

MONTHLY REVIEW OF BUSINESS AND INDUSTRIAL CONDITIONS

IN THE

ELEVENTH FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF DALLAS

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DISTRICT SUMMARY

THE SITUATION AT A GLANCE Eleventh Federal Reserve District

	August	July	Inc. or Dec.	
Bank debits to individual accounts (at 13 cities).....	\$578,843,000	\$520,674,000	Inc.	11.2%
Department store sales.....	.....	.....	Inc.	4.0%
Reserve Bank loans to member banks at end of month.....	\$ 48,982,277	\$ 44,757,058	Inc.	9.4%
Reserve Bank ratio at end of month.....	51.6%	46.3%	Inc.	5.3 points
Building permit valuations at larger centers.....	\$ 6,558,106	\$ 5,029,604	Inc.	30.4%
Commercial failures (number).....	68	81	Dec.	16.0%
Commercial failures (liabilities).....	\$ 1,020,596	\$ 2,576,000	Dec.	80.4%
Oil production (barrels).....	14,174,705	13,306,105	Inc.	6.5%
Lumber orders at pine mills (per cent of normal production)	95%	90%	Inc.	5 points

The prospect of a cotton crop which will exceed last year's production, the steady advance in the price which is being paid for the staple, and the quickened demand for merchandise in both wholesale and retail channels of distribution have strengthened the optimism of the producers, and have brought about a strong undertone of confidence in commercial channels.

The sharp deterioration in the cotton crop which occurred during August was checked during the latter days of the month by general rains which fell over practically every section of the state. While the rains have greatly benefited the plant, the appearance of insects in larger numbers, particularly in West and Northwest Texas where the crop is not fully matured, has operated to offset this improvement. Furthermore, some cotton has been wasted, and the quality of the staple has been reduced. The Government's August 25th report estimated the Texas crop at 3,722,000 bales, which promises a yield substantially larger than last year's produc-

tion. A crop of approximately this size, with the price at the present level, will bring the farmers the largest returns of any year since 1919.

The Ginners' Report, which showed that 1,088,072 bales of cotton were ginned in Texas prior to September 1st, evidences the early movement of this year's crop. The effects of the early marketing are already visible in trade. Wholesale trade and retail trade in rural sections have shown a marked revival during the past month. Department store trade, representing buying in the larger cities, was slow during August, but has shown improvement during the first two weeks of September. Reports indicate that both collections and trade buying will be the best in several years.

Federal Reserve Bank loans to member banks reflected a steady increase during the first three weeks of August, and reached a peak at approximately \$50,000.00 on August 21st. Since the first of September, however, liquidation has been obtained at a rapid rate, the reduction during the first fifteen

days of the month amounting to approximately \$13,000,000. The commercial banks have received large payments on notes prior to maturity, and their deposits have risen at a rapid rate. The volume of checks charged to depositors' accounts in August was 11.2 per cent larger than during the previous month.

The district's failure record disclosed a marked improvement in August, indicating that the revival of

trade and good collections have been of material assistance to commercial firms in overcoming their financial difficulties.

The district's ranges have shown a decided improvement since the recent rains, and winter grass seems to be assured for cattle and other livestock. In practically every section livestock are improving, and indications are that they will enter the winter in good condition.

CROP CONDITIONS

The prolonged drouth, which had caused considerable deterioration of the cotton crop and which was seriously affecting the hay and feed crops of the district, was broken during the latter half of August when general rains fell over practically every section of the district. These rains checked the shedding of the cotton and the premature opening of the bolls.

While the cotton crop generally has been benefited, the extent of such improvement is still problematical. The old cotton, which had obtained its full growth, will not be materially benefited, but the young cotton, which was still growing, has been greatly improved in that the young bolls will mature and there is a possibility of a top crop. To this improvement, however, there is an offsetting detriment. In those sections of the state where a large percentage of the cotton was open in the fields, the quality of the staple has been materially reduced, and in the growing fields, particularly in the West, Northwest, and Panhandle sections, insects have appeared in great numbers, and are causing serious concern as to the final outcome. Poison in large quantities is being shipped into those sections in order to combat the insect activity.

Despite the considerable deterioration in the cotton crop during August, the estimated yield will substantially exceed last year's production. The Department of Agriculture, in its August 25th report, estimated the condition of the crop at 55 per cent of normal, reflecting a reduction of 16 points from the previous report as compared to an average deterioration of 11 points. On the basis of this estimate, the forecasted yield for this year was placed at 3,722,000 bales, or an average of 127 pounds of lint per acre.

The report of the Bureau of the Census on cotton ginned prior to September 1st showed Texas ginnings as 1,088,072 bales, or more than ten times

as much as all of the other cotton states combined. This report indicates that while the Texas crop is opening prematurely, the crop in other states is backward. While the Texas ginnings were the largest ever recorded at this time of the year, they would undoubtedly have been substantially larger had there not been an acute labor shortage, as a large percentage of the crop was open. The exceptionally early opening of the crop in Central and Northern districts precluded those sections from drawing on the southern part of the state for pickers, as is usually the case. However, it is expected that this condition will be somewhat relieved in a short time.

The feed crops of the district have derived the greatest benefits from the recent rains. Grain sorghums have taken a renewed life since the rains and there are now prospects for a good crop, whereas before it appeared that a large proportion of the crop would only make forage. This year's yield of grain sorghum has been estimated at 42,434,000 bushels, as compared to a yield of 29,400,000 bushels for the previous year. This reflects an increase over last year's yield of approximately 45 per cent. Reports from the West and Panhandle sections state that there will be feedstuff to carry the livestock through the winter. In East Texas, however, where the increase in cotton acreage was made largely at the expense of feed crops, the farmers are facing a very short supply of corn and oats, and considerable feed will have to be purchased in this section to carry the farmers through the winter.

The harvesting and threshing of rice, while slowed down to some extent by recent rains, have progressed rapidly and operations are well advanced. Reports indicate that there has been some deterioration to the rice in the shock caused by the excessive rains, particularly in some sections of Louisiana. The September estimate of the Texas crop was placed at 5,143,000 bushels, and the Louisiana crop was placed at 15,896,000.

The preparation of the soil for fall seeding is progressing rapidly, and reports from various sections state that considerable seeding will be done in September.

Cotton Movements Coincident with the heavy early marketing of this year's cotton crop, there has been a large movement of cotton to the concentration and export centers. Receipts of cotton at the port of Galveston amounted to 205,447 bales during August, as compared to 27,352 during July, and 113,971 bales during August, 1922. The export movement through this port totalled 87,093 bales in August, as compared to 82,140 bales during the same month last year. On account of the large receipts and light exports, stocks at Galveston rose from 18,671 bales on July 31st to 137,025 bales on August 31st.

