growing industry in that state.

In Southern Oklahoma counties cotton is showing the effects of cool weather and excessive moisture. In addition to insect damage, some rust and boll rot have been reported from that section.

According to the Bureau of Crop Estimates the condition of cotton on August 25, 1920, indicated that the Texas 1920 crop would yield 3,690,000 bales, as against a production of 3,065,000 bales last year. For the district as a whole the 1920 production is estimated at 4,284,000 bales, compared with the 1919 total of 3,097,000. For two weeks following the date on which these estimates were made the heavy rains which began in August continued to fall over a large area in North, Central-West and East Texas, giving further encouragement to the destructive work of weevils and worms and contributing greatly to the uncertainty of the yield in sections which ordinarily produce a large percentage of the state's output. This situation, coupled with the hazard of an early killing frost in the Northern portion of the belt (which is a possibility of more than usual significance this year on account of the lateness of the crop), emphasizes the

probability that fall weather conditions will this year exert a greater effect than usual upon the outcome of the cotton crop. At this writing these conditions are becoming more favorable, both for the best growth of the plant and the picking of the crop, and, in the absence of further rains or early frosts, the district should be able to produce a crop of satisfactory size. For the five year period from 1914 to 1918, the first killing frost of the autumn occurred in this district, on the average, during the first week in November.

Corn Corn, which ranks second only to cotton in the district's agricultural production, came through the month in excellent condition, which is an exceptional accomplishment for that crop in the month of August. Shipments began moving from the Rio Grande Valley early in the month, followed closely by shipments from the San Antonio region. A production of 169,931,000 bushels in the state of Texas is forecasted from the condition percentage of August 25th. For the entire district the 1920 production forecast, as of September 1st, was 196,997,000 bushels, compared with last year's production of 225,243,000 bushels.

Winter Wheat The district's 1920 wheat production, based on the latest available reports, is estimated at 14,406,000 bushels, as compared with a total of 32,707,000 bushels raised last year.

Oats and Hay Oats and hay, though adversely affected by excessive rains, have yielded fairly well, the quality of such hay as could be harvested being exceptionally good.

Grain Sorghums Texas has apparently raised the largest crop of grain sorghums in its history, the production being estimated at 59,620,000 bushels. Heavy August rains extending through the Panhandle and South Plains section have made possible this record-breaking yield, following the planting of an unusually large acreage amounting to 1,906,000 acres.

Other Crops The estimated Texas production of rice this year is 9,223,000 bushels; sweet potatoes, 8,775,000 bushels; peanuts, 4,710,000 bushels.

Cotton Movements By comparison with last season, exports of cotton moving through the port of Galveston in August showed a decrease of 87,644 bales or 53 per cent. Receipts and stocks on hand at the end of the month were about equal to those of the corresponding period last year. The general volume of the export trade, both foreign and coastwise, is expected to continue comparatively small until October, on account of the backwardness of the new crop.

AUGUST COTTON MOVEMENTS through the Port of Galveston

| | August 1920 | August 1919 |
|-------------------------|----------------|----------------|
| Receipts..... | 86,965 | 80,882 |
| Exports..... | 76,602 | 164,246 |
| Stocks August 31st..... | 119,449 | 119,205 |

GALVESTON STOCK STATEMENT

| | Aug. 30 1920 | Aug. 30 1919 |
|------------------------------|-----------------|-----------------|
| For Great Britain..... | 8,268 | 25,999 |
| For France..... | 4,601 | |
| For other foreign ports..... | 9,371 | 10,196 |
| For coastwise ports..... | 1,000 | 200 |
| In compresses..... | 96,209 | 82,810 |
| Total..... | 119,449 | 119,205 |

COTTON MOVEMENTS, ALL U. S. PORTS

| | This Season | Last Season |
|--------------------------|----------------|----------------|
| Receipts..... | 160,418 | 243,317 |
| Exports..... | 159,467 | 503,084 |
| Stocks, August 31st..... | 709,024 | 839,807 |

Grain Movements Wheat receipts at five of the principal grain centers during the past month exceeded those of July by 14 per cent. Supplies of oats and corn, however, showed a decrease for the month, the new crops not having made their appearance to any appreciable extent. Comparative receipts, as reported by grain inspectors, are tabulated below.

