

MONTHLY REVIEW OF BUSINESS AND INDUSTRIAL CONDITIONS

IN THE ELEVENTH FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF DALLAS

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GENERAL SUMMARY

Not since the winter of 1919-1920 has the activity of trade in the Eleventh District shown as great a buoyancy as it displayed during the month of September, 1922. For the first time since the highwater mark reached in the year 1920, the current monthly sales of department stores exceeded those of the corresponding month in the previous year. Most of the reporting wholesale lines also registered satisfactory gains over the previous month, notwithstanding the fact that September is usually a relatively dull month in most lines of wholesale trade. It will be recalled that in our report of business conditions for the month of July trade authorities were quoted as being of the opinion that business in this district would return to "normal" this fall. As a matter of fact, however, the reports of department stores for the month of September show that the volume of sales for that month was even larger than what might be termed "normal," inasmuch as the aggregate of their sales was only 5 per cent below the September, 1919, sales. Collections, after months of sluggish movements, showed marked improvement in September, due chiefly to the large volume of money put into circulation recently by the marketing, at satisfactory prices, of the district's cotton crop.

Financial conditions in this district now present a most unusual situation. The extent to which indebtedness (both personal and corporate) has been liquidated during the past year is partially reflected in the fact that our loans to member banks have been reduced during the twelve months ending October 18th from \$68,000,000 to \$21,000,000, or approximately 70 per cent. Both the Federal Reserve Bank of Dallas and many of the commercial banks of the district have been forced to enter the open market to obtain employment for large surpluses of idle

funds—a condition practically unprecedented for this season of the year. This unusual situation has stimulated a greater manifestation of interest on the part of Eleventh District banks in bankers' acceptances than has ever been witnessed before. The educational value of this development will be far-reaching, as interest in the subject of acceptances as a medium of investment has heretofore been chiefly confined to a few of the larger banks; whereas many of the interior institutions with whom commercial paper has heretofore been a favorite if not exclusive medium of investment are now reported to be taking a greater interest in the acceptance market.

Among the more significant "barometrics" of September statistics in this district were a 30 per cent increase (over August) in charges to depositors' accounts, a decrease of \$8,000,000 in our loans to member banks (which largely represents "prepayments"), a rise in our reserve ratio from 55.8 per cent on August 31st to 70.5 per cent on October 14th, and a 73 per cent decrease in commercial failures as measured by the liabilities of the insolvent concerns.

Moderate improvement in the district's employment situation occurred during the past month. While rail strike adjustments have not extended to the Texas shops, some of the idle shopmen have been absorbed by other industries, and the Texas roads are now operating their shops with full forces which in many instances have organized new unions upon mutually satisfactory terms of wages and working conditions. Brisk building activity in the larger centers has afforded fairly general employment for the building crafts. Agricultural employment has somewhat declined, except in the northern cotton belt.

CROP CONDITIONS

The past month has witnessed a continuance of ideal weather for harvesting crops, but the lack of moisture has militated against normal plant growth and has further delayed fall seeding operations.

The district's cotton crop has steadily deteriorated, chiefly due to the ravages of the weevil and army worm, the condition of the Texas crop having declined to 52 per cent of normal on September 25th, representing a loss of 7 points since August 25th. While the plant is still green, and fruited nearly to the top, there is little if any prospect for a top crop this year, as the October rains occurred too late to produce a secondary crop. The advent of cooler weather in October, however, has checked the premature opening of bolls.

Picking and ginning have been completed in South Texas, while in the northern part of the state these operations are advancing to the final stages under favorable conditions. About one-half of the crop has been gathered in West Texas, where the greatly reduced yield will be harvested much earlier than was anticipated.

Dry weather has seriously hampered plowing for winter grains, and such wheat as has been sown is slow to germinate under present conditions. Some relief, however, is expected to result from rains reported as occurring in many parts of the district during the third week of October.

Truck crops in the coastal section have made progress during the past month, and citrus fruits are moving to market from the Rio Grande Valley. Reports from the Valley are to the effect that the commercial acreage planted to cabbage will be greatly reduced this winter on account of the successful season enjoyed by the cotton growers in that section this year, which will result in a larger cotton acreage in 1923.

Crop conditions in Southern Oklahoma show the effects of the drouth in that section that has continued unbroken for several months. Seeding of wheat is progressing slowly, and the early sown crop is up to a poor stand. Cotton is being rapidly harvested, and a fair sized crop has been made.

But little change has occurred in the condition and outlook of crops in the states of New Mexico and Arizona. No general rains have been reported there, and the severe drouth has ruined much of the crops that were grown without irrigation. In fact, the irri-

gated lands have suffered also as a result of an insufficient water supply.

Cotton Movements The new cotton crop began moving from the plantations much earlier than usual this season, and apparently the movement reached the seasonal peak in the first week of October. At that time the price was depressed below the 20-cent level by hedge pressure and heavy spot offerings, but when receipts began to diminish the market reacted and has, from that time to the present date, shown a steadily upward trend. This rise in the price has tended to precipitate a holding movement, the producers, supported by co-operative marketing organizations, showing a tendency to market their product more slowly. This is also largely true of such cotton as has passed into the possession of cotton factors and other local buyers, as is indicated by the fact that receipts at Texas concentration points are outstripping the shipments from such points, and stocks on hand are beginning to tax their storage capacity.

September receipts at the port of Galveston amounted to 438,696 bales, while exports totalled only 233,825 bales. Total exports for the season (August 1st to September 30th) have been only 307,112 bales, as against 441,508 last season, although current receipts are practically equal in volume to those handled during the corresponding period a year ago. Stocks on hand at Galveston increased from 98,255 bales on August 31st to 302,479 on September 30th.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	Sept. 1922	Sept. 1921	Aug. 1st to Sept. 30th	
			This Season	Last Season
Gross Receipts	438,696	313,747	545,503	523,980
Exports	233,825	250,661	307,112	441,508
Stocks, Sept. 30th.....			302,479	325,159

GALVESTON STOCK STATEMENT

	Sept. 30, 1922	Sept. 30, 1921
For Great Britain	13,493	20,543
For France	8,500	12,954
For other foreign ports.....	33,748	45,469
For coastwise ports	9,000	3,000
In compresses	237,738	243,193
Total	302,479	325,159

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

	This Season	Last Season
Receipts since Aug. 1st.....	985,231	1,212,308
Exports: Great Britain	222,578	120,101
France	113,935	153,160
Continent	223,604	417,042
Japan-China	49,687	226,278
Mexico	2,600	
Total foreign ports	612,404	916,581
Stocks at all U. S. Ports, Sept. 30th.....	666,089	1,411,905

Grain Movements A heavy but purely seasonal decline occurred in wheat receipts at the district's principal grain centers in September, when supplies totalled 2,384 carloads as against the August record of 6,961.

COMPARATIVE GRAIN RECEIPTS

	September (cars)	August (cars)
Wheat	2,384	6,961
Corn	200	118
Oats	219	290

LIVESTOCK

Southwestern Ranges Deteriorating The severe drouth that has existed in the western half of this district for the past several months has reduced the ranges to a condition almost comparable to that which accompanied the disastrous drouth of 1918. In New Mexico the pasturage is now so short that arrangements have been made to move 100,000 cattle from that state into Mexico, where the Chihuahua valleys offer grass and water in abundance. In Arizona, the Texas Panhandle and West Texas the drouth, though somewhat less severe than in New Mexico, has seriously affected the ranges, reducing stock water to a very low point, and making it probable that much dry feeding will be necessary to carry livestock through the winter.

