

MONTHLY REVIEW OF BUSINESS AND INDUSTRIAL CONDITIONS

IN THE ELEVENTH FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF DALLAS

W. F. RAMSEY, Chairman and Federal Reserve Agent

CHAS. C. HALL, Assistant Federal Reserve Agent

(Compiled December 15, 1921)

Volume 6

Dallas, Texas, January 1, 1922

No. 11

THE NATIONAL BUSINESS SITUATION

(We quote below business conditions throughout the United States summarized from reports of the twelve Federal Reserve Agents, compared as of December 15th.)

Comparison of the year-end reports with those for the corresponding months of 1920 demonstrates the continued upward movement of business, and indicates general restoration of normal conditions. This is in spite of the fact that the month of December, which is normally a period of comparative slowing down or transition, indicates, as is usually the case, some recession from the higher levels of preceding autumn activity of business. Chief importance is usually assigned at the close of the year to the holiday trade, emphasis being rather on the side of distribution than on the side of production. This intensified demand serves to bring into actual use the goods produced in the earlier industrial period. The holiday trade is thus a test of the soundness of the preceding business activity. Reports from the various Federal Reserve Districts covering over half the month show that the demand in the eastern districts has registered an increase, running as high as ten per cent over that of 1920, while in other districts the situation is pronounced satisfactory. Manufacturing lines, although slowed down because of lessened seasonal demand, generally report a fairly satisfactory condition, although a lack of forward orders still testifies to the uncertainty with which the prospects of the coming months are regarded by many firms. Freight rates continue as a disturbing factor, due to the belief that reductions already announced as affecting some commodities may be much more widely extended in the near future.

The relatively lower prices which have been realized both for cereals and for cotton have proven discouraging to trade in the agricultural districts, and have also resulted in retarding the process of liquidating frozen loans representing past advances of credit.

Wholesale prices are showing increased stability. Unemployment conditions on the whole are but little changed from those reported a month ago.

A decided improvement in European exchanges has tended to some extent to help the foreign trade situation during the month of December, but the extreme caution in the extension of bank credit which was previously so notable a phase of our foreign trade still continues. Export figures indicate a still further decline of activity in staples while imports show an advance. Disturbed conditions in various countries of Europe still render a maintenance of business relations with them uncertain and hazardous. Rates of interest which had already made a notable decline during the autumn have tended on the whole still further downward, partly owing to the fact that there was no foreign outlet for our capital.

GENERAL SUMMARY

The slower pace of business which developed in most lines of distribution early in November, after two months of almost normal activity, continued in evidence until the end of the month and is reflected in the November figures quoted elsewhere in this report showing decreases in bank clearings, in charges to depositors' accounts and in Federal Reserve note circulation, as well as a shrinkage in wholesale and retail sales. While practically all of our reporting firms experienced a falling off in business as compared with October, many of them report that sales began to improve early in December, due to more seasonable weather, holiday buying and other factors.

Although the November decline in the cotton market gave rise to serious concern as to its effect upon the already crippled condition of the purchasing and debt-paying power of the district's leading industry, there have been, in addition to a partial recovery of the loss suffered by cotton values, certain recent developments which have had an encouraging effect upon the farmers of the district, notably the reduction in freight rates on farm products; the December rains, which in many parts of the district broke a long and damaging drouth; and the increased consumption of cotton during the month of November, when, according to the Census Bureau, manufacturing establishments consumed 579,000 bales, compared with 532,000 bales in October and only 367,000 in November, 1920.

A \$7,600,000 reduction in the Dallas Federal Reserve Bank's outstanding loans to member banks during the month of November was accompanied by a corresponding retirement of our rediscounts with other Federal Reserve Banks, which were en-

tirely wiped out on December 15th. In West Texas, where the cotton crop was practically unmolested by insects, the year has been a most profitable one for the farmers, and bank deposits there are rapidly increasing as returns from the crop are received. Elsewhere, however, the district's credit conditions are not greatly different from those that prevailed a year ago, except that loans have been reduced in proportion to the decline in prices, wages and industrial activity.

The month's principal development in the district's labor situation was the strike of packing house employees at the Fort Worth stock yards. Conflicting reports are being issued as to the effect of the strike upon the operation of the plants, but all accounts agree that the unemployment situation is and will be an important factor in this strike and its outcome will be awaited with more than the usual interest.

Activity in the oil industry has been stimulated by recent advances in the market price of crude oil, and only such handicaps as weather conditions will be likely to arrest the enlarged drilling program that has been recently gotten under way. Persistent reports have recently come from the states of Arizona and New Mexico to the effect that a general resumption of copper mining and smelting is imminent and may be expected early in the coming spring. Nothing definite, however, is known as to just when such a resumption of activity will occur, although at the present rate of copper consumption it would not be surprising if the spring or summer of 1922 should usher in a substantial revival of the copper industry in that part of the Eleventh District.

CROP CONDITIONS

Farmers in this district have taken full advantage of the clear sunshiny weather prevailing up to the first week of December, and harvesting operations have been practically completed. Picking of the Texas cotton crop, except in the northwest part of the State, has been completed and practically all the State's rice production has been harvested. Harvesting of corn, peanuts and sorghum is well advanced. An unusually large pecan crop is being gathered and the quality is exceptionally fine. The cutting of sugar cane is in progress. Dry weather in the western part of the district, including the Texas Panhandle, has curtailed the planting of winter wheat

and had an adverse effect upon the growing crop and that part of the late sown wheat which has not yet germinated. The rains of early December broke a drouth of long standing, but additional precipitation is badly needed in the wheat belt.

Weather conditions in Arizona continue favorable for all farm operations and while harvesting made good headway in New Mexico, the drouth in that State has been unfavorable for winter grain, pastures and fall plowing. In Louisiana the recent rains have been of great value to fall crops and farm work is generally making good headway.

