

MONTHLY REVIEW OF BUSINESS AND INDUSTRIAL CONDITIONS

IN THE

ELEVENTH FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF DALLAS

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THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	December	November	Inc. or Dec.
Bank Debits to Individual Accounts (weekly average at 13 cities).....	\$152,542,000	\$162,985,000	Dec. 6.4%
Department Store Sales.....			Inc. 42.3%
Reserve Bank loans to Member Banks at end of month.....	\$ 14,422,329	\$ 15,056,417	Dec. 4.2%
Reserve Bank ratio at end of month.....	49.8%	60.1%	Dec. 10.3 points
Building permit valuations at larger centers.....	\$ 9,672,787	\$ 3,918,034	Inc. 146.9%*
Commercial failures (Number).....	129	83	Inc. 55.4%
Commercial failures (Liabilities).....	\$ 2,118,607	\$ 1,361,108	Inc. 55.7%
Oil Production (barrels).....	12,273,980	11,816,435	Inc. 3.9%
Lumber Orders at Pine Mills (per cent of normal production)	96%	89%	Inc. 7 points

* See page 14 for comments on increase in building permits.

GENERAL SUMMARY

The problem of finding profitable employment for the surplus funds flowing into this district from the sale of its 1922 cotton crop was the outstanding development in the local financial situation last month. With proceeds in hand from a crop which yielded a 100 per cent larger cash return than did the crop of 1921, both the Federal Reserve Bank of Dallas and its member bank family found it necessary to seek an outside medium of investment for their idle funds, due to the fact that the use of bank credit in this section is always slack at this season of the year, and the revival of business which has been gradually gaining headway has not yet reached the stage of expansion that would enable it to absorb such a heavy volume of loanable funds as has just been accumulated from the sale of an unusually profitable cotton crop. The result was that in the month of December, the Federal Reserve Bank of Dallas increased its investment in Bankers' bills by \$5,600,000, and the reserve city banks at the same time increased their holdings of United States government securities by \$9,800,000.

Trade reports for December reflect a most satisfactory volume of holiday distribution. In wholesale lines, however, the buying demand was somewhat quiet, as is to be expected at this season, although one important branch of wholesale trade furnished an unexpected exception to the general rule, the sales of farm implement distributors showing a 23 per cent gain over the month of November.

Commercial failure statistics for the month, which disclosed a considerable increase in number and magnitude of suspensions, indicate that the weeding out process that has been in evidence for some time has not yet run its course, although a comparative survey covering the year 1922 shows that this district's failure record compares quite favorably with other sections, the Eleventh District being the only one which suffered fewer failures last year than in 1921.

Agricultural and livestock prospects for the coming year, although unfavorably affected by the present winter drouth, are on the whole encouraging. The livestock interests, with their financial affairs

stabilized, need only a fair measure of favorable weather and range conditions to place their industry upon a sound and profitable basis.

Oil production, lumber sales and building activity

registered small but satisfactory gains during December, due largely to the unusually favorable weather conditions that have prevailed thus far this winter.

CROP CONDITIONS

Crops and farm operations are feeling the effect of the lack of rainfall during the past month. Texas rainfall for December was one-fifth of normal, and one-third of the rainfall in December, 1921. Reports from the northern, southwestern and west central counties of Texas indicate that the winter wheat crop is suffering from the drouth. Early plantings are making a poor stand, while in many fields the crop has not yet come up. There is still time, however, for a substantial recovery to be achieved by the Texas winter wheat crop, and if rains are received soon the wheat belt is capable of producing a fair yield.

Practically all of the cotton crop has been picked and ginned. The Texas crop for 1922, it is believed, will amount to approximately 3,150,000 bales. The high price commanded by the staple is reported to be exerting a marked influence upon the acreage plans of Southwestern farmers, and the situation at this time indicates there will be a general increase in the district's cotton acreage this year, not only in those sections where cotton has been grown for some time, but also in certain parts of West Texas where it will be planted this year for the first time.

Truck crops and citrus fruits are now moving from the Rio Grande Valley in carload lots, and strawberries from that section are now appearing on the market.

Texas Crop Results for 1922

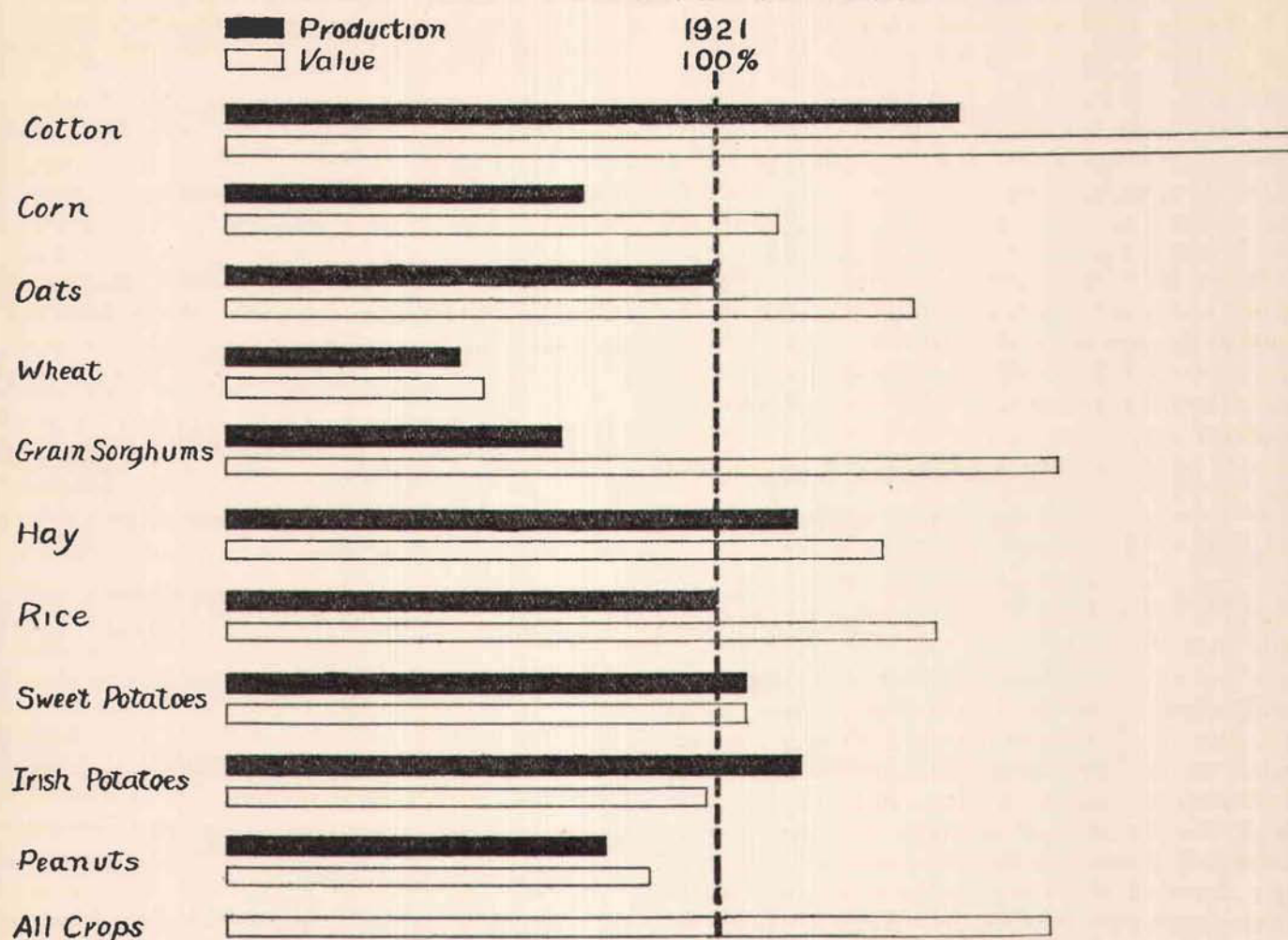
Appended below will be found a chart and table showing the relative production and value of various crops grown in the state of Texas in 1921 and 1922. It will be noted that the value of the state's agricultural production last year was \$716,408,000, as compared with \$424,776,000 for 1921, which shows an increase of \$291,632,000 or 67 per cent. Another interesting feature of these statistics is the fact that the rice and oat crops, though smaller than in 1921, produced a larger aggregate value. A comparison of the Texas 1921 and 1922 cotton production shows that while last year's crop yielded the producers \$209,623,000, (or 118 per cent) more than they received for their 1921 crop, the gain in cash returns was much larger than the increase in the production, which amounted to only 50 per cent according to the figures compiled by the Department of Agriculture.