COMPARATIVE GRAIN RECEIPTS

| | August (cars) | July (cars) |
|------------|------------------|----------------|
| Wheat..... | 6,350 | 5,570 |
| Corn..... | 66 | 176 |
| Oats..... | 635 | 862 |

Grain Price Movements Local grain quotations followed an irregular course during the past month, but at the end of August prices ruled at higher levels as a result of light receipts, increased export demand and the upward trend of the general market. Wheat advanced from \$2.30 to \$2.55, No. 3 corn from \$1.20 to \$1.33, and No. 3 oats from 68c to 82c.

LIVESTOCK

Range Conditions Sufficient rainfall occurred in August in all sections of the district except Arizona and parts of New Mexico to maintain the excellent condition which the ranges generally have enjoyed throughout the past summer. In some sections of Arizona observers reported at the end of the month that the rangers were drying and stock water was becoming scarce. Good rains which fell in the first week of September, however, relieved this situation, and as this is written the present condition of livestock and ranges in all parts of the district is exceptionally good, and prospects for an abundance of winter feed were never more encouraging. Most of the Panhandle section was visited by heavy rains since our last report was issued. At Amarillo there was a total of 6.04 inches of rainfall between August 3rd and September 7th.

August Live-stock Prices August was another dull month in the Eleventh District livestock markets. At no time was there a respectable demand for cattle or calves, and, notwithstanding cattle receipts were about 35% smaller than those of July, beef steers, calves and butcher cows showed a steady depreciation throughout the month of August. The demand for stocker cattle displayed some symptoms of renewed strength towards the middle of the month, but the rally was of short duration and the market suffered a quick relapse to the depressed condition which has been manifest in this division throughout the summer.

The best grade of beef steers sold as high as \$12.25, but there was a scarcity of fat animals and the bulk of the offerings consisted of light grass-fed steers which found a sluggish sale at from \$8.25 to \$9.50. Butcher cows ranged in value from \$5.50 to \$7.50, while calves opened the month at \$12.25, declined as low as \$9.75, and at the end of August commanded \$11.25.

Hogs reached a maximum of \$16.60, but on the last

day of August were quoted at from \$15.70 to \$15.90. Sheep and lambs also underwent declines in the course of the month's trading, lambs recording a net loss of \$2.50.

A comparison of top prices for August, 1920, with those of August, 1919, throws an interesting light upon the probable relation of hide and wool values to livestock prices. The recent declines in the market price of these by-products may be plausibly cited as an important factor in the present prices of cattle, sheep and lambs. For example, at the Fort Worth market the top lamb price in August of this year was \$13.60, compared with \$16.50 for August, 1919. The Federal Bureau of Markets has estimated that, considering the depression in the value of by-products, lambs costing this year \$12.50 on foot produced dressed carcasses at the same cost as a lamb which cost \$17.00 in August, 1919. Similar figures might be cited to explain the influence of the present leather market upon current cattle quotations.

TOP LIVESTOCK PRICES IN AUGUST

| | 1920 | 1919 |
|---------------------|---------|---------|
| Beef steers..... | \$12.25 | \$13.50 |
| Stocker steers..... | 8.60 | 10.25 |
| Butcher cows..... | 8.75 | 9.75 |
| Stocker cows..... | 7.75 | 7.75 |
| Calves..... | 11.25 | 15.50 |
| Hogs..... | 16.60 | 23.40 |
| Sheep..... | 9.50 | 10.00 |
| Lambs..... | 13.60 | 16.50 |

August Live-stock Movements The month of August saw practically the last of the season's cattle shipments from South Texas. Arizona and New Mexico ranges also made small contributions to the markets. West Texas contributed a substantial quota of cattle to the markets in August, though the bulk of the offerings from that section was of rather poor quality, very few of its consignments being classed as fat or finished stock. North Texas was well represented in shipments of feeders, but the demand was never sufficient to attract any considerable number of fed cattle.

The August receipts of hogs at the Fort Worth market were the smallest of any month during the present year except those of July. The movement of calves was about equal to the August average for the past four years, while the volume of sheep consignments was approximately 50% smaller than the amount normally marketed in August.