Winter crops are beginning to move to market from the Rio Grande Valley, and since the recent rains much improvement in truck crops has been noted not only in the Valley but throughout South Texas. While the rains came too late to save some of the fall gardens and truck patches, they have put a fine "season" in the ground for 1922 field crops, and the outlook for a productive season next year is very encouraging to the farmers of South Texas.

Cotton Movements. For the first time since last March the month's cotton exports through the port of Galveston fell below the total for the corresponding month last year. Exports for the season, however, (beginning August 1st) still continue in larger volume than those for the same period in 1920. Liverpool was the heaviest taker of our cotton for the month with importations of 70,000 square bales and 10,000 round bales; Bremen was second with a record of 50,000 square and 10,000 round bales; while Japan with clearances of 48,000 bales was third.

The falling off in November exports of cotton was not peculiar to that commodity as a similar shrinkage in all other exports except rice and cotton seed meal was noted.

Since August 1, 1921, cotton exports from all United States ports to December 1st have totaled 2,343,535 bales, which represents an increase of 460,000 bales as compared with the number of bales exported from the United States during the corresponding period last year. An interesting feature of this growth is the fact that while Japan and China last year took only 22,000 bales of our cotton during the first four months of the season, they have taken over 400,000 bales thus far during the current season.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	November, 1921	November, 1920	This Season	Last Season
Gross Receipts	348,781	477,757	1,369,721	1,352,581
Exports	351,220	505,768	1,213,973	1,145,323
Stocks, Nov. 30th..			398,435	316,344

GALVESTON STOCK STATEMENT

	November 30, 1921	November 30, 1920
For Great Britain	27,497	35,217
For France	5,532	871
For other foreign ports.....	38,114	36,013
For coastwise ports	4,000	6,000
In compresses	323,292	238,243
Total	398,435	316,344

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

	This Season	Last Season
Receipts since Aug. 1, 1921....	2,994,828	2,692,649
Exports: Great Britain	592,560	744,825
France	339,900	317,915
Continent	957,676	794,628
Japan-China	453,399	22,292
Total foreign ports	2,343,535	1,879,660
Stocks, all U. S. ports Nov. 30	1,447,781	1,294,944

Grain. A total of 1,934,200 bushels of wheat was shipped from the port of Galveston during the month of November, which compares with 2,200,000 for October and 4,861,000 for November, 1920.

Comparative grain receipts at Dallas, Fort Worth, Wichita Falls, Waco and Galveston are shown below:

COMPARATIVE GRAIN RECEIPTS

	November (cars)	October (cars)
Wheat	2,265	3,087
Corn	142	199
Oats	67	201

LIVESTOCK

The long drouth, which had prevailed in the range country for several months and which had given rise to grave concern for the welfare of livestock, was broken in many localities by early December rains. Additional rainfall is needed, however, in practically all parts of the range country. In Arizona the grass, though abundant, nutritious and well cured, is dry and brittle and was damaged by high winds prevailing in that state early in December. The condition of livestock is still generally good in Arizona, however, and fair to good in New Mexico and Texas.

Movements and Prices. November calf receipts at the Fort Worth market set a new high record for that month, although the total was below that of October. On the other hand, supplies of cattle and hogs, with few exceptions, were the smallest ever recorded in the month of November. Throughout the month there was a gradual falling off in the movement from pastures to market of all classes of livestock except sheep, which steadily increased.

Trading early in the month was dull, due to the fact that packers had anticipated the possibility of a railroad strike and had stocked their coolers heavily during October. Towards the latter part of the month, however, this surplus disappeared and a healthy reaction in the demand resulted in all

offerings being absorbed with ease. As a result of the upward trend of prices during the latter part of the month, values worked back to within a few cents of opening levels. The average top prices registered by all classes of livestock in this market in November was \$5.99, as compared with the average of \$6.08 for October.

FORT WORTH LIVE STOCK RECEIPTS

	November 1921	October 1921	Loss or Gain	November 1920	Loss or Gain
Cattle	59,723	64,413	L 4,690	75,569	L 15,846
Calves	50,293	66,197	L 15,904	31,735	G 18,558
Hogs	19,650	26,748	L 7,098	33,188	L 13,538
Sheep	21,008	32,391	L 11,383	17,214	G 3,794

COMPARATIVE TOP LIVESTOCK PRICES

	November, 1921	October, 1921	November, 1920
Beef steers	\$6.25	\$6.50	\$11.00
Stocker steers	5.00	5.00	8.50
Butcher cows	5.00	4.40	8.10
Stocker cows	3.50	3.50	7.35
Calves	6.50	7.25	10.75
Hogs	7.90	8.75	13.65
Sheep	5.25	5.00	9.00
Lambs	8.50	8.25	11.00

WHOLESALE TRADE

A marked slowing down of distribution was the characteristic feature of the wholesale and jobbing trade during the month of November. That the buying demand was universally light is evidenced by the fact that reports showed a decrease from the previous month in the net sales of every reporting line. While October is generally the peak month in wholesale distribution and a lull in activity is expected during the following two months, November business was unusually dull this year, and influences other than seasonal factors have entered into the situation. In many lines the unseasonable weather has made replacement orders unnecessary, as in many instances retailers consider their present stocks will take care of the demand for some time and will permit them to close the year with a small inventory. Furthermore they are able to keep stocks lower as they are aware that replacement orders can be filled on short notice, which removes the necessity for heavy buying. Another reason is the cautious buying policy which the retailer has been following throughout the season. In view of the fact that the retailers' stocks are low, and dealers generally have not yet placed orders for goods required for spring trade, wholesale dealers in practically every line are anticipating a renewed activity after the opening of the new year.

