

# Monthly Review of Business and Industrial Conditions

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

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Among the developments of primary importance in the January business situation in this district were the renewed evidences of weakness in the cotton and livestock markets and the heavy and abrupt breaks in the price of crude oil. Concurrently there was a pronounced slowing up in the marketing of these basic products, attributable largely to the price situation. Cotton, which seemed to have reached a comparatively steady price level in December, was subjected to a further recession soon after the first of the year, January quotations touching the lowest point reached since the beginning of the downward price movement.

The general effect of these developments upon financial and business conditions was to further retard the liquidation of indebtedness and to add somewhat to the difficulties of the credit situation. It is not surprising, under the circumstances, that there was a considerable increase in the number and magnitude of failures in the district during January.

Despite the unfavorable features of the month just passed, there was a noticeable tendency toward moderate improvement in certain aspects of the situation. Lumber manufacturers and wholesale mercantile establishments—two interests which were among the first to suffer from the present general depression—reported an improved inquiry from retailers in January, orders booked during that month showing, as a rule, a fairly good increase over the month of December. Although the January liquidation of bank loans was far below the volume needed to restore credit to a normal basis, Eleventh District member banks were able to accomplish a net retirement of \$7,000,000 in their bills payable with the Federal Reserve Bank, which in turn made a similar reduction in its outstanding rediscounts with other Federal reserve banks.

Labor conditions, as detailed elsewhere in this report, indicate that the new basis of living conditions and employment is being reflected in the wage situa-

tion. In the larger cities unemployment is still much in evidence, though some of the present labor surplus available for that purpose will soon be needed in certain agricultural sections where the farm labor supply appears to be short.

## AGRICULTURE:

Good progress in winter plowing and in the growth of winter grains and truck crops, was made in this district last month due to the mild, open weather prevailing in January. In Southern Oklahoma muddy roads and fields caused a temporary suspension of farm work, but a large amount of plowing was accomplished and some cotton picked. Cotton picking in Texas, New Mexico, and Arizona progressed under the best of conditions. Much of the staple still unpicked consists of such low grades that a considerable portion of it will be left in the fields and turned under.

Reports show that much of the District's farm lands planted to cotton last year is now being prepared for other crops. According to these reports the reduction in cotton acreage is more pronounced in the Western part of the district than elsewhere. In Arizona, New Mexico, and West Texas, as well as Southern Oklahoma, preparations are being made for an enlarged acreage of food and feed crops, and while elsewhere the trend toward diversification is less noticeable, on the whole present indications point to a fairly substantial reduction in the district's cotton acreage.

In most sections of the Southwest winter wheat and oats are in good condition. Thus far the damage from greenbugs has been slight. Plowing for spring oats, already well under way in Texas, has begun in Southern Oklahoma, where ample soil moisture is favorable for quick germination.

Spring truck crops in the Rio Grande Valley are

reported to be making excellent progress. Some fear is being expressed for the safety of the Texas fruit crop, due to the premature budding of trees as a result of the unseasonably warm weather which has characterized the late winter months. Another crop failure this year would seriously affect the fruit growers of East Texas, although that section is partly fortified against such loss by its production of truck crops and, according to recent reports, expects to plant this year an enlarged acreage of these crops, particularly sweet potatoes and tomatoes.

Reports from Arizona are to the effect that preparations are being made for an increased acreage of alfalfa and other forage crops, with a corresponding curtailment in the acreage heretofore planted to cotton, due to the low market price of this staple.

**Cotton Movements** Cotton Exports through the port of Galveston from August 1st, 1920, to February 1st, 1921, amounted to 1,709,384 bales, which reflects an increase of 238,604 bales over last season's exports. There was also an increase in January exports over January of last year.

January receipts at this port showed a decrease of 72,715 bales, or 21 per cent, as compared with receipts for the preceding month, the slowing up being much more pronounced than was the case in January, 1920, when, by comparison with the previous month, receipts recorded a decrease of 10 per cent.

Stocks of cotton at Galveston on January 31st amounted to 332,645 bales which compares with 388,628 on December 31st, 1920, and 310,002 on January 31st, 1920.

**COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON**

|                       | January 1921 | January 1920 | This Season | Last Season |
|-----------------------|--------------|--------------|-------------|-------------|
| Gross Receipts .....  | 260,897      | 296,041      | 1,932,907   | 1,578,222   |
| Exports .....         | 316,918      | 297,802      | 1,709,384   | 1,470,780   |
| Stocks Jan. 31st..... |              |              | 332,645     | 310,002     |

**GALVESTON STOCK STATEMENT**

|                               | January 1921   | January 1920   |
|-------------------------------|----------------|----------------|
| For Great Britain.....        | 6,940          | 70,914         |
| For France .....              | 4,934          |                |
| For other foreign ports ..... | 29,083         | 40,066         |
| For coastwise ports .....     | 3,000          | 14,000         |
| In compresses .....           | 288,688        | 185,022        |
| <b>Total .....</b>            | <b>332,645</b> | <b>310,002</b> |

**SEASON'S RECEIPTS, EXPORTS AND STOCKS AT ALL UNITED STATES PORTS**

|                               | This Season | Last Season |
|-------------------------------|-------------|-------------|
| Receipts to January 31st..... | 404,046,208 | 4,801,039   |
| Exports: Great Britain .....  | 1,090,754   | 1,995,123   |
| France .....                  | 376,990     | 372,471     |
| Continent .....               | 1,303,655   | 1,042,354   |
| Japan-China .....             | 133,225     | 398,972     |
| Mexico .....                  | 22,558      | 497         |
| Total Foreign exports .....   | 2,927,182   | 3,809,487   |
| Stock at all U. S. ports..... | 1,433,388   | 1,393,577   |

**Grain Movements** The volume of grain receipts at the five principal grain centers continued to increase in January. Wheat arriving at these points amounted to 6,386 cars, compared to 5,839 cars in December, and 3,810 in November.

Supplies of corn and oats continued light, there being no material variation in the movements of these grains during the past three months. The appended table shows comparative receipts of wheat, corn and oats as reported by grain inspectors at Dallas, Fort Worth, Galveston and Wichita Falls, for the months of December and January.

**COMPARATIVE GRAIN RECEIPTS**

|             | January (cars) | December (cars) |
|-------------|----------------|-----------------|
| Wheat ..... | 6,386          | 5,839           |
| Corn .....  | 343            | 321             |
| Oats .....  | 145            | 170             |

**LIVESTOCK:**

**Range Conditions** Light rains and snows which fell last month over a considerable part of the range country relieved the need of moisture which had been complained of in numerous scattered localities. There is still some evidence of drouth in isolated sections, however, notably in the Pecos Valley, certain parts of South Texas, and in the southern counties of Arizona. Reports from the latter state show that stock generally is in fair condition despite the poor condition of the ranges, though the shortage of grass in the irrigated districts has given rise to a serious situation in the sheep industry.

With the exceptions above noted, range conditions in the Southwest continue better than they have been for many years at this season. Texas livestock are in excellent shape, and pastures have yielded more feed than usual this winter, due to the mildness of the weather. In those sections of West Texas

where ranges have dried out some feeding has been necessary during the past month, and rain is needed in the San Angelo district to start the growth of weeds for sheep grazing in preparation for the lambing season which begins in March. Generally, however, the district's ranges, which are considerably understocked, are in condition to take care of a much larger number of livestock than they now support.

**Livestock Movements and Prices** Shipments of cattle, hogs and sheep to markets from Southwestern ranches continue light. January cattle receipts at the Ft. Worth market, amounting to 33,016 head, were the smallest for that month since 1903, and hog receipts, 31,080, were the lightest handled in January since the year 1904. On the other hand the market witnessed the largest run of calves on record, the total of 26,980 head exceeding all previous January receipts. Supplies of sheep, though less than the volume marketed in December, were about equal to the January average of the past few years.

Outside buying constituted the bulk of the month's cattle transactions, packers taking very little of the month's offerings. Purchases for shipment to California and Mexico featured the trade in cattle, most of which came from South Texas pastures, though Oklahoma supplied several good lots of fed cattle.

Prices again inclined downward, all classes of livestock suffering a depreciation during the month except hogs. The latter, due to the scarcity of the supply and the keen competition between order buyers, held closely to the December price level, and at the end of January were selling at slightly above the opening quotations. The best grades of beef steers sold as high as \$9.00 but at the close of the month the range of prices was \$7.00 to \$7.50.

Receipts of sheep and lambs were light and offerings were readily absorbed, but the demand was never very broad and \$7.50 was the top mark reached by fat wethers, with \$11.00 as the maximum for fed lambs.

