

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

	October	September	Inc. or Dec.	
Bank debits to individual accounts (at 15 cities).....	\$782,541,000	\$668,351,000	Inc.	17.1%
Department stores sales.....			Inc.	10.8%
Reserve Bank loans to member banks at end of month.....	\$ 7,185,203	\$ 11,262,423	Inc.	36.2%
Reserve Bank ratio at end of month.....	65.8%	68.2%	Dec.	2.4 points
Building permit valuations at larger centers.....	\$ 8,897,407	\$ 7,156,387	Inc.	24.3%
Commercial failures (number).....	46	34	Inc.	35.3%
Commercial failures (liabilities).....	\$ 543,300	\$ 580,455	Dec.	6.4%
Oil production (barrels)	12,968,461	12,911,535	Inc.	0.4%
Lumber orders at pine mills (per cent of normal production) ..	96%	85%	Inc.	11 points

The heavy liquidation of indebtedness at commercial banks together with the rising tide of bank deposits which enabled member banks to reduce their loans with the Federal Reserve Bank to \$3,331,000, the lowest point reached in more than six years, is an indication of the strong financial position of the Southwestern farmers. Another important factor is the fairly large amount of cotton which is still in the hands of the farmers.

Weather conditions during the past month have been ideal for harvesting operations. The harvesting of feed crops has been practically completed, and the bulk of the cotton has been picked in all sections except West Texas. The favorable weather has also enabled farmers to harvest the crops in good condition and with a minimum expense. On the other hand, the dry weather in many sections has greatly interfered with fall plowing and the seeding of wheat and oats.

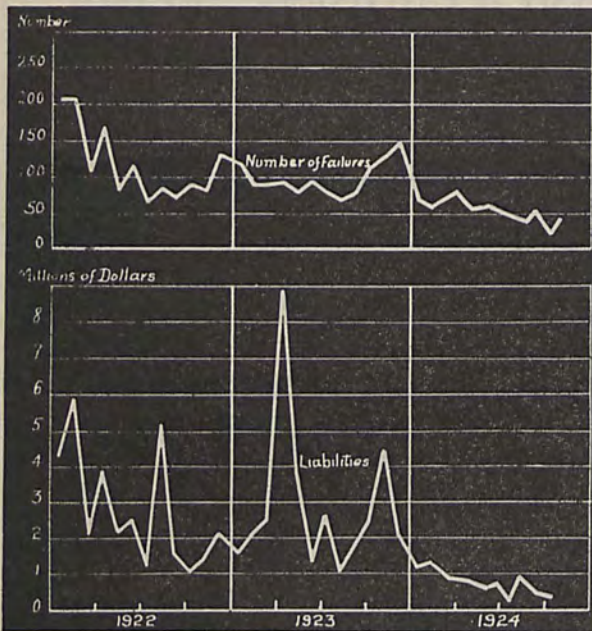
The dry weather has also affected adversely the district's livestock industry. In many sections the

ranges are suffering from the lack of rain, the grass is short and the water supply diminishing. While livestock have generally held up well they are beginning to show the effects of inadequate pasturage. Prospects are that considerable feeding will be necessary during the winter despite the fact that the feed supply is generally short. Furthermore, the livestock market is less satisfactory than was the case a year ago.

While the distribution of merchandise bulks large, the high temperatures during the past month have retarded the buying at both wholesale and retail with the result that sales have shown a diminution as compared to a year ago. The volume of public spending in October, as reflected in charges to depositors' accounts, disclosed a seasonal increase of 17 per cent over the previous month, but was 6 per cent less than in October last year.

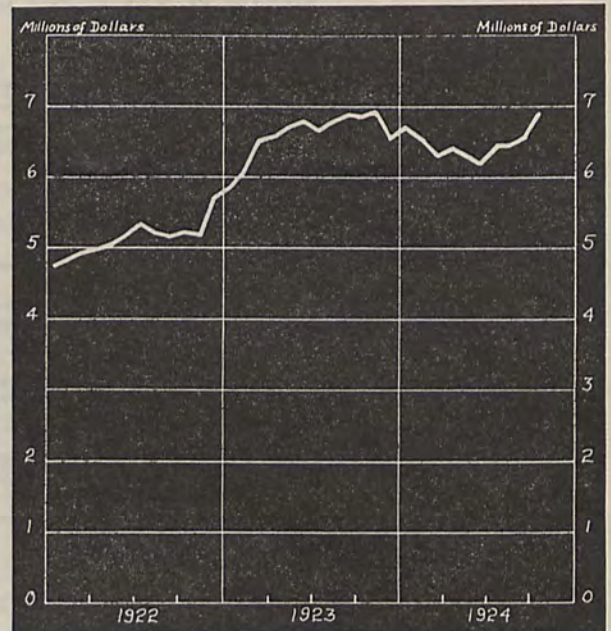
October building operations, as measured by the valuation of permits issued at principal cities, showed a marked expansion as compared to both the previous month and the corresponding month of

COMMERCIAL FAILURES



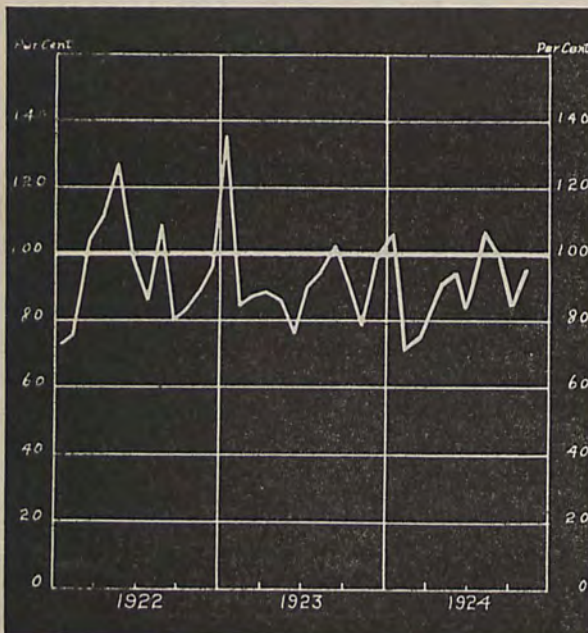
Monthly fluctuations in the number and amount of liabilities of commercial failures in the Eleventh Federal Reserve District.

BUILDING PERMIT VALUATIONS



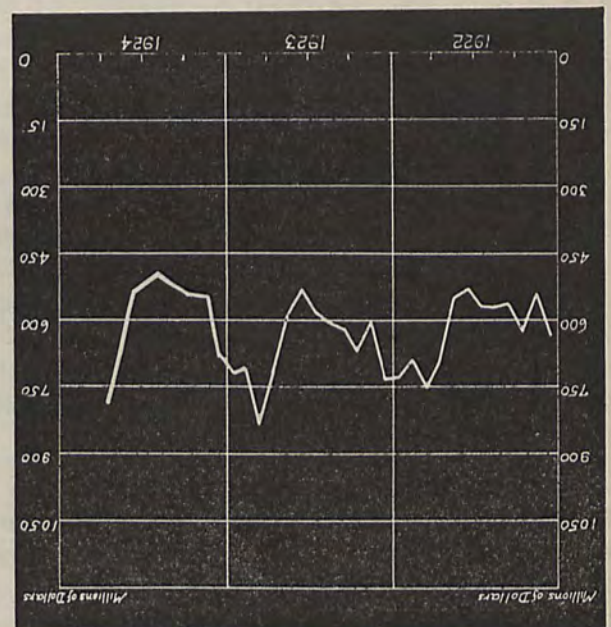
Moving average of building permit valuations at eleven cities in Eleventh Federal Reserve District.

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.