COMPARATIVE PRODUCTION AND VALUE OF TEXAS FARM PRODUCTS

(Compiled by U. S. Department of Agriculture)

Commodity	QUANTITY		Inc. or Dec.	VALUE		Inc. or Dec.
	1922	1921		1922	1921	
Peanuts.....	96,320,000 lbs.	123,825,000 lbs.	-27,505,000 lbs.	\$ 3,850,000	\$ 4,210,000	-\$ 360,000
Sweet Potatoes.....	8,715,000 bu.	8,200,000 bu.	+ 515,000 bu.	7,408,000	6,970,000	+ 438,000
Potatoes.....	2,418,000 bu.	2,072,000 bu.	+ 346,000 bu.	3,869,000	3,937,000	- 68,000
Hay (tame and wild).....	1,295,000 tons	1,105,000 tons	+ 190,000 tons	14,561,000	10,806,000	+ 3,755,000
Rice.....	5,959,000 bu.	5,993,000 bu.	- 34,000 bu.	8,760,000	6,053,000	+ 2,707,000
Oats.....	33,465,000 bu.	33,570,000 bu.	- 105,000 bu.	18,406,000	13,092,000	+ 5,314,000
Wheat.....	9,992,000 bu.	20,810,000 bu.	-10,818,000 bu.	10,991,000	20,810,000	- 9,819,000
Corn.....	114,580,000 bu.	156,920,000 bu.	-42,340,000 bu.	95,101,000	84,737,000	+ 10,364,000
Cotton.....	3,290,000 bales	2,198,000 bales	+ 1,092,000 bales	386,575,000	176,952,000	+ 209,623,000
Grain Sorghum.....	39,400,000 bu.	56,550,000 bu.	-17,150,000 bu.	39,400,000	23,186,000	+ 16,214,000
Eleven Miscellaneous Crops.....				5,698,000	1,811,000	+ 3,887,000
Total, 22 Crops.....				\$594,619,000	\$352,564,000	+\$242,055,000
Hypothetical value, all crops.....				\$716,480,000	\$424,776,000	+\$291,632,000

PRODUCTION AND VALUE OF TEN TEXAS CROPS IN 1922 COMPARED WITH 1921



Cotton Movements

December cotton receipts at the port of Galveston fell 210,000 bales below the receipts for the month of November. In 1921 the decrease amounted to only 64,000 bales. That this indicates a tendency at interior points to hold cotton this season is substantiated by the fact that although the Texas crop for 1922 was 50 per cent larger than for 1921, the total exports this season at Galveston have been only 19 per cent larger than last season. While this situation is partially accounted for by the higher rail freight rates prevailing in 1921, this feature of the transportation situation is hardly of sufficient importance to account for the marked slowing up in the export movement through this port.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	December 1922	December 1921	Aug. 1st to Dec. 30th This Season	Last Season
Gross Receipts	253,430	252,188	1,884,703	1,621,909
Exports	370,314	283,143	1,589,267	1,497,116
Stocks, Dec. 30.....			360,171	367,480

GALVESTON STOCK STATEMENT

	Dec. 30, 1922	Dec. 30, 1921
For Great Britain	14,031	2,264
For France	4,019	
For other foreign ports.....	28,726	21,816
For coastwise ports	13,000	3,500
In compresses	300,395	339,900
Total	360,171	367,480

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

	This Season	Last Season
Receipts since Aug. 1, 1922....	\$3,791,149	\$3,574,432
Exports: Great Britain	893,391	791,646
France	415,136	393,963
Continent	1,139,553	1,191,406
Japan-China	295,825	597,114
Mexico	6,257	
Total foreign ports	2,750,162	2,974,129
Stocks at U. S. ports, Dec. 30	1,000,294	1,295,915

LIVESTOCK

Since the 15th of December the ranges in this district have undergone some deterioration, due to dry weather. Except in Southeast Arizona, no rains of any consequence have fallen in the range country since early in December. The usual winter precipitation has thus far been conspicuous by its absence, and the resultant deficiency in grazing has not only necessitated feeding on a larger scale but in many sections where feed is not accessible livestock has been weakened to such an extent as to give rise to serious concern for the safety of cattle, as it is feared that if the present dry period should be followed by a severe cold wave some heavy losses would result.

In contrast with other parts of the district, range conditions in our section of Arizona are reported to be satisfactory, sufficient rainfall having been received to keep the supply of grass and stock water well up to requirements.

Movements and Prices

Although December livestock receipts at the Fort Worth market showed the usual falling off as compared to the previous month, supplies equalled or exceeded the volume handled in December, 1921, with the exception of sheep, which registered an enormous decline, the receipts being the smallest of any December for the past eleven years. On the other hand, the December movement of hogs exceeded that of both November, 1922, and December, 1921.

The month's receipts of cattle brought the total for the year up to 759,861, or a gain of 187,365 over the year 1921; while the 1922 total on calves was 324,311, or 86,592 less than the previous year's record.

December was an encouraging month for shippers, from the standpoint of market values. While the first few days witnessed a continuation of the downward trend that featured the month of November, the meagreness of receipts brought about a healthy reaction, and the market recovered about all the ground lost in the previous month, with top prices in some lines scoring a handsome gain. Hogs, calves, and sheep displayed the most strength, and at the end of the month the demand for all classes of animals revealed a firm undertone.

The range of values during the first twenty days of January showed no great variation from the level of prices at the end of December. Stockers and feeders have slightly appreciated in value, fat steers are about unchanged, while hogs and calves at this writing are a shade lower.

FORT WORTH LIVESTOCK RECEIPTS.

	December 1922	November 1922	Gain or Loss	December 1921	Gain or Loss
Cattle	65,995	83,294	L 17,299	33,740	G 32,255
Calves	22,133	46,052	L 23,919	23,824	L 1,691
Hogs	45,546	37,011	G 8,535	27,080	G 18,466
Sheep	7,957	24,281	L 16,324	34,059	L 26,102

COMPARATIVE TOP LIVESTOCK PRICES

	December 1922	November 1922	December 1921
Beef steers	\$ 7.25	\$ 7.50	\$ 7.50
Stocker steers	6.50	7.00	5.00
Butcher cows	5.75	5.85	4.85
Stocker cows	3.50	3.50	3.00
Calves	7.25	6.35	6.75
Hogs	8.75	8.50	7.75
Sheep	8.00	7.50	5.25
Lambs	14.00	13.50	9.25

