

# MONTHLY REVIEW OF BUSINESS AND INDUSTRIAL CONDITIONS

IN THE

## ELEVENTH FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF DALLAS

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### GENERAL SUMMARY

Based on the present outlook for the most successful season the cotton growers of this district have had since 1919, there are good grounds for the belief that business conditions in the Eleventh District will return to a practically normal state during the coming fall, using the word "normal" in the sense of the average volume of distribution during the past decade. The strong statistical position of raw cotton, taking into consideration the present and prospective rate of consumption, the visible supply, and the actual trade demand, together with the outlook for a fairly successful crop in this district seems to support the conclusion—held and expressed by those in a position to speak authoritatively—that the end of the current year will find this district well nigh recovered from the depression it has suffered during the past two years. While reports show some crop deterioration since our last Review was issued, due to drouth and hot weather, the weather has tended to check the depredations of the boll weevil, and this has to some extent offset whatever deterioration has occurred from heat and drouth.

Financially the situation has shown only such changes during the past month as were to be expected by reason of seasonal factors. The volume of bank loans has slightly increased and deposits have correspondingly declined. The easier money market, however, as reflected in the reduction of the Federal Reserve Bank's discount rate, has opened the way for any legitimate expansion of credit that the fall activity of business may justify.

Buoyancy and confidence have been the outstanding features of the wholesale trade situation during

the past month. A strong demand for dry goods, hardware, and furniture seems to reflect the retailers' belief that the coming fall will see a marked increase in public buying. While it is true that the July figures of department stores and of debits to bank depositors' accounts showed a general diminution of retail distribution, this feature of the situation simply emphasizes the fact that, unlike wholesale trade, retail business is governed by seasonal conditions of the present time, and receives only a negligible degree of stimulus from the prospects of favorable developments in the near future.

The livestock and petroleum industries have recently suffered a slight reaction from the upward trend of prices which prevailed during the earlier months of the year. Basic conditions in these industries, however, seem to be thoroughly healthy and offer an encouraging outlook for the future.

Building activity in the district's larger cities, after a slight lull during the month of June, showed a 20 per cent increase in July.

Perhaps the most encouraging development in the business situation since the issuance of our last report is the remarkable improvement in the district's failure record as shown by the July figures. During that month liabilities of insolvent firms were 65 per cent less than the monthly average for the first six months of the year. This showing is especially favorable in view of the fact that this is the season of the year when the financial tension in retail circles is usually greatest.

Transportation difficulties arising from the shopmen's strike have slowly but gradually increased,



although there has been no serious break down in freight movements, and in fact some trunk lines have been able to show an improvement in their service.

No developments of outstanding interest to the public have occurred in the labor situation. The ap-

proach of the fall harvesting period, together with the resumption of building activity, constitute favorable elements in the employment situation, and there is a feeling of confidence among the people of the district generally that the two great strikes will have an early termination.

### CROP CONDITIONS

In spite of a general deterioration of all Southwestern crops during the past sixty days, due to hot weather and drouth, the crop outlook in this district is, on the whole, much better than it was at this time last year, and something like a normal production year is in prospect for the farmers of the Eleventh District. It is true that the small grains, wheat and oats, will fall far short of a normal yield, but all other staples promise a production well up to the average of recent years.

Cotton promises a fair yield at this time, notwithstanding the setbacks of an unusually adverse start. As this issue of the REVIEW goes to press the district is awaiting with keen interest the government's report on the condition of the cotton crop in this section as of August 25th, as that report is expected to be the most important one of the current season, coming as it does at a time when the fruiting of the plant in a large area of the belt will have reached its most critical stage with respect to the effect of weather conditions and insect activity upon the ultimate outcome of this year's crop.

The government's July 25th estimate of the Texas crop, 3,700,000 bales, based on an estimated average yield of almost a third of a bale to the acre, was thought by some authorities in this district to be somewhat too high. There is no question but what the month of August has brought considerable deterioration to the growing crop, particularly to the large area of late cotton whose tap root had not attained sufficient length to reach the subsoil moisture which sustained the older cotton through the drouth that has existed during the past sixty days. The ultimate loss from boll weevil damage is still problematical. To date the damage from this source has not been excessive, as a rule, the insect being held in check by the hot, dry weather. While all reports, except those from West Texas, show that the weevils are present in large numbers, constituting a serious potential danger, it is generally conceded that present weather conditions are not conducive to a wholesale destruction of the crop by insects, and that such a disaster is not to be feared unless a protracted period of rainy weather should set in before the crop reaches full maturity.

