

# MONTHLY REVIEW OF BUSINESS AND INDUSTRIAL CONDITIONS

## IN THE ELEVENTH FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF DALLAS

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### GENERAL SUMMARY

An undertone of increasing confidence has been the dominant feature of trade reports received during the past month from all parts of the Southwest, as the result of steady improvement in the crop outlook and in industrial conditions generally. This optimistic feeling is somewhat tempered, however, by the uncertainty that surrounds the outcome of the new cotton crop, which, under the handicap of a late start and affected by weather conditions that tend to favor the activities of the boll weevil, is the source of much concern just now to the business and banking interests of the district, as well as to the farmers themselves. A hot, dry summer, however, would greatly aid the latter in combating the insect menace, and would place a distinctly encouraging aspect upon the face of the whole business situation in this district, as the present trend of the cotton market and the current statistics of cotton consumption seem to augur well for the immediate future of its principal industry.

The best progress in the line of industrial recovery just at present is reported from the western end of the district, where the activity of the copper industry is rapidly approaching normal proportions as a result of the improved demand for that metal. Mines and smelters are gradually increasing their forces and enlarging their output.

Wholesale trade continues to evince a lively buying demand, and the appearance of forward orders, though rather limited in number and volume, furnishes a reassuring evidence of confidence on the part of retailers in the outlook for a satisfactory summer and fall business.

Southwestern lumber mills reported a greater activity than has characterized lumber production in many months. The May statistics of this district's pine mills were featured by large increases in production, shipments, and volume of orders received, as well as a substantial advance in lumber prices. Following the close of the month, however, the mills experienced a lull in their bookings of new business, attributable to the shrinkage in building activity that had been foreshadowed by the sharp falling off in the building permits issued at the larger centers during the month of May.

Checks charged to depositors' accounts in the larger cities reflected a decline in public spending as compared with the previous month, but exceeded the total for the corresponding month last year.

Credit conditions remained practically unchanged. The seasonal increase in loans of the Federal Reserve Bank of Dallas, which usually occurs during the month of May, was conspicuously absent, due in part to the cautious policies that dominate industry and trade, and in part to the continued financing of the livestock and agricultural interests by the War Finance Corporation.

Unemployment in the larger centers is temporarily reduced just now by the demand for farm labor to take care of the grain harvest. This absorption of idle labor is partially offset, however, by the recent slowing up in building activity. The district at present is comparatively free from strikes and labor disputes, and only the threatened railroad tie-up appears as a disturbing factor in the labor situation.

#### CROP CONDITIONS:

Eleventh District crops have greatly benefited from the drier weather of the past thirty days.

Flooded areas in Texas and Louisiana are being rapidly reclaimed, though much of the work of replant-



ing the lowlands and ridding the fields of weeds and grass remains to be done. Texas crops generally are from three to four weeks late, but a favorable crop year is in prospect by reason of the excellent supply of moisture.

An increase in the district's cotton acreage, estimated as high as 15 to 20 per cent, is in prospect, but it is well to remember that last year's acreage was below normal, and that the curtailment of production in 1922 by insect damage is an important but indeterminate factor in the situation. The presence of boll weevils in large numbers has already been reported in Oklahoma, Louisiana, and some sections of East and Central Texas. The lateness of the crop tends to add to the difficulty of curbing the activities of the weevil, but the farmers generally are preparing to wage an energetic campaign of eradication. Reports show that not more than 75 per cent of the Texas cotton crop is up and growing, but in most sections where there is any stand at all the plant has made a vigorous growth during the warmer and drier weather of the past two weeks, and if insect damage can be held in check the state should produce a fair crop this season. In Arizona the acreage is reported to be larger than last year, though the lateness of the crop presents an unfavorable outlook in that state. In Louisiana the flooded fields are being gradually cleared of grass and weeds and replanting is well advanced. The crop in that state is at least three weeks late, as is also the case in Southern Oklahoma.

The Texas corn crop, favored by the April rains and the warmer weather of June, is making fine progress, and the outlook is for one of the best crops the state has grown in years.

Wheat and oats have shown some deterioration during the past months, many complaints of rust having been reported in the grain belt. The movement of the Texas small grain crop has begun, and it is estimated that it will yield a return of approximately \$35,000,000, besides furnishing employment to about 35,000 men for a period of more than a month.

Truck and fruit are generally doing well throughout the district, and a large movement of onions, cabbage and tomatoes is now under way. In addition to the marketing of the usual crops of potatoes, rice, and other staples, Texas will this year ship to market upwards of 19,000 cars of early truck and vegetables, according to figures compiled by the Texas Chamber of Commerce, based on government and private reports.

On the whole crop conditions in the Southwest, though adversely affected by locally excessive or deficient rainfall, have slowly improved during the past thirty days. Late reports from New Mexico are to the effect that while the situation in the northern part of the state is fairly satisfactory, rain is badly needed elsewhere and crops are suffering from the long continued drouth.

**Cotton Movements** Statistics of cotton movements through the port of Galveston show that exports continue to exceed receipts. Stocks on hand at that port at the end of May amounted to only 200,000 bales, the lowest point touched for more than a year and a half. Some interesting sidelights are thrown on the general situation by the figures covering receipts and exports at all United States ports. Notwithstanding the fact that the American crop for 1921 was far below the 1920 production, exports from all United States ports this season exceeded those of the previous season by 15 per cent. A significant development of the past six months is the heavy increase in the takings of the Orient, exports to Japan and China being almost twice as large as those of the 1920-1921 season.

#### COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	May 1922	May 1921	Aug. 1st to May 31st This Season	Last Season
Gross Receipts .....	162,182	292,235	2,395,186	2,787,410
Exports .....	200,517	247,534	2,431,492	2,510,113
Stocks, May 31st.....			206,381	386,383

#### GALVESTON STOCK STATEMENT

	May 31, 1922	May 31, 1921
For Great Britain .....	18,520	34,116
For France .....		2,144
For other foreign ports.....	32,000	57,658
For coastwise ports .....	2,500	4,500
In compresses .....	153,361	287,965
<b>Total .....</b>	<b>206,381</b>	<b>386,383</b>

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

	This Season	Last Season
Receipts since Aug. 1, 1921....	5,725,735	5,884,464
Exports: Great Britain .....	1,473,002	1,511,191
France .....	668,679	494,218
Continent .....	2,200,805	2,011,965
Japan-China .....	820,520	421,529
Mexico .....	2,100	25,517
Total foreign ports .....	5,165,106	4,464,420
Stocks at all U. S. ports, May 31st .....	891,864	1,574,442



**Grain Movements** The movement of the new Texas wheat crop is just beginning as this is written. Nevertheless there was a healthy increase in the May export movement through the port of Galveston over the previous month, the total number of bushels consigned to foreign ports being 1,122,740, as against the April total of only 644,000, and the May, 1921, record of 7,846,388. Wheat receipts at the five principal grain centers of the district decreased from 611 cars in

April to 514 cars in May. The following tabulation presents comparative figures showing receipts of wheat, corn, and oats at Dallas, Fort Worth, Wichita Falls, Waco, and Galveston.

	May (cars)	April (cars)
Wheat .....	514	611
Corn .....	205	165
Oats .....	85	81

### LIVESTOCK

**Range Conditions** Texas cattle ranges continue to show the effects of the unusual rainfall that has occurred this spring, and livestock in this state are reported fat and well conditioned. Grazing conditions in Southwest Texas, which have been somewhat below par as a result of that section's receiving less precipitation than other sections of the state, were improved during the past month by beneficial showers.

Unfavorable reports are being received from the ranges in Southeastern Arizona and Southwestern New Mexico. Rain is badly needed in that territory, and ranges and livestock are suffering. Elsewhere throughout the Eleventh District pastures and ranges are in prime condition.

**Movements and Prices** The spring movement of cattle for finishing purposes is practically completed. Heavy shipments of stock from Southwestern ranges to pastures in northern and western states took place in May, although the movement this year has been lighter than usual. Receipts of all classes of livestock at the Fort Worth market in May were well below the average for that month. Although the usual seasonal increases were shown as compared with the previous month, the comparison with May, 1921, reveals a remarkable falling off in supplies, particularly of sheep, which amounted to only 21,009 head in May, as compared with 88,675 for the corresponding month last year. Many of the sheep ranges had al-

ready been drained by the early shipment of thousands of sheep and lambs to Kansas pastures. Furthermore, the demand for sheep was not very encouraging at the Fort Worth market, and shippers were inclined to hold for more attractive prices. The reaction was particularly surprising, in view of the extraordinary heights to which sheep values soared in the earlier months of the year.

A moderate but general scaling of prices in all classes of livestock was noted during the month. The present level, however, is well above the range of values that obtained a year ago.

	May 1922	April 1922	Loss or Gain	May 1921	Loss or Gain
Cattle .....	73,555	49,346	G 24,209	57,850	G 15,705
Calves .....	9,656	6,290	G 3,366	21,706	L 12,050
Hogs .....	44,680	46,473	L 1,793	30,674	G 14,006
Sheep .....	21,009	13,905	G 7,104	88,675	L 67,666

	May 1922	April 1922	May 1921
Beef steers .....	\$ 8.75	\$ 8.75	\$ 9.50
Stocker steers .....	7.00	7.25	6.25
Butcher cows .....	7.00	6.75	6.65
Stocker cows .....	4.00	4.25	4.50
Calves .....	8.75	9.25	8.25
Hogs .....	10.40	10.15	8.30
Sheep .....	9.00	9.50	6.25
Lambs .....	13.50	16.50	10.00

### WHOLESALE TRADE

Despite the adverse weather conditions, wholesale distribution during May forged ahead of the previous month and made an excellent showing for this time of the year. Sales of groceries, hardware, dry goods, and drugs scored an increase over the April sales and were well up to the record of May, 1921. Farm implement sales not only showed a

big gain over the previous month, but also reflected an enormous increase over sales during May, 1921. While the furniture trade disclosed a falling off as compared to both last month and the same month last year, this was not surprising in view of the fact that distribution in this line has been excellent throughout the year. While dealers in most lines



of trade reported a slowing up in business during the first ten days of June, due to the heavy rains, the subsequent dry weather and continued improvement in the crop outlook has heightened the prospects for a large distribution during the summer months.

Although retailers, as a general rule, are continuing the policy of conservative merchandising, many orders for future delivery are now being received by wholesalers in some lines of trade. Fill-in orders in all lines were numerous during May as retail distribution was larger than was expected and the retail dealer had to restock the empty shelves in order to meet the increased demand.

Collections in all lines have been satisfactory, evidencing the increased retail distribution.

