

MONTHLY REVIEW OF BUSINESS AND INDUSTRIAL CONDITIONS

IN THE

ELEVENTH FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF DALLAS

W. B. NEWSOME, Chairman and Federal Reserve Agent

CHAS. C. HALL, Assistant Federal Reserve Agent

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GENERAL SUMMARY

Sustained activity in practically all lines of trade, accompanied by heavy liquidation of old and current indebtedness, marked the course of developments in the business situation of the Southwest during the month of October. The momentum imparted to business progress in that month, as a result of the marketing of the district's cotton crop on a rapidly advancing market, was carried over into the month of November, and eleventh hour reports point to a continuation of the excellent headway that the industrial and business interests of this section have been making since the fall crop movements first got under way.

The sale of the Texas cotton crop, estimated at slightly more than 3,000,000 bales, at approximately \$125.00 per bale, together with the corresponding output of cottonseed and its products, is expected to bring something like \$450,000,000 of new money into the district, and the effect of its circulation is already being felt in the arteries of Southwestern trade.

The November rains brought wide-spread benefits (though not complete relief) to the drouth-stricken sections of the district, and inspired a better feeling not only among the growers of livestock but also among the farmers whose winter grain crops were being seriously menaced by the long drouth.

Shortage of freight cars, which has adversely affected the fall movement of livestock and, to a lesser degree, the distribution of other products, such as lumber and building material, has been the most serious obstacle in the path of the district's economic progress during the past month. This, however, is recognized as being only a temporary handicap, and one that does not greatly impair the prospects for a successful winter season in the varied activities of this section.

During the month of October and the first half of November our borrowing member banks reduced their indebtedness to us from \$29,614,065.07 to \$16,594,932.09. This heavy liquidation of rediscounts made it necessary for us to augment our earnings by open market purchases of bankers' acceptances, and on November 15th our holdings of purchased bills had increased to \$20,069,689.44. A heavy increase in deposits held by member banks has been general throughout the district, and these funds have in many instances enabled banks to effect a greater reduction in their own indebtedness than they have as yet made in their bills receivable.

A further increase in public spending was in evidence in October, when bank debits to individual accounts showed a gain of ten per cent over the previous month, and department stores reported an augmented volume of sales. Wholesalers (with the exception of dry goods houses) also enjoyed a larger business in October than they reported in November.

There was a slight recession in building activity, though the aggregate volume of construction enterprises under way in the larger centers is still running well above that of a year ago.

Unemployment continues in evidence, but on a slowly diminishing scale. In the mining sections of Arizona and New Mexico the copper industry is showing further expansion, and is gradually absorbing the available supply of idle labor in that part of the district. Recent increases in miners' wages have added approximately one-half a cent per pound to the production cost of copper, and while the new immigration laws are reported to have curtailed the replacement of foreign laborers who have returned to their native country, labor disputes thus far encountered by Southwestern copper producers during the resumption period are said to have been amicably adjusted.

CROP CONDITIONS

Since the issuance of our last report the long drouth in the Southwest has been broken by fairly general rains, and a distinctly better outlook is now in evidence. Plowing for spring crops is only about two-thirds as far advanced as it usually is at this season, but the recent rains have placed the soil in a favorable condition for a rapid completion of fall plowing.

In the Texas Panhandle and throughout the northern tier of Texas counties the winter wheat crop, after a rather unfavorable start due to having been sown in dry soil, is now showing an improved stand, and if rainfall from now on through the season continues at a normal rate the Texas winter wheat crop for 1922-1923 should measure well up to the state's average production for the past ten years. It is reported, however, that there will be some abandonment of wheat acreage in sections of the Panhandle where the November rains came too late to save the early plantings. This abandonment, the extent of which is not yet known, will, of course, be a material factor in the state's ultimate production.

With approximately 90 per cent of the district's cotton crop gathered and ginned, and about 80 per cent of it having passed out of the producers' hands, it is becoming increasingly apparent that this year's crop is an unusually small one. That it has been a profitable one, however, seems to be generally conceded, although the greater part of the recent sensational increase of 25 per cent in the market price occurred after the bulk of the crop had passed out of the growers' hands. Texas ginnings from the 1922 crop prior to November 1st amounted to 2,856,000 bales, as against 2,138,000 bales for the same period last season. Based on these figures, the government's estimate of 3,412,000 bales as the total 1922 production in the state of Texas contemplates a total of 556,000 bales as the estimated ginnings subsequent to November 1st, a figure which appears to be quite a liberal estimate in view of the fact that only 200,000 bales were ginned after November 1st last season, and the further fact that while the ginnings of the fourth period last year (October 18th to 31st) decreased only 62 per cent from those of the third period (Sept. 25th to Oct. 17th), the decrease for the fourth period this season was 73 per cent. The complete absence of a top crop in Texas this year would also indicate that late ginnings this season will be relatively small.

The district's corn crop, now in the final stages of harvesting, netted a somewhat smaller production

than was indicated by the flattering outlook in evidence early in the past summer. The heat and drouth of July and August inflicted a heavy loss upon the late plantings, although this was measurably offset by the good yield realized from early corn, and on the whole reports indicate that in Texas, at least, the year's crop will measure well up to the average of the last ten years. In some parts of the state, notably in certain parts of West Texas, there has been a shortage which will necessitate shipping in a supply of corn to carry stock through the winter.

Recent rains in the territory contiguous to El Paso are said to have replenished the water supply in the irrigation sections, and while this will mean much for the early spring crops next year the relief came too late to be of substantial benefit to this year's crops.

Cotton Movements

Receipts of cotton at the port of Galveston passed the one million bale mark late in October, about one week ahead of the date this mark was reached last year. More cotton is being received in Galveston for concentration this season, as is shown by the comparative figures of receipts and exports shown in the appended table. The export movement through this port during the current season (August 1st to October 31st) has been approximately 15 per cent smaller than that of last season, while the total for all United States ports reflects a decrease of about 25 per cent. A marked impetus in exports at the port of Galveston was noticeable in October, however, when the number of bales was practically equal to the number exported in October, 1921. An encouraging feature of the present movement is the increase in the October takings of Great Britain, which showed a 50 per cent gain over that country's importations during the corresponding month of last year.