The average condition of Texas ranges on October 1st, according to the Government's report, was 69 per cent of normal. This compares with 82 per cent on the same date last year, and with 47 per cent on October 1st, 1918, when the worst drouth in the state's history was running its course. The condition of all Texas cattle is estimated at 76 per cent of normal, which is surprisingly good in view of the condition of the ranges. The best conditions, both with respect to livestock and ranges, are reported in South and Southeast Texas, while the section in which the worst condition exists seems to be the extreme western counties in the vicinity of El Paso.

Prices and Movements According to statistics compiled by the United States Department of Agriculture, the average prices of cattle prevailing on the ranges and farms of Texas on

October 1st were as follows: cows, \$26.00 per head; two-year-olds, \$28.00; three-year-olds, \$38.00; veal calves, \$16.00; yearlings, \$23.00; feeder calves, \$20.00. Of the total number of young cattle to be shipped this fall from the territory where produced, it is estimated that veal calves will constitute 45 per cent, feeder calves 37 per cent and two-year-olds 18 per cent.

Export trade showed a corresponding shrinkage, the total amount moving in September through the port of Galveston being only 1,902,600 bushels, as compared to 5,890,966 in August. The unusual shortage in Texas and Oklahoma production this year is evidenced by the fact that exports at Galveston from July 1st to September 30th have totalled only 7,000,000 bushels, as against 32,000,000 for the same period last year, a reduction of 25,000,000 bushels.

The fall movement of livestock to Southwestern markets was in full swing in September, receipts for that month at Fort Worth being the largest of the year. While offerings were not up to the usual grade in quality, the demand was so strong that all supplies were readily absorbed. Takings of calves were about equally divided between packers and outside buyers. The supply of hogs was always short of the demand, and as the Fort Worth top price was unusually close to the Kansas City top throughout the month a large number of shipments were attracted to the Texas market from Oklahoma points.

Only nominal changes were seen in price levels, as compared with the previous month, except in the case of calves and hogs, the former showing a net decline and the latter registering an advance. The best hogs were selling around the \$10.00 level at the close of the month, and this price has been maintained with only slight fluctuations during the first three weeks of October.

Beef steers met a rather restricted demand throughout September, most consignments clearing at \$7.50 to \$7.75. October developed further weakness in the demand for steers, and prices at present

are down to a range of \$6.50 to \$7.50 for choice grades.

The sheep market is also comparatively inactive, and very few fat sheep and lambs made their appearance during the past month, most of the supplies being feeders and stockers.

FORT WORTH LIVESTOCK RECEIPTS.

	September 1922	August 1922	Loss or Gain	September 1921	Loss or Gain
Cattle	76,746	71,689	G 5,057	55,318	G 21,428
Calves	55,276	37,249	G 18,027	71,800	L 16,524
Hogs	27,834	23,703	G 4,131	29,029	L 1,195
Sheep	31,459	23,762	G 7,697	17,474	G 13,985

COMPARATIVE TOP LIVESTOCK PRICES

	September 1922	August 1922	September 1921
Beef steers	\$ 7.75	\$ 8.00	\$6.60
Stocker steers	6.00	5.50	5.25
Butcher cows	5.25	5.00	4.50
Stocker cows	4.00	3.50	3.25
Calves	6.50	7.40	7.25
Hogs	9.95	10.30	9.25
Sheep	7.00	7.00	5.00
Lambs	11.50	10.60	7.85

WHOLESALE TRADE

Favorable developments in the general wholesale trade situation were reported for the month of September. In a majority of lines the large demand for merchandise which materialized during August reached greater proportion during September. The demand for groceries, hardware, furniture, and drugs reflected a substantial increase over the previous month as well as an increase over the same month a year ago. The farm implement demand, though somewhat less than in August, was greatly in excess of September a year ago. Dry goods sales were slightly less than August and September a year ago, but the decrease is not significant at this time.

The early movement and marketing of the cotton crop has placed a large volume of currency in the hands of the farmers with which to pay off their old indebtedness and for the purchase of long needed merchandise. This has served to create a better feeling and greater optimism on the part of the consuming public and has given a better tone to the whole trade situation. This fact is probably most evident in the collection situation. Collections which have been coming in at a very slow rate for many months past were very good during September and indications are that October collections will be even

better. Additional evidence of the brighter situation is found in the exceptionally good retail distribution.

While the buying demand is healthy in most lines and is showing a tendency to increase as the season advances, nevertheless, purchases are being made on a very conservative basis and in most cases reflect a continued disposition to limit commitments to well defined needs. However, there is less hesitation in placing forward orders for anticipated requirements. Recently there has been a tendency to enlarge the volume of forward orders, stimulated to some extent by the steady upward movement in prices. In practically all lines prices have either remained steady or have displayed a decided upward trend. It is to be noted that for the past few months the index number of wholesale prices has been gradually working upward.

The general outlook for the wholesale trade situation gives evidence of a more normal and healthful distribution.

Dry Goods

Distribution in the wholesale dry goods trade continued on a steady basis during the month of September. While sales were 5.2 per cent less than the previous month and one per cent less than the same month a year ago, it is to be remembered that the early season buying was heavier than usual this year and distribution during last fall practically reached a peak during September. This is emphasized by the fact that sales for the period July 1st to September 30th this year were 9.4 per cent larger than for the corresponding period last year. While the retailers are buying conservatively and in general are buying only such goods as their month-to-month needs call for, the buying demand is healthy and steadily increasing. However, some of the nearby needs are being anticipated and many merchants are making spring purchases in a very limited and conservative way. Prices remained firm and are gradually working upward although retail buyers are resisting the increased prices. Textile prices are being steadily advanced in primary channels due to the firmness of the raw cotton price and the restoration of former wage scales by some of the mills. Woolens and silk goods are likewise advancing. However, the consumer will probably escape most of these advances during the fall as the dealers have already purchased the bulk of the fall supplies.

September and October collections have been very good as a result of the rapid marketing of the cotton crop.

Farm Implements While the wholesale farm implement trade reflected a decrease of 16.6 per cent in sales as compared with the previous month, the September sales were 78.1 per cent greater than those of the corresponding month of 1921, and sales for the period July 1 to September 30, 1922, were 36.1 per cent greater than for the same period of 1921. The decrease in September as compared with August is not surprising, however, as the farmer was concerned more with the gathering of the cotton crop during that month than with the preparation of the soil for the new crops. Reports indicate that buying since the first of October has been on a larger scale. Farm implements have been bought on a very limited scale for the past two years and in fact have covered only the actual necessities. Consequently, there is a large potential demand for implements throughout the district. In those sections where a satisfactory crop has been harvested the demand is beginning to materialize, and the outlook for the fall and winter business has shown a very material improvement. While no advances have been made by the wholesaler, prices show an upward trend in that the raw material market has had a distinct rise which makes the manufacturing cost higher. With the early marketing of the cotton crop collections have shown a decided improvement for September and October.