1923. Further evidence of the activity of building is found in the increased production and shipments of cement and in the greater volume of new orders received at lumber mills.

A further improvement in the district's employment situation was noted during the past month.

CROP CONDITIONS

The fall seeding operations proceeded with unusual rapidity during the past month on account of the favorable weather conditions. The harvesting of most crops has now been practically completed. The fall seeding of wheat and oats in the northwestern portion of Texas has made good progress, but in other sections the lack of moisture has retarded seeding operations. While most farmers are waiting for rain before sowing, the grain that has been sown is suffering from the dry weather. Farmers have been able to make but little headway with fall plowing as the ground is too dry.

With ideal weather prevailing during the month, the picking and ginning of cotton made rapid progress and the crop is turning out better than was generally expected earlier in the season. The October ginnings from the Texas crop amounted to 1,510,000 bales, making a total of 3,784,000 bales ginned prior to November 1st this year as compared to 3,499,000 bales ginned prior to that date last year. On the basis of the Department of Agriculture's estimated yield of 4,316,000 running bales for the state, 87 per cent of the crop had been ginned prior to November 1st. This figure compares to 83 per cent last year and 78 per cent for the ten year average. Picking has now been practically completed in all sections of the state (except the northwest) and the stock turned into many of the fields. Gins are running on part time or have completely closed down. In the northwest, approximately half of the crop had been harvested prior to November 1st. During the latter part of October freezing weather destroyed a considerable amount of late cotton. Since the freeze, however, bolls have been opening fast and the cotton is being picked more rapidly than usual.

The yield of the district's corn crop, which is now in the final stages of harvesting, has not only been low but the quality of the corn is poor. The total production for Texas has been placed at 79,232,000 bushels as compared to 96,440,000 bushels last year and 132,000,000 bushels for the five year average. There are only a few counties which have produced a surplus and the production in many counties has

The resumption of full time schedules in some textile mills and the increased activity in cottonseed oil industry have absorbed a large number of workers. The large building programs are furnishing employment to the building crafts and are absorbing much common labor.

not been sufficient to supply the needs until another crop is harvested. The corn crop and other feed crops in Louisiana have made very unsatisfactory yields as a result of the severe drouth which has prevailed in that state since early in June.

The total production of the grain sorghum crops in Texas has been estimated at 45,678,000 bushels. While this year's production is in excess of the amount produced during the two previous years, it is considerably below the average yield.

While the 1924 production of the major crops in New Mexico will exceed the yield from the respective crops in 1923, the dry weather has reduced the earlier estimates on some crops.

Cotton Movements The October receipts of cotton at the port of Galveston totalled 757,704 bales as compared to 587,946 bales during the corresponding month of 1923. Exports during the month were 52.9 per cent in excess of those during September and were 17.4 per cent larger than those in October last year. However, exports for the season (August 1st to October 31st) this year were 11.2 per cent less than for the same period of last season.

Net receipts at Houston amounted to 597,102 bales in October as against 509,779 bales in September, and 504,557 bales in October, 1923. The month's exports totalled 286,858 bales as compared to 200,261 bales during the previous month and 202,668 during the same month last year.

The season's exports from all United States ports have exceeded those of the previous season by 6.1 per cent. Stocks at all United States ports on October 31st amounted to 1,169,822 bales as compared to 733,610 on that date in 1923.

COTTON MOVEMENTS THROUGH THE PORT OF GALVESTON

	October 1924	October 1923	Aug. 1st to Oct. 31st	
			This Season	Last Season
Net receipts.....	757,704	587,946	1,463,470	1,412,426
Exports	585,120	498,425	1,022,466	1,151,585
Stocks, Oct. 31st.....			483,633	288,682

GALVESTON STOCK STATEMENT

	Oct. 31, 1924	Oct. 31, 1923
For Great Britain	26,767	5,175
For France	24,331	2,000
For other foreign ports.....	51,500	11,143
For coastwise ports	18,000	18,000
In compresses and depots.....	363,035	252,364
Total	483,633	288,682

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

	This Season	Last Season
Receipts since Aug. 1st.....	3,121,870	2,744,303
Exports: Great Britain.....	609,792	574,522
France	244,463	284,696
Continent	816,415	733,426
Japan-China	191,144	163,419
Mexico	1,622	300
Total foreign ports..	1,863,436	1,756,363
Stocks at all U. S. ports, Oct. 31st	1,169,822	733,610

Cotton Consumption The October consumption of cotton showed a further increase of 23.2 per cent as compared to the previous month, but was 2.0 per cent less than in the cor-

HOUSTON COTTON MOVEMENTS

	October 1924	October 1923	Aug. 1st to Oct. 31st This Season	Aug. 1st to Oct. 31st Last Season
Receipts—gross ...	1,038,745	901,816	2,066,985	2,005,969
Receipts—net	597,102	504,557	1,199,968	1,144,337
Exports	286,858	202,668	552,324	463,634
Stocks, Oct. 31st.....			511,432	483,817

SPOT COTTON PRICES
(Middling Basis)

	October, 1924		Nov. 15, 1924
	High	Low	
New York	26.90	22.95	24.85
New Orleans	25.75	22.15	24.70
Dallas	24.90	21.45	23.70
Houston	25.55	22.30	24.85
Galveston	25.70	22.30	24.80

responding month last year. The amount consumed during the month totaled 532,629 bales as compared to 432,216 bales in September, and 543,260 bales in October, 1923.

COTTON CONSUMED AND ON HAND

	COTTON GROWING STATES				UNITED STATES			
	October 1924	October 1923	Aug. 1st to Oct. 31st		October 1924	October 1923	Aug. 1st to Oct. 31st	
			This Season	Last Season			This Season	Last Season
Cotton consumed	373,390	357,874	924,634	1,014,143	532,629	543,260	1,325,300	1,521,408
Cotton on hand at end of month—								
(a) in consuming establishments.....			468,578	707,076			730,656	1,106,347
(b) in public storage and compresses.....			3,980,449	3,347,262			4,224,854	3,485,005

COTTONSEED PRODUCTS

The cottonseed received during October at 103 mills which submitted reports to this bank amounted to 358,119 tons, for which an average price (including freight) of \$34.17 per ton was paid. These mills shipped 44,974,649 pounds of crude oil during the month at an average price of \$.0854 per pound (f. o. b. mill). This compares to 28,883,062 pounds shipped during September at an average price of \$.0917 per pound. The October shipments of cake and meal, hulls, and linters were also greater than during the previous month, but the average

price received for these products was slightly less than that received for those shipped during September.

COTTONSEED RECEIVED AT THE MILLS

	October	September
Cottonseed received at reporting mills (tons)	358,119	202,523
Average price per ton paid for seed (including freight).....	\$34.17	\$33.92

COTTONSEED PRODUCTS SHIPPED AND AVERAGE PRICE RECEIVED

	OCTOBER		SEPTEMBER	
	Products Shipped	Average Price F. O. B. Mill	Products Shipped	Average Price F. O. B. Mill
Crude oil	44,974,649 lbs.	\$.0854 per lb.	28,883,062 lbs.	\$.0917 per lb.
Cake and meal.....	70,468 tons	36.53 per ton	46,988 tons	36.61 per ton
Hulls	27,769 tons	9.23 per ton	16,574 tons	9.80 per ton
Linters	12,340,882 lbs.	.0476 per lb.	5,261,596 lbs.	.0514 per lb.
Number mills reporting.....	103		100	