Due to the increasing importance of Houston as a port and the very large amount of cotton concentrated there, much of which moves to export, we will in the future show statistics, which will be furnished by the Houston Cotton Exchange, on the receipts and exports of cotton at Houston. According to the above source, Houston exported 719,942 bales of cotton direct to European ports during the season of 1922-1923, as against 478,141 bales during the previous season. Net receipts for August, representing cotton handled in Houston warehouses and compresses, amounted to 189,923 bales, as compared to 97,268 bales during the corresponding month last year. The foreign exports movement for August

was 67,060 bales, as against 24,332 bales for August, 1922.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	August 1923	August 1922	Aug. 1st to Aug. 31st	
			This Season	Last Season
Gross receipts.....	205,447	113,971	205,447	113,971
Exports	87,093	82,140	87,093	82,140
Stocks, Aug. 31st..			137,025	96,566

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

	This Season	Last Season
Receipts since Aug. 1st.....	288,273	207,880
Exports: Great Britain	42,922	61,010
France	41,275	29,838
Continent	95,007	85,144
Japan-China	4,078	36,262
Mexico		1,000
Total foreign ports	183,282	213,254
Stocks at all U. S. Ports, Aug. 31st.....	252,835	372,652

GALVESTON STOCK STATEMENT

	Aug. 31, 1923	Aug. 31, 1922
For Great Britain.....	16,185	6,929
For France.....	12,700	8,632
For other foreign ports.....	30,723	9,157
For coastwise ports.....	12,000	3,000
In compresses.....	65,416	68,848
Total	137,025	96,566

HOUSTON COTTON MOVEMENT

	August 1923	August, 1922
Net receipts.....	189,923	97,268
Exports	67,060	24,332

LIVESTOCK

Range Conditions The condition of the ranges throughout the district has shown a substantial improvement during the past month, due to the general rains, and prospects are now good for fall and winter grass. The shortage of stock water, which had become serious in some sections, has disappeared and the grass on the ranges is beginning to green. Despite the drouthy conditions in August cattle held their flesh fairly well, and with the improvement of the ranges they are expected to take on flesh rapidly before the cold weather sets in. The condition of sheep was well maintained during August, and some improvement has been noted recently. The fall wool clip is turning out well, being of a good quality and free from foreign matter.

Movements and Prices The movement of cattle and calves to the Fort Worth market again reached a new high mark for the year, and exceeded all previous records for August receipts except that of 1917 for cattle and 1921 for calves. The supply of hogs was more plentiful than either the previous month or the corresponding month of last year. Sheep receipts reflected a sharp decline from the previous month, being the smallest recorded in four months, but were slightly above the August, 1922, supply. In the cattle division the quality of the runs was rather poor, including huge numbers of drouthy and common grade. Calf receipts were likewise of an inferior quality, the bulk of the runs being made up of strongweight medium and common calves. On the other hand, the hog and

sheep quality generally ranged from fair to good.

While some slight recessions were recorded in the cattle division, the market as a whole was well maintained. The quotation on hogs and sheep showed substantial gains during the month. Toward the latter part of August hogs topped the market at \$9.30; good wethers sold as high as \$8.35; and genuine spring lambs of the choice quality brought \$12.50. As compared to the top prices during July, there was an advance of \$1.20 on hogs and 75 cents on sheep. Hogs reached the highest point on the Fort Worth market that has been recorded since the latter part of October, 1922. The supply of both sheep and hogs throughout the month was below the demand and there was strong competition between the packers and shippers.

FORT WORTH LIVESTOCK RECEIPTS

	August 1923	July 1923	Gain or Loss	August 1922	Gain or Loss
Cattle	115,536	104,428	G 11,108	71,689	G 43,847
Calves	48,460	36,725	G 11,735	37,249	G 11,211
Hogs	26,960	20,631	G 6,329	23,703	G 3,257
Sheep	25,943	60,672	L 34,729	23,762	G 2,181

COMPARATIVE TOP LIVESTOCK PRICES

	August 1923	July 1923	August 1922
Beef Steers.....	\$ 9.00	\$ 9.15	\$ 8.00
Stocker Steers.....	6.55	7.50	5.50
Butcher Cows.....	5.00	5.00	5.00
Stocker Cows.....			3.50
Calves	7.60	7.75	7.40
Hogs	9.30	8.10	10.30
Sheep	8.35	7.60	7.00
Lambs	12.50	14.00	10.60

WHOLESALE TRADE

A pronounced revival of trade during August was evidenced by reports from the various lines of wholesale distribution. All reporting lines with the exception of farm implements reflected substantial gains over the previous month, and furniture was the only line which failed to record a larger volume of sales than the corresponding month of the previous year.

This year's cotton crop, which as a rule is being marketed as soon as gathered, is bringing the farmer good returns. This has given a spirit of confidence and optimism to both the farmer and merchant. The retailers, however, are continuing to operate on a

conservative basis, but are buying liberally for the demand that has already materialized and that which is in prospect. The farmer, whose buying power has been restricted during the past three years, is realizing sufficient returns from this year's crop not only to pay off his old indebtedness, but also a sufficient balance to purchase much of the needed merchandise. Statements from the retailers are to the effect that their collections this fall will be better than they have been in several years. In fact, except in isolated sections where crops are poor, there is going to be but a small carry-over this year. Old accounts which have been carried for several seasons are being paid in full. This condition, in turn, has enabled the merchants to settle their accounts with the wholesalers. The collection situation as a whole is proving a most satisfactory one this fall.

The irregular course of prices, which has been a disturbing element in trade during the past summer, has now settled to a more stable basis.

Dry Goods

The opening of the fall buying season in practically all centers during the first weeks of August and the early movement of the cotton crop resulted in a broad demand for dry goods throughout the month. The net sales of ten firms showed a gain of 52.7 per cent, as compared to the previous month, and 11.9 per cent as compared to the corresponding month of last year. Every indication points toward an exceptionally active fall season. During the past year, the merchants in the rural districts have restricted the purchases of their credit customers, which resulted in a broad demand when the cotton began to move and money became available. Furthermore, the high prices being paid for the gathering of the cotton crop has placed considerable funds in the hands of the laborers, and reports indicate that they are spending freely. Merchants, as a rule, have not been carrying excessive stocks, as they have been awaiting the outcome of the present crop before supplying their needs. Consequently, the development of the active fall trade made it necessary for them to make heavy purchases, both for the immediate requirements and for forward delivery. Forward orders have been stimulated to some extent by the advancing cotton market, and the prospects for higher prices on the finished goods.

