

MONTHLY REVIEW OF BUSINESS AND INDUSTRIAL CONDITIONS

IN THE

ELEVENTH FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF DALLAS

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BUSINESS, PRICES AND CREDIT

The following extract from the recent report of Secretary Hoover's Committee on Business Cycles and Unemployment will be of interest to anyone who is analyzing the present business and credit situation:

"Expansion of bank credit is a necessary condition of expansion of business operations, but an over-expansion of credit may so increase the purchasing power of business men that it will merely result in enabling them to bid against one another for limited supplies of goods and materials so as to force prices above what consumers are willing and able to pay. Bank credit often expands so rapidly that it lifts the buying or investment power of business men out of line with the general buying power of the community. Because of their strategic position, the banks have an unusual duty and an exceptional opportunity to give sound information and counsel to business men. While the relationship between the volume of credit and the volume of business and the movement of prices is not always simple to interpret, it appears to be sufficiently close to make it a matter of first importance that the volume and the flow of credit should at all times be tested by the contribution which additions to the volume of credit make to the total of economic production. Additions to credits which can not be economically validated by a commensurate effect in actual production are speculative. And as such should be subject to control, so that business and industry can be maintained in a healthy state."

The foregoing is a statement of principle by a committee of leading business men. Facts are presented below which relate to the three divisions referred to, viz: the volume of business, prices, and the volume of credit.

THE VOLUME OF BUSINESS

In the following summary comparisons are made between those months when low points were reached and the month of March, 1923.

Industry Production, measured by the index of output in 22 basic industries, has increased since July, 1921, 67 per cent. Employment, measured by the number of workers employed in New York state factories, (fairly representative of industrial employment in the country as a whole), has increased since August, 1921, 28 per cent.

Trade Wholesale trade, measured by the sales reported by about 700 firms representing practically all sections of the country (with allowance made for seasonal changes), has increased since July, 1921, 23 per cent. Retail trade, measured by the sales reported by about 300 department stores in principal cities throughout the country (with allowance for seasonal changes), has increased since September, 1921, 15 per cent.

The growth in the physical volume of production indicates a rate of industrial recovery almost without parallel in American business, and the volume of goods produced and passed into consumption during the first quarter of 1923 probably exceeds that of any similar period in the history of the country.

PRICES AND WAGES

Changes in prices and wages from the low points may be summarized as follows:

Prices The Bureau of Labor Statistics index of wholesale prices increased from January, 1922, to March, 1923, 15 per cent.

Wages The hiring rate of wages for unskilled labor in Eastern industrial centers increased from April, 1922, to April 15, 1923, 22 per cent. Average weekly earnings of workers in New York state factories (fairly representative of industrial earnings in the country as a whole), increased from April, 1922, to March 15, 1923, 11 per cent.

THE VOLUME OF CREDIT

The high industrial activity has involved a great increase in the volume of bank credit in use. Comparisons are made below between those dates when low points were reached and April 11, 1923.

Member Banks In Leading Cities Total loans and investments have increased \$1,974,000,000 since March 1, 1922, or 14 per cent. Commercial loans have increased \$783,000,000 since August 30, 1922, or 11 per cent. Demand and time deposits have increased \$2,453,000,000 since September 2, 1921, or 19 per cent. Since the first of the year the growth of total loans and investments has been due entirely to the rapid increase in commercial loans; loans on stocks and bonds and the investment holdings of those banks have declined. This shift in the form of bank credit is in response to the increasing demand for credit for commercial and industrial purposes. The use of re-

serve bank credit, particularly in the industrial sections of the country, has also increased from the low point of last summer, as follows: All Federal reserve banks earning assets have increased \$138,000,000 since August 9, 1922, or 14 per cent. Loans to member banks have increased \$263,000,000 since July 26, 1922, or 69 per cent. Included in earning assets are the government securities and acceptances held by the reserve banks, as well as the loans to member banks. As the volume of securities and acceptances owned has decreased, the volume of loans to member banks has risen to a somewhat larger amount, and earning assets consequently have risen. The lending power of the reserve banks remains very large, as is apparent in the high reserve ratio, the result mainly of the heavy inflow of gold.

RELATION OF CREDIT CAPACITY TO PRODUCTION CAPACITY

The relation of this great supply of credit, still held in reserve, to the productive capacity of the country is referred to as follows in the current issue of the Federal Reserve Bulletin: "The present lending capacity of the country's banking system, in view of the great growth of the reserve at the reserve banks, is now far in excess of the credit needs of the country's productive capacity. In such a situation it is the available supply of labor and equipment and not the potential supply of credit that in the end must fix the limit which may be attained by aggregate national production. As these limits are approached credit policy must be increasingly influenced by careful consideration of the continued effectiveness of further additions to the total volume of credit in contributing to increased productivity.

DISTRICT SUMMARY

THE SITUATION AT A GLANCE
Eleventh Federal Reserve District

	March	February	Inc. or Dec.
Bank debits to individual accounts (at 13 cities).....	\$660,590,000	\$595,416,000	Inc. 10.9%
Department store sales.....			Inc. 35.9%
Reserve Bank loans to member banks at end of month.....	19,961,117	16,913,248	Inc. 18.0%
Reserve Bank ratio at end of month.....	45.5%	50.0%	Dec. 4.5 points
Building permit valuations at larger centers.....	11,661,391	7,067,294	Inc. 65.0%
Commercial failures (Number).....	91	91	None
Commercial failures (Liabilities).....	2,474,504	2,104,596	Inc. 17.6%
Oil production (barrels).....	11,212,490	10,363,280	Inc. 8.2%
Lumber orders at pine mills (per cent of normal production)	87%	84%	Inc. 3 points

A further rise in the tide of business and industry occurred in this district in March, accompanied by a moderate increase in the use of bank credit. Retail trade was surprisingly brisk. March sales of the district's department stores exceeded the February total by 35 per cent, notwithstanding the handicap imposed upon seasonable merchandise by abnormal weather conditions, which gave the month of March the unusual record of being the coldest month of the winter.

The month also witnessed an accelerated activity in farming operations, construction work, and other basic industries, including livestock, lumber, cement and oil. As compared with February, there was a 65 per cent gain in the month's total of building contracts awarded in the larger cities, bringing the volume of construction work in the district close to record-breaking proportions and threatening another serious shortage in the supply of skilled and common labor.

No unusual changes occurred in the banking situation, although March statistics reflected the beginning of the usual ebb in deposits and rise in the volume of loans, principally in the rural communities where banks are gradually increasing their advances to farmers for financing the 1923 crops. Our

loans to member banks increased approximately \$3,000,000 during the month of March, and although they continued to expand in April at a rate approximately double that of March, the demand is still well within normal proportions, as most banks still appear to be able to finance the bulk of their customers' needs out of their own resources. The recent amendment to the Federal Reserve Act making nine-months agricultural paper eligible for rediscount has not thus far materially affected the volume of rediscount offerings in this district, although it has already brought within the time limit of eligibility all agricultural paper maturing during 1923.

March debits to individual accounts at thirteen cities exceeded those of the shorter month of February by 10 per cent. Contrary to the normal tendency at this season, there was a slight upturn in the district's business mortality rate, liabilities shown in the month's failure record exceeding those of the month of February, which is usually the peak month of the year.

The crop outlook continues to be the subject of much favorable comment, and so far as early indications go the farmers are facing an even more successful season than they enjoyed last year, except in the wheat belt, where another short crop is expected as a result of weather damages.

