

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 15 cities).....	\$538,029,000	\$523,450,000	Inc.	2.8%
Department store sales.....			Dec.	2.6%
Reserve Bank loans to member banks at end of month.....	\$ 22,705,765	\$ 21,661,506	Inc.	4.8%
Reserve Bank ratio at end of month.....	52.0%	49.9%	Inc.	2.1 points
Building permit valuations at larger centers.....	\$ 6,980,588	\$ 7,491,347	Dec.	6.8%
Commercial failures (number).....	52	40	Inc.	30.0%
Commercial failures (liabilities).....	\$ 938,431	\$ 242,424	Inc.	287.1%
Oil production (barrels).....	13,903,398	13,646,130	Inc.	1.9%
Lumber orders at pine mills (per cent of normal production)	100%	103%	Dec.	3.0 points

A steady growth in the volume of wholesale distribution and reports of expansion in the demand for merchandise at retail in the rural districts, together with the seasonal gains in the district's industrial activity, were the outstanding developments in the Eleventh Federal Reserve District during the past month. While the department store trade was quiet during August, this feature of the situation was a natural seasonal development. The volume of charges to depositors' accounts reflected a further increase in August.

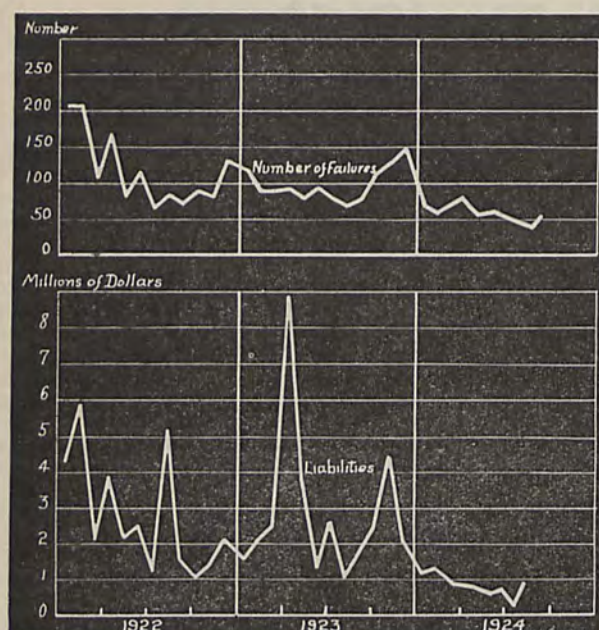
Despite the sharp deterioration of the cotton crop during the past month, the September 16th condition figure of 52 per cent of normal as estimated by the Department of Agriculture indicates a yield of 4,237,000 bales for the state of Texas, which is practically the same as the 1923 production. While it is true that the severe drouth reduced the yield in many sections, the excellent season at the time the crop was started and the absence of serious damage

from weevil and other insect infestation, together with the increased acreage, made possible the large production this year.

However, offsetting to some extent the favorable factors of a large cotton crop and the general activity of business, there has been a sharp decline in the cotton market which has greatly curtailed the prospective purchasing power of the farmer, particularly in view of the heavy expense incident to the making and harvesting of this year's crop, and the generally poor yield of feed crops. Recent reports received by this bank indicate that the feed supply in a majority of the cotton growing counties will not be sufficient to meet the needs of the farmers until another crop is harvested. The existence of this condition means that a large number of farmers will be forced to use a portion of the profits from this year's cotton crop to buy feed with which to make the 1925 cotton crop.

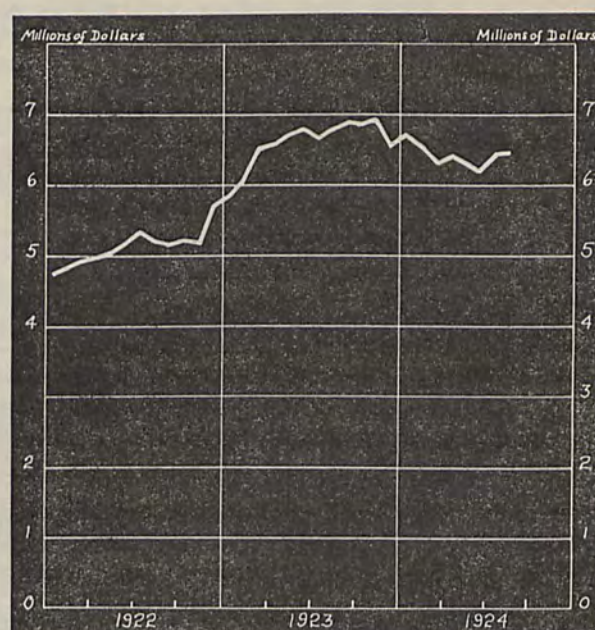
The demand for credit continued relatively light.

COMMERCIAL FAILURES



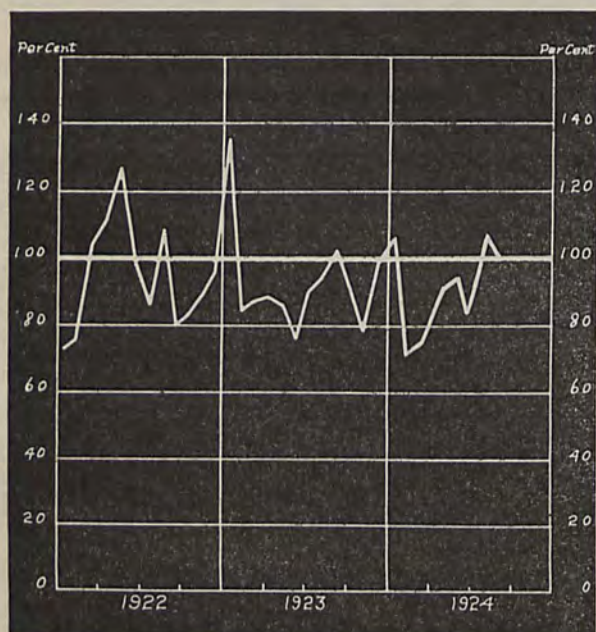
Monthly fluctuations in the number and amount of liabilities of commercial failures in the Eleventh Federal Reserve District.

BUILDING PERMIT VALUATIONS



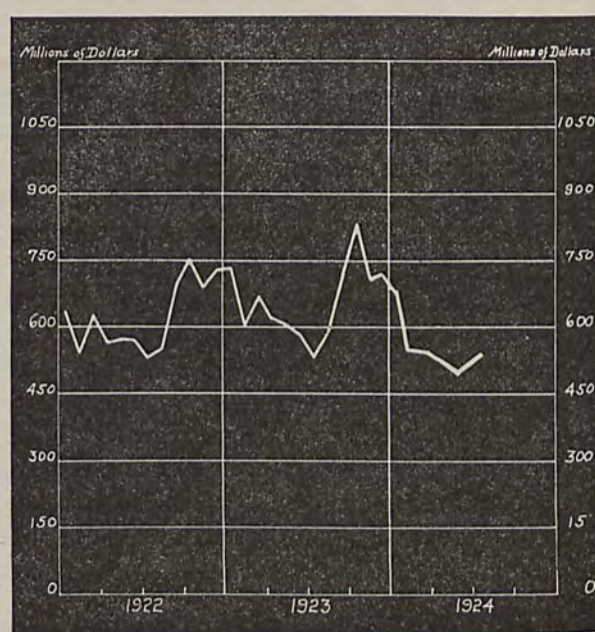
Moving average of building permit valuations at eleven cities in Eleventh Federal Reserve District.

LUMBER ORDERS AT PINE MILLS



Monthly fluctuations of lumber orders at pine mills in Eleventh Federal Reserve District. Normal production=100 per cent.

DEBITS TO INDIVIDUAL ACCOUNTS



Monthly fluctuations in debits to individual accounts at fifteen cities in the Eleventh Federal Reserve District.

