

MONTHLY REVIEW OF BUSINESS AND INDUSTRIAL CONDITIONS

IN THE

ELEVENTH FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF DALLAS

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GENERAL SUMMARY

Timely rains and snows, occurring in many sections of the district during the past thirty days, have to a large extent relieved the long winter drouth that has threatened serious consequences to the district's stock growers and farmers. While more precipitation is needed, the situation is far less acute than it has been for the past several months. Producers have found additional encouragement in other reassuring developments of the past month. The live-stock industry has been visibly stimulated by easier credit conditions, higher prices for cattle, sheep and hogs, and a marked increase in the demand for stockers and feeders. From one West Texas concentration point alone orders have recently been placed for more than four hundred stock cars to take care of the spring movement of livestock, it being estimated that 60,000 sheep and 10,000 cattle will move from this point before April 1st.

The planting of the 1922 cotton crop is progressing rapidly, and in many sections seeding operations are favored by almost ideal conditions of weather and soil.

Distribution at wholesale during the past month has been attended with varying results. The demand for dry goods and farm implements showed a substantial improvement over the previous month. In other lines there was some recession from the January volume of trade. Trade at retail was also less

brisk, as is reflected in the reports of department stores and in the statistics of debits to bank depositors' accounts as detailed elsewhere in this issue of our Review.

Building operations, though somewhat reduced in volume as compared with the month of January, are still going forward on a larger scale than was in evidence a year ago.

The labor situation continues to exhibit the results of occasional efforts on the part of labor leaders and the public to adjust differences and facilitate the return of prosperity. A significant example of these efforts was the recent action by certain trades unions at Fort Worth, where union painters and iron workers voluntarily reduced their wage scales from \$8.50 and \$10.00 per day to \$7.00 and \$8.00, respectively. February reports covering the unemployment situation in nine of the larger cities of the district indicate that employment, although showing only small gains, presents a somewhat brighter situation. Brisk activity in the building trades and a considerable volume of public projects now under way have absorbed a fair quota of labor suitable for these enterprises, and an increase in oil and kindred activities is also a favorable feature of recent developments. Railroad shops and allied occupations, however, are still operating on a restricted basis, and there is in most centers a large element of idle transients. Farm labor is plentiful, but in light demand.

CROP CONDITIONS

A distinct improvement in the District's general agricultural prospects has occurred since our last report was issued. Among the recent developments which have placed a brighter aspect upon the fact of the situation are the upward trend in the price of

farm products, further adjustments in the price of things which the farmer has to buy, and a fairly broad distribution of seasonable rains which in large areas of the cotton and grain belts has effectually broken the winter drouth, greatly benefitting grain

and placing the soil in almost ideal condition for the planting of cotton and other crops.

Some increase in the cotton acreage for 1922 is reflected in the reports we are receiving from observers throughout the district. The exact extent of this increase, however, will not be determinable until planting operations (which are already well under way in the southern edge of the belt) have become general. So far, however, there is no indication that the acreage increase will be much out of proportion to the farmers' ability to grow the crop on an economical and profitable basis. There is still much uncertainty as to the extent to which the boll weevil menace has been reduced by the recent cold waves. A favorable feature of the situation, however, is the fact that, with the fields plowed and ready for planting, timely rains have put the soil in a condition conducive to the quick germination and rapid growth of the plant, thus providing it with one of the best defenses against the weevil, namely: an early start.

In the Texas Panhandle, where thirty days ago the winter wheat crop seemed to be almost a total failure as the result of drouth, recent rains and snows have saved the crop and given that section what is said to be the brightest crop outlook it has had in many years, so far as growing conditions are concerned. To the south of the Panhandle, or in what is known as the South Plains section of Texas, the drouth has been only partially broken, but it is reported that the loss in small grain crops will be offset by the returns from cotton and row crops.

In Southern Arizona and New Mexico preparations for the new crops are now under way, after being somewhat delayed by the dry condition of the soil. The outlook for the district's fruit crop is promising, and orchards which escaped premature budding by reason of the cold waves occurring early in March are now in bloom in most sections and promise large yields unless damaged by late frosts.

Cotton Movements The usual seasonal decline in the movement of cotton through the port of Galveston was in evidence during the month of February, when receipts totalled 130,676 bales as against 179,195 in January, while exports amounted to 138,953 bales, or a decrease of 79,000 from the number of bales shipped during the preceding month. Exports for the current season (August 1st, 1921, to March 1st, 1922) have amounted to 1,832,491 bales, which shows a falling off of about 100,000 bales as compared with the same period of last season.

The new port of Houston continues to show a gradual increase in the volume of its exports. Out-

going cargoes from that port during the first two months of the year were valued at \$7,000,000.00. While cotton is the principal item in these exports at present, the list includes a considerable tonnage of feedstuffs, and in this group there has recently appeared a new addition to the list of Texas exports in the form of foreign consignments of alfalfa meal, which promises to become an important item in the district's future foreign trade.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	February 1922	February 1921	Aug. 1 to Feb. 28	
			This Season	Last Season
Gross Receipts	130,676	177,488	1,918,220	2,132,897
Exports	138,953	214,659	1,832,491	1,924,007
Stock, Feb. 28th.....			328,416	317,976

GALVESTON STOCK STATEMENT

	Feb. 28, 1922	Feb. 28, 1921
For Great Britain	8,515	17,521
For France	8,727	500
For other foreign ports.....	40,038	20,292
For coastwise ports	500	2,000
In compresses	270,636	277,663
Total	328,416	317,976

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

	This Season	Last Season
Receipts since Aug. 1, 1921....	4,314,031	4,457,025
Exports: Great Britain	989,276	1,173,156
France	461,581	412,590
Continent	1,523,605	1,540,359
Japan-China	720,513	202,496
Mexico	1,000	23,417
Total foreign ports	3,695,975	3,352,018
Stock all U. S. ports, Feb. 28	1,126,021	1,403,024

Grain Movements Wheat exported through the port of Galveston during February amounted to 1,052,333 bushels, which was about equal to the total for the preceding month, but reflected a decrease of 4,000,000 bushels as compared with the February record last year.

