

# MONTHLY REVIEW OF BUSINESS AND INDUSTRIAL CONDITIONS

IN THE

## ELEVENTH FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF DALLAS

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### GENERAL SUMMARY

A 42 per cent increase in sales and a 15 per cent improvement in collections, as compared with the preceding month, were notable features of reports received from twenty-two Eleventh District department stores covering business for the month of December. This showing, although partly attributable to the fact that there was a rather unusual lull in trade during November, indicates that the purchasing power of the public, curtailed though it undoubtedly is by the continued depressed condition of agriculture and the livestock industry, is still responsive to such appeals as the recent well-advertised sales of holiday goods and winter comforts. On the other hand, wholesale houses, never very busy in December, reported the usual seasonal lull in the final month of the year as retailers held off their orders in a determined effort to close the year with minimum inventories. Following the turn of the year, however, there has been a notable picking up in both wholesale and retail lines, and if the present improvement continues most branches of trade will show a much larger volume of business for the month of January, 1922, than was booked during the corresponding month last year.

Building activity, yielding to the deterrent conditions of winter weather, fell below the high tide of operations maintained in November, but was eleven per cent above the record of December, 1920. Following a recent campaign to provide employment for

the district's unemployed there has been launched since January 1st a construction program which promises to bring the month's total of awarded building contracts well above the volume of construction usually undertaken in January.

Declining discount rates and a further retirement of bank loans and Federal Reserve note circulation were among the December developments which reminded the district that it was still experiencing a period of subsiding trade activity. Throughout the year 1921 there was a steady falling off in member banks' demand for currency, and from a total of \$84,000,000 on December 31, 1920, our outstanding Federal Reserve note circulation decreased to only \$35,000,000 on December 31, 1921. During the same period member banks reduced their indebtedness to the Federal Reserve Bank of Dallas from \$98,000,000 to \$50,000,000 and at the close of the year we were able to retire in full all rediscounts with other Federal reserve banks, which at the close of 1920 amounted to \$26,000,000. These figures, though indicative of a slower pace in production and distribution, testify to the remarkable progress accomplished by the member banks during the past twelve months in the matter of strengthening their reserve position, mobilizing their lending power, and building up generally a state of preparedness against the coming—when it does come—of an era of legitimate expansion and normal prosperity.

### CROP CONDITIONS

Preparation of the soil for the new cotton crop made good progress in Texas during the past month, due to favorable weather, and farmers are hopeful of being able to get seeding operations under way earlier than usual this year. The mildness of the

winter thus far, however, has given rise to serious fears of another disastrous invasion by the boll weevils, which were able to hibernate through the mild winter of 1920-1921 in such large numbers as to inflict unparalleled damage to the last year's cot-



ton crop, notwithstanding the fact that in other respects the crop was favored by the best growing conditions it had enjoyed for many years. It is estimated by the Department of Agriculture that boll weevils in 1921 cost the farmers in Texas not less than 2,000,000 bales of cotton.

The past season also witnessed an increase in the district's area of pink boll worm infestation, and drastic measures are being planned by state and federal authorities for the extermination of this pest. It is now believed that the only adequate means of controlling the boll worm situation is the establishment of non-cotton zones in those areas where the boll worm made its appearance last year, and steps are being taken to put this method into effect.

Notwithstanding the winter wheat crop in Texas was benefitted somewhat by recent rains, reports indicate that the crop is in the poorest condition that it has ever known at this season of the year. The acreage is estimated at 1,734,000 acres, or 20 per cent less than that of 1920. This unexpected decrease was due entirely to weather conditions, the autumn rainfall being entirely insufficient for the proper preparation of the soil. In Oklahoma only about one-half of the sown crop had germinated on January 1st, and some damage by greenbugs is reported in that state.

#### Cotton Movements.

Receipts of cotton at the port of Galveston during the month of December amounted to 238,628 bales, as against 340,781 in November, and 319,429 in December, 1920. Total exports also decreased from 351,000 bales in November to 261,000 in December. The season's total on December 30th was 1,475,000 bales, which exceeded total for corresponding date last season by 63,000 bales.

Exports from all United States ports during the last five months of 1921 exceeded those of the corresponding period in 1920 by 521,000 bales. December consumption figures, as announced by the Census Bureau, show that while foreign takings of our cotton during that month fell below the total for December, 1920, by 148,000 bales, domestic consumption registered a gain of 216,000 bales, the total for last month being 511,800 bales, as against 295,292 in December, 1920.

#### COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	December 1921	December 1920	Aug. 1 to Dec. 30	
			This Season	Last Season
Gross Receipts .....	238,628	319,429	1,608,349	1,672,010
Exports .....	261,512	247,145	1,475,485	1,392,468
Stocks, Dec. 30th..			375,551	388,628

#### GALVESTON STOCK STATEMENT

	December 30, 1921	December 30, 1920
For Great Britain .....	1,273	43,692
For France .....		6,397
For other foreign ports.....	20,121	48,487
For coastwise ports .....	2,000	2,000
In compresses .....	352,157	288,052
Total .....	375,551	388,628

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

	This Season	Last Season
Receipts since Aug. 1, 1921....	3,540,648	3,373,057
Exports: Great Britain .....	772,317	946,258
France .....	384,716	342,501
Continent .....	1,156,772	1,015,889
Japan-China .....	577,709	65,853
Total foreign ports .....	2,891,514	2,370,501
Stocks, all U. S. ports, Dec. 30	1,358,800	1,452,913

**Grain Movements.** December receipts of wheat reported by inspectors at Dallas, Fort Worth, Galveston, Waco, and Wichita Falls amounted to 1,573 cars as compared with 2,265 in the month of November.

Exports of wheat through the port of Galveston for the month of December totalled 1,137,000 bushels, which was the smallest month's total of the year. The month's movement brought Galveston's total exports for the year 1921 up to 76,373,819 bushels. It is interesting to note the enormous growth of wheat exports at this port during the past four years, the totals being as follows:

1918 .....	4,334,613
1919 .....	16,707,689
1920 .....	44,726,484
1921 .....	76,373,819

#### COMPARATIVE GRAIN RECEIPTS

	December (cars)	November (cars)
Wheat .....	1,573	2,265
Corn .....	231	142
Oats .....	55	67

#### LIVESTOCK

Ranges in the Texas Panhandle, Southern Texas, and Eastern New Mexico received beneficial rains during the early part of January, and reports from Arizona state that there was sufficient moisture from recent rains and snows to materially improve range conditions in that state. Despite the fact that



winter rainfall is still much below normal, and in many sections the ranges are seriously affected by drouth, livestock in all parts of the district is reported to be wintering well. Winter pastures are beginning to fail in Southwest Texas, however, and more feed will be required to carry cattle through the winter than had been anticipated.