Federal Reserve Bank loans to member banks reflected a slight increase during August, reaching a peak at approximately \$23,000,000 on August 28th. The rapid marketing of the district's cotton crop has resulted in heavy liquidations at commercial banks and reports are to the effect that many loans are being paid off prior to maturity. The commercial banks in turn have been reducing or completely retiring their lines with the Federal Reserve Bank. On September 19th loans to member banks stood at approximately \$14,600,000, or \$8,400,000 less than the high point reached in August.

The district's failure statistics for August disclosed an increase in both the number of defaults and the volume of indebtedness involved, but a substantial improvement is shown when compared with statistics for the corresponding month of previous years.

The volume of new building projects launched in

August reflected a slight decline from the previous month, but building activity is being maintained at a relatively high level, as shown by the fact that the estimated valuation of permits issued in August was in excess of those issued in the same month last year. The production, shipments, and orders of Eleventh District pine mills have also shown a further increase during the month.

A further improvement was noted in the district's employment situation, due to the renewed activity in a large number of the principal industries. While the unsatisfactory conditions prevailing in the textile industry has decreased the number employed in the cotton mills, these workers have been largely absorbed by other industries. The heavy demand for cotton pickers has created a shortage of unskilled labor. In fact, reports from many sections of the cotton growing territory indicate that the demand for cotton pickers greatly exceeds the supply.

CROP CONDITIONS

Most of the growing crops suffered severe injury during August as a result of the extremely high temperatures and the continuance of drouthy conditions in most sections of Texas. However, during the second week in September the drouth which had existed in many sections since June was effectively forecasted a yield of 4,237,000 bales for the state. These rains have revived the growing crops and have left the soil in good condition for fall plowing and for the sowing of wheat and other grain crops.

The September 16th report of the Department of Agriculture showed that the condition of the Texas cotton crop on that date was 52 per cent of normal, which represents a deterioration of 14 points since August 1st. On the basis of this estimate there is forecasted a yield of 4,237,000 bales for the state. Although the condition of the plant is irregular in practically every section of the state, reports indicate that in the east and northeast portions the crop is the shortest in several years. The prolonged drouth not only checked the growth and fruiting of the plant, but caused considerable shedding and premature opening of the bolls. However, fewer weevils are in evidence than at this time last year, and the damage from leaf worms has not been so general. In fact the damage from weevil activity has been generally slight except in the southern portion of the state.

While the recent rains have checked the rapid opening of the unmaturing bolls and will cause them

to mature more normally, the benefits derived in this respect have been offset to some extent by the injury to the staple. Not only has there been a considerable amount of cotton wasted but the grade of the cotton open in the fields has been considerably lowered, with the result that the returns received by the farmers will be materially reduced. Furthermore, the dampness and humidity following the general rains will bring about conditions favorable to insects, principally the leaf and boll worms.

Cotton picking is now in full swing in all sections of the state except the northwest, and first bales are being reported from that section. The Bureau of Census reported that 630,842 bales had been ginned in Texas prior to September 1st, as compared to 1,089,530 bales ginned prior to that date in 1923. The smaller ginnings are accounted for largely by the fact that this year's crop is some two weeks later than the 1923 crop. Furthermore, ginnings prior to September 1st last year were the largest on record.

Timely rains in the principal grain sorghum counties improved the condition of this crop to such an extent that it was better on September 1st than on August 1st. Furthermore, its condition was considerably better than on the same date in 1923. On the basis of the September 1st estimate the forecasted yield for Texas is 54,555,000 bushels, as compared to a yield of 41,602,000 in 1923. This year's yield of grain sorghums in New Mexico is estimated at

4,772,000 bushels as against 3,690,000 bushels last year.

The corn crop suffered a further deterioration during the past month and is poorer than in any year since 1917-18. The condition of the Texas crop dropped to 56 per cent and indicates a total yield of 79,232,000 bushels, which is by far the lowest production in recent years. Conditions are very irregular throughout the state, some fields being good while others are not worth the labor of harvesting. Although the southern portion of the state has a fairly good crop there are many localities where the yield will be small. In east and northeast Texas a larger portion of the crop has been an almost complete failure.

The poor corn crop, together with the reduced yield of hay crops, places a serious aspect upon the outlook for feed with which to make the 1925 cotton crop. Returns from a questionnaire sent out by this bank on September 13th regarding the district's feed supply indicate that but very few counties will have a surplus of feed and that the larger portion of the counties in the cotton-growing territory do not have a sufficient supply to meet their needs for another year. The reports state that the shortage is due in part to the unfavorable weather conditions and in part to the inadequate feed acreage. In the face of this situation it seems certain that the returns from this year's cotton crop will be materially reduced by reason of the fact that large expenditures for feed will be necessary before another crop is harvested. This condition is intensified by the reduced yield of corn in the United States as a whole, which would seem to indicate that it will be necessary for the farmers to purchase their feed supply at greatly enhanced prices.

In northern Louisiana the protracted drouth has caused a heavy deterioration in the cotton crop and has had a disastrous effect upon the corn crop. Reports indicate that very little corn will be raised. While the feed crops in southeastern Oklahoma have suffered from the effects of dry weather, indications point toward a substantially greater yield than a year ago. The dry weather has also caused some deterioration in the cotton crop. Despite considerable shedding, however, reports are to the effect that enough bolls remain to produce a good crop of cotton.

Timely rains in New Mexico have greatly benefited the growing crops. A substantial improvement was noted during the past month and crops are now maturing fast. The forecasted yields of practically all crops greatly exceed the 1923 production.

Cotton Movements

Receipts and exports of cotton during August were on a smaller scale than a year ago, due principally to the smaller volume of cotton from the new crop moving to market. The August receipts at Galveston totalled 137,377 bales as compared to 223,866 bales in August last year. The month's exports through the port of Galveston amounted to 54,547 bales as against 87,093 bales during the corresponding month of 1923. There were 65,205 bales exported from Houston in August this year as compared to 67,060 bales during August last year. Stocks on hand August 30th at both Houston and Galveston were considerably less than on the corresponding date of 1923.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	August 1924	August 1923	Aug. 1st to Aug. 30th	
			This Season	Last Season
Net receipts.....	137,377	223,866	137,377	223,866
Exports	54,547	87,093	54,547	87,093
Stocks, Aug. 30th..			124,784	155,444

GALVESTON STOCK STATEMENT

	August	
	30, 1924	30, 1923
For Great Britain.....	13,804	22,313
For France	16,300	23,412
For other foreign ports.....	28,739	51,688
For coastwise ports.....	7,000	18,000
In compresses	58,941	40,031
Total	124,784	155,444

HOUSTON COTTON MOVEMENTS

	August 1924	August 1923	Aug. 1st to Aug. 30th	
			This Season	Last Season
Receipts—gross ...	206,477	311,047	206,477	311,047
Receipts—net	110,674	189,923	110,674	189,923
Exports	65,205	67,060	65,205	67,060
Stocks, Aug. 30th..			62,656	118,778

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

	This Season	Last Season
Receipts since Aug. 1st.....	248,272	330,205
Exports: Great Britain	52,903	57,591
France	27,620	41,337
Continent	50,578	103,769
Japan-China	3,800	4,078
Mexico	100	
Total foreign ports	135,001	206,775
Stocks at all U. S. ports, Aug. 30th.....	292,674	270,034

SPOT COTTON PRICES (Middling Basis)

	August, 1924		Sept. 15, 1924
	High	Low	
New York	31.50	25.90	22.35
New Orleans	28.88	24.25	21.10
Dallas	29.60	23.60	20.35
Houston	29.85	24.50	21.30
Galveston	30.35	24.90	21.40

Cotton Consumption After reaching the low point of the year in July, a slight increase in the consumption of cotton was registered during August. The month's consumption amounted to 357,455 bales as against 346,671 bales during the previous month, and 492,483 bales in the corresponding month a year ago.