Reports from the five leading grain centers of the district show a substantial increase in receipts of wheat, corn and oats, as will be seen from the comparative figures shown in the appended table.

COMPARATIVE GRAIN RECEIPTS

	February (cars)	January (cars)
Wheat	1,304	1,259
Corn	426	267
Oats	113	87

LIVESTOCK

The prolonged drouth which had been affecting range conditions throughout the district was to a great extent relieved during the latter days of February by the general rains and snows which fell over most of the Southwest. The attendant cold wave caused some injury to livestock in practically every section of the range country, though in most areas the damage consisted in a shrinkage and weakening of stock, rather than actual mortality losses. In the extreme Southwestern portion of Texas, however, some shrinkage in livestock occurred as a result of the February blizzard, necessitating increased feeding in that section, particularly in the vicinity of Del Rio, Texas. While the precipitation in West and Southwest Texas and most sections of New Mexico and Arizona has been sufficient to tide the situation over for the time being, more rain is still needed in these sections, and unless there is more precipitation within the next month there is likely to occur a serious loss in the prospective calf and lamb crops, this being particularly true with respect to range conditions in the eastern part of New Mexico and throughout the Pecos Valley.

The warm weather which has followed the cold wave has melted the snow in the mountain ranges and has been conducive to the replenishment of the water supply, and to the growth of grass, weeds, and brush.

Prices and Movements The February receipts of cattle were very meager and packers were unable to secure enough cows to meet their requirements. A broad demand prevailed at all times for calves, but receipts throughout the month were very small and really good calves were not available. This contrasts with the situation last fall when calf receipts were the highest ever recorded and that on a declining market. Another contrast is found in the demand for stockers and feeders. During February, 1921, there was no appreciable demand for stockers in view of the unfavorable outlook in the livestock industry, but February

of this year witnessed a good demand for stockers and feeders. The improvement in the demand for hogs was evidenced by the strong and advancing market that featured the month of February in the face of receipts that were appreciably greater than during January and almost twice the volume received last February. All offerings were easily absorbed, and, in fact, were not sufficient to meet the demand. There was also a broad demand for sheep and lambs, and the market scored another advance despite the fact that sheep receipts were the heaviest ever recorded during February.

The general price situation, which showed a market stability during January, displayed even greater strength during February and the month closed with all classes selling at higher rates. In fact, most kinds of livestock were bringing more money than the trade afforded within the past eight to twelve months. The pronounced strength in the lamb and hog trade which was in evidence last month carried values to even higher levels during February. The February top price for lambs reached \$14.00, which was a gain of \$2.75 over the maximum price paid during January. The maximum price paid for hogs mounted to \$10.45, or \$1.70 more than the highest price recorded during the previous month.

FORT WORTH LIVESTOCK RECEIPTS

	February 1922	January 1922	Loss or Gain	February 1921	Loss or Gain
Cattle	37,012	39,321	L 2,309	26,907	G 10,105
Calves	9,081	19,236	L 10,155	10,370	L 1,289
Hogs	68,693	50,462	G 18,231	38,013	G 30,680
Sheep	42,702	37,576	G 5,126	8,431	G 34,271