Furniture Sales of reporting wholesale furniture firms evidenced a further improvement during September, being 5.9 per cent greater than August sales and 25.3 per cent greater than during September, 1921. The demand for house furnishings has been good throughout the year, partly due to the activity of building operations. This demand has been principally from the cities, but with the movement of the crops country buying has entered as a factor in distribution at the present time. The medium priced furniture has been in greatest demand. The general outlook of the trade appears to be good.

Drugs The buying demand in the wholesale drug trade reflected a further improvement during September, the sales for that month being 4.3 per cent greater than August sales and 2.0 per cent greater than during September, 1921. As the season advances trade buying seems to be broader in scope and the volume of orders increasing. Forward buying continues on a very limited scale. Prices remained steady with an upward tendency. Heavy chemicals have evidenced considerable strength due to the very light supply of many items.

Hardware Increased buying was apparent in the wholesale hardware trade during September, when the sales of twelve firms disclosed a gain of 21.4 per cent over the previous month and 33.9 per cent over the same month a year ago. The sales of builders' hardware were exceptionally good during the spring and summer months but with the approach of winter and the normal slackening in building operations which generally occurs at this season of the year, the demand for these items has been greatly reduced. However, other seasonable lines are selling well. Buying for future delivery has been negligible.

Prices on all items of hardware showed further advances during the month due partly to the increased price of iron and steel and partly to a shortage of certain items which has occurred on account of the recent transportation difficulties.

Groceries The wholesale grocery distribution continued its upward trend in September and the sales of reporting firms reflected an increase of 23.1 per cent over the August volume of business and 17.8 per cent over the same month a year ago. The improved demand has been evident in all sections of the district and the wholesale dealers report that the general outlook for the winter season appears very promising. Prices have reflected a slight upward tendency. Beans, soap, syrup, flour, lard and sugar have shown substantial advances during the past month. The Pinto beans are scarce and hard to obtain due to the unusually short crop which resulted from the drouth prevailing in the producing areas of New Mexico, Arizona, and Colorado during the summer and fall. The rise in the price of beans is significant in that the new season is just opening and a shortage is expected to continue throughout the year. The advance on soap was the first quoted for more than a year.

September collections were very good and showed a considerable improvement over August collections.

Harness and Saddlery It will be noted from the table below that a new line of wholesale trade has been added to our reporting system. The September sales of reporting firms show an increase of 15.1 per cent over sales of September, 1921, and a seasonal expansion of 6.6 per cent. The leather goods market has been featured by a continual advance of prices during the past month under the stimulus of a broadening demand.

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

	—Net Sales— Sept. 1922 compared with		—Net Sales— July 1 to date compared with same period	—Stocks— Sept., 1922 compared with	
	Sept. 1921	Aug. 1922		Sept. 1921	Aug. 1922
Groceries	+17.4	+22.6	+ 7.1	— .2	+ 4.1
Dry Goods	— 1.0	— 5.2	+ 9.4	— 1.0	— 6.4
Hardware	+33.9	+21.4	+21.2	+ 2.2	— 5.7
Farm Implements	+78.1	—16.6	+36.1	.....	.....
Furniture	+25.3	+ 5.9	+28.8	.....	.....
Drugs	+ 2.0	+ 4.3	— 1.3	—10.2	— 2.4
Harness and Saddlery.....	+15.1	+ 6.6	+16.4	.....	.....

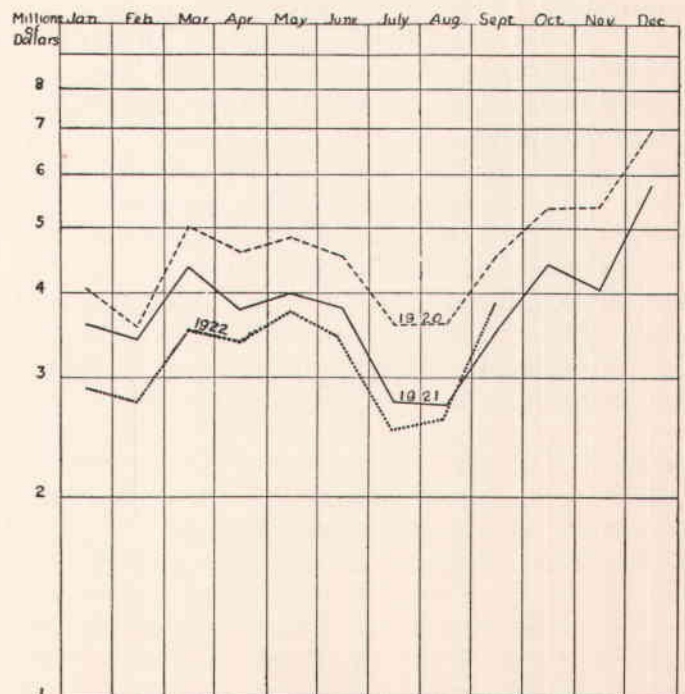
RETAIL TRADE

A marked increase in retail distribution occurred during September under the stimulating influence of cooler weather and the fall preparations for the winter months. In fact, retail trade evidenced more activity than has been noticeable for some time. From the accompanying chart it will be noted that the spread between sales this year and a year ago has been gradually decreasing and during September the sales of twenty-one department stores reached a level of 10.5 per cent above sales of September, 1921. This is the first month since the peak was reached in 1920 that a current month's sales have exceeded those of the corresponding month of the previous year. The September sales reflect a seasonal expansion of 50.1 per cent over August sales. While buying has greatly increased, dealers report that the consumer is still buying conservatively and is demanding principally medium-priced merchandise.

At the close of September stocks were 6.0 per cent greater than those on hand at the close of August, which shows that department stores are increasing the volume of their forward orders as the fall advances. However, they were 11.9 per cent less than stocks at the close of September, 1921. Thus the retailers have been able to obtain a more rapid turnover of stocks this year than last year. The ratio of stocks to sales for the period July 1st to September 30th was 511.3 per cent as compared to 559.8 per cent for the corresponding period of 1921. With the increasing of stocks the ratio of outstanding orders at the close of September reflected a considerable de-

crease, being 7.7 per cent as compared to 11.9 per cent at the close of August. This ratio compared with 7.8 per cent at the close of September, 1921.

Collections showed a substantial increase during the month as compared to August collections. The ratio of September collections to accounts receivable on September 1st was 33.2 per cent as compared to 30.8 per cent for August.



NET SALES OF TWENTY TEXAS DEPARTMENT
STORES DURING 1920, 1921 AND 1922.