WHOLESALE TRADE

Review of 1922

The year 1922 has been one of recuperation and recovery. Losses were sustained by many firms during 1921, due to the heavy merchandise inventories which they were carrying when the depression first became apparent. Consequently it was necessary for them to write off large sums on account of replacement costs. During the first three months distribution in all lines of trade dropped to a lower level than in the corresponding period of 1921, and as compared with the same period of 1920, the 1922 volume of business seemed decidedly meager. The spring

months, which were accompanied by an active building program and a better outlook in the agricultural sections, gave a better tone to the business situation. The second quarter witnessed an improved distribution in all lines, farm implements and furniture showing a substantial gain over the first six months of 1921. Other lines enjoyed substantial improvement and the volume of business began to more closely approximate the 1921 volume. The third quarter was naturally the period of heavy distribution. Despite the fact that drouth and weevils cut the Texas cotton crop down to approximately

3,150,000 bales, the farmers were able to gather this year's crop with but very little waste, and received a very satisfactory price for it. Considering the fact that the crop was produced on a very economical basis, it left the farmer with a good profit. Consequently he was able to liquidate obligations which in many cases represented carryovers from as far back as 1920. Collections made by local retail merchants enabled them to pay their creditors. While 1921, for the most part, represented a period of price declines, the reverse has been true during 1922, for although prices in practically all lines were on a low level during the earlier part of the year, they have since been gradually working upward. This has had a tendency to stabilize the market, give more confidence both to retailer and wholesaler, which in turn have tended to produce more normal merchandising methods. The consumer, however, has not become fully reconciled to the rising trend of prices, and has shown a tendency to resist further increases. Buying for the most part has continued on a hand-to-mouth basis, but during the fall months there was a greater tendency to anticipate needs. This has been particularly true of the dry goods trade on account of the rapidly advancing prices in the primary textile markets.

Dry Goods Midwinter dullness incident to the holiday period was evidenced in wholesale dry goods sales, which were 44.2 per cent less than during the previous month. However, the 4 per cent increase in sales over December a year ago evinces the improvement which has taken place in the trade during the past year. Sales for the second half of the year were 5.7 per cent greater than during the corresponding period of 1921. The year closed with the dry goods trade in a strong position and with the prospects good for the next few months. Retailers are still following a conservative policy, but are showing less hesitation in placing forward orders. The indications are, however, that they are not overstocking their shelves, but merely preparing to meet the legitimate demand which is now evident in retail circles. Forward orders have been stimulated to some extent by the upward trend in primary textile markets. The higher prices seem to be stimulating business rather than retarding it as was the case a few months ago. This is due to the short cotton crop and the fact that domestic consumption and export of raw cotton have been large despite the unfavorable developments in Europe. The textile mills are now running at near capacity and orders on hand represent approximately three months' production. The only unfavorable aspect of the situation is

the possibility of the higher prices causing another buyers' strike, which will retard distribution.

Groceries

The distribution of groceries during December showed a further decline of 9.9 per cent as compared with November, but there was an increase of 22.9 per cent as compared to December, 1921. Conditions in the grocery trade have been gradually growing better during the past year and give cause for expecting further improvement. Dealers generally report that the prospects for the coming year are very bright. Prices, which have been steadily advancing for some time, have shown further advances since the first of the year. A scarcity of California dried beans, particularly the small navy beans and the lima beans, has become apparent, as the present supply of these varieties is not sufficient to supply the trade for the remainder of the season. Higher prices for canned tomatoes have been announced at Baltimore, where large quantities are packed. While some dealers state that the volume of orders placed for future delivery is beginning to assume normal proportions, the majority state that the volume of forward orders is rather small.

Farm Implements.

Sales of farm implements during December reached the high point of the year, being 23.4 per cent larger than during the previous month and 159 per cent larger than during the corresponding month of 1921. Sales for the last six months of 1922 were 192.3 per cent greater than during the same period of 1921. This shows the extent to which the trade is overcoming the unfavorable developments which occurred during 1921. While sales have in no sense reached normal proportions, they have shown great improvement over the period of the depression, and the current year will be one of large distribution unless unfavorable developments in the agricultural situation place a different aspect upon present prospects. There are still many farmers whose supply of implements is deficient, and with the prospect for a high price for the next cotton crop he is likely to supply himself with the long-needed implements to cultivate this year's crop. The retailers are buying freely, but for the most part are still following the policy of buying for immediate sales and are not laying in large stocks. While in some cases the retailer is buying in carload lots, in most instances he is depending upon the wholesaler to carry his stock, so that he can replace his supply in small lots as occasion demands.

The increasing cost of labor and raw materials is gradually forcing higher prices for implements on the farmers. In fact, some firms have already put these higher quotations into effect.

Furniture Sales of furniture firms during December shrank 15.5 per cent as compared to November, and 3.8 per cent as compared to December a year ago. However, sales for the season July 1st to December 30th were 19 per cent larger than during the corresponding period of 1921. The small decrease from December, 1921, is not surprising when it is recalled that sales during that month were 50.8 per cent greater than sales during December, 1920. The year 1922 has been an unusually good one for the distribution of furniture and with the prospects of another good home-building year the outlook for 1923 is promising.

Drugs The December sales of reporting drug firms showed a decline of 9.8 per cent as compared with the previous month, but increased two-tenths of one per cent as compared with sales during December, 1921. The drug trade

has shown a gradual improvement throughout the year and some firms report that January sales are measuring up to expectations and are showing substantial increases over a year ago. In a majority of instances wholesalers report that practically all orders are for spot delivery, but some report that retailers are placing forward orders somewhat more freely. The price situation has shown but little change, but the tendency is slightly upward on most items.

Hardware The December sales of hardware firms reflected a decline of 15.6 per cent as compared to November, but an increase of 1.9 per cent as compared to December a year ago. The buying demand showed some improvement during the month and the present outlook is favorable. The distribution of builders' hardware continues brisk, due to the sustained building activity. Some wholesalers report that orders for future delivery are being placed in a larger volume than at any time during the past two years. This has been especially true since the prices on iron and steel articles have had an advancing tendency.

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

	—Net Sales— December 1922 compared with		—Net Sales— July 1 to date compared with same period	—Stocks— December 1922 compared with	
	December 1921	November 1922		December 1921	November 1922
Groceries	+ 22.9	— 9.9	+ 15.6	+25.0	+ .2
Dry Goods.....	+ 4.0	—44.2	+ 5.7	—16.8	+15.9
Hardware	+ 1.9	—15.6	+ 2.0	— 4.4	+ 7.0
Farm Implements	+159.0	+23.4	+192.3	—27.2	+ 2.9
Furniture	— 3.8	—15.5	+ 19.0
Drugs	+ .2	— 9.8	+ .6	— 1.4	—13.3

RETAIL TRADE

Seasonal activity stimulated principally by Christmas shopping augmented retail distribution during December. Department store sales were 42.3 per cent greater than November sales, but were practically the same as those during December, 1921. The unusually mild winter in this section has restricted the distribution of winter goods. The sales of Christmas goods, however, were large and covered a wide variety of commodities.

Stocks on hand at the close of December were 17.1 per cent less than those on hand at the close of November, and 5.8 per cent less than those on hand

at the close of December a year ago. The ratio of stocks to sales during the last half of the year was 405.7 per cent, which compares to 444.5 per cent for the last half of 1921. The was due to the lower stocks carried this year.

The ratio of outstanding orders at the close of December to last year's purchases was 7.5 per cent as compared to 7.2 per cent at the close of November.

The ratio of December collections to accounts receivable on December 1st was 39 per cent as compared to 38.3 per cent during November.