Another development of importance in the district's cotton export situation, as disclosed by October statistics, is the increased activity of the export movement through the new port of Houston, which point, since it was opened two years ago as a port for handling ocean-going commerce, has attained second rank among the cotton exporting cities of the United States, its total for the current season ranking second only to that of the port of Galveston.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	October 1922	October 1921	Aug. 1st to Oct. 31st	
			This Season	Last Season
Gross Receipts	622,655	529,480	1,168,158	1,053,460
Exports	436,323	436,827	743,435	878,335
Stocks, Oct. 31st.....			489,458	417,812

GALVESTON STOCK STATEMENT

	Oct 31, 1922	Oct 31, 1921
For Great Britain	32,406	21,589
For France	12,500	10,812
For other foreign ports.....	49,764	53,022
For coastwise ports	4,000	2,000
In compresses	390,788	330,289
Total	489,458	417,812

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

	This Season	Last Season
Receipts since Aug. 1st.....	1,967,976	2,260,946
Exports: Great Britain	413,487	420,966
France	211,175	270,019
Continent	507,329	697,054
Japan-China	130,928	340,009
Mexico	3,600	
Total foreign ports	1,266,519	1,728,048
Stocks at all U. S. Ports, Oct. 31st.....	1,122,245	1,559,797

Grain Movements

Supplies of wheat and corn in the principal grain centers were smaller in October, though there was a marked increase in receipts of oats. Inspectors reported 1,754 carloads of wheat handled during the month, as against 2,384 in September and 3,087 in October, 1921. Exports of wheat through the port of Galveston continued the downward trend noted in September. Total exports at that point this season amount to only 8,894,000 bushels, as compared with 34,444,918 bushels for the corresponding period last year.

COMPARATIVE GRAIN RECEIPTS

	October (cars)	September (cars)
Wheat	1,754	2,384
Corn	182	200
Oats	307	219

LIVESTOCK

It would seem that no sooner does the livestock industry receive relief from one misfortune than it encounters another. The long continued drouth that had held Southwestern ranges in its destructive

grip since last June was effectually broken in November by rains which were both heavy and well distributed, from West Texas to Arizona. But the rejoicing of the stockmen over this welcome turn in the situation was negated to a large extent by the transportation situation, the shippers of the district being confronted with one of the worst car shortages in the history of the Southwest. Stock cars which ordinarily would have been at the disposal of Southwestern cattle shippers were diverted to other parts of the country and many shipments of livestock from range to market and to other pastures had to be postponed. The shortage, however, is being gradually relieved, and with the bulk of the crop and coal movements out of the way it is thought that the stock car supply will soon resume normal proportions.

Late reports from New Mexico are to the effect that the November rains have improved range conditions in that state to such an extent that the movement of cattle to pastures in Northern Mexico has been arrested, temporarily at least, and that the augmented supply of water and winter forage will materially check the losses that have been occurring as the result of the protracted drouth.

The situation in Texas can scarcely be described as satisfactory, although most of the ranges in this state were materially benefited by the rains occurring in November, which in many localities were the first to fall since June of this year. Throughout the Panhandle and the extreme western portion of the state the grass is still short, feed scarce and high, and while conditions are not propitious for carrying stock through the winter the shortage of cars leaves no other alternative, and the short supply of grass must be supplemented by feeding until stock cars can be obtained for making such shipments as the situation requires. On the other hand, in many parts of South Texas and Central-West Texas both ranges and livestock are in good physical condition, largely due to the ranges having had the benefit of timely rains during the past two months and being stocked only to normal capacity.

Prices and Movements

Prevailing average prices of cattle on Texas ranges and farms, as compiled by the United States Department of Agriculture on November 1st, reflect a decline in values of cows and veal calves from the average price levels of October 1st, but a higher level of quotations on most of the other classes of cattle. The Government's most recent figures quote cows at an average of \$23.48 per head; veal calves, \$14.70; grass yearlings, \$22.13; feeders, \$32.90; and stockers, \$25.57.

Despite the shortage in the district's transportation facilities, the October receipts of livestock at the Fort Worth market were larger than those of any previous month of the year, although the conditions were favorable for a much larger volume of arrivals had the supply of stock cars been adequate to meet the orders which had been placed for them at the principal shipping centers of South and West Texas. Transportation troubles, however, were more acute in September and the early part of November than in the month of October, with the result that there was a comparatively liberal supply of shipments received in that month. Prices were maintained on a fairly steady basis throughout the month, the demand being equal to the volume of offerings. The hog market continued firm at around \$10.00 until the close of the month, when prices broke sharply, and in the face of large receipts and a weakened demand the price continued to fall until on November 17th the best consignments were clearing at around \$8.50, or a net loss of \$1.50 from the level maintained during September and October.

An encouraging feature of the early November cattle market is the growing demand for stockers

and feeders. During September and October the demand for this class of steers was decidedly indifferent, with sales being made at \$6.00 or less. Since the first of November, however, there has been a broader inquiry, with prices showing an advance to the \$7.00 level.

FORT WORTH LIVESTOCK RECEIPTS.

	October 1922	September 1922	Gain or Loss	October 1921	Gain or Loss
Cattle	89,207	76,771	G 12,436	67,655	G 21,552
Calves	66,789	55,063	G 11,726	67,592	L 803
Hogs	38,893	28,761	G 10,132	26,850	G 12,043
Sheep	38,278	31,459	G 6,819	32,445	G 5,833

COMPARATIVE TOP LIVESTOCK PRICES

	October 1922	September 1922	October 1921
Beef steers	\$ 7.35	\$ 7.75	\$ 6.50
Stocker steers	6.00	6.00	5.00
Butcher cows	5.00	5.25	4.40
Stocker cows	4.00	4.00	3.50
Calves	6.75	6.50	7.25
Hogs	9.95	9.95	8.75
Sheep	7.25	7.00	5.00
Lambs	12.50	11.50	8.25