COTTON CONSUMED AND ON HAND

	Cotton Growing States		United States	
	August 1924	August 1923	August 1924	August 1923
Cotton consumed.....	247,766	329,009	357,455	492,483
Cotton on hand at end of August:				
(a) in consuming establishments.....	226,410	339,066	552,669	810,511
(b) in public storage and compresses.....	713,960	1,025,347	810,913	1,172,287

COTTONSEED PRODUCTS

There was a general resumption of activity among Eleventh District cottonseed oil mills during August, coincident with the beginning of the movement of the new seed crop. Reports received from 116 mills located in this district showed that they sold 8,480,209 pounds of crude oil at an average price of \$.0986 per pound (f. o. b. mill), which is practically the same price received for the crude oil shipped during July. These mills shipped 12,343 tons of cake and meal, and 6,936 tons of hulls. The average price received for the cake and meal was

\$38.47, while hulls brought \$11.67 per ton. There were 2,476,915 pounds of linters sold at an average price of \$.0531 per pound.

COTTONSEED PRODUCTS SHIPPED DURING AUGUST, AND AVERAGE PRICE RECEIVED

	Shipped	Average Price F. O. B. Mill
Crude oil	8,480,209 lbs.	\$.0986 per lb.
Cake and meal.....	12,343 tons	38.47 per ton
Hulls	6,936 tons	11.67 per ton
Linters	2,476,915 lbs.	.0531 per lb.

STATISTICS OF COTTONSEED AND COTTONSEED PRODUCTS

	TEXAS		UNITED STATES	
	August 1924	August 1923	August 1924	August 1923
Cottonseed received at mills (tons).....	102,000	162,000	135,000	165,000
Cottonseed crushed (tons).....	42,000	54,000	64,000	55,000
Cottonseed on hand (tons).....	71,000	116,000	93,000	123,000
Crude oil produced (pounds).....	11,343,000	14,917,768	17,922,000	15,182,320
Cake and meal produced (tons).....	20,000	25,588	30,000	26,003
Hulls produced (tons).....	12,000	16,476	18,000	16,747
Linters produced (500-lb. bales).....	8,000	9,876	12,000	10,029
Stocks on Hand August 31st—				
Crude oil (pounds).....	2,361,000	3,820,310	4,179,000	4,188,903
Cake and meal (tons).....	6,000	6,018	23,000	26,881
Hulls (tons).....	11,000	7,976	26,000	12,495
Linters (500-lb. bales).....	8,000	7,185	40,000	22,463

LIVESTOCK

Due to the extremely hot, dry weather prevailing during August, Texas ranges deteriorated greatly except in the northwest and in favored localities elsewhere. According to the report of the Department of Agriculture there was a further decline during

the month of 5 points in range conditions, the September 1st condition figure being 76 per cent of normal as against 81 per cent on August 1st and 78 per cent on September 1, 1923. The condition of cattle fell 6 points during August this year as against

4 points last year. While reports indicate that the older animals withstood the adverse conditions fairly well, the younger stock felt the full effects of the drouthy conditions.

The recent rains, however, which were general over the state, have greatly improved the grass and will insure grazing during the fall and winter months. This improvement in the ranges will be of considerable aid in the conditioning of livestock for the fall market.

Moderate to heavy rains in most sections of Arizona and New Mexico during August were beneficial to ranges and livestock, but more precipitation is needed as the ranges are beginning to brown. Although ranges and livestock are mostly in fair to good condition in most sections, reports from New Mexico indicate that conditions are still acute around Carlsbad and Roswell, and also in southeast New Mexico where cattle are being moved out. In these latter sections there has been a serious deficiency in rainfall.

The fall shearing of sheep and goats is well under way in many places. Growers report that the wool and mohair from the fall clip is of a fine grade and that the staple is long. Early sales of wool and mohair indicate that the fall market will be well in line with prices paid in the spring.

Movements and Prices While the August receipts of cattle were less than in either the previous month or the corresponding month last year, the movement to market continued heavy. The supply of calves offered was heavier than that during any month this year, but was well below the receipts during August last year. Hog receipts showed a considerable decline from August a year ago and were smaller than the receipts during any previous month of the year. On the other hand, the receipts of sheep reflected a substantial gain both as compared to the previous month and the corresponding month of last year.

Although there were some downward revisions in livestock prices under the pressure of heavy receipts, market conditions were fairly satisfactory. The top price of beef steers during August was \$7.75 as against \$8.25 in July, but the market at the close of the month was well in line with the close of the previous month. There was a strong demand for light calves and the market ranged up to \$7.50, but the outlet for heavy calves was narrow and the best of this class generally sold at \$5.00 to \$5.50.

Hogs were generally in good demand. A top price of \$10.30 was paid at the peak period but at the close of the month the best were going at \$9.50 to \$9.60.

Sheep and lamb prices worked upward during the first three weeks of August, reaching a top of \$8.30 on wethers and \$12.50 on lambs, but on the reaction during the closing week the best wethers were selling for \$7.00 to \$7.25 and \$12.00 was the highest price being paid for genuine lambs.

FORT WORTH LIVESTOCK RECEIPTS

	August 1924	July 1924	Loss or Gain	August 1923	Loss or Gain
Cattle	99,749	102,396	L 2,647	115,536	L 15,787
Calves	36,568	30,418	G 6,168	48,460	L 11,892
Hogs	20,301	24,321	L 4,020	26,960	L 6,659
Sheep	29,789	21,492	G 8,297	25,943	G 3,846

COMPARATIVE TOP LIVESTOCK PRICES

	August 1924	July 1924	August 1923
Beef steers	\$ 7.75	\$ 8.25	\$ 9.00
Stocker steers	5.00	5.50	6.55
Butcher cows	4.75	4.40	5.00
Stocker cows	3.50	3.50	3.50
Calves	7.50	8.00	7.60
Hogs	10.30	10.75	9.05
Sheep	8.30	7.75	8.35
Lambs	12.50	12.25	12.50

TEXTILE MILLING

A lack of demand for goods is still a dominant feature of conditions in the textile industry. However, there are some indications of improvement. Stocks have been reduced to lower levels and orders are becoming more numerous. The recent decline in the raw cotton market has had an unsettling effect upon the cotton goods market. The August production of reporting mills amounted to 953,534 pounds as compared to 988,445 pounds in July and 1,234,958

pounds in August a year ago. These mills consumed 1,932 bales of cotton during August as compared to 2,261 during July, and 2,614 during August a year ago. The spindles active during the month numbered 67,140 as against 78,660 in July and 74,288 in August, 1923. Some of the mills were reported closed during the past month, while other were running on a part time schedule.

TEXTILE MILLING STATISTICS

	August 1924	July 1924	August 1923
Number bales cotton consumed.....	1,932	2,261	2,614
Number spindles active.....	67,140	78,660	74,288
Number pounds cloth produced.....	953,534	988,445	1,234,958

WHOLESALE TRADE

An active demand for merchandise in the wholesale channels of distribution was the characteristic feature of trade conditions during the past month. The buying movement which began early in August gathered strength with the closer approach of the fall season and as the movement of cotton to market became more general. Reports regarding the early September business indicate that the buying demand is steadily improving and that the dealers generally are expecting good business to continue during the fall months. Trade in the rural sections has reflected a marked improvement over the summer inactivity since the returns from the marketing of the cotton crop have become available. High prices are being paid for the gathering of the crop, and the laborers are spending these returns freely. An adverse factor, however, has been the downward trend in the cotton market, which in turn has reduced the purchasing power of the farmers. Furthermore, the poor yields in some sections have restricted buying.

The merchants generally are operating on a very cautious basis, but the strong demand early in the season has necessitated heavy buying at wholesale. While orders represent largely immediate or nearby needs, some buying for forward delivery has been noted.

Although collections were somewhat slow during August, a material improvement has taken place since the first of the month. Retail collections in the rural sections have been showing a steady gain, and in turn this improvement has benefited the jobbers.

Dry Goods

A broad seasonal demand characterized the wholesale dry goods trade during the past month. The fall

buying season, which was featured at practically all of the distributing centers during the first half of August, was well patronized and resulted in an unusually large distribution of merchandise. The August sales of twelve wholesale dry goods firms showed a gain of 79.6 per cent over the previous

month, and were 14.7 per cent in excess of sales during the corresponding month of 1923. Retail buyers from all sections of the district who visited the markets were optimistic over the outlook for fall trade. Many of them reported that the early fall business was proving to be better than was generally expected.