Picking and ginning are well advanced in South Texas, and "first bales" have appeared in many of the Northern counties. In fact ginning in all parts of the district should be well under way early in September. West Texas reports that although the outlook three weeks ago was for one of the largest cotton crops ever produced in that section, the recent period of heat and drouth has caused much shedding and greatly reduced the prospective yield. On the other hand, farmers in Northeast Texas, who have suffered almost complete crop failures during the past three years, report that the outlook for this year's production is exceptionally favorable. In the Southeastern portion of the state, however, the presence of the army worm is causing much anxiety. Throughout Central and North Texas (where the heaviest cotton producing counties of the state are located), most of the crop is unusually late this year, a circumstance which militates against the plant both because of the greater opportunity which it gives to the boll weevil to attack the squares in large numbers and because of the even greater damage to which the young plant is susceptible as a result of drouth. Here there is perhaps more shedding of blooms and foliage than in any other part of the state, although the situation and outlook here, as elsewhere, would be greatly improved if a general rain should fall within the next few weeks, as moisture is badly needed to sustain the plant and prevent premature opening of bolls.

Other crops throughout the district have made slow progress since the issuance of our last report. Late corn, grain sorghums, potatoes and peanuts have suffered some deterioration and are in need of rain. On the other hand, early corn, rice and such fruits as melons, peaches and pears are reported to be in excellent conditions. Most of the district's wheat and oats has been harvested, threshed and marketed.

All crops in the unirrigated portions of Arizona and New Mexico are suffering severely from drouth, although such cotton as is being produced in those states is doing fairly well and promises an increased production over last year.



### Cotton Movements

Exports of cotton through the port of Galveston during the past twelve months, August 1, 1921, to July 31, 1922, amount to 2,772,929 bales, which may be compared with the total of 3,030,560 bales for the season of 1920-1921. While these figures show a falling off of 8 per cent, the volume of exports handled at this port during the past year really reflects a distinct improvement in the demand, considering the fact that the 1921 Texas crop was 47 per cent smaller than the previous year's production.

A significant feature of the twelve-months' comparison is the matter of stocks on hand. At the end of July, 1922, only 64,735 bales were in compresses or awaiting ships at Galveston, as against 242,687 bales at the corresponding period last season. Receipts during the past month totalled 84,208 bales, which reflects a decrease of approximately 55 per cent by comparison with the corresponding month of 1921.

Stocks on hand July 31st at all United States ports aggregated 450,164 bales, or about one-third of the number of bales on hand a year ago.

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

	This Season	Last Season
Receipts since Aug. 1.....	6,237,401	6,772,153
Exports: Great Britain .....	1,713,074	1,737,776
France .....	745,962	583,003
Continent .....	2,578,628	2,500,936
Japan-China .....	909,345	668,640
Mexico .....	2,650	27,317
Total foreign ports .....	5,949,659	5,517,672
Stocks at all U. S. Ports, July 31st.....	450,164	1,324,885

#### COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	July, 1922	July, 1921	Aug. 1st to July 31st This Season	Last Season
Gross Receipts .....	84,208	182,576	2,594,977	3,159,099
Exports .....	175,702	314,923	2,772,929	3,030,560
Stocks, July 31st.....			64,735	242,687

#### GALVESTON STOCK STATEMENT

	July 31, 1922	July 31, 1921
For Great Britain .....	200	4,883
For France .....	100	2,100
For other foreign ports.....	4,430	52,722
For coastwise ports .....	500	1,500
In compresses .....	59,505	181,482
Total .....	64,735	242,687

### Grain Movements

The new wheat crop is moving freely, as evidenced by July receipts at the district's five principal grain centers, amounting to 4,166 cars as compared with only 1,031 cars handled in June. The July movement this year was only one-third as large as that of the corresponding month last year when receipts reached the unusual total of 12,562 cars, the decrease, of course, being attributable to the heavy curtailment of production in this district, following an unfavorable planting season.

#### COMPARATIVE GRAIN RECEIPTS

	July (cars)	June (cars)
Wheat .....	4,166	1,031
Corn .....	168	228
Oats .....	527	202

## LIVESTOCK

### Ranges Deteriorate

Notwithstanding scattered showers which recently occurred in the Panhandle and South Plains of Texas and portions of Southern New Mexico and Arizona, ranges of this district are everywhere reported to be dry. Livestock, however, are generally in good condition, except in Western New Mexico. The condition of the New Mexico rangers on August 14th averaged only 54 per cent of normal, with many pasture reported to be overstocked and numbers of cattle succumbing to starvation as a result of the continued drought. The most critical situation now exists in the mountain ranges of the Pecos Valley. High temperatures have been detrimental to grazing conditions in West and Southwest Texas. Else-

where the cooler weather and occasional rains have partially relieved the situation but heavier and more general rainfall is needed in all parts of the cattle country to replenish stock water and invigorate the ranges. Reports from Arizona show that irrigation water is gradually failing, streams are low and the water supply generally has reached a very low ebb.

### Movements and Prices

Not much interest was displayed by the packers in the run of cattle received at the Fort Worth market during the month of July. Shipping difficulties tended to encourage a cautious buying policy, and packers were not disposed to stock up pending a



more satisfactory transportation outlet for their meats. As a result, many trainloads of animals had to be forwarded to other markets. In addition to this a fairly substantial portion of the month's receipts consisted of cattle enroute to pasturage. Compared with July receipts in 1917, 1918, 1919, and 1920, the market supply in July of this year was noticeably small, being less than one-half the average for those years. Receipts of hogs, sheep and calves also fell far below the normal volume.