WHOLESALE TRADE

Increased activity in wholesale distribution during the month of October was the outstanding feature of trade developments. All lines of trade, with the exception of dry goods, showed larger sales than during the previous month and the corresponding month of the previous year. While dry goods sales fell off from September sales and October, 1921, sales, the distribution of dry goods was in general considered very satisfactory for October. As a general rule, November business has settled down to a slower pace than was in evidence during October, but this is regarded as a normal recession and indications point to the fact that the foundation of the trade is growing firmer as the months advance. Prices in all lines of trade are either on a steady basis or are working to higher levels. The outstanding example of this is found in the advance in the textile market where prices have shown a decided upward movement within the last few weeks, following the lead of raw cotton. Retailers in most lines of trade are gradually gaining more confidence in the stability of present prices and are exercising greater latitude in forward buying. However, they have not forgotten the lesson learned in 1920 and are showing conservatism in placing orders by restricting purchases to the volume that they believe will be easily disposed of. As a general rule both wholesalers and retailers are car-

rying smaller stocks than was the case a year ago. Retailers still feel that it is preferable to make replacement orders as the demand materializes than to make large commitments for goods where there is doubt as to the volume of final distribution. The collection situation has shown considerable improvement. Some firms have reported collections from fair to good, while others state that they have been unusually good. A significant feature of the situation is that past due accounts are now being paid.

Dry Goods

A moderate recession was evident in dry goods sales of reporting firms for the month of October. Sales were 1.9 per cent less than the previous month and 3.4 per cent less than sales during October, 1921. However, the October sales were considerably in excess of those for October, 1920. Sales for the period July 1 to October 31, 1922, were 4.5 per cent larger than sales for the corresponding period of 1921. Thus it will be seen that the distribution of dry goods during the present season has been very satisfactory. There is some evidence that the fall activity will be prolonged beyond the normal period. This will be true in case retail buying during the remaining months of the year shows a substantial improvement as most retailers purchased sparingly at the first

of the season in order to gauge the consumer demand before laying in heavy stocks. While retail buying has so far been somewhat disappointing the advent of cooler weather will likely witness an expansion in business which will call for many replacement orders.

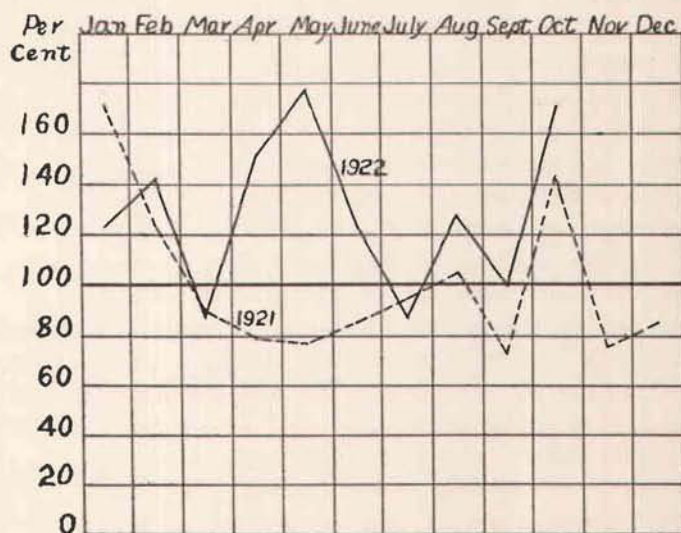
Some wholesalers state that their customers are showing a tendency to make spring purchases for staple goods on the basis of their requirements, but the price situation in the textile and allied lines has brought about considerable irregularity among retailers in regard to spring buying. Some retailers show a tendency to await the turn of the year before placing the bulk of their orders, believing such a policy is justified by the present price situation. The private estimates of this year's cotton crop now point to less than a ten million bale crop, and the raw cotton market has shown a considerable advance in sympathy with this belief. Furthermore, upward adjustments in the prices of finished goods have been made to conform with the higher prices being paid for the raw material. The present situation presents two difficulties to the retail buyer: on the one hand, delayed commitments may mean that he will be forced to place orders for a substantial portion of his spring needs at greatly increased prices or in the spring he may be unable to obtain the volume of goods desired, even at the increased prices. On the other hand, he has not forgotten his experience of 1920 and fears that if he does place orders for his anticipated needs there is a possibility of entering the spring season well supplied with goods and with the market on the decline.

Although collections in the dry goods trade have been good throughout the fall season October collections showed an improvement over the previous month.

Farm Implements After experiencing a month of comparative quiet during September due to the fact that farmers were busy with the harvesting of their cotton crops, the farm implement trade reflected a large seasonal expansion during October. Sales for that month showed an increase of 46.3 per cent over September sales and were 33.5 per cent greater than the corresponding month of 1921. Sales for the season, July 1st to October 31st, were 34.7 per cent greater than for the corresponding period of 1921. A fairly good demand for farm implements has now begun to materialize, as the farmers were able to harvest the cotton crop with but very little waste and on the

whole received a satisfactory price for it. While they have received but comparatively little benefit from the recent advance in the price of raw cotton, the advance has naturally had the effect of creating a better feeling in regard to the prospects for the next season's crop. Farmers who have bought very sparingly during the past two years have been able to clear out their old indebtedness with the proceeds of this year's crop, and now feel that they are able to supply themselves with more of the needed implements to carry on the preparations for the next crop. With the cotton crop out of the way and with the October rains which broke the long drouth and gave the needed season, the fall seeding operations of the grain crop have been rapidly progressing and many farmers have begun their fall plowing. These factors have greatly augmented the demand for the various kinds of implements. Prices continued firm with an upward tendency. October collections were very good.

The accompanying chart, which shows the monthly fluctuation of sales during 1921 and 1922, gives a comparative picture of conditions during the two years. It will be noted that during only three months of 1922 (January, March, and July) have sales fallen below the corresponding months of 1921. During two of these months the decreases were very small. As a general rule the increases over 1921 have been comparatively large.