CROP CONDITIONS

The severest weather of the past winter occurred in this district in March. Early reports indicated that the killing freezes which occurred during the month inflicted heavy damage upon such crops as fruit, early truck, and wheat. In addition to the direct loss suffered by early vegetables, as a result of the cold waves of March, there will be some economic loss to the district's vegetable growers due to the fact that weather conditions made it impossible for them to market their products in time to get the advantage of early season prices.

The extent of damage to Southwestern fruit caused by late frosts and freezes has been variously estimated from 25 per cent to 75 per cent. Peaches, the most important item in the district's commercial fruit crops, were at first reported to have been

damaged, on the average, about 50 per cent. Later information, however, indicates that the loss was over-estimated, and while some damage occurred where the fruit buds were swollen or the blooms were open, it is too early to estimate the exact extent of the loss.

The planting of cotton has been practically completed, and in many localities it is up to a good stand. Some slight damage was suffered by the plant as the result of freezing, but only a small amount of replanting was necessary. No definite information as to this year's acreage is available as yet, although reports agree that there has been a substantial increase.

The severe weather last month administered a

setback to the district's wheat crop, and reports from the Texas Panhandle indicate another short crop in that section this year.

Seeding of corn and oats is well advanced, and some replanting, due to weather damage, has been found necessary. Abundant rains occurring in April have given small grains an excellent start, however, and the outlook for production is exceptionally favorable at this time. In fact crop conditions, particularly in West Texas, are more promising than they have been at this season since the banner year of 1919.

Cotton Movements. In contrast with the situation a year ago, there was a sharp decline in the March movement of cotton through

the port of Galveston, both receipts and exports for that month showing a decided falling off from the record of the preceding month. Exports, however, outstripped receipts by a margin of more than 100,000 bales, reducing stocks on hand to an unusually low point.

Ranges Although the district's ranges suffered temporarily from the unusually low temperatures prevailing in March, grazing conditions reacted well to the warmer weather and abundant precipitation occurring in April, and the passing of the winter found both livestock and ranges in a satisfactory condition, the herds having suffered but little from the severe blizzards that occurred in the first month of spring. In Arizona and New Mexico recent rains have further improved cattle and sheep ranges, insuring sustenance for livestock which had been weakened by the winter drouth.

Movements and Prices The early spring movement of cattle in Texas appears to be considerably lighter than that of last year. The prospective number of grass-fed cattle to be moved

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	March 1923	March 1922	Aug. 1st to Mch. 31st	
			This Season	Last Season
Gross Receipts.....	76,591	176,392	2,265,230	2,105,570
Exports.....	180,483	181,670	2,154,196	2,039,238
Stocks, March 31st.....			175,769	309,019

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

	This Season	Last Season
Receipts since Aug. 1, 1922....	5,276,241	4,794,608
Exports: Great Britain	1,207,747	1,100,437
France	522,599	533,004
Continent	1,615,077	1,746,180
Japan-China	481,042	784,923
Mexico	13,749	2,100
Total foreign ports	3,840,214	4,166,644
Stocks at all U. S. ports, March 31st.....	646,603	1,030,844

GALVESTON STOCK STATEMENT

	March 31, 1923	March 31, 1922
For Great Britain.....	3,200	12,755
For France.....	5,500	12,500
For other foreign ports.....	18,344	37,812
For coastwise ports.....	4,500	3,500
In compresses.....	144,225	242,452
Total	175,769	309,019

LIVESTOCK

is estimated at 80 per cent of last spring's movement. The reverse condition, however, applies to sheep, which have been favored by abundant pasturage, and it is believed that the present movement of grass-fattened sheep will largely exceed the light shipments that characterized the movement a year ago. The Fort Worth market offered attractive prices on all classes of animals throughout most of the month, but when the supply became more liberal toward the end of March quotations took a downward turn that all but wiped out the early gains. The market, however, took care of all receipts in a satisfactory manner, the demand being particularly steady for hogs and sheep. Lambs, after selling up to \$16.00, dropped back to a point slightly below the closing level of the preceding month. As this is written cattle values show a declining tendency, while the hog market continues to reflect a firm demand with prices about steady with those at the close of March.

FORT WORTH LIVESTOCK RECEIPTS.

	March 1923	February 1923	Gain or Loss	March 1922	Gain or Loss
Cattle	37,341	35,841	G 1,500	53,833	L 16,492
Calves	6,188	7,295	L 1,107	11,406	L 5,218
Hogs	66,962	43,843	G 23,119	70,258	L 3,296
Sheep	7,294	5,912	G 1,382	45,120	L 37,826

COMPARATIVE TOP LIVESTOCK PRICES

	March 1923	February 1923	March 1922
Beef steers	\$ 9.25	\$ 8.75	\$ 8.50
Stocker steers	7.00	7.30	6.75
Butcher cows	5.50	5.50	5.75
Stocker cows	4.00	4.00	4.25
Calves	9.25	9.00	9.50
Hogs	8.45	8.50	10.60
Sheep	9.00	9.00	9.25
Lambs	16.00	14.50	15.10

WHOLESALE TRADE

The upward trend of wholesale distribution in this district continued during the past month in nearly all lines of trade. There was a substantial increase in sales over March, 1922, in every line of trade, and dry goods was the only line to show a recession from the February volume of sales. Despite that decline in March the dry goods business is reacting well under the stimulus of more favorable weather conditions prevailing in April.

While wholesale dealers, as a rule, are optimistic over the present expansion in business, they are aware of the dangers in the situation, and are watching carefully the trend of production and credit expansion and are adhering to a conservative policy in credit extension.

Prices continue as a factor of uncertainty. In general, prices are still rising, but some basic raw materials have given evidence of reaction. Nevertheless, labor troubles are being avoided by general concessions for higher wages in basic industries, which will tend to offset a decline in raw materials.

In consumptive channels some hesitation is apparent on account of the higher prices, but the increase in employment in industrial centers, with higher wages for workers in some quarters, together with the prospects for good crops in the country districts, has tended to stimulate consumption.

Dry Goods. The distribution of dry goods at wholesale, as measured by the dollar value of sales, reflected a decline of 5.7 per cent as compared with the previous month, but was 13.9 per cent larger than during March a year ago. Sales for the first three months of the year were 29.6 per cent greater than during the corresponding period of 1922.

The upward movement of prices is now manifesting itself more strongly in finished commodities, despite the efforts of manufacturers and jobbers to keep prices from advancing far enough to check consumption. Most raw materials are either going higher or are holding steady. While cotton has to some extent reacted downward, the future trend is still uncertain. The textile mill workers have been granted higher wages to avoid labor troubles, which has added to the cost of production.

Dealers report that while the retailers appear to have confidence in the market, the consumer buying has been slow and retailers have been buying on a conservative basis to avoid an excessive accumulation of stocks.

Despite the adverse developments in the trade, dealers generally are optimistic over present conditions and state that the outlook is promising.

Reports indicate that collections are from fair to good.

Hardware The wholesale hardware trade experienced a large seasonal expansion during March when the sales of eleven firms reflected an increase of 40.3 per cent over the corresponding month last year. The first decisive improvement in the hardware trade since 1920 occurred in the spring of 1922. In June of the latter year, sales, for the first time in more than two years, exceeded those of the same month of the previous year. Since that time, however, steady improvement has been in evidence. During the first three months of this year sales averaged 37.3 per cent greater than during the same period of 1922. Seasonable items, such as garden tools, poultry netting, screen wire,

screen door hardware, and sporting goods are in strong demand. The demand for building hardware has been good on account of the enormous amount of building under way. Prices are still advancing in sympathy with the increase in iron and steel products.