**Movements and Prices.** Shipments of livestock to the Fort Worth market were greatly restricted during December by the conditions growing out of a strike launched by packing house employees on December 3rd. The strike, which is still in effect, kept receipts in most classes of livestock down to a minimum, and under these conditions a fair test of the market demand was impossible. In fact, December cattle receipts at this market were the smallest recorded in that month since the opening of the yards, amounting to only 32,303 head. Despite the strike, however, packers were able to take care of extraordinarily large shipments of calves and sheep. Prices generally followed an erratic course, but during most of the month the trend was downward, declines ranging from 25 cents to 75 cents per hundredweight, all classes of stock being affected except hogs and sheep, which closed the month at about the same price levels as those of November.

#### FORT WORTH LIVE STOCK RECEIPTS

	December 1921	November 1921	Loss or Gain	December 1920	Loss or Gain
Cattle .....	32,303	60,799	L 28,496	38,688	L 6,385
Calves .....	23,578	49,763	L 26,185	14,538	G 9,040
Hogs .....	26,598	20,219	G 6,379	21,553	G 5,045
Sheep .....	33,949	20,797	G 13,152	13,076	G 20,873

#### COMPARATIVE TOP LIVESTOCK PRICES

	December, 1921	November, 1921	December, 1920
Beef steers .....	\$7.50	\$6.25	\$ 9.25
Stocker steers .....	5.00	5.00	7.85
Butcher cows .....	4.85	5.00	8.25
Stocker cows .....	3.00	3.50	6.50
Calves .....	6.75	6.50	10.00
Hogs .....	7.75	7.90	10.30
Sheep .....	5.25	5.25	8.15
Lambs .....	9.25	8.50	10.75

#### WHOLESALE TRADE

Irregularity has characterized trade conditions throughout the year 1921. The opening of the year found wholesale trade in a stagnant condition and in most cases the dealers were carrying large in-

ventories bought at high prices and were facing a rapidly declining market. Furthermore, unemployment was increasing by leaps and bounds, while the price of farm products had fallen to low levels, both of which greatly reduced the purchasing power of the general public. While trade enjoyed seasonal increases, the year was one of liquidations, falling prices, limited purchasing power and discriminate buying.

Extreme quietness in the several lines of wholesale distribution during December marked the year-end situation. While seasonal inactivity was more pronounced than usual in most lines, the fundamental business structure is on a firmer basis and presents a more healthful outlook than did conditions at the opening of the year 1921. In two lines of wholesale trade—dry goods and furniture—a larger volume of business was transacted during December than during the closing month of 1920. In the other lines there has been a gradual narrowing of the spread between the sales of the two years and there are indications that 1922 sales will forge ahead of those of 1921 in the first few months of the year. In practically every line the retailers entered the new year with depleted stocks, thus creating a large potential demand which has subsequently begun to materialize in the form of numerous orders reported to have been received by wholesalers since the opening of the new year. Prices generally have not given evidence of any distinct tendency, but indications are that they are either stabilizing or showing a tendency to rise in those lines where signs of recovery are most pronounced, while further recessions are being noted in lines where improvement in the demand is least discernible.

Nevertheless a period of narrower price changes has been reached and a more general stabilization is expected during the coming months. As both retail and wholesale dealers entered the new year with small inventories, they are in a position to adjust their future stocks with a certain degree of accuracy to the prospective purchasing power of the ultimate consumer as well as the character of goods which he will demand. Additional advantages are found in the fact that deliveries can be made on short notice from factory to wholesaler as well as from wholesaler to retailer, thereby eliminating the necessity for larger stocks and permitting both retailer and wholesaler to keep a well-selected stock without excessive inventories. These factors place both in a stronger position fundamentally and make the outlook for future business more promising.



**Dry Goods.** The usual winter lull in the wholesale dry goods trade was reflected in the December net sales of twelve firms, which showed a decrease of 42.8 per cent as compared with the previous month. The December volume of business was naturally expected to be small, and in view of the subnormal activity that ruled throughout the year, 1921, the large falling-off during the month was not surprising. However, an encouraging indication that this line of trade is on the road to recovery is found in the fact that sales during December were 8.7 per cent larger than during the same month a year ago, which was the first time since August, 1920, that a current month has shown an increase over the corresponding month of the previous year. While December orders were smaller, both in number and in volume, and were for immediate shipment, there is a feeling among wholesalers that the increased activity which has manifested itself since the turn of the year, will continue to show a steady though gradual improvement, throughout the spring months and that the sales of spring merchandise will greatly exceed those of a year ago. The price trend has been inclined to work towards higher levels, but is reflected in a general steadiness rather than in specific advances. Although the cotton goods market has shown considerable steadiness since the break in raw cotton early in November, yet there has been a disposition among the large producers to hold off making new prices until such a time as they could better gauge the probable demand for the finished product as well as the future trend of raw cotton.

**Drugs.** The December reports from nine wholesale drug firms disclose an 8.9 per cent shrinkage in net sales from the month of November. It is to be remembered that the wholesale drug trade was among the last to feel the effects of the depression and the net sales did not show a decrease from 1919 until December, 1920. Since July, 1921, when sales were 33.3 per cent less than July, 1920, there has been a gradual narrowing of the spread between sales of the two years and during December the decrease was reduced to 19.2 per cent. December witnessed more price changes, most of which were small declines, than for several months past, but dealers state that they expect prices to reach a more permanent basis at an early date. The new year opened up with goods moving in a fair volume, and while a large percentage of this business was occasioned by the retailers filling in their stocks following the small purchases during the

latter part of the year, the hesitancy in buying, which has been in evidence for some time past, is disappearing and the outlook is brighter than for several months past.

**Furniture.** The wholesale furniture trade has been among the leaders in recovering from the depression period. Sales of reporting firms during October showed an increase of 5.1 per cent over the corresponding month of 1920; during November a similar increase of 11.1 per cent was shown; and in December sales were not only 5.4 per cent greater than November, but were 50.8 per cent greater than during December, 1920. One explanation for the increased volume of furniture sales is found in the increased building of homes. During the latter part of the boom period, furniture purchases were delayed along with the postponement of home building, and the revival of the latter forecasted increased sales of furniture. The 50 per cent increase in the dollar value of December sales over December, 1920, is considered all the more remarkable in view of the heavy price reductions put into effect during the year. However, since the summer months, when big reductions were put into effect, prices on the whole have continued firm.