### **Dry Goods**

There was some expansion in the dry goods business in May, which gives promise of a fair demand during the summer months. The net sales of twelve firms increased 1.2 per cent over those of April, and showed a decline of only 6.1 per cent from May, 1921. The season's sales, January 1st to May 31st, fell below those of the corresponding period last year by only 11.4 per cent. There seems to be a much improved feeling among the small retailers, which in turn gives a better undertone to the wholesale situation. Forward orders are now being received in fair volume for delivery both during the summer months and the fall. This seems to be partly attributable to the fact that retailers are hedging against increased prices following the advances in raw materials. A disturbing element in the price situation was the very irregular raw cotton market, and although wholesalers have marked up advances on a few items in their cotton goods the general tendency among these dealers is to await a stabilization of the primary markets. While the continued rains throughout this district retarded trade to some extent in May, business reacted well during the early days of June, and dealers report that each day's mail is now bringing in a fair volume of orders.

Prices on most items have remained firm with a tendency to increase slightly on a few articles. Prices are rising in the primary markets, but as yet they have not been passed on to the retailer to any great extent. Collections have been good, having increased about ten per cent during May over April.

Generally speaking, reports from dry goods firms indicate that they are optimistic as to future business on account of the very favorable crop outlook in the Southwest.

### **Drugs**

The wholesale drug trade, after showing a marked decline during April, experienced an increased activity during May, when the net sales of eight firms increased 3.3 per cent over those of April. While there was a decrease of 10.8 per cent from the corresponding month of 1921, sales for the season (January 1st to date) showed a decided betterment over the record for the first four months of the year, there being a decrease of only 14.1 per cent from last season's sales, as compared with 15.1 per cent up to April 29th. However, this improvement was not general throughout the district as some firms were affected adversely by heavy rains and other factors which retarded distribution. The increased business during May this year gives a decidedly better aspect to the general situation, as sales at this time of the year are generally on a decline. Prices reflected a weakness during the month, the tendency being toward slight declines. Collections were characterized by some dealers as being better than during the previous month.

### **Farm Implements**

The tone of business is decidedly better than a year ago. The dealers want to sell and the farmers are anxious to buy, but financial conditions and the uncertainty as to crops have tended to limit buying. The influence of the heavy rains this spring has been different in the various sections. In West Texas sales have been excellent as crop prospects are the best in years, but in the Central and Southern sections distribution has been light, due to limited farm operations. Most of the implements being sold at the present time are for use in the cultivation of row crops, such as planters, cultivators, harrows, etc. So far the demand for harvesting machinery has been very light and rather disappointing. This is due largely to the poor prospect for a grain crop. The grain crop in the North and Panhandle sections is light, a large amount of grain being plowed under, while the acreage standing has but a thin stand and the yield is not expected to be heavy. However, the prospects for the hay crop are excellent and inquiries for baling machinery have been numerous. It is expected that a considerable business for this type of implement will materialize during the month of June.

Sales during the first week of June were light, due to the continued rains, which delayed farm operations. A considerable amount of the present business is for immediate shipment, many of the orders coming in by telephone and telegraph.



Collections on current business have been excellent, but very few past due accounts are being settled and but very little will be expected until Fall.

Prices have remained firm as a result of the advancing steel market. Reports are to the effect that dealers are endeavoring to hold prices at the present level, in order to obtain the largest amount of business possible. The outlook seems to be somewhat encouraging, and if good crops are harvested many of the old accounts will be settled and a good business will be forthcoming.

**Groceries** Considerable improvement was evidenced in the wholesale grocery trade during May, when the net sales of twelve firms disclosed an increase of 5.8 per cent over April and were only 5.2 per cent less than May, 1921; while sales from January 1st to date were 12.6 per cent less than for the same period last year. This larger distribution at wholesale, coming at a time of the year when business is usually slow in this line of trade, is evidently due to the fact that the continued rains throughout the district have retarded truck farming of such an extent that produce is not available. The demand during June has been fairly good, deliveries being delayed by recent rains. Practically all orders are for immediate shipment.

Prices on all items have stiffened, with a rising tendency noticeable. Some increases have been noted, especially on sugar and staple canned goods. Collections have been satisfactory.

**Hardware** Sales of hardware during the month of May were larger than during April and closely approximated those of May a year ago. The general feeling of the trade has considerably improved, and many dealers who have heretofore bought in small quantities are now coming into the market with large orders. City sales continue to hold their own, builders' and general hardware taking the lead. Country sales, which have shown but very little activity during the past year, were made in a large volume during May and were very well distributed throughout the state. The heaviest purchases were of farm and garden tools, such as hoes, files, rakes, etc. Sales of hay wire have reached a large volume and there appears to be a shortage of this item. Factories, which were at the first of April writing their customers to buy this item to be shipped immediately, to be paid for in May, are now advising that their production is run-

ning thirty days behind orders. There were many telephone and telegraph orders received during May which were unexpected and greatly increased the volume of sales. However, since June 1st business has slowed up somewhat on account of rains. No forward orders are being received except for ammunition.

Prices continue to advance on many items. Some advances have been made as a result of the continued coal strike, but this factor has not influenced the price situation to as great an extent as might have been expected.

Collections during May were considerably under sales for that month, but this is largely offset by the fact that the amount outstanding on May 1st was not as large as May sales. On the whole the collection situation may be termed satisfactory.

The outlook for the summer business is very encouraging. As a general rule spring business generally takes care of a large volume of the summer distribution at retail, but as the wholesale business this spring was light it is possible that sales will hold up throughout the summer. With the harvesting of a good crop a large volume of sales is expected this Fall. Jobbers as a general rule have not pushed sales this year, on account of credit conditions. They feel that unless they can sell for cash or on short terms that it is better to not make the sales as many of their customers are not in a position to pull through if a crop failure should occur.

