

# MONTHLY REVIEW OF BUSINESS AND INDUSTRIAL CONDITIONS

IN THE

## ELEVENTH FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF DALLAS

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No. 1

### GENERAL SUMMARY

A survey of the changes which have occurred during the past month in the Eleventh District's industrial and business situation would seem to warrant the belief that the forces and influences which are making for recovery are slowly but perceptibly gaining headway against the counter currents of adverse conditions. These forces are being centered upon the task of bringing into play the recuperative powers that lie in the district's natural resources—its farms, cattle ranches, oil fields, and mines, whose products can be converted from potential to actual wealth as rapidly as the channels of distribution and consumption are able to absorb them.

Among the institutions which have gotten their houses in order for this task, and (for the first time in many months) are in a position to contribute their full quota of assistance, are the banks of the district. While banks in some of the agricultural communities are heavily burdened with loans carried over from 1921, as a whole the district's banking position is much stronger than a year ago. Member banks have reduced their indebtedness to the Dallas Federal Reserve Bank from a total of \$89,000,000 on January 31st, 1921, to \$45,000,000 on January 31st, 1922. During the same period our adjusted reserve ratio has risen from 23 per cent. to 48.5 per cent.

Credit conditions in the livestock industry are being appreciably improved through the advances made by the War Finance Corporation, which has to date loaned a total of \$12,000,000 on the products of Texas ranches and farms. Reports from Arizona, New Mexico and West Texas indicate that trading in cattle and sheep for ranch stocking purposes has been revived on a larger scale than has been witnessed in many months. From Arizona and New Mexico have also come definite announcements of plans to reopen in February and March a number of

the mines and smelters which have been idle since the close of the war.

Building activities in the larger cities of the district underwent a remarkable expansion during the month of January, when permits were issued for construction work estimated to cost \$4,960,000, this being, with one exception, the largest total on record for the month of January, being more than double the total for the corresponding month of last year.

The approach of the planting season on the farms finds the farmers planning their crops for the year and endeavoring to map out a production program which will yield them the food and feed necessary for their subsistence, as well as a cash return sufficient to relieve their straitened financial condition. While the winter rains have not been as copious or frequent as desired, there is said to be an excellent "season" in the soil, and the general outlook for crops is encouraging.

The labor situation has shown no substantial change aside from the recent termination of the packing house strike at Fort Worth. Unemployment has decreased in the building trades, but is still quite noticeable in such enterprises as cottonseed products plants, railroad shops, mining, lumber and metal trades, and among the ranks of clerical and unskilled workers.

The active demand for crude oil has further stimulated drilling activities, January production in the Eleventh District having exceeded all previous records.

Distribution in retail and wholesale trade has been characterized by much irregularity. Wholesalers of apparel, dry goods and farm implements reported a healthy increase in the movement of goods, while in other lines the volume of trade about held its own or fell slightly below the December record.



## CROP CONDITIONS

Farmers in the Texas Panhandle and other wheat growing sections of the district report that winter wheat, which has been making poor growth on account of the lack of moisture, was benefitted by recent rains. It is quite apparent, however, that these rains came too late to materially augment the production, and it is generally recognized that the crop will be far short of a normal one. Conditions are poorest in the Panhandle, where the drouth has been worst and where 55 per cent of the Texas crop is usually produced. In North Texas, where rainfall has been more generous, the condition of the crop is somewhat better, and with favorable weather during the remainder of the growing season the yield in that section is expected to be fairly satisfactory, although the acreage there, as elsewhere in the district, has been greatly curtailed this year.

The cold rainy weather occurring early in February caused a temporary halt in the preparation of the soil for the new cotton crop, but was welcomed for its beneficial effects in furnishing the needed "season" or subsoil moisture, with which the fields are now said to be abundantly supplied. While freezing temperatures have frequently occurred in the northern part of the district, it is generally believed that the cold waves which have visited the district so far have not been sufficiently severe and did not occur early enough to insure the district against another disastrous visitation of the boll weevil this year, for unless killing freezes occur early in the winter while the insects are still above ground, large numbers of them are able to hibernate successfully beneath the surface of the soil. The possibility of another influx of boll weevils this year, similar to that which established a new record for destructiveness last year, seems to be playing a prominent part in cotton acreage plans now being made by the farmers of the district. In the matter of planning their cotton acreage the producers have apparently reached the point where they are forced to recognize the weevils as a potential consumer of their raw product second in importance only to the cotton mills themselves. In addition to this problem there are other practical difficulties which beset those farmers who under other circumstances would be inclined to hold their 1922 cotton acreage to about the same proportions as last year. Their economic position is such that every acre of land they control must be made to yield its share of income or sustenance this year if possible, and in many sections of the cotton belt the nature of the soil is such that cotton seems to be the best

if not the only crop capable of producing any income of consequence. The heavy reduction in the winter wheat acreage caused by unfavorable weather conditions last fall is responsible for a great deal of unexpectedly idle land in the grain belt this year, and reports from that section are to the effect that much of this land will be planted to cotton, spring wheat, oats and row crops.

Reports show that the vegetable and truck crops of the Coast and Rio Grande Valley have so far escaped damage from killing freezes. The winter precipitation has been sufficient for the needs of these crops, and, generally speaking, they promise fair yields.

### Cotton Exports Decline

The export movement of cotton through the port of Galveston for the month of January was 218,053 bales, which compares with the December total of 261,512 and the January, 1921, aggregate of 316,880. The falling off in the movement this year is attributed to a number of causes. Exporters point out that the movement is reverting to the prewar trend. During the years immediately following the war the heaviest movement came in the spring and summer, which was formerly the dull season in the matter of cotton exports, and the present tendency would indicate a return to this condition. The decrease in volume of outgoing cargoes as compared with a year ago is attributable in part to the shortage in production of the past season. The influence of the price situation is also a factor, as a year ago the market was declining rapidly, and growers were anxious to dispose of their product as quickly as possible in anticipation of a further slump.

### COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	January 1922	January 1921	Aug. 1st to Jan. 31st This Season	Last Season
Gross Receipts .....	179,195	283,399	1,787,544	1,955,409
Exports .....	218,053	316,880	1,693,538	1,709,348
Stocks, Jan. 31.....			336,693	355,147

### GALVESTON STOCK STATEMENT

	Jan. 31, 1922	Jan. 31, 1921
For Great Britain .....	16,248	7,318
For France .....	13,568	6,752
For other foreign ports.....	25,956	32,474
For coastwise ports .....	2,000	4,000
In compresses .....	278,921	304,603
Total .....	336,693	355,147



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

	This Season	Last Season
Receipts since Aug. 1, 1921....	3,978,317	4,028,299
Exports: Great Britain .....	922,136	1,096,904
France .....	420,291	383,391
Continent .....	1,370,823	1,303,655
Japan-China .....	669,770	141,831
Total foreign ports .....	3,383,020	2,925,781
Stock all U. S. ports, Jan. 31	1,177,584	1,451,689

## Grain Movements

January grain receipts at the principal grain centers of the district showed a substantial falling off as compared with those of December, as will be seen from the table reproduced below.

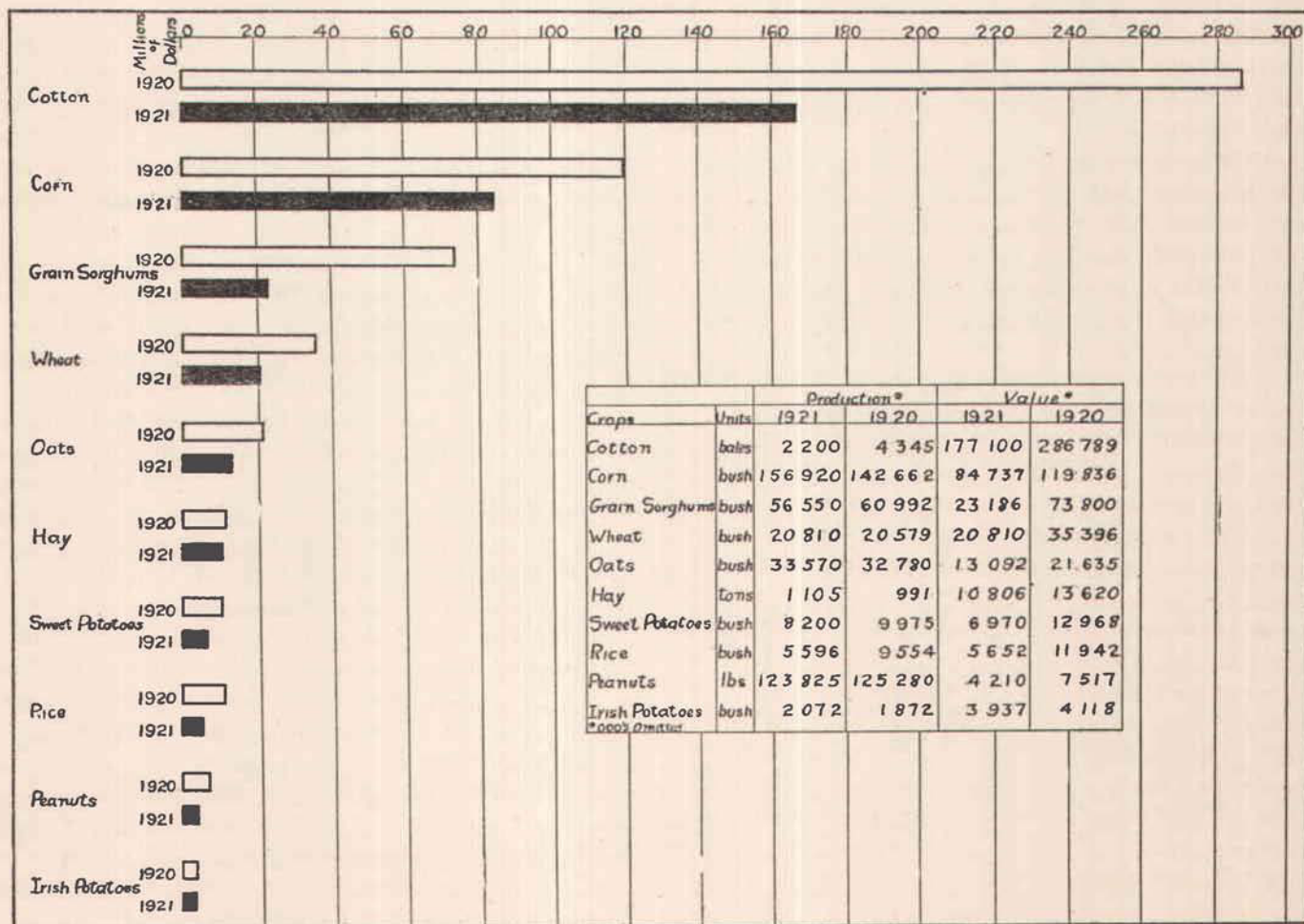
Wheat exported through Galveston for the month of January aggregated 1,070,507 bushels, falling below the low mark established last year during the month of December. Total wheat exports through this port since July 1, 1921, have amounted to 38,586,625 bushels, which is some 4,000,000 bushels below the record for the same period in the previous season.

## COMPARATIVE GRAIN RECEIPTS

	January (cars)	December (cars)
Wheat .....	1,259	1,573
Corn .....	267	231
Oats .....	87	55

## Texas Crop Values

According to the United States Department of Agriculture the market value on December 1, 1921, of ten leading Texas crops was \$350,500,000.00, as compared with the aggregate value of \$587,621,000.00 for the crops produced in Texas in 1920, as measured by prices in effect on December 1st of that year. These figures show that Texas farmers suffered a 40 per cent loss in the value of their leading crops last year as compared with those of 1920, cotton leading in this decline with the total of \$177,100,000.00 as compared with the previous crop's valuation of \$286,789,000.00. Changes in the relative value of the state's leading crops for the past two years are graphically shown in the appended chart.