The unfavorable crop conditions which prevailed during the past season greatly restricted buying in the rural sections. However, when the movement of cotton began, there was an active demand for merchandise. Furthermore, the laborers are receiving high wages for gathering the crop, and reports indicate that they are buying heavily. These factors in turn have stimulated buying in wholesale channels. The retailers are not only buying heavily for immediate shipment, but are beginning to place some orders for forward delivery. However, the wholesalers are watching carefully the purchases of their customers in order to prevent them from overbuying.

Groceries

A further substantial improvement in the demand for groceries during August was reflected in the reports received from ten wholesale firms. Sales were not only 14.7 per cent greater than July sales, but were 9.4 per cent greater than August, 1923, sales. The rapid movement of the cotton crop and the high prices being paid the laborers for gathering the crop have been large factors in the increased buying of groceries. While dealers are optimistic over the outlook for an active buying season, they state that the demand in those sections where the drouth has been most severe will soon be materially reduced. Prices continued firm during the month with increases being noted on some items. Collections have shown some improvement.

Hardware.

The wholesale hardware trade evidenced an active demand during the past month, when sales were not only 15.7 per cent greater than sales during the previous month, but were 1.6 per cent in excess of sales during the corresponding month of 1923. Although city sales were rather slow, buying in agricultural sections has shown a steady gain. Some dealers are beginning to anticipate to a small extent their future requirements, but the majority of them are buying to cover only their immediate needs. Prices on many staple commodities have shown a tendency to decline. Collections are reported to be some better than a month ago.

Farm Implements The distribution of farm implements continued on a moderate scale during the past month, but large sales were not expected at this time. Reports, however, indicate that a substantial improvement in business has taken place since the first of September. The August sales of reporting firms were 1.6 per cent greater than July sales, and were 33.6 per cent in excess of sales during August a year ago. The fact that sales are being maintained at a point substantially above those of a year ago augurs well for good business during the fall and winter months. However, it should be remembered that while the implement trade has made large gains during the past two years, sales have not as yet reached a normal volume.

Drugs The August sales of seven reporting drug firms reflected a further slight increase of 2.0 per cent as compared to sales during the previous month, but a decline of two-tenths of one per cent as compared to sales during the corresponding month of 1923. While trade was somewhat slow during August, reports indicate that the buying demand has shown some improvement during September. Purchases, however, are being made largely for present needs. Although August collections were reported to be somewhat slow, payments during the early days of September were generally satisfactory.

CONDITION OF WHOLESALE TRADE DURING AUGUST, 1924
Percentage of Increase or Decrease in

	Net Sales August, 1924 Compared With		Net Sales July 1st to Date Compared With Same Period Last Year	Stocks August, 1924 Compared With	
	August 1923	July 1924		August 1923	July 1924
Groceries	+ 9.4	+14.7	+11.9	+ 6.7	+ 8.3
Dry Goods.....	+14.7	+79.6	+ 9.5	- 1.9	-11.5
Farm Implements.....	+33.6	+ 1.6	+23.9	+13.2	- 1.9
Drugs	- .2	+ 2.0	+ 5.3	+ 4.8	+ 1.8
Hardware	+ 1.6	+15.7	+ 7.3	-10.6	- 3.4

RETAIL TRADE

Midsummer inactivity prevailed in the retail channels of distribution during August, yet the general volume was satisfactory and compared favorably with that of a year ago. August sales of reporting firms declined 2.6 per cent from July sales, but were one-half of one per cent greater than those for the corresponding month of 1923. Reduced price sales were featured during the month in an effort to clear out the stocks of summer goods in order to make room for the fall merchandise. Trade during the early days of September was stimulated by cooler weather. Retailers are now showing their fall merchandise, and reports indicate that consumers are not only making inquiries but are beginning to buy freely.

Due to the receipts of fall merchandise the stocks

on hand at the close of August were 10.3 per cent greater than those on hand at the close of July. However, stocks on August 31st were 2.0 per cent less than those on the same date last year. The ratio of stocks to sales during July and August was 600.6 per cent as compared to 607.3 per cent during the same period last year.

The ratio of outstanding orders to last year's purchases was 9.9 per cent on August 31st as compared to 9.1 per cent on July 31st, and 10.6 per cent on August 31st a year ago.

Collections showed a further seasonal decline during the month. The ratio of August collections to accounts receivable on August 1st was 32.7 per cent as compared to 37.3 per cent for July and 33.8 per cent for August, 1923.

BUSINESS OF DEPARTMENT STORES

	Dallas	Ft. Worth	Houston	All Others	Total District
Total Sales—					
Aug., 1924, compared with Aug., 1923.....	— 4.2	— 1.4	— 1.5	+ 6.7	+ .5
Aug., 1924, compared with July, 1924.....	— 3.7	— 9.1	— 1.5	+ 1.0	— 2.6
July 1st to date compared with same period last year..	+ 2.6	— 2.8	+ 2.2	+ 8.0	+ 3.5
Credit Sales—					
Aug., 1924, compared with Aug., 1923.....	— 1.2	+ 4.6	— 2.6	+ 7.3	+ 2.1
Aug., 1924, compared with July, 1924.....	— 7.8	— 9.6	— 2.1	+ 1.9	— 4.1
July 1st to date compared with same period last year..	+ 3.7	— 1.2	— 1.5	+ 9.4	+ 4.7
Stocks—					
Aug., 1924, compared with Aug., 1923.....	+ 1.2	— .7	— 2.7	— 6.1	— 2.0
Aug., 1924, compared with July, 1924.....	+ 13.4	+ 6.6	+ 8.0	+ 9.6	+ 10.3
Ratio of stocks to sales.....	648.9	679.6	496.2	563.0	600.6
Ratio of outstanding orders to last year's purchases.....	9.4	10.5	12.3	9.6	9.9
Ratio of August collections to Accounts Receivable, due and outstanding Aug. 1, 1924.....	30.5	32.4	34.0	35.3	32.7

FINANCIAL

The volume of business in fifteen cities of the Eleventh Federal Reserve District, as measured by checks charged to depositors' accounts, remained on a comparatively steady basis during August. The total volume of these checks amounted to \$538,029,000, as compared to \$523,450,000 during July and \$589,382,000 during August a year ago. Although

the prolonged drouth in some sections and the downward trend of cotton prices had a depressing effect on business activity during the month, the volume of checks cashed in these cities was 2.8 per cent greater than in the previous month. The decrease from last year was not unexpected in view of the fact that the gathering of the cotton crop was much more advanced in 1923 than is the case this year.

CHARGES TO DEPOSITORS' ACCOUNTS

	August, 1924	August, 1923	Inc. or Dec.	July, 1924	Inc. or Dec.
Albuquerque	\$ 9,343,000	\$ 9,168,000	+ 1.9	\$ 10,425,000	—10.4
Austin	13,385,000	14,649,000	— 8.6	13,400,000	— .1
Beaumont	15,624,000	15,660,000	— .2	17,364,000	—10.0
Corsicana	6,112,000	8,115,000	—24.7	7,156,000	—14.6
Dallas	145,100,000	139,566,000	+ 4.0	147,278,000	— 1.5
El Paso	29,800,000	27,118,000	+10.0	33,715,000	—11.6
Fort Worth	62,595,000	62,983,000	— .6	65,964,000	— 5.1
Galveston	44,724,000	96,674,000	—53.7	26,450,000	+69.1
Houston	113,323,000	113,178,000	+ .1	104,678,000	+ 8.3
Roswell	2,234,000	2,426,000	— 7.9	2,838,000	—21.3
San Antonio	35,406,000	33,201,000	+ 6.6	31,081,000	+13.9
Shreveport	30,281,000	31,842,000	— 4.9	34,431,000	—12.1
Texarkana	7,450,000	8,273,000	— 9.9	6,802,000	+ 9.5
Tucson	6,992,000	6,439,000	+ 8.6	7,596,000	— 8.0
Waco	15,660,000	20,090,000	—22.1	14,272,000	+ 9.7
Totals, Eleventh District	\$538,029,000	\$589,382,000	— 8.7	\$523,450,000	+ 2.8

Acceptances Market There was a nominal increase during August in the volume of acceptances executed by accepting banks in this district and which were outstanding on the last day of the month. The total outstanding acceptances on August 31st amounted to \$540,350.27, as compared to \$379,385.94 on July 31st. Acceptances based on import and export transactions rose from \$101,439.60 on July 31st to \$131,480.97 on August 31st, and those executed against domestic storage and shipment of goods increased from \$277,946.32 on July 31st to \$408,869.30 on the last day of

August. The investments of the Federal Reserve Bank of Dallas in bankers' acceptances declined from \$4,872,043.54 on July 31st to \$2,001,494.11 on August 31st.