Farmers have been paying off their open accounts at a rapid rate, and in many instances have cleared out their indebtedness with the proceeds of the first few bales of cotton sold. Merchants state that collections this year will be the best obtained in sev-

eral years. This heavy liquidation in retail channels has enabled the merchants to pay off their indebtedness at the banks and in many instances to wipe out their accounts with the wholesalers.

Wholesale firms state that the demand during September has been active with the volume of sales increasing. Optimism prevails in both wholesale and retail channels for good business through the fall months.

Farm Implements The distribution of farm implements during the past month continued on a moderate scale. While August sales were only 7.5 per cent greater than a year ago, it should be remembered that the heavy movement last fall began to materialize in August. The decline of 12.2 per cent from July sales was not an unexpected development, as August is generally a quiet month. Furthermore, the early opening of the cotton made it necessary for farmers to devote their attention to the gathering of the crop rather than to the preparation of the soil.

The buying demand has shown a substantial improvement during September, and the outlook is promising for a satisfactory movement during the fall and winter months. While it is evident that the farmers are going to repair old implements wherever possible, there is a scarcity of good machinery on the farms. The returns from this year's crop will not only enable the farmer to pay off his indebtedness, but in most cases will leave him with a considerable cash balance. This will encourage him to make the necessary replacements.

Collections in August and September have been good.

Drugs A further increase of 12.6 per cent in the net sales of eight drug firms occurred in August, as compared to July. The increase over the corresponding month of last year amounted to 6.2 per cent. Although a good trade developed during August, the buying demand has shown a material improvement in September, and some dealers state that business is now more active than it has been since the depression period. While purchases are being made largely for present needs,

some forward orders are coming in. These orders, however, are chiefly for holiday goods.

Collections have shown a substantial improvement.

Furniture The wholesale furniture trade reflected an increase of 37.3 per cent in net sales during August, as compared to the previous month, but a decline of 2.6 per cent as compared to the corresponding month of 1922. The decrease from a year ago is not surprising, however, when it is recalled that August, 1922, sales were 63.7 per cent greater than August, 1921, sales. The strong demand for furniture, which has been in evidence for more than a year, continues, and prospects point toward an active fall business.

Groceries After experiencing a sharp seasonal decline in July, the grocery trade showed a material improvement in August. The sales of thirteen firms reflected a gain of 16.7 per cent as compared to the previous month, and 10.0 per cent as compared to the corresponding month last year. Active buying was reported for the first half of September, and dealers state that indications point toward a normal distribution during the fall months. Forward orders are now coming in to cover a portion of the fall requirements.

Prices, which have shown a weakness during the past two or three months, are now reported to be on a steady basis.

While collections were naturally slow during July and August, because of seasonal influences, the early movement of the cotton crop has largely corrected this situation. September collections are reported to be good.

Hardware The August net sales of ten hardware firms reflected a sharp advance, being 11.9 per cent greater than those during July, and 8.1 per cent larger than sales during the same month of the previous year. Seasonal goods are moving in a large volume, and sales are continuing to increase as the season advances. Some firms report that the prospects for fall and winter buying are better than they have been during the past two years.

Prices remained on a firm basis.

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

	NET SALES		—Net Sales— July 1st to date compared with same period last year.	STOCKS	
	Aug. 1923 compared with			Aug. 1923 compared with	
	Aug. 1922	July 1923	Aug. 1922	July 1923	
Groceries	+10.0	+16.7	+ 7.1	+ 8.9	- 2.7
Dry Goods.....	+11.9	+52.7	+ 9.4	+36.2	-10.7
Hardware	+ 8.1	+11.9	+18.2	+17.0	- .2
Farm Implements.....	+ 7.5	-12.2	+41.6	- 6.0	- 3.2
Furniture	- 2.6	+37.3	+ .5	.....	.....
Drugs	+ 6.2	+12.6	+ 6.9	+15.4	+ .2

RETAIL TRADE

While continued quiet prevailed during August in the retail channels of distribution, due to seasonal influences, the net sales of twenty-three department stores were 4.0 per cent greater than July sales, and 3.0 per cent greater than August, 1922, sales.

Stocks on hand at the close of August disclosed a gain of 13.3 per cent as compared to those on hand at the close of July, due to the receipts of fall merchandise. Stocks on August 31st were 8.1 per cent larger than those carried a year ago.

The ratio of stocks to sales during July and August this year was 607.3 per cent as compared to 579.8 during the same months last year. This larger ratio

is accounted for by the heavier stocks carried this year.

The ratio of outstanding orders to last year's purchases reflected a further increase, being 10.6 per cent at the close of August, as compared to 9.1 per cent at the close of July, and 11.9 per cent at the close of August, 1922.

Collections disclosed a sharp falling off during August, but this development is not unusual at this season of the year. The ratio of August collections to accounts receivable on August first was 33.8 as compared to 36.8 per cent for July, and 30.8 per cent for August, 1922.

BUSINESS OF DEPARTMENT STORES

	Dallas	Ft. Worth	Houston	All Other	Total District
Total Sales—					
August, 1923, compared with Aug., 1922.....	+ .8	+ 1.5	+10.1	+ 2.7	+ 3.0
August, 1923, compared with July, 1923.....	+ 8.4	- 9.9	+ 3.1	+ 8.4	+ 4.0
July 1st to date compared with same period last year	+ 1.5	+ 2.1	+ 9.8	+ .9	+ 2.8
Credit Sales—					
August, 1923, compared with Aug., 1922.....	+ 1.4	+15.1	+23.6	+12.4	+ 9.1
August, 1923, compared with July, 1923.....	+17.1	- 9.7	+ 7.4	+17.3	+11.9
July 1st to date compared with same period last year	+ 1.8	+15.8	+22.5	+ 8.9	+ 8.5
Stocks—					
August, 1923, compared with Aug., 1922.....	+15.4	+ 7.6	+ 1.0	+ 4.2	+ 8.1
August, 1923, compared with July, 1923.....	+12.6	+ 9.9	+15.9	+14.5	+13.3
Ratio of stocks to sales.....	643.9	603.2	576.3	581.6	607.3
Ratio of outstanding orders to last year's purchases.....	11.4	13.2	8.8	8.9	10.6
Ratio of August collections to Accounts Receivable, due and outstanding on Aug. 1, 1923.....	30.5	33.4	34.7	40.9	33.8

FINANCIAL

After showing a progressive reduction for four months, the volume of public spending, as measured by debits to individual accounts at the larger centers, reflected a sharp upward trend during August. This rise, which was more marked than usual, is accounted for by the fact that the early movement of the cotton crop this year brought about an early revival of

trade. The aggregate amount of checks charged to depositors' accounts was \$578,843,000 in August as compared to \$520,674,000 in July, and \$537,988,000 in August a year ago. This represents an increase of 11.2 per cent over the previous month, and 7.6 per cent over the corresponding month a year ago.