STATISTICS OF COTTONSEED AND COTTONSEED PRODUCTS

	TEXAS		UNITED STATES	
	Aug. 1st to Oct. 31st	Aug. 1st to Oct. 31st	Aug. 1st to Oct. 31st	Aug. 1st to Oct. 31st
	This Season	Last Season	This Season	Last Season
Cottonseed received at mills (tons).....	842,000	900,000	1,924,000	1,693,000
Cottonseed crushed (tons).....	452,000	464,000	1,085,000	966,000
Cottonseed on hand (tons).....	396,000	444,000	855,000	740,000
Crude oil produced (pounds).....	128,747,000	129,305,745	320,019,000	281,596,612
Cake and meal produced (tons).....	211,000	214,949	496,000	438,857
Hulls produced (tons).....	132,000	136,228	313,000	275,691
Linters produced (500-lb. bales).....	83,000	88,174	201,000	190,425
Stocks on hand, Oct. 31st.				
Crude oil (pounds).....	18,317,000	21,394,611	49,444,000	63,252,022
Cake and meal (tons).....	23,000	34,187	95,000	117,467
Hulls (tons).....	64,000	60,536	137,000	116,405
Linters (500-lb. bales).....	30,000	33,025	108,000	99,798

LIVESTOCK

Livestock and range conditions in the Eleventh Federal Reserve District are very irregular. In those sections where the precipitation has been heaviest grass is generally plentiful and livestock are in good condition. In those sections where drouthy conditions still prevail the grass is short, the water supply is low, and livestock are in only poor to fair condition. The unsatisfactory condition of the ranges in a large portion of the district indicates that considerably more feeding will be necessary this winter than was the case a year ago.

The condition of Texas ranges was 78 per cent of normal on November 1st, being 3 points lower than the condition figure on October 31st and 13 points lower than that of November 1, 1923. The condition of cattle was 83 per cent on November 1st as against 93 per cent on the same date last year. In the north-west portion of the state, the rains during the late summer and fall have insured good winter grazing. Not only have the grasses cured well, but the wheat pasturage is becoming available and the stalk fields are better than usual. In most other sections, range conditions are spotted. In much of the east, south, and coast sections the ranges are very dry and prospects for winter grazing are not encouraging.

In the southeastern, western, and southwestern portions of New Mexico the ranges are generally dry, the water supply is diminishing, and feed is scarce. Conditions are still acute around Carlsbad and Roswell. Heavy shipments of cattle from these sections have already been made and the remaining cattle must be either moved out or fed.

Movements and Prices. Receipts of all classes of livestock at the Fort Worth market during October showed a heavy decline both as compared to the previous month and the corres-

ponding month last year. The October supply of cattle and calves amounted to 126,497 head, as against 156,337 head in September, and 161,865 head in the same month of 1923. The heaviest reduction was in the sheep division, where the receipts totalled only 10,887 head. This compared to 36,568 head yarded in September and to 38,298 head offered in October of last year. The month's supply of hogs was 19,556 head less than a year ago.

Due in part to the strict quarantine which prevented shipments to points outside the state, the cattle market declined to lower levels during October. However, the market on canner cows closed steady despite the fact that canners and cutters comprised the bulk of the month's receipts. Beef steers and butcher cows suffered a decline of 25 cents; calves 75 cents; and stockers \$1.00. The strength in the hog market which developed in the latter part of September continued during the first two weeks of October and on October 11th one car cleared at \$11.35. Later in the month, however, the market suffered a heavy decline and at the close of the month the best were bringing only \$9.25.

The sheep market held up fairly well under the stimulus of moderate receipts. The choice shorn wethers ranged up to \$7.00 and wool stock notched \$7.50. The top price on lambs of choice quality reached \$12.25 in October as against \$11.50 in September.

FORT WORTH LIVESTOCK RECEIPTS

	October 1924	October 1923	Loss or Gain	September 1924	Loss or Gain
Cattle	84,462	108,160	L 23,698	111,525	L 27,063
Calves	42,035	53,705	L 11,670	44,812	L 2,777
Hogs	24,102	43,658	L 19,556	25,531	L 1,429
Sheep	10,887	38,298	L 27,411	36,568	L 25,681

COMPARATIVE TOP LIVESTOCK PRICES

	October 1924	October 1923	September 1924
Beef steers	\$ 6.65	\$ 7.75	\$ 7.10
Stocker steers.....	5.85	6.50	5.50
Butcher cows.....	4.50	4.75	5.00
Stocker cows.....	3.25	3.50	3.00
Calves	6.65	7.50	7.50
Hogs	11.35	9.65	10.20
Sheep	7.50	8.50	7.25
Lambs	12.25	13.00	11.50

TEXTILE MILLING

The trend in textile milling is still toward recovery. More mills are now operating on full time schedules and there has been an increase in the consumption of cotton and the production of goods. Some mills report that the trend of prices is upward and that there is a considerable improvement

in the outlook. However, buying is still for spot or nearby delivery.

The reporting mills consumed 3,012 bales of cotton in October as compared to 2,534 bales in September, and 2,811 bales in October last year. There were 1,401,437 pounds of cloth produced during the past month as against 1,185,988 pounds in September, and 1,421,452 pounds in October, 1923. This represents an increase of 18.2 per cent over the previous month, but a decrease of 1.4 per cent from the corresponding month last year.

TEXTILE MILLING STATISTICS

	October 1924	September 1924	October 1923
Number bales cotton consumed	3,012	2,534	2,811
Number spindles active.....	94,980	94,980	86,416
Number pounds cloth produced	1,401,437	1,185,988	1,421,452

WHOLESALE TRADE

The active demand for merchandise in wholesale channels of distribution continued during the past month, but the movement of goods in some lines of trade was smaller than in either the previous month or the corresponding month last year. A deterrent factor in the situation was the mild weather which prevailed throughout the month. There was a slackening in the consumptive demand for all kinds of seasonable goods and this was reflected in the reduced buying at wholesale. Furthermore, a much larger proportion of the cotton is still in the hands of the farmers than was the case at this time last year, and this condition has had the effect of retarding buying in rural communities.

Although some buyers are showing a tendency to anticipate future requirements, the volume of such business has been small. Retailers generally are maintaining a cautious buying policy and are limiting their commitments to immediate or nearby needs.

Collections of both wholesalers and retailers have shown a substantial improvement during the past month. Some dealers report that payments have been good on both current and past due accounts.

Dry Goods. The distribution of dry goods at wholesale showed a further slight decline during the past month. The October sales of twelve reporting firms were 1.0 per cent less than those of the previous month, and were 4.3 per cent less than those in the correspond-

ing month last year. However, the sales of these firms during the past four months have averaged 3.4 per cent greater than those during the same period of 1923.

The mild weather prevailing during the past month has not been conducive to the best results in the dry goods trade. The consumer demand for winter merchandise has been delayed and this development has been immediately reflected in wholesale channels, as retail buying has been confined largely to immediate requirements. However, reports indicate that the wholesalers are generally optimistic regarding the future of the trade as the appearance of cold weather will stimulate buying at both wholesale and retail. Prices are comparatively firm with some items showing a tendency to advance. Collections were reported to be good.

Drugs. For the fourth consecutive month the sales of reporting drug firms have shown an improvement as compared to the previous month. The October sales were not only 10.6 per cent greater than September sales, but were 4.2 per cent in excess of those during October a year ago. Sales during the period July 1st to October 31st have averaged 5.6 per cent larger than those during the corresponding period of 1923.

The buying demand in the drug trade is still very active and the volume of purchases is large, yet the retailers continue to buy on a conservative basis and show a disposition to avoid making commit-

ments beyond well defined needs. While some orders for forward delivery are beginning to appear, the volume of such business is as yet small. Prices on some items have shown an advance during the past month. Some improvement in the collection situation has been noted.

Farm Implements. A substantial improvement in the farm implement trade was noted during October when the sales of reporting firms reflected an increase of 26.4 per cent over September sales, and were 16.4 per cent greater than sales during October last year.