**Farm Implements.** The December sales of reporting farm implement firms exceeded those of the previous month by 14.8 per cent, but were 52.8 per cent less than those during the same month a year ago. The December purchases represent the farmer's actual requirements with which to carry on his winter plowing and other seasonal operations. Wherever possible, instead of purchasing new implements, he is having his old ones repaired when they no longer give satisfactory results. Insufficient rainfall has been an important factor in causing trade to lag at this time. Grain in many sections is already suffering from the lack of moisture with the prospect that it will be necessary to turn under a certain portion of it to give way to other crops. In other sections the soil has not absorbed sufficient moisture to make the condition satisfactory for spring planting. Wherever the outlook for a satisfactory crop is promising the farmer is purchasing some machinery in anticipation of the coming harvest. However, the farmer is devoid of cash and in many instances is giving his note dated for fall payment. Further price reductions have been put into effect by some firms and the general tendency is still downward. Wholesalers



are filling their orders out of stocks on hand wherever possible and are receiving shipments from the factory only in those instances where the article is not in the warehouse. Collections are very poor and are expected to come in at a very slow rate until the farmer is able to realize from the 1922 crop.

**Groceries.** A further reduction of 6.4 per cent in net sales was reported by fourteen firms during December as compared with the previous month. However, December showed a better comparison with the corresponding month of 1920 than November, the decrease during December being 15.1 per cent as against 24.1 per cent in November. The retail dealers did not make large purchases during the month, but bought in small quantities those articles which were actually needed to fill in their depleted stocks until the year-end inventory had been taken. Consequently the year was closed with the retailer's stock so thoroughly depleted that immediate restocking was necessary and wholesalers report that they have been enjoying a thriving business since the first of the year. A steady growth in sales has been noted in the cities and industrial sections, but orders from the rural

districts continue to be few in number and small in volume. Prices during December were generally maintained, but small decreases were noted on some articles, while slight increases were in evidence on Christmas goods. However, concurrently with the increased demand after the first of the year came an advance in price on many items. Although canned vegetables remained steady, canned tomatoes had a sharp advance following the bullish Government report, which showed a considerable decrease in the canning supply. Collections are coming in at a good rate, and in view of the present optimistic feeling which is prevailing in that line of trade, the outlook is very encouraging.

**Hardware.** The net sales of twelve wholesale hardware firms showed a 9.2 per cent decrease from November and a 15.7 per cent decrease from the same month a year ago. The demand for small builders' hardware continued brisk and some seasonal goods moved following the cold wave at Christmas time, but the general demand reflected the dull season of the trade. The trend of prices is still downward, but no radical changes have occurred.

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

	NET SALES		NET SALES July 1st to date compared with same period, 1920	STOCKS		PRICES	
	December, 1921, compared with			December, 1921, compared with		December, 1921, compared with	
	Dec., 1920	Nov., 1921		Dec., 1920	Nov., 1921	Dec., 1920	Nov., 1921
Groceries .....	-15.1	-6.4	-24.6	-26.1	-1.2	-27.9	.7
Dry Goods .....	+8.7	-42.8	-28.8	-10.4	-12.2	-22.5	None
Hardware .....	-15.7	-9.2	-33.6	-30.1	-4.0	-29.4	-2.3
Farm Implements .....	-52.8	+14.8	-67.1	.....	.....	-27.5	.....
Furniture .....	+50.8	+5.4	-16.8	.....	.....	.....	.....
Drugs .....	-19.2	-8.9	-26.5	-39.1	-6.7	.....	.....

### RETAIL TRADE

Price reductions, Christmas shopping and extensive advertising were the stimulating forces that carried December net sales of twenty-two reporting department stores to a point 42.9 per cent above the November sales. This increase brought the December retail business closer to normal proportions than many merchants thought possible even so late as a month ago when November sales showed a decrease of 8.2 per cent from October.

Sales during the last half of 1921 were 21.3 per cent less than sales during the corresponding period of 1920, as against a decrease of 15.2 per cent for a similar comparison during the first half of this year. The more favorable comparison during the first six months than during the latter six months can prob-

ably be explained by the fact that during the latter half of 1920 retail distribution reached its peak, and did not begin to feel the full effect of the depression until March, 1921.

The fulfillment of that part of the Yuletide spirit which found expression in the giving of Christmas remembrances was not abated by the business depression or unemployment, but the public was more discriminate in their buying, utility gifts having found the greatest favor. Hosiery, handkerchiefs and neckwear maintained their usual lead as utility gifts, while the less expensive silverware moved well. Toy sales were exceptionally good, and some firms were compelled to draw on the wholesaler for additional stocks. Children's and doll furniture were also good sellers.



Immediately following the Christmas shopping period extensive cut-price sales opened and retailers are making strenuous efforts to clear out the remnants of winter stock in order to enter the spring season with little or no winter carry-over. As a result of these sales retail trade has been experiencing some of the keenest competition known in years, and prices on many standard brands of merchandise have dropped to the lowest levels touched since 1918. The consumers' reaction to these sales was reported to be good in the cities and in industrial sections, but information from the country districts indicates that the situation has shown but little change.

Stocks on hand at the close of December were 24.9 per cent less than those on hand at the end of November, which showed the usual reduction prefatory to the taking of the year-end inventory.