CHARGES TO DEPOSITORS' ACCOUNTS

	August, 1923	July, 1923	Inc. or Dec.	August, 1922	Inc. or Dec.
Albuquerque	\$ 9,168,000	\$ 10,261,000	-10.6	\$ 8,191,000	+11.9
Austin	14,649,000	11,956,000	+22.5	11,711,000	+25.1
Beaumont	15,660,000	16,300,000	- 3.9	13,425,000	+16.7
Dallas	139,566,000	128,462,000	+ 8.6	130,049,000	+ 7.3
El Paso	27,118,000	28,252,000	- 4.0	30,589,000	-11.4
Fort Worth	62,983,000	62,194,000	+ 1.3	87,520,000	-28.0
Galveston	96,674,000	71,839,000	+34.6	68,392,000	+41.4
Houston	113,178,000	104,581,000	+ 8.2	105,098,000	+ 7.7
San Antonio	33,202,000	27,961,000	+18.7	28,867,000	+15.0
Shreveport	31,842,000	31,047,000	+ 2.6	27,226,000	+17.0
Texarkana	8,273,000	8,445,000	- 2.0	6,526,000	+26.8
Tucson	6,439,000	6,605,000	- 2.5	6,181,000	+ 4.2
Waco	20,091,000	12,771,000	+57.3	14,213,000	+41.4
Totals, Eleventh District	\$578,843,000	\$520,674,000	+11.2	\$537,988,000	+ 7.6

Acceptance Market Reports from accepting banks of this district reflect a further increase in the volume of acceptances outstanding at the close of August, as compared to the previous month. The acceptances outstanding on August 31st amounted to \$1,579,450.91, as compared to \$1,321,257.94 on July 31st, and \$476,241.06 on August 31st last year. Acceptances executed against import and export transactions increased from \$357,436.56 on July 31st to \$379,686.56 on August 31st, and those based on the domestic shipment and storage of goods increased from \$963,821.38 on July 31st to \$1,199,764.35 on August 31st. The holdings of the Federal Reserve Bank in this type of paper dropped to \$443,894.10 on August 31st, but had risen to \$12,951,766.40 on September 15th.

Condition of Reserve City Banks A heavier demand for bank credit during August was evidenced by reports from reserve city banks, which reflected a gain of \$5,146,000 in their loans. The net demand deposits of these banks increased from \$205,480,000 on August 1st to \$208,088,000 on August 29th. A further reduction in the amount of United States securities owned was reported, being \$52,758,000 on August 29th, as compared to \$54,265,000 on August 1st. Their bills payable and rediscounts with the Federal Reserve Bank rose from \$12,218,000 on August 1st to \$16,412,000 on August 29th, but reflected a sharp reduction during the following week. The ratio of loans to net demand deposits rose one point, being 99 per cent on August 29th, as compared to 98 per cent on August 1st, and 93 per cent on August 30, 1922.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Aug. 29, 1923	Aug. 1, 1923	Aug. 30, 1922
1. Number of reporting banks.....	52	52	51
2. U. S. securities owned.....	\$ 52,758,000	\$ 54,265,000	\$48,850,000
3. All other stocks, bonds and securities owned.....	10,746,000	10,350,000	7,899,000
4. Loans secured by U. S. Government obligations.....	3,760,000	4,002,000	4,263,000
5. Loans secured by stocks and bonds other than U. S. Government obligations	51,861,000	50,470,000	42,788,000
6. All other loans.....	202,294,000	196,906,000	187,796,000
7. Net demand deposits.....	208,088,000	205,480,000	206,793,000
8. Time deposits.....	74,415,000	74,930,000	64,013,000
9. Reserve with Federal Reserve Bank.....	21,486,000	21,116,000	22,480,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	16,412,000	14,218,000	8,682,000
11. Ratio of loans (*) to net demand deposits.....	99%	98%	93%

*Loans include only items 4 and 6.

Operations of the Federal Reserve Bank Reflecting the increased demand for bank credit to complete this season's farm operations and to meet the new demands of business and industry, our loans to member banks increased rapidly during the first three weeks of the month, reaching a peak at \$49,201,891.52 on August 21st, or a gain of \$4,444,833.92 during the three weeks' period. It is to be noted that there were forty less banks owing us on August 31st than on July 31st, although

idly during the first three weeks of the month, reaching a peak at \$49,201,891.52 on August 21st, or a gain of \$4,444,833.92 during the three weeks' period. It is to be noted that there were forty less banks owing us on August 31st than on July 31st, although

our loans were approximately four and a quarter million dollars greater. This circumstance may be explained by the fact that many of the country banks were beginning to secure liquidation through the early movement of cotton even before the close of August, resulting in many lines being completely retired. This liquidation, however, had not begun to reach the larger city banks, whose lines in many cases were substantially increased to finance the marketing movement resulting in the secondary peak in our loans on September 1st at \$49,183,931.18. It is interesting to note in this connection that our loans to member banks on August 31st a year ago were only \$37,537,453.48, or approximately eleven and a quarter million dollars less than for the corresponding date this year. Of our present loans to member banks \$8,434,250.00 consists of member banks' collateral notes secured by United States Government obligations. Since the first of September, liquidation has been obtained at a rapid rate, and our loans had fallen to \$36,754,976.22 on the 15th of the month.