TEXAS CROP VALUES, 1920 AND 1921



## LIVESTOCK

Winter rains thus far have not been sufficiently frequent or abundant to materially relieve the drouth from which the district's ranges have been suffering for several months. In New Mexico particularly such grass as is to be found on the ranges is dry and no green feed is to be found. Considerable feeding has become necessary in that state, as well as in Arizona and West Texas. But little loss of livestock has been reported as a result of cold weather, and despite the poor grazing conditions cattle and sheep are wintering well. There have been scattered rains in Western Texas, but Texas as well as New Mexico and Arizona need rains badly for stock water as well as for the benefit of pasturage.

### Prices and Movements

The general price situation at the Fort Worth market displayed more stability during the past month than has been in evidence for some time. A feature of the market was the pronounced strength in sheep, lamb and hog values, which registered substantial gains over those of the previous month. Sheep commanded a maximum price of \$7.50 as compared with the December "top" of \$5.25. There was a lively demand for sheep of the feeder class for shipment to northern pastures. Fed lambs sold as high as \$11.25, which was \$2.00 above the maximum recorded in the previous month.

There was not much change in the volume of cattle receipts, the total for the month being 39,432, which is not much more than one-half of the volume of receipts usually recorded in the month of January. The demand for hogs continued unusually heavy throughout the month, notwithstanding a sharp increase in receipts.

### FORT WORTH LIVE STOCK RECEIPTS

	January 1922	December 1921	Loss or Gain	January 1921	Loss or Gain
Cattle .....	39,432	32,303	G 7,129	34,256	G 5,176
Calves .....	19,409	23,578	L 4,169	28,934	L 9,525
Hogs .....	50,321	26,598	G 23,723	32,155	G 18,166
Sheep .....	37,571	33,949	G 3,622	11,115	G 26,456

### COMPARATIVE TOP LIVESTOCK PRICES

	January 1922	December 1921	January 1921
Beef steers .....	\$ 6.85	\$ 7.50	\$ 9.00
Stocker steers .....	6.00	5.00	7.80
Butcher cows .....	5.50	4.85	8.00
Stocker cows .....	3.50	3.00	6.60
Calves .....	7.75	6.75	11.00
Hogs .....	8.75	7.75	9.90
Sheep .....	7.50	5.25	7.50
Lambs .....	11.25	9.25	11.00

## WHOLESALE TRADE

Unevenness in recovery was the distinctive feature of the wholesale trade situation during the opening month of the year 1922. Dry goods sales scored an increase over last month, as well as over the corresponding month of last year. The movement of drugs and farm implements showed a substantial gain over the previous month, as well as a closer approach to the level of sales reported a year ago. Grocery sales remained at practically the same level as last month, but showed a more unfavorable comparison with the corresponding month of a year ago than was in evidence during December. Hardware and furniture sales underwent a sharp decline from sales of last month, and while furniture showed the first decrease from a corresponding month of the previous year since September, 1921, hardware registered the largest decrease reported in several months. This irregularity is not surprising at this time in view of the uncertainties of the present price situation, which has not yet shown sufficient stability to dispel the doubts existing in many quarters relative to the probable future course of the primary markets. Another view of the situation is that some of the lines have not as yet reached the period of renewed activity that follows the usual "between-seasons" lull. This is particularly true of the furniture trade, which experienced during January its first reaction since signs of recovery were first in evidence during the early fall. Despite the uncertainties of the price situation, fears regarding further radical price declines have apparently passed and distributors are turning their attention to the more important problem of gauging as accurately as possible the purchasing power of the general public during the coming year. Conservative merchandising operations continue to rule in all branches of trade and buying for immediate requirements appears to remain a characteristic feature. Reports from some quarters to the effect that the available supply of certain commodities are scarce and will likely produce a shortage has produced very little effect in goading traders into anticipating their future wants beyond well defined needs. They are still adhering to a policy of conservative action and are basing their demands upon actual requirements rather than upon speculative possibilities. Bad debts and poor collections continue as a big problem in all lines of trade. Credit men are showing more caution in the extension of credit, and are making a sympathetic study of the financial condition of their customers.



**Dry Goods**

Renewed activity after the year-end lull characterized the wholesale dry goods situation during January. Early in the month the retail dealers began placing orders for goods to restock their depleted shelves, as well as sending in some orders for spring delivery. This increased movement of goods which was in evidence during the early part of January remained fairly steady throughout the month, and since January 30th, at which time the formal spring opening occurred, sales assumed even larger proportions. January net sales of twelve firms were 37.3 per cent above those of last month and 8 per cent greater than sales during January of last year. The January percentage of increase over the corresponding month of the previous year was about on a par with the percentage registered a month ago, which would seem to corroborate the general opinion of the trade that from now on business is going to be in a greater volume than during the year 1921, especially since the opening of spring will likely bring some renewed activity in the agricultural sections. The retailer continues to cling to his policy of exercising caution, conservatism, and prudence in making a careful selection of stocks. A further recession in the price of raw cotton and the unsettled condition of the raw silk market has been a disturbing factor in the price situation. Furthermore a renewal of wage cutting in the cotton goods industry has produced a tendency on the part of the entire trade to slow down purchases until wage scales are again stabilized.

**Drugs**

The renewed activity in the wholesale drug trade which was evident immediately following the opening of the year continued in sufficient volume to bring the net sales of eight drug firms up to 4.9 per cent above those of the previous month. The decrease from January, 1921, was 16.2 per cent which again reflects a more favorable comparison with the sales of the previous year which has been in evidence since July, 1921. The above percentage compares with 19.2 per cent registered last month. There is no prospect of an early change in the retailers' buying policy, as they continue to buy only staples and in small quantities. They seem to have no disposition to deviate from their former policy of buying merely for their immediate requirements. The price situation has shown but little change. The few declines that have been noted on certain items have been about equalized by advances on other articles.