While the distribution of farm implements since the first of July has exceeded that during the same period of 1923 by 16.6 per cent, a broad outlet for implements has not developed. Buying during the past month was retarded to some extent by the dry weather which has delayed fall plowing and the seeding of wheat and oats.

Reports indicate that collections have been good. Prices show a slight downward trend.

Groceries. The demand for groceries at wholesale showed a slight decline during the past month when the sales of eleven firms were 3.6 per cent less than September sales, and 1.0 per cent less than sales in October last year. While the demand in the cities has been well maintained on account of the full employment of labor, reports indicate that rural buying has shown a decline. Collections in some sections are good, but in others they are reported to be slow. Prices reflected an upward trend during the month.

Hardware. Although the October sales of reporting hardware firms were practically the same as those during the previous month, they were 6.3 per cent less than those during the corresponding month a year ago. While the continuance of large building programs has maintained an active demand for builders' hardware, the movement of seasonal goods has been retarded by the mild weather. Retailers are still operating on a conservative basis and are buying mainly as the need for goods arises.

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

	Net Sales October, 1924 Compared With		Net Sales July 1st to Date Compared With Same Period Last Year	Stocks October, 1924 Compared With	
	October 1923	September 1924		October 1923	September 1924
Groceries	- 1.0	- 3.6	+ 3.7	+ 5.5	+ 9.0
Dry Goods.....	- 4.3	- 1.0	+ 3.4	+ .4	-12.3
Farm Implements.....	+16.4	+26.4	+16.6	+ 3.5	- 1.7
Hardware	- 6.3	- .3	- 5.6	-12.5	- 5.8
Drugs	+ 4.2	+10.6	+ 5.6	+ 4.1	+ 4.1

RETAIL TRADE

The October sales of 24 department stores reflected a seasonal gain of 10.8 per cent over the previous month, but were 2.2 per cent less than sales during the corresponding month last year. Retail buying was checked during the past month by the exceptionally mild weather. Reports from retailers were to the effect that the demand for fall and winter clothing was light.

Stocks on hand at the close of October were 3.4 per cent greater than those on hand at the close of the previous month, and 1.4 per cent larger than those on hand at the end of October, 1923. The

ratio of stocks to sales during the four months' period ending October 31st was 497.3 per cent.

The ratio of outstanding orders to last year's purchases at the close of October was 6.5 per cent as compared to 8.5 per cent at the close of September, and 7.1 per cent at the close of October last year.

A marked improvement in the collection situation was noted during the past month. The ratio of October collections to accounts receivable on October 1st was 43.2 per cent as compared to 36.6 per cent in September and 39.9 per cent during October a year ago.

BUSINESS OF DEPARTMENT STORES

	Dallas	Ft. Worth	Houston	All Others	Total District
Total Sales—					
Oct., 1924, compared with Oct., 1923.....	— 3.9	— 3.5	— .2	— .7	— 2.2
Oct., 1924, compared with Sept., 1924.....	+ 7.5	+ 17.9	+ 9.9	+ 11.8	+ 10.8
July 1st to date compared with same period last year..	+ .8	— .2	+ 3.5	+ 9.2	+ 3.9
Credit Sales—					
Oct., 1924, compared with Oct., 1923.....	— 2.1	+ 2.2	+ 9.0	+ .7	+ .9
Oct., 1924, compared with Sept., 1924.....	+ 7.2	+ 7.7	+ 8.9	+ 8.9	+ 8.0
July 1st to date compared with same period last year..	+ 1.6	+ 5.8	+ 6.9	+ 10.9	+ 5.7
Stocks—					
Oct., 1924, compared with Oct., 1923.....	+ 1.5	+ 3.0	— 3.4	+ 2.9	+ 1.4
Oct., 1924, compared with Sept., 1924.....	+ 2.9	+ 3.1	+ 3.4	+ 4.1	+ 3.4
Ratio of stocks to sales.....	513.2	603.4	464.9	453.3	497.3
Ratio of outstanding orders to last year's purchases.....	6.9	6.2	7.0	5.2	6.5
Ratio of October collections to Accounts Receivable, due and outstanding Oct. 1, 1924.....	43.7	39.7	37.5	46.7	43.2

FINANCIAL

Augmented by the movement of the cotton crop and the increased industrial activity, the October charges to depositors' accounts for fifteen of the principal cities of this district reflected an increase of 17.1 per cent over those in September, but de-

clined 5.5 per cent from those reported in the same month last year. The aggregate for the month was \$782,541,000 as compared to \$668,351,000 in September and \$828,190,000 in October, 1923.

CHARGES TO DEPOSITORS' ACCOUNTS

	October, 1924	October, 1923	Inc. or Dec.	September, 1924	Inc. or Dec.
Albuquerque	\$ 11,588,000	\$ 8,979,000	+29.1	\$ 8,263,000	+40.2
Austin	22,964,000	20,239,000	+13.5	21,020,000	+ 9.2
Beaumont	17,086,000	16,495,000	+ 3.6	15,050,000	+13.5
Corsicana	9,526,000	11,164,000	-14.7	8,242,000	+15.6
Dallas	232,875,000	218,768,000	+ 6.4	190,790,000	+22.1
El Paso	35,127,000	29,706,000	+18.2	29,523,000	+19.0
Fort Worth	94,332,000	83,464,000	+13.0	75,385,000	+25.1
Galveston	69,292,000	149,585,000	-53.7	54,929,000	+26.1
Houston	161,698,000	164,382,000	- 1.6	153,080,000	+ 5.6
Roswell	3,288,000	2,688,000	+22.3	2,245,000	+46.5
San Antonio	39,582,000	35,236,000	+12.3	36,755,000	+ 7.7
Shreveport	38,711,000	39,080,000	- .9	32,446,000	+19.3
Texarkana	10,377,000	11,287,000	- 8.1	8,173,000	+27.0
Tucson	9,235,000	7,791,000	+18.5	7,207,000	+28.1
Waco	26,860,000	29,326,000	- 8.4	25,243,000	+ 6.4
Total, 11th District.....	\$782,541,000	\$828,190,000	- 5.5	\$668,351,000	+17.1

Acceptance Market. There was a large increase in the volume of acceptances executed by accepting banks in this district and which were outstanding on October 31st. The total amount outstanding on October 31st was \$3,667,999.74, as compared to \$1,552,902.57 on September 30th. The amount of these acceptances executed against domestic shipments and storage of goods increased from \$560,483.00 on September 30th to \$1,246,812.37 on October 31st, and those executed against import and export transactions rose from \$992,419.57 on September 30th to \$2,421,187.37 on the last day of October.

The investments of the Federal Reserve Bank of

Dallas in bankers' acceptances on October 31st amounted to \$12,200,783.67, as compared to \$4,026,201.00 held on the last day of September.

Condition of Member Banks in Selected Cities. The loans of 50 reporting member banks in selected cities showed a further increase of \$10,257,000 during October, being \$221,564,000 on

October 29th as compared to \$211,070,000 on October 1st. The net demand deposits of these banks on October 29th amounted to \$241,838,000, or a gain of \$9,074,000 during the month. Their time deposits rose \$2,441,000 during the same period. The investments of these banks in United

States securities showed only a small increase, while all other stocks and bonds owned increased \$1,799,000. Their bills payable and rediscounts with the Federal Reserve Bank increased from \$1,620,000 on

October 1st to \$3,692,000 on October 29th. The ratio of loans to net demand deposits was 92 per cent on October 29th as compared to 91 per cent on October 1st and 88 per cent on October 31, 1923.