**Furniture** The sales of wholesale furniture firms reflected a decrease of 13.3 per cent from last month and 2.3 per cent as compared with May, 1921. However, the volume of distribution during the first five months of the year has been good and indications are that there will be a fair volume of business during the summer months. While but very few forward orders are being received, an encouraging element in the situation is the fact that some orders for car load lots are now being received. The tone of the general situation seems to be very good and a better feeling exists throughout the trade.

Prices have been practically steady for the last six months with but very little variation and the present trend seems to be gradually working downward. While collections are off to some extent from the previous month, they continue fairly satisfactory.



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

	NET SALES		NET SALES January 1 to date, compared with same period 1921	STOCKS		PRICES	
	May, 1922 compared with			May, 1922 compared with		May, 1922 compared with	
	May, 1921	April, 1922		May, 1921	April, 1922	May, 1921	April, 1922
Groceries .....	- 5.2	+ 5.8	- 12.6	- 5.5	- 4.4	- 12.9	+ .9
Dry Goods .....	- 6.1	+ 1.2	- 11.4	+ 4.4	- 7.7	.....	.....
Hardware .....	- 1.2	+ 3.5	- 15.1	- 13.2	- 1.1	- 26.4	- .5
Farm Implements .....	+ 125.9	+ 15.2	+ 22.0	.....	.....	.....	.....
Furniture .....	- 2.3	- 13.3	+ .2	.....	.....	.....	.....
Drugs .....	- 10.8	+ 3.3	- 14.1	- 18.4	- 6.1	.....	.....

### RETAIL TRADE

A considerable expansion of trade at retail during May resulted from the heavy purchasing of summer goods. Although there were irregularities due to variable weather conditions, and buying continues, to a great extent, to be ruled by conservatism and discrimination, consumers reacted well to the summer sales. The May net sales of twenty-two department stores reflected a gain of 10.1 per cent over April sales. While sales were 6.6 per cent less than the same month a year ago, it is encouraging to note that sales this year are gradually approaching the level of sales during 1921.

Stocks at the close of May showed a further reduction of 3.3 per cent as compared with stocks on

hand at the close of April, and were 4.2 per cent less than stocks at the close of May, 1921. The reduction in stocks and the increased sales produced a more rapid rate of turnover. The ratio of stocks to sales for the five-month period ending May 31st was 445 per cent, as compared to 484 per cent for the first four months of the year.

The ratio of outstanding orders at the close of May to last year's purchases showed a slight increase, being 5.5 per cent as compared to 5 per cent at the close of April. Retailers are now placing some orders for fall delivery.

The ratio of May collections to accounts receivable was 38.3 per cent as compared to 36.7 per cent during April.

### BUSINESS OF DEPARTMENT STORES

Total Sales—	Dallas	Fort Worth	Houston	All Other	Total District
May, 1922 compared with May, 1921.....	- 7.0	- 4.8	- 1.5	- 10.3	- 6.6
May, 1922 compared with April, 1922.....	+ 14.3	+ 10.0	+ 3.3	+ 9.8	+ 10.1
Jan. 1st to date compared with same period last year....	- 14.1	- 16.4	- 7.8	- 18.1	- 14.5
Credit Sales—					
May, 1922 compared with May, 1921.....	- 4.1	+ 1.8	+ 5.6	+ .4	- .7
May, 1922 compared with April, 1922.....	+ 11.6	+ 10.7	+ 7.2	+ 10.1	+ 10.3
Jan. 1st to date compared with same period last year....	- 11.3	- 12.2	- 1.1	- 10.5	- 9.5
Stocks—					
May, 1922 compared with May, 1921.....	+ 1.0	- 4.1	- 5.2	- 10.5	- 4.2
May, 1922 compared with April, 1922.....	+ .3	- 4.9	- .6	- 9.1	- 3.3
Ratio of stocks to sales.....	461.7	526.3	474.3	430.3	445.0
Ratio of outstanding orders to last year's purchases.....	7.2	3.6	1.0	4.5	5.5
Ratio of May collections to Accounts Receivable, due and outstanding May 1, 1922.....	32.7	43.5	42.2	46.3	38.3

### FINANCIAL

There was a further reduction in the volume of public spending during the month of May as measured by checks charged against depositors' accounts. The weekly average amount of debits for May totalled \$128,061,000.00, which compared with the

weekly average for April of \$134,174,000.00, showing a decrease of 4.5 per cent. However, debits for May this year were a fraction larger than those for May, 1921.



## CHARGES TO DEPOSITORS' ACCOUNTS

	AVERAGE WEEKLY DURING		
	May, 1922	April, 1922	May, 1921
Albuquerque .....	\$ 2,043,000	\$ 1,849,000	\$ 1,493,000
Austin .....	2,946,000	3,178,000	2,936,000
Beaumont .....	3,167,000	3,075,000	2,924,000
Dallas .....	31,071,000	31,729,000	31,543,000
El Paso .....	7,451,000	6,869,000	7,771,000
Fort Worth .....	23,850,000	29,410,000	18,330,000
Galveston .....	13,142,000	14,915,000	19,351,000
Houston .....	23,547,000	24,117,000	23,604,000
San Antonio .....	6,182,000	5,901,000	6,935,000
Shreveport .....	8,079,000	6,998,000	6,938,000
Texarkana, Texas .....	1,728,000	1,417,000	1,453,000
Tuscon .....	1,713,000	1,558,000	1,717,000
Waco .....	3,142,000	3,158,000	3,016,000
Totals, Eleventh District.....	\$128,061,000	\$134,174,000	\$128,011,000