FORT WORTH LIVESTOCK RECEIPTS

| | August 1920 | July 1920 | Loss or Gain | August 1919 | Loss or Gain |
|------------|----------------|--------------|-----------------|----------------|-----------------|
| Cattle.... | 65,818 | 101,731 | L. 35,913 | 79,180 | L. 13,362 |
| Calves... | 34,547 | 35,749 | L. 1,202 | 33,553 | G. 994 |
| Hogs..... | 16,477 | 13,928 | G. 2,549 | 14,034 | G. 2,443 |
| Sheep.... | 16,889 | 16,469 | G. 420 | 24,177 | L. 7,288 |

LUMBER

Production and distribution of lumber in the Eleventh District proceeded on a more restricted scale in August than in the preceding month, according to reports from our correspondents. Eleventh District pine mills reporting to the Southern Pine Association headquarters showed an average weekly production during August equal to 67% of their normal production, as compared with 72% in July; and average weekly new business booked amounting to 64% of normal output, as against 86% for the preceding month. The decline in activity was coincident with a marked decrease in building operations at the larger cities. It is possible that the reduction in the mill output for the month was partially due to a feeling of uncertainty on the part of the operators as to the effect of the increase in freight rates on August 26th. Some anxiety was expressed prior to that date as to the pos-

sibility of numerous cancellations of orders which could not be filled before the new rates went into effect. From the best information available, however, the number of cancellations which followed the change in rates was comparatively small.

Unfilled orders on the books of 32 reporting pine mills as of August 27th amounted to 75,778,486 feet, which is equivalent to approximately one month's normal pro-

duction of such mills. This is about the same carryover as was reported at the end of July.

Throughout the greater part of the month there was an acute scarcity of freight cars available for lumber shipments, and while reports indicate that in some localities cars were becoming more plentiful towards the close of the month there appears to be no basis for expecting general relief in this direction until after the completion of the crop movement.

Below is presented a comparative statement of pine mill operations in the Eleventh District for the past two months.

COMPARATIVE PINE LUMBER STATISTICS

| | August 32 | July 31 |
|--|----------------|----------------|
| Number of reporting mills..... | 11,263,102 ft. | 10,713,763 ft. |
| Average weekly production..... | 10,347,377 " | 9,932,441 " |
| Average weekly shipments..... | 10,858,780 " | 12,863,966 " |
| Average weekly orders received..... | 75,778,486 " | 68,423,965 " |
| Unfilled orders on hand August 27 and July 30..... | 16,737,372 " | 14,815,734 " |
| Average weekly normal production..... | | |

OIL

Production Shows Increase

Eleventh District oil wells showed an increased production last month. The total output during August was 12,343,886 barrels, which represented a gain of 719,640 barrels, or 6%, over the July record. The daily average yield in August was 398,189, as against 374,975 for the previous month. Incidentally the district's petroleum production for August was its largest for any month on record, and brings the total for the first eight months of 1920 up to 90,720,069 barrels, an amount equal to more than 80 per cent of its entire production in 1919. The following table showing the monthly oil production of the Eleventh Federal Reserve District during the first eight months of the current year reflects the steady rate at which this industry is developing in Texas and Northern Louisiana:

| | |
|----------|--------------------|
| January | 10,934,061 barrels |
| February | 10,473,094 " |
| March | 11,132,024 " |
| April | 11,024,345 " |
| May | 11,714,413 " |
| June | 11,474,000 " |
| July | 11,624,246 " |
| August | 12,343,886 " |

For the fifth consecutive month the Central West Texas fields registered a gain in daily average flow, the daily rate of production having risen from 82,659 barrels for the month of March to 109,670 barrels for the month of August. In monthly production this section took the lead among Texas fields in June and has maintained it since that time. Stephens County was again first in monthly production among the Central West Texas fields, showing a gain over its July record, with Ranger and Desdemona ranking second and third, respectively. Each of the latter two fields reported a loss in production compared with their July figures. At the end of August the average daily production of Stephens County wells had reached 80,000 barrels, which compares with 87,000 barrels reported by Wichita County.

Among the outstanding developments of the month were the completion of a number of important wells in the Breckenridge pool, the beginning of a vigorous reclamation campaign in the Desdemona area, a general slackening of activities in North Texas and North Louisiana, and a falling off in the flow of the 25,000-barrel well in the West Columbia section of the coastal field. Late advices indicate that the West Columbia well is now making from

21,000 to 22,000 barrels per day, its flow having been apparently obstructed by sand. In the vicinity of this producer a number of wells are nearing the pay depth and are being watched with interest, as this section seems capable of developments of major importance in the near future. The North Texas daily average production for August was 4 per cent smaller than in July, while in North Louisiana there was a loss of 2 per cent.