BUSINESS OF DEPARTMENT STORES

Total Sales—	Dallas	Ft. Worth	Houston	All Other	Total District
Dec., 1922, compared with Dec., 1921.....	+ 3.4	+ 1.6	+ .8	— 5.9	— .1
Dec., 1922, compared with Nov., 1922.....	+ 39.3	+ 49.8	+ 42.6	+ 41.2	+ 42.3
July 1st to date compared with same period last year.....	+ 2.9	+ 1.5	+ .3	— 9.1	— 1.4
Credit Sales—					
Dec., 1922, compared with Dec., 1921.....	+ 4.7	+ 12.3	+ 11.9	— 1.8	+ 5.1
Dec., 1922, compared with Nov., 1922.....	+ 27.2	+ 37.4	+ 31.6	+ 36.5	+ 31.5
July 1st to date compared with same period last year.....	+ 4.4	+ 7.8	+ 7.9	— 5.8	+ 2.8
Stocks—					
Dec., 1922, compared with Dec., 1921.....	— 3.7	— 5.1	— 8.3	— 7.5	— 5.8
Dec., 1922, compared with Nov., 1922.....	— 18.1	— 10.7	— 18.2	— 20.7	— 17.1
Ratio of stocks to sales.....	387.2	417.2	441.1	402.3	405.7
Ratio of outstanding orders to last year's purchases.....	8.5	6.5	6.4	6.2	7.5
Ratio of December collections to Accounts Receivable, due and outstanding Dec. 1, 1922.....	34.4	40.4	41.7	47.9	39.0

FINANCIAL

There was a further shrinkage in the volume of public spending at the larger centers of this district during December as measured by debits to individual accounts. The weekly average of debits to individual accounts during December amounted to \$152,-

542,000 as compared to \$162,985,000 during November, showing a decrease of 6.4 per cent. However, the December debits were 4.4 per cent larger than December, 1921, the debits for the latter month being \$146,096,000.

CHARGES TO DEPOSITORS' ACCOUNTS

	AVERAGE WEEKLY DURING		
	December 1922	November 1922	December 1921
Albuquerque	\$ 2,290,000	\$ 2,350,000	\$ 1,861,000
Austin	3,917,000	3,948,000	2,876,000
Beaumont	3,742,000	3,417,000	3,212,000
Dallas	41,562,000	43,987,000	35,383,000
El Paso	7,429,000	7,247,000	7,941,000
Fort Worth	26,127,000	25,429,000	31,229,000
Galveston	17,618,000	22,261,000	16,089,000
Houston	27,392,000	29,707,000	27,292,000
San Antonio	6,828,000	6,944,000	6,461,000
Shreveport	7,672,000	9,148,000	6,707,000
Texarkana, Texas	2,151,000	1,693,000	1,756,000
Tucson	1,837,000	2,056,000	1,670,000
Waco	3,977,000	4,798,000	3,619,000
Totals, Eleventh District	\$152,542,000	\$162,985,000	\$146,096,000

Acceptance
Market

There was a slight increase during the month in the volume of acceptances executed by accepting banks of this district and which were outstanding at the close of the month. Acceptances outstanding on December 30th amounted to \$2,324,321.14 as compared to \$2,313,368.78 on November 29th. The volume of acceptances executed against import and export transactions fell from \$505,550 on November 29th to \$400,000 on December 30th, but those based on domestic shipments and storage of goods rose from \$1,807,818.78 on November 29th to \$1,924,321.14 on December 30th. On December 30th the total amount of this class of paper held by the Federal Reserve Bank of Dallas was \$26,826,619.80 as compared to \$21,153,252.31 on November 29th.

Condition of
Reserve City
Banks

Reports from reserve city banks reflect a further decrease of \$1,422,000 in loans during the month.

Total loans on November 29th aggregated \$214,834,000 as compared to \$213,412,000 on December 27th. Net demand deposits on December 27th amounted to \$235,044,000 as compared to \$240,187,000 on November 29th, which reflects a decrease of \$5,143,000 during the month. The reserve deposits which these banks carry with the Federal Reserve Bank declined from \$26,043,000 on November 29th to \$25,058,000 on December 27th and their borrowings decreased from \$3,666,000 to \$2,672,000 during this period. The investments of these banks in United States securities increased \$9,814,000 during the month. The ratio of loans to net demand de-

posits increased from 90 per cent on November 29th to 91 per cent on December 27th, due to the loss in deposits during the month.

These banks show a considerable improvement as compared to a year ago. There was an increase of \$42,975,000 in net demand deposits, \$18,531,000 in

investments in United States securities, \$15,009,000 in loans, and \$3,843,000 in reserve with the Federal Reserve Bank. These figures reflect the expansion in business which has taken place during the past year, as well as the ability of the banks to finance customers out of their own resources.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Dec. 27, 1922	Nov. 29, 1922	Dec. 28, 1921
1. Number of reporting banks.....	52	52	51
2. U. S. securities owned.....	\$ 57,830,000	\$ 48,016,000	\$ 39,299,000
3. All other stocks, bonds, and securities owned.....	8,955,000	8,651,000	9,444,000
4. Loans secured by U. S. Government obligations.....	4,700,000	4,917,000	6,209,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	52,063,000	54,897,000	38,102,000
6. All other loans.....	208,712,000	209,917,000	192,194,000
7. Net demand deposits.....	235,044,000	240,187,000	192,069,000
8. Time deposits.....	70,527,000	69,468,000	58,995,000
9. Reserve with Federal Reserve Bank.....	25,058,000	26,043,000	21,215,000
10. Bills payable with Federal Reserve Bank.....	2,690,000	3,666,000	12,687,000
11. Percentage of loans (*) to net demand deposits.....	91%	90%	103%

*Loans include only items 4 and 6.

Operations of the Federal Reserve Bank Loans to member banks registered a further decrease of 634,088.32 during December. These loans amounted to \$14,422,329.67 on December 30th as compared to \$15,056,417.99 on November 29th. The low point, however, was reached on December 14th at \$13,964,968.49, and since that time has been gradually going up to meet the increased demand for credit. On January 15th they had reached \$16,079,126.79, which is greater than the volume of loans on November 29th.

The past year has been one of liquidation. Despite the poor crops harvested during 1921 and the unfavorable development in the livestock industry the first four months of the year reflected constant and heavy liquidation and during the crop-growing period the Federal Reserve Bank was called upon to furnish but comparatively little additional credit. The total amount of loans to member banks on December 31, 1921, was \$50,597,098.40, which represents a decrease of \$36,174,768.73 as compared to December 30, 1922. At the close of business December 30, 1922, 177 banks were borrowing from this bank, which compares to 536 borrowing banks at the close of business December 31, 1921, reflecting a decrease of 359 in the number of borrowing banks.

The total volume of bills held by this bank on December 30th amounted to \$41,248,949.47, distributed as follows:

Member banks' collateral notes secured by United States Government obligations	\$ 698,250.00
Rediscounts and all other loans to member banks	13,724,079.67
Open market purchases (Bankers' acceptances)	26,826,619.80
Total bills held.....	\$41,248,949.47

Federal Reserve notes in actual circulation declined from \$39,895,818 on November 29th to \$37,761,135 on December 30th, showing a net reduction of \$2,134,683 during the month. However, the circulation of these notes at the close of the year 1922 was \$2,291,425 greater than at the close of the year 1921. There was a further increase of \$529,257.93 in reserve deposits of member banks during the month, the total amount on December 30th being \$54,461,086.84 as compared to \$53,931,828.91 on November 29th. The increase over December 31, 1921, amounted to \$11,089,318.18.

Discount Rates

The customary rate charged on customers' paper by commercial banks at the cities listed below declined one-half of one per cent at Dallas and Fort Worth, and one per cent at San Antonio, but increased one-half of one per cent at Waco. The "high," "low," and "customary" rates are listed below.

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

Savings
Deposits

Reports from 111 banks which operate savings departments show savings deposits on December 30th

to be 2.7 per cent greater than those on November 29th, and 13.2 per cent greater than those on December 31, 1921.