Drugs. The March reports from eight wholesale drug firms disclose an increase of 8.3 per cent over February sales and 2.9 per cent over March, 1922, sales. For the season, January 1st to March 31st, sales were 9.6 per cent greater than during the corresponding period of 1922. The buying demand is generally reported to be holding up well, but some dealers report sales somewhat slow. While buying for the most part is satisfactory, the retailers are confining their purchases principally to immediate needs and do not show any disposition to anticipate their forward requirements. Wholesalers report that prices have continued the upward trend which has been noticeable for several months.

Farm Implements The March sales of farm implement firms reflect an increase of 10 per cent over February and 187.8 per cent over March, 1922. The fact that sales for the first quarter of 1923 were 134.6 per cent greater than sales for the same period last year is indicative of the substantial improvement which has occurred in this line of trade. While the upward movement of prices has to some extent had an adverse effect upon trade, the present crop outlook, which appears good in all sections of the district, has given the

farmers more confidence in their ability to buy and has made more imperative the necessity for equipping themselves with sufficient implements to carry on farming operations satisfactorily.

Furniture The distribution of furniture during March continued at a high level, sales being 23 per cent greater than during February, and 27.7 per cent greater than during March, 1922. There is a strong demand for all classes of furniture at retail, which in turn is being reflected in wholesale channels. While considerable buying has come from the country sections, the heaviest distribution has been in the larger cities on account of the expanded program of home building which is being carried on more extensively in these centers than is the case in the country districts.

Groceries The March sales of thirteen grocery firms were 9.0 per cent larger than during February and 11.9 per cent larger than during March, 1922. During the first three months of this year the dollar volume of sales was 15.5 per cent greater than during the corresponding period last year, the increase being attributable to some extent to the higher level of prices. The buying demand has continued good in all sections of the district, and the general outlook is reported by several dealers to be improving. Some dealers state that April business has slowed down to some extent, but this is largely due to the seasonal slackening of business. Prices on all staple articles continued their upward trend.

CONDITION OF WHOLESALE TRADE DURING MARCH, 1923
Percentage of Increase or Decrease in

	—Net Sales— March, 1923 compared with		—Net Sales— January 1 to date compared with same period last year	—Stocks— March, 1923 compared with	
	March 1922	February 1923		March 1922	February 1923
Groceries	+ 11.9	+ 9.0	+ 15.5	+ 18.8	— 2.4
Dry Goods	+ 13.9	— 5.7	+ 29.6	+ 1.3	+ 4.7
Hardware	+ 40.7	+ 20.3	+ 37.3	— 7.9	+ 3.7
Farm Implements.....	+187.8	+ 10.0	+134.6	— 16.6	+ 2.0
Furniture	+ 27.7	+ 23.0	+ 24.2		
Drugs	+ 2.9	+ 8.3	+ 9.6	+ 8.1	+ 2.7

RETAIL TRADE

Despite the continuance of unfavorable weather throughout the greater part of March, which to some extent checked seasonal buying, the net sales of twenty-two department stores showed a measurable improvement during the month. They were 35.9 per cent greater than during the short month of February, and were 9.5 per cent greater than the same month last year. While the seasonal expansion is somewhat more pronounced than usual, this is offset to some extent by the fact that Eastertime came two weeks earlier than it did a year ago. It is to be noted that department stores have not featured after-Easter reduced price sales. This is due partly to the fact that Easter came before real spring weather made its appearance and partly to the rising costs of merchandise, which make replacements unprofitable.

Stocks on hand at the close of March were 8.0

per cent greater than those on hand at the close of February, but were practically the same as those on hand at the close of March a year ago. Reflecting the heavy March business, the ratio of stocks to sales for the three months' period was 454.9 per cent as compared to 478 per cent for the first two months of the year. The ratio for the first three months of 1922 was 489.5 per cent.

The ratio of outstanding orders at the close of March to last year's purchases showed a further decline, being 7.3 per cent as compared to 9.2 per cent at the close of February.

Collections during March reflected a gain over the previous month and the same month a year ago. The ratio of March collections to accounts receivable on March 1st was 40.4 per cent, as compared to 38.2 per cent for February and 37.4 per cent for March, 1922.

BUSINESS OF DEPARTMENT STORES

	Dallas	Ft. Worth	Houston	All Other	Total District
Total Sales—					
March, 1923, compared with March, 1922.....	+ 8.0	+ 7.1	+ 11.7	+ 12.0	+ 9.5
March, 1923, compared with February, 1923.....	+ 35.7	+ 43.5	+ 25.3	+ 39.0	+ 35.9
Jan. 1st to date compared with same period last year..	+ 7.7	+ 6.7	+ 1.9	6.7	+ 6.2
Credit Sales—					
March, 1923, compared with March, 1922.....	+ 14.3	+ 13.9	+ 28.8	+ 21.9	+ 18.3
March, 1923, compared with February, 1923.....	+ 35.7	+ 38.4	+ 26.9	+ 39.6	+ 35.2
Jan. 1st to date compared with same period last year..	+ 12.8	+ 17.2	+ 15.6	+ 13.6	+ 14.0
Stocks—					
March, 1923, compared with March, 1923.....	+ 2.6	+ 2.0	— 8.0	+ .4	— .2
March, 1923, compared with February, 1923.....	+ 4.0	+ 6.4	+ 4.3	+ 17.8	+ 8.0
Ratio of stocks to sales.....	444.8	523.8	443.6	442.6	454.9
Ratio of outstanding orders to last year's purchases.....	7.3	8.0	7.3	6.8	7.3
Ratio of March collections to Accounts Receivable, due and outstanding on March 1, 1923.....	36.5	39.4	42.6	48.1	40.4