A general downward trend marked the course on everything except sheep and hogs. The latter, supported by a brisk demand, reached a top price of \$10.80 during the second week in July, the highest level touched since August, 1921. Offerings of sheep and lambs met a ready response at advancing prices which carried the market on July 31st to a net gain of 50 cents on sheep and \$1.00 on lambs over prices paid on June 30th. During the first two weeks of August the cattle market displayed renewed evidences of weakness, and present values show a reces-

sion of 75 cents to \$1.00 as compared with the end of July.

#### FORT WORTH LIVESTOCK RECEIPTS

	July 1922	June 1922	Loss or Gain	July 1921	Loss or Gain
Cattle .....	58,668	59,304	L 636	48,280	G 10,388
Calves .....	23,570	17,167	G 6,403	41,815	L 18,245
Hogs .....	22,491	32,242	L 9,751	25,747	L 3,256
Sheep .....	20,453	18,270	G 2,183	32,034	L 11,581

#### COMPARATIVE TOP LIVESTOCK PRICES

	July, 1922	June, 1922	July, 1921
Beef steers .....	\$ 8.50	\$ 8.00	\$ 7.25
Stocker steers .....	6.25	6.25	5.00
Butcher cows .....	5.75	6.25	5.50
Stocker cows .....	4.00	4.00	3.00
Calves .....	8.00	8.75	7.00
Hogs .....	10.80	10.65	11.45
Sheep .....	7.25	7.00	4.85
Lambs .....	10.50	12.00	8.00

### WHOLESALE TRADE

Partial recovery from summer dullness characterized the July trade conditions in the wholesale channels of distribution. Optimism was the keynote of trade reports as the closer approach of the fall season gives promise of fairly good crops which in turn augur well for a more normal business this fall. An encouraging feature of the situation is the fact that sales of dry goods, hardware, and furniture reflected substantial increases over a year ago, while drugs, farm implements, and groceries were practically the same as last year. However, buyers are operating conservatively in that they are buying for immediate or nearby delivery in the face of probable higher prices on many items and a shortage in some items.

While collections in most lines are slow at the present time, this is a natural development and the collection situation seems to be satisfactory under present conditions.

#### Dry Goods

A lively demand, under the stimulus of fall buying, was in evidence in the wholesale dry goods trade during July. Sales of twelve firms were not only 12.2 per cent larger than last month, but were 28.0 per cent larger than the same month a year ago. On July 31st the fall buying season in some centers opened and many firms report that their sales were very gratifying during the first two weeks of August. Buyers of

retail establishments from all parts of the district are visiting the market centers in large numbers and while they are buying cautiously many appear to be spreading their business over a larger field than was the case a year ago. In some cases where small stocks have heretofore been carried, a complete line is being ordered this year. Although orders for future delivery are being placed on a somewhat restricted basis, the steady rate at which orders for immediate or nearby delivery are being received augurs well for a good fall business. Furthermore, if fairly good crops materialize (which seems probable in most sections at the present time), many replacement orders will be forthcoming as the marketing of the crops progresses. For the past two years consumer buying has been principally for actual needs and buying power has been limited, but with the increased purchasing power this year, indications are good that buying will be on a larger scale.

Higher price quotations in primary and jobbing circles has been a factor in retarding future buying. The retailer has no disposition to lay in a heavy stock which he does not feel certain can be cleared out during the fall season. Furthermore he is waiting to see the future course of the raw cotton market and its effect in the primary textile markets. While the market continues firm, some wholesalers report that there is a tendency for lower quotations on some items.



**Groceries.** After showing increased sales in June, wholesale grocer firms report a reaction during July, when sales were 6.2 per cent less than in June and 1.6 per cent less than in July, 1921. A pronounced upward trend in the prices of canned fruit and vegetables, due to the light pack this year brought about by a small crop in many localities, has stimulated buying to some extent. On the other hand, the opening prices on the new crop of California beans, such as lima beans, navies, black-eyed peas, and some of the brown beans, reflected a reduction of 20 per cent to 30 per cent under present prices. However, these prices apply only to future orders which cannot be delivered before October or November. It will be recalled that prices on these beans have been gradually working upward since the first of the year, at which time it became evident that there would be a shortage.

The outlook for the fall business is bright as the stock of groceries in the hands of the consumers are light and any increase in consumer demand will be immediately reflected in the business of the wholesaler.

**Farm Implements** Reports from wholesale implement firms disclose a further decrease of 29.2 per cent in sales as compared to the previous month, but the movement of goods was practically equal to that of July a year ago. Distribution of implements for the past two months has been light on account of the disappointing grain crop and the uncertainty which surrounds the outcome of the cotton crop. While the outlook for the latter crop seems favorable at the present time, the farmers are not taking any chances of buying more goods than they can pay for in case the cotton crop turns out unfavorably. Indications are, however, that they will begin to supply themselves with needed implements as soon as fall crops are fully assured. While sales will probably not be exceptionally heavy this fall, farmers have bought sparingly for the last two years and the majority of the implements in use on farms at the present time are old and worn and many should be replaced in order to get the work done effectively.