SAVINGS DEPOSITS

	Number of Reporting Banks	Dec. 30, 1922	Dec. 31, 1921	Inc. or Dec.	Nov. 29, 1922	Inc. or Dec.
Albuquerque.....	3	1,707,985	1,572,739	+ 8.6	1,641,866	+4.0
Beaumont.....	3	1,140,355	1,014,014	+12.5	1,105,551	+3.1
Dallas.....	7	11,012,647	8,583,675	+28.3	10,577,800	+4.1
El Paso.....	5	7,309,368	6,310,727	+15.8	6,939,516	+5.3
Fort Worth.....	4	5,809,856	5,161,885	+12.6	5,718,006	+1.6
Houston.....	4	11,935,082	10,195,463	+17.1	11,728,743	+1.8
San Antonio.....	6	9,253,779	8,868,860	+ 4.3	8,889,313	+4.1
Shreveport.....	4	7,374,821	6,117,933	+20.5	7,296,529	+1.1
Waco.....	5	1,888,518	1,378,112	+37.0	1,913,831	-1.3
Wichita Falls.....	3	2,525,968	2,963,838	-14.8	2,458,558	+2.7
All others.....	67	22,144,362	20,341,451	+ 8.9	21,639,565	+2.3
Total.....	111	82,102,741	72,508,697	+13.2	79,909,278	+2.7

FAILURES

The business mortality rate during December showed a sharp increase as compared with the previous month, but was considerably below December, 1921. There were 129 failures during the month with liabilities aggregating \$2,118,607, which compares to 83 defaulting firms during November with a total indebtedness of \$1,361,108, and 197 suspensions in December, 1921, involving liabilities amounting to \$4,307,254.

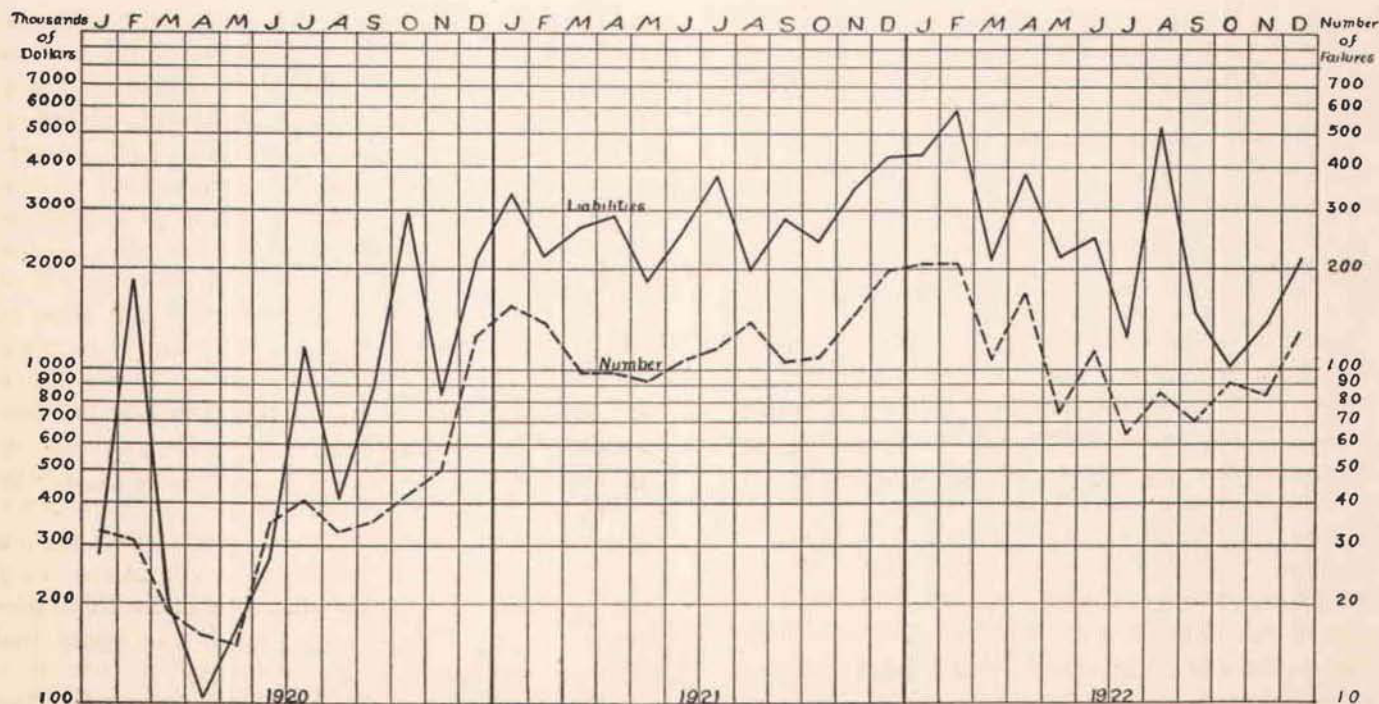
There were 1,408 failures with a total indebtedness of \$33,262,896 during the year 1922, as com-

pared to 1,491 defaults in 1921 with liabilities aggregating \$34,414,776, reflecting a slight decrease in both the number of failures and the amount of liabilities involved.

The accompanying chart shows the major survey of the business cycle as reflected in commercial failures of the Eleventh Federal Reserve District. Commercial failures show an inverse correlation with the business cycle, that is, when there is a boom in business commercial failures are few and the lia-

bilities are small, but during a depression period the reverse is true. This is due to the fact that during a period of prosperity the elements of incompetence and lack of capital (the two major causes of business failures given by R. G. Dun & Company) do not enter as a large factor in the administration of business. Rising prices enable the merchant to buy, hold for a while, and then sell at a large margin of profit. Capital is a negligible factor at this time because money and credit are easily obtained. However, when the period of prosperity has about spent itself the jobbers and retailers realize that business is waning, consequently they cease to place forward orders with the result that the manufacturing establishments, which have been running at a high speed to supply the abnormal demand, suddenly find themselves loaded with merchandise produced at a high cost and with no market. It is at this time that the firms which have over-extended credit and have over-borrowed are forced to suspend business. One failure leads to another, with the result that failures follow in rapid succession. For a while failures are numerous with the following period showing a let-up with no definite trend. During this period the debtor firms are not pressed hard for payment, for the creditors themselves are generally in a shaky condition and are afraid to press the situ-

ation. However, when the creditors once pass the worst period they again press the debtor firms and the failure record takes a decided upward trend and reaches its highest level. At this time the majority of the weaker firms are forced out of business and the stronger firms survive and are able to do a larger volume of business. An expansion of business appears, confidence in the future is restored, and business assumes more normal proportions. In this district failures reached a low point in September, 1919, when there were only seven failures with liabilities amounting to \$48,883. The first indications of the depression were in February and July, 1920, when some large failures occurred, but these were to some extent augmented by seasonal quietitude. However, the real break came in October, 1920, when the liabilities of defaulting firms amounted to approximately \$3,000,000. Throughout the year 1921 failures continued large, but there was no definite trend. With the passing of the fall trade season a definite upward trend was apparent during November, and each succeeding month showed large increases, which culminated in February with 207 failures and with the liabilities of these firms amounting to \$5,889,143. Since that time failures have shown a definite downward trend, indicating that business is reaching more normal proportions.



THE NUMBER OF COMMERCIAL FAILURES AND THE AMOUNT OF LIABILITIES INVOLVED IN THE ELEVENTH FEDERAL RESERVE DISTRICT DURING 1920, 1921, AND 1922

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
November	83	1,361,108	145	3,484,803	1,737	40,265,297	1,988	53,469,839
December	129	2,118,607	197	4,307,254	1,814	52,069,021	2,444	87,502,382
Total, 12 months.....	1,408	\$33,262,896	1,491	\$34,414,776	23,676	\$617,896,251	19,652	\$627,401,883

PETROLEUM

The production of crude oil in the Eleventh Federal Reserve District during December reflected the increase in drilling operations. Texas production showed a substantial gain in the month's output, but Louisiana felt the effect of continued dullness and the production in that state again declined. The output of Texas fields amounted to 9,550,720 barrels in December as compared to 8,975,255 barrels during November. On the other hand, Louisiana production declined from 2,841,180 barrels during November to 2,723,260 barrels in December.