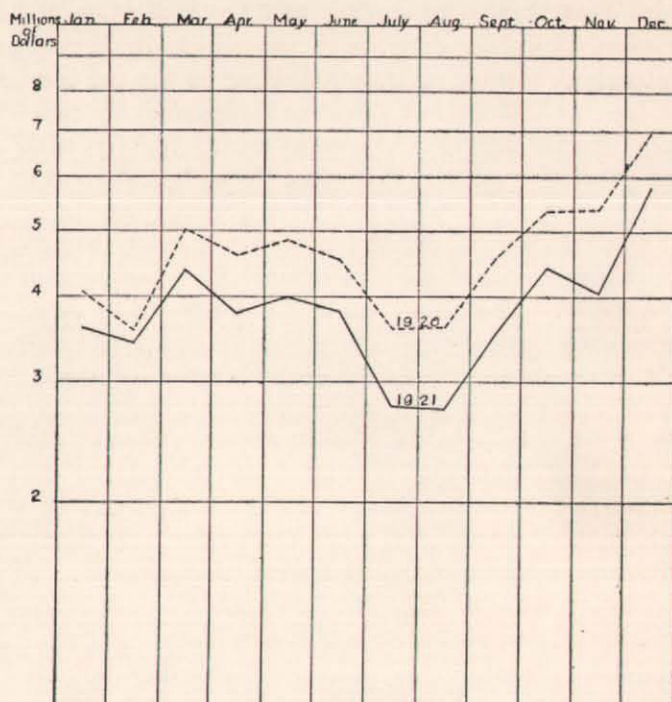
The ratio of stocks to sales for the six months' period ending December 31st was 444.5, which compares to the percentage figure of 383.7 for the corresponding period of 1920. The comparison shows that the average decrease in sales for the last half of 1921 from the corresponding period of 1920 was greater than the average reduction in stocks during the same comparative period. The year-end reduction in stocks and the enormous increase in December sales were reflected in the above ratio for the last six months of 1921, when it was reduced from a figure of 523.1 for the five months' period ending November 30, 1921.

The percentage of outstanding orders at the end of December to total purchases during the calendar year 1920 was 7.5, which shows a sharp increase over the outstandings on November 30th, when the percentage was 4.3. The conditions which affect the retail buyers this year present a marked contrast with the situation that obtained a year ago. On December 31st, 1920, the outstandings of department stores were an almost negligible quantity because wholesale prices were on the decline, and buyers were unwilling to order beyond their immediate requirements. However, at the close of 1921 wholesale prices were no longer a great problem to the retailer, and he has begun to anticipate his requirements for spring merchandise.

The ratio of December collections to accounts receivable, due and outstanding on the first of the month, was 46.7 as against 40.5 during November. A gradual improvement has been noted in collections throughout the fall months.

Heretofore, the composite figures shown for the item "Ratio of collections during the month to Accounts Receivable due and outstanding on the first of the month" has been computed by averaging the

unweighted percentages submitted by the several firms. However, through the courtesy of department store managers we will be able to compute this item, beginning next month, from the actual dollar amounts of each store's receivables and collections.



NET SALES OF TWENTY TEXAS DEPARTMENT STORES, BY MONTHS, DURING 1920 AND 1921

#### BUSINESS OF DEPARTMENT STORES

Net Sales—	Increase or Decrease
December, 1921, compared with December, 1920 .....	— 16.7%
December, 1921, compared with November, 1921 .....	+ 42.9%
Net Sales—	
July 1st to date compared with same period last year.....	— 21.3%
Stocks at end of December, 1921—	
Compared with December, 1920 .....	— 11.2%
Compared with November, 1921.....	— 24.9%
Ratio of stocks to sales.....	444.5%
Ratio of outstanding order to last year's purchases .....	7.5%
Ratio of December collections to Accounts Receivable, due and outstanding December 1, 1921.....	46.7%

#### FINANCIAL

A larger volume of public spending during December, due to the year-end trade activity, was evidenced by an increase of 2 per cent in bank clearings. Debits to depositors' accounts for the week ending December 28th showed a slight decrease of 1.2 per cent from those for the week ending Novem-



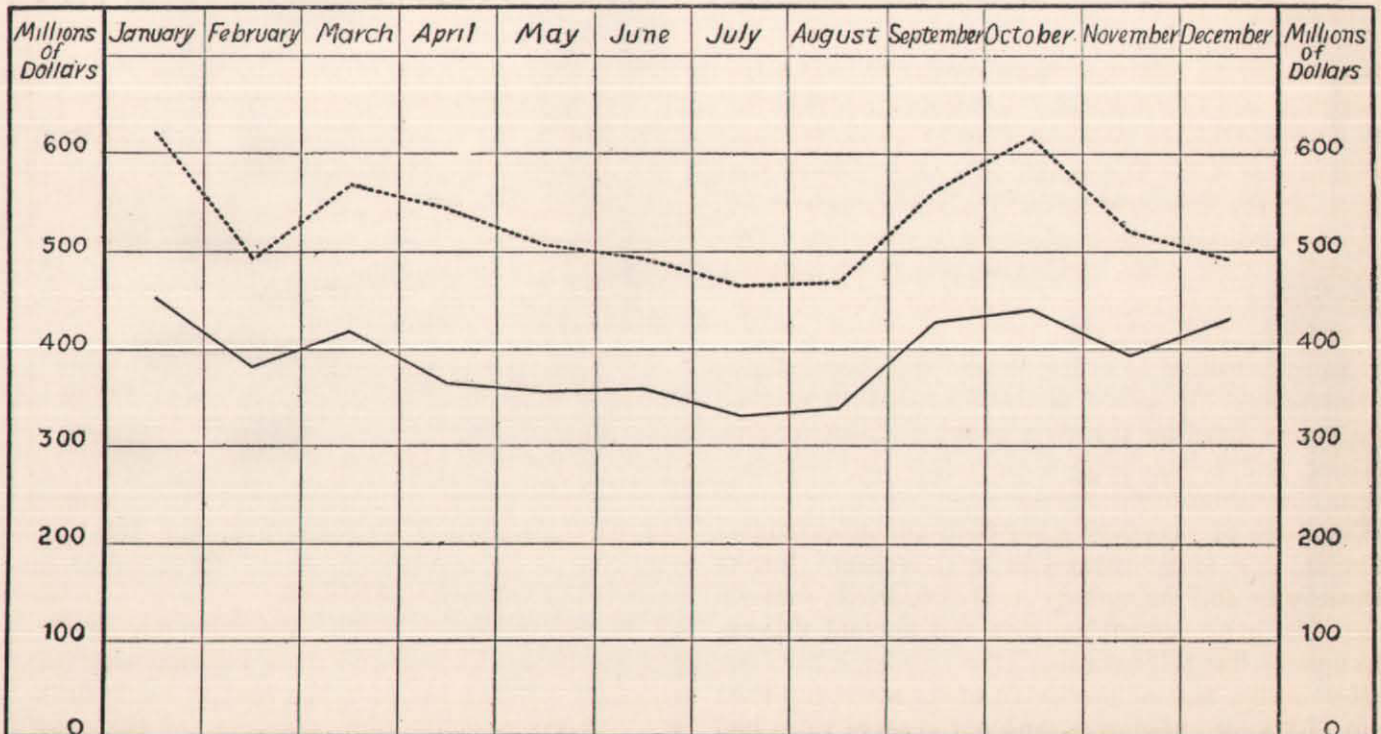
ber 30th, but it should be borne in mind that figures for the last week in December included the dull trade days following Christmas.