#### FORT WORTH LIVE STOCK RECEIPTS

|        | January 1921 | December 1920 | Loss or Gain | January 1920 | Loss or Gain |
|--------|--------------|---------------|--------------|--------------|--------------|
| Cattle | 33,016       | 38,543        | L 5,527      | 59,133       | L 26,117     |
| Calves | 26,980       | 14,433        | G 12,547     | 7,797        | G 19,183     |
| Hogs   | 31,080       | 21,311        | G 9,769      | 59,949       | L 28,869     |
| Sheep  | 10,925       | 12,887        | L 1,962      | 10,267       | G 658        |

#### COMPARATIVE TOP LIVESTOCK PRICES

|                | January 1921 | December 1920 | January 1920 |
|----------------|--------------|---------------|--------------|
| Beef steers    | \$ 9.00      | \$ 9.25       | \$13.00      |
| Stocker steers | 7.80         | 7.85          | 11.25        |
| Butcher cows   | 8.00         | 8.25          | 11.25        |
| Stocker cows   | 6.60         | 6.50          | 10.65        |
| Calves         | 11.00        | 10.00         | 13.50        |
| Hogs           | 9.90         | 10.30         | 15.75        |
| Sheep          | 7.50         | 8.15          | .....        |
| Lambs          | 11.00        | 10.75         | 19.00        |

**Number and Value of Texas Livestock** The annual livestock report of the United States Department of Agriculture contains the following statistics concerning the number and value of Texas livestock as of January 1, 1921, as compared with January 1, 1920. The number of milch cows increased 4 per cent; range cattle increased 2 per cent; sheep increased 10 per cent; swine increased 3 per cent; mules increased 1 per cent; and horses decreased 1 per cent. For the annual period prices have shown an average decrease for the various classes of livestock, as follows: horses \$15.00; mules \$25.00; milch cows \$14.00; range cattle \$10.00; sheep \$3.10; swine \$7.70.

The total value of Texas livestock on January 1, 1921, is estimated at \$436,000,000.00, compared with \$572,000,000.00 on January 1, 1920, a decrease of \$136,000,000.00, or about 25 per cent.

#### COMPARATIVE STATISTICS OF TEXAS LIVESTOCK

|              | Numbers Jan. 1, 1921 | Numbers Jan. 1, 1920 | Percent Compared to 1920 | Estimated Value 1921 |
|--------------|----------------------|----------------------|--------------------------|----------------------|
| Horses       | 1,187,000            | 1,199,000            | 99                       | \$ 89,100,000        |
| Mules        | 792,000              | 784,000              | 101                      | 86,744,000           |
| Milch Cows   | 1,184,000            | 1,138,000            | 104                      | 74,596,000           |
| Other cattle | 4,547,000            | 4,458,000            | 102                      | 138,683,000          |
| Sheep        | 3,069,000            | 2,790,000            | 110                      | 19,334,000           |
| Swine        | 2,427,000            | 2,356,000            | 103                      | 27,638,000           |

#### LUMBER:

**Pine Mill Operations** A moderate increase in the buying demand has made itself felt throughout the lumber trade during the past thirty days according to reports received by this bank. The stimulus to production resulting from this demand is reflected in the figures gathered by the Southern Pine Association from twenty-eight mills located in the Eleventh District, as shown in the table below. Last month twenty-eight reporting mills received orders equivalent to 72 per cent of their normal monthly production, while for the pre-

ceding month the volume of orders booked by twenty-four reporting mills was only 46 per cent of their normal monthly production. The gain in new business was followed by a corresponding increase in production. The January output of the group of mills reporting for that month was 36 per cent below normal, whereas for the month of December production ran 47 per cent below normal.

The improved demand caused a stiffening in prices during the last two weeks of January, which was the first period of that length since last July when the local market has not reflected a decline.

Unfilled orders reported by twenty-eight mills on January 28th amounted to 36,783,848 feet, compared with 32,358,000 feet reported by twenty-four mills on December 31st.

The following table presents a summary of pine mill operations in the Eleventh District for the four week period ending January 28th.

#### JANUARY PINE MILL STATISTICS

|                                       |                    |
|---------------------------------------|--------------------|
| Number of reporting mills.....        | 28                 |
| Average weekly production .....       | 9,773,673 feet     |
| Average weekly shipments.....         | 9,724,162 feet     |
| Average weekly orders received.....   | 10,908,128 feet    |
| Unfilled orders January 28th.....     | 36,783,848 feet    |
| Average weekly normal production..... | 15,249,648 feet    |
| Production above shipments.....       | 49,511 feet=½%     |
| Actual production below normal.....   | 5,476,075 feet=36% |
| Orders below normal production.....   | 4,341,520 feet=28% |

#### PETROLEUM:

**Production** Oil recovered in the Eleventh District during January aggregated 12,746,315 barrels, or a decrease of 87,259 barrels as compared with December production. The decline in daily average

yield amount to 2,815 barrels. The heaviest falling off was reported from North Texas and North Louisiana fields. Central-West Texas, despite a 50 per cent reduction in pipe line runs, scored a gain of 120,000 barrels over its December record, but this was more than offset by the loss in other fields.