BUSINESS OF DEPARTMENT STORES

Total Sales—	Dallas	Fort Worth	Houston	All Other	Total District
Sept., 1922, compared with Sept., 1921.....	+ 25.5	+ 16.4	+ 2.5	— 6.1	+ 10.4
Sept., 1922, compared with Aug., 1922.....	+ 66.6	+ 38.0	+ 32.5	+ 39.5	+ 50.1
July 1st to date compared with same period last year.....	+ 9.0	+ 2.8	— 1.8	— 11.0	none
Credit Sales—					
Sept., 1922, compared with Sept., 1921.....	+ 28.0	+ 19.9	+ 9.4	— 2.9	+ 16.0
Sept., 1922, compared with Aug., 1922.....	+ 78.7	+ 74.6	+ 33.3	+ 66.9	+ 67.4
July 1st to date compared with same period last year.....	+ 12.3	+ 7.3	+ 12.3	— 7.2	+ 6.6
Stocks—					
Sept., 1922, compared with Sept., 1921.....	— 12.0	— 9.1	— 10.0	— 14.5	— 11.9
Sept., 1922, compared with Aug., 1922.....	+ 3.7	+ 8.9	+ 4.2	+ 8.9	+ 6.0
Ratio of stocks to sales.....	471.4	536.1	591.9	507.2	511.3
Ratio of outstanding orders to last year's purchases.....	8.9	7.9	7.7	5.2	7.7
Ratio of September collections to Accounts Receivable, due and outstanding Sept. 1, 1922.....	28.4	37.0	35.1	42.8	33.2

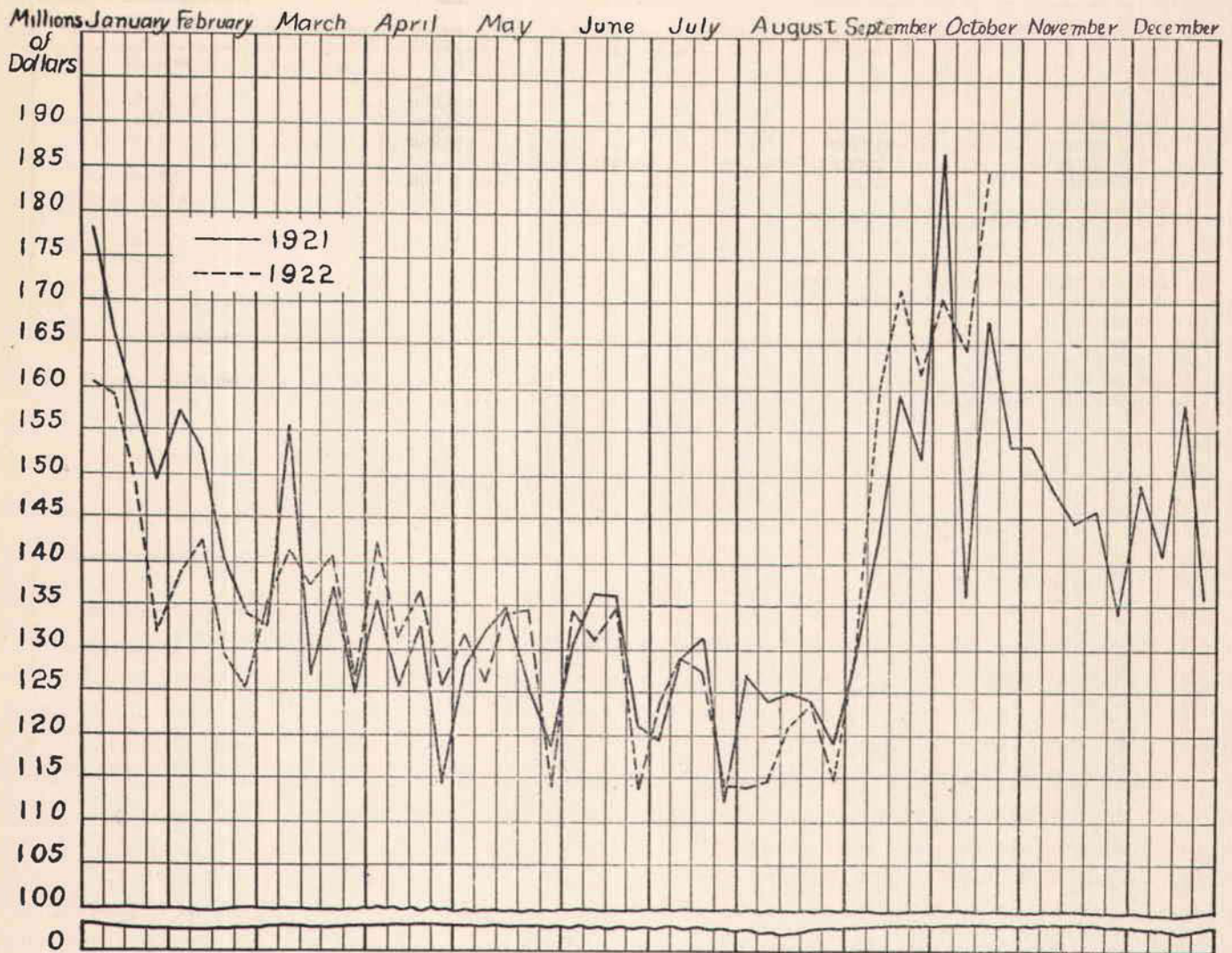
FINANCIAL

The volume of business at the principal cities of the district during September, as measured by debits to individual accounts, increased sharply over the previous month and the corresponding month a year ago. This was due to the lively distribution at wholesale and the greatly increased volume of retail trade together with the movement of the cotton crop. The weekly average of charges to depositors' accounts during the month of September amounted to \$155,808,000 as compared with \$118,473,000 for the previous month and \$145,808,000 for the correspond-

ing month of 1921. It will be noted from the chart below, which shows the weekly amount of debits at the larger cities of the district during 1921 and 1922, that during the first two months of this year debits were considerably below those of 1921 but during March the curve went above 1921 and continued well above 1921 until May. From that time the curve for the most part has been below 1921 until September, when the curve again went above that of 1921.

CHARGES TO DEPOSITORS' ACCOUNTS

	AVERAGE WEEKLY DURING		
	September 1922	August 1922	September 1921
Albuquerque	\$ 1,834,000	\$ 1,796,000	\$ 1,605,000
Austin	4,411,000	2,531,000	3,251,000
Beaumont	3,294,000	2,996,000	2,899,000
Dallas	41,036,000	28,326,000	35,338,000
El Paso	6,464,000	6,808,000	6,512,000
Fort Worth	19,768,000	19,351,000	23,633,000
Galveston	24,405,000	15,242,000	23,784,000
Houston	32,064,000	23,065,000	28,127,000
San Antonio	7,193,000	6,415,000	6,468,000
Shreveport	6,795,000	6,032,000	6,761,000
Texarkana, Texas	1,540,000	1,473,000	1,551,000
Tucson	1,489,000	1,347,000	1,438,000
Waco	5,515,000	3,091,000	4,441,000
Totals, Eleventh District.....	\$155,808,000	\$118,473,000	\$145,808,000



DEBITS TO INDIVIDUAL ACCOUNTS AT THE PRINCIPAL CITIES IN THE ELEVENTH DISTRICT DURING 1921 AND 1922.

Acceptance Market The volume of acceptances executed by accepting banks of this district and outstanding on September 30th amounted to \$1,808,176, as compared to \$476,241.06 outstanding on August 31st. Bills based on domestic shipments and storage of goods amounted to \$477,879 on September 30th as compared to \$96,088.96 on August 31st. Those executed against export and import transactions increased from \$380,152.16 on August 31st to \$1,330,297 on September 30th. The Federal Reserve Bank of Dallas on September 30th had increased its holdings in this type of paper to \$6,659,572.16.