The trend of prices continues upward, reflecting the strength in the iron and steel market.

**Drugs** While the wholesale drug trade has not felt the effects of the summer quietude to the same extent as some other lines

of trade, it has been slower than some lines in recovering from the depression period. July sales of eight firms reflected an increase of 1.9 per cent over June sales. At the opening of the present year sales were running far below those of the previous year, but each month has witnessed an improvement and in July sales were only 3.8 per cent below July, 1921, sales. As yet no heavy buying has been done in preparation for fall business, but the trade is in a good position fundamentally and heavier purchases are forthcoming as the fall season approaches. Future commitments continue on a very limited scale. The drug market has remained on a steady basis.

**Hardware** Although June was the first time that sales for a current month exceeded those of a corresponding month of the previous year since the depression period set in, the July sales of twelve hardware firms proved to be 23.1 per cent larger than July, 1921 sales, and were only four-tenths of 1 per cent less than sales for June of this year. While the hardware trade was late in emerging from the midwinter dullness and while the volume of business did not come up to expectations in the spring, the summer trade did not suffer from the seasonal dullness to the same extent as some other lines. Retailers are making their purchases on a conservative basis and they are showing no disposition to make future commitments despite the fact that it is almost impossible to obtain many items for immediate delivery. The trend of prices is upward, due partly to the scarcity of many articles and the premiums asked for prompt shipment.

**Furniture** The July sales of wholesale furniture firms disclosed a decrease of 10.9 per cent from June sales but an increase of 12.8 per cent over July, 1921, sales. Fall buying in the furniture trade was not heavy during July as retailers prefer to await the semi-annual price revisions before making their purchases. However, on account of the exceedingly large scale on which residence building is being carried on this year, indications are that the trade will enjoy an exceptional business this fall. Prices show but very little change. Prices on staple commodities are firm, while the new styles of furniture being offered are slightly higher than those now on the market. Lower prices are being quoted only on discontinued styles.



### Auto Tires and Accessories

While the auto tire and accessory business was hard hit during 1921, the present year has been exceptionally good. Although prices on tires have been cut approximately 50 per cent during the past year, the volume of sales during practically every month this year has shown large increases over the corresponding months of the previous year. Dealers state that prices on tires are now lower than they have been since the low point was reached in 1916-17. While these prices are partly due to the low prices quoted on crude rubber and a cheaper production rate, the keen competition

which is found in this field has had its effect.

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

	Net Sales July, 1922, compared with		Stocks July, 1922, compared with	
	July 1921	June, 1922	July 1921	June 1922
Groceries .....	- 1.6	- 6.2	- 1.2	- 3.1
Dry Goods .....	+12.2	+28.0	- 3.8	+ 4.7
Hardware .....	+23.1	- .4	+ 5.8	+ 6.7
Farm Implements .....	.4	-29.6	....	....
Furniture .....	+12.9	-10.9	....	....
Drugs .....	- 3.8	+ 1.9	-16.5	- 2.0

## RETAIL TRADE

Midsummer clearance sales, which were pushed with unusual vigor, and preparations for the expected expansion in business this fall, were the principal activities in the retail trade field during the month of July. Retailers made drastic cuts on late spring and summer seasonal merchandise, which had moved slowly earlier in the year on account of unseasonable weather. Although summer dullness had its effect of cutting down the volume of sales, this reaction was expected at this time of the year. However, sales showed a more favorable comparison with the same month a year ago than was in evidence during June. Sales of twenty-two department stores registered a decrease of 27.3 per cent as compared with last month, and 9.1 per cent as compared with July, 1921.

The liquidation of stocks through clearance sales and the replacing of same with only a small amount of fall merchandise brought the stocks of these firms on hand at the close of July down to a point 2.1 per

cent below those on hand at the close of June and 7.8 per cent below those on hand at the close of July, 1921.

The ratio of stocks to sales during July was 559.7 per cent, which shows a slower turn-over during that month than was the case during the first half of the current year, the ratio for that season being 456.8 per cent. A lower turnover, however, is generally obtained in July due to the smaller volume of sales in that month.

The ratio of outstanding orders at the close of July to last year's purchases was 10.7 per cent, which reflects the natural increase at this time of the year on account of the fact that retailers are placing their forward orders for fall merchandise.

The ratio of July collections to accounts receivable on July 1st, was 34.1 per cent, as against 36.2 per cent during the previous month. Collections, however, are naturally slow at this season of the year.