FINANCIAL

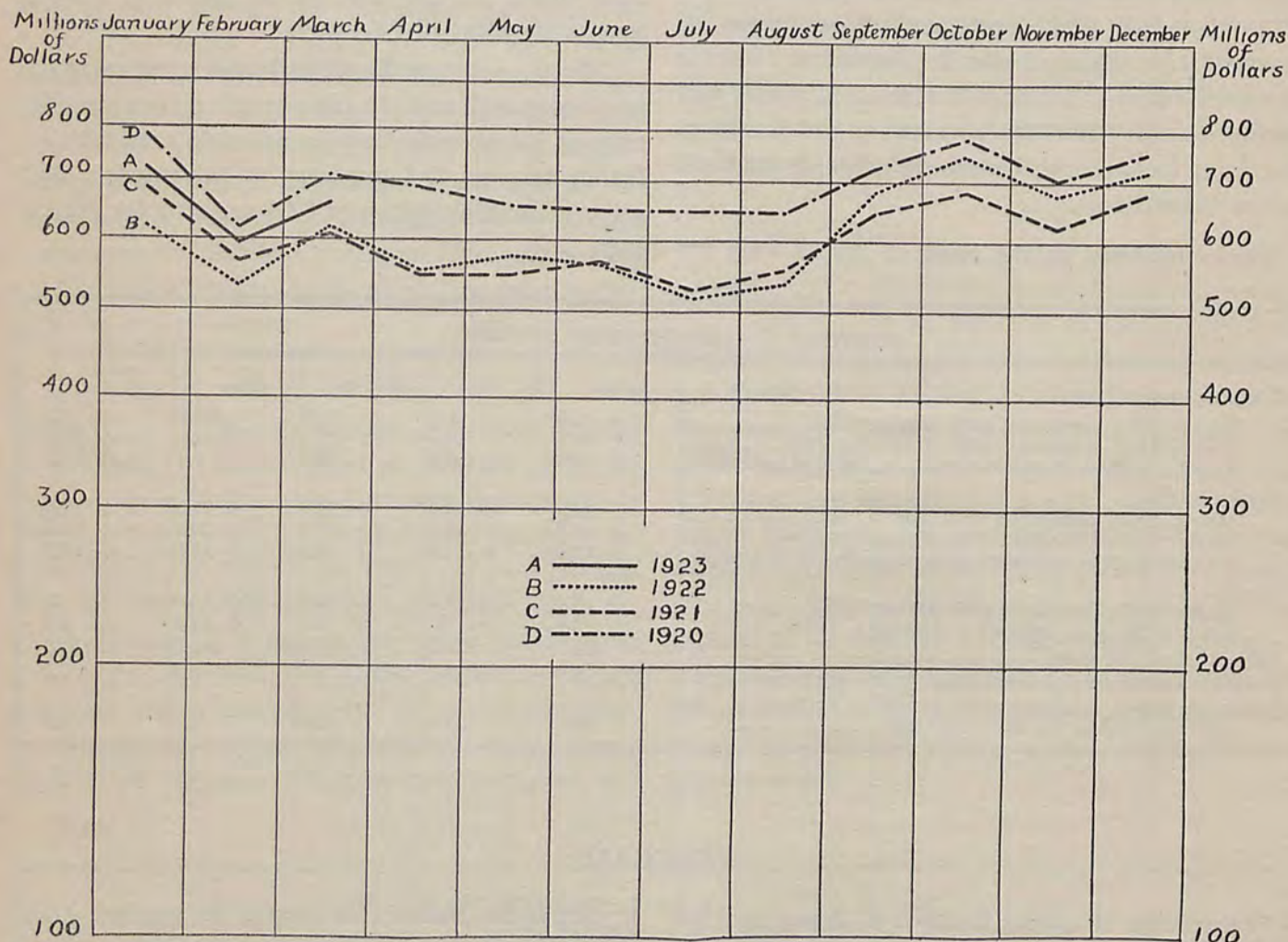
The volume of checks charged to depositors' accounts during March at the principal cities of the Eleventh Federal Reserve District amounted to \$660,590,000, as compared to \$595,416,000 for February and \$616,780,000 for March a year ago. These figures represent an increase of 10.9 per cent over the previous month, and 7.1 per cent over the corresponding month of 1922. The gain in March over February was due in part to the longer month, and

in part to the March 15th income tax payments, and also in part to increased activity of trade.

The chart appended below showing debits to individual accounts by months at thirteen cities in this district for the years 1920, 1921, 1922 and 1923, discloses the fact that the volume of checks charged to depositors' accounts for the first quarter of 1923 was well above 1921 and 1922, and only 5.7 per cent below the high mark of 1920.

CHARGES TO DEPOSITORS' ACCOUNTS

	March, 1923	February, 1923	Inc. or Dec.	March, 1922	Inc. or Dec.
Albuquerque	\$ 9,809,000	\$ 8,389,000	+ 16.9	\$ 8,232,000	+ 19.2
Austin	16,209,000	15,006,000	+ 8.0	13,280,000	+ 22.1
Beaumont	16,017,000	15,220,000	+ 5.2	15,154,000	+ 5.7
Dallas	167,932,000	159,058,000	+ 5.6	148,763,000	+ 12.9
El Paso	36,070,000	28,543,000	+ 26.4	31,696,000	+ 13.8
Fort Worth	111,870,000	105,992,000	+ 5.5	142,066,000	- 21.3
Galveston	81,763,000	73,963,000	+ 10.5	65,040,000	+ 25.7
Houston	115,945,000	99,384,000	+ 16.2	105,969,000	+ 9.4
San Antonio	31,638,000	26,826,000	+ 17.9	27,271,000	+ 16.0
Shreveport, (La.)	38,645,000	29,428,000	+ 31.3	30,994,000	+ 24.7
Texarkana (Texas)	10,587,000	10,948,000	- 3.3	6,849,000	+ 54.6
Tucson	7,843,000	6,475,000	+ 21.1	6,666,000	+ 17.7
Waco	16,262,000	16,184,000	+ .5	14,800,000	+ 9.9
Totals, Eleventh District	\$660,590,000	\$595,416,000	+ 10.9	\$616,780,000	+ 7.1



DEBITS TO INDIVIDUAL ACCOUNTS AT THIRTEEN CITIES IN ELEVENTH FEDERAL RESERVE DISTRICT DURING 1920, 1921, 1922, AND 1923

Acceptance Market Acceptances executed by banks of this district and which were outstanding on March 31st amounted to \$2,465,248.65 as compared to \$2,325,415.61 on February 28th. The volume of outstanding accept-

ances based on the domestic shipments and storage of goods declined from \$1,118,426.27 on February 28th to \$893,549.42 on March 31st. On the other hand, the outstanding acceptances executed against import and export transactions rose from \$1,206,-

989.44 on February 28th to \$1,571,699.23 on March 31st. The volume of bankers' acceptances held in the portfolio of the Federal Reserve Bank declined from \$21,402,428.25 on February 28th to \$20,662,972.96 on March 31st.

Condition of Reserve City Banks. There was a slight increase of \$884,000 in the loans of reserve city banks during the month of March.

The net demand deposits of these banks dropped from \$247,213,000 on February 28th to \$236,134,000 on March 28th, showing a net loss of \$11,079,000, which indicates the withdrawal of deposits to meet the increased demand for funds which generally materializes at this season of the year. This demand comes from the business com-

munity as well as from the country banks which are supplying funds for carrying on business in country towns and to farmers for carrying on farm operations. However, deposits were \$39,004,000 greater than on March 29, 1922. Their investments in Government securities amounted to \$61,927,000 on March 28th, which is \$7,271,000 greater than those owned on February 28th, and \$20,000,000 greater than on March 28th a year ago. The bills payable and discounts with the Federal Reserve Bank decreased from \$3,071,000 on February 28th to \$2,716,000 on March 28th, or a reduction of \$355,000. Due to the loss in deposits, the ratio of loans to deposits rose from 87 per cent on February 28th to 91 per cent on March 28th. This ratio stood at 97 per cent on March 29, 1922.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	March 28, 1923.	February 28, 1923	March 29, 1922
1. Number of reporting banks.....	52	52	52
2. U. S. securities owned.....	\$61,927,000	\$ 54,656,000	\$41,927,000
3. All other stocks, bonds, and securities owned.....	9,515,000	9,017,000	7,890,000
4. Loans secured by U. S. Government obligations.....	5,137,000	7,852,000	5,065,000
5. Loans secured by stocks and bonds other than U. S. Government obligations	52,374,000	52,392,000	40,705,000
6. All other loans.....	211,598,000	207,999,000	187,246,000
7. Net demand deposits.....	236,134,000	247,213,000	197,130,000
8. Time deposits.....	75,666,000	74,762,000	63,004,000
9. Reserve with Federal Reserve Bank.....	25,623,000	25,700,000	21,605,000
10. Bills payable and discounts with Federal Reserve Bank.....	2,716,000	3,071,000	4,055,000
11. Percentage of loans (*) to net demand deposits.....	91%	87%	97%

*Loans include only items 4 and 6.