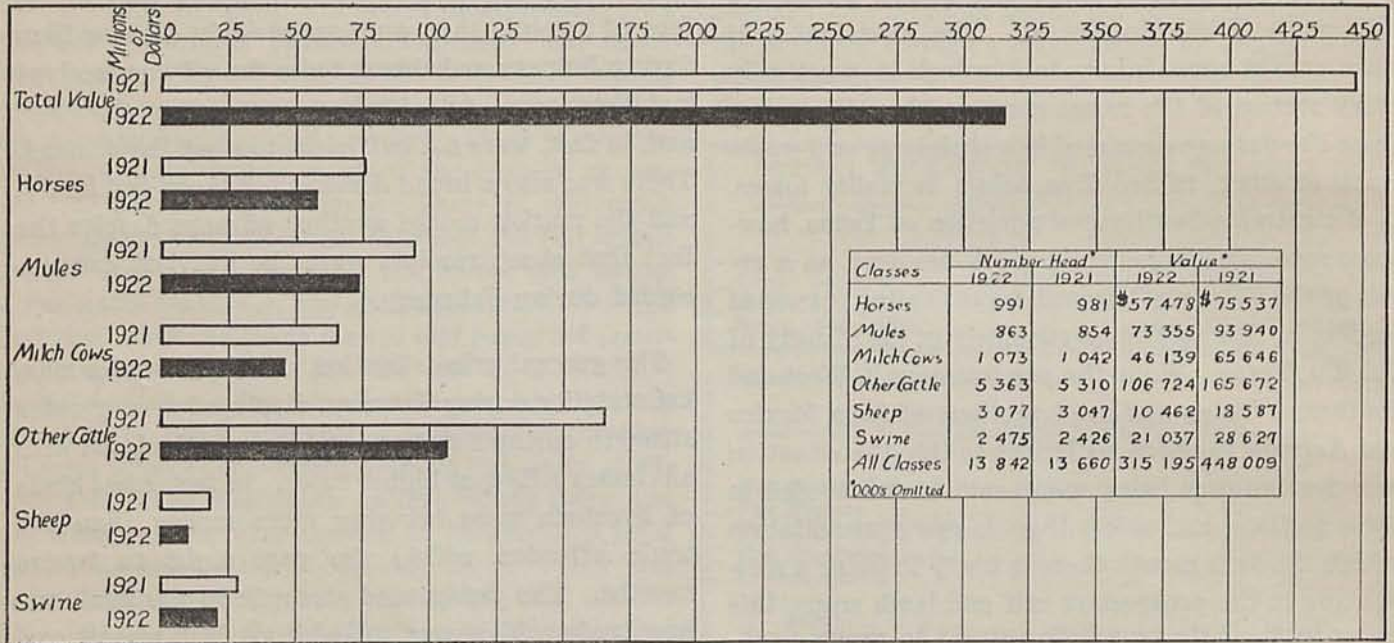
COMPARATIVE TOP LIVESTOCK PRICES

	February 1922	January 1922	February 1921
Beef steers	\$ 7.50	\$ 6.85	\$ 8.50
Stocker steers	6.00	6.00	7.15
Butcher cows	5.25	5.50	7.25
Stocker cows	3.75	3.50	5.75
Calves	7.50	7.75	11.00
Hogs	10.45	8.75	9.70
Sheep	8.00	7.50	7.25
Lambs	14.00	11.25	9.50

Texas Livestock Values

There is presented below a chart and table showing the number and value of the various classes of livestock on the farms and ranches of Texas as of January 1st, 1921 and 1922. It will be noted that

there was an increase in the number of farm animals, but a considerable decrease in values. Texas ranked seventh in the value of horses, first in mules and cattle, ninth in milch cows, eight in swine and fifth in sheep.



Classes	Number Head*		Value*	
	1922	1921	1922	1921
Horses	991	981	\$57,478	\$75,537
Mules	863	854	73,355	93,940
Milch Cows	1,073	1,042	46,139	65,646
Other Cattle	5,363	5,310	106,724	165,672
Sheep	3,077	3,047	10,462	13,587
Swine	2,475	2,426	21,037	28,627
All Classes	13,842	13,660	315,195	448,009

*000s Omitted

WHOLESALE TRADE

Wholesale distribution during February was marked by a further general improvement in most lines of trade. Dry goods and groceries moved in a larger volume than during January. Farm implements not only showed a further seasonal expansion, but reflected a decided improvement over the same month a year ago. This was the first instance that a current month showed a gain over the corresponding month of the previous year since the first reaction in the fall of 1920. Furniture sales decreased from those of the previous month, but again forged ahead of those of the corresponding month of the previous year. Drugs, on the other hand, not only showed a decrease from January, but also a more unfavorable comparison with the same month a year ago.

A betterment in the district's basic conditions is gradually being extended to the several lines of wholesale trade. The home building campaign and the increasing activity in the development of the various oil fields will mean an additional demand for hardware supplies. The improved status of the agricultural sections has broadened the demand for implements, as well as that for general merchandise. The opening of the mines in Arizona and New Mexico, together with the advance in livestock values,

will also increase the purchasing power of the general public.

Dry Goods

A further seasonal expansion was the outstanding development of the wholesale dry goods trade during the past month. The opening of the spring buying season in the various centers of this district met with a ready response from the retail merchants and the volume of goods sold in actual dollar value amounted to 19.7 per cent more than during January. However, sales fell short of those during February, 1921, registering a decline of 11.7 per cent. As sales during January were 8 per cent greater than during the same month of 1921, the February reports would seem to indicate that the seasonal expansion did not reach normal proportions. This is partly explained by the fact that in January the retailers were forced to re-stock the shelves which they had permitted to become so thoroughly depleted during December prior to the taking of the inventory. It will be noted that sales from January 1st to February 28th were 3.7 per cent less than during the corresponding period of 1921. It is the general opinion of the trade, however, that the buying season will extend over a longer period than usual. The prolonged season, it is thought, will be due principally to the fact that

buyers no longer seem to distrust their ability to obtain goods on a satisfactory price basis and to have same delivered immediately; consequently, they do not deem it necessary to make provision for forward orders beyond well-defined needs. While buyers are restricting the size of their orders, they are buying more frequently to meet the demand as it materializes instead of making all purchases near the beginning of the season to supply a prospective demand. As the trend of prices continued downward, an additional stimulus is offered to conservative merchandising. The erratic cotton market and the continued labor troubles in the manufacturing trade have affected wholesale distribution, as that trade has shown a disposition to await the final outcome of these troubles and this in turn has made the retailer even more hesitant about buying to cover other than his immediate requirements. The retailer is continuing his policy of conservative merchandising in that he is carrying a small stock of goods and is transferring the burden of larger stocks to the wholesaler. This is evidenced by the fact that the wholesalers' stocks were 23.6 per cent larger than they were at the end of the corresponding month a year ago. This contrasts with the situation two years ago, when retailers were placing forward orders for all the goods they could obtain. The improvement in agricultural sections has added an optimistic note to that element of the trade which has been on a low scale for more than a year. While no large orders are anticipated until the movement of another crop, it is believed that the gradual improvement in the outlook from the farmer's point of view will be reflected in increased buying. As soon as the small retailer sees an outlet for his goods he will make provisions to meet his prospective demand.