### BUSINESS OF DEPARTMENT STORES

	Dallas	Fort Worth	Houston	All Other	Total District
Total Sales—					
July, 1922 compared with July, 1921.....	- 6.8	-10.4	- 3.3	-14.0	- 9.1
July, 1922 compared with June, 1922.....	-24.4	-18.9	-40.7	-26.2	-27.3
Credit Sales—					
July, 1922 compared with July, 1921.....	- 5.2	- 5.3	+ 7.8	-10.0	- 4.5
July, 1922 compared with June, 1922.....	-28.7	-22.4	-48.7	-29.7	-32.5
Stocks—					
July, 1922 compared with July, 1921.....	- 9.5	- 9.3	- 2.2	- 8.4	- 7.8
July, 1922 compared with June, 1922.....	- 4.6	- 4.7	+ 2.3	none	- 2.1
Ratio of stocks to sales.....	574.1	536.7	611.9	521.7	559.7
Ratio of outstanding orders to last year's purchases.....	10.9	11.2	10.6	10.2	10.7
Ratio of July collections to Accounts Receivable, due and outstanding on July 31, 1922.....	28.4	36.7	38.9	43.0	34.1



## FINANCIAL

Due to the midsummer quietitude, the July volume of business as reflected in debits to individual accounts at the principal cities of this district showed a recession as compared with the previous month and the corresponding month a year ago. The weekly average amount of checks charged to depositors'

accounts during July was \$121,602,000 as compared to \$128,480,000 for the previous month. Although this recession was a normal one, the weekly average for July this year compares with \$123,803,000 for July, 1921, which showed that the volume of business this year continued below that of a year ago.

## CHARGES TO DEPOSITORS' ACCOUNTS

	AVERAGE WEEKLY DURING		
	July, 1922	June, 1922	July, 1921
Albuquerque .....	\$ 2,181,000	\$ 2,193,000	\$ 1,781,000
Austin .....	2,766,000	3,019,000	2,517,000
Beaumont .....	3,136,000	3,322,000	2,893,000
Dallas .....	29,954,000	33,127,000	28,873,000
El Paso .....	7,227,000	7,579,000	6,736,000
Fort Worth .....	20,658,000	23,330,000	20,162,000
Galveston .....	14,233,000	12,820,000	18,769,000
Houston .....	22,099,000	22,563,000	24,190,000
San Antonio .....	5,980,000	6,357,000	6,146,000
Shreveport .....	7,030,000	7,386,000	5,717,000
Texarkana, Texas .....	1,571,000	1,810,000	1,295,000
Tucson .....	1,692,000	1,759,000	1,658,000
Waco .....	3,075,000	3,215,000	3,066,000
Totals, Eleventh District .....	\$121,602,000	\$128,480,000	\$123,803,000

**Acceptance Market** The volume of outstanding acceptances executed by accepting banks of this district showed a sharp increase during July. Acceptances outstanding on July 31st amounted to \$879,783.08 as compared to \$516,610.50 on June 30th. This sharp increase was noticeable in both types of acceptances executed. The amount executed against export and import transactions increased from \$5,856.08 on June 30th to \$179,144.81 on July 31st, while the amount based on domestic shipments and storage of goods increased from \$510,754.42 on June 30th to \$700,638.27 on July 31st. Acceptances outstanding on July 30, 1921, amounted to \$823,000. The holdings of the Federal Reserve Bank of Dallas in this type of paper continued large, being \$2,832,312.06 on July 31st.

**Condition of Reserve City Banks** The net demand deposits of reserve city banks reflected a falling off of \$2,644,000 during the past month, but the loans of these banks were increased by \$2,093,000. However, their bills payable with the Federal Reserve Bank were reduced from \$6,758,000 on June 28th to \$3,741,000 on August 2nd. The reserve accounts of these banks with the Federal Reserve Bank amounted to \$22,760,000 on August 2nd as compared to \$23,072,000 on June 28th, and \$18,753,000 on August 3, 1921. Reflecting the decrease in deposits and the increase in loans, the ratio of loans to net demand deposits increased from 91 per cent on June 28th to 93 per cent on August 2nd. Comparison of this ratio with that of August 3, 1921, shows a considerable improvement, the ratio on that date being 109 per cent.

## CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Aug. 2, 1922	June 28, 1922	Aug. 3, 1921
1. Number of reporting banks.....	52	52	52
2. U. S. securities owned.....	\$49,991,000	\$49,802,000	\$39,901,000
3. All other stocks, bonds, and securities owned.....	7,251,000	8,112,000	11,060,000
4. Loans secured by U. S. Government obligations.....	4,449,000	4,662,000	6,320,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	42,728,000	43,154,000	37,479,000
6. All other loans.....	187,570,000	185,264,000	190,784,000
7. Net demand deposits.....	206,093,000	208,737,000	181,398,000
8. Time deposits.....	65,747,000	64,964,000	60,450,000
9. Reserve with Federal Reserve Bank.....	22,760,000	23,072,000	18,753,000
10. Bills Payable with Federal Reserve Bank.....	3,741,000	6,758,000	20,254,000
11. Percentage of loans (*) to net demand deposits.....	93%	91%	109%

\*Loans include only items 4 and 6.



**Operations of the Federal Reserve Bank** The seasonal demand for funds has resulted in a further expansion in our loans to member banks. On July 31st these loans amounted to \$33,790,121.52 as compared with \$32,263,976.40 on June 30th, representing a net increase of \$1,526,145.12. When these loans are classified as to collateral it is noted that the largest increases were in the agricultural and livestock paper. There were only slight increases in commercial paper and member banks' collateral notes secured by U. S. Government obligations. The increase in rediscounts and further investments in U. S. Government obligations reduced the ratio of our total reserves against combined deposits and note liabilities from 57.8 on June 30th to 56.1 on July 31st.