Condition of Member Banks in Selected Cities

Reports from 51 member banks in selected cities in the Eleventh Federal Reserve District reflected the continuance of an active demand for commercial loans during August. These loans of reporting banks amounted to \$205,624,000 on September 3rd, as compared to \$200,033,-

000 on August 6th, a net gain of \$5,591,000, but loans on corporate securities declined \$1,890,000 during the same period. Net demand deposits, which have been steadily declining since early spring, reflected a sharp increase of \$5,425,000 during the

month. Time deposits also increased \$3,358,000. Bills payable and rediscounts with the Federal Reserve Bank showed a slight decline during August, but reserve deposits increased \$2,174,000.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Sept. 3, 1924	Aug. 29, 1923	Aug. 6, 1924
1. Number of reporting banks.....	51	52	51
2. U. S. securities owned.....	\$ 43,895,000	\$ 52,758,000	\$ 44,310,000
3. All other stocks, bonds and securities owned.....	15,025,000	10,746,000	13,333,000
4. Loans secured by U. S. Government obligations.....	3,197,000	3,760,000	3,272,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	59,134,000	51,861,000	61,024,000
6. All other loans.....	205,624,000	202,294,000	200,033,000
7. Net demand deposits.....	216,860,000	208,088,000	211,435,000
8. Time deposits.....	90,604,000	74,415,000	87,246,000
9. Reserve with Federal Reserve Bank.....	25,404,000	21,486,000	23,230,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	7,776,000	16,412,000	7,905,000
11. Ratio of loans * to net demand deposits.....	96%	99%	96%

* Loans include only items 4 and 6.

Operation of the Federal Reserve Bank The month of August witnessed a further slight increase of \$1,044,259.10 in the amount of accommodation extended to member banks.

Loans to member banks reached a peak of the season on August 28th at \$23,026,790.35, which compares to a peak during the season of 1923 of \$49,201,891.52 reached on August 21st. With the beginning of the movement of the cotton crop the demand for credit has been gradually diminishing at the smaller country banks, and has been shifting to the banks in the larger cities in order to finance the movement of cotton to warehouses and concentrations points. The liquidation of loans at the Federal Reserve Bank from the southern part of the state was noticeable early in August, and has been gradually spreading to other sections of the state. During the month of August total liquidations amounted to \$3,472,225. This amount included many prepayments. There were 38 banks which completely retired their lines with the Federal Reserve Bank during August, and many others reduced their lines. Liquidations have been received at a rapid rate since the first of September, our loans having declined \$4,772,102.70 during the first fifteen days of September.

The total amount of bills held decreased from \$26,533,550.08 on July 31st to \$24,707,259.75 on August 31st. The amount held on the latter date was distributed as follows:

Member banks' collateral notes secured by U. S. Government obligations.....	\$ 2,479,800.00
Rediscounts and all other loans to member banks.....	20,225,965.64
Open market purchases (Bankers' acceptances).....	2,001,494.11
Total bills held.....	\$24,707,259.75

Federal reserve notes in actual circulation on August 31st amounted to \$45,441,680.00, an increase of \$5,763,130.00 during the month of August. This increase reflects the seasonal need for additional hand to hand currency in connection with the gathering and marketing of the cotton crop and the movement of other commodities. Federal reserve notes in actual circulation on August 31, 1923, were \$42,112,885.00. Reserve deposits of member banks decreased slightly during the month, being \$48,494,122.19 on July 31st as compared to \$48,196,907.15 on August 31st. These deposits on the latter date were \$1,300.902.08 greater than those on August 31st last year. The ratio of total reserves to the deposit and Federal reserve note liability combined increased from 49.9 per cent on July 31st to 52 per cent on August 31st.

Deposits of Member Banks The net demand deposits of member banks in the Eleventh District on August 27th showed an increase of \$7,329,000 over the amount reported by these banks on July 23rd. Time deposits continued to increase during August, being \$160,201,000 on August 27th as compared to \$157,714,000 on July 23rd. The combined deposits of these banks on August 27, 1924, reflected an increase of \$29,849,000 as compared to those on August 29, last year.

DEPOSITS OF MEMBER BANKS
(000's Omitted)

	All Member Banks		Banks in Cities With a Population Less Than 5,000		Banks in Cities With a Population Between 5,000 and 14,999		Banks in Cities With a Population Between 15,000 and 99,999		Banks in Cities With a Population Over 100,000	
	Total Demand	Total Time	Demand	Time	Demand	Time	Demand	Time	Demand	Time
Aug. 29, 1923.....	501,088	139,356	149,580	18,516	87,772	22,989	103,508	49,699	160,228	48,152
Sept. 26, 1923.....	574,421	139,472	186,786	18,344	101,334	22,978	109,108	50,264	177,193	47,886
Oct. 24, 1923.....	629,944	139,723	209,681	17,447	107,980	23,381	116,717	50,541	195,566	48,354
Nov. 28, 1923.....	654,398	143,713	220,297	17,111	111,284	23,479	117,596	52,550	205,221	50,573
Dec. 26, 1923.....	646,691	144,711	212,277	16,096	111,802	22,669	121,106	51,572	201,506	54,374
Jan. 23, 1924.....	624,577	151,263	203,456	17,097	108,159	23,834	117,440	52,699	195,522	57,633
Feb. 27, 1924.....	594,482	157,225	190,629	17,848	103,777	24,253	118,698	53,085	181,378	62,039
Mch. 26, 1924.....	568,800	155,257	176,712	18,740	99,307	24,690	112,565	54,718	180,216	57,109
Apr. 23, 1924.....	549,057	156,666	169,188	18,572	96,425	27,724	111,201	53,001	172,243	57,369
May 28, 1924.....	522,820	154,085	159,426	18,729	91,306	27,108	106,372	51,407	165,716	56,841
June 25, 1924.....	512,565	157,153	154,458	18,554	90,265	27,775	104,316	51,860	163,526	58,964
July 23, 1924.....	502,763	157,714	150,791	19,029	87,191	27,977	101,102	51,851	163,679	58,857
Aug. 27, 1924.....	510,092	160,201	155,872	18,572	87,123	27,815	100,532	51,614	166,565	62,200

Discount
Rates

There is presented below the pre- seven-day period ending September 12th by the com-
vailing rate charged during the mercial bank in the cities listed below.