The accompanying chart, which gives a picture of bank clearings by months for the past two years, shows that the trend during 1921 was practically the same as during 1920, with the exception of the month of December. An outstanding feature of the

clearing statistics was the marked uniformity in the percentage of decrease during 1921 from 1920. A wide divergence of the curves, which occurred in October, presents a contrast in the movement of the cotton crop for the two years. During October, 1920, a normal crop was moving freely at high prices, while in the same month of 1921 a small crop was moving on a lower and more sluggish market.

CHARGES TO DEPOSITORS' ACCOUNTS

	WEEK ENDING		
	Dec. 28, 1921	Nov. 30, 1921	Dec. 29, 1920
Albuquerque .....	1,788,000	\$ 1,954,000	\$ 1,574,000
Austin .....	2,669,000	2,436,000	2,650,000
Beaumont .....	2,962,000	2,477,000	3,101,000
Dallas .....	30,921,000	34,334,000	34,123,000
El Paso .....	8,875,000	6,997,000	8,670,000
Fort Worth .....	31,940,000	29,440,000	24,187,000
Galveston .....	13,575,000	14,115,000	23,011,000
Houston .....	25,704,000	25,090,000	29,130,000
San Antonio .....	4,979,000	5,482,000	6,085,000
Shreveport .....	6,341,000	5,625,000	7,838,000
Texarkana, Texas .....	1,581,000	1,088,000	1,650,000
Tuscon .....	1,500,000	1,504,000	1,684,000
Waco .....	2,964,000	3,654,000	3,574,000
Totals, Eleventh District.....	135,799,000	134,196,000	147,277,000
Totals, all reporting cities in United States.....	\$6,788,526,000	\$7,433,115,000	\$8,663,475,000



Bank Clearings in Austin, Beaumont, Dallas, El Paso, Fort Worth, Galveston, Houston, Port Arthur, San Antonio, Shreveport, Waco and Wichita Falls, by months, during 1920 and 1921



## BANK CLEARINGS

	1921		Inc. or Dec.	1920		TWELVE MONTHS		Inc. or Dec.
	Dec.	Nov.		Dec.	Dec.	1921	1920	
Austin .....	\$ 6,973,784	\$ 7,160,194	- 2.6	\$ 6,350,361	+ 3.8	\$ 73,463,055	\$ 84,349,049	-12.9
Beaumont.....	4,514,680	4,414,328	+ 2.3	5,654,057	-20.2	53,909,970	75,779,546	-28.9
Dallas .....	116,330,216	116,668,801	- 0.3	140,352,750	-17.1	1,289,069,708	1,868,685,312	-31.0
El Paso.....	18,800,000	19,742,442	- 4.8	23,099,129	-33.1	258,835,447	342,918,409	-24.6
Fort Worth.....	52,963,757	50,116,500	+ 5.7	65,640,233	-19.3	609,126,689	992,888,032	-38.7
Galveston.....	32,198,395	29,170,499	+10.4	43,786,299	-26.5	383,317,397	409,843,066	- 6.5
Houston.....	106,022,688	104,942,130	+ 1.0	124,577,566	-14.9	1,200,995,525	1,504,251,520	-20.2
Port Arthur .....	1,540,000	1,590,451	- 3.2	1,686,404	- 8.7	19,775,618	20,927,985	- 5.5
San Antonio.....	23,426,809	26,642,401	+ 6.7	34,091,522	-16.6	351,620,047	419,790,801	-16.2
Shreveport.....	17,277,043	16,124,251	+ 7.1	17,538,760	- 1.5	196,011,932	251,133,509	-21.9
Waco.....	10,137,220	10,954,947	- 7.5	11,655,722	-13.1	127,827,119	166,106,396	-23.0
Wichita Falls.....	7,697,827	7,322,142	+ 5.1	14,003,474	-45.0	110,514,664	228,478,781	-51.6
<b>Totals.....</b>	<b>\$402,882,419</b>	<b>\$394,849,086</b>	<b>+ 2.0</b>	<b>\$493,436,277</b>	<b>-18.4</b>	<b>\$4,674,467,171</b>	<b>\$6,365,152,406</b>	<b>-26.6</b>

BANK CLEARINGS AT PRINCIPAL CITIES OF  
ELEVENTH DISTRICT, BY MONTHS  
DURING 1920 AND 1921

	1921	1920
January .....	\$ 453,369,503	\$ 622,949,142
February .....	382,885,131	495,481,622
March .....	419,812,840	570,783,307
April .....	366,710,060	545,990,978
May .....	356,134,139	508,029,126
June .....	360,511,651	495,670,278
July .....	329,725,246	465,677,648
August .....	338,354,140	473,276,641
September .....	427,747,059	566,932,466
October .....	441,485,897	603,605,470
November .....	394,849,086	521,633,043
December .....	402,882,419	495,122,681
<b>Total .....</b>	<b>\$4,674,467,171</b>	<b>\$6,365,152,406</b>

**Acceptance  
Market.**

Inquiries addressed to accepting banks disclose that there was a substantial increase during December in the volume of outstanding acceptances created by Eleventh District banks, the total on December 31st being \$4,251,692.35 as compared to \$3,252,387.47 on

November 30th, or an increase of about 31 per cent. There was \$1,904,692.35 of this amount held against import and export transactions, while \$2,347,000.00 was based on domestic shipment and storage of goods. Total acceptances held by this bank on December 31st aggregated \$165,000.00 as compared to \$190,000.00 on November 30th, all of which were executed by banks of this district.

**Condition of  
Reserve City  
Banks.**

Reserve city banks showed an increase of \$2,558,000.00 in their loans and investments and an increase of \$4,135,000.00 in deposits. The indebtedness of these banks to the Federal Reserve Bank on December 28th stood at \$12,687,000.00, which compares with \$16,705,000.00 on November 30th, and \$34,631,000.00 on December 31, 1920. At the close of December the ratio of loans to deposits was 108 per cent as against 109 per cent for the previous month, and 110 per cent a year ago.

## CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Dec. 28, 1921	Nov., 30, 1921	Dec. 31, 1921
Number of reporting banks .....	51	52	51
U. S. Securities owned .....	\$ 39,299,000	\$ 39,533,000	\$46,137,000
Loans secured by U. S. War Obligations.....	6,209,000	6,193,000	8,590,000
All other loans and investments.....	201,638,000	198,862,000	227,908,000
Net demand deposits .....	192,069,000	187,934,000	215,259,000
Reserve with Federal Reserve Bank.....	21,215,000	21,524,000	24,465,000
Bills payable with Federal Reserve Bank.....	12,687,000	16,705,000	34,631,000
Percentage of loans to deposits.....	108%	109%	110%

**Operations of  
Federal  
Reserve Bank.**

On November 30th our indebtedness to other Federal reserve banks amounted to \$3,000,000.00, but on December 15th this amount was entirely wiped out. Since that time this bank has been able to take care of the needs of its member banks out of its own resources, and our reserve ratio had risen to 43 per cent on December 31st. A further reduction of loans and open market investments oc-

curred, aggregating \$7,302,904.73, the total outstanding on December 31st being \$50,762,098.40, distributed as follows:

Rediscounts .....	\$41,920,320.06
Member banks' collateral notes.....	8,676,778.34
Open market purchases (Bankers' acceptances) .....	165,000.00
<b>Total.....</b>	<b>\$50,762,098.40</b>



Our outstanding Federal reserve notes on December 31st amounted to \$35,469,710.00, which showed a decrease of \$1,167,797.00 from the total of \$36,637,507.00 outstanding on November 30th. Member banks' reserve deposits on December 31st totalled \$43,371,768.66, being only the very slight increase of \$352,391.20 over deposits on November 30th.

### Discount Rates.

The Federal Reserve Bank of Dallas reduced its discount rate on all classes of paper from  $5\frac{1}{2}$  per cent to 5 per cent, effective January 9, 1922. The "high," "low" and "customary" rates charged during the thirty-day period ending January 15, 1922, by commercial banks in cities exhibited below, show a further tendency toward easier money rates. The customary rate charged on customers' paper dropped  $1\frac{1}{4}$  per cent at Fort Worth, one-half of one per cent at Waco and one-fourth of one per cent at Dallas.

DECEMBER 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	$5\frac{1}{2}$	$6\frac{1}{2}$	10	6	8	8	$5\frac{1}{2}$	$6\frac{1}{2}$	$7\frac{1}{2}$	6	7	8	6	7	8	7	$7\frac{1}{2}$
Customers' 4 to 6 months	7	$5\frac{1}{2}$	$6\frac{1}{2}$	10	7	8	8	7	8	8	6	7	8	6	7	8	6	$7\frac{1}{2}$
Open market 30 to 90 days	7	$5\frac{1}{2}$	$6\frac{1}{2}$	8	8	8	---	---	---	---	---	---	---	---	---	8	8	8
Open market 4 to 6 months	7	$5\frac{1}{2}$	$6\frac{1}{2}$	10	8	8	---	---	---	---	---	---	---	---	---	8	8	8
Interbank loans	7	6	$6\frac{1}{2}$	10	6	6	8	7	7	7	$5\frac{1}{2}$	6	7	6	7	7	7	7
Collateral loans, demand	8	6	7	10	8	8	8	6	8	8	6	7	8	6	$7\frac{1}{2}$	8	8	8
Collateral loans, 3 months	8	6	7	10	8	8	8	6	8	8	6	7	8	6	$7\frac{1}{2}$	8	8	8
Collateral loans, 3 to 6 months	8	6	7	10	8	8	8	7	8	8	6	7	8	6	$7\frac{1}{2}$	8	8	8
Cattle loans	8	7	$7\frac{1}{2}$	10	8	8	10	8	8	7	7	7	9	6	$7\frac{1}{2}$	8	8	8
Loans secured by warehouse receipts, Bs-L, etc.	8	$6\frac{1}{2}$	$7\frac{1}{2}$	10	8	8	8	7	8	8	7	7	8	6	$7\frac{1}{2}$	8	7	8
Loans secured by Government securities	8	6	$7\frac{1}{2}$	10	6	8	8	6	8	7	$5\frac{1}{2}$	6	7	6	6	8	6	8

**Savings Deposits.** Total savings deposits on December 31st as reported by 111 banks of this district amounted to \$62,572,743.00, which showed a net gain of \$1,737,137.00 during the month, but a loss of \$77,986.00 as compared to savings deposits of these banks on December 31, 1920.

### FAILURES

The month of December marked the high point for the Eleventh District, in both the number of liability of commercial failures for the whole period since the appearance of the reaction to the post-war boom. December failures numbered 197, which compares with 145 during November. The indebtedness of the defaulting firms was \$4,307,254.00 as compared to \$3,484,803.00 during November and \$2,141,462.00 during December a year ago. The closing month of the year witnessed the coming into play of strong competitive forces, which found expression in cut-price sales, wide advertising, and renewed efforts

on the part of individual firms to obtain a maximum amount of the limited business being transacted. This intensified era of competition aggravated the financial troubles of the weaker firms with the result that bankruptcy proceedings became more numerous.

A comparative table for two years shows that the number of failures ran consistently higher during 1921 than 1920, while the liabilities were greater during every month with the exception of October, 1920, when several large firms defaulted following the first effects of the depression period. Some of the forces which caused a larger business mortality rate during 1921 were: the inability of firms to liquidate high-priced goods following price deflation; the large army of unemployed, whose purchasing power was greatly reduced, being unable in many cases to provide actual necessities; the buyers' strike; the short cotton crop and low prices obtained for farm products, which reduced to a minimum the buying power of the farmer.