As a result of the recent sharp cut in crude prices, and the restriction of pipe lines purchases in most fields to 50 per cent of the output, field forces are being reduced by nearly all of the large operators in this district. The resultant slowing up of drilling activities has been particularly pronounced in the North Texas district, where only 152 wells were completed in January as compared with 204 in December.

In the Central-West Texas field, both Stephens County and the Ranger district showed increased production, while the Desdemona field declined.

**Price Movements** Reductions in crude oil prices announced by purchasing companies in the major oil fields of this district during January brought the market value of oil down from \$3.50 to \$2.00 per barrel. Early in February a further cut of 25 cents was made, carrying the price down to exactly one-half the figure quoted throughout most of the year 1920. Similar reductions were made in most of the other Southwestern fields, the crude price in the Texas Coastal field being lowered to \$1.25, which represents a decrease of 50 per cent since December, 1920. An increase of 25 cents was recently announced in the West Texas fields, bringing the price in that section back to \$2.00 per barrel.

In sympathy with the downward movement of crude oil prices, quotations on refined products and fuel oil have undergone substantial revisions during the past thirty days.

#### OIL PRODUCTION

| Field                    | — December — |            | — January — |            | — Increase or Decrease — |            |
|--------------------------|--------------|------------|-------------|------------|--------------------------|------------|
|                          | Total        | Daily Avg. | Total       | Daily Avg. | Total                    | Daily Avg. |
| North Texas .....        | 2,440,415    | 78,723     | 2,353,458   | 75,918     | Dec. 86,957              | Dec. 2,805 |
| Central-West Texas ..... | 4,448,556    | 143,502    | 4,568,718   | 147,377    | Inc. 120,162             | Inc. 3,875 |
| Texas Coastal .....      | 3,244,504    | 104,661    | 3,209,829   | 103,543    | Dec. 34,675              | Dec. 1,118 |
| <hr/>                    |              |            |             |            |                          |            |
| Totals Texas .....       | 10,133,475   | 326,886    | 10,132,005  | 326,888    | Dec. 1,470               | Dec. 48    |
| North Louisiana .....    | 2,700,099    | 87,100     | 2,614,310   | 84,333     | Dec. 85,789              | Dec. 2,767 |
| <hr/>                    |              |            |             |            |                          |            |
| Totals 11 District ..... | 12,833,574   | 413,986    | 12,746,315  | 411,171    | Dec. 87,259              | Dec. 2,815 |

## JANUARY DRILLING RESULTS

| Field                                  | Completions | Producers  | Failures   | Initial<br>Production |
|--|-------------|------------|------------|-----------------------|
| North Texas .....                      | 152         | 90         | 62         | 4,645                 |
| Central-West Texas .....               | 179         | 158        | 21         | 53,264                |
| Texas Coastal .....                    | 98          | 75         | 23         | 66,747                |
| Texas Wildcats .....                   | 34          | 7          | 27         | 965                   |
| <b>Totals Texas</b> .....              | <b>463</b>  | <b>330</b> | <b>133</b> | <b>125,621</b>        |
| North Louisiana .....                  | 104         | 75         | 29         | 41,215                |
| <b>January Totals, District</b> .....  | <b>567</b>  | <b>405</b> | <b>162</b> | <b>166,836</b>        |
| <b>December Totals, District</b> ..... | <b>537</b>  | <b>401</b> | <b>136</b> | <b>114,109</b>        |

### TRADE:

#### Wholesale Trade

Sales figures for the month of January submitted by twenty-two large wholesale firms in this district showed the business barometer rising in all reporting lines except groceries and drugs, which found January a rather dull month. Both grocery and drug dealers, however, say there was some improvement in their lines during the first half of February as compared with the corresponding period in January.

All other reporting lines registered gains of varying magnitude over their December sales record. Dry goods leads the list with an average increase of 20 per cent. Automobile supplies and farm implements also reacted well from the extreme dullness which characterized their December business.

Cautious but frequent spot buying was again the dominant characteristic of trade activity, as it has been all along for the past six months.

A striking feature of our wholesale trade statistics this month is the sharp contrast they present as compared to the situation a year ago with respect to the influence of prices on sales. In the table appended below it will be seen that the increases in January sales over December sales of various lines of merchandise were accompanied by corresponding decrease in price for the same period. On the other

hand, the twelve-months comparison shows no such well defined relation between sales and prices. The explanation of this contrast seems to lie in the fact that a year ago the controlling factor in sales was the supply of goods, rather than the price.