The total bills held by this bank on June 30th amounted to \$35,140,203.62 as compared to \$36,622,433.58 on July 31st, distributed as follows:

Member banks' collateral notes secured by United States Government obligations.....	\$ 1,204,443.50
Rediscounts and all other loans to member banks .....	32,585,678.02
Open market purchases (Bankers' acceptances) .....	2,832,312.06
Total bills held.....	\$36,622,433.58

Following the increase in our loans to member banks, Federal reserve notes in actual circulation at the close of business on July 31st amounted to \$26,798,180 as compared to \$26,240,776 on June 30th, which shows an increase of \$557,404 during the month. Member banks' reserve deposits amounted to \$44,095,907.27 on July 31st, while on June 30th they amounted to \$45,806,426.07, reflecting a decrease of \$1,710,518.80. However, as compared with July 30, 1921, there was an increase of \$1,990,724.84.

**Discount Rates.** Changes in discount rates charged by commercial banks during July were very small. The customary rate on customers' paper increased one per cent at Fort Worth and one-half per cent at San Antonio, while this rate was reduced one-half per cent at Waco. The rate on open market paper increased one per cent at Waco, and decreased one-half per cent at El Paso. The "high," "low," and "customary" rate for the past thirty days is presented for the cities listed below.

## JULY 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	6	6	7	5	6	8	6	7	8	6	7
Customers' 4 to 6 months .....	7	5	6	10	8	8	8	6	6	7	6	6	8	6	7	8	6	7
Open market 30 to 90 days .....	6	5	6	5½	4	4½	5	4½	4½	---	---	---	---	---	---	8	4½	6
Open market 4 to 6 months .....	6	5	6	10	8	8	5	4½	4½	---	---	---	---	---	---	8	4½	6
Interbank loans .....	6½	5	6½	9	6	8	6	6	6	7	4½	5	8	6	6	7	6	6
Collateral loans, demand .....	8	6	6½	10	8	8	10	6	8	7	5	6	8	6	7½	8	6	7½
Collateral loans, 3 months .....	8	6	6½	10	8	8	10	6	8	7	5	6	8	6	7½	8	6	7½
Collateral loans, 3 to 6 months .....	8	6	6½	10	8	8	10	6	8	7	5	6	8	6	7½	8	7	8
Cattle loans .....	8	6	7½	10	8	8	8	8	8	7	5	6	8	6	7½	8	8	8
Loans secured by warehouse receipts, Bs-L, etc.	7	6	6½	10	8	8	8	6	7	7	5	6	8	6	7½	8	6	8
Loans secured by Government securities .....	8	5	6½	10	8	8	10	6	8	7	5	6	8	6	7	8	6	7

**Savings Deposits.** Reports from 115 banks of this district which operate a savings department disclose a reduction of six-tenths of one per cent in savings deposits on July 31st

as compared to June 30th, but a gain of 10.7 per cent as compared with July 30, 1921. Savings deposits have shown a gradual growth since November, 1921, and the loss during July seems to be due to the fact



that many wage earners in the larger cities withdrew a portion of their savings for vacation trips. Savings deposits in a majority of the larger cities re-

flected a decrease, while the smaller towns as a general rule showed an increase.

## SAVINGS DEPOSITS

	Number of Reporting Banks	July 31, 1922	July 30, 1921	Inc. or Dec.	June 30, 1922	Inc. or Dec.
Albuquerque .....	3	1,598,636	1,452,233	+ 10.1	1,618,558	— 1.2
Beaumont .....	3	1,533,894	1,366,304	+ 12.3	1,514,677	+ 1.3
Dallas .....	7	9,873,468	8,126,602	+ 21.5	9,822,908	+ .5
El Paso .....	6	6,830,592	6,979,831	— 2.1	7,094,473	— 3.7
Fort Worth .....	5	5,639,139	5,446,900	+ 3.5	5,969,197	— 5.5
Houston .....	6	12,340,201	11,211,326	+ 10.1	12,571,345	— 1.8
San Antonio .....	5	5,750,167	5,275,581	+ 9.0	5,808,638	— 1.0
Shreveport .....	5	4,811,072	4,628,567	+ 3.9	5,021,026	— 4.2
Waco .....	4	1,584,009	1,283,098	+ 23.5	1,583,421	none
Wichita Falls .....	3	2,091,250	1,002,494	+108.6	1,770,011	+18.1
All others .....	68	17,665,776	16,208,996	+ 9.0	17,347,615	+ 1.8
Total, District .....	115	69,718,204	62,981,932	+ 10.7	70,121,869	— .6

## FAILURES

July commercial failure statistics for the Eleventh Federal Reserve District reflected a sharp reduction in both the number and liabilities of defaulting firms, the totals for the month being the lowest recorded since November, 1920. There were 64 defaulting firms with liabilities aggregating \$1,230,581, which compares with 114 failures during June with liabili-

ties amounting to \$2,481,679. It will be recalled that the peak was reached in February of this year when there were 207 insolvencies with an indebtedness of \$5,889,143. Since that time, the trend has been downward, indicating that conditions have been gradually improving.