MONTHLY FLUCTUATION OF SALES OF FARM IMPLEMENTS DURING 1921 AND 1922. MONTHLY AVERAGE 1921=100

Groceries The demand for groceries evinced a considerable improvement during the month of October. Sales of eleven grocery firms

reflected an increase of 5.6 per cent over September and 20.6 per cent over the corresponding month of 1921. Reports from all sections of the district indicate that the buying demand is good and well distributed. This situation shows a marked contrast with that which obtained a year ago when trade was very spotted. While the demand was fairly good a year ago, some sections of the district were suffering a heavy decrease in sales because of the unsatisfactory conditions in their trade territory. Distribution at that time was especially poor in the farming sections where light crops were harvested, but was heavy in the oil field sections where there was considerable activity. The situation is quite the reverse this year, for although there is but little activity in the oil fields most of the agricultural sections have obtained fairly satisfactory returns from this year's cotton crop. Consequently some firms which were especially favored by their location a year ago have not fared so well this year.

It is to be noted that the wholesaler has been constantly increasing his stocks throughout the fall. Stocks at the close of October were 9.9 per cent larger than those at the close of September and practically the same as those carried at the close of October, 1921. A shortage in many items has become evident and prices are continually working upward.

Furniture

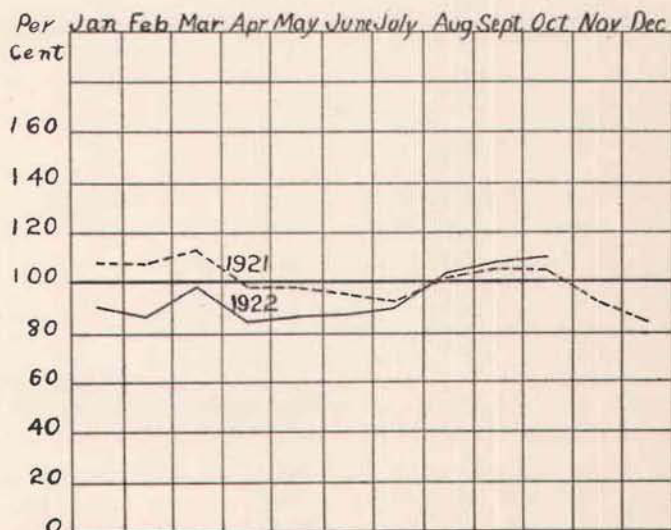
For the third consecutive month sales of reporting furniture firms have shown an increase over sales of the previous month and since June this year sales have been substantially above 1921 sales. October sales were 6.6 per cent larger than September sales and 14.5 per cent larger than October, 1921, sales. The volume of sales for the period July 1st to October 31st was 24.3 per cent greater than sales for the corresponding period of the previous year. The demand for furniture has not been confined to any one class but has been well distributed. While the building of apartment houses and small homes has created a large demand for house furnishings, the completion of a large number of office buildings during the present year has been a big factor in the distribution of office furniture. Although the medium priced furniture has been the best seller for some time, there has been a noticeable increase in the demand for the better class of furnishings. The demand has materialized partly on account of replacements, but more especially due to the completion of an increased number of larger homes which require the better grade of furnishings.

Drugs

Further improvement was noted in the wholesale drug trade during October, in which month sales of eight reporting firms were 1.9 per cent larger than September sales and 4.7 per cent larger than October, 1921, sales. Sales for the four-month period (July 1st to October 31st) show an increase over sales during the same period of 1921. The extent to which improvement during the present year has taken place is reflected in the chart exhibited below. The opening month of the year showed sales considerably below sales for the corresponding month of 1921. It will be noted that during each succeeding month the curve representing 1922 sales showed a closer approximation of the 1921 curve until August, during which month the 1922 curve went above the 1921 curve. Since that time the margin has gradually widened. Thus it is seen that a steady improvement has been in progress throughout the present year.

Some firms which handle holiday goods report that this class of business reflects a material betterment in comparison with previous years.

Collections for October were very good both on current business and past due accounts. While the November volume of business has receded somewhat from the high level of October it is only a seasonal decline and does not reflect more than the normal slackening.



MONTHLY FLUCTUATION OF SALES OF DRUGS DURING 1921 AND 1922—MONTHLY AVERAGE 1921=100

Hardware

The October hardware business of twelve firms of this district increased 3.3 per cent over the business of the previous month and made a noteworthy gain of 12.4 per cent over the same month a year ago. For the past

two years the bulk of distribution has been going to the cities, industrial centers, and oil fields. While wholesale buying in the rural sections has shown some improvement in these sections it continues on a very moderate basis. Oil field supplies, which were selling in a large volume a year ago, are now meeting with a greatly reduced demand, due to the

curtailment of activity in the district's oil fields. The demand for builders' hardware, which has been exceptionally strong throughout the present year, has continued relatively strong as building operations have not as yet slowed down to any great extent.

Steel products have shown further price advances during the month.

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

	—Net Sales— Oct., 1922 compared with		—Net Sales— July 1 to date compared with same period	—Stocks— Oct., 1922 compared with	
	Oct. 1921	Sept., 1922	1921	Oct. 1921	Sept., 1922
Groceries	+20.6	+ 5.6	+10.6	— .2	+ 9.9
Dry Goods.....	— 3.4	— 1.9	+ 4.5	—10.0	— 8.8
Hardware	+12.4	+ 3.3	+18.4	— 2.1	— 7.7
Farm Implements	+33.5	+46.3	+34.7
Furniture	+14.5	+ 6.6	+24.3
Drugs	+ 4.7	+ 1.9	+ .7	—10.5	+ 1.0
Harness and Saddlery.....	+32.2	+30.2	+24.9	—24.2	— 2.0

RETAIL TRADE

Retail trade activity continued to increase during the month of October but it was not as marked as during the previous month. October sales reflected a gain of 3.4 per cent over September sales but were 8.4 per cent less than October, 1921, sales. The cool weather which arrived early in September stimulated buying for a time during that month but with the recurrence of warmer weather buying of winter goods has been greatly curtailed.

Stocks on hand at the close of October were 1.6 per cent larger than those on hand at the close of September, but they had been reduced 10.8 per cent below stocks on hand at the close of October, 1921. The ratio of stocks to sales for the period July 1st to October 31st was 481.8 per cent as compared with 511.3 per cent for the corresponding period of 1921,

and 454 per cent for the same period of 1920. The percentage at the close of October compared to 511.3 per cent for the three months period ending September 30th.

The ratio of outstanding orders to last year's purchases at the close of October was 7.6 per cent, which was practically the same as that shown at the close of September.