**Acceptance Market**

Reports from accepting banks of this district disclose a somewhat larger volume of acceptances outstanding at the close of May, although the aggregate is still quite small. On May 31st there were acceptances outstanding to the amount of \$479,201.21 as compared to \$289,273.09 on April 29th. The volume of outstanding bills at the close of May this year was decidedly less than at the close of May last year, the total for that date being \$1,491,000.00. There was a further decrease in bills executed against export and import transactions, the amount being \$127,202.91 as compared to \$158,084.65 for the previous month. The amount based on the domestic shipment and storage of goods showed an increase from \$131,188.44 on April 29th to \$351,998.30 on May 31st. The total amount of acceptances held by the Federal Reserve Bank of Dallas on May 31st aggregated \$717,804.86, the bulk of which was acquired in the New York market. Since that date, however, our holdings have increased about \$1,000,000.00, and it is likely that further purchases will be made.

**Condition of Reserve City Banks**

The condition of reserve city banks as of May 31st reflected the seasonal increase in the demand for funds. The loans of these banks showed a gain of \$1,826,000.00, and their bills payable with the Federal Reserve Bank increased from \$4,085,000.00 on April 26th to \$5,825,000.00 on May 31st. During the same period the net demand deposits increased \$5,679,000.00, making a total of \$209,587,000.00, this being the largest amount shown in several months. Following this large growth in deposits the banks have made further investments in United States securities, the total amount owned on May 31st being \$45,948,000.00 as compared with \$42,926,000.00 on April 26th. A further improvement was noted in the ratio of loans to deposits, being 91 per cent on May 31st as compared to 93 per cent on April 29th, and 107 per cent on May 31st, 1921.

## CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	May 31, 1922	April 26, 1922	May 31, 1921
1. Number of reporting banks.....	52	52	52
2. U. S. securities owned.....	\$ 45,948,000	\$42,926,000	\$35,803,000
3. All other stocks, bonds, and securities owned.....	8,290,000	7,325,000	9,959,000
4. Loans secured by U. S. Government obligations.....	4,482,000	4,874,000	6,326,000
5. Loans secured by stocks and bonds other than U. S. Government obligations .....	43,634,000	43,103,000	38,140,000
6. All other loans.....	186,739,000	184,521,000	205,654,000
7. Net demand deposits.....	209,587,000	203,908,000	197,744,000
8. Time deposits .....	65,500,000	64,021,000	61,359,000
9. Reserve with Federal Reserve Bank.....	21,752,000	24,431,000	22,655,000
10. Bills Payable with Federal Reserve Bank.....	5,825,000	4,085,000	9,935,000
11. Percentage of loans (*) to net demand deposits.....	91%	93%	107%

\*Loans include only items 4 and 6.



**Operations of The Federal Reserve Bank** During the first two weeks of May there was a rapid decline in our rediscounts, amounting to \$3,981,203.43, and our total bills held reached the low point of the year on May 15th at \$30,518,478.50. However, during the latter part of the month our bill holdings showed a gradual increase, due partly to a large volume of bills being rediscounted for member banks, and partly to a heavy purchase of bankers' acceptances in the open market. The Federal Reserve Bank held \$717,804.86 of acceptances on May 31st, and additional purchases during the first two weeks of June brought the total amount to \$1,881,223.14. The ratio of reserves against combined deposit and note liabilities on May 31st was 68.1 per cent. The total bills held by this bank on April 29th was \$34,-

499,682.03 as against \$32,048,864.48 on May 31st, distributed as follows:

Member banks' collateral notes secured by United States Government obligations....	\$ 1,327,513.50
Rediscounts and all other loans to member banks .....	30,003,546.12
Open market purchases (Bankers' acceptances) .....	717,804.86
<b>Total bills held.....</b>	<b>\$32,048,864.48</b>

Federal reserve notes in actual circulation on May 31st amounted to \$26,256,177.00 as against \$27,039,855.00 on April 29th. This represents a decrease of \$783,678.00. Reserve deposits of member banks on May 31st were \$43,931,324.22 as compared to \$45,656,373.30 on April 29th, or a decrease of \$1,725,049.08 during the month.

**Discount Rates** The discount rates charged by commercial banks at the cities listed below have shown but very little variation during the past thirty days. The tendency has been toward a narrowing of the margin between

the low and customary rates. There is presented below a table showing the "high," "low," and "customary" rates during the thirty-day period ending June 15th.

MAY 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	6¼	10	6	8	5½	4¾	5	7	5½	6	8	6	7	8	6	8
Customers' 4 to 6 months .....	7	5½	6	10	8	8	---	---	---	7	6	6	8	6	7	8	6	8
Open market 30 to 90 days .....	7	5½	6	5½	4¾	5	---	---	---	---	---	---	---	---	---	6	4¾	5
Open market 4 to 6 months .....	7	5½	6	10	8	8	---	---	---	---	---	---	---	---	---	6	4¾	5
Interbank loans .....	7	5	6	9	6	8	8	6	6½	7	5	6	8	6	6	7	6	6½
Collateral loans, demand .....	8	5	6½	10	6	8	8	8	8	8	6	7	8	6	7	8	7	8
Collateral loans, 3 months .....	8	5	6½	10	6	8	10	6	8	8	6	7	8	6	7	8	7	8
Collateral loans, 3 to 6 months .....	7	6	6	10	6	8	---	---	---	8	6	7	8	6	7	8	7	8
Cattle loans .....	8	7	7½	10	7	8	8	8	8	8	7	7	9	6	7½	8	8	8
Loans secured by warehouse receipts, Bs-L, etc.	8	6	7	10	6	8	8	5	7	8	6	7	8	6	7½	8	6	8
Loans secured by Government securities .....	8	5	6½	10	6	8	10	6	8	7	5	6	8	6	6½	8	6	8

**Savings Deposits** Reports from 121 banks in this District, which operate savings departments, reflect a further increase in savings deposits during the month of May. On May 31st savings deposits in these banks amount-

ed to \$69,804,261, which shows a gain of 1.4 per cent over April 29th and 5 per cent over May 31, 1921. It is encouraging to note that savings deposits have shown a gradual increase since November 30, 1921.