Operations of the Federal Reserve Bank The loans of the Federal Reserve Bank to member banks, which began to increase early in March, reflected a gradual gain throughout the month and on the 31st stood at \$19,961,116.90, as compared to \$16,913,248.17 on February 28th, representing a net increase of \$3,047,868.73. Due to the demands for credit by banks outside the reserve cities loans increased to \$21,116,534.55 on April 16th, or a gain of \$1,155,417.65 during the sixteen day period. It is to be noted that our loans to member banks on April 16, 1922, amounted to \$34,541,444.03 which was \$13,424,909.48 greater than the amount on the same date this year. While loans have been steadily increasing for the past six weeks, the demand for funds from the member banks continues light despite the fact that the farmers are well along in their planting operations. This is due to the fact that as a general rule the banks were able to liquidate the major portion of their frozen loans

last fall and are now able to draw up their own resources to finance the greater part of their customers' needs.

The total amount of bills held by this bank increased from \$38,315,686.42 on February 28th to \$40,624,089.86 on March 31st, distributed as follows:

Member bank's collateral notes secured by U. S. Government obligations.....	\$ 980,850.00
Rediscunts and all other loans to member banks	18,980,266.90
Open market purchases (Bankers' acceptances)	20,662,972.96
Total bills held.....	\$40,624,089.86

The amount of Federal reserve notes in actual circulation on March 31st was \$29,031,160, as compared to \$30,799,920 on February 28th, or a net reduction of \$1,768,760 during the month. It is to be noted that our note circulation on the above date was \$1,209,171 larger than on the corresponding date last year. The reserve deposits of member banks

declined from \$52,625,537.46 on February 28th to \$51,984,086.46 on March 31st, indicating that member banks are continuing to withdraw their surplus funds to meet local needs.

Discount Rates

There is presented the "high," "low," and "customary" rates charged by commercial banks at the centers listed below.

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

Savings Deposits

Reports from 118 banks which operate a savings department reflect an increase of 2.4 per cent in

savings deposits on March 31st as compared with February 28th, and an increase of 17.2 per cent as compared with March 31st a year ago.

SAVINGS DEPOSITS

	Number of Reporting Banks	Mch. 31, 1923	Mch. 31, 1922	Inc. or Dec.	Feb. 28, 1923	Inc. or Dec.
Beaumont.....	3	1,260,402	1,031,438	+ 22.2	1,216,764	+ 3.6
Dallas.....	7	12,311,668	8,752,355	+ 40.6	11,917,124	+ 3.3
El Paso.....	5	7,142,833	7,216,602	- 1.0	6,907,158	+ 3.4
Fort Worth.....	4	5,837,531	5,150,935	+ 13.3	5,767,101	+ 1.2
Galveston.....	4	9,869,264	8,733,158	+ 13.0	9,271,176	+ 6.5
Houston.....	5	12,424,264	11,092,020	+ 12.0	12,430,135	None
San Antonio.....	6	9,239,926	8,715,603	+ 6.0	9,218,650	+ .2
Shreveport.....	5	8,649,205	6,639,258	+ 30.3	8,528,909	+ 1.4
Waco.....	5	2,186,098	1,516,046	+ 44.2	2,157,189	+ 1.3
Wichita Falls.....	4	2,629,960	2,387,125	+ 10.2	2,373,362	+ 10.8
All others.....	70	17,693,108	14,900,978	+ 18.7	17,387,045	+ 1.8
Total.....	118	89,244,259	76,135,518	+ 17.2	87,174,613	+ 2.4

FAILURES

The business mortality rate for the first quarter of 1923 showed a distinct improvement over the corresponding period of 1922. In point of number, failures for the first quarter of the current year disclose a decrease of 42.6 per cent from those of

last year, while the indebtedness was smaller by 50.5 per cent. That the failure record for 1923 is still high, despite the improvement in the general business situation, is shown by the fact that failures are well above the average for the similar period of

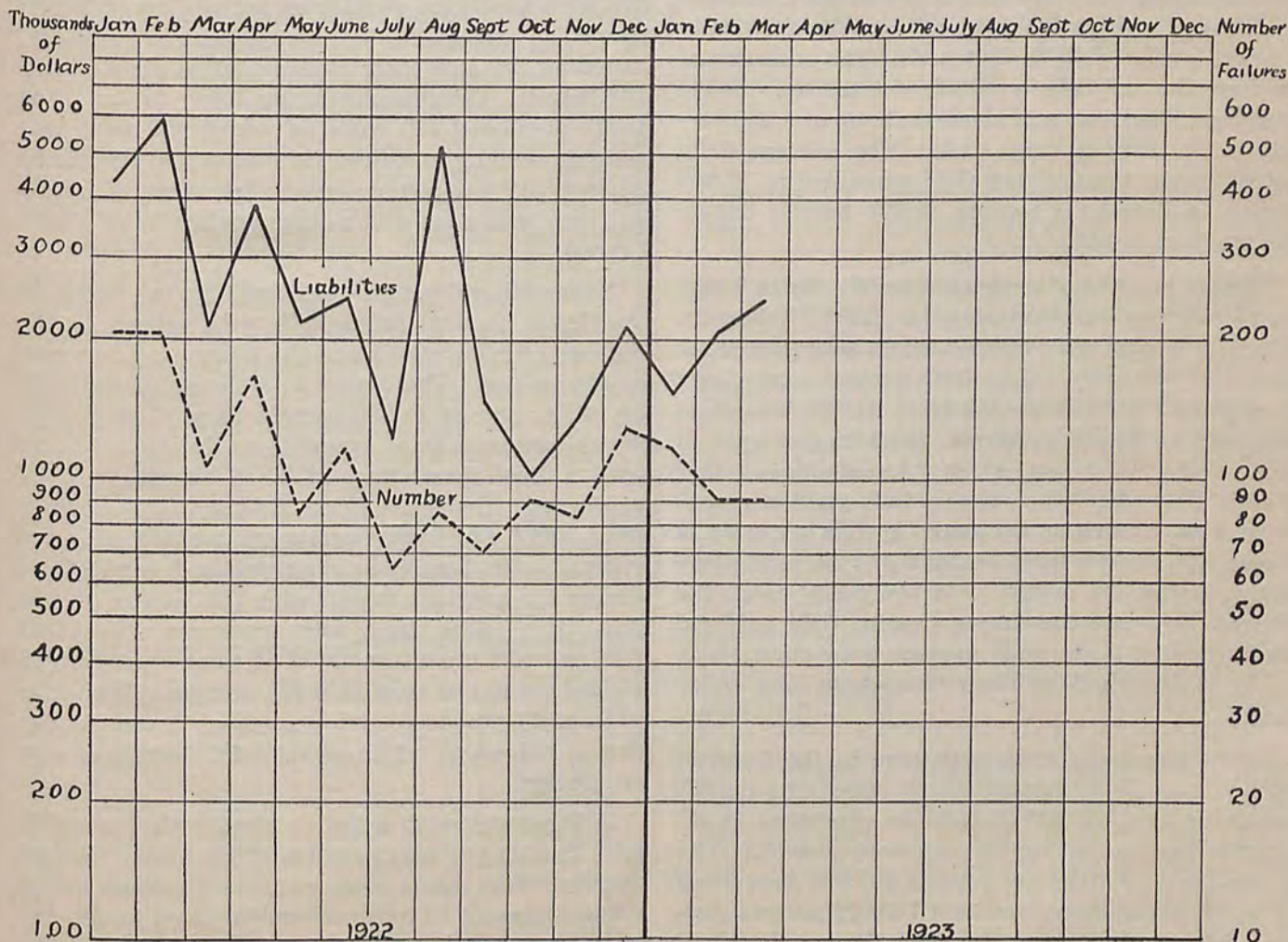
the previous seven years. The March statistics show the same number of defaults as February, but the indebtedness of firms failing during March amounted to \$2,474,504, as compared to \$2,104,596 during the previous month. The amount of liabilities involved in March failures was the largest for any month since August last year.