Generally speaking, collections have shown very little change, still remaining very poor. Although retailers in many sections are still heavily indebted, wholesalers are planning to take care of their customers' needs during the coming year to the full extent of their ability in all cases where conditions justify a further extension of credit. The immediate outlook is somewhat brighter, due to the better spirit of both the retailer and the farmer. The general rains, which fell in many sections of the state during the past few weeks were locally beneficial both to germination and growth of winter grain. While no big improvement is likely during the next seven or eight months, the outlook for heavy business next fall is good. The farmer is so situated that it will be necessary for him to limit his purchases until another crop is assured. This holding off of buying will make it necessary for him to make larger purchases than usual next fall.

Dry Goods. The approach of the dull season of the year in the wholesale dry goods line was reflected in the November net sales of 10 firms, which show a decrease of 38.1 per cent from last month and a 21.1 per cent decrease from November a year ago. Very few orders are coming in at present and practically no future orders are being placed. Stocks are now being reduced to a minimum for the taking of the yearly inventory, and arrangements are being made for the placement of goods for the spring openings which will take place during the early part of February.

The price situation has shown practically no change since last report, although the recent fall in the price of cotton was followed by slight downward tendencies in the price of some lines of cotton goods, but the immediate effect has been to cause a stoppage of buying of the finished product pending further developments. A significant feature of the present season was the increased buying by retailers at near-to-home markets, as most of them have found that these markets could supply their needs as satisfactorily as the Northern and Eastern markets and at the same time were more conveniently situated. It is expected that the bulk of this trade will be retained even when conditions return to normal. Although a moderate volume of trade is expected during the spring season, many dealers are anticipating a good business next fall.

Hardware. After showing a decided seasonal improvement last month, November reports from 11 wholesale hardware firms show a falling off of 1.3 per cent in the net sales from the

October business, and were 24.8 per cent less than the same month a year ago. The unusually warm weather which has been prevalent through the entire fall has greatly interfered with the movement of seasonal goods, such as stoves. However, a large movement of such goods is expected to follow the first severe cold wave. The warm weather, on the other hand, has permitted a rapid completion of building projects, with the result that the demand for building hardware has been strong, but at the present time the slowing down in construction activity is beginning to curtail the demand. Considerable building is now under way, but very little new business is being undertaken, especially in the country sections. Retail dealers are now reducing their stocks and are carrying only enough goods to supply immediate needs and are waiting until the "eleventh hour" to replace certain items on which the stock is low. Bookings for future delivery are almost nil. Generally at this season of the year books are full of orders for such items as screen doors, net wire for chicken runs, refrigerators, etc., for spring use, but practically nothing has been booked up to the present time. As wholesalers have made no provision for such goods, which are likely to be in demand when the spring season opens, a shortage of such items, with resultant rising prices, might be in evidence in case the demand is heavy. Prices have shown an almost steady decline since the first of the year, and although some items are still reflecting slight recessions, there has been a tendency to stabilize and not much further change is anticipated. It is the opinion of dealers that the readjustment in this line is almost complete. Collection conditions continue very poor.

Drugs. The net sales of nine wholesale drug firms, which were fairly steady during the months of September and October, dropped 11.2 per cent during November, and were 20.8 per cent less than during the month of November, 1920. However, the seasonable slump was not as great

as during the corresponding period of 1920, as sales during October, 1921, were 27.8 per cent less than the same month last year. Retailers continue to buy only to meet their immediate requirements and as yet there is no indication that orders for future delivery are being placed. Prices on some items have shown further recessions, but the price situation as a whole has not changed materially since the last report.

Furniture. Sales of wholesale furniture dealers in this district for the month of November reflected a normal decline, the total being 10.4 per cent smaller than last month. The quickening of demand first occurred during August, 1921, stimulated by big price reductions, which were put into effect previous to that time. During the three-month period ending October 31st each month registered a substantial increase in sales over the preceding month. October sales recorded a gain of 5.1 per cent over the same month last year and November sales were 11.1 per cent larger than those of the corresponding month of 1920. While very few orders are being received for future delivery, orders for immediate shipment are coming in with greater regularity.

Groceries. An average reduction of 19 per cent in net sales was reported by 13 grocery firms during the month of November. While the demand from the oil districts continues fair, the volume of country and city trade has been smaller, and there is no evidence that there will be any material strengthening of the demand in the near future. Prices continue on the downward trend, with such items as sugar, lard, and flour taking the lead.

Farm Implements. The increased sale of farm implements reported in October as the result of general price reductions and rise in the price of cotton was followed by a considerable contraction during November, when the price of cotton underwent a severe decline. A decrease of 48.6 per cent from the previous month in the net sales of farm implement firms reflects an unexpected curtailment of the farmers' purchasing power, which seemed assured earlier in the season. No substantial improvement in trade is looked for until returns are received from the 1922 crops.

CONDITION OF WHOLESALE TRADE DURING NOVEMBER, 1921
Percentage of Increase or Decrease in

	NET SALES November, 1921, compared with		NET SALES July 1st to date compared with same period, 1920	STOCKS November, 1921, compared with		PRICES November, 1921, compared with	
	Nov., 1920	Oct., 1921		Nov., 1920	Oct., 1921	Nov., 1920	Oct., 1921
Groceries	-24.1	-19.0	-26.7	-29.9	-3.4	-29.2	-1.6
Dry Goods	-21.1	-38.1	-30.9	-43.1	-9.8	-36.7	None
Farm Implements	-65.5	-48.6	-69.4	.....	.....	.....	.....
Hardware	-24.8	- 1.3	-38.4	-22.4	-2.0	-29.7	-2.5
Drugs	-20.8	-11.2	-25.2	-31.3	+1.4	.....	.....
Furniture	+11.1	-10.4	-24.7	.....	.....	.....	.....