Wholesale prices in the Eleventh District generally pursued a downward course throughout the month of January. Our reports show that the average decline between December 31st and January 31st was 3 per cent for groceries and drugs, 5 per cent for hardware, and 10 per cent for dry goods.

Wholesale collections during the past month have been somewhat slow as a result of the continued depression in the market value of farm products. For the grocery trade the ratio of January payments to total accounts due and outstanding at the beginning of the month was 90 per cent; for drugs 53 per cent; hardware 29 per cent; dry goods 44 per cent; automobile supplies 66 per cent; furniture 51 per cent; and farm implements 8 per cent. As the terms on which merchandise is sold differ in each of the lines, no comparison is possible between the figures for different industries.

In the following table there is presented a summary of the condition of wholesale trade for the month of January, showing percentual increases and decreases in sales, prices and stocks.

### CONDITION OF WHOLESALE TRADE DURING JANUARY, 1921

Percentages of Increase or Decrease in

|                       | NET SALES   |                   | PRICES  |                   | STOCKS  |                   | Ratio of<br>Collections<br>to Amount<br>Due |
|-----------------------|---|-------------------|---|-------------------|---|-------------------|---|
|                       | January,<br>1921,<br>compared<br>with<br>January,<br>1920 | December,<br>1920 | January,<br>1921,<br>compared<br>with<br>January,<br>1920 | December,<br>1920 | January,<br>1921,<br>compared<br>with<br>January,<br>1920 | December,<br>1920 |   |
| Groceries .....       | -36.4   | - 4.              | -27.2   | - 3.1             | -32.6   | -7.1              | 90.2  |
| Drugs .....           | -17.6   | - .6              | -20.  | - 3.5             | +16.8   | -6.1              | 53.3  |
| Hardware .....        | -34.8   | + 9.6             | -25.  | - 5.              | .....   | .....             | 29.1  |
| Dry Goods .....       | -69.3   | +20.6             | -44.1   | -10.              | +29.6   | -2.5              | 44.   |
| Auto Supplies .....   | +26.6   | +17.5             | + 5.  | same              | .....   | .....             | 66.   |
| Furniture .....       | -26.3   | + 7.9             | .....   | .....             | .....   | .....             | 51.6  |
| Farm Implements ..... | -71.  | +17.9             | +12.5   | same              | .....   | .....             | 8.7   |

## Retail Trade

Despite numerous depressing influences, retail trade activity in the district during the month of January, according to our reports, was not far from what may be considered a normal volume. It is true that sales measured by dollar value were slightly below those of January, 1920, but when the lower prices now prevailing are taken into consideration, it is clear that the rate of distribution of goods last month was well up to the movement in normal times. The value of department store sales in January, as shown by reports of seventeen firms in the Eleventh District, was only half as large as that of December. This, however, is about in line with the usual January record, and our merchants generally report that they were well satisfied with their January trade.

Stocks on hand at the end of the month were smaller by 12 per cent than at the corresponding period a year ago, and showed a decrease of 7 per cent by comparison with stock goods on hand at the end of December, 1920.

Department store collections during the month just passed exhibit slight improvement as compared with December, the ratio of payments made last month to that portion of accounts which were payable January 1st being 41 per cent as compared with 40 per cent for the previous month.

The taking of January inventories this year, according to our reports, was conducted upon a somewhat different basis by most firms than has been the case in previous years. Dealers generally inventoried their stocks this year on a basis of replacement values, without reference to costs, with a view of determining the exact status of their financial condition and establishing a foundation for adjusting future operations to the new basis of values. Reduction sales and advertising campaigns have been conducted upon an aggressive scale, and every resource and device of salesmanship (some of which had until recent months fallen more or less into disuse) have been injected into the administration of the merchandising business. The necessity for intensive methods of promoting sales has been accentuated by the extremely mild winter which has greatly interfered with the sale of seasonable goods, as the district has just passed through one of the mildest winters on record.

Below will be found a summary of department store trade statistics for the month of January, 1921, and comparative months.