**Furniture**

The wholesale furniture trade which has enjoyed a steadily increasing volume of sales throughout the fall months and

reached a peak during the closing month of 1921, with sales 5.4 per cent greater than the previous month and 50.8 per cent greater than December, 1920, suffered a reaction during January and sales registered a decline of 28.1 per cent from December sales and 5.9 per cent from January, 1921. This, however, represents the belated coming of the between-seasons dullness which did not appear as early as usual this year. The retail dealers have been making a special effort through big reduction sales to dispose of their surplus stocks and have been giving special attention to this phase of the work rather than the placement of new orders. Furthermore, most dealers do not make heavy purchases during January, but hold off until the yearly exposition is held and new price quotations are made. The main items purchased were those on which special prices could be made so as to make the item a leader for their reduction sales. Dealers began purchasing about the first of February and indications are that business has been improving somewhat since that time.

**Farm****Implements**

The net sales of reporting farm implement firms during January reflected an increase of 43 per cent over sales of the previous month but a decrease of 29 per cent from sales during January, 1921. This latter figure compares with a decrease during December, 1921, of 52.8 per cent from sales during December, 1920. While sales are now steadily increasing from month to month, and are showing a closer approximation of sales of the previous year, it should be remembered that since the depression struck this trade during the fall of 1920, sales decreased steadily until the summer of 1921, showing enormous decreases from the sales of the previous year. Since the summer of 1921 considerable irregularity has been evident and sales have fluctuated widely from month to month. For some time the farmers have purchased only such implements as they were in dire need of, consequently their real needs have become more and more acute. At the present time the farmers are in need of many implements, and they want to buy but their financial condition is such that their purchasing power is at a low ebb. However, they seem to be purchasing to the full extent of their ability. Although no strong demand for implements is anticipated until the new crops are ready for the market, the recuperative power of the trade until that time hinges upon the improvement of the crop outlook as the spring advances. Some firms report a reduction in prices during January and others



report material reductions on some items since the first of February.

### Groceries

The wholesale grocery trade during the earlier part of the month showed considerable strength but later experienced a falling off. The net sales of twelve firms showed only a 2.4 per cent decrease from sales of last month, but were 17.6 per cent less than during January, 1921. January is always a quiet month in this line of trade, and the volume of sales this year was larger than was expected. This was probably due to the fact that a considerable number of dealers permitted their stocks to become badly depleted during December and had to buy more extensively in order to fill in depleted stocks after the first of the year. Price advances on some commodities followed the brisk demand early in the month, but soon showed comparative steadiness. Most canned goods, with the exception of tomatoes which showed a sharp rise, remained steady. Higher prices were quoted on sugar and some grades of beans. The increase on beans followed the clearing up of the year's stock which gave

evidence that the available supply would probably be somewhat short. However, prices seem to be pretty well stabilized and the advances or reactions are apparently due to the visible supply and demand rather than to a general trend.

### Hardware

January net sales of eleven wholesale hardware firms showed a 22 per cent decrease from last month and a 26.6 per cent decrease from the same month a year ago. The hardware trade seems to be later than usual in emerging from the dull season of the year. However, some encouragement is being derived from the renewed activity in the building industry and the potential demand for seasonal goods which should materialize in the near future. Prices are still somewhat unsettled in the primary markets, as evidenced by the fact that some factories have shown a tendency to make a slight advance in quotations, while others have shown a disposition to make concessions on large orders. Some dealers state that collections were comparatively good during January, but have been very poor so far during February.

CONDITION OF WHOLESALE TRADE DURING JANUARY, 1922  
Percentage of Increase or Decrease in

	NET SALES Jan. 1922, compared with		STOCKS Jan. 1922, compared with		PRICES Jan. 1922, compared with	
	Jan., 1921	Dec., 1921	Jan., 1921	Dec., 1921	Jan., 1921	Dec., 1921
Groceries .....	-17.6	- 2.4	-17.1	+ 3.9	-24.1	- 1.0
Dry Goods .....	+ 8.0	+37.3	+21.3	+25.0	.....	-10.0
Hardware .....	-26.6	-22.0	-32.7	- 2.3	-33.0	- 9.0
Farm Implements .....	-29.0	+43.0	.....	.....	-20.7	.....
Furniture .....	- 5.9	-28.1	.....	.....	.....	.....
Drugs .....	-16.2	+ 4.9	-17.4	- .1	.....	.....

### RETAIL TRADE

Cut price sales featured the retail trade situation for the month of January and during the first week of the month proved to be one of the bright spots in general business. Then reaction set in and further reductions seemed to lose some of their usual potency in accelerating the movement of goods. Reports from twenty-two Texas department stores reflect a decrease in net sales of 19 per cent from those of the corresponding month of 1921 and 49.8 per cent from December sales. That this shrinkage in trade is largely due to seasonal conditions is evidenced by the fact that these stores reported the same percentual decline in their January sales as compared with December that they reported for January last year. As January is recognized as a "between-seasons" month, too much emphasis should not be laid upon the dull condition of department store trade at the present

time. At the same time, retailers are taking due cognizance of the diminished public consuming capacity, and are continuing their efforts to liquidate high priced stocks as far as possible by reduction sales. On the other hand, the popularity of these bargain sales is not as marked as in normal times, as the consumer is showing a tendency to look for new and more attractive merchandise, his demands running principally to seasonable, staple and popular priced goods. It is generally felt that with the resumption of activities in agricultural communities in the early spring, there is prospect of more definite improvement in business.

Stocks on hand at the end of January were two-tenths of 1 per cent greater than those on hand at the end of December, but were 1.2 per cent less than those on hand at the close of January a year ago.

The dealers are again taking their inventories on



the basis of replacement values and are writing off the loss so as to establish a proper relationship between the inventory price and the sales price.

The ratio of stocks to sales for the month of January was 475.6 per cent as compared to a percentage of 357.5 during January, 1921, and 444.5 during the last six months of 1921. The slower rate of turnover this January reflects the smaller volume of sales, as stocks were practically the same as last year.

The ratio of outstanding orders at the close of January to total purchases during the calendar year 1921 was 8.3 per cent which compares to a percentage of 7.5 at the end of December.