RETAIL TRADE

A sharp decline in activities was noted in retail distribution last month. Reports disclosed a shrinkage of 8.2 per cent in the net sales of twenty-one department stores of this district during November as compared with the previous month, and a decrease of 25.9 per cent under the month of November, 1920.

When a comparison in chart form is made between 1921 net sales and those of 1920, it is interesting to note that the two curves show a wider divergence in the month of November than for any other month in the year. Although the trade expected some slowing down of retail activity during November, the heavy falling off that actually occurred was largely attributable to the extremely unseasonable weather which has prevailed. The warm weather removed both the incentive and necessity for the buying of cold weather necessities at this period. As the season had advanced so far, the consumer knew from past experience that under such conditions bargain sales were forthcoming, which would enable him to supply his needs at a substantial saving. During the last week of the month practically every department store launched a pre-holiday sale, offering almost their entire stock at greatly reduced prices. While these bargain goods have accelerated sales to some extent, department stores as a rule report that the response to advertised bargains is not quite equal to the results usually obtained in this way. So far the public has shown no disposition to change its buying policy, as it continues to buy only such goods as the needs of the year demand, and then only when it finds them attractive both in style and price.

Christmas shopping began early this season, and a strong preference for utility gifts, which was a notable characteristic of the holiday trade last year was again in evidence.

Retail jewelry dealers state that while business has been increasing somewhat due to Christmas shopping, sales are not in any sense approaching those of a year ago. However, dealers have reduced prices on many articles to such an extent as to partly account for the difference. There has been nevertheless a tendency to shift from the more expensive goods to the less expensive and more useful gifts.

Stocks on hand at the close of November were practically the same as those on hand at the close of October, but were 17.7 per cent below those on hand at the end of November last year.

Department store managers are now endeavoring to reduce stocks as much as possible before the yearly inventories are taken. Ratio of stocks to sales at the close of November was 523.1 which shows a lower rate of turnover for the five months period than for the four-month period ending October 31st. The ratio shows an actual turnover for the five months to be .97 which compares with a turnover of 1.23 for the first five months of the year. The percentage of outstanding orders to total purchases during the previous year showed a further decline, being only 4.3 per cent at the close of November. This indicates clearly that dealers are not disposed to place further orders until after the first of the year in order to make sure that they can close the year with low stocks and small commitments.

Collections showed a further improvement during the month. The ratio of November collections to accounts due and outstanding on the first of the month was 40.5 per cent, which compares with 38.9 per cent during October.

BUSINESS OF DEPARTMENT STORES

Net Sales—	Increase or Decrease
November, 1921, compared with November, 1920	-25.9%
November, 1921, compared with October, 1921	- 8.2%
Net Sales—	
July 1st, to date compared with same period last year	-24.2%
Stocks at end of November, 1921—	
Compared with November, 1920.....	-17.7%
Compared with October, 1921.....	None
Ratio of stocks to sales.....	523.1%
Ratio of outstanding orders to last year's purchases	4.3%
Ratio of November collections to Accounts Receivable, due and outstanding November 1, 1921	40.5%

FINANCIAL

The slowing up of business activity during the past month was reflected in both bank clearings and charges to depositors' accounts. Bank clearings declined 10.6 per cent from October total, and were 24.1 per cent below those of November a year ago. Charges to depositors' accounts at twelve cities for the week ending November 30th, decreased 9 per cent as compared with the corresponding week in October, and declined 13.4 per cent as compared with the week ending December 1, 1920.

CHARGES TO DEPOSITORS' ACCOUNTS

	WEEK ENDING		
	Nov. 30, 1921	Oct. 26, 1921	Dec. 1, 1920
Albuquerque	\$ 1,954,000	\$ 1,771,000	\$ 1,890,000
Austin	2,436,000	2,757,000	3,350,000
Beaumont	2,477,000	3,111,000	3,382,000
Dallas	34,334,000	39,202,000	39,553,000
El Paso	6,997,000	7,044,000	9,347,000
Fort Worth	29,440,000	28,842,000	26,951,000
Houston	25,090,000	28,550,000	32,392,000
San Antonio	5,482,000	6,123,000	6,405,000
Shreveport	5,625,000	7,103,000	8,032,000
Texarkana, Texas	1,088,000	1,473,000	1,711,000
Tuscon	1,504,000	1,696,000	1,590,000
Waco	3,654,000	4,262,000	4,172,000
Totals, Eleventh District.....	120,081,000	131,934,000	138,775,000
Totals, all reporting cities in United States.....	\$7,435,467,000	\$7,427,765,000	\$8,294,730,000

BANK CLEARINGS

	Nov., 1921	Oct., 1921	Inc. or Dec.	Nov., 1920	Inc. or Dec.	Since Jan. 1st, 1921	Since Jan. 1st, 1920	Inc. or Dec.
Austin	\$ 7,160,194	\$ 7,186,858	- 0.4	\$ 7,060,085	+ 1.4	\$ 66,489,271	\$ 77,998,688	-14.7
Beaumont.....	4,414,328	4,346,699	+ 1.6	5,852,113	-24.6	49,522,121	70,125,489	-29.4
Dallas	116,668,801	137,064,289	-14.9	150,837,886	-22.7	1,172,739,493	1,728,332,562	-32.2
El Paso	19,742,442	20,725,766	- 4.7	29,416,000	-32.9	239,341,661	317,974,962	-24.7
Fort Worth.....	50,116,500	57,010,731	-12.1	74,284,500	-32.5	559,178,651	927,247,799	-39.7
Galveston.....	29,170,499	33,187,536	-12.1	42,807,000	-31.9	351,119,002	366,056,767	- 4.1
Houston.....	104,942,130	110,834,457	- 5.3	129,473,905	-19.3	1,094,548,103	1,379,673,954	-20.7
Port Arthur	1,590,451	1,602,370	- 0.8	1,717,489	- 7.4	18,358,905	19,241,581	- 4.6
San Antonio.....	26,642,401	28,261,495	- 5.7	33,604,154	-20.7	323,193,238	390,925,219	-17.3
Shreveport.....	16,124,251	18,109,340	-11.0	18,544,772	-13.1	179,274,645	233,594,749	-23.3
Waco	10,954,947	14,472,051	-24.3	13,096,000	-16.3	117,689,901	153,262,421	-23.2
Wichita Falls.....	7,322,142	8,684,305	-15.7	13,221,650	-44.6	99,062,326	214,476,113	-53.8
Totals.....	\$394,849,086	\$441,485,897	-10.6	\$519,915,554	-24.1	\$4,270,517,317	\$5,878,910,304	-27.3