Farm Implements The net sales of farm implement firms for the third consecutive month showed an increase over sales for the previous month. February sales registered an increase of 12.1 per cent over sales during January. This figure shows a marked contrast with the record for February, 1921, when sales were 83.9 per cent less than February, 1920, and 31.4 less than January, 1921. For the first time since May, 1920, during which month the depression in this line of trade first appeared, February net sales showed an increase over the corresponding month of the previous year, amounting to 12.4 per cent. There has been a combination of circumstances since the first of the year to make the prospects brighter for the farm implement trade. Rains have been fairly general

over the farming area of the district, practically assuring a wheat crop and a good season in the ground for the row crops. Furthermore, there has been a distinct upward swing in the price of livestock and of several agricultural products. These price movements have not only added to the farmers' present purchasing power, but also to his prospective purchasing power. All of these factors have been productive of good cheer and hopefulness in the agricultural industry as well as the implement business. Furthermore, implement prices not only showed some recession during January, but other things which the farmer buys seem to be gradually coming down to meet the price level of farm products.

Furniture Reports from wholesale furniture dealers of this district reflect a decrease in February net sales of 6.4 per cent from sales during January. Sales were in a sufficient volume, however, to register a 3.6 per cent gain over the February, 1921, sales. This shows a considerable improvement over the comparison shown last month, January sales being 5.9 per cent less than during January, 1921. One encouraging phase of the trade is that some forward orders are now being placed. The prices on the better grades of furniture have shown no material change since the readjustments put into effect during January, 1921. On the other hand, the cheaper furniture underwent a considerable revision during July, 1921. Since that time price revisions have been on a very small scale. During February prices showed but very little variation, but manufacturers are inclined to quote higher prices on chairs and some other items of the cheaper grades of furniture. The demand for general furniture is steadily improving, and with the additional sales of seasonal goods opens up a bright prospect for this line of trade.

Groceries The net sales of eleven wholesale grocery firms reflected an increase of 6.4 per cent when compared with January sales, but were still 16.8 per cent below sales during the corresponding month of 1921. The demand has been strong since early February and prices have shown a steady upward tendency. The advances on staples have been especially noticeable. The market for dried beans, which was quite strong during January, has exhibited further strength since that time. The advances have been most pronounced on the California navy beans and the Pinto beans. Fancy groceries have shown very little change.

Hardware The net sales of twelve wholesale hardware firms during February reflected a decrease of 3.1 per cent as compared to last month and 24.2 per cent as compared with February of last year. Seasonal goods are beginning to move, but the trade has not yet reached the normal seasonal expansion. The bad weather conditions during the month had a tendency to hold up orders for oil well supplies, building hardware and some seasonal goods. However, the demand for builders' hardware was fair and promises to be good, as there is a favorable outlook for improvement in the residence and small building program. Prices have shown further declines, but these have been small. The wholesale hardware firms are not carrying large stocks, but are receiving shipments from the factory only when there is sufficient business to justify it. This is shown by the fact that at the end of February stocks were 28.8 per cent less than they were at the end of February, 1921. Further evidence has found expression in the fact that manufacturers are showing grave concern regarding future business, and as a result some are showing a tendency to make

cuts on what they had termed "fixed prices." While some future buying has appeared in small quantities, it has not, as yet, become a feature of the market.

Drugs The demand for drugs at wholesale after showing comparative strength during January weakened during February. The net sales of eight wholesale drug firms during the month decreased 4.8 per cent from January sales and were 18.7 per cent less than during February, 1921. The gradual improvement which had been in evidence since last July was halted during February when a more unfavorable comparison was shown with the corresponding month of the previous year than was the case during January. Retailers have shown no disposition to place orders for future delivery and are buying mostly staples which are needed to supply the immediate requirements. Prices have shown a further tendency to weaken, but in general remained on practically the same basis as during the previous month. Some firms state that collections showed a slight improvement during the month, while others stated that there had been a slowing down.

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

	NET SALES		NET SALES January 1 to date, compared with same period 1921	STOCKS		PRICES	
	February 1922, compared with			February 1922, compared with		February 1922, compared with	
	Feb. 1921	Jan. 1922		Feb. 1921	Jan. 1922	Feb. 1921	Jan. 1922
Groceries	-16.8	+ 6.4	-16.9	-12.2	+ 6.7	-19.7	+ 4.2
Dry Goods	-11.7	+19.7	- 3.7	+23.6	- .5	-20.6	- 5.0
Hardware	-24.2	- 3.1	-24.5	-28.8	+ 5.3	-27.5	- 2.2
Farm Implements	+12.4	+12.1	-11.2	.....	.....	.....	.....
Furniture	+ 3.6	- 6.4	+ .1	.....	.....	.....	.....
Drugs	-18.7	- 4.8	-17.1	-12.0	+ 6.2	.....	.....

RETAIL TRADE

The short month of February is always a period of low sales and this year was no exception. The net sales of twenty-two reporting department stores reflect a decrease of 5.2 per cent from January sales. A somewhat unusual coincidence is found in the fact that the sales of these firms during February were 19.5 per cent less than during February, 1921, and during January they were 19.0 per cent less than during January, 1921. The retailers cut prices still further on winter apparel and white goods in a final effort to clear out these remaining stocks and to obtain capital for replacement with spring goods. It is to be noted, however, that these radically reduced prices have not attracted shoppers to the same extent as such reductions would in normal times, due largely to the fact that the consumer apparently purchased during January a supply of goods sufficient to meet his actual needs, and was not greatly

attracted by the continuation sales in February, even on the basis of further reductions.

A new and interesting feature of our department store statistics this month is the fact that they show separate figures for credit sales. In addition to the fact that the February credit sales of the reporting department stores were 2 per cent greater than those of January, it is interesting to note that credit sales constituted 49.2 per cent of their total sales for the first two months of 1922, while for the corresponding period of last year such sales represented only 45.6 per cent of their total transactions. While this increase in the use of credit seems to indicate a reduction in the consumer's supply of ready cash, it might also be fairly construed as an evidence of greater confidence in his ability to meet future commitments.