The most noticeable improvement in the retail situation at the close of October was in the amount of collections made. The ratio of customers' accounts collected during October to the amount due and outstanding on the first of the month was 37.7 per cent as compared to 33.2 per cent during September.

BUSINESS OF DEPARTMENT STORES

	Dallas	Ft. Worth	Houston	All Other	Total District
Total Sales—					
Oct., 1922 compared with Oct., 1921	— 9.2	— 5.6	+ 1.4	— 14.4	— 8.4
Oct., 1922, compared with Sept., 1922	— 9.1	+ 9.1	+ 24.7	+ 7.7	+ 3.4
July 1st to date compared with same period last year.....	+ 2.9	None	— .7	— 12.3	— 2.8
Credit Sales—					
Oct., 1922, compared with Oct., 1921	— 10.6	— 8.5	+ 8.6	— 12.4	— 7.9
Oct., 1922, compared with Sept., 1922	— 12.8	+ 9.8	+ 24.2	+ 7.2	— .6
July 1st to date compared with same period last year....	+ 4.2	+ 1.4	+ 6.6	+ .8	— 8.9
Stocks—					
Oct., 1922, compared with Oct., 1921	— 7.9	— 8.8	— 9.1	— 16.6	— 10.8
Oct., 1922, compared with Sept., 1922	+ 2.9	+ 2.9	+ 3.2	— 1.9	+ 1.6
Ratio of stocks to sales.....	451.3	508.9	538.6	475.1	481.8
Ratio of outstanding orders to last year's purchases.....	9.2	7.1	5.0	5.7	7.6
Ratio of October collections to Accounts Receivable, due and outstanding Oct. 1, 1922.....	32.7	41.5	39.7	47.8	37.7

FINANCIAL

The volume of business, as measured by debits to individual accounts, maintained a higher level dur-

ing October than during the previous month. The weekly average of charges to depositors' accounts

amounted to \$171,329,000 for October as against \$155,808,000 for September, or an increase of 10 per cent. It is to be noted that the increase was well distributed over the district as the weekly average for each city reporting during October showed an increase over the weekly average for September. While this increase over the previous month was due to seasonal influences on account of increased

activity in wholesale and retail trade and the movement of the cotton crop from the local points to the concentration centers, the increase over October a year ago reflects the greater volume of business which is being carried on this year. The October, 1922, figure compares to \$159,475,000 for October, 1921, which shows an increase of 7.4 per cent.

CHARGES TO DEPOSITORS' ACCOUNTS

	AVERAGE WEEKLY DURING		
	October 1922	September 1922	October 1921
Albuquerque	\$ 2,204,000	\$ 1,834,000	\$ 1,767,000
Austin	4,460,000	4,411,000	3,301,000
Beaumont	3,515,000	3,294,000	3,057,000
Dallas	46,102,000	41,036,000	39,927,000
El Paso	6,847,000	6,464,000	7,378,000
Fort Worth	23,112,000	19,768,000	28,283,000
Galveston	28,823,000	24,405,000	21,009,000
Houston	32,143,000	32,064,000	33,162,000
San Antonio	7,145,000	7,193,000	6,151,000
Shreveport	7,844,000	6,795,000	7,246,000
Texarkana, Texas	1,646,000	1,540,000	1,627,000
Tucson	1,679,000	1,489,000	1,656,000
Waco	5,809,000	5,515,000	4,911,000
Totals, Eleventh District	\$171,329,000	\$155,808,000	\$159,475,000

Condition of Reserve City Banks The October reports from reserve city banks reflected a broader demand for funds to meet the seasonal expansion of business. These banks increased their loans from \$208,665,000 on September 27th to \$220,443,000 on November 1st, which shows a net increase of \$11,778,000 during the five week period. During the same period the net demand deposits of these banks increased from \$223,564,000 to \$240,468,000. Their rediscounts with the Federal Reserve Bank reflected a further decrease, being \$4,791,000 on November 1st as compared to \$5,747,000 on September 27th, while their investments in U. S. Government securities decreased from \$50,485,000 on September 27th to \$47,417,000 on November 1st. The ratio of loans to net demand deposits was 92 per cent on November 1st as com-

pared to 93 per cent on September 27th and 104 per cent on November 2, 1921.

Acceptance Market Acceptances executed by accepting banks of this district which were outstanding on October 31st amounted to \$2,316,793.86 as compared to \$1,808,176 on September 30th. The volume of acceptances executed against import and export transactions decreased from \$1,330,297 on September 30th to \$1,028,605 on October 31st, while those based on domestic shipments and storage of goods increased from \$477,879 on September 30th to \$1,288,188.86 on October 31st. The holdings of the Federal Reserve Bank of Dallas in this type of paper on October 31st amounted to \$15,187,512.49, part of which was acquired in the New York market and part was based on transactions arising in this district.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Nov. 1, 1922	Sept. 27, 1922	Nov. 2, 1921
1. Number of reporting banks.....	52	52	52
2. U. S. Securities owned.....	\$ 47,417,000	\$ 50,485,000	\$ 40,932,000
3. All other stocks, bonds, and securities owned.....	8,396,000	7,452,000	10,117,000
4. Loans secured by U. S. Government obligations.....	4,386,000	4,267,000	6,663,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	51,548,000	40,539,000	37,659,000
6. All other loans.....	216,057,000	204,398,000	187,643,000
7. Net demand deposits.....	240,468,000	223,564,000	187,353,000
8. Time deposits.....	67,729,000	65,949,000	60,337,000
9. Reserve with Federal Reserve Bank.....	23,269,000	23,916,000	19,409,000
10. Bills payable with Federal Reserve Bank.....	4,791,000	5,747,000	21,589,000
11. Percentage of loans (*) to net demand deposits.....	92%	93%	104%

*Loans include only items 4 and 6.