The total amount of bills held increased from \$46,351,465.04 on July 31st to \$49,426,171.93 on August 31st, distributed as follows:

Member banks' collateral notes secured by U. S. Government obligations.....	\$ 8,434,250.00
Rediscounts and all other loans to member banks.....	40,548,027.83
Open market purchases (Bankers' Acceptances)	443,894.10
Total bills held.....	\$49,426,171.93

Federal reserve notes in actual circulation on August 31st amounted to \$42,112,885, as compared to \$31,467,340 on July 31st, representing an increase of \$10,645,545. This substantial increase in the Federal reserve note circulation during the past month represents in the main a seasonal need for additional currency in the district in connection with the movement of commodities, and the greater amount of hand-to-hand currency needed at this season of the year. The greater amount of currency needed since August 31st is reflected in the corresponding increase in the amount of Federal reserve note circulation, which amounted to \$6,185,405 between September 1st and 15th. The reserve deposits of member banks amounted to \$46,896,005.07 on August 31st, as compared to \$44,004,063.23 on July 31st, reflecting an increase of \$2,891,941.84 during the month. These deposits were \$1,215,595 greater than on the corresponding date last year.

Discount Rates

There is presented the "high," "low," and "customary" rates charged by commercial banks in cities listed below:

AUGUST DISCOUNT RATES

	Dallas			El Paso			Ft. Worth			Houston			San Antonio			Waco		
	H	L	C	H	L	C	H	L	C	H	L	C	H	L	C	H	L	C
Prime Commercial paper:																		
Customers' 30 to 90 days.....	7	5½	6	10	6	8	6	5	6	7	5	6	8	6	7	8	6	7
Customers' 4 to 6 months.....	7	5½	6	10	8	8	6	5	6	7	5	6	8	6	7	8	6	7
Open market 30 to 90 days.....	6	5	6	5½	4	4½	5½	4½	5	5	5	5	.....	.....	.....	5½	5½	5½
Open market 4 to 6 months.....	6	5	6	10	8	8	5½	4½	5	5	5	5	.....	.....	.....	.....	.....	.....
Interbank loans.....	7	5	5½	9	6	8	7	6	6	6	5	5½	8	6	6	7	5	6
Collateral loans, demand.....	8	6	7½	10	8	8	8	6	8	7	5½	6	8	6	7	8	7	7½
Collateral loans, 3 months.....	8	6	7½	10	8	8	8	6	8	7	5	6	8	6	7	8	7	7½
Collateral loans 3 to 6 months.....	8	6	7½	10	8	8	8	6	8	7	5	6	8	6	7	8	7	7½
Cattle loans.....	8	7	7½	10	8	8	8	7	8	7	7	7	8	6	7	.....	.....	.....
Loans secured by warehouse receipts, Bs-L, etc.	8	5	6½	10	8	8	7	6	6	7	6	7	8	6	7	8	6	7½
Loans secured by government securities.....	8	4½	6½	10	8	8	8	6	6	7	5	5½	8	6	6	8	6	8

Savings Deposits After a slight decline in July, the savings deposits of reporting banks in this district which operate a savings department reflected a small gain during August. The aggregate amount of savings deposits of 118 banks on August 31st was seven-tenths of one

per cent greater than that of July 31st and 17.5 per cent greater than that of August 31, 1922. Among the larger cities of the district, Dallas, Fort Worth, Galveston, and Wichita Falls showed a loss in savings deposits as compared to the previous month.

SAVINGS DEPOSITS

	Number of Reporting Banks:	Aug. 31, 1923	Aug. 31, 1922	Inc. or Dec.	July 31, 1923	Inc. or Dec.
Beaumont	4	2,148,531	1,688,740	+27.2	2,125,632	+ 1.1
Dallas	6	10,523,306	8,074,783	+30.3	10,529,053	— .1
El Paso	5	8,305,883	6,712,604	+23.7	8,292,518	+ .2
Fort Worth	6	6,753,712	6,175,955	+ 9.4	6,778,851	— .4
Galveston	3	6,830,179	6,024,925	+13.4	6,845,409	— .2
Houston	12	18,955,168	15,768,090	+20.2	18,444,939	+ 2.8
San Antonio	6	9,527,683	8,560,012	+11.3	9,409,503	+ 1.3
Shreveport	5	9,276,410	7,907,484	+17.3	9,127,055	+ 1.6
Waco	5	2,375,149	1,752,663	+35.5	2,351,448	+ 1.0
Wichita Falls	4	2,075,591	2,480,186	—16.3	2,189,982	— 5.2
All others	62	17,957,134	15,478,994	+16.0	17,988,050	— .2
Total	118	94,728,746	80,624,436	+17.5	94,082,440	+ .7

FAILURES

A decided improvement in the commercial failure record in the Eleventh Federal Reserve District was registered during August. The number of insolvencies was the smallest of any month since July, 1922, and the volume of indebtedness was the smallest of any month since October last year. There were 68 failures in August, with liabilities amounting to \$1,020,596, as compared to 81 defaults in July

with a total indebtedness of \$2,576,000, and 85 insolvencies in August a year ago with liabilities aggregating \$5,198,294. While business has been seasonably quiet during the summer months, the early revival of trade has enabled many firms which have withstood the dull period (for the present at least) to overcome their financial difficulties.

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
April	93	8,874,897	167	3,865,301	1,520	51,491,941	2,167	73,058,637
May	78	3,779,959	84	2,175,351	1,530	41,022,277	1,960	44,402,886
June	97	1,293,018	114	2,481,679	1,358	28,678,276	1,740	38,242,450
July	81	2,576,000	64	1,230,581	1,231	35,721,188	1,753	40,010,313
August	68	1,020,596	85	5,198,294	1,319	34,334,722	1,714	40,279,718
Total, eight months.....	716	23,647,677	1,035	27,288,668	12,274	329,479,978	16,851	454,006,369

PETROLEUM

Despite the fewer completions and the lower trend of the crude oil market, the August production of crude oil in the Eleventh District reached the highest level since March, 1922. The recovery of oil during the month amounted to 14,174,705 barrels, as compared to 13,306,105 barrels during the previous month, showing a gain of 28,019 barrels in the

daily average run. The number of new completions dropped from 506 wells in July to 360 wells in August, but the new production added increased from 239,757 barrels in July to 336,266 in August, due almost entirely to the exceptionally large producers completed in the Corsicana-Powell, Hull, and Orange fields.

The month's output in Texas fields amounted to 12,040,539 barrels, as against 11,062,985 barrels in July, registering a gain of 31,534 barrels in the average daily production. Only 322 wells were completed during the month, including 219 producers, as compared to 444 completions in July, of which 295 were successful, but there was an increase of 99,269 barrels in the amount of new production added.