## COMMERCIAL FAILURES

	1921		1920	
	Number	Liabilities	Number	Liabilities
January .....	155	\$ 3,359,871	33	\$ 284,096
February .....	137	2,177,068	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
December .....	197	4,307,254	124	2,141,462
Totals Eleventh District, 12 months.....	1,491	34,414,776	475	11,219,010

## PETROLEUM.

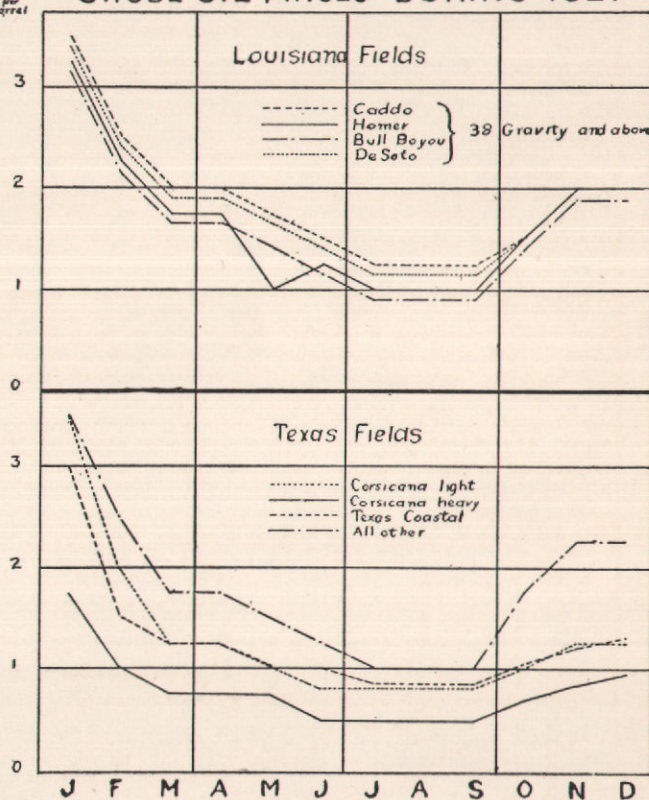
The Eleventh District again witnessed a large increase in crude oil production during December, the total production for the month being 13,419,760 barrels as compared to 10,617,880 barrels during November. While the production at all fields showed a gain, the enormous increase in the production of the Mexia field was responsible for a substantial portion of the growth in the Eleventh District's total output. The daily average flow at the Mexia field during November (the first month in which it played an important part in the district's yield) was 38,413 barrels, but during December the bringing in of 33 producing wells brought the daily average for that month up to 104,530 barrels. The Midcontinent field, comprising the states of Kansas, Oklahoma, Arkansas, Louisiana and Texas, showed a large increase over the previous month. While production in all of the above states increased, the Eleventh District's enlarged quota was a major factor in the additional output.

The number of wells completed in this district during December totalled 285, which included 203 producers, and compares with 191 completions during November, of which 132 were producers.

## Crude Oil Prices.

Despite the large increase in production at the Mexia field, the company which is the largest purchaser of Mexia crude oil posted an increase of 25 cents per barrel effective January 14, 1922, which brought the field price up to \$1.25 per barrel. However, in the North Texas fields independent refineries which had been paying a premium of 20 cents to 30 cents per barrel covering long period contracts are now reported to be refusing to make new contracts at even half the former premium.

## Dollars per Barrel CRUDE OIL PRICES DURING 1921



## Year's Review of Prices and Production.

During the first month of 1920, prices of crude oil mounted up to a high mark, where they remained throughout the year and 1921 was ushered in with these high prices still in effect. However, early in January prices started on a rapid decline, which did not end until during the summer months. After remaining steady at the low levels for about three months, prices again started on their upward course during September and have shown a gradual rise since that time. Concurrent with the decrease in prices came a falling off in production. The Eleventh District's output showed its first de-



crease in December, 1920, and with a single exception (March, 1921) continued to decline until the fall of the year. The September price increases forecasted a larger output and had the effect of causing

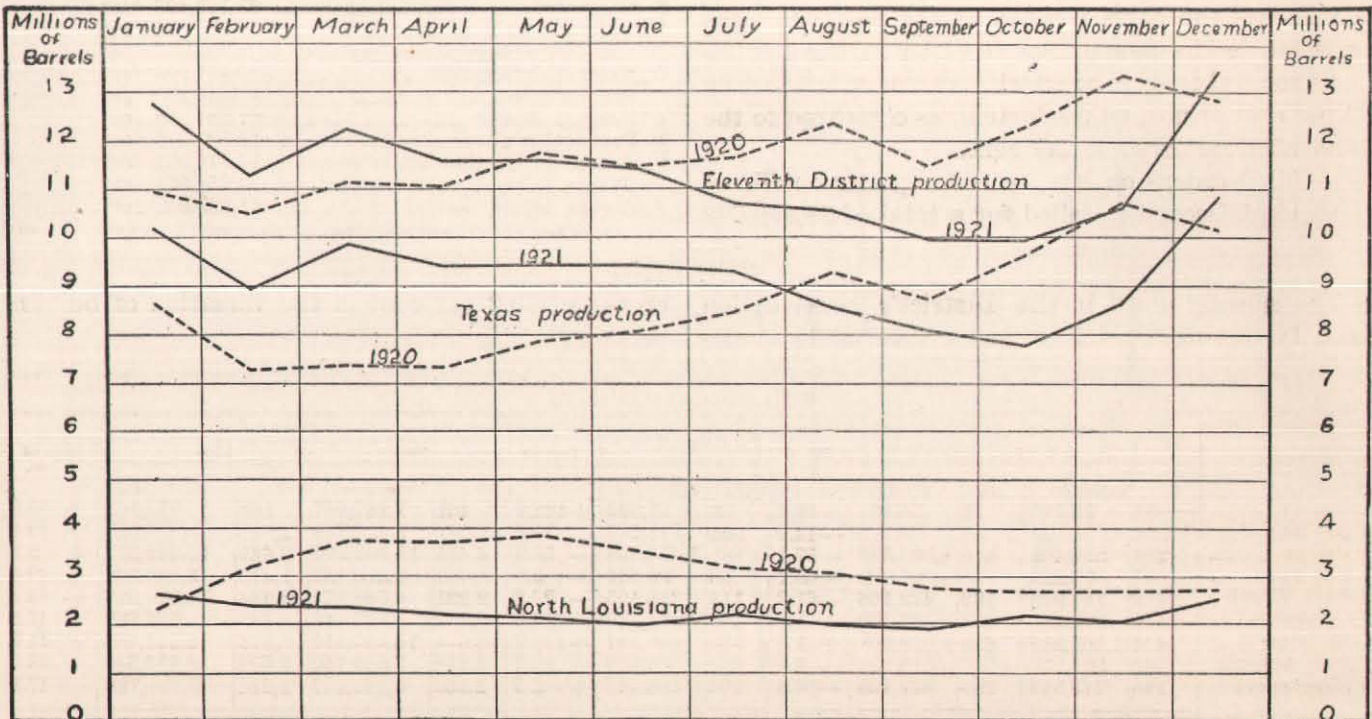
production to remain practically steady during October, to show a sharp increase in November, and to register the largest monthly production figure for the two years during December.