Acceptance Market.

Accepting banks of this district materially reduced their aggregate acceptance liability during the past month. Total acceptances outstanding on November 30th aggregated \$3,252,387.47, representing a decrease of \$439,193.27 from the total of \$3,691,580.74 outstanding on October 31st, which was the highest mark of the year. Acceptances drawn against import and export transactions amounted to \$1,675,228.35, while \$1,577,159.12 were drawn against domestic shipments and storage of goods. Bankers' acceptances held by this bank on November 30th amounted to \$190,000.00, which represents a \$15,000.00 decrease from our holding on October 31st. All acceptances held were executed by banks of this district.

Condition of Reserve City Banks.

The reports from banks in the reserve cities do not reflect any outstanding change in their position during the month. Total loans and investments of these banks were reduced \$1,560,000.00, while deposits fell off approximately \$2,000,-

000.00. Their indebtedness to the Federal Reserve Bank of Dallas, however, was reduced from \$22,579,000.00 to \$16,705,000.00. The ratio of loans to deposits remained at 109 per cent, the same as last month, and compared with 111 per cent for the same period a year ago.

Operations of Federal Reserve Bank.

There was a further reduction of \$6,427,003.50 in our indebtedness to other Federal Reserve banks during the past month. Our loans to members were reduced \$7,639,589.22 from a total of \$65,704,592.35 outstanding on October 31st, to \$58,065,003.13 on November 30th, distributed as follows:

Rediscounts: on hand.....	\$43,387,310.38	
With other F. R. Banks	3,000,000.00	\$46,387,310.38
Member banks' collateral notes		11,487,692.75
Open market purchases (Bankers' acceptances)		190,000.00
		\$58,065,003.13

On November 30th our outstanding Federal Reserve notes amounted to \$36,637,507.00 as compared to \$39,660,276.00 outstanding on October 31st. The enormous shrinkage that has occurred in the district's currency needs during the past twelve months is reflected by the fact that since November 30,

1920, our outstanding Federal reserve notes have decreased \$51,000,000, or more than 58 per cent. Member banks' reserve deposits on November 30th, stood at \$43,019,477.46, which was an increase for the month of \$2,401,066.43.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Nov., 30, 1921	Oct. 26, 1921	Nov. 26, 1920
Number of reporting banks	52	52	51
U. S. Securities owned	\$ 39,533,000	\$39,198,000	\$50,664,000
Loans secured by U. S. War Obligations.....	6,193,000	6,822,000	8,281,000
All other loans and investments.....	198,862,000	200,422,000	232,985,000
Net demand deposits	187,934,000	189,989,000	217,448,000
Reserve with Federal Reserve Bank.....	21,524,000	21,655,000	21,993,000
Bills payable with Federal Reserve Bank.....	16,705,000	22,579,000	44,861,000
Percentage of loans to deposits.....	109%	109%	111%

Discount Rates. In only two cities of the Eleventh District have discount rates shown a material fluctuation during the thirty-day period ending December 15th. The easier money conditions in Dallas and San Antonio are re-

flected in the lower rates charged on customers' paper. While the customary rate at El Paso remained the same, some loans were made at a rate one per cent lower than the lowest during the previous month.

NOVEMBER 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	7	5	6½	10	6	8	8	7	8	7½	6	7	8	6	7	8	7	8
Customers' 4 to 6 months	7	5	6½	10	7	8	8	7	8	7½	6	7	8	6	7	8	7	8
Open market 30 to 90 days	7	5	6½	8	8	8	---	---	---	---	---	---	---	---	---	8	6	7
Open market 4 to 6 months	7	5	6½	10	8	8	---	---	---	---	---	---	---	---	---	8	6	7
Interbank loans	7	6	6½	10	6	6	8	7	7	7	6	6½	8	6	7½	7	6	7
Collateral loans, demand	8	6	8	10	8	8	10	6	8	8	6	7	8	6	7½	8	8	8
Collateral loans, 3 months	8	6	8	10	8	8	10	7	8	8	6	7	8	6	7½	8	8	8
Collateral loans, 3 to 6 months	8	6	8	10	8	8	10	7	8	8	6	7	8	6	7½	8	8	8
Cattle loans	8	7	7½	10	8	8	10	8	8	7	7	7	8	7	7½	8	8	8
Loans secured by warehouse receipts, Bs-L, etc.	8	6	7½	10	8	8	8	7	8	8	7	7	8	7	7½	8	8	8
Loans secured by Government securities	8	5	6½	10	6	8	8	6	8	8	6	7	8	6	7	8	6	8

Savings Accounts. Reports from 102 banks of this district, which operate a savings department, showed aggregate savings deposits to be \$56,427,052.00, which is a two-tenth of one per cent decrease from deposits on record October 31st, but a slight increase of one-half of one per cent over deposits on November 30, 1920.