SEPTEMBER DISCOUNT RATES

Prevailing Rates:

	Dallas	El Paso	Fort Worth	Houston	San Antonio	Waco
Rate charged customers on prime commercial paper such as is now eligible for rediscount under the Federal Reserve Act:						
(a) Running 30-60-90 days.....	4-6	8	5½-6	5-6	5-7	6
(b) Running 4-6 months.....	5-6	8	5½-6	5-6	5-7	6
Rate charged on loans to other banks, secured by bills receivable.....	4-6	6-8	6	4½-5	6	5-6
Rate on ordinary commercial loans running 30-60-90 days secured by Liberty Bonds and certificates of indebtedness (not including loans to enable pur- chase of bonds).....	5-6	8	6	5-6	6-8	6
Rate on loans secured by prime stock exchange or other current collateral:						
(a) Demand	6	8	6-8	5-6	6-8	6
(b) Time	6-7	8	6-8	5-6	6-8	6-7
Rate on commodity paper secured by warehouse receipts, etc.....	5-6	8	6-8	5-5½	6-8	6-7
Rate on cattle loans.....	7-8	8-10	6-8	5-8	7-8

Savings
Deposits

After a slight decline during July was \$99,915,228, which compares to \$99,334,076 on
the savings deposits of 113 report- July 31st, and \$90,115,463 on August 31st last year.
ing banks which operate a savings The number of savings depositors of 101 reporting
department reflected an increase of six-tenths of banks on August 31st was 216,594, as compared to
one per cent during August. The aggregate amount 214,346 on July 31st, and 191,107 on August 31,
of savings reported by these banks on August 31 1923.

SAVINGS DEPOSITS

	Number of Reporting Banks	Aug. 31, 1924	Aug. 31, 1923	Inc. or Dec.	July 31, 1924	Inc. or Dec.
Beaumont.....	4	2,466,525	2,148,284	+14.8	2,459,434	+ .3
Dallas.....	6	12,291,111	10,486,436	+17.2	12,203,574	+ .7
El Paso.....	4	6,993,528	6,470,798	+ 8.1	7,316,073	- 4.4
Fort Worth.....	5	4,607,001	4,280,542	+ 7.6	4,533,003	+ 1.6
Galveston.....	3	7,262,952	6,830,178	+ 6.3	7,210,678	+ .7
Houston.....	14	21,074,925	19,014,567	+10.8	20,760,285	+ 1.5
San Antonio.....	6	10,119,556	9,354,683	+ 8.2	10,143,398	- .2
Shreveport.....	5	11,116,762	8,972,697	+23.9	10,904,977	+ 1.9
Waco.....	5	3,099,068	2,375,329	+30.5	3,099,407	+ .0
Wichita Falls.....	3	1,482,537	2,025,715	-26.8	1,562,916	- 5.1
All other.....	58	19,401,263	18,156,234	+ 6.9	19,140,331	+ 1.4
Total.....	113	99,915,228	90,115,463	+10.9	99,334,076	+ .6

NUMBER OF SAVINGS DEPOSITORS

	Number of Reporting Banks	Aug. 31, 1924	Aug. 31, 1923	July 31, 1924
Beaumont	3	4,630	3,957	4,590
Dallas	6	40,798	34,403	40,266
El Paso	4	21,006	19,172	20,901
Fort Worth	4	11,839	9,495	11,864
Galveston	3	12,207	11,832	11,943
Houston	11	35,787	28,156	35,449
San Antonio	5	16,596	14,285	16,438
Shreveport	4	21,151	18,876	20,971
Waco	5	5,851	5,171	5,824
Wichita Falls	3	6,459	6,137	6,517
All others	53	40,270	38,903	39,583
Total	101	216,594	191,107	214,346

FAILURES

After reflecting a downward trend since February, commercial failures in the Eleventh District during August disclosed an increase in both the number of insolvencies and the amount of indebtedness involved. There were 52 failures during the month with an indebtedness of \$938,431, as compared to 40 defaults in July with liabilities of \$242,424. The total number of failures for the first eight

months of this year compared with the same eight months in 1923 reflected a decrease of 36.5 per cent, while the combined indebtedness of the defaulting firms for the same period decreased 70.6 per cent.

The total number of failures and the liabilities involved for all Federal Reserve Districts continued to increase over those of last year.

COMMERCIAL FAILURES

	Eleventh Federal Reserve District				All Federal Reserve Districts			
	1924		1923		1924		1923	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
January	68	\$1,170,988	117	\$1,524,107	2,108	\$51,272,508	2,126	\$49,210,497
February	57	1,280,548	91	2,104,596	1,730	35,942,037	1,508	40,627,939
March	74	950,877	91	2,474,504	1,817	97,651,026	1,682	48,393,138
April	56	881,236	93	8,874,897	1,707	48,904,452	1,520	51,491,941
May	58	720,652	78	3,779,959	1,816	36,590,905	1,530	41,022,277
June	50	765,071	97	1,293,018	1,607	34,099,031	1,358	28,678,276
July	40	242,424	81	2,576,000	1,615	36,813,238	1,231	35,721,188
August	52	938,431	68	1,020,596	1,520	55,153,981	1,319	34,334,722
Total	455	\$6,950,027	716	\$23,647,677	13,920	\$396,427,178	12,274	\$329,479,978

PETROLEUM

There was an increase of 8,299 barrels in the daily average production of crude oil produced in the Eleventh Federal Reserve District during August when the month's yield amounted to 13,903,398 barrels as compared to 13,646,130 barrels produced during the previous month. This increase occurred despite the fact that continued curtailment was evident in drilling programs, and some of the larger fields showed decreases in production. The initial production of the new wells brought in during August declined slightly, when there were 432 wells completed of which 287 were producers and yielded a flush production of 77,791 barrels of oil as compared to 461 completions during July, of which 312 were successful and netted an initial flow of 86,591 barrels.

There was an increase of 251,496 barrels in the

output of crude oil in Texas during August as compared to July, there being 11,948,452 barrels produced as against 11,696,956 barrels during July. The Texas Coastal field showed a large increase in production despite the fact that there were fewer successful new wells completed and that the initial flow of these wells was considerably below that of the new wells brought in during July. The miscellaneous fields continue to show a large increase in production, which is due mostly to the activity in the Luling field. During the month of August 374 wells were completed in Texas, of which 239 were successful and registered an initial output of 59,797 barrels, while in July there were 409 wells drilled of which 276 were successful and had a flush production of 79,059 barrels.

Crude oil produced in Louisiana during August again showed a small increase as compared to the previous month. There were 1,954,946 barrels of oil produced as compared to 1,949,174 barrels in July, or a daily average increase of 187 barrels. New wells completed numbered 58, of which 30 were successful and netted an initial flow of 17,994 barrels, which compares to 27 successful completions during July which had a flush production of only 7,532 barrels of oil.

Crude Oil Prices

The downward trend of prices of crude oil in the Eleventh Federal Reserve District continued to some extent during August. The posted prices of Corsicana light, Texas Coastal, Mexia, and Currie oils were reduced 15 cents per barrel during the month, and Corsicana heavy oil was reduced ten cents. Prices on North Texas and Louisiana oil remained steady.

OIL PRODUCTION

Field—	August		July		INCREASE OR DECREASE	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Average
North Texas	2,480,985	80,032	2,559,325	82,559	Dec. 78,340	Dec. 2,527
Central-West Texas	5,378,125	173,488	5,396,310	174,074	Dec. 18,185	Dec. 586
Texas Coastal	2,406,302	77,622	2,290,583	73,890	Inc. 115,719	Inc. 3,732
Miscellaneous fields	1,683,040	54,291	1,450,738	46,798	Inc. 232,302	Inc. 7,493
Total, Texas	11,948,452	385,433	11,696,956	377,321	Inc. 251,490	Inc. 8,112
North Louisiana	1,954,946	63,063	1,949,174	62,876	Inc. 5,772	Inc. 187
Totals, Eleventh District.....	13,903,398	448,496	13,646,130	440,197	Inc. 257,268	Inc. 8,299

AUGUST DRILLING RESULTS

Field—	Completions	Producers	Failures	Initial Production
North Texas	160	88	72	8,120
Central-West Texas	107	76	31	22,575
Texas Coastal	63	51*	12	15,327
Miscellaneous fields	27	26**	1	13,535
Texas Wildcats	17	2	15	240
Totals, Texas	374	243	131	59,797
North Louisiana	58	44***	14	17,994
August totals, district.....	432	287	145	77,791
July totals, district.....	461	312	149	86,591

* Includes 1 gas well.
 ** Includes 3 gas wells.
 *** Includes 14 gas wells.