The banner production increase for the month was made by the coastal section, where there was a gain of 25,943 barrels in daily average runs. This showing was, of course, made possible by the output of the 25,000-barrel well at West Columbia, which came in during the latter part of July.

Drilling Results

Disappointing

August completions in this district decreased 18 per cent as compared with those of July. Practically all fields shared the decline in drilling activities and results. In addition to the falling off in the number of wells completed during the month, there was an unusually large percentage of failures and abandonments in proportion to the wells which proved to be producers. For the first time in many months the total number of failures was more than half the total number of producers. Difficulty in securing funds and material for drilling purposes is referred to by our correspondents in explanation of the reduced scale of drilling operations which prevailed during the past month. The scarcity of casing seems to be traceable partly to transportation troubles and partly to the manufacturing situation. The mills appear to be concentrating their efforts in the direction of catching up with the heavy demand for plate and sheet goods, which has for the time being made it necessary to postpone the rolling of tubing for drilling purposes.

Wildcat operations in August showed comparatively little activity, a great deal of this class of drilling being temporarily suspended awaiting supplies or a more favorable state of affairs in the financial situation.

OIL PRODUCTION

| Field— | July | | August | | Increase or Decrease | |
|----------------------------|------------|---------------|------------|---------------|----------------------|---------------|
| | Total | Daily Average | Total | Daily Average | Total | Daily Average |
| North Texas..... | 2,882,690 | 92,990 | 2,751,182 | 88,748 | Dec. 131,508 | Dec. 4,242 |
| Central-West Texas..... | 3,292,099 | 106,197 | 3,399,778 | 109,670 | Inc. 107,679 | Inc. 3,473 |
| Texas Coastal..... | 2,262,282 | 72,977 | 3,090,166 | 99,682 | Inc. 827,884 | Inc. 26,705 |
| Corsicana Misc..... | 50,300 | 1,622 | 50,500 | 1,629 | Inc. 200 | Inc. 7 |
| Totals, Texas..... | 8,487,371 | 273,786 | 9,291,626 | 299,729 | Inc. 804,255 | Inc. 25,943 |
| North Louisiana..... | 3,136,875 | 101,189 | 3,052,260 | 98,460 | Dec. 84,615 | Dec. 2,729 |
| Totals, 11th District..... | 11,624,246 | 374,975 | 12,343,886 | 398,189 | Inc. 719,640 | Inc. 23,214 |

AUGUST DRILLING RESULTS

| Field— | Completions | Producers | Failures | Initial Production |
|------------------------------|-------------|-----------|----------|--------------------|
| North Texas..... | 209 | 132 | 77 | 11,830 |
| Central-West Texas..... | 277 | 163 | 114 | 50,314 |
| Texas Coastal..... | 62 | 57 | 5 | 25,435 |
| Texas Wildcats..... | 33 | 6 | 27 | 127 |
| Totals, Texas..... | 581 | 358 | 223 | 87,706 |
| North Louisiana..... | 125 | 83 | 42 | 15,499 |
| August totals, District..... | 706 | 441 | 265 | 103,205 |
| July totals, District..... | 868 | 616 | 252 | 156,912 |

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

Wholesale Trade

Reports from representative wholesalers indicate that there was a more spirited activity in hardware, dry goods, farm implements and drugs during the month of August than prevailed in the preceding month. Sales of dry goods, measured by selling values, showed an average increase of 13%, despite an average decline of 2% in August prices as compared with those of July. Both hardware and farm implements scored an improvement upon their sales record for the previous month, though August orders in these lines were not up to the volume of business booked in the corresponding month last year. In the wholesale grocery trade our reports show that the volume of August transactions was below both the July, 1920, record and that of August, 1919. This condition was also in evidence in the statistics of automobile supply houses, which reported an average decrease of 10% in net sales for August as compared with the previous month.

The slowing up of the buying demand in the grocery line is attributed by dealers to the unsettled condition of prices. In view of the recent course of values in sugar and other staple foods the retailers seem disposed to postpone stock replenishments pending a clearer view of the future.

Automobile supply houses report that retail dealers are well stocked and that factories are curtailing production as a result of the lessened demand for tires and accessories.

Hardware wholesalers explain that the drop in the volume of August orders as compared with a year ago is not a matter of demand but of supply, it being extremely difficult to obtain from manufacturers, in needed quantities, such items as sheet goods, corrugated steel, and nails. On the other hand shelf goods and heavy hardware are reported to be moving at a satisfactory rate.