Condition of Reserve City Banks A distinctly heavier demand for funds developed during September at reserve city banks. Loans increased from \$192,059,000 on August 30th to \$208,665,000 on September 27th, or a net increase of \$16,606,000. At the same time, net demand deposits increased from \$206,793,000 to \$223,564,000, or a gain of \$16,771,000. During the month the rediscounts of these banks with the Federal Reserve Bank increased from \$4,222,000 to \$5,747,000 and their reserve with the Federal Reserve Bank increased from \$22,480,000 to \$23,916,000. The ratio of loans to net demand deposits remained at 93 per cent.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Sept. 27, 1922	Aug. 30, 1922	Sept. 28, 1921
1. Number of reporting banks.....	52	51	52
2. U. S. securities owned.....	\$ 50,485,000	\$ 48,850,000	\$ 41,194,000
3. All other stocks, bonds, and securities owned.....	7,452,000	7,899,000	9,518,000
4. Loans secured by U. S. Government obligations.....	4,267,000	4,263,000	6,534,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	40,539,000	42,788,000	37,484,000
6. All other loans.....	204,398,000	187,796,000	190,013,000
7. Net demand deposits.....	223,564,000	206,793,000	182,808,000
8. Time deposits.....	65,949,000	64,013,000	59,829,000
9. Reserve with Federal Reserve Bank.....	23,916,000	22,480,000	20,116,000
10. Bills Payable with Federal Reserve Bank.....	5,747,000	4,222,000	22,736,000
11. Percentage of loans (*) to net demand deposits.....	93%	93%	108%

*Loans include only items 4 and 6.

Operations of the Federal Reserve Bank Loans to member banks, which reached the peak of the seasonal expansion on August 31st at \$37,537,453.48, have been showing a steady decline since that time. These loans had decreased to \$29,614,065.07 on September 30th, and to \$22,635,170.86 on October 14th. This represents a decrease of \$14,902,282.62 since the peak was reached on August 31st. The early maturity and movement of the Texas cotton crop has brought about an early payment of loans at the member banks and in turn at the Federal Reserve Bank, thus causing the large reduction in loans at the Federal Reserve Bank at an earlier date than usual. It is to be noted that member banks, on the whole, are in a strong position in that they have not only been able to pay off a large volume of their rediscounts but have also been able to take care of the demands of their customers without calling on the Federal Reserve Bank for assistance.

Concurrent with the reduction in loans has been the increase in member banks' reserve deposits which has greatly strengthened the position of the Federal Reserve Bank. The total cash reserves increased from \$44,021,664.70 on August 31st to \$70,952,645.25 on October 14th. Thus the ratio of total reserves against combined deposits and note liabilities has increased from 55.8 per cent on August 31st to 70.5 per cent on October 14th, despite the large expansion of Federal Reserve note circulation.

This bank increased its holdings in bankers' acceptances from \$1,328,131.16 on August 31st to \$7,905,646.89 on October 14th. Further investments

have also been made in government securities amounting to \$3,000,000.

The total bills held by this bank on August 31st amounted to \$38,865,584.64, as compared to \$36,273,637.23 on September 30th, distributed as follows:

Member banks' collateral notes secured by United States Government obligations	\$ 1,910,200.00
Rediscounts and all other loans to member banks	27,703,865.07
Open market purchases (Bankers' acceptances)	6,659,572.16
Total bills held	\$36,273,637.23

The growing demand for currency for crop moving purposes and for increased trade activity enlarged the volume of our Federal reserve notes in actual circulation from \$31,030,805 on August 31st to \$42,407,680 on September 30th, or a net expansion of \$11,376,875. The circulation of these notes on September 30, 1922, was \$893,293 greater than the circulation on September 30, 1921. This expansion shows clearly how the Federal Reserve notes expand to meet the seasonal need for cash, without any particular relation to the fluctuations in our loans to member banks.

Member banks' reserve deposits on September 30th amounted to \$54,415,249.67 as compared to \$45,680,410.89 on August 31st and \$38,930,458.43 on September 30, 1921. This shows an increase of \$8,734,838.78 over these deposits on August 31st and \$15,484,791.24 over September 30, 1921.

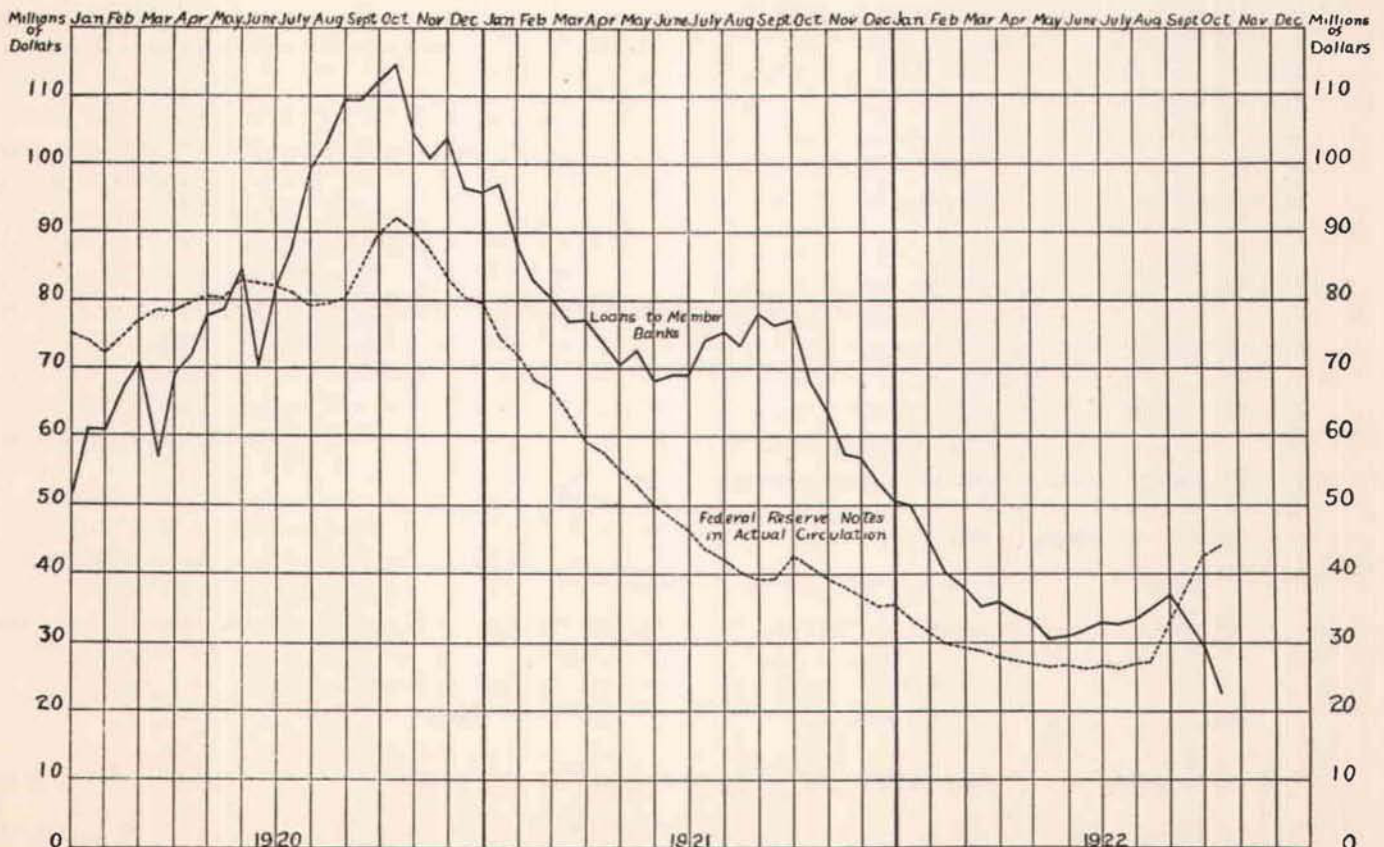
MOVEMENTS OF LOANS AND NOTE ISSUE

There is presented below a chart showing the fluctuations in the loans and Federal Reserve note circulation of the Federal Reserve Bank of Dallas since the beginning of 1920. It will be noted that our