CRUDE OIL PRICES

Texas—	Sept. 12, 1924	Sept. 15, 1923	Louisiana—	Sept. 12, 1924	Sept. 15, 1923
Corsicana light.....	\$1.35	\$1.00	Caddo (38 gravity and above).....	\$1.35	\$1.25
Corsicana heavy.....	.90	.50	Bull Bayou (38 gravity and above).....	1.30	1.15
Texas Coastal.....	1.35	1.00	Homer (35 gravity and above).....	1.35	1.45
Mexia	1.35	1.00	Haynesville (33 gravity and above).....	1.25	1.10
Currie	1.35	1.00	De Soto Crude.....	1.35	1.25
North Texas (33 gravity and above).....	1.50				

Oil Statistics compiled by the Oil Weekly, Houston, Texas

LUMBER

The activity which manifested itself during July at southern pine mills was well maintained during August. Production at the 48 reporting mills was 9 per cent below normal as compared to 14 per cent

below normal during July, and shipments were 9 per cent above production whereas they were only 6 per cent above production in July. Orders declined slightly during August, being two-tenths of one per

cent above normal production as compared to 3 per cent above normal production during July. Owing to the fact that production during the month did not keep pace with shipments, stocks on hand at the close of August had declined to 21 per cent below normal, as against 17 per cent below normal at the end of July.

Unfilled orders at the reporting mills on August 31st called for 59,155,626 feet of lumber as compared to orders for 55,334,656 feet on the books of reporting mills on July 31st.

AUGUST PINE MILL STATISTICS

Number of reporting mills.....	48
Production	100,632,645 feet
Shipments	109,699,310 feet
Orders	111,333,196 feet
Unfilled orders, Aug. 31st.....	59,155,626 feet
Normal production.....	111,133,921 feet
Stocks, Aug. 31st.....	266,720,073 feet
Normal stocks.....	336,650,694 feet
Shipments above production.....	9,066,665 feet= 9%
Actual production below normal	10,501,276 feet= 9%
Orders above normal production	199,275 feet=none
Sstocks below normal.....	69,930,621 feet=21%

BUILDING

Although there was a decline in the valuation of building projects launched in the Eleventh Federal Reserve District during August, building activity continued at a relatively high rate. There were 2,418 permits issued at eleven principal cities of this district during August having a valuation of \$6,980,588 as compared to 2,565 permits issued in July with a valuation of \$7,491,347, and 2,639 permits issued in August, which had a valuation of \$6,553,226, representing a decrease of 6.8 per cent as compared

with July, but an increase of 6.5 per cent as compared to the same month last year.

For the first time since February the total valuation of building permits issued at reporting centers during the year was above the valuation for the same period of the previous year. The total valuation of permits issued during the first eight months of 1924 amounted to \$57,334,875, as against \$57,234,652 during the corresponding period of last year, an increase of two-tenths of one per cent.

BUILDING PERMITS

	BUILDING PERMITS												
	August, 1924		August, 1923		Inc. or Dec.	July, 1924		Inc. or Dec.	First Eight Months				Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation		1924		1923		
Austin.....	31	339,180	34	50,354	+ 673.6	35	93,600	+ 262.4	339	1,070,110	435	1,258,710	— 15.0
Beaumont.....	197	188,649	223	226,991	— 16.9	228	245,481	— 23.2	1,695	1,819,176	1,295	1,878,855	— 3.2
Dallas.....	439	2,358,862	419	1,810,082	+ 30.3	366	2,230,311	+ 5.8	3,370	19,308,631	3,377	15,660,562	+ 23.4
El Paso.....	49	57,690	63	357,998	— 83.9	56	230,465	— 75.0	531	1,283,030	724	1,739,063	— 26.2
Fort Worth.....	228	686,212	195	389,952	+ 76.0	233	1,614,155	— 57.5	1,702	6,073,232	2,161	5,682,754	+ 6.9
Galveston.....	250	73,207	346	38,646	+ 89.4	272	297,710	— 75.4	2,443	2,247,529	2,643	1,073,758	+ 109.3
Houston.....	497	1,824,318	537	1,125,028	+ 62.2	551	1,109,879	+ 64.5	4,635	11,939,897	4,561	13,945,279	— 14.4
Port Arthur.....	123	83,424	249	281,685	— 70.4	120	125,631	— 33.6	1,292	1,075,112	1,488	2,207,242	— 51.3
San Antonio.....	277	793,080	263	632,265	+ 25.4	323	626,376	+ 26.6	2,696	5,438,111	2,568	6,288,356	— 13.5
Shreveport.....	259	420,792	269	1,574,677	— 73.3	311	737,279	— 42.9	2,293	5,681,996	2,272	6,661,246	— 14.7
Waco.....	68	155,174	41	65,548	+ 136.7	70	180,460	— 14.0	510	1,398,051	355	838,827	+ 66.7
Total.....	2,418	6,980,588	2,639	6,553,226	+ 6.5	2,565	7,491,347	— 6.8	21,506	57,334,875	21,879	57,234,652	+ .2

CEMENT

There were 414,000 barrels of Portland cement produced at Texas cement plants during the month of August, which represented an increase of 1.2 per cent over the amount produced during July, and was 7.5 per cent above production during August, 1923. Shipments from the mills declined 2 per cent as compared to the shipments made during July, but were 4.8 per cent in excess of those during the corresponding month of last year. Stocks of cement on

hand continued to follow the same trend they have shown for several months, there being a decrease of 7.2 per cent as compared to July and an increase of 54.1 per cent as compared to August, 1923.

Production of cement increased 5.2 per cent during the eight months' period ending August 31st, as compared to the corresponding period of 1923, and shipments showed an increase of 5 per cent during the same period.

PRODUCTION, SHIPMENTS, AND STOCKS OF PORTLAND CEMENT (Barrels)

	August, 1924		Per Cent Inc. or Dec.	July, 1924		Per Cent Inc. or Dec.	First Eight Months		Per Cent Inc. or Dec.
	August, 1924	August, 1923		July, 1924	July, 1923		1924	1923	
Production of Texas mills.....	414,000	385,000	+ 7.5	409,000	3,052,000	+ 1.2	3,052,000	2,901,000	+ 5.2
Shipments from Texas mills.....	433,000	413,000	+ 4.8	442,000	3,085,000	— 2.0	3,085,000	2,938,000	+ 5.0
Stocks at end of the month at Texas mills.....	345,000	159,000	+ 54.1	264,000		— 7.2			

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board as of September 25, 1924.)

Production in basic industries was maintained during August at about the same level as in the two preceding months and factory employment showed a slight increase. Wholesale prices, especially those of agricultural products showed a further advance.

PRODUCTION

The Federal Reserve Board's index of production in basic industries, adjusted to allow for seasonal variations, continued in August at the same level as in June and July. Production of steel was substantially larger than in July and the output of pig iron and mill consumption of cotton also increased. Sugar meltings and production of anthracite and zinc, on the other hand, were smaller. Factory employment increased slightly in August and average weekly earnings increased 4 per cent owing to less part time employment. Larger working forces were reported in the textile, leather, and automobile industries. Building contracts awarded contrary to the usual seasonal trend, were 3 per cent larger in August than in July.

Crop conditions showed further improvement in August and the September 1 estimates of production by the Department of Agriculture were larger for wheat, oats, barley and potatoes. Estimated yields of corn, cotton and tobacco, however, were smaller. Harvesting has proceeded rapidly this year, and the August marketing of wheat was larger than in either of the last two years.

TRADE

Bank debits which reflect the volume of business transactions settled by check, showed about the usual seasonal decrease in August, but were larger than a year ago. Railroad shipments increased slightly, as a result of larger loadings of miscellaneous merchandise, grain and coal. Wholesale trade was 7 per cent larger than in July owing to seasonal increases in sales of dry goods, shoes and meat, but continued to be smaller than a year ago. Department store sales showed less than the usual increase in August and were 7 per cent smaller than last year. Mail order sales increased more than usual at this season and were one per cent larger than in August,

1923. Merchandise stocks of department stores at the end of August for the first time this year were smaller than on the corresponding date of 1923.