In the wholesale dry goods trade the price situation, though still hedged about by the uncertainties that have been interfering with the normal movement of fall merchandise, seems to have yielded its place as the uppermost issue in the mind of the retailer to the more imperative demand for prompt action as the advancing season cuts short his time for making a decision.

Wholesale distributors of farm implements report that the recent rains in this district, by delaying the fall planting and sowing season, had the effect of reducing their August sales to some extent, though their actual turnover for that month, as well as the outlook in this line for the coming fall, may be described as generally satisfactory.

According to the reports submitted by five of the leading firms in the wholesale drug trade, August was a month of increased activity, particularly with respect to the inquiry for drug sundries and holiday goods. Prices are generally maintaining a steady level, slight reductions on some articles being about offset by advances in certain proprietary medicines.

Special emphasis is laid in the reports from all lines of wholesale trade upon the retailer's persistent attitude of caution in placing orders. Added to the hesitation inspired by the disturbing possibilities of price readjustments is the feeling of apprehension concerning the effect of the recent deterioration of the cotton crop upon the public's purchasing power in the coming fall and winter months. Notwithstanding this situation, however, a hopeful feeling generally pervades the wholesale trade.

Below is presented a tabulation of trade statistics showing the average changes in sales, prices and stocks of the Eleventh District wholesale firms reporting for the month of August.

AUGUST, 1920, WHOLESALE TRADE, COMPARED WITH JULY, 1920, AND AUGUST, 1919.

| | Compared with | Sales | Selling Price | Stocks at end of month |
|----------------------|------------------|----------|------------------|---------------------------|
| Groceries..... | July, 1920 | Dec. 2% | Dec. 1% | Dec. 6% |
| | Aug. 1919 | Dec. 8% | Dec. 2% | Inc. 6% |
| Auto Supplies..... | July, 1920 | Dec. 10% | Same | Inc. 6% |
| | Aug., 1919 | Dec. 3% | Inc. 10% | Inc. 71% |
| Drugs..... | July, 1920 | Inc. 2% | Same | Same |
| | Aug., 1919 | Inc. 17% | Inc. 7% | Inc. 31% |
| Dry Goods..... | July, 1920 | Inc. 13% | Dec. 2% | Dec. 6% |
| | Aug., 1919 | Inc. 25% | Inc. 3% | Inc. 76% |
| Hardware..... | July, 1920 | Inc. 6% | Same | Dec. 2% |
| | Aug., 1919 | Dec. 12% | Inc. 11% | Inc. 15% |
| Farm Implements..... | July, 1920 | Inc. 27% | Same | Inc. 4% |
| | Aug., 1919 | Dec. 1% | Inc. 11% | Inc. 12% |

Retail Trade

Retail trade activity, as reflected in our department store reports for the month of August, showed a decrease of 6.6% as compared with the previous month. A slackening of sales is not unusual for this season of the year, however, and is therefore without any special significance. As a matter of fact, the volume of transactions in all reporting lines was greater by 10.5% (measured in monetary terms) than the volume of trade for the corresponding period last year. Even allowing for the generally higher scale of prices now prevailing in most lines of merchandise, the physical volume of trade at the present time seems to be fully as heavy as it was a year ago. The principal changes in the situation, as disclosed by a comparison of present conditions with those obtaining early last fall, are: a marked decrease in the demand for luxuries and semi-luxuries, and a noticeable slowing up in retail collections.

It is observed that the use of Liberty Bonds in the purchase of goods and in the payment of accounts, once

a common practice, is now becoming a rare occurrence. While the slowing up in collections has not assumed alarming proportions, our reports show that the credit departments of many institutions which sell goods on 30 to 60-day terms are making slower headway in converting their accounts into cash than they ordinarily do even at this "between seasons" period of the year.

The August reports of Eleventh District department stores show that their collections during that month averaged only 37.8% of their total outstanding accounts on August 1st. While some of these stores grant 60 day terms, the customary dating is 30 days, and in the light of this fact an average liquidation of only 37.8% would seem to indicate that August collections reached an unusually low stage.

The statistics tabulated below show that there was an increase of 22.3% in average stocks on hand at the close of August, and a corresponding increase in the ratio of stocks to sales for the months of July and August.