## SAVINGS DEPOSITS

	Number of Reporting Banks	May 31, 1922	May 31, 1921	Inc. or Dec.	April 29, 1922	Inc. or Dec.
Albuquerque .....	3	1,575,136	1,532,769	+ 2.8	1,608,408	- 2.1
Beaumont .....	4	1,400,397	1,351,160	+ 3.6	1,356,722	+ 3.2
Dallas .....	7	9,356,353	9,047,206	+ 3.4	9,067,985	+ 3.2
El Paso .....	6	7,039,210	7,271,175	- 3.1	7,129,193	- 1.3
Fort Worth .....	3	5,002,976	4,774,368	+ 4.8	4,845,521	+ 3.2
Houston .....	5	11,131,889	10,084,315	+10.4	11,040,558	+ .8
San Antonio .....	5	5,645,951	5,327,640	+ 6.0	5,694,266	- .8
Shreveport .....	4	4,324,717	4,964,110	-12.9	4,121,001	+ 4.9
Waco .....	4	1,545,591	1,256,302	+23.0	1,519,537	+ 1.7
Wichita Falls .....	3	1,995,567	1,127,009	+77.1	2,162,168	- 7.7
All others .....	77	20,786,474	19,725,652	+ 5.4	20,312,389	+ 2.3
Total, District .....	121	69,804,261	66,461,706	+ 5.0	68,857,748	+ 1.4

**Demand For Treasury Savings Certificates Is Increasing** June will show a material net gain over preceding months this year in popular investment in the 1922 issue of Treasury Savings Certificates, according to the office of the District Government Savings Director. The year thus far has been marked by a month to month increase in sales.

These securities, registered as to principal and

interest, and guaranteed against loss in any manner, are procurable through Federal Reserve Banks, post-offices and most banks. Issued in maturity value denominations of \$1,000, \$100 and \$25, they are sold on a discount basis to yield 25 per cent in five years.

The summer season, usually a slump period in most lines, thus far has given evidence of a stronger investment demand in this particular field of government obligations.

## FAILURES

Commercial failures during the month of May showed a decided drop in number and liabilities as compared with the previous month. There were only 84 failures during May, which was the smallest

number reported since November, 1920. The liabilities of these defaulting firms amounted to \$2,175,351, which compares with a total of \$3,865,301 during April, and \$1,851,774 during May, 1921.

## 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
March .....	107	2,121,725	98	2,702,583
April .....	167	3,865,301	98	2,905,847
May .....	84	2,175,351	92	1,851,774
Total, Eleventh District, Five months.....	772	\$18,378,114	580	\$12,937,143

## PETROLEUM

The crude oil production of the Eleventh Federal Reserve District, which evidenced its first decline in several months during April, registered a further reduction for the month of May. The total output for the month was 13,211,240 barrels, as compared to 13,750,580 barrels for the previous month, while the daily average for May was 426,173 barrels as against 458,353 barrels for April. However, this reduction was not general, as declines occurred only in the Central-West Texas field and in part of the Louisiana territory. The total Texas yield amounted to 10,400,120 barrels with a daily average flow

of 335,488 barrels, which compared with an output of 10,491,390 barrels with a daily average production of 349,713 barrels for the previous month. The Mexia district, which has shown an almost steady decrease in production since the last week in March, reported a decline in the May yield of 703,575 barrels. The daily average flow for this field during May was 91,875 barrels as against 118,390 barrels during April. The rapid decline in this field's production is due partly to the reduced yield of producing wells and partly to the inactivity in drilling operations.



The Stephens County, Ranger and Electra districts all showed increased drilling activity as well as an increase in production.

The Louisiana production suffered a decided falling off during the month, being 2,811,240 barrels as compared to 3,259,200 during April. The Haynesville field was the big factor contributing to the reduction, the other fields having either about held their own or made small gains. The Midcontinent field, after showing a reduced yield in April, came back with a slight increase during May, the production in Oklahoma and Arkansas being large enough to offset the decreases in Texas, Louisiana, and Kansas.

### Drilling Results

After experiencing the greatest activity noted in more than a year, drilling operations in this district underwent a decided slowing down during May. There was 473 new wells completed, including 358 producers, which compares to 531 wells completed in April of which 401 yielded production. The initial flow of the successful completions in May was only 161,115 barrels as against a flush production of 216,320 barrels for the previous month. The Mexia field contributed the biggest slump during the month and was the factor which accounted for the larger part of the reduction in the number of wells completed in Texas. The day of large producers in this field has apparently passed, and most of the proven territory has been drilled. The majority of the new producers are now yielding around 1,000 barrels. In Stephens County the activity noted last month continued throughout May, there being 26 wells completed with an initial flow of 13,945 barrels of oil and 32,000,000 feet of gas. The old Electra field furnished the attraction in the North Texas area. During the last week in May and the first week of June the daily output exceeded 15,000 barrels, equalling the

record established for that field in August, 1918. The interest in the Central-West Texas field centered in the new field at Pioneer, where a number of large producers flowing a high grade of oil have been brought in. However, drilling operations have been checked to some extent due to the fact that the large flush production of wells completed has caused a temporary over-production for that area. Operations will likely be on a low scale until adequate storage and transportation facilities are provided.