Retailers are buying cautiously and are still showing a disposition to avoid carrying heavy stocks in an effort to obtain as rapid a turnover as possible. Although stocks at the close of February were 8.7 per cent greater than at the close of January, due to the bringing in of the spring merchandise stock, they were 2.8 per cent less than at the close of February, 1921.

The ratio of stocks to sales during the first two months of the year was 510.1 per cent as compared to 475.6 per cent during January. This increase in the ratio was accounted for by the decrease in sales and the increase in stocks.

The ratio of outstanding orders at the close of February to last year's purchases was 7.7 per cent as compared to 9.3 per cent at the close of January.

This would seem to indicate that retailers are now receiving goods at a faster rate than they are placing forward orders.

The natural slowing down in collections following holiday trade and January preinventory sales was again in evidence during February when the ratio of collections to accounts receivable was 36.3 per cent as compared to 38.2 per cent during January.

It will be noted from the table presented below that we have been able, through the courtesy of department store managers, not only to present statistics covering credit sales, but also to show separately the changes in sales, etc., at the cities of Dallas, Fort Worth and Houston. We believe these changes will add to the value of our statistics and will prove helpful to those interested.

BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	All Other	Total District
Total Sales:					
Feb., 1922, compared with Feb., 1921.....	— 18.6	— 26.5	— 13.2	— 20.4	— 19.5
Feb., 1922, compared with Jan., 1922.....	— 1.1	+ 8.8	— 9.0	— 14.4	— 5.2
Jan. 1, to date compared with same period last year....	— 19.1	— 27.8	— 14.2	— 19.2	— 19.7
Credit Sales:					
Feb., 1922, compared with Feb., 1921.....	— 13.9	— 22.9	— 1.3	— 14.9	— 13.1
Feb., 1922, compared with Jan., 1922.....	+ 14.7	+ 15.0	— 5.2	— 13.1	+ 2.1
Jan. 1 to date, compared with same period last year....	— 16.8	— 21.8	— 4.6	— 11.1	— 13.4
Stocks:					
Feb., 1922, compared with Feb., 1921.....	— 6.6	+ 2.5	— 1.0	— 1.7	— 2.8
Feb., 1922, compared with Jan., 1922.....	— 10.1	+ 17.0	+ 5.2	+ 4.7	+ 8.7
Ratio of stocks to sales.....	489.2	669.1	499.8	477.8	510.1
Ratio of outstanding order to last year's purchases.....	8.4	7.4	7.9	5.8	7.7
Ratio of Feb. collections to accounts receivable due and outstanding Feb. 1, 1922.....	30.4	40.6	42.2	44.5	36.3

FINANCIAL

The volume of public spending as measured by checks charged against depositor's accounts in the larger cities of the district disclosed a 10 per cent shrinkage during the month of February from the

previous month. The weekly average for February was \$133,189,000 as compared to a weekly average during January of \$147,976,000, and a weekly average of \$139,954,000 during February, 1921.

CHARGES TO DEPOSITORS' ACCOUNTS

	AVERAGE WEEKLY DURING		
	February, 1922	January, 1922	February, 1921
Albuquerque	\$ 1,767,000	\$ 1,840,000	\$ 1,848,000
Austin	2,637,000	2,876,000	2,969,000
Beaumont	3,620,000	3,520,000	3,896,000
Dallas	32,808,000	36,073,000	32,383,000
El Paso	6,722,000	8,093,000	7,458,000
Fort Worth	31,340,000	32,531,000	23,900,000
Galveston	12,341,000	15,823,000	18,624,000
Houston	22,632,000	26,722,000	27,679,000
San Antonio	5,726,000	6,266,000	6,259,000
Shreveport	7,066,000	7,482,000	7,925,000
Texarkana, Texas	1,639,000	1,531,000	1,520,000
Tuscon	1,729,000	1,545,000	1,631,000
Waco	3,162,000	3,674,000	3,862,000
Totals, Eleventh District.....	\$133,189,000	\$147,976,000	\$139,954,000

Acceptance Market Reports from accepting banks of this district reflect a sharp decrease in the volume of outstanding acceptances created by banks of this district during February. The total amount of acceptances of these banks outstanding on February 28th was \$1,217,287.61 as compared to \$2,325,007.57 on January 31st. The amount executed against export and import transactions was \$443,592.26 as against \$773,695.35, based on domestic shipments and storage of goods. The holdings of the Federal Reserve Bank remained at \$15,000.00.

Condition of Reserve City Banks During the four-week period ending March 1st, reserve city banks increased their loans and investments \$4,233,000 and reduced their bills payable with the Federal Reserve Bank from \$8,134,000 on February 1st to \$5,448,000 on March 1st. On the other hand the deposits of these banks during that period increased from \$189,769,000 to \$201,090,000, or a gain of \$11,321,000. It is interesting to note that for the week ending March 1st deposits of these banks exceeded their loans, which is the first time in practically two years that such a thing has occurred. This would seem to indicate that the fluid funds are finding their way into the banks in the form of increased deposits.