RETAIL TRADE OF DEPARTMENT STORES

| Net Sales: | August, 1920 |
|---|----------------|
| August, 1920, compared to August, 1919..... | Increase 25.6% |
| August, 1920, compared to July, 1920..... | Decrease .9% |
| July and August, 1920, compared to same period 1919..... | Increase 25.2% |
| Stocks at end of August, 1920: | |
| Compared to same month, 1919..... | Increase 59.5% |
| Compared to stocks at end of July, 1920..... | Increase 22.3% |
| Ratio of average stocks for period July 1 to August 31, to average sales for same period..... | 425.5% |
| Ratio of outstanding orders on August 31, 1920, to total purchases 1919..... | 12.7% |
| Ratio of August collections to August 1st total of accounts receivable..... | 37.8% |

FINANCIAL

Federal Reserve Bank's Operations

During the month of August the Federal Reserve Bank of Dallas granted loans to member banks amounting to \$110,782,789.09, against which the retirement of maturing paper amounted to \$102,877,717.39, resulting in a net increase of \$7,905,071.70 in advances to member banks. Our rediscounts with other federal reserve banks rose from a total of \$26,166,000 on July 31st to the sum of \$32,487,266.39 on August 31st, or an increase of \$6,321,266.39. Thus while member banks in this district increased their bills payable with Federal Reserve Bank to the extent of \$7,905,071.70, the amount of their paper held by the Federal Reserve Bank of Dallas on August 31st showed an increase of only \$1,323,805.31 as

compared with the amount held July 31st, the balance being represented by the augmented amount of Eleventh District paper carried in outside districts. Paper purchased in the open market by the Federal Reserve Bank of Dallas stood at \$457,500 on August 31st, compared with \$717,500 on July 31st. For the same dates the totals of outstanding federal reserve notes were \$83,325,595 and \$82,684,995, respectively, the increase during August being only \$640,600. Member bank reserve deposits totalled \$48,744,511.92 at the close of August, which reflects a decrease of \$5,159,167.77 from the total of July 31st.

At the close of business on the last day of August the paper held by this bank, according to maturities, was distributed as follows:

| | |
|-------------------------|-----------------|
| Due within 15 days..... | \$31,514,725.92 |
| Due 16 to 30 days..... | 6,950,684.84 |
| Due 31 to 60 days..... | 18,936,091.49 |
| Due 61 to 90 days..... | 13,636,317.61 |
| Due after 90 days..... | 4,652,023.92 |
| Total..... | \$75,689,843.78 |

Condition of Member Banks in Reserve Cities A continued expansion of loans is reflected in the condition reports of reserve city banks at the close of business August 27th, as compared with their reports of July 30th. Contrary to the general rule that deposits usually decline as loans increase, but in line with the trend of deposit movements peculiar to this particular season of the year, there was an increase also in the net demand deposits of the reporting banks. Loans and

investments showed an increase of \$5,854,000, while the gain in deposits was \$4,736,000.

A noteworthy feature of the condition of reserve city banks at this time, as compared with a year ago, is the fact that current loans and investments are \$58,000,000 in excess of net demand deposits, reflecting a ratio of 125%, whereas a year ago this ratio was only 101%, the comparison showing the effects of the heavier demands made this year upon the loaning power of the banks in the larger centers.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

| | Aug. 27, 1920 | July 30, 1920 | Aug. 29, 1919 |
|---|---------------|---------------|---------------|
| Number of reporting banks..... | 51 | 49 | 43 |
| U. S. Securities owned..... | 49,973,000 | 49,804,000 | 83,308,000 |
| Loans secured by U. S. War Obligations..... | 8,496,000 | 8,320,000 | 6,854,000 |
| All other loans and investments..... | 274,107,000 | 268,429,000 | 190,585,000 |
| Net demand deposits..... | 224,602,000 | 219,866,000 | 194,344,000 |
| Reserve with Federal Reserve Bank..... | 25,631,000 | 24,570,000 | 22,692,000 |
| Bills Payable with F. R. Bank..... | 43,563,000 | 41,992,000 | 18,424,000 |

Bank Clearings August bank clearings at eleven cities in the district amounted to \$474,686,260, which reflects a gain of 2.6% over July, and an increase of 9.6% over August, 1919. A comparison of clearings for the first eight months of 1920 with the

corresponding period last year shows that while the 1920 levels continue higher than those of last year by 31.6%, the difference has been gradually diminishing during the past summer.