loans to member banks began increasing early in 1920 and by the fall of that year they had reached an unprecedented height. However, since the peak was reached in October, 1920, loans have shown a

steady decrease except for the seasonal expansion for crop moving purposes in the fall of the year. Federal Reserve notes in actual circulation at the beginning of 1920 were well above the volume of loans due to the fact that prices had been steadily rising, and in supplying the increased demand for currency the member banks exhausted their surplus balances with the Federal Reserve Bank before resorting to the rediscounting of paper. Although loans showed an almost steady increase from the opening of the year, Federal Reserve note circulation declined slightly during the summer due principally to summer dullness in trade which naturally decreased the need for the circulating media. The first expansion in currency took place after the cotton crop began to move to market and when the producers needed a greater volume of hand-to-hand currency to carry on their operations. When the bulk of the crop was moved the need for such a large volume of currency was re-

moved and the surplus currency gradually flowed back to the Federal Reserve Bank. By this time prices had already begun their decline and the need for a circulating media steadily decreased. Thus, with the exception of a slight increase in the fall of 1921, Federal Reserve note circulation continued its downward course until July, 1922. Since that time, however, Federal Reserve notes have been rapidly increasing due to the greater needs for currency. Thus it will be seen that while loans and Federal Reserve notes often fluctuate together they are not dependent upon each other. The reason for the similar fluctuation during certain periods is that at the time when a greater volume of loans is necessary there is a need for a greater volume of circulating media. The possibility of an inverse fluctuation is clearly illustrated by their present movements. While loans are being rapidly repaid Federal Reserve notes in actual circulation are steadily increasing.



FLUCTUATIONS IN LOANS AND FEDERAL RESERVE NOTES IN ACTUAL CIRCULATION DURING 1920, 1921 AND 1922.

Savings Deposits Reports from 113 banks of this district which operate a savings department show a decrease of three-tenths of one per cent in savings accounts on September 30th, as compared with those of August 31st, but an increase of 13.2 per cent as compared with September 30, 1921.

	Number of Reporting Banks	Sept. 30, 1922	Sept. 30, 1921	Inc. or Dec.	Aug. 31, 1922	Inc. or Dec.
Albuquerque	3	1,614,952	1,415,189	+ 14.1	1,622,278	— .5
Beaumont	3	1,510,166	1,331,720	+ 13.4	1,511,284	— .1
Dallas	7	10,107,068	8,264,991	+ 22.3	9,868,793	+ 2.4
El Paso	5	6,699,723	6,318,279	+ 6.0	6,726,905	— .4
Fort Worth	4	5,452,900	5,038,777	+ 8.2	5,372,686	+ 1.5
Galveston	3	5,936,322	6,127,793	— 3.1	6,024,925	— 1.5
Houston	5	11,478,283	10,181,556	+ 12.7	11,630,932	— 1.3
San Antonio	4	5,613,591	5,126,417	+ 9.5	5,514,585	+ 1.8
Shreveport	4	4,212,223	4,064,712	+ 3.6	5,475,435	—23.1
Waco	5	1,735,872	1,280,649	+ 35.5	1,752,663	— 1.0
Wichita Falls	4	3,111,518	1,543,274	+101.6	2,480,186	+25.5
All others	66	15,981,587	14,194,353	+ 12.6	15,718,338	+ 1.7
Total, District	113	73,454,205	64,887,710	+13.2	73,699,010	— .3

Discount Rates The customary rate on customers' paper was decreased one-half of one per cent at Dallas banks and increased one-half of one per cent at Waco banks. The "high," "low," and "customary" rates charged by commercial banks for the thirty-day period ending October 15th are presented below.

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

FAILURES

The September business mortality statistics for the Eleventh District disclosed an improvement both as to the number of failures and the amount of liabilities involved. There were 70 insolvencies during September with liabilities amounting to \$1,480,222, as compared to 85 defaults in August with a

total indebtedness of \$5,198,294. However, it should be remembered that the August statistics included one failure involving liabilities of more than \$4,000,000. In September, 1921, there were 104 failures with a total indebtedness of \$2,872,281.

For the United States as a whole there were 1,566

failures during September as compared to 1,714 during August, and 1,466 during September, 1921. The liabilities of these defaulting firms were \$36,908,126

for September, \$40,279,718 for August, and \$37,020,837 for September a year ago.

COMMERCIAL FAILURES

	Eleventh Federal Reserve District				All Federal Reserve Districts			
	1922		1921		1922		1921	
	Number	Liabilities	Number	Liabilities	Number	Liabilities	Number	Liabilities
January	207	\$ 4,326,594	155	\$ 3,359,871	2,723	\$ 73,795,780	1,895	\$ 52,136,631
February	207	5,889,143	137	2,117,068	2,331	72,608,393	1,641	60,852,449
March	107	2,121,725	98	2,702,583	2,463	71,608,192	1,336	67,408,909
April	167	3,865,301	98	2,905,847	2,167	73,058,637	1,487	38,567,769
May	84	2,175,351	92	1,851,774	1,960	44,402,886	1,356	57,066,471
June	114	2,481,679	105	2,588,787	1,740	38,242,450	1,320	34,639,375
July	64	1,230,581	114	3,778,098	1,753	40,010,313	1,444	42,774,153
August	85	5,198,294	137	1,991,284	1,714	40,279,718	1,562	42,904,409
September	70	1,480,222	104	2,872,281	1,566	36,908,126	1,466	37,020,837
Total, eight months.....	1,105	\$28,768,890	1,040	\$24,167,593	18,417	\$490,914,495	13,507	\$433,371,003

PETROLEUM

The September output of crude oil in the Eleventh Federal Reserve District showed a slight falling off from the previous month, but this was due in part to the thirty-day month. The month's total production amounted to 12,332,655 barrels as compared to 13,299,365 barrels during August representing a decrease in the daily average flow of 16,256 barrels. The Texas production for September was \$9,332,765 barrels as compared to 10,247,280 barrels, which shows a loss of 19,465 barrels in the daily average output. The loss in production was heaviest in the Central-West Texas field where there was a decrease in the daily average flow amounting to 15,767 barrels. The production of the Mexia-Currie section suffered a loss during the month, showing a daily output of 69,690 barrels as compared to 81,121 barrels for the previous month. A further decline occurred in Stephens County, where the daily average recovery of oil dropped from 38,848 barrels during August to 36,001 barrels during September. Smaller declines were registered in Eastland, Ranger, and Pioneer fields.

The North Texas field reported a decrease for the month, but this was more than accounted for by the short month. Although the Electra field had a big slump in new production, the daily average output of the field during September was 24,645 barrels, as compared to 22,518 barrels during August.