The appended chart, which shows failures for 1922 and 1923, discloses the fact that after the peak was reached in February, 1922, the liabilities of de-

faulting firms took a definite downward trend, reaching a low point in October of that year. (The unusual aggregate of indebtedness shown for August was due to one failure involving liabilities totalling more than \$4,000,000). Each month since October, 1922, (with the exception of January, 1923) the liabilities of defaulting firms have steadily risen. This seems to indicate that, while there has been a substantial recovery in business, weak spots in the business structure still exist, which warrant caution in the extension of credit.

COMMERCIAL FAILURES

	Eleventh Federal Reserve District				All Federal Reserve Districts			
	1923		1922		1923		1922	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
January	117	1,524,107	207	4,326,594	2,126	49,210,497	2,723	73,795,780
February	91	2,104,596	207	5,889,143	1,508	40,627,939	2,331	72,608,393
March	91	2,474,504	107	2,121,725	1,682	48,393,138	2,463	71,608,192
Total, First Quarter.....	299	6,103,207	521	12,337,462	5,316	138,231,574	7,517	218,012,365



COMMERCIAL FAILURES IN THE ELEVENTH FEDERAL RESERVE DISTRICT DURING 1922 AND 1923

PETROLEUM

The March output of crude oil in the Eleventh Federal Reserve District amounted to 11,212,490 barrels as against 10,363,280 barrels during the previous month. This larger output, however, was due to the longer month, as the daily average during March amounted to 361,693 barrels as compared with 370,117 barrels during February, showing a decrease of 8,424 barrels in the daily average run. The daily average yield of Texas fields decreased from 291,391 barrels during February to 282,314 barrels during March. The Louisiana territory, which had been showing a steady decline for the past several months, came back during March with a gain of 653 barrels in the daily average yield.

Further declines occurred during March in the Texas Gulf Coast fields, despite the longer month and the large increase in the initial production of new wells. The actual production in these fields amounted to 2,802,250 barrels as against 2,841,310 barrels during the short month of February, thereby resulting in a reduction of 11,080 barrels in the daily average yield. This indicates that the recovery of oil from the old wells is rapidly decreasing. In the Hull field there was a production slump of 6,335 barrels in the daily average yield. The average daily output in the Goose Creek field amounted to 19,300 barrels in March as against 19,979 barrels during the previous month.

The total output of crude oil from the North Texas district during March amounted to 1,996,970 barrels, which is a gain of 232,445 barrels over the short month of February. The daily average run of the Burkburnett field increased from 24,423 barrels in February to 24,787 in March. The largest gain in this district was scored in the Holiday-Archer County field where the average daily yield increased from 5,681 barrels in February to 7,061 barrels in March, due to the large amount of new production added during the month. On the other hand, the Electra field and the Young County field suffered slight declines in the daily average production which offset to some extent the increases in the other fields.

Production gains were registered in the Central-West Texas fields during March, when the output amounted to 3,676,365 barrels as compared to 3,309,075 barrels during the previous month. The Mexia-Currie district produced 1,939,670 barrels of oil in March as compared to 1,740,095 barrels during the previous month. The Ranger-Eastland County field increased its daily average flow from

11,584 barrels in February to 12,191 barrels during March. In the Moran-Shackleford County field the output for March amounted to 21,945 barrels. The Stephens County field, however, showed a decline in the daily average production from 29,886 barrels in February to 29,621 barrels in March.

While the total production of the Haynesville (La.) field increased from 1,005,870 barrels in February to 1,106,730 barrels in March, the daily average yield for the latter month was 223 barrels less than the previous month. The Bellevue (La.) field increased its daily average output from 6,388 barrels in February to 6,650 barrels in March.

Drilling Results.

Despite the heavy rains and cold weather during the month of March, drilling operations in this district showed a marked gain over the previous month. There were 539 wells completed in March, of which 370 were producers yielding an initial flow of 50,888 barrels as compared to 348 completions in February, including 239 producers with an initial yield of 26,708 barrels. Completions during March in the Texas fields numbered 479 wells, of which 326 were successful, yielding an initial flow of 46,998 barrels as against 317 completed during February, of which 212 were producers with a flush production of 25,223 barrels.

Noticeable gains were registered during March in the Texas Coastal fields both with regard to the number of completions and the amount of new production added. There were 57 wells completed with an initial flow of 16,250 barrels from 46 producers, which compares to 40 completions during February with a flush production of 8,278 barrels from 33 producers. The Goose Creek field scored 13 completions, all of which were producers, making an initial yield of 4,690 barrels as compared to 5 completions during the previous month with 750 barrels of new production added from four producers. The Hull field scored 9 producers out of 16 completions, which yielded an initial flow of 5,375 barrels. This compares to 11 producers obtained out of 12 completions during February, which added 4,480 barrels of new production.

Drilling was more active in the North Texas district than in any other section of the state. In fact during March there were more completions and a greater amount of new production added to the district than has been the case in any month since July, 1920. There were 214 completions during

March, of which 153 were producers as compared to 105 completions during February with 73 producers. The initial yield obtained from these new producing wells amounted to 19,026 barrels in March, as against 6,922 barrels during February, or a net gain of 12,104 barrels. The Holiday-Archer County section easily led all the other fields in the North Texas district, having completed 85 wells of which 56 were producers, netting a combined initial output of 8,155 barrels. This record compares with 19 producers obtained out of 28 competitions during February, which added 2,214 barrels of new production. The Electra field dropped to second place with 64 completions including 55 producers with a combined initial yield of 4,771 barrels. The Burkburnett field had 39 completions, of which 27 were producers with a flush production of 3,824 barrels, which compares to 10 completions during the previous month when 867 barrels of new production were added from 8 producers. The large increase over last month was due to developments of the Hirschi pool, where a large number of producing wells were completed. The initial production ranged from 300 to 800 barrels to the well. In Young County, there were 10 producers obtained out of 19 completions, which added 1,975 barrels of new production.

Completions in the Central-West Texas fields reflected a sharp increase during March with a corresponding addition of new production. Out of the 152 completions 95 were successful, making a flush production of 9,819 barrels. Renewed activity was noted in Mexia-Currie sections, where there were 13 completions with only two dry holes. The 11 producers added 1,945 barrels of new production. During February there were only 4 successful completions yielding an initial output of 240 barrels. About the middle of March the deep test well drilled in during January in the old Corsicana shallow field resumed its flow after being drilled several feet deeper. Later in the month other producers were completed and indications point toward a further development of this field. Stephens County reported

25 completions in March as compared to 20 in February, but the 20 producers completed in March made a flush production of 2,965 barrels, as against 3,835 barrels from 11 producers completed during February. The Moran-Shackleford County field registered 70 completions, of which 39 were producers, yielding an initial flow of 2,351 barrels as compared to 31 producers out of 43 completions during February, which added only 225 barrels of new production. Other fields produced a greater number of completions but failed to show any appreciable gains in new production.