## BUSINESS OF DEPARTMENT STORES

Net Sales—	Increase or Decrease
January, 1922, compared with January, 1921 .....	—19.0%
January, 1922, compared with December, 1921 .....	—49.8%
Stocks—	
January, 1922, compared with January, 1921 .....	— 1.2%
January, 1922, compared with December, 1921 .....	+ .2%
Ratio of stocks to sales .....	475.6%
Ratio of outstanding orders to last year's purchases .....	8.3%
Ratio of January collections to accounts receivable, due and outstanding January 1, 1922 .....	38.2%

## FINANCIAL

Bank clearings at eleven cities of this district after showing a slight upturn last month again showed a decrease amounting to 2.4 per cent. While clearings increased at six cities, the larger centers registered declines which caused clearings for the district as a whole to show the above decrease. The combined total for reporting cities amounted to \$289,675,-

374.00 during January as against \$296,859,371.00 during December, and \$344,824,115.00 during January a year ago. On the other hand, the weekly average of charges to depositors' accounts during January showed an increase of 1.3 per cent over the weekly average for December, but a decrease of 9.1 per cent from the weekly average for January, 1921.

## BANK CLEARINGS

	Jan., 1922	Dec., 1921	Inc. or Dec.	Jan., 1921	Inc. or Dec.
Austin .....	\$ 6,337,198	\$ 6,973,784	— 9.1	\$ 6,058,807	+ 4.6
Beaumont .....	4,619,049	4,514,680	+ 2.3	5,911,867	—21.9
Dallas .....	112,240,428	116,330,216	— 3.5	125,940,530	—10.8
El Paso .....	20,527,276	18,800,000	+ 9.2	25,283,465	—18.9
Fort Worth .....	47,209,192	52,963,757	—10.9	62,015,716	—23.9
Galveston .....	34,078,039	32,198,395	+ 5.8	38,289,243	—11.0
Port Arthur .....	1,608,383	1,540,000	+ 4.4	1,615,998	— 0.5
San Antonio .....	26,817,825	28,426,809	— 5.7	33,320,203	—19.5
Shreveport .....	18,548,756	17,277,043	+ 7.4	20,300,873	— 8.6
Waco .....	10,241,494	10,137,220	+ 1.0	12,384,135	—17.3
Wichita Falls .....	7,447,734	7,697,827	— 3.3	13,703,278	—45.7
Totals .....	\$289,675,374	\$296,859,731	— 2.4	\$344,824,115	—16.0

## CHARGES TO DEPOSITORS' ACCOUNTS

	AVERAGE WEEKLY DURING		
	January, 1922	December, 1921	January, 1921
Albuquerque .....	\$ 1,840,000	\$ 1,861,000	\$ 1,872,000
Austin .....	2,876,000	2,876,000	3,562,000
Beaumont .....	3,520,000	3,212,000	4,424,000
Dallas .....	36,073,000	35,384,000	39,062,000
El Paso .....	8,093,000	7,941,000	8,299,000
Fort Worth .....	32,531,000	31,230,000	24,058,000
Galveston .....	15,823,000	16,089,000	23,857,000
Houston .....	26,722,000	27,291,000	32,669,000
San Antonio .....	6,266,000	6,461,000	7,515,000
Shreveport .....	7,482,000	6,707,000	8,725,000
Texarkana, Texas .....	1,531,000	1,756,000	1,796,000
Tucson .....	1,545,000	1,670,000	1,583,000
Waco .....	3,674,000	3,620,000	4,386,000
Totals, Eleventh District .....	\$147,976,000	\$146,098,000	161,808,000



### Acceptance Market

The volume of outstanding bills executed by banks of this district showed a sharp decline during January. The total amount of acceptances of Eleventh District banks reported outstanding on January 31st was only \$2,325,007.57, as compared to \$4,251,692.35 on December 31st. Of this amount \$1,025,962.22 was held against import and export transactions, while bills amounting to \$1,299,045.35 were drawn against domestic shipments and storage of goods. Bills held by the Federal Reserve Bank of Dallas on January 31st amounted to only \$15,000.00.

### Condition of Reserve City Banks.

Reports from reserve city banks showed a reduction in loans and investments amounting to \$8,913,000.00 while there was a shrinkage in deposits of \$1,071,000.00. Their bills payable with the Federal Reserve Bank decreased from \$12,687,000.00 on December 28th to \$7,740,000.00 on January 25th. The ratio of loans to deposits has been gradually decreasing since the summer of 1921, when this ratio reached 114 per cent. The ratio at the close of December stood at 108 per cent, but had declined to 104 per cent on January 25th.