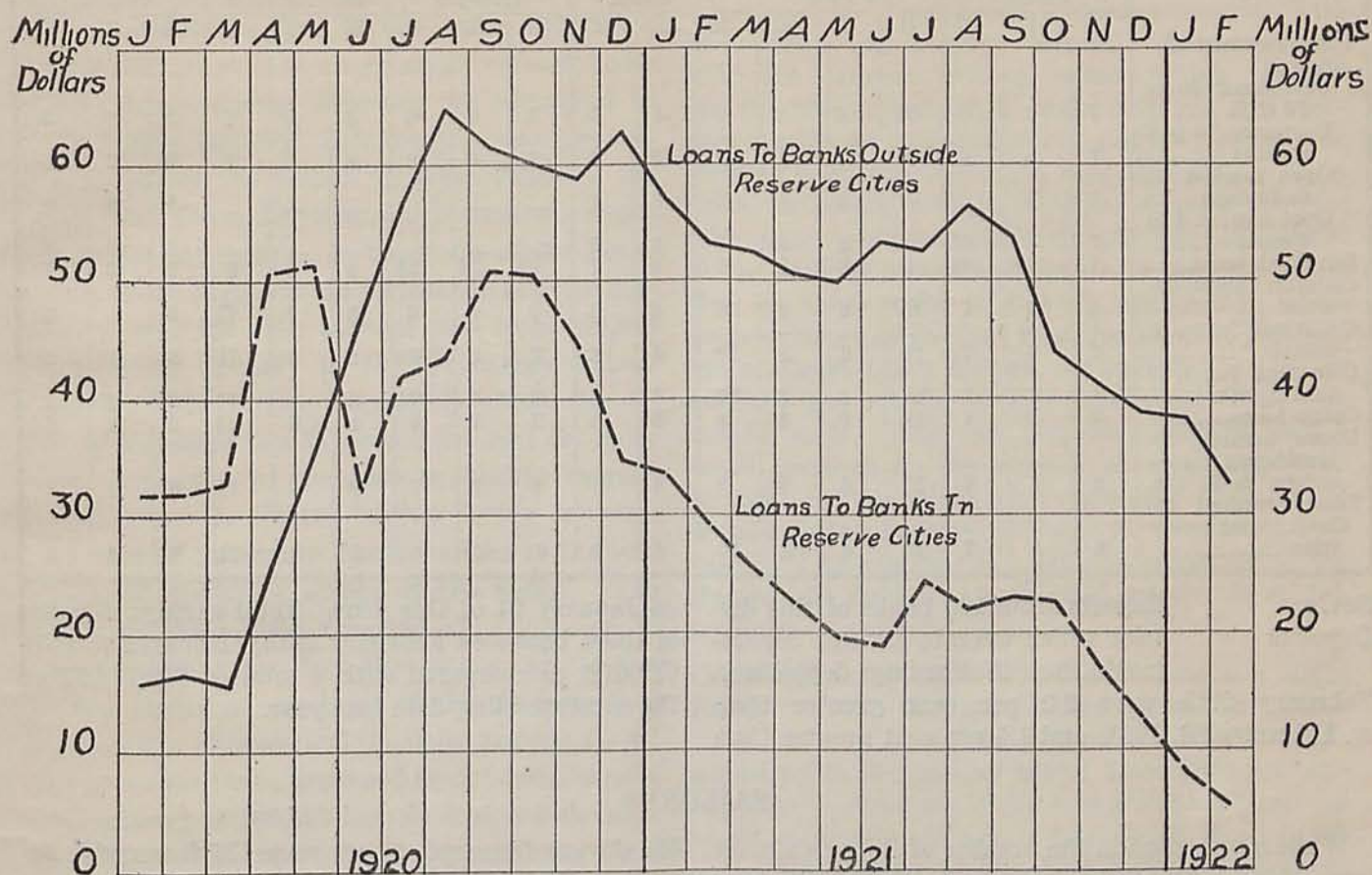
CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	March 1, 1922	Feb. 1, 1922	March 4, 1921
Number of reporting banks	53	52	52
U. S. Securities owned	\$ 44,610,000	\$ 41,288,000	\$ 42,740,000
Loans secured by U. S. War Obligations.....	5,466,000	5,308,000	7,455,000
All other loans and investments.....	194,518,000	193,765,000	216,648,000
Net demand deposits	201,090,000	189,769,000	207,480,000
Reserve with Federal Reserve Bank.....	21,508,000	21,126,000	21,413,000
Bills payable with Federal Reserve Bank.....	5,448,000	8,134,000	29,114,000
Percentage of loans to deposits.....	99%	105%	108%

Operations of the Federal Reserve Bank The continued improvement in the district's credit conditions is evidenced by a further reduction in our loans to member banks. The reserve ratio against combined deposits and note liabilities which stood at 48.5 per cent on January 31st had risen on February 28th to 56.7 per cent. From the appended chart, which shows loans to member banks in reserve cities and loans to all other banks, it will be noted that although our loans to member banks have been steadily decreasing since September, the reductions made since October (in which month the rural banks made their heavy reduction in loans out of returns from the marketing of farm products) have come largely through the retiring of rediscounts by the banks in reserve cities. This would seem to indicate that while general business conditions in the commercial centers are steadily improving, new business has not reached proportions which warrant an extension of operations in channels of production and distribution. Thus the funds have been largely used to liquidate the old so-called "frozen loans" which have been a big problem to the banks for some time. The fluid funds are gradually flowing into the Reserve System, in settle-

ment of rediscounts, thereby reducing the total loans of these borrowing banks. The chart shows further that while the agricultural loans have been reduced to some extent, the reduction has not been in the same proportion as the reduction of loans by reserve city banks. In both groups the reduction has been made possible partly by loans obtained from the War Finance Corporation being applied to the liquidation of rediscounts at Federal Reserve Banks and partly to the loans thus obtained being used in new financing instead of calling upon the Federal Reserve Bank to supply these funds. It should also be noted from the chart that at the end of March, 1920, loans to banks outside reserve cities stood around fifteen millions of dollars, but by the latter part of August they had increased to sixty-four million dollars. During the intervening period from that time until May, 1921, at which time loans reached the low point, the decrease amounted to only fifteen million dollars. On account of the seasonal demand for funds to finance the new crops, loans to these banks at the end of August, 1921, had increased to fifty-six million dollars, or a gain of approximately seven million dollars. Due principally to the rise in the price of cotton these banks were able to reduce their rediscounts with the Federal Reserve Bank approximately twelve million dollars during September and October. Since that time the reduction in rediscounts has been gradual and on March 1st they stood at \$32,497,000.