CONDITION STATISTICS OF MEMBER BANKS IN SELECTED CITIES

	Oct. 29, 1924	Oct. 31, 1923	Oct. 1, 1924
1. Number of reporting banks.....	50	50	50
2. U. S. securities owned.....	\$ 46,088,000	\$ 52,373,000	\$ 45,983,000
3. All other stocks, bonds and securities owned.....	17,978,000	12,006,000	16,179,000
4. Loans secured by U. S. Government obligations.....	3,145,000	3,015,000	3,334,000
5. Loans secured by stocks and bonds other than U. S. Government obligations.....	59,015,000	61,176,000	58,785,000
6. All other loans.....	218,419,000	215,067,000	207,973,000
7. Net demand deposits.....	241,838,000	246,752,000	231,926,000
8. Time deposits.....	91,600,000	74,033,000	89,159,000
9. Reserve with Federal Reserve Bank.....	25,920,000	28,277,000	26,810,000
10. Bills payable and rediscounts with Federal Reserve Bank.....	3,692,000	7,179,000	1,620,000
11. Ratio of loans * to net demand deposits.....	92%	88%	91%

* Loans include only items 4 and 6.

Operations of the Federal Reserve Bank. A further reduction of \$4,077,219.93 was registered in our loans to member banks during the past month and on October 31st these loans amounted to \$7,185,203.22. On account of the continued liquidation during the first two weeks of November our loans dropped to \$3,331,280.95 on November 12th, the lowest point reached in more than six years. There were only 148 banks owing us on October 31st, as compared to 246 on September 30th, and 208 on October 31st last year. During the month this bank increased its investments in bankers' acceptances \$8,174,582.67, which more than offset the decline in loans, and accounted for the increase in our total bill holdings. The total amount of bills held on October 31st was \$19,385,986.89, distributed as follows:

Member banks' collateral notes secured by U. S. Government obligations.....	\$ 816,300.00
Rediscounts and all other loans to member banks.....	6,368,903.22
Open market purchases (Bankers' acceptances).....	12,200,783.67
Total bills held.....	\$19,385,986.89

The increased demand for currency, due to seasonal factors, was reflected in a further expansion of \$5,011,605 in the actual circulation of Federal reserve notes. The circulation of these notes amounted to \$57,628,525 on October 31st as compared to \$52,616,920 on September 30th, and \$57,787,650 on October 31, 1923. The reserve deposits of member banks on October 31st were \$56,946,051.39, or \$3,662,193.15 greater than on September 30th, but were \$2,200,544.79 less than those on the corresponding date a year ago.

Savings Deposits.

The savings deposits on October 31st of 109 reporting banks in this district which operate savings departments reflected a gain of one-tenth of one per cent as compared to those on September 30th, and 12.0 per cent as compared to those on October 31, 1923.

The number of savings depositors of 101 reporting banks on October 31st was 227,917 as compared to 226,186 on September 30th, and 202,468 on October 31st last year.

SAVINGS DEPOSITS

	Number of Reporting Banks	Oct. 31, 1924	Oct. 31, 1923	Inc. or Dec.	Sept. 30, 1924	Inc. or Dec.
Beaumont.....	4	\$ 2,389,589	\$ 2,204,347	+ 8.4	\$ 2,429,058	-1.6
Dallas.....	6	12,695,205	10,893,297	+16.5	12,420,317	+2.2
El Paso.....	3	6,743,599	6,220,439	+8.4	6,715,373	+ .4
Fort Worth.....	5	5,129,544	4,734,040	+8.4	5,038,316	+1.8
Galveston.....	3	7,645,761	6,950,531	+10.0	7,555,290	+1.2
Houston.....	13	21,302,805	19,242,423	+10.7	21,313,536	- .1
San Antonio.....	6	10,515,763	9,704,515	+ 8.4	10,457,401	+ .6
Shreveport.....	4	9,428,601	7,765,697	+21.4	9,674,439	-2.5
Waco.....	5	3,129,587	2,511,325	+24.6	3,081,955	+1.5
Wichita Falls.....	4	1,521,572	1,865,561	-18.4	1,435,374	+6.0
All other.....	56	17,642,417	15,520,316	+13.7	17,959,853	-1.8
Total.....	109	\$98,144,443	\$87,612,491	+12.0	\$98,080,912	+ .1

NUMBER OF SAVINGS DEPOSITORS

	Number of Reporting Banks	Oct. 31, 1924	Oct. 31, 1923	Sept. 30, 1924
Beaumont	3	4,673	4,037	4,643
Dallas	6	41,416	34,278	41,084
El Paso.....	3	17,604	15,476	17,470
Fort Worth.....	5	16,855	15,406	16,666
Galveston	3	12,854	12,132	12,497
Houston	12	45,564	38,812	45,465
San Antonio.....	5	16,932	14,570	16,766
Shreveport	3	19,634	17,957	19,475
Waco	5	5,943	5,319	5,904
Wichita Falls.....	3	6,462	6,228	6,464
All others.....	53	39,980	38,253	39,752
Total	101	227,917	202,468	226,186

Deposits of Member Banks. Net demand deposits of all member banks in the Eleventh District on October 29th amounted to \$609,594,000 as compared to \$562,283,000 on September 23rd, and \$629,944,000 on October 24, 1923. Time deposits remained steady between September 23rd and October 29th, but on the latter date they were \$20,166,000 greater than on October 24th 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
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	156,696	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
Sept. 24, 1924.....	562,283	160,260	183,227	18,085	93,659	27,944	107,319	52,767	178,078	61,464
Oct. 29, 1924.....	609,594	159,889	204,281	17,736	99,200	27,247	115,997	52,355	190,116	62,551

Discount Rates. There is presented below the pre-seven-day period ending November 12th by the prevailing rates charged during the commercial banks in the cities listed below.

NOVEMBER 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.....	5-6	8	6	5-6	6-8	6
(b) Running 4-6 months.....	5-6	8	6	5-6	6-8	6
Rate charged on loans to other banks, secured by bills receivable.....	4-6	6-7	5-6	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 purchase of bonds).....	4-6	6-8	5-6	5-6	6-8	6
Rate on loans secured by prime stock exchange or other current collateral:						
(a) Demand	5-6	....	6-8	5-6	6-8	5-6
(b) Time	6	6-8	6-8	5-6	6-8	5-7
Rate on commodity paper secured by warehouse receipts, etc.....	5-6	8	6-8	5-6	6-8	5-8
Rate on cattle loans.....	7-8	8	6-8	7-8	7-8	8-10

FAILURES

Commercial failures during October outnumbered those of September, but the amount of indebtedness involved was less than that reported in the previous month. The statistics for October of the current year showed a marked improvement over those for the same month last year, both the number of failures and the amount of liabilities declined more than fifty per cent. The aggregate indebtedness of the 46 failing firms in October was \$543,300, as compared to 34 insolvencies in September with liabilities

amounting to \$580,455, and 111 defaults in October last year involving \$2,417,470.

The combined statistics for all Federal Reserve Districts during October showed an increase in the number of insolvencies both as compared to the previous month and the same month of 1923. The liabilities during the month were slightly higher than those for September, but were 54.5 per cent less than for the same month 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	950,677	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
September	34	580,455	79	1,757,766	1,306	34,296,276	1,226	28,698,649
October	46	543,300	111	2,417,470	1,696	36,098,804	1,673	79,301,741
Total	535	\$8,073,782	906	\$27,822,913	16,922	\$466,822,258	15,173	\$437,480,368

PETROLEUM

The daily average production of crude oil in the Eleventh Federal Reserve District registered a decline of 12,048 barrels during October, despite the fact that total production for the month increased from 12,911,535 barrels in September to 12,968,461 barrels during October. This was due to the fact that there were thirty-one days' production included in the October figures, whereas there were only thirty days' production making up the September total. While drilling results throughout the district showed evidences of renewed activity, new production was not in a sufficient volume to cover the decreases of the old wells. There were 250 producing wells completed during October which had a total flush production of 56,200 barrels of crude oil, as compared to 178 producers completed in September which netted an initial output of 45,955 barrels.