FAILURES

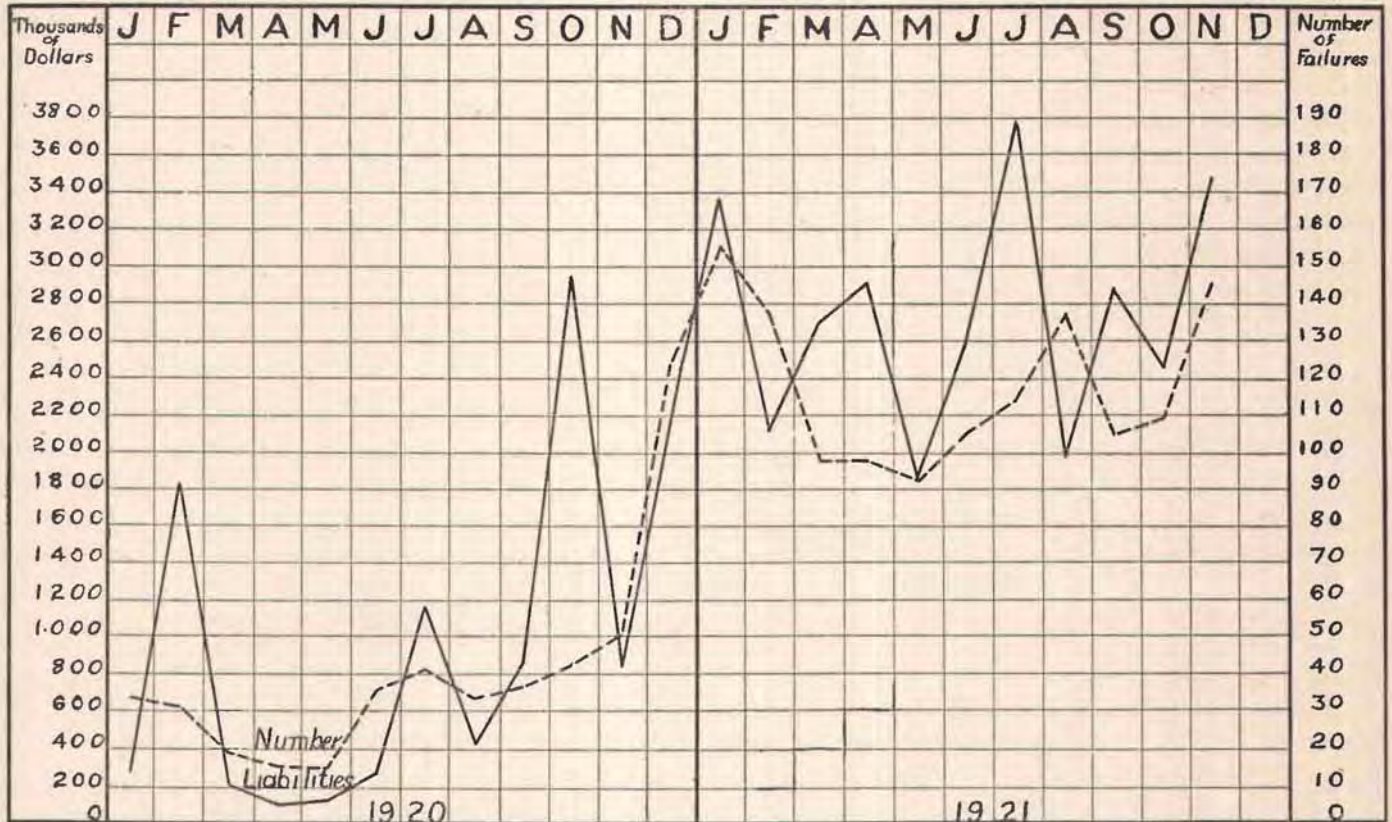
There were 145 commercial firms defaulting in this district during November, this being the largest

number registered for any month this year since January. The liabilities of these firms totaled \$3,484,803.00 which nearly reached the July figure of \$3,778,098.00, the highest mark of the year, and were \$1,029,677.00 in excess of the October total. During November a year ago there were 50 failures with an indebtedness of \$839,548.00.

The large increase in November was probably due to the cumulative effects of financial difficulties occurring during the past few months. Many firms were able to hold out through the fall season in the

hope that the increased price of cotton would stimulate trade to such an extent as to enable them to pull through and save their business. However, the recession in the price of cotton and the continued

inactivity of trade both at retail and wholesale strained the situation to the breaking point in many instances, and resulted in numerous suspensions.



NUMBER OF COMMERCIAL FAILURES, AND LIABILITIES INVOLVED, BY MONTHS, DURING 1920 AND 1921

COMMERCIAL FAILURES

	1921		1920	
	Number	Liabilities	Number	Liabilities
January	155	\$ 3,359,871	33	\$ 284,096
February	137	2,117,068	31	1,830,522
March	98	2,702,583	19	203,445
April	98	2,905,847	16	100,582
May	92	1,851,774	15	168,165
June	105	2,588,787	35	278,668
July.....	114	3,778,098	41	1,148,614
August	137	1,991,284	33	411,027
September	104	2,872,281	36	864,924
October	109	2,455,126	42	2,947,957
November	145	3,484,803	50	839,548
Total Eleventh District, first 11 months	1,294	\$30,107,522	351	\$9,077,548

PETROLEUM

Production Increases. The total November production in the Eleventh District was 10,617,880 barrels as against 9,941,748 during October. The completion of fourteen producing wells in the new Mexia field, yielding an initial production

of 103,125 barrels, brought the total production for all Texas fields from 7,786,099 barrels during October to 8,612,162 during November and placed Texas in the lead of all oil producing states. The slight increase in the Midcontinent field was also due to the activity of the Mexia district, as the production in

the states of Kansas, Oklahoma, Louisiana and Arkansas, which are included with Texas in this field, showed a decrease from the previous month. An outstanding item of news from the Central West Texas fields was the increased drilling operations in Stephens County, where some large producers have appeared. Despite the increase in crude oil prices drilling operations have been curtailed in the North Texas district, and a general decline in production was noted as the water supply has not been sufficient to insure continued drilling. However, the rains, which were general throughout the states during the last week of November and the early part of December, should replenish the water supply so that increased operations will be possible.