**OUTSTANDING LOANS OF FEDERAL RESERVE
BANK OF DALLAS TO ITS MEMBER BANKS**



Loans to member banks were reduced during the month, but our holdings of bankers' acceptances remained at \$15,000. On January 31st total bills held by this bank amounted to \$45,508,673.82 as compared to \$38,934,128.95 on February 28th, distributed as follows:

Member banks' collateral notes secured by U. S. Government obligations.....	\$ 5,351,611.40
Rediscounts and other loans to member banks	33,567,517.55
Open market purchases (bankers' acceptances)	15,000.00
Total bills held.....	\$38,934,128.95

At the close of business on January 31st we had in actual circulation Federal Reserve notes to the amount of \$31,413,340, while at the close of business on February 28th the actual circulation of Federal Reserve notes had dropped to \$29,565,650, showing a reduction for the month of \$1,847,690. This fig-

ure compared to \$69,908,495 Federal Reserve notes in actual circulation at the close of business on February 28, 1921. Member banks' reserve deposits on January 31st amounted to \$44,960,926.10, while on February 28th these reserve deposits had shrunk to \$44,937,222.62, indicating a decrease of \$23,703.48.

Discount Rates

Discount rates have shown but little variation during the past thirty days. Dallas banks lowered the average rate on customers' paper one-fourth of one per cent and one-half of one per cent on several other classes of paper. Waco banks advanced the rates on customers' paper one-half of one per cent. Banks at El Paso, Fort Worth, Houston and San Antonio showed no change in their rates. The table showing the "high," "low" and "customary" rates charged by commercial banks in these cities is presented below:

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

Savings Deposits Reports from 108 banks of this district which operate savings departments show that savings deposits on February 28th were 8.2 per cent greater than on February 28, 1921, and 1.5 per cent greater than

on January 31 of this year. Total savings deposits of these banks on February 28th, amounted to \$57,019,612, as compared with a total of \$52,714.93 on the corresponding date last year.

FAILURES

While a reduction in the number of failures almost invariably occurs during the short month of February, this year proved an exception. February insolvencies among commercial firms numbered 207, which was the same number reported during January, but the liabilities of the defaulting firms were \$5,889,143 during February as compared to \$4,326,-

594 during January. There were 137 firms with liabilities of \$2,117,068 which defaulted during February, 1921. It is to be noted that the February figures include several large failures which brought the average liability to a total of \$28,450 during February as compared to an average of \$20,901 during January.

COMMERCIAL FAILURES

	1922		1921	
	Number	Liabilities	Number	Liabilities
January	207	\$ 4,326,594	155	\$ 3,359,871
February	207	5,889,143	137	2,117,068
Total Eleventh District, two months.....	414	\$10,215,737	292	\$5,476,939

PETROLEUM

There was a total of 13,759,335 barrels of crude oil produced by the various fields of the Eleventh Federal Reserve District during the month of February. Although this total is 1,156,795 barrels less than the total January production the fact that February was a short month made the district's daily yield for February show an increase, the total daily flow for that month being 491,404 barrels as compared to a daily average of 481,165 barrels during January. The North Texas field underwent a considerable decline

in daily average flow during the month due principally to prevailing weather conditions. During the latter part of the month the extremely cold weather resulted in the freezing of the water lines and a general tie-up of transportation facilities which caused a suspension of drilling activities to await the return of favorable weather conditions. However, it is hoped that the sleet and snows were sufficient to relieve the serious water shortage which has hampered drilling operations in that section for some time.

Activity in the Mexia field was also hampered by the weather conditions, which, together with the further decline in the initial flow of new wells, held down the daily average yield to a very small increase, being 150,090 barrels during February as compared to 148,571 during January. This increase was not sufficient to offset the decline in other fields of the Central West Texas districts, which showed a slight recession for the month. In the fields of the Texas Coastal section there was an increase in activity sufficient to bring the daily average flow from 100,853 barrels during January to 108,754 barrels during February. This increase completely offset the decrease of the other two fields and brought the daily average production of the state to 390,809 barrels, which compares to 386,109 barrels during January. At the close of the month Texas was far in the lead of other oil producing states of the nation. The Haynesville (La.) field reported an expansion in operations despite the fact that a decrease in the price was posted on one-third of the oil from that field going into storage, and the daily average for all North Louisiana fields increased from 95,056 barrels during January to 100,595 barrels during February. The daily average flow of the Midcontinent field again showed an increase, the decrease in Kansas and Arkansas being more than offset by the increase in Texas, Louisiana and Oklahoma.

Drilling Results

The number of new wells completed during February totalled 296 of which 223 yielded production with initial flow of 248,698 barrels. This compared with the January drilling results which amounted to 299 completions, and included 212 producers with an initial production of 259,188 barrels. Drilling results in the Mexia field showed 96 completions, but there were 30 failures. Despite the fact that many new producing wells are being completed in the outlying sections of the Mexia field the initial flow of these wells is steadily decreasing, which gives evidence of the fact that the limits of the field are gradually being defined, not only by the failures on the edges but also by this small yield of the producing wells. Although Louisiana showed only a small increase in the number of producing wells brought in, the initial flow increased from 32,585 barrels during January to 79,515 barrels during February. This increase is attributable largely to the Haynesville field where renewed activity is assuming large proportions.