There were 11,247,595 barrels of crude oil produced in Texas in October, as compared to 11,051,725 barrels during September. This represents a total increase in production of 195,870 barrels, but a decrease in daily average production of 5,566 barrels. North Texas, Central-West Texas, and miscellaneous fields showed decreases in daily average production, but the Gulf Coast field showed an increase of 4,063 barrels. There were 354 wells completed in the Texas oil fields during October, of which 214

were producers and netted a flush production of 41,794 barrels of oil, as compared to 251 completions during September of which 151 were successful and yielded an initial flow of 41,757 barrels.

Production of crude oil in Louisiana registered a much heavier decline during October than was evident in September, there being a decrease of 138,944 barrels in total production and 6,482 barrels in the daily average which compares to a total decrease in September of 95,136 barrels and a decrease in daily average production of 1,069 barrels. That these decreases were due to the declining production of the old wells is shown by the fact that there were 21 successful wells completed during October having an initial flow of 14,406 barrels of oil, as compared to 14 successful completions during September which netted 4,198 barrels of new production.

Crude Oil Prices.

The price paid for Texas Coastal crude oil was advanced 25 cents per barrel early in November, but the prices of oils at all other fields in this district remained at the same levels as during September. However, the demand for crude oil seems to have improved and the markets are reported to be on a more stable basis.

OIL PRODUCTION

Field—	October		September		Increase or Decrease	
	Total	Daily Avg.	Total	Daily Avg.	Total	Daily Average
North Texas	2,412,800	77,832	2,342,180	78,073	Inc. 70,620	Dec. 241
Central-West Texas	5,298,500	170,919	5,288,425	176,281	Inc. 10,075	Dec. 5,362
Texas Coastal	2,474,390	79,819	2,272,690	75,756	Inc. 201,700	Inc. 4,063
Miscellaneous fields	1,061,905	34,255	1,148,430	38,281	Dec. 86,525	Dec. 4,026
Total, Texas	11,247,595	362,825	11,051,725	368,391	Inc. 195,870	Dec. 5,566
North Louisiana	1,720,866	55,512	1,859,810	61,994	Dec. 138,944	Dec. 6,482
Totals, Eleventh District.....	12,968,461	418,337	12,911,535	430,385	Inc. 56,926	Dec. 12,048

OCTOBER DRILLING RESULTS

Field—	Completions	Producers	Failures	Initial Production
North Texas	208	124	84	13,778
Central-West Texas	64	34	30	11,870
Texas Coastal	61	48	13	13,136
Miscellaneous fields	5	5	....	1,910
Texas Wildcats	16	3	13	1,100
Totals, Texas	354	214	140	41,794
North Louisiana	42	*36	6	14,406
October totals, district.....	396	250	146	56,200
September totals, district.....	291	178	113	45,955

*Includes 15 gas wells.

CRUDE OIL PRICES

TEXAS—	Nov. 14,	Nov. 17,	LOUISIANA—	Nov. 14,	Nov. 17,
	1924	1923		1924	1923
Corsicana light	\$1.25	\$1.00	Caddo (38 gravity and above).....	\$1.35	\$1.25
Corsicana heavy .....	.90	.40	Bull Bayou (38 gravity and above).....	1.15	1.15
Texas Coastal	1.50	1.00	Homer (35 gravity and above).....	1.10	1.25
Mexia	1.25	1.00	Haynesville (33 gravity and above).....	1.00	1.10
Currie	1.25	1.00	De Soto Crude.....	1.20	1.25
North Texas (36 gravity and above).....	1.25	1.00			

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

LUMBER

A decided increase in activity at the pine mills of the Eleventh Federal Reserve District was manifested during October when there were large increases in orders and shipments of lumber. While the production of lumber at the mills was 14 per cent below normal as compared to 10 per cent below normal in September, October shipments were 11 per cent above production as compared to two-tenths of one per cent below production during September. Orders showed a large increase during the month, the total being for 96 per cent of normal October production as compared to orders for only 85 per cent of normal production received during September. Due to decreased production and heavy shipments, stocks on hand on October 31st were 30 per cent below normal stocks, as compared to stocks of 21 per cent below normal on hand at the close of September.

Unfilled orders remaining on the books of the 48 reporting mills at the close of October called for 52,993,490 feet of lumber, whereas those at the close of September totaled only 50,540,204 feet.

OCTOBER PINE MILL STATISTICS

Number of reporting mills.....	48
Production	94,343,593 feet
Shipments	104,797,223 feet
Orders	105,061,091 feet
Unfilled orders, Oct. 31st.....	52,993,490 feet
Normal production	109,500,426 feet
Stocks, Oct. 31st.....	253,686,932 feet
Normal stocks	328,650,128 feet
Shipments above production.....	10,453,630 feet=11%
Actual production below normal..	15,156,833 feet=14%
Orders below normal production..	4,439,335 feet=4%
Stocks below normal.....	74,963,196 feet=30%

BUILDING

The month of October witnessed large increases in both the number and valuation of building projects launched in the Eleventh District, as measured by permits issued at twelve of the larger centers. The valuation of the 2,996 permits issued during October was 24.3 per cent greater than that of the 2,651 permits issued in September, and 72.8 per cent above the valuation of 3,047 permits issued in October, 1923. The total valuation of permits issued

at the reporting centers during October amounted to \$8,897,407, which was the largest total valuation of permits issued in any month this year with the exception of March.

The total valuation of permits issued during the first ten months of 1924 amounted to \$74,963,034 as compared to \$70,386,193 during the corresponding period of last year, which represents an increase of 6.5 per cent.

BUILDING PERMITS

	October, 1924		October, 1923		Inc. or Dec.	September, 1924		Inc. or Dec.	First Ten Months				Inc. or Dec.
	No.	Valuation	No.	Valuation		No.	Valuation		1924		1923		
									No.	Valuation	No.	Valuation	
Austin.....	50	97,790	51	115,159	- 15.1	29	46,525	+ 110.2	418	1,214,425	525	1,459,003	-16.8
Beaumont.....	236	249,822	303	185,919	+ 34.4	233	206,273	+ 21.1	2,164	2,275,271	1,831	2,496,200	- 8.9
Dallas.....	400	2,769,232	340	1,006,380	+175.2	354	2,472,733	+ 12.0	4,124	24,550,646	4,002	18,672,837	+31.5
El Paso.....	60	55,405	88	98,350	- 43.7	78	50,893	+ 8.9	669	1,389,328	877	1,968,310	-29.4
Fort Worth.....	191	1,282,910	203	931,415	+ 37.7	226	1,575,599	- 18.6	2,119	8,931,741	2,567	7,148,204	+25.0
Galveston.....	284	79,423	372	152,444	- 47.9	278	86,902	- 8.6	3,005	2,413,854	3,383	1,778,925	+35.7
Houston.....	672	1,662,994	651	1,283,029	+ 29.6	578	1,093,120	+ 52.1	5,885	14,696,011	5,783	16,766,529	-12.3
Port Arthur.....	193	86,048	239	217,664	- 60.5	136	89,282	- 3.6	1,621	1,250,442	1,945	2,607,588	-52.0
San Antonio.....	406	1,637,325	409	568,359	+188.1	308	463,495	+253.3	3,410	7,538,931	3,261	7,375,161	+ 2.2
Shreveport.....	340	595,642	301	400,238	+ 48.8	278	630,330	- 36.5	2,911	6,907,968	2,865	7,491,206	- 7.8
Waco.....	60	153,934	40	104,350	+ 47.5	57	238,980	- 35.6	627	1,790,965	442	1,050,742	+70.4
Wichita Falls.....	104	226,832	50	85,923	+164.0	96	202,255	+ 12.2	774	2,003,452	461	1,571,488	+27.5
Total.....	2,996	8,897,407	3,047	5,149,221	+ 72.8	2,651	7,156,387	+ 24.3	27,727	74,963,034	27,942	70,386,193	+ 6.5

CEMENT

Continued activity in building was reflected during October in increased production and shipments of Portland cement at the Texas mills. Production of cement during October at these mills increased 21 per cent as compared with September, and 25 per cent as compared to the same month last year. There were 407,000 barrels of cement shipped from the plants during October as compared to 380,000 barrels shipped in September, an increase of 7.1 per cent. Shipments increased 24.8 per cent as com-

pared with October, 1923. While stocks of cement on hand at the close of October were 3.9 per cent greater than those held on September 30th, they were 5.3 per cent less than stocks on hand at the close of October, 1923.