The North Louisiana territory completed 60 wells during March, of which 44 were successful, yielding an initial flow of 3,890 barrels. This compares to 31 completions in February with an added production amounting to 1,485 barrels. The Haynesville field had 9 completions, all of which were successful, yielding a flush production of 925 barrels. With the passing of interest in the Haynesville field, operators are now centering their attention on the Bellevue field. For some months this field has been void of interest, but with the increases in crude oil prices further developments are now under way. Seven wells were completed during March, which yielded an initial flow of 215 barrels.

Crude Oil Prices

With the advance on Texas Coastal oil from \$1.50 per barrel to \$1.75 per barrel on March 15th, the crude oil market ceased its upward trend, and early in April suffered a reaction when Mexia crude and Currie crude were reduced 20 cents per barrel. The posted price on Mexia crude now stands at \$2.00 per barrel, and Currie crude at \$2.40 per barrel. It will be remembered that the crude oil market began its upward movement early in December, and within the interval of four months price advances on crude oil at the various fields ranged from 25 cents per barrel to \$1.10 per barrel.

OIL PRODUCTION

Field:	March		February		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	1,996,970	64,418	1,764,525	63,019	Inc. 232,445	Inc. 1,399
Central-West Texas.....	3,676,465	118,596	3,309,075	118,181	Inc. 367,390	Inc. 415
Texas Coastal.....	2,802,250	90,395	2,841,310	101,475	Dec. 39,060	Dec. 11,080
Miscellaneous fields.....	276,055	8,905	244,050	8,716	Inc. 32,005	Inc. 189
Totals, Texas.....	8,751,740	282,314	8,158,960	291,391	Inc. 592,780	Dec. 9,077
North Louisiana.....	2,460,750	79,379	2,204,320	78,726	Inc. 256,430	Inc. 653
Totals, 11th District.....	11,212,490	361,693	10,363,280	370,117	Inc. 849,210	Dec. 8,424

MARCH DRILLING RESULTS

Field	Completions	Producers	Failures	Initial Production
North Texas	214	153	61	19,026
Central-West Texas	152	95	57	9,819
Texas Coastal	57	46	11	16,250
Miscellaneous fields	28	28	.....	1,885
Texas Wildcats	28	4	24	18
Totals, Texas	479	326	153	46,998
North Louisiana	60	44	16	3,890
March totals, District.....	539	370	169	50,888
February totals, District.....	348	239	109	26,708

CRUDE OIL PRICES

Texas	April 12, 1923	April 12, 1922	Louisiana	April 12, 1923	April 12, 1922
Corsicana light	\$1.50	\$1.30	Caddo (39 gravity and above).....	\$2.40	\$2.00
Corsicana heavy .....	.90	.75	Bull Bayou (38 gravity and above).....	2.00	1.90
Texas Coastal	1.75	1.25	Homer (39 gravity and above).....	2.40	2.00
Mexia	2.00	1.50	Haynesville (39 gravity and above).....	2.40	2.00
Currie	2.40	.....	De Soto crude	2.20	2.00
North Texas (41 gravity and above).....	2.60	*			

*1922 prices for North Texas oil are not comparable with 1923 prices, due to the fact that this oil was not purchased on a gravity basis until December, 1922. North Texas crude on April 12, 1922, was selling for \$2.00 per barrel.

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

LUMBER

While the production of Eleventh District pine mills was 25 per cent below normal during February, the output during March was practically the same as the normal monthly production. March shipments were 3 per cent above production as compared to 11 per cent during February. The orders received at the mills during March were equivalent to 87 per cent of normal production as compared to 84 per cent during the previous month. Due to the fact that shipments greatly exceeded the new orders received, the unfilled orders on the books of 48 mills on March 31st amounted to only 92,023,393 feet, as compared to 116,675,916 feet on the books of 42 mills on February 28th. Stocks on hand at the mills on

March 31st were 15 per cent below normal as compared to 14 per cent below normal on February 28th.

MARCH PINE MILL STATISTICS

Number of reporting mills.....	48
Production	114,299,875 feet
Shipments	117,945,734 feet
Orders	99,227,265 feet
Unfilled orders, March 31st.....	92,023,393 feet
Normal production	114,334,386 feet
Stocks, March 31st.....	278,610,083 feet
Normal stocks.....	326,153,497 feet
Shipments above production.....	3,645,859 feet= 3%
Actual production below normal..	34,511 feet=none
Orders below normal production..	15,107,121 feet=13%
Stocks below normal.....	47,543,414 feet=15%

BUILDING

Building operations in the Eleventh Federal Reserve District reached a high water mark during March when the valuation of building permits issued at the eleven principal cities amounted to \$11,661,391. An immense expansion in building operations was noticeable in all the larger cities of the district. The valuation of building permits issued during March exceeded the February valuation by 65 per cent and the March, 1922, valuation by 100 per cent. Although the year 1922 was considered as a record building year, the record set during the

first quarter of 1923 indicates that the present year will exceed all previous records. The valuation of permits issued during the first quarter of 1923 amounted to \$25,191,094, as compared to \$15,485,525 during the same period of 1922, or an increase of 62.7 per cent.

While residence building is still going on at a rapid rate, extensive operations are being carried on for the construction of public, business, industrial, and welfare buildings.

BUILDING PERMITS

	March, 1923		February, 1923		Inc. or Dec.	March, 1922		Inc. or Dec.	First Quarter 1923		First Quarter 1922		Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation		No.	Valuation	No.	Valuation	
Austin	54	53,295	35	557,975	- 90.4	35	49,020	+ 8.7	154	745,360	83	154,900	+ 381.2
Beaumont	120	173,274	134	319,133	- 45.7	109	141,929	+ 22.1	378	650,077	239	313,107	+ 107.6
Dallas	470	2,059,537	453	1,750,495	+ 17.7	492	1,593,007	+ 29.3	1,390	6,619,832	1,139	5,501,808	+ 20.3
El Paso	102	212,517	77	177,270	+ 19.9	97	167,095	+ 27.2	280	692,397	265	529,346	+ 30.8
Fort Worth	284	655,122	237	550,369	+ 19.0	219	1,057,501	- 38.0	836	2,063,278	537	1,701,796	+ 21.2
Galveston	277	174,952	287	111,562	+ 56.8	362	182,950	- 4.4	865	452,213	962	770,819	- 41.3
Houston	584	5,348,319	484	1,675,051	+ 219.3	619	1,328,925	+ 302.5	1,587	7,723,853	1,402	3,347,103	+ 130.9
Port Arthur	184	155,455	123	695,680	- 77.7	124	89,828	+ 73.1	453	1,021,529	282	173,667	+ 488.2
San Antonio	378	1,137,511	262	624,220	+ 82.2	450	632,366	+ 79.9	986	2,352,436	1,125	1,579,091	+ 49.0
Shreveport	320	1,612,344	230	355,265	+ 353.8	240	477,543	+ 237.6	866	2,492,012	640	1,112,233	+ 124.1
Waco	37	79,065	39	150,274	- 47.4	49	100,930	- 21.7	139	373,107	132	301,655	+ 23.7
Total	2,810	11,661,391	2,361	7,067,294	+ 65.0	2,796	5,821,094	+ 100.3	7,934	25,191,094	6,806	15,485,525	+ 62.7

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board as of April 26, 1923.)

Further increases in production of basic commodities, in wholesale prices, employment, wage rates, and wholesale and retail trade, took place in March.