## 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
June .....	114	2,481,679	105	2,588,787
July .....	64	1,230,581	114	3,778,098
Total, 11th District, seven months .....	950	\$22,090,374	799	\$19,304,028

## PETROLEUM

Crude petroleum production in the Eleventh Federal Reserve District, which has been declining since March, reacted during July and showed an increased output as compared with the previous month. The yield for July amounted to 12,910,271 barrels, as compared to 12,228,257 barrels for June, and 10,666,346 barrels for July, 1921. The July daily average flow for all fields was 416,460 barrels as compared to 407,608 barrels for June. It is interesting to note that production in all Texas fields (with the exception of the Texas Coastal) increased, reflecting a gain in the

total Texas output from 9,333,220 barrels in June to 9,904,697 barrels in July, while the Louisiana production increased from 2,895,037 barrels in June to 3,005,574 in July. The Mexia field, which has shown a steady decline since March, when a production record was established with a daily average flow of 157,080 barrels and which had dropped to a daily average of 56,850 barrels in June, came back during July with a daily average yield of 71,443 barrels. However, this come-back was due in part to the activity in the Currie section of that field as the new wells



in the Mexia section proper had a very small initial flow. The Stephens County area again showed a loss in production despite the fact that there were more successful completions in July than during the previous month. The Pioneer field, although active in new developments, has taken a downward trend in production and the initial flow of recent completions has been somewhat smaller. In the North Texas district all fields showed a slight increase in output during July, with the Electra field taking the lead in production gains as well as in drilling activity. The Haynesville (La.) field showed a slight increase in production, the daily average output being 54,377 barrels in July as against 52,124 barrels in June. The Midcontinent Field, composed of Texas, Oklahoma, Louisiana, Kansas and Arkansas, registered a substantial gain in production with all states sharing in this increase.

### Drilling Results.

The month of July opened with drilling operations in all fields very active, and this activity continued throughout the first half of the month. However, due to the cuts in crude oil prices, much of the drilling program which could be delayed was postponed to await further developments. Nevertheless July witnessed more completions than any month since November, 1920. The July completions numbered 597 wells, of which 438 were successful and yielded an initial flow of 119,126 barrels. These figures compare with 507 completions in June with 381 producers and an initial flow of 145,349 barrels. The Texas fields contributed 307 producers out of 446 completions and added a flush production of 102,621 barrels as against the June record of 259 producers out of 365 completions with an initial flow of 116,112 barrels. The Pioneer field was the center of interest in the Central-West Texas district in point of new development, but the initial flow of the late completions has fallen off considerably. The new produc-

tion added during the month amounted to 17,605 barrels. The Electra field far outstripped all other fields in the North Texas district. The greatest activity was in the southern portion of the field where it is reported that there was more activity during July than during any month since the opening of the field. The number of completions were double that of the previous month and some good producers were reported. However, operations are being curtailed to a very large extent at the present time, due to low prices being paid for the output. In the Haynesville (La.) field, there were 108 completions of which 103 were producers with an initial flow of 14,975 barrels as against the June record of 93 completions including 90 producers with an initial flow of 25,042 barrels.

### Crude Oil Prices Lower

July witnessed a general scaling down in the posted price of crude oil at practically every field of this district. The cut was first posted in some fields on July 15th and reductions at other fields followed in rapid succession. Early in August further reductions were posted at all Louisiana fields, making a total reduction of 75 cents per barrels for the top grade of oil at these fields. These reductions bring the present price near to the low point reached last summer. The posted price of Gulf Coast crudes has remained steady at \$1.25 per barrel, due in part to the lively demand for this grade of oil on account of its lubricating content. An encouraging feature in the price situation is the fact that premiums are being paid at some fields. In the North Texas district some long time contracts are being made at a premium of 25 cents per barrel, while spot crude is bringing from 30 to 40 cents above the posted price. Although there was a reduction of 25 cents per barrel in Mexico crude, 400,000 barrels of this oil recently sold at 27 to 35 cents per barrel above the former posted price.

### OIL PRODUCTION

Field	July		June		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas .....	2,077,845	67,027	1,922,595	64,086	Inc. 155,250	Inc. 2,941
Central-West Texas .....	4,537,685	146,377	4,042,370	134,746	Inc. 495,315	Inc. 11,631
Texas Coastal .....	3,137,727	101,217	3,276,005	109,200	Dec. 138,278	Dec. 7,983
San Antonio District.....	151,440	4,885	92,250	3,075	Inc. 59,190	Inc. 1,810
Totals, Texas .....	9,904,697	319,506	9,333,220	311,107	Inc. 571,477	Inc. 8,399
North Louisiana .....	3,005,574	96,954	2,895,037	96,501	Inc. 110,537	Inc. 453
Totals, 11th District .....	12,910,271	416,460	12,228,257	407,608	Inc. 682,014	Inc. 8,852



## JULY DRILLING RESULTS

Field	Completions	Producers	Failures	Initial Production
North Texas .....	134	104	30	15,088 *
Central-West Texas .....	208	140	68	62,040 **
Texas Coastal .....	76	55	21	25,038
San Antonio District .....	4	4	---	410
Texas Wildcats .....	24	4	20	45 ***
Totals, Texas .....	446	307	139	102,621
North Louisiana .....	151	131	20	16,505
July Totals, District .....	597	438	159	119,126
June Totals, District .....	507	381	126	145,349

\* Includes 18,000,000 cubic feet gas.