The first ten months of 1924 compared with the same period of the previous year shows that the production of cement in Texas has increased 5.8 per cent, while shipments during that time have increased 8.5 per cent.

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

	October 1924	October 1923	Per Cent Inc. or Dec.	September 1924	Per Cent Inc. or Dec.	First Ten Months		Per Cent Inc. or Dec.
						1924	1923	
Production of Texas mills.....	415,000	332,000	+25.0	343,000	+21.0	3,810,000	3,600,000	+5.8
Shipments from Texas mills.....	407,000	326,000	+24.8	380,000	+ 7.1	3,872,000	3,569,000	+8.5
Stocks at end of the month at Texas mills.....	215,000	227,000	- 5.3	207,000	+ 3.9			

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Federal Reserve Board as of November 26, 1924.)

Production of basic commodities and factory employment showed further increases in October, and distribution of merchandise was in large volume. The general level of wholesale prices advanced reflecting largely a rise in the prices of agricultural products.

PRODUCTION

The Federal Reserve Board's index of production in basic industries, adjusted to allow for seasonal variations, increased 6 per cent in October, and was 16 per cent above the low point of midsummer, though still considerably below the level of the early months of this year. Output of iron and steel, cotton and woolen textiles, lumber and bituminous coal was substantially larger than the month before. Factory employment increased 2 per cent in October, reflecting larger working forces in most of the manufacturing industries. Building contract awards increased and were 14 per cent above a year ago.

Crop estimates by the Department of Agriculture in November showed increases in the expected yields of corn, cotton, tobacco, and potatoes. The movement of crops to market in October reached the largest volume in five years, and exports of grain and cotton were in greater volume than in the corresponding month of any recent year.

TRADE

Railroad freight shipments were larger in October than in any previous month, owing to exceptionally heavy loadings of miscellaneous merchandise and grain. Wholesale trade increased slightly, but was 3 per cent less than in October, 1923. Sales of dry goods, shoes, and hardware were considerably smaller than a year ago, while sales of groceries and drugs were larger. Department store sales showed a seasonal increase but were 4 per cent less than last year, and sales of mail order houses and chain stores also increased and were in greater volume than in 1923. In preparation for Christmas trade, merchandise stocks at department stores increased substantially, and were 2 per cent larger than a year ago.

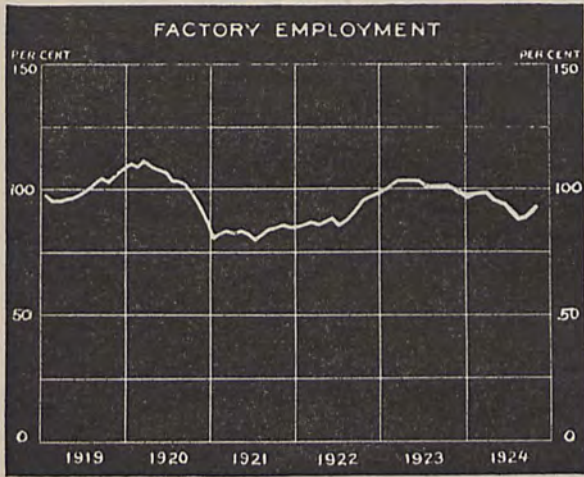
PRICES

The wholesale price index of the Bureau of Labor Statistics rose 2 per cent in October as a result of considerable advances in the prices of farm products and foods, and slight increases in the prices of clothing and chemicals. Fuel and metals prices declined and prices of building materials and house furnishings were practically unchanged. During the first half of November quotations on all grains, cotton, silk, copper, and rubber advanced, while prices of raw sugar, and bituminous coal declined.

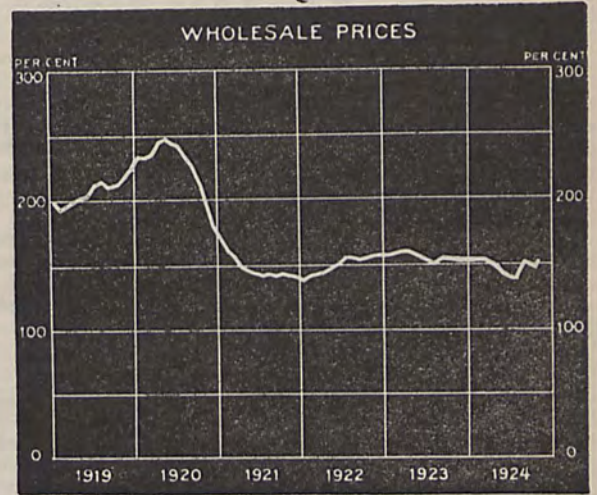
BANK CREDIT

Loans for commercial purposes at member banks in leading cities, which had increased rapidly from the beginning of September to the middle of October, advanced only slightly in the following four weeks. The growth of loans secured by stocks and bonds was also relatively small, notwithstanding great activity in the security market. Holdings of investments by these banks continued the increase which began in the early months of the year. A large part of the increase in demand deposits during the four weeks ending November 12th, when they were higher than at any previous time, was in bankers' balances indicating a continued movement of funds to the larger centers. At the reserve banks an increase in earning assets was the result of larger offerings of acceptances, reflecting firmer money conditions. While discounts and holdings of United States securities remained practically unchanged during the four weeks ending November 19th, the increase in acceptances carried total earning assets to the highest point since the early part of the year. Money in circulation increased in October for the third successive month, and the total on November 1st was \$215,000,000 larger than in August.

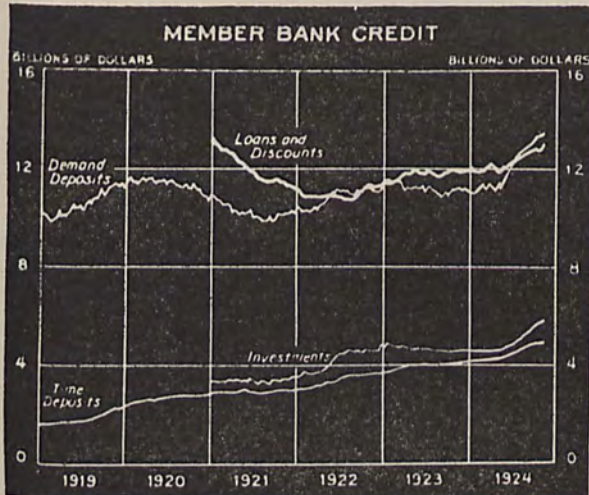
Money rates continued to show a firmer tendency, and by November 23rd were generally from $\frac{1}{4}$ to $\frac{1}{2}$ of 1 per cent higher than in October.