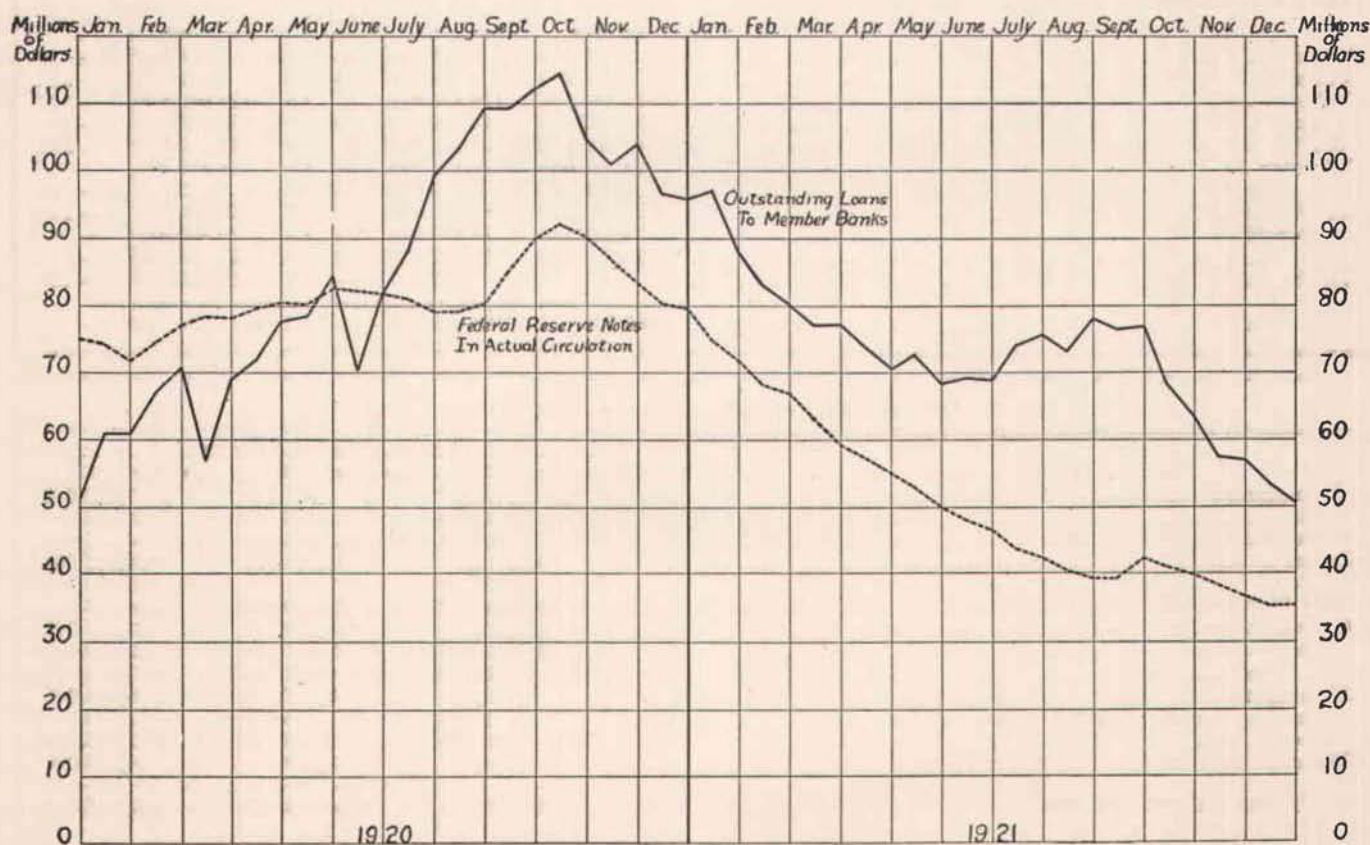
CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Jan. 25, 1922	Dec. 28, 1921	Jan. 28, 1921
Number of reporting banks .....	53	51	52
U. S. Securities owned .....	\$ 39,071,000	\$ 39,299,000	\$ 42,510,000
Loans secured by U. S. War Obligations.....	5,370,000	6,209,000	8,030,000
All other loans and investments.....	193,792,000	201,638,000	219,740,000
Net demand deposits .....	190,998,000	192,069,000	210,912,000
Reserve with Federal Reserve Bank.....	20,597,000	21,215,000	23,891,000
Bills payable with Federal Reserve Bank.....	7,740,000	12,687,000	33,401,000
Percentage of loans to deposits.....	104%	108%	108%

### Operations of the Federal Reserve Bank

The lessened demand for accommodations by banks in this district is reflected in the rise of our reserve ratio from 43 per cent on December 31st to 48.5 per cent on January 31st. This rise is

accounted for by a decrease in loans and the corresponding decrease of Federal Reserve note circulation. The close relation between our loans and our circulation is strikingly shown in the appended chart depicting their fluctuations in 1920 and 1921.





During the month our loans were reduced \$5,103,-424.58, while our holdings of bankers' acceptances decreased from \$165,000.00 to \$15,000.00. Total bills held on December 31st were \$50,762,098.40, as compared to \$45,508,673.82, on January 31st, distributed as follows:

Member banks' collateral notes secured by U. S. Government obligations.....	\$ 7,562,236.78
Rediscounts and other loans to member banks .....	37,961,457.04
Open market purchases (bankers' acceptances) .....	15,000.00
Total bills held.....	\$45,508,673.82

At the close of business on December 31st this bank had in actual circulation Federal Reserve notes amounting to \$35,469,710.00, while at the close of

business on January 31st these notes amounted to \$31,413,540.00, showing a net reduction of \$4,056,-370.00 during the month. The reserve deposits of member banks increased by \$1,589,157.44, which brought the reserve balances of member banks to a total of \$44,960,926.10 on January 31st.

### Discount Rates.

There is presented below a table showing the "high," "low" and "customary" rates charged by commercial banks at the cities listed during the thirty-day period ending February 15, 1922. This table shows a general lowering of rates on all classes of paper and in only a few instances does it show an advance in rates. However, in only two cities—Houston and Waco where the rate declined 1 per cent—have there been any material fluctuations in the customary rates charged on customers' paper.

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 .....	7	5½	6½	10	6	8	8	5	8	7	6	6	8	6	7	8	6	7½
Customers' 4 to 6 months .....	7	6	6½	10	8	8	8	5	8	7	6	6	8	6	7	8	6	7½
Open market 30 to 90 days .....	7	5½	6½	10	8	8	6	5	5	---	---	---	---	---	---	8	8	8
Open market 4 to 6 months .....	7	5½	6½	10	8	8	6	5	5	---	---	---	---	---	---	8	8	8
Interbank loans .....	7	6	6½	9	6	8	7	6	7	5½	5½	5½	8	6	6	7	6½	7
Collateral loans, demand .....	8	6	7	10	6	8	10	6	8	7	6	6	8	6	7½	8	7	8
Collateral loans, 3 months .....	8	6	7	10	6	8	10	6	8	7	6	6	8	6	7½	8	7	8
Collateral loans, 3 to 6 months .....	8	6	7	10	6	8	10	6	8	7	6	7	8	6	7½	8	7	8
Cattle loans .....	8	6½	7½	10	7	8	9	8	8	7	7	7	9	6	7½	8	8	8
Loans secured by warehouse receipts, Bs-L, etc. ....	8	6½	7½	10	6	8	8	6	8	7	7	7	8	6	7½	8	8	8
Loans secured by Government securities .....	8	5½	7½	10	6	8	10	6	8	6	5½	6	8	6	7	8	6	8

### Savings Deposits

Reports from 110 banks which operate a savings department show total savings accounts to aggregate \$67,465,139, on January 31, 1922, as compared to a total of \$66,860,808 on December 31, 1921, and \$63,-777,502 on January 31, 1921. This shows a net gain of \$604,331 over last month and a gain of \$3,687,637, or 5.8 per cent, as compared to January a year ago.