There were 191 wells completed in this district

during November, including 132 producers, as against the October record of 192 completions, of which only 92 yielded production.

Crude Oil Prices.

A general increase in the price of Mexia crude oil was forecasted during the latter part of November, when the largest local Company at Mexia contracted to deliver to Eastern interests 33,000,000 barrels of production at \$1.50 per barrel, although at that time the posted price in that field was only 75 cents per barrel. On December 12th, however, the field price was advanced to \$1.00 per barrel, and simultaneous increases were posted in the adjacent Corsicana field, bringing the quotations there up to \$1.30 for light oil and 95 cents for heavy. Prices in other fields, however, have remained unchanged.

OIL PRODUCTION

Field	November		October		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas	2,002,960	66,765	2,115,770	68,251	Dec. 112,810	Dec. 1,486
Central-West Texas	3,472,535	115,751	2,534,065	81,744	Inc. 938,470	Inc. 34,007
Texas Coastal	3,136,667	104,556	3,136,264	101,169	Inc. 403	Inc. 3,387
Totals, Texas	8,612,162	287,072	7,786,099	251,164	Inc. 826,063	Inc. 35,908
North Louisiana	2,005,718	66,857	2,155,649	69,537	Dec. 149,931	Dec. 2,680
Totals, 11th District	10,617,880	353,929	9,941,748	320,701	Inc. 676,132	Inc. 33,228

NOVEMBER DRILLING RESULTS

Field	Completions	Producers	Failures	Initial Production
Central-West Texas	48	33	15	110,600
North Texas	57	41	16	7,283
Texas Coastal	29	20	9	73,515
Texas Wildcats	14	7	7	1,316
Totals, Texas	148	101	47	192,714
North Louisiana	43	31	12	15,627
November Totals, District	191	132	59	208,341
October Totals, District	192	92	100	69,742

CRUDE OIL PRICES

	Dec. 1, 1921	Nov. 27, 1920		Dec. 1, 1921	Nov. 27, 1920
TEXAS			LOUISIANA (38 gravity and above)		
Corsicana light	\$1.20	\$3.50	Caddo	\$2.00	\$3.50
Corsicana heavy .....	.85	1.75	Homer	2.00	3.25
Texas Coastal fields	1.25	3.00	Bull Bayou	1.90	.....
All other Texas fields	2.25	3.50	De Soto	2.00	3.40
Mexia .....	.75	.....		

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

LUMBER

Production of lumber during November reflected a considerable increase over the previous month, according to reports from 37 pine mills of this district. The production rate was only 26 per cent

below normal as compared with 32 per cent last month. Average weekly shipments of 37 mills during November were 17,999,229, as compared with a weekly average of 18,329,625 for 35 mills during

October. Stocks both at the mills and retail yards are being gradually reduced. The unfilled orders on hand at these mills on November 25th, was 44,825,310, as compared to 43,035,244 on October 28th. Total footage represented by net orders received during November was equivalent to only 75 per cent of normal production, as compared with 90 per cent during October, which shows a reduction in demand, due both to recent advances in price and the usual curtailment of building operations incident to the approach of winter.