The Texas Coastal fields led in the increased recovery of oil, the December output being 3,339,305 barrels as compared to the November total of 2,747,2000 barrels, or a net increase of 592,105 barrels during the month. The West Columbia and Goose Creek fields showed heavy increases. The production of the Central-West Texas fields declined 79,085 barrels during the month, being the only group of Texas fields to show a decreased output. The daily average yield of the Mexia-Currie field declined from 72,221 barrels during November to 67,072 barrels in December, showing a loss of 5,419 barrels in the daily run. The Stephens County area showed a further loss in production, dropping from 1,041,940 barrels in November to 998,450 barrels in December. The December output was the smallest total recorded in any month since January, 1921, during which month that field reached its peak production. The Ranger-Eastland field remained on about the same production basis as during the previous month, but the Moran-Shackleford County field almost doubled the amount of oil produced during November.

Activity was renewed in the North Texas fields during December and the output of those fields increased 47,625 barrels over the previous month. The total output of crude from the Electra field for De-

cember amounted to 765,425 barrels, representing a daily average flow of 24,691 barrels, which reflects a net gain of 68,675 barrels over the November yield. The recovery of oil in the Burkburnett field showed a slight decline during the month, having fallen from 806,700 barrels in November to 800,265 in December. The decline in production evident in the Haynesville field for the past two months continued during December, when the daily average output for that field dropped from 51,827 barrels in November to 45,025 barrels during the following month.

Drilling Results

Renewed drilling activity featured in all Texas fields, but dullness continued to prevail in Louisiana. There were 509 completions during December, including 351 producers yielding an initial flow of 59,114 barrels, which compares with 371 completions during the previous month, of which 259 were producers with a flush production of 51,460 barrels. Texas completions for December numbered 462 wells, 317 of which were successful, and had an initial flow of 52,019 barrels, which shows a substantial increase over the 291 wells completed during November with a flush production of 47,770 barrels from the 193 producers. The Central-West Texas fields completed 162 wells, out of which 100 were producers, adding a flush production of 17,271 barrels. There was little development in the Mexia-Currie district during December. While 26 wells were completed, only nine proved to be successful and they had a flush production of only 655 barrels. Stephens County had six fewer completions during December than during the previous month, but the combined initial yield of the 15 producers completed during December was practically twice the amount obtained from the 20 producers completed during November. While

the wells had a large flush production, they soon settled to a much lower producing basis. Development in this county at the present time is at a low ebb and the new production being added is not sufficient to offset the decline in the old wells. However, the discovery in December of oil at a depth around 4,000 feet in the northern part of the county has caused many wells to be deepened. The Ranger-Eastland field contributed 27 new producers with a combined initial flow of 2,985 barrels. The Moran-Shackelford County field scored 56 completions, including 33 producers, with a combined initial flow of 4,925 barrels. The new production added by this field during November amounted to only 880 barrels.

Following the substantial boost in the posted price of crude oil during the latter part of November drilling activity in the North Texas fields has assumed larger proportions. There were 148 completions during December as compared to 107 completions during the previous month. The new production added from the 104 producers completed in December amounted to 9,301 barrels as against 8,645 barrels obtained from the 81 producers completed during the previous month. The Burkburnett field contributed 22 completions, but only 10 were producers, yielding a flush production of 225 barrels. While the Electra field scored more completions and producers than during November, there was a decline of 460 barrels in new production, owing to the small

initial yield of the new producers. Young County reports about the same number of new producers, but the initial flow increased from 1,625 barrels in November to 2,685 barrels in December.

Development in the Gulf Coast fields comprised 75 completions during December, including 59 producers with a combined flush production of 23,491 barrels as compared to 41 completions during November, of which 27 were producers, yielding an initial output of 25,810 barrels. Drilling in the Haynesville (La.) field continued at a low level, only eight wells being completed, all of which were producers with an initial flow of 905 barrels.

Crude Oil Prices

The crude oil market continued to work to higher levels during December. The price of Mexia crude has been advanced from \$1.25 to \$1.55 per barrel since the first of December. During January new schedules were announced for Texas fields, showing an advance of 20 cents per barrel for oil bought on a gravity basis. Corsicana light and Thrall oil were also increased 20 cents per barrel. Corsicana heavy was raised from 65 to 70 cents per barrel. The North Texas refineries are paying from 25 to 35 cents per barrel premium on spot crude. The higher prices now being obtained for crude oil gives a brighter outlook for the oil industry during the coming year.

OIL PRODUCTION

Field	December		November		Increase or Decrease			
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	2,049,985	66,128	2,002,360	66,745	Inc.	47,625	Dec.	617
Central-West Texas.....	3,925,210	126,620	4,004,295	133,477	Dec.	79,085	Dec.	6,857
Texas Coastal.....	3,339,305	107,719	2,747,200	91,573	Inc.	592,105	Inc.	16,146
San Antonio District.....	118,110	3,810	109,500	3,650	Inc.	8,610	Inc.	160
Laredo District.....	118,110	3,810	111,900	3,730	Inc.	6,210	Inc.	80
Totals, Texas.....	9,550,720	308,087	8,975,255	299,175	Inc.	575,465	Inc.	8,912
North Louisiana.....	2,723,260	87,847	2,841,180	94,708	Dec.	117,920	Dec.	6,861
Totals, 11th District.....	12,273,980	395,934	11,816,435	393,883	Inc.	678,945	Inc.	9,431

DECEMBER DRILLING RESULTS

Field	Completions	Producers	Failures	Initial Production
North Texas	148	104	44	9,301
Central-West Texas	162	100	62	17,271
Texas Coastal	75	59	16	23,491
San Antonio District.....	30	30	---	295
Laredo District.....	18	18	---	1,545
Texas Wildcats	29	6	23	116
Totals, Texas	462	317	145	52,019
North Louisiana	47	*34	13	7,095
December totals, district.....	509	351	158	59,114
November totals, district.....	371	259	112	51,460

*Includes 9 gas wells.

CRUDE OIL PRICES

Texas	Jan. 2, 1923	Jan. 3, 1922	Louisiana	Jan. 2, 1923	Jan. 3, 1922
Corsicana light	\$1.00	\$1.30	Caddo (39 gravity and above).....	\$1.80	\$1.85
Corsicana heavy65	.95	Bull Bayou (38 gravity and above).....	1.40	1.90
Texas Coastal fields.....	1.25	1.25	Homer (39 gravity and above).....	1.80	1.85
Mexia	1.55	1.00	Haynesville (39 gravity and above).....	1.80	1.85
North Texas	1.80	2.25	De Soto Crude.....	1.60	2.00