PRODUCTION: Production in basic industries, according to the Federal Reserve Board's index, increased 4 per cent in March to a level 8 per cent higher than at the 1920 peak and 67 per cent above the low point of 1921. The output of pig iron, steel ingots, automobiles, and crude petroleum, and the mill consumption of cotton exceeded all previously reported monthly totals. Building operations showed a further large expansion and the value of contracts let for residences in March was the highest on record. Railroad freight shipments have been larger every week this year than in the corresponding weeks of the past four years. Car shortage has been reduced to the lowest point since September, chiefly as a result of the addition of new equipment, a decrease in the number of bad order locomotives and cars, and a concerted effort to increase the average loadings. Employment in the building trades and in many lines of manufacturing continued to increase in the Eastern States. The surplus of unskilled labor in the West reported in earlier months is being gradually absorbed by the seasonal increase in farm work. A number of leading textile mills, steel mills, and packing plants announced general wages advances ranging between 11 and 12½ per cent, and numerous wage advances in other industries also were reported.

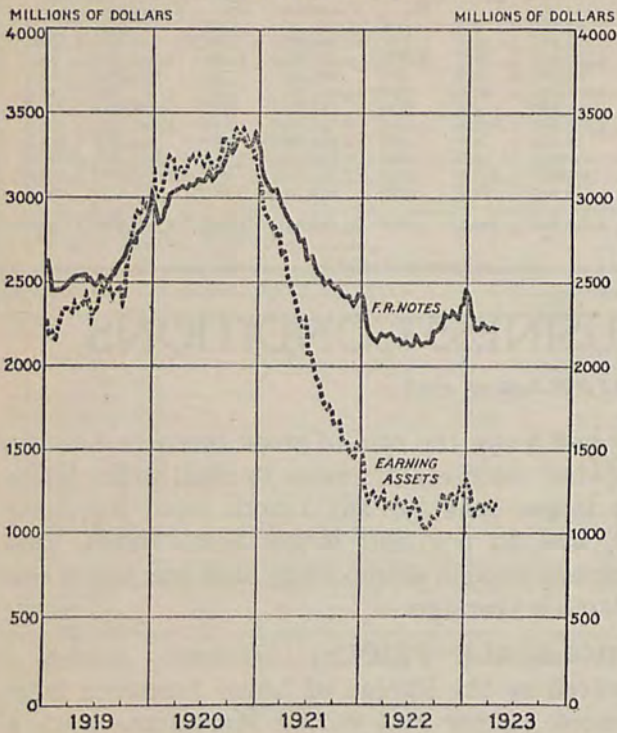
Trade: March sales by department stores reporting to Federal reserve banks were 22 per cent above those of March a year ago, partly because Easter purchases were made in March this year, whereas last year such purchases were largely deferred until April. Stocks of goods held by department stores were 6 per cent larger than those held a year ago, but this increase was not as large as the increase in

sales and hence the rate of stock turnover has been somewhat more rapid. Sales by mail order houses were larger than for any month since November, 1920, and 35 per cent larger than March, 1922. Wholesale trade in all reporting lines was larger than in March a year ago.

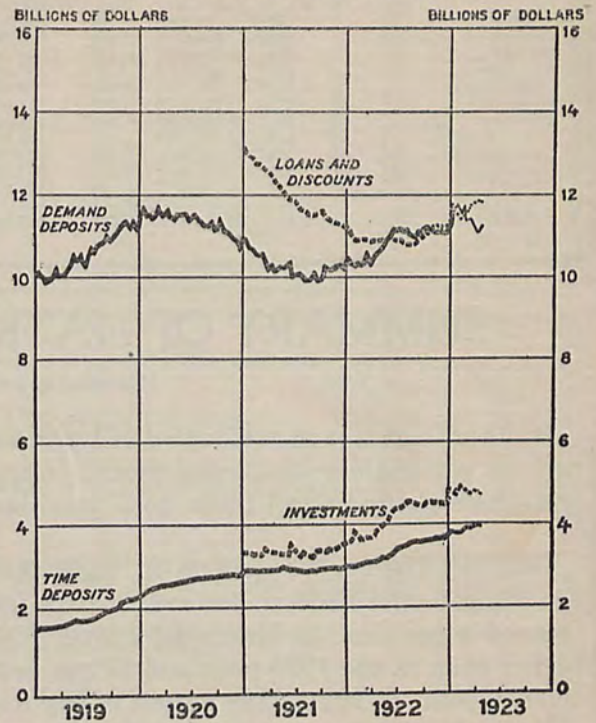
WHOLESALE PRICES: Wholesale prices, as measured by the Bureau of Labor Statistics index, advanced 1.2 per cent during March and were 15 per cent above the low point of January, 1922. As in recent months, the prices of metals and building materials showed the greatest increases, while fuel prices showed a further decline from recent high levels. Compared with a year ago, metals were 37 per cent and building materials 28 per cent higher. The cost of living increased slightly more than one per cent during March to a level of 3 per cent higher than a year ago.

BANK CREDIT: During the month prior to April 11 a more moderate growth in the demand for credit for member banks in leading cities resulted in an increase of about \$48,000,000 in their loans made largely for commercial purposes, as compared with an increase of \$235,000,000 in the preceding month. Through withdrawal of funds from investments and a further inflow of gold, member banks have been able to meet demands of their customers for increased credit and currency independently of the reserve banks. Consequently, the total volume of Federal reserve bank credit, measured by total earning assets, has remained relatively constant during the past month, and in fact since the seasonal liquidation at the turn of the year. The volume of Federal reserve notes in circulation has also changed but little as the larger demand for hand to hand money has been met chiefly by an increase in other forms of money in circulation. There has been little change in money rates from those prevailing in March.

BANK CREDIT
ALL FEDERAL RESERVE BANKS

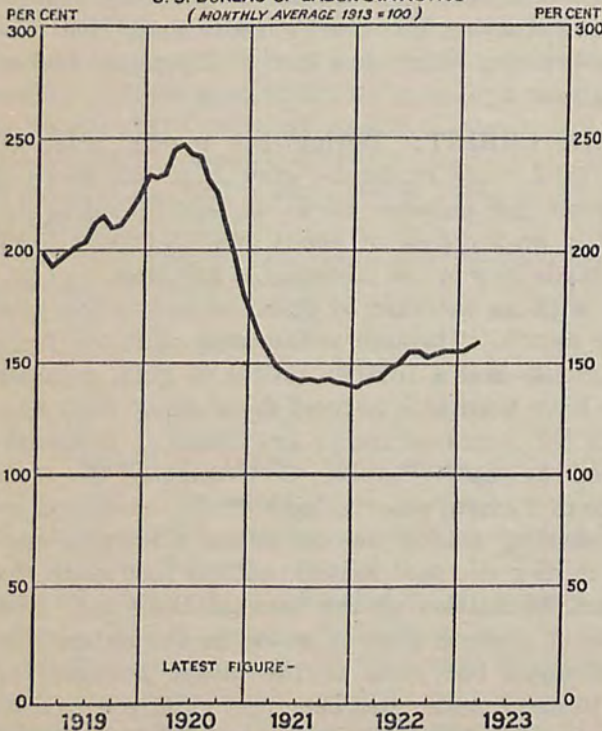


BANK CREDIT
800 MEMBER BANKS IN LEADING CITIES



PRICES

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



Note: Base Adopted by United States Bureau of Labor Statistics

INDEX OF PRODUCTION IN BASIC INDUSTRIES

COMBINATION OF 22 INDIVIDUAL SERIES
CORRECTED FOR SEASONAL VARIATION
(1919 = 100)