\*\* Includes 34,000,000 cubic feet gas.

\*\*\* Includes 2,100,000 cubic feet gas.

## CRUDE OIL PRICES

Texas	Aug. 10, 1922		Aug. 11, 1921		Louisiana	Aug. 10, 1922		Aug. 11, 1921	
	1922		1921			1922		1921	
Corsicana light .....	\$1.00		\$ .85		Caddo (38 gravity and above) .....	\$1.25		\$1.25	
Corsicana heavy .....	.65		.50		Bull Bayou (38 gravity and above) .....	1.15		.90	
Texas Coastal fields .....	1.25		.80		Homer (36 gravity and above) .....	1.25		1.00	
Mexia .....	1.25		---		Haynesville (34 gravity and above) .....	1.10		.75	
Currie (40 gravity and above) .....	1.50		---		De Soto Crude .....	1.25		1.15	
All other Texas fields .....	1.50		1.00						

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

## LUMBER

The production rate of the Eleventh District pine mills reflected a slowing down during July when the actual production of forty-six mills was 4 per cent below normal as compared to 1 per cent above normal in June. The volume of shipments for the month was practically the same as production, but represented a falling off from June shipments. A shortage of box cars, due to the railroad strike, has had an adverse effect on lumber shipments and it is becoming more difficult to make prompt deliveries. Although orders for the month were very well maintained, they were considerably off from the previous month, being 14 per cent below normal production in July as compared to 1 per cent in June. The unfilled orders on the books of forty-six mills on July 31st amounted to 89,816,132 feet as compared to 89,127,422 feet on the books of forty-one mills as of June 30th. Stocks at these mills showed but very little change from the previous month, being 18 per cent below normal at the close of July as against 17 per cent below normal at the close of June.

The railroad strike situation, which has had the effect of making prompt deliveries difficult, has had a tendency to cause the market to stiffen. Offerings of materially higher range of prices have been made on practically all grades of lumber where prompt shipment could be effected.

## JULY PINE MILL STATISTICS

Number of reporting mills .....	46
Production .....	110,673,360 feet
Shipments .....	110,518,557 feet
Orders .....	99,436,787 feet
Unfilled orders July 31st .....	89,816,132 feet
Normal production .....	115,073,266 feet
Stocks, July 31st .....	271,580,796 feet
Normal stocks .....	332,410,169 feet
Production above shipments .....	154,803 feet= 0.1%
Actual production below normal .....	4,399,906 feet= 4 %
Orders below normal production .....	15,636,479 feet=14 %
Stocks below normal .....	60,829,373 feet=18 %



## BUILDING

Construction activity in the principal cities of this district during July was on a larger scale than during the previous month. The valuation of building permits issued at these cities amounted to \$6,426,871 as compared to \$5,350,383 in June and \$4,391,026 in July a year ago. The value of the July permits was the largest for any month during the present year, and August last year was the only month in 1921 in

which permits involved a larger valuation. Large increases in permit valuation were noted at Beaumont, Waco, El Paso, Houston, and Shreveport. The downward trend in the number of building permits reflects the increase in the activity of business building. Residence building seems to be holding about on a par with previous months.

## BUILDING PERMITS

	July, 1922		June, 1922		Inc. or Dec.	July, 1921		Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation	
Austin.....	24	63,080	44	110,195	- 42.8	56	88,495	- 28.7
Beaumont.....	125	223,143	112	134,245	+ 66.2	119	625,789	- 64.3
Dallas.....	304	1,409,442	358	1,533,046	- 8.1	355	1,289,029	+ 9.3
El Paso.....	127	617,184	99	344,465	+ 79.2	101	187,284	+ 229.5
Fort Worth.....	185	612,779	237	636,812	- 3.8	197	258,614	+ 136.9
Galveston.....	336	114,829	387	378,956	- 69.7	486	115,606	- 0.7
Houston.....	529	1,624,373	706	1,339,822	+ 21.2	649	869,049	+ 86.9
San Antonio.....	380	609,599	365	528,810	+ 15.3	289	430,915	+ 41.5
Shreveport.....	228	587,221	237	270,468	+ 117.1	223	268,245	+ 118.9
Waco.....	45	565,221	27	73,564	+ 668.3	30	258,000	+ 119.1
Total .....	2,283	6,426,871	2,572	5,350,383	+ 20.1	2,505	4,391,026	+ 46.4