PRICES

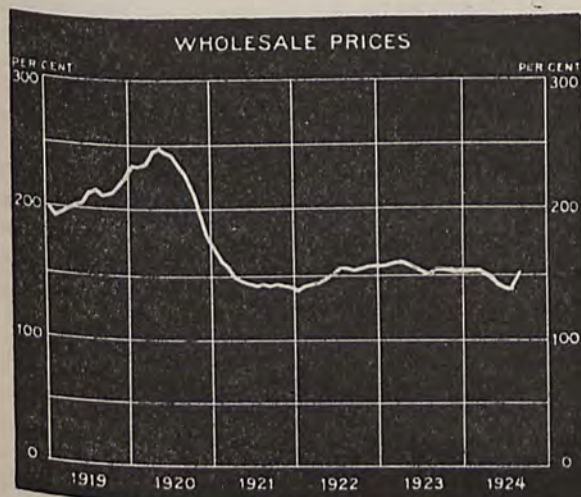
Wholesale prices, as measured by the index of the Bureau of Labor Statistics increased 2 per cent in August and were at about the same level as a year ago. The advance was due largely to further increases in prices of farm products and foods, though all other commodity groups, except metals and fuel, also advanced. During the first three weeks of September prices of wheat, rice, wool and rubber increased while those of cotton, silk, petroleum and metals declined.

BANK CREDIT

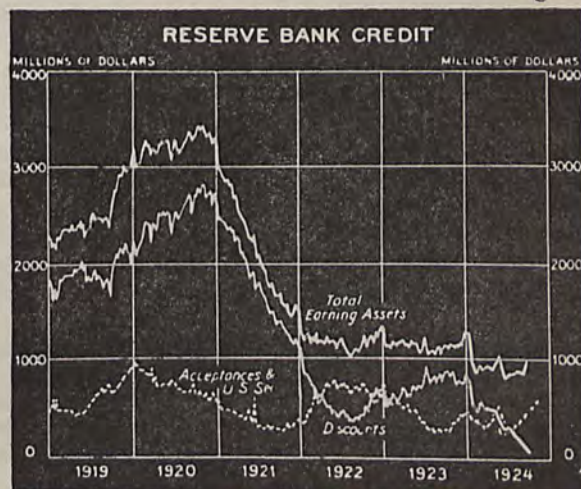
Loans and investments of member banks in leading cities continued to increase during the four-week period ending September 1, and on that date reached a record figure about \$1,000,000,000 over the level of three months earlier. The largest increase was in loans on stocks and bonds, but commercial loans also increased owing partly to seasonal demands for credit. The growth of investments by member banks continued though at a somewhat slackened rate.

At the Federal Reserve Banks there was a further increase in the holdings of government securities and of acceptances with the result that in the middle of September, although discounts were at the low point for the year, the total volume of reserve bank credit was higher than at any time since last spring. The seasonal increase in the demand for currency was reflected in a decline in cash reserve and at the reserve banks in certain of the agricultural districts in an increase of Federal reserve note circulation.

Slightly firmer conditions in the New York money market in late August and early September were reflected in a slight advance in the rate on commercial paper from $3\frac{1}{4}$ to $3\frac{3}{4}$ per cent. After the middle of September a recurrence of easier conditions followed treasury operations. The September 15 offerings of one-year treasury certificates bore $2\frac{3}{4}$ per cent interest, the same rate as the six months issue sold in June.



Index of U. S. Bureau of Labor Statistics.
(1913=100, base adopted by bureau.)
Latest figure—August, 150.



Weekly figures for 12 Federal Reserve Banks.
Latest figures, September 17th.

COTTONSEED PRODUCTS INDUSTRY

(Note:—The following is the third of a series of special articles reviewing the growth and development of the cottonseed products industry and some of the financial and economic problems with which it is now confronted.)

FINANCING THE COTTONSEED OIL MILLS

At the beginning of each season the cottonseed oil mills are confronted with the problem of obtaining a sufficient supply of seed for a season's crush. The seed must be bought and paid for by the mills as it becomes available. A mill, therefore, must, as a general rule, purchase its supply of raw material largely during the harvesting season, which in most sections covers a period of about three months. This course of action is necessary for the reasons that, first, the storage facilities of the gins from which the seed are largely obtained are limited and they must dispose of the accumulated seed in order to have storage space for the additional supplies obtained from day to day. Furthermore, the storage facilities at the gins are generally such that if the seed are held for any considerable length of time they are liable to serious deterioration. In the second place, a gin must be continually disposing of the accumulated seed in order to keep its borrowings from the local bank within the line of credit granted. In the third place, a mill must be in a position to buy the wagon seed offered it by the farmers of the community in which it is located.

When it is considered that the average season's crush for a cottonseed oil mill ranges between five and ten thousand tons and that the price paid for the seed usually ranges from \$35 to \$40 per ton, it will be readily seen that a mill must have a substantial line of credit to finance the purchase of the raw material and the cost of conversion of the raw material into the finished products.

The methods of financing the cottonseed oil mills vary somewhat with the banks granting the line of credit. Some banks make loans to the mills on the basis of promissory notes, others grant credit on the basis of bills of exchange, while still others advance funds up to the loan limit on promissory notes and then extend additional credit on the basis of bills of exchange. However, a large proportion of the banks make the loans through the medium of the so-called demand bills of exchange. In such instances, drafts are drawn by the ginners or shippers of cottonseed and upon presentation are accepted by the cottonseed oil mills and the shipping documents surrendered. This action, of course, releases the drawer and the result is an evidence of indebtedness in imperfect and non-negotiable form. While the loans are usually made to mature within 90 days, some banks extend the maturity of these loans to four to six months.

The banks as a general rule do not require the mills to pledge collateral as security for its indebtedness. This is due to the fact that the purchased seed are placed in the seed warehouses owned by the mills, and, therefore, warehouse receipts are not only unavailable, but the seed are in the process of manufacture and impossible of identification as security. However, in order to secure the loan, the banks in general require that the directors give their own individual endorsement or guarantee to the line of credit.

The burden of financing the cottonseed oil mills has to a large extent fallen upon the country banks in the communities where the mills are located. This development has occurred because the mills are largely of the smaller type and are located in small communities and are operated by citizens of the community. While the local banks undertake the task of financing the mills, they are, as a general rule, too small for such an undertaking. In such instances, the loans are made without due regard for the unwarranted proportion of the bank's resources which such lines of credit absorb.

As a general rule the bankers who extend such a large volume of credit to this industry exercise little or no supervision over the use of such credit. The principles of sound banking require that the banker in financing his customers exercise his duty of overseeing the use of credit, and, so far as possible, or aiding the customer in the wise employment of it. It is essential from his own standpoint that the credit he extends shall be as liquid as possible, and in order to attain this end he is called upon to watch carefully the transactions of the borrower. But in this important industry the bankers have been prone to rely upon the directors' endorsements or guarantees for the ultimate collectibility of the paper and have not, as a general rule, exercised their important duty of conferring with the mill managers with reference to the price which they paid for seed. The laxity of the bankers in this regard has served to encourage the speculation in seed buying referred to in the previous article. The fact that the banks extend to the mills without close supervision a line of credit is an encouragement to the mill owners, who have a large investment tied up in manufacturing plants, to operate the mills at full capacity with too little regard for the relation between the cost of the raw material and the price obtainable for the finished product. The result has been that the mills have often bought the seed at a price in excess of its "conversion value." The liquidity of the credit in such instances, therefore, was dependent upon a future upturn in the cottonseed products market. The experiences of last season furnish an excellent example of the hazards involved in this practice. The seed were bought at a high price, but the products market instead of advancing declined to lower levels. At the end of an unprofitable season the mills (especially those which are badly managed) often find themselves in an embarrassing position. Where the mill has sustained a loss from operation it is unable to liquidate its indebtedness at the bank. This means that the bank is forced to carry a large line of frozen credit, and, although it may be ultimately collected, an unduly large proportion of the bank's assets are tied up in these frozen loans and the bank's usefulness to the community at large is to that extent reduced.