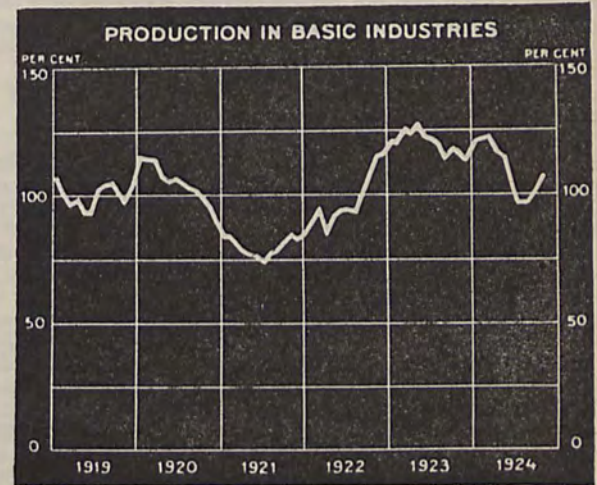
Index for 33 manufacturing industries (1919=100). Latest figure—October, 92.



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by Bureau). Latest figure—October, 152.



Weekly figures for member banks in 101 leading cities. Latest figure—November 12th.



Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest figure—October, 109.

COTTONSEED PRODUCTS INDUSTRY

(Note:—The following is the fourth 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.)

COMPETITIVE PRODUCTS

The cottonseed oil industry is a peculiarly situated one in relation to other vegetable oils due to the fact that the raw material itself may be considered as a by-product. That is, the supply of cottonseed available during any season is not limited or augmented by the demand or supply of the finished products. In fact there may be a large volume of seed available when the statistical position of the finished products calls for only a small supply, and vice versa. Furthermore, the industry is assured a supply of raw material, adequate or inadequate as the case may be, as long as there is a demand for the cotton staple. Therefore it may be said that the position of the products market has little or no effect upon available supply of raw material. On the other hand, the cottonseed mill manager must base the price he pays for the seed upon the price obtainable for the finished products. Difficulty in this respect is sometimes experienced due to the idea which seems to be prevalent in some quarters that the price of cottonseed should have a definite relationship with the price of cotton. However, the fallacy of this position will be seen when it is realized that the competitive products of the two raw products have no relationship with each other. As an illustration, consider the condition which existed during the past season. Although the price of cotton was at a high level, despite the relatively small supply of cottonseed available the price obtainable for the products was unsatisfactory, due to the fact that the supply of products which compete with cottonseed products was large. Consequently those mills which bought seed at a high price were forced to liquidate a large portion of their products on a declining market and in many cases sustained losses from operation. When the seed became available, whether the supply be large or small, the manufacturer must adjust his production plans so as to meet the situation and buy his seed at a price which will allow for a reasonable profit above the cost of production. In order that the mill manager may determine what price he can pay for his seed he must first attempt to determine the probable supply and demand for the products. This can be accomplished only by estimating the probable supply of and demand for competing products and the effect of the competing products upon the cottonseed products market; for one of the most important factors in the cottonseed products industry is the fact that the consumers' market offers substitutes for each and every by-product of cottonseed.

What then are the products which compete with cottonseed products? It will be remembered that at the inception of the industry the extraction of oil was the primary purpose. The rapid growth of the industry is traceable directly to the fact that cottonseed oil filled a real need. The rapid expansion in both the domestic and foreign population and the lack of other fats with which to supply the needs of the people won for cottonseed oil an immediate market. But it must be remembered that as cottonseed oil gained a world-wide market, it did so in competition with other fats. Its principal competitor in the early days was lard, and this product is still its chief competitor. Cottonseed oil in competition with lard takes the form of a compound. In the early days the crude cottonseed oil was refined with caustic soda, bleached fuller's earth mixed with prime steam lard and oleo stearine and went into the trade as refined lard. But in the course of time new discoveries were made and there was a constant improvement in the compounds. Today there are many compounds which are made almost entirely of vegetable oil.

The production of crude cottonseed oil in the United States has averaged 1,152,977,532 pounds during the past seven years. Approximately 75 to 80 per cent of this amount, after being refined, has entered into the production of compound products. Inasmuch as the compound is a substitute for lard and such a large amount of cottonseed oil enters into its manufacture, there is a close relationship between the price of lard and the price of cottonseed oil. Thus it will be seen that the price of lard is one of the principal controlling factors in the price of cottonseed oil. When the production of pure lard exceeds consumption to an extent which causes an accumulation of a large surplus supply, the operation of the

law of supply and demand brings about a reaction in the pure lard market. The downward trend of prices continues until the increased demand resulting from the lower prices is sufficient to furnish an outlet for the available supply. During such a time the spread between lard and compound prices is narrowed with the result that the demand for compounds is lessened and the consuming public is gradually attracted to lard. The natural effect of this condition is to depress the price of cottonseed oil. On the other hand, when the supply of lard is small, the lard market works upward and creates a broader spread between the price of lard and the price of compound. As the premium on lard increases there is a tendency for the normal lard trade to switch to the compounds, thereby lessening the demand for lard and increasing the demand for compounds. During the process the compound market responds to the larger consumption and has a tendency to work to higher levels. Therefore, the cottonseed oil market moves upward in sympathy with the compound market.

Another outlet for cottonseed oil is in the manufacture of oleomargarine. In this industry the cottonseed oil must compete with other vegetable oils such as cocoanut oil, peanut oil, and soya bean oil.

Just as lard is a controlling factor in the price of cottonseed oil, so it is generally conceded that cottonseed oil, because of its predominant position, fixes the price of other vegetable oils. Prior to the war the importation of other vegetable oils into this country was in a negligible quantity. After 1914, however, there was a notable increase in the amount of vegetable oil imported into this country because the great demand for fats during the war period brought about an increased demand for vegetable oils, which had to be relied upon to supply the deficiency. First the increased demand was reflected in a gradual increase in the price of cottonseed oil. But as the amount of cottonseed oil was insufficient to meet the demand, increased production and importation of other oils was the natural result. Furthermore, the higher price obtainable for these other oils made the trade in them more profitable. Soon after our entry into the war the price on cottonseed oil was fixed at a relatively high level. On the other hand, the price on other vegetable oil was not fixed. The result was that under the stimulus of high priced cottonseed oil other vegetable oils advanced in sympathy. Nevertheless, there was a disposition on the part of producers and handlers of other oils to so regulate their prices that—while taking full advantage of the inflated value of cottonseed oil—they fixed values so as to lessen the demand for cottonseed oil. In this connection it must be remembered that during the period of the heavy demand for cottonseed oil the producers were helpless to expand the supply to meet the demand, because the raw material is a by-product and the volume of production is not controlled by price fluctuations. Thus during this period the supply of competing oils increased several hundred fold. The extent to which the competing oils gained headway is shown by the following official figures. During the period from 1912-1918 the percentage of cottonseed oil used in the oleomargarine industry in this country decreased from 27 per cent to 12.8 per cent, while the use of soya bean oil increased from 1 to 2.1 per cent, of peanut oil from 4 to 7.6 per cent, and cocoanut oil from four-tenths of one per cent to 21.7 per cent. In the making of lard substitutes the percentage of cottonseed oil used decreased from 92 per cent in 1912 to 83 per cent in 1918. While these figures do not mean that the actual tonnage consumption of cottonseed oil was decreasing (because it was actually increasing) it does mean that as the production of oleomargarine and lard substitutes increased a larger and larger amount of the ingredients was made up of competing oils. Even after the close of the war the price of cottonseed oil remained at the 1918 level and even sold higher and the artificial situation in the vegetable oil market continued. However, with the break in prices cottonseed oil declined to the prewar level and the whole vegetable oil market was demoralized. Consequently there has been a tendency for cottonseed oil to regain the losses in the ratios mentioned above.