Due to the exceptionally large output of the Corsicana-Powell field, the production of the Central-West Texas district reflected a substantial increase over the previous month. The August yield amounted to 6,177,135 barrels as compared to 5,529,395 barrels during the previous month, representing an actual increase of 647,740 barrels. There were 118 wells completed, including 87 producers as against 131 completions in July, of which 102 were successful. The new production added rose from 193,123 barrels in July to 284,018 barrels in August. Out of the 87 producers 62 were located in the Corsicana-Powell field, and netted 282,720 barrels of the new production. The August production in this field amounted to 3,089,655 barrels, as compared to 2,029,455 barrels in July, showing an increase of 1,060,200 barrels during the month. In the other major fields of this district, drilling operations were on a greatly reduced scale, and production reflected heavy losses as compared to the previous month. Restricted activities are evident in practically all these fields.

In the North Texas district, where operations have been active for several months, there were fewer completions and a noticeable decline in monthly production during August, due to the proration of crude runs, and reduced purchases by the major pipe line companies and independent buyers. The combined production amounted to 2,366,895 barrels during August, or a decline of 117,420 barrels as compared to the July total. There were 121 completions in Au-

gust as compared to 205 for the previous month. The new production added during the month amounted to 9,717 barrels, the bulk of which was obtained from the Archer County field, which has been least affected by the curtailment program.

The production of the Texas Coastal fields, augmented by the large initial yield obtained from the Orange and Hull fields, increased from 2,669,215 barrels in July to 2,914,980 barrels in August, or a gain of 7,928 barrels in the daily average run. There were 62 completions in August, including 44 producers yielding an initial flow of 37,101 barrels as compared to 32 completions in July, of which 27 were producers with a flush production of 25,830 barrels.

The miscellaneous fields registered a noticeable gain in production during August, due chiefly to the development in the Luling field.

The Louisiana fields continue very quiet. There were 38 completions, only eleven of which were successful, yielding an initial output of 765 barrels. The month's production declined 108,954 barrels, being 2,134,166 in August as compared to 2,243,120 in July.

Crude Oil Prices Lower The crude oil market continued to sag during the past month, and in many fields reached the lowest level since the summer of 1921. The Texas Coastal oil was reduced from \$1.25 per barrel to \$1.00 per barrel. The posted prices for North Texas oil dropped from \$2.20 per barrel to \$1.80 per barrel. The independent buyers, however, are paying even lower prices for their purchases. The posted price at Louisiana fields has been reduced 20 cents per barrel.

OIL PRODUCTION

Field—	August		July		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Avg.
North Texas.....	2,366,895	76,351	2,484,315	80,139	Dec. 117,420	Dec. 3,788
Central-West Texas.....	6,177,135	199,262	5,529,395	178,367	Inc. 647,740	Inc. 20,895
Texas Coastal.....	2,914,980	94,032	2,669,215	86,104	Inc. 245,765	Inc. 7,928
Miscellaneous fields.....	581,529	18,759	380,060	12,260	Inc. 201,469	Inc. 6,499
Totals, Texas.....	12,040,539	388,404	11,062,985	356,870	Inc. 977,554	Inc. 31,534
North Louisiana.....	2,134,166	68,844	2,243,120	72,359	Dec. 108,954	Dec. 3,515
Totals, 11th District.....	14,174,705	457,248	13,306,105	429,229	Inc. 868,000	Inc. 28,019

AUGUST DRILLING RESULTS

Field—	Completions	Producers	Failures	Initial Production
North Texas.....	121	73	48	9,717
Central-West Texas.....	118	87	31	284,018
Texas Coastal.....	62	44	18	37,101
Miscellaneous fields.....	13	13	—	4,330
Texas Wildcats.....	8	2	6	335
Totals, Texas.....	322	219	103	335,501
North Louisiana.....	38	11	16	765
August totals, District.....	360	230	119	336,266
July totals, District.....	506	338	168	239,757

CRUDE OIL PRICES

Texas—	Sept. 15, 1923	Sept. 16, 1922	Louisiana—	Sept. 15, 1923	Sept. 16, 1922
Corsicana light.....	\$1.00	\$1.00	Caddo (38 gravity and above).....	\$1.25	\$1.25
Corsicana heavy.....	.50	.65	Bull Bayou (38 gravity and above).....	1.15	1.15
Texas Coastal.....	1.00	1.25	Homer (35 gravity and above).....	1.45	1.25
Mexia.....	1.00	1.25	Haynesville (33 gravity and above).....	1.10	1.10
Currie.....	1.00	1.50	De Soto Crude.....	1.25	1.25
North Texas (41 gravity and above)....	1.80	*			

(*) 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 Sept. 16, 1922, was selling for \$2.00 per barrel.

LUMBER

The production rate of Eleventh District pine mills reflected a slight decline during August, being three per cent below normal as compared to normal in July. Shipments, which were practically on a par with production in July, dropped to five per cent below production during August. On the other hand, the new orders received at the mills were in a larger volume than during the previous month, being equivalent to 95 per cent of normal production, as compared to 90 per cent in July. The unfilled orders on the books of 43 mills on August 31st amounted to 51,319,770 feet, as compared to 47,082,342 feet on the books of 41 mills at the close of business July 31st. Stock on hand at the mills August 31st were

24 per cent below normal, as compared to 20 per cent on July 31st.

AUGUST PINE MILL STATISTICS

Number of reporting mills.....	43
Production.....	96,502,107 feet
Shipments.....	91,652,290 feet
Orders.....	94,157,260 feet
Unfilled orders, August 31st....	51,319,770 feet
Normal production.....	99,563,263 feet
Stocks, August 31st.....	219,707,401 feet
Normal stocks.....	289,848,945 feet
Shipments below production.....	4,849,817 feet= 5%
Actual production below normal	3,061,156 feet= 3%
Orders below normal production	5,406,003 feet= 5%
Stock below normal.....	70,141,544 feet=24%

BUILDING

Although building operations dropped off to some extent during June and July, the month of August gave evidence of renewed activity. The valuation of permits issued at the eleven principal cities of this district during August amounted to \$6,558,106, as compared to \$5,029,604 in July, and \$5,266,255 in August, 1922. While building operations have receded somewhat from the high mark reached in the

spring, they are being continued on a large scale. This is evidenced by the fact that the valuation of permits for the first eight months of the year was 27.7 per cent greater than during the corresponding period of 1922. The comparison is more striking when it is recalled that 1922 was the greatest building year in the history of this district.