### BUSINESS OF DEPARTMENT STORES

| Net Sales:                                       | Per cent of decrease |
|--|----------------------|
| January, 1921, compared with January, 1920.....  | 8.9%                 |
| January, 1921, compared with December, 1920..... | 49.4%                |

Stocks at end of January, 1921:

|   |        |
|---|--------|
| Compared with same month, 1920.....   | 12.9%  |
| Compared with stocks at end of December, 1920....   | 7.9%   |
| Ratio of stocks to sales.....   | 357.6% |
| Ratio of outstanding orders to last year's purchases .....                                      | 7.0%   |
| Ratio of January collections to accounts receivable, due and outstanding January 1st, 1921..... | 41.6%  |

## FINANCIAL:

**Operations** On January 31st, 1921, our total of **Federal Reserve Bank** loans to member banks amounted to \$89,970,627.24, distributed as follows:

|   |                 |
|---|-----------------|
| Member Banks Collateral Notes.....        | \$27,817,009.90 |
| Rediscounts for Member Banks.....         | 62,056,944.79   |
| Acceptances purchased in open market..... | 96,672.55       |
| Total Loans to Member Banks.....          | \$89,970,627.24 |

Last month our outstanding loans to member banks decreased to the extent of \$7,667,267.27. There was a similar reduction in the amount of our paper held under rediscount by other Federal Reserve Banks, which, at the end of January had been reduced to \$19,445,070.00, as compared with \$26,694,600.00 on December 31st.

At the end of January our Federal reserve notes outstanding amounted to \$76,050,995.00, which represents a decrease of \$8,702,550.00 since December 31st. Member banks security deposits on January 31st aggregated \$48,979,554.59, showing an increase of \$1,984,730.88.

Effective February 15th our discount rates were advanced from 5½ per cent to 6 per cent on 15 day notes secured by United States securities, and from 6 per cent to 7 per cent on all other paper. Simultaneously this bank abolished the application of "Progressive rates" on loans made to member banks in excess of their basic discount line.

**Position of Reserve City Banks** Fifty-one member banks in the larger cities of the district on January 28, 1921, reported loans amounting to \$226,000,000.00, which compares with \$236,000,000.00 reported on December 31st, and represents a decrease of about 4 per cent. Although the list of reporting institutions now includes eight more banks than were reporting a year ago, the combined loans held by the present group are now below the total of loans reported by reserve city banks in January, 1920. A much less favorable showing, however, is reflected by the movement of deposits for the same period, a decrease of \$40,000,000.00 in this

item being shown since January, 1920, despite the growth in the list of reporting banks.

During the month of January there was a contraction of \$3,600,000.00, or 8 per cent, in the volume of United States securities owned by the reporting banks. A slight decrease was also shown in re-

serve and bills payable with the Federal Reserve Bank.

At the close of January the ratio of loans to deposits stood at 108 per cent, compared with 110 per cent on December 31st, and 92 per cent on January 30th, 1920.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

|  | Jan. 28, 1921 | Dec. 31, 1920 | Jan. 30, 1920 |
|--|---------------|---------------|---------------|
| Number of reporting banks.....               | 52            | 51            | 44            |
| U. S. Securities owned.....                  | 42,510,000    | 46,137,000    | 71,723,000    |
| Loans secured by U. S. War Obligations.....  | 8,030,000     | 8,590,000     | 7,508,000     |
| All other loans and investments.....         | 219,740,000   | 227,908,000   | 223,699,000   |
| Net demand deposits.....                     | 210,912,000   | 215,259,000   | 250,688,000   |
| Reserve with Federal Reserve Bank.....       | 23,891,000    | 24,465,000    | 35,643,000    |
| Bills payable with Federal Reserve Bank..... | 33,401,000    | 34,631,000    | 31,615,000    |
| Ratio of loans to deposits.....              | 108%          | 110%          | 92%           |

Bank Clearings

A further decrease in the volume of clearings at the larger cities of the district is shown by January figures, the combined amount being \$451,753,525.00, which was 8 per cent less than the December record, and 27 per cent under the clearings for January, 1920.

Beaumont, Shreveport, Waco, and Wichita Falls were the only cities which reported gains over December totals.

The following table shows comparative statistics for each of the reporting cities:

BANK CLEARINGS

|                     | January 1921  | December 1920 | Inc. or Dec. | January 1920  | Inc. or Dec. |
|---------------------|---------------|---------------|--------------|---------------|--------------|
| Austin .....        | \$ 6,058,807  | \$ 6,350,361  | - 4.6        | \$ 8,871,135  | -31.7        |
| Beaumont .....      | 5,911,867     | 5,654,057     | + 4.5        | 7,930,121     | -25.5        |
| Dallas .....        | 125,940,530   | 140,332,750   | -10.2        | 194,760,494   | -35.3        |
| El Paso .....       | 25,283,465    | 28,099,129    | -10.0        | 32,207,012    | -21.5        |
| Fort Worth .....    | 59,000,000    | 65,640,233    | -10.1        | 97,724,682    | -39.6        |
| Galveston .....     | 38,289,243    | 43,786,299    | -12.5        | 35,327,600    | + 8.4        |
| Houston .....       | 110,264,402   | 124,577,566   | -11.5        | 134,783,830   | -18.2        |
| San Antonio .....   | 33,320,203    | 34,091,522    | - 2.2        | 40,433,527    | -17.6        |
| Shreveport .....    | 20,300,873    | 17,538,760    | +15.7        | 25,518,821    | -20.4        |
| Waco .....          | 12,384,135    | 11,655,000    | + 6.3        | 18,496,000    | -33.0        |
| Wichita Falls ..... | 15,000,000    | 14,000,000    | + 7.1        | 25,146,170    | -40.3        |
| Totals .....        | \$451,753,525 | \$491,725,677 | - 8.1        | \$621,199,392 | -27.3        |

Discount Rates

No changes of consequence were made during January in discount rates charged by the banks in the cities of Dallas, El Paso, Houston, Fort Worth, San Antonio, and Waco. There is presented in the fol-

lowing schedule a list of average rates charged in these cities during the thirty day period ending February 15th, showing "High," "Low," and "Customary" rates applicable to the various classes of paper shown.

**JANUARY 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 | 7½ | 10      | 7 | 8 | 8         | 7 | 8  | 7½      | 6  | 7½ | 8           | 6  | 7½ | 8    | 8 | 8 |
| Customers' 4 to 6 months.....                       | 8      | 6 | 7½ | 10      | 7 | 8 | 8         | 7 | 8  | 7       | 7  | 7  | 8           | 6  | 7½ | 8    | 8 | 8 |
| Open market 30 to 90 days.....                      | 8      | 8 | 8  | 8       | 8 | 8 | 8         | 8 | 8  | ..      | .. | .. | ..          | .. | .. | 8    | 7 | 8 |
| Open market 4 to 6 months.....                      | 8      | 8 | 8  | 8       | 8 | 8 | 8         | 8 | 8  | ..      | .. | .. | ..          | .. | .. | 8    | 7 | 8 |
| Interbank loans.....                                | 8      | 6 | 6¾ | 9       | 7 | 8 | 7         | 6 | 6¾ | 7       | 6  | 6  | 8           | 6  | 6  | 7    | 7 | 7 |
| Collateral loans, demand.....                       | 8      | 6 | 7½ | 10      | 7 | 8 | 10        | 8 | 8  | 8       | 6  | 7  | 8           | 6  | 7  | 8    | 8 | 8 |
| Collateral loans, 3 months.....                     | 8      | 6 | 7½ | 10      | 8 | 8 | 10        | 7 | 8  | 7½      | 6  | 7  | 8           | 6  | 7½ | 8    | 8 | 8 |
| Collateral loans, 3 to 6 months.....                | 8      | 7 | 7½ | 10      | 8 | 8 | 10        | 7 | 8  | 8       | 6  | 7  | 8           | 6  | 7½ | 8    | 8 | 8 |
| Cattle loans.....                                   | 8      | 7 | 7½ | 10      | 8 | 9 | 10        | 8 | 8½ | 8       | 7  | 7½ | 8           | 6  | 7½ | 8    | 8 | 8 |
| Loans secured by warehouse receipts, Bs-L, etc..... | 8      | 8 | 8  | 10      | 8 | 8 | 8         | 7 | 8  | 8       | 7  | 8  | 8           | 6  | 7½ | 8    | 8 | 8 |
| Loans secured by Government securities.....         | 8      | 6 | 7  | 10      | 6 | 8 | 10        | 7 | 8  | 8       | 6  | 7  | 8           | 6  | 7  | 8    | 6 | 8 |