Increased operations in the Haynesville, La., field were noted during May, there being 112 wells completed, including 107 producers with an initial flow of 44,000 barrels. Reports coming in from this field are to the effect that when the wells now in the process of drilling are completed the proven territory will have been covered.

### New Coastal Fields

Three new fields were proven in the Texas coastal pools during the past month. One was discovered in Fort Bend County, production being secured at a depth of 640 feet. The second new pool was tapped in Brazoria County at 4,368 feet, this well having the distinction of being the deepest discovery well in the state. A third new field was developed on High Island in Galveston County, giving that section shallow production recoverable by pumping.

### Crude Oil Prices

Effective May 24th the price of Orange crude was raised from \$1.00 to \$1.25 which brings the price of this grade of oil to the figure paid for other Coastal productions. The low price paid for Orange crude heretofore was due to the inadequate transportation facilities. Reports from the North Texas area are to the effect that surplus stocks have been about cleared up and orders are now being filled from daily runs.

### OIL PRODUCTION

Field	May		April		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas .....	1,909,225	61,588	1,789,110	59,637	Inc. 120,115	Inc. 1,951
Central-West Texas .....	5,056,090	163,100	5,502,000	183,400	Dec. 445,910	Dec. 20,300
Texas Coastal .....	3,343,355	107,850	3,200,280	106,676	Inc. 143,075	Inc. 1,174
San Antonio District.....	91,450	2,950	*	*	Inc. 91,450	Inc. 2,950
Totals, Texas .....	10,400,120	335,488	10,491,390	349,713	Dec. 91,270	Dec. 14,225
North Louisiana .....	2,811,240	90,685	3,259,200	108,640	Dec. 447,960	Dec. 17,955
Totals, 11th District .....	13,211,360	426,173	13,750,590	458,353	Dec. 539,230	Dec. 32,180

\* Not shown separately in previous months.



## MAY DRILLING RESULTS

Field	Completions	Producers	Failures	Initial Production
North Texas .....	92	73	19	10,765
Central-West Texas .....	149	99	50	78,700
Texas Coastal .....	49	36	13	27,850
San Antonio District.....	9	9	.....	45
Texas Wildcats .....	21	9	12	3,060
Totals, Texas .....	320	226	94	114,420
North Louisiana .....	153	*132	21	46,695
May totals, District.....	473	358	115	161,115
April totals, District.....	531	401	130	216,320

\* Includes 4 gas wells.

## CRUDE OIL PRICES

Texas	May 31, 1922	June 4, 1921	Louisiana	May 31, 1922	June 4, 1921
Corsicana light .....	\$1.30	\$1.00	Caddo (38 gravity and above).....	\$2.00	\$1.75
Corsicana heavy .....	.75	.75	Bull Bayou (38 gravity and above).....	1.90	1.40
Texas Coastal fields.....	1.25	1.00	Homer (36 gravity and above).....	2.00	1.50
Mexia .....	1.50	.....	Haynesville (34 gravity and above).....	1.85	.....
All other Texas fields.....	2.25	1.50	De Soto Crude.....	2.00	1.65

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

## LUMBER

The heavy demand for lumber which has been in evidence throughout the spring was further reflected in the May production rate of Eleventh District pine mills. The actual production of 45 mills during May was 114,747,142 feet, which was slightly above normal production. Despite this large increase, production was still 12 per cent below shipments, reflecting the enormous rate at which mills are now shipping lumber to the retail yards. Orders for the month totaled 145,434,445 feet, which was 27 per cent above normal production. This compares with a percentage of 11 per cent during April. The unfilled orders on the books of 45 mills on May 31st amounted to 99,561,260 feet, which compares with 70,787,500 feet on the books of 42 mills on April 29th. Stocks continue to dwindle as production cannot keep pace with the demand from the building industry. Stocks on May 31st were 21 per cent below normal as compared with 12 per cent on April 29th.

Reflecting the oversold condition of the market

prices on southern pine during May continued to climb. Although the demand subsided to some extent during the first two weeks in June following the slowing down in building operations, prices have held their own. However, a greater resistance to the rising price is being noted.

## MAY PINE MILL STATISTICS

Number of Reporting mills.....	45
Production .....	114,747,142 feet
Shipments .....	130,200,907 feet
Orders .....	145,434,445 feet
Unfilled orders May 31st.....	99,561,260 feet
Normal production .....	114,673,348 feet
Stocks, May 31st.....	269,876,248 feet
Normal stocks .....	342,885,966 feet
Production below shipments..	15,453,765 feet=12%
Actual production above normal .....	73,794 feet=.06%
Orders above normal production .....	30,761,097 feet=27%
Stocks below normal.....	73,009,718 feet=21%