Operations of the Federal Reserve Bank A heavy liquidation of rediscounts by member banks marked the course of events during October. The volume of loans to member banks, which stood at \$29,614,065.07 on September 30th, had been reduced to \$18,843,511 on October 31st. By the 15th of November these loans had reached a new low point of \$16,594,932.09. As this year's cotton crop was harvested early, and only a relatively small amount withheld from the market, the deposits in member banks rose very rapidly. This, of course, was in addition to the liquidation of customers' notes held by member banks, many of which were retired before the due date. This has not only enabled a large number of member banks to clean up their rediscount lines at the Federal Reserve Bank and to take care of their customers' needs, but has made it desirable for some banks to invest their surplus funds in bankers' acceptances or government securities. However, in the El Paso Branch territory the fall season has brought little relief to the banks in the stock raising sections, as the severe drouth of long duration worked such a hardship upon the stockmen that but little liquidation has been obtained.

The ratio of total reserves against combined deposits and note liabilities, which had reached a high mark of the year on October 13th at 74.5 per cent, had fallen to 60.5 per cent on October 31st. This decrease, however, was due to the purchase of a large volume of bankers' acceptances and certificates of indebtedness. At the end of October this bank had increased its holdings of bankers' acceptances to \$15,187,512.49 and had made a further investment

of eight million dollars in certificates of indebtedness.

The volume of bills held by this bank decreased from \$36,273,637.23 on September 30th to \$34,031,023.49 on October 31st, distributed as follows:

Member banks' collateral notes secured by United States Government obligations \$	1,142,450.00
Rediscounts and all other loans to member banks	17,701,061.00
Open market purchases (Bankers' acceptances)	15,187,512.49
Total bills held	\$34,031,023.49

Federal Reserve notes in actual circulation, which stood at \$42,407,680 on September 30th, reached the maximum circulation figure for the current year on October 18th at \$44,429,525, but had receded to \$43,479,119 on October 31st. On that date a year ago Federal Reserve notes in actual circulation amounted to \$39,660,276. Member banks' reserve deposits on October 31st amounted to \$54,963,276.06 as compared to \$54,415,249.67 on September 30th and \$40,618,411.03 on October 31st, 1921. This shows a gain of \$14,344,865.03 during the past year.

Discount Rates While the customary rate on customers' paper increased one-half of one per cent at Dallas, this rate was decreased one per cent at Waco and one and one-half per cent at Fort Worth.

The "high," "low," and "customary" rates charged by commercial banks for the thirty-day period ending November 15th are presented below:

OCTOBER 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	6	4½	6	10	6	8	6	4½	4½	7	6	6	8	5	7	8	5	6½
Customers' 4 to 6 months	6	4½	6	10	8	8	6	4½	4½	7	6	6	8	5	7	8	6	6½
Open market 30 to 90 days	6	4½	5½	5½	4	4½	5½	4½	4½	---	---	---	---	---	---	4½	4½	4½
Open market 4 to 6 months	6	4½	5½	10	8	8	---	---	---	---	---	---	---	---	---	4½	4½	4½
Interbank loans	7	5	6	9	6	8	7	6	6	7	5	6	8	6	6	7	6	6½
Collateral loans, demand	8	6	6½	10	8	8	8	6	7	7	6	7	8	6	7	8	6	7½
Collateral loans, 3 months	8	6	6½	10	6	8	10	6	8	8	6	7	8	6	7	8	6	7½
Collateral loans, 3 to 6 months	8	6	6½	10	8	8	10	6	8	8	6	7	8	6	7	8	6	7½
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	6	7	8	6	7	8	6	7½	8	6	7½
Loans secured by Government securities	8	5	6	10	8	8	8	6	8	8	6	6	8	6	7½	8	6	7½

Savings Deposits

Reports from 112 banks of this district operating a savings department reflect a gain of six-tenths of

one per cent in savings accounts on October 31st as compared with those of September 30th, and a gain of 15.7 per cent as compared with October 31st, 1921.

SAVINGS DEPOSITS

	Number of Reporting Banks	Oct. 31, 1922	Oct. 31, 1921	Inc. or Dec.	Sept. 30, 1922	Inc. or Dec.
Albuquerque	3	1,614,839	1,421,931	+13.6	1,614,871	
Beaumont	4	1,630,833	1,471,130	+10.9	1,641,902	— .7
Dallas	7	10,252,784	8,280,196	+23.8	10,107,078	+ 1.4
El Paso	5	6,766,028	6,359,820	+ 6.4	6,699,723	+ 1.0
Fort Worth	4	5,552,390	5,002,861	+11.0	5,452,900	+ 1.8
Houston	4	9,577,519	8,233,631	+16.3	9,494,210	+ .9
San Antonio	5	5,867,387	5,289,465	+10.9	5,840,403	+ 4.6
Shreveport	4	4,691,420	3,693,676	+27.0	4,534,403	+ 3.5
Waco	5	1,835,298	1,313,248	+39.8	1,735,872	+ 5.7
Wichita Falls	4	2,612,840	1,544,883	+69.1	3,132,971	—16.6
All others	37	20,194,769	18,405,692	+ 9.7	19,923,757	+ 1.4
Total	112	70,596,107	61,016,533	+15.7	70,178,090	+ .6

FAILURES

Although the number of commercial failures in the Eleventh District increased from 70 during September to 91 during October, the total liabilities involved in these insolvencies decreased from \$1,480,222 during September to \$1,014,291 in October. This shows that as the period of business recovery progresses many of the small firms who are unable to keep pace with their stronger competitors are unable to continue in business. The trend of failures

in the United States as a whole followed the same course as that in the Eleventh District. There were 1,708 failures with liabilities amounting to \$34,647,438 during October as compared to 1,566 failures in September with an aggregate liability of \$36,908,126. In the case of both the Eleventh District and the United States the liabilities of defaulting firms in October, 1922, were considerably less than during October, 1921.

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
October	91	1,014,291	109	2,455,126	1,708	34,647,438	1,713	53,058,659
Total, 10 months.....	1,196	\$29,783,181	1,149	\$26,622,719	20,125	\$525,561,933	15,220	\$486,429,662

PETROLEUM

The production of crude oil in the Eleventh Federal Reserve District reflected a slight gain during October as compared with the previous month, in spite of the fact that there was a large falling off in the number of wells completed. The total output during the month amounted to 12,840,745 barrels, as compared to 12,382,655 barrels during September. There were 9,787,215 barrels produced in Texas during October as compared to 9,332,765 barrels for the previous month, showing a gain in the daily average run amounting to 4,624 barrels.