BUILDING PERMITS

	August, 1923		July, 1923		Inc. or Dec.	August, 1922		Inc. or Dec.	First Eight Months				Inc. or Dec.
	No.	Valuation	No.	Valuation		1923			1922				
						No.	Valuation		No.	Valuation			
Austin.....	34	50,354	53	75,476	- 33.3	24	37,580	+ 34.0	435	1,258,710	243	449,622	+ 179.9
Beaumont.....	223	226,991	243	351,122	- 35.4	109	93,500	+ 142.8	1,324	1,895,200	850	1,074,887	+ 76.3
Dallas.....	419	1,810,082	370	1,761,603	+ 2.8	451	1,687,732	+ 7.2	3,377	15,660,562	3,133	12,846,580	+ 21.9
El Paso.....	63	357,998	89	87,715	+ 308.1	89	250,855	+ 42.7	724	1,739,063	823	2,500,316	- 30.4
Fort Worth.....	195	389,952	232	567,454	- 31.3	268	801,330	- 51.3	2,161	5,682,754	1,732	4,745,205	+ 19.8
Galveston.....	346	38,646	395	110,488	- 65.0	306	102,049	- 62.1	2,643	1,073,758	2,771	1,710,639	- 37.2
Houston.....	535	1,129,908	591	748,609	+ 50.9	592	886,114	+ 27.5	4,193	13,723,150	4,654	9,994,810	+ 37.3
Port Arthur.....	249	281,685	156	193,380	+ 45.7	98	111,701	+ 152.2	1,488	2,207,242	800	813,094	+ 171.5
San Antonio.....	263	632,265	308	659,762	- 4.2	446	608,548	+ 3.9	2,568	6,288,356	2,961	4,980,526	+ 26.3
Shreveport.....	269	1,574,677	255	406,600	+ 287.3	249	542,496	+ 190.3	2,272	6,661,246	1,925	3,918,624	+ 70.0
Waco.....	41	65,548	32	67,395	- 2.7	41	144,350	- 54.6	355	883,827	345	1,625,640	- 48.4
Total.....	2,637	6,558,106	2,724	5,029,604	+ 30.4	2,673	5,266,255	+ 24.5	21,540	57,028,868	20,237	44,659,943	+ 27.7

CEMENT

The August production of portland cement in this district reflected a slight decline from the previous month, but a gain as compared to the corresponding month last year. The total amount of cement produced during August was 385,000 barrels as against 397,000 barrels in July and 364,000 barrels in August, 1922. The output for the first eight months

of this year was 28.4 per cent greater than for the same period of 1922.

Shipments from the mills during August amounted to 413,000 barrels, a slight gain over the previous month. The volume of shipments again exceeded production, causing a sharp decline in the stocks on hand at the close of the month.

PRODUCTION, SHIPMENTS AND STOCKS OF PORTLAND CEMENT
(Barrels)

	August 1923	August 1922	Inc. or Dec.	July 1923	Inc. or Dec.	Eight Months		Inc. or Dec.
						1923	1922	
Production of Texas mills.....	385,000	364,000	+ 5.8	397,000	- 3.0	2,901,000	2,260,000	+ 28.4
Shipments from Texas mills.....	413,000	420,000	- 1.7	411,000	+ .5	2,938,000	2,437,000	+ 20.6
Stocks at the end of the month at Texas mills.....	159,000	117,000	+ 35.9	187,000	- 15.0			

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board as of September 25, 1923.)

The volume of merchandise distributed during August, as indicated by railway traffic and wholesale and retail trade, was large. Production of certain basic commodities and industrial employment showed further slight decreases.

PRODUCTION

The Federal Reserve Board's index of production in basic industries declined 2 per cent during August, and was at the lowest point for this year. The August output, however, was 27 per cent larger than a year ago, and in every month this year has been at a higher level than in any month of the previous five years. Lower production index in August reflected reduced output, after a correction for the usual seasonal trend, of pig iron, woolen goods, flour, and cement. Cotton consumption, sugar meltings, lumber cut, and bituminous coal production increased. The number and value of new building projects as measured by permits granted in 168 leading cities, increased during August, but actual contract awards were smaller than in July.

Employment at industrial establishments throughout the United States was slightly smaller in August, while average weekly earnings advanced about 16 per cent. Increases in wages amounting to 10 per cent were granted to anthracite coal miners, readjustment of wages and hours in the steel industry continued, but wage advances during August were fewer than in any month since last winter.

The principal changes in crop estimates shown by the September 1st forecast of the Department of Agriculture were a large reduction in the expected cotton crop, slight decreases in the probable yield of wheat, barley, and oats, and increases of yields of corn, tobacco, and potatoes.

TRADE

Railroad freight shipments were larger in August than in any previous month on record. This was due to seasonal increase in shipments of coal, miscellaneous merchandise, and agricultural products. Wholesale trade, according to the index of the Federal Reserve Board, increased 12 per cent in August, which is more than the usual seasonal increase and sales were the largest of any month in three years.

Sales of clothing, dry goods, and shoes showed substantial gains as compared with July and were larger than a year ago. Retail trade also increased in August and sales of all reporting lines were larger

than in August, 1922. Department store sales in all sections of the country averaged 12 per cent above last year's level.

PRICES

The general level of wholesale prices according to the index of the Bureau of Labor Statistics remained relatively constant in August, the change for the month being a reduction of less than one-fifth of one per cent, compared with declines of about 2 per cent in each of the three preceding months. Prices of building materials, house furnishings, and fuel were materially reduced, while prices of farm products and foods increased. Prices of certain raw materials, particularly cotton and silk, advanced substantially during September, while prices of petroleum and copper declined.