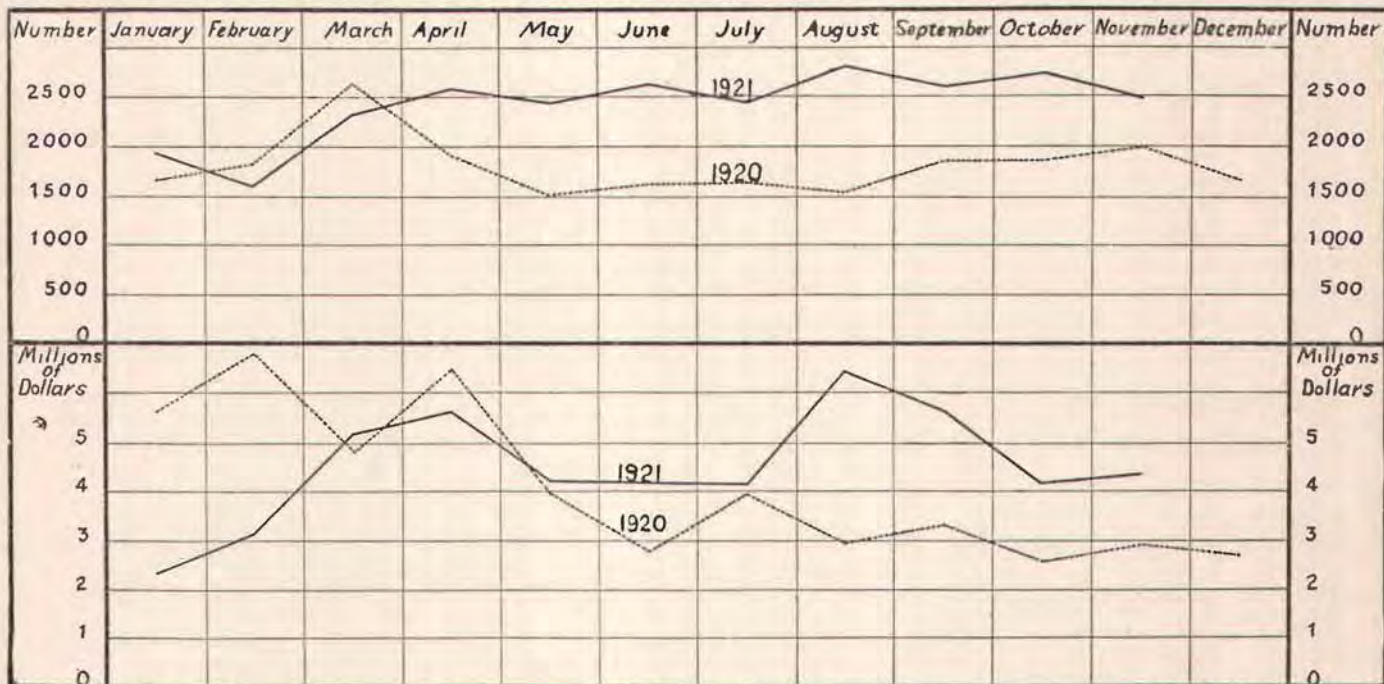
NOVEMBER PINE MILL STATISTICS

Number of reporting mills.....	37
Average weekly production	16,036,894 feet
Average weekly shipments	17,999,229 feet
Average weekly orders received.....	16,294,387 feet
Unfilled orders Nov. 25th.....	44,825,310 feet
Average weekly normal production	21,785,013 feet
Production below shipments.....	1,962,335 feet—11%
Actual production below normal.....	5,748,119 feet—26%
Orders below normal production.....	5,490,626 feet—25%

BUILDING

Construction activity in the Eleventh Federal Reserve District, which has been on the decline since August, showed a slight upturn during November when the valuation of permits issued amounted to \$4,331,965.00, or 3.7 per cent increase over the previous month. The increase is attributable to the

renewed building activity in the cities of Dallas and Houston, where construction enterprises are being launched at a steady rate, in spite of the approaching winter, which is generally an important factor in slowing up building projects. There was a 48.6 per cent increase over November, 1920.



Number and valuations of building permits by months, issued in the cities of Austin, Beaumont, Dallas, El Paso, Fort Worth, Galveston, Houston, San Antonio, and Shreveport, during 1920 and 1921

BUILDING PERMITS

	November, 1921		October, 1921		Inc. or Dec.	November, 1920		Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation	
Austin	39	\$ 64,181	73	\$ 137,957	-53.5	15	\$ 75,005	- 14.4
Beaumont	82	89,100	147	135,767	-34.4	403	277,096	- 67.8
Dallas	410	1,393,313	314	1,081,277	+28.9	156	545,661	+155.3
El Paso	101	307,495	160	405,883	-24.2	83	104,090	+195.4
Fort Worth	182	422,166	249	471,292	-10.4	113	484,925	- 12.9
Galveston	469	123,499	498	241,383	-48.8	427	36,914	+234.6
Houston	613	1,089,201	676	699,633	+55.7	420	901,510	+ 65.2
San Antonio	327	515,305	402	640,185	-19.5	224	336,679	+ 53.1
Shreveport	256	327,705	247	365,905	-10.4	160	154,190	+112.5
Total	2,479	\$4,331,965	2,766	\$4,179,282	+ 3.7	2,001	\$2,916,070	+ 48.6

COMPARATIVE STATEMENT FEDERAL RESERVE BANK OF DALLAS

	RESOURCES	
	At Close of Business	
	Dec. 14, 1921	Dec. 14, 1920
Gold and gold certificates.....	\$ 8,593,522.50	\$ 6,559,912.50
Gold settlement fund.....	4,107,414.14	6,806,190.47
Gold with foreign agencies.....	.....	1,761,477.66
Total	12,700,966.64	15,127,580.63
Gold with Federal Reserve Agent.....	11,131,085.00	25,186,610.00
Gold redemption fund.....	3,117,672.40	7,425,347.40
Total gold reserves.....	26,949,724.04	47,739,538.03
Legal tender notes, silver, etc.....	6,776,177.00	4,069,692.44
Total reserves.....	33,725,901.04	51,809,230.47
Bills discounted (Secured by U. S. Government obligations).....	9,093,116.83	17,404,157.98
All other.....	44,130,508.45	54,966,652.33
Bills bought in open market.....	165,000.00	215,000.00
Total bills on hand.....	53,388,625.28	72,585,810.31
U. S. Government bonds and notes.....	2,642,750.00	3,979,250.00
One year Certificates of Indebtedness (Pittman Act).....	1,900,000.00	8,300,000.00
Total earning assets.....	57,931,375.28	84,865,060.31
Bank premises	2,172,676.80	1,575,384.73
5% Redemption fund against F. R. Bank notes.....	156,200.00	586,200.00
Uncollected Items	26,404,316.73	45,638,722.33
All other resources.....	2,599,219.23	1,657,632.90
Total Resources.....	\$122,989,689.08	\$186,132,230.74
LIABILITIES		
Capital paid in.....	\$ 4,203,200.00	\$ 4,091,450.00
Surplus fund	7,112,677.72	4,152,270.83
DEPOSITS		
Government	1,981,842.82	2,253,768.19
Member Banks Reserve Account.....	43,137,328.58	49,052,745.89
All other	309,383.10	647,979.63
Total deposits	45,428,554.50	51,954,493.71
F. R. notes in actual circulation.....	35,255,126.00	80,512,745.00
F. R. Bank notes in circulation—Net liability.....	2,818,988.00	7,308,050.00
Deferred availability items.....	26,109,583.90	35,390,337.93
All other liabilities.....	2,061,558.96	2,722,883.27
Total Liabilities	\$122,989,689.08	\$186,132,230.74
Rediscounts with other F. R. Banks.....	\$ 1,000,000.00	\$ 30,110,360.00
Contingent liability on bills purchased for foreign correspondents.....	832,000.00	416,000.00