After suffering a considerable loss in production during September, the Mexia-Currie field increased its daily output to 73,849 barrels during October; or a net increase of 4,159 barrels over the previous month. The daily average yield in Stephens County continued its downward trend, being 34,454 barrels during October as compared to 36,001 during the previous month. The Ranger-Eastland field showed a further decrease during the month, the October daily average yield being 12,794 barrels as compared to 13,706 barrels during the previous month. The

North Texas field produced 2,074,915 barrels during October as compared to 2,103,936 during the previous month. The Burkburnett and Electra fields sustained considerable losses but these were partially overcome by the gains in the Young and Archer County fields. The oil recovered from the Electra field in October amounted to 711,685 barrels, which represents a loss of 27,665 barrels in the month's production. The Burkburnett field's October yield totalled 846,380 barrels, as compared to its September record of 876,270 barrels, which is a decline of 29,890 barrels. On the other hand, the Young County field increased its production from 314,340 barrels in September to 323,600 barrels in October. The Gulf Coast field gave evidence of greater activity during the month by producing 276,950 barrels more in October than in September. In the San Antonio district, where developments have been steadily increasing for the last several months, the October production showed a substantial gain over the September output amounting to 34,185 barrels.

While the actual production of the Louisiana fields showed a slight increase during October, the daily average for the month was 3,162 barrels less than the daily average run for September. The Haynesville field reflected a slight decrease in production during October, the daily average flow being 55,331 barrels as compared to 56,743 barrels during September.

The Midcontinent Field, which includes the states of Oklahoma, Texas, Louisiana, Kansas, and Arkansas, reflected a gain in production during October as compared to September. There was an increase in the output of all Midcontinent states except Kansas, which showed a decrease.

Drilling Results

In contrast with the very active drilling program which featured the month of September, the month of October witnessed a heavy decline in the number of wells completed, which totalled 400, of which 275 were successful, yielding an initial flow of 59,058 barrels. This, compared to 517 wells completed in September including 349 producers with a flush production of 66,556 barrels. Out of the 348 wells completed in the Texas fields there were 242 producers which had a combined initial output of 56,743 barrels. Completions in Texas during September numbered 425 wells including 271 producers, which added 57,706 barrels of new production. It is to be noted that while there was a decided slump in the Texas

drilling results in October the new production added during that month was practically the same as for the previous month. The most noticeable falling off in the number of completions occurred in the Central-West Texas and the Texas Coastal fields. The Central-West Texas district reported 102 completions during October, including 69 producers, which yielded an initial production of 8,405 barrels which compares to 131 completions during September of which 96 were producers having a flush production of 14,387 barrels. Developments in the Mexia-Currie field show 30 wells completed, one-half of which were successful, adding a new production of 4,630 barrels. Stephens and Eastland Counties and Desdemona fields contributed no important completions during October, and added but little new production. As premiums on the grade of oil produced in these sections are not available the operators are holding up drilling operations to await further developments in the price situation. While there were only 54 wells completed in the Texas Coastal field, including 43 producers, as against 76 completions, including 60 producers, during September the new production added during October amounted to 35,720 as against 31,805 barrels during September.

Increased activity was noted in the San Antonio district, where there were 28 successful completions and no failures, which added 3,950 barrels of new production. Some good wells have been completed in Webb County near Laredo and further developments are in process which are being watched with keen interest. The North Texas fields showed a large increase in the number of producing wells but registered a falling off in the amount of new production added. While developments in the Electra field show 63 completions of which 39 were producers with an initial flow of 3,590 barrels, the new production added during October showed an increase of only 332 barrels over the initial production obtained from the 27 producers completed during September. Operations in this field have been curtailed on account of the serious water shortage in some parts of the field and the unsatisfactory price which is being obtained for the production. The greatest activity in the North Texas district is found in the Young County field, where a large initial production is being obtained from new wells. Louisiana contributed only 52 new wells during October, which compares to 92 during September. The initial output of producing wells in that state fell from 8,850 barrels during September to 2,315 barrels during October. In the Haynesville field there were 14 completions with an initial production of 1,380 barrels.

Crude Oil Prices No changes have taken place during the past month in the posted price of crude oil in the various fields of the Eleventh District. However, the payment of premiums above the posted price became a larger factor in the price situation during October. About the middle of October the available supply of spot crude oil in the North Texas district became so small that the premium paid by independent refineries was increased to fifty cents per barrel, but by the end of

the month it had again declined to forty and forty-five cents per barrel. One company in the Texas Gulf Coast field has contracted to deliver 25,000 barrels per month at the premium of twenty-one cents per barrel over the posted price and the contract provides that this premium shall be paid for a period of six months. Other operators have been disposing of Gulf Coast crude at a premium ranging from twenty to twenty-five cents per barrel.

OIL PRODUCTION

Field	October		September		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	2,074,915	66,933	2,103,930	70,131	Dec. 29,015	Dec. 3,198
Central-West Texas.....	4,206,945	135,707	4,034,615	134,487	Inc. 172,330	Inc. 1,220
Texas Coastal.....	3,284,870	105,963	3,007,920	100,264	Inc. 276,950	Inc. 5,699
San Antonio District.....	220,485	7,113	186,300	6,210	Inc. 34,185	Inc. 903
Totals, Texas.....	9,787,215	315,716	9,332,765	311,092	Inc. 454,450	Inc. 4,624
North Louisiana.....	3,053,530	98,501	3,049,890	101,663	Inc. 3,640	Dec. 3,162
Totals, 11th District.....	12,840,745	414,217	12,382,655	412,755	Inc. 458,090	Inc. 1,462

OCTOBER DRILLING RESULTS

Field	Completions	Producers	Failures	Initial Production
North Texas.....	140	97	43	8,528
Central-West Texas.....	102	69	33	8,405
Texas Coastal.....	54	43	11	35,720
San Antonio District.....	28	28	3,950
Texas Wildcats.....	24	5	19	140
Totals, Texas.....	348	242	106	56,743
North Louisiana.....	52	*33	19	2,315
October totals, District.....	400	275	125	59,058
September totals, District.....	517	349	168	66,556

*Includes 14 Gas Wells.