BANK CREDIT

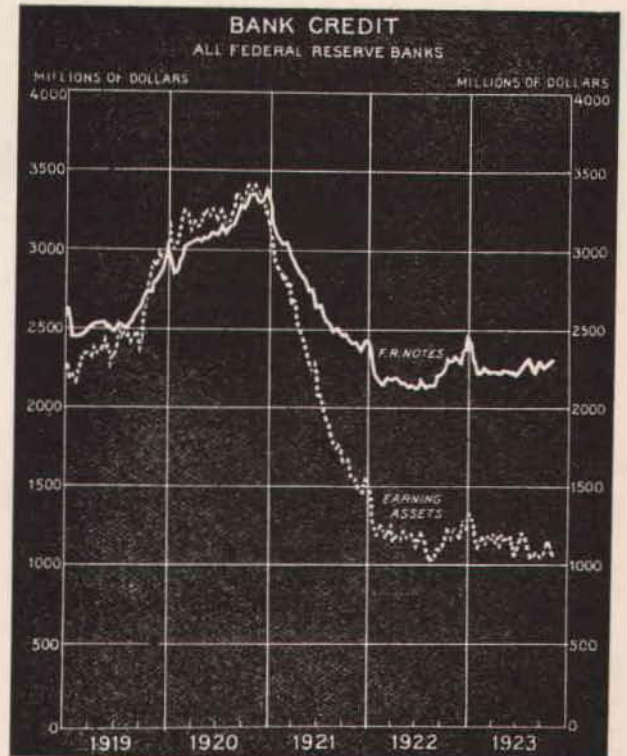
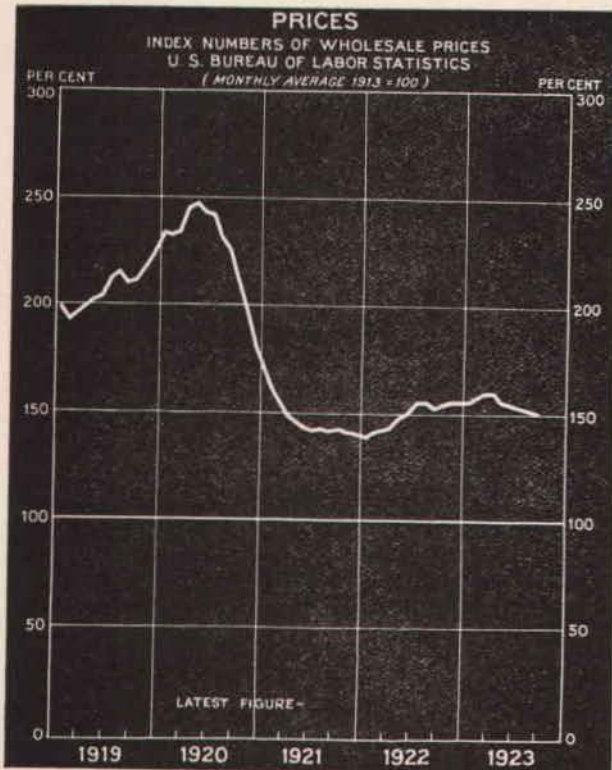
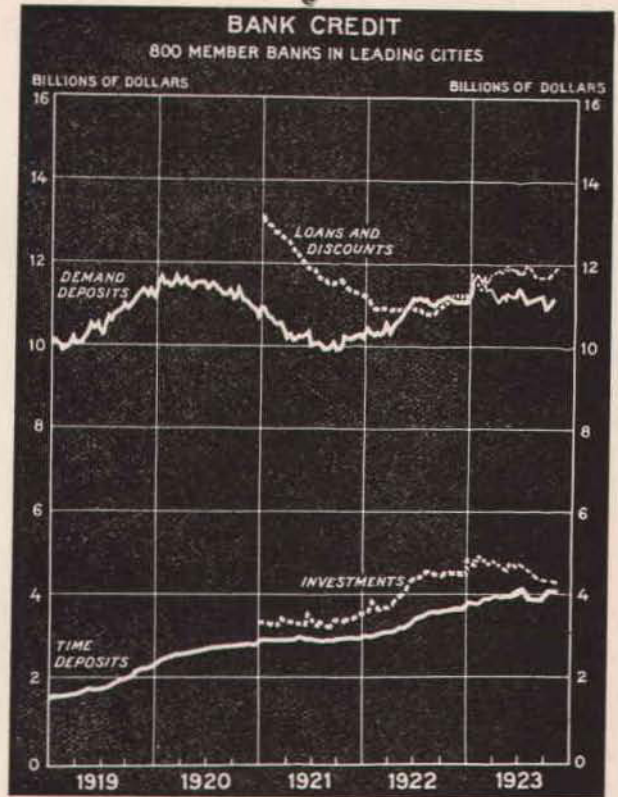
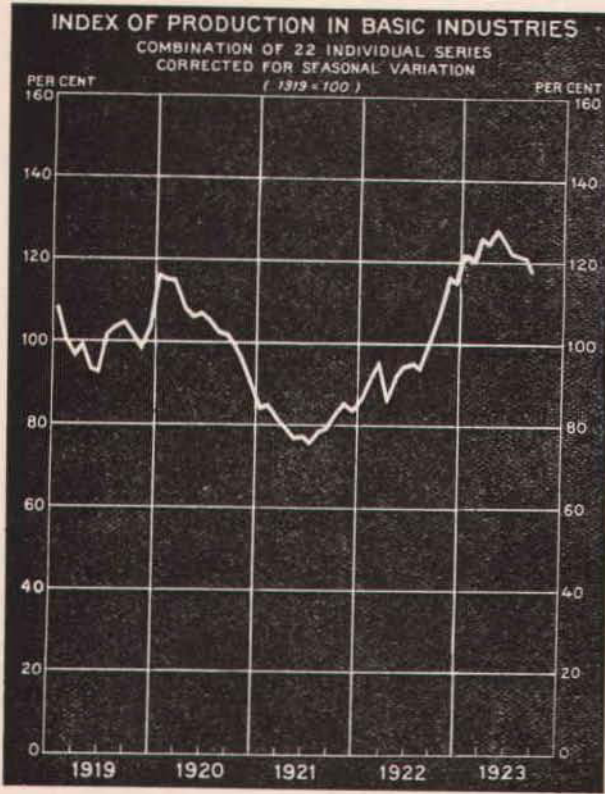
After a decline during July and the first part of August, the volume of bank credit in use showed a seasonal increase during the last week of August and the first two weeks of September. Total loans and demand deposits of member banks in principal cities increased during recent weeks, reversing the trend of the preceding two months. Loans chiefly for commercial and agricultural purposes increased by \$122,000,000 and reached a high point for the year. Investment holdings of these banks, on the contrary, continued to decline and on September 12th were lower than at any time since the middle of October last year.

Between August 22nd and September 19th the amount of accommodation extended to member banks by Federal reserve banks in industrial districts declined, while in agricultural districts the seasonal demand for credit and currency resulted in a considerable growth of reserve bank credit in use.

The demand for currency arising out of crop moving and fall trade has been reflected in an increase of \$82,000,000 in money in circulation between August 1st and September 1st. Of this amount about \$44,000,000 represents an increase in Federal reserve note circulation.

Money rates were firmer during the first two weeks of September, but eased somewhat after the 15th partly because Government disbursements were temporarily in excess of tax collections.

The Treasury issued on September 15th \$200,000,000 of six months certificates bearing $4\frac{1}{4}$ per cent interest, compared with 4 per cent borne by six months certificates issued in June.



Note: Base Adopted by United States Bureau of Labor Statistics

ELEVENTH FEDERAL RESERVE DISTRICT