BANK CLEARINGS

| | August 1920 | July 1920 | Inc. or Dec. | August 1919 | Inc. or Dec. | Eight Months 1920 | Eight Months 1919 | Inc. or Dec. |
|--------------------|-------------|-------------|--------------|-------------|--------------|-------------------|-------------------|--------------|
| Austin..... | 5,693,702 | 4,713,113 | +2.8% | 5,903,971 | -3.6% | 54,342,645 | 180,268,016 | -69.9% |
| Beaumont..... | 6,003,126 | 5,713,153 | +5.1% | 4,703,064 | +27.6% | 52,041,082 | 46,196,456 | +12.7% |
| Dallas..... | 123,091,965 | 127,890,000 | -3.8% | 117,523,111 | +4.7% | 1,246,184,673 | 899,509,859 | +38.5% |
| El Paso..... | 28,000,000 | 28,744,062 | -2.6% | 23,843,875 | +17.4% | 236,047,718 | 192,298,103 | +22.7% |
| Fort Worth..... | 84,865,476 | 84,760,302 | +1.1% | 75,982,596 | +11.7% | 687,026,296 | 533,743,286 | +28.7% |
| Galveston..... | 27,911,256 | 26,084,530 | +7.0% | 42,543,100 | -34.4% | 236,473,007 | 212,801,148 | +11.1% |
| Houston..... | 121,162,794 | 105,634,274 | +15.0% | 88,560,701 | +36.8% | 932,399,414 | 574,638,037 | +62.3% |
| San Antonio..... | 33,661,878 | 31,192,293 | +7.9% | 29,090,199 | +15.7% | 280,838,386 | 232,209,114 | +20.9% |
| Shreveport..... | 18,229,477 | 19,078,188 | -4.4% | 12,775,278 | +42.7% | 176,978,645 | 96,279,875 | +83.8% |
| Waco..... | 10,302,295 | 9,870,807 | +4.4% | 9,806,561 | +5.1% | 105,276,684 | 77,862,507 | +35.1% |
| Wichita Falls..... | 15,764,291 | 18,758,000 | -16.0% | 22,385,483 | -29.6% | 170,024,362 | 129,328,236 | +31.5% |
| Total..... | 474,686,260 | 462,438,722 | 2.6% | 433,117,939 | +9.6% | 4,177,632,912 | 3,175,134,637 | +31.6% |

Discount and Interest Rates Among the comparatively few changes reported in the discount rates of banks in the larger cities for the month of August as compared with the preceding month, increases slightly predominated over decreases. Dallas, Houston and San Antonio reported a total of 10

increases and 8 decreases, affecting various classes of paper, while at El Paso, Fort Worth and Waco the July rates remained in effect. "High", "low" and "customary" rates ruling at the six reporting cities during the 30-day period ending September 15th are shown in the table appended below.

AUGUST DISCOUNT RATES

| | Dallas | | | El Paso | | | Ft. Worth | | | Houston | | | San Antonio | | | Waco | | |
|---|--------|----|----|---------|---|---|-----------|---|----|---------|----|----|-------------|----|----|------|----|----|
| | 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 | 7 | 10 | 6 | 8 | 8 | 6 | 7½ | 8 | 6½ | 7 | 8 | 6 | 7 | 8 | 8 | 8 |
| Customers' 4 to 6 mos..... | 8 | 6½ | 7 | 10 | 6 | 8 | 8 | 7 | 7½ | 7 | 6½ | 7 | 8 | 6 | 7 | 8 | 7 | 8 |
| Open Market 30 to 90 days..... | 8 | 7 | 7 | 8 | 7 | 8 | 7 | 7 | 7 | .. | .. | .. | .. | .. | .. | 8 | 8 | 8 |
| Open Market 4 to 6 mos..... | 8 | 7 | 7 | 8 | 7 | 8 | 7 | 7 | 7 | .. | .. | .. | .. | .. | .. | 8 | 8 | 8 |
| Interbank loans..... | 7 | 6 | 6¾ | 8 | 6 | 8 | 7 | 6 | 6 | 7 | 6 | 6½ | 7 | 6 | 6 | 8 | 6 | 7 |
| Collateral loans, demand..... | 8 | 6½ | 7 | 10 | 7 | 8 | 10 | 6 | 8 | 7½ | 6 | 7 | 8 | 6 | 7 | 8 | 8 | 8 |
| Collateral loans, 3 mos..... | 8 | 6 | 7½ | 10 | 7 | 8 | 10 | 6 | 8 | 8 | 6 | 7 | 8 | 6 | 7½ | 8 | 8 | 8 |
| Collateral loans, 3 to 6 mos..... | 8 | 6 | 7½ | 10 | 7 | 8 | 10 | 6 | 8 | 8 | 6 | 7 | 8 | 6 | 7½ | 8 | 8 | 8 |
| Cattle loans..... | 8 | 6½ | 7¼ | 10 | 8 | 8 | 9 | 7 | 8 | 8 | 7 | 7½ | 8 | 6 | 7½ | .. | .. | .. |
| Loans secured by warehouse receipts, Bs-L, etc..... | 8 | 6 | 7½ | 8 | 8 | 8 | 8 | 7 | 7½ | 8 | 6½ | 7½ | 8 | 6 | 7½ | 8 | 8 | 8 |
| Loans secured by Government securities..... | 8 | 6 | 7½ | 10 | 6 | 8 | 8 | 6 | 7 | 8 | 6½ | 7 | 8 | 6 | 6¼ | 8 | 6 | 8 |