### FAILURES

The January report compiled by R. G. Dun Company revealed a small increase over December in both the number and liabilities of commercial failures in the Eleventh Federal Reserve District, the

January totals being the largest reported in several years. January failures numbered 207 as compared to 197 during December, while the indebtedness of the defaulting firms increased from \$4,307,254.00 during December to \$4,326,594.00 during January. The new high business mortality rate established during January indicates that certain lines of business are still passing through a severe financial strain. However, it is generally felt in credit circles that this condition applies chiefly to the small firms in the retail end of distribution, which had hitherto escaped the major difficulties of the depression period. These smaller firms were able to hold out to the year-end in anticipation of the holiday trade bringing in sufficient funds to tide them over their



difficulties, but when this failed bankruptcy was inevitable.

Furthermore, the keen competition which was manifested in widespread cut-price sales following the Christmas shopping period evidenced the fact that business houses which were unable to reduce

both prices and costs to a minimum were in no position to do business side by side with stronger competitors.

There is presented below a table showing commercial failures according to Federal Reserve Districts during January, 1922 and 1921.

COMMERCIAL FAILURES DURING JANUARY				
District—	NUMBER		LIABILITIES	
	1922	1921	1922	1921
Boston .....	209	183	\$ 2,600,442	\$ 3,841,114
New York .....	429	390	22,885,754	9,808,623
Philadelphia .....	136	96	2,561,559	2,183,908
Cleveland .....	242	133	6,238,303	6,661,913
Richmond .....	233	142	4,696,036	3,887,908
Atlanta .....	283	195	5,012,931	4,054,436
Chicago .....	362	222	10,314,358	9,182,523
St. Louis .....	177	126	4,013,092	2,370,168
Minneapolis .....	109	48	2,597,637	583,858
Kansas City .....	112	82	3,400,430	1,767,286
DALLAS .....	207	155	4,326,594	3,359,871
San Francisco .....	244	123	5,148,644	4,435,023
Total U. S. ....	2,723	1,895	\$73,795,780	\$52,136,631

## PETROLEUM

January crude oil production in the Eleventh District amounted to 14,916,130 barrels, breaking all previous records and registering an increase of 1,496,380 barrels over the December production figure. The rapid development of the Mexia field resulted in an increase of the daily average yield of that field from 104,530 barrels during December to 148,571 barrels during January, and was responsible for the total gain in the Texas production. Stephens County showed a decrease in the daily average output, due partly to the extremely bad weather prevailing in that section, and a falling off in the initial flow in the new wells brought in. The Midcontinent field, which includes the states of Texas, Oklahoma, Arkansas, Louisiana and Kansas, also showed another increase in the January yield, and owes this increase to the Eleventh District output, as the gain in Oklahoma production was more than offset by the decrease in Kansas and Arkansas production. Texas assumed first place among oil producing states during November, 1921, and has remained in the lead since that time. January reports indicate that the Texas production for that month will increase the lead by an additional margin over the California production.

### Drilling Results.

There were 299 new wells completed in this district during January, of which 212 were producers, as compared with 285 completions during December, which

included 203 producers. However, the wells completed during January were smaller producers, which is shown by the fact that the initial flow during January was only 259,188 barrels as against 328,984 barrels during December. Drilling activity in the Mexia field included the completion of ninety wells, but only fifty-five yielded production. These figures which show the ratio of failures to producers to be steadily rising would seem to substantiate the statements of some that the limits of the field were becoming more definitely defined, but recent developments show the bringing in of several producing wells in the outlying districts, which would tend to contradict these statements. Stephens County witnessed the completion of 39 wells, of which only six were failures.

### Crude Oil Prices Steady

Prices for crude oil showed but very little change during the month of January; the only change noted being a decrease in the posted price at the Orange field from \$1.25 per barrel to \$1.00 per barrel, which was put into effect to equalize prices on the different grades of crude oil in that section. However, prices show a more favorable comparison with a year ago, due to the fact that at this time of 1921 crude oil prices were showing rapid declines, reaching the lowest point during the summer of 1921.



## OIL PRODUCTION

Field	January		December		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas .....	2,017,410	65,078	2,011,135	64,875	Inc. 6,275	Inc. 203
Central-West Texas .....	6,825,530	220,178	5,690,250	183,556	Inc. 1,135,280	Inc. 36,622
Texas Coastal .....	3,126,445	100,853	3,183,415	102,691	Dec. 56,970	Dec. 1,838
Totals, Texas .....	11,969,385	386,109	10,884,800	351,122	Inc. 1,084,585	Inc. 34,987
North Louisiana .....	2,946,745	95,056	2,534,960	81,773	Inc. 411,785	Inc. 13,283
Totals, 11th District .....	14,916,130	481,165	13,419,760	432,895	Inc. 1,496,370	Inc. 48,270

## JANUARY DRILLING RESULTS

Field	Completions	Producers	Failures	Initial Production
North Texas .....	69	54	15	7,552
Central-West Texas .....	137	94	43	194,961
Texas Coastal .....	24	18	6	24,090
Texas Wildcats .....	11	.....	11	.....
Totals, Texas .....	241	166	75	226,603
North Louisiana .....	58	46	12	32,585
January Totals, District .....	299	212	87	259,188
December Totals, District .....	285	203	82	328,984