Crude Oil Prices

Crude oil prices evidenced a slight weakness during the month. Corsicana heavy decreased from 95 cents per barrel to 75 cents per barrel. The companies buying Haynesville crude oil put into effect a differential on oil going into storage, a decrease of 35 cents per barrel being posted on one-third of the oil going into storage. However, the prices posted at the various fields are now equal to or higher than those posted at the respective fields at this time a year ago.

OIL PRODUCTION

Field	February		January		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas	1,748,915	62,461	2,017,410	65,078	Dec. 268,495	Dec. 2,617
Central-West Texas	6,148,635	219,594	6,825,530	220,178	Dec. 676,895	Dec. 584
Texas Coastal	3,045,125	108,754	3,126,445	100,853	Dec. 81,320	Inc. 7,901
Totals, Texas	10,942,675	390,809	11,969,385	386,109	Dec. 1,026,710	Inc. 4,700
North Louisiana	2,816,660	100,595	2,946,745	95,056	Dec. 130,085	Inc. 5,539
Totals, 11th District	13,759,335	491,404	14,916,130	481,165	Dec. 1,156,795	Inc. 10,239

FEBRUARY DRILLING RESULTS

Field	Completions	Producers	Failures	Initial Production
North Texas	63	51	12	5,948
Central-West Texas	127	89	38	130,410
Texas Coastal	32	26	6	32,100
Texas Wildcats	14	4	10	725
Totals, Texas	236	170	66	169,183
North Louisiana	60	53	7	79,515
February totals, District	296	223	73	248,698
January totals, District	299	212	87	259,188

CRUDE OIL PRICES

TEXAS—	March 8	March 7	LOUISIANA—	March 8	March 7
	1922	1921		1922	1921
Corsicana light	\$1.30	\$1.25	Caddo (38 gravity and above).....	\$2.00	\$2.00
Corsicana heavy .....	.75	.75	Bull Bayou (38 gravity and above).....	1.90	1.65
Texas coastal fields.....	1.25	1.25	Homer (36 gravity and above).....	2.00	1.75
Mexia	1.25	.....	Haynesville (34 gravity and above).....	1.85	.....
All other Texas fields.....	2.25	1.75	De Soto crude.....	2.00	1.90

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

LUMBER

The output of southern pine mills in the Eleventh District showed a considerable falling off during the month as the production rate was 23 per cent below normal during February as compared to 16 per cent during January. However, the demand for lumber has been picking up throughout the district following the increase in building. Evidence of this fact is found in increased shipments and a larger volume of new orders. While production was 29 per cent above shipments during January this figure was reduced to 4 per cent by the end of February. The new orders during the month amounted to 81,309,962 feet as against 73,888,871 feet during January. The February orders represent a figure 24 per cent below normal production as against 27 per cent last month. Despite the large increases in shipments, the unfilled orders on the books of 42 reporting mills on February 28th totalled 51,070,461 feet as compared to the 44,667,936 feet on the books of 41 mills January 31st. Stocks at these mills on February 28th were 10 per cent below normal as compared to 13 per cent on January 31st.

The increase in the volume of orders applies mostly to the lower grades of lumber, and there has been a rising tendency in the prices of No. 2 and No. 3 southern pine. On the other hand, the demand for B and better stocks has shown very little change; in fact prices on these upper grades of lumber have evidenced a weakness. The narrowing of the price margin between the several grades of lumber indicates a more normal situation.

FEBRUARY PINE MILL STATISTICS

Number of reporting mills.....	42
Production	82,699,889 feet
Shipments	79,670,987 feet
Orders	81,309,962 feet
Unfilled orders, February 28th....	51,070,461 feet
Normal production	107,092,949 feet
Stocks, February 28th.....	272,709,865 feet
Normal stocks	301,510,494 feet
Production above shipments.....	3,028,902 feet= 4%
Actual production below normal	24,393,060 feet=23%
Orders below normal production	25,782,987 feet=24%
Stocks below normal.....	28,800,629 feet=10%

BUILDING

Building operations after showing considerable activity during January fell off to some extent during February. This falling off is partly attributable to the bad weather and the short month. February valuation of permits issued in the district's principal

cities amounted to \$4,419,789 as compared to \$4,960,078 for January. The number of permits issued increased from 1,653 during January to 2,114 during February.

BUILDING PERMITS

	February, 1922		January, 1922		Inc. or Dec.	February, 1921		Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation	
Austin	24	65,940	24	39,940	+65.1	19	9,202	+616.6
Beaumont	70	89,580	60	81,598	+ 9.8	161	83,575	+ 7.2
Dallas	353	1,617,010	294	2,291,791	-29.3	338	1,378,255	+ 17.3
El Paso.....	88	216,327	80	145,924	+48.2	97	239,595	- 9.7
Fort Worth.....	152	259,156	163	385,139	-32.7	143	256,355	+ 1.1
Galveston	340	374,879	260	212,990	+76.0	362	133,487	+180.8
Houston	536	946,002	247	1,072,176	-11.8	183	501,273	+ 88.7
San Antonio.....	331	454,500	344	492,225	- 7.7	118	425,265	+ 6.9
Shreveport	220	396,395	180	238,295	+66.3	209	220,195	+ 80.0
Total	2,114	4,419,789	1,655	4,960,078	-10.9	1,630	3,247,202	+36.1