CRUDE OIL PRICES

Texas	Nov. 2, 1922	Nov. 3, 1921	Louisiana	Nov. 2, 1922	Nov. 3, 1921
Corsicana light.....	\$1.00	\$1.05	Caddo (38 gravity and above).....	\$1.25	\$1.50
Corsicana heavy.....	.65	.70	Bull Bayou (38 gravity and above).....	1.15	1.40
Texas Coastal Fields.....	1.25	1.00	Homer (35 gravity and above).....	1.25	1.50
Mexia.....	1.25	.60	Haynesville (33 gravity and above).....	1.10	1.35
All other Texas fields.....	1.50	1.75	De Soto Crude.....	1.25	1.50

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

LUMBER

The outstanding feature of the lumber situation is the car shortage which is holding up deliveries. The production rate of Eleventh District pine mills declined from 2 per cent below normal production during September to 5 per cent below normal pro-

duction during October, but these mills are still producing more lumber than they can ship. In spite of the fact that the mills shipped all the lumber possible during October production was 16 per cent above shipments. The October orders were 17 per

cent below normal production as compared to 20 per cent during September, which shows a slight increase. The unfilled orders on the books of 45 mills on October 31st amounted to 93,417,839 feet as compared to 80,895,993 feet on the books of 43 mills on September 30th. As deliveries are being delayed the stocks at retail yards are becoming rapidly depleted but the mill stocks are accumulating. The stocks at reporting mills on October 31st were 5 per cent below normal as compared to 8 per cent on September 30th.

The price situation has shown no material change but the market appears slightly stronger. The fact that mills are able to sell all the lumber which they

can ship out has had a tendency to stabilize the market.

OCTOBER PINE MILL STATISTICS

Number of reporting mills.....	45
Production	107,715,408 feet
Shipments	92,655,143 feet
Orders	93,417,839 feet
Unfilled orders October 31st.....	93,187,584 feet
Normal production	112,985,609 feet
Stocks, October 31st.....	312,303,916 feet
Normal stocks	329,288,799 feet
Production above shipments.....	15,060,265 feet=16%
Actual production below normal..	5,270,201 feet= 5%
Orders below normal production..	19,567,770 feet=17%
Stocks below normal.....	16,984,883 feet= 5%

BUILDING

The valuation of building permits issued at the principal cities of this district reflected a further decline during October as compared to the previous month but there was a large increase over the same month a year ago. On the other hand, the number of projects undertaken reflected a substantial gain over the previous month but were less than for October,

1922. Building permits issued during October numbered 2,511 with a total valuation of \$5,007,209 as compared to 2,251 permits issued during September with a valuation of \$5,040,547. There were 2,804 permits issued during October, 1921, the aggregate valuation of which was \$4,323,482.

BUILDING PERMITS

	October, 1922		September, 1922		Inc. or Dec.	October, 1921		Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation	
Austin.....	38	59,067	32	50,463	+ 17.0	73	137,957	-57.2
Beaumont.....	116	93,361	109	93,531	None	147	135,767	-31.2
Dallas.....	420	1,344,500	359	1,856,488	- 27.6	314	1,081,277	+24.3
El Paso.....	78	106,619	105	226,714	- 53.0	160	405,883	-73.7
Fort Worth.....	220	552,778	185	492,338	+ 12.3	249	471,292	+17.3
Galveston.....	403	132,438	331	138,594	- 4.4	498	241,383	-45.1
Houston.....	584	1,123,276	541	915,133	+ 22.7	676	699,633	+60.6
San Antonio.....	377	874,484	344	635,115	+ 37.7	402	640,185	+36.6
Shreveport.....	234	478,817	217	571,681	- 16.2	247	365,905	+30.9
Waco.....	41	241,869	28	60,490	+300.0	38	144,200	+67.7
Total	2,511	5,007,209	2,251	5,040,547	- 0.7	2,804	4,323,482	+15.8

COMPARATIVE STATEMENT

RESOURCES		
	Oct. 31, 1922	Oct. 31, 1921
Gold and gold certificates.....	\$ 9,930,710.00	\$ 7,289,735.00
Gold settlement fund.....	17,752,630.54	5,049,575.90
Total	27,683,340.54	12,339,310.90
Gold with Federal Reserve Agent.....	26,316,585.00	12,502,135.00
Gold redemption fund Federal Reserve notes.....	1,600,769.09	2,845,722.40
Total gold reserve.....	55,600,694.63	27,687,168.30
Legal tender notes, silver, etc.....	6,324,788.15	6,614,981.71
Total reserves	61,925,482.78	34,302,150.01
Bills discounted (Secured by U. S. Government obligations).....	1,154,398.75	7,754,371.71
All other	17,689,112.25	48,318,217.14
Bills bought in open market.....	15,187,512.49	205,000.00
Total bills on hand.....	34,031,023.49	56,277,588.85
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.....	8,309,500.00	
Total earning assets.....	47,056,023.49	60,820,338.85
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	32,323,723.72	23,305,140.69
All other resources.....	1,972,790.66	2,185,398.28
TOTAL RESOURCES	\$145,517,404.46	\$122,866,391.88

LIABILITIES

Capital paid in.....	\$ 4,209,250.00	\$ 4,199,100.00
Surplus fund	7,394,097.30	7,112,677.72

DEPOSITS

Government	3,577,479.41	1,999,818.01
Member Banks' Reserve Account.....	54,963,276.06	40,618,411.03
All other	214,347.57	387,653.93
Total deposits	58,755,103.04	43,005,882.97
F. R. notes in actual circulation.....	43,579,119.00	39,660,276.00
F. R. bank notes in circulation—net liability.....	2,292,022.00	2,766,845.00
Deferred availability items.....	27,575,077.26	24,307,013.64
All other liabilities.....	1,712,735.86	1,814,596.55
TOTAL LIABILITIES.....	\$145,517,404.46	\$122,866,391.88

Rediscounts with other F. R. banks.....		\$ 9,427,003.50
Contingent liability on bills purchased for foreign correspondents.....	878,267.87	832,000.00

Ratio of total reserves to deposit and Federal Reserve note liabilities combined	60.5%	41.4%
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