The Texas Gulf Coast field also registered a considerable decline in production for the month, the loss amounting to 4,760 barrels in the daily average output. Considerable attention was drawn to the San Antonio district, where the production increased

from 164,135 barrels in August to 186,300 barrels in September.

There was a slight falling off in the actual production of the Louisiana fields, but the decline was more than offset by the short month, the daily average production showing an increase of 3,209 barrels. The daily average production of the Haynesville field for September was 56,743 barrels as against 54,872 for the previous month.

The Midcontinent field, consisting of Oklahoma, Texas, Louisiana, Kansas and Arkansas, showed a decline, all states sharing in the reduction except Kansas, which showed a slight increase.

Drilling Results

While drilling activity during August showed the effects of the movement to curtail production, there were considerably more completions in September than in August, the record for September being 517 completions, of which 349 were producers yielding a combined initial flow of 66,556 barrels, which compares to 473 completions in August which included 342 producers, netting a new production amounting to 101,927 barrels. Although the Texas fields accounted for the increase in the number of completions it should be noted that the district's slump in new production was also accounted for by these fields. The combined initial flow of the 271 producers completed in Texas fields amounted to 57,706 barrels as compared to 94,342 barrels for the 266 wells completed during August. The increased operations, however, occurred in the Texas Coastal field

and in the San Antonio district where the prices of crude oil were not affected by the summer reductions. Texas wildcat wells were also more numerous during September. Operations in the Mexia-Currie district were subjected to a further curtailment during September, where there were only 35 completions with 20 producers yielding an initial flow of 6,960 barrels. This compares with the August record of 52 completions of which 38 were producers, yielding a flush production of 19,850 barrels. The center of interest has now moved from this section to the Richland and Kosse fields, which have recently given promise of developing into valuable fields. However, the scarcity of water for drilling purposes has held in check the new development work in these latter fields.

Drilling operations have also been curtailed in Stephens County and the Electra field with the result that the new production in those sections has shown a marked shrinkage. The new production added during September amounted to 3,258 barrels for Electra and 2,250 barrels for Stephens County, as against 8,156 barrels and 3,811 barrels for the respective fields during August. The center of interest in the North Texas field was a deep wildcat well completed

in Young County, which had a flush production of 2,500 barrels, thus opening up a new production area in that county.

The Louisiana completions were practically the same as for the previous month, but the initial yield of new producers increased from 7,588 barrels in August to 8,850 barrels in September. The Elm Grove field, which has been producing gas for several months, is now considered a new producing oil field. The Haynesville field remained on practically the same development basis during September as for the previous month.

Crude Oil Prices

Crude oil prices at all fields of the district remained on a steady basis during the month. During the latter part of September the premium paid on North Texas spot crude above the posted price was advanced to 50 cents per barrel, or one-third of the posted price, due to the competition of outside buyers. However, by the middle of October the premium dropped to 40 to 45 cents per barrel, due to the curtailment of the daily runs of independent refineries of North Texas.

OIL PRODUCTION

Field	September		August		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas	2,103,930	70,131	2,169,500	69,984	Dec. 65,570	Inc. 147
Central-West Texas	4,034,615	134,487	4,657,880	150,254	Dec. 623,265	Dec. 15,767
Texas Coastal	3,007,920	100,264	3,255,765	105,024	Dec. 247,845	Dec. 4,760
San Antonio District.....	186,300	6,210	164,135	5,295	Inc. 22,165	Inc. 915
Totals, Texas	9,332,765	311,092	10,247,280	330,557	Dec. 914,515	Dec. 19,465
North Louisiana	3,049,890	101,663	3,052,085	98,454	Dec. 2,195	Inc. 3,209
Totals, 11th District	12,382,655	412,755	13,299,365	429,011	Dec. 916,710	Dec. 16,256

SEPTEMBER DRILLING RESULTS

Field	Completions	Producers	Failures	Initial Production
North Texas	131	80	51	9,722
Central-West Texas	131	96	35	14,387
Texas Coastal	76	60	16	31,805
San Antonio District.....	26	26	.....	1,490
Texas Wildcats	61	9	52	302
Totals, Texas	425	271	154	57,706
North Louisiana	92	78	14	8,850
September totals, District.....	517	349	168	66,556
August totals, District.....	473	342	131	101,927

CRUDE OIL PRICES

Texas		Oct. 5, 1922	Oct. 6, 1921	Louisiana		Oct. 5, 1922	Oct. 6, 1921
Corsicana light		\$1.00	\$1.05	Caddo (38 gravity and above).....		\$1.25	\$1.25
Corsicana heavy .....		.65	.70	Bull Bayou (38 gravity and above).....		1.15	1.00
Texas Coastal fields.....		1.25	.80	Homer (35 gravity and above).....		1.25	1.25
Mexia		1.25	-----	Haynesville (33 gravity and above)....		1.10	1.10
Currie (40 gravity and above).....		1.50	-----	De Soto Crude.....		1.25	1.25
All other Texas fields.....		1.50	1.50				

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

LUMBER

While the September output of Eleventh District pine mills did not keep pace with that of the previous month, production continued at a steady rate despite the weak demand for southern pine yard stock. The actual production for the month was 2 per cent below normal as compared to 8 per cent above normal for the previous month. Due to the fact that the retail yards bought sparingly during the month, there was a big slump in both orders and shipments.

The total footage represented by orders received during September was 20 per cent less than normal production as compared to 8 per cent above normal during August. September shipments were 18 per cent less than production for the month as compared to 5 per cent for the previous month. The unfilled orders on the books of 43 mills on September 30th amounted to 80,895,993 feet as compared to 81,283,984 feet on the books of 40 mills on August 31st. Stocks at these mills on September 30th were only 8 per cent below normal as compared to 17 per cent on August 31st. This increase in stocks was due to the small volume of shipments and the maintenance of production.

The weakness which appeared in the lumber market about the middle of September became more acute during the first two weeks of October. "B and Better" lumber is in good demand with a scarcity in all items and the price strong. On the other hand, the low grades of lumber are plentiful and the price is gradually receding. The spread between the price of high and low grade lumber is gradually becoming more pronounced.

SEPTEMBER PINE MILL STATISTICS

Number of reporting mills.....	43
Production	100,269,660 feet
Shipments	84,840,630 feet
Orders	81,574,854 feet
Unfilled orders September 30th....	80,895,993 feet
Normal production	102,281,431 feet
Stocks September 30th.....	274,482,623 feet
Normal stocks.....	297,370,000 feet
Production above shipments.....	15,429,030 feet=18%
Actual production below normal....	2,011,771 feet= 2%
Orders below normal production....	20,706,577 feet=20%
Stocks below normal.....	22,887,377 feet= 8%