OIL PRODUCTION

Field	December		November		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas .....	2,011,135	64,875	2,002,960	66,765	Inc. 8,175	Dec. 1,890
Central-West Texas .....	5,690,250	183,556	3,472,535	115,751	Inc. 2,217,715	Inc. 67,805
Texas Coastal .....	3,183,415	102,691	3,136,667	104,556	Inc. 46,748	Dec. 1,865
Totals, Texas .....	10,884,800	351,122	8,612,162	287,072	Inc. 2,272,638	Inc. 64,050
North Louisiana .....	2,534,960	81,773	2,005,718	66,857	Inc. 529,242	Inc. 14,916
Totals, 11th District .....	13,419,760	432,895	10,617,880	353,929	Inc. 2,801,880	Inc. 78,966

ELEVENTH DISTRICT OIL PRODUCTION, BY MONTHS, DURING 1921

	Texas	Louisiana	Total Eleventh District
January .....	10,132,005	2,614,310	12,746,315
February .....	8,923,213	2,367,600	11,290,813
March .....	9,873,033	2,346,376	12,219,409
April .....	9,412,020	2,175,450	11,587,470
May .....	9,448,099	2,102,391	11,550,490
June .....	9,422,745	1,982,410	11,405,155
July .....	8,519,354	2,146,992	10,666,346
August .....	8,568,316	1,970,577	10,538,893
September .....	8,070,740	1,891,290	9,962,030
October .....	7,786,099	2,155,649	9,941,748
November .....	8,612,162	2,005,718	10,617,880
December .....	10,884,800	2,534,960	13,419,760
Totals, 1921 .....	109,652,586	26,293,723	135,946,309
Totals, 1920 .....	103,460,160	37,210,542	140,670,702



ELEVENTH DISTRICT OIL PRODUCTION, BY MONTHS, DURING 1920 AND 1921



## DECEMBER DRILLING RESULTS

Field	Completions	Producers	Failures	Initial Production
Central-West Texas .....	103	76	27	214,390
North Texas .....	79	57	22	7,684
Texas Coastal .....	22	18	4	36,255
Texas Wildcats .....	11	3	8	80
Totals, Texas .....	215	154	61	258,409
North Louisiana .....	70	49	21	70,575
December Totals, District.....	285	203	82	328,984
November Totals, District.....	191	132	59	208,341

## CRUDE OIL PRICES

TEXAS	Jan. 4,	Jan. 1,	LOUISIANA (38 gravity and above)	
	1922	1921	Jan. 4,	Jan. 1,
Corsicana light.....	\$1.30	\$3.50	Caddo .....	\$2.00
Corsicana heavy.....	.95	1.75	Homer .....	2.00
Texas Coastal fields.....	1.25	2.50	Bull Bayou.....	1.90
All other Texas fields.....	2.25	3.50	De Soto.....	2.00
Mexia .....	1.00	.....		

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

## LUMBER

The December production rate of the southern pine mills showed only a slight falling-off from the previous month, the output being 14 per cent below normal as compared to 13 per cent during November. As December is always a month of small deliveries, on account of year-end inventories of the retail dealers, shipments from the mills were 76,977,832 feet as compared to 106,741,838 during November. The uncertainty in regard to prices and prospective building during the early months of the new year was reflected in the new orders received during December, the total footage of which was equivalent to only 69 per cent of normal production, as compared to the November record of 79 per cent.

Unfilled orders on hand at 45 reporting mills at the end of December called for a total of 39,230,622

feet, as against 51,186,954 feet reported on the books of 47 mills as of November 30th. Stocks on December 31st at 45 mills were approximately the same as those for 47 mills on November 30th, but represent 13 per cent of normal stocks as compared to 18 per cent on November 30th.

## DECEMBER PINE MILL STATISTICS

Number of reporting mills.....	45
Production .....	95,954,972 feet
Shipments .....	83,149,426 feet
Orders .....	76,977,832 feet
Unfilled orders, December 31st.....	39,230,622 feet
Normal production.....	110,931,903 feet
Stocks, December 31st.....	285,944,230 feet
Normal stocks.....	327,284,163 feet
Production above shipments.....	12,805,546 feet=15%
Actual production below normal..	14,976,931 feet=14%
Orders below normal production..	33,954,071 feet=31%
Stocks below normal.....	41,339,933 feet=13%

## BUILDING

The slowing down in the District's construction activity during December was evidenced by a de-

crease of 30.2 per cent in the valuation of building permits.

## BUILDING PERMITS

	December, 1921		November, 1921		Inc. or Dec.	December, 1920		Inc. or Dec.	Twelve Months				Inc., or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation		1921		1920		
									No.	Valuation	No.	Valuation	
Austin .....	31	94,100	39	64,181	+46.8	8	17,350	+442.3	461	1,167,667	188	753,141	+ 55.0
Beaumont .....	73	76,555	82	89,100	-14.1	305	111,532	- 31.4	1,573	2,417,739	2,347	1,621,629	+ 49.1
Dallas .....	228	597,405	410	1,393,313	-57.1	181	1,434,331	- 58.3	4,453	15,000,206	2,647	13,755,219	+ 9.1
El Paso .....	87	96,229	101	307,495	-68.7	66	98,646	- 2.5	1,605	4,278,482	1,473	3,302,338	+ 29.6
Fort Worth .....	119	163,968	182	422,166	-61.2	114	215,105	-23.8	2,221	4,649,272	2,234	10,373,229	- 55.2
Galveston .....	345	178,473	469	123,499	+44.5	342	24,816	+619.2	5,278	1,937,042	3,793	672,787	+187.9
Houston .....	436	1,103,266	613	1,079,201	+ 1.3	265	330,591	+233.7	6,874	10,400,610	3,878	8,561,468	+ 21.5
San Antonio .....	282	501,770	327	515,305	- 2.6	243	265,850	+ 88.7	3,514	7,649,760	2,594	4,813,544	+ 58.9
Shreveport .....	195	213,545	256	327,705	-34.8	154	208,413	+ 2.5	2,963	4,181,137	2,286	5,737,720	- 27.1
Total .....	1,796	3,025,311	2,479	4,331,965	-30.2	1,678	2,706,634	+ 11.8	28,942	51,681,915	21,440	49,591,075	+ 4.2