**CHARGES TO DEPOSITORS ACCOUNTS**

|  | Jan. 26, 1921          | Jan. 19, 1921          | Jan. 28, 1920          |
|--|------------------------|------------------------|------------------------|
| Albuquerque .....                                | \$ 1,712,000           | \$ 2,033,000           | \$ 1,892,000           |
| Austin .....                                     | 2,920,000              | 3,978,000              | 3,409,000              |
| Beaumont .....                                   | 4,887,000              | 4,497,000              | 4,480,000              |
| Dallas .....                                     | 35,018,000             | 38,005,000             | 44,220,000             |
| El Paso .....                                    | 7,890,000              | 7,446,000              | 9,119,000              |
| Fort Worth .....                                 | 24,880,000             | 24,080,000             | 23,356,000             |
| Galveston .....                                  | 19,928,000             | 23,007,000             | 8,002,000              |
| Houston .....                                    | 31,117,000             | 29,730,000             | 37,603,000             |
| San Antonio .....                                | 6,962,000              | 7,800,000              | 8,290,000              |
| Shreveport .....                                 | 7,799,000              | 9,740,000              | 8,294,000              |
| Texarkana .....                                  | 1,278,000              | 1,489,000              | 1,664,000              |
| Tucson .....                                     | 1,352,000              | 1,487,000              | 1,432,000              |
| Waco .....                                       | 4,090,000              | 4,460,000              | 3,866,000              |
| <b>Total, Eleventh District.....</b>             | <b>\$149,833,000</b>   | <b>\$157,752,000</b>   | <b>\$155,627,000</b>   |
| <b>Totals, all reporting cities in U. S.....</b> | <b>\$8,138,649,000</b> | <b>\$9,142,187,000</b> | <b>\$8,982,956,000</b> |

**Failures** The business mortality curve for this district continued its steep ascent during the past month. Records of failures show that there were 155 suspensions involving claims amounting to \$3,359,871.00. This compares with the December record of 124 failures, liabilities \$2,141,462.00, and totals for January, 1920, of 33 failures, involving \$284,096.00 in debts.

The aggregate amount of liabilities involved in Eleventh District failures during January seems to have set a new record, being practically equal to the amount of claims represented by all failures during the entire year of 1919.

**LABOR:**

A survey of Texas labor conditions recently completed by the Texas Chamber of Commerce developed the fact that although there is now considerable employment in the cities of above three thousand population, there is in prospect an actual shortage in farm labor for production and harvesting this year's crops. Reports received from 85 counties indicate that the farm labor supply is probably sufficient in East, Central, and North Texas, but that a shortage will be developed in Southwest and West Texas before harvest season unless relieved by the shifting of surplus labor from other sections of the state, or by importation of Mexican labor.

Building activity, also covered by the survey, is shown by the reports to be practically normal in many of the smaller cities, though comparatively dormant in the larger centers.

The reports further show that there has been a widespread reduction in wages paid unskilled labor, as compared with the peak rates prevailing a year ago. Instances of reductions in skilled labor wage scales, however, are comparatively few. The following is a synopsis of the results of this survey:

| Labor supply and demand:    |             | Unskilled        | Skilled        |
|-----------------------------|-------------|------------------|----------------|
| Lack of Labor.....          | 2 cities    | 2 cities         | 2 cities       |
| Normal.....                 | 26 cities   | 38 cities        | 38 cities      |
| Small surplus of labor..... | 36 cities   | 33 cities        | 33 cities      |
| Large surplus.....          | 21 cities   | 12 cities        | 12 cities      |
| <b>Wages:</b>               |             | <b>Unskilled</b> | <b>Skilled</b> |
| Reduction .....             | 52 cities   | 17 cities        | 17 cities      |
| No reduction .....          | 16 cities   | 46 cities        | 46 cities      |
| <b>Building:</b>            |             |                  |                |
| Above normal .....          | 11 cities   |                  |                |
| Normal .....                | 41 cities   |                  |                |
| Below normal .....          | 21 cities   |                  |                |
| <b>Agriculture:</b>         |             |                  |                |
| Probable lack of labor..... | 22 counties |                  |                |
| Sufficient labor .....      | 23 counties |                  |                |

**BUILDING PERMITS**

|                    | January      |                  |              |                  | Inc. or Dec.  |
|--------------------|--------------|------------------|--------------|------------------|---------------|
|                    | 1921         |                  | 1920         |                  |               |
|                    | No.          | Valuation        | No.          | Valuation        |               |
| Austin .....       | 28           | 15,840           | 12           | 161,990          | -902.2        |
| Beaumont ..        | 171          | 101,719          | 57           | 93,997           | + 8.2         |
| Dallas .....       | 275          | 589,808          | 201          | 1,840,140        | - 67.9        |
| El Paso .....      | 96           | 114,962          | 117          | 284,809          | - 59.6        |
| Fort Worth ..      | 132          | 316,760          | 184          | 1,356,820        | - 76.6        |
| Galveston ..       | 370          | 62,826           | 276          | 60,661           | + 3.6         |
| Houston .....      | 409          | 393,364          | 344          | 719,289          | - 45.3        |
| Shreveport..       | 211          | 514,600          | 225          | 514,605          | + .01         |
| <b>Total .....</b> | <b>1,692</b> | <b>2,109,969</b> | <b>1,416</b> | <b>5,032,311</b> | <b>- 58.1</b> |

*Handwritten: 249,400 and 1,844,675*