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

LUMBER

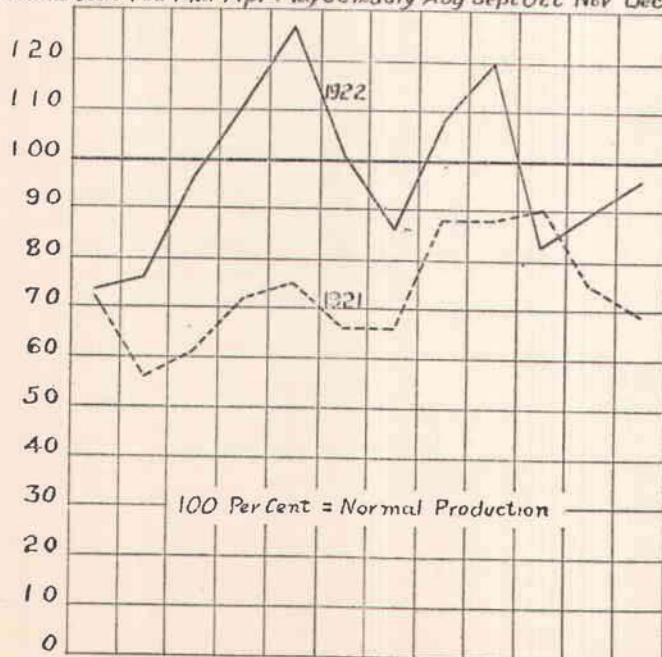
A further improvement was noticeable in the lumber situation in the Eleventh District during the month of December. The car shortage which had limited shipments during the fall months was completely relieved during the month as the mills were able to obtain all the cars needed for shipments. While production was curtailed to some extent during the month on account of the holiday closing of some mills, both orders and shipments were greater than production. The actual production of reporting mills during December was 16 per cent below normal production as compared to 10 per cent during November. Shipments for the month were 9 per cent above production as compared to 3 per cent during the previous month. Orders increased from 89 per cent of normal production during November to 96 per cent during December. The unfilled orders on

the books of 40 mills on December 30th amounted to 93,990,532 feet as compared to 89,572,930 feet on the books of 45 mills on November 29th, reflecting the tendency of retail yards to place their orders for future delivery. Stocks at the mills on December 30th were 7 per cent of normal as compared to 5 per cent of normal on November 29th.

The lumber market continued steady during the month despite the ample supply of cars which made possible prompt deliveries on all orders.

The chart appended below shows the volume of orders received at lumber mills during 1922 and 1921, computed in per cent of normal production. The effect of the 1922 building boom is clearly evident from the chart, which shows that during five months of the year orders received at the mills were greater than normal production. The effect of the car shortage, which appeared early in the fall, was evident in October orders, which took a violent drop from September orders. Retail yards greatly reduced their orders at this time, due to the fact that they could not obtain prompt delivery and did not want to permit their orders to accumulate. In the following months, however, orders have increased, due to the improvement in the car situation.

Per Cent Jan Feb Mar Apr May June July Aug Sept Oct Nov Dec



LUMBER ORDERS AT PINE MILLS DURING 1921 AND 1922 (PER CENT OF NORMAL PRODUCTION)

DECEMBER PINE MILL STATISTICS

Number of reporting mills.....	40
Production	89,862,475 feet
Shipments	97,779,206 feet
Orders	102,844,428 feet
Unfilled orders, Dec. 30th.....	93,990,532 feet
Normal production.....	107,308,021 feet
Stocks, Dec. 30th.....	272,139,390 feet
Normal stocks.....	292,656,260 feet
Shipments above production.....	7,916,731 feet = 9%
Actual production below normal....	17,445,546 feet = 16%
Orders below normal production..	4,463,593 feet = 4%
Stocks below normal.....	20,516,870 feet = 7%

BUILDING

The number of permits issued at the principal cities of this district declined from 2,215 during November to 1,570 during December, but the valuation of December permits amounted to \$9,672,787 as against \$3,918,034 for the previous month. This large increase in the valuation was due to the fact that Fort Worth issued a blanket permit on December 30th for \$5,100,000 covering building in the newer portion of the city for which permits had not previously been issued. On July 22, 1922, this city

increased the city limits from 16.5 to 39.8 square miles and the blanket permit largely covered the new building in that section. However, aside from this permit for \$5,100,000 the valuation of building permits showed an increase of 16.7 per cent over the previous month. While there were 1,307 fewer permits issued during 1922 than 1921, the aggregate valuation of permits issued in 1922 was 27.6 per cent greater than in 1921.

BUILDING PERMITS

	December, 1922		November, 1922		Inc. or Dec.	December, 1921		Inc. or Dec.	TWELVE MONTHS				Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation		1922		1921		
									No.	Valuation	No.	Valuation	
Austin	33	72,645	29	52,500	+ 38.4	31	94,100	— 22.8	375	684,297	461	1,167,667	— 41.4
Beaumont	97	103,070	84	61,291	+ 68.2	73	76,555	+ 34.6	1,253	1,344,834	1,573	2,341,184	— 42.3
Dallas	244	1,184,198	396	1,415,222	— 16.3	228	597,405	+ 98.2	4,552	18,646,988	4,453	15,000,206	+ 24.3
El Paso	70	305,834	88	155,030	+ 97.3	87	96,229	+ 217.3	1,164	3,294,513	1,606	4,278,482	— 23.0
Fort Worth	182	5,859,024	201	478,428	+ 1,124.6	119	163,968	+ 3,473.3	2,520	12,128,722	2,221	4,649,272	+ 160.9
Galveston	258	74,618	350	74,999	— 0.5	345	178,473	— 58.2	4,113	2,131,288	5,278	1,937,042	+ 10.0
Houston	191	714,053	510	671,197	+ 6.4	436	1,103,266	— 35.3	6,480	13,418,469	6,874	10,400,610	+ 29.0
San Antonio	260	535,375	285	573,355	— 6.6	282	501,770	+ 6.7	4,227	7,598,855	3,514	7,649,760	— 0.7
Shreveport	205	721,520	241	377,887	+ 91.0	195	213,545	+ 237.9	2,822	6,068,529	2,963	4,181,137	+ 45.1
Waco	30	102,450	31	58,125	+ 76.3	22	62,200	+ 64.7	475	2,088,574	346	1,233,509	+ 69.3
Total	1,570	9,672,787	2,215	3,918,034	+ 146.9	1,818	3,087,511	+ 213.3	27,981	67,405,069	29,288	52,838,869	+ 27.6

SUMMARY OF NATIONAL BUSINESS CONDITIONS

Compiled by the Federal Reserve Board as of January 25, 1923.

Production and prices remained relatively constant in December, while trade and credit showed the usual increases in the holiday season, followed by declines in January.

PRODUCTION

The index of production in basic industries, after rising rapidly since last August, showed a slight recession in December, though production was maintained at a level near the peak of 1920. The output of pig iron and coal continued to increase, but the production of certain other commodities, particularly of cotton textiles and flour, showed declines. In southern districts the building industry continued active and in all parts of the country much new construction was projected.

Railroad traffic continued heavier than a year ago, though the seasonal decline in carloadings and the reduction in bad order cars partially relieved freight congestion.

Employment at industrial establishments made a further advance in December, accompanied by wage increases in certain industries. Some shortage of labor in the eastern districts was still reported, but in the Pacific states a substantial surplus of unskilled labor was indicated.

WHOLESALE PRICES

The general level of wholesale prices remained unchanged in December. Among various groups of commodities the price tendencies of recent months were continued. Prices of farm products, cloth chemicals, and house furnishings registered further increases, while fuel and metal prices continued to decline.

During January a number of basic commodities advanced in price, and cotton, rubber, and lead rose to the highest points since 1920.

TRADE

Wholesale trade in most reporting lines showed a seasonal decline during December, but was considerably larger than a year ago. Farm implement dealers, however, reported larger sales than in November, and more than doubled their December, 1921, business. Retail sales of reporting stores during December reached the largest volume in the last four years.