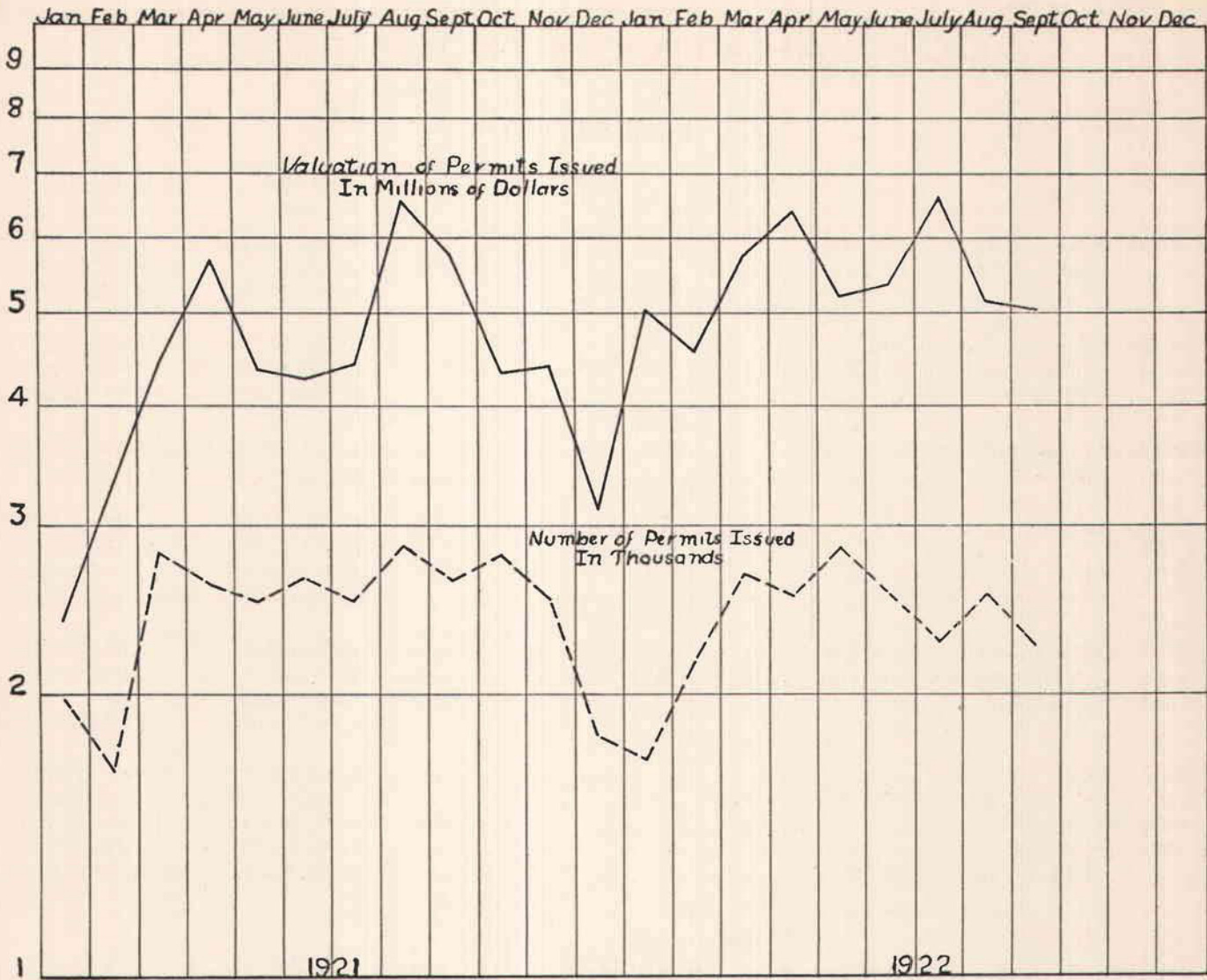
BUILDING

The building industry is now beginning to feel the usual seasonal slackening. The valuation of building permits issued at the principal cities of the district showed a falling off as compared to both the previous month and the same month a year ago.

There were 2,251 permits issued during September with a total valuation of \$5,040,547 as compared with 2,575 permits with a valuation of \$5,154,554 for August. During September, 1921, there were 2,624 permits issued with a total valuation of \$5,752,618.

BUILDING PERMITS

	September, 1922		August, 1922		Inc. or Dec.	September, 1921		Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation	
Austin.....	32	50,463	24	37,580	+34.3	38	68,614	-26.4
Beaumont.....	109	93,531	109	93,500	None	131	754,875	-87.6
Dallas.....	359	1,856,488	451	1,687,732	+10.0	360	1,383,408	+34.2
El Paso.....	105	226,714	89	250,855	- 9.6	165	603,500	-62.4
Fort Worth.....	185	492,338	268	801,330	-38.6	196	511,207	- 3.7
Galveston.....	331	138,594	306	102,049	+35.8	486	163,423	-15.2
Houston.....	541	915,133	592	886,114	+ 3.3	697	1,135,169	-19.4
San Antonio.....	344	635,115	446	608,548	+ 4.4	243	589,335	+ 7.8
Shreveport.....	217	571,681	249	542,496	+ 5.4	282	471,437	+21.3
Waco.....	28	60,490	41	144,350	-58.1	26	71,650	-15.6
Total	2,251	5,040,547	2,575	5,154,554	- 2.2	2,624	5,752,618	-12.4



THE 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.

COMPARATIVE STATEMENT

RESOURCES

	Oct. 18th 1922	Oct. 18th 1921
Gold and gold certificates.....	\$ 9,752,752.50	\$ 6,601,700.00
Gold settlement fund.....	24,329,018.30	5,485,228.27
Total	34,081,770.80	12,086,928.27
Gold with Federal Reserve Agent.....	25,355,185.00	11,872,835.00
Gold redemption fund Federal Reserve notes.....	1,122,109.48	3,660,122.40
Total gold reserve.....	60,559,065.28	27,619,885.67
Legal tender notes, silver, etc.....	6,163,478.35	6,839,400.70
Total reserves	66,722,543.63	34,459,286.37
Bills discounted (Secured by U. S. Government obligations)	2,038,433.75	8,468,456.60
All other	19,487,413.95	49,769,697.45
Bills bought in open market.....	8,584,512.36	205,000.00
Total bills on hand.....	30,110,360.06	58,443,154.05
U. S. Government bonds and notes.....	2,815,500.00	2,642,750.00
One year Certificates of Indebtedness (Pittman Act).....	1,900,000.00	1,900,000.00
All other Certificates of Indebtedness.....	6,340,000.00	
Total earning assets.....	41,165,860.06	62,985,904.05
Bank premises	2,093,183.81	2,097,164.05
5% Redemption fund against F. R. Bank notes.....	146,200.00	156,200.00
Uncollected items	36,892,909.10	34,463,261.36
All other resources.....	1,911,807.52	2,370,127.09
TOTAL RESOURCES	\$148,932,504.12	\$136,531,942.92

LIABILITIES

Capital paid in.....	\$ 4,204,400.00	\$ 4,274,750.00
Surplus fund	7,394,097.30	7,112,677.72

DEPOSITS

Government	1,335,963.16	5,053,089.87
Member Banks' Reserve Account.....	54,364,726.85	42,807,222.87
All other	181,568.02	547,408.40
Total deposits	55,882,258.03	48,407,721.14
F. R. notes in actual circulation.....	44,429,525.00	40,600,740.00
F. R. bank notes in circulation—net liability.....	2,355,983.00	2,907,377.00
Deferred availability items.....	32,995,004.54	31,481,451.58
All other liabilities.....	1,671,236.25	1,747,225.48
TOTAL LIABILITIES.....	\$148,932,504.12	\$136,531,942.92

Rediscounts with other F. R. banks.....		\$ 7,928,000.00
Contingent liability on bills purchased for foreign correspondents	835,967.57	844,478.35

Ratio of total reserves to deposit and Federal Reserve note liabilities combined	66.5%	38.7%
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