## CRUDE OIL PRICES

TEXAS—	Feb. 8 1922	Feb. 6 1921	LOUISIANA—	Feb. 8 1922	Feb. 6 1921
Corsicana light .....	\$1.30	\$3.00	Caddo (38 gravity and above) .....	\$2.00	\$3.00
Corsicana heavy .....	.95	1.50	Bull Bayou (38 gravity and above) .....	1.90	2.65
Texas Coastal fields .....	1.25	1.75	Homer (36 gravity and above) .....	2.00	2.25
Mexia .....	1.25	.....	Haynesville (34 gravity and above) .....	1.85	.....
All other Texas fields .....	2.25	3.00	De Soto Crude .....	2.00	2.90

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

## LUMBER

A slight decline is reported in the January production rate of southern pine mills, the output for the month being 16 per cent below normal as compared to 14 per cent during December. A sharp decrease in shipments was evidenced by the fact that January production was 29 per cent above January shipments as against 15 per cent during December. However, new orders came in at a good rate, being 27 per cent below normal production as compared to 31 per cent during December. With new orders increasing and shipments lagging, the unfilled orders on the books of 41 mills on January 31st amounted to 44,667,936 feet, whereas, on December 31st 45 mills had on their books unfilled orders amounting to only 39,230,622 feet. Stocks, at the reporting mills on January 31st, were 13 per cent below normal which was the same percentage reported at the close of the previous month.

The demand for the upper grades of lumber was somewhat weak, but the inquiry for common lumber during the past month has been brisk. The activity noticeable in building circles just now would seem to indicate that a considerably improved demand for lumber will be forthcoming during the ensuing months. Prices have remained practically steady during the month.

## JANUARY PINE MILL STATISTICS

Number of reporting mills .....	41
Production .....	85,572,937 feet
Shipments .....	66,444,215 feet
Orders .....	73,888,871 feet
Unfilled orders January 31st .....	44,667,936 feet
Normal production .....	101,600,156 feet
Stocks, January 31st .....	260,227,915 feet
Normal stocks .....	298,828,644 feet
Production above shipments .....	19,128,722 feet=29%
Actual production below normal .....	16,027,219 feet=16%
Orders below normal production .....	27,711,285 feet=27%
Stocks below normal .....	38,600,729 feet=13%



## BUILDING

The opening of the new year disclosed renewed activity in the building industry at many of the principal cities of the Eleventh Federal Reserve District. The total valuation of permits issued amounted to \$4,960,078.00 during January as against \$3,025,311.00 during December, and \$2,345,899.00 during January, 1921. There was a decrease in the valuation of permits in three cities. The decrease at Houston and San Antonio was very small, but the decrease at Austin amounted to 57.6 per cent. In all other reporting cities increases were recorded ranging from 6.6 per cent in Beaumont to 283.6 per cent

in Dallas. The enormous increase at Dallas was a result of the issuing of an additional permit of \$1,500,000.00 on a building which is practically completed, but this is partly offset by the fact that excavations for many new buildings are under way, for which permits have not been issued. This large increase in building activity is significant as January is ordinarily one of the duller months of the year in the matter of launching new construction work. The building of homes continues as a big element in construction activity, but indications are that it is now being extended to business houses and the remodeling as well as the enlargement of a few industrial plants.

## BUILDING PERMITS

	January, 1922		December, 1921		Inc. or Dec.	January, 1921		Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation	
Austin .....	24	39,940	31	94,100	— 57.6	28	15,840	+152.1
Beaumont .....	60	81,598	73	76,555	+ 6.6	171	101,719	— 19.8
Dallas .....	294	2,291,791	228	597,405	+283.6	275	589,808	+288.6
El Paso .....	80	145,924	87	96,229	+ 51.6	96	114,962	+ 26.9
Fort Worth .....	166	385,139	119	163,968	+134.9	132	316,760	+ 21.6
Galveston .....	260	212,990	345	178,473	+ 19.3	370	62,826	+239.0
Houston .....	247	1,072,176	436	1,103,266	— 2.8	409	393,364	+172.6
San Antonio .....	344	492,225	282	501,770	— 1.9	256	235,930	+108.6
Shreveport .....	180	238,295	195	213,545	+ 11.6	211	514,690	— 53.7
Total .....	1,653	4,960,078	1,796	3,025,311	+64.0	1,948	2,345,899	+111.4

## POST OFFICE RECEIPTS

Postal receipts at eleven of the principal cities of this district amounted to \$672,120.00 during January, 1922, which compares to a total of \$624,190.00 for January, 1921, or an increase of 7.7 per cent. The

actual dollar amount gain during January, 1922, over the corresponding month of 1921 was approximately as large as the total gain for the whole year 1921 over 1920.



# *Summary of National Business Conditions*

(Compiled February 27th, by the Federal Reserve Board, from the reports of the twelve Federal Reserve Districts.)

During the past month improvement of conditions in several basic industries has furnished a more hopeful prospect for the trade of the coming months. This better outlook has in some measure been offset by labor and other difficulties in the textile industry, which have resulted in reduced activity in that branch of business. Fluctuations in the price of raw materials have subjected the textile trade to still further difficulty, while in that as well as in others the lack of forward orders has made it difficult to plan policies far in advance. In iron and steel varying opinions exist as to the situation and outlook. It is to be noted, however, that there has been a distinct increase in the activity of the plants of the United States Steel Corporation, as well as some increase in the activity of independent mills.

The next outcome of these changes has been to diminish the irregularity and unevenness noted in the movement of industry during 1921. Textiles and allied lines which have been far in advance of others are losing their relative momentum. The evening tendency thus evidenced by current readjustment is reflected in the fact that the Federal Reserve Board's price index remains unchanged at 138.

Wholesale and retail trade indexes are disposed to show recession of buying in most parts of the country, save for seasonal activity in special lines such as dry goods.

The volume of employment (another important factor in influencing demand for goods) shows but little modification.

As compared with last year, the volume of building is very much larger, January permits being more than double what they were a year ago.

Financially the month has shown continued reduction in the volume of credit required by the community. Foreign exchange has shown a decidedly stronger tendency, the highest levels for a long time past having been reached in sterling, francs, and other European currencies. Business failures are on a materially higher level than in 1921, while the month of February, as previously predicted by commercial agencies, also shows an increase in commercial failures as contrasted with January.