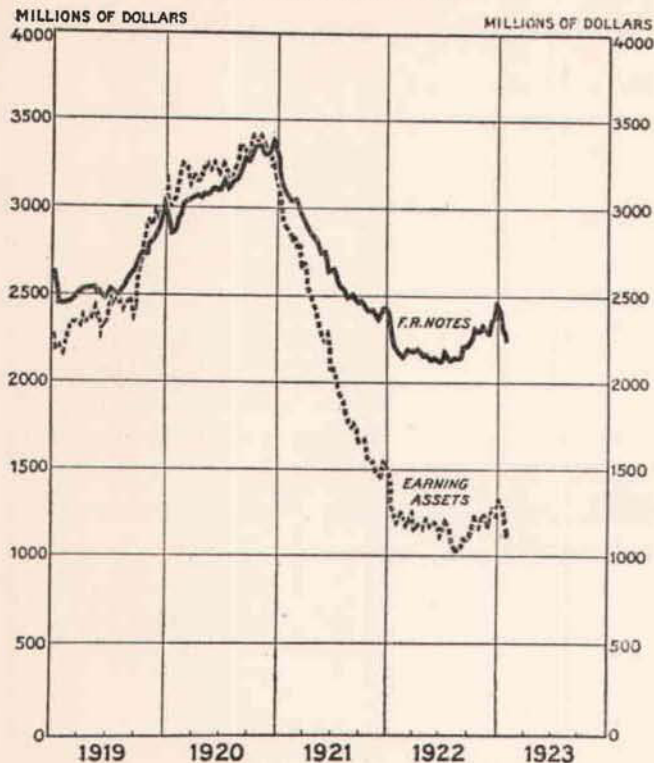
BANK CREDIT

Dividend interest payments and the disbursement of government funds in connection with the redemption of victory notes and war savings certificates, together with the usual decline in the demand for currency after the holiday season, were attended by a large increase in the volume of new security issues and by somewhat easier money conditions. Open market commercial paper rates in financial centers, which were $4\frac{1}{2}$ to $4\frac{3}{4}$ per cent in December, declined to $4\frac{3}{4}$ to $4\frac{1}{2}$ per cent in January.

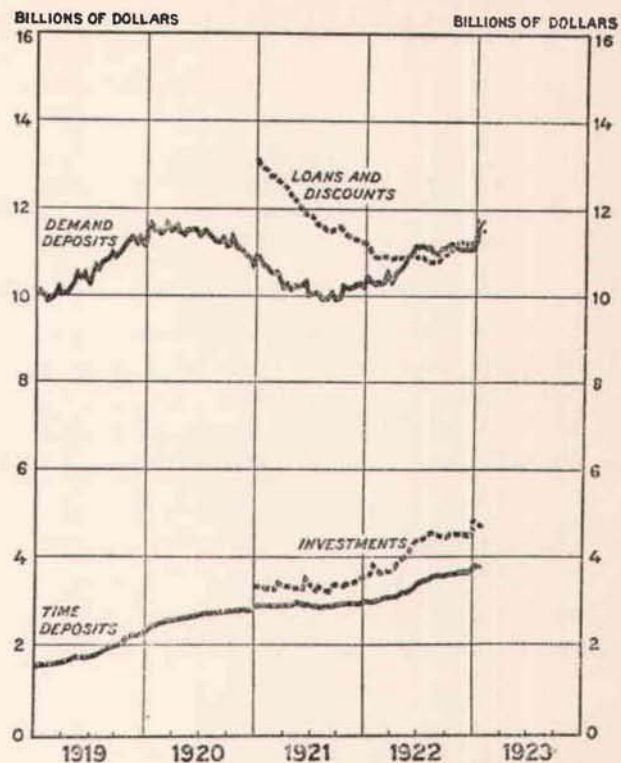
Member banks in leading cities reported an increase in demand deposits, an important factor in which was the usual seasonal flow of funds from country districts to financial centers. While the volume of loans on stocks and bonds decreased in the first two weeks of January, there was a somewhat larger increase in the investments owned by the banks.

At the Federal Reserve banks the principal change between December 20th and January 24th was a reduction of \$230,000,000 in Federal Reserve note circulation caused by the seasonal decline in currency requirements. Reserves increased \$65,000,000, while earning assets declined \$171,000,000. These changes are similar to developments during the same period a year ago, although the decline in earning assets was less than last year.

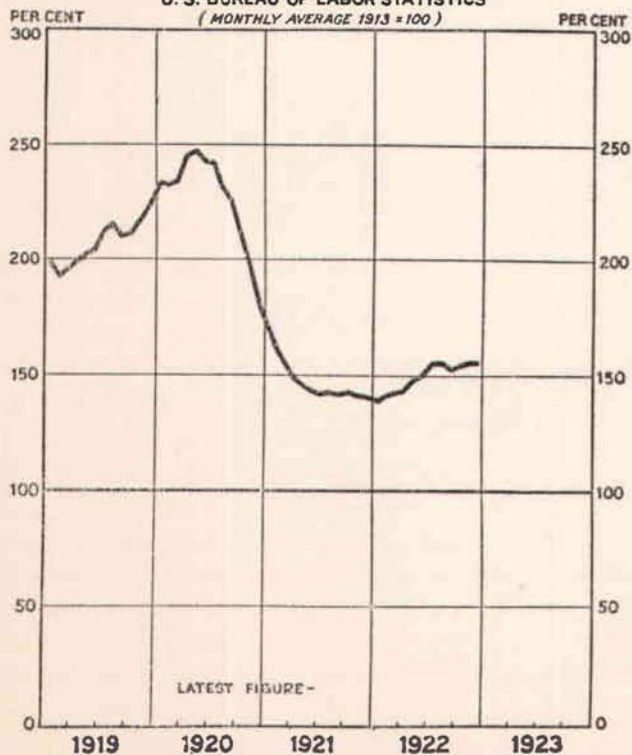
BANK CREDIT ALL FEDERAL RESERVE BANKS



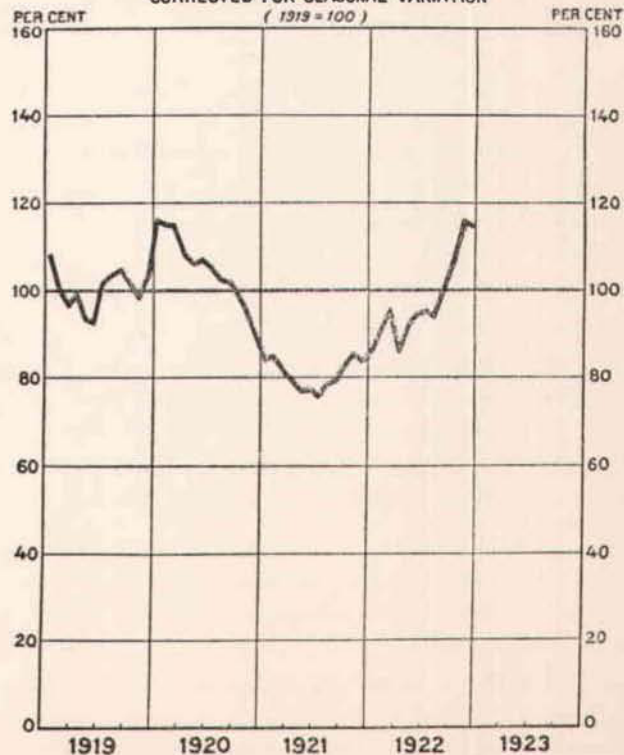
BANK CREDIT 800 MEMBER BANKS IN LEADING CITIES



PRICES INDEX NUMBERS OF WHOLESALE PRICES U. S. BUREAU OF LABOR STATISTICS (MONTHLY AVERAGE 1913 = 100)



INDEX OF PRODUCTION IN BASIC INDUSTRIES COMBINATION OF 22 INDIVIDUAL SERIES CORRECTED FOR SEASONAL VARIATION (1913 = 100)



Note: Base Adopted by United States Bureau of Labor Statistics