Debits to Individual Accounts Movements of credit, as reflected by the volume of checks drawn by individuals and firms against their bank accounts, and as distinguished from general bank clearings which include drafts drawn by banks upon other

banks, are shown in the following comparative statistics based on reports from clearing house cities of the Eleventh District for the weeks ending August 27th, and July 30th, 1920.

CHARGES TO DEPOSITORS' ACCOUNTS

| | Week Ending | |
|------------------|---------------|-----------------|
| | July 30, 1920 | August 27, 1920 |
| Austin..... | \$ 2,493,000 | \$ 2,882,000 |
| Dallas..... | 30,901,895 | 33,636,273 |
| Fort Worth..... | 26,180,970 | 26,185,000 |
| San Antonio..... | 5,810,000 | 8,222,000 |
| Shreveport..... | 3,547,000 | 7,077,000 |
| Texarkana..... | 1,290,992 | 1,221,763 |
| Waco..... | 2,973,900 | 3,447,000 |
| Totals..... | \$73,197,757 | \$82,671,036 |

FAILURES

There were 33 commercial failures in the district during the month of August, which was 8 less than in July. The combined liabilities of the insolvent concerns

\$1,148,614 amounted to \$411,027.00 as compared with for the previous month, and \$249,603 for the month of August, 1919.

BUILDING

According to the building permit statistics reported by nine cities for the month of August, there was a decrease of \$4,588,000, or 60.8%, in the value of contracts awarded in that month as compared with the corresponding month last year. By comparison with the outlay for new buildings in July, 1920, August construction activity showed a shrinkage of \$1,028,000, or 28%. In addition to the difficulties presented by the high cost of material and labor, there has recently developed an acute scarcity of certain building materials, particularly builders' hardware and cement. Such items as heating machinery, elevators, plate glass and nails are conspicuous among the articles

which are difficult to secure from manufacturers. With respect to the extreme scarcity of cement, it is reported by local manufacturers that they have been getting steadily behind with orders for a number of months, due to lack of fuel, scarcity of cars for hauling their raw material, and an abnormal demand for their finished product due to the immense volume of highway construction now under way in Southwestern states. Manufacturers further declare that an appreciable part of the increased demand for cement is coming from farmers as a result of the current educational campaign now being conducted by cement associations in the form of advertising.

BUILDING PERMITS

| | No. | August | | 1920 | Inc. or Dec. |
|------------------|-------|------------------|-------|------------------|--------------|
| | | 1919 | No. | | |
| Austin..... | 19 | Valuation 16,317 | 24 | Valuation 38,674 | +137.0% |
| Beaumont..... | 88 | 76,913 | 58 | 59,914 | -22.1% |
| Dallas..... | 174 | 2,427,865 | 220 | 645,191 | -73.4% |
| El Paso..... | 73 | 72,866 | 89 | 561,530 | +670.6% |
| Fort Worth..... | 211 | 3,414,190 | 131 | 451,445 | -86.7% |
| Galveston..... | 485 | 58,370 | 378 | 36,665 | -37.1% |
| Houston..... | 405 | 744,689 | 298 | 291,290 | -60.8% |
| San Antonio..... | 240 | 408,502 | 189 | 664,305 | +62.6% |
| Shreveport..... | 137 | 318,980 | 161 | 201,680 | -36.7% |
| Total..... | 1,832 | \$7,538,692 | 1,548 | \$2,950,694 | -60.8% |