## BUILDING

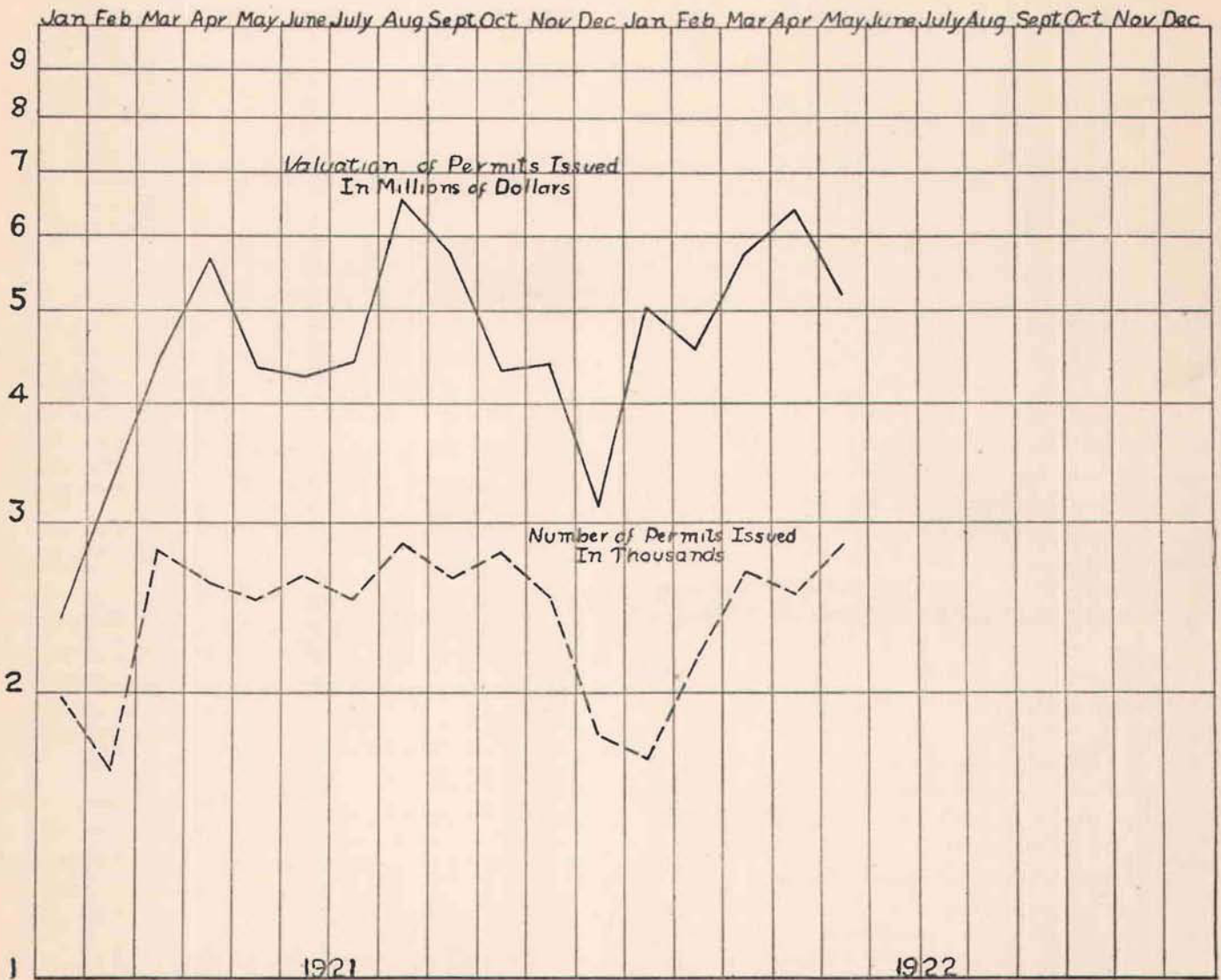
Construction activity in the principal cities of this district, which reached a peak during April with permit valuations totalling \$6,355,699.00, showed a sharp decline during May when the total valuation of permits issued amounted to \$5,167,178.00, or a decrease of 18.7 per cent. However, building is continuing on a larger scale than a year ago, the May

valuation being 18.8 per cent greater than the same month last year. This slowing down in building operations seems to have been general throughout the district, as most of the cities reported a decline. Increases were noted at Dallas, Waco, and Beaumont, but the increase at Dallas was very small.



BUILDING PERMITS

	May, 1922		April, 1922		Inc. or Dec.	May, 1921		Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation	
Austin .....	28	21,965	40	61,902	- 64.5	43	84,435	- 74.0
Beaumont .....	148	129,481	114	100,105	+ 29.3	143	144,998	- 10.7
Dallas .....	474	1,388,355	407	1,326,197	+ 4.7	396	1,329,661	+ 4.4
El Paso .....	131	321,508	112	436,958	- 26.4	153	408,098	- 21.2
Fort Worth .....	237	435,002	268	557,486	- 22.0	114	326,331	+ 33.3
Galveston .....	384	160,728	396	183,258	- 12.3	385	115,114	+ 39.6
Houston .....	727	1,107,431	698	1,689,967	- 34.5	657	846,341	+ 30.8
San Antonio .....	355	503,873	290	1,150,605	- 56.2	302	549,050	- 8.2
Shreveport .....	310	684,299	261	721,907	- 5.2	280	386,750	+ 76.9
Waco .....	59	414,536	41	126,314	+228.2	25	157,200	+163.7
Total .....	2,853	5,167,178	2,627	6,354,699	- 18.7	2,498	4,347,978	+ 18.8



Number and Valuation of Building Permits issued at the cities of Austin, Beaumont, Dallas, El Paso, Fort Worth, Galveston, Houston, San Antonio, Shreveport, and